COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Generation					ComEd		Exelon
Six Months Ended June 30, 2014	Nuclear Decommissioning Trust Fund Investments	Pledged Assets for Zion Station Decommissioning	Mark-to-Market Derivatives	Other Investments	Total Generation	Mark-to-Market Derivatives [b]	Eliminated in Consolidation	Total
Balance as of December 31, 2013	$ 350	$ 112	$ 465	$ 15	$ 942	$ (193)	$ —	$ 749
Total realized / unrealized gains (losses)								
Included in net income	3	—	(360) [a]	—	(357)	—	—	(357)
Included in noncurrent payables to affiliates	11	—	—	—	11	—	(11)	—
Included in payable for Zion Station decommissioning	—	4	—	—	4	—	—	4
Included in regulatory assets	—	—	—	—	—	59	11	70
Change in collateral	—	—	178	—	178	—	—	178
Purchases, sales, issuances and settlements								
Purchases	249	42	15	2	308	—	—	308
Sales	(2)	(25)	(6)	—	(33)	—	—	(33)
Settlements	(19)	—	—	—	(19)	—	—	(19)
Transfers into Level 3	—	—	(30)	—	(30)	—	—	(30)
Transfers out of Level 3	—	—	(20)	(7)	(27)	—	—	(27)
Balance as of June 30, 2014	$ 592	$ 133	$ 242	$ 10	$ 977	$ (134)	$ —	$ 843
The amount of total gains included in income attributed to the change in unrealized gains related to assets and liabilities held for the six months ended June 30, 2014	$ 2	$ —	$ (427)	$ —	$ (425)	$ —	$ —	$ (425)

(a) Includes the reclassification of $67 million of realized losses due to the settlement of derivative contracts for the three and six months ended June 30, 2014.

(b) Includes $34 million of increases in fair value and immaterial realized losses recorded in purchased power expense associated with floating-to-fixed energy swap contracts with unaffiliated suppliers for the three months ended June 30, 2014. Includes $64 million of increases in fair value and realized gains due to settlements of $5 million for the six months ended June 30, 2014.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following tables present the income statement classification of the total realized and unrealized gains (losses) included in income for Level 3 assets and liabilities measured at fair value on a recurring basis during the three and six months ended June 30, 2015 and 2014:

	Generation			Exelon		
	Operating Revenues	Purchased Power and Fuel	Other, net [a]	Operating Revenues	Purchased Power and Fuel	Other, net [a]
Total gains (losses) included in net income for the three months ended June 30, 2015	$ (17)	$ 10	$ 2	$ (17)	$ 10	$ 2
Total gains (losses) included in net income for the six months ended June 30, 2015	(27)	(12)	4	(27)	(12)	4
Change in the unrealized gains (losses) relating to assets and liabilities held for the three months ended June 30, 2015	171	4	4	171	4	4
Change in the unrealized gains (losses) relating to assets and liabilities held for the six months ended June 30, 2015	340	15	5	340	15	5

	Generation			Exelon		
	Operating Revenues	Purchased Power and Fuel	Other, net [a]	Operating Revenues	Purchased Power and Fuel	Other, net [a]
Total gains (losses) included in net income for the three months ended June 30, 2014	$ (62)	$ 14	$ 2	$ (62)	$ 14	$ 2
Total gains (losses) included in net income for the six months ended June 30, 2014	(330)	(30)	3	(330)	(30)	3
Change in the unrealized gains (losses) relating to assets and liabilities held for the three months ended June 30, 2014	(10)	29	2	(10)	29	2
Change in the unrealized gains (losses) relating to assets and liabilities held for the six months ended June 30, 2014	(435)	8	2	(435)	8	2

(a) Other, net activity consists of realized and unrealized gains (losses) included in income for the NDT funds held by Generation.

Valuation Techniques Used to Determine Fair Value

The following describes the valuation techniques used to measure the fair value of the assets and liabilities shown in the tables above.

Cash Equivalents (Exelon, Generation, ComEd, PECO and BGE) . The Registrants' cash equivalents include investments with maturities of three months or less when purchased. The cash equivalents shown in the

fair value tables are comprised of investments in mutual and money market funds. The fair values of the shares of these funds are based on observable market prices and, therefore, have been categorized in Level 1 in the fair value hierarchy.

Nuclear Decommissioning Trust Fund Investments and Pledged Assets for Zion Station Decommissioning (Exelon and Generation) . The trust fund investments have been established to satisfy Generation's and CENG's nuclear decommissioning obligations as required by the NRC. The NDT funds hold debt and equity securities directly and indirectly through commingled funds and mutual funds, which are included in Equities, Fixed Income and Other. Generation's and CENG's NDT fund investments policies outline investment guidelines for the trusts and limit the trust funds' exposures to investments in highly illiquid markets and other alternative investments. Investments with maturities of three months or less when purchased, including certain short-term fixed income securities are considered cash equivalents and included in the recurring fair value measurements hierarchy as Level 1 or Level 2.

With respect to individually held equity securities, which are included in Domestic or Foreign equities, the trustees obtain prices from pricing services, whose prices are obtained from direct feeds from market exchanges, which Generation is able to independently corroborate. The fair values of equity securities held directly by the trust funds are based on quoted prices in active markets and are categorized in Level 1. Equity securities held individually are primarily traded on the New York Stock Exchange and NASDAQ-Global Select Market, which contain only actively traded securities due to the volume trading requirements imposed by these exchanges.

For fixed income securities, multiple prices from pricing services are obtained whenever possible, which enables cross-provider validations in addition to checks for unusual daily movements. A primary price source is identified based on asset type, class or issue for each security. The trustees monitor prices supplied by pricing services and may use a supplemental price source or change the primary price source of a given security if the portfolio managers challenge an assigned price and the trustees determine that another price source is considered to be preferable. Generation has obtained an understanding of how these prices are derived, including the nature and observability of the inputs used in deriving such prices. Additionally, Generation selectively corroborates the fair values of securities by comparison to other market-based price sources. U.S. Treasury securities are categorized as Level 1 because they trade in a highly liquid and transparent market. The fair values of fixed income securities, excluding U.S. Treasury securities, are based on evaluated prices that reflect observable market information, such as actual trade information or similar securities, adjusted for observable differences and are categorized in Level 2. The fair values of private placement fixed income securities, which are included in Corporate debt, are determined using a third party valuation that contains significant unobservable inputs and are categorized in Level 3.

Equity, balanced and fixed income commingled funds and fixed income mutual funds are maintained by investment companies and hold certain investments in accordance with a stated set of fund objectives. The fair values of fixed income commingled and mutual funds held within the trust funds, which generally hold fixed income securities and are not subject to restrictions regarding the purchase or sale of shares, are derived from observable prices. The objectives of the remaining equity commingled funds in which Exelon, Generation, and CENG invest primarily seek to track the performance of certain equity indices by purchasing equity securities to replicate the capitalization and characteristics of the indices. Commingled and mutual funds are categorized in Level 2 because the fair value of the funds are based on NAVs per fund share (the unit of account), primarily derived from the quoted prices in active markets on the underlying equity securities.

Middle market lending are investments in loans or managed funds which lend to private companies. Generation elected the fair value option for its investments in certain limited partnerships that invest in middle market lending managed funds. The fair value of these loans is determined using a combination of valuation models including cost models, market models, and income models. Investments in middle market lending are

categorized as Level 3 because the fair value of these securities is based largely on inputs that are unobservable and utilize complex valuation models. Investments in middle market lending typically cannot be redeemed until maturity of the term loan.

Private equity investments include investments in operating companies that are not publicly traded on a stock exchange. Private equity valuations are reported by the fund manager and are based on the valuation of the underlying investments, which include inputs such as cost, operating results, discounted future cash flows and market based comparable data. Since these valuation inputs are not highly observable, private equity investments have been categorized as Level 3.

As of June 30, 2015, Generation has outstanding commitments to invest in middle market lending, corporate debt securities, private equity investments, and real estate investments of approximately $312 million. These commitments will be funded by Generation's existing nuclear decommissioning trust funds.

See Note 12 — Nuclear Decommissioning for further discussion on the NDT fund investments.

Rabbi Trust Investments (Exelon, Generation, ComEd, PECO and BGE) . The Rabbi trusts were established to hold assets related to deferred compensation plans existing for certain active and retired members of Exelon's executive management and directors. The Rabbi trusts assets are included in investments in the Registrants' Consolidated Balance Sheets and consist primarily of mutual funds and life insurance policies. The mutual funds are maintained by investment companies and hold certain investments in accordance with a stated set of fund objectives, which are consistent with Exelon's overall investment strategy. Mutual funds are publicly quoted and have been categorized as Level 1 given the clear observability of the prices. The life insurance policies are valued using the cash surrender value of the policies, which is provided by a third party. The cash surrender value inputs are not observable.

Mark-to-Market Derivatives (Exelon, Generation, and ComEd) . Derivative contracts are traded in both exchange-based and non-exchange-based markets. Exchange-based derivatives that are valued using unadjusted quoted prices in active markets are categorized in Level 1 in the fair value hierarchy. Certain derivatives' pricing is verified using indicative price quotations available through brokers or over-the-counter, on-line exchanges and are categorized in Level 2. These price quotations reflect the average of the bid-ask, mid-point prices and are obtained from sources that the Registrants believe provide the most liquid market for the commodity. The price quotations are reviewed and corroborated to ensure the prices are observable and representative of an orderly transaction between market participants. This includes consideration of actual transaction volumes, market delivery points, bid-ask spreads and contract duration. The remainder of derivative contracts are valued using the Black model, an industry standard option valuation model. The Black model takes into account inputs such as contract terms, including maturity, and market parameters, including assumptions of the future prices of energy, interest rates, volatility, credit worthiness and credit spread. For derivatives that trade in liquid markets, such as generic forwards, swaps and options, model inputs are generally observable. Such instruments are categorized in Level 2. The Registrants' derivatives are predominately at liquid trading points. For derivatives that trade in less liquid markets with limited pricing information model inputs generally would include both observable and unobservable inputs. These valuations may include an estimated basis adjustment from an illiquid trading point to a liquid trading point for which active price quotations are available. Such instruments are categorized in Level 3.

Exelon may utilize fixed-to-floating interest rate swaps, which are typically designated as fair value hedges, as a means to achieve its targeted level of variable-rate debt as a percent of total debt. In addition, the Registrants may utilize interest rate derivatives to lock in interest rate levels in anticipation of future financings. These interest rate derivatives are typically designated as cash flow hedges. Exelon determines the current fair value by calculating the net present value of expected payments and receipts under the swap agreement, based on and

discounted by the market's expectation of future interest rates. Additional inputs to the net present value calculation may include the contract terms, counterparty credit risk and other market parameters. As these inputs are based on observable data and valuations of similar instruments, the interest rate swaps are categorized in Level 2 in the fair value hierarchy. See Note 10 — Derivative Financial Instruments for further discussion on mark-to-market derivatives.

Deferred Compensation Obligations (Exelon, Generation, ComEd, PECO and BGE) . The Registrants' deferred compensation plans allow participants to defer certain cash compensation into a notional investment account. The Registrants include such plans in other current and noncurrent liabilities in their Consolidated Balance Sheets. The value of the Registrants' deferred compensation obligations is based on the market value of the participants' notional investment accounts. The underlying notional investments are comprised primarily of equities, mutual funds, commingled funds, and fixed income securities which are based on directly and indirectly observable market prices. Since the deferred compensation obligations themselves are not exchanged in an active market, they are categorized as Level 2 in the fair value hierarchy.

Additional Information Regarding Level 3 Fair Value Measurements (Exelon, Generation, ComEd)

Mark-to-Market Derivatives (Exelon, Generation, ComEd) . For valuations that include both observable and unobservable inputs, if the unobservable input is determined to be significant to the overall inputs, the entire valuation is categorized in Level 3. This includes derivatives valued using indicative price quotations whose contract tenure extends into unobservable periods. In instances where observable data is unavailable, consideration is given to the assumptions that market participants would use in valuing the asset or liability. This includes assumptions about market risks such as liquidity, volatility and contract duration. Such instruments are categorized in Level 3 as the model inputs generally are not observable. Exelon's RMC approves risk management policies and objectives for risk assessment, control and valuation, counterparty credit approval, and the monitoring and reporting of risk exposures. The RMC is chaired by the chief executive officer and includes the chief risk officer, chief strategy officer, chief executive officer of Exelon Utilities, chief commercial officer, chief financial officer and chief executive officer of Constellation. The RMC reports to the Finance and Risk Committee of the Exelon Board of Directors on the scope of the risk management activities. Forward price curves for the power market utilized by the front office to manage the portfolio, are reviewed and verified by the middle office, and used for financial reporting by the back office. The Registrants consider credit and nonperformance risk in the valuation of derivative contracts categorized in Level 2 and 3, including both historical and current market data in its assessment of credit and nonperformance risk by counterparty. Due to master netting agreements and collateral posting requirements, the impacts of credit and nonperformance risk were not material to the financial statements.

Disclosed below is detail surrounding the Registrants' significant Level 3 valuations. The calculated fair value includes marketability discounts for margining provisions and other attributes. Generation's Level 3 balance generally consists of forward sales and purchases of power and natural gas, coal purchases and certain transmission congestion contracts. Generation utilizes various inputs and factors including market data and assumptions that market participants would use in pricing assets or liabilities as well as assumptions about the risks inherent in the inputs to the valuation technique. The inputs and factors include forward commodity prices, commodity price volatility, contractual volumes, delivery location, interest rates, credit quality of counterparties and credit enhancements.

For commodity derivatives, the primary input to the valuation models is the forward commodity price curve for each instrument. Forward commodity price curves are derived by risk management for liquid locations and by the traders and portfolio managers for illiquid locations. All locations are reviewed and verified by risk management considering published exchange transaction prices, executed bilateral transactions, broker quotes, and other observable or public data sources. The relevant forward commodity curve used to value each of the

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derivatives depends on a number of factors, including commodity type, delivery location, and delivery period. Price volatility varies by commodity and location. When appropriate, Generation discounts future cash flows using risk free interest rates with adjustments to reflect the credit quality of each counterparty for assets and Generation's own credit quality for liabilities. The level of observability of a forward commodity price varies generally due to the delivery location and delivery period. Certain delivery locations including PJM West Hub (for power) and Henry Hub (for natural gas) are more liquid and prices are observable for up to three years in the future. The observability period of volatility is generally shorter than the underlying power curve used in option valuations. The forward curve for a less liquid location is estimated by using the forward curve from the liquid location and applying a spread to represent the cost to transport the commodity to the delivery location. This spread does not typically represent a majority of the instrument's market price. As a result, the change in fair value is closely tied to liquid market movements and not a change in the applied spread. The change in fair value associated with a change in the spread is generally immaterial. An average spread calculated across all Level 3 power and gas delivery locations is approximately $3.33 and $0.34 for power and natural gas, respectively. Many of the commodity derivatives are short term in nature and thus a majority of the fair value may be based on observable inputs even though the contract as a whole must be classified as Level 3. See ITEM 3. — QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK for information regarding the maturity by year of the Registrant's mark-to-market derivative assets and liabilities.

On December 17, 2010, ComEd entered into several 20-year floating to fixed energy swap contracts with unaffiliated suppliers for the procurement of long-term renewable energy and associated RECs. See Note 10 — Derivative Financial Instruments for more information. The fair value of these swaps has been designated as a Level 3 valuation due to the long tenure of the positions and internal modeling assumptions. The modeling assumptions include using natural gas heat rates to project long term forward power curves adjusted by a renewable factor that incorporates time of day and seasonality factors to reflect accurate renewable energy pricing. In addition, marketability reserves are applied to the positions based on the tenor and supplier risk.

The table below discloses the significant inputs to the forward curve used to value these positions.

Type of trade	Fair Value at June 30, 2015	Valuation Technique	Unobservable Input	Range
Mark-to-market derivatives — Economic hedges (Generation) [a][c]	$ 872	Discounted Cash Flow	Forward power price	$11 - $122 [d]
			Forward gas price	$1.27 - $13.46 [d]
		Option Model	Volatility percentage	8% - 233%
Mark-to-market derivatives — Proprietary trading (Generation) [a][c]	$ (5)	Discounted Cash Flow	Forward power price	$13 - $119 [d]
Mark-to-market derivatives (ComEd)	$ (223)	Discounted Cash Flow	Forward heat rate [b]	9x - 10x
			Marketability reserve	3.5% - 7%
			Renewable factor	86% - 123%

(a) The valuation techniques, unobservable inputs and ranges are the same for the asset and liability positions.
(b) Quoted forward natural gas rates are utilized to project the forward power curve for the delivery of energy at specified future dates. The natural gas curve is extrapolated beyond its observable period to the end of the contract's delivery.

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(c) The fair values do not include cash collateral held on level three positions of $154 million as of June 30, 2015.
(d) The upper ends of the ranges are driven by the winter power and gas prices in the New England region. Without the New England region, the upper ends of the ranges for power and gas economic hedges would be approximately $108 and $8.53, respectively, and would be approximately $104 for power proprietary trading.

Type of trade	Fair Value at December 31, 2014	Valuation Technique	Unobservable Input	Range
Mark-to-market derivatives — Economic hedges (Generation) [a][c]	$ 893	Discounted Cash Flow	Forward power price	$15 - $120 [d]
			Forward gas price	$1.52 - $14.02 [d]
		Option Model	Volatility percentage	8% - 257%
Mark-to-market derivatives — Proprietary trading (Generation) [a][c]	$ (15)	Discounted Cash Flow	Forward power price	$15 - $117 [d]
Mark-to-market derivatives (ComEd)	$ (207)	Discounted Cash Flow	Forward heat rate [b]	8x - 9x
			Marketability reserve	3.5% - 8%
			Renewable factor	86% - 126%

(a) The valuation techniques, unobservable inputs and ranges are the same for the asset and liability positions.
(b) Quoted forward natural gas rates are utilized to project the forward power curve for the delivery of energy at specified future dates. The natural gas curve is extrapolated beyond its observable period to the end of the contract's delivery.
(c) The fair values do not include cash collateral held on level three positions of $172 million as of December 31, 2014.
(d) The upper ends of the ranges are driven by the winter power and gas prices in the New England region. Without the New England region, the upper ends of the ranges for power and gas would be approximately $97 and $8.14, respectively, and would be approximately $76 for power proprietary trading.

The inputs listed above would have a direct impact on the fair values of the above instruments if they were adjusted. The significant unobservable inputs used in the fair value measurement of Generation's commodity derivatives are forward commodity prices and for options is price volatility. Increases (decreases) in the forward commodity price in isolation would result in significantly higher (lower) fair values for long positions (contracts that give Generation the obligation or option to purchase a commodity), with offsetting impacts to short positions (contracts that give Generation the obligation or right to sell a commodity). Increases (decreases) in volatility would increase (decrease) the value for the holder of the option (writer of the option). Generally, a change in the estimate of forward commodity prices is unrelated to a change in the estimate of volatility of prices. An increase to the reserves listed above would decrease the fair value of the positions. An increase to the heat rate or renewable factors would increase the fair value accordingly. Generally, interrelationships exist between market prices of natural gas and power. As such, an increase in natural gas pricing would potentially have a similar impact on forward power markets.

Nuclear Decommissioning Trust Fund Investments and Pledged Assets for Zion Station Decommissioning (Exelon and Generation) . For middle market lending, certain corporate debt securities, and private equity investments, the fair value is determined using a combination of valuation models including cost models, market models and income models. The valuation estimates are based on valuations of comparable companies, discounting the forecasted cash flows of the portfolio company, estimating the liquidation or collateral value of

the portfolio company or its assets, considering offers from third parties to buy the portfolio company, its historical and projected financial results, as well as other factors that may impact value. Significant judgment is required in the application of discounts or premiums applied to the prices of comparable companies for factors such as size, marketability, credit risk and relative performance.

Because Generation relies on third-party fund managers to develop the quantitative unobservable inputs without adjustment for the valuations of its Level 3 investments, quantitative information about significant unobservable inputs used in valuing these investments is not reasonably available to Generation. This includes information regarding the sensitivity of the fair values to changes in the unobservable inputs. Generation gains an understanding of the fund managers' inputs and assumptions used in preparing the valuations. Generation performed procedures to assess the reasonableness of the valuations. For a sample of its Level 3 investments, Generation reviewed independent valuations and reviewed the assumptions in the detailed pricing models used by the fund managers.

10. Derivative Financial Instruments (Exelon, Generation, ComEd, PECO and BGE)

The Registrants use derivative instruments to manage commodity price risk and interest rate risk related to ongoing business operations.

Commodity Price Risk (Exelon, Generation, ComEd, PECO and BGE)

To the extent the amount of energy Generation produces differs from the amount of energy it has contracted to sell, Exelon and Generation are exposed to market fluctuations in the prices of electricity, fossil fuels and other commodities. Each of the Registrants employ established policies and procedures to manage their risks associated with market fluctuations in commodity prices by entering into physical and financial derivative contracts, including swaps, futures, forwards, options and short-term and long-term commitments to purchase and sell energy and energy-related products. The Registrants believe these instruments, which are classified as either economic hedges or non-derivatives, mitigate exposure to fluctuations in commodity prices.

Derivative accounting guidance requires that derivative instruments be recognized as either assets or liabilities at fair value, with changes in fair value of the derivative recognized in earnings each period. Other accounting treatments are available through special election and designation, provided they meet specific, restrictive criteria both at the time of designation and on an ongoing basis. These alternative permissible accounting treatments include normal purchase normal sale (NPNS), cash flow hedge, and fair value hedge. For commodity transactions, Generation no longer utilizes the special election provided for by the cash flow hedge designation and de-designated all of its existing cash flow hedges prior to the Constellation merger. Because the underlying forecasted transactions remained probable, the fair value of the effective portion of these cash flow hedges was frozen in Accumulated OCI and was reclassified to results of operations when the forecasted purchase or sale of the energy commodity occurred. The effect of this decision is that all derivative economic hedges related to commodities are recorded at fair value through earnings for the combined company, referred to as economic hedges in the following tables. The Registrants have applied the NPNS scope exception to certain derivative contracts for the forward sale of generation, power procurement agreements, and natural gas supply agreements. Non-derivative contracts for access to additional generation and certain sales to load-serving entities are accounted for primarily under the accrual method of accounting, which is further discussed in Note 22 — Commitments and Contingencies of the Exelon 2014 Form 10-K. Additionally, Generation is exposed to certain market risks through its proprietary trading activities. The proprietary trading activities are a complement to Generation's energy marketing portfolio but represent a small portion of Generation's overall energy marketing activities.

Economic Hedging. The Registrants are exposed to commodity price risk primarily relating to changes in the market price of electricity, fossil fuels, and other commodities associated with price movements resulting

from changes in supply and demand, fuel costs, market liquidity, weather conditions, governmental regulatory and environmental policies, and other factors. Within Exelon, Generation has the most exposure to commodity price risk. As such, Generation uses a variety of derivative and non-derivative instruments to manage the commodity price risk of its electric generation facilities, including power and gas sales, fuel and energy purchases, natural gas transportation and pipeline capacity agreements and other energy-related products marketed and purchased. In order to manage these risks, Generation may enter into fixed-price derivative or non-derivative contracts to hedge the variability in future cash flows from forecasted sales of energy and gas and purchases of fuel and energy. The objectives for entering into such hedges include fixing the price for a portion of anticipated future electricity sales at a level that provides an acceptable return on electric generation operations, fixing the price of a portion of anticipated fuel purchases for the operation of power plants, and fixing the price for a portion of anticipated energy purchases to supply load-serving customers. The portion of forecasted transactions hedged may vary based upon management's policies and hedging objectives, the market, weather conditions, operational and other factors. Generation is also exposed to differences between the locational settlement prices of certain economic hedges and the hedged generating units. This price difference is actively managed through other instruments which include derivative congestion products, whose changes in fair value are recognized in earnings each period, and auction revenue rights, which are accounted for on an accrual basis.

In general, increases and decreases in forward market prices have a positive and negative impact, respectively, on Generation's owned and contracted generation positions that have not been hedged. Generation hedges commodity price risk on a ratable basis over three-year periods. As of June 30, 2015, the proportion of expected generation hedged is for the major reportable segments was 98%-101%, 77%-80%, and 46%-49% for 2015, 2016, and 2017, respectively. The percentage of expected generation hedged is the amount of equivalent sales divided by the expected generation. Expected generation is the volume of energy that best represents our commodity position in energy markets from owned or contracted for capacity based upon a simulated dispatch model that makes assumptions regarding future market conditions, which are calibrated to market quotes for power, fuel, load following products, and options. Equivalent sales represent all hedging products, which include economic hedges and certain non-derivative contracts including Generation's sales to ComEd, PECO and BGE to serve their retail load.

On December 17, 2010, ComEd entered into several 20-year floating-to-fixed energy swap contracts with unaffiliated suppliers for the procurement of long-term renewable energy and associated RECs. Delivery under the contracts began in June 2012. Pursuant to the ICC's Order on December 19, 2012, ComEd's commitments under the existing long-term contracts for energy and associated RECs were reduced for the June 2013 through May 2014 procurement period. In addition, the ICC's December 18, 2013 Order approved the reduction of ComEd's commitments under those contracts for the June 2014 through May 2015 procurement period, and the amount of the reductions was approved in March 2014. These contracts are designed to lock in a portion of the long-term commodity price risk resulting from the renewable energy resource procurement requirements in the Illinois Settlement Legislation. ComEd has not elected hedge accounting for these derivative financial instruments. ComEd records the fair value of the swap contracts on its balance sheet. Because ComEd receives full cost recovery for energy procurement and related costs from retail customers, the change in fair value each period is recorded by ComEd as a regulatory asset or liability. See Note 3 — Regulatory Matters of the Exelon 2014 Form 10-K for additional information.

PECO has contracts to procure electric supply that were executed through the competitive procurement process outlined in its PAPUC-approved DSP Programs, which are further discussed in Note 5 — Regulatory Matters. Based on Pennsylvania legislation and the DSP Programs permitting PECO to recover its electric supply procurement costs from retail customers with no mark-up, PECO's price risk related to electric supply procurement is limited. PECO locked in fixed prices for a significant portion of its commodity price risk through

full requirements contracts and block contracts. PECO has certain full requirements contracts and block contracts that are considered derivatives and qualify for the NPNS scope exception under current derivative authoritative guidance.

PECO's natural gas procurement policy is designed to achieve a reasonable balance of long-term and short-term gas purchases under different pricing approaches in order to achieve system supply reliability at the least cost. PECO's reliability strategy is two-fold. First, PECO must assure that there is sufficient transportation capacity to satisfy delivery requirements. Second, PECO must ensure that a firm source of supply exists to utilize the capacity resources. All of PECO's natural gas supply and asset management agreements that are derivatives either qualify for the NPNS scope exception and have been designated as such, or have no mark-to-market balances because the derivatives are index priced. Additionally, in accordance with the 2015 PAPUC PGC settlement and to reduce the exposure of PECO and its customers to natural gas price volatility, PECO has continued its program to purchase natural gas for both winter and summer supplies using a layered approach of locking-in prices ahead of each season with long-term gas purchase agreements (those with primary terms of at least twelve months). Under the terms of the 2015 PGC settlement, PECO is required to lock in (i.e., economically hedge) the price of a minimum volume of its long-term gas commodity purchases. PECO's gas-hedging program is designed to cover about 30% of planned natural gas purchases in support of projected firm sales. The hedging program for natural gas procurement has no direct impact on PECO's financial position or results of operations as natural gas costs are fully recovered from customers under the PGC.

BGE has contracts to procure SOS electric supply that are executed through a competitive procurement process approved by the MDPSC. The SOS rates charged recover BGE's wholesale power supply costs and include an administrative fee. The administrative fee includes an incremental cost component and a shareholder return component for commercial and industrial rate classes. BGE's price risk related to electric supply procurement is limited. BGE locks in fixed prices for all of its SOS requirements through full requirements contracts. Certain of BGE's full requirements contracts, which are considered derivatives, qualify for the NPNS scope exception under current derivative authoritative guidance. Other BGE full requirements contracts are not derivatives.

BGE provides natural gas to its customers under a MBR mechanism approved by the MDPSC. Under this mechanism, BGE's actual cost of gas is compared to a market index (a measure of the market price of gas in a given period). The difference between BGE's actual cost and the market index is shared equally between shareholders and customers. BGE must also secure fixed price contracts for at least 10%, but not more than 20%, of forecasted system supply requirements for flowing (i.e., non-storage) gas for the November through March period. These fixed-price contracts are not subject to sharing under the MBR mechanism. BGE also ensures it has sufficient pipeline transportation capacity to meet customer requirements. All of BGE's natural gas supply and asset management agreements qualify for the NPNS scope exception and result in physical delivery.

Proprietary Trading . Generation also enters into certain energy-related derivatives for proprietary trading purposes. Proprietary trading includes all contracts entered into with the intent of benefiting from shifts or changes in market prices as opposed to those entered into with the intent of hedging or managing risk. Proprietary trading activities are subject to limits established by Exelon's RMC. The proprietary trading activities, which included settled physical sales volumes of 1,657 GWhs and 3,465 GWhs for the three and six months ended June 30, 2015, respectively, and 2,629 GWhs and 5,123 GWhs for the three and six months ended June 30, 2014, respectively, are a complement to Generation's energy marketing portfolio but represent a small portion of Generation's revenue from energy marketing activities. ComEd, PECO and BGE do not enter into derivatives for proprietary trading purposes.

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Interest Rate and Foreign Exchange Risk (Exelon, Generation, ComEd, PECO and BGE)

The Registrants use a combination of fixed-rate and variable-rate debt to manage interest rate exposure. The Registrants utilize fixed-to-floating interest rate swaps, which are typically designated as fair value hedges, as a means to manage their interest rate exposure. In addition, the Registrants may utilize interest rate derivatives to lock in rate levels in anticipation of future financings, which are typically designated as cash flow hedges. These strategies are employed to manage interest rate risks. At June 30, 2015, Exelon had $800 million of notional amounts of fixed-to-floating hedges outstanding and Exelon and Generation had $754 million of notional amounts of floating-to-fixed hedges outstanding. Assuming the fair value and cash flow interest rate hedges are 100% effective, a hypothetical 50 bps increase in the interest rates associated with unhedged variable-rate debt (excluding Commercial Paper) and fixed-to-floating swaps would result in an approximately $2 million decrease in Exelon Consolidated pre-tax income for the six months ended June 30, 2015. To manage foreign exchange rate exposure associated with international energy purchases in currencies other than U.S. dollars, Generation utilizes foreign currency derivatives, which are typically designated as economic hedges. Below is a summary of the interest rate and foreign currency hedges as of June 30, 2015.

	Generation					Other				Exelon
Description	Derivatives Designated as Hedging Instruments	Economic Hedges	Proprietary Trading [a]	Collateral and Netting [b]	Subtotal	Derivatives Designated as Hedging Instruments	Economic Hedges	Collateral and Netting [b]	Subtotal	Total
Mark-to-market derivative assets (current assets)	$ —	$ 10	$ 10	$ (10)	$ 10	$ —	$ —	$ —	$ —	$ 10
Mark-to-market derivative assets (noncurrent assets)	1	10	6	(3)	14	21	—	—	21	35
Total mark-to-market derivative assets	1	20	16	(13)	24	21	—	—	21	45
Mark-to-market derivative liabilities (current liabilities)	(9)	(5)	(9)	14	(9)	—	—	—	—	(9)
Mark-to-market derivative liabilities (noncurrent liabilities)	(5)	—	(5)	5	(5)	—	—	—	—	(5)
Total mark-to-market derivative liabilities	(14)	(5)	(14)	19	(14)	—	—	—	—	(14)
Total mark-to-market derivative net assets (liabilities)	$ (13)	$ 15	$ 2	$ 6	$ 10	$ 21	$ —	$ —	$ 21	$ 31

(a) Generation enters into interest rate derivative contracts to economically hedge risk associated with the interest rate component of commodity positions. The characterization of the interest rate derivative contracts within the proprietary trading activity in the above table is driven by the corresponding characterization of the underlying commodity position that gives rise to the interest rate exposure. Generation does not utilize proprietary trading interest rate derivatives with the objective of benefiting from shifts or changes in market interest rates.

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(b) Exelon and Generation net all available amounts allowed under the derivative accounting guidance on the balance sheet. These amounts include unrealized derivative transactions with the same counterparty under legally enforceable master netting agreements and cash collateral. In some cases Exelon and Generation may have other offsetting exposures, subject to a master netting or similar agreement, such as accrued interest, transactions that do not qualify as derivatives, letters of credit and other forms of non-cash collateral. These are not reflected in the table above.

The following table provides a summary of the interest rate and foreign exchange hedge balances recorded by the Registrants as of December 31, 2014:

	Generation					Other				Exelon
Description	Derivatives Designated as Hedging Instruments	Economic Hedges	Proprietary Trading [a]	Collateral and Netting [b]	Subtotal	Derivatives Designated as Hedging Instruments	Economic Hedges	Collateral and Netting [b]	Subtotal	Total
Mark-to-market derivative assets (current assets)	$ 7	$ 7	$ 20	$ (22)	$ 12	$ 3	$ —	$ —	$ 3	$ 15
Mark-to-market derivative assets (noncurrent assets)	1	5	7	(7)	6	20	1	(19)	2	8
Total mark-to-market derivative assets	8	12	27	(29)	18	23	1	(19)	5	23
Mark-to-market derivative liabilities (current liabilities)	(8)	(2)	(14)	25	1	—	—	—	—	1
Mark-to-market derivative liabilities (noncurrent liabilities)	(4)	—	(9)	10	(3)	(29)	(101)	19	(111)	(114)
Total mark-to-market derivative liabilities	(12)	(2)	(23)	35	(2)	(29)	(101)	19	(111)	(113)
Total mark-to-market derivative net assets (liabilities)	$ (4)	$ 10	$ 4	$ 6	$ 16	$ (6)	$ (100)	$ —	$ (106)	$ (90)

(a) Generation enters into interest rate derivative contracts to economically hedge risk associated with the interest rate component of commodity positions. The characterization of the interest rate derivative contracts within the proprietary trading activity in the above table is driven by the corresponding characterization of the underlying commodity position that gives rise to the interest rate exposure. Generation does not utilize proprietary trading interest rate derivatives with the objective of benefiting from shifts or changes in market interest rates.

(b) Exelon and Generation net all available amounts allowed under the derivative accounting guidance on the balance sheet. These amounts include unrealized derivative transactions with the same counterparty under legally enforceable master netting agreements and cash collateral. In some cases Exelon and Generation may have other offsetting exposures, subject to a master netting or similar agreement, such as accrued interest, transactions that do not qualify as derivatives, letters of credit and other forms of non-cash collateral. These are not reflected in the table above.

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Fair Value Hedges . For derivative instruments that are designated and qualify as fair value hedges, the gain or loss on the derivative as well as the offsetting loss or gain on the hedged item attributable to the hedged risk are recognized in current earnings. Exelon includes the gain or loss on the hedged items and the offsetting loss or gain on the related interest rate swaps in interest expense as follows:

		Three Months Ended June 30,			
	Income Statement Location	2015	2014	2015	2014
		Gain (Loss) on Swaps		Gain (Loss) on Borrowings	
Generation	Interest expense [a]	$ —	$ (3)	$ —	$ 2
Exelon	Interest expense	(11)	3	(12)	(3)

		Six Months Ended June 30,			
	Income Statement Location	2015	2014	2015	2014
		Gain (Loss) on Swaps		Gain (Loss) on Borrowings	
Generation	Interest expense [a]	$ (1)	$ (8)	$ —	$ 1
Exelon	Interest expense	(2)	5	(4)	(7)

(a) For the three and six months ended June 30, 2015, the loss on Generation swaps included $0 million and $1 million realized in earnings, respectively, with an immaterial amount excluded from hedge effectiveness testing. For the three and six months ended June 30, 2014, the loss on Generation swaps included $4 million and $8 million realized in earnings, respectively, with an immaterial amount excluded from hedge effectiveness testing.

At June 30, 2015, Exelon had total outstanding fixed-to-floating fair value hedges related to interest rate swaps of $800 million, with a derivative asset of $20 million. At December 31, 2014, Exelon and Generation had outstanding fixed-to-floating fair value hedges related to interest rate swaps of $1,450 million and $550 million, with a derivative asset of $29 million and $7 million, respectively. During the three and six months ended June 30, 2015, the impact on the results of operations as a result of the ineffectiveness from fair value hedges was a $4 million and $8 million gain, respectively. During the three and six months ended June 30, 2014, the impact on the results of operations as a result of the ineffectiveness from fair value hedges was a $5 million and $8 million gain, respectively.

Cash Flow Hedges . During 2014, Exelon entered into $400 million of floating-to-fixed forward starting interest rate swaps to manage a portion of the interest rate exposure associated with the anticipated refinancing of existing debt. The swaps are designated as cash flow hedges. In January 2015, in connection with Generation's $750 million issuance of five-year Senior Unsecured Notes, Exelon terminated these swaps. As the original forecasted transactions were a series of future interest payments over a ten year period, a portion of the anticipated interest payments are probable not to occur. As a result, $26 million of anticipated payments were reclassified from Accumulated OCI to Other, net in Exelon's Consolidated Statement of Operations and Comprehensive Income.

During the third quarter of 2014, ExGen Texas Power, LLC, a subsidiary of Generation, entered into a floating-to-fixed interest rate swap to manage a portion of its interest rate exposure in connection with a long-term borrowing. See Note 13 — Debt and Credit Agreements of the Exelon 2014 Form 10-K for additional information regarding the financing. The swaps have a notional amount of $502 million as of June 30, 2015 and expire in 2019. The swap was designated as a cash flow hedge in the fourth quarter of 2014. At June 30, 2015, the subsidiary had a $10 million derivative liability related to the swap.

During the first quarter of 2014, ExGen Renewables I, LLC, a subsidiary of Exelon Generation, entered into floating-to-fixed interest rate swaps to manage a portion its interest rate exposure in connection with long-term borrowings. See Note 13 — Debt and Credit Agreements of the Exelon 2014 Form 10-K for additional

information regarding the financing. The swaps have a notional amount of $201 million as of June 30, 2015 and expire in 2020. The swaps are designated as cash flow hedges. At June 30, 2015, the subsidiary had a $2 million derivative liability related to the swaps.

During the three and six months ended June 30, 2015 and 2014, the impact on the results of operations as a result of ineffectiveness from cash flow hedges in continuing designated hedge relationships were immaterial.

Economic Hedges . During the third quarter of 2011, Sacramento PV Energy, a subsidiary of Generation entered into floating-to-fixed interest rate swaps to manage a portion of its interest rate exposure in connection with the long-term borrowings. See Note 13 — Debt and Credit Agreements of the Exelon 2014 Form 10-K for additional information regarding the financing. The swaps have a total notional amount of $26 million as of June 30, 2015 and expire in 2027. After the closing of the Constellation merger, the swaps were re-designated as cash flow hedges. During the first quarter of 2015, the swaps were de-designated as the forecasted transaction was no longer probable of occurring. The balance in Accumulated OCI was frozen as of the date of de-designation and will amortize into Interest expense over the remaining term of the forecasted transaction. All future changes in fair value are reflected in Interest expense. At June 30, 2015, the subsidiary had a $2 million derivative liability related to these swaps, which included an immaterial amount that was amortized to Interest expense after de-designation.

During the third quarter of 2012, Constellation Solar Horizon, a subsidiary of Exelon Generation, entered into a floating-to-fixed interest rate swap to manage a portion of its interest rate exposure in connection with the long-term borrowings. See Note 13 — Debt and Credit Agreements of the Exelon 2014 Form 10-K for additional information regarding the financing. The swap has a notional amount of $25 million as of June 30, 2015 and expires in 2030. This swap was designated as a cash flow hedge. During the first quarter of 2015, the swaps were de-designated as the forecasted transaction was no longer probable of occurring. The balance in OCI was frozen as of the date of de-designation and will amortize into Interest expense over the remaining term of the forecasted transaction. All future changes in fair value are reflected in Interest expense. At June 30, 2015, the subsidiary had an immaterial derivative asset related to the swap.

During the second quarter 2015, upon the issuance of debt, Exelon terminated $2,400 million of floating-to-fixed forward starting interest rate swaps. As a result of the termination of the swaps, Exelon realized a $64 million loss during the second quarter of 2015.

At June 30, 2015, Generation had immaterial notional amounts of interest rate derivative contracts to economically hedge risk associated with the interest rate component of commodity positions and $146 million in notional amounts of foreign currency exchange rate swaps that are marked-to-market to manage the exposure associated with international purchases of commodities in currencies other than U.S. dollars.

Fair Value Measurement and Accounting for the Offsetting of Amounts Related to Certain Contracts (Exelon, Generation, ComEd, PECO and BGE)

Fair value accounting guidance and disclosures about offsetting assets and liabilities requires the fair value of derivative instruments to be shown in the Notes to the Consolidated Financial Statements on a gross basis, even when the derivative instruments are subject to legally enforceable master netting agreements and qualify for net presentation in the Consolidated Balance Sheet. A master netting agreement is an agreement between two counterparties that may have derivative and non-derivative contracts with each other providing for the net settlement of all referencing contracts via one payment stream, which takes place as the contracts deliver, when collateral is requested or in the event of default. Generation’s use of cash collateral is generally unrestricted,

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unless Generation is downgraded below investment grade (i.e., to BB+ or Ba1). In the table below, Generation's energy related economic hedges and proprietary trading derivatives are shown gross. The impact of the netting of fair value balances with the same counterparty that are subject to legally enforceable master netting agreements, as well as netting of cash collateral, including initial margin on exchange positions, is aggregated in the collateral and netting column. As of June 30, 2015 and December 31, 2014, $2 million and $8 million of cash collateral posted, respectively, was not offset against derivative positions because such collateral was not associated with any energy-related derivatives, were associated with accrual positions, or as of the balance sheet date there were no positions to offset. Excluded from the tables below are economic hedges that qualify for the NPNS scope exception and other non-derivative contracts that are accounted for under the accrual method of accounting.

ComEd's use of cash collateral is generally unrestricted, unless ComEd is downgraded below investment grade (i.e., to BB+ or Ba1).

Cash collateral held by PECO and BGE must be deposited in a non-affiliate major U.S. commercial bank or foreign bank with a U.S. branch office that meet certain qualifications.

The following table provides a summary of the derivative fair value balances recorded by the Registrants as of June 30, 2015:

	Generation				ComEd	Exelon
Derivatives	Economic Hedges	Proprietary Trading	Collateral and Netting (a)	Subtotal (b)	Economic Hedges (c)	Total Derivatives
Mark-to-market derivative assets (current assets)	$ 4,398	$ 346	$ (3,349)	$1,395	$ —	$ 1,395
Mark-to-market derivative assets (noncurrent assets)	2,368	48	(1,640)	776	—	776
Total mark-to-market derivative assets	6,766	394	(4,989)	2,171	—	2,171
Mark-to-market derivative liabilities (current liabilities)	(3,793)	(347)	4,004	(136)	(20)	(156)
Mark-to-market derivative liabilities (noncurrent liabilities)	(2,291)	(55)	1,959	(387)	(203)	(590)
Total mark-to-market derivative liabilities	(6,084)	(402)	5,963	(523)	(223)	(746)
Total mark-to-market derivative net assets (liabilities)	$ 682	$ (8)	$ 974	$1,648	$ (223)	$ 1,425

(a) Exelon and Generation net all available amounts allowed under the derivative accounting guidance on the balance sheet. These amounts include unrealized derivative transactions with the same counterparty under legally enforceable master netting agreements and cash collateral. In some cases Exelon and Generation may have other offsetting exposures, subject to a master netting or similar agreement, such as trade receivables and payables, transactions that do not qualify as derivatives, letters of credit and other forms of non-cash collateral. These are not reflected in the table above.

(b) Current and noncurrent assets are shown net of collateral of $297 million and $144 million, respectively, and current and noncurrent liabilities are shown net of collateral of $358 million and $175 million, respectively. The total cash collateral posted, net of cash collateral received and offset against mark-to-market assets and liabilities was $974 million at June 30, 2015.

(c) Includes current and noncurrent liabilities relating to floating-to-fixed energy swap contracts with unaffiliated suppliers.

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The following table provides a summary of the derivative fair value balances recorded by the Registrants as of December 31, 2014:

	Generation				ComEd	Exelon
Description	Economic Hedges	Proprietary Trading	Collateral and Netting (a)	Subtotal (b)	Economic Hedges (c)	Total Derivatives
Mark-to-market derivative assets (current assets)	$ 4,992	$ 456	$ (4,184)	$1,264	$ —	$ 1,264
Mark-to-market derivative assets (noncurrent assets)	1,821	56	(1,112)	765	—	765
Total mark-to-market derivative assets	6,813	512	(5,296)	2,029	—	2,029
Mark-to-market derivative liabilities (current liabilities)	(4,947)	(468)	5,200	(215)	(20)	(235)
Mark-to-market derivative liabilities (noncurrent liabilities)	(1,540)	(64)	1,502	(102)	(187)	(289)
Total mark-to-market derivative liabilities	(6,487)	(532)	6,702	(317)	(207)	(524)
Total mark-to-market derivative net assets (liabilities)	$ 326	$ (20)	$ 1,406	$1,712	$ (207)	$ 1,505

(a) Exelon and Generation net all available amounts allowed under the derivative accounting guidance on the balance sheet. These amounts include unrealized derivative transactions with the same counterparty under legally enforceable master netting agreements and cash collateral. In some cases Exelon and Generation may have other offsetting exposures, subject to a master netting or similar agreement, such as trade receivables and payables, transactions that do not qualify as derivatives, and letters of credit. These are not reflected in the table above.

(b) Current and noncurrent assets are shown net of collateral of $416 million and $171 million, respectively, and current and noncurrent liabilities are shown net of collateral of $599 million and $220 million, respectively. The total cash collateral posted, net of cash collateral received and offset against mark-to-market assets and liabilities was $1,406 million at December 31, 2014.

(c) Includes current and noncurrent liabilities relating to floating-to-fixed energy swap contracts with unaffiliated suppliers.

Cash Flow Hedges (Exelon, Generation and ComEd). As discussed previously, effective prior to the Constellation merger, Generation de-designated all of its cash flow hedges relating to commodity price risk. Because the underlying forecasted transactions remain at least reasonably probable, the fair value of the effective portion of these cash flow hedges was frozen in Accumulated OCI and is reclassified to results of operations when the forecasted purchase or sale of the energy commodity occurs, or becomes probable of not occurring. Generation began recording prospective changes in the fair value of these instruments through current earnings from the date of de-designation. As of June 30, 2015, no unrealized balance remains in accumulated OCI to be reclassified by Generation.

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The tables below provide the activity of accumulated OCI related to cash flow hedges for the three and six months ended June 30, 2015 and 2014, containing information about the changes in the fair value of cash flow hedges and the reclassification from accumulated OCI into results of operations. The amounts reclassified from accumulated OCI, when combined with the impacts of the actual physical power sales, result in the ultimate recognition of net revenues at the contracted price.

		Total Cash Flow Hedge OCI Activity, Net of Income Tax	
		Generation	Exelon
Three Months Ended June 30, 2015	Income Statement Location	Total Cash Flow Hedges	Total Cash Flow Hedges
Accumulated OCI derivative gain at March 31, 2015		$ (23)	$ (22)
Effective portion of changes in fair value		—	1
Reclassifications from accumulated OCI to net income	Interest Expense	2	2
Accumulated OCI derivative gain at June 30, 2015		$ (21)	$ (19)

		Total Cash Flow Hedge OCI Activity, Net of Income Tax	
		Generation	Exelon
Six Months Ended June 30, 2015	Income Statement Location	Total Cash Flow Hedges	Total Cash Flow Hedges
Accumulated OCI derivative gain at December 31, 2014		$ (18)	$ (28)
Effective portion of changes in fair value		(6)	(10)
Reclassifications from accumulated OCI to net income	Other, net	—	16[(a)]
Reclassifications from accumulated OCI to net income	Interest Expense	5	5
Reclassifications from accumulated OCI to net income	Operating Revenues	(2)	(2)
Accumulated OCI derivative gain at June 30, 2015		$ (21)	$ (19)

(a) Amount is net of related income tax expense of $10 million for the six months ended June 30, 2015.

		Total Cash Flow Hedge OCI Activity, Net of Income Tax	
		Generation	Exelon
Three Months Ended June 30, 2014	Income Statement Location	Total Cash Flow Hedges	Total Cash Flow Hedges
Accumulated OCI derivative gain at March 31, 2014		$ 88	$ 95
Effective portion of changes in fair value		(5)	(10)
Reclassifications from accumulated OCI to net income	Operating Revenues	(38) [(a)]	(38) [(a)]
Accumulated OCI derivative gain at June 30, 2014		$ 45	$ 47

(a) Amount is net of related income tax expense of $25 million for the three months ended June 30, 2014.

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		Total Cash Flow Hedge OCI Activity, Net of Income Tax	
		Generation	Exelon
Six Months Ended June 30, 2014	Income Statement Location	Total Cash Flow Hedges	Total Cash Flow Hedges
Accumulated OCI derivative gain at December 31, 2013		$ 116	$ 120
Effective portion of changes in fair value		(9)	(11)
Reclassifications from accumulated OCI to net income	Operating Revenues	(62) [a]	(62) [a]
Accumulated OCI derivative gain at June 30, 2014		$ 45	$ 47

(a) Amount is net of related income tax expense of $40 million for the six months ended June 30, 2014.

The effect of Exelon's and Generation's former energy-related cash flow hedge activity on pre-tax earnings based on the reclassification adjustment from accumulated OCI to earnings was a $2 million pre-tax gain for the six months ended June 30, 2015. There were no gains recognized for the three months ended June 30, 2015. For the three and six months ended June 30, 2014, Exelon and Generation recognized a $63 million and $102 million pre-tax gain, respectively. Neither Exelon nor Generation will incur changes in cash flow hedge ineffectiveness in future periods as all energy-related cash flow hedge positions were de-designated prior to the merger date.

Economic Hedges (Exelon and Generation). These instruments represent hedges that economically mitigate exposure to fluctuations in commodity prices and include financial options, futures, swaps, physical forward sales and purchases, but for which the fair value or cash flow hedge elections were not made. Additionally, Generation enters into interest rate derivative contracts and foreign exchange currency swaps ("treasury") to manage the exposure related to the interest rate component of commodity positions and international purchases of commodities in currencies other than U.S. Dollars. Exelon entered into floating-to-fixed forward starting interest rate swaps to manage interest rate risks associated with anticipated future debt issuance related to the proposed PHI acquisition. For the three and six months ended June 30, 2015 and 2014, the following pre-tax mark-to-market gains (losses) of certain purchase and sale contracts were reported in Operating revenues or Purchased power and fuel expense, or Interest expense at Exelon and Generation in the Consolidated Statements of Operations and Comprehensive Income and are included in "Net fair value changes related to derivatives" in Exelon's and Generation's Consolidated Statements of Cash Flows. In the tables below, "Change in fair value" represents the change in fair value of the derivative contracts held at the reporting date. The "Reclassification to realized at settlement" represents the recognized change in fair value that was reclassified to realized due to settlement of the derivative during the period.

	Generation				HoldCo	Exelon
Three Months Ended June 30, 2015	Operating Revenues	Purchased Power and Fuel	Interest Expense	Total	Interest Expense	Total
Change in fair value of commodity positions	$ 197	$ 110	$ —	$307	$ —	$ 307
Reclassification to realized at settlement of commodity positions	(167)	100	—	(67)	—	(67)
Net commodity mark-to-market gains (losses)	30	210	—	240	—	240
Change in fair value of treasury positions	(3)	—	—	(3)	114	111
Reclassification to realized at settlement of treasury positions	(2)	—	—	(2)	64	62
Net treasury mark-to-market gains (losses)	(5)	—	—	(5)	178	173
Net mark-to-market gains (losses)	$ 25	$ 210	$ —	$235	$ 178	$ 413

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	Generation				HoldCo	Exelon
Six Months Ended June 30, 2015	Operating Revenues	Purchased Power and Fuel	Interest Expense	Total	Interest Expense	Total
Change in fair value of commodity positions	$ 377	$ 15	$ —	$392	$ —	$ 392
Reclassification to realized at settlement of commodity positions	(204)	203	—	(1)	—	(1)
Net commodity mark-to-market gains (losses)	173	218	—	391	—	391
Change in fair value of treasury positions	10	—	—	10	36	46
Reclassification to realized at settlement of treasury positions	(4)	—	—	(4)	64	60
Net treasury mark-to-market gains (losses)	6	—	—	6	100	106
Net mark-to-market gains (losses)	$ 179	$ 218	$ —	$397	$ 100	$ 497

	Generation				HoldCo	Exelon
Three Months Ended June 30, 2014	Operating Revenues	Purchased Power and Fuel	Interest Expense	Total	Interest Expense	Total
Change in fair value of commodity positions	$ (124)	$ 111	$ —	$(13)	$ —	$ (13)
Reclassification to realized at settlement of commodity positions	45	(42)	—	3	—	3
Net commodity mark-to-market gains (losses)	(79)	69	—	(10)	—	(10)
Change in fair value of treasury positions	(3)	—	(1)	(4)	—	(4)
Reclassification to realized at settlement of treasury positions	(1)	—	—	(1)	—	(1)
Net treasury mark-to-market gains (losses)	(4)	—	(1)	(5)	—	(5)
Net mark-to-market gains (losses)	$ (83)	$ 69	$ (1)	$(15)	$ —	$ (15)

	Generation				HoldCo	Exelon
Six Months Ended June 30, 2014	Operating Revenues	Purchased Power and Fuel	Interest Expense	Total	Interest Expense	Total
Change in fair value of commodity positions	$ (975)	$ 282	$ —	$(693)	$ —	$(693)
Reclassification to realized at settlement of commodity positions	137	(183)	—	(46)	—	(46)
Net commodity mark-to-market gains (losses)	(838)	99	—	(739)	—	(739)
Change in fair value of treasury positions	(4)	—	(1)	(5)	—	(5)
Reclassification to realized at settlement of treasury positions	(1)	—	—	(1)	—	(1)
Net treasury mark-to-market gains (losses)	(5)	—	(1)	(6)	—	(6)
Net mark-to-market gains (losses)	$ (843)	$ 99	$ (1)	$(745)	$ —	$(745)

Proprietary Trading Activities (Exelon and Generation). For the three and six months ended June 30, 2015 and 2014, Exelon and Generation recognized the following net unrealized mark-to-market gains (losses), net realized mark-to-market gains (losses) and total net mark-to-market gains (losses) (before income taxes) relating to mark-to-market activity on commodity derivative instruments entered into for proprietary trading

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purposes and interest rate derivative contracts to hedge risk associated with the interest rate component of underlying commodity positions. Gains and losses associated with proprietary trading are reported as operating revenue in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income and are included in "Net fair value changes related to derivatives" in Exelon's and Generation's Consolidated Statements of Cash Flows. In the tables below, "Change in fair value" represents the change in fair value of the derivative contracts held at the reporting date. The "Reclassification to realized at settlement" represents the recognized change in fair value that was reclassified to realized due to settlement of the derivative during the period.

	Location on Income Statement	Three Months Ended June 30,		Six Months Ended June 30,	
		2015	2014	2015	2014
Change in fair value of commodity positions	Operating Revenues	$ 7	$ 1	$ 8	$ —
Reclassification to realized at settlement of commodity positions	Operating Revenues	(7)	(8)	(5)	(7)
Net commodity mark-to-market gains (losses)	Operating Revenues	—	(7)	3	(7)
Change in fair value of treasury positions	Operating Revenues	—	—	4	(1)
Reclassification to realized at settlement of treasury positions	Operating Revenues	(2)	1	(6)	1
Net treasury mark-to-market gains (losses)	Operating Revenues	(2)	1	(2)	—
Total Net mark-to-market gains (losses)	Operating Revenues	$ (2)	$ (6)	$ 1	$ (7)

Credit Risk (Exelon, Generation, ComEd, PECO and BGE)

The Registrants would be exposed to credit-related losses in the event of non-performance by counterparties that enter into derivative instruments. The credit exposure of derivative contracts, before collateral, is represented by the fair value of contracts at the reporting date. For energy-related derivative instruments, Generation enters into enabling agreements that allow for payment netting with its counterparties, which reduces Generation's exposure to counterparty risk by providing for the offset of amounts payable to the counterparty against amounts receivable from the counterparty. Typically, each enabling agreement is for a specific commodity and so, with respect to each individual counterparty, netting is limited to transactions involving that specific commodity product, except where master netting agreements exist with a counterparty that allow for cross product netting. In addition to payment netting language in the enabling agreement, Generation's credit department establishes credit limits, margining thresholds and collateral requirements for each counterparty, which are defined in the derivative contracts. Counterparty credit limits are based on an internal credit review process that considers a variety of factors, including the results of a scoring model, leverage, liquidity, profitability, credit ratings by credit rating agencies, and risk management capabilities. To the extent that a counterparty's margining thresholds are exceeded, the counterparty is required to post collateral with Generation as specified in each enabling agreement. Generation's credit department monitors current and forward credit exposure to counterparties and their affiliates, both on an individual and an aggregate basis.

The following tables provide information on Generation's credit exposure for all derivative instruments, NPNS, and applicable payables and receivables, net of collateral and instruments that are subject to master netting agreements, as of June 30, 2015. The tables further delineate that exposure by credit rating of the counterparties and provide guidance on the concentration of credit risk to individual counterparties. The figures in the table below exclude credit risk exposure from individual retail counterparties, Nuclear fuel procurement contracts, and exposure through RTOs, ISOs, NYMEX, ICE and Nodal commodity exchanges, further discussed

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in ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK. Additionally, the figures in the tables below exclude exposures with affiliates, including net receivables with ComEd, PECO and BGE of $36 million, $35 million and $31 million, as of June 30, 2015, respectively.

Rating as of June 30, 2015	Total Exposure Before Credit Collateral	Credit Collateral [a]	Net Exposure	Number of Counterparties Greater than 10% of Net Exposure	Net Exposure of Counterparties Greater than 10% of Net Exposure
Investment grade	$ 1,643	$ 24	$ 1,619	1	$ 444
Non-investment grade	55	18	37	—	—
No external ratings					
Internally rated — investment grade	498	—	498	—	—
Internally rated — non-investment grade	48	6	42	—	—
Total	$ 2,244	$ 48	$ 2,196	1	$ 444

Net Credit Exposure by Type of Counterparty	As of June 30, 2015
Financial institutions	$ 383
Investor-owned utilities, marketers, power producers	880
Energy cooperatives and municipalities	881
Other	52
Total	$ 2,196

(a) As of June 30, 2015, credit collateral held from counterparties where Generation had credit exposure included $30 million of cash and $18 million of letters of credit.

ComEd's power procurement contracts provide suppliers with a certain amount of unsecured credit. The credit position is based on forward market prices compared to the benchmark prices. The benchmark prices are the forward prices of energy projected through the contract term and are set at the point of supplier bid submittals. If the forward market price of energy exceeds the benchmark price, the suppliers are required to post collateral for the secured credit portion after adjusting for any unpaid deliveries and unsecured credit allowed under the contract. The unsecured credit used by the suppliers represents ComEd's net credit exposure. As of June 30, 2015, ComEd's net credit exposure to suppliers was immaterial.

ComEd is permitted to recover its costs of procuring energy through the Illinois Settlement Legislation. ComEd's counterparty credit risk is mitigated by its ability to recover realized energy costs through customer rates. See Note 3 — Regulatory Matters of the Exelon 2014 Form 10-K for additional information.

PECO's supplier master agreements that govern the terms of its electric supply procurement contracts, which define a supplier's performance assurance requirements, allow a supplier to meet its credit requirements with a certain amount of unsecured credit. The amount of unsecured credit is determined based on the supplier's lowest credit rating from the major credit rating agencies and the supplier's tangible net worth. The credit position is based on the initial market price, which is the forward price of energy on the day a transaction is executed, compared to the current forward price curve for energy. To the extent that the forward price curve for energy exceeds the initial market price, the supplier is required to post collateral to the extent the credit exposure is greater than the supplier's unsecured credit limit. The unsecured credit used by the suppliers represents PECO's net credit exposure. As of June 30, 2015, PECO is currently holding $3 million in collateral from suppliers.

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PECO is permitted to recover its costs of procuring electric supply through its PAPUC-approved DSP Program. PECO's counterparty credit risk is mitigated by its ability to recover realized energy costs through customer rates. See Note 5 — Regulatory Matters for additional information.

PECO's natural gas procurement plan is reviewed and approved annually on a prospective basis by the PAPUC. PECO's counterparty credit risk under its natural gas supply and asset management agreements is mitigated by its ability to recover its natural gas costs through the PGC, which allows PECO to adjust rates quarterly to reflect realized natural gas prices. PECO does not obtain collateral from suppliers under its natural gas supply and asset management agreements. As of June 30, 2015, PECO had no credit exposure under its natural gas supply and asset management agreements with investment grade suppliers.

BGE is permitted to recover its costs of procuring energy through the MDPSC-approved procurement tariffs. BGE's counterparty credit risk is mitigated by its ability to recover realized energy costs through customer rates. See Note 5 — Regulatory Matters for additional information.

BGE's full requirement wholesale electric power agreements that govern the terms of its electric supply procurement contracts, which define a supplier's performance assurance requirements, allow a supplier, or its guarantor, to meet its credit requirements with a certain amount of unsecured credit. The amount of unsecured credit is determined based on the supplier's lowest credit rating from the major credit rating agencies and the supplier's tangible net worth, subject to an unsecured credit cap. The credit position is based on the initial market price, which is the forward price of energy on the day a transaction is executed, compared to the current forward price curve for energy. To the extent that the forward price curve for energy exceeds the initial market price, the supplier is required to post collateral to the extent the credit exposure is greater than the supplier's unsecured credit limit. The unsecured credit used by the suppliers represents BGE's net credit exposure. The seller's credit exposure is calculated each business day. As of June 30, 2015, BGE had no net credit exposure to suppliers.

BGE's regulated gas business is exposed to market-price risk. This market-price risk is mitigated by BGE's recovery of its costs to procure natural gas through a gas cost adjustment clause approved by the MDPSC. BGE does make off-system sales after BGE has satisfied its customers' demands, which are not covered by the gas cost adjustment clause. At June 30, 2015, BGE had credit exposure of less than $1 million related to off-system sales which is mitigated by parental guarantees, letters of credit, or right to offset clauses within other contracts with those third-party suppliers.

Collateral and Contingent-Related Features (Exelon, Generation, ComEd, PECO and BGE)

As part of the normal course of business, Generation routinely enters into physical or financially settled contracts for the purchase and sale of electric capacity, energy, fuels, emissions allowances and other energy-related products. Certain of Generation's derivative instruments contain provisions that require Generation to post collateral. Generation also enters into commodity transactions on exchanges (i.e. NYMEX, ICE). The exchanges act as the counterparty to each trade. Transactions on the exchanges must adhere to comprehensive collateral and margining requirements. This collateral may be posted in the form of cash or credit support with thresholds contingent upon Generation's credit rating from each of the major credit rating agencies. The collateral and credit support requirements vary by contract and by counterparty. These credit-risk-related contingent features stipulate that if Generation were to be downgraded or lose its investment grade credit rating (based on its senior unsecured debt rating), it would be required to provide additional collateral. This incremental collateral requirement allows for the offsetting of derivative instruments that are assets with the same counterparty, where the contractual right of offset exists under applicable master netting agreements. In the absence of expressly agreed-to provisions that specify the collateral that must be provided, collateral requested will be a function of the facts and circumstances of the situation at the time of the demand. In this case,

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Generation believes an amount of several months of future payments (i.e., capacity payments) rather than a calculation of fair value is the best estimate for the contingent collateral obligation, which has been factored into the disclosure below.

The aggregate fair value of all derivative instruments with credit-risk-related contingent features in a liability position that are not fully collateralized (excluding transactions on the exchanges that are fully collateralized) is detailed in the table below:

Credit-Risk Related Contingent Feature	June 30, 2015	December 31, 2014
Gross Fair Value of Derivative Contracts Containing this Feature [(a)]	$(1,558)	$ (1,433)
Offsetting Fair Value of In-the-Money Contracts Under Master Netting Arrangements [(b)]	1,275	1,140
Net Fair Value of Derivative Contracts Containing This Feature [(c)]	$ (283)	$ (293)

(a) Amount represents the gross fair value of out-of-the-money derivative contracts containing credit-risk related contingent features ignoring the effects of master netting agreements.
(b) Amount represents the offsetting fair value of in-the-money derivative contracts under legally enforceable master netting agreements with the same counterparty, which reduces the amount of any liability for which a Registrant could potentially be required to post collateral.
(c) Amount represents the net fair value of out-of-the-money derivative contracts containing credit-risk related contingent features after considering the mitigating effects of offsetting positions under master netting arrangements and reflects the actual net liability upon which any potential contingent collateral obligations would be based.

Generation had cash collateral posted of $1,020 million and letters of credit posted of $511 million and cash collateral held of $39 million and letters of credit held of $23 million as of June 30, 2015 for counterparties with derivative positions. Generation had cash collateral posted of $1,497 million and letters of credit posted of $672 million and cash collateral held of $77 million and letters of credit held of $24 million at December 31, 2014 for counterparties with derivative positions. In the event of a credit downgrade below investment grade (i.e., to BB+ by S&P or Ba1 by Moody's), Generation would have been required to post additional collateral of $2.2 billion and $2.4 billion as of June 30, 2015 and December 31, 2014, respectively. These amounts represent the potential additional collateral required after giving consideration to offsetting derivative and non-derivative positions under master netting agreements.

Generation's and Exelon's interest rate swaps contain provisions that, in the event of a merger, if Generation's debt ratings were to materially weaken, it would be in violation of these provisions, resulting in the ability of the counterparty to terminate the agreement prior to maturity. Collateralization would not be required under any circumstance. Termination of the agreement could result in a settlement payment by Exelon or the counterparty on any interest rate swap in a net liability position. The settlement amount would be equal to the fair value of the swap on the termination date. As of June 30, 2015, Generation's swaps were in an asset with a fair value of $10 million and Exelon's swaps were in a liability position, with a fair value of $31 million, respectively.

See Note 24 — Segment Information of the Exelon 2014 Form 10-K for further information regarding the letters of credit supporting the cash collateral.

Generation entered into supply forward contracts with certain utilities, including PECO and BGE, with one-sided collateral postings only from Generation. If market prices fall below the benchmark price levels in these contracts, the utilities are not required to post collateral. However, when market prices rise above the benchmark

price levels, counterparty suppliers, including Generation, are required to post collateral once certain unsecured credit limits are exceeded. Under the terms of ComEd's standard block energy contracts, collateral postings are one-sided from suppliers, including Generation, should exposures between market prices and benchmark prices exceed established unsecured credit limits outlined in the contracts. As of June 30, 2015, ComEd held approximately $2 million collateral from suppliers in association with energy procurement contracts. Under the terms of ComEd's annual renewable energy contracts, collateral postings are required to cover a fixed value for RECs only. In addition, under the terms of ComEd's long-term renewable energy contracts, collateral postings are required from suppliers for both RECs and energy. The REC portion is a fixed value and the energy portion is one-sided from suppliers should the forward market prices exceed contract prices. As of June 30, 2015, ComEd held approximately $19 million in the form of cash and letters of credit as margin for both the annual and long-term REC obligations. See Note 3 — Regulatory Matters of the Exelon 2014 Form 10-K for additional information.

PECO's natural gas procurement contracts contain provisions that could require PECO to post collateral. This collateral may be posted in the form of cash or credit support with thresholds contingent upon PECO's credit rating from the major credit rating agencies. The collateral and credit support requirements vary by contract and by counterparty. As of June 30, 2015, PECO was not required to post collateral for any of these agreements. If PECO lost its investment grade credit rating as of June 30, 2015, PECO could have been required to post approximately $20 million of collateral to its counterparties.

PECO's supplier master agreements that govern the terms of its DSP Program contracts do not contain provisions that would require PECO to post collateral.

BGE's full requirements wholesale power agreements that govern the terms of its electric supply procurement contracts do not contain provisions that would require BGE to post collateral.

BGE's natural gas procurement contracts contain provisions that could require BGE to post collateral. This collateral may be posted in the form of cash or credit support with thresholds contingent upon BGE's credit rating from the major credit rating agencies. The collateral and credit support requirements vary by contract and by counterparty. As of June 30, 2015, BGE was not required to post collateral for any of these agreements. If BGE lost its investment grade credit rating as of June 30, 2015, BGE could have been required to post approximately $34 million of collateral to its counterparties.

11. Debt and Credit Agreements (Exelon, Generation, ComEd, PECO and BGE)

Short-Term Borrowings

Exelon, ComEd and BGE meet their short-term liquidity requirements primarily through the issuance of commercial paper. Generation and PECO meet their short-term liquidity requirements primarily through the issuance of commercial paper and borrowings from the intercompany money pool.

The Registrants had the following amounts of commercial paper borrowings outstanding as of June 30, 2015 and December 31, 2014:

Commercial Paper Borrowings	June 30, 2015	December 31, 2014
Exelon Corporate	$ —	$ —
Generation	—	—
ComEd	503	304
PECO	—	—
BGE	—	120

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Credit Facilities

Exelon had bank lines of credit under committed credit facilities at June 30, 2015 for short-term financial needs, as follows:

Type of Credit Facility	Amount [a] (In billions)	Expiration Dates	Capacity Type
Exelon Corporate			
Syndicated Revolver [b]	$ 0.5	May 2019	Letters of credit and cash
Generation			
Syndicated Revolver	5.1	May 2019	Letters of credit and cash
Syndicated Revolver	0.2	August 2018	Letters of credit and cash
Bilateral	0.3	December 2015 and March 2016	Letters of credit and cash
Bilateral	0.1	January 2017	Letters of credit
Bilateral	0.1	October 2015	Letters of credit and cash
ComEd			
Syndicated Revolver	1.0	March 2019	Letters of credit and cash
PECO			
Syndicated Revolver [b]	0.6	May 2019	Letters of credit and cash
BGE			
Syndicated Revolver [b]	0.6	May 2019	Letters of credit and cash
Total	$ 8.5		

(a) Excludes additional credit facility agreements for Generation, ComEd, PECO and BGE with aggregate commitments of $50 million, $34 million, $34 million and $5 million, respectively, arranged with minority and community banks located primarily within ComEd's, PECO's and BGE's service territories. These facilities expire on October 16, 2015. These facilities are solely utilized to issue letters of credit. As of June 30, 2015, letters of credit issued under these agreements for Generation, ComEd, PECO and BGE totaled $7 million, $16 million, $21 million and $1 million, respectively.

(b) Syndicated revolvers include credit facility commitments of $22 million, $27 million and $27 million for Exelon Corporate, PECO and BGE, respectively, which expire in August 2018.

As of June 30, 2015, there were no borrowings under the Registrants' credit facilities.

Borrowings under Exelon Corporate's, Generation's, ComEd's, PECO's and BGE's credit agreements bear interest at a rate based upon either the prime rate or a LIBOR-based rate, plus an adder based upon the particular Registrant's credit rating. Exelon Corporate, Generation, ComEd, PECO and BGE have adders of 27.5, 27.5, 7.5, 0.0 and 0.0 basis points for prime based borrowings and 127.5, 127.5, 107.5, 90.0 and 100.0 basis points for LIBOR-based borrowings. The maximum adders for prime rate borrowings and LIBOR-based rate borrowings are 65 basis points and 165 basis points, respectively. The credit agreements also require the borrower to pay a facility fee based upon the aggregate commitments under the agreement. The fee varies depending upon the respective credit ratings of the borrower.

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Long-Term Debt

Issuance of Long-Term Debt

During the six months ended June 30, 2015, the following long-term debt was issued:

Company	Type	Interest Rate	Maturity	Amount	Use of Proceeds
Exelon Corporate	Senior Unsecured Notes [a]	1.55%	June 9, 2017	$ 550	Finance a portion of the pending acquisition of PHI and related costs and expenses, and for general corporate purposes
Exelon Corporate	Senior Unsecured Notes [a]	2.85%	June 15, 2020	$ 900	Finance a portion of the pending acquisition of PHI and related costs and expenses, and for general corporate purposes
Exelon Corporate	Senior Unsecured Notes [a][b]	3.95%	June 15, 2025	$1,250	Finance a portion of the pending acquisition of PHI and related costs and expenses, and for general corporate purposes
Exelon Corporate	Senior Unsecured Notes [a][b]	4.95%	June 15, 2035	$ 500	Finance a portion of the pending acquisition of PHI and related costs and expenses, and for general corporate purposes
Exelon Corporate	Senior Unsecured Notes [a][b]	5.10%	June 15, 2045	$1,000	Finance a portion of the pending acquisition of PHI and related costs and expenses, and for general corporate purposes
Exelon Corporate	Long Term Software License Agreement	3.95%	May 1, 2024	$ 111	Procurement of software licensers
Generation	Senior Unsecured Notes [c]	2.95%	January 15, 2020	$ 750	Fund the optional redemption of Exelon's $550 million, 4.550% Senior Notes and for general corporate purposes
Generation	AVSR DOE Nonrecourse Debt	2.29 - 2.96%	January 5, 2037	$ 39	Antelope Valley solar development
Generation	Energy Efficiency Project Financing	3.71%	October 1, 2035	$ 42	Funding to install energy conservation measures in Coleman, Florida
Generation	Energy Efficiency Project Financing	3.55%	November 15, 2016	$ 19	Funding to install energy conservation measures in Frederick, Maryland
Generation	Tax Exempt Pollution Control Revenue Bonds [d]	2.50 - 2.70%	2019 - 2020	$ 435	General corporate purposes
Generation	Albany Green Energy Project Financing	LIBOR + 1.25%	November 17, 2017	$ 50	Albany Green Energy biomass generation development
ComEd	Mortgage Bonds Series 118	3.70%	March 1, 2045	$ 400	Refinance maturing mortgage bonds, repay a portion of ComEd's [illegible] commercial paper obligations and for general corporate purposes

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(a) In connection with the issuance of PHI acquisition financing, Exelon terminated its interest rate swaps that had been designated as cash flow hedges. See Note 10 — Derivative Financial Instruments for further information.
(b) The 2025 notes, the 2035 notes and the 2045 notes must be redeemed upon the earlier of (i) December 31, 2015, if the PHI acquisition is not consummated on or prior to such date, or (ii) the date on which the Merger Agreement relating to the PHI acquisition is terminated.
(c) In connection with the issuance of Senior Unsecured Notes, Exelon terminated floating-to-fixed interest rate swaps that had been designated as cash flow hedges. See Note 10 — Derivative Financial Instruments for further information on the swap termination.
(d) The Tax Exempt Pollution Control Revenue Bonds have a mandatory put date that ranges from March 1, 2019 - September 1, 2020.

Merger Financing

In May 2014, concurrently and in connection with entering into the agreement to acquire PHI, Exelon entered into a credit facility to which the lenders committed to provide Exelon a 364-day senior unsecured bridge credit facility of 7.2 billion to support the contemplated transaction and provide flexibility for timing of permanent financing. In June 2015, the remaining $3.2 billion bridge credit facility was terminated as a result of Exelon's issuance of $4.2 billion of long-term debt to fund a portion of the purchase price and related costs and expenses of the merger between Exelon and PHI and for general corporate purposes.

Albany Green Energy Project (AGE)

Generation owns 90% of Albany Green Energy, LLC (AGE), which is a consolidated variable interest entity (see Note 3 — Variable Interest Entities for additional information). In the second quarter of 2015, AGE closed the construction financing and executed an Engineering, Procurement and Construction (EPC) contract to construct a biomass-fueled, combined heat and power facility in Albany, GA. The financing will accumulate and accrue interest throughout construction and is due upon substantial completion of the facility, but no later than November 17, 2017.

During the six months ended June 30, 2014, the following long-term debt was issued:

Company	Type	Interest Rate	Maturity	Amount	Use of Proceeds
Exelon	Junior Subordinated Notes	2.50%	June 1, 2024	$ 1,150	Finance a portion of the acquisition of PHI and for general corporate purposes
Generation	Nuclear Fuel Purchase Contract	3.35%	June 30, 2018	$ 38	Procurement of uranium
Generation	ExGen Renewables I Nonrecourse Debt	LIBOR + 4.25%	February 6, 2021	$ 300	General corporate purposes
ComEd	First Mortgage Bonds Series 115	2.15%	January 15, 2019	$ 300	Refinance maturing mortgage bonds and general corporate purposes
ComEd	First Mortgage Bonds Series 116	4.70%	January 15, 2044	$ 350	Refinance maturing mortgage bonds and general corporate purposes

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Retirement and Redemptions of Current and Long-Term Debt

During the six months ended June 30, 2015, the following long-term debt was retired and/or redeemed:

Company	Type	Interest Rate	Maturity	Amount
Exelon Corporate [(a)]	Senior Unsecured Notes	4.55%	June 15, 2015	$ 550
Exelon Corporate	Senior Notes	4.90%	June 15, 2015	$ 800
Generation [(a)]	Senior Unsecured Notes	4.55%	June 15, 2015	$ 550
Generation	CEU Upstream Nonrecourse Debt	LIBOR + 2.25%	January 14, 2019	$ 2
Generation	AVSR DOE Nonrecourse Debt	2.29%-3.56%	January 5, 2037	$ 6
Generation	Kennett Square Capital Lease	7.83%	September 20, 2020	$ 2
Generation	Continental Wind Nonrecourse Debt	6.00%	February 28, 2033	$ 10
Generation	ExGen Texas Power Nonrecourse Debt	LIBOR + 4.75%	September 8, 2021	$ 3
Generation	ExGen Renewables I Nonrecourse Debt	4.49%	February 6, 2021	$ 14
Generation	Constellation Solar Horizons Nonrecourse Debt	2.56%	September 7, 2030	$ 1
Generation	Sacramento PV Energy Nonrecourse Debt	2.58%	December 31, 2030	$ 1
ComEd	FMB Series 101	4.70%	April 15, 2015	$ 260
BGE	Rate Stabilization Bonds	5.72%	April 1, 2016	$ 37

(a) As part of the 2012 Constellation merger, Exelon and subsidiaries of Generation assumed intercompany loan agreements that mirrored the terms and amounts of external obligations held by Exelon, resulting in intercompany notes payable at Generation and Exelon Corporate.

On July 6, 2015, Generation paid down $6 million of principal of its 2.29%-3.55% AVSR DOE Nonrecourse debt.

During the six months ended June 30, 2014, the following long-term debt was retired and/or redeemed:

Company	Type	Interest Rate	Maturity	Amount
Generation	Senior Unsecured Notes	5.35%	January 15, 2014	$ 500
Generation	Pollution Control Notes	4.10%	July 1, 2014	$ 20
Generation	Continental Wind Nonrecourse Debt	6.00%	February 28, 2033	$ 11
Generation	Kennett Square Capital Lease	7.83%	September 20, 2020	$ 2
Generation	ExGen Renewables I Nonrecourse Debt	3mL + 4.25%	February 6, 2021	$ 3
Generation	AVSR DOE Nonrecourse Debt	2.33% - 3.55%	January 5, 2037	$ 1
Generation	Clean Horizons Solar Nonrecourse Debt	2.56%	September 7, 2030	$ 1
Generation	Sacramento Solar Nonrecourse Debt	2.56%	December 31, 2030	$ 1
ComEd	Mortgage Bonds Series 110	1.63%	January 15, 2014	$ 600
ComEd	Pollution Control Series 1994C	5.85%	January 15, 2014	$ 17
BGE	Rate Stabilization Bonds	5.72%	April 1, 2016	$ 35

Junior Subordinated Notes

In June 2014, Exelon issued $1.15 billion of junior subordinated notes in the form of 23 million equity units at a stated amount of $50.00 per unit. Net proceeds from the issuance were $1.11 billion, net of a $35 million

underwriter fee. The net proceeds are being used to finance a portion of the acquisition and related costs and expenses for PHI and for general corporate purposes. Each equity unit represents an undivided beneficial ownership interest in Exelon's 2.50% junior subordinated notes due in 2024 and a forward equity purchase contract which settles in 2017. The junior subordinated notes are expected to be remarketed in 2017.

At the time of issuance, Exelon determined that the forward equity purchase contract had no value and therefore the entire $1.15 billion of junior subordinated notes were allocated to debt and recorded within Long-term debt on Exelon's Consolidated Balance Sheet. Additionally, at the time of issuance, the present value of the contract payments of $131 million were recorded to Long-term debt, representing the obligation to make contract payments, with an offsetting reduction to Common stock. The obligation for the contract payments will be accreted to interest expense over the 3 year period ending in 2017 in Exelon's Consolidated Statement of Operations and Comprehensive Income. The Long-term debt recorded for the contract payments is considered a non-cash financing transaction that was excluded from Exelon's Consolidated Statements of Cash Flows. Until settlement of the equity purchase contract, earnings per share dilution resulting from the equity unit issuance will be determined under the treasury stock method.

For further information about the terms of the remarketing of the junior subordinated notes, see Note 13 — Debt and Credit Agreements of the Exelon 2014 Form 10-K.

12. Income Taxes (Exelon, Generation, ComEd, PECO and BGE)

The effective income tax rate from continuing operations varies from the U.S. Federal statutory rate principally due to the following:

For the Three Months Ended June 30, 2015	Exelon	Generation	ComEd	PECO	BGE
U.S. Federal statutory rate	35.0%	35.0%	35.0%	35.0%	35.0%
Increase (decrease) due to:					
State income taxes, net of Federal income tax benefit	3.9	3.4	5.6	1.4	5.3
Qualified nuclear decommissioning trust fund income	(1.0)	(1.7)	—	—	—
Domestic production activities deduction	(2.0)	(3.4)	—	—	—
Health care reform legislation	—	—	—	—	0.1
Amortization of investment tax credit, net deferred taxes	(0.6)	(0.9)	(0.3)	(0.1)	(0.2)
Plant basis differences	(1.0)	—	(0.1)	(9.0)	(0.5)
Production tax credits and other credits	(1.3)	(2.2)	—	—	—
Noncontrolling interest	(0.4)	(0.6)	—	—	—
Other	1.4	2.0	0.5	0.5	0.8
Effective income tax rate	34.0%	31.6%	40.7%	27.8%	40.5%

For the Six Months Ended June 30, 2015	Exelon	Generation	ComEd	PECO	BGE
U.S. Federal statutory rate	35.0%	35.0%	35.0%	35.0%	35.0%
Increase (decrease) due to:					
State income taxes, net of Federal income tax benefit	3.2	3.0	5.3	1.3	5.3
Qualified nuclear decommissioning trust fund income	0.6	0.9	—	—	—
Domestic production activities deduction	(2.1)	(3.4)	—	—	—
Health care reform legislation	—	—	—	—	0.2
Amortization of investment tax credit, net deferred taxes	(0.8)	(1.1)	(0.3)	(0.1)	(0.1)
Plant basis differences	(1.1)	—	(0.2)	(7.5)	(0.3)
Production tax credits and other credits	(1.6)	(2.5)	—	—	—
Noncontrolling interest	(0.6)	(0.8)	—	—	—
Other	0.8	0.6	0.4	0.2	—
Effective income tax rate	33.4%	31.7%	40.2%	28.9%	40.1%

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For the Three Months Ended June 30, 2014	Exelon	Generation	ComEd	PECO	BGE
U.S. Federal statutory rate	35.0%	35.0%	35.0%	35.0%	35.0%
Increase (decrease) due to:					
State income taxes, net of Federal income tax benefit	2.1	1.7	4.6	(0.5)	4.1
Qualified nuclear decommissioning trust fund income	4.1	6.0	—	—	—
Domestic production activities deduction	(2.0)	(2.9)	—	—	—
Health care reform legislation	—	—	0.2	—	0.2
Amortization of investment tax credit, net deferred taxes	(0.4)	(0.5)	(0.3)	(0.1)	(0.7)
Plant basis differences	(1.6)	—	(0.4)	(13.2)	5.1
Production tax credits and other credits	(0.8)	(1.1)	—	—	—
Noncontrolling interest	(2.0)	(2.9)	—	—	—
Other	(1.2)	(0.4)	0.2	0.3	(1.3)
Effective income tax rate	33.2%	34.9%	39.3%	21.5%	42.4%

For the Six Months Ended June 30, 2014	Exelon	Generation	ComEd	PECO	BGE
U.S. Federal statutory rate	35.0%	35.0%	35.0%	35.0%	35.0%
Increase (decrease) due to:					
State income taxes, net of Federal income tax benefit	(0.6)	(14.7)	5.0	0.4	5.0
Qualified nuclear decommissioning trust fund income	5.9	27.7	—	—	—
Domestic production activities deduction	(3.2)	(14.8)	—	—	—
Health care reform legislation	0.1	—	0.2	—	0.2
Amortization of investment tax credit, net deferred taxes	(1.2)	(4.9)	(0.3)	(0.1)	(0.3)
Plant basis differences	(3.0)	—	(0.5)	(10.8)	0.4
Production tax credits and other credits	(2.4)	(11.1)	—	—	—
Noncontrolling interest	(1.9)	(8.8)	—	—	—
Other	(3.1)	(8.9)	0.2	0.3	0.1
Effective income tax rate	25.6%	(0.5)%	39.6%	24.8%	40.4%

Accounting for Uncertainty in Income Taxes

Exelon, Generation, ComEd, PECO, and BGE have $1,289 million, $745 million, $146 million, $0 million, and $120 million, of unrecognized tax benefits as of June 30, 2015, respectively, and $1,829 million, $1,357 million, $149 million, $44 million, and $0 million, of unrecognized tax benefits as of December 31, 2014, respectively. The unrecognized tax benefits as of June 30, 2015 reflect a decrease at Exelon, Generation, and PECO primarily attributable to the disallowed AmerGen claims discussed below. The unrecognized tax benefits as of June 30, 2015 reflect an increase at BGE and Generation attributable to a state income tax opportunity. A portion of the benefits associated with uncertain tax positions for utilities, if recognized, may be included in future base rates.

Nuclear Decommissioning Liabilities (Exelon and Generation)

AmerGen filed income tax refund claims taking the position that nuclear decommissioning liabilities assumed as part of its acquisition of nuclear power plants are taken into account in determining the tax basis in the assets it acquired. The additional basis results primarily in reduced capital gains or increased capital losses on the sale of assets in nonqualified decommissioning funds and increased tax depreciation and amortization deductions. The IRS disagrees with this position and disallowed AmerGen's claims. In early 2009, Generation filed a complaint in the United States Court of Federal Claims to contest this determination. On September 17,

2013, the Court granted the government's motion denying AmerGen's claims for refund. In the first quarter of 2014, Exelon filed an appeal of the decision to the United States Court of Appeals for the Federal Circuit. On March 11, 2015, the Federal Circuit affirmed the lower court's decision to deny AmerGen's claims for refund. Exelon will not be pursuing further appeals with respect to this issue and, as a result, reduced its total unrecognized tax benefits by $661 million in the first quarter of 2015. This change in unrecognized tax benefits had no impact on Exelon's or Generation's effective tax rate.

Reasonably possible the total amount of unrecognized tax benefits could significantly increase or decrease within 12 months after the reporting date

Like-Kind Exchange

As of June 30, 2015, Exelon and ComEd have approximately $395 million and $145 million of unrecognized tax benefits that could significantly decrease within the 12 months after the reporting date as a result of a decision in the like-kind exchange litigation described below. Exelon and ComEd have unrecognized tax benefits that, if recognized, would decrease Exelon's effective tax rate by $71 million and increase ComEd's effective tax rate by $11 million.

Settlement of Income Tax Audits

As of June 30, 2015, Exelon, Generation, and BGE have approximately $347 million, $227 million, and $120 million of unrecognized state tax benefits that could significantly decrease within the 12 months after the reporting date as a result of completing audits, potential settlements, and expected statute of limitation expirations. Of the above unrecognized tax benefits, Exelon and Generation have $227 million that, if recognized, would decrease the effective tax rate. The unrecognized tax benefit related to BGE, if recognized, may be included in future base rates and that portion would have no impact to the effective tax rate.

In July 2015, certain of these unrecognized state tax benefits were effectively settled resulting in a reduction of $45 million of tax expense and $21 million of accrued interest (after-tax) at Generation in the third quarter of 2015.

Other Income Tax Matters

Like-Kind Exchange

Exelon, through its ComEd subsidiary, took a position on its 1999 income tax return to defer approximately $1.2 billion of tax gain on the sale of ComEd's fossil generating assets. The gain was deferred by reinvesting a portion of the proceeds from the sale in qualifying replacement property under the like-kind exchange provisions of the IRC. The like-kind exchange replacement property purchased by Exelon included interests in three municipal-owned electric generation facilities which were properly leased back to the municipalities. The IRS disagreed with this position and asserted that the entire gain of approximately $1.2 billion was taxable in 1999.

Exelon has been unable to reach agreement with the IRS regarding the dispute over the like-kind exchange position. The IRS has asserted that the Exelon purchase and leaseback transaction is substantially similar to a leasing transaction, known as a SILO, which the IRS does not respect as the acquisition of an ownership interest in property. A SILO is a "listed transaction" that the IRS has identified as a potentially abusive tax shelter under guidance issued in 2005. Accordingly, the IRS has asserted that the sale of the fossil plants followed by the purchase and leaseback of the municipal owned generation facilities does not qualify as a like-kind exchange and the gain on the sale is fully subject to tax. The IRS has also asserted a penalty of approximately $90 million for a substantial understatement of tax.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Exelon disagrees with the IRS and continues to believe that its like-kind exchange transaction is not the same as or substantially similar to a SILO. Although Exelon has been and remains willing to settle the disagreement on terms commensurate with the hazards of litigation, Exelon does not believe a settlement is possible. Because Exelon believed, as of December 31, 2012, that it was more-likely-than-not that Exelon would prevail in litigation, Exelon and ComEd had no liability for unrecognized tax benefits with respect to the like-kind exchange position.

On January 9, 2013, the U.S. Court of Appeals for the Federal Circuit reversed the U.S. Court of Federal Claims and reached a decision for the government in Consolidated Edison v. United States. The Court disallowed Consolidated Edison's deductions stemming from its participation in a LILO transaction that the IRS also has characterized as a tax shelter.

In accordance with applicable accounting standards, Exelon is required to assess whether it is more-likely-than-not that it will prevail in litigation. Exelon continues to believe that its transaction is not a SILO and that it has a strong case on the merits. However, in light of the Consolidated Edison decision and Exelon's current determination that settlement is unlikely, Exelon has concluded that subsequent to December 31, 2012, it is no longer more-likely-than-not that its position will be sustained. As a result, in the first quarter of 2013 Exelon recorded a non-cash charge to earnings of approximately $265 million, which represents the amount of interest expense (after-tax) and incremental state income tax expense for periods through March 31, 2013 that would be payable in the event that Exelon is unsuccessful in litigation. Of this amount, approximately $170 million was recorded at ComEd. Exelon intends to hold ComEd harmless from any unfavorable impacts of the after-tax interest amounts on ComEd's equity. As such, ComEd recorded on its consolidated balance sheet as of March 31, 2013, a $172 million receivable and non-cash equity contributions from Exelon. Exelon and ComEd will continue to accrue interest on the unpaid tax liabilities related to the uncertain tax position, and the charges arising from future interest accruals are not expected to be material to the annual operating earnings of Exelon or ComEd. In addition, ComEd will continue to record non-cash equity contributions from Exelon in the amount of the net after-tax interest charges attributable to ComEd in connection with the like-kind exchange position. Exelon continues to believe that it is unlikely that the IRS's assertion of penalties will ultimately be sustained and therefore no liability for the penalty has been recorded.

On September 30, 2013, the IRS issued a notice of deficiency to Exelon for the like-kind exchange position. Exelon filed a petition on December 13, 2013 to initiate litigation in the United States Tax Court and the trial has been scheduled for August of 2015. Exelon was not required to remit any part of the asserted tax or penalty in order to litigate the issue. The litigation could take three to five years including appeals, if necessary. Decisions in the Tax Court are not controlled by the Federal Circuit's decision in Consolidated Edison.

In the event of a fully successful IRS challenge to Exelon's like-kind exchange position, the potential tax and after-tax interest, exclusive of penalties, that could become currently payable as of June 30, 2015 may be as much as $810 million, of which approximately $310 million would be attributable to ComEd after consideration of Exelon's agreement to hold ComEd harmless, and the balance at Exelon. Litigation could take several years such that the estimated cash and interest impacts would likely change by a material amount.

In the first quarter of 2014, Exelon entered into an agreement to terminate its investment in one of the three municipal-owned electric generation properties in exchange for a net early termination amount of $335 million. In connection with the termination, Exelon will deposit $260 million with the IRS for its 2014 tax year, including $135 million by ComEd representing the remaining gain deferred pursuant to the like-kind exchange transaction. The deposit can be applied to satisfy taxes owed for any tax year. In the event of a fully successful IRS challenge to Exelon's like-kind exchange position, the amount placed on deposit will be redesignated to reduce the amount of tax and after-tax interest discussed in the preceding paragraph.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

13. Nuclear Decommissioning (Exelon and Generation)

Nuclear Decommissioning Asset Retirement Obligations

Generation has a legal obligation to decommission its nuclear power plants following the expiration of their operating licenses. To estimate its decommissioning obligation related to its nuclear generating stations for financial accounting and reporting purposes, Generation uses a probability-weighted, discounted cash flow model which, on a unit-by-unit basis, considers multiple outcome scenarios that include significant estimates and assumptions, and are based on decommissioning cost studies, cost escalation rates, probabilistic cash flow models and discount rates. Generation generally updates its ARO annually during the third quarter, unless circumstances warrant more frequent updates, based on its review of updated cost studies and its annual evaluation of cost escalation factors and probabilities assigned to various scenarios.

The following table provides a rollforward of the nuclear decommissioning ARO reflected on Exelon's and Generation's Consolidated Balance Sheets from December 31, 2014 to June 30, 2015:

Nuclear decommissioning ARO at December 31, 2014 [(a)]	$6,961
Net increase due to changes in, and timing of, estimated future cash flows [(b)]	55
Accretion expense	189
Costs incurred to decommission retired plants	(1)
Nuclear decommissioning ARO at June 30, 2015 [(a)]	$7,204

(a) Includes $7 million and $8 million as the current portion of the ARO at June 30, 2015 and December 31, 2014 respectively, which is included in Other current liabilities on Exelon's and Generation's Consolidated Balance Sheets.
(b) Represents a purchase accounting adjustment to the fair value of the CENG ARO liability as of April 1, 2014, the date of consolidation. See Note 6 — Investment in Constellation Energy Nuclear Group, LLC for additional information.

Nuclear Decommissioning Trust Fund Investments

At June 30, 2015 and December 31, 2014, Exelon and Generation had NDT fund investments totaling $10,607 million and $10,537 million, respectively.

The following table provides unrealized gains (losses) on NDT funds for the three and six months ended June 30, 2015 and 2014:

	Exelon and Generation			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net unrealized gains (losses) on decommissioning trust funds — Regulatory Agreement Units [(a)]	$ (133)	$ 172	$ (85)	$ 234
Net unrealized gains (losses) on decommissioning trust funds — Non-Regulatory Agreement Units [(b)(c)]	(96)	128	(56)	141

(a) Net unrealized gains (losses) related to Generation's NDT funds associated with Regulatory Agreement Units are included in Regulatory liabilities on Exelon's Consolidated Balance Sheets and Noncurrent payables to affiliates on Generation's Consolidated Balance Sheets.
(b) Excludes $10 million of net unrealized gains related to the Zion Station pledged assets for the three months ended June 30, 2014 and $9 million and $20 million of net unrealized gains related to the Zion Station pledged assets for the six months ended June 30, 2015 and 2014, respectively. Net unrealized gains related to Zion Station pledged assets are included in the Payable for Zion Station decommissioning on Exelon's and Generation's Consolidated Balance Sheets.
(c) Net unrealized gains (losses) related to Generation's NDT funds with Non-Regulatory Agreement Units are included within Other, net in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Interest and dividends on NDT fund investments are recognized when earned and are included in Other, net in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income. Interest and dividends earned on the NDT fund investments for the Regulatory Agreement Units are eliminated within Other, net in Exelon's and Generation's Consolidated Statement of Operations and Comprehensive Income.

Refer to Note 3 — Regulatory Matters and Note 25 — Related Party Transactions of the Exelon 2014 Form 10-K for information regarding regulatory liabilities at ComEd and PECO and intercompany balances between Generation, ComEd and PECO reflecting the obligation to refund to customers any decommissioning-related assets in excess of the related decommissioning obligations.

Zion Station Decommissioning

On September 1, 2010, Generation completed an Asset Sale Agreement (ASA) with EnergySolutions Inc. and its wholly owned subsidiaries, EnergySolutions, LLC (EnergySolutions) and ZionSolutions, under which ZionSolutions has assumed responsibility for completing certain decommissioning activities at Zion Station, which is located in Zion, Illinois and ceased operation in 1998. See Note 15 — Asset Retirement Obligations of the Exelon 2014 Form 10-K for information regarding the specific treatment of assets, including NDT funds, and decommissioning liabilities transferred in the transaction.

ZionSolutions is subject to certain restrictions on its ability to request reimbursements from the Zion Station NDT funds as defined within the ASA. Therefore, the transfer of the Zion Station assets did not qualify for asset sale accounting treatment and, as a result, the related NDT funds were reclassified to Pledged assets for Zion Station decommissioning within Generation's and Exelon's Consolidated Balance Sheets and will continue to be measured in the same manner as prior to the completion of the transaction. Additionally, the transferred ARO for decommissioning was replaced with a Payable for Zion Station decommissioning in Generation's and Exelon's Consolidated Balance Sheets. Changes in the value of the Zion Station NDT assets, net of applicable taxes, are recorded as a change in the Payable to ZionSolutions. At no point will the payable to ZionSolutions exceed the project budget of the costs remaining to decommission Zion Station. Generation has retained its obligation for the SNF. Following ZionSolutions' completion of its contractual obligations and transfer of the NRC license to Generation, Generation will store the SNF at Zion Station until it is transferred to the DOE for ultimate disposal, and will complete all remaining decommissioning activities associated with the SNF dry storage facility. Generation has a liability of approximately $88 million, which is included within the nuclear decommissioning ARO at June 30, 2015. Generation also has retained NDT assets to fund its obligation to maintain the SNF at Zion Station until transfer to the DOE and to complete all remaining decommissioning activities for the SNF storage facility. Any shortage of funds necessary to maintain the SNF and decommission the SNF storage facility is ultimately required to be funded by Generation. Any Zion Station NDT funds remaining after the completion of all decommissioning activities will be returned to ComEd customers in accordance with the applicable orders. The following table provides the pledged assets and payables to ZionSolutions, and withdrawals by ZionSolutions at June 30, 2015 and December 31, 2014:

	Exelon and Generation	
	June 30, 2015	December 31, 2014
Carrying value of Zion Station pledged assets	$ 264	$ 319
Payable to Zion Solutions [(a)]	241	292
Current portion of payable to Zion Solutions [(b)]	106	137
Cumulative withdrawals by Zion Solutions to pay decommissioning costs	731	666

(a) Excludes a liability recorded within Exelon's and Generation's Consolidated Balance Sheets related to the tax obligation on the unrealized activity associated with the Zion Station NDT Funds. The NDT Funds will be utilized to satisfy the tax obligations as gains and losses are realized.
(b) Included in Other current liabilities within Exelon's and Generation's Consolidated Balance Sheets.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

NRC Minimum Funding Requirements

NRC regulations require that licensees of nuclear generating facilities demonstrate reasonable assurance that funds will be available in specified minimum amounts to decommission the facility at the end of its life. Generation filed its biennial decommissioning funding status report with the NRC on March 31, 2015. This report reflects the status of decommissioning funding assurance as of December 31, 2014. Due to increased cost estimates received in the second half of 2014, Braidwood Unit 1, Braidwood Unit 2, and Byron Unit 2 did not meet the NRC's minimum funding assurance criteria as of December 31, 2014. NRC guidance provides licensees with two years or by the time of submitting the next biennial report (on or before March 31, 2017) to resolve funding assurance shortfalls. During this period, Generation will monitor funding assurance and new developments, including the impact of a 20-year license renewal for Braidwood and Byron, to assess the status of funding assurance and to take steps, if necessary, to address any funding shortfall on these funds on or before March 31, 2017.

14. Retirement Benefits (Exelon, Generation, ComEd, PECO and BGE)

Exelon sponsors defined benefit pension plans and other postretirement benefit plans for essentially all Generation, ComEd, PECO, BGE and BSC employees.

Defined Benefit Pension and Other Postretirement Benefits

During the first quarter of 2015, Exelon received an updated valuation of its pension and other postretirement benefit obligations to reflect actual census data as of January 1, 2015. This valuation resulted in an increase to the pension obligation of $45 million and an increase to the other postretirement benefit obligation of $57 million. Additionally, accumulated other comprehensive loss increased by approximately $27 million (after tax), regulatory assets increased by approximately $48 million, and regulatory liabilities decreased by approximately $11 million.

The majority of the 2015 pension benefit cost for Exelon-sponsored plans is calculated using an expected long-term rate of return on plan assets of 7.00% and a discount rate of 3.94%. The majority of the 2015 other postretirement benefit cost is calculated using an expected long-term rate of return on plan assets of 6.46% for funded plans and a discount rate of 3.92%. A portion of the net periodic benefit cost is capitalized within the Consolidated Balance Sheets. The following tables present the components of Exelon's net periodic benefit costs, prior to any capitalization, for the three and six months ended June 30, 2015 and 2014.

	Pension Benefits Three Months Ended June 30,		Other Postretirement Benefits Three Months Ended June 30,	
	2015 (a)	2014 (a)	2015 (a)	2014 (a)
Service cost	$ 81	$ 74	$ 29	$ 30
Interest cost	178	190	42	47
Expected return on assets	(256)	(251)	(37)	(38)
Amortization of:				
Prior service cost (benefit)	4	4	(44)	(30)
Actuarial loss	142	104	21	12
Net periodic benefit cost	$ 149	$ 121	$ 11	$ 21

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Pension Benefits Six Months Ended June 30,		Other Postretirement Benefits Six Months Ended June 30,	
	2015 (a)	2014 (a)	2015 (a)	2014 (a)
Service cost	$ 163	$ 143	$ 59	$ 62
Interest cost	355	373	83	103
Expected return on assets	(513)	(492)	(75)	(76)
Amortization of:				
Prior service cost (benefit)	7	7	(88)	(34)
Actuarial loss	285	209	41	20
Net periodic benefit cost	$ 297	$ 240	$ 20	$ 75

(a) For the three months ended June 30, 2015, the cost for pension benefits and other postretirement benefits related to CENG were $3 million and $3 million, respectively. For the six months ended June 30, 2015, the cost for pension benefits and other postretirement benefits related to CENG were $5 million and $6 million, respectively. For the period of April 1, 2014 to June 30, 2014, the cost for pension benefits and other postretirement benefits related to CENG were $2 million and $3 million, respectively. CENG amounts are included in the tables above.

The amounts below represent Generation's, ComEd's, PECO's, BGE's and BSC's allocated portion of the pension and postretirement benefit plan costs, which were included in Property, plant and equipment within the respective Consolidated Balance Sheets and Operating and maintenance expense within the Consolidated Statement of Operations and Comprehensive Income during the three and six months ended June 30, 2015 and 2014.

	Three Months Ended June 30,		Six Months Ended June 30,	
Pension and Other Postretirement Benefit Costs	2015	2014	2015	2014
Generation [a]	$ 68	$ 63	$ 133	$ 139
ComEd	51	40	103	96
PECO	10	9	19	21
BGE	17	17	33	33
BSC [b]	14	13	29	26

(a) For the three and six months ended June 30, 2015, the costs related to CENG were $6 million and $11 million, respectively. For the period of April 1, 2014 to June 30, 2014, amounts include $5 million related to CENG.
(b) These amounts primarily represent amounts billed to Exelon's subsidiaries through intercompany allocations. These amounts are not included in the Generation, ComEd, PECO or BGE amounts above.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Defined Contribution Savings Plans

The Registrants participate in various 401(k) defined contribution savings plans that are sponsored by Exelon. The plans are qualified under applicable sections of the IRC and allow employees to contribute a portion of their pre-tax income in accordance with specified guidelines. All Registrants match a percentage of the employee contributions up to certain limits. The following table presents the matching contributions to the savings plans during the three and six months ended June 30, 2015 and 2014:

	Three Months Ended June 30,		Six Months Ended June 30,	
Savings Plan Matching Contributions	2015	2014	2015	2014
Exelon [(a)]	$ 38	$ 19	$ 60	$ 48
Generation [(a)]	20	10	33	24
ComEd	8	5	13	12
PECO	3	2	4	4
BGE	3	1	5	4
BSC [(b)]	4	1	5	4

(a) Includes $3 million and $4 million, respectively, related to CENG for the three and six months ended June 30, 2015. For the period of April 1, 2014 to June 30, 2014, amounts include $1 million related to CENG.
(b) These amounts primarily represent amounts billed to Exelon's subsidiaries through intercompany allocations. These costs are not included in the Generation, ComEd, PECO or BGE amounts above.

15. Severance (Exelon, Generation, ComEd, PECO and BGE)

The Registrants have an ongoing severance plan under which, in general, the longer an employee worked prior to termination the greater the amount of severance benefits. The Registrants record a liability and expense or regulatory asset for severance once terminations are probable of occurrence and the related severance benefits can be reasonably estimated. For severance benefits that are incremental to its ongoing severance plan ("one-time termination benefits"), the Registrants measure the obligation and record the expense at fair value at the communication date if there are no future service requirements, or, if future service is required to receive the termination benefit, ratably over the required service period.

Ongoing Severance Plans

The Registrants provide severance, health and welfare benefits under Exelon's ongoing severance benefit plans to terminated employees in the normal course of business. These benefits are accrued for when the benefits are considered probable and can be reasonably estimated.

For the three and six months ended June 30, 2015 and 2014, the Registrants recorded the following severance costs associated with these ongoing severance benefits within Operating and maintenance expense in their Consolidated Statements of Operations and Comprehensive Income:

	Exelon	Generation	ComEd	PECO	BGE
Three Months Ended					
June 30, 2015	$ 1	$ (1)	$ —	$ —	$—
June 30, 2014	4	2	—	—	—
Six Months Ended					
June 30, 2015	$ 21	$ 17	$ —	$ —	$—
June 30, 2014	6	4	—	—	—

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The severance liability balances associated with these ongoing severance benefits as of June 30, 2015 and December 31, 2014 are not material.

16. Changes in Accumulated Other Comprehensive Income (Exelon, Generation, and PECO)

The following tables present changes in accumulated other comprehensive income (loss) (AOCI) by component for the six months ended June 30, 2015 and 2014:

Six Months Ended June 30, 2015	Gains and (Losses) on Hedging Activity	Unrealized Gains and (Losses) on Marketable Securities	Pension and Non-Pension Postretirement Benefit Plan Items	Foreign Currency Items	AOCI of Equity Investments	Total
Exelon [a]						
Beginning balance	$ (28)	$ 3	$ (2,640)	$ (19)	$ —	$(2,684)
OCI before reclassifications	(10)	—	(29)	(9)	—	(48)
Amounts reclassified from AOCI [b]	19	—	87	—	—	106
Net current-period OCI	9	—	58	(9)	—	58
Ending balance	$ (19)	$ 3	$ (2,582)	$ (28)	$ —	$(2,626)
Generation [a]						
Beginning balance	$ (18)	$ 1	$ —	$ (19)	$ —	$ (36)
OCI before reclassifications	(6)	1	—	(9)	—	(14)
Amounts reclassified from AOCI [b]	3	—	—	—	—	3
Net current-period OCI	(3)	1	—	(9)	—	(11)
Ending balance	$ (21)	$ 2	$ —	$ (28)	$ —	$ (47)
PECO [a]						
Beginning balance	$ —	$ 1	$ —	$ —	$ —	$ 1
OCI before reclassifications	—	—	—	—	—	—
Amounts reclassified from AOCI [b]	—	—	—	—	—	—
Net current-period OCI	—	—	—	—	—	—
Ending balance	$ —	$ 1	$ —	$ —	$ —	$ 1

(a) All amounts are net of tax. Amounts in parentheses represent a decrease in accumulated other comprehensive income.
(b) See tables following changes in accumulated other comprehensive income tables for details about these reclassifications.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Six Months Ended June 30, 2014	Gains and (Losses) on Hedging Activity	Unrealized Gains and (Losses) on Marketable Securities	Pension and Non-Pension Postretirement Benefit Plan Items	Foreign Currency Items	AOCI of Equity Investments	Total
Exelon [a]						
Beginning balance	$ 120	$ 2	$ (2,260)	$ (10)	$ 108	$(2,040)
OCI before reclassifications	(11)	1	246	(1)	11	246
Amounts reclassified from AOCI [b]	(62)	—	66	—	(116)	(112)
Net current-period OCI	(73)	1	312	(1)	(105)	134
Ending balance	$ 47	$ 3	$ (1,948)	$ (11)	$ 3	$(1,906)
Generation [a]						
Beginning balance	$ 114	$ 2	$ —	$ (10)	$ 108	$ 214
OCI before reclassifications	(8)	(1)	—	(1)	11	1
Amounts reclassified from AOCI [b]	(62)	—	—	—	(116)	(178)
Net current-period OCI	(70)	(1)	—	(1)	(105)	(177)
Ending balance	$ 44	$ 1	$ —	$ (11)	$ 3	$ 37
PECO [a]						
Beginning balance	$ —	$ 1	$ —	$ —	$ —	$ 1
OCI before reclassifications	—	—	—	—	—	—
Amounts reclassified from AOCI [b]	—	—	—	—	—	—
Net current-period OCI	—	—	—	—	—	—
Ending balance	$ —	$ 1	$ —	$ —	$ —	$ 1

(a) All amounts are net of tax. Amounts in parentheses represent a decrease in accumulated other comprehensive income.
(b) See tables following changes in accumulated other comprehensive income tables for details about these reclassifications.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

ComEd, PECO, and BGE did not have any reclassifications out of AOCI to Net income during the three and six months ended June 30, 2015 and 2014. The following tables present amounts reclassified out of AOCI to Net income for Exelon and Generation during the three and six months ended June 30, 2015 and 2014.

Three Months Ended June 30, 2015

Details about AOCI components	Items reclassified out of AOCI [a]		Affected line item in the Statements of Operations and Comprehensive Income
	Exelon	Generation	
Gains (losses) on hedging activity			
Other cash flow hedges	$ (2)	$ (2)	Interest expense
	(2)	(2)	Total before tax
	—	—	Tax benefit
	$ (2)	$ (2)	Net of tax
Amortization of pension and other postretirement benefit plan items			
Prior service costs [b]	$ 19	$ —	
Actuarial losses [b]	(90)	—	
	(71)	—	Total before tax
	27	—	Tax benefit
	$ (44)	$ —	Net of tax
Total Reclassifications for the period	$ (46)	$ (2)	Net of Tax

Six Months Ended June 30, 2015

Details about AOCI components	Items reclassified out of AOCI [a]		Affected line item in the Statements of Operations and Comprehensive Income
	Exelon	Generation	
Gains (losses) on hedging activity			
Terminated interest rate swaps [c]	$ (26)	$ —	Other, net
Energy related hedges	2	2	Operating revenues
Other cash flow hedges	(5)	(5)	Interest expense
	(29)	(3)	Total before tax
	10	—	Tax benefit
	$ (19)	$ (3)	Net of tax
Amortization of pension and other postretirement benefit plan items			
Prior service costs [b]	$ 38	$ —	
Actuarial losses [b]	(180)	—	
	(142)	—	Total before tax
	55	—	Tax benefit
	$ (87)	$ —	Net of tax
Total Reclassifications for the period	$ (106)	$ (3)	Net of Tax

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Three months ended June 30, 2014

Details about AOCI components	Items reclassified out of AOCI [a]		Affected line item in the Statements of Operations and Comprehensive Income
	Exelon	Generation	
Gains on hedging activity			
Energy related hedges	$ 63	$ 63	Operating revenues
	63	63	Total before tax
	(25)	(25)	Tax (expense)
	$ 38	$ 38	Net of tax
Amortization of pension and other postretirement benefit plan items			
Prior service costs [b]	$ 12	$ —	
Actuarial losses [b]	(61)	—	
	(49)	—	Total before tax
	18	—	Tax benefit
	$ (31)	$ —	Net of tax
Equity investments			
Reversal of CENG equity method AOCI	$ 193	$ 193	Gain on consolidation of CENG
	193	193	Total before tax
	(77)	(77)	Tax benefit
	$ 116	$ 116	Net of tax
Total reclassifications for the period	$ 123	$ 154	Net of Tax

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Six Months Ended June 30, 2014

Details about AOCI components	Items reclassified out of AOCI [a] Exelon	Generation	Affected line item in the Statements of Operations and Comprehensive Income
Gains on hedging activity			
Energy related hedges	$ 102	$ 102	Operating revenues
	102	102	Total before tax
	(40)	(40)	Tax (expense)
	$ 62	$ 62	Net of tax
Amortization of pension and other postretirement benefit plan items			
Prior service costs [b]	$ 10	$ —	
Actuarial losses [b]	(117)	—	
	(107)	—	Total before tax
	41	—	Tax benefit
	$ (66)	$ —	Net of tax
Equity investments			
Reversal of CENG equity method AOCI	$ 193	$ 193	Gain on consolidation of CENG
	193	193	Total before tax
	(77)	(77)	Tax benefit
	$ 116	$ 116	Net of tax
Total reclassifications for the period	$ 112	$ 178	Net of Tax

(a) All amounts are net of tax. Amounts in parentheses represent a decrease in net income.
(b) This accumulated other comprehensive income component is included in the computation of net periodic pension and OPEB cost (see Note 14 — Retirement Benefits for additional details).
(c) In January 2015, in connection with Generation's $750 million issuance of five-year Senior Unsecured Notes, Exelon terminated certain floating-to-fixed interest rate swaps. As the original forecasted transactions were a series of future interest payments over a ten year period, a portion of the anticipated interest payments are probable not to occur. As a result, $26 million of anticipated payments were reclassified from Accumulated OCI to Other, net in Exelon's Consolidated Statement of Operations and Comprehensive Income.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following table presents income tax expense (benefit) allocated to each component of other comprehensive income (loss) during the three and six months ended June 30, 2015 and 2014:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Exelon				
Pension and non-pension postretirement benefit plans:				
Prior service benefit reclassified to periodic benefit cost	$ 8	$ 5	$ 15	$ 5
Actuarial loss reclassified to periodic cost	(35)	(23)	(69)	(46)
Pension and non-pension postretirement benefit plans valuation adjustment	—	(166)	17	(159)
Change in unrealized (gain) loss on cash flow hedges	(2)	28	(6)	48
Change in unrealized income on equity investments	—	77	—	70
Change in unrealized loss on marketable securities	1	—	1	—
Total	$ (28)	$ (79)	$ (42)	$ (82)
Generation				
Change in unrealized (gain) loss on cash flow hedges	$ (1)	$ 25	$ 1	$ 44
Change in unrealized income on equity investments	—	77	—	70
Change in marketable securities	—	—	1	(2)
Total	$ (1)	$ 102	$ 2	$ 112

17. Common Stock (Exelon)

Equity Securities Offering

In June 2014, Exelon marketed an equity offering of 57.5 million shares of its common stock at a public offering price of $35 per share and entered into forward sale agreements with two counterparties. In July 2015, Exelon settled the forward sale agreements by the issuance of 57.5 million shares of Exelon common stock. Exelon received net cash proceeds of $1.87 billion, which was calculated based on a forward price of $32.48 per share as specified in the forward sale agreements. Exelon will use the net proceeds to fund the pending acquisition of PHI and related costs and expenses, and for general corporate purposes.

The forward sale agreements are classified as equity transactions. As a result, no amounts were recorded in the consolidated financial statements until the July 2015 settlement of the forward sale agreements. However, prior to the July 2015 settlement, incremental shares, if any, were included within the calculation of diluted EPS using the treasury stock method. For further information on the transaction, refer to Note 19 — Common Stock of the Exelon 2014 Form 10-K.

Concurrent with the June 2014 forward equity transaction, Exelon also issued $1.15 billion of junior subordinated notes in the form of 23 million equity units. See Note 11 — Debt and Credit Agreements for further information on the equity units.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

18. Earnings Per Share and Equity (Exelon)

Earnings per Share (Exelon)

Diluted earnings per share is calculated by dividing Net income attributable to common shareholders by the weighted average number of shares of common stock outstanding adjusted to include the potentially dilutive effect of stock options, performance share awards and restricted stock outstanding under Exelon's LTIPs. The following table sets forth the components of basic and diluted earnings per share and shows the effect of these stock options, performance share awards and restricted stock on the weighted average number of shares outstanding (in millions) used in calculating diluted earnings per share:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net income attributable to common shareholders	$ 638	$ 522	$ 1,331	$ 612
Average common shares outstanding — basic	863	860	862	860
Potentially dilutive effect of stock options, performance share awards and restricted stock	3	4	4	3
Average common shares outstanding — diluted	866	864	866	863

The number of stock options not included in the calculation of diluted common shares outstanding due to their antidilutive effect was approximately 13 million and 15 million for the three and six months ended June 30, 2015, respectively, and 16 million for the three and six months ended June 30, 2014. The number of equity units related to the PHI merger not included in the calculation of diluted common shares outstanding due to their antidilutive effect was 1 million for the three and six months ended June 30, 2015 since issuance. Additionally, there were no forward units related to the PHI merger not included in the calculation of diluted common shares outstanding due to their antidilutive effect for the three and six months ended June 30, 2015 since issuance. Refer to Note 17 — Common Stock for further information regarding the equity units and equity forward units.

Under share repurchase programs, 35 million shares of common stock are held as treasury stock with a cost of $2.3 billion as of June 30, 2015. In 2008, Exelon management decided to defer indefinitely any share repurchases.

19. Commitments and Contingencies (Exelon, Generation, ComEd, PECO and BGE)

The following is an update to the current status of commitments and contingencies set forth in Note 22 of the Exelon 2014 Form 10-K.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Commitments

Energy Commitments

As of June 30, 2015, Generation's commitments relating to its purchases from unaffiliated utilities and others of energy, capacity, transmission rights and RECs, are as indicated in the following table:

	Net Capacity Purchases [a]	REC Purchases [b]	Transmission Rights Purchases [c]	Total
2015	$ 218	$ 58	$ 7	$ 283
2016	280	288	15	583
2017	207	187	16	410
2018	96	72	17	185
2019	101	11	18	130
Thereafter	263	1	38	302
Total	$ 1,165	$ 617	$ 111	$1,893

(a) Net capacity purchases include PPAs and other capacity contracts including those that are accounted for as operating leases. Amounts presented in the commitments represent Generation's expected payments under these arrangements at June 30, 2015, net of fixed capacity payments expected to be received ("capacity offsets") by Generation under contracts to resell such acquired capacity to third parties under long-term capacity sale contracts. As of June 30, 2015, capacity offsets were $75 million, $146 million, $149 million, $150 million, $151 million, and $604 million for years 2015, 2016, 2017, 2018, 2019, and thereafter, respectively. Expected payments include certain fixed capacity charges which may be reduced based on plant availability.
(b) The table excludes renewable energy purchases that are contingent in nature.
(c) Transmission rights purchases include estimated commitments for additional transmission rights that will be required to fulfill firm sales contracts.

ComEd's, PECO's and BGE's electric supply procurement, curtailment services, REC and AEC purchase commitments, as applicable, as of June 30, 2015 are as follows:

		Expiration within					
	Total	2015	2016	2017	2018	2019	2020 and beyond
ComEd							
Electric supply procurement [a]	$ 697	$251	$262	$163	$21	$—	$ —
Renewable energy and RECs [b]	1,481	38	76	77	78	79	1,133
PECO							
Electric supply procurement [c]	671	368	270	33	—	—	—
AECs [d]	13	2	2	2	2	2	3
BGE							
Electric supply procurement [e]	1,389	462	675	252	—	—	—
Curtailment services [f]	95	20	34	29	12	—	—

(a) ComEd entered into various contracts for the procurement of electricity that started to expire in 2012, and will continue to expire through 2018. ComEd is permitted to recover its electric supply procurement costs from retail customers with no mark-up. As of June 30, 2015, ComEd has completed the ICC-approved procurement process for a portion of its energy requirements through the periods ending May 31, 2015, 2016 and 2017.
(b) Primarily related to ComEd 20-year contracts for renewable energy and RECs that began in June 2012. ComEd is permitted to recover its renewable energy and REC costs from retail customers with no mark-up. The commitments represent the maximum settlements with suppliers for renewable energy and RECs under the existing contract terms.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

(c) PECO entered into various contracts for the procurement of electric supply to serve its default service customers that expire between 2015 and 2017. PECO is permitted to recover its electric supply procurement costs from default service customers with no mark-up in accordance with its PAPUC-approved DSP Programs. See Note 5 — Regulatory Matters for additional information.
(d) PECO is subject to requirements related to the use of alternative energy resources established by the AEPS Act. See Note 3 — Regulatory Matters of the Exelon 2014 Form 10-K for additional information.
(e) BGE entered into various contracts for the procurement of electricity that expire between 2015 through 2017. The cost of power under these contracts is recoverable under MDPSC approved fuel clauses. See Note 3 — Regulatory Matters of the Exelon 2014 10-K for additional information.
(f) BGE has entered into various contracts with curtailment services providers related to transactions in PJM's capacity market. See Note 3 — Regulatory Matters of the Exelon 2014 Form 10-K for additional information.

Fuel Purchase Obligations

In addition to the energy commitments described above, Generation has commitments to purchase fuel supplies for nuclear and fossil generation. Since the second quarter of 2014, 100% of CENG's nuclear fuel commitments are disclosed within the Generation line below, since CENG is now fully consolidated by Generation. PECO and BGE have commitments to purchase natural gas related to transportation, storage capacity and services to serve customers in their gas distribution service territory. As of June 30, 2015, these net commitments were as follows:

		Expiration within					
	Total	2015	2016	2017	2018	2019	2020 and beyond
Generation	$8,884	$726	$1,129	$1,078	$969	$880	$ 4,102
PECO	375	65	107	66	46	20	71
BGE	622	52	103	92	69	61	245

Other Purchase Obligations

The Registrants' other purchase obligations as of June 30, 2015, which primarily represent commitments for services, materials and information technology, are as follows:

		Expiration within					
	Total	2015	2016	2017	2018	2019	2020 and beyond
Exelon	$1,422	$342	$421	$220	$77	$80	$ 282
Generation [(a)]	339	79	95	46	33	24	62
ComEd [(b)]	356	153	166	8	7	7	15
PECO [(b)]	21	5	5	2	2	2	5
BGE [(b)]	302	75	116	111	—	—	—

(a) Purchase obligations do not include commitments related to construction contracts. See Construction Commitments section below for additional information.
(b) Purchase obligations include commitments related to smart meter installation. See Note 5 — Regulatory Matters for additional information.

Construction Commitments

Generation's ongoing investments in renewables development and new natural gas construction illustrates Generation's growth strategy to provide for diversification opportunities while leveraging its expertise and strengths.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Generation completed the construction of the Perryman 6 expansion in Perryman, Maryland, which began commercial operation in June 2015. As of June 30, 2015, Generation has no further material remaining construction commitments for the project. This project will satisfy a portion of Exelon's commitment to Maryland. See Note 4 — Mergers, Acquisitions, and Dispositions of the Exelon 2014 Form 10-K for additional information on commitments to develop or assist in development of new generation in Maryland resulting from the Constellation merger.

Since the third quarter of 2014, Generation executed contracts associated with the construction of new combined-cycle gas turbine units in Texas. The remaining commitment is approximately $736 million under these contracts and achievement of commercial operations is expected in 2017.

Since the fourth quarter of 2014, Generation executed contracts associated with the construction of the 30 MW Fair Wind project in western Maryland. The remaining commitment is approximately $16 million under these contracts and achievement of commercial operations is expected in 2015. This project will satisfy a portion of Exelon's 125 MW Tier I land-based renewables commitment made to Maryland. See Note 4 — Mergers, Acquisitions, and Dispositions of the Exelon 2014 Form 10-K for additional information on commitments to develop or assist in development of new generation in Maryland resulting from the Constellation merger.

Since the fourth quarter of 2014, Generation executed contracts associated with the construction of the 78 MW Sendero Wind project in southern Texas. The remaining commitment is approximately $49 million under these contracts and achievement of commercial operations is expected in 2015.

During the second quarter of 2015, Generation executed contracts associated with the construction of a 50 MW biomass facility in Georgia. The remaining commitment under these contracts is approximately $170 million and achievement of commercial operations is expected in 2017.

Refer to Note 3 — Regulatory Matters of the Exelon 2014 Form 10-K for information on investment programs associated with regulatory mandates, such as ComEd's Infrastructure Investment Plan under EIMA, PECO's Smart Meter Procurement and Installation Plan and BGE's comprehensive smart grid initiative.

Constellation Merger Commitments

In February 2012, the MDPSC issued an Order approving the Exelon and Constellation merger. As part of the MDPSC Order, Exelon agreed to provide a package of benefits to BGE customers, the City of Baltimore and the State of Maryland, resulting in an estimated direct investment in the State of Maryland of approximately $1 billion.

The direct investment estimate includes $95 million to $120 million relating to the construction of a headquarters building in Baltimore for Generation's competitive energy businesses. On March 20, 2013, Generation signed a 20 year lease agreement for office space that was contingent upon the developer obtaining all required approvals, permits and financing for the construction of a building in Baltimore, Maryland. The operating lease became effective during the second quarter of 2014 when these outstanding contingencies were met by the developer. Generation's total commitments under the lease agreement are $0 million, $5 million, $12 million, $13 million, $13 million, and $285 million, related to 2015, 2016, 2017, 2018, 2019 and thereafter.

The direct investment commitment also includes $575 million to $650 million relating to Exelon and Generation's development or assistance in the development of 275 — 300 MWs of new generation in Maryland, which is expected to be completed within a period of 10 years. Exelon and Generation have incurred $314 million towards satisfying the commitment for new generation development in the state of Maryland, with

approximately 160 MW of the new generation commencing with commercial operations to date. The MDPSC order contemplates various options for complying with the new generation development commitments, including building or acquiring generating assets, making subsidy or compliance payments, or in circumstances in which the generation build is delayed or certain specified provisions are elected, making liquidated damages payments. Exelon and Generation expect that the majority of these commitments will be satisfied by building or acquiring generating assets and, therefore, will be primarily capital in nature and recognized as incurred. However, during the third quarter of 2014, the conditions associated with one of the generation development commitments changed such that Exelon and Generation now believe that the most likely outcome will involve making subsidy payments and/or liquidated damages payments rather than constructing the specified generating plant. As a result, Exelon and Generation recorded a pre-tax $44 million loss contingency related to this generation development commitment which is included in Operating and maintenance expense in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income. While this $44 million loss contingency represents Generation's best estimate of the future obligation, it is reasonably possible that Exelon and Generation could ultimately be required to make cumulative subsidy payments of up to a maximum of approximately $105 million over a 20-year period dependent on actual generating output from a successfully constructed generating plant. See Note 4 — Mergers, Acquisitions, and Dispositions of the Exelon 2014 Form 10-K for additional information regarding the Constellation merger commitments.

Equity Investment Commitments

As part of Generation's investments in technology development, Generation enters into equity purchase agreements that include commitments to invest additional equity through incremental payments to fund the anticipated needs of the planned operations of the associated companies. The commitment includes approximately $20 million of in-kind services. As of June 30, 2015, Generation's estimated commitment relating to its equity purchase agreements, including in-kind services contributions, is anticipated to be as follows:

	Total
2015	$ 77
2016	254
2017	23
2018	7
2019	2
Total	$363

Contingencies

Commercial Commitments

The Registrants' commercial commitments as of June 30, 2015, representing commitments potentially triggered by future events were as follows:

	Exelon	Generation	ComEd	PECO	BGE
Letters of credit (non-debt) [a]	$ 1,568	$ 1,502	$ 18	$ 22	$ 1
Guarantees	5,824[b]	3,115[c]	203[d]	188[e]	263[f]
Nuclear insurance premiums [g]	3,057	3,057	—	—	—
Underwriters discount [h]	60	—	—	—	—
Total commercial commitments	$10,509	$ 7,674	$ 221	$210	$264

(a) Non-debt letters of credit maintained to provide credit support for certain transactions as requested by third parties.
(b) Primarily reflects parental guarantees issued on behalf of Generation to allow the flexibility needed to conduct business with counterparties without having to post other forms of collateral. Also reflects guarantees issued to ensure performance under specific contracts, preferred securities of financing trusts, property leases, indemnifications, NRC minimum funding assurance requirements and miscellaneous guarantees. The estimated net exposure for obligations under commercial transactions covered by these guarantees was $674 million at June 30, 2015, which represents the total amount Exelon could be required to fund based on June 30, 2015 market prices.
(c) Primarily reflects guarantees issued to ensure performance under energy marketing and other specific contracts. The estimated net exposure for obligations under commercial transactions covered by these guarantees was $460 million at June 30, 2015, which represents the total amount Generation could be required to fund based on June 30, 2015 market prices.
(d) Primarily reflects full and unconditional guarantees of $200 million Trust Preferred Securities of ComEd Financing III, which is a 100% owned finance subsidiary of ComEd.
(e) Primarily reflects full and unconditional guarantees of $178 million Trust Preferred Securities of PECO Trust III and IV, which are 100% owned finance subsidiaries of PECO.
(f) Primarily reflects full and unconditional guarantees of $250 million Trust Preferred Securities of BGE Capital Trust II, which is a 100% owned finance subsidiary of BGE.
(g) Represents the maximum amount that Generation would be required to pay for retrospective premiums in the event of nuclear disaster at any domestic site, including CENG sites, under the Secondary Financial Protection pool as required under the Price-Anderson Act as well as the current aggregate annual retrospective premium obligation that could be imposed by NEIL. See the Nuclear Insurance section within this note for additional details on Generation's nuclear insurance premiums.
(h) Represents the underwriters discount for Exelon's forward equity transaction. See Note 17 — Common Stock for further details of the equity securities offering.

Nuclear Insurance (Exelon and Generation)

Generation is subject to liability, property damage and other risks associated with major incidents at any of its nuclear stations, including the CENG nuclear stations. Generation has mitigated its financial exposure to these risks through insurance and other industry risk-sharing provisions.

The Price-Anderson Act was enacted to ensure the availability of funds for public liability claims arising from an incident at any of the U.S. licensed nuclear facilities and also to limit the liability of nuclear reactor owners for such claims from any single incident. As of June 30, 2015, the current liability limit per incident was $13.4 billion and is subject to change to account for the effects of inflation and changes in the number of licensed reactors. An inflation adjustment must be made at least once every 5 years and the last inflation adjustment was made effective September 10, 2013. In accordance with the Price-Anderson Act, Generation maintains financial protection at levels equal to the amount of liability insurance available from private sources through the purchase of private nuclear energy liability insurance for public liability claims that could arise in the event of an incident. As of June 30, 2015, the amount of nuclear energy liability insurance purchased is $375 million for each operating site. Additionally, the Price-Anderson Act requires a second layer of protection through the mandatory participation in a retrospective rating plan for power reactors (currently 102 reactors) resulting in an additional $12.9 billion in funds available for public liability claims. Participation in this secondary financial protection pool requires the operator of each reactor to fund its proportionate share of costs for any single incident that exceeds the primary layer of financial protection. Under the Price-Anderson Act, the maximum assessment in the event of an incident for each nuclear operator, per reactor, per incident (including a 5% surcharge), is $127.3 million, payable at no more than $19 million per reactor per incident per year. Exelon's maximum liability per incident is approximately $2.7 billion, including CENG's related liability.

In addition, the U.S. Congress could impose revenue-raising measures on the nuclear industry to pay public liability claims exceeding the $13.4 billion limit for a single incident.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

As part of the execution of the NOSA on April 1, 2014, Generation executed an Indemnity Agreement pursuant to which Generation agreed to indemnify EDF and its affiliates against third-party claims that may arise from any future nuclear incident (as defined in the Price Anderson Act) in connection with the CENG nuclear plants or their operations. Exelon guarantees Generation's obligations under this indemnity. See Note 6 — Investment in Constellation Energy Nuclear Group, LLC for additional information on Generation's operations relating to CENG.

Generation is required each year to report to the NRC the current levels and sources of property insurance that demonstrates Generation possesses sufficient financial resources to stabilize and decontaminate a reactor and reactor station site in the event of an accident. The property insurance maintained for each facility is currently provided through insurance policies purchased from NEIL, an industry mutual insurance company of which Generation is a member.

NEIL provides "all risk" property damage, decontamination and premature decommissioning insurance for each station for losses resulting from damage to its nuclear plants, either due to accidents or acts of terrorism. If the decision is made to decommission the facility, a portion of the insurance proceeds will be allocated to a fund, which Generation is required by the NRC to maintain, to provide for decommissioning the facility. In the event of an insured loss, Generation is unable to predict the timing of the availability of insurance proceeds to Generation and the amount of such proceeds that would be available. In the event that one or more acts of terrorism cause accidental property damage within a twelve-month period from the first accidental property damage under one or more policies for all insured plants, the maximum recovery for all losses by all insureds will be an aggregate of $3.2 billion plus such additional amounts as the insurer may recover for all such losses from reinsurance, indemnity and any other source, applicable to such losses.

For its insured losses, Generation is self-insured to the extent that losses are within the policy deductible or exceed the amount of insurance maintained. Uninsured losses and other expenses, to the extent not recoverable from insurers or the nuclear industry, could also be borne by Generation. Any such losses could have a material adverse effect on Exelon's and Generation's financial condition, results of operations and liquidity.

Environmental Issues

General. The Registrants' operations have in the past, and may in the future, require substantial expenditures in order to comply with environmental laws. Additionally, under Federal and state environmental laws, the Registrants are generally liable for the costs of remediating environmental contamination of property now or formerly owned by them and of property contaminated by hazardous substances generated by them. The Registrants own or lease a number of real estate parcels, including parcels on which their operations or the operations of others may have resulted in contamination by substances that are considered hazardous under environmental laws. In addition, the Registrants are currently involved in a number of proceedings relating to sites where hazardous substances have been deposited and may be subject to additional proceedings in the future.

ComEd, PECO and BGE have identified sites where former MGP activities have or may have resulted in actual site contamination. For almost all of these sites, there are additional PRPs that may share responsibility for the ultimate remediation of each location.

- ComEd has identified 42 sites, 17 of which the remediation has been completed and approved by the Illinois EPA or the U.S. EPA and 25 that are currently under some degree of active study and/or remediation. ComEd expects the majority of the remediation at these sites to continue through at least 2019.
- PECO has identified 26 sites, 16 of which have been remediated in accordance with applicable PA DEP regulatory requirements. The remaining 10 sites are currently under some degree of active study and/or remediation. PECO expects the majority of the remediation at these sites to continue through at least 2021.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

- BGE has identified 13 former gas manufacturing or purification sites that it currently owns or owned at one time through a predecessor's acquisition. Two gas manufacturing sites require some level of remediation and ongoing monitoring under the direction of the MDE. The required costs at these two sites are not considered material. An investigation of an additional gas purification site was completed during the first quarter of 2015 at the direction of the MDE. For more information, see the discussion of the Riverside site below.

ComEd, pursuant to an ICC order, and PECO, pursuant to settlements of natural gas distribution rate cases with the PAPUC, are currently recovering environmental remediation costs of former MGP facility sites through customer rates. ComEd and PECO have recorded regulatory assets for the recovery of these costs. See Note 5 — Regulatory Matters for additional information regarding the associated regulatory assets. BGE is authorized to recover, and is currently recovering, environmental costs for the remediation of the former MGP facility sites from customers; however, while BGE does not have a rider for MGP clean-up costs, BGE has historically received recovery of actual clean-up costs in distribution rates. BGE has not established a regulatory asset for the costs associated with the gas purification site as of June 30, 2015.

As of June 30, 2015 and December 31, 2014, the Registrants had accrued the following undiscounted amounts for environmental liabilities in Other current liabilities and Other deferred credits and other liabilities within their respective Consolidated Balance Sheets:

June 30, 2015	Total Environmental Investigation and Remediation Reserve	Portion of Total Related to MGP Investigation and Remediation
Exelon	$ 337	$ 267
Generation	63	—
ComEd	227	224
PECO	44	41
BGE	3	2

December 31, 2014	Total Environmental Investigation and Remediation Reserve	Portion of Total Related to MGP Investigation and Remediation
Exelon	$ 347	$ 277
Generation	63	—
ComEd	238	235
PECO	45	42
BGE	1	—

The Registrants cannot reasonably estimate whether they will incur other significant liabilities for additional investigation and remediation costs at these or additional sites identified by the Registrants, environmental agencies or others, or whether such costs will be recoverable from third parties, including customers.

Water Quality

Groundwater Contamination. In October 2007, a subsidiary of Constellation entered into a consent decree with the MDE relating to groundwater contamination at a third-party facility that was licensed to accept fly ash, a byproduct generated by coal-fired plants. The consent decree required the payment of a $1 million penalty, remediation of groundwater contamination resulting from the ash placement operations at the site, replacement of drinking water supplies in the vicinity of the site, and monitoring of groundwater conditions. Generation's remaining groundwater contamination reserve was $13 million at both June 30, 2015 and December 31, 2014.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
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Air Quality

Notices and Finding of Violations and Midwest Generation Bankruptcy. In December 1999, ComEd sold several generating stations to Midwest Generation, LLC (Midwest Generation), a subsidiary of Edison Mission Energy (EME). Under the terms of the sale agreement, Midwest Generation and EME assumed responsibility for environmental liabilities associated with the ownership, occupancy, use and operation of the stations, including responsibility for compliance by the stations with environmental laws before their purchase by Midwest Generation. Midwest Generation and EME additionally agreed to indemnify and hold ComEd and its affiliates harmless from claims, fines, penalties, liabilities and expenses arising from third party claims against ComEd resulting from or arising out of the environmental liabilities assumed by Midwest Generation and EME under the terms of the agreement governing the sale. In connection with Exelon's 2001 corporate restructuring, Generation assumed ComEd's rights and obligations with respect to its former generation business, including its rights and obligations under the sale agreement with Midwest Generation and EME.

Under a supplemental agreement reached in 2003, Midwest Generation agreed to reimburse ComEd and Generation for 50% of the specific asbestos claims pending as of February 2003 and related expenses less recovery of insurance costs and agreed to a sharing arrangement for liabilities and expenses associated with future asbestos-related claims as specified in the agreement.

On December 17, 2012 (Petition Date), EME and certain of its subsidiaries, including Midwest Generation, filed for protection under Chapter 11 of the U.S. Bankruptcy Code.

In 2012, the Bankruptcy Court approved the rejection of an agency agreement related to a coal rail car lease under which Midwest Generation had agreed to reimburse ComEd for all obligations incurred under the coal rail car lease. The rejection left Generation as the party responsible for making all remaining payments under the lease and performing all other obligations thereunder. A settlement was reached in January 2015, to resolve the claims related to the coal rail car lease for approximately $14 million and Exelon recorded a gain upon receipt of the funds, within Operating and maintenance expense in Exelon and Generation's Consolidated Statement of Operations and Comprehensive Income. No further action is expected related to the rail car lease.

On March 11, 2014, the Bankruptcy Court for the Northern District of Illinois entered its Order Confirming Debtors' Joint Chapter 11 Plan of Reorganization. On April 1, 2014 (Effective Date), NRG Energy purchased EME's portfolio of generation, including Midwest Generation and the Joint Chapter 11 Plan of Reorganization (Plan) became effective. As part of the Plan, the sale agreement, including the environmental indemnity, and the asbestos cost-sharing agreement were rejected.

Generation increased its reserve for asbestos-related bodily injury claims pertaining to Midwest Generations' share of liability as a result of the rejection of the asbestos cost sharing agreement in the bankruptcy proceedings. Exelon and Generation may be entitled to damages associated with the rejection of the agreement and a claim has been filed by Exelon for such damages. These amounts are considered to be contingent gains and would not be recognized until realized.

As a prior owner of the generating stations, ComEd (and Generation, through its agreement in Exelon's 2001 corporate restructuring to assume ComEd's rights and obligations associated with its former generation business) could face liability (along with any other potentially responsible parties) for environmental conditions at the stations requiring remediation, with the determination of the allocation among the parties subject to many uncertain factors. ComEd and Generation are unable to predict whether and to what extent they may ultimately be held responsible for remediation and other costs relating to the generating stations and as a result no liability has been recorded as of June 30, 2015. Any liability imposed on ComEd or Generation for environmental matters relating to the generating stations could have a material adverse impact on their future results of operations and cash flows.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Solid and Hazardous Waste

Cotter Corporation. The U.S. EPA has advised Cotter Corporation (Cotter), a former ComEd subsidiary, that it is potentially liable in connection with radiological contamination at a site known as the West Lake Landfill in Missouri. On February 18, 2000, ComEd sold Cotter to an unaffiliated third- party. As part of the sale, ComEd agreed to indemnify Cotter for any liability arising in connection with the West Lake Landfill. In connection with Exelon's 2001 corporate restructuring, this responsibility to indemnify Cotter was transferred to Generation. On May 29, 2008, the U.S. EPA issued a Record of Decision approving the remediation option submitted by Cotter and the two other PRPs that required additional landfill cover. By letter dated January 11, 2010, the U.S. EPA requested that the PRPs perform a supplemental feasibility study for a remediation alternative that would involve complete excavation of the radiological contamination. On September 30, 2011, the PRPs submitted the final supplemental feasibility study to the U.S. EPA for review. In June 2012, the U.S. EPA requested that the PRPs perform additional analysis and groundwater sampling as part of the supplemental feasibility study, and subsequently requested additional analysis sampling and modeling that will be conducted throughout 2015. In light of these additional requests, it is unknown when the U.S EPA will propose a remedy for public comment, but will likely be sometime in 2017 at the earliest. Thereafter the U.S. EPA will select a final remedy and enter into a Consent Decree with the PRPs to effectuate the remedy. A complete excavation remedy would be significantly more expensive than the previously selected additional cover remedy; however, Generation believes the likelihood that the U.S. EPA would require a complete excavation remedy is remote. The current estimated cost of the landfill cover remediation for the site is approximately $60 million, which will be allocated among all PRPs. Generation has accrued what it believes to be an adequate amount to cover its anticipated share of such liability.

On August 8, 2011, Cotter was notified by the DOJ that Cotter is considered a PRP with respect to the government's clean-up costs for contamination attributable to low level radioactive residues at a former storage and reprocessing facility named Latty Avenue near St. Louis, Missouri. The Latty Avenue site is included in ComEd's indemnification responsibilities discussed above as part of the sale of Cotter. The radioactive residues had been generated initially in connection with the processing of uranium ores as part of the U.S. government's Manhattan Project. Cotter purchased the residues in 1969 for initial processing at the Latty Avenue facility for the subsequent extraction of uranium and metals. In 1976, the NRC found that the Latty Avenue site had radiation levels exceeding NRC criteria for decontamination of land areas. Latty Avenue was investigated and remediated by the United States Army Corps of Engineers pursuant to funding under the Formerly Utilized Sites Remedial Action Program. The DOJ has not yet formally advised the PRPs of the amount that it is seeking, but it is believed to be approximately $90 million. The DOJ and the PRPs agreed to toll the statute of limitations until August 2015 so that settlement discussions could proceed. Based on Generation's preliminary review, it appears probable that Generation has liability to Cotter under the indemnification agreement and has established an appropriate accrual for this liability.

On February 28, 2012, and April 10, 2012, two lawsuits were filed in the U.S. District Court for the Eastern District of Missouri against 13 and 16 defendants, respectively, including Exelon, Generation and ComEd (the Exelon defendants) and Cotter. The suits allege that individuals living in the North St. Louis area developed some form of cancer due to the Exelon defendants' negligent or reckless conduct in processing, transporting, storing, handling and/or disposing of radioactive materials. Plaintiffs have asserted claims for negligence, strict liability, emotional distress, medical monitoring, and violations of the Price-Anderson Act. The complaints do not contain specific damage claims. On May 30, 2012, the plaintiffs filed voluntary motions to dismiss the Exelon defendants from both lawsuits which were subsequently granted. Since May 30, 2012, several related lawsuits have been filed in the same court on behalf of various plaintiffs against Cotter and other defendants, but not Exelon. The allegations in these related lawsuits mirror the initially filed lawsuits. In the event of a finding of liability, it is reasonably possible that Exelon would be considered liable due to its indemnification responsibilities of Cotter described above. On March 27, 2013, the U.S. District Court dismissed all state

common law actions brought under the initial two lawsuits; and also found that the plaintiffs had not properly brought the actions under the Price-Anderson Act. On July 8, 2013, the plaintiffs filed amended complaints under the Price-Anderson Act. Cotter moved to dismiss the amended complaints and has motions currently pending before the court. At this stage of the litigation, Exelon, Generation, and ComEd cannot estimate a range of loss, if any.

68 th Street Dump. In 1999, the U.S. EPA proposed to add the 68th Street Dump in Baltimore, Maryland to the Superfund National Priorities List, and notified BGE and 19 others that they are PRPs at the site. In March 2004, BGE and other PRPs formed the 68th Street Coalition and entered into consent order negotiations with the U.S. EPA to investigate clean-up options for the site under the Superfund Alternative Sites Program. In May 2006, a settlement among the U.S. EPA and 19 of the PRPs, including BGE, with respect to investigation of the site became effective. The settlement requires the PRPs, over the course of several years, to identify contamination at the site and recommend clean-up options. The PRPs submitted their investigation of the range of clean-up options in the first quarter of 2011. Although the investigation and options provided to the U.S. EPA are still subject to U.S. EPA review and selection of a remedy, the range of estimated clean-up costs to be allocated among all of the PRPs is in the range of $50 million to $64 million. On September 30, 2013, U.S. EPA issued the Record of Decision identifying its preferred remedial alternative for the site. The estimated cost for the alternative chosen by U.S. EPA is consistent with the PRPs estimated range of costs noted above. Based on Generation's preliminary review, it appears probable that Generation has liability and has established an appropriate accrual for its share of the estimated clean-up costs. A wholly owned subsidiary of Generation has agreed to indemnify BGE for most of the costs related to this settlement and clean-up of the site.

Rossville Ash Site. The Rossville Ash Site is a 32-acre property located in Rosedale, Baltimore County, Maryland, which was used for the placement of fly ash from 1983-2007. The property is owned by Constellation Power Source Generation, LLC (CPSG). In 2008, CPSG investigated and remediated the property by entering it into the Maryland Voluntary Cleanup Program (VCP) to address any historic environmental concerns and ready the site for appropriate future redevelopment. The site was accepted into the program in 2010 and is currently going through the process to remediate the site and receive closure from MDE. Exelon currently estimates the cost to close the site to be approximately $9 million, which has been fully reserved as of June 30, 2015.

Sauer Dump. On May 30, 2012, BGE was notified by the U.S. EPA that it is considered a PRP at the Sauer Dump Superfund site in Dundalk, Maryland. The U.S. EPA offered BGE and three other PRPs the opportunity to conduct an environmental investigation and present cleanup recommendations at the site. In addition, the U.S. EPA is seeking recovery from the PRPs of $1.7 million for past cleanup and investigation costs at the site. On March 11, 2013, BGE and three other PRP's signed an Administrative Settlement Agreement and Order on Consent with the U.S. EPA which requires the PRP's to conduct a Remedial Investigation and Feasibility Study at the site to determine what, if any, are the appropriate and recommended cleanup activities for the site. The ultimate outcome of this proceeding is uncertain. Since the U.S. EPA has not selected a cleanup remedy and the allocation of the cleanup costs among the PRPs has not been determined, an estimate of the range of BGE's reasonably possible loss, if any, cannot be determined.

Riverside . In 2013, the Maryland Department of the Environment (MDE), at the request of U.S. EPA, conducted a site inspection and limited environmental sampling of certain portions of the 170 acre Riverside property owned by BGE. The site consists of several different parcels with different current and historical uses. The sampling included soil and groundwater samples for a number of potential environmental contaminants. The sampling confirmed the existence of contaminants consistent with the known historical uses of the various portions of the site. In March 2014, the MDE requested that BGE conduct an investigation of three specific areas of the site, and a site-wide investigation of soils, sediment, groundwater, and surface water to complement the MDE sampling. The field investigation was completed in January 2015, and a final report was provided to MDE

on June 2, 2015. Upon completion of the investigation the MDE will determine if the site requires further action and/or remediation. Based upon the investigation to date, BGE has established what it believes is an appropriate reserve. As the investigation and potential remediation proceed, it is possible that additional reserves could be established, in amounts that would be material to BGE.

Litigation and Regulatory Matters

Except to the extent noted below, the circumstances set forth in Note 22 of the Exelon 2014 Form 10-K describe, in all material respects, the current status of litigation matters. The following is an update to that discussion.

Asbestos Personal Injury Claims (Exelon, Generation, PECO and BGE)

Exelon and Generation . Generation maintains a reserve for claims associated with asbestos-related personal injury actions in certain facilities that are currently owned by Generation or were previously owned by ComEd and PECO. The reserve is recorded on an undiscounted basis and excludes the estimated legal costs associated with handling these matters, which could be material.

At June 30, 2015 and December 31, 2014, Generation had reserved approximately $97 million and $100 million, respectively, in total for asbestos-related bodily injury claims. As of June 30, 2015, approximately $20 million of this amount related to 213 open claims presented to Generation, while the remaining $77 million of the reserve is for estimated future asbestos-related bodily injury claims anticipated to arise through 2050, based on actuarial assumptions and analyses, which are updated on an annual basis. On a quarterly basis, Generation monitors actual experience against the number of forecasted claims to be received and expected claim payments and evaluates whether an adjustment to the reserve is necessary. During the second quarter of 2015, Generation increased its reserve by approximately $1 million, primarily due to an increase in actual and projected claims costs.

On November 22, 2013, the Supreme Court of Pennsylvania held that the Pennsylvania Workers Compensation Act does not apply to an employee's disability or death resulting from occupational disease, such as diseases related to asbestos exposure, which manifests more than 300 weeks after the employee's last employment-based exposure, and that therefore the exclusivity provision of the Act does not preclude such employee from suing his or her employer in court. The Supreme Court's ruling reverses previous rulings by the Pennsylvania Superior Court precluding current and former employees from suing their employers in court, despite the fact that the same employee was not eligible for workers compensation benefits for diseases that manifest more than 300 weeks after the employee's last employment-based exposure to asbestos. Since the Pennsylvania Supreme Court's ruling in November 2013 , Exelon, Generation, and PECO have experienced an increase in asbestos-related personal injury claims brought by former PECO employees, all of which have been reserved against on a claim by claim basis. Those additional claims are taken into account in projecting estimated future asbestos-related bodily injury claims.

On June 27, 2014, the Illinois Court of Appeals ruled that the Illinois Worker's Compensation law should not apply in cases where the diagnosis of an asbestos related disease occurred after the 25-year maximum time period for filing a Worker's Compensation claim. This decision is now on appeal to the Illinois Supreme Court. If confirmed on appeal, former employees could file suit against Exelon, Generation, and ComEd, similar to the way former employees are filing suit against Exelon in Pennsylvania. Currently, Exelon, Generation, and ComEd are unable to predict whether and to what extent they may experience additional claims in the future as a result of this ruling; as such, no increase to the asbestos-related bodily injury liability has been recorded as of June 30, 2015.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

There is a reasonable possibility that Exelon may have additional exposure to estimated future asbestos-related bodily injury claims in excess of the amount accrued and the increases could have a material adverse effect on Exelon's, Generation's, PECO's and ComEd's future results of operations and cash flows.

BGE . Since 1993, BGE and certain Constellation (now Generation) subsidiaries have been involved in several actions concerning asbestos. The actions are based upon the theory of "premises liability," alleging that BGE and Generation knew of and exposed individuals to an asbestos hazard. In addition to BGE and Generation, numerous other parties are defendants in these cases.

Approximately 468 individuals who were never employees of BGE or certain Constellation subsidiaries have pending claims each seeking several million dollars in compensatory and punitive damages. Cross-claims and third-party claims brought by other defendants may also be filed against BGE and certain Constellation subsidiaries in these actions. To date, most asbestos claims which have been resolved have been dismissed or resolved without any payment by BGE or certain Constellation subsidiaries and a small minority of these cases has been resolved for amounts that were not material to BGE or Generation's financial results.

Discovery begins in these cases after they are placed on the trial docket. At present, only two of the pending cases are set for trial. Given the limited discovery in these cases, BGE and Generation do not know the specific facts that are necessary to provide an estimate of the reasonably possible loss relating to these claims; as such, no accrual has been made and a range of loss is not estimable. The specific facts not known include:

- the identity of the facilities at which the plaintiffs allegedly worked as contractors;
- the names of the plaintiffs' employers;
- the dates on which and the places where the exposure allegedly occurred; and
- the facts and circumstances relating to the alleged exposure.

Insurance and hold harmless agreements from contractors who employed the plaintiffs may cover a portion of any awards in the actions.

Continuous Power Interruption (ComEd)

Section 16-125 of the Illinois Public Utilities Act provides that in the event an electric utility, such as ComEd, experiences a continuous power interruption of four hours or more that affects (in ComEd's case) more than 30,000 customers, the utility may be liable for actual damages suffered by customers as a result of the interruption and may be responsible for reimbursement of local governmental emergency and contingency expenses incurred in connection with the interruption. Recovery of consequential damages is barred. The affected utility may seek from the ICC a waiver of these liabilities when the utility can show that the cause of the interruption was unpreventable damage due to weather events or conditions, customer tampering, or certain other causes enumerated in the law.

On August 18, 2011, ComEd sought from the ICC a determination that ComEd is not liable for damage compensation to customers in connection with the July 11, 2011 storm system that produced multiple power interruptions that in the aggregate affected more than 900,000 customers in ComEd's service territory, as well as for five other storm systems that affected ComEd's customers during June and July 2011 (Summer 2011 Storm Docket). In addition, on September 29, 2011, ComEd sought from the ICC a determination that it was not liable for damage compensation related to the February 1, 2011 blizzard (February 2011 Blizzard Docket).

On June 5, 2013, the ICC approved a complete waiver of liability for five of the six summer storms and the February 2011 blizzard. The ICC held that for the July 11, 2011 storm, 34,559 interruptions were preventable and

therefore no waiver should apply. As required by the ICC's Order, ComEd notified relevant customers that they may be entitled to seek reimbursement of incurred costs in accordance with a claims procedure established under ICC rules and regulations. On July 31, 2014, the Illinois Appellate Court reaffirmed the ICC's decision in ComEd's appeal of the Summer 2011 Storm Docket and dismissed ComEd's appeal of the February 2011 Blizzard Docket. The Illinois Supreme Court denied ComEd's request to hear the matter. The ICC's order is now final and claims from impacted customers and municipalities are now eligible for review and reimbursement. ComEd is processing claims received to date.

In the second quarter of 2013, ComEd established a liability, which is not material, for potential reimbursements for actual damages incurred by the 34,559 customers covered by the ICC's June 5, 2013 Order. The liability recorded represents the low end of a range of potential losses given that no amount within the range represents a better estimate. ComEd's ultimate liability will be based on actual claims eligible for reimbursement. Although reimbursements for actual damages will differ from the estimated accrual recorded, at this time ComEd does not expect the difference to be material to ComEd's results of operations or cash flows.

ComEd has not recorded an accrual for reimbursement of local governmental emergency and contingency expenses as a range of loss, if any, cannot be reasonably estimated at this time, but may be material to ComEd's results of operations and cash flows.

Telephone Consumer Protection Act Lawsuit (ComEd)

On November 19, 2013, a class action complaint was filed in the Northern District of Illinois on behalf of a single individual and a presumptive class that would include all customers that ComEd enrolled in its Outage Alert text message program. The complaint alleges that ComEd violated the Telephone Consumer Protection Act (TCPA) by sending approximately 1.2 million text messages to customers without first obtaining their consent to receive such messages. The complaint seeks certification of a class along with statutory damages, attorneys' fees, and an order prohibiting ComEd from sending additional text messages. Such statutory damages could range from $500 to $1,500 per text. In February 2014, ComEd filed a motion to dismiss this class action complaint, which was denied in June 2014. On February 19, 2015, ComEd and the plaintiff agreed in principle to settle the suit for $5 million, which ComEd has recorded as a liability as of June 30, 2015. On June 8, 2015, the court granted preliminary approval of the settlement. A final approval hearing will be held in the fall of 2015. As ComEd is unable to predict the ultimate outcome of this proceeding, actual damages may differ from the estimated amount recorded, which may be material to ComEd's results of operations, cash flows, and financial position.

Baltimore City Franchise Taxes (BGE)

The City of Baltimore claims that BGE has maintained electric facilities in the City's public right-of-ways for over one hundred years without the proper franchise rights from the City. BGE has reviewed the City's claim and believes that it lacks merit. BGE has not recorded an accrual for payment of franchise fees for past periods as a range of loss, if any, cannot be reasonably estimated at this time. Franchise fees assessed in future periods may be material to BGE's results of operations and cash flows.

General (Exelon, Generation, ComEd, PECO and BGE)

The Registrants are involved in various other litigation matters that are being defended and handled in the ordinary course of business. The assessment of whether a loss is probable or a reasonable possibility, and whether the loss or a range of loss is estimable, often involves a series of complex judgments about future events. The Registrants maintain accruals for such losses that are probable of being incurred and subject to reasonable

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estimation. Management is sometimes unable to estimate an amount or range of reasonably possible loss, particularly where (1) the damages sought are indeterminate, (2) the proceedings are in the early stages, or (3) the matters involve novel or unsettled legal theories. In such cases, there is considerable uncertainty regarding the timing or ultimate resolution of such matters, including a possible eventual loss.

Income Taxes (Exelon, Generation, ComEd, PECO and BGE)

See Note 12 — Income Taxes for information regarding the Registrants' income tax refund claims and certain tax positions, including the 1999 sale of fossil generating assets.

20. Supplemental Financial Information (Exelon, Generation, ComEd, PECO and BGE)

Supplemental Statement of Operations Information

The following tables provide additional information about the Registrants' Consolidated Statements of Operations and Comprehensive Income for the three and six months ended June 30, 2015 and 2014:

Three Months Ended June 30, 2015	Exelon	Generation	ComEd	PECO	BGE
Other, Net					
Decommissioning-related activities:					
Net realized income on decommissioning trust funds [a]					
Regulatory agreement units	$ 93	$ 93	$ —	$ —	$—
Non-regulatory agreement units	74	74	—	—	—
Net unrealized losses on decommissioning trust funds					
Regulatory agreement units	(133)	(133)	—	—	—
Non-regulatory agreement units	(96)	(96)	—	—	—
Regulatory offset to decommissioning trust fund-related activities [b]	28	28	—	—	—
Total decommissioning-related activities	(34)	(34)	—	—	—
Investment income (expense)	1	—	—	(1)	1[c]
Long-term lease income	4	—	—	—	—
AFUDC — Equity	5	—	1	1	3
Other	7	3	4	1	—
Other, net	$ (17)	$ (31)	$ 5	$ 1	$ 4

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Six Months Ended June 30, 2015	Exelon	Generation	ComEd	PECO	BGE
Other, Net					
Decommissioning-related activities:					
Net realized income on decommissioning trust funds [a]					
Regulatory agreement units	$ 164	$ 164	$ —	$ —	$—
Non-regulatory agreement units	104	104	—	—	—
Net unrealized gains on decommissioning trust funds					
Regulatory agreement units	(85)	(85)	—	—	—
Non-regulatory agreement units	(56)	(56)	—	—	—
Net unrealized gains on pledged assets					
Zion Station decommissioning	9	9	—	—	—
Regulatory offset to decommissioning trust fund-related activities [b]	(78)	(78)	—	—	—
Total decommissioning-related activities	58	58	—	—	—
Investment income (expense)	4	1	—	(1)	2[c]
Long-term lease income	8	—	—	—	—
Interest income related to uncertain income tax positions	—	1	—	—	—
AFUDC — Equity	11	—	1	3	7
Terminated interest rate swaps [d]	(26)	—	—	—	—
Other	9	2	8	1	(1)
Other, net	$ 64	$ 62	$ 9	$ 3	$ 8

Three Months Ended June 30, 2014	Exelon	Generation	ComEd	PECO	BGE
Other, Net					
Decommissioning-related activities:					
Net realized income on decommissioning trust funds [a]					
Regulatory agreement units	$ 68	$ 68	$ —	$ —	$—
Non-regulatory agreement units	38	38	—	—	—
Net unrealized gains on decommissioning trust funds					
Regulatory agreement units	172	172	—	—	—
Non-regulatory agreement units	128	128	—	—	—
Net unrealized losses on pledged assets					
Zion Station decommissioning	10	10	—	—	—
Regulatory offset to decommissioning trust fund-related activities [b]	(204)	(204)	—	—	—
Total decommissioning-related activities	212	212	—	—	—
Investment income (expense)	7	7	—	(1)	2[c]
Long-term lease income	10	—	—	—	—
Interest income related to uncertain income tax positions	(2)	3			
AFUDC — Equity	4	—	—	1	3
Other	(1)	(6)	5	1	—
Other, net	$ 230	$ 216	$ 5	$ 1	$ 5

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Six Months Ended June 30, 2014	Exelon	Generation	ComEd	PECO	BGE
Other, Net					
Decommissioning-related activities:					
Net realized income on decommissioning trust funds [a]					
Regulatory agreement units	$ 111	$ 111	$ —	$ —	$—
Non-regulatory agreement units	63	63	—	—	—
Net unrealized gains on decommissioning trust funds					
Regulatory agreement units	234	234	—	—	—
Non-regulatory agreement units	141	141	—	—	—
Net unrealized losses on pledged assets					
Zion Station decommissioning	20	20	—	—	—
Regulatory offset to decommissioning trust fund-related activities [b]	(299)	(299)	—	—	—
Total decommissioning-related activities	270	270	—	—	—
Investment income (expense)	8	8	—	(1)	4[c]
Long-term lease income	17	—	—	—	—
Interest income related to uncertain income tax positions	7	17	—	—	—
AFUDC — Equity	12	—	3	3	6
Other	16	5	7	1	(1)
Other, net	$ 330	$ 300	$ 10	$ 3	$ 9

(a) Includes investment income and realized gains and losses on sales of investments of the trust funds.
(b) Includes the elimination of NDT fund activity for the Regulatory Agreement Units, including the elimination of net income taxes related to all NDT fund activity for those units. See Note 15 — Asset Retirement Obligations of the Exelon 2014 Form 10-K for additional information regarding the accounting for nuclear decommissioning.
(c) Relates to the cash return on BGE's rate stabilization deferral. See Note 3 — Regulatory Matters of the Exelon 2014 Form 10-K for additional information regarding the rate stabilization deferral.
(d) In January 2015, in connection with Generation's $750 million issuance of five-year Senior Unsecured Notes, Exelon terminated certain floating-to-fixed interest rate swaps. As the original forecasted transactions were a series of future interest payments over a ten year period, a portion of the anticipated interest payments are probable not to occur. As a result, $26 million of anticipated payments were reclassified from Accumulated OCI to Other, net in Exelon's Consolidated Statement of Operations and Comprehensive Income.

Supplemental Cash Flow Information

The following tables provide additional information regarding the Registrants' Consolidated Statements of Cash Flows for the six months ended June 30, 2015 and 2014:

Six Months Ended June 30, 2015	Exelon	Generation	ComEd	PECO	BGE
Depreciation, amortization, accretion and depletion					
Property, plant and equipment	$1,087	$ 485	$ 312	$119	$143
Regulatory assets	101	—	40	12	49
Amortization of intangible assets, net	24	24	—	—	—
Amortization of energy contract assets and liabilities [a]	—	1	—	—	—
Nuclear fuel [b]	552	552	—	—	—
ARO accretion [c]	193	193	—	—	—
Total depreciation, amortization, accretion and depletion	$1,957	$ 1,255	$ 352	$131	$192

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Six Months Ended June 30, 2014	Exelon	Generation	ComEd	PECO	BGE
Depreciation, amortization, accretion and depletion					
Property, plant and equipment	$1,015	$ 444	$ 290	$112	$142
Regulatory assets	117	—	57	5	55
Amortization of intangible assets, net	22	22	—	—	—
Amortization of energy contract assets and liabilities [a]	113	118	—	—	—
Nuclear fuel [b]	499	499	—	—	—
ARO accretion [c]	159	159	—	—	—
Total depreciation, amortization, accretion and depletion	$1,925	$ 1,242	$ 347	$117	$197

(a) Included in Operating revenues or Purchased power and fuel expense on the Registrants' Consolidated Statements of Operations and Comprehensive Income.
(b) Included in Purchased power and fuel expense on the Registrants' Consolidated Statements of Operations and Comprehensive Income.
(c) Included in Operating and maintenance expense on the Registrants' Consolidated Statements of Operations and Comprehensive Income.

Six Months Ended June 30, 2015	Exelon	Generation	ComEd	PECO	BGE
Other non-cash operating activities:					
Pension and non-pension postretirement benefit costs	$ 317	$ 133	$ 103	$ 19	$ 33
Loss from equity method investments	2	3	—	—	—
Provision for uncollectible accounts	80	11	35	24	11
Stock-based compensation costs	79	—	—	—	—
Other decommissioning-related activity [a]	(50)	(50)	—	—	—
Energy-related options [b]	27	27	—	—	—
Amortization of regulatory asset related to debt costs	—	—	—	—	—
Amortization of rate stabilization deferral	40	—	—	—	40
Amortization of debt fair value adjustment	(37)	(6)	—	—	—
Discrete impacts of EIMA [c]	77	—	77	—	—
Amortization of debt costs	35	8	2	1	1
Lower of cost or market inventory adjustment	13	13	—	—	—
Other	(4)	(5)	5	1	(9)
Total other non-cash operating activities	$ 579	$ 134	$ 222	$ 45	$ 76
Changes in other assets and liabilities:					
Under/over-recovered energy and transmission costs	$ 45	$ —	$ 10	$ 27	$ 8
Other regulatory assets and liabilities	47	—	26	(13)	(18)
Cash deposits [d]	242	242	—	—	—
Other current assets	(53)	(39)	3	(74) [e]	60
Other noncurrent assets and liabilities	(67)	—	(14)	—	1
Total changes in other assets and liabilities	$ 214	$ 203	$ 25	$ (60)	$ 51
Non-cash investing and financing activities:					
Indemnification of like-kind exchange position [f]	$ —	$ —	$ 3	$ —	$ —
Long-term software licensing agreement [g]	95	—	—	—	—
Total non-cash investing and financing activities:	$ 95	$ —	$ 3	$ —	$ —

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Six Months Ended June 30, 2014	Exelon	Generation	ComEd	PECO	BGE
Other non-cash operating activities:					
Pension and non-pension postretirement benefit costs	$ 315	$ 139	$ 96	$ 21	$ 33
Equity method investments	20	20	—	—	—
Provision for uncollectible accounts	59	8	(8)	28	30
Stock-based compensation costs	68	—	—	—	—
Other decommissioning-related activity [(a)]	(85)	(85)	—	—	—
Energy-related options [(b)]	63	63	—	—	—
Amortization of rate stabilization deferral	33	—	—	—	33
Amortization of debt fair value adjustment	(26)	(12)	—	—	—
Discrete impacts from EIMA [(c)]	9	—	9	—	—
Amortization of debt costs	19	6	(3)	1	1
Other	(2)	—	5	—	(8)
Total other non-cash operating activities	$ 473	$ 139	$ 99	$ 50	$ 89
Changes in other assets and liabilities:					
Under/over-recovered energy and transmission costs	$ 60	$ —	$ 61	$ (6)	$ 8
Other regulatory assets and liabilities	(25)	—	(30)	(13)	(49)
Other current assets	(157)	13	(5)	(89) [(e)]	51
Other noncurrent assets and liabilities	(158)	(69)	22	(6)	(2)
Total changes in other assets and liabilities	$ (280)	$ (56)	$ 48	$(114)	$ 8
Non-cash investing and financing activities:					
Fair value of net assets recorded upon CENG consolidation	$3,400	$ 3,400	$ —	$ —	$ —
Issuance of equity units	131	—	—	—	—
Uranium procurement	38	38	—	—	—
Indemnification of like-kind exchange position [(f)]	—	—	2	—	—
Total non-cash investing and financing activities	$3,569	$ 3,438	$ 2	$ —	$ —

(a) Includes the elimination of NDT fund activity for the Regulatory Agreement Units, including the elimination of operating revenues, ARO accretion, ARC amortization, investment income and income taxes related to all NDT fund activity for these units. See Note 15 — Asset Retirement Obligations of the Exelon 2014 Form 10-K for additional information regarding the accounting for nuclear decommissioning.
(b) Includes option premiums reclassified to realized at the settlement of the underlying contracts and recorded to results of operations.
(c) Reflects the change in distribution rates pursuant to EIMA, which allows for the recovery of costs by a utility through a pre-established performance-based formula rate tariff. See Note 5 — Regulatory Matters for more information.
(d) Relates primarily to cash deposits recalled from ISOs/RTOs and replaced with letters of credit.
(e) Relates primarily to prepaid utility taxes.
(f) See Note 12 — Income Taxes for discussion of the like-kind exchange tax position.
(g) Relates to a long-term software license agreement entered into on May 31, 2015. Exelon is required to make payments starting August of 2015 through May of 2024. See Note 11 — Debt and Credit Agreements for additional information.

DOE Smart Grid Investment Grant (Exelon and PECO) . For the six months ended June 30, 2014, PECO has included in the capital expenditures line item under investing activities of the cash flow statement capital expenditures of $2 million and reimbursements of $3 million related to PECO's DOE SGIG programs. For the six months ended June 30, 2015 PECO had no capital expenditures or reimbursements, as the DOE SGIG program was completed during 2014. See Note 3 — Regulatory Matters of the Exelon 2014 Form 10-K for additional information regarding the DOE SGIG.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Supplemental Balance Sheet Information

The following tables provide additional information about assets of the Registrants as of June 30, 2015 and December 31, 2014.

June 30, 2015	Exelon	Generation	ComEd	PECO	BGE
Property, plant and equipment:					
Accumulated depreciation and amortization	$15,553[a]	$ 8,146[a]	$3,571	$3,028	$2,928
Accounts receivable:					
Allowance for uncollectible accounts	323[c]	67	95	101[c]	60

December 31, 2014	Exelon	Generation	ComEd	PECO	BGE
Property, plant and equipment:					
Accumulated depreciation and amortization	$14,742[b]	$ 7,612[b]	$3,432	$2,917	$2,868
Accounts receivable:					
Allowance for uncollectible accounts	311[c]	60	84	100[c]	67

(a) Includes accumulated amortization of nuclear fuel in the reactor core of $2,804 million.
(b) Includes accumulated amortization of nuclear fuel in the reactor core of $2,673 million.
(c) Includes an allowance for uncollectible accounts of $9 million and $7 million at June 30, 2015 and December 31, 2014, respectively, related to PECO's current installment plan receivables described below.

PECO Installment Plan Receivables (Exelon and PECO)

PECO enters into payment agreements with certain delinquent customers, primarily residential, seeking to restore their service, as required by the PAPUC. Customers with past due balances that meet certain income criteria are provided the option to enter into an installment payment plan, some of which have terms greater than one year, to repay past due balances in addition to paying for their ongoing service on a current basis. The receivable balance for these payment agreement receivables is recorded in accounts receivable for the current portion and other deferred debits and other assets for the noncurrent portion. The net receivable balance for installment plans with terms greater than one year was $16 million and $15 million as of June 30, 2015 and December 31, 2014, respectively. The allowance for uncollectible accounts reserve methodology and assessment of the credit quality of the installment plan receivables are consistent with the customer accounts receivable methodology discussed in Note 1 — Significant Accounting Policies of the Exelon 2014 Form 10-K. The allowance for uncollectible accounts balance associated with these receivables at June 30, 2015 of $18 million consists of $1 million, $4 million and $13 million for low risk, medium risk and high risk segments, respectively. The allowance for uncollectible accounts balance at December 31, 2014 of $15 million consists of $1 million, $3 million and $11 million for low risk, medium risk and high risk segments, respectively. The balance of the payment agreement is billed to the customer in equal monthly installments over the term of the agreement. Installment receivables outstanding as of June 30, 2015 and December 31, 2014 include balances not yet presented on the customer bill, accounts currently billed and an immaterial amount of past due receivables. When a customer defaults on its payment agreement, the terms of which are defined by plan type, the entire balance of the agreement becomes due and the balance is reclassified to current customer accounts receivable and reserved for in accordance with the methodology discussed in Note 1 — Significant Accounting Policies of the Exelon 2014 Form 10-K.

21. Segment Information (Exelon, Generation, ComEd, PECO and BGE)

Operating segments for each of the Registrants are determined based on information used by the chief operating decision maker(s) (CODM) in deciding how to evaluate performance and allocate resources at each of the Registrants.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Exelon has nine reportable segments, ComEd, PECO, BGE and Generation's six power marketing reportable segments consisting of the Mid-Atlantic, Midwest, New England, New York, ERCOT and all other power regions referred to collectively as "Other Power Regions"; which includes activities in the South, West and Canada. ComEd, PECO and BGE each represent a single reportable segment; as such, no separate segment information is provided for these Registrants. Exelon, ComEd, PECO and BGE's CODMs evaluate the performance of and allocate resources to ComEd, PECO and BGE based on net income and return on equity.

The foundation of Generation's six reportable segments is based on the geographic location of its assets, and is largely representative of the footprints of an ISO / RTO and/or NERC region. Descriptions of each of Generation's six reportable segments are as follows:

- Mid-Atlantic represents operations in the eastern half of PJM, which includes Pennsylvania, New Jersey, Maryland, Virginia, West Virginia, Delaware, the District of Columbia and parts of North Carolina.
- Midwest represents operations in the western half of PJM, which includes portions of Illinois, Indiana, Ohio, Michigan, Kentucky and Tennessee, and the United States footprint of MISO, excluding MISO's Southern Region, which covers all or most of North Dakota, South Dakota, Nebraska, Minnesota, Iowa, Wisconsin, the remaining parts of Illinois, Indiana, Michigan and Ohio not covered by PJM, and parts of Montana, Missouri and Kentucky.
- New England represents the operations within ISO-NE covering the states of Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.
- New York represents operations within ISO-NY, which covers the state of New York in its entirety.
- ERCOT represents operations within Electric Reliability Council of Texas, covering most of the state of Texas.
- Other Power Regions :
  - South represents operations in the FRCC, MISO's Southern Region, and the remaining portions of the SERC not included within MISO or PJM, which includes all or most of Florida, Arkansas, Louisiana, Mississippi, Alabama, Georgia, Tennessee, North Carolina, South Carolina and parts of Missouri, Kentucky and Texas. Generation's South region also includes operations in the SPP, covering Kansas, Oklahoma, most of Nebraska and parts of New Mexico, Texas, Louisiana, Missouri, Mississippi and Arkansas.
  - West represents operations in the WECC, which includes California ISO, and covers the states of California, Oregon, Washington, Arizona, Nevada, Utah, Idaho, Colorado, and parts of New Mexico, Wyoming and South Dakota.
  - Canada represents operations across the entire country of Canada and includes AESO, OIESO and the Canadian portion of MISO.

The CODMs for Exelon and Generation evaluate the performance of Generation's power marketing activities and allocate resources based on revenue net of purchased power and fuel expense. Generation believes that revenue net of purchased power and fuel expense is a useful measurement of operational performance. Revenue net of purchased power and fuel expense (RNF) is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

elsewhere in this report. Generation's operating revenues include all sales to third parties and affiliated sales to ComEd, PECO, and BGE. Purchased power costs include all costs associated with the procurement and supply of electricity including capacity, energy and ancillary services. Fuel expense includes the fuel costs for Generation's owned generation and fuel costs associated with tolling agreements. Generation's other business activities, including retail and wholesale gas, investments in gas and oil exploration and production activities, proprietary trading, compressed natural gas fueling stations, energy efficiency and cogeneration projects, sales of electric and gas appliances, servicing of heating, air conditioning, plumbing, electrical, indoor quality systems and home improvements, and investments in energy-related proprietary technology are not allocated to regions. Further, Generation's unrealized mark-to-market impact of economic hedging activities, amortization of certain intangible assets relating to commodity contracts recorded at fair value from mergers and acquisitions and other miscellaneous revenues are also not allocated to a region. Exelon and Generation do not use a measure of total assets in making decisions regarding allocating resources to or assessing the performance of these reportable segments.

An analysis and reconciliation of the Registrants' reportable segment information to the respective information in the consolidated financial statements is as follows:

Three Months Ended June 30, 2015 and 2014

	Generation [a]	ComEd	PECO	BGE	Other [b]	Intersegment Eliminations	Exelon
Total revenues [c]:							
2015	$ 4,232	$ 1,148	$ 661	$ 628	$ 340	$ (495)	$ 6,514
2014	3,789	1,128	656	653	329	(531)	6,024
Intersegment revenues [d]:							
2015	$ 152	$ 1	$ —	$ 1	$ 340	$ (493)	$ 1
2014	201	—	—	2	328	(531)	—
Net income (loss):							
2015	$ 390	$ 99	$ 70	$ 47	$ 28	$ (1)	$ 633
2014	372	111	84	19	(29)	—	557
Total assets:							
June 30, 2015	$ 45,125	$25,961	$10,126	$8,017	$14,526	$ (11,542)	$92,213
December 31, 2014	45,348	25,392	9,943	8,078	9,794	(11,741)	86,814

(a) Generation includes the six power marketing reportable segments shown below: Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Power Regions. Intersegment revenues for Generation for the three months ended June 30, 2015 include revenue from sales to PECO of $49 million and sales to BGE of $97 million in the Mid-Atlantic region, and sales to ComEd of $6 million in the Midwest. For the three months ended June 30, 2014, intersegment revenues for Generation include revenue from sales to PECO of $49 million and sales to BGE of $87 million in the Mid-Atlantic region, and sales to ComEd of $65 million in the Midwest region.

(b) Other primarily includes Exelon's corporate operations, shared service entities and other financing and investment activities.

(c) For the three months ended June 30, 2015 and 2014, utility taxes of $24 million and $21 million, respectively, are included in revenues and expenses for Generation. For the three months ended June 30, 2015 and 2014, utility taxes of $55 million and $56 million, respectively, are included in revenues and expenses for ComEd. For the three months ended June 30, 2015 and 2014, utility taxes of $32 million and $30 million, respectively, are included in revenues and expenses for PECO. For the three months ended June 30, 2015 and 2014, utility taxes of $21 million and $19 million, respectively, are included in revenues and expenses for BGE.

(d) Intersegment revenues exclude sales to unconsolidated affiliates. The intersegment profit associated with Generation's sale of certain products and services by and between Exelon's segments is not eliminated in consolidation due to the recognition of intersegment profit in accordance with regulatory accounting guidance. For Exelon, these amounts are included in Operating revenues in the Consolidated Statements of Operations and Comprehensive Income.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Generation total revenues:

	Three Months Ended June 30, 2015			Three Months Ended June 30, 2014		
	Revenues from External Customers [a]	Intersegment Revenues	Total Revenues	Revenues from External Customers [a]	Intersegment Revenues	Total Revenues
Mid-Atlantic	$ 1,336	$ 10	$ 1,346	$ 1,272	$ 5	$ 1,277
Midwest	1,205	1	1,206	981	—	981
New England	366	1	367	211	1	212
New York	222	(4)	218	194	—	194
ERCOT	194	(2)	192	198	(1)	197
Other Power Regions [b]	294	(5)	289	314	(6)	308
Total Revenues for Reportable Segments	3,617	1	3,618	3,170	(1)	3,169
Other [c]	615	(1)	614	619	1	620
Total Generation Consolidated Operating Revenues	$ 4,232	$ —	$ 4,232	$ 3,789	$ —	$ 3,789

(a) Includes all electric sales to third parties and affiliated sales to ComEd, PECO and BGE.
(b) Other Power Regions includes the South, West and Canada.
(c) Other represents activities not allocated to a region. See text above for a description of included activities. Also includes a $17 million decrease to revenues and an $88 million decrease to revenues for the amortization of intangible assets related to commodity contracts for the three months ended June 30, 2015 and 2014, respectively, unrealized mark-to-market gains of $25 million and losses of $83 million for the three months ended June 30, 2015 and 2014, respectively, and the elimination of intersegment revenues.

Generation total revenues net of purchased power and fuel expense:

	Three Months Ended June 30, 2015			Three Months Ended June 30, 2014		
	RNF from External Customers [a]	Intersegment RNF	Total RNF	RNF from External Customers [a]	Intersegment RNF	Total RNF
Mid-Atlantic	$ 875	$ 14	$ 889	$ 906	$ 14	$ 920
Midwest	745	(2)	743	604	1	605
New England	94	(6)	88	88	(24)	64
New York	139	5	144	142	6	148
ERCOT	91	(21)	70	117	(58)	59
Other Power Regions [b]	134	(72)	62	157	(82)	75
Total Revenues net of purchased power and fuel for Reportable Segments	2,078	(82)	1,996	2,014	(143)	1,871
Other [c]	305	82	387	(60)	143	83
Total Generation Revenues net of purchased power and fuel expense	$ 2,383	$ —	$2,383	$ 1,954	$ —	$1,954

(a) Includes purchases and sales from third parties and affiliated sales to ComEd, PECO and BGE.
(b) Other Power Regions includes the South, West and Canada.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

(c) Other represents activities not allocated to a region. See text above for a description of included activities. Also includes a $14 million decrease to RNF and a $50 million decrease to RNF for the amortization of intangible assets related to commodity contracts for the three months ended June 30, 2015 and 2014, respectively, unrealized mark-to-market gains of $235 million and losses of $14 million for the three months ended June 30, 2015 and 2014, respectively, and the elimination of intersegment revenues.

Six Months Ended June 30, 2015 and 2014

	Generation [a]	ComEd	PECO	BGE	Other [b]	Intersegment Eliminations	Exelon
Total revenues [c]:							
2015	$ 10,074	$2,333	$1,646	$1,664	$ 657	$ (1,029)	$15,345
2014	8,179	2,262	1,649	1,707	619	(1,155)	13,261
Intersegment revenues [d]:							
2015	$ 362	$ 2	$ 1	$ 8	$ 656	$ (1,026)	$ 3
2014	517	1	1	18	618	(1,155)	—
Net income (loss):							
2015	$ 875	$ 189	$ 209	$ 157	$ (55)	$ (3)	$ 1,372
2014	188	209	173	106	(25)	—	651

(a) Generation includes the six power marketing reportable segments shown below: Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Power Regions. Intersegment revenues for Generation for the six months ended June 30, 2015 include revenue from sales to PECO of $112 million and sales to BGE of $235 million in the Mid-Atlantic region, and sales to ComEd of $15 million in the Midwest. For the six months ended June 30, 2014, intersegment revenues for Generation include revenue from sales to PECO of $137 million and sales to BGE of $207 million in the Mid-Atlantic region, and sales to ComEd of $173 million in the Midwest region.

(b) Other primarily includes Exelon's corporate operations, shared service entities and other financing and investment activities.

(c) For the six months ended June 30, 2015 and 2014, utility taxes of $51 million and $45 million, respectively, are included in revenues and expenses for Generation. For the six months ended June 30, 2015 and 2014, utility taxes of $117 million and $119 million, respectively, are included in revenues and expenses for ComEd. For the six months ended June 30, 2015 and 2014, utility taxes of $67 million and $65 million, respectively, are included in revenues and expenses for PECO. For the six months ended June 30, 2015 and 2014, utility taxes of $44 million and $43 million, respectively, are included in revenues and expenses for BGE.

(d) Intersegment revenues exclude sales to unconsolidated affiliates. The intersegment profit associated with Generation's sale of certain products and services by and between Exelon's segments is not eliminated in consolidation due to the recognition of intersegment profit in accordance with regulatory accounting guidance. For Exelon, these amounts are included in Operating revenues in the Consolidated Statements of Operations and Comprehensive Income.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Generation total revenues:

	Six Months Ended June 30, 2015			Six Months Ended June 30, 2014		
	Revenues from External Customers [b]	Intersegment Revenues	Total Revenues	Revenues from External Customers [b]	Intersegment Revenues	Total Revenues
Mid-Atlantic [a]	$ 2,853	$ 6	$ 2,859	$ 2,713	$ (18)	$ 2,695
Midwest	2,480	2	2,482	2,239	12	2,251
New England	1,224	2	1,226	756	5	761
New York [a]	532	(4)	528	384	(3)	381
ERCOT	376	(4)	372	441	(1)	440
Other Power Regions [c]	506	(3)	503	648	1	649
Total Revenues for Reportable Segments	7,971	(1)	7,970	7,181	(4)	7,177
Other [d]	2,103	1	2,104	998	4	1,002
Total Generation Consolidated Operating Revenues	$ 10,074	$ —	$10,074	$ 8,179	$ —	$ 8,179

(a) On April 1, 2014, Generation assumed operational control of CENG's nuclear fleet. As a result, beginning on April 1, 2014, CENG's revenues are included on a fully consolidated basis.
(b) Includes all wholesale and retail electric sales to third parties and affiliated sales to ComEd, PECO and BGE.
(c) Other Power Regions includes the South, West and Canada.
(d) Other represents activities not allocated to a region. See text above for a description of included activities. Also includes a $22 million increase to revenues and a $180 million decrease to revenues for the amortization of intangible assets related to commodity contracts for the six months ended June 30, 2015 and 2014, respectively, unrealized mark-to-market gains of $179 million and losses of $843 million for the six months ended June 30, 2015 and 2014, respectively, and elimination of intersegment revenues.

Generation total revenues net of purchased power and fuel expense:

	Six Months Ended June 30, 2015			Six Months Ended June 30, 2014		
	RNF from External Customers [b]	Intersegment RNF	Total RNF	RNF from External Customers [b]	Intersegment RNF	Total RNF
Mid-Atlantic [a]	$ 1,659	$ 12	$1,671	$ 1,690	$ (75)	$1,615
Midwest	1,446	(3)	1,443	1,134	27	1,161
New England	271	(25)	246	242	(42)	200
New York [a]	313	19	332	113	14	127
ERCOT	179	(54)	125	272	(130)	142
Other Power Regions [c]	233	(125)	108	307	(127)	180
Total Revenues net of purchased power and fuel expense for Reportable Segments	4,101	(176)	3,925	3,758	(333)	3,425
Other [d]	691	176	867	(770)	333	(437)
Total Generation Revenues net of purchased power and fuel expense	$ 4,792	$ —	$4,792	$ 2,988	$ —	$2,988

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

(a) On April 1, 2014, Generation assumed operational control of CENG's nuclear fleet. As a result, starting on April 1, 2014, CENG's revenue net of purchased power and fuel expense are included on a fully consolidated basis.
(b) Includes purchases and sales from third parties and affiliated sales to ComEd, PECO and BGE.
(c) Other Power Regions includes the South, West and Canada.
(d) Other represents activities not allocated to a region. See text above for a description of included activities. Also includes a $24 million increase to RNF and a $92 million decrease to RNF for the amortization of intangible assets related to commodity contracts for the six months ended June 30, 2015 and 2014, respectively, unrealized mark-to-market gains of $397 million and losses of $744 million for the six months ended June 30, 2015 and 2014, respectively, and the elimination of intersegment revenue net of purchased power and fuel expense.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

(Dollars in millions except per share data, unless otherwise noted)

Exelon Corporation

General

Exelon, a utility services holding company, operates through the following principal subsidiaries:

- *Generation*, whose integrated business consists of the generation, physical delivery and marketing of power across multiple geographical regions through its customer-facing business, Constellation, which sells electricity and natural gas to both wholesale and retail customers. Generation also sells renewable energy and other energy-related products and services, and engages in natural gas and oil exploration and production activities (Upstream).
  - As a result of the Constellation merger, Generation owns a 50.01% interest in CENG. During 2014, Generation assumed the operating licenses and corresponding operational control of CENG's nuclear fleet. As a result, Exelon and Generation fully consolidated CENG's financial position and results of operations into their financial statements since April 1, 2014.
- *ComEd*, whose business consists of the purchase and regulated retail sale of electricity and the provision of electricity transmission and distribution services in northern Illinois, including the City of Chicago.
- *PECO*, whose business consists of the purchase and regulated retail sale of electricity and the provision of electricity distribution and transmission services in southeastern Pennsylvania, including the City of Philadelphia, and the purchase and regulated retail sale of natural gas and the provision of distribution services in the Pennsylvania counties surrounding the City of Philadelphia.
- *BGE*, whose business consists of the purchase and regulated retail sale of electricity and natural gas and the provision of electricity distribution and transmission and gas distribution services in central Maryland, including the City of Baltimore.

Exelon has nine reportable segments consisting of Generation's six power marketing reportable segments (Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Power Regions in Generation), ComEd, PECO and BGE. See Note 21 — Segment Information of the Combined Notes to Consolidated Financial Statements for additional information regarding Exelon's reportable segments.

Through its business services subsidiary BSC, Exelon provides its operating subsidiaries with a variety of support services at cost. The costs of these services are directly charged or allocated to the applicable operating segments. Additionally, the results of Exelon's corporate operations include costs for corporate governance and interest costs and income from various investment and financing activities.

Exelon's consolidated financial information includes the results of its four separate operating subsidiary registrants, Generation, ComEd, PECO and BGE, which, along with Exelon, are collectively referred to as the Registrants. The following combined Management's Discussion and Analysis of Financial Condition and Results of Operations is separately filed by Exelon, Generation, ComEd, PECO and BGE. However, none of the Registrants makes any representation as to information related solely to any of the other Registrants.

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Executive Overview

Financial Results. The following consolidated financial results reflect the results of Exelon for the three and six months ended June 30, 2015 compared to the same period in 2014. All amounts presented below are before the impact of income taxes, except as noted.

	Three Months Ended June 30, 2015							Favorable (Unfavorable) Variance
	2015						2014	
	Generation [a]	ComEd	PECO	BGE	Other	Exelon [a]	Exelon	
Operating revenues	$ 4,232	$1,148	$661	$628	$(155)	$ 6,514	$6,024	$ 490
Purchased power and fuel	1,849	275	237	239	(151)	2,449	2,412	(37)
Revenue net of purchased power and fuel [b]	2,383	873	424	389	(4)	4,065	3,612	453
Other operating expenses								
Operating and maintenance	1,308	384	192	149	9	2,042	2,166	124
Depreciation and amortization	255	177	69	87	14	602	590	(12)
Taxes other than income	124	69	39	54	8	294	288	(6)
Total other operating expenses	1,687	630	300	290	31	2,938	3,044	106
Gain on sales of assets	7	—	—	—	—	7	13	(6)
Gain on consolidation and acquisition of businesses	—	—	—	—	—	—	261	(261)
Operating income (loss)	703	243	124	99	(35)	1,134	842	292
Other income and (deductions)								
Interest expense, net	(99)	(81)	(28)	(24)	77	(155)	(238)	83
Other, net	(31)	5	1	4	4	(17)	230	(247)
Total other income and (deductions)	(130)	(76)	(27)	(20)	81	(172)	(8)	(164)
Income before income taxes	573	167	97	79	46	962	834	128
Income taxes	181	68	27	32	19	327	277	(50)
Equity in losses of unconsolidated affiliates	(2)	—	—	—	—	(2)	—	(2)
Net income	390	99	70	47	27	633	557	76
Net income (loss) attributable to noncontrolling interests, preferred security dividends and redemption and preference stock dividends	(8)	—	—	3	—	(5)	35	40
Net income attributable to common shareholders	$ 398	$ 99	$ 70	$ 44	$ 27	$ 638	$ 522	$ 116

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	Six Months Ended June 30,							Favorable (Unfavorable) Variance
	2015						2014	
	Generation [a]	ComEd	PECO	BGE	Other	Exelon [a]	Exelon	
Operating revenues	$ 10,074	$2,333	$1,646	$1,664	$(372)	$15,345	$13,261	$ 2,084
Purchased power and fuel	5,282	601	675	726	(365)	6,919	6,752	(167)
Revenue net of purchased power and fuel [b]	4,792	1,732	971	938	(7)	8,426	6,509	1,917
Other operating expenses								
Operating and maintenance	2,619	762	414	331	(3)	4,123	4,024	(99)
Depreciation and amortization	509	352	131	192	28	1,212	1,154	(58)
Taxes other than income	246	146	80	111	15	598	580	(18)
Total other operating expenses	3,374	1,260	625	634	40	5,933	5,758	(175)
Equity in losses of unconsolidated affiliates	—	—	—	—	—	—	(20)	20
Gain on sales of assets	6	—	1	—	1	8	19	(11)
Gain on consolidation and acquisition of businesses	—	—	—	—	—	—	261	(261)
Operating income (loss)	1,424	472	347	304	(46)	2,501	1,011	1,490
Other income and (deductions)								
Interest expense, net	(201)	(165)	(56)	(50)	(29)	(501)	(465)	(36)
Other, net	62	9	3	8	(18)	64	329	(265)
Total other income and (deductions)	(139)	(156)	(53)	(42)	(47)	(437)	(136)	(301)
Income (loss) before income taxes	1,285	316	294	262	(93)	2,064	875	1,189
Income taxes	407	127	85	105	(34)	690	224	(466)
Equity in earnings (loss) of unconsolidated affiliates	(3)	—	—	—	1	(2)	—	(2)
Net income (loss)	875	189	209	157	(58)	1,372	651	721
Net income attributable to noncontrolling interests, preferred security dividends and redemption and preference stock dividends	34	—	—	6	1	41	39	(2)
Net income (loss) attributable to common shareholders	$ 841	$ 189	$ 209	$ 151	$ (59)	$ 1,331	$ 612	$ 719

(a) On April 1, 2014, Generation assumed operational control of CENG's nuclear fleet. As a result, the 2015 financial results include CENG's results of operations on a fully consolidated basis.

(b) The Registrants' evaluate operating performance using the measure of revenue net of purchased power and fuel expense. The Registrants' believe that revenue net of purchased power and fuel expense is a useful measurement because it provides information that can be used to evaluate its operational performance. Revenue net of purchased power and fuel expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

Three Months Ended June 30, 2015 Compared to Three Months Ended June 30, 2014 . Exelon's net income attributable to common shareholders was $638 million for the three months ended June 30, 2015 as compared to $522 million for the three months ended June 30, 2014, and diluted earnings per average common share were $0.74 for the three months ended June 30, 2015 as compared to $0.60 for the three months ended June 30, 2014.

Operating revenue net of purchased power and fuel expense, which is a non-GAAP measure discussed below, increased by $453 million for the three months ended June 30, 2015 as compared to the same period in 2014. The quarter-over-quarter increase in operating revenue net of purchased power and fuel expense was primarily due to the following favorable factors:

- Increase of $144 million at Generation primarily due a reduction in the number nuclear outage days, increased capacity pricing, the inclusion of Integrys' results in 2015, a decrease in fuel costs related to the cancellation of DOE spent nuclear fuel disposal fees and favorability from portfolio management optimization activities; partially offset by lower margins and capacity revenues resulting from the absence of generating assets sold in 2014;
- Increase of $36 million at Generation related to amortization of energy contracts recorded at fair value during prior acquisitions;
- Increase of $249 million at Generation due to mark-to-market gains of $235 million in 2015 from economic hedging activities as compared to $14 million in mark-to-market losses in 2014;
- Increase of $14 million at ComEd primarily due to increased distribution formula rate revenue resulting from increased capital investments and increased cost recovery of O&M expenses (offset below in operating and maintenance), partially offset by lower return on common equity due to a decrease in treasury rates;
- Increase of $9 million at PECO primarily due to favorable weather; and
- Increase of $4 million at BGE primarily due to increased distribution revenue as a result of the December 2014 electric and natural gas distribution rate case order issued by the Maryland PSC.

Operating and maintenance expense decreased by $124 million for the three months ended June 30, 2015 as compared to the same period in 2014 primarily due to the following favorable factors:

- A reduction in the costs associated with number of planned nuclear refueling outage days, including Salem and the CENG plants, at Generation of $39 million;
- Long-lived asset impairments in 2015 of $24 million as compared to $110 million in 2014;
- Decrease in PECO's labor, contracting and materials costs of $11 million related to a reduction in meter reading contracting costs (offset below in depreciation and amortization);
- Decrease in Generation's regulatory fees and assessments expense of $6 million;
- Decreased uncollectible accounts expense at BGE of $34 million; and
- Merger and integration costs of $17 million in 2015 as compared to $27 million in 2014.

The quarter-over-quarter decrease in operating and maintenance expense was partially offset by the following unfavorable factors:

- Increase in Generation's labor, contracting and materials costs of $20 million;
- Increase in labor, contracting and materials of $21 million at ComEd related to increased contracting costs for other preventative and corrective maintenance projects;
- An increase in pension and non-pension postretirement benefits expense of $23 million as a result the unfavorable impact of lower assumed pension and OPEB discount rates for 2015 and an increase in the life expectancy assumption for plan participants in 2015;
- Increased storm costs at PECO of $15 million.

Depreciation and amortization expense increased by $12 million primarily related to the change in the under-recovered position of the Smart Meter program surcharge given lower meter reading costs (offset above) at PECO.

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Taxes other than income remained relatively flat quarter-over-quarter.

Gain on sales of assets decreased by $6 million due to decreased asset divestiture activity in 2015.

Gain on consolidation and acquisition of businesses decreased by $261 million due to the gain recorded upon the consolidation of CENG in 2014, resulting from the difference in the fair value of CENG's net assets as of April 2014, and the equity method investment previously recorded on Generation's and Exelon's books and the settlement of pre-existing transactions between Generation and CENG.

Interest expense decreased by $83 million primarily as a result of mark-to-market gains on forward-starting interest rate swaps related to financing of the pending PHI merger at Exelon Corporate, partially offset by higher outstanding debt at Generation.

Other, net decreased by $247 million primarily as a result of the change in realized and unrealized gains and losses on NDT fund investments at Generation.

Equity in losses of unconsolidated affiliates remained relatively flat quarter-over-quarter.

Exelon's effective income tax rates for the three months ended June 30, 2015 and 2014 were 34.0% and 33.2%, respectively. See Note 12 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

For further detail regarding the financial results for the three months ended June 30, 2015, including explanation of the non-GAAP measure of revenue net of purchased power and fuel expense, see the discussions of Results of Operations by Segment below.

Six Months Ended June 30, 2015 Compared to Six Months Ended June 30, 2014 . Exelon's net income attributable to common shareholders was $1,331 million for the six months ended June 30, 2015 as compared to $612 million for the six months ended June 30, 2014, and diluted earnings per average common share were $1.54 for the six months ended June 30, 2015 as compared to $0.71 for the six months ended June 30, 2014.

Operating revenue net of purchased power and fuel expense, which is a non-GAAP measure discussed below, increased by $1,917 million for the six months ended June 30, 2015 as compared to the same period in 2014. The year-over-year increase in operating revenue net of purchased power and fuel expense was primarily due to the following favorable factors:

- Increase of $550 million at Generation primarily due to the inclusion of CENG's results on a fully consolidated basis in 2015, a reduction in the number of nuclear outage days in 2015, the inclusion of Integrys' results in 2015, the benefit of lower cost to serve load (including the absence of higher procurement costs for replacement power due to extreme cold weather in the first quarter of 2014), the cancellation of the DOE spent nuclear fuel disposal fee, increased capacity prices and favorability from portfolio management optimization activities, partially offset by lower margins and capacity revenues resulting from the absence of generating assets sold in 2014, lower realized energy prices and the absence of fuel optimization opportunities realized in 2014 in the South;
- Increase of $116 million at Generation related to amortization of contracts recorded at fair value during prior acquisitions;
- Increase of $1,141 million at Generation due to mark-to-market gains of $397 million in 2015 from economic hedging activities as compared to $744 million in mark-to-market losses in 2014;
- Increase of $59 million at ComEd primarily due to increased distribution formula rate revenue (due to increased capital investments and increased cost recovery of O&M expenses (offset below in operating and maintenance), partially offset by lower return on common equity due to a decrease in treasury rates) and increased uncollectible accounts expense;

- Increase of $27 million at PECO primarily due to favorable weather and volume; and
- Increase of $28 million at BGE primarily due to increased distribution revenue as a result of the December 2014 electric and natural gas distribution rate case order issued by the Maryland PSC.

Operating and maintenance expense increased by $99 million for the six months ended June 30, 2015 as compared to the same period in 2014 primarily due to the following unfavorable factors:

- Increase in Generation's labor, contracting and materials costs of $160 million primarily due to the inclusion of CENG's results in 2015;
- Increase in labor, contracting and materials of $38 million at ComEd due to increased contracting costs related to preventative and corrective maintenance projects;
- Increase in Generation's accretion expense and regulatory fees and assessments of $23 million and $10 million, respectively, primarily due to the inclusion of CENG's results in 2015; and
- Increased uncollectible accounts expense at ComEd of $43 million.

The year-over-year increase in operating and maintenance expense was partially offset by the following favorable factors:

- Long-lived asset impairments in 2015 of $24 million as compared to $110 million in 2014;
- Decreased storm costs at PECO and BGE of $60 million and $18 million, respectively;
- Decreased uncollectible accounts expense at BGE of $19 million;
- A benefit in 2015 of $14 million for the favorable settlement of a long-term railcar lease agreement pursuant to the Midwest Generation bankruptcy.

Depreciation and amortization expense increased by $58 million primarily as a result of the inclusion of CENG's results on a fully consolidated basis in 2015 at Generation, and the change in the under-recovered position of the Smart Meter program surcharge given lower meter reading costs at PECO (offset above in operating and maintenance).

Taxes other than income increased by $18 million primarily due to the inclusion of CENG's results on a fully consolidated basis in 2015.

Equity in earnings of unconsolidated affiliates decreased by $20 million primarily due to CENG's operating results being fully consolidated beginning April 1, 2014 and, as a result, are not reflected as equity method earnings in 2015.

Gains on sales of assets decreased by $11 million due to a reduction in generating asset divestiture activity in 2015.

Gain on consolidation and acquisition of businesses decreased by $261 million due to the gain recorded upon the consolidation of CENG in 2014, resulting from the difference in the fair value of CENG's net assets as of April 2014, and the equity method investment previously recorded on Generation's and Exelon's books and the settlement of pre-existing transactions between Generation and CENG.

Interest expense increased by $36 million primarily as a result of higher outstanding debt at Generation and financing agreements related to the pending PHI merger at Exelon Corporate.

Other, net decreased by $265 million primarily as a result of the change in realized and unrealized gains and losses on NDT fund investments at Generation, favorable settlements in 2014 of certain income tax positions on Constellation's 2009-2012 tax returns and a loss of $26 million on the termination of forward-starting interest rate swaps in 2015 at Exelon Corporate.

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Exelon's effective income tax rates for the six months ended June 30, 2015 and 2014 were 33.4% and 25.6%, respectively. See Note 12 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

For further detail regarding the financial results for the six months ended June 30, 2015, including explanation of the non-GAAP measure revenue net of purchased power and fuel expense, see the discussions of Results of Operations by Segment below.

Adjusted (non-GAAP) Operating Earnings. Exelon's adjusted (non-GAAP) operating earnings for the three months ended June 30, 2015 were $508 million, or $0.59 per diluted share, compared with adjusted (non-GAAP) operating earnings of $440 million, or $0.51 per diluted share for the same period in 2014. Exelon's adjusted (non-GAAP) operating earnings for the six months ended June 30, 2015 were $1,123 million, or $1.30 per diluted share, compared with adjusted (non-GAAP) operating earnings of $970 million, or $1.12 per diluted share for the same period in 2014. In addition to net income attributable to common shareholders, Exelon evaluates its operating performance using the measure of adjusted (non-GAAP) operating earnings because management believes it represents earnings directly related to the ongoing operations of the business. Adjusted (non-GAAP) operating earnings exclude certain costs, expenses, gains and losses and other specified items. This information is intended to enhance an investor's overall understanding of year-to-year operating results and provide an indication of Exelon's baseline operating performance. In addition, this information is among the primary indicators management uses as a basis for evaluating performance, allocating resources, setting incentive compensation targets and planning and forecasting of future periods. Adjusted (non-GAAP) operating earnings is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

The following table provides a reconciliation between net income attributable to common shareholders as determined in accordance with GAAP and adjusted (non-GAAP) operating earnings for the three and six months ended June 30, 2015 as compared to the same period in 2014. The footnotes below the table provide tax expense (benefit) impacts:

	Three Months Ended June 30,			
	2015		2014	
(All amounts after tax)		Earnings per Diluted Share		Earnings per Diluted Share
Net Income Attributable to Common Shareholders	$ 638	$ 0.74	$ 522	$ 0.60
Mark-to-Market Impact of Economic Hedging Activities [a]	(143)	(0.16)	8	0.01
Unrealized (Gains) Losses Related to NDT Fund Investments [b]	56	0.06	(76)	(0.09)
Long-Lived Asset Impairment [c]	15	0.02	68	0.08
Merger and Integration Costs [d]	18	0.02	31	0.03
Amortization of Commodity Contract Intangibles [e]	9	0.01	23	0.03
Mark-to-Market Impact of PHI Merger Related Interest Rate Swaps [f]	(71)	(0.08)	—	—
Gain on CENG Integration [g]	—	—	(159)	(0.18)
CENG Noncontrolling Interest [h]	(14)	(0.02)	23	0.03
Adjusted (non-GAAP) Operating Earnings	$ 508	$ 0.59	$ 440	$ 0.51

(All amounts after tax)	Six Months Ended June 30, 2015	Earnings per Diluted Share	Six Months Ended June 30, 2014	Earnings per Diluted Share
Net Income Attributable to Common Shareholders	$1,331	$ 1.54	$ 612	$ 0.71
Mark-to-Market Impact of Economic Hedging Activities [a]	(243)	(0.27)	451	0.52
Unrealized (Gains) Losses Related to NDT Fund Investments [b]	32	0.04	(84)	(0.10)
Impairment of Long Lived Assets [c]	15	0.02	68	0.08
Merger and Integration Costs [d]	37	0.04	40	0.04
Amortization of Commodity Contract Intangibles [e]	(15)	(0.02)	54	0.06
Mark-to-Market Impact of PHI Merger Related Interest Rate Swaps [f]	(21)	(0.03)	—	—
Gain on CENG Integration [g]	—	—	(159)	(0.18)
Tax Settlements [i]	—	—	(35)	(0.04)
Midwest Generation Bankruptcy Recoveries [j]	(6)	(0.01)	—	—
CENG Noncontrolling Interest [h]	(7)	(0.01)	23	0.03
Adjusted (non-GAAP) Operating Earnings	$1,123	$ 1.30	$ 970	$ 1.12

(a) Reflects the impact of (gains) losses for the three months ended June 30, 2015 and June 30, 2014 (net of taxes of $92 million and $6 million, respectively) and the six months ended June 30, 2015 and June 30, 2014 (net of taxes of $155 million and $293 million, respectively) on Generation's economic hedging activities. See Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional detail related to Generation's hedging activities.

(b) Reflects the impact of unrealized (gains) losses for the three months ended June 30, 2015 and June 30, 2014 (net of taxes of $71 million and $41 million, respectively) and the six months ended June 30, 2015 and June 30, 2014 (net of taxes of $44 million and $47 million, respectively) on Generation's NDT fund investments for Non-Regulatory Agreement Units. See Note 13 — Nuclear Decommissioning of the Combined Notes to Consolidated Financial Statements for additional detail related to Generation's NDT fund investments.

(c) Reflects the 2015 charge to earnings for the three and six months ended June 30, 2015 related to the impairment of investment in long-term leases (net of taxes of $9 million) and 2014 charges to earnings for the three and six months ended June 30, 2014 related to the impairment of certain wind generating assets and investment in long-term leases (net of taxes of $42 million).

(d) Reflects certain costs incurred for the three months ended June 30, 2015 and June 30, 2014 (net of taxes of $10 million and $11 million, respectively) and the six months ended June 30, 2015 and June 30, 2014 (net of taxes of $24 million and $10 million, respectively) associated with the Constellation merger, pending PHI acquisition, and, at Generation, the CENG integration, including professional fees, employee-related expenses, integration activities, upfront credit facilities fees, merger commitments, and certain pre-acquisition contingencies.

(e) Reflects the non-cash impact for the three months ended June 30, 2015 and June 30, 2014 (net of taxes of $5 million and $26 million, respectively) and the six months ended June 30, 2015 and June 30, 2014 (net of taxes of $9 million and $46 million, respectively) of the amortization of intangible assets, net, related to commodity contracts recorded at fair value at the Constellation merger and the Integrys acquisition.

(f) Reflects the impact of losses (gains) on forward-starting interest rate swaps at Exelon Corporate related to financing of the pending PHI acquisition for the three and six months ended June 30, 2015 (net of taxes of $45 million and $14 million, respectively).

(g) Reflects the non-cash gain recorded upon consolidation of CENG in accordance with the execution of the NOSA on April 1, 2014 for the three and six months ended June 30, 2014 (net of taxes of $103 million).

(h) Represents Generation's non-controlling interest related to CENG exclusion items, primarily related to the impact of unrealized gains and losses on NDT fund investments in 2015, and in 2014 the impact of unrealized gains and losses on NDT fund investments, certain merger and acquisition costs, and non-cash amortization of intangible assets, net, related to commodity contracts.

(i) Reflects a benefit related to the favorable settlement of certain income tax positions on Constellation's 2009-2012 tax returns for the six months ended June 30, 2014 (net of taxes of $18 million).

(j) Reflects a benefit related to the favorable settlement of a long term lease agreement pursuant to the Midwest Generation bankruptcy for the six months ended June 30, 2015 (net of taxes of $4 million).

As discussed above, Exelon has incurred costs associated with the Constellation merger, CENG integration, Integrys acquisition and pending PHI acquisition including employee-related expenses (e.g. severance, retirement, relocation and retention bonuses), integration initiatives, and certain pre-acquisition contingencies.

For the three and six months ended June 30, 2015 and 2014, expense has been recognized for costs incurred to achieve the Constellation merger, CENG integration and the Integrys and pending PHI acquisitions as follows:

	Pre-tax Expense				
	Three Months Ended June 30, 2015				
Merger, Integration and Acquisition Costs:	**Generation**	**ComEd**	**PECO**	**BGE**	**Exelon**
Financing [a]	$ —	$ —	$ —	$—	$(104)
Transaction [b]	—	—	—	—	3
Employee-Related [c]	(1)	—	—	—	(1)
Other [d]	8	3	1	1	15
Total	$ 7	$ 3	$ 1	$ 1	$ (87)

	Pre-tax Expense				
	Three Months Ended June 30, 2014				
Merger and Integration Costs:	**Generation**	**ComEd**	**PECO**	**BGE**	**Exelon**
Employee-Related [c]	$ 1	$ —	$ —	$—	$ 1
Other [d]	15	—	—	—[c]	35
Total	$ 16	$ —	$ —	$—	$ 36

	Pre-tax Expense				
	Six Months Ended June 30, 2015				
Merger, Integration and Acquisition Costs:	**Generation**	**ComEd**	**PECO**	**BGE**	**Exelon**
Financing [a]	$ —	$ —	$ —	$—	$ (15)
Transaction [b]	—	—	—	—	9
Employee-Related [c]	3	—	—	—	3
Other [d]	16	6	2	3	28
Total	$ 19	$ 6	$ 2	$ 3	$ 25

	Pre-tax Expense				
	Six Months Ended June 30, 2014				
Merger and Integration Costs:	**Generation**	**ComEd**	**PECO**	**BGE**	**Exelon**
Employee-Related [c]	$ 5	$ —	$ —	$—	$ 5
Other [d]	25	—	—	—	45
Total	$ 30	$ —	$ —	$—	$ 50

(a) Reflects (benefits) costs recorded at Exelon related to the financing of the PHI merger, including upfront credit facility fees and mark-to-market activity on forward-starting interest rate swaps.
(b) External, third party costs paid to advisors, consultants, lawyers and other experts to assist in the due diligence and regulatory approval processes and in the closing of transactions.
(c) Costs primarily for employee severance, pension and OPEB expense and retention bonuses.
(d) Costs to integrate CENG and Constellation processes and systems into Exelon and to terminate certain Constellation debt agreements. For the three and six months ended June 30, 2015, also includes professional fees primarily related to integration for the proposed PHI acquisition.

As of June 30, 2015, Exelon projects incurring total PHI acquisition and integration related costs over the next five years of approximately $635 million, of which approximately $100 million is expected to be capitalized to property, plant and equipment excluding the direct investment Exelon and PHI have proposed to the PHI utilities respective customers.

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Pursuant to the conditions set forth by the MDPSC in its approval of the Exelon and Constellation merger transaction, Exelon committed to provide a package of benefits to BGE customers, and make certain investments in the City of Baltimore and the State of Maryland, resulting in an estimated direct investment in the State of Maryland of approximately $1 billion. The direct investment estimate includes $95 million to $120 million for the requirement to cause construction of a headquarters building in Baltimore for Generation's competitive energy businesses. On March 20, 2013, Generation signed a 20-year lease agreement for office space that was contingent upon the developer obtaining all required approvals, permits and financing for the construction of a building in Baltimore, Maryland. The operating lease became effective during the second quarter of 2014 when these outstanding contingencies were met by the developer. Construction began late in the second quarter of 2014 and the building is expected to be ready for occupancy by the end of 2016. See Note 19 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements for further information related to the lease commitments.

Exelon's Strategy and Outlook for the remainder of 2015 and Beyond

Exelon's value proposition and competitive advantage come from its scope and scale across the energy value chain and its core strengths of operational excellence and financial discipline. Exelon's strategy is to leverage its integrated business model to create value and diversify its business. Exelon's competitive and regulated businesses feature a mix of attributes that, when combined, offer shareholders and customers a unique value proposition:

- Generation's competitive businesses provide commodity exposure and a platform to diversify into adjacent markets, while providing residual dividend support.
- Exelon's utilities provide a foundation for stable earnings and dividend support, which translates to a stable currency in our stock.

Exelon believes its strategy provides a platform for optimal success in an energy industry experiencing fundamental and sweeping change. While enhancing Exelon's core value, it enables it to take advantage of a myriad of opportunities, rather than focusing on any one segment of the energy industry value chain.

Generation's competitive businesses create value for customers by providing innovative solutions and reliable, clean and affordable energy. Generation's electricity generation strategy is to pursue opportunities that provide generation to load matching and that diversify the generation fleet by expanding Generation's regional and technological footprint. Generation leverages its energy generation portfolio to ensure delivery of energy to both wholesale and retail customers under long-term and short-term contracts, and in wholesale power markets. Generation's customer facing activities foster development and delivery of other innovative energy-related products and services for its customers. Generation operates in well-developed energy markets and employs an integrated hedging strategy to manage commodity price volatility. Its generation fleet, including its nuclear plants which consistently operate at high capacity factors, also provide geographic and supply source diversity. These factors help Generation mitigate the current challenging conditions in competitive energy markets.

Exelon's utility strategy is to improve reliability and operations and enhance the customer experience, while ensuring ratemaking mechanisms provide the utilities fair financial returns. The Exelon utilities only invest in rate base where it provides a net benefit to customers and the community by increasing reliability and the service experience or otherwise meeting customer needs. The Exelon utilities make these investments prudently and at the lowest reasonable cost to customers. Exelon seeks to leverage its scale and expertise across the utilities platform through enhanced standardization and sharing of best practices to achieve improved operational and financial results. Additionally, ComEd, PECO and BGE anticipate making significant future investments in smart meter technology, transmission projects, gas infrastructure, and electric system improvement projects, providing greater reliability and improved service for our customers and a stable return for the company.

Exelon's financial priorities are to maintain investment grade credit metrics at each of Exelon, Generation, ComEd, PECO and BGE, and to return value to Exelon's shareholders with a sustainable dividend throughout the energy commodity market cycle and through earnings growth from attractive investment opportunities.

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Various market, financial, and other factors could affect the Registrants' success in pursuing their strategies. Exelon continues to assess infrastructure, operational, commercial, policy, and legal solutions to these issues. See ITEM 1A. RISK FACTORS of the Exelon 2014 Form 10-K for additional information regarding market and financial factors.

Proposed Merger with Pepco Holdings, Inc. (Exelon)

On April 29, 2014, Exelon and PHI signed an agreement and plan of merger (as subsequently amended and restated as of July 18, 2014, the Merger Agreement) to combine the two companies in an all cash transaction. The resulting company will retain the Exelon name and be headquartered in Chicago. Under the Merger Agreement, PHI's shareholders will receive $27.25 of cash in exchange for each share of PHI common stock. Exelon intends to fund the all-cash transaction using a combination of debt, cash from asset sales primarily at Generation, and the remainder through issuance of equity (including mandatory convertible securities). See Note 4 — Mergers, Acquisitions, and Dispositions, Note 11 — Debt and Credit Agreements, and Note 17 — Common Stock of the Combined Notes to Consolidated Financial Statements for further information related to these transactions. In connection with the Merger Agreement, Exelon entered into a subscription agreement under which it has purchased $162 million of a new class of nonvoting, nonconvertible and nontransferable preferred securities of PHI as of June 30, 2015. The final investment of $18 million was paid on July 24, 2015 to reach the maximum aggregate investment of $180 million. Exelon expects total cash required to fund the acquisition of common stock and preferred securities plus other related acquisition costs to total approximately $7.2 billion.

On October 9, 2014, PHI and Exelon each received a request for additional information from the DOJ. The request had the effect of extending the DOJ review period until 30 days after PHI and Exelon each has certified that it has substantially complied with the request. On November 21, 2014, Exelon and PHI each certified that it had substantially complied with the request. Accordingly, the HSR Act waiting period expired on December 22, 2014, and the HSR Act no longer precludes completion of the merger. Although the DOJ allowed the waiting period under the HSR Act to expire without taking any action with respect to the merger, the DOJ has not advised Exelon or PHI that it has concluded its investigation. Exelon and PHI have cooperated with the DOJ regarding the proposed merger.

To date, the PHI stockholders, the Virginia State Corporation Commission, the New Jersey Board of Public Utilities (NJBPU), the Delaware Public Service Commission (DPSC), the Maryland Public Service Commission (MDPSC) and the FERC have approved the merger of PHI and Exelon. The Federal Communications Commission has also approved the transfer of certain PHI communications licenses.

On February 13, 2015, Exelon and PHI announced that they had reached a settlement agreement in the proceeding before the DPSC to review the proposed merger. The settlement, which was amended on April 7, 2015, was signed and filed by Exelon, PHI, Delmarva Power & Light Company (DPL), the DPSC Staff, the Delaware Public Advocate, the Delaware Department of Natural Resources and Environment Control, the Delaware Sustainable Energy Utility, the Mid-Atlantic Renewable Energy Coalition and the Clean Air Council. As part of this settlement, Exelon and PHI proposed a package of benefits to DPL customers and the state of Delaware including the establishment of customer rate credits of $40 million for DPL customers in Delaware, $2 million of funding for energy efficiency programs for DPL low income customers, and $2 million of funding for workforce development. On June 2, 2015, the DPSC issued an order accepting the settlement and approving the merger between Exelon and PHI.

On March 17, 2015, Exelon and PHI announced that they had reached settlements with multiple parties in the Maryland proceeding to review the proposed merger after filing a Request for Adoption of Settlements with the MDPSC. The settlements were signed and filed by Exelon, PHI, Montgomery County, Prince George's County, The Alliance for Solar Choice, the National Consumer Law Center, National Housing Trust, the Maryland Affordable Housing Coalition, the Housing Association of Nonprofit Developers, and a consortium of recreational trail advocacy organizations led by the Mid-Atlantic Off-Road Enthusiasts. On May 15, 2015, the

MDPSC approved the merger after modifying a number of the conditions in the settlements, resulting in total rate credits of $66 million, funding for energy efficiency programs of $43.2 million, a Green Sustainability Fund of $14.4 million, 20 MWs of renewable generation development, ring-fencing, financial reporting conditions and increased penalties related to reliability commitments. On May 18, 2015, Exelon and PHI accepted and committed to fulfill the conditions.

On June 11, 2015, the Maryland Office of People's Counsel (OPC), the Sierra Club, and the Chesapeake Climate Action Network filed Petitions for Judicial Review of the MDPSC's approval of the merger with the Circuit Court for Queen Anne's County. On July 1, 2015, Public Citizen, Inc. filed its Petition for Judicial Review with the Circuit Court for Queen Anne's County. On July 10, 2015, Exelon and PHI filed responses in opposition to the Petitions for Review. On July 21, 2015, the OPC filed a motion to stay the MDPSC order approving the merger and set a schedule for discovery and presentation of new evidence. Exelon and PHI intend to vigorously oppose the motion.

The merger still requires approval by the public service commission of the District of Columbia. Exelon and PHI expect the merger to be completed in the third quarter of 2015.

Under the settlement terms and other conditions established in the merger approvals received to date and as proposed in the approval application in the District of Columbia, Exelon and PHI are required to expend in excess of $300 million, covering rate credits, funding for energy efficiency programs, sustainability funds, charitable contributions and other required commitments. Exelon and PHI anticipate substantially all of such amounts will be charged to earnings at the time of merger close and will be paid by the end of 2016.

The actual nature, amount, timing and financial reporting treatment for these commitments may be materially impacted by terms and conditions set forth in any final District of Columbia approval order. Further, the settlements reached and commission orders received to date include a "most favored nation" provision which, generally speaking, requires allocation of merger benefits proportionately across all the jurisdictions.

Including 2014 and through June 30, 2015, Exelon has incurred approximately $205 million of expense associated with the proposed merger. Of the total costs incurred, $89 million is primarily related to acquisition and integration costs and $116 million of costs incurred to finance the transaction. The financing costs include a net loss of $64 million related to the settlement of forward-starting interest-rate swaps. These swaps were terminated in connection with the $4.2 billion issuance of debt, refer to Note 11 — Debt and Credit Agreements and Note 10 — Derivative Financial Instruments for more information.

The Merger Agreement also provides for termination rights for both parties. Under certain circumstances, if the Merger Agreement is terminated, PHI may be required to pay Exelon a termination fee ranging from $259 million to $293 million plus certain expenses. If the Merger Agreement is terminated due to a regulatory failure, Exelon may be required to pay PHI a termination fee equal to the amount of purchased nonvoting preferred securities of PHI described above, through the redemption by PHI of the outstanding nonvoting preferred securities for no consideration other than the nominal par value of the stock, plus certain expenses.

Exelon has listed various potential risks relating to the pending merger with PHI (see ITEM 1A. RISK FACTORS of the Exelon 2014 Form 10-K), including difficulties that may be encountered in satisfying the conditions to completion of the merger and the potential for developments that might have an adverse effect on Exelon and the ability to realize the expected benefits of the merger. Exelon is taking steps to manage these risks and expects that the merger can be completed on a basis favorable to the company's shareholders and customers. Refer to Note 4 — Mergers, Acquisitions, and Dispositions of the Combined Notes to Consolidated Financial Statements for additional information on the merger transaction.

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Implications of Potential Early Plant Retirements

Exelon and Generation continue to evaluate the current and expected economic value of each of Generation's nuclear plants. Factors that will continue to affect the economic value of Generation's nuclear plants include, but are not limited to: market power prices, results of the PJM capacity auction for the 2018/2019 delivery year, the effects of the new PJM "Capacity Performance" product, potential legislative solutions in Illinois such as the proposed Low Carbon Portfolio Standard (LCPS) legislation, the impact of final rules from the U.S. EPA requiring reduction of carbon and other emissions, and the outcome of the Ginna RSSA hearing and settlement procedures and the resulting contractual terms and conditions. Exelon and Generation have not made any decisions regarding potential plant closures at this time; however, various upcoming milestones could influence the timing of any such decisions, which could occur as soon as the third quarter of 2015. In September 2015, Generation has an obligation to inform PJM if any of its plants in the PJM region will not be participating in the May 2016 PJM capacity auction for delivery year beginning June 1, 2019. In December 2015, Generation must inform MISO if the Clinton plant will not be in operation during the next MISO resource adequacy planning year that begins June 1, 2016.

As a result of a decision to early retire one or more nuclear plants, certain changes in accounting treatment would be triggered and Exelon's and Generation's results of operations and cash flows could be materially affected by a number of items including: accelerated depreciation expense, impairment charges related to inventory that cannot be used at other nuclear units and cancellation of in-flight capital projects, accelerated amortization of plant specific nuclear fuel costs, severance costs, accelerated asset retirement obligation expense related to future decommissioning activities, and additional funding of decommissioning costs, among other items. In addition, any early plant retirement would also result in reduced operating costs, lower fuel expense, and lower capital expenditures in the periods beyond shutdown. While there are a number of Generation's nuclear plants that are at risk of early retirement, the following table provides the balance sheet amounts as of June 30, 2015 for significant assets and liabilities associated with the three nuclear plants currently deemed by management to be at the greatest risk of early retirement due to their current economic valuations and other factors:

(in millions)	Quad Cities	Clinton	Ginna	Total
Asset Balances				
Materials and supplies inventory	$ 48	$ 55	$ 30	$ 133
Nuclear fuel inventory	205	137	66	408
Completed plant, net	800	465	85	1,350
Construction work in progress	24	24	23	71
Liability Balances				
Asset retirement obligation	(450)	(287)	(611)	(1,348)
License Renewal Term	2032	2046[a]	2029	

(a) Assumes Clinton seeks and receives a 20-year operating license renewal extension.

In the event a decision was made to early retire one or more nuclear plants, the precise timing of the retirement date, and resulting financial statement impact, is uncertain and would be influenced by a number of factors such as the results of any transmission system reliability study assessments, the nature of any co-owner requirements and stipulations, and decommissioning trust fund requirements, among other factors. However, the earliest retirement date for any plant would usually be the first year in which the unit does not have capacity obligations and just prior to its next scheduled nuclear refueling outage date in that year.

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Power Markets

Price of Fuels. The use of new technologies to recover natural gas from shale deposits is increasing natural gas supply and reserves, which places downward pressure on natural gas prices and, therefore, on wholesale and retail power prices, which results in a reduction in Exelon's revenues. Forward natural gas prices have declined significantly over the last several years; in part reflecting an increase in supply due to strong natural gas production (due to shale gas development).

Capacity Market Changes in PJM. In the wake of the January 2014 Polar Vortex that blanketed much of the Eastern and Midwestern United States, it became clear that while a major outage event was narrowly avoided, resources in PJM were not providing the level of reliability expected by customers. As a result, on December 12, 2014, PJM filed at FERC a proposal to make significant changes to its current capacity market construct, the Reliability Pricing Model (RPM). PJM's proposed changes generally seek to improve resource performance and reliability largely by limiting the excuses for non-performance and by increasing the penalties for performance failures. The proposal permits suppliers to include in capacity market offers additional costs and risk so they can meet these higher performance requirements. While offers are expected to put upward pressure on capacity clearing prices, operational improvements made as a result of PJM's proposal are expected to improve reliability, to reduce energy production costs as a result of more efficient operations and to reduce the need for out of market energy payments to suppliers. Generation participated actively in PJM's stakeholder process through which PJM developed the proposal and is also actively participating in the FERC proceeding including filing comments. On March 31, 2015, the FERC issued a Deficiency Order seeking further details regarding various aspects of the proposed reforms, but focused on the proposed default offer cap. In response, PJM acquiesced to modifications suggested by the Market Monitor addressing concerns about the default offer cap. On June 9, 2015, FERC approved PJM's filing largely as proposed by PJM, including transitional auction rules for delivery years 2016/2017 through 2019/2020. PJM also sought approval from the FERC to delay the 2018/19 RPM Base Residual Auction that would otherwise be conducted in May, 2015. On April 24, 2015, the FERC issued an order allowing the delay. As a result of these orders, PJM will host transitional auctions for delivery years 2016/2017 and 2017/2018 expected to be conducted later this summer, to procure supplemental commitments for certain volumes of the new Capacity Performance product; the 2018/2019 Base Residual Auction has been similarly delayed.

MISO Capacity Market Results. On April 14, 2015, the Midcontinent Independent System Operator (MISO) released the results of its capacity auction covering the June 2015 through May 2016 delivery year. As a result of the auction, capacity prices for the downstate Illinois zone will increase to $150 MW per day beginning in June 2015, an increase from the current pricing of $16.75 MW per day that was in effect from June 2014 to May 2015. However, due to Generation's ratable hedging strategy, the results of the capacity auction are not expected to have a material impact on Exelon and Generation's consolidated results of operations and cash flows.

In late May 2015, a separate complaint was filed at the FERC by each of the State of Illinois, the Southwest Electric Cooperative and Public Citizens, Inc., challenging the results of this MISO capacity auction for the 2015/2016 delivery in MISO delivery zone 4. The complaints allege generally that the results of the capacity auction for zone 4 are not just and reasonable, the results should be suspended, set for hearing and replaced with a new just and reasonable rate, a refund date should be established and that certain alleged behavior by one of the market participants be investigated. Generation had an offer that was selected in the auction. While it is too early to predict the outcome of the complaint proceeding, Generation's auction results could be impacted by its outcome.

Subsidized Generation . The rate of expansion of subsidized generation, including low-carbon generation such as wind and solar energy, in the markets in which Generation's output is sold can negatively impact wholesale power prices, and in turn, Generation's results of operations.

Various states have attempted to implement or propose legislation, regulations or other policies to subsidize new generation development which may result in artificially depressed wholesale energy and capacity prices. For

example, the New Jersey legislature enacted in to law in January 2011, the Long Term Capacity Pilot Program Act (LCAPP). LCAPP provides eligible generators with 15-year fixed contracts for the sale of capacity in the PJM capacity market. Under LCAPP, the local utilities in New Jersey are required to pay (or receive) the difference between the price eligible generators receive in the capacity market and the price guaranteed under the 15-year contract. New Jersey ultimately selected three proposals to participate in LCAPP and build new generation in the state. In addition, on April 12, 2012, the MDPSC issued an order directing the Maryland electric utilities to enter into a 20-year contract for differences (CfD) with CPV Maryland, LLC (CPV), under which CPV will construct an approximately 700 MW combined cycle gas turbine in Waldorf, Maryland, that it projected would be in commercial operation by June 1, 2015. CPV subsequently sought to extend that date. The CfD mandated that utilities (including BGE) pay (or receive) the difference between CPV's contract price and the revenues it receives for capacity and energy from clearing the unit in the PJM capacity market.

Exelon and others have challenged the constitutionality and other aspects of the New Jersey legislation and the actions taken by the MDPSC in state and federal courts. Ultimately, the Exelon parties prevailed in obtaining orders from the U.S. Court of Appeals for the Third Circuit and the U.S. Court of Appeals for the Fourth Circuit effectively undoing the actions taken by the New Jersey legislature and the MDPSC, respectively. The matter has been appealed to the U.S. Supreme Court, and while the Court of Appeals decisions are helpful, there remains risk the Supreme Court will overrule the lower Courts.

As required under their contracts, generator developers who were selected in the New Jersey and Maryland programs (including CPV) offered and cleared in PJM's capacity market auctions held in May 2012, 2013, and 2014. In addition, CPV has announced its intention to move forward with construction of its New Jersey and Maryland plants, with or without the challenged state subsidy. Nonetheless to the extent that the state-required customer subsidies are included under their respective contracts, Exelon believes that these projects may have artificially suppressed capacity prices in PJM in these auctions and may continue to do so in future auctions to the detriment of Exelon's market driven position. While the court decisions in New Jersey and Maryland are positive developments, continuation of these state efforts, if successful and unabated by an effective minimum offer price rule (MOPR) for future capacity auctions, could continue to result in artificially depressed wholesale capacity and/or energy prices. Other states could seek to establish programs, which could substantially impact Exelon's market driven position and could have a significant effect on Exelon's financial results of operations, financial position and cash flows. Exelon continues to monitor developments and participate in stakeholder and other processes to ensure that similar state subsidies are not developed. In addition, Exelon remains active in advocating for competitive markets, while opposing policies that require taxpayers and/ or consumers to subsidize or give preferential treatment to specific generation providers or technologies, or that would threaten the reliability and value of the integrated electricity grid.

Energy Demand. Modest economic growth partially offset by energy efficiency initiatives is resulting in positive growth for electricity for PECO and BGE, and a decrease in projected load for electricity for ComEd. PECO, BGE and ComEd are projecting load volumes to increase (decrease) by 0.3%, 0.1% and (0.6)% respectively, in 2015 compared to 2014.

Retail Competition. Generation's retail operations compete for customers in a competitive environment, which affect the margins that Generation can earn and the volumes that it is able to serve. The market experienced high price volatility in the first quarter of 2014 which contributed to bankruptcies and consolidations within the industry during the year. However, forward natural gas and power prices are expected to remain low and thus we expect retail competitors to stay aggressive in their pursuit of market share, and that wholesale generators (including Generation) will continue to use their retail operations to hedge generation output.

Strategic Policy Alignment

Exelon routinely reviews its hedging policy, dividend policy, operating and capital costs, capital spending plans, strength of its balance sheet and credit metrics, and sufficiency of its liquidity position, by performing

various stress tests with differing variables, such as commodity price movements, increases in margin-related transactions, changes in hedging practices, and the impacts of hypothetical credit downgrades.

Exelon's board of directors declared the first quarter 2015 dividend of $0.31 per share on Exelon's common stock. The first quarter dividend was paid on March 10, 2015, to shareholders of record on February 13, 2015.

Exelon's board of directors declared the second quarter 2015 dividend of $0.31 per share on Exelon's common stock. The second quarter dividend is payable on June 10, 2015 to shareholders of record on May 15, 2015. All future quarterly dividends require approval by Exelon's board of directors.

Exelon's board of directors declared the third quarter 2015 dividend of $0.31 per share on Exelon's common stock. The third quarter dividend is payable on September 10, 2015, to shareholders of record on August 14, 2015. All future quarterly dividends require approval by Exelon's board of directors.

Hedging Strategy

Exelon's policy to hedge commodity risk on a ratable basis over three-year periods is intended to reduce the financial impact of market price volatility. Generation is exposed to commodity price risk associated with the unhedged portion of its electricity portfolio. Generation enters into non-derivative and derivative contracts, including financially-settled swaps, futures contracts and swap options, and physical options and physical forward contracts, all with credit-approved counterparties, to hedge this anticipated exposure. Generation has hedges in place that significantly mitigate this risk for 2015 and 2016. However, Generation is exposed to relatively greater commodity price risk in the subsequent years with respect to which a larger portion of its electricity portfolio is currently unhedged. As of June 30, 2015, the percentage of expected generation hedged for the major reportable segments is 98%-101%, 77%-80% and 46%-49% for 2015, 2016, and 2017, respectively. The percentage of expected generation hedged is the amount of equivalent sales divided by the expected generation. Expected generation is the volume of energy that best represents our commodity position in energy markets from owned or contracted for capacity based upon a simulated dispatch model that makes assumptions regarding future market conditions, which are calibrated to market quotes for power, fuel, load following products, and options. Equivalent sales represent all hedging products, such as wholesale and retail sales of power, options and swaps. Generation has been and will continue to be proactive in using hedging strategies to mitigate commodity price risk in subsequent years as well. See Note 4 — Mergers, Acquisitions, and Dispositions of the Exelon 2014 Form 10-K for more detail regarding the divestitures.

Generation procures oil and natural gas through long-term and short-term contracts and spot-market purchases. Nuclear fuel is obtained predominantly through long-term uranium concentrate supply contracts, contracted conversion services, contracted enrichment services, or a combination thereof, and contracted fuel fabrication services. The supply markets for uranium concentrates and certain nuclear fuel services, coal, oil and natural gas are subject to price fluctuations and availability restrictions. Supply market conditions may make Generation's procurement contracts subject to credit risk related to the potential non-performance of counterparties to deliver the contracted commodity or service at the contracted prices. Approximately 50% of Generation's uranium requirements from 2015 through 2019 are supplied by three producers. In the event of non-performance by these or other suppliers, Generation believes that replacement uranium can be obtained, although at prices that may be unfavorable when compared to the prices under the current supply agreements. Non-performance by these counterparties could have a material adverse impact on Exelon's and Generation's results of operations, cash flows and financial position.

ComEd, PECO and BGE mitigate commodity price risk through regulatory mechanisms that allow them to recover procurement costs from retail customers.

Growth Opportunities

Exelon is currently pursuing growth in both the utility and competitive energy businesses. Management continually evaluates growth opportunities aligned with Exelon's businesses, assets and markets, leveraging Exelon's expertise in those areas. By identifying and capitalizing on emerging trends, Exelon plans to invest in new innovative technologies to compete with a new breed of energy players, with the expectation of leveraging those technologies to improve productivity and efficiencies within our existing businesses.

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Regulated Energy Businesses

The proposed acquisition of PHI provides an opportunity to accelerate Exelon's regulated growth and provide stable cash flows, earnings accretion, and dividend stability. Additionally, ComEd, PECO and BGE anticipate investing approximately $16 billion over the next five years in electric and natural gas infrastructure improvements and modernization projects, including smart meter and smart grid initiatives, storm hardening, advanced reliability technologies, and transmission projects, which is projected to result in an increase to current rate base of approximately $6 billion by the end of 2019. ComEd, PECO and BGE invest in rate base where it provides a net benefit to customers and the community by increasing reliability and the service experience or otherwise meeting customer needs. These investments are made prudently and at the lowest reasonable cost to customers.

See Note 5—Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information on the Smart Meter and Smart Grid Initiatives and infrastructure development and enhancement programs.

Competitive Energy Businesses

Generation pursues growth in areas that take advantage of our existing core competencies and/or offset the absence of growth in our traditional markets. We continually assess the optimal structure and composition of our generation assets as well as explore retail opportunities. We identify emerging technologies where investments provide the option for significant future growth or influence in market development. As of June 30, 2015, Generation has currently approved plans to invest a total of $2.3 billion in 2015 through 2019 on capital growth projects (primarily new plant construction and distributed generation). Additional growth opportunities continue to arise across the energy value chain.

Leveraging its competencies,

- Generation's 2014 acquisition of Integrys and Proliance allows Generation to expand its electric and gas retail footprint further in an industry sector that continues to mature and consolidate and provides hedging and diversification benefits to its existing portfolio.
- Generation continues to pursue investment opportunities in contracted renewables, and in the development of natural gas generation plants in certain merchant markets and with technologies that offer a competitive advantage.
- Generation has launched a business in competitive distributed generation that capitalizes on the push toward a decentralized system.
- Generation is also making and exploring selected investments across the natural gas sector, such as its potential investment in liquefied natural gas.

Liquidity

Each of the Registrants annually evaluates its financing plan, dividend practices and credit line sizing, focusing on maintaining its investment grade ratings while meeting its cash needs to fund capital requirements, retire debt, pay dividends, fund pension and OPEB obligations and invest in new and existing ventures. A broad spectrum of financing alternatives beyond the core financing options can be used to meet its needs and fund growth including monetizing assets in the portfolio via project financing, asset sales, and the use of other financing structures (e.g., joint ventures, minority partners, etc.). The Registrants expect cash flows to be sufficient to meet operating expenses, financing costs and capital expenditure requirements.

Exelon, Generation, ComEd, PECO and BGE have unsecured syndicated revolving credit facilities with aggregate bank commitments of $0.5 billion, $5.3 billion, $1.0 billion, $0.6 billion and $0.6 billion, respectively. Generation also has bilateral credit facilities with aggregate maximum availability of $0.5 billion. See Liquidity and Capital Resources — Credit Matters — Exelon Credit Facilities below.

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Exposure to Worldwide Financial Markets. Exelon has exposure to worldwide financial markets including European banks. Disruptions in the European markets could reduce or restrict the Registrants' ability to secure sufficient liquidity or secure liquidity at reasonable terms. As of June 30, 2015, approximately 29%, or $2.5 billion, of the Registrants' aggregate total commitments were with European banks. The credit facilities include $8.5 billion in aggregate total commitments of which $6.4 billion was available as of June 30, 2015, due to outstanding letters of credit and commercial paper. There were no borrowings under the Registrants' credit facilities as of June 30, 2015. See Note 11 — Debt and Credit Agreements of the Combined Notes to the Consolidated Financial Statements for additional information on the credit facilities.

Tax Matters

See Note 12 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information.

Environmental Legislative and Regulatory Developments.

Exelon supports the promulgation of certain environmental regulations by the U.S. EPA, including air, water and waste controls for electric generating units. See discussion below for further details. The air and waste regulations will have a disproportionate adverse impact on fossil-fuel power plants, requiring significant expenditures of capital and variable operating and maintenance expense, and will likely result in the retirement of older, marginal facilities. Due to their low emission generation portfolios, Generation and CENG will not be significantly directly affected by these regulations, representing a competitive advantage relative to electric generators that are more reliant on fossil-fuel plants. Various bills have been introduced in the U.S. Congress that would prohibit or impede the U.S. EPA's rulemaking efforts. The timing of the consideration of such legislation is unknown.

Air Quality. In recent years, the U.S. EPA has been implementing a series of increasingly stringent regulations under the Clean Air Act relating to NAAQS for conventional air pollutants (e.g., NOx, SO2 and particulate matter) as well as stricter technology requirements to control HAPs (e.g., acid gases, mercury and other heavy metals) from electric generation units. The U.S. EPA continues to review and update its NAAQS with a tightened particulate matter NAAQS issued in December 2012 and a tightened ozone NAAQS, to be finalized in October 2015, proposed for public comment in December 2014. These recently finalized or proposed updates will potentially result in more stringent emissions limits on fossil-fuel electric generating stations. There continues to be opposition among fossil-fuel generation owners to the potential stringency and timing of these air regulations.

In July 2011, the U.S. EPA published CSAPR and in June 2012, it issued final technical corrections. CSAPR requires 28 upwind states in the eastern half of the United States to significantly improve air quality by reducing power plant emissions that cross state lines and contribute to ground- level ozone and fine particle pollution in downwind states. On August 21, 2012, a three-judge panel of the D.C. Circuit Court held that the EPA had exceeded its authority in certain material aspects with respect to CSAPR and vacated the rule and remanded it to the U.S. EPA for further rulemaking consistent with its decision. The Court also ordered that CAIR remain in effect pending finalization of CSAPR on remand. On April 29, 2014, the U.S. Supreme Court reversed the D.C. Circuit Court decision and upheld CSAPR, and remanded the case to the D.C. Circuit Court to resolve the remaining implementation issues. On November 21, 2014, the U.S. EPA issued an Interim Final Rule in which the Agency announced that it was tolling the effective dates for the CSAPR. The first phase of the CSAPR program started on January 1, 2015, with the second phase starting January 1, 2017. Also released on November 21, 2014, was a Notice of Data Availability under which the Agency proposed CSAPR allowance allocations to generating units for the first five years of the program, 2015- 2020; these were identical to those previously identified in prior final rules related to the CSAPR. Oral argument related to the residual CSAPR challenges, not addressed by the U.S. Supreme Court, occurred on February 25, 2015 before the D.C. Circuit Court. On May 26, 2015, the D.C. Circuit Court issued its opinion on one of the residual CSAPR challenges and

denied petitions to review EPA's Kansas SIP disapproval, finding that the EPA had acted within the bounds of its delegated authority when it originally disapproved Kansas' proposed SIP.

On December 16, 2011, the U.S. EPA signed a final rule to reduce emissions of toxic air pollutants from power plants and signed revisions to the NSPS for electric generating units. The final rule, known as MATS, requires coal-fired electric generation plants to achieve high removal rates of mercury, acid gases and other metals. To achieve these standards, coal units with no pollution control equipment installed (uncontrolled coal units) will have to make capital investments and incur higher operating expenses. It is expected that owners of smaller, older, uncontrolled coal units will retire the units rather than make these investments, and a number of retirements have already occurred. Coal units with existing controls that do not meet the MATS rule may need to upgrade existing controls or add new controls to comply. Owners of oil units not currently meeting the proposed emission standards may choose to convert the units to light oils or natural gas, install control technologies, or retire the units. The MATS rule took effect on April 16, 2015, unless a facility is granted an additional one or two years in limited cases. Numerous entities challenged MATS in the D.C. Circuit Court, and Exelon intervened in support of the rule. On April 15, 2014, the D.C. Circuit Court issued an opinion upholding MATS in its entirety.

In November 2014, the U.S. Supreme Court granted a petition for review of the MATS Rule filed by 20 states and a coalition of coal-fired electric generators. On June 28, 2015, the Supreme Court decided that the U.S. EPA unreasonably refused to consider costs in determining whether it is appropriate and necessary to regulate hazardous air pollutants emitted by electric utilities. The Court, however, did not vacate the rule; rather, it was remanded to the D.C. Circuit Court of Appeals to take further action consistent with the Supreme Court's opinion. As such, the rule remains in effect. While it is possible that the D.C. Circuit Court will vacate or stay the rule, Exelon believes that the Supreme Court's concerns can be quickly addressed without vacating the rule and affecting the compliance schedule. Exelon will continue to participate in the remanded proceedings before the Circuit Court as an intervenor in support of the rule.

The U.S. EPA continued its regular, periodic review of the NAAQS standards. On November 25, 2014, the Agency proposed, for public comment, the establishment of a revised primary ozone standard in the range of 65-70 parts per billion (ppb) 8-hour average, a reduction from the 2008 ozone standard level of 75 ppb 8-hour average standard. The Agency is also requesting public comment on levels as low as 60 ppb 8-hour average. In its proposal, the Agency is also proposing to extend the "ozone season" monitoring period, starting in 2017, on a state-by-state basis from its current May-September five-month period to include months before, and after, the traditional ozone season, depending on air quality monitoring data. Most CSAPR states are proposed to be subjected to monitoring during a March to October "ozone season." In its proposed rule, the Agency also elected to set the secondary standard at the same level and form as the primary standard. The Agency is expected to issue its final ozone NAAQS revision in October 2015. With regard to the 2008 ozone NAAQS, EPA issued findings on June 30, 2015, that 24 states, including Illinois, Massachusetts and Pennsylvania, have failed to submit complete "good neighbor" SIPs to demonstrate how each state will address its air pollution impacts on downwind states. These findings establish a 2-year deadline for EPA to either approve a SIP or finalize a Federal Implementation Plain (FIP) that addresses the "good neighbor" requirement of the Clean Air Act. In December 2012, the U.S. EPA issued its final revisions to the Agency's particulate matter (PM) NAAQS. In its final rule, the U.S. EPA lowered the annual PM2.5 standard, but declined to issue a new secondary NAAQS to improve urban visibility. The U.S. EPA indicated in its final rule that by 2020 it expects most areas of the country will be in attainment of the new PM2.5 NAAQS based on currently expected regulations, such as the MATS regulation.

In addition to these NAAQS, the U.S. EPA also finalized nonattainment designations for certain areas in the United States for the 2010 one-hour SO2 standard on August 5, 2013, and indicated that additional nonattainment areas will be designated in a future rulemaking. U.S. EPA required states to submit state implementation plans (SIPs) for nonattainment areas by March 25, 2015. With regard to Texas and Maryland, no nonattainment areas were identified in EPA's final designation rule. With regard to Illinois and Pennsylvania, several counties, or portions of counties, in each state were identified as nonattainment. Since the 2010 one-hour SO2 standard was finalized, EPA has issued a series of guidance documents, and proposed a Data Requirement Rule that will be finalized in the summer of 2015 related to requirements for states related to the application of air quality

monitoring and modeling in state implementation plans. Nonattainment county compliance with the one-hour SO2 standard is required by March 25, 2018. While significant SO2 reductions will occur as a result of MATS compliance in 2015, Exelon is unable to predict the requirements of pending states' SIPs to further reduce SO2 emissions in support of attainment of the one hour SO2 standard.

The cumulative impact of these air regulations could be to require fossil fuel-fired power plant operators to expend significant capital to install pollution control technologies, including wet flue gas desulfurization technology for SO2 and acid gases, and selective catalytic reduction technology for NOx.

As of June 30, 2015, Exelon had a $344 million net investment in coal-fired plants in Georgia subject to long-term leases extending through 2028 and 2030. While Exelon currently estimates the value of these plants at the end of the lease term will be in excess of the recorded residual lease values, after reflecting impairments recorded in 2013, 2014, and 2015, final applications of the CSAPR and MATS regulations could negatively impact the end-of-lease term values of these assets, which could result in a future impairment loss that could be material.

On January 15, 2013, EPA issued a final rule for NSPS and National Emissions Standards for Hazardous Air Pollutants (NESHAP) for reciprocating internal combustion engines (RICE NESHAP/ NSPS). The final rule allowed diesel backup generators to operate for up to 100 hours annually under certain emergency circumstances without meeting emissions limitations, but required units that operate over 15 hours to burn low sulfur fuel and report key engine information. The final rule eliminated, after May 2014, the 50 hour exemption for peak shaving and other non-emergency demand response that was included in the proposed rule and, therefore, was not expected to result in additional megawatts of demand response to be bid into the PJM capacity auction. On May 1, 2015, the D.C. Circuit Court reversed the 100 hour exemption contained in the 2013 RICE NESHAP final rule and remanded this issue back to EPA. Leaving the remaining portions of the 2013 RICE NESHAP rule in effect. In a motion filed on July 15, 2015, EPA and respondent intervenors supporting EPA asked the D.C. Circuit Court to stay the Court's mandate with regard to the 100 hour exemption until May 1, 2016, or in the alternate, until at least August 31, 2015 on the claimed basis of the need to consider electric grid reliability and allow affected engines to install pollution control equipment if they intend to continue participation in demand response programs. On July 21, 2015, the D.C. Circuit Court responded to a separate motion with the clarification that the 100 hour exemption vacatur did not affect the 100 hour exemption with regard to units performing maintenance checks and readiness testing.

In the absence of Federal legislation, the U.S. EPA is also moving forward with the regulation of GHG emissions under the Clean Air Act. On June 25, 2013, President Obama announced "The President's Climate Action Plan," a summary of executive branch actions intended to: reduce carbon emissions; prepare the United States for the impacts of climate change; and lead international efforts to combat global climate change and prepare for its impacts. Concurrent with the announcement of the Administration's plan, the President also issued a Memorandum for the Administrator of the Environmental Protection Agency that focused on power generation sector carbon reductions under the Section 111 New Source Performance Standards (NSPS) section of the federal Clean Air Act. The memorandum directs the U.S. EPA Administrator to issue two sets of proposed rulemakings with regard to power plant carbon emissions under Section 111 of the Clean Air Act.

The U.S. EPA proposed a Section 111(b) regulation for new units in September 2013 that may result in material costs of compliance for CO2 emissions for new fossil-fuel electric generating units, particularly coal-fired units. The Climate Action Plan also required the U.S. EPA to propose by June 2014 GHG emission regulations for existing stationary sources under Section 111(d) of the Clean Air Act, and to issue final regulations by June 2015. The proposed rule was published in the Federal Register on June 16, 2014. The proposed rule establishes emission reduction targets for each state and provides flexibility for each state to determine how to achieve its required reductions, including heat rate improvements at coal-fired power plants, fuel switching from coal to gas, renewable generation and new nuclear facilities, demand side energy efficiency, and the use of market-based instruments. The U.S. EPA anticipates that the final rule will be issued in summer 2015. While the nature and impact of the final regulations is not yet known, to the extent that the rule results in

emission reductions from fossil fuel fired plants, imposing some form of direct or indirect price of carbon in competitive electricity markets, Exelon's overall low-carbon generation portfolio results would benefit.

Exelon supports comprehensive climate change legislation or regulation, including a cap-and-trade program for GHG emissions, which balances the need to protect consumers, business and the economy with the urgent need to reduce national GHG emissions.

Water Quality. Section 316(b) of the Clean Water Act requires that cooling water intake structures at electric power plants reflect the best technology available to minimize adverse environmental impacts, and is implemented through state-level NPDES permit programs. All of Generation's and CENG's power generation facilities with cooling water systems are subject to the regulations. Facilities without closed-cycle recirculating systems (e.g., cooling towers) are potentially most affected by changes to the existing regulations. For Generation, those facilities are Clinton, Dresden, Eddystone, Fairless Hills, Gould Street, Handley, Mountain Creek, Mystic 7, Oyster Creek, Peach Bottom, Quad Cities, Riverside, Salem and Schuylkill. For CENG, those facilities are Calvert Cliffs, Nine Mile Point Unit 1 and R.E. Ginna. On October 14, 2014, the U.S. EPA's final Section 316(b) rule became effective. The rule requires that a series of studies and analyses be performed at each facility to determine the best technology available, followed by an implementation period. The timing of the various requirements for each facility is related to the status of its current NPDES permit and the subsequent renewal period. There is no fixed compliance schedule, as this is left to the discretion of the state permitting director.

Until the compliance requirements are determined by the applicable state permitting director on a site-specific basis for each plant, the impact of compliance with the final rule is unknown. Should a state permitting director determine that a facility is required to install cooling towers to comply with the rule, that facility's economic viability would be called into question. However, the likely impact of the rule has been significantly decreased since the final rule does not mandate cooling towers as a national standard, and the state permitting director is required to apply a cost-benefit test and take into consideration site-specific factors.

On June 30, 2015, NJDEP issued a draft NPDES permit for Salem. The draft permit does not require installation of cooling towers and allows Salem to continue to operate utilizing the existing once-through cooling water system. The draft permit is subject to a public notice and comment period after which the NJDEP may make revisions before issuing the final permit expected during the first half of 2016.

Hazardous and Solid Waste. On December 19, 2014, the U.S. EPA issued the first federal regulation for the disposal of coal combustion residuals (CCR) from power plants, including the classification of CCR as non-hazardous waste under RCRA. The EPA ruling was published in the Federal Register on April 17, 2015, and becomes effective 180 days after publication. Under the regulation, CCR will continue to be regulated by most states subject to coordination with the federal regulations. Generation has previously recorded reserves consistent with state regulation for its owned coal ash sites, and as such, the regulation is not expected to impact Exelon's and Generation's financial results. Generation does not have sufficient information to reasonably assess the potential likelihood or magnitude of any remediation requirements that may be asserted under the new federal regulations for coal ash disposal sites formerly owned by Generation. For these reasons, Generation is unable to predict whether and to what extent it may ultimately be held responsible for remediation and other costs relating to formerly owned coal ash disposal sites under the new regulations.

See Note 19 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements for further detail related to environmental matters.

Other Regulatory and Legislative Actions

NRC Task Force Insights from the Fukushima Daiichi Accident (Exelon and Generation). In July 2011, an NRC Task Force formed in the aftermath of the March 11, 2011, 9.0 magnitude earthquake and ensuing tsunami, that seriously damaged the nuclear units at the Fukushima Daiichi Nuclear Power Station, issued a report of its review of the accident, including tiered recommendations for future regulatory action by the NRC to be taken in the near and longer term. The Task Force's report concluded that nuclear reactors in the United States

are operating safely and do not present an imminent risk to public health and safety. The NRC and its staff have issued orders and implementation guidance for commercial reactor licensees operating in the United States. The NRC and its staff are continuing to evaluate additional requirements. Generation has assessed the impacts of the Tier 1 orders and information requests and will continue monitoring the additional recommendations under review by the NRC staff, both from an operational and a financial impact standpoint. A comprehensive review of the NRC Tier 1 orders and information requests, as well as preliminary engineering assumptions and analysis, indicate that the financial impact of compliance for Generation, net of expected co-owner reimbursements, for the period from 2015 through 2019 is expected to be between approximately $350 million and $375 million of capital (including approximately $75 million for the CENG plants) and $50 million of operating expense (including approximately $5 million for the CENG plants). As Generation completes the design and installation planning for its actions, Generation will update these estimates. Further, Generation estimates incremental costs of $2 million to $5 million per unit at thirteen Mark I and II units (including two CENG units) for severe accident water addition and severe accident water management strategies, for which the scope and cost are still being developed. The severe accident water management strategies may avoid the need for installation of filters on vents, however, the evaluation of filters is under NRC review with closure of this issue expected in 2015 or 2016. If filters are ultimately required, Generation estimates the cost will range from $15 million to $20 million per unit. Generation's current assessments are specific to the Tier 1 recommendations as the NRC has not taken specific action with respect to the Tier 2 and Tier 3 recommendations. Exelon and Generation are unable to conclude at this time to what extent any actions to comply with the requirements of Tier 2 and Tier 3 will impact their future financial position, results of operations, and cash flows. Generation will continue to engage in nuclear industry assessments and actions and stakeholder input. See Item 1A. Risk Factors and Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Executive Overview of the Exelon 2014 Form 10-K, for additional information.

Financial Reform Legislation (Exelon, Generation, ComEd, PECO and BGE). The Dodd-Frank Wall Street Reform and Consumer Protection Act (the Act) was enacted in July 2010. The part of the Act that applies to Exelon is Title VII, which is known as the Dodd-Frank Wall Street Transparency and Accountability Act (Dodd-Frank). Dodd-Frank requires the creation of a new regulatory regime for over-the-counter swaps (Swaps), including mandatory clearing for certain categories of Swaps, incentives to shift Swap activity to exchange trading, margin and capital requirements, and other obligations designed to promote transparency. For non security-based Swaps including commodity Swaps, Dodd-Frank empowers the Commodity Futures Trading Commission (CFTC) to promulgate regulations implementing the law's objectives. The primary aim of Dodd-Frank is to regulate the key intermediaries in the Swaps market, which entities are either swap dealers (SDs), major swap participants (MSPs), and certain other financial entities, but the law also applies to a lesser degree to end-users of Swaps. On January 12, 2015, President Obama signed into law a bill that exempts from margin requirements Swaps used by end-users to hedge or mitigate commercial risk. Moreover, the CFTC's Dodd-Frank regulations preserve the ability of end users in the energy industry to hedge their risks using Swaps without being subject to mandatory clearing, and excepts or exempts end-users from many of the other substantive regulations. Accordingly, as an end-user, Generation is conducting its commercial business in a manner that does not require registration with the CFTC as an SD or MSP. Generation does not anticipate transacting in the future in a manner in which it would become a SD or MSP.

There are, however, some rulemakings that have not yet been finalized, including the capital and margin rules for (non-cleared) Swaps. Generation does not expect these rules to directly impact its collateral requirements. However, depending on the substance of these final rules in addition to certain international regulatory requirements still under development and that are similar to Dodd-Frank, Generation's Swap counterparties could be subject to additional and potentially significant capitalization requirements. These regulations could motivate the SDs and MSPs to increase collateral requirements or cash postings from their counterparties, including Generation.

Generation continues to monitor the rulemaking proceedings with respect to the capital and margin rules, but cannot predict to what extent, if any, further refinements to Dodd-Frank requirements may impact its cash flows or financial position, but such impacts could be material.

ComEd, PECO and BGE could also be subject to some Dodd-Frank requirements to the extent they were to enter into Swaps. However, at this time, management of ComEd, PECO and BGE continue to expect that their companies will not be materially affected by Dodd-Frank.

Illinois Low Carbon Portfolio Standard (Exelon, Generation and ComEd). **).** In March 2015, the Low Carbon Portfolio Standard (LCPS) was introduced in the Illinois General Assembly. The legislation would require ComEd and Ameren to purchase low carbon energy credits to match 70 percent of the electricity used on the distribution system. The LCPS is a technology-neutral solution, so all generators of zero or low carbon energy would be able to compete in the procurement process, including wind, solar, hydro, clean coal and nuclear. Costs associated with purchasing the low carbon energy credits would be collected from customers. The LCPS proposal includes consumer protection such as a price cap that would limit the impact to a 2.015% percent increase based off 2009 monthly bills, or about $2 per month for the average residential electricity customer. The legislation also includes a separate customer rebate provision that would provide a direct bill credit to customers in the event wholesale prices exceed a specified level.

No vote was taken on whether to adopt the proposed LCPS legislation by the Illinois General Assembly during the spring legislative session but Exelon and Generation are continuing to work with legislators on the proposed policy reforms. If passed by the Illinois General Assembly, the legislation would be presented to the Governor, who would have 60 days to decide on the bill.

Legislation to Maximize Smart Grid Investments and to Promote a Cleaner and Greener Illinois (Exelon and ComEd). In March 2015, legislation was introduced in the Illinois General Assembly that would (1) build on ComEd's investment in the Smart Grid to reinforce the resiliency and security of the electrical grid to withstand unexpected challenges, (2) expand energy efficiency programs to reduce energy waste and increase customer savings, (3) further integrate clean renewable energy onto the power system, and (4) introduce a new demand-based rate design for residential customers that would allow for a more equitable sharing of smart grid costs among customers. The legislation also provides for additional funding for customer assistance programs for low-income customers.

No vote was taken on whether to adopt the proposed legislation by the Illinois General Assembly during the spring legislative session, however, ComEd is continuing to work with legislators. If passed by the General Assembly, the legislation would be presented to the Governor, who would have 60 days to decide on the bill.

Distribution Formula Rate Update Filing (Exelon and ComEd). On April 15, 2015, ComEd filed its annual distribution formula rate with the ICC, reflecting a decreased revenue requirement of $50 million, including an increase of $92 million for the initial revenue requirement and a decrease of $142 million related to the annual reconciliation for 2014. The filing establishes the revenue requirement used to set the rates that will take effect in January 2016 after the ICC's review and approval, which is due by December 2015. See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for further information related to distribution formula update.

2015 Pennsylvania Electric Distribution Rate Case (Exelon and PECO). On March 27, 2015, PECO filed a petition with the PAPUC requesting an increase of $190 million to its annual service revenues for electric delivery, which would reflect a 4.4% increase on the basis of total Pennsylvania jurisdictional operating revenue. The requested rate of return on common equity is 10.95%. The new electric delivery rates would take effect no later than January 1, 2016. The results of the rate case are expected to be known in the fourth quarter of 2015. PECO cannot predict how much of the requested increase the PAPUC will ultimately approve.

Transmission Formula Rate Update Filing (Exelon, ComEd and BGE). On April 15, 2015 (and revised on May 19, 2015), ComEd filed its annual transmission formula rate update with the FERC, reflecting an increased revenue requirement of $86 million, including an increase of $68 million for the initial revenue requirement and an increase of $18 million related to the annual reconciliation for 2014. The filing establishes the revenue requirement used to set rates that took effect in June 2015, subject to review by the FERC and other

parties, which is due by fourth quarter 2015. See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for further information related to transmission formula update.

In April 2015, BGE filed its annual transmission formula rate update with the FERC, reflecting an increased revenue requirement of $10 million, including an increase of $13 million for the initial revenue requirement and a decrease of $3 million related to the annual reconciliation for 2014. The filing establishes the revenue requirement used to set rates that took effect in June 2015, subject to review by the FERC and other parties, which is due by October 2015. See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for further information related to the transmission formula update.

Grand Prairie Gateway Transmission Line (Exelon and ComEd). On December 2, 2013, ComEd filed a request to obtain the ICC's approval to construct a 60-mile overhead 345kV transmission line that traverses Ogle, DeKalb, Kane and DuPage Counties in Northern Illinois. On May 28, 2014, in a separate proceeding, FERC issued an order granting ComEd's request to include 100% of the capital costs recorded to construction work in progress during construction of the line in ComEd's transmission rate base. If the project is cancelled or abandoned for reasons beyond ComEd's control, FERC approved the ability for ComEd to recover 100% of its prudent costs incurred after May 21, 2014 and 50% of its costs incurred prior to May 21, 2014 in ComEd's transmission rate base. The costs incurred for the project prior to May 21, 2014 were immaterial. On October 22, 2014, the ICC issued an order approving ComEd's Grand Prairie Gateway Project over the objection of numerous landowners and the City of Elgin. On January 15, 2015, the City of Elgin and other parties filed a Notice of Appeal in the Illinois Appellate Court. On April 8, 2015, the ICC issued a rehearing order denying the proposals filed by certain landowners to consider an alternate route for a three-mile segment of the transmission line. The rehearing order affirmed the route approved within the ICC's October 22, 2014 order. On July 8, 2015, the ICC approved ComEd's request for eminent domain to involuntarily acquire easements across 28 land parcels. ComEd began construction of the line during the second quarter of 2015 with an in-service date expected in the second quarter of 2017.

FERC Ameren Order (Exelon and ComEd). In July 2012, FERC issued an order to Ameren Corporation (Ameren) finding that Ameren had improperly included acquisition premiums/goodwill in its transmission formula rate, particularly in its capital structure and in the application of AFUDC. FERC also directed Ameren to make refunds for the implied increase in rates in prior years. Ameren filed for rehearing of the July 2012 order, which was denied in June 2014. On July 20, 2015, FERC approved a settlement between Ameren and its customers to resolve the matter. ComEd believes that the FERC settlement authorizing its transmission formula rate is distinguishable from the circumstances that led to the July 2012 FERC order in the Ameren case. However, if ComEd were required to exclude acquisition premiums/goodwill from its transmission formula rate, the impact could be material to ComEd's results of operations and cash flows.

FERC Order No. 1000 Compliance (ComEd, PECO and BGE). In FERC Order No. 1000, the FERC required public utility transmission providers to enhance their transmission planning procedures and their cost allocation methods applicable to certain new regional and interregional transmission projects. As part of the changes to the transmission planning procedures, the FERC required removal from all FERC-approved tariffs and agreements of a right of first refusal to build certain new transmission facilities. In compliance with the regional transmission planning requirements of Order No. 1000, PJM as the transmission provider submitted a compliance filing to FERC on October 25, 2012. On the same day, certain of the PJM transmission owners, including ComEd, PECO and BGE (collectively, the PJM Transmission Owners), submitted a filing asserting that their contractual rights embodied in the PJM governing documents continue to justify their right of first refusal to construct new reliability (and related) transmission projects and that the FERC should not be allowed to override such rights absent a showing that it is in the public interest to do so under the FERC's " *Mobile-Sierra* " standard of review. This is a heightened standard of review which the PJM Transmission Owners argued could not be satisfied based on the facts applicable to them. On March 22, 2013, FERC issued an order on the PJM Compliance Filing and the filing of these PJM Transmission Owners (1) rejecting the arguments of those PJM Transmission Owners that changes to the PJM governing documents were entitled to review under the *Mobile-Sierra* standard, (2) accepting most of the PJM filing, removing the right-of-first refusal from the PJM

tariffs, and (3) directing PJM to remove certain exceptions that it included in its compliance filing that FERC found did not comply with Order No. 1000. FERC's order could enable third parties to seek to build certain regional transmission projects that had previously been reserved for the PJM Transmission Owners, potentially reducing ComEd's, PECO's and BGE's financial return on new investments in energy transmission facilities. Numerous parties sought rehearing of the FERC's March 22, 2013 order, including the PJM Transmission Owners who sought rehearing of the FERC's rejection of their Mobile-Sierra and related arguments. PJM's compliance filing was made on July 22, 2013. On May 15, 2014, FERC denied the rehearing requests except with respect to one issue on when PJM could consider state and local laws in evaluating projects. FERC generally accepted the July 22, 2013, Compliance Filing but required several minor additional changes. FirstEnergy and at least one other party filed an appeal of the May 15, 2014, Order upholding PJM's right of first refusal language in the DC Circuit. Exelon has intervened in the FirstEnergy appeal. Several parties have filed requests for rehearing or clarification concerning the changes set forth in the May 15, 2014 Order. On January 22, 2015, FERC issued an order denying rehearing in part and requiring further changes by PJM. On December 18, 2014, FERC issued an order conditionally accepting part of the PJM-MISO interregional Order No. 1000 compliance filing, rejecting a MISO proposal concerning cost allocation for cross-border reliability projects and directing a further compliance filing by PJM and MISO.

FERC Transmission Complaint (Exelon and BGE). On February 27, 2013, consumer advocates and regulators from the District of Columbia, New Jersey, Delaware and Maryland, and the Delaware Electric Municipal Cooperatives (the parties), filed a complaint at FERC against BGE and the PHI companies relating to their respective transmission formula rates. BGE's formula rate includes a 10.8% base rate of return on common equity (ROE) and a 50 basis point incentive for participating in PJM (the latter of which is conditioned upon crediting the first 50 basis points of any incentive ROE adders). The parties seek a reduction in the base return on equity to 8.7% and changes to the formula rate process. FERC docketed the matter and set April 3, 2013 as the deadline for interventions, protests and answers. Under FERC rules, the revenues subject to refund are limited to a fifteen month period and the earliest date from which the base ROE could be adjusted and refunds required is the date of the complaint. On March 19, 2013, BGE filed a motion to dismiss or sever the complaint.

On August 21, 2014, FERC issued an order in the BGE and PHI companies' proceeding, which established hearing and settlement judge procedures for the complaint, and set a refund effective date of February 27, 2013. BGE, the PHI companies and the parties began settlement discussions under the guidance of a FERC administrative law judge on September 23, 2014. On November 24, 2014, the Settlement Judge informed FERC and the Chief Judge that the parties had reached an impasse and determined that a settlement was not possible. On November 26, 2014, the Chief Judge issued an order terminating the settlement proceeding, designating a presiding judge at the hearings and directing that an initial decision be issued by November 25, 2015.

On December 8, 2014, various state agencies in Delaware, Maryland, New Jersey, and D.C. filed a second complaint against BGE regarding the base ROE of the transmission business seeking a reduction from 10.8% to 8.8%. The filing of the second complaint creates a second refund window. By order issued on February 9, 2015, FERC established a hearing on the second complaint with the complainants' requested refund effective date of December 8, 2014. On February 20, 2015, the Chief Judge issued an order consolidating the two complaint proceedings and established an Initial Decision issuance deadline of February 29, 2016. On March 2, 2015, the Presiding Administrative Law Judge issued an order establishing a procedural schedule for the consolidated proceedings that provides for the hearing to commence on October 20, 2015.

Based on the current status of the complaint filings, BGE believes it is probable that BGE's base ROE rate will be adjusted, and that a refund to customers of transmission revenue for the two maximum fifteen month periods will be required. However, BGE is unable to estimate the most likely refund amount for either complaint at this time, and has therefore established a reserve, which is not material, representing the low end of a reasonably possible estimated range of loss. Additionally, management is unable to estimate the maximum exposure of a potential refund at this time, which may have a material impact on BGE's results of operations and cash flows. The estimated annual ongoing reduction in revenues if FERC approved the ROEs requested by the parties in their filings is approximately $11 million. If FERC were to order a reduction of BGE's base ROE to

8.7% as sought in the first complaint (while retaining the 50 basis points of any incentives that were credited to the base return on equity for certain new transmission investment), the result of the first fifteen month refund window would be a refund to customers of approximately $13 million. If FERC were to order a reduction in BGE's base ROE to 8.8% as sought in the second complaint (while retaining 50 basis points of any incentives that were credited to the base return on equity for certain new transmission investment) and the refund period extended for a full fifteen months, the result would be a refund to customers of approximately $14 million. See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

The Maryland Strategic Infrastructure Development and Enhancement Program (Exelon and BGE). In February 2013, the Maryland General Assembly passed legislation intended to accelerate gas infrastructure replacements in Maryland by establishing a mechanism for gas companies to promptly recover reasonable and prudent costs of eligible infrastructure replacement projects separate from base rate proceedings. On May 2, 2013, the Governor of Maryland signed the legislation into law; which took effect June 1, 2013. Under the new law, following a proceeding before the MDPSC and with the MDPSC's approval of the eligible infrastructure replacement projects along with a corresponding surcharge, BGE could begin charging gas customers a monthly surcharge for infrastructure costs incurred after June 1, 2013. The legislation includes caps on the monthly surcharges to residential and non-residential customers, and would require an annual true-up of the surcharge revenues against actual expenditures. Investment levels in excess of the cap would be recoverable in a subsequent gas base rate proceeding at which time all costs for the infrastructure replacement projects would be rolled into gas distribution rates. Irrespective of the cap, BGE is required to file a gas rate case every five years under this legislation. On August 2, 2013, BGE filed its infrastructure replacement plan and associated surcharge. On January 29, 2014, the MDPSC issued a decision conditionally approving the first five years of BGE's plan and surcharge. On March 26, 2014, the MDPSC approved as filed BGE's proposed 2014 project list, tariff and associated surcharge amounts, with a surcharge that became effective April 1, 2014. On November 17, 2014, BGE filed a surcharge update to be effective January 1, 2015 including a true-up of costs estimates included in the 2014 surcharge, along with its 2015 project list and cost estimates to be included in the 2015 surcharge. At its December 17, 2014 weekly Administrative Meeting, the MDPSC approved BGE's 2015 project list and the proposed surcharge for 2015, which included the true-up of the 2014 surcharge. As of June 30, 2015, BGE recorded a regulatory asset of $1 million, representing the difference between the surcharge revenues and program costs.

In February 2014, the residential consumer advocate in Maryland filed an appeal with the Baltimore City Circuit Court to the decision issued by the MDPSC on BGE's infrastructure replacement plan. On September 5, 2014, the Baltimore City Circuit Court affirmed the MDPSC decision on BGE's infrastructure replacement plan and associated surcharge. On October 10, 2014, the residential consumer advocate noticed its appeal to the Maryland Court of Special Appeals from the judgment entered by the Baltimore City Circuit Court. The Court of Special Appeals (the Court) has issued a preliminary procedural schedule that sets oral argument in this matter for a date in the first two weeks of November 2015. On July 24, 2015, the residential consumer advocate's brief was filed. BGE's brief is due by August 24, 2015, and the residential consumer advocate's reply brief by September 15, 2015. See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

PJM Minimum Offer Price Rule (Exelon and Generation). PJM's capacity market rules include a Minimum Offer Price Rule (MOPR) that is intended to preclude sellers from artificially suppressing the competitive price signals for generation capacity. The FERC orders approving the MOPR were upheld by the United States Court of Appeals for the Third Circuit in February 2014.

Exelon continues to work with PJM stakeholders and through the FERC process to implement several proposed changes to the PJM tariff aimed at ensuring that capacity resources (including those with state-sanctioned subsidy contracts and capacity market speculators) cannot inappropriately affect capacity auction prices in PJM.

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Reliability Pricing Model (Exelon, Generation and BGE). PJM's RPM Base Residual Auctions take place approximately 36 months ahead of the scheduled delivery year. The most recent auction, for the delivery year ending May 31, 2018, occurred in May 2014. On December 12, 2014, PJM filed proposed revisions to its tariff to revise the PJM capacity market through the new "Capacity Performance" product. PJM proposed to implement Capacity Performance for the May 2015 base residual auction, but FERC issued a deficiency letter on the Capacity Performance Filing, and PJM sought and, on April 24, 2015, obtained authorization to delay the 2015 Base Residual Auction until such time that FERC is able to rule on the merits of the Capacity Performance proposal. Under Capacity Performance, PJM proposes to redefine the capacity product, which would require resources to provide an enhanced assurance of delivery of energy and reserves during emergency conditions. It also would increase penalties on resources for non-performance and eliminate many excuses for non-performance. Under the PJM proposal, these changes would take effect for capacity in the 2018/2019 delivery year; and there would be two transitional auctions covering delivery years 2016/2017 and 2017/2018 wherein a somewhat diluted version of the capacity procurement product would be procured. Exelon filed comments in support of the PJM proposal, but also proposed several modifications to the PJM proposal including increasing the penalty rate for non-performance, increasing the amount of Capacity Performance that PJM procures for the 2016/2017 and 2017/2018 delivery years and making the mitigation mechanism less administratively burdensome and more reflective of risks facing resources that provide the Capacity Performance product. On June 9, 2015, the FERC approved PJM's filing largely as proposed by PJM. On July 9, 2015 numerous parties (including Exelon) sought rehearing of certain aspects of that order, and rehearing is pending.

Employees

During the first half of 2015, Generation successfully ratified the collective bargaining agreement (CBA) with the Security Officer union at Clinton through 2021, the CBA with the Security Officer union at Braidwood through 2018, and the CBA with the Security Officer union at Three Mile Island through 2021. In addition, two union contracts at Mystic 7 and Mystic 8, 9 were successfully negotiated and ratified through 2021.

Critical Accounting Policies and Estimates

Management of each of the Registrants makes a number of significant estimates, assumptions and judgments in the preparation of its financial statements. See ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — CRITICAL ACCOUNTING POLICIES AND ESTIMATES in Exelon's, Generation's, ComEd's, PECO's and BGE's combined 2014 Form 10-K for a discussion of the estimates and judgments necessary in the Registrants' accounting for AROs, goodwill, purchase accounting, unamortized energy assets and liabilities, asset impairments, depreciable lives of property, plant and equipment, defined benefit pension and other postretirement benefits, regulatory accounting, derivative instruments, taxation, contingencies, revenue recognition, and allowance for uncollectible accounts. At June 30, 2015, the Registrants' critical accounting policies and estimates had not changed significantly from December 31, 2014.

Results of Operations

Net Income Attributable to Common Shareholders by Registrant

	Three Months Ended June 30,		Favorable (Unfavorable) Variance	Six Months Ended June 30,		Favorable (Unfavorable) Variance
	2015 [(a)]	2014		2015 [(a)]	2014	
Exelon	$ 638	$ 522	$ 116	$ 1,331	$ 612	$ 719
Generation	398	340	58	841	155	686
ComEd	99	111	(12)	189	209	(20)
PECO	70	84	(14)	209	173	36
BGE	44	16	28	151	100	51

(a) On April 1, 2014, Generation assumed operational control of CENG's nuclear fleet. As a result, beginning on April 1, 2014, the financial results include CENG's results of operations on a fully consolidated basis.

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Results of Operations — Generation

	Three Months Ended June 30,		Favorable (Unfavorable) Variance	Six Months Ended June 30,		Favorable (Unfavorable) Variance
	2015	2014		2015 [a]	2014	
Operating revenues	$ 4,232	$ 3,789	$ 443	$ 10,074	$ 8,179	$ 1,895
Purchased power and fuel expense	1,849	1,835	(14)	5,282	5,191	(91)
Revenue net of purchased power and fuel [b]	2,383	1,954	429	4,792	2,988	1,804
Other operating expenses						
Operating and maintenance	1,308	1,413	105	2,619	2,499	(120)
Depreciation and amortization	255	254	(1)	509	466	(43)
Taxes other than income	124	118	(6)	246	223	(23)
Total other operating expenses	1,687	1,785	98	3,374	3,188	(186)
Equity in losses of unconsolidated affiliates	—	(1)	1	—	(20)	20
Gain on sales of assets	7	12	(5)	6	18	(12)
Gain on consolidation and acquisition of businesses	—	261	(261)	—	261	(261)
Operating income	703	441	262	1,424	59	1,365
Other income and (deductions)						
Interest expense	(99)	(86)	(13)	(201)	(172)	(29)
Other, net	(31)	216	(247)	62	300	(238)
Total other income and (deductions)	(130)	130	(260)	(139)	128	(267)
Income before income taxes	573	571	2	1,285	187	1,098
Income taxes	181	199	18	407	(1)	(408)
Equity in losses of unconsolidated affiliates	(2)	—	(2)	(3)	—	(3)
Net income	390	372	18	875	188	687
Net income (loss) attributable to noncontrolling interests	(8)	32	40	34	33	(1)
Net income attributable to membership interest	$ 398	$ 340	$ 58	$ 841	$ 155	$ 686

(a) On April 1, 2014, Generation assumed operational control of CENG's nuclear fleet. As a result, beginning on April 1, 2014, the financial results include CENG's results of operations on a fully consolidated basis.

(b) Generation evaluates its operating performance using the measure of revenue net of purchased power and fuel expense. Generation believes that revenue net of purchased power and fuel expense is a useful measurement because it provides information that can be used to evaluate its operational performance. Revenue net of purchased power and fuel expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

Net Income Attributable to Membership Interest

Three Months Ended June 30, 2015 Compared to Three Months Ended June 30, 2014. Generation's net income attributable to membership interest for the three months ended June 30, 2015 increased compared to the same period in 2014 primarily due to higher revenue net of purchased power and fuel expense, lower operating and maintenance expense and lower income tax expense, partially offset by the 2014 gain recognized as a result of the consolidation of CENG and decreased other income. The increase in revenue net of purchased power and

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fuel expense primarily relates to a reduction in the number of nuclear outage days in 2015, the inclusion of Integrys' results in 2015, increased capacity prices, favorability from portfolio management optimization activities, the cancellation of the DOE spent nuclear fuel disposal fee and mark-to-market gains in 2015 compared to mark-to-market losses in 2014, partially offset by lower margins and capacity revenues resulting from the absence of generating units sold in 2014. The decrease in operating and maintenance expense is primarily related to a reduction in the number of nuclear refueling outage days in 2015 and the absence of impairment charges for wind generating assets recorded in 2014. The decrease in income taxes is primarily due to the absence of the gain on the consolidation of CENG in 2014, partially offset by impairment charges for wind generating assets in 2014 and a decrease in the domestic production activities deduction. The decrease in other income is primarily due to the change in realized and unrealized gains and losses on NDT funds.

Six Months Ended June 30, 2015 Compared to Six Months Ended June 30, 2014. Generation's net income (loss) attributable to membership interest for the six months ended June 30, 2015 increased compared to the same period in 2014 primarily due to higher revenue net of purchased power and fuel expense, partially offset by an increase in operating and maintenance expense, the 2014 gain recognized as a result of the consolidation of CENG, decreased other income and increased income taxes. The increase in revenue net of purchased power and fuel expense primarily relates to the inclusion of CENG's results on a fully consolidated basis beginning on April 1, 2014, a reduction in the number of nuclear outage days in 2015, the inclusion of Integrys' results in 2015, the benefit of lower cost to serve load (including the absence of higher procurement costs for replacement power due to extreme cold weather in the first quarter of 2014), the cancellation of the DOE spent nuclear fuel disposal fee, increased capacity prices, favorability from portfolio management optimization activities and mark-to-market gains in 2015 compared to mark-to-market losses in 2014, partially offset by lower margins and capacity revenues resulting from the 2014 sales of generating assets, lower realized energy prices and the absence of fuel optimization opportunities realized in 2014 in the South. The increase in operating and maintenance expense is primarily related to the inclusion of CENG's results on a fully consolidated basis in 2015 and the absence of impairment charges for wind generating assets recorded in 2014. The decrease in other income is primarily due to the change in realized and unrealized gains and losses on NDT funds. The increase in income taxes is primarily due to mark-to-market gains recorded in 2015 compared to market-to-market losses recorded in 2014 and the absence of favorable settlements of certain income tax positions, partially offset by the gain on the consolidation of CENG in 2014 and an increase in the domestic production activities deduction.

Revenue Net of Purchased Power and Fuel Expense

Generation's six reportable segments are based on the geographic location of its assets, and are largely representative of the footprints of an ISO / RTO and/or NERC region. Descriptions of each of Generation's six reportable segments are as follows:

- Mid-Atlantic represents operations in the eastern half of PJM, which includes Pennsylvania, New Jersey, Maryland, Virginia, West Virginia, Delaware, the District of Columbia and parts of North Carolina.
- Midwest represents operations in the western half of PJM, which includes portions of Illinois, Indiana, Ohio, Michigan, Kentucky and Tennessee, and the United States footprint of MISO, excluding MISO's Southern Region, which covers all or most of North Dakota, South Dakota, Nebraska, Minnesota, Iowa, Wisconsin, the remaining parts of Illinois, Indiana, Michigan and Ohio not covered by PJM, and parts of Montana, Missouri and Kentucky.
- New England represents the operations within ISO-NE covering the states of Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.
- New York represents operations within ISO-NY, which covers the state of New York in its entirety.
- ERCOT represents operations within Electric Reliability Council of Texas, covering most of the state of Texas.

- Other Power Regions :
  - South represents operations in the FRCC, MISO's Southern Region, and the remaining portions of the SERC not included within MISO or PJM, which includes all or most of Florida, Arkansas, Louisiana, Mississippi, Alabama, Georgia, Tennessee, North Carolina, South Carolina and parts of Missouri, Kentucky and Texas. Generation's South region also includes operations in the SPP, covering Kansas, Oklahoma, most of Nebraska and parts of New Mexico, Texas, Louisiana, Missouri, Mississippi and Arkansas.
  - West represents operations in the WECC, which includes California ISO, and covers the states of California, Oregon, Washington, Arizona, Nevada, Utah, Idaho, Colorado, and parts of New Mexico, Wyoming and South Dakota.
  - Canada represents operations across the entire country of Canada and includes AESO, OIESO and the Canadian portion of MISO.

The following business activities are not allocated to a region, and are reported under Other: retail and wholesale gas, investments in gas and oil exploration and production activities, proprietary trading, compressed natural gas fueling stations, energy efficiency and cogeneration projects, sales of electric and gas appliances, servicing of heating, air conditioning, plumbing, electrical, indoor quality systems and home improvements, and investments in energy-related proprietary technology. Further, the following activities are not allocated to a region, and are reported in Other: unrealized mark-to-market impact of economic hedging activities, amortization of certain intangible assets relating to commodity contracts recorded at fair value from mergers and acquisitions and other miscellaneous revenues.

Generation evaluates the operating performance of its power marketing activities using the measure of revenue net of purchased power and fuel expense, which is a non-GAAP measurement. Generation's operating revenues include all sales to third parties and affiliated sales to ComEd, PECO and BGE. Purchased power costs include all costs associated with the procurement and supply of electricity including capacity, energy and ancillary services. Fuel expense includes the fuel costs for owned generation and fuel costs associated with tolling agreements.

For the three and six months ended June 30, 2015 and 2014, Generation's revenue net of purchased power and fuel expense by region were as follows:

	Three Months Ended June 30,			
	2015	2014	Variance	% Change
Mid-Atlantic [b]	$ 889	$ 920	$ (31)	(3.4)%
Midwest [c]	743	605	138	22.8%
New England	88	64	24	37.5%
New York	144	148	(4)	(2.7)%
ERCOT	70	59	11	18.6%
Other Power Regions [d]	62	75	(13)	(17.3)%
Total electric revenue net of purchased power and fuel expense	1,996	1,871	125	6.7%
Proprietary Trading	(2)	7	(9)	(128.6)%
Mark-to-market gains (losses)	235	(14)	249	n.m.
Other [e]	154	90	64	71.1%
Total revenue net of purchased power and fuel expense	$ 2,383	$ 1,954	$ 429	22.0%

	Six Months Ended June 30,			
	2015	2014	Variance	% Change
Mid-Atlantic [a][b][f]	$ 1,671	$ 1,615	$ 56	3.5%
Midwest [c]	1,443	1,161	282	24.3%
New England	246	200	46	23.0%
New York [a][f]	332	127	205	161.4%
ERCOT	125	142	(17)	(12.0)%
Other Power Regions [d]	108	180	(72)	(40.0)%
Total electric revenue net of purchased power and fuel expense	3,925	3,425	500	14.6%
Proprietary trading	3	20	(17)	(85.0)%
Mark-to-market gains (losses)	397	(744)	1,141	153.4%
Other [e]	467	287	180	62.7%
Total revenue net of purchased power and fuel expense	$ 4,792	$ 2,988	$ 1,804	60.4%

(a) On April 1, 2014, Generation assumed operational control of CENG's nuclear fleet. As a result, beginning April 1, 2014, the financial results include CENG's results on a fully consolidated basis.
(b) Results of transactions with PECO and BGE are included in the Mid-Atlantic region.
(c) Results of transactions with ComEd are included in the Midwest region.
(d) Other Power Regions includes South, West and Canada.
(e) Other represents activities not allocated to a region. See text above for a description of included activities. Also includes a $14 million decrease to RNF and a $24 million increase to RNF for the amortization of intangible assets related to commodity contracts for the three and six months ended June 30, 2015, respectively, and $50 million decrease to RNF and $92 million decrease to RNF for the amortization of intangible assets related to commodity contracts for the three and six months ended June 30, 2014, respectively.
(f) Includes $113 million and $169 million of purchased power from CENG prior to its consolidation on April 1, 2014 in the Mid-Atlantic and New York regions, respectively, for the six months ended June 30, 2014.

Generation's supply sources by region are summarized below:

Supply Source (GWh)	Three Months Ended June 30, 2015	2014	Variance	% Change
Nuclear Generation				
Mid-Atlantic [a]	15,619	14,912	707	4.7%
Midwest	23,448	22,719	729	3.2%
New York [a]	4,738	3,766	972	25.8%
Total Nuclear Generation	43,805	41,397	2,408	5.8%
Fossil and Renewables [a]				
Mid-Atlantic	750	3,165	(2,415)	(76.3)%
Midwest	363	319	44	13.8%
New England	135	1,299	(1,164)	(89.6)%
New York	1	1	—	—%
ERCOT	872	1,553	(681)	(43.9)%
Other Power Regions [c]	2,096	2,041	55	2.7%
Total Fossil and Renewables	4,217	8,378	(4,161)	(49.7)%
Purchased Power				
Mid-Atlantic	1,384	810	574	70.9%
Midwest	407	520	(113)	(21.7)%
New England	5,742	2,290	3,452	150.7%
ERCOT	2,903	2,518	385	15.3%
Other Power Regions [c]	4,170	3,654	516	14.1%
Total Purchased Power	14,606	9,792	4,814	49.2%
Total Supply/Sales by Region [d]				
Mid-Atlantic [e]	17,753	18,887	(1,134)	(6.0)%
Midwest [e]	24,218	23,558	660	2.8%
New England	5,877	3,589	2,288	63.8%
New York	4,739	3,767	972	25.8%
ERCOT	3,775	4,071	(296)	(7.3)%
Other Power Regions [c]	6,266	5,695	571	10.0%
Total Supply/Sales by Region	62,628	59,567	3,061	5.1%

Supply Source (GWh)	Six Months Ended June 30, 2015	2014	Variance	% Change
Nuclear Generation				
Mid-Atlantic [a]	31,337	27,048	4,289	15.9%
Midwest	45,875	45,844	31	0.1%
New York [a]	9,250	3,766	5,484	145.6%
Total Nuclear Generation	86,462	76,658	9,804	12.8%
Fossil and Renewables [a]				
Mid-Atlantic	1,309	6,373	(5,064)	(79.5)%
Midwest	795	736	59	8.0%
New England	735	3,033	(2,298)	(75.8)%
New York	2	2	—	—%
ERCOT	2,294	3,208	(914)	(28.5)%
Other Power Regions [c]	4,069	3,670	399	10.9%
Total Fossil and Renewables	9,204	17,022	(7,818)	(45.9)%
Purchased Power				
Mid-Atlantic [b]	3,208	4,043	(835)	(20.7)%
Midwest	996	1,231	(235)	(19.1)%
New England	12,150	4,360	7,790	n.m.
New York [b]	—	2,857	(2,857)	(100.0)%
ERCOT	5,147	4,501	646	14.4%
Other Power Regions [c]	7,477	7,009	468	6.7%
Total Purchased Power	28,978	24,001	4,977	20.7%
Total Supply/Sales by Region [d]				
Mid-Atlantic [e]	35,854	37,464	(1,610)	(4.3)%
Midwest [e]	47,666	47,811	(145)	(0.3)%
New England	12,885	7,393	5,492	74.3%
New York	9,252	6,625	2,627	39.7%
ERCOT	7,441	7,709	(268)	(3.5)%
Other Power Regions [c]	11,546	10,679	867	8.1%
Total Supply/Sales by Region	124,644	117,681	6,963	5.9%

(a) Includes the proportionate share of output where Generation has an undivided ownership interest in jointly-owned generating plants and includes the total output of plants that are fully consolidated (e.g. CENG). Nuclear generation for the three and six months ended June 30, 2015 includes physical volumes of 3,743 GWh and 7,027 GWh in the Mid-Atlantic region and 4,738 GWh and 9,250 GWh in the New York region for CENG. Nuclear generation for the three and six months ended June 30, 2014 includes physical volumes of 3,780 GWh in the Mid-Atlantic region and 3,766 GWh in the New York region for CENG. Prior to the integration date of April 1, 2014, CENG volumes were included in purchased power.

(b) Purchased power for the six months ended June 30, 2014 includes physical volumes of 2,489 GWh in the Mid-Atlantic and 2,857 GWh in the New York regions as a result of the PPA with CENG. As of the integration date of April 1, 2014, CENG volumes are included in nuclear generation.

(c) Other Power Regions includes South, West and Canada.

(d) Excludes physical proprietary trading volumes of 1,657 GWh and 2,629 GWh for the three months ended June 30, 2015 and 2014, respectively, and 3,465 GWh and 5,123 GWh for six months ended June 30, 2015 and 2014, respectively.

(e) Includes affiliate sales to PECO and BGE in the Mid-Atlantic region and affiliate sales to ComEd in the Midwest region.

Mid-Atlantic

Three Months Ended June 30, 2015 Compared to Three Months Ended June 30, 2014. The $31 million decrease in revenue net of purchased power and fuel expense in the Mid-Atlantic was primarily due to lower

capacity revenues and lower generation volumes due to the sale of various generating assets, partially offset by higher nuclear volumes, benefit of lower cost to serve load, the cancellation of the DOE spent nuclear fuel disposal fee, and favorability from portfolio management optimization activities.

Six Months Ended June 30, 2015 Compared to Six Months Ended June 30, 2014. The $56 million increase in revenue net of purchased power and fuel expense in the Mid-Atlantic was primarily due to the inclusion of CENG's results on a fully consolidated basis in 2015, benefit of lower cost to serve load (including the absence of higher procurement costs for replacement power due to extreme cold weather in the first quarter of 2014), higher nuclear volumes, the cancellation of the DOE spent nuclear fuel disposal fee, and favorability from portfolio management optimization activities, partially offset by lower capacity revenues, lower generation volumes due to the sale of generating assets, and lower realized energy prices.

Midwest

Three Months Ended June 30, 2015 Compared to Three Months Ended June 30, 2014. The $138 million increase in revenue net of purchased power and fuel expense in the Midwest was primarily due to higher capacity revenues, higher nuclear volumes, the inclusion of Integrys' results in 2015, the cancellation of the DOE spent nuclear fuel disposal fee, and favorability from portfolio management optimization activities.

Six Months Ended June 30, 2015 Compared to Six Months Ended June 30, 2014. The $282 million increase in revenue net of purchased power and fuel expense in the Midwest was primarily due to higher capacity revenues, the inclusion of Integrys' results in 2015, the cancellation of the DOE spent nuclear fuel disposal fee, and favorability from portfolio management optimization activities.

New England

Three Months Ended June 30, 2015 Compared to Three Months Ended June 30, 2014. The $24 million increase in revenue net of purchased power and fuel expense in New England was primarily due to the benefit of lower cost to serve load and higher generation volumes from power purchase agreements, partially offset by lower generation volumes due to the sale of a generating asset.

Six Months Ended June 30, 2015 Compared to Six Months Ended June 30, 2014. The $46 million increase in revenue net of purchased power and fuel expense in New England was primarily due to the benefit of lower cost to serve load and higher generation volumes from power purchase agreements, partially offset by lower generation volumes due to the sale of a generating asset.

New York

Three Months Ended June 30, 2015 Compared to Three Months Ended June 30, 2014. The $4 million decrease in revenue net of purchased power and fuel expense in New York was primarily due to lower realized energy prices, partially offset by higher nuclear volumes.

Six Months Ended June 30, 2015 Compared to Six Months Ended June 30, 2014. The $205 million increase in revenue net of purchased power and fuel expense in New York was primarily due to the inclusion of CENG's results on a fully consolidated basis in 2015, partially offset by lower realized energy prices.

ERCOT

Three Months Ended June 30, 2015 Compared to Three Months Ended June 30, 2014. The $11 million increase in revenue net of purchased power and fuel expense in ERCOT was primarily due to the absence of higher procurement costs for replacement power in 2014, partially offset by lower generation volumes due to the sale of Quail Run.

Six Months Ended June 30, 2015 Compared to Six Months Ended June 30, 2014. The $17 million decrease in revenue net of purchased power and fuel expense in ERCOT was primarily due to lower realized energy prices and lower generation volumes due to the sale of generating assets, partially offset by the absence of higher procurement costs for replacement power in 2014.

Other Power Regions

Three Months Ended June 30, 2015 Compared to Three Months Ended June 30, 2014. The $13 million decrease in revenue net of purchased power and fuel expense in Other Power Regions was primarily due to lower realized energy prices, partially offset by higher generation volumes from power purchase agreements and lower fuel costs.

Six Months Ended June 30, 2015 Compared to Six Months Ended June 30, 2014. The $72 million decrease in revenue net of purchased power and fuel expense in Other Power Regions was primarily due to lower realized energy prices and the absence of the 2014 fuel optimization opportunities, partially offset by higher generation volumes from power purchase agreements and lower fuel costs.

Mark-to-market

Three Months Ended June 30, 2015 Compared to Three Months Ended June 30, 2014. Generation is exposed to market risks associated with changes in commodity prices and enters into economic hedges to mitigate exposure to these fluctuations. Mark-to-market gains on economic hedging activities were $235 million for the three months ended June 30, 2015 compared to losses of $14 million for the three months ended June 30, 2014. See Notes 9 — Fair Value of Financial Assets and Liabilities and 10 — Derivative Financial Instruments of the Combined Notes to the Consolidated Financial Statements for information on gains and losses associated with mark-to-market derivatives.

Six Months Ended June 30, 2015 Compared to Six Months Ended June 30, 2014. Generation is exposed to market risks associated with changes in commodity prices and enters into economic hedges to mitigate exposure to these fluctuations. Mark-to-market gains on economic hedging activities were $397 million for the six months ended June 30, 2015 compared to losses of $744 million for the six months ended June 30, 2014. See Notes 9 — Fair Value of Financial Assets and Liabilities and 10 — Derivative Financial Instruments of the Combined Notes to the Consolidated Financial Statements for information on gains and losses associated with mark-to-market derivatives.

Other

Three Months Ended June 30, 2015 Compared to Three Months Ended June 30, 2014. The $64 million increase in other revenue net of purchased power and fuel expense was primarily driven by the amortization of contracts recorded at fair value during prior acquisitions, and the addition of Integrys.

Six Months Ended June 30, 2015 Compared to Six Months Ended June 30, 2014. The $180 million increase in other revenue net of purchased power and fuel expense was primarily driven by the amortization of contracts recorded at fair value during prior acquisitions, and the addition of Integrys.

Nuclear Fleet Capacity Factor and Production Costs

The following table presents nuclear fleet operating data for the three and six months ended June 30, 2015 as compared to the same periods in 2014, for the Generation-operated plants. The nuclear fleet capacity factor presented in the table is defined as the ratio of the actual output of a plant over a period of time to its output if the plant had operated at full average annual mean capacity for that time period. Nuclear fleet production cost is defined as the costs to produce one MWh of energy, including fuel, materials, labor, contracting and other miscellaneous costs, but excludes depreciation, required capital investment, benefits costs associated with labor, insurance, property taxes, unit contingent costs, suspended DOE nuclear waste storage fee, and certain other non-production related overhead costs. Generation considers capacity factor and production costs useful measures

comparatively to analyze the nuclear fleet performance between periods. Generation has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, these measures are not a presentation defined under GAAP and may not be comparable to other companies' presentations or be more useful than the GAAP information provided elsewhere in this report.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Nuclear fleet capacity factor [a]	93.1%	91.8%	92.9%	92.9%
Nuclear fleet production cost per MWh [a]	$ 19.56	$ 20.31	$ 20.05	$ 20.50

(a) Excludes Salem, which is operated by PSEG Nuclear, LLC. Reflects ownership percentage of stations operated by Exelon. On April 1, 2014, Generation assumed operational control of CENG's nuclear fleet, and as a result, beginning on April 1, 2014, the financial results include CENG's results of operations on a fully consolidated basis.

Three Months Ended June 30, 2015 Compared to Three Months Ended June 30, 2014. The nuclear fleet capacity factor, which excludes Salem, increased primarily due to a lower number of both planned refueling outages days and unplanned non-refueling outage days during the three months ended June 30, 2015 compared to the same period in 2014. For the three months ended June 30, 2015 and 2014, refueling outage days totaled 71 and 108, respectively. During the same periods, non-refueling outage days totaled 18 and 44, respectively. Production costs per MWh were lower for the three months ended June 30, 2015 as compared to the same period in 2014 due to a higher fleet capacity factor and elimination of the spent nuclear fuel disposal fee in 2014.

Six Months Ended June 30, 2015 Compared to Six Months Ended June 30, 2014. The nuclear fleet capacity factor, which excludes Salem, was equal to the performance of the same period in 2014. The lower capacity factor over the three months ended March 31, 2015, driven by a higher number of unplanned outage days and non-outage energy losses in 2015 when compared to 2014, was offset by favorable performance over the three months ended June 30, 2015, due to lower outage days compared to the same period in 2014. For the six months ended June 30, 2015 and 2014, refueling outage days totaled 160 (of which 51 were related to CENG plants) and 160 (of which 52 were related to CENG plants), respectively. During the same periods, non-refueling outage days totaled 50 (of which 9 were related to CENG) and 64 (of which 3 were related to CENG), respectively. Production costs per MWh were lower for the six months ended June 30, 2015 as compared to the same period in 2014, due to the elimination of the spent nuclear fuel disposal fee in 2014, partially offset by the inclusion of CENG.

Operating and Maintenance

The changes in operating and maintenance expense for the three and six months ended June 30, 2015 compared to the same periods in 2014, consisted of the following:

	Three Months Ended June 30, Increase (Decrease)	Six Months Ended June 30, Increase (Decrease) [a]
Labor, other benefits, contracting, materials	$ 20	$ 160
Accretion expense	—	23
Corporate allocations [b]	6	11
Pension and non-pension postretirement benefits expense	12	4
Nuclear refueling outage costs, including the co-owned Salem plants [c]	(39)	5
Regulatory fees and assessment	(6)	10
Merger and integration costs	(8)	(9)
Midwest Generation bankruptcy recoveries	—	(14)
Impairment of long-lived assets [d]	(86)	(86)
Other	(4)	16
Increase (decrease) in operating and maintenance expense	$ (105)	$ 120

(a) On April 1, 2014, Generation assumed operational control of CENG's nuclear fleet. As a result, beginning on April 1, 2014, the financial results include CENG's results of operations on a fully consolidated basis.
(b) Reflects an increased share of corporate allocated costs.
(c) Reflects the impact of decreased refueling outage days for the three months ended June 30, 2015 compared to the three months ended June 30, 2014 and increase outage costs for the six months ended June 30, 2015 compared to the six months ended June 30, 2014.
(d) Reflects the impact of a 2014 charge to earnings related to the impairment of wind generating assets.

Depreciation and Amortization

Three Months Ended June 30, 2015 Compared to Three Months Ended June 30, 2014 . Depreciation and amortization expense for the three months ended June 30, 2015 compared to the three months ended June 30, 2014 remained relatively level.

Six Months Ended June 30, 2015 Compared to Six Months Ended June 30, 2014. The increase in depreciation and amortization expense for the six months ended June 30, 2015 compared to the six months ended June 30, 2014 is primarily due the inclusion of CENG's results on a fully consolidated basis in 2015.

Taxes Other Than Income

Three Months Ended June 30, 2015 Compared to Three Months Ended June 30, 2014. Taxes other than income for the three months ended June 30, 2015 compared to the three months ended June 30, 2014 remained relatively level.

Six Months Ended June 30, 2015 Compared to Six Months Ended June 30, 2014. The increase in taxes other than income for the six months ended June 30, 2015 compared to the six months ended June 30, 2014 is primarily due the inclusion of CENG's results on a fully consolidated basis in 2015.

Equity in Losses of Unconsolidated Affiliates

Three Months Ended June 30, 2015 Compared to Three Months Ended June 30, 2014. Equity in losses of unconsolidated affiliates for the three months ended June 30, 2015 compared to the three months ended June 30, 2014 remained relatively stable.

Six Months Ended June 30, 2015 Compared to Six Months Ended June 30, 2014. The decrease in equity in losses of unconsolidated affiliates for the six months ended June 30, 2015 compared to the six months ended June 30, 2014 is primarily due to CENG's operating results being fully consolidated beginning April 1, 2014 and, as a result, are not reflected as equity method earnings in 2015.

Gain on Sales of Assets

The unfavorable change in gain on sales of assets for the three and six months ended June 30, 2015 compared to the three and six months ended June 30, 2014 is primarily due to decreased asset divestiture activity in 2015.

Interest Expense

The increase in interest expense for the three and six months ended June 30, 2015 compared to the three and six months ended June 30, 2014 is primarily due to higher outstanding debt in 2015.

Other, Net

The increase in Other, net for the three and six months ended June 30, 2015 compared to the three and six months ended June 30, 2014 primarily reflects the change in the realized and unrealized gains and losses related

to the NDT funds of its Non-Regulatory Agreement Units as described in the table below. Other, net also reflects $(12) million and $46 million for the three months ended June 30, 2015 and 2014, respectively, and $10 million and $66 million for the six months ended June 30, 2015 and 2014, respectively, related to the contractual elimination of income tax expense (benefit) associated with the NDT funds of the Regulatory Agreement Units. Refer to Note 13 — Nuclear Decommissioning for additional information regarding NDT funds. For the six months ended June 30, 2015, the decrease in Other, net also included a benefit recorded in 2014 for the favorable settlement of certain income tax positions on Constellation's 2009-2012 pre-acquisition tax returns.

The following table provides unrealized and realized gains on the NDT funds of the Non-Regulatory Agreement Units recognized in Other, net for the three and six months ended June 30, 2015 and 2014:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015 (a)	2014
Net unrealized (losses) gains on decommissioning trust funds	$ (96)	$ 128	$ (56)	$ 141
Net realized gains on sale of decommissioning trust funds	50	12	56	25

(a) On April 1, 2014, Generation assumed operational control of CENG's nuclear fleet. As a result, the 2015 financial results include CENG's results of operations on a fully consolidated basis.

Effective Income Tax Rate

The effective income tax rate was 31.6% and 31.7% for the three and six months ended June 30, 2015, respectively, compared to 34.9% and (0.5)% for the same periods during 2014. See Note 12 — Income Taxes of the Combined Notes to the Consolidated Financial Statements for further discussion of the change in the effective income tax rate.

Results of Operations — ComEd

	Three Months Ended June 30,		Favorable (Unfavorable)	Six Months Ended June 30,		Favorable (Unfavorable)
	2015	2014	Variance	2015	2014	Variance
Operating revenue	$ 1,148	$ 1,128	$ 20	$ 2,333	$ 2,262	$ 71
Purchased power expense	275	269	(6)	601	589	(12)
Revenue net of purchased power expense (a)	873	859	14	1,732	1,673	59
Other operating expenses						
Operating and maintenance	384	355	(29)	762	681	(81)
Depreciation and amortization	177	174	(3)	352	347	(5)
Taxes other than income	69	72	3	146	149	3
Total other operating expenses	630	601	(29)	1,260	1,177	(83)
Operating income	243	258	(15)	472	496	(24)
Other income and (deductions)						
Interest expense, net	(81)	(80)	(1)	(165)	(160)	(5)
Other, net	5	5	—	9	10	(1)
Total other income and (deductions)	(76)	(75)	(1)	(156)	(150)	(6)
Income before income taxes	167	183	(16)	316	346	(30)
Income taxes	68	72	4	127	137	10
Net income	$ 99	$ 111	$ (12)	$ 189	$ 209	$ (20)

(a) ComEd evaluates its operating performance using the measure of Revenue net of purchased power expense. ComEd believes that Revenue net of purchased power expense is a useful measurement because it provides information that can be used to evaluate its operational performance. In general, ComEd only earns margin based on the delivery and transmission of electricity. ComEd has included its discussion of Revenue net of purchased power expense below as a complement to the financial information provided in accordance with GAAP. However, Revenue net of purchased power expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

Net Income

Three Months Ended June 30, 2015 Compared to Three Months Ended June 30, 2014 and Six Months Ended June 30, 2015 Compared to Six Months Ended June 30, 2014. ComEd's net income for the three and six months ended June 30, 2015 was lower than the same periods in 2014, primarily due to unfavorable weather and volume partly offset by increased electric distribution earnings reflecting the impacts of increased capital investment, which was partially offset by lower allowed return on common equity due to a decrease in treasury rates.

Operating Revenue Net of Purchased Power Expense

There are certain drivers of Operating revenue that are fully offset by their impact on Purchased power expense, such as commodity procurement costs and participation in customer choice programs. ComEd is permitted to recover electricity procurement costs from retail customers without mark-up. Therefore, fluctuations in electricity procurement costs have no impact on revenue net of purchased power expense. See Note 3 — Regulatory Matters of the Exelon 2014 Form 10-K for additional information on ComEd's electricity procurement process.

All ComEd customers have the choice to purchase electricity from a competitive electric generation supplier. Customer choice programs do not impact ComEd's volume of deliveries, but do affect ComEd's Operating revenue related to supplied energy, which is fully offset in Purchased power expense. Therefore, customer choice programs have no impact on Revenue net of purchased power expense.

Retail deliveries purchased from competitive electric generation suppliers (as a percentage of kWh sales) for the three and six months ended June 30, 2015, compared to the same period in 2014, consisted of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Electric	79%	81%	78%	80%

Retail customers purchasing electric generation from competitive electric generation suppliers at June 30, 2015 and 2014 consisted of the following:

	June 30, 2015		June 30, 2014	
	Number of customers	% of total retail customers	Number of customers	% of total retail customers
Electric	2,268,000	58%	2,550,100	66%

The City of Chicago currently participates in ComEd's customer choice program and purchases electricity from Constellation (formerly Integrys). Beginning in September 2015, the City of Chicago will no longer participate in the customer choice program and will begin purchasing its electricity from ComEd. It is anticipated that by the end of the fourth quarter 2015 approximately 43% of retail customers and 72% of kWh sales in the ComEd service territory will be supplied by competitive retail electric suppliers, reflecting the City of Chicago switching back to ComEd. ComEd's Operating revenue will increase as a result of the City of Chicago switching, but will be fully offset in Purchased power expense.

The changes in ComEd's Revenue net of purchased power expense for the three and six months ended June 30, 2015, compared to the same periods in 2014 consisted of the following:

	Three Months Ended June 30, Increase (Decrease)	Six Months Ended June 30, Increase (Decrease)
Weather	$ (14)	$ (19)
Volume	(5)	(13)
Electric distribution revenue	36	42
Transmission revenue	9	13
Regulatory required programs	(28)	(19)
Uncollectible accounts recovery, net	11	43
Revenue subject to refund	9	9
Other	(4)	3
Increase in revenue net of purchased power expense	$ 14	$ 59

Weather. The demand for electricity is affected by weather conditions. Very warm weather in summer months and very cold weather in other months are referred to as "favorable weather conditions" because these weather conditions result in increased customer usage. Conversely, mild weather reduces demand. For the three and six months ended June 30, 2015, unfavorable weather conditions reduced Operating revenue net of purchased power expense when compared to the same periods in 2014.

Heating and cooling degree days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree days for a 30-year period in ComEd's service territory with cooling degree days generally having a more significant impact to ComEd, particularly during the summer months. The changes in heating and cooling degree days in ComEd's service territory for the three and six months ended June 30, 2015, and 2014, consisted of the following:

Heating and Cooling Degree-Days				% Change	
Three Months Ended June 30,	2015	2014	Normal	From 2014	From Normal
Heating Degree-Days	686	695	765	(1.3)%	(10.3)%
Cooling Degree-Days	171	259	218	(34.0)%	(21.6)%
Six Months Ended June 30,					
Heating Degree-Days	4,318	4,569	3,929	(5.5)%	9.9%
Cooling Degree-Days	171	259	218	(34.0)%	(21.6)%

Volume. Revenue net of purchased power expense decreased as a result of lower delivery volume, exclusive of the effects of weather, reflecting decreased average usage per customer as compared to the same three and six months periods in 2014.

Electric Distribution Revenue. EIMA provides for a performance-based rate formula, which requires an annual reconciliation of the revenue requirement in effect to the actual costs that the ICC determines are prudently and reasonably incurred in a given year. Under EIMA, distribution revenue varies from year to year based on fluctuations in the underlying costs, investments being recovered, allowed ROE, and other billing determinants. In addition, ComEd's allowed rate of return on common equity is the annual average rate of 30-year treasury notes plus 580 basis points, subject to a collar of plus or minus 50 basis points. Therefore, the collar limits favorable and unfavorable impacts of weather and load on distribution revenue. During the three and six months ended June 30, 2015, ComEd recorded increased electric distribution revenue primarily due to higher operating and maintenance expense and increased capital investment, partially offset by lower allowed return on

common equity due to a decrease in treasury rates. See Operating and Maintenance Expense below, and Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information on ComEd's rate formula pursuant to EIMA.

Transmission Revenue. Under a FERC-approved formula, transmission revenue varies from year to year based on fluctuations in the underlying costs, investments being recovered and other billing determinants, such as the highest daily peak load from the previous calendar year. For the three and six months ended June 30, 2015, ComEd recorded increased transmission revenue primarily due to increased capital investment. See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Regulatory Required Programs. This represents the change in Operating revenue collected under approved riders to recover costs incurred for regulatory programs such as ComEd's energy efficiency and demand response and purchased power administrative costs. The riders are designed to provide full and current cost recovery. An equal and offsetting amount has been included in Operating and maintenance expense. Refer to the Operating and maintenance expense discussion below for additional information on included programs.

Uncollectible Accounts Recovery, Net. Uncollectible accounts recovery, net represents recoveries under ComEd's uncollectible accounts tariff. See the Operating and maintenance expense discussion below for additional information on this tariff.

Revenue Subject to Refund . ComEd records revenue subject to refund based upon its best estimate of customer collections that may be required to be refunded. Revenue net of purchase power was higher for the three and six months ended June 30, 2015 due to the one-time revenue refund associated with Rider AMP recorded in the second quarter of 2014. See Note 3 — Regulatory Matters of the Exelon 2014 Form 10-K for additional information regarding Rider AMP.

Other. Other revenue, which can vary period to period, includes rental revenue, revenue related to late payment charges, revenue from other utilities for mutual assistance programs and recoveries of environmental costs associated with MGP sites. An equal and offsetting amount of environmental costs associated with MGP sites is reflected in Depreciation and amortization expense during the periods presented.

Operating and Maintenance Expense

	Three Months Ended June 30,		Increase	Six Months Ended June 30,		
	2015	2014	(Decrease)	2015	2014	Increase
Operating and maintenance expense — baseline	$ 338	$ 281	$ 57	$ 659	$ 559	$ 100
Operating and maintenance expense — regulatory required programs [(a)]	46	74	$ (28)	103	122	$ (19)
Total operating and maintenance expense	$ 384	$ 355	$ 29	$ 762	$ 681	$ 81

(a) Operating and maintenance expenses for regulatory required programs are costs for various legislative and/or regulatory programs that are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in operating revenue.

The changes in operating and maintenance expense for the three and six months ended June 30, 2015 compared to the same periods in 2014, consisted of the following:

	Three Months Ended June 30, Increase (Decrease)	Six Months Ended June 30, Increase (Decrease)
Baseline		
Labor, other benefits, contracting and materials [a]	$ 21	$ 38
Pension and non-pension postretirement benefits expense	8	—
Storm-related costs	6	2
Uncollectible accounts expense — provision [b]	3	5
Uncollectible accounts expense — recovery, net [b]	8	38
Other	11	17
	57	100
Regulatory required programs		
Energy efficiency and demand response programs	(28)	(19)
	(28)	(19)
Increase in operating and maintenance expense	$ 29	$ 81

(a) Primarily reflects increased contracting costs related to other preventative and corrective maintenance projects for the three and six months ended June 30, 2015.

(b) ComEd is allowed to recover from or refund to customers the difference between the utility's annual uncollectible accounts expense and the amounts collected in rates annually through a rider mechanism. During the three and six months ended June 30, 2015, ComEd recorded a net increase in operating and maintenance expense related to uncollectible accounts due to the timing of regulatory cost recovery. An equal and offsetting increase has been recognized in operating revenue for the periods presented.

Depreciation and Amortization

Depreciation and amortization expense increased during the three and six months ended June 30, 2015, compared to the same periods in 2014, primarily due to increased capital expenditures, partially offset by decreased amortization as a result of ComEd's severance regulatory assets fully amortizing during the second quarter of 2014.

Taxes Other Than Income

Taxes other than income taxes, which can vary period to period, include municipal and state utility taxes, real estate taxes and payroll taxes. Taxes other than income taxes remained relatively flat during the three and six months ended June 30, 2015, compared to the same periods in 2014.

Interest Expense, Net

The changes in interest expense, net for the three and six months ended June 30, 2015, compared to the same periods in 2014, consisted of the following:

	Three Months Ended June 30, Increase (Decrease)	Six Months Ended June 30, Increase (Decrease)
Interest expense related to uncertain tax positions	$ —	$ (1)
Interest expense on debt (including financing trusts) [a]	3	6
Other	(2)	—
Increase in interest expense, net	$ 1	$ 5

(a) Primarily reflects an increase in interest expense due to the issuance of First Mortgage Bonds on November 10, 2014 and March 2, 2015. See Note 11 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for additional information on ComEd's debt obligations.

Effective Income Tax Rate

ComEd's effective income tax rate was 40.7% and 39.3% for the three months ended June 30, 2015 and 2014, respectively. ComEd's effective income tax rate was 40.2% and 39.6% for the six months ended June 30, 2015 and 2014, respectively. See Note 12 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

ComEd Electric Operating Statistics and Revenue Detail

Retail Deliveries to Customers (in GWhs)	Three Months Ended June 30, 2015	Three Months Ended June 30, 2014	% Change	Weather-Normal % Change	Six Months Ended June 30, 2015	Six Months Ended June 30, 2014	% Change	Weather-Normal % Change
Retail Deliveries [a]								
Residential	5,685	6,177	(8.0)%	(1.8)%	12,682	13,587	(6.7)%	(2.6)%
Small commercial & industrial	7,566	7,759	(2.5)%	(1.3)%	15,727	16,090	(2.3)%	(0.8)%
Large commercial & industrial	6,680	6,769	(1.3)%	(0.5)%	13,557	13,864	(2.2)%	(1.4)%
Public authorities & electric railroads	290	304	(4.6)%	(4.5)%	669	701	(4.6)%	(3.6)%
Total retail deliveries	20,221	21,009	(3.8)%	(1.2)%	42,635	44,242	(3.6)%	(1.6)%

Number of Electric Customers	As of June 30, 2015	As of June 30, 2014
Residential	3,511,058	3,487,337
Small commercial & industrial	369,255	367,354
Large commercial & industrial	1,976	2,025
Public authorities & electric railroads	4,833	4,827
Total	3,887,122	3,861,543

Electric Revenue	Three Months Ended June 30, 2015	Three Months Ended June 30, 2014	% Change	Six Months Ended June 30, 2015	Six Months Ended June 30, 2014	% Change
Retail Sales [a]						
Residential	$ 527	$ 499	5.6%	$ 1,096	$ 1,007	8.8%
Small commercial & industrial	330	340	(2.9)%	667	684	(2.5)%
Large commercial & industrial	109	113	(3.5)%	218	229	(4.8)%
Public authorities & electric railroads	11	12	(8.3)%	23	24	(4.2)%
Total retail	977	964	1.3%	2,004	1,944	3.1%
Other revenue [b]	171	164	4.3%	329	318	3.5%
Total electric revenue	$ 1,148	$ 1,128	1.8%	$ 2,333	$ 2,262	3.1%

(a) Reflects delivery revenue and volumes from customers purchasing electricity directly from ComEd and customers purchasing electricity from a competitive electric generation supplier, as all customers are assessed delivery charges. For customers purchasing electricity from ComEd, revenue also reflects the cost of energy and transmission.

(b) Other revenue primarily includes transmission revenue from PJM. Other items include rental revenue, revenue related to late payment charges, revenue from other utilities for mutual assistance programs and recoveries of environmental costs associated with MGP sites.

Results of Operations — PECO

	Three Months Ended June 30,		Favorable (Unfavorable) Variance	Six Months Ended June 30,		Favorable (Unfavorable) Variance
	2015	2014		2015	2014	
Operating revenue	$ 661	$ 656	$ 5	$1,646	$1,649	$ (3)
Purchased power and fuel	237	241	4	675	705	30
Revenue net of purchased power and fuel expense [(a)]	424	415	9	971	944	27
Other operating expenses						
Operating and maintenance	192	184	(8)	414	464	50
Depreciation and amortization	69	59	(10)	131	117	(14)
Taxes other than income	39	38	(1)	80	80	—
Total other operating expenses	300	281	(19)	625	661	36
Gain on sale of assets	—	—	—	1	—	1
Operating income	124	134	(10)	347	283	64
Other income and (deductions)						
Interest expense, net	(28)	(28)	—	(56)	(56)	—
Other, net	1	1	—	3	3	—
Total other income and (deductions)	(27)	(27)	—	(53)	(53)	—
Income before income taxes	97	107	(10)	294	230	64
Income taxes	27	23	(4)	85	57	(28)
Net income attributable to common shareholder	$ 70	$ 84	$ (14)	$ 209	$ 173	$ 36

(a) PECO evaluates its operating performance using the measures of revenue net of purchased power expense for electric sales and revenue net of fuel expense for gas sales. PECO believes revenue net of purchased power expense and revenue net of fuel expense are useful measurements of its performance because they provide information that can be used to evaluate its net revenue from operations. PECO has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, revenue net of purchased power expense and revenue net of fuel expense figures are not a presentation defined under GAAP and may not be comparable to other companies' presentations or more useful than the GAAP information provided elsewhere in this report.

Net Income Attributable to Common Shareholder

Three Months Ended June 30, 2015 Compared to Three Months Ended June 30, 2014. PECO's decrease in net income attributable to common shareholder was driven primarily by an increase in operating and maintenance expense due to the significant June 2015 storm.

Six Months Ended June 30, 2015 Compared to Six Months Ended June 30, 2014. PECO's increase in net income attributable to common shareholder was driven primarily by a decrease in operating and maintenance expense due to a decrease in storm costs and favorable weather included in Revenue net of purchased power and fuel expense.

Operating Revenue Net of Purchased Power and Fuel Expense

Electric and gas revenue and purchased power and fuel expense are affected by fluctuations in commodity procurement costs. PECO's electric supply and natural gas cost rates charged to customers are subject to adjustments as specified in the PAPUC-approved tariffs that are designed to recover or refund the difference

between the actual cost of electric supply and natural gas and the amount included in rates in accordance with the PECO's GSA and PGC, respectively. Therefore, fluctuations in electric supply and natural gas procurement costs have no impact on electric and gas revenue net of purchased power and fuel expense.

Electric and gas revenue and purchased power and fuel expense are also affected by fluctuations in participation in the Customer Choice Program. All PECO customers have the choice to purchase electricity and gas from competitive electric generation and natural gas suppliers, respectively. The customer's choice of suppliers does not impact the volume of deliveries, but affects revenue collected from customers related to supplied energy and natural gas service. Customer choice program activity has no impact on electric and gas revenue net of purchased power and fuel expense.

Retail deliveries purchased from competitive electric generation and natural gas suppliers (as a percentage of kWh and mmcf sales, respectively) for the three and six months ended June 30, 2015 and 2014, consisted of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Electric	71%	72%	69%	70%
Natural Gas	28%	24%	24%	21%

Retail customers purchasing electric generation and natural gas from competitive electric generation and natural suppliers at June 30, 2015 and 2014 consisted of the following:

	June 30, 2015		June 30, 2014	
	Number of customers	% of total retail customers	Number of customers	% of total retail customers
Electric	552,500	35%	538,800	34%
Natural Gas	81,900	16%	74,800	15%

The changes in PECO's operating revenue net of purchased power and fuel expense for the three and six months ended June 30, 2015 compared to the same period in 2014 consisted of the following:

	Three Months Ended June 30, Increase (Decrease)			Six Months Ended June 30, Increase (Decrease)		
	Electric	Gas	Total	Electric	Gas	Total
Weather	$ 16	$ (2)	$ 14	$ 20	$ 1	$ 21
Volume	—	2	2	4	5	9
Pricing	(1)	—	(1)	(2)	2	—
Regulatory required programs	(2)	—	(2)	3	—	3
Other	(4)	—	(4)	(7)	1	(6)
Total increase	$ 9	$ —	$ 9	$ 18	$ 9	$ 27

Weather. The demand for electricity and gas is affected by weather conditions. With respect to the electric business, very warm weather in summer months and, with respect to the electric and gas businesses, very cold weather in winter months are referred to as "favorable weather conditions" because these weather conditions result in increased deliveries of electricity and gas. Conversely, mild weather reduces demand. During the three and six months ended June 30, 2015 compared to the same periods in 2014, operating revenue net of purchased power and fuel expense was higher primarily due to the impact of favorable weather conditions in PECO's service territory.

Heating and cooling degree days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree days for a 30-year period in PECO's service territory. The changes in heating and cooling degree days in PECO's service territory for the three and six months ended June 30, 2015 compared to the same period in 2014 and normal weather consisted of the following:

Heating and Cooling Degree-Days	2015	2014	Normal	% Change From 2014	% Change From Normal
Three Months Ended June 30,					
Heating Degree-Days	330	393	466	(16.0)%	(29.2)%
Cooling Degree-Days	513	375	348	36.8%	47.4%
Six Months Ended June 30,					
Heating Degree-Days	3,264	3,237	2,943	0.8%	10.9%
Cooling Degree-Days	513	375	349	36.8%	47.0%

Volume. The increase in gas operating revenue net of fuel expense related to delivery volume, exclusive of the effects of weather, for the three and six months ended June 30, 2015 compared to the same period in 2014, primarily reflects the impact of moderate economic and customer growth partially offset by energy efficiency initiatives on customer usages.

The increase in electric operating revenue net of purchased power expense related to delivery volume for the six months ended June 30, 2015, is primarily related to the shift in the volume profile across classes from lower priced classes to higher priced classes.

Pricing. Pricing for the three and six months ended June 30, 2015 compared to the same periods in 2014 remained relatively constant.

Regulatory Required Programs. This represents the change in operating revenue collected under approved riders to recover costs incurred for regulatory programs such as smart meter, energy efficiency and the GSA. The riders are designed to provide full and current cost recovery as well as a return. The costs of these programs are included in Operating and maintenance expense, Depreciation and amortization expense and Income taxes. Refer to the Operating and maintenance expense discussion below for additional information on included programs.

Other. Other revenue for electric primarily reflects the impact of lower wholesale transmission revenue for the three and six months ended June 30, 2015 compared to the same periods in 2014. Wholesale transmission revenue is impacted by the previous year's peak demand, which was lower in 2014 than in 2013.

Operating and Maintenance Expense

	Three Months Ended June 30,		Increase (Decrease)	Six Months Ended June 30,		Increase (Decrease)
	2015	2014		2015	2014	
Operating and maintenance expense — baseline	$ 162	$ 155	$ 7	$ 359	$ 415	$ (56)
Operating and maintenance expense — regulatory required programs [(a)]	30	29	1	55	49	6
Total operating and maintenance expense	$ 192	$ 184	$ 8	$ 414	$ 464	$ (50)

(a) Operating and maintenance expenses for regulatory required programs are costs for various legislative and/or regulatory programs that are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in operating revenue.

The changes in operating and maintenance expense for the three and six months ended June 30, 2015 compared to the same period in 2014, consisted of the following:

	Three Months Ended June 30, 2015 Increase (Decrease)	Six Months Ended June 30, 2015 Increase (Decrease)
Baseline		
Labor, other benefits, contracting and materials	$ (11)	$ —
Storm-related costs	15[a]	(60) [b]
Pension and non-pension postretirement benefits expense	1	—
Merger and integration costs	1	2
Uncollectible accounts expense	(3)	(5)
Other	4	7
	7	(56)
Regulatory required programs		
Smart meter	—	(2)
Energy efficiency	1	6
Other	—	2
	1	6
Increase (Decrease) in operating and maintenance expense	$ 8	$ (50)

(a) Reflects an increase of $15 million in incremental storm costs in the second quarter of 2015 primarily as a result of the significant June 2015 storm.

(b) Reflects a reduction of $51 million in incremental storm costs in the second quarter of 2015 primarily as a result of the February 5, 2014 ice storm.

Depreciation and Amortization Expense

The increase in depreciation and amortization expense for the three and six months ended June 30, 2015 compared to the same periods in 2014 primarily reflects the change in the under-recovered position of the Smart Meter program surcharge given lower meter reading costs.

Taxes Other Than Income

Taxes other than income for the three and six months ended June 30, 2015 compared to the same periods in 2014 remained relatively constant.

Interest Expense, Net

Interest expense, net for the three and six months ended June 30, 2015 compared to the same periods in 2014 remained constant.

Other, Net

Other, net for the three and six months ended June 30, 2015 compared to the same periods in 2014 remained constant.

Effective Income Tax Rate

PECO's effective income tax rate was 27.8% and 21.5% for the three months ended June 30, 2015 and 2014, respectively.

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PECO's effective income tax rate was 28.9% and 24.8% for the six months ended June 30, 2015 and 2014, respectively. See Note 12 — Income Taxes of the Combined Notes to the Consolidated Financial Statements for further discussion of the change in effective income tax rate.

PECO Electric Operating Statistics and Revenue Detail

Retail Deliveries to Customers (in GWhs)	Three Months Ended June 30, 2015	Three Months Ended June 30, 2014	% Change	Weather-Normal % Change	Six Months Ended June 30, 2015	Six Months Ended June 30, 2014	% Change	Weather-Normal % Change
Retail Deliveries [a]								
Residential	3,021	2,801	7.9%	(0.2)%	6,989	6,649	5.1%	0.7%
Small commercial & industrial	1,925	1,947	(1.1)%	(3.2)%	4,087	4,002	2.1%	0.3%
Large commercial & industrial	3,784	3,741	1.1%	0.4%	7,517	7,518	—%	(0.6)%
Public authorities & electric railroads	214	222	(3.6)%	(3.6)%	443	481	(7.9)%	(7.9)%
Total retail deliveries	8,944	8,711	2.7%	(0.7)%	19,036	18,650	2.1%	(0.1)%

Number of Electric Customers	As of June 30, 2015	As of June 30, 2014
Residential	1,437,523	1,428,080
Small commercial & industrial	148,918	149,259
Large commercial & industrial	3,095	3,108
Public authorities & electric railroads	9,803	9,712
Total	1,599,339	1,590,159

Electric Revenue	Three Months Ended June 30, 2015	Three Months Ended June 30, 2014	% Change	Six Months Ended June 30, 2015	Six Months Ended June 30, 2014	% Change
Retail Sales [a]						
Residential	$ 365	$ 338	8.0%	$ 815	$ 782	4.2%
Small commercial & industrial	102	101	1.0%	217	212	2.4%
Large commercial & industrial	54	54	—%	108	117	(7.7)%
Public authorities & electric railroads	8	8	—%	15	16	(6.3)%
Total retail	529	501	5.6%	1,155	1,127	2.5%
Other revenue [b]	53	58	(8.6)%	104	109	(4.6)%
Total electric revenue	$ 582	$ 559	4.1%	$ 1,259	$ 1,236	1.9%

(a) Reflects delivery volumes and revenue from customers purchasing electricity directly from PECO and customers purchasing electricity from a competitive electric generation supplier as all customers are assessed distribution charges. For customers purchasing electricity from PECO, revenue also reflects the cost of energy and transmission.

(b) Other revenue includes transmission revenue from PJM and wholesale electric revenue.

PECO Gas Operating Statistics and Revenue Detail

Deliveries to Customers (in mmcf)	Three Months Ended June 30, 2015	Three Months Ended June 30, 2014	% Change	Weather-Normal % Change	Six Months Ended June 30, 2015	Six Months Ended June 30, 2014	% Change	Weather-Normal % Change
Retail Delivery								
Retail sales [a]	7,233	7,424	(2.6)%	7.5%	42,095	40,594	3.7%	3.9%
Transportation and other	5,431	6,005	(9.6)%	(5.9)%	14,128	14,374	(1.7)%	(3.2)%
Total gas deliveries	12,664	13,429	(5.7)%	1.6%	56,223	54,968	2.3%	1.9%

Number of Gas Customers	As of June 30, 2015	As of June 30, 2014
Residential	464,333	459,407
Commercial & industrial	42,603	42,042
Total retail	506,936	501,449
Transportation	845	882
Total	507,781	502,331

Gas Revenue	Three Months Ended June 30, 2015	Three Months Ended June 30, 2014	% Change	Six Months Ended June 30, 2015	Six Months Ended June 30, 2014	% Change
Retail Sales						
Retail sales [a]	$ 72	$ 88	(18.2)%	$ 368	$ 390	(5.6)%
Transportation and other	7	9	(22.2)%	19	23	(17.4)%
Total gas revenue	$ 79	$ 97	(18.6)%	$ 387	$ 413	(6.3)%

(a) Reflects delivery volumes and revenue from customers purchasing natural gas directly from PECO and customers purchasing natural gas from a competitive natural gas supplier as all customers are assessed distribution charges. For customers purchasing natural gas from PECO, revenue also reflects the cost of natural gas.

Results of Operations — BGE

	Three Months Ended June 30,		Favorable (Unfavorable)	Six Months Ended June 30,		Favorable (Unfavorable)
	2015	2014	Variance	2015	2014	Variance
Operating revenue	$ 628	$ 653	$ (25)	$1,664	$1,707	$ (43)
Purchased power and fuel	239	268	29	726	797	71
Revenue net of purchased power and fuel [(a)]	389	385	4	938	910	28
Other operating expenses						
Operating and maintenance	149	188	39	331	376	45
Depreciation and amortization	87	89	2	192	197	5
Taxes other than income	54	53	(1)	111	113	2
Total other operating expenses	290	330	40	634	686	52
Operating income	99	55	44	304	224	80
Other income and (deductions)						
Interest expense, net	(24)	(27)	3	(50)	(55)	5
Other, net	4	5	(1)	8	9	(1)
Total other income and (deductions)	(20)	(22)	2	(42)	(46)	4
Income before income taxes	79	33	46	262	178	84
Income taxes	32	14	(18)	105	72	(33)
Net income	47	19	28	157	106	51
Preference stock dividends	3	3	—	6	6	—
Net income attributable to common shareholder	$ 44	$ 16	$ 28	$ 151	$ 100	$ 51

(a) BGE evaluates its operating performance using the measure of revenue net of purchased power expense for electric sales and revenue net of fuel expense for gas sales. BGE believes revenue net of purchased power and fuel expense are useful measurements of its performance because they provide information that can be used to evaluate its net revenue from operations. BGE has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, revenue net of purchased power and fuel expense figures are not a presentation defined under GAAP and may not be comparable to other companies' presentations or more useful than the GAAP information provided elsewhere in this report.

Net Income attributable to common shareholder

Three Months Ended June 30, 2015, Compared to Three Months Ended June 30, 2014 . BGE's net income attributable to common shareholder for the three months ended June 30, 2015 was higher than the same period in 2014, primarily due to a decrease in operating and maintenance expense attributable to a reduction in bad debt expense and an increase in revenue net of purchased power and fuel expense as a result of the December 2014 electric and gas distribution rate order issued by the MDPSC.

Six Months Ended June 30, 2015, Compared to Six Months Ended June 30, 2014 . BGE's net income attributable to common shareholder for the six months ended June 30, 2015 was higher than the same period in 2014, primarily due to an increase in revenue net of purchased power and fuel expense as a result of the December 2014 electric and gas distribution rate order issued by the MDPSC and a decrease in operating and maintenance expense attributable to a reduction in bad debt expense and lower storm costs in the BGE service territory.

Operating Revenue Net of Purchased Power and Fuel Expense

There are certain drivers to operating revenue that are offset by their impact on purchased power expense and fuel expense, such as commodity procurement costs and programs allowing customers to select a competitive electric or natural gas supplier. Electric and gas revenue and purchased power and fuel expense are affected by fluctuations in commodity procurement costs. BGE's electric and natural gas rates charged to customers are subject to periodic adjustments that are designed to recover or refund the difference between the actual cost of purchased electric power and purchased natural gas and the amount included in rates in accordance with the MDPSC's market-based SOS and gas commodity programs, respectively.

The number of customers electing to select a competitive electric generation supplier affects electric SOS revenue and purchased power expense. The number of customers electing to select a competitive natural gas supplier affects gas cost adjustment revenue and purchased natural gas expense. All BGE customers have the choice to purchase energy from a competitive electric generation supplier. This customer choice of electric generation suppliers does not impact the volume of deliveries, but affects revenue collected from customers related to SOS.

Retail deliveries purchased from competitive electric generation and natural gas suppliers (as a percentage of kWh and mmcf sales, respectively) for the three and six months ended June 30, 2015, compared to the same period in 2014, consisted of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Electric	64%	63%	59%	60%
Natural Gas	67%	64%	50%	51%

Retail customers purchasing electric generation and natural gas from competitive electric generation and natural gas suppliers at June 30, 2015 and 2014 consisted of the following:

	June 30, 2015		June 30, 2014	
	Number of customers	% of total retail customers	Number of customers	% of total retail customers
Electric	349,400	28%	382,600	31%
Natural Gas	157,300	24%	165,500	25%

The changes in BGE's operating revenue net of purchased power and fuel expense for the three and six months ended June 30, 2015, compared to the same period in 2014, consisted of the following:

	Three Months Ended June 30, Increase (Decrease)			Six Months Ended June 30, Increase (Decrease)		
	Electric	Gas	Total	Electric	Gas	Total
Distribution rate increase	$ 2	$ 5	$ 7	$ 11	$ 21	$ 32
Regulatory required programs	1	—	1	(2)	2	—
Other	(1)	(3)	(4)	(1)	(3)	(4)
Total increase	$ 2	$ 2	$ 4	$ 8	$ 20	$ 28

Revenue Decoupling . The demand for electricity and gas is affected by weather and usage conditions. The MDPSC has allowed BGE to record a monthly adjustment to its electric and gas distribution revenue from all residential customers, commercial electric customers, the majority of large industrial electric customers, and all firm service gas customers to eliminate the effect of abnormal weather and usage patterns per customer on BGE's electric and gas distribution volumes, thereby recovering a specified dollar amount of distribution revenue

per customer, by customer class, regardless of changes in consumption levels. This means BGE recognizes revenue at MDPSC-approved levels per customer, regardless of what actual distribution volumes were for a billing period. Therefore, while these revenues are affected by customer growth, they will not be affected by actual weather or usage conditions. BGE bills or credits customers in subsequent months for the difference between approved revenue levels under revenue decoupling and actual customer billings.

Heating degree days are quantitative indices that reflect the demand for energy needed to heat a home or business. Normal weather is determined based on historical average heating and cooling degree days for a 30-year period in BGE's service territory. The changes in heating degree days in BGE's service territory for the three and six months ended June 30, 2015 compared to the same period in 2014 consisted of the following:

Heating and Cooling Degree-Days	2015	2014	Normal	% Change	
Three Months Ended June 30,				From 2014	From Normal
Heating Degree-Days	422	497	509	(15.1)%	(17.1)%
Cooling Degree-Days	317	233	253	36.1%	25.3%
Six Months Ended June 30,					
Heating Degree-Days	3,372	3,358	2,904	0.4%	16.1%
Cooling Degree-Days	317	233	256	36.1%	23.8%

Distribution Rate Increase. The increase in distribution rates for the three and six months ended June 30, 2015, compared to the same period in 2014, was primarily due to the impact of the new electric and natural gas distribution rates charged to customers that became effective in December 2014 in accordance with the MDPSC approved electric and natural gas distribution rate case orders. See Note 3 — Regulatory Matters of the Exelon 2014 Form 10-K for additional information.

Regulatory Required Programs. This represents the change in revenue collected under approved riders to recover costs incurred for the energy efficiency and demand response programs as well as administrative and commercial and industrial customer bad debt costs for SOS. The riders are designed to provide full recovery, as well as a return in certain instances. The costs of these programs are included in Operating and maintenance expense, Depreciation and amortization expense and Taxes other than income in BGE's Consolidated Statements of Operations and Comprehensive Income.

Other. Other revenue decreased during the three and six months ended June 30, 2015 compared to the same period in 2014. Other revenue, which can vary from period to period, includes miscellaneous revenue such as service application and late payment fees.

Operating and Maintenance Expense

The changes in operating and maintenance expense for the three and six months ended June 30, 2015 compared to the same period in 2014, consisted of the following:

	Three Months Ended June 30, Increase (Decrease)	Six Months Ended June 30, Increase (Decrease)
Labor, other benefits, contracting and materials	$ (3)	$ (4)
Pension and non-pension postretirement benefits expense	—	(1)
Storm-related costs	1	(18)
Uncollectible accounts expense	(34)	(19)
Other	(3)	(3)
Decrease in operating and maintenance expense	$ (39)	$ (45)

Depreciation and Amortization

Depreciation and amortization expense decreased for the three and six months ended June 30, 2015 compared to the same periods in 2014 primarily due to a reduction in regulatory asset amortization related to demand response programs.

Taxes Other Than Income

Taxes other than income for the three and six months ended June 30, 2015 compared to the same periods in 2014 remained relatively consistent.

Interest Expense, Net

The decrease in interest expense, net for the three and six months ended June 30, 2015, compared to the same periods in 2014, consisted of the following:

	Three Months Ended June 30, Increase (Decrease)	Six Months Ended June 30, Increase (Decrease)
Interest expense related to uncertain tax positions	$ (1)	$ (1)
Interest expense on debt (including financing trusts)	(1)	(2)
Other	(1)	(2)
Decrease in interest expense, net	$ (3)	$ (5)

Effective Income Tax Rate

BGE's effective income tax rate was 40.5% and 42.4% for the three months ended June 30, 2015 and 2014, respectively, and 40.1% and 40.4% for the six months ended June 30, 2015 and 2014, respectively. See Note 12 — Income Taxes of the Combined Notes to Consolidated Financial Statements for further discussion of the change in effective income tax rate.

BGE Electric Operating Statistics and Revenue Detail

Retail Deliveries to Customers (in GWhs)	Three Months Ended June 30, 2015	Three Months Ended June 30, 2014	% Change	Weather-Normal % Change	Six Months Ended June 30, 2015	Six Months Ended June 30, 2014	% Change	Weather-Normal % Change
Retail Deliveries [(a)]								
Residential	2,635	2,639	(0.2)%	n.m.	6,808	6,732	1.1%	n.m.
Small commercial & industrial	780	704	10.8%	n.m.	1,625	1,538	5.7%	n.m.
Large commercial & industrial	3,467	3,593	(3.5)%	n.m.	6,906	7,062	(2.2)%	n.m.
Public authorities & electric railroads	74	79	(6.3)%	n.m.	149	157	(5.1)%	n.m.
Total electric deliveries	6,956	7,015	(0.8)%	n.m.	15,488	15,489	—%	n.m.

Number of Electric Customers	As of June 30, 2015	As of June 30, 2014
Residential	1,132,325	1,123,804
Small commercial & industrial	112,951	112,827
Large commercial & industrial	11,820	11,660
Public authorities & electric railroads	286	290
Total	1,257,382	1,248,581

Electric Revenue	Three Months Ended June 30, 2015	Three Months Ended June 30, 2014	% Change	Six Months Ended June 30, 2015	Six Months Ended June 30, 2014	% Change
Retail Sales [(a)]						
Residential	$ 303	$ 293	3.4%	$ 752	$ 729	3.2%
Small commercial & industrial	61	64	(4.7)%	137	136	0.7%
Large commercial & industrial	109	120	(9.2)%	229	243	(5.8)%
Public authorities & electric railroads	8	8	—%	16	16	—%
Total retail	481	485	(0.8)%	1,134	1,124	0.9%
Other revenue	60	67	(10.4)%	120	138	(13.0)%
Total electric revenue	$ 541	$ 552	(2.0)%	$ 1,254	$ 1,262	(0.6)%

(a) Reflects delivery volumes and revenue from customers purchasing electricity directly from BGE and customers purchasing electricity from a competitive electric generation supplier as all customers are assessed distribution charges. For customers purchasing electricity from BGE, revenue also reflects the cost of energy and transmission.

BGE Gas Operating Statistics and Revenue Detail

Deliveries to Customers (in mmcf)	Three Months Ended June 30, 2015	Three Months Ended June 30, 2014	% Change	Weather-Normal % Change	Six Months Ended June 30, 2015	Six Months Ended June 30, 2014	% Change	Weather-Normal % Change
Retail Deliveries [b]								
Retail sales	13,885	14,834	(6.4)%	n.m.	60,762	61,222	(0.8)%	n.m.
Transportation and other	585	875	(33.1)%	n.m.	3,909	7,204	(45.7)%	n.m.
Total gas deliveries	14,470	15,709	(7.9)%	n.m.	64,671	68,426	(5.5)%	n.m.

Number of Gas Customers	As of June 30, 2015	As of June 30, 2014
Residential	614,168	612,202
Commercial & industrial	44,004	44,019
Total	658,172	656,221

Gas Revenue	Three Months Ended June 30, 2015	Three Months Ended June 30, 2014	% Change	Six Months Ended June 30, 2015	Six Months Ended June 30, 2014	% Change
Retail Sales [b]						
Retail sales	$ 85	$ 92	(7.6)%	$ 384	$ 377	1.9%
Transportation and other [c]	2	9	(77.8)%	26	68	(61.8)%
Total gas revenue	$ 87	$ 101	(13.9)%	$ 410	$ 445	(7.9)%

(b) Reflects delivery volumes and revenue from customers purchasing natural gas directly from BGE and customers purchasing natural gas from a competitive natural gas supplier as all customers are assessed distribution charges. The cost of natural gas is charged to customers purchasing natural gas from BGE.

(c) Transportation and other gas revenue includes off-system revenue of 585 mmcfs ($3 million) and 875 mmcfs ($5 million) for the three months ended June 30, 2015 and 2014, respectively and 3,909 mmcfs ($25 million) and 7,204 mmcfs ($58 million) for the six months ended June 30, 2015 and 2014, respectively.

Liquidity and Capital Resources

Exelon's and Generation's prior year activity presented below includes the activity of CENG from the integration date effective April 1, 2014 through December 31, 2014. All results included throughout the liquidity and capital resources section are presented on a GAAP basis.

The Registrants' operating and capital expenditures requirements are provided by internally generated cash flows from operations as well as funds from external sources in the capital markets and through bank borrowings. The Registrants' businesses are capital intensive and require considerable capital resources. Each Registrant's access to external financing on reasonable terms depends on its credit ratings and current overall capital market business conditions, including that of the utility industry in general. If these conditions deteriorate to the extent that the Registrants no longer have access to the capital markets at reasonable terms, Exelon Corporate, Generation, ComEd, PECO and BGE have access to syndicated unsecured revolving credit facilities with aggregate bank commitments of $0.5 billion, $5.3 billion, $1.0 billion, $0.6 billion and $0.6 billion, respectively. Exelon Corporate, Generation, ComEd, PECO and BGE's revolving credit facilities expire in 2018 and 2019. In addition, Generation has $0.5 billion in bilateral credit facilities with banks which have various expiration dates between October 2015 and January 2017. The Registrants utilize their credit facilities to support their commercial paper programs, provide for other short-term borrowings and issue letters of credit. See the "Credit Matters" section below for further discussion. The Registrants expect cash flows to be sufficient to meet operating expenses, financing costs and capital expenditure requirements.

The Registrants primarily use their capital resources, including cash, to fund capital requirements, including construction expenditures, retire debt, pay dividends, fund pension and other postretirement benefit obligations and invest in new and existing ventures. The Registrants spend a significant amount of cash on capital improvements and construction projects that have a long-term return on investment. Additionally, ComEd, PECO and BGE operate in rate-regulated environments in which the amount of new investment recovery may be delayed or limited and where such recovery takes place over an extended period of time. See Note 11 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for further discussion of the Registrants' debt and credit agreements.

Cash Flows from Operating Activities

General

Generation's cash flows from operating activities primarily result from the sale of electric energy and energy-related products and services to customers. Generation's future cash flows from operating activities may be affected by future demand for and market prices of energy and its ability to continue to produce and supply power at competitive costs as well as to obtain collections from customers.

ComEd's, PECO's and BGE's cash flows from operating activities primarily result from the transmission and distribution of electricity and, in the case of PECO and BGE, gas distribution services. ComEd's, PECO's and BGE's distribution services are provided to an established and diverse base of retail customers. ComEd's, PECO's and BGE's future cash flows may be affected by the economy, weather conditions, future legislative initiatives, future regulatory proceedings with respect to their rates or operations, competitive suppliers, and their ability to achieve operating cost reductions.

See Note 3 — Regulatory Matters and Note 22 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements of the Exelon 2014 Form 10-K for further discussion of regulatory and legal proceedings and proposed legislation.

Pension and Other Postretirement Benefits

Management considers various factors when making pension funding decisions, including actuarially determined minimum contribution requirements under ERISA, contributions required to avoid benefit restrictions and at-risk status as defined by the Pension Protection Act of 2006, and management of the net pension obligation and regulatory implications. On July 6, 2012, President Obama signed into law the Moving Ahead for Progress in the Twenty-first Century Act, which contains a pension funding provision that results in lower pension contributions in the near term while increasing the premiums pension plans pay to the Pension Benefit Guaranty Corporation. Certain provisions of the law were applied in 2012 while the others took effect in 2013. On August 8, 2014, this funding relief was extended for five years. The estimated impacts of the law are reflected in Exelon's projected pension contributions.

To the extent interest rates decline significantly or the pension plans do not earn the expected asset return rates, annual pension contribution requirements in future years could increase, especially in years 2018 and beyond. Additionally, expected contributions could change if Exelon changes its pension funding strategy.

Tax Matters

The Registrants' future cash flows from operating activities may be affected by the following tax matters:

- In the event of a fully successful IRS challenge to Exelon's like-kind exchange position, the potential tax and after-tax interest, exclusive of penalties, that could become currently payable as of June 30, 2015 may be as much as $810 million, of which approximately $310 million would be attributable to ComEd after consideration of Exelon's agreement to hold ComEd harmless, and the balance at Exelon. Litigation could take several years such that the estimated cash and interest impacts will increase by a material amount.

- Exelon, Generation, and ComEd expect to receive tax refunds of approximately $430 million, $190 million, $260 million, respectively, in 2015. PECO expects to make tax payments of approximately $6 million related to IRS positions settling in 2015.
- State and local governments continue to face increasing financial challenges, which may increase the risk of additional income tax levies, property taxes and other taxes or the imposition, extension or permanence of temporary tax levies.

The following table provides a summary of the major items affecting Exelon's cash flows from operations for the six months ended June 30, 2015 and 2014:

	Six Months Ended June 30,		
	2015(c)	2014	Variance
Net income	$1,372	$ 651	$ 721
Add (subtract):			
Non-cash operating activities [(a)]	2,254	3,208	(954)
Gain on consolidation and acquisitions of businesses	—	(268)	268
Pension and other postretirement benefit contributions	(301)	(499)	198
Income taxes	247	(16)	263
Changes in working capital and other noncurrent assets and liabilities [(b)]	(42)	(740)	698
Option premiums received, net	22	21	1
Counterparty collateral received (posted), net	417	(606)	1,023
Net cash flows provided by operations	$3,969	$1,751	$ 2,218

(a) Represents depreciation, amortization and accretion, impairment of long-lived assets, mark-to-market gains and losses on derivative transactions, deferred income taxes, provision for uncollectible accounts, pension and other postretirement benefit expense, equity in losses of unconsolidated affiliates and investments, decommissioning-related items, stock compensation expense and other non-cash charges.
(b) Changes in working capital and other noncurrent assets and liabilities exclude the changes in commercial paper, income taxes and the current portion of long-term debt.
(c) On April 1, 2014, Generation assumed operational control of CENG's nuclear fleet. As a result, the 2015 activity includes CENG on a fully consolidated basis.

Cash flows from operations for the six months ended June 30, 2015 and 2014 by Registrant were as follows:

	Six Months Ended June 30,	
	2015	2014
Exelon [(a)]	$ 3,969	$ 1,751
Generation [(a)]	2,423	742
ComEd	800	429
PECO	375	340
BGE	489	410

(a) On April 1, 2014, Generation assumed operational control of CENG's nuclear fleet. As a result, the 2015 activity includes CENG on a fully consolidated basis.

Changes in Exelon's, Generation's, ComEd's, PECO's and BGE's cash flows from operations were generally consistent with changes in each Registrant's respective results of operations, as adjusted by changes in working capital in the normal course of business, except as discussed below. In addition, significant operating cash flow impacts for the Registrants for the six months ended June 30, 2015 and 2014 were as follows:

Generation

- Depending upon whether Generation is in a net mark-to-market liability or asset position, collateral may be required to be posted with or collected from its counterparties. In addition, the collateral posting and collection requirements differ depending on whether the transactions are on the exchange or in the OTC markets. During the six months ended June 30, 2015 and 2014, Generation had net collections/(payments) of counterparty collateral of $440 million and $(633) million, respectively, primarily due to market conditions that resulted in changes to Generation's net mark-to-market position. In addition, since the fourth quarter of 2014, the exchanges increased initial margin rates, which required Generation to post higher amounts of initial margin.
- During the six months ended June 30, 2015 and 2014, Generation had net collections of approximately $22 million and $21 million, respectively, related to purchases and sales of options. The level of option activity in a given period may vary due to several factors, including changes in market conditions as well as changes in hedging strategy.

ComEd

- As of June 30, 2015 and 2014, ComEd had a working capital deficit of $228 million and $646 million, respectively. The working capital deficit is primarily attributable to the increase in short-term borrowings. Cash flows from operating activities are sufficient to meet operating requirements; however, increased capital investment in infrastructure improvements and modernization pursuant to EIMA, transmission upgrades and expansions may require external debt financing or additional capital contributions from parent.
- During the six months ended June 30, 2015 and 2014, ComEd's payables for Generation energy purchases decreased by $(7) million and $(33) million, respectively, and payables to other energy suppliers for energy purchases increased/(decreased) by $(13) million and $55 million, respectively.
- Except as discussed above, other significant operating cash flow impacts include other non-cash operating activities of $222 million and $99 million during the six months ended June 30, 2015 and 2014 , respectively. The non-cash activities primarily included Pension and non-pension postretirement benefit costs, Provision for uncollectible accounts and Discrete impacts of EIMA. See Note 20 — Supplemental Financial Information in the Combined Notes to Consolidated Financial Statements for additional detail.

PECO

- During the six months ended June 30, 2015 and 2014, PECO's payables to Generation for energy purchases increased/(decreased) by $6 million and $(15) million, respectively, and payables to other electric and gas suppliers for energy purchases decreased by $(14) million and $(4) million, respectively.

BGE

- During the six months ended June 30, 2015 and 2014, BGE's payables to Generation for energy purchases increased/(decreased) by $(9) million and $9 million, respectively, and payables to other electric and gas suppliers for energy purchases decreased by $(23) million and $(16) million, respectively.

- Except as discussed above, other significant operating cash flow impacts include other non-cash operating activities of $76 million and $89 million during the six months ended June 30, 2015 and 2014, respectively. The non-cash activities included Pension and non-pension postretirement benefit costs and Amortization of rate stabilization deferral. See Note 20 — Supplemental Financial Information in the Combined Notes to Consolidated Financial Statements for additional detail.

Cash Flows from Investing Activities

Cash flows used in investing activities for the six months ended June 30, 2015 and 2014 by Registrant were as follows:

	Six Months Ended June 30,	
	2015	2014
Exelon [a]	$(3,546)	$(2,187)
Generation [a]	(1,850)	(1,014)
ComEd	(1,044)	(731)
PECO	(281)	(302)
BGE	(275)	(332)

(a) On April 1, 2014, Generation assumed operational control of CENG's nuclear fleet. As a result, the 2015 activity includes CENG on a fully consolidated basis.

Generation

Generation has entered into several agreements to acquire equity interests in privately held and development stage entities which develop energy-related technologies. The agreements contain a series of scheduled investment commitments, including in-kind service contributions. There are approximately $363 million of anticipated expenditures remaining through 2019 to fund anticipated planned capital and operating needs of the associated companies.

Generation has executed, or expects to execute, several construction and services contracts. The total estimated remaining construction expenditures for these projects are approximately $1.6 billion and achievement of commercial operations is expected between 2015 and 2018 for all these projects.

Capital expenditures by Registrant for the six months ended June 30, 2015 and 2014 and projected amounts for the full year 2015 are as follows:

	Projected Full Year	Six Months Ended June 30,	
	2015 [e]	2015	2014
Exelon [a]	$ 7,460	$3,460	$2,501
Generation [a][b]	3,775	1,764	1,103
ComEd [c]	2,400	1,061	747
PECO	600	289	308
BGE	700	304	313
Other [d]	85	42	30

(a) On April 1, 2014, Generation assumed operational control of CENG's nuclear fleet. As a result, CENG is included on a fully consolidated basis in the 2015 results above.
(b) Generation's capital expenditures for the projected full year 2015 includes nuclear fuel of $1.3 billion and growth expenditures of $1.2 billion.

(c) The projected capital expenditures include approximately $670 million of expected incremental spending pursuant to EIMA, ComEd has committed to invest approximately $2.6 billion over a ten year period to modernize and storm-harden its distribution system and to implement smart grid technology.
(d) Other primarily consists of corporate operations and BSC.
(e) Total projected capital expenditures do not include adjustments for non-cash activity.

Projected capital expenditures and other investments are subject to periodic review and revision to reflect changes in economic conditions and other factors.

In 2014, Exelon and its affiliates initiated a comprehensive project to ensure corporate-wide compliance with Version 5 of the North American Electric Reliability Corporation (NERC) Critical Infrastructure Protection Standards (CIP V.5) which will become effective on April 1, 2016. Generation, ComEd, PECO and BGE will be incurring incremental capital expenditures through 2016 associated with the CIP V.5 compliance implementation project.

Generation

Approximately 34% and 5% of the projected 2015 capital expenditures at Generation are for the acquisition of nuclear fuel and investments in renewable energy and natural gas generation, respectively, with the remaining amounts reflecting additions and upgrades to existing facilities (including material condition improvements during nuclear refueling outages). Generation anticipates that they will fund capital expenditures with internally generated funds and borrowings.

ComEd, PECO and BGE

Approximately 83%, 92% and 96% of the projected 2015 capital expenditures at ComEd, PECO and BGE, respectively, are for continuing projects to maintain and improve operations, including enhancing reliability and adding capacity to the transmission and distribution systems such as ComEd's reliability related investments required under EIMA, and ComEd's, PECO's and BGE's construction commitments under PJM's RTEP. In addition to the capital expenditure for continuing projects, ComEd's total expenditures include smart grid/smart meter technology required under EIMA and for PECO and BGE, total capital expenditures related to their respective smart meter program.

In 2010, NERC provided guidance to transmission owners that recommends ComEd, PECO and BGE perform assessments of all their transmission lines. In compliance with this guidance, ComEd, PECO and BGE submitted their final bi-annual reports to NERC in January 2014. ComEd, PECO and BGE will be incurring incremental capital expenditures associated with this guidance following the completion of the assessments. Specific projects and expenditures are identified as the assessments are completed. ComEd's, PECO's and BGE's forecasted 2015 capital expenditures above reflect capital spending in 2015 for remediation to be completed through 2017.

ComEd, PECO and BGE anticipate that they will fund their capital expenditures with internally generated funds and borrowings, including ComEd's capital expenditures associated with EIMA as further discussed in Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements.

Cash Flows from Financing Activities

Cash flows provided by (used in) financing activities for the six months ended June 30, 2015 and 2014 by Registrant were as follows:

	Six Months Ended June 30,	
	2015	2014
Exelon [(a)]	$3,713	$ 189
Generation [(a)]	(897)	(681)
ComEd	229	304
PECO	(98)	(162)
BGE	(254)	(94)

(a) On April 1, 2014, Generation assumed operational control of CENG's nuclear fleet. As a result, the 2015 activity includes CENG on a fully consolidated basis.

Debt

See Note 11 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for further details of the Registrants' debt issuances and retirements.

Dividends

Cash dividend payments and distributions during the six months ended June 30, 2015 and 2014 by Registrant were as follows:

	Six Months Ended June 30,	
	2015	2014
Exelon [(a)]	$ 537	$ 948
Generation [(a)]	2,262	650
ComEd	150	153
PECO	139	160
BGE [(b)]	83	6

(a) On April 1, 2014, Generation assumed operational control of CENG's nuclear fleet. As a result, the 2015 activity includes CENG on a fully consolidated basis.
(b) Includes dividends paid on BGE's preference stock.

First Quarter 2015 Dividend

On January 27, 2015, the Exelon Board of Directors declared a first quarter 2015 regular quarterly dividend of $0.31 per share on Exelon's common stock payable on March 10, 2015, to shareholders of record of Exelon at the end of the day on February 13, 2015.

Second Quarter 2015 Dividend

On April 28, 2015, the Exelon Board of Directors declared a second quarter 2015 regular quarterly dividend of $0.31 per share on Exelon's common stock payable on June 10, 2015, to shareholders of record of Exelon at the end of the day on May 15, 2015.

Third Quarter 2015 Dividend

On July 28, 2015, the Exelon Board of Directors declared a third quarter 2015 regular quarterly dividend of $0.31 per share on Exelon's common stock payable on September 10, 2015, to shareholders of record of Exelon at the end of the day on August 14, 2015.

Short-Term Borrowings

During the six months ended June 30, 2015, ComEd and BGE issued (repaid) $199 million and $(120) million of commercial paper, respectively, and Generation issued $5 million in short-term notes payable. During the six months ended June 30, 2014, ComEd and BGE issued (repaid) $314 million and $(65) million of commercial paper, respectively. Further, Generation issued $31 million in short-term notes payable during the six months ended June 30, 2014.

Contributions from Parent/Member

During the six months ended June 30, 2015 and 2014, ComEd received $45 million and $112 million from Parent (Exelon), respectively.

Other

For the six months ended June 30, 2015, other financing activities primarily consists of debt issuance costs. See Note 11 — Debt and Credit Agreements of the Combined Notes to the Consolidated Financial Statements for additional information.

Credit Matters

The Registrants fund liquidity needs for capital investment, working capital, energy hedging and other financial commitments through cash flows from continuing operations, public debt offerings, commercial paper markets and large, diversified credit facilities. The credit facilities include $8.5 billion in aggregate total commitments of which $6.4 billion was available as of June 30, 2015, and of which no financial institution has more than 8% of the aggregate commitments. Exelon, Generation, ComEd, PECO and BGE had access to the commercial paper market during the second quarter of 2015 to fund their short-term liquidity needs, when necessary. The Registrants routinely review the sufficiency of their liquidity position, including appropriate sizing of credit facility commitments, by performing various stress test scenarios, such as commodity price movements, increases in margin-related transactions, changes in hedging levels and the impacts of hypothetical credit downgrades. The Registrants have continued to closely monitor events in the financial markets and the financial institutions associated with the credit facilities, including monitoring credit ratings and outlooks, credit default swap levels, capital raising and merger activity. See Part I. Item 1A. Risk Factors of Exelon's 2014 Form 10-K for further information regarding the effects of uncertainty in the capital and credit markets.

The Registrants believe their cash flow from operating activities, access to credit markets and their credit facilities provide sufficient liquidity. If Generation, ComEd, PECO or BGE lost its investment grade credit rating as of June 30, 2015, it would have been required to provide incremental collateral as follows:

	Incremental Collateral Required (in millions)	Available Credit Facility Capacity Prior to Any Incremental Collateral (in millions)
Generation [a]	$ 2,200	$ 4,351
ComEd	8	495
PECO [b]	20	599
BGE [c]	35	600

(a) Collateral obligations for derivatives, nonderivatives, normal purchase normal sales contracts and applicable payables and receivables, net of contractual right of offset under master netting agreements.
(b) Related to PECO's natural gas procurement contracts. No collateral would be required pursuant to PJM's credit policy.
(c) $1 million pursuant to PJM's credit policy and collateral of $34 million related to BGE's natural gas procurement contracts.

Exelon Credit Facilities

Exelon, ComEd and BGE meet their short-term liquidity requirements primarily through the issuance of commercial paper. Generation and PECO meet their short-term liquidity requirements primarily through the issuance of commercial paper and borrowings from the intercompany money pool. The Registrants may use their respective credit facilities for general corporate purposes, including meeting short-term funding requirements and the issuance of letters of credit. See Note 11 — Debt and Credit Agreements of the Combined Notes to the Consolidated Financial Statements for further information regarding the Registrants' credit facilities.

The following table reflects the Registrants' commercial paper programs supported by the revolving credit agreements and bilateral credit agreements at June 30, 2015:

Commercial Paper Programs

Commercial Paper Issuer	Maximum Program Size	Outstanding Commercial Paper at June 30, 2015	Average Interest Rate on Commercial Paper Borrowings for the six months ended June 30, 2015
Exelon Corporate	$ 500	$ —	—%
Generation	5,600	—	—%
ComEd	1,000	503	0.53%
PECO	600	—	—%
BGE	600	—	0.45%

In order to maintain their respective commercial paper programs in the amounts indicated above, each Registrant must have credit facilities in place, at least equal to the amount of its commercial paper program. While the amount of its commercial paper outstanding does not reduce available capacity under a Registrant's credit agreement, a Registrant does not issue commercial paper in an aggregate amount exceeding the available capacity under its credit agreement.

Credit Agreements

Borrower	Facility Type	Aggregate Bank Commitment (a)	Facility Draws	Outstanding Letters of Credit [b]	Available Capacity at June 30, 2015 Actual	Available Capacity at June 30, 2015 To Support Additional Commercial Paper [c]
Exelon Corporate	Syndicated Revolver	$ 500	$ —	$ 26	$ 474	$ 474
Generation [d]	Syndicated Revolver	5,300	—	1,038	4,262	4,262
Generation	Bilaterals	500	—	411	89	—
ComEd	Syndicated Revolver	1,000	—	2	998	495
PECO	Syndicated Revolver	600	—	1	599	599
BGE	Syndicated Revolver	600	—	—	600	600

(a) Excludes $123 million of credit facility agreements arranged with minority and community banks at Generation, ComEd, PECO and BGE. These facilities expire on October 16, 2015. These facilities are solely utilized to issue letters of credit. See Note 11 — Debt and Credit Agreements of the Combined Notes to the Consolidated Financial Statements for further information.
(b) Excludes nonrecourse debt letters of credit, see Note 13 — Debt and Credit Agreements in the Exelon 2014 Form 10-K for further information on Continental Wind nonrecourse debt.
(c) Excludes $200 million bilateral credit facilities that do not back Generation's commercial paper program.
(d) Excludes ExGen Texas Power Financing's $15.5 million of borrowed debt on its revolving credit facility.

As of June 30, 2015, there were no borrowings under the Registrants' credit facilities.

Borrowings under Exelon Corporate's, Generation's, ComEd's, PECO's and BGE's credit facilities bear interest at a rate based upon either the prime rate or a LIBOR-based rate, plus an adder based upon each Registrant's credit rating. Exelon Corporate, Generation, ComEd, PECO and BGE have adders of 27.5, 27.5, 7.5, 0.0 and 0.0 basis points, respectively, for prime based borrowings and 127.5, 127.5, 107.5, 90.0 and 100.0 basis points, respectively, for LIBOR-based borrowings. The maximum adders for prime rate borrowings and LIBOR-based rate borrowings are 65 basis points and 165 basis points, respectively. The credit agreements also require the borrower to pay a facility fee based upon the aggregate commitments under the agreement. The fee varies depending upon the respective credit ratings of the borrower.

Each revolving credit agreement for Exelon, Generation, ComEd, PECO and BGE requires the affected borrower to maintain a minimum cash from operations to interest expense ratio for the twelve-month period ended on the last day of any quarter. The following table summarizes the minimum thresholds reflected in the credit agreements for the six months ended June 30, 2015:

	Exelon	Generation	ComEd	PECO	BGE
Credit agreement threshold	2.50 to 1	3.00 to 1	2.00 to 1	2.00 to 1	2.00 to 1

At June 30, 2015, the interest coverage ratios at the Registrants were as follows:

	Exelon	Generation	ComEd	PECO	BGE
Interest coverage ratio	8.82	11.41	7.19	9.15	10.09

An event of default under any Registrant's indebtedness will not constitute an event of default under any of the other Registrants' credit facilities, except that a bankruptcy or other event of default in the payment of principal, premium or indebtedness in principal amount in excess of $100 million in the aggregate by Generation will constitute an event of default under the Exelon Corporate credit facility.

Security Ratings

The Registrants' access to the capital markets, including the commercial paper market, and their respective financing costs in those markets, may depend on the securities ratings of the entity that is accessing the capital markets.

The Registrants' borrowings are not subject to default or prepayment as a result of a downgrading of securities, although such a downgrading of a Registrant's securities could increase fees and interest charges under that Registrant's credit agreements.

As part of the normal course of business, the Registrants enter into contracts that contain express provisions or otherwise permit the Registrants and their counterparties to demand adequate assurance of future performance when there are reasonable grounds for doing so. In accordance with the contracts and applicable contracts law, if the Registrants are downgraded by a credit rating agency, it is possible that a counterparty would attempt to rely on such a downgrade as a basis for making a demand for adequate assurance of future performance, which could include the posting of collateral. See "Credit Matters" above and Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information on collateral provisions.

Intercompany Money Pool

To provide an additional short-term borrowing option that will generally be more favorable to the borrowing participants than the cost of external financing, Exelon operates an intercompany money pool. Maximum amounts contributed to and borrowed from the money pool by participant and the net contribution or borrowing as of June 30, 2015, are presented in the following table:

	Three Months Ended June 30, 2015		As of June 30, 2015
Participant	Maximum Contributed	Maximum Borrowed	Contributed (Borrowed)
Generation	$ 3	$ 1,096	$ (618)
PECO	—	100	(41)
BSC	—	366	(299)
Exelon Corporate	1,521	N/A	958

Investments in Nuclear Decommissioning Trust Funds

Exelon Generation and CENG maintain trust funds, as required by the NRC, to fund certain costs of decommissioning nuclear plants. The mix of securities in the trust funds is designed to provide returns to be used to fund decommissioning and to offset inflationary increases in decommissioning costs. Generation actively monitors the investment performance of the trust funds and periodically reviews asset allocations in accordance with Generation's and CENG's NDT fund investment policies which outline investment guidelines for the trusts. See Note 13 — Nuclear Decommissioning of the Combined Notes to Consolidated Financial Statements for further information regarding the trust funds, the NRC's minimum funding requirements and related liquidity ramifications.

Shelf Registration Statements

The Registrants have a currently effective combined shelf registration statement unlimited in amount, filed with the SEC, that will expire in May 2017. The ability of each Registrant to sell securities off the shelf registration statement or to access the private placement markets will depend on a number of factors at the time of the proposed sale, including other required regulatory approvals, as applicable, the current financial condition of the Registrant, its securities ratings and market conditions.

Regulatory Authorizations

As of June 30, 2015, ComEd had $442 million available in long-term debt refinancing authority and $803 million available in new money long-term debt financing authority from the ICC. As of June 30, 2015, PECO had $1.1 billion available in long-term debt financing authority from the PAPUC. As of June 30, 2015, BGE had $1.4 billion available in long-term financing authority from MDPSC.

As of June 30, 2015, ComEd, PECO and BGE had short-term financing authority from FERC, which expires on December 31, 2015, of $2.5 billion, $2.5 billion, and $700 million, respectively. Generation currently has blanket financing authority from FERC, which was granted in connection with its market-based rate authority.

Contractual Obligations and Off-Balance Sheet Arrangements

Contractual obligations represent cash obligations that are considered to be firm commitments and commercial commitments triggered by future events. See Note 19 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements for discussion of the Registrants' commitments.

Generation, ComEd, PECO and BGE have obligations related to contracts for the purchase of power and fuel supplies, and ComEd, PECO and BGE have obligations related to their financing trusts. The power and fuel purchase contracts and the financing trusts have been considered for consolidation in the Registrants' respective financial statements pursuant to the authoritative guidance for VIEs. See Note 1 — Basis of Presentation of the Combined Notes to Consolidated Financial Statements for further information.

For an in-depth discussion of the Registrant's contractual obligations and off-balance sheet arrangements, see Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Contractual Obligations and Off-Balance Sheet Arrangements in the Exelon 2014 Form 10-K.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

The Registrants are exposed to market risks associated with adverse changes in commodity prices, counterparty credit, interest rates and equity prices. Exelon's RMC approves risk management policies and objectives for risk assessment, control and valuation, counterparty credit approval, and the monitoring and reporting of risk exposures. The RMC is chaired by the chief executive officer and includes the chief risk officer, chief strategy officer, chief executive officer of Exelon Utilities, chief commercial officer, chief financial officer and chief executive officer of Constellation. The RMC reports to the Finance and Risk Committee of the Exelon Board of Directors on the scope of the risk management activities. The following discussion serves as an update to ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK of the Registrants' 2014 Annual Report on Form 10-K incorporated herein by reference.

Commodity Price Risk (Exelon, Generation, ComEd, PECO and BGE)

Commodity price risk is associated with price movements resulting from changes in supply and demand, fuel costs, market liquidity, weather conditions, governmental regulatory and environmental policies, and other factors. To the extent the amount of energy Exelon generates differs from the amount of energy it has contracted to sell, Exelon has price risk from commodity price movements. Exelon seeks to mitigate its commodity price risk through the sale and purchase of electricity, fossil fuel, and other commodities.

Generation

Normal Operations and Hedging Activities. Electricity available from Generation's owned or contracted generation supply in excess of Generation's obligations to customers, including portions of ComEd's, PECO's and BGE's retail load, is sold into the wholesale markets. To reduce price risk caused by market fluctuations, Generation enters into non-derivative contracts as well as derivative contracts, including forwards, futures, swaps, and options, with approved counterparties to hedge anticipated exposures. Generation believes these instruments represent economic hedges that mitigate exposure to fluctuations in commodity prices. Generation expects the settlement of the majority of its economic hedges will occur during 2015 through 2017.

In general, increases and decreases in forward market prices have a positive and negative impact, respectively, on Generation's owned and contracted generation positions that have not been hedged. Exelon's hedging program involves the hedging of commodity risk for Exelon's expected generation, typically on a ratable basis over a three-year period. As of June 30, 2015, the proportion of expected generation hedged is 98%-101%, 77%-80% and 46%-49% for 2015, 2016 and 2017, respectively. The percentage of expected generation hedged is the amount of equivalent sales divided by the expected generation. Expected generation is the volume of energy that best represents our commodity position in energy markets from owned or contracted for capacity based upon a simulated dispatch model that makes assumptions regarding future market conditions, which are calibrated to market quotes for power, fuel, load following products, and options. Equivalent sales represent all hedging products, which include economic hedges and certain non-derivative contracts including Generation's sales to ComEd, PECO and BGE to serve their retail load. See Note 4 — Mergers, Acquisitions, and Dispositions of the combined Notes to Consolidated Financial Statement for more detail regarding divestitures.

A portion of Generation's hedging strategy may be accomplished with fuel products based on assumed correlations between power and fuel prices, which routinely change in the market. Market price risk exposure is the risk of a change in the value of unhedged positions. The forecasted market price risk exposure for Generation's entire non-proprietary trading portfolio associated with a $5 reduction in the annual average around-the-clock energy price based on June 30, 2015 market conditions and hedged position would be a $30 million increase in pre-tax net income for 2015 and a decrease in pre-tax net income of approximately $190 million and $540 million, respectively, for 2016 and 2017. Power price sensitivities are derived by adjusting power price assumptions while keeping all other price inputs constant. Generation expects to actively manage its portfolio to mitigate market price risk exposure for its unhedged position. Actual results could differ depending on the specific timing of, and markets affected by, price changes, as well as future changes in Generation's portfolio.

Proprietary Trading Activities. Generation also enters into certain energy-related derivatives for proprietary trading purposes. Proprietary trading includes all contracts entered into with the intent of benefiting from shifts or changes in market prices as opposed to those entered into with the intent of hedging or managing risk. Proprietary trading activities are subject to limits established by Exelon's RMC. The proprietary trading portfolio is subject to a risk management policy that includes stringent risk management limits, including volume, stop loss and Value-at-Risk (VaR) limits to manage exposure to market risk. Additionally, the Exelon risk management group and Exelon's RMC monitor the financial risks of the proprietary trading activities. The proprietary trading activities, which included physical volumes of 1,657 GWhs and 3,465 GWhs for the three and six months ended June 30, 2015, respectively, and 2,629 GWhs and 5,123 GHws for the three and six months ended June 30, 2014, respectively, are a complement to Generation's energy marketing portfolio, but represent a small portion of Generation's overall revenue from energy marketing activities. Proprietary trading portfolio activity for the six months ended June 30, 2015 resulted in pre-tax gains of $3 million due to net mark-to-market gains of $1 million and realized gains of $2 million. Generation uses a 95% confidence interval, assuming standard normal distribution, one day holding period, and a one-tailed statistical measure in calculating its VaR. The daily VaR on proprietary trading activity averaged $0.2 million of exposure during the quarter. Generation has not segregated proprietary trading activity within the following discussion because of the relative size of the proprietary trading portfolio in comparison to Generation's total Revenues net of purchased power and fuel expense from continuing operations for the six months ended June 30, 2015 of $4,792 million.

Fuel Procurement. Generation procures oil and natural gas through long-term and short-term contracts and spot-market purchases. Nuclear fuel is obtained predominantly through long-term uranium concentrate supply contracts, contracted conversion services, contracted enrichment services, or a combination thereof, and contracted fuel fabrication services. The supply markets for uranium concentrates and certain nuclear fuel services, coal, oil and natural gas are subject to price fluctuations and availability restrictions. Supply market conditions may make Generation's procurement contracts subject to credit risk related to the potential non-performance of counterparties to deliver the contracted commodity or service at the contracted prices. Approximately 50% of Generation's uranium requirements from 2015 through 2019 are supplied by three producers. In the event of non-performance by these or other suppliers, Generation believes that replacement uranium can be obtained, although at prices that may be unfavorable when compared to the prices under the current supply agreements. Non-performance by these counterparties could have a material adverse impact on Exelon's and Generation's results of operations, cash flows and financial position. See Note 19 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements for additional information regarding uranium and coal supply agreement matters.

ComEd

ComEd entered into 20-year contracts for renewable energy and RECs beginning in June 2012. ComEd is permitted to recover its renewable energy and REC costs from retail customers with no mark-up. The annual commitments represent the maximum settlements with suppliers for renewable energy and RECs under the existing contract terms. Pursuant to the ICC's Order on December 19, 2012, ComEd's commitments under the existing long-term contracts were reduced for the June 2013 through May 2014 procurement period. In addition, the ICC's December 18, 2013 Order approved the reduction of ComEd's commitments under those contracts for the June 2014 through May 2015 procurement period, and the amount of the reduction was approved by the ICC in March 2014. See Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements in this report and Note 3 — Regulatory Matters of the Exelon 2014 Form 10-K for additional information regarding energy procurement and derivatives.

PECO

PECO has contracts to procure electric supply that were executed through the competitive procurement process outlined in its PAPUC-approved DSP Programs, which are further discussed in Note 5 — Regulatory Matters of the Combined Notes to the Consolidated Financial Statements. PECO has certain full requirements

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contracts and block contracts which are considered derivatives and qualify for the normal purchases and normal sales scope exception under current derivative authoritative guidance, and as a result are accounted for on an accrual basis of accounting. Under the DSP Programs, PECO is permitted to recover its electric supply procurement costs from retail customers with no mark-up.

PECO has also entered into derivative natural gas contracts, which either qualify for the normal purchases and normal sales exception or have no mark-to-market balances because the derivatives are index priced, to hedge its long-term price risk in the natural gas market. PECO's hedging program for natural gas procurement has no direct impact on its financial position or results of operations as natural gas costs are fully recovered from customers under the PGC.

PECO does not enter into derivatives for speculative or proprietary trading purposes. For additional information on these contracts, see Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements.

BGE

BGE procures electric supply for default service customers through full requirements contracts pursuant to BGE's MDPSC-approved SOS program. BGE's full requirements contracts that are considered derivatives qualify for the normal purchases and normal sales scope exception under current derivative authoritative guidance, and as a result, are accounted for on an accrual basis of accounting. Under the SOS program, BGE is permitted to recover its electricity procurement costs from retail customers, plus an administrative fee which includes a shareholder return component and an incremental cost component. However, through December 2016, BGE provides all residential electric customers a credit for the residential shareholder return component of the administrative charge.

BGE has also entered into derivative natural gas contracts, which qualify for the normal purchases and normal sales scope exception, to hedge its price risk in the natural gas market. The hedging program for natural gas procurement has no direct impact on BGE's financial position. However, under BGE's market-based rates incentive mechanism, BGE's actual cost of gas is compared to a market index (a measure of the market price of gas in a given period). The difference between BGE's actual cost and the market index is shared equally between shareholders and customers.

BGE does not enter into derivatives for speculative or proprietary trading purposes. For additional information on these contracts, see Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements.

Trading and Non-Trading Marketing Activities. The following detailed presentation of Exelon's, Generation's and ComEd's trading and non-trading marketing activities is included to address the recommended disclosures by the energy industry's Committee of Chief Risk Officers (CCRO).

The following table provides detail on changes in Exelon's, Generation's and ComEd's commodity mark-to-market net asset or liability balance sheet position from December 31, 2014 to June 30, 2015. It indicates the drivers behind changes in the balance sheet amounts. This table incorporates the mark-to-market activities that are immediately recorded in earnings as well as the settlements from OCI to earnings and changes in fair value for the cash flow hedging activities that are recorded in accumulated OCI on the Consolidated Balance Sheets. This table excludes all normal purchase and normal sales contracts and does not segregate proprietary trading activity. See Note 10 — Derivative Financial Instruments of the Combined Notes to the Consolidated Financial Statements for additional information on the balance sheet classification of the mark-to-market energy contract net assets (liabilities) recorded as of June 30, 2015 and December 31, 2014.

	Generation	ComEd	Exelon
Total mark-to-market energy contract net assets (liabilities) at December 31, 2014 [a]	$ 1,712	$ (207)	$1,505
Total change in fair value during 2015 of contracts recorded in results of operations	400	—	400
Reclassification to realized at settlement of contracts recorded in results of operations	(6)	—	(6)
Reclassification to realized at settlement from accumulated OCI	(2)	—	(2)
Changes in fair value — energy derivatives [b]	—	(16)	(16)
Changes in allocated collateral	(432)	—	(432)
Changes in net option premium paid/(received)	(22)	—	(22)
Option premium amortization	(27)	—	(27)
Other balance sheet reclassifications [c]	25	—	25
Total mark-to-market energy contract net assets (liabilities) at June 30, 2015 [a]	$ 1,648	$ (223)	$1,425

(a) Amounts are shown net of cash collateral paid to and received from counterparties.
(b) For ComEd, the changes in fair value are recorded as a change in regulatory assets or liabilities. As of June 30, 2015, ComEd recorded a $223 million regulatory asset related to its mark-to-market derivative liabilities with unaffiliated suppliers. As of June 30, 2015, ComEd also recorded $22 million of decreases in fair value and $6 million of realized losses due to settlements associated with floating-to-fixed energy swap contracts with unaffiliated suppliers.
(c) Other balance sheet reclassifications include derivative contracts acquired or sold by Generation through upfront payments or receipts of cash, excluding option premiums.

Fair Values. The following tables present maturity and source of fair value for Exelon, Generation and ComEd mark-to-market commodity contract net assets (liabilities). The tables provide two fundamental pieces of information. First, the tables provide the source of fair value used in determining the carrying amount of the Registrants' total mark-to-market net assets (liabilities), net of allocated collateral. Second, the tables show the maturity, by year, of the Registrants' commodity contract net assets (liabilities), net of allocated collateral, giving an indication of when these mark-to-market amounts will settle and either generate or require cash. See Note 9 — Fair Value of Financial Assets and Liabilities of the Combined Notes to Consolidated Financial Statements for additional information regarding fair value measurements and the fair value hierarchy.

Exelon

	Maturities Within						
	2015	2016	2017	2018	2019	2020 and Beyond	Total Fair Value
Normal Operations, Commodity derivative contracts [a][b]							
Actively quoted prices (Level 1)	$ (97)	$ (5)	$ 10	$(16)	$(13)	$ (9)	$ (130)
Prices provided by external sources (Level 2)	342	364	38	9	—	4	757
Prices based on model or other valuation methods (Level 3) [c]	609	273	204	(33)	(58)	(197)	798
Total	$854	$632	$252	$(40)	$(71)	$ (202)	$ 1,425

(a) Mark-to-market gains and losses on other economic hedge and trading derivative contracts that are recorded in results of operations.
(b) Amounts are shown net of cash collateral paid to and received from counterparties (and offset against mark-to-market assets and liabilities) of $974 million at June 30, 2015.
(c) Includes ComEd's net assets (liabilities) associated with the floating-to-fixed energy swap contracts with unaffiliated suppliers.

Generation

	Maturities Within						
	2015	2016	2017	2018	2019	2020 and Beyond	Total Fair Value
Normal Operations, Commodity derivative contracts [(a)(b)]							
Actively quoted prices (Level 1)	$ (97)	$ (5)	$ 10	$(16)	$(13)	$ (9)	$ (130)
Prices provided by external sources (Level 2)	342	364	38	9	—	4	757
Prices based on model or other valuation methods (Level 3)	620	293	223	(14)	(38)	(63)	1,021
Total	$865	$652	$271	$(21)	$(51)	$ (68)	$ 1,648

(a) Mark-to-market gains and losses on other economic hedge and trading derivative contracts that are recorded in the results of operations.
(b) Amounts are shown net of cash collateral paid to and received from counterparties (and offset against mark-to-market assets and liabilities) of $974 million at June 30, 2015.

ComEd

	Maturities Within						
	2015	2016	2017	2018	2019	2020 and Beyond	Total Fair Value
Prices based on model or other valuation methods [(a)] (Level 3)	$(11)	$(20)	$(19)	$(19)	$(20)	$ (134)	$ (223)

(a) Represents ComEd's net liabilities associated with the floating-to-fixed energy swap contracts with unaffiliated suppliers.

Credit Risk, Collateral, and Contingent Related Features (Exelon, Generation, ComEd, PECO and BGE)

The Registrants would be exposed to credit-related losses in the event of non-performance by counterparties that enter into derivative instruments. The credit exposure of derivative contracts, before collateral, is represented by the fair value of contracts at the reporting date. See Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for a detailed discussion of credit risk, collateral, and contingent related features.

Generation

The following tables provide information on Generation's credit exposure for all derivative instruments, normal purchase normal sales agreements, and applicable payables and receivables, net of collateral and instruments that are subject to master netting agreements, as of June 30, 2015. The tables further delineate that exposure by credit rating of the counterparties and provide guidance on the concentration of credit risk to individual counterparties and an indication of the duration of a company's credit risk by credit rating of the counterparties. The figures in the tables below exclude credit risk exposure from individual retail customers,

uranium procurement contracts, and exposure through RTOs, ISOs, NYMEX, ICE and Nodal commodity exchanges, which are discussed below. Additionally, the figures in the tables below exclude exposures with affiliates, including net receivables with ComEd, PECO and BGE of $36 million, $35 million and $31 million, respectively. See Note 25 — Related Party Transactions of the Exelon 2014 Form 10-K for additional information.

Rating as of June 30, 2015	Total Exposure Before Credit Collateral	Credit Collateral(a)	Net Exposure	Number of Counterparties Greater than 10% of Net Exposure	Net Exposure of Counterparties Greater than 10% of Net Exposure
Investment grade	$ 1,643	$ 24	$ 1,619	1	$ 444
Non-investment grade	55	18	37	—	—
No external ratings					
Internally rated — investment grade	498	—	498	—	—
Internally rated — non-investment grade	48	6	42	—	—
Total	$ 2,244	$ 48	$ 2,196	1	$ 444

	Maturity of Credit Risk Exposure			
Rating as of June 30, 2015	Less than 2 Years	2-5 Years	Exposure Greater than 5 Years	Total Exposure Before Credit Collateral
Investment grade	$ 1,158	$ 467	$ 18	$ 1,643
Non-investment grade	38	15	2	55
No external ratings				
Internally rated — investment grade	403	72	23	498
Internally rated — non-investment grade	46	2	—	48
Total	$ 1,645	$ 556	$ 43	$ 2,244

Net Credit Exposure by Type of Counterparty	As of June 30, 2015
Financial institutions	$ 383
Investor-owned utilities, marketers, power producers	880
Energy cooperatives and municipalities	881
Other	52
Total	$ 2,196

(a) As of June 30, 2015, credit collateral held from counterparties where Generation had credit exposure included $30 million of cash and $18 million of letters of credit.

ComEd

There have been no significant changes or additions to ComEd's exposures to credit risk that are described in ITEM 1A. RISK FACTORS of Exelon's 2014 Annual Report on Form 10-K.

See Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for information regarding credit exposure to suppliers.

PECO

There have been no significant changes or additions to PECO's exposures to credit risk as described in ITEM 1A. RISK FACTORS of Exelon's 2014 Annual Report on Form 10-K.

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See Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for information regarding credit exposure to suppliers.

BGE

There have been no significant changes or additions to BGE's exposures to credit risk as described in ITEM 1A. RISK FACTORS of Exelon's 2014 Annual Report on Form 10-K.

See Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for information regarding credit exposure to suppliers.

Collateral (Exelon, Generation, ComEd, PECO and BGE)

Generation

As part of the normal course of business, Generation routinely enters into physical or financial contracts for the sale and purchase of electricity, fossil fuel and other commodities. These contracts either contain express provisions or otherwise permit Generation and its counterparties to demand adequate assurance of future performance when there are reasonable grounds for doing so. In accordance with the contracts and applicable law, if Generation is downgraded by a credit rating agency, especially if such downgrade is to a level below investment grade, it is possible that a counterparty would attempt to rely on such a downgrade as a basis for making a demand for adequate assurance of future performance. Depending on Generation's net position with a counterparty, the demand could be for the posting of collateral. In the absence of expressly agreed-to provisions that specify the collateral that must be provided, collateral requested will be a function of the facts and circumstances of the situation at the time of the demand. In this case, Generation believes an amount of several months of future payments (i.e. capacity payments) rather than a calculation of fair value is the best estimate for the contingent collateral obligation, which has been factored into the disclosure below. See Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for information regarding collateral requirements.

Generation transacts output through bilateral contracts. The bilateral contracts are subject to credit risk, which relates to the ability of counterparties to meet their contractual payment obligations. Any failure to collect these payments from counterparties could have a material impact on Exelon's and Generation's results of operations, cash flows and financial position. As market prices rise above contracted price levels, Generation is required to post collateral with purchasers; as market prices fall below contracted price levels, counterparties are required to post collateral with Generation. In order to post collateral, Generation depends on access to bank credit facilities, which serve as liquidity sources to fund collateral requirements. See Note 11 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for additional information.

As of June 30, 2015, Generation had cash collateral of $1,020 million posted and cash collateral held of $39 million for counterparties with derivative positions, of which $974 million and $6 million in net cash collateral posted were offset against commodity mark-to-market and interest rate and foreign exchange derivative assets and liabilities related to underlying commodity contracts, respectively. As of June 30, 2015, $2 million of cash collateral posted was not offset against net derivative positions because it was not associated with commodity-related derivatives, were associated with accrual positions, or as of the balance sheet date there were no positions to offset. See Note 19 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements for information regarding the letters of credit supporting the cash collateral.

ComEd

As of June 30, 2015, ComEd held approximately $2 million of collateral from suppliers in association with energy procurement contracts and held approximately $19 million in the form of cash and letters of credit for both annual and long-term renewable energy contracts. See Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements in this report and Note 3 — Regulatory Matters of the 2014 Exelon Form 10-K for additional information.

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PECO

As of June 30, 2015, PECO was not required to post collateral under its energy and natural gas procurement contracts. See Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information.

BGE

BGE is not required to post collateral under its electric supply contracts. As of June 30, 2015, BGE was not required to post collateral under its natural gas procurement contracts. See Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information.

RTOs and ISOs (Exelon, Generation, ComEd, PECO and BGE)

Generation, ComEd, PECO and BGE participate in all, or some, of the established, real-time energy markets that are administered by PJM, ISO-NE, ISO-NY, CAISO, MISO, SPP, AESO, OIESO and ERCOT. In these areas, power is traded through bilateral agreements between buyers and sellers and on the spot markets that are operated by the RTOs or ISOs, as applicable. In areas where there is no spot market, electricity is purchased and sold solely through bilateral agreements. For sales into the spot markets administered by an RTO or ISO, the RTO or ISO maintains financial assurance policies that are established and enforced by those administrators. The credit policies of the RTOs and ISOs may, under certain circumstances, require that losses arising from the default of one member on spot market transactions be shared by the remaining participants. Non-performance or non-payment by a major counterparty could result in a material adverse impact on the Registrants' results of operations, cash flows and financial positions.

Exchange Traded Transactions (Exelon and Generation)

Generation enters into commodity transactions on NYMEX, ICE and the Nodal exchange. The NYMEX, ICE and Nodal exchange clearinghouses act as the counterparty to each trade. Transactions on the NYMEX, ICE and Nodal exchange must adhere to comprehensive collateral and margining requirements. As a result, transactions on NYMEX, ICE and Nodal exchange are significantly collateralized and have limited counterparty credit risk. Since the fourth quarter of 2014, the exchanges increased initial marginal rates, which required Generation to post higher amounts of initial margin collateral. Generation believes that increased market volatility and extreme weather events, such as the Polar Vortex, contributed to the rate increases.

Long-Term Leases (Exelon)

Exelon's Consolidated Balance Sheet, as of June 30, 2015, included a $344 million net investment in coal-fired plants in Georgia subject to long-term leases. This investment represents the estimated residual value of leased assets at the end of the respective lease terms of $639 million, less unearned income of $295 million. As of December 31, 2014, Exelon's Consolidated Balance sheet included a $361 million net investment in coal-fired plants in Georgia subject to long-term leases, which represented the estimated residual value of leased assets at the end of the respective lease terms of $685 million, less unearned income of $324 million. The lease agreements provide the lessees with fixed purchase options at the end of the lease terms. If the lessee does not exercise the fixed purchase options, Exelon has the ability to operate the stations and keep or market the power itself or require the lessee to arrange for a third party to bid on a service contract for a period following the lease term. Exelon will be subject to residual value risk if the lessee does not exercise the fixed purchase options. This risk is partially mitigated by the fair value of the scheduled payments under the service contract. However, such payments are not guaranteed. Further, the term of the service contract is less than the expected remaining useful life of the plants and, therefore, Exelon's exposure to residual value risk will not be mitigated by payments under the service contract in this remaining period. Lessee performance under the lease agreements is supported by collateral and credit enhancement measures. Management regularly evaluates the creditworthiness of Exelon's counterparties to these long-term leases. Exelon monitors the continuing credit quality of the credit enhancement party.

Interest Rate and Foreign Exchange Risk (Exelon, Generation, ComEd, PECO and BGE)

The Registrants use a combination of fixed-rate and variable-rate debt to manage interest rate exposure. The Registrants may also utilize fixed-to-floating interest rate swaps, which are typically designated as fair value hedges, as a means to manage their interest rate exposure. In addition, the Registrants may utilize interest rate derivatives to lock in rate levels in anticipation of future financings, which are typically designated as cash flow hedges. These strategies are employed to manage interest rate risks. At June 30, 2015, Exelon had $800 million of notional amounts of fixed-to-floating hedges outstanding and Exelon and Generation had $754 million of notional amounts of floating-to-fixed hedges outstanding, respectively. Assuming the fair value and cash flow interest rate hedges are 100% effective, a hypothetical 50 bps increase in the interest rates associated with unhedged variable-rate debt (excluding Commercial Paper) and fixed-to-floating swaps would result in approximately a $2 million decrease in Exelon Consolidated pre-tax income for the six months ended June 30, 2015. To manage foreign exchange rate exposure associated with international energy purchases in currencies other than U.S. dollars, Generation utilizes foreign currency derivatives, which are typically designated as economic hedges.

Equity Price Risk (Exelon and Generation)

Exelon and Generation maintain trust funds, as required by the NRC, to fund certain costs of decommissioning Generation's nuclear plants. As of June 30, 2015, Generation's decommissioning trust funds are reflected at fair value on its Consolidated Balance Sheets. The mix of securities in the trust funds is designed to provide returns to be used to fund decommissioning and to compensate Generation for inflationary increases in decommissioning costs; however, the equity securities in the trust funds are exposed to price fluctuations in equity markets, and the value of fixed-rate, fixed-income securities are exposed to changes in interest rates. Generation actively monitors the investment performance of the trust funds and periodically reviews asset allocation in accordance with Generation's NDT fund investment policy. A hypothetical 10% increase in interest rates and decrease in equity prices would result in a $466 million reduction in the fair value of the trust assets. This calculation holds all other variables constant and assumes only the discussed changes in interest rates and equity prices. See ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations for further discussion of equity price risk as a result of the current capital and credit market conditions.

Item 4. Controls and Procedures

During the second quarter of 2015, each Registrant's management, including its principal executive officer and principal financial officer, evaluated the effectiveness of that Registrant's disclosure controls and procedures related to the recording, processing, summarizing and reporting of information in its periodic reports that it files with the SEC. These disclosure controls and procedures have been designed by each Registrant to ensure that (a) information relating to that Registrant, including its consolidated subsidiaries, that is required to be included in filings under the Securities Exchange Act of 1934, is accumulated and made known to that Registrant's management, including its principal executive officer and principal financial officer, by other employees of that Registrant and its subsidiaries as appropriate to allow timely decisions regarding required disclosure, and (b) this information is recorded, processed, summarized, evaluated and reported, as applicable, within the time periods specified in the SEC's rules and forms. Due to the inherent limitations of control systems, not all misstatements may be detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls could be circumvented by the individual acts of some persons or by collusion of two or more people.

Consistent with guidance issued by the Securities and Exchange Commission that an assessment of internal controls over financial reporting of a recently acquired business may be omitted from management's evaluation of disclosure controls and procedures, management is excluding an assessment of such internal controls of Integrys, which was acquired on November 1, 2014, from its evaluation of the effectiveness of Exelon's and Generation's disclosure controls and procedures. The total assets related to Integrys are approximately 0.55% and

1.13%, respectively, of Exelon's and Generation's related consolidated balance sheet amounts as of June 30, 2015. The total revenues related to Integrys are 7.14% and 10.98%, respectively, of Exelon's and Generation's related consolidated statements of operations and comprehensive income amounts for the three months ended June 30, 2015. The total revenues related to Integrys are 7.77% and 11.84%, respectively, of Exelon's and Generation's related consolidated statements of operations and comprehensive income amounts for the six months ended June 30, 2015.

Accordingly, as of June 30, 2015, the principal executive officer and principal financial officer of each Registrant concluded that such Registrant's disclosure controls and procedures were effective to accomplish its objectives. All Registrants continually strive to improve its disclosure controls and procedures to enhance the quality of its financial reporting and to maintain dynamic systems that change as conditions warrant. There have been no changes in internal control over financial reporting that occurred during the second quarter of 2015 that have materially affected, or are reasonably likely to materially affect, any of the Registrant's internal control over financial reporting.

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PART II — OTHER INFORMATION

Item 1 Legal Proceedings

The Registrants are parties to various lawsuits and regulatory proceedings in the ordinary course of their respective businesses. For information regarding material lawsuits and proceedings, see (a) ITEM 3. LEGAL PROCEEDINGS of Exelon's 2014 Form 10-K and (b) Note 5 — Regulatory Matters and Note 19 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements in PART I, ITEM 1. FINANCIAL STATEMENTS of this Report. Such descriptions are incorporated herein by these references.

Item 1A Risk Factors

Risks Related to Exelon

At June 30, 2015, the Registrant's risk factors were consistent with the risk factors described in Exelon's 2014 Form 10-K.

Item 4 Mine Safety Disclosures

Exelon, Generation, ComEd, PECO and BGE

Not applicable to the Registrants.

Item 6 Exhibits

Certain of the following exhibits are incorporated herein by reference under Rule 12b-32 of the Securities and Exchange Act of 1934, as amended. Certain other instruments which would otherwise be required to be listed below have not been so listed because such instruments do not authorize securities in an amount which exceeds 10% of the total assets of the applicable Registrant and its subsidiaries on a consolidated basis and the relevant Registrant agrees to furnish a copy of any such instrument to the Commission upon request.

Exhibit No.	Description
4.1	Indenture, dated as of June 11, 2015, among Exelon Corporation and The Bank of New York Mellon Trust Company, National Association, as trustee (file no. 1-16169, Form 8-K dated June 11, 2015, Exhibit 4.1)
4.2	First Supplemental Indenture, dated as of June 11, 2015, among Exelon Corporation and The Bank of New York Mellon Trust Company, National Association, as trustee (file no. 1-16169, Form 8-K dated June 11, 2015, Exhibit 4.2)
101.INS	XBRL Instance
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation
101.DEF	XBRL Taxonomy Extension Definition
101.LAB	XBRL Taxonomy Extension Labels
101.PRE	XBRL Taxonomy Extension Presentation

Certifications Pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities and Exchange Act of 1934 as to the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2015 filed by the following officers for the following companies:

31-1 — Filed by Christopher M. Crane for Exelon Corporation

31-2 — Filed by Jonathan W. Thayer for Exelon Corporation

31-3 — Filed by Kenneth W. Cornew for Exelon Generation Company, LLC

31-4 — Filed by Bryan P. Wright for Exelon Generation Company, LLC

31-5 — Filed by Anne R. Pramaggiore for Commonwealth Edison Company

31-6 — Filed by Joseph R. Trpik, Jr. for Commonwealth Edison Company

31-7 — Filed by Craig L. Adams for PECO Energy Company

31-8 — Filed by Phillip S. Barnett for PECO Energy Company

31-9 — Filed by Calvin G. Butler, Jr. for Baltimore Gas and Electric Company

31-10 — Filed by David M. Vahos for Baltimore Gas and Electric Company

Certifications Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code (Sarbanes — Oxley Act of 2002) as to the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2015 filed by the following officers for the following companies:

32-1 — Filed by Christopher M. Crane for Exelon Corporation

32-2 — Filed by Jonathan W. Thayer for Exelon Corporation

32-3 — Filed by Kenneth W. Cornew for Exelon Generation Company, LLC

32-4 — Filed by Bryan P. Wright for Exelon Generation Company, LLC

32-5 — Filed by Anne R. Pramaggiore for Commonwealth Edison Company

32-6 — Filed by Joseph R. Trpik, Jr. for Commonwealth Edison Company

32-7 — Filed by Craig L. Adams for PECO Energy Company

32-8 — Filed by Phillip S. Barnett for PECO Energy Company

32-9 — Filed by Calvin G. Butler, Jr. for Baltimore Gas and Electric Company

32-10 — Filed by David M. Vahos for Baltimore Gas and Electric Company

SIGNATURES

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

EXELON CORPORATION

/s/ CHRISTOPHER M. CRANE
Christopher M. Crane
President and Chief Executive Officer
(Principal Executive Officer) and Director

/s/ JONATHAN W. THAYER
Jonathan W. Thayer
Senior Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

/s/ DUANE M. DESPARTE
Duane M. DesParte
Senior Vice President and Corporate Controller
(Principal Accounting Officer)

July 29, 2015

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

EXELON GENERATION COMPANY, LLC

/s/ KENNETH W. CORNEW
Kenneth W. Cornew
President and Chief Executive Officer
(Principal Executive Officer)

/s/ BRYAN P. WRIGHT
Bryan P. Wright
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

/s/ ROBERT M. AIKEN
Robert M. Aiken
Chief Accounting Officer
(Principal Accounting Officer)

July 29, 2015

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

COMMONWEALTH EDISON COMPANY

/s/ Anne R. Pramaggiore
Anne R. Pramaggiore
President and Chief Executive Officer
(Principal Executive Officer)

/s/ Joseph R. Trpik, Jr.
Joseph R. Trpik, Jr.
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/s/ Gerald J. Kozel
Gerald J. Kozel
Vice President and Controller
(Principal Accounting Officer)

July 29, 2015

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PECO ENERGY COMPANY

/s/ Craig L. Adams
Craig L. Adams
President and Chief Executive Officer
(Principal Executive Officer)

/s/ Phillip S. Barnett
Phillip S. Barnett
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/s/ Scott A. Bailey
Scott A. Bailey
Vice President and Controller
(Principal Accounting Officer)

July 29, 2015

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BALTIMORE GAS AND ELECTRIC COMPANY

/s/ Calvin G. Butler, Jr.
Calvin G. Butler, Jr.
Chief Executive Officer
(Principal Executive Officer)

/s/ David M. Vahos
David M. Vahos
Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/s/ Matthew N. Bauer
Matthew N. Bauer
Vice President and Controller
(Principal Accounting Officer)

July 29, 2015

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Exhibit 31-1

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Christopher M. Crane, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ CHRISTOPHER M. CRANE
President and Chief Executive Officer
(Principal Executive Officer)

Date: July 29, 2015

Exhibit 31-2

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Jonathan W. Thayer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ JONATHAN W. THAYER
Senior Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

Date: July 29, 2015

Exhibit 31-3

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Kenneth W. Cornew, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Generation Company, LLC;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ KENNETH W. CORNEW
President and Chief Executive Officer
(Principal Executive Officer)

Date: July 29, 2015

Exhibit 31-4

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Bryan P. Wright, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Generation Company, LLC;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ BRYAN P. WRIGHT
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

Date: July 29, 2015

Exhibit 31-5

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Anne R. Pramaggiore, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Commonwealth Edison Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ ANNE R. PRAMAGGIORE
President and Chief Executive Officer
(Principal Executive Officer)

Date: July 29, 2015

Exhibit 31-6

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Joseph R. Trpik, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Commonwealth Edison Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ JOSEPH R. TRPIK, JR.
Senior Vice President, Chief Financial Officer
and Treasurer
(Principal Financial Officer)

Date: July 29, 2015

Exhibit 31-7

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Craig L. Adams, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PECO Energy Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ CRAIG L. ADAMS
President and Chief Executive Officer
(Principal Executive Officer)

Date: July 29, 2015

Exhibit 31-8

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Phillip S. Barnett, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PECO Energy Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ PHILLIP S. BARNETT
Senior Vice President, Chief Financial Officer
and Treasurer
(Principal Financial Officer)

Date: July 29, 2015

Exhibit 31-9

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Calvin G. Butler, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Baltimore Gas and Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ CALVIN G. BUTLER, JR.
Chief Executive Officer
(Principal Executive Officer)

Date: July 29, 2015

Exhibit 31-10

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, David M. Vahos, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Baltimore Gas and Electric Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ DAVID M. VAHOS
Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: July 29, 2015

Exhibit 32-1

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Corporation for the quarterly period ended June 30, 2015, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Corporation.

/s/ CHRISTOPHER M. CRANE
Christopher M. Crane
President and Chief Executive Officer

Date: July 29, 2015

Exhibit 32-2

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Corporation for the quarterly period ended June 30, 2015, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Corporation.

/s/ JONATHAN W. THAYER

Jonathan W. Thayer
Senior Executive Vice President and Chief Financial Officer

Date: July 29, 2015

Exhibit 32-3

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Generation Company, LLC for the quarterly period ended June 30, 2015, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Generation Company, LLC.

/s/ KENNETH W. CORNEW
Kenneth W. Cornew
President and Chief Executive Officer

Date: July 29, 2015

Exhibit 32-4

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Generation Company, LLC for the quarterly period ended June 30, 2015, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Generation Company, LLC.

/s/ BRYAN P. WRIGHT
Bryan P. Wright
Senior Vice President and Chief Financial Officer

Date: July 29, 2015

Exhibit 32-5

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Commonwealth Edison Company for the quarterly period ended June 30, 2015, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Commonwealth Edison Company.

/s/ ANNE R. PRAMAGGIORE
Anne R. Pramaggiore
President and Chief Executive Officer

Date: July 29, 2015

Exhibit 32-6

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Commonwealth Edison Company for the quarterly period ended June 30, 2015, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Commonwealth Edison Company.

/s/ JOSEPH R. TRPIK, JR.

Joseph R. Trpik, Jr.
Senior Vice President, Chief Financial Officer and Treasurer

Date: July 29, 2015

Exhibit 32-7

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of PECO Energy Company for the quarterly period ended June 30, 2015, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of PECO Energy Company.

/s/ CRAIG L. ADAMS
Craig L. Adams
President and Chief Executive Officer

Date: July 29, 2015

Exhibit 32-8

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of PECO Energy Company for the quarterly period ended June 30, 2015, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of PECO Energy Company.

/s/ PHILLIP S. BARNETT

Phillip S. Barnett
Senior Vice President, Chief Financial Officer and Treasurer

Date: July 29, 2015

Exhibit 32-9

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Baltimore Gas and Electric Company for the quarterly period ended June 30, 2015, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Baltimore Gas and Electric Company.

/s/ CALVIN G. BUTLER, JR.
Calvin G. Butler, Jr.
Chief Executive Officer

Date: July 29, 2015

Exhibit 32-10

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Baltimore Gas and Electric Company for the quarterly period ended June 30, 2015, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Baltimore Gas and Electric Company.

/s/ DAVID M. VAHOS
David M. Vahos
Vice President, Chief Financial Officer and Treasurer

Date: July 29, 2015

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended June 30, 2016

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number	Name of Registrant; State or Other Jurisdiction of Incorporation; Address of Principal Executive Offices; and Telephone Number	IRS Employer Identification Number
1-16169	EXELON CORPORATION (a Pennsylvania corporation) 10 South Dearborn Street P.O. Box 805379 Chicago, Illinois 60680-5379 (800) 483-3220	23-2990190
333-85496	EXELON GENERATION COMPANY, LLC (a Pennsylvania limited liability company) 300 Exelon Way Kennett Square, Pennsylvania 19348-2473 (610) 765-5959	23-3064219
1-1839	COMMONWEALTH EDISON COMPANY (an Illinois corporation) 440 South LaSalle Street Chicago, Illinois 60605-1028 (312) 394-4321	36-0938600
000-16844	PECO ENERGY COMPANY (a Pennsylvania corporation) P.O. Box 8699 2301 Market Street Philadelphia, Pennsylvania 19101-8699 (215) 841-4000	23-0970240
1-1910	BALTIMORE GAS AND ELECTRIC COMPANY (a Maryland corporation) 2 Center Plaza 110 West Fayette Street Baltimore, Maryland 21201-3708 (410) 234-5000	52-0280210
001-31403	PEPCO HOLDINGS LLC (a Delaware limited liability company) 701 Ninth Street, N.W. Washington, District of Columbia 20068 (202) 872-2000	52-2297449
001-01072	POTOMAC ELECTRIC POWER COMPANY (a District of Columbia and Virginia corporation) 701 Ninth Street, N.W. Washington, District of Columbia 20068 (202) 872-2000	53-0127880
001-01405	DELMARVA POWER & LIGHT COMPANY (a Delaware and Virginia corporation) 500 North Wakefield Drive Newark, Delaware 19702 (202) 872-2000	51-0084283
001-03559	ATLANTIC CITY ELECTRIC COMPANY (a New Jersey corporation) 500 North Wakefield Drive Newark, Delaware 19702 (202) 872-2000	21-0398280

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

	Large Accelerated Filer	Accelerated Filer	Non-accelerated Filer	Smaller Reporting Company
Exelon Corporation	☒			
Exelon Generation Company, LLC			☒	
Commonwealth Edison Company			☒	
PECO Energy Company			☒	
Baltimore Gas and Electric Company			☒	
Pepco Holdings LLC	☒			
Potomac Electric Power Company			☒	
Delmarva Power & Light Company			☒	
Atlantic City Electric Company			☒	

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The number of shares outstanding of each registrant's common stock as of June 30, 2016 was:

Exelon Corporation Common Stock, without par value	922,872,373
Exelon Generation Company, LLC	not applicable
Commonwealth Edison Company Common Stock, $12.50 par value	127,017,042
PECO Energy Company Common Stock, without par value	170,478,507
Baltimore Gas and Electric Company Common Stock, without par value	1,000
Pepco Holdings LLC	not applicable
Potomac Electric Power Company Common Stock, $.01 par value	100
Delmarva Power & Light Company Common Stock, $2.25 par value	1,000
Atlantic City Electric Company Common Stock, $3.00 par value	8,546,017

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GLOSSARY OF TERMS AND ABBREVIATIONS

Exelon Corporation and Related Entities

Exelon	Exelon Corporation
Generation	Exelon Generation Company, LLC
ComEd	Commonwealth Edison Company
PECO	PECO Energy Company
BGE	Baltimore Gas and Electric Company
Pepco Holdings or PHI	Pepco Holdings LLC (formerly Pepco Holdings, Inc.)
Pepco	Potomac Electric Power Company
Pepco Energy Services or PES	Pepco Energy Services, Inc. and its subsidiaries
PCI	Potomac Capital Investment Corporation and its subsidiaries
DPL	Delmarva Power & Light Company
ACE	Atlantic City Electric Company
ACE Funding or ATF	Atlantic City Electric Transition Funding LLC
BSC	Exelon Business Services Company, LLC
PHISCO	PHI Service Company
Exelon Corporate	Exelon in its corporate capacity as a holding company
PHI Corporate	PHI in its corporate capacity as a holding company
CENG	Constellation Energy Nuclear Group, LLC
Constellation	Constellation Energy Group, Inc.
Antelope Valley	Antelope Valley Solar Ranch One
Exelon Transmission Company	Exelon Transmission Company, LLC
Exelon Wind	Exelon Wind, LLC and Exelon Generation Acquisition Company, LLC
Ventures	Exelon Ventures Company, LLC
AmerGen	AmerGen Energy Company, LLC
BondCo	RSB BondCo LLC
PEC L.P.	PECO Energy Capital, L.P.
PECO Trust III	PECO Capital Trust III
PECO Trust IV	PECO Energy Capital Trust IV
PETT	PECO Energy Transition Trust
Registrants	Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE, collectively
Utility Registrants	ComEd, PECO, BGE, Pepco, DPL and ACE, collectively
Legacy PHI	PHI, Pepco, DPL and ACE, collectively

Other Terms and Abbreviations

Note "—" of the Exelon 2015 Form 10-K	Reference to specific Combined Note to Consolidated Financial Statements within Exelon's 2015 Annual Report on Form 10-K
Note "—" of the PHI 2015 Form 10-K	Reference to specific Note to Consolidated Financial Statements within Legacy PHI's 2015 Annual Report on Form 10-K
1998 restructuring settlement	PECO's 1998 settlement of its restructuring case mandated by the Competition Act
Act 11	Pennsylvania Act 11 of 2012
Act 129	Pennsylvania Act 129 of 2008
AEC	Alternative Energy Credit that is issued for each megawatt hour of generation from a qualified alternative energy source
AEPS	Pennsylvania Alternative Energy Portfolio Standards
AEPS Act	Pennsylvania Alternative Energy Portfolio Standards Act of 2004, as amended
AESO	Alberta Electric Systems Operator

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GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and Abbreviations	
AFUDC	Allowance for Funds Used During Construction
ALJ	Administrative Law Judge
AMI	Advanced Metering Infrastructure
AMP	Advanced Metering Program
ARC	Asset Retirement Cost
ARO	Asset Retirement Obligation
ARP	Title IV Acid Rain Program
ARRA of 2009	American Recovery and Reinvestment Act of 2009
ASC	Accounting Standards Codification
BGS	Basic Generation Service (the supply of electricity by ACE to retail customers in New Jersey who have not elected to purchase electricity from a competitive supplier)
Block contracts	Forward Purchase Energy Block Contracts
CAIR	Clean Air Interstate Rule
CAISO	California ISO
CAMR	Federal Clean Air Mercury Rule
CERCLA	Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended
CFL	Compact Fluorescent Light
Clean Air Act	Clean Air Act of 1963, as amended
Clean Water Act	Federal Water Pollution Control Amendments of 1972, as amended
Competition Act	Pennsylvania Electricity Generation Customer Choice and Competition Act of 1996
Conectiv	Conectiv, LLC, a wholly owned subsidiary of PHI and the parent of DPL and ACE
Conectiv Energy	Conectiv Energy Holdings, Inc. and substantially all of its subsidiaries, which were sold to Calpine in July 2010
Contract EDCs	Pepco, DPL and BGE, the Maryland utilities required by the MDPSC to enter into a contract for new generation
CPI	Consumer Price Index
CPUC	California Public Utilities Commission
CSAPR	Cross-State Air Pollution Rule
CTA	Consolidated tax adjustment
CTC	Competitive Transition Charge
D.C. Circuit Court	United States Court of Appeals for the District of Columbia Circuit
DCPSC	District of Columbia Public Service Commission
DC PLUG	District of Columbia Power Line Undergrounding
Default Electricity Supply	The supply of electricity by PHI's electric utility subsidiaries at regulated rates to retail customers who do not elect to purchase electricity from a competitive supplier, and which, depending on the jurisdiction, is also known as Standard Offer Service or BGS
Default Electricity Supply Revenue	Revenue primarily from Default Electricity Supply
DOE	United States Department of Energy
DOJ	United States Department of Justice
DPSC	Delaware Public Service Commission
DRP	Direct Stock Purchase and Dividend Reinvestment Plan
DSP	Default Service Provider
DSP Program	Default Service Provider Program

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GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and Abbreviations	
EDCs	Electric distribution companies
EDF	Electricite de France SA and its subsidiaries
EE&C	Energy Efficiency and Conservation/Demand Response
EGS	Electric Generation Supplier
EGTP	ExGen Texas Power, LLC
EIMA	Energy Infrastructure Modernization Act (Illinois Senate Bill 1652 and Illinois House Bill 3036)
EmPower Maryland	A Maryland demand-side management program for Pepco and DPL
EPA	United States Environmental Protection Agency
ERCOT	Electric Reliability Council of Texas
ERISA	Employee Retirement Income Security Act of 1974, as amended
EROA	Expected Rate of Return on Assets
ESPP	Employee Stock Purchase Plan
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
FRCC	Florida Reliability Coordinating Council
FTC	Federal Trade Commission
GAAP	Generally Accepted Accounting Principles in the United States
GCR	Gas Cost Rate
GHG	Greenhouse Gas
GRT	Gross Receipts Tax
GSA	Generation Supply Adjustment
GWh	Gigawatt hour
HAP	Hazardous air pollutants
Health Care Reform Acts	Patient Protection and Affordable Care Act and Health Care and Education Reconciliation Act of 2010
HSR Act	The Hart-Scott-Rodino Antitrust Improvements Act of 1976
IBEW	International Brotherhood of Electrical Workers
ICC	Illinois Commerce Commission
ICE	Intercontinental Exchange
Illinois Act	Illinois Electric Service Customer Choice and Rate Relief Law of 1997
Illinois EPA	Illinois Environmental Protection Agency
Illinois Settlement Legislation	Legislation enacted in 2007 affecting electric utilities in Illinois
Integrys	Integrys Energy Services, Inc.
IPA	Illinois Power Agency
IRC	Internal Revenue Code
IRS	Internal Revenue Service
ISO	Independent System Operator
ISO-NE	ISO New England Inc.
ISO-NY	ISO New York
kV	Kilovolt
kW	Kilowatt
kWh	Kilowatt-hour
LIBOR	London Interbank Offered Rate
LILO	Lease-In, Lease-Out
LLRW	Low-Level Radioactive Waste
LTIP	Long-Term Incentive Plan
MAPP	Mid-Atlantic Power Pathway
MATS	U.S. EPA Mercury and Air Toxics Rule

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GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and Abbreviations	
MBR	Market Based Rates Incentive
MDE	Maryland Department of the Environment
MDPSC	Maryland Public Service Commission
MGP	Manufactured Gas Plant
MISO	Midcontinent Independent System Operator, Inc.
mmcf	Million Cubic Feet
Moody's	Moody's Investor Service
MOPR	Minimum Offer Price Rule
MRV	Market-Related Value
MW	Megawatt
MWh	Megawatt hour
NAAQS	National Ambient Air Quality Standards
n.m.	not meaningful
NAV	Net Asset Value
NDT	Nuclear Decommissioning Trust
NEIL	Nuclear Electric Insurance Limited
NERC	North American Electric Reliability Corporation
NGS	Natural Gas Supplier
NJBPU	New Jersey Board of Public Utilities
NJDEP	New Jersey Department of Environmental Protection
Non-Regulatory Agreements Units	Nuclear generating units or portions thereof whose decommissioning-related activities are not subject to contractual elimination under regulatory accounting
NOSA	Nuclear Operating Services Agreement
NOV	Notice of Violation
NPDES	National Pollutant Discharge Elimination System
NRC	Nuclear Regulatory Commission
NSPS	New Source Performance Standards
NUGs	Non-utility generators
NWPA	Nuclear Waste Policy Act of 1982
NYMEX	New York Mercantile Exchange
OCI	Other Comprehensive Income
OIESO	Ontario Independent Electricity System Operator
OPC	Office of People's Counsel
OPEB	Other Postretirement Employee Benefits
PA DEP	Pennsylvania Department of Environmental Protection
PAPUC	Pennsylvania Public Utility Commission
PGC	Purchased Gas Cost Clause
PHI Retirement Plan	PHI's noncontributory retirement plan
PJM	PJM Interconnection, LLC
POLR	Provider of Last Resort
POR	Purchase of Receivables
PPA	Power Purchase Agreement
Price-Anderson Act	Price-Anderson Nuclear Industries Indemnity Act of 1957
Preferred Stock	Originally issued shares of non-voting, non-convertible and non-transferable Series A preferred stock, par value $0.01 per share
PRP	Potentially Responsible Parties
PSEG	Public Service Enterprise Group Incorporated
PURTA	Pennsylvania Public Realty Tax Act

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GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and Abbreviations	
PV	Photovoltaic
RCRA	Resource Conservation and Recovery Act of 1976, as amended
REC	Renewable Energy Credit which is issued for each megawatt hour of generation from a qualified renewable energy source
Regulatory Agreement Units	Nuclear generating units or portions thereof whose decommissioning-related activities are subject to contractual elimination under regulatory accounting
RES	Retail Electric Suppliers
RFP	Request for Proposal
Rider	Reconcilable Surcharge Recovery Mechanism
RGGI	Regional Greenhouse Gas Initiative
RMC	Risk Management Committee
ROE	Return on equity
RPM	PJM Reliability Pricing Model
RPS	Renewable Energy Portfolio Standards
RSSA	Reliability Support Services Agreement
RTEP	Regional Transmission Expansion Plan
RTO	Regional Transmission Organization
S&P	Standard & Poor's Ratings Services
SEC	United States Securities and Exchange Commission
Senate Bill 1	Maryland Senate Bill 1
SERC	SERC Reliability Corporation (formerly Southeast Electric Reliability Council)
SERP	Supplemental Employee Retirement Plan
SGIG	Smart Grid Investment Grant from DOE
SGIP	Smart Grid Initiative Program
SILO	Sale-In, Lease-Out
SMPIP	Smart Meter Procurement and Installation Plan
SNF	Spent Nuclear Fuel
SOCAs	Standard Offer Capacity Agreements required to be entered into by ACE pursuant to a New Jersey law enacted to promote the construction of qualified electric generation facilities in New Jersey
SOS	Standard Offer Service
SPP	Southwest Power Pool
Tax Relief Act of 2010	Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010
Transition Bond Charge	Revenue ACE receives, and pays to ACE Funding, to fund the principal and interest payments on Transition Bonds and related taxes, expenses and fees
Transition Bonds	Transition Bonds issued by ACE Funding
Upstream	Natural gas exploration and production activities
VIE	Variable Interest Entity
WECC	Western Electric Coordinating Council

FILING FORMAT

This combined Form 10-Q is being filed separately by Exelon Corporation, Exelon Generation Company, LLC, Commonwealth Edison Company, PECO Energy Company, Baltimore Gas and Electric Company, Pepco Holdings LLC, Potomac Electric Power Company, Delmarva Power & Light Company, and Atlantic City Electric Company (Registrants). Information contained herein relating to any individual Registrant is filed by such Registrant on its own behalf. No Registrant makes any representation as to information relating to any other Registrant.

FORWARD-LOOKING STATEMENTS

This Report contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that are subject to risks and uncertainties. The factors that could cause actual results to differ materially from the forward-looking statements made by the Registrants include those factors discussed herein, as well as the items discussed in (1) Exelon's 2015 Annual Report on Form 10-K in (a) ITEM 1A. Risk Factors, (b) ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) ITEM 8. Financial Statements and Supplementary Data: Note 23; (2) PHI's 2015 Annual Report on Form 10-K in (a) ITEM 1A. Risk Factors, (b) ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) ITEM 8. Financial Statements and Supplementary Data: Note 16; (3) this Quarterly Report on Form 10-Q in (a) Part II, Other Information, ITEM 1A. Risk Factors, (b) Part 1, Financial Information, ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) Part I, Financial Information, ITEM 1. Financial Statements: Note 18; and (4) other factors discussed in filings with the SEC by the Registrants. Readers are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of this Report. None of the Registrants undertakes any obligation to publicly release any revision to its forward-looking statements to reflect events or circumstances after the date of this Report.

WHERE TO FIND MORE INFORMATION

The public may read and copy any reports or other information that the Registrants file with the SEC at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. These documents are also available to the public from commercial document retrieval services, the website maintained by the SEC at www.sec.gov and the Registrants' websites at www.exeloncorp.com. Information contained on the Registrants' websites shall not be deemed incorporated into, or to be a part of, this Report.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions, except per share data)	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015
Operating revenues				
Competitive businesses revenues	$ 3,234	$ 4,080	$ 7,708	$ 9,714
Rate-regulated utility revenues	3,676	2,434	6,777	5,631
Total operating revenues	6,910	6,514	14,485	15,345
Operating expenses				
Competitive businesses purchased power and fuel	1,576	1,848	4,016	5,274
Rate-regulated utility purchased power and fuel	878	601	1,692	1,645
Operating and maintenance	2,505	2,042	5,341	4,123
Depreciation and amortization	941	602	1,626	1,212
Taxes other than income	394	294	720	598
Total operating expenses	6,294	5,387	13,395	12,852
Gain on sales of assets	31	7	40	8
Operating income	647	1,134	1,130	2,501
Other income and (deductions)				
Interest expense, net	(366)	(145)	(643)	(480)
Interest expense to affiliates	(10)	(10)	(20)	(21)
Other, net	144	(17)	258	64
Total other income and (deductions)	(232)	(172)	(405)	(437)
Income before income taxes	415	962	725	2,064
Income taxes	102	327	285	690
Equity in losses of unconsolidated affiliates	(7)	(2)	(10)	(2)
Net income	306	633	430	1,372
Net income (loss) attributable to noncontrolling interests and preference stock dividends	39	(5)	(10)	41
Net income attributable to common shareholders	$ 267	$ 638	$ 440	$ 1,331
Comprehensive income, net of income taxes				
Net income	$ 306	$ 633	$ 430	$ 1,372
Other comprehensive income (loss), net of income taxes				
Pension and non-pension postretirement benefit plans:				
Prior service benefit reclassified to periodic benefit cost	(12)	(11)	(23)	(23)
Actuarial loss reclassified to periodic benefit cost	46	55	93	110
Pension and non-pension postretirement benefit plan valuation adjustment	(1)	—	(3)	(29)
Unrealized (loss) gain on cash flow hedges	—	3	(7)	9
Unrealized loss on equity investments	(4)	—	(7)	—
Unrealized gain (loss) on foreign currency translation	—	3	6	(9)
Unrealized gain on marketable securities	2	—	—	—
Other comprehensive income	31	50	59	58
Comprehensive income	337	683	489	1,430
Comprehensive income (loss) attributable to noncontrolling interests and preference stock dividends	39	(5)	(10)	41
Comprehensive income attributable to common shareholders	$ 298	$ 688	$ 499	$ 1,389
Average shares of common stock outstanding:				
Basic	924	863	923	862
Diluted	926	866	926	866
Earnings per average common share:				
Basic	$ 0.29	$ 0.74	$ 0.48	$ 1.54
Diluted	$ 0.29	$ 0.74	$ 0.48	$ 1.54
Dividends declared per common share	$ 0.32	$ 0.31	$ 0.63	$ 0.62

See the Combined Notes to Consolidated Financial Statements

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EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Six Months Ended June 30, 2016	2015
Cash flows from operating activities		
Net income	$ 430	$ 1,372
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation, amortization, depletion and accretion, including nuclear fuel and energy contract amortization	2,396	1,957
Impairment of long-lived assets and losses on regulatory assets	239	24
Gain on sales of assets	(40)	(8)
Deferred income taxes and amortization of investment tax credits	261	211
Net fair value changes related to derivatives	194	(507)
Net realized and unrealized gains on nuclear decommissioning trust fund investments	(114)	(2)
Other non-cash operating activities	1,056	579
Changes in assets and liabilities:		
Accounts receivable	86	253
Inventories	89	159
Accounts payable and accrued expenses	(363)	(540)
Option premiums received, net	(10)	22
Collateral received, net	710	659
Income taxes	470	247
Pension and non-pension postretirement benefit contributions	(258)	(301)
Other assets and liabilities	(593)	(156)
Net cash flows provided by operating activities	4,553	3,969
Cash flows from investing activities		
Capital expenditures	(4,489)	(3,460)
Proceeds from nuclear decommissioning trust fund sales	4,977	3,314
Investment in nuclear decommissioning trust funds	(5,094)	(3,437)
Acquisition of businesses, net of cash acquired	(6,642)	(28)
Proceeds from sales of long-lived assets	45	145
Proceeds from termination of direct financing lease investment	360	—
Change in restricted cash	15	(3)
Other investing activities	(49)	(77)
Net cash flows used in investing activities	(10,877)	(3,546)
Cash flows from financing activities		
Changes in short-term borrowings	(798)	94
Proceeds from short-term borrowings with maturities greater than 90 days	194	—
Repayments on short-term borrowings with maturities greater than 90 days	(315)	—
Issuance of long-term debt	3,174	5,907
Retirement of long-term debt	(217)	(1,708)
Dividends paid on common stock	(582)	(537)
Proceeds from employee stock plans	17	16
Other financing activities	(4)	(59)
Net cash flows provided by financing activities	1,469	3,713
(Decrease) Increase in cash and cash equivalents	(4,855)	4,136
Cash and cash equivalents at beginning of period	6,502	1,878
Cash and cash equivalents at end of period	$ 1,647	$ 6,014

See the Combined Notes to Consolidated Financial Statements

EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2016 (Unaudited)	December 31, 2015
ASSETS		
Current assets		
Cash and cash equivalents	$ 1,647	$ 6,502
Restricted cash and cash equivalents	201	205
Accounts receivable, net		
Customer	3,671	3,187
Other	988	912
Mark-to-market derivative assets	759	1,365
Unamortized energy contract assets	69	86
Inventories, net		
Fossil fuel and emission allowances	317	462
Materials and supplies	1,183	1,104
Regulatory assets	1,559	759
Other	1,101	752
Total current assets	11,495	15,334
Property, plant and equipment, net	70,693	57,439
Deferred debits and other assets		
Regulatory assets	10,121	6,065
Nuclear decommissioning trust funds	10,737	10,342
Investments	502	639
Goodwill	6,696	2,672
Mark-to-market derivative assets	546	758
Unamortized energy contract assets	461	484
Pledged assets for Zion Station decommissioning	161	206
Other	1,366	1,445
Total deferred debits and other assets	30,590	22,611
Total assets [(a)]	$ 112,778	$ 95,384

See the Combined Notes to Consolidated Financial Statements

EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2016 (Unaudited)	December 31, 2015
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings	$ 951	$ 533
Long-term debt due within one year	2,693	1,500
Accounts payable	2,826	2,883
Accrued expenses	2,757	2,376
Payables to affiliates	8	8
Regulatory liabilities	503	369
Mark-to-market derivative liabilities	152	205
Unamortized energy contract liabilities	508	100
Renewable energy credit obligation	316	302
PHI merger related obligation	155	—
Other	1,025	842
Total current liabilities	11,894	9,118
Long-term debt	31,541	23,645
Long-term debt to financing trusts	641	641
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	17,662	13,776
Asset retirement obligations	9,256	8,585
Pension obligations	3,767	3,385
Non-pension postretirement benefit obligations	1,900	1,618
Spent nuclear fuel obligation	1,023	1,021
Regulatory liabilities	4,389	4,201
Mark-to-market derivative liabilities	442	374
Unamortized energy contract liabilities	1,011	117
Payable for Zion Station decommissioning	54	90
Other	1,876	1,491
Total deferred credits and other liabilities	41,380	34,658
Total liabilities [(a)]	85,456	68,062
Commitments and contingencies		
Contingently redeemable noncontrolling interests	24	28
Shareholders' equity		
Common stock (No par value, 2000 shares authorized, 923 shares and 920 shares outstanding at June 30, 2016 and December 31, 2015, respectively)	18,722	18,676
Treasury stock, at cost (35 shares at June 30, 2016 and December 31, 2015, respectively)	(2,327)	(2,327)
Retained earnings	11,926	12,068
Accumulated other comprehensive loss, net	(2,565)	(2,624)
Total shareholders' equity	25,756	25,793
BGE preference stock not subject to mandatory redemption	193	193
Noncontrolling interests	1,349	1,308
Total equity	27,298	27,294
Total liabilities and shareholders' equity	$ 112,778	$ 95,384

(a) Exelon's consolidated assets include $8,240 million and $8,268 million at June 30, 2016 and December 31, 2015, respectively, of certain VIEs that can only be used to settle the liabilities of the VIE. Exelon's consolidated liabilities include $3,461 million and $3,264 million at June 30, 2016 and December 31, 2015, respectively, of certain VIEs for which the VIE creditors do not have recourse to Exelon. See Note 3 — Variable Interest Entities.

See the Combined Notes to Consolidated Financial Statements

EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

(In millions, shares in thousands)	Issued Shares	Common Stock	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss, net	Noncontrolling Interests	Preference Stock	Total Shareholders' Equity
Balance, December 31, 2015	954,668	$18,676	$(2,327)	$12,068	$ (2,624)	$ 1,308	$ 193	$ 27,294
Net income	—	—	—	440	—	(17)	7	430
Long-term incentive plan activity	2,349	47	—	—	—	—	—	47
Employee stock purchase plan issuances	599	17	—	—	—	—	—	17
Tax benefit on stock compensation	—	(18)	—	—	—	—	—	(18)
Changes in equity of noncontrolling interests	—	—	—	—	—	2	—	2
Adjustment of contingently redeemable noncontrolling interest due to release of contingency	—	—	—	—	—	56	—	56
Common stock dividends	—	—	—	(582)	—	—	—	(582)
Preference stock dividends	—	—	—	—	—	—	(7)	(7)
Other comprehensive income, net of income taxes	—	—	—	—	59	—	—	59
Balance, June 30, 2016	957,616	$18,722	$(2,327)	$11,926	$ (2,565)	$ 1,349	$ 193	$ 27,298

See the Combined Notes to Consolidated Financial Statements

EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015
Operating revenues				
Operating revenues	$ 3,231	$ 4,079	$7,702	$ 9,709
Operating revenues from affiliates	358	153	627	365
Total operating revenues	3,589	4,232	8,329	10,074
Operating expenses				
Purchased power and fuel	1,575	1,848	4,015	5,274
Purchased power and fuel from affiliates	2	1	5	8
Operating and maintenance	1,369	1,149	2,665	2,311
Operating and maintenance from affiliates	161	159	332	308
Depreciation and amortization	408	255	697	509
Taxes other than income	118	124	244	246
Total operating expenses	3,633	3,536	7,958	8,656
Gain on sales of assets	31	7	31	6
Operating (loss) income	(13)	703	402	1,424
Other income and (deductions)				
Interest expense, net	(89)	(90)	(176)	(180)
Interest expense to affiliates	(10)	(9)	(20)	(21)
Other, net	117	(31)	210	62
Total other income and (deductions)	18	(130)	14	(139)
Income before income taxes	5	573	416	1,285
Income taxes	(31)	181	120	407
Equity in losses of unconsolidated affiliates	(8)	(2)	(11)	(3)
Net income	28	390	285	875
Net income (loss) attributable to noncontrolling interests	36	(8)	(17)	34
Net (loss) income attributable to membership interest	$ (8)	$ 398	$ 302	$ 841
Comprehensive income, net of income taxes				
Net income	$ 28	$ 390	$ 285	$ 875
Other comprehensive income (loss), net of income taxes				
Unrealized gain (loss) on cash flow hedges	1	2	(4)	(3)
Unrealized loss on equity investments	(2)	—	(4)	—
Unrealized gain (loss) on foreign currency translation	—	3	6	(9)
Unrealized gain on marketable securities	1	1	—	1
Other comprehensive income (loss)	—	6	(2)	(11)
Comprehensive income	28	396	283	864
Comprehensive income (loss) attributable to noncontrolling interests	36	(8)	(17)	34
Comprehensive (loss) income attributable to membership interest	$ (8)	$ 404	$ 300	$ 830

See the Combined Notes to Consolidated Financial Statements

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EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Six Months Ended June 30, 2016	2015
Cash flows from operating activities		
Net income	$ 285	$ 875
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation, amortization, depletion and accretion, including nuclear fuel and energy contract amortization	1,467	1,255
Impairment of long-lived assets	179	(1)
Gain on sales of assets	(31)	(6)
Deferred income taxes and amortization of investment tax credits	(59)	65
Net fair value changes related to derivatives	199	(396)
Net realized and unrealized gains on nuclear decommissioning trust fund investments	(114)	(2)
Other non-cash operating activities	169	134
Changes in assets and liabilities:		
Accounts receivable	123	291
Receivables from and payables to affiliates, net	(77)	(11)
Inventories	57	134
Accounts payable and accrued expenses	(228)	(369)
Option premiums received, net	(10)	22
Collateral received, net	720	682
Income taxes	41	27
Pension and non-pension postretirement benefit contributions	(117)	(122)
Other assets and liabilities	(217)	(155)
Net cash flows provided by operating activities	2,387	2,423
Cash flows from investing activities		
Capital expenditures	(2,051)	(1,764)
Proceeds from nuclear decommissioning trust fund sales	4,977	3,314
Investment in nuclear decommissioning trust funds	(5,094)	(3,437)
Acquisition of businesses	(1)	(28)
Proceeds from sale of long-lived assets	30	144
Change in restricted cash	25	(16)
Other investing activities	(96)	(63)
Net cash flows used in investing activities	(2,210)	(1,850)
Cash flows from financing activities		
Change in short-term borrowings	—	15
Proceeds from short-term borrowings with maturities greater than 90 days	194	—
Repayments of short-term borrowings with maturities greater than 90 days	(15)	—
Issuance of long-term debt	173	1,307
Retirement of long-term debt	(131)	(39)
Retirement of long-term debt to affiliate	—	(550)
Changes in Exelon intercompany money pool	(429)	638
Distribution to member	(111)	(2,262)
Contribution from member	45	—
Other financing activities	39	(6)
Net cash flows used in financing activities	(235)	(897)
Decrease in cash and cash equivalents	(58)	(324)
Cash and cash equivalents at beginning of period	431	780
Cash and cash equivalents at end of period	$ 373	$ 456

See the Combined Notes to Consolidated Financial Statements

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EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2016 (Unaudited)	December 31, 2015
ASSETS		
Current assets		
Cash and cash equivalents	$ 373	$ 431
Restricted cash and cash equivalents	98	123
Accounts receivable, net		
Customer	2,076	2,095
Other	325	360
Mark-to-market derivative assets	759	1,365
Receivables from affiliates	184	83
Unamortized energy contract assets	69	86
Inventories, net		
Fossil fuel and emission allowances	266	384
Materials and supplies	840	880
Other	735	535
Total current assets	5,725	6,342
Property, plant and equipment, net	26,656	25,843
Deferred debits and other assets		
Nuclear decommissioning trust funds	10,737	10,342
Investments	294	210
Goodwill	47	47
Mark-to-market derivative assets	499	733
Prepaid pension asset	1,673	1,689
Pledged assets for Zion Station decommissioning	161	206
Unamortized energy contract assets	460	484
Deferred income taxes	13	6
Other	632	627
Total deferred debits and other assets	14,516	14,344
Total assets [(a)]	$ 46,897	$ 46,529

See the Combined Notes to Consolidated Financial Statements

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EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2016 (Unaudited)	December 31, 2015
LIABILITIES AND EQUITY		
Current liabilities		
Short-term borrowings	$ 208	$ 29
Long-term debt due within one year	174	90
Accounts payable	1,271	1,583
Accrued expenses	743	935
Payables to affiliates	110	104
Borrowings from Exelon intercompany money pool	817	1,252
Mark-to-market derivative liabilities	134	182
Unamortized energy contract liabilities	75	100
Renewable energy credit obligation	316	302
Other	339	356
Total current liabilities	4,187	4,933
Long-term debt	7,965	7,936
Long-term debt to affiliate	927	933
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	5,750	5,845
Asset retirement obligations	9,081	8,431
Non-pension postretirement benefit obligations	935	924
Spent nuclear fuel obligation	1,023	1,021
Payables to affiliates	2,643	2,577
Mark-to-market derivative liabilities	237	150
Unamortized energy contract liabilities	94	117
Payable for Zion Station decommissioning	54	90
Other	634	602
Total deferred credits and other liabilities	20,451	19,757
Total liabilities [a]	33,530	33,559
Commitments and contingencies		
Contingently redeemable noncontrolling interests	24	28
Equity		
Member's equity		
Membership interest	9,168	8,997
Undistributed earnings	2,892	2,701
Accumulated other comprehensive loss, net	(65)	(63)
Total member's equity	11,995	11,635
Noncontrolling interests	1,348	1,307
Total equity	13,343	12,942
Total liabilities and equity	$ 46,897	$ 46,529

(a) Generation's consolidated assets include $8,172 million and $8,235 million at June 30, 2016 and December 31, 2015, respectively, of certain VIEs that can only be used to settle the liabilities of the VIE. Generation's consolidated liabilities include $3,211 million and $3,135 million at June 30, 2016 and December 31, 2015, respectively, of certain VIEs for which the VIE creditors do not have recourse to Generation. See Note 3 — Variable Interest Entities.

See the Combined Notes to Consolidated Financial Statements

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EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Unaudited)

	Member's Equity				
(In millions)	Membership Interest	Undistributed Earnings	Accumulated Other Comprehensive Loss, net	Noncontrolling Interests	Total Equity
Balance, December 31, 2015	$ 8,997	$ 2,701	$ (63)	$ 1,307	$ 12,942
Net income (loss)	—	302	—	(17)	285
Acquisition of noncontrolling interests	—	—	—	2	2
Adjustment of contingently redeemable noncontrolling interests due to release of contingency	—	—	—	56	56
Contribution from member	171	—	—	—	171
Distribution to member	—	(111)	—	—	(111)
Other comprehensive loss, net of income taxes	—	—	(2)	—	(2)
Balance, June 30, 2016	$ 9,168	$ 2,892	$ (65)	$ 1,348	$ 13,343

See the Combined Notes to Consolidated Financial Statements

COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015
Operating revenues				
Electric operating revenues	$ 1,283	$ 1,147	$ 2,527	$ 2,331
Operating revenues from affiliates	3	1	8	2
Total operating revenues	1,286	1,148	2,535	2,333
Operating expenses				
Purchased power	326	269	668	586
Purchased power from affiliate	13	6	18	15
Operating and maintenance	318	337	623	670
Operating and maintenance from affiliate	50	47	113	92
Depreciation and amortization	190	177	379	352
Taxes other than income	65	69	141	146
Total operating expenses	962	905	1,942	1,861
Gain on sale of assets	—	—	5	—
Operating income	324	243	598	472
Other income and (deductions)				
Interest expense, net	(88)	(78)	(170)	(158)
Interest expense to affiliates	(3)	(3)	(7)	(7)
Other, net	3	5	7	9
Total other income and (deductions)	(88)	(76)	(170)	(156)
Income before income taxes	236	167	428	316
Income taxes	91	68	168	127
Net income	$ 145	$ 99	$ 260	$ 189
Comprehensive income	$ 145	$ 99	$ 260	$ 189

See the Combined Notes to Consolidated Financial Statements

COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Six Months Ended June 30, 2016	2015
Cash flows from operating activities		
Net income	$ 260	$ 189
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation, amortization and accretion	379	352
Deferred income taxes and amortization of investment tax credits	222	36
Other non-cash operating activities	83	222
Changes in assets and liabilities:		
Accounts receivable	(36)	(57)
Receivables from and payables to affiliates, net	1	(10)
Inventories	7	(19)
Accounts payable and accrued expenses	(42)	(53)
Collateral received (posted), net	(10)	—
Income taxes	261	239
Pension and non-pension postretirement benefit contributions	(35)	(125)
Other assets and liabilities	38	26
Net cash flows provided by operating activities	1,128	800
Cash flows from investing activities		
Capital expenditures	(1,334)	(1,061)
Other investing activities	21	17
Net cash flows used in investing activities	(1,313)	(1,044)
Cash flows from financing activities		
Changes in short-term borrowings	(259)	199
Issuance of long-term debt	1,200	400
Retirement of long-term debt	—	(260)
Contributions from parent	113	45
Dividends paid on common stock	(183)	(150)
Other financing activities	(17)	(5)
Net cash flows provided by financing activities	854	229
Increase (Decrease) in cash and cash equivalents	669	(15)
Cash and cash equivalents at beginning of period	67	66
Cash and cash equivalents at end of period	$ 736	$ 51

See the Combined Notes to Consolidated Financial Statements

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COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2016 (Unaudited)	December 31, 2015
ASSETS		
Current assets		
Cash and cash equivalents	$ 736	$ 67
Restricted cash	2	2
Accounts receivable, net		
Customer	557	533
Other	237	272
Receivables from affiliates	206	199
Inventories, net	155	164
Regulatory assets	213	218
Other	68	63
Total current assets	2,174	1,518
Property, plant and equipment, net	18,416	17,502
Deferred debits and other assets		
Regulatory assets	923	895
Investments	6	6
Goodwill	2,625	2,625
Receivables from affiliates	2,205	2,172
Prepaid pension asset	1,432	1,490
Other	324	324
Total deferred debits and other assets	7,515	7,512
Total assets	$ 28,105	$ 26,532

See the Combined Notes to Consolidated Financial Statements

S1-SSA-0009 - 20195

COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2016 (Unaudited)	December 31, 2015
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings	$ 35	$ 294
Long-term debt due within one year	665	665
Accounts payable	609	660
Accrued expenses	929	706
Payables to affiliates	65	62
Customer deposits	128	131
Regulatory liabilities	153	155
Mark-to-market derivative liability	18	23
Other	77	70
Total current liabilities	2,679	2,766
Long-term debt	7,030	5,844
Long-term debt to financing trust	205	205
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	5,142	4,914
Asset retirement obligations	114	111
Non-pension postretirement benefits obligations	249	259
Regulatory liabilities	3,524	3,459
Mark-to-market derivative liability	203	224
Other	521	507
Total deferred credits and other liabilities	9,753	9,474
Total liabilities	19,667	18,289
Commitments and contingencies		
Shareholders' equity		
Common stock	1,588	1,588
Other paid-in capital	5,795	5,677
Retained earnings	1,055	978
Total shareholders' equity	8,438	8,243
Total liabilities and shareholders' equity	$ 28,105	$ 26,532

See the Combined Notes to Consolidated Financial Statements

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COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

(In millions)	Common Stock	Other Paid-In Capital	Retained Deficit Unappropriated	Retained Earnings Appropriated	Total Shareholders' Equity
Balance, December 31, 2015	$ 1,588	$5,677	$ (1,639)	$ 2,617	$ 8,243
Net income	—	—	260	—	260
Appropriation of retained earnings for future dividends	—	—	(260)	260	—
Common stock dividends	—	—	—	(183)	(183)
Contribution from parent	—	113	—	—	113
Parent tax matter indemnification	—	5	—	—	5
Balance, June 30, 2016	$ 1,588	$5,795	$ (1,639)	$ 2,694	$ 8,438

See the Combined Notes to Consolidated Financial Statements

PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015
Operating revenues				
Electric operating revenues	$ 585	$ 582	$1,228	$1,259
Natural gas operating revenues	77	79	273	386
Operating revenues from affiliates	2	—	4	1
Total operating revenues	664	661	1,505	1,646
Operating expenses				
Purchased power	130	161	295	377
Purchased fuel	23	28	100	188
Purchased power from affiliate	64	48	142	110
Operating and maintenance	157	166	333	363
Operating and maintenance from affiliates	33	26	72	51
Depreciation and amortization	67	69	134	131
Taxes other than income	38	39	80	80
Total operating expenses	512	537	1,156	1,300
Gain on sales of assets	—	—	—	1
Operating income	152	124	349	347
Other income and (deductions)				
Interest expense, net	(28)	(25)	(56)	(50)
Interest expense to affiliates	(3)	(3)	(6)	(6)
Other, net	2	1	4	3
Total other income and (deductions)	(29)	(27)	(58)	(53)
Income before income taxes	123	97	291	294
Income taxes	23	27	67	85
Net income attributable to common shareholder	$ 100	$ 70	$ 224	$ 209
Comprehensive income	$ 100	$ 70	$ 224	$ 209

See the Combined Notes to Consolidated Financial Statements

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PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Six Months Ended June 30, 2016	2015
Cash flows from operating activities		
Net income	$ 224	$ 209
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation, amortization and accretion	134	131
Deferred income taxes and amortization of investment tax credits	51	4
Other non-cash operating activities	27	45
Changes in assets and liabilities:		
Accounts receivable	(1)	(18)
Receivables from and payables to affiliates, net	(2)	(2)
Inventories	19	21
Accounts payable and accrued expenses	(19)	3
Income taxes	31	57
Pension and non-pension postretirement benefit contributions	(29)	(15)
Other assets and liabilities	(96)	(60)
Net cash flows provided by operating activities	339	375
Cash flows from investing activities		
Capital expenditures	(299)	(289)
Change in restricted cash	—	(1)
Other investing activities	8	9
Net cash flows used in investing activities	(291)	(281)
Cash flows from financing activities		
Changes in Exelon intercompany money pool	—	41
Dividends paid on common stock	(139)	(139)
Other financing activities	(1)	—
Net cash flows used in financing activities	(140)	(98)
Decrease in cash and cash equivalents	(92)	(4)
Cash and cash equivalents at beginning of period	295	30
Cash and cash equivalents at end of period	$ 203	$ 26

See the Combined Notes to Consolidated Financial Statements

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PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2016 (Unaudited)	December 31, 2015
ASSETS		
Current assets		
Cash and cash equivalents	$ 203	$ 295
Restricted cash and cash equivalents	3	3
Accounts receivable, net		
Customer	248	258
Other	126	146
Receivables from affiliates	5	2
Inventories, net		
Fossil fuel	24	43
Materials and supplies	26	26
Prepaid utility taxes	84	11
Regulatory assets	48	34
Other	34	24
Total current assets	801	842
Property, plant and equipment, net	7,303	7,141
Deferred debits and other assets		
Regulatory assets	1,636	1,583
Investments	26	28
Receivable from affiliates	438	405
Prepaid pension asset	361	347
Other	21	21
Total deferred debits and other assets	2,482	2,384
Total assets	$ 10,586	$ 10,367

See the Combined Notes to Consolidated Financial Statements

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PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2016 (Unaudited)	December 31, 2015
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Long-term debt due within one year	$ 300	$ 300
Accounts payable	269	281
Accrued expenses	100	109
Payables to affiliates	56	55
Customer deposits	60	58
Regulatory liabilities	128	112
Other	39	29
Total current liabilities	952	944
Long-term debt	2,281	2,280
Long-term debt to financing trusts	184	184
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	2,920	2,792
Asset retirement obligations	27	27
Non-pension postretirement benefits obligations	288	287
Regulatory liabilities	529	527
Other	84	90
Total deferred credits and other liabilities	3,848	3,723
Total liabilities	7,265	7,131
Commitments and contingencies		
Shareholder's equity		
Common stock	2,455	2,455
Retained earnings	865	780
Accumulated other comprehensive income, net	1	1
Total shareholder's equity	3,321	3,236
Total liabilities and shareholder's equity	$ 10,586	$ 10,367

See the Combined Notes to Consolidated Financial Statements

PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
(Unaudited)

(In millions)	Common Stock	Retained Earnings	Accumulated Other Comprehensive Income, net	Total Shareholder's Equity
Balance, December 31, 2015	$ 2,455	$ 780	$ 1	$ 3,236
Net income	—	224	—	224
Common stock dividends	—	(139)	—	(139)
Balance, June 30, 2016	$ 2,455	$ 865	$ 1	$ 3,321

See the Combined Notes to Consolidated Financial Statements

BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015
Operating revenues				
Electric operating revenues	$ 582	$ 541	$ 1,260	$ 1,254
Natural gas operating revenues	94	86	340	402
Operating revenues from affiliates	4	1	9	8
Total operating revenues	680	628	1,609	1,664
Operating expenses				
Purchased power	108	130	235	338
Purchased fuel	20	13	95	155
Purchased power from affiliate	133	96	304	233
Operating and maintenance	177	120	345	276
Operating and maintenance from affiliates	31	29	65	55
Depreciation and amortization	97	87	206	192
Taxes other than income	55	54	114	111
Total operating expenses	621	529	1,364	1,360
Operating income	59	99	245	304
Other income and (deductions)				
Interest expense, net	(20)	(20)	(40)	(42)
Interest expense to affiliates	(4)	(4)	(8)	(8)
Other, net	5	4	11	8
Total other income and (deductions)	(19)	(20)	(37)	(42)
Income before income taxes	40	79	208	262
Income taxes	6	32	73	105
Net income	34	47	135	157
Preference stock dividends	3	3	6	6
Net income attributable to common shareholder	$ 31	$ 44	$ 129	$ 151
Comprehensive income	$ 34	$ 47	$ 135	$ 157
Comprehensive income attributable to preference stock dividends	3	3	6	6
Comprehensive income attributable to common shareholder	$ 31	$ 44	$ 129	$ 151

See the Combined Notes to Consolidated Financial Statements

BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Six Months Ended June 30, 2016	2015
Cash flows from operating activities		
Net income	$ 135	$ 157
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation, amortization and accretion	206	192
Impairment of long-lived assets and losses on regulatory assets	52	—
Deferred income taxes and amortization of investment tax credits	17	54
Other non-cash operating activities	60	76
Changes in assets and liabilities:		
Accounts receivable	11	25
Receivables from and payables to affiliates, net	6	(2)
Inventories	6	23
Accounts payable and accrued expenses	(5)	(59)
Collateral received (posted), net	—	(23)
Income taxes	46	(6)
Pension and non-pension postretirement benefit contributions	(42)	(9)
Other assets and liabilities	(3)	61
Net cash flows provided by operating activities	489	489
Cash flows from investing activities		
Capital expenditures	(392)	(304)
Change in restricted cash	5	21
Other investing activities	12	8
Net cash flows used in investing activities	(375)	(275)
Cash flows from financing activities		
Changes in short-term borrowings	(2)	(120)
Retirement of long-term debt	(39)	(37)
Dividends paid on preference stock	(6)	(6)
Dividends paid on common stock	(90)	(77)
Contributions from parent	21	—
Other financing activities	(2)	(14)
Net cash flows used in financing activities	(118)	(254)
Decrease in cash and cash equivalents	(4)	(40)
Cash and cash equivalents at beginning of period	9	64
Cash and cash equivalents at end of period	$ 5	$ 24

See the Combined Notes to Consolidated Financial Statements

BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2016 (Unaudited)	December 31, 2015
ASSETS		
Current assets		
Cash and cash equivalents	$ 5	$ 9
Restricted cash and cash equivalents	19	24
Accounts receivable, net		
Customer	289	300
Other	70	112
Inventories, net		
Gas held in storage	22	36
Materials and supplies	41	33
Prepaid utility taxes	—	61
Regulatory assets	261	267
Other	7	3
Total current assets	714	845
Property, plant and equipment, net	6,747	6,597
Deferred debits and other assets		
Regulatory assets	520	514
Investments	12	12
Prepaid pension asset	323	319
Other	9	8
Total deferred debits and other assets	864	853
Total assets [(a)]	$ 8,325	$ 8,295

See the Combined Notes to Consolidated Financial Statements

BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2016 (Unaudited)	December 31, 2015
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings	$ 208	$ 210
Long-term debt due within one year	380	378
Accounts payable	222	209
Accrued expenses	101	110
Payables to affiliates	58	52
Customer deposits	106	102
Regulatory liabilities	60	38
Other	30	35
Total current liabilities	1,165	1,134
Long-term debt	1,440	1,480
Long-term debt to financing trust	252	252
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	2,111	2,081
Asset retirement obligations	15	17
Non-pension postretirement benefits obligations	204	209
Regulatory liabilities	137	184
Other	71	61
Total deferred credits and other liabilities	2,538	2,552
Total liabilities [(a)]	5,395	5,418
Commitments and contingencies		
Shareholders' equity		
Common stock	1,381	1,367
Retained earnings	1,359	1,320
Total shareholders' equity	2,740	2,687
Preference stock not subject to mandatory redemption	190	190
Total equity	2,930	2,877
Total liabilities and shareholders' equity	$ 8,325	$ 8,295

(a) BGE's consolidated assets include $20 million and $26 million at June 30, 2016 and December 31, 2015, respectively, of BGE's consolidated VIE that can only be used to settle the liabilities of the VIE. BGE's consolidated liabilities include $82 million and $122 million at June 30, 2016 and December 31, 2015, respectively, of BGE's consolidated VIE for which the VIE creditors do not have recourse to BGE. See Note 3 — Variable Interest Entities.

See the Combined Notes to Consolidated Financial Statements

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BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

(In millions)	Common Stock	Retained Earnings	Total Shareholders' Equity	Preference Stock Not Subject To Mandatory Redemption	Total Equity
Balance, December 31, 2015	$ 1,367	$ 1,320	$ 2,687	$ 190	$ 2,877
Net income	—	135	135	—	135
Preference stock dividends	—	(6)	(6)	—	(6)
Common stock dividends	—	(90)	(90)	—	(90)
Distribution to parent	(7)	—	(7)	—	(7)
Contribution from parent	21	—	21	—	21
Balance, June 30, 2016	$ 1,381	$ 1,359	$ 2,740	$ 190	$ 2,930

See the Combined Notes to Consolidated Financial Statements

PEPCO HOLDINGS LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	*Successor* Three Months Ended June 30, 2016	*Predecessor* Three Months Ended June 30, 2015	*Successor* March 24 to June 30, 2016	*Predecessor* January 1 to March 23, 2016	*Predecessor* Six Months Ended June 30, 2015
Operating revenues					
Electric operating revenues	$ 1,030	$ 1,094	$ 1,120	$ 1,096	$ 2,362
Natural gas operating revenues	26	25	28	57	111
Operating revenues from affiliates	10	—	23	—	—
Total operating revenues	1,066	1,119	1,171	1,153	2,473
Operating expenses					
Purchased power	263	417	288	471	1,005
Purchased fuel	9	12	11	26	62
Purchased power and fuel from affiliates	144	—	155	—	—
Operating and maintenance	223	288	670	294	589
Operating and maintenance from affiliates	23	—	25	—	—
Depreciation, amortization and accretion	160	152	174	152	307
Taxes other than income	108	111	123	105	229
Total operating expenses	930	980	1,446	1,048	2,192
Operating income (loss)	136	139	(275)	105	281
Other income and (deductions)					
Interest expense, net	(66)	(71)	(71)	(65)	(140)
Other, net	11	12	12	(4)	21
Total other income and (deductions)	(55)	(59)	(59)	(69)	(119)
Income (loss) before income taxes	81	80	(334)	36	162
Income taxes	29	27	(77)	17	56
Net income (loss) attributable to membership interest/common shareholders	$ 52	$ 53	$ (257)	$ 19	$ 106
Comprehensive income (loss), net of income taxes					
Net income (loss)	$ 52	$ 53	$ (257)	$ 19	$ 106
Other comprehensive income, net of income taxes					
Pension and non-pension postretirement benefit plans:					
Actuarial loss reclassified to periodic cost	—	3	—	1	4
Other comprehensive income	—	3	—	1	4
Comprehensive income (loss)	$ 52	$ 56	$ (257)	$ 20	$ 110

See the Combined Notes to Consolidated Financial Statements

PEPCO HOLDINGS LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Successor March 24 to June 30, 2016	Predecessor January 1 to March 23, 2016	Predecessor Six Months Ended June 30, 2015
Cash flows from operating activities			
Net (loss) income	$ (257)	$ 19	$ 106
Adjustments to reconcile net (loss) income to net cash flows provided by operating activities:			
Depreciation, amortization and accretion	174	152	307
Deferred income taxes and amortization of investment tax credits	(16)	19	73
Net fair value changes related to derivatives	—	18	—
Other non-cash operating activities	444	46	101
Changes in assets and liabilities:			
Accounts receivable	56	(28)	(196)
Receivables from and payables to affiliates, net	39	—	—
Inventories	—	(4)	—
Accounts payable and accrued expenses	(35)	42	19
Collateral received, net	—	1	—
Income taxes	22	12	—
Pension and non-pension postretirement benefit contributions	(2)	(4)	(8)
Other assets and liabilities	(237)	(9)	(63)
Net cash flows provided by operating activities	188	264	339
Cash flows from investing activities			
Capital expenditures	(339)	(273)	(562)
Proceeds from sales of long-lived assets	15	—	—
Changes in restricted cash	(34)	3	11
Purchases of investments	—	(68)	—
Other investing activities	8	(5)	(2)
Net cash flows used in investing activities	(350)	(343)	(553)
Cash flows from financing activities			
Changes in short-term borrowings	(537)	(121)	69
Proceeds from short-term borrowings with maturities greater than 90 days	—	500	—
Repayments of short-term borrowings with maturities greater than 90 days	(300)	—	—
Issuance of long-term debt	1	—	408
Retirement of long-term debt	(16)	(11)	(138)
Issuance of preferred stock	—	—	36
Dividends paid on common stock	—	—	(137)
Common stock issued for the Direct Stock Purchase and Dividend Reinvestment Plan and employee-related compensation	—	2	19
Distribution to member	(124)	—	—
Contribution from member	1,088	—	—
Change in Exelon intercompany money pool	28	—	—
Other financing activities	(3)	2	(24)
Net cash flows provided by financing activities	137	372	233
(Decrease) Increase in cash and cash equivalents	(25)	293	19
Cash and cash equivalents at beginning of period	319	26	15
Cash and cash equivalents at end of period	$ 294	$ 319	$ 34

See the Combined Notes to Consolidated Financial Statements

PEPCO HOLDINGS LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	*Successor* June 30, 2016 (Unaudited)	*Predecessor* December 31, 2015
ASSETS		
Current assets		
Cash and cash equivalents	$ 294	$ 26
Restricted cash and cash equivalents	44	14
Accounts receivable, net		
Customer	501	581
Other	237	319
Mark-to-market derivative asset	—	18
Inventories, net		
Gas held in storage	5	9
Materials and supplies	121	122
Regulatory assets	730	305
Other	87	80
Total current assets	2,019	1,474
Property, plant and equipment, net	11,148	10,864
Deferred debits and other assets		
Regulatory assets	3,044	2,277
Investments	131	80
Goodwill	4,024	1,406
Long-term note receivable	4	4
Prepaid pension asset	489	—
Deferred income taxes	5	14
Other	57	69
Total deferred debits and other assets	7,754	3,850
Total assets [(a)]	$ 20,921	$ 16,188

See the Combined Notes to Consolidated Financial Statements

PEPCO HOLDINGS LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	*Successor* June 30, 2016 (Unaudited)	*Predecessor* December 31, 2015
LIABILITIES AND EQUITY		
Current liabilities		
Short-term borrowings	$ 500	$ 958
Long-term debt due within one year	551	456
Accounts payable	344	404
Accrued expenses	306	266
Payables to affiliates	90	—
Unamortized energy contract liabilities	433	—
Borrowings from Exelon intercompany money pool	34	—
Customer deposits	128	107
Merger related obligation	118	—
Regulatory liabilities	101	66
Other	31	70
Total current liabilities	2,636	2,327
Long-term debt	5,522	4,823
Deferred credits and other liabilities		
Regulatory liabilities	171	147
Deferred income taxes and unamortized investment tax credits	3,470	3,406
Asset retirement obligations	12	8
Pension obligations	—	466
Non-pension postretirement benefit obligations	141	215
Unamortized energy contract liabilities	918	—
Other	280	200
Total deferred credits and other liabilities	4,992	4,442
Total liabilities (a)	13,150	11,592
Commitments and contingencies		
Preferred stock (b)	—	183
Member's equity/Shareholders' equity		
Membership interest/Common stock (c)	8,028	3,832
Undistributed (losses)/Retained earnings	(257)	617
Accumulated other comprehensive loss, net	—	(36)
Total member's equity/shareholders' equity	7,771	4,413
Total liabilities and member's equity/shareholders' equity	$ 20,921	$ 16,188

(a) PHI's consolidated total assets include $45 million and $30 million at June 30, 2016 and December 31, 2015, respectively, of PHI's consolidated VIE that can only be used to settle the liabilities of the VIE. PHI's consolidated total liabilities include $166 million and $172 million at June 30, 2016 and December 31, 2015, respectively, of PHI's consolidated VIE for which the VIE creditors do not have recourse to PHI. See Note 3 — Variable Interest Entities.

(b) At December 31, 2015, PHI had 18,000 shares of Series A preferred stock outstanding, par value $0.01 per share.

(c) At December 31, 2015, PHI's (predecessor) shareholders' equity included $3,829 million of other paid-in capital and $3 million of common stock. At December 31, 2015, PHI had 400,000,000 shares of common stock authorized and 254,289,261 shares of common stock outstanding, par value $0.01 per share.

See the Combined Notes to Consolidated Financial Statements

PEPCO HOLDINGS LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Unaudited)

(In millions)	Common Stock/ Membership Interest [a]	Retained Earnings/ Undistributed Losses	Accumulated Other Comprehensive Loss, net	Total Shareholders'/ Member's Equity
Predecessor				
Balance at December 31, 2015	$ 3,832	$ 617	$ (36)	$ 4,413
Net income	—	19	—	19
Original issue shares, net	3	—	—	3
Net activity related to stock-based awards	3	—	—	3
Other comprehensive income, net of income taxes	—	—	1	1
Balance at March 23, 2016	$ 3,838	$ 636	$ (35)	$ 4,439
Successor				
Balance at March 24, 2016 [b]	$ 7,200	$ —	$ —	$ 7,200
Net loss	—	(257)	—	(257)
Distribution to member [c]	(251)	—	—	(251)
Contribution from member	1,088	—	—	1,088
Distribution of net retirement benefit obligation to member	53	—	—	53
Assumption of member liabilities [d]	(62)	—	—	(62)
Balance at June 30, 2016	$ 8,028	$ (257)	$ —	$ 7,771

(a) At March 23, 2016 and December 31, 2015, PHI's (predecessor) shareholders' equity included $3,835 million and $3,829 million of other paid-in capital, and $3 million and $3 million of common stock, respectively.

(b) The March 24, 2016, beginning balance differs from the PHI Merger total purchase price by $59 million related to an acquisition accounting adjustment recorded at Exelon Corporate to reflect unitary state income tax consequences of the merger.

(c) Distribution to member includes $235 million of net assets associated with PHI's unregulated business interests and $16 million of cash, each of which were distributed by PHI to Exelon.

(d) The liabilities assumed include $29 million for PHI stock-based compensation awards and $33 million for a merger related obligation, each assumed by PHI from Exelon. See Note 4—Mergers, Acquisitions and Dispositions.

See the Combined Notes to Consolidated Financial Statements

POTOMAC ELECTRIC POWER COMPANY
STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015
Operating revenues				
Electric operating revenues	$ 508	$ 503	$1,058	$1,047
Operating revenues from affiliates	1	1	3	2
Total operating revenues	509	504	1,061	1,049
Operating expenses				
Purchased power	64	162	256	373
Purchased power from affiliates	88	—	95	—
Operating and maintenance	100	102	389	213
Operating and maintenance from affiliates	9	1	10	2
Depreciation and amortization	70	63	144	125
Taxes other than income	89	93	182	190
Total operating expenses	420	421	1,076	903
Gain on sale of assets	8	—	8	—
Operating income (loss)	97	83	(7)	146
Other income and (deductions)				
Interest expense, net	(31)	(31)	(68)	(61)
Other, net	6	8	14	13
Total other income and (deductions)	(25)	(23)	(54)	(48)
Income (loss) before income taxes	72	60	(61)	98
Income taxes	23	18	(1)	30
Net income (loss) attributable to common shareholder	$ 49	$ 42	$ (60)	$ 68
Comprehensive income (loss)	$ 49	$ 42	$ (60)	$ 68

See the Combined Notes to Consolidated Financial Statements

S1-SSA-0009 - 20213

POTOMAC ELECTRIC POWER COMPANY
STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Six Months Ended June 30, 2016	2015
Cash flows from operating activities		
Net (loss) income	$ (60)	$ 68
Adjustments to reconcile net (loss) income to net cash flows provided by operating activities:		
Depreciation and amortization	144	125
Deferred income taxes and amortization of investment tax credits	20	31
Other non-cash operating activities	158	33
Changes in assets and liabilities:		
Accounts receivable	(41)	(99)
Receivables from and payables to affiliates, net	47	2
Inventories	1	(4)
Accounts payable and accrued expenses	(19)	(9)
Income taxes	165	—
Pension and non-pension postretirement benefit contributions	(3)	(6)
Other assets and liabilities	(47)	(36)
Net cash flows provided by operating activities	365	105
Cash flows from investing activities		
Capital expenditures	(256)	(254)
Proceeds from sale of long-lived asset	12	—
Purchases of investments	(31)	—
Changes in restricted cash	(31)	3
Other investing activities	(1)	3
Net cash flows used in investing activities	(307)	(248)
Cash flows from financing activities		
Changes in short-term borrowings	(64)	(104)
Issuance of long-term debt	1	208
Retirement of long-term debt	(5)	(17)
Dividends paid on common stock	(55)	(31)
Contribution from parent	187	112
Other financing activities	—	(9)
Net cash flows provided by financing activities	64	159
Increase in cash and cash equivalents	122	16
Cash and cash equivalents at beginning of period	5	6
Cash and cash equivalents at end of period	$ 127	$ 22

See the Combined Notes to Consolidated Financial Statements

S1-SSA-0009 - 20214

POTOMAC ELECTRIC POWER COMPANY
BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2016 (Unaudited)	December 31, 2015
ASSETS		
Current assets		
Cash and cash equivalents	$ 127	$ 5
Restricted cash and cash equivalents	33	2
Accounts receivable, net		
Customer	255	230
Other	116	261
Inventories, net	65	67
Regulatory assets	129	140
Other	9	21
Total current assets	734	726
Property, plant and equipment, net	5,321	5,162
Deferred debits and other assets		
Regulatory assets	669	661
Investments	99	68
Prepaid pension asset	272	287
Other	4	4
Total deferred debits and other assets	1,044	1,020
Total assets	$ 7,099	$ 6,908

See the Combined Notes to Consolidated Financial Statements

S1-SSA-0009 - 20215

POTOMAC ELECTRIC POWER COMPANY
BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2016 (Unaudited)	December 31, 2015
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Short-term borrowings	$ —	$ 64
Long-term debt due within one year	12	11
Accounts payable	127	145
Accrued expenses	141	119
Payables to affiliates	77	30
Customer deposits	54	46
Regulatory liabilities	27	15
Merger related obligation	42	—
Other	13	25
Total current liabilities	493	455
Long-term debt	2,337	2,340
Deferred credits and other liabilities		
Regulatory liabilities	24	29
Deferred income taxes and unamortized investment tax credits	1,755	1,723
Non-pension postretirement benefit obligations	48	49
Other	163	72
Total deferred credits and other liabilities	1,990	1,873
Total liabilities	4,820	4,668
Commitments and contingencies		
Shareholder's equity		
Common stock	1,309	1,122
Retained earnings	970	1,118
Total shareholder's equity	2,279	2,240
Total liabilities and shareholder's equity	$ 7,099	$ 6,908

See the Combined Notes to Consolidated Financial Statements

S1-SSA-0009 - 20216

POTOMAC ELECTRIC POWER COMPANY
STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
(Unaudited)

(In millions)	Common Stock	Retained Earnings	Total Shareholder's Equity
Balance, December 31, 2015	$ 1,122	$ 1,118	$ 2,240
Net loss	—	(60)	(60)
Common stock dividends	—	(88)	(88)
Contribution from parent	187	—	187
Balance, June 30, 2016	$ 1,309	$ 970	$ 2,279

See the Combined Notes to Consolidated Financial Statements

S1-SSA-0009 - 20217

DELMARVA POWER & LIGHT COMPANY
STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015
Operating revenues				
Electric operating revenues	$ 253	$ 244	$ 554	$ 577
Natural gas operating revenues	26	25	85	111
Operating revenues from affiliates	2	2	4	3
Total operating revenues	281	271	643	691
Operating expenses				
Purchased power	70	114	216	292
Purchased fuel	9	11	35	58
Purchased power from affiliate	43	—	47	—
Operating and maintenance	73	74	277	156
Operating and maintenance from affiliates	5	1	6	1
Depreciation, amortization and accretion	38	35	76	74
Taxes other than income	13	12	28	24
Total operating expenses	251	247	685	605
Operating income (loss)	30	24	(42)	86
Other income and (deductions)				
Interest expense, net	(13)	(13)	(25)	(25)
Other, net	3	2	6	5
Total other income and (deductions)	(10)	(11)	(19)	(20)
Income (loss) before income taxes	20	13	(61)	66
Income taxes	8	5	(1)	26
Net income (loss) attributable to common shareholder	$ 12	$ 8	$ (60)	$ 40
Comprehensive income (loss)	$ 12	$ 8	$ (60)	$ 40

See the Combined Notes to Consolidated Financial Statements

S1-SSA-0009 - 20218

DELMARVA POWER & LIGHT COMPANY
STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Six Months Ended June 30, 2016	2015
Cash flows from operating activities		
Net (loss) income	$ (60)	$ 40
Adjustments to reconcile net (loss) income to net cash flows provided by operating activities:		
Depreciation, amortization and accretion	76	74
Deferred income taxes and amortization of investment tax credits	23	26
Other non-cash operating activities	121	22
Changes in assets and liabilities:		
Accounts receivable	30	(43)
Receivables from and payables to affiliates, net	15	3
Inventories	1	6
Accounts payable and accrued expenses	(2)	(9)
Collateral received	1	—
Income taxes	66	—
Other assets and liabilities	(51)	(4)
Net cash flows provided by operating activities	220	115
Cash flows from investing activities		
Capital expenditures	(182)	(154)
Changes in restricted cash	(1)	5
Other investing activities	3	1
Net cash flows used in investing activities	(180)	(148)
Cash flows from financing activities		
Changes in short-term borrowings	(105)	(76)
Issuance of long-term debt	—	200
Retirement of long-term debt	—	(100)
Dividends paid on common stock	(38)	(62)
Contribution from parent	113	75
Other financing activities	—	(2)
Net cash flows (used in) provided by financing activities	(30)	35
Increase in cash and cash equivalents	10	2
Cash and cash equivalents at beginning of period	5	4
Cash and cash equivalents at end of period	$ 15	$ 6

See the Combined Notes to Consolidated Financial Statements

S1-SSA-0009 - 20219

DELMARVA POWER & LIGHT COMPANY
BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2016 (Unaudited)	December 31, 2015
ASSETS		
Current assets		
Cash and cash equivalents	$ 15	$ 5
Restricted cash and cash equivalents	1	—
Accounts receivable, net		
Customer	124	154
Other	32	96
Inventories, net		
Gas held in storage	5	8
Materials and supplies	33	32
Renewable energy credits	16	9
Regulatory assets	63	72
Other	1	12
Total current assets	290	388
Property, plant and equipment, net	3,177	3,070
Deferred debits and other assets		
Regulatory assets	295	299
Goodwill	8	8
Prepaid pension asset	193	202
Other	8	2
Total deferred debits and other assets	504	511
Total assets	$ 3,971	$ 3,969

See the Combined Notes to Consolidated Financial Statements

S1-SSA-0009 - 20220

DELMARVA POWER & LIGHT COMPANY
BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2016 (Unaudited)	December 31, 2015
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Short-term borrowings	$ —	$ 105
Long-term debt due within one year	218	204
Accounts payable	93	109
Accrued expenses	45	31
Payables to affiliates	37	20
Customer deposits	38	31
Regulatory liabilities	53	49
Merger related obligation	27	—
Other	7	15
Total current liabilities	518	564
Long-term debt	1,047	1,061
Deferred credits and other liabilities		
Regulatory liabilities	102	111
Deferred income taxes and unamortized investment tax credits	968	945
Non-pension postretirement benefit obligations	20	19
Other	64	32
Total deferred credits and other liabilities	1,154	1,107
Total liabilities	2,719	2,732
Commitments and contingencies		
Shareholder's equity		
Common stock	725	612
Retained earnings	527	625
Total shareholder's equity	1,252	1,237
Total liabilities and shareholder's equity	$ 3,971	$ 3,969

See the Combined Notes to Consolidated Financial Statements

S1-SSA-0009 - 20221

DELMARVA POWER & LIGHT COMPANY
STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
(Unaudited)

(In millions)	Common Stock	Retained Earnings	Total Shareholder's Equity
Balance, December 31, 2015	$ 612	$ 625	$ 1,237
Net loss	—	(60)	(60)
Common stock dividends	—	(38)	(38)
Contribution from parent	113	—	113
Balance, June 30, 2016	$ 725	$ 527	$ 1,252

See the Combined Notes to Consolidated Financial Statements

ATLANTIC CITY ELECTRIC COMPANY AND SUBSIDIARY COMPANY
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015
Operating revenues				
Electric operating revenues	$ 269	$ 284	$ 559	$ 616
Operating revenues from affiliates	1	1	2	2
Total operating revenues	270	285	561	618
Operating expenses				
Purchased power	129	147	285	338
Purchased power from affiliates	12	—	13	—
Operating and maintenance	63	68	275	136
Operating and maintenance from affiliates	5	1	5	2
Depreciation, amortization and accretion	41	43	81	86
Taxes other than income	2	1	4	3
Total operating expenses	252	260	663	565
Gain on sale of assets	1	—	1	—
Operating income (loss)	19	25	(101)	53
Other income and (deductions)				
Interest expense, net	(16)	(16)	(32)	(32)
Other, net	2	1	5	3
Total other income and (deductions)	(14)	(15)	(27)	(29)
Income (loss) before income taxes	5	10	(128)	24
Income taxes	2	4	(31)	9
Net income (loss) attributable to common shareholder	$ 3	$ 6	$ (97)	$ 15
Comprehensive income (loss)	$ 3	$ 6	$ (97)	$ 15

See the Combined Notes to Consolidated Financial Statements

S1-SSA-0009 - 20223

ATLANTIC CITY ELECTRIC COMPANY AND SUBSIDIARY COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Six Months Ended June 30, 2016	2015
Cash flows from operating activities		
Net (loss) income	$ (97)	$ 15
Adjustments to reconcile net (loss) income to net cash flows provided by operating activities:		
Depreciation, amortization and accretion	81	86
Deferred income taxes and amortization of investment tax credits	(28)	9
Other non-cash operating activities	138	17
Changes in assets and liabilities:		
Accounts receivable	31	(55)
Receivables from and payables to affiliates, net	8	—
Inventories	(2)	(1)
Accounts payable and accrued expenses	6	37
Income taxes	181	(1)
Other assets and liabilities	(110)	(24)
Net cash flows provided by operating activities	208	83
Cash flows from investing activities		
Capital expenditures	(164)	(138)
Proceeds from sale of long-lived asset	2	—
Changes in restricted cash	1	—
Other investing activities	1	(2)
Net cash flows used in investing activities	(160)	(140)
Cash flows from financing activities		
Changes in short-term borrowings	(5)	91
Retirement of long-term debt	(22)	(21)
Dividends paid on common stock	(11)	(12)
Contribution from parent	139	—
Other financing activities	(1)	—
Net cash flows provided by financing activities	100	58
Increase in cash and cash equivalents	148	1
Cash and cash equivalents at beginning of period	3	2
Cash and cash equivalents at end of period	$ 151	$ 3

See the Combined Notes to Consolidated Financial Statements

S1-SSA-0009 - 20224

ATLANTIC CITY ELECTRIC COMPANY AND SUBSIDIARY COMPANY
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2016 (Unaudited)	December 31, 2015
ASSETS		
Current assets		
Cash and cash equivalents	$ 151	$ 3
Restricted cash and cash equivalents	10	12
Accounts receivable, net		
Customer	122	156
Other	69	242
Receivables from affiliates	1	—
Inventories, net	23	23
Prepaid utility taxes	36	—
Regulatory assets	97	98
Other	4	12
Total current assets	513	546
Property, plant and equipment, net	2,427	2,322
Deferred debits and other assets		
Regulatory assets	418	414
Long-term note receivable	4	4
Prepaid pension asset	76	82
Other	23	19
Total deferred debits and other assets	521	519
Total assets [a]	$ 3,461	$ 3,387

See the Combined Notes to Consolidated Financial Statements

ATLANTIC CITY ELECTRIC COMPANY AND SUBSIDIARY COMPANY
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2016 (Unaudited)	December 31, 2015
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Short-term borrowings	$ —	$ 5
Long-term debt due within one year	44	48
Accounts payable	107	96
Accrued expenses	86	70
Payables to affiliates	25	16
Customer deposits	37	30
Regulatory liabilities	21	18
Merger related obligation	48	—
Other	7	14
Total current liabilities	375	297
Long-term debt	1,136	1,153
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	859	885
Non-pension postretirement benefit obligations	35	33
Regulatory liabilities	2	7
Other	23	12
Total deferred credits and other liabilities	919	937
Total liabilities [(a)]	2,430	2,387
Commitments and contingencies		
Shareholder's equity		
Common stock	912	773
Retained earnings	119	227
Total shareholder's equity	1,031	1,000
Total liabilities and shareholder's equity	$ 3,461	$ 3,387

(a) ACE's consolidated total assets include $29 million and $30 million at June 30, 2016 and December 31, 2015, respectively, of ACE's consolidated VIE that can only be used to settle the liabilities of the VIE. ACE's consolidated total liabilities include $150 million and $172 million at June 30, 2016 and December 31, 2015, respectively, of ACE's consolidated VIE for which the VIE creditors do not have recourse to ACE. See Note 3 — Variable Interest Entities.

See the Combined Notes to Consolidated Financial Statements

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ATLANTIC CITY ELECTRIC COMPANY AND SUBSIDIARY COMPANY
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
(Unaudited)

(In millions)	Common Stock	Retained Earnings	Total Shareholder's Equity
Balance, December 31, 2015	$ 773	$ 227	$ 1,000
Net loss	—	(97)	(97)
Common stock dividends	—	(11)	(11)
Contribution from parent	139	—	139
Balance, June 30, 2016	$ 912	$ 119	$ 1,031

See the Combined Notes to Consolidated Financial Statements

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in millions, except per share data, unless otherwise noted)

Index to Combined Notes To Consolidated Financial Statements

The notes to the consolidated financial statements that follow are a combined presentation. The following list indicates the Registrants to which the footnotes apply:

Applicable Notes

Registrant	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Exelon Corporation	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.
Exelon Generation Company, LLC	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.		.	.	.
Commonwealth Edison Company	.	.	.		.			.	.	.	.		.	.				.	.	.
PECO Energy Company	.	.	.		.			.	.	.	.		.	.	.			.	.	.
Baltimore Gas and Electric Company	.	.	.		.			.	.	.	.		.	.			.	.	.	.
Pepco Holdings LLC	.	.	.	.	.			.	.	.	.		.	.	.	.		.	.	.
Potomac Electric Power Company	.	.	.	.	.			.	.	.	.		.	.				.	.	.
Delmarva Power & Light Company	.	.	.		.			.	.	.	.		.	.				.	.	.
Atlantic City Electric Company	.	.	.		.			.	.	.	.		.	.				.	.	.

1. Significant Accounting Policies (All Registrants)

Description of Business (All Registrants)

Exelon is a utility services holding company engaged through its principal subsidiaries in the energy generation and energy distribution and transmission businesses. Prior to March 23, 2016, Exelon's principal, wholly owned subsidiaries included Generation, ComEd, PECO and BGE. On March 23, 2016, in conjunction with the Amended and Restated Agreement and Plan of Merger (the PHI Merger Agreement), Purple Acquisition Corp, a wholly owned subsidiary of Exelon, merged with and into PHI, with PHI continuing as the surviving entity as a wholly owned subsidiary of Exelon. PHI is a utility services holding company engaged through its principal wholly owned subsidiaries, Pepco, DPL and ACE, in the energy distribution and transmission businesses. Refer to Note 4 — Mergers, Acquisitions and Dispositions for further information regarding the merger transaction.

The energy generation business includes:

- *Generation* : Generation, physical delivery and marketing of power across multiple geographical regions through its customer-facing business, Constellation, which sells electricity and natural gas to both wholesale and retail customers. Generation also sells renewable energy and other energy-related products and services. Generation has six reportable segments consisting of the Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Power Regions.

The energy delivery businesses include:

- *ComEd* : Purchase and regulated retail sale of electricity and the provision of electric distribution and transmission services in northern Illinois, including the City of Chicago.
- *PECO* : Purchase and regulated retail sale of electricity and the provision of electric distribution and transmission services in southeastern Pennsylvania, including the City of Philadelphia, and the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services in the Pennsylvania counties surrounding the City of Philadelphia.
- *BGE* : Purchase and regulated retail sale of electricity and the provision of electric distribution and transmission services in central Maryland, including the City of Baltimore, and the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services in central Maryland, including the City of Baltimore.

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- *Pepco* : Purchase and regulated retail sale of electricity and the provision of electric distribution and transmission services in the District of Columbia and major portions of Prince George's County and Montgomery County in Maryland.
- *DPL* : Purchase and regulated retail sale of electricity and the provision of electric distribution and transmission services in portions of Maryland and Delaware, and the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services in northern Delaware.
- *ACE* : Purchase and regulated retail sale of electricity and the provision of electric distribution and transmission services in southern New Jersey.

Basis of Presentation (All Registrants)

Pursuant to the acquisition of PHI, Exelon's financial reporting reflects PHI's consolidated financial results subsequent to the March 23, 2016, acquisition date. Exelon has accounted for the merger transaction applying the acquisition method of accounting, which requires the assets acquired and liabilities assumed by Exelon to be reported in Exelon's financial statements at fair value, with any excess of the purchase price over the fair value of net assets acquired reported as goodwill. Exelon has pushed-down the application of the acquisition method of accounting to the consolidated financial statements of PHI such that the assets and liabilities of PHI are similarly recorded at their respective fair values, and goodwill has been established as of the acquisition date. Accordingly, the consolidated financial statements of PHI for periods before and after the March 23, 2016, acquisition date reflect different bases of accounting, and the financial positions and the results of operations of the predecessor and successor periods are not comparable. The acquisition method of accounting has not been pushed down to PHI's wholly-owned subsidiary utility registrants, Pepco, DPL and ACE.

For financial statement purposes, beginning on March 24, 2016, disclosures that had solely related to PHI, Pepco, DPL or ACE activities now also apply to Exelon, unless otherwise noted. When appropriate, Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE are named specifically for their related activities and disclosures.

Certain prior year amounts in the Consolidated Statements of Operations and Comprehensive Income, Consolidated Balance Sheets and Consolidated Statements of Cash Flows of PHI, Pepco, DPL and ACE have been reclassified to conform the presentation of these amounts to the current period presentation in Exelon's financial statements. Most significantly for PHI, Pepco, DPL and ACE, current regulatory assets and liabilities have been presented separately from the non-current portions in each respective Consolidated Balance Sheet where recovery or refund is expected within the next 12 months. Additionally, for PHI, Pepco, DPL and ACE, the removal cost within Accumulated depreciation was reclassified to the Regulatory liability or Regulatory asset account to align with Exelon's presentation. The reclassifications were not considered errors for PHI, Pepco, DPL or ACE.

During preparation of the June 30, 2016 financial statements, an error was identified related to the PHI successor period Consolidated Statement of Cash Flows for the period March 24, 2016 to March 31, 2016. The $46 million classification error related to the presentation of changes in Receivables from and payables to affiliates, net within Cash flows from operating activities and Change in Exelon intercompany money pool within Cash flows from financing activities. This was corrected for the period of March 24, 2016 to June 30, 2016 and will be revised within the first quarter 2017 Form 10-Q when the March 24 to March 31, 2016 successor period will next be disclosed. As revised, the successor period statement of cash flows for the period March 24, 2016 to March 31, 2016 will present Cash flows used in operating activities of $3 million, a decrease of $46 million from the originally reported amount, and Cash flows used in financing activities of $135 million, a decrease of $46 million from the originally reported amount. Management has concluded that the error is not material to the previously issued financial statements.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

In its December 31, 2015 Form 10-K, Exelon revised the presentation on the Consolidated Statements of Operations and Comprehensive Income for PECO and BGE to reflect separately operating revenues from the sale of electricity and operating revenues from the sale of natural gas, as well as to reflect separately purchased power expense and purchased fuel expense within the operating expenses section of the Consolidated Statement of Operations and Comprehensive Income. Further, Exelon revised the presentation from Total operating revenues to "Rate-regulated utility revenues" and "Competitive businesses revenues" on the face of Exelon's Consolidated Statement of Operations and Comprehensive Income for all periods presented. Similarly, Exelon has separately presented Rate-regulated utility purchased power and fuel expense and Competitive businesses purchased power and fuel expense on the face of Exelon's Consolidated Statement of Operations and Comprehensive Income for all periods presented. The reclassifications described herein were made for presentation purposes and did not affect any of the Registrants' total operating revenues or net income.

ACE Basic Generation Service Recovery Mechanism

ACE has a recovery mechanism for purchased power costs associated with BGS. ACE records a deferred energy supply costs regulatory asset or regulatory liability for under or over-recovered costs that are expected to be recovered from or refunded to ACE customers, respectively. In the first quarter of 2016, ACE changed its method of accounting for determining under or over-recovered costs in this recovery mechanism to include unbilled revenues in the determination of under or over-recovered costs. ACE believes this change is preferable as it better reflects the economic impacts of dollar-for-dollar cost recovery mechanisms. ACE applied the change retrospectively. The impact of the change was a $12 million reduction to ACE's opening Retained earnings as of January 1, 2014 with a corresponding reduction to Regulatory assets. The impact of the change on Net income attributable to common shareholder is a decrease of $4 million for the three months ended June 30, 2015 and an increase of $1 million for the six months ended June 30, 2015.

Classification of Interest on Uncertain Tax Positions

In the first quarter of 2016, PHI, Pepco, DPL and ACE changed their accounting principle for classification of interest on uncertain tax positions. PHI, Pepco, DPL and ACE have reclassified interest on uncertain tax positions as interest expense from income tax expense in the Consolidated Statements of Operations and Comprehensive Income. GAAP does not address the preferability of one acceptable method of accounting over the other for the classification of interest on uncertain tax positions. However, PHI, Pepco, DPL, and ACE believe this change is preferable for comparability of their financial statements with the financial statements of the other Registrants in the combined filing, for consistency with FERC classification, and for a more appropriate representation of the effective tax rate as they manage the settlement of uncertain tax positions and interest expense separately. PHI, Pepco, DPL, and ACE applied the change retrospectively. The reclassification in the Consolidated Statements of Operations and Comprehensive Income for the three and six months ended June 30, 2015 is $1 million for PHI and less than $1 million for Pepco, DPL and ACE. The reclassification amount is more significant for the year ended December 31, 2015.

Each of the Registrant's Consolidated Financial Statements includes the accounts of its subsidiaries. All intercompany transactions have been eliminated.

The accompanying consolidated financial statements as of June 30, 2016 and 2015 and for the three and six months then ended are unaudited but, in the opinion of the management of each Registrant include all adjustments that are considered necessary for a fair statement of the Registrants' respective financial statements in accordance with GAAP. All adjustments are of a normal, recurring nature, except as otherwise disclosed. The December 31, 2015 Consolidated Balance Sheets were obtained from audited financial statements. Financial results for interim periods are not necessarily indicative of results that may be expected for any other interim period or for the fiscal year ending December 31, 2016. These Combined Notes to Consolidated Financial

Statements have been prepared pursuant to the rules and regulations of the SEC for Quarterly Reports on Form 10-Q. Certain information and note disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations.

2. New Accounting Pronouncements (All Registrants)

Exelon has identified the following new accounting standards that have been recently adopted.

Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share

In May 2015, the FASB issued authoritative guidance that removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. Investments measured at net asset value per share using the practical expedient will be presented as a reconciling item between the fair value hierarchy disclosure and the investment line item on the Balance Sheet. The guidance also simplified the disclosure requirements for investments valued using the practical expedient. The guidance is effective for the Registrants for fiscal years beginning after December 15, 2015. The Registrants adopted the standard in the first quarter of 2016, and applied the guidance retrospectively to all prior periods presented. The adoption of this guidance had no impact on the Registrants' Consolidated Balance Sheets, Consolidated Statements of Operations and Comprehensive Income and Consolidated Statements of Cash Flows. See Note 8 — Fair Value of Financial Assets and Liabilities for the disclosure impacts.

Customer's Accounting for Fees Paid in a Cloud Computing Arrangement

In April 2015, the FASB issued authoritative guidance that clarifies the circumstances under which a cloud computing customer would account for the arrangement as a license of internal-use software. A cloud computing arrangement would include a software license if (1) the customer has a contractual right to take possession of the software at any time during the hosting period without significant penalty and (2) it is feasible for the customer to either operate the software on its own hardware or contract with another party unrelated to the vendor to host the software. If the arrangement does not contain a software license, it would be accounted for as a service contract. The Registrants prospectively adopted the standard in the first quarter of 2016. The adoption of this guidance had no impact on the Registrants' Consolidated Balance Sheets, Consolidated Statements of Operations and Comprehensive Income, Consolidated Statements of Cash Flows and disclosures.

Amendments to the Consolidation Analysis

In February 2015, the FASB issued authoritative guidance that amends the consolidation analysis for variable interest entities (VIEs) as well as voting interest entities. The new guidance primarily (1) changes the VIE assessment of limited partnerships, (2) amends the effect that fees paid to a decision maker or service provider have on the VIE analysis, (3) amends how variable interests held by a reporting entity's related parties and de facto agents impact its consolidation conclusion, (4) clarifies how to determine whether equity holders (as a group) have power over an entity, and (5) provides a scope exception for registered and similar unregistered money market funds. The guidance became effective for the Registrants January 1, 2016. The Registrants adopted the standard in the first quarter of 2016. The Registrants have evaluated the standard and have not identified any changes to consolidation conclusions as a result of the new guidance. Based on the analysis completed, additional entities were considered VIEs. See Note 3 — Variable Interest Entities for the disclosure impacts.

The following issued accounting standards are not yet required to be reflected in the consolidated financial statements of the Registrants.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Revenue from Contracts with Customers

In May 2014, the FASB issued authoritative guidance that changes the criteria for recognizing revenue from a contract with a customer. The new standard replaces existing guidance on revenue recognition, including most industry specific guidance, with a five step model for recognizing and measuring revenue from contracts with customers. The objective of the new standard is to provide a single, comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, across industries and across capital markets. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The guidance also requires a number of disclosures regarding the nature, amount, timing and uncertainty of revenue and the related cash flows. The guidance can be applied retrospectively to each prior reporting period presented (full retrospective method) or retrospectively with a cumulative effect adjustment to retained earnings for initial application of the guidance at the date of initial adoption (modified retrospective method). The Registrants are currently assessing the impacts this guidance may have on their Consolidated Balance Sheets, Consolidated Statements of Operations and Comprehensive Income and disclosures as well as the transition method that they will use to adopt the guidance. Exelon is considering the impacts of the new guidance on its ability to recognize revenue for certain contracts where collectability is in question, its accounting for contributions in aid of construction, bundled sales contracts and contracts with pricing provisions that may require it to recognize revenue at prices other than the contract price (e.g., straight line or estimated future market prices). In addition, the Registrants will be required to capitalize costs to acquire new contracts, whereas Exelon currently expenses those costs as incurred. The guidance is effective for annual reporting periods beginning on or after December 15, 2017, with the option to early adopt the standard for annual periods beginning on or after December 15, 2016. The Registrants do not plan to early adopt the standard. In March 2016, the FASB issued a final amendment to clarify the implementation guidance for principal versus agent considerations and in April 2016 issued a final amendment to clarify the guidance related to identifying performance obligations and the accounting for licenses of intellectual property. In May 2016, the FASB issued a final amendment regarding narrow scope improvements and practical expedients. The Registrants are currently assessing the impact of these updates.

Leases

In February 2016, the FASB issued authoritative guidance to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The guidance requires lessees to recognize both the right-of-use assets and lease liabilities in the balance sheet for most leases, whereas today only financing type lease liabilities (capital leases) are recognized in the balance sheet. This is expected to require significant changes to systems, processes and procedures in order to recognize and measure leases recorded on the balance sheet that are currently classified as operating leases. In addition, the definition of a lease has been revised in regards to when an arrangement conveys the right to control the use of the identified asset under the arrangement which may result in changes to the classification of an arrangement as a lease. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee have not significantly changed from current GAAP. The accounting applied by a lessor is largely unchanged from that applied under current GAAP. The standard is effective for fiscal years beginning after December 15, 2018 with early adoption permitted. Lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The Registrants are currently assessing the impacts this guidance may have on their Consolidated Balance Sheets, Consolidated Statements of Operations and Comprehensive Income, Consolidated Statements of Cash Flows and disclosures as well as the potential to early adopt the guidance.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Impairment of Financial Instruments

In June 2016, the FASB issued authoritative guidance that adds an impairment model to U.S. GAAP called the Current Expected Credit Loss (CECL) model for financial instruments within the scope of the guidance, which includes loans, trade receivables, debt securities classified as Held to Maturity and net investments in leases recognized by a lessor. Under the new guidance, on initial recognition and at each reporting period, an entity would be required to recognize an allowance that reflects the entity's current estimate of credit losses expected to be incurred over the life of the financial instrument. An entity must consider all available relevant information when estimating expected credit losses. Historical charge-off rates may be used as a starting point for determining expected credit losses; however, the entity must also evaluate how conditions that existed during the historical charge-off period may differ from its current expectations and accordingly revise its estimate of expected credit losses. The standard does not make changes to the existing impairment models for non-financial assets such as fixed assets, intangibles and goodwill. The standard also does not apply to Available for Sale Debt Securities. The standard will be effective January 1, 2020. The Registrants are currently assessing the impacts this guidance may have on their Consolidated Balance Sheets, Consolidated Statements of Operations and Comprehensive Income, Consolidated Statements of Cash Flows and disclosures.

Improvements to Employee Share-Based Payment Accounting

In March 2016, the FASB issued authoritative guidance intended to simplify various aspects to how share-based payment awards to employees are accounted for and presented in the financial statements. The new guidance eliminates additional paid-in capital pools and requires excess tax benefits and tax deficiencies to be recorded in the Statement of Operations and Comprehensive Income. The standard is effective for fiscal years beginning after December 15, 2016 with early adoption permitted if all provisions are adopted within the same period. The guidance is required to be applied on either a prospective, modified retrospective, or retrospective basis depending on the provisions applied. The Registrants do not expect that this guidance will have a significant impact on their Consolidated Balance Sheets, Consolidated Statements of Operations and Comprehensive Income, Consolidated Statements of Cash Flows and disclosures. The Registrants are currently assessing the potential to early adopt the guidance.

Simplifying the Transition to the Equity Method of Accounting

In March 2016, the FASB issued authoritative guidance eliminating the requirement to retroactively adopt the equity method of accounting as a result of an increase in the level ownership or degree of influence of an existing investment. The guidance now requires an investor to add the cost of acquiring the additional interest in the investee to the current basis of the investor's previously held interest and adopt the equity method of accounting as of the date the investment becomes qualified for the equity method of accounting. The standard is effective for fiscal years beginning after December 15, 2016 with early adoption permitted. The Registrants do not expect that this guidance will have a significant impact on their Consolidated Balance Sheets, Consolidated Statements of Operations and Comprehensive Income, Consolidated Statements of Cash Flows and disclosures. The Registrants are currently assessing the potential to early adopt the guidance.

Effect of Derivative Contract Novations on Existing Hedge Accounting Relationships

In March 2016, the FASB issued authoritative guidance which clarifies that a change in the counterparty of a derivative contract does not, in and of itself, require dedesignation of that hedge accounting relationship as long as all of the other hedge accounting criteria are met. The standard is effective for fiscal years beginning after December 15, 2016 with early adoption permitted. Entities have the option to adopt this standard on a prospective basis to new derivative contract novations or on a modified retrospective basis. The Registrants do

not expect that this guidance will have a significant impact on their Consolidated Balance Sheets, Consolidated Statements of Operations and Comprehensive Income, Consolidated Statements of Cash Flows and disclosures. The Registrants are currently assessing the transition method and the potential to early adopt the guidance.

Contingent Put and Call Options in Debt Instruments

In March 2016, the FASB issued authoritative guidance which simplifies the embedded derivative analysis for debt instruments containing contingent call or put options by removing the requirement to assess whether a contingent event is related to interest rates or credit risks. The guidance clarifies that a contingent put or call option embedded in a debt instrument would be evaluated for possible separate accounting as a derivative instrument without regard to the nature of the exercise contingency. The standard is effective for fiscal years beginning after December 15, 2016 with early adoption permitted. The guidance is required to be applied on a modified retrospective basis to all existing and future debt instruments. The Registrants do not expect that this guidance will have a significant impact on Consolidated Balance Sheets, Consolidated Statements of Operations and Comprehensive Income, Consolidated Statements of Cash Flows and disclosures and are currently assessing the potential to early adopt the guidance.

Recognition and Measurement of Financial Assets and Financial Liabilities

In January 2016, the FASB issued authoritative guidance which (i) requires all investments in equity securities, including other ownership interests such as partnerships, unincorporated joint ventures and limited liability companies, to be carried at fair value through net income, (ii) requires an incremental recognition and disclosure requirement related to the presentation of fair value changes of financial liabilities for which the fair value option has been elected, (iii) amends several disclosure requirements, including the methods and significant assumptions used to estimate fair value or a description of the changes in the methods and assumptions used to estimate fair value, and (iv) requires disclosure of the fair value of financial assets and liabilities measured at amortized cost at the amount that would be received to sell the asset or paid to transfer the liability. The standard is effective for fiscal years beginning after December 15, 2017 with early adoption permitted. The guidance is required to be applied retrospectively with a cumulative effect adjustment to retained earnings for initial application of the guidance at the date of adoption (modified retrospective method). The Registrants are currently assessing the impacts this guidance may have on their Consolidated Balance Sheets, Consolidated Statements of Operations and Comprehensive Income, Consolidated Statements of Cash Flows and disclosures as well as the potential to early adopt the guidance.

Simplifying the Measurement of Inventory

In July 2015, the FASB issued authoritative guidance that requires inventory to be measured at the lower of cost or net realizable value. The new guidance defines net realizable value as the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. This definition is consistent with existing authoritative guidance. Current guidance requires inventory to be measured at the lower of cost or market where market could be replacement cost, net realizable value or net realizable value less an approximately normal profit margin. The guidance is effective for periods beginning after December 15, 2016 with early adoption permitted. The guidance is required to be applied prospectively. The Registrants do not expect that this guidance will have a significant impact on their Consolidated Balance Sheets, Consolidated Statements of Operations and Comprehensive Income, Consolidated Statements of Cash Flows and disclosures. The Registrants are currently assessing the potential to early adopt the guidance.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

3. Variable Interest Entities (All Registrants)

A VIE is a legal entity that possesses any of the following characteristics: an insufficient amount of equity at risk to finance its activities, equity owners who do not have the power to direct the significant activities of the entity (or have voting rights that are disproportionate to their ownership interest), or equity owners who do not have the obligation to absorb expected losses or the right to receive the expected residual returns of the entity. Companies are required to consolidate a VIE if they are its primary beneficiary, which is the enterprise that has the power to direct the activities that most significantly affect the entity's economic performance.

At June 30, 2016, Exelon, Generation, BGE, PHI and ACE collectively consolidated nine VIEs or VIE groups for which the applicable Registrant was the primary beneficiary. At December 31, 2015, Exelon, Generation and BGE collectively had seven consolidated VIEs or VIE groups and PHI and ACE collectively had one consolidated VIE (*see Consolidated Variable Interest Entities below)* . As of June 30, 2016 and December 31, 2015, Exelon and Generation collectively had significant interests in nine and eight other VIEs, respectively, for which the applicable Registrant does not have the power to direct the entities' activities and, accordingly, was not the primary beneficiary *(see Unconsolidated Variable Interest Entities below)* .

Consolidated Variable Interest Entities

In June 2015, 2015 ESA Investco, LLC, then a wholly owned subsidiary of Generation, entered into an arrangement to purchase a 90% equity interest and 99% of the tax attributes of another distributed energy company. In November 2015, Generation sold 69% of its equity interest in 2015 ESA Investco, LLC to a tax equity investor. Generation and the tax equity investor will contribute a total of $250 million of equity incrementally from inception through December 2016 in proportion to their ownership interests, which equates to approximately $172 million for the tax equity investor and $78 million for Generation (see Note 18 — Commitments and Contingencies for more details). The investment in the distributed energy company was evaluated, and it was determined to be a VIE for which Generation is not the primary beneficiary (see additional details in the Unconsolidated Variable Interest Entities section below). As of December 31, 2015, Generation consolidated 2015 ESA Investco, LLC under the voting interest model. However, pursuant to the new consolidation guidance effective as of January 1, 2016 for the Registrants, 2015 ESA Investco, LLC meets the definition of a VIE because the company has a similar structure to a limited partnership and the limited partners do not have kick out rights with respect to the general partner. (For additional details related to the new consolidation guidance, see Note 2 — New Accounting Pronouncements.) Under VIE guidance, Generation is the primary beneficiary; therefore, the entity continues to be consolidated.

Exelon's, Generation's, BGE's, PHI's and ACE's consolidated VIEs consist of:

- A retail gas group formed by Generation to enter into a collateralized gas supply agreement with a third-party gas supplier,
- a group of solar project limited liability companies formed by Generation to build, own and operate solar power facilities,
- several wind project companies designed by Generation to develop, construct and operate wind generation facilities,
- a group of companies formed by Generation to build, own and operate other generating facilities,
- certain retail power and gas companies for which Generation is the sole supplier of energy,
- CENG,
- 2015 ESA Investco, LLC,

- BondCo, a special purpose bankruptcy remote limited liability company formed by BGE to acquire, hold, issue and service bonds secured by rate stabilization property, and
- ATF, a special purpose entity formed by ACE for the purpose of securitizing authorized portions of ACE's recoverable stranded costs through the issuance and sale of transition bonds.

As of June 30, 2016 and December 31, 2015, ComEd, PECO, Pepco and DPL did not have any material consolidated VIEs.

As of June 30, 2016 and December 31, 2015, Exelon, Generation, BGE, PHI and ACE provided the following support to their respective consolidated VIEs:

- Generation provides operating and capital funding to the solar and wind entities for ongoing construction, operations and maintenance of the solar and wind power facilities and there is limited recourse to Generation related to certain solar and wind entities.
- Generation and Exelon, where indicated, provide the following support to CENG (see Note 5 —Investment in Constellation Energy Nuclear Group, LLC and Note 26 — Related Party Transactions of the Exelon 2015 Form 10-K for additional information regarding Generation's and Exelon's transactions with CENG):
  - under the NOSA, Generation conducts all activities related to the operation of the CENG nuclear generation fleet owned by CENG subsidiaries (the CENG fleet) and provides corporate and administrative services for the remaining life and decommissioning of the CENG nuclear plants as if they were a part of the Generation nuclear fleet, subject to the CENG member rights of EDF,
  - under the Power Services Agency Agreement (PSAA), Generation provides scheduling, asset management, and billing services to the CENG fleet for the remaining operating life of the CENG nuclear plants,
  - under power purchase agreements with CENG, Generation purchased or will purchase 50.01% of the available output generated by the CENG nuclear plants not subject to other contractual agreements from January 2015 through the end of the operating life of each respective plant. However, pursuant to amendments dated March 31, 2015, the energy obligations under the Ginna Nuclear Power Plant (Ginna) PPAs have been suspended during the term of the Reliability Support Services Agreement (RSSA) (see Note 5 — Regulatory Matters for additional details),
  - Generation provided a $400 million loan to CENG. As of June 30, 2016, the remaining obligation is $308 million, including accrued interest, which reflects the principal payment made in January 2015,
  - Generation executed an Indemnity Agreement pursuant to which Generation agreed to indemnify EDF against third-party claims that may arise from any future nuclear incident (as defined in the Price-Anderson Act) in connection with the CENG nuclear plants or their operations. Exelon guarantees Generation's obligations under this Indemnity Agreement. (See Note 18 — Commitments and Contingencies for more details),
  - in connection with CENG's severance obligations, Generation has agreed to reimburse CENG for a total of approximately $6 million of the severance benefits paid or to be paid in 2014 through 2016. As of June 30, 2016, there was no remaining obligation,
  - Generation and EDF share in the $637 million of contingent payment obligations for the payment of contingent retrospective premium adjustments for the nuclear liability insurance,

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  - Generation provides a guarantee of approximately $8 million associated with hazardous waste management facilities and underground storage tanks. In addition, EDF executed a reimbursement agreement that provides reimbursement to Exelon for 49.99% of any amounts paid by Generation under this guarantee,
  - Generation and EDF are the members-insured with Nuclear Electric Insurance Limited and have assigned the loss benefits under the insurance and the NEIL premium costs to CENG and guarantee the obligations of CENG under these insurance programs in proportion to their respective member interests (see Note 18 — Commitments and Contingencies for more details), and
  - Exelon has executed an agreement to provide up to $245 million to support the operations of CENG as well as a $165 million guarantee of CENG's cash pooling agreement with its subsidiaries.
- Generation provides approximately $13 million in credit support for the retail power and gas companies for which Generation is the sole supplier of energy.
- Generation provides a $75 million parental guarantee to a third-party gas supplier and provides limited recourse to other third-party gas suppliers and customers in support of its retail gas group.
- Generation provides operating and capital funding to the other generating facilities for ongoing construction, operations and maintenance and provides a parental guarantee of up to $275 million in support of the payment obligations related to the Engineering, Procurement and Construction contract in support of one of its other generating facilities.
- In the case of BondCo, BGE is required to remit all payments it receives from all residential customers through non-bypassable, rate stabilization charges to BondCo. During the three and six months ended June 30, 2016, BGE remitted $21 million and $42 million to BondCo, respectively. During the three and six months ended June 30, 2015, BGE remitted $21 million and $42 million to BondCo, respectively.
- In the case of ATF, proceeds from the sale of each series of transition bonds by ATF were transferred to ACE in exchange for the transfer by ACE to ATF of the right to collect a non-bypassable Transition Bond Charge from ACE customers pursuant to bondable stranded costs rate orders issued by the NJBPU in an amount sufficient to fund the principal and interest payments on transition bonds and related taxes, expenses and fees. During the three and six months ended June 30, 2016, ACE transferred $12 million and $26 million to ATF, respectively. During the three and six months ended June 30, 2015, ACE transferred $14 million and $27 million to ATF, respectively.

For each of the consolidated VIEs, except as otherwise noted:

- the assets of the VIEs are restricted and can only be used to settle obligations of the respective VIE;
- Exelon, Generation, BGE, PHI and ACE did not provide any additional material financial support to the VIEs;
- Exelon, Generation, BGE, PHI and ACE did not have any material contractual commitments or obligations to provide financial support to the VIEs; and
- the creditors of the VIEs did not have recourse to Exelon's, Generation's, BGE's, PHI's or ACE's general credit.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The carrying amounts and classification of the consolidated VIEs' assets and liabilities included in the Registrants' consolidated financial statements at June 30, 2016 and December 31, 2015 are as follows:

	June 30, 2016					December 31, 2015				
	Exelon [a][b]	Generation	BGE	*Successor* PHI [b]	ACE	Exelon [a]	Generation	BGE	*Predecessor* PHI	ACE
Current assets	$ 818	$ 784	$ 17	$ 14	$ 10	$ 909	$ 881	$ 23	$ 12	$ 12
Noncurrent assets	8,083	8,048	3	31	19	8,009	8,004	3	18	18
Total assets	$ 8,901	$ 8,832	$ 20	$ 45	$ 29	$ 8,918	$ 8,885	$ 26	$ 30	$ 30
Current liabilities	$ 597	$ 464	$ 82	48	$ 44	$ 473	$ 387	$ 81	$ 48	$ 48
Noncurrent liabilities	3,070	2,951	—	118	106	2,927	2,884	41	124	124
Total liabilities	$ 3,667	$ 3,415	$ 82	$ 166	$150	$ 3,400	$ 3,271	$122	$ 172	$172

(a) Includes certain purchase accounting adjustments not pushed down to the BGE standalone entity.
(b) Includes certain purchase accounting adjustments not pushed down to the ACE standalone entity.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Assets and Liabilities of Consolidated VIEs

Included within the balances above are assets and liabilities of certain consolidated VIEs for which the assets can only be used to settle obligations of those VIEs, and liabilities that creditors, or beneficiaries, do not have recourse to the general credit of the Registrants. As of June 30, 2016 and December 31, 2015, these assets and liabilities primarily consisted of the following:

	June 30, 2016					December 31, 2015				
				Successor					*Predecessor*	
	Exelon [a][b]	Generation	BGE	PHI [b]	ACE	Exelon [a]	Generation	BGE	PHI	ACE
Cash and cash equivalents	$ 138	$ 138	$ —	$ —	$ —	$ 164	$ 164	$ —	$ —	$ —
Restricted cash	53	26	17	10	10	100	77	23	12	12
Accounts receivable, net										
Customer	253	253	—	—	—	219	219	—	—	—
Other	44	44	—	—	—	43	43	—	—	—
Mark-to-market derivatives assets	41	41	—	—	—	140	140	—	—	—
Inventory										
Materials and supplies	189	189	—	—	—	181	181	—	—	—
Other current assets	37	30	—	4	—	35	30	—	—	—
Total current assets	755	721	17	14	10	882	854	23	12	12
Property, plant and equipment, net	5,147	5,147	—	—	—	5,160	5,160	—	—	—
Nuclear decommissioning trust funds	2,100	2,100	—	—	—	2,036	2,036	—	—	—
Goodwill	47	47	—	—	—	47	47	—	—	—
Mark-to-market derivatives assets	24	24	—	—	—	53	53	—	—	—
Other noncurrent assets	167	133	3	31	19	90	85	3	18	18
Total noncurrent assets	7,485	7,451	3	31	19	7,386	7,381	3	18	18
Total assets	$ 8,240	$ 8,172	$ 20	$ 45	$ 29	$ 8,268	$ 8,235	$ 26	$ 30	$ 30
Long-term debt due within one year	$ 312	$ 183	$ 81	$ 46	$ 42	$ 111	$ 27	$ 79	$ 46	$ 46
Accounts payable	146	146	—	—	—	216	216	—	—	—
Accrued expenses	79	76	1	2	2	115	113	2	2	2
Mark-to-market derivative liabilities	21	21	—	—	—	5	5	—	—	—
Unamortized energy contract liabilities	13	13	—	—	—	12	12	—	—	—
Other current liabilities	23	23	—	—	—	13	13	—	—	—
Total current liabilities	594	462	82	48	44	472	386	81	48	48
Long-term debt	675	557	—	118	106	666	623	41	124	124
Asset retirement obligations	2,053	2,053	—	—	—	1,999	1,999	—	—	—
Pension obligation [c]	9	9	—	—	—	9	9	—	—	—
Unamortized energy contract liabilities	31	31	—	—	—	39	39	—	—	—
Other noncurrent liabilities	99	99	—	—	—	79	79	—	—	—
Total noncurrent liabilities	2,867	2,749	—	118	106	2,792	2,749	41	124	124
Total liabilities	$ 3,461	$ 3,211	$ 82	$ 166	$ 150	$ 3,264	$ 3,135	$ 122	$ 172	$ 172

(a) Includes certain purchase accounting adjustments not pushed down to the BGE standalone entity.
(b) Includes certain purchase accounting adjustments not pushed down to the ACE standalone entity.

(c) Includes the CNEG retail gas pension obligation, which is presented as a net asset balance within the Prepaid pension asset line item on Generation's balance sheet. See Note 13 — Retirement Benefits for additional details.

Unconsolidated Variable Interest Entities

Exelon's and Generation's variable interests in unconsolidated VIEs generally include equity investments and energy purchase and sale contracts. For the equity investments, the carrying amount of the investments is reflected on Exelon's and Generation's Consolidated Balance Sheets in Investments. For the energy purchase and sale contracts (commercial agreements), the carrying amount of assets and liabilities in Exelon's and Generation's Consolidated Balance Sheets that relate to their involvement with the VIEs are predominately related to working capital accounts and generally represent the amounts owed by, or owed to, Exelon and Generation for the deliveries associated with the current billing cycles under the commercial agreements. Further, Exelon and Generation have not provided material debt or equity support, liquidity arrangements or performance guarantees associated with these commercial agreements.

The Registrants' unconsolidated VIEs consist of:

- Energy purchase and sale agreements with VIEs for which Generation has concluded that consolidation is not required.
- Asset sale agreement with ZionSolutions, LLC and EnergySolutions, Inc. in which Generation has a variable interest but has concluded that consolidation is not required.
- Equity investments in energy development companies, distributed energy companies, and energy generating facilities for which Generation has concluded that consolidation is not required.

As of June 30, 2016 and December 31, 2015, Exelon and Generation had significant unconsolidated variable interests in nine and eight VIEs, respectively for which Exelon or Generation, as applicable, was not the primary beneficiary; including certain equity investments and certain commercial agreements. Exelon and Generation only include unconsolidated VIEs that are individually material in the tables below. However, Generation has several individually immaterial VIEs that in aggregate represent a total investment of $18 million. These immaterial VIEs are equity and debt securities in energy development companies. The maximum exposure to loss related to these securities is limited to the $18 million included in Investments on Exelon's and Generation's Consolidated Balance Sheets. The risk of a loss was assessed to be remote and, accordingly, Exelon and Generation have not recognized a liability associated with any portion of the maximum exposure to loss.

In July 2014, Generation entered into an arrangement to purchase a 90% equity interest and 90% of the tax attributes of a distributed energy company. Generation's total equity commitment in this arrangement was $91 million and was paid incrementally over an approximate two year period (see Note 18 — Commitments and Contingencies for additional details). This arrangement did not meet the definition of a VIE and was recorded as an equity method investment. However, pursuant to the new consolidation guidance effective as of January 1, 2016 for the Registrants, the distributed energy company meets the definition of a VIE because the company has a similar structure to a limited partnership and the limited partners do not have kick out rights of the general partner. (For additional details related to the new consolidation guidance, see Note 2 — New Accounting Pronouncements.) Generation is not the primary beneficiary; therefore, the investment continues to be recorded using the equity method.

In June 2015, 2015 ESA Investco, LLC, then a wholly owned subsidiary of Generation, entered into an arrangement to purchase a 90% equity interest and 99% of the tax attributes of a distributed energy company, which is an unconsolidated VIE. Separate from the equity investment, Generation provided $27 million in cash to the other (10%) equity holder in the distributed energy company in exchange for a convertible promissory note. In November 2015, Generation sold 69% of its equity interest in 2015 ESA Investco, LLC to a tax equity

investor. Generation and the tax equity investor will contribute a total of $250 million of equity incrementally from inception through December 2016 in proportion of their ownership interests, which equates to approximately $172 million for the tax equity investor and $78 million for Generation (see Note 18 — Commitments and Contingencies for additional details). Generation and the tax equity investor provide a parental guarantee of up to $275 million in proportion to their ownership interests in support of 2015 ESA Investco, LLC's obligation to make equity contributions to the distributed energy company, which is an unconsolidated VIE. The investment in the distributed energy company was evaluated and it was determined to be a VIE for which Generation is not the primary beneficiary. See additional details in the Consolidated Variable Interest Entities section above.

The following tables present summary information about Exelon and Generation's significant unconsolidated VIE entities:

June 30, 2016	Commercial Agreement VIEs	Equity Investment VIEs	Total
Total assets [a]	$ 503	$ 395	$ 898
Total liabilities [a]	106	281	387
Exelon's ownership interest in VIE [a]	—	80	80
Other ownership interests in VIE [a]	397	34	431
Registrants' maximum exposure to loss:			
Carrying amount of equity method investments	—	137	137
Contract intangible asset	9	—	9
Debt and payment guarantees	—	3	3
Net assets pledged for Zion Station decommissioning [b]	13	—	13

December 31, 2015	Commercial Agreement VIEs	Equity Investment VIEs	Total
Total assets [a]	$ 263	$ 164	$ 427
Total liabilities [a]	22	125	147
Exelon's ownership interest in VIE [a]	—	11	11
Other ownership interests in VIE [a]	241	28	269
Registrants' maximum exposure to loss:			
Carrying amount of equity method investments	—	21	21
Contract intangible asset	9	—	9
Debt and payment guarantees	—	3	3
Net assets pledged for Zion Station decommissioning [b]	17	—	17

(a) These items represent amounts on the unconsolidated VIE balance sheets, not on Exelon's or Generation's Consolidated Balance Sheets. These items are included to provide information regarding the relative size of the unconsolidated VIEs.

(b) These items represent amounts on Exelon's and Generation's Consolidated Balance Sheets related to the asset sale agreement with ZionSolutions, LLC. The net assets pledged for Zion Station decommissioning includes gross pledged assets of $161 million and $206 million as of June 30, 2016 and December 31, 2015, respectively; offset by payables to ZionSolutions LLC of $148 million and $189 million as of June 30, 2016 and December 31, 2015, respectively. These items are included to provide information regarding the relative size of the ZionSolutions LLC unconsolidated VIE.

For each of the unconsolidated VIEs, Exelon and Generation has assessed the risk of a loss equal to their maximum exposure to be remote and, accordingly, Exelon and Generation have not recognized a liability associated with any portion of the maximum exposure to loss. In addition, there are no material agreements with, or commitments by, third parties that would affect the fair value or risk of their variable interests in these VIEs.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

4. Mergers, Acquisitions and Dispositions (Exelon, Generation, PHI and Pepco)

Merger with Pepco Holdings, Inc. (Exelon)

Description of Transaction

On March 23, 2016, Exelon completed the merger contemplated by the Merger Agreement among Exelon, Purple Acquisition Corp., a wholly owned subsidiary of Exelon (Merger Sub) and Pepco Holdings, Inc. (PHI). As a result of that merger, Merger Sub was merged into PHI (the PHI Merger) with PHI surviving as a wholly owned subsidiary of Exelon and Exelon Energy Delivery Company, LLC (EEDC), a wholly owned subsidiary of Exelon which also owns Exelon's interests in ComEd, PECO and BGE (through a special purpose subsidiary in the case of BGE). Following the completion of the PHI Merger, Exelon and PHI completed a series of internal corporate organization restructuring transactions resulting in the transfer of PHI's unregulated business interests to Exelon and Generation and the transfer of PHI, Pepco, DPL and ACE to a special purpose subsidiary of EEDC.

Regulatory Matters

Approval of the merger in Delaware, New Jersey, Maryland and the District of Columbia was conditioned upon Exelon and PHI agreeing to certain commitments including where applicable: customer rate credits, funding for energy efficiency and delivery system modernization programs, a green sustainability fund, workforce development initiatives, charitable contributions, renewable generation and other required commitments. In addition, the orders approving the merger in Delaware, New Jersey, and Maryland include a "most favored nation" provision which, generally speaking, requires allocation of merger benefits proportionally across all the jurisdictions. Exelon estimates total commitments of approximately $444 million on a net present value basis (excluding charitable contributions and renewable generation commitments) will be provided. The actual cost of commitments may differ by a material amount depending on the result of final negotiations and application of the most favored nation provision. The following pre-tax costs were recognized, including the estimated impacts of applying the most favored nation provision, after the closing of the merger and are included in Operating and maintenance expense in Exelon's, PHI's, Pepco's, DPL's and ACE's Consolidated Statements of Operations and Comprehensive Income for the six months ended June 30, 2016 and PHI's successor Consolidated Statements of Operations and Comprehensive Income:

					Successor	
Description	**Expected Payment Period**	**Pepco**	**DPL**	**ACE**	**PHI**	**Exelon**
Customer bill credit	2016 — 2017	$ 65	$ 58	$ 62	$ 185	$ 185
Energy efficiency	2016 — 2021	—	—	—	—	64
Charitable contributions	2016 — 2026	28	12	10	50	50
Customer base rate credit	2016 — 2019	26	—	—	26	26
Delivery system modernization	Q2 2016	—	—	—	—	22
Green sustainability fund	Q2 2016	—	—	—	—	14
Workforce development	2016 — 2020	—	—	—	—	11
Most favored nation		19	32	48	99	129
Other		1	2	—	3	7
Total		$ 139	$ 104	$ 120	$ 363	$ 508

Pursuant to the orders approving the merger, Exelon made $73 million, $46 million and $49 million of equity contributions to Pepco, DPL and ACE, respectively, in the second quarter of 2016 to fund the after-tax amounts of the customer bill credit and the customer base rate credit commitments.

In addition, Exelon is committed to develop or to assist in the commercial development of approximately 37 MWs of new generation in Maryland and the District of Columbia, 27 MWs of which are expected to be completed by 2018. These investments are expected to total approximately $130 million, are expected to be primarily capital in nature, and will generate future earnings at Exelon and Generation. The actual cost of new generation may differ by a material amount depending on the result of final negotiations and application of the most favored nation provision. Investment costs will be recognized as incurred and recorded on Exelon's and Generation's financial statements. Exelon has also committed to purchase 100 MWs of wind energy in PJM, to procure 120 MWs of wind RECs for the purpose of meeting Delaware's renewable portfolio standards, and to maintain and promote energy efficiency and demand response programs in the PHI jurisdictions.

Pursuant to the various jurisdictions' merger approval conditions, over specified periods Pepco, DPL and ACE are not permitted to reduce employment levels due to involuntary attrition associated with the merger integration process and have made other commitments regarding hiring and relocation of positions.

Exelon has been named in suits filed in the Delaware Chancery Court alleging that individual directors of PHI breached their fiduciary duties by entering into the merger transaction and Exelon aided and abetted the individual directors' breaches. The suits seek rescission of the merger. In addition, they also seek unspecified damages and costs. Exelon was also named in a federal court suit making similar claims. On June 1, 2016, the parties executed a settlement to resolve all claims, subject to the approval of the Delaware Court. Exelon does not believe resolution of these suits will have a material impact on Exelon's results of operations or cash flows.

On July 21, 2015, the OPC filed a motion to stay the MDPSC order approving the merger and to set a schedule for discovery and presentation of new evidence. On July 29, 2015, Public Citizen, Inc. filed a response supporting OPC's motion to stay, and on July 31, 2015 the Sierra Club and the Chesapeake Climate Action Network (CCAN) filed a joint motion to stay. In July and August, Exelon, PHI, the MDPSC, Prince George's County and Montgomery County filed responses opposing the motions to stay. The judge issued an order denying the motions for stay on August 12, 2015. On January 8, 2016, the Circuit Court judge affirmed the MDPSC's order approving the merger and denied the petitions for judicial review filed by the OPC, the Sierra Club, CCAN and Public Citizen, Inc. On January 19, 2016, the OPC filed a notice of appeal to the Maryland Court of Special Appeals, and on January 21, the Sierra Club and CCAN filed a notice of appeal. Exelon believes the matters are without merit. These appeals are not expected to be resolved any earlier than the first quarter of 2017.

On March 25, 2016, Grid 2.0 filed an application for reconsideration of the DCPSC's March 23, 2016 order approving the merger. On March 30, 2016, Exelon filed a reply to that application. On April 20, 2016, DC Public Power filed a motion to reconsider the DCPSC's March 23, 2016 order, motion to intervene and motion to consider alternative settlement provisions (namely, that the DCPSC consider requiring the post-merger divestiture of Pepco's DC-based assets to a not-for-profit independent grid operator). On April 27, 2016, Exelon filed a reply to these motions. On April 22, 2016, (1) the District of Columbia Office of People's Counsel, (2) the District of Columbia Government, and (3) DC Sun and Public Citizen each filed separate applications for reconsideration of the DCPSC's March 23, 2016 order. On April 29, 2016, Exelon filed a reply to these applications. These applications for reconsideration generally argue that the DCPSC violated its regulations, utilized improper processes, abused its discretion, acted arbitrarily and capriciously, committed legal error and denied due process in approving the merger under terms that revised the Settlement Agreement offered by the companies and various parties. On June 17, 2016, the DCPSC denied all motions. The parties have until August 16, 2016 to appeal the DCPSC decision.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Accounting for the Merger Transaction

The total purchase price consideration of approximately $7.1 billion for the PHI Merger consisted of cash paid to PHI shareholders, cash paid for PHI preferred securities and cash paid for PHI stock-based compensation equity awards as follows:

(In millions of dollars, except per share data)	Total Consideration
Cash paid to PHI shareholders at $27.25 per share (254 million shares outstanding at March 23, 2016)	$ 6,933
Cash paid for PHI preferred stock [(a)]	180
Cash paid for PHI stock-based compensation equity awards [(b)]	29
Total purchase price	$ 7,142

(a) As of December 31, 2015, the preferred stock was included in Other non-current assets on Exelon's Consolidated Balance Sheets.
(b) PHI's unvested time-based restricted stock units and performance-based restricted stock units issued prior to April 29, 2014 were immediately vested and paid in cash upon the close of the merger. PHI's remaining unvested time-based restricted stock units as of the close of the merger were cancelled. There were no remaining unvested performance-based restricted stock units as of the close of the merger.

PHI shareholders received $27.25 of cash in exchange for each share of PHI common stock outstanding as of the effective date of the merger. In connection with the Merger Agreement, Exelon entered into a Subscription Agreement under which it purchased $180 million of a new class of nonvoting, nonconvertible and nontransferable preferred securities of PHI prior to December 31, 2015. On March 23, 2016, the preferred securities were cancelled for no consideration to Exelon, and accordingly, the $180 million cash consideration previously paid to acquire the preferred securities was treated as purchase price consideration.

The valuations performed in the first quarter of 2016 to assess the fair value of certain assets acquired and liabilities assumed were considered preliminary as a result of the short time period between the closing of the merger and the end of the first quarter of 2016. Accounting guidance provides that the allocation of the purchase price may be modified up to one year from the date of the merger as more information is obtained about the fair value of assets acquired and liabilities assumed; however, Exelon expects to finalize these amounts by the end of 2016, if not sooner. During the second quarter, certain modifications were made to preliminary valuation amounts for acquired unamortized energy contracts, long-term debt and pension and OPEB liability resulting in an $8 million net increase to goodwill. The preliminary amounts recognized are subject to further revision to the extent that additional information is obtained about the facts and circumstances that existed as of the acquisition date. Any changes to the fair value assessments may affect the purchase price allocation and could potentially impact goodwill.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Exelon applied push-down accounting to PHI, and accordingly, the PHI assets acquired and liabilities assumed were recorded at their estimated fair values on Exelon's and PHI's Consolidated Balance Sheets as of March 23, 2016, as follows:

Preliminary Purchase Price Allocation	
Current assets	$ 1,441
Property, plant and equipment	11,076
Regulatory assets	5,015
Other assets	248
Goodwill	4,024
Total assets	$21,804
Current liabilities	$ 2,763
Unamortized energy contracts	1,515
Regulatory liabilities	297
Long-term debt, including current maturities	5,636
Deferred income taxes	3,443
Pension and OPEB liability	821
Other liabilities	187
Total liabilities	$14,662
Total purchase price	$ 7,142

During preparation of the June 30, 2016 financial statements, an error was identified related to the preliminary purchase price allocation table above as originally reported in the first quarter 2016 Form 10-Q. The error resulted in a gross up of certain assets and liabilities related to legacy PHI intercompany and income tax receivable and payable balances that were not properly reflected in the first quarter 2016 Form 10-Q disclosure, with no impact on reported net assets acquired or goodwill. The correction of the disclosure error has been reflected in the table presented above. As revised, the Current assets, Other assets, Current liabilities, Long-term debt, including current maturities, Deferred income taxes, and Other liabilities would have been disclosed as $1,441 million, $249 million, $2,764 million, $5,661 million, $3,448 million and $187 million, respectively, within the first quarter 2016 Form 10-Q. Management has concluded that the disclosure error is not material to the previously issued financial statements.

On its successor financial statements, PHI has recorded, beginning March 24, 2016, Membership interest equity of $7.2 billion, which is greater than the total $7.1 billion purchase price, reflecting the impact of a $59 million deferred tax liability recorded only at Exelon Corporate to reflect unitary state income tax consequences of the merger.

The excess of the purchase price over the estimated fair value of the assets acquired and the liabilities assumed totaled $4.0 billion, which was recognized as goodwill by PHI and Exelon at the acquisition date, reflecting the value associated with enhancing Exelon's regulated utility portfolio of businesses, including the ability to leverage experience and best practices across the utilities and the opportunities for synergies. For purposes of future required impairment assessments, the goodwill has been preliminarily assigned to PHI's reportable units Pepco, DPL and ACE in the amounts of $1.7 billion, $1.2 billion and $1.1 billion, respectively. None of this goodwill is expected to be tax deductible.

Immediately following closing of the merger, $235 million of net assets included in the table above associated with PHI's unregulated business interests were distributed by PHI to Exelon. Exelon contributed $163 million of such net assets to Generation.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The fair values of PHI's assets and liabilities were determined based on significant estimates and assumptions that are judgmental in nature, including projected future cash flows (including timing), discount rates reflecting risk inherent in the future cash flows and impacts of utility rate regulation. There were also judgments made to determine the expected useful lives assigned to each class of assets acquired.

Exelon's and PHI's carrying amount of goodwill for the six months ended June 30, 2016 was as follows:

	PHI	Exelon [a]
Beginning balance	$ —	$ 2,672
Goodwill from business combination	4,016	4,016
Measurement period adjustment	8	8
Ending balance	$4,024	$ 6,696

(a) As of June 30, 2016, there were no changes to the carrying amount of goodwill for ComEd and Generation, see Note 11 — Intangible Assets of the Exelon 2015 Form 10-K for further information.

Through its wholly-owned rate regulated utility subsidiaries, most of PHI's assets and liabilities are subject to cost-of-service rate regulation. Under such regulation, rates charged to customers are established by a regulator to provide for recovery of costs and a fair return on invested capital, or rate base, generally measured at historical cost. In applying the acquisition method of accounting, for regulated assets and liabilities included in rate base or otherwise earning a return (primarily property, plant and equipment and regulatory assets earning a return), no fair value adjustments were recorded as historical cost is viewed as a reasonable proxy for fair value.

Fair value adjustments were applied to the historical cost bases of other assets and liabilities subject to rate regulation but not earning a return (including debt instruments and pension and OPEB obligations). In these instances, a corresponding offsetting regulatory asset or liability was also established, as the underlying utility asset and liability amounts are recoverable from or refundable to customers at historical cost (and not at fair value) through the rate setting process. Similar treatment was applied for fair value adjustments to record intangible assets and liabilities, such as for electricity and gas energy supply contracts as further described below. Regulatory assets and liabilities established to offset fair value adjustments are amortized in amounts and over time frames consistent with the realization or settlement of the fair value adjustments, with no impact on reported net income. See Note 5 — Regulatory Matters for additional information regarding the fair value of regulatory assets and liabilities established by Exelon and PHI.

Fair value adjustments were recorded at Exelon and PHI for the difference between the contract price and the market price of electricity and gas energy supply contracts of PHI's wholly-owned rate regulated utility subsidiaries. These adjustments are intangible assets and liabilities classified as unamortized energy contracts on Exelon's and PHI's Consolidated Balance Sheets as of June 30, 2016. The difference between the contract price and the market price at the acquisition date of the Merger was recognized for each contract as either an intangible asset or liability. In total, Exelon and PHI recorded a net $1.5 billion liability reflecting out-of-the-money contracts. The valuation of the acquired intangible assets and liabilities was estimated by applying either the market approach or the income approach depending on the nature of the underlying contract. The market approach was utilized when prices and other relevant information generated by market transactions involving comparable transactions were available. Otherwise the income approach, which is based upon discounted projected future cash flows associated with the underlying contracts, was utilized. In certain instances, the valuations were based upon certain unobservable inputs, which are considered Level 3 inputs, pursuant to applicable accounting guidance. Key estimates and inputs include forecasted power prices and the discount rate. The unamortized energy contract fair value adjustment amounts and the corresponding offsetting regulatory asset and liability amounts are amortized through Purchase power and fuel expense or Operating revenues, as applicable, over the life of the applicable contract in relation to the present value of the underlying cash flows as of the merger date.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

As mentioned, under cost-of-service rate regulation, rates charged to customers are established by a regulator to provide for recovery of costs and a fair return on invested capital, or rate base, generally measured at historical cost. Historical cost information therefore is the most relevant presentation for the financial statements of PHI's rate regulated utility subsidiary registrants, Pepco, DPL and ACE. As such, Exelon and PHI did not push-down the application of acquisition accounting to PHI's utility registrants, and therefore the financial statements of Pepco, DPL and ACE do not reflect the revaluation of any assets and liabilities.

The current impact of PHI, including its unregulated businesses, on Exelon's Consolidated Statements of Operations and Comprehensive Income includes Operating revenues of $1,112 million and Net income of $52 million during the three months ended June 30, 2016, and Operating revenues of $1,219 million and Net loss of $(262) million during the six months ended June 30, 2016

For the three and six months ended June 30, 2016 and 2015, the Registrants have recognized costs to achieve the PHI acquisition as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
Acquisition, Integration and Financing Costs [a]	2016	2015	2016	2015
Exelon [b]	$ 1	$ (87)	$ 103	$ 21
Generation	4	7	20	15
ComEd [c]	1	3	(7)	6
PECO	1	1	2	2
BGE [d]	(5)	1	(4)	3
Pepco [d]	(4)	1	23	2
DPL [d]	—	1	16	1
ACE	2	1	15	1

	Successor	*Predecessor*	*Successor*	*Predecessor*	
Acquisition, Integration and Financing Costs [a]	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	March 24, 2016 to June 30, 2016	January 1, 2016 to March 23, 2016	Six Months Ended June 30, 2015
PHI [d]	$ (1)	$ 5	$ 55	$ 29	$ 14

(a) The costs incurred are classified primarily within Operating and maintenance expense in the Registrants' respective Consolidated Statements of Operations and Comprehensive Income, with the exception of the financing costs, which are included within Interest expense. Costs do not include merger commitments discussed above.
(b) Reflects costs (benefits) recorded at Exelon related to financing, including mark-to-market activity on forward-starting interest rate swaps.
(c) For the six months ended June 30, 2016, includes the reversal of previously incurred acquisition, integration and financing costs of $8 million incurred at ComEd that has been deferred and recorded as a regulatory asset for anticipated recovery. See Note 5 — Regulatory Matters for more information.
(d) For the three and six months ended June 30, 2016, includes the reversal of previously incurred acquisition, integration and financing costs of $6 million, $9 million, $3 million and $12 million incurred at BGE, Pepco, DPL and PHI, respectively, that have been deferred and recorded as a regulatory asset for anticipated recovery. See Note 5 — Regulatory Matters for more information.

Pro-forma Impact of the Merger

The following unaudited pro forma financial information reflects the consolidated results of operations of Exelon as if the merger with PHI had taken place on January 1, 2015. The unaudited pro forma information was calculated after applying Exelon's accounting policies and adjusting PHI's results to reflect purchase accounting adjustments.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The unaudited pro forma financial information has been presented for illustrative purposes only and is not necessarily indicative of results of operations that would have been achieved had the merger events taken place on the dates indicated, or the future consolidated results of operations of the combined company.

	Three Months Ended June 30,		Six Months Ended June 30,		Year Ended December 31,
	2016 [a]	2015 [b]	2016 [a]	2015 [b]	2015 [c]
Total operating revenues	$ 6,910	$ 7,522	$15,466	$17,584	$ 33,823
Net income attributable to common shareholders	268	623	845	1,423	2,618
Basic earnings per share	$ 0.29	$ 0.68	$ 0.92	$ 1.55	$ 2.85
Diluted earnings per share	0.29	0.67	0.91	1.54	2.84

(a) The amounts above include adjustments for non-recurring costs directly related to the merger of $1 million and $641 million for the three and six months ended June 30, 2016, respectively, and intercompany revenue of $170 million for the six months ended June 30, 2016.
(b) The amounts above include adjustments for non-recurring costs directly related to the merger of $(82) million and $35 million and intercompany revenue of $111 million and $233 million for the three and six months ended June 30, 2015, respectively.
(c) The amounts above include adjustments for non-recurring costs directly related to the merger of $92 million and intercompany revenue of $559 million for the year ended December 31, 2015.

Proposed Acquisition of ConEdison Solutions (Exelon and Generation)

On July 27, 2016, Generation entered into an Asset Purchase Agreement (the Purchase Agreement) with ConEdison Solutions, a subsidiary of Consolidated Edison, Inc. (collectively ConEdison). Pursuant to the Purchase Agreement, ConEdison Solutions agreed to sell its competitive retail electric and natural gas business to Generation for an all cash purchase price of $53 million plus estimated purchase price adjustments, including net working capital, of $130 million. Pursuant to the Purchase Agreement, Generation has agreed to use its commercially reasonable efforts to replace the guarantees and other credit support currently being provided by ConEdison in support of the ongoing competitive retail electric and natural gas business and to reimburse ConEdison for any payments arising pursuant to such arrangements continuing for any post-closing period. The renewable energy, sustainable services and energy efficiency businesses of ConEdison are excluded from the transaction.

The transaction is expected to close in the third or fourth quarter of 2016. The closing of the transaction is subject to certain conditions, including, obtaining the termination or expiration of any applicable waiting period required under the HSR Act for the consummation of the transaction. Either party may terminate the Purchase Agreement if the transaction has not been consummated within six months after the date of the Purchase Agreement. The Purchase Agreement also includes various representations, warranties, covenants, indemnifications and other provisions customary for a transaction of this nature. The total costs directly related to the closing of the transaction are not expected to have a material impact on the financial results of Exelon and Generation.

The transaction is expected to be accounted for as a business combination. Therefore, Generation will record the fair value of the assets acquired and liabilities assumed as of the acquisition date. To the extent the purchase price is greater than the fair value of the net assets acquired, goodwill will be recorded. To the extent the fair value of the net assets acquired is greater than the purchase price, a bargain purchase gain will be recorded.

Proposed Acquisition of James A. FitzPatrick Nuclear Generating Station (Exelon and Generation)

On August 8, 2016, Generation executed a series of agreements with Entergy Nuclear FitzPatrick LLC (Entergy) to acquire the 838MW single-unit James A. FitzPatrick (FitzPatrick) nuclear generating station located in Scriba, New York for a cash purchase price of $110 million. As part of the transaction, Generation would receive the FitzPatrick NDT fund assets and assume the obligation to decommission FitzPatrick. Closing of the transaction is currently anticipated to occur in the second quarter of 2017 and is dependent upon regulatory approval by FERC, NRC and the New York Public Service Commission (NYPSC). The transaction is also subject to the notification and reporting requirements of the HSR Act and other customary closing conditions. The NRC license for FitzPatrick expires in 2034. Entergy had previously announced plans in November 2015 to early retire FitzPatrick at the end of the current fuel cycle in January 2017. Under the terms of the agreements, Generation will reimburse Entergy for approximately $200 million to $250 million of incremental costs to refuel the plant and operate and maintain the plant after the refueling outage, scheduled to end in February 2017, through the closing date. These are costs which otherwise would have been avoided by FitzPatrick's planned permanent shutdown in January 2017, a portion of which for financial reporting purposes will be evaluated as part of the purchase price consideration. Generation will be entitled to all revenues from FitzPatrick's electricity and capacity sales for the period commencing upon completion of the refueling outage through the acquisition closing date. The agreements provide for certain termination rights, including the right of either party to terminate if the transaction has not been consummated within 12 months due to failure to obtain the required regulatory approvals.

The transaction is expected to be accounted for as a business combination. Therefore, Generation will record the fair value of the assets acquired and liabilities assumed as of the acquisition date. To the extent the purchase price is greater than the fair value of the net assets acquired, goodwill will be recorded. To the extent the fair value of the net assets acquired is greater than the purchase price, a bargain purchase gain will be recorded.

Asset Divestitures (Exelon, Generation, PHI and Pepco)

On April 21, 2016, Generation completed the sale of the retired New Boston generating site, located in Boston, Massachusetts, resulting in a pre-tax gain of approximately $32 million.

On May 2, 2016, Pepco completed the sale of the New York Avenue land parcel, located in Washington, D.C., resulting in a pre-tax gain of approximately $8 million at Pepco. Due to the fair value adjustments recorded at Exelon and PHI as part of purchase accounting, no gain was recorded in the Exelon and PHI Consolidated Statements of Operations and Comprehensive Income.

On June 16, 2016, Generation initiated the sales process of its Upstream business by executing a forbearance agreement with the lenders of the nonrecourse debt. See Note 10 — Debt and Credit Agreements for more information. As a result, $61 million of Property, plant and equipment and $5 million of Asset retirement obligation were reclassified as held for sale within Other current assets and Other current liabilities on Exelon's and Generation's Consolidated Balance Sheets.

5. Regulatory Matters (All Registrants)

Except for the matters noted below, the disclosures set forth in Note 3 — Regulatory Matters of the Exelon 2015 Form 10-K and Note 7 — Regulatory Matters of the PHI 2015 Form 10-K appropriately represent, in all material respects, the current status of regulatory and legislative proceedings of the Registrants. The following is an update to that discussion.

Illinois Regulatory Matters

Distribution Formula Rate (Exelon and ComEd). On April 13, 2016, ComEd filed its annual distribution formula rate with the ICC pursuant to EIMA. The filing establishes the revenue requirement used to set the rates

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that will take effect in January 2017 after the ICC's review and approval, which is due by December 2016. The revenue requirement requested is based on 2015 actual costs plus projected 2016 capital additions as well as an annual reconciliation of the revenue requirement in effect in 2015 to the actual costs incurred that year. ComEd's 2016 filing request includes a total increase to the revenue requirement of $138 million, reflecting an increase of $139 million for the initial revenue requirement for 2017 and a decrease of $1 million related to the annual reconciliation for 2015. The revenue requirement for 2017 provides for a weighted average debt and equity return on distribution rate base of 6.71% inclusive of an allowed ROE of 8.64%, reflecting the average rate on 30-year treasury notes plus 580 basis points. The annual reconciliation for 2015 provided for a weighted average debt and equity return on distribution rate base of 6.69% inclusive of an allowed ROE of 8.59%, reflecting the average rate on 30-year treasury notes plus 580 basis points less a performance metrics penalty of 5 basis points. See table below for ComEd's regulatory assets associated with its distribution formula rate. For additional information on ComEd's distribution formula rate filings see Note 3 — Regulatory Matters of the Exelon 2015 Form 10-K.

Grand Prairie Gateway Transmission Line (Exelon and ComEd). On December 2, 2013, ComEd filed a request to obtain the ICC's approval to construct a 60-mile overhead 345kV transmission line that traverses Ogle, DeKalb, Kane and DuPage Counties in Northern Illinois. On October 22, 2014, the ICC issued an Order approving ComEd's request. The City of Elgin and certain other parties each filed an appeal of the ICC Order in the Illinois Appellate Court for the Second District. ComEd then reached a settlement of the appeal filed by all parties except Elgin. On March 31, 2016, the Illinois Appellate Court issued its opinion affirming the ICC's grant of a certificate to ComEd to construct and operate the line. Elgin did not seek further review of the Illinois Appellate Court decision. On May 28, 2014, in a separate proceeding, FERC issued an order granting ComEd's request to include 100% of the capital costs recorded to construction work in progress during construction of the line in ComEd's transmission rate base. If the project is cancelled or abandoned for reasons beyond ComEd's control, FERC approved the ability for ComEd to recover 100% of its prudent costs incurred after May 21, 2014 and 50% of its costs incurred prior to May 21, 2014 in ComEd's transmission rate base. The costs incurred for the project prior to May 21, 2014 were immaterial. ComEd has acquired numerous easements across the project route through voluntary transactions. ComEd is seeking to acquire the remaining rights either through settlement or condemnation proceedings that are currently pending in the relevant circuit courts. ComEd began construction of the line during 2015 with an expected in-service date of 2017.

FutureGen Industrial Alliance, Inc (Exelon and ComEd). During 2013, the ICC approved, and directed ComEd and Ameren (the Utilities) to enter into 20-year sourcing agreements with FutureGen Industrial Alliance, Inc (FutureGen), under which FutureGen will retrofit and repower an existing plant in Morgan County, Illinois to a 166 MW near zero emissions coal-fueled generation plant, with an assumed commercial operation date in 2017. The order also directs ComEd and Ameren to recover these costs from their electric distribution customers through the use of a tariff, regardless of whether they purchase electricity from ComEd or Ameren, or from competitive electric generation suppliers.

In February 2013, ComEd filed an appeal with the Illinois Appellate Court questioning the legality of requiring ComEd to procure power for retail customers purchasing electricity from competitive electric generation suppliers. On July 22, 2014, the Illinois Appellate Court issued its ruling re-affirming the ICC's order requiring ComEd to enter into the sourcing agreement with FutureGen and allowing the use of a tariff to recover its costs. ComEd decided not to appeal the Illinois Appellate Court's decision to the Illinois Supreme Court. However, the competitive electric generation suppliers and several large consumers petitioned for leave to appeal the Illinois Appellate Court's decision. On November 26, 2014, the Illinois Supreme Court granted the petition. ComEd executed the sourcing agreement with FutureGen in accordance with the ICC's order. In addition, ComEd filed a petition with the ICC seeking approval of the tariff allowing for the recovery of its costs associated with the FutureGen contract from all of its electric distribution customers, which was approved by the ICC on September 30, 2014.

In February 2015, the DOE suspended funding for the cost development of FutureGen. On January 13, 2016, FutureGen informed the Illinois Supreme Court that it had ceased all development efforts on the FutureGen project. Accordingly, FutureGen requested that the court dismiss the proceeding as moot. In February 2016, FutureGen terminated its sourcing agreement with ComEd. On May 19, 2016, the Illinois Supreme Court dismissed the matter as moot. As a result, ComEd is under no further obligation under this agreement.

Pennsylvania Regulatory Matters

Pennsylvania Procurement Proceedings (Exelon and PECO). Through PECO's first two PAPUC approved DSP Programs, PECO procured electric supply for its default electric customers through PAPUC approved competitive procurements. DSP I and DSP II expired on May 31, 2013 and May 31, 2015, respectively.

The second DSP Program included a number of retail market enhancements recommended by the PAPUC in its previously issued Retail Markets Intermediate Work Plan Order. PECO was also directed to submit a plan to allow its low-income CAP customers to purchase their generation supply from EGSs beginning in April 2014. In May 2013, PECO filed its CAP Shopping Plan with the PAPUC. By an Order entered on January 24, 2014, the PAPUC approved PECO's plan, with modifications, to make CAP shopping available beginning April 15, 2014. On March 20, 2014, the Office of Consumer Advocate (OCA) and low-income advocacy groups filed an appeal and emergency request for a stay with the Pennsylvania Commonwealth Court (Court), claiming that the PAPUC-ordered CAP Shopping plan does not contain sufficient protections for low-income customers. On July 14, 2015, the Court issued opinions on the OCA and low-income advocacy group appeal. Specifically, the Court remanded the issue to the PAPUC with instructions that it approve a rule revision to the PECO CAP Shopping Plan that would prohibit CAP customers from entering into contracts with an EGS that would impose early cancellation/termination fees. The PAPUC, as well as the low-income advocates and the Office of Consumer Advocate, appealed the Court's decision. On April 5, 2016, the Pennsylvania Supreme Court declined to accept the appeals. On May 11, 2016, the PAPUC issued a Secretarial Letter requiring PECO to propose a rule revision to the PECO CAP Shopping Plan consistent with the Court's decision. On July 19, 2016, PECO filed a letter stating its intent to revise its Plan by September 1, 2016 to incorporate the rule revision.

On December 4, 2014, the PAPUC approved PECO's third DSP Program. The program has a 24-month term from June 1, 2015 through May 31, 2017, and complies with electric generation procurement guidelines set forth in Act 129. Under the program, PECO is procuring electric supply through four competitive procurements for fixed price full requirements contracts of two years or less for the residential classes and small and medium commercial classes and spot market price full requirement contracts for the large commercial and industrial class load. Beginning in June 2016, the medium commercial class (101-500 kW) moved to spot market pricing. As of June 30, 2016, PECO entered into contracts with PAPUC-approved bidders, including Generation, resulting from the first three of its four scheduled procurements. Charges incurred for electric supply procured through contracts with Generation are included in purchased power from affiliates on PECO's Consolidated Statement of Operations and Comprehensive Income.

On March 17, 2016, PECO filed its fourth DSP Program with the PAPUC. The program has a 24-month term from June 1, 2017 through May 31, 2019, and complies with electric generation procurement guidelines set forth in Act 129. A PAPUC ruling is expected in late 2016.

For further information on the Pennsylvania procurement proceedings, see Note 3 — Regulatory Matters of the Exelon 2015 Form 10-K.

Energy Efficiency Programs (Exelon and PECO). On June 19, 2015, the PAPUC issued its Phase III EE&C implementation order that provides energy consumption reduction requirements for the third phase of Act 129's EE&C program with a five-year term from June 1, 2016 through May 31, 2021.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Pursuant to the Phase III implementation order, PECO filed its five-year EE&C Phase III Plan with the PAPUC on November 30, 2015. The Plan sets forth how PECO will reduce electric consumption by at least 1,962,659 MWh, with a goal of 2,100,875 MWh in its service territory for the period June 1, 2016 through May 31, 2021. The PAPUC approved PECO's EE&C Phase III Plan, with requested clarifications, on May 19, 2016.

For further information on energy efficiency programs, see Note 3 — Regulatory Matters of the Exelon 2015 Form 10-K.

Maryland Regulatory Matters

2016 Maryland Electric Distribution Rate Case (Exelon, PHI and Pepco). On April 19, 2016, Pepco filed an application with the MDPSC requesting an increase of $127 million to its annual service revenues for electric delivery, based on a requested ROE of 10.6%. The application is inclusive of a request seeking recovery of Pepco's regulatory assets associated with its AMI program over a five year period. Any adjustments to rates approved by the MDPSC are expected to take effect in November 2016. Pepco cannot predict how much of the requested increase the MDPSC will approve. In addition to the proposed $127 million rate increase, Pepco is proposing to continue its Grid Resiliency Program initially approved in July 2013 in connection with Pepco's electric distribution rate case filed in November 2012. Under the Grid Resiliency Program, Pepco is authorized to receive recovery of specific investments as the assets are placed in service through the Grid Resiliency Charge. In connection with the Grid Resiliency Program, Pepco proposes to accelerate improvement to priority feeders and install single-phase reclosing fuse technology by investing $16 million a year for two years for a total of $32 million. Pepco cannot predict whether the MDPSC will approve or if it will approve a continuation of Pepco's Grid Resiliency Program proposal.

2016 Maryland Electric Distribution Base Rates (Exelon, PHI and DPL). On July 20, 2016, DPL filed an application with the MDPSC requesting an increase of $66 million to its electric distribution base rates, based on a requested ROE of 10.6%. The application is inclusive of a request seeking recovery of DPL's regulatory assets associated with its AMI program over a five year period. Any adjustments to rates approved by the MDPSC are expected to take effect in February 2017. DPL cannot predict how much of the requested increase the MDPSC will approve. In addition to the proposed $66 million rate increase, DPL is proposing to continue its Grid Resiliency Program initially approved in September 2013 in connection with DPL's electric distribution rate case filed in February 2013. Under the Grid Resiliency Program, DPL is authorized to receive recovery of specific investments as the assets are placed in service through the Grid Resiliency Charge. In connection with the Grid Resiliency Program, DPL proposes to accelerate improvement to priority feeders and install single-phase reclosing fuse technology by investing $4.6 million a year for two years for a total of $9.2 million. DPL cannot predict whether the MDPSC will approve a continuation of DPL's Grid Resiliency Program proposal.

2015 Maryland Electric and Natural Gas Distribution Rate Case (Exelon and BGE). On November 6, 2015, and as amended through the course of the proceeding, BGE filed for electric and natural gas base rate increases with the MDPSC, ultimately requesting annual increases of $116 million and $78 million respectively, of which $104 million and $37 million, were related to recovery of electric and natural gas smart grid initiative costs, respectively. BGE also proposed to recover an annual increase of approximately $30 million for Baltimore City underground conduit fees through a surcharge.

On June 3, 2016, the MDPSC issued an order in which the MDPSC found compelling evidence to conclude that BGE's smart grid initiative overall was cost beneficial to customers. However, the June 3 order contained several cost disallowances and adjustments, including not allowing BGE to defer or recover through a surcharge the $30 million increase in annual Baltimore City underground conduit fees. On June 30, 2016, BGE filed a

petition for rehearing of the June 3 order requesting that the MDPSC modify its order to reverse certain decisions including the decision associated with the Baltimore City underground conduit fees. OPC also subsequently filed for a petition for rehearing of the June 3 order.

On July 29, 2016, the MDPSC issued an order on the petitions for rehearing that reversed certain of its prior cost disallowances and adjustments related to the smart grid initiative. Through the combination of the orders, the MDPSC authorized electric and natural gas rate increases of $44 million and $48 million, respectively, and an allowed ROE for the electric and natural gas distribution businesses of 9.75% and 9.65%, respectively; and the new electric and natural gas base rates took effect for service rendered on or after June 4, 2016. However, MDPSC's July 29 order on the petition on rehearing still did not allow BGE to defer or recover through a surcharge the increase in Baltimore City underground conduit fees. BGE is evaluating its options as to the outstanding issues in its petition for rehearing. Refer to the Smart Meter and Smart Grid Investment disclosure below for further details on the impact of the ultimate disallowances contained in the orders to BGE.

Smart Meter and Smart Grid Investments (Exelon and BGE). In August 2010, the MDPSC approved a comprehensive smart grid initiative for BGE that included the planned installation of 2 million residential and commercial electric and natural gas smart meters at an expected total cost of $480 million of which $200 million was funded by SGIG. The MDPSC's approval ordered BGE to defer the associated incremental costs, depreciation and amortization, and an appropriate return, in a regulatory asset until such time as a cost-effective advanced metering system is implemented. As of June 30, 2016 and December 31, 2015, BGE recorded a regulatory asset of $240 million and $196 million, respectively, representing incremental program costs, including a debt return thereon, and at June 30, 2016, $56 million of unamortized costs of the non-AMI meters replaced under the program. The balance as of June 30, 2016, reflects the impact of the cost disallowances and adjustments discussed below. This regulatory asset is being recovered through rates and amortized to expense over 10 years. As part of rate base, the regulatory asset is earning a return except for the $56 million portion reflecting the unamortized cost of the retired non-AMI meters and a $32 million portion related to post-test year incremental program costs.

As part of the 2015 electric and natural gas distribution rate case filed on November 6, 2015, BGE sought recovery of its smart grid initiative costs, supported by evidence demonstrating that the benefits exceed the costs on a present value basis by a ratio of more than 2.0 to 1.0. On June 3, 2016, the MDPSC issued an order concluding that the smart grid initiative overall is cost beneficial to its customers. However, the June 3 order contained several cost disallowances and adjustments including disallowances of certain program and meter installation costs and denial of recovery of any return on unrecovered costs for non-AMI meters replaced under the program. On June 30, 2016, BGE filed a petition for rehearing of the June 3 order requesting that the MDPSC modify its order to reverse certain decisions and change certain of the cost disallowances and adjustments to enable BGE to defer those costs for recovery through future electric and natural gas rates. OPC also subsequently filed for a petition for rehearing of the June 3 order. On July 29, 2016, the MDPSC issued an order on the petitions for rehearing that reversed certain of its prior cost disallowances and adjustments related to the smart grid initiative. BGE is evaluating its options as to the outstanding issues in its petition for rehearing.

As a combined result of the MDPSC orders, BGE recorded a $52 million charge to Operating and maintenance expense in Exelon's and BGE's Consolidated Statements of Operations and Comprehensive Income reducing certain regulatory assets and other long-lived assets. Pursuant to the combined MDPSC orders, BGE also reclassified $56 million of non-AMI plant costs from Property, plant and equipment, net to Regulatory assets on Exelon's and BGE's Consolidated Balance Sheets as of June 30, 2016. For further information, see Note 3 — Regulatory Matters of the Exelon 2015 Form 10-K.

2013 Maryland Electric and Natural Gas Distribution Rate Case (Exelon and BGE). On May 17, 2013, and as amended on August 23, 2013, BGE filed for electric and natural gas base increases with the MDPSC. In

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addition to these requested rate increases, BGE's application also included a request for recovery of incremental capital expenditures and operating costs associated with BGE's proposed short-term reliability improvement plan (the ERI initiative) in response to a MDPSC order through a surcharge separate from base rates.

On December 13, 2013, the MDPSC issued an order authorizing BGE to recover through a surcharge mechanism costs associated with five ERI initiative programs designed to accelerate electric reliability improvements premised upon the condition that the MDPSC approve specific projects in advance of cost recovery. As of June 30, 2016, BGE has received approval of its updated surcharge filings three times for rates to be effective in 2014, 2015 and 2016.

In January 2014, the residential consumer advocate in Maryland filed an appeal to the order issued by the MDPSC on December 13, 2013 in BGE's 2013 electric and natural gas distribution rate cases. The residential consumer advocate filed its related legal memorandum on August 22, 2014, challenging the MDPSC's approval of the ERI initiative surcharge. BGE submitted a response to the appeal on October 15, 2014, and a hearing was held on November 17, 2014. On October 26, 2015, the Circuit Court for Baltimore City issued an order affirming the MDPSC decision. However, on November 23, 2015, the residential consumer advocate filed an appeal of the Circuit Court's decision with the Maryland Court of Special Appeals. On March 7, 2016, the consumer advocate withdrew its appeal and no further action is expected.

MDPSC New Generation Contract Requirement (Exelon, Generation, BGE, PHI, Pepco and DPL). On April 12, 2012, the MDPSC issued an order that requires BGE, Pepco and DPL (collectively, the Contract EDCs) to negotiate and enter into a contract with the winning bidder of a competitive bidding process to build one new power plant in the range of 650 to 700 MWs beginning in 2015, in amounts proportional to their relative SOS loads. Under the terms of the order, the winning bidder was to construct a 661 MW natural gas-fired combined cycle generation plant in Waldorf, Maryland, with an expected commercial operation date of June 1, 2015, and each of the Contract EDCs was to recover its costs associated with the contract through surcharges on its respective SOS customers.

In response to a complaint filed by a group of generating companies in the PJM region, on September 30, 2013, the U.S. District Court for the District of Maryland issued a ruling that the MDPSC's April 2012 order violated the Supremacy Clause of the U.S. Constitution by attempting to regulate wholesale prices. In contrast, on October 1, 2013, in response to appeals filed by the Contract EDCs and other parties, the Maryland Circuit Court for Baltimore City upheld the MDPSC's orders requiring the Contract EDCs to enter into the contracts.

On October 24, 2013, the Federal district court issued an order ruling that the contracts are illegal and unenforceable. In November 2013 both the winning bidder and the MDPSC appealed the Federal district court decision to the U.S. Court of Appeals for the Fourth Circuit, which affirmed the lower Federal court ruling. On November 26, 2014, both the winning bidder and the MDPSC petitioned the U.S. Supreme Court to consider hearing an appeal of the Fourth Circuit decision. On October 19, 2015, the U.S. Supreme Court agreed to review the decision. On April 19, 2016, the U.S. Supreme Court unanimously affirmed the Fourth Circuit's ruling upholding the Federal district court's decision.

The decision of the Maryland Circuit Court was appealed to the Maryland Court of Special Appeals and was stayed pending decision by the U.S. Supreme Court. On August 1, 2016, the Contract EDCs submitted a filing requesting that the MDPSC take notice of the U.S. Supreme Court's decision, and notifying the MDPSC that the Contract EDCs will dismiss their appeal pending at the Maryland Court of Special Appeals.

Delaware Regulatory Matters

2016 Electric and Natural Gas Distribution Base Rates (Exelon, PHI and DPL). On May 17, 2016, DPL filed an application with the DPSC to increase its annual electric and natural gas distribution base rates by $63 million and $22 million, respectively, based on a requested ROE of 10.6%. While the DPSC is not required to

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issue a decision on the application within a specified period of time, Delaware law allows DPL to put into effect $2.5 million of the rate increase two months after filing the application and the entire requested rate increase seven months after filing, subject to a cap and a refund obligation based on the final DPSC order. DPL cannot predict how much of the requested increase the DPSC will approve.

2013 Electric Distribution Base Rates (Exelon, PHI and DPL). In March 2013, and as amended on September 20, 2013, DPL filed for an electric distribution base rate increase with the DPSC, ultimately requesting an annual increase of $42 million.

In August 2014, the DPSC issued a final order in DPL's 2013 electric distribution rate case for an annual increase of $15 million and an ROE of 9.70%. Rates became effective on May 1, 2014.

In September 2014, DPL filed an appeal with the Delaware Superior Court of the DPSC's August 2014 order in this proceeding, seeking the court's review of the DPSC's decision relating to the recovery of costs associated with one component of employee compensation, certain retirement benefits and credit facility expenses. The Division of the Public Advocate filed a cross-appeal in September 2014, pertaining to the treatment of a prepaid pension expense and other postretirement benefit obligations in base rates. Under the Settlement Agreement related to the Merger, the parties agreed to suspend the appeal and, upon consummation of the Merger, to the withdrawal of the appeal and the cross-appeal with prejudice. In accordance with the settlement, on April 13, 2016, the parties filed a Stipulation of Dismissal with the court to dismiss the appeal and the cross-appeal, and the case is now closed.

District of Columbia Regulatory Matters

2016 Electric Distribution Base Rates (Exelon, PHI and Pepco). On June 30, 2016, Pepco filed an application with the DCPSC to increase its annual electric distribution base rates by $86 million, based on a requested ROE of 10.6%. Pepco has requested that the DCPSC issue a final decision by May 29, 2017. Any adjustments to its rates approved by the DCPSC are expected to take effect in June 2017. Pepco cannot predict how much of the requested increase the DCPSC will approve.

District of Columbia Power Line Undergrounding Initiative (Exelon, PHI and Pepco). In May 2014, the Council of the District of Columbia enacted the Electric Company Infrastructure Improvement Financing Act of 2014 (the Improvement Financing Act), which provided enabling legislation for the District of Columbia Power Line Undergrounding (DC PLUG) initiative. This $1 billion initiative seeks to selectively place underground some of the District of Columbia's most outage-prone power lines, which lines and surrounding conduit would be owned and maintained by Pepco.

The Improvement Financing Act provides that: (i) Pepco is to fund approximately $500 million of the estimated cost to complete the DC PLUG initiative, recovering those costs through a surcharge on the electric bills of Pepco District of Columbia customers; (ii) $375 million of the DC PLUG initiative cost is to be financed by the District of Columbia's issuance of securitized bonds, which bonds will be repaid through a surcharge on the electric bills of Pepco District of Columbia customers that Pepco will remit to the District of Columbia; and (iii) the remaining costs up to $125 million are to be covered by the existing capital projects program of the District of Columbia Department of Transportation (DDOT). Pepco will not earn a return on or a return of the cost of the assets funded with the proceeds of the securitized bonds or assets that are constructed by DDOT under its capital projects program, but ownership and responsibility for the operation and maintenance of such assets will be transferred to Pepco for a nominal amount.

In June 2014, Pepco and DDOT filed a Triennial Plan related to the construction of selected underground feeders in the District of Columbia and recovery of Pepco's investment through a volumetric surcharge (the Triennial Plan), all in accordance with the Improvement Financing Act. In August 2014, Pepco filed an

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application for the issuance of a financing order to provide for the issuance of the District's bonds and a volumetric surcharge for the District to recover the costs associated with the bond issuance (the DDOT surcharge).

In March 2015, a party to the DCPSC proceedings filed with the District of Columbia Court of Appeals a petition for review of the order approving the Triennial Plan and the issuance of the financing order. On January 14, 2016, the District of Columbia Court of Appeals affirmed the orders of the DCPSC. On January 27, 2016, the original petitioning party sought rehearing of the District of Columbia Court of Appeals decision. On March 17, 2016, the District of Columbia Court of Appeals denied the original petitioning party's motion for rehearing.

Separately, in June 2015, an agency of the federal government served by Pepco asserted that the DDOT surcharge constitutes a tax on end users from which the federal government is immune. PHI is currently evaluating the assertion and the resolution of this matter will likely further delay implementation of the DC PLUG initiative.

New Jersey Regulatory Matters

2016 Electric Distribution Base Rates (Exelon, PHI and ACE). On March 22, 2016, as supplemented and updated on May 10, 2016, ACE filed an application with the NJBPU requesting an increase of $85 million (including New Jersey sales and use tax) to its annual service revenues for electric delivery, based on a requested ROE of 10.6%. In addition to the request for base rate relief, ACE has also included a request that the NJBPU approve ACE's five-year grid resiliency initiative known as "PowerAhead." As proposed, PowerAhead includes $176 million of capital investments to advance modernization of the electric grid through energy efficiency, increased distributed generation, and resiliency, focused on improving the distribution system's ability to withstand major storm events. A decision is expected in the first half of 2017. ACE cannot predict how much of the requested increase the NJBPU will approve or if it will approve ACE's PowerAhead initiative.

Update and Reconciliation of Certain Under-Recovered Balances (Exelon, PHI and ACE). *O* n February 1, 2016, ACE submitted its 2016 annual petition with the NJBPU seeking to reconcile and update (i) charges related to the recovery of above-market costs associated with ACE's long-term power purchase contracts with the NUGs and (ii) costs related to surcharges for the New Jersey Societal Benefit Program (a statewide public interest program that is intended to benefit low income customers and address other public policy goals) and ACE's uncollectible accounts.

The net impact of adjusting the charges as proposed is an overall annual rate increase of $9 million (revised to $19 million in April 2016, based upon an update for actuals through March 2016), including New Jersey sales and use tax. The matter is pending at the NJBPU.

Standard Offer Capacity Agreements (Exelon, PHI and ACE). On April 28, 2011, ACE entered into three SOCAs by order of the NJBPU, each with a different generation company. ACE and the other New Jersey EDCs entered into the SOCAs under protest, arguing that the EDCs were denied due process and that the SOCAs violated certain of the requirements of the New Jersey law under which the SOCAs were established (the NJ SOCA Law). On October 22, 2013, in light of the decision of the U.S. District Court for the District of New Jersey described below, the state appeals of the NJBPU implementation orders filed by the EDCs and generators were dismissed without prejudice, subject to the parties exercising their appellate rights in the Federal courts.

In February 2011, ACE joined other plaintiffs in an action filed in the U.S. District Court for the District of New Jersey challenging the NJ SOCA Law on the grounds that it violates the Commerce Clause and the Supremacy Clause of the U.S. Constitution. In October 2013, the Federal district court issued a ruling that the NJ SOCA Law is preempted by the Federal Power Act (FPA) and violates the Supremacy Clause, and is therefore

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null and void. On October 11, 2013, the Federal district court issued an order ruling that the SOCAs are void, invalid and unenforceable, which order was affirmed by the U.S. Court of Appeals for the Third Circuit on September 11, 2014.

On November 26, 2014 and December 10, 2014, respectively, one of the generation companies and the NJBPU petitioned the U.S. Supreme Court to consider hearing an appeal of the Third Circuit decision. On April 19, 2016, the U.S. Supreme Court unanimously affirmed the Fourth Circuit decision, discussed above under "MDPSC New Generation Contract Requirement," holding that the MDPSC's required contracts are illegal and unenforceable. On April 25, 2016, the U.S. Supreme Court ruled not to review the Third Circuit decision. This denial leaves the Third Circuit decision in place, with the same outcome as the Fourth Circuit decision.

ACE terminated one of the three SOCAs effective July 1, 2013 due to the occurrence of an event of default on the part of the generation company counterparty. ACE terminated the remaining two SOCAs effective November 19, 2013, in response to the October 2013 Federal district court decision.

New York Regulatory Matters

Ginna Nuclear Power Plant Reliability Support Services Agreement (Exelon and Generation). In November 2014, in response to a petition filed by Ginna Nuclear Power Plant (Ginna) regarding the possible retirement of Ginna, the New York Public Service Commission (NYPSC) directed Ginna and Rochester Gas & Electric Company (RG&E) to negotiate a Reliability Support Services Agreement (RSSA) to support the continued operation of Ginna to maintain the reliability of the RG&E transmission grid for a specified period of time. During 2015 and 2016, Ginna and RG&E made filings with the NYPSC and FERC for their approval of the proposed RSSA. Although the RSSA was still subject to regulatory approvals, on April 1, 2015, Ginna began delivering the power and capacity from the Ginna plant into the ISO-NY consistent with the technical provisions of the RSSA.

On March 22, 2016, Ginna submitted a compliance filing with FERC with revisions to the RSSA requested by FERC. On April 8, 2016, FERC accepted the compliance filing and on April 20, 2016, the NYPSC accepted the revised RSSA. Because all regulatory approvals for the RSSA have now been received, Generation began recognizing revenue based on the final approved pricing contained in the RSSA. Generation also recognized a one-time revenue adjustment in April 2016 of approximately $101 million representing the net cumulative previously unrecognized amount of revenue retroactive from the April 1, 2015 effective date through March 31, 2016. A 49.99% portion of the one-time adjustment will be removed from Generation's results as a result of the noncontrolling interests in CENG.

The RSSA approved by the regulatory authorities has a term expiring on March 31, 2017, subject to possible extension in the event that RG&E needs additional time to complete transmission upgrades to address reliability concerns. In March 2016, RG&E notified Ginna that RG&E expects to complete the transmission upgrades prior to the RSSA expiration in March 2017 and will not need Ginna as an ongoing reliability solution after that date.

If Ginna does not plan to retire shortly after the expiration of the RSSA, Ginna is required to file a notice to that effect with the NYPSC no later than September 30, 2016. Under the terms of the RSSA, if Ginna continues to operate after June 14, 2017, Ginna would be required to make certain refund payments up to a maximum of $20 million to RG&E related to capital expenditures.

The approved RSSA requires Ginna to continue operating through the RSSA term. There remains an increased risk that, for economic reasons, Ginna could be retired before the end of its operating license period in 2029 if an adequate regulatory or legislative solution is not adopted in New York. In the event the plant were to be retired before the current license term ends in 2029, Exelon's and Generation's results of operations could be adversely affected by the accelerated future decommissioning costs, severance costs, increased depreciation

rates, and impairment charges, among other items. See Note 7-Early Nuclear Plant Retirements for further information regarding the impacts of a decision to early retire one or more nuclear plants.

New York Clean Energy Standard (Exelon, Generation). On August 1, 2016, the Clean Energy Standard (CES) was approved by the New York Public Service Commission (NYPSC), a component of which includes creation of a Tier 3 Zero Emission Credit (ZEC) program targeted at preserving the environmental attributes of zero-emissions nuclear-powered generating facilities that meet the criteria demonstrating public necessity as determined by the NYPSC. The New York State Energy Research and Development Authority (NYSERDA) will centrally procure the ZECs from eligible plants through a 12-year contract, to be administered in six two-year tranches, extending from April 1, 2017 through March 31, 2029. ZEC payments will be made to the eligible resources based upon the number of MWh produced, subject to specified caps and minimum performance requirements. The price to be paid for the ZECs under each tranche will be administratively determined using a formula based on the social cost of carbon as determined by the federal government. Following the first tranche, the price will be updated bi-annually. Each Load Serving Entity (LSE) shall be required to purchase an amount of ZECs equivalent to its load ratio share of the total electric energy in the New York Control Area. Cost recovery from ratepayers shall be incorporated into the commodity charges on customer bills. The CES initially identifies the three plants eligible for the ZEC program to include, for now, the FitzPatrick, Ginna, and Nine Mile Point nuclear facilities. The program specifically provides that Nine Mile Point Units 1 & 2 qualify jointly as a single facility and if either unit permanently ceases operations then both units will no longer qualify for ZEC payments for the remainder of the program. Additionally, the duration of the program beyond the first tranche is conditional upon a buyer purchasing the FitzPatrick facility and taking title prior to September 1, 2018. See Note 7 — Early Nuclear Plant Retirements for additional information relative to Ginna and Nine Mile Point.

Federal Regulatory Matters

Transmission Formula Rate (Exelon, ComEd, BGE, PHI, Pepco, DPL and ACE). ComEd's, BGE's, Pepco's, DPL's and ACE's transmission rates are each established based on a FERC-approved formula. ComEd, BGE, Pepco, DPL, and ACE are required to file an annual update to the FERC-approved formula on or before May 15, with the resulting rates effective on June 1 of the same year. The annual formula rate update is based on prior year actual costs and current year projected capital additions. The update also reconciles any differences between the revenue requirement in effect beginning June 1 of the prior year and actual costs incurred for that year. ComEd, BGE, Pepco, DPL, and ACE record regulatory assets or regulatory liabilities and corresponding increases or decreases to operating revenues for any differences between the revenue requirement in effect and ComEd's, BGE's, Pepco's, DPL's and ACE's best estimate of the revenue requirement expected to be filed with the FERC for that year's reconciliation. The regulatory asset associated with transmission true-up is amortized to Operating revenues within their Consolidated Statements of Operations of Comprehensive Income as the associated amounts are recovered through rates.

For each of the following years, the following total increases/(decreases) were included in ComEd's, BGE's, Pepco's, DPL's and ACE's electric transmission formula rate filings:

	2016				
Annual Transmission Filings [a]	ComEd	BGE	Pepco	DPL	ACE
Initial revenue requirement increase [b]	$ 90	$ 12	$ 2	$ 8	$ 8
Annual reconciliation (decrease) increase	4	3	(10)	(10)	(14)
MAPP abandonment recovery decrease	—	—	(15)	(12)	—
Total revenue requirement increase (decrease)	$ 94	$ 15	$ (23)	$ (14)	$ (6)
Allowed return on rate base [c]	8.47%	8.09%	7.88%	7.21%	7.83%
Previously authorized allowed return on rate base [c]	8.61%	8.46%	8.36%	7.80%	8.51%
Allowed ROE [d]	11.50%	10.50%	10.5%	10.50%	10.50%

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(a) All rates are effective June 2016.
(b) For BGE, this excludes the increase in revenue requirement associated with dedicated facilities charges of $13 million.
(c) Refers to the weighted average debt and equity return on transmission rate bases.
(d) As part of the FERC-approved settlement of ComEd's 2007 transmission rate case, the rate of return on common equity is 11.50% and the common equity component of the ratio used to calculate the weighted average debt and equity return for the transmission formula rate is currently capped at 55%. As part of the FERC-approved settlement of the ROE complaint against BGE, Pepco, DPL and ACE, the rate of return on common equity is 10.50%, inclusive of a 50 basis point incentive adder for being a member of a regional transmission organization.

For additional information regarding ComEd and BGE's transmission formula rate filings see Note 3 — Regulatory Matters of the Exelon 2015 Form 10-K. For additional information regarding Pepco, DPL and ACE's transmission formula rate filings see Note 7 — Regulatory Matters of the PHI 2015 Form 10-K.

PJM Transmission Rate Design and Operating Agreements (Exelon, Generation, ComEd, PECO, BGE, Pepco, DPL and ACE). PJM Transmission Rate Design specifies the rates for transmission service charged to customers within PJM. Currently, ComEd, PECO, BGE, Pepco, DPL and ACE incur costs based on the existing rate design, which charges customers based on the cost of the existing transmission facilities within their load zone and the cost of new transmission facilities based on those who benefit from those facilities. In April 2007, FERC issued an order concluding that PJM's current rate design for existing facilities is just and reasonable and should not be changed. In the same order, FERC held that the costs of new facilities 500 kV and above should be socialized across the entire PJM footprint and that the costs of new facilities less than 500 kV should be allocated to the customers of the new facilities who caused the need for those facilities. A number of parties appealed to the U.S. Court of Appeals for the Seventh Circuit for review of the decision.

In August 2009, the court issued its decision affirming the FERC's order with regard to the existing facilities, but remanded to FERC the issue of the cost allocation associated with the new facilities 500 kV and above (Cost Allocation Issue) for further consideration by the FERC. On remand, FERC reaffirmed its earlier decision to socialize the costs of new facilities 500 kV and above. A number of parties filed appeals of these orders. In June 2014, the court again remanded the Cost Allocation Issue to FERC. On December 18, 2014, FERC issued an order setting an evidentiary hearing and settlement proceeding regarding the Cost Allocation Issue. On June 15, 2016, a number of parties, including Exelon and the Utility Registrants filed an Offer of Settlement with FERC. Each state that is a party in this proceeding either signed, or will not oppose, the settlement. If the Settlement is approved, effective January 1, 2016, for the costs of the 500 kV facilities approved by the PJM Board on or after February 1, 2013, 50% will be socialized across PJM and 50% will be allocated according to an engineering formula that calculates the flows on the transmission facilities. The Settlement includes provisions for monthly credits or charges that are expected to be mostly refunded or recovered through customer rates over a 10-year period based on negotiated numbers for charges prior to January 1, 2016.

Exelon expects that the Settlement will not have a material impact on Generation's, ComEd's, PECO's, BGE's or PHI's results of operations, cash flows, and financial position. The Settlement is subject to approval by FERC. On July 5, 2016, a number of merchant transmission owners and load serving entities opposed the Settlement in whole or in part.

Operating License Renewals (Exelon and Generation). On August 29, 2012, Generation submitted a hydroelectric license application to FERC for a 46-year license for the Conowingo Hydroelectric Project (Conowingo). In connection with generation's efforts to obtain a water quality certification pursuant to Section 401 of the Clean Water Act with Maryland Department of the Environment (MDE) for Conowingo, Generation

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continues to work with MDE and other stakeholders to resolve water quality licensing issues, including: (1) water quality, (2) fish habitat, and (3) sediment. In addition, Generation continues to work with MDE and other Federal and Maryland state agencies to conduct and fund an additional sediment and nutrient monitoring study.

On August 7, 2015, US Fish and Wildlife Service of the US Department of the Interior (Interior) submitted its modified fishway prescription to FERC in the Conowingo licensing proceedings. On September 11, 2015, Exelon filed a request for an administrative hearing and proposed an alternative prescription to challenge Interior's preliminary prescription. On April 21, 2016, Exelon and Interior executed a Settlement Agreement resolving all issues between Exelon and Interior relating to fish passage at Conowingo. Accordingly, on April 22, 2016, Exelon withdrew its Request for a Trial-Type Hearing and Alternative Prescription. The financial impact of the Settlement Agreement is estimated to be $3 million to $7 million per year, on average, over the life of the new license, including both capital and operating costs. The actual timing and amount of these costs are not currently fixed and may vary significantly from year to year throughout the life of the new license. Resolution of the remaining issues relating to Conowingo involving various stakeholders may have a material effect on Exelon's and Generation's results of operations and financial position through an increase in capital expenditures and operating costs. As of June 30, 2016, $26 million of direct costs associated with the Conowingo licensing effort have been capitalized. See Note 3 — Regulatory Matters of the Exelon 2015 Form 10-K for additional information on Generation's operating license renewal efforts.

Regulatory Assets and Liabilities (Exelon, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE)

Exelon, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE each prepare their consolidated financial statements in accordance with the authoritative guidance for accounting for certain types of regulation. Under this guidance, regulatory assets represent incurred costs that have been deferred because of their probable future recovery from customers through regulated rates. Regulatory liabilities represent the excess recovery of costs or accrued credits that have been deferred because it is probable such amounts will be returned to customers through future regulated rates or represent billings in advance of expenditures for approved regulatory programs.

As a result of applying the acquisition method of accounting and pushing it down to the consolidated financial statements of PHI, certain regulatory assets and liabilities were established at Exelon and PHI to offset the impacts of fair valuing the acquired assets and liabilities assumed which are subject to regulatory recovery. In total, Exelon and PHI recorded a net $2.4 billion regulatory asset reflecting adjustments recorded as a result of the acquisition method of accounting. See Note 4 — Mergers, Acquisitions and Dispositions for additional information.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following tables provide information about the regulatory assets and liabilities of Exelon, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE as of June 30, 2016 and December 31, 2015. For additional information on the specific regulatory assets and liabilities, refer to Note 3 — Regulatory Matters of the Exelon 2015 Form 10-K and Note 7 — Regulatory Matters of the PHI 2015 Form 10-K.

June 30, 2016	Exelon	ComEd	PECO	BGE	*Successor* PHI	Pepco	DPL	ACE
Regulatory assets								
Pension and other postretirement benefits [a]	$ 4,160	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Deferred income taxes [b]	1,928	70	1,536	94	228	148	36	44
AMI programs [c]	712	156	56	240	260	174	86	—
Under-recovered distribution service costs [d]	207	207	—	—	—	—	—	—
Debt costs [e]	130	44	1	7	85	18	10	6
Fair value of long-term debt [f]	847	—	—	—	698	—	—	—
Fair value of PHI's unamortized energy contracts [g]	1,350	—	—	—	1,350	—	—	—
Severance	7	—	—	7	—	—	—	—
Asset retirement obligations	117	74	22	20	1	1	—	—
MGP remediation costs	290	262	27	1	—	—	—	—
Under-recovered uncollectible accounts	54	54	—	—	—	—	—	—
Renewable energy	226	221	—	—	5	—	1	4
Energy and transmission programs [h][i][j][k][l]	103	41	—	36	26	—	6	20
Deferred storm costs	43	—	—	1	42	17	5	20
Electric generation-related regulatory asset	15	—	—	15	—	—	—	—
Rate stabilization deferral	54	—	—	54	—	—	—	—
Energy efficiency and demand response programs	634	—	1	264	369	266	103	—
Merger integration costs [m][n]	23	—	—	11	12	9	3	—
Under-recovered revenue decoupling [o][p]	40	—	—	26	14	12	2	—
COPCO acquisition adjustment	10	—	—	—	10	—	10	—
Recoverable workers compensation and long-term disability	31	—	—	—	31	31	—	—
Vacation accrual	47	—	21	—	26	—	15	11
Securitized stranded costs	169	—	—	—	169	—	—	169
CAP arrearage	7	—	7	—	—	—	—	—
Removal costs	425	—	—	—	425	112	78	236
AEC [q]	7	—	—	—	7	—	—	—
Other	44	7	13	5	16	10	3	5
Total regulatory assets	11,680	1,136	1,684	781	3,774	798	358	515
Less: current portion	1,559	213	48	261	730	129	63	97
Total non-current regulatory assets	$10,121	$ 923	$1,636	$520	$ 3,044	$669	$295	$418

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

June 30, 2016	Exelon	ComEd	PECO	BGE	Successor PHI	Pepco	DPL	ACE
Regulatory liabilities								
Other postretirement benefits	$ 90	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Nuclear decommissioning	2,642	2,205	437	—	—	—	—	—
Removal costs	1,648	1,330	—	172	146	20	126	—
Deferred rent (s)	42	—	—	—	42	—	—	—
Energy efficiency and demand response programs	134	97	37	—	—	—	—	—
DLC program costs	9	—	9	—	—	—	—	—
Electric distribution tax repairs	84	—	84	—	—	—	—	—
Gas distribution tax repairs	24	—	24	—	—	—	—	—
Energy and transmission programs (h)(i)(s)(j)(k)(l)	164	41	63	8	52	22	21	9
Over-recovered revenue decoupling (o)	3	—	—	3	—	—	—	—
Other	52	4	3	14	32	9	8	14
Total regulatory liabilities	4,892	3,677	657	197	272	51	155	23
Less: current portion	503	153	128	60	101	27	53	21
Total non-current regulatory liabilities	$4,389	$3,524	$529	$137	$ 171	$ 24	$102	$ 2

December 31, 2015	Exelon	ComEd	PECO	BGE	Predecessor PHI	Pepco	DPL	ACE
Regulatory assets								
Pension and other postretirement benefits	$3,156	$ —	$ —	$ —	$ 910	$ —	$ —	$ —
Deferred income taxes	1,616	64	1,473	79	214	137	36	41
AMI programs (c)	399	140	63	196	267	180	87	—
Under-recovered distribution service costs (d)	189	189	—	—	—			
Debt costs	47	46	1	8	36	19	10	7
Fair value of long-term debt (f)	162	—	—	—	—	—	—	—
Severance	9	—	—	9	—	—	—	—
Asset retirement obligations	108	67	22	19	1	1	—	—
MGP remediation costs	286	255	30	1	—	—	—	—
Under-recovered uncollectible accounts	52	52	—	—	—	—	—	—
Renewable energy	247	247	—	—	6	—	1	5
Energy and transmission programs (h)(i)(s)(j)(k)(l)	84	43	1	40	33	9	11	13
Deferred storm costs	2	—	—	2	43	19	6	18
Electric generation-related regulatory asset	20	—	—	20	—	—	—	—
Rate stabilization deferral	87	—	—	87	—	—	—	—
Energy efficiency and demand response programs	279	—	1	278	401	289	111	1
Merger integration costs (m)	6	—	—	6	—	—	—	—
Conservation voltage reduction	3	—	—	3	—	—	—	—
Under-recovered revenue decoupling (o)(p)	30	—	—	30	14	10	4	—
COPCO acquisition adjustment	—	—	—	—	—	—	13	—
Workers compensation and long-term disability costs	—	—	—	—	31	31	—	—
Vacation accrual	6	—	6	—	23	—	14	9
Securitized stranded costs	—	—	—	—	202	—	—	202
CAP arrearage	7	—	7	—	—	—	—	—
Removal costs	—	—	—	—	369	92	69	208
Other	29	10	13	3	32	14	9	8
Total regulatory assets	6,824	1,113	1,617	781	2,582	801	371	512
Less: current portion	759	218	34	267	305	140	72	98
Total non-current regulatory assets	$6,065	$ 895	$1,583	$514	$ 2,277	$661	$299	$414

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

December 31, 2015	Exelon	ComEd	PECO	BGE	Predecessor PHI	Pepco	DPL	ACE
Regulatory liabilities								
Other postretirement benefits	$ 94	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Nuclear decommissioning	2,577	2,172	405	—	—	—	—	—
Removal costs	1,527	1,332	—	195	150	21	129	—
Energy efficiency and demand response programs	92	52	40	—	1	—	—	1
DLC program costs	9	—	9	—	—	—	—	—
Electric distribution tax repairs	95	—	95	—	—	—	—	—
Gas distribution tax repairs	28	—	28	—	—	—	—	—
Energy and transmission programs (h)(i)(s)(j)(k)(l)	131	53	60	18	27	16	19	8
Over-recovered revenue decoupling (o)	1	—	—	1	—	—	—	—
Other	16	5	2	8	35	7	12	16
Total regulatory liabilities	4,570	3,614	639	222	213	44	160	25
Less: current portion	369	155	112	38	66	15	49	18
Total non-current regulatory liabilities	$4,201	$3,459	$527	$184	$ 147	$ 29	$111	$ 7

(a) As of June 30, 2016, the pension and other postretirement benefits regulatory asset at Exelon includes regulatory assets of $1,087 million established at the date of the PHI Merger related to unrecognized costs that are probable of regulatory recovery. The regulatory assets are amortized over periods from 3 to 15 years, depending on the underlying component. Pepco, DPL and ACE are currently recovering these costs through base rates. Pepco, DPL and ACE are not earning a return on the recovery of these costs in base rates.

(b) As of June 30, 2016, includes transmission-related regulatory assets that require FERC approval separate from the transmission formula rate of $19 million, $30 million, $38 million, $19 million and $17 million for ComEd, BGE, Pepco, DPL and ACE, respectively. As of December 31, 2015, includes transmission-related regulatory assets that require FERC approval separate from the transmission formula rate of $15 million, $16 million, $36 million, $18 million and $15 million for ComEd, BGE, Pepco, DPL and ACE, respectively.

(c) Represents AMI costs associated with the installation of smart meters and the early retirement of legacy meters throughout the service territories for ComEd, PECO, BGE, Pepco and DPL. An AMI program has not been approved by the NJBPU for ACE in New Jersey. DPL and Pepco have received approval for recovery of deferred AMI program costs from the DCPSC and DPSC in the Delaware and DC service territories, and have requested recovery in pending distribution rate cases with the MDPSC for the Maryland service territories. As of June 30, 2016, the portion of deferred AMI program costs pending approval from the MDPSC is $32 million for BGE, $139 million for Pepco and $43 million for DPL, of which $78 million for Pepco and $14 million for DPL relates to retired legacy meters which are not earning a return and $2 million of post-test year costs for Pepco which are not earning a return.

(d) As of June 30, 2016, ComEd's regulatory asset of $207 million was comprised of $163 million for the 2014 — 2016 annual reconciliations and $44 million related to significant one-time events including $28 million of deferred storm costs, $11 million of Constellation and PHI merger and integration related costs and $5 million of smart meter related costs. As of December 31, 2015, ComEd's regulatory asset of $189 million was comprised of $142 million for the 2014 and 2015 annual reconciliations and $47 million related to significant one-time events, including $36 million of deferred storm costs and $11 million of Constellation merger and integration related costs. See Note 4 — Merger, Acquisitions, and Dispositions of the Exelon 2015 Form 10-K for further information.

(e) Includes at Exelon and PHI the regulatory asset recorded at PHI for debt costs that are recoverable through the ratemaking process at Pepco, DPL, and ACE which were eliminated at Exelon and PHI as part of acquisition accounting.

(f) Includes the unamortized regulatory assets recorded for the difference between carrying value and fair value of long-term debt of BGE as of the Constellation merger date and at Exelon and PHI for the difference between carrying value and fair value of long-term debt of Pepco, DPL and ACE as of the PHI Merger date.

(g) Represents the regulatory asset recorded at Exelon and PHI offsetting the fair value adjustments related to Pepco's, DPL's and ACE's electricity and natural gas energy supply contracts recorded at PHI as of the PHI Merger date. Pepco, DPL and ACE are allowed full recovery of the costs of these contracts through their respective rate making processes.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

(h) As of June 30, 2016, ComEd's regulatory asset of $41 million included $4 million related to under-recovered energy costs, $30 million associated with transmission costs recoverable through its FERC approved formula rate, and $7 million of Constellation merger and integration costs to be recovered upon FERC approval. As of June 30, 2016, ComEd's regulatory liability of $41 million included $13 million related to over-recovered energy costs and $28 million associated with revenues received for renewable energy requirements. As of December 31, 2015, ComEd's regulatory asset of $43 million included $5 million related to under-recovered energy costs, $31 million associated with transmission costs recoverable through its FERC approved formula rate, and $7 million of Constellation merger and integration costs to be recovered upon FERC approval. As of December 31, 2015, ComEd's regulatory liability of $53 million included $29 million related to over-recovered energy costs and $24 million associated with revenues received for renewable energy requirements.

(i) As of June 30, 2016, BGE's regulatory asset of $36 million included $6 million of costs associated with transmission costs recoverable through its FERC approved formula rate, $29 million related to under-recovered electric energy costs, and $1 million of abandonment costs to be recovered upon FERC approval. As of June 30, 2016, BGE's regulatory liability of $8 million related to $8 million of over-recovered natural gas costs. As of December 31, 2015, BGE's regulatory asset of $40 million included $12 million of costs associated with transmission costs recoverable through its FERC approved formula rate and $28 million related to under-recovered electric energy costs. As of December 31, 2015, BGE's regulatory liability of $18 million related to $14 million of over-recovered transmission costs and $5 million of over-recovered natural gas costs, offset by $1 million of abandonment costs to be recovered upon FERC approval.

(j) As of June 30, 2016, Pepco's regulatory liability of $22 million included $12 million of over-recovered transmission costs and $10 million of over-recovered electric energy costs. As of December 31, 2015, Pepco's regulatory asset of $9 million included $5 million of transmission costs recoverable through its FERC approved formula rate and $4 million of recoverable abandonment costs. As of December 31, 2015, Pepco's regulatory liability of $16 million included $14 million of over-recovered transmission costs and $2 million of over-recovered electric energy costs.

(k) As of June 30, 2016, DPL's regulatory asset of $6 million related to under-recovered electric energy costs. As of June 30, 2016, DPL's regulatory liability of $21 million included $4 million related to over-recovered natural gas costs under the GCR mechanism, $10 million of over-recovered electric energy costs, and $7 million of over-recovered transmission costs. As of December 31, 2015, DPL's regulatory asset of $11 million included $7 million of transmission costs recoverable through its FERC approved formula rate, $3 million of recoverable abandonment costs, and $1 million of under-recovered electric energy costs. As of December 31, 2015, DPL's regulatory liability of $19 million included $4 million related to the over-recovered natural gas costs under the GCR mechanism, $4 million of over-recovered electric energy costs, and $11 million of over-recovered transmission costs.

(l) As of June 30, 2016, ACE's regulatory asset of $20 million related to of under-recovered electric energy costs. As of June 30, 2016, ACE's regulatory liability of $9 million related to over-recovered transmission costs. As of December 31, 2015, ACE's regulatory asset of $13 million included $2 million of transmission costs recoverable through its FERC approved formula rate and $11 million of under-recovered electric energy costs. As of December 31, 2015, ACE's regulatory liability of $8 million related to over-recovered transmission costs.

(m) As of June 30, 2016, BGE's regulatory asset of $11 million included $6 million of previously incurred PHI acquisition costs as authorized by the June 2016 rate case order.

(n) Represents previously incurred PHI acquisition costs expected to be recovered in distribution rates in the Maryland service territories of Pepco and DPL.

(o) Represents the electric and natural gas distribution costs recoverable from customers under BGE's decoupling mechanism. As of June 30, 2016, BGE had a regulatory asset of $26 million related to under-recovered electric revenue decoupling and a regulatory liability of $3 million related to over-recovered natural gas revenue decoupling. As of December 31, 2015, BGE had a regulatory asset of $30 million related to under-recovered electric revenue decoupling and a regulatory liability of $1 million related to over-recovered natural gas revenue decoupling.

(p) Represents the electric distribution costs recoverable from customers under Pepco's Maryland and District of Columbia decoupling mechanisms and DPL's Maryland decoupling mechanism.

(q) Represents the regulatory asset recorded at Exelon and PHI for the difference between the carrying value and fair value of alternative energy credits at Pepco, DPL and ACE recorded at Exelon and PHI that are recoverable through the rate making process.

(r) Represents the regulatory liability recorded at Exelon and PHI for deferred rent related to a lease that is recoverable through the ratemaking process at Pepco, DPL and ACE.

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(s) As of June 30, 2016, PECO's regulatory liability of $63 million included $31 million related to over-recovered costs under the DSP program, $23 million related to the over-recovered natural gas costs under the PGC, $7 million related to over-recovered non-bypassable transmission service charges and $2 million related to over-recovered electric transmission costs. As of December 31, 2015, PECO's regulatory asset of $1 million related to under-recovered non-bypassable transmission service charges. As of December 31, 2015, PECO's regulatory liability of $60 million included $35 million related to over-recovered costs under the DSP program, $22 million related to the over-recovered natural gas costs under the PGC and $3 million related to the over-recovered electric transmission costs.

Purchase of Receivables Programs (Exelon, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE)

ComEd, PECO, BGE, Pepco, DPL and ACE are required, under separate legislation and regulations in Illinois, Pennsylvania, Maryland, District of Columbia and New Jersey, to purchase certain receivables from retail electric and natural gas suppliers that participate in the utilities' consolidated billing. ComEd, BGE, Pepco and DPL purchase receivables at a discount to recover primarily uncollectible accounts expense from the suppliers. PECO and ACE are required to purchase receivables at face value and are permitted to recover uncollectible accounts expense from customers through distribution rates. Exelon, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE do not record unbilled commodity receivables under the POR programs. Purchased billed receivables are classified in Other accounts receivable, net on Exelon's, ComEd's, PECO's, BGE's, PHI's, Pepco's, DPL's and ACE's Consolidated Balance Sheets. The following tables provide information about the purchased receivables of those companies as of June 30, 2016 and December 31, 2015.

					Successor			
As of June 30, 2016	**Exelon**	**ComEd**	**PECO**	**BGE**	**PHI**	**Pepco**	**DPL**	**ACE**
Purchased receivables (c)	$ 327	$ 103	$ 72	$ 54	$ 98	$ 69	$10	$ 19
Allowance for uncollectible accounts (a)	(31)	(14)	(6)	(5)	(6)	(4)	—	(2)
Purchased receivables, net	$ 296	$ 89	$ 66	$ 49	$ 92	$ 65	$10	$ 17

					Predecessor			
As of December 31, 2015	**Exelon**	**ComEd**	**PECO**	**BGE**	**PHI**	**Pepco**	**DPL**	**ACE**
Purchased receivables (b)(c)	$ 229	$ 103	$ 67	$ 59	$ 100	$ 70	$11	$ 19
Allowance for uncollectible accounts (a)	(31)	(16)	(7)	(8)	(6)	(4)	—	(2)
Purchased receivables, net	$ 198	$ 87	$ 60	$ 51	$ 94	$ 66	$11	$ 17

(a) For ComEd, BGE, Pepco and DPL, reflects the incremental allowance for uncollectible accounts recorded, which is in addition to the purchase discount. For ComEd, the incremental uncollectible accounts expense is recovered through its Purchase of Receivables with Consolidated Billing tariff.
(b) PECO's natural gas POR program became effective on January 1, 2012 and included a 1% discount on purchased receivables in order to recover the implementation costs of the program. The implementation costs were fully recovered and the 1% discount was reset to 0%, effective July 2015.
(c) Pepco's electric POR program in Maryland included a discount on purchased receivables ranging from 0% to 2% depending on customer class, and Pepco's electric POR program in the District of Columbia included a discount on purchased receivables ranging from 0% to 6% depending on customer class. DPL's electric POR program in Maryland included a discount on purchased receivables ranging from 0% to 1% depending on customer class.

6. Impairment of Long-Lived Assets (Exelon and Generation)

Long-Lived Assets (Exelon and Generation)

During the first quarter of 2016, significant changes in Generation's intended use of the Upstream oil and gas assets, developments with nonrecourse debt held by its upstream subsidiary CEU Holdings, LLC (as described in Note 10 — Debt and Credit Agreements) and continued declines in both production volumes and

commodity prices suggested that the carrying value may be impaired. Generation concluded that the estimated undiscounted future cash flows and fair value of its Upstream properties were less than their carrying values. As a result, a pre-tax impairment charge of $119 million was recorded in March 2016 within Operating and maintenance expense in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income. On June 16, 2016, Generation initiated the sales process of its Upstream business by executing a forbearance agreement with the lenders of the nonrecourse debt, see Note 10 — Debt and Credit Agreements for additional information. As a result, the Upstream assets and liabilities were classified as held for sale on Exelon's and Generation's Consolidated Balance Sheets at June 30, 2016. See Note 4 — Mergers, Acquisitions and Dispositions for additional information. Further declines in commodity prices or further developments with Generation's intended use or disposition of the assets could potentially result in future impairments of the Upstream assets. The fair value analysis was primarily based on the income approach using significant unobservable inputs (Level 3) including commodity prices and production volumes, projected capital and maintenance expenditures and discount rates.

Generation evaluates long-lived assets for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. In the second quarter of 2016, updates to the Company's long-term view of energy and capacity prices suggested that the carrying value of a group of merchant wind assets, located in West Texas, may be impaired. Upon review, the estimated undiscounted future cash flows and fair value of the group were less than their carrying value. The fair value analysis was based on the income approach using significant unobservable inputs (Level 3) including revenue and generation forecasts, projected capital and maintenance expenditures and discount rates. As a result of the fair value analysis, long-lived assets held and used with a carrying amount of approximately $60 million were written down to their fair value of $24 million and a pre-tax impairment charge of $36 million was recorded during the second quarter in Operating and maintenance expense in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income.

Also in the second quarter of 2016, updates to the Company's long-term view, as described above, in conjunction with the retirement announcements of the Quad Cities and Clinton nuclear plants in Illinois suggested that the carrying value of our Midwest asset group may be impaired. Generation completed a comprehensive review of the estimated undiscounted future cash flows of the Midwest asset group and no impairment charge was required.

Like-Kind Exchange Transaction (Exelon)

In June 2000, UII, LLC (formerly Unicom Investments, Inc.) (UII), a wholly owned subsidiary of Exelon Corporation, entered into transactions pursuant to which UII invested in coal-fired generating station leases (Headleases) with the Municipal Electric Authority of Georgia (MEAG). The generating stations were leased back to MEAG as part of the transactions (Leases).

On March 31, 2016, UII and MEAG finalized an agreement to terminate the MEAG Headleases, the MEAG Leases, and other related agreements prior to their expiration dates. As a result of the lease termination, UII received an early termination payment of $360 million from MEAG and wrote-off the $356 million net investment in the MEAG Headleases and the Leases. The transaction resulted in a pre-tax gain of $4 million which is reflected in Operating and maintenance expense in Exelon's Consolidated Statements of Operations and Comprehensive Income. See Note 11 — Income Taxes for additional information.

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7. Early Nuclear Plant Retirements (Exelon and Generation)

Exelon and Generation continue to evaluate the current and expected economic value of each of Generation's nuclear plants. Factors that will continue to affect the economic value of Generation's nuclear plants include, but are not limited to: market power prices, results of capacity auctions, potential legislative and regulatory solutions to ensure nuclear plants are fairly compensated for their carbon-free emissions, and the impact of final rules from the EPA requiring reduction of carbon and other emissions and the efforts of states to implement those final rules.

In 2015, Generation identified the Quad Cities, Clinton and Ginna nuclear plants as having the greatest risk of early retirement based on economic valuation and other factors. At that time, Exelon and Generation deferred retirement decisions on Clinton and Quad Cities until 2016 in order to participate in the 2016-2017 MISO primary reliability auction and the 2019-2020 PJM capacity auctions held in April and May 2016, respectively, as well as to provide Illinois policy makers with additional time to consider needed reforms and for MISO to consider market design changes to ensure long-term power system reliability in southern Illinois.

In April 2016, Clinton cleared the MISO primary reliability auction as a price taker for the 2016-2017 planning year. The resulting capacity price is insufficient to cover cash operating costs and a risk-adjusted rate of return to shareholders. In May 2016, Quad Cities did not clear in the PJM capacity auction for the 2019-2020 planning year and will not receive capacity revenue for that period.

Based on these capacity auction results, and given the lack of progress on Illinois energy legislation and MISO market reforms, on June 2, 2016 Generation announced it will move forward to shut down the Clinton and Quad Cities nuclear plants on June 1, 2017 and June 1, 2018, respectively. The current Nuclear Regulatory Commission (NRC) licenses for Clinton and Quad Cities expire in 2026 and 2032, respectively. Generation is proceeding with the market and regulatory notifications that must be made to shut down the plants, including notification to the NRC on June 20, 2016, and filing of a deactivation notice with PJM for Quad Cities on July 6, 2016. Generation will formally notify MISO of its plans to close Clinton later this year.

In the second quarter of 2016, as a result of the plant retirement decision for Clinton and Quad Cities, Exelon and Generation recognized one-time charges in Operating and maintenance expense of $141 million related to materials and supplies inventory reserve adjustments, employee-related costs and construction work-in-progress (CWIP) impairments, among other items. In addition to these one-time charges, there will be ongoing annual incremental non-cash charges to earnings stemming from shortening the expected economic useful life of Clinton and Quad Cities primarily related to accelerated depreciation of plant assets (including any asset retirement costs (ARC)), accelerated amortization of nuclear fuel, and additional asset retirement obligation (ARO) accretion expense associated with the changes in decommissioning timing and cost assumptions. Exelon's and Generation's second quarter 2016 results include an incremental $110 million of pre-tax expense for these items. Please refer to Note 12 — Nuclear Decommissioning for additional detail on changes to the Nuclear decommissioning ARO balances resulting from the early retirement of Clinton and Quad Cities.

The Three Mile Island (TMI) nuclear plant also did not clear in the May 2016 PJM capacity auction for the 2019-2020 planning year and will not receive capacity revenue for that period. This is the second consecutive year that TMI failed to clear the capacity auction. Although the plant is committed to operate through May 2018, the plant faces continued economic challenges and Exelon and Generation are exploring all options to return it to profitability. While a portion of the Byron nuclear plant's capacity did not clear the PJM 2019-2020 planning year capacity auction, the plant is committed to run through May 2020. The company's other nuclear plants in PJM cleared in the auction, except Oyster Creek, which did not participate in the auction given Exelon's and Generation's previous commitment to cease operation of the Oyster Creek nuclear plant by the end of 2019.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

In New York, the Ginna and Nine Mile Point nuclear plants continue to face significant economic challenges and risk of retirement before the end of each unit's respective operating license period (2029 for Ginna and Nine Mile Point Unit 1, and 2046 for Nine Mile Point Unit 2). On August 1, 2016, the New York Public Service Commission (NYPSC) issued an order adopting the Clean Energy Standard (CES), which would provide payments to Ginna and Nine Mile Point for the environmental attributes of their production. Subject to Ginna and Nine Mile Point entering into a satisfactory contract with the New York State Energy Research & Development Agency (NYSERDA), as required under the CES, and subject to any potential administrative or legal challenges, the CES will allow Ginna and Nine Mile Point to continue to operate at least through the life of the program (March 31, 2029).The approved RSSA currently requires Ginna to continue operating through the RSSA term expiring in March 2017. If Ginna does not plan to retire shortly after the expiration of the RSSA, Ginna is required to file a notice to that effect with the NYPSC no later than September 30, 2016. Refer to Note 5 — Regulatory Matters for additional discussion on the Ginna RSSA and the New York CES.

The following table provides the balance sheet amounts as of June 30, 2016 for significant assets and liabilities associated with the three nuclear plants currently considered by management to be at the greatest risk of early retirement due to current economic valuations and other factors.

(in millions)	TMI	Ginna	NMP
Asset Balances			
Materials and supplies inventory	$ 38	$ 30	$ 69
Nuclear fuel inventory, net	104	47	235
Completed plant, net	968	125	1,137
Construction work in progress	35	12	70
Liability Balances			
Asset retirement obligation	(485)	(659)	(770)
NRC License Renewal Term	2034	2029	2029 (unit 1)
			2046 (unit 2)

The precise timing of an early retirement date for any of these plants, and the resulting financial statement impacts, may be affected by a number of factors, including the status of potential regulatory or legislative solutions, results of any transmission system reliability study assessments, the nature of any co-owner requirements and stipulations, and decommissioning trust fund requirements, among other factors. However, the earliest retirement date for any plant would usually be the first year in which the unit does not have capacity obligations, where applicable, and just prior to its next scheduled nuclear refueling outage.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

8. Fair Value of Financial Assets and Liabilities (All Registrants)

Fair Value of Financial Liabilities Recorded at the Carrying Amount

The following tables present the carrying amounts and fair values of the Registrants' short-term liabilities, long-term debt, SNF obligation, trust preferred securities (long-term debt to financing trusts or junior subordinated debentures) and preferred stock as of June 30, 2016 and December 31, 2015:

Exelon

	June 30, 2016				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 954	$ 3	$ 951	$ —	$ 954
Long-term debt (including amounts due within one year) [a]	34,234	1,135	33,863	2,176	37,174
Long-term debt to financing trusts [b]	641	—	—	689	689
SNF obligation	1,023	—	835	—	835

	December 31, 2015				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 536	$ 3	$ 533	$ —	$ 536
Long-term debt (including amounts due within one year) [a]	25,145	931	23,644	1,349	25,924
Long-term debt to financing trusts [b]	641	—	—	673	673
SNF obligation	1,021	—	818	—	818

Generation

	June 30, 2016				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 208	$ —	$ 208	$ —	$ 208
Long-term debt (including amounts due within one year) [a]	9,066	—	7,953	1,577	9,530
SNF obligation	1,023	—	835	—	835

	December 31, 2015				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 29	$ —	$ 29	$ —	$ 29
Long-term debt (including amounts due within one year) [a]	8,959	—	7,767	1,349	9,116
SNF obligation	1,021	—	818	—	818

ComEd

	June 30, 2016				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 35	$ —	$ 35	$ —	$ 35
Long-term debt (including amounts due within one year) [a]	7,695	—	8,832	—	8,832
Long-term debt to financing trusts [b]	205	—	—	209	209

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	December 31, 2015				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 294	$ —	$ 294	$ —	$ 294
Long-term debt (including amounts due within one year) [a]	6,509	—	7,069	—	7,069
Long-term debt to financing trusts [b]	205	—	—	213	213

PECO

	June 30, 2016				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Long-term debt (including amounts due within one year) [a]	$ 2,581	$ —	$3,002	$ —	$3,002
Long-term debt to financing trusts	184	—	—	205	205

	December 31, 2015				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Long-term debt (including amounts due within one year) [a]	$ 2,580	$ —	$2,786	$ —	$2,786
Long-term debt to financing trusts	184	—	—	195	195

BGE

	June 30, 2016				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 211	$ 3	$ 208	$ —	$ 211
Long-term debt (including amounts due within one year) [a]	1,820	—	2,136	—	2,136
Long-term debt to financing trusts [b]	252	—	—	275	275

	December 31, 2015				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 213	$ 3	$ 210	$ —	$ 213
Long-term debt (including amounts due within one year) [a]	1,858	—	2,044	—	2,044
Long-term debt to financing trusts [b]	252	—	—	264	264

PHI

	June 30, 2016				
	Carrying Amount	Fair Value			
Successor		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 500	$ —	$ 500	$ —	$ 500
Long-term debt (including amounts due within one year)	6,073	—	5,752	599	6,351

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	December 31, 2015				
	Carrying Amount	Fair Value			
Predecessor		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 958	$ —	$ 958	$ —	$ 958
Long-term debt (including amounts due within one year) [a]	5,279	—	5,231	586	5,817
Preferred stock	183	—	—	183	183

Pepco

	June 30, 2016				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Long-term debt (including amounts due within one year) [a]	$ 2,349	$ —	$ 3,028	$ 2	$ 3,030

	December 31, 2015				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 64	$ —	$ 64	$ —	$ 64
Long-term debt (including amounts due within one year) [a]	2,351	—	2,673	—	2,673

DPL

	June 30, 2016				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Long-term debt (including amounts due within one year) [a]	$ 1,265	$ —	$ 1,279	$ 102	$ 1,381

	December 31, 2015				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 105	$ —	$ 105	$ —	$ 105
Long-term debt (including amounts due within one year) [a]	1,265	—	1,185	103	1,288

ACE

	June 30, 2016				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Long-term debt (including amounts due within one year) [a]	$ 1,180	$ —	$ 1,083	$ 301	$ 1,384

	December 31, 2015				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 5	$ —	$ 5	$ —	$ 5
Long-term debt (including amounts due within one year) [a]	1,201	—	1,044	280	1,324

(a) Includes unamortized debt issuance costs of $200 million, $69 million, $48 million, $14 million, $8 million, $30 million, $10 million, and $6 million for Exelon, Generation, ComEd, PECO, BGE, Pepco, DPL and ACE, respectively, as of

June 30, 2016. Includes unamortized debt issuance costs of $180 million, $70 million, $38 million, $15 million, $9 million, $49 million, $31 million, $10 million, and $6 million for Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE, respectively, as of December 31, 2015.

(b) Includes unamortized debt issuance costs of $7 million, $1 million, and $6 million for Exelon, ComEd and BGE, respectively, as of June 30, 2016 and December 31, 2015.

Short-Term Liabilities. The short-term liabilities included in the tables above are comprised of dividends payable (included in other current liabilities) (Level 1) and short-term borrowings (Level 2). The Registrants' carrying amounts of the short-term liabilities are representative of fair value because of the short-term nature of these instruments.

Long-Term Debt. The fair value amounts of Exelon's taxable debt securities (Level 2) and private placement taxable debt securities (Level 3) are determined by a valuation model that is based on a conventional discounted cash flow methodology and utilizes assumptions of current market pricing curves. In order to incorporate the credit risk of the Registrants into the discount rates, Exelon obtains pricing (i.e., U.S. Treasury rate plus credit spread) based on trades of existing Exelon debt securities as well as debt securities of other issuers in the electric utility sector with similar credit ratings in both the primary and secondary market, across the Registrants' debt maturity spectrum. The credit spreads of various tenors obtained from this information are added to the appropriate benchmark U.S. Treasury rates in order to determine the current market yields for the various tenors. The yields are then converted into discount rates of various tenors that are used for discounting the respective cash flows of the same tenor for each bond or note. Due to low trading volume of private placement debt, qualitative factors such as market conditions, low volume of investors and investor demand, this debt is classified as Level 3. The fair value of Exelon's equity units (Level 1) are valued based on publicly traded securities issued by Exelon.

The fair value of Generation's and PHI's non-government-backed fixed rate nonrecourse debt (Level 3) is based on market and quoted prices for its own and other nonrecourse debt with similar risk profiles. Given the low trading volume in the nonrecourse debt market, the price quotes used to determine fair value will reflect certain qualitative factors, such as market conditions, investor demand, new developments that might significantly impact the project cash flows or off-taker credit, and other circumstances related to the project (e.g., political and regulatory environment). The fair value of Generation's government-backed fixed rate project financing debt (Level 3) is largely based on a discounted cash flow methodology that is similar to the taxable debt securities methodology described above. Due to the lack of market trading data on similar debt, the discount rates are derived based on the original loan interest rate spread to the applicable Treasury rate as well as a current market curve derived from government-backed securities. Variable rate project financing debt resets on a monthly or quarterly basis and the carrying value approximates fair value (Level 2). When trading data is available on variable rate project financing debt, the fair value is based on market and quoted prices for its own and other nonrecourse debt with similar risk profiles (Level 2). Generation, Pepco, DPL and ACE also have tax-exempt debt (Level 2). Due to low trading volume in this market, qualitative factors, such as market conditions, investor demand, and circumstances related to the issuer (e.g., conduit issuer political and regulatory environment), may be incorporated into the credit spreads that are used to obtain the fair value as described above. Variable rate tax-exempt debt (Level 2) resets on a regular basis and the carrying value approximates fair value.

SNF Obligation . The carrying amount of Generation's SNF obligation (Level 2) is derived from a contract with the DOE to provide for disposal of SNF from Generation's nuclear generating stations. When determining the fair value of the obligation, the future carrying amount of the SNF obligation estimated to be settled in 2025 is calculated by compounding the current book value of the SNF obligation at the 13-week Treasury rate. The compounded obligation amount is discounted back to present value using Generation's discount rate, which is calculated using the same methodology as described above for the taxable debt securities, and an estimated maturity date of 2025.

Long-Term Debt to Financing Trusts . Exelon's long-term debt to financing trusts is valued based on publicly traded securities issued by the financing trusts. Due to low trading volume of these securities, qualitative factors, such as market conditions, investor demand, and circumstances related to each issue, this debt is classified as Level 3.

Preferred Stock . The fair value of these securities is determined based on the carrying value of the shares per the Subscription Agreement between PHI and Exelon. See Note 16 — Mezzanine Equity for further details.

Recurring Fair Value Measurements

Exelon records the fair value of assets and liabilities in accordance with the hierarchy established by the authoritative guidance for fair value measurements. The hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1 — quoted prices (unadjusted) in active markets for identical assets or liabilities that the Registrants have the ability to liquidate as of the reporting date.
- Level 2 — inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.
- Level 3 — unobservable inputs, such as internally developed pricing models or third-party valuations for the asset or liability due to little or no market activity for the asset or liability.

Transfers in and out of levels are recognized as of the end of the reporting period when the transfer occurred. Given derivatives categorized within Level 1 are valued using exchange-based quoted prices within observable periods, transfers between Level 2 and Level 1 were not material. Additionally, there were no significant transfers between Level 1 and Level 2 during the six months ended June 30, 2016 for cash equivalents, nuclear decommissioning trust fund investments, pledged assets for Zion Station decommissioning, Rabbi trust investments, and deferred compensation obligations. For derivative contracts, transfers into Level 2 from Level 3 generally occur when the contract tenor becomes more observable and due to changes in market liquidity or assumptions for certain commodity contracts.

Generation and Exelon

In accordance with the applicable guidance on fair value measurement, certain investments that are measured at fair value using the NAV per share as a practical expedient are no longer classified within the fair value hierarchy and are included under "Not subject to leveling" in the table below. See Note 2—New Accounting Pronouncements for additional information.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following tables present assets and liabilities measured and recorded at fair value on Exelon's and Generation's Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy as of June 30, 2016 and December 31, 2015:

	Generation					Exelon				
As of June 30, 2016	**Level 1**	**Level 2**	**Level 3**	**Not subject to leveling**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Not subject to leveling**	**Total**
Assets										
Cash equivalents [a]	$ 42	$ —	$ —	$ —	$ 42	$ 1,311	$ —	$ —	$ —	$ 1,311
NDT fund investments										
Cash equivalents [b]	381	12	—	—	393	381	12	—	—	393
Equities	3,205	215	1	1,908	5,329	3,205	215	1	1,908	5,329
Fixed income										
Corporate debt	—	1,910	249	—	2,159	—	1,910	249	—	2,159
U.S. Treasury and agencies	1,452	29	—	—	1,481	1,452	29	—	—	1,481
Foreign governments	—	44	—	—	44	—	44	—	—	44
State and municipal debt	—	285	—	—	285	—	285	—	—	285
Other [c]	—	60	—	399	459	—	60	—	399	459
Fixed income subtotal	1,452	2,328	249	399	4,428	1,452	2,328	249	399	4,428
Middle market lending	—	—	465	—	465	—	—	465	—	465
Private equity	—	—	—	124	124	—	—	—	124	124
Real estate	—	—	—	46	46	—	—	—	46	46
NDT fund investments subtotal [d]	5,038	2,555	715	2,477	10,785	5,038	2,555	715	2,477	10,785
Pledged assets for Zion Station decommissioning										
Cash equivalents	15	—	—	—	15	15	—	—	—	15
Equities	—	6	—	—	6	—	6	—	—	6
Fixed income										
U.S. Treasury and agencies	23	2	—	—	25	23	2	—	—	25
Corporate debt	—	9	—	—	9	—	9	—	—	9
Fixed income subtotal	23	11	—	—	34	23	11	—	—	34
Middle market lending	—	—	25	81	106	—	—	25	81	106
Pledged assets for Zion Station decommissioning subtotal [e]	38	17	25	81	161	38	17	25	81	161
Rabbi trust investments										
Cash equivalents	8	—	—	—	8	81	—	—	—	81
Mutual funds	18	—	—	—	18	49	—	—	—	49
Fixed income	—	—	—	—	—	—	14	—	—	14
Life insurance contracts	—	17	—	—	17	—	63	20	—	83
Rabbi trust investments subtotal	26	17	—	—	43	130	77	20	—	227
Commodity derivative assets										
Economic hedges	1,342	3,087	1,506	—	5,935	1,343	3,087	1,506	—	5,936
Proprietary trading	25	71	31	—	127	25	71	31	—	127
Effect of netting and allocation of collateral [f]	(1,308)	(2,733)	(779)	—	(4,820)	(1,309)	(2,733)	(779)	—	(4,821)
Commodity derivative assets subtotal	59	425	758	—	1,242	59	425	758	—	1,242
Interest rate and foreign currency derivative assets										
Derivatives designated as hedging instruments	—	—	—	—	—	—	47	—	—	47
Economic hedges	—	28	—	—	28	—	28	—	—	28
Proprietary trading	10	1	—	—	11	10	1	—	—	11
Effect of netting and allocation of collateral	(7)	(16)	—	—	(23)	(7)	(16)	—	—	(23)
Interest rate and foreign currency derivative assets subtotal	3	13	—	—	16	3	60	—	—	63
Other investments	—	—	37	—	37	—	—	37	—	37
Total assets	5,206	3,027	1,535	2,558	12,326	6,579	3,134	1,555	2,558	13,826

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Generation					Exelon				
As of June 30, 2016	Level 1	Level 2	Level 3	Not subject to leveling	Total	Level 1	Level 2	Level 3	Not subject to leveling	Total
Liabilities										
Commodity derivative liabilities										
Economic hedges	(1,456)	(3,089)	(1,013)	—	(5,558)	(1,456)	(3,089)	(1,234)	—	(5,779)
Proprietary trading	(24)	(73)	(34)	—	(131)	(24)	(73)	(34)	—	(131)
Effect of netting and allocation of collateral [f]	1,431	3,012	898	—	5,341	1,431	3,012	898	—	5,341
Commodity derivative liabilities subtotal	(49)	(150)	(149)	—	(348)	(49)	(150)	(370)	—	(569)
Interest rate and foreign currency derivative liabilities										
Derivatives designated as hedging instruments	—	(21)	—	—	(21)	—	(23)	—	—	(23)
Economic hedges	—	(19)	—	—	(19)	—	(19)	—	—	(19)
Proprietary trading	(9)	—	—	—	(9)	(9)	—	—	—	(9)
Effect of netting and allocation of collateral	10	16	—	—	26	10	16	—	—	26
Interest rate and foreign currency derivative liabilities subtotal	1	(24)	—	—	(23)	1	(26)	—	—	(25)
Deferred compensation obligation	—	(30)	—	—	(30)	—	(127)	—	—	(127)
Total liabilities	(48)	(204)	(149)	—	(401)	(48)	(303)	(370)	—	(721)
Total net assets	$ 5,158	$ 2,823	$ 1,386	$ 2,558	$11,925	$ 6,531	$ 2,831	$ 1,185	$ 2,558	$13,105

	Generation					Exelon				
As of December 31, 2015	Level 1	Level 2	Level 3	Not subject to leveling	Total	Level 1	Level 2	Level 3	Not subject to leveling	Total
Assets										
Cash equivalents [a]	$ 104	$ —	$ —	$ —	$ 104	$ 5,766	$ —	$ —	$ —	$ 5,766
NDT fund investments										
Cash equivalents [b]	219	92	—	—	311	219	92	—	—	311
Equities	3,008	—	—	1,894	4,902	3,008	—	—	1,894	4,902
Fixed income										
Corporate debt	—	1,824	242	—	2,066	—	1,824	242	—	2,066
U.S. Treasury and agencies	1,323	15	—	—	1,338	1,323	15	—	—	1,338
Foreign governments	—	61	—	—	61	—	61	—	—	61
State and municipal debt	—	326	—	—	326	—	326	—	—	326
Other [c]	—	147	—	390	537	—	147	—	390	537
Fixed income subtotal	1,323	2,373	242	390	4,328	1,323	2,373	242	390	4,328
Middle market lending	—	—	428	—	428	—	—	428	—	428
Private equity	—	—	—	125	125	—	—	—	125	125
Real estate	—	—	—	35	35	—	—	—	35	35
Other	—	—	—	216	216	—	—	—	216	216
NDT fund investments subtotal [d]	4,550	2,465	670	2,660	10,345	4,550	2,465	670	2,660	10,345
Pledged assets for Zion Station decommissioning										
Cash equivalents	—	17	—	—	17	—	17	—	—	17
Equities	1	5	—	—	6	1	5	—	—	6
Fixed income										
U.S. Treasury and agencies	6	2	—	—	8	6	2	—	—	8
Corporate debt	—	46	—	—	46	—	46	—	—	46
Other	—	1	—	—	1	—	1	—	—	1
Fixed income subtotal	6	49	—	—	55	6	49	—	—	55
Middle market lending	—	—	22	105	127	—	—	22	105	127
Pledged assets for Zion Station decommissioning subtotal [e]	7	71	22	105	205	7	71	22	105	205

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Generation					Exelon				
As of December 31, 2015	**Level 1**	**Level 2**	**Level 3**	**Not subject to leveling**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Not subject to leveling**	**Total**
Rabbi trust investments										
Mutual funds	17	—	—	—	17	48	—	—	—	48
Life insurance contracts	—	13	—	—	13	—	36	—	—	36
Rabbi trust investments subtotal	17	13	—	—	30	48	36	—	—	84
Commodity derivative assets										
Economic hedges	1,922	3,467	1,707	—	7,096	1,922	3,467	1,707	—	7,096
Proprietary trading	36	64	30	—	130	36	64	30	—	130
Effect of netting and allocation of collateral (f)	(1,964)	(2,629)	(564)	—	(5,157)	(1,964)	(2,629)	(564)	—	(5,157)
Commodity derivative assets subtotal	(6)	902	1,173	—	2,069	(6)	902	1,173	—	2,069
Interest rate and foreign currency derivative assets										
Derivatives designated as hedging instruments	—	—	—	—	—	—	25	—	—	25
Economic hedges	—	20	—	—	20	—	20	—	—	20
Proprietary trading	10	5	—	—	15	10	5	—	—	15
Effect of netting and allocation of collateral	(3)	(3)	—	—	(6)	(3)	(3)	—	—	(6)
Interest rate and foreign currency derivative assets subtotal	7	22	—	—	29	7	47	—	—	54
Other investments	—	—	33	—	33	—	—	33	—	33
Total assets	4,679	3,473	1,898	2,765	12,815	10,372	3,521	1,898	2,765	18,556
Liabilities										
Commodity derivative liabilities										
Economic hedges	(2,382)	(3,348)	(850)	—	(6,580)	(2,382)	(3,348)	(1,097)	—	(6,827)
Proprietary trading	(33)	(57)	(37)	—	(127)	(33)	(57)	(37)	—	(127)
Effect of netting and allocation of collateral (f)	2,440	3,186	765	—	6,391	2,440	3,186	765	—	6,391
Commodity derivative liabilities subtotal	25	(219)	(122)	—	(316)	25	(219)	(369)	—	(563)
Interest rate and foreign currency derivative liabilities										
Derivatives designated as hedging instruments	—	(16)	—	—	(16)	—	(16)	—	—	(16)
Economic hedges	—	(3)	—	—	(3)	—	(3)	—	—	(3)
Proprietary trading	(12)	—	—	—	(12)	(12)	—	—	—	(12)
Effect of netting and allocation of collateral	12	3	—	—	15	12	3	—	—	15
Interest rate and foreign currency derivative liabilities subtotal	—	(16)	—	—	(16)	—	(16)	—	—	(16)
Deferred compensation obligation	—	(30)	—	—	(30)	—	(99)	—	—	(99)
Total liabilities	25	(265)	(122)	—	(362)	25	(334)	(369)	—	(678)
Total net assets	$ 4,704	$ 3,208	$ 1,776	$ 2,765	$12,453	$10,397	$ 3,187	$ 1,529	$ 2,765	$17,878

(a) Generation excludes cash of $332 million and $329 million at June 30, 2016 and December 31, 2015 and restricted cash of $97 million and $121 million at June 30, 2016 and December 31, 2015. Exelon excludes cash of $423 million and $763 million at June 30, 2016 and December 31, 2015 and restricted cash of $136 million and $178 million at June 30, 2016 and December 31, 2015 and includes long term restricted cash of $22 million at June 30, 2016, which is reported in other deferred debits on the balance sheet.

(b) Includes $71 million and $52 million of cash received from outstanding repurchase agreements at June 30, 2016 and December 31, 2015, respectively, and is offset by an obligation to repay upon settlement of the agreement as discussed in (d) below.

(c) Includes derivative instruments of $(16) million and $(8) million, which have a total notional amount of $1,303 million and $1,236 million at June 30, 2016 and December 31, 2015, respectively. The notional principal amounts for these instruments provide one measure of the transaction volume outstanding as of the periods ended and do not represent the amount of the company's exposure to credit or market loss.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

(d) Excludes net liabilities of $(48) million and $(3) million at June 30, 2016 and December 31, 2015, respectively. These items consist of receivables related to pending securities sales, interest and dividend receivables, repurchase agreement obligations, and payables related to pending securities purchases. The repurchase agreements are generally short-term in nature with durations generally of 30 days or less.

(e) Excludes net assets of less than $1 million and $1 million at June 30, 2016 and December 31, 2015, respectively. These items consist of receivables related to pending securities sales, interest and dividend receivables, and payables related to pending securities purchases.

(f) Collateral posted to/(received) from counterparties totaled $123 million, $279 million and $119 million allocated to Level 1, Level 2 and Level 3 mark-to-market derivatives, respectively, as of June 30, 2016. Collateral posted (received) from counterparties, net of collateral paid to counterparties, totaled $476 million, $557 million and $201 million allocated to Level 1, Level 2 and Level 3 mark-to-market derivatives, respectively, as of December 31, 2015.

ComEd, PECO and BGE

The following tables present assets and liabilities measured and recorded at fair value on ComEd's, PECO's and BGE's Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy as of June 30, 2016 and December 31, 2015:

	ComEd				PECO				BGE			
As of June 30, 2016	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets												
Cash equivalents [a]	$ 700	$ —	$ —	$ 700	$ 184	$ —	$ —	$184	$ 20	$ —	$ —	$ 20
Rabbi trust investments												
Mutual funds	—	—	—	—	7	—	—	7	4	—	—	4
Life insurance contracts	—	—	—	—	—	11	—	11	—	—	—	—
Rabbi trust investments subtotal	—	—	—	—	7	11	—	18	4	—	—	4
Total assets	700	—	—	700	191	11	—	202	24	—	—	24
Liabilities												
Deferred compensation obligation	—	(8)	—	(8)	—	(10)	—	(10)	—	(4)	—	(4)
Mark-to-market derivative liabilities [b]	—	—	(221)	(221)	—	—	—	—	—	—	—	—
Total liabilities	—	(8)	(221)	(229)	—	(10)	—	(10)	—	(4)	—	(4)
Total net assets (liabilities)	$ 700	$ (8)	$(221)	$ 471	$ 191	$ 1	$ —	$192	$ 24	$ (4)	$ —	$ 20

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	ComEd				PECO				BGE			
As of December 31, 2015	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets												
Cash equivalents	$ 29	$ —	$ —	$ 29	$ 271	$ —	$ —	$271	$ 25	$ —	$ —	$ 25
Rabbi trust investments												
Mutual funds	—	—	—	—	8	—	—	8	4	—	—	4
Life insurance contracts	—	—	—	—	—	12	—	12	—	—	—	—
Rabbi trust investments subtotal	—	—	—	—	8	12	—	20	4	—	—	4
Total assets	29	—	—	29	279	12	—	291	29	—	—	29
Liabilities												
Deferred compensation obligation	—	(8)	—	(8)	—	(12)	—	(12)	—	(4)	—	(4)
Mark-to-market derivative liabilities [(b)]	—	—	(247)	(247)	—	—	—	—	—	—	—	—
Total liabilities	—	(8)	(247)	(255)	—	(12)	—	(12)	—	(4)	—	(4)
Total net assets (liabilities)	$ 29	$ (8)	$(247)	$(226)	$ 279	$ —	$ —	$279	$ 29	$ (4)	$ —	$ 25

(a) ComEd excludes cash of $36 million and $38 million at June 30, 2016 and December 31, 2015 and restricted cash of $2 million and $2 million at June 30, 2016 and December 31, 2015. PECO excludes cash of $22 million and $27 million at June 30, 2016 and December 31, 2015. BGE excludes cash of $5 million and $6 million at June 30, 2016 and December 31, 2015 and restricted cash of $2 million and $2 million at June 30, 2016 and December 31, 2015 and includes long term restricted cash of $3 million at June 30, 2016, which is reported in other deferred debits on the balance sheet.

(b) The Level 3 balance consists of the current and noncurrent liability of $18 million and $203 million, respectively, at June 30, 2016, and $23 million and $224 million, respectively, at December 31, 2015, related to floating-to-fixed energy swap contracts with unaffiliated suppliers.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

PHI, Pepco, DPL and ACE

The following tables present assets and liabilities measured and recorded at fair value on PHI's, Pepco's, DPL's and ACE's Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy as of June 30, 2016 and December 31, 2015:

	Successor As of June 30, 2016				*Predecessor* As of December 31, 2015			
PHI	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets								
Cash equivalents [a]	$ 344	$ —	$ —	$344	$ 42	$ —	$ —	$ 42
Mark-to-market derivative assets [b][c]	1	—	—	1	—	—	18	18
Effect of netting and allocation of collateral	(1)	—	—	(1)	—	—	—	—
Mark-to-market derivative assets subtotal	—	—	—	—	—	—	18	18
Rabbi trust investments								
Cash equivalents	73	—	—	73	12	—	—	12
Fixed income	—	14	—	14	—	15	—	15
Life insurance contracts	—	22	20	42	—	27	19	46
Rabbi trust investments subtotal	73	36	20	129	12	42	19	73
Total assets	417	36	20	473	54	42	37	133
Liabilities								
Deferred compensation obligation	—	(28)	—	(28)	—	(30)	—	(30)
Mark-to-market derivative liabilities [b]	—	—	—	—	(2)	—	—	(2)
Effect of netting and allocation of collateral	—	—	—	—	2	—	—	2
Mark-to-market derivative liabilities subtotal	—	—	—	—	—	—	—	—
Total liabilities	—	(28)	—	(28)	—	(30)	—	(30)
Total net assets	$ 417	$ 8	$ 20	$445	$ 54	$ 12	$ 37	$103

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Pepco				DPL				ACE			
As of June 30, 2016	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets												
Cash equivalents (a)	$ 155	$ —	$ —	$155	$ 12	$ —	$ —	$ 12	$ 176	$ —	$ —	$176
Mark-to-market derivative assets (b)	—	—	—	—	1	—	—	1	—	—	—	—
Effect of netting and allocation of collateral	—	—	—	—	(1)	—	—	(1)	—	—	—	—
Mark-to-market derivative assets subtotal	—	—	—	—	—	—	—	—	—	—	—	—
Rabbi trust investments												
Cash equivalents	43	—	—	43	—	—	—	—	—	—	—	—
Fixed income	—	14	—	14	—	—	—	—	—	—	—	—
Life insurance contracts	—	22	20	42	—	—	—	—	—	—	—	—
Rabbi trust investments subtotal	43	36	20	99	—	—	—	—	—	—	—	—
Total assets	198	36	20	254	12	—	—	12	176	—	—	176
Liabilities												
Deferred compensation obligation	—	(5)	—	(5)	—	(1)	—	(1)	—	—	—	—
Total liabilities	—	(5)	—	(5)	—	(1)	—	(1)	—	—	—	—
Total net assets (liabilities)	$ 198	$ 31	$ 20	$249	$ 12	$ (1)	$ —	$ 11	$ 176	$ —	$ —	$176

	Pepco				DPL				ACE			
As of December 31, 2015	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets												
Cash equivalents	$ 2	$ —	$ —	$ 2	$ —	$ —	$ —	$ —	$ 30	$ —	$ —	$ 30
Rabbi trust investments												
Cash equivalents	11	—	—	11	—	—	—	—	—	—	—	—
Fixed income	—	15	—	15	—	—	—	—	—	—	—	—
Life insurance contracts	—	23	19	42	—	—	—	—	—	—	—	—
Rabbi trust investments subtotal	11	38	19	68	—	—	—	—	—	—	—	—
Total assets	13	38	19	70	—	—	—	—	30	—	—	30
Liabilities												
Deferred compensation obligation	—	(6)	—	(6)	—	(1)	—	(1)	—	—	—	—
Mark-to-market derivative liabilities (b)	—	—	—	—	(2)	—	—	(2)	—	—	—	—
Effect of netting and allocation of collateral	—	—	—	—	2	—	—	2	—	—	—	—
Mark-to-market derivative liabilities subtotal	—	—	—	—	—	—	—	—	—	—	—	—
Total liabilities	—	(6)	—	(6)	—	(1)	—	(1)	—	—	—	—
Total net assets (liabilities)	$ 13	$ 32	$ 19	$ 64	$ —	$ (1)	$ —	$ (1)	$ 30	$ —	$ —	$ 30

(a) PHI excludes cash of $13 million and $16 million at June 30, 2016 and December 31, 2015 and includes long term restricted cash of $19 million and $18 million at June 30, 2016 and December 31, 2015 which is reported in other deferred debits on the balance sheet. Pepco excludes cash of $5 million and $5 million at June 30, 2016 and December 31, 2015. DPL excludes cash of $4 million and $5 million at June 30, 2016 and December 31, 2015. ACE excludes cash of $4 million and $3 million at June 30, 2016 and December 31, 2015 and includes long term restricted cash of $19 million and $18 million at June 30, 2016 and December 31, 2015 which is reported in other deferred debits on the balance sheet.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

(b) Represents natural gas futures purchased by DPL as part of a natural gas hedging program approved by the DPSC.

(c) Prior to the PHI Merger, PHI recorded derivative assets for the embedded call and redemption features on the shares of Preferred Stock outstanding as of December 31, 2015. See Note 16 — Mezzanine Equity for additional information. As a result of the PHI Merger, the PHI preferred stock derivative was reduced to zero as of March 23, 2016.

The following tables present the fair value reconciliation of Level 3 assets and liabilities measured at fair value on a recurring basis during the three and six months ended June 30, 2016 and 2015:

	Generation					ComEd	Successor PHI		Exelon
Three Months Ended June 30, 2016	**NDT Fund Investments**	**Pledged Assets for Zion Station Decommissioning**	**Mark-to-Market Derivatives**	**Other Investments**	**Total Generation**	**Mark-to-Market Derivatives [a]**	**Life Insurance Contracts**	**Eliminated in Consolidation**	**Total**
Balance as of March 31, 2016	$ 684	$ 25	$ 1,047	$ 36	$ 1,792	$ (265)	$ 20	$ —	$ 1,547
Total realized / unrealized gains (losses)									
Included in net income	4	—	(428) [b]	—	(424)	—	1	—	(423)
Included in noncurrent payables to affiliates	8	—	—	—	8	—	—	(8)	—
Included in payable for Zion Station decommissioning	—	—	—	—	—	—	—	—	—
Included in regulatory assets	—	—	—	—	—	44	—	8	52
Change in collateral	—	—	(32)	—	(32)	—	—	—	(32)
Purchases, sales, issuances and settlements									
Purchases	85	—	23	1	109	—	—	—	109
Sales	(1)	—	(1)	—	(2)	—	—	—	(2)
Issuances	—	—	—	—	—	—	(1)	—	(1)
Settlements	(65)	—	—	—	(65)	—	—	—	(65)
Transfers into Level 3	—	—	—	—	—	—	—	—	—
Transfers out of Level 3	—	—	—		—	—	—	—	—
Balance at June 30, 2016	$ 715	$ 25	$ 609	$ 37	$ 1,386	$ (221)	$ 20	$ —	$ 1,185
The amount of total gains (losses) included in income attributed to the change in unrealized gains (losses) related to assets and liabilities as of June 30, 2016	$ 3	$ —	$ (264)	$ —	$ (261)		$ 1	$ —	$ (260)

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Generation					ComEd	Successor PHI [c]		Exelon
Six Months Ended June 30, 2016	**NDT Fund Investments**	**Pledged Assets for Zion Station Decommissioning**	**Mark-to-Market Derivatives**	**Other Investments**	**Total Generation**	**Mark-to-Market Derivatives [a]**	**Life Insurance Contracts**	**Eliminated in Consolidation**	**Total**
Balance as of December 31, 2015	$ 670	$ 22	$ 1,051	$ 33	$ 1,776	$ (247)	$ —	$ —	$ 1,529
Included due to merger	—	—	—	—	—	—	20	—	20
Total realized / unrealized gains (losses)									
Included in net income	6	—	(434) [b]	—	(428)	—	1	—	(427)
Included in noncurrent payables to affiliates	12	—	—	—	12	—	—	(12)	—
Included in payable for Zion Station decommissioning	—	2	—	—	2	—	—	—	2
Included in regulatory assets/liabilities	—	—	—	—	—	26	—	12	38
Change in collateral	—	—	(82)	—	(82)	—	—	—	(82)
Purchases, sales, issuances and settlements									
Purchases	119	1	82	4	206	—	—	—	206
Sales	(1)	—	(3)	—	(4)	—	—	—	(4)
Issuances	—	—	—	—	—	—	(1)	—	(1)
Settlements	(91)	—	—	—	(91)	—	—	—	(91)
Transfers into Level 3	—	—	2	—	2	—	—	—	2
Transfers out of Level 3	—	—	(7)	—	(7)	—	—	—	(7)
Balance as of June 30, 2016	$ 715	$ 25	$ 609	$ 37	$ 1,386	$ (221)	$ 20	$ —	$ 1,185
The amount of total gains (losses) included in income attributed to the change in unrealized gains (losses) related to assets and liabilities as of June 30, 2016	$ 4	$ —	$ (45)	$ —	$ (41)	$ —	$ 1	$ —	$ (40)

(a) Includes $40 million of increases in fair value and realized losses due to settlements of $4 million recorded in purchased power expense associated with floating-to-fixed energy swap contracts with unaffiliated suppliers for the three months ended June 30, 2016. Includes $15 million of increases in fair value and realized losses due to settlements of $11 million for the six months ended June 30, 2016.

(b) Includes a reduction for the reclassification of $164 million and $389 million of realized gains due to the settlement of derivative contracts recorded in results of operations for the three and six months ended June 30, 2016, respectively.

(c) Successor period represents activity from March 24, 2016 through June 30, 2016. See tables below for PHI's predecessor periods, as well as activity for Pepco and DPL for the three and six months ended June 30, 2016.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Generation					ComEd		Exelon
Three Months Ended June 30, 2015	NDT Fund Investments	Pledged Assets for Zion Station Decommissioning	Mark-to-Market Derivatives	Other Investments	Total Generation	Mark-to-Market Derivatives [a]	Eliminated in Consolidation	Total
Balance as of March 31, 2015	$ 612	$ 44	$ 1,066	$ 3	$ 1,725	$ (241)	$ —	$ 1,484
Total realized / unrealized gains (losses)					—			
Included in net income	2	—	(7) [b]	—	(5)	—	—	(5)
Included in noncurrent payables to affiliates	7	—	—	—	7	—	(7)	—
Included in payable for Zion Station decommissioning	—	(2)	—	—	(2)	—	—	(2)
Included in regulatory assets	—	—	—	—	—	18	7	25
Change in collateral	—	—	(30)	—	(30)	—	—	(30)
Purchases, sales, issuances and settlements								
Purchases	79	1	16	27	123	—	—	123
Sales	—	(2)	(5)	—	(7)	—	—	(7)
Settlements	(33)	—	—	—	(33)	—	—	(33)
Transfers into Level 3	—	—	11	—	11	—	—	11
Transfers out of Level 3	—	—	(30)	—	(30)	—	—	(30)
Balance as of June 30, 2015	$ 667	$ 41	$ 1,021	$ 30	$ 1,759	$ (223)	$ —	$ 1,536
The amount of total gains (losses) included in income attributed to the change in unrealized gains (losses) related to assets and liabilities as of June 30, 2015	$ 2	$ —	$ 175	$ —	$ 177	$ —	$ —	$ 177

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Six Months Ended June 30, 2015	Generation					ComEd		Exelon
	NDT Fund Investments	Pledged Assets for Zion Station Decommissioning	Mark-to-Market Derivatives	Other Investments	Total Generation	Mark-to-Market Derivatives [a]	Eliminated in Consolidation	Total
Balance as of December 31, 2014	$ 605	$ 50	$ 1,050	$ 3	$ 1,708	$ (207)	$ —	$ 1,501
Total realized / unrealized gains (losses)								
Included in net income	4	—	(39) [b]	—	(35)	—	—	(35)
Included in noncurrent payables to affiliates	17	—	—	—	17	—	(17)	—
Included in payable for Zion Station decommissioning	—	1	—	—	1	—	—	1
Included in regulatory assets	—	—	—	—	—	(16)	17	1
Change in collateral	—	—	(18)	—	(18)	—	—	(18)
Purchases, sales, issuances and settlements								
Purchases	107	1	57	27	192	—	—	192
Sales	(8)	(11)	(5)	—	(24)	—	—	(24)
Settlements	(62)	—	—	—	(62)	—	—	(62)
Transfers into Level 3	4	—	11	—	15	—	—	15
Transfers out of Level 3	—	—	(35)	—	(35)	—	—	(35)
Balance as of June 30, 2015	$ 667	$ 41	$ 1,021	$ 30	$ 1,759	$ (223)	$ —	$ 1,536
The amount of total gains (losses) included in income attributed to the change in unrealized gains (losses) related to assets and liabilities as of June 30, 2015	$ 3	$ —	$ 355	$ —	$ 358	$ —	$ —	$ 358

(a) Includes $14 million of increases in fair value and realized losses due to settlements of $4 million recorded in purchased power expense associated with floating-to-fixed energy swap contracts with unaffiliated suppliers for the three months ended June 30, 2015. Includes $22 million of decreases in fair value and realized losses due to settlements of $6 million for the six months ended June 30, 2015.

(b) Includes an increase for the reclassification of $182 million and $394 million of realized losses due to the settlement of derivative contracts recorded in results of operations for the three and six months ended June 30, 2015, respectively.

PHI	*Successor* Three Months Ended June 30, 2016	*Predecessor* Three Months Ended June 30, 2015	
	Life Insurance Contracts	Preferred Stock	Life Insurance Contracts
Beginning Balance	$ 20	$ 3	$ 19
Total realized / unrealized gains (losses)			
Included in net income	1	—	2
Purchases, sales, issuances and settlements			
Issuances	(1)	—	(1)
Settlements	—	—	—
Ending Balance	$ 20	$ 3	$ 20
The amount of total gains included in income attributed to the change in unrealized gains (losses) related to assets and liabilities for the period	$ 1	$ —	$ 1

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

PHI	*Successor* March 24, 2016 to June 30, 2016	*Predecessor* January 1, 2016 to March 23, 2016		*Predecessor* Six Months Ended June 30, 2015	
	Life Insurance Contracts	Preferred Stock	Life Insurance Contracts	Preferred Stock	Life Insurance Contracts
Beginning Balance	$ 20	$ 18	$ 19	$ 3	$ 19
Total realized / unrealized gains (losses)					
Included in net income	1	(18)	1	—	3
Purchases, sales, issuances and settlements					
Issuances	(1)	—	—	—	(1)
Settlements	—	—	—	—	(1)
Ending Balance	$ 20	$ —	$ 20	$ 3	$ 20
The amount of total gains included in income attributed to the change in unrealized gains (losses) related to assets and liabilities for the period	$ 1	$ —	$ 1	$ —	$ 2

	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015
	Pepco	Pepco
	Life Insurance Contracts	Life Insurance Contracts
Balance as of March 31	$ 20	$ 19
Total realized / unrealized gains (losses)		
Included in net income	1	2
Purchases, sales, issuances and settlements		
Issuances	(1)	(1)
Settlements	—	—
Balance as of June 30	$ 20	$ 20
The amount of total gains included in income attributed to the change in unrealized gains related to assets and liabilities for the period	$ 1	$ 1

	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015	
	Pepco	Pepco	DPL
	Life Insurance Contracts	Life Insurance Contracts	Life Insurance Contracts
Balance as of December 31	$ 19	$ 18	$ 1
Total realized / unrealized gains (losses)			
Included in net income	2	3	—
Purchases, sales, issuances and settlements			
Issuances	(1)	(1)	—
Settlements	—	—	(1)
Balance as of June 30	$ 20	$ 20	$ —
The amount of total gains included in income attributed to the change in unrealized gains related to assets and liabilities for the period	$ 2	$ 2	$ —

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following tables present the income statement classification of the total realized and unrealized gains (losses) included in income for Level 3 assets and liabilities measured at fair value on a recurring basis during the three and six months ended June 30, 2016 and 2015:

	Generation			Exelon		
	Operating Revenues	Purchased Power and Fuel	Other, net [a]	Operating Revenues	Purchased Power and Fuel	Other, net [a]
Total gains (losses) included in net income for the three months ended June 30, 2016	$ (462)	$ 34	$ 4	$ (462)	$ 34	$ 5
Total gains (losses) included in net income for the six months ended June 30, 2016	(413)	(21)	6	(413)	(21)	7
Change in the unrealized gains (losses) relating to assets and liabilities held for the three months ended June 30, 2016	(274)	10	3	(274)	10	4
Change in the unrealized gains (losses) relating to assets and liabilities held for the six months ended June 30, 2016	(20)	(25)	4	(20)	(25)	5

	Generation			Exelon		
	Operating Revenues	Purchased Power and Fuel	Other, net [a]	Operating Revenues	Purchased Power and Fuel	Other, net [a]
Total gains (losses) included in net income for the three months ended June 30, 2015	$ (17)	$ 10	$ 2	$ (17)	$ 10	$ 2
Total gains (losses) included in net income for the six months ended June 30, 2015	(27)	(12)	4	(27)	(12)	4
Change in the unrealized gains (losses) relating to assets and liabilities held for the three months ended June 30, 2015	171	4	2	171	4	2
Change in the unrealized gains (losses) relating to assets and liabilities held for the six months ended June 30, 2015	340	15	3	340	15	3

	Successor PHI	*Predecessor* PHI	Pepco	
	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015
	Other, net	Other, net	Other, net	
Total gains (losses) included in net income	$ 1	$ 2	$ 1	2
Change in the unrealized gains (losses) relating to assets and liabilities held	1	1	1	1

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Successor PHI	*Predecessor* PHI		Pepco	
	March 24, 2016 to June 30, 2016	January 1, 2016 to March 23, 2016	Six Months Ended June 30, 2015	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015
	Other, net	Other, net		Other, net	
Total gains (losses) included in net income	$ 1	$ (17)	$ 3	$ 2	$ 3
Change in the unrealized gains (losses) relating to assets and liabilities held	1	1	2	2	2

(a) Other, net activity consists of realized and unrealized gains (losses) included in income for the NDT funds held by Generation.

Valuation Techniques Used to Determine Fair Value

The following describes the valuation techniques used to measure the fair value of the assets and liabilities shown in the tables above.

Cash Equivalents (Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE). The Registrants' cash equivalents include investments with maturities of three months or less when purchased. The cash equivalents shown in the fair value tables are comprised of investments in mutual and money market funds. The fair values of the shares of these funds are based on observable market prices and, therefore, have been categorized in Level 1 in the fair value hierarchy.

Preferred Stock Derivative (PHI). In connection with entering into the PHI Merger Agreement, as further described in Note 16 — Mezzanine Equity, PHI entered into a Subscription Agreement with Exelon dated April 29, 2014, pursuant to which PHI issued to Exelon shares of Preferred stock. The Preferred stock contained embedded features requiring separate accounting consideration to reflect the potential value to PHI that any issued and outstanding Preferred stock could be called and redeemed at a nominal par value upon a termination of the merger agreement under certain circumstances due to the failure to obtain required regulatory approvals. The embedded call and redemption features on the shares of the Preferred stock in the event of such a termination were separately accounted for as derivatives. These Preferred stock derivatives were valued quarterly using quantitative and qualitative factors, including management's assessment of the likelihood of a Regulatory Termination and therefore, were categorized in Level 3 in the fair value hierarchy. As a result of the PHI Merger, the PHI Preferred stock derivative was reduced to zero as of March 23, 2016. The write-off was charged to Other, net on the PHI Consolidated Statement of Operations and Comprehensive Income.

Nuclear Decommissioning Trust Fund Investments and Pledged Assets for Zion Station Decommissioning (Exelon and Generation). The trust fund investments have been established to satisfy Generation's and CENG's nuclear decommissioning obligations as required by the NRC. The NDT funds hold debt and equity securities directly and indirectly through commingled funds and mutual funds, which are included in Equities, Fixed Income and Other. Generation's and CENG's NDT fund investments policies outline investment guidelines for the trusts and limit the trust funds' exposures to investments in highly illiquid markets and other alternative investments. Investments with maturities of three months or less when purchased, including certain short-term fixed income securities are considered cash equivalents and included in the recurring fair value measurements hierarchy as Level 1 or Level 2.

With respect to individually held equity securities, the trustees obtain prices from pricing services, whose prices are generally obtained from direct feeds from market exchanges, which Generation is able to

independently corroborate. The fair values of equity securities held directly by the trust funds which are based on quoted prices in active markets are categorized in Level 1. Certain equity securities have been categorized as Level 2 because they are based on evaluated prices that reflect observable market information, such as actual trade information or similar securities. Equity securities held individually are primarily traded on the New York Stock Exchange and NASDAQ-Global Select Market, which contain only actively traded securities due to the volume trading requirements imposed by these exchanges.

For fixed income securities, multiple prices from pricing services are obtained whenever possible, which enables cross-provider validations in addition to checks for unusual daily movements. A primary price source is identified based on asset type, class or issue for each security. With respect to individually held fixed income securities, the trustees monitor prices supplied by pricing services and may use a supplemental price source or change the primary price source of a given security if the portfolio managers challenge an assigned price and the trustees determine that another price source is considered to be preferable. Generation has obtained an understanding of how these prices are derived, including the nature and observability of the inputs used in deriving such prices. Additionally, Generation selectively corroborates the fair values of securities by comparison to other market-based price sources. U.S. Treasury securities are categorized as Level 1 because they trade in a highly liquid and transparent market. The fair values of fixed income securities, excluding U.S. Treasury securities, are based on evaluated prices that reflect observable market information, such as actual trade information or similar securities, adjusted for observable differences and are categorized in Level 2. The fair values of private placement fixed income securities, which are included in Corporate debt, are determined using a third party valuation that contains significant unobservable inputs and are categorized in Level 3.

Equity, balanced and fixed income commingled funds and mutual funds are maintained by investment companies and hold certain investments in accordance with a stated set of fund objectives such as holding short term fixed income securities or tracking the performance of certain equity indices by purchasing equity securities to replicate the capitalization and characteristics of the indices. The values of some of these funds are publicly quoted. For mutual funds which are publicly quoted, the funds are valued based on quoted prices in active markets and have been categorized as Level 1. For commingled funds and mutual funds, which are not publicly quoted, the funds are valued using NAV as a practical expedient for fair value, which is primarily derived from the quoted prices in active markets on the underlying securities, and are not classified within the fair value hierarchy. These investments typically can be redeemed monthly with 30 or less days of notice and without further restrictions.

Derivative instruments consisting primarily of interest rate swaps to manage risk are recorded at fair value. Derivative instruments are valued based on external price data of comparable securities and have been categorized as Level 2.

Middle market lending are investments in loans or managed funds which lend to private companies. Generation elected the fair value option for its investments in certain limited partnerships that invest in middle market lending managed funds. The fair value of these loans is determined using a combination of valuation models including cost models, market models and income models. Investments in loans are categorized as Level 3 because the fair value of these securities is based largely on inputs that are unobservable and utilize complex valuation models. Managed funds are valued using NAV or its equivalent as a practical expedient, and therefore, are not classified within the fair value hierarchy. Investments in middle market lending typically cannot be redeemed until maturity of the term loan.

Private equity and real estate investments include those in limited partnerships that invest in operating companies and real estate holding companies that are not publicly traded on a stock exchange, such as, leveraged buyouts, growth capital, venture capital, distressed investments, investments in natural resources, and direct

investments in pools of real estate properties. The fair value of private equity and real estate investments is determined using NAV or its equivalent as a practical expedient, and therefore, are not classified within the fair value hierarchy. These investments typically cannot be redeemed and are generally liquidated over a period of 8 to 10 years from the initial investment date. Private equity and real estate valuations are reported by the fund manager and are based on the valuation of the underlying investments, which include inputs such as cost, operating results, discounted future cash flows, market based comparable data, and independent appraisals from sources with professional qualifications. These valuation inputs are not highly observable.

As of June 30, 2016, Generation has outstanding commitments to invest in middle market lending, private equity investments and real estate investments of approximately $320 million, $37 million, and $479 million, respectively. These commitments will be funded by Generation's existing nuclear decommissioning trust funds.

Concentrations of Credit Risk . Generation evaluated its NDT portfolios for the existence of significant concentrations of credit risk as of June 30, 2016. Types of concentrations that were evaluated include, but are not limited to, investment concentrations in a single entity, type of industry, foreign country, and individual fund. As of June 30, 2016, there were no significant concentrations (generally defined as greater than 10 percent) of risk in Generation's NDT assets.

See Note 12 — Nuclear Decommissioning for further discussion on the NDT fund investments.

Rabbi Trust Investments (Exelon, Generation, PECO, BGE, PHI, Pepco, DPL and ACE). The Rabbi trusts were established to hold assets related to deferred compensation plans existing for certain active and retired members of Exelon's executive management and directors. The Rabbi trusts assets are included in investments in the Registrants' Consolidated Balance Sheets and consist primarily of money market funds, mutual funds, fixed income securities and life insurance policies. The mutual funds are maintained by investment companies and hold certain investments in accordance with a stated set of fund objectives, which are consistent with Exelon's overall investment strategy. Money market funds and mutual funds are publicly quoted and have been categorized as Level 1 given the clear observability of the prices. The fair values of fixed income securities are based on evaluated prices that reflect observable market information, such as actual trade information or similar securities, adjusted for observable differences and are categorized in Level 2. The life insurance policies are valued using the cash surrender value of the policies, net of loans against those policies, which is provided by a third-party. Certain life insurance policies, which consist primarily of mutual funds that are priced based on observable market data, have been categorized as Level 2 because the life insurance policies can be liquidated at the reporting date for the value of the underlying assets. Life insurance policies that are valued using unobservable inputs have been categorized as Level 3.

Mark-to-Market Derivatives (Exelon, Generation, ComEd, PHI and DPL) . Derivative contracts are traded in both exchange-based and non-exchange-based markets. Exchange-based derivatives that are valued using unadjusted quoted prices in active markets are categorized in Level 1 in the fair value hierarchy. Certain derivatives' pricing is verified using indicative price quotations available through brokers or over-the-counter, on-line exchanges and are categorized in Level 2. These price quotations reflect the average of the bid-ask, mid-point prices and are obtained from sources that the Registrants believe provide the most liquid market for the commodity. The price quotations are reviewed and corroborated to ensure the prices are observable and representative of an orderly transaction between market participants. This includes consideration of actual transaction volumes, market delivery points, bid-ask spreads and contract duration. The remainder of derivative contracts are valued using the Black model, an industry standard option valuation model. The Black model takes into account inputs such as contract terms, including maturity, and market parameters, including assumptions of the future prices of energy, interest rates, volatility, credit worthiness and credit spread. For derivatives that trade in liquid markets, such as generic forwards, swaps and options, model inputs are generally observable. Such instruments are categorized in Level 2. The Registrants' derivatives are predominately at liquid trading points.

For derivatives that trade in less liquid markets with limited pricing information model inputs generally would include both observable and unobservable inputs. These valuations may include an estimated basis adjustment from an illiquid trading point to a liquid trading point for which active price quotations are available. Such instruments are categorized in Level 3.

Exelon may utilize fixed-to-floating interest rate swaps, which are typically designated as fair value hedges, as a means to achieve its targeted level of variable-rate debt as a percent of total debt. In addition, the Registrants may utilize interest rate derivatives to lock in interest rate levels in anticipation of future financings. These interest rate derivatives are typically designated as cash flow hedges. Exelon determines the current fair value by calculating the net present value of expected payments and receipts under the swap agreement, based on and discounted by the market's expectation of future interest rates. Additional inputs to the net present value calculation may include the contract terms, counterparty credit risk and other market parameters. As these inputs are based on observable data and valuations of similar instruments, the interest rate swaps are categorized in Level 2 in the fair value hierarchy. See Note 9 — Derivative Financial Instruments for further discussion on mark-to-market derivatives.

Deferred Compensation Obligations (Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE). The Registrants' deferred compensation plans allow participants to defer certain cash compensation into a notional investment account. The Registrants include such plans in other current and noncurrent liabilities in their Consolidated Balance Sheets. The value of the Registrants' deferred compensation obligations is based on the market value of the participants' notional investment accounts. The underlying notional investments are comprised primarily of equities, mutual funds, commingled funds, and fixed income securities which are based on directly and indirectly observable market prices. Since the deferred compensation obligations themselves are not exchanged in an active market, they are categorized as Level 2 in the fair value hierarchy.

The value of certain employment agreement obligations (which are included with the Deferred Compensation Obligation in the tables above) are based on a known and certain stream of payments to be made over time and are categorized as Level 2 within the fair value hierarchy.

Additional Information Regarding Level 3 Fair Value Measurements (Exelon, Generation, ComEd, PECO, PHI, Pepco and DPL)

Mark-to-Market Derivatives (Exelon, Generation and ComEd). For valuations that include both observable and unobservable inputs, if the unobservable input is determined to be significant to the overall inputs, the entire valuation is categorized in Level 3. This includes derivatives valued using indicative price quotations whose contract tenure extends into unobservable periods. In instances where observable data is unavailable, consideration is given to the assumptions that market participants would use in valuing the asset or liability. This includes assumptions about market risks such as liquidity, volatility and contract duration. Such instruments are categorized in Level 3 as the model inputs generally are not observable. Exelon's RMC approves risk management policies and objectives for risk assessment, control and valuation, counterparty credit approval, and the monitoring and reporting of risk exposures. The RMC is chaired by the chief executive officer and includes the chief risk officer, chief strategy officer, chief executive officer of Exelon Utilities, chief commercial officer, chief financial officer and chief executive officer of Constellation. The RMC reports to the Finance and Risk Committee of the Exelon Board of Directors on the scope of the risk management activities. Forward price curves for the power market utilized by the front office to manage the portfolio, are reviewed and verified by the middle office, and used for financial reporting by the back office. The Registrants consider credit and nonperformance risk in the valuation of derivative contracts categorized in Level 2 and 3, including both historical and current market data in its assessment of credit and nonperformance risk by counterparty. Due to master netting agreements and collateral posting requirements, the impacts of credit and nonperformance risk were not material to the financial statements.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Disclosed below is detail surrounding the Registrants' significant Level 3 valuations. The calculated fair value includes marketability discounts for margining provisions and other attributes. Generation's Level 3 balance generally consists of forward sales and purchases of power and natural gas and certain transmission congestion contracts. Generation utilizes various inputs and factors including market data and assumptions that market participants would use in pricing assets or liabilities as well as assumptions about the risks inherent in the inputs to the valuation technique. The inputs and factors include forward commodity prices, commodity price volatility, contractual volumes, delivery location, interest rates, credit quality of counterparties and credit enhancements.

For commodity derivatives, the primary input to the valuation models is the forward commodity price curve for each instrument. Forward commodity price curves are derived by risk management for liquid locations and by the traders and portfolio managers for illiquid locations. All locations are reviewed and verified by risk management considering published exchange transaction prices, executed bilateral transactions, broker quotes, and other observable or public data sources. The relevant forward commodity curve used to value each of the derivatives depends on a number of factors, including commodity type, delivery location, and delivery period. Price volatility varies by commodity and location. When appropriate, Generation discounts future cash flows using risk free interest rates with adjustments to reflect the credit quality of each counterparty for assets and Generation's own credit quality for liabilities. The level of observability of a forward commodity price varies generally due to the delivery location and delivery period. Certain delivery locations including PJM West Hub (for power) and Henry Hub (for natural gas) are more liquid and prices are observable for up to three years in the future. The observability period of volatility is generally shorter than the underlying power curve used in option valuations. The forward curve for a less liquid location is estimated by using the forward curve from the liquid location and applying a spread to represent the cost to transport the commodity to the delivery location. This spread does not typically represent a majority of the instrument's market price. As a result, the change in fair value is closely tied to liquid market movements and not a change in the applied spread. The change in fair value associated with a change in the spread is generally immaterial. An average spread calculated across all Level 3 power and gas delivery locations is approximately $2.67 and $0.32 for power and natural gas, respectively. Many of the commodity derivatives are short term in nature and thus a majority of the fair value may be based on observable inputs even though the contract as a whole must be classified as Level 3. See ITEM 3. — QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK for information regarding the maturity by year of the Registrants' mark-to-market derivative assets and liabilities.

On December 17, 2010, ComEd entered into several 20-year floating to fixed energy swap contracts with unaffiliated suppliers for the procurement of long-term renewable energy and associated RECs. See Note 9 — Derivative Financial Instruments for more information. The fair value of these swaps has been designated as a Level 3 valuation due to the long tenure of the positions and internal modeling assumptions. The modeling assumptions include using natural gas heat rates to project long term forward power curves adjusted by a renewable factor that incorporates time of day and seasonality factors to reflect accurate renewable energy pricing. In addition, marketability reserves are applied to the positions based on the tenor and supplier risk.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The table below discloses the significant inputs to the forward curve used to value these positions.

Type of trade	Fair Value at June 30, 2016	Valuation Technique	Unobservable Input	Range
Mark-to-market derivatives — Economic Hedges (Exelon and Generation) [a][c]	$ 493	Discounted Cash Flow	Forward power price	$8 — $130
			Forward gas price	$1.74 — $10.19
		Option Model	Volatility percentage	5% — 353%
Mark-to-market derivatives — Proprietary trading (Exelon and Generation) [a][c]	$ (3)	Discounted Cash Flow	Forward power price	$12 — $84
Mark-to-market derivatives (Exelon and ComEd)	$ (221)	Discounted Cash Flow	Forward heat rate [b]	8x — 9x
			Marketability reserve	3% — 8%
			Renewable factor	88% — 120%

(a) The valuation techniques, unobservable inputs and ranges are the same for the asset and liability positions.
(b) Quoted forward natural gas rates are utilized to project the forward power curve for the delivery of energy at specified future dates. The natural gas curve is extrapolated beyond its observable period to the end of the contract's delivery.
(c) The fair values do not include cash collateral posted on level three positions of $119 million as of June 30, 2016.

Type of trade	Fair Value at December 31, 2015	Valuation Technique	Unobservable Input	Range
Mark-to-market derivatives — Economic Hedges (Exelon and Generation) [a][c]	$ 857	Discounted Cash Flow	Forward power price	$11 — $88
			Forward gas price	$1.18 — $8.95
		Option Model	Volatility percentage	5% — 152%
Mark-to-market derivatives — Proprietary trading (Exelon and Generation) [a][c]	$ (7)	Discounted Cash Flow	Forward power price	$13 — $78
Mark-to-market derivatives (Exelon and ComEd)	$ (247)	Discounted Cash Flow	Forward heat rate [b]	9x — 10x
			Marketability reserve	3.5% — 7%
			Renewable factor	87% — 128%

(a) The valuation techniques, unobservable inputs and ranges are the same for the asset and liability positions.
(b) Quoted forward natural gas rates are utilized to project the forward power curve for the delivery of energy at specified future dates. The natural gas curve is extrapolated beyond its observable period to the end of the contract's delivery.
(c) The fair values do not include cash collateral posted on level three positions of $201 million as of December 31, 2015.

The inputs listed above would have a direct impact on the fair values of the above instruments if they were adjusted. The significant unobservable inputs used in the fair value measurement of Generation's commodity derivatives are forward commodity prices and for options is price volatility. Increases (decreases) in the forward commodity price in isolation would result in significantly higher (lower) fair values for long positions (contracts that give Generation the obligation or option to purchase a commodity), with offsetting impacts to short positions (contracts that give Generation the obligation or right to sell a commodity). Increases (decreases) in volatility would increase (decrease) the value for the holder of the option (writer of the option). Generally, a change in the estimate of forward commodity prices is unrelated to a change in the estimate of volatility of prices. An increase to the reserves listed above would decrease the fair value of the positions. An increase to the heat rate or renewable factors would increase the fair value accordingly. Generally, interrelationships exist between market prices of natural gas and power. As such, an increase in natural gas pricing would potentially have a similar impact on forward power markets.

Nuclear Decommissioning Trust Fund Investments and Pledged Assets for Zion Station Decommissioning (Exelon and Generation). For middle market lending and certain corporate debt securities investments, the fair value is determined using a combination of valuation models including cost models, market models and income models. The valuation estimates are based on valuations of comparable companies, discounting the forecasted cash flows of the portfolio company, estimating the liquidation or collateral value of the portfolio company or its assets, considering offers from third parties to buy the portfolio company, its historical and projected financial results, as well as other factors that may impact value. Significant judgment is required in the application of discounts or premiums applied to the prices of comparable companies for factors such as size, marketability, credit risk and relative performance.

Because Generation relies on third-party fund managers to develop the quantitative unobservable inputs without adjustment for the valuations of its Level 3 investments, quantitative information about significant unobservable inputs used in valuing these investments is not reasonably available to Generation. This includes information regarding the sensitivity of the fair values to changes in the unobservable inputs. Generation gains an understanding of the fund managers' inputs and assumptions used in preparing the valuations. Generation performed procedures to assess the reasonableness of the valuations. For a sample of its Level 3 investments, Generation reviewed independent valuations and reviewed the assumptions in the detailed pricing models used by the fund managers.

Rabbi Trust Investments — Life insurance contracts (Exelon, PHI, Pepco, DPL and ACE). For life insurance policies categorized as Level 3, the fair value is determined based on the cash surrender value of the policy, which contains unobservable inputs and assumptions. Because Exelon relies on its third-party insurance provider to develop the inputs without adjustment for the valuations of its Level 3 investments, quantitative information about significant unobservable inputs used in valuing these investments is not reasonably available to Exelon. Exelon gains an understanding of the types of inputs and assumptions used in preparing the valuations and performs procedures to assess the reasonableness of the valuations.

9. Derivative Financial Instruments (All Registrants)

The Registrants use derivative instruments to manage commodity price risk, foreign currency exchange risk and interest rate risk related to ongoing business operations.

Commodity Price Risk (All Registrants)

To the extent the amount of energy Generation produces differs from the amount of energy it has contracted to sell, Exelon and Generation are exposed to market fluctuations in the prices of electricity, fossil fuels and other commodities. Each of the Registrants employ established policies and procedures to manage their risks

associated with market fluctuations in commodity prices by entering into physical and financial derivative contracts, including swaps, futures, forwards, options and short-term and long-term commitments to purchase and sell energy and energy-related products. The Registrants believe these instruments, which are classified as either economic hedges or non-derivatives, mitigate exposure to fluctuations in commodity prices.

Derivative accounting guidance requires that derivative instruments be recognized as either assets or liabilities at fair value, with changes in fair value of the derivative recognized in earnings each period. Other accounting treatments are available through special election and designation, provided they meet specific, restrictive criteria both at the time of designation and on an ongoing basis. These alternative permissible accounting treatments include normal purchase normal sale (NPNS), cash flow hedge and fair value hedge. For Generation, all derivative economic hedges related to commodities are recorded at fair value through earnings for the combined company, referred to as economic hedges in the following tables. The Registrants have applied the NPNS scope exception to certain derivative contracts for the forward sale of generation, power procurement agreements and natural gas supply agreements. Generation has also entered into bilateral long-term contractual obligations for sales of energy to load-serving entities, including electric utilities, municipalities, electric cooperatives and retail load aggregators, as well as contractual obligations to deliver energy to market participants who primarily focus on the resale of energy products for delivery. These non-derivative contracts are accounted for primarily under the accrual method of accounting. Additionally, Generation is exposed to certain market risks through its proprietary trading activities. The proprietary trading activities are a complement to Generation's energy marketing portfolio but represent a small portion of Generation's overall energy marketing activities.

Economic Hedging. The Registrants are exposed to commodity price risk primarily relating to changes in the market price of electricity, fossil fuels and other commodities associated with price movements resulting from changes in supply and demand, fuel costs, market liquidity, weather conditions, governmental regulatory and environmental policies and other factors. Within Exelon, Generation has the most exposure to commodity price risk. As such, Generation uses a variety of derivative and non-derivative instruments to manage the commodity price risk of its electric generation facilities, including power and gas sales, fuel and energy purchases, natural gas transportation and pipeline capacity agreements and other energy-related products marketed and purchased. In order to manage these risks, Generation may enter into fixed-price derivative or non-derivative contracts to hedge the variability in future cash flows from forecasted sales of energy and gas and purchases of fuel and energy. The objectives for entering into such hedges include fixing the price for a portion of anticipated future electricity sales at a level that provides an acceptable return on electric generation operations, fixing the price of a portion of anticipated fuel purchases for the operation of power plants, and fixing the price for a portion of anticipated energy purchases to supply load-serving customers. The portion of forecasted transactions hedged may vary based upon management's policies and hedging objectives, the market, weather conditions, operational and other factors. Generation is also exposed to differences between the locational settlement prices of certain economic hedges and the hedged generating units. This price difference is actively managed through other instruments which include derivative congestion products, whose changes in fair value are recognized in earnings each period, and auction revenue rights, which are accounted for on an accrual basis.

In general, increases and decreases in forward market prices have a positive and negative impact, respectively, on Generation's owned and contracted generation positions that have not been hedged. Generation hedges commodity price risk on a ratable basis over three-year periods. As of June 30, 2016, the proportion of expected generation hedged for the major reportable segments is 97%-100%, 78%-81% and 47%-50% for 2016, 2017 and 2018, respectively. The percentage of expected generation hedged is the amount of equivalent sales divided by the expected generation. Expected generation is the volume of energy that best represents our commodity position in energy markets from owned or contracted for capacity based upon a simulated dispatch model that makes assumptions regarding future market conditions, which are calibrated to market quotes for power, fuel, load following products, and options. Equivalent sales represent all hedging products, which include economic hedges and certain non-derivative contracts including Generation's sales to the Utility Registrants to serve their retail load.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

On December 17, 2010, ComEd entered into several 20-year floating-to-fixed energy swap contracts with unaffiliated suppliers for the procurement of long-term renewable energy and associated RECs. Delivery under the contracts began in June 2012. These contracts are designed to lock in a portion of the long-term commodity price risk resulting from the renewable energy resource procurement requirements in the Illinois Settlement Legislation. ComEd has not elected hedge accounting for these derivative financial instruments. ComEd records the fair value of the swap contracts on its balance sheet. Because ComEd receives full cost recovery for energy procurement and related costs from retail customers, the change in fair value each period is recorded by ComEd as a regulatory asset or liability. See Note 3 — Regulatory Matters of the Exelon 2015 Form 10-K for additional information.

PECO has contracts to procure electric supply that were executed through the competitive procurement process outlined in its PAPUC-approved DSP Programs, which are further discussed in Note 5 — Regulatory Matters. Based on Pennsylvania legislation and the DSP Programs permitting PECO to recover its electric supply procurement costs from retail customers with no mark-up, PECO's price risk related to electric supply procurement is limited. PECO locked in fixed prices for a significant portion of its commodity price risk through full requirements contracts. PECO has certain full requirements contracts that are considered derivatives and qualify for the NPNS scope exception under current derivative authoritative guidance.

PECO's natural gas procurement policy is designed to achieve a reasonable balance of long-term and short-term gas purchases under different pricing approaches in order to achieve system supply reliability at the least cost. PECO's reliability strategy is two-fold. First, PECO must assure that there is sufficient transportation capacity to satisfy delivery requirements. Second, PECO must ensure that a firm source of supply exists to utilize the capacity resources. All of PECO's natural gas supply and asset management agreements that are derivatives either qualify for the NPNS scope exception and have been designated as such, or have no mark-to-market balances because the derivatives are index priced. Additionally, in accordance with the 2015 PAPUC PGC settlement and to reduce the exposure of PECO and its customers to natural gas price volatility, PECO has continued its program to purchase natural gas for both winter and summer supplies using a layered approach of locking-in prices ahead of each season with long-term gas purchase agreements (those with primary terms of at least twelve months). Under the terms of the 2015 PGC settlement, PECO is required to lock in (i.e. economically hedge) the price of a minimum volume of its long-term gas commodity purchases. PECO's gas-hedging program is designed to cover about 30% of planned natural gas purchases in support of projected firm sales. The hedging program for natural gas procurement has no direct impact on PECO's financial position or results of operations as natural gas costs are fully recovered from customers under the PGC.

BGE has contracts to procure SOS electric supply that are executed through a competitive procurement process approved by the MDPSC. The SOS rates charged recover BGE's wholesale power supply costs and include an administrative fee. The administrative fee includes an incremental cost component and a shareholder return component for commercial and industrial rate classes. BGE's price risk related to electric supply procurement is limited. BGE locks in fixed prices for all of its SOS requirements through full requirements contracts. Certain of BGE's full requirements contracts, which are considered derivatives, qualify for the NPNS scope exception under current derivative authoritative guidance. Other BGE full requirements contracts are not derivatives.

BGE provides natural gas to its customers under a MBR mechanism approved by the MDPSC. Under this mechanism, BGE's actual cost of gas is compared to a market index (a measure of the market price of gas in a given period). The difference between BGE's actual cost and the market index is shared equally between shareholders and customers. BGE must also secure fixed price contracts for at least 10%, but not more than 20%, of forecasted system supply requirements for flowing (i.e. non-storage) gas for the November through March period. These fixed-price contracts are not subject to sharing under the MBR mechanism. BGE also ensures it has

sufficient pipeline transportation capacity to meet customer requirements. All of BGE's natural gas supply and asset management agreements qualify for the NPNS scope exception and result in physical delivery.

Pepco has contracts to procure SOS electric supply that are executed through a competitive procurement process approved by the MDPSC and DCPSC. The SOS rates charged recover Pepco's wholesale power supply costs and include an administrative fee. The administrative fee includes an incremental cost component and a shareholder return component for residential and commercial rate classes. Pepco's price risk related to electric supply procurement is limited. Pepco locks in fixed prices for all of its SOS requirements through full requirements contracts. Certain of Pepco's full requirements contracts, which are considered derivatives, qualify for the NPNS scope exception under current derivative authoritative guidance. Other Pepco full requirements contracts are not derivatives.

DPL has contracts to procure SOS electric supply that are executed through a competitive procurement process approved by the MDPSC and the DPSC. The SOS rates charged recover DPL's wholesale power supply costs. In Delaware, DPL is also entitled to recover a Reasonable Allowance for Retail Margin (RARM). The RARM includes a fixed annual margin of approximately $2.75 million, plus an incremental cost component and a cash working capital allowance. In Maryland, DPL charges an administrative fee intended to allow it to recover its administrative costs. DPL locks in fixed prices for all of its SOS requirements through full requirements contracts. DPL's price risk related to electric supply procurement is limited. Certain of DPL's full requirements contracts, which are considered derivatives, qualify for the NPNS scope exception under current derivative authoritative guidance. Other DPL full requirements contracts are not derivatives.

DPL provides natural gas to its customers under an Annual GCR mechanism approved by the DPSC. Under this mechanism, DPL's Annual GCR Filing establishes a future GCR for firm bundled sales customers by using a forecast of demand and commodity costs. The actual costs are trued up versus the forecast on a monthly basis and any shortfall or excess is carried forward as a recovery balance in the next GCR filing. The demand portion of the GCR is based upon DPL's firm transportation and storage contracts. DPL has firm deliverability of swing and seasonal storage; a liquefied natural gas facility and firm transportation capacity to meet customer demand and provide a reserve margin. The commodity portion of the GCR includes a commission approved hedging program which is intended to reduce gas commodity price volatility while limiting the firm natural gas customers' exposure to adverse changes in the market price of natural gas. The hedge program requires that DPL hedge, on a non-discretionary basis, an amount equal to fifty percent (50%) of estimated purchase requirements for each month, including estimated monthly purchases for storage injections. The fifty percent (50%) hedge monthly target is achieved by hedging 1/12th of the 50% target each month beginning 12-months prior to the month in which the physical gas is to be purchased. Currently, DPL uses only exchange traded futures for its Gas Hedging Program, which are considered derivatives, however, it retains the capability to employ other physical and financial hedges if needed. DPL has not elected hedge accounting for these derivative financial instruments. Because of the DPSC-approved fuel adjustment clause for DPL's derivatives, the change in fair value of the derivatives each period, in addition to all premiums paid and other transaction costs incurred as part of the Gas Hedging Program, are fully recoverable and are recorded by DPL as regulatory assets or liabilities. DPL's physical gas purchases are currently all daily, monthly or intra-month transactions. From time to time, DPL will enter into seasonal purchase or sale arrangements, however, there are none currently in the portfolio. Certain of DPL's full requirements contracts, which are considered derivatives, qualify for the NPNS scope exception under current derivative authoritative guidance. Other DPL full requirements contracts are not derivatives.

ACE has contracts to procure BGS electric supply that are executed through a competitive procurement process approved by the NJBPU. The BGS rates charged recover ACE's wholesale power supply costs. ACE does not make any profit or incur any loss on the supply component of the BGS it supplies to customers. ACE's price risk related to electric supply procurement is limited. ACE locks in fixed prices for all of its BGS

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requirements through full requirements contracts. Certain of ACE's full requirements contracts, which are considered derivatives, qualify for the NPNS scope exception under current derivative authoritative guidance. Other ACE full requirements contracts are not derivatives.

Proprietary Trading. Generation also enters into certain energy-related derivatives for proprietary trading purposes. Proprietary trading includes all contracts entered into with the intent of benefiting from shifts or changes in market prices as opposed to those entered into with the intent of hedging or managing risk. Proprietary trading activities are subject to limits established by Exelon's RMC. The proprietary trading activities, which included settled physical sales volumes of 1,289 GWhs and 2,509 GWhs for the three and six months ended June 30, 2016, respectively, and 1,657 GWhs and 3,465 GWhs for the three and six months ended June 30, 2015, respectively, are a complement to Generation's energy marketing portfolio but represent a small portion of Generation's revenue from energy marketing activities. ComEd, PECO, BGE, PHI, Pepco, DPL and ACE do not enter into derivatives for proprietary trading purposes.

Interest Rate and Foreign Exchange Risk (Exelon, Generation, ComEd, PECO, BGE and PHI)

The Registrants use a combination of fixed-rate and variable-rate debt to manage interest rate exposure. The Registrants utilize fixed-to-floating interest rate swaps, which are typically designated as fair value hedges, as a means to manage their interest rate exposure. In addition, the Registrants may utilize interest rate derivatives to lock in rate levels in anticipation of future financings, which are typically designated as cash flow hedges. These strategies are employed to manage interest rate risks. At June 30, 2016, Exelon had $800 million of notional amounts of fixed-to-floating hedges outstanding, and Exelon and Generation had $764 million and $674 million of notional amounts of floating-to-fixed hedges outstanding, respectively. Assuming the fair value and cash flow interest rate hedges are 100% effective, a hypothetical 50 bps increase in the interest rates associated with unhedged variable-rate debt (excluding Commercial Paper) and fixed-to-floating swaps would result in an approximately $3 million decrease in Exelon Consolidated pre-tax income for the six months ended June 30, 2016. To manage foreign exchange rate exposure associated with international energy purchases in currencies other than U.S. dollars, Generation utilizes foreign currency derivatives, which are typically designated as economic hedges. Below is a summary of the interest rate and foreign exchange hedge balances as of June 30, 2016.

	Generation					Exelon Corporate	Exelon
Description	Derivatives Designated as Hedging Instruments	Economic Hedges	Proprietary Trading [a]	Collateral and Netting [b]	Subtotal	Derivatives Designated as Hedging Instruments	Total
Mark-to-market derivative assets (current assets)	$ —	$ 14	$ 6	$ (11)	$ 9	$ —	$ 9
Mark-to-market derivative assets (noncurrent assets)	—	14	5	(12)	7	47	54
Total mark-to-market derivative assets	—	28	11	(23)	16	47	63
Mark-to-market derivative liabilities (current liabilities)	(8)	(9)	(4)	12	(9)	—	(9)
Mark-to-market derivative liabilities (noncurrent liabilities)	(13)	(10)	(5)	14	(14)	(2)	(16)
Total mark-to-market derivative liabilities	(21)	(19)	(9)	26	(23)	(2)	(25)
Total mark-to-market derivative net assets (liabilities)	$ (21)	$ 9	$ 2	$ 3	$ (7)	$ 45	$ 38

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

(a) Generation enters into interest rate derivative contracts to economically hedge risk associated with the interest rate component of commodity positions. The characterization of the interest rate derivative contracts between the proprietary trading activity in the above table is driven by the corresponding characterization of the underlying commodity position that gives rise to the interest rate exposure. Generation does not utilize proprietary trading interest rate derivatives with the objective of benefiting from shifts or changes in market interest rates.

(b) Exelon and Generation net all available amounts allowed under the derivative accounting guidance on the balance sheet. These amounts include unrealized derivative transactions with the same counterparty under legally enforceable master netting agreements and cash collateral. In some cases Exelon and Generation may have other offsetting exposures, subject to a master netting or similar agreement, such as accrued interest, transactions that do not qualify as derivatives, letters of credit and other forms of non-cash collateral. These are not reflected in the table above.

The following table provides a summary of the interest rate and foreign exchange hedge balances recorded by the Registrants as of December 31, 2015:

	Generation					Exelon Corporate	Exelon
Description	Derivatives Designated as Hedging Instruments	Economic Hedges	Proprietary Trading [a]	Collateral and Netting [b]	Subtotal	Derivatives Designated as Hedging Instruments	Total
Mark-to-market derivative assets (current assets)	$ —	$ 10	$ 10	$ (5)	$ 15	$ —	$ 15
Mark-to-market derivative assets (noncurrent assets)	—	10	5	(1)	14	25	39
Total mark-to-market derivative assets	—	20	15	(6)	29	25	54
Mark-to-market derivative liabilities (current liabilities)	(8)	(2)	(9)	11	(8)	—	(8)
Mark-to-market derivative liabilities (noncurrent liabilities)	(8)	(1)	(3)	4	(8)	—	(8)
Total mark-to-market derivative liabilities	(16)	(3)	(12)	15	(16)	—	(16)
Total mark-to-market derivative net assets (liabilities)	$ (16)	$ 17	$ 3	$ 9	$ 13	$ 25	$ 38

(a) Generation enters into interest rate derivative contracts to economically hedge risk associated with the interest rate component of commodity positions. The characterization of the interest rate derivative contracts between the proprietary trading activity in the above table is driven by the corresponding characterization of the underlying commodity position that gives rise to the interest rate exposure. Generation does not utilize proprietary trading interest rate derivatives with the objective of benefiting from shifts or changes in market interest rates.

(b) Exelon and Generation net all available amounts allowed under the derivative accounting guidance on the balance sheet. These amounts include unrealized derivative transactions with the same counterparty under legally enforceable master netting agreements and cash collateral. In some cases Exelon and Generation may have other offsetting exposures, subject to a master netting or similar agreement, such as accrued interest, transactions that do not qualify as derivatives, letters of credit and other forms of non-cash collateral. These are not reflected in the table above.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Fair Value Hedges . For derivative instruments that are designated and qualify as fair value hedges, the gain or loss on the derivative as well as the offsetting loss or gain on the hedged item attributable to the hedged risk are recognized in current earnings. Exelon includes the gain or loss on the hedged items and the offsetting loss or gain on the related interest rate swaps in interest expense as follows:

		Three Months Ended June 30,			
	Income Statement Location	2016	2015	2016	2015
		Gain (loss) on Swaps		Gain (loss) on Borrowings	
Exelon	Interest expense	$ 5	$ (11)	$ (1)	$ 16

		Six Months Ended June 30,			
	Income Statement Location	2016	2015	2016	2015
		Gain (loss) on Swaps		Gain (loss) on Borrowings	
Generation	Interest expense [(a)]	$ —	$ (1)	$ —	$ —
Exelon	Interest expense	22	(1)	(16)	9

(a) For the six months ended June 30, 2015, the loss on Generation swaps included $1 million realized in earnings with an immaterial amount excluded from hedge effectiveness testing.

At June 30, 2016, Exelon had total outstanding fixed-to-floating fair value hedges related to interest rate swaps of $800 million, with a derivative asset of $47 million. At December 31, 2015, Exelon had total outstanding fixed-to-floating fair value hedges related to interest rate swaps of $800 million, with a derivative asset of $25 million. During the three and six months ended June 30, 2016, the impact on the results of operations as a result of ineffectiveness from fair value hedges was a $4 million and a $6 million gain, respectively.

Cash Flow Hedges . During the second quarter of 2016, Exelon entered into $90 million of floating-to-fixed forward starting interest rate swaps to manage a portion of the interest rate exposure associated with the anticipated issuance of debt. The swaps are designated as cash flow hedges. At June 30, 2016, Exelon had a $1 million derivative liability related to the swaps.

During the first and second quarter of 2016, Exelon entered into $600 million and $100 million of floating-to-fixed forward starting interest rate swaps, respectively, to manage a portion of the interest rate exposure associated with the anticipated issuance of debt. The swaps were designated as cash flow hedges. Exelon terminated the swaps during the second quarter of 2016 upon issuance of the debt. Exelon recognized a loss of $3 million related to the swaps and $3 million of AOCI will be amortized into Other, net in Exelon's Consolidated Statement of Operations and Comprehensive Income over the term of the debt. See Note 10 — Debt and Credit Agreements for additional information.

During the first quarter of 2016, Exelon entered into $100 million of floating-to-fixed forward starting interest rate swap to manage a portion of the interest rate exposure associated with an anticipated debt issuance. The swap was designated as a cash flow hedge. Exelon terminated the swap during the first quarter of 2016 upon issuance of the debt. Exelon did not recognize a gain or loss as a result of the termination of the swap and an immaterial amount of AOCI will be amortized into Other, net in Exelon's Consolidated Statement of Operations and Comprehensive Income over the term of the debt.

During the third quarter of 2014, ExGen Texas Power, LLC, a subsidiary of Generation, entered into a floating-to-fixed interest rate swap to manage a portion of its interest rate exposure in connection with the long-term borrowing. See Note 14 — Debt and Credit Agreements of the Exelon 2015 Form 10-K for additional information regarding the financing. The swaps have a notional amount of $497 million as of June 30, 2016 and

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expire in 2019. The swap was designated as a cash flow hedge in the fourth quarter of 2014. At June 30, 2016, the subsidiary had a $18 million derivative liability related to the swap.

During the first quarter of 2014, ExGen Renewables I, LLC, a subsidiary of Generation, entered into floating-to-fixed interest rate swaps to manage a portion of its interest rate exposure in connection with the long-term borrowings. See Note 14 — Debt and Credit Agreements of the Exelon 2015 Form 10-K for additional information regarding the financing. The swaps have a notional amount of $177 million as of June 30, 2016 and expire in 2020. The swaps are designated as cash flow hedges. At June 30, 2016, the subsidiary had a $4 million derivative liability related to the swaps.

During the second quarter of 2002, PHI entered into treasury rate lock transactions in anticipation of the issuance of several series of fixed-rate debt commencing in August 2002 to manage a portion of its interest rate exposure. Upon issuance of the fixed-rate debt in August 2002, the treasury rate locks were terminated at a loss and the loss was deferred in AOCI. As a result of the PHI Merger, the remaining unamortized deferred loss recorded in AOCI was adjusted to zero through application of purchase accounting.

During the three and six months ended June 30, 2016 and 2015, the impact on the results of operations as a result of ineffectiveness from cash flow hedges in continuing designated hedge relationships was immaterial.

Economic Hedges . During the third quarter of 2011, Sacramento PV Energy, a subsidiary of Generation entered into floating-to-fixed interest rate swaps to manage a portion of its interest rate exposure in connection with the long-term borrowings. See Note 14 — Debt and Credit Agreements of the Exelon 2015 Form 10-K for additional information regarding the financing. During the first quarter of 2016, upon the issuance of debt, Generation terminated the swaps. The total notional amount of the swaps were $25 million. No gain or loss was recognized as a result of the termination of the swaps.

During the third quarter of 2012, Constellation Solar Horizons, a subsidiary of Generation, entered into a floating-to-fixed interest rate swap to manage a portion of its interest rate exposure in connection with the long-term borrowings. See Note 14 — Debt and Credit Agreements of the Exelon 2015 Form 10-K for additional information regarding the financing. During the first quarter of 2016, upon the issuance of debt, Generation terminated the swap. The total notional amount of the swap was $24 million. No gain or loss was recognized as a result of the termination of the swap.

During the second quarter 2015, upon the issuance of debt, Exelon terminated $2,400 million of floating-to-fixed forward starting interest rate swaps. As a result of the termination of the swaps, Exelon realized a $64 million loss during the second quarter of 2015.

At June 30, 2016, Generation had immaterial notional amounts of interest rate derivative contracts to economically hedge risk associated with the interest rate component of commodity positions and $100 million in notional amounts of foreign currency exchange rate swaps that are marked-to-market to manage the exposure associated with international commodity transactions in currencies other than U.S. dollars.

Fair Value Measurement and Accounting for the Offsetting of Amounts Related to Certain Contracts (Exelon, Generation, ComEd, PECO, BGE, PHI and DPL)

Fair value accounting guidance and disclosures about offsetting assets and liabilities requires the fair value of derivative instruments to be shown in the Notes to the Consolidated Financial Statements on a gross basis, even when the derivative instruments are subject to legally enforceable master netting agreements and qualify for net presentation in the Consolidated Balance Sheet. A master netting agreement is an agreement between two

counterparties that may have derivative and non-derivative contracts with each other providing for the net settlement of all referencing contracts via one payment stream, which takes place as the contracts deliver, when collateral is requested or in the event of default. Generation's use of cash collateral is generally unrestricted, unless Generation is downgraded below investment grade (i.e. to BB+ or Ba1). In the table below, Generation's energy related economic hedges and proprietary trading derivatives are shown gross. The impact of the netting of fair value balances with the same counterparty that are subject to legally enforceable master netting agreements, as well as netting of cash collateral, including initial margin on exchange positions, is aggregated in the collateral and netting column. As of June 30, 2016 and December 31, 2015, $10 million and $3 million of cash collateral posted, respectively, was not offset against derivative positions because such collateral was not associated with any energy-related derivatives, were associated with accrual positions, or as of the balance sheet date there were no positions to offset. Excluded from the tables below are economic hedges that qualify for the NPNS scope exception and other non-derivative contracts that are accounted for under the accrual method of accounting.

ComEd's use of cash collateral is generally unrestricted unless ComEd is downgraded below investment grade (i.e. to BB+ or Ba1).

Cash collateral held by PECO and BGE must be deposited in a non affiliate major U.S. commercial bank or foreign bank with a U.S. branch office that meet certain qualifications.

In the table below, DPL's economic hedges are shown gross. The impact of the netting of fair value balances with the same counterparty that are subject to legally enforceable master netting agreements, as well as netting of cash collateral, is aggregated in the collateral and netting column.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following table provides a summary of the derivative fair value balances recorded by the Registrants as of June 30, 2016:

	Generation				ComEd	DPL			*Successor* PHI	Exelon
Derivatives	Economic Hedges	Proprietary Trading	Collateral and Netting (a)	Subtotal (b)	Economic Hedges (c)	Economic Hedges (d)	Collateral and Netting (a)	Subtotal	Subtotal	Total Derivatives
Mark-to-market derivative assets (current assets)	$ 4,089	$ 99	$ (3,438)	$ 750	$ —	$ 1	$ (1)	$ —	$ —	$ 750
Mark-to-market derivative assets (noncurrent assets)	1,846	28	(1,382)	492	—	—	—	—	—	492
Total mark-to-market derivative assets	5,935	127	(4,820)	1,242	—	1	(1)	—	—	1,242
Mark-to-market derivative liabilities (current liabilities)	(3,797)	(94)	3,766	(125)	(18)	—	—	—	—	(143)
Mark-to-market derivative liabilities (noncurrent liabilities)	(1,761)	(37)	1,575	(223)	(203)	—	—	—	—	(426)
Total mark-to-market derivative liabilities	(5,558)	(131)	5,341	(348)	(221)	—	—	—	—	(569)
Total mark-to-market derivative net assets (liabilities)	$ 377	$ (4)	$ 521	$ 894	$ (221)	$ 1	$ (1)	$ —	$ —	$ 673

(a) Exelon, Generation, PHI and DPL net all available amounts allowed under the derivative accounting guidance on the balance sheet. These amounts include unrealized derivative transactions with the same counterparty under legally enforceable master netting agreements and cash collateral. In some cases Exelon and Generation may have other offsetting exposures, subject to a master netting or similar agreement, such as trade receivables and payables, transactions that do not qualify as derivatives, letters of credit and other forms of non-cash collateral. These are not reflected in the table above.

(b) Current and noncurrent assets are shown net of collateral of $159 million and $88 million, respectively, and current and noncurrent liabilities are shown net of collateral of $170 million and $104 million, respectively. The total cash collateral posted, net of cash collateral received and offset against mark-to-market assets and liabilities was $521 million at June 30, 2016.

(c) Includes current and noncurrent liabilities relating to floating-to-fixed energy swap contracts with unaffiliated suppliers.

(d) Represents natural gas futures purchased by DPL as part of a natural gas hedging program approved by the DPSC.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following table provides a summary of the derivative fair value balances recorded by the Registrants as of December 31, 2015:

	Generation				ComEd	Exelon	DPL			PHI Corporate	*Predecessor* PHI
Description	Economic Hedges	Proprietary Trading	Collateral and Netting (a)	Subtotal (b)	Economic Hedges (c)	Total Derivatives	Economic Hedges (e)	Collateral and Netting (a)	Subtotal	Other (d)	Total Derivatives
Mark-to-market derivative assets (current assets)	$ 5,236	$ 108	$ (3,994)	$ 1,350	$ —	$ 1,350	$ —	$ —	$ —	$ 18	$ 18
Mark-to-market derivative assets (noncurrent assets)	1,860	22	(1,163)	719	—	719	—	—	—	—	—
Total mark-to-market derivative assets	7,096	130	(5,157)	2,069	—	2,069	—	—	—	18	18
Mark-to-market derivative liabilities (current liabilities)	(4,907)	(94)	4,827	(174)	(23)	(197)	(2)	2	—	—	—
Mark-to-market derivative liabilities (noncurrent liabilities)	(1,673)	(33)	1,564	(142)	(224)	(366)	—	—	—	—	—
Total mark-to-market derivative liabilities	(6,580)	(127)	6,391	(316)	(247)	(563)	(2)	2	—	—	—
Total mark-to-market derivative net assets (liabilities)	$ 516	$ 3	$ 1,234	$ 1,753	$ (247)	$ 1,506	$ (2)	$ 2	$ —	$ 18	$ 18

(a) Exelon, Generation, PHI and DPL net all available amounts allowed under the derivative accounting guidance on the balance sheet. These amounts include unrealized derivative transactions with the same counterparty under legally enforceable master netting agreements and cash collateral. In some cases Exelon and Generation may have other offsetting exposures, subject to a master netting or similar agreement, such as trade receivables and payables, transactions that do not qualify as derivatives, and letters of credit and other forms of non-cash collateral. These are not reflected in the table above.

(b) Current and noncurrent assets are shown net of collateral of $352 million and $180 million, respectively, and current and noncurrent liabilities are shown net of collateral of $480 million and $222 million, respectively. The total cash collateral posted, net of cash collateral received and offset against mark-to-market assets and liabilities was $1,234 million at December 31, 2015.

(c) Includes current and noncurrent liabilities relating to floating-to-fixed energy swap contracts with unaffiliated suppliers.

(d) Prior to the PHI Merger, PHI recorded derivative assets for the embedded call and redemption features on the shares of Preferred Stock outstanding as of December 31, 2015. See Note 16—Mezzanine Equity for additional information. As a result of the PHI Merger, the PHI preferred stock derivative was reduced to zero as of March 23, 2016.

(e) Represents natural gas futures purchased by DPL as part of a natural gas hedging program approved by the DPSC.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Cash Flow Hedges (Exelon and Generation). The tables below provide the activity of AOCI related to cash flow hedges for the six months ended June 30, 2016 and 2015, containing information about the changes in the fair value of cash flow hedges and the reclassification from AOCI into results of operations. The amounts reclassified from AOCI, when combined with the impacts of the hedged transactions, result in the ultimate recognition of net revenues or expenses at the contractual price.

		Total Cash Flow Hedge OCI Activity, Net of Income Tax	
		Generation	Exelon
Three Months Ended June 30, 2016	Income Statement Location	Total Cash Flow Hedges	Total Cash Flow Hedges
AOCI derivative loss at March 31, 2016		$ (26)	$ (26)
Reclassifications from AOCI to net income	Interest expense	1	—
AOCI derivative loss at June 30, 2016		$ (25)	$ (26)

		Total Cash Flow Hedge OCI Activity, Net of Income Tax	
		Generation	Exelon
Six Months Ended June 30, 2016	Income Statement Location	Total Cash Flow Hedges	Total Cash Flow Hedges
Accumulated OCI derivative loss at December 31, 2015		$ (21)	$ (19)
Effective portion of changes in fair value		(1)	(4)
Reclassifications from AOCI to net income	Interest Expense	(3) (a)	(3) (a)
Accumulated OCI derivative loss at June 30, 2016		$ (25)	$ (26)

		Total Cash Flow Hedge OCI Activity, Net of Income Tax	
		Generation	Exelon
Three Months Ended June 30, 2015	Income Statement Location	Total Cash Flow Hedges	Total Cash Flow Hedges
AOCI derivative loss at March 31, 2015		$ (23)	$ (22)
Effective portion of changes in fair value		—	1
Reclassifications from AOCI to net income	Interest Expense	2	2
AOCI derivative loss at June 30, 2015		$ (21)	$ (19)

		Total Cash Flow Hedge OCI Activity, Net of Income Tax	
		Generation	Exelon
Six Months Ended June 30, 2015	Income Statement Location	Total Cash Flow Hedges	Total Cash Flow Hedges
Accumulated OCI derivative loss at December 31, 2014		$ (18)	$ (28)
Effective portion of changes in fair value		(6)	(10)
Reclassifications from AOCI to net income	Other, net	—	16(b)
Reclassifications from AOCI to net income	Interest Expense	5	5
Reclassifications from AOCI to net income	Operating Revenues	(2)	(2)
Accumulated OCI derivative loss at June 30, 2015		$ (21)	$ (19)

(a) Amount is net of related income tax expense of $2 million for the six months ended June 30, 2016.
(b) Amount is net of related income tax benefit of $10 million for the six months ended June 30, 2015.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The effect of Exelon's and Generation's former energy-related cash flow hedge activity on pre-tax earnings based on the reclassification adjustment from AOCI to earnings was a $2 million pre-tax gain for the three and six months ended June 30, 2015. Neither Exelon nor Generation will incur changes in cash flow hedge ineffectiveness in future periods relating to energy-related hedges positions as all were de-designated prior to the Constellation merger date.

Economic Hedges (Exelon and Generation). These instruments represent hedges that economically mitigate exposure to fluctuations in commodity prices and include financial options, futures, swaps, physical forward sales and purchases, but for which the fair value or cash flow hedge elections were not made. Additionally, Generation enters into interest rate derivative contracts and foreign exchange currency swaps ("treasury") to manage the exposure related to the interest rate component of commodity positions and international purchases of commodities in currencies other than U.S. Dollars. For the three and six months ended June 30, 2016 and 2015, the following net pre-tax mark-to-market gains (losses) of certain purchase and sale contracts were reported in Operating revenues or Purchased power and fuel expense, or Interest expense at Exelon and Generation in the Consolidated Statements of Operations and Comprehensive Income and are included in "Net fair value changes related to derivatives" in Exelon's and Generation's Consolidated Statements of Cash Flows. In the tables below, "Change in fair value" represents the change in fair value of the derivative contracts held at the reporting date. The "Reclassification to realized at settlement" represents the recognized change in fair value that was reclassified to realized due to settlement of the derivative during the period.

	Generation			Exelon
Three Months Ended June 30, 2016	**Operating Revenues**	**Purchased Power and Fuel**	**Total**	**Total**
Change in fair value of commodity positions	$ (432)	$ 235	$(197)	$(197)
Reclassification to realized at settlement of commodity positions	(181)	76	(105)	(105)
Net commodity mark-to-market gains (losses)	(613)	311	(302)	(302)
Change in fair value of treasury positions	1	—	1	1
Reclassification to realized at settlement of treasury positions	(3)	—	(3)	(3)
Net treasury mark-to-market gains (losses)	(2)	—	(2)	(2)
Net mark-to-market gains (losses)	$ (615)	$ 311	$(304)	$(304)

	Generation			Exelon
Six Months Ended June 30, 2016	**Operating Revenues**	**Purchased Power and Fuel**	**Total**	**Total**
Change in fair value of commodity positions	$ (153)	$ 109	$ (44)	$ (44)
Reclassification to realized at settlement of commodity positions	(392)	243	(149)	(149)
Net commodity mark-to-market gains (losses)	(545)	352	(193)	(193)
Change in fair value of treasury positions	(4)	—	(4)	(4)
Reclassification to realized at settlement of treasury positions	(4)	—	(4)	(4)
Net treasury mark-to-market gains (losses)	(8)	—	(8)	(8)
Net mark-to-market gains (losses)	$ (553)	$ 352	$(201)	$(201)

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Generation			Exelon Corporate	Exelon
Three Months Ended June 30, 2015	**Operating Revenues**	**Purchased Power and Fuel**	**Total**	**Interest Expense**	**Total**
Change in fair value of commodity positions	$ 197	$ 110	$307	$ —	$ 307
Reclassification to realized at settlement of commodity positions	(167)	100	(67)	—	(67)
Net commodity mark-to-market gains (losses)	30	210	240	—	240
Change in fair value of treasury positions	(3)	—	(3)	114	111
Reclassification to realized at settlement of treasury positions	(2)	—	(2)	64	62
Net treasury mark-to-market gains (losses)	(5)	—	(5)	178	173
Net mark-to-market gains (losses)	$ 25	$ 210	$235	$ 178	$ 413

	Generation			Exelon Corporate	Exelon
Six Months Ended June 30, 2015	**Operating Revenues**	**Purchased Power and Fuel**	**Total**	**Interest Expense**	**Total**
Change in fair value of commodity positions	$ 377	$ 15	$392	$ —	$ 392
Reclassification to realized at settlement of commodity positions	(204)	203	(1)	—	(1)
Net commodity mark-to-market gains (losses)	173	218	391	—	391
Change in fair value of treasury positions	10	—	10	36	46
Reclassification to realized at settlement of treasury positions	(4)	—	(4)	64	60
Net treasury mark-to-market gains (losses)	6	—	6	100	106
Net mark-to-market gains (losses)	$ 179	$ 218	$397	$ 100	$ 497

Proprietary Trading Activities (Exelon and Generation). For the three and six months ended June 30, 2016 and 2015, Exelon and Generation recognized the following net unrealized mark-to-market gains (losses), net realized mark-to-market gains (losses) and total net mark-to-market gains (losses) before income taxes relating to mark-to-market activity on commodity derivative instruments entered into for proprietary trading purposes and interest rate and foreign exchange derivative contracts to hedge risk associated with the interest rate and foreign exchange components of underlying commodity positions. Gains and losses associated with proprietary trading are reported as operating revenue in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income and are included in "Net fair value changes related to derivatives" in Exelon's and Generation's Consolidated Statements of Cash Flows. In the tables below, "Change in fair value" represents the change in fair value of the derivative contracts held at the reporting date. The "Reclassification to realized at settlement" represents the recognized change in fair value that was reclassified to realized due to settlement of the derivative during the period.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Change in fair value of commodity positions	$ 5	$ 7	$ 14	$ 8
Reclassification to realized at settlement of commodity positions	(5)	(7)	(11)	(5)
Net commodity mark-to-market gains (losses)	—	—	3	3
Change in fair value of treasury positions	—	—	(2)	4
Reclassification to realized at settlement of treasury positions	(1)	(2)	1	(6)
Net treasury mark-to-market gains (losses)	(1)	(2)	(1)	(2)
Total net mark-to-market gains (losses)	$ (1)	$ (2)	$ 2	$ 1

Credit Risk (All Registrants)

The Registrants would be exposed to credit-related losses in the event of non-performance by counterparties that enter into derivative instruments. The credit exposure of derivative contracts, before collateral, is represented by the fair value of contracts at the reporting date. For energy-related derivative instruments, Generation enters into enabling agreements that allow for payment netting with its counterparties, which reduces Generation's exposure to counterparty risk by providing for the offset of amounts payable to the counterparty against amounts receivable from the counterparty. Typically, each enabling agreement is for a specific commodity and so, with respect to each individual counterparty, netting is limited to transactions involving that specific commodity product, except where master netting agreements exist with a counterparty that allow for cross product netting. In addition to payment netting language in the enabling agreement, Generation's credit department establishes credit limits, margining thresholds and collateral requirements for each counterparty, which are defined in the derivative contracts. Counterparty credit limits are based on an internal credit review process that considers a variety of factors, including the results of a scoring model, leverage, liquidity, profitability, credit ratings by credit rating agencies and risk management capabilities. To the extent that a counterparty's margining thresholds are exceeded, the counterparty is required to post collateral with Generation as specified in each enabling agreement. Generation's credit department monitors current and forward credit exposure to counterparties and their affiliates, both on an individual and an aggregate basis.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following tables provide information on Generation's credit exposure for all derivative instruments, NPNS and applicable payables and receivables, net of collateral and instruments that are subject to master netting agreements, as of June 30, 2016. The tables further delineate that exposure by credit rating of the counterparties and provide guidance on the concentration of credit risk to individual counterparties. The figures in the tables below exclude credit risk exposure from individual retail counterparties, Nuclear fuel procurement contracts and exposure through RTOs, ISOs, NYMEX, ICE and Nodal commodity exchanges, further discussed in ITEM 3. — QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK. Additionally, the figures in the tables below exclude exposures with affiliates, including net receivables with ComEd, PECO, BGE, Pepco, DPL and ACE of $26 million, $40 million,$36 million, $50 million, $15 million, and $8 million as of June 30, 2016, respectively.

Rating as of June 30, 2016	Total Exposure Before Credit Collateral	Credit Collateral [a]	Net Exposure	Number of Counterparties Greater than 10% of Net Exposure	Net Exposure of Counterparties Greater than 10% of Net Exposure
Investment grade	$ 965	$ 12	$ 953	1	$ 356
Non-investment grade	55	24	31	—	—
No external ratings					
Internally rated — investment grade	373	1	372	—	—
Internally rated — non-investment grade	46	7	39	—	—
Total	$ 1,439	$ 44	$ 1,395	1	$ 356

Net Credit Exposure by Type of Counterparty	As of June 30, 2016
Financial institutions	$ 96
Investor-owned utilities, marketers, power producers	573
Energy cooperatives and municipalities	696
Other	30
Total	$ 1,395

(a) As of June 30, 2016, credit collateral held from counterparties where Generation had credit exposure included $9 million of cash and $35 million of letters of credit.

ComEd's power procurement contracts provide suppliers with a certain amount of unsecured credit. The credit position is based on forward market prices compared to the benchmark prices. The benchmark prices are the forward prices of energy projected through the contract term and are set at the point of supplier bid submittals. If the forward market price of energy exceeds the benchmark price, the suppliers are required to post collateral for the secured credit portion after adjusting for any unpaid deliveries and unsecured credit allowed under the contract. The unsecured credit used by the suppliers represents ComEd's net credit exposure. As of June 30, 2016, ComEd's net credit exposure to suppliers was approximately $1 million.

ComEd is permitted to recover its costs of procuring energy through the Illinois Settlement Legislation. ComEd's counterparty credit risk is mitigated by its ability to recover realized energy costs through customer rates. See Note 3 — Regulatory Matters of the Exelon 2015 Form 10-K for additional information.

PECO's supplier master agreements that govern the terms of its electric supply procurement contracts, which define a supplier's performance assurance requirements, allow a supplier to meet its credit requirements with a certain amount of unsecured credit. The amount of unsecured credit is determined based on the supplier's

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lowest credit rating from the major credit rating agencies and the supplier's tangible net worth. The credit position is based on the initial market price, which is the forward price of energy on the day a transaction is executed, compared to the current forward price curve for energy. To the extent that the forward price curve for energy exceeds the initial market price, the supplier is required to post collateral to the extent the credit exposure is greater than the supplier's unsecured credit limit. The unsecured credit used by the suppliers represents PECO's net credit exposure. As of June 30, 2016, PECO had no net credit exposure to suppliers.

PECO is permitted to recover its costs of procuring electric supply through its PAPUC-approved DSP Program. PECO's counterparty credit risk is mitigated by its ability to recover realized energy costs through customer rates. See Note 5 — Regulatory Matters for additional information.

PECO's natural gas procurement plan is reviewed and approved annually on a prospective basis by the PAPUC. PECO's counterparty credit risk under its natural gas supply and asset management agreements is mitigated by its ability to recover its natural gas costs through the PGC, which allows PECO to adjust rates quarterly to reflect realized natural gas prices. PECO does not obtain collateral from suppliers under its natural gas supply and asset management agreements. As of June 30, 2016, PECO had no credit exposure under its natural gas supply and asset management agreements with investment grade suppliers.

BGE is permitted to recover its costs of procuring energy through the MDPSC-approved procurement tariffs. BGE's counterparty credit risk is mitigated by its ability to recover realized energy costs through customer rates. See Note 3 — Regulatory Matters of the Exelon 2015 Form 10-K for additional information.

BGE's full requirement wholesale electric power agreements that govern the terms of its electric supply procurement contracts, which define a supplier's performance assurance requirements, allow a supplier, or its guarantor, to meet its credit requirements with a certain amount of unsecured credit. The amount of unsecured credit is determined based on the supplier's lowest credit rating from the major credit rating agencies and the supplier's tangible net worth, subject to an unsecured credit cap. The credit position is based on the initial market price, which is the forward price of energy on the day a transaction is executed, compared to the current forward price curve for energy. To the extent that the forward price curve for energy exceeds the initial market price, the supplier is required to post collateral to the extent the credit exposure is greater than the supplier's unsecured credit limit. The unsecured credit used by the suppliers represents BGE's net credit exposure. The seller's credit exposure is calculated each business day. As of June 30, 2016, BGE had no net credit exposure to suppliers.

BGE's regulated gas business is exposed to market-price risk. This market-price risk is mitigated by BGE's recovery of its costs to procure natural gas through a gas cost adjustment clause approved by the MDPSC. BGE does make off-system sales after BGE has satisfied its customers' demands, which are not covered by the gas cost adjustment clause. At June 30, 2016, BGE had credit exposure of less than $1 million related to off-system sales which is mitigated by parental guarantees, letters of credit or right to offset clauses within other contracts with those third-party suppliers.

Pepco's, DPL's and ACE's power procurement contracts provide suppliers with a certain amount of unsecured credit. The amount of unsecured credit is determined based on the supplier's lowest credit rating from the major credit rating agencies and the supplier's tangible net worth. The credit position is based on the initial market price, which is the forward price of energy on the day a transaction is executed, compared to the current forward price curve for energy. To the extent that the forward price curve for energy exceeds the initial market price, the supplier is required to post collateral to the extent the credit exposure is greater than the supplier's unsecured credit limit. The unsecured credit used by the suppliers represents Pepco's, DPL's and ACE's net credit exposure. As of June 30, 2016, Pepco's, DPL's and ACE's net credit exposures to suppliers were immaterial.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Pepco is permitted to recover its costs of procuring energy through the MDPSC-approved and DCPSC-approved procurement tariffs. DPL is permitted to recover its costs of procuring energy through the MDPSC-approved and DPSC-approved procurement tariffs. ACE is permitted to recover its costs of procuring energy through the NJBPU-approved procurement tariffs. Pepco's, DPL's and ACE's counterparty credit risks are mitigated by their ability to recover realized energy costs through customer rates. See Note 6 — Regulatory Matters of the PHI 2015 Form 10-K for additional information.

DPL's natural gas procurement plan is reviewed and approved annually on a prospective basis by the DPSC. DPL's counterparty credit risk under its natural gas supply and asset management agreements is mitigated by its ability to recover its natural gas costs through the GCR, which allows DPL to adjust rates annually to reflect realized natural gas prices. To the extent that the fair value of the transactions in a net loss position exceeds the unsecured credit threshold, then collateral is required to be posted in an amount equal to the amount by which the unsecured credit threshold is exceeded. Exchange-traded contracts are required to be fully collateralized without regard to the credit rating of the holder. As of June 30, 2016, DPL had no credit exposure under its natural gas supply and asset management agreements with investment grade suppliers.

Collateral and Contingent-Related Features (All Registrants)

As part of the normal course of business, Generation routinely enters into physical or financially settled contracts for the purchase and sale of electric capacity, energy, fuels, emissions allowances and other energy-related products. Certain of Generation's derivative instruments contain provisions that require Generation to post collateral. Generation also enters into commodity transactions on exchanges (i.e. NYMEX, ICE). The exchanges act as the counterparty to each trade. Transactions on the exchanges must adhere to comprehensive collateral and margining requirements. This collateral may be posted in the form of cash or credit support with thresholds contingent upon Generation's credit rating from each of the major credit rating agencies. The collateral and credit support requirements vary by contract and by counterparty. These credit-risk-related contingent features stipulate that if Generation were to be downgraded or lose its investment grade credit rating (based on its senior unsecured debt rating), it would be required to provide additional collateral. This incremental collateral requirement allows for the offsetting of derivative instruments that are assets with the same counterparty, where the contractual right of offset exists under applicable master netting agreements. In the absence of expressly agreed-to provisions that specify the collateral that must be provided, collateral requested will be a function of the facts and circumstances of the situation at the time of the demand. In this case, Generation believes an amount of several months of future payments (i.e. capacity payments) rather than a calculation of fair value is the best estimate for the contingent collateral obligation, which has been factored into the disclosure below.

The aggregate fair value of all derivative instruments with credit-risk-related contingent features in a liability position that are not fully collateralized (excluding transactions on the exchanges that are fully collateralized) is detailed in the table below:

Credit-Risk Related Contingent Feature	June 30, 2016	December 31, 2015
Gross Fair Value of Derivative Contracts Containing this Feature [(a)]	$ (912)	$ (932)
Offsetting Fair Value of In-the-Money Contracts Under Master Netting Arrangements [(b)]	657	684
Net Fair Value of Derivative Contracts Containing This Feature [(c)]	$ (255)	$ (248)

(a) Amount represents the gross fair value of out-of-the-money derivative contracts containing credit-risk related contingent features ignoring the effects of master netting agreements.

(b) Amount represents the offsetting fair value of in-the-money derivative contracts under legally enforceable master netting agreements with the same counterparty, which reduces the amount of any liability for which a Registrant could potentially be required to post collateral.
(c) Amount represents the net fair value of out-of-the-money derivative contracts containing credit-risk related contingent features after considering the mitigating effects of offsetting positions under master netting arrangements and reflects the actual net liability upon which any potential contingent collateral obligations would be based.

Generation had cash collateral posted of $548 million and letters of credit posted of $441 million and cash collateral held of $14 million and letters of credit held of $46 million as of June 30, 2016 for external counterparties with derivative positions. Generation had cash collateral posted of $1,267 million and letters of credit posted of $497 million and cash collateral held of $21 million and letters of credit held of $78 million at December 31, 2015 for external counterparties with derivative positions. In the event of a credit downgrade below investment grade (i.e. to BB+ by S&P or Ba1 by Moody's), Generation would have been required to post additional collateral of $1.8 billion and $2.0 billion as of June 30, 2016 and December 31, 2015, respectively. These amounts represent the potential additional collateral required after giving consideration to offsetting derivative and non-derivative positions under master netting agreements.

Generation's and Exelon's interest rate swaps contain provisions that, in the event of a merger, if Generation's debt ratings were to materially weaken, it would be in violation of these provisions, resulting in the ability of the counterparty to terminate the agreement prior to maturity. Collateralization would not be required under any circumstance. Termination of the agreement could result in a settlement payment by Exelon or the counterparty on any interest rate swap in a net liability position. The settlement amount would be equal to the fair value of the swap on the termination date. As of June 30, 2016, Generation's swaps were in a liability position with a fair value of $7 million and Exelon's swaps were in an asset position, with a fair value of $39 million.

See Note 25 — Segment Information of the Exelon 2015 Form 10-K for further information regarding the letters of credit supporting the cash collateral.

Generation entered into supply forward contracts with certain utilities, including PECO and BGE, with one-sided collateral postings only from Generation. If market prices fall below the benchmark price levels in these contracts, the utilities are not required to post collateral. However, when market prices rise above the benchmark price levels, counterparty suppliers, including Generation, are required to post collateral once certain unsecured credit limits are exceeded. Under the terms of ComEd's standard block energy contracts, collateral postings are one-sided from suppliers, including Generation, should exposures between market prices and benchmark prices exceed established unsecured credit limits outlined in the contracts. As of June 30, 2016, ComEd held $1 million in collateral from suppliers in association with energy procurement contracts. Under the terms of ComEd's annual renewable energy contracts, collateral postings are required to cover a fixed value for RECs only. In addition, under the terms of ComEd's long-term renewable energy contracts, collateral postings are required from suppliers for both RECs and energy. The REC portion is a fixed value and the energy portion is one-sided from suppliers should the forward market prices exceed contract prices. As of June 30, 2016, ComEd held approximately $19 million in the form of cash and letters of credit as margin for both the annual and long-term REC obligations. If ComEd lost its investment grade credit rating as of June 30, 2016, it would have been required to post approximately $3 million of collateral to its counterparties. See Note 3 — Regulatory Matters of the Exelon 2015 Form 10-K for additional information.

PECO's natural gas procurement contracts contain provisions that could require PECO to post collateral. This collateral may be posted in the form of cash or credit support with thresholds contingent upon PECO's credit rating from the major credit rating agencies. The collateral and credit support requirements vary by contract and by counterparty. As of June 30, 2016, PECO was not required to post collateral for any of these

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agreements. If PECO lost its investment grade credit rating as of June 30, 2016, PECO could have been required to post approximately $26 million of collateral to its counterparties.

PECO's supplier master agreements that govern the terms of its DSP Program contracts do not contain provisions that would require PECO to post collateral.

BGE's full requirements wholesale power agreements that govern the terms of its electric supply procurement contracts do not contain provisions that would require BGE to post collateral.

BGE's natural gas procurement contracts contain provisions that could require BGE to post collateral. This collateral may be posted in the form of cash or credit support with thresholds contingent upon BGE's credit rating from the major credit rating agencies. The collateral and credit support requirements vary by contract and by counterparty. As of June 30, 2016, BGE was not required to post collateral for any of these agreements. If BGE lost its investment grade credit rating as of June 30, 2016, BGE could have been required to post approximately $31 million of collateral to its counterparties.

Pepco's full requirements wholesale power agreements that govern the terms of its electric supply procurement contracts do not contain provisions that would require Pepco to post collateral.

DPL's full requirements wholesale power agreements that govern the terms of its electric supply procurement contracts do not contain provisions that would require DPL to post collateral.

DPL's natural gas procurement contracts contain provisions that could require DPL to post collateral. To the extent that the fair value of the natural gas derivative transaction in a net loss position exceeds the unsecured credit threshold, then collateral is required to be posted in an amount equal to the amount by which the unsecured credit threshold is exceeded. The DPL obligations are standalone, without the guaranty of PHI. If DPL lost its investment grade credit rating as of June 30, 2016, DPL could have been required to post an additional amount of approximately $9 million of collateral to its natural gas counterparties.

ACE's full requirements wholesale power agreements that govern the terms of its electric supply procurement contracts do not contain provisions that would require ACE to post collateral.

10. Debt and Credit Agreements (All Registrants)

Short-Term Borrowings

Exelon, ComEd, and BGE meet their short-term liquidity requirements primarily through the issuance of commercial paper. Generation and PECO meet their short-term liquidity requirements primarily through the issuance of commercial paper and borrowings from the Exelon intercompany money pool. PHI meets its short-term liquidity requirement primarily through the issuance of short-term notes and the Exelon intercompany money pool. Pepco, DPL and ACE meet their short-term liquidity requirements primarily through the issuance of commercial paper and short-term notes.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Commercial Paper

The Registrants had the following amounts of commercial paper borrowings outstanding as of June 30, 2016 and December 31, 2015:

Commercial Paper Borrowings	June 30, 2016	December 31, 2015
ComEd	$ 35	$ 294
BGE	208	210
PHI Corporate	—	484
Pepco	—	64
DPL	—	105
ACE	—	5

Short-Term Loan Agreements

On July 30, 2015, PHI entered into a $300 million term loan agreement. The net proceeds of the loan were used to repay PHI's outstanding commercial paper and for general corporate purposes. Pursuant to the loan agreement, loans made thereunder bear interest at a variable rate equal to LIBOR plus 0.95%, and all indebtedness thereunder is unsecured, and the aggregate principal amount of all loans, together with any accrued but unpaid interest due under the loan agreement, must be repaid in full on or before July 28, 2016. On April 4, 2016, PHI repaid $300 million of its term loan in full.

On January 13, 2016, PHI entered into a $500 million term loan agreement, which was amended on March 28, 2016. The net proceeds of the loan were used to repay PHI's outstanding commercial paper, and for general corporate purposes. Pursuant to the loan agreement, as amended, loans made thereunder bear interest at a variable rate equal to LIBOR plus 1%, and all indebtedness thereunder is unsecured, and the aggregate principal amount of all loans, together with any accrued but unpaid interest due under the loan agreement, must be repaid in full on or before March 27, 2017. The loan agreement is reflected in Exelon's and PHI's Consolidated Balance Sheets within Short-term borrowings.

On February 22, 2016, Generation and EDF entered into separate member revolving promissory notes with CENG to finance short-term working capital needs. The notes are scheduled to mature on January 31, 2017 and bear interest at a variable rate equal to LIBOR plus 1.75%. As of June 30, 2016, $10 million was outstanding under each note. The $10 million note outstanding between Generation and CENG is eliminated in consolidation and therefore not reflected in Exelon's or Generation's Consolidated Balance Sheets. The $10 million note with EDF is reflected in Exelon's and Generation's Consolidated Balance Sheet within Short-term borrowings. On July 25, 2016, CENG paid off the outstanding $10 million balance under each note.

Credit Agreements

On January 5, 2016, Generation entered into a credit agreement establishing a $150 million bilateral credit facility, scheduled to mature in January of 2019. This facility will solely be utilized by Generation to issue lines of credit. This facility does not back Generation's commercial paper program.

On April 1, 2016, the credit agreement for CENG's $100 million bilateral credit facility was amended to increase the overall facility size to $200 million. This facility is utilized by CENG to fund working capital and capital projects. The facility does not back Generation's commercial paper program.

On May 26, 2016, Exelon Corporate, Generation, ComEd, PECO and BGE entered into amendments to each of their respective syndicated revolving credit facilities, which extended the maturity of each of the facilities to

May 26, 2021. Exelon Corporate also increased the size of its facility from $500 million to $600 million. On May 26, 2016, PHI, Pepco, DPL and ACE entered into an amendment to their Second Amended and Restated Credit Agreement dated as of August 1, 2011, which (i) extended the maturity date of the facility to May 26, 2021, (ii) removed PHI as a borrower under the facility, (iii) decreased the size of the facility from $1.5 billion to $900 million and (iv) aligned its financial covenant from debt to capitalization leverage ratio to interest coverage ratio.

Variable Rate Demand Bonds

As of June 30, 2016 and December 31, 2015, $105 million in variable rate demand bonds issued by DPL were outstanding and are included in the Long-term debt due within one year on Exelon's, PHI's and DPL's Consolidated Balance Sheets. See Note 10 — Debt of the PHI 2015 Form 10-K for additional information.

Long-Term Debt

Issuance of Long-Term Debt

During the six months ended June 30, 2016, the following long-term debt was issued:

Company	Type	Interest Rate	Maturity	Amount	Use of Proceeds
Exelon Corporate	Senior Unsecured Notes	2.45%	April 15, 2021	$ 300	Repay commercial paper issued by PHI and for general corporate purposes
Exelon Corporate	Senior Unsecured Notes	3.40%	April 15, 2026	$ 750	Repay commercial paper issued by PHI and for general corporate purposes
Exelon Corporate	Senior Unsecured Notes	4.45%	April 15, 2046	$ 750	Repay commercial paper issued by PHI and for general corporate purposes
Generation	Renewable Power Generation Nonrecourse Debt	4.11%	March 31, 2035	$ 150	Paydown long term debt obligations at Sacramento PV Energy and Constellation Solar Horizons and for general corporate purposes.
Generation	Albany Green Energy Project Financing	LIBOR + 1.25%	November 17, 2017	$ 63	Albany Green Energy biomass generation development
Generation	Energy Efficiency Project Financing	3.17%	February 1, 2037	$ 16	Funding to install energy conservation measures in Brooklyn, NY
Generation	Energy Efficiency Project Financing	3.90%	February 1, 2018	$ 7	Funding to install energy conservation measures for the Naval Station Great Lakes project

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
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Company	Type	Interest Rate	Maturity	Amount	Use of Proceeds
ComEd	First Mortgage Bonds, Series 120	2.55%	June 15, 2026	$ 500	Refinance maturing mortgage bonds, repay a portion of ComEd's outstanding commercial paper obligations and for general corporate purposes.
ComEd	First Mortgage Bonds, Series 121	3.65%	June 15, 2046	$ 700	Refinance maturing mortgage bonds, repay a portion of ComEd's outstanding commercial paper obligations and for general corporate purposes.
Pepco	Energy Efficiency Project Financing	3.30%	August 15, 2017	$ 1	Funding to install energy conservation measures for the DOE Germantown project

CEU Upstream Nonrecourse Debt

In July 2011, CEU Holdings, LLC, a wholly owned subsidiary of Generation, entered into a 5-year reserve based lending agreement (RBL) associated with certain Upstream oil and gas properties that it owns. The lenders do not have recourse against Exelon or Generation in the event of default pursuant to the RBL. Borrowings under this arrangement are secured by the assets and equity of CEU Holdings. The commitment level can be decreased if the assets no longer support the current borrowing base, which may result in repayment of a portion or all of the outstanding balance, or potential foreclosure of the assets. The commitment can be increased up to $500 million if the assets support a higher borrowing base and CEU Holdings is able to obtain additional commitments from lenders. Calculations of the borrowing base are impacted by projected production and commodity prices. The facility was amended and extended on January 14, 2014 through January 2019. As of December 31, 2015, $68 million was outstanding under the facility with interest payable monthly at a variable rate equal to LIBOR plus 2.50% and the borrowing base committed under the facility was $85 million. The outstanding balance was classified as Long-term debt on Exelon's and Generation's Consolidated Balance Sheets.

In February 2016, as part of their semi-annual borrowing base re-determination testing, the RBL lenders notified CEU Holdings that the RBL borrowing base was decreased to $45 million, resulting in a "borrowing base deficiency" under the RBL of $23 million. Given the decline in value of the Upstream assets resulting from lower commodity prices, CEU Holdings chose not to provide the lenders with a formal plan for curing the borrowing base deficiency by March 31, 2016, as was required by the RBL. The lenders have sent CEU Holdings a notice of event of default and demand for cure. On March 31, 2016, $7 million of the debt was repaid using CEU Holding's cash, resulting in an outstanding debt balance of $61 million with interest payable monthly at a variable rate equal to LIBOR plus 2.75% and a borrowing base deficiency under the RBL of $16 million. At March 31, 2016, the outstanding debt balance of $61 million was classified within Long-term debt due within one year on Exelon's and Generation's Consolidated Balance Sheets.

On June 16, 2016, CEU Holdings executed a forbearance agreement with the lenders which included terms stipulating roles and responsibilities governing a sales process, approval of the sale of the assets to be at the discretion of the lenders, and a sales timetable, with ultimate execution of the sales agreement expected to occur by December 31, 2016. Upon disposition of the assets and the satisfaction of certain other conditions, CEU

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
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Holdings will be released of its obligations regardless of the amount of asset sale proceeds received. The ultimate resolution of this matter has no direct effect on any Exelon or Generation credit facilities or other debt of an Exelon entity. See Note 14 — Debt and Credit Agreements of the Exelon 2015 Form 10-K, Note 5 — Mergers, Acquisitions and Dispositions and Note 6 — Impairment of Long-Lived Assets for additional information.

11. Income Taxes (All Registrants)

The effective income tax rate from continuing operations varies from the U.S. Federal statutory rate principally due to the following:

	Three Months Ended June 30, 2016								
						Successor			
	Exelon	Generation [e]	ComEd	PECO	BGE [f]	PHI	Pepco	DPL	ACE
U.S. Federal statutory rate	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%
Increase (decrease) due to:									
State income taxes, net of Federal income tax benefit	2.3	(116.7)	4.8	0.3	2.0	6.1	3.5	4.8	5.9
Qualified nuclear decommissioning trust fund income	5.7	591.2	—	—	—	—	—	—	—
Domestic production activities deduction	—	—	—	—	—	—	—	—	—
Health care reform legislation	—	—	—	—	—	—	—	—	—
Amortization of investment tax credit, net deferred taxes	(1.8)	(157.8)	(0.2)	(0.1)	(0.4)	(0.3)	(0.1)	(0.6)	(1.6)
Plant basis differences [d]	(6.9)	—	(0.4)	(11.3)	(20.6)	(7.0)	(5.7)	(3.5)	(7.1)
Production tax credits and other credits	(5.8)	(603.0)	—	—	—	—	—	—	—
Noncontrolling interests	0.9	94.4	—	—	—	—	—	—	—
Statute of limitations expiration	(1.7)	(410.8)	—	—	—	—	—	—	—
Merger expenses	0.2	—	—	—	—	1.0	0.2	3.1	—
Other [c]	(3.3)	(52.3)	(0.6)	(5.2)	(1.0)	1.0	(1.0)	1.2	7.8
Effective income tax rate	24.6%	(620.0)%	38.6%	18.7%	15.0%	35.8%	31.9%	40.0%	40.0%

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Three Months Ended June 30, 2015								
						Predecessor			
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
U.S. Federal statutory rate	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%
Increase (decrease) due to:									
State income taxes, net of Federal income tax benefit	3.9	3.4	5.6	1.4	5.3	5.3	5.0	5.0	9.9
Qualified nuclear decommissioning trust fund income	(1.0)	(1.7)	—	—	—	—	—	—	—
Domestic production activities deduction	(2.0)	(3.4)	—	—	—	—	—	—	—
Health care reform legislation	—	—	—	—	0.1	—	—	—	—
Amortization of investment tax credit, net deferred taxes	(0.6)	(0.9)	(0.3)	(0.1)	(0.2)	(0.3)	—	(1.0)	(0.2)
Plant basis differences	(1.0)	—	(0.1)	(9.0)	(0.5)	(7.3)	(8.3)	(4.2)	(0.1)
Production tax credits and other credits	(1.3)	(2.2)	—	—	—	—	—	—	—
Noncontrolling interests	(0.4)	(0.6)	—	—	—	—	—	—	—
Other	1.4	2.0	0.5	0.5	0.8	1.1	(1.7)	3.7	(4.6)
Effective income tax rate	34.0%	31.6%	40.7%	27.8%	40.5%	33.8%	30.0%	38.5%	40.0%

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Six Months Ended June 30, 2016								Successor March 24, 2016 to June 30, 2016	Predecessor January 1, 2016 to March 23, 2016
	Exelon	Generation	ComEd	PECO	BGE	Pepco [a]	DPL [a]	ACE [a]	PHI [a]	PHI
U.S. Federal statutory rate	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%
Increase (decrease) due to:										
State income taxes, net of Federal income tax benefit [b]	0.8	2.6	4.9	0.7	4.6	(9.5)	(5.2)	5.9	5.2	11.9
Qualified nuclear decommissioning trust fund income	5.6	9.8	—	—	—	—	—	—	—	—
Domestic production activities deduction	—	—	—	—	—	—	—	—	—	—
Health care reform legislation	—	—	—	—	—	—	—	—	—	—
Amortization of investment tax credit, including deferred taxes on basis difference	(1.7)	(2.5)	(0.2)	(0.1)	(0.1)	0.1	0.4	0.1	0.1	(0.9)
Plant basis differences [d]	(6.3)	—	(0.3)	(10.2)	(4.5)	12.6	2.0	1.0	1.7	(13.5)
Production tax credits and other credits	(5.5)	(9.6)	—	—	—	—	—	—	—	—
Noncontrolling interests	0.7	1.2	—	—	—	—	—	—	—	—
Statute of limitations expiration	(1.0)	(3.9)	—	—	—	—	—	—	—	
Merger expenses	14.5	—	—	—	—	(36.1)	(30.5)	(17.7)	(18.9)	11.1
Other [c]	(2.8)	(3.8)	(0.1)	(2.4)	0.1	(0.5)	(0.1)	(0.1)	—	3.6
Effective income tax rate	39.3%	28.8%	39.3%	23.0%	35.1%	1.6%	1.6%	24.2%	23.1%	47.2%

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Six Months Ended June 30, 2015								
						Predecessor			
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
U.S. Federal statutory rate	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%
Increase (decrease) due to:									
State income taxes, net of Federal income tax benefit	3.2	3.0	5.3	1.3	5.3	6.4	4.1	5.5	5.5
Qualified nuclear decommissioning trust fund income	0.6	0.9	—	—	—	—	—	—	—
Domestic production activities deduction	(2.1)	(3.4)	—	—	—	—	—	—	—
Health care reform legislation	—	—	—	—	0.2	—	—	—	—
Amortization of investment tax credit, including deferred taxes on basis difference	(0.8)	(1.1)	(0.3)	(0.1)	(0.1)	(0.4)	—	(0.4)	(0.9)
Plant basis differences	(1.1)	—	(0.2)	(7.5)	(0.3)	(6.1)	(8.2)	(1.5)	(1.7)
Production tax credits and other credits	(1.6)	(2.5)	—	—	—	—	—	—	—
Noncontrolling interests	(0.6)	(0.8)	—	—	—	—	—	—	—
Other	0.8	0.6	0.4	0.2	—	(0.3)	(0.3)	0.8	(0.4)
Effective income tax rate	33.4%	31.7%	40.2%	28.9%	40.1%	34.6%	30.6%	39.4%	37.5%

(a) Pepco, DPL and ACE recognized a loss before income taxes for the six months ended June 30, 2016, and PHI recognized a loss before income taxes for the period of March 24, 2016, through June 30, 2016. As a result, positive percentages represent an income tax benefit for the periods presented.
(b) Includes a remeasurement of uncertain state income tax positions for Pepco and DPL.
(c) At PECO, includes a cumulative adjustment related to an anticipated gas repairs tax return accounting method change.
(d) At BGE, includes a cumulative adjustment related to a regulatory asset.
(e) The effective tax rate for the three months ended June 30, 2016, is disproportionately impacted due to the decline in pre-tax GAAP earnings as compared to the changes in tax credits and other reconciling items. In three months ended June 30, 2016, due to the expiration of a statute of limitations, Generation recorded an income tax benefit of $16 million. The statute of limitations expired in the third quarter of 2015; therefore, this represents an out of period adjustment.
(f) The effective tax rate for the quarter is disproportionately impacted due to the decline in pre-tax GAAP earnings and changes in other reconciling items.

Accounting for Uncertainty in Income Taxes

The Registrants have the following unrecognized tax benefits as of June 30, 2016 and December 31, 2015:

						Successor			
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
June 30, 2016	$ 963	$ 531	$ (12)	$ —	$120	$ 181	$ 95	$39	$ 24

						Predecessor			
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
December 31, 2015	$1,101	$ 534	$ 142	$ —	$120	$ 22	$ 8	$ 3	$ —

Exelon and ComEd's unrecognized tax benefits changed by $328 million and $154 million, respectively, as of June 30, 2016 as a result of the lease termination on the like-kind exchange position discussed below. In

addition, as a result of the merger, an assessment and remeasurement of certain federal and state uncertain income tax positions resulted in an increase in unrecognized tax benefits at Exelon, PHI, Pepco, DPL and ACE of $190 million, $159 million, $87 million, $36 million and $24 million, respectively.

Reasonably possible the total amount of unrecognized tax benefits could significantly increase or decrease within 12 months after the reporting date

Like-Kind Exchange

As of June 30, 2016, Exelon and ComEd have approximately $75 million and $(12) million of unrecognized state income tax benefits that could significantly decrease and increase, respectively, within the 12 months after the reporting date as a result of a decision or settlement in the like-kind exchange litigation described below. These unrecognized tax benefits, if recognized, would decrease Exelon's effective tax rate by $75 million and increase ComEd's effective tax rate by $12 million.

Settlement of Income Tax Audits and Litigation

As of June 30, 2016, Exelon, Generation, BGE, PHI, Pepco, and DPL have approximately $300 million, $67 million, $120 million, $113 million, $71 million, and $20 million of unrecognized federal and state tax benefits that could significantly decrease within the 12 months after the reporting date as a result of completing audits and potential settlements. Of the above unrecognized tax benefits, Exelon, Generation, PHI, and Pepco have $102 million, $67 million, $35 million, $13 million that, if recognized, would decrease the effective tax rate. The unrecognized tax benefits related to BGE, DPL, and a portion of Pepco, if recognized, may be included in future regulated base rates and that portion would have no impact to the effective tax rate.

Other Income Tax Matters

Like-Kind Exchange (Exelon and ComEd)

Exelon, through its ComEd subsidiary, took a position on its 1999 income tax return to defer approximately $1.2 billion of tax gain on the sale of ComEd's fossil generating assets. The gain was deferred by reinvesting a portion of the proceeds from the sale in qualifying replacement property under the like-kind exchange provisions of the IRC. The like-kind exchange replacement property purchased by Exelon included interests in three municipal-owned electric generation facilities which were properly leased back to the municipalities. The IRS disagreed with this position and asserted that the entire gain of approximately $1.2 billion was taxable in 1999.

Exelon has been unable to reach agreement with the IRS regarding the dispute over the like-kind exchange position. The IRS has asserted that the Exelon purchase and leaseback transaction is substantially similar to a leasing transaction, known as a SILO, which the IRS does not respect as the acquisition of an ownership interest in property. A SILO is a "listed transaction" that the IRS has identified as a potentially abusive tax shelter under guidance issued in 2005. Accordingly, the IRS has asserted that the sale of the fossil plants followed by the purchase and leaseback of the municipal owned generation facilities does not qualify as a like-kind exchange and the gain on the sale is fully subject to tax. The IRS has also asserted a penalty of approximately $90 million for a substantial understatement of tax.

Exelon disagrees with the IRS and continues to believe that its like-kind exchange transaction is not the same as or substantially similar to a SILO. Although Exelon has been and remains willing to settle the disagreement on terms commensurate with the hazards of litigation, Exelon does not believe a settlement is likely. Because Exelon believed, as of December 31, 2012, that it is more-likely-than-not that Exelon would prevail in litigation, Exelon and ComEd had no liability for unrecognized tax benefits with respect to the like-kind exchange position.

On January 9, 2013, the U.S. Court of Appeals for the Federal Circuit reversed the U.S. Court of Federal Claims and reached a decision for the government in Consolidated Edison v. United States. The Court disallowed Consolidated Edison's deductions stemming from its participation in a LILO transaction that the IRS also has characterized as a tax shelter.

In accordance with applicable accounting standards, Exelon is required to assess whether it is more-likely-than-not that it will prevail in litigation. Exelon continues to believe that its transaction is not a SILO and that it has a strong case on the merits. However, in light of the Consolidated Edison decision and Exelon's current determination that settlement is unlikely, Exelon has concluded that subsequent to December 31, 2012, it is no longer more-likely-than-not that its position will be sustained. As a result, in the first quarter of 2013 Exelon recorded a non-cash charge to earnings of approximately $265 million, which represents the amount of interest expense (after-tax) and incremental state income tax expense for periods through March 31, 2013 that would be payable in the event that Exelon is unsuccessful in litigation. Of this amount, approximately $172 million was recorded at ComEd. Exelon intends to hold ComEd harmless from any unfavorable impacts of the after-tax interest amounts on ComEd's equity. As such, ComEd recorded on its consolidated balance sheet as of March 31, 2013, a $172 million receivable and non-cash equity contributions from Exelon. Exelon and ComEd will continue to accrue interest on the unpaid tax liabilities related to the uncertain tax position, and the charges arising from future interest accruals are not expected to be material to the annual operating earnings of Exelon or ComEd. In addition, ComEd will continue to record non-cash equity contributions from Exelon in the amount of the net after-tax interest charges attributable to ComEd in connection with the like-kind exchange position. Exelon continues to believe that it is unlikely that the IRS's assertion of penalties will ultimately be sustained and therefore no liability for the penalty has been recorded.

On September 30, 2013, the IRS issued a notice of deficiency to Exelon for the like-kind exchange position. Exelon filed a petition on December 13, 2013 to initiate litigation in the United States Tax Court and the trial took place in August of 2015. Exelon was not required to remit any part of the asserted tax or penalty in order to litigate the issue. While the Tax Court could reach its decision as early as 2016, the litigation could take three to five years if an appeal is necessary. Decisions in the Tax Court are not controlled by the Federal Circuit's decision in Consolidated Edison.

In the event of a fully successful IRS challenge to Exelon's like-kind exchange position, as of June 30, 2016, potential tax of $460 million and after-tax interest of $310 million, exclusive of penalties, could become payable (net of a $65 million deposit made to the IRS in 2015). Of the above amounts, approximately $275 million would be attributable to ComEd after consideration of Exelon's agreement to hold ComEd harmless. Interest will continue to accrue until such time as payment is made. An appeal of an adverse decision in the Tax Court would necessitate either the posting of a bond or the payment of the tax and interest for the tax years before the court.

In the first quarter of 2014, Exelon entered into an agreement to terminate its investment in one of the three municipal-owned electric generation properties in exchange for a net early termination amount of $335 million. On March 31, 2016, Exelon entered into an agreement to terminate its interests in the remaining two municipal-owned electric generation properties in exchange for $360 million. As a result of the lease terminations, any remaining tax gain related to the LKE position taken in 1999 will no longer be deferred. In the event of a successful outcome in the litigation, Exelon will not be required to pay the after-tax interest described in the preceding paragraph ($310 million as of June 30, 2016) but will be required to report the remaining $460 million of tax due on the transaction in Exelon's 2014 and 2016 tax years. Of that approximately $230 million is attributable to ComEd. The tax liabilities from the terminations will not result in a current year cash outflow due to the utilization of net operating losses and tax credit carryforwards.

Long-Term State Tax Apportionment (Exelon, Generation and PHI)

Exelon and Generation periodically review events that may significantly impact how income is apportioned among the states and, therefore, the calculation of their respective deferred state income taxes. Events that may require Exelon and Generation to update their long-term state tax apportionment include significant changes in tax law and/or significant operational changes, such as the merger with PHI. As a result of the merger, Exelon and Generation reevaluated their long-term state tax apportionment for all states where they have state income tax obligations, which include Delaware, Illinois, Maryland, New Jersey, Pennsylvania, and Washington D.C., as well as other states. The total effect of revising the long-term state tax apportionment resulted in the recording of deferred state tax benefit in the amount of $1 million and a state tax expense of $6 million, net of tax, for Exelon and Generation, respectively. Further, Exelon and PHI recorded deferred state tax liabilities of $59 million and $8 million, net of tax, respectively, as part of purchase accounting during the first quarter of 2016.

12. Nuclear Decommissioning (Exelon and Generation)

Nuclear Decommissioning Asset Retirement Obligations

Generation has a legal obligation to decommission its nuclear power plants following the expiration of their operating licenses. To estimate its decommissioning obligation related to its nuclear generating stations for financial accounting and reporting purposes, Generation uses a probability-weighted, discounted cash flow model which, on a unit-by-unit basis, considers multiple outcome scenarios that include significant estimates and assumptions, and are based on decommissioning cost studies, cost escalation rates, probabilistic cash flow models and discount rates. Generation generally updates its ARO annually during the third quarter, unless circumstances warrant more frequent updates, based on its review of updated cost studies and its annual evaluation of cost escalation factors and probabilities assigned to various scenarios.

The following table provides a rollforward of the nuclear decommissioning ARO reflected on Exelon's and Generation's Consolidated Balance Sheets from December 31, 2015 to June 30, 2016:

Nuclear decommissioning ARO at December 31, 2015 [(a)]	$8,246
Accretion expense	215
Net increase due to changes in, and timing of, estimated cash flows	444
Costs incurred to decommission retired plants	(2)
Nuclear decommissioning ARO at June 30, 2016 [(a)]	$8,903

(a) Includes $11 million and $7 million for the current portion of the ARO at June 30, 2016 and December 31, 2015, respectively, which is included in Other current liabilities on Exelon's and Generation's Consolidated Balance Sheets.

During the six months ended June 30, 2016, Generation's nuclear ARO increased by approximately $657 million, reflecting impacts of ARO updates completed during the first and second quarters of 2016 to reflect changes in amounts and timing of estimated decommissioning cash flows and impacts of year-to-date accretion of the ARO liability due to the passage of time.

In 2016, the ARO liability increased by $444 million primarily driven by an increase of $384 million associated with the June 2, 2016 announcement to early retire the Clinton and Quad Cities nuclear units on June 1, 2017 and June 1, 2018, respectively, as well as an increase of $60 million primarily due to an increase in the estimated costs to decommission the Oyster Creek nuclear unit as a result of the completion of an updated decommissioning cost study. Refer to Note 7 — Early Nuclear Plant Retirements for additional information regarding the announced early retirements of Clinton and Quad Cities. The increase in the ARO liability for Clinton and Quad Cities incorporates the early shutdown dates (including fleet-wide impacts of spent nuclear

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fuel removal and storage costs), increases the probabilities of longer term decommissioning scenarios, and reflects an increase in the estimated costs to decommission based on updated decommissioning cost studies reflecting the early retirement of these units.

The financial statement impact related to the increase in the ARO liability due to the changes in, and timing of, estimated cash flows resulted in a corresponding increase in Property, plant and equipment on Exelon's and Generation's Consolidated Balance Sheets. The majority of the increase in cost will be amortized over the remaining useful lives of the Clinton, Quad Cities and Oyster Creek nuclear plants, which are set to retire in 2017, 2018 and 2019, respectively.

Nuclear Decommissioning Trust Fund Investments

At June 30, 2016 and December 31, 2015, Exelon and Generation had NDT fund investments totaling $10,737 million and $10,342 million, respectively.

The following table provides unrealized gains on NDT funds for the three and six months ended June 30, 2016 and 2015:

	Exelon and Generation		Exelon and Generation	
	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Net unrealized gains (losses) on decommissioning trust funds — Regulatory Agreement Units [(a)]	$ 52	$ (133)	$ 131	$ (85)
Net unrealized gains (losses) on decommissioning trust funds — Non-Regulatory Agreement Units [(b)(c)]	48	(96)	100	(56)

(a) Net unrealized gains related to Generation's NDT funds associated with Regulatory Agreement Units are included in Regulatory liabilities on Exelon's Consolidated Balance Sheets and Noncurrent payables to affiliates on Generation's Consolidated Balance Sheets.
(b) Excludes $1 million of net unrealized gain related to the Zion Station pledged assets for the three months ended June 30, 2016. Excludes $3 million and $9 million of net unrealized gain related to the Zion Station pledged assets for the six months ended June 30, 2016 and 2015, respectively. Net unrealized gains related to Zion Station pledged assets are included in the Payable for Zion Station decommissioning on Exelon's and Generation's Consolidated Balance Sheets.
(c) Net unrealized gains related to Generation's NDT funds with Non-Regulatory Agreement Units are included within Other, net in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income.

Interest and dividends on NDT fund investments are recognized when earned and are included in Other, net in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income. Interest and dividends earned on the NDT fund investments for the Regulatory Agreement Units are eliminated within Other, net in Exelon's and Generation's Consolidated Statement of Operations and Comprehensive Income.

Refer to Note 3 — Regulatory Matters and Note 26 — Related Party Transactions of the Exelon 2015 Form 10-K for information regarding regulatory liabilities at ComEd and PECO and intercompany balances between Generation, ComEd and PECO reflecting the obligation to refund to customers any decommissioning-related assets in excess of the related decommissioning obligations.

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Zion Station Decommissioning

On September 1, 2010, Generation completed an Asset Sale Agreement (ASA) with EnergySolutions Inc. and its wholly owned subsidiaries, EnergySolutions, LLC (EnergySolutions) and ZionSolutions, under which ZionSolutions has assumed responsibility for completing certain decommissioning activities at Zion Station, which is located in Zion, Illinois and ceased operation in 1998. See Note 16 — Asset Retirement Obligations of the Exelon 2015 Form 10-K for information regarding the specific treatment of assets, including NDT funds, and decommissioning liabilities transferred in the transaction.

ZionSolutions is subject to certain restrictions on its ability to request reimbursements from the Zion Station NDT funds as defined within the ASA. Therefore, the transfer of the Zion Station assets did not qualify for asset sale accounting treatment and, as a result, the related NDT funds were reclassified to Pledged assets for Zion Station decommissioning within Generation's and Exelon's Consolidated Balance Sheets and will continue to be measured in the same manner as prior to the completion of the transaction. Additionally, the transferred ARO for decommissioning was replaced with a Payable for Zion Station decommissioning in Generation's and Exelon's Consolidated Balance Sheets. Changes in the value of the Zion Station NDT assets, net of applicable taxes, are recorded as a change in the Payable to ZionSolutions. At no point will the payable to ZionSolutions exceed the project budget of the costs remaining to decommission Zion Station. Generation has retained its obligation for the SNF. Following ZionSolutions' completion of its contractual obligations and transfer of the NRC license to Generation, Generation will store the SNF at Zion Station until it is transferred to the DOE for ultimate disposal, and will complete all remaining decommissioning activities associated with the SNF dry storage facility. Generation has a liability of approximately $86 million which is included within the nuclear decommissioning ARO at June 30, 2016. Generation also has retained NDT assets to fund its obligation to maintain the SNF at Zion Station until transfer to the DOE and to complete all remaining decommissioning activities for the SNF storage facility. Any shortage of funds necessary to maintain the SNF and decommission the SNF storage facility is ultimately required to be funded by Generation. Any Zion Station NDT funds remaining after the completion of all decommissioning activities will be returned to ComEd customers in accordance with the applicable orders. The following table provides the pledged assets and payables to ZionSolutions, and withdrawals by ZionSolutions at June 30, 2016 and December 31, 2015:

	Exelon and Generation	
	June 30, 2016	December 31, 2015
Carrying value of Zion Station pledged assets	$ 161	$ 206
Payable to Zion Solutions [(a)]	148	189
Current portion of payable to Zion Solutions [(b)]	94	99
Cumulative withdrawals by Zion Solutions to pay decommissioning costs [(c)]	834	786

(a) Excludes a liability recorded within Exelon's and Generation's Consolidated Balance Sheets related to the tax obligation on the unrealized activity associated with the Zion Station NDT funds. The NDT funds will be utilized to satisfy the tax obligations as gains and losses are realized.
(b) Included in Other current liabilities within Exelon's and Generation's Consolidated Balance Sheets.
(c) Includes project expenses to decommission Zion Station and estimated tax payments on Zion Station NDT fund earnings.

NRC Minimum Funding Requirements

NRC regulations require that licensees of nuclear generating facilities demonstrate reasonable assurance that funds will be available in specified minimum amounts to decommission the facility at the end of its life.

Generation filed its biennial decommissioning funding status report with the NRC on March 31, 2015. This report reflects the status of decommissioning funding assurance as of December 31, 2014. Due to increased cost

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estimates received in the second half of 2014, Braidwood Units 1 and 2, and Byron Unit 2 did not meet the NRC's minimum funding assurance criteria as of December 31, 2014. NRC guidance provides licensees with two years or by the time of submitting the next biennial report (on or before March 31, 2017) to resolve funding assurance shortfalls. On February 4, 2016, Generation submitted to the NRC an updated decommissioning funding status report for Braidwood Units 1 and 2, and Byron Unit 2. This updated report reflected the recently approved license renewals for these units, and showed that the shortfall identified in the March 31, 2015 report has now been resolved and that Generation has provided adequate decommissioning funding assurance for each unit.

On March 31, 2016, Generation submitted its NRC required annual decommissioning funding status report as of December 31, 2015 for reactors that have been shut down or are within five years of shut down except for Zion Station which is included in a separate report to the NRC submitted by EnergySolutions (see Zion Station Decommissioning above). As of December 31, 2015, Generation provided adequate decommissioning funding assurance for all of its reactors that have been shut down or are within five years of shut down except for Peach Bottom Unit 1. As a former PECO plant, financial assurance for decommissioning Peach Bottom Unit 1 is provided by the NDT fund in addition to collections from PECO ratepayers. As discussed in Note 16 — Asset Retirement Obligations of Exelon's 2015 Form 10-K, the amount collected from PECO ratepayers will be adjusted in the next filing to the PAPUC with new rates effective January 1, 2018.

Generation will file its next decommissioning funding status report with the NRC by March 31, 2017. This report will reflect the status of decommissioning funding assurance as of December 31, 2016 and will reflect the impacts of the announced early retirements of Clinton and Quad Cities. A shortfall could require Exelon to post parental guarantees for Generation's share of the funding assurance. However, the amount of any required guarantees will ultimately depend on the decommissioning approach adopted at each site, the associated level of costs, and the decommissioning trust fund investment performance going forward.

13. Retirement Benefits (All Registrants)

Exelon sponsors defined benefit pension plans and other postretirement benefit plans for essentially all employees.

Effective March 23, 2016, Exelon became the sponsor of all of PHI's defined benefit pension and other postretirement benefit plans, and assumed PHI's benefit plan obligations and related assets. As a result, PHI's benefit plan net obligation and related regulatory assets were transferred to Exelon. The legacy PHI pension and other postretirement benefit plans were initially remeasured on February 29, 2016 as a result of the short time between the merger close and the end of the first quarter of 2016, using current assumptions, including the discount rate. Exelon updated these amounts in June 2016 to reflect assumptions at March 31, 2016. The updated valuation resulted in a $25 million reduction in the net obligation.

Defined Benefit Pension and Other Postretirement Benefits

During the first quarter of 2016, Exelon received an updated valuation of its legacy pension and other postretirement benefit obligations to reflect actual census data as of January 1, 2016. This valuation resulted in an increase to the pension obligation of $35 million and a decrease to the other postretirement benefit obligation of $8 million. Additionally, accumulated other comprehensive loss increased by approximately $2 million (after tax), regulatory assets increased by approximately $27 million, and regulatory liabilities increased by approximately $3 million.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The majority of the 2016 pension benefit cost for legacy Exelon-sponsored plans is calculated using an expected long-term rate of return on plan assets of 7.00% and a discount rate of 4.29%. The majority of the 2016 other postretirement benefit cost is calculated using an expected long-term rate of return on plan assets of 6.71% for funded plans and a discount rate of 4.29%.

The 2016 pension benefit costs for the legacy PHI plans are calculated using an expected long-term rate of return on plan assets of 6.50% and a discount rate of 3.96% for the majority of the pension plans. The 2016 other postretirement benefit cost is calculated using an expected long-term rate of return on plan assets of 6.75% and a discount rate of 3.80%.

A portion of the net periodic benefit cost for all plans is capitalized within the Consolidated Balance Sheets. The following table presents the components of Exelon's net periodic benefit costs, prior to capitalization, for the three and six months ended June 30, 2016 and 2015.

	Pension Benefits Three Months Ended June 30,		Other Postretirement Benefits Three Months Ended June 30,	
	2016	2015	2016	2015
Service cost	$ 91	$ 81	$ 28	$ 29
Interest cost	212	178	48	42
Expected return on assets	(292)	(256)	(42)	(37)
Amortization of:				
Prior service cost (benefit)	4	4	(47)	(44)
Actuarial loss	142	142	16	21
Net periodic benefit cost	$ 157	$ 149	$ 3	$ 11

	Pension Benefits Six Months Ended June 30,		Other Postretirement Benefits Six Months Ended June 30,	
	2016 (a)	2015	2016 (a)	2015
Components of net periodic benefit cost:				
Service cost	$ 170	$ 163	$ 54	$ 59
Interest cost	403	355	90	83
Expected return on assets	(555)	(513)	(80)	(75)
Amortization of:				
Prior service cost (benefit)	7	7	(91)	(88)
Actuarial loss	269	285	30	41
Net periodic benefit cost	$ 294	$ 297	$ 3	$ 20

(a) PHI net periodic benefit costs for the period prior to the merger are not included in the table above.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Predecessor					
	PHI					
	Pension Benefits			Other Postretirement Benefits		
	January 1, 2016 to March 23, 2016	Three Months Ended June 30, 2015	Six Months Ended June 30, 2015	January 1, 2016 to March 23, 2016	Three Months Ended June 30, 2015	Six Months Ended June 30, 2015
Components of net periodic benefit cost:						
Service cost	$ 12	$ 14	$ 28	$ 1	$ 1	$ 3
Interest cost	26	27	54	6	6	12
Expected return on assets	(30)	(35)	(70)	(5)	(5)	(11)
Amortization of:						
Prior service cost (benefit)	—	1	1	(3)	(3)	(6)
Actuarial loss	14	17	33	2	1	4
Net periodic benefit cost	$ 22	$ 24	$ 46	$ 1	$ —	$ 2

The amounts below represent Exelon's, Generation's, ComEd's, PECO's, BGE's, Pepco's, DPL's, ACE's, BSC's and PHISCO's allocated portion of the pension and postretirement benefit plan costs, which were included in Property, plant and equipment within the respective Consolidated Balance Sheets and Operating and maintenance expense within the Consolidated Statement of Operations and Comprehensive Income during the three and six months ended June 30, 2016 and 2015.

	Three Months Ended June 30,		Six Months Ended June 30,	
Pension and Other Postretirement Benefit Costs	2016	2015	2016	2015
Exelon	$ 160	$ 160	$ 297	$ 317
Generation	55	68	109	133
ComEd	42	51	83	103
PECO	8	10	17	19
BGE	18	17	33	33
BSC [(a)]	10	14	24	29
Pepco [(b)]	7	7	16	15
DPL [(b)]	4	4	9	8
ACE [(b)]	4	4	8	8
PHISCO [(a)(b)]	12	9	21	17

	Successor	Predecessor	Successor	Predecessor	
Pension and Other Postretirement Benefit Costs	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	March 24, 2016 to June 30, 2016	January 1, 2016 to March 23, 2016	Six Months Ended June 30, 2015
PHI	$ 27	$ 24	$ 31	$ 23	$ 48

(a) These amounts primarily represent amounts billed to Exelon's subsidiaries through intercompany allocations. These amounts are not included in the Generation, ComEd, PECO, BGE, PHI, Pepco, DPL or ACE amounts above.

(b) Pepco's, DPL's, ACE's and PHISCO's pension and postretirement benefit costs for the six months ended June 30, 2016 include $7 million, $4 million, $3 million and $9 million, respectively, of costs incurred prior to the closing of Exelon's merger with PHI on March 23, 2016.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Defined Contribution Savings Plans

The Registrants participate in various 401(k) defined contribution savings plans that are sponsored by Exelon. The plans are qualified under applicable sections of the IRC and allow employees to contribute a portion of their pre-tax and/or after-tax income in accordance with specified guidelines. All Registrants match a percentage of the employee contributions up to certain limits. The following table presents the matching contributions to the savings plans during the three and six months ended June 30, 2016 and 2015:

	Three Months Ended June 30,		Six Months Ended June 30,	
Savings Plan Matching Contributions	2016	2015	2016	2015
Exelon	$ 30	$ 38	$ 56	$ 60
Generation	13	20	25	33
ComEd	7	8	13	13
PECO	2	3	4	4
BGE	2	3	3	5
BSC [(a)]	2	4	7	5
Pepco [(b)]	1	1	2	2
DPL [(b)]	—	1	1	1
PHISCO [(a)(b)]	2	1	3	3
ACE [(b)]	1	1	1	1

	Successor	*Predecessor*	*Successor*	*Predecessor*	
Savings Plan Matching Contributions	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	March 24, 2016 to June 30, 2016	January 1, 2016 to March 23, 2016	Six Months Ended June 30, 2015
PHI	$ 4	$ 4	$ 4	$ 3	$ 7

(a) These amounts primarily represent amounts billed to Exelon and PHI's subsidiaries through intercompany allocations. These costs are not included in the Generation, ComEd, PECO, BGE, Pepco and DPL amounts above.

(b) Pepco's, DPL's and PHISCO's matching contributions for the six months ended June 30, 2016 include $1 million, $1 million, and $1 million, respectively, of costs incurred prior to the closing of Exelon's merger with PHI on March 23, 2016, which is not included in Exelon's matching contributions for the six months ended June 30, 2016.

14. Severance (All Registrants)

The Registrants have an ongoing severance plan under which, in general, the longer an employee worked prior to termination the greater the amount of severance benefits. The Registrants record a liability and expense or regulatory asset for severance once terminations are probable of occurrence and the related severance benefits can be reasonably estimated. For severance benefits that are incremental to its ongoing severance plan ("one-time termination benefits"), the Registrants measure the obligation and record the expense at fair value at the communication date if there are no future service requirements, or, if future service is required to receive the termination benefit, ratably over the required service period.

Ongoing Severance Plans

The Registrants provide severance and health and welfare benefits under Exelon's ongoing severance benefit plans to terminated employees in the normal course of business. These benefits are accrued for when the benefits are considered probable and can be reasonably estimated.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

For the three and six months ended June 30, 2016 and 2015, Exelon, Generation and ComEd recorded the following severance costs associated with these ongoing severance benefits within Operating and maintenance expense in their Consolidated Statements of Operations and Comprehensive Income.

	Exelon	Generation [a]	ComEd
Three Months Ended			
June 30, 2016	$ 2	$ 1	$ 1
June 30, 2015	1	1	—
Six Months Ended			
June 30, 2016	$ 4	$ 3	$ 1
June 30, 2015	21	21	—

(a) The amounts above for Generation include $1 million and $2 million for amounts billed by BSC through intercompany allocations for the three months ended June 30, 2016 and 2015, respectively, and $2 million and $4 million for the six months ended June 30, 2016 and 2015, respectively. The amounts above for ComEd include less than $1 million and $1 million billed by BSC through intercompany allocations for the three and six months ended June 30, 2016, respectively.

Early Plant Retirement-Related Severance

As a result of the Clinton and Quad Cities plant retirement decision, Exelon and Generation will incur certain employee-related costs, including severance benefit costs. Severance benefits will be provided to impacted union and non-union employees, to the extent that those employees are not redeployed to other locations. In June 2016, Exelon and Generation recognized severance benefit costs of $46 million related to expected employee severances resulting from the plant retirements within Operating and maintenance expense in their Consolidated Statements of Operations and Comprehensive Income. The final amount of severance cost will ultimately depend on the specific employees severed. The $46 million of costs for Generation include $3 million for amounts billed by BSC through intercompany allocations for the three and six months ended June 30, 2016.

Cost Management Program-Related Severance

In August 2015, Exelon announced a cost management program focused on cost savings at BSC and Generation, including the elimination of approximately 500 positions. These actions are in response to the continuing economic challenges confronting all parts of Exelon's business and industry, necessitating continued focus on cost management through enhanced efficiency and productivity. Exelon expects that approximately 250 corporate support positions in BSC and approximately 250 positions located throughout Generation will be eliminated.

Upon Senior Management approval of the cost management targets and initiatives in the first quarter of 2016, Exelon recorded severance benefit costs of $17 million associated with the anticipated position reductions. Additional severance benefit costs recorded in the second quarter were immaterial. The final amount of the charge will ultimately depend on the specific employees severed.

For the six months ended June 30, 2016, the Registrants recorded the following severance costs related to the cost management program within Operating and maintenance expense in their Consolidated Statements of Operations and Comprehensive Income, pursuant to the authoritative guidance for ongoing severance plans:

	Exelon	Generation	ComEd	PECO	BGE
Six Months Ended June 30, 2016					
Severance benefits [a]	$ 17	$ 12	$ 3	$ 1	$ 1

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

(a) The amounts above for Generation, ComEd, PECO and BGE include $7 million, $3 million, $1 million and $1 million, respectively, for amounts billed by BSC through intercompany allocations for the six months ended June 30, 2016.

Severance Costs Related to the PHI Merger

Upon closing the PHI Merger, Exelon recorded a severance accrual for the anticipated employee position reductions as a result of the post-merger integration. Cash payments under the plan began in May 2016 and will continue through 2020.

For the three and six months ended June 30, 2016, the Registrants recorded the following severance costs (benefits) associated with the identified job reductions within Operating and maintenance expense in their Consolidated Statements of Operations and Comprehensive Income, pursuant to the authoritative guidance for ongoing severance plans:

	Exelon	Generation	ComEd	PECO	BGE	Successor PHI	Pepco [b]	DPL [c]	ACE
Three Months Ended June 30, 2016									
Severance benefits [a]	$ 2	$ (1)	$ (1)	$ —	$ —	$ 4	$ 2	$ 1	$ 1
Six Months Ended June 30, 2016									
Severance benefits [a]	$ 55	$ 9	$ 2	$ 1	$ 1	$ 42	$ 20	$ 12	$ 10

(a) The amounts above for Generation, ComEd, PECO, BGE, Pepco, DPL and ACE include $(1) million, $(1) million, less than $1 million, less than $1 million, $2 million, $1 million and $1 million, respectively, for amounts billed by BSC and/or PHISCO through intercompany allocations for the three months ended June 30, 2016, and $8 million, $2 million, $1 million, $1 million, $19 million, $11 million and $10 million for the six months ended June 30, 2016.
(b) Pepco established a regulatory asset of $9 million as of June 30, 2016, primarily for severance benefit costs related to the PHI merger.
(c) DPL established a regulatory asset of $3 million as of June 30, 2016, primarily for severance benefit costs related to the PHI merger.

Severance Liability

Amounts included in the table below represent the severance liability recorded for employees of each Registrant and exclude amounts included at Exelon and billed through intercompany allocations:

Severance Liability	Exelon	Generation	ComEd	PECO	BGE	Successor PHI	Pepco	DPL	ACE
Balance at December 31, 2015	$ 35	$ 23	$ 3	$ —	$ 1	$ —	$ —	$—	$ —
Severance charges [a][b]	129	56	1	—	—	54	1	1	—
Payments	(19)	(4)	(1)	—	—	(11)	—	—	—
Balance at June 30, 2016	$ 145	$ 75	$ 3	$ —	$ 1	$ 43	$ 1	$ 1	$ —

(a) Includes salary continuance and health and welfare severance benefits. Amounts primarily represent benefits provided for the PHI post-merger integration, the Clinton and Quad Cities early plant retirements and the cost management program.
(b) Represents activity from March 24, 2016 to June 30, 2016 for PHI, Pepco, DPL and ACE.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

15. Changes in Accumulated Other Comprehensive Income (Exelon, Generation, PECO and PHI)

The following tables present changes in accumulated other comprehensive income (loss) (AOCI) by component for the six months ended June 30, 2016 and 2015:

Six Months Ended June 30, 2016	Gains and (losses) on Cash Flow Hedges	Unrealized Gains and (losses) on Marketable Securities	Pension and Non-Pension Postretirement Benefit Plan Items	Foreign Currency Items	AOCI of Equity Investments	Total
Exelon [a]						
Beginning balance	$ (19)	$ 3	$ (2,565)	$ (40)	$ (3)	$(2,624)
OCI before reclassifications	(4)	—	(2)	6	(7)	(7)
Amounts reclassified from AOCI [b]	(3)	—	69	—	—	66
Net current-period OCI	(7)	—	67	6	(7)	59
Ending balance	$ (26)	$ 3	$ (2,498)	$ (34)	$ (10)	$(2,565)
Generation [a]						
Beginning balance	$ (21)	$ 1	$ —	$ (40)	$ (3)	$ (63)
OCI before reclassifications	(1)	—	—	6	(4)	1
Amounts reclassified from AOCI [b]	(3)	—	—	—	—	(3)
Net current-period OCI	(4)	—	—	6	(4)	(2)
Ending balance	$ (25)	$ 1	$ —	$ (34)	$ (7)	$ (65)
PECO [a]						
Beginning balance	$ —	$ 1	$ —	$ —	$ —	$ 1
OCI before reclassifications	—	—	—	—	—	—
Amounts reclassified from AOCI [b]	—	—	—	—	—	—
Net current-period OCI	—	—	—	—	—	—
Ending balance	$ —	$ 1	$ —	$ —	$ —	$ 1
PHI Predecessor [a]						
Beginning balance January 1, 2016	$ (8)	$ —	$ (28)	$ —	$ —	$ (36)
OCI before reclassifications	—	—	—	—	—	—
Amounts reclassified from AOCI [b]	—	—	1	—	—	1
Net current-period OCI	—	—	1	—	—	1
Ending balance March 23, 2016 [c]	$ (8)	$ —	$ (27)	$ —	$ —	$ (35)

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Six Months Ended June 30, 2015	Gains and (losses) on Hedging Activity	Unrealized Gains and (losses) on Marketable Securities	Pension and Non-Pension Postretirement Benefit Plan Items	Foreign Currency Items	AOCI of Equity Investments	Total
Exelon [a]						
Beginning balance	$ (28)	$ 3	$ (2,640)	$ (19)	$ —	$(2,684)
OCI before reclassifications	(10)	—	(29)	(9)	—	(48)
Amounts reclassified from AOCI [b]	19	—	87	—	—	106
Net current-period OCI	9	—	58	(9)	—	58
Ending balance	$ (19)	$ 3	$ (2,582)	$ (28)	$ —	$(2,626)
Generation [a]						
Beginning balance	$ (18)	$ 1	$ —	$ (19)	$ —	$ (36)
OCI before reclassifications	(6)	1	—	(9)	—	(14)
Amounts reclassified from AOCI [b]	3	—	—	—	—	3
Net current-period OCI	(3)	1	—	(9)	—	(11)
Ending balance	$ (21)	$ 2	$ —	$ (28)	$ —	$ (47)
PECO [a]						
Beginning balance	$ —	$ 1	$ —	$ —	$ —	$ 1
OCI before reclassifications	—	—	—	—	—	—
Amounts reclassified from AOCI [b]	—	—	—	—	—	—
Net current-period OCI	—	—	—	—	—	—
Ending balance	$ —	$ 1	$ —	$ —	$ —	$ 1
PHI Predecessor [a]						
Beginning balance	$ (9)	$ —	$ (37)	$ —	$ —	$ (46)
OCI before reclassifications	—	—	—	—	—	—
Amounts reclassified from AOCI [b]	—	—	4	—	—	4
Net current-period OCI	—	—	4	—	—	4
Ending balance	$ (9)	$ —	$ (33)	$ —	$ —	$ (42)

(a) All amounts are net of tax. Amounts in parenthesis represent a decrease in AOCI.
(b) See next tables for details about these reclassifications.
(c) As a result of the PHI Merger, the PHI predecessor balances at March 23, 2016 were reduced to zero on March 24, 2016 due to purchase accounting adjustments applied to PHI.

ComEd, PECO, BGE, Pepco, DPL and ACE did not have any reclassifications out of AOCI to Net income during the three and six months ended June 30, 2016 and 2015. The following tables present amounts reclassified out of AOCI to Net income for Exelon, Generation and PHI during the three and six months ended June 30, 2016 and 2015.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Three Months Ended June 30, 2016

Details about AOCI components	Items reclassified out of AOCI [a]		Affected line item in the Statement of Operations and Comprehensive Income
	Exelon	Generation	
Amortization of pension and other postretirement benefit plan items			
Prior service costs [b]	$ 19	$ —	
Actuarial losses [b]	(75)	—	
Total before tax	(56)	—	
Tax benefit	22	—	
Net of tax	$ (34)	$ —	
Total Reclassifications for the period	$ (34)	$ —	Comprehensive income

Six Months Ended June 30, 2016

Details about AOCI components	Items reclassified out of AOCI [a]			Affected line item in the Statement of Operations and Comprehensive Income
	Exelon	Generation	*Predecessor* January 1, 2016 to March 23, 2016 PHI	
Gains and (losses) on cash flow hedges				
Other cash flow hedges	$ 5	$ 5	$ —	Interest expense
Total before tax	5	5	—	
Tax expense	(2)	(2)	—	
Net of tax	$ 3	$ 3	$ —	Comprehensive income
Amortization of pension and other postretirement benefit plan items				
Prior service costs [b]	$ 38	$ —	$ —	
Actuarial losses [b]	(151)	—	(1)	
Total before tax	(113)	—	(1)	
Tax benefit	44	—	—	
Net of tax	$ (69)	$ —	$ (1)	
Total Reclassifications	$ (66)	$ 3	$ (1)	Comprehensive income

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Three Months Ended June 30, 2015

Details about AOCI components	Items reclassified out of AOCI [a]			Affected line item in the Statement of Operations and Comprehensive Income
	Exelon	Generation	*Predecessor* PHI	
Gains and (losses) on cash flow hedges				
Other cash flow hedges	$ (2)	$ (2)	$ —	Interest expense
Total before tax	(2)	(2)	—	
Tax expense	—	—	—	
Net of tax	$ (2)	$ (2)	$ —	Comprehensive income
Amortization of pension and other postretirement benefit plan items				
Prior service costs [b]	$ 19	$ —	$ —	
Actuarial losses [b]	(90)	—	(3)	
Total before tax	(71)	—	(3)	
Tax expense	27	—	—	
Net of tax	$ (44)	$ —	$ (3)	
Total Reclassifications for the period	$ (46)	$ (2)	$ (3)	Comprehensive income

Six Months Ended June 30, 2015

Details about AOCI components	Items reclassified out of AOCI [a]			Affected line item in the Statement of Operations and Comprehensive Income
	Exelon	Generation	*Predecessor* PHI	
Gains and (losses) on cash flow hedges				
Terminated interest rate swaps	$ (26)	$ —	$ —	Other, net
Energy related hedges	2	2	—	Operating revenues
Other cash flow hedges	(5)	(5)	—	Interest expense
Total before tax	(29)	(3)	—	
Tax benefit	10	—	—	
Net of tax	$ (19)	$ (3)	$ —	Comprehensive income
Amortization of pension and other postretirement benefit plan items				
Prior service costs [b]	$ 38	$ —	$ —	
Actuarial losses [b]	(180)	—	(5)	
Total before tax	(142)	—	(5)	
Tax benefit	55	—	1	
Net of tax	$ (87)	$ —	$ (4)	
Total Reclassifications	$(106)	$ (3)	$ (4)	Comprehensive income

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

(a) Amounts in parenthesis represent a decrease in net income.
(b) This AOCI component is included in the computation of net periodic pension and OPEB cost (see Note 13 — Retirement Benefits for additional details).

The following table presents income tax expense (benefit) allocated to each component of other comprehensive income (loss) during the three and six months ended June 30, 2016 and 2015:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Exelon				
Pension and non-pension postretirement benefit plans:				
Prior service benefit reclassified to periodic benefit cost	$ 7	$ 8	$ 15	$ 15
Actuarial loss reclassified to periodic cost	(30)	(35)	(60)	(69)
Pension and non-pension postretirement benefit plans valuation adjustment	—	—	1	17
Change in unrealized gain/(loss) on cash flow hedges	2	(2)	4	(6)
Change in unrealized loss on equity investments	1	—	3	—
Change in unrealized gain on marketable securities	(1)	1	—	1
Total	$ (21)	$ (28)	$ (37)	$ (42)
Generation				
Change in unrealized gain/(loss) on cash flow hedges	$ 1	$ (1)	$ 3	$ 1
Change in unrealized loss on equity investments	1	—	3	—
Change in unrealized gain on marketable securities	—	—	—	1
Total	$ 2	$ (1)	$ 6	$ 2

	Predecessor		
PHI	Three Months Ended June 30, 2015	January 1, 2016 to March 23, 2016	Six Months Ended June 30, 2015
Pension and non-pension postretirement benefit plans:			
Actuarial loss reclassified to periodic cost	$ —	$ —	$ (1)

16. Mezzanine Equity (Exelon, Generation and PHI)

Contingently Redeemable Noncontrolling Interests (Exelon and Generation)

In November 2015, 2015 ESA Investco, LLC, a wholly owned subsidiary of Generation, entered into an arrangement to sell a portion of its equity to a tax equity investor. Pursuant to the operating agreement, in certain circumstances the equity contributed by the noncontrolling interests holder could be contingently redeemable. These circumstances are outside of the control of Generation and the noncontrolling interests holder resulting in a portion of the noncontrolling interests being considered contingently redeemable and thus presented in mezzanine equity on the consolidated balance sheet.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following table summarizes the changes in the contingently redeemable noncontrolling interests for the six months ended June 30, 2016:

Balance at December 31, 2015	$ 28
Cash received from noncontrolling interests	52
Release of contingency	(56)
Balance at June 30, 2016	$ 24

Preferred Stock (PHI)

In connection with the PHI Merger Agreement, Exelon purchased 18,000 originally issued shares of PHI preferred stock for a purchase price of $180 million. PHI excluded the preferred stock from equity at December 31, 2015 since the preferred stock contained conditions for redemption that were not solely within the control of PHI. Management determined that the preferred stock contained embedded features requiring separate accounting consideration to reflect the potential value to PHI that any issued and outstanding preferred stock could be called and redeemed at a nominal par value upon a termination of the merger agreement under certain circumstances due to the failure to obtain required regulatory approvals. The embedded call and redemption features on the shares of the preferred stock in the event of such a termination were separately accounted for as derivatives. As of December 31, 2015, the fair value of the derivative related to the preferred stock was estimated to be $18 million based on PHI's updated assessment and was included in Current assets with a corresponding increase in Preferred stock on PHI's Consolidated Balance Sheet. Immediately prior to the merger date, PHI updated its assessment of the fair value of the derivative and reduced the fair value to zero, recording the $18 million decrease in fair value as a reduction of Other, within PHI's predecessor period, January 1, 2016 to March 23, 2016, Statement of Operations and Comprehensive Income.

On March 23, 2016, the preferred stock was cancelled and the $180 million cash consideration previously received by PHI to issue the preferred stock was treated as additional merger purchase price consideration.

17. Earnings Per Share and Equity (Exelon and BGE)

Earnings per Share (Exelon)

Diluted earnings per share is calculated by dividing Net income attributable to common shareholders by the weighted average number of shares of common stock outstanding, including shares to be issued upon exercise of stock options, performance share awards and restricted stock outstanding under Exelon's LTIPs considered to be common stock equivalents. The following table sets forth the components of basic and diluted earnings per share and shows the effect of these stock options, performance share awards and restricted stock on the weighted average number of shares outstanding used in calculating diluted earnings per share:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Exelon				
Net income attributable to common shareholders	$ 267	$ 638	$ 440	$ 1,331
Weighted average common shares outstanding — basic	924	863	923	862
Assumed exercise and/or distributions of stock-based awards	2	3	3	4
Weighted average common shares outstanding — diluted	926	866	926	866

The number of stock options not included in the calculation of diluted common shares outstanding due to their antidilutive effect was approximately 11 million and 12 million for the three and six months ended June 30, 2016, respectively and 13 million and 15 million for three and six months ended June 30, 2015, respectively. The number of equity units related to the PHI Merger not included in the calculation of diluted common shares outstanding due to their antidilutive effect was under 1 million and 2 million for the three and six months ended June 30, 2016, respectively, and 1 million for the three and six months ended June 30, 2015. Refer to Note 19 —Shareholder's Equity of the Exelon 2015 Form 10-K for further information regarding the equity units.

Under share repurchase programs, 35 million shares of common stock are held as treasury stock with a cost of $2.3 billion as of June 30, 2016. In 2008, Exelon management decided to defer indefinitely any share repurchases.

Preference Stock Redemption (BGE)

BGE has $190 million of cumulative preference stock that are redeemable at its option at any time for the redemption price of $100 per share, plus accrued and unpaid dividends. On July 3, 2016, BGE redeemed all 400,000 shares of its outstanding 7.125% Cumulative Preference Stock, 1993 Series and all 600,000 shares of its outstanding 6.99% Cumulative Preference Stock, 1995 Series for $100 million, plus accrued and unpaid dividends. Following these redemptions, BGE has $90 million of cumulative preference stock outstanding.

18. Commitments and Contingencies (*All Registrants*)

The following is an update to the current status of commitments and contingencies set forth in Note 23 of the Exelon 2015 Form 10-K and Note 16 of the PHI 2015 Form 10-K. See Note 4 — Mergers, Acquisitions and Dispositions for further discussion on the PHI Merger commitments.

Commitments

Constellation Merger Commitments (Exelon and Generation)

In February 2012, the MDPSC issued an Order approving the Exelon and Constellation merger. As part of the MDPSC Order, Exelon agreed to provide a package of benefits to BGE customers, the City of Baltimore and the State of Maryland, resulting in an estimated direct investment in the State of Maryland of approximately $1 billion. The direct investment estimate includes $95 million to $120 million relating to the construction of a headquarters building in Baltimore for Generation's competitive energy businesses.

The direct investment commitment also includes $500 million to $600 million relating to Exelon and Generation's development or assistance in the development of 275 — 300 MWs of new generation in Maryland, which is expected to be completed over a period of 10 years. As of June 30, 2016, Exelon and Generation have incurred $402 million towards satisfying the commitment for new generation development in the state of Maryland, with approximately 220 MW of the new generation commencing with commercial operations to date. The MDPSC Order contemplates various options for complying with the new generation development commitments, including building or acquiring generating assets, making subsidy or compliance payments, or in circumstances in which the generation build is delayed or certain specified provisions are elected, making liquidated damages payments. Exelon and Generation expect that the majority of these commitments will be satisfied by building or acquiring generating assets and, therefore, will be primarily capital in nature and recognized as incurred. However, during the third quarter of 2014, the conditions associated with one of the generation development commitments changed such that Exelon and Generation believe that the most likely outcome will involve making subsidy payments and/or liquidated damages payments rather than constructing the specified generating plant. As a result, Exelon and Generation recorded a pre-tax $44 million loss contingency

related to this generation development commitment. While this $44 million loss contingency represents Generation's best estimate of the future obligation, it is reasonably possible that Exelon and Generation could ultimately be required to make cumulative subsidy payments of up to a maximum of approximately $105 million over a 20-year period dependent on actual generating output from a successfully constructed generating plant.

Equity Investment Commitments (Exelon and Generation)

Generation has entered into equity purchase agreements that include commitments to invest additional equity through incremental payments to fund the anticipated needs of the planned operations of the associated companies. The commitments include approximately $20 million of in-kind services and 100% of 2015 ESA Investco, LLC's equity commitment since 2015 ESA Investco, LLC is consolidated by Generation (see Note 3 — Variable Interest Entities for additional details). As of June 30, 2016, Generation's estimated commitments relating to its equity purchase agreements, including the in-kind services contributions, is anticipated to be as follows:

	Total
2016 (a)	$203
2017	22
2018	10
Total	$235

(a) The noncontrolling interests holder of 2015 ESA Investco, LLC will contribute up to $90 million in support of a portion of the remaining equity commitment.

Commercial Commitments (All Registrants)

The Registrants' commercial commitments as of June 30, 2016, representing commitments potentially triggered by future events were as follows:

	Exelon	Generation	ComEd	PECO	BGE	Successor PHI	Pepco	DPL	ACE
Letters of credit (non-debt) (a)	$1,651	$ 1,580	$ 16	$ 23	$ 2	$ 1	$ —	$—	$ 1
Surety bonds (b)	1,055	964	10	9	10	16	9	4	3
Financing trust guarantees	628	—	200	178	250	—	—	—	—
Nuclear insurance premiums (c)	3,045	3,045	—	—	—	—	—	—	—
Guaranteed lease residual values (d)	20	—	—	—	—	20	5	7	5
Total commercial commitments	$6,399	$ 5,589	$ 226	$210	$262	$ 37	$ 14	$11	$ 9

(a) Letters of credit (non-debt) — Exelon and certain subsidiaries maintain non-debt letters of credit to provide credit support for certain transactions as requested by third parties.
(b) Surety bonds — Guarantees issued related to contract and commercial agreements, excluding bid bonds.
(c) Nuclear insurance premiums — Represents the maximum amount that Generation would be required to pay for retrospective premiums in the event of nuclear disaster at any domestic site, including CENG sites, under the Secondary Financial Protection pool as required under the Price-Anderson Act as well as the current aggregate annual retrospective premium obligation that could be imposed by NEIL. See the Nuclear Insurance section within this note for additional details on Generation's nuclear insurance premiums.
(d) Represents the maximum potential obligation in the event that the fair value of certain leased equipment and fleet vehicles is zero at the end of the maximum lease term. The maximum lease term associated with these assets ranges from 3 to 8 years. The maximum potential obligation at the end of the minimum lease term would be $50 million, $13 million of

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which is a guarantee by Pepco, $16 million by DPL and $13 million by ACE. The minimum lease term associated with these assets ranges from 1 to 4 years. Historically, payments under the guarantees have not been made and PHI believes the likelihood of payments being required under the guarantees is remote.

Nuclear Insurance (Exelon and Generation)

Generation is subject to liability, property damage and other risks associated with major incidents at any of its nuclear stations, including the CENG nuclear stations. Generation has mitigated its financial exposure to these risks through insurance and other industry risk-sharing provisions.

The Price-Anderson Act was enacted to ensure the availability of funds for public liability claims arising from an incident at any of the U.S. licensed nuclear facilities and also to limit the liability of nuclear reactor owners for such claims from any single incident. As of June 30, 2016, the current liability limit per incident is $13.4 billion and is subject to change to account for the effects of inflation and changes in the number of licensed reactors. An inflation adjustment must be made at least once every 5 years and the last inflation adjustment was made effective September 10, 2013. In accordance with the Price-Anderson Act, Generation maintains financial protection at levels equal to the amount of liability insurance available from private sources through the purchase of private nuclear energy liability insurance for public liability claims that could arise in the event of an incident. As of June 30, 2016, the amount of nuclear energy liability insurance purchased is $375 million for each operating site. Additionally, the Price-Anderson Act requires a second layer of protection through the mandatory participation in a retrospective rating plan for power reactors (currently 102 reactors) resulting in an additional $13.0 billion in funds available for public liability claims. Participation in this secondary financial protection pool requires the operator of each reactor to fund its proportionate share of costs for any single incident that exceeds the primary layer of financial protection. Under the Price-Anderson Act, the maximum assessment in the event of an incident for each nuclear operator, per reactor, per incident (including a 5% surcharge), is $127.3 million, payable at no more than $19 million per reactor per incident per year. Exelon's maximum liability per incident is approximately $2.7 billion, including CENG's related liability.

In addition, the U.S. Congress could impose revenue-raising measures on the nuclear industry to pay public liability claims exceeding the $13.4 billion limit for a single incident.

As part of the execution of the NOSA on April 1, 2014, Generation executed an Indemnity Agreement pursuant to which Generation agreed to indemnify EDF and its affiliates against third-party claims that may arise from any future nuclear incident (as defined in the Price-Anderson Act) in connection with the CENG nuclear plants or their operations. Exelon guarantees Generation's obligations under this indemnity. See Note 5— Investment in Constellation Energy Nuclear Group, LLC of the Exelon 2015 Form 10-K for additional information on Generation's operations relating to CENG.

Generation is required each year to report to the NRC the current levels and sources of property insurance that demonstrates Generation possesses sufficient financial resources to stabilize and decontaminate a reactor and reactor station site in the event of an accident. The property insurance maintained for each facility is currently provided through insurance policies purchased from NEIL, an industry mutual insurance company of which Generation is a member.

NEIL provides "all risk" property damage, decontamination and premature decommissioning insurance for each station for losses resulting from damage to its nuclear plants, either due to accidents or acts of terrorism. If the decision is made to decommission the facility, a portion of the insurance proceeds will be allocated to a fund, which Generation is required by the NRC to maintain, to provide for decommissioning the facility. In the event of an insured loss, Generation is unable to predict the timing of the availability of insurance proceeds to

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Generation and the amount of such proceeds that would be available. In the event that one or more acts of terrorism cause accidental property damage within a twelve-month period from the first accidental property damage under one or more policies for all insured plants, the maximum recovery for all losses by all insureds will be an aggregate of $3.2 billion plus such additional amounts as the insurer may recover for all such losses from reinsurance, indemnity and any other source, applicable to such losses.

For its insured losses, Generation is self-insured to the extent that losses are within the policy deductible or exceed the amount of insurance maintained. Uninsured losses and other expenses, to the extent not recoverable from insurers or the nuclear industry, could also be borne by Generation. Any such losses could have a material adverse effect on Exelon's and Generation's financial condition, results of operations and liquidity.

Environmental Issues *(All Registrants)*

General. The Registrants' operations have in the past, and may in the future, require substantial expenditures in order to comply with environmental laws. Additionally, under Federal and state environmental laws, the Registrants are generally liable for the costs of remediating environmental contamination of property now or formerly owned by them and of property contaminated by hazardous substances generated by them. The Registrants own or lease a number of real estate parcels, including parcels on which their operations or the operations of others may have resulted in contamination by substances that are considered hazardous under environmental laws. In addition, the Registrants are currently involved in a number of proceedings relating to sites where hazardous substances have been deposited and may be subject to additional proceedings in the future.

ComEd, PECO, BGE and DPL have identified sites where former MGP activities have or may have resulted in actual site contamination. For almost all of these sites, there are additional PRPs that may share responsibility for the ultimate remediation of each location.

- ComEd has identified 42 sites, 17 of which the remediation has been completed and approved by the Illinois EPA or the U.S. EPA and 25 that are currently under some degree of active study and/or remediation. ComEd expects the majority of the remediation at these sites to continue through at least 2020.
- PECO has identified 26 sites, 16 of which have been remediated in accordance with applicable PA DEP regulatory requirements. The remaining 10 sites are currently under some degree of active study and/or remediation. PECO expects the majority of the remediation at these sites to continue through at least 2021.
- BGE has identified 13 former gas manufacturing or purification sites that it currently owns or owned at one time through a predecessor's acquisition. Two gas manufacturing sites require some level of remediation and ongoing monitoring under the direction of the MDE. The required costs at these two sites are not considered material. One former gas purification site is currently under investigation at the direction of the MDE. For more information, see the discussion of the Riverside site below.
- DPL has identified 2 sites, all of which the remediation has been completed and approved by the MDE or the Delaware Department of Natural Resources and Environmental Control.

ComEd, pursuant to an ICC order, and PECO, pursuant to settlements of natural gas distribution rate cases with the PAPUC, are currently recovering environmental remediation costs of former MGP facility sites through customer rates. ComEd and PECO have recorded regulatory assets for the recovery of these costs. See Note 5 —Regulatory Matters for additional information regarding the associated regulatory assets. BGE is authorized to recover, and is currently recovering, environmental costs for the remediation of the former MGP facility sites from customers; however, while BGE does not have a rider for MGP clean-up costs, BGE has historically

received recovery of actual clean-up costs in distribution rates. DPL has historically received recovery of actual clean-up costs in distribution rates.

As of June 30, 2016 and December 31, 2015, the Registrants had accrued the following undiscounted amounts for environmental liabilities in Other current liabilities and Other deferred credits and other liabilities within their respective Consolidated Balance Sheets:

June 30, 2016	Total Environmental Investigation and Remediation Reserve	Portion of Total Related to MGP Investigation and Remediation [a]
Exelon	$ 410	$ 311
Generation	66	—
ComEd	277	275
PECO	35	33
BGE	2	2
PHI (Successor)	30	1
Pepco	27	—
DPL	2	1
ACE	1	—

December 31, 2015	Total Environmental Investigation and Remediation Reserve	Portion of Total Related to MGP Investigation and Remediation [a]
Exelon	$ 369	$ 301
Generation	63	—
ComEd	266	264
PECO	37	35
BGE	3	2
PHI (Predecessor)	33	1
Pepco	24	—
DPL	3	1
ACE	1	—

(a) For BGE, includes reserve for Riverside, a gas purification site. See discussion below for additional information.

The historical nature of the MGP sites and the fact that many of the sites have been buried and built over, impacts the ability to determine a precise estimate of the ultimate costs prior to initial sampling and determination of the exact scope and method of remedial activity. Management determines its best estimate of remediation costs using all available information at the time of each study, including probabilistic and deterministic modeling for ComEd and PECO, and the remediation standards currently required by the applicable state environmental agency. Prior to completion of any significant clean up, each site remediation plan is approved by the appropriate state environmental agency.

The Registrants cannot reasonably estimate whether they will incur other significant liabilities for additional investigation and remediation costs at these or additional sites identified by the Registrants, environmental agencies or others, or whether such costs will be recoverable from third parties, including customers.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Water Quality

Groundwater Contamination. In October 2007, a subsidiary of Constellation entered into a consent decree with the MDE relating to groundwater contamination at a third-party facility that was licensed to accept fly ash, a byproduct generated by coal-fired plants. The consent decree required the payment of a $1 million penalty, remediation of groundwater contamination resulting from the ash placement operations at the site, replacement of drinking water supplies in the vicinity of the site, and monitoring of groundwater conditions. Generation's remaining groundwater contamination reserve was approximately $11 million at June 30, 2016 and $12 million at December 31, 2015.

Benning Road Site NPDES Permit Limit Exceedances . Pepco holds an NPDES permit issued by EPA with a July 19, 2009 effective date, which authorizes discharges from the Benning Road site, including the Pepco Energy Services generating facility previously located on the site that was deactivated in 2012 and subsequently demolished. The 2009 permit for the first time imposed numerical limits on the allowable concentration of certain metals in storm water discharged from the site into the Anacostia River as determined by EPA to be necessary to meet the applicable District of Columbia surface water quality standards. The permit contemplated that Pepco would meet these limits over time through the use of best management practices (BMPs). As of December 2012, Pepco completed the implementation of the first two phases of BMPs identified in a plan approved by EPA (consisting principally of installing metal absorbing filters to capture contaminants at storm water inlets, removing stored equipment from areas exposed to the weather, covering and painting exposed metal pipes, and covering and cleaning dumpsters). These measures were effective in reducing metal concentrations in storm water discharges, but were not sufficient to meet all of the numerical limits for metals. Most of the quarterly monitoring results since the issuance of the permit have shown exceedances of the limits for copper and zinc, as well as occasional exceedances for iron and lead.

The NPDES permit was due to expire on June 19, 2014. Pepco submitted a permit renewal application on December 17, 2013. In November 2014, EPA advised Pepco that it will not renew the permit until the Benning Road site has come into compliance with the existing permit limits. The current permit remains in effect pending EPA's action on the renewal application. In December 2014, Pepco submitted a plan to EPA to implement the third phase of BMPs recommended in the original permit compliance plan with the objective of achieving full compliance with the permit limits for metals by the end of 2015 and Pepco immediately began to implement the additional BMPs in accordance with the plan. On September 1, 2015, Pepco submitted a report to EPA on the status of implementation of the third phase of BMPs. As of that date, Pepco had fully implemented most of the elements of the Phase 3 plan, including installation of upgraded storm water inlet controls (filters and booms), enhanced inspection and maintenance of inlets, removal of materials and equipment from exposure to storm water, and removal of accumulated sediments from the underground storm drains. The sampling results from the third quarter of 2015 showed compliance with all of the permit limits. However, more recent sampling results continued to show modest exceedances for copper and zinc. As confirmed by this latest sampling, because the permit limits are low and site conditions are subject to variation, Pepco has concluded that some form of storm water treatment prior to discharge will be necessary to ensure ongoing compliance with all permit limits and has begun the process of evaluating treatment options. The nature and scope of the necessary treatment system, and the amount of the associated capital expenditures, will not be known until Pepco has completed the evaluation and design process.

Pepco has been engaged in discussions with representatives from EPA and the DOJ regarding permit compliance. On October 30, 2015, EPA filed a Clean Water Act civil enforcement action against Pepco in federal district court. Pepco expects that this enforcement action will be resolved through a consent decree that will (i) establish further requirements to achieve compliance with the permit limits, including the design and installation of an appropriate storm water treatment system as noted above, and (ii) include civil penalties for past noncompliance. Pepco has established what it believes is an appropriate reserve for potential penalties which is

included in the table above. Pepco does not expect the amount of such penalties above the financial reserve to have a material adverse effect on Exelon's, PHI's and Pepco's consolidated financial condition, results of operations or cash flows.

Pepco and EPA are currently in discussions regarding the terms of the contemplated consent decree, and it is anticipated that the parties will finalize the consent decree before the end of 2016. In response to a joint motion by the parties, the court has extended the deadline for Pepco to answer the complaint to August 15, 2016, to give the parties time to work towards agreement on the terms of a consent decree. The parties contemplate seeking a further extension if necessary to complete their negotiations. Once executed by the parties, the consent decree will be filed with the court for review and approval following a period for public comment.

On March 14, 2016, the court granted a motion by the Anacostia Riverkeeper to intervene in this case as a plaintiff along with EPA. As an intervenor, the Anacostia Riverkeeper will be entitled to file a brief commenting on the proposed consent decree and to appeal any decision by the court to approve the consent decree over the Anacostia Riverkeeper's objection, but its participation is not expected to materially affect the progress or outcome of the consent decree negotiations.

Solid and Hazardous Waste

Cotter Corporation. The EPA has advised Cotter Corporation (Cotter), a former ComEd subsidiary, that it is potentially liable in connection with radiological contamination at a site known as the West Lake Landfill in Missouri. On February 18, 2000, ComEd sold Cotter to an unaffiliated third-party. As part of the sale, ComEd agreed to indemnify Cotter for any liability arising in connection with the West Lake Landfill. In connection with Exelon's 2001 corporate restructuring, this responsibility to indemnify Cotter was transferred to Generation. On May 29, 2008, the EPA issued a Record of Decision approving the remediation option submitted by Cotter and the two other PRPs that required additional landfill cover. The current estimated cost of the landfill cover remediation for the site is approximately $60 million, which will be allocated among all PRPs. Generation has accrued what it believes to be an adequate amount to cover its anticipated share of such liability. By letter dated January 11, 2010, the EPA requested that the PRPs perform a supplemental feasibility study for a remediation alternative that would involve complete excavation of the radiological contamination. On September 30, 2011, the PRPs submitted the final supplemental feasibility study to the EPA for review. Since June 2012, the EPA has requested that the PRPs perform a series of additional analyses and groundwater and soil sampling as part of the supplemental feasibility study, that are now scheduled to be completed in fall of 2016 to enable the EPA to propose a remedy for public comment by the end of 2016. Thereafter the EPA will select a final remedy and enter into a Consent Decree with the PRPs to effectuate the remedy. Recent investigation has identified a number of other parties who may be PRPs and could be liable to contribute to the final remedy. Further investigation is underway. Generation believes that a partial excavation remedy is reasonably possible, but does not have a basis to establish a reasonable estimate of the range of costs. Generation believes the likelihood that the EPA would require a complete excavation remedy is remote. The cost of a partial or complete excavation could have a material, unfavorable impact on Generation's and Exelon's future results of operations and cash flows.

During December 2015, the EPA took two actions related to the West Lake Landfill designed to abate what it termed as imminent and dangerous conditions at the landfill. The first involved installation of a non-combustible surface cover to protect against surface fires in areas where radiological materials are believed to have been disposed. Generation has accrued what it believes to be an adequate amount to cover its anticipated liability for this interim action. The second action involved EPA's public statement that it will require the PRPs to construct a barrier wall in an adjacent landfill to prevent a subsurface fire from spreading to those areas of the West Lake Landfill where radiological materials are believed to have been disposed. At this time, EPA has not provided sufficient details related to the basis for and the requirements and design of a barrier wall to enable

Generation to determine the likelihood such a remedy will ultimately be implemented, assess the degree to which Generation may have liability as a potentially responsible party, or develop a reasonable estimate of the potential incremental costs. It is reasonably possible, however, that resolution of this matter could have a material, unfavorable impact on Generation's and Exelon's future results of operations and cash flows. Finally, one of the other PRP's, the landfill owner and operator of the adjacent landfill, has indicated that it will be making a contribution claim against Cotter for costs that it has incurred to prevent the subsurface fire from spreading to those areas of the West Lake Landfill where radiological materials are believed to have been disposed. At this time, Generation and Exelon do not possess sufficient information to assess this claim and are therefore unable to determine the impact on their future results of operations and cash flows.

On February 2, 2016, the U.S. Senate passed a bill to transfer remediation authority over the West Lake Landfill from the EPA to the U.S. Army Corps of Engineers, under the Formerly Utilized Sites Remedial Action Program (FUSRAP). Such legislation would become final upon passage in the U.S. House of Representatives and the signature of the President, and be subject to annual funding appropriations in the U.S. Budget. Remediation under FUSRAP would not alter the liability of the PRPs, but could delay the determination of a final remedy and its implementation.

On August 8, 2011, Cotter was notified by the DOJ that Cotter is considered a PRP with respect to the government's clean-up costs for contamination attributable to low level radioactive residues at a former storage and reprocessing facility named Latty Avenue near St. Louis, Missouri. The Latty Avenue site is included in ComEd's indemnification responsibilities discussed above as part of the sale of Cotter. The radioactive residues had been generated initially in connection with the processing of uranium ores as part of the U.S. government's Manhattan Project. Cotter purchased the residues in 1969 for initial processing at the Latty Avenue facility for the subsequent extraction of uranium and metals. In 1976, the NRC found that the Latty Avenue site had radiation levels exceeding NRC criteria for decontamination of land areas. Latty Avenue was investigated and remediated by the United States Army Corps of Engineers pursuant to funding under the FUSRAP. The DOJ has not yet formally advised the PRPs of the amount that it is seeking, but it is believed to be approximately $90 million. The DOJ and the PRPs agreed to toll the statute of limitations until August 2017 so that settlement discussions could proceed. Based on Generation's preliminary review, it appears probable that Generation has liability to Cotter under the indemnification agreement and has established an appropriate accrual for this liability.

Commencing in February 2012, 57 lawsuits have been filed in the U.S. District Court for the Eastern District of Missouri. Among the defendants were Exelon, Generation and ComEd, all of which were subsequently dismissed from the case, and Cotter, which remains a defendant. The suits allege that individuals living in the North St. Louis area developed some form of cancer due to Cotter's negligent or reckless conduct in processing, transporting, storing, handling and/or disposing of radioactive materials. Plaintiffs have asserted claims for negligence, strict liability, emotional distress, medical monitoring, and violations of the Price-Anderson Act. The complaints do not contain specific damage claims. In the event of a finding of liability, it is reasonably possible that Exelon would be considered liable due to its indemnification responsibilities of Cotter described above. The court has dismissed the lawsuits filed by 30 of the plaintiffs. Pre-trial motions and discovery are proceeding in the remaining cases and a pre-trial scheduling order has been filed with the court. At this stage of the litigation, Generation and ComEd cannot estimate a range of loss, if any.

68th Street Dump. In 1999, the EPA proposed to add the 68th Street Dump in Baltimore, Maryland to the Superfund National Priorities List, and notified BGE and 19 others that they are PRPs at the site. In March 2004, BGE and other PRPs formed the 68th Street Coalition and entered into consent order negotiations with the EPA to investigate clean-up options for the site under the Superfund Alternative Sites Program. In May 2006, a settlement among the EPA and 19 of the PRPs, including BGE, with respect to investigation of the site became

effective. The settlement requires the PRPs, over the course of several years, to identify contamination at the site and recommend clean-up options. The PRPs submitted their investigation of the range of clean-up options in the first quarter of 2011. Although the investigation and options provided to the EPA are still subject to EPA review and selection of a remedy, the range of estimated clean-up costs to be allocated among all of the PRPs is in the range of $50 million to $64 million. On September 30, 2013, EPA issued the Record of Decision identifying its preferred remedial alternative for the site. The estimated cost for the alternative chosen by EPA is consistent with the PRPs estimated range of costs noted above. A wholly owned subsidiary of Generation has agreed to indemnify BGE for most of the costs related to this settlement and clean-up of the site. Based on Generation's preliminary review, it appears probable that Generation has liability and has established an appropriate accrual which are included in the table above for its share of the estimated clean-up costs.

Rossville Ash Site. The Rossville Ash Site is a 32-acre property located in Rosedale, Baltimore County, Maryland, which was used for the placement of fly ash from 1983-2007. The property is owned by Constellation Power Source Generation, LLC (CPSG). In 2008, CPSG investigated and remediated the property by entering it into the Maryland Voluntary Cleanup Program (VCP) to address any historic environmental concerns and ready the site for appropriate future redevelopment. The site was accepted into the program in 2010 and is currently going through the process to remediate the site and receive closure from MDE. Generation currently estimates the remaining cost to close the site to be approximately $7 million which has been fully reserved and included in the table above as of June 30, 2016.

Sauer Dump. On May 30, 2012, BGE was notified by the EPA that it is considered a PRP at the Sauer Dump Superfund site in Dundalk, Maryland. The EPA offered BGE and three other PRPs the opportunity to conduct an environmental investigation and present cleanup recommendations at the site. In addition, the EPA is seeking recovery from the PRPs of $1.7 million for past cleanup and investigation costs at the site. On March 11, 2013, BGE and three other PRP's signed an Administrative Settlement Agreement and Order on Consent with the EPA which requires the PRP's to conduct a remedial investigation (RI) and feasibility study (FS) at the site to determine what, if any, are the appropriate and recommended cleanup activities for the site. The ultimate outcome of this proceeding is uncertain. Since the EPA has not selected a cleanup remedy and the allocation of the cleanup costs among the PRPs has not been determined, BGE can not estimate the range of loss.

Riverside. In 2013, the MDE, at the request of EPA, conducted a site inspection and limited environmental sampling of certain portions of the 170 acre Riverside property owned by BGE. The site consists of several different parcels with different current and historical uses. The sampling included soil and groundwater samples for a number of potential environmental contaminants. The sampling confirmed the existence of contaminants consistent with the known historical uses of the various portions of the site. In March 2014, the MDE requested that BGE conduct an investigation of three specific areas of the site, and a site-wide investigation of soils, sediment, groundwater, and surface water to complement the MDE sampling. The field investigation was completed in January 2015, and a final report was provided to MDE on June 2, 2015. On November 3, 2015, MDE provided BGE with its comments and recommendations on the report which require BGE to conduct further investigation and sampling at the site to better delineate the nature and extent of historic contamination, including off-site sediment and soil sampling. MDE did not request any interim remediation at this time. BGE has established what it believes is an appropriate reserve based upon the investigation to date. The established reserve is included in the table above. As the investigation and potential remediation proceed, it is possible that additional reserves could be established, in amounts that could be material to BGE.

Benning Road Site. In September 2010, PHI received a letter from EPA identifying the Benning Road site as one of six land-based sites potentially contributing to contamination of the lower Anacostia River. A portion of the site was formerly the location of a Pepco Energy Services electric generating facility. That generating facility was deactivated in June 2012 and plant structure demolition was completed in July 2015. The remaining

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portion of the site consists of a Pepco transmission and distribution service center that remains in operation. The principal contaminants allegedly of concern are polychlorinated biphenyls and polycyclic aromatic hydrocarbons. In December 2011, the U.S. District Court for the District of Columbia approved a consent decree entered into by Pepco and Pepco Energy Services with the DOEE, which requires Pepco and Pepco Energy Services to conduct a RI/FS for the Benning Road site and an approximately 10 to 15 acre portion of the adjacent Anacostia River. The RI/FS will form the basis for the remedial actions for the Benning Road site and for the Anacostia River sediment associated with the site. The consent decree does not obligate Pepco or Pepco Energy Services to pay for or perform any remediation work, but it is anticipated that DOEE will look to Pepco and Pepco Energy Services to assume responsibility for cleanup of any conditions in the river that are determined to be attributable to past activities at the Benning Road site.

The initial RI field work began in January 2013 and was completed in December 2014. In addition, in conjunction with the power plant demolition activities, Pepco and Pepco Energy Services collected soil samples adjacent to and beneath the concrete basins for the dismantled cooling towers for the generating facility. This sampling showed localized areas of soil contamination associated with the cooling tower basins, and, beginning in the third quarter of 2016, Pepco and Pepco Energy Services expect to implement a plan approved by DOEE to remove contaminated soil in conjunction with the demolition and removal of the concrete basins. On April 30, 2015, Pepco and Pepco Energy Services submitted a draft RI Report to DOEE. After review, DOEE determined that additional field investigation and data analysis is required to complete the RI process (much of which is beyond the scope of the original DOEE-approved RI work plan). In the meantime, Pepco and Pepco Energy Services revised the draft RI Report to address DOEE's comments and DOEE released the draft RI Report for public review on February 29, 2016. The additional field investigation and data analysis will proceed later in 2016 according to a schedule to be developed by Pepco and Pepco Energy Services and approved by DOEE. Once the additional RI work has been completed, Pepco and Pepco Energy Services will issue a draft "final" RI report for review and comment by DOEE and the public. Pepco and Pepco Energy Services will then proceed with an FS to evaluate possible remedial alternatives. This effort also may include a treatability study to evaluate the effectiveness of potential remedial options. Once the FS evaluation has been completed, Pepco and Pepco Energy Services will prepare and submit a draft FS Report for review and comment by DOEE and the public. Thereafter, Pepco and Pepco Energy Services will revise the draft FS Report as appropriate to address comments received and will submit a final FS Report to DOEE.

Upon DOEE's approval of the final remedial investigation and feasibility study Reports, Pepco and Pepco Energy Services will have satisfied their obligations under the consent decree. At that point, DOEE will prepare a Proposed Plan regarding further response actions based on the results of the remedial investigation and feasibility study. After considering public comment on the Proposed Plan, DOEE will issue a Record of Decision identifying any further response actions determined to be necessary.

PHI, Pepco and Pepco Energy Services have determined that a loss associated with this matter for PHI, Pepco and Pepco Energy Services is probable and an estimated liability for this issue has been accrued, which is included in the table above. As the remedial investigation proceeds and potential remedies are identified, it is possible that additional reserves could be established in amounts that could be material to PHI, Pepco and Pepco Energy Services. Pursuant to Exelon's March 2016 acquisition of PHI, Pepco Energy Services was transferred to Generation. The ultimate resolution of this matter is currently not expected to have any significant financial impact on Generation.

Anacostia River Tidal Reach. Contemporaneous with the Benning RI/FS being performed by Pepco and Pepco Energy Services, DOEE has been conducting a separate RI/FS focused on the entire tidal reach of the Anacostia River extending from just north of the Maryland-D.C. boundary line to the confluence of the Anacostia and Potomac Rivers. On March 18, 2016, DOEE released a draft of the river-wide RI Report for public

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review and comment. The river-wide RI incorporated the results of the river sampling performed by Pepco and Pepco Energy Services as part of the Benning RI/FS, as well as similar sampling efforts conducted by owners of other sites adjacent to this segment of the river and supplemental river sampling conducted by DOEE's contractor. DOEE asked Pepco, along with parties responsible for other sites along the river, to participate in a "Consultative Working Group" to provide input into the process for future remedial actions addressing the entire tidal reach of the river and to ensure proper coordination with the other river cleanup efforts currently underway, including cleanup of the river segment adjacent to the Benning Road site resulting from the Benning Road RI/FS. Pepco responded that it will participate in the Consultative Working Group but its participation is not an acceptance of any financial responsibility beyond the work that will be performed at the Benning Road site described above. At this time, it is not possible to predict the nature or extent of Pepco's possible participation in the river-wide RI/FS process, or its potential exposure for response costs beyond those associated with the Benning RI/FS component of the river-wide initiative.

Conectiv Energy Wholesale Power Generation Sites. In July 2010, PHI sold the wholesale power generation business of Conectiv Energy Holdings, Inc. and substantially all of its subsidiaries (Conectiv Energy) to Calpine Corporation (Calpine). Under New Jersey's Industrial Site Recovery Act (ISRA), the transfer of ownership triggered an obligation on the part of Conectiv Energy to remediate any environmental contamination at each of the nine Conectiv Energy generating facility sites located in New Jersey. Under the terms of the sale, Calpine has assumed responsibility for performing the ISRA-required remediation and for the payment of all related ISRA compliance costs up to $10 million. PHI is obligated to indemnify Calpine for any ISRA compliance remediation costs in excess of $10 million. According to PHI's estimates, the costs of ISRA-required remediation activities at the 9 generating facility sites located in New Jersey are in the range of approximately $7 million to $18 million, and PHI has established an appropriate accrual for its share of the estimated clean-up costs, which is included in the table above.

Rock Creek Mineral Oil Release. In late August 2015, a Pepco underground transmission line in the District of Columbia suffered a breach, resulting in the release of non-toxic mineral oil surrounding the transmission line into the surrounding soil, and a small amount reached Rock Creek through a storm drain. Pepco notified regulatory authorities, and Pepco and its spill response contractors placed booms in Rock Creek, blocked the storm drain to prevent the release of mineral oil into the creek and commenced remediation of soil around the transmission line and the Rock Creek shoreline. Pepco estimates that approximately 6,100 gallons of mineral oil were released and that its remediation efforts recovered approximately 80% of the amount released. Pepco's remediation efforts are ongoing under the direction of the DOEE, including the requirements of a February 29, 2016 compliance order which requires Pepco to prepare a full incident investigation report and prepare a removal action work plan to remove all impacted soils in the vicinity of the storm drain outfall, and in collaboration with the National Park Service, the Smithsonian Institution/National Zoo and EPA. Pepco's investigation presently indicates that the damage to Pepco's facilities occurred prior to the release of mineral oil when third-party excavators struck the Pepco underground transmission line while installing cable for another utility.

To the extent recovery is available against any party who contributed to this loss, PHI and Pepco will pursue such action. Exelon, PHI and Pepco continue to investigate the cause of the incident, the parties involved, and legal responsibility under District of Columbia law, but do not believe that the remediation costs to resolve this matter will have a material adverse effect on their respective financial condition, results of operations or cash flows.

Peck Iron and Metal Site. EPA informed Pepco in a May 2009 letter that Pepco may be a PRP under CERCLA with respect to the cleanup of the Peck Iron and Metal site in Portsmouth, Virginia, and for costs EPA has incurred in cleaning up the site. The EPA letter states that Peck Iron and Metal purchased, processed, stored and shipped metal scrap from military bases, governmental agencies and businesses and that the Peck Iron and

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Metal scrap operations resulted in the improper storage and disposal of hazardous substances. EPA bases its allegation on its belief that Pepco was a customer at the site. Pepco has advised EPA by letter that its records show no evidence of any sale of scrap metal by Pepco to the site. Even if EPA has such records and such sales did occur, Pepco believes that any such scrap metal sales may be entitled to the recyclable material exemption from CERCLA liability. In September 2011, EPA initiated a RI/FS for the site using Federal funds. Pepco cannot at this time estimate an amount or range of reasonably possible loss associated with this RI/FS, any remediation activities to be performed at the site or any other costs that EPA might seek to impose on Pepco.

Brandywine Fly Ash Disposal Site. In February 2013, Pepco received a letter from the MDE requesting that Pepco investigate the extent of waste on a Pepco right-of-way that traverses the Brandywine fly ash disposal site in Brandywine, Prince George's County, Maryland, owned by NRG Energy, Inc. (as successor to GenOn MD Ash Management, LLC) (NRG). In July 2013, while reserving its rights and related defenses under a 2000 agreement covering the sale of this site, Pepco indicated its willingness to investigate the extent of, and propose an appropriate closure plan to address, ash on the right-of-way. Pepco submitted a schedule for development of a closure plan to MDE on September 30, 2013 and, by letter dated October 18, 2013, MDE approved the schedule.

Exelon, PHI and Pepco have determined that a loss associated with this matter is probable and have estimated that the costs for implementation of a closure plan and cap on the site are in the range of approximately $3 million to $6 million. Exelon, PHI and Pepco believe that the costs incurred in this matter will be recoverable from NRG under the 2000 sale agreement.

Litigation and Regulatory Matters

Asbestos Personal Injury Claims (Exelon, Generation, ComEd, PECO and BGE)

Exelon, Generation and PECO . Generation maintains a reserve for claims associated with asbestos-related personal injury actions in certain facilities that are currently owned by Generation or were previously owned by ComEd and PECO. The reserve is recorded on an undiscounted basis and excludes the estimated legal costs associated with handling these matters, which could be material.

At June 30, 2016 and December 31, 2015, Generation had reserved approximately $85 million and $95 million, respectively, in total for asbestos-related bodily injury claims. As of June 30, 2016, approximately $22 million of this amount related to 226 open claims presented to Generation, while the remaining $63 million of the reserve is for estimated future asbestos-related bodily injury claims anticipated to arise through 2050, based on actuarial assumptions and analyses, which are updated on an annual basis. On a quarterly basis, Generation monitors actual experience against the number of forecasted claims to be received and expected claim payments and evaluates whether an adjustment to the reserve is necessary. During the second quarter of 2016, Generation decreased its reserve by approximately $8 million, primarily attributable to a continued decline in expected claims activity.

On November 22, 2013, the Supreme Court of Pennsylvania held that the Pennsylvania Workers Compensation Act does not apply to an employee's disability or death resulting from occupational disease, such as diseases related to asbestos exposure, which manifests more than 300 weeks after the employee's last employment-based exposure, and that therefore the exclusivity provision of the Act does not preclude such employee from suing his or her employer in court. The Supreme Court's ruling reverses previous rulings by the Pennsylvania Superior Court precluding current and former employees from suing their employers in court, despite the fact that the same employee was not eligible for workers compensation benefits for diseases that manifest more than 2 weeks after the employee's last employment-based exposure to asbestos. Since the Pennsylvania Supreme Court's ruling in November 2013, Exelon, Generation, and PECO have experienced an increase in asbestos-related personal injury claims brought by former PECO employees, all of which have been reserved for on a claim by claim basis. Those additional claims are taken into account in projecting estimates of future asbestos-related bodily injury claims.

On November 4, 2015, the Illinois Supreme Court found that the provisions of the Illinois' Workers' Compensation Act and the Workers' Occupational Diseases Act barred an employee from bringing a direct civil action against an employer for latent diseases, including asbestos-related diseases that fall outside the 25-year limit of the statute of repose. The Illinois Supreme Court's ruling reversed previous rulings by the Illinois Court of Appeals, which initially ruled that the Illinois Worker's Compensation law should not apply in cases where the diagnosis of an asbestos related disease occurred after the 25-year maximum time period for filing a Worker's Compensation claim. Since the Illinois Supreme Court's ruling in November 2015, Exelon, Generation, and ComEd have not experienced a significant increase in asbestos-related personal injury claims brought by former ComEd employees.

There is a reasonable possibility that Exelon may have additional exposure to estimated future asbestos-related bodily injury claims in excess of the amount accrued and the increases could have a material adverse effect on Exelon's, Generation's, ComEd's, PECO and BGE's future results of operations and cash flows.

BGE . Since 1993, BGE and certain Constellation (now Generation) subsidiaries have been involved in several actions concerning asbestos. The actions are based upon the theory of "premises liability," alleging that BGE and Generation knew of and exposed individuals to an asbestos hazard. In addition to BGE and Generation, numerous other parties are defendants in these cases.

Approximately 449 individuals who were never employees of BGE or certain Constellation subsidiaries have pending claims each seeking several million dollars in compensatory and punitive damages. Cross-claims and third-party claims brought by other defendants may also be filed against BGE and certain Constellation subsidiaries in these actions. To date, most asbestos claims which have been resolved have been dismissed or resolved without any payment by BGE or certain Constellation subsidiaries and a small minority of these cases has been resolved for amounts that were not material to BGE or Generation's financial results.

Discovery begins in these cases after they are placed on the trial docket. Given the limited discovery in these cases, BGE and Generation do not know the specific facts that are necessary to provide an estimate of the reasonably possible loss relating to these claims; as such, no accrual has been made and a range of loss is not estimable. The specific facts not known include:

- the identity of the facilities at which the plaintiffs allegedly worked as contractors;
- the names of the plaintiffs' employers;
- the dates on which and the places where the exposure allegedly occurred; and
- the facts and circumstances relating to the alleged exposure.

Insurance and hold harmless agreements from contractors who employed the plaintiffs may cover a portion of any awards in the actions.

Continuous Power Interruption (Exelon and ComEd)

Section 16-125 of the Illinois Public Utilities Act provides that in the event an electric utility, such as ComEd, experiences a continuous power interruption of four hours or more that affects (in ComEd's case) more than 30,000 customers, the utility may be liable for actual damages suffered by customers as a result of the interruption and may be responsible for reimbursement of local governmental emergency and contingency expenses incurred in connection with the interruption. Recovery of consequential damages is barred. The affected utility may seek from the ICC a waiver of these liabilities when the utility can show that the cause of the interruption was unpreventable damage due to weather events or conditions, customer tampering, or certain other causes enumerated in the law. As of June 30, 2016 and December 31, 2015, ComEd did not have any material liabilities recorded for these storm events.

Baltimore City Franchise Taxes (Exelon and BGE)

The City of Baltimore claims that BGE has maintained electric facilities in the City's public right-of-ways for over one hundred years without the proper franchise rights from the City. BGE has reviewed the City's claim and believes that it lacks merit. BGE has not recorded an accrual for payment of franchise fees for past periods as a range of loss, if any, cannot be reasonably estimated at this time. Franchise fees assessed in future periods may be material to BGE's results of operations and cash flows.

Deere Wind Energy Assets (Exelon and Generation)

In 2013, Deere & Company ("Deere") filed a lawsuit against Generation in the Delaware Superior Court relating to Generation's acquisition of the Deere wind energy assets. Under the purchase agreement, Deere was entitled to receive earn-out payments if certain specific wind projects already under development in Michigan met certain development and construction milestones following the sale. In the complaint, Deere seeks to recover a $14 million earn-out payment associated with one such project, which was never completed. Generation has filed counterclaims against Deere for breach of contract, with a right of recoupment and set off. On June 2, 2016, the Delaware Superior Court entered summary judgment in favor of Deere. Generation is reviewing the decision and determining whether to appeal to the Delaware Supreme Court. Generation has accrued an amount to cover its potential liability.

General (All Registrants)

The Registrants are involved in various other litigation matters that are being defended and handled in the ordinary course of business. The assessment of whether a loss is probable or a reasonable possibility, and whether the loss or a range of loss is estimable, often involves a series of complex judgments about future events. The Registrants maintain accruals for such losses that are probable of being incurred and subject to reasonable estimation. Management is sometimes unable to estimate an amount or range of reasonably possible loss, particularly where (1) the damages sought are indeterminate, (2) the proceedings are in the early stages, or (3) the matters involve novel or unsettled legal theories. In such cases, there is considerable uncertainty regarding the timing or ultimate resolution of such matters, including a possible eventual loss.

Income Taxes *(Exelon, Generation, ComEd, PECO and BGE)*

See Note 11 — Income Taxes for information regarding the Registrants' income tax refund claims and certain tax positions, including the 1999 sale of fossil generating assets.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

19. Supplemental Financial Information (All Registrants)

Supplemental Statement of Operations Information

The following tables provide additional information about the Registrants' Consolidated Statements of Operations and Comprehensive Income for the three and six months ended June 30, 2016 and 2015:

	Three Months Ended June 30, 2016								
						Successor			
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Other, Net									
Decommissioning-related activities:									
Net realized income on decommissioning trust funds [a]									
Regulatory agreement units	$ 90	$ 90	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Non-regulatory agreement units	39	39	—	—	—	—	—	—	—
Net unrealized gains on decommissioning trust funds									
Regulatory agreement units	52	52	—	—	—	—	—	—	—
Non-regulatory agreement units	48	48	—	—	—	—	—	—	—
Net unrealized gains on pledged assets									
Zion Station decommissioning	1	1	—	—	—	—	—	—	—
Regulatory offset to decommissioning trust fund-related activities [b]	(117)	(117)	—	—	—	—	—	—	—
Total decommissioning-related activities	113	113	—	—	—	—	—	—	—
Investment income	6	5	—	—	—	—	—	—	—
Interest income related to uncertain income tax positions	4	—	—	—	—	—	—	—	—
AFUDC — Equity	15	—	1	2	5	7	5	1	1
Other	6	(1)	2	—	—	4	1	2	1
Other, net	$ 144	$ 117	$ 3	$ 2	$ 5	$ 11	$ 6	$ 3	$ 2

	Six Months Ended June 30, 2016								*Successor* March 24, 2016 to June 30, 2016	*Predecessor* January 1, 2016 to March 23, 2016
	Exelon	Generation	ComEd	PECO	BGE	Pepco	DPL	ACE	PHI	PHI
Other, Net										
Decommissioning-related activities:										
Net realized income on decommissioning trust funds [a]										
Regulatory agreement units	$ 122	$ 122	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Non-regulatory agreement units	61	61	—	—	—	—	—	—	—	—
Net unrealized gains on decommissioning trust funds										
Regulatory agreement units	131	131	—	—	—	—	—	—	—	—
Non-regulatory agreement units	100	100	—	—	—	—	—	—	—	—
Net unrealized gains on pledged assets										
Zion Station decommissioning	3	3	—	—	—	—	—	—	—	—
Regulatory offset to decommissioning trust fund-related activities [b]	(211)	(211)	—	—	—	—	—	—	—	—
Total decommissioning-related activities	206	206	—	—	—	—	—	—	—	—
Investment income (expense)	12	5	—	(1)	2[c]	—	—	—	—	—
Long-term lease income	4	—	—	—	—	—	—	—	—	—
Interest income related to uncertain income tax positions	5	—	—	—	—	1	—	1	—	—
AFUDC — Equity	24	—	3	4	9	9	2	3	8	7
Loss on debt extinguishment	(3)	(2)	—	—		—	—	—	—	—
Other	10	1	4	1	—	4	4	1	4	(11)
Other, net	$ 258	$ 210	$ 7	$ 4	$ 11	$ 14	$ 6	$ 5	$ 12	$ (4)

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Three Months Ended June 30, 2015								
						Predecessor			
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Other, Net									
Decommissioning-related activities:									
Net realized income on decommissioning trust funds [a]									
Regulatory agreement units	$ 93	$ 93	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Non-regulatory agreement units	74	74	—	—	—	—	—	—	—
Net unrealized losses on decommissioning trust funds									
Regulatory agreement units	(133)	(133)	—	—	—	—	—	—	—
Non-regulatory agreement units	(96)	(96)	—	—	—	—	—	—	—
Regulatory offset to decommissioning trust fund-related activities [b]	28	28	—	—	—	—	—	—	—
Total decommissioning-related activities	(34)	(34)	—	—	—	—	—	—	—
Investment income (expense)	1	—	—	(1)	1[c]	—	—	—	—
Long-term lease income	4	—	—	—	—	—	—	—	—
AFUDC — Equity	5	—	1	1	3	3	3	—	—
Other	7	3	4	1	—	9	5	2	1
Other, net	$ (17)	$ (31)	$ 5	$ 1	$ 4	$ 12	$ 8	$ 2	$ 1

	Six Months Ended June 30, 2015								
						Predecessor			
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Other, Net									
Decommissioning-related activities:									
Net realized income on decommissioning trust funds [a]									
Regulatory agreement units	$ 164	$ 164	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Non-regulatory agreement units	104	104	—	—	—	—	—	—	—
Net unrealized losses on decommissioning trust funds									
Regulatory agreement units	(85)	(85)	—	—	—	—	—	—	—
Non-regulatory agreement units	(56)	(56)	—	—	—	—	—	—	—
Net unrealized gains on pledged assets									
Zion Station decommissioning	9	9		—	—	—	—	—	—
Regulatory offset to decommissioning trust fund-related activities [b]	(78)	(78)	—	—	—	—	—	—	—
Total decommissioning-related activities	58	58	—	—	—	—	—	—	—
Investment income (expense)	4	1	—	(1)	2[c]	—	—	—	—
Long-term lease income	8	—	—	—	—	—	—	—	—
Interest income related to uncertain income tax positions	—	1	—	—	—	—	—	—	—
AFUDC — Equity	11	—	1	3	7	7	6	—	1
Terminated interest rate swaps [d]	(26)	—	—	—	—	—	—	—	—
Other	9	2	8	1	(1)	14	7	5	2
Other, net	$ 64	$ 62	$ 9	$ 3	$ 8	$ 21	$ 13	$ 5	$ 3

(a) Includes investment income and realized gains and losses on sales of investments of the trust funds.
(b) Includes the elimination of NDT fund activity for the Regulatory Agreement Units, including the elimination of net income taxes related to all NDT fund activity for those units. See Note 16 — Asset Retirement Obligations of the Exelon 2015 Form 10-K for additional information regarding the accounting for nuclear decommissioning.
(c) Relates to the cash return on BGE's rate stabilization deferral. See Note 3 — Regulatory Matters of the Exelon 2015 Form 10-K for additional information regarding the rate stabilization deferral.
(d) In January 2015, in connection with Generation's $750 million issuance of five-year Senior Unsecured Notes, Exelon terminated certain floating-to-fixed interest rate swaps. As the original forecasted transactions were a series of future interest payments over a ten year period, a portion of the anticipated interest payments were probable not to occur. As a result, $26 million of anticipated payments were reclassified from AOCI to Other, net in Exelon's Consolidated Statement of Operations and Comprehensive Income.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following utility taxes are included in revenues and expenses for the three and six months ended June 30, 2016 and 2015. Generation's utility tax expense represents gross receipts tax related to its retail operations and the utility registrants' utility tax expense represents municipal and state utility taxes and gross receipts taxes related to their operating revenues. The offsetting collection of utility taxes from customers is recorded in revenues on the Registrants' Consolidated Statements of Operations and Comprehensive Income.

	Three Months Ended June 30, 2016								
						Successor			
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Utility taxes	$ 217	$ 27	$ 60	$ 32	$ 21	$ 77	$ 73	$ 4	$ —

	Six Months Ended June 30, 2016								*Successor* March 24, 2016 to June 30, 2016	*Predecessor* January 1, 2016 to March 23, 2016
	Exelon	Generation	ComEd	PECO	BGE	Pepco	DPL	ACE	PHI	PHI
Utility taxes	$ 369	$ 55	$ 119	$ 66	$ 45	$ 152	$ 9	$ —	$ 84	$ 77

	Three Months Ended June 30, 2015								
						Predecessor			
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Utility taxes	$ 132	$ 24	$ 55	$ 32	$ 21	$ 81	$ 77	$ 4	$ —

	Six Months Ended June 30, 2015								
						Predecessor			
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Utility taxes	$ 279	$ 51	$ 117	$ 67	$ 44	$ 166	$ 157	$ 9	$ —

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Supplemental Cash Flow Information

The following tables provide additional information regarding the Registrants' Consolidated Statements of Cash Flows for the six months ended June 30, 2016 and 2015:

	Six Months Ended June 30, 2016								*Successor* March 24, 2016 to June 30, 2016	*Predecessor* January 1, 2016 to March 23, 2016
	Exelon	Generation	ComEd	PECO	BGE	Pepco	DPL	ACE	PHI	PHI
Depreciation, amortization, accretion and depletion										
Property, plant and equipment [a]	$1,432	$ 674	$ 345	$121	$150	$ 85	$55	$40	$ 111	$ 94
Amortization of regulatory assets [a]	166	—	34	13	56	59	21	41	63	58
Amortization of intangible assets, net [a]	28	23	—	—	—	—	—	—	—	—
Amortization of energy contract assets and liabilities [b]	(7)	(7)	—	—	—	—	—	—	—	—
Nuclear fuel [c]	557	557	—	—	—	—	—	—	—	—
ARO accretion [d]	220	220	—	—	—	—	—	—	—	—
Total depreciation, amortization, accretion and depletion	$2,396	$ 1,467	$ 379	$134	$206	$144	$76	$81	$ 174	$ 152

	Six Months Ended June 30, 2015								
	Exelon	Generation	ComEd	PECO	BGE	*Predecessor* PHI	Pepco	DPL	ACE
Depreciation, amortization, accretion and depletion									
Property, plant and equipment [a]	$1,087	$ 485	$ 312	$119	$143	$ 193	$ 81	$50	$38
Amortization of regulatory assets [a]	101	—	40	12	49	114	44	24	48
Amortization of intangible assets, net [a]	24	24	—	—	—	—	—	—	—
Amortization of energy contract assets and liabilities [b]	—	1	—	—	—	—	—	—	—
Nuclear fuel [c]	552	552	—	—	—	—	—	—	—
ARO accretion [d]	193	193	—	—	—	—	—	—	—
Total depreciation, amortization, accretion and depletion	$1,957	$ 1,255	$ 352	$131	$192	$ 307	$125	$74	$86

(a) Included in Depreciation and amortization on the Registrants' Consolidated Statements of Operations and Comprehensive Income.
(b) Included in Operating revenues or Purchased power and fuel expense on the Registrants' Consolidated Statements of Operations and Comprehensive Income.
(c) Included in Purchased power and fuel expense on the Registrants' Consolidated Statements of Operations and Comprehensive Income.
(d) Included in Operating and maintenance expense on the Registrants' Consolidated Statements of Operations and Comprehensive Income.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Six Months Ended June 30, 2016								*Successor* March 24, 2016 to June 30, 2016	*Predecessor* January 1, 2016 to March 23, 2016
	Exelon	Generation	ComEd	PECO	BGE	Pepco	DPL	ACE	PHI	PHI
Other non-cash operating activities:										
Pension and non-pension postretirement benefit costs	$ 297	$ 109	$ 83	$ 17	$ 33	$ 16	$ 9	$ 8	$ 31	$ 23
Loss from equity method investments	10	11	—	—	—	—	—	—	—	—
Provision for uncollectible accounts	51	13	18	10	3	8	8	10	7	16
Stock-based compensation costs	67	—	—	—	—	—	—	—	—	3
Other decommissioning-related activity [a]	(123)	(123)	—	—	—	—	—	—	—	—
Energy-related options [b]	(17)	(17)	—	—	—	—	—	—	—	—
Amortization of regulatory asset related to debt costs	4	—	2	1	—	1	—	—	1	1
Amortization of rate stabilization deferral	34	—	—	—	34	(2)	2	—	—	5
Amortization of debt fair value adjustment	(6)	(6)	—	—	—	—	—	—	—	—
Discrete impacts from EIMA [c]	(21)	—	(21)	—	—	—	—	—	—	—
Amortization of debt costs	14	10	2	1	2	—	—	—	—	—
Provision for excess and obsolete inventory	68	66	2	—	—	1	1	1	—	1
Merger-related commitments [d][e]	503	3	—	—	—	138	100	120	358	—
Severance costs	122	50	—	—	—	—	—	—	54	—
Asset retirement costs	—	—	—	—	—	—	4	2	—	—
Lower of cost or market inventory adjustment	36	36	—	—	—	—	—	—	—	—
Other	17	17	(3)	(2)	(12)	(4)	(3)	(3)	(7)	(3)
Total other non-cash operating activities	$ 1,056	$ 169	$ 83	$ 27	$ 60	$ 158	$121	$ 138	$ 444	$ 46
Non-cash investing and financing activities:										
Change in capital expenditures not paid	$ (364)	$ (317)	$ (21)	$ (12)	$ 2	$ 11	$ (9)	$ 6	$ (4)	$ 11
Fair value of net assets contributed to Generation in connection with the PHI merger, net of cash [d][f]	—	119	—	—	—	—	—	—	—	—
Fair value of net assets distributed to Exelon in connection with the PHI Merger, net of cash [d][f]	—	—	—	—	—	—	—	—	127	—
Fair value of pension obligation transferred in connection with the PHI Merger	—	—	—	—	—	—	—	—	53	—
Assumption of member purchase liability	—	—	—	—	—	—	—	—	29	—
Assumption of merger commitment liability	—	—	—	—	—	33	—	—	33	—
Change in PPE related to ARO update	471	471	—	—	—	—	—	—	—	—
Indemnification of like-kind exchange position [g]	—	—	5	—	—	—	—	—	—	—
Non-cash financing of capital projects	60	60	—	—	—	—	—	—	—	—

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Six Months Ended June 30, 2015								
						Predecessor			
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Other non-cash operating activities:									
Pension and non-pension postretirement benefit costs	$ 317	$ 133	$ 103	$ 19	$ 33	$ 48	$ 15	$ 8	$ 8
Loss from equity method investments	2	3	—	—	—	—	—	—	—
Provision for uncollectible accounts	80	11	35	24	11	30	9	12	9
Stock-based compensation costs	79	—	—	—	—	6	—	—	—
Other decommissioning-related activity (a)	(50)	(50)	—	—	—	—	—	—	—
Energy-related options (b)	27	27	—	—	—	—	—	—	—
Amortization of regulatory asset related to debt costs	—	—	—	—	—	2	1	—	—
Amortization of rate stabilization deferral	40	—	—	—	40	9	8	1	—
Amortization of debt fair value adjustment	(37)	(6)	—	—	—	—	—	—	—
Discrete impacts from EIMA (c)	77	—	77	—	—	—	—	—	—
Amortization of debt costs	35	8	2	1	1	1	—	—	—
Provision for excess and obsolete inventory	—	—	—	—	—	1	—	—	—
Lower of cost or market inventory adjustment	13	13	—	—	—	—	—	—	—
Other	(4)	(5)	5	1	(9)	4	—	1	—
Total other non-cash operating activities	$ 579	$ 134	$ 222	$ 45	$ 76	$ 101	$ 33	$22	$ 17
Non-cash investing and financing activities:									
Indemnification of like-kind exchange position (g)	—	—	3	—	—	—	—	—	—
Long-term software licensing agreement (f)	95	—	—	—	—	—	—	—	—

(a) Includes the elimination of NDT fund activity for the Regulatory Agreement Units, including the elimination of operating revenues, ARO accretion, ARC amortization, investment income and income taxes related to all NDT fund activity for these units. See Note 16 — Asset Retirement Obligations of the Exelon 2015 Form 10-K for additional information regarding the accounting for nuclear decommissioning.
(b) Includes option premiums reclassified to realized at the settlement of the underlying contracts and recorded in Operating revenues.
(c) Reflects the change in distribution rates pursuant to EIMA, which allows for the recovery of costs by a utility through a pre-established performance-based formula rate tariff. See Note 5 — Regulatory Matters for more information.
(d) See Note 4 — Mergers, Acquisitions and Dispositions for additional information related to the merger with PHI.
(e) Excludes $5 million of forgiveness of Accounts receivable related to merger commitments recorded in connection with the PHI Merger, the balance is included within Provision for uncollectible accounts.
(f) Immediately following closing of the PHI Merger, the net assets associated with PHI's unregulated business interests were distributed by PHI to Exelon. Exelon contributed a portion of such net assets to Generation.
(g) See Note 11 — Income Taxes for discussion of the like-kind exchange tax position.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Supplemental Balance Sheet Information

The following tables provide additional information about assets and liabilities of the Registrants as of June 30, 2016 and December 31, 2015:

June 30, 2016	Exelon	Generation	ComEd	PECO	BGE	Successor PHI	Pepco	DPL	ACE
Property, plant and equipment:									
Accumulated depreciation and amortization	$17,340[a]	$ 9,179[a]	$3,785	$3,185	$3,161	$ 83	$2,995	$1,157	$998
Accounts receivable:									
Allowance for uncollectible accounts	$ 314	$ 82	$ 74	$ 75	$ 33	$ 50	$ 16	$ 17	$ 17

December 31, 2015	Exelon	Generation	ComEd	PECO	BGE	Predecessor PHI	Pepco	DPL	ACE
Property, plant and equipment:									
Accumulated depreciation and amortization	$16,375[b]	$ 8,639[b]	$3,710	$3,101	$3,016	$ 5,341	$2,929	$1,139	$968
Accounts receivable:									
Allowance for uncollectible accounts	$ 284	$ 77	$ 75	$ 83	$ 49	$ 56	$ 17	$ 17	$ 17

(a) Includes accumulated amortization of nuclear fuel in the reactor core of $2,936 million.
(b) Includes accumulated amortization of nuclear fuel in the reactor core of $2,861 million.

PECO Installment Plan Receivables (Exelon and PECO)

PECO enters into payment agreements with certain delinquent customers, primarily residential, seeking to restore their service, as required by the PAPUC. Customers with past due balances that meet certain income criteria are provided the option to enter into an installment payment plan, some of which have terms greater than one year, to repay past due balances in addition to paying for their ongoing service on a current basis. The receivable balance for these payment agreement receivables is recorded in accounts receivable for the current portion and other deferred debits and other assets for the noncurrent portion. The net receivable balance for installment plans with terms greater than one year was $16 million and $15 million as of June 30, 2016 and December 31, 2015, respectively. The allowance for uncollectible accounts reserve methodology and assessment of the credit quality of the installment plan receivables are consistent with the customer accounts receivable methodology discussed in Note 1 — Significant Accounting Policies of the Exelon 2015 Form 10-K. The allowance for uncollectible accounts balance associated with these receivables at June 30, 2016 of $16 million consists of $1 million, $3 million and $12 million for low risk, medium risk and high risk segments, respectively. The allowance for uncollectible accounts balance at December 31, 2015 of $15 million consists of $1 million, $3 million and $11 million for low risk, medium risk and high risk segments, respectively. The balance of the payment agreement is billed to the customer in equal monthly installments over the term of the agreement. Installment receivables outstanding as of June 30, 2016 and December 31, 2015 include balances not yet presented on the customer bill, accounts currently billed and an immaterial amount of past due receivables. When a customer defaults on its payment agreement, the terms of which are defined by plan type, the entire balance of the agreement becomes due and the balance is reclassified to current customer accounts receivable and reserved for in accordance with the methodology discussed in Note 1 — Significant Accounting Policies of the Exelon 2015 Form 10-K.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

20. Segment Information (All Registrants)

Operating segments for each of the Registrants are determined based on information used by the chief operating decision maker(s) (CODM) in deciding how to evaluate performance and allocate resources at each of the Registrants.

In the first quarter of 2016, following the consummation of the PHI Merger, three new reportable segments were added: Pepco, DPL and ACE. As a result, Exelon has twelve reportable segments, which include ComEd, PECO, BGE, PHI's three reportable segments consisting of Pepco, DPL, and ACE, and Generation's six power marketing reportable segments consisting of the Mid-Atlantic, Midwest, New England, New York, ERCOT and all other power regions referred to collectively as "Other Power Regions", which includes activities in the South, West and Canada. ComEd, PECO, BGE, Pepco, DPL and ACE each represent a single reportable segment, and as such, no separate segment information is provided for these Registrants. Exelon, ComEd, PECO, BGE, Pepco, DPL and ACE's CODMs evaluate the performance of and allocate resources to ComEd, PECO, BGE, Pepco, DPL and ACE based on net income and return on equity.

Effective with the consummation of the PHI Merger, PHI's reportable segments have changed based on the information used by the CODM to evaluate performance and allocate resources. PHI's reportable segments consist of Pepco, DPL and ACE. PHI's Predecessor periods' segment information has been recast to conform to the current presentation. The reclassification of the segment information did not impact PHI's reported consolidated revenues or net income. PHI's CODM evaluates the performance of and allocates resources to Pepco, DPL and ACE based on net income and return on equity.

The basis for Generation's reportable segments is the integrated management of its electricity business that is located in different geographic regions, and largely representative of the footprints of ISO/RTO and/or NERC regions, which utilize multiple supply sources to provide electricity through various distribution channels (wholesale and retail). Generation's hedging strategies and risk metrics are also aligned to these same geographic regions. Descriptions of each of Generation's six reportable segments are as follows:

- Mid-Atlantic represents operations in the eastern half of PJM, which includes New Jersey, Maryland, Virginia, West Virginia, Delaware, the District of Columbia and parts of Pennsylvania and North Carolina.
- Midwest represents operations in the western half of PJM, which includes portions of Illinois, Pennsylvania, Indiana, Ohio, Michigan, Kentucky and Tennessee, and the United States footprint of MISO, excluding MISO's Southern Region, which covers all or most of North Dakota, South Dakota, Nebraska, Minnesota, Iowa, Wisconsin, the remaining parts of Illinois, Indiana, Michigan and Ohio not covered by PJM, and parts of Montana, Missouri and Kentucky.
- New England represents the operations within ISO-NE covering the states of Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.
- New York represents operations within ISO-NY, which covers the state of New York in its entirety.
- ERCOT represents operations within Electric Reliability Council of Texas, covering most of the state of Texas.
- Other Power Regions:
  - South represents operations in the FRCC, MISO's Southern Region, and the remaining portions of the SERC not included within MISO or PJM, which includes all or most of Florida, Arkansas, Louisiana, Mississippi, Alabama, Georgia, Tennessee, North Carolina, South Carolina and parts of Missouri, Kentucky and Texas. Generation's South region also includes operations in the SPP,

covering Kansas, Oklahoma, most of Nebraska and parts of New Mexico, Texas, Louisiana, Missouri, Mississippi and Arkansas.

- West represents operations in the WECC, which includes California ISO, and covers the states of California, Oregon, Washington, Arizona, Nevada, Utah, Idaho, Colorado and parts of New Mexico, Wyoming and South Dakota.
- Canada represents operations across the entire country of Canada and includes AESO, OIESO and the Canadian portion of MISO.

The CODMs for Exelon and Generation evaluate the performance of Generation's power marketing activities and allocate resources based on revenue net of purchased power and fuel expense (RNF). Generation believes that RNF is a useful measurement of operational performance. RNF is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report. Generation's operating revenues include all sales to third parties and affiliated sales to the Utility Registrants. Purchased power costs include all costs associated with the procurement and supply of electricity including capacity, energy and ancillary services. Fuel expense includes the fuel costs for Generation's owned generation and fuel costs associated with tolling agreements. The results of Generation's other business activities are not regularly reviewed by the CODM and are therefore not classified as operating segments or included in the regional reportable segment amounts. These activities include natural gas, as well as other miscellaneous business activities that are not significant to Generation's overall operating revenues or results of operations. Further, Generation's unrealized mark-to-market gains and losses on economic hedging activities and its amortization of certain intangible assets and liabilities relating to commodity contracts recorded at fair value from mergers and acquisitions are also not included in the regional reportable segment amounts. Exelon and Generation do not use a measure of total assets in making decisions regarding allocating resources to or assessing the performance of these reportable segments.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

An analysis and reconciliation of the Registrants' reportable segment information to the respective information in the consolidated financial statements for the three and six months ended June 30, 2016 and 2015 is as follows:

Three Months Ended June 30, 2016 and 2015

					Successor			
	Generation [a]	ComEd	PECO	BGE	PHI [b]	Other [c]	Intersegment Eliminations	Exelon
Operating revenues [d]:								
2016								
Competitive businesses electric revenues	$ 3,655	$ —	$ —	$ —	$ —	$ —	$ (354)	$ 3,301
Competitive businesses natural gas revenues	367	—	—	—	—	—	—	367
Competitive businesses other revenues	(433)	—	—	—	—	—	(1)	(434)
Rate-regulated electric revenues	—	1,286	587	584	1,030	—	(7)	3,480
Rate-regulated natural gas revenues	—	—	77	96	26	—	(2)	197
Shared service and other revenues	—	—	—	—	10	398	(409)	(1)
2015								
Competitive businesses electric revenues	$ 3,663	$ —	$ —	$ —	$ —	$ —	$ (151)	$ 3,512
Competitive businesses natural gas revenues	431	—	—	—	—	—	—	431
Competitive businesses other revenues	138	—	—	—	—	—	(1)	137
Rate-regulated electric revenues	—	1,148	582	541	—	—	(1)	2,270
Rate-regulated natural gas revenues	—	—	79	87	—	—	(1)	165
Shared service and other revenues	—	—	—	—	—	340	(341)	(1)
Intersegment revenues [e]:								
2016	$ 355	$ 3	$ 2	$ 4	$ 10	$ 398	$ (771)	$ 1
2015	152	1	—	1	—	340	(493)	1
Net income (loss):								
2016	$ 28	$ 145	$ 100	$ 34	$ 52	$ (52)	$ (1)	$ 306
2015	390	99	70	47	—	28	(1)	633
Total assets:								
June 30, 2016	$ 46,897	$28,105	$10,586	$8,325	$20,921	$10,069	$ (12,125)	$112,778
December 31, 2015	46,529	26,532	10,367	8,295	—	15,389	(11,728)	95,384

(a) Generation includes the six power marketing reportable segments shown below: Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Power Regions. Intersegment revenues for Generation for the three months ended June 30, 2016 include revenue from sales to PECO of $64 million and sales to BGE of $135 million in the Mid-Atlantic region, and sales to ComEd of $13 million in the Midwest region. For the three months ended June 30, 2015, intersegment revenues for Generation include revenue from sales to PECO of $49 million and sales to BGE of $97 million in the Mid-Atlantic region, and sales to ComEd of $6 million in the Midwest region. For the Successor period of three months ended June 30, 2016, intersegment revenues for Generation include revenue from sales to Pepco of $88 million, sales to DPL of $43 million, and sales to ACE of $12 million in the Mid-Atlantic region.

(b) Amounts included represent activity for the PHI's successor period, three months ended June 30, 2016. PHI includes the three reportable segments: Pepco, DPL and ACE. See tables below for PHI's predecessor periods, including Pepco, DPL and ACE, for January 1, 2016 to March 23, 2016 and for the six months ended June 30, 2015.

(c) Other primarily includes Exelon's corporate operations, shared service entities and other financing and investment activities.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

(d) Includes gross utility tax receipts from customers. The offsetting remittance of utility taxes to the governing bodies is recorded in expenses on the Registrants' Consolidated Statements of Operations and Comprehensive Income. See Note 19 — Supplemental Financial Information for total utility taxes for the three months ended June 30, 2016 and 2015.

(e) Intersegment revenues exclude sales to unconsolidated affiliates. The intersegment profit associated with Generation's sale of certain products and services by and between Exelon's segments is not eliminated in consolidation due to the recognition of intersegment profit in accordance with regulatory accounting guidance. For Exelon, these amounts are included in Operating revenues in the Consolidated Statements of Operations and Comprehensive Income.

Generation total revenues:

	Three Months Ended June 30, 2016			Three Months Ended June 30, 2015		
	Revenues from external customers [a]	Intersegment revenues	Total Revenues	Revenues from external customers [a][c]	Intersegment revenues [c]	Total Revenues [c]
Mid-Atlantic	$ 1,432	$ (16)	$ 1,416	$ 1,364	$ (18)	$ 1,346
Midwest	1,076	7	1,083	1,206	—	1,206
New England	352	(1)	351	367	—	367
New York	356	(10)	346	222	(4)	218
ERCOT	207	—	207	194	(2)	192
Other Power Regions	232	(9)	223	310	(21)	289
Total Revenues for Reportable Segments	3,655	(29)	3,626	3,663	(45)	3,618
Other [b]	(66)	29	(37)	569	45	614
Total Generation Consolidated Operating Revenues	$ 3,589	$ —	$ 3,589	$ 4,232	$ —	$ 4,232

(a) Includes all wholesale and retail electric sales to third parties and affiliated sales to the Utility Registrants.

(b) Other represents activities not allocated to a region. See text above for a description of included activities. Also includes a $9 million decrease and $17 million decrease to revenues for the amortization of intangible assets related to commodity contracts recorded at fair value for the three months ended June 30, 2016 and 2015, respectively, unrealized mark-to-market losses of $615 million and gains of $25 million for the three months ended June 30, 2016 and 2015, respectively, and elimination of intersegment revenues.

(c) Exelon corrected an error in the June 30, 2015 balances within Intersegment Revenue and Revenue from external customers for an overstatement of $46 million of Intersegment Revenue for Reportable Segments for the three months ended June 30, 2015, an understatement of Revenue from external customers for Reportable Segments of $46 million for the three months ended June 30, 2015, an understatement of $46 million of Intersegment Revenue for Other for the three months ended June 30, 2015, and an overstatement of Revenue from external customers for Other of $46 million for the three months ended June 30, 2015. This error is not considered material to any prior period, and there is no impact to Total Revenues.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Generation total revenues net of purchased power and fuel expense:

	Three Months Ended June 30, 2016			Three Months Ended June 30, 2015		
	RNF from external customers [a]	Intersegment RNF	Total RNF	RNF from external customers [a][c]	Intersegment RNF [c]	Total RNF [c]
Mid-Atlantic	$ 830	$ (2)	$ 828	$ 891	$ 1	$ 892
Midwest	724	4	728	750	(5)	745
New England	118	(8)	110	95	(7)	88
New York	270	(3)	267	138	7	145
ERCOT	111	(34)	77	91	(21)	70
Other Power Regions	123	(27)	96	113	(51)	62
Total Revenues net of purchased power and fuel for Reportable Segments	2,176	(70)	2,106	2,078	(76)	2,002
Other [b]	(164)	70	(94)	305	76	381
Total Generation Revenues net of purchased power and fuel expense	$ 2,012	$ —	$2,012	$ 2,383	$ —	$2,383

(a) Includes purchases and sales from third parties and affiliated sales to the Utility Registrants.

(b) Other represents activities not allocated to a region. See text above for a description of included activities. Also includes a $12 million decrease and a $14 million decrease to RNF for the amortization of intangible assets related to commodity contracts for the three months ended June 30, 2016 and 2015, respectively, unrealized mark-to-market losses of $304 million and gains of $235 million for the three months ended June 30, 2016 and 2015, respectively, accelerated nuclear fuel amortization associated with nuclear decommissioning as discussed at Note 7 — Early Nuclear Plant Retirements of the Combined Notes to Consolidated Financial Statements of $9 million for the three months ended June 30, 2016, and the elimination of intersegment revenue net of purchased power and fuel expense.

(c) Exelon corrected an error in the June 30, 2015 balances within Intersegment RNF and RNF from external customers for an understatement of $6 million of Intersegment RNF for Reportable Segments for the three months ended June 30, 2015, and an overstatement of $6 million of Intersegment RNF for Other for the three months ended June 30, 2015. This also included an understatement of total RNF for Reportable Segments and an overstatement of total RNF for Other of $6 million for the three months ended June 30, 2015. The error is not considered material to any prior period, and there is no net impact to Generation Total RNF for 2015.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Successor and Predecessor PHI:

	Pepco	DPL	ACE	Other [b]	Intersegment Eliminations	PHI
Operating revenues [a] :						
Three months ended June 30, 2016 — Successor						
Rate-regulated electric revenues	$ 509	$ 255	$ 270	$ —	$ (4)	$ 1,030
Rate-regulated natural gas revenues	—	26	—	—	—	26
Shared service and other revenues	—	—	—	10	—	10
Three months ended June 30, 2015 — Predecessor						
Rate-regulated electric revenues	$ 504	$ 246	$ 285	$ 59	$ —	$ 1,094
Rate-regulated natural gas revenues	—	25	—	—	—	25
Shared service and other revenues	—	—	—	—	—	—
Intersegment revenues [e] :						
Three months ended June 30, 2016 — Successor	$ 1	$ 2	$ 1	$ 10	$ (4)	$ 10
Three months ended June 30, 2015 — Predecessor	1	2	1	—	(4)	—
Net income (loss):						
Three months ended June 30, 2016 — Successor	$ 49	$ 12	$ 3	$ (22)	$ 10	$ 52
Three months ended June 30, 2015 — Predecessor	42	8	6	(3)	—	53
Total assets:						
June 30, 2016 — Successor	$7,099	$3,971	$3,461	$11,042	$ (4,652)	$20,921
December 31, 2015 — Predecessor	6,908	3,969	3,387	7,162	(5,238)	16,188

(a) Includes gross utility tax receipts from customers. The offsetting remittance of utility taxes to the governing bodies is recorded in expenses on the Registrants' Consolidated Statements of Operations and Comprehensive Income. See Note 19 — Supplemental Financial Information for total utility taxes for the three months ended June 30, 2016 and 2015.

(b) Other primarily includes PHI's corporate operations, shared service entities and other financing and investment activities. For the predecessor periods presented, Other includes the activity of PHI's unregulated businesses which were distributed to Exelon and Generation as a result of the PHI Merger.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Six Months Ended June 30, 2016 and 2015

					Successor			
	Generation [a]	ComEd	PECO	BGE	PHI [b]	Other [c]	Intersegment Eliminations	Exelon
Operating revenues [d]:								
2016								
Competitive businesses electric revenues	$ 7,352	$ —	$ —	$ —	$ —	$ —	$ (620)	$6,732
Competitive businesses natural gas revenues	1,189	—	—	—	—	—	—	1,189
Competitive businesses other revenues	(212)	—	—	—	—	—	(1)	(213)
Rate-regulated electric revenues	—	2,535	1,232	1,264	1,120	—	(15)	6,136
Rate-regulated natural gas revenues	—	—	273	345	28	—	(5)	641
Shared service and other revenues	—	—	—	—	23	803	(826)	—
2015								
Competitive businesses electric revenues	$ 8,059	$ —	$ —	$ —	$ —	$ —	$ (360)	$7,699
Competitive businesses natural gas revenues	1,555	—	—	—	—	—	—	1,555
Competitive businesses other revenues	460	—	—	—	—	—	—	460
Rate-regulated electric revenues	—	2,333	1,259	1,254	—	—	(2)	4,844
Rate-regulated natural gas revenues	—	—	387	410	—	—	(9)	788
Shared service and other revenues	—	—	—	—	—	657	(658)	(1)
Intersegment revenues [e]:								
2016	$ 621	$ 8	$ 4	$ 9	$ 23	$ 803	$ (1,466)	$ 2
2015	360	2	1	8	—	656	(1,026)	1
Net income (loss):								
2016	$ 285	$ 260	$ 224	$ 135	$ (257)	$ (215)	$ (2)	$ 430
2015	875	189	209	157	—	(55)	(3)	1,372

(a) Generation includes the six power marketing reportable segments shown below: Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Power Regions. Intersegment revenues for Generation for the six months ended June 30, 2016 include revenue from sales to PECO of $143 million and sales to BGE of $306 million in the Mid-Atlantic region, and sales to ComEd of $18 million in the Midwest region. For the six months ended June 30, 2015, intersegment revenues for Generation include revenue from sales to PECO of $112 million and sales to BGE of $235 million in the Mid-Atlantic region, and sales to ComEd of $15 million in the Midwest region. For the Successor period of March 24, 2016 to June 30, 2016, intersegment revenues for Generation include revenue from sales to Pepco of $94 million, sales to DPL of $47 million, and sales to ACE of $13 million in the Mid-Atlantic region.

(b) Amounts included represent activity for the PHI's successor period, March 24, 2016 through June 30, 2016. PHI includes the three reportable segments: Pepco, DPL and ACE. See tables below for PHI's predecessor periods, including Pepco, DPL and ACE, for January 1, 2016 to March 23, 2016 and for the six months ended June 30, 2015.

(c) Other primarily includes Exelon's corporate operations, shared service entities and other financing and investment activities.

(d) Includes gross utility tax receipts from customers. The offsetting remittance of utility taxes to the governing bodies is recorded in expenses on the Registrants' Consolidated Statements of Operations and Comprehensive Income. See Note 19 — Supplemental Financial Information for total utility taxes for the three months ended June 30, 2016 and 2015.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

(e) Intersegment revenues exclude sales to unconsolidated affiliates. The intersegment profit associated with Generation's sale of certain products and services by and between Exelon's segments is not eliminated in consolidation due to the recognition of intersegment profit in accordance with regulatory accounting guidance. For Exelon, these amounts are included in Operating revenues in the Consolidated Statements of Operations and Comprehensive Income.

Generation total revenues:

	Six Months Ended June 30, 2016			Six Months Ended June 30, 2015		
	Revenues from external customers [a]	Intersegment revenues	Total Revenues	Revenues from external customers [a][c]	Intersegment revenues [c]	Total Revenues [c]
Mid-Atlantic	$ 2,964	$ (28)	$ 2,936	$ 2,920	$ (61)	$ 2,859
Midwest	2,166	13	2,179	2,482	—	2,482
New England	823	(2)	821	1,232	(6)	1,226
New York	573	(24)	549	529	(1)	528
ERCOT	370	—	370	375	(3)	372
Other Power Regions	456	(9)	447	522	(19)	503
Total Revenues for Reportable Segments	7,352	(50)	7,302	8,060	(90)	7,970
Other [b]	977	50	1,027	2,014	90	2,104
Total Generation Consolidated Operating Revenues	$ 8,329	$ —	$ 8,329	$ 10,074	$ —	$ 10,074

(a) Includes all wholesale and retail electric sales to third parties and affiliated sales to the Utility Registrants.

(b) Other represents activities not allocated to a region. See text above for a description of included activities. Also includes an $11 million and a $22 million increase to revenues for the amortization of intangible assets related to commodity contracts recorded at fair value for the six months ended June 30, 2016 and 2015, respectively, unrealized mark-to-market losses of $553 million and gains of $179 million for the six months ended June 30, 2016 and 2015, respectively, and elimination of intersegment revenues.

(c) Exelon corrected an error in the June 30, 2015 balances within Intersegment Revenue and Revenue from external customers for an overstatement of $89 million of Intersegment Revenue for Reportable Segments for the six months ended June 30, 2015, an understatement of Revenue from external customers for Reportable Segments of $89 million for the six months ended June 30, 2015, an understatement of $89 million of Intersegment Revenue for Other for the six months ended June 30, 2015, and an overstatement of Revenue from external customers for Other of $89 million for the six months ended June 30, 2015. This error is not considered material to any prior period, and there is no impact to Total Revenues.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Generation total revenues net of purchased power and fuel expense:

	Six Months Ended June 30, 2016			Six Months Ended June 30, 2015		
	RNF from external customers [a]	Intersegment RNF	Total RNF	RNF from external customers [a][c]	Intersegment RNF [c]	Total RNF [c]
Mid-Atlantic	$ 1,661	$ 8	$1,669	$ 1,690	$ (11)	$1,679
Midwest	1,443	6	1,449	1,454	(6)	1,448
New England	204	(13)	191	277	(31)	246
New York	408	(13)	395	306	28	334
ERCOT	192	(54)	138	179	(54)	125
Other Power Regions	211	(37)	174	185	(77)	108
Total Revenues net of purchased power and fuel expense for Reportable Segments	4,119	(103)	4,016	4,091	(151)	3,940
Other [b]	190	103	293	701	151	852
Total Generation Revenues net of purchased power and fuel expense	$ 4,309	$ —	$4,309	$ 4,792	$ —	$4,792

(a) Includes purchases and sales from third parties and affiliated sales to the Utility Registrants.

(b) Other represents activities not allocated to a region. See text above for a description of included activities. Also includes a $7 million and a $24 million increase to RNF for the amortization of intangible assets related to commodity contracts for the six months ended June 30, 2016 and 2015, respectively, unrealized mark-to-market losses of $201 million and gains of $397 million for the six months ended June 30, 2016 and 2015, respectively, accelerated nuclear fuel amortization associated with nuclear decommissioning as discussed at Note 7 — Early Nuclear Plant Retirements of the Combined Notes to Consolidated Financial Statements of $9 million for the six months ended June 30, 2016, and the elimination of intersegment revenue net of purchased power and fuel expense.

(c) Exelon corrected an error in the June 30, 2015 balances within Intersegment RNF and RNF from external customers for an understatement of $25 million of Intersegment RNF for Reportable Segments for the six months ended June 30, 2015, an overstatement of RNF from external customers for Reportable Segments of $10 million for the six months ended June 30, 2015, an overstatement of $25 million of Intersegment RNF for Other for the six months ended June 30, 2015, and an understatement of RNF from external customers for Other of $10 million for the six months ended June 30, 2015. This also included an understatement of total RNF for Reportable Segments and an overstatement of total RNF for Other of $15 million for the six months ended June 30, 2015. The error is not considered material to any prior period, and there is no net impact to Generation Total RNF for 2015.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Successor and Predecessor PHI:

	Pepco	DPL	ACE	Other [b]	Intersegment Eliminations	PHI
Operating revenues [a]:						
March 24, 2016 to June 30, 2016 — Successor						
Rate-regulated electric revenues	$ 550	$279	$ 293	$ 3	$ (5)	$1,120
Rate-regulated natural gas revenues	—	29	—	(1)	—	28
Shared service and other revenues	—	—	—	23	—	23
January 1, 2016 to March 23, 2016 — Predecessor						
Rate-regulated electric revenues	$ 511	$279	$ 268	$ 42	$ (4)	$1,096
Rate-regulated natural gas revenues	—	56	—	1	—	57
Shared service and other revenues	—	—	—	—	—	—
Six months ended June 30, 2015 — Predecessor						
Rate-regulated electric revenues	$1,049	$580	$ 618	$ 115	$ —	$2,362
Rate-regulated natural gas revenues	—	111	—	—	—	111
Shared service and other revenues	—	—	—	—	—	—
Intersegment revenues:						
March 24, 2016 to June 30, 2016 — Successor	$ 2	$ 2	$ 1	$ 23	$ (5)	$ 23
January 1, 2016 to March 23, 2016 — Predecessor	1	2	1	—	(4)	—
Six months ended June 30, 2015 — Predecessor	2	3	2	—	(7)	—
Net income (loss):						
March 24, 2016 to June 30, 2016 — Successor	$ (92)	$ (86)	$(102)	$ —	$ 23	$ (257)
January 1, 2016 to March 23, 2016 — Predecessor	32	26	5	(44)	—	19
Six months ended June 30, 2015 — Predecessor	68	40	15	(17)	—	106

(a) Includes gross utility tax receipts from customers. The offsetting remittance of utility taxes to the governing bodies is recorded in expenses on the Registrants' Consolidated Statements of Operations and Comprehensive Income. See Note 19 — Supplemental Financial Information for total utility taxes for the six months ended June 30, 2016 and 2015.

(b) Other primarily includes PHI's corporate operations, shared service entities and other financing and investment activities. For the predecessor periods presented, Other includes the activity of PHI's unregulated businesses which were distributed to Exelon and Generation as a result of the PHI Merger.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

(Dollars in millions except per share data, unless otherwise noted)

Exelon Corporation

General

Exelon, a utility services holding company, operates through the following principal subsidiaries:

- *Generation,* whose integrated business consists of the generation, physical delivery and marketing of power across multiple geographical regions through its customer-facing business, Constellation, which sells electricity and natural gas to both wholesale and retail customers. Generation also sells renewable energy and other energy-related products and services.
- *ComEd,* whose business consists of the purchase and regulated retail sale of electricity and the provision of electricity transmission and distribution services in northern Illinois, including the City of Chicago.
- *PECO,* whose business consists of the purchase and regulated retail sale of electricity and the provision of electricity distribution and transmission services in southeastern Pennsylvania, including the City of Philadelphia, and the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services in the Pennsylvania counties surrounding the City of Philadelphia.
- *BGE,* whose business consists of the purchase and regulated retail sale of electricity and natural gas and the provision of electricity distribution and transmission and natural gas distribution services in central Maryland, including the City of Baltimore.
- *Pepco,* whose business consists of the purchase and regulated retail sale of electricity and the provision of electricity distribution and transmission in the District of Columbia and major portions of Prince George's County and Montgomery County in Maryland.
- *DPL,* whose business consists of the purchase and regulated retail sale of electricity and the provision of electricity distribution and transmission services in portions of Maryland and Delaware, and the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services in northern Delaware.
- *ACE,* whose business consists of the purchase and regulated retail sale of electricity and the provision of electricity transmission and distribution services in southern New Jersey.

Exelon has twelve reportable segments consisting of Generation's six power marketing reportable segments (Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Power Regions in Generation), ComEd, PECO, BGE and PHI's three utility reportable segments (Pepco, DPL and ACE). See Note 20 — Segment Information of the Combined Notes to Consolidated Financial Statements for additional information regarding Exelon's reportable segments.

Through its business services subsidiary BSC, Exelon provides its operating subsidiaries with a variety of support services at cost. The costs of these services are directly charged or allocated to the applicable operating segments. Additionally, the results of Exelon's corporate operations include costs for corporate governance and interest costs and income from various investment and financing activities.

Exelon's consolidated financial information includes the results of its eight separate operating subsidiary registrants, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE, which, along with Exelon, are collectively referred to as the Registrants. The following combined Management's Discussion and Analysis of Financial Condition and Results of Operations is separately filed by Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE. However, none of the Registrants makes any representation as to information related solely to any of the other Registrants.

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Executive Overview

Financial Results

The following tables set forth the consolidated financial results of Exelon for the three and six months ended June 30, 2016 compared to the same periods in 2015. The 2016 financial results only include the operations of PHI, Pepco, DPL and ACE from March 24, 2016 through June 30, 2016. All amounts presented below are before the impact of income taxes, except as noted.

	Three Months Ended June 30, 2016								Favorable (Unfavorable) Variance
	2016							2015	
	Generation	ComEd	PECO	BGE	PHI [b]	Other	Exelon	Exelon	
Operating revenues	$ 3,589	$1,286	$664	$680	$1,066	$(375)	$6,910	$6,514	$ 396
Purchased power and fuel	1,577	339	217	261	416	(356)	2,454	2,449	(5)
Revenue net of purchased power and fuel [a]	2,012	947	447	419	650	(19)	4,456	4,065	391
Other operating expenses									
Operating and maintenance	1,530	368	190	208	246	(37)	2,505	2,042	(463)
Depreciation and amortization	408	190	67	97	160	19	941	602	(339)
Taxes other than income	118	65	38	55	108	10	394	294	(100)
Total other operating expenses	2,056	623	295	360	514	(8)	3,840	2,938	(902)
Gain on sales of assets	31	—	—	—	—	—	31	7	24
Operating (loss) income	(13)	324	152	59	136	(11)	647	1,134	(487)
Other income and (deductions)									
Interest expense, net	(99)	(91)	(31)	(24)	(66)	(65)	(376)	(155)	(221)
Other, net	117	3	2	5	11	6	144	(17)	161
Total other income and (deductions)	18	(88)	(29)	(19)	(55)	(59)	(232)	(172)	(60)
Income (loss) before income taxes	5	236	123	40	81	(70)	415	962	(547)
Income taxes	(31)	91	23	6	29	(16)	102	327	225
Equity in (losses) earnings of unconsolidated affiliates	(8)	—	—	—	—	1	(7)	(2)	(5)
Net income (loss)	28	145	100	34	52	(53)	306	633	(327)
Net income (loss) attributable to noncontrolling interests and preference stock dividends	36	—	—	3	—	—	39	(5)	(44)
Net (loss) income attributable to common shareholders	$ (8)	$ 145	$100	$ 31	$ 52	$ (53)	$ 267	$ 638	$ (371)

(a) The Registrants evaluate operating performance using the measure of revenue net of purchased power and fuel expense. The Registrants believe that revenue net of purchased power and fuel expense is a useful measurement because it provides information that can be used to evaluate their operational performance. Revenue net of purchased power and fuel expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

(b) As a result of the PHI Merger, PHI includes the consolidated results of PHI, Pepco, DPL and ACE from April 1, 2016 through June 30, 2016.

	Six Months Ended June 30,								Favorable (Unfavorable) Variance
	2016							2015	
	Generation	ComEd	PECO	BGE	PHI [b]	Other	Exelon	Exelon	
Operating revenues	$ 8,329	$2,535	$1,505	$1,609	$1,171	$(664)	$14,485	$15,345	$ (860)
Purchased power and fuel	4,020	686	537	634	454	(623)	5,708	6,919	1,211
Revenue net of purchased power and fuel [a]	4,309	1,849	968	975	717	(41)	8,777	8,426	351
Other operating expenses									
Operating and maintenance	2,997	736	405	410	695	98	5,341	4,123	(1,218)
Depreciation and amortization	697	379	134	206	174	36	1,626	1,212	(414)
Taxes other than income	244	141	80	114	123	18	720	598	(122)
Total other operating expenses	3,938	1,256	619	730	992	152	7,687	5,933	(1,754)
Gain on sales of assets	31	5	—	—	—	4	40	8	32
Operating income (loss)	402	598	349	245	(275)	(189)	1,130	2,501	(1,371)
Other income and (deductions)									
Interest expense, net	(196)	(177)	(62)	(48)	(71)	(109)	(663)	(501)	(162)
Other, net	210	7	4	11	12	14	258	64	194
Total other income and (deductions)	14	(170)	(58)	(37)	(59)	(95)	(405)	(437)	32
Income (loss) before income taxes	416	428	291	208	(334)	(284)	725	2,064	(1,339)
Income taxes	120	168	67	73	(77)	(66)	285	690	405
Equity in (losses) earnings of unconsolidated affiliates	(11)	—	—	—	—	1	(10)	(2)	(8)
Net income (loss)	285	260	224	135	(257)	(217)	430	1,372	(942)
Net (loss) income attributable to noncontrolling interests and preference stock dividends	(17)	—	—	6	—	1	(10)	41	51
Net income (loss) attributable to common shareholders	$ 302	$ 260	$ 224	$ 129	$ (257)	$(218)	$ 440	$ 1,331	$ (891)

(a) The Registrants evaluate operating performance using the measure of revenue net of purchased power and fuel expense. The Registrants believe that revenue net of purchased power and fuel expense is a useful measurement because it provides information that can be used to evaluate their operational performance. Revenue net of purchased power and fuel expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

(b) As a result of the PHI Merger, PHI includes the consolidated results of PHI, Pepco, DPL and ACE from March 24, 2016 through June 30, 2016.

Three Months Ended June 30, 2016 Compared to Three Months Ended June 30, 2015. Exelon's net income attributable to common shareholders was $267 million for the three months ended June 30, 2016 as compared to $638 million for the three months ended June 30, 2015, and diluted earnings per average common share were $0.29 for the three months ended June 30, 2016 as compared to $0.74 for the three months ended June 30, 2015.

Operating revenue net of purchased power and fuel expense, which is a non-GAAP measure discussed below, increased by $391 million for the three months ended June 30, 2016 as compared to the same period in 2015. The quarter-over-quarter increase in operating revenue net of purchased power and fuel expense was primarily due to the following favorable factors:

- Increase of $104 million at Generation primarily due to the approval of the Ginna Reliability Support Services Agreement, decreased nuclear fuel prices and increased capacity prices, partially offset by lower realized energy prices and the impact of increased nuclear outage days;
- Increase of $74 million at ComEd primarily due to increased distribution and transmission formula rate revenue resulting from favorable weather and increased capital investment, partially offset by lower allowed electric distribution ROE due to a decrease in treasury rates;
- Increase of $30 million at BGE primarily due to increased transmission revenue as a result of increased capital investments and operating and maintenance expense recoveries and increased distribution revenue pursuant to increased rates effective in June 2016;
- Increase of $23 million at PECO primarily due to increased electric distribution revenue pursuant to a rate increase effective January 1, 2016; and
- Increase of $650 million in revenue net of purchased power and fuel due to the inclusion of PHI's results for the period of April 1, 2016 to June 30, 2016.

The quarter-over-quarter increase in operating revenue net of purchased power and fuel expense was partially offset by a decrease of $539 million at Generation due to mark-to-market losses of $304 million in 2016 from economic hedging activities as compared to gains of $235 million in 2015.

Operating and maintenance expense increased by $463 million for the three months ended June 30, 2016 as compared to the same period in 2015 primarily due to the following unfavorable factors:

- Increase of $141 million at Generation for the recognition of one-time charges associated with Generation's decision to early retire Clinton and Quad Cities nuclear generating facilities during the second quarter of 2016;
- Increase of $52 million at BGE as a result of one-time charges associated with the reduction of certain regulatory assets and other long-lived assets stemming from certain cost disallowances contained within the smart grid rate case orders issued by the MDPSC in June and July 2016;
- Long-lived asset impairments of certain wind projects at Generation of $36 million;
- Increase in Generation's labor, contracting and materials cost of $31 million primarily due to timing and extended duration of an outage at the Salem nuclear power plant and the inclusion of Pepco Energy Services results in 2016; and
- Increase of $246 million in operating and maintenance expense due to the inclusion of PHI's results for the period of April 1, 2016 to June 30, 2016.

The quarter-over-quarter increase in operating and maintenance expense was partially offset by the following favorable factors:

- Decrease of $17 million at PECO due to lower incremental storm costs in the second quarter of 2016 compared to the second quarter of 2015, as a result of the June 2015 storm; and
- Decrease of $22 million in pension and non-pension post-retirement benefits resulting from the favorable impact of higher pension and OPEB discount rates in 2016.

Depreciation and amortization expense increased by $339 million primarily as a result of accelerated depreciation and amortization expense related to the announcement of the early plant retirements at Generation,

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increased nuclear decommissioning amortization at Generation, increased depreciation expense due to ongoing capital expenditures across all operating companies, and the inclusion of PHI's results for the period of April 1, 2016 to June 30, 2016.

Taxes other than income increased by $100 million primarily due to increased property and utility taxes as a result of the inclusion of PHI's results for the period of April 1, 2016 to June 30, 2016.

Gain on sales of assets increased by $24 million primarily as a result of the gain associated with Generation's sale of the retired New Boston generating site.

Interest expense, net increased by $221 million primarily as a result of the inclusion of PHI's results for the period of April 1, 2016 to June 30, 2016 and higher outstanding debt to fund the PHI acquisition and general corporate purposes.

Other, net increased by $161 million primarily at Generation as a result of the change in realized and unrealized gains and losses on NDT funds.

Exelon's effective income tax rates for the three months ended June 30, 2016 and 2015 were 24.6% and 34.0%, respectively. See Note 11 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

Six Months Ended June 30, 2016 Compared to Six Months Ended June 30, 2015. Exelon's net income attributable to common shareholders was $440 million for the six months ended June 30, 2016 as compared to $1,331 million for the six months ended June 30, 2015, and diluted earnings per average common share were $0.48 for the six months ended June 30, 2016 as compared to $1.54 for the six months ended June 30, 2015.

Operating revenue net of purchased power and fuel expense, which is a non-GAAP measure discussed below, increased by $351 million for the six months ended June 30, 2016 as compared to the same period in 2015. The year-over-year increase in operating revenue net of purchased power and fuel expense was primarily due to the following favorable factors:

- Increase of $117 million at ComEd primarily due to increased distribution and transmission formula rate revenue resulting from increased capital investment;
- Increase of $76 million at Generation primarily due to approval of the Ginna Reliability Support Services Agreement, decreased nuclear fuel prices, increased capacity prices, and decreased nuclear outage days at higher capacity units, partially offset by lower realized energy prices and higher oil inventory write downs.
- Increase of $37 million at BGE primarily due to increased transmission revenue as a result of increased capital investments and operating and maintenance expense recoveries and increased distribution revenue pursuant to increased rates effective in June 2016; and
- Increase of $717 million in revenue net of purchased power and fuel due to the inclusion of PHI's results for the period of March 24, 2016 to June 30, 2016.

The year-over-year increase in operating revenue net of purchased power and fuel expense was partially offset by a decrease of $598 million at Generation due to mark-to-market losses of $201 million in 2016 from economic hedging activities as compared to gains of $397 million in 2015.

Operating and maintenance expense increased by $1,218 million for the six months ended June 30, 2016 as compared to the same period in 2015 primarily due to the following unfavorable factors:

- Approval of the merger across all regulatory jurisdictions was conditioned on Exelon and PHI agreeing to certain commitments pursuant to which, upon acquisition close, Exelon recorded $508 million of costs.

- Long-lived asset impairments of Upstream assets and certain wind projects at Generation of $155 million;
- Increase of $141 million at Generation for the recognition of one-time charges associated with Generation's decision to early retire the Clinton and Quad Cities nuclear generating facilities during the second quarter of 2016;
- Increase of $52 million at BGE as a result of one-time charges associated with the reduction of certain regulatory assets and other long-lived assets stemming from certain cost disallowances contained within the smart grid rate case orders issued by the MDPSC in June and July 2016;
- Increased storm costs at BGE of $18 million; and
- Increase of $332 million, net of merger commitment costs discussed above, due to the inclusion of PHI's results for the period March 24, 2016 to June 30, 2016.

The year-over-year increase in operating and maintenance expense was partially offset by the following favorable factors:

- Decrease of $38 million in uncollectible accounts at ComEd, PECO and BGE;
- Decrease of $40 million in pension and non-pension post-retirement benefits resulting from the favorable impact of higher pension and OPEB discount rates in 2016; and
- Decrease of $14 million at PECO due to lower incremental storm costs in the second quarter of 2016 compared to the second quarter of 2015, as a result of the June 2015 storm.

Depreciation and amortization expense increased by $414 million primarily as a result of accelerated depreciation and amortization expense related to the announcement of the early plant retirements at Generation, increased nuclear decommissioning amortization at Generation, increased depreciation expense due to ongoing capital expenditures across all operating companies, and the inclusion of PHI's results for the period of March 24, 2016 to June 30, 2016.

Taxes other than income increased by $122 million primarily due to increased property and utility taxes as a result of the inclusion of PHI's results for the period March 24, 2016 to June 30, 2016.

Gain on sales of assets increased by $32 million primarily as a result of the gain associated with Generation's sale of the retired New Boston generating site.

Interest expense, net increased by $162 million primarily as a result of higher outstanding debt to fund the PHI acquisition and general corporate purposes and the absence of the forward-starting interest rate swaps in 2016.

Other, net increased by $194 million primarily at Generation as a result of the change in realized and unrealized gains and losses on NDT funds and the absence of a $26 million loss in 2015 on the termination of forward-starting interest rate swaps.

Exelon's effective income tax rates for the six months ended June 30, 2016 and 2015 were 39.3% and 33.4%, respectively. See Note 11 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates. As a result of the merger, Exelon recorded an after-tax charge of $90 million during the six months ended June 30, 2016 as a result of the assessment and remeasurement of certain federal and state PHI, Pepco, DPL and ACE uncertain tax positions.

For further detail regarding the financial results for the three and six months ended June 30, 2016, including explanation of the non-GAAP measure revenue net of purchased power and fuel expense, see the discussions of Results of Operations by Segment below.

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Non-GAAP Financial Measures

Exelon's adjusted (non-GAAP) operating earnings for the three months ended June 30, 2016 were $604 million, or $0.65 per diluted share, compared with adjusted (non-GAAP) operating earnings of $508 million, or $0.59 per diluted share for the same period in 2015. Exelon's adjusted (non-GAAP) operating earnings for the six months ended June 30, 2016 were $1,235 million, or $1.33 per diluted share, compared with adjusted (non-GAAP) operating earnings of $1,123 million, or $1.30 per diluted share for the same period in 2015. In addition to net income as determined under generally accepted accounting principles in the United States (GAAP), Exelon evaluates its operating performance using adjusted (non-GAAP) operating earnings because management believes it represents earnings directly related to the ongoing operations of the business. Adjusted (non-GAAP) operating earnings exclude certain costs, expenses, gains and losses and other specified items. This information is intended to enhance an investor's overall understanding of period over period operating results and provide an indication of Exelon's baseline operating performance excluding items that are considered by management to be not directly related to the ongoing operations of the business. In addition, this information is among the primary indicators management uses as a basis for evaluating performance, allocating resources, setting incentive compensation targets and planning and forecasting of future periods. Adjusted (non-GAAP) operating earnings is not a presentation defined under GAAP and may not be comparable to other companies' presentation. The Company has provided non-GAAP financial measures as supplemental information and in addition to the financial measures that are calculated and presented in accordance with GAAP. Non-GAAP financial measures should not be deemed more useful than, a substitute for, or an alternative to the most comparable GAAP measures provided elsewhere in this report.

The following table provides a reconciliation between net income attributable to common shareholders as determined in accordance with GAAP and adjusted (non-GAAP) operating earnings for the three and six months ended June 30, 2016 as compared to the same periods in 2015. The footnotes below the table provide tax expense (benefit) impacts:

	Three Months Ended June 30,			
	2016		2015	
(All amounts after tax)		Earnings per Diluted Share		Earnings per Diluted Share
Net Income Attributable to Common Shareholders	$267	$ 0.29	$ 638	$ 0.74
Mark-to-Market Impact of Economic Hedging Activities [a]	185	0.20	(143)	(0.16)
Unrealized (Gains) Losses Related to NDT Fund Investments [b]	(27)	(0.03)	56	0.06
Merger and Integration Costs [c]	1	—	18	0.02
Merger Commitments [d]	1	—	—	—
Mark-to-Market Impact of PHI Merger Related Interest Rate Swaps [e]	—	—	(71)	(0.08)
Long-Lived Asset Impairments [f]	22	0.02	15	0.02
Amortization of Commodity Contract Intangibles [g]	8	0.01	9	0.01
Plant Retirements and Divestitures [h]	133	0.14	—	—
Cost Management Program [i]	6	0.01	—	—
CENG Non-Controlling Interests [k]	8	0.01	(14)	(0.02)
Adjusted (non-GAAP) Operating Earnings	$604	$ 0.65	$ 508	$ 0.59

(All amounts after tax)	Six Months Ended June 30, 2016	Earnings per Diluted Share	Six Months Ended June 30, 2015	Earnings per Diluted Share
Net Income Attributable to Common Shareholders	$ 440	$ 0.48	$1,331	$ 1.54
Mark-to-Market Impact of Economic Hedging Activities [a]	121	0.12	(243)	(0.27)
Unrealized (Gains) Losses Related to NDT Fund Investments [b]	(59)	(0.07)	32	0.04
Merger and Integration Costs [c]	79	0.09	37	0.04
Merger Commitments [d]	395	0.43	—	—
Mark-to-Market Impact of PHI Merger Related Interest Rate Swaps [e]	—	—	(21)	(0.03)
Long-Lived Asset Impairments [f]	93	0.10	15	0.02
Amortization of Commodity Contract Intangibles [g]	(4)	—	(15)	(0.02)
Plant Retirements and Divestitures [h]	133	0.14	—	—
Cost Management Program [i]	19	0.02	—	—
Midwest Generation Bankruptcy Recoveries [j]	—	—	(6)	(0.01)
CENG Non-Controlling Interests [k]	18	0.02	(7)	(0.01)
Adjusted (non-GAAP) Operating Earnings	$1,235	$ 1.33	$1,123	$ 1.30

(a) Reflects the impact of net (gains) losses for the three months ended June 30, 2016 and 2015 (net of taxes $120 million and $92 million, respectively) and the six months ended June 30, 2016 and 2015 (net of taxes of $81 million and $155 million, respectively), on Generation's economic hedging activities. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional detail related to Generation's hedging activities.

(b) Reflects the impact of net unrealized (gains) losses for the three months ended June 30, 2016 and 2015 (net of taxes $29 million and $71 million, respectively) and the for the six months ended June 30, 2016 and 2015 (net of taxes of $64 million and $44 million, respectively), on Generation's NDT fund investments for Non-Regulatory Agreement Units. See Note 12 — Nuclear Decommissioning of the Combined Notes to Consolidated Financial Statements for additional detail related to Generation's NDT fund investments.

(c) Reflects certain costs incurred for the three months ended June 30, 2015 (net of taxes $10 million) and the six months ended June 30, 2016 and 2015 (net of taxes of $26 million and $24 million, respectively), including professional fees, employee-related expenses, integration activities, upfront credit facilities fees, and the PHI acquisition. See Note 4 — Mergers, Acquisitions and Dispositions of the Combined Notes to Consolidated Financial Statements for additional detail related to merger and acquisition costs.

(d) Reflects the costs incurred as part of the settlement orders approving the PHI acquisition for the six months ended June 30, 2016 (net of taxes of $113 million). See Note 4 — Mergers, Acquisitions and Dispositions of the Combined Notes to Consolidated Financial Statements for additional detail related to PHI Merger commitments.

(e) Reflects the impact of net losses on forward-starting interest rate swaps at Exelon Corporate related to financing of the PHI acquisition for the three and six months ended June 30, 2015 (net of taxes of $45 million and $14 million, respectively).

(f) Reflects the impairment of Upstream assets and certain wind projects at Generation for the three and six months ended June 30, 2016 (net of taxes of $14 million and $62 million, respectively). Reflects the impairment of investment in long-term leases at Corporate for the three and six months ended June 30, 2015 (net of taxes of $9 million).

(g) Reflects the non-cash impact for the three months ended June 30, 2016 and 2015 (net of taxes $4 million and $5 million, respectively) and the for the six months ended June 30, 2016 and 2015 (net of taxes of $2 million and $9 million, respectively), of the amortization of intangible assets, net, related to commodity contracts recorded at fair value for the Integrys acquisition.

(h) Reflects the accelerated depreciation and amortization expense, increases to materials and supplies inventory reserves, severance benefits and construction work in progress impairment charges associated with the announcement of the early retirement of Generation's Clinton and Quad Cities nuclear facilities, partially offset by a gain associated with Generation's sale of the retired New Boston generating site for the three and six months ended June 30, 2016 (net of taxes $85 million).

(i) Reflects the 2016 severance expense and reorganization costs related to a cost management program for the three and six months ended June 30, 2016 (net of taxes of $3 million and $12 million, respectively).

(j) For the six months ended June 30, 2015, reflects a benefit related to the favorable settlement of a long term railcar lease agreement pursuant to the Midwest Generation bankruptcy (net of taxes of $4 million).

(k) Represents Generation's noncontrolling interests related to CENG exclusion items, primarily related to the impact of unrealized gains and losses on NDT fund investments.

Merger and Acquisition Costs

On March 23, 2016, the Exelon and PHI Merger was completed. On the merger date, PHI shareholders received $27.25 of cash in exchange for each share of PHI common stock. The resulting company retained the Exelon name and is headquartered in Chicago.

As a result of the PHI Merger, Exelon has incurred costs associated with evaluating, structuring and executing the PHI Merger transaction itself, and will continue to incur cost associated with meeting the various commitments set forth by regulators and agreed-upon with other interested parties as part of the merger approval process, and integrating the former PHI businesses into Exelon.

The table below presents the one-time pre-tax charges recognized upon closing of the PHI Merger included in the Registrant's respective Consolidated Statements of Operations and Comprehensive Income.

	Six Months Ended June 30, 2016					*Successor* March 24, 2016 to June 30, 2016
	Exelon	Generation	Pepco	DPL	ACE	PHI
Merger commitments	$ 508	$ 3	$139	$104	$120	$ 363
Changes in accounting and tax related policies and estimates	—	—	25	15	5	—
Total	$ 508	$ 3	$164	$119	$125	$ 363

In addition to the one-time PHI Merger charges discussed above, for the three and six months ended June 30, 2016, expense has been recognized for merger, integration and acquisition costs for the PHI Merger and for the three and six months ended June 30, 2015, expense has been recognized primarily for merger, integration and acquisition costs for the PHI Merger and Integrys acquisition as follows:

	Pre-tax Expense								
	Three Months Ended June 30, 2016								
Merger, Integration and Acquisition Costs:	Exelon (a)	Generation (a)	ComEd	PECO	BGE	PHI (a)	Pepco (a)	DPL (a)	ACE (a)
Employee-Related (d)	$ 2	$ (1)	$ (1)	$ —	$ —	$ 4	$ 2	$ 1	$ 1
Other (f)	(1)	5	2	1	(5)	(5)	(6)	(1)	1
Total	$ 1	$ 4	$ 1	$ 1	$ (5)	$(1)	$ (4)	$—	$ 2

	Pre-tax Expense				
	Three Months Ended June 30, 2015				
Merger, Integration and Acquisition Costs:	Exelon	Generation	ComEd	PECO	BGE
Financing (b)	$(104)	$ —	$ —	$ —	$ —
Transaction (c)	3	—	—	—	—
Employee-Related (d)	(1)	(1)	—	—	—
Other	15	8	3	1	1
Total	$ (87)	$ 7	$ 3	$ 1	$ 1

Merger, Integration and Acquisition Costs:	Pre-tax Expense Six Months Ended June 30, 2016								
	Exelon [a]	Generation [a]	ComEd	PECO	BGE	PHI [a]	Pepco [a]	DPL [a]	ACE [a]
Transaction [c]	$ 35	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Employee-Related [d]	73	10	1	1	1	60	29	17	14
Other [e][f]	(5)	10	(8)	1	(5)	(5)	(6)	(1)	1
Total	$ 103	$ 20	$ (7)	$ 2	$ (4)	$ 55	$ 23	$ 16	$ 15

Merger and Integration Costs:	Pre-tax Expense Six Months Ended June 30, 2015				
	Exelon	Generation	ComEd	PECO	BGE
Financing [b]	$ (15)	$ —	$ —	$ —	$ —
Transaction [c]	9	—	—	—	—
Employee-Related [d]	3	3	—	—	—
Other	28	16	6	2	3
Total	$ 25	$ 19	$ 6	$ 2	$ 3

(a) For Exelon, Generation, PHI, Pepco, DPL, and ACE, includes the operations of the acquired businesses beginning on March 24, 2016.
(b) Reflects costs incurred at Exelon related to the financing of the PHI Merger, including upfront credit facility fees and mark-to-market activity on forward-starting interest rate swaps.
(c) External, third party costs paid to advisors, consultants, lawyers and other experts to assist in the due diligence and regulatory approval processes and in the closing of transactions.
(d) Costs primarily for employee severance, pension and OPEB expense and retention bonuses.
(e) For the six months ended June 30, 2016, includes the reversal of previously incurred acquisition, integration and financing costs of $8 million incurred at ComEd that has been deferred and recorded as a regulatory asset for anticipated recovery. See Note 5 —Regulatory Matters of the Combined Notes to Consolidated Financial Statements for more information
(f) For the three and six months ended June 30, 2016, includes the reversal of previously incurred acquisition, integration and financing costs of $6 million, $9 million, $3 million and $12 million incurred at BGE, Pepco, DPL and PHI, respectively, that have been deferred and recorded as a regulatory asset for anticipated recovery. See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for more information.

As of June 30, 2016, Exelon expects to incur total PHI acquisition and integration related costs of approximately $700 million, excluding merger commitments. Of this amount, including 2014 and through June 30, 2016, Exelon and PHI have incurred approximately $520 million. Included in this amount are costs to fund the merger of which $76 million has been expensed, $56 million has been paid and recorded as deferred debt issuance costs and $60 million has been incurred and charged to common stock. The remaining costs will be primarily within Operating and maintenance expense within Exelon's Consolidated Statements of Operations and Comprehensive Income and will also include approximately $60 million for integration costs expected to be capitalized to Property, plant and equipment. See Note 4 — Mergers, Acquisitions and Dispositions of the Combined Notes to Consolidated Financial Statements for further information regarding the PHI acquisition.

Exelon's Strategy and Outlook for the remainder of 2016 and Beyond

Exelon's value proposition and competitive advantage come from its scope and its core strengths of operational excellence and financial discipline. Exelon leverages its integrated business model to create value. Exelon's regulated and competitive businesses feature a mix of attributes that, when combined, offer shareholders and customers a unique value proposition:

- Exelon's utilities provide a foundation for stable earnings, which translates to a stable currency in our stock.
- Generation's competitive businesses provide free cash flow to invest primarily into the utilities and in long-term, contracted assets.

Exelon believes its strategy provides a platform for optimal success in an energy industry experiencing fundamental and sweeping change.

Exelon's utility strategy is to improve reliability and operations and enhance the customer experience, while ensuring ratemaking mechanisms provide the utilities fair financial returns. The Exelon utilities only invest in rate base where it provides a benefit to customers and the community by improving reliability and the service experience or otherwise meeting customer needs. The Exelon utilities make these investments prudently and at the lowest reasonable cost to customers. Exelon seeks to leverage its scale and expertise across the utilities platform through enhanced standardization and sharing of best practices to achieve improved operational and financial results. Additionally, the Utility Registrants anticipate making significant future investments in smart meter technology, transmission projects, gas infrastructure, and electric system improvement projects, providing greater reliability and improved service for our customers and a stable return for the company.

Generation's competitive businesses create value for customers by providing innovative solutions and reliable, clean and affordable energy. Generation's electricity generation strategy is to pursue opportunities that provide generation to load matching to reduce earnings volatility. Generation leverages its energy generation portfolio to deliver energy to both wholesale and retail customers. Generation's customer facing activities foster development and delivery of other innovative energy-related products and services for its customers. Generation operates in well-developed energy markets and employs an integrated hedging strategy to manage commodity price volatility. Its generation fleet, including its nuclear plants which consistently operate at high capacity factors, also provide geographic and supply source diversity. These factors help Generation mitigate the current challenging conditions in competitive energy markets.

Several nuclear units within the Exelon fleet and nationally are economically challenged, threatened by persistently low prices and out-of-market payments to select generation sources. Some units have already retired prematurely for economic reasons, and Exelon has announced the planned early shutdown of its Clinton and Quad Cities units. Other Exelon units face similar challenges, most notably Ginna, Nine Mile Point and TMI. Exelon is working to develop possible solutions at the state, federal and RTO levels so that markets or the states more appropriately value the carbon-free emission attribute of nuclear generation.

Exelon's financial priorities are to maintain investment grade credit metrics at each of the Registrants to maintain optimal capital structure and to return value to Exelon's shareholders with an attractive dividend throughout the energy commodity market cycle and through stable earnings growth. Exelon's Board of Directors approved a revised dividend policy. The approved policy raises our dividend 2.5% each year for the next three years, beginning with the June 2016 dividend.

Various market, financial, and other factors could affect the Registrants' success in pursuing their strategies. Exelon continues to assess infrastructure, operational, commercial, policy, and legal solutions to these issues. See ITEM 1A. RISK FACTORS of the Exelon 2015 Form 10-K for additional information regarding market and financial factors.

Continually optimizing the cost structure is a key component of Exelon's financial strategy. Through a recent focused cost management program, the company has committed to reducing operation and maintenance expenses and capital costs by $350 million, of which approximately 35% of run-rate savings are expected to be achieved by the end of 2016 and fully realized in 2018. At least 75% of the savings are expected to be allocated to Generation, with the remaining amount allocated to the Utility Registrants. Exelon anticipates the earnings per share savings impact on EPS will be within $0.13 to $0.18 from 2018 forward.

Early Nuclear Plant Retirements

Exelon and Generation continue to evaluate the current and expected economic value of each of Generation's nuclear plants. Factors that will continue to affect the economic value of Generation's nuclear

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plants include, but are not limited to: market power prices, results of capacity auctions, potential legislative and regulatory solutions to ensure nuclear plants are fairly compensated for their carbon-free emissions, and the impact of final rules from the EPA requiring reduction of carbon and other emissions and the efforts of states to implement those final rules.

In 2015, Generation identified the Quad Cities, Clinton and Ginna nuclear plants as having the greatest risk of early retirement based on economic valuation and other factors. At that time, Exelon and Generation deferred retirement decisions on Clinton and Quad Cities until 2016 in order to participate in the 2016-2017 MISO primary reliability auction and the 2019-2020 PJM capacity auctions held in April and May 2016, respectively, as well as to provide Illinois policy makers with additional time to consider needed reforms and for MISO to consider market design changes to ensure long-term power system reliability in southern Illinois.

In April 2016, Clinton cleared the MISO primary reliability auction as a price taker for the 2016-2017 planning year. The resulting capacity price is insufficient to cover cash operating costs and a risk-adjusted rate of return to shareholders. In May 2016, Quad Cities did not clear in the PJM capacity auction for the 2019-2020 planning year and will not receive capacity revenue for that period.

Based on these capacity auction results, and given the lack of progress on Illinois energy legislation and MISO market reforms, on June 2, 2016 Generation announced it will move forward to shut down the Clinton and Quad Cities nuclear plants on June 1, 2017 and June 1, 2018, respectively. The current Nuclear Regulatory Commission (NRC) licenses for Clinton and Quad Cities expire in 2026 and 2032, respectively. Generation is proceeding with the market and regulatory notifications that must be made to shut down the plants, including notification to the NRC on June 20, 2016, and filing of a deactivation notice with PJM for Quad Cities on July 6, 2016. Generation will formally notify MISO of its plans to close Clinton later this year.

In second quarter of 2016, as a result of the plant retirement decision for Clinton and Quad Cities, Exelon and Generation recognized one-time charges in Operating and maintenance expense of $141 million related to materials and supplies inventory reserve adjustments, employee-related costs and construction work-in-progress (CWIP) impairments, among other items. In addition to these one-time charges, there will be ongoing annual incremental non-cash charges to earnings stemming from shortening the expected economic useful life of Clinton and Quad Cities primarily related to accelerated depreciation of plant assets (including any asset retirement costs (ARC)), accelerated amortization of nuclear fuel, and additional asset retirement obligation (ARO) accretion expense associated with the changes in decommissioning timing and cost assumptions. Exelon's and Generation's second quarter 2016 results include an incremental $110 million of pre-tax expense for these items. The following table summarizes the estimated annual amount and timing of such expected incremental non-cash expense items through 2018.

		Projected [a]		
Income statement expense (pre-tax)	**June 30, 2016**	**2016**	**2017**	**2018**
Depreciation and Amortization				
Accelerated depreciation [b]	$ 115	$ 800	$ 860	$200
Accelerated nuclear fuel amortization	9	70	75	20
Operating and Maintenance				
Increase ARO accretion, net of contractual offset [c]	—	5	5	5
Contractual offset for ARC depreciation [c]	(14)	(100)	(160)	(60)
Total	$ 110	$ 775	$ 780	$165

(a) Actual results may differ based on incremental future capital additions, actual units of production for nuclear fuel amortization, future revised ARO assumptions, etc.
(b) Reflects incremental accelerated depreciation of plant assets, including any ARC.
(c) For Quad Cities based on the regulatory agreement with the Illinois Commerce Commission, decommissioning-related activities are offset within Exelon's and Generation's Consolidated Statements of Operations and Comprehensive

Income. The offset results in an equal adjustment to the noncurrent payables to ComEd at Generation and an adjustment to the regulatory liabilities at ComEd. Likewise, ComEd has recorded an equal noncurrent affiliate receivable from Generation and corresponding regulatory liability.

Please refer to Note 12 — Nuclear Decommissioning of the Combined Notes to Consolidated Financial Statements for additional detail on changes to the Nuclear decommissioning ARO balances resulting from the early retirement of Clinton and Quad Cities.

The Three Mile Island (TMI) nuclear plant also did not clear in the May 2016 PJM capacity auction for the 2019-2020 planning year and will not receive capacity revenue for that period. This is the second consecutive year that TMI failed to clear the capacity auction. Although the plant is committed to operate through May 2018, the plant faces continued economic challenges and Exelon and Generation are exploring all options to return it to profitability. While a portion of the Byron nuclear plant's capacity did not clear the PJM 2019-2020 planning year capacity auction, the plant is committed to run through May 2020. The company's other nuclear plants in PJM cleared in the auction, except Oyster Creek, which did not participate in the auction given Exelon's and Generation's previous commitment to cease operation of the Oyster Creek nuclear plant by the end of 2019.

In New York, the Ginna and Nine Mile Point nuclear plants continue to face significant economic challenges and risk of retirement before the end of each unit's respective operating license period (2029 for Ginna and Nine Mile Point Unit 1, and 2046 for Nine Mile Point Unit 2). On August 1, 2016, the New York Public Service Commission (NYPSC) issued an order adopting the Clean Energy Standard (CES), which would provide payments to Ginna and Nine Mile Point for the environmental attributes of their production. Subject to Ginna and Nine Mile Point entering into a satisfactory contract with the New York State Energy Research & Development Agency (NYSERDA), as required under the CES, and subject to any potential administrative or legal challenges, the CES will allow Ginna and Nine Mile Point to continue to operate at least through the life of the program (March 31, 2029). The approved RSSA currently requires Ginna to continue operating through the RSSA term expiring in March 2017. If Ginna does not plan to retire shortly after the expiration of the RSSA, Ginna is required to file a notice to that effect with the NYPSC no later than September 30, 2016. Refer to Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional discussion on the Ginna RSSA and the New York CES.

The following table provides the balance sheet amounts as of June 30, 2016 for significant assets and liabilities associated with the three nuclear plants currently considered by management to be at the greatest risk of early retirement due to current economic valuations and other factors.

(in millions)	TMI	Ginna	NMP
Asset Balances			
Materials and supplies inventory	$ 38	$ 30	$ 69
Nuclear fuel inventory, net	104	47	235
Completed plant, net	968	125	1,137
Construction work in progress	35	12	70
Liability Balances			
Asset retirement obligation	(485)	(659)	(770)
NRC License Renewal Term	2034	2029	2029 (unit 1)
			2046 (unit 2)

The precise timing of an early retirement date for any of these plants, and the resulting financial statement impacts, may be affected by a number of factors, including the status of potential regulatory or legislative solutions, results of any transmission system reliability study assessments, the nature of any co-owner requirements and stipulations, and decommissioning trust fund requirements, among other factors. However, the earliest retirement date for any plant would usually be the first year in which the unit does not have capacity obligations, where applicable, and just prior to its next scheduled nuclear refueling outage.

NRC regulations require that licensees of nuclear generating facilities demonstrate reasonable assurance that sufficient funds will be available in certain minimum amounts to decommission the facility. These NRC

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minimum funding levels are based upon the assumption that decommissioning activities will commence after the end of the current licensed life of each unit. If a unit fails the NRC minimum funding test, then the plant's owners or parent companies would be required to take steps, such as providing financial guarantees through letters of credit or parent company guarantees or making additional cash contributions to the NDT fund to ensure sufficient funds are available. See Note 12 — Nuclear Decommissioning to the Combined Notes to Consolidated Financial Statements for additional information on the NRC minimum funding requirements.

It is currently estimated that Clinton will no longer meet the NRC minimum funding requirements due to the earlier commencement of decommissioning activities and a shorter time period over which the NDT fund investments could appreciate in value. Quad Cities is also at risk for such a shortfall. A shortfall could require Exelon to post parental guarantees for Generation's share of the obligations. However, the amount of any required guarantees will ultimately depend on the decommissioning approach adopted at each site, the associated level of costs, and the decommissioning trust fund investment performance going forward. Within two years of shutting down a plant, Generation must submit a post-shutdown decommissioning activities report (PSDAR) to the NRC that includes the planned option for decommissioning the site. Considering the three alternative decommissioning approaches available for each site, the most costly estimates currently anticipated could require parental guarantees of up to $385 million for Clinton in order to access its NDT fund for radiological decommissioning costs. Although Quad Cities is better positioned than Clinton to avoid the need for a parental guarantee, a guarantee of up to $135 million, at Generation's ownership percentage, may be required in order for the site to access its NDT fund for radiological decommissioning costs. As of June 30, 2016, the additional plants at the highest risk of early retirement, Ginna, Nine Mile Point and TMI, pass the NRC minimum funding test based on their current license lives. However, in the event of an early retirement the most costly estimates currently anticipated could require parental guarantees of up to $130 million, $205 million, and $80 million for Ginna, Nine Mile Point and TMI, respectively, at Generation's ownership percentages.

Upon issuance of any required financial guarantees, each site would be able to utilize the respective NDT funds for radiological decommissioning costs, which represent the majority of the total expected decommissioning costs. However, the NRC must approve an additional exemption in order for the plant's owner(s) to utilize the NDT fund to pay for non-radiological decommissioning costs (i.e. spent fuel management and site restoration costs). If a unit does not receive this exemption, the costs would be borne by the owner(s). Accordingly, based on current projections, it is expected that some portion of the spent fuel management and/or site restoration costs would need to be funded through supplemental cash from Generation and others holding ownership interests. While the ultimate amounts may vary greatly and could be reduced by alternate decommissioning scenarios and/or reimbursement of certain costs under the United States Department of Energy reimbursement agreements or future litigation, across the three alternative decommissioning approaches available, for the next 10 years, Clinton could incur spent fuel management and site restoration costs of up to $160 million, net of taxes. Quad Cities is better positioned to pass the test than Clinton. Although considered unlikely, if Quad Cities fails the exemption test, at its ownership percentage Generation could be required to pay for spent fuel management costs over the next ten years of up to $185 million, net of taxes, at Generation's ownership percentage. If an early retirement decision is made and Ginna, Nine Mile Point, or TMI were to fail the exemption test, each could incur spent fuel management and site restoration costs over the next ten years of up to $60 million, $140 million and $145 million, net of taxes, respectively, at Generation's ownership percentages.

Proposed Acquisition of ConEdison Solutions (Exelon and Generation)

On July 27, 2016, Generation entered into an Asset Purchase Agreement (the Purchase Agreement) with ConEdison Solutions, a subsidiary of Consolidated Edison, Inc. (collectively ConEdison). Pursuant to the Purchase Agreement, ConEdison Solutions agreed to sell its competitive retail electric and natural gas business to Generation for an all cash purchase price of $53 million plus estimated purchase price adjustments, including net working capital, of $130 million. Pursuant to the Purchase Agreement, Generation has agreed to use its commercially reasonable efforts to replace the guarantees and other credit support currently being provided by

ConEdison in support of the ongoing competitive retail electric and natural gas business and to reimburse ConEdison for any payments arising pursuant to such arrangements continuing for any post-closing period. The renewable energy, sustainable services and energy efficiency businesses of ConEdison are excluded from the transaction.

The transaction is expected to close in the third or fourth quarter of 2016. The closing of the transaction is subject to certain conditions, including, obtaining the termination or expiration of any applicable waiting period required under the HSR Act for the consummation of the transaction. Either party may terminate the Purchase Agreement if the transaction has not been consummated within six months after the date of the Purchase Agreement. The Purchase Agreement also includes various representations, warranties, covenants, indemnifications and other provisions customary for a transaction of this nature. The total costs directly related to the closing of the transaction are not expected to have a material impact on the financial results of Exelon and Generation.

The transaction is expected to be accounted for as a business combination. Therefore, Generation will record the fair value of the assets acquired and liabilities assumed as of the acquisition date. To the extent the purchase price is greater than the fair value of the net assets acquired, goodwill will be recorded. To the extent the fair value of the net assets acquired is greater than the purchase price, a bargain purchase gain will be recorded.

Proposed Acquisition of James A. FitzPatrick Nuclear Generating Station (Exelon and Generation)

On August 8, 2016, Generation executed a series of agreements with Entergy Nuclear FitzPatrick LLC (Entergy) to acquire the 838MW single-unit James A. FitzPatrick (FitzPatrick) nuclear generating station located in Scriba, New York for a cash purchase price of $110 million. As part of the transaction, Generation would receive the FitzPatrick NDT fund assets and assume the obligation to decommission FitzPatrick. Closing of the transaction is currently anticipated to occur in the second quarter of 2017 and is dependent upon regulatory approval by FERC, NRC and the New York Public Service Commission (NYPSC). The transaction is also subject to the notification and reporting requirements of the HSR Act and other customary closing conditions. The NRC license for FitzPatrick expires in 2034. Entergy had previously announced plans in November 2015 to early retire FitzPatrick at the end of the current fuel cycle in January 2017. Under the terms of the agreements, Generation will reimburse Entergy for approximately $200 million to $250 million of incremental costs to refuel the plant and operate and maintain the plant after the refueling outage, scheduled to end in February 2017, through the closing date. These are costs which otherwise would have been avoided by FitzPatrick's planned permanent shutdown in January 2017, a portion of which for financial reporting purposes will be evaluated as part of the purchase price consideration. Generation will be entitled to all revenues from FitzPatrick's electricity and capacity sales for the period commencing upon completion of the refueling outage through the acquisition closing date. The agreements provide for certain termination rights, including the right of either party to terminate if the transaction has not been consummated within 12 months due to failure to obtain the required regulatory approvals.

The transaction is expected to be accounted for as a business combination. Therefore, Generation will record the fair value of the assets acquired and liabilities assumed as of the acquisition date. To the extent the purchase price is greater than the fair value of the net assets acquired, goodwill will be recorded. To the extent the fair value of the net assets acquired is greater than the purchase price, a bargain purchase gain will be recorded.

Power Markets

Price of Fuels. The use of new technologies to recover natural gas from shale deposits is increasing natural gas supply and reserves, which places downward pressure on natural gas prices and, therefore, on wholesale and retail power prices, which results in a reduction in Exelon's revenues. Forward natural gas prices have declined significantly over the last several years; in part reflecting an increase in supply due to strong natural gas production (due to shale gas development).

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Capacity Market Changes in PJM. In the wake of the January 2014 Polar Vortex that blanketed much of the Eastern and Midwestern United States, it became clear that while a major outage event was narrowly avoided, resources in PJM were not providing the level of reliability expected by customers. As a result, on December 12, 2014, PJM filed at FERC a proposal to make significant changes to its current capacity market construct, the Reliability Pricing Model (RPM). PJM's proposed changes generally sought to improve resource performance and reliability largely by limiting the excuses for non-performance and by increasing the penalties for performance failures. The proposal permits suppliers to include in capacity market offers additional costs and risk so they can meet these higher performance requirements. While offers are expected to put upward pressure on capacity clearing prices, operational improvements made as a result of PJM's proposal are expected to improve reliability, to reduce energy production costs as a result of more efficient operations and to reduce the need for out of market energy payments to suppliers. Generation participated actively in PJM's stakeholder process through which PJM developed the proposal and also actively participated in the FERC proceeding including filing comments. On June 9, 2015, FERC approved PJM's filing largely as proposed by PJM, including transitional auction rules for delivery years 2016/2017 through 2017/2018. As a result of this and several related orders, PJM hosted its 2018/2019 Base Residual Auction (results posted on August 21, 2015) and its transitional auction for delivery year 2016/2017 (results posted on August 31, 2015) and its transitional auction for delivery years 2017/2018 (results posted on September 9, 2015). In June 2016, several parties appealed the FERC's decision approving PJM's market changes to the Court of Appeals for the D. C. Circuit.

MISO Capacity Market Results. On April 14, 2015, the Midcontinent Independent System Operator (MISO) released the results of its capacity auction covering the June 2015 through May 2016 delivery year. As a result of the auction, capacity prices for the zone 4 region in downstate Illinois increased to $150 per MW per day beginning in June 2015, an increase from the prior pricing of $16.75 per MW per day that was in effect from June 2014 to May 2015. Generation had an offer that was selected in the auction. However, due to Generation's ratable hedging strategy, the results of the capacity auction have not had a material impact on Exelon's and Generation's consolidated results of operations and cash flows.

Additionally, in late May and June 2015, separate complaints were filed at the FERC by each of the State of Illinois, the Southwest Electric Cooperative, Public Citizens, Inc. and the Illinois Industrial Energy Consumers challenging the results of this MISO capacity auction for the 2015/2016 delivery in MISO delivery zone 4. The complaints alleged generally that 1) the results of the capacity auction for zone 4 are not just and reasonable, 2) the results should be suspended, set for hearing and replaced with a new just and reasonable rate, 3) a refund date should be established and that 4) certain alleged behavior by one of the market participants, other than Exelon or Generation, be investigated.

On October 1, 2015, the FERC announced that it was conducting a non-public investigation (that does not involve Exelon or Generation) into whether market manipulation or other potential violations occurred related to the auction. On December 31, 2015, the FERC issued a decision that certain of the rules governing the establishment of capacity prices in downstate Illinois are "not just and reasonable" on a prospective basis. The FERC ordered that certain rules must be changed for the next auction scheduled in April 2016 that set capacity prices beginning June 1, 2016. In response to this order, MISO filed conforming rule changes with the FERC. The FERC continues to conduct its non-public investigation to determine if the April 2015 auction results were manipulated and, if so, whether refunds are appropriate. The FERC did establish May 28, 2015, the day the first complaint was filed, as the date from which refunds (if ordered) would be calculated, and it also made clear that the findings in the December 31, 2015 order do not prejudge the investigation or related proceedings. On March 18, 2016, the FERC denied rehearing of its December 31, 2015 order in this matter. On April 14, 2016, the MISO released the results of the 2016/2017 capacity auction; the zone 4 region in downstate Illinois cleared the auction at a rate of $72 per MW per day. Clinton nuclear plant, which operates in the zone 4 region, cleared the auction and is committed to operate through May 31, 2017. See Note 7 — Early Nuclear Plant Retirements of the Combined Notes to the Consolidated Financial Statements for additional information on the impacts of the MISO announcement.

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MISO has acknowledged the need for capacity market design changes in the zone 4 region and stated that reforms to its capacity market process may be required to drive future investment and is engaging stakeholders to consider such reforms. The FERC has also encouraged such efforts, and Exelon has been working with MISO and its stakeholders on such market changes.

Subsidized Generation . The rate of expansion of subsidized generation, including low-carbon generation such as wind and solar energy, in the markets in which Generation's output is sold can negatively impact wholesale power prices, and in turn, Generation's results of operations.

Various states have attempted to implement or propose legislation, regulations or other policies to inappropriately subsidize new generation development and existing generation which may result in artificially depressed wholesale energy and capacity prices.

For example, Exelon and others challenged the constitutionality and other aspects of New Jersey legislation aimed at suppressing capacity market prices in federal court. See Note 5 — Regulatory Matters to the Combined Notes to Consolidated Financial Statements for additional information on state specific actions taken in Maryland and New Jersey. Similar actions taken by the MDPSC were also challenged in federal court in an action to which Exelon was not a party. The federal trial courts in both the New Jersey and Maryland actions effectively invalidated the actions taken by the New Jersey legislature and the MDPSC, respectively. Those decisions were upheld by the U.S. Court of Appeals. On April 19, 2016, the U.S. Supreme Court unanimously affirmed the Fourth Circuit decision holding that the MDPSC's required contracts are illegal and unenforceable. On April 25, 2016, the U.S. Supreme Court denied certiorari concerning the Third Circuit decision. This denial of certiorari leaves the Third Circuit decision in place, with the same outcome as the Fourth Circuit decision.

Nonetheless, Exelon believes that these projects may have already artificially suppressed capacity prices in PJM in these auctions. While the Supreme Court decision is a positive development, continuation of inappropriate state efforts, if successful and unabated in future capacity auctions, could continue to result in artificially depressed wholesale capacity and/or energy prices. Other states could seek to establish similar programs, which could substantially impact Exelon's market driven position and could have a significant effect on Exelon's financial results of operations, financial position and cash flows.

One such state is Ohio, where state-regulated utility companies FirstEnergy Ohio (FE) and AEP Ohio (AEP) initiated actions at the Public Utilities Commission of Ohio (PUCO) to obtain approval for Riders that effectively allow these two companies to pass through to all customers in their service territories the differences between their costs and market revenues on PPAs entered into between the utility and its merchant generation affiliate. Collectively more than 6,000MW of primarily coal-fired generation owned by FE and AEP's affiliates sought ratepayer guaranteed subsidies via the proposed Riders. While AEP and FE initially filed for approval of these Riders in 2013 and 2014, respectively, it was not until late 2015 that the proposals obtained meaningful traction when PUCO staff entered into a settlement and stipulation with the Ohio utilities supporting the proposals and recommending that the PUCO approve the Riders. On March 31, 2016, PUCO issued separate orders generally approving each of the FE and AEP arrangements. In addition, separate complaints were filed at the FERC pursuing federal causes of action (i) seeking to impose affiliate self-dealing requirements on the PPAs and (ii) seeking to impose a MOPR on the resources supporting the PPAs. On April 27, 2016, the FERC issued orders on the affiliate matter rescinding certain affiliate waivers previously granted to AEP and FE and requiring each to demonstrate that the PPAs (prior to transacting under them) were entered into on an arms-length basis and do not reflect any affiliate preference. As a result, we do not believe that the PPAs impacted the results of PJM's recently completed capacity auctions. Nonetheless, further action by AEP and FE related to the PPAs is possible. Indeed, FE recently filed a restructured arrangement at PUCO that appears to achieve a similar result without relying on a PPA. In addition, the outcome of the MOPR complaint and its impact, if any, on Generation is not yet clear as it is too early in the proceeding to predict its outcome. Finally, Dayton Power and Light filed at PUCO seeking approval of similar arrangements.

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Exelon continues to monitor developments in Ohio, Maryland, New Jersey, New England and other states and participates in stakeholder and other processes to ensure that only appropriate state subsidies are developed. Exelon remains active in advocating for competitive markets, while opposing policies that require taxpayers and/ or consumers to subsidize or give preferential treatment to generation providers or technologies that do not provide superior reliability or environmental benefits, or that would threaten the reliability and value of the integrated electricity grid.

Energy Demand. Modest economic growth partially offset by energy efficiency initiatives is resulting in positive growth for electricity for Pepco, a decrease in projected load for electricity for BGE, DPL and ACE, and an essentially flat projected load for electricity for ComEd and PECO. ComEd, PECO,BGE, Pepco, DPL and ACE are projecting load volumes to increase (decrease) by 0.0%, 0.1%, (0.4)%, 1.1%, (1.4)% and (3.7)%, respectively, in 2016 compared to 2015.

Retail Competition. Generation's retail operations compete for customers in a competitive environment, which affect the margins that Generation can earn and the volumes that it is able to serve. We expect retail competitors to stay aggressive in their pursuit of market share, and that wholesale generators (including Generation) will continue to use their retail operations to hedge generation output.

Strategic Policy Alignment

Exelon routinely reviews its hedging policy, dividend policy, operating and capital costs, capital spending plans, strength of its balance sheet and credit metrics, and sufficiency of its liquidity position, by performing various stress tests with differing variables, such as commodity price movements, increases in margin-related transactions, changes in hedging practices, and the impacts of hypothetical credit downgrades.

Exelon's Board of Directors declared the first quarter 2016 dividends of $0.31 per share each on Exelon's common stock. The first quarter 2016 dividend was paid on March 10, 2016.

Exelon's Board of Directors declared the second quarter 2016 dividends of $0.318 per share each on Exelon's common stock. The second quarter 2016 dividend was paid on June 10, 2016. The dividend increased from the first quarter amount to reflect the Board's decision to raise Exelon's dividend 2.5% each year for the next three years, beginning with the June 2016 dividend.

Exelon's Board of Directors declared the third quarter 2016 dividends of $0.318 per share each on Exelon's common stock. The third quarter 2016 dividend is payable on September 9, 2016.

All future quarterly dividends require approval by Exelon's Board of Directors.

Hedging Strategy

Exelon's policy to hedge commodity risk on a ratable basis over three-year periods is intended to reduce the financial impact of market price volatility. Generation is exposed to commodity price risk associated with the unhedged portion of its electricity portfolio. Generation enters into non-derivative and derivative contracts, including financially-settled swaps, futures contracts and swap options, and physical options and physical forward contracts, all with credit-approved counterparties, to hedge this anticipated exposure. Generation has hedges in place that significantly mitigate this risk for 2016 and 2017. However, Generation is exposed to relatively greater commodity price risk in the subsequent years with respect to which a larger portion of its electricity portfolio is currently unhedged. As of June 30, 2016, the percentage of expected generation hedged for the major reportable segments is 97%-100%, 78%-81% and 47%-50% for 2016, 2017, and 2018, respectively. The percentage of expected generation hedged is the amount of equivalent sales divided by the expected generation. Expected generation is the volume of energy that best represents our commodity position in energy markets from owned or contracted for capacity based upon a simulated dispatch model that makes assumptions

regarding future market conditions, which are calibrated to market quotes for power, fuel, load following products, and options. Equivalent sales represent all hedging products, such as wholesale and retail sales of power, options and swaps. Generation has been and will continue to be proactive in using hedging strategies to mitigate commodity price risk in subsequent years as well.

Generation procures oil and natural gas through long-term and short-term contracts and spot-market purchases. Nuclear fuel is obtained predominantly through long-term uranium concentrate supply contracts, contracted conversion services, contracted enrichment services, or a combination thereof, and contracted fuel fabrication services. The supply markets for uranium concentrates and certain nuclear fuel services, coal, oil and natural gas are subject to price fluctuations and availability restrictions. Supply market conditions may make Generation's procurement contracts subject to credit risk related to the potential non-performance of counterparties to deliver the contracted commodity or service at the contracted prices. Approximately 58% of Generation's uranium concentrate requirements from 2016 through 2020 are supplied by three producers. In the event of non-performance by these or other suppliers, Generation believes that replacement uranium concentrate can be obtained, although at prices that may be unfavorable when compared to the prices under the current supply agreements. Non-performance by these counterparties could have a material adverse impact on Exelon's and Generation's results of operations, cash flows and financial position.

The Utility Registrants mitigate commodity price risk through regulatory mechanisms that allow them to recover procurement costs from retail customers.

Growth Opportunities

Management continually evaluates growth opportunities aligned with Exelon's businesses, assets and markets, leveraging Exelon's expertise in those areas and offering sustainable returns.

Regulated Energy Businesses. The completed merger with PHI provides an opportunity to accelerate Exelon's regulated growth to provide stable cash flows, earnings accretion, and dividend support. Additionally, the Utility Registrants anticipate investing approximately $25 billion over the next five years in electric and natural gas infrastructure improvements and modernization projects, including smart meter and smart grid initiatives, storm hardening, advanced reliability technologies, and transmission projects, which is projected to result in an increase to current rate base of approximately $11 billion by the end of 2020. The Utility Registrants invest in rate base where beneficial to customers and the community by increasing reliability and the service experience or otherwise meeting customer needs. These investments are made prudently and at the lowest reasonable cost to customers.

See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information on the Smart Meter and Smart Grid Initiatives and infrastructure development and enhancement programs.

Competitive Energy Businesses . Generation continually assesses the optimal structure and composition of our generation assets as well as explores wholesale and retail opportunities within the power and gas sectors. Generation's long-term growth strategy is to prioritize investments in long-term contracted generation across multiple technologies and identify and capitalize on opportunities that provide generation to load matching as a means to provide stable earnings, while identifying emerging technologies where strategic investments provide the option for significant future growth or influence in market development. As of June 30, 2016, Generation has currently approved plans to invest a total of approximately $2 billion in 2016 through 2018 on capital growth projects (primarily new plant construction and distributed generation).

Liquidity

Each of the Registrants annually evaluates its financing plan, dividend practices and credit line sizing, focusing on maintaining its investment grade ratings while meeting its cash needs to fund capital requirements,

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retire debt, pay dividends, fund pension and OPEB obligations and invest in new and existing ventures. A broad spectrum of financing alternatives beyond the core financing options can be used to meet its needs and fund growth including monetizing assets in the portfolio via project financing, asset sales, and the use of other financing structures (e.g., joint ventures, minority partners, etc.). The Registrants expect cash flows to be sufficient to meet operating expenses, financing costs and capital expenditure requirements.

The Registrants have access to unsecured revolving credit facilities with aggregate bank commitments of $9.0 billion. Generation also has bilateral credit facilities with aggregate maximum availability of $525 million. See Liquidity and Capital Resources — Credit Matters — Exelon Credit Facilities below.

Exposure to Worldwide Financial Markets. Exelon has exposure to worldwide financial markets including European banks. Disruptions in the European markets could reduce or restrict the Registrants' ability to secure sufficient liquidity or secure liquidity at reasonable terms. As of June 30, 2016, approximately 23%, or $2.2 billion, of the Registrants' aggregate total commitments were with European banks. The credit facilities include $9.5 billion in aggregate total commitments of which $7.8 billion was available as of June 30, 2016, due to outstanding letters of credit. There was $150 million of borrowings under the Registrants' bilateral credit facilities as of June 30, 2016. See Liquidity and Capital Resources — Credit Matters — Exelon Credit Facilities for additional information.

Tax Matters

See Note 11 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information.

Environmental Legislative and Regulatory Developments

Exelon is actively involved in the EPA's development and implementation of environmental regulations for the electric industry, in pursuit of its business strategy to provide reliable, clean, affordable and innovative energy products. These efforts have most frequently involved air, water and waste controls for electric generating units, as set forth in the discussion below. These regulations have a disproportionate adverse impact on fossil-fuel power plants, requiring significant expenditures of capital and variable operating and maintenance expense, and have resulted in the retirement of older, marginal facilities. Retirements of coal-fired power plants are expected to continue as additional EPA regulations take effect, and as air quality standards are updated and further restrict emissions. Due to its low emission generation portfolio, Generation will not be significantly directly affected by these regulations, representing a competitive advantage relative to electric generators that are more reliant on fossil-fuel plants. Various bills have been introduced in the U.S. Congress that would prohibit or impede the EPA's rulemaking efforts, and it is uncertain whether any of these bills will become law.

Air Quality. In recent years, the EPA has been implementing a series of increasingly stringent regulations under the Clean Air Act applicable to electric generating units. These regulations have resulted in more stringent emissions limits on fossil-fuel electric generating stations as states implement their compliance plans.

National Ambient Air Quality Standards (NAAQS). The EPA continues to review and update its NAAQS for conventional air pollutants relating to ground-level ozone and emissions of particulate matter, SO2 and NOx. Following five years of litigation, the EPA is finalizing the Cross State Air Pollution Rule that requires 28 upwind states in the eastern half of the United States to significantly improve air quality by reducing power plant emissions that cross state lines and contribute to ground-level ozone and fine particle pollution in downwind states.

Mercury and Air Toxics Standard Rule (MATS). On December 16, 2011, the EPA signed a final rule to reduce emissions of toxic air pollutants from power plants and signed revisions to the NSPS for electric generating units. The final rule, known as MATS, requires coal-fired electric generation plants to achieve high

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removal rates of mercury, acid gases and other metals, and to make capital investments in pollution control equipment and incur higher operating expenses. The initial compliance deadline to meet the new standards was April 16, 2015; however, facilities may have been granted an additional one or two year extension in limited cases. Numerous entities challenged MATS in the D.C. Circuit Court, and Exelon intervened in support of the rule. In April 2014, the D.C. Circuit Court issued an opinion upholding MATS in its entirety. On appeal, the U.S. Supreme Court decided in June 2015 that the EPA unreasonably refused to consider costs in determining whether it is appropriate and necessary to regulate hazardous air pollutants emitted by electric utilities. The U.S. Supreme Court, however, did not vacate the rule; rather, it was remanded to the D.C. Circuit Court to take further action consistent with the U.S. Supreme Court's opinion on this single issue. As such, the MATS rule remains in effect. Exelon will continue to participate in the remanded proceedings before the D.C. Circuit Court as an intervenor in support of the rule.

Climate Change. Exelon supports comprehensive climate change legislation or regulation, including a cap-and-trade program for GHG emissions, which balances the need to protect consumers, business and the economy with the urgent need to reduce national GHG emissions. In the absence of federal legislation, the EPA is moving forward with the regulation of GHG emissions under the Clean Air Act. In addition, there have been recent developments in the international regulation of GHG emissions pursuant to the United Nations Framework Convention on Climate Change ("UNFCCC" or "Convention"). See ITEM 1. BUSINESS, "Global Climate Change" of the Exelon 2015 Form 10-K for further discussion.

Water Quality. Section 316(b) of the Clean Water Act requires that cooling water intake structures at electric power plants reflect the best technology available to minimize adverse environmental impacts, and is implemented through state-level NPDES permit programs. All of Generation's power generation facilities with cooling water systems are subject to the regulations. Facilities without closed-cycle recirculating systems (e.g., cooling towers) are potentially most affected by changes to the existing regulations. Those facilities are Calvert Cliffs, Clinton, Dresden, Eddystone, Fairless Hills, Ginna, Gould Street, Handley, Mountain Creek, Mystic 7, Nine Mile Point Unit 1, Oyster Creek, Peach Bottom, Quad Cities, Salem and Wolf Hollow. See ITEM 1. BUSINESS, "Water Quality" of the Exelon 2015 Form 10-K for further discussion.

Solid and Hazardous Waste. In October 2015, the first federal regulation for the disposal of coal combustion residuals (CCR) from power plants became effective. The rule classifies CCR as non-hazardous waste under RCRA. Under the regulation, CCR will continue to be regulated by most states subject to coordination with the federal regulations. Generation has previously recorded reserves consistent with state regulation for its owned coal ash sites, and as such, the regulation is not expected to impact Exelon's and Generation's financial results. Generation does not have sufficient information to reasonably assess the potential likelihood or magnitude of any remediation requirements that may be asserted under the new federal regulations for coal ash disposal sites formerly owned by Generation. For these reasons, Generation is unable to predict whether and to what extent it may ultimately be held responsible for remediation and other costs relating to formerly owned coal ash disposal sites under the new regulations.

See Note 18 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements for further detail related to environmental matters, including the impact of environmental regulation.

Other Regulatory and Legislative Actions

NRC Task Force Insights from the Fukushima Daiichi Accident (Exelon and Generation). In July 2011, an NRC Task Force formed in the aftermath of the March 11, 2011, 9.0 magnitude earthquake and ensuing tsunami, that seriously damaged the nuclear units at the Fukushima Daiichi Nuclear Power Station, issued a report of its review of the accident, including tiered recommendations for future regulatory action by the NRC to be taken in the near and longer term. The Task Force's report concluded that nuclear reactors in the United States are operating safely and do not present an imminent risk to public health and safety. The NRC and its staff have issued orders and implementation guidance for commercial reactor licensees operating in the United States. The

NRC and its staff are continuing to evaluate additional requirements. Generation has assessed the impacts of the Tier 1 orders and information requests and will continue monitoring the additional recommendations under review by the NRC staff, both from an operational and a financial impact standpoint. A comprehensive review of the NRC Tier 1 orders and information requests, as well as preliminary engineering assumptions and analysis, indicate that the financial impact of compliance for Generation, net of expected co-owner reimbursements, for the period from 2016 through 2019 is expected to be between approximately $150 million and $175 million of capital (which includes approximately $25 million for the CENG plants) and $25 million of operating expense (which includes approximately $5 million for the CENG plants). These revised amounts take into consideration the effect of the early plant retirements of Clinton and Quad Cities (see Note 7 — Early Nuclear Plant Retirements of the Combined Notes to Consolidated Financial Statements for additional information). Generation's current assessments are specific to the Tier 1 recommendations as the NRC has not finalized actions with respect to the Tier 2 and Tier 3 recommendations. Exelon and Generation are unable to conclude at this time to what extent any actions to comply with the requirements of Tier 2 and Tier 3 will impact their future financial position, results of operations, and cash flows. Generation will continue to engage in nuclear industry assessments and actions and stakeholder input.

New York Clean Energy Standard (Exelon, Generation). On August 1, 2016, the Clean Energy Standard (CES) was approved by the New York Public Service Commission (NYPSC), a component of which includes creation of a Tier 3 Zero Emission Credit (ZEC) program targeted at preserving the environmental attributes of zero-emissions nuclear-powered generating facilities that meet the criteria demonstrating public necessity as determined by the NYPSC. The New York State Energy Research and Development Authority (NYSERDA) will centrally procure the ZECs from eligible plants through a 12-year contract, to be administered in six two-year tranches, extending from April 1, 2017 through March 31, 2029. ZEC payments will be made to the eligible resources based upon the number of MWh produced, subject to specified caps and minimum performance requirements. The price to be paid for the ZECs under each tranche will be administratively determined using a formula based on the social cost of carbon as determined by the federal government. Following the first tranche, the price will be updated bi-annually. Each Load Serving Entity (LSE) shall be required to purchase an amount of ZECs equivalent to its load ratio share of the total electric energy in the New York Control Area. Cost recovery from ratepayers shall be incorporated into the commodity charges on customer bills. The CES initially identifies the three plants eligible for the ZEC program to include, for now, the FitzPatrick, Ginna, and Nine Mile Point nuclear facilities. The program specifically provides that Nine Mile Point Units 1 & 2 qualify jointly as a single facility and if either unit permanently ceases operations then both units will no longer qualify for ZEC payments for the remainder of the program. Additionally, the duration of the program beyond the first tranche is conditional upon a buyer purchasing the FitzPatrick facility and taking title prior to September 1, 2018. See Note 7 — Early Nuclear Plant Retirements of the Combined Notes to the Consolidated Financial Statements for additional information relative to Ginna and Nine Mile Point.

Illinois Low Carbon Portfolio Standard (Exelon, Generation and ComEd). In March 2015, the Low Carbon Portfolio Standard (LCPS) was introduced in the Illinois General Assembly. The legislation would require ComEd and Ameren to purchase low carbon energy credits to match 70 percent of the electricity used on the distribution system. The LCPS is a technology-neutral solution, so all generators of zero or low carbon energy would be able to compete in the procurement process, including wind, solar, hydro, clean coal and nuclear. Costs associated with purchasing the low carbon energy credits would be collected from customers. The LCPS proposal includes consumer protections such as a price cap that would limit the impact to a 2.015% increase based off 2009 monthly bills, or about $2 per month for the average residential electricity customer, similar to the cost cap protection under other clean energy programs in Illinois. The legislation also includes a separate customer rebate provision that would provide a direct bill credit to customers in the event wholesale prices exceed a specified level. The proposed legislation remains pending along with two other major energy bills. Exelon and Generation continue to work with stakeholders on a comprehensive energy package.

Legislation to Maximize Smart Grid Investments and to Promote a Cleaner and Greener Illinois (Exelon and ComEd). In March 2015, legislation was introduced in the Illinois General Assembly that would (1) build

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on ComEd's investment in the Smart Grid to reinforce the resiliency and security of the electrical grid to withstand unexpected challenges, (2) expand energy efficiency programs to reduce energy waste and increase customer savings, (3) further integrate clean renewable energy onto the power system, and (4) introduce a new demand-based rate design for residential customers that would allow for a more equitable sharing of smart grid costs among customers. The legislation also provides for additional funding for customer assistance programs for low-income customers. The proposed legislation is pending and ComEd continues to work with stakeholders.

Next Generation Energy Plan (Exelon, Generation and ComEd). On May 5, 2016, the Next Generation Energy Plan was introduced in the Illinois General Assembly. The legislation contains significant parts of the previously introduced Illinois Low Carbon Portfolio Standard and Legislation to Maximize Smart Grid Investments and to Promote a Cleaner and Greater Illinois, along with new elements. The legislation includes (1) a Zero Emission Standard providing compensation for at-risk nuclear plants that demonstrate their revenues are insufficient to cover their costs, (2) $1 billion of funding for low-income assistance, including $650 million for energy efficiency programs, $250 million in Renewable Energy Resource Funds, $50 million in Percentage of Income Payment Plan funding and utility bill assistance, and $50 million in ComEd CARE, (3) $140 million in new funding for solar development and a new solar rebate to incent solar generation, (4) additional investment at ComEd to enhance reliability and security of the power grid, (5) an expansion of the Renewable Portfolio Standard, and (6) a 50% reduction in the fixed customer charge for energy delivery creating more equitable rates across customers. The proposed legislation is pending and Exelon, Generation, and ComEd continue to work with stakeholders. See Note 7 — Early Nuclear Plant Retirements of the Combined Notes to the Consolidated Financial Statements for additional information.

Distribution Formula Rate (Exelon and ComEd). On April 13, 2016, ComEd filed its annual distribution formula rate with the ICC, requesting a total increase to the revenue requirement of $138 million, reflecting an increase of $139 million for the initial revenue requirement for 2017 and a decrease of $1 million related to the annual reconciliation for 2015. The filing establishes the revenue requirement used to set the rates that will take effect in January 2017 after the ICC's review and approval, which is due by December 2016. See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for further information related to distribution formula updates.

2016 Maryland Electric Distribution Rate Case (Exelon, PHI and Pepco). On April 19, 2016, Pepco filed an application with the MDPSC requesting an increase of $127 million to its annual service revenues for electric delivery, based on a requested ROE of 10.6%. The application also seeks recovery of Pepco's regulatory assets associated with its AMI program over a five year period. Any adjustments to rates approved by the MDPSC are expected to take effect in November 2016. Pepco cannot predict how much of the requested increase the MDPSC will approve. In addition to the proposed $127 million rate increase, Pepco is proposing to continue its Grid Resiliency Program initially approved in July 2013 in connection with Pepco's electric distribution rate case filed in November 2012. Under the Grid Resiliency Program, Pepco is authorized to receive recovery of specific investments as the assets are placed in service through the Grid Resiliency Charge. In connection with the Grid Resiliency Program, Pepco proposes to accelerate improvement to priority feeders and install single-phase reclosing fuse technology by investing $16 million a year for two years for a total of $32 million. Pepco cannot predict whether the MDPSC will approve or if it will approve a continuation of Pepco's Grid Resiliency Program proposal.

2016 Maryland Electric Distribution Base Rates (Exelon, PHI and DPL). On July 20, 2016, DPL filed an application with the MDPSC requesting an increase of $66 million to its electric distribution base rates, based on a requested ROE of 10.6%. The application also seeks recovery of DPL's regulatory assets associated with its AMI program over a five year period. Any adjustments to rates approved by the MDPSC are expected to take effect in February 2017. DPL cannot predict how much of the requested increase the MDPSC will approve. In addition to the proposed $66 million rate increase, DPL is proposing to continue its Grid Resiliency Program initially approved in September 2013 in connection with DPL's electric distribution rate case filed in February 2013. Under the Grid Resiliency Program, DPL is authorized to receive recovery of specific investments as the

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assets are placed in service through the Grid Resiliency Charge. In connection with the Grid Resiliency Program, DPL proposes to accelerate improvement to priority feeders and install single-phase reclosing fuse technology by investing $4.6 million a year for two years for a total of $9.2 million. DPL cannot predict whether the MDPSC will approve a continuation of DPL's Grid Resiliency Program proposal.

2016 Electric and Natural Gas Distribution Base Rates (Exelon, PHI and DPL). On May 17, 2016, DPL filed an application with the DPSC to increase its annual electric and natural gas distribution base rates by $63 million and $22 million, respectively, based on a requested ROE of 10.6%. While the DPSC is not required to issue a decision on the application within a specified period of time, Delaware law allows DPL to put into effect $2.5 million of the rate increase two months after filing the application and the entire requested rate increase seven months after filing, subject to a cap and a refund obligation based on the final DPSC order. DPL cannot predict how much of the requested increase the DPSC will approve.

2015 Maryland Electric and Natural Gas Distribution Rate Case (Exelon and BGE). On November 6, 2015, and as amended through the course of the proceeding, BGE filed for electric and natural gas base rate increases with the MDPSC, ultimately requesting annual increases of $116 million and $78 million respectively, of which $104 million and $37 million, were related to recovery of electric and natural gas smart grid initiative costs, respectively. BGE also proposed to recover an annual increase of approximately $30 million for Baltimore City underground conduit fees through a surcharge.

On June 3, 2016, the MDPSC issued an order in which the MDPSC found compelling evidence to conclude that BGE's smart grid initiative overall was cost beneficial to customers. However, the June 3 order contained several cost disallowances and adjustments, including not allowing BGE to defer or recover through a surcharge the $30 million increase in annual Baltimore City underground conduit fees. On June 30, 2016, BGE filed a petition for rehearing of the June 3 order requesting that the MDPSC modify its order to reverse certain decisions including the decision associated with the Baltimore City underground conduit fees. OPC also subsequently filed for a petition for rehearing of the June 3 order.

On July 29, 2016, the MDPSC issued an order on the petitions for rehearing that reversed certain of its prior cost disallowances and adjustments related to the smart grid initiative. Through the combination of the orders, the MDPSC authorized electric and natural gas rate increases of $44 million and $48 million, respectively, and an allowed ROE for the electric and natural gas distribution businesses of 9.75% and 9.65%, respectively; and the new electric and natural gas base rates took effect for service rendered on or after June 4, 2016. However, MDPSC's July 29 order on the petition on rehearing still did not allow BGE to defer or recover through a surcharge the increase in Baltimore City underground conduit fees. BGE is evaluating its options as to the outstanding issues in its petition for rehearing. Refer to Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for further details on the impact of the ultimate disallowances contained in the orders to BGE.

2016 Electric Distribution Base Rates (Exelon, PHI and Pepco). On June 30, 2016, Pepco filed an application with the DCPSC to increase its annual electric distribution base rates by $86 million, based on a requested ROE of 10.6%. Pepco has requested that the DCPSC issue a final decision by May 29, 2017. Any adjustments to its rates approved by the DCPSC are expected to take effect in June 2017. Pepco cannot predict how much of the requested increase the DCPSC will approve.

2016 New Jersey Electric Distribution Base Rates (Exelon, PHI and ACE). On March 22, 2016, as supplemented and updated on May 10, 2016, ACE filed an application with the NJBPU requesting an increase of $85 million (including New Jersey sales and use tax) to its annual service revenues for electric delivery, based on a requested ROE of 10.6%. In addition to the request for base rate relief, ACE has also included a request that the NJBPU approve ACE's five-year grid resiliency initiative known as "PowerAhead." As proposed, PowerAhead includes $176 million of capital investments to advance modernization of the electric grid through energy

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efficiency, increased distributed generation, and resiliency, focused on improving the distribution system's ability to withstand major storm events. A decision is expected in the first half of 2017. ACE cannot predict how much of the requested increase the NJBPU will approve or if it will approve ACE's PowerAhead initiative.

Transmission Formula Rate (Exelon, ComEd, BGE, PHI, Pepco, DPL and ACE). For each of the following years, the following total increases/(decreases) were included in ComEd's, BGE's, Pepco's, DPL's and ACE's electric transmission formula rate filings:

	2016				
Annual Transmission Filings [a]	**ComEd**	**BGE**	**Pepco**	**DPL**	**ACE**
Initial revenue requirement increase [b]	$ 90	$ 12	$ 2	$ 8	$ 8
Annual reconciliation (decrease) increase	4	3	(10)	(10)	(14)
MAPP abandonment recovery decrease	—	—	(15)	(12)	—
Total revenue requirement increase (decrease)	$ 94	$ 15	$ (23)	$ (14)	$ (6)
Allowed return on rate base [c]	8.47%	8.09%	7.88%	7.21%	7.83%
Previously authorized allowed return on rate base [c]	8.61%	8.46%	8.36%	7.80%	8.51%
Allowed ROE [d]	11.50%	10.50%	10.50%	10.50%	10.50%

(a) All rates are effective June 2016.
(b) For BGE, this excludes the increase in revenue requirement associated with dedicated facilities charges of $13 million.
(c) Refers to the weighted average debt and equity return on transmission rate bases.
(d) As part of the FERC-approved settlement of ComEd's 2007 transmission rate case, the rate of return on common equity is 11.50% and the common equity component of the ratio used to calculate the weighted average debt and equity return for the transmission formula rate is currently capped at 55%. As part of the FERC-approved settlement of the ROE complaint against BGE, Pepco, DPL and ACE, the rate of return on common equity is 10.50%, inclusive of a 50 basis point incentive adder for being a member of a regional transmission organization.

Conduit Lease with City of Baltimore (Exelon and BGE) . On September 23, 2015, the Baltimore City Board of Estimates approved an increase in rental fees for access to the Baltimore City underground conduit system effective November 1, 2015, which is expected to result in an increase to Operating and maintenance expense of approximately $25 million in 2016 subject to an annual increase based on the Consumer Price Index. On October 16, 2015, BGE filed a lawsuit against the City in the Circuit Court for Baltimore City to protect its customers from any improper use by the City of the conduit fee revenues and to place constraints on the City's ability to set the conduit fee in the future.

Among the relief sought by BGE was a preliminary injunction preventing the City from enforcing its substantial increase in the conduit fee rate during the course of the litigation. A hearing was held in the Circuit Court for Baltimore City on December 15, 2015. While BGE's motion for preliminary injunction was denied, the Court's decision was premised upon several important concessions or acknowledgments made by the City in its written papers and at the hearing. Most importantly, the City conceded that it can charge BGE only for the actual costs of conduit maintenance and that a true-up process is required to the extent that the City fails to spend the amount collected for conduit maintenance. On June 28, 2016, the City filed a motion for summary judgment in its favor arguing that there is no genuine dispute as to any material fact and the City is entitled to judgment as a matter of law.

As part of its electric and gas distribution rate case filed on November 6, 2015, and as amended in the first quarter of 2016, BGE proposed to recover the annual increase in conduit fees effective November 1, 2015 of approximately $30 million through a surcharge. On June 3, 2016, the MDPSC issued a final order which did not allow BGE to recover or defer the $30 million in annual Baltimore City conduit fees. On June 30, 2016, BGE filed a petition for rehearing of the June 3 order requesting, among other things, that the MDPSC modify its decision to deny recovery of the Baltimore County conduit fees. On July 29, 2016, the MDPSC issued an order on the petitions for rehearing that, among other things, denied BGE's request that it be allowed to defer or recover through a surcharge the increase in Baltimore City underground conduit fees. BGE is evaluating its options concerning recovery of the conduit fees.

Employees

During the first quarter of 2016, the collective bargaining agreement (CBA) between ComEd and IBEW Local 15, which represents the ComEd's System Services Group, was successfully ratified with a five-year extension. In addition, Exelon added 5,174 total employees from its merger with PHI and its subsidiaries, of which 2,725 are covered by CBAs. PHI's utility subsidiaries are parties to five CBAs with four local unions. All of the CBAs were renegotiated in 2014, and were extended through various dates ranging from October 2018 through June 2020.

Cri tical Accounting Policies and Estimates

Management of each of the Registrants makes a number of significant estimates, assumptions and judgments in the preparation of its financial statements. See ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — CRITICAL ACCOUNTING POLICIES AND ESTIMATES in Exelon's, Generation's, ComEd's, PECO's and BGE's combined 2015 Form 10-K and PHI's, Pepco's, DPL's and ACE's 2015 combined Form 10-K for a discussion of the estimates and judgments necessary in the Registrants' accounting for AROs, goodwill, purchase accounting, unamortized energy assets and liabilities, asset impairments, depreciable lives of property, plant and equipment, defined benefit pension and other postretirement benefits, regulatory accounting, derivative instruments, taxation, contingencies, revenue recognition, and allowance for uncollectible accounts. At June 30, 2016, the Registrants' critical accounting policies and estimates had not changed significantly from December 31, 2015.

Results of Operations

Net Income (Loss) Attributable to Common Shareholders by Registrant

	Three Months Ended June 30,		Favorable (Unfavorable) Variance	Six Months Ended June 30,		Favorable (Unfavorable) Variance
	2016	2015		2016 [a]	2015	
Exelon	$ 267	$ 638	$ (371)	$ 440	$ 1,331	$ (891)
Generation	(8)	398	(406)	302	841	(539)
ComEd	145	99	46	260	189	71
PECO	100	70	30	224	209	15
BGE	31	44	(13)	129	151	(22)
Pepco	49	42	7	(60)	68	(128)
DPL	12	8	4	(60)	40	(100)
ACE	3	6	(3)	(97)	15	(112)

(a) For Pepco, DPL and ACE, reflects that Registrant's operations for the six months ended June 30, 2016. For Exelon and Generation, includes the operations of the PHI acquired businesses for the period of March 24, 2016 through June 30, 2016.

	Successor	*Predecessor*	*Successor*	*Predecessor*	
	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	March 24, 2016 to June 30, 2016	January 1, 2016 to March 23, 2016	Six Months Ended June 30, 2015
PHI	52	53	(257)	$ 19	$ 106

Results of Operations — Generation

	Three Months Ended June 30,		Favorable (Unfavorable) Variance	Six Months Ended June 30,		Favorable (Unfavorable) Variance
	2016	2015		2016	2015	
Operating revenues	$ 3,589	$ 4,232	$ (643)	$ 8,329	$10,074	$ (1,745)
Purchased power and fuel expense	1,577	1,849	272	4,020	5,282	1,262
Revenue net of purchased power and fuel [(a)]	2,012	2,383	(371)	4,309	4,792	(483)
Other operating expenses						
Operating and maintenance	1,530	1,308	(222)	2,997	2,619	(378)
Depreciation and amortization	408	255	(153)	697	509	(188)
Taxes other than income	118	124	6	244	246	2
Total other operating expenses	2,056	1,687	(369)	3,938	3,374	(564)
Gain on sales of assets	31	7	24	31	6	25
Operating income	(13)	703	(716)	402	1,424	(1,022)
Other income and (deductions)						
Interest expense, net	(99)	(99)	—	(196)	(201)	5
Other, net	117	(31)	148	210	62	148
Total other income and (deductions)	18	(130)	148	14	(139)	153
Income before income taxes	5	573	(568)	416	1,285	(869)
Income taxes	(31)	181	212	120	407	287
Equity in losses of unconsolidated affiliates	(8)	(2)	(6)	(11)	(3)	(8)
Net income	28	390	(362)	285	875	(590)
Net income (loss) attributable to noncontrolling interests	36	(8)	(44)	(17)	34	51
Net (loss) income attributable to membership interest	$ (8)	$ 398	$ (406)	$ 302	$ 841	$ (539)

(a) Generation evaluates its operating performance using the measure of revenue net of purchased power and fuel expense. Generation believes that revenue net of purchased power and fuel expense is a useful measurement because it provides information that can be used to evaluate its operational performance. Revenue net of purchased power and fuel expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

Net Income Attributable to Membership Interest

Three Months Ended June 30, 2016 Compared to Three Months Ended June 30, 2015. Generation's net income attributable to membership interest for three months ended June 30, 2016 decreased compared to the same period in 2015, primarily due to lower revenue net of purchased power and fuel expense, higher operating and maintenance expense and higher depreciation and amortization expense. The decrease in revenue net of purchased power and fuel expense primarily relates to lower mark-to-market results in 2016 compared to 2015, lower realized energy prices and the impact of increase nuclear outage days, partially offset by the Ginna Reliability Support Services Agreement, decreased nuclear fuel prices and increased capacity prices. The increase in operating and maintenance expense is primarily related to the announcement of the early retirement of the Clinton and Quad Cities nuclear facilities and impairment of certain wind projects in 2016. The increase in depreciation and amortization expense is primarily related to accelerated depreciation and amortization expense related to the announcement of the early plant retirements, increased nuclear decommissioning amortization and increased depreciation expense due to ongoing capital expenditures.

Six Months Ended June 30, 2016 Compared to Six Months Ended June 30, 2015. Generation's net income attributable to membership interest for the six months ended June 30, 2016 decreased compared to the same period in 2015, primarily due to lower revenue net of purchased power and fuel expense, higher operating and maintenance expense and higher depreciation and amortization expense. The decrease in revenue net of purchased power and fuel expense primarily relates to lower mark-to-market results in 2016 compared to 2015, lower realized energy prices and higher oil inventory write downs in 2016 versus 2015, partially offset by the Ginna Reliability Support Services Agreement, decreased nuclear fuel prices, increased capacity prices and decreased nuclear outage days at higher capacity units. The increase in operating and maintenance expense is primarily related to the announcement of the early retirement of the Clinton and Quad Cities nuclear facilities, Upstream asset impairment, and impairment of certain wind projects in 2016. The increase in depreciation and amortization expense is primarily related to accelerated depreciation and amortization expense related to the announcement of the early plant retirements, increased nuclear decommissioning amortization, and increased depreciation expense due to ongoing capital expenditures.

Revenue Net of Purchased Power and Fuel Expense

The basis for Generation's reportable segments is the integrated management of its electricity business that is located in different geographic regions, and largely representative of the footprints of ISO/RTO and/or NERC regions, which utilize multiple supply sources to provide electricity through various distribution channels (wholesale and retail). Generation's hedging strategies and risk metrics are also aligned with these same geographic regions. Descriptions of each of Generation's six reportable segments are as follows:

- Mid-Atlantic represents operations in the eastern half of PJM, which includes New Jersey, Maryland, Virginia, West Virginia, Delaware, the District of Columbia and parts of Pennsylvania and North Carolina.
- Midwest represents operations in the western half of PJM, which includes portions of Illinois, Pennsylvania, Indiana, Ohio, Michigan, Kentucky and Tennessee, and the United States footprint of MISO, excluding MISO's Southern Region, which covers all or most of North Dakota, South Dakota, Nebraska, Minnesota, Iowa, Wisconsin, the remaining parts of Illinois, Indiana, Michigan and Ohio not covered by PJM, and parts of Montana, Missouri and Kentucky.
- New England represents the operations within ISO-NE covering the states of Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.
- New York represents operations within ISO-NY, which covers the state of New York in its entirety.
- ERCOT represents operations within Electric Reliability Council of Texas, covering most of the state of Texas.
- Other Power Regions :
  - South represents operations in the FRCC, MISO's Southern Region, and the remaining portions of the SERC not included within MISO or PJM, which includes all or most of Florida, Arkansas, Louisiana, Mississippi, Alabama, Georgia, Tennessee, North Carolina, South Carolina and parts of Missouri, Kentucky and Texas. Generation's South region also includes operations in the SPP, covering Kansas, Oklahoma, most of Nebraska and parts of New Mexico, Texas, Louisiana, Missouri, Mississippi and Arkansas.
  - West represents operations in the WECC, which includes California ISO, and covers the states of California, Oregon, Washington, Arizona, Nevada, Utah, Idaho, Colorado, and parts of New Mexico, Wyoming and South Dakota.
  - Canada represents operations across the entire country of Canada and includes AESO, OIESO and the Canadian portion of MISO.

The following business activities are not allocated to a region, and are reported under Other: natural gas, as well as other miscellaneous business activities that are not significant to Generation's overall operating revenues

or results of operations. Further, the following activities are not allocated to a region, and are reported in Other: unrealized mark-to-market impact of economic hedging activities; amortization of certain intangible assets relating to commodity contracts recorded at fair value from mergers and acquisitions; and other miscellaneous revenues.

Generation evaluates the operating performance of its power marketing activities using the measure of revenue net of purchased power and fuel expense which is a non-GAAP measurement. Generation's operating revenues include all sales to third parties and affiliated sales to the Utility Registrants. Purchased power costs include all costs associated with the procurement and supply of electricity including capacity, energy and ancillary services. Fuel expense includes the fuel costs for owned generation and fuel costs associated with tolling agreements.

For the three and six months ended June 30, 2016 and 2015, Generation's revenue net of purchased power and fuel expense by region were as follows:

	Three months ended June 30,				Six Months Ended June 30,			
	2016	2015	Variance	% Change	2016	2015	Variance	% Change
Mid-Atlantic [(a)]	$ 828	$ 892	$ (64)	(7.2)%	$ 1,669	$ 1,679	$ (10)	(0.6)%
Midwest [(b)]	728	745	(17)	(2.3)%	1,449	1,448	1	0.1%
New England	110	88	22	25.0%	191	246	(55)	(22.4)%
New York	267	145	122	84.1%	395	334	61	18.3%
ERCOT	77	70	7	10.0%	138	125	13	10.4%
Other Power Regions	96	62	34	54.8%	174	108	66	61.1%
Total electric revenue net of purchased power and fuel expense	2,106	2,002	104	5.2%	4,016	3,940	76	1.9%
Proprietary Trading	4	(2)	6	n.m.	6	3	3	100.0%
Mark-to-market gains / (losses)	(304)	235	(539)	n.m.	(201)	397	(598)	(150.6)%
Other [(c)]	206	148	58	39.2%	488	452	36	8.0%
Total revenue net of purchased power and fuel expense	$ 2,012	$ 2,383	$ (371)	(15.6)%	$ 4,309	$ 4,792	$ (483)	(10.1)%

(a) Results of transactions with PECO and BGE are included in the Mid-Atlantic region. As a result of the PHI Merger, for the Successor period March 24, 2016 to June 30, 2016 for the six month ended, results of transactions with Pepco, DPL and ACE are included in the Mid-Atlantic region.

(b) Results of transactions with ComEd are included in the Midwest region.

(c) Other represents activities not allocated to a region. See text above for a description of included activities. Also includes amortization of intangible assets related to commodity contracts recorded at fair value of a $12 million and $14 million decrease to revenue net of purchased power and fuel expense for the three months ended June 30, 2016 and 2015, respectively, and amortization of intangible assets related to commodity contracts recorded at fair value of a $7 million and $24 million increase to revenue net of purchased power and fuel expense for the six months ended June 30, 2016 and 2015, respectively.

Generation's supply sources by region are summarized below:

Supply source (GWh)	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	Variance	% Change	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015	Variance	% Change
Nuclear generation								
Mid-Atlantic [a]	15,224	15,619	(395)	(2.5)%	31,432	31,337	95	0.3%
Midwest	23,001	23,448	(447)	(1.9)%	46,663	45,875	788	1.7%
New York [a]	4,228	4,738	(510)	(10.8)%	9,160	9,250	(90)	(1.0)%
Total Nuclear Generation	42,453	43,805	(1,352)	(3.1)%	87,255	86,462	793	0.9%
Fossil and Renewables								
Mid-Atlantic	685	750	(65)	(8.7)%	1,583	1,309	274	20.9%
Midwest	324	363	(39)	(10.7)%	773	795	(22)	(2.8)%
New England	2,016	135	1,881	n.m.	3,940	735	3,205	n.m.
New York	1	1	—	—%	2	2	—	—%
ERCOT	1,879	872	1,007	115.5%	3,255	2,294	961	41.9%
Other Power Regions	1,995	2,096	(101)	(4.8)%	4,142	4,069	73	1.8%
Total Fossil and Renewables	6,900	4,217	2,683	63.6%	13,695	9,204	4,491	48.8%
Purchased Power								
Mid-Atlantic	3,131	1,384	1,747	126.2%	6,886	3,208	3,678	114.7%
Midwest	688	407	281	69.0%	1,394	996	398	40.0%
New England	3,782	5,742	(1,960)	(34.1)%	7,937	12,150	(4,213)	(34.7)%
ERCOT	2,259	2,903	(644)	(22.2)%	4,553	5,147	(594)	(11.5)%
Other Power Regions	3,879	4,616	(737)	(16.0)%	6,479	8,374	(1,895)	(22.6)%
Total Purchased Power	13,739	15,052	(1,313)	(8.7)%	27,249	29,875	(2,626)	(8.8)%
Total Supply/Sales by Region [b]								
Mid-Atlantic [c]	19,040	17,753	1,287	7.2%	39,901	35,854	4,047	11.3%
Midwest [c]	24,013	24,218	(205)	(0.8)%	48,830	47,666	1,164	2.4%
New England	5,798	5,877	(79)	(1.3)%	11,877	12,885	(1,008)	(7.8)%
New York	4,229	4,739	(510)	(10.8)%	9,162	9,252	(90)	(1.0)%
ERCOT	4,138	3,775	363	9.6%	7,808	7,441	367	4.9%
Other Power Regions	5,874	6,712	(838)	(12.5)%	10,621	12,443	(1,822)	(14.6)%
Total Supply/Sales by Region	63,092	63,074	18	—%	128,199	125,541	2,658	2.1%

(a) Includes the proportionate share of output where Generation has an undivided ownership interest in jointly-owned generating plants and includes the total output of plants that are fully consolidated (e.g. CENG).

(b) Excludes physical proprietary trading volumes of 1,289 GWh and 1,657 GWh for the three months ended June 30, 2016 and 2015, respectively, and 2,509 GWh and 3,465 GWh for the six months ended June 30, 2016 and 2015, respectively.

(c) Includes affiliate sales to PECO and BGE in the Mid-Atlantic region and affiliate sales to ComEd in the Midwest region. As a result of the PHI Merger, includes affiliate sales to Pepco, DPL and ACE in the Mid-Atlantic region for the Successor period of March 24, 2016 to June 30, 2016.

Mid-Atlantic

Three Months Ended June 30, 2016 Compared to Three Months Ended June 30, 2015. The $64 million decrease in revenue net of purchased power and fuel expense in the Mid-Atlantic primarily reflects lower realized energy prices and increased nuclear outage days.

Six Months Ended June 30, 2016 Compared to Six Months Ended June 30, 2015. The $10 million decrease in revenue net of purchased power and fuel expense in the Mid-Atlantic primarily reflects lower realized energy prices and higher oil inventory write-downs in 2016, partially offset by decreased nuclear outage days at higher capacity units, increased capacity prices and increased load volumes served.

Midwest

Three Months Ended June 30, 2016 Compared to Three Months Ended June 30, 2015. The $17 million decrease in revenue net of purchased power and fuel expense in the Midwest primarily reflects lower realized energy prices and increased nuclear outage days.

Six Months Ended June 30, 2016 Compared to Six Months Ended June 30, 2015. The $1 million increase in revenue net of purchased power and fuel expense in the Midwest primarily reflects decreased nuclear outage days and increased capacity prices, partially offset by lower realized energy prices.

New England

Three Months Ended June 30, 2016 Compared to Three Months Ended June 30, 2015. The $22 million increase in revenue net of purchased power and fuel expense in New England was driven by higher realized energy prices and increased capacity prices.

Six Months Ended June 30, 2016 Compared to Six Months Ended June 30, 2015. The $55 million decrease in revenue net of purchased power and fuel expense in New England was driven by lower realized energy prices and higher oil inventory write-downs in 2016, partially offset by increased capacity prices.

New York

Three Months Ended June 30, 2016 Compared to Three Months Ended June 30, 2015. The $122 million increase in revenue net of purchased power and fuel expense in New York was primarily due to the approval of the Ginna Reliability Support Service Agreement, partially offset by increased nuclear outage days.

Six Months Ended June 30, 2016 Compared to Six Months Ended June 30, 2015. The $61 million increase in revenue net of purchased power and fuel expense in New York was primarily due to the approval of the Ginna Reliability Support Service Agreement, partially offset by lower realized energy prices.

ERCOT

Three Months Ended June 30, 2016 Compared to Three Months Ended June 30, 2015. The $7 million increase in revenue net of purchased power and fuel expense in ERCOT was primarily due to higher realized energy prices and increased output from renewable assets.

Six Months Ended June 30, 2016 Compared to Six Months Ended June 30, 2015. The $13 million increase in revenue net of purchased power and fuel expense in ERCOT was primarily due to higher realized energy prices and increased output from renewable assets.

Other Power Regions

Three Months Ended June 30, 2016 Compared to Three Months Ended June 30, 2015. The $34 million increase in revenue net of purchased power and fuel expense in Other Power Regions was primarily due to higher realized energy prices.

Six Months Ended June 30, 2016 Compared to Six Months Ended June 30, 2015. The $66 million increase in revenue net of purchased power and fuel expense in Other Power Regions was primarily due to higher realized energy prices.

Proprietary Trading

Three Months Ended June 30, 2016 Compared to Three Months Ended June 30, 2015. The $6 million increase in revenue net of purchased power and fuel expense in Proprietary Trading was primarily due to congestion activity.

Six Months Ended June 30, 2016 Compared to Six Months Ended June 30, 2015. The $3 million increase in revenue net of purchased power and fuel expense in Proprietary Trading was primarily due to congestion activity.

Mark-to-market

Three Months Ended June 30, 2016 Compared to Three Months Ended June 30, 2015. Mark-to-market losses on economic hedging activities were $304 million for the three months ended June 30, 2016 compared to gains of $235 million for the three months ended June 30, 2015 See Notes 8 — Fair Value of Financial Assets and Liabilities and 9 — Derivative Financial Instruments of the Combined Notes to the Consolidated Financial Statements for information on gains and losses associated with mark-to-market derivatives.

Six Months Ended June 30, 2016 Compared to Six Months Ended June 30, 2015. Mark-to-market losses on economic hedging activities were $201 million for the six months ended June 30, 2016 compared to gains of $397 million for the six months ended June 30, 2015. See Notes 8 — Fair Value of Financial Assets and Liabilities and 9 — Derivative Financial Instruments of the Combined Notes to the Consolidated Financial Statements for information on gains and losses associated with mark-to-market derivatives.

Other

Three Months Ended June 30, 2016 Compared to Three Months Ended June 30, 2015. The $58 million increase in other revenue net of purchased power and fuel was primarily due to revenue related to the inclusion of Pepco Energy Services results in 2016 and revenue related to energy efficiency projects.

Six Months Ended June 30, 2016 Compared to Six Months Ended June 30, 2015. The $36 million increase in other revenue net of purchased power and fuel was primarily due to revenue related to the inclusion of Pepco Energy Services results in 2016 and revenue related to energy efficiency projects, partially offset by the amortization of energy contracts recorded at fair value associated with prior acquisitions and decreased gas sales.

Nuclear Fleet Capacity Factor

The following table presents nuclear fleet operating data for the three and six months ended June 30, 2016 as compared to the same periods in 2015, for the Generation-operated plants. The nuclear fleet capacity factor presented in the table is defined as the ratio of the actual output of a plant over a period of time to its output if the plant had operated at full average annual mean capacity for that time period. Generation considers capacity factor to be a useful measure to analyze the nuclear fleet performance between periods. Generation has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, these

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measures are not a presentation defined under GAAP and may not be comparable to other companies' presentations or be more useful than the GAAP information provided elsewhere in this report.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Nuclear fleet capacity factor [a]	92.3%	93.1%	94.1%	92.9%

(a) Excludes Salem, which is operated by PSEG Nuclear, LLC. Reflects ownership percentage of stations operated by Exelon.

Three Months Ended June 30, 2016 Compared to Three Months Ended June 30, 2015. The nuclear fleet capacity factor decreased primarily due to nuclear refueling outage timing and higher non-refueling outage days, excluding Salem outages, during the three months ended June 30, 2016 compared to the same period in 2015. For the three months ended June 30, 2016 and 2015, planned refueling outage days totaled 87 and 71, respectively. During the same periods, non-refueling outage days totaled 21 and 18, respectively.

Six Months Ended June 30, 2016 Compared to Six Months Ended June 30, 2015. The nuclear fleet capacity factor increased primarily due to fewer refueling and non-refueling outage days, excluding Salem outages, during the six months ended June 30, 2016 compared to the same period in 2015. For the six months ended June 30, 2016 and 2015, planned refueling outage days totaled 157 and 160, respectively. During the same periods, non-refueling outage days totaled 31 and 50, respectively.

Operating and Maintenance

The changes in operating and maintenance expense for the three and six months ended June 30, 2016 as compared to the same periods in 2015, consisted of the following:

	Three Months Ended June 30, Increase (Decrease)	Six Months Ended June 30, Increase (Decrease)
Labor, other benefits, contracting, materials	$ 31	$ 39
Nuclear refueling outage costs, including the co-owned Salem plants [a]	25	18
Corporate allocations [b]	(12)	(13)
Allowance for uncollectible accounts	3	3
Merger and integration costs [c]	(4)	—
Merger commitments	—	3
Plant retirements and divestitures [d]	127	127
Pension and non-pension postretirement benefits expense [e]	(13)	(24)
Midwest Generation bankruptcy recoveries [f]	—	10
Impairment of long-lived assets [g]	37	157
Cost management program [h]	6	24
Other	22	34
Increase in operating and maintenance expense	$ 222	$ 378

(a) Primarily reflects the unfavorable impact of the timing and extended duration of an outage at the Salem nuclear power plant for the three and six months ended June 30, 2016.
(b) Reflects a decreased share of corporate allocated costs.
(c) Reflects certain costs associated with mergers and acquisitions, including, if and when applicable, professional fees, employee-related expenses, integration activities, upfront credit facilities fees, and the PHI acquisition.
(d) Represents the announcement of the early retirement of Generation's Clinton and Quad Cities nuclear facilities in 2016.
(e) Reflects favorable impact of higher pension and OPEB discount rates in 2016.

(f) Reflects a 2015 benefit for the favorable settlement of a long-term railcar lease agreement pursuant to the Midwest Generation bankruptcy.
(g) Primarily relates to the impairment of Upstream assets and certain wind projects at Generation in 2016.
(h) Represents the 2016 severance expense and reorganization costs related to a cost management program.

Depreciation and Amortization

Depreciation and amortization expense for the three and six months ended June 30, 2016 compared to the three and six months ended June 30, 2015 increased primarily due to accelerated depreciation related to the announcement of the early plant retirements, increased nuclear decommissioning amortization, and increased depreciation expense due to ongoing capital expenditures.

Taxes Other Than Income

Taxes other than income for the three and six months ended June 30, 2016 compared to the three and six months ended June 30, 2015 remained relatively stable.

Gain on Sales of Assets

Gain on sales of assets for the three and six months ended June 30, 2016 compared to the three and six months ended June 30, 2015 increased as a result of the gain associated with Generation's sale of the New Boston generating site.

Interest Expense, net

Interest expense, net for three and six months ended June 30, 2016 compared to the three and six months ended June 30, 2015 remained relatively stable.

Other, Net

Other, net for the three and six months ended June 30, 2016 compared to the three and six months ended June 30, 2015 increased primarily due to the change in the realized and unrealized gains and losses related to NDT funds of Non-Regulatory Agreement Units as described in the table below. Other, net also reflects $26 million and $(12) million for the three months ended June 30, 2016 and 2015, respectively, and $46 million and $10 million for the six months ended June 30, 2016 and 2015, respectively, related to the contractual elimination of income tax expense (benefit) associated with the NDT funds of the Regulatory Agreement Units. Refer to Note 12 — Nuclear Decommissioning of the Combined Notes to the Consolidated Financial Statements for additional information regarding NDT funds.

The following table provides unrealized and realized gains and losses on the NDT funds of the Non-Regulatory Agreement Units recognized in Other, net for the three and six months ended June 30, 2016 and 2015:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Net unrealized gains (losses) on decommissioning trust funds	$ 48	$ (96)	$ 100	$ (56)
Net realized gains on sale of decommissioning trust funds	12	50	14	56

Equity in Losses of Unconsolidated Affiliates

Equity in losses of unconsolidated affiliates for the three and six months ended June 30, 2016 compared to the three and six months ended June 30, 2015 remained relatively stable.

Effective Income Tax Rate

Generation's effective income tax rate was (620.0)% and 28.8% for the three and six months ended June 30, 2016, respectively, compared to 31.6% and 31.7% for the same periods during 2015. See Note 11 — Income Taxes of the Combined Notes to the Consolidated Financial Statements for further discussion of the change in the effective income tax rate.

Results of Operations — ComEd

	Three Months Ended June 30,		Favorable (Unfavorable) Variance	Six Months Ended June 30,		Favorable (Unfavorable) Variance
	2016	2015		2016	2015	
Operating revenues	$ 1,286	$ 1,148	$ 138	$ 2,535	$ 2,333	$ 202
Purchased power expense	339	275	(64)	686	601	(85)
Revenue net of purchased power expense [(a)(b)]	947	873	74	1,849	1,732	117
Other operating expenses						
Operating and maintenance	368	384	16	736	762	26
Depreciation and amortization	190	177	(13)	379	352	(27)
Taxes other than income	65	69	4	141	146	5
Total other operating expenses	623	630	7	1,256	1,260	4
Gain on sales of assets	—	—	—	5	—	5
Operating income	324	243	81	598	472	126
Other income and (deductions)						
Interest expense, net	(91)	(81)	(10)	(177)	(165)	(12)
Other, net	3	5	(2)	7	9	(2)
Total other income and (deductions)	(88)	(76)	(12)	(170)	(156)	(14)
Income before income taxes	236	167	69	428	316	112
Income taxes	91	68	(23)	168	127	(41)
Net income	$ 145	$ 99	$ 46	$ 260	$ 189	$ 71

(a) ComEd evaluates its operating performance using the measure of Revenue net of purchased power expense. ComEd believes that Revenue net of purchased power expense is a useful measurement because it provides information that can be used to evaluate its operational performance. In general, ComEd only earns margin based on the delivery and transmission of electricity. ComEd has included its discussion of Revenue net of purchased power expense below as a complement to the financial information provided in accordance with GAAP. However, Revenue net of purchased power expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

(b) For regulatory recovery mechanisms, including ComEd's electric distribution and transmission formula rates, and riders, revenues increase and decrease i) as fully recoverable costs fluctuate (with no impact on net earnings), and ii) pursuant to changes in rate base, capital structure and ROE (which impact net earnings).

Net Income

Three months ended June 30, 2016 Compared to Three months ended June 30, 2015. ComEd's net income for the three months ended June 30, 2016 was higher than the same period in 2015, primarily due to increased electric distribution and transmission formula rate earnings (reflecting the impacts of increased capital investment, partially offset by lower allowed electric distribution ROE) and favorable weather.

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Six months ended June 30, 2016 Compared to Six months ended June 30, 2015. ComEd's net income for the six months ended June 30, 2016 was higher than the same period in 2015, primarily due to increased electric distribution and transmission formula rate earnings (reflecting the impacts of increased capital investment, partially offset by lower allowed electric distribution ROE).

Operating Revenue Net of Purchased Power Expense

There are certain drivers of Operating revenue that are fully offset by their impact on Purchased power expense, such as commodity procurement costs and participation in customer choice programs. ComEd is permitted to recover electricity procurement costs from retail customers without mark-up. Therefore, fluctuations in electricity procurement costs have no impact on Revenue net of purchased power expense. See Note 3 — Regulatory Matters of the Exelon 2015 Form 10-K for additional information on ComEd's electricity procurement process.

All ComEd customers have the choice to purchase electricity from a competitive electric generation supplier. Customer choice programs do not impact ComEd's volume of deliveries, but do affect ComEd's Operating revenue related to supplied energy, which is fully offset in Purchased power expense. Therefore, customer choice programs have no impact on Revenue net of purchased power expense.

Retail deliveries purchased from competitive electric generation suppliers (as a percentage of kWh sales) for the three and six months ended June 30, 2016 and 2015, consisted of the following:

Three Months Ended June 30,		Six Months Ended June 30,	
2016	2015	2016	2015
73%	79%	73%	78%

Retail customers purchasing electric generation from competitive electric generation suppliers at June 30, 2016 and 2015 consisted of the following:

June 30, 2016		June 30, 2015	
Number of customers	% of total retail customers	Number of customers	% of total retail customers
1,605,100	41%	2,268,000	58%

Under an Illinois law allowing municipalities to arrange the purchase of electricity for their participating residents, the City of Chicago previously participated in ComEd's customer choice program and arranged the purchase of electricity from Constellation (formerly Integrys), for those participating residents. In September 2015, the City of Chicago discontinued its participation in the customer choice program and many of those participating residents resumed their purchase of electricity from ComEd. ComEd's Operating revenue has increased as a result of the City of Chicago switching, but that increase is fully offset in Purchased power expense.

The changes in ComEd's Revenue net of purchased power expense for the three and six months ended June 30, 2016, compared to the same periods in 2015 consisted of the following:

	Three Months Ended June 30, 2016 Increase (Decrease)	Six Months Ended June 30, 2016 Increase (Decrease)
Weather	$ 23	$ 3
Volume	1	(3)
Electric distribution revenue	22	66
Transmission revenue	31	68
Regulatory required programs	2	(16)
Uncollectible accounts recovery, net	(4)	(17)
Pricing and customer mix	(5)	6
Other	4	10
Total increase	$ 74	$ 117

Weather. The demand for electricity is affected by weather conditions. Very warm weather in summer months and very cold weather in other months are referred to as "favorable weather conditions" because these weather conditions result in increased customer usage. Conversely, mild weather reduces demand. For the three and six months ended June 30, 2016, favorable weather conditions increased Operating revenue net of purchased power expense when compared to the same periods in 2015.

Heating and cooling degree days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree days for a 30-year period in ComEd's service territory with cooling degree days generally having a more significant impact to ComEd, particularly during the summer months. The changes in heating and cooling degree days in ComEd's service territory for the three and six months ended June 30, 2016 and 2015, consisted of the following:

Heating and Cooling Degree-Days				% Change	
Three Months Ended June 30,	2016	2015	Normal	2016 vs. 2015	2016 vs. Normal
Heating Degree-Days	755	686	765	10.1%	(1.3)%
Cooling Degree-Days	290	171	218	69.6%	33.0%
Six Months Ended June 30,					
Heating Degree-Days	3,655	4,318	3,929	(15.4)%	(7.0)%
Cooling Degree-Days	290	171	218	69.6%	33.0%

Volume. For the three months ended June 30, 2016, Revenue net of purchased power expense increased as a result of higher delivery volume, exclusive of the effects of weather, reflecting increased average usage per residential customer as compared to the same period in 2015.

For the six months ended June 30, 2016, Revenue net of purchased power expense decreased as a result of lower delivery volume, exclusive of the effects of weather, reflecting decreased average usage per residential customer primarily due to the impacts of energy efficiency programs, as compared to the same period in 2015.

Electric Distribution Revenue. EIMA provides for a performance-based formula rate tariff, which requires an annual reconciliation of the revenue requirement in effect to the actual costs that the ICC determines are prudently and reasonably incurred in a given year. Under EIMA, electric distribution revenue varies from year to year based upon fluctuations in the underlying costs, investments being recovered, allowed ROE, and other billing determinants. ComEd's allowed ROE is the annual average rate on 30-year treasury notes plus 580 basis points, subject to a collar of plus or minus 50 basis points. Therefore, the collar limits favorable and unfavorable impacts of weather and load on revenue. During the three and six months ended June 30, 2016, ComEd recorded increased electric distribution revenue primarily due to increased capital investment and Depreciation and amortization expense, partially offset by lower allowed ROE due to a decrease in treasury rates. See Operating and maintenance expense and Depreciation and amortization expense discussions below, and Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Transmission Revenue. Under a FERC-approved formula, transmission revenue varies from year to year based upon fluctuations in the underlying costs, investments being recovered and other billing determinants, such as the highest daily peak load from the previous calendar year. For the three and six months ended June 30, 2016, ComEd recorded increased transmission revenue due to increased capital investment, higher Depreciation and amortization expense and increased wholesale transmission revenue as compared to the same period in 2015.

Regulatory Required Programs. This represents the change in Operating revenue collected under approved riders to recover costs incurred for regulatory programs such as ComEd's energy efficiency and demand response and purchased power administrative costs. The riders are designed to provide full and current cost recovery. An equal and offsetting amount has been included in Operating and maintenance expense. See Operating and maintenance expense discussion below for additional information on included programs.

Uncollectible Accounts Recovery, Net. Uncollectible accounts recovery, net represents recoveries under ComEd's uncollectible accounts tariff. See Operating and maintenance expense discussion below for additional information on this tariff.

Pricing and Customer Mix. For the three months ended June 30, 2016, the decrease in Revenue net of purchased power as a result of pricing and customer mix is primarily attributable to lower overall effective rates due to increased usage across all major customer classes and change in customer mix for the three months ended June 30, 2016, as compared to the same period in 2015.

For the six months ended June 30, 2016, the increase in Revenue net of purchased power as a result of pricing and customer mix is primarily attributable to higher overall effective rates due to decreased usage across all major customer classes as compared to the same period in 2015.

Other. Other revenue, which can vary period to period, includes rental revenue, revenue related to late payment charges, assistance provided to other utilities through mutual assistance programs, recoveries of environmental costs associated with MGP sites, and recoveries of energy procurement costs.

Operating and Maintenance Expense

	Three Months Ended June 30,		Increase	Six Months Ended June 30,		Increase
	2016	2015	(Decrease)	2016	2015	(Decrease)
Operating and maintenance expense — baseline	$ 320	$ 338	$ (18)	$ 649	$ 659	$ (10)
Operating and maintenance expense — regulatory required programs [a]	48	46	$ 2	87	103	(16)
Total operating and maintenance expense	$ 368	$ 384	$ (16)	$ 736	$ 762	$ (26)

(a) Operating and maintenance expense for regulatory required programs are costs for various legislative and/or regulatory programs that are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in Operating revenue.

The changes in Operating and maintenance expense for the three and six months ended June 30, 2016 compared to the same periods in 2015, consisted of the following:

	Three Months Ended June 30, 2016 Increase (Decrease)	Six Months Ended June 30, 2016 Increase (Decrease)
Baseline		
Labor, other benefits, contracting and materials	$ (4)	$ (4)
Pension and non-pension postretirement benefits expense [a]	(6)	(10)
Storm-related costs	(3)	6
Uncollectible accounts expense — provision [b]	1	1
Uncollectible accounts expense — recovery, net [b]	(5)	(18)
BSC allocations [c]	4	21
Other	(5)	(6)
	(18)	(10)
Regulatory required programs		
Energy efficiency and demand response programs	2	(16)
	2	(16)
Total increase (decrease)	$ (16)	$ (26)

(a) Primarily reflects the favorable impact of higher assumed pension and OPEB discount rates in 2016.

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(b) ComEd is allowed to recover from or refund to customers the difference between the utility's annual uncollectible accounts expense and the amounts collected in rates annually through a rider mechanism. During the three and six months ended June 30, 2016, ComEd recorded a net decrease in Operating and maintenance expense related to uncollectible accounts due to the timing of regulatory cost recovery. An equal and offsetting decrease has been recognized in operating revenue for the periods presented.

(c) Primarily reflects increased information technology support services from BSC during 2016.

Depreciation and Amortization Expense

The increase in Depreciation and amortization expense during the three and six months ended June 30, 2016, compared to the same periods in 2015, consisted of the following:

	Three Months Ended June 30, 2016 Increase (Decrease)	Six Months Ended June 30, 2016 Increase (Decrease)
Depreciation expense [(a)]	$ 14	$ 27
Regulatory asset amortization	(4)	(6)
Other	3	6
Total increase	$ 13	$ 27

(a) Depreciation expense increased due to ongoing capital expenditures.

Taxes Other Than Income

Taxes other than income, which can vary period to period, include municipal and state utility taxes, real estate taxes and payroll taxes. Taxes other than income taxes decreased during the three and six months ended June 30, 2016, compared to the same periods in 2015, due to a reduction in a state utility tax, which is completely offset above in Operating revenues.

Gain on Sales of Assets

The increase in Gain on sales of assets during the six months ended June 30, 2016, compared to the same period in 2015, is primarily due to the sale of land during March 2016.

Interest Expense, Net

The changes in interest expense, net, for the three and six months ended June 30, 2016, compared to the same periods in 2015, consisted of the following:

	Three Months Ended June 30, 2016 Increase (Decrease)	Six Months Ended June 30, 2016 Increase (Decrease)
Interest expense related to uncertain tax positions	$ 4	$ 4
Interest expense on debt (including financing trusts)	5	9
Other	1	(1)
Increase in interest expense, net	$ 10	$ 12

Effective Income Tax Rate

ComEd's effective income tax rate was 38.6% and 40.7% for the three months ended June 30, 2016 and 2015, respectively. ComEd's effective income tax rate was 39.3% and 40.2% for the six months ended June 30, 2016 and 2015, respectively. See Note 11 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

ComEd Electric Operating Statistics and Revenue Detail

Retail Deliveries to Customers (in GWhs)	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	% Change	Weather-Normal % Change	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015	% Change	Weather-Normal % Change
Retail Deliveries [a]								
Residential	6,349	5,685	11.7%	1.2%	12,725	12,682	0.3%	(0.8)%
Small commercial & industrial	7,735	7,566	2.2%	0.2%	15,615	15,727	(0.7)%	—%
Large commercial & industrial	6,736	6,680	0.8%	(0.5)%	13,493	13,557	(0.5)%	0.4%
Public authorities & electric railroads	277	290	(4.5)%	(4.5)%	639	669	(4.5)%	(2.4)%
Total retail deliveries	21,097	20,221	4.3%	0.2%	42,472	42,635	(0.4)%	(0.1)%

Number of Electric Customers	As of June 30, 2016	As of June 30, 2015
Residential	3,570,528	3,511,058
Small commercial & industrial	372,354	369,255
Large commercial & industrial	1,972	1,976
Public authorities & electric railroads	4,749	4,833
Total	3,949,603	3,887,122

Electric Revenue	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	% Change	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015	% Change
Retail Sales [a]						
Residential	$ 625	$ 527	18.6%	$1,232	$1,096	12.4%
Small commercial & industrial	329	330	(0.3)%	651	667	(2.4)%
Large commercial & industrial	116	109	6.4%	224	218	2.8%
Public authorities & electric railroads	11	11	—%	23	23	—%
Total retail	1,081	977	10.6%	2,130	2,004	6.3%
Other revenue [b]	205	171	19.9%	405	329	23.1%
Total electric revenue [c]	$ 1,286	$ 1,148	12.0%	$2,535	$2,333	8.7%

(a) Reflects delivery revenue and volume from customers purchasing electricity directly from ComEd and customers purchasing electricity from a competitive electric generation supplier, as all customers are assessed delivery charges. For customers purchasing electricity from ComEd, revenue also reflects the cost of energy and transmission.

(b) Other revenue primarily includes transmission revenue from PJM. Other revenue also includes rental revenue, revenue related to late payment charges, revenue from other utilities for mutual assistance programs and recoveries of remediation costs associated with MGP sites.

(c) Includes operating revenues from affiliates totaling $3 million and $1 million for the three months ended June 30, 2016 and 2015, and $8 million and $2 million for the six months ended June 30, 2016 and 2015, respectively.

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Results of Operations — PECO

	Three Months Ended June 30,		Favorable (Unfavorable) Variance	Six Months Ended June 30,		Favorable (Unfavorable) Variance
	2016	2015		2016	2015	
Operating revenues	$ 664	$ 661	$ 3	$1,505	$1,646	$ (141)
Purchased power and fuel	217	237	20	537	675	138
Revenue net of purchased power and fuel [(a)]	447	424	23	968	971	(3)
Other operating expenses						
Operating and maintenance	190	192	2	405	414	9
Depreciation and amortization	67	69	2	134	131	(3)
Taxes other than income	38	39	1	80	80	—
Total other operating expenses	295	300	5	619	625	6
Gain on sales of assets	—	—	—	—	1	(1)
Operating income	152	124	28	349	347	2
Other income and (deductions)						
Interest expense, net	(31)	(28)	(3)	(62)	(56)	(6)
Other, net	2	1	1	4	3	1
Total other income and (deductions)	(29)	(27)	(2)	(58)	(53)	(5)
Income before income taxes	123	97	26	291	294	(3)
Income taxes	23	27	4	67	85	18
Net income attributable to common shareholder	$ 100	$ 70	$ 30	$ 224	$ 209	$ 15

(a) PECO evaluates its operating performance using the measures of revenue net of purchased power expense for electric sales and revenue net of fuel expense for gas sales. PECO believes revenue net of purchased power expense and revenue net of fuel expense are useful measurements of its performance because they provide information that can be used to evaluate its net revenue from operations. PECO has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, revenue net of purchased power expense and revenue net of fuel expense figures are not presentations defined under GAAP and may not be comparable to other companies' presentations or more useful than the GAAP information provided elsewhere in this report.

Net Income Attributable to Common Shareholder

Three Months Ended June 30, 2016 Compared to Three Months Ended June 30, 2015. PECO's Net income attributable to common shareholder increased from the same period in 2015, primarily due to an increase in Revenue net of purchased power and fuel expense as a result of increased electric distribution revenue pursuant to the 2015 PAPUC authorized electric distribution rate increase effective January 1, 2016, as well as a lower income tax expense as a result of a cumulative adjustment related to an anticipated gas repairs tax return accounting method change.

Six Months Ended June 30, 2016 Compared to Six Months Ended June 30, 2015. PECO's Net income attributable to common shareholder increased from the same period in 2015, primarily due to lower income tax expense as a result of a cumulative adjustment related to an anticipated gas repairs tax return accounting method change.

Operating Revenues Net of Purchased Power and Fuel Expense

Electric and natural gas revenue and purchased power and fuel expense are affected by fluctuations in commodity procurement costs. PECO's electric supply and natural gas cost rates charged to customers are

subject to adjustments at least quarterly that are designed to recover or refund the difference between the actual cost of electric supply and natural gas and the amount included in rates in accordance with the PAPUC's GSA and PGC, respectively. Therefore, fluctuations in electric supply and natural gas procurement costs have no impact on electric and natural gas revenue net of purchased power and fuel expense.

Electric and natural gas revenue and purchased power and fuel expense are also affected by fluctuations in participation in the Customer Choice Program. All PECO customers have the choice to purchase electricity and natural gas from competitive electric generation and natural gas suppliers, respectively. The customers' choice of suppliers does not impact the volume of deliveries, but affects revenue collected from customers related to supplied energy and natural gas service. Customer choice program activity has no impact on electric and natural gas revenue net of purchased power and fuel expense.

Retail deliveries purchased from competitive electric generation and natural gas suppliers (as a percentage of kWh and mmcf sales, respectively) for the three and six months ended June 30, 2016 and 2015, consisted of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Electric	72%	71%	70%	69%
Natural Gas	28%	28%	26%	24%

Retail customers purchasing electric generation and natural gas from competitive electric generation and natural gas suppliers at June 30, 2016 and 2015 consisted of the following:

	June 30, 2016		June 30, 2015	
	Number of customers	% of total retail customers	Number of customers	% of total retail customers
Electric	576,300	36%	552,500	35%
Natural Gas	81,100	16%	81,900	16%

The changes in PECO's operating revenues net of purchased power and fuel expense for the three and six months ended June 30, 2016 compared to the same periods in 2015 consisted of the following:

	Three Months Ended June 30, Increase (Decrease) 2016 vs 2015			Six Months Ended June 30, Increase (Decrease) 2016 vs 2015		
	Electric	Natural Gas	Total	Electric	Natural Gas	Total
Weather	$ (10)	$ 4	$ (6)	$ (50)	$ (28)	$(78)
Volume	5	(2)	3	9	3	12
Pricing	44	—	44	100	(1)	99
Regulatory required programs	(17)	—	(17)	(34)	—	(34)
Other	(1)	—	(1)	(3)	1	(2)
Total increase (decrease)	$ 21	$ 2	$ 23	$ 22	$ (25)	$ (3)

Weather. The demand for electricity and natural gas is affected by weather conditions. With respect to the electric business, very warm weather in summer months and, with respect to the electric and natural gas businesses, very cold weather in winter months are referred to as "favorable weather conditions" because these weather conditions result in increased deliveries of electricity and natural gas. Conversely, mild weather reduces demand. During the three and six months ended June 30, 2016 compared to the same periods in 2015, Operating revenue net of purchased power and fuel expense was lower due to the impact of unfavorable weather conditions in PECO's service territory.

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Heating and cooling degree days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree days for a 30-year period in PECO's service territory. The changes in heating and cooling degree days in PECO's service territory for the three and six months ended June 30, 2016 compared to the same periods in 2015 and normal weather consisted of the following:

Heating and Cooling Degree-Days				% Change	
Three Months Ended June 30,	2016	2015	Normal	2016 vs. 2015	2016 vs. Normal
Heating Degree-Days	469	330	466	42.1%	0.6%
Cooling Degree-Days	391	513	348	(23.8)%	12.4%
Six Months Ended June 30,					
Heating Degree-Days	2,606	3,264	2,943	(20.2)%	(11.5)%
Cooling Degree-Days	396	513	349	(22.8)%	13.5%

Volume. The increase in Operating revenue net of purchased power and fuel expense related to delivery volume, exclusive of the effects of weather, for the three and six months ended June 30, 2016 compared to the same periods in 2015, primarily reflects a shift in the volume profile across classes from lower priced classes to higher priced classes for electric and, for the six months ended June 30, 2016, the impact of moderate economic and customer growth partially offset by energy efficiency initiatives on customer usages for electric and natural gas.

Pricing. The increase in Operating revenues net of purchased power and fuel expense as a result of pricing for the three and six months ended June 30, 2016 compared to the same periods in 2015 primarily reflects an increase in electric distribution rates charged to customers. The increase in electric distribution rates was effective January 1, 2016 in accordance with the 2015 PAPUC approved electric distribution rate case settlement. See Note 3 — Regulatory Matters of the Combined Notes to the Consolidated Financial Statements in the 2015 Form 10-K for further information.

Regulatory Required Programs. This represents the change in Operating revenue collected under approved riders to recover costs incurred for regulatory programs such as smart meter, energy efficiency and the GSA. The riders are designed to provide full and current cost recovery as well as a return. The costs of these programs are included in Operating and maintenance expense, Depreciation and amortization expense and Income taxes. The decrease in revenue from regulatory required programs for the three and six months ended June 30, 2016 compared to the same periods in 2015 is primarily the result of smart meter costs reflected in base rates in 2016 in accordance with the 2015 PAPUC approved electric distribution rate case settlement effective January 1, 2016 versus through a rider mechanism in 2015. Refer to the Operating and maintenance expense discussion below for additional information on included programs.

Other. Other revenue, which can vary period to period, primarily includes wholesale transmission revenue, rental revenue, revenue related to late payment charges and assistance provided to other utilities through mutual assistance programs.

Operating and Maintenance Expense

	Three Months Ended June 30,			Six Months Ended June 30,		
	2016	2015	Increase (Decrease)	2016	2015	Increase (Decrease)
Operating and maintenance expense — baseline	$ 165	$ 162	$ 3	$ 361	$ 359	$ 2
Operating and maintenance expense — regulatory required programs [a]	25	30	(5)	44	55	(11)
Total operating and maintenance expense	$ 190	$ 192	$ (2)	$ 405	$ 414	$ (9)

(a) Operating and maintenance expenses for regulatory required programs are costs for various legislative and/or regulatory programs that are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in operating revenue.

The changes in Operating and maintenance expense for the three and six months ended June 30, 2016 compared to the same periods in 2015, consisted of the following:

	Three Months Ended June 30, Increase (Decrease)	Six Months Ended June 30, Increase (Decrease)
Baseline		
Labor, other benefits, contracting and materials	$ 9	$ 8
Storm-related costs [(a)]	(17)	(14)
Pension and non-pension postretirement benefits expense	(1)	(2)
PHI merger and integration costs	2	5
BSC allocation [(b)]	8	21
Uncollectible accounts expense	3	(14)
Other	(1)	(2)
	3	2
Regulatory Required Programs		
Smart meter	(8)	(14)
Energy efficiency	4	5
Other	(1)	(2)
	(5)	(11)
Total decrease	$ (2)	$ (9)

(a) Reflects lower incremental storm costs in the second quarter of 2016 compared to the second quarter of 2015 as a result of the June 2015 storm.
(b) Primarily reflects increased information technology support services from BSC during 2016.

Depreciation and Amortization Expense

The changes in Depreciation and amortization expense for the three and six months ended June 30, 2016 compared to the same periods in 2015, consisted of the following:

	Three Months Ended June 30, Increase (Decrease) 2016 vs. 2015	Six Months Ended June 30, Increase (Decrease) 2016 vs. 2015
Depreciation and amortization expense	$ —	$ 2
Regulatory asset amortization	(2)	1
Total increase (decrease)	$ (2)	$ 3

Taxes Other Than Income

Taxes other than income for the three and six months ended June 30, 2016 compared to the same periods in 2015 remained relatively consistent.

Interest Expense, Net

The increase in Interest expense, net for the three and six months ended June 30, 2016 compared to the same periods in 2015 primarily reflects an increase in interest expense due to the issuance of First and Refunding Mortgage Bonds in October 2015.

Other, Net

Other, net for the three and six months ended June 30, 2016 remained relatively consistent compared to the same periods in 2015.

Effective Income Tax Rate

PECO's effective income tax rate was 18.7% and 27.8% for the three months ended June 30, 2016 and 2015, respectively. PECO's effective income tax rate was 23.0% and 28.9% for the six months ended June 30, 2016 and 2015, respectively. The decrease in the effective income tax rate for the three and six months ended June 30, 2016 compared to the same periods in 2015 is primarily due to a cumulative adjustment related to an anticipated gas repairs tax return accounting method change. See Note 11 — Income Taxes of the Combined Notes to the Consolidated Financial Statements for further discussion of the change in effective income tax rate.

PECO Electric Operating Statistics and Revenue Detail

Retail Deliveries to Customers (in GWhs)	Three Months Ended June 30,			Weather - Normal	Six Months Ended June 30,			Weather - Normal
	2016	2015	% Change	% Change	2016	2015	% Change	% Change
Retail Deliveries [a]								
Residential	2,909	3,021	(3.7)%	1.1%	6,324	6,989	(9.5)%	1.2%
Small commercial & industrial	1,887	1,925	(2.0)%	(0.3)%	3,912	4,087	(4.3)%	2.3%
Large commercial & industrial	3,770	3,784	(0.4)%	0.3%	7,364	7,517	(2.0)%	(1.4)%
Public authorities & electric railroads	205	214	(4.2)%	(4.2)%	432	443	(2.5)%	(2.5)%
Total retail deliveries	8,771	8,944	(1.9)%	0.3%	18,032	19,036	(5.3)%	0.3%

Number of Electric Customers	As of June 30,	
	2016	2015
Residential	1,449,450	1,437,523
Small commercial & industrial	149,523	148,918
Large commercial & industrial	3,088	3,095
Public authorities & electric railroads	9,813	9,803
Total	1,611,874	1,599,339

Electric Revenue	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	% Change	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015	% Change
Retail Sales (a)						
Residential	$ 355	$ 365	(2.7)%	$ 766	$ 815	(6.0)%
Small commercial & industrial	106	102	3.9%	225	217	3.7%
Large commercial & industrial	65	54	20.4%	123	108	13.9%
Public authorities & electric railroads	9	8	12.5%	17	15	13.3%
Total retail	535	529	1.1%	1,131	1,155	(2.1)%
Other revenue (b)	52	53	(1.9)%	101	104	(2.9)%
Total electric revenue (c)	$ 587	$ 582	0.9%	$ 1,232	$ 1,259	(2.1)%

(a) Reflects delivery volumes and revenue from customers purchasing electricity directly from PECO and customers purchasing electricity from a competitive electric generation supplier as all customers are assessed distribution charges. For customers purchasing electricity from PECO, revenue also reflects the cost of energy and transmission.

(b) Other revenue primarily includes transmission revenue from PJM and wholesale electric revenue, in addition to rental income.

(c) Includes operating revenues from affiliates totaling $2 million and less than $1 million for the three months ended June 30, 2016 and 2015, respectively, and $4 million and less than $1 million for the six months ended June 30, 2016 and 2015, respectively.

PECO Natural Gas Operating Statistics and Revenue Detail

Deliveries to Customers (in mmcf)	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	% Change	Weather - Normal % Change	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015	% Change	Weather - Normal % Change
Retail Delivery								
Retail sales (a)	7,883	7,233	9.0%	(6.7)%	34,994	42,095	(16.9)%	2.2%
Transportation and other	5,906	5,431	8.7%	6.0%	13,602	14,128	(3.7)%	3.3%
Total natural gas deliveries	13,789	12,664	8.9%	(1.5)%	48,596	56,223	(13.6)%	2.5%

Number of Natural Gas Customers	As of June 30, 2016	As of June 30, 2015
Residential	469,230	464,333
Commercial & industrial	43,046	42,603
Total retail	512,276	506,936
Transportation	811	845
Total	513,087	507,781

Natural Gas Revenue	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	% Change	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015	% Change
Retail Sales						
Retail sales (a)	$ 70	$ 72	(2.8)%	$ 256	$ 368	(30.4)%
Transportation and other	7	7	—%	17	19	(10.5)%
Total natural gas revenues (b)	$ 77	$ 79	(2.5)%	$ 273	$ 387	(29.5)%

(a) Reflects delivery volumes and revenue from customers purchasing natural gas directly from PECO and customers purchasing natural gas from a competitive natural gas supplier as all customers are assessed distribution charges. For customers purchasing natural gas from PECO, revenue also reflects the cost of natural gas.

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(b) Includes operating revenues from affiliates totaling less than $1 million for both the three months ended June 30, 2016 and 2015, and the six months ended June 30, 2016, and $1 million for the six months ended June 30, 2015.

Results of Operations — BGE

	Three Months Ended June 30,		Favorable (Unfavorable) Variance	Six Months Ended June 30,		Favorable (Unfavorable) Variance
	2016	2015		2016	2015	
Operating revenues	$ 680	$ 628	$ 52	$ 1,609	$ 1,664	$ (55)
Purchased power and fuel	261	239	(22)	634	726	92
Revenue net of purchased power and fuel [(a)]	419	389	30	975	938	37
Other operating expenses						
Operating and maintenance	208	149	(59)	410	331	(79)
Depreciation and amortization	97	87	(10)	206	192	(14)
Taxes other than income	55	54	(1)	114	111	(3)
Total other operating expenses	360	290	(70)	730	634	(96)
Operating income	59	99	(40)	245	304	(59)
Other income and (deductions)						
Interest expense, net	(24)	(24)	—	(48)	(50)	2
Other, net	5	4	1	11	8	3
Total other income and (deductions)	(19)	(20)	1	(37)	(42)	5
Income before income taxes	40	79	(39)	208	262	(54)
Income taxes	6	32	26	73	105	32
Net income	34	47	(13)	135	157	(22)
Preference stock dividends	3	3	—	6	6	—
Net income attributable to common shareholder	$ 31	$ 44	$ (13)	$ 129	$ 151	$ (22)

(a) BGE evaluates its operating performance using the measure of revenue net of purchased power expense for electric sales and revenue net of purchased fuel expense for gas sales. BGE believes revenue net of purchased power and revenue net of purchased fuel are useful measurements of its performance because they provide information that can be used to evaluate its net revenue from operations. BGE has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, revenue net of purchased power and fuel expense figures are not a presentation defined under GAAP and may not be comparable to other companies' presentations or more useful than the GAAP information provided elsewhere in this report.

Net Income Attributable to Common Shareholder

Three Months Ended June 30, 2016 Compared to Three Months Ended June 30, 2015 . BGE's net income attributable to common shareholder for the three months ended June 30, 2016 was lower than the same period in 2015, primarily due to an increase in Operating and maintenance expense as a result of reducing certain regulatory assets and other long-lived assets stemming from certain cost disallowances contained within the final smart grid rate order issued by the MDPSC in June 2016. The increase in Operating and maintenance expense was partially offset by an increase in Revenue net of purchased power and fuel, primarily as a result of an increase in transmission formula rate revenues, higher electric and natural gas revenues as a result of the distribution rate orders issued by the MDPSC in June 2016, and lower income tax expense driven by lower taxable income.

Six Months Ended June 30, 2016 Compared to Six Months Ended June 30, 2015 . BGE's net income attributable to common shareholder for the six months ended June 30, 2016 was lower than the same period in 2015, primarily due to an increase in Operating and maintenance expense as a result of reducing certain regulatory assets and other long-lived assets stemming from certain cost disallowances contained within the final smart grid rate order issued by the MDPSC in June 2016 and increased storm costs. The increase in Operating and maintenance expense was partially offset by an increase in Revenue net of purchased power and fuel, primarily as a result of an increase in transmission formula rate revenues, higher electric and natural gas revenues as a result of the distribution rate orders issued by the MDPSC in June 2016, and lower income tax expense driven by lower taxable income.

Operating Revenues Net of Purchased Power and Fuel Expense

There are certain drivers to Operating revenue that are offset by their impact on Purchased power and fuel expense, such as commodity procurement costs and programs allowing customers to select a competitive electric generation or natural gas supplier. Operating revenue and Purchased power and fuel expense are affected by fluctuations in commodity procurement costs. BGE's electric and natural gas rates charged to customers are subject to periodic adjustments that are designed to recover or refund the difference between the actual cost of purchased electric power and purchased natural gas and the amount included in rates in accordance with the MDPSC's market-based SOS and gas commodity programs, respectively.

Electric and natural gas revenue and purchased power and fuel expense are also affected by fluctuations in the number of customers electing to use a competitive electric generation or natural gas supplier. All BGE customers have the choice to purchase electricity and natural gas from competitive electric generation and natural gas suppliers, respectively. The customers' choice of suppliers does not impact the volume of deliveries, but does affect revenue collected from customers related to supplied energy and natural gas service.

Retail deliveries purchased from competitive electric generation and natural gas suppliers (as a percentage of kWh and mmcf sales, respectively) for the three and six months ended June 30, 2016 and 2015, consisted of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Electric	62%	64%	59%	59%
Natural Gas	67%	67%	55%	50%

The number of retail customers purchasing electric generation and natural gas from competitive electric generation and natural gas suppliers at June 30, 2016 and 2015 consisted of the following:

	June 30, 2016		June 30, 2015	
	Number of Customers	% of total retail customers	Number of customers	% of total retail customers
Electric	337,400	27%	349,400	28%
Natural Gas	151,600	23%	157,300	24%

The changes in BGE's operating revenues net of purchased power and fuel expense for the three and six months ended June 30, 2016, compared to the same periods in 2015, consisted of the following:

	Three Months Ended June 30, Increase (Decrease)			Six Months Ended June 30, Increase (Decrease)		
	Electric	Gas	Total	Electric	Gas	Total
Distribution rate increase	$ 6	$ 1	$ 7	$ 6	$ 1	$ 7
Regulatory required programs	2	1	3	—	—	—
Transmission revenue	8	—	8	20	—	20
Other	11	1	12	15	(5)	10
Total increase (decrease)	$ 27	$ 3	$ 30	$ 41	$ (4)	$ 37

Distribution Rate Increase. The increase in distribution rates for the three and six months ended June 30, 2016, compared to the same periods in 2015, was primarily due to the impact of the new electric and natural gas distribution rates charged to customers that became effective in June 2016 in accordance with the MDPSC approved electric and natural gas distribution rate case orders. See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Revenue Decoupling. The demand for electricity and natural gas is affected by weather and usage conditions. The MDPSC allows BGE to record a monthly adjustment to its electric and natural gas distribution revenue from all residential customers, commercial electric customers, the majority of large industrial electric customers, and all firm service natural gas customers to eliminate the effect of abnormal weather and usage patterns per customer on BGE's electric and natural gas distribution volumes, thereby recovering a specified dollar amount of distribution revenue per customer, by customer class, regardless of changes in actual consumption levels. This allows BGE to recognize revenue at MDPSC-approved levels per customer, regardless of what BGE's actual distribution volumes were for a billing period. Therefore, while this revenue is affected by customer growth (i.e., increase in the number of customers), it will not be affected by actual weather or usage conditions (i.e., changes in consumption per customer). BGE bills or credits customers in subsequent months for the difference between approved revenue levels under revenue decoupling and actual customer billings.

Heating and cooling degree days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree days for a 30-year period in BGE's service territory. The changes in heating degree days in BGE's service territory for the three and six months ended June 30, 2016 compared to the same periods in 2015 consisted of the following:

Heating and Cooling Degree-Days	2016	2015	Normal	% Change 2016 vs. 2015	% Change 2016 vs. Normal
Three Months Ended June 30,					
Heating Degree-Days	574	422	509	36.0%	12.8%
Cooling Degree-Days	219	317	257	(30.9)%	(14.8)%
Six Months Ended June 30,					
Heating Degree-Days	2,854	3,372	2,920	(15.4)%	(2.3)%
Cooling Degree-Days	219	317	257	(30.9)%	(14.8)%

Regulatory Required Programs. This represents the change in revenue collected under approved riders to recover costs incurred for the energy efficiency and demand response programs. The riders are designed to provide full recovery, as well as a return in certain instances. The costs of these programs are included in Operating and maintenance expense, Depreciation and amortization expense and Taxes other than income in BGE's Consolidated Statements of Operations and Comprehensive Income.

Transmission Revenue. Under a FERC-approved formula, transmission revenue varies from year to year based upon fluctuations in the underlying costs, investments being recovered and other billing determinants. During the three and six months ended June 30, 2016 compared to the same periods in 2015, the increase in transmission revenue was primarily due to increases in capital investment and operating and maintenance expense recoveries. See Operating and Maintenance Expense below and Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Other. Other revenue, which can vary from period to period, includes miscellaneous revenue such as service application and late payment fees.

Operating and Maintenance Expense

The changes in operating and maintenance expense for the three and six months ended June 30, 2016 compared to the same periods in 2015, consisted of the following:

	Three Months Ended June 30, Increase (Decrease)	Six Months Ended June 30, Increase (Decrease)
Impairment on long-lived assets and losses on regulatory assets [(a)]	$ 52	$ 52
Storm-related costs	1	18
Uncollectible accounts expense [(b)]	5	(7)
City of Baltimore conduit fees [(c)]	8	15
BSC allocations [(d)]	1	7
Other	(8)	(6)
Total increase	$ 59	$ 79

(a) See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.
(b) Uncollectible accounts increased primarily due to the impact of favorable second quarter weather conditions for the three months ended June 30, 2016 compared to the same period in 2015. Uncollectible accounts decreased primarily due to milder weather and improved customer behavior for the six months ended June 30, 2016 compared to the same periods in 2015.
(c) City of Baltimore conduit fees increased for the three and six months ended June 30, 2016 compared to the same periods in 2015 as a result of increased rental fees assessed by the City of Baltimore. See Executive Overview — Environmental Legislative and Regulatory Developments above and Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.
(d) Primarily reflects increased information technology support services from BSC during 2016.

Depreciation and Amortization

The changes in depreciation and amortization expense for the three and six months ended June 30, 2016 compared to the same periods in 2015 consisted of the following:

	Three Months Ended June 30, Increase (Decrease)	Six Months Ended June 30, Increase (Decrease)
Depreciation expense [(a)]	$ 2	$ 7
Regulatory asset amortization [(b)]	8	7
Total increase	$ 10	$ 14

(a) Depreciation expense increased due to ongoing capital expenditures.
(b) Regulatory asset amortization increased for the three and six months ended June 30, 2016 compared to the same periods in 2015 primarily due to an increase in regulatory asset amortization related to energy efficiency programs and recovery

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of the AMI programs under the final electric and natural gas distribution rate case order issued by the MDPSC in June 2016. See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Taxes Other Than Income

Taxes other than income, which can vary period to period, include municipal and state utility taxes, real estate taxes and payroll taxes. Taxes other than income for the three and six months ended June 30, 2016 compared to the same periods in 2015 remained relatively consistent.

Interest Expense, Net

Interest expense, net remained relatively consistent during the three and six months ended June 30, 2016, compared to the same periods in 2015.

Effective Income Tax Rate

BGE's effective income tax rate was 15.0% and 40.5% for the three months ended June 30, 2016 and 2015, respectively. BGE's effective income tax rate was 35.1% and 40.1% for the six months ended June 30, 2016 and 2015, respectively. The decrease in the effective income tax rate for the three and six months ended June 30, 2016 compared to the same periods in 2015, is primarily due a lower taxable income and a cumulative adjustment to tax expense pending anticipated recovery from transmission customers. See Note 11 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

BGE Electric Operating Statistics and Revenue Detail

Retail Deliveries to Customers (in GWhs)	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	% Change	Weather - Normal % Change	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015	% Change	Weather - Normal % Change
Retail Deliveries (a)								
Residential	2,616	2,635	(0.7)%	n.m.	6,095	6,808	(10.5)%	n.m.
Small commercial & industrial	692	780	(11.3)%	n.m.	1,466	1,625	(9.8)%	n.m.
Large commercial & industrial	3,417	3,467	(1.4)%	n.m.	6,635	6,906	(3.9)%	n.m.
Public authorities & electric railroads	72	74	(2.7)%	n.m.	143	149	(4.0)%	n.m.
Total electric deliveries	6,797	6,956	(2.3)%	n.m.	14,339	15,488	(7.4)%	n.m.

Number of Electric Customers	As of June 30, 2016	As of June 30, 2015
Residential	1,142,073	1,132,325
Small commercial & industrial	112,980	112,951
Large commercial & industrial	11,980	11,820
Public authorities & electric railroads	281	286
Total	1,267,314	1,257,382

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Electric Revenue	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	% Change	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015	% Change
Retail Sales (a)						
Residential	$ 324	$ 303	6.9%	$ 753	$ 752	0.1%
Small commercial & industrial	65	61	6.6%	137	137	—%
Large commercial & industrial	115	109	5.5%	215	229	(6.1)%
Public authorities & electric railroads	9	8	12.5%	18	16	12.5%
Total retail	513	481	6.7%	1,123	1,134	(1.0)%
Other revenue (b)	71	60	18.3%	141	120	17.5%
Total electric revenue	$ 584	$ 541	7.9%	$1,264	$1,254	0.8%

(a) Reflects delivery volumes and revenue from customers purchasing electricity directly from BGE and customers purchasing electricity from a competitive electric generation supplier as all customers are assessed distribution charges. For customers purchasing electricity from BGE, revenue also reflects the cost of energy and transmission.

(b) Includes operating revenues from affiliates totaling $2 million and $4 million for the three and six months ended June 30, 2016.

BGE Natural Gas Operating Statistics and Revenue Detail

Deliveries to Customers (in mmcf)	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	% Change	Weather - Normal % Change	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015	% Change	Weather - Normal % Change
Retail Deliveries (a)								
Retail sales	17,672	13,885	27.3%	n.m.	56,256	60,762	(7.4)%	n.m.
Transportation and other (b)	271	585	(53.7)%	n.m.	2,767	3,909	(29.2)%	n.m.
Total natural gas deliveries	17,943	14,470	24.0%	n.m.	59,023	64,671	(8.7)%	n.m.

Number of Gas Customers	As of June 30, 2016	As of June 30, 2015
Residential	618,268	614,168
Commercial & industrial	44,078	44,004
Total	662,346	658,172

Natural Gas Revenue	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	% Change	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015	% Change
Retail Sales (a)						
Retail sales	$ 93	$ 85	9.4%	$ 331	$ 384	(13.8)%
Transportation and other (b)	3	2	50.0%	14	26	(46.2)%
Total natural gas revenues (c)	$ 96	$ 87	10.3%	$ 345	$ 410	(15.9)%

(a) Reflects delivery volumes and revenue from customers purchasing natural gas directly from BGE and customers purchasing natural gas from a competitive natural gas supplier as all customers are assessed distribution charges. The cost of natural gas is charged to customers purchasing natural gas from BGE.

(b) Transportation and other gas revenue includes off-system revenue of 271 mmcfs ($2 million) and 585 mmcfs ($3 million) for the three months ended June 30, 2016 and 2015, respectively. Transportation and other gas revenue includes off-system revenue of 2,767 mmcfs ($11 million) and 3,909 mmcfs ($25 million) for the six months ended June 30, 2016 and 2015, respectively.

(c) Includes operating revenues from affiliates totaling $2 million and $1 million for the three months ended June 30, 2016 and 2015, respectively, and $5 million and $8 million for the six months ended June 30, 2016 and 2015, respectively.

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Results of Operations — PHI

PHI's results of operations include the results of its three reportable segments, Pepco, DPL and ACE for all periods presented below. For "Predecessor" reporting periods, PHI's results of operations also include the results of PES and PCI. See Note 20 — Segment Information of the Combined Notes to Consolidated Financial Statements for additional information regarding PHI's reportable segments. All material intercompany accounts and transactions have been eliminated in consolidation. A separate specific discussion of the results of operations for Pepco, DPL and ACE is presented elsewhere in this report.

As a result of the PHI Merger, the following consolidated financial results present two separate reporting periods for 2016. The "Predecessor" reporting periods represent PHI's results of operations for the three and six months ended June 30, 2015 and the period of January 1, 2016 to March 23, 2016. The "Successor" reporting periods represent PHI's results of operations for the three months ended June 30, 2016 and for the period from March 24, 2016 to June 30, 2016. All amounts presented below are before the impact of income taxes, except as noted.

	Successor	*Predecessor*	*Successor*	*Predecessor*	
	Three Months Ended June 30, 2016	**Three Months Ended June 30, 2015**	**March 24, 2016 to June 30, 2016**	**January 1, 2016 to March 23, 2016**	**Six Months Ended June 30, 2015**
Operating revenues	$ 1,066	$ 1,119	$ 1,171	$ 1,153	$ 2,473
Purchased power and fuel	416	429	454	497	1,067
Revenue net of purchased power and fuel (a)	650	690	717	656	1,406
Other operating expenses					
Operating and maintenance	246	288	695	294	589
Depreciation and amortization	160	152	174	152	307
Taxes other than income	108	111	123	105	229
Total other operating expenses	514	551	992	551	1,125
Operating income (loss)	136	139	(275)	105	281
Other income and (deductions)					
Interest expense, net	(66)	(71)	(71)	(65)	(140)
Other, net	11	12	12	(4)	21
Total other income and (deductions)	(55)	(59)	(59)	(69)	(119)
Income (loss) before income taxes	81	80	(334)	36	162
Income taxes	29	27	(77)	17	56
Net income (loss) attributable to membership interest/common shareholders	$ 52	$ 53	$ (257)	$ 19	$ 106

(a) PHI evaluates its operating performance using the measure of revenue net of purchased power and fuel expense for electric and natural gas sales. PHI believes revenue net of purchased power and fuel expense is a useful measurement because it provides information that can be used to evaluate its operational performance. PHI has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, Revenue net of purchased power and fuel expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

Successor Period Three Months Ended June 30, 2016 Compared to the Predecessor Period Three Months Ended June 30, 2015

Net Income Attributable to Common Shareholders

PHI's net income attributable to common shareholders was $52 million for the three months ended June 30, 2016 as compared to $53 million for the three months ended June 30, 2015.

Operating Revenue Net of Purchased Power and Fuel Expense

Operating revenue net of purchased power and fuel expense, which is a non-GAAP measure discussed above, decreased by $40 million for the three months ended June 30, 2016 as compared to the three months ended June 30, 2015. The decrease is attributable to the following factors:

- Increase of $15 million at Pepco primarily related to electric distribution revenue increases totaling $9 million due to customer growth, $3 million due to an EmPower Maryland rate increase effective February 2015, and $2 million higher transmission revenue due to a higher rate effective June 1, 2015, partially offset by lower revenue related to the MAPP abandonment recovery period ending March 2016.
- Increase of $13 million at DPL primarily related to electric distribution revenue increases totaling $4 million due to customer growth, an increase of $2 million due to an EmPower Maryland rate increase effective February 2015, and $4 million higher transmission revenue due to a higher rate effective June 1, 2015, partially offset by lower revenue related to the MAPP abandonment recovery period ending March 2016.
- Decrease of $9 million at ACE primarily related to lower average customer usage and lower weather-related sales.
- Decrease of $63 million at PES due to PHI's results of operations including the results of PES in 2015 and not in 2016.

Operating and Maintenance Expense

Operating and maintenance expense decreased by $42 million for the three months ended June 30, 2016 as compared to the three months ended June 30, 2015. The decrease is attributable to the following factors:

- Increase of $8 million at Pepco, DPL and ACE primarily due to $11 million of higher BSC and PHISCO allocations, $8 million resulting from a remeasurement of AMI-related regulatory assets, $4 million due to the write-off of construction work in progress, partially offset by a $12 million deferral of merger-related costs to a regulatory asset and $3 million lower labor, contracting and material costs primarily related to the implementation of a new customer information system in 2015.
- Increase of $11 million at Corporate due primarily to inter-company and purchase accounting transactions.
- Decrease of $61 million at PES due to PHI's results of operations including the results of PES in 2015 and not in 2016.

Depreciation and Amortization Expense

Depreciation and amortization expense increased by $8 million primarily due to higher depreciation of $6 million due to ongoing capital expenditures at Pepco, DPL, and ACE.

Taxes Other Than Income

Taxes other than income decreased by $3 million primarily due to lower utility taxes that are collected and passed through by Pepco and DPL.

Interest Expense, Net

Interest expense decreased by $5 million due to lower corporate interest expense.

Other, Net

Other, net for the three months ended June 30, 2016 remained relatively level compared to the same period in 2015.

Effective Income Tax Rate

PHI's effective income tax rates for the three months ended June 30, 2016 and 2015 were 35.8% and 33.8%, respectively. See Note 11 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

Successor Period March 24, 2016 to June 30, 2016

PHI's net loss attributable to common shareholders for the Successor period of March 24, 2016 to June 30, 2016 was $(257) million. There were no significant changes in the underlying trends affecting PHI's operations during the Successor period of March 24, 2016 to June 30, 2016 except for the pre-tax recording of $419 million of non-recurring merger-related costs within Operating and maintenance expense.

PHI's effective income tax rate for the Successor period of March 24, 2016 to June 30, 2016 was 23.1%. See Note 11 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

Predecessor Period January 1, 2016 to March 23, 2016

PHI's net income attributable to common shareholders for the Predecessor period of January 1, 2016 to March 23, 2016 was $19 million. There were no significant changes in the underlying trends affecting PHI's operations during the Predecessor period of January 1, 2016 to March 23, 2016 except for the pre-tax recording of $29 million of non-recurring merger-related costs within Operating and maintenance expense and $18 million of preferred stock derivative expense within Other, net.

PHI's effective income tax rate for the Predecessor period of January 1, 2016 to March 23, 2016 was 47.2%. See Note 11 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

Predecessor Period January 1, 2015 to June 30, 2015

PHI's net income attributable to common shareholders for the Predecessor period of the six months ended June 30, 2015 was $106 million. There were no significant changes in the underlying trends affecting PHI's operations during the Predecessor period of the six months ended June 30, 2015 except for the pre-tax recording of $30 million of implementation and support costs due to the completion of a new customer information system and $14 million of non-recurring merger-related costs within Operating and maintenance expense.

PHI's effective income tax rate for the six months ended June 30, 2015 was 34.6%. See Note 11 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

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Results of Operations—Pepco

	Three Months Ended June 30,		Favorable (Unfavorable) Variance	Six Months Ended June 30,		Favorable (Unfavorable) Variance
	2016	2015		2016	2015	
Operating revenues	$ 509	$ 504	$ 5	$ 1,061	$ 1,049	$ 12
Purchased power expense	152	162	10	351	373	22
Revenue net of purchased power expense [a]	357	342	15	710	676	34
Other operating expenses						
Operating and maintenance	109	103	(6)	399	215	(184)
Depreciation and amortization	70	63	(7)	144	125	(19)
Taxes other than income	89	93	4	182	190	8
Total other operating expenses	268	259	(9)	725	530	(195)
Gain on sale of assets	8	—	8	8	—	8
Operating income (loss)	97	83	14	(7)	146	(153)
Other income and (deductions)						
Interest expense, net	(31)	(31)	—	(68)	(61)	(7)
Other, net	6	8	(2)	14	13	1
Total other income and (deductions)	(25)	(23)	(2)	(54)	(48)	(6)
Income (loss) before income taxes	72	60	12	(61)	98	(159)
Income taxes	23	18	(5)	(1)	30	31
Net income (loss) attributable to common shareholder	$ 49	$ 42	$ 7	$ (60)	$ 68	$ (128)

(a) Pepco evaluates its operating performance using the measure of revenue net of purchased power expense for electric sales. Pepco believes revenue net of purchased power expense is a useful measurement because it provides information that can be used to evaluate its operational performance. Pepco has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, Revenue net of purchased power expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

Net Income (Loss) Attributable to Common Shareholder

Three Months Ended June 30, 2016 Compared to Three Months Ended June 30, 2015. Pepco's net income attributable to common shareholder for the three months ended June 30, 2016, was higher than the same period in 2015, primarily due to an increase in revenue net of purchased power expense resulting from customer growth.

Six Months Ended June 30, 2016 Compared to Six Months Ended June 30, 2015. Pepco's net loss attributable to common shareholder for the six months ended June 30, 2016, compared unfavorably to Pepco's net income for the same period in 2015, primarily due to an increase in operating and maintenance expense due to merger-related costs.

Operating Revenue Net of Purchased Power Expense

Operating revenues include revenue from the distribution and supply of electricity to Pepco's customers within its service territories at regulated rates. Operating revenues also include transmission service revenue that Pepco receives as a transmission owner from PJM at rates regulated by FERC. Transmission rates are updated annually based on a FERC-approved formula methodology.

Electric revenues and purchased power expense are also affected by fluctuations in participation in the Customer Choice Program. All Pepco customers have the choice to purchase electricity from competitive electric generation suppliers. The customers' choice of supplier does not impact the volume of deliveries, but affects revenue collected from customers related to supplied energy service.

Retail deliveries purchased from competitive electric generation suppliers (as a percentage of kWh sales) for the three and six months ended June 30, 2016, compared to the same periods in 2015, consisted of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Electric	67%	66%	65%	63%

Retail customers purchasing electric generation from competitive electric generation suppliers at June 30, 2016 and 2015 consisted of the following:

	June 30, 2016		June 30, 2015	
	Number of customers	% of total retail customers	Number of customers	% of total retail customers
Electric	175,657	21%	158,753	20%

Retail deliveries purchased from competitive electric generation suppliers represented 73% and 73% of Pepco's retail kWh sales to the District of Columbia customers and 61% and 59% of Pepco's retail kWh sales to Maryland customers for the three and six months ended June 30, 2016 and 73% and 70% of Pepco's retail kWh sales to the District of Columbia customers and 61% and 58% of Pepco's retail kWh sales to Maryland customers for the three and six months ended June 30, 2015.

The costs related to default electricity supply are included in Purchased power expense. Operating revenues also include transmission enhancement credits that Pepco receives as a transmission owner from PJM in consideration for approved regional transmission expansion plan expenditures.

Operating revenues also include work and services performed on behalf of customers, including other utilities, which is generally not subject to price regulation. Work and services includes mutual assistance to other utilities, highway relocation, rentals of pole attachments, late payment fees and collection fees.

Purchased power expense consists of the cost of electricity purchased by Pepco to fulfill its default electricity supply obligation and, as such, is recoverable from customers in accordance with the terms of public service commission orders.

The changes in Pepco's operating revenues net of purchased power expense for the three and six months ended June 30, 2016 compared to the same period in 2015 consisted of the following:

	Three Months Ended June 30,	Six Months Ended June 30,
	Increase (Decrease)	Increase (Decrease)
Volume	$ 9	$ 14
Regulatory required programs	3	16
Transmission revenue	2	4
Other	1	—
Total increase	$ 15	$ 34

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Revenue Decoupling. Pepco's results historically have been seasonal, generally producing higher revenue and income in the warmest and coldest periods of the year. For retail customers of Pepco in Maryland and in the District of Columbia, revenues are not affected by unseasonably warmer or colder weather because a bill stabilization adjustment (BSA) for retail customers was implemented that provides for a fixed distribution charge per customer. The BSA has the effect of decoupling the distribution revenue recognized in a reporting period from the amount of power delivered during the period. As a result, the only factors that will cause distribution revenue from customers in Maryland and the District of Columbia to fluctuate from period to period are changes in the number of customers and changes in the approved distribution charge per customer. Changes in customer usage (due to weather conditions, energy prices, energy efficiency programs or other reasons) from period to period have no impact on reported distribution revenue for customers to whom the BSA applies.

In accounting for the BSA in Maryland and the District of Columbia, a Revenue Decoupling Adjustment is recorded representing either (i) a positive adjustment equal to the amount by which revenue from Maryland and the District of Columbia retail distribution sales falls short of the revenue that Pepco is entitled to earn based on the approved distribution charge per customer or (ii) a negative adjustment equal to the amount by which revenue from such distribution sales exceeds the revenue that Pepco is entitled to earn based on the approved distribution charge per customer.

Heating and cooling degree days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree days for a 20-year period in Pepco's service territory. The changes in heating and cooling degree days in Pepco's service territory for the three and six months ended June 30, 2016 compared to the same periods in 2015 and normal weather consisted of the following:

				% Change	
	2016	2015	Normal	2016 vs. 2015	2016 vs. Normal
Three Months Ended June 30,					
Heating Degree-Days	397	200	324	98.5%	22.5%
Cooling Degree-Days	452	676	475	(33.1)%	(4.8)%
Six Months Ended June 30,					
Heating Degree-Days	2,407	2,691	2,494	(10.6)%	(3.5)%
Cooling Degree-Days	454	676	478	(32.8)%	(5.0)%

Volume. The increase in operating revenue net of purchased power and fuel expense related to delivery volume, exclusive of the effects of weather, for the three and six months ended June 30, 2016 compared to the same periods in 2015, primarily reflects the impact of economic and customer growth.

Regulatory Required Programs. This represents the change in operating revenues collected under approved riders to recover costs incurred for regulatory programs such as energy efficiency programs. The riders are designed to provide full and current cost recovery as well as a return. The costs of these programs are included in operating and maintenance expense, depreciation and amortization expense and other taxes. Refer to the operating and maintenance expense discussion below for additional information on included programs.

Transmission Revenue. Under a FERC-approved formula, transmission revenue varies from year to year based upon fluctuations in the underlying costs, investments being recovered and other billing adjustments. The increase in revenue net of purchased power expense for the three and six months ended June 30, 2016 compared to the same periods in 2015 is a result of higher rates effective June 1, 2015 related to increases in transmission plant investment and operating expenses, partially offset by lower revenue related to the MAPP abandonment recovery period ending March 2016.

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Operating and Maintenance Expense

	Three Months Ended June 30,		Increase (Decrease)	Six Months Ended June 30,		Increase (Decrease)
	2016	2015		2016	2015	
Operating and maintenance expense — baseline	$ 107	$ 101	$ 6	$ 394	$ 210	$ 184
Operating and maintenance expense — regulatory required programs [(a)]	2	2	—	5	5	—
Total operating and maintenance expense	$ 109	$ 103	$ 6	$ 399	$ 215	$ 184

(a) Operating and maintenance expenses for regulatory required programs are costs for various legislative and/or regulatory programs that are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in Operating revenues.

The changes in operating and maintenance expense for the three and six months ended June 30, 2016 compared to the same periods in 2015, consisted of the following:

	Three Months Ended June 30, Increase (Decrease)	Six Months Ended June 30, Increase (Decrease)
Baseline		
Labor, other benefits, contracting and materials	$ (3)	$ 4
Storm-related costs	1	3
Remeasurement of AMI-related regulatory asset	7	7
Deferral of merger-related costs to regulatory asset	(9)	(9)
BSC and PHISCO allocations [(a)]	5	34
Merger commitments [(b)]	—	139
Other	5	6
Total increase	$ 6	$ 184

(a) Primarily related to merger severance and compensation costs.
(b) Primarily related to merger-related commitments for customer rate credits and charitable contributions.

Depreciation and Amortization Expense

The changes in depreciation and amortization expense for the three and six months ended June 30, 2016 compared to the same periods in 2015, consisted of the following:

	Three Months Ended June 30, Increase (Decrease)	Six Months Ended June 30, Increase (Decrease)
Depreciation expense [(a)]	$ 2	$ 4
Regulatory asset amortization [(b)]	5	16
Other	—	(1)
Total increase	$ 7	$ 19

(a) Depreciation expense increased due to ongoing capital expenditures.
(b) Regulatory asset amortization increased for the three and six months ended June 30, 2016 compared to the same periods in 2015 primarily due to an EmPower Maryland surcharge rate increase effective February 2015, partially offset by lower amortization of MAPP abandonment costs.

Taxes Other Than Income

Taxes other than income for the three and six months ended June 30, 2016 compared to the same periods in 2015 decreased primarily due to lower property taxes in Maryland and lower utility taxes that are collected and passed through by Pepco.

Gain on Sale of Assets

Gain on sale of assets for the three and six months ended June 30, 2016 compared to the same periods in 2015 increased due to a second quarter 2016 gain recorded from the sale of land.

Interest Expense, Net

Interest expense, net for the six months ended June 30, 2016 compared to the same period in 2015 increased $7 million primarily due to the recording of interest expense for an uncertain tax position in the first quarter of 2016.

Other, Net

Other, net for the three months ended June 30, 2016 compared to the same period in 2015 decreased primarily due to lower income from the return on AMI-related regulatory assets.

Other, net for the six months ended June 30, 2016 compared to the same period in 2015 increased primarily due to higher income from AFUDC.

Effective Income Tax Rate

Pepco's effective income tax rate was 31.9% and 30.0% for three months ended June 30, 2016 and 2015, respectively. Pepco's effective income tax rate was 1.6% and 30.6% for the six months ended June 30, 2016 and 2015, respectively. See Note 11 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the change in effective income tax rates. As a result of the merger, Pepco recorded an after-tax charge of $33 million during the six months ended June 30, 2016 as a result of assessment and remeasurement of certain federal and state uncertain tax positions.

Pepco Electric Operating Statistics and Revenue Detail

	Three Months Ended June 30,				Six Months Ended June 30,			
Retail Deliveries to Customers (in GWhs)	2016	2015	% Change	Weather - Normal % Change	2016	2015	% Change	Weather - Normal % Change
Retail Deliveries (a)								
Residential	1,760	1,899	(7.3)%	0.8%	3,978	4,489	(11.4)%	(1.6)%
Small commercial & industrial	348	307	13.4%	0.3%	730	771	(5.3)%	(0.5)%
Large commercial & industrial	3,631	3,897	(6.8)%	(0.1)%	7,576	7,505	0.9%	(0.4)%
Public authorities & electric railroads	176	179	(1.7)%	—%	364	363	0.3%	(0.4)%
Total retail deliveries	5,915	6,282	(5.8)%	1.0%	12,648	13,128	(3.7)%	(0.8)%

	As of June 30,	
Number of Electric Customers	2016	2015
Residential	771,541	739,440
Small commercial & industrial	53,345	53,413
Large commercial & industrial	21,401	20,515
Public authorities & electric railroads	127	121
Total	846,414	813,489

Electric Revenue	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	% Change	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015	% Change
Retail Sales (a)						
Residential	$ 220	$ 220	—%	$ 476	$ 486	(2.1)%
Small commercial & industrial	36	36	—%	73	73	—%
Large commercial & industrial	195	193	1.0%	395	379	4.2%
Public authorities & electric railroads	8	8	—%	16	16	—%
Total retail	459	457	0.4%	960	954	0.6%
Other revenue (b)	50	47	6.4%	101	95	6.3%
Total electric revenue (c)	$ 509	$ 504	1.0%	$ 1,061	$ 1,049	1.1%

(a) Reflects delivery volumes and revenues from customers purchasing electricity directly from Pepco and customers purchasing electricity from a competitive electric generation supplier as all customers are assessed distribution charges. For customers purchasing electricity from Pepco, revenue also reflects the cost of energy and transmission.

(b) Other revenue includes transmission revenue from PJM and wholesale electric revenues.

(c) Includes operating revenues from affiliates totaling $1 million and $1 million for the three months ended June 30, 2016 and 2015, respectively, and $3 million and $2 million for the six months ended June 30, 2016 and 2015, respectively.

Results of Operations — DPL

	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	Favorable (Unfavorable) Variance	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015	Favorable (Unfavorable) Variance
Operating revenues	$ 281	$ 271	$ 10	$ 643	$ 691	$ (48)
Purchased power and fuel	122	125	3	298	350	52
Revenue net of purchased power and fuel (a)	159	146	13	345	341	4
Other operating expenses						
Operating and maintenance	78	75	(3)	283	157	(126)
Depreciation, amortization and accretion	38	35	(3)	76	74	(2)
Taxes other than income	13	12	(1)	28	24	(4)
Total other operating expenses	129	122	(7)	387	255	(132)
Operating income (loss)	30	24	6	(42)	86	(128)
Other income and (deductions)						
Interest expense, net	(13)	(13)	—	(25)	(25)	—
Other, net	3	2	1	6	5	1
Total other income and (deductions)	(10)	(11)	1	(19)	(20)	1
Income (loss) before income taxes	20	13	7	(61)	66	(127)
Income taxes	8	5	(3)	(1)	26	27
Net income (loss) attributable to common shareholder	$ 12	$ 8	$ 4	$ (60)	$ 40	$ (100)

(a) DPL evaluates its operating performance using the measure of revenue net of purchased power expense for electric sales and revenue net of fuel expense for natural gas sales. DPL believes revenue net of purchased power expense and revenue net of fuel expense are useful measurements because they provide information that can be used to evaluate its operational performance. DPL has included the analysis below as a complement to the financial information provided in accordance

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with GAAP. However, Revenue net of purchased power expense and Revenue net of fuel expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

Net Income (Loss) Attributable to Common Shareholder

Three Months Ended June 30, 2016 Compared to Three Months Ended June 30, 2015. DPL's net income attributable to common shareholder for the three months ended June 30, 2016, was higher than the same period in 2015 as a result of an increase in revenue net of purchased power expense primarily resulting from customer growth and higher transmission revenue offset by increases in various operating expenses discussed below.

Six Months Ended June 30, 2016 Compared to Six Months Ended June 30, 2015. DPL's net loss attributable to common shareholder for the six months ended June 30, 2016, compared unfavorably to DPL's net income for the same period in 2015, primarily due to an increase in operating and maintenance expense due to merger-related costs.

Operating Revenue Net of Purchased Power and Fuel Expense

Operating revenues include revenue from the distribution and supply of electricity to DPL's customers within its service territories at regulated rates. Operating revenues also include transmission service revenue that DPL receives as a transmission owner from PJM at rates regulated by FERC. Transmission rates are updated annually based on a FERC-approved formula methodology.

Electric and natural gas revenues and purchased power and fuel expense are also affected by fluctuations in participation in the Customer Choice Program. All DPL customers have the choice to purchase electricity and natural gas from competitive electric generation and natural gas suppliers, respectively. The customers' choice of suppliers does not impact the volume of deliveries, but affects revenue collected from customers related to supplied energy and natural gas service.

Retail deliveries purchased from competitive electric generation and natural gas suppliers (as a percentage of kWh and mmcf sales, respectively) for the three and six months ended June 30, 2016 and 2015, consisted of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Electric	56%	57%	52%	48%
Natural Gas	39%	42%	29%	27%

Retail customers purchasing electric generation and natural gas from competitive electric generation and natural gas suppliers at June 30, 2016 and 2015 consisted of the following:

	June 30, 2016		June 30, 2015	
	Number of customers	% of total retail customers	Number of customers	% of total retail customers
Electric	76,709	14.9%	77,004	14.9%
Natural Gas	157	0.1%	161	0.1%

Retail deliveries purchased from competitive electric generation suppliers represented 57% and 54% of DPL's retail kWh sales to Delaware customers and 52% and 48% of DPL retail kWh sales to Maryland customers for the three and six months ended June 30, 2016 and 59% and 50% and to Delaware customers and 54% and 45% and to Maryland customers for the three and six months ended June 30, 2015.

The costs related to default electricity supply are included in Purchased power and fuel. Operating revenues also include transmission enhancement credits that DPL receives as a transmission owner from PJM in consideration for approved regional transmission expansion plan expenditures.

Operating revenues also include work and services performed on behalf of customers, including other utilities, which is generally not subject to price regulation. Work and services includes mutual assistance to other utilities, highway relocation, rentals of pole attachments, late payment fees and collection fees.

Natural gas operating revenue includes sources that are subject to price regulation (Regulated Gas Revenue) and those that generally are not subject to price regulation (Other Gas Revenue). Regulated gas revenue includes the revenue DPL receives from on-system natural gas delivered sales and the transportation of natural gas for customers within its service territory at regulated rates. Other gas revenue consists of off-system natural gas sales and the short-term release of interstate pipeline transportation and storage capacity not needed to serve customers. Off-system sales are made possible when low demand for natural gas by regulated customers creates excess pipeline capacity.

Purchased power consists of the cost of electricity purchased by DPL to fulfill its default electricity supply obligation and, as such, is recoverable from customers in accordance with the terms of public service commission orders. Purchased fuel consists of the cost of gas purchased by DPL to fulfill its obligation to regulated gas customers and, as such, is recoverable from customers in accordance with the terms of public service commission orders. It also includes the cost of gas purchased for off-system sales.

The changes in DPL's operating revenues net of purchased power and fuel expense for the three and six months ended June 30, 2016 compared to the same periods in 2015 consisted of the following:

	Three Months Ended June 30			Six Months Ended June 30		
	Increase (Decrease)			Increase (Decrease)		
	Electric	Gas	Total	Electric	Gas	Total
Weather	$ (1)	$ 3	$ 2	$ (8)	$ (5)	$ (13)
Volume	4	—	4	6	2	8
Regulatory required programs	2	—	2	1	—	1
Transmission revenue	4	—	4	7	—	7
Other	1	—	1	1	—	1
Total increase (decrease)	$ 10	$ 3	$ 13	$ 7	$ (3)	$ 4

Revenue Decoupling. DPL's results historically have been seasonal, generally producing higher revenue and income in the warmest and coldest periods of the year. For retail customers of DPL in Maryland, revenues are not affected by unseasonably warmer or colder weather because a bill stabilization adjustment (BSA) for retail customers was implemented that provides for a fixed distribution charge per customer. The BSA has the effect of decoupling the distribution revenue recognized in a reporting period from the amount of power delivered during the period. As a result, the only factors that will cause distribution revenue from customers in Maryland to fluctuate from period to period are changes in the number of customers and changes in the approved distribution charge per customer. A modified fixed variable rate design, which would provide for a charge not tied to a customer's volumetric consumption of electricity or natural gas, has been proposed for DPL electricity and natural gas customers in Delaware. Changes in customer usage (due to weather conditions, energy prices, energy efficiency programs or other reasons) from period to period have no impact on reported distribution revenue for customers to whom the BSA applies.

In accounting for the BSA in Maryland, a Revenue Decoupling Adjustment is recorded representing either (i) a positive adjustment equal to the amount by which revenue from Maryland retail distribution sales falls short of the revenue that DPL is entitled to earn based on the approved distribution charge per customer or (ii) a negative adjustment equal to the amount by which revenue from such distribution sales exceeds the revenue that DPL is entitled to earn based on the approved distribution charge per customer.

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Weather. The demand for electricity and natural gas in areas not subject to the BSA is affected by weather conditions. With respect to the electric business, very warm weather in summer months and, with respect to the electric and natural gas businesses, very cold weather in winter months are referred to as "favorable weather conditions" because these weather conditions result in increased deliveries of electricity and natural gas. Conversely, mild weather reduces demand. During the three months ended June 30, 2016 compared to the same period in 2015, operating revenue net of purchased power and fuel expense was higher due to the impact of favorable weather conditions in DPL's service territory. During the six months ended June 30, 2016 compared to the same period in 2015, operating revenue net of purchased power and fuel expense was lower due to the impact of unfavorable winter weather conditions in DPL's service territory.

Heating and cooling degree days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree days for a 20-year period in DPL's electric service territory and a 30-year period in DPL's natural gas service territory. The changes in heating and cooling degree days in DPL's service territory for the three and six months ended June 30, 2016 compared to the same periods in 2015 and normal weather consisted of the following:

				% Change	
Three Months Ended June 30,	**2016**	**2015**	**Normal**	**2016 vs. 2015**	**2016 vs. Normal**
Heating Degree-Days	551	408	490	35.0%	12.4%
Cooling Degree-Days	304	418	327	(27.3)%	(7.0)%
Six Months Ended June 30,					
Heating Degree-Days	2,798	3,273	2,939	(14.5)%	(4.8)%
Cooling Degree-Days	307	418	328	(26.6)%	(6.4)%

Volume. The increase in operating revenue net of purchased power and fuel expense related to delivery volume, exclusive of the effects of weather, for the three and six months ended June 30, 2016 compared to the same periods in 2015, primarily reflects the impact of moderate economic and customer growth.

Regulatory Required Programs. This represents the change in operating revenues collected under approved riders to recover costs incurred for regulatory programs such as energy efficiency programs. The riders are designed to provide full and current cost recovery as well as a return. The costs of these programs are included in operating and maintenance expense, depreciation and amortization expense and income taxes. Refer to the operating and maintenance expense discussion below for additional information on included programs.

Transmission Revenue. Under a FERC-approved formula, transmission revenue varies from year to year based upon fluctuations in the underlying costs, investments being recovered and other billing adjustments. The increase in revenue net of purchased power expense for the three and six months ended June 30, 2016 compared to the same periods in 2015 is a result of higher rates effective June 1, 2015 related to increases in transmission plant investment and operating expenses, partially offset by lower revenue related to the MAPP abandonment recovery period ending March 2016.

Operating and Maintenance Expense

	Three Months Ended June 30,			Six Months Ended June 30,		
	2016	**2015**	**Increase (Decrease)**	**2016**	**2015**	**Increase (Decrease)**
Operating and maintenance expense — baseline	$ 76	$ 71	$ 5	$ 278	$ 148	$ 130
Operating and maintenance expense — regulatory required programs [(a)]	2	4	(2)	5	9	(4)
Total operating and maintenance expense	$ 78	$ 75	$ 3	$ 283	$ 157	$ 126

(a) Operating and maintenance expenses for regulatory required programs are costs for various legislative and/or regulatory programs that are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in Operating revenues.

The changes in operating and maintenance expense for the three and six months ended June 30, 2016 compared to the same periods in 2015, consisted of the following:

	Three Months Ended June 30, Increase (Decrease)	Six Months Ended June 30, Increase (Decrease)
Baseline		
Labor, other benefits, contracting and materials	$ (2)	$ (1)
Storm-related costs	—	3
Uncollectible accounts expense	(2)	(3)
Remeasurement of AMI-related regulatory asset	1	1
Deferral of merger-related costs to regulatory asset	(3)	(3)
Write-off of construction work in progress	4	4
BSC and PHISCO allocations [(a)]	3	19
Merger commitments [(b)]	—	104
Other	4	6
	5	130
Regulatory required programs		
Purchased power administrative costs	(2)	(4)
Total increase	$ 3	$ 126

(a) Primarily related to merger severance and compensation costs.
(b) Primarily related to merger-related commitments for customer rate credits and charitable contributions.

Depreciation, Amortization and Accretion Expense

The changes in depreciation, amortization and accretion expense for the three and six months ended June 30, 2016 compared to the same periods in 2015 consisted of the following:

	Three Months Ended June 30, Increase (Decrease)	Six Months Ended June 30, Increase (Decrease)
Depreciation expense [(a)]	$ 2	$ 4
Regulatory asset amortization [(b)]	—	1
Delaware renewable energy portfolio standards deferral	1	(3)
Total increase	$ 3	$ 2

(a) Depreciation expense increased due to ongoing capital expenditures.
(b) Regulatory asset amortization increased for the three and six months ended June 30, 2016 compared to the same periods in 2015 due to an EmPower Maryland surcharge rate increase effective February 2015, partially offset by lower amortization of MAPP abandonment costs.

Taxes Other Than Income

Taxes other than income for the three and six months ended June 30, 2016 compared to the same periods in 2015 increased primarily due to higher property taxes.

Interest Expense, Net

Interest expense, net for the three and six months ended June 30, 2016 compared to the same periods in 2015 remained relatively constant.

Other, Net

Other, net for the three and six months ended June 30, 2016 remained relatively level compared to the same periods in 2015.

Effective Income Tax Rate

DPL's effective income tax rate was 40.0% and 38.5% for the three months ended June 30, 2016 and 2015, respectively. DPL's effective income tax rate was 1.6% and 39.4% for the six months ended June 30, 2016 and 2015 respectively. See Note 11 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates. As a result of the merger, DPL recorded an after-tax charge of $24 million during the six months ended June 30, 2016 as a result of assessment and remeasurement of certain federal and state uncertain tax positions.

DPL Electric Operating Statistics and Revenue Detail

Retail Deliveries to Customers (in GWhs)	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	% Change	Weather - Normal % Change	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015	% Change	Weather - Normal % Change
Retail Deliveries [a]								
Residential	1,038	1,009	2.9%	0.4%	2,465	2,872	(14.2)%	(2.7)%
Small commercial & industrial	532	675	(21.2)%	1.5%	1,104	1,185	(6.8)%	(0.2)%
Large commercial & industrial	1,164	1,159	0.4%	0.2%	2,242	2,267	(1.1)%	(0.3)%
Public authorities & electric railroads	12	10	20.0%	(16.5)%	26	23	13.0%	(8.2)%
Total retail deliveries	2,746	2,853	(3.8)%	0.4%	5,837	6,347	(8.0)%	(1.3)%

Number of Electric Customers	As of June 30, 2016	As of June 30, 2015
Residential	454,402	453,664
Small commercial & industrial	59,904	59,466
Large commercial & industrial	1,417	1,418
Public authorities & electric railroads	643	645
Total	516,366	515,193

Electric Revenue	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	% Change	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015	% Change
Retail Sales [a]						
Residential	$ 143	$ 134	6.7%	$ 323	$ 350	(7.7)%
Small commercial & industrial	46	44	4.5%	95	94	1.1%
Large commercial & industrial	25	30	(16.7)%	50	53	(5.7)%
Public authorities & electric railroads	3	3	—%	7	6	16.7%
Total retail	217	211	2.8%	475	503	(5.6)%
Other revenue [b]	38	35	8.6%	83	77	7.8%
Total electric revenue [c]	$ 255	$ 246	3.7%	$ 558	$ 580	(3.8)%

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(a) Reflects delivery volumes and revenues from customers purchasing electricity directly from DPL and customers purchasing electricity from a competitive electric generation supplier as all customers are assessed distribution charges. For customers purchasing electricity from DPL, revenue also reflects the cost of energy and transmission.
(b) Other revenue includes transmission revenue from PJM and wholesale electric revenues.
(c) Includes operating revenues from affiliates totaling $2 million and $2 million for the three months ended June 30, 2016 and 2015, respectively, and $4 million and $3 million for the six months ended June 30, 2016 and 2015, respectively.

DPL Natural Gas Operating Statistics and Revenue Detail

Retail Deliveries to Customers (in mmcf)	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	% Change	Weather - Normal % Change	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015	% Change	Weather - Normal % Change
Retail Deliveries								
Residential	2,072	1,731	19.7%	7.4%	8,132	9,609	(15.4)%	(3.9)%
Transportation & other	1,321	1,247	5.9%	1.1%	3,289	3,572	(7.9)%	(1)%
Total natural gas deliveries	3,393	2,978	13.9%	4.9%	11,421	13,181	(13.4)%	(3.1)%

Number of Gas Customers	As of June 30, 2016	As of June 30, 2015
Residential	119,592	118,881
Commercial & industrial	9,669	9,597
Transportation & other	157	161
Total	129,418	128,639

Natural Gas Revenue	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	% Change	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015	% Change
Retail Sales (a)						
Retail sales	$ 21	$ 20	5.0%	$ 74	$ 99	(25.3)%
Transportation & other (b)	5	5	—%	11	12	(8.3)%
Total natural gas revenues	$ 26	$ 25	4.0%	$ 85	$ 111	(23.4)%

(a) Reflects delivery volumes and revenues from customers purchasing natural gas directly from DPL and customers purchasing natural gas from a competitive natural gas supplier as all customers are assessed distribution charges. For customers purchasing natural gas from DPL, revenue also reflects the cost of natural gas.
(b) Transportation and other revenue includes off-system natural gas sales and the short-term release of interstate pipeline transportation and storage capacity not needed to serve customers.

Results of Operations — ACE

	Three Months Ended June 30,		Favorable (Unfavorable) Variance	Six Months Ended June 30,		Favorable (Unfavorable) Variance
	2016	2015		2016	2015	
Operating revenues	$ 270	$ 285	$ (15)	$ 561	$ 618	$ (57)
Purchased power expense	141	147	6	298	338	40
Revenue net of purchased power expense [a]	129	138	(9)	263	280	(17)
Other operating expenses						
Operating and maintenance	68	69	1	280	138	(142)
Depreciation, amortization and accretion	41	43	2	81	86	5
Taxes other than income	2	1	(1)	4	3	(1)
Total other operating expenses	111	113	2	365	227	(138)
Gain on sale of assets	1	—	1	1	—	1
Operating income (loss)	19	25	(6)	(101)	53	(154)
Other income and (deductions)						
Interest expense, net	(16)	(16)	—	(32)	(32)	—
Other, net	2	1	1	5	3	2
Total other income and (deductions)	(14)	(15)	1	(27)	(29)	2
Income (loss) before income taxes	5	10	(5)	(128)	24	(152)
Income taxes	2	4	2	(31)	9	40
Net income (loss) attributable to common shareholder	$ 3	$ 6	$ (3)	$ (97)	$ 15	$ (112)

(a) ACE evaluates its operating performance using the measure of revenue net of purchased power expense for electric sales. ACE believes Revenue net of purchased power expense is a useful measurement of its performance because it provides information that can be used to evaluate its operational performance. ACE has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, Revenue net of purchased power expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

Net Income (Loss) Attributable to Common Shareholder

Three Months Ended June 30, 2016 Compared to Three Months Ended June 30, 2015. ACE's net income attributable to common shareholder for the three months ended June 30, 2016, was lower than the same period in 2015, primarily due to a decrease in operating revenue net of purchased power expense resulting from unfavorable weather-related sales and lower average customer usage.

Six Months Ended June 30, 2016 Compared to Six Months Ended June 30, 2015. ACE's net loss attributable to common shareholder for the six months ended June 30, 2016, compared unfavorably to ACE's net income for the same period in 2015, primarily due to an increase in operating and maintenance expense due to merger-related costs.

Operating Revenue Net of Purchased Power Expense

Operating revenues include revenue from the distribution and supply of electricity to ACE's customers within its service territories at regulated rates. Operating revenues also include transmission service revenue that ACE receives as a transmission owner from PJM at rates regulated by FERC. Transmission rates are updated annually based on a FERC-approved formula methodology.

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Electric revenues and purchased power expense are also affected by fluctuations in participation in the Customer Choice Program. All ACE customers have the choice to purchase electricity from competitive electric generation suppliers. The customer's choice of supplier does not impact the volume of deliveries, but affects revenue collected from customers related to supplied energy service.

Retail deliveries purchased from competitive electric generation suppliers (as a percentage of kWh sales) for the three and six months ended June 30, 2016, compared to the same periods in 2015, consisted of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Electric	49%	48%	48%	46%

Retail customers purchasing electric generation from competitive electric generation suppliers at June 30, 2016 and 2015 consisted of the following:

	June 30, 2016		June 30, 2015	
	Number of customers	% of total retail customers	Number of customers	% of total retail customers
Electric	80,325	15%	80,337	15%

The costs related to default electricity supply are included in Purchased power expense. Operating revenues also include revenue from Transition Bond Charges that ACE receives, and pays to ACE Funding, to fund the principal and interest payments on Transition Bonds, revenue from the resale in the PJM RTO market of energy and capacity purchased under contacts with unaffiliated NUGs, and revenue from transmission enhancement credits.

Operating revenues also include work and services performed on behalf of customers, including other utilities, which is generally not subject to price regulation. Work and services includes mutual assistance to other utilities, highway relocation, rentals of pole attachments, late payment fees and collection fees.

Purchased power expense consists of the cost of electricity purchased by ACE to fulfill its default electricity supply obligation and, as such, is recoverable from customers in accordance with the terms of public service commission orders.

The changes in ACE's operating revenue net of purchased power expense for the three and six months ended June 30, 2016 compared to the same periods in 2015 consisted of the following:

	Three Months Ended June 30, Increase (Decrease)	Six Months Ended June 30, Increase (Decrease)
Weather	$ (2)	$ (9)
Volume	(8)	(8)
Regulatory required programs	(4)	(9)
Transmission revenues	5	8
Other	—	1
Total decrease	$ (9)	$ (17)

Weather. The demand for electricity is affected by weather conditions. With respect to the electric business, very warm weather in summer months and very cold weather in winter months are referred to as "favorable weather conditions" because these weather conditions result in increased deliveries of electricity. Conversely, mild weather reduces demand. During the three and six months ended June 30, 2016 compared to the same periods in 2015, operating revenue net of purchased power and fuel expense was lower due to the impact of unfavorable weather conditions in ACE's service territory.

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For retail customers of ACE, distribution revenues are not decoupled for the distribution of electricity by ACE, and thus are subject to variability due to changes in customer consumption. Therefore, changes in customer usage (due to weather conditions, energy prices, energy savings programs or other reasons) from period to period have a direct impact on reported distribution revenue for customers in ACE's service territory.

Heating and cooling degree days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree days for a 20-year period in ACE's service territory. The changes in heating and cooling degree days in ACE's service territory for the three and six months ended June 30, 2016 compared to the same periods in 2015 consisted of the following:

				% Change	
Three Months Ended June 30,	**2016**	**2015**	**Normal**	**2016 vs. 2015**	**2016 vs. Normal**
Heating Degree-Days	651	483	576	34.8%	13.0%
Cooling Degree-Days	258	366	285	(29.5)%	(9.5)%
Six Months Ended June 30,					
Heating Degree-Days	2,921	3,524	3,099	(17.1)%	(5.7)%
Cooling Degree-Days	261	366	286	(28.7)%	(8.7)%

Volume. The decrease in operating revenue net of purchased power and fuel expense related to delivery volume, exclusive of the effects of weather, for the three and six months ended June 30, 2016 compared to the same periods in 2015, primarily reflects the impact of lower average customer usage.

Regulatory Required Programs. This represents the change in operating revenues collected under approved riders to recover costs incurred for regulatory programs such as energy efficiency programs. The riders are designed to provide full and current cost recovery as well as a return. The costs of these programs are included in operating and maintenance expense, depreciation and amortization expense and income taxes. Refer to the depreciation and amortization expense discussion below for additional information on included programs.

Transmission Revenue. Under a FERC-approved formula, transmission revenue varies from year to year based upon fluctuations in the underlying costs, investments being recovered and other billing adjustments. The increase in revenue net of purchased power expense for the three and six months ended June 30, 2016 compared to the same periods in 2015 is a result of higher rates effective June 1, 2015 related to increases in transmission plant investment and operating expenses.

Operating and Maintenance Expense

	Three Months Ended June 30,			Six Months Ended June 30,		
	2016	**2015**	**Increase (Decrease)**	**2016**	**2015**	**Increase (Decrease)**
Operating and maintenance expense — baseline	$ 67	$ 68	$ (1)	$ 278	$ 136	$ 142
Operating and maintenance expense — regulatory required programs [(a)]	1	1	—	2	2	—
Total operating and maintenance expense	$ 68	$ 69	$ (1)	$ 280	$ 138	$ 142

(a) Operating and maintenance expenses for regulatory required programs are costs for various legislative and/or regulatory programs that are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in Operating revenues.

The changes in operating and maintenance expense for the three and six months ended June 30, 2016 compared to the same periods in 2015 consisted of the following:

	Three Months Ended June 30, Increase (Decrease)	Six Months Ended June 30, Increase (Decrease)
Baseline		
Labor, other benefits, contracting and materials	$ (5)	$ 7
Storm-related costs	1	1
BSC and PHISCO allocations [(a)]	3	16
Uncollectible accounts expense	(1)	1
Merger commitments [(b)]	—	120
Other	1	(3)
Total (decrease) increase	$ (1)	$ 142

(a) Primarily related to merger severance and compensation costs.
(b) Primarily related to merger-related commitments for customer rate credits and charitable contributions.

Depreciation, Amortization and Accretion Expense

The changes in depreciation, amortization and accretion expense for the three and six months ended June 30, 2016 compared to the same periods in 2015 consisted of the following:

	Three Months Ended June 30, Increase (Decrease)	Six Months Ended June 30, Increase (Decrease)
Depreciation expense [(a)]	$ 1	$ 3
Regulatory asset amortization [(b)]	(3)	(8)
Total decrease	$ (2)	$ (5)

(a) Depreciation expense increased due to ongoing capital expenditures.
(b) Regulatory asset amortization decreased for the three and six months ended June 30, 2016 compared to the same periods in 2015 as a result of lower revenue due to a rate decrease effective October 2015 for the ACE Market Transition charge tax.

Taxes Other Than Income

Taxes other than income for the three and six months ended June 30, 2016 compared to the same periods in 2015, remained relatively constant.

Interest Expense, Net

Interest expense, net for the three and six months ended June 30, 2016 compared to the same periods in 2015 remained relatively constant.

Other, Net

Other, net for the three and six months ended June 30, 2016 compared to the same periods in 2015 increased primarily due to higher income from AFUDC equity.

Effective Income Tax Rate

ACE's effective income tax rate was 40.0% and 40.0% for the three months ended June 30, 2016 and 2015 respectively. ACE's effective income tax rate was 24.2% and 37.5% for the six months ended June 30, 2016 and

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2015 respectively. See Note 11 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates. As a result of the merger, ACE recorded an after-tax charge of $23 million during the six months ended June 30, 2016 as a result of assessment and remeasurement of certain federal uncertain tax positions.

ACE Electric Operating Statistics and Revenue Detail

Retail Deliveries to Customers (in GWhs)	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	% Change	Weather - Normal % Change	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015	% Change	Weather - Normal % Change
Retail Deliveries (a)								
Residential	814	908	(10.4)%	0.2%	1,752	2,032	(13.8)%	(1.8)%
Small commercial & industrial	283	306	(7.5)%	—%	572	611	(6.4)%	(0.9)%
Large commercial & industrial	853	920	(7.3)%	(0.1)%	1,673	1,736	(3.6)%	(0.5)%
Public authorities & electric railroads	9	11	(18.2)%	—%	24	23	4.3%	—%
Total retail deliveries	1,959	2,145	(8.7)%	0.1%	4,021	4,402	(8.7)%	(1.1)%

Number of Electric Customers	As of June 30, 2016	As of June 30, 2015
Residential	483,044	483,024
Small commercial & industrial	60,928	60,915
Large commercial & industrial	3,806	3,859
Public authorities & electric railroads	594	549
Total	548,372	548,347

Electric Revenue	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	% Change	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015	% Change
Retail Sales (a)						
Residential	$ 131	$ 147	(10.9)%	$ 281	$ 322	(12.7)%
Small commercial & industrial	39	42	(7.1)%	78	82	(4.9)%
Large commercial & industrial	50	50	—%	101	99	2.0%
Public authorities & electric railroads	3	3	—%	6	6	—%
Total retail	223	242	(7.9)%	466	509	(8.4)%
Other revenue (b)	47	43	9.3%	95	109	(12.8)%
Total electric revenue (c)	$ 270	$ 285	(5.3)%	$ 561	$ 618	(9.2)%

(a) Reflects delivery volumes and revenues from customers purchasing electricity directly from ACE and customers purchasing electricity from a competitive electric generation supplier as all customers are assessed distribution charges. For customers purchasing electricity from ACE, revenue also reflects the cost of energy and transmission.

(b) Other revenue includes transmission revenue from PJM and wholesale electric revenues.

(c) Includes operating revenues from affiliates totaling $1 million and $1 million for the three months ended June 30, 2016 and 2015, respectively, and $2 million and $2 million for the six months ended June 30, 2016 and 2015, respectively.

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Liquidity and Capital Resources

Exelon activity presented below includes the activity of PHI, Pepco, DPL and ACE, from the PHI Merger effective date of March 24, 2016 through June 30, 2016. Exelon prior year activity is unadjusted for the effects of the PHI Merger. Due to the application of push-down accounting to the PHI entity, PHI's activity is presented in two separate reporting periods, the legacy PHI activity through March 23, 2016 (Predecessor), and PHI activity for the remainder of the period after the PHI merger date (Successor). For each of Pepco, DPL and ACE the activity presented below include its activity for the six months ended June 30, 2016 and 2015. All results included throughout the liquidity and capital resources section are presented on a GAAP basis.

The Registrants' operating and capital expenditure requirements are provided by internally generated cash flows from operations as well as funds from external sources in the capital markets and through bank borrowings. The Registrants' businesses are capital intensive and require considerable capital resources. Each Registrant's access to external financing on reasonable terms depends on its credit ratings and current overall capital market business conditions, including that of the utility industry in general. If these conditions deteriorate to the extent that the Registrants no longer have access to the capital markets at reasonable terms, the Registrants have access to unsecured revolving credit facilities with aggregate bank commitments of $9 billion. In addition, Generation has $525 million in bilateral credit facilities with banks which have various expirations dates between December 2016 and May 2021. The Registrants utilize their credit facilities to support their commercial paper programs, and provide for other short-term borrowings, term loans and letters of credit. See the "Credit Matters" section below for further discussion. The Registrants expect cash flows to be sufficient to meet operating expenses, financing costs and capital expenditure requirements.

The Registrants primarily use their capital resources, including cash, to fund capital requirements, including construction expenditures, retire debt, pay dividends, fund pension and other postretirement benefit obligations and invest in new and existing ventures. The Registrants spend a significant amount of cash on capital improvements and construction projects that have a long-term return on investment. Additionally, ComEd, PECO, BGE, Pepco, DPL and ACE operate in rate-regulated environments in which the amount of new investment recovery may be delayed or limited and where such recovery takes place over an extended period of time. See Note 10 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for further discussion of the Registrants' debt and credit agreements.

Cash Flows from Operating Activities

General

Generation's cash flows from operating activities primarily result from the sale of electric energy and energy-related products and services to customers. Generation's future cash flows from operating activities may be affected by future demand for and market prices of energy and its ability to continue to produce and supply power at competitive costs as well as to obtain collections from customers.

The Utility Registrants' cash flows from operating activities primarily result from the transmission and distribution of electricity and, in the case of PECO, BGE and DPL, natural gas distribution services. The Utility Registrants' distribution services are provided to an established and diverse base of retail customers. The Utility Registrants' future cash flows may be affected by the economy, weather conditions, future legislative initiatives, future regulatory proceedings with respect to their rates or operations, competitive suppliers, and their ability to achieve operating cost reductions.

See Notes 3 — Regulatory Matters and 23 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements of the Exelon 2015 Form 10-K for further discussion of regulatory and legal proceedings and proposed legislation. See Note 7 — Regulatory Matters and Note 16 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements of the PHI 2015 Form 10-K.

The following table provides a summary of the major items affecting Exelon's cash flows from operations for the six months ended June 30, 2016 and 2015:

	Six Months Ended June 30,		
	2016 [c]	2015	Variance
Net income	$ 430	$1,372	$ (942)
Add (subtract):			
Non-cash operating activities [a]	3,992	2,254	1,738
Pension and non-pension postretirement benefit contributions	(258)	(301)	43
Income taxes	470	247	223
Changes in working capital and other noncurrent assets and liabilities [b]	(781)	(284)	(497)
Option premiums received, net	(10)	22	(32)
Counterparty collateral received, net	710	659	51
Net cash flows provided by operations	$4,553	$3,969	$ 584

(a) Represents, when applicable, depreciation, amortization and accretion, net fair value changes related to derivatives, deferred income taxes, provision for uncollectible accounts, pension and other postretirement benefit expense, equity in earnings and losses of unconsolidated affiliates and investments, decommissioning-related items, stock compensation expense, impairment of long-lived assets, PHI merger commitment and severance charges, and other non-cash charges. See Note 19 — Supplemental Financial Information for further detail on non-cash operating activity.

(b) Changes in working capital and other noncurrent assets and liabilities exclude the changes in commercial paper, income taxes and the current portion of long-term debt.

(c) Includes PHI Consolidated activity from March 24, 2016 to June 30, 2016.

Pension and Other Postretirement Benefits

Management considers various factors when making pension funding decisions, including actuarially determined minimum contribution requirements under ERISA, contributions required to avoid benefit restrictions and at-risk status as defined by the Pension Protection Act of 2006, management of the pension obligation and regulatory implications. On July 6, 2012, President Obama signed into law the Moving Ahead for Progress in the Twenty-first Century Act, which contains a pension funding provision that results in lower pension contributions in the near term while increasing the premiums pension plans pay to the Pension Benefit Guaranty Corporation. On August 8, 2014, this funding relief was extended for five years. On November 2, 2015 the funding relief was extended for an additional three years and premiums pension plans pay to the Pension Benefit Guaranty Corporation were further increased.

OPEB funding generally follows accounting cost, subject to adjustment for other considerations such as liabilities management and regulatory implications.

To the extent interest rates decline significantly or the pension plans do not earn the expected asset return rates, annual pension contribution requirements in future years could increase. Additionally, expected contributions could change if Exelon changes its pension or OPEB funding strategy.

Tax Matters

The Registrants' future cash flows from operating activities may be affected by the following tax matters:

- In the event of a fully successful IRS challenge to Exelon's like-kind exchange position, Exelon would be required to either post a bond or pay the tax and interest for the tax years before the court to appeal the decision. If an adverse decision is reached in 2016, the potential tax and after-tax interest, exclusive of penalties, that could become payable may be as much as $870 million, of which approximately $300 million would be attributable to ComEd after consideration of Exelon's agreement to hold ComEd

harmless from any unfavorable impacts of the after-tax interest amounts on ComEd's equity, and the balance at Exelon. The $870 million above is comprised of $1,190 million of tax and interest that could become payable in 2016, reduced by $320 million of interest benefit that will be realized subsequent to the adverse decision. It is expected that Exelon's remaining tax years affected by the litigation will be settled following a final appellate decision which could take several years.

- In April of 2016, Exelon received tax refunds of approximately $460 million related to IRS positions settled in prior tax years. Of this amount, approximately $195 million of the refund is attributable to Generation and the remaining $265 million is attributable to ComEd.
- State and local governments continue to face increasing financial challenges, which may increase the risk of additional income tax levies, property taxes and other taxes or the imposition, extension or permanence of temporary tax levies.

Cash flows from operations for the six months ended June 30, 2016 and 2015 by Registrant were as follows:

	Six Months Ended June 30,	
	2016	2015
Exelon	$ 4,553	$ 3,969
Generation	2,387	2,423
ComEd	1,128	800
PECO	339	375
BGE	489	489
Pepco	365	105
DPL	220	115
ACE	208	83

	Successor	*Predecessor*	
	March 24, 2016 to June 30, 2016	January 1, 2016 to March 23, 2016	Six Months Ended June 30, 2015
PHI	$ 188	$ 264	$ 339

Changes in the Registrants' cash flows from operations were generally consistent with changes in each Registrant's respective results of operations, as adjusted by changes in working capital in the normal course of business, except as discussed below. In addition, significant operating cash flow impacts for the Registrants for the six months ended June 30, 2016 and 2015 were as follows:

Generation

- Depending upon whether Generation is in a net mark-to-market liability or asset position, collateral may be required to be posted with or collected from its counterparties. In addition, the collateral posting and collection requirements differ depending on whether the transactions are on the exchange or in the OTC markets. During the six months ended June 30, 2016 and 2015, Generation had net collections of counterparty cash collateral of $720 million and $682 million, respectively, primarily due to market conditions that resulted in changes to Generation's net mark-to-market position.
- During the six months ended June 30, 2016 and 2015, Generation had net (payments)/collections of approximately $(10) million and $22 million, respectively, related to purchases and sales of options. The level of option activity in a given period may vary due to several factors, including changes in market conditions as well as changes in hedging strategy.

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ComEd

- During six months ended June 30, 2016 and 2015, ComEd posted approximately $10 million of cash collateral and had no change to cash collateral at PJM, respectively. ComEd's collateral posted with PJM has increased year over year due to higher RPM credit requirements and higher PJM billings. As of June 30, 2016 and 2015, ComEd had approximately $41 million and no cash collateral posted with PJM, respectively.

PHI, Pepco, DPL and ACE

During the six months ended June 30, 2016, Pepco, DPL and ACE received tax refund allocations from PHI in connection with the Global Tax Settlement of $147 million, $56 million and $167 million, respectively. See Note 11 — Income Taxes of the PHI 2015 Form 10-K for additional information.

Cash Flows from Investing Activities

Cash flows used in investing activities for the six months ended June 30, 2016 and 2015 by Registrant were as follows:

	Six Months Ended June 30,	
	2016	2015
Exelon	$(10,877)	$(3,546)
Generation	(2,210)	(1,850)
ComEd	(1,313)	(1,044)
PECO	(291)	(281)
BGE	(375)	(275)
Pepco	(307)	(248)
DPL	(180)	(148)
ACE	(160)	(140)

	Successor	*Predecessor*	
	March 24, 2016 to June 30, 2016	January 1, 2016 to March 23, 2016	Six Months Ended June 30, 2015
PHI	$ (350)	$ (343)	$ (553)

Generation

Generation has entered into several agreements to acquire equity interests in privately held and development stage entities which develop energy-related technologies. The agreements contain a series of scheduled investment commitments, including in-kind service contributions. There are approximately $235 million of anticipated expenditures remaining through 2018 to fund anticipated planned capital and operating needs of the associated companies. See Note 23 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements of the Exelon 2015 Form 10-K for further details of Generation's equity interests.

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Capital expenditures by Registrant for the six months ended June 30, 2016 and 2015 and projected amounts for the full year 2016 are as follows:

	Projected Full Year 2016 [a]	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015
Exelon	$ 8,975	$4,489	$3,460
Generation	3,400	2,051	1,764
ComEd [b]	2,575	1,334	1,061
PECO	675	299	289
BGE	850	392	304
Pepco [c]	575	256	254
DPL [c]	325	182	154
ACE [c]	275	164	138
Other [d]	125	74	47

		Successor	Predecessor	
	Projected Full Year 2016 [a]	March 24, 2016 to June 30, 2016	January 1, 2016 to March 23, 2016	Six Months Ended June 30, 2015
PHI	$ 1,175	$ 339	$ 273	$ 562

(a) Total projected capital expenditures do not include adjustments for non-cash activity.
(b) The 2016 projections include approximately $624 million of expected incremental spending pursuant to EIMA, ComEd has committed to invest approximately $2.6 billion over a ten year period, through 2022, to modernize and storm-harden its distribution system and to implement smart grid technology.
(c) Projected capital expenditures reflect projections after March 23, 2016.
(d) Other primarily consists of corporate operations, BSC and PHISCO.

Projected capital expenditures and other investments are subject to periodic review and revision to reflect changes in economic conditions and other factors.

Generation

Approximately 32% and 36% of the projected 2016 capital expenditures at Generation are for the acquisition of nuclear fuel and growth (primarily new plant construction and distributed generation), respectively, with the remaining amounts reflecting additions and upgrades to existing facilities (including material condition improvements during nuclear refueling outages). Generation anticipates that they will fund capital expenditures with internally generated funds and borrowings.

ComEd, PECO, BGE, Pepco, DPL and ACE

Approximately 86%, 96%, 100%, 100%, 100% and 100% of the projected 2016 capital expenditures at ComEd, PECO, BGE, Pepco, DPL and ACE, respectively, are for continuing projects to maintain and improve operations, including enhancing reliability and adding capacity to the transmission and distribution systems such as ComEd's reliability related investments required under EIMA, and the Utility Registrants' construction commitments under PJM's RTEP. In addition to capital expenditures for continuing projects, ComEd's total expenditures include smart grid/smart meter technology required under EIMA and for PECO, BGE, Pepco, DPL, and ACE, include capital expenditures related to their respective smart meter programs.

The Utility Registrants as transmission owners are subject to NERC compliance requirements. NERC provides guidance to transmission owners regarding assessments of transmission lines. The results of these assessments could require the Utility Registrants to incur incremental capital or operating and maintenance expenditures to ensure their transmission lines meet NERC standards. In 2010, NERC provided guidance to

transmission owners that recommended the Utility Registrants perform assessments of their transmission lines. ComEd, PECO and BGE submitted their final bi-annual reports to NERC in January 2014. ComEd, PECO and BGE will be incurring incremental capital expenditures associated with this guidance following the completion of the assessments. Specific projects and expenditures are identified as the assessments are completed. ComEd's, PECO's and BGE's forecasted 2016 capital expenditures above reflect capital spending for remediation to be completed through 2017. Pepco, DPL and ACE have substantially completed their assessments and thus do not expect significant capital expenditures related to this guidance in 2016.

The Utility Registrants anticipate that they will fund their capital expenditures with a combination of internally generated funds and borrowings and additional capital contributions from parent, including ComEd's capital expenditures associated with EIMA as further discussed in Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements.

Cash Flows from Financing Activities

Cash flows provided by (used in) financing activities for the six months ended June 30, 2016 and 2015 by Registrant were as follows:

	Six Months Ended June 30,	
	2016	2015
Exelon	$1,469	$3,713
Generation	(235)	(897)
ComEd	854	229
PECO	(140)	(98)
BGE	(118)	(254)
Pepco	64	159
DPL	(30)	35
ACE	100	58

	Successor	*Predecessor*	
	March 24, 2016 to June 30, 2016	January 1, 2016 to March 23, 2016	Six Months Ended June 30, 2015
PHI	$ 137	$ 372	$ 233

Debt

See Note 10 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for further details of the Registrants' debt issuances.

Dividends

Cash dividend payments and distributions during the six months ended June 30, 2016 and 2015 by Registrant were as follows:

	Six Months Ended June 30,	
	2016	2015
Exelon	$ 582	$ 537
Generation	111	2,262
ComEd	183	150
PECO	139	139
BGE [(a)]	96	83
Pepco	55	31
DPL	38	62
ACE	11	12

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	Successor	Predecessor	
	March 24, 2016 to June 30, 2016	January 1, 2016 to March 23, 2016	Six Months Ended June 30, 2015
PHI	$ 124	$ —	$ 137

(a) Includes dividends paid on BGE's preference stock.

Quarterly dividends declared by the Exelon Board of Directors during the six months ended June 30, 2016 and for the third quarter of 2016 were as follows:

Period	Declaration Date	Shareholder of Record Date	Dividend Payable Date	Cash per Share [a]
First Quarter 2016	January 26, 2016	February 12, 2016	March 10, 2016	$0.310
Second Quarter 2016	April 26, 2016	May 13, 2016	June 10, 2016	$0.318
Third Quarter 2016	July 26, 2016	August 15, 2016	September 9, 2016	$0.318

(a) Exelon's Board of Directors approved a revised dividend policy. The approved policy will raise the dividend 2.5% each year for the next three years, beginning with the June 2016 dividend and subject to Board approval.

Short-Term Borrowings

Short-term borrowings incurred (repaid) during the six months ended June 30, 2016 and 2015 by Registrant were as follows:

	Six Months Ended June 30,	
	2016	2015
Exelon	$ (798)	$ 94
Generation	179	15
ComEd	(259)	199
BGE	(2)	(120)
Pepco	(64)	(104)
DPL	(105)	(76)
ACE	(5)	91

	Successor	Predecessor	
	March 24, 2016 to June 30, 2016	January 1, 2016 to March 23, 2016	Six Months Ended June 30, 2015
PHI	$ (837)	$ 379	$ 69

Contributions from Parent/Member

Contributions received from Parent/Member for the six months ended June 30, 2016 and 2015 by Registrant were as follows:

	Six Months Ended June 30,	
	2016	2015
Generation	$ 45	$ —
ComEd	113[a]	45[a]
BGE	21[a]	—
Pepco	187[b]	112[b]
DPL	113[b]	75[b]
ACE	139[b]	—

	Successor	Predecessor	
	March 24, 2016 to June 30, 2016	January 1, 2016 to March 23, 2016	Six Months Ended June 30, 2015
PHI	$ 1,088[(a)]	$ —	$ —

(a) Contribution paid by Exelon.
(b) Contribution paid by PHI.

Pursuant to the orders approving the merger, Exelon made equity contributions of $73 million, $46 million and $49 million to Pepco, DPL and ACE, respectively, in the second quarter of 2016 to fund the after-tax amount of the customer bill credit and the customer base rate credit.

Redemptions of Preference Stock

On July 3, 2016, BGE redeemed all 400,000 shares of its outstanding 7.125% Cumulative Preference Stock, 1993 Series and all 600,000 shares of its outstanding 6.99% Cumulative Preference Stock, 1995 Series for $100 million, plus accrued and unpaid dividends. Following this redemption, BGE has $90 million of cumulative preference stock remaining, which will likely be redeemed by the end of 2016. See Note 17 — Earnings Per Share and Equity of the Combined Notes to Consolidated Financial Statements for further details.

Other

For the six months ended June 30, 2016, other financing activities primarily consist of debt issuance costs. See Note 10 — Debt and Credit Agreements of the Combined Notes to the Consolidated Financial Statements for further details of the Registrants' debt issuances.

Credit Matters

The Registrants fund liquidity needs for capital investment, working capital, energy hedging and other financial commitments through cash flows from continuing operations, public debt offerings, commercial paper markets and large, diversified credit facilities. The credit facilities include $9.5 billion in aggregate total commitments of which $7.8 billion was available as of June 30, 2016, and of which no financial institution has more than 7% of the aggregate commitments for the Registrants. The Registrants had access to the commercial paper market during the second quarter of 2016 to fund their short-term liquidity needs, when necessary. The Registrants routinely review the sufficiency of their liquidity position, including appropriate sizing of credit facility commitments, by performing various stress test scenarios, such as commodity price movements, increases in margin-related transactions, changes in hedging levels and the impacts of hypothetical credit downgrades. The Registrants have continued to closely monitor events in the financial markets and the financial institutions associated with the credit facilities, including monitoring credit ratings and outlooks, credit default swap levels, capital raising and merger activity. See PART I. ITEM 1A. RISK FACTORS of the Exelon 2015 Form 10-K for further information regarding the effects of uncertainty in the capital and credit markets.

The Registrants believe their cash flow from operating activities, access to credit markets and their credit facilities provide sufficient liquidity. If Generation lost its investment grade credit rating as of June 30, 2016, it would have been required to provide incremental collateral of $1.8 billion to meet collateral obligations for derivatives, non-derivatives, normal purchase normal sales contracts and applicable payables and receivables, net of the contractual right of offset under master netting agreements, which is well within its current available credit facility capacities of $4.2 billion.

The following table presents the incremental collateral that each utility registrant would have been required to provide in the event each utility registrant lost its investment grade credit rating at June 30, 2016 and available credit facility capacity prior to any incremental collateral at June 30, 2016:

	PJM Credit Policy Collateral	Other Incremental Collateral Required [a]	Available Credit Facility Capacity Prior to Any Incremental Collateral
ComEd	$ 3	$ —	$ 998
PECO	2	26	598
BGE	2	31	600
Pepco	—	—	300
DPL	3	9	300
ACE	—	—	299

(a) Represents incremental collateral related to natural gas procurement contracts.

Exelon Credit Facilities

Exelon, ComEd, and BGE meet their short-term liquidity requirements primarily through the issuance of commercial paper. Generation and PECO meet their short-term liquidity requirements primarily through the issuance of commercial paper and borrowings from the Exelon intercompany money pool. PHI meets its short-term liquidity requirements primarily through the issuance of short-term notes and the Exelon intercompany money pool. Pepco, DPL and ACE meet their short-term liquidity requirements primarily through the issuance of commercial paper and short-term notes. The Registrants may use their respective credit facilities for general corporate purposes, including meeting short-term funding requirements and the issuance of letters of credit.

The following table reflects the Registrants' commercial paper programs supported by the revolving credit agreements and bilateral credit agreements at June 30, 2016:

Commercial Paper Programs

Commercial Paper Issuer	Maximum Program Size [a][b]	Outstanding Commercial Paper at June 30, 2016	Average Interest Rate on Commercial Paper Borrowings for the Six Months Ended June 30, 2016
Exelon Corporate	$ 600	$ —	0.70%
Generation	5,300	—	1.01%
ComEd	1,000	35	0.79%
PECO	600	—	—%
BGE	600	208	0.78%
Pepco	500	—	0.67%
DPL	500	—	0.69%
ACE	350	—	0.65%

(a) Excludes $525 million bilateral credit facilities that do not back Generation's commercial paper program.
(b) Excludes additional credit facility agreements for Generation, ComEd, PECO and BGE with aggregate commitments of $50 million, $34 million, $34 million and $5 million, respectively, arranged with minority and community banks located primarily within ComEd's, PECO's and BGE's service territories. These facilities expire on October 14, 2016. These facilities are solely utilized to issue letters of credit. As of June 30, 2016, letters of credit issued under these agreements for Generation, ComEd, PECO and BGE totaled $7 million, $14 million, $21 million and $2 million, respectively.

In order to maintain their respective commercial paper programs in the amounts indicated above, each Registrant must have credit facilities in place, at least equal to the amount of its commercial paper program. While the amount of its commercial paper outstanding does not reduce available capacity under a Registrant's credit facility, a Registrant does not issue commercial paper in an aggregate amount exceeding the then available

capacity under its credit facility. At June 30, 2016, the Registrants had the following aggregate bank commitments, credit facility borrowings and available capacity under their respective credit facilities:

Credit Agreements

Borrower	Facility Type	Aggregate Bank Commitment (a)(b)(c)	Facility Draws	Outstanding Letters of Credit	Available Capacity at June 30, 2016	
					Actual	To Support Additional Commercial Paper (d)
Exelon Corporate	Syndicated Revolver	$ 600	$ —	$ 29	$ 571	$ 571
Generation (e)	Syndicated Revolver	5,300	—	1,194	4,106	4,106
Generation	Bilaterals	525	150	319	56	—
ComEd	Syndicated Revolver	1,000	—	2	998	963
PECO	Syndicated Revolver	600	—	2	598	598
BGE	Syndicated Revolver	600	—	—	600	392
Pepco	Syndicated Revolver	300	—	—	300	300
DPL	Syndicated Revolver	300	—	—	300	300
ACE	Syndicated Revolver	300	—	1	299	299

(a) Excludes $123 million of credit facility agreements arranged at minority and community banks at Generation, ComEd, PECO and BGE. These facilities expire on October 14, 2016. These facilities are solely utilized to issue letters of credit. As of June 30, 2016, letters of credit issued under these agreements for Generation, ComEd, PECO and BGE totaled $7 million, $14 million, $21 million and $2 million, respectively.

(b) Pepco, DPL and ACE's revolving credit facility is subject to available borrowing capacity. The borrowing capacity may be increased or decreased during the term of the facility, except that (i) the sum of the borrowing capacity must equal the total amount of the facility, and (ii) the aggregate amount of credit used at any given time by each of Pepco, DPL or ACE may not exceed $900 million or the maximum amount of short-term debt the company is permitted to have outstanding by its regulatory authorities. The total number of the borrowing reallocations may not exceed eight per year during the term of the facility

(c) Excludes nonrecourse debt letters of credit, see Note 14 — Debt and Credit Agreements in the Exelon 2015 Form 10-K for further information on Continental Wind nonrecourse debt.

(d) Excludes $525 million bilateral credit facilities that do not back Generation's commercial paper program.

(e) Excludes ExGen Texas Power Financing's $20 million of borrowed debt on its revolving credit facility.

As of June 30, 2016, there was $150 million of borrowings under Generation's bilateral credit facilities.

Borrowings under Exelon Corporate's, Generation's, ComEd's, PECO's, BGE's, Pepco's, DPL's, and ACE's revolving credit agreements bear interest at a rate based upon either the prime rate or a LIBOR-based rate, plus an adder based upon the particular Registrant's credit rating. The adders for the prime based borrowings and LIBOR-based borrowings are presented in the following table:

	Exelon	Generation	ComEd	PECO	BGE	Pepco	DPL	ACE
Prime based borrowings	27.5	27.5	7.5	0.0	0.0	7.5	7.5	7.5
LIBOR-based borrowings	127.5	127.5	107.5	90.0	100.0	107.5	107.5	107.5

The maximum adders for prime rate borrowings and LIBOR-based rate borrowings are 90 basis points and 165 basis points, respectively. The credit agreements also require the borrower to pay a facility fee based upon the aggregate commitments. The fee varies depending upon the respective credit ratings of the borrower.

Each revolving credit agreement for Exelon, Generation, ComEd, PECO, BGE, Pepco, DPL and ACE requires the affected borrower to maintain a minimum cash from operations to interest expense ratio for the twelve-month period ended on the last day of any quarter. The following table summarizes the minimum thresholds reflected in the credit agreements for the six months ended June 30, 2016:

	Exelon	Generation	ComEd	PECO	BGE	Pepco	DPL	ACE
Credit agreement threshold	2.50 to 1	3.00 to 1	2.00 to 1	2.00 to 1	2.00 to 1	2.00 to 1	2.00 to 1	2.00 to 1

At June 30, 2016, the interest coverage ratios at Exelon, Generation, ComEd, PECO, BGE, Pepco, DPL and ACE were as follows:

	Exelon	Generation	ComEd	PECO	BGE	Pepco	DPL	ACE
Interest coverage ratio	8.92	12.94	7.55	8.94	10.76	5.63	7.56	4.70

An event of default under Exelon, Generation, ComEd, PECO or BGE's indebtedness will not constitute an event of default under any of the others' credit facilities, except that a bankruptcy or other event of default in the payment of principal, premium or indebtedness in principal amount in excess of $100 million in the aggregate by Generation will constitute an event of default under the Exelon Corporate credit facility. An event of default under Pepco, DPL or ACE's indebtedness will not constitute an event of default under any of the others' credit facilities, except that a bankruptcy or other event of default in the payment of principal, premium or indebtedness in principal amount in excess of $50 million in the aggregate will constitute an event of default under the credit facility.

The absence of a material adverse change in Exelon's or PHI's business, property, results of operations or financial condition is not a condition to the availability of credit under the credit agreement. The credit agreement does not include any rating triggers.

Security Ratings

The Registrants' access to the capital markets, including the commercial paper market, and their respective financing costs in those markets, may depend on the securities ratings of the entity that is accessing the capital markets.

The Registrants' borrowings are not subject to default or prepayment as a result of a downgrading of securities, although such a downgrading of a Registrant's securities could increase fees and interest charges under that Registrant's credit agreements.

As part of the normal course of business, the Registrants enter into contracts that contain express provisions or otherwise permit the Registrants and their counterparties to demand adequate assurance of future performance when there are reasonable grounds for doing so. In accordance with the contracts and applicable contracts law, if the Registrants are downgraded by a credit rating agency, it is possible that a counterparty would attempt to rely on such a downgrade as a basis for making a demand for adequate assurance of future performance, which could include the posting of collateral. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information on collateral provisions.

Intercompany Money Pool

To provide an additional short-term borrowing option that will generally be more favorable to the borrowing participants than the cost of external financing, both Exelon and PHI operate intercompany money pools. Maximum amounts contributed to and borrowed from the money pool by participant and the net contribution or borrowing as of June 30, 2016, are presented in the following table:

Exelon Intercompany Money Pool	During the Three Months Ended June 30, 2016		As of June 30, 2016
Contributed (borrowed)	Maximum Contributed	Maximum Borrowed	Contributed (Borrowed)
Exelon Corporate	$ 1,325	n/a	$ 1,121
Generation	—	1,143	(817)
PECO	161	—	—
BSC	—	379	(333)
PHI Corporate [(a)]	n/a	36	(34)
PCI [(a)]	63	—	63

(a) As a result of the merger, PHI Corporate and PCI began to participate in the Exelon Intercompany Money Pool effective March 24, 2016.

PHI Intercompany Money Pool	During the Three Months Ended June 30, 2016		As of June 30, 2016
Contributed (borrowed)	Maximum Contributed	Maximum Borrowed	Contributed (Borrowed)
PHI Corporate	$ 152	n/a	$ 25
Pepco	—	—	—
DPL	—	—	—
ACE	—	—	—
PHISCO	—	152	(25)

Investments in Nuclear Decommissioning Trust Funds

Exelon, Generation and CENG maintain trust funds, as required by the NRC, to fund certain costs of decommissioning nuclear plants. The mix of securities in the trust funds is designed to provide returns to be used to fund decommissioning and to offset inflationary increases in decommissioning costs. Generation actively monitors the investment performance of the trust funds and periodically reviews asset allocations in accordance with Generation's NDT fund investment policy. Generation's and CENG's investment policies establish limits on the concentration of holdings in any one company and also in any one industry. See Note 12 — Nuclear Decommissioning of the Combined Notes to Consolidated Financial Statements for further information regarding the trust funds, the NRC's minimum funding requirements and related liquidity ramifications.

Shelf Registration Statements

Exelon, Generation, ComEd, PECO and BGE have a currently effective combined shelf registration statement unlimited in amount, filed with the SEC, that will expire in May 2017. PHI, Pepco, DPL and ACE have a currently effective combined shelf registration statement unlimited in amount, filed with the SEC, that will expire in August 2016. The ability of each Registrant to sell securities off the shelf registration statement or to access the private placement markets will depend on a number of factors at the time of the proposed sale, including other required regulatory approvals, as applicable, the current financial condition of the Registrant, its securities ratings and market conditions.

Regulatory Authorizations

Generation, ComEd, PECO, BGE, Pepco, DPL and ACE are required to obtain short-term and long-term financing authority from Federal and State Commissions as follows:

	Short-term Financing Authority [(a)]			Long-term Financing Authority		
	Commission	Expiration Date	Amount (in millions)	Commission	Expiration Date	Amount (in millions)
ComEd [(b)]	FERC	December 31, 2017	$2,500	ICC	2019	$2,383
PECO	FERC	December 31, 2017	1,500	PAPUC	December 31, 2018	1,900
BGE	FERC	December 31, 2017	700	MDPSC	N/A	850
Pepco	FERC	June 30, 2018	500	MDPSC / DCPSC	September 25, 2017	550
DPL	FERC	June 30, 2018	500	MDPSC / DPSC	December 31, 2017	300
ACE	NJPU	January 1, 2018	350	NJBPU	December 31, 2017	300

(a) Generation currently has blanket financing authority it received from FERC in connection with its market-based rate authority.
(b) ComEd had $1,565 million available in long-term debt refinancing authority and $818 million available in new money long term debt financing authority from the ICC as of June 30, 2016 and has an expiration date of June 1, 2019 and March 1, 2019, respectively.

Contractual Obligations and Off-Balance Sheet Arrangements

Contractual obligations represent cash obligations that are considered to be firm commitments and commercial commitments triggered by future events. See Note 23 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements in the Exelon 2015 Form 10-K and Note 16 — Commitments and Contingencies of the PHI 2015 Form 10-K for discussion of the Registrants' commitments.

Generation, ComEd, PECO, BGE, Pepco, DPL and ACE have obligations related to contracts for the purchase of power and fuel supplies, and ComEd, PECO, and BGE have obligations related to their financing trusts. The power and fuel purchase contracts and the financing trusts have been considered for consolidation in the Registrants' respective financial statements pursuant to the authoritative guidance for VIEs. See Note 1 — Significant Accounting Policies of the Combined Notes to Consolidated Financial Statements for further information.

For an in-depth discussion of the Registrants' contractual obligations and off-balance sheet arrangements, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Contractual Obligations and Off-Balance Sheet Arrangements" in the Exelon 2015 Form 10-K and "Management's Discussion and Analysis of Financial Condition and Results of Operations — Contractual Obligations and Commercial Commitments" and "Management's Discussion and Analysis of Financial Condition and Results of Operations — Guarantees, Indemnifications and Off-Balance Sheet Arrangements" in the PHI 2015 Form 10-K.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

The Registrants are exposed to market risks associated with adverse changes in commodity prices, counterparty credit, interest rates and equity prices. Exelon's RMC approves risk management policies and objectives for risk assessment, control and valuation, counterparty credit approval, and the monitoring and reporting of risk exposures. The RMC is chaired by the chief executive officer and includes the chief risk officer, chief strategy officer, chief executive officer of Exelon Utilities, chief commercial officer, chief financial officer and chief executive officer of Constellation. The RMC reports to the Finance and Risk Committee of the Exelon Board of Directors on the scope of the risk management activities. The following discussion serves as an update to ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK of the Registrants' 2015 Annual Report on Form 10-K incorporated herein by reference.

Commodity Price Risk (All Registrants)

Commodity price risk is associated with price movements resulting from changes in supply and demand, fuel costs, market liquidity, weather conditions, governmental regulatory and environmental policies and other factors. To the extent the amount of energy Exelon generates differs from the amount of energy it has contracted to sell, Exelon has price risk from commodity price movements. Exelon seeks to mitigate its commodity price risk through the sale and purchase of electricity, fossil fuel and other commodities.

Generation

Normal Operations and Hedging Activities. Electricity available from Generation's owned or contracted generation supply in excess of Generation's obligations to customers, including portions of the Utility Registrants' retail load, is sold into the wholesale markets. To reduce price risk caused by market fluctuations, Generation enters into non-derivative contracts as well as derivative contracts, including forwards, futures, swaps and options, with approved counterparties to hedge anticipated exposures. Generation believes these instruments represent economic hedges that mitigate exposure to fluctuations in commodity prices. Generation expects the settlement of the majority of its economic hedges will occur during 2016 through 2018.

In general, increases and decreases in forward market prices have a positive and negative impact, respectively, on Generation's owned and contracted generation positions which have not been hedged. Exelon's hedging program involves the hedging of commodity risk for Exelon's expected generation, typically on a ratable basis over a three-year period. As of June 30, 2016, the proportion of expected generation hedged is 97%-100%, 78%-81% and 47%-50% for 2016, 2017 and 2018, respectively. The percentage of expected generation hedged is the amount of equivalent sales divided by the expected generation. Expected generation is the volume of energy that best represents our commodity position in energy markets from owned or contracted for capacity based upon a simulated dispatch model that makes assumptions regarding future market conditions, which are calibrated to market quotes for power, fuel, load following products and options. Equivalent sales represent all hedging products, which include economic hedges and certain non-derivative contracts including Generation's sales to the Utility Registrants to serve their retail load.

A portion of Generation's hedging strategy may be accomplished with fuel products based on assumed correlations between power and fuel prices, which routinely change in the market. Market price risk exposure is the risk of a change in the value of unhedged positions. The forecasted market price risk exposure for Generation's entire non-proprietary trading portfolio associated with a $5 reduction in the annual average around-the-clock energy price based on June 30, 2016 market conditions and hedged position would be an increase in pre-tax net income of approximately $5 million for 2016 and decreases of $205 million and $475 million, respectively, for 2017 and 2018. Power price sensitivities are derived by adjusting power price assumptions while keeping all other price inputs constant. Generation expects to actively manage its portfolio to mitigate market price risk exposure for its unhedged position. Actual results could differ depending on the specific timing of, and markets affected by, price changes, as well as future changes in Generation's portfolio.

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Proprietary Trading Activities. Generation also enters into certain energy-related derivatives for proprietary trading purposes. Proprietary trading includes all contracts entered into with the intent of benefiting from shifts or changes in market prices as opposed to those entered into with the intent of hedging or managing risk. Proprietary trading activities are subject to limits established by Exelon's RMC. The proprietary trading portfolio is subject to a risk management policy that includes stringent risk management limits, including volume, stop loss and Value-at-Risk (VaR) limits to manage exposure to market risk. Additionally, the Exelon risk management group and Exelon's RMC monitor the financial risks of the proprietary trading activities. The proprietary trading activities, which included physical volumes of 1,289 GWhs and 2,509 GWhs for the three and six months ended June 30, 2016, respectively, and 1,657 GWhs and 3,465 GWhs for the three and six months ended June 30, 2015, respectively, are a complement to Generation's energy marketing portfolio, but represent a small portion of Generation's overall revenue from energy marketing activities. Proprietary trading portfolio activity for the six months ended June 30, 2016 resulted in pre-tax gains of $6 million due to net mark-to-market gains of $2 million and $4 million realized gains. Generation uses a 95% confidence interval, assuming standard normal distribution, one day holding period and a one-tailed statistical measure in calculating its VaR. The daily VaR on proprietary trading activity averaged $0.2 million of exposure during the quarter. Generation has not segregated proprietary trading activity within the following discussion because of the relative size of the proprietary trading portfolio in comparison to Generation's total Revenue net of purchase power and fuel expense from continuing operations for the six months ended June 30, 2016 of $4,309 million.

Fuel Procurement. Generation procures natural gas through long-term and short-term contracts and spot-market purchases. Nuclear fuel assemblies are obtained predominantly through long-term uranium concentrate supply contracts, contracted conversion services, contracted enrichment services, or a combination thereof, and contracted fuel fabrication services. The supply markets for uranium concentrates and certain nuclear fuel services are subject to price fluctuations and availability restrictions. Supply market conditions may make Generation's procurement contracts subject to credit risk related to the potential non-performance of counterparties to deliver the contracted commodity or service at the contracted prices. Approximately 58% of Generation's uranium concentrate requirements from 2016 through 2020 are supplied by three producers. In the event of non-performance by these or other suppliers, Generation believes that replacement uranium concentrates can be obtained, although at prices that may be unfavorable when compared to the prices under the current supply agreements. Non-performance by these counterparties could have a material adverse impact on Exelon's and Generation's results of operations, cash flows and financial positions. See ITEM 7. — MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS for additional information regarding uranium and coal supply agreement matters.

ComEd

ComEd entered into 20-year contracts for renewable energy and RECs beginning in June 2012. ComEd is permitted to recover its renewable energy and REC costs from retail customers with no mark-up. The annual commitments represent the maximum settlements with suppliers for renewable energy and RECs under the existing contract terms. Pursuant to the ICC's Order on December 19, 2012, ComEd's commitments under the existing long-term contracts were reduced for the June 2013 through May 2014 procurement period. In addition, the ICC's December 18, 2013 Order approved the reduction of ComEd's commitments under those contracts for the June 2014 through May 2015 procurement period, and the amount of the reduction was approved by the ICC in March 2014. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information regarding energy procurement and derivatives.

PECO

PECO has contracts to procure electric supply that were executed through the competitive procurement process outlined in its PAPUC-approved DSP Programs, which are further discussed in Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements. PECO has certain full requirements

contracts which are considered derivatives and qualify for the normal purchases and normal sales scope exception under current derivative authoritative guidance, and as a result are accounted for on an accrual basis of accounting. Under the DSP Programs, PECO is permitted to recover its electric supply procurement costs from retail customers with no mark-up.

PECO has also entered into derivative natural gas contracts, which either qualify for the normal purchases and normal sales exception or have no mark-to-market balances because the derivatives are index priced, to hedge its long-term price risk in the natural gas market. PECO's hedging program for natural gas procurement has no direct impact on its financial position or results of operations as natural gas costs are fully recovered from customers under the PGC.

PECO does not enter into derivatives for speculative or proprietary trading purposes. For additional information on these contracts, see Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements.

BGE

BGE procures electric supply for default service customers through full requirements contracts pursuant to BGE's MDPSC-approved SOS program. BGE's full requirements contracts that are considered derivatives qualify for the normal purchases and normal sales scope exception under current derivative authoritative guidance, and as a result, are accounted for on an accrual basis of accounting. Under the SOS program, BGE is permitted to recover its electricity procurement costs from retail customers, plus an administrative fee which includes a shareholder return component and an incremental cost component. However, through December 2016, BGE provides all residential electric customers a credit for the residential shareholder return component of the administrative charge.

BGE has also entered into derivative natural gas contracts, which qualify for the normal purchases and normal sales scope exception, to hedge its price risk in the natural gas market. The hedging program for natural gas procurement has no direct impact on BGE's financial position. However, under BGE's market-based rates incentive mechanism, BGE's actual cost of gas is compared to a market index (a measure of the market price of gas in a given period). The difference between BGE's actual cost and the market index is shared equally between shareholders and customers.

BGE does not enter into derivatives for speculative or proprietary trading purposes. For additional information on these contracts, see Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements.

Pepco

Pepco has contracts to procure SOS electric supply that are executed through a competitive procurement process approved by the MDPSC and DCPSC. The SOS rates charged recover Pepco's wholesale power supply costs and include an administrative fee. The administrative fee includes an incremental cost component and a shareholder return component for residential and commercial rate classes. Pepco's price risk related to electric supply procurement is limited. Pepco locks in fixed prices for all of its SOS requirements through full requirements contracts. Certain of Pepco's full requirements contracts, which are considered derivatives, qualify for the NPNS scope exception under current derivative authoritative guidance. Other Pepco full requirements contracts are not derivatives.

Pepco does not enter into derivatives for speculative or proprietary trading purposes. For additional information on these contracts, see Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements.

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DPL

DPL has contracts to procure SOS electric supply that are executed through a competitive procurement process approved by the DPSC. The SOS rates charged recover DPL's wholesale power supply costs and include a Reasonable Allowance for Retail Margin (RARM). The RARM includes a fixed annual margin of approximately $2.75 million, plus an incremental cost component and a cash working capital allowance. DPL's price risk related to electric supply procurement is limited. DPL locks in fixed prices for all of its SOS requirements through full requirements contracts. Certain of DPL's full requirements contracts, which are considered derivatives, qualify for the NPNS scope exception under current derivative authoritative guidance. Other DPL full requirements contracts are not derivatives.

DPL provides natural gas to its customers under a GCR mechanism approved by the DPSC. The demand portion of the GCR is based upon DPL's firm transportation and storage contracts. DPL has firm deliverability of swing and seasonal storage; a liquefied natural gas facility and firm transportation capacity to meet customer demand and provide a reserve margin. The commodity portion of the GCR includes a commission approved hedging program which is intended to reduce gas commodity price volatility while limiting the firm natural gas customers' exposure to adverse changes in the market price of natural gas.

DPL does not enter into derivatives for speculative or proprietary trading purposes. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information regarding energy procurement and derivatives.

ACE

ACE has contracts to procure BGS electric supply that are executed through a competitive procurement process approved by the NJBPU. The BGS rates charged recover ACE's wholesale power supply costs. ACE does not make any profit or incur any loss on the supply component of the BGS it supplies to customers. ACE's price risk related to electric supply procurement is limited. ACE locks in fixed prices for all of its BGS requirements through full requirements contracts. ACE's full requirements contracts, which are considered derivatives, qualify for the NPNS scope exception under current derivative authoritative guidance. Other ACE full requirements contracts are not derivatives.

ACE does not enter into derivatives for speculative or proprietary trading purposes. For additional information on these contracts, see Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements.

Trading and Non-Trading Marketing Activities. The following detailed presentation of Exelon's, Generation's, ComEd's, PHI's and DPL's trading and non-trading marketing activities is included to address the recommended disclosures by the energy industry's Committee of Chief Risk Officers (CCRO).

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The following table provides detail on changes in Exelon's, Generation's, ComEd's, PHI's and DPL's commodity mark-to-market net asset or liability balance sheet position from December 31, 2015 to June 30, 2016. It indicates the drivers behind changes in the balance sheet amounts. This table incorporates the mark-to-market activities that are immediately recorded in earnings. This table excludes all normal purchase and normal sales contracts and does not segregate proprietary trading activity. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information on the balance sheet classification of the mark-to-market energy contract net assets (liabilities) recorded as of June 30, 2016 and December 31, 2015.

	Generation	ComEd	DPL [a]	Exelon [b]
Total mark-to-market energy contract net assets (liabilities) at December 31, 2015 [c]	$ 1,753	$ (247)	$ —	$ 1,506
Total change in fair value during 2016 of contracts recorded in results of operations	(30)	—	—	(30)
Reclassification to realized at settlement of contracts recorded in results of operations	(160)	—	—	(160)
Changes in fair value — energy derivatives [d]	—	26	3	28
Changes in allocated collateral	(713)	—	(3)	(715)
Changes in net option premium paid/(received)	10	—	—	10
Option premium amortization	17	—	—	17
Upfront payment amortizations [e]	17	—	—	17
Total mark-to-market energy contract net assets (liabilities) at June 30, 2016 [c]	$ 894	$ (221)	$ —	$ 673

(a) As of June 30, 2016 and December 31, 2015, PHI's and DPL's mark-to-market derivative asset was fully collateralized resulting in a zero balance. For the predecessor period of January 1, 2016 to March 23, 2016, PHI recorded a $1 million increase in fair value and $1 million decrease in allocated collateral related to the exchange-traded futures.

(b) As a result of the merger, Exelon amounts include PHI and DPL activity from March 24, 2016 to June 30, 2016. For the successor period of March 24, 2016 to June 30, 2016, there was a $2 million increase in fair value and $2 million decrease in allocated collateral related to the exchange-traded futures.

(c) Amounts are shown net of collateral paid to and received from counterparties.

(d) For ComEd and DPL, the changes in fair value are recorded as a change in regulatory assets or liabilities. As of June 30, 2016, ComEd recorded a $221 million regulatory asset related to its mark-to-market derivative liabilities with unaffiliated suppliers. For the six months ended June 30, 2016, ComEd also recorded $15 million of decreases in fair value and realized losses due to settlements of $11 million recorded in purchased power expense associated with floating-to-fixed energy swap contracts with unaffiliated suppliers. As of June 30, 2016, DPL recorded a $1 million regulatory liability related to its mark-to-market derivative liabilities.

(e) Includes derivative contracts acquired or sold by Generation through upfront payments or receipts of cash, excluding option premiums.

Fair Values. The following tables present maturity and source of fair value for Exelon, Generation and ComEd mark-to-market commodity contract net assets (liabilities). The tables provide two fundamental pieces of information. First, the tables provide the source of fair value used in determining the carrying amount of the Registrants' total mark-to-market net assets (liabilities), net of allocated collateral. Second, the tables show the maturity, by year, of the Registrants' commodity contract net assets (liabilities), net of allocated collateral, giving an indication of when these mark-to-market amounts will settle and either generate or require cash. See Note 8 — Fair Value of Financial Assets and Liabilities of the Combined Notes to Consolidated Financial Statements for additional information regarding fair value measurements and the fair value hierarchy.

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Exelon

	Maturities Within						
	2016	2017	2018	2019	2020	2021 and Beyond	Total Fair Value
Normal Operations, Commodity derivative contracts [a][b]:							
Actively quoted prices (Level 1)	$ 21	$ 40	$(21)	$(25)	$ (6)	$ 1	$ 10
Prices provided by external sources (Level 2)	146	139	(6)	(6)	2	—	275
Prices based on model or other valuation methods (Level 3) [c]	202	248	68	(28)	(17)	(85)	388
Total	$369	$427	$ 41	$(59)	$(21)	$ (84)	$ 673

(a) Mark-to-market gains and losses on other economic hedge and trading derivative contracts that are recorded in results of operations.
(b) Amounts are shown net of collateral paid to and received from counterparties (and offset against mark-to-market assets and liabilities) of $521 million at June 30, 2016.
(c) Includes ComEd's net assets (liabilities) associated with the floating-to-fixed energy swap contracts with unaffiliated suppliers.

Generation

	Maturities Within						
	2016	2017	2018	2019	2020	2021 and Beyond	Total Fair Value
Normal Operations, Commodity derivative contracts [a][b]:							
Actively quoted prices (Level 1)	$ 21	$ 40	$(21)	$(25)	$ (6)	$ 1	$ 10
Prices provided by external sources (Level 2)	146	139	(6)	(6)	2	—	275
Prices based on model or other valuation methods (Level 3)	211	266	85	(11)	—	58	609
Total	$378	$445	$ 58	$(42)	$ (4)	$ 59	$ 894

(a) Mark-to-market gains and losses on other economic hedge and trading derivative contracts that are recorded in the results of operations.
(b) Amounts are shown net of collateral paid to and received from counterparties (and offset against mark-to-market assets and liabilities) of $521 million at June 30, 2016.

ComEd

	Maturities Within						
	2016	2017	2018	2019	2020	2021 and Beyond	Total Fair Value
Commodity derivative contracts [a]:							
Prices based on model or other valuation methods (Level 3)	$ (9)	$(18)	$(17)	$(17)	$(17)	$ (143)	$ (221)

(a) Represents ComEd's net liabilities associated with the floating-to-fixed energy swap contracts with unaffiliated suppliers.

Credit Risk, Collateral and Contingent Related Features (All Registrants)

The Registrants would be exposed to credit-related losses in the event of non-performance by counterparties that enter into derivative instruments. The credit exposure of derivative contracts, before collateral, is represented

by the fair value of contracts at the reporting date. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for a detailed discussion of credit risk, collateral and contingent related features.

Generation

The following tables provide information on Generation's credit exposure for all derivative instruments, normal purchase normal sales agreements, and applicable payables and receivables, net of collateral and instruments that are subject to master netting agreements, as of June 30, 2016. The tables further delineate that exposure by credit rating of the counterparties and provide guidance on the concentration of credit risk to individual counterparties and an indication of the duration of a company's credit risk by credit rating of the counterparties. The figures in the tables below exclude credit risk exposure from individual retail customers, uranium procurement contracts, and exposure through RTOs, ISOs, NYMEX, ICE and Nodal commodity exchanges, which are discussed below. Additionally, the figures in the tables below exclude exposures with affiliates, including net receivables with ComEd, PECO, BGE, Pepco, DPL and ACE of $26 million, $40 million, $36 million, $50 million, $15 million, and $8 million as of June 30, 2016, respectively.

Rating as of June 30, 2016	Total Exposure Before Credit Collateral	Credit Collateral [a]	Net Exposure	Number of Counterparties Greater than 10% of Net Exposure	Net Exposure of Counterparties Greater than 10% of Net Exposure
Investment grade	$ 965	$ 12	$ 953	1	$ 356
Non-investment grade	55	24	31	—	—
No external ratings					
Internally rated — investment grade	373	1	372	—	—
Internally rated — non-investment grade	46	7	39	—	—
Total	$ 1,439	$ 44	$ 1,395	1	$ 356

	Maturity of Credit Risk Exposure			
Rating as of June 30, 2016	Less than 2 Years	2-5 Years	Exposure Greater than 5 Years	Total Exposure Before Credit Collateral
Investment grade	$ 703	$ 255	$ 7	$ 965
Non-investment grade	42	13	—	55
No external ratings				
Internally rated — investment grade	316	36	21	373
Internally rated — non-investment grade	44	2	—	46
Total	$ 1,105	$ 306	$ 28	$ 1,439

Net Credit Exposure by Type of Counterparty	As of June 30, 2016
Financial institutions	$ 96
Investor-owned utilities, marketers, power producers	573
Energy cooperatives and municipalities	696
Other	30
Total	$ 1,395

(a) As of June 30, 2016, credit collateral held from counterparties where Generation had credit exposure included $9 million of cash and $35 million of letters of credit.

ComEd, PECO and BGE

There have been no significant changes or additions to ComEd's, PECO's, or BGE's exposures to credit risk that are described in ITEM 1A. RISK FACTORS of Exelon's 2015 Annual Report on Form 10-K.

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See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for information regarding credit exposure to suppliers.

PHI, Pepco, DPL and ACE

There have been no significant changes or additions to PHI's, Pepco's, DPL's or ACE's exposures to credit risk as described in ITEM 1A. RISK FACTORS of PHI's 2015 Annual Report on Form 10-K.

See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for information regarding credit exposure to suppliers.

Collateral (All Registrants)

Generation

As part of the normal course of business, Generation routinely enters into physical or financial contracts for the sale and purchase of electricity, natural gas and other commodities. These contracts either contain express provisions or otherwise permit Generation and its counterparties to demand adequate assurance of future performance when there are reasonable grounds for doing so. In accordance with the contracts and applicable law, if Generation is downgraded by a credit rating agency, especially if such downgrade is to a level below investment grade, it is possible that a counterparty would attempt to rely on such a downgrade as a basis for making a demand for adequate assurance of future performance. Depending on Generation's net position with a counterparty, the demand could be for the posting of collateral. In the absence of expressly agreed-to provisions that specify the collateral that must be provided, collateral requested will be a function of the facts and circumstances of the situation at the time of the demand. In this case, Generation believes an amount of several months of future payments (i.e. capacity payments) rather than a calculation of fair value is the best estimate for the contingent collateral obligation, which has been factored into the disclosure below. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for information regarding collateral requirements.

Generation transacts output through bilateral contracts. The bilateral contracts are subject to credit risk, which relates to the ability of counterparties to meet their contractual payment obligations. Any failure to collect these payments from counterparties could have a material impact on Exelon's and Generation's results of operations, cash flows and financial position. As market prices rise above or fall below contracted price levels, Generation is required to post collateral with purchasers; as market prices fall below contracted price levels, counterparties are required to post collateral with Generation. In order to post collateral, Generation depends on access to bank credit facilities, which serve as liquidity sources to fund collateral requirements. See Liquidity and Capital Resources — Credit Matters — Exelon Credit Facilities for additional information.

As of June 30, 2016, Generation had cash collateral of $548 million posted and cash collateral held of $14 million for external counterparties with derivative positions, of which $521 million and $3 million in net cash collateral deposits were offset against energy derivative and interest rate and foreign exchange derivative related to underlying energy contracts, respectively. As of June 30, 2016, $10 million of cash collateral posted was not offset against net derivative positions because it was not associated with energy-related derivatives or as of the balance sheet date there were no positions to offset. See Note 18 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements for information regarding the letters of credit supporting the cash collateral.

ComEd

As of June 30, 2016, ComEd held $1 million in collateral from suppliers in association with energy procurement contracts and held approximately $19 million in the form of cash and letters of credit for renewable

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energy contracts. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements in this report and Note 3 — Regulatory Matters of the 2015 Exelon Form 10-K for additional information.

PECO

As of June 30, 2016, PECO was not required to post collateral under its energy and natural gas procurement contracts. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information.

BGE

BGE is not required to post collateral under its electric supply contracts. As of June 30, 2016, BGE was not required to post collateral under its natural gas procurement contracts nor was it holding collateral under its electric supply and natural gas procurement contracts. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information.

Pepco

Pepco is not required to post collateral under its energy procurement contracts. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information.

DPL

DPL is not required to post collateral under its energy procurement contracts. As of June 30, 2016, DPL was not required to post collateral under its natural gas procurement contracts. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information.

ACE

ACE is not required to post collateral under its energy procurement contracts. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information.

RTOs and ISOs (All Registrants)

Generation, ComEd, PECO, BGE, Pepco, DPL and ACE participate in all, or some, of the established, real-time energy markets that are administered by PJM, ISO-NE, ISO-NY, CAISO, MISO, SPP, AESO, OIESO and ERCOT. In these areas, power is traded through bilateral agreements between buyers and sellers and on the spot markets that are operated by the RTOs or ISOs, as applicable. In areas where there is no spot market, electricity is purchased and sold solely through bilateral agreements. For sales into the spot markets administered by an RTO or ISO, the RTO or ISO maintains financial assurance policies that are established and enforced by those administrators. The credit policies of the RTOs and ISOs may, under certain circumstances, require that losses arising from the default of one member on spot market transactions be shared by the remaining participants. Non-performance or non-payment by a major counterparty could result in a material adverse impact on the Registrants' results of operations, cash flows and financial positions.

Exchange Traded Transactions (Exelon, Generation, PHI and DPL)

Generation enters into commodity transactions on NYMEX, ICE and the Nodal exchange. DPL enters into commodity transactions on ICE. The NYMEX, ICE and Nodal exchange clearinghouses act as the counterparty to each trade. Transactions on the NYMEX, ICE and Nodal exchange must adhere to comprehensive collateral and margining requirements. As a result, transactions on NYMEX, ICE and Nodal exchange are significantly collateralized and have limited counterparty credit risk.

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Long-Term Leases (Exelon)

On March 31, 2016, UII and MEAG finalized an agreement to terminate the MEAG Headleases, the MEAG Leases, and other related agreements prior to their expiration dates. As a result of the lease termination, UII received an early termination payment of $360 million from MEAG and wrote-off the $356 million net investment in the MEAG Headleases and the Leases. The transaction resulted in a pre-tax gain of $4 million which is reflected in Operating and maintenance expense in Exelon's Consolidated Statements of Operations and Comprehensive Income. See Note 6 — Impairment of Long-Lived Assets of the Combined Notes to Consolidated Financial Statements for additional information.

Interest Rate and Foreign Exchange Risk (Exelon, Generation, ComEd, PECO, BGE and PHI)

The Registrants use a combination of fixed-rate and variable-rate debt to manage interest rate exposure. The Exelon registrants may also utilize fixed-to-floating interest rate swaps, which are typically designated as fair value hedges, as a means to manage their interest rate exposure. In addition, the Registrants may utilize interest rate derivatives to lock in rate levels in anticipation of future financings, which are typically designated as cash flow hedges. These strategies are employed to manage interest rate risks. At June 30, 2016, Exelon had $800 million of notional amounts of fixed-to-floating hedges outstanding and Exelon and Generation had $764 million and $674 million of notional amounts of floating-to-fixed hedges outstanding, respectively. Assuming the fair value and cash flow interest rate hedges are 100% effective, a hypothetical 50 bps increase in the interest rates associated with unhedged variable-rate debt (excluding Commercial Paper) and fixed-to-floating swaps would result in approximately a $3 million decrease in Exelon Consolidated pre-tax income for the six months ended June 30, 2016. To manage foreign exchange rate exposure associated with international energy purchases in currencies other than U.S. dollars, Generation utilizes foreign currency derivatives, which are typically designated as economic hedges.

Equity Price Risk (Exelon and Generation)

Exelon and Generation maintain trust funds, as required by the NRC, to fund certain costs of decommissioning Generation's nuclear plants. As of June 30, 2016, Generation's decommissioning trust funds are reflected at fair value on its Consolidated Balance Sheets. The mix of securities in the trust funds is designed to provide returns to be used to fund decommissioning and to compensate Generation for inflationary increases in decommissioning costs; however, the equity securities in the trust funds are exposed to price fluctuations in equity markets, and the value of fixed-rate, fixed-income securities are exposed to changes in interest rates. Generation actively monitors the investment performance of the trust funds and periodically reviews asset allocation in accordance with Generation's NDT fund investment policy. A hypothetical 10% increase in interest rates and decrease in equity prices would result in a $485 million reduction in the fair value of the trust assets. This calculation holds all other variables constant and assumes only the discussed changes in interest rates and equity prices. See ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS for further discussion of equity price risk as a result of the current capital and credit market conditions.

Item 4. Controls and Procedures

During the second quarter of 2016, each of Exelon's, Generation's, ComEd's, PECO's, BGE's, PHI's, Pepco's, DPL's and ACE's management, including its principal executive officer and principal financial officer, evaluated its disclosure controls and procedures related to the recording, processing, summarizing and reporting of information in its periodic reports that it files with the SEC. These disclosure controls and procedures have been designed by all Registrants to ensure that (a) material information relating to that Registrant, including its consolidated subsidiaries, is accumulated and made known to Exelon's management, including its principal executive officer and principal financial officer, by other employees of that Registrant and its subsidiaries as appropriate to allow timely decisions regarding required disclosure, and (b) this information is recorded,

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processed, summarized, evaluated and reported, as applicable, within the time periods specified in the SEC's rules and forms. Due to the inherent limitations of control systems, not all misstatements may be detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls could be circumvented by the individual acts of some persons or by collusion of two or more people.

Accordingly, as of June 30, 2016, the principal executive officer and principal financial officer of each of Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE concluded that such Registrant's disclosure controls and procedures were effective to accomplish its objectives. All Registrants continually strive to improve their disclosure controls and procedures to enhance the quality of its financial reporting and to maintain dynamic systems that change as conditions warrant. On March 23, 2016, the merger between Exelon and PHI closed. Exelon is currently in the process of integrating PHI's operations, processes and internal controls. There have been no changes in internal control over financial reporting that occurred during the second quarter of 2016, other than changes resulting from the PHI Merger, that have materially affected, or are reasonably likely to materially affect, any of Exelon's, Generation's, ComEd's, PECO's, BGE's , PHI's, Pepco's, DPL's and ACE's internal control over financial reporting. See Note 4 — Mergers, Acquisitions and Dispositions of the Combined Notes to the Consolidated Financial Statements for further information regarding the PHI acquisition. Exelon's management expects that the controls over financial reporting associated with PHI, Pepco, DPL and ACE from the date of the merger forward will be covered in the year-end assessment.

PART II — OTHER INFORMATION

Item 1 Legal Proceedings

The Registrants are parties to various lawsuits and regulatory proceedings in the ordinary course of their respective businesses. For information regarding material lawsuits and proceedings, see (a) ITEM 3. LEGAL PROCEEDINGS of Exelon's 2015 Form 10-K, (b) ITEM 3. LEGAL PROCEEDINGS of PHI's 2015 Form 10-K and (c) Notes 5 — Regulatory Matters and 18 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements in PART I, ITEM 1. FINANCIAL STATEMENTS of this Report. Such descriptions are incorporated herein by these references.

Item 1A Risk Factors

Risks Related to Exelon

Exclusive of the *Risks Related to the Pending Merger with PHI* described in Exelon's 2015 Form 10-K in ITEM 1A. RISK FACTORS, Exelon is, and will continue to be, subject to the risks described in Exelon's and PHI's 2015 Form 10-K in (a) ITEM 1A. RISK FACTORS, (b) ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS and (c) ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA: Note 23 of the Combined Notes to Consolidated Financial Statements in Exelon's 2015 Form 10-K and Note 16 of the Notes to Consolidated Financial Statements in PHI's 2015 Form 10-K. As a result of the merger with PHI that closed on March 23, 2016 Exelon is subject to additional risks related to the merger as described below.

Risks Related to the PHI Merger

The merger may not achieve its anticipated results, and Exelon may be unable to integrate the operations of PHI in the manner expected.

Exelon and PHI entered into the merger agreement with the expectation that the merger will result in various benefits, including, among other things, cost savings and operating efficiencies. Achieving the anticipated benefits of the merger is subject to a number of uncertainties, including whether the businesses of Exelon and PHI can be integrated in an efficient, effective and timely manner.

It is possible that the integration process could take longer than anticipated and could result in the loss of valuable employees, the disruption of Exelon's businesses, processes and systems or inconsistencies in standards, controls, procedures, practices and policies, any of which could adversely affect the combined company's ability to achieve the anticipated benefits of the merger as and when expected. Exelon may have difficulty addressing possible differences in corporate cultures and management philosophies. Failure to achieve these anticipated benefits could result in increased costs and could adversely affect Exelon's future business, financial condition, operating results and prospects.

The merger may not be accretive to earnings and may cause dilution to Exelon's earnings per share, which may negatively affect the market price of Exelon's common stock.

The timing and amount of accretion expected could be significantly adversely affected by a number of uncertainties, including market conditions, risks related to Exelon's businesses and whether the business of PHI is integrated in an efficient and effective manner. Exelon also could encounter additional transaction and integration-related costs, may fail to realize all of the benefits anticipated in the merger or be subject to other factors that affect preliminary estimates. Any of these factors could cause a decrease in Exelon's adjusted earnings per share or decrease or delay the expected accretive effect of the merger and contribute to a decrease in the price of Exelon's common stock.

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Exelon may incur unexpected transaction fees and merger-related costs in connection with the merger.

Exelon expects to incur a number of non-recurring expenses associated with completing the merger, as well as expenses related to combining the operations of the two companies. Exelon may incur additional unanticipated costs in the integration of the businesses of Exelon and PHI. Although Exelon expects that the elimination of certain duplicative costs, as well as the realization of other efficiencies related to the integration of the two businesses, will offset the incremental transaction and merger-related costs over time, the combined company may not achieve this net benefit in the near term, or at all.

Exelon may encounter unexpected difficulties or costs in meeting commitments it made under various orders and agreements associated with regulatory approvals for the PHI Merger.

As a result of the process to obtain regulatory approvals required for the PHI Merger, Exelon is committed to various programs, contributions and investments in several settlement agreements and regulatory approval orders. It is possible that Exelon may encounter delays, unexpected difficulties, or additional costs in meeting these commitments in compliance with the terms of the relevant agreements and orders. Failure to fulfill the commitments in accordance with their terms could result in increased costs or result in penalties or fines that could adversely affect Exelon's financial position and operating results.

Item 4 Mine Safety Disclosures

Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE

Not applicable to the Registrants.

Item 6 Exhibits

Certain of the following exhibits are incorporated herein by reference under Rule 12b-32 of the Securities and Exchange Act of 1934, as amended. Certain other instruments which would otherwise be required to be listed below have not been so listed because such instruments do not authorize securities in an amount which exceeds 10% of the total assets of the applicable registrant and its subsidiaries on a consolidated basis and the relevant registrant agrees to furnish a copy of any such instrument to the Commission upon request.

Exhibit No.	Description
4.1	Supplemental Indenture dated as of June 15, 2016 from ComEd to BNY Mellon Trust Company of Illinois, as trustee, and D. G. Donovan, as co-trustee (File No. 001-01839, Form 8-K dated June 27, 2016, Exhibit 4.1)
10.1	Amendment No. 7 to Credit Agreement, dated as of March 23, 2011, among Exelon Corporation, as Borrower, the various financial institutions named therein, as Lenders, and JPMorgan Chase Bank, N.A., as Administrative Agent (File No. 001-16169, Form 8-K dated May 27, 2016, Exhibit 99.1)
10.2	Amendment No. 7 to Credit Agreement, dated as of March 23, 2011, among Exelon Generation Company, LLC, as Borrower, the various financial institutions named therein, as Lenders, and JPMorgan Chase Bank, N.A., as Administrative Agent (File No. 333-85496, Form 8-K dated May 27, 2016, Exhibit 99.2)
10.3	Amendment No. 4 to Credit Agreement, dated as of March 26, 2012, among Commonwealth Edison Company, as Borrower, the various financial institutions named therein, as Lenders, and JPMorgan Chase Bank, N.A., as Administrative Agent (File No. 001-01839, Form 8-K dated May 27, 2016, Exhibit 99.3)

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Exhibit No.	Description
10.4	Amendment No. 6 to Credit Agreement, dated as of March 23, 2011, among PECO Energy Company, as Borrower, the various financial institutions named therein, as Lenders, and JPMorgan Chase Bank, N.A., as Administrative Agent (File No. 000-16844, Form 8-K dated May 27, 2016, Exhibit 99.4)
10.5	Amendment No. 5 to Credit Agreement, dated as of March 23, 2011, among Baltimore Gas and Electric Company, as Borrower, the various financial institutions named therein, as Lenders, and JPMorgan Chase Bank, N.A., as Administrative Agent (File No. 001-01910, Form 8-K dated May 27, 2016, Exhibit 99.5)
10.6	Fourth Amendment to Second Amended and Restated Credit Agreement, dated as of August 1, 2011, among Pepco Holdings LLC, Potomac Electric Power Company, Delmarva Power & Light Company and Atlantic City Electric Company, as Borrowers, the various financial institutions named therein, as Lenders, and Wells Fargo Bank, National Association, as Administrative Agent (File No. 001-31403, Form 8-K dated May 27, 2016, Exhibit 99.6)
101.INS	XBRL Instance
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation
101.DEF	XBRL Taxonomy Extension Definition
101.LAB	XBRL Taxonomy Extension Labels
101.PRE	XBRL Taxonomy Extension Presentation

Certifications Pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities and Exchange Act of 1934 as to the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2016 filed by the following officers for the following companies:

31-1 — Filed by Christopher M. Crane for Exelon Corporation

31-2 — Filed by Jonathan W. Thayer for Exelon Corporation

31-3 — Filed by Kenneth W. Cornew for Exelon Generation Company, LLC

31-4 — Filed by Bryan P. Wright for Exelon Generation Company, LLC

31-5 — Filed by Anne R. Pramaggiore for Commonwealth Edison Company

31-6 — Filed by Joseph R. Trpik, Jr. for Commonwealth Edison Company

31-7 — Filed by Craig L. Adams for PECO Energy Company

31-8 — Filed by Phillip S. Barnett for PECO Energy Company

31-9 — Filed by Calvin G. Butler, Jr. for Baltimore Gas and Electric Company

31-10 — Filed by David M. Vahos for Baltimore Gas and Electric Company

31-11 — Filed by David M. Velazquez for Pepco Holdings LLC

31-12 — Filed by Donna J. Kinzel for Pepco Holdings LLC

31-13 — Filed by David M. Velazquez for Potomac Electric Power Company

31-14 — Filed by Donna J. Kinzel for Potomac Electric Power Company

31-15 — Filed by David M. Velazquez for Delmarva Power & Light Company

31-16 — Filed by Donna J. Kinzel for Delmarva Power & Light Company

31-17 — Filed by David M. Velazquez for Atlantic City Electric Company

31-18 — Filed by Donna J. Kinzel for Atlantic City Electric Company

S1-SSA-0009 - 20466

Certifications Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code (Sarbanes — Oxley Act of 2002) as to the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2016 filed by the following officers for the following companies:

32-1 — Filed by Christopher M. Crane for Exelon Corporation

32-2 — Filed by Jonathan W. Thayer for Exelon Corporation

32-3 — Filed by Kenneth W. Cornew for Exelon Generation Company, LLC

32-4 — Filed by Bryan P. Wright for Exelon Generation Company, LLC

32-5 — Filed by Anne R. Pramaggiore for Commonwealth Edison Company

32-6 — Filed by Joseph R. Trpik, Jr. for Commonwealth Edison Company

32-7 — Filed by Craig L. Adams for PECO Energy Company

32-8 — Filed by Phillip S. Barnett for PECO Energy Company

32-9 — Filed by Calvin G. Butler, Jr. for Baltimore Gas and Electric Company

32-10 — Filed by David M. Vahos for Baltimore Gas and Electric Company

32-11 — Filed by David M. Velazquez for Pepco Holdings LLC

32-12 — Filed by Donna J. Kinzel for Pepco Holdings LLC

32-13 — Filed by David M. Velazquez for Potomac Electric Power Company

32-14 — Filed by Donna J. Kinzel for Potomac Electric Power Company

32-15 — Filed by David M. Velazquez for Delmarva Power & Light Company

32-16 — Filed by Donna J. Kinzel for Delmarva Power & Light Company

32-17 — Filed by David M. Velazquez for Atlantic City Electric Company

32-18 — Filed by Donna J. Kinzel for Atlantic City Electric Company

S1-SSA-0009 - 20467

SIGNATURES

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

EXELON CORPORATION

/ S / C HRISTOPHER M. C RANE
Christopher M. Crane
President and Chief Executive Officer
(Principal Executive Officer) and Director

/ S / J ONATHAN W. T HAYER
Jonathan W. Thayer
Senior Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

/ S / D UANE M. D ES P ARTE
Duane M. DesParte
Senior Vice President and Corporate Controller
(Principal Accounting Officer)

August 9, 2016

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

EXELON GENERATION COMPANY, LLC

/ S / K ENNETH W. C ORNEW
Kenneth W. Cornew
President and Chief Executive Officer
(Principal Executive Officer)

/ S / B RYAN P. W RIGHT
Bryan P. Wright
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

/ S / M ATTHEW N. B AUER
Matthew N. Bauer
Vice President and Controller
(Principal Accounting Officer)

August 9, 2016

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

COMMONWEALTH EDISON COMPANY

/ S / A NNE R. P RAMAGGIORE
Anne R. Pramaggiore
President and Chief Executive Officer
(Principal Executive Officer)

/ S / J OSEPH R. T RPIK , J R .
Joseph R. Trpik, Jr.
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/ S / G ERALD J. K OZEL
Gerald J. Kozel
Vice President and Controller
(Principal Accounting Officer)

August 9, 2016

S1-SSA-0009 - 20468

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PECO ENERGY COMPANY

/ S / C RAIG L. A DAMS
Craig L. Adams
President and Chief Executive Officer
(Principal Executive Officer)

/ S / P HILLIP S. B ARNETT
Phillip S. Barnett
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/ S / S COTT A. B AILEY
Scott A. Bailey
Vice President and Controller
(Principal Accounting Officer)

August 9, 2016

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BALTIMORE GAS AND ELECTRIC COMPANY

/ S / C ALVIN G. B UTLER , J R .
Calvin G. Butler, Jr.
Chief Executive Officer
(Principal Executive Officer)

/ S / D AVID M. V AHOS
David M. Vahos
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/ S / A NDREW W. H OLMES
Andrew W. Holmes
Vice President and Controller
(Principal Accounting Officer)

August 9, 2016

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PEPCO HOLDINGS LLC

/ S / D AVID M. V ELAZQUEZ
David M. Velazquez
President and Chief Executive Officer
(Principal Executive Officer)

/ S / D ONNA J. K INZEL
Donna J. Kinzel
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/ S / R OBERT M. A IKEN
Robert M. Aiken
Vice President and Controller
(Principal Accounting Officer)

August 9, 2016

S1-SSA-0009 - 20469

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

POTOMAC ELECTRIC POWER COMPANY

/ S / D AVID M. V ELAZQUEZ
David M. Velazquez
President and Chief Executive Officer
(Principal Executive Officer)

/ S / D ONNA J. K INZEL
Donna J. Kinzel
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/ S / R OBERT M. A IKEN
Robert M. Aiken
Vice President and Controller
(Principal Accounting Officer)

August 9, 2016

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DELMARVA POWER & LIGHT COMPANY

/ S / D AVID M. V ELAZQUEZ
David M. Velazquez
President and Chief Executive Officer
(Principal Executive Officer)

/ S / D ONNA J. K INZEL
Donna J. Kinzel
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/ S / R OBERT M. A IKEN
Robert M. Aiken
Vice President and Controller
(Principal Accounting Officer)

August 9, 2016

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ATLANTIC CITY ELECTRIC COMPANY

/ S / D AVID M. V ELAZQUEZ
David M. Velazquez
President and Chief Executive Officer
(Principal Executive Officer)

/ S / D ONNA J. K INZEL
Donna J. Kinzel
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/ S / R OBERT M. A IKEN
Robert M. Aiken
Vice President and Controller
(Principal Accounting Officer)

August 9, 2016

Exhibit 31-1

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Christopher M. Crane, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ CHRISTOPHER M. CRANE
President and Chief Executive Officer
(Principal Executive Officer)

Date: August 9, 2016

Exhibit 31-2

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Jonathan W. Thayer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ JONATHAN W. THAYER
Senior Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Date: August 9, 2016

Exhibit 31-3

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Kenneth W. Cornew, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Generation Company, LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ KENNETH W. CORNEW
President and Chief Executive Officer
(Principal Executive Officer)

Date: August 9, 2016

Exhibit 31-4

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Bryan P. Wright, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Generation Company, LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ BRYAN P. WRIGHT
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

Date: August 9, 2016

Exhibit 31-5

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Anne R. Pramaggiore, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Commonwealth Edison Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ ANNE R. PRAMAGGIORE
President and Chief Executive Officer
(Principal Executive Officer)

Date: August 9, 2016

Exhibit 31-6

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Joseph R. Trpik, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Commonwealth Edison Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ JOSEPH R. TRPIK, JR.
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: August 9, 2016

Exhibit 31-7

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Craig L. Adams, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PECO Energy Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ CRAIG L. ADAMS
President and Chief Executive Officer
(Principal Executive Officer)

Date: August 9, 2016

Exhibit 31-8

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Phillip S. Barnett, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PECO Energy Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ PHILLIP S. BARNETT
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: August 9, 2016

Exhibit 31-9

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Calvin G. Butler, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Baltimore Gas and Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ CALVIN G. BUTLER, JR.
Chief Executive Officer
(Principal Executive Officer)

Date: August 9, 2016

Exhibit 31-10

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, David M. Vahos, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Baltimore Gas and Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ DAVID M. VAHOS
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: August 9, 2016

Exhibit 31-11

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, David M. Velazquez, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Pepco Holdings LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ DAVID M. VELAZQUEZ
President and Chief Executive Officer
(Principal Executive Officer)

Date: August 9, 2016

Exhibit 31-12

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Donna J. Kinzel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Pepco Holdings LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ DONNA J. KINZEL
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: August 9, 2016

Exhibit 31-13

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, David M. Velazquez, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Potomac Electric Power Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ DAVID M. VELAZQUEZ
President and Chief Executive Officer
(Principal Executive Officer)

Date: August 9, 2016

Exhibit 31-14

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Donna J. Kinzel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Potomac Electric Power Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ DONNA J. KINZEL
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: August 9, 2016

Exhibit 31-15

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, David M. Velazquez, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Delmarva Power & Light Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ DAVID M. VELAZQUEZ
President and Chief Executive Officer
(Principal Executive Officer)

Date: August 9, 2016

Exhibit 31-16

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Donna J. Kinzel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Delmarva Power & Light Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ DONNA J. KINZEL
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: August 9, 2016

Exhibit 31-17

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, David M. Velazquez, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Atlantic City Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ DAVID M. VELAZQUEZ
President and Chief Executive Officer
(Principal Executive Officer)

Date: August 9, 2016

Exhibit 31-18

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Donna J. Kinzel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Atlantic City Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ DONNA J. KINZEL
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: August 9, 2016

Exhibit 32-1

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Corporation for the quarterly period ended June 30, 2016, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Corporation.

/ S / C HRISTOPHER M. C RANE

Christopher M. Crane
President and Chief Executive Officer

Date: August 9, 2016

Exhibit 32-2

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Corporation for the quarterly period ended June 30, 2016, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Corporation.

/S/ JONATHAN W. THAYER

Jonathan W. Thayer
Senior Executive Vice President and Chief Financial Officer

Date: August 9, 2016

Exhibit 32-3

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Generation Company, LLC for the quarterly period ended June 30, 2016, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Generation Company, LLC.

/ S / K ENNETH W. C ORNEW

Kenneth W. Cornew
President and Chief Executive Officer

Date: August 9, 2016

Exhibit 32-4

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Generation Company, LLC for the quarterly period ended June 30, 2016, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Generation Company, LLC.

/S/ BRYAN P. WRIGHT
Bryan P. Wright
Senior Vice President and Chief Financial Officer

Date: August 9, 2016

Exhibit 32-5

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Commonwealth Edison Company for the quarterly period ended June 30, 2016, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Commonwealth Edison Company.

/S/ ANNE R. PRAMAGGIORE

Anne R. Pramaggiore
President and Chief Executive Officer

Date: August 9, 2016

Exhibit 32-6

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Commonwealth Edison Company for the quarterly period ended June 30, 2016, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Commonwealth Edison Company.

/S/ JOSEPH R. TRPIK, JR.

Joseph R. Trpik, Jr.
Senior Vice President, Chief Financial Officer and Treasurer

Date: August 9, 2016

Exhibit 32-7

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of PECO Energy Company for the quarterly period ended June 30, 2016, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of PECO Energy Company.

/ S / C RAIG L. A DAMS

Craig L. Adams
President and Chief Executive Officer

Date: August 9, 2016

Exhibit 32-8

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of PECO Energy Company for the quarterly period ended June 30, 2016, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of PECO Energy Company.

/ S / P HILLIP S. B ARNETT

Phillip S. Barnett
Senior Vice President, Chief Financial Officer and Treasurer

Date: August 9, 2016

Exhibit 32-9

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Baltimore Gas and Electric Company for the quarterly period ended June 30, 2016, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Baltimore Gas and Electric Company.

/S/ CALVIN G. BUTLER, JR.
Calvin G. Butler, Jr.
Chief Executive Officer

Date: August 9, 2016

Exhibit 32-10

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Baltimore Gas and Electric Company for the quarterly period ended June 30, 2016, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Baltimore Gas and Electric Company.

/S/ DAVID M. VAHOS

David M. Vahos
Senior Vice President, Chief Financial Officer and Treasurer

Date: August 9, 2016

Exhibit 32-11

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Pepco Holdings LLC for the quarterly period ended June 30, 2016, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Pepco Holdings LLC.

/ S / D AVID M. V ELAZQUEZ

David M. Velazquez
President and Chief Executive Officer

Date: August 9, 2016

Exhibit 32-12

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Pepco Holdings LLC for the quarterly period ended June 30, 2016, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Pepco Holdings LLC.

/ S / D ONNA J. K INZEL

Donna J. Kinzel
Senior Vice President, Chief Financial Officer and Treasurer

Date: August 9, 2016

Exhibit 32-13

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Potomac Electric Power Company for the quarterly period ended June 30, 2016, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Potomac Electric Power Company.

/ S / D AVID M. V ELAZQUEZ

David M. Velazquez
President and Chief Executive Officer

Date: August 9, 2016

Exhibit 32-14

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Potomac Electric Power Company for the quarterly period ended June 30, 2016, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Potomac Electric Power Company.

/S/ DONNA J. KINZEL

Donna J. Kinzel
Senior Vice President, Chief Financial Officer and Treasurer

Date: August 9, 2016

Exhibit 32-15

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Delmarva Power & Light Company for the quarterly period ended June 30, 2016, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Delmarva Power & Light Company.

/ S / D AVID M. V ELAZQUEZ

David M. Velazquez
President and Chief Executive Officer

Date: August 9, 2016

Exhibit 32-16

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Delmarva Power & Light Company for the quarterly period ended June 30, 2016, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Delmarva Power & Light Company.

/S/ DONNA J. KINZEL

Donna J. Kinzel
Senior Vice President, Chief Financial Officer and Treasurer

Date: August 9, 2016

Exhibit 32-17

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Atlantic City Electric Company for the quarterly period ended June 30, 2016, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Atlantic City Electric Company.

/ S / D AVID M. V ELAZQUEZ

David M. Velazquez
President and Chief Executive Officer

Date: August 9, 2016

Exhibit 32-18

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Atlantic City Electric Company for the quarterly period ended June 30, 2016, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Atlantic City Electric Company.

/S/ DONNA J. KINZEL

Donna J. Kinzel
Senior Vice President, Chief Financial Officer and Treasurer

Date: August 9, 2016

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended June 30, 2017

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number	Name of Registrant; State or Other Jurisdiction of Incorporation; Address of Principal Executive Offices; and Telephone Number	IRS Employer Identification Number
1-16169	EXELON CORPORATION (a Pennsylvania corporation) 10 South Dearborn Street P.O. Box 805379 Chicago, Illinois 60680-5379 (800) 483-3220	23-2990190
333-85496	EXELON GENERATION COMPANY, LLC (a Pennsylvania limited liability company) 300 Exelon Way Kennett Square, Pennsylvania 19348-2473 (610) 765-5959	23-3064219
1-1839	COMMONWEALTH EDISON COMPANY (an Illinois corporation) 440 South LaSalle Street Chicago, Illinois 60605-1028 (312) 394-4321	36-0938600
000-16844	PECO ENERGY COMPANY (a Pennsylvania corporation) P.O. Box 8699 2301 Market Street Philadelphia, Pennsylvania 19101-8699 (215) 841-4000	23-0970240
1-1910	BALTIMORE GAS AND ELECTRIC COMPANY (a Maryland corporation) 2 Center Plaza 110 West Fayette Street Baltimore, Maryland 21201-3708 (410) 234-5000	52-0280210
001-31403	PEPCO HOLDINGS LLC (a Delaware limited liability company) 701 Ninth Street, N.W. Washington, District of Columbia 20068 (202) 872-2000	52-2297449
001-01072	POTOMAC ELECTRIC POWER COMPANY (a District of Columbia and Virginia corporation) 701 Ninth Street, N.W. Washington, District of Columbia 20068 (202) 872-2000	53-0127880
001-01405	DELMARVA POWER & LIGHT COMPANY (a Delaware and Virginia corporation) 500 North Wakefield Drive Newark, Delaware 19702 (202) 872-2000	51-0084283
001-03559	ATLANTIC CITY ELECTRIC COMPANY (a New Jersey corporation) 500 North Wakefield Drive Newark, Delaware 19702 (202) 872-2000	21-0398280

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

	Large Accelerated Filer	Accelerated Filer	Non-accelerated Filer	Smaller Reporting Company	Emerging Growth Company
Exelon Corporation	☒				
Exelon Generation Company, LLC			☒		
Commonwealth Edison Company			☒		
PECO Energy Company			☒		
Baltimore Gas and Electric Company			☒		
Pepco Holdings LLC			☒		
Potomac Electric Power Company			☒		
Delmarva Power & Light Company			☒		
Atlantic City Electric Company			☒		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The number of shares outstanding of each registrant's common stock as of June 30, 2017 was:

Exelon Corporation Common Stock, without par value	960,087,898
Exelon Generation Company, LLC	not applicable
Commonwealth Edison Company Common Stock, $12.50 par value	127,017,160
PECO Energy Company Common Stock, without par value	170,478,507
Baltimore Gas and Electric Company Common Stock, without par value	1,000
Pepco Holdings LLC	not applicable
Potomac Electric Power Company Common Stock, $.01 par value	100
Delmarva Power & Light Company Common Stock, $2.25 par value	1,000
Atlantic City Electric Company Common Stock, $3.00 par value	8,546,017

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GLOSSARY OF TERMS AND ABBREVIATIONS

Exelon Corporation and Related Entities

Exelon	Exelon Corporation
Generation	Exelon Generation Company, LLC
ComEd	Commonwealth Edison Company
PECO	PECO Energy Company
BGE	Baltimore Gas and Electric Company
Pepco Holdings or PHI	Pepco Holdings LLC (formerly Pepco Holdings, Inc.)
Pepco	Potomac Electric Power Company
Pepco Energy Services or PES	Pepco Energy Services, Inc. and its subsidiaries
PCI	Potomac Capital Investment Corporation and its subsidiaries
DPL	Delmarva Power & Light Company
ACE	Atlantic City Electric Company
ACE Funding or ATF	Atlantic City Electric Transition Funding LLC
BSC	Exelon Business Services Company, LLC
PHISCO	PHI Service Company
Exelon Corporate	Exelon in its corporate capacity as a holding company
PHI Corporate	PHI in its corporate capacity as a holding company
Registrants	Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE, collectively
Utility Registrants	ComEd, PECO, BGE, Pepco, DPL and ACE, collectively
AmerGen	AmerGen Energy Company, LLC
Antelope Valley	Antelope Valley Solar Ranch One
BondCo	RSB BondCo LLC
CENG	Constellation Energy Nuclear Group, LLC
ConEdison Solutions	The competitive retail electricity and natural gas business of Consolidated Edison Solutions, Inc., a subsidiary of Consolidated Edison, Inc.
Constellation	Constellation Energy Group, Inc.
EGTP	ExGen Texas Power, LLC
EGR	ExGen Renewables I, LLC
Entergy	Entergy Nuclear FitzPatrick, LLC
Exelon Transmission Company	Exelon Transmission Company, LLC
Exelon Wind	Exelon Wind, LLC and Exelon Generation Acquisition Company, LLC
FitzPatrick	James A. FitzPatrick nuclear generating station
Legacy PHI	PHI, Pepco, DPL and ACE, collectively
PEC L.P.	PECO Energy Capital, L.P.
PECO Trust III	PECO Capital Trust III
PECO Trust IV	PECO Energy Capital Trust IV
PETT	PECO Energy Transition Trust
RPG	Renewable Power Generation
SolGen	SolGen, LLC
TMI	Three Mile Island nuclear facility
UII	Unicom Investments, Inc.
Ventures	Exelon Ventures Company, LLC

Other Terms and Abbreviations

Note "—" of the Exelon 2016 Form 10-K	Reference to specific Combined Note to Consolidated Financial Statements within Exelon's 2016 Annual Report on Form 10-K
Act 11	Pennsylvania Act 11 of 2012
Act 129	Pennsylvania Act 129 of 2008
AEC	Alternative Energy Credit that is issued for each megawatt hour of generation from a qualified alternative energy source

GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and Abbreviations	
AEPS	Pennsylvania Alternative Energy Portfolio Standards
AEPS Act	Pennsylvania Alternative Energy Portfolio Standards Act of 2004, as amended
AESO	Alberta Electric Systems Operator
AFUDC	Allowance for Funds Used During Construction
AMI	Advanced Metering Infrastructure
AOCI	Accumulated Other Comprehensive Income
ARC	Asset Retirement Cost
ARO	Asset Retirement Obligation
ASC	Accounting Standards Codification
BGS	Basic Generation Service
Block Contracts	Forward Purchase Energy Block Contracts
CAIR	Clean Air Interstate Rule
CAISO	California ISO
CAMR	Federal Clean Air Mercury Rule
CERCLA	Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended
CES	Clean Energy Standard
CFL	Compact Fluorescent Light
Clean Air Act	Clean Air Act of 1963, as amended
Clean Water Act	Federal Water Pollution Control Amendments of 1972, as amended
Competition Act	Pennsylvania Electricity Generation Customer Choice and Competition Act of 1996
Conectiv	Conectiv, LLC, a wholly owned subsidiary of PHI and the parent of DPL and ACE
Conectiv Energy	Conectiv Energy Holdings, Inc. and substantially all of its subsidiaries, which were sold to Calpine in July 2010
CPUC	California Public Utilities Commission
CSAPR	Cross-State Air Pollution Rule
D.C. Circuit Court	United States Court of Appeals for the District of Columbia Circuit
DCPSC	District of Columbia Public Service Commission
DC PLUG	District of Columbia Power Line Undergrounding
Default Electricity Supply	The supply of electricity by PHI's electric utility subsidiaries at regulated rates to retail customers who do not elect to purchase electricity from a competitive supplier, and which, depending on the jurisdiction, is also known as Standard Offer Service or BGS
DOE	United States Department of Energy
DOJ	United States Department of Justice
DPSC	Delaware Public Service Commission
DRP	Direct Stock Purchase and Dividend Reinvestment Plan
DSP	Default Service Provider
DSP Program	Default Service Provider Program
EDCs	Electric distribution companies
EDF	Electricite de France SA and its subsidiaries
EE&C	Energy Efficiency and Conservation/Demand Response
EGS	Electric Generation Supplier
EIMA	Energy Infrastructure Modernization Act (Illinois Senate Bill 1652 and Illinois House Bill 3036)
EmPower Maryland	A Maryland demand-side management program for Pepco and DPL

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GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and Abbreviations	
EPA	United States Environmental Protection Agency
EPSA	Electric Power Supply Association
ERCOT	Electric Reliability Council of Texas
ERISA	Employee Retirement Income Security Act of 1974, as amended
EROA	Expected Rate of Return on Assets
FASB	Financial Accounting Standards Board
FEJA	Illinois Public Act 99-0906 or Future Energy Jobs Act
FERC	Federal Energy Regulatory Commission
FRCC	Florida Reliability Coordinating Council
GAAP	Generally Accepted Accounting Principles in the United States
GCR	Gas Cost Rate
GHG	Greenhouse Gas
GSA	Generation Supply Adjustment
GWh	Gigawatt hour
Health Care Reform Acts	Patient Protection and Affordable Care Act and Health Care and Education Reconciliation Act of 2010
HSR Act	The Hart-Scott-Rodino Antitrust Improvements Act of 1976
IBEW	International Brotherhood of Electrical Workers
ICC	Illinois Commerce Commission
ICE	Intercontinental Exchange
Illinois Act	Illinois Electric Service Customer Choice and Rate Relief Law of 1997
Illinois EPA	Illinois Environmental Protection Agency
Illinois Settlement Legislation	Legislation enacted in 2007 affecting electric utilities in Illinois
Integrys	Integrys Energy Services, Inc.
IPA	Illinois Power Agency
IRC	Internal Revenue Code
IRS	Internal Revenue Service
ISO	Independent System Operator
ISO-NE	Independent System Operator New England Inc.
ISO-NY	Independent System Operator New York
kV	Kilovolt
kW	Kilowatt
kWh	Kilowatt-hour
LIBOR	London Interbank Offered Rate
LLRW	Low-Level Radioactive Waste
LT Plan	Long-term renewable resources procurement plan
LTIP	Long-Term Incentive Plan
MAPP	Mid-Atlantic Power Pathway
MATS	U.S. EPA Mercury and Air Toxics Rule
MBR	Market Based Rates Incentive
MDE	Maryland Department of the Environment
MDPSC	Maryland Public Service Commission
MGP	Manufactured Gas Plant
MISO	Midcontinent Independent System Operator, Inc.
mmcf	Million Cubic Feet
Moody's	Moody's Investor Service
MOPR	Minimum Offer Price Rule
MRV	Market-Related Value
MW	Megawatt

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GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and Abbreviations	
MWh	Megawatt hour
NAAQS	National Ambient Air Quality Standards
n.m.	not meaningful
NAV	Net Asset Value
NDT	Nuclear Decommissioning Trust
NEIL	Nuclear Electric Insurance Limited
NERC	North American Electric Reliability Corporation
NGS	Natural Gas Supplier
NJBPU	New Jersey Board of Public Utilities
NJDEP	New Jersey Department of Environmental Protection
Non-Regulatory Agreements Units	Nuclear generating units or portions thereof whose decommissioning-related activities are not subject to contractual elimination under regulatory accounting
NOSA	Nuclear Operating Services Agreement
NPDES	National Pollutant Discharge Elimination System
NRC	Nuclear Regulatory Commission
NSPS	New Source Performance Standards
NUGs	Non-utility generators
NWPA	Nuclear Waste Policy Act of 1982
NYMEX	New York Mercantile Exchange
NYPSC	New York Public Service Commission
OCI	Other Comprehensive Income
OIESO	Ontario Independent Electricity System Operator
OPC	Office of People's Counsel
OPEB	Other Postretirement Employee Benefits
PA DEP	Pennsylvania Department of Environmental Protection
PAPUC	Pennsylvania Public Utility Commission
PGC	Purchased Gas Cost Clause
PJM	PJM Interconnection, LLC
POLR	Provider of Last Resort
POR	Purchase of Receivables
PPA	Power Purchase Agreement
Price-Anderson Act	Price-Anderson Nuclear Industries Indemnity Act of 1957
Preferred Stock	Originally issued shares of non-voting, non-convertible and non-transferable Series A preferred stock, par value $0.01 per share
PRP	Potentially Responsible Parties
PSEG	Public Service Enterprise Group Incorporated
PURTA	Pennsylvania Public Realty Tax Act
PV	Photovoltaic
RCRA	Resource Conservation and Recovery Act of 1976, as amended
REC	Renewable Energy Credit which is issued for each megawatt hour of generation from a qualified renewable energy source
Regulatory Agreement Units	Nuclear generating units or portions thereof whose decommissioning-related activities are subject to contractual elimination under regulatory accounting
RES	Retail Electric Suppliers
RFP	Request for Proposal
Rider	Reconcilable Surcharge Recovery Mechanism
RGGI	Regional Greenhouse Gas Initiative

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GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and Abbreviations	
RMC	Risk Management Committee
ROE	Return on equity
RPM	PJM Reliability Pricing Model
RPS	Renewable Energy Portfolio Standards
RSSA	Reliability Support Services Agreement
RTEP	Regional Transmission Expansion Plan
RTO	Regional Transmission Organization
S&P	Standard & Poor's Ratings Services
SEC	United States Securities and Exchange Commission
Senate Bill 1	Maryland Senate Bill 1
SERC	SERC Reliability Corporation (formerly Southeast Electric Reliability Council)
SGIG	Smart Grid Investment Grant from DOE
SILO	Sale-In, Lease-Out
SMPIP	Smart Meter Procurement and Installation Plan
SNF	Spent Nuclear Fuel
SOS	Standard Offer Service
SPFPA	Security, Police and Fire Professionals of America
SPP	Southwest Power Pool
Transition Bond Charge	Revenue ACE receives, and pays to ACE Funding, to fund the principal and interest payments on Transition Bonds and related taxes, expenses and fees
Transition Bonds	Transition Bonds issued by ACE Funding
UGSOA	United Government Security Officers of America
Upstream	Natural gas exploration and production activities
VIE	Variable Interest Entity
WECC	Western Electric Coordinating Council
ZEC	Zero Emission Credit
ZES	Zero Emission Standard

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FILING FORMAT

This combined Form 10-Q is being filed separately by Exelon Corporation, Exelon Generation Company, LLC, Commonwealth Edison Company, PECO Energy Company, Baltimore Gas and Electric Company, Pepco Holdings LLC, Potomac Electric Power Company, Delmarva Power & Light Company and Atlantic City Electric Company (Registrants). Information contained herein relating to any individual Registrant is filed by such Registrant on its own behalf. No Registrant makes any representation as to information relating to any other Registrant.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING INFORMATION

This Report contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, that are subject to risks and uncertainties. The factors that could cause actual results to differ materially from the forward-looking statements made by the Registrants include those factors discussed herein, as well as the items discussed in (1) the Registrants' combined 2016 Annual Report on Form 10-K in (a) ITEM 1A. Risk Factors, (b) ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) ITEM 8. Financial Statements and Supplementary Data: Note 24, Commitments and Contingencies; (2) this Quarterly Report on Form 10-Q in (a) Part II, Other Information, ITEM 1A. Risk Factors; (b) Part 1, Financial Information, ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) Part I, Financial Information, ITEM 1. Financial Statements: Note 17, Commitments and Contingencies; and (3) other factors discussed in filings with the SEC by the Registrants. Readers are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of this Report. None of the Registrants undertakes any obligation to publicly release any revision to its forward-looking statements to reflect events or circumstances after the date of this Report.

WHERE TO FIND MORE INFORMATION

The public may read and copy any reports or other information that the Registrants file with the SEC at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. These documents are also available to the public from commercial document retrieval services, the website maintained by the SEC at www.sec.gov and the Registrants' websites at www.exeloncorp.com . Information contained on the Registrants' websites shall not be deemed incorporated into, or to be a part of, this Report.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions, except per share data)	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
Operating revenues				
Competitive businesses revenues	$ 3,908	$ 3,234	$ 8,468	$ 7,708
Rate-regulated utility revenues	3,715	3,676	7,913	6,777
Total operating revenues	7,623	6,910	16,381	14,485
Operating expenses				
Competitive businesses purchased power and fuel	2,158	1,576	4,952	4,016
Rate-regulated utility purchased power and fuel	928	878	2,033	1,692
Operating and maintenance	2,971	2,505	5,431	5,341
Depreciation and amortization	915	941	1,811	1,626
Taxes other than income	420	394	857	720
Total operating expenses	7,392	6,294	15,084	13,395
Gain on sales of assets	1	31	5	40
Bargain purchase gain	—	—	226	—
Operating income	232	647	1,528	1,130
Other income and (deductions)				
Interest expense, net	(426)	(366)	(789)	(643)
Interest expense to affiliates	(10)	(10)	(20)	(20)
Other, net	205	144	488	258
Total other income and (deductions)	(231)	(232)	(321)	(405)
Income before income taxes	1	415	1,207	725
Income taxes	(72)	102	143	285
Equity in losses of unconsolidated affiliates	(9)	(7)	(18)	(10)
Net income	64	306	1,046	430
Net (loss) income attributable to noncontrolling interests and preference stock dividends	(16)	39	(30)	(10)
Net income attributable to common shareholders	$ 80	$ 267	$ 1,076	$ 440
Comprehensive income, net of income taxes				
Net income	$ 64	$ 306	$ 1,046	$ 430
Other comprehensive income (loss), net of income taxes				
Pension and non-pension postretirement benefit plans:				
Prior service benefit reclassified to periodic benefit cost	(14)	(12)	(28)	(23)
Actuarial loss reclassified to periodic benefit cost	49	46	98	93
Pension and non-pension postretirement benefit plan valuation adjustment	(2)	(1)	(58)	(3)
Unrealized (loss) gain on cash flow hedges	(1)	—	5	(7)
Unrealized (loss) gain on equity investments	—	(4)	3	(7)
Unrealized gain on foreign currency translation	2	—	3	6
Unrealized gain on marketable securities	1	2	2	—
Other comprehensive income	35	31	25	59
Comprehensive income	99	337	1,071	489
Comprehensive (loss) income attributable to noncontrolling interests and preference stock dividends	(16)	39	(32)	(10)
Comprehensive income attributable to common shareholders	$ 115	$ 298	$ 1,103	$ 499
Average shares of common stock outstanding:				
Basic	934	924	931	923
Diluted	936	926	932	926
Earnings per average common share:				
Basic	$ 0.09	$ 0.29	$ 1.16	$ 0.48
Diluted	$ 0.09	$ 0.29	$ 1.15	$ 0.48
Dividends declared per common share	$ 0.33	$ 0.32	$ 0.66	$ 0.63

See the Combined Notes to Consolidated Financial Statements

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EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Six Months Ended June 30, 2017	2016
Cash flows from operating activities		
Net income	$ 1,046	$ 430
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation, amortization and accretion, including nuclear fuel and energy contract amortization	2,591	2,396
Impairment of long-lived assets and losses on regulatory assets	445	239
Gain on sales of assets	(5)	(40)
Bargain purchase gain	(226)	—
Deferred income taxes and amortization of investment tax credits	107	261
Net fair value changes related to derivatives	230	194
Net realized and unrealized gains on nuclear decommissioning trust fund investments	(284)	(114)
Other non-cash operating activities	415	1,056
Changes in assets and liabilities:		
Accounts receivable	342	86
Inventories	(23)	89
Accounts payable and accrued expenses	(811)	(363)
Option premiums paid, net	(8)	(10)
Collateral (posted) received, net	(173)	710
Income taxes	58	470
Pension and non-pension postretirement benefit contributions	(325)	(258)
Other assets and liabilities	(481)	(593)
Net cash flows provided by operating activities	2,898	4,553
Cash flows from investing activities		
Capital expenditures	(3,845)	(4,489)
Proceeds from nuclear decommissioning trust fund sales	5,213	4,977
Investment in nuclear decommissioning trust funds	(5,339)	(5,094)
Acquisition of businesses, net	(212)	(6,642)
Proceeds from sales of long-lived assets	211	45
Proceeds from termination of direct financing lease investment	—	360
Change in restricted cash	1	15
Other investing activities	(9)	(49)
Net cash flows used in investing activities	(3,980)	(10,877)
Cash flows from financing activities		
Changes in short-term borrowings	422	(798)
Proceeds from short-term borrowings with maturities greater than 90 days	576	194
Repayments on short-term borrowings with maturities greater than 90 days	(510)	(315)
Issuance of long-term debt	981	3,174
Retirement of long-term debt	(1,049)	(217)
Dividends paid on common stock	(607)	(582)
Common stock issued from treasury stock	1,150	—
Proceeds from employee stock plans	43	17
Other financing activities	(23)	(4)
Net cash flows provided by financing activities	983	1,469
Decrease in cash and cash equivalents	(99)	(4,855)
Cash and cash equivalents at beginning of period	635	6,502
Cash and cash equivalents at end of period	$ 536	$ 1,647

See the Combined Notes to Consolidated Financial Statements

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EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2017	December 31, 2016
ASSETS		
Current assets		
Cash and cash equivalents	$ 536	$ 635
Restricted cash and cash equivalents	252	253
Deposit with IRS	1,250	1,250
Accounts receivable, net		
Customer	3,825	4,158
Other	958	1,201
Mark-to-market derivative assets	833	917
Unamortized energy contract assets	84	88
Inventories, net		
Fossil fuel and emission allowances	334	364
Materials and supplies	1,267	1,274
Regulatory assets	1,293	1,342
Other	1,600	930
Total current assets	12,232	12,412
Property, plant and equipment, net	72,748	71,555
Deferred debits and other assets		
Regulatory assets	9,945	10,046
Nuclear decommissioning trust funds	12,641	11,061
Investments	638	629
Goodwill	6,677	6,677
Mark-to-market derivative assets	464	492
Unamortized energy contract assets	419	447
Pledged assets for Zion Station decommissioning	75	113
Other	1,265	1,472
Total deferred debits and other assets	32,124	30,937
Total assets [(a)]	$117,104	$ 114,904

See the Combined Notes to Consolidated Financial Statements

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EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2017	December 31, 2016
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings	$ 1,757	$ 1,267
Long-term debt due within one year	3,619	2,430
Accounts payable	3,134	3,441
Accrued expenses	2,878	3,460
Payables to affiliates	8	8
Regulatory liabilities	574	602
Mark-to-market derivative liabilities	244	282
Unamortized energy contract liabilities	340	407
Renewable energy credit obligation	308	428
PHI merger related obligation	126	151
Other	977	981
Total current liabilities	13,965	13,457
Long-term debt	30,315	31,575
Long-term debt to financing trusts	641	641
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	18,521	18,138
Asset retirement obligations	9,848	9,111
Pension obligations	4,082	4,248
Non-pension postretirement benefit obligations	1,955	1,848
Spent nuclear fuel obligation	1,139	1,024
Regulatory liabilities	4,398	4,187
Mark-to-market derivative liabilities	417	392
Unamortized energy contract liabilities	705	830
Payable for Zion Station decommissioning	—	14
Other	1,828	1,827
Total deferred credits and other liabilities	42,893	41,619
Total liabilities (a)	87,814	87,292
Commitments and contingencies		
Shareholders' equity		
Common stock (No par value, 2000 shares authorized, 960 shares and 924 shares outstanding at June 30, 2017 and December 31, 2016, respectively)	18,860	18,794
Treasury stock, at cost (2 shares and 35 shares at June 30, 2017 and December 31, 2016, respectively)	(123)	(2,327)
Retained earnings	11,442	12,030
Accumulated other comprehensive loss, net	(2,633)	(2,660)
Total shareholders' equity	27,546	25,837
Noncontrolling interests	1,744	1,775
Total equity	29,290	27,612
Total liabilities and shareholders' equity	$117,104	$ 114,904

(a) Exelon's consolidated assets include $8,385 million and $8,893 million at June 30, 2017 and December 31, 2016, respectively, of certain VIEs that can only be used to settle the liabilities of the VIE. Exelon's consolidated liabilities include $3,021 million and $3,356 million at June 30, 2017 and December 31, 2016, respectively, of certain VIEs for which the VIE creditors do not have recourse to Exelon. See Note 3 — Variable Interest Entities.

See the Combined Notes to Consolidated Financial Statements

EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

(In millions, shares in thousands)	Issued Shares	Common Stock	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss, net	Noncontrolling Interests	Total Shareholders' Equity
Balance, December 31, 2016	958,778	$18,794	$(2,327)	$12,030	$ (2,660)	$ 1,775	$ 27,612
Net income (loss)	—	—	—	1,076	—	(30)	1,046
Long-term incentive plan activity	2,494	23	—	—	—	—	23
Employee stock purchase plan issuances	648	43	—	—	—	—	43
Common stock issued from treasury stock	—	—	2,204	(1,054)	—	—	1,150
Changes in equity of noncontrolling interests	—	—	—	—	—	1	1
Common stock dividends	—	—	—	(610)	—	—	(610)
Other comprehensive income (loss), net of income taxes	—	—	—	—	27	(2)	25
Balance, June 30, 2017	961,920	$18,860	$ (123)	$11,442	$ (2,633)	$ 1,744	$ 29,290

See the Combined Notes to Consolidated Financial Statements

EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
Operating revenues				
Operating revenues	$ 3,906	$ 3,231	$ 8,463	$ 7,702
Operating revenues from affiliates	268	358	598	627
Total operating revenues	4,174	3,589	9,061	8,329
Operating expenses				
Purchased power and fuel	2,156	1,575	4,952	4,015
Purchased power and fuel from affiliates	1	2	3	5
Operating and maintenance	1,824	1,369	3,132	2,665
Operating and maintenance from affiliates	186	161	365	332
Depreciation and amortization	334	408	637	697
Taxes other than income	140	118	282	244
Total operating expenses	4,641	3,633	9,371	7,958
Gain on sales of assets	—	31	4	31
Bargain purchase gain	—	—	226	—
Operating (loss) income	(467)	(13)	(80)	402
Other income and (deductions)				
Interest expense, net	(120)	(89)	(209)	(176)
Interest expense to affiliates	(9)	(10)	(19)	(20)
Other, net	181	117	440	210
Total other income and (deductions)	52	18	212	14
(Loss) income before income taxes	(415)	5	132	416
Income taxes	(158)	(31)	(31)	120
Equity in losses of unconsolidated affiliates	(9)	(8)	(19)	(11)
Net (loss) income	(266)	28	144	285
Net (loss) income attributable to noncontrolling interests	(16)	36	(30)	(17)
Net (loss) income attributable to membership interest	$ (250)	$ (8)	$ 174	$ 302
Comprehensive (loss) income, net of income taxes				
Net (loss) income	$ (266)	$ 28	$ 144	$ 285
Other comprehensive income (loss), net of income taxes				
Unrealized (loss) gain on cash flow hedges	(1)	1	5	(4)
Unrealized (loss) gain on equity investments	—	(2)	4	(4)
Unrealized gain on foreign currency translation	2	—	3	6
Unrealized gain on marketable securities	—	1	—	—
Other comprehensive income (loss)	1	—	12	(2)
Comprehensive (loss) income	(265)	28	156	283
Comprehensive (loss) income attributable to noncontrolling interests	(16)	36	(32)	(17)
Comprehensive (loss) income attributable to membership interest	$ (249)	$ (8)	$ 188	$ 300

See the Combined Notes to Consolidated Financial Statements

EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Six Months Ended June 30, 2017	2016
Cash flows from operating activities		
Net income	$ 144	$ 285
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation, amortization and accretion, including nuclear fuel and energy contract amortization	1,415	1,467
Impairment of long-lived assets	445	179
Gain on sales of assets	(4)	(31)
Bargain purchase gain	(226)	—
Deferred income taxes and amortization of investment tax credits	(173)	(59)
Net fair value changes related to derivatives	235	199
Net realized and unrealized gains on nuclear decommissioning trust fund investments	(284)	(114)
Other non-cash operating activities	121	169
Changes in assets and liabilities:		
Accounts receivable	192	123
Receivables from and payables to affiliates, net	8	(77)
Inventories	(5)	57
Accounts payable and accrued expenses	(328)	(228)
Option premiums paid, net	(8)	(10)
Collateral (posted) received, net	(163)	720
Income taxes	(99)	41
Pension and non-pension postretirement benefit contributions	(116)	(117)
Other assets and liabilities	(180)	(217)
Net cash flows provided by operating activities	974	2,387
Cash flows from investing activities		
Capital expenditures	(1,189)	(2,051)
Proceeds from nuclear decommissioning trust fund sales	5,213	4,977
Investment in nuclear decommissioning trust funds	(5,339)	(5,094)
Acquisition of businesses, net	(212)	(1)
Proceeds from sale of long-lived assets	210	30
Change in restricted cash	(8)	25
Other investing activities	(32)	(96)
Net cash flows used in investing activities	(1,357)	(2,210)
Cash flows from financing activities		
Changes in short-term borrowings	(51)	—
Proceeds from short-term borrowings with maturities greater than 90 days	76	194
Repayments of short-term borrowings with maturities greater than 90 days	(10)	(15)
Issuance of long-term debt	779	173
Retirement of long-term debt	(295)	(131)
Changes in Exelon intercompany money pool	196	(429)
Distribution to member	(330)	(111)
Contribution from member	—	45
Other financing activities	(7)	39
Net cash flows provided by (used in) financing activities	358	(235)
Decrease in cash and cash equivalents	(25)	(58)
Cash and cash equivalents at beginning of period	290	431
Cash and cash equivalents at end of period	$ 265	$ 373

See the Combined Notes to Consolidated Financial Statements

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EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2017	December 31, 2016
ASSETS		
Current assets		
Cash and cash equivalents	$ 265	$ 290
Restricted cash and cash equivalents	166	158
Accounts receivable, net		
Customer	2,242	2,433
Other	447	558
Mark-to-market derivative assets	833	917
Receivables from affiliates	143	156
Unamortized energy contract assets	84	88
Inventories, net		
Fossil fuel and emission allowances	272	292
Materials and supplies	901	935
Other	1,241	701
Total current assets	6,594	6,528
Property, plant and equipment, net	25,261	25,585
Deferred debits and other assets		
Nuclear decommissioning trust funds	12,641	11,061
Investments	426	418
Goodwill	47	47
Mark-to-market derivative assets	453	476
Prepaid pension asset	1,590	1,595
Pledged assets for Zion Station decommissioning	75	113
Unamortized energy contract assets	418	447
Deferred income taxes	5	16
Other	620	688
Total deferred debits and other assets	16,275	14,861
Total assets [a]	$ 48,130	$ 46,974

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EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2017	December 31, 2016
LIABILITIES AND EQUITY		
Current liabilities		
Short-term borrowings	$ 716	$ 699
Long-term debt due within one year	1,828	1,117
Accounts payable	1,527	1,610
Accrued expenses	722	989
Payables to affiliates	132	137
Borrowings from Exelon intercompany money pool	251	55
Mark-to-market derivative liabilities	225	263
Unamortized energy contract liabilities	61	72
Renewable energy credit obligation	308	428
Other	294	313
Total current liabilities	6,064	5,683
Long-term debt	7,010	7,202
Long-term debt to affiliate	916	922
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	5,578	5,585
Asset retirement obligations	9,655	8,922
Non-pension postretirement benefit obligations	922	930
Spent nuclear fuel obligation	1,139	1,024
Payables to affiliates	2,871	2,608
Mark-to-market derivative liabilities	180	153
Unamortized energy contract liabilities	67	80
Payable for Zion Station decommissioning	—	14
Other	598	595
Total deferred credits and other liabilities	21,010	19,911
Total liabilities [(a)]	35,000	33,718
Commitments and contingencies		
Equity		
Member's equity		
Membership interest	9,308	9,261
Undistributed earnings	2,119	2,275
Accumulated other comprehensive loss, net	(40)	(54)
Total member's equity	11,387	11,482
Noncontrolling interests	1,743	1,774
Total equity	13,130	13,256
Total liabilities and equity	$ 48,130	$ 46,974

(a) Generation's consolidated assets include $8,342 million and $8,817 million at June 30, 2017 and December 31, 2016, respectively, of certain VIEs that can only be used to settle the liabilities of the VIE. Generation's consolidated liabilities include $2,900 million and $3,170 million at June 30, 2017 and December 31, 2016, respectively, of certain VIEs for which the VIE creditors do not have recourse to Generation. See Note 3 — Variable Interest Entities.

See the Combined Notes to Consolidated Financial Statements

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EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Unaudited)

	Member's Equity				
(In millions)	Membership Interest	Undistributed Earnings	Accumulated Other Comprehensive Loss, net	Noncontrolling Interests	Total Equity
Balance, December 31, 2016	$ 9,261	$ 2,275	$ (54)	$ 1,774	$13,256
Net income (loss)	—	174	—	(30)	144
Changes in equity of noncontrolling interests	—	—	—	1	1
Distribution of net retirement benefit obligation to member	49	—	—	—	49
Allocation of tax benefit from member	(2)	—	—	—	(2)
Distribution to member	—	(330)	—	—	(330)
Other comprehensive income (loss), net of income taxes	—	—	14	(2)	12
Balance, June 30, 2017	$ 9,308	$ 2,119	$ (40)	$ 1,743	$13,130

See the Combined Notes to Consolidated Financial Statements

COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
Operating revenues				
Electric operating revenues	$ 1,354	$ 1,283	$ 2,647	$ 2,527
Operating revenues from affiliates	3	3	9	8
Total operating revenues	1,357	1,286	2,656	2,535
Operating expenses				
Purchased power	360	326	689	668
Purchased power from affiliate	18	13	24	18
Operating and maintenance	312	318	620	623
Operating and maintenance from affiliate	65	50	127	113
Depreciation and amortization	211	190	419	379
Taxes other than income	72	65	144	141
Total operating expenses	1,038	962	2,023	1,942
Gain on sales of assets	—	—	—	5
Operating income	319	324	633	598
Other income and (deductions)				
Interest expense, net	(98)	(88)	(179)	(170)
Interest expense to affiliates	(3)	(3)	(6)	(7)
Other, net	4	3	8	7
Total other income and (deductions)	(97)	(88)	(177)	(170)
Income before income taxes	222	236	456	428
Income taxes	104	91	197	168
Net income	$ 118	$ 145	$ 259	$ 260
Comprehensive income	$ 118	$ 145	$ 259	$ 260

See the Combined Notes to Consolidated Financial Statements

COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Six Months Ended June 30, 2017	2016
Cash flows from operating activities		
Net income	$ 259	$ 260
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	419	379
Deferred income taxes and amortization of investment tax credits	235	222
Other non-cash operating activities	58	83
Changes in assets and liabilities:		
Accounts receivable	12	(36)
Receivables from and payables to affiliates, net	(4)	1
Inventories	(2)	7
Accounts payable and accrued expenses	(182)	(42)
Collateral (posted) received, net	(8)	(10)
Income taxes	4	261
Pension and non-pension postretirement benefit contributions	(37)	(35)
Other assets and liabilities	34	38
Net cash flows provided by operating activities	788	1,128
Cash flows from investing activities		
Capital expenditures	(1,168)	(1,334)
Change in restricted cash	(10)	—
Other investing activities	12	21
Net cash flows used in investing activities	(1,166)	(1,313)
Cash flows from financing activities		
Changes in short-term borrowings	389	(259)
Issuance of long-term debt	—	1,200
Contributions from parent	184	113
Dividends paid on common stock	(211)	(183)
Other financing activities	(1)	(17)
Net cash flows provided by financing activities	361	854
(Decrease) increase in cash and cash equivalents	(17)	669
Cash and cash equivalents at beginning of period	56	67
Cash and cash equivalents at end of period	$ 39	$ 736

See the Combined Notes to Consolidated Financial Statements

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COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2017	December 31, 2016
ASSETS		
Current assets		
Cash and cash equivalents	$ 39	$ 56
Restricted cash	12	2
Accounts receivable, net		
Customer	529	528
Other	211	218
Receivables from affiliates	386	356
Inventories, net	160	159
Regulatory assets	182	190
Other	57	45
Total current assets	1,576	1,554
Property, plant and equipment, net	20,019	19,335
Deferred debits and other assets		
Regulatory assets	1,050	977
Investments	6	6
Goodwill	2,625	2,625
Receivables from affiliates	2,364	2,170
Prepaid pension asset	1,283	1,343
Other	237	325
Total deferred debits and other assets	7,565	7,446
Total assets	$29,160	$ 28,335

See the Combined Notes to Consolidated Financial Statements

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COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2017	December 31, 2016
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings	$ 389	$ —
Long-term debt due within one year	1,125	425
Accounts payable	547	645
Accrued expenses	1,107	1,250
Payables to affiliates	67	65
Customer deposits	115	121
Regulatory liabilities	269	329
Mark-to-market derivative liability	19	19
Other	112	84
Total current liabilities	3,750	2,938
Long-term debt	5,911	6,608
Long-term debt to financing trust	205	205
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	5,600	5,364
Asset retirement obligations	122	119
Non-pension postretirement benefits obligations	229	239
Regulatory liabilities	3,585	3,369
Mark-to-market derivative liability	237	239
Other	541	529
Total deferred credits and other liabilities	10,314	9,859
Total liabilities	20,180	19,610
Commitments and contingencies		
Shareholders' equity		
Common stock	1,588	1,588
Other paid-in capital	6,357	6,150
Retained deficit unappropriated	(1,639)	(1,639)
Retained earnings appropriated	2,674	2,626
Total shareholders' equity	8,980	8,725
Total liabilities and shareholders' equity	$29,160	$ 28,335

See the Combined Notes to Consolidated Financial Statements

COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

(In millions)	Common Stock	Other Paid-In Capital	Retained Deficit Unappropriated	Retained Earnings Appropriated	Total Shareholders' Equity
Balance, December 31, 2016	$ 1,588	$6,150	$ (1,639)	$ 2,626	$ 8,725
Net income	—	—	259	—	259
Appropriation of retained earnings for future dividends	—	—	(259)	259	—
Common stock dividends	—	—	—	(211)	(211)
Contribution from parent	—	184	—	—	184
Parent tax matter indemnification	—	23	—	—	23
Balance, June 30, 2017	$ 1,588	$6,357	$ (1,639)	$ 2,674	$ 8,980

See the Combined Notes to Consolidated Financial Statements

PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
Operating revenues				
Electric operating revenues	$ 548	$ 585	$ 1,138	$ 1,228
Natural gas operating revenues	80	77	285	273
Operating revenues from affiliates	2	2	3	4
Total operating revenues	630	664	1,426	1,505
Operating expenses				
Purchased power	136	130	292	295
Purchased fuel	27	23	113	100
Purchased power from affiliate	34	64	79	142
Operating and maintenance	153	157	326	333
Operating and maintenance from affiliates	37	33	72	72
Depreciation and amortization	71	67	141	134
Taxes other than income	35	38	74	80
Total operating expenses	493	512	1,097	1,156
Operating income	137	152	329	349
Other income and (deductions)				
Interest expense, net	(28)	(28)	(56)	(56)
Interest expense to affiliates	(3)	(3)	(6)	(6)
Other, net	2	2	3	4
Total other income and (deductions)	(29)	(29)	(59)	(58)
Income before income taxes	108	123	270	291
Income taxes	20	23	55	67
Net income	$ 88	$ 100	$ 215	$ 224
Comprehensive income	$ 88	$ 100	$ 215	$ 224

See the Combined Notes to Consolidated Financial Statements

PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Six Months Ended June 30, 2017	2016
Cash flows from operating activities		
Net income	$ 215	$ 224
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	141	134
Deferred income taxes and amortization of investment tax credits	39	51
Other non-cash operating activities	22	27
Changes in assets and liabilities:		
Accounts receivable	26	(1)
Receivables from and payables to affiliates, net	(10)	(2)
Inventories	7	19
Accounts payable and accrued expenses	(30)	(19)
Income taxes	51	31
Pension and non-pension postretirement benefit contributions	(23)	(29)
Other assets and liabilities	(70)	(96)
Net cash flows provided by operating activities	368	339
Cash flows from investing activities		
Capital expenditures	(367)	(299)
Changes in Exelon intercompany money pool	121	—
Other investing activities	4	8
Net cash flows used in investing activities	(242)	(291)
Cash flows from financing activities		
Dividends paid on common stock	(144)	(139)
Other financing activities	—	(1)
Net cash flows used in financing activities	(144)	(140)
Decrease in cash and cash equivalents	(18)	(92)
Cash and cash equivalents at beginning of period	63	295
Cash and cash equivalents at end of period	$ 45	$ 203

See the Combined Notes to Consolidated Financial Statements

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PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2017	December 31, 2016
ASSETS		
Current assets		
Cash and cash equivalents	$ 45	$ 63
Restricted cash and cash equivalents	4	4
Accounts receivable, net		
Customer	258	306
Other	135	131
Receivables from affiliates	1	4
Receivable from Exelon intercompany pool	10	131
Inventories, net		
Fossil fuel	25	35
Materials and supplies	30	27
Prepaid utility taxes	77	9
Regulatory assets	46	29
Other	25	18
Total current assets	656	757
Property, plant and equipment, net	7,758	7,565
Deferred debits and other assets		
Regulatory assets	1,732	1,681
Investments	24	25
Receivable from affiliates	506	438
Prepaid pension asset	354	345
Other	11	20
Total deferred debits and other assets	2,627	2,509
Total assets	$11,041	$ 10,831

See the Combined Notes to Consolidated Financial Statements

S1-SSA-0009 - 20536

PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2017	December 31, 2016
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Long-term debt due within one year	$ 500	$ —
Accounts payable	278	342
Accrued expenses	136	104
Payables to affiliates	50	63
Customer deposits	63	61
Regulatory liabilities	155	127
Other	31	30
Total current liabilities	1,213	727
Long-term debt	2,080	2,580
Long-term debt to financing trusts	184	184
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	3,128	3,006
Asset retirement obligations	28	28
Non-pension postretirement benefits obligations	289	289
Regulatory liabilities	544	517
Other	89	85
Total deferred credits and other liabilities	4,078	3,925
Total liabilities	7,555	7,416
Commitments and contingencies		
Shareholder's equity		
Common stock	2,473	2,473
Retained earnings	1,012	941
Accumulated other comprehensive income, net	1	1
Total shareholder's equity	3,486	3,415
Total liabilities and shareholder's equity	$11,041	$ 10,831

See the Combined Notes to Consolidated Financial Statements

S1-SSA-0009 - 20537

PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
(Unaudited)

(In millions)	Common Stock	Retained Earnings	Accumulated Other Comprehensive Income, net	Total Shareholder's Equity
Balance, December 31, 2016	$ 2,473	$ 941	$ 1	$ 3,415
Net income	—	215	—	215
Common stock dividends	—	(144)	—	(144)
Balance, June 30, 2017	$ 2,473	$ 1,012	$ 1	$ 3,486

See the Combined Notes to Consolidated Financial Statements

BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
Operating revenues				
Electric operating revenues	$ 569	$ 582	$ 1,234	$ 1,260
Natural gas operating revenues	102	94	383	340
Operating revenues from affiliates	3	4	8	9
Total operating revenues	674	680	1,625	1,609
Operating expenses				
Purchased power	115	108	248	235
Purchased fuel	22	20	105	95
Purchased power from affiliate	97	133	231	304
Operating and maintenance	135	177	284	345
Operating and maintenance from affiliates	39	31	73	65
Depreciation and amortization	112	97	239	206
Taxes other than income	56	55	119	114
Total operating expenses	576	621	1,299	1,364
Operating income	98	59	326	245
Other income and (deductions)				
Interest expense, net	(22)	(20)	(46)	(40)
Interest expense to affiliates	(4)	(4)	(8)	(8)
Other, net	4	5	8	11
Total other income and (deductions)	(22)	(19)	(46)	(37)
Income before income taxes	76	40	280	208
Income taxes	31	6	111	73
Net income	45	34	169	135
Preference stock dividends	—	3	—	6
Net income attributable to common shareholder	$ 45	$ 31	$ 169	$ 129
Comprehensive income	$ 45	$ 34	$ 169	$ 135
Comprehensive income attributable to preference stock dividends	—	3	—	6
Comprehensive income attributable to common shareholder	$ 45	$ 31	$ 169	$ 129

See the Combined Notes to Consolidated Financial Statements

BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Six Months Ended June 30, 2017	2016
Cash flows from operating activities		
Net income	$ 169	$ 135
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	239	206
Impairment of long-lived assets and losses on regulatory assets	—	52
Deferred income taxes and amortization of investment tax credits	99	17
Other non-cash operating activities	35	60
Changes in assets and liabilities:		
Accounts receivable	77	11
Receivables from and payables to affiliates, net	(7)	6
Inventories	(5)	6
Accounts payable and accrued expenses	(83)	(5)
Income taxes	26	46
Pension and non-pension postretirement benefit contributions	(47)	(42)
Other assets and liabilities	(31)	(3)
Net cash flows provided by operating activities	472	489
Cash flows from investing activities		
Capital expenditures	(405)	(392)
Change in restricted cash	18	5
Other investing activities	4	12
Net cash flows used in investing activities	(383)	(375)
Cash flows from financing activities		
Changes in short-term borrowings	40	(2)
Retirement of long-term debt	(41)	(39)
Dividends paid on preference stock	—	(6)
Dividends paid on common stock	(99)	(90)
Contributions from parent	—	21
Other financing activities	—	(2)
Net cash flows used in financing activities	(100)	(118)
Decrease in cash and cash equivalents	(11)	(4)
Cash and cash equivalents at beginning of period	23	9
Cash and cash equivalents at end of period	$ 12	$ 5

See the Combined Notes to Consolidated Financial Statements

S1-SSA-0009 - 20540

BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2017	December 31, 2016
ASSETS		
Current assets		
Cash and cash equivalents	$ 12	$ 23
Restricted cash and cash equivalents	6	24
Accounts receivable, net		
Customer	312	395
Other	75	102
Receivables from affiliates	1	—
Inventories, net		
Gas held in storage	31	30
Materials and supplies	42	38
Prepaid utility taxes	—	15
Regulatory assets	197	208
Other	4	7
Total current assets	680	842
Property, plant and equipment, net	7,283	7,040
Deferred debits and other assets		
Regulatory assets	495	504
Investments	13	12
Prepaid pension asset	310	297
Other	5	9
Total deferred debits and other assets	823	822
Total assets [a]	$8,786	$ 8,704

See the Combined Notes to Consolidated Financial Statements

S1-SSA-0009 - 20541

BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2017	December 31, 2016
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings	$ 85	$ 45
Long-term debt due within one year	—	41
Accounts payable	205	205
Accrued expenses	100	175
Payables to affiliates	49	55
Customer deposits	113	110
Regulatory liabilities	67	50
Other	21	26
Total current liabilities	640	707
Long-term debt	2,282	2,281
Long-term debt to financing trust	252	252
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	2,322	2,219
Asset retirement obligations	22	21
Non-pension postretirement benefits obligations	201	205
Regulatory liabilities	90	110
Other	59	61
Total deferred credits and other liabilities	2,694	2,616
Total liabilities [(a)]	5,868	5,856
Commitments and contingencies		
Shareholders' equity		
Common stock	1,421	1,421
Retained earnings	1,497	1,427
Total shareholders' equity	2,918	2,848
Total liabilities and shareholders' equity	$8,786	$ 8,704

(a) BGE's consolidated assets include $26 million at December 31, 2016 of BGE's consolidated VIE that can only be used to settle the liabilities of the VIE. BGE's consolidated liabilities include $42 million at December 31, 2016 of BGE's consolidated VIE for which the VIE creditors do not have recourse to BGE. BGE has no interests in any VIEs as of June 30, 2017. See Note 3 — Variable Interest Entities.

See the Combined Notes to Consolidated Financial Statements

S1-SSA-0009 - 20542

BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

(In millions)	Common Stock	Retained Earnings	Total Shareholders' Equity
Balance, December 31, 2016	$ 1,421	$ 1,427	$ 2,848
Net income	—	169	169
Common stock dividends	—	(99)	(99)
Balance, June 30, 2017	$ 1,421	$ 1,497	$ 2,918

See the Combined Notes to Consolidated Financial Statements

S1-SSA-0009 - 20543

PEPCO HOLDINGS LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

	Successor				*Predecessor*
	Three Months Ended June 30,		Six Months Ended June 30,	March 24 to June 30,	January 1 to March 23,
(In millions)	2017	2016	2017	2016	2016
Operating revenues					
Electric operating revenues	$1,040	$1,030	$ 2,138	$ 1,120	$ 1,096
Natural gas operating revenues	22	26	87	28	57
Operating revenues from affiliates	12	10	23	23	—
Total operating revenues	1,074	1,066	2,248	1,171	1,153
Operating expenses					
Purchased power	259	263	547	288	471
Purchased fuel	9	9	39	11	26
Purchased power and fuel from affiliates	115	144	259	155	—
Operating and maintenance	231	223	454	670	294
Operating and maintenance from affiliates	38	23	70	25	—
Depreciation and amortization	165	160	332	174	152
Taxes other than income	110	108	221	123	105
Total operating expenses	927	930	1,922	1,446	1,048
Gain on sales of assets	1	—	1	—	—
Operating income (loss)	148	136	327	(275)	105
Other income and (deductions)					
Interest expense, net	(59)	(66)	(122)	(71)	(65)
Other, net	13	11	26	12	(4)
Total other income and (deductions)	(46)	(55)	(96)	(59)	(69)
Income (loss) before income taxes	102	81	231	(334)	36
Income taxes	36	29	26	(77)	17
Net income (loss)	$ 66	$ 52	$ 205	$ (257)	$ 19
Comprehensive income (loss), net of income taxes					
Net income (loss)	$ 66	$ 52	$ 205	$ (257)	$ 19
Other comprehensive income, net of income taxes					
Pension and non-pension postretirement benefit plans:					
Actuarial loss reclassified to periodic cost	—	—	—	—	1
Other comprehensive income	—	—	—	—	1
Comprehensive income (loss)	$ 66	$ 52	$ 205	$ (257)	$ 20

See the Combined Notes to Consolidated Financial Statements

PEPCO HOLDINGS LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Successor: Six Months Ended June 30, 2017	Successor: March 24 to June 30, 2016	Predecessor: January 1 to March 23, 2016
Cash flows from operating activities			
Net income (loss)	$ 205	$ (257)	$ 19
Adjustments to reconcile net income (loss) to net cash flows provided by operating activities:			
Depreciation and amortization	332	174	152
Gain on sale of long-lived assets	(1)	—	—
Deferred income taxes and amortization of investment tax credits	59	(16)	19
Net fair value changes related to derivatives	—	—	18
Other non-cash operating activities	28	444	46
Changes in assets and liabilities:			
Accounts receivable	(3)	56	(28)
Receivables from and payables to affiliates, net	(7)	39	—
Inventories	(19)	—	(4)
Accounts payable and accrued expenses	(61)	(35)	42
Income taxes	87	22	12
Pension and non-pension postretirement benefit contributions	(68)	(2)	(4)
Other assets and liabilities	(149)	(237)	(8)
Net cash flows provided by operating activities	403	188	264
Cash flows from investing activities			
Capital expenditures	(671)	(339)	(273)
Proceeds from sales of long-lived assets	1	15	—
Changes in restricted cash	3	(34)	3
Purchases of investments	—	—	(68)
Other investing activities	—	8	(5)
Net cash flows used in investing activities	(667)	(350)	(343)
Cash flows from financing activities			
Changes in short-term borrowings	45	(537)	(121)
Proceeds from short-term borrowings with maturities greater than 90 days	—	—	500
Repayments of short-term borrowings with maturities greater than 90 days	(500)	(300)	—
Issuance of long-term debt	202	1	—
Retirement of long-term debt	(120)	(16)	(11)
Common stock issued for the Direct Stock Purchase and Dividend Reinvestment Plan and employee-related compensation	—	—	2
Distribution to member	(131)	(124)	—
Contribution from member	751	1,088	—
Change in Exelon intercompany money pool	—	28	—
Other financing activities	(2)	(3)	2
Net cash flows provided by financing activities	245	137	372
(Decrease) increase in cash and cash equivalents	(19)	(25)	293
Cash and cash equivalents at beginning of period	170	319	26
Cash and cash equivalents at end of period	$ 151	$ 294	$ 319

See the Combined Notes to Consolidated Financial Statements

PEPCO HOLDINGS LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	Successor June 30, 2017	Successor December 31, 2016
ASSETS		
Current assets		
Cash and cash equivalents	$ 151	$ 170
Restricted cash and cash equivalents	40	43
Accounts receivable, net		
Customer	484	496
Other	199	283
Receivable from affiliates	1	—
Inventories, net		
Gas held in storage	6	6
Materials and supplies	134	116
Regulatory assets	605	653
Other	86	71
Total current assets	1,706	1,838
Property, plant and equipment, net	12,014	11,598
Deferred debits and other assets		
Regulatory assets	2,715	2,851
Investments	132	133
Goodwill	4,005	4,005
Long-term note receivable	4	4
Prepaid pension asset	529	509
Deferred income taxes	6	6
Other	79	81
Total deferred debits and other assets	7,470	7,589
Total assets [a]	$21,190	$ 21,025

See the Combined Notes to Consolidated Financial Statements

PEPCO HOLDINGS LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	Successor June 30, 2017	Successor December 31, 2016
LIABILITIES AND MEMBER'S EQUITY		
Current liabilities		
Short-term borrowings	$ 67	$ 522
Long-term debt due within one year	160	253
Accounts payable	415	458
Accrued expenses	259	272
Payables to affiliates	86	94
Unamortized energy contract liabilities	279	335
Customer deposits	119	123
Merger related obligation	73	101
Regulatory liabilities	68	79
Other	36	47
Total current liabilities	1,562	2,284
Long-term debt	5,792	5,645
Deferred credits and other liabilities		
Regulatory liabilities	151	158
Deferred income taxes and unamortized investment tax credits	3,844	3,775
Asset retirement obligations	14	14
Non-pension postretirement benefit obligations	135	134
Unamortized energy contract liabilities	638	750
Other	213	249
Total deferred credits and other liabilities	4,995	5,080
Total liabilities [(a)]	12,349	13,009
Commitments and contingencies		
Member's equity		
Membership interest	8,828	8,077
Undistributed earnings (losses)	13	(61)
Total member's equity	8,841	8,016
Total liabilities and member's equity	$21,190	$ 21,025

(a) PHI's consolidated total assets include $43 million and $49 million at June 30, 2017 and December 31, 2016, respectively, of PHI's consolidated VIE that can only be used to settle the liabilities of the VIE. PHI's consolidated total liabilities include $121 million and $143 million at June 30, 2017 and December 31, 2016, respectively, of PHI's consolidated VIE for which the VIE creditors do not have recourse to PHI. See Note 3 — Variable Interest Entities.

See the Combined Notes to Consolidated Financial Statements

PEPCO HOLDINGS LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Unaudited)

(In millions)	Membership Interest	Undistributed Earnings (Losses)	Member's Equity
Successor			
Balance, December 31, 2016	$ 8,077	$ (61)	$ 8,016
Net income	—	205	205
Distribution to member	—	(131)	(131)
Contribution from member	751	—	751
Balance, June 30, 2017	$ 8,828	$ 13	$ 8,841

See the Combined Notes to Consolidated Financial Statements

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POTOMAC ELECTRIC POWER COMPANY
STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
Operating revenues				
Electric operating revenues	$513	$508	$1,042	$1,058
Operating revenues from affiliates	1	1	3	3
Total operating revenues	514	509	1,045	1,061
Operating expenses				
Purchased power	74	64	157	256
Purchased power from affiliates	69	88	152	95
Operating and maintenance	106	100	208	389
Operating and maintenance from affiliates	14	9	26	10
Depreciation and amortization	78	70	160	144
Taxes other than income	90	89	180	182
Total operating expenses	431	420	883	1,076
Gain on sales of assets	1	8	1	8
Operating income (loss)	84	97	163	(7)
Other income and (deductions)				
Interest expense, net	(28)	(31)	(58)	(68)
Other, net	7	6	15	14
Total other income and (deductions)	(21)	(25)	(43)	(54)
Income (loss) before income taxes	63	72	120	(61)
Income taxes	20	23	19	(1)
Net income (loss)	$ 43	$ 49	$ 101	$ (60)
Comprehensive income (loss)	$ 43	$ 49	$ 101	$ (60)

See the Combined Notes to Consolidated Financial Statements

S1-SSA-0009 - 20549

POTOMAC ELECTRIC POWER COMPANY
STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Six Months Ended June 30, 2017	2016
Cash flows from operating activities		
Net income (loss)	$ 101	$ (60)
Adjustments to reconcile net income (loss) to net cash flows provided by operating activities:		
Depreciation and amortization	160	144
Deferred income taxes and amortization of investment tax credits	35	20
Gain on sale of long-lived assets	(1)	—
Other non-cash operating activities	—	158
Changes in assets and liabilities:		
Accounts receivable	(33)	(41)
Receivables from and payables to affiliates, net	(4)	47
Inventories	(10)	1
Accounts payable and accrued expenses	(45)	(19)
Income taxes	46	165
Pension and non-pension postretirement benefit contributions	(65)	(3)
Other assets and liabilities	(55)	(47)
Net cash flows provided by operating activities	129	365
Cash flows from investing activities		
Capital expenditures	(291)	(256)
Proceeds from sale of long-lived asset	1	12
Purchases of investments	—	(31)
Changes in restricted cash	(1)	(31)
Other investing activities	(2)	(1)
Net cash flows used in investing activities	(293)	(307)
Cash flows from financing activities		
Changes in short-term borrowings	(23)	(64)
Issuance of long-term debt	202	1
Retirement of long-term debt	(7)	(5)
Dividends paid on common stock	(58)	(55)
Contribution from parent	161	187
Other financing activities	(1)	—
Net cash flows provided by financing activities	274	64
Increase in cash and cash equivalents	110	122
Cash and cash equivalents at beginning of period	9	5
Cash and cash equivalents at end of period	$ 119	$ 127

See the Combined Notes to Consolidated Financial Statements

S1-SSA-0009 - 20550

POTOMAC ELECTRIC POWER COMPANY
BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2017	December 31, 2016
ASSETS		
Current assets		
Cash and cash equivalents	$ 119	$ 9
Restricted cash and cash equivalents	34	33
Accounts receivable, net		
Customer	256	235
Other	114	150
Inventories, net	73	63
Regulatory assets	165	162
Other	7	32
Total current assets	768	684
Property, plant and equipment, net	5,759	5,571
Deferred debits and other assets		
Regulatory assets	682	690
Investments	102	102
Prepaid pension asset	332	282
Other	5	6
Total deferred debits and other assets	1,121	1,080
Total assets	$7,648	$ 7,335

See the Combined Notes to Consolidated Financial Statements

S1-SSA-0009 - 20551

POTOMAC ELECTRIC POWER COMPANY
BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2017	December 31, 2016
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Short-term borrowings	$ —	$ 23
Long-term debt due within one year	18	16
Accounts payable	157	209
Accrued expenses	117	113
Payables to affiliates	70	74
Customer deposits	53	53
Regulatory liabilities	5	11
Merger related obligation	49	68
Other	16	29
Total current liabilities	485	596
Long-term debt	2,527	2,333
Deferred credits and other liabilities		
Regulatory liabilities	17	20
Deferred income taxes and unamortized investment tax credits	1,950	1,910
Non-pension postretirement benefit obligations	40	43
Other	125	133
Total deferred credits and other liabilities	2,132	2,106
Total liabilities	5,144	5,035
Commitments and contingencies		
Shareholder's equity		
Common stock	1,470	1,309
Retained earnings	1,034	991
Total shareholder's equity	2,504	2,300
Total liabilities and shareholder's equity	$7,648	$ 7,335

See the Combined Notes to Consolidated Financial Statements

S1-SSA-0009 - 20552

POTOMAC ELECTRIC POWER COMPANY
STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
(Unaudited)

(In millions)	Common Stock	Retained Earnings	Total Shareholder's Equity
Balance, December 31, 2016	$ 1,309	$ 991	$ 2,300
Net income	—	101	101
Common stock dividends	—	(58)	(58)
Contribution from parent	161	—	161
Balance, June 30, 2017	$ 1,470	$ 1,034	$ 2,504

See the Combined Notes to Consolidated Financial Statements

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DELMARVA POWER & LIGHT COMPANY
STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
Operating revenues				
Electric operating revenues	$ 258	$ 253	$ 553	$ 554
Natural gas operating revenues	22	26	87	85
Operating revenues from affiliates	2	2	4	4
Total operating revenues	282	281	644	643
Operating expenses				
Purchased power	64	70	141	216
Purchased fuel	9	9	38	35
Purchased power from affiliate	40	43	91	47
Operating and maintenance	66	73	133	277
Operating and maintenance from affiliates	8	5	15	6
Depreciation and amortization	40	38	79	76
Taxes other than income	14	13	28	28
Total operating expenses	241	251	525	685
Operating income (loss)	41	30	119	(42)
Other income and (deductions)				
Interest expense, net	(13)	(13)	(25)	(25)
Other, net	3	3	6	6
Total other income and (deductions)	(10)	(10)	(19)	(19)
Income (loss) before income taxes	31	20	100	(61)
Income taxes	12	8	24	(1)
Net income (loss)	$ 19	$ 12	$ 76	$ (60)
Comprehensive income (loss)	$ 19	$ 12	$ 76	$ (60)

See the Combined Notes to Consolidated Financial Statements

DELMARVA POWER & LIGHT COMPANY
STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Six Months Ended June 30, 2017	2016
Cash flows from operating activities		
Net income (loss)	$ 76	$ (60)
Adjustments to reconcile net income (loss) to net cash flows provided by operating activities:		
Depreciation and amortization	79	76
Deferred income taxes and amortization of investment tax credits	33	23
Other non-cash operating activities	(3)	121
Changes in assets and liabilities:		
Accounts receivable	12	30
Receivables from and payables to affiliates, net	(2)	15
Inventories	(3)	1
Accounts payable and accrued expenses	18	(2)
Collateral received	—	1
Income taxes	13	66
Other assets and liabilities	(29)	(51)
Net cash flows provided by operating activities	194	220
Cash flows from investing activities		
Capital expenditures	(192)	(182)
Changes in restricted cash	—	(1)
Other investing activities	1	3
Net cash flows used in investing activities	(191)	(180)
Cash flows from financing activities		
Changes in short-term borrowings	25	(105)
Retirement of long-term debt	(14)	—
Dividends paid on common stock	(54)	(38)
Contribution from parent	—	113
Net cash flows used in financing activities	(43)	(30)
(Decrease) Increase in cash and cash equivalents	(40)	10
Cash and cash equivalents at beginning of period	46	5
Cash and cash equivalents at end of period	$ 6	$ 15

See the Combined Notes to Consolidated Financial Statements

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DELMARVA POWER & LIGHT COMPANY
BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2017	December 31, 2016
ASSETS		
Current assets		
Cash and cash equivalents	$ 6	$ 46
Accounts receivable, net		
Customer	124	136
Other	49	63
Receivables from affiliates	—	3
Inventories, net		
Gas held in storage	6	7
Materials and supplies	36	32
Regulatory assets	71	59
Other	19	24
Total current assets	311	370
Property, plant and equipment, net	3,412	3,273
Deferred debits and other assets		
Regulatory assets	299	289
Goodwill	8	8
Prepaid pension asset	200	206
Other	5	7
Total deferred debits and other assets	512	510
Total assets	$4,235	$ 4,153

See the Combined Notes to Consolidated Financial Statements

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DELMARVA POWER & LIGHT COMPANY
BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2017	December 31, 2016
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Short-term borrowings	$ 25	$ —
Long-term debt due within one year	109	119
Accounts payable	125	88
Accrued expenses	35	36
Payables to affiliates	33	38
Customer deposits	35	36
Regulatory liabilities	43	43
Merger related obligation	3	13
Other	9	8
Total current liabilities	417	381
Long-term debt	1,217	1,221
Deferred credits and other liabilities		
Regulatory liabilities	95	97
Deferred income taxes and unamortized investment tax credits	1,092	1,056
Non-pension postretirement benefit obligations	20	19
Other	46	53
Total deferred credits and other liabilities	1,253	1,225
Total liabilities	2,887	2,827
Commitments and contingencies		
Shareholder's equity		
Common stock	764	764
Retained earnings	584	562
Total shareholder's equity	1,348	1,326
Total liabilities and shareholder's equity	$4,235	$ 4,153

See the Combined Notes to Consolidated Financial Statements

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DELMARVA POWER & LIGHT COMPANY
STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
(Unaudited)

(In millions)	Common Stock	Retained Earnings	Total Shareholder's Equity
Balance, December 31, 2016	$ 764	$ 562	$ 1,326
Net income	—	76	76
Common stock dividends	—	(54)	(54)
Balance, June 30, 2017	$ 764	$ 584	$ 1,348

See the Combined Notes to Consolidated Financial Statements

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ATLANTIC CITY ELECTRIC COMPANY AND SUBSIDIARY COMPANY
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
Operating revenues				
Electric operating revenues	$ 269	$ 269	$ 543	$ 559
Operating revenues from affiliates	1	1	1	2
Total operating revenues	270	270	544	561
Operating expenses				
Purchased power	121	129	250	285
Purchased power from affiliates	7	12	16	13
Operating and maintenance	71	63	139	275
Operating and maintenance from affiliates	7	5	13	5
Depreciation and amortization	37	41	72	81
Taxes other than income	2	2	4	4
Total operating expenses	245	252	494	663
Gain on sale of assets	—	1	—	1
Operating income (loss)	25	19	50	(101)
Other income and (deductions)				
Interest expense, net	(15)	(16)	(30)	(32)
Other, net	2	2	4	5
Total other income and (deductions)	(13)	(14)	(26)	(27)
Income (loss) before income taxes	12	5	24	(128)
Income taxes	4	2	(12)	(31)
Net income (loss)	$ 8	$ 3	$ 36	$ (97)
Comprehensive income (loss)	$ 8	$ 3	$ 36	$ (97)

See the Combined Notes to Consolidated Financial Statements

ATLANTIC CITY ELECTRIC COMPANY AND SUBSIDIARY COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Six Months Ended June 30, 2017	2016
Cash flows from operating activities		
Net income (loss)	$ 36	$ (97)
Adjustments to reconcile net income (loss) to net cash flows provided by operating activities:		
Depreciation and amortization	72	81
Deferred income taxes and amortization of investment tax credits	(8)	(28)
Other non-cash operating activities	7	138
Changes in assets and liabilities:		
Accounts receivable	18	31
Receivables from and payables to affiliates, net	(6)	8
Inventories	(3)	(2)
Accounts payable and accrued expenses	3	6
Income taxes	11	181
Other assets and liabilities	(53)	(110)
Net cash flows provided by operating activities	77	208
Cash flows from investing activities		
Capital expenditures	(175)	(164)
Proceeds from sale of long-lived asset	—	2
Changes in restricted cash	2	1
Other investing activities	—	1
Net cash flows used in investing activities	(173)	(160)
Cash flows from financing activities		
Changes in short-term borrowings	42	(5)
Retirement of long-term debt	(17)	(22)
Dividends paid on common stock	(22)	(11)
Contribution from parent	—	139
Other financing activities	(1)	(1)
Net cash flows provided by financing activities	2	100
(Decrease) Increase in cash and cash equivalents	(94)	148
Cash and cash equivalents at beginning of period	101	3
Cash and cash equivalents at end of period	$ 7	$ 151

See the Combined Notes to Consolidated Financial Statements

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ATLANTIC CITY ELECTRIC COMPANY AND SUBSIDIARY COMPANY
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2017	December 31, 2016
ASSETS		
Current assets		
Cash and cash equivalents	$ 7	$ 101
Restricted cash and cash equivalents	7	9
Accounts receivable, net		
Customer	103	125
Other	46	44
Inventories, net	25	22
Prepaid utility taxes	37	—
Regulatory assets	89	96
Other	4	2
Total current assets	318	399
Property, plant and equipment, net	2,628	2,521
Deferred debits and other assets		
Regulatory assets	406	405
Long-term note receivable	4	4
Prepaid pension asset	79	84
Other	43	44
Total deferred debits and other assets	532	537
Total assets [(a)]	$3,478	$ 3,457

See the Combined Notes to Consolidated Financial Statements

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ATLANTIC CITY ELECTRIC COMPANY AND SUBSIDIARY COMPANY
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2017	December 31, 2016
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Short-term borrowings	$ 42	$ —
Long-term debt due within one year	33	35
Accounts payable	122	132
Accrued expenses	56	38
Payables to affiliates	23	29
Customer deposits	31	33
Regulatory liabilities	20	25
Merger related obligation	21	20
Other	8	8
Total current liabilities	356	320
Long-term debt	1,105	1,120
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	911	917
Non-pension postretirement benefit obligations	35	34
Other	23	32
Total deferred credits and other liabilities	969	983
Total liabilities [(a)]	2,430	2,423
Commitments and contingencies		
Shareholder's equity		
Common stock	912	912
Retained earnings	136	122
Total shareholder's equity	1,048	1,034
Total liabilities and shareholder's equity	$3,478	$ 3,457

(a) ACE's consolidated total assets include $30 million and $32 million at June 30, 2017 and December 31, 2016, respectively, of ACE's consolidated VIE that can only be used to settle the liabilities of the VIE. ACE's consolidated total liabilities include $108 million and $126 million at June 30, 2017 and December 31, 2016, respectively, of ACE's consolidated VIE for which the VIE creditors do not have recourse to ACE. See Note 3 — Variable Interest Entities.

See the Combined Notes to Consolidated Financial Statements

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ATLANTIC CITY ELECTRIC COMPANY AND SUBSIDIARY COMPANY
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
(Unaudited)

(In millions)	Common Stock	Retained Earnings	Total Shareholder's Equity
Balance, December 31, 2016	$ 912	$ 122	$ 1,034
Net income	—	36	36
Common stock dividends	—	(22)	(22)
Balance, June 30, 2017	$ 912	$ 136	$ 1,048

See the Combined Notes to Consolidated Financial Statements

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in millions, except per share data, unless otherwise noted)

Index to Combined Notes To Consolidated Financial Statements

The notes to the consolidated financial statements that follow are a combined presentation. The following list indicates the Registrants to which the footnotes apply:

Applicable Notes

Registrant	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Exelon Corporation	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.
Exelon Generation Company, LLC	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.		.	.	.	.
Commonwealth Edison Company	.	.	.		.			.	.	.	.		.	.			.	.	.	
PECO Energy Company	.	.	.		.			.	.	.	.		.	.	.		.	.	.	
Baltimore Gas and Electric Company	.	.	.		.			.	.	.	.		.	.			.	.	.	
Pepco Holdings LLC	.	.	.	.	.			.	.	.	.		.	.	.		.	.	.	
Potomac Electric Power Company	.	.	.	.	.			.	.	.	.		.	.			.	.	.	
Delmarva Power & Light Company	.	.	.		.			.	.	.	.		.	.			.	.	.	
Atlantic City Electric Company	.	.	.		.			.	.	.	.		.	.			.	.	.	

1. Basis of Presentation (All Registrants)

Description of Business (All Registrants)

Exelon is a utility services holding company engaged through its principal subsidiaries in the energy generation and energy distribution and transmission businesses. Prior to March 23, 2016, Exelon's principal, wholly owned subsidiaries included Generation, ComEd, PECO and BGE. On March 23, 2016, in conjunction with the Amended and Restated Agreement and Plan of Merger (the PHI Merger Agreement), Purple Acquisition Corp, a wholly owned subsidiary of Exelon, merged with and into PHI, with PHI continuing as the surviving entity as a wholly owned subsidiary of Exelon. PHI is a utility services holding company engaged through its principal wholly owned subsidiaries, Pepco, DPL and ACE, in the energy distribution and transmission businesses. Refer to Note 4 — Mergers, Acquisitions and Dispositions for further information regarding the merger transaction.

The energy generation business includes:

- *Generation* : Generation, physical delivery and marketing of power across multiple geographical regions through its customer-facing business, Constellation, which sells electricity and natural gas to both wholesale and retail customers. Generation also sells renewable energy and other energy-related products and services. Generation has six reportable segments consisting of the Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Power Regions.

The energy delivery businesses include:

- *ComEd* : Purchase and regulated retail sale of electricity and the provision of electric distribution and transmission services in northern Illinois, including the City of Chicago.
- *PECO* : Purchase and regulated retail sale of electricity and the provision of electric distribution and transmission services in southeastern Pennsylvania, including the City of Philadelphia, and the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services in the Pennsylvania counties surrounding the City of Philadelphia.
- *BGE* : Purchase and regulated retail sale of electricity and the provision of electric distribution and transmission services in central Maryland, including the City of Baltimore, and the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services in central Maryland, including the City of Baltimore.

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- *Pepco* : Purchase and regulated retail sale of electricity and the provision of electric distribution and transmission services in the District of Columbia and major portions of Prince George's County and Montgomery County in Maryland.
- *DPL* : Purchase and regulated retail sale of electricity and the provision of electric distribution and transmission services in portions of Maryland and Delaware, and the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services in northern Delaware.
- *ACE* : Purchase and regulated retail sale of electricity and the provision of electric distribution and transmission services in southern New Jersey.

Basis of Presentation (All Registrants)

As a result of the acquisition of PHI, Exelon's financial reporting reflects PHI's consolidated financial results subsequent to the March 23, 2016, acquisition date. Exelon has accounted for the merger transaction applying the acquisition method of accounting, which requires that identifiable assets acquired and liabilities assumed by Exelon to be reported in Exelon's financial statements at fair value, with any excess of the purchase price over the fair value of net assets acquired reported as goodwill. Exelon has pushed-down the application of the acquisition method of accounting to the consolidated financial statements of PHI such that the assets and liabilities of PHI are similarly recorded at their respective fair values, and goodwill has been established as of the acquisition date. Accordingly, the consolidated financial statements of PHI for periods before and after the March 23, 2016, acquisition date reflect different bases of accounting, and the financial positions and the results of operations of the predecessor and successor periods are not comparable. The acquisition method of accounting has not been pushed down to PHI's wholly owned subsidiary utility registrants, Pepco, DPL and ACE.

For financial statement purposes, beginning on March 24, 2016, disclosures related to Exelon now also apply to PHI, Pepco, DPL and ACE, unless otherwise noted.

Each of the Registrant's Consolidated Financial Statements includes the accounts of its subsidiaries. All intercompany transactions have been eliminated.

During preparation of the June 30, 2017 financial statements, errors were identified related to the Exelon, Generation, ComEd, PECO and BGE Consolidated Statements of Cash Flows for the three months ended March 31, 2017. These classification errors related to the presentation of changes in Account payable and accrued expenses and Accounts receivable within Cash flows provided by operating activities and Capital expenditures and Proceeds from sale of long-lived assets within Cash flows used in investing activities. These errors were corrected for the six months ended June 30, 2017, and will be revised within the first quarter 2018 Form 10-Q when the Consolidated Statements of Cash Flows for the three months ended March 31, 2017 will next be disclosed. As revised, the Cash flows provided by operating activities for the three months ended March 31, 2017 are $1,074 million, $420 million, $236 million, $106 million and $208 million for Exelon, Generation, ComEd, PECO and BGE, respectively, an increase (decrease) of $(127) million, $(320) million, $91 million, $42 million and $40 million for Exelon, Generation, ComEd, PECO and BGE, respectively, from the originally reported amounts. As revised, the Cash flows used in investing activities are $2,284 million, $892 million, $620 million, $69 million and $221 million for Exelon, Generation, ComEd, PECO and BGE, respectively, an increase (decrease) of $(127) million, $(320) million, $91 million, $42 million and $40 million for Exelon, Generation, ComEd, PECO and BGE, respectively, from the originally reported amounts. Management has concluded that the errors are not material to the previously issued financial statements.

The accompanying consolidated financial statements as of June 30, 2017 and 2016 and for the three and six months then ended are unaudited but, in the opinion of the management of each Registrant include all

adjustments that are considered necessary for a fair statement of the Registrants' respective financial statements in accordance with GAAP. All adjustments are of a normal, recurring nature, except as otherwise disclosed. The December 31, 2016 Consolidated Balance Sheets were derived from audited financial statements. Financial results for interim periods are not necessarily indicative of results that may be expected for any other interim period or for the fiscal year ending December 31, 2017. These Combined Notes to Consolidated Financial Statements have been prepared pursuant to the rules and regulations of the SEC for Quarterly Reports on Form 10-Q. Certain information and note disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations.

2. New Accounting Standards (All Registrants)

New Accounting Standards Issued and Not Yet Adopted: The following new authoritative accounting guidance issued by the FASB has not yet been adopted and reflected by the Registrants in their consolidated financial statements. Unless otherwise indicated, the Registrants are currently assessing the impacts such guidance may have (which could be material) on their Consolidated Balance Sheets, Consolidated Statements of Operations and Comprehensive Income, Consolidated Statements of Cash Flows and disclosures, as well as the potential to early adopt where applicable. The Registrants have assessed other FASB issuances of new standards which are not listed below given the current expectation such standards will not significantly impact the Registrants' financial reporting.

Revenue from Contracts with Customers (Issued May 2014 and subsequently amended to address implementation questions): Changes the criteria for recognizing revenue from a contract with a customer. The new revenue recognition guidance, including subsequent amendments, is effective for annual reporting periods beginning on or after December 15, 2017, with the option to early adopt the standard for annual periods beginning on or after December 15, 2016. Exelon has not early adopted this standard.

The new standard replaces existing guidance on revenue recognition, including most industry specific guidance, with a five step model for recognizing and measuring revenue from contracts with customers. The objective of the new standard is to provide a single, comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, across industries, and across capital markets. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The guidance also requires a number of disclosures regarding the nature, amount, timing, and uncertainty of revenue and the related cash flows. In addition, the Registrants will be required to capitalize costs to acquire new contracts, and amortize such costs in a manner consistent with the transfer to the customer of the associated goods or services. The Registrants currently expense those costs as incurred. These expenses are not expected to be material to the Registrants' financial statements. The guidance can be applied retrospectively to each prior reporting period presented (full retrospective method) or retrospectively with a cumulative effect adjustment to retained earnings for initial application of the guidance at the date of initial adoption (modified retrospective method).

The Registrants continue to assess the impacts this guidance may have on their Consolidated Balance Sheets, Consolidated Statements of Operations and Comprehensive Income, Consolidated Statements of Cash Flows and disclosures. In conducting this assessment, the Registrants have performed the following key activities:

- Actively participate in the AICPA Power and Utilities Industry Task Force (Industry Task Force) process to identify implementation issues and support the development of related implementation guidance;

- Evaluate existing contracts and revenue streams for potential changes in the amounts and timing of recognizing revenues under the new guidance;
- Evaluate and select the transition method; and
- Develop and implement the approach and process for complying with the new revenue recognition disclosure requirements.

While there continues to be some ongoing activities in all of these areas, the Registrants have substantially completed the evaluation of their collective contracts and revenue streams, as well as the evaluation of the transition method. Based on the work completed thus far, the Registrants have reached the following preliminary conclusions:

- The Registrants expect to apply the new guidance using the full retrospective method;
- During the second quarter 2017, certain previously open implementation issues have been substantially resolved, including the collectability of utility tariff sale contracts and the accounting for bundled sales contracts. The Utility Registrants' tariff sale contracts, including those with lower credit quality customers, are generally deemed to be probable of collection under the guidance and, thus, the timing of revenue recognition will continue to be based on the electricity or natural gas supplied in the period, consistent with current practice. Revenues recognized from bundled sales contracts are generally expected to be recognized based on the invoice price, consistent with current practice; and
- Contributions in aid of construction are expected to be outside of the scope of the standard and, therefore, will continue to be accounted for as a reduction to Property, Plant, and Equipment.

The Registrants generally anticipate that the implementation of the new standard will not have a material impact on the amount and timing of revenue recognition. However, certain implementation issues continue to be evaluated through the Industry Task Force process that could have an impact on the Registrants' Consolidated Balance Sheets, Consolidated Statements of Operations and Comprehensive Income, Consolidated Statements of Cash Flows and disclosures.

Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost (Issued March 2017): The new standard will require significant changes to the accounting and presentation of pension and OPEB costs at the plan sponsor (i.e., Exelon) level. This guidance requires plan sponsors to separate net periodic pension cost and net periodic OPEB cost (together, net benefit cost) into the service cost component and other components; service cost will be presented as part of income from operations and the other components will be classified outside of income from operations on the Consolidated Statements of Operations and Comprehensive Income. Additionally, service cost is the only component eligible for capitalization (whereas under current GAAP, all components of net benefit cost are eligible for capitalization).

Exelon is currently evaluating the impact of this standard on its consolidated financial statements, including coordinating with its industry group and advisors. Generation, ComEd, PECO, BGE, BSC, PHI, Pepco, DPL, ACE and PHISCO participate in Exelon's single employer plans and apply multi-employer accounting. Multi-employer accounting is not impacted by this standard, so there is no impact on Exelon's subsidiary financial statements.

The standard is effective January 1, 2018 and requires retrospective application for the presentation of the service cost component and the other components of net benefit cost and prospective application for the capitalization of only the service cost component of net benefit cost. Exelon will not early adopt this standard.

Leases (Issued February 2016): Increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing

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arrangements. The guidance requires lessees to recognize both the right-of-use assets and lease liabilities in the balance sheet for most leases, whereas today only financing type lease liabilities (capital leases) are recognized in the balance sheet. This is expected to require significant changes to systems, processes and procedures in order to recognize and measure leases recorded on the balance sheet that are currently classified as operating leases. In addition, the definition of a lease has been revised in regards to when an arrangement conveys the right to control the use of the identified asset under the arrangement which may result in changes to the classification of an arrangement as a lease. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee have not significantly changed from current GAAP. The accounting applied by a lessor is largely unchanged from that applied under current GAAP. The standard is effective January 1, 2019. Early adoption is permitted, however the Registrants do not expect to early adopt the standard. Lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. Refer to Note 24 — Commitments and Contingencies of the Combined Notes to the Consolidated Financial Statements in the Exelon 2016 Form 10-K for additional information regarding operating leases.

Impairment of Financial Instruments (Issued June 2016): Provides for a new Current Expected Credit Loss (CECL) impairment model for specified financial instruments including loans, trade receivables, debt securities classified as held-to-maturity investments and net investments in leases recognized by a lessor. Under the new guidance, on initial recognition and at each reporting period, an entity is required to recognize an allowance that reflects the entity's current estimate of credit losses expected to be incurred over the life of the financial instrument. The standard does not make changes to the existing impairment models for non-financial assets such as fixed assets, intangibles and goodwill. The standard will be effective January 1, 2020 (with early adoption as of January 1, 2019 permitted) and, for most debt instruments, requires a modified retrospective transition approach through a cumulative-effect adjustment to retained earnings as of the beginning of the period of adoption.

Goodwill Impairment (issued January 2017): Simplifies the accounting for goodwill impairment by removing Step 2 of the current test, which requires calculation of a hypothetical purchase price allocation. Under the revised guidance, goodwill impairment will be measured as the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill (currently Step 1 of the two step impairment test). Entities will continue to have the option to perform a qualitative assessment to determine if a quantitative impairment test is necessary. Exelon, Generation, ComEd, PHI, and DPL have goodwill as of June 30, 2017. This updated guidance is not currently expected to impact the Registrants' financial reporting. The standard is effective January 1, 2020, with early adoption permitted, and must be applied on a prospective basis.

Clarifying the Definition of a Business (issued January 2017): Clarifies the definition of a business with the objective of addressing whether acquisitions should be accounted for as acquisitions of assets or as acquisitions of businesses. If substantially all the fair value of the assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets, the set of transferred assets and activities is not a business. If the fair value of the assets acquired is not concentrated in a single identifiable asset or a group of similar identifiable assets, then an entity must evaluate whether an input and a substantive process exist, which together significantly contribute to the ability to produce outputs. The standard also revises the definition of outputs to focus on goods and services to customers. The standard could result in more acquisitions being accounted for as asset acquisitions. The standard is effective January 1, 2018, with early adoption permitted, and will be applied prospectively.

Intra-Entity Transfers of Assets Other Than Inventory (Issued October 2016): Requires entities to recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs (current GAAP prohibits the recognition of current and deferred income taxes for an intra-entity

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asset transfer until the asset has been sold to an outside party). The standard is effective January 1, 2018 with early adoption permitted. The guidance is required to be applied on a modified retrospective basis through a cumulative-effect adjustment to retained earnings as of the beginning of the period of adoption.

Statement of Cash Flows: Classification of Certain Cash Receipts and Cash Payments (Issued August 2016) and Restricted Cash (Issued November 2016): In 2016, the FASB issued two standards impacting the Statement of Cash Flows. The first adds or clarifies guidance on the classification of certain cash receipts and payments on the statement of cash flows as follows: debt prepayment or extinguishment costs, settlement of zero-coupon bonds, contingent consideration payments made after a business combination, proceeds from the settlement of insurance claims, proceeds from the settlement of corporate-owned life insurance policies and bank-owned life insurance policies, distributions received from equity method investees, beneficial interest in securitization transactions, and the application of the predominance principle to separately identifiable cash flows. The second states that amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows (instead of being presented as cash flow activities). Exelon will adopt both standards on January 1, 2018 on a retrospective basis. Adoption of the second standard will result in a change in presentation of restricted cash on the face of the Statement of Cash Flows; otherwise the Registrants expect that adoption of the guidance will have insignificant impacts on the Registrants' Consolidated Statements of Cash Flows and disclosures.

Recognition and Measurement of Financial Assets and Financial Liabilities (Issued January 2016): (i) Requires all investments in equity securities, including other ownership interests such as partnerships, unincorporated joint ventures and limited liability companies, to be carried at fair value through net income, (ii) requires an incremental recognition and disclosure requirement related to the presentation of fair value changes of financial liabilities for which the fair value option has been elected, (iii) amends several disclosure requirements, including the methods and significant assumptions used to estimate fair value or a description of the changes in the methods and assumptions used to estimate fair value, and (iv) requires disclosure of the fair value of financial assets and liabilities measured at amortized cost at the amount that would be received to sell the asset or paid to transfer the liability. The standard is effective January 1, 2018 with early adoption permitted. The guidance is required to be applied retrospectively with a cumulative effect adjustment to retained earnings for initial application of the guidance at the date of adoption (modified retrospective method).

3. Variable Interest Entities (All Registrants)

A VIE is a legal entity that possesses any of the following characteristics: an insufficient amount of equity at risk to finance its activities, equity owners who do not have the power to direct the significant activities of the entity (or have voting rights that are disproportionate to their ownership interest) or equity owners who do not have the obligation to absorb expected losses or the right to receive the expected residual returns of the entity. Companies are required to consolidate a VIE if they are its primary beneficiary, which is the enterprise that has the power to direct the activities that most significantly affect the entity's economic performance.

At June 30, 2017 and December 31, 2016, Exelon, Generation, BGE, PHI and ACE collectively consolidated seven and nine VIEs or VIE groups, respectively, for which the applicable Registrant was the primary beneficiary (*see Consolidated Variable Interest Entities below)* . As of June 30, 2017 and December 31, 2016, Exelon and Generation collectively had significant interests in seven and eight, respectively, other VIEs for which the applicable Registrant does not have the power to direct the entities' activities and, accordingly, was not the primary beneficiary (*see Unconsolidated Variable Interest Entities below)* .

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Consolidated Variable Interest Entities

RSB BondCo LLC (BondCo) is a special purpose bankruptcy remote limited liability company formed by BGE to acquire, hold, issue and service bonds secured by rate stabilization property. BGE is required to remit all payments it receives from all residential customers through non-bypassable, rate stabilization charges to BondCo. On April 3, 2017, the rate stabilization bonds were fully redeemed. During the three and six months ended June 30, 2017, BGE remitted $3 million and $22 million to BondCo, respectively, with all of the final $3 million remitted through June 30, 2017 after the bonds were fully redeemed. During the three and six months ended June 30, 2016, BGE remitted $21 million and $42 million to BondCo, respectively.

Upon the redemption of the bonds, BondCo no longer meets the definition of a variable interest entity and is removed from the list of consolidated VIEs noted below. However, BondCo will continue to be consolidated by BGE under the voting interest model.

During 2009, Constellation formed a retail gas group to enter into a collateralized gas supply agreement with a third-party gas supplier. Upon assessment, the retail gas group was determined to be a VIE because there was not sufficient equity to fund the group's activities without additional credit support and a $75 million parental guarantee provided by Generation. As the primary beneficiary, Generation consolidated the retail gas group. During the second quarter of 2017, the collateral structure was terminated with the third-party gas supplier except for the $75 million parental guarantee provided by Generation. Although the parental guarantee will remain, this is considered customary and reasonable for the unsecured position Generation has with the third-party gas supplier. As a result of the termination, the retail gas group no longer meets the definition of a VIE and is removed from the list of consolidated VIEs noted below. However, the retail gas group will continue to be consolidated by Generation under the voting interest model.

Exelon's, Generation's, PHI's and ACE's consolidated VIEs consist of:

- A group of solar project limited liability companies formed by Generation to build, own and operate solar power facilities,
- several wind project companies designed by Generation to develop, construct and operate wind generation facilities,
- a group of companies formed by Generation to build, own and operate other generating facilities,
- certain retail power and gas companies for which Generation is the sole supplier of energy,
- CENG,
- 2015 ESA Investco, LLC, a company that holds an equity method investment in a distributed energy company, and
- ATF, a special purpose entity formed by ACE for the purpose of securitizing authorized portions of ACE's recoverable stranded costs through the issuance and sale of transition bonds.

As of June 30, 2017 and December 31, 2016, ComEd, PECO, Pepco and DPL did not have any material consolidated VIEs.

As of June 30, 2017 and December 31, 2016, Exelon, Generation, PHI and ACE provided the following support to their respective consolidated VIEs:

- Generation provides operating and capital funding to the solar and wind entities for ongoing construction, operations and maintenance of the solar and wind power facilities and there is limited recourse to Generation related to certain solar and wind entities.

- Generation provides approximately $30 million in credit support for the retail power and gas companies for which Generation is the sole supplier of energy.
- Generation provides operating and capital funding to the other generating facilities for ongoing construction, operations and maintenance and provides a parental guarantee of up to $275 million in support of the payment obligations related to the Engineering, Procurement and Construction contract in support of one of its other generating facilities.
- Generation and Exelon, where indicated, provide the following support to CENG (see Note 5 —Investment in Constellation Energy Nuclear Group, LLC and Note 27—Related Party Transactions of the Exelon 2016 Form 10-K for additional information regarding Generation's and Exelon's transactions with CENG):
  - under the NOSA, Generation conducts all activities related to the operation of the CENG nuclear generation fleet owned by CENG subsidiaries (the CENG fleet) and provides corporate and administrative services for the remaining life and decommissioning of the CENG nuclear plants as if they were a part of the Generation nuclear fleet, subject to the CENG member rights of EDF,
  - under the Power Services Agency Agreement (PSAA), Generation provides scheduling, asset management and billing services to the CENG fleet for the remaining operating life of the CENG nuclear plants,
  - under power purchase agreements with CENG, Generation purchased or will purchase 50.01% of the available output generated by the CENG nuclear plants not subject to other contractual agreements from January 2015 through the end of the operating life of each respective plant. However, pursuant to amendments dated March 31, 2015, the energy obligations under the Ginna Nuclear Power Plant (Ginna) PPAs were suspended during the term of the Reliability Support Services Agreement (RSSA), through the end of March 31, 2017. With the expiration of the RSSA, the PPA was reinstated beginning April 1, 2017 (see Note 5 — Regulatory Matters for additional details),
  - Generation provided a $400 million loan to CENG. As of June 30, 2017, the remaining obligation is $324 million, including accrued interest, which reflects the principal payment made in January 2015,
  - Generation executed an Indemnity Agreement pursuant to which Generation agreed to indemnify EDF against third-party claims that may arise from any future nuclear incident (as defined in the Price-Anderson Act) in connection with the CENG nuclear plants or their operations. Exelon guarantees Generation's obligations under this Indemnity Agreement. (See Note 17 — Commitments and Contingencies for more details),
  - Generation and EDF share in the $637 million of contingent payment obligations for the payment of contingent retrospective premium adjustments for the nuclear liability insurance,
  - Generation provides a guarantee of approximately $8 million associated with hazardous waste management facilities and underground storage tanks. In addition, EDF executed a reimbursement agreement that provides reimbursement to Exelon for 49.99% of any amounts paid by Generation under this guarantee,
  - Generation and EDF are the members-insured with Nuclear Electric Insurance Limited and have assigned the loss benefits under the insurance and the NEIL premium costs to CENG and guarantee the obligations of CENG under these insurance programs in proportion to their respective member interests (see Note 17 — Commitments and Contingencies for more details), and
  - Exelon has executed an agreement to provide up to $245 million to support the operations of CENG as well as a $165 million guarantee of CENG's cash pooling agreement with its subsidiaries.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

- In the case of ATF, proceeds from the sale of each series of transition bonds by ATF were transferred to ACE in exchange for the transfer by ACE to ATF of the right to collect a non-bypassable Transition Bond Charge from ACE customers pursuant to bondable stranded costs rate orders issued by the NJBPU in an amount sufficient to fund the principal and interest payments on transition bonds and related taxes, expenses and fees. During the three and six months ended June 30, 2017, ACE transferred $8 million and $27 million to ATF, respectively. During the three and six months ended June 30, 2016, ACE transferred $12 million and $26 million to ATF, respectively.

For each of the consolidated VIEs, except as otherwise noted:

- the assets of the VIEs are restricted and can only be used to settle obligations of the respective VIE;
- Exelon, Generation, PHI and ACE did not provide any additional material financial support to the VIEs;
- Exelon, Generation, PHI and ACE did not have any material contractual commitments or obligations to provide financial support to the VIEs; and
- the creditors of the VIEs did not have recourse to Exelon's, Generation's, PHI's or ACE's general credit.

The carrying amounts and classification of the consolidated VIEs' assets and liabilities included in the Registrants' consolidated financial statements at June 30, 2017 and December 31, 2016 are as follows:

	June 30, 2017				December 31, 2016				
	Exelon [a]	Generation	*Successor* PHI [a]	ACE	Exelon [a][b]	Generation	BGE	*Successor* PHI [a]	ACE
Current assets	$ 512	$ 501	$ 11	$ 7	$ 954	$ 916	$ 23	$ 14	$ 9
Noncurrent assets	8,617	8,585	32	23	8,563	8,525	3	35	23
Total assets	$ 9,129	$ 9,086	$ 43	$ 30	$ 9,517	$ 9,441	$ 26	$ 49	$ 32
Current liabilities	$ 573	$ 535	$ 38	$ 34	$ 885	$ 802	$ 42	$ 42	$ 37
Noncurrent liabilities	2,723	2,640	83	74	2,713	2,612	—	101	89
Total liabilities	$ 3,296	$ 3,175	$ 121	$ 108	$ 3,598	$ 3,414	$ 42	$ 143	$ 126

(a) Includes certain purchase accounting adjustments not pushed down to the ACE standalone entity.
(b) Includes certain purchase accounting adjustments not pushed down to the BGE standalone entity.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Assets and Liabilities of Consolidated VIEs

Included within the balances above are assets and liabilities of certain consolidated VIEs for which the assets can only be used to settle obligations of those VIEs, and liabilities that creditors or beneficiaries do not have recourse to the general credit of the Registrants. As of June 30, 2017 and December 31, 2016, these assets and liabilities primarily consisted of the following:

	June 30, 2017				December 31, 2016				
	Exelon [a]	Generation	Successor PHI [a]	ACE	Exelon [a][b]	Generation	BGE	Successor PHI [a]	ACE
Cash and cash equivalents	$ 68	$ 68	$ —	$ —	$ 150	$ 150	$ —	$ —	$ —
Restricted cash	55	48	7	7	59	27	23	9	9
Accounts receivable, net									
Customer	106	106	—	—	371	371	—	—	—
Other	24	24	—	—	48	48	—	—	—
Mark-to-market derivatives assets	—	—	—	—	31	31	—	—	—
Inventory									
Materials and supplies	193	193	—	—	199	199	—	—	—
Other current assets	38	34	4	—	50	44	—	5	—
Total current assets	484	473	11	7	908	870	23	14	9
Property, plant and equipment, net	5,293	5,293	—	—	5,415	5,415	—	—	—
Nuclear decommissioning trust funds	2,341	2,341	—	—	2,185	2,185	—	—	—
Goodwill	—	—	—	—	47	47	—	—	—
Mark-to-market derivative assets	—	—	—	—	23	23	—	—	—
Other noncurrent assets	267	235	32	23	315	277	3	35	23
Total noncurrent assets	7,901	7,869	32	23	7,985	7,947	3	35	23
Total assets	$ 8,385	$ 8,342	$ 43	$ 30	$ 8,893	$ 8,817	$ 26	$ 49	$ 32
Long-term debt due within one year	$ 191	$ 154	$ 37	$ 33	$ 181	$ 99	$ 41	$ 40	$ 35
Accounts payable	80	80	—	—	269	269	—	—	—
Accrued expenses	48	47	1	1	119	116	1	2	2
Mark-to-market derivative liabilities	—	—	—	—	60	60	—	—	—
Unamortized energy contract liabilities	16	16	—	—	15	15	—	—	—
Other current liabilities	5	5	—	—	30	30	—	—	—
Total current liabilities	340	302	38	34	674	589	42	42	37
Long-term debt	616	533	83	74	641	540	—	101	89
Asset retirement obligations	1,954	1,954	—	—	1,904	1,904	—	—	—
Pension obligation [c]	—	—	—	—	9	9	—	—	—
Unamortized energy contract liabilities	13	13	—	—	22	22	—	—	—
Other noncurrent liabilities	98	98	—	—	106	106	—	—	—
Total noncurrent liabilities	2,681	2,598	83	74	2,682	2,581	—	101	89
Total liabilities	$ 3,021	$ 2,900	$ 121	$108	$ 3,356	$ 3,170	$ 42	$ 143	$126

(a) Includes certain purchase accounting adjustments not pushed down to the ACE standalone entity.
(b) Includes certain purchase accounting adjustments not pushed down to the BGE standalone entity.
(c) Includes the CNEG retail gas pension obligation, which is presented as a net asset balance within the Prepaid pension asset line item on Generation's Consolidated Balance Sheets. See Note 13 — Retirement Benefits for additional details.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Unconsolidated Variable Interest Entities

Exelon's and Generation's variable interests in unconsolidated VIEs generally include equity investments and energy purchase and sale contracts. For the equity investments, the carrying amount of the investments is reflected on Exelon's and Generation's Consolidated Balance Sheets in Investments. For the energy purchase and sale contracts (commercial agreements), the carrying amount of assets and liabilities in Exelon's and Generation's Consolidated Balance Sheets that relate to their involvement with the VIEs are predominantly related to working capital accounts and generally represent the amounts owed by, or owed to, Exelon and Generation for the deliveries associated with the current billing cycles under the commercial agreements. Further, Exelon and Generation have not provided material debt or equity support, liquidity arrangements or performance guarantees associated with these commercial agreements.

The Registrants' unconsolidated VIEs consist of:

- Energy purchase and sale agreements with VIEs for which Generation has concluded that consolidation is not required.
- Asset sale agreement with ZionSolutions, LLC and EnergySolutions, Inc. in which Generation has a variable interest but has concluded that consolidation is not required.
- Equity investments in distributed energy companies and energy generating facilities for which Generation has concluded that consolidation is not required.

As of June 30, 2017 and December 31, 2016, Exelon and Generation had significant unconsolidated variable interests in seven and eight VIEs, respectively, for which Exelon or Generation, as applicable, was not the primary beneficiary; including certain equity investments and certain commercial agreements. The decrease in the number of unconsolidated VIEs is due to the sale of an equity investment in an energy generating facility. Exelon and Generation only include unconsolidated VIEs that are individually material in the tables below. However, Generation has several individually immaterial VIEs that in aggregate represent a total investment of $16 million. These immaterial VIEs are equity and debt securities in energy development companies. The maximum exposure to loss related to these securities is limited to the $16 million included in Investments on Exelon's and Generation's Consolidated Balance Sheets. The risk of a loss was assessed to be remote and, accordingly, Exelon and Generation have not recognized a liability associated with any portion of the maximum exposure to loss.

In June 2015, 2015 ESA Investco, LLC, then a wholly owned subsidiary of Generation, entered into an arrangement to purchase a 90% equity interest and 99% of the tax attributes of a distributed energy company, which is an unconsolidated VIE. In November 2015, Generation sold 69% of its equity interest in 2015 ESA Investco, LLC to a tax equity investor. Generation and the tax equity investor contributed a total of $227 million of equity incrementally from inception through the first quarter of 2017 in proportion of their ownership interests. Generation and the tax equity investor provided a parental guarantee of up to $275 million in proportion to their ownership interests in support of 2015 ESA Investco, LLC's obligation to make equity contributions to the distributed energy company. As all equity contributions were made as of the first quarter 2017, there is no further payment obligation under the parental guarantee.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following tables present summary information about Exelon's and Generation's significant unconsolidated VIE entities:

June 30, 2017	Commercial Agreement VIEs	Equity Investment VIEs	Total
Total assets [a]	$ 641	$ 529	$1,170
Total liabilities [a]	64	229	293
Exelon's ownership interest in VIE [a]	—	268	268
Other ownership interests in VIE [a]	577	32	609
Registrants' maximum exposure to loss:			
Carrying amount of equity method investments	—	268	268
Contract intangible asset	9	—	9
Debt and payment guarantees	—	—	—
Net assets pledged for Zion Station decommissioning [b]	6	—	6

December 31, 2016	Commercial Agreement VIEs	Equity Investment VIEs	Total
Total assets [a]	$ 638	$ 567	$1,205
Total liabilities [a]	215	287	502
Exelon's ownership interest in VIE [a]	—	248	248
Other ownership interests in VIE [a]	423	32	455
Registrants' maximum exposure to loss:			
Carrying amount of equity method investments	—	264	264
Contract intangible asset	9	—	9
Debt and payment guarantees	—	3	3
Net assets pledged for Zion Station decommissioning [b]	9	—	9

(a) These items represent amounts on the unconsolidated VIE balance sheets, not on Exelon's or Generation's Consolidated Balance Sheets. These items are included to provide information regarding the relative size of the unconsolidated VIEs.

(b) These items represent amounts on Exelon's and Generation's Consolidated Balance Sheets related to the asset sale agreement with ZionSolutions, LLC. The net assets pledged for Zion Station decommissioning includes gross pledged assets of $75 million and $113 million as of June 30, 2017 and December 31, 2016, respectively; offset by payables to ZionSolutions LLC of $69 million and $104 million as of June 30, 2017 and December 31, 2016, respectively. These items are included to provide information regarding the relative size of the ZionSolutions LLC unconsolidated VIE. See Note 12 — Nuclear Decommissioning for additional details.

For each of the unconsolidated VIEs, Exelon and Generation have assessed the risk of a loss equal to their maximum exposure to be remote and, accordingly, Exelon and Generation have not recognized a liability associated with any portion of the maximum exposure to loss. In addition, there are no material agreements with, or commitments by, third parties that would affect the fair value or risk of their variable interests in these VIEs.

4. Mergers, Acquisitions and Dispositions (Exelon, Generation, PHI and Pepco)

Acquisition of James A. FitzPatrick Nuclear Generating Station (Exelon and Generation)

On March 31, 2017, Generation acquired the 838 MW single-unit James A. FitzPatrick (FitzPatrick) nuclear generating station located in Scriba, New York from Entergy Nuclear FitzPatrick LLC (Entergy) for a total purchase price of $293 million, which consisted of a cash purchase price of $110 million and a net cost reimbursement to and on behalf of Entergy of $183 million. As part of the acquisition agreements, Generation provided nuclear fuel and reimbursed Entergy for incremental costs to prepare for and conduct a plant refueling

outage; and Generation reimbursed Entergy for incremental costs to operate and maintain the plant for the period after the refueling outage through the acquisition closing date. These reimbursements covered costs that Entergy otherwise would have avoided had it shut down the plant as originally intended in January 2017. The amounts reimbursed by Generation were offset by FitzPatrick's electricity and capacity sales revenues for this same post-outage period. As part of the transaction, Generation received the FitzPatrick NDT fund assets and assumed the obligation to decommission FitzPatrick. The NRC license for FitzPatrick expires in 2034. As of June 30, 2017, Generation had remitted purchase price consideration of $293 million (including $239 million of cash and $54 million of nuclear fuel) to and on behalf of Entergy.

The following table summarizes the acquisition-date fair value of the consideration transferred and the assets and liabilities assumed for the FitzPatrick acquisition by Generation as of June 30, 2017:

Cash paid for purchase price	$ 110
Cash paid for net cost reimbursement	129
Nuclear fuel transfer	54
Total consideration transferred	$ 293
Identifiable assets acquired and liabilities assumed	
Current assets	$ 58
Property, plant and equipment	278
Nuclear decommissioning trust funds	807
Other assets [(a)]	114
Total assets	$1,257
Current liabilities	$ 7
Asset retirement obligations	417
Pension and OPEB obligations	49
Deferred income taxes	144
Spent nuclear fuel obligation	110
Other liabilities	11
Total liabilities	$ 738
Total net identifiable assets, at fair value	$ 519
Bargain purchase gain (after-tax)	$ 226

(a) Includes a $110 million asset associated with a contractual right to reimbursement from the New York Power Authority (NYPA), a prior owner of FitzPatrick, associated with the DOE one-time fee obligation. See Note 24-Commitments and Contingencies of the Exelon 2016 Form 10-K for additional background regarding SNF obligations to the DOE.

The after-tax bargain purchase gain of $226 million is included within Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income and reflects differences in strategies between Generation and Entergy for the intended use and ultimate decommissioning of the plant.

The fair values of FitzPatrick's assets and liabilities were determined based on significant estimates and assumptions that are judgmental in nature, including projected future cash flows (including timing), discount rates reflecting risk inherent in the future cash flows and future power and fuel market prices. The valuations performed to assess the fair value of certain assets acquired and liabilities assumed are preliminary. Accounting guidance provides that the allocation of the purchase price may be modified up to one year from the date of the acquisition to the extent that additional information is obtained about the facts and circumstances that existed as of the acquisition date; however, Generation expects to finalize these amounts by the end of 2017. The significant

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assets and liabilities for which preliminary valuation amounts are recognized at June 30, 2017 include the fair value of the decommissioning ARO, pension and OPEB obligations and related deferred tax liabilities. Any changes to the fair value assessments may materially impact the purchase price allocation and the amount of the recorded bargain purchase gain.

For the three and six months ended June 30, 2017, Exelon and Generation incurred $16 million and $47 million, respectively, of merger and integration related costs which are included within Operating and maintenance expense in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income.

Merger with Pepco Holdings, Inc. (Exelon)

Description of Transaction

On March 23, 2016, Exelon completed the merger contemplated by the Merger Agreement among Exelon, Purple Acquisition Corp., a wholly owned subsidiary of Exelon (Merger Sub) and Pepco Holdings, Inc. (PHI). As a result of that merger, Merger Sub was merged into PHI (the PHI Merger) with PHI surviving as a wholly owned subsidiary of Exelon and Exelon Energy Delivery Company, LLC (EEDC), a wholly owned subsidiary of Exelon which also owns Exelon's interests in ComEd, PECO and BGE (through a special purpose subsidiary in the case of BGE). Following the completion of the PHI Merger, Exelon and PHI completed a series of internal corporate organization restructuring transactions resulting in the transfer of PHI's unregulated business interests to Exelon and Generation and the transfer of PHI, Pepco, DPL and ACE to a special purpose subsidiary of EEDC.

Regulatory Matters

Approval of the merger in Delaware, New Jersey, Maryland and the District of Columbia was conditioned upon Exelon and PHI agreeing to certain commitments including where applicable: customer rate credits, funding for energy efficiency and delivery system modernization programs, a green sustainability fund, workforce development initiatives, charitable contributions, renewable generation and other required commitments. In addition, the orders approving the merger in Delaware, New Jersey, and Maryland include a "most favored nation" provision which, generally speaking, requires allocation of merger benefits proportionally across all the jurisdictions.

During the third and fourth quarters of 2016, Exelon and PHI filed proposals in Delaware, New Jersey and Maryland for amounts and allocations reflecting the application of the most favored nation provision, resulting in a total nominal cost of commitments of $513 million, excluding renewable generation commitments (approximately $444 million on a net present value basis amount, excluding renewable generation commitments and charitable contributions). These filings reflect agreements reached with certain parties to the merger proceedings in these jurisdictions. In 2016, the DPSC and NJBPU approved the amounts and allocations of the additional merger benefits for Delaware and New Jersey, respectively. On April 12, 2017, the MDPSC issued an order approving the amounts of the additional merger benefits for Maryland, but amending the proposed allocations of the benefits. The amended allocations do not have a material effect on any of the Registrants' financial statements. No changes in commitment cost levels are required in the District of Columbia.

During the second quarter of 2017, Exelon finalized the application of $8 million funding for low- and moderate-income customers in the Pepco Maryland and DPL Maryland service territories. This resulted in an adjustment to merger commitment costs recorded at Exelon Corporate, Pepco, and DPL. Exelon Corporate recorded an increase of $8 million and Pepco and DPL recorded a decrease of $6 million and $2 million, respectively, in Operating and maintenance expense.

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(Dollars in millions, except per share data, unless otherwise noted)

The following amounts represent total commitment costs for Exelon, PHI, Pepco, DPL and ACE that have been recorded since the acquisition date:

					Successor	
Description	**Expected Payment Period**	**Pepco**	**DPL**	**ACE**	**PHI**	**Exelon**
Rate credits	2016 — 2017	$ 91	$ 67	$ 101	$ 259	$ 259
Energy efficiency	2016 — 2021	—	—	—	—	122
Charitable contributions	2016 — 2026	28	12	10	50	50
Delivery system modernization	Q2 2017	—	—	—	—	22
Green sustainability fund	Q2 2017	—	—	—	—	14
Workforce development	2016 — 2020	—	—	—	—	17
Other		1	5	—	6	29
Total		$ 120	$ 84	$ 111	$ 315	$ 513

Pursuant to the orders approving the merger, Exelon made $73 million, $46 million and $49 million of equity contributions to Pepco, DPL and ACE, respectively, in the second quarter of 2016 to fund the after-tax amounts of the customer bill credit and the customer base rate credit commitments.

In addition, Exelon is committed to develop or to assist in the commercial development of approximately 37 MWs of new generation in Maryland, District of Columbia, and Delaware, 27 MWs of which are expected to be completed by 2018. These investments are expected to total approximately $137 million, are expected to be primarily capital in nature, and will generate future earnings at Exelon and Generation. Investment costs will be recognized as incurred and recorded on Exelon's and Generation's financial statements. Exelon has also committed to purchase 100 MWs of wind energy in PJM, to procure 120 MWs of wind RECs for the purpose of meeting Delaware's renewable portfolio standards, and to maintain and promote energy efficiency and demand response programs in the PHI jurisdictions.

Pursuant to the various jurisdictions' merger approval conditions, over specified periods Pepco, DPL and ACE are not permitted to reduce employment levels due to involuntary attrition associated with the merger integration process and have made other commitments regarding hiring and relocation of positions.

In July 2015, the OPC, Public Citizen, Inc., the Sierra Club and the Chesapeake Climate Action Network (CCAN) filed motions to stay the MDPSC order approving the merger. The Circuit Court judge issued an order denying the motions for stay on August 12, 2015. On January 8, 2016, the Circuit Court judge affirmed the MDPSC's order approving the merger and denied the petitions for judicial review filed by the OPC, the Sierra Club, CCAN and Public Citizen, Inc. On January 19, 2016, the OPC filed a notice of appeal to the Maryland Court of Special Appeals, and on January 21, the Sierra Club and CCAN filed notices of appeal. On January 27, 2017, the Maryland Court of Special Appeals affirmed the Circuit Court's judgment that the MDPSC did not err in approving the merger. The OPC and Sierra Club filed petitions seeking further review in the Court of Appeals of Maryland, which is the highest court in Maryland. On June 21, 2017, the Court of Appeals granted discretionary review of the January 27, 2017 decision by the Maryland Court of Special Appeals. The Maryland Court of Appeals will review the OPC argument that the MDPSC did not properly consider the acquisition premium paid to PHI shareholders under Maryland's merger approval standard and the Sierra Club's argument that the merger would harm the renewable and distributed generation markets. The two lower courts examining these issues rejected these arguments, which Exelon believes are without merit. The petitioners' briefs were filed on July 31, 2017, and briefs of Exelon and the MDPSC are due on August 30, 2017. The case is set for oral argument in October 2017.

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(Dollars in millions, except per share data, unless otherwise noted)

Between March 25, 2016 and April 22, 2016, various parties filed motions with the DCPSC to reconsider its March 23, 2016 order approving the merger. On June 17, 2016, the DCPSC denied all motions. In August 2016, the District of Columbia Office of People's Counsel, the District of Columbia Government, and Public Citizen jointly with DC Sun each filed petitions for judicial review of the DCPSC's March 23, 2016 order with the District of Columbia Court of Appeals. On July 20, 2017, the Court issued an opinion rejecting all of appellants' arguments and affirming the Commission's decision approving the merger.

Accounting for the Merger Transaction

The total purchase price consideration of approximately $7.1 billion for the PHI Merger consisted of cash paid to PHI shareholders, cash paid for PHI preferred securities and cash paid for PHI stock-based compensation equity awards as follows:

(In millions of dollars, except per share data)	Total Consideration
Cash paid to PHI shareholders at $27.25 per share (254 million shares outstanding at March 23, 2016)	$ 6,933
Cash paid for PHI preferred stock	180
Cash paid for PHI stock-based compensation equity awards [(a)]	29
Total purchase price	$ 7,142

(a) PHI's unvested time-based restricted stock units and performance-based restricted stock units issued prior to April 29, 2014 were immediately vested and paid in cash upon the close of the merger. PHI's remaining unvested time-based restricted stock units as of the close of the merger were cancelled. There were no remaining unvested performance-based restricted stock units as of the close of the merger.

PHI shareholders received $27.25 of cash in exchange for each share of PHI common stock outstanding as of the effective date of the merger. In connection with the Merger Agreement, Exelon entered into a Subscription Agreement under which it purchased $180 million of a new class of nonvoting, nonconvertible and nontransferable preferred securities of PHI prior to December 31, 2015. On March 23, 2016, the preferred securities were cancelled for no consideration to Exelon, and accordingly, the $180 million cash consideration previously paid to acquire the preferred securities was treated as purchase price consideration.

The preliminary valuations performed in the first quarter of 2016 were updated in the second, third, and fourth quarters of 2016. There were no adjustments to the purchase price allocation in the first quarter of 2017 and the purchase price allocation is now final.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Exelon applied push-down accounting to PHI, and accordingly, the PHI assets acquired and liabilities assumed were recorded at their estimated fair values on Exelon's and PHI's Consolidated Balance Sheets as of March 23, 2016, as follows:

Purchase Price Allocation [a]	
Current assets	$ 1,441
Property, plant and equipment	11,088
Regulatory assets	5,015
Other assets	248
Goodwill	4,005
Total assets	$21,797
Current liabilities	$ 2,752
Unamortized energy contracts	1,515
Regulatory liabilities	297
Long-term debt, including current maturities	5,636
Deferred income taxes	3,447
Pension and OPEB obligations	821
Other liabilities	187
Total liabilities	$14,655
Total purchase price	$ 7,142

(a) Amounts shown reflect the final purchase price allocation and the correction of a reporting error identified and corrected in the second quarter of 2016. The error had resulted in a gross up of certain assets and liabilities related to legacy PHI intercompany and income tax receivable and payable balances.

On its successor financial statements, PHI has recorded, beginning March 24, 2016, Membership interest equity of $7.2 billion, which is greater than the total $7.1 billion purchase price, reflecting the impact of a $59 million deferred tax liability recorded only at Exelon Corporate to reflect unitary state income tax consequences of the merger.

The excess of the purchase price over the estimated fair value of the assets acquired and the liabilities assumed totaled $4.0 billion, which was recognized as goodwill by PHI and Exelon at the acquisition date, reflecting the value associated with enhancing Exelon's regulated utility portfolio of businesses, including the ability to leverage experience and best practices across the utilities and the opportunities for synergies. For purposes of future required impairment assessments, the goodwill has been preliminarily assigned to PHI's reportable units Pepco, DPL and ACE in the amounts of $1.7 billion, $1.1 billion and $1.2 billion, respectively. None of this goodwill is expected to be tax deductible.

Immediately following closing of the merger, $235 million of net assets included in the table above associated with PHI's unregulated business interests were distributed by PHI to Exelon. Exelon contributed $163 million of such net assets to Generation.

The fair values of PHI's assets and liabilities were determined based on significant estimates and assumptions that are judgmental in nature, including projected future cash flows (including timing), discount rates reflecting risk inherent in the future cash flows, future market prices and impacts of utility rate regulation. There were also judgments made to determine the expected useful lives assigned to each class of assets acquired.

Through its wholly owned rate regulated utility subsidiaries, most of PHI's assets and liabilities are subject to cost-of-service rate regulation. Under such regulation, rates charged to customers are established by a

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regulator to provide for recovery of costs and a fair return on invested capital, or rate base, generally measured at historical cost. In applying the acquisition method of accounting, for regulated assets and liabilities included in rate base or otherwise earning a return (primarily property, plant and equipment and regulatory assets earning a return), no fair value adjustments were recorded as historical cost is viewed as a reasonable proxy for fair value.

Fair value adjustments were applied to the historical cost bases of other assets and liabilities subject to rate regulation but not earning a return (including debt instruments and pension and OPEB obligations). In these instances, a corresponding offsetting regulatory asset or liability was also established, as the underlying utility asset and liability amounts are recoverable from or refundable to customers at historical cost (and not at fair value) through the rate setting process. Similar treatment was applied for fair value adjustments to record intangible assets and liabilities, such as for electricity and gas energy supply contracts as further described below. Regulatory assets and liabilities established to offset fair value adjustments are amortized in amounts and over time frames consistent with the realization or settlement of the fair value adjustments, with no impact on reported net income. See Note 5 — Regulatory Matters for additional information regarding the fair value of regulatory assets and liabilities established by Exelon and PHI.

Fair value adjustments were recorded at Exelon and PHI for the difference between the contract price and the market price of electricity and gas energy supply contracts of PHI's wholly owned rate regulated utility subsidiaries. These adjustments are intangible assets and liabilities classified as unamortized energy contracts on Exelon's and PHI's Consolidated Balance Sheets as of June 30, 2017. The difference between the contract price and the market price at the acquisition date of the Merger was recognized for each contract as either an intangible asset or liability. In total, Exelon and PHI recorded a net $1.5 billion liability reflecting out-of-the-money contracts. The valuation of the acquired intangible assets and liabilities was estimated by applying either the market approach or the income approach depending on the nature of the underlying contract. The market approach was utilized when prices and other relevant information generated by market transactions involving comparable transactions were available. Otherwise the income approach, which is based upon discounted projected future cash flows associated with the underlying contracts, was utilized. In certain instances, the valuations were based upon certain unobservable inputs, which are considered Level 3 inputs, pursuant to applicable accounting guidance. Key estimates and inputs include forecasted power prices and the discount rate. The unamortized energy contract fair value adjustment amounts and the corresponding offsetting regulatory asset and liability amounts are amortized through Purchase power and fuel expense or Operating revenues, as applicable, over the life of the applicable contract in relation to the present value of the underlying cash flows as of the merger date.

As mentioned, under cost-of-service rate regulation, rates charged to customers are established by a regulator to provide for recovery of costs and a fair return on invested capital, or rate base, generally measured at historical cost. Historical cost information therefore is the most relevant presentation for the financial statements of PHI's rate regulated utility subsidiary registrants, Pepco, DPL and ACE. As such, Exelon and PHI did not push-down the application of acquisition accounting to PHI's utility registrants, and therefore the financial statements of Pepco, DPL and ACE do not reflect the revaluation of any assets and liabilities.

The current impact of PHI, including its unregulated businesses, on Exelon's Consolidated Statements of Operations and Comprehensive Income includes:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Operating revenues	$ 1,113	$ 1,112	$2,332	$1,219
Net income (loss)	61	52	202	(262)

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
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For the three and six months ended June 30, 2017 and 2016, the Registrants have recognized costs to achieve the PHI acquisition as follows:

Acquisition, Integration and Financing Costs [a]	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
Exelon [b]	$ 8	$ 1	$ 17	$ 103
Generation	4	4	13	20
ComEd [c]	—	1	1	(7)
PECO	1	1	2	2
BGE [d]	1	(5)	2	(4)
Pepco [e]	1	(4)	2	23
DPL [f]	—	—	(7)	16
ACE	1	2	2	15

Acquisition, Integration and Financing Costs [a]	Successor: Three Months Ended June 30, 2017	Successor: Three Months Ended June 30, 2016	Successor: Six Months Ended June 30, 2017	Successor: March 24, 2016 to June 30, 2016	Predecessor: January 1, 2016 to March 23, 2016
PHI [g]	$ 2	$ (1)	$ (2)	$ 55	$ 29

(a) The costs incurred are classified primarily within Operating and maintenance expense in the Registrants' respective Consolidated Statements of Operations and Comprehensive Income, with the exception of the financing costs, which are included within Interest expense. Costs do not include merger commitments discussed above.
(b) Reflects costs (benefits) recorded at Exelon related to financing, including mark-to-market activity on forward-starting interest rate swaps.
(c) For the six months ended June 30, 2016, includes the reversal of previously incurred acquisition, integration and financing costs of $8 million, incurred at ComEd that have been deferred and recorded as a regulatory asset for anticipated recovery. See Note 5 — Regulatory Matters for more information.
(d) For the three and six months ended June 30, 2016, includes the reversal of previously incurred acquisition, integration and financing costs of $6 million incurred at BGE that have been deferred and recorded as a regulatory asset for anticipated recovery. See Note 5 — Regulatory Matters for more information.
(e) For the three and six months ended June 30, 2016, includes the reversal of previously incurred acquisition, integration and financing costs of $9 million incurred at Pepco that have been deferred and recorded as a regulatory asset for anticipated recovery. See Note 5 — Regulatory Matters for more information.
(f) For the six months ended June 30, 2017, includes the reversal of previously incurred acquisition, integration and financing costs of $8 million incurred at DPL that have been deferred and recorded as a regulatory asset for anticipated recovery. For the three and six months ended June 30, 2016, includes the reversal of previously incurred acquisition, integration and financing costs of $3 million incurred at DPL that have been deferred and recorded as a regulatory asset for anticipated recovery. See Note 5 — Regulatory Matters for more information.
(g) For the six months ended June 30, 2017, includes the reversal of previously incurred acquisition, integration and financing costs of $8 million incurred at PHI that have been deferred and recorded as a regulatory asset for anticipated recovery. For the three months ended June 30, 2016 and the Successor period March 24, 2016 to June 30, 2016, includes the reversal of previously incurred acquisition, integration and financing costs of $12 million incurred at PHI that have been deferred and recorded as a regulatory asset for anticipated recovery. See Note 5 — Regulatory Matters for more information.

Pro-forma Impact of the Merger

The following unaudited pro forma financial information reflects the consolidated results of operations of Exelon as if the merger with PHI had taken place on January 1, 2015. The unaudited pro forma information was calculated after applying Exelon's accounting policies and adjusting PHI's results to reflect purchase accounting adjustments.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The unaudited pro forma financial information has been presented for illustrative purposes only and is not necessarily indicative of results of operations that would have been achieved had the merger events taken place on the dates indicated, or the future consolidated results of operations of the combined company.

	Three Months Ended June 30, 2016 [a]	Six Months Ended June 30, 2016 [a]	Year Ended December 31, 2016 [b]
Total operating revenues	$ 6,910	$ 15,466	$ 32,342
Net income attributable to common shareholders	268	845	1,562
Basic earnings per share	$ 0.29	$ 0.92	$ 1.69
Diluted earnings per share	0.29	0.91	1.69

(a) The amounts above include adjustments for non-recurring costs directly related to the merger of $1 million and $641 million for the three and six months ended June 30, 2016, respectively, and intercompany revenue of $170 million for the six months ended June 30, 2016.
(b) The amounts above include adjustments for non-recurring costs directly related to the merger of $680 million and intercompany revenue of $171 million for the year ended December 31, 2016.

Asset Divestitures (Exelon, Generation, PHI and Pepco)

EGTP, a Delaware limited liability company, was formed in 2014 with the purpose of financing a portfolio of assets comprised of two combined-cycle gas turbines (CCGTs) and three peaking/simple cycle facilities consisting of approximately 3.4 GW of generation capacity in ERCOT North and Houston Zones. EGTP is an indirect wholly owned subsidiary of Exelon and Generation. Each of the aforementioned facilities is held through a wholly owned direct subsidiary of EGTP. EGTP also owns two equity method investments in shared facility companies. EGTP, its direct parent and its wholly owned subsidiaries secured a nonrecourse senior secured term loan facility, a revolving loan facility and certain commodity and interest rate swaps.

On May 2, 2017, EGTP entered into a consent agreement with its lenders to permit EGTP to draw on its revolving credit facility and initiate an orderly sales process to sell the assets of its wholly owned subsidiaries, the proceeds from which will first be used to pay the administrative costs of the sale, the normal and ordinary costs of operating the plants and repayment of the secured debt of EGTP, including the revolving credit facility. See Note 10 — Debt and Credit Agreements for details regarding the nonrecourse debt associated with EGTP. As a result, certain EGTP assets and liabilities were classified as held for sale at their respective fair values less costs to sell and included in the other current assets and other current liabilities balances on Exelon's and Generation's Consolidated Balance Sheets. At June 30, 2017, a $418 million pre-tax impairment loss was recorded within Operating and maintenance expense on Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income. See Note 6 — Impairment of Long-Lived Assets for further information.

On April 21, 2016, Generation completed the sale of the retired New Boston generating site, located in Boston, Massachusetts, resulting in a pre-tax gain of approximately $32 million.

On May 2, 2016, Pepco completed the sale of the New York Avenue land parcel, located in Washington D.C., resulting in a pre-tax gain of approximately $8 million at Pepco. Due to the fair value adjustments recorded at Exelon and PHI as part of purchase accounting, no gain was recorded in the Exelon and PHI Consolidated Statements of Operations and Comprehensive Income.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
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5. Regulatory Matters (All Registrants)

Except for the matters noted below, the disclosures set forth in Note 3 — Regulatory Matters of the Exelon 2016 Form 10-K reflect, in all material respects, the current status of regulatory and legislative proceedings of the Registrants. The following is an update to that discussion.

Illinois Regulatory Matters

Distribution Formula Rate (Exelon and ComEd). On April 13, 2017, ComEd filed its annual distribution formula rate with the ICC pursuant to EIMA. The filing establishes the revenue requirement used to set the rates that will take effect in January 2018 after the ICC's review and approval, which is due by December 2017. The revenue requirement requested is based on 2016 actual costs plus projected 2017 capital additions as well as an annual reconciliation of the revenue requirement in effect in 2016 to the actual costs incurred that year. ComEd's 2017 filing request includes a total increase to the revenue requirement of $96 million, reflecting an increase of $78 million for the initial revenue requirement for 2017 and an increase of $18 million related to the annual reconciliation for 2016. The revenue requirement for 2017 provides for a weighted average debt and equity return on distribution rate base of 6.47% inclusive of an allowed ROE of 8.40%, reflecting the average rate on 30-year treasury notes plus 580 basis points. The annual reconciliation for 2016 provided for a weighted average debt and equity return on distribution rate base of 6.45% inclusive of an allowed ROE of 8.34%, reflecting the average rate on 30-year treasury notes plus 580 basis points less a performance metrics penalty of 6 basis points. See table below for ComEd's regulatory assets associated with its distribution formula rate. For additional information on ComEd's distribution formula rate filings see Note 3 — Regulatory Matters of the Exelon 2016 Form 10-K.

On December 6, 2016, the ICC issued a final order approving the 2016 distribution formula rate, which included a total increase to the revenue requirement of $127 million, reflecting an increase of $134 million for the initial revenue requirement for 2016 and a decrease of $7 million related to the annual reconciliation for 2015. On December 20, 2016, the ICC granted ComEd's and other parties' joint application for rehearing on the impact that changing ComEd's OSHA recordable rate for 2014 and 2015 had on the revenue requirement approved in this order. On March 22, 2017, the ICC issued an order approving ComEd's proposal to reduce the 2016 revenue requirement by $18 million, which was reflected in customer rates in April 2017.

Illinois Future Energy Jobs Act (Exelon, Generation, and ComEd).

Background

On December 7, 2016, FEJA was signed into law by the Governor of Illinois. FEJA was effective June 1, 2017, and includes, among other provisions, (1) a Zero Emission Standard (ZES) providing compensation for certain nuclear-powered generating facilities, (2) an extension of and certain adjustments to ComEd's electric distribution formula rate, (3) new cumulative persisting annual energy efficiency MWh savings goals for ComEd, (4) revisions to the Illinois RPS requirements, (5) provisions for adjustments to or termination of FEJA programs if the average impact on ComEd's customer rates exceeds specified limits, (6) revisions to the existing net metering statute and (7) support for low income rooftop and community solar programs.

Zero Emission Standard

FEJA includes a ZES that provides compensation through the procurement of ZECs targeted at preserving the environmental attributes of zero-emissions nuclear-powered generating facilities that meet specific eligibility criteria.

On July 21, 2017, Exelon and others submitted comments on the IPA's draft Procurement Plan. The IPA filed the plan with the ICC on July 31, 2017. The ICC has 45 days to approve the plan. Once the plan is approved by the ICC, bidders interested in participating in the procurement process will have 14 days to submit the required eligibility information and become qualified bidders. Generation's Clinton and Quad Cities nuclear plants will participate in the procurement process. Winning bidders will contract directly with Illinois utilities, including ComEd, for 10-year terms extending through May 31, 2027. The ZEC price will be based upon the current social cost of carbon as determined by the Federal government and is initially established at $16.50 per MWh of production, subject to annual future adjustments determined by the IPA for specified escalation and pricing adjustment mechanisms designed to lower the ZEC price based on increases in underlying energy and capacity prices. Utilities will be required to purchase an amount of ZECs equivalent to 16% of the actual amount of electricity delivered in 2014, subject to specified annual caps. For the initial delivery year, June 1, 2017 — May 31, 2018, the targeted procurement of ZECs, after applying the cap, is set at $235 million (ComEd's share is approximately $170 million). For subsequent delivery years, the IPA-approved targeted ZEC procurement amounts will change based on forward energy and capacity prices

ComEd currently expects to enter into contracts with winning bidders in the fourth quarter 2017, at which time it will begin recording an associated obligation and expense for the procurement of ZEC's. Winning bidders will be entitled to compensation for the sale of ZECs retroactive to the June 1, 2017 effective date of FEJA.

ComEd will recover all costs associated with purchasing ZECs through a new rate rider that provides for an annual reconciliation and true-up to actual costs incurred by ComEd to purchase ZECs, with any difference to be credited to or collected from ComEd's retail customers in subsequent periods with interest. ComEd began billing its retail customers under its new ZEC rate rider on June 1, 2017 and recorded a regulatory liability of $22 million as of June 30, 2017 for revenues recorded in advance of incurring expenses.

On February 14, 2017, two lawsuits were filed in the Northern District of Illinois against the IPA alleging that the state's ZEC program violates certain provisions of the U.S. Constitution. One lawsuit was filed by customers of ComEd, led by the Village of Old Mill Creek, and the other was brought by the EPSA and three other electric suppliers. Both lawsuits argue that the Illinois ZEC program will distort PJM's FERC-approved energy and capacity market auction system of setting wholesale prices, and seek a permanent injunction preventing the implementation of the program. Exelon intervened and filed motions to dismiss in both lawsuits. In addition, on March 31, 2017, plaintiffs in both lawsuits filed motions for preliminary injunction with the court; the court stayed briefing on the motions for preliminary injunction until the resolution of the motions to dismiss. On July 14, 2017, the court granted the motions to dismiss and also dismissed the motions for preliminary injunction. On July 17, 2017, the plaintiffs appealed the court's decisions to the U.S. Court of Appeals for the Seventh Circuit. Exelon cannot predict the outcome of these lawsuits. It is possible that resolution of these matters could have a material, unfavorable impact on Exelon's and Generation's results of operations, financial positions and cash flows.

See Note 7 — Early Nuclear Plant Retirements for additional information regarding the economic challenges facing Generation's Clinton and Quad Cities nuclear plants and the expected benefits of the ZES.

ComEd Electric Distribution Rates

FEJA extends the sunset date for ComEd's performance-based electric distribution formula rate from 2019 to the end of 2022, allows ComEd to revise the electric distribution formula rate to eliminate the ROE collar, and allows ComEd to implement a decoupling tariff if the electric distribution formula rate is terminated at any time. ComEd will revise its electric distribution formula rate to eliminate the ROE collar beginning with the reconciliation filed in 2018 for the 2017 calendar year. Elimination of the ROE collar effectively offsets the

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favorable or unfavorable impacts to Operating revenues associated with variations in delivery volumes associated with above or below normal weather, numbers of customers or usage per customer. ComEd began reflecting the impacts of this change in its electric distribution services costs regulatory asset in first quarter 2017. As of June 30, 2017, ComEd recorded an increase to Operating revenues and its electric distribution services costs regulatory asset of approximately $36 million for this change.

FEJA requires ComEd to make non-recoverable contributions to low income energy assistance programs of $10 million per year for 5 years as long as the electric distribution formula rate remains in effect. With the exception of these contributions, ComEd will recover from customers, subject to certain caps explained below, the costs it incurs pursuant to FEJA either through its electric distribution formula rate or other recovery mechanisms.

Energy Efficiency

Prior to FEJA, Illinois law required ComEd to implement cost-effective energy efficiency measures and, for a 10-year period ending May 31, 2018, cost-effective demand response measures to reduce peak demand by 0.1% over the prior year for eligible retail customers.

Beginning January 1, 2018, FEJA provides for new cumulative annual energy efficiency MWh savings goals for ComEd, which are designed to achieve 21.5% of cumulative persisting annual MWh savings by 2030, as compared to the deemed baseline of 88 million MWhs of electric power and energy sales. FEJA deems the cumulative persisting annual MWh savings to be 6.6% from 2012 through the end of 2017. ComEd expects to spend approximately $250 million to $400 million annually from 2017 through 2030 to achieve these energy efficiency MWh savings goals. In addition, FEJA extends the peak demand reduction requirement from 2018 to 2026. Because the new requirements apply beginning in 2018, FEJA extends the existing energy efficiency plans, which were due to end on May 31, 2017, through December 31, 2017. FEJA also exempts customers with demands over 10 MW from energy efficiency plans and requirements beginning June 1, 2017. On June 30, 2017, ComEd filed its 2018 — 2021 energy efficiency plan with the ICC, which must be approved no later than September 14, 2017.

FEJA allows ComEd to cancel its existing energy efficiency rate rider and replace it with an energy efficiency formula rate, and to defer energy efficiency costs (except for any voltage optimization costs which will be recovered through the electric distribution formula rate) as a separate regulatory asset that will be recovered through the energy efficiency formula rate over the weighted average useful life, as approved by the ICC, of the related energy efficiency measures. ComEd will earn a return on the energy efficiency regulatory asset at a rate equal to its weighted average cost of capital, which is based on a year-end capital structure and calculated using the same methodology applicable to ComEd's electric distribution formula rate. Beginning January 1, 2018 through December 31, 2030, the return on equity that ComEd earns on its energy efficiency regulatory asset is subject to a maximum downward or upward adjustment of 200 basis points if ComEd's cumulative persisting annual MWh savings falls short of or exceeds specified percentage benchmarks of its annual incremental savings goal. ComEd will be required to file an update to its energy efficiency formula rate on or before June 1 each year, with resulting rates effective in January of the following year. The annual update will be based on projected current year energy efficiency costs, PJM capacity revenues, and the projected year-end regulatory asset balance less any related deferred income taxes. The update will also include a reconciliation of any differences between the revenue requirement in effect for the prior year and the revenue requirement based on actual prior year costs and actual year-end energy efficiency regulatory asset balances less any related deferred income taxes. ComEd will record a regulatory asset or liability and corresponding increase or decrease to Operating revenues for any differences between the revenue requirement in effect and ComEd's best estimate of the revenue requirement expected to be approved by the ICC for that year's reconciliation.

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ComEd cancelled its existing energy efficiency rate rider effective June 2, 2017. ComEd will perform a reconciliation of revenues and costs incurred through the cancellation date and issue a one-time credit on retail customers' bills for any over-recoveries. As of June 30, 2017, ComEd's over-recoveries associated with its former energy efficiency rate rider were $88 million, which were reflected in Current regulatory liabilities on Exelon's and ComEd's Consolidated Balance Sheets as ComEd expects to provide the one-time credit to customers within the next twelve months.

Initial Energy Efficiency Formula Rate Filing

On June 9, 2017, ComEd filed its new initial energy efficiency formula rate with the ICC pursuant to FEJA. The filing establishes the formula under which energy efficiency rates will be calculated going forward and the revenue requirement used to set the initial rates for the period October 1, 2017 through December 31, 2017 subject to the ICC's review and approval, which is required by August 23, 2017. The initial revenue requirement is based on projected costs and projected PJM capacity revenues for the period from June 1, 2017 through December 31, 2017, and projected year-end 2017 energy efficiency regulatory asset balances (less any related deferred income taxes). ComEd requested an initial decrease in revenue requirement of $7 million reflecting higher projected PJM capacity revenues compared to projected energy efficiency costs and provides for a weighted average debt and equity return of 6.47% inclusive of an allowed ROE of 8.40%, reflecting the average rate on 30-year treasury notes plus 580 basis points. The annual reconciliation for 2017 will be included in ComEd's 2018 energy efficiency formula rate filing and reflected in customer rates beginning January 2019. As of June 30, 2017, under the new formula rate, Exelon and ComEd deferred $21 million of energy efficiency costs as a regulatory asset. ComEd also recorded a regulatory liability of $2 million for the 2017 energy efficiency formula rate annual reconciliation.

2017 Energy Efficiency Formula Rate Filing

On June 30, 2017, ComEd filed its annual energy efficiency formula rate with the ICC pursuant to FEJA. The filing establishes the revenue requirement used to set rates that will take effect in January 2018 after the ICC's review and approval, which is due no later than September 14, 2017. The revenue requirement for 2018 is based on projected 2018 energy efficiency costs and PJM capacity revenues, and year-end 2018 energy efficiency regulatory asset balances (less any related deferred income taxes). In its 2017 filing ComEd requested a total increase to the revenue requirement of $12 million and provides for a weighted average debt and equity return of 6.47% inclusive of an allowed ROE of 8.40%, reflecting the average rate on 30-year treasury notes plus 580 basis points. The annual reconciliation for 2018 will be included in ComEd's 2019 energy efficiency formula rate filing, and reflected in customer rates beginning January 2020.

Renewable Portfolio Standard

Existing Illinois law requires ComEd to purchase each year an increasing percentage of renewable energy resources for the customers for which it supplies electricity. This obligation is satisfied through the procurement of RECs. FEJA revises the Illinois RPS to require ComEd to procure RECs for all retail customers by June 2019, regardless of the customers' electricity supplier, and provides support for low-income rooftop and community solar programs, which will be funded by the existing Renewable Energy Resources Fund and ongoing RPS collections. FEJA also requires ComEd to use RPS collections to fund utility job training and workforce development programs in the amounts of $10 million in each of the years 2017, 2021, and 2025. ComEd recorded a $10 million and $20 million current and non-current liability, respectively, as of June 30, 2017 associated with this obligation. ComEd will recover all costs associated with purchasing RECs and funding utility job training and workforce development programs through a new RPS rate rider that provides for a reconciliation and true-up to actual costs, with any difference between revenues and expenses to be credited to or

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collected from ComEd's retail customers in subsequent periods with interest. The first reconciliation and true-up for RECs will occur in 2021 and cover revenues and costs for the four year period beginning June 1, 2017 through May 31, 2021. Subsequently, the RPS rate rider will provide for an annual reconciliation and true-up. ComEd began billing its retail customers under its new RPS rate rider on June 1, 2017 and recorded a related regulatory asset of $19 million as of June 30, 2017. Any over-recovered RPS costs will be deposited into a separate interest bearing bank account pursuant to FEJA, which will be classified as Restricted cash on Exelon's and ComEd's Consolidated Balance Sheets.

Customer Rate Increase Limitations

FEJA includes provisions intended to limit the average impact on ComEd customer rates for recovery of costs incurred under FEJA as follows: (1) for a typical ComEd residential customer, the average impact must be less than $0.25 cents per month, (2) for nonresidential customers with a peak demand less than 10 MW, the average annual impact must be less than 1.3% of the average amount paid per kWh for electric service by Illinois commercial retail customers during 2015, and (3) for nonresidential customers with a peak demand greater than 10 MW, the average annual impact must be less than 1.3% of the average amount paid per kWh for electric service by Illinois industrial retail customers during 2015.

On June 30, 2017, ComEd submitted a 10-year projection to the ICC of customer rate impacts for residential customers and nonresidential customers with a peak demand less than 10 MW. Such projections indicate that customer rate impacts will not exceed the limitations set by FEJA discussed below. Thereafter, beginning in 2018, ComEd must submit a report to the ICC for residential customers and nonresidential customers with a peak demand less than 10 MW by February 15th and June 30th of each year, respectively. For nonresidential customers with a peak demand greater than 10 MW, ComEd must submit a report to the ICC by May 1 of each year if a rate reduction will be necessary in the following year. For residential customers, the reports will include the actual costs incurred under FEJA during the preceding year and a rolling 10-year customer rate impact projection. The reports for nonresidential customers with a peak demand less than 10 MW will also include the actual costs incurred under FEJA during the preceding year, as well as the average annual rate increase from January 1, 2017 through the end of the preceding year and the average annual rate increase projected for the remainder of the 10-year period.

If the projected residential customer or nonresidential customer with a peak demand less than 10 MW rate increase exceeds the limitations during the first four years, ComEd is required to decrease costs associated with FEJA investments, including reductions to ZEC contract quantities. If the projected residential customer or nonresidential customer with a peak demand less than 10 MW rate increase exceeds the limitations during the last six years, ComEd is required to demonstrate how it will reduce FEJA investments to ensure compliance. If the actual residential customer or nonresidential customer with a peak demand less than 10 MW rate increase exceeds the limitations for any one year, ComEd is required to submit a corrective action plan to decrease future year costs to reduce customer rates to ensure future compliance. If the actual residential customer or nonresidential customer rate exceeds the limitations for two consecutive years, ComEd can offer to credit customers for amounts billed in excess of the limitations or ComEd can terminate FEJA investments. If ComEd chooses to terminate FEJA investments, the ICC shall order termination of ZEC contracts and further initiate proceedings to reduce energy efficiency savings goals and terminate support for low-income rooftop and community solar programs. ComEd is allowed to fully recover all costs incurred as of and up to the date of the programs' termination.

For the energy efficiency formula, ComEd records a regulatory asset or liability and corresponding increase or decrease to Operating revenues for any differences between the revenue requirement in effect and ComEd's best estimate of the revenue requirement expected to be approved by the ICC for that year's reconciliation. For

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the other rate riders be established under FEJA, ComEd records a regulatory asset or liability for any differences between revenues and incurred expenses.

Renewable Energy Resources (Exelon and ComEd). In accordance with legislation in effect on December 31, 2016, the IPA's Procurement Plans include the procurement of cost-effective renewable energy resources in amounts that equal or exceed a minimum target percentage of the total electricity that each electric utility supplies to its eligible retail customers. The June 1, 2016 target renewable energy resources obligation for the utilities was at least 11.5%. This obligation increases by at least 1.5% each year thereafter to an ultimate target of at least 25% by June 1, 2025. All goals are subject to rate impact criteria set forth by Illinois legislation. As of June 30, 2017, ComEd had purchased renewable energy resources or equivalents, such as RECs, in accordance with the IPA Procurement Plan. ComEd currently retires all RECs upon transfer and acceptance. ComEd is permitted to recover procurement costs of RECs from retail customers without mark-up through rates.

In accordance with FEJA that took effect on June 1, 2017, beginning with the plan or plans to be implemented in the 2017 delivery year, the IPA shall develop a long term renewable resources procurement plan (LT Plan). The RPS target percentages for the overall service territory have not changed through June 1, 2025 although FEJA extended the 25% RPS target to delivery years after 2025. Currently, each RES and each utility is responsible for the renewable resource obligation of the customers it supplies power for. Over time, this will change and the utility will procure renewable resources based on the retail load of substantially all customers in its service territory. For the delivery year beginning June 1, 2017, the LT Plan shall include cost effective renewable energy resources procured by the utility for the retail load the utility supplies and for 50% of the retail customer load supplied by Retail Electric Suppliers in the utility service territory on February 28, 2017. Utility procurement for RES supplied retail customer load will increase to 75% June 1, 2018 and to 100% beginning June 1, 2019.

Pennsylvania Regulatory Matters

Pennsylvania Procurement Proceedings (Exelon and PECO). Through PECO's PAPUC approved DSP Programs, PECO procures electric supply for its default electric customers through PAPUC approved competitive procurements.

On March 17, 2016, PECO filed its fourth DSP Program with the PAPUC proposing a 24-month term from June 1, 2017 through May 31, 2019, in compliance with electric generation procurement guidelines set forth in Act 129. On December 8, 2016, the PAPUC approved the fourth DSP Program for the modified 48-month term and deferred CAP Shopping to another proceeding. OCA and Low Income Advocates subsequently filed a Petition for Reconsideration and Clarification related to CAP Shopping. On March 16, 2017, the PAPUC granted reconsideration and consolidated the proceeding with the DSP II docket, which includes the pending CAP Shopping plan that would allow low-income CAP customers to purchase their generation supply from EGSs. PAPUC referred the consolidated proceedings to the Office of Administrative Law Judge for hearing and decision.

Pennsylvania Act 11 of 2012 (Exelon and PECO). In February 2012, Act 11 was signed into law, which provided the PAPUC authority to approve the implementation of a distribution system improvement charge (DSIC) in rates designed to recover capital project costs incurred to repair, improve or replace utilities' aging electric and natural gas distribution systems in Pennsylvania. Prior to recovering costs pursuant to a DSIC, the PAPUC's implementation order requires a utility to have a Long Term Infrastructure Improvement Plan (LTIIP) approved by the Commission, which outlines how the utility is planning to increase its investment for repairing, improving or replacing aging infrastructure. The PAPUC approved PECO's petition for its proposed electric DSIC and LTIIP on October 22, 2015 for spending of $275 million over a 5 year period through 2020. The

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PAPUC approved PECO's petition for its proposed modified gas LTIIP on June 14, 2017 for spending of $762 million over a 10 year period through 2022.

Maryland Regulatory Matters

2017 Maryland Electric Distribution Rates (Exelon, PHI and Pepco). On March 24, 2017, Pepco filed an application with the MDPSC requesting an increase of $69 million based on a ROE of 10.1%. The application includes a request for an income tax adjustment to reflect full normalization of removal costs associated with pre-1981 property, which accounts for $18 million of the requested increase. Pepco expects a decision in the matter in the fourth quarter of 2017, but cannot predict how much of the requested rate increase the MDPSC will approve or if it will approve the requested income tax adjustment.

2017 Maryland Electric Distribution Rates (Exelon, PHI and DPL). On July 14, 2017, DPL filed an application with the MDPSC to increase its annual electric distribution base rates by $27 million based on a requested ROE of 10.1%. DPL expects a decision on the matter in the first quarter of 2018. DPL cannot predict how much of the requested increase the MDPSC will approve.

2016 Maryland Electric Distribution Rates (Exelon, PHI and DPL). On February 15, 2017, the MDPSC approved an increase in DPL electric distribution rates of $38 million based on a ROE of 9.6%. The new rates became effective for services rendered on or after February 15, 2017. The MDPSC also denied DPL's request to continue its Grid Resiliency Program, through which DPL proposed to invest $4.6 million a year for two years to improve priority feeders and install single-phase reclosing fuse technology. The final order did not result in the recognition of any incremental regulatory assets or liabilities.

Cash Working Capital Order (Exelon and BGE). On November 17, 2016, the MDPSC rendered a decision in the proceeding to review BGE's request to recover its cash working capital (CWC) requirement for its Provider of Last Resort service, also known as Standard Offer Service (SOS), as well as other components that make up the Administrative Charge, the mechanism that enables BGE to recover all of its SOS-related costs. The Administrative Charge is now comprised of five components: CWC, uncollectibles, incremental costs, return, and an administrative adjustment, which is an adder to the utility's SOS rate to act as a proxy for retail suppliers' costs. The Commission accepted BGE's positions on recovery of CWC and pass-through recovery of BGE's actual uncollectibles and incremental costs. The order also grants BGE a return on the SOS. The Commission ruled that the level of the administrative adjustment will be determined in BGE's next rate case. On December 16, 2016, MDPSC Staff requested clarification concerning the amount of return on the SOS awarded to BGE and on December 19, 2016, the residential consumer advocate sought rehearing of the return awarded. On January 24, 2017, the MDPSC issued an order denying the MDPSC Staff request for clarification and the residential consumer advocate request for rehearing. On February 22, 2017, the residential consumer advocate filed an appeal of the MDPSC's orders with the Circuit Court for Baltimore City. The residential consumer advocate filed its Memorandum on Appeal on June 5, 2017 and subsequent Reply Memoranda were filed by BGE and the MDPSC on July 7, 2017 and July 12, 2017, respectively. Oral arguments are scheduled for August 7, 2017. BGE cannot predict the outcome of this appeal.

Smart Meter and Smart Grid Investments (Exelon and BGE). In August 2010, the MDPSC approved a comprehensive smart grid initiative for BGE that included the planned installation of 2 million residential and commercial electric and natural gas smart meters at an expected total cost of $480 million of which $200 million was funded by SGIG. The MDPSC's approval ordered BGE to defer the associated incremental costs, depreciation and amortization, and an appropriate return, in a regulatory asset until such time as a cost-effective advanced metering system is implemented. As of June 30, 2017 and December 31, 2016, the balance of BGE's regulatory asset was $225 million and $230 million, respectively, representing incremental program deployment

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costs. The current quarter balance of $225 million consists of three major components, including $137 million of unamortized incremental deployment costs of the AMI program, $56 million of unamortized costs of the non-AMI meters replaced under the program, and $32 million related to post-test year incremental program deployment costs incurred prior to approval became effective June 2016. The balance as of June 30, 2017 reflects the impact of the cost disallowances and adjustments in BGE's 2015 electric and natural gas distribution rate case. The incremental deployment costs for the AMI program and the non-AMI meter components of the regulatory asset are being recovered through rates and amortized to expense over a 10 year period, while the post-test year incremental program deployment costs have not yet been approved for recovery by the MDPSC. A return on the regulatory asset is currently included in rates, except for the $56 million portion representing the unamortized cost of the retired non-AMI meters and a $32 million portion related to post-test year incremental program deployment costs.

As a combined result of the MDPSC orders in BGE's 2015 electric and natural gas distribution rate case, BGE recorded a $52 million charge in June 2016 to Operating and maintenance expense in Exelon's and BGE's Consolidated Statements of Operations and Comprehensive Income reducing certain regulatory assets and other long-lived assets and reclassified $56 million of non-AMI plant costs from Property, plant and equipment, net to Regulatory assets on Exelon's and BGE's Consolidated Balance Sheets. For further information, see Note 3 —Regulatory Matters of the Exelon 2016 Form 10-K.

Delaware Regulatory Matters

Gas Cost Rates (Exelon, PHI and DPL). DPL makes an annual GCR filing with the DPSC for the purpose of allowing DPL to recover natural gas procurement costs through customer rates. In August 2016, DPL made its 2016-2017 GCR filing. The rates proposed in the 2016-2017 GCR filing resulted in a GCR increase of approximately 14%. On September 20, 2016, the DPSC issued an order allowing DPL to place the new rates into effect on November 1, 2016, subject to refund and pending final DPSC approval. A settlement agreement was reached by all parties. On April 20, 2017, the DPSC issued an order which approved the settlement agreement and made the rates approved as final effective November 1, 2016.

2016 Electric and Natural Gas Distribution Rates (Exelon, PHI and DPL). On May 17, 2016, DPL filed an application with the DPSC to increase its annual electric and natural gas distribution base rates by $63 million (which was updated to $60 million on March 8, 2017) and $22 million, respectively, based on a requested ROE of 10.6%. Delaware law allowed DPL to put into effect $2.5 million of each of the rate increases effective July 16, 2016. On December 17, 2016, the DPSC approved an additional $29.6 million in electric distribution rates and an additional $10.4 million in natural gas distribution rates effective December 17, 2016, subject to refund based on the final DPSC orders.

On March 8, 2017, DPL entered into a settlement agreement with the Division of the Public Advocate, Delaware Electric Users Group and the DPSC Staff in its electric distribution rate proceeding, which provides for an increase in DPL annual electric distribution base rates of $31.5 million based on an ROE of 9.7% compared to the $32.1 million increase previously put into effect. On May 23, 2017, the DPSC issued an order approving the settlement agreement, with the new rates effective June 1, 2017. Pursuant to the settlement agreement, no refund of the interim rates put into effect on July 16, 2016 and December 17, 2016 (as discussed above) is required.

On April 6, 2017, DPL entered into a settlement agreement with the Division of the Public Advocate and the DPSC Staff in its natural gas distribution rate proceeding, which provides for an increase in DPL annual natural gas distribution base rates of $4.9 million based on an ROE of 9.7%. The settlement agreement also provides that DPL will refund amounts collected under the temporary rates effective July 16, 2016 and December 17, 2016 (as discussed above) in excess of the $4.9 million, and that the new rates will be effective within thirty days of DPSC

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approval of the settlement agreement. On June 6, 2017, the DPSC issued an order approving the settlement agreement, with the new rates effective July 1, 2017. Pursuant to the settlement agreement, a rate refund plus interest of approximately $5 million will be issued to customers beginning in August 2017 for which a regulatory liability has been recorded as of June 30, 2017.

District of Columbia Regulatory Matters

2016 Electric Distribution Rates (Exelon, PHI and Pepco). On June 30, 2016, Pepco filed an application with the DCPSC to increase its annual electric distribution base rates by $86 million, as updated to approximately $77 million on February 1, 2017, based on a requested ROE of 10.6%.

On July 25, 2017, the DCPSC issued an order granting Pepco an increase to its annual electric distribution base rates of $36.9 million based on an ROE of 9.5%. The new rates will be effective August 15, 2017. In its decision, the DCPSC ordered that the $25.6 million customer rate credit created as a result of the Exelon and PHI merger will be provided primarily to residential customers and some small commercial customers to offset the impact of this increase until that amount has been exhausted, which is expected to take approximately two years. Additionally, the Commission is holding approximately $6 million to $7 million of the customer rate credit for use toward a possible new class of customers for certain senior citizens and disabled persons. The DCPSC also held that Pepco's bill stabilization adjustment, which decouples distribution revenues from utility customers from the amount of electricity delivered, will continue to be in place and that no refund of previously collected funds is required. Parties have 30 days from the date of the order to file for reconsideration with the DCPSC.

District of Columbia Power Line Undergrounding Initiative (Exelon, PHI and Pepco). The District of Columbia government enacted on an emergency basis (effective May 17, 2017) and thereafter on a permanent basis (effective July 11, 2017) legislation to amend the Electric Company Infrastructure Improvement Financing Act of 2014 (as amended) (the Infrastructure Improvement Financing Act) to authorize the District of Columbia Power Line Undergrounding (DC PLUG) initiative, a projected six year, $500 million project to place underground some of the District of Columbia's most outage-prone power lines with $250 million of the project costs funded by Pepco and $250 million funded by the District of Columbia.

The $250 million of project costs funded by Pepco will be recovered through a volumetric surcharge on the electric bill of substantially all of Pepco's customers in the District of Columbia. Pepco will earn a return on these project costs.

The $250 million of project costs funded by the District of Columbia will come from two sources. Project costs of $187.5 million will be funded through a charge assessed on Pepco by the District of Columbia; Pepco will recover this charge from customers through a volumetric distribution rider. The remaining costs up to $62.5 million are to be funded by the existing capital projects program of the District Department of Transportation (DDOT). Ownership and responsibility for the operation and maintenance of all the assets funded by the District of Columbia will be transferred to Pepco for a nominal amount upon completion. Pepco will not recover or earn a return on the cost of the assets transferred to it by the District of Columbia.

In accordance with the Infrastructure Improvement Financing Act, Pepco filed an application for approval of the first two-year portion of the DC PLUG initiative (the First Biennial Plan) on July 3, 2017. After the initial application, Pepco will be required to make two updated applications, one every two years until the project is completed. Pepco anticipates that the DCPSC will issue an order approving the First Biennial Plan in the fourth quarter of 2017. Upon the issuance of a DCPSC order approving the First Biennial Plan, Pepco will become obligated to pay $187.5 million to the District of Columbia over the six year project term, at which time it will record an obligation and offsetting regulatory asset.

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New Jersey Regulatory Matters

2017 Electric Distribution Rates (Exelon, PHI and ACE). On March 30, 2017, ACE submitted an application with the NJBPU to increase its electric distribution rates by approximately $70 million (before New Jersey sales and use tax), which was updated to $72.6 million on July 14, 2017, based upon a requested ROE of 10.1%. The application also requests approval of a rate surcharge mechanism called the "System Renewal Recovery Charge," which would permit more timely recovery of certain costs associated with reliability and system renewal-related capital investments. ACE currently expects a decision in this matter in the first quarter of 2018, but cannot predict how much of the requested increase the NJBPU will approve.

2016 Electric Distribution Rates (Exelon, PHI and ACE). On August 24, 2016, the NJBPU issued an order approving a stipulation of settlement among ACE, the New Jersey Division of Rate Counsel, NJBPU Staff and Unimin Corporation, which, among other things, provided that a determination on ACE's grid resiliency program, PowerAhead, would be separated into a phase II of the rate proceeding and decided at a later date. PowerAhead includes capital investments to enhance the resiliency of the system through improvements focused on improving the distribution system's ability to withstand major storm events. A stipulation of settlement with respect to the PowerAhead program (the PowerAhead Stipulation) was approved by the NJBPU on May 31, 2017. As adopted, the PowerAhead program includes an approved investment level of $79 million to be recovered through the cost recovery mechanism described in the PowerAhead Stipulation. The NJBPU order adopting the PowerAhead Stipulation was effective on June 10, 2017.

Update and Reconciliation of Certain Under-Recovered Balances (Exelon, PHI and ACE). On February 1, 2017, ACE submitted its 2017 annual petition with the NJBPU seeking to reconcile and update (i) charges related to the recovery of above-market costs associated with ACE's long-term power purchase contracts with the non-utility generators and (ii) costs related to surcharges for the New Jersey Societal Benefit Program (a statewide public interest program that is intended to benefit low income customers and address other public policy goals) and ACE's uncollectible accounts. As filed, the net impact of adjusting the charges as proposed would have been an overall annual rate decrease of approximately $29 million (revised to approximately $32 million in April 2017, based upon an update for actuals through March 2017), including New Jersey sales and use tax. On May 31, 2017, the NJBPU approved a stipulation of settlement entered into by the parties providing for an overall annual rate decrease of approximately $32 million, effective June 1, 2017. The rate decrease was placed into effect provisionally, subject to a review by NJBPU and the Division of Rate Counsel of the final underlying costs for reasonableness and prudence. This rate decrease will have no effect on ACE's operating income, since these revenues provide for recovery of deferred costs under an approved deferral mechanism. The matter is pending at the NJBPU.

New York Regulatory Matters

New York Clean Energy Standard (Exelon, Generation). On August 1, 2016, the New York Public Service Commission (NYPSC) issued an order establishing the CES, a component of which is the Tier 3 ZEC program targeted at preserving the environmental attributes of zero-emissions nuclear-powered generating facilities that meet the criteria demonstrating public necessity as determined by the NYPSC. The New York State Energy Research and Development Authority (NYSERDA) will centrally procure the ZECs from eligible plants through a 12-year contract, to be administered in six two-year tranches, extending from April 1, 2017 through March 31, 2029. ZEC payments will be made to the eligible resources based upon the number of MWh produced, subject to specified caps and minimum performance requirements. The price to be paid for the ZECs under each tranche will be administratively determined using a formula based on the social cost of carbon as determined in 2016 by the federal government, subject to pricing adjustments designed to lower the ZEC price based on increase in underlying energy and capacity prices. The ZEC price for the first tranche has been set at $17.48 per

MWh of production. Following the first tranche, the price will be updated bi-annually. Each Load Serving Entity (LSE) shall be required to purchase an amount of ZECs equivalent to its load ratio share of the total electric energy in the New York Control Area. Cost recovery from ratepayers shall be incorporated into the commodity charges on customer bills.

The NYPSC initially identified three plants eligible for the ZEC program: the FitzPatrick, Ginna, and Nine Mile Point nuclear facilities. As issued, the order also provided that the duration of the program beyond the first tranche was conditional upon a buyer purchasing the FitzPatrick facility and taking title prior to September 1, 2018. On November 18, 2016, the required contracts with NYSERDA were executed for Ginna and Nine Mile Point, in addition to Entergy's execution of the required contract for the FitzPatrick facility. On March 31, 2017, Generation closed on the acquisition of FitzPatrick. Generation is currently recognizing revenue for the sale of New York ZECs in the month following generation when the ZECs are transferred to NYSERDA. For the three months ended June 30, 2017 Generation has recognized $73 million of ZEC revenue.

Several parties filed with the NYPSC requests for rehearing or reconsideration of the CES. Generation and CENG also filed a request for clarification, or in the alternative limited rehearing, that the condition limiting the duration of the program beyond the first tranche be limited to the eligibility of the FitzPatrick plant only and have no bearing on Ginna or Nine Mile Point's eligibility for the full 12-year duration. On December 15, 2016, the NYPSC approved Generation's and CENG's petition to clarify this condition and denied all petitions for rehearing of the CES. Parties had until mid-April to appeal to New York State court the denials of the requests for rehearing. A Petition seeking to invalidate the ZEC program was filed in New York State court by certain environmental groups and other parties on November 30, 2016, and amended on January 13, 2017, arguing that the NYPSC violated certain technical provisions of the State Administrative Procedures Act (SAPA) when adopting the ZEC program. On February 15, 2017, Generation and CENG filed a motion to dismiss the state court action. The NYPSC also filed a motion to dismiss the state court action. On March 24, 2017, the plaintiffs filed a memorandum of law opposing the motions to dismiss, and Generation and CENG filed a reply brief on April 28, 2017. Oral argument was held on June 19, 2017. The motion is pending.

On October 19, 2016, a coalition of fossil generation companies filed a complaint in federal district court against the NYPSC alleging that the ZEC program violates certain provisions of the U.S. Constitution; specifically that the ZEC program interferes with FERC's jurisdiction over wholesale rates and that it discriminates against out of state competitors. On December 9, 2016, Generation and CENG filed a motion to intervene in the case and to dismiss the lawsuit. The State also filed a motion to dismiss. Briefing has been completed on the motion to dismiss, and oral argument was held on March 29, 2017. The motion to intervene has been granted. On July 25, 2017, the court granted both motions to dismiss. Plaintiffs are expected to appeal.

Other legal challenges remain possible, the outcomes of which remain uncertain. See Note 7 — Early Nuclear Plant Retirements for additional information relative to Ginna and Nine Mile Point. See Note 4 —Mergers, Acquisitions and Dispositions for additional information on Generation's acquisition of FitzPatrick.

Ginna Nuclear Power Plant Reliability Support Services Agreement (Exelon and Generation). In November 2014, in response to a petition filed by Ginna Nuclear Power Plant (Ginna) regarding the possible retirement of Ginna, the NYPSC directed Ginna and Rochester Gas & Electric Company (RG&E) to negotiate a Reliability Support Services Agreement (RSSA) to support the continued operation of Ginna to maintain the reliability of the RG&E transmission grid for a specified period of time. During 2015 and 2016, Ginna and RG&E made filings with the NYPSC and FERC for their approval of the proposed RSSA. Although the RSSA was still subject to regulatory approvals, on April 1, 2015, Ginna began delivering the power and capacity from the Ginna plant into the ISO-NY consistent with the technical provisions of the RSSA.

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On March 22, 2016, Ginna submitted a compliance filing with FERC with revisions to the RSSA requested by FERC. On April 8, 2016, FERC accepted the compliance filing and on April 20, 2016, the NYPSC accepted the revised RSSA with a term expiring on March 31, 2017. In April 2016, Generation began recognizing revenue based on the final approved pricing contained in the RSSA and also recognized a one-time revenue adjustment of approximately $101 million representing the net cumulative previously unrecognized amount of revenue retroactive from the April 1, 2015 effective date through March 31, 2016. A 49.99% portion of the one-time adjustment was removed from Generation's results of operations as a result of the noncontrolling interests in CENG.

The RSSA required Ginna to continue operating through the RSSA term. On September 30, 2016, Ginna filed the required notice with the NYPSC of its intent to continue operating beyond the March 31, 2017 expiry of the RSSA, conditioned upon successful execution of an agreement between Ginna and NYSERDA for the sale of ZECs under the CES. As stated previously, on November 18, 2016 the required contract with NYSERDA was executed by Generation and CENG for Ginna. Upon the expiry of the RSSA on March 31, 2017, Ginna was required to make refund payments of $20 million to RG&E related to capital expenditures. Ginna paid RGE the $20 million in June 2017. Additionally, the provisions of the RSSA provided for a one-time payment of $12 million to be paid from RGE to Ginna at the end of the contract. This $12 million was recognized in revenue as of March 31, 2017. RGE paid the $12 million to Ginna in May 2017. Subject to prevailing over any administrative or legal challenges, it is expected the CES will allow Ginna to continue to operate through the end of its current operating license in 2029. See Note 7-Early Nuclear Plant Retirements for further information regarding the impacts of a decision to early retire one or more nuclear plants.

Federal Regulatory Matters

Transmission Formula Rate (Exelon, ComEd, BGE, Pepco, DPL and ACE). The following total increases/(decreases) were included in ComEd's, BGE's, Pepco's, DPL's and ACE's electric transmission formula rate filings:

	2017				
Annual Transmission Filings [a]	**ComEd**	**BGE**	**Pepco**	**DPL**	**ACE**
Initial revenue requirement increase	$ 44	$ 31	$ 5	$ 6	$ 20
Annual reconciliation (decrease) increase	(33)	3	15	8	22
Dedicated facilities decrease [b]	—	(8)	—	—	—
Total revenue requirement increase	$ 11	$ 26	$ 20	$ 14	$ 42
Allowed return on rate base [c]	8.43%	7.47%	7.92%	7.16%	8.02%
Allowed ROE [d]	11.50%	10.50%	10.50%	10.50%	10.50%

(a) All rates are effective June 2017, subject to review by the FERC and other parties, which is due by fourth quarter 2017.
(b) BGE's transmission revenues include a FERC approved dedicated facilities charge to recover the costs of providing transmission service to specifically designated load by BGE.
(c) Represents the weighted average debt and equity return on transmission rate bases.
(d) As part of the FERC-approved settlement of ComEd's 2007 transmission rate case, the rate of return on common equity is 11.50% and the common equity component of the ratio used to calculate the weighted average debt and equity return for the transmission formula rate is currently capped at 55%. As part of the FERC-approved settlement of the ROE complaint against BGE, Pepco, DPL and ACE, the rate of return on common equity is 10.50%, inclusive of a 50 basis point incentive adder for being a member of a regional transmission organization.

For additional information regarding transmission formula rate filings see Note 3 — Regulatory Matters of the Exelon 2016 Form 10-K.

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Transmission Formula Rate (Exelon and PECO) On May 1, 2017, PECO filed a request with FERC seeking approval to update its transmission rates and change the manner in which PECO's transmission rate is determined from a fixed rate to a formula rate. The formula rate would be updated annually to ensure that under this rate customers pay the actual costs of providing transmission services. The formula rate filing includes a requested increase of $22 million to PECO's annual transmission revenues and a requested rate of return on common equity of 11%, inclusive of a 50 basis point adder for being a member of a regional transmission organization. PECO requested that the new transmission rate be effective as of July 2017. On June 27, 2017, FERC issued an Order accepting the filing and suspending the proposed rates until December 1, 2017, subject to refund, and set the matter for hearing and settlement judge procedures. PECO cannot predict the final outcome of the settlement or hearing proceedings, or the transmission formula FERC may approve.

PJM Transmission Rate Design and Operating Agreements (Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE). PJ M Transmission Rate Design specifies the rates for transmission service charged to customers within PJM. Currently, ComEd, PECO, BGE, Pepco, DPL and ACE incur costs based on the existing rate design, which charges customers based on the cost of the existing transmission facilities within their load zone and the cost of new transmission facilities based on those who benefit from those facilities. In April 2007, FERC issued an order concluding that PJM's current rate design for existing facilities is just and reasonable and should not be changed. In the same order, FERC held that the costs of new facilities 500 kV and above should be socialized across the entire PJM footprint and that the costs of new facilities less than 500 kV should be allocated to the customers of the new facilities who caused the need for those facilities. A number of parties appealed to the U.S. Court of Appeals for the Seventh Circuit for review of the decision.

In August 2009, the court issued its decision affirming the FERC's order with regard to the existing facilities, but remanded to FERC the issue of the cost allocation associated with the new facilities 500 kV and above (Cost Allocation Issue) for further consideration by the FERC. On remand, FERC reaffirmed its earlier decision to socialize the costs of new facilities 500 kV and above. A number of parties filed appeals of these orders. In June 2014, the court again remanded the Cost Allocation Issue to FERC. On December 18, 2014, FERC issued an order setting an evidentiary hearing and settlement proceeding regarding the Cost Allocation Issue. On June 15, 2016, a number of parties, including Exelon and the Utility Registrants, filed a proposed Settlement with FERC. If the Settlement is approved, 50% of the costs of the 500 kV and above facilities approved by the PJM Board on or before February 1, 2013 will be socialized across PJM and 50% will be allocated according to a formula that calculates the flows on the transmission facilities. Each state that is a party in this proceeding either signed, or did not oppose, the settlement. The Settlement is opposed by a number of merchant transmission owners and New York load-serving entities. The Settlement includes provisions for monthly credits or charges that are expected to be mostly refunded or recovered through customer rates over a 10-year period based on negotiated numbers for charges prior to January 1, 2016.

Exelon expects that the Settlement will not have a material impact on the results of operations, cash flows and financial position of Generation, ComEd, PECO, BGE, Pepco, DPL or ACE. The Settlement is subject to approval by FERC.

Complaints at FERC Seeking to Mitigate Illinois and New York Programs Providing ZECs (Exelon and Generation). PJM and NYISO capacity markets include a Minimum Offer Price Rule (MOPR) that is intended to preclude buyers from exercising buyer market power. If a resource is subjected to a MOPR, its offer is adjusted to remove the revenues it receives through a federal, state or other government-provided financial support program — resulting in a higher offer that may not clear the capacity market. Currently, the MOPRs in PJM and NYISO apply only to certain new resources. Exelon has generally opposed policies that require subsidies or give preferential treatment to generation providers or technologies that do not provide superior reliability or environmental benefits, or that would threaten the reliability and value of the integrated electricity

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grid. Thus, Exelon has supported a MOPR as a means of minimizing the detrimental impact certain subsidized resources could have on capacity markets (such as the New Jersey (LCAPP) and Maryland (CfD) programs). However, in Exelon's view, MOPRs should not be applied to resources that receive compensation for providing superior reliability or environmental benefits.

On January 9, 2017, the Electric Power Supply Association (EPSA) filed two requests with FERC: one seeking to amend a prior complaint against PJM and another seeking expedited action on a pending NYISO compliance filing in an existing proceeding. Both filings allege that the relevant MOPR should be expanded to also apply to existing resources receiving ZEC compensation under the New York CES and Illinois ZES programs. Exelon has filed protests at FERC in response to each filing, arguing generally that ZEC payments provide compensation for an environmental attribute that is distinct from the energy and capacity sold in the FERC-jurisdictional markets, and therefore, are no different than other renewable support programs like the PTC and RPS that have generally not been subject to a MOPR. However, if successful, for Generation's facilities in NYISO and PJM expected to receive ZEC compensation (Quad Cities, Ginna, Nine Mile Point and FitzPatrick), an expanded MOPR could require exclusion of ZEC compensation when bidding into future capacity auctions such that these facilities would have an increased risk of not clearing in those auctions and thus no longer receiving capacity revenues during the respective ZEC programs. Any such mitigation of these generating resources could have a material effect on Exelon's and Generation's future cash flows and results of operations. The timing of FERC's decision with respect to both proceedings is currently unknown and the outcome of these matters is currently uncertain.

Operating License Renewals (Exelon and Generation). On August 29, 2012, Generation submitted a hydroelectric license application to FERC for a 46-year license for the Conowingo Hydroelectric Project (Conowingo). In connection with Generation's efforts to obtain a water quality certification pursuant to Section 401 of the Clean Water Act with Maryland Department of the Environment (MDE) for Conowingo, Generation continues to work with MDE and other stakeholders to resolve water quality licensing issues, including: (1) water quality, (2) fish habitat, and (3) sediment. In addition, Generation continues to work with MDE and other Federal and Maryland state agencies to conduct and fund an additional sediment and nutrient monitoring study.

On April 21, 2016, Exelon and Interior executed a Settlement Agreement resolving all fish passage issues between the parties. The financial impact of the Settlement Agreement is estimated to be $3 million to $7 million per year, on average, over the 46-year life of the new license, including both capital and operating costs. The actual timing and amount of these costs are not currently fixed and may vary significantly from year to year throughout the life of the new license. Resolution of the remaining issues relating to Conowingo involving various stakeholders may have a material effect on Exelon's and Generation's results of operations and financial position through an increase in capital expenditures and operating costs. As of June 30, 2017, $29 million of direct costs associated with Conowingo licensing efforts have been capitalized. See Note 3 — Regulatory Matters of the Exelon 2016 Form 10-K for additional information on Generation's operating license renewal efforts.

Regulatory Assets and Liabilities (Exelon, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE)

Exelon, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE each prepare their consolidated financial statements in accordance with the authoritative guidance for accounting for certain types of regulation. Under this guidance, regulatory assets represent incurred costs that have been deferred because of their probable future recovery from customers through regulated rates. Regulatory liabilities represent the excess recovery of costs or accrued credits that have been deferred because it is probable such amounts will be returned to customers through future regulated rates or represent billings in advance of expenditures for approved regulatory programs.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

As a result of applying the acquisition method of accounting and pushing it down to the consolidated financial statements of PHI, certain regulatory assets and liabilities were established at Exelon and PHI to offset the impacts of fair valuing the acquired assets and liabilities assumed which are subject to regulatory recovery. In total, Exelon and PHI recorded a net $2.4 billion regulatory asset reflecting adjustments recorded as a result of the acquisition method of accounting. See Note 4 — Mergers, Acquisitions and Dispositions for additional information.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following tables provide information about the regulatory assets and liabilities of Exelon, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE as of June 30, 2017 and December 31, 2016. For additional information on the specific regulatory assets and liabilities, refer to Note 3 — Regulatory Matters of the Exelon 2016 Form 10-K.

June 30, 2017	Exelon	ComEd	PECO	BGE	Successor PHI	Pepco	DPL	ACE
Regulatory assets								
Pension and other postretirement benefits (a)	$ 4,086	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Deferred income taxes (b)	2,091	76	1,645	100	270	176	41	53
AMI programs	679	163	43	225	248	167	81	—
Under-recovered distribution service costs (c)	239	239	—	—	—	—	—	—
Energy efficiency costs	19	19	—	—	—	—	—	—
Debt costs	117	39	1	7	77	16	8	6
Fair value of long-term debt	782	—	—	—	645	—	—	—
Fair value of PHI's unamortized energy contracts	918	—	—	—	918	—	—	—
Severance	3	—	—	3	—	—	—	—
Asset retirement obligations	119	84	23	12	—	—	—	—
MGP remediation costs	289	266	23	—	—	—	—	—
Under-recovered uncollectible accounts	55	55	—	—	—	—	—	—
Renewable energy	258	256	—	—	2	—	1	1
Energy and transmission programs (d)(e)(f)(g)(h)(i)	69	8	1	21	39	6	6	27
Deferred storm costs	34	—	—	—	34	10	6	18
Electric generation-related regulatory asset	5	—	—	5	—	—	—	—
Energy efficiency and demand response programs	590	—	1	271	318	236	82	—
Merger integration costs (j)(k)	32	—	—	7	25	12	13	—
Under-recovered revenue decoupling (l)	74	—	—	35	39	31	8	—
COPCO acquisition adjustment	6	—	—	—	6	—	6	—
Workers compensation and long-term disability cost	34	—	—	—	34	34	—	—
Vacation accrual	47	—	22	—	25	—	15	10
Securitized stranded costs	108	—	—	—	108	—	—	108
CAP arrearage	10	—	10	—	—	—	—	—
Removal costs	500	—	—	—	500	138	95	268
Renewable portfolio standards costs	19	19	—	—	—	—	—	—
Other	55	8	9	6	32	21	8	4
Total regulatory assets	11,238	1,232	1,778	692	3,320	847	370	495
Less: current portion	1,293	182	46	197	605	165	71	89
Total non-current regulatory assets	$ 9,945	$1,050	$1,732	$495	$ 2,715	$682	$299	$406

June 30, 2017	Exelon	ComEd	PECO	BGE	Successor PHI	Pepco	DPL	ACE
Regulatory liabilities								
Other postretirement benefits	$ 43	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Nuclear decommissioning	2,870	2,364	506	—	—	—	—	—
Removal costs	1,592	1,332	—	129	131	18	113	—
Deferred rent	38	—	—	—	38	—	—	—
Energy efficiency and demand response programs	128	88	39	—	1	1	—	—
DLC program costs	8	—	8	—	—	—	—	—
Electric distribution tax repairs	59	—	59	—	—	—	—	—
Gas distribution tax repairs	16	—	16	—	—	—	—	—
Energy and transmission programs (d)(e)(f)(g)(h)(i)	123	40	61	—	22	2	12	8
Rate stabilization deferral	3	—	—	3	—	—	—	—
Zero emission credit costs	22	22	—	—	—	—	—	—
Other	70	8	10	25	27	1	13	12
Total regulatory liabilities	4,972	3,854	699	157	219	22	138	20
Less: current portion	574	269	155	67	68	5	43	20
Total non-current regulatory liabilities	$ 4,398	$3,585	$ 544	$ 90	$ 151	$ 17	$ 95	$ —

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

December 31, 2016	Exelon	ComEd	PECO	BGE	*Successor* PHI	Pepco	DPL	ACE
Regulatory assets								
Pension and other postretirement benefits (a)	$ 4,162	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Deferred income taxes (b)	2,016	75	1,583	98	260	171	38	51
AMI programs	701	164	49	230	258	174	84	—
Under-recovered distribution service costs (c)	188	188	—	—	—	—	—	—
Debt costs	124	42	1	7	81	17	9	6
Fair value of long-term debt	812	—	—	—	671	—	—	—
Fair value of PHI's unamortized energy contracts	1,085	—	—	—	1,085	—	—	—
Severance	5	—	—	5	—	—	—	—
Asset retirement obligations	111	76	23	12	—	—	—	—
MGP remediation costs	305	278	26	1	—	—	—	—
Under-recovered uncollectible accounts	56	56	—	—	—	—	—	—
Renewable energy	260	258	—	—	2	—	—	2
Energy and transmission programs (d)(e)(f)(g)(h)(i)	89	23	—	38	28	6	5	17
Deferred storm costs	36	—	—	1	35	12	5	18
Electric generation-related regulatory asset	10	—	—	10	—	—	—	—
Rate stabilization deferral	7	—	—	7	—	—	—	—
Energy efficiency and demand response programs	621	—	1	285	335	250	85	—
Merger integration costs (j)(k)	25	—	—	10	15	11	4	—
Under-recovered revenue decoupling (l)	27	—	—	3	24	21	3	—
COPCO acquisition adjustment	8	—	—	—	8	—	8	—
Workers compensation and long-term disability costs	34	—	—	—	34	34	—	—
Vacation accrual	31	—	7	—	24	—	14	10
Securitized stranded costs	138	—	—	—	138	—	—	138
CAP arrearage	11	—	11	—	—	—	—	—
Removal costs	477	—	—	—	477	134	88	255
Other	49	7	9	5	29	22	5	4
Total regulatory assets	11,388	1,167	1,710	712	3,504	852	348	501
Less: current portion	1,342	190	29	208	653	162	59	96
Total non-current regulatory assets	$10,046	$ 977	$1,681	$504	$ 2,851	$690	$289	$405

December 31, 2016	Exelon	ComEd	PECO	BGE	*Successor* PHI	Pepco	DPL	ACE
Regulatory liabilities								
Other postretirement benefits	$ 47	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Nuclear decommissioning	2,607	2,169	438	—	—	—	—	—
Removal costs	1,601	1,324	—	141	136	18	118	—
Deferred rent	39	—	—	—	39	—	—	—
Energy efficiency and demand response programs	185	141	41	—	3	3	—	—
DLC program costs	8	—	8	—	—	—	—	—
Electric distribution tax repairs	76	—	76	—	—	—	—	—
Gas distribution tax repairs	20	—	20	—	—	—	—	—
Energy and transmission programs (d)(e)(f)(g)(h)(i)	134	60	56	—	18	8	5	5
Other	72	4	5	19	41	2	17	20
Total regulatory liabilities	4,789	3,698	644	160	237	31	140	25
Less: current portion	602	329	127	50	79	11	43	25
Total non-current regulatory liabilities	$ 4,187	$3,369	$ 517	$110	$ 158	$ 20	$ 97	$ —

(a) As of June 30, 2017 and December 31, 2016, the pension and other postretirement benefits regulatory asset at Exelon includes regulatory assets of $1,025 million and $995 million, respectively, as a result of the PHI Merger related to unrecognized costs that are probable of regulatory recovery. The regulatory assets are amortized over periods from 3 to 15 years, depending on the underlying component. Pepco, DPL and ACE are currently recovering these costs through base rates. Pepco, DPL and ACE are not earning a return on the recovery of these costs in base rates.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

(b) As of June 30, 2017, includes transmission-related regulatory assets that require FERC approval separate from the transmission formula rate of $22 million, $41 million, $33 million, $22 million and $20 million for ComEd, BGE, Pepco, DPL and ACE, respectively. As of December 31, 2016, includes transmission-related regulatory assets that require FERC approval separate from the transmission formula rate of $22 million, $38 million, $31 million, $20 million and $19 million for ComEd, BGE, Pepco, DPL and ACE, respectively. On December 13, 2016, BGE filed with FERC to begin recovering these existing and any similar future regulatory assets through its transmission formula rate. On May 9, 2017, FERC accepted BGE's filing and made effective BGE's proposed modifications to its transmission formula rate, subject to refund and further Commission order. ComEd, Pepco, DPL, and ACE are expected to make similar filings with FERC and other parties in subsequent periods.

(c) As of June 30, 2017, ComEd's regulatory asset of $239 million was comprised of $184 million for the 2015 — 2017 annual reconciliations and $55 million related to significant one-time events including $14 million of deferred storm costs, $9 million of Constellation and PHI merger and integration related costs, $3 million of emerald ash borer costs, and $29 million of smart meter related costs. As of December 31, 2016, ComEd's regulatory asset of $188 million was comprised of $134 million for the 2015 and 2016 annual reconciliations and $54 million related to significant one-time events, including $20 million of deferred storm costs and $11 million of Constellation and PHI merger and integration related costs, and $23 million of smart meter related costs. See Note 4 — Merger, Acquisitions, and Dispositions of the Exelon 2016 Form 10-K for further information.

(d) As of June 30, 2017, ComEd's regulatory asset of $8 million reflects Constellation merger and integration costs to be recovered upon FERC approval. As of June 30, 2017, ComEd's regulatory liability of $40 million included $8 million related to over-recovered energy costs and $32 million associated with revenues received for renewable energy requirements. As of December 31, 2016, ComEd's regulatory asset of $23 million included $15 million associated with transmission costs recoverable through its FERC approved formula rate and $8 million of Constellation merger and integration costs to be recovered upon FERC approval. As of December 31, 2016, ComEd's regulatory liability of $60 million included $30 million related to over-recovered energy costs and $30 million associated with revenues received for renewable energy requirements.

(e) As of June 30, 2017, PECO's regulatory asset of $1 million related to under-recovered electric transmission costs. As of June 30, 2017, PECO's regulatory liability of $61 million included $36 million related to over-recovered costs under the DSP program, $16 million related to the over-recovered natural gas costs under the PGC and $9 million related to over-recovered non-bypassable transmission service charges. As of December 31, 2016, PECO's regulatory liability of $56 million included $34 million related to over-recovered costs under the DSP program, $10 million related to over-recovered non-bypassable transmission service charges, $8 million related to the over-recovered natural gas costs under the PGC and $4 million related to the over-recovered electric transmission costs.

(f) As of June 30, 2017, BGE's regulatory asset of $21 million included $10 million related to under-recovered electric energy costs, $5 million related to under-recovered natural gas costs, $4 million of costs associated with transmission costs recoverable through its FERC approved formula rate and $2 million of abandonment costs to be recovered upon FERC approval. As of December 31, 2016, BGE's regulatory asset of $38 million included $4 million of costs associated with transmission costs recoverable through its FERC approved formula rate, $28 million related to under-recovered electric energy costs, $3 million of abandonment costs to be recovered upon FERC approval, and $3 million of under-recovered natural gas costs.

(g) As of June 30, 2017, Pepco's regulatory asset of $6 million included $2 million of transmission costs recoverable through its FERC approved formula rate and $4 million of under-recovered electric energy costs. As of June 30, 2017, Pepco's regulatory liability of $2 million related to over-recovered electric energy costs. As of December 31, 2016, Pepco's regulatory asset of $6 million related to under-recovered electric energy costs. As of December 31, 2016, Pepco's regulatory liability of $8 million included $5 million of over-recovered transmission costs and $3 million of over-recovered electric energy costs.

(h) As of June 30, 2017, DPL's regulatory asset of $6 million related to under-recovered electric energy costs. As of June 30, 2017, DPL's regulatory liability of $12 million included $10 million of over-recovered electric energy costs and $2 million of over-recovered gas cost. As of December 31, 2016, DPL's regulatory asset of $5 million included $1 million of transmission costs recoverable through its FERC approved formula rate and $4 million of under-recovered electric energy costs. As of December 31, 2016, DPL's regulatory liability of $5 million included $2 million of over-recovered electric energy costs and $3 million of over-recovered transmission costs.

(i) As of June 30, 2017, ACE's regulatory asset of $27 million included $11 million of transmission costs recoverable through its FERC approved formula rate and $16 million of under-recovered electric energy costs. As of June 30, 2017,

ACE's regulatory liability of $8 million related to over-recovered electric energy costs. As of December 31, 2016, ACE's regulatory asset of $17 million included $6 million of transmission costs recoverable through its FERC approved formula rate and $11 million of under-recovered electric energy costs. As of December 31, 2016, ACE's regulatory liability of $5 million included $4 million of over-recovered transmission costs and $1 million of over-recovered electric energy costs.

(j) As of June 30, 2017 and December 31, 2016, BGE's regulatory asset of $7 million and $10 million, respectively, included $6 million of previously incurred PHI acquisition costs as authorized by the June 2016 rate case order.

(k) As of June 30, 2017 and December 31, 2016, Pepco's regulatory asset of $12 million and $11 million, respectively, represents previously incurred PHI acquisition costs authorized for recovery by the November 2016 Maryland distribution rate case order. As of June 30, 2017, DPL's regulatory asset of $13 million represents previously incurred PHI acquisition costs, including $4 million authorized for recovery by the February 2017 Maryland distribution rate case order, $6 million authorized for recovery by the May 2017 Delaware electric distribution rate case order, and $3 million expected to be recovered in electric and gas distribution rates in the Delaware service territory. As of December 31, 2016, DPL's regulatory asset of $4 million represents previously incurred PHI acquisition costs expected to be recovered in distribution rates in the Maryland service territory.

(l) Represents the electric and natural gas distribution costs recoverable from customers under BGE's decoupling mechanism. As of June 30, 2017, BGE had a regulatory asset of $24 million related to under-recovered electric revenue decoupling and $11 million related to under-recovered natural gas revenue decoupling. As of December 31, 2016, BGE had a regulatory asset of $2 million related to under-recovered natural gas revenue decoupling and $1 million related to under-recovered electric revenue decoupling.

Capitalized Ratemaking Amounts Not Recognized (Exelon, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE)

The following table illustrates our authorized amounts capitalized for ratemaking purposes related to earnings on shareholders' investment that are not recognized for financial reporting purposes on our Consolidated Balance Sheets. These amounts will be recognized as revenues in our Consolidated Statements of Operations and Comprehensive Income in the periods they are billable to our customers.

	Exelon	ComEd [a]	PECO	BGE [b]	PHI	Pepco [c]	DPL [c]	ACE
June 30, 2017	$ 71	$ 6	$ —	$ 55	$10	$ 6	$ 4	$ —

	Exelon	ComEd [a]	PECO	BGE [b]	PHI	Pepco [c]	DPL [c]	ACE
December 31, 2016	$ 72	$ 5	$ —	$ 57	$10	$ 6	$ 4	$ —

(a) Reflects ComEd's unrecognized equity returns earned for ratemaking purposes on its under-recovered distribution services costs regulatory assets.

(b) BGE's authorized amounts capitalized for ratemaking purposes relate to earnings on shareholders' investment on its AMI Programs.

(c) Pepco's and DPL's authorized amounts capitalized for ratemaking purposes relate to earnings on shareholders' investment on their respective AMI Programs and Energy Efficiency and Demand Response Programs. The earnings on energy efficiency are on Pepco DC and DPL DE programs only.

Purchase of Receivables Programs (Exelon, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE)

ComEd, PECO, BGE, Pepco, DPL and ACE are required, under separate legislation and regulations in Illinois, Pennsylvania, Maryland, District of Columbia and New Jersey, to purchase certain receivables from retail electric and natural gas suppliers that participate in the utilities' consolidated billing. ComEd, BGE, Pepco and DPL purchase receivables at a discount to recover primarily uncollectible accounts expense from the suppliers. PECO is required to purchase receivables at face value and is permitted to recover uncollectible accounts expense, including those from Third Party Suppliers, from customers through distribution rates. ACE purchases receivables at face value. ACE recovers all uncollectible accounts expense, including those from Third

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
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Party Suppliers, through the Societal Benefits Charge (SBC) rider, which includes uncollectible accounts expense as a component. The SBC is filed annually with the NJBPU. Exelon, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE do not record unbilled commodity receivables under the POR programs. Purchased billed receivables are classified in Other accounts receivable, net on Exelon's, ComEd's, PECO's, BGE's, PHI's, Pepco's, DPL's and ACE's Consolidated Balance Sheets. The following tables provide information about the purchased receivables of those companies as of June 30, 2017 and December 31, 2016.

As of June 30, 2017	Exelon	ComEd	PECO	BGE	Successor PHI	Pepco	DPL	ACE
Purchased receivables [b]	$ 304	$ 85	$ 73	$ 53	$ 93	$ 61	$10	$ 22
Allowance for uncollectible accounts [a]	(31)	(12)	(5)	(3)	(11)	(6)	(2)	(3)
Purchased receivables, net	$ 273	$ 73	$ 68	$ 50	$ 82	$ 55	$ 8	$ 19

As of December 31, 2016	Exelon	ComEd	PECO	BGE	Successor PHI	Pepco	DPL	ACE
Purchased receivables [b]	$ 313	$ 87	$ 72	$ 59	$ 95	$ 63	$10	$ 22
Allowance for uncollectible accounts [a]	(37)	(14)	(6)	(4)	(13)	(7)	(2)	(4)
Purchased receivables, net	$ 276	$ 73	$ 66	$ 55	$ 82	$ 56	$ 8	$ 18

(a) For ComEd, BGE, Pepco and DPL, reflects the incremental allowance for uncollectible accounts recorded, which is in addition to the purchase discount. For ComEd, the incremental uncollectible accounts expense is recovered through its Purchase of Receivables with Consolidated Billing tariff.

(b) Pepco's electric POR program in Maryland included a discount on purchased receivables ranging from 0% to 2% depending on customer class. Pepco's electric POR program in the District of Columbia included a discount on purchased receivables ranging from 0% to 6% through April 6, 2017 and 0% to 2% effective April 7, 2017, depending on customer class. DPL's electric POR program in Maryland included a discount on purchased receivables ranging from 0% to 1% through May 31, 2017 and 0% to 4% effective June 1, 2017, depending on customer class.

6. Impairment of Long-Lived Assets (Exelon and Generation)

Long-Lived Assets (Exelon and Generation)

Generation evaluates long-lived assets for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. EGTP's operating cash flows have been negatively impacted by certain market conditions and the seasonality of its cash flows. On May 2, 2017, EGTP entered into a consent agreement with its lenders to initiate an orderly sales process to sell the assets of its wholly owned subsidiaries, the proceeds from which will first be used to pay the administrative costs of the sale, the normal and ordinary costs of operating the plants and repayment of the secured debt of EGTP. As a result, certain EGTP's assets and liabilities were classified as held for sale at their respective fair values less costs to sell and included in the other current assets and other current liabilities balances on Exelon's and Generation's Consolidated Balance Sheets at June 30, 2017. Additionally, a pre-tax impairment charge of $418 million was recorded in June 2017 within Operating and maintenance expense on Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income. See Note 4 — Mergers, Acquisitions and Dispositions for additional information.

During the first quarter of 2016, significant changes in Generation's intended use of the Upstream oil and gas assets, developments with nonrecourse debt held by its upstream subsidiary CEU Holdings, LLC (as described in Note 14 — Debt and Credit Agreements of the Exelon 2016 Form 10-K) and continued declines in both production volumes and commodity prices suggested that the carrying value may be impaired. Generation concluded that the estimated undiscounted future cash flows and fair value of its Upstream properties were less

than their carrying values. As a result, a pre-tax impairment charge of $119 million was recorded in March 2016 within Operating and maintenance expense in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income. On June 16, 2016, Generation initiated the sales process of its Upstream business by executing a forbearance agreement with the lenders of the nonrecourse debt. An additional pre-tax impairment charge of $15 million was recorded in September 2016 within Operating and maintenance expense in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income due to further declines in fair value. In December 2016, Generation sold substantially all of the Upstream Assets. See Note 4 — Mergers, Acquisitions and Dispositions of the Exelon 2016 Form 10-K for further information.

In the second quarter of 2016, updates to the Company's long-term view of energy and capacity prices suggested that the carrying value of a group of merchant wind assets, located in West Texas, may be impaired. Upon review, the estimated undiscounted future cash flows and fair value of the group were less than their carrying value. The fair value analysis was based on the income approach using significant unobservable inputs (Level 3) including revenue and generation forecasts, projected capital and maintenance expenditures and discount rates. As a result of the fair value analysis, long-lived assets held and used with a carrying amount of approximately $60 million were written down to their fair value of $24 million and a pre-tax impairment charge of $36 million was recorded during the second quarter in Operating and maintenance expense in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income.

Also in the second quarter of 2016, updates to the Company's long-term view, as described above, in conjunction with the previous decision to early retire the Clinton and Quad Cities nuclear facilities in Illinois suggested that the carrying value of our Midwest asset group may be impaired. Generation completed a comprehensive review of the estimated undiscounted future cash flows of the Midwest asset group and no impairment charge was required.

Like-Kind Exchange Transaction (Exelon)

In June 2000, UII, LLC (formerly Unicom Investments, Inc.) (UII), a wholly owned subsidiary of Exelon Corporation, entered into transactions pursuant to which UII invested in coal-fired generating station leases (Headleases) with the Municipal Electric Authority of Georgia (MEAG). The generating stations were leased back to MEAG as part of the transactions (Leases).

On March 31, 2016, UII and MEAG finalized an agreement to terminate the MEAG Headleases, the MEAG Leases, and other related agreements prior to their expiration dates. As a result of the lease termination, UII received an early termination payment of $360 million from MEAG and wrote-off the $356 million net investment in the MEAG Headleases and the Leases. The transaction resulted in a pre-tax gain of $4 million which is reflected in Operating and maintenance expense in Exelon's Consolidated Statements of Operations and Comprehensive Income. See Note 11 — Income Taxes for additional information.

7. Early Nuclear Plant Retirements (Exelon and Generation)

Exelon and Generation continue to evaluate the current and expected economic value of each of Generation's nuclear plants. Factors that will continue to affect the economic value of Generation's nuclear plants include, but are not limited to: market power prices, results of capacity auctions, potential legislative and regulatory solutions to ensure nuclear plants are fairly compensated for their carbon-free emissions, and the impact of potential rules from the EPA requiring reduction of carbon and other emissions and the efforts of states to implement those final rules. The precise timing of an early retirement date for any nuclear plant, and the resulting financial statement impacts, may be affected by a number of factors, including the status of potential regulatory or legislative solutions, results of any transmission system reliability study assessments, the nature of

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any co-owner requirements and stipulations, and decommissioning trust fund requirements, among other factors. However, the earliest retirement date for any plant would usually be the first year in which the unit does not have capacity or other obligations, where applicable, and just prior to its next scheduled nuclear refueling outage.

In 2015 and 2016, Generation identified the Clinton, Quad Cities, Ginna, Nine Mile Point, and Three Mile Island (TMI) nuclear plants as having the greatest risk of early retirement based on economic valuation and other factors. PSEG has also recently made public similar financial challenges facing its New Jersey nuclear plants including Salem, of which Generation owns a 42.59% ownership interest. As previously disclosed, Exelon and Generation have committed to cease operation of the Oyster Creek nuclear plant by the end of 2019.

The TMI nuclear plant did not clear in the May 2017 PJM capacity auction for the 2020-2021 planning year and will not receive capacity revenue for that period, the third consecutive year that TMI failed to clear the PJM base residual capacity auction. The plant is currently committed to operate through May 2019.

Based on these capacity auction results, prolonged periods of low wholesale power prices, and the absence of federal or state policies that place a value on nuclear energy for its ability to produce electricity without air pollution, Exelon announced that Generation will permanently cease generation operations at TMI on or about September 30, 2019. The current NRC license for TMI expires in 2034. Generation is proceeding with the market and regulatory notifications that must be made to shut down the plant, including filing of a deactivation notice with PJM on May 30, 2017 and notification to the NRC on June 20, 2017. PJM has subsequently notified Generation that it has not identified any reliability issues and has approved the deactivation of TMI as proposed.

In the second quarter of 2017, as a result of the plant retirement decision of TMI, Exelon and Generation recognized one-time charges in Operating and maintenance expense of $71 million related to materials and supplies inventory reserve adjustments, employee-related costs and construction work-in-progress (CWIP) impairments, among other items. In addition to these one-time charges, there will be ongoing annual incremental non-cash charges to earnings stemming from shortening the expected economic useful life of TMI primarily related to accelerated depreciation of plant assets (including any ARC), accelerated amortization of nuclear fuel, and additional ARO accretion expense associated with the changes in decommissioning timing and cost assumptions. Exelon's and Generation's second quarter 2017 results include an incremental $37 million of pre-tax expense for these items. Please refer to Note 12 — Nuclear Decommissioning for additional detail on changes to the nuclear decommissioning ARO balances resulting from the early retirement of TMI.

Income statement expense (pre-tax)	June 30, 2017
Depreciation and amortization	
Accelerated depreciation [(a)]	$ 35
Accelerated Nuclear Fuel amortization	2
Total	$ 37

(a) Reflects incremental accelerated depreciation of plant assets, including any ARC.

Based on insufficient capacity auction results and the lack of progress on Illinois energy legislation, on June 2, 2016, Generation announced a decision to shut down the Clinton and Quad Cities nuclear plants on June 1, 2017 and June 1, 2018, respectively. With the passage of the Illinois ZES on December 7, 2016, and subject to prevailing over any related administrative or legal challenges, Generation reversed this decision and revised the expected economic useful lives for both facilities; 2027 for Clinton and 2032 for Quad Cities. Refer to Note 5 — Regulatory Matters for additional discussion on the Illinois ZES.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Exelon's and Generation's 2016 results included a net incremental $714 million of total pre-tax expense associated with the initial early retirement decision for Clinton and Quad Cities, as summarized in the table below.

Income statement expense (pre-tax)	Q2 2016	Q3 2016	Q4 2016	YTD 2016
Depreciation and amortization				
Accelerated depreciation [(a)]	$115	$344	$ 253	$712
Accelerated Nuclear Fuel amortization	9	28	23	60
Operating and maintenance				
One time charges [(b)]	141	5	(120)	26
ARO accretion, net of contractual offset [(c)]	—	2	—	2
Contractual offset for ARC depreciation [(c)]	(14)	(41)	(31)	(86)
Total	$251	$338	$ 125	$714

(a) Reflects incremental accelerated depreciation of plant assets, including any ARC, for the period June 2, 2016, through December 6, 2016.
(b) Primarily includes materials and supplies inventory reserve adjustments, employee related costs and construction work-in-progress (CWIP) impairments.
(c) For Quad Cities based on the regulatory agreement with the Illinois Commerce Commission, decommissioning-related activities are offset within Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income. The offset results in an equal adjustment to the noncurrent payables to ComEd at Generation and an adjustment to the regulatory liabilities at ComEd. Likewise, ComEd has recorded an equal noncurrent affiliate receivable from Generation and corresponding regulatory liability.

In New York, the Ginna, Nine Mile Point, and Generation's recently acquired FitzPatrick nuclear plant also faced significant economic challenges and risk of retirement before the end of each unit's respective operating license period (2029 for Ginna and Nine Mile Point Unit 1, 2046 for Nine Mile Point Unit 2, and 2034 for FitzPatrick). On August 1, 2016, the NYPSC issued an order adopting the CES that, subject to prevailing over any administrative or legal challenges, would allow Ginna, Nine Mile Point, and FitzPatrick to continue to operate at least through the life of the program (March 31, 2029). The assumed useful life for depreciation purposes for each facility is through the end of their current operating licenses. Ginna most recently operated under an RSSA which expired March 31, 2017 and has filed the required notice with the NYPSC of its intent to continue operating beyond the expiry of the RSSA. Refer to Note 4 — Mergers, Acquisitions and Dispositions for additional information on Generation's acquisition of FitzPatrick and Note 5 — Regulatory Matters for additional discussion on the Ginna RSSA and the New York CES.

Assuming the successful implementation of the Illinois ZES and the New York CES and the continued effectiveness of these programs, Generation and CENG, through its ownership of Ginna and Nine Mile Point, no longer consider Clinton, Quad Cities, Ginna or Nine Mile Point to be at heightened risk for early retirement. However, to the extent either the Illinois ZES or the New York CES programs do not operate as expected over their full terms, each of these plants (and now including the newly acquired FitzPatrick) could again be at heightened risk for early retirement, which could have a material impact on Exelon's and Generation's future results of operations, cash flows and financial position.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

8. Fair Value of Financial Assets and Liabilities (All Registrants)

Fair Value of Financial Liabilities Recorded at the Carrying Amount

The following tables present the carrying amounts and fair values of the Registrants' short-term liabilities, long-term debt, SNF obligation, and trust preferred securities (long-term debt to financing trusts or junior subordinated debentures) as of June 30, 2017 and December 31, 2016:

Exelon

	June 30, 2017				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 1,757	$ —	$ 1,757	$ —	$ 1,757
Long-term debt (including amounts due within one year) [a]	33,934	—	33,460	1,956	35,416
Long-term debt to financing trusts [b]	641	—	—	693	693
SNF obligation	1,139	—	830	—	830

	December 31, 2016				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 1,267	$ —	$ 1,267	$ —	$ 1,267
Long-term debt (including amounts due within one year) [a]	34,005	1,113	31,741	1,959	34,813
Long-term debt to financing trusts [b]	641	—	—	667	667
SNF obligation	1,024	—	732	—	732

Generation

	June 30, 2017				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 716	$ —	$ 716	$ —	$ 716
Long-term debt (including amounts due within one year) [a]	9,754	—	8,061	1,661	9,722
SNF obligation	1,139	—	830	—	830

	December 31, 2016				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 699	$ —	$ 699	$ —	$ 699
Long-term debt (including amounts due within one year) [a]	9,241	—	7,482	1,670	9,152
SNF obligation	1,024	—	732	—	732

ComEd

	June 30, 2017				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 389	$ —	$ 389	$ —	$ 389
Long-term debt (including amounts due within one year) [a]	7,036	—	7,728	—	7,728
Long-term debt to financing trusts [b]	205	—	—	223	223

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	December 31, 2016				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Long-term debt (including amounts due within one year) [a]	$ 7,033	$ —	$7,585	$ —	$7,585
Long-term debt to financing trusts [b]	205	—	—	215	215

PECO

	June 30, 2017				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Long-term debt (including amounts due within one year) [a]	$ 2,580	$ —	$2,834	$ —	$2,834
Long-term debt to financing trusts	184	—	—	199	199

	December 31, 2016				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Long-term debt (including amounts due within one year) [a]	$ 2,580	$ —	$2,794	$ —	$2,794
Long-term debt to financing trusts	184	—	—	192	192

BGE

	June 30, 2017				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 85	$ —	$ 85	$ —	$ 85
Long-term debt (including amounts due within one year) [a]	2,282	—	2,497	—	2,497
Long-term debt to financing trusts [b]	252	—	—	271	271

	December 31, 2016				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 45	$ —	$ 45	$ —	$ 45
Long-term debt (including amounts due within one year) [a]	2,322	—	2,467	—	2,467
Long-term debt to financing trusts [b]	252	—	—	260	260

PHI (Successor)

	June 30, 2017				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 67	$ —	$ 67	$ —	$ 67
Long-term debt (including amounts due within one year) [a]	5,952	—	5,707	295	6,002

	December 31, 2016				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 522	$ —	$ 522	$ —	$ 522
Long-term debt (including amounts due within one year) [a]	5,898	—	5,520	289	5,809

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Pepco

	June 30, 2017				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Long-term debt (including amounts due within one year) [a]	$ 2,545	$ —	$3,065	$ 9	$3,074

	December 31, 2016				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 23	$ —	$ 23	$ —	$ 23
Long-term debt (including amounts due within one year) [a]	2,349	—	2,788	8	2,796

DPL

	June 30, 2017				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 25	$ —	$ 25	$ —	$ 25
Long-term debt (including amounts due within one year) [a]	1,326	—	1,398	—	1,398

	December 31, 2016				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Long-term debt (including amounts due within one year) [a]	$ 1,340	$ —	$1,383	$ —	$1,383

ACE

	June 30, 2017				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 42	$ —	$ 42	$ —	$ 42
Long-term debt (including amounts due within one year) [a]	1,138	—	980	286	1,266

	December 31, 2016				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Long-term debt (including amounts due within one year) [a]	$ 1,155	$ —	$1,007	$ 280	$1,287

(a) Includes unamortized debt issuance costs which are not fair valued of $185 million, $53 million, $44 million, $15 million, $14 million, $6 million, $33 million, $11 million, and $5 million for Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE, respectively, as of June 30, 2017. Includes unamortized debt issuance costs of $200 million, $64 million, $46 million, $15 million, $15 million, $2 million, $30 million, $11 million, and $6 million for Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE, respectively, as of December 31, 2016.

(b) Includes unamortized debt issuance costs which are not fair valued of $7 million, $1 million, and $6 million for Exelon, ComEd and BGE, respectively, as of June 30, 2017 and December 31, 2016.

Short-Term Liabilities. The short-term liabilities included in the tables above are comprised of dividends payable (included in other current liabilities) (Level 1) and short-term borrowings (Level 2). The Registrants' carrying amounts of the short-term liabilities are representative of fair value because of the short-term nature of these instruments.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Long-Term Debt. The fair value amounts of Exelon's taxable debt securities (Level 2) and private placement taxable debt securities (Level 3) are determined by a valuation model that is based on a conventional discounted cash flow methodology and utilizes assumptions of current market pricing curves. In order to incorporate the credit risk of the Registrants into the discount rates, Exelon obtains pricing (i.e., U.S. Treasury rate plus credit spread) based on trades of existing Exelon debt securities as well as debt securities of other issuers in the utility sector with similar credit ratings in both the primary and secondary market, across the Registrants' debt maturity spectrum. The credit spreads of various tenors obtained from this information are added to the appropriate benchmark U.S. Treasury rates in order to determine the current market yields for the various tenors. The yields are then converted into discount rates of various tenors that are used for discounting the respective cash flows of the same tenor for each bond or note. Due to low trading volume of private placement debt, qualitative factors such as market conditions, low volume of investors and investor demand, this debt is classified as Level 3. The fair value of Exelon's equity units (Level 1) are valued based on publicly traded securities issued by Exelon.

The fair value of Generation's and Pepco's non-government-backed fixed rate nonrecourse debt (Level 3) is based on market and quoted prices for its own and other nonrecourse debt with similar risk profiles. Given the low trading volume in the nonrecourse debt market, the price quotes used to determine fair value will reflect certain qualitative factors, such as market conditions, investor demand, new developments that might significantly impact the project cash flows or off-taker credit, and other circumstances related to the project (e.g., political and regulatory environment). The fair value of Generation's government-backed fixed rate project financing debt (Level 3) is largely based on a discounted cash flow methodology that is similar to the taxable debt securities methodology described above. Due to the lack of market trading data on similar debt, the discount rates are derived based on the original loan interest rate spread to the applicable Treasury rate as well as a current market curve derived from government-backed securities. Variable rate financing debt resets on a monthly or quarterly basis and the carrying value approximates fair value (Level 2). When trading data is available on variable rate financing debt, the fair value is based on market and quoted prices for its own and other nonrecourse debt with similar risk profiles (Level 2). Generation, Pepco, DPL and ACE also have tax-exempt debt (Level 2). Due to low trading volume in this market, qualitative factors, such as market conditions, investor demand, and circumstances related to the issuer (e.g., conduit issuer political and regulatory environment), may be incorporated into the credit spreads that are used to obtain the fair value as described above. Variable rate tax-exempt debt (Level 2) resets on a regular basis and the carrying value approximates fair value.

SNF Obligation . The carrying amount of Generation's SNF obligation (Level 2) is derived from a contract with the DOE to provide for disposal of SNF from Generation's nuclear generating stations. When determining the fair value of the obligation, the future carrying amount of the SNF obligation is calculated by compounding the current book value of the SNF obligation at the 13-week Treasury rate. The compounded obligation amount is discounted back to present value using Generation's discount rate, which is calculated using the same methodology as described above for the taxable debt securities, and an estimated maturity date of 2030. This amount also includes $110 million as of June 30, 2017 for the fair value of the one-time fee obligation associated with closing of the FitzPatrick acquisition on March 31, 2017. The fair value was determined using a similar methodology, however the New York Power Authority's (NYPA) discount rate is used in place of Generation's given the contractual right to reimbursement from NYPA for the obligation; see Note 4 — Mergers, Acquisitions and Dispositions for additional information on Generation's acquisition of FitzPatrick.

Long-Term Debt to Financing Trusts . Exelon's long-term debt to financing trusts is valued based on publicly traded securities issued by the financing trusts. Due to low trading volume of these securities, qualitative factors, such as market conditions, investor demand, and circumstances related to each issue, this debt is classified as Level 3.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Recurring Fair Value Measurements

Exelon records the fair value of assets and liabilities in accordance with the hierarchy established by the authoritative guidance for fair value measurements. The hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1 — quoted prices (unadjusted) in active markets for identical assets or liabilities that the Registrants have the ability to liquidate as of the reporting date.
- Level 2 — inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.
- Level 3 — unobservable inputs, such as internally developed pricing models or third-party valuations for the asset or liability due to little or no market activity for the asset or liability.

Transfers in and out of levels are recognized as of the end of the reporting period when the transfer occurred. Given derivatives categorized within Level 1 are valued using exchange-based quoted prices within observable periods, transfers between Level 2 and Level 1 were not material. Additionally, there were no material transfers between Level 1 and Level 2 during the six months ended June 30, 2017 for cash equivalents, nuclear decommissioning trust fund investments, pledged assets for Zion Station decommissioning, Rabbi trust investments, and deferred compensation obligations. For derivative contracts, transfers into Level 2 from Level 3 generally occur when the contract tenor becomes more observable and due to changes in market liquidity or assumptions for certain commodity contracts.

Generation and Exelon

In accordance with the applicable guidance on fair value measurement, certain investments that are measured at fair value using the NAV per share as a practical expedient are no longer classified within the fair value hierarchy and are included under “Not subject to leveling” in the table below.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following tables present assets and liabilities measured and recorded at fair value on Exelon's and Generation's Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy as of June 30, 2017 and December 31, 2016:

	Generation					Exelon				
As of June 30, 2017	**Level 1**	**Level 2**	**Level 3**	**Not subject to leveling**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Not subject to leveling**	**Total**
Assets										
Cash equivalents [a]	$ 29	$ —	$ —	$ —	$ 29	$ 257	$ —	$ —	$ —	$ 257
NDT fund investments										
Cash equivalents [b]	117	67	—	—	184	117	67	—	—	184
Equities	3,980	717	—	2,104	6,801	3,980	717	—	2,104	6,801
Fixed income										
Corporate debt	—	1,656	255	—	1,911	—	1,656	255	—	1,911
U.S. Treasury and agencies	1,767	32	—	—	1,799	1,767	32	—	—	1,799
Foreign governments	—	51	—	—	51	—	51	—	—	51
State and municipal debt	—	232	—	—	232	—	232	—	—	232
Other [c]	—	46	—	502	548	—	46	—	502	548
Fixed income subtotal	1,767	2,017	255	502	4,541	1,767	2,017	255	502	4,541
Middle market lending	—	—	428	78	506	—	—	428	78	506
Private equity	—	—	—	197	197	—	—	—	197	197
Real estate	—	—	—	441	441	—	—	—	441	441
NDT fund investments subtotal [d]	5,864	2,801	683	3,322	12,670	5,864	2,801	683	3,322	12,670
Pledged assets for Zion Station decommissioning										
Cash equivalents	21	—	—	—	21	21	—	—	—	21
Middle market lending	—	—	21	33	54	—	—	21	33	54
Pledged assets for Zion Station decommissioning subtotal [e]	21	—	21	33	75	21	—	21	33	75
Rabbi trust investments										
Cash equivalents	5	—	—	—	5	78	—	—	—	78
Mutual funds	22	—	—	—	22	54	—	—	—	54
Fixed income	—	—	—	—	—	—	13	—	—	13
Life insurance contracts	—	20	—	—	20	—	67	21	—	88
Rabbi trust investments subtotal	27	20	—	—	47	132	80	21	—	233
Commodity derivative assets										
Economic hedges	632	2,698	1,604	—	4,934	632	2,698	1,604	—	4,934
Proprietary trading	3	47	31	—	81	3	47	31	—	81
Effect of netting and allocation of collateral [f] [g]	(627)	(2,343)	(767)	—	(3,737)	(627)	(2,343)	(767)	—	(3,737)
Commodity derivative assets subtotal	8	402	868	—	1,278	8	402	868	—	1,278
Interest rate and foreign currency derivative assets										
Derivatives designated as hedging instruments	—	—	—	—	—	—	11	—	—	11
Economic hedges	—	17	—	—	17	—	17	—	—	17
Proprietary trading	3	1	—	—	4	3	1	—	—	4
Effect of netting and allocation of collateral	(3)	(10)	—	—	(13)	(3)	(10)	—	—	(13)
Interest rate and foreign currency derivative assets subtotal	—	8	—	—	8	—	19	—	—	19
Other investments	—	—	41	—	41	—	—	41	—	41
Total assets	5,949	3,231	1,613	3,355	14,148	6,282	3,302	1,634	3,355	14,573

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Generation					Exelon				
As of June 30, 2017	Level 1	Level 2	Level 3	Not subject to leveling	Total	Level 1	Level 2	Level 3	Not subject to leveling	Total
Liabilities										
Commodity derivative liabilities										
Economic hedges	(697)	(2,691)	(1,151)	—	(4,539)	(697)	(2,691)	(1,407)	—	(4,795)
Proprietary trading	(4)	(48)	(25)	—	(77)	(4)	(48)	(25)	—	(77)
Effect of netting and allocation of collateral [f] [g]	698	2,627	897	—	4,222	698	2,627	897	—	4,222
Commodity derivative liabilities subtotal	(3)	(112)	(279)	—	(394)	(3)	(112)	(535)	—	(650)
Interest rate and foreign currency derivative liabilities										
Economic hedges	—	(20)	—	—	(20)	—	(20)	—	—	(20)
Proprietary trading	(4)	—	—	—	(4)	(4)	—	—	—	(4)
Effect of netting and allocation of collateral	3	10	—	—	13	3	10	—	—	13
Interest rate and foreign currency derivative liabilities subtotal	(1)	(10)	—	—	(11)	(1)	(10)	—	—	(11)
Deferred compensation obligation	—	(33)	—	—	(33)	—	(131)	—	—	(131)
Total liabilities	(4)	(155)	(279)	—	(438)	(4)	(253)	(535)	—	(792)
Total net assets	$ 5,945	$ 3,076	$ 1,334	$ 3,355	$13,710	$ 6,278	$ 3,049	$ 1,099	$ 3,355	$13,781

	Generation					Exelon				
As of December 31, 2016	Level 1	Level 2	Level 3	Not subject to leveling	Total	Level 1	Level 2	Level 3	Not subject to leveling	Total
Assets										
Cash equivalents [a]	$ 39	$ —	$ —	$ —	$ 39	$ 373	$ —	$ —	$ —	$ 373
NDT fund investments										
Cash equivalents [b]	110	19	—	—	129	110	19	—	—	129
Equities	3,551	452	—	2,011	6,014	3,551	452	—	2,011	6,014
Fixed income										
Corporate debt	—	1,554	250	—	1,804	—	1,554	250	—	1,804
U.S. Treasury and agencies	1,291	29	—	—	1,320	1,291	29	—	—	1,320
Foreign governments	—	37	—	—	37	—	37	—	—	37
State and municipal debt	—	264	—	—	264	—	264	—	—	264
Other [c]	—	59	—	493	552	—	59	—	493	552
Fixed income subtotal	1,291	1,943	250	493	3,977	1,291	1,943	250	493	3,977
Middle market lending	—	—	427	71	498	—	—	427	71	498
Private equity	—	—	—	148	148	—	—	—	148	148
Real estate	—	—	—	326	326	—	—	—	326	326
NDT fund investments subtotal [d]	4,952	2,414	677	3,049	11,092	4,952	2,414	677	3,049	11,092
Pledged assets for Zion Station decommissioning										
Cash equivalents	11	—	—	—	11	11	—	—	—	11
Equities	—	2	—	—	2	—	2	—	—	2
Fixed Income — U.S. Treasury and agencies	16	1	—	—	17	16	1	—	—	17
Middle market lending	—	—	19	64	83	—	—	19	64	83
Pledged assets for Zion Station decommissioning subtotal [e]	27	3	19	64	113	27	3	19	64	113
Rabbi trust investments										
Cash equivalents	2	—	—	—	2	74	—	—	—	74
Mutual funds	19	—	—	—	19	50	—	—	—	50
Fixed income	—	—	—	—	—	—	16	—	—	16
Life insurance contracts	—	18	—	—	18	—	64	20	—	84
Rabbi trust investments subtotal	21	18	—	—	39	124	80	20	—	224

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
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	Generation					Exelon				
As of December 31, 2016	Level 1	Level 2	Level 3	Not subject to leveling	Total	Level 1	Level 2	Level 3	Not subject to leveling	Total
Commodity derivative assets										
Economic hedges	1,356	2,505	1,229	—	5,090	1,358	2,505	1,229	—	5,092
Proprietary trading	3	50	23	—	76	3	50	23	—	76
Effect of netting and allocation of collateral (f) (g)	(1,162)	(2,142)	(481)	—	(3,785)	(1,164)	(2,142)	(481)	—	(3,787)
Commodity derivative assets subtotal	197	413	771	—	1,381	197	413	771	—	1,381
Interest rate and foreign currency derivative assets										
Derivatives designated as hedging instruments	—	—	—	—	—	—	16	—	—	16
Economic hedges	—	28	—	—	28	—	28	—	—	28
Proprietary trading	3	2	—	—	5	3	2	—	—	5
Effect of netting and allocation of collateral	(2)	(19)	—	—	(21)	(2)	(19)	—	—	(21)
Interest rate and foreign currency derivative assets subtotal	1	11	—	—	12	1	27	—	—	28
Other investments	—	—	42	—	42	—	—	42	—	42
Total assets	5,237	2,859	1,509	3,113	12,718	5,674	2,937	1,529	3,113	13,253
Liabilities										
Commodity derivative liabilities										
Economic hedges	(1,267)	(2,378)	(794)	—	(4,439)	(1,267)	(2,378)	(1,052)	—	(4,697)
Proprietary trading	(3)	(50)	(26)	—	(79)	(3)	(50)	(26)	—	(79)
Effect of netting and allocation of collateral (f) (g)	1,233	2,339	542	—	4,114	1,233	2,339	542	—	4,114
Commodity derivative liabilities subtotal	(37)	(89)	(278)	—	(404)	(37)	(89)	(536)	—	(662)
Interest rate and foreign currency derivative liabilities										
Derivatives designated as hedging instruments	—	(10)	—	—	(10)	—	(10)	—	—	(10)
Economic hedges	—	(21)	—	—	(21)	—	(21)	—	—	(21)
Proprietary trading	(4)	—	—	—	(4)	(4)	—	—	—	(4)
Effect of netting and allocation of collateral	4	19	—	—	23	4	19	—	—	23
Interest rate and foreign currency derivative liabilities subtotal	—	(12)	—	—	(12)	—	(12)	—	—	(12)
Deferred compensation obligation	—	(34)	—	—	(34)	—	(136)	—	—	(136)
Total liabilities	(37)	(135)	(278)	—	(450)	(37)	(237)	(536)	—	(810)
Total net assets	$ 5,200	$ 2,724	$ 1,231	$ 3,113	$12,268	$ 5,637	$ 2,700	$ 993	$ 3,113	$12,443

(a) Generation excludes cash of $238 million and $252 million at June 30, 2017 and December 31, 2016 and restricted cash of $164 million and $157 million at June 30, 2017 and December 31, 2016. Exelon excludes cash of $353 million and $360 million at June 30, 2017 and December 31, 2016 and restricted cash of $203 million and $180 million at June 30, 2017 and December 31, 2016 and includes long term restricted cash of $25 million at June 30, 2017 and December 31, 2016, which is reported in other deferred debits on the balance sheet.

(b) Includes $48 million and $29 million of cash received from outstanding repurchase agreements at June 30, 2017 and December 31, 2016, respectively, and is offset by an obligation to repay upon settlement of the agreement as discussed in (d) below.

(c) Includes derivative instruments of $(1) million and $(2) million, which have a total notional amount of $771 million and $933 million at June 30, 2017 and December 31, 2016, respectively. The notional principal amounts for these instruments provide one measure of the transaction volume outstanding as of the fiscal years ended and do not represent the amount of the company's exposure to credit or market loss.

(d) Excludes net liabilities of $29 million and $31 million at June 30, 2017 and December 31, 2016, respectively. These items consist of receivables related to pending securities sales, interest and dividend receivables, repurchase agreement obligations, and payables related to pending securities purchases. The repurchase agreements are generally short-term in nature with durations generally of 30 days or less.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

(e) Excludes net assets of less than $1 million at June 30, 2017 and December 31, 2016. These items consist of receivables related to pending securities sales, interest and dividend receivables, and payables related to pending securities purchases.

(f) Collateral posted/(received) from counterparties totaled $71 million, $284 million and $130 million allocated to Level 1, Level 2 and Level 3 mark-to-market derivatives, respectively, as of June 30, 2017. Collateral posted/(received) from counterparties, net of collateral paid to counterparties, totaled $71 million, $197 million and $61 million allocated to Level 1, Level 2 and Level 3 mark-to-market derivatives, respectively, as of December 31, 2016.

(g) Of the collateral posted/(received), $84 million represents variation margin on the exchanges as of June 30, 2017. Of the collateral posted/(received), $(158) million represents variation margin on the exchanges as of December 31, 2016.

ComEd, PECO and BGE

The following tables present assets and liabilities measured and recorded at fair value on ComEd's, PECO's and BGE's Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy as of June 30, 2017 and December 31, 2016:

	ComEd				PECO				BGE			
As of June 30, 2017	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets												
Cash equivalents [a]	$ —	$ —	$ —	$ —	$ 28	$ —	$ —	$ 28	$ 5	$ —	$ —	$ 5
Rabbi trust investments												
Mutual funds	—	—	—	—	7	—	—	7	5	—	—	5
Life insurance contracts	—	—	—	—	—	10	—	10	—	—	—	—
Rabbi trust investments subtotal	—	—	—	—	7	10	—	17	5	—	—	5
Total assets	—	—	—	—	35	10	—	45	10	—	—	10
Liabilities												
Deferred compensation obligation	—	(7)	—	(7)	—	(10)	—	(10)	—	(4)	—	(4)
Mark-to-market derivative liabilities [b]	—	—	(256)	(256)	—	—	—	—	—	—	—	—
Total liabilities	—	(7)	(256)	(263)	—	(10)	—	(10)	—	(4)	—	(4)
Total net assets (liabilities)	$ —	$ (7)	$(256)	$(263)	$ 35	$ —	$ —	$ 35	$ 10	$ (4)	$ —	$ 6

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	ComEd				PECO				BGE			
As of December 31, 2016	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets												
Cash equivalents [a]	$ 20	$ —	$ —	$ 20	$ 45	$ —	$ —	$ 45	$ 36	$ —	$ —	$ 36
Rabbi trust investments												
Mutual funds	—	—	—	—	7	—	—	7	4	—	—	4
Life insurance contracts	—	—	—	—	—	10	—	10	—	—	—	—
Rabbi trust investments subtotal	—	—	—	—	7	10	—	17	4	—	—	4
Total assets	20	—	—	20	52	10	—	62	40	—	—	40
Liabilities												
Deferred compensation obligation	—	(8)	—	(8)	—	(11)	—	(11)	—	(4)	—	(4)
Mark-to-market derivative liabilities [b]	—	—	(258)	(258)	—	—	—	—	—	—	—	—
Total liabilities	—	(8)	(258)	(266)	—	(11)	—	(11)	—	(4)	—	(4)
Total net assets (liabilities)	$ 20	$ (8)	$(258)	$(246)	$ 52	$ (1)	$ —	$ 51	$ 40	$ (4)	$ —	$ 36

(a) ComEd excludes cash of $39 million and $36 million at June 30, 2017 and December 31, 2016 and restricted cash of $12 million and $2 million at June 30, 2017 and December 31, 2016. PECO excludes cash of $21 million and $22 million at June 30, 2017 and December 31, 2016. BGE excludes cash of $12 million and $13 million at June 30, 2017 and December 31, 2016 and restricted cash of $3 million at June 30, 2017 and includes long term restricted cash of $2 million at June 30, 2017 and December 31, 2016, which is reported in other deferred debits on the balance sheet.

(b) The Level 3 balance consists of the current and noncurrent liability of $19 million and $237 million, respectively, at June 30, 2017, and $19 million and $239 million, respectively, at December 31, 2016, related to floating-to-fixed energy swap contracts with unaffiliated suppliers.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

PHI, Pepco, DPL and ACE

The following tables present assets and liabilities measured and recorded at fair value on PHI's, Pepco's, DPL's and ACE's Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy as of June 30, 2017 and December 31, 2016:

	Successor							
	As of June 30, 2017				As of December 31, 2016			
PHI	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets								
Cash equivalents [a]	$ 189	$ —	$ —	$189	$ 217	$ —	$ —	$217
Mark-to-market derivative assets [b]	—	—	—	—	2	—	—	2
Effect of netting and allocation of collateral	—	—	—	—	(2)	—	—	(2)
Mark-to-market derivative assets subtotal	—	—	—	—	—	—	—	—
Rabbi trust investments								
Cash equivalents	73	—	—	73	73	—	—	73
Fixed income	—	13	—	13	—	16	—	16
Life insurance contracts	—	23	21	44	—	22	20	42
Rabbi trust investments subtotal	73	36	21	130	73	38	20	131
Total assets	262	36	21	319	290	38	20	348
Liabilities								
Deferred compensation obligation	—	(24)	—	(24)	—	(28)	—	(28)
Total liabilities	—	(24)	—	(24)	—	(28)	—	(28)
Total net assets	$ 262	$ 12	$ 21	$295	$ 290	$ 10	$ 20	$320

	Pepco				DPL				ACE			
As of June 30, 2017	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets												
Cash equivalents [a]	$ 144	$ —	$ —	$144	$ —	$ —	$ —	$ —	$ 29	$ —	$ —	$ 29
Rabbi trust investments												
Cash equivalents	43	—	—	43	—	—	—	—	—	—	—	—
Fixed income	—	13	—	13	—	—	—	—	—	—	—	—
Life insurance contracts	—	23	21	44	—	—	—	—	—	—	—	—
Rabbi trust investments subtotal	43	36	21	100	—	—	—	—	—	—	—	—
Total assets	187	36	21	244	—	—	—	—	29	—	—	29
Liabilities												
Deferred compensation obligation	—	(4)	—	(4)	—	(1)	—	(1)	—	—	—	—
Total liabilities	—	(4)	—	(4)	—	(1)	—	(1)	—	—	—	—
Total net assets (liabilities)	$ 187	$ 32	$ 21	$240	$ —	$ (1)	$ —	$ (1)	$ 29	$ —	$ —	$ 29

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Pepco				DPL				ACE			
As of December 31, 2016	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets												
Cash equivalents [a]	$ 33	$ —	$ —	$ 33	$ 42	$ —	$ —	$ 42	$ 130	$ —	$ —	$130
Mark-to-market derivative assets [b]	—	—	—	—	2	—	—	2	—	—	—	—
Effect of netting and allocation of collateral	—	—	—	—	(2)	—	—	(2)	—	—	—	—
Mark-to-market derivative assets subtotal	—	—	—	—	—	—	—	—	—	—	—	—
Rabbi trust investments												
Cash equivalents	43	—	—	43	—	—	—	—	—	—	—	—
Fixed income	—	16	—	16	—	—	—	—	—	—	—	—
Life insurance contracts	—	22	19	41	—	—	—	—	—	—	—	—
Rabbi trust investments subtotal	43	38	19	100	—	—	—	—	—	—	—	—
Total assets	76	38	19	133	42	—	—	42	130	—	—	130
Liabilities												
Deferred compensation obligation	—	(5)	—	(5)	—	(1)	—	(1)	—	—	—	—
Total liabilities	—	(5)	—	(5)	—	(1)	—	(1)	—	—	—	—
Total net assets (liabilities)	$ 76	$ 33	$ 19	$128	$ 42	$ (1)	$ —	$ 41	$ 130	$ —	$ —	$130

(a) PHI excludes cash of $24 million and $19 million at June 30, 2017 and December 31, 2016 and includes long term restricted cash of $22 million and $23 million at June 30, 2017 and December 31, 2016 which is reported in other deferred debits on the balance sheet. Pepco excludes cash of $9 million at June 30, 2017 and December 31, 2016. DPL excludes cash of $6 million and $4 million at June 30, 2017 and December 31, 2016. ACE excludes cash of $7 million and $3 million at June 30, 2017 and December 31, 2016 and includes long term restricted cash of $22 million and $23 million at June 30, 2017 and December 31, 2016 which is reported in other deferred debits on the balance sheet.

(b) Represents natural gas futures purchased by DPL as part of a natural gas hedging program approved by the DPSC.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following tables present the fair value reconciliation of Level 3 assets and liabilities measured at fair value on a recurring basis during the three and six months ended June 30, 2017 and 2016:

	Generation					ComEd	*Successor* PHI		Exelon
Three Months Ended June 30, 2017	**NDT Fund Investments**	**Pledged Assets for Zion Station Decommissioning**	**Mark-to-Market Derivatives**	**Other Investments**	**Total Generation**	**Mark-to-Market Derivatives [a]**	**Life Insurance Contracts**	**Eliminated in Consolidation**	**Total**
Balance as of March 31, 2017	$ 683	$ 20	$ 565	$ 40	$ 1,308	$ (282)	$ 20	$ —	$ 1,046
Total realized / unrealized gains (losses)									
Included in net income	1	—	(3) [b]	—	(2)	—	—	—	(2)
Included in noncurrent payables to affiliates	4	—	—	—	4	—	—	(4)	—
Included in payable for Zion Station decommissioning	—	1	—	—	1	—	—	—	1
Included in regulatory assets	—	—	—	—	—	26	—	4	30
Change in collateral	—	—	31	—	31	—	—	—	31
Purchases, sales, issuances and settlements									
Purchases	19	—	21	1	41	—	—	—	41
Sales	—	—	(13)	—	(13)	—	—	—	(13)
Settlements	(24)	—	—	—	(24)	—	—	—	(24)
Transfers into Level 3	—	—	(8)	—	(8)	—	—	—	(8)
Transfers out of Level 3	—	—	(4)	—	(4)	—	—	—	(4)
Balance at June 30, 2017	$ 683	$ 21	$ 589	$ 41	$ 1,334	$ (256)	$ 20	$ —	$ 1,098
The amount of total gains (losses) included in income attributed to the change in unrealized gains (losses) related to assets and liabilities as of June 30, 2017	$ —	$ —	$ 43	$ —	$ 43	$ —	$ —	$ —	$ 43

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Generation					ComEd	Successor PHI		Exelon
Six Months Ended June 30, 2017	**NDT Fund Investments**	**Pledged Assets for Zion Station Decommissioning**	**Mark-to-Market Derivatives**	**Other Investments**	**Total Generation**	**Mark-to-Market Derivatives [a]**	**Life Insurance Contracts**	**Eliminated in Consolidation**	**Total**
Balance as of December 31, 2016	$ 677	$ 19	$ 493	$ 42	$ 1,231	$ (258)	$ 20	$ —	$ 993
Total realized / unrealized gains (losses)									
Included in net income	4	—	(46) [b]	1	(41)	—	1	—	(40)
Included in noncurrent payables to affiliates	13	—	—	—	13	—	—	(13)	—
Included in payable for Zion Station decommissioning	—	1	—	—	1	—	—	—	1
Included in regulatory assets	—	—	—	—	—	2	—	13	15
Change in collateral	—	—	69	—	69	—	—	—	69
Purchases, sales, issuances and settlements									
Purchases	36	1	90	3	130	—	—	—	130
Sales	—	—	(15)	—	(15)	—	—	—	(15)
Issuances	—	—	—	—	—	—	(1)	—	(1)
Settlements	(47)	—	—	—	(47)	—	—	—	(47)
Transfers into Level 3	—	—	(10)	—	(10)	—	—	—	(10)
Transfers out of Level 3	—	—	8	(5)	3	—	—	—	3
Balance as of June 30, 2017	$ 683	$ 21	$ 589	$ 41	$ 1,334	$ (256)	$ 20	$ —	$ 1,098
The amount of total gains (losses) included in income attributed to the change in unrealized gains (losses) related to assets and liabilities as of June 30, 2017	$ 2	$ —	$ 102	$ 1	$ 105	$ —	$ 1	$ —	$ 106

(a) Includes $25 million of increases in fair value and an increase for realized losses due to settlements of $1 million recorded in purchased power expense associated with floating-to-fixed energy swap contracts with unaffiliated suppliers for the three months ended June 30, 2017. Includes $5 million of decreases in fair value and an increase for realized losses due to settlements of $7 million recorded in purchased power expense associated with floating-to-fixed energy swap contracts with unaffiliated suppliers for the six months ended June 30, 2017.

(b) Includes a reduction for the reclassification of $46 million and $148 million of realized gains due to the settlement of derivative contracts for the three and six months ended June 30, 2017.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Generation					ComEd	Successor PHI		Exelon
Three Months Ended June 30, 2016	NDT Fund Investments	Pledged Assets for Zion Station Decommissioning	Mark-to-Market Derivatives	Other Investments	Total Generation	Mark-to-Market Derivatives [a]	Life Insurance Contracts	Eliminated in Consolidation	Total
Balance as of March 31, 2016	$ 684	$ 25	$ 1,047	$ 36	$ 1,792	$ (265)	$ 20	$ —	$ 1,547
Total realized / unrealized gains (losses)									
Included in net income	4	—	(428) [b]	—	(424)	—	1	—	(423)
Included in noncurrent payables to affiliates	8	—	—	—	8	—	—	(8)	—
Included in regulatory assets	—	—	—	—	—	44	—	8	52
Change in collateral	—	—	(32)	—	(32)	—	—	—	(32)
Purchases, sales, issuances and settlements									
Purchases	85	—	23	1	109	—	—	—	109
Sales	(1)	—	(1)	—	(2)	—	—	—	(2)
Issuances	—	—	—	—	—	—	(1)	—	(1)
Settlements	(65)	—	—	—	(65)	—	—	—	(65)
Transfers into Level 3	—	—	—	—	—	—	—	—	—
Transfers out of Level 3	—	—	—	—	—	—	—	—	—
Balance as of June 30, 2016	$ 715	$ 25	$ 609	$ 37	$ 1,386	$ (221)	$ 20	$ —	$ 1,185
The amount of total gains (losses) included in income attributed to the change in unrealized gains (losses) related to assets and liabilities as of June 30, 2016	$ 3	$ —	$ (264)	$ —	$ (261)	$ —	$ 1	$ —	$ (260)

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Generation					ComEd	Successor PHI [c]		Exelon
Six Months Ended June 30, 2016	NDT Fund Investments	Pledged Assets for Zion Station Decommissioning	Mark-to-Market Derivatives	Other Investments	Total Generation	Mark-to-Market Derivatives [a]	Life Insurance Contracts	Eliminated in Consolidation	Total
Balance as of December 31, 2015	$ 670	$ 22	$ 1,051	$ 33	$ 1,776	$ (247)	$ —	$ —	$ 1,529
Included due to merger	—	—	—	—	—	—	20	—	20
Total realized / unrealized gains (losses)									
Included in net income	6	—	(434) [b]	—	(428)	—	1	—	(427)
Included in noncurrent payables to affiliates	12	—	—	—	12	—	—	(12)	—
Included in payable for Zion Station decommissioning	—	2	—	—	2	—	—	—	2
Included in regulatory assets	—	—	—	—	—	26	—	12	38
Change in collateral	—	—	(82)	—	(82)	—	—	—	(82)
Purchases, sales, issuances and settlements									
Purchases	119	1	82	4	206	—	—	—	206
Sales	(1)	—	(3)	—	(4)	—	—	—	(4)
Issuances	—	—	—	—	—	—	(1)	—	(1)
Settlements	(91)	—	—	—	(91)	—	—	—	(91)
Transfers into Level 3	—	—	2	—	2	—	—	—	2
Transfers out of Level 3	—	—	(7)	—	(7)	—	—	—	(7)
Balance as of June 30, 2016	$ 715	$ 25	$ 609	$ 37	$ 1,386	$ (221)	$ 20	$ —	$ 1,185
The amount of total gains (losses) included in income attributed to the change in unrealized gains (losses) related to assets and liabilities as of June 30, 2016	$ 4	$ —	$ (45)	$ —	$ (41)	$ —	$ 1	$ —	$ (40)

(a) Includes $40 million of increases in fair value and an increase for realized losses due to settlements of $4 million recorded in purchased power expense associated with floating-to-fixed energy swap contracts with unaffiliated suppliers for the three months ended June 30, 2016. Includes $15 million of increases in fair value and an increase for realized losses due to settlements of $11 million for the six months ended June 30, 2016.

(b) Includes a reduction for the reclassification of $164 million and $389 million of realized gains due to the settlement of derivative contracts recorded in results of operations for the three and six months ended June 30, 2016.

(c) Successor period represents activity from March 24, 2016 through June 30, 2016. See tables below for PHI's predecessor periods, as well as activity for Pepco for the three and six months ended June 30, 2017 and 2016.

	Predecessor January 1, 2016 to March 23, 2016	
PHI	Preferred Stock	Life Insurance Contracts
Beginning Balance	$ 18	$ 19
Total realized / unrealized gains (losses)		
Included in net income	(18)	1
Ending Balance	$ —	$ 20
The amount of total gains (losses) included in income attributed to the change in unrealized gains (losses) related to assets and liabilities for the period	$ —	$ 1

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Life Insurance Contracts			
	Three Months Ended June 30,		Six Months Ended June 30,	
Pepco	**2017**	**2016**	**2017**	**2016**
Beginning balance	$ 20	$ 20	$ 20	$ 19
Total realized / unrealized gains (losses)				
Included in net income	—	1	1	2
Purchases, sales, issuances and settlements				
Issuances	—	(1)	(1)	(1)
Ending balance	$ 20	$ 20	$ 20	$ 20
The amount of total gains (losses) included in income attributed to the change in unrealized gains (losses) related to assets and liabilities for the period	$ —	$ 1	$ —	$ 2

The following tables present the income statement classification of the total realized and unrealized gains (losses) included in income for Level 3 assets and liabilities measured at fair value on a recurring basis during the three and six months ended June 30, 2017 and 2016:

	Generation			*Successor* PHI	Exelon		
	Operating Revenues	Purchased Power and Fuel	Other, net [a]	Other, net [a]	Operating Revenues	Purchased Power and Fuel	Other, net [a]
Total gains (losses) included in net income for the three months ended June 30, 2017	$ (51)	$ 48	$ 1	$ —	$ (51)	$ 48	$ 1
Total gains (losses) included in net income for the six months ended June 30, 2017	37	(83)	5	1	37	(83)	6
Change in the unrealized gains (losses) relating to assets and liabilities held for the three months ended June 30, 2017	—	43	—	—	—	43	—
Change in the unrealized gains (losses) relating to assets and liabilities held for the six months ended June 30, 2017	140	(38)	3	1	140	(38)	4

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Generation			Successor PHI	Exelon		
	Operating Revenues	Purchased Power and Fuel	Other, net [a]	Other, net [a]	Operating Revenues	Purchased Power and Fuel	Other, net [a]
Total gains (losses) included in net income for the three months ended June 30, 2016	$ (462)	$ 34	$ 4	$ 1	$ (462)	$ 34	$ 5
Total gains (losses) included in net income for the six months ended June 30, 2016	(413)	(21)	6	1	(413)	(21)	7
Change in the unrealized gains (losses) relating to assets and liabilities held for the three months ended June 30, 2016	(274)	10	3	1	(274)	10	4
Change in the unrealized gains (losses) relating to assets and liabilities held for the six months ended June 30, 2016	(20)	(25)	4	1	(20)	(25)	5

	Predecessor PHI	Pepco			
	January 1, 2016 to March 23, 2016	Three Months Ended June 30,		Six Months Ended June 30,	
		2017	2016	2017	2016
	Other, net [a]	Other, net [a]			
Total gains (losses) included in net income	$ (17)	$ —	$ 1	$ 1	$ 2
Change in the unrealized gains (losses) relating to assets and liabilities held	1	—	1	1	2

(a) Other, net activity consists of realized and unrealized gains (losses) included in income for the NDT funds held by Generation, accrued interest on a convertible promissory note at Generation and the life insurance contracts held by PHI and Pepco.

Valuation Techniques Used to Determine Fair Value

The following describes the valuation techniques used to measure the fair value of the assets and liabilities shown in the tables above.

Cash Equivalents (Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE). The Registrants' cash equivalents include investments with maturities of three months or less when purchased. The cash equivalents shown in the fair value tables are comprised of investments in mutual and money market funds. The fair values of the shares of these funds are based on observable market prices and, therefore, have been categorized in Level 1 in the fair value hierarchy.

Preferred Stock Derivative (PHI). In connection with entering into the PHI Merger Agreement, PHI entered into a Subscription Agreement with Exelon dated April 29, 2014, pursuant to which PHI issued to Exelon shares of Preferred stock. The Preferred stock contained embedded features requiring separate accounting consideration to reflect the potential value to PHI that any issued and outstanding Preferred stock could be called and redeemed at a nominal par value upon a termination of the merger agreement under certain circumstances due to the failure to obtain required regulatory approvals. The embedded call and redemption features on the

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shares of the Preferred stock in the event of such a termination were separately accounted for as derivatives. These Preferred stock derivatives were valued quarterly using quantitative and qualitative factors, including management's assessment of the likelihood of a Regulatory Termination and therefore, were categorized in Level 3 in the fair value hierarchy. As a result of the PHI Merger, the PHI Preferred stock derivative was reduced to zero as of March 23, 2016. The write-off was charged to Other, net on the PHI Consolidated Statement of Operations and Comprehensive Income.

Nuclear Decommissioning Trust Fund Investments and Pledged Assets for Zion Station Decommissioning (Exelon and Generation). The trust fund investments have been established to satisfy Generation's and CENG's nuclear decommissioning obligations as required by the NRC. The NDT funds hold debt and equity securities directly and indirectly through commingled funds and mutual funds, which are included in Equities and Fixed Income. Generation's and CENG's NDT fund investments policies outline investment guidelines for the trusts and limit the trust funds' exposures to investments in highly illiquid markets and other alternative investments. Investments with maturities of three months or less when purchased, including certain short-term fixed income securities are considered cash equivalents and included in the recurring fair value measurements hierarchy as Level 1 or Level 2.

With respect to individually held equity securities, the trustees obtain prices from pricing services, whose prices are generally obtained from direct feeds from market exchanges, which Generation is able to independently corroborate. The fair values of equity securities held directly by the trust funds which are based on quoted prices in active markets are categorized in Level 1. Certain equity securities have been categorized as Level 2 because they are based on evaluated prices that reflect observable market information, such as actual trade information or similar securities. Equity securities held individually are primarily traded on the New York Stock Exchange and NASDAQ-Global Select Market, which contain only actively traded securities due to the volume trading requirements imposed by these exchanges.

For fixed income securities, multiple prices from pricing services are obtained whenever possible, which enables cross-provider validations in addition to checks for unusual daily movements. A primary price source is identified based on asset type, class or issue for each security. With respect to individually held fixed income securities, the trustees monitor prices supplied by pricing services and may use a supplemental price source or change the primary price source of a given security if the portfolio managers challenge an assigned price and the trustees determine that another price source is considered to be preferable. Generation has obtained an understanding of how these prices are derived, including the nature and observability of the inputs used in deriving such prices. Additionally, Generation selectively corroborates the fair values of securities by comparison to other market-based price sources. U.S. Treasury securities are categorized as Level 1 because they trade in a highly liquid and transparent market. The fair values of fixed income securities, excluding U.S. Treasury securities, are based on evaluated prices that reflect observable market information, such as actual trade information or similar securities, adjusted for observable differences and are categorized in Level 2. The fair values of private placement fixed income securities, which are included in Corporate debt, are determined using a third party valuation that contains significant unobservable inputs and are categorized in Level 3.

Equity and fixed income commingled funds and mutual funds are maintained by investment companies and hold certain investments in accordance with a stated set of fund objectives such as holding short term fixed income securities or tracking the performance of certain equity indices by purchasing equity securities to replicate the capitalization and characteristics of the indices. The values of some of these funds are publicly quoted. For mutual funds which are publicly quoted, the funds are valued based on quoted prices in active markets and have been categorized as Level 1. For commingled funds and mutual funds, which are not publicly quoted, the funds are valued using NAV as a practical expedient for fair value, which is primarily derived from the quoted prices in active markets on the underlying securities, and are not classified within the fair value

hierarchy. These investments typically can be redeemed monthly with 30 or less days of notice and without further restrictions.

Derivative instruments consisting primarily of futures and interest rate swaps to manage risk are recorded at fair value. Over the counter derivatives are valued daily based on quoted prices in active markets and trade in open markets, and have been categorized as Level 1. Derivative instruments other than over the counter derivatives are valued based on external price data of comparable securities and have been categorized as Level 2.

Middle market lending are investments in loans or managed funds which lend to private companies. Generation elected the fair value option for its investments in certain limited partnerships that invest in middle market lending managed funds. The fair value of these loans is determined using a combination of valuation models including cost models, market models and income models. Investments in loans are categorized as Level 3 because the fair value of these securities is based largely on inputs that are unobservable and utilize complex valuation models. Managed funds are valued using NAV or its equivalent as a practical expedient, and therefore, are not classified within the fair value hierarchy. Investments in middle market lending typically cannot be redeemed until maturity of the term loan.

Private equity and real estate investments include those in limited partnerships that invest in operating companies and real estate holding companies that are not publicly traded on a stock exchange, such as, leveraged buyouts, growth capital, venture capital, distressed investments, investments in natural resources, and direct investments in pools of real estate properties. The fair value of private equity and real estate investments is determined using NAV or its equivalent as a practical expedient, and therefore, are not classified within the fair value hierarchy. These investments typically cannot be redeemed and are generally liquidated over a period of 8 to 10 years from the initial investment date. Private equity and real estate valuations are reported by the fund manager and are based on the valuation of the underlying investments, which include inputs such as cost, operating results, discounted future cash flows, market based comparable data, and independent appraisals from sources with professional qualifications. These valuation inputs are unobservable.

As of June 30, 2017, Generation has outstanding commitments to invest in middle market lending, private equity investments and real estate investments of approximately $280 million, $218 million, and $98 million, respectively. These commitments will be funded by Generation's existing nuclear decommissioning trust funds.

Concentrations of Credit Risk . Generation evaluated its NDT portfolios for the existence of significant concentrations of credit risk as of June 30, 2017. Types of concentrations that were evaluated include, but are not limited to, investment concentrations in a single entity, type of industry, foreign country, and individual fund. As of June 30, 2017, there were no significant concentrations (generally defined as greater than 10 percent) of risk in Generation's NDT assets.

See Note 12 — Nuclear Decommissioning for further discussion on the NDT fund investments.

Rabbi Trust Investments (Exelon, Generation, PECO, BGE, PHI, Pepco, DPL and ACE). The Rabbi trusts were established to hold assets related to deferred compensation plans existing for certain active and retired members of Exelon's executive management and directors. The Rabbi trusts assets are included in investments in the Registrants' Consolidated Balance Sheets and consist primarily of money market funds, mutual funds, fixed income securities and life insurance policies. The mutual funds are maintained by investment companies and hold certain investments in accordance with a stated set of fund objectives, which are consistent with Exelon's overall investment strategy. Money market funds and mutual funds are publicly quoted and have been categorized as Level 1 given the clear observability of the prices. The fair values of fixed income securities are

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based on evaluated prices that reflect observable market information, such as actual trade information or similar securities, adjusted for observable differences and are categorized in Level 2. The life insurance policies are valued using the cash surrender value of the policies, net of loans against those policies, which is provided by a third-party. Certain life insurance policies, which consist primarily of mutual funds that are priced based on observable market data, have been categorized as Level 2 because the life insurance policies can be liquidated at the reporting date for the value of the underlying assets. Life insurance policies that are valued using unobservable inputs have been categorized as Level 3.

Mark-to-Market Derivatives (Exelon, Generation, ComEd, PHI and DPL) . Derivative contracts are traded in both exchange-based and non-exchange-based markets. Exchange-based derivatives that are valued using unadjusted quoted prices in active markets are categorized in Level 1 in the fair value hierarchy. Certain derivatives' pricing is verified using indicative price quotations available through brokers or over-the-counter, on-line exchanges and are categorized in Level 2. These price quotations reflect the average of the bid-ask, mid-point prices and are obtained from sources that the Registrants believe provide the most liquid market for the commodity. The price quotations are reviewed and corroborated to ensure the prices are observable and representative of an orderly transaction between market participants. This includes consideration of actual transaction volumes, market delivery points, bid-ask spreads and contract duration. The remainder of derivative contracts are valued using the Black model, an industry standard option valuation model. The Black model takes into account inputs such as contract terms, including maturity, and market parameters, including assumptions of the future prices of energy, interest rates, volatility, credit worthiness and credit spread. For derivatives that trade in liquid markets, such as generic forwards, swaps and options, model inputs are generally observable. Such instruments are categorized in Level 2. The Registrants' derivatives are predominantly at liquid trading points. For derivatives that trade in less liquid markets with limited pricing information model inputs generally would include both observable and unobservable inputs. These valuations may include an estimated basis adjustment from an illiquid trading point to a liquid trading point for which active price quotations are available. Such instruments are categorized in Level 3.

Exelon may utilize fixed-to-floating interest rate swaps, which are typically designated as fair value hedges, as a means to achieve its targeted level of variable-rate debt as a percent of total debt. In addition, the Registrants may utilize interest rate derivatives to lock in interest rate levels in anticipation of future financings. These interest rate derivatives are typically designated as cash flow hedges. Exelon determines the current fair value by calculating the net present value of expected payments and receipts under the swap agreement, based on and discounted by the market's expectation of future interest rates. Additional inputs to the net present value calculation may include the contract terms, counterparty credit risk and other market parameters. As these inputs are based on observable data and valuations of similar instruments, the interest rate swaps are categorized in Level 2 in the fair value hierarchy. See Note 9 — Derivative Financial Instruments for further discussion on mark-to-market derivatives.

Deferred Compensation Obligations (Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE). The Registrants' deferred compensation plans allow participants to defer certain cash compensation into a notional investment account. The Registrants include such plans in other current and noncurrent liabilities in their Consolidated Balance Sheets. The value of the Registrants' deferred compensation obligations is based on the market value of the participants' notional investment accounts. The underlying notional investments are comprised primarily of equities, mutual funds, commingled funds, and fixed income securities which are based on directly and indirectly observable market prices. Since the deferred compensation obligations themselves are not exchanged in an active market, they are categorized as Level 2 in the fair value hierarchy.

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The value of certain employment agreement obligations (which are included with the Deferred Compensation Obligation in the tables above) are based on a known and certain stream of payments to be made over time and are categorized as Level 2 within the fair value hierarchy.

Additional Information Regarding Level 3 Fair Value Measurements (Exelon, Generation, ComEd, PHI, Pepco, DPL and ACE)

Mark-to-Market Derivatives (Exelon, Generation and ComEd). For valuations that include both observable and unobservable inputs, if the unobservable input is determined to be significant to the overall inputs, the entire valuation is categorized in Level 3. This includes derivatives valued using indicative price quotations whose contract tenure extends into unobservable periods. In instances where observable data is unavailable, consideration is given to the assumptions that market participants would use in valuing the asset or liability. This includes assumptions about market risks such as liquidity, volatility and contract duration. Such instruments are categorized in Level 3 as the model inputs generally are not observable. Exelon's RMC approves risk management policies and objectives for risk assessment, control and valuation, counterparty credit approval, and the monitoring and reporting of risk exposures. The RMC is chaired by the chief executive officer and includes the chief risk officer, chief strategy officer, chief executive officer of Exelon Utilities, chief commercial officer, chief financial officer and chief executive officer of Constellation. The RMC reports to the Finance and Risk Committee of the Exelon Board of Directors on the scope of the risk management activities. Forward price curves for the power market utilized by the front office to manage the portfolio, are reviewed and verified by the middle office, and used for financial reporting by the back office. The Registrants consider credit and nonperformance risk in the valuation of derivative contracts categorized in Level 2 and 3, including both historical and current market data in its assessment of credit and nonperformance risk by counterparty. Due to master netting agreements and collateral posting requirements, the impacts of credit and nonperformance risk were not material to the financial statements.

Disclosed below is detail surrounding the Registrants' significant Level 3 valuations. The calculated fair value includes marketability discounts for margining provisions and other attributes. Generation's Level 3 balance generally consists of forward sales and purchases of power and natural gas and certain transmission congestion contracts. Generation utilizes various inputs and factors including market data and assumptions that market participants would use in pricing assets or liabilities as well as assumptions about the risks inherent in the inputs to the valuation technique. The inputs and factors include forward commodity prices, commodity price volatility, contractual volumes, delivery location, interest rates, credit quality of counterparties and credit enhancements.

For commodity derivatives, the primary input to the valuation models is the forward commodity price curve for each instrument. Forward commodity price curves are derived by risk management for liquid locations and by the traders and portfolio managers for illiquid locations. All locations are reviewed and verified by risk management considering published exchange transaction prices, executed bilateral transactions, broker quotes, and other observable or public data sources. The relevant forward commodity curve used to value each of the derivatives depends on a number of factors, including commodity type, delivery location, and delivery period. Price volatility varies by commodity and location. When appropriate, Generation discounts future cash flows using risk free interest rates with adjustments to reflect the credit quality of each counterparty for assets and Generation's own credit quality for liabilities. The level of observability of a forward commodity price varies generally due to the delivery location and delivery period. Certain delivery locations including PJM West Hub (for power) and Henry Hub (for natural gas) are more liquid and prices are observable for up to three years in the future. The observability period of volatility is generally shorter than the underlying power curve used in option valuations. The forward curve for a less liquid location is estimated by using the forward curve from the liquid location and applying a spread to represent the cost to transport the commodity to the delivery location. This

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spread does not typically represent a majority of the instrument's market price. As a result, the change in fair value is closely tied to liquid market movements and not a change in the applied spread. The change in fair value associated with a change in the spread is generally immaterial. An average spread calculated across all Level 3 power and gas delivery locations is approximately $2.86 and $0.41 for power and natural gas, respectively. Many of the commodity derivatives are short term in nature and thus a majority of the fair value may be based on observable inputs even though the contract as a whole must be classified as Level 3.

On December 17, 2010, ComEd entered into several 20-year floating to fixed energy swap contracts with unaffiliated suppliers for the procurement of long-term renewable energy and associated RECs. See Note 9 —Derivative Financial Instruments for more information. The fair value of these swaps has been designated as a Level 3 valuation due to the long tenure of the positions and internal modeling assumptions. The modeling assumptions include using natural gas heat rates to project long term forward power curves adjusted by a renewable factor that incorporates time of day and seasonality factors to reflect accurate renewable energy pricing. In addition, marketability reserves are applied to the positions based on the tenor and supplier risk.

The table below discloses the significant inputs to the forward curve used to value these positions.

Type of trade	Fair Value at June 30, 2017	Valuation Technique	Unobservable Input	Range
Mark-to-market derivatives — Economic Hedges (Exelon and Generation) [a][c]	$ 453	Discounted Cash Flow	Forward power price	$8 — $124
			Forward gas price	$1.92 — $9.37
		Option Model	Volatility percentage	11% — 253%
Mark-to-market derivatives — Proprietary trading (Exelon and Generation) [a][c]	$ 6	Discounted Cash Flow	Forward power price	$11 — $73
Mark-to-market derivatives (Exelon and ComEd)	$ (256)	Discounted Cash Flow	Forward heat rate [b]	9x — 10x
			Marketability reserve	3% — 8%
			Renewable factor	89% — 121%

(a) The valuation techniques, unobservable inputs and ranges are the same for the asset and liability positions.
(b) Quoted forward natural gas rates are utilized to project the forward power curve for the delivery of energy at specified future dates. The natural gas curve is extrapolated beyond its observable period to the end of the contract's delivery.
(c) The fair values do not include cash collateral posted on level three positions of $130 million as of June 30, 2017.

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Type of trade	Fair Value at December 31, 2016	Valuation Technique	Unobservable Input	Range
Mark-to-market derivatives — Economic Hedges (Exelon and Generation) [a][c]	$ 435	Discounted Cash Flow	Forward power price	$11 — $130
			Forward gas price	$1.72 — $9.2
		Option Model	Volatility percentage	8% — 173%
Mark-to-market derivatives — Proprietary trading (Exelon and Generation) [a][c]	$ (3)	Discounted Cash Flow	Forward power price	$19 — $79
Mark-to-market derivatives (Exelon and ComEd)	$ (258)	Discounted Cash Flow	Forward heat rate [b]	8x — 9x
			Marketability reserve	3% — 8%
			Renewable factor	89% — 121%

(a) The valuation techniques, unobservable inputs and ranges are the same for the asset and liability positions.
(b) Quoted forward natural gas rates are utilized to project the forward power curve for the delivery of energy at specified future dates. The natural gas curve is extrapolated beyond its observable period to the end of the contract's delivery.
(c) The fair values do not include cash collateral posted on level three positions of $61 million as of December 31, 2016.

The inputs listed above would have a direct impact on the fair values of the above instruments if they were adjusted. The significant unobservable inputs used in the fair value measurement of Generation's commodity derivatives are forward commodity prices and for options is price volatility. Increases (decreases) in the forward commodity price in isolation would result in significantly higher (lower) fair values for long positions (contracts that give Generation the obligation or option to purchase a commodity), with offsetting impacts to short positions (contracts that give Generation the obligation or right to sell a commodity). Increases (decreases) in volatility would increase (decrease) the value for the holder of the option (writer of the option). Generally, a change in the estimate of forward commodity prices is unrelated to a change in the estimate of volatility of prices. An increase to the reserves listed above would decrease the fair value of the positions. An increase to the heat rate or renewable factors would increase the fair value accordingly. Generally, interrelationships exist between market prices of natural gas and power. As such, an increase in natural gas pricing would potentially have a similar impact on forward power markets.

Nuclear Decommissioning Trust Fund Investments and Pledged Assets for Zion Station Decommissioning (Exelon and Generation). For middle market lending and certain corporate debt securities investments, the fair value is determined using a combination of valuation models including cost models, market models and income models. The valuation estimates are based on discounting the forecasted cash flows, market-based comparable data, credit and liquidity factors, as well as other factors that may impact value. Significant judgment is required in the application of discounts or premiums applied for factors such as size, marketability, credit risk and relative performance.

Because Generation relies on third-party fund managers to develop the quantitative unobservable inputs without adjustment for the valuations of its Level 3 investments, quantitative information about significant unobservable inputs used in valuing these investments is not reasonably available to Generation. This includes information regarding the sensitivity of the fair values to changes in the unobservable inputs. Generation gains an

understanding of the fund managers' inputs and assumptions used in preparing the valuations. Generation performed procedures to assess the reasonableness of the valuations.

Rabbi Trust Investments — Life insurance contracts (Exelon, PHI, Pepco, DPL and ACE). For life insurance policies categorized as Level 3, the fair value is determined based on the cash surrender value of the policy, which contains unobservable inputs and assumptions. Because Exelon relies on its third-party insurance provider to develop the inputs without adjustment for the valuations of its Level 3 investments, quantitative information about significant unobservable inputs used in valuing these investments is not reasonably available to Exelon. Exelon gains an understanding of the types of inputs and assumptions used in preparing the valuations and performs procedures to assess the reasonableness of the valuations.

9. Derivative Financial Instruments (All Registrants)

The Registrants use derivative instruments to manage commodity price risk, foreign currency exchange risk and interest rate risk related to ongoing business operations.

Commodity Price Risk (All Registrants)

To the extent the amount of energy Generation produces differs from the amount of energy it has contracted to sell, Exelon and Generation are exposed to market fluctuations in the prices of electricity, fossil fuels, and other commodities. Each of the Registrants employ established policies and procedures to manage their risks associated with market fluctuations in commodity prices by entering into physical and financial derivative contracts, including swaps, futures, forwards, options, and short-term and long-term commitments to purchase and sell energy and energy-related products. The Registrants believe these instruments, which are classified as either economic hedges or non-derivatives, mitigate exposure to fluctuations in commodity prices.

Derivative accounting guidance requires that derivative instruments be recognized as either assets or liabilities at fair value, with changes in fair value of the derivative recognized in earnings each period. Other accounting treatments are available through special election and designation, provided they meet specific, restrictive criteria both at the time of designation and on an ongoing basis. These alternative permissible accounting treatments include normal purchase normal sale (NPNS), cash flow hedge, and fair value hedge. For Generation, all derivative economic hedges related to commodities are recorded at fair value through earnings for the combined company, referred to as economic hedges in the following tables. The Registrants have applied the NPNS scope exception to certain derivative contracts for the forward sale of generation, power procurement agreements, and natural gas supply agreements. Generation has also entered into bilateral long-term contractual obligations for sales of energy to load-serving entities, including electric utilities, municipalities, electric cooperatives, and retail load aggregators, as well as contractual obligations to deliver energy to market participants who primarily focus on the resale of energy products for delivery. These non-derivative contracts are accounted for primarily under the accrual method of accounting. Additionally, Generation is exposed to certain market risks through its proprietary trading activities. The proprietary trading activities are a complement to Generation's energy marketing portfolio but represent a small portion of Generation's overall energy marketing activities.

Economic Hedging. The Registrants are exposed to commodity price risk primarily relating to changes in the market price of electricity, fossil fuels, and other commodities associated with price movements resulting from changes in supply and demand, fuel costs, market liquidity, weather conditions, governmental regulatory and environmental policies, and other factors. Within Exelon, Generation has the most exposure to commodity price risk. As such, Generation uses a variety of derivative and non-derivative instruments to manage the commodity price risk of its electric generation facilities, including power and gas sales, fuel and energy

purchases, natural gas transportation and pipeline capacity agreements, and other energy-related products marketed and purchased. In order to manage these risks, Generation may enter into fixed-price derivative or non-derivative contracts to hedge the variability in future cash flows from forecasted sales of energy and gas and purchases of fuel and energy. The objectives for entering into such hedges include fixing the price for a portion of anticipated future electricity sales at a level that provides an acceptable return on electric generation operations, fixing the price of a portion of anticipated fuel purchases for the operation of power plants, and fixing the price for a portion of anticipated energy purchases to supply load-serving customers. The portion of forecasted transactions hedged may vary based upon management's policies and hedging objectives, the market, weather conditions, operational and other factors. Generation is also exposed to differences between the locational settlement prices of certain economic hedges and the hedged generating units. This price difference is actively managed through other instruments which include derivative congestion products, whose changes in fair value are recognized in earnings each period, and auction revenue rights, which are accounted for on an accrual basis.

In general, increases and decreases in forward market prices have a positive and negative impact, respectively, on Generation's owned and contracted generation positions that have not been hedged. Generation hedges commodity price risk on a ratable basis over three-year periods. As of June 30, 2017, the percentage of expected generation hedged for the major reportable segments is 96%-99%, 71%-74%, and 39%-42% for 2017, 2018, and 2019, respectively. The percentage of expected generation hedged is the amount of equivalent sales divided by the expected generation. Expected generation is the volume of energy that best represents our commodity position in energy markets from owned or contracted generating facilities based upon a simulated dispatch model that makes assumptions regarding future market conditions, which are calibrated to market quotes for power, fuel, load following products, and options. Equivalent sales represent all hedging products, which include economic hedges and certain non-derivative contracts including Generation's sales to ComEd, PECO, and BGE to serve their retail load.

On December 17, 2010, ComEd entered into several 20-year floating-to-fixed energy swap contracts with unaffiliated suppliers for the procurement of long-term renewable energy and associated RECs. Delivery under the contracts began in June 2012. These contracts are designed to lock in a portion of the long-term commodity price risk resulting from the renewable energy resource procurement requirements in the Illinois Settlement Legislation. ComEd has not elected hedge accounting for these derivative financial instruments. ComEd records the fair value of the swap contracts on its balance sheet. Because ComEd receives full cost recovery for energy procurement and related costs from retail customers, the change in fair value each period is recorded by ComEd as a regulatory asset or liability. See Note 3 — Regulatory Matters of the Exelon 2016 Form 10-K for additional information.

PECO has contracts to procure electric supply that were executed through the competitive procurement process outlined in its PAPUC-approved DSP Programs, which are further discussed in Note 5 — Regulatory Matters. Based on Pennsylvania legislation and the DSP Programs permitting PECO to recover its electric supply procurement costs from retail customers with no mark-up, PECO's price risk related to electric supply procurement is limited. PECO locked in fixed prices for a significant portion of its commodity price risk through full requirements contracts. PECO has certain full requirements contracts that are considered derivatives and qualify for the NPNS scope exception under current derivative authoritative guidance.

PECO's natural gas procurement policy is designed to achieve a reasonable balance of long-term and short-term gas purchases under different pricing approaches in order to achieve system supply reliability at the least cost. PECO's reliability strategy is two-fold. First, PECO must assure that there is sufficient transportation capacity to satisfy delivery requirements. Second, PECO must ensure that a firm source of supply exists to utilize the capacity resources. All of PECO's natural gas supply and asset management agreements that are derivatives

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either qualify for the NPNS scope exception and have been designated as such, or have no mark-to-market balances because the derivatives are index priced. Additionally, in accordance with the 2016 PAPUC PGC settlement and to reduce the exposure of PECO and its customers to natural gas price volatility, PECO has continued its program to purchase natural gas for both winter and summer supplies using a layered approach of locking-in prices ahead of each season with long-term gas purchase agreements (those with primary terms of at least twelve months). Under the terms of the 2016 PGC settlement, PECO is required to lock in (i.e. economically hedge) the price of a minimum volume of its long-term gas commodity purchases. PECO's gas-hedging program is designed to cover about 20% of planned natural gas purchases in support of projected firm sales. The hedging program for natural gas procurement has no direct impact on PECO's financial position or results of operations as natural gas costs are fully recovered from customers under the PGC.

BGE has contracts to procure SOS electric supply that are executed through a competitive procurement process approved by the MDPSC. The SOS rates charged recover BGE's wholesale power supply costs and include an administrative fee. The administrative fee includes an incremental cost component and a shareholder return component for commercial and industrial rate classes. BGE's price risk related to electric supply procurement is limited. BGE locks in fixed prices for all of its SOS requirements through full requirements contracts. Certain of BGE's full requirements contracts, which are considered derivatives, qualify for the NPNS scope exception under current derivative authoritative guidance. Other BGE full requirements contracts are not derivatives.

BGE provides natural gas to its customers under a MBR mechanism approved by the MDPSC. Under this mechanism, BGE's actual cost of gas is compared to a market index (a measure of the market price of gas in a given period). The difference between BGE's actual cost and the market index is shared equally between shareholders and customers. BGE must also secure fixed price contracts for at least 10%, but not more than 20%, of forecasted system supply requirements for flowing (i.e. non-storage) gas for the November through March period. These fixed-price contracts are not subject to sharing under the MBR mechanism. BGE also ensures it has sufficient pipeline transportation capacity to meet customer requirements. All of BGE's natural gas supply and asset management agreements qualify for the NPNS scope exception and result in physical delivery.

Pepco has contracts to procure SOS electric supply that are executed through a competitive procurement process approved by the MDPSC and DCPSC. The SOS rates charged recover Pepco's wholesale power supply costs and include an administrative fee. The administrative fee includes an incremental cost component and a shareholder return component for residential and commercial rate classes. Pepco's price risk related to electric supply procurement is limited. Pepco locks in fixed prices for all of its SOS requirements through full requirements contracts. Certain of Pepco's full requirements contracts, which are considered derivatives, qualify for the NPNS scope exception under current derivative authoritative guidance. Other Pepco full requirements contracts are not derivatives.

DPL has contracts to procure SOS electric supply that are executed through a competitive procurement process approved by the MDPSC and the DPSC. The SOS rates charged recover DPL's wholesale power supply costs. In Delaware, DPL is also entitled to recover a Reasonable Allowance for Retail Margin (RARM). The RARM includes a fixed annual margin of approximately $2.75 million, plus an incremental cost component and a cash working capital allowance. In Maryland, DPL charges an administrative fee intended to allow it to recover its administrative costs. DPL locks in fixed prices for all of its SOS requirements through full requirements contracts. DPL's price risk related to electric supply procurement is limited. Certain of DPL's full requirements contracts, which are considered derivatives, qualify for the NPNS scope exception under current derivative authoritative guidance. Other DPL full requirements contracts are not derivatives.

DPL provides natural gas to its customers under an Annual GCR mechanism approved by the DPSC. Under this mechanism, DPL's Annual GCR Filing establishes a future GCR for firm bundled sales customers by using a

forecast of demand and commodity costs. The actual costs are trued up versus the forecast on a monthly basis and any shortfall or excess is carried forward as a recovery balance in the next GCR filing. The demand portion of the GCR is based upon DPL's firm transportation and storage contracts. DPL has firm deliverability of swing and seasonal storage; a liquefied natural gas facility and firm transportation capacity to meet customer demand and provide a reserve margin. The commodity portion of the GCR includes a commission approved hedging program which is intended to reduce gas commodity price volatility while limiting the firm natural gas customers' exposure to adverse changes in the market price of natural gas. The hedge program requires that DPL hedge, on a non-discretionary basis, an amount equal to fifty percent (50%) of estimated purchase requirements for each month, including estimated monthly purchases for storage injections. The fifty percent (50%) hedge monthly target is achieved by hedging 1/12th of the 50% target each month beginning 12-months prior to the month in which the physical gas is to be purchased. Currently, DPL uses only exchange traded futures for its gas hedging program, which are considered derivatives, however, it retains the capability to employ other physical and financial hedges if needed. DPL has not elected hedge accounting for these derivative financial instruments. Because of the DPSC-approved fuel adjustment clause for DPL's derivatives, the change in fair value of the derivatives each period, in addition to all premiums paid and other transaction costs incurred as part of the Gas Hedging Program, are fully recoverable and are recorded by DPL as regulatory assets or liabilities. DPL's physical gas purchases are currently all daily, monthly or intra-month transactions. From time to time, DPL will enter into seasonal purchase or sale arrangements, however, there are none currently in the portfolio. Certain of DPL's full requirements contracts, which are considered derivatives, qualify for the NPNS scope exception under current derivative authoritative guidance. Other DPL full requirements contracts are not derivatives.

ACE has contracts to procure BGS electric supply that are executed through a competitive procurement process approved by the NJBPU. The BGS rates charged recover ACE's wholesale power supply costs. ACE does not make any profit or incur any loss on the supply component of the BGS it supplies to customers. ACE's price risk related to electric supply procurement is limited. ACE locks in fixed prices for all of its BGS requirements through full requirements contracts. Certain of ACE's full requirements contracts, which are considered derivatives, qualify for the NPNS scope exception under current derivative authoritative guidance. Other ACE full requirements contracts are not derivatives.

Proprietary Trading. Generation also enters into certain energy-related derivatives for proprietary trading purposes. Proprietary trading includes all contracts entered into with the intent of benefiting from shifts or changes in market prices as opposed to those entered into with the intent of hedging or managing risk. Proprietary trading activities are subject to limits established by Exelon's RMC. The proprietary trading activities, which included settled physical sales volumes of 2,312 GWhs and 4,162 GWhs for the three and six months ended June 30, 2017, respectively, and 1,289 GWhs and 2,509 GWhs and for the three and six months June 30, 2016, respectively, are a complement to Generation's energy marketing portfolio but represent a small portion of Generation's revenue from energy marketing activities. ComEd, PECO, BGE, PHI, Pepco, DPL and ACE do not enter into derivatives for proprietary trading purposes.

Interest Rate and Foreign Exchange Risk (Exelon, Generation, ComEd, PECO, BGE and PHI)

The Registrants use a combination of fixed-rate and variable-rate debt to manage interest rate exposure. The Registrants utilize fixed-to-floating interest rate swaps, which are typically designated as fair value hedges, as a means to manage their interest rate exposure. In addition, the Registrants may utilize interest rate derivatives to lock in rate levels in anticipation of future financings, which are typically designated as cash flow hedges. These strategies are employed to manage interest rate risks. At June 30, 2017, Exelon had $800 million of notional amounts of fixed-to-floating hedges outstanding, and Exelon and Generation had $492 million of notional amounts of floating-to-fixed hedges outstanding. Assuming the interest rate hedges are 100% effective, a

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

hypothetical 50 bps increase in the interest rates associated with unhedged variable-rate debt (excluding Commercial Paper) and fixed-to-floating swaps would result in an approximately $3 million decrease in Exelon Consolidated pre-tax income for the six months ended June 30, 2017. To manage foreign exchange rate exposure associated with international energy purchases in currencies other than U.S. dollars, Generation utilizes foreign currency derivatives, which are typically designated as economic hedges. Below is a summary of the interest rate and foreign exchange hedge balances as of June 30, 2017:

	Generation					Exelon Corporate	Exelon
Description	Derivatives Designated as Hedging Instruments	Economic Hedges	Proprietary Trading [a]	Collateral and Netting [b]	Subtotal	Derivatives Designated as Hedging Instruments	Total
Mark-to-market derivative assets (current assets)	$ —	$ 14	$ 3	$ (11)	$ 6	$ —	$ 6
Mark-to-market derivative assets (noncurrent assets)	—	3	1	(2)	2	11	13
Total mark-to-market derivative assets	—	17	4	(13)	8	11	19
Mark-to-market derivative liabilities (current liabilities)	—	(17)	(4)	11	(10)	—	(10)
Mark-to-market derivative liabilities (noncurrent liabilities)	—	(3)	—	2	(1)	—	(1)
Total mark-to-market derivative liabilities	—	(20)	(4)	13	(11)	—	(11)
Total mark-to-market derivative net assets (liabilities)	$ —	$ (3)	$ —	$ —	$ (3)	$ 11	$ 8

(a) Generation enters into interest rate derivative contracts to economically hedge risk associated with the interest rate component of commodity positions. The characterization of the interest rate derivative contracts between the proprietary trading activity in the above table is driven by the corresponding characterization of the underlying commodity position that gives rise to the interest rate exposure. Generation does not utilize proprietary trading interest rate derivatives with the objective of benefiting from shifts or changes in market interest rates.

(b) Exelon and Generation net all available amounts allowed under the derivative accounting guidance on the balance sheet. These amounts include unrealized derivative transactions with the same counterparty under legally enforceable master netting agreements and cash collateral. In some cases, Exelon and Generation may have other offsetting counterparty exposures subject to a master netting or similar agreement, such as accrued interest, transactions that do not qualify as derivatives, letters of credit and other forms of non-cash collateral. These are not reflected in the table above.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following table provides a summary of the interest rate and foreign exchange hedge balances recorded by the Registrants as of December 31, 2016:

	Generation					Exelon Corporate	Exelon
Description	Derivatives Designated as Hedging Instruments	Economic Hedges	Proprietary Trading [a]	Collateral and Netting [b]	Subtotal	Derivatives Designated as Hedging Instruments	Total
Mark-to-market derivative assets (current assets)	$ —	$ 17	$ 4	$ (13)	$ 8	$ —	$ 8
Mark-to-market derivative assets (noncurrent assets)	—	11	1	(8)	4	16	20
Total mark-to-market derivative assets	—	28	5	(21)	12	16	28
Mark-to-market derivative liabilities (current liabilities)	(7)	(13)	(2)	14	(8)	—	(8)
Mark-to-market derivative liabilities (noncurrent liabilities)	(3)	(8)	(2)	9	(4)	—	(4)
Total mark-to-market derivative liabilities	(10)	(21)	(4)	23	(12)	—	(12)
Total mark-to-market derivative net assets (liabilities)	$ (10)	$ 7	$ 1	$ 2	$ —	$ 16	$ 16

(a) Generation enters into interest rate derivative contracts to economically hedge risk associated with the interest rate component of commodity positions. The characterization of the interest rate derivative contracts between the proprietary trading activity in the above table is driven by the corresponding characterization of the underlying commodity position that gives rise to the interest rate exposure. Generation does not utilize proprietary trading interest rate derivatives with the objective of benefiting from shifts or changes in market interest rates.

(b) Exelon and Generation net all available amounts allowed under the derivative accounting guidance on the balance sheet. These amounts include unrealized derivative transactions with the same counterparty under legally enforceable master netting agreements and cash collateral. In some cases, Exelon and Generation may have other offsetting counterparty exposures subject to a master netting or similar agreement, such as accrued interest, transactions that do not qualify as derivatives, letters of credit and other forms of non-cash collateral. These are not reflected in the table above.

Fair Value Hedges . For derivative instruments that are designated and qualify as fair value hedges, the gain or loss on the derivative as well as the offsetting loss or gain on the hedged item attributable to the hedged risk are recognized in current earnings. Exelon includes the gain or loss on the hedged items and the offsetting loss or gain on the related interest rate swaps in interest expense as follows:

		Three Months Ended June 30,			
	Income Statement Location	2017	2016	2017	2016
		Gain (loss) on Swaps		Gain (loss) on Borrowings	
Exelon	Interest expense	$ 1	$ 5	$ 2	$ (1)

		Six Months Ended June 30,			
	Income Statement Location	2017	2016	2017	2016
		Gain (loss) on Swaps		Gain (loss) on Borrowings	
Exelon	Interest expense	$ (4)	$ 22	$ 10	$ (16)

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

At June 30, 2017, Exelon had total outstanding fixed-to-floating fair value hedges related to interest rate swaps of $800 million, with a derivative asset of $11 million. At December 31, 2016, Exelon had total outstanding fixed-to-floating fair value hedges related to interest rate swaps of $800 million, with a derivative asset of $16 million. During the three and six months ended June 30, 2017 and 2016, the impact on the results of operations as a result of ineffectiveness from fair value hedges was a $3 million gain, a $7 million gain, a $4 million gain, and a $6 million gain, respectively.

Cash Flow Hedges . During the first and second quarter of 2016, Exelon entered into $600 million and $100 million of floating-to-fixed forward starting interest rate swaps, respectively, to manage a portion of the interest rate exposure associated with an anticipated debt issuance. The swaps were designated as cash flow hedges. Exelon terminated the swaps during the second quarter of 2016 upon issuance of the debt. Exelon recognized a loss of $3 million related to the swaps and $3 million of AOCI will be amortized into Other, net in Exelon's Consolidated Statement of Operations and Comprehensive Income over the term of the debt. See Note 10 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for additional information.

During the first quarter of 2016, Exelon entered into a $100 million floating-to-fixed forward starting interest rate swaps to manage a portion of the interest rate exposure associated with an anticipated debt issuance. The swap was designated as a cash flow hedge. Exelon terminated the swap during the first quarter of 2016 upon issuance of the debt. Exelon did not recognize a gain or loss as a result of the termination of the swap and an immaterial amount of AOCI will be amortized into Other, net in Exelon's Consolidated Statement of Operations and Comprehensive Income over the term of the debt.

During the first quarter of 2014, EGR, a subsidiary of Generation, entered into floating-to-fixed interest rate swaps to manage a portion of its interest rate exposure in connection with its long-term borrowings. The swaps were de-designated as cash flow hedges and, during the second quarter of 2017, upon termination of the debt, Generation terminated the swaps. The total notional amount of the swaps was $164 million. No gain or loss was recognized as a result of the termination of the swaps. See Note 10 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for additional information.

During the three and six months ended June 30, 2017 and 2016, the impact on the results of operations as a result of ineffectiveness from cash flow hedges in continuing designated hedge relationships was immaterial.

Economic Hedges . During the third quarter of 2014, EGTP, a subsidiary of Generation, entered into a floating-to-fixed interest rate swap to manage a portion of its interest rate exposure in connection with the long-term borrowing. See Note 14 — Debt and Credit Agreements of the Exelon 2016 Form 10-K for additional information regarding the financing. The swaps have a notional amount of $492 million as of June 30, 2017 and expire in 2019. The swap was designated as a cash flow hedge in the fourth quarter of 2014. During the first quarter of 2017, the swap was de-designated. At June 30, 2017, the subsidiary had a $8 million derivative liability related to the swap.

During the third quarter of 2011, Sacramento PV Energy, a subsidiary of Generation entered into floating-to-fixed interest rate swaps to manage a portion of its interest rate exposure in connection with the long-term borrowings. See Note 14 — Debt and Credit Agreements of the Exelon 2016 Form 10-K for additional information regarding the financing. During the first quarter of 2016, upon the termination of debt, Generation terminated the swaps. The total notional amount of the swaps was $25 million. No gain or loss was recognized as a result of the termination of the swaps.

During the third quarter of 2012, Constellation Solar Horizons, a subsidiary of Generation, entered into a floating-to-fixed interest rate swap to manage a portion of its interest rate exposure in connection with the long-

term borrowings. See Note 14 — Debt and Credit Agreements of the Exelon 2016 Form 10-K for additional information regarding the financing. During the first quarter of 2016, upon the termination of debt, Generation terminated the swap. The total notional amount of the swap was $24 million. No gain or loss was recognized as a result of the termination of the swap.

At June 30, 2017, Generation had immaterial notional amounts of interest rate derivative contracts to economically hedge risk associated with the interest rate component of commodity positions and $103 million in notional amounts of foreign currency exchange rate swaps that are marked-to-market to manage the exposure associated with international purchases of commodities in currencies other than U.S. dollars.

Fair Value Measurement and Accounting for the Offsetting of Amounts Related to Certain Contracts (Exelon, Generation, ComEd, PECO, BGE, PHI and DPL)

Fair value accounting guidance and disclosures about offsetting assets and liabilities requires the fair value of derivative instruments to be shown in the Notes to the Consolidated Financial Statements on a gross basis, even when the derivative instruments are subject to legally enforceable master netting agreements and qualify for net presentation in the Consolidated Balance Sheet. A master netting agreement is an agreement between two counterparties that may have derivative and non-derivative contracts with each other providing for the net settlement of all referencing contracts via one payment stream, which takes place as the contracts deliver, when collateral is requested or in the event of default. Generation's use of cash collateral is generally unrestricted, unless Generation is downgraded below investment grade (i.e., to BB+ or Ba1). In the table below, Generation's energy related economic hedges and proprietary trading derivatives are shown gross. The impact of the netting of fair value balances with the same counterparty that are subject to legally enforceable master netting agreements, as well as netting of cash collateral, including margin on exchange positions, is aggregated in the collateral and netting column. As of June 30, 2017 and December 31, 2016, $2 million and $8 million of cash collateral held, respectively, was not offset against derivative positions because such collateral was not associated with any energy-related derivatives, were associated with accrual positions, or as of the balance sheet date there were no positions to offset. Excluded from the tables below are economic hedges that qualify for the NPNS scope exception and other non-derivative contracts that are accounted for under the accrual method of accounting.

ComEd's use of cash collateral is generally unrestricted unless ComEd is downgraded below investment grade (i.e., to BB+ or Ba1).

Cash collateral held by PECO and BGE must be deposited in a non affiliate major U.S. commercial bank or foreign bank with a U.S. branch office that meet certain qualifications.

In the table below, DPL's economic hedges are shown gross. The impact of the netting of fair value balances with the same counterparty that are subject to legally enforceable master netting agreements, as well as netting of cash collateral, is aggregated in the collateral and netting column.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following table provides a summary of the derivative fair value balances recorded by the Registrants as of June 30, 2017:

	Generation				ComEd	DPL			Successor PHI	Exelon
Derivatives	Economic Hedges	Proprietary Trading	Collateral and Netting (a) (e)	Subtotal (b)	Economic Hedges (c)	Economic Hedges (d)	Collateral and Netting (a)	Subtotal	Subtotal	Total Derivatives
Mark-to-market derivative assets (current assets)	$ 3,198	$ 58	$ (2,429)	$ 827	$ —	$ —	$ —	$ —	$ —	$ 827
Mark-to-market derivative assets (noncurrent assets)	1,736	23	(1,308)	451	—	—	—	—	—	451
Total mark-to-market derivative assets	4,934	81	(3,737)	1,278	—	—	—	—	—	1,278
Mark-to-market derivative liabilities (current liabilities)	(2,895)	(52)	2,732	(215)	(19)	—	—	—	—	(234)
Mark-to-market derivative liabilities (noncurrent liabilities)	(1,644)	(25)	1,490	(179)	(237)	—	—	—	—	(416)
Total mark-to-market derivative liabilities	(4,539)	(77)	4,222	(394)	(256)	—	—	—	—	(650)
Total mark-to-market derivative net assets (liabilities)	$ 395	$ 4	$ 485	$ 884	$ (256)	$ —	$ —	$ —	$ —	$ 628

(a) Exelon, Generation, PHI and DPL net all available amounts allowed under the derivative accounting guidance on the balance sheet. These amounts include unrealized derivative transactions with the same counterparty under legally enforceable master netting agreements and cash collateral. In some cases Exelon and Generation may have other offsetting exposures, subject to a master netting or similar agreement, such as trade receivables and payables, transactions that do not qualify as derivatives, letters of credit and other forms of non-cash collateral. These are not reflected in the table above.

(b) Current and noncurrent assets are shown net of collateral of $149 million and $74 million, respectively, and current and noncurrent liabilities are shown net of collateral of $155 million and $107 million, respectively. The total cash collateral posted, net of cash collateral received and offset against mark-to-market assets and liabilities was $485 million at June 30, 2017.

(c) Includes current and noncurrent liabilities relating to floating-to-fixed energy swap contracts with unaffiliated suppliers.

(d) Represents natural gas futures purchased by DPL as part of a natural gas hedging program approved by the DPSC.

(e) Of the collateral posted/(received), $84 million represents variation margin on the exchanges.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following table provides a summary of the derivative fair value balances recorded by the Registrants as of December 31, 2016:

	Generation				ComEd	DPL			PHI	Successor Exelon
Description	Economic Hedges	Proprietary Trading	Collateral and Netting (a) (e)	Subtotal (b)	Economic Hedges (c)	Economic Hedges (d)	Collateral and Netting (a)	Subtotal	Subtotal	Total Derivatives
Mark-to-market derivative assets (current assets)	$ 3,623	$ 55	$ (2,769)	$ 909	$ —	$ 2	$ (2)	$ —	$ —	$ 909
Mark-to-market derivative assets (noncurrent assets)	1,467	21	(1,016)	472	—	—	—	—	—	472
Total mark-to-market derivative assets	5,090	76	(3,785)	1,381	—	2	(2)	—	—	1,381
Mark-to-market derivative liabilities (current liabilities)	(3,165)	(54)	2,964	(255)	(19)	—	—	—	—	(274)
Mark-to-market derivative liabilities (noncurrent liabilities)	(1,274)	(25)	1,150	(149)	(239)	—	—	—	—	(388)
Total mark-to-market derivative liabilities	(4,439)	(79)	4,114	(404)	(258)	—	—	—	—	(662)
Total mark-to-market derivative net assets (liabilities)	$ 651	$ (3)	$ 329	$ 977	$ (258)	$ 2	$ (2)	$ —	$ —	$ 719

(a) Exelon, Generation, PHI and DPL net all available amounts allowed under the derivative accounting guidance on the balance sheet. These amounts include unrealized derivative transactions with the same counterparty under legally enforceable master netting agreements and cash collateral. In some cases Exelon and Generation may have other offsetting exposures, subject to a master netting or similar agreement, such as trade receivables and payables, transactions that do not qualify as derivatives, and letters of credit and other forms of non-cash collateral. These are not reflected in the table above.

(b) Current and noncurrent assets are shown net of collateral of $100 million and $72 million, respectively, and current and noncurrent liabilities are shown net of collateral of $95 million and $62 million, respectively. The total cash collateral posted, net of cash collateral received and offset against mark-to-market assets and liabilities was $329 million at December 31, 2016.

(c) Includes current and noncurrent liabilities relating to floating-to-fixed energy swap contracts with unaffiliated suppliers.

(d) Represents natural gas futures purchased by DPL as part of a natural gas hedging program approved by the DPSC.

(e) Of the collateral posted/(received), $(158) million represents variation margin on the exchanges.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Cash Flow Hedges (Exelon and Generation). The tables below provide the activity of OCI related to cash flow hedges for the six months ended June 30, 2017 and 2016, containing information about the changes in the fair value of cash flow hedges and the reclassification from Accumulated OCI into results of operations. The amounts reclassified from OCI, when combined with the impacts of the hedged transactions, result in the ultimate recognition of net revenues or expenses at the contractual price.

		Total Cash Flow Hedge OCI Activity, Net of Income Tax	
		Generation	Exelon
Three Months Ended June 30, 2017	Income Statement Location	Total Cash Flow Hedges	Total Cash Flow Hedges
Accumulated OCI derivative loss at March 31, 2017		$ (13)	$ (11)
Effective portion of changes in fair value		(1)	(1)
Accumulated OCI derivative loss at June 30, 2017		$ (14)	$ (12)

		Total Cash Flow Hedge OCI Activity, Net of Income Tax	
		Generation	Exelon
Six Months Ended June 30, 2017	Income Statement Location	Total Cash Flow Hedges	Total Cash Flow Hedges
Accumulated OCI derivative loss at December 31, 2016		$ (19)	$ (17)
Effective portion of changes in fair value		1	1
Reclassifications from AOCI to net income	Interest Expense	4[(a)]	4[(a)]
Accumulated OCI derivative loss at June 30, 2017		$ (14)	$ (12)

		Total Cash Flow Hedge OCI Activity, Net of Income Tax	
		Generation	Exelon
Three Months Ended June 30, 2016	Income Statement Location	Total Cash Flow Hedges	Total Cash Flow Hedges
Accumulated OCI derivative loss at March 31, 2016		$ (26)	$ (26)
Reclassifications from AOCI to net income	Interest Expense	1	—
Accumulated OCI derivative loss at June 30, 2016		$ (25)	$ (26)

		Total Cash Flow Hedge OCI Activity, Net of Income Tax	
		Generation	Exelon
Six Months Ended June 30, 2016	Income Statement Location	Total Cash Flow Hedges	Total Cash Flow Hedges
Accumulated OCI derivative loss at December 31, 2015		$ (21)	$ (19)
Effective portion of changes in fair value		(7)	(10)
Reclassifications from AOCI to net income	Interest Expense	3[(b)]	3[(b)]
Accumulated OCI derivative loss at June 30, 2016		$ (25)	$ (26)

(a) Amount is net of related income tax expense of $3 million for the six months ended June 30, 2017.
(b) Amount is net of related income tax expense of $2 million for the six months ended June 30, 2016.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Economic Hedges (Exelon and Generation). These instruments represent hedges that economically mitigate exposure to fluctuations in commodity prices and include financial options, futures, swaps, physical forward sales and purchases, but for which the fair value or cash flow hedge elections were not made. Additionally, Generation enters into interest rate derivative contracts and foreign exchange currency swaps ("treasury") to manage the exposure related to the interest rate component of commodity positions and international purchases of commodities in currencies other than U.S. Dollars. For the three and six months ended June 30, 2017 and 2016, the following net pre-tax mark-to-market gains (losses) of certain purchase and sale contracts were reported in Operating revenues or Purchased power and fuel expense, or Interest expense at Exelon and Generation in the Consolidated Statements of Operations and Comprehensive Income and are included in "Net fair value changes related to derivatives" in Exelon's and Generation's Consolidated Statements of Cash Flows. In the tables below, "Change in fair value" represents the change in fair value of the derivative contracts held at the reporting date. The "Reclassification to realized" generally represents the recognized change in fair value that was reclassified from unrealized to realized when the transaction to which the derivative relates occurs.

	Generation			Exelon
Three Months Ended June 30, 2017	**Operating Revenues**	**Purchased Power and Fuel**	**Total**	**Total**
Change in fair value of commodity positions	$ (100)	$ (62)	$(162)	$(162)
Reclassification to realized at settlement of commodity positions	(41)	21	(20)	(20)
Net commodity mark-to-market gains (losses)	(141)	(41)	(182)	(182)
Change in fair value of treasury positions	(2)	—	(2)	(2)
Reclassification to realized at settlement of treasury positions	—	—	—	—
Net treasury mark-to-market gains (losses)	(2)	—	(2)	(2)
Net mark-to-market gains (losses)	$ (143)	$ (41)	$(184)	$(184)

	Generation			Exelon
Six Months Ended June 30, 2017	**Operating Revenues**	**Purchased Power and Fuel**	**Total**	**Total**
Change in fair value of commodity positions	$ (9)	$ (197)	$(206)	$(206)
Reclassification to realized of commodity positions	(87)	63	(24)	(24)
Net commodity mark-to-market gains (losses)	(96)	(134)	(230)	(230)
Change in fair value of treasury positions	(1)	—	(1)	(1)
Reclassification to realized of treasury positions	(2)	—	(2)	(2)
Net treasury mark-to-market gains (losses)	(3)	—	(3)	(3)
Net mark-to-market gains (losses)	$ (99)	$ (134)	$(233)	$(233)

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Three Months Ended June 30, 2016	Generation Operating Revenues	Generation Purchased Power and Fuel	Generation Total	Exelon Total
Change in fair value of commodity positions	$ (432)	$ 235	$(197)	$(197)
Reclassification to realized at settlement of commodity positions	(181)	76	(105)	(105)
Net commodity mark-to-market gains (losses)	(613)	311	(302)	(302)
Change in fair value of treasury positions	1	—	1	1
Reclassification to realized at settlement of treasury positions	(3)	—	(3)	(3)
Net treasury mark-to-market gains (losses)	(2)	—	(2)	(2)
Net mark-to-market gains (losses)	$ (615)	$ 311	$(304)	$(304)

Six Months Ended June 30, 2016	Generation Operating Revenues	Generation Purchased Power and Fuel	Generation Total	Exelon Total
Change in fair value of commodity positions	$ (153)	$ 109	$ (44)	$ (44)
Reclassification to realized of commodity positions	(392)	243	(149)	(149)
Net commodity mark-to-market gains (losses)	(545)	352	(193)	(193)
Change in fair value of treasury positions	(4)	—	(4)	(4)
Reclassification to realized of treasury positions	(4)	—	(4)	(4)
Net treasury mark-to-market gains (losses)	(8)	—	(8)	(8)
Net mark-to-market gains (losses)	$ (553)	$ 352	$(201)	$(201)

Proprietary Trading Activities (Exelon and Generation). For the three and six months ended June 30, 2017 and 2016, Exelon and Generation recognized the following net unrealized mark-to-market gains (losses), net realized mark-to-market gains (losses) and total net mark-to-market gains (losses) before income taxes relating to mark-to-market activity on commodity derivative instruments entered into for proprietary trading purposes and interest rate and foreign exchange derivative contracts to hedge risk associated with the interest rate and foreign exchange components of underlying commodity positions. Gains and losses associated with proprietary trading are reported as operating revenues in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income and are included in "Net fair value changes related to derivatives" in Exelon's and Generation's Consolidated Statements of Cash Flows. In the tables below, "Change in fair value" represents the change in fair value of the derivative contracts held at the reporting date. The "Reclassification to realized" represents the recognized change in fair value that was reclassified to realized due to settlement of the derivative during the period.

	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
Change in fair value of commodity positions	$ 6	$ 5	$ 6	$ 14
Reclassification to realized of commodity positions	(6)	(5)	(7)	(11)
Net commodity mark-to-market gains (losses)	—	—	(1)	3
Change in fair value of treasury positions	—	—	(1)	(2)
Reclassification to realized of treasury positions	—	(1)	—	1
Net treasury mark-to-market gains (losses)	—	(1)	(1)	(1)
Total net mark-to-market gains (losses)	$ —	$ (1)	$ (2)	$ 2

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Credit Risk (All Registrants)

The Registrants would be exposed to credit-related losses in the event of non-performance by counterparties that enter into derivative instruments. The credit exposure of derivative contracts, before collateral, is represented by the fair value of contracts at the reporting date. For energy-related derivative instruments, Generation enters into enabling agreements that allow for payment netting with its counterparties, which reduces Generation's exposure to counterparty risk by providing for the offset of amounts payable to the counterparty against amounts receivable from the counterparty. Typically, each enabling agreement is for a specific commodity and so, with respect to each individual counterparty, netting is limited to transactions involving that specific commodity product, except where master netting agreements exist with a counterparty that allow for cross product netting. In addition to payment netting language in the enabling agreement, Generation's credit department establishes credit limits, margining thresholds and collateral requirements for each counterparty, which are defined in the derivative contracts. Counterparty credit limits are based on an internal credit review process that considers a variety of factors, including the results of a scoring model, leverage, liquidity, profitability, credit ratings by credit rating agencies and risk management capabilities. To the extent that a counterparty's margining thresholds are exceeded, the counterparty is required to post collateral with Generation as specified in each enabling agreement. Generation's credit department monitors current and forward credit exposure to counterparties and their affiliates, both on an individual and an aggregate basis.

The following tables provide information on Generation's credit exposure for all derivative instruments, NPNS and applicable payables and receivables, net of collateral and instruments that are subject to master netting agreements, as of June 30, 2017. The tables further delineate that exposure by credit rating of the counterparties and provide guidance on the concentration of credit risk to individual counterparties. The figures in the tables below exclude credit risk exposure from individual retail counterparties, Nuclear fuel procurement contracts and exposure through RTOs, ISOs, NYMEX, ICE, NASDAQ, NGX and Nodal commodity exchanges. Additionally, the figures in the tables below exclude exposures with affiliates, including net receivables with ComEd, PECO, BGE, Pepco, DPL and ACE of $23 million, $27 million, $21 million, $41 million, $12 million, and $6 million as of June 30, 2017, respectively.

Rating as of June 30, 2017	Total Exposure Before Credit Collateral	Credit Collateral [a]	Net Exposure	Number of Counterparties Greater than 10% of Net Exposure	Net Exposure of Counterparties Greater than 10% of Net Exposure
Investment grade	$ 878	$ 14	$ 864	1	$ 299
Non-investment grade	47	1	46	—	—
No external ratings					
Internally rated — investment grade	327	—	327	—	—
Internally rated — non-investment grade	123	14	109	—	—
Total	$ 1,375	$ 29	$ 1,346	1	$ 299

Net Credit Exposure by Type of Counterparty	As of June 30, 2017
Financial institutions	$ 89
Investor-owned utilities, marketers, power producers	563
Energy cooperatives and municipalities	560
Other	134
Total	$ 1,346

(a) As of June 30, 2017, credit collateral held from counterparties where Generation had credit exposure included $19 million of cash and $10 million of letters of credit. The credit collateral does not include non-liquid collateral.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

ComEd's power procurement contracts provide suppliers with a certain amount of unsecured credit. The credit position is based on forward market prices compared to the benchmark prices. The benchmark prices are the forward prices of energy projected through the contract term and are set at the point of supplier bid submittals. If the forward market price of energy exceeds the benchmark price, the suppliers are required to post collateral for the secured credit portion after adjusting for any unpaid deliveries and unsecured credit allowed under the contract. The unsecured credit used by the suppliers represents ComEd's net credit exposure. As of June 30, 2017, ComEd's net credit exposure to suppliers was approximately $1 million.

ComEd is permitted to recover its costs of procuring energy through the Illinois Settlement Legislation. ComEd's counterparty credit risk is mitigated by its ability to recover realized energy costs through customer rates. See Note 3 — Regulatory Matters of the Exelon 2016 Form 10-K for additional information.

PECO's supplier master agreements that govern the terms of its electric supply procurement contracts, which define a supplier's performance assurance requirements, allow a supplier to meet its credit requirements with a certain amount of unsecured credit. The amount of unsecured credit is determined based on the supplier's lowest credit rating from the major credit rating agencies and the supplier's tangible net worth. The credit position is based on the initial market price, which is the forward price of energy on the day a transaction is executed, compared to the current forward price curve for energy. To the extent that the forward price curve for energy exceeds the initial market price, the supplier is required to post collateral to the extent the credit exposure is greater than the supplier's unsecured credit limit. The unsecured credit used by the suppliers represents PECO's net credit exposure. As of June 30, 2017, PECO had no material net credit exposure to suppliers.

PECO is permitted to recover its costs of procuring electric supply through its PAPUC-approved DSP Program. PECO's counterparty credit risk is mitigated by its ability to recover realized energy costs through customer rates. See Note 5 — Regulatory Matters for additional information.

PECO's natural gas procurement plan is reviewed and approved annually on a prospective basis by the PAPUC. PECO's counterparty credit risk under its natural gas supply and asset management agreements is mitigated by its ability to recover its natural gas costs through the PGC, which allows PECO to adjust rates quarterly to reflect realized natural gas prices. PECO does not obtain collateral from suppliers under its natural gas supply and asset management agreements. As of June 30, 2017, PECO had no material credit exposure under its natural gas supply and asset management agreements with investment grade suppliers.

BGE is permitted to recover its costs of procuring energy through the MDPSC-approved procurement tariffs. BGE's counterparty credit risk is mitigated by its ability to recover realized energy costs through customer rates. See Note 3 — Regulatory Matters of the Exelon 2016 Form 10-K for additional information.

BGE's full requirement wholesale electric power agreements that govern the terms of its electric supply procurement contracts, which define a supplier's performance assurance requirements, allow a supplier, or its guarantor, to meet its credit requirements with a certain amount of unsecured credit. The amount of unsecured credit is determined based on the supplier's lowest credit rating from the major credit rating agencies and the supplier's tangible net worth, subject to an unsecured credit cap. The credit position is based on the initial market price, which is the forward price of energy on the day a transaction is executed, compared to the current forward price curve for energy. To the extent that the forward price curve for energy exceeds the initial market price, the supplier is required to post collateral to the extent the credit exposure is greater than the supplier's unsecured credit limit. The unsecured credit used by the suppliers represents BGE's net credit exposure. The seller's credit exposure is calculated each business day. As of June 30, 2017, BGE had no net credit exposure to suppliers.

BGE's regulated gas business is exposed to market-price risk. This market-price risk is mitigated by BGE's recovery of its costs to procure natural gas through a gas cost adjustment clause approved by the MDPSC. BGE

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does make off-system sales after BGE has satisfied its customers' demands, which are not covered by the gas cost adjustment clause. At June 30, 2017, BGE had credit exposure of less than $1 million related to off-system sales which is mitigated by parental guarantees, letters of credit or right to offset clauses within other contracts with those third-party suppliers.

Pepco's, DPL's and ACE's power procurement contracts provide suppliers with a certain amount of unsecured credit. The amount of unsecured credit is determined based on the supplier's lowest credit rating from the major credit rating agencies and the supplier's tangible net worth. The credit position is based on the initial market price, which is the forward price of energy on the day a transaction is executed, compared to the current forward price curve for energy. To the extent that the forward price curve for energy exceeds the initial market price, the supplier is required to post collateral to the extent the credit exposure is greater than the supplier's unsecured credit limit. The unsecured credit used by the suppliers represents Pepco's, DPL's and ACE's net credit exposure. As of June 30, 2017, Pepco's, DPL's and ACE's net credit exposures to suppliers were immaterial.

Pepco is permitted to recover its costs of procuring energy through the MDPSC-approved and DCPSC-approved procurement tariffs. DPL is permitted to recover its costs of procuring energy through the MDPSC-approved and DPSC-approved procurement tariffs. ACE is permitted to recover its costs of procuring energy through the NJBPU-approved procurement tariffs. Pepco's, DPL's and ACE's counterparty credit risks are mitigated by their ability to recover realized energy costs through customer rates. See Note 3 — Regulatory Matters of the Exelon 2016 Form 10-K for additional information.

DPL's natural gas procurement plan is reviewed and approved annually on a prospective basis by the DPSC. DPL's counterparty credit risk under its natural gas supply and asset management agreements is mitigated by its ability to recover its natural gas costs through the GCR, which allows DPL to adjust rates annually to reflect realized natural gas prices. To the extent that the fair value of the transactions in a net loss position exceeds the unsecured credit threshold, then collateral is required to be posted in an amount equal to the amount by which the unsecured credit threshold is exceeded. Exchange-traded contracts are required to be fully collateralized without regard to the credit rating of the holder. As of June 30, 2017, DPL had no credit exposure under its natural gas supply and asset management agreements with investment grade suppliers.

Collateral and Contingent-Related Features (All Registrants)

As part of the normal course of business, Generation routinely enters into physical or financially settled contracts for the purchase and sale of electric capacity, energy, fuels, emissions allowances and other energy-related products. Certain of Generation's derivative instruments contain provisions that require Generation to post collateral. Generation also enters into commodity transactions on exchanges (i.e., NYMEX, ICE). The exchanges act as the counterparty to each trade. Transactions on the exchanges must adhere to comprehensive collateral and margining requirements. This collateral may be posted in the form of cash or credit support with thresholds contingent upon Generation's credit rating from each of the major credit rating agencies. The collateral and credit support requirements vary by contract and by counterparty. These credit-risk-related contingent features stipulate that if Generation were to be downgraded or lose its investment grade credit rating (based on its senior unsecured debt rating), it would be required to provide additional collateral. This incremental collateral requirement allows for the offsetting of derivative instruments that are assets with the same counterparty, where the contractual right of offset exists under applicable master netting agreements. In the absence of expressly agreed-to provisions that specify the collateral that must be provided, collateral requested will be a function of the facts and circumstances of the situation at the time of the demand. In this case, Generation believes an amount of several months of future payments (i.e., capacity payments) rather than a calculation of fair value is the best estimate for the contingent collateral obligation, which has been factored into the disclosure below.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The aggregate fair value of all derivative instruments with credit-risk-related contingent features in a liability position that are not fully collateralized (excluding transactions on the exchanges that are fully collateralized) is detailed in the table below:

Credit-Risk Related Contingent Feature	June 30, 2017	December 31, 2016
Gross Fair Value of Derivative Contracts Containing this Feature [(a)]	$ (942)	$ (960)
Offsetting Fair Value of In-the-Money Contracts Under Master Netting Arrangements [(b)]	601	627
Net Fair Value of Derivative Contracts Containing This Feature [(c)]	$ (341)	$ (333)

(a) Amount represents the gross fair value of out-of-the-money derivative contracts containing credit-risk related contingent features ignoring the effects of master netting agreements.
(b) Amount represents the offsetting fair value of in-the-money derivative contracts under legally enforceable master netting agreements with the same counterparty, which reduces the amount of any liability for which a Registrant could potentially be required to post collateral.
(c) Amount represents the net fair value of out-of-the-money derivative contracts containing credit-risk related contingent features after considering the mitigating effects of offsetting positions under master netting arrangements and reflects the actual net liability upon which any potential contingent collateral obligations would be based.

Generation had cash collateral posted of $517 million and letters of credit posted of $278 million and cash collateral held of $34 million and letters of credit held of $21 million as of June 30, 2017 for external counterparties with derivative positions. Generation had cash collateral posted of $347 million and letters of credit posted of $284 million and cash collateral held of $24 million and letters of credit held of $28 million at December 31, 2016 for external counterparties with derivative positions. In the event of a credit downgrade below investment grade (i.e., to BB+ by S&P or Ba1 by Moody's), Generation would have been required to post additional collateral of $1.8 billion and $1.9 billion as of June 30, 2017 and December 31, 2016, respectively. These amounts represent the potential additional collateral required after giving consideration to offsetting derivative and non-derivative positions under master netting agreements.

Generation's and Exelon's interest rate swaps contain provisions that, in the event of a merger, if Generation's debt ratings were to materially weaken, it would be in violation of these provisions, resulting in the ability of the counterparty to terminate the agreement prior to maturity. Collateralization would not be required under any circumstance. Termination of the agreement could result in a settlement payment by Exelon or the counterparty on any interest rate swap in a net liability position. The settlement amount would be equal to the fair value of the swap on the termination date. As of June 30, 2017, Generation's swaps were in a liability position with a fair value of $3 million and Exelon's swaps were in an asset position, with a fair value of $8 million.

See Note 26 — Segment Information of the Exelon 2016 Form 10-K for further information regarding the letters of credit supporting the cash collateral.

Generation entered into supply forward contracts with certain utilities, including PECO and BGE, with one-sided collateral postings only from Generation. If market prices fall below the benchmark price levels in these contracts, the utilities are not required to post collateral. However, when market prices rise above the benchmark price levels, counterparty suppliers, including Generation, are required to post collateral once certain unsecured credit limits are exceeded. Under the terms of ComEd's standard block energy contracts, collateral postings are one-sided from suppliers, including Generation, should exposures between market prices and benchmark prices exceed established unsecured credit limits outlined in the contracts. As of June 30, 2017, ComEd held approximately $13 million in collateral from suppliers in association with energy procurement contracts. Under the terms of ComEd's annual renewable energy contracts, collateral postings are required to cover a fixed value

for RECs only. In addition, under the terms of ComEd's long-term renewable energy contracts, collateral postings are required from suppliers for both RECs and energy. The REC portion is a fixed value and the energy portion is one-sided from suppliers should the forward market prices exceed contract prices. As of June 30, 2017, ComEd held approximately $19 million in the form of cash and letters of credit as margin for both the annual and long-term REC obligations. If ComEd lost its investment grade credit rating as of June 30, 2017, it would have been required to post approximately $12 million of collateral to its counterparties. See Note 3 — Regulatory Matters of the Exelon 2016 Form 10-K for additional information.

PECO's natural gas procurement contracts contain provisions that could require PECO to post collateral. This collateral may be posted in the form of cash or credit support with thresholds contingent upon PECO's credit rating from the major credit rating agencies. The collateral and credit support requirements vary by contract and by counterparty. As of June 30, 2017, PECO was not required to post collateral for any of these agreements. If PECO lost its investment grade credit rating as of June 30, 2017, PECO could have been required to post approximately $21 million of collateral to its counterparties.

PECO's supplier master agreements that govern the terms of its DSP Program contracts do not contain provisions that would require PECO to post collateral.

BGE's full requirements wholesale power agreements that govern the terms of its electric supply procurement contracts do not contain provisions that would require BGE to post collateral.

BGE's natural gas procurement contracts contain provisions that could require BGE to post collateral. This collateral may be posted in the form of cash or credit support with thresholds contingent upon BGE's credit rating from the major credit rating agencies. The collateral and credit support requirements vary by contract and by counterparty. As of June 30, 2017, BGE was not required to post collateral for any of these agreements. If BGE lost its investment grade credit rating as of June 30, 2017, BGE could have been required to post approximately $36 million of collateral to its counterparties.

Pepco's full requirements wholesale power agreements that govern the terms of its electric supply procurement contracts do not contain provisions that would require Pepco to post collateral.

DPL's full requirements wholesale power agreements that govern the terms of its electric supply procurement contracts do not contain provisions that would require DPL to post collateral.

DPL's natural gas procurement contracts contain provisions that could require DPL to post collateral. To the extent that the fair value of the natural gas derivative transaction in a net loss position exceeds the unsecured credit threshold, then collateral is required to be posted in an amount equal to the amount by which the unsecured credit threshold is exceeded. The DPL obligations are standalone, without the guaranty of PHI. If DPL lost its investment grade credit rating as of June 30, 2017, DPL could have been required to post an additional amount of approximately $10 million of collateral to its natural gas counterparties.

ACE's full requirements wholesale power agreements that govern the terms of its electric supply procurement contracts do not contain provisions that would require ACE to post collateral.

10. Debt and Credit Agreements (All Registrants)

Short-Term Borrowings

Exelon, Pepco, DPL and ACE meet their short-term liquidity requirements primarily through the issuance of commercial paper and short-term notes. ComEd and BGE meet their short-term liquidity requirements primarily

through the issuance of commercial paper. Generation and PECO meet their short-term liquidity requirements primarily through the issuance of commercial paper and borrowings from the Exelon intercompany money pool. PHI meets its short-term liquidity requirement primarily through the issuance of short-term notes and the Exelon intercompany money pool.

Commercial Paper

The Registrants had the following amounts of commercial paper borrowings outstanding as of June 30, 2017 and December 31, 2016:

Commercial Paper Borrowings	June 30, 2017	December 31, 2016
Exelon Corporate	$ —	$ —
Generation	569	620
ComEd	389	—
BGE	85	45
Pepco	—	23
DPL	25	—
ACE	42	—

Short-Term Loan Agreements

On January 13, 2016, PHI entered into a $500 million term loan agreement, which was amended on March 28, 2016. The net proceeds of the loan were used to repay PHI's outstanding commercial paper, and for general corporate purposes. Pursuant to the loan agreement, as amended, loans made thereunder bear interest at a variable rate equal to LIBOR plus 1%, and all indebtedness thereunder is unsecured. On March 23, 2017, the aggregate principal amount of all loans, together with any accrued but unpaid interest due under the loan agreement was fully repaid and the loan terminated. On March 23, 2017, Exelon Corporate entered into a similar type term loan for $500 million which expires on March 22, 2018. Pursuant to the loan agreement, loans made thereunder bear interest at a variable rate equal to LIBOR plus 1% and all indebtedness thereunder is unsecured. The loan agreement is reflected in Exelon's Consolidated Balance Sheet within Short-Term borrowings.

Credit Agreements

On January 9, 2017, the credit agreement for Generation's $75 million bilateral credit facility was amended and restated to increase the facility size to $100 million and extend the maturity to January 2019. This facility will solely be used by Generation to issue letters of credit.

On May 26, 2016, Exelon Corporate, Generation, ComEd, PECO and BGE entered into amendments to each of their respective syndicated revolving credit facilities, which extended the maturity of each of the facilities to May 26, 2021. Exelon Corporate also increased the size of its facility from $500 million to $600 million. On May 26, 2016, PHI, Pepco, DPL and ACE entered into an amendment to their Second Amended and Restated Credit Agreement dated as of August 1, 2011, which (i) extended the maturity date of the facility to May 26, 2021, (ii) removed PHI as a borrower under the facility, (iii) decreased the size of the facility from $1.5 billion to $900 million and (iv) converted its financial covenant from a debt to capitalization leverage ratio to an interest coverage ratio. On May 26, 2017, each of the Registrants' respective syndicated revolving credit facilities had their maturity dates extended to May 26, 2022.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Long-Term Debt

Issuance of Long-Term Debt

During the six months ended June 30, 2017, the following long-term debt was issued:

Company	Type	Interest Rate	Maturity	Amount	Use of Proceeds
Exelon	Junior Subordinated Notes [(a)]	3.50%	June 1, 2022	$ 1,150	Refinance Exelon's Junior Subordinated Notes issued in June 2014.
Generation	Albany Green Energy Project Financing	LIBOR + 1.25%	November 17, 2017	$ 13	Albany Green Energy biomass generation development.
Generation	Energy Efficiency Project Financing	3.90%	February 1, 2018	$ 12	Funding to install energy conservation measures for the Naval Station Great Lakes project.
Generation	Energy Efficiency Project Financing	2.61%	September 30, 2018	$ 6	Funding to install energy conservation measures for the Pensacola project.
Generation	Energy Efficiency Project Financing	3.53%	April 1, 2019	$ 8	Funding to install energy conservation measures for the State Department project.
Generation	Energy Efficiency Project Financing	3.72%	May 1, 2018	$ 3	Funding to install energy conservation measures for the Smithsonian Zoo project.
Generation	Senior Notes	2.95%	January 15, 2020	$ 250	Repay outstanding commercial paper obligations and for general corporate purposes.
Generation	Senior Notes	3.40%	March 15, 2022	$ 500	Repay outstanding commercial paper obligations and for general corporate purposes.
Generation	ExGen Texas Power Nonrecourse Debt	LIBOR + 4.75%	September 18, 2021	$ 6	Funding for general corporate purposes.
Pepco	Energy Efficiency Project Financing	3.30%	December 15, 2017	$ 1	Funding to install energy conservation measures for the DOE Germantown project.
Pepco	First Mortgage Bonds	4.15%	March 15, 2043	$ 200	Funding to repay outstanding commercial paper and for general corporate purposes.

(a) See the Junior Subordinated Notes discussion below for further information.

EGTP Nonrecourse Debt

In September 2014, EGTP, an indirect subsidiary of Exelon and Generation, issued $675 million aggregate principal amount of a nonrecourse senior secured term loan. The net proceeds were distributed to Generation for general business purposes. The loan is scheduled to mature on September 18, 2021. The term loan bears interest at a variable rate equal to LIBOR plus 4.75%, subject to a 1% LIBOR floor with interest payable quarterly. As of June 30, 2017, $662 million was outstanding. As part of the agreement, a revolving credit facility was established for the amount of $20 million available through, and scheduled to mature on September 18, 2019. In addition to the financing, EGTP entered into various interest rate swaps with an initial notional amount of approximately $505 million at an interest rate of 2.34% to hedge a portion of the interest rate exposure in connection with this financing, as required by the debt covenants. See Note 9 — Derivative Financial Instruments for additional information regarding interest rate swaps.

On May 2, 2017, EGTP entered into a consent agreement with its lenders, which resulted in the outstanding debt balance being classified as Long-term debt due within one year on Exelon's and Generation's Consolidated Balance Sheets. See Note 4 — Mergers, Acquisitions and Dispositions and Note 6 — Impairment of Long-Lived Assets for more information.

Junior Subordinated Notes

In June 2014, Exelon issued $1.15 billion of junior subordinated notes in the form of 23 million equity units at a stated amount of $50.00 per unit. Each equity unit represented an undivided beneficial ownership interest in Exelon's $1.15 billion of 2.50% junior subordinated notes due in 2024 ("2024 notes") and a forward equity purchase contract. As contemplated in the June 2014 equity unit structure, in April 2017, Exelon completed the remarketing of the 2024 notes into $1.15 billion of 3.497% junior subordinated notes due in 2022 ("Remarketing"). Exelon conducted the Remarketing on behalf of the holders of equity units and did not directly receive any proceeds therefrom. Instead, the former holders of the 2024 notes used debt remarketing proceeds towards settling the forward equity purchase contract with Exelon on June 1, 2017. Exelon issued approximately 33 million shares of common stock from treasury stock and received $1.15 billion upon settlement of the forward equity purchase contract. When reissuing treasury stock Exelon uses the average price paid to repurchase shares to calculate a gain or loss on issuance and records gains or losses directly to retained earnings. A loss on reissuance of treasury shares of $1.05 billion was recorded to retained earnings as of June 30, 2017. See Note 16 — Earnings Per Share and Equity for further information on the issuance of common stock.

BGE Redemption of Trust Preferred Securities

On August 1, 2017, BGE announced that it intends to redeem all of the outstanding shares of BGE Capital Trust II 6.20% Preferred Securities, which totaled $258 million at June 30, 2017. The securities will be redeemed on August 28, 2017, pursuant to the optional redemption provisions of the Indenture under which the securities were issued. The redemption will be made to stockholders of record as of the close of business on August 25, 2017. The redemption price per share is $25.19, which equals the stated value per share plus accrued and unpaid dividends to, but excluding, the redemption date. No dividends on the Securities being redeemed will accrue on or after the redemption date, nor will any interest accrue on amounts held to pay the redemption price.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

11. Income Taxes (All Registrants)

The effective income tax rate from continuing operations varies from the U.S. Federal statutory rate principally due to the following:

	Three Months Ended June 30, 2017								
									Successor
	Exelon [a]	Generation [b]	ComEd	PECO	BGE	Pepco	DPL	ACE	PHI
U.S. Federal statutory rate	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%
Increase (decrease) due to:									
State income taxes, net of Federal income tax benefit	(2,745.7)	5.6	5.8	(0.6)	5.0	3.2	4.6	5.6	4.3
Qualified nuclear decommissioning trust fund income	3,156.6	(6.3)	—	—	—	—	—	—	—
Amortization of investment tax credit, including deferred taxes on basis difference	(528.7)	0.9	(0.2)	(0.1)	(0.2)	(0.1)	(0.1)	(0.4)	(0.1)
Plant basis differences	(2,764.4)	—	(0.2)	(16.0)	(0.3)	(6.2)	(1.7)	(3.3)	(4.8)
Production tax credits and other credits	(1,035.7)	2.0	—	—	—	—	—	—	—
Noncontrolling interests	84.7	(0.2)	—	—	—	—	—	—	—
Like-kind exchange [c]	(5,362.4)	—	5.9	—	—	—	—	—	—
Other	1,960.6	1.1	0.5	0.2	1.3	(0.2)	0.9	(3.6)	0.9
Effective income tax rate	(7,200.0)%	38.1%	46.8%	18.5%	40.8%	31.7%	38.7%	33.3%	35.3%

	Three Months Ended June 30, 2016								
									Successor
	Exelon	Generation [d]	ComEd	PECO	BGE [e]	Pepco	DPL	ACE	PHI
U.S. Federal statutory rate	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%
Increase (decrease) due to:									
State income taxes, net of Federal income tax benefit	2.3	(116.7)	4.8	0.3	2.0	3.5	4.8	5.9	6.1
Qualified nuclear decommissioning trust fund income	5.7	591.2	—	—	—	—	—	—	—
Amortization of investment tax credit, including deferred taxes on basis difference	(1.8)	(157.8)	(0.2)	(0.1)	(0.4)	(0.1)	(0.6)	(1.6)	(0.3)
Plant basis differences [f]	(6.9)	—	(0.4)	(11.3)	(20.6)	(5.7)	(3.5)	(7.1)	(7.0)
Production tax credits and other credits	(5.8)	(603.0)	—	—	—	—	—	—	—
Noncontrolling interest	0.9	94.4	—	—	—	—	—	—	—
Statute of limitations expiration	(1.7)	(410.8)	—	—	—	—	—	—	—
Merger expenses	0.2	—	—	—	—	0.2	3.1	—	1.0
Other [g]	(3.3)	(52.3)	(0.6)	(5.2)	(1.0)	(1.0)	1.2	7.8	1.0
Effective income tax rate	24.6%	(620.0)%	38.6%	18.7%	15.0%	31.9%	40.0%	40.0%	35.8%

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Six Months Ended June 30, 2017								
									Successor
	Exelon	Generation	ComEd	PECO	BGE	Pepco	DPL	ACE	PHI
U.S. Federal statutory rate	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%
Increase (decrease) due to:									
State income taxes, net of Federal income tax benefit	(1.0)	(13.6)	5.3	(0.1)	5.1	3.8	5.1	5.6	4.6
Qualified nuclear decommissioning trust fund income	5.6	51.2	—	—	—	—	—	—	—
Amortization of investment tax credit, including deferred taxes on basis difference	(0.7)	(5.4)	(0.2)	(0.1)	(0.1)	(0.1)	(0.2)	(0.4)	(0.2)
Plant basis differences	(4.3)	—	(0.2)	(14.3)	(0.7)	(6.0)	(1.8)	(3.3)	(4.3)
Production tax credits and other credits	(1.4)	(12.3)	—	—	—	—	—	—	—
Noncontrolling interests	(0.1)	(0.5)	—	—	—	—	—	—	—
Merger expenses [h]	(11.4)	(13.7)	—	—	—	(16.2)	(15.1)	(85.3)	(23.8)
Fitzpatrick bargain purchase gain	(6.5)	(60.0)	—	—	—	—	—	—	—
Like-kind exchange [c]	(3.7)	—	2.9	—	—	—	—	—	—
Other	0.3	(4.2)	0.4	(0.1)	0.3	(0.7)	1.0	(1.6)	—
Effective income tax rate	11.8%	(23.5)%	43.2%	20.4%	39.6%	15.8%	24.0%	(50.0)%	11.3%

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Six Months Ended June 30, 2016								Successor March 24, 2016 to June 30, 2016	Predecessor January 1, 2016 to March 23, 2016
	Exelon	Generation	ComEd	PECO	BGE	Pepco [i]	DPL [i]	ACE [i]	PHI [i]	PHI
U.S. Federal statutory rate	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%
Increase (decrease) due to:										
State income taxes, net of Federal income tax benefit [i]	0.8	2.6	4.9	0.7	4.6	(9.5)	(5.2)	5.9	5.2	11.9
Qualified nuclear decommissioning trust fund income	5.6	9.8	—	—	—	—	—	—	—	—
Amortization of investment tax credit, including deferred taxes on basis difference	(1.7)	(2.5)	(0.2)	(0.1)	(0.1)	0.1	0.4	0.1	0.1	(0.9)
Plant basis differences [f]	(6.3)	—	(0.3)	(10.2)	(4.5)	12.6	2.0	1.0	1.7	(13.5)
Production tax credits and other credits	(5.5)	(9.6)	—	—	—	—	—	—	—	—
Noncontrolling interest	0.7	1.2	—	—	—	—	—	—	—	—
Statute of limitations expiration	(1.0)	(3.9)	—	—	—	—	—	—	—	—
Merger expenses	14.5	—	—	—	—	(36.1)	(30.5)	(17.7)	(18.9)	11.1
Other [g]	(2.8)	(3.8)	(0.1)	(2.4)	0.1	(0.5)	(0.1)	(0.1)	—	3.6
Effective income tax rate	39.3%	28.8%	39.3%	23.0%	35.1%	1.6%	1.6%	24.2%	23.1%	47.2%

(a) The effective tax rate for the three months ended June 30, 2017 is disproportionately impacted due to the decline in consolidated pre-tax GAAP earnings as compared to the federal and state tax impacts of the Like-kind exchange, tax credits, Plant basis differences, and Qualified nuclear decommissioning trust fund income.
(b) Generation recognized a loss before income taxes for the three months ended June 30, 2017. As a result, positive percentages represent an income tax benefit for the period presented.
(c) See Like-Kind Exchange within the Other Income Tax Matters section below for further details.
(d) The effective tax rate for the three months ended June 30, 2016, is disproportionately impacted due to the decline in pre-tax GAAP earnings as compared to the changes in tax credits and other reconciling items. In three months ended June 30, 2016, due to the expiration of a statute of limitations, Generation recorded an income tax benefit of $16 million. The statute of limitations expired in the third quarter of 2015; therefore, this represents an out of period adjustment.
(e) The effective tax rate for the three months ended June 30, 2016 is disproportionately impacted due to the decline in pre-tax GAAP earnings and changes in other reconciling items.
(f) At BGE, includes a cumulative adjustment related to a regulatory asset.
(g) At PECO, includes a cumulative adjustment related to an anticipated gas repairs tax return accounting method change.
(h) Includes a remeasurement of uncertain federal and state income tax positions, see below.
(i) Pepco, DPL and ACE recognized a loss before income taxes for the six months ended June 30, 2016, and PHI recognized a loss before income taxes for the period of March 24, 2016, through June 30, 2016. As a result, positive percentages represent an income tax benefit for the periods presented.
(j) Includes a remeasurement of uncertain state income tax positions for Pepco and DPL.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
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Accounting for Uncertainty in Income Taxes

The Registrants have the following unrecognized tax benefits as of June 30, 2017 and December 31, 2016:

	Exelon	Generation	ComEd	PECO	BGE	Successor PHI	Pepco	DPL	ACE
June 30, 2017	$ 730	$ 467	$ 2	$ —	$120	$ 112	$ 59	$21	$ —

	Exelon	Generation	ComEd	PECO	BGE	Successor PHI	Pepco	DPL	ACE
December 31, 2016	$ 916	$ 490	$ (12)	$ —	$120	$ 172	$ 80	$37	$ 22

Exelon established a liability for an uncertain tax position associated with the tax deductibility of certain merger commitments incurred by Exelon in connection with the acquisitions of Constellation in 2012 and PHI in 2016. In the first quarter 2017, as a part of its examination of Exelon's return, the IRS National Office issued guidance concurring with Exelon's position that the merger commitments were deductible. As a result, Exelon, Generation, PHI, Pepco, DPL, and ACE decreased their liability for unrecognized tax benefits by $146 million, $19 million, $59 million, $21 million, $16 million, and $22 million, respectively, as of June 30, 2017, resulting in a benefit to Income taxes on Exelon's, Generation's, PHI's, Pepco's, DPL's and ACE's Consolidated Statements of Operations and Comprehensive Income and corresponding decreases in their effective tax rates.

Exelon reduced the liability related to the uncertain tax position associated with the like-kind exchange in the second quarter of 2017. Please see the Other Income Tax Matters section below for additional details related to the like-kind exchange adjustments made in the second quarter of 2017.

Reasonably possible the total amount of unrecognized tax benefits could significantly increase or decrease within 12 months after the reporting date

Like-Kind Exchange

As of June 30, 2017, Exelon and ComEd have approximately $39 million and $2 million, respectively, of unrecognized federal and state income tax benefits that could significantly decrease within the 12 months after the reporting date due to a final resolution of the like-kind exchange litigation described below. The recognition of these unrecognized tax benefits would decrease Exelon and ComEd's effective tax rate.

Settlement of Income Tax Audits

As of June 30, 2017, Exelon, Generation, BGE, PHI, Pepco, and DPL have approximately $257 million, $57 million, $120 million, $80 million, $59 million, and $21 million of unrecognized federal and state tax benefits that could significantly decrease within the 12 months after the reporting date as a result of completing audits and potential settlements. Of the above unrecognized tax benefits, Exelon and Generation have $50 million that, if recognized, would decrease the effective tax rate. The unrecognized tax benefits related to BGE, DPL, and a portion of Pepco, if recognized, may be included in future regulated base rates and that portion would have no impact to the effective tax rate.

Other Income Tax Matters

Like-Kind Exchange (Exelon and ComEd)

Exelon, through its ComEd subsidiary, took a position on its 1999 income tax return to defer approximately $1.2 billion of tax gain on the sale of ComEd's fossil generating assets. The gain was deferred by reinvesting a

portion of the proceeds from the sale in qualifying replacement property under the like-kind exchange provisions of the IRC. The like-kind exchange replacement property purchased by Exelon included interests in three municipal-owned electric generation facilities which were properly leased back to the municipalities.

The IRS disagreed with this position and asserted that the entire gain of approximately $1.2 billion was taxable in 1999. Exelon was unable to reach agreement with the IRS regarding the dispute over the like-kind exchange position. The IRS asserted that the Exelon purchase and leaseback transaction was substantially similar to a leasing transaction, known as a SILO, which the IRS does not respect as the acquisition of an ownership interest in property. A SILO is a "listed transaction" that the IRS has identified as a potentially abusive tax shelter under guidance issued in 2005. Accordingly, the IRS asserted that the sale of the fossil plants followed by the purchase and leaseback of the municipal owned generation facilities did not qualify as a like-kind exchange and the gain on the sale is fully subject to tax. The IRS also asserted a penalty of approximately $90 million for a substantial understatement of tax.

On September 30, 2013, the IRS issued a notice of deficiency to Exelon for the like-kind exchange position. Exelon filed a petition on December 13, 2013 to initiate litigation in the United States Tax Court (Tax Court) and the trial took place in August of 2015. Exelon was not required to remit any part of the asserted tax or penalty in order to litigate the issue.

On September 19, 2016, the Tax Court rejected Exelon's position in the case and ruled that Exelon was not entitled to defer gain on the transaction. In addition, contrary to Exelon's evaluation that the penalty was unwarranted, the Tax Court ruled that Exelon is liable for the penalty and interest due on the asserted penalty. Exelon expects to timely appeal this decision to the U.S. Court of Appeals for the Seventh Circuit in the second half of 2017. In June of 2017, the IRS finalized its computation of tax, penalties and interest owed by Exelon pursuant to the Tax Court's decision.

In the first quarter of 2013, Exelon concluded that it was no longer more likely than not that the like-kind exchange position would be sustained and recorded charges to earnings representing the amount of interest expense (after-tax) and incremental state income tax expense that would be payable in the event Exelon is unsuccessful in litigation. Exelon agreed to hold ComEd harmless from any unfavorable impacts on ComEd's equity of the after-tax interest and penalty amounts.

Prior to the Tax Court's decision, however, Exelon did not believe it was likely a penalty would be assessed based on applicable case law and the facts of the transaction. As a result, no charge had been recorded for the penalty or for after-tax interest on the penalty. While it has strong arguments on appeal with respect to both the merits and the penalty, Exelon has determined that, pursuant to accounting standards, it is no longer more likely than not to avoid ultimate imposition of the penalty. As a result, in the third quarter of 2016, Exelon and ComEd recorded a charge to earnings of approximately $106 million and $86 million, respectively, of penalty and approximately $94 million and $64 million, respectively, of after-tax interest. Exelon and ComEd recorded the penalty and pre-tax interest due on the asserted penalty to Other, net and Interest expense, net, respectively, on their Consolidated Statements of Operations. Consistent with Exelon's agreement to continue to hold ComEd harmless from any unfavorable impact on its equity from the like-kind exchange position, ComEd recorded on its Consolidated Balance Sheets as of September 30, 2016, a $150 million receivable and non-cash equity contributions from Exelon.

As a result of the IRS's finalization of its computation in the second quarter 2017, Exelon recorded a benefit to earnings of approximately $26 million, consisting of an income tax benefit of $50 million and a reduction of penalties of $2 million, partially offset by after-tax interest expense of $26 million, while ComEd recorded a charge to earnings of approximately $23 million, consisting of income tax expense of $15 million and after-tax interest expense of $8 million.

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In the second quarter of 2017, Exelon amended its agreement with ComEd to also hold ComEd harmless for the unfavorable impacts on its equity from the additional income tax amounts owed by ComEd as a result of the IRS's finalization of its computation related to the like-kind exchange position. Accordingly, in the second quarter of 2017, ComEd recorded an additional receivable and non-cash equity contribution from Exelon for the total $23 million.

In order to appeal the decision, Exelon is required to pay the tax, penalties and interest at the time Exelon files its appeal (expected in the second half of 2017). Exelon expects that a payment of approximately $1.3 billion related to the like-kind exchange will be due, including $300 million from ComEd, in the second half of 2017. While Exelon will receive a tax benefit of approximately $350 million associated with the deduction for the interest, Exelon currently has a net operating loss carryforward and thus does not expect to realize the cash benefit until 2018. After taking into account these interest deduction tax benefits, the total estimated net cash outflow for the like-kind exchange is approximately $950 million, of which approximately $300 million is attributable to ComEd after giving consideration to Exelon's agreement to hold ComEd harmless from any unfavorable impacts on ComEd's equity from the like-kind exchange position. Upon a final appellate decision, which could take up to several years, Exelon expects to receive approximately $60 million related to final interest computations.

Of the above amounts payable, Exelon deposited with the IRS $1.25 billion in October of 2016. The remaining amount will be paid in the second half of 2017 at the time Exelon files its appeal of the Tax Court decision. Exelon funded the $1.25 billion deposit with a combination of cash on hand and short-term borrowings. The deposit is reflected as a current asset and the related liabilities for the tax, penalty, and interest are included on Exelon's balance sheet as current obligations.

As of June 30, 2017, ComEd has a total receivable from Exelon pursuant to the hold harmless agreement of $369 million, which is included in Current Receivables from Affiliates on ComEd's Consolidated Balance Sheet. Under the agreement, Exelon will settle this receivable with ComEd no later than the time that the payments related to the like-kind exchange are due to the IRS, currently anticipated in the second half of 2017. No recovery will be sought from ComEd customers for any interest, penalty or additional income tax payment amounts resulting from the like-kind exchange tax position.

As previously disclosed, in the first quarter of 2014, Exelon entered into an agreement to terminate its investment in one of the three municipal-owned electric generation properties in exchange for a net early termination amount of $335 million. In the first quarter of 2016, Exelon terminated its interests in the remaining two municipal-owned electric generation properties in exchange for $360 million.

Long-Term Marginal State Income Tax Rate (Exelon, Generation, ComEd, and PHI)

Exelon, Generation and PHI periodically review events that may significantly impact how income is apportioned among the states and, therefore, the calculation of their respective deferred state income taxes. Events that may require Exelon, Generation and PHI to update their long-term state tax apportionment include significant changes in tax law and/or significant operational changes. Exelon and PHI's long-term marginal state income tax rate was revised in the first quarter of 2017 as a result of a statutory rate change pursuant to Exelon's marginal state income tax rate policy, resulting in the recording of a deferred state tax benefit for Exelon of $21 million, net of tax.

On July 6, 2017, Illinois enacted Senate Bill 9, which permanently increased Illinois' total corporate income tax rate from 7.75% to 9.50% effective July 1, 2017. As a result of the rate change, in the third quarter of 2017, after taking into account regulatory recovery of tax increases at Exelon, Generation and ComEd

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expect to record an estimated one-time increase to deferred income taxes of approximately $180 million, $15 million and $250 million, respectively. At ComEd, the increase to the Illinois deferred income tax liability will be offset by a regulatory asset. Exelon expects to record a decrease to income tax expense of approximately $70 million (net of federal taxes) and Generation expects to record an increase to income tax expense of approximately $15 million (net of federal taxes). The rate increase is not expected to have a material ongoing impact to Exelon's, Generation's and ComEd's future results of operations.

12. Nuclear Decommissioning (Exelon and Generation)

Nuclear Decommissioning Asset Retirement Obligations

Generation has a legal obligation to decommission its nuclear power plants following the expiration of their operating licenses. To estimate its decommissioning obligation related to its nuclear generating stations for financial accounting and reporting purposes, Generation uses a probability-weighted, discounted cash flow model which, on a unit-by-unit basis, considers multiple outcome scenarios that include significant estimates and assumptions, and are based on decommissioning cost studies, cost escalation rates, probabilistic cash flow models and discount rates. Generation updates its ARO annually, unless circumstances warrant more frequent updates, based on its review of updated cost studies and its annual evaluation of cost escalation factors and probabilities assigned to various scenarios.

The following table provides a rollforward of the nuclear decommissioning ARO reflected on Exelon's and Generation's Consolidated Balance Sheets from December 31, 2016 to June 30, 2017:

Nuclear decommissioning ARO at December 31, 2016 [(a)]	$8,734
Acquisition of FitzPatrick	417
Net increase due to changes in, and timing of, estimated cash flows	103
Accretion expense	225
Costs incurred to decommission retired plants	(3)
Nuclear decommissioning ARO at June 30, 2017 [(a)(b)]	$9,476

(a) Includes $12 million and $10 million for the current portion of the ARO at June 30, 2017 and December 31, 2016, respectively, which is included in Other current liabilities on Exelon's and Generation's Consolidated Balance Sheets.
(b) Includes the fair value of the FitzPatrick ARO liability as of March 31, 2017, the date of the acquisition. See Note 4 —Mergers, Acquisitions and Dispositions.

During the six months ended June 30, 2017, Generation's nuclear ARO increased by approximately $742 million. The increase is largely driven by the acquisition of FitzPatrick and the announced early retirement of TMI. The fair value of FitzPatrick's assets and liabilities, including the ARO, was determined based on significant estimates and assumptions that are judgmental in nature. The fair value of the ARO is considered an initial estimate and will be updated with inputs from a third party engineering firm with corresponding adjustments recorded by the end of 2017. For additional details on the acquisition of FitzPatrick, see Note 4 — Mergers, Acquisitions and Dispositions. Included in the $103 million net increase due to changes in, and timing of, estimated cash flows above, is $138 million associated with the May 30, 2017 announcement to early retire the TMI nuclear unit on September 30, 2019. Refer to Note 7 — Early Nuclear Plant Retirements for additional information regarding the announced early retirement of TMI. The increase in the ARO liability for TMI incorporates the early shutdown date, increases the probabilities of longer term decommissioning scenarios, and reflects an increase in the estimated costs to decommission based on updated decommissioning cost study reflecting the early retirement of the unit.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Nuclear Decommissioning Trust Fund Investments

NDT funds have been established for each generation station unit to satisfy Generation's nuclear decommissioning obligations. Generally, NDT funds established for a particular unit may not be used to fund the decommissioning obligations of any other unit.

The NDT funds associated with Generation's nuclear units have been funded with amounts collected from the previous owners and their respective utility customers. PECO is authorized to collect funds, in revenues, for decommissioning the former PECO nuclear plants through regulated rates, and these collections are scheduled through the operating lives of the former PECO plants. The amounts collected from PECO customers are remitted to Generation and deposited into the NDT funds for the unit for which funds are collected. Every five years, PECO files a rate adjustment with the PAPUC that reflects PECO's calculations of the estimated amount needed to decommission each of the former PECO units based on updated fund balances and estimated decommissioning costs. The rate adjustment is used to determine the amount collectible from PECO customers. On March 31, 2017, PECO filed its Nuclear Decommissioning Cost Adjustment (NDCA) with the PAPUC proposing an annual recovery from customers of approximately $4 million which, if approved by the PAPUC, will be effective January 1, 2018. This amount reflects a decrease from the current approved annual collection of approximately $24 million primarily due to the removal of the collections for Limerick Units 1 and 2 as a result of the NRC approving the extension of the operating licenses for an additional 20 years. See Note 16 — Asset Retirement Obligations of Exelon's 2016 Form 10-K, for information regarding the amount collected from PECO ratepayers for decommissioning costs.

At June 30, 2017 and December 31, 2016, Exelon and Generation had NDT fund investments totaling $12,641 million and $11,061 million, respectively. The increase is primarily driven by the acquisition of FitzPatrick.

The following table provides unrealized gains on NDT funds for the three and six months ended June 30, 2017 and 2016:

	Exelon and Generation		Exelon and Generation	
	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Net unrealized gains (losses) on decommissioning trust funds — Regulatory Agreement Units [(a)]	$ (13)	$ 52	$ 210	$ 131
Net unrealized gains on decommissioning trust funds — Non-Regulatory Agreement Units [(b)] [(c)]	70	48	235	100

(a) Net unrealized gains (losses) related to Generation's NDT funds associated with Regulatory Agreement Units are included in Regulatory liabilities on Exelon's Consolidated Balance Sheets and Noncurrent payables to affiliates on Generation's Consolidated Balance Sheets.

(b) Excludes $(2) million and $1 million of net unrealized gains (losses) related to the Zion Station pledged assets for the three months ended June 30, 2017 and 2016 respectively. Excludes $(2) million and $3 million of net unrealized gains (losses) related to the Zion Station pledged assets for the six months ended June 30, 2017 and 2016, respectively. Net unrealized gains (losses) related to Zion Station pledged assets are included in Other current liabilities and Payable for Zion Station decommissioning on Exelon's and Generation's Consolidated Balance Sheets in 2017 and 2016, respectively.

(c) Net unrealized gains related to Generation's NDT funds with Non-Regulatory Agreement Units are included within Other, net in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Interest and dividends on NDT fund investments are recognized when earned and are included in Other, net in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income. Interest and dividends earned on the NDT fund investments for the Regulatory Agreement Units are eliminated within Other, net in Exelon's and Generation's Consolidated Statement of Operations and Comprehensive Income.

Refer to Note 3 — Regulatory Matters and Note 27 — Related Party Transactions of the Exelon 2016 Form 10-K for information regarding regulatory liabilities at ComEd and PECO and intercompany balances between Generation, ComEd and PECO reflecting the obligation to refund to customers any decommissioning-related assets in excess of the related decommissioning obligations.

Zion Station Decommissioning

On September 1, 2010, Generation completed an Asset Sale Agreement (ASA) with EnergySolutions Inc. and its wholly owned subsidiaries, EnergySolutions, LLC (EnergySolutions) and ZionSolutions, under which ZionSolutions has assumed responsibility for completing certain decommissioning activities at Zion Station, which is located in Zion, Illinois and ceased operation in 1998. See Note 16 — Asset Retirement Obligations of the Exelon 2016 Form 10-K for information regarding the specific treatment of assets, including NDT funds, and decommissioning liabilities transferred in the transaction.

ZionSolutions is subject to certain restrictions on its ability to request reimbursements from the Zion Station NDT funds as defined within the ASA. Therefore, the transfer of the Zion Station assets did not qualify for asset sale accounting treatment and, as a result, the related NDT funds were reclassified to Pledged assets for Zion Station decommissioning within Generation's and Exelon's Consolidated Balance Sheets and will continue to be measured in the same manner as prior to the completion of the transaction. Additionally, the transferred ARO for decommissioning was replaced with a Payable for Zion Station decommissioning in Generation's and Exelon's Consolidated Balance Sheets. Changes in the value of the Zion Station NDT assets, net of applicable taxes, are recorded as a change in the Payable to ZionSolutions. At no point will the payable to ZionSolutions exceed the project budget of the costs remaining to decommission Zion Station. Generation has retained its obligation for the SNF. Following ZionSolutions' completion of its contractual obligations and transfer of the NRC license to Generation, Generation will store the SNF at Zion Station until it is transferred to the DOE for ultimate disposal, and will complete all remaining decommissioning activities associated with the SNF dry storage facility. Generation has a liability of approximately $114 million which is included within the nuclear decommissioning ARO at June 30, 2017. Generation also has retained NDT assets to fund its obligation to maintain the SNF at Zion Station until transfer to the DOE and to complete all remaining decommissioning activities for the SNF storage facility. Any shortage of funds necessary to maintain the SNF and decommission the SNF storage facility is ultimately required to be funded by Generation. Any Zion Station NDT funds remaining after the completion of all decommissioning activities will be returned to ComEd customers in accordance with the applicable orders. The following table provides the pledged assets and payables to ZionSolutions, and withdrawals by ZionSolutions at June 30, 2017 and December 31, 2016:

	Exelon and Generation	
	June 30, 2017	December 31, 2016
Carrying value of Zion Station pledged assets	$ 75	$ 113
Payable to Zion Solutions [(a)]	69	104
Current portion of payable to Zion Solutions [(b)]	69	90
Cumulative withdrawals by Zion Solutions to pay decommissioning costs [(c)]	914	878

(a) Excludes a liability recorded within Exelon's and Generation's Consolidated Balance Sheets related to the tax obligation on the unrealized activity associated with the Zion Station NDT funds. The NDT funds will be utilized to satisfy the tax obligations as gains and losses are realized.

(b) Included in Other current liabilities within Exelon's and Generation's Consolidated Balance Sheets.
(c) Includes project expenses to decommission Zion Station and estimated tax payments on Zion Station NDT fund earnings.

NRC Minimum Funding Requirements

NRC regulations require that licensees of nuclear generating facilities demonstrate reasonable assurance that funds will be available in specified minimum amounts to decommission the facility at the end of its life.

Generation filed its biennial decommissioning funding status report with the NRC on March 30, 2017 for all units except for Zion Station which is included in a separate report to the NRC submitted by EnergySolutions (see Zion Station Decommissioning above). The status report demonstrated adequate decommissioning funding assurance for all units except for Peach Bottom Unit 1. As a former PECO plant, financial assurance for decommissioning Peach Bottom Unit 1 is provided by the NDT fund in addition to collections from PECO ratepayers. As discussed under Nuclear Decommissioning Trust Fund Investments above, the amount collected from PECO ratepayers has been adjusted in the March 31, 2017 filing to the PAPUC which, if approved by the PAPUC, will be effective January 1, 2018.

Generation will file its next decommissioning funding status report with the NRC by March 31, 2018 for shutdown reactors and reactors within five years of shutdown. This report will reflect the status of decommissioning funding assurance as of December 31, 2017 and will include the impact of the announced early retirement of TMI. A shortfall could require Exelon to post parental guarantee for Generation's share of the funding assurance. However, the amount of any required guarantee will ultimately depend on the decommissioning approach adopted at TMI, the associated level of costs, and the decommissioning trust fund investment performance going forward.

13. Retirement Benefits (All Registrants)

Exelon sponsors defined benefit pension plans and other postretirement benefit plans for essentially all employees.

Effective March 31, 2017, in connection with the acquisition of FitzPatrick, Exelon established a new qualified pension plan and a new other postretirement employee benefit plan, and recorded benefit plan obligations of $38 million and $11 million, respectively. Refer to Note 4 — Mergers, Acquisitions and Dispositions for additional discussion of the acquisition of FitzPatrick.

Effective March 23, 2016, Exelon became the sponsor of all of PHI's defined benefit pension and other postretirement benefit plans, and assumed PHI's benefit plan obligations and related assets. As a result, PHI's benefit plan net obligation and related regulatory assets were transferred to Exelon.

Defined Benefit Pension and Other Postretirement Benefits

During the first quarter of 2017, Exelon received an updated valuation of its pension and other postretirement benefit obligations to reflect actual census data as of January 1, 2017. This valuation resulted in an increase to the pension obligation of $92 million and an increase to the other postretirement benefit obligation of $57 million. Additionally, accumulated other comprehensive loss increased by approximately $59 million (after tax), regulatory assets increased by approximately $57 million and regulatory liabilities increased by approximately $4 million.

The majority of the 2017 pension benefit cost for Exelon-sponsored plans is calculated using an expected long-term rate of return on plan assets of 7.00% and a discount rate of 4.04%. The majority of the 2017 other

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postretirement benefit cost is calculated using an expected long-term rate of return on plan assets of 6.58% for funded plans and a discount rate of 4.04%.

A portion of the net periodic benefit cost for all plans is capitalized within the Consolidated Balance Sheets. The following tables present the components of Exelon's net periodic benefit costs, prior to capitalization, for the three and six months ended June 30, 2017 and 2016 and PHI's net periodic benefit costs, prior to capitalization, for the predecessor period of January 1, 2016 to March 23, 2016.

	Pension Benefits Three Months Ended June 30,		Other Postretirement Benefits Three Months Ended June 30,	
	2017 [a]	2016 [b]	2017 [a]	2016 [b]
Components of net periodic benefit cost:				
Service cost	$ 97	$ 91	$ 28	$ 28
Interest cost	211	212	46	48
Expected return on assets	(299)	(292)	(41)	(42)
Amortization of:				
Prior service cost (benefit)	1	4	(47)	(47)
Actuarial loss	150	142	15	16
Settlement charges	2	—	—	—
Net periodic benefit cost	$ 162	$ 157	$ 1	$ 3

	Pension Benefits Six Months Ended June 30,		Other Postretirement Benefits Six Months Ended June 30,	
	2017 [a]	2016 [b]	2017 [a]	2016 [b]
Components of net periodic benefit cost:				
Service cost	$ 191	$ 170	$ 54	$ 54
Interest cost	422	403	91	90
Expected return on assets	(598)	(555)	(82)	(80)
Amortization of:				
Prior service cost (benefit)	1	7	(94)	(91)
Actuarial loss	302	269	31	30
Settlement charges	2	—	—	—
Net periodic benefit cost	$ 320	$ 294	$ —	$ 3

(a) FitzPatrick net benefit costs are included for the period after acquisition.
(b) PHI net periodic benefit costs for the period prior to the merger are not included in the table above.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
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	Predecessor	
	PHI	
	Pension Benefits	**Other Postretirement Benefits**
	January 1, 2016 to March 23, 2016	**January 1, 2016 to March 23, 2016**
Components of net periodic benefit cost:		
Service cost	$ 12	$ 1
Interest cost	26	6
Expected return on assets	(30)	(5)
Amortization of:		
Prior service cost (benefit)	—	(3)
Actuarial loss	14	2
Net periodic benefit cost	$ 22	$ 1

The amounts below represent Exelon's, Generation's, ComEd's, PECO's, BGE's, PHI's, Pepco's, DPL's, ACE's, BSC's and PHISCO's allocated portion of the pension and postretirement benefit plan costs, which were included in Property, plant and equipment within the respective Consolidated Balance Sheets and Operating and maintenance expense within the Consolidated Statement of Operations and Comprehensive Income during the three and six months ended June 30, 2017 and 2016 and PHI's for the predecessor and successor periods of January 1, 2016 to March 23, 2016 and March 24, 2016 to June 30, 2016, respectively.

	Three Months Ended June 30,		**Six Months Ended June 30,**	
Pension and Other Postretirement Benefit Costs	**2017**	**2016**	**2017**	**2016**
Exelon	$ 163	$ 160	$ 320	$ 297
Generation [c]	59	55	113	109
ComEd	44	42	87	83
PECO	7	8	14	17
BGE	16	18	32	33
BSC [a]	13	10	26	24
Pepco [b]	6	7	13	16
DPL [b]	3	4	6	9
ACE [b]	3	4	7	8
PHISCO [a][b]	12	12	22	21

	Successor				*Predecessor*
Pension and Other Postretirement Benefit Costs	**Three Months Ended June 30, 2017**	**Three Months Ended June 30, 2016**	**Six Months Ended June 30, 2017**	**March 24, 2016 to June 30, 2016**	**January 1, 2016 to March 23, 2016**
PHI	$ 24	$ 27	$ 48	$ 31	$ 23

(a) These amounts primarily represent amounts billed to Exelon's subsidiaries through intercompany allocations. These amounts are not included in the Generation, ComEd, PECO, BGE, PHI, Pepco, DPL or ACE amounts above.

(b) Pepco's, DPL's, ACE's and PHISCO's pension and postretirement benefit costs for the six months ended June 30, 2016 include $7 million, $4 million, $3 million and $9 million, respectively, of costs incurred prior to the closing of Exelon's merger with PHI on March 23, 2016.

(c) FitzPatrick net benefit costs are included for the period after acquisition.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Defined Contribution Savings Plans

The Registrants participate in various 401(k) defined contribution savings plans that are sponsored by Exelon. The plans are qualified under applicable sections of the IRC and allow employees to contribute a portion of their pre-tax and/or after-tax income in accordance with specified guidelines. All Registrants match a percentage of the employee contributions up to certain limits. The following table presents the matching contributions to the savings plans during the three and six months ended June 30, 2017 and 2016 and PHI's for the predecessor and successor periods of January 1, 2016 to March 23, 2016 and March 24, 2016 to June 30, 2016, respectively.

	Three Months Ended June 30,		Six Months Ended June 30,	
Savings Plan Matching Contributions	**2017**	**2016**	**2017**	**2016**
Exelon	$ 33	$ 30	$ 63	$ 56
Generation	14	13	28	25
ComEd	8	7	15	13
PECO	2	2	4	4
BGE	3	2	4	3
BSC [(a)]	3	2	5	7
Pepco [(b)]	1	1	2	2
DPL [(b)]	1	—	1	1
PHISCO [(a)(b)]	1	2	3	3
ACE	—	1	1	1

	Successor				*Predecessor*
Savings Plan Matching Contributions	**Three Months Ended June 30, 2017**	**Three Months Ended June 30, 2016**	**Six Months Ended June 30, 2017**	**March 24, 2016 to June 30, 2016**	**January 1, 2016 to March 23, 2016**
PHI	$ 3	$ 4	$ 7	$ 4	$ 3

(a) These amounts primarily represent amounts billed to Exelon and PHI's subsidiaries through intercompany allocations. These costs are not included in the Generation, ComEd, PECO, BGE, Pepco and DPL amounts above.

(b) Pepco's, DPL's and PHISCO's matching contributions for the six months ended June 30, 2016 include $1 million, $1 million and $1 million, respectively, of costs incurred prior to the closing of Exelon's merger with PHI on March 23, 2016, which is not included in Exelon's matching contributions for the six months ended June 30, 2016.

14. Severance (All Registrants)

The Registrants have an ongoing severance plan under which, in general, the longer an employee worked prior to termination the greater the amount of severance benefits. The Registrants record a liability and expense or regulatory asset for severance once terminations are probable of occurrence and the related severance benefits can be reasonably estimated. For severance benefits that are incremental to its ongoing severance plan ("one-time termination benefits"), the Registrants measure the obligation and record the expense at fair value at the communication date if there are no future service requirements, or, if future service is required to receive the termination benefit, ratably over the required service period.

Ongoing Severance Plans

The Registrants provide severance and health and welfare benefits under Exelon's ongoing severance benefit plans to terminated employees in the normal course of business. These benefits are accrued for when the benefits are considered probable and can be reasonably estimated.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

For the three and six months ended June 30, 2017 and 2016, Exelon, Generation, ComEd, PHI, Pepco, DPL, and ACE recorded the following severance costs associated with these ongoing severance benefits within Operating and maintenance expense in their Consolidated Statements of Operations and Comprehensive Income.

	Exelon	Generation [a]	ComEd [a]	*Successor* PHI	Pepco [a]	DPL [a]	ACE [a]
Three Months Ended							
June 30, 2017	$ 5	$ 1	$ 1	$ 3	$ 1	$ 1	$ 1
June 30, 2016	2	1	1	—	—	—	—
Six Months Ended							
June 30, 2017	$ 9	$ 4	$ 2	$ 3	$ 1	$ 1	$ 1
June 30, 2016	4	3	1	—	—	—	—

(a) The amounts above for Generation include less than $1 million and $1 million for amounts billed by BSC through intercompany allocations for the three and six months ended June 30, 2017, respectively, and $1 million and $2 million for the three and six months ended June 30, 2016, respectively. The amounts above for ComEd include less than $1 million and $1 million for amounts billed by BSC through intercompany allocations for the three and six months ended June 30, 2017, respectively, and less than $1 million and $1 million for the three and six months ended June 30, 2016, respectively. Amounts billed by PHISCO to Pepco, DPL and ACE were $1 million, each, for both three and six months ended June 30, 2017. Pepco, DPL and ACE did not have any ongoing severance plans for the three and six months ended June 30, 2016.

Cost Management Program-Related Severance

In August 2015, Exelon announced a cost management program focused on cost savings at BSC and Generation, including the elimination of approximately 500 positions. These actions are in response to the continuing economic challenges confronting all parts of Exelon's business and industry, necessitating continued focus on cost management through enhanced efficiency and productivity. Exelon expects that approximately 250 corporate support positions in BSC and approximately 250 positions located throughout Generation will be eliminated.

For the three months ended June 30, 2017 and 2016, the amounts for severance costs related to the cost management program were immaterial. For the six months ended June 30, 2017 and 2016, the Registrants recorded the following severance costs related to the cost management program within Operating and maintenance expense in their Consolidated Statements of Operations and Comprehensive Income, pursuant to the authoritative guidance for ongoing severance plans:

	Exelon	Generation	ComEd	PECO	BGE
Six Months Ended					
June 30, 2017 [a]	$ (1)	$ (1)	$ —	$ —	$ —
June 30, 2016 [b]	$ 17	$ 12	$ 3	$ 1	$ 1

(a) Amounts billed by BSC through intercompany allocations for the six months ended June 30, 2017 were immaterial.
(b) The amounts above for Generation, ComEd, PECO and BGE include $7 million, $3 million, $1 million and $1 million, respectively, for amounts billed by BSC through intercompany allocations for the six months ended June 30, 2016.

Early Plant Retirement-Related Severance (Exelon and Generation)

As a result of the Three Mile Island plant retirement decision, Exelon and Generation will incur certain employee-related costs, including severance benefit costs. Severance costs will be provided to management

employees that are eligible under Exelon's severance policy, to the extent that those employees are not redeployed to other locations. In June 2017, Exelon and Generation recognized severance costs of $17 million related to expected management employee severances resulting from the plant retirements within Operating and maintenance expense in their Consolidated Statements of Operation and Comprehensive Income. Approximately half of the employees at this location fall under a collective bargaining union agreement and are not eligible for severance benefits under an existing plan. The union and Exelon will negotiate terms of any severance benefits. If severance benefits are successfully negotiated, the amounts will be accrued as a one-time employee termination benefit once the established plan is communicated to employees. The final amount of the severance cost will ultimately depend on the specific employees severed. See Note — 7 Early Nuclear Plant Retirements for additional information regarding the announced early retirement of TMI.

Severance Costs Related to the PHI Merger

Upon closing the PHI Merger, Exelon recorded a severance accrual for the anticipated employee position reductions as a result of the post-merger integration. Cash payments under the plan began in May 2016 and will continue through 2020.

Pepco and DPL maintain regulatory assets for merger related integration costs which include a portion of the severance costs related to the PHI merger that is either currently being recovered in rates or is deemed probable of recovery if not currently being recovered in rates. As of June 30, 2017 and 2016, Pepco and DPL have regulatory assets of $12 million and $13 million, respectively, and $9 million and $3 million, respectively.

For the three and six months ended June 30, 2017, the PHI merger severance costs were immaterial. For the three and six months ended June 30, 2016, the Registrants recorded the following severance costs associated with the identified job reductions within Operating and maintenance expense in their Consolidated Statements of Operations and Comprehensive Income, pursuant to the authoritative guidance for ongoing severance plans:

	Exelon	Generation	ComEd	PECO	BGE	*Successor* PHI	Pepco	DPL	ACE
Three Months Ended June 30, 2016									
Severance costs (benefits) [(a)]	$ 2	$ (1)	$ (1)	$ —	$ —	$ 4	$ 2	$ 1	$ 1
Six Months Ended June 30, 2016									
Severance costs [(a)]	$ 55	$ 9	$ 2	$ 1	$ 1	$ 42	$ 20	$12	$ 10

(a) The amounts above for Generation, ComEd, PECO, BGE, Pepco, DPL and ACE include $(1) million, $(1) million, less than $1 million, less than $1 million, $2 million, $1 million and $1 million, respectively, for amounts billed by BSC and/or PHISCO through intercompany allocations for the three months ended June 30, 2016, and $8 million, $2 million, $1 million, $1 million, $19 million, $11 million and $10 million for the six months ended June 30, 2016.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Severance Liability

Amounts included in the table below represent the severance liability recorded for the severance plans above for employees of each Registrant and exclude amounts included at Exelon and billed through intercompany allocations:

Severance Liability	Exelon	Generation	ComEd	PECO	BGE	Successor PHI	Pepco	DPL	ACE
Balance at December 31, 2016	$ 88	$ 36	$ 3	$ —	$ —	$ 29	$ —	$—	$ —
Severance charges [a]	25	17	1	—	—	3	—	—	—
Payments	(18)	(4)	(1)	—	—	(10)	—	—	—
Balance at June 30, 2017	$ 95	$ 49	$ 3	$ —	$ —	$ 22	$ —	$—	$ —

(a) Includes salary continuance and health and welfare severance benefits.

15. Changes in Accumulated Other Comprehensive Income (Exelon, Generation, PECO and PHI)

The following tables present changes in accumulated other comprehensive income (loss) (AOCI) by component for the six months ended June 30, 2017 and 2016:

Six Months Ended June 30, 2017	Gains and (losses) on Cash Flow Hedges	Unrealized Gains and (losses) on Marketable Securities	Pension and Non-Pension Postretirement Benefit Plan Items	Foreign Currency Items	AOCI of Equity Investments	Total
Exelon [a]						
Beginning balance	$ (17)	$ 4	$ (2,610)	$ (30)	$ (7)	$(2,660)
OCI before reclassifications	1	2	(58)	3	5	(47)
Amounts reclassified from AOCI [b]	4	—	70	—	—	74
Net current-period OCI	5	2	12	3	5	27
Ending balance	$ (12)	$ 6	$ (2,598)	$ (27)	$ (2)	$(2,633)
Generation [a]						
Beginning balance	$ (19)	$ 2	$ —	$ (30)	$ (7)	$ (54)
OCI before reclassifications	1	—	—	3	6	10
Amounts reclassified from AOCI [b]	4	—	—	—	—	4
Net current-period OCI	5	—	—	3	6	14
Ending balance	$ (14)	$ 2	$ —	$ (27)	$ (1)	$ (40)
PECO [a]						
Beginning balance	$ —	$ 1	$ —	$ —	$ —	$ 1
OCI before reclassifications	—	—	—	—	—	—
Amounts reclassified from AOCI [b]	—	—	—	—	—	—
Net current-period OCI	—	—	—	—	—	—
Ending balance	$ —	$ 1	$ —	$ —	$ —	$ 1

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Six Months Ended June 30, 2016	Gains and (losses) on Cash Flow Hedges	Unrealized Gains and (losses) on Marketable Securities	Pension and Non-Pension Postretirement Benefit Plan Items	Foreign Currency Items	AOCI of Equity Investments	Total
Exelon [a]						
Beginning balance	$ (19)	$ 3	$ (2,565)	$ (40)	$ (3)	$(2,624)
OCI before reclassifications	(10)	—	(2)	6	(7)	(13)
Amounts reclassified from AOCI [b]	3	—	69	—	—	72
Net current-period OCI	(7)	—	67	6	(7)	59
Ending balance	$ (26)	$ 3	$ (2,498)	$ (34)	$ (10)	$(2,565)
Generation [a]						
Beginning balance	$ (21)	$ 1	$ —	$ (40)	$ (3)	$ (63)
OCI before reclassifications	(7)	—	—	6	(4)	(5)
Amounts reclassified from AOCI [b]	3	—	—	—	—	3
Net current-period OCI	(4)	—	—	6	(4)	(2)
Ending balance	$ (25)	$ 1	$ —	$ (34)	$ (7)	$ (65)
PECO [a]						
Beginning balance	$ —	$ 1	$ —	$ —	$ —	$ 1
OCI before reclassifications	—	—	—	—	—	—
Amounts reclassified from AOCI [b]	—	—	—	—	—	—
Net current-period OCI	—	—	—	—	—	—
Ending balance	$ —	$ 1	$ —	$ —	$ —	$ 1
PHI Predecessor [a]						
Beginning balance January 1, 2016	$ (8)	$ —	$ (28)	$ —	$ —	$ (36)
OCI before reclassifications	—	—	—	—	—	—
Amounts reclassified from AOCI [b]	—	—	1	—	—	1
Net current-period OCI	—	—	1	—	—	1
Ending balance March 23, 2016 [c]	$ (8)	$ —	$ (27)	$ —	$ —	$ (35)

(a) All amounts are net of tax and noncontrolling interest. Amounts in parenthesis represent a decrease in AOCI.
(b) See next tables for details about these reclassifications.
(c) As a result of the PHI Merger, the PHI predecessor balances at March 23, 2016 were reduced to zero on March 24, 2016 due to purchase accounting adjustments applied to PHI.

ComEd, PECO, BGE, Pepco, DPL and ACE did not have any reclassifications out of AOCI to Net income during the three and six months ended June 30, 2017 and 2016. The following tables present amounts reclassified out of AOCI to Net income for Exelon, Generation and PHI during the three and six months ended June 30, 2017 and 2016.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Three Months Ended June 30, 2017

Details about AOCI components	Items reclassified out of AOCI [a]		Affected line item in the Statement of Operations and Comprehensive Income
	Exelon	Generation	
Gains (losses) on cash flow hedges			
Other cash flow hedges	$ —	$ —	Interest expense
Total before tax	—	—	
Tax benefit	—	—	
Net of tax	$ —	$ —	Comprehensive income
Amortization of pension and other postretirement benefit plan items			
Prior service costs [b]	$ 23	$ —	
Actuarial losses [b]	(81)	—	
Total before tax	(58)	—	
Tax benefit	24	—	
Net of tax	$ (34)	$ —	
Total Reclassifications for the period	$ (34)	$ —	Comprehensive income

Six Months Ended June 30, 2017

Details about AOCI components	Items reclassified out of AOCI [a]		Affected line item in the Statement of Operations and Comprehensive Income
	Exelon	Generation	
Gains and (losses) on cash flow hedges			
Other cash flow hedges	$ (7)	$ (7)	Interest expense
Total before tax	(7)	(7)	
Tax benefit	3	3	
Net of tax	$ (4)	$ (4)	Comprehensive income
Amortization of pension and other postretirement benefit plan items			
Prior service costs [b]	$ 46	$ —	
Actuarial losses [b]	(162)	—	
Total before tax	(116)	—	
Tax benefit	46	—	
Net of tax	$ (70)	$ —	
Total Reclassifications	$ (74)	$ (4)	Comprehensive income

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Three Months Ended June 30, 2016

Details about AOCI components	Items reclassified out of AOCI [a]		Affected line item in the Statement of Operations and Comprehensive Income
	Exelon	Generation	
Amortization of pension and other postretirement benefit plan items			
Prior service costs [b]	$ 19	$ —	
Actuarial losses [b]	(75)	—	
Total before tax	(56)	—	
Tax benefit	22	—	
Net of tax	$ (34)	$ —	
Total Reclassifications for the period	$ (34)	$ —	Comprehensive income

Six Months Ended June 30, 2016

Details about AOCI components	Items reclassified out of AOCI [a]			Affected line item in the Statement of Operations and Comprehensive Income
	Exelon	Generation	*Predecessor* PHI	
Gains and (losses) on cash flow hedges				
Other cash flow hedges	$ (5)	$ (5)	—	Interest expense
Total before tax	(5)	(5)	—	
Tax benefit	2	2	—	
Net of tax	$ (3)	$ (3)	$ —	Comprehensive income
Amortization of pension and other postretirement benefit plan items				
Prior service costs [b]	$ 38	$ —	$ —	
Actuarial losses [b]	(151)	—	(1)	
Total before tax	(113)	—	(1)	
Tax benefit	44	—	—	
Net of tax	$ (69)	$ —	$ (1)	
Total Reclassifications	$ (72)	$ (3)	$ (1)	Comprehensive income

(a) Amounts in parenthesis represent a decrease in net income.
(b) This AOCI component is included in the computation of net periodic pension and OPEB cost (see Note 13 — Retirement Benefits for additional details).

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following table presents income tax expense (benefit) allocated to each component of other comprehensive income (loss) during the three and six months ended June 30, 2017 and 2016:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Exelon				
Pension and non-pension postretirement benefit plans:				
Prior service benefit reclassified to periodic benefit cost	$ 9	$ 7	$ 18	$ 15
Actuarial loss reclassified to periodic benefit cost	(32)	(30)	(64)	(60)
Pension and non-pension postretirement benefit plans valuation adjustment	1	—	3	1
Change in unrealized (loss)/gain on cash flow hedges	(2)	2	(3)	4
Change in unrealized (loss)/gain on equity investments	—	1	(3)	3
Change in unrealized (loss)/gain on marketable securities	—	(1)	(1)	—
Total	$ (24)	$ (21)	$ (50)	$ (37)
Generation				
Change in unrealized (loss)/gain on cash flow hedges	$ (2)	$ 1	$ (3)	$ 3
Change in unrealized (loss)/gain on equity investments	—	1	(2)	3
Total	$ (2)	$ 2	$ (5)	$ 6

PHI	*Predecessor* January 1, 2016 to March 23, 2016
Pension and non-pension postretirement benefit plans:	
Actuarial loss reclassified to periodic cost	$ —

16. Earnings Per Share and Equity (Exelon)

Earnings per Share

Diluted earnings per share is calculated by dividing Net income attributable to common shareholders by the weighted average number of shares of common stock outstanding, including shares to be issued upon exercise of stock options, performance share awards and restricted stock outstanding under Exelon's LTIPs considered to be common stock equivalents. The following table sets forth the components of basic and diluted earnings per share and shows the effect of these stock options, performance share awards and restricted stock on the weighted average number of shares outstanding used in calculating diluted earnings per share:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Exelon				
Net income attributable to common shareholders	$ 80	$ 267	$ 1,076	$ 440
Weighted average common shares outstanding — basic	934	924	931	923
Assumed exercise and/or distributions of stock-based awards	2	2	1	3
Weighted average common shares outstanding — diluted	936	926	932	926

The number of stock options not included in the calculation of diluted common shares outstanding due to their antidilutive effect was approximately 8 million and 9 million for the three and six months ended June 30, 2017, respectively, and 11 million and 12 million for the three and six months ended June 30, 2016, respectively. There were no equity units related to the PHI Merger not included in the calculation of diluted common shares outstanding due to their antidilutive effect for the three and six months ended June 30, 2017. The number of equity units related to the PHI Merger not included in the calculation of diluted common shares outstanding due to their antidilutive effect was under 1 million and 2 million for the three and six months ended June 30, 2016. Refer to Note 20 — Shareholders' Equity of the Exelon 2016 Form 10-K for further information regarding the equity units.

On June 1, 2017, Exelon settled the forward purchase contract, which was a component of the June 2014 equity units, through the issuance of approximately 33 million shares of Exelon common stock from treasury stock. The issuance of shares on June 1, 2017, triggered full dilution in the EPS calculation, which prior to settlement were included in the calculation of diluted EPS using the treasury stock method.

Prior to the June 2017 issuance Exelon had approximately 35 million shares of treasury stock with a cost of $2.3 billion. After issuance, Exelon has approximately 2 million shares of Treasury stock remaining, at a historical cost of $123 million. In 2008, Exelon management decided to defer indefinitely any share repurchases.

17. Commitments and Contingencies (*All Registrants*)

The following is an update to the current status of commitments and contingencies set forth in Note 24 of the Exelon 2016 Form 10-K . See Note 4 — Mergers, Acquisitions and Dispositions for further discussion on the PHI Merger commitments.

Commitments

Constellation Merger Commitments (Exelon and Generation)

In February 2012, the MDPSC issued an Order approving the Exelon and Constellation merger. As part of the MDPSC Order, Exelon agreed to provide a package of benefits to BGE customers, the City of Baltimore and the State of Maryland, resulting in an estimated direct investment in the State of Maryland of approximately $1 billion.

The direct investment includes the construction of a new 21-story headquarters building in Baltimore for Generation's competitive energy business that was substantially complete in November 2016 and is now occupied by approximately 1,500 Exelon employees. Generation's investment includes leasehold improvements that are not expected to exceed $110 million. In addition, Generation entered into a 20 year operating lease as the primary lessee of the building. Refer to Note 24 — Commitments and Contingencies of the Combined Notes to the Consolidated Financial Statements in the Exelon 2016 Form 10-K for additional information regarding Generation's future minimum lease payments.

The direct investment commitment also includes $450 million to $500 million relating to Exelon and Generation's development or assistance in the development of 285 — 300 MWs of new generation in Maryland, which is expected to be completed within a period of 10 years. The MDPSC order contemplates various options for complying with the new generation development commitments, including building or acquiring generating assets, making subsidy or compliance payments, or in circumstances in which the generation build is delayed or certain specified provisions are elected, making liquidated damages payments. Exelon and Generation have incurred $457 million towards satisfying the commitment for new generation development in the state of

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Maryland, with approximately 220 MW of the new generation commencing with commercial operations to date and an additional 10 MW commitment satisfied through a liquidated damages payment made in the fourth quarter of 2016. Additionally, during the fourth quarter of 2016, given continued declines in projected energy and capacity prices, Generation terminated rights to certain development projects originally intended to meet its remaining 55MW commitment amount. The commitment will now most likely be satisfied via payment of liquidated damages or execution of a third party PPA, rather than by Generation constructing renewable generating assets. As a result, Exelon and Generation recorded a pre-tax $50 million loss contingency in Operating and maintenance expense in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income for the year ended December 31, 2016.

Equity Investment Commitments (Exelon and Generation)

As part of Generation's recent investments in technology development, Generation enters into equity purchase agreements that include commitments to invest additional equity through incremental payments to fund the anticipated needs of the planned operations of the associated companies. As of June 30, 2017, Generation's estimated commitments relating to its equity purchase agreements, including the in-kind services contributions, is anticipated to be as follows:

	Total
2017 (remainder of year)	$ 8
2018	7
2019	3
Total	$ 18

Commercial Commitments (All Registrants)

The Registrants' commercial commitments as of June 30, 2017 , representing commitments potentially triggered by future events were as follows:

	Exelon	Generation	ComEd	PECO	BGE	Successor PHI	Pepco	DPL	ACE
Letters of credit (non-debt) [a]	$1,326	$ 1,243	$ 14	$ 23	$ 2	$ 1	$ 1	$—	$ —
Surety bonds [b]	1,113	1,014	12	18	11	21	13	4	4
Financing trust guarantees	628	—	200	178	250	—	—	—	—
Guaranteed lease residual values [c]	19	—	—	—	—	19	6	7	5
Total commercial commitments	$3,086	$ 2,257	$ 226	$219	$263	$ 41	$ 20	$11	$ 9

(a) Letters of credit (non-debt) — Exelon and certain subsidiaries maintain non-debt letters of credit to provide credit support for certain transactions as requested by third parties.
(b) Surety bonds — Guarantees issued related to contract and commercial agreements, excluding bid bonds.
(c) Represents the maximum potential obligation in the event that the fair value of certain leased equipment and fleet vehicles is zero at the end of the maximum lease term. The maximum lease term associated with these assets ranges from 3 to 8 years. The maximum potential obligation at the end of the minimum lease term would be $48 million, $14 million of which is a guarantee by Pepco, $18 million by DPL and $13 million by ACE. The minimum lease term associated with these assets ranges from 1 to 4 years. Historically, payments under the guarantees have not been made and PHI believes the likelihood of payments being required under the guarantees is remote.

Nuclear Insurance (Exelon and Generation)

Generation is subject to liability, property damage and other risks associated with major incidents at any of its nuclear stations, including the CENG nuclear stations. Generation has mitigated its financial exposure to these risks through insurance and other industry risk-sharing provisions.

The Price-Anderson Act was enacted to ensure the availability of funds for public liability claims arising from an incident at any of the U.S. licensed nuclear facilities and also to limit the liability of nuclear reactor owners for such claims from any single incident. As of June 30, 2017 , the current liability limit per incident is $13.4 billion and is subject to change to account for the effects of inflation and changes in the number of licensed reactors at least once every five years with the last adjustment effective September 10, 2013. In accordance with the Price-Anderson Act, Generation maintains financial protection at levels equal to the amount of liability insurance available from private sources through the purchase of private nuclear energy liability insurance for public liability claims that could arise in the event of an incident. Effective January 1, 2017, the required amount of nuclear energy liability insurance purchased is $450 million for each operating site. Claims exceeding that amount are covered through mandatory participation in a financial protection pool, as required by the Price Anderson-Act, which provides the additional $13.0 billion per incident in funds available for public liability claims. Participation in this secondary financial protection pool requires the operator of each reactor to fund its proportionate share of costs for any single incident that exceeds the primary layer of financial protection. Exelon's share of this secondary layer would be approximately $2.8 billion, including CENG's related liability, however any amounts payable under this secondary layer would be capped at $420 million per year.

In addition, the U.S. Congress could impose revenue-raising measures on the nuclear industry to pay public liability claims exceeding the $13.4 billion limit for a single incident.

As part of the execution of the NOSA on April 1, 2014, Generation executed an Indemnity Agreement pursuant to which Generation agreed to indemnify EDF and its affiliates against third-party claims that may arise from any future nuclear incident (as defined in the Price-Anderson Act) in connection with the CENG nuclear plants or their operations. Exelon guarantees Generation's obligations under this indemnity. See Note 5 — Investment in Constellation Energy Nuclear Group, LLC of the Exelon 2016 Form 10-K for additional information on Generation's operations relating to CENG.

Generation is required each year to report to the NRC the current levels and sources of property insurance that demonstrates Generation possesses sufficient financial resources to stabilize and decontaminate a reactor and reactor station site in the event of an accident. The property insurance maintained for each facility is currently provided through insurance policies purchased from NEIL, an industry mutual insurance company of which Generation is a member.

Premiums paid to NEIL by its members are also subject to a potential assessment for adverse loss experience in the form of a retrospective premium obligation. NEIL has never assessed this retrospective premium since its formation in 1973, and Generation cannot predict the level of future assessments if any. The current maximum aggregate annual retrospective premium obligation for Generation is approximately $360 million. NEIL requires its members to maintain an investment grade credit rating or to ensure collectability of their annual retrospective premium obligation by providing a financial guarantee, letter of credit, deposit premium, or some other means of assurance.

NEIL provides "all risk" property damage, decontamination and premature decommissioning insurance for each station for losses resulting from damage to its nuclear plants, either due to accidents or acts of terrorism. If the decision is made to decommission the facility, a portion of the insurance proceeds will be allocated to a fund,

which Generation is required by the NRC to maintain, to provide for decommissioning the facility. In the event of an insured loss, Generation is unable to predict the timing of the availability of insurance proceeds to Generation and the amount of such proceeds that would be available. In the event that one or more acts of terrorism cause accidental property damage within a twelve-month period from the first accidental property damage under one or more policies for all insured plants, the maximum recovery by Exelon will be an aggregate of $3.2 billion plus such additional amounts as the insurer may recover for all such losses from reinsurance, indemnity and any other source, applicable to such losses.

For its insured losses, Generation is self-insured to the extent that losses are within the policy deductible or exceed the amount of insurance maintained. Uninsured losses and other expenses, to the extent not recoverable from insurers or the nuclear industry, could also be borne by Generation. Any such losses could have a material adverse effect on Exelon's and Generation's financial condition, results of operations and liquidity.

Environmental Issues *(All Registrants)*

General. The Registrants' operations have in the past, and may in the future, require substantial expenditures in order to comply with environmental laws. Additionally, under Federal and state environmental laws, the Registrants are generally liable for the costs of remediating environmental contamination of property now or formerly owned by them and of property contaminated by hazardous substances generated by them. The Registrants own or lease a number of real estate parcels, including parcels on which their operations or the operations of others may have resulted in contamination by substances that are considered hazardous under environmental laws. In addition, the Registrants are currently involved in a number of proceedings relating to sites where hazardous substances have been deposited and may be subject to additional proceedings in the future.

ComEd, PECO, BGE and DPL have identified sites where former MGP activities have or may have resulted in actual site contamination. For almost all of these sites, there are additional PRPs that may share responsibility for the ultimate remediation of each location.

- ComEd has identified 42 sites, 19 of which the remediation has been completed and approved by the Illinois EPA or the U.S. EPA and 23 that are currently under some degree of active study and/or remediation. ComEd expects the majority of the remediation at these sites to continue through at least 2021.
- PECO has identified 26 sites, 17 of which have been remediated in accordance with applicable PA DEP regulatory requirements. The remaining 9 sites are currently under some degree of active study and/or remediation. PECO expects the majority of the remediation at these sites to continue through at least 2022.
- BGE has identified 13 former gas manufacturing or purification sites that it currently owns or owned at one time through a predecessor's acquisition. Two of the gas manufacturing sites require some level of remediation and ongoing monitoring under the direction of the MDE. The required costs at these two sites are not considered material. In May 2017, BGE completed the additional work requested by MDE. All the sample testing produced results that were below the cleanup action level established by MDE and no further investigation is required. For more information, see the discussion of the Riverside site below.
- DPL has identified 2 sites, all of which the remediation has been completed and approved by the MDE or the Delaware Department of Natural Resources and Environmental Control.

ComEd, pursuant to an ICC order, and PECO, pursuant to settlements of natural gas distribution rate cases with the PAPUC, are currently recovering environmental remediation costs of former MGP facility sites through

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customer rates. ComEd and PECO have recorded regulatory assets for the recovery of these costs. See Note 5 — Regulatory Matters for additional information regarding the associated regulatory assets. BGE is authorized to recover, and is currently recovering, environmental costs for the remediation of the former MGP facility sites from customers; however, while BGE does not have a rider for MGP clean-up costs, BGE has historically received recovery of actual clean-up costs in distribution rates. DPL has historically received recovery of actual clean-up costs in distribution rates.

As of June 30, 2017 and December 31, 2016, the Registrants had accrued the following undiscounted amounts for environmental liabilities in Other current liabilities and Other deferred credits and other liabilities within their respective Consolidated Balance Sheets:

June 30, 2017	Total Environmental Investigation and Remediation Reserve	Portion of Total Related to MGP Investigation and Remediation
Exelon	$ 412	$ 315
Generation	67	—
ComEd	284	282
PECO	32	31
BGE	3	2
PHI (Successor)	26	—
Pepco	23	—
DPL	2	—
ACE	1	—

December 31, 2016	Total Environmental Investigation and Remediation Reserve	Portion of Total Related to MGP Investigation and Remediation
Exelon	$ 429	$ 325
Generation	72	—
ComEd	292	291
PECO	33	31
BGE	2	2
PHI (Successor)	30	1
Pepco	27	—
DPL	2	1
ACE	1	—

The historical nature of the MGP sites and the fact that many of the sites have been buried and built over, impacts the ability to determine a precise estimate of the ultimate costs prior to initial sampling and determination of the exact scope and method of remedial activity. Management determines its best estimate of remediation costs using all available information at the time of each study, including probabilistic and deterministic modeling for ComEd and PECO, and the remediation standards currently required by the applicable state environmental agency. Prior to completion of any significant clean up, each site remediation plan is approved by the appropriate state environmental agency.

The Registrants cannot reasonably estimate whether they will incur other significant liabilities for additional investigation and remediation costs at these or additional sites identified by the Registrants, environmental agencies or others, or whether such costs will be recoverable from third parties, including customers.

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Water Quality

Benning Road Site NPDES Permit Limit Exceedances . Pepco holds an NPDES permit issued by EPA with a July 19, 2009 effective date, which authorizes discharges from the Benning Road service facility. The 2009 permit for the first time imposed numerical limits on the allowable concentration of certain metals in storm water discharged from the site into the Anacostia River. The permit contemplated that Pepco would meet these limits over time through the use of best management practices (BMPs). The BMPs were effective in reducing metal concentrations in storm water discharges, but were not sufficient to meet all of the numerical limits for all metals.

The 2009 permit remains in effect pending EPA's action on the Pepco renewal application, including resolution of the stormwater compliance issues. On October 30, 2015, EPA filed a Clean Water Act civil enforcement action against Pepco in federal district court, and in March 2016 the court granted a motion by the Anacostia Riverkeeper to intervene in this case as a plaintiff along with EPA. Since 2009 Pepco has installed runoff mitigation measures and implemented new operating procedures to comply with regulations. In January 2017, the parties agreed to a settlement in the form of a Consent Decree whereby Pepco will pay a civil penalty in the amount of $1.6 million, continue the BMPs to manage stormwater, construct a new stormwater treatment system, and make certain other capital improvements to the stormwater management system. On May 19, 2017, the Consent Decree was entered with the Court and became final. The Civil Penalty assessed under the Consent Decree of $1.6 million was paid on June 5, 2017 and other requirements of the Decree are now being implemented.

Solid and Hazardous Waste

Cotter Corporation. The EPA has advised Cotter Corporation (Cotter), a former ComEd subsidiary, that it is potentially liable in connection with radiological contamination at a site known as the West Lake Landfill in Missouri. In 2000, ComEd sold Cotter to an unaffiliated third-party. As part of the sale, ComEd agreed to indemnify Cotter for any liability arising in connection with the West Lake Landfill. In connection with Exelon's 2001 corporate restructuring, this responsibility to indemnify Cotter was transferred to Generation. On May 29, 2008, the EPA issued a Record of Decision approving the remediation option submitted by Cotter and the two other PRPs that required additional landfill cover. The current estimated cost of the landfill cover remediation for the site is approximately $90 million, including escalation, which will be allocated among all PRPs. Generation has accrued what it believes to be an adequate amount to cover its anticipated share of such liability, which is included in the table above. By letter dated January 11, 2010, the EPA requested that the PRPs perform a supplemental feasibility study for a remediation alternative that would involve complete excavation of the radiological contamination. On September 30, 2011, the PRPs submitted the supplemental feasibility study to the EPA for review. Since June 2012, the EPA has requested that the PRPs perform a series of additional analyses and groundwater and soil sampling as part of the supplemental feasibility study, that were completed in December 2016. The EPA has advised the PRPs that the EPA announcement of the proposed remedy will take place in the first quarter of 2018. Thereafter, the EPA will select a final remedy and seek to enter into a Consent Decree with the PRPs to effectuate the remedy. Recent investigation has identified a number of other parties who may be PRPs and could be liable to contribute to the final remedy. Further investigation is underway. Generation believes that a partial excavation remedy is reasonably possible, and the partial excavation costs, inclusive of a landfill cover, could range from approximately $225 million to $650 million; such costs would likely be shared by the final group of identified PRPs. Generation believes the likelihood that the EPA would require a complete excavation remedy is remote. The cost of a partial or complete excavation could have a material, unfavorable impact on Generation's and Exelon's future results of operations and cash flows.

During December 2015, the EPA took two actions related to the West Lake Landfill designed to abate what it termed as imminent and dangerous conditions at the landfill. The first involved installation by the PRPs of a

non-combustible surface cover to protect against surface fires in areas where radiological materials are believed to have been disposed. Generation has accrued what it believes to be an adequate amount to cover its anticipated liability for this interim action. The second action involved EPA's public statement that it will require the PRPs to construct a barrier wall in an adjacent landfill to prevent a subsurface fire from spreading to those areas of the West Lake Landfill where radiological materials are believed to have been disposed. At this time, EPA has not provided sufficient details related to the basis for and the requirements and design of a barrier wall to enable Generation to determine the likelihood such a remedy will ultimately be implemented, assess the degree to which Generation may have liability as a potentially responsible party, or develop a reasonable estimate of the potential incremental costs. It is reasonably possible, however, that resolution of this matter could have a material, unfavorable impact on Generation's and Exelon's future results of operations and cash flows. Finally, one of the other PRPs, the landfill owner and operator of the adjacent landfill, has indicated that it will be making a contribution claim against Cotter for costs that it has incurred to prevent the subsurface fire from spreading to those areas of the West Lake Landfill where radiological materials are believed to have been disposed. At this time, Generation and Exelon do not possess sufficient information to assess this claim and are therefore unable to determine the impact on their future results of operations and cash flows.

On February 2, 2016, the U.S. Senate passed a bill to transfer remediation authority over the West Lake Landfill from the EPA to the U.S. Army Corps of Engineers, under the Formerly Utilized Sites Remedial Action Program (FUSRAP). The legislation was not passed in the U.S. House of Representatives, and would therefore require reintroduction in the Senate for consideration in the current session of Congress. Should such proposed legislation ultimately become law, it would be subject to annual funding appropriations in the U.S. Budget. Remediation under FUSRAP would not alter the liability of the PRPs, but would likely delay the determination of a final remedy and its implementation.

On August 8, 2011, Cotter was notified by the DOJ that Cotter is considered a PRP with respect to the government's clean-up costs for contamination attributable to low level radioactive residues at a former storage and reprocessing facility named Latty Avenue near St. Louis, Missouri. The Latty Avenue site is included in ComEd's indemnification responsibilities discussed above as part of the sale of Cotter. The radioactive residues had been generated initially in connection with the processing of uranium ores as part of the U.S. government's Manhattan Project. Cotter purchased the residues in 1969 for initial processing at the Latty Avenue facility for the subsequent extraction of uranium and metals. In 1976, the NRC found that the Latty Avenue site had radiation levels exceeding NRC criteria for decontamination of land areas. Latty Avenue was investigated and remediated by the United States Army Corps of Engineers pursuant to funding under the FUSRAP. The DOJ has not yet formally advised the PRPs of the amount that it is seeking, but it is believed to be approximately $90 million. The DOJ and the PRPs agreed to toll the statute of limitations until August 2018 so that settlement discussions could proceed. Based on Generation's preliminary review, it appears probable that Generation has liability to Cotter under the indemnification agreement and has established an appropriate accrual for this liability, which is included in the table above.

Commencing in February 2012, a number of lawsuits have been filed in the U.S. District Court for the Eastern District of Missouri. Among the defendants were Exelon, Generation and ComEd, all of which were subsequently dismissed from the case, as well as Cotter, which remains a defendant. The suits allege that individuals living in the North St. Louis area developed some form of cancer or other serious illness due to Cotter's negligent or reckless conduct in processing, transporting, storing, handling and/or disposing of radioactive materials. Plaintiffs are asserting public liability claims under the Price-Anderson Act. Their state law claims for negligence, strict liability, emotional distress, and medical monitoring have been dismissed. The complaints do not contain specific damage claims. In the event of a finding of liability against Cotter, it is reasonably possible that Exelon would be financially responsible due to its indemnification responsibilities of Cotter described above. The court has dismissed a number of lawsuits, and is expected to dismiss additional

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lawsuits based on a recent ruling. Pre-trial motions and discovery are proceeding in the remaining cases and a pre-trial scheduling order has been filed with the court. At this stage of the litigation, Generation and ComEd cannot estimate a range of loss, if any.

68 th Street Dump. In 1999, the EPA proposed to add the 68th Street Dump in Baltimore, Maryland to the Superfund National Priorities List, and notified BGE and 19 others that they are PRPs at the site. In connection with BGE's 2000 corporate restructuring the responsibility for this liability was transferred to Constellation and as a result of the 2012 Exelon and CEG merger is now Generation's responsibility. In March 2004, the PRPs formed the 68th Street Coalition and entered into consent order negotiations with the U.S. EPA to investigate clean-up options for the site under the Superfund Alternative Sites Program. In May 2006, a settlement among the U.S. EPA and the PRPs with respect to investigation of the site became effective. The settlement requires the PRPs, over the course of several years, to identify contamination at the site and recommend clean-up options. The PRPs submitted their investigation of the range of clean-up options in the first quarter of 2011. On September 30, 2013, EPA issued the Record of Decision identifying its preferred remedial alternative for the site. The estimated cost for the alternative chosen by EPA is consistent with the PRPs estimated range of costs noted above. In July, 2017 the PRPs and EPA finalized the terms of a Consent Decree which is being executed by the Parties and will then be lodged with the Court and subject to a 30-day public comment period after which it is anticipated it will be approved by the Court without any significant change in the costs for cleanup. There will also be an ancillary agreement between the PRP's who will be performing the remedy and those who have elected to enter into cash settlements and become non-performing parties. Generation has elected to be a non-performing party and the settlement terms will provide contribution and all other protections against the performing parties. Generation has reached a preliminary settlement agreement for its share of the estimated clean-up costs, which is included in the table above and is immaterial to the Generation and Exelon financial statements.

Rossville Ash Site. The Rossville Ash Site is a 32-acre property located in Rosedale, Baltimore County, Maryland, which was used for the placement of fly ash from 1983-2007. The property is owned by Constellation Power Source Generation, LLC (CPSG), a wholly owned subsidiary of Generation. In 2008, CPSG investigated and remediated the property by entering it into the Maryland Voluntary Cleanup Program (VCP) to address any historic environmental concerns and ready the site for appropriate future redevelopment. The site was accepted into the program in 2010 and is currently going through the process to remediate the site and receive closure from MDE. Exelon currently estimates the cost to close the site to be approximately $2 million which has been fully reserved and included in the table above as of June 30, 2017.

Sauer Dump. On May 30, 2012, BGE was notified by the U.S. EPA that it is considered a PRP at the Sauer Dump Superfund site in Dundalk, Maryland. The U.S. EPA offered BGE and three other PRPs the opportunity to conduct an environmental investigation and present cleanup recommendations at the site. In addition, the U.S. EPA is seeking recovery from the PRPs of $1.7 million for past cleanup and investigation costs at the site. On March 11, 2013, BGE and three other PRPs signed an Administrative Settlement Agreement and Order on Consent with the U.S. EPA which requires the PRPs to conduct a remedial investigation and feasibility study at the site to determine what, if any, are the appropriate and recommended cleanup activities for the site. Although the ultimate outcome of this proceeding is uncertain based on the information complied to date, BGE has developed an estimate of the range of BGE's probable liability and has established an appropriate accrual that is included it in the table above. It is possible, however, that final resolution of this matter could have a material, unfavorable impact on BGE's future results of operations and cash flows.

Riverside. In 2013, the MDE, at the request of EPA, conducted a site inspection and limited environmental sampling of certain portions of the 170 acre Riverside property owned by BGE. The site consists of several different parcels with different current and historical uses. The sampling included soil and groundwater samples for a number of potential environmental contaminants. The sampling confirmed the existence of contaminants

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consistent with the known historical uses of the various portions of the site. In March 2014, the MDE requested that BGE conduct an investigation which included a site-wide investigation of soils, sediment, groundwater, and surface water to complement the MDE sampling. The field investigation was completed in January 2015, and a final report was provided to MDE in June 2015. In November 2015, MDE provided BGE with its comments and recommendations on the report which require BGE to conduct further investigation and sampling at the site to better delineate the nature and extent of historic contamination, including off-site sediment and soil sampling. MDE did not request any interim remediation at this time and in May 2017 BGE completed the additional work requested by MDE. All the sample testing produced results that were below the cleanup action level established by MDE and no further investigation is required. BGE has established what it believes is an appropriate reserve based upon the investigation to date. The established reserve is included in the table above. As the investigation and potential remediation proceed, it is possible that additional reserves could be established, in amounts that could be material to BGE.

BGE is authorized to recover, and is currently recovering, environmental costs for the remediation of the former MGP facility sites from customers; however, while BGE does not have a rider for MGP clean-up costs, BGE has historically received recovery of actual clean-up costs in distribution rates. Additionally, legislation was passed during the 2017 Maryland General Assembly session that should further support BGE's recovery of its clean-up costs.

Benning Road Site. In September 2010, PHI received a letter from EPA identifying the Benning Road site as one of six land-based sites potentially contributing to contamination of the lower Anacostia River. A portion of the site was formerly the location of a Pepco Energy Services electric generating facility. That generating facility was deactivated in June 2012 and plant structure demolition was completed in July 2015. The remaining portion of the site consists of a Pepco transmission and distribution service center that remains in operation. In December 2011, the U.S. District Court for the District of Columbia approved a consent decree entered into by Pepco and Pepco Energy Services with the DOEE, which requires Pepco and Pepco Energy Services to conduct a Remediation Investigation (RI)/ Feasibility Study (FS) for the Benning Road site and an approximately 10 to 15 acre portion of the adjacent Anacostia River. The RI/FS will form the basis for the remedial actions for the Benning Road site and for the Anacostia River sediment associated with the site. The consent decree does not obligate Pepco or Pepco Energy Services to pay for or perform any remediation work, but it is anticipated that DOEE will look to Pepco and Pepco Energy Services to assume responsibility for cleanup of any conditions in the river that are determined to be attributable to past activities at the Benning Road site.

The initial RI field work began in January 2013 and was completed in December 2014. In April 2015, Pepco and Pepco Energy Services submitted a draft RI Report to DOEE. After review, DOEE determined that additional field investigation and data analysis was required to complete the RI process (much of which was beyond the scope of the original DOEE-approved RI work plan). In the meantime, Pepco and Pepco Energy Services revised the draft RI Report to address DOEE's comments and DOEE released the draft RI Report for public review in February 2016. Once the additional RI work has been completed, Pepco and Pepco Energy Services will issue a draft "final" RI report for review and comment by DOEE and the public. Pepco and Pepco Energy Services will then proceed to develop an FS to evaluate possible remedial alternatives for submission to DOEE. The Court has established a schedule for completion of the RI and FS, and approval by the DOEE, by June 2018.

Upon DOEE's approval of the final RI and FS Reports, Pepco and Pepco Energy Services will have satisfied their obligations under the consent decree. At that point, DOEE will prepare a Proposed Plan regarding further response actions. After considering public comment on the Proposed Plan, DOEE will issue a Record of Decision identifying any further response actions determined to be necessary.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

PHI, Pepco and Pepco Energy Services have determined that a loss associated with this matter for PHI, Pepco and Pepco Energy Services is probable and an estimated liability for this issue has been accrued, which is included in the table above. As the remedial investigation proceeds and potential remedies are identified, it is possible that additional accruals could be established in amounts that could be material to PHI, Pepco and Pepco Energy Services. Pursuant to Exelon's March 2016 acquisition of PHI, Pepco Energy Services was transferred to Generation. The ultimate resolution of this matter is currently not expected to have any significant financial impact on Generation.

Anacostia River Tidal Reach . Contemporaneous with the Benning RI/FS being performed by Pepco and Pepco Energy Services, DOEE and certain federal agencies have been conducting a separate RI/FS focused on the entire tidal reach of the Anacostia River extending from just north of the Maryland-D.C. boundary line to the confluence of the Anacostia and Potomac Rivers. In March 2016, DOEE released a draft of the river-wide RI Report for public review and comment. The river-wide RI incorporated the results of the river sampling performed by Pepco and Pepco Energy Services as part of the Benning RI/FS, as well as similar sampling efforts conducted by owners of other sites adjacent to this segment of the river and supplemental river sampling conducted by DOEE's contractor. DOEE asked Pepco, along with parties responsible for other sites along the river, to participate in a "Consultative Working Group" to provide input into the process for future remedial actions addressing the entire tidal reach of the river and to ensure proper coordination with the other river cleanup efforts currently underway, including cleanup of the river segment adjacent to the Benning Road site resulting from the Benning Road RI/FS. Pepco responded that it will participate in the Consultative Working Group but its participation is not an acceptance of any financial responsibility beyond the work that will be performed at the Benning Road site described above. DOEE has advised the Consultative Working Group that the federal and DOEE authorities are conducting phase 2 of a remedial investigation. DOEE has targeted June 2018 as the date for remedy selection for clean-up of sediments in this section of the river. The Consultative Working Group and the other possible PRPs have provided input into the proposed clean-up process and schedule. At this time, it is not possible to predict the extent of Pepco's participation in the river-wide RI/FS process, and Pepco cannot estimate the reasonably possible range of loss for response costs beyond those associated with the Benning RI/FS component of the river-wide initiative. It is possible, however, that resolution of this matter could have a material, unfavorable impact on Exelon's and Pepco's future results of operations and cash flows.

Conectiv Energy Wholesale Power Generation Sites. In July 2010, PHI sold the wholesale power generation business of Conectiv Energy Holdings, Inc. and substantially all of its subsidiaries (Conectiv Energy) to Calpine Corporation (Calpine). Under New Jersey's Industrial Site Recovery Act (ISRA), the transfer of ownership to Calpine triggered an obligation on the part of Conectiv Energy to remediate any environmental contamination at each of the nine Conectiv Energy generating facility sites located in New Jersey. Under the terms of the sale, Calpine assumed responsibility for performing the ISRA-required remediation and for the payment of all related ISRA compliance costs up to $10 million. Predecessor PHI was obligated to indemnify Calpine for any ISRA compliance remediation costs in excess of $10 million. According to PHI's estimates, the costs of ISRA-required remediation activities at the 9 generating facility sites are in the range of approximately $7 million to $18 million, and predecessor PHI established an appropriate accrual for its share of the estimated clean-up costs. Pursuant to Exelon's March 2016 acquisition of PHI, the Conectiv Energy legal entity was transferred to Generation and the accrual for Predecessor PHI's share of the estimated clean-up costs was also transferred to Generation and is included in the table above as a liability of Generation. The responsibility to indemnify Calpine is shared by PHI and Generation. The ultimate resolution of this matter is currently not expected to have a material financial impact on PHI and Generation.

Rock Creek Mineral Oil Release. In late August 2015, a Pepco underground transmission line in the District of Columbia suffered a breach, resulting in the release of non-toxic mineral oil surrounding the

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transmission line into the surrounding soil, and a small amount reached Rock Creek through a storm drain. Pepco notified regulatory authorities, and Pepco and its spill response contractors placed booms in Rock Creek, blocked the storm drain to prevent the release of mineral oil into the creek and commenced remediation of soil around the transmission line and the Rock Creek shoreline. Pepco estimates that approximately 6,100 gallons of mineral oil were released and that its remediation efforts recovered approximately 80% of the amount released. Pepco's remediation efforts are ongoing under the direction of the DOEE, including the requirements of a February 29, 2016 compliance order which requires Pepco to prepare a full incident investigation report and prepare a removal action work plan to remove all impacted soils in the vicinity of the storm drain outfall, and in collaboration with the National Park Service, the Smithsonian Institution/National Zoo and EPA. Pepco's investigation presently indicates that the damage to Pepco's facilities occurred prior to the release of mineral oil when third-party excavators struck the Pepco underground transmission line while installing cable for another utility.

To the extent recovery is available against any party who contributed to this loss, PHI and Pepco will pursue such action. Exelon, PHI and Pepco continue to investigate the cause of the incident, the parties involved, and legal responsibility under District of Columbia law, but do not believe that the remediation costs to resolve this matter will have a material adverse effect on their respective financial condition, results of operations or cash flows.

Brandywine Fly Ash Disposal Site. In February 2013, Pepco received a letter from the MDE requesting that Pepco investigate the extent of waste on a Pepco right-of-way that traverses the Brandywine fly ash disposal site in Brandywine, Prince George's County, Maryland, owned by NRG Energy, Inc. (as successor to GenOn MD Ash Management, LLC) (NRG). In July 2013, while reserving its rights and related defenses under a 2000 agreement covering the sale of this site, Pepco indicated its willingness to investigate the extent of, and propose an appropriate closure plan to address, ash on the right-of-way. Pepco submitted a schedule for development of a closure plan to MDE on September 30, 2013 and, by letter dated October 18, 2013, MDE approved the schedule.

Exelon, PHI and Pepco have determined that a loss associated with this matter is probable and have estimated that the costs for implementation of a closure plan and cap on the site are in the range of approximately $3 million to $6 million, for which an appropriate reserve has been established and is included in the table above. Exelon, PHI and Pepco believe that the costs incurred in this matter will be recoverable from NRG under the 2000 sale agreement.

Litigation and Regulatory Matters

Asbestos Personal Injury Claims (Exelon, Generation, ComEd, PECO and BGE)

Exelon, Generation and PECO . Generation maintains a reserve for claims associated with asbestos-related personal injury actions in certain facilities that are currently owned by Generation or were previously owned by ComEd and PECO. The reserve is recorded on an undiscounted basis and excludes the estimated legal costs associated with handling these matters, which could be material.

At June 30, 2017 and December 31, 2016, Generation had reserved approximately $81 million and $83 million, respectively, in total for asbestos-related bodily injury claims. As of June 30, 2017, approximately $21 million of this amount related to 224 open claims presented to Generation, while the remaining $59 million of the reserve is for estimated future asbestos-related bodily injury claims anticipated to arise through 2050, based on actuarial assumptions and analyses, which are updated on an annual basis. On a quarterly basis, Generation monitors actual experience against the number of forecasted claims to be received and expected claim payments and evaluates whether an adjustment to the reserve is necessary.

On November 22, 2013, the Supreme Court of Pennsylvania held that the Pennsylvania Workers Compensation Act does not apply to an employee's disability or death resulting from occupational disease, such

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as diseases related to asbestos exposure, which manifests more than 300 weeks after the employee's last employment-based exposure, and that therefore the exclusivity provision of the Act does not preclude such employee from suing his or her employer in court. The Supreme Court's ruling reverses previous rulings by the Pennsylvania Superior Court precluding current and former employees from suing their employers in court, despite the fact that the same employee was not eligible for workers compensation benefits for diseases that manifest more than 300 weeks after the employee's last employment-based exposure to asbestos. Since the Pennsylvania Supreme Court's ruling in November 2013, Exelon, Generation, and PECO have experienced an increase in asbestos-related personal injury claims brought by former PECO employees, all of which have been reserved for on a claim by claim basis. Those additional claims are taken into account in projecting estimates of future asbestos-related bodily injury claims.

On November 4, 2015, the Illinois Supreme Court found that the provisions of the Illinois' Workers' Compensation Act and the Workers' Occupational Diseases Act barred an employee from bringing a direct civil action against an employer for latent diseases, including asbestos-related diseases that fall outside the 25-year limit of the statute of repose. The Illinois Supreme Court's ruling reversed previous rulings by the Illinois Court of Appeals, which initially ruled that the Illinois Worker's Compensation law should not apply in cases where the diagnosis of an asbestos related disease occurred after the 25-year maximum time period for filing a Worker's Compensation claim. Since the Illinois Supreme Court's ruling in November 2015, Exelon, Generation, and ComEd have not experienced a significant increase in asbestos-related personal injury claims brought by former ComEd employees.

There is a reasonable possibility that Exelon may have additional exposure to estimated future asbestos-related bodily injury claims in excess of the amount accrued and the increases could have a material adverse effect on Exelon's, Generation's, ComEd's, PECO and BGE's future results of operations and cash flows.

BGE . Since 1993, BGE and certain Constellation (now Generation) subsidiaries have been involved in several actions concerning asbestos. The actions are based upon the theory of "premises liability," alleging that BGE and Generation knew of and exposed individuals to an asbestos hazard. In addition to BGE and Generation, numerous other parties are defendants in these cases.

To date, most asbestos claims which have been resolved relating to BGE and certain Constellation subsidiaries have been dismissed or resolved without any payment and a small minority of these cases has been resolved for amounts that were not material to BGE or Generation's financial results. Presently, there are an immaterial number of asbestos cases pending against BGE and certain Constellation subsidiaries.

Continuous Power Interruption (Exelon and ComEd)

Section 16-125 of the Illinois Public Utilities Act provides that in the event an electric utility, such as ComEd, experiences a continuous power interruption of four hours or more that affects (in ComEd's case) more than 30,000 customers, the utility may be liable for actual damages suffered by customers as a result of the interruption and may be responsible for reimbursement of local governmental emergency and contingency expenses incurred in connection with the interruption. Recovery of consequential damages is barred. The affected utility may seek from the ICC a waiver of these liabilities when the utility can show that the cause of the interruption was unpreventable damage due to weather events or conditions, customer tampering, or certain other causes enumerated in the law. As of June 30, 2017 and December 31, 2016, ComEd did not have any material liabilities recorded for these storm events.

Baltimore City Franchise Taxes (Exelon and BGE)

The City of Baltimore claims that BGE has maintained electric facilities in the City's public right-of-ways for over one hundred years without the proper franchise rights from the City. BGE has reviewed the City's claim and believes that it lacks merit. BGE has not recorded an accrual for payment of franchise fees for past periods as a range of loss, if any, cannot be reasonably estimated at this time. Franchise fees assessed in future periods may be material to BGE's results of operations and cash flows.

Conduit Lease with City of Baltimore (Exelon and BGE)

On September 23, 2015, the Baltimore City Board of Estimates approved an increase in annual rental fees for access to the Baltimore City underground conduit system effective November 1, 2015, from $12 million to $42 million, subject to an annual increase thereafter based on the Consumer Price Index. BGE subsequently entered into litigation with the City regarding the amount of and basis for establishing the conduit fee. On November 30, 2016, the Baltimore City Board of Estimates approved a settlement agreement entered into between BGE and the City to resolve the disputes and pending litigation related to BGE's use of and payment for the underground conduit system. As a result of the settlement, the parties have entered into a six-year lease that reduces the annual expense to $25 million in the first three years and caps the annual expense in the last three years to not more than $29 million. BGE recorded a credit to Operating and maintenance expense in the fourth quarter of 2016 of approximately $28 million for the reversal of the previously higher fees accrued in the current year as well as the settlement of prior year disputed fee true-up amounts.

Deere Wind Energy Assets (Exelon and Generation)

In 2013, Deere & Company ("Deere") filed a lawsuit against Generation in the Delaware Superior Court relating to Generation's acquisition of the Deere wind energy assets. Under the purchase agreement, Deere was entitled to receive earn-out payments if certain specific wind projects already under development in Michigan met certain development and construction milestones following the sale. In the complaint, Deere seeks to recover a $14 million earn-out payment associated with one such project, which was never completed. Generation has filed counterclaims against Deere for breach of contract, with a right of recoupment and set off. On June 2, 2016, the Delaware Superior Court entered summary judgment in favor of Deere. On January 17, 2017, Generation filed an appeal of the Superior Court's summary judgment decision with the Supreme Court of Delaware. Generation has accrued an amount to cover its potential liability.

City of Everett Tax Increment Financing Agreement (Exelon)

The City of Everett has filed a petition with the Massachusetts Economic Assistance Coordinating Council (EACC) to revoke the 1999 tax increment financing agreement (TIF Agreement) relating to Mystic 8 & 9 on the grounds that the total investment in Mystic 8 & 9 materially deviates from the investment set forth in the TIF Agreement. The EACC has appointed a three-member panel to conduct an administrative hearing on the City's petition. Generation has reviewed the City's claim and believes that it lacks merit. Generation has not recorded an accrual for payment resulting from such a revocation because the range of loss, if any, cannot be reasonably estimated at this time. Property taxes assessed in future periods could be material to Generation's results of operations and cash flows.

General (All Registrants)

The Registrants are involved in various other litigation matters that are being defended and handled in the ordinary course of business. The assessment of whether a loss is probable or a reasonable possibility, and

whether the loss or a range of loss is estimable, often involves a series of complex judgments about future events. The Registrants maintain accruals for such losses that are probable of being incurred and subject to reasonable estimation. Management is sometimes unable to estimate an amount or range of reasonably possible loss, particularly where (1) the damages sought are indeterminate, (2) the proceedings are in the early stages, or (3) the matters involve novel or unsettled legal theories. In such cases, there is considerable uncertainty regarding the timing or ultimate resolution of such matters, including a possible eventual loss.

Income Taxes ***(Exelon, Generation, ComEd, PECO and BGE)***

See Note 11 — Income Taxes for information regarding the Registrants' income tax refund claims and certain tax positions, including the 1999 sale of fossil generating assets.

18. Supplemental Financial Information (All Registrants)

Supplemental Statement of Operations Information

The following tables provide additional information about the Registrants' Consolidated Statements of Operations and Comprehensive Income for the three and six months ended June 30, 2017 and 2016.

	Three Months Ended June 30, 2017								
						Successor			
	Exelon	**Generation**	**ComEd**	**PECO**	**BGE**	**PHI**	**Pepco**	**DPL**	**ACE**
Other, Net									
Decommissioning-related activities:									
Net realized income on decommissioning trust funds [a]									
Regulatory agreement units	$ 211	$ 211	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Non-regulatory agreement units	74	74	—	—	—	—	—	—	—
Net unrealized (losses) gains on decommissioning trust funds									
Regulatory agreement units	(13)	(13)	—	—	—	—	—	—	—
Non-regulatory agreement units	70	70	—	—	—	—	—	—	—
Net unrealized losses on pledged assets									
Zion Station decommissioning	(2)	(2)	—	—	—	—	—	—	—
Regulatory offset to decommissioning trust fund-related activities [b]	(160)	(160)	—	—	—	—	—	—	—
Total decommissioning-related activities	180	180	—	—	—	—	—	—	—
Investment income	2	1	—	—	—	—	—	—	—
Interest expense related to uncertain income tax positions	(1)	—	—	—	—	—	—	—	—
Penalty related to uncertain income tax positions	1	—	—	—	—	—	—	—	—
AFUDC — Equity	17	—	2	2	4	9	5	2	2
Other	6	—	2	—	—	4	2	1	—
Other, net	$ 205	$ 181	$ 4	$ 2	$ 4	$ 13	$ 7	$ 3	$ 2

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Six Months Ended June 30, 2017								
						Successor			
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Other, Net									
Decommissioning-related activities:									
Net realized income on decommissioning trust funds [a]									
Regulatory agreement units	$ 280	$ 280	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Non-regulatory agreement units	106	106	—	—	—	—	—	—	—
Net unrealized gains on decommissioning trust funds									
Regulatory agreement units	210	210		—	—	—	—	—	—
Non-regulatory agreement units	235	235	—	—	—	—	—	—	—
Net unrealized losses on pledged assets									
Zion Station decommissioning	(2)	(2)		—	—	—	—	—	—
Regulatory offset to decommissioning trust fund-related activities [b]	(396)	(396)	—	—	—	—	—	—	—
Total decommissioning-related activities	433	433	—	—	—	—	—	—	—
Investment income (expense)	4	3	—	(1)	—	1	1	—	—
Penalty income related to uncertain income tax positions	2	—	—	—	—	—	—	—	—
AFUDC — Equity	33	—	4	4	8	17	11	3	3
Other	16	4	4	—	—	8	3	3	1
Other, net	$ 488	$ 440	$ 8	$ 3	$ 8	$ 26	$ 15	$ 6	$ 4

	Three Months Ended June 30, 2016								
						Successor			
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Other, Net									
Decommissioning-related activities:									
Net realized income on decommissioning trust funds [a]									
Regulatory agreement units	$ 90	$ 90	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Non-regulatory agreement units	39	39	—	—	—	—	—	—	—
Net unrealized gains on decommissioning trust funds									
Regulatory agreement units	52	52	—	—	—	—	—	—	—
Non-regulatory agreement units	48	48	—	—	—	—	—	—	—
Net unrealized gains on pledged assets									
Zion Station decommissioning	1	1	—	—	—	—	—	—	—
Regulatory offset to decommissioning trust fund-related activities [b]	(117)	(117)	—	—	—	—	—	—	—
Total decommissioning-related activities	113	113	—	—	—	—	—	—	—
Investment income	6	5	—	—	—	—	—	—	—
Interest income related to uncertain income tax positions	4	—	—	—	—	—	—	—	—
AFUDC — Equity	15	—	1	2	5	7	5	1	1
Other	6	(1)	2	—	—	4	1	2	1
Other, net	$ 144	$ 117	$ 3	$ 2	$ 5	$ 11	$ 6	$ 3	$ 2

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Six Months Ended June 30, 2016								*Successor* March 24, 2016 to June 30, 2016	*Predecessor* January 1, 2016 to March 23, 2016
	Exelon	Generation	ComEd	PECO	BGE	Pepco	DPL	ACE	PHI	PHI
Other, Net										
Decommissioning-related activities:										
Net realized income on decommissioning trust funds [a]										
Regulatory agreement units	$ 122	$ 122	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Non-regulatory agreement units	61	61	—	—	—	—	—	—	—	—
Net unrealized gains on decommissioning trust funds										
Regulatory agreement units	131	131	—	—	—	—	—	—	—	—
Non-regulatory agreement units	100	100	—	—	—	—	—	—	—	—
Net unrealized gains on pledged assets										
Zion Station decommissioning	3	3		—	—	—	—	—	—	—
Regulatory offset to decommissioning trust fund-related activities [b]	(211)	(211)	—	—	—	—	—	—	—	—
Total decommissioning-related activities	206	206	—	—	—	—	—	—	—	—
Investment income (expense)	12	5	—	(1)	2	—	—	—	—	—
Long-term lease income	4	—	—	—	—	—	—	—	—	—
Interest income related to uncertain income tax positions	5	—	—	—	—	1	—	1	—	—
AFUDC — Equity	24	—	3	4	9	9	2	3	8	7
Loss on debt extinguishment	(3)	(2)	—	—	—	—	—	—	—	—
Other	10	1	4	1	—	4	4	1	4	(11)
Other, net	$ 258	$ 210	$ 7	$ 4	$ 11	$ 14	$ 6	$ 5	$ 12	$ (4)

(a) Includes investment income and realized gains and losses on sales of investments of the trust funds.
(b) Includes the elimination of NDT fund activity for the Regulatory Agreement Units, including the elimination of net income taxes related to all NDT fund activity for those units. See Note 16 — Asset Retirement Obligations of the Exelon 2016 Form 10-K for additional information regarding the accounting for nuclear decommissioning.

The following utility taxes are included in revenues and expenses for the three and six months ended June 30, 2017 and 2016. Generation's utility tax expense represents gross receipts tax related to its retail operations, and the utility registrants' utility tax expense represents municipal and state utility taxes and gross receipts taxes related to their operating revenues. The offsetting collection of utility taxes from customers is recorded in revenues on the Registrants' Consolidated Statements of Operations and Comprehensive Income.

	Three Months Ended June 30, 2017								
	Exelon	Generation	ComEd	PECO	BGE	*Successor* PHI	Pepco	DPL	ACE
Utility taxes	$ 213	$ 30	$ 57	$ 29	$ 21	$ 76	$ 72	$ 4	$ —

	Six Months Ended June 30, 2017								
	Exelon	Generation	ComEd	PECO	BGE	*Successor* PHI	Pepco	DPL	ACE
Utility taxes	$ 438	$ 63	$ 116	$ 60	$ 47	$ 152	$ 143	$ 9	$ —

	Three Months Ended June 30, 2016								
	Exelon	Generation	ComEd	PECO	BGE	*Successor* PHI	Pepco	DPL	ACE
Utility taxes	$ 217	$ 27	$ 60	$ 32	$ 21	$ 77	$ 73	$ 4	$ —

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Six Months Ended June 30, 2016								*Successor* March 24, 2016 to June 30, 2016	*Predecessor* January 1, 2016 to March 23, 2016
	Exelon	Generation	ComEd	PECO	BGE	Pepco	DPL	ACE	PHI	PHI
Utility taxes	$ 369	$ 55	$ 119	$ 66	$ 45	$ 152	$ 9	$ —	$ 84	$ 77

Supplemental Cash Flow Information

The following tables provide additional information regarding the Registrants' Consolidated Statements of Cash Flows for the six months ended June 30, 2017 and 2016.

	Six Months Ended June 30, 2017								
	Exelon	Generation	ComEd	PECO	BGE	*Successor* PHI	Pepco	DPL	ACE
Depreciation, amortization and accretion									
Property, plant and equipment [a]	$ 1,545	$ 612	$ 384	$ 129	$ 155	$ 227	$ 101	$ 61	$ 44
Amortization of regulatory assets [a]	238	—	35	12	84	105	59	18	28
Amortization of intangible assets, net [a]	28	25	—	—	—	—	—	—	—
Amortization of energy contract assets and liabilities [b]	20	20	—	—	—	—	—	—	—
Nuclear fuel [c]	529	529	—	—	—	—	—	—	—
ARO accretion [d]	231	229	—	—	—	—	—	—	—
Total depreciation, amortization and accretion	$ 2,591	$ 1,415	$ 419	$ 141	$ 239	$ 332	$ 160	$ 79	$ 72

	Six Months Ended June 30, 2016								*Successor* March 24, 2016 to June 30, 2016	*Predecessor* January 1, 2016 to March 23, 2016
	Exelon	Generation	ComEd	PECO	BGE	Pepco	DPL	ACE	PHI	PHI
Depreciation, amortization and accretion										
Property, plant and equipment [a]	$ 1,432	$ 674	$ 345	$ 121	$ 150	$ 85	$ 55	$ 40	$ 111	$ 94
Amortization of regulatory assets [a]	166	—	34	13	56	59	21	41	63	58
Amortization of intangible assets, net [a]	28	23	—	—	—	—	—	—	—	—
Amortization of energy contract assets and liabilities [b]	(7)	(7)	—	—	—	—	—	—	—	—
Nuclear fuel [c]	557	557	—	—	—	—	—	—	—	—
ARO accretion [d]	220	220	—	—	—	—	—	—	—	—
Total depreciation, amortization and accretion	$ 2,396	$ 1,467	$ 379	$ 134	$ 206	$ 144	$ 76	$ 81	$ 174	$ 152

(a) Included in Depreciation and amortization on the Registrants' Consolidated Statements of Operations and Comprehensive Income.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

(b) Included in Operating revenues or Purchased power and fuel expense on the Registrants' Consolidated Statements of Operations and Comprehensive Income.
(c) Included in Purchased power and fuel expense on the Registrants' Consolidated Statements of Operations and Comprehensive Income.
(d) Included in Operating and maintenance expense on the Registrants' Consolidated Statements of Operations and Comprehensive Income.

	Six Months Ended June 30, 2017								
						Successor			
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Other non-cash operating activities:									
Pension and non-pension postretirement benefit costs	$ 320	$ 113	$ 87	$ 14	$ 31	$ 48	$ 13	$ 6	$ 7
Loss from equity method investments	19	19	—	—	—	—	—	—	—
Provision for uncollectible accounts	52	19	15	9	3	6	4	—	2
Stock-based compensation costs	57	—	—	—	—	—	—	—	—
Other decommissioning-related activity (a)	(144)	(144)	—	—	—	—	—	—	—
Energy-related options (b)	11	11	—	—	—	—	—	—	—
Amortization of regulatory asset related to debt costs	4	—	2	—	—	2	1	1	—
Amortization of rate stabilization deferral	(8)	—	—	—	7	(15)	(10)	(5)	—
Amortization of debt fair value adjustment	(9)	(6)	—	—	—	(3)	—	—	—
Discrete impacts from EIMA and FEJA (c)	(51)	—	(51)	—	—	—	—	—	—
Amortization of debt costs	49	30	2	1	1	—	—	—	—
Provision for excess and obsolete inventory	51	49	1	—	—	1	—	—	—
Merger-related commitments (d)	—	—	—	—	—	(8)	(6)	(2)	—
Severance costs	25	17	—	—	—	3	—	—	—
Other	39	13	2	(2)	(7)	(6)	(2)	(3)	(2)
Total other non-cash operating activities	$ 415	$ 121	$ 58	$ 22	$ 35	$ 28	$ —	$ (3)	$ 7
Non-cash investing and financing activities:									
Change in capital expenditures not paid	$ (105)	$ 48	$ (82)	$ (44)	$ 6	$ (8)	$ —	$15	$(14)
Fair value of pension obligation transferred in connection with the FitzPatrick acquisition	—	49	—	—	—	—	—	—	—
Change in PPE related to ARO update	103	103	—	—	—	—	—	—	—
Indemnification of like-kind exchange position (g)	—	—	23	—	—	—	—	—	—
Non-cash financing of capital projects	13	13	—	—	—	—	—	—	—
Dividends on stock compensation	3	—	—	—	—	—	—	—	—
Loss on reissuance of treasury stock	1,054	—	—	—	—	—	—	—	—

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Six Months Ended June 30, 2016								*Successor* March 24, 2016 to June 30, 2016	*Predecessor* January 1, 2016 to March 23, 2016
	Exelon	Generation	ComEd	PECO	BGE	Pepco	DPL	ACE	PHI	PHI
Other non-cash operating activities:										
Pension and non-pension postretirement benefit costs	$ 297	$ 109	$ 83	$ 17	$ 33	$ 16	$ 9	$ 8	$ 31	$ 23
Loss from equity method investments	10	11	—	—	—	—	—	—	—	—
Provision for uncollectible accounts	51	13	18	10	3	8	8	10	7	16
Stock-based compensation costs	67	—	—	—	—	—	—	—	—	3
Other decommissioning-related activity [a]	(123)	(123)	—	—	—	—	—	—	—	—
Energy-related options [b]	(17)	(17)	—	—	—	—	—	—	—	—
Amortization of regulatory asset related to debt costs	4	—	2	1	—	1	—	—	1	1
Amortization of rate stabilization deferral	34	—	—	—	34	(2)	2	—	—	5
Amortization of debt fair value adjustment	(6)	(6)	—	—	—	—	—	—	—	—
Discrete impacts from EIMA [c]	(21)	—	(21)	—	—	—	—	—	—	—
Amortization of debt costs	14	10	2	1	2	—	—	—	—	—
Provision for excess and obsolete inventory	68	66	2	—	—	1	1	1	—	1
Merger-related commitments [d][e]	503	3	—	—	—	138	100	120	358	—
Severance costs	122	50	—	—	—	—	—	—	54	—
Asset retirement costs	—	—	—	—	—	—	4	2	—	—
Lower of cost or net realizable value inventory adjustment	36	36	—	—	—	—	—	—	—	—
Other	17	17	(3)	(2)	(12)	(4)	(3)	(3)	(7)	(3)
Total other non-cash operating activities	$ 1,056	$ 169	$ 83	$ 27	$ 60	$ 158	$121	$ 138	$ 444	$ 46
Non-cash investing and financing activities:										
Change in capital expenditures not paid	$ (364)	$ (317)	$ (21)	$ (12)	$ 2	$ 11	$ (9)	$ 6	$ (4)	$ 11
Fair value of net assets contributed to Generation in connection with the PHI Merger, net of cash [d][f]	—	119	—	—	—	—	—	—	—	—
Fair value of net assets distributed to Exelon in connection with the PHI Merger, net of cash [d][f]	—	—	—	—	—	—	—	—	127	—
Fair value of pension obligation transferred in connection with the PHI Merger	—	—	—	—	—	—	—	—	53	—
Assumption of member purchase liability	—	—	—	—	—	—	—	—	29	—
Assumption of merger commitment liability	—	—	—	—	—	33	—	—	33	—
Change in PPE related to ARO update	471	471	—	—	—	—	—	—	—	—
Indemnification of like-kind exchange position [g]	—	—	5	—	—	—	—	—	—	—
Non-cash financing of capital projects	60	60	—	—	—	—	—	—	—	—
Dividends on stock compensation	2	—	—	—	—	—	—	—	—	—

(a) Includes the elimination of NDT fund activity for the Regulatory Agreement Units, including the elimination of operating revenues, ARO accretion, ARC amortization, investment income and income taxes related to all NDT fund activity for these units. See Note 16 — Asset Retirement Obligations of the Exelon 2016 Form 10-K for additional information regarding the accounting for nuclear decommissioning.

(b) Includes option premiums reclassified to realized at the settlement of the underlying contracts and recorded in Operating revenues.

(c) Reflects the change in distribution rates pursuant to EIMA and FEJA, which allows for the recovery of distribution costs by a utility through a pre-established performance-based formula rate tariff. Beginning June 1, 2017, also reflects the

change in energy efficiency rates pursuant to FEJA, which allows for the recovery of energy efficiency costs by a utility through a pre-established performance-based formula rate tariff. See Note 5 — Regulatory Matters for more information.

(d) See Note 4 — Mergers, Acquisitions and Dispositions for additional information related to the merger with PHI.

(e) Excludes $5 million of forgiveness of Accounts receivable related to merger commitments recorded in connection with the PHI Merger, the balance is included within Provision for uncollectible accounts.

(f) Immediately following closing of the PHI Merger, the net assets associated with PHI's unregulated business interests were distributed by PHI to Exelon. Exelon contributed a portion of such net assets to Generation.

(g) See Note 11 — Income Taxes for discussion of the like-kind exchange tax position.

Supplemental Balance Sheet Information

The following tables provide additional information about assets and liabilities of the Registrants as of June 30, 2017 and December 31, 2016.

June 30, 2017	Exelon	Generation	ComEd	PECO	BGE	Successor PHI	Pepco	DPL	ACE
Property, plant and equipment:									
Accumulated depreciation and amortization	$19,735[a]	$ 10,550[a]	$4,122	$3,330	$3,358	$ 360	$3,131	$1,212	$1,042
Accounts receivable:									
Allowance for uncollectible accounts	$ 322	$ 102	$ 71	$ 59	$ 26	$ 64	$ 25	$ 19	$ 20

December 31, 2016	Exelon	Generation	ComEd	PECO	BGE	Successor PHI	Pepco	DPL	ACE
Property, plant and equipment:									
Accumulated depreciation and amortization	$19,169[b]	$ 10,562[b]	$3,937	$3,253	$3,254	$ 195	$3,050	$1,175	$1,016
Accounts receivable:									
Allowance for uncollectible accounts	$ 334	$ 91	$ 70	$ 61	$ 32	$ 80	$ 29	$ 24	$ 27

(a) Includes accumulated amortization of nuclear fuel in the reactor core of $3,016 million.

(b) Includes accumulated amortization of nuclear fuel in the reactor core of $3,186 million.

PECO Installment Plan Receivables (Exelon and PECO)

PECO enters into payment agreements with certain delinquent customers, primarily residential, seeking to restore their service, as required by the PAPUC. Customers with past due balances that meet certain income criteria are provided the option to enter into an installment payment plan, some of which have terms greater than one year, to repay past due balances in addition to paying for their ongoing service on a current basis. The receivable balance for these payment agreement receivables is recorded in accounts receivable for the current portion and other deferred debits and other assets for the noncurrent portion. The net receivable balance for installment plans with terms greater than one year was $11 million and $9 million as of June 30, 2017 and December 31, 2016, respectively. The allowance for uncollectible accounts reserve methodology and assessment of the credit quality of the installment plan receivables are consistent with the customer accounts receivable methodology discussed in Note 1 — Significant Accounting Policies of the Exelon 2016 Form 10-K. The allowance for uncollectible accounts balance associated with these receivables at June 30, 2017 of $13 million consists of $1 million, $3 million and $9 million for low risk, medium risk and high risk segments, respectively.

The allowance for uncollectible accounts balance at December 31, 2016 of $13 million consists of $1 million, $3 million and $9 million for low risk, medium risk and high risk segments, respectively. The balance of the payment agreement is billed to the customer in equal monthly installments over the term of the agreement. Installment receivables outstanding as of June 30, 2017 and December 31, 2016 include balances not yet presented on the customer bill, accounts currently billed and an immaterial amount of past due receivables. When a customer defaults on its payment agreement, the terms of which are defined by plan type, the entire balance of the agreement becomes due and the balance is reclassified to current customer accounts receivable and reserved for in accordance with the methodology discussed in Note 1 — Significant Accounting Policies of the Exelon 2016 Form 10-K.

19. Segment Information (All Registrants)

Operating segments for each of the Registrants are determined based on information used by the chief operating decision maker(s) (CODM) in deciding how to evaluate performance and allocate resources at each of the Registrants.

In the first quarter of 2016, following the consummation of the PHI Merger, three new reportable segments were added: Pepco, DPL and ACE. As a result, Exelon has twelve reportable segments, which include ComEd, PECO, BGE, PHI's three reportable segments consisting of Pepco, DPL, and ACE, and Generation's six reportable segments consisting of the Mid-Atlantic, Midwest, New England, New York, ERCOT and all other power regions referred to collectively as "Other Power Regions", which includes activities in the South, West and Canada. ComEd, PECO, BGE, Pepco, DPL and ACE each represent a single reportable segment, and as such, no separate segment information is provided for these Registrants. Exelon, ComEd, PECO, BGE, Pepco, DPL and ACE's CODMs evaluate the performance of and allocate resources to ComEd, PECO, BGE, Pepco, DPL and ACE based on net income and return on equity.

Effective with the consummation of the PHI Merger, PHI's reportable segments have changed based on the information used by the CODM to evaluate performance and allocate resources. PHI's reportable segments consist of Pepco, DPL and ACE. PHI's Predecessor periods' segment information has been recast to conform to the current presentation. The reclassification of the segment information did not impact PHI's reported consolidated revenues or net income. PHI's CODM evaluates the performance of and allocates resources to Pepco, DPL and ACE based on net income and return on equity.

The basis for Generation's reportable segments is the integrated management of its electricity business that is located in different geographic regions, and largely representative of the footprints of ISO/RTO and/or NERC regions, which utilize multiple supply sources to provide electricity through various distribution channels (wholesale and retail). Generation's hedging strategies and risk metrics are also aligned to these same geographic regions. Descriptions of each of Generation's six reportable segments are as follows:

- Mid-Atlantic represents operations in the eastern half of PJM, which includes New Jersey, Maryland, Virginia, West Virginia, Delaware, the District of Columbia and parts of Pennsylvania and North Carolina.
- Midwest represents operations in the western half of PJM, which includes portions of Illinois, Pennsylvania, Indiana, Ohio, Michigan, Kentucky and Tennessee, and the United States footprint of MISO, excluding MISO's Southern Region, which covers all or most of North Dakota, South Dakota, Nebraska, Minnesota, Iowa, Wisconsin, the remaining parts of Illinois, Indiana, Michigan and Ohio not covered by PJM, and parts of Montana, Missouri and Kentucky.
- New England represents the operations within ISO-NE covering the states of Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.

- New York represents operations within ISO-NY, which covers the state of New York in its entirety.
- ERCOT represents operations within Electric Reliability Council of Texas, covering most of the state of Texas.
- Other Power Regions :
  - South represents operations in the FRCC, MISO's Southern Region, and the remaining portions of the SERC not included within MISO or PJM, which includes all or most of Florida, Arkansas, Louisiana, Mississippi, Alabama, Georgia, Tennessee, North Carolina, South Carolina and parts of Missouri, Kentucky and Texas. Generation's South region also includes operations in the SPP, covering Kansas, Oklahoma, most of Nebraska and parts of New Mexico, Texas, Louisiana, Missouri, Mississippi and Arkansas.
  - West represents operations in the WECC, which includes California ISO, and covers the states of California, Oregon, Washington, Arizona, Nevada, Utah, Idaho, Colorado and parts of New Mexico, Wyoming and South Dakota.
  - Canada represents operations across the entire country of Canada and includes AESO, OIESO and the Canadian portion of MISO.

The CODMs for Exelon and Generation evaluate the performance of Generation's electric business activities and allocate resources based on revenues net of purchased power and fuel expense (RNF). Generation believes that RNF is a useful measurement of operational performance. RNF is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report. Generation's operating revenues include all sales to third parties and affiliated sales to the Utility Registrants. Purchased power costs include all costs associated with the procurement and supply of electricity including capacity, energy and ancillary services. Fuel expense includes the fuel costs for Generation's owned generation and fuel costs associated with tolling agreements. The results of Generation's other business activities are not regularly reviewed by the CODM and are therefore not classified as operating segments or included in the regional reportable segment amounts. These activities include natural gas, as well as other miscellaneous business activities that are not significant to Generation's overall operating revenues or results of operations. Further, Generation's unrealized mark-to-market gains and losses on economic hedging activities and its amortization of certain intangible assets and liabilities relating to commodity contracts recorded at fair value from mergers and acquisitions are also excluded from the regional reportable segment amounts. Exelon and Generation do not use a measure of total assets in making decisions regarding allocating resources to or assessing the performance of these reportable segments.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

An analysis and reconciliation of the Registrants' reportable segment information to the respective information in the consolidated financial statements for the three and six months ended June 30, 2017 and 2016 is as follows:

Three Months Ended June 30, 2017 and 2016

					Successor			
	Generation [a]	ComEd	PECO	BGE	PHI [b]	Other [c]	Intersegment Eliminations	Exelon
Operating revenues [d]:								
2017								
Competitive businesses electric revenues	$ 3,719	$ —	$ —	$ —	$ —	$ —	$ (266)	$ 3,453
Competitive businesses natural gas revenues	430	—	—	—	—	—	—	430
Competitive businesses other revenues	25	—	—	—	—	—	—	25
Rate-regulated electric revenues	—	1,357	550	571	1,040	—	(7)	3,511
Rate-regulated natural gas revenues	—	—	80	103	22	—	(1)	204
Shared service and other revenues	—	—	—	—	12	449	(461)	—
2016								
Competitive businesses electric revenues	$ 3,655	$ —	$ —	$ —	$ —	$ —	$ (354)	$ 3,301
Competitive businesses natural gas revenues	367	—	—	—	—	—	—	367
Competitive businesses other revenues	(433)	—	—	—	—	—	(1)	(434)
Rate-regulated electric revenues	—	1,286	587	584	1,030	—	(7)	3,480
Rate-regulated natural gas revenues	—	—	77	96	26	—	(2)	197
Shared service and other revenues	—	—	—	—	10	398	(409)	(1)
Intersegment revenues [e]:								
2017	$ 266	$ 3	$ 2	$ 3	$ 12	$ 448	$ (734)	$ —
2016	355	3	2	4	10	398	(771)	1
Net income (loss):								
2017	$ (266)	$ 118	$ 88	$ 45	$ 66	$ 13	$ —	$ 64
2016	28	145	100	34	52	(52)	(1)	306
Total assets:								
June 30, 2017	$ 48,130	$29,160	$11,041	$8,786	$21,190	$10,783	$ (11,986)	$117,104
December 31, 2016	46,974	28,335	10,831	8,704	21,025	10,369	(11,334)	114,904

(a) Generation includes the six reportable segments shown below: Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Power Regions. Intersegment revenues for Generation for the three months ended June 30, 2017 include revenue from sales to PECO of $34 million, sales to BGE of $99 million, sales to Pepco of $68 million, sales to DPL of $40 million, and sales to ACE of $7 million in the Mid-Atlantic region, and sales to ComEd of $18 million in the Midwest region. For the three months ended June 30, 2016, intersegment revenues for Generation include revenue from sales to PECO of $64 million, sales to BGE of $135 million, sales to Pepco of $88 million, sales to DPL of $43 million, and sales to ACE of $12 million in the Mid-Atlantic region, and sales to ComEd of $13 million in the Midwest region.

(b) Amounts included represent activity for PHI's successor period, three months ended June 30, 2017 and 2016. PHI includes the three reportable segments: Pepco, DPL and ACE.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

(c) Other primarily includes Exelon's corporate operations, shared service entities and other financing and investment activities.
(d) Includes gross utility tax receipts from customers. The offsetting remittance of utility taxes to the governing bodies is recorded in expenses on the Registrants' Consolidated Statements of Operations and Comprehensive Income. See Note 18 — Supplemental Financial Information for total utility taxes for the three months ended June 30, 2017 and 2016.
(e) Intersegment revenues exclude sales to unconsolidated affiliates. The intersegment profit associated with Generation's sale of certain products and services by and between Exelon's segments is not eliminated in consolidation due to the recognition of intersegment profit in accordance with regulatory accounting guidance. For Exelon, these amounts are included in Operating revenues in the Consolidated Statements of Operations and Comprehensive Income.

Successor PHI:

	Pepco	DPL	ACE	Other [b]	Intersegment Eliminations	PHI
Operating revenues [a]:						
Three months ended June 30, 2017—Successor						
Rate-regulated electric revenues	$ 514	$ 260	$ 270	$ —	$ (4)	$ 1,040
Rate-regulated natural gas revenues	—	22	—	—	—	22
Shared service and other revenues	—	—	—	13	(1)	12
Three months ended June 30, 2016—Successor						
Rate-regulated electric revenues	$ 509	$ 255	$ 270	$ —	$ (4)	$ 1,030
Rate-regulated natural gas revenues	—	26	—	—	—	26
Shared service and other revenues	—	—	—	10	—	10
Intersegment revenues:						
Three months ended June 30, 2017—Successor	$ 1	$ 2	$ 1	$ 13	$ (5)	$ 12
Three months ended June 30, 2016—Successor	1	2	1	10	(4)	10
Net income (loss):						
Three months ended June 30, 2017—Successor	$ 43	$ 19	$ 8	$ (16)	$ 12	$ 66
Three months ended June 30, 2016—Successor	49	12	3	(22)	10	52
Total assets:						
June 30, 2017 — Successor	$7,648	$4,235	$3,478	$10,800	$ (4,971)	$21,190
December 31, 2016 — Successor	7,335	4,153	3,457	10,804	(4,724)	21,025

(a) Includes gross utility tax receipts from customers. The offsetting remittance of utility taxes to the governing bodies is recorded in expenses on the Registrants' Consolidated Statements of Operations and Comprehensive Income. See Note 18 — Supplemental Financial Information for total utility taxes for the three months ended June 30, 2017 and 2016.
(b) Other primarily includes PHI's corporate operations, shared service entities and other financing and investment activities.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Generation total revenues:

	Three Months Ended June 30, 2017			Three Months Ended June 30, 2016		
	Revenues from external customers [a]	Intersegment revenues	Total Revenues	Revenues from external customers [a]	Intersegment revenues	Total Revenues
Mid-Atlantic	$ 1,356	$ 9	$ 1,365	$ 1,432	$ (16)	$ 1,416
Midwest	1,058	(8)	1,050	1,076	7	1,083
New England	438	(5)	433	352	(1)	351
New York	352	(5)	347	356	(10)	346
ERCOT	247	—	247	207	—	207
Other Power Regions	268	(9)	259	232	(9)	223
Total Revenues for Reportable Segments	3,719	(18)	3,701	3,655	(29)	3,626
Other [b]	455	18	473	(66)	29	(37)
Total Generation Consolidated Operating Revenues	$ 4,174	$ —	$ 4,174	$ 3,589	$ —	$ 3,589

(a) Includes all wholesale and retail electric sales to third parties and affiliated sales to the Utility Registrants.
(b) Other represents activities not allocated to a region. See text above for a description of included activities. Includes a $15 million and $9 million decrease to revenues for the amortization of intangible assets and liabilities related to commodity contracts recorded at fair value for the three months ended June 30, 2017 and 2016, respectively, unrealized mark-to-market losses of $143 million and $615 million for the three months ended June 30, 2017 and 2016, respectively, and elimination of intersegment revenues.

Generation total revenues net of purchased power and fuel expense:

	Three Months Ended June 30, 2017			Three Months Ended June 30, 2016		
	RNF from external customers [a]	Intersegment RNF	Total RNF	RNF from external customers [a]	Intersegment RNF	Total RNF
Mid-Atlantic	$ 757	$ 26	$ 783	$ 830	$ (2)	$ 828
Midwest	728	—	728	724	4	728
New England	157	(10)	147	118	(8)	110
New York	230	—	230	270	(3)	267
ERCOT	121	(51)	70	111	(34)	77
Other Power Regions	134	(44)	90	123	(27)	96
Total Revenues net of purchased power and fuel for Reportable Segments	2,127	(79)	2,048	2,176	(70)	2,106
Other [b]	(110)	79	(31)	(164)	70	(94)
Total Generation Revenues net of purchased power and fuel expense	$ 2,017	$ —	$2,017	$ 2,012	$ —	$2,012

(a) Includes purchases and sales from/to third parties and affiliated sales to the Utility Registrants.
(b) Other represents activities not allocated to a region. See text above for a description of included activities. Includes a $20 million and $12 million decrease to RNF for the amortization of intangible assets and liabilities related to commodity contracts for the three months ended June 30, 2017 and 2016, respectively, unrealized mark-to-market losses of $184 million and $304 million for the three months ended June 30, 2017 and 2016, respectively, and the elimination of intersegment revenue net of purchased power and fuel expense.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Six Months Ended June 30, 2017 and 2016

	Generation [a]	ComEd	PECO	BGE	Successor PHI [b]	Other [c]	Intersegment Eliminations	Exelon
Operating revenues [d]:								
2017								
Competitive businesses electric revenues	$ 7,437	$ —	$ —	$ —	$ —	$ —	$ (592)	$6,845
Competitive businesses natural gas revenues	1,348	—	—	—	—	—	—	1,348
Competitive businesses other revenues	276	—	—	—	—	—	(1)	275
Rate-regulated electric revenues	—	2,656	1,140	1,237	2,138	1	(16)	7,156
Rate-regulated natural gas revenues	—	—	286	388	87	—	(4)	757
Shared service and other revenues	—	—	—	—	23	870	(893)	—
2016								
Competitive businesses electric revenues	$ 7,352	$ —	$ —	$ —	$ —	$ —	$ (620)	$6,732
Competitive businesses natural gas revenues	1,189	—	—	—	—	—	—	1,189
Competitive businesses other revenues	(212)	—	—	—	—	—	(1)	(213)
Rate-regulated electric revenues	—	2,535	1,232	1,264	1,120	—	(15)	6,136
Rate-regulated natural gas revenues	—	—	273	345	28	—	(5)	641
Shared service and other revenues	—	—	—	—	23	803	(826)	—
Intersegment revenues [e]:								
2017	$ 594	$ 9	$ 3	$ 8	$ 23	$ 866	$ (1,503)	$ —
2016	621	8	4	9	23	803	(1,466)	2
Net income (loss):								
2017	$ 144	$ 259	$ 215	$ 169	$ 205	$ 54	$ —	$1,046
2016	285	260	224	135	(257)	(215)	(2)	430

(a) Generation includes the six reportable segments shown below: Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Power Regions. Intersegment revenues for Generation for the six months ended June 30, 2017 include revenue from sales to PECO of $79 million, sales to BGE of $233 million, sales to Pepco of $152 million, sales to DPL of $91 million, and sales to ACE of $16 million in the Mid-Atlantic region, and sales to ComEd of $23 million in the Midwest region. For the six months ended June 30, 2016, intersegment revenues for Generation include revenue from sales to PECO of $143 million and sales to BGE of $306 million in the Mid-Atlantic region, and sales to ComEd of $18 million in the Midwest region. For the Successor period of March 24, 2016 to June 30, 2016, intersegment revenues for Generation include revenue from sales to Pepco of $94 million, sales to DPL of $47 million, and sales to ACE of $13 million in the Mid-Atlantic region.

(b) Amounts included represent activity for PHI's successor period, six months ended June 30, 2017 and March 24, 2016 through June 30, 2016. PHI includes the three reportable segments: Pepco, DPL and ACE. See tables below for PHI's predecessor period, including Pepco, DPL and ACE, for January 1, 2016 to March 23, 2016.

(c) Other primarily includes Exelon's corporate operations, shared service entities and other financing and investment activities.

(d) Includes gross utility tax receipts from customers. The offsetting remittance of utility taxes to the governing bodies is recorded in expenses on the Registrants' Consolidated Statements of Operations and Comprehensive Income. See Note 18 — Supplemental Financial Information for total utility taxes for the six months ended June 30, 2017 and 2016.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

(e) Intersegment revenues exclude sales to unconsolidated affiliates. The intersegment profit associated with Generation's sale of certain products and services by and between Exelon's segments is not eliminated in consolidation due to the recognition of intersegment profit in accordance with regulatory accounting guidance. For Exelon, these amounts are included in Operating revenues in the Consolidated Statements of Operations and Comprehensive Income.

Successor and Predecessor PHI:

	Pepco	DPL	ACE	Other (b)	Intersegment Eliminations	PHI
Operating revenues (a):						
Six Months Ended June 30, 2017—Successor						
Rate-regulated electric revenues	$1,045	$557	$ 544	$ 1	$ (9)	$2,138
Rate-regulated natural gas revenues	—	87	—	—	—	87
Shared service and other revenues	—	—	—	25	(2)	23
March 24, 2016 to June 30, 2016—Successor						
Rate-regulated electric revenues	$ 550	$279	$ 293	$ 3	$ (5)	$1,120
Rate-regulated natural gas revenues	—	29	—	(1)	—	28
Shared service and other revenues	—	—	—	23	—	23
January 1, 2016 to March 23, 2016—Predecessor						
Rate-regulated electric revenues	$ 511	$279	$ 268	$ 42	$ (4)	$1,096
Rate-regulated natural gas revenues	—	56	—	1	—	57
Shared service and other revenues	—	—	—	—	—	—
Intersegment revenues:						
Six Months Ended June 30, 2017 — Successor	$ 3	$ 4	$ 1	$ 24	$ (9)	$ 23
March 24, 2016 to June 30, 2016 — Successor	2	2	1	23	(5)	23
January 1, 2016 to March 23, 2016 — Predecessor	1	2	1	—	(4)	—
Net income (loss):						
Six Months Ended June 30, 2017 — Successor	$ 101	$ 76	$ 36	$(31)	$ 23	$ 205
March 24, 2016 to June 30, 2016 — Successor	(92)	(86)	(102)	—	23	(257)
January 1, 2016 to March 23, 2016 — Predecessor	32	26	5	(44)	—	19

(a) Includes gross utility tax receipts from customers. The offsetting remittance of utility taxes to the governing bodies is recorded in expenses on the Registrants' Consolidated Statements of Operations and Comprehensive Income. See Note 18 — Supplemental Financial Information for total utility taxes for the six months ended June 30, 2017 and 2016.

(b) Other primarily includes PHI's corporate operations, shared service entities and other financing and investment activities. For the predecessor period presented, Other includes the activity of PHI's unregulated businesses which were distributed to Exelon and Generation as a result of the PHI Merger.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Generation total revenues:

	Six Months Ended June 30, 2017			Six Months Ended June 30, 2016		
	Revenues from external customers(a)	Intersegment revenues	Total Revenues	Revenues from external customers (a)	Intersegment revenues	Total Revenues
Mid-Atlantic	$ 2,785	$ 5	$ 2,790	$ 2,964	$ (28)	$ 2,936
Midwest	2,107	(5)	2,102	2,166	13	2,179
New England	987	(7)	980	823	(2)	821
New York	662	(8)	654	573	(24)	549
ERCOT	439	(1)	438	370	—	370
Other Power Regions	457	(14)	443	456	(9)	447
Total Revenues for Reportable Segments	7,437	(30)	7,407	7,352	(50)	7,302
Other (b)	1,624	30	1,654	977	50	1,027
Total Generation Consolidated Operating Revenues	$ 9,061	$ —	$ 9,061	$ 8,329	$ —	$ 8,329

(a) Includes all wholesale and retail electric sales to third parties and affiliated sales to the Utility Registrants.
(b) Other represents activities not allocated to a region. See text above for a description of included activities. Includes a $17 million decrease to revenues and an $11 million increase to revenues for the amortization of intangible assets and liabilities related to commodity contracts recorded at fair value for the six months ended June 30, 2017 and 2016, respectively, unrealized mark-to-market losses of $98 million and $553 million for the six months ended June 30, 2017 and 2016, respectively, and elimination of intersegment revenues.

Generation total revenues net of purchased power and fuel expense:

	Six Months Ended June 30, 2017			Six Months Ended June 30, 2016		
	RNF from external customers (a)	Intersegment RNF	Total RNF	RNF from external customers (a)	Intersegment RN	Total RNF
Mid-Atlantic	$ 1,513	$ 44	$1,557	$ 1,661	$ 8	$1,669
Midwest	1,431	12	1,443	1,443	6	1,449
New England	271	(14)	257	204	(13)	191
New York	385	—	385	408	(13)	395
ERCOT	214	(76)	138	192	(54)	138
Other Power Regions	240	(88)	152	211	(37)	174
Total Revenues net of purchased power and fuel expense for Reportable Segments	4,054	(122)	3,932	4,119	(103)	4,016
Other (b)	52	122	174	190	103	293
Total Generation Revenues net of purchased power and fuel expense	$ 4,106	$ —	$4,106	$ 4,309	$ —	$4,309

(a) Includes purchases and sales from/to third parties and affiliated sales to the Utility Registrants.
(b) Other represents activities not allocated to a region. See text above for a description of included activities. Includes a $22 million decrease to RNF and a $7 million increase to RNF for the amortization of intangible assets and liabilities related

to commodity contracts for the six months ended June 30, 2017 and 2016, respectively, unrealized mark-to-market losses of $233 million and $201 million for the six months ended June 30, 2017 and 2016, respectively, and the elimination of intersegment revenue net of purchased power and fuel expense.

20. Subsequent Events (Exelon and Generation)

On July 6, 2017, ExGen Renewables Holdings, LLC, a wholly owned subsidiary of Generation, completed the sale of a 49% interest of ExGen Renewables Partners, LLC, a newly formed owner and operator of approximately 1,296 megawatts of Generation's operating wind and solar electric generating facilities. ExGen Renewables Holdings will be the managing member of ExGen Renewables Partners, LLC, and have day-to-day control and management over its renewable generation portfolio. The closing of the transaction was subject to certain regulatory approvals, including the Federal Energy Regulatory Commission (FERC) and the Public Utility Commission of Texas (PUCT) which were received during the second quarter of 2017. The sale price was $400 million plus immaterial working capital and other customary post-closing adjustments. The net proceeds, after approximately $120 million of income taxes, will be used to pay down debt and for general corporate purposes. Generation will continue to consolidate ExGen Renewables Partners, LLC and will record a noncontrolling interest on its Consolidated Balance Sheet for the investor's initial equity share as well as earnings attributable to the noncontrolling interest in the Consolidated Statements of Operations and Comprehensive Income each period going forward.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

(Dollars in millions except per share data, unless otherwise noted)

Exelon

Executive Overview

Exelon, a utility services holding company, operates through the following principal subsidiaries:

- *Generation* , whose integrated business consists of the generation, physical delivery and marketing of power across multiple geographical regions through its customer-facing business, Constellation, which sells electricity and natural gas to both wholesale and retail customers. Generation also sells renewable energy and other energy-related products and services.
- *ComEd,* whose business consists of the purchase and regulated retail sale of electricity and the provision of electricity transmission and distribution services in northern Illinois, including the City of Chicago.
- *PECO,* whose business consists of the purchase and regulated retail sale of electricity and the provision of electricity distribution and transmission services in southeastern Pennsylvania, including the City of Philadelphia, and the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services in the Pennsylvania counties surrounding the City of Philadelphia.
- *BGE,* whose business consists of the purchase and regulated retail sale of electricity and natural gas and the provision of electricity distribution and transmission and natural gas distribution services in central Maryland, including the City of Baltimore.
- *Pepco,* whose business consists of the purchase and regulated retail sale of electricity and the provision of electricity distribution and transmission in the District of Columbia and major portions of Prince George's County and Montgomery County in Maryland.
- *DPL,* whose business consists of the purchase and regulated retail sale of electricity and the provision of electricity distribution and transmission services in portions of Maryland and Delaware, and the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services in northern Delaware.
- *ACE,* whose business consists of the purchase and regulated retail sale of electricity and the provision of electricity transmission and distribution services in southern New Jersey.

Pepco, DPL and ACE are operating companies of PHI, which is a utility services holding company and a wholly owned subsidiary of Exelon.

Exelon has twelve reportable segments consisting of Generation's six reportable segments (Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Power Regions in Generation), ComEd, PECO, BGE and PHI's three utility reportable segments (Pepco, DPL and ACE). See Note 19 — Segment Information of the Combined Notes to Consolidated Financial Statements for additional information regarding Exelon's reportable segments.

Through its business services subsidiary BSC, Exelon provides its operating subsidiaries with a variety of support services at cost. The costs of these services are directly charged or allocated to the applicable operating segments. Additionally, the results of Exelon's corporate operations include costs for corporate governance and interest costs and income from various investment and financing activities.

PHI Service Company, a wholly owned subsidiary of PHI, provides a variety of support services at cost, including legal, accounting, engineering, distribution and transmission planning, asset management, system

operations, and power procurement, to PHI and its operating subsidiaries. These services are directly charged or allocated pursuant to service agreements among PHI Service Company and the participating operating subsidiaries.

Exelon's consolidated financial information includes the results of its eight separate operating subsidiary registrants, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE, which, along with Exelon, are collectively referred to as the Registrants. The following combined Management's Discussion and Analysis of Financial Condition and Results of Operations is separately filed by Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE. However, none of the Registrants makes any representation as to information related solely to any of the other Registrants.

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Financial Results of Operations

GAAP Results of Operations

The following tables sets forth Exelon's GAAP consolidated results of operations for the three and six months ended June 30, 2017 compared to the same period in 2016. The 2016 amounts include the operations of PHI, Pepco, DPL and ACE from March 24, 2016 through June 30, 2016. All amounts presented below are before the impact of income taxes, except as noted.

	Three Months Ended June 30,								
	2017							2016	Favorable (Unfavorable) Variance
	Generation	ComEd	PECO	BGE	PHI	Other	Exelon	Exelon (b)	
Operating revenues	$ 4,174	$1,357	$630	$674	$1,074	$(286)	$7,623	$6,910	$ 713
Purchased power and fuel	2,157	378	197	234	383	(263)	3,086	2,454	(632)
Revenue net of purchased power and fuel (a)	2,017	979	433	440	691	(23)	4,537	4,456	81
Other operating expenses									
Operating and maintenance	2,010	377	190	174	269	(49)	2,971	2,505	(466)
Depreciation and amortization	334	211	71	112	165	22	915	941	26
Taxes other than income	140	72	35	56	110	7	420	394	(26)
Total other operating expenses	2,484	660	296	342	544	(20)	4,306	3,840	(466)
Gain on sales of assets	—	—	—	—	1	—	1	31	(30)
Operating income (loss)	(467)	319	137	98	148	(3)	232	647	(415)
Other income and (deductions)									
Interest expense, net	(129)	(101)	(31)	(26)	(59)	(90)	(436)	(376)	(60)
Other, net	181	4	2	4	13	1	205	144	61
Total other income and (deductions)	52	(97)	(29)	(22)	(46)	(89)	(231)	(232)	1
Income (loss) before income taxes	(415)	222	108	76	102	(92)	1	415	(414)
Income taxes	(158)	104	20	31	36	(105)	(72)	102	174
Equity in losses of unconsolidated affiliates	(9)	—	—	—	—	—	(9)	(7)	(2)
Net income (loss)	(266)	118	88	45	66	13	64	306	(242)
Net income (loss) attributable to noncontrolling interests and preference stock dividends	(16)	—	—	—		—	(16)	39	55
Net income (loss) attributable to common shareholders	$ (250)	$ 118	$ 88	$ 45	$ 66	$ 13	$ 80	$ 267	$ (187)

(a) The Registrants evaluate operating performance using the measure of revenues net of purchased power and fuel expense. The Registrants believe that revenues net of purchased power and fuel expense is a useful measurement because it provides information that can be used to evaluate their operational performance. Revenues net of purchased power and fuel expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

(b) As a result of the PHI Merger, Exelon includes the consolidated results of PHI, Pepco, DPL and ACE from April 1, 2016 through June 30, 2016.

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	Six Months Ended June 30,								Favorable (Unfavorable) Variance
	2017							2016	
	Generation	ComEd	PECO	BGE	PHI	Other	Exelon	Exelon [b]	
Operating revenues	$ 9,061	$2,656	$1,426	$1,625	$2,248	$(635)	$16,381	$14,485	$ 1,896
Purchased power and fuel expense	4,955	713	484	584	845	(596)	6,985	5,708	(1,277)
Revenue net of purchased power and fuel expense [a]	4,106	1,943	942	1,041	1,403	(39)	9,396	8,777	619
Other operating expenses									
Operating and maintenance	3,497	747	398	357	524	(92)	5,431	5,341	(90)
Depreciation and amortization	637	419	141	239	332	43	1,811	1,626	(185)
Taxes other than income	282	144	74	119	221	17	857	720	(137)
Total other operating expenses	4,416	1,310	613	715	1,077	(32)	8,099	7,687	(412)
Gain on sales of assets	4	—	—	—	1	—	5	40	(35)
Bargain purchase gain	226	—	—	—	—	—	226	—	226
Operating income (loss)	(80)	633	329	326	327	(7)	1,528	1,130	398
Other income and (deductions)									
Interest expense, net	(228)	(185)	(62)	(54)	(122)	(158)	(809)	(663)	(146)
Other, net	440	8	3	8	26	3	488	258	230
Total other income and (deductions)	212	(177)	(59)	(46)	(96)	(155)	(321)	(405)	84
Income (loss) before income taxes	132	456	270	280	231	(162)	1,207	725	482
Income taxes	(31)	197	55	111	26	(215)	143	285	142
Equity in (losses) earnings of unconsolidated affiliates	(19)	—	—	—	—	1	(18)	(10)	(8)
Net income	144	259	215	169	205	54	1,046	430	616
Net loss attributable to noncontrolling interests and preference stock dividends	(30)	—	—	—	—	—	(30)	(10)	20
Net income attributable to common shareholders	$ 174	$ 259	$ 215	$ 169	$ 205	$ 54	$ 1,076	$ 440	$ 636

(a) The Registrants evaluate operating performance using the measure of revenues net of purchased power and fuel expense. The Registrants believe that revenues net of purchased power and fuel expense is a useful measurement because it provides information that can be used to evaluate their operational performance. Revenues net of purchased power and fuel expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

(b) As a result of the PHI Merger, Exelon includes the consolidated results of PHI, Pepco, DPL and ACE from March 24, 2016 through June 30, 2016.

Three Months Ended June 30, 2017 Compared to Three Months Ended June 30, 2016 . Exelon's Net income attributable to common shareholders was $80 million for the three months ended June 30, 2017 as compared to $267 million for the three months ended June 30, 2016, and diluted earnings per average common share were $0.09 for the three months ended June 30, 2017 as compared to $0.29 for the three months ended June 30, 2016.

Revenue net of purchased power and fuel expense, which is a non-GAAP measure discussed below, increased by $81 million for the three months ended June 30, 2017 as compared to the same period in 2016. The quarter-over-quarter increase in Revenue net of purchased power and fuel expense was primarily due to the following favorable factors:

- Increase of $120 million at Generation due to mark-to-market losses of $184 million in 2017 compared to $304 million in 2016;
- Increase of $41 million at PHI primarily due to increased distribution revenue as a result of rate increases effective in 2016 and 2017;
- Increase of $32 million at ComEd primarily due to higher electric distribution and transmission formula rate revenues resulting from increased capital investment, increased Depreciation expense and higher allowed electric distribution ROE due to an increase in treasury rates, partially offset by favorable weather conditions in the second quarter 2016; and
- Increase of $21 million at BGE primarily due to the impacts of the electric and natural gas distribution rate increases effective in June 2016 and July 2016.

The quarter-over-quarter increase in Revenue net of purchase power and fuel expense was partially offset by a decrease of $115 million at Generation due to the conclusion of the Ginna reliability support services agreement, lower realized energy prices and lower optimization in Generation's natural gas portfolio, partially offset by Zero Emission Credit revenue due to the impact of the New York Clean Energy Standard and increased nuclear volumes due to the acquisition of the FitzPatrick nuclear facility.

Operating and maintenance expense increased by $466 million for the three months ended June 30, 2017 as compared to the same period in 2016 primarily due to the following unfavorable factors:

- Increase of $375 million at Generation due to long-lived asset impairments primarily related to the EGTP assets held for sale;
- Increase of $71 million at Generation due to increased nuclear outage costs;
- Increase in Generation's and PHI's labor, contracting and materials expense of $28 million primarily related to the inclusion of FitzPatrick at Generation and increased preventative maintenance expenses at PHI; and
- Increase of $28 million at Generation, BGE and Pepco due to increases in uncollectible accounts.

The quarter-over-quarter increase in Operating and maintenance expense was partially offset by a decrease of $51 million at BGE due to the absence of 2016 charges for certain disallowances contained in the June and July 2016 rate orders.

Depreciation and amortization expense decreased by $26 million primarily due to lower accelerated depreciation and amortization as a result of the 2017 decision to early retire the TMI nuclear facility compared to the previous decision in 2016 to early retire the Clinton and Quad Cities nuclear facilities, partially offset by increased depreciation expense as a result of ongoing capital expenditures across all operating companies for the three months ended June 30, 2017 as compared to the same period in 2016.

Taxes other than income increased by $26 million primarily due to the addition of FitzPatrick and increased gross receipts tax accruals at Generation for the three months ended June 30, 2017 as compared to the same period in 2016.

Gain on sales of assets decreased by $30 million primarily due to Generation's gain associated with sale of the New Boston generating site in 2016.

Interest expense, net increased by $60 million primarily due to higher outstanding debt and additional interest recorded in the second quarter 2017 related to Exelon's like-kind exchange tax position for the three months ended June 30, 2017 as compared to the same period in 2016.

Other, net increased by $61 million primarily due to higher net unrealized and realized gains on NDT funds at Generation for the three months ended June 30, 2017 as compared to the same period in 2016.

Exelon's effective income tax rates for the three months ended June 30, 2017 and 2016 were (7,200.0)% and 24.6%, respectively. The effective tax rate for the three months ended June 30, 2017 is disproportionately impacted due to the decline in pre-tax GAAP earnings and changes in other reconciling items. See Note 11 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

Six Months Ended June 30, 2017 Compared to Six Months Ended June 30, 2016 . Exelon's Net income attributable to common shareholders was $1,076 million for the six months ended June 30, 2017 as compared to $440 million for the six months ended June 30, 2016, and diluted earnings per average common share were $1.15 for the six months ended June 30, 2017 as compared to $0.48 for the six months ended June 30, 2016.

Revenue net of purchased power and fuel expense, which is a non-GAAP measure discussed below, increased by $619 million for the six months ended June 30, 2017 as compared to the same period in 2016. The year-over-year increase in Revenue net of purchased power and fuel expense was primarily due to the following favorable factors:

- Increase of $94 million at ComEd primarily due to higher electric distribution and transmission formula rate revenues resulting from increased capital investment, increased Depreciation expense and higher allowed electric distribution ROE due to an increase in treasury rates;
- Increase of $66 million at BGE primarily due to the impacts of the electric and natural gas distribution rate increases effective in June 2016 and July 2016; and
- Increase of $686 million in Revenue net of purchased power and fuel due to the inclusion of PHI's results for the six months ended June 30, 2017 compared to the period March 24, 2016 to June 30, 2016, as well as various distribution rate increases effective in 2016 and 2017.

The year-over-year increase in Revenue net of purchased power and fuel expense was partially offset by the following unfavorable factors:

- Decrease of $32 million at Generation due to mark-to-market losses of $233 million in 2017 compared to $201 million in 2016; and
- Decrease of $171 million at Generation primarily due to the impacts of declining natural gas prices and lower optimization in Generation's natural gas portfolio, the conclusion of the Ginna reliability support services agreement, lower realized energy prices and decreased capacity prices, partially offset by Zero Emission Credit revenue due to the impact of the New York Clean Energy Standard and the absence of oil inventory write downs in 2017.

Operating and maintenance expense increased by $90 million for the six months ended June 30, 2017 as compared to the same period in 2016 primarily due to the following unfavorable factors:

- Increase of $266 million at Generation due to long-lived asset impairments primarily related to the EGTP assets held for sale;
- Increase of $99 million at Generation due to increased nuclear outage costs;

- Increase in Generation's labor, contracting and materials cost of $85 million primarily due to the inclusion of Pepco Energy Services results for the six months ended June 30, 2017 compared to the period March 24, 2016 to June 30, 2016, increased contracting costs related to energy efficiency projects and the inclusion of FitzPatrick from March 31, 2017; and
- Increase of $258 million, exclusive of PHI merger-related costs discussed below, in Operating and maintenance expense due to the inclusion of PHI's results for the six months ended June 30, 2017 compared to the period March 24, 2016 to June 30, 2016.

The year-over-year increase in Operating and maintenance expense was partially offset by the following favorable factors:

- Decrease of $126 million at Exelon, exclusive of PHI merger–related costs discussed below, due to merger commitment and other merger-related costs of $74 million in 2017 compared to $200 million in 2016;
- Decrease of $51 million at BGE due to the absence of 2016 charges for certain disallowances contained in the June and July 2016 rate orders; and
- Decrease of $429 million at PHI primarily due to merger commitment and other merger-related costs of $419 million recognized in the period March 24, 2016 to June 30, 2016.

Depreciation and amortization expense increased by $185 million primarily due to increased depreciation expense as a result of ongoing capital expenditures across all operating companies and the inclusion of PHI's results for the six months ended June 30, 2017 compared to the period March 24, 2016 to June 30, 2016, partially offset by lower accelerated depreciation and amortization as a result of the 2017 decision to early retire the TMI nuclear facility compared to the previous decision in 2016 to early retire the Clinton and Quad Cities nuclear facilities.

Taxes other than income increased by $137 million primarily due to the addition of FitzPatrick and increased gross receipts tax accruals at Generation and the inclusion of PHI's results for the six months ended June 30, 2017 compared to the period March 24, 2016 to June 30, 2016.

Gain on sales of assets decreased by $35 million primarily due to Generation's gain associated with the sale of the New Boston generating site in 2016.

Bargain purchase gain increased by $226 million due to the gain associated with Generation's FitzPatrick acquisition for the six months ended June 30, 2017 as compared to the same period in 2016.

Interest expense, net increased by $146 million primarily due to higher outstanding debt, additional interest recorded in the second quarter 2017 related to Exelon's like-kind exchange tax position and the inclusion of PHI's results for the six months ended June 30, 2017 compared to the period March 24, 2016 to June 30, 2016.

Other, net increased by $230 million primarily due to higher net unrealized and realized gains on NDT funds at Generation for the six months ended June 30, 2017 as compared to the same period in 2016.

Exelon's effective income tax rates for the six months ended June 30, 2017 and 2016 were 11.8% and 39.3%, respectively. See Note 11 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

For further detail regarding the financial results for the three and six months ended June 30, 2017, including explanation of the non-GAAP measure Revenue net of purchased power and fuel expense, see the discussions of Results of Operations by Segment below.

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Adjusted (non-GAAP) Operating Earnings

Exelon's adjusted (non-GAAP) operating earnings for the three months ended June 30, 2017 were $509 million, or $0.54 per diluted share, compared with adjusted (non-GAAP) operating earnings of $604 million, or $0.65 per diluted share for the same period in 2016. Exelon's adjusted (non-GAAP) operating earnings for the six months ended June 30, 2017 were $1,114 million, or $1.19 per diluted share, compared with adjusted (non-GAAP) operating earnings of $1,235 million, or $1.33 per diluted share for the same period in 2016. In addition to net income, Exelon evaluates its operating performance using the measure of adjusted (non-GAAP) operating earnings because management believes it represents earnings directly related to the ongoing operations of the business. Adjusted (non-GAAP) operating earnings exclude certain costs, expenses, gains and losses and other specified items. This information is intended to enhance an investor's overall understanding of period-over-period operating results and provide an indication of Exelon's baseline operating performance excluding items that are considered by management to be not directly related to the ongoing operations of the business. In addition, this information is among the primary indicators management uses as a basis for evaluating performance, allocating resources, setting incentive compensation targets and planning and forecasting of future periods. Adjusted (non-GAAP) operating earnings is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

The following table provides a reconciliation between net income attributable to common shareholders as determined in accordance with GAAP and adjusted (non-GAAP) operating earnings for the three and six months ended June 30, 2017 as compared to the same period in 2016. The footnotes below the table provide tax expense (benefit) impacts:

	Three Months Ended June 30,			
	2017		2016	
(All amounts in millions after tax)		Earnings per Diluted Share		Earnings per Diluted Share
Net Income Attributable to Common Shareholders	$ 80	$ 0.09	$267	$ 0.29
Mark-to-Market Impact of Economic Hedging Activities [a] (net of taxes of $72 and $120, respectively)	113	0.12	185	0.20
Unrealized Gains Related to NDT Fund Investments [b] (net of taxes of $20 and $29, respectively)	(45)	(0.05)	(27)	(0.03)
Amortization of Commodity Contract Intangibles [c] (net of taxes of $8 and $4, respectively)	12	0.01	8	0.01
Merger and Integration Costs [d] (net of taxes of $9 and $0, respectively)	15	0.01	1	—
Merger Commitments [e] (entire amount represents tax expense)	—	—	1	—
Long-Lived Asset Impairments [f] (net of taxes of $172 and $14, respectively)	268	0.29	22	0.02
Plant Retirements and Divestitures [g] (net of taxes of $42 and $85, respectively)	66	0.07	133	0.14
Cost Management Program [i] (net of taxes of $4 and $3, respectively)	6	0.01	6	0.01
Like-Kind Exchange Tax Position [l] (net of taxes of $66)	(26)	(0.03)	—	—
CENG Noncontrolling Interest [m] (net of taxes of $5 and $1, respectively)	20	0.02	8	0.01
Adjusted (non-GAAP) Operating Earnings	$509	$ 0.54	$604	$ 0.65

(All amounts in millions after tax)	Six Months Ended June 30, 2017	Earnings per Diluted Share	2016	Earnings per Diluted Share
Net Income Attributable to Common Shareholders	$1,076	$ 1.15	$ 440	$ 0.48
Mark-to-Market Impact of Economic Hedging Activities [a] (net of taxes of $91 and $81, respectively)	142	0.15	121	0.12
Unrealized Gains Related to NDT Fund Investments [b] (net of taxes of $130 and $64, respectively)	(144)	(0.15)	(59)	(0.07)
Amortization of Commodity Contract Intangibles [c] (net of taxes of $9 and $2, respectively)	15	0.02	(4)	—
Merger and Integration Costs [d] (net of taxes of $25 and $26, respectively)	40	0.04	79	0.09
Merger Commitments [e] (net of taxes of $137 and $113, respectively)	(137)	(0.15)	395	0.43
Long-Lived Asset Impairments [f] (net of taxes of $172 and $62, respectively)	268	0.29	93	0.10
Plant Retirements and Divestitures [g] (net of taxes of $42 and $85, respectively)	66	0.07	133	0.14
Reassessment of State Deferred Income Taxes [h] (entire amount represents tax expense)	(20)	(0.02)	—	—
Cost Management Program [i] (net of taxes of $7 and $12, respectively)	10	0.01	19	0.02
Tax Settlements [j] (net of taxes of $1)	(5)	(0.01)	—	—
Bargain Purchase Gain [k]	(226)	(0.24)	—	—
Like-Kind Exchange Tax Position [l] (net of taxes of $66)	(26)	(0.03)	—	—
CENG Noncontrolling Interest [m] (net of taxes of $12 and $3, respectively)	55	0.06	18	0.02
Adjusted (non-GAAP) Operating Earnings	$1,114	$ 1.19	$1,235	$ 1.33

Note:
Unless otherwise noted, the income tax impact of each reconciling item between GAAP Net Income and Adjusted (non-GAAP) Operating Earnings is based on the marginal statutory federal and state income tax rates for each Registrant, taking into account whether the income or expense item is taxable or deductible, respectively, in whole or in part. For all items except the unrealized gains and losses related to NDT fund investments, the marginal statutory income tax rates ranged from 39 percent to 41 percent. Under IRS regulations, NDT fund investment returns are taxed at differing rates for investments in qualified vs. non-qualified funds. The tax rates applied to unrealized gains and losses related to NDT Fund investments were 31.4 percent and 47.5 percent for the three and six months ended June 30, 2017, respectively, and 51.6 percent and 52.5 percent for the three and six months ended June 30, 2016, respectively.

(a) Reflects the impact of net losses on Generation's economic hedging activities. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional detail related to Generation's hedging activities.
(b) Reflects the impact of net unrealized gains on Generation's NDT fund investments for Non-Regulatory Agreement Units. See Note 12 — Nuclear Decommissioning of the Combined Notes to Consolidated Financial Statements for additional detail related to Generation's NDT fund investments.
(c) Reflects the non-cash impact of the amortization of intangible assets, net, primarily related to commodity contracts recorded at fair value for the Integrys acquisition in 2016, and in 2017, the ConEdison Solutions and FitzPatrick acquisitions.
(d) Reflects certain costs incurred for the PHI acquisition in 2017 and 2016 and Generation's FitzPatrick acquisition in 2017, including professional fees, employee-related expenses and integration activities. See Note 4 — Mergers, Acquisitions and Dispositions of the Combined Notes to Consolidated Financial Statements for additional detail related to merger and acquisition costs.

(e) Represents a decrease in reserves for uncertain tax positions related to the deductibility of certain merger commitments associated with the 2012 CEG and 2016 PHI acquisitions in 2017, and costs and adjustments incurred as part of the settlement orders approving the PHI acquisition in 2017 and 2016. See Note 4 — Mergers, Acquisitions and Dispositions of the Combined Notes to Consolidated Financial Statements for additional detail related to PHI Merger commitments.
(f) Primarily reflects impairments as a result of the ExGenTexas Power, LLC assets held for sale in 2017 and impairments of Upstream assets and certain wind projects at Generation in 2016.
(g) Primarily reflects accelerated depreciation and amortization expenses, increases to materials and supplies inventory reserves, charges for severance reserves and construction work in progress impairments associated with Generation's previous decision to early retire the Clinton and Quad Cities nuclear facilities in 2016, partially offset in 2016 by a gain associated with Generation's sale of the New Boston generating site and Generation's decision to early retire the Three Mile Island nuclear facility in 2017.
(h) Reflects the non-cash impact of the remeasurement of state deferred income taxes, primarily as a result of changes in forecasted apportionment related to the PHI acquisition in 2016, and in 2017, and a change in the statutory tax rate.
(i) Reflects reorganization costs, and in 2016 severance costs, related to a cost management program for 2016 and 2017.
(j) Reflects benefits related to the favorable settlement of certain income tax positions related to PHI's unregulated business interests in 2017.
(k) Represents the excess of the fair value of assets and liabilities acquired over the purchase price for the FitzPatrick acquisition.
(l) Represents adjustments to income tax, penalties and interest expenses as a result of the finalization of the IRS tax computation related to Exelon's like-kind exchange tax position in 2017.
(m) Represents Generation's noncontrolling interest related to CENG exclusion items, primarily related to the impact of unrealized gains and losses on NDT fund investments and mark-to-market activity.

Merger and Acquisition Costs

On March 23, 2016, the Exelon and PHI Merger was completed. On the merger date, PHI shareholders received $27.25 of cash in exchange for each share of PHI common stock. The resulting company retained the Exelon name and is headquartered in Chicago.

As a result of the PHI Merger, Exelon has incurred costs associated with evaluating, structuring and executing the PHI Merger transaction itself, and will continue to incur cost associated with meeting the various commitments set forth by regulators and agreed-upon with other interested parties as part of the merger approval process, and integrating the former PHI businesses into Exelon.

For the three and six months ended June 30, 2017 and 2016, expense has been recognized for the PHI Merger and Generation's FitzPatrick acquisition as follows:

	Pre-tax Expense								
	Three Months Ended June 30, 2017								
Merger, Integration and Acquisition Costs:	**Exelon**	**Generation**	**ComEd**	**PECO**	**BGE**	**PHI**	**Pepco**	**DPL**	**ACE**
Transaction [a]	$ 4	$ 3	$ —	$ —	$ —	$—	$ —	$—	$ —
Other [b]	20	15	1	1	1	3	1	—	1
Total	$ 24	$ 18	$ 1	$ 1	$ 1	$ 3	$ 1	$—	$ 1

	Pre-tax Expense								
	Three Months Ended June 30, 2016								
Merger, Integration and Acquisition Costs:	**Exelon [d]**	**Generation [d]**	**ComEd**	**PECO**	**BGE [e]**	**PHI [d][f]**	**Pepco [d][g]**	**DPL [d][h]**	**ACE [d]**
Employee-Related [c]	$ 2	$ (1)	$ (1)	$ —	$ —	$ 4	$ 2	$ 1	$ 1
Other [b]	(1)	5	2	1	(5)	(5)	(6)	(1)	1
Total	$ 1	$ 4	$ 1	$ 1	$ (5)	$ (1)	$ (4)	$ —	$ 2

Merger, Integration and Acquisition Costs:	Pre-tax Expense Six Months Ended June 30, 2017								
	Exelon	Generation	ComEd	PECO	BGE	PHI (f)	Pepco	DPL (h)	ACE
Transaction (a)	$ 5	$ 4	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Other (b)	60	56	1	2	2	(2)	2	(7)	2
Total	$ 65	$ 60	$ 1	$ 2	$ 2	$ (2)	$ 2	$ (7)	$ 2

Merger and Integration Costs:	Pre-tax Expense Six Months Ended June 30, 2016								
	Exelon (d)	Generation (d)	ComEd (i)	PECO	BGE (e)	PHI (d)(f)	Pepco (d)(g)	DPL (d)(h)	ACE (d)
Transaction (a)	$ 35	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Employee-Related (c)	73	10	1	1	1	60	29	17	14
Other (b)	(5)	10	(8)	1	(5)	(5)	(6)	(1)	1
Total	$ 103	$ 20	$ (7)	$ 2	$ (4)	$ 55	$ 23	$ 16	$ 15

(a) External, third party costs paid to advisors, consultants, lawyers and other experts to integrate PHI processes and systems into Exelon, to assist in the due diligence and regulatory approval processes and in the closing of transactions.

(b) Costs to integrate PHI processes and systems into Exelon. For the three and six months ended June 30, 2017, also includes costs to integrate FitzPatrick processes and systems into Exelon.

(c) Costs primarily for employee severance, pension and OPEB expense and retention bonuses.

(d) For Exelon, Generation, PHI, Pepco, DPL, and ACE, includes the operations of the acquired businesses beginning on March 24, 2016.

(e) For the three and six months ended June 30, 2016, includes the reversal of previously incurred acquisition, integration and financing costs of $6 million incurred at BGE that have been deferred and recorded as a regulatory asset for anticipated recovery. See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for more information.

(f) For the six months ended June 30, 2017, includes the reversal of previously incurred acquisition, integration and financing costs of $8 million incurred at PHI that have been deferred and recorded as a regulatory asset for anticipated recovery. For the three months ended June 30, 2016 and the Successor period March 24, 2016 to June 30, 2016, includes the reversal of previously incurred acquisition, integration and financing costs of $12 million incurred at PHI that have been deferred and recorded as a regulatory asset for anticipated recovery. See Note 5 — Regulatory Matters for more information.

(g) For the three and six months ended June 30, 2016, includes the reversal of previously incurred acquisition, integration and financing costs of $9 million incurred at Pepco that have been deferred and recorded as a regulatory asset for anticipated recovery. See Note 5 — Regulatory Matters for more information.

(h) For the six months ended June 30, 2017, includes the reversal of previously incurred acquisition, integration and financing costs of $8 million incurred at DPL that have been deferred and recorded as a regulatory asset for anticipated recovery. For the three and six months ended June 30, 2016, includes the reversal of previously incurred acquisition, integration and financing costs of $3 million incurred at DPL that have been deferred and recorded as a regulatory asset for anticipated recovery. See Note 5 — Regulatory Matters for more information.

(i) For the six months ended June 30, 2016, includes the reversal of previously incurred acquisition, integration and financing costs of $8 million incurred at ComEd that has been deferred and recorded as a regulatory asset for anticipated recovery. See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for more information.

As of June 30, 2017, Exelon expects to incur total PHI acquisition and integration related costs of approximately $700 million, excluding merger commitments. Of this amount, including costs incurred from 2014 through June 30, 2017, Exelon and PHI have incurred approximately $660 million.

Significant 2017 Transactions and Developments

Early Retirement of Three Mile Island Facility

On May 30, 2017, Generation announced it will permanently cease generation operations at Three Mile Island Generating Station (TMI) on or about September 30, 2019. The TMI nuclear plant did not clear in the May 2017 PJM capacity auction for the 2020-2021 planning year and will not receive capacity revenue for that period, the third consecutive year that TMI failed to clear the PJM base residual capacity auction. The plant is currently committed to operate through May 2019. In the second quarter of 2017, as a result of the plant retirement decision of TMI, Exelon and Generation recognized one-time charges in Operating and maintenance expense of $71 million related to materials and supplies inventory reserve adjustments, employee-related costs and construction work-in-progress (CWIP) impairments, among other items. In addition to these one-time charges, there will be ongoing annual incremental non-cash charges to earnings stemming from shortening the expected economic useful life of TMI primarily related to accelerated depreciation of plant assets (including any asset retirement costs (ARC)), accelerated amortization of nuclear fuel, and additional asset retirement obligation (ARO) accretion expense associated with the changes in decommissioning timing and cost assumptions. Exelon's and Generation's second quarter 2017 results include an incremental $37 million of pre-tax expense for these items.

The following table summarizes the estimated annual amount and timing of expected incremental non-cash expense items through 2019.

	Projected [a]		
Income statement expense (pre-tax)	**2017**	**2018**	**2019**
Depreciation and Amortization			
Accelerated depreciation [b]	$250	$430	$325
Accelerated nuclear fuel amortization	10	20	5
Total	$260	$450	$330

(a) Actual results may differ based on incremental future capital additions, actual units of production for nuclear fuel amortization, future revised ARO assumptions, etc.

(b) Reflects incremental accelerated depreciation of plant assets, including any ARC.

EGTP Consent Agreement

In September 2014, EGTP, an indirect subsidiary of Exelon and Generation, issued $675 million aggregate principal amount of a nonrecourse senior secured term loan. EGTP's operating cash flows have been negatively impacted by certain market conditions and the seasonality of its cash flows. On May 2, 2017, EGTP entered into a consent agreement with its lenders to permit EGTP to draw on its revolving credit facility and initiate an orderly sales process to sell the assets of its wholly owned subsidiaries, the proceeds from which will first be used to pay the administrative costs of the sale, the normal and ordinary costs of operating the plants and repayment of the secured debt of EGTP, including the revolving credit facility. As a result, in the second quarter 2017, Exelon and Generation classified certain EGTP assets and liabilities on Exelon's and Generation's Consolidated Balance Sheets as held for sale at their respective fair values less costs to sell and included in the other current assets and other current liabilities balances on Exelon's and Generation's Consolidated Balance Sheets. At June 30, 2017, a $418 million pre-tax impairment loss was recorded within Operating and maintenance expense on Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income. See Note 4 — Mergers, Acquisitions and Dispositions, Note 6—Impairment of Long-Lived Assets and Note 10 — Debt and Credit Agreements for additional information regarding EGTP and the associated nonrecourse debt.

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Acquisition of James A. FitzPatrick Nuclear Generating Station

On March 31, 2017, Generation acquired the 838 MW single-unit James A. FitzPatrick (FitzPatrick) nuclear generating station for a total purchase price of $293 million. In accounting for the acquisition as a business combination, Exelon and Generation recorded an after-tax bargain purchase gain of $226 million which is included within Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income. See Note 4 — Mergers, Acquisitions and Dispositions of the Combined Notes to the Consolidated Financial Statements for additional information regarding the Generation's acquisition of Fitzpatrick and related costs.

Illinois Future Energy Jobs Act

On December 7, 2016, FEJA was signed into law by the Governor of Illinois. FEJA was effective June 1, 2017, and includes, among other provisions, (1) a Zero Emission Standard (ZES) providing compensation for certain nuclear-powered generating facilities, (2) an extension of and certain adjustments to ComEd's electric distribution formula rate, (3) new cumulative persisting annual energy efficiency MWh savings goals for ComEd, (4) revisions to the Illinois RPS requirements, (5) provisions for adjustments to or termination of FEJA programs if the average impact on ComEd's customer rates exceeds specified limits, (6) revisions to the existing net metering statute and (7) support for low income rooftop and community solar programs. FEJA establishes new or adjusts existing rate recovery mechanisms for ComEd to recover costs associated with the new or expanded energy efficiency and RPS requirements. Regulatory or legal challenges over the validity of FEJA are possible. See Note 5 — Regulatory Matters of the Combined Notes to the Consolidated Financial Statements for additional information regarding FEJA. See Note 7 — Early Nuclear Plant Retirements of the Combined Notes to the Consolidated Financial Statements for additional information regarding the economic challenges facing Generation's Clinton & Quad Cities nuclear plants and the expected benefits of the ZES.

Dismissal of Litigation Challenging ZEC Programs

On July 14, 2017, the U.S. District Court for the Northern District of Illinois dismissed two lawsuits challenging the ZEC program contained in FEJA. On July 17, 2017, the plaintiffs appealed the court's decisions to the U.S. Court of Appeals for the Seventh Circuit. Additionally, on July 25, 2017, the U.S. District Court for the Southern District of New York dismissed a lawsuit challenging the ZEC program contained in the New York CES. The plaintiffs in the New York case have indicated that they intend to appeal. These court decisions uphold the ZEC programs which support Illinois's and New York's efforts to advance clean energy and preserve affordable and reliable energy resources for customers. See Note 5 — Regulatory Matters of the Combined Notes to the Consolidated Financial Statements for additional information regarding FEJA and the New York CES.

Merger Commitment Unrecognized Tax Benefits

Exelon established a liability for an uncertain tax position associated with the tax deductibility of certain merger commitments incurred by Exelon in connection with the acquisitions of Constellation in 2012 and PHI in 2016. In the first quarter 2017, as a part of its examination of Exelon's return, the IRS National Office issued guidance concurring with Exelon's position that the merger commitments were deductible. As a result, Exelon, Generation, PHI, Pepco, DPL, and ACE decreased their liability for unrecognized tax benefits by $146 million, $19 million, $59 million, $21 million, $16 million, and $22 million, respectively, as of June 30, 2017, resulting in a benefit to Income taxes on Exelon's, Generation's, PHI's, Pepco's, DPL's and ACE's Consolidated Statements of Operations and Comprehensive Income and corresponding decreases in their effective tax rates.

Combined-Cycle Gas Turbine Projects

In June 2017, Generation commenced commercial operations of two new combined-cycle gas turbines (CCGTs) at the Colorado Bend and Wolf Hollow Generating Stations in Texas. The two new CCGTs have added nearly 2,200 MWs of capacity to Generation's fleet, enhancing Generation's strategy to match generation to

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customer load. Generation invested approximately $1.5 billion over the past three years to complete the new plant construction, which utilizes new General Electric technology to make them among the cleanest, most efficient CCGTs in the nation.

ComEd Distribution Formula Rate

On April 13, 2017, ComEd filed its annual distribution formula rate with the ICC pursuant to EIMA. The filing establishes the revenue requirement used to set the rates that will take effect in January 2018 after the ICC's review and approval, which is due by December 2017. The revenue requirement requested is based on 2016 actual costs plus projected 2017 capital additions as well as an annual reconciliation of the revenue requirement in effect in 2016 to the actual costs incurred that year. ComEd's 2017 filing request includes a total increase to the revenue requirement of $96 million, reflecting an increase of $78 million for the initial revenue requirement for 2017 and a increase of $18 million related to the annual reconciliation for 2016. See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for further information related to distribution formula rate updates.

Pepco Maryland Electric Distribution Rates

On March 24, 2017, Pepco filed an application with the MDPSC requesting an increase of $69 million based on a ROE of 10.1%. The application includes a request for an income tax adjustment to reflect full normalization of removal costs associated with pre-1981 property, which accounts for $18 million of the requested increase. Pepco expects a decision in the matter in the fourth quarter of 2017, but cannot predict how much of the requested rate increase the MDPSC will approve or if it will approve the requested income tax adjustment.

DPL Maryland Electric Distribution Rates

On July 14, 2017, DPL filed an application with the MDPSC to increase its annual electric distribution base rates by $27 million based on a requested ROE of 10.1%. DPL expects a decision on the matter in the first quarter of 2018. DPL cannot predict how much of the requested increase the MDPSC will approve.

On February 15, 2017, the MDPSC approved an increase in DPL electric distribution rates of $38 million based on a ROE of 9.6%. The new rates became effective for services rendered on or after February 15, 2017. The MDPSC also denied DPL's request to continue its Grid Resiliency Program, through which DPL proposed to invest $4.6 million a year for two years to improve priority feeders and install single-phase reclosing fuse technology.

DPL Delaware Electric and Natural Gas Distribution Rates

On May 17, 2016, DPL filed an application with the DPSC to increase its annual electric and natural gas distribution base rates by $63 million (which was updated to $60 million on March 8, 2017) and $22 million, respectively, based on a requested ROE of 10.6%. Delaware law allowed DPL to put into effect $2.5 million of each of the rate increases effective July 16, 2016. On December 17, 2016, the DPSC approved an additional $29.6 million in electric distribution rates and an additional $10.4 million in natural gas distribution rates effective December 17, 2016, subject to refund based on the final DPSC orders.

On March 8, 2017, DPL entered into a settlement agreement with the Division of the Public Advocate, Delaware Electric Users Group and the DPSC Staff in its electric distribution rate proceeding, which provides for an increase in DPL annual electric distribution base rates of $31.5 million based on an ROE of 9.7% compared to the $32.1 million increase previously put into effect. On May 23, 2017, the DPSC issued an order approving the settlement agreement, with the new rates effective June 1, 2017. Pursuant to the settlement agreement, no refund of the interim rates put into effect on July 16, 2016 and December 17, 2016 (as discussed above) is required.

On April 6, 2017, DPL entered into a settlement agreement with the Division of the Public Advocate and the DPSC Staff in its natural gas distribution rate proceeding, which provides for an increase in DPL annual natural gas distribution base rates of $4.9 million based on an ROE of 9.7%. The settlement agreement also provides that DPL will refund amounts collected under the temporary rates effective July 16, 2016 and December 17, 2016 (as discussed above) in excess of the $4.9 million, and that the new rates will be effective within thirty days of DPSC approval of the settlement agreement. On June 6, 2017, the DPSC issued an order approving the settlement agreement, with the new rates effective July 1, 2017. Pursuant to the settlement agreement, a rate refund plus interest of approximately $5 million will be issued to customers beginning in August 2017 for which a regulatory liability has been recorded as of June 30, 2017.

Pepco DC Electric Distribution Rates

On June 30, 2016, Pepco filed an application with the DCPSC to increase its annual electric distribution base rates by $86 million, as updated to approximately $77 million on February 1, 2017, based on a requested ROE of 10.6%.

On July 25, 2017, the DCPSC issued an order granting Pepco an increase to its annual electric distribution base rates of $36.9 million based on an ROE of 9.5%. The new rates will be effective August 15, 2017. In its decision, the DCPSC ordered that the $25.6 million customer rate credit created as a result of the Exelon and PHI merger will be provided primarily to residential customers and some small commercial customers to offset the impact of this increase until that amount has been exhausted, which is expected to take approximately two years. Additionally, the Commission is holding approximately $6 million to $7 million of the customer rate credit for use toward a possible new class of customers for certain senior citizens and disabled persons. The DCPSC also held that Pepco's bill stabilization adjustment, which decouples distribution revenues from utility customers from the amount of electricity delivered, will continue to be in place and that no refund of previously collected funds is required. Parties have 30 days from the date of the order to file for reconsideration with the DCPSC.

2017 ACE New Jersey Electric Distribution Rates

On March 30, 2017, ACE submitted an application with the NJBPU to increase its electric distribution rates by approximately $70 million (before New Jersey sales and use tax), which was updated to $72.6 million on July 14, 2017, based upon a requested ROE of 10.1%. The application also requests approval of a rate surcharge mechanism called the "System Renewal Recovery Charge," which would permit more timely recovery of certain costs associated with reliability and system renewal-related capital investments. ACE currently expects a decision in this matter in the first quarter of 2018, but cannot predict how much of the requested increase the NJBPU will approve.

2016 ACE New Jersey Electric Distribution Rates

On August 24, 2016, the NJBPU issued an order approving a stipulation of settlement among ACE, the New Jersey Division of Rate Counsel, NJBPU Staff and Unimin Corporation, which, among other things, provided that a determination on ACE's grid resiliency program, PowerAhead, would be separated into a phase II of the rate proceeding and decided at a later date. PowerAhead includes capital investments to enhance the resiliency of the system through improvements focused on improving the distribution system's ability to withstand major storm events. A stipulation of settlement with respect to the PowerAhead program (the PowerAhead Stipulation) was approved by the NJBPU on May 31, 2017. As adopted, the PowerAhead program includes an approved investment level of $79 million to be recovered through the cost recovery mechanism described in the PowerAhead Stipulation. The NJBPU order adopting the PowerAhead Stipulation was effective on June 10, 2017.

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Transmission Formula Rate

The following total increases/(decreases) were included in ComEd's, BGE's, Pepco's, DPL's and ACE's electric transmission formula rate filings:

	2017				
Annual Transmission Filings [a]	ComEd	BGE	Pepco	DPL	ACE
Initial revenue requirement increase	$ 44	$ 31	$ 5	$ 6	$ 20
Annual reconciliation (decrease) increase	(33)	3	15	8	22
Dedicated facilities decrease [b]	—	(8)	—	—	—
Total revenue requirement increase	$ 11	$ 26	$ 20	$ 14	$ 42
Allowed return on rate base [c]	8.43%	7.47%	7.92%	7.16%	8.02%
Allowed ROE [d]	11.50%	10.50%	10.50%	10.50%	10.50%

(a) All rates are effective June 2017, subject to review by the FERC and other parties, which is due by fourth quarter 2017.
(b) BGE's transmission revenues include a FERC approved dedicated facilities charge to recover the costs of providing transmission service to specifically designated load by BGE.
(c) Represents the weighted average debt and equity return on transmission rate bases.
(d) As part of the FERC-approved settlement of ComEd's 2007 transmission rate case, the rate of return on common equity is 11.50% and the common equity component of the ratio used to calculate the weighted average debt and equity return for the transmission formula rate is currently capped at 55%. As part of the FERC-approved settlement of the ROE complaint against BGE, Pepco, DPL and ACE, the rate of return on common equity is 10.50%, inclusive of a 50 basis point incentive adder for being a member of a regional transmission organization.

PECO Transmission Formula Rate

On May 1, 2017, PECO filed a request with FERC seeking approval to update its transmission rates and change the manner in which PECO's transmission rate is determined from a fixed rate to a formula rate. The formula rate would be updated annually to ensure that under this rate customers pay the actual costs of providing transmission services. The formula rate filing includes a requested increase of $22 million to PECO's annual transmission revenues and a requested rate of return on common equity of 11%, inclusive of a 50 basis point adder for being a member of a regional transmission organization. PECO requested that the new transmission rate be effective as of July 2017. On June 27, 2017, FERC issued an Order accepting the filing and suspending the proposed rates until December 1, 2017, subject to refund, and set the matter for hearing and settlement judge procedures. PECO cannot predict the final outcome of the settlement or hearing proceedings, or the transmission formula FERC may approve.

Westinghouse Electric Company LLC Bankruptcy

On March 29, 2017, Westinghouse Electric Company LLC (Westinghouse) and its affiliated debtors filed petitions for relief under Chapter 11 of the Bankruptcy Code in the U.S. Bankruptcy Court for the Southern District of New York. In the petitions and supporting documents, Westinghouse makes clear that its requests for relief center on one business area that is losing money — the construction of nuclear power plants in Georgia and South Carolina. Through the bankruptcy, Westinghouse seeks to reorganize around its profitable core business, which includes nuclear fuel fabrication and related services and other services provided to existing nuclear power plants in the U.S. and around the world. For these reasons, at this time, Generation does not anticipate disruption to the Westinghouse fuel fabrication contracts for Braidwood, Byron, or Ginna or other existing contracts for Generation's nuclear power plants. Generation is monitoring the bankruptcy proceeding to ensure that its rights are protected.

ExGen Renewables Holdings, LLC Transaction

On July 6, 2017, ExGen Renewables Holdings, LLC, a wholly owned subsidiary of Generation, completed the sale of a 49% interest of ExGen Renewables Partners, LLC, a newly formed owner and operator of approximately 1,296 megawatts of Generation's operating wind and solar electric generating facilities. ExGen Renewables Holdings will be the managing member of ExGen Renewables Partners, LLC, and have day-to-day control and management over its renewable generation portfolio. The closing of the transaction was subject to certain regulatory approvals, including the Federal Energy Regulatory Commission (FERC) and the Public Utility Commission of Texas (PUCT) which were received during the second quarter of 2017. The sale price was $400 million plus immaterial working capital and other customary post-closing adjustments. The net proceeds, after approximately $120 million of income taxes, will be used to pay down debt and for general corporate purposes. Generation will continue to consolidate ExGen Renewables Partners, LLC and will record a noncontrolling interest on its Consolidated Balance Sheet for the investor's initial equity share as well as earnings attributable to the noncontrolling interest in the Consolidated Statements of Operations and Comprehensive Income each period going forward.

Exelon's Strategy and Outlook for 2017 and Beyond

Exelon's value proposition and competitive advantage come from its scope and its core strengths of operational excellence and financial discipline. Exelon leverages its integrated business model to create value. Exelon's regulated and competitive businesses feature a mix of attributes that, when combined, offer shareholders and customers a unique value proposition:

- Exelon's utilities provide a foundation for steadily growing earnings, which translates to a stable currency in our stock.
- Generation's competitive businesses provide free cash flow to invest primarily in the utilities and in long-term, contracted assets and to reduce debt.

Exelon believes its strategy provides a platform for optimal success in an energy industry experiencing fundamental and sweeping change.

Exelon's utility strategy is to improve reliability and operations and enhance the customer experience, while ensuring ratemaking mechanisms provide the utilities fair financial returns. The Exelon utilities only invest in rate base where it provides a benefit to customers and the community by improving reliability and the service experience or otherwise meeting customer needs. The Exelon utilities make these investments at the lowest reasonable cost to customers. Exelon seeks to leverage its scale and expertise across the utilities platform through enhanced standardization and sharing of resources and best practices to achieve improved operational and financial results. Additionally, the Utility Registrants anticipate making significant future investments in smart meter technology, transmission projects, gas infrastructure, and electric system improvement projects, providing greater reliability and improved service for our customers and a stable return for the company.

Generation's competitive businesses create value for customers by providing innovative energy solutions and reliable, clean and affordable energy. Generation's electricity generation strategy is to pursue opportunities that provide stable revenues and generation to load matching to reduce earnings volatility. Generation leverages its energy generation portfolio to deliver energy to both wholesale and retail customers. Generation's customer-facing activities foster development and delivery of other innovative energy-related products and services for its customers. Generation operates in well-developed energy markets and employs an integrated hedging strategy to manage commodity price volatility. Its generation fleet, including its nuclear plants which consistently operate at high capacity factors, also provide geographic and supply source diversity. These factors help Generation mitigate the current challenging conditions in competitive energy markets.

Exelon's financial priorities are to maintain investment grade credit metrics at each of the Registrants, to maintain optimal capital structure and to return value to Exelon's shareholders with an attractive dividend

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throughout the energy commodity market cycle and through stable earnings growth. Exelon's Board of Directors has approved a dividend policy providing a raise of 2.5% each year for three years, beginning with the June 2016 dividend.

Various market, financial, regulatory, legislative and operational factors could affect the Registrants' success in pursuing their strategies. Exelon continues to assess infrastructure, operational, commercial, policy, and legal solutions to these issues. One key issue is ensuring the ability to properly value nuclear generation assets in the market, solutions to which Exelon is actively pursuing in a variety of jurisdictions and venues. See ITEM 1A. RISK FACTORS of the Exelon 2016 Form 10-K for additional information regarding market and financial factors.

Continually optimizing the cost structure is a key component of Exelon's financial strategy. In a cost management program initiated late in 2015, the company committed to reducing operation and maintenance expenses and capital costs by approximately $350 million and $50 million, respectively, of which approximately 35% of run-rate savings was achieved by the end of 2016. Approximately 60% of run-rate savings are expected to be achieved by the end of 2017 and fully realized in 2018. At least 75% of the savings are expected to be related to Generation, with the remaining amount related to the Utility Registrants.

Growth Opportunities

Management continually evaluates growth opportunities aligned with Exelon's businesses, assets and markets, leveraging Exelon's expertise in those areas and offering sustainable returns.

Regulated Energy Businesses **.** The PHI merger provides an opportunity to accelerate Exelon's regulated growth to provide stable cash flows, earnings accretion, and dividend support. Additionally, the Utility Registrants anticipate investing approximately $25 billion over the next five years in electric and natural gas infrastructure improvements and modernization projects, including smart meter and smart grid initiatives, storm hardening, advanced reliability technologies, and transmission projects, which is projected to result in an increase to current rate base of approximately $9 billion by the end of 2021. The Utility Registrants invest in rate base where beneficial to customers and the community by increasing reliability and the service experience or otherwise meeting customer needs. These investments are made at the lowest reasonable cost to customers.

See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information on the Smart Meter and Smart Grid Initiatives and infrastructure development and enhancement programs.

Competitive Energy Businesses **.** Generation continually assesses the optimal structure and composition of its generation assets as well as explores wholesale and retail opportunities within the power and gas sectors. Generation's long-term growth strategy is to prioritize investments in long-term contracted generation across multiple technologies and identify and capitalize on opportunities that provide generation to load matching as a means to provide stable earnings, while identifying emerging technologies where strategic investments provide the option for significant future growth or influence in market development. As of June 30, 2017, Generation has currently approved plans to invest a total of approximately $600 million over the next two years to complete new plant construction currently in progress.

Liquidity Considerations

Each of the Registrants annually evaluates its financing plan, dividend practices and credit line sizing, focusing on maintaining its investment grade ratings while meeting its cash needs to fund capital requirements, retire debt, pay dividends, fund pension and OPEB obligations and invest in new and existing ventures. A broad spectrum of financing alternatives beyond the core financing options can be used to meet its needs and fund growth including monetizing assets in the portfolio via project financing, asset sales, and the use of other financing structures (e.g., joint ventures, minority partners, etc.). The Registrants expect cash flows to be sufficient to meet operating expenses, financing costs and capital expenditure requirements.

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Exelon, Generation, ComEd, PECO, BGE, Pepco, DPL and ACE have unsecured syndicated revolving credit facilities with aggregate bank commitments of $0.6 billion, $5.3 billion, $1 billion, $0.6 billion, $0.6 billion, $0.3 billion, $0.3 billion and $0.3 billion, respectively. Generation also has bilateral credit facilities with aggregate maximum availability of $0.5 billion. See Liquidity and Capital Resources—Credit Matters—Exelon Credit Facilities below.

For further detail regarding the Registrants' liquidity for the six months ended June 30, 2017, see Liquidity and Capital Resources discussion below.

Project Financing

Generation utilizes individual project financings as a means to finance the construction of various generating asset projects. Project financing is based upon a nonrecourse financial structure, in which project debt and equity used to finance the project are paid back from the cash generated by the newly constructed asset once operational. Borrowings under these agreements are secured by the assets and equity of each respective project. The lenders do not have recourse against Exelon or Generation in the event of a default. If a specific project financing entity does not maintain compliance with its specific debt financing covenants, there could be a requirement to accelerate repayment of the associated debt or other project-related borrowings earlier than the stated maturity dates. In these instances, if such repayment was not satisfied, or restructured, the lenders or security holders would generally have rights to foreclose against the project-specific assets and related collateral. The potential requirement to satisfy its associated debt or other borrowings earlier than otherwise anticipated could lead to impairments due to a higher likelihood of disposing of the respective project-specific assets significantly before the end of their useful lives. See Note 10 — Debt and Credit Agreements of the Combined Notes to the Consolidated Financial Statements for additional information on nonrecourse debt.

Other Key Business Drivers and Management Strategies

Utility Rates and Rate Proceedings

The Utility Registrants file rate cases with their regulatory commissions seeking increases or decreases to their electric transmission and distribution, and gas distribution rates to recover their costs and earn a fair return on their investments. The outcomes of these regulatory proceedings impact the Utility Registrants' current and future results of operations, cash flows and financial position. See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for further details on these regulatory proceedings.

Power Markets

Price of Fuels

The use of new technologies to recover natural gas from shale deposits is increasing natural gas supply and reserves, which places downward pressure on natural gas prices and, therefore, on wholesale and retail power prices, which results in a reduction in Exelon's revenues. Forward natural gas prices have declined significantly over the last several years; in part reflecting an increase in supply due to strong natural gas production (due to shale gas development).

Capacity Market Changes in PJM

In the wake of the January 2014 Polar Vortex that blanketed much of the Eastern and Midwestern United States, it became clear that while a major outage event was narrowly avoided, resources in PJM were not providing the level of reliability expected by customers. As a result, on December 12, 2014, PJM filed at FERC a proposal to make significant changes to its current capacity market construct, the Reliability Pricing Model (RPM). PJM's proposed changes generally sought to improve resource performance and reliability largely by limiting the excuses for non-performance and by increasing the penalties for performance failures. The proposal

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permits suppliers to include in capacity market offers additional costs and risk so they can meet these higher performance requirements. While offers are expected to put upward pressure on capacity clearing prices, operational improvements made as a result of PJM's proposal are expected to improve reliability, to reduce energy production costs as a result of more efficient operations and to reduce the need for out of market energy payments to suppliers. Generation participated actively in PJM's stakeholder process through which PJM developed the proposal and also actively participated in the FERC proceeding including filing comments. On June 9, 2015, FERC approved PJM's filing largely as proposed by PJM, including transitional auction rules for delivery years 2016/2017 through 2017/2018. As a result of this and several related orders, PJM hosted its 2018/2019 Base Residual Auction (results posted on August 21, 2015) and its transitional auction for delivery year 2016/2017 (results posted on August 31, 2015) and its transitional auction for delivery years 2017/2018 (results posted on September 9, 2015). On May 10, 2016, FERC largely denied rehearing, and a number of parties appealed to the U.S. Court of Appeals for the DC Circuit for review of the decision. On June 20, 2017, the DC Circuit denied all the appeals.

MISO Capacity Market Results

On April 14, 2015, the Midcontinent Independent System Operator (MISO) released the results of its capacity auction covering the June 2015 through May 2016 delivery year. As a result of the auction, capacity prices for the zone 4 region in downstate Illinois increased to $150 per MW per day beginning in June 2015, an increase from the prior pricing of $16.75 per MW per day that was in effect from June 2014 to May 2015. Generation had an offer that was selected in the auction. However, due to Generation's ratable hedging strategy, the results of the capacity auction have not had a material impact on Exelon's and Generation's consolidated results of operations and cash flows.

Additionally, in late May and June 2015, separate complaints were filed at the FERC by each of the State of Illinois, the Southwest Electric Cooperative, Public Citizens, Inc., and the Illinois Industrial Energy Consumers challenging the results of this MISO capacity auction for the 2015/2016 delivery in MISO delivery zone 4. The complaints allege generally that 1) the results of the capacity auction for zone 4 are not just and reasonable, 2) the results should be suspended, set for hearing and replaced with a new just and reasonable rate, 3) a refund date should be established and that 4) certain alleged behavior by one of the market participants other than Exelon or Generation, be investigated.

On October 1, 2015, FERC announced that it was conducting a non-public investigation (that does not involve Exelon or Generation) into whether market manipulation or other potential violations occurred related to the auction. On December 31, 2015, FERC issued a decision that certain of the rules governing the establishment of capacity prices in downstate Illinois are "not just and reasonable" on a prospective basis. FERC ordered that certain rules be changed prior to the April 2016 auction which set capacity prices for the 2016/2017 planning year. In response to this order, MISO filed certain rule changes with FERC. On March 18, 2016, FERC largely denied rehearing of its December 31, 2015 order. FERC continues to conduct its non-public investigation to determine if the April 2015 auction results were manipulated and, if so, whether refunds are appropriate. FERC did establish May 28, 2015, the day the first complaint was filed, as the date from which refunds (if ordered) would be calculated, and it also made clear that the findings in the December 31, 2015 order do not prejudge the investigation or related proceedings. Generation cannot predict the impact the FERC order may ultimately have on future auction results, capacity pricing or decisions related to the potential early retirement of the Clinton nuclear plant, however, such impacts could be material to Generation's future results of operations and cash flows. See Note 7 — Early Nuclear Plant Retirements of the Combined Notes to the Consolidated Financial Statements for additional information on the impacts of the MISO announcement.

Subsidized Generation

The rate of expansion of subsidized generation, in the markets in which Generation's output is sold can negatively impact wholesale power prices, and in turn, Generation's results of operations.

Various states have attempted to implement or propose legislation, regulations or other policies to subsidize new generation development which may result in artificially depressed wholesale energy and capacity prices. For example, the New Jersey legislature enacted into law in January 2011, the Long Term Capacity Pilot Program Act (LCAPP). LCAPP provides eligible generators with 15-year fixed contracts for the sale of capacity in the PJM capacity market. Under LCAPP, the local utilities in New Jersey are required to pay (or receive) the difference between the price eligible generators receive in the capacity market and the price guaranteed under the 15-year contract. New Jersey ultimately selected three proposals to participate in LCAPP and build new generation in the state. In addition, on April 12, 2012, the MDPSC issued an order directing the Maryland electric utilities to enter into a 20-year contract for differences (CfD) with CPV Maryland, LLC (CPV), under which CPV was required to construct an approximately 700 MW combined cycle gas turbine in Waldorf, Maryland. The CfD mandated that utilities (including BGE, Pepco and DPL) pay (or receive) the difference between CPV's contract price and the revenues it receives for capacity and energy from clearing the unit in the PJM capacity market.

Exelon and others challenged the constitutionality and other aspects of the New Jersey legislation in federal court. The actions taken by the MDPSC were also challenged in federal court in an action to which Exelon was not a party. The federal trial courts in both the New Jersey and Maryland actions effectively invalidated the actions taken by the New Jersey legislature and the MDPSC, respectively. Each of those decisions was upheld by the U.S. Court of Appeals for the Third Circuit and the U.S. Court of Appeals for the Fourth Circuit, respectively. On April 19, 2016, the U.S. Supreme Court affirmed the decision of the U.S. Court of Appeals for the Fourth Circuit, and subsequently denied certiorari with respect to the appeal from the U.S. Court of Appeals for the Third Circuit, leaving in place that Court's decision. The matter is now considered closed.

As required under their contracts, generator developers who were selected in the New Jersey and Maryland programs (including CPV) offered and cleared in PJM's capacity market auctions. To the extent that the state-required customer subsidies are included under their respective contracts, Exelon believes that these projects may have artificially suppressed capacity prices in PJM in these auctions and may continue to do so in future auctions to the detriment of Exelon. While the court decisions are positive developments, continuation of these state efforts, if successful and unabated by an effective minimum offer price rule (MOPR) for future capacity auctions, could continue to result in artificially depressed wholesale capacity and/or energy prices. Other states could seek to establish programs, which could substantially impact Exelon's position and could have a significant effect on Exelon's financial results of operations, financial position and cash flows.

One such state is Ohio, where state-regulated utility companies FirstEnergy Ohio (FE) and AEP Ohio (AEP) initiated actions at the Public Utilities Commission of Ohio (PUCO) to obtain approval for Riders that would effectively allow these two companies to pass through to all customers in their service territories the differences between their costs and market revenues on PPAs entered into between the utility and its merchant generation affiliate for what was collectively more than 6,000MW of primarily coal-fired generation. Thus, the Riders were similar to the CfDs described above (except that the PPA Riders in Ohio would apply to existing generation facilities whereas the CfDs applied to new generation facilities). While FERC orders on April 27, 2016 largely alleviated the concerns related to the Riders by holding that the PPAs ran afoul of affiliate restrictions on FE and AEP, we continue to closely monitor developments in Ohio.

In addition, Exelon continues to monitor developments in Maryland, New Jersey, and other states and participates in stakeholder and other processes to ensure that similar state subsidies are not developed. Exelon remains active in advocating for competitive markets, while opposing policies that require taxpayers and/ or consumers to subsidize or give preferential treatment to generation providers or technologies that do not provide superior reliability or environmental benefits, or that would threaten the reliability and value of the integrated electricity grid.

Complaints at FERC Seeking to Mitigate Illinois and New York Programs Providing ZECs

PJM and NYISO capacity markets include a Minimum Offer Price Rule (MOPR) that is intended to preclude buyers from exercising buyer market power. If a resource is subjected to a MOPR, its offer is adjusted to remove the revenues it receives through a federal, state or other government-provided financial support program — resulting in a higher offer that may not clear the capacity market. Currently, the MOPRs in PJM and NYISO apply only to certain new resources. Exelon has generally opposed policies that required subsidies or give preferential treatment to generation providers or technologies that do not provide superior reliability or environmental benefits, or that would threaten the reliability and value of the integrated electricity grid. Thus, Exelon has supported a MOPR as a means of minimizing the detrimental impact of certain subsidized resources could have on capacity markets (such as the New Jersey (LCAPP) and Maryland (CfD) programs. However, in Exelon's view, MOPRs should not be applied to resources that receive compensation for providing superior reliability or environmental benefits.

On January 9, 2017, the Electric Power Supply Association (EPSA) filed two requests with FERC: one seeking to amend a prior complaint against PJM and another seeking expedited action on a pending NYISO compliance filing in an existing proceeding. Both filings allege that the relevant MOPR should be expanded to also apply to existing resources receiving ZEC compensation under the New York CES and Illinois ZES programs. Exelon has filed protests at FERC in response to each filing, arguing generally that ZEC payments provide compensation for an environmental attribute that is distinct from the energy and capacity sold in the FERC-jurisdictional markets, and therefore, are no different than other renewable support programs like the PTC and RPS that have generally not been subject to a MOPR. However, if successful, for Generation's facilities in NYISO and PJM expected to receive ZEC compensation (Quad Cities, Ginna, Nine Mile Point and FitzPatrick), an expanded MOPR could require exclusion of ZEC compensation when bidding into future capacity auctions such that these facilities would have an increased risk of not clearing in those auctions and thus no longer receiving capacity revenues during the respective ZEC programs. Any such mitigation of these generating resources could have a material effect on Exelon's and Generation's future cash flows and results of operations. The timing of FERC's decision with respect to both proceedings is currently unknown and the outcome of these matters is currently uncertain.

Energy Demand

Modest economic growth partially offset by energy efficiency initiatives is resulting in flat to declining load growth in electricity for the utilities. There is a decrease in projected load for electricity for ComEd, PECO, BGE, and ACE, and an essentially flat projected load for electricity for DPL. ComEd, PECO, BGE, Pepco, DPL, and ACE are projecting load volumes to increase (decrease) by (0.4)%, (0.4)%, (2.3)%, (1.3)%, (1.0)%, and (3.9)% respectively, in 2017 compared to 2016.

Retail Competition

Generation's retail operations compete for customers in a competitive environment, which affect the margins that Generation can earn and the volumes that it is able to serve. The market experienced high price volatility in the first quarter of 2014 which contributed to bankruptcies and consolidations within the industry during the year. However, forward natural gas and power prices are expected to remain low and thus we expect retail competitors to stay aggressive in their pursuit of market share, and that wholesale generators (including Generation) will continue to use their retail operations to hedge generation output.

Strategic Policy Alignment

As part of its strategic business planning process, Exelon routinely reviews its hedging policy, dividend policy, operating and capital costs, capital spending plans, strength of its balance sheet and credit metrics, and sufficiency of its liquidity position, by performing various stress tests with differing variables, such as commodity price movements, increases in margin-related transactions, changes in hedging practices, and the impacts of hypothetical credit downgrades.

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Exelon's board of directors declared first quarter 2017 dividends of $0.3275 per share on Exelon's common stock. The first quarter 2017 dividend was paid on March 10, 2017. The dividend increased from fourth quarter 2016 amount to reflect the Board's decision to raise Exelon's dividend 2.5% each year for the next three years, beginning with the June 2016 dividend.

Exelon's Board of Directors declared the second quarter 2017 dividends of $0.3275 per share each on Exelon's common stock. The second quarter 2017 dividend was paid on June 9, 2017.

Exelon's Board of Directors declared the third quarter 2017 dividends of $0.3275 per share each on Exelon's common stock and is payable on September 8, 2017.

All future quarterly dividends require approval by Exelon's Board of Directors.

Hedging Strategy

Exelon's policy to hedge commodity risk on a ratable basis over three-year periods is intended to reduce the financial impact of market price volatility. Generation is exposed to commodity price risk associated with the unhedged portion of its electricity portfolio. Generation enters into non-derivative and derivative contracts, including financially-settled swaps, futures contracts and swap options, and physical options and physical forward contracts, all with credit-approved counterparties, to hedge this anticipated exposure. Generation has hedges in place that significantly mitigate this risk for 2017 and 2018. However, Generation is exposed to relatively greater commodity price risk in the subsequent years with respect to which a larger portion of its electricity portfolio is currently unhedged. As of June 30, 2017, the percentage of expected generation hedged for the major reportable segments is 96%-99%, 71%-74% and 39%-42% for 2017, 2018, and 2019 respectively. The percentage of expected generation hedged is the amount of equivalent sales divided by the expected generation. Expected generation is the volume of energy that best represents our commodity position in energy markets from owned or contracted generating facilities based upon a simulated dispatch model that makes assumptions regarding future market conditions, which are calibrated to market quotes for power, fuel, load following products, and options. Equivalent sales represent all hedging products, such as wholesale and retail sales of power, options and swaps. Generation has been and will continue to be proactive in using hedging strategies to mitigate commodity price risk in subsequent years as well.

Generation procures oil and natural gas through long-term and short-term contracts and spot-market purchases. Nuclear fuel is obtained predominantly through long-term uranium concentrate supply contracts, contracted conversion services, contracted enrichment services, or a combination thereof, and contracted fuel fabrication services. The supply markets for uranium concentrates and certain nuclear fuel services, coal, oil and natural gas are subject to price fluctuations and availability restrictions. Supply market conditions may make Generation's procurement contracts subject to credit risk related to the potential non-performance of counterparties to deliver the contracted commodity or service at the contracted prices. Approximately 51% of Generation's uranium concentrate requirements from 2017 through 2021 are supplied by three producers. In the event of non-performance by these or other suppliers, Generation believes that replacement uranium concentrate can be obtained, although at prices that may be unfavorable when compared to the prices under the current supply agreements. Non-performance by these counterparties could have a material adverse impact on Exelon's and Generation's results of operations, cash flows and financial position.

The Utility Registrants mitigate commodity price risk through regulatory mechanisms that allow them to recover procurement costs from retail customers.

Tax Matters

Potential Corporate Tax Reform

The results of the November 2016 U.S. elections have introduced greater uncertainty with respect to federal tax policies. President Trump has stated that one of his top priorities is comprehensive tax reform as well as

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Congressional Republicans have also advocated their intent to advance tax reform. Tax reform proposals have called for a reduction in the corporate federal income tax rate from the current 35% to as low as 15%. Other proposals provide, among other items, for the immediate deduction of capital investment expenditures and full or partial elimination of debt interest expense deductions. On July 27, 2017, the White House and Republican Congressional leaders issued a joint statement reiterating their intent to enact a comprehensive tax reform plan. The statement did not provide details, but emphasized lowering tax rates and maximizing capital expensing. It is uncertain whether and to what extent or when any changes in federal tax policies will be enacted or the transition time frame for such changes. The Utility Registrants' regulators may impose rate reductions to provide the benefit of any income tax expense reductions to customers and refund "excess" deferred income taxes previously collected through rates. The amounts and timing of any such rate changes would be subject to the discretion of the rate regulator in each specific jurisdiction. For these reasons, the Registrants cannot predict the impact any potential changes may have on their future results of operations, cash flows or financial position, and such changes could be material.

Environmental Legislative and Regulatory Developments

Exelon was actively involved in the Obama Administration's development and implementation of environmental regulations for the electric industry, in pursuit of its business strategy to provide reliable, clean, affordable and innovative energy products. These efforts have most frequently involved air, water and waste controls for fossil-fueled electric generating units, as set forth in the discussion below. These regulations have had a disproportionate adverse impact on coal-fired power plants, requiring significant expenditures of capital and variable operating and maintenance expense, and have resulted in the retirement of older, marginal facilities. Due to its low emission generation portfolio, Generation has not been significantly affected by these regulations, representing a competitive advantage relative to electric generators that are more reliant on fossil-fuel plants.

Through the issuance of a series of Executive Orders (EO), President Trump has initiated review of a number of EPA and other regulations issued during the Obama Administration, with the expectation that the Administration will seek repeal or significant revision of these rules. Under these EOs, each executive agency is required to evaluate existing regulations and make recommendations regarding repeal, replacement, or modification. The Administration's actions are intended to result in less stringent compliance requirements under air, water, and waste regulations. The exact nature, extent, and timing of the regulatory changes are unknown, as well as the ultimate impact on Exelon's and its subsidiaries results of operations and cash flows.

In particular, the Administration has targeted existing EPA regulations for repeal, including notably the Clean Power Plan, as well as revoking many Executive Orders, reports, and guidance issued by the Obama Administration on the topic of climate change or the regulation of greenhouse gases. The Executive Order also disbanded the Interagency Working Group that developed the social cost of carbon used in rulemakings, and withdrew all technical support documents supporting the calculation. Other regulations that have been specifically identified for review are the Clean Water Act rule relating to jurisdictional waters of the U.S., the Steam Electric Effluent Guidelines relating to waste water discharges from coal-fired power plants, and the 2015 National Ambient Air Quality Standard (NAAQS) for ozone. The review of final rules could extend over several years as formal notice and comment rulemaking process proceeds.

Air Quality

Mercury and Air Toxics Standard Rule (MATS). On December 16, 2011, the EPA signed a final rule to reduce emissions of toxic air pollutants from power plants and signed revisions to the NSPS for electric generating units. The final rule, known as MATS, requires coal-fired electric generation plants to achieve high removal rates of mercury, acid gases and other metals, and to make capital investments in pollution control equipment and incur higher operating expenses. The initial compliance deadline to meet the new standards was April 16, 2015; however, facilities may have been granted an additional one or two year extension in limited cases. Numerous entities challenged MATS in the D.C. Circuit Court, and Exelon intervened in support of the

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rule. In April 2014, the D.C. Circuit Court issued an opinion upholding MATS in its entirety. On appeal, the U.S. Supreme Court decided in June 2015 that the EPA unreasonably refused to consider costs in determining whether it is appropriate and necessary to regulate hazardous air pollutants emitted by electric utilities. The U.S. Supreme Court, however, did not vacate the rule; rather, it was remanded to the D.C. Circuit Court to take further action consistent with the U.S. Supreme Court's opinion on this single issue. On April 27, 2017, the D.C. Circuit granted EPA's motion to hold the litigation in abeyance, pending EPA's review of the MATS rule pursuant to President Trump's EO discussed above. Following EPA's review and determination of its course of action for the MATS rule, the parties will have 30 days to file motions on future proceedings. Notwithstanding the Court's order to hold the litigation in abeyance, the MATS rule remains in effect. Exelon will continue to participate in the remanded proceedings before the D.C. Circuit Court as an intervenor in support of the rule.

Clean Power Plan . On April 28, 2017, the D.C. Circuit Court issued orders in separate litigation related to the EPA's actions under the CPP to amend Clean Air Act Section 111(d) regulation of existing fossil-fired electric generating units and Section 111(b) regulation of new fossil-fired electric generating units. In both cases, EPA is required to submit supplemental briefs on the question of whether the regulations should be remanded to the Agency or held in abeyance. On June 8, 2017, U.S. EPA submitted to the Office of Management and Budget a proposed rule entitled "Review of the Clean Power Plan." Based on filings with the D.C. Circuit, it is expect that this proposed rule will rescind the Clean Power Plan, but it is unknown whether the EPA will replace the existing unit regulation with another rule.

2015 Ozone National Ambient Air Quality Standards (NAAQS). On April 11, 2017, the D.C. Circuit ordered that the consolidated 2015 ozone NAAQS litigation be held in abeyance pending EPA's further review of the 2015 Rule. Following EPA's review and determination of its course of action for the 2015 Rule, the parties are directed to file motions within 30 days on future proceedings. On June 28, 2017, the U.S. EPA announced that it would use its authority under the Clean Air Act to extend until October 1, 2018 its deadline for promulgating initial area designations for the 2015 ozone NAAQS.

Water Quality

Section 316(b) of the Clean Water Act requires that cooling water intake structures at electric power plants reflect the best technology available to minimize adverse environmental impacts, and is implemented through state-level NPDES permit programs. All of Generation's power generation facilities with cooling water systems are subject to the regulations. Facilities without closed-cycle recirculating systems (e.g., cooling towers) are potentially most affected by changes to the existing regulations. Those facilities are Calvert Cliffs, Clinton, Dresden, Eddystone, Fairless Hills, Fitzpatrick, Ginna, Gould Street, Handley, Mountain Creek, Mystic 7, Nine Mile Point Unit 1, Oyster Creek, Peach Bottom, Quad Cities, Riverside and Salem. See ITEM 1.—BUSINESS, "Water Quality" of the Exelon 2016 Form 10-K for further discussion.

Solid and Hazardous Waste

In October 2015, the first federal regulation for the disposal of coal combustion residuals (CCR) from power plants became effective. The rule classifies CCR as non-hazardous waste under RCRA. Under the regulation, CCR will continue to be regulated by most states subject to coordination with the federal regulations. Generation has previously recorded accruals consistent with state regulation for its owned coal ash sites, and as such, the regulation is not expected to impact Exelon's and Generation's financial results. Generation does not have sufficient information to reasonably assess the potential likelihood or magnitude of any remediation requirements that may be asserted under the new federal regulations for coal ash disposal sites formerly owned by Generation. For these reasons, Generation is unable to predict whether and to what extent it may ultimately be held responsible for remediation and other costs relating to formerly owned coal ash disposal sites under the new regulations.

See Note 17 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements for further detail related to environmental matters, including the impact of environmental regulation.

Other Legislative and Regulatory Developments

NRC Task Force on Fukushima Daiichi Accident (Exelon and Generation).

In July 2011, an NRC Task Force formed in the aftermath of the March 11, 2011, 9.0 magnitude earthquake and ensuing tsunami, that seriously damaged the nuclear units at the Fukushima Daiichi Nuclear Power Station, issued a report of its review of the accident, including tiered recommendations for future regulatory action by the NRC to be taken in the near and longer term. The Task Force's report concluded that nuclear reactors in the United States are operating safely and do not present an imminent risk to public health and safety. The NRC and its staff have issued orders and implementation guidance for commercial reactor licensees operating in the United States. Generation has assessed the impacts of the Tier 1 orders and information requests and will continue monitoring the additional recommendations under review by the NRC staff, both from an operational and a financial impact standpoint. Generation's current assessments are specific to the Tier 1 recommendations. In May 2017, the NRC finalized its decision that no actions are required with respect to the Tier 2 and Tier 3 recommendations. Generation will continue to engage in nuclear industry assessments and actions and obtain stakeholder input.

Employees

In January 2017, an election was held at BGE which resulted in union representation for approximately 1,400 employees. BGE and IBEW Local 410 have begun negotiations for an initial agreement which could result in some modifications to wages, hours and other terms and conditions of employment. No agreement has been finalized to date and management cannot predict the outcome of such negotiations. In April 2017, Exelon Nuclear Security successfully ratified its CBA with the SPFPA Local 238 at Quad Cities to an extension of three years. In June 2017, Exelon Nuclear Security successfully ratified its CBA with the UGSOA Local 12 at Limerick to an extension of three years.

Critical Accounting Policies and Estimates

Management of each of the Registrants makes a number of significant estimates, assumptions and judgments in the preparation of its financial statements. See ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — CRITICAL ACCOUNTING POLICIES AND ESTIMATES in Exelon's, Generation's, ComEd's, PECO's, BGE's, PHI's, Pepco's, DPL's and ACE's combined 2016 Form 10-K for a discussion of the estimates and judgments necessary in the Registrants' accounting for AROs, goodwill, purchase accounting, unamortized energy assets and liabilities, asset impairments, depreciable lives of property, plant and equipment, defined benefit pension and other postretirement benefits, regulatory accounting, derivative instruments, taxation, contingencies, revenue recognition, and allowance for uncollectible accounts. At June 30, 2017, the Registrants' critical accounting policies and estimates had not changed significantly from December 31, 2016.

Results of Operations By Registrant

Net Income (Loss) Attributable to Common Shareholders by Registrant

	Three Months Ended June 30,		Favorable (Unfavorable) Variance	Six Months Ended June 30,		Favorable (Unfavorable) Variance
	2017	2016		2017	2016 [a]	
Exelon	$ 80	$ 267	$ (187)	$ 1,076	$ 440	$ 636
Generation	(250)	(8)	(242)	174	302	(128)
ComEd	118	145	(27)	259	260	(1)
PECO	88	100	(12)	215	224	(9)
BGE	45	31	14	169	129	40
Pepco	43	49	(6)	101	(60)	161
DPL	19	12	7	76	(60)	136
ACE	8	3	5	36	(97)	133

(a) For Pepco, DPL and ACE, reflects that Registrant's operations for the six months ended June 30, 2016. For Exelon and Generation, includes the operations of the PHI acquired businesses for the period of March 24, 2016 through June 30, 2016.

	Successor				Predecessor
	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	Six Months Ended June 30, 2017	March 24, 2016 to June 30, 2016	January 1, 2016 to March 23, 2016
PHI	$ 66	$ 52	$ 205	$ (257)	$ 19

Results of Operations — Generation

	Three Months Ended June 30,		Favorable (Unfavorable) Variance	Six Months Ended June 30,		Favorable (Unfavorable) Variance
	2017	2016		2017	2016	
Operating revenues	$ 4,174	$ 3,589	$ 585	$9,061	$8,329	$ 732
Purchased power and fuel expense	2,157	1,577	(580)	4,955	4,020	(935)
Revenues net of purchased power and fuel expense (a)	2,017	2,012	5	4,106	4,309	(203)
Other operating expenses						
Operating and maintenance	2,010	1,530	(480)	3,497	2,997	(500)
Depreciation and amortization	334	408	74	637	697	60
Taxes other than income	140	118	(22)	282	244	(38)
Total other operating expenses	2,484	2,056	(428)	4,416	3,938	(478)
Gain on sales of assets	—	31	(31)	4	31	(27)
Bargain purchase gain	—	—	—	226	—	226
Operating (loss) income	(467)	(13)	(454)	(80)	402	(482)
Other income and (deductions)						
Interest expense, net	(129)	(99)	(30)	(228)	(196)	(32)
Other, net	181	117	64	440	210	230
Total other income and (deductions)	52	18	34	212	14	198
Income before income taxes	(415)	5	(420)	132	416	(284)
Income taxes	(158)	(31)	127	(31)	120	151
Equity in losses of unconsolidated affiliates	(9)	(8)	(1)	(19)	(11)	(8)
Net (loss) income	(266)	28	(294)	144	285	(141)
Net (loss) income attributable to noncontrolling interests	(16)	36	52	(30)	(17)	13
Net (loss) income attributable to membership interest	$ (250)	$ (8)	$ (242)	$ 174	$ 302	$ (128)

(a) Generation evaluates its operating performance using the measure of revenue net of purchased power and fuel expense. Generation believes that revenue net of purchased power and fuel expense is a useful measurement because it provides information that can be used to evaluate its operational performance. Revenue net of purchased power and fuel expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

Net Income (Loss) Attributable to Membership Interest

Three Months Ended June 30, 2017 Compared to three months ended June 30, 2016. Generation's Net loss attributable to membership interest for the three months ended June 30, 2017 increased compared to the same period in 2016, primarily due to higher Operating and maintenance expenses, the absence of 2016 gain on sales of assets and higher interest expense, partially offset by higher Revenue net of purchased power and fuel expense, lower Depreciation and amortization expenses, higher other income, and higher income tax benefits. The increase in Operating and maintenance expenses primarily related to the impairment of EGTP assets held for sale. The increase in interest expense is primarily due to higher outstanding debt. The increase in Revenue net of purchased power and fuel expense primarily relates to decreased mark-to-market losses in 2017 compared to 2016, Zero Emission Credit revenue due to the impact of the New York Clean Energy Standard, increased nuclear volumes due to the acquisition of the FitzPatrick nuclear facility and decreased fuel prices, almost entirely offset by the conclusion of the Ginna Reliability Support Services Agreement, lower realized energy prices and lower optimization in Generation's natural gas portfolio. The decrease in Depreciation and amortization is primarily due to lower accelerated depreciation and amortization as a result of the 2017 decision to early retire the TMI nuclear facility compared to the previous decision in 2016 to early retire Clinton and Quad Cities nuclear facilities. The increase in other income is primarily due to the change in realized and unrealized gains and losses on NDT funds. The increase in income tax benefits is primarily due to higher operating losses.

Six Months Ended June 30, 2017 Compared to Six Months Ended June 30, 2016. Generation's Net income attributable to membership interest for the six months ended June 30, 2017 decreased compared to the same period in 2016, primarily due to lower Revenue net of purchased power and fuel expense, higher Operating and maintenance expenses, and higher interest expense, partially offset by lower Depreciation and amortization, a bargain purchase gain associated with the acquisition of FitzPatrick, and higher other income. The decrease in Revenue net of purchased power and fuel expense primarily relates to the impacts of declining natural gas prices and lower optimization in Generation's natural gas portfolio, the conclusion of the Ginna Reliability Support Services Agreement, lower realized energy prices, decreased capacity prices, and increased market-to-market losses in 2017 compared to 2016, partially offset by Zero Emission Credit revenue due to the impact of the New York Clean Energy Standard and the absence of inventory write downs in 2017. The increase in operating and maintenance expenses primarily relates to the impairment of EGTP assets held for sale. The increase in interest expense is primarily due to higher outstanding debt. The decrease in Depreciation and amortization is primarily due to lower accelerated depreciation and amortization as a result of the 2017 decision to early retire the TMI nuclear facility compared to the previous decision in 2016 to early retire Clinton and Quad Cities nuclear facilities. The bargain purchase gain is the result of the FitzPatrick acquisition in Q1 2017. The increase in other income is primarily due to increased unrealized gains on NDT funds in 2017 compared to 2016.

Revenues Net of Purchased Power and Fuel Expense

The basis for Generation's reportable segments is the integrated management of its electricity business that is located in different geographic regions, and largely representative of the footprints of ISO/RTO and/or NERC regions, which utilize multiple supply sources to provide electricity through various distribution channels (wholesale and retail). Generation's hedging strategies and risk metrics are also aligned with these same geographic regions. Descriptions of each of Generation's six reportable segments are as follows:

- Mid-Atlantic represents operations in the eastern half of PJM, which includes New Jersey, Maryland, Virginia, West Virginia, Delaware, the District of Columbia and parts of Pennsylvania and North Carolina.
- Midwest represents operations in the western half of PJM, which includes portions of Illinois, Pennsylvania, Indiana, Ohio, Michigan, Kentucky and Tennessee, and the United States footprint of MISO, excluding MISO's Southern Region, which covers all or most of North Dakota, South Dakota, Nebraska, Minnesota, Iowa, Wisconsin, the remaining parts of Illinois, Indiana, Michigan and Ohio not covered by PJM, and parts of Montana, Missouri and Kentucky.

- New England represents the operations within ISO-NE covering the states of Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.
- New York represents operations within ISO-NY, which covers the state of New York in its entirety.
- ERCOT represents operations within Electric Reliability Council of Texas, covering most of the state of Texas.
- Other Power Regions :
  - South represents operations in the FRCC, MISO's Southern Region, and the remaining portions of the SERC not included within MISO or PJM, which includes all or most of Florida, Arkansas, Louisiana, Mississippi, Alabama, Georgia, Tennessee, North Carolina, South Carolina and parts of Missouri, Kentucky and Texas. Generation's South region also includes operations in the SPP, covering Kansas, Oklahoma, most of Nebraska and parts of New Mexico, Texas, Louisiana, Missouri, Mississippi and Arkansas.
  - West represents operations in the WECC, which includes California ISO, and covers the states of California, Oregon, Washington, Arizona, Nevada, Utah, Idaho, Colorado, and parts of New Mexico, Wyoming and South Dakota.
  - Canada represents operations across the entire country of Canada and includes AESO, OIESO and the Canadian portion of MISO.

The following business activities are not allocated to a region, and are reported under Other: natural gas, as well as other miscellaneous business activities that are not significant to Generation's overall operating revenues or results of operations. Further, the following activities are not allocated to a region, and are reported in Other: amortization of certain intangible assets relating to commodity contracts recorded at fair value from mergers and acquisitions; accelerated nuclear fuel amortization associated with nuclear decommissioning; and other miscellaneous revenues.

Generation evaluates the operating performance of its electric business activities using the measure of Revenue net of purchased power and fuel expense, which is a non-GAAP measurement. Generation's operating revenues include all sales to third parties and affiliated sales to the Utility Registrants. Purchased power costs include all costs associated with the procurement and supply of electricity including capacity, energy and ancillary services. Fuel expense includes the fuel costs for owned generation and fuel costs associated with tolling agreements.

For the three and six months ended June 30, 2017 and 2016, Generation's Revenue net of purchased power and fuel expense by region were as follows:

	Three Months Ended June 30,				Six Months Ended June 30,			
	2017	2016	Variance	% Change	2017	2016	Variance	% Change
Mid-Atlantic [a]	$ 783	$ 828	$ (45)	(5.4)%	$1,557	$1,669	$ (112)	(6.7)%
Midwest [b]	728	728	—	—%	1,443	1,449	(6)	(0.4)%
New England	147	110	37	33.6%	257	191	66	34.6%
New York [d]	230	267	(37)	(13.9)%	385	395	(10)	(2.5)%
ERCOT	70	77	(7)	(9.1)%	138	138	—	—%
Other Power Regions	90	96	(6)	(6.3)%	152	174	(22)	(12.6)%
Total electric revenue net of purchased power and fuel expense	2,048	2,106	(58)	(2.8)%	3,932	4,016	(84)	(2.1)%
Proprietary Trading	7	4	3	75.0%	7	6	1	16.7%
Mark-to-market (losses) gains	(184)	(304)	120	(39.5)%	(233)	(201)	(32)	15.9%
Other [c]	146	206	(60)	(29.1)%	400	488	(88)	(18.0)%
Total revenue net of purchased power and fuel expense	$ 2,017	$ 2,012	$ 5	0.2%	$4,106	$4,309	$ (203)	(4.7)%

(a) Results of transactions with PECO and BGE are included in the Mid-Atlantic region. Results of transactions with Pepco, DPL, and ACE are included in the Mid-Atlantic region beginning on March 24, 2016, the day after the PHI merger was completed.

(b) Results of transactions with ComEd are included in the Midwest region.

(c) Other represents activities not allocated to a region. See text above for a description of included activities. Includes amortization of intangible assets related to commodity contracts recorded at fair value of a $20 million decrease and a $12 million decrease to revenue net of purchased power and fuel expense for the three months ended June 30, 2017 and 2016, respectively, and amortization of intangible assets related to commodity contracts recorded at fair value of a $22 million decrease and a $7 million increase to revenue net of purchased power and fuel expense for the six months ended June 30, 2017 and 2016, respectively.

(d) Includes the ownership of the FitzPatrick nuclear facility from March 31, 2017.

Generation's supply sources by region are summarized below:

Supply source (GWh)	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	Variance	% Change	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016	Variance	% Change
Nuclear generation								
Mid-Atlantic [a]	15,246	15,224	22	0.1%	31,790	31,432	358	1.1%
Midwest	22,592	23,001	(409)	(1.8)%	45,061	46,663	(1,602)	(3.4)%
New York [a][d]	6,227	4,228	1,999	47.3%	10,718	9,160	1,558	17.0%
Total Nuclear Generation	44,065	42,453	1,612	3.8%	87,569	87,255	314	0.4%
Fossil and Renewables								
Mid-Atlantic	899	685	214	31.2%	1,734	1,583	151	9.5%
Midwest	417	324	93	28.7%	835	773	62	8.0%
New England	1,925	2,016	(91)	(4.5)%	4,002	3,940	62	1.6%
New York	1	1	—	—%	2	2	—	—%
ERCOT	2,315	1,879	436	23.2%	3,684	3,255	429	13.2%
Other Power Regions	2,084	1,995	89	4.5%	3,507	4,142	(635)	(15.3)%
Total Fossil and Renewables	7,641	6,900	741	10.7%	13,764	13,695	69	0.5%
Purchased Power								
Mid-Atlantic	2,901	3,131	(230)	(7.3)%	6,299	6,886	(587)	(8.5)%
Midwest	413	688	(275)	(40.0)%	801	1,394	(593)	(42.5)%
New England	4,343	3,782	561	14.8%	9,407	7,937	1,470	18.5%
New York	—	—	—	—%	28	—	28	—%
ERCOT	1,871	2,259	(388)	(17.2)%	4,525	4,553	(28)	(0.6)%
Other Power Regions	3,507	3,879	(372)	(9.6)%	6,375	6,479	(104)	(1.6)%
Total Purchased Power	13,035	13,739	(704)	(5.1)%	27,435	27,249	186	0.7%
Total Supply/Sales by Region [b]								
Mid-Atlantic [c]	19,046	19,040	6	—%	39,823	39,901	(78)	(0.2)%
Midwest [c]	23,422	24,013	(591)	(2.5)%	46,697	48,830	(2,133)	(4.4)%
New England	6,268	5,798	470	8.1%	13,409	11,877	1,532	12.9%
New York	6,228	4,229	1,999	47.3%	10,748	9,162	1,586	17.3%
ERCOT	4,186	4,138	48	1.2%	8,209	7,808	401	5.1%
Other Power Regions	5,591	5,874	(283)	(4.8)%	9,882	10,621	(739)	(7.0)%
Total Supply/Sales by Region	64,741	63,092	1,649	2.6%	128,768	128,199	569	0.4%

(a) Includes the proportionate share of output where Generation has an undivided ownership interest in jointly-owned generating plants and includes the total output of plants that are fully consolidated (e.g. CENG).

(b) Excludes physical proprietary trading volumes of 2,312 GWh and 1,289 GWh for the three months ended June 30, 2017 and 2016, respectively, and 4,162 GWh and 2,509 GWh for the six months ended June 30, 2017 and 2016.

(c) Includes affiliate sales to PECO and BGE in the Mid-Atlantic region and affiliate sales to ComEd in the Midwest region. As a result of the PHI Merger, includes affiliate sales to Pepco, DPL and ACE in the Mid-Atlantic region beginning on March 24, 2016.

(d) Includes the ownership of the FitzPatrick nuclear facility from March 31, 2017.

Mid-Atlantic

Three Months Ended June 30, 2017 Compared to Three Months Ended June 30, 2016. The $45 million decrease in Revenue net of purchased power and fuel expense in the Mid-Atlantic primarily reflects lower realized energy prices and decreased capacity prices.

Six Months Ended June 30, 2017 Compared to Six Months Ended June 30, 2016. The $112 million decrease in Revenue net of purchased power and fuel expense in the Mid-Atlantic primarily reflects lower realized energy prices and decreased capacity prices, partially offset by the absence of oil inventory write-downs in 2017 and decreased nuclear outage days.

Midwest

Three Months Ended June 30, 2017 Compared to Three Months Ended June 30, 2016. The immaterial change in Revenue net of purchased power and fuel expense in the Midwest primarily reflects increased nuclear outage days, offset by decreased nuclear fuel prices.

Six Months Ended June 30, 2017 Compared to Six Months Ended June 30, 2016. The $6 million decrease in Revenue net of purchased power and fuel expense in the Midwest primarily reflects increased nuclear outage days and decreased capacity prices, partially offset by decreased nuclear fuel prices.

New England

Three Months Ended June 30, 2017 Compared to Three Months Ended June 30, 2016. The $37 million increase in Revenue net of purchased power and fuel expense in New England was driven by increased capacity prices.

Six Months Ended June 30, 2017 Compared to Six Months Ended June 30, 2016. The $66 million increase in Revenue net of purchased power and fuel expense in New England was driven by increased capacity prices and the higher realized energy prices.

New York

Three Months Ended June 30, 2017 Compared to Three Months Ended June 30, 2016. The $37 million decrease in Revenue net of purchased power and fuel expense in New York was primarily due to the conclusion of the Ginna Reliability Support Service Agreement, partially offset by Zero Emission Credit revenue due to the impact of the New York Clean Energy Standard and the acquisition of Fitzpatrick.

Six Months Ended June 30, 2017 Compared to Six Months Ended June 30, 2016. The $10 million decrease in Revenue net of purchased power and fuel expense in New York was primarily due to the conclusion of the Ginna Reliability Support Service Agreement, partially offset by Zero Emission Credit revenue due to the impact of the New York Clean Energy Standard and the acquisition of Fitzpatrick.

ERCOT

Three Months Ended June 30, 2017 Compared to Three Months Ended June 30, 2016. The $7 million decrease in Revenue net of purchased power and fuel expense in ERCOT was primarily due to lower realized energy prices.

Six Months Ended June 30, 2017 Compared to Six Months Ended June 30, 2016. There was an immaterial change in Revenue net of purchased power and fuel expense in ERCOT.

Other Power Regions

Three Months Ended June 30, 2017 Compared to Three Months Ended June 30, 2016. The $6 million decrease in Revenue net of purchased power and fuel expense in Other Power Regions was primarily due to lower realized energy prices.

Six Months Ended June 30, 2017 Compared to Six Months Ended June 30, 2016. The $22 million decrease in Revenue net of purchased power and fuel expense in Other Power Regions was primarily due to lower realized energy prices.

Proprietary Trading

Three Months Ended June 30, 2017 Compared to Three Months Ended June 30, 2016. The $3 million increase in Revenue net of purchased power and fuel expense in Proprietary Trading was primarily due to congestion activity.

Six Months Ended June 30, 2017 Compared to Six Months Ended June 30, 2016. The $1 million increase in Revenue net of purchased power and fuel expense in Proprietary Trading was primarily due to congestion activity.

Mark-to-market

Three Months Ended June 30, 2017 Compared to Three Months Ended June 30, 2016. Mark-to-market losses on economic hedging activities were $184 million for the three months ended June 30, 2017 compared to losses of $304 million for the three months ended June 30, 2016. See Notes 8 — Fair Value of Financial Assets and Liabilities and 9 — Derivative Financial Instruments of the Combined Notes to the Consolidated Financial Statements for information on gains and losses associated with mark-to-market derivatives.

Six Months Ended June 30, 2017 Compared to Six Months Ended June 30, 2016. Mark-to-market losses on economic hedging activities were $233 million for the six months ended June 30, 2017 compared to losses of $201 million for the six months ended June 30, 2016. See Notes 8 — Fair Value of Financial Assets and Liabilities and 9 — Derivative Financial Instruments of the Combined Notes to the Consolidated Financial Statements for information on gains and losses associated with mark-to-market derivatives.

Other

Three Months Ended June 30, 2017 Compared to Three Months Ended June 30, 2016. The $60 million decrease in other revenue net of purchased power and fuel was primarily due to lower optimization in Generation's natural gas portfolio and amortization of energy contracts recorded at fair value associated with prior acquisitions.

Six Months Ended June 30, 2017 Compared to Six Months Ended June 30, 2016. The $88 million decrease in other revenue net of purchased power and fuel was primarily due to the impacts of declining natural gas prices and lower optimization in Generation's natural gas portfolio and amortization of energy contracts recorded at fair value associated with prior acquisitions, partially offset by revenue related to the inclusion of Pepco Energy Services results in 2017 and revenue related to energy efficiency projects.

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Nuclear Fleet Capacity Factor

The following table presents nuclear fleet operating data for the three and six months ended June 30, 2017 as compared to the same period in 2016, for the Generation-operated plants. The nuclear fleet capacity factor presented in the table is defined as the ratio of the actual output of a plant over a period of time to its output if the plant had operated at full average annual mean capacity for that time period. Generation considers capacity factor to be a useful measure to analyze the nuclear fleet performance between periods. Generation has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, these measures are not a presentation defined under GAAP and may not be comparable to other companies' presentations or be more useful than the GAAP information provided elsewhere in this report.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Nuclear fleet capacity factor [a]	90.9%	92.3%	92.4%	94.1%
Refueling outage days [a]	125	87	220	157
Non-refueling outage days [a]	12	21	20	31

(a) Excludes Salem, which is operated by PSEG Nuclear, LLC. Reflects ownership percentage of stations operated by Exelon. Includes the ownership of the FitzPatrick nuclear facility from March 31, 2017.

Three Months Ended June 30, 2017 Compared to Three Months Ended June 30, 2016. The nuclear fleet capacity factor decreased primarily due to more refueling outage days and was partially offset by fewer non-refueling outage days, excluding Salem outages, during the three months ended June 30, 2017 compared to the same period in 2016.

Six Months Ended June 30, 2017 Compared to Six Months Ended June 30, 2016. The nuclear fleet capacity factor decreased primarily due to more refueling outage days and was partially offset by fewer non-refueling outage days, excluding Salem outages, during the six months ended June 30, 2017 compared to the same period in 2016.

Operating and Maintenance

The changes in Operating and maintenance expense for the three and six months ended June 30, 2017 as compared to the same period in 2016, consisted of the following:

	Three Months Ended June 30, Increase (Decrease) [a]	Six Months Ended June 30, Increase (Decrease) [a]
Labor, other benefits, contracting, materials [b]	$ 12	$ 85
Nuclear refueling outage costs, including the co-owned Salem plants [c]	71	99
Corporate allocations	6	10
Merger and integration costs [d]	15	40
Merger commitments	—	(3)
Plant retirements and divestitures [e]	(56)	(56)
Cost management program	1	(12)
Long-lived asset impairments [f]	383	263
Pension and non-pension postretirement benefits expense	3	—
Allowance for uncollectible accounts	16	19
Accretion expense [g]	12	18
Other	17	37
Increase in operating and maintenance expense	$ 480	$ 500

(a) The 2017 financial results include Generation's acquisition of the FitzPatrick nuclear generating station from March 31, 2017.

(b) Reflects an increase of labor, other benefits, contracting and materials costs primarily due to the inclusion of Pepco Energy Services results for the six months ended June 30, 2017 compared to the period March 24, 2016 to June 30, 2016, increased contracting costs related to energy efficiency projects for the six months ended June 30, 2017 compared to the same period in 2016 and the inclusion of FitzPatrick beginning on March 31, 2017.
(c) Primarily reflects an increase in the number of nuclear outage days in 2017.
(d) Reflects certain costs associated with mergers and acquisitions, including, if and when applicable, professional fees, employee-related expenses and integration activities related to the PHI and FitzPatrick acquisitions.
(e) Represents the announcement of the early retirement of Generation's TMI nuclear facility in 2017 compared to the previous decision to early retire Generation's Clinton and Quad Cities nuclear facilities in 2016.
(f) Primarily reflects charges to earnings related to impairments as a result of the EGTP assets held for sale in 2017 and impairment of Upstream assets and certain wind projects in 2016.
(g) Reflects the impact of increased accretion expenses primarily due to the acquisition of FitzPatrick on March 31, 2017.

Depreciation and Amortization

Depreciation and amortization expense for the three and six months ended June 30, 2017 compared to the three and six months ended June 30, 2016 decreased primarily as a result of the 2017 decision to early retire the TMI nuclear facility compared to the previous decision in 2016 to early retire Clinton and Quad Cities nuclear facilities.

Taxes Other Than Income

Taxes other than income taxes, which can vary period to period, include non-income municipal and state utility taxes, real estate taxes and payroll taxes. Taxes other than income for the three and six months ended June 30, 2017 compared to the three and six months ended June 30, 2016 increased primarily as a result of the addition of FitzPatrick and increased gross receipts tax expense.

Gain on Sales of Assets

Gain on sales of assets for the three and six months ended June 30, 2017 compared to the three and six months ended June 30, 2016 decreased primarily due to the gain associated with Generation's sale of the New Boston generating site in 2016.

Bargain Purchase Gain

Bargain purchase gain for the three and six months ended June 30, 2017 compared to the three and six months ended June 30, 2016 increased as a result of the gain associated with the Fitzpatrick acquisition. Refer to Note 4 — Mergers, Acquisitions and Dispositions of the Combined Notes to the Consolidated Financial Statements for additional information.

Interest Expense, net

Interest expense, net for the three and six months ended June 30, 2017 compared to the three and six months ended June 30, 2016 increased primarily due to higher outstanding debt.

Other, Net

Other, net for the three and six months ended June 30, 2017 compared to the three and six months ended June 30, 2016 increased primarily due to the change in the realized and unrealized gains and losses related to NDT funds of Non-Regulatory Agreement Units as described in the table below. Other, net also reflects $92 million and $26 million for the three months ended June 30, 2017 and 2016, respectively, and $37 million and $46 million for the six months ended June 30, 2017 and 2016, respectively, related to the contractual elimination of income tax expense (benefit) associated with the NDT funds of the Regulatory Agreement Units. Refer to Note 12 — Nuclear Decommissioning of the Combined Notes to the Consolidated Financial Statements for additional information regarding NDT funds.

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The following table provides unrealized and realized gains and losses on the NDT funds of the Non-Regulatory Agreement Units recognized in Other, net for the three and six months ended June 30, 2017 and 2016:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Net unrealized gains on decommissioning trust funds	$ 70	$ 48	$ 235	$ 100
Net realized gains on sale of decommissioning trust funds	40	12	49	14

Equity in Losses of Unconsolidated Affiliates

Equity in losses of unconsolidated affiliates for the three and six months ended June 30, 2017 compared to the three and six ended June 30, 2016 remained relatively stable.

Effective Income Tax Rate

Generation's effective income tax rate was 38.1% and (620.0)% for the three months ended June 30, 2017 and 2016, respectively. Generation's effective income tax rate was (23.5)% and 28.8% for the six months ended June 30, 2017 and 2016, respectively. See Note 11 — Income Taxes of the Combined Notes to the Consolidated Financial Statements for further discussion of the change in the effective income tax rate.

Results of Operations — ComEd

	Three Months Ended June 30,		Favorable (Unfavorable) Variance	Six Months Ended June 30,		Favorable (Unfavorable) Variance
	2017	2016		2017	2016	
Operating revenues	$ 1,357	$ 1,286	$ 71	$ 2,656	$ 2,535	$ 121
Purchased power expense	378	339	(39)	713	686	(27)
Revenues net of purchased power expense (a)(b)	979	947	32	1,943	1,849	94
Other operating expenses						
Operating and maintenance	377	368	(9)	747	736	(11)
Depreciation and amortization	211	190	(21)	419	379	(40)
Taxes other than income	72	65	(7)	144	141	(3)
Total other operating expenses	660	623	(37)	1,310	1,256	(54)
Gain on sales of assets	—	—	—	—	5	(5)
Operating income	319	324	(5)	633	598	35
Other income and (deductions)						
Interest expense, net	(101)	(91)	(10)	(185)	(177)	(8)
Other, net	4	3	1	8	7	1
Total other income and (deductions)	(97)	(88)	(9)	(177)	(170)	(7)
Income before income taxes	222	236	(14)	456	428	28
Income taxes	104	91	(13)	197	168	(29)
Net income	$ 118	$ 145	$ (27)	$ 259	$ 260	$ (1)

(a) ComEd evaluates its operating performance using the measure of Revenue net of purchased power expense. ComEd believes that Revenue net of purchased power expense is a useful measurement because it provides information that can

be used to evaluate its operational performance. In general, ComEd only earns margin based on the delivery and transmission of electricity. ComEd has included its discussion of Revenue net of purchased power expense below as a complement to the financial information provided in accordance with GAAP. However, Revenue net of purchased power expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

(b) For regulatory recovery mechanisms, including ComEd's electric distribution and transmission formula rates, and riders, revenues increase and decrease i) as fully recoverable costs fluctuate (with no impact on net earnings), and ii) pursuant to changes in rate base, capital structure and ROE (which impact net earnings).

Net Income

Three months ended June 30, 2017 Compared to Three months ended June 30, 2016. ComEd's Net income for the three months ended June 30, 2017 was lower than the same period in 2016, primarily due to additional tax and interest recorded in the second quarter of 2017 relating to to Exelon's like-kind exchange tax position and favorable weather conditions in the second quarter of 2016, partially offset by increased electric distribution and transmission formula rate earnings (reflecting the impacts of increased capital investment and higher allowed electric distribution ROE).

Six months ended June 30, 2017 Compared to Six months ended June 30, 2016. ComEd's Net income for the six months ended June 30, 2017 was relatively consistent with the same period in 2016, primarily due to additional tax and interest recorded in the second quarter of 2017 relating to to Exelon's like-kind exchange tax position, mostly offset by increased electric distribution and transmission formula rate earnings (reflecting the impacts of increased capital investment and higher allowed electric distribution ROE).

Revenues Net of Purchased Power Expense

There are certain drivers of Operating revenues that are fully offset by their impact on Purchased power expense, such as commodity, REC, and ZEC procurement costs and participation in customer choice programs. ComEd is permitted to recover electricity, REC, and ZEC procurement costs from retail customers without mark-up. Therefore, these costs have no impact on Revenue net of purchased power expense. See Note 3 — Regulatory Matters of the Exelon 2016 Form 10-K for additional information on ComEd's electricity procurement process.

All ComEd customers have the choice to purchase electricity from a competitive electric generation supplier. Customer choice programs do not impact ComEd's volume of deliveries, but do affect ComEd's Operating revenues related to supplied energy, which is fully offset in Purchased power expense. Therefore, customer choice programs have no impact on Revenue net of purchased power expense.

Retail deliveries purchased from competitive electric generation suppliers (as a percentage of kWh sales) for the three and six months ended June 30, 2017 and 2016, consisted of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Electric	71%	73%	71%	73%

Retail customers purchasing electric generation from competitive electric generation suppliers at June 30, 2017 and 2016 consisted of the following:

	June 30, 2017		June 30, 2016	
	Number of customers	% of total retail customers	Number of customers	% of total retail customers
Electric	1,382,600	35%	1,605,100	41%

The changes in ComEd's Revenue net of purchased power expense for the three and six months ended June 30, 2017, compared to the same period in 2016 consisted of the following:

	Three Months Ended June 30, 2017 Increase (Decrease)	Six Months Ended June 30, 2017 Increase (Decrease)
Weather (a)	$ (11)	$ (3)
Volume (a)	(5)	(6)
Electric distribution revenue	36	60
Transmission revenue	17	34
Energy efficiency revenue	1	1
Regulatory required programs	(5)	15
Uncollectible accounts recovery, net	(1)	(3)
Pricing and customer mix (a)	2	(1)
Other	(2)	(3)
Total increase	$ 32	$ 94

(a) These changes only reflect the 2016 impacts of weather, volume, and pricing and customer mix. As further described below, pursuant to the revenue decoupling provision in FEJA, ComEd began recording an adjustment to revenue in the first quarter of 2017 to eliminate the favorable or unfavorable impacts associated with variations in delivery volumes associated with above or below normal weather, number of customers or usage per customer.

Revenue Decoupling. The demand for electricity is affected by weather conditions. Very warm weather in summer months and very cold weather in other months are referred to as "favorable weather conditions" because these weather conditions result in increased customer usage. Conversely, mild weather reduces demand.

Under EIMA, ComEd's electric distribution formula rate provided for an adjustment to future billings if its earned ROE fell outside a 50 bps collar of its allowed ROE, which partially eliminated the impacts of weather and load on ComEd's revenue. As allowed under FEJA, ComEd will revise its electric distribution formula rate to eliminate the ROE collar beginning with the reconciliation filed in 2018 for the 2017 calendar year. Elimination of the ROE collar effectively offsets the favorable or unfavorable impacts to Operating revenues associated with variations in delivery volumes associated with above or below normal weather, numbers of customers or usage per customer. ComEd began recognizing the impacts of this change beginning in the first quarter of 2017. During the three and six months ended June 30, 2017, ComEd recorded an increase to Electric distribution revenues of approximately $19 million and $36 million, respectively, to eliminate the unfavorable weather and load impacts.

Heating and cooling degree days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree days for a 30-year period in ComEd's service territory with cooling degree days generally having a more significant impact to ComEd, particularly during the summer months. The changes in heating and cooling degree days in ComEd's service territory for the three and six months ended June 30, 2017 and 2016, consisted of the following:

Heating and Cooling Degree-Days				% Change	
Three Months Ended June 30,	2017	2016	Normal	2017 vs. 2016	2017 vs. Normal
Heating Degree-Days	577	755	734	(23.6)%	(21.4)%
Cooling Degree-Days	263	290	241	(9.3)%	9.1%
Six Months Ended June 30,					
Heating Degree-Days	3,227	3,655	3,875	(11.7)%	(16.7)%
Cooling Degree-Days	263	290	241	(9.3)%	9.1%

Electric Distribution Revenue. EIMA provides for a performance-based formula rate, which requires an annual reconciliation of the revenue requirement in effect to the actual costs that the ICC determines are prudently and reasonably incurred in a given year. Under EIMA, electric distribution revenue varies from year to year based upon fluctuations in the underlying costs, investments being recovered, and allowed ROE. ComEd's allowed ROE is the annual average rate on 30-year treasury notes plus 580 basis points. In addition, ComEd's allowed ROE is subject to reduction if ComEd does not deliver the reliability and customer service benefits to which it has committed over the ten-year life of the investment program. During the three and six months ended June 30, 2017, electric distribution revenue increased primarily due to revenue decoupling impacts (as described above), increased capital investment, increased Depreciation expense, and higher allowed ROE due to an increase in treasury rates, as compared to the same period in 2016. See Depreciation and amortization expense discussions below, and Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Transmission Revenue. Under a FERC-approved formula, transmission revenue varies from year to year based upon fluctuations in the underlying costs, capital investments being recovered and the highest daily peak load, which is updated annually in January based on the prior calendar year. Generally, increases/decreases in the highest daily peak load will result in higher/lower transmission revenue. For the three and six months ended June 30, 2017, ComEd recorded increased transmission revenue due to increased capital investment, higher Depreciation expense and increased highest daily peak load as compared to the same period in 2016. See Operating and maintenance expense below and Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Energy Efficiency Revenue. Beginning June 1, 2017, FEJA provides for a performance-based formula rate, which requires an annual reconciliation of the revenue requirement in effect to the actual costs that the ICC determines are prudently and reasonably incurred in a given year. Under FEJA, energy efficiency revenue varies from year to year based upon fluctuations in the underlying costs, investments being recovered, and allowed ROE. ComEd's allowed ROE is the annual average rate on 30-year treasury notes plus 580 basis points. Beginning January 1, 2018, ComEd's allowed ROE is subject to a maximum downward or upward adjustment of 200 basis points if ComEd's cumulative persisting annual MWh savings falls short of or exceeds specified percentage benchmarks of its annual incremental savings goal. See Depreciation and amortization expense discussions below, and Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Regulatory Required Programs. This represents the change in Operating revenues collected under approved rate riders to recover costs incurred for regulatory programs such as ComEd's energy efficiency and demand response and purchased power administrative costs. The riders are designed to provide full and current cost recovery. An equal and offsetting amount has been included in Operating and maintenance expense. See Operating and maintenance expense discussion below for additional information on included programs.

Uncollectible Accounts Recovery, Net. Uncollectible accounts recovery, net represents recoveries under ComEd's uncollectible accounts tariff. See Operating and maintenance expense discussion below for additional information on this tariff.

Other. Other revenue, which can vary period to period, includes rental revenue, revenue related to late payment charges, assistance provided to other utilities through mutual assistance programs, recoveries of environmental costs associated with MGP sites, and recoveries of energy procurement costs.

Operating and Maintenance Expense

	Three Months Ended June 30,		Increase (Decrease)	Six Months Ended June 30,		Increase (Decrease)
	2017	2016		2017	2016	
Operating and maintenance expense — baseline	$ 334	$ 320	$ 14	$ 645	$ 649	$ (4)
Operating and maintenance expense — regulatory required programs [(a)]	43	48	$ (5)	102	87	15
Total operating and maintenance expense	$ 377	$ 368	$ 9	$ 747	$ 736	$ 11

(a) Operating and maintenance expense for regulatory required programs are costs for various legislative and/or regulatory programs that are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in Operating revenues.

The increase in Operating and maintenance expense for the three and six months ended June 30, 2017 compared to the same period in 2016, consisted of the following:

	Three Months Ended June 30, 2017 Increase (Decrease)	Six Months Ended June 30, 2017 Increase (Decrease)
Baseline		
Labor, other benefits, contracting and materials	$ (1)	$ (6)
Pension and non-pension postretirement benefits expense	1	1
Storm-related costs	7	—
Uncollectible accounts expense — provision [(a)]	(2)	(5)
Uncollectible accounts expense — recovery, net [(a)]	1	2
BSC costs	14	14
Other	(6)	(10)
	14	(4)
Regulatory required programs		
Energy efficiency and demand response programs [(b)]	(5)	15
Increase in operating and maintenance expense	$ 9	$ 11

(a) ComEd is allowed to recover from or refund to customers the difference between the utility's annual uncollectible accounts expense and the amounts collected in rates annually through a rider mechanism. During the three and six months ended June 30, 2017, ComEd recorded a net decrease in Operating and maintenance expense related to uncollectible accounts due to the timing of regulatory cost recovery. An equal and offsetting decrease has been recognized in Operating revenues for the period presented.

(b) Beginning on June 1, 2017, ComEd is deferring energy efficiency costs as a regulatory asset that will be recovered through the energy efficiency over the weighted average useful life of the related energy efficiency measures.

Depreciation and Amortization Expense

The increase in Depreciation and amortization expense during the three and six months ended June 30, 2017, compared to the same period in 2016, consisted of the following:

	Three Months Ended June 30, 2017 Increase (Decrease)	Six Months Ended June 30, 2017 Increase (Decrease)
Depreciation expense [(a)]	$ 16	$ 32
Regulatory asset amortization [(b)]	2	1
Other	3	7
Total increase	$ 21	$ 40

(a) Primarily reflects ongoing capital expenditures for the three and six months ended June 30, 2017.
(b) Beginning in June 2017, includes amortization of ComEd's energy efficiency regulatory asset.

Taxes Other Than Income

Taxes other than income, which can vary year to year, include municipal and state utility taxes, real estate taxes and payroll taxes. Taxes other than income taxes increased during the three and six months ended June 30, 2017, compared to the same period in 2016, due to a reduction in the state utility tax in 2016, which is completely offset above in Operating revenues.

Gain on Sales of Assets

The decrease in Gain on sales of assets during the three and six months ended June 30, 2017, compared to the same period in 2016, is primarily due to the sale of land during March 2016.

Interest Expense, Net

The changes in interest expense, net, for the three and six months ended June 30, 2017, compared to the same period in 2016, consisted of the following:

	Three Months Ended June 30, 2017 Increase (Decrease)	Six Months Ended June 30, 2017 Increase (Decrease)
Interest expense related to uncertain tax positions [(a)]	$ 9	$ 7
Interest expense on debt (including financing trusts)	2	4
Other	(1)	(3)
Decrease in interest expense, net	$ 10	$ 8

(a) Primarily reflects additional interest recorded in the second quarter of 2017 related to Exelon's like-kind exchange tax position.

Other, Net

Other, net, remained relatively consistent during the three and six months ended June 30, 2017, compared to the same period in 2016.

Effective Income Tax Rate

ComEd's effective income tax rate was 46.8% and 38.6% for the three months ended June 30, 2017 and 2016, respectively. ComEd's effective income tax rate was 43.2% and 39.3% for the six months ended June 30,

2017 and 2016, respectively. The increases in the effective income tax rate for the three and six months ended June 30, 2017 as compared to the same period in 2016 are due to additional tax recorded related to Exelon's like-kind exchange tax position. See Note 11 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

ComEd Electric Operating Statistics and Revenue Detail

Retail Deliveries to Customers (in GWhs)	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	% Change	Weather-Normal % Change	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016	% Change	Weather-Normal % Change
Retail Deliveries [a]								
Residential	5,919	6,349	(6.8)%	(3.0)%	12,160	12,725	(4.4)%	(1.3)%
Small commercial & industrial	7,437	7,735	(3.9)%	(2.7)%	15,146	15,615	(3.0)%	(1.8)%
Large commercial & industrial	6,798	6,736	0.9%	1.5%	13,480	13,493	(0.1)%	0.5%
Public authorities & electric railroads	282	277	1.8%	1.8%	625	639	(2.2)%	(1.1)%
Total retail deliveries	20,436	21,097	(3.1)%	(1.4)%	41,411	42,472	(2.5)%	(0.9)%

Number of Electric Customers	As of June 30, 2017	As of June 30, 2016
Residential	3,605,731	3,570,528
Small commercial & industrial	375,976	372,354
Large commercial & industrial	2,009	1,972
Public authorities & electric railroads	4,785	4,749
Total	3,988,501	3,949,603

Electric Revenue	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	% Change	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016	% Change
Retail Sales [a]						
Residential	$ 656	$ 625	5.0%	$1,283	$1,232	4.1%
Small commercial & industrial	347	329	5.5%	680	651	4.5%
Large commercial & industrial	123	116	6.0%	231	224	3.1%
Public authorities & electric railroads	11	11	—%	24	23	4.3%
Total retail	1,137	1,081	5.2%	2,218	2,130	4.1%
Other revenue [b]	220	205	7.3%	438	405	8.1%
Total electric revenue [c]	$ 1,357	$ 1,286	5.5%	$2,656	$2,535	4.8%

(a) Reflects delivery revenue and volume from customers purchasing electricity directly from ComEd and customers purchasing electricity from a competitive electric generation supplier, as all customers are assessed delivery charges. For customers purchasing electricity from ComEd, revenue also reflects the cost of energy and transmission.

(b) Other revenue primarily includes transmission revenue from PJM. Other revenue also includes rental revenue, revenue related to late payment charges, revenue from other utilities for mutual assistance programs and recoveries of remediation costs associated with MGP sites.

(c) Includes operating revenues from affiliates totaling $3 million and $3 million for the three and six months ended June 30, 2017 and 2016, and $9 million and $8 million for the six months ended June 30, 2017 and 2016, respectively.

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Results of Operations — PECO

	Three Months Ended June 30,		Favorable (Unfavorable) Variance	Six Months Ended June 30,		Favorable (Unfavorable) Variance
	2017	2016		2017	2016	
Operating revenues	$ 630	$ 664	$ (34)	$ 1,426	$ 1,505	$ (79)
Purchased power and fuel expense	197	217	20	484	537	53
Revenues net of purchased power and fuel expense [(a)]	433	447	(14)	942	968	(26)
Other operating expenses						
Operating and maintenance	190	190	—	398	405	7
Depreciation and amortization	71	67	(4)	141	134	(7)
Taxes other than income	35	38	3	74	80	6
Total other operating expenses	296	295	(1)	613	619	6
Operating income	137	152	(15)	329	349	(20)
Other income and (deductions)						
Interest expense, net	(31)	(31)	—	(62)	(62)	—
Other, net	2	2	—	3	4	(1)
Total other income and (deductions)	(29)	(29)	—	(59)	(58)	(1)
Income before income taxes	108	123	(15)	270	291	(21)
Income taxes	20	23	3	55	67	12
Net income	$ 88	$ 100	$ (12)	$ 215	$ 224	$ (9)

(a) PECO evaluates its operating performance using the measures of revenue net of purchased power expense for electric sales and revenue net of fuel expense for gas sales. PECO believes revenue net of purchased power expense and revenue net of fuel expense are useful measurements of its performance because they provide information that can be used to evaluate its net revenue from operations. PECO has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, revenue net of purchased power expense and revenue net of fuel expense figures are not presentations defined under GAAP and may not be comparable to other companies' presentations or more useful than the GAAP information provided elsewhere in this report.

Net Income

Three Months Ended June 30, 2017 Compared to Three Months Ended June 30, 2016. PECO's Net income decreased from the same period in 2016, primarily due to lower Revenues net of purchased power and fuel from changes in electric volumes as well as higher depreciation and amortization expense as a result of increased capital expenditures.

Six Months Ended June 30, 2017 Compared to Six Months Ended June 30, 2016. PECO's Net income decreased from the same period in 2016, primarily due to lower Revenues net of purchased power and fuel from changes in electric volumes as well as higher depreciation and amortization expense as a result of increased capital expenditures.

Revenues Net of Purchased Power and Fuel Expense

Electric and natural gas revenue and purchased power and fuel expense are affected by fluctuations in commodity procurement costs. PECO's electric supply and natural gas cost rates charged to customers are subject to adjustments at least quarterly that are designed to recover or refund the difference between the actual cost of electric supply and natural gas and the amount included in rates in accordance with the PAPUC's GSA

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and PGC, respectively. Therefore, fluctuations in electric supply and natural gas procurement costs have no impact on electric and natural gas revenue net of purchased power and fuel expense.

Electric and natural gas revenue and purchased power and fuel expense are also affected by fluctuations in participation in the Customer Choice Program. All PECO customers have the choice to purchase electricity and natural gas from competitive electric generation and natural gas suppliers, respectively. The customers' choice of suppliers does not impact the volume of deliveries, but affects revenue collected from customers related to supplied energy and natural gas service. Customer choice program activity has no impact on electric and natural gas revenue net of purchased power and fuel expense.

Retail deliveries purchased from competitive electric generation and natural gas suppliers (as a percentage of kWh and mmcf sales, respectively) for the three and six months ended June 30, 2017 and 2016, consisted of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Electric	73%	72%	71%	70%
Natural Gas	29%	28%	26%	26%

Retail customers purchasing electric generation and natural gas from competitive electric generation and natural gas suppliers at June 30, 2017 and 2016 consisted of the following:

	June 30, 2017		June 30, 2016	
	Number of customers	% of total retail customers	Number of customers	% of total retail customers
Electric	581,600	36%	576,300	36%
Natural Gas	82,000	16%	81,100	16%

The changes in PECO's Operating revenues net of purchased power and fuel expense for the three and six months ended June 30, 2017 compared to the same period in 2016 consisted of the following:

	Three Months Ended June 30, 2017			Six Months Ended June 30, 2017		
	Increase (Decrease)			Increase (Decrease)		
	Electric	Natural Gas	Total	Electric	Natural Gas	Total
Weather	$ 1	$ (4)	$ (3)	$ 3	$ (3)	$ —
Volume	(6)	3	(3)	(11)	3	(8)
Pricing	—	—	—	(2)	—	(2)
Regulatory required programs	(9)	—	(9)	(18)	—	(18)
Other	1	—	1	3	(1)	2
Total decrease	$ (13)	$ (1)	$ (14)	$ (25)	$ (1)	$ (26)

Weather. The demand for electricity and natural gas is affected by weather conditions. With respect to the electric business, very warm weather in summer months and, with respect to the electric and natural gas businesses, very cold weather in winter months are referred to as "favorable weather conditions" because these weather conditions result in increased deliveries of electricity and natural gas. Conversely, mild weather reduces demand. During the three months ended June 30, 2017 compared to the same period in 2016, Operating revenue net of purchased power was relatively consistent. Operating revenue net of fuel expense decreased due to unfavorable second quarter weather conditions. During the six months ended June 30, 2017 compared to the same period in 2016, Operating revenue net of purchased power and fuel expense was relatively consistent.

Heating and cooling degree days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree days for a 30-year period in PECO's service territory. The changes in heating and cooling degree days in PECO's service territory for the three and six months ended June 30, 2017 compared to the same periods in 2016 and normal weather consisted of the following:

Heating and Cooling Degree-Days				% Change	
Three Months Ended June 30,	2017	2016	Normal	2017 vs. 2016	2017 vs. Normal
Heating Degree-Days	329	469	463	(29.9)%	(28.9)%
Cooling Degree-Days	415	391	348	6.1%	19.3%
Six Months Ended June 30,					
Heating Degree-Days	2,423	2,606	2,939	(7.0)%	(17.6)%
Cooling Degree-Days	415	396	348	4.8%	19.3%

Volume. The decrease in Operating revenue net of purchased power related to delivery volume, exclusive of the effects of weather, for the three and six months ended June 30, 2017 compared to the same period in 2016, primarily reflects the impacts of energy efficiency initiatives on customer usage partially offset by moderate economic and customer growth, as well as a shift in the volume profile across classes from residential to commercial and industrial classes. Operating revenue net of fuel expense for the three and six months ended June 30, 2017 compared to the same period in 2016 remained relatively consistent.

Pricing. Operating revenues net of purchased power and fuel expense as a result of pricing for the three and six months ended June 30, 2017 compared to the same period in 2016 remained relatively consistent.

Regulatory Required Programs. This represents the change in Operating revenue collected under approved riders to recover costs incurred for regulatory programs such as energy efficiency and the GSA. The riders are designed to provide full and current cost recovery as well as a return. The costs of these programs are included in Operating and maintenance expense, Depreciation and amortization expense and Income taxes. Refer to the Operating and maintenance expense discussion below for additional information on included programs.

Other. Other revenue, which can vary period to period, primarily includes wholesale transmission revenue, rental revenue, revenue related to late payment charges and assistance provided to other utilities through mutual assistance programs.

Operating and Maintenance Expense

	Three Months Ended June 30,		Increase	Six Months Ended June 30,		Increase
	2017	2016	(Decrease)	2017	2016	(Decrease)
Operating and maintenance expense — baseline	$ 174	$ 165	$ 9	$ 370	$ 361	$ 9
Operating and maintenance expense — regulatory required programs [(a)]	16	25	(9)	28	44	(16)
Total operating and maintenance expense	$ 190	$ 190	$ —	$ 398	$ 405	$ (7)

(a) Operating and maintenance expenses for regulatory required programs are costs for various legislative and/or regulatory programs that are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in operating revenue.

The changes in Operating and maintenance expense for the three and six months ended June 30, 2017 compared to the same period in 2016, consisted of the following:

	Three Months Ended June 30, 2017 Increase (Decrease)	Six Months Ended June 30, 2017 Increase (Decrease)
Baseline		
Labor, other benefits, contracting and materials	$ 4	$ 7
Storm-related costs	(2)	(4)
Pension and non-pension postretirement benefits expense	(1)	(2)
BSC costs	4	1
Uncollectible accounts expense	(2)	(1)
Other	6	8
	9	9
Regulatory Required Programs		
Energy efficiency	(8)	(16)
Other	(1)	—
	(9)	(16)
Total decrease	$ —	$ (7)

Depreciation and Amortization Expense

The changes in Depreciation and amortization expense for the three months ended June 30, 2017 compared to the same period in 2016, consisted of an increase of $4 million. Depreciation and amortization expense for the six months ended June 30, 2017 compared to the same period in 2016, consisted of an increase of $7 million.

Taxes Other Than Income

Taxes other than income, which can vary period to period, include municipal and state utility taxes, real estate taxes and payroll taxes. Taxes other than income decreased for the three and six months ended June 30, 2017 compared to the same period in 2016 due to a decrease in gross receipts tax driven by decreases in electric revenue.

Interest Expense, Net

Interest expense, net for the three and six months ended June 30, 2017 remained consistent compared to the same period in 2016.

Other, Net

Other, net for the three and six months ended June 30, 2017 remained consistent compared to the same period in 2016.

Effective Income Tax Rate

PECO's effective income tax rate was 18.5% and 18.7% for the three months ended June 30, 2017 and 2016, respectively, and 20.4% and 23.0% for the six months ended June 30, 2017 and 2016, respectively. See Note 11 — Income Taxes of the Combined Notes to the Consolidated Financial Statements for further discussion of the change in effective income tax rate.

PECO Electric Operating Statistics and Revenue Detail

Retail Deliveries to Customers (in GWhs)	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	% Change	Weather - Normal % Change	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016	% Change	Weather - Normal % Change
Retail Deliveries [a]								
Residential	2,809	2,909	(3.4)%	(3.3)%	6,187	6,324	(2.2)%	(2.2)%
Small commercial & industrial	1,914	1,887	1.4%	0.9%	3,890	3,912	(0.6)%	(1.1)%
Large commercial & industrial	3,830	3,770	1.6%	0.4%	7,456	7,364	1.2%	0.5%
Public authorities & electric railroads	196	205	(4.4)%	(4.4)%	420	432	(2.8)%	(2.8)%
Total retail deliveries	8,749	8,771	(0.3)%	(0.8)%	17,953	18,032	(0.4)%	(0.9)%

Number of Electric Customers	As of June 30, 2017	As of June 30, 2016
Residential	1,461,931	1,449,450
Small commercial & industrial	150,783	149,523
Large commercial & industrial	3,105	3,088
Public authorities & electric railroads	9,795	9,813
Total	1,625,614	1,611,874

Electric Revenue	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	% Change	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016	% Change
Retail Sales [a]						
Residential	$ 331	$ 355	(6.8)%	$ 713	$ 766	(6.9)%
Small commercial & industrial	100	106	(5.7)%	197	225	(12.4)%
Large commercial & industrial	57	65	(12.3)%	109	123	(11.4)%
Public authorities & electric railroads	8	9	(11.1)%	16	17	(5.9)%
Total retail	496	535	(7.3)%	1,035	1,131	(8.5)%
Other revenue [b]	54	52	3.8%	105	101	4.0%
Total electric revenue [c]	$ 550	$ 587	(6.3)%	$ 1,140	$ 1,232	(7.5)%

(a) Reflects delivery volumes and revenue from customers purchasing electricity directly from PECO and customers purchasing electricity from a competitive electric generation supplier as all customers are assessed distribution charges. For customers purchasing electricity from PECO, revenue also reflects the cost of energy and transmission.

(b) Other revenue primarily includes transmission revenue from PJM and wholesale electric revenue, in addition to rental income.

(c) Includes operating revenues from affiliates totaling $2 million for both the three months ended June 30, 2017 and 2016, and $3 million and $4 million for the six months ended June 30, 2017 and 2016, respectively.

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PECO Natural Gas Operating Statistics and Revenue Detail

Deliveries to Customers (in mmcf)	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	% Change	Weather - Normal % Change	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016	% Change	Weather - Normal % Change
Retail Delivery								
Retail sales [a]	7,621	7,883	(3.3)%	11.8%	34,832	34,994	(0.5)%	2.0%
Transportation and other	5,759	5,906	(2.5)%	(3.2)%	13,448	13,602	(1.1)%	(1.8)%
Total natural gas deliveries	13,380	13,789	(3.0)%	5.3%	48,280	48,596	(0.7)%	1.0%

Number of Natural Gas Customers	As of June 30, 2017	As of June 30, 2016
Residential	474,360	469,230
Commercial & industrial	43,404	43,046
Total retail	517,764	512,276
Transportation	768	811
Total	518,532	513,087

Natural Gas Revenue	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	% Change	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016	% Change
Retail Sales						
Retail sales [a]	$ 72	$ 70	2.9%	$ 269	$ 256	5.1%
Transportation and other	8	7	14.3%	17	17	—%
Total natural gas revenues [b]	$ 80	$ 77	3.9%	$ 286	$ 273	4.8%

(a) Reflects delivery volumes and revenue from customers purchasing natural gas directly from PECO and customers purchasing natural gas from a competitive natural gas supplier as all customers are assessed distribution charges. For customers purchasing natural gas from PECO, revenue also reflects the cost of natural gas.

(b) Includes operating revenues from affiliates totaling less than $1 million for both three months ended June 30, 2017 and 2016 and less than $1 million for both the six months ended June 30, 2017 and 2016.

Results of Operations — BGE

	Three Months Ended June 30,		Favorable (Unfavorable) Variance	Six Months Ended June 30,		Favorable (Unfavorable) Variance
	2017	2016		2017	2016	
Operating revenues	$ 674	$ 680	$ (6)	$1,625	$1,609	$ 16
Purchased power and fuel expense	234	261	27	584	634	50
Revenues net of purchased power and fuel expense [(a)]	440	419	21	1,041	975	66
Other operating expenses						
Operating and maintenance	174	208	34	357	410	53
Depreciation and amortization	112	97	(15)	239	206	(33)
Taxes other than income	56	55	(1)	119	114	(5)
Total other operating expenses	342	360	18	715	730	15
Operating income	98	59	39	326	245	81
Other income and (deductions)						
Interest expense, net	(26)	(24)	(2)	(54)	(48)	(6)
Other, net	4	5	(1)	8	11	(3)
Total other income and (deductions)	(22)	(19)	(3)	(46)	(37)	(9)
Income before income taxes	76	40	36	280	208	72
Income taxes	31	6	(25)	111	73	(38)
Net income	45	34	11	169	135	34
Preference stock dividends	—	3	3	—	6	6
Net income attributable to common shareholder	$ 45	$ 31	$ 14	$ 169	$ 129	$ 40

(a) BGE evaluates its operating performance using the measures of revenue net of purchased power expense for electric sales and revenue net of fuel expense for gas sales. BGE believes revenues net of purchased power and fuel expense are useful measurements of its performance because they provide information that can be used to evaluate its net revenue from operations. BGE has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, revenues net of purchased power and fuel expense figures are not a presentation defined under GAAP and may not be comparable to other companies' presentations or more useful than the GAAP information provided elsewhere in this report.

Net Income Attributable to Common Shareholder

Three Months Ended June 30, 2017 Compared to Three Months Ended June 30, 2016 . BGE's Net income attributable to common shareholder for the three months ended June 30, 2017 was higher than the same period in 2016, primarily due to an increase in Revenues net of purchased power and fuel and lower Operating and maintenance expense. The increase in Revenues net of purchased power and fuel was primarily due to the impacts of the electric and natural gas distribution rate orders issued by the MDPSC in June 2016 and July 2016. The lower Operating and maintenance expense was primarily due to the absence of cost disallowances also resulting from the distribution rate orders issued by the MDPSC. These items were partially offset by higher income tax expense and an increase in Depreciation and amortization expense primarily related to the initiation of cost recovery of the AMI programs under the distribution rate orders and the impacts of increased capital investment.

Six Months Ended June 30, 2017 Compared to Six Months Ended June 30, 2016 . BGE's Net income attributable to common shareholder for the six months ended June 30, 2017 was higher than the same period in

2016, primarily due to an increase in Revenues net of purchased power and fuel and lower Operating and maintenance expense. The increase in Revenues net of purchased power and fuel was primarily due to the impacts of the electric and natural gas distribution rate orders issued by the MDPSC in June 2016 and July 2016. The lower Operating and maintenance expense was primarily due to decreased storm costs in 2017 and the absence of cost disallowances also resulting from the distribution rate orders issued by the MDPSC. These items were partially offset by higher income tax expense and an increase in Depreciation and amortization expense primarily related to the initiation of cost recovery of the AMI programs under the distribution rate orders and the impacts of increased capital investment.

Revenues Net of Purchased Power and Fuel Expense

There are certain drivers to Operating revenues that are offset by their impact on Purchased power and fuel expense, such as commodity procurement costs and programs allowing customers to select a competitive electric or natural gas supplier. Operating revenues and Purchased power and fuel expense are affected by fluctuations in commodity procurement costs. BGE's electric and natural gas rates charged to customers are subject to periodic adjustments that are designed to recover or refund the difference between the actual cost of purchased electric power and purchased natural gas and the amount included in rates in accordance with the MDPSC's market-based SOS and gas commodity programs, respectively.

Electric and natural gas revenue and purchased power and fuel expense are also affected by fluctuations in the number of customers electing to use a competitive electric generation or natural gas supplier. All BGE customers have the choice to purchase electricity and natural gas from competitive electric generation and natural gas suppliers, respectively. The customers' choice of suppliers does not impact the volume of deliveries, but does affect revenue collected from customers related to supplied energy and natural gas service.

Retail deliveries purchased from competitive electric generation and natural gas suppliers (as a percentage of kWh and mmcf sales, respectively) for the three and six months ended June 30, 2017 and 2016 consisted of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Electric	62%	62%	60%	59%
Natural Gas	68%	67%	53%	55%

The number of retail customers purchasing electric generation and natural gas from competitive electric generation and natural gas suppliers at June 30, 2017 and 2016 consisted of the following:

	June 30, 2017		June 30, 2016	
	Number of Customers	% of total retail customers	Number of customers	% of total retail customers
Electric	340,500	27%	337,400	27%
Natural Gas	150,400	22%	151,600	23%

The changes in BGE's Operating revenues net of purchased power and fuel expense for the three and six months ended June 30, 2017, compared to the same period in 2016, consisted of the following:

	Three Months Ended June 30, 2017 Increase (Decrease)			Six Months Ended June 30, 2017 Increase (Decrease)		
	Electric	Gas	Total	Electric	Gas	Total
Distribution rate increase	$ 9	$ 3	$ 12	$ 21	$29	$ 50
Regulatory required programs (a)	6	—	6	9	1	10
Transmission revenue	4	—	4	3	—	3
Other, net	(2)	1	(1)	1	2	3
Total increase	$ 17	$ 4	$ 21	$ 34	$32	$ 66

(a) Includes an increase of revenues for various legislative and/or regulatory programs that are recoverable from customers on a full and current basis through approved regulated rates. An offsetting amount has been reflected in Operating and maintenance expense.

Distribution Rate Increase . The increase in distribution revenues for the three and six months ended June 30, 2017, compared to the same period in 2016, was primarily due to the impact of the electric and natural gas distribution rates charged to customers that became effective in June 2016 in accordance with the electric and natural gas distribution rate orders issued by the MDPSC in June 2016 and July 2016. See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Revenue Decoupling . The demand for electricity and natural gas is affected by weather and usage conditions. The MDPSC allows BGE to record a monthly adjustment to its electric and natural gas distribution revenue from all residential customers, commercial electric customers, the majority of large industrial electric customers, and all firm service natural gas customers to eliminate the effect of abnormal weather and usage patterns per customer on BGE's electric and natural gas distribution volumes, thereby recovering a specified dollar amount of distribution revenue per customer, by customer class, regardless of fluctuations in actual consumption levels. This allows BGE to recognize revenue at MDPSC-approved distribution charges per customer, regardless of what BGE's actual distribution volumes were for a billing period. Therefore, while this revenue is affected by customer growth (i.e., increase in the number of customers), it will not be affected by actual weather or usage conditions (i.e., changes in consumption per customer). BGE bills or credits customers in subsequent months for the difference between approved revenue levels under revenue decoupling and actual customer billings.

Heating and cooling degree days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree days for a 30-year period in BGE's service territory. The changes in heating and cooling degree days in BGE's service territory for the three and six months ended June 30, 2017 compared to the same period in 2016 consisted of the following:

Heating and Cooling Degree-Days	2017	2016	Normal	% Change 2017 vs. 2016	% Change 2017 vs. Normal
Three Months Ended June 30,					
Heating Degree-Days	397	574	511	(30.8)%	(22.3)%
Cooling Degree-Days	283	219	255	29.2%	11.0%
Six Months Ended June 30,					
Heating Degree-Days	2,460	2,854	2,915	(13.8)%	(15.6)%
Cooling Degree-Days	283	219	255	29.2%	11.0%

Regulatory Required Programs . This represents the change in revenue collected under approved riders to recover costs incurred for the energy efficiency and demand response programs. The riders are designed to

provide full cost recovery, as well as a return in certain instances. The costs of these programs are included in Operating and maintenance expense, Depreciation and amortization expense and Taxes other than income in BGE's Consolidated Statements of Operations and Comprehensive Income.

Transmission Revenue . Under a FERC approved formula, transmission revenue varies from year to year based upon fluctuations in the underlying costs, capital investments being recovered and other billing determinants. The transmission revenue stayed relatively consistent during the three and six months ended June 30, 2017 compared to the same period in 2016. See Operating and Maintenance Expense below and Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Other, Net. Other net revenue, which can vary from period to period, includes commodity electric and gas revenue and other miscellaneous revenue such as service application and late payment fees; partially offset by commodity electric and gas purchased fuel and energy.

Operating and Maintenance Expense

The changes in Operating and maintenance expense for the three and six months ended June 30, 2017 compared to the same period in 2016, consisted of the following:

	Three Months Ended June 30, 2017 Increase (Decrease)	Six Months Ended June 30, 2017 Increase (Decrease)
Impairment on long-lived assets and losses on regulatory assets [(a)]	$ (51)	$ (51)
Storm-related costs	(2)	(14)
City of Baltimore conduit fees	(4)	(8)
BSC costs	—	3
Uncollectible accounts expense	7	—
Other [(b)]	16	17
Total decrease	$ (34)	$ (53)

(a) See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.
(b) Includes an increase of costs for various legislative and/or regulatory programs that are recoverable from customers on a full and current basis through approved regulated rates. An offsetting amount has been reflected in operating revenue.

Depreciation and Amortization

The changes in Depreciation and amortization expense for the three and six months ended June 30, 2017 compared to the same period in 2016 consisted of the following:

	Three Months Ended June 30, 2017 Increase (Decrease)	Six Months Ended June 30, 2017 Increase (Decrease)
Depreciation expense [(a)]	$ 1	$ 4
Regulatory asset amortization [(b)]	14	29
Total increase	$ 15	$ 33

(a) Depreciation expense increased due to ongoing capital expenditures.
(b) Regulatory asset amortization increased for the three and six months ended June 30, 2017 compared to the same period in 2016 primarily due to an increase in regulatory asset amortization related to energy efficiency programs and the initiation of cost recovery of the AMI programs under the final electric and natural gas distribution rate case order issued by the MDPSC in June 2016 and increased depreciation from AMI program capital expenditures. See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

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Taxes Other Than Income

Taxes other than income, which can vary period to period, include municipal and state utility taxes, real estate taxes and payroll taxes. Taxes other than income for the three and six months ended June 30, 2017 compared to the same period in 2016 remained relatively consistent.

Interest Expense, Net

Interest expense, net increased during the three and six months ended June 30, 2017, compared to the same period in 2016 primarily due to the issuance of Notes in August 2016.

Effective Income Tax Rate

BGE's effective income tax rate was 40.8% and 15.0% for the three months ended June 30, 2017 and 2016, respectively. BGE's effective income tax rate was 39.6% and 35.1% for the six months ended June 30, 2017 and 2016, respectively. See Note 11 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

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BGE Electric Operating Statistics and Revenue Detail

Retail Deliveries to Customers (in GWhs)	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	% Change	Weather - Normal % Change	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016	% Change	Weather - Normal % Change
Retail Deliveries [a]								
Residential	2,629	2,616	0.5%	(4.5)%	5,756	6,095	(5.6)%	(5.2)%
Small commercial & industrial	677	692	(2.2)%	(5.2)%	1,425	1,466	(2.8)%	(4.5)%
Large commercial & industrial	3,373	3,417	(1.3)%	(0.9)%	6,641	6,635	0.1%	(1.7)%
Public authorities & electric railroads	72	72	—%	(0.1)%	140	143	(2.1)%	(2.4)%
Total electric deliveries	6,751	6,797	(0.7)%	(2.8)%	13,962	14,339	(2.6)%	(3.5)%

Number of Electric Customers	As of June 30, 2017	As of June 30, 2016
Residential	1,154,330	1,142,073
Small commercial & industrial	113,329	112,980
Large commercial & industrial	12,113	11,980
Public authorities & electric railroads	276	281
Total	1,280,048	1,267,314

Electric Revenue	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	% Change	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016	% Change
Retail Sales [a]						
Residential	$ 315	$ 324	(2.8)%	$ 720	$ 753	(4.4)%
Small commercial & industrial	63	65	(3.1)%	135	137	(1.5)%
Large commercial & industrial	110	115	(4.3)%	223	215	3.7%
Public authorities & electric railroads	8	9	(11.1)%	15	18	(16.7)%
Total retail	496	513	(3.3)%	1,093	1,123	(2.7)%
Other revenue [b][c]	75	71	5.6%	144	141	2.1%
Total electric revenue	$ 571	$ 584	(2.2)%	$ 1,237	$ 1,264	(2.1)%

(a) Reflects delivery volumes and revenue from customers purchasing electricity directly from BGE and customers purchasing electricity from a competitive electric generation supplier as all customers are assessed distribution charges. For customers purchasing electricity from BGE, revenue also reflects the cost of energy and transmission.

(b) Other revenue primarily includes wholesale transmission revenue and late payment charges.

(c) Includes operating revenues from affiliates totaling $2 million and $2 million for the three months ended June 30, 2017 and 2016, respectively, and $3 million and $4 million for the six months ended June 30, 2017 and 2016, respectively.

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BGE Natural Gas Operating Statistics and Revenue Detail

Deliveries to Customers (in mmcf)	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	% Change	Weather - Normal % Change	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016	% Change	Weather - Normal % Change
Retail Deliveries [a]								
Retail sales	13,028	17,672	(26.3)%	(16.3)%	49,399	56,256	(12.2)%	(3.2)%
Transportation and other [b]	116	271	(57.2)%	n/a	2,395	2,767	(13.4)%	n/a
Total natural gas deliveries	13,144	17,943	(26.7)%	(16.3)%	51,794	59,023	(12.2)%	(3.2)%

Number of Gas Customers	As of June 30, 2017	As of June 30, 2016
Residential	624,392	618,268
Commercial & industrial	44,020	44,078
Total	668,412	662,346

Natural Gas Revenue	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	% Change	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016	% Change
Retail Sales [a]						
Retail sales	$ 99	$ 93	6.5%	$ 369	$ 331	11.5%
Transportation and other [b]	4	3	33.3%	19	14	35.7%
Total natural gas revenues [c]	$ 103	$ 96	7.3%	$ 388	$ 345	12.5%

(a) Reflects delivery volumes and revenue from customers purchasing natural gas directly from BGE and customers purchasing natural gas from a competitive natural gas supplier as all customers are assessed distribution charges. The cost of natural gas is charged to customers purchasing natural gas from BGE.

(b) Transportation and other gas revenue includes off-system revenue of 116 mmcfs ($1 million) and 271 mmcfs ($2 million) for the three months ended June 30, 2017 and 2016, respectively. Transportation and other gas revenue includes off-system revenue of 2,395 mmcfs ($13 million) and 2,767 mmcfs ($11 million) for the six months ended June 30, 2017 and 2016, respectively.

(c) Includes operating revenues from affiliates totaling $1 million and $2 million for the three months ended June 30, 2017 and 2016, respectively, and $5 million and $5 million for the six months ended June 30, 2017 and 2016, respectively.

Results of Operations — PHI

PHI's results of operations include the results of its three reportable segments, Pepco, DPL and ACE for all periods presented below. For "Predecessor" reporting periods, PHI's results of operations also include the results of PES and PCI. See Note 19 — Segment Information of the Combined Notes to Consolidated Financial Statements for additional information regarding PHI's reportable segments. All material intercompany accounts and transactions have been eliminated in consolidation. A separate specific discussion of the results of operations for Pepco, DPL and ACE is presented elsewhere in this report.

As a result of the PHI Merger, the following consolidated financial results present two separate reporting periods for 2016. The "Predecessor" reporting period represents PHI's results of operations for the period from January 1, 2016 to March 23, 2016. The "Successor" reporting periods represent PHI's results of operations for the three and six months ended June 30, 2017, the three months ended June 30, 2016 and for the period from March 24, 2016 to June 30, 2016. All amounts presented below are before the impact of income taxes, except as noted.

	Successor			*Successor*		*Predecessor*
	Three Months Ended June 30,		**Favorable (Unfavorable) Variance**	**Six Months Ended June 30,**	**March 24 to June 30,**	**January 1 to March 23,**
	2017	**2016**		**2017**	**2016**	**2016**
Operating revenues	$1,074	$1,066	$ 8	$ 2,248	$ 1,171	$ 1,153
Purchased power and fuel expense	383	416	33	845	454	497
Revenue net of purchased power and fuel expense [(a)]	691	650	41	1,403	717	656
Other operating expenses						
Operating and maintenance	269	246	(23)	524	695	294
Depreciation and amortization	165	160	(5)	332	174	152
Taxes other than income	110	108	(2)	221	123	105
Total other operating expenses	544	514	(30)	1,077	992	551
Gain on sales of assets	1	—	1	1	—	—
Operating income (loss)	148	136	12	327	(275)	105
Other income and (deductions)						
Interest expense, net	(59)	(66)	7	(122)	(71)	(65)
Other, net	13	11	2	26	12	(4)
Total other income and (deductions)	(46)	(55)	9	(96)	(59)	(69)
Income (loss) before income taxes	102	81	21	231	(334)	36
Income taxes	36	29	(7)	26	(77)	17
Net income (loss)	$ 66	$ 52	$ 14	$ 205	$ (257)	$ 19

(a) PHI evaluates its operating performance using the measure of revenue net of purchased power and fuel expense for electric and natural gas sales. PHI believes revenue net of purchased power and fuel expense is a useful measurement because it provides information that can be used to evaluate its operational performance. PHI has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, Revenue net of purchased power and fuel expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

Successor Period Three Months Ended June 30, 2017 Compared to Successor Period Three Months Ended June 30, 2016

Net Income

PHI's Net income for the Successor period of three months ended June 30, 2017 was $66 million compared to $52 million for the Successor period of three months ended June 30, 2016. The increase in Net income reflects the impact of increases in electric distribution and natural gas rates within Revenue net of purchased power expense (Pepco electric distribution rates effective November 2016 in Maryland, DPL electric distribution rates effective February 2017 in Maryland, DPL electric distribution and natural gas rates effective July 2016 and December 2016 in Delaware, and ACE electric distribution rates effective August 2016 in New Jersey). Operating and maintenance expense increased primarily due to higher preventative maintenance expense, partially offset by merger commitment adjustments recorded in June 2017.

Operating Revenue Net of Purchased Power and Fuel Expense

Operating revenue net of purchased power and fuel expense, which is a non-GAAP measure discussed above, increased by $41 million for the three months ended June 30, 2017 as compared to the three months ended June 30, 2016. The increase is primarily attributable to the following favorable factors:

- Increase of $14 million at Pepco primarily related to the impact of the new electric distribution rates charged to customers in Maryland that became effective in November 2016;
- Increase of $10 million at DPL primarily related to the impact of the new electric distribution and natural gas rates charged to Delaware customers that became effective in July 2016 and December 2016 and the impact of new electric distribution rates charged to Maryland customers that became effective in February 2017; and
- Increase of $13 million at ACE primarily related to the impact of the new electric distribution base rate charged to customers that became effective in August 2016.

Operating and Maintenance Expense

Operating and maintenance expense increased by $23 million for the three months ended June 30, 2017 as compared to the three months ended June 30, 2016. The increase is attributable to the following unfavorable factors:

- Increase of $11 million at Pepco primarily due to an increase in preventative maintenance costs and higher uncollectible expense, partially offset by a merger commitment adjustment;
- Increase of $10 million at ACE primarily due to an increase in preventive maintenance costs;
- Increase of $6 million at Corporate primarily due to an increase in BSC costs and service company allocations;
- Partially offset by a decrease of $4 million at DPL due primarily to lower write-offs of construction work in progress and a merger commitment adjustment, partially offset by higher preventative maintenance costs.

Depreciation and Amortization Expense

Depreciation and amortization expense increased by $5 million primarily due to higher depreciation as a result of higher Maryland depreciation rates at Pepco effective November 2016 and at DPL effective February 2017 and due to ongoing capital expenditures at Pepco, DPL, and ACE, partially offset by lower amortization expense at ACE resulting from lower revenue due to rate decreases effective October 2016 for the ACE Transition Bond Charge and ACE Market Transition Charge Tax.

Taxes Other Than Income

Taxes other than income increased by $2 million primarily due to higher property taxes at Pepco.

Interest Expense, Net

Interest expense decreased by $7 million primarily due to the redemption of long-term debt in December 2016 and lower short-term debt interest rates.

Other, Net

Other, net for the three months ended June 30, 2017 remained relatively level compared to the same period in 2016.

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Effective Income Tax Rate

PHI's effective income tax rate was 35.3% and 35.8% for the three months ended June 30, 2017 and 2016, respectively. See Note 11 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

Successor Period Six Months Ended June 30, 2017

PHI's Net income for the Successor period of six months ended June 30, 2017 was $205 million. There were no significant changes in the underlying trends affecting PHI's operations during the Successor period of six months ended June 30, 2017 except for the impact of increases in electric distribution and natural gas rates within Revenue net of purchased power expense (Pepco electric distribution rates effective November 2016 in Maryland, DPL electric distribution rates effective February 2017 in Maryland, DPL electric distribution and natural gas rates effective July 2016 and December 2016 in Delaware, and ACE electric distribution rates effective August 2016 in New Jersey). Lower uncollectible accounts expense and the deferral of merger-related costs to a regulatory asset contributed to lower Operating and maintenance expense. Income taxes were lower due to unrecognized tax benefits of $59 million for uncertain tax positions related to the deductibility of certain merger commitments in the first quarter of 2017.

PHI's effective income tax rate for the Successor period of six months ended June 30, 2017 was 11.3%. See Note 11 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

Successor Period March 24, 2016 to June 30, 2016

PHI's Net loss for the Successor period from March 24, 2016 to June 30, 2016 was $257 million. There were no significant changes in the underlying trends affecting PHI's results of operations during the Successor period of March 24, 2016 to June 30, 2016 except for the pre-tax recording of $419 million of non-recurring merger-related costs within Operating and maintenance expense.

PHI's effective income tax rate for the Successor period of March 24, 2016 to June 30, 2016 was 23.1%. See Note 11 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

Predecessor Period January 1, 2016 to March 23, 2016

PHI's Net income for the Predecessor period of January 1, 2016 to March 23, 2016 was $19 million. There were no significant changes in the underlying trends affecting PHI's results of operations during the Predecessor period of January 1, 2016 to March 23, 2016 except for the pre-tax recording of $29 million of non-recurring merger-related costs within Operating and maintenance expense and $18 million of preferred stock derivative expense within Other, net.

PHI's effective income tax rate for the Predecessor period of January 1, 2016 to March 23, 2016 was 47.2%. See Note 11 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

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Results of Operations—Pepco

	Three Months Ended June 30,		Favorable (Unfavorable) Variance	Six Months Ended June 30,		Favorable (Unfavorable) Variance
	2017	2016		2017	2016	
Operating revenues	$ 514	$ 509	$ 5	$1,045	$1,061	$ (16)
Purchased power expense	143	152	9	309	351	42
Revenue net of purchased power expense [(a)]	371	357	14	736	710	26
Other operating expenses						
Operating and maintenance	120	109	(11)	234	399	165
Depreciation and amortization	78	70	(8)	160	144	(16)
Taxes other than income	90	89	(1)	180	182	2
Total other operating expenses	288	268	(20)	574	725	151
Gain on sales of assets	1	8	(7)	1	8	(7)
Operating income (loss)	84	97	(13)	163	(7)	170
Other income and (deductions)						
Interest expense, net	(28)	(31)	3	(58)	(68)	10
Other, net	7	6	1	15	14	1
Total other income and (deductions)	(21)	(25)	4	(43)	(54)	11
Income (loss) before income taxes	63	72	(9)	120	(61)	181
Income taxes	20	23	3	19	(1)	(20)
Net income (loss)	$ 43	$ 49	$ (6)	$ 101	$ (60)	$ 161

(a) Pepco evaluates its operating performance using the measure of revenue net of purchased power expense for electric sales. Pepco believes revenue net of purchased power expense is a useful measurement because it provides information that can be used to evaluate its operational performance. Pepco has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, Revenue net of purchased power expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

Net Income (Loss)

Three Months Ended June 30, 2017 Compared to Three Months Ended June 30, 2016. Pepco's Net income for the three months ended June 30, 2017, was lower than the same period in 2016, primarily due to higher Operating and maintenance expense due to an increase in preventative maintenance costs and higher uncollectible expense, higher depreciation expense due to increased depreciation rates in Maryland effective November 2016 and a gain on sale of land recorded in 2016, partially offset by an increase in Revenue net of purchased power expense resulting from higher electric distribution revenues as a result of the distribution rate increase approved by the MDPSC effective November 2016.

Six Months Ended June 30, 2017 Compared to Six Months Ended June 30, 2016. Pepco's Net income (loss) for the six months ended June 30, 2017, was higher than the same period in 2016, primarily due to an increase in Revenue net of purchased power expense resulting from higher electric distribution revenues as a result of the distribution rate increase approved by the MDPSC effective November 2016, lower Operating and maintenance expense due to merger-related costs recognized in March 2016 and lower uncollectible accounts expense, and a decrease in income tax reserves in the first quarter of 2017 for uncertain tax positions related to the deductibility of certain merger commitments, partially offset by higher depreciation expense due to increased depreciation rates in Maryland effective November 2016.

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Operating Revenue Net of Purchased Power Expense

Operating revenues include revenue from the distribution and supply of electricity to Pepco's customers within its service territories at regulated rates. Operating revenues also include transmission service revenue that Pepco receives as a transmission owner from PJM at rates regulated by FERC. Transmission rates are updated annually based on a FERC-approved formula methodology.

Electric revenues and purchased power expense are also affected by fluctuations in participation in the Customer Choice Program. All Pepco customers have the choice to purchase electricity from competitive electric generation suppliers. The customers' choice of supplier does not impact the volume of deliveries, but affects revenue collected from customers related to supplied energy service.

Retail deliveries purchased from competitive electric generation suppliers (as a percentage of kWh sales) for the three and six months ended June 30, 2017, compared to the same periods in 2016, consisted of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Electric	67%	67%	66%	65%

Retail customers purchasing electric generation from competitive electric generation suppliers at June 30, 2017 and 2016 consisted of the following:

	June 30, 2017		June 30, 2016	
	Number of customers	% of total retail customers	Number of customers	% of total retail customers
Electric	179,736	21%	175,657	21%

Retail deliveries purchased from competitive electric generation suppliers represented 74% and 74% of Pepco's retail kWh sales to the District of Columbia customers and 61% and 60% of Pepco's retail kWh sales to Maryland customers for the three and six months ended June 30, 2017, respectively and 73% and 73% of Pepco's retail kWh sales to the District of Columbia customers and 61% and 59% of Pepco's retail kWh sales to Maryland customers for the three and six months ended June 30, 2016, respectively.

Operating revenues include transmission enhancement credits that Pepco receives as a transmission owner from PJM in consideration for approved regional transmission expansion plan expenditures.

Operating revenues also include work and services performed on behalf of customers, including other utilities, which is generally not subject to price regulation. Work and services includes mutual assistance to other utilities, highway relocation, rentals of pole attachments, late payment fees and collection fees.

Purchased power expense consists of the cost of electricity purchased by Pepco to fulfill its default electricity supply obligation and, as such, is recoverable from customers in accordance with the terms of public service commission orders.

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The changes in Pepco's operating revenues net of purchased power expense for the three and six months ended June 30, 2017 compared to the same periods in 2016 consisted of the following:

	Three Months Ended June 30, 2017 Increase (Decrease)	Six Months Ended June 30, 2017 Increase (Decrease)
Volume	$ 4	$ 9
Pricing — distribution revenues	11	27
Regulatory required programs	(3)	(13)
Transmission revenues	4	6
Other	(2)	(3)
Total increase	$ 14	$ 26

Revenue Decoupling. Pepco's results historically have been seasonal, generally producing higher revenue and income in the warmest and coldest periods of the year. For retail customers of Pepco in Maryland and in the District of Columbia, revenues are not affected by unseasonably warmer or colder weather because a bill stabilization adjustment (BSA) for retail customers was implemented that provides for a fixed distribution charge per customer. The BSA has the effect of decoupling the distribution revenue recognized in a reporting period from the amount of power delivered during the period. As a result, the only factors that will cause distribution revenue from customers in Maryland and the District of Columbia to fluctuate from period to period are changes in the number of customers and changes in the approved distribution charge per customer. Changes in customer usage (due to weather conditions, energy prices, energy efficiency programs or other reasons) from period to period have no impact on reported distribution revenue for customers to whom the BSA applies.

In accounting for the BSA in Maryland and the District of Columbia, a Revenue Decoupling Adjustment is recorded representing either (i) a positive adjustment equal to the amount by which revenue from Maryland and the District of Columbia retail distribution sales falls short of the revenue that Pepco is entitled to earn based on the approved distribution charge per customer or (ii) a negative adjustment equal to the amount by which revenue from such distribution sales exceeds the revenue that Pepco is entitled to earn based on the approved distribution charge per customer.

Heating and cooling degree days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree days for a 20-year period in Pepco's service territory. The changes in heating and cooling degree days in Pepco's service territory for the three and six months ended June 30, 2017 compared to the same periods in 2016 and normal weather consisted of the following:

				% Change	
	2017	2016	Normal	2017 vs. 2016	2017 vs. Normal
Three Months Ended June 30,					
Heating Degree-Days	314	397	500	(20.9)%	(37.2)%
Cooling Degree-Days	546	452	475	20.8%	14.9%
Six Months Ended June 30,					
Heating Degree-Days	2,062	2,407	2,638	(14.3)%	(21.8)%
Cooling Degree-Days	550	454	478	21.1%	15.1%

Volume. The increase in operating revenue net of purchased power and fuel expense related to delivery volume, exclusive of the effects of weather, for the three and six months ended June 30, 2017 compared to the same periods in 2016, primarily reflects the impact of customer growth.

Pricing — Distribution Revenues. The increase in electric operating revenues net of purchased power expense as a result of pricing for the three and six months ended June 30, 2017 compared to the same periods in

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2016 was primarily due to the impact of higher electric distribution rates charged to customers in Maryland that became effective in November 2016. See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Regulatory Required Programs. This represents the change in operating revenues collected under approved riders to recover costs incurred for regulatory programs such as energy efficiency programs. The riders are designed to provide full and current cost recovery as well as a return. The costs of these programs are included in operating and maintenance expense, depreciation and amortization expense and other taxes. Refer to the operating and maintenance expense discussion below for additional information on included programs.

Transmission Revenues. Under a FERC-approved formula, transmission revenue varies from year to year based upon fluctuations in the underlying costs, capital investments being recovered and other billing adjustments. The increase in revenue net of purchased power expense for the three months ended June 30, 2017 compared to the same period in 2016 is a result of higher rates effective June 1, 2017 and June 1, 2016 related to increases in transmission plant investment and operating expenses. The increase in revenue net of purchased power expense for the six months ended June 30, 2017 compared to the same period in 2016 is a result of higher rates effective June 1, 2017 and June 1, 2016 related to increases in transmission plant investment and operating expenses, partially offset by lower revenue related to the MAPP abandonment recovery period that ended in March 2016.

Operating and Maintenance Expense

	Three Months Ended June 30,		Increase (Decrease)	Six Months Ended June 30,		Increase (Decrease)
	2017	2016		2017	2016	
Operating and maintenance expense — baseline	$ 117	$ 107	$ 10	$ 232	$ 394	$ (162)
Operating and maintenance expense —regulatory required programs [(a)]	3	2	1	2	5	(3)
Total operating and maintenance expense	$ 120	$ 109	$ 11	$ 234	$ 399	$ (165)

(a) Operating and maintenance expenses for regulatory required programs are costs for various legislative and/or regulatory programs that are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in Operating revenues.

The changes in Operating and maintenance expense for the three and six months ended June 30, 2017 compared to the same periods in 2016, consisted of the following:

	Three Months Ended June 30, 2017 Increase (Decrease)	Six Months Ended June 30, 2017 Increase (Decrease)
Baseline		
Labor, other benefits, contracting and materials	$ 7	$ 12
Storm-related costs	—	1
Remeasurement of AMI-related regulatory asset [(a)]	(7)	(7)
Uncollectible accounts expense	5	(4)
Deferral of merger-related costs to regulatory asset	8	7
BSC and PHISCO allocations [(b)]	4	(23)
Merger commitments [(c)]	(6)	(145)
Other	(1)	(3)
	10	(162)
Regulatory required programs		
Purchased power administrative costs	1	(3)
Total increase (decrease)	$ 11	$ (165)

(a) Related to a remeasurement of a regulatory asset for legacy meters recognized in 2016.
(b) Primarily related to merger severance and compensation costs recognized in 2016.
(c) Primarily related to merger-related commitments for customer rate credits and charitable contributions recognized in 2016.

Depreciation and Amortization Expense

The changes in Depreciation and amortization expense for the three and six months ended June 30, 2017 compared to the same periods in 2016, consisted of the following:

	Three Months Ended June 30, 2017 Increase (Decrease)	Six Months Ended June 30, 2017 Increase (Decrease)
Depreciation expense [(a)]	$ 8	$ 17
Regulatory asset amortization	—	(1)
Total increase	$ 8	$ 16

(a) Depreciation expense increased due to higher depreciation rates in Maryland effective November 2016 and due to ongoing capital expenditures.

Taxes Other Than Income

Taxes other than income for the three and six months ended June 30, 2017 compared to the same periods in 2016, remained relatively constant.

Gain on sales of assets

Gain on sales of assets for the three and six months ended June 30, 2017 compared to the same periods in 2016 decreased due to a second quarter 2016 gain recorded from the sale of land.

Interest Expense, Net

Interest expense, net for the three months ended June 30, 2017 compared to the same period in 2016, remained relatively constant.

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Interest expense, net for the six months ended June 30, 2017 compared to the same period in 2016 decreased primarily due to the recording of interest expense for an uncertain tax position in the first quarter of 2016 and an increase in capitalized AFUDC interest.

Other, Net

Other, net for the three and six months ended June 30, 2017 compared to the same periods in 2016 remained relatively constant.

Effective Income Tax Rate

Pepco's effective income tax rate was 31.7% and 31.9% for the three months ended June 30, 2017 and 2016, respectively. Pepco's effective income tax rate was 15.8% and 1.6% for the six months ended June 30, 2017 and 2016, respectively. In the first quarter of 2017, Pepco decreased its liability for unrecognized tax benefits by $21 million resulting in a benefit to Income taxes and a corresponding decrease in its effective tax rate. See Note 11 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the change in effective income tax rates.

Pepco Electric Operating Statistics and Revenue Detail

Retail Deliveries to Customers (in GWhs)	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	% Change	Weather-Normal % Change	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016	% Change	Weather-Normal % Change
Retail Deliveries [a]								
Residential	1,757	1,760	(0.2)%	3.0%	3,757	3,978	(5.6)%	(1.2)%
Small commercial & industrial	326	348	(6.3)%	(5.2)%	652	730	(10.7)%	(9.0)%
Large commercial & industrial	3,675	3,631	1.2%	1.3%	7,160	7,576	(5.5)%	(5.0)%
Public authorities & electric railroads	172	176	(2.3)%	(2.3)%	362	364	(0.5)%	(0.8)%
Total retail deliveries	5,930	5,915	0.3%	1.3%	11,931	12,648	(5.7)%	(3.9)%

Number of Electric Customers	As of June 30, 2017	As of June 30, 2016
Residential	787,708	771,541
Small commercial & industrial	53,393	53,345
Large commercial & industrial	21,767	21,401
Public authorities & electric railroads	139	127
Total	863,007	846,414

Electric Revenue	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	% Change	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016	% Change
Retail Sales [a]						
Residential	$ 220	$ 220	—%	$ 461	$ 476	(3.2)%
Small commercial & industrial	41	36	13.9%	75	73	2.7%
Large commercial & industrial	192	195	(1.5)%	387	395	(2.0)%
Public authorities & electric railroads	8	8	—%	16	16	—%
Total retail	461	459	0.4%	939	960	(2.2)%
Other revenue [b]	53	50	6.0%	106	101	5.0%
Total electric revenue [c]	$ 514	$ 509	1.0%	$ 1,045	$ 1,061	(1.5)%

(a) Reflects delivery volumes and revenues from customers purchasing electricity directly from Pepco and customers purchasing electricity from a competitive electric generation supplier as all customers are assessed distribution charges. For customers purchasing electricity from Pepco, revenue also reflects the cost of energy and transmission.

(b) Other revenue includes transmission revenue from PJM and wholesale electric revenues.

(c) Includes operating revenues from affiliates totaling $1 million and $1 million for the three months ended June 30, 2017 and 2016, respectively, and $3 million and $3 million for the six months ended June 30, 2017 and 2016, respectively.

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Results of Operations — DPL

	Three Months Ended June 30,		Favorable (Unfavorable) Variance	Six Months Ended June 30,		Favorable (Unfavorable) Variance
	2017	2016		2017	2016	
Operating revenues	$282	$281	$ 1	$644	$643	$ 1
Purchased power and fuel expense	113	122	9	270	298	28
Revenues net of purchased power and fuel expense [a]	169	159	10	374	345	29
Other operating expenses						
Operating and maintenance	74	78	4	148	283	135
Depreciation and amortization	40	38	(2)	79	76	(3)
Taxes other than income	14	13	(1)	28	28	—
Total other operating expenses	128	129	1	255	387	132
Operating income (loss)	41	30	11	119	(42)	161
Other income and (deductions)						
Interest expense, net	(13)	(13)	—	(25)	(25)	—
Other, net	3	3	—	6	6	—
Total other income and (deductions)	(10)	(10)	—	(19)	(19)	—
Income (loss) before income taxes	31	20	11	100	(61)	161
Income taxes	12	8	(4)	24	(1)	(25)
Net income (loss)	$ 19	$ 12	$ 7	$ 76	$ (60)	$ 136

(a) DPL evaluates its operating performance using the measure of revenue net of purchased power expense for electric sales and revenue net of fuel expense for natural gas sales. DPL believes revenue net of purchased power expense and revenue net of fuel expense are useful measurements because they provide information that can be used to evaluate its operational performance. DPL has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, Revenue net of purchased power expense and Revenue net of fuel expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

Net Income (Loss)

Three Months Ended June 30, 2017 Compared to Three Months Ended June 30, 2016 . DPL's Net income for the three months ended June 30, 2017, was higher than the same period in 2016 as a result of an increase in Revenue net of purchased power and fuel expense primarily resulting from higher electric distribution and natural gas revenues as a result of the distribution rate increases approved by the DPSC effective July 2016 and December 2016 and by the MDPSC effective February 2017.

Six Months Ended June 30, 2017 Compared to Six Months Ended June 30, 2016 . DPL's Net income (loss) for the six months ended June 30, 2017, was higher than the same period in 2016 as a result of an increase in Revenue net of purchased power and fuel expense primarily resulting from higher electric distribution and natural gas revenues as a result of the distribution rate increases approved by the DPSC effective July 2016 and December 2016 and by the MDPSC effective February 2017, lower Operating and maintenance expense due to merger-related costs recognized in March 2016, lower uncollectible accounts expense, and the deferral of merger-related costs to a regulatory asset in 2017, and a decrease in income tax reserves in the first quarter of 2017 for uncertain tax positions related to the deductibility of certain merger commitments.

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Revenues Net of Purchased Power and Fuel Expense

Operating revenues include revenue from the distribution and supply of electricity to DPL's customers within its service territories at regulated rates. Operating revenues also include transmission service revenue that DPL receives as a transmission owner from PJM at rates regulated by FERC. Transmission rates are updated annually based on a FERC-approved formula methodology.

Electric and natural gas revenues and purchased power and fuel expense are also affected by fluctuations in participation in the Customer Choice Program. All DPL customers have the choice to purchase electricity and natural gas from competitive electric generation and natural gas suppliers, respectively. The customers' choice of suppliers does not impact the volume of deliveries, but affects revenue collected from customers related to supplied energy and natural gas service.

Retail deliveries purchased from competitive electric generation and natural gas suppliers (as a percentage of kWh and mmcf sales, respectively) for the three and six months ended June 30, 2017 and 2016, consisted of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Electric	55%	56%	52%	52%
Natural Gas	44%	39%	31%	29%

Retail customers purchasing electric generation and natural gas from competitive electric generation and natural gas suppliers at June 30, 2017 and 2016 consisted of the following:

	June 30, 2017		June 30, 2016	
	Number of customers	% of total retail customers	Number of customers	% of total retail customers
Electric	79,620	15.3%	76,709	14.9%
Natural Gas	155	0.1%	157	0.1%

Retail deliveries purchased from competitive electric generation suppliers represented 57% and 55% of DPL's retail kWh sales to Delaware customers and 51% and 48% of DPL's retail kWh sales to Maryland customers for the three and six months ended June 30, 2017, respectively and 57% and 54% of DPL's retail kWh sales to Delaware customers and 52% and 48% of DPL's retail kWh sales to Maryland customers for the three and six months ended June 30, 2016, respectively.

Operating revenues include transmission enhancement credits that DPL receives as a transmission owner from PJM in consideration for approved regional transmission expansion plan expenditures.

Operating revenues also include work and services performed on behalf of customers, including other utilities, which is generally not subject to price regulation. Work and services includes mutual assistance to other utilities, highway relocation, rentals of pole attachments, late payment fees and collection fees.

Natural gas operating revenue includes sources that are subject to price regulation (Regulated Gas Revenue) and those that generally are not subject to price regulation (Other Gas Revenue). Regulated gas revenue includes the revenue DPL receives from on-system natural gas delivered sales and the transportation of natural gas for customers within its service territory at regulated rates. Other gas revenue consists of off-system natural gas sales and the short-term release of interstate pipeline transportation and storage capacity not needed to serve customers. Off-system sales are made possible when low demand for natural gas by regulated customers creates excess pipeline capacity.

Purchased power expense consists of the cost of electricity purchased by DPL to fulfill its default electricity supply obligation and, as such, is recoverable from customers in accordance with the terms of public service commission orders. Purchased fuel expense consists of the cost of gas purchased by DPL to fulfill its obligation to regulated gas customers and, as such, is recoverable from customers in accordance with the terms of public service commission orders. It also includes the cost of gas purchased for off-system sales.

The changes in DPL's operating revenues net of purchased power and fuel expense for the three and six months ended June 30, 2017 compared to the same periods in 2016 consisted of the following:

	Three Months Ended June 30, 2017			Six Months Ended June 30, 2017		
	Increase (Decrease)			Increase (Decrease)		
	Electric	Gas	Total	Electric	Gas	Total
Weather	$ (1)	$ (8)	$ (9)	$ (3)	$(12)	$(15)
Volume	2	5	7	1	9	10
Pricing — distribution revenues	12	(1)	11	31	2	33
Regulatory required programs	1	—	1	2	—	2
Transmission revenues	1	—	1	(1)	—	(1)
Other	—	(1)	(1)	1	(1)	—
Total increase (decrease)	$ 15	$ (5)	$ 10	$ 31	$ (2)	$ 29

Revenue Decoupling . DPL's results historically have been seasonal, generally producing higher revenue and income in the warmest and coldest periods of the year. For retail customers of DPL in Maryland, revenues are not affected by unseasonably warmer or colder weather because a bill stabilization adjustment (BSA) for retail customers was implemented that provides for a fixed distribution charge per customer. The BSA has the effect of decoupling the distribution revenue recognized in a reporting period from the amount of power delivered during the period. As a result, the only factors that will cause distribution revenue from customers in Maryland to fluctuate from period to period are changes in the number of customers and changes in the approved distribution charge per customer. A modified fixed variable rate design, which would provide for a charge not tied to a customer's volumetric consumption of electricity or natural gas, has been proposed for DPL electricity and natural gas customers in Delaware. Changes in customer usage (due to weather conditions, energy prices, energy efficiency programs or other reasons) from period to period have no impact on reported distribution revenue for customers to whom the BSA applies.

In accounting for the BSA in Maryland, a Revenue Decoupling Adjustment is recorded representing either (i) a positive adjustment equal to the amount by which revenue from Maryland retail distribution sales falls short of the revenue that DPL is entitled to earn based on the approved distribution charge per customer or (ii) a negative adjustment equal to the amount by which revenue from such distribution sales exceeds the revenue that DPL is entitled to earn based on the approved distribution charge per customer.

Weather . The demand for electricity and natural gas in areas not subject to the BSA is affected by weather conditions. With respect to the electric business, very warm weather in summer months and, with respect to the electric and natural gas businesses, very cold weather in winter months are referred to as "favorable weather conditions" because these weather conditions result in increased deliveries of electricity and natural gas. Conversely, mild weather reduces demand. During the three and six months ended June 30, 2017 compared to the same periods in 2016, operating revenue net of purchased power and fuel expense was lower due to the impact of unfavorable weather conditions in DPL's service territory.

Heating and cooling degree days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree days for a 20-year period in DPL's electric service territory and a 30-year period in DPL's natural gas service

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territory. The changes in heating and cooling degree days in DPL's service territory for the three and six months ended June 30, 2017 compared to the same periods in 2016 and normal weather consisted of the following:

Electric Service Territory				% Change	
Three Months Ended June 30,	2017	2016	Normal	2017 vs. 2016	2017 vs. Normal
Heating Degree-Days	481	551	702	(12.7)%	(31.5)%
Cooling Degree-Days	342	304	264	12.5%	29.5%
Six Months Ended June 30,					
Heating Degree-Days	2,483	2,798	3,119	(11.3)%	(20.4)%
Cooling Degree-Days	342	307	266	11.4%	28.6%

Natural Gas Service Territory				% Change	
Three Months Ended June 30,	2017	2016	Normal	2017 vs. 2016	2017 vs. Normal
Heating Degree-Days	372	559	504	(33.5)%	(26.2)%
Six Months Ended June 30,					
Heating Degree-Days	2,403	2,893	3,020	(16.9)%	(20.4)%

Volume. The increase in operating revenue net of purchased power and fuel expense related to delivery volume, exclusive of the effects of weather, for the three and six months ended June 30, 2017 compared to the same periods in 2016, primarily reflects the impact of increased natural gas average customer usage and customer growth.

Pricing — Distribution Revenues . The increase in electric operating revenues net of purchased power expense as a result of pricing for the three and six months ended June 30, 2017 compared to the same periods in 2016 was primarily due to the impact of higher electric distribution and natural gas rates charged to Delaware customers that became effective in July and December 2016 and the impact of higher electric distribution rates charged to Maryland customers that became effective in February 2017. See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Regulatory Required Programs . This represents the change in operating revenues collected under approved riders to recover costs incurred for regulatory programs such as energy efficiency programs. The riders are designed to provide full and current cost recovery as well as a return. The costs of these programs are included in operating and maintenance expense, depreciation and amortization expense and income taxes. Refer to the operating and maintenance expense discussion below for additional information on included programs.

Transmission Revenues . Under a FERC-approved formula, transmission revenue varies from year to year based upon fluctuations in the underlying costs, capital investments being recovered and other billing adjustments. The increase in revenue net of purchased power expense for the three months ended June 30, 2017 compared to the same period in 2016 is a result of higher rates effective June 1, 2017 and June 1, 2016 related to increases in transmission plant investment and operating expenses. The decrease in revenue net of purchased power expense for the six months ended June 30, 2017 compared to the same period in 2016 is a result of lower revenue related to the MAPP abandonment recovery period that ended in March 2016, partially offset by higher rates effective June 1, 2017 and June 1, 2016 related to increases in transmission plant investment and operating expenses.

Operating and Maintenance Expense

	Three Months Ended June 30,			Six Months Ended June 30,		
	2017	2016	Increase (Decrease)	2017	2016	Increase (Decrease)
Operating and maintenance expense — baseline	$ 72	$ 76	$ (4)	$ 145	$ 278	$ (133)
Operating and maintenance expense —regulatory required programs [a]	2	2	—	3	5	(2)
Total operating and maintenance expense	$ 74	$ 78	$ (4)	$ 148	$ 283	$ (135)

(a) Operating and maintenance expenses for regulatory required programs are costs for various legislative and/or regulatory programs that are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in Operating revenues.

The changes in Operating and maintenance expense for the three and six months ended June 30, 2017 compared to the same periods in 2016, consisted of the following:

	Three Months Ended June 30, 2017 Increase (Decrease)	Six Months Ended June 30, 2017 Increase (Decrease)
Baseline		
Labor, other benefits, contracting and materials	$ 4	$ —
Storm-related costs	(1)	6
Uncollectible accounts expense	(2)	(7)
Remeasurement of AMI-related regulatory asset [a]	(1)	(1)
Deferral of merger-related costs to regulatory asset	2	(7)
Write-off of construction work in progress	(3)	—
BSC and PHISCO allocations [b]	1	(15)
Merger commitments [c]	(1)	(104)
Other	(3)	(5)
	(4)	(133)
Regulatory required programs		
Purchased power administrative costs	—	(2)
Total decrease	$ (4)	$ (135)

(a) Related to a remeasurement of a regulatory asset for legacy meters recognized in 2016.
(b) Primarily related to merger severance and compensation costs recognized in 2016.
(c) Primarily related to merger-related commitments for customer rate credits and charitable contributions recognized in 2016.

Depreciation and Amortization Expense

The changes in Depreciation and amortization expense for the three and six months ended June 30, 2017 compared to the same periods in 2016 consisted of the following:

	Three Months Ended June 30, 2017 Increase (Decrease)	Six Months Ended June 30, 2017 Increase (Decrease)
Depreciation expense [a]	$ 3	$ 6
Regulatory asset amortization [b]	(1)	(3)
Total increase	$ 2	$ 3

(a) Depreciation expense increased due to higher depreciation rates in Maryland effective February 2017 and due to ongoing capital expenditures.
(b) Regulatory asset amortization decreased for the six months ended June 30, 2017 compared to the same period in 2016 due to lower amortization of MAPP abandonment costs.

Taxes Other Than Income

Taxes other than income for the three and six months ended June 30, 2017 compared to the same periods in 2016 remained relatively constant.

Interest Expense, Net

Interest expense, net for the three and six months ended June 30, 2017 compared to the same periods in 2016 remained relatively constant.

Other, Net

Other, net for the three and six months ended June 30, 2017 compared to the same periods in 2016 remained relatively constant.

Effective Income Tax Rate

DPL's effective income tax rate was 38.7% and 40.0% for the three months ended June 30, 2017 and 2016, respectively. DPL's effective income tax rate was 24.0% and 1.6% for the six months ended June 30, 2017 and 2016, respectively. In the first quarter of 2017, DPL decreased its liability for unrecognized tax benefits by $16 million resulting in a benefit to Income taxes and a corresponding decrease in its effective tax rate. See Note 11 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

DPL Electric Operating Statistics and Revenue Detail

Retail Deliveries to Customers (in GWhs)	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	% Change	Weather-Normal % Change	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016	% Change	Weather-Normal % Change
Retail Deliveries [a]								
Residential	1,045	1,038	0.7%	5.1%	2,404	2,465	(2.5)%	1.9%
Small commercial & industrial	526	532	(1.1)%	(0.2)%	1,057	1,104	(4.3)%	(3.2)%
Large commercial & industrial	1,131	1,164	(2.8)%	(2.8)%	2,195	2,242	(2.1)%	(1.8)%
Public authorities & electric railroads	12	12	—%	—%	25	26	(3.8)%	(3.8)%
Total retail deliveries	2,714	2,746	(1.2)%	0.7%	5,681	5,837	(2.7)%	(0.5)%

Number of Electric Customers	As of June 30, 2017	As of June 30, 2016
Residential	458,361	454,402
Small commercial & industrial	60,499	59,904
Large commercial & industrial	1,410	1,417
Public authorities & electric railroads	636	643
Total	520,906	516,366

Electric Revenue	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	% Change	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016	% Change
Retail Sales [a]						
Residential	$ 144	$ 143	0.7%	$ 325	$ 323	0.6%
Small commercial & industrial	45	46	(2.2)%	89	95	(6.3)%
Large commercial & industrial	25	25	—%	51	50	2.0%
Public authorities & electric railroads	4	3	33.3%	8	7	14.3%
Total retail	218	217	0.5%	473	475	(0.4)%
Other revenue [b]	42	38	10.5%	84	83	1.2%
Total electric revenue [c]	$ 260	$ 255	2.0%	$ 557	$ 558	(0.2)%

(a) Reflects delivery volumes and revenues from customers purchasing electricity directly from DPL and customers purchasing electricity from a competitive electric generation supplier as all customers are assessed distribution charges. For customers purchasing electricity from DPL, revenue also reflects the cost of energy and transmission.

(b) Other revenue includes transmission revenue from PJM and wholesale electric revenues.

(c) Includes operating revenues from affiliates totaling $2 million and $2 million for the three months ended June 30, 2017 and 2016, respectively, and $4 million and $4 million for the six months ended June 30, 2017 and 2016, respectively.

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DPL Natural Gas Operating Statistics and Revenue Detail

Retail Deliveries to Customers (in mmcf)	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	% Change	Weather-Normal % Change	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016	% Change	Weather-Normal % Change
Retail Deliveries								
Retail sales	1,678	2,072	(19.0)%	4.3%	7,610	8,132	(6.4)%	8.3%
Transportation & other	1,325	1,321	0.3%	4.0%	3,493	3,289	6.2%	9.9%
Total natural gas deliveries	3,003	3,393	(11.5)%	4.2%	11,103	11,421	(2.8)%	8.8%

Number of Gas Customers	As of June 30, 2017	As of June 30, 2016
Residential	121,166	119,592
Commercial & industrial	9,743	9,669
Transportation & other	155	157
Total	131,064	129,418

Natural Gas Revenue	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	% Change	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016	% Change
Retail Sales [(a)]						
Retail sales	$ 17	$ 21	(19.0)%	$ 75	$ 74	1.4%
Transportation & other [(b)]	5	5	—%	12	11	9.1%
Total natural gas revenues	$ 22	$ 26	(15.4)%	$ 87	$ 85	2.4%

(a) Reflects delivery volumes and revenues from customers purchasing natural gas directly from DPL and customers purchasing natural gas from a competitive natural gas supplier as all customers are assessed distribution charges. For customers purchasing natural gas from DPL, revenue also reflects the cost of natural gas.

(b) Transportation and other revenue includes off-system natural gas sales and the short-term release of interstate pipeline transportation and storage capacity not needed to serve customers.

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Results of Operations — ACE

	Three Months Ended June 30,		Favorable (Unfavorable) Variance	Six Months Ended June 30,		Favorable (Unfavorable) Variance
	2017	2016		2017	2016	
Operating revenues	$ 270	$ 270	$ —	$ 544	$ 561	$ (17)
Purchased power expense	128	141	13	266	298	32
Revenues net of purchased power expense [(a)]	142	129	13	278	263	15
Other operating expenses						
Operating and maintenance	78	68	(10)	152	280	128
Depreciation and amortization	37	41	4	72	81	9
Taxes other than income	2	2	—	4	4	—
Total other operating expenses	117	111	(6)	228	365	137
Gain on sale of assets	—	1	(1)	—	1	(1)
Operating income (loss)	25	19	6	50	(101)	151
Other income and (deductions)						
Interest expense, net	(15)	(16)	1	(30)	(32)	2
Other, net	2	2	—	4	5	(1)
Total other income and (deductions)	(13)	(14)	1	(26)	(27)	1
Income (loss) before income taxes	12	5	7	24	(128)	152
Income taxes	4	2	(2)	(12)	(31)	(19)
Net income (loss)	$ 8	$ 3	$ 5	$ 36	$ (97)	$ 133

(a) ACE evaluates its operating performance using the measure of revenue net of purchased power expense for electric sales. ACE believes Revenue net of purchased power expense is a useful measurement of its performance because it provides information that can be used to evaluate its operational performance. ACE has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, Revenue net of purchased power expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

Net Income (Loss)

Three Months Ended June 30, 2017 Compared to Three Months Ended June 30, 2016. ACE's Net income for the three months ended June 30, 2017, was higher than the same period in 2016, primarily due to an increase in Revenue net of purchased power expense resulting from higher electric distribution revenues as a result of a distribution rate increase approved by the NJBPU effective August 2016, partially offset by higher Operating and maintenance expense mostly due to an increase in preventive maintenance costs.

Six Months Ended June 30, 2017 Compared to Six Months Ended June 30, 2016. ACE's Net income (loss) for the six months ended June 30, 2017, was higher than the same period in 2016, primarily due to an increase in Revenue net of purchased power expense resulting from higher electric distribution revenues as a result of a distribution rate increase approved by the NJBPU effective August 2016, lower Operating and maintenance expense mostly due to merger-related costs recognized in March 2016 and a decrease in income tax reserves in the first quarter 2017 for uncertain tax positions related to the deductibility of certain merger commitments.

Revenues Net of Purchased Power Expense

Operating revenues include revenue from the distribution and supply of electricity to ACE's customers within its service territories at regulated rates. Operating revenues also include transmission service revenue that

ACE receives as a transmission owner from PJM at rates regulated by FERC. Transmission rates are updated annually based on a FERC-approved formula methodology.

Electric revenues and purchased power expense are also affected by fluctuations in participation in the Customer Choice Program. All ACE customers have the choice to purchase electricity from competitive electric generation suppliers. The customer's choice of supplier does not impact the volume of deliveries, but affects revenue collected from customers related to supplied energy service.

Retail deliveries purchased from competitive electric generation suppliers (as a percentage of kWh sales) for the three and six months ended June 30, 2017, compared to the same periods in 2016, consisted of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Electric	51%	49%	50%	48%

Retail customers purchasing electric generation from competitive electric generation suppliers at June 30, 2017 and 2016 consisted of the following:

	June 30, 2017		June 30, 2016	
	Number of customers	% of total retail customers	Number of customers	% of total retail customers
Electric	92,895	17%	80,325	15%

Operating revenues include revenue from Transition Bond Charges that ACE receives, and pays to ACE Funding, to fund the principal and interest payments on Transition Bonds, revenue from the resale in the PJM wholesale markets for energy and capacity purchased under contacts with unaffiliated NUGs, and revenue from transmission enhancement credits.

Operating revenues also include work and services performed on behalf of customers, including other utilities, which is generally not subject to price regulation. Work and services includes mutual assistance to other utilities, highway relocation, rentals of pole attachments, late payment fees and collection fees.

Purchased power expense consists of the cost of electricity purchased by ACE to fulfill its default electricity supply obligation and, as such, is recoverable from customers in accordance with the terms of public service commission orders.

The changes in ACE's operating revenue net of purchased power expense for the three and six months ended June 30, 2017 compared to the same periods in 2016 consisted of the following:

	Three Months Ended June 30, 2017	Six Months Ended June 30, 2017
	Increase (Decrease)	Increase (Decrease)
Weather	$ —	$ (1)
Volume	2	(4)
Pricing — distribution revenues	10	19
Regulatory required programs	(5)	(10)
Transmission revenues	6	13
Other	—	(2)
Total increase	$ 13	$ 15

Weather . The demand for electricity is affected by weather conditions. With respect to the electric business, very warm weather in summer months and very cold weather in winter months are referred to as

"favorable weather conditions" because these weather conditions result in increased deliveries of electricity. Conversely, mild weather reduces demand. During the three months ended June 30, 2017 compared to the same period in 2016, operating revenue net of purchased power and fuel expense remained relatively consistent compared to prior year. During the six months ended June 30, 2017 compared to the same period in 2016, operating revenue net of purchased power and fuel expense was lower due to the impact of slightly unfavorable winter weather conditions in ACE's service territory.

For retail customers of ACE, distribution revenues are not decoupled from the distribution of electricity by ACE, and thus are subject to variability due to changes in customer consumption. Therefore, changes in customer usage (due to weather conditions, energy prices, energy savings programs or other reasons) from period to period have a direct impact on reported distribution revenue for customers in ACE's service territory.

Heating and cooling degree days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree days for a 20-year period in ACE's service territory. The changes in heating and cooling degree days in ACE's service territory for the three and six months ended June 30, 2017 compared to the same periods in 2016 consisted of the following:

				% Change	
	2017	2016	Normal	2017 vs. 2016	2017 vs. Normal
Three Months Ended June 30,					
Heating Degree-Days	600	651	806	(7.8)%	(25.6)%
Cooling Degree-Days	324	258	285	25.6%	13.7%
Six Months Ended June 30,					
Heating Degree-Days	2,750	2,921	3,294	(5.9)%	(16.5)%
Cooling Degree-Days	324	261	286	24.1%	13.3%

Volume. During the three months ended June 30, 2017, compared to the same period in 2016, the increase in operating revenue net of purchased power expense related to delivery volume, exclusive of the effects of weather, is primarily due to higher average customer usage. During the six months ended June 30, 2017 compared to the same period in 2016, primarily reflects lower average customer usage, partially offset by the impact of customer growth.

Pricing — Distribution Revenues. The increase in operating revenue net of purchased power expense for the three and six months ended June 30, 2017, compared to the same periods in 2016, was primarily due to the impact of higher electric distribution base rates charged to customers that became effective in August 2016. See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Regulatory Required Programs. This represents the change in operating revenues collected under approved riders to recover costs incurred for regulatory programs such as energy efficiency programs. The riders are designed to provide full and current cost recovery as well as a return. The costs of these programs are included in operating and maintenance expense, depreciation and amortization expense and income taxes. Refer to the depreciation and amortization expense discussion below for additional information on included programs.

Transmission Revenues. Under a FERC-approved formula, transmission revenue varies from year to year based upon fluctuations in the underlying costs, capital investments being recovered and other billing adjustments. The increase in revenue net of purchased power expense for the three and six months ended June 30, 2017 compared to the same periods in 2016 is a result of higher rates effective June 1, 2017 and June 1, 2016 related to increases in transmission plant investment and operating expenses.

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Operating and Maintenance Expense

	Three Months Ended June 30,		Increase (Decrease)	Six Months Ended June 30,		Increase (Decrease)
	2017	2016		2017	2016	
Operating and maintenance expense — baseline	$ 77	$ 67	$ 10	$ 150	$ 278	$ (128)
Operating and maintenance expense —regulatory required programs [(a)]	1	1	—	2	2	—
Total operating and maintenance expense	$ 78	$ 68	$ 10	$ 152	$ 280	$ (128)

(a) Operating and maintenance expenses for regulatory required programs are costs for various legislative and/or regulatory programs that are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in Operating revenues.

The changes in Operating and maintenance expense for the three and six months ended June 30, 2017 compared to the same periods in 2016 consisted of the following:

	Three Months Ended June 30, 2017 Increase (Decrease)	Six Months Ended June 30, 2017 Increase (Decrease)
Baseline		
Labor, other benefits, contracting and materials	$ 5	$ 3
Storm-related costs	—	1
BSC and PHISCO allocations [(a)]	2	(11)
Uncollectible accounts expense	—	(1)
Merger commitments [(b)]	—	(120)
Other	3	—
Total increase (decrease)	$ 10	$ (128)

(a) Primarily related to merger severance and compensation costs recognized in 2016.
(b) Primarily related to merger-related commitments for customer rate credits and charitable contributions recognized in 2016.

Depreciation and Amortization Expense

The changes in Depreciation and amortization expense for the three and six months ended June 30, 2017 compared to the same periods in 2016 consisted of the following:

	Three Months Ended June 30, 2017 Increase (Decrease)	Six Months Ended June 30, 2017 Increase (Decrease)
Depreciation expense [(a)]	$ 2	$ 3
Regulatory asset amortization [(b)]	(6)	(12)
Total decrease	$ (4)	$ (9)

(a) Depreciation expense increased due to ongoing capital expenditures.
(b) Regulatory asset amortization decreased for the three and six months ended June 30, 2017 compared to the same periods in 2016 as a result of lower revenue due to rate decreases effective October 2016 for the ACE Transition Bond Charge and Market Transition Charge Tax.

Taxes Other Than Income

Taxes other than income for the three and six months ended June 30, 2017 compared to the same periods in 2016, remained relatively constant.

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Gain on sales of assets

Gain on sales of assets for the three and six months ended June 30, 2017 compared to the same periods in 2016 remained relatively constant.

Interest Expense, Net

Interest expense, net for the three and six months ended June 30, 2017 compared to the same periods in 2016 remained relatively constant.

Other, Net

Other, net for the three and six months ended June 30, 2017 compared to the same periods in 2016, remained relatively constant.

Effective Income Tax Rate

ACE's effective income tax rate was 33.3% and 40.0% for the three months ended June 30, 2017 and 2016, respectively. ACE's effective income tax rate was (50.0)% and 24.2% for the six months ended June 30, 2017 and 2016, respectively. In the first quarter of 2017, ACE decreased its liability for unrecognized tax benefits by $22 million resulting in a benefit to Income taxes and a corresponding decrease in its effective tax rate. See Note 11 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

ACE Electric Operating Statistics and Revenue Detail

Retail Deliveries to Customers (in GWhs)	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	% Change	Weather - Normal % Change	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016	% Change	Weather - Normal % Change
Retail Deliveries [a]								
Residential	814	814	—%	0.2%	1,693	1,752	(3.4)%	(2.3)%
Small commercial & industrial	302	283	6.7%	7.1%	585	572	2.3%	2.8%
Large commercial & industrial	853	853	—%	(0.2)%	1,618	1,673	(3.3)%	(3.5)%
Public authorities & electric railroads	11	9	22.2%	22.2%	24	24	—%	—%
Total retail deliveries	1,980	1,959	1.1%	1.1%	3,920	4,021	(2.5)%	(2.1)%

Number of Electric Customers	As of June 30, 2017	As of June 30, 2016
Residential	486,173	483,044
Small commercial & industrial	61,013	60,928
Large commercial & industrial	3,744	3,806
Public authorities & electric railroads	629	594
Total	551,559	548,372

Electric Revenue	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	% Change	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016	% Change
Retail Sales [a]						
Residential	$ 130	$ 131	(0.8)%	$ 272	$ 281	(3.2)%
Small commercial & industrial	40	39	2.6%	76	78	(2.6)%
Large commercial & industrial	49	50	(2.0)%	94	101	(6.9)%
Public authorities & electric railroads	4	3	33.3%	7	6	16.7%
Total retail	223	223	—%	449	466	(3.6)%
Other revenue [b]	47	47	—%	95	95	—%
Total electric revenue [c]	$ 270	$ 270	—%	$ 544	$ 561	(3.0)%

(a) Reflects delivery volumes and revenues from customers purchasing electricity directly from ACE and customers purchasing electricity from a competitive electric generation supplier as all customers are assessed distribution charges. For customers purchasing electricity from ACE, revenue also reflects the cost of energy and transmission.

(b) Other revenue includes transmission revenue from PJM and wholesale electric revenues.

(c) Includes operating revenues from affiliates totaling $1 million and $1 million for the three months ended June 30, 2017 and 2016, respectively, and $1 million and $2 million for the six months ended June 30, 2017 and 2016, respectively.

Liquidity and Capital Resources

Exelon activity presented below includes the activity of PHI, Pepco, DPL and ACE, from the PHI Merger effective date of March 24, 2016 through June 30, 2017. Exelon prior year activity is unadjusted for the effects of the PHI Merger. Due to the application of push-down accounting to the PHI entity, PHI's activity is presented in two separate reporting periods, the legacy PHI activity through March 23, 2016 (Predecessor), and PHI activity for the remainder of the period after the PHI merger date (Successor). For each of Pepco, DPL and ACE the activity presented below include its activity for the six months ended June 30, 2017 and 2016. All results included throughout the liquidity and capital resources section are presented on a GAAP basis.

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The Registrants' operating and capital expenditures requirements are provided by internally generated cash flows from operations as well as funds from external sources in the capital markets and through bank borrowings. The Registrants' businesses are capital intensive and require considerable capital resources. Each Registrant's access to external financing on reasonable terms depends on its credit ratings and current overall capital market business conditions, including that of the utility industry in general. If these conditions deteriorate to the extent that the Registrants no longer have access to the capital markets at reasonable terms, the Registrants have access to unsecured revolving credit facilities with aggregate bank commitments of $9 billion. In addition, Generation has $525 million in bilateral facilities with banks which have various expirations between October 2017 and January 2019. The Registrants utilize their credit facilities to support their commercial paper programs, provide for other short-term borrowings and to issue letters of credit. See the "Credit Matters" section below for further discussion. The Registrants expect cash flows to be sufficient to meet operating expenses, financing costs and capital expenditure requirements.

The Registrants primarily use their capital resources, including cash, to fund capital requirements, including construction expenditures, retire debt, pay dividends, fund pension and other postretirement benefit obligations and invest in new and existing ventures. The Registrants spend a significant amount of cash on capital improvements and construction projects that have a long-term return on investment. Additionally, ComEd, PECO, BGE, Pepco, DPL and ACE operate in rate-regulated environments in which the amount of new investment recovery may be delayed or limited and where such recovery takes place over an extended period of time. See Note 10 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for further discussion of the Registrants' debt and credit agreements.

NRC Minimum Funding Requirements

NRC regulations require that licensees of nuclear generating facilities demonstrate reasonable assurance that sufficient funds will be available in certain minimum amounts to decommission the facility. These NRC minimum funding levels are based upon the assumption that decommissioning activities will commence after the end of the current licensed life of each unit. If a unit fails the NRC minimum funding test, then the plant's owners or parent companies would be required to take steps, such as providing financial guarantees through letters of credit or parent company guarantees or making additional cash contributions to the NDT fund to ensure sufficient funds are available. See Note 12—Nuclear Decommissioning to the Combined Notes to Consolidated Financial Statements for additional information on the NRC minimum funding requirements.

If a nuclear plant were to early retire there is a risk that it will no longer meet the NRC minimum funding requirements due to the earlier commencement of decommissioning activities and a shorter time period over which the NDT fund investments could appreciate in value. A shortfall could require Exelon to post parental guarantees for Generation's share of the obligations. However, the amount of any required guarantees will ultimately depend on the decommissioning approach adopted at each site, the associated level of costs, and the decommissioning trust fund investment performance going forward. Within two years after shutting down a plant, Generation must submit a post-shutdown decommissioning activities report (PSDAR) to the NRC that includes the planned option for decommissioning the site. As discussed in Note 12 — Nuclear Decommissioning, Generation filed its biennial decommissioning funding status report with the NRC on March 31, 2017 and demonstrated adequate funding assurance for all nuclear units currently operating. As of June 30, 2017, TMI passes the NRC minimum funding test based on its shortened estimated life under the most likely SAFSTOR decommissioning approach. Under the most costly decommissioning approach of Delayed DECON, which is currently considered unlikely, a parental guarantee of up to $130 million from Exelon could be required.

Upon issuance of any required financial guarantees, each site would be able to utilize the respective NDT funds for radiological decommissioning costs, which represent the majority of the total expected decommissioning costs. However, the NRC must approve an additional exemption in order for the plant's owner(s) to utilize the NDT fund to pay for non-radiological decommissioning costs (i.e. spent fuel management and site restoration costs). If a unit does not receive this exemption, the costs would be borne by the owner(s).

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While the ultimate amounts may vary greatly and could be reduced by alternate decommissioning scenarios and/or reimbursement of certain costs under the United States Department of Energy reimbursement agreements or future litigation, across the four alternative decommissioning approaches available, if TMI were to fail to obtain the exemption, Generation could incur spent fuel management and site restoration costs over the next ten years of up to $165 million net of taxes, assuming the SAFSTOR decommissioning scenario, which has the highest non-radiological decommissioning costs and is currently considered the most likely decommissioning approach.

Junior Subordinated Notes

In June 2014, Exelon issued $1.15 billion of junior subordinated notes in the form of 23 million equity units at a stated amount of $50.00 per unit. Each equity unit represented an undivided beneficial ownership interest in Exelon's $1.15 billion of 2.50% junior subordinated notes due in 2024 ("2024 notes") and a forward equity purchase contract. As contemplated in the June 2014 equity unit structure, in April 2017, Exelon completed the remarketing of the 2024 notes into $1.15 billion of 3.497% junior subordinated notes due in 2022 ("Remarketing"). Exelon conducted the Remarketing on behalf of the holders of equity units and did not directly receive any proceeds therefrom. Instead, the former holders of the 2024 notes used debt remarketing proceeds towards settling the forward equity purchase contract with Exelon on June 1, 2017. Exelon issued approximately 33 million shares of common stock from treasury stock and received $1.15 billion upon settlement of the forward equity purchase contract. When reissuing treasury stock Exelon uses the average price paid to repurchase shares to calculate a gain or loss on issuance and records gains or losses directly to retained earnings. A loss on reissuance of treasury shares of $1.05 billion was recorded to retained earnings as of June 30, 2017. See Note 16 — Earnings Per Share and Equity for further information on the issuance of common stock.

Cash Flows from Operating Activities

General

Generation's cash flows from operating activities primarily result from the sale of electric energy and energy-related products and services to customers. Generation's future cash flows from operating activities may be affected by future demand for and market prices of energy and its ability to continue to produce and supply power at competitive costs as well as to obtain collections from customers.

The Utility Registrants' cash flows from operating activities primarily result from the transmission and distribution of electricity and, in the case of PECO, BGE, and DPL, gas distribution services. The Utility Registrants' distribution services are provided to an established and diverse base of retail customers. The Utility Registrants' future cash flows may be affected by the economy, weather conditions, future legislative initiatives, future regulatory proceedings with respect to their rates or operations, competitive suppliers, and their ability to achieve operating cost reductions.

See Notes 3 — Regulatory Matters and 24 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements of the Exelon 2016 Form 10-K for further discussion of regulatory and legal proceedings and proposed legislation.

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The following table provides a summary of the major items affecting Exelon's cash flows from operations for the six months ended June 30, 2017 and 2016:

	Six Months Ended June 30,		
	2017	2016 [c]	Variance
Net income	$1,046	$ 430	$ 616
Add (subtract):			
Non-cash operating activities [a]	3,273	3,992	(719)
Pension and non-pension postretirement benefit contributions	(325)	(258)	(67)
Income taxes	58	470	(412)
Changes in working capital and other noncurrent assets and liabilities [b]	(973)	(781)	(192)
Option premiums (paid) received, net	(8)	(10)	2
Collateral (posted) received, net	(173)	710	(883)
Net cash flows provided by operations	$2,898	$4,553	$(1,655)

(a) Represents, when applicable, depreciation, amortization and accretion, net fair value changes related to derivatives, deferred income taxes, provision for uncollectible accounts, pension and other postretirement benefit expense, equity in earnings and losses of unconsolidated affiliates and investments, decommissioning-related items, stock compensation expense, impairment of long-lived assets, PHI merger commitment and severance charges, and other non-cash charges. See Note 18—Supplemental Financial Information for further detail on non-cash operating activity.

(b) Changes in working capital and other noncurrent assets and liabilities exclude the changes in commercial paper, income taxes and the current portion of long-term debt.

(c) Includes PHI Consolidated activity from March 24, 2016 to June 30, 2016.

Pension and Other Postretirement Benefits

Management considers various factors when making pension funding decisions, including actuarially determined minimum contribution requirements under ERISA, contributions required to avoid benefit restrictions and at-risk status as defined by the Pension Protection Act of 2006, management of the pension obligation and regulatory implications. On July 6, 2012, President Obama signed into law the Moving Ahead for Progress in the Twenty-first Century Act, which contains a pension funding provision that results in lower pension contributions in the near term while increasing the premiums pension plans pay to the Pension Benefit Guaranty Corporation. On August 8, 2014, this funding relief was extended for five years. On November 2, 2015 the funding relief was extended for an additional three years and premiums pension plans pay to the Pension Benefit Guaranty Corporation were further increased.

OPEB funding generally follows accounting cost; however, Exelon's management has historically considered several factors in determining the level of contributions to its funded other postretirement benefit plans, including liabilities management, levels of benefit claims paid and regulatory implications (amounts deemed prudent to meet regulator expectations and best assure continued recovery).

To the extent interest rates decline significantly or the pension plans do not earn the expected asset return rates, annual pension contribution requirements in future years could increase. Additionally, expected contributions could change if Exelon changes its pension or OPEB funding strategy.

Tax Matters

The Registrants' future cash flows from operating activities may be affected by the following tax matters:

- In order to appeal the Tax Court's like-kind exchange decision, Exelon is required to pay the tax, penalties and interest at the time Exelon files its appeal (expected in the second half of 2017). Exelon expects that a payment of approximately $1.3 billion related to the like-kind exchange will be due,

including $300 million from ComEd, in the second half of 2017. While Exelon will receive a tax benefit of approximately $350 million associated with the deduction for the interest, Exelon currently has a net operating loss carryforward and thus does not expect to realize the cash benefit until 2018. After taking into account these interest deduction tax benefits, the total estimated net cash outflow for the like-kind exchange is approximately $950 million, of which approximately $300 million is attributable to ComEd after giving consideration to Exelon's agreement to hold ComEd harmless from any unfavorable impacts on ComEd's equity from the like-kind exchange position. ComEd will fund the $300 million with a combination of debt and equity in a manner to maintain its current capital structure.

Of the above amounts payable, Exelon deposited with the IRS $1.25 billion in October of 2016. The remaining amount will be paid in the second half of 2017 at the time Exelon files its appeal of the Tax Court decision. Exelon funded the $1.25 billion deposit with a combination of cash on hand and short-term borrowings.

See Note 11 — Income taxes for discussion of the like-kind exchange tax position.

- State and local governments continue to face increasing financial challenges, which may increase the risk of additional income tax levies, property taxes and other taxes or the imposition, extension or permanence of temporary tax levies. In the third quarter of 2017, Illinois increased the corporate income tax rate from 7.75% to 9.5% effective July 1, 2017.

  See Note 11 — Income taxes for discussion of the Illinois tax rate change.

Cash flows from operations for the six months ended June 30, 2017 and 2016 by Registrant were as follows:

	Six Months Ended June 30,	
	2017	2016
Exelon	$ 2,898	$ 4,553
Generation	974	2,387
ComEd	788	1,128
PECO	368	339
BGE	472	489
Pepco	129	365
DPL	194	220
ACE	77	208

	Successor		*Predecessor*
	Six Months Ended June 30, 2017	March 24, 2016 to June 30, 2016	January 1, 2016 to March 23, 2016
PHI	$ 403	$ 188	$ 264

Changes in the Registrants' cash flows from operations were generally consistent with changes in each Registrant's respective results of operations, as adjusted by changes in working capital in the normal course of business, except as discussed below. In addition, significant operating cash flow impacts for the Registrants for the six months ended June 30, 2017 and 2016 were as follows:

Generation

- Depending upon whether Generation is in a net mark-to-market liability or asset position, collateral may be required to be posted with or collected from its counterparties. In addition, the collateral posting and collection requirements differ depending on whether the transactions are on an exchange or in the OTC markets. During the six months ended June 30, 2017 and 2016, Generation had net (payments)/collections of counterparty cash collateral of $(163) million and $720 million, respectively,

primarily due to market conditions that resulted in changes to Generation's net mark-to-market position.

- During the six months ended June 30, 2017 and 2016, Generation had net payments of approximately $8 million and $10 million, respectively, related to purchases and sales of options. The level of option activity in a given period may vary due to several factors, including changes in market conditions as well as changes in hedging strategy.

ComEd

- During six months ended June 30, 2017 and 2016, ComEd posted approximately $13 million and received a return of $10 million of cash collateral with PJM, respectively. ComEd's collateral posted with PJM has increased year over year primarily due to a reduction in ComEd's share of Exelon's unsecured credit with PJM. As of June 30, 2017 and 2016, ComEd had approximately $36 million and $41 million cash collateral posted with PJM, respectively.

For further discussion regarding changes in non-cash operating activities, please refer to Note 18—Supplemental Financial Information of the Combined Notes to the Financial Statements.

Cash Flows from Investing Activities

Cash flows used in investing activities for the six months ended June 30, 2017 and 2016 by Registrant were as follows:

	Six Months Ended June 30,	
	2017	2016
Exelon	$(3,980)	$(10,877)
Generation	(1,357)	(2,210)
ComEd	(1,166)	(1,313)
PECO	(242)	(291)
BGE	(383)	(375)
Pepco	(293)	(307)
DPL	(191)	(180)
ACE	(173)	(160)

	Successor		*Predecessor*
	Six Months Ended June 30, 2017	March 24, 2016 to June 30, 2016	January 1, 2016 to March 23, 2016
PHI	$ (667)	$ (350)	$ (343)

Significant investing cash flow impacts for the Registrants for six months ended June 30, 2017 and 2016 were as follows:

Exelon

- During the six months ended June 30, 2017, Exelon had expenditures of $23 million and $182 million relating to the acquisitions of ConEdison Solutions and the FitzPatrick facility, respectively. During the six months ended June 30, 2016 , Exelon had expenditures of $6.6 billion relating to the acquisition of PHI.
- During the six months ended June 30, 2016, Exelon had proceeds of $360 million as a result of early termination of direct financing leases.

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Generation

- During the six months ended June 30, 2017, Exelon had expenditures of $23 million and $182 million relating to the acquisitions of ConEdison Solutions and the FitzPatrick facility, respectively.

Capital Expenditure Spending

Generation

Generation has entered into several agreements to acquire equity interests in privately held and development stage entities which develop energy-related technologies. The agreements contain a series of scheduled investment commitments, including in-kind service contributions. There are anticipated expenditures remaining through 2019 to fund anticipated planned capital and operating needs of the associated companies. See Note 24 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements of the Exelon 2016 Form 10-K for further details of Generation's equity interests.

Capital expenditures by Registrant for the six months ended June 30, 2017 and 2016 and projected amounts for the full year 2017 are as follows:

	Projected Full Year 2017 [(a)]	Six Months Ended June 30,	
		2017	2016
Exelon [(b)]	$ 8,150	3,845	$4,489
Generation	2,525	1,189	2,051
ComEd [(c)]	2,200	1,168	1,334
PECO	775	367	299
BGE	925	405	392
Pepco	600	291	256
DPL	400	192	182
ACE	325	175	164

	Projected Full Year 2017 [(a)]	*Successor*		*Predecessor*
		Six Months Ended June 30, 2017	March 24, 2016 to June 30, 2016	January 1, 2016 to March 23, 2016
PHI [(d)]	$ 1,375	$ 671	$ 339	$ 273

(a) Total projected capital expenditures do not include adjustments for non-cash activity.
(b) Includes corporate operations, BSC, and PHISCO rounded to the nearest $25 million.
(c) The 2017 projections include approximately $279 million of expected incremental spending pursuant to EIMA, ComEd has committed to invest approximately $2.6 billion over a ten year period, through 2022, to modernize and storm-harden its distribution system and to implement smart grid technology.
(d) Includes PHISCO rounded to the nearest $25 million.

Projected capital expenditures and other investments are subject to periodic review and revision to reflect changes in economic conditions and other factors.

Generation

Approximately 37% and 21% of the projected 2017 capital expenditures at Generation are for the acquisition of nuclear fuel and growth (primarily new plant construction and distributed generation), respectively, with the remaining amounts reflecting additions and upgrades to existing facilities (including material condition improvements during nuclear refueling outages). Generation anticipates that they will fund capital expenditures with internally generated funds and borrowings.

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ComEd, PECO, BGE, Pepco, DPL and ACE

Approximately 92% of the projected 2017 capital expenditures at ComEd and 100% of the projected of the projected 2017 capital expenditures at PECO, BGE, Pepco, DPL, and ACE are for continuing projects to maintain and improve operations, including enhancing reliability and adding capacity to the transmission and distribution systems such as ComEd's reliability related investments required under EIMA, and the Utility Registrants' construction commitments under PJM's RTEP. In addition to the capital expenditure for continuing projects, ComEd's total expenditures include smart grid/smart meter technology required under EIMA.

The Utility Registrants as transmission owners are subject to NERC compliance requirements. NERC provides guidance to transmission owners regarding assessments of transmission lines. The results of these assessments could require the Utility Registrants to incur incremental capital or operating and maintenance expenditures to ensure their transmission lines meet NERC standards. In 2010, NERC provided guidance to transmission owners that recommended the Utility Registrants perform assessments of their transmission lines. ComEd, PECO and BGE submitted their final bi-annual reports to NERC in January 2014. ComEd, PECO and BGE will be incurring incremental capital expenditures associated with this guidance following the completion of the assessments. Specific projects and expenditures are identified as the assessments are completed. ComEd's, PECO's and BGE's forecasted 2017 capital expenditures above reflect capital spending for remediation to be completed through 2018. Pepco, DPL and ACE have substantially completed their assessments and thus do not expect significant capital expenditures related to this guidance in 2017.

The Utility Registrants anticipate that they will fund their capital expenditures with a combination of internally generated funds and borrowings and additional capital contributions from parent, including ComEd's capital expenditures associated with EIMA as further discussed in Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements.

Cash Flows from Financing Activities

Cash flows provided by (used in) financing activities for the six months ended June 30, 2017 and 2016 by Registrant were as follows:

	Six Months Ended June 30,	
	2017	2016
Exelon	$ 983	$ 1,469
Generation	358	(235)
ComEd	361	854
PECO	(144)	(140)
BGE	(100)	(118)
Pepco	274	64
DPL	(43)	(30)
ACE	2	100

	Successor		*Predecessor*
	Six Months Ended June 30, 2017	March 24, 2016 to June 30, 2016	January 1, 2016 to March 23, 2016
PHI	$ 245	$ 137	$ 372

Debt

See Note 10 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for further details of the Registrants' debt issuances.

Dividends

Cash dividend payments and distributions during the six months ended June 30, 2017 and 2016 by Registrant were as follows:

	Six Months Ended June 30,	
	2017	2016
Exelon	$ 607	$ 582
Generation	330	111
ComEd	211	183
PECO	144	139
BGE [(a)]	99	96
Pepco	58	55
DPL	54	38
ACE	22	11

	Successor		*Predecessor*
	Six Months Ended June 30, 2017	March 24, 2016 to June 30, 2016	January 1, 2016 to March 23, 2016
PHI	$ 131	$ 124	$ —

(a) Includes dividends paid on BGE's preference stock in 2016.

Quarterly dividends declared by the Exelon Board of Directors during the six months ended June 30, 2017 and for the third quarter of 2017 were as follows:

Period	Declaration Date	Shareholder of Record Date	Dividend Payable Date	Cash per Share [(a)]
First Quarter 2017	January 31, 2017	February 15, 2017	March 10, 2017	$0.3275
Second Quarter 2017	April 25, 2017	May 15, 2017	June 9, 2017	$0.3275
Third Quarter 2017	July 25, 2017	August 15, 2017	September 8, 2017	$0.3275

(a) Exelon's Board of Directors approved a revised dividend policy. The approved policy will raise the dividend 2.5% each year for the next three years, beginning with the June 2016 dividend and subject to Board approval.

Short-Term Borrowings

Short-term borrowings incurred (repaid) during the six months ended June 30, 2017 and 2016 by Registrant were as follows:

	Six Months Ended June 30,	
	2017	2016
Exelon	$ 488	$ (919)
Generation	15	179
ComEd	389	(259)
BGE	40	(2)
Pepco	(23)	(64)
DPL	25	(105)
ACE	42	(5)

	Successor		*Predecessor*
	Six Months Ended June 30, 2017	March 24, 2016 to June 30, 2016	January 1, 2016 to March 23, 2016
PHI	$ (455)	$ (837)	$ 379

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Contributions from Parent/Member

Contributions received from Parent/Member for the six months ended June 30, 2017 and 2016 by Registrant were as follows:

	Six Months Ended June 30,	
	2017	2016
Generation	$ —	$ 45
ComEd [(a)(b)]	184	113
BGE [(b)]	—	21
Pepco [(c)]	161	187
DPL [(c)]	—	113
ACE [(c)]	—	139

	Successor		Predecessor
	Six Months Ended June 30, 2017	March 24, 2016 to June 30, 2016	January 1, 2016 to March 23, 2016
PHI [(b)]	$ 751	$ 1,088	$ —

(a) Additional contributions from parent or external debt financing may be required as a result of increased capital investment in infrastructure improvements and modernization pursuant to EIMA and transmission upgrades.
(b) Contribution paid by Exelon.
(c) Contribution paid by PHI

Other

For the six months ended June 30, 2017, other financing activities primarily consist of debt issuance costs. See Note 10 — Debt and Credit Agreements of the Combined Notes to the Consolidated Financial Statements for further details of the Registrants' debt issuances.

Credit Matters

The Registrants fund liquidity needs for capital investment, working capital, energy hedging and other financial commitments through cash flows from continuing operations, public debt offerings, commercial paper markets and large, diversified credit facilities. The credit facilities include $9.5 billion in aggregate total commitments of which $8.2 billion was available as of June 30, 2017, and of which no financial institution has more than 7% of the aggregate commitments for the Registrants. The Registrants had access to the commercial paper market during the second quarter of 2017 to fund their short-term liquidity needs, when necessary. The Registrants routinely review the sufficiency of their liquidity position, including appropriate sizing of credit facility commitments, by performing various stress test scenarios, such as commodity price movements, increases in margin-related transactions, changes in hedging levels and the impacts of hypothetical credit downgrades. The Registrants have continued to closely monitor events in the financial markets and the financial institutions associated with the credit facilities, including monitoring credit ratings and outlooks, credit default swap levels, capital raising and merger activity. See PART I. ITEM 1A. RISK FACTORS of the Exelon 2016 Form 10-K for further information regarding the effects of uncertainty in the capital and credit markets.

The Registrants believe their cash flow from operating activities, access to credit markets and their credit facilities provide sufficient liquidity. If Generation lost its investment grade credit rating as of June 30, 2017, it would have been required to provide incremental collateral of $1.8 billion to meet collateral obligations for derivatives, non-derivatives, normal purchase normal sales contracts and applicable payables and receivables, net of the contractual right of offset under master netting agreements, which is well within its current available credit facility capacities of $4.5 billion.

The following table presents the incremental collateral that each utility registrant would have been required to provide in the event each Utility Registrant lost its investment grade credit rating at June 30, 2017 and available credit facility capacity prior to any incremental collateral at June 30, 2017:

	PJM Credit Policy Collateral	Other Incremental Collateral Required (a)	Available Credit Facility Capacity Prior to Any Incremental Collateral
ComEd	$ 17	$ —	$ 998
PECO	3	21	598
BGE	3	36	600
Pepco	5	—	300
DPL	3	10	300
ACE	—	—	300

(a) Represents incremental collateral related to natural gas procurement contracts.

Exelon Credit Facilities

Exelon, Pepco, DPL and ACE meet their short-term liquidity requirements primarily through the issuance of commercial paper and short-term notes. ComEd and BGE meet their short-term liquidity requirements primarily through the issuance of commercial paper. Generation and PECO meet their short-term liquidity requirements primarily through the issuance of commercial paper and borrowings from the Exelon intercompany money pool. PHI meets its short-term liquidity requirements primarily through the issuance of short-term notes and the Exelon intercompany money pool. The Registrants may use their respective credit facilities for general corporate purposes, including meeting short-term funding requirements and the issuance of letters of credit.

The following table reflects the Registrants' commercial paper programs supported by the revolving credit agreements and bilateral credit agreements at June 30, 2017:

Commercial Paper Programs

Commercial Paper Issuer	Maximum Program Size (a)(b)	Outstanding Commercial Paper at June 30, 2017	Average Interest Rate on Commercial Paper Borrowings for the Six Months Ended June 30, 2017
Exelon Corporate	$ 600	$ —	1.16%
Generation	5,300	569	1.15%
ComEd	1,000	389	1.17%
PECO	600	—	1.13%
BGE	600	85	1.07%
Pepco	500	—	1.04%
DPL	500	25	1.40%
ACE	350	42	1.28%

(a) Excludes $525 million bilateral credit facilities that do not back Generation's commercial paper program.
(b) Excludes additional credit facility agreements for Generation, ComEd, PECO, BGE, Pepco, DPL and ACE with aggregate commitments of $50 million, $34 million, $34 million, $5 million, $2 million, $2 million and $2 million, respectively, arranged with minority and community banks located primarily within utilities' service territories. These facilities expire on October 13, 2017. These facilities are solely utilized to issue letters of credit. As of June 30, 2017, letters of credit issued under these agreements for Generation, ComEd, PECO and BGE totaled $5 million, $12 million, $21 million and $2 million, respectively.

In order to maintain their respective commercial paper programs in the amounts indicated above, each Registrant must have credit facilities in place, at least equal to the amount of its commercial paper program. While the amount of its commercial paper outstanding does not reduce available capacity under a Registrant's

credit facility, a Registrant does not issue commercial paper in an aggregate amount exceeding the then available capacity under its credit facility. At June 30, 2017, the Registrants had the following aggregate bank commitments, credit facility borrowings and available capacity under their respective credit facilities:

Credit Agreements

Borrower	Facility Type	Aggregate Bank Commitment (a)(b)(c)	Facility Draws	Outstanding Letters of Credit	Available Capacity at June 30, 2017	
					Actual	To Support Additional Commercial Paper (b)(d)
Exelon Corporate	Syndicated Revolver	$ 600	$ —	$ 45	$ 555	$ 555
Generation (e)	Syndicated Revolver	5,300	—	887	4,413	3,844
Generation	Bilaterals	525	130	285	110	—
ComEd	Syndicated Revolver	1,000	—	2	998	609
PECO	Syndicated Revolver	600	—	2	598	598
BGE	Syndicated Revolver	600	—	—	600	515
Pepco	Syndicated Revolver	300	—	—	300	300
DPL	Syndicated Revolver	300	—	—	300	275
ACE	Syndicated Revolver	300	—	—	300	258

(a) Excludes $129 million of credit facility agreements arranged at minority and community banks at Generation, ComEd, PECO, BGE, Pepco, DPL and ACE. These facilities expire on October 13, 2017. These facilities are solely utilized to issue letters of credit. As of June 30, 2017, letters of credit issued under these agreements for Generation, ComEd, PECO and BGE totaled $5 million, $12 million, $21 million and $2 million, respectively.

(b) Pepco, DPL and ACE's revolving credit facility is subject to available borrowing capacity. The borrowing capacity may be increased or decreased during the term of the facility, except that (i) the sum of the borrowing capacity must equal the total amount of the facility, and (ii) the aggregate amount of credit used at any given time by each of Pepco, DPL or ACE may not exceed $900 million or the maximum amount of short-term debt the company is permitted to have outstanding by its regulatory authorities. The total number of the borrowing reallocations may not exceed eight per year during the term of the facility

(c) Excludes nonrecourse debt letters of credit, see Note 14 — Debt and Credit Agreements in the Exelon 2016 Form 10-K for further information on Continental Wind nonrecourse debt.

(d) Excludes $525 million bilateral credit facilities that do not back Generation's commercial paper program.

(e) Excludes ExGen Texas Power Financing's $15 million of borrowed debt on its revolving credit facility.

As of June 30, 2017, there was $130 million of borrowings under Generation's bilateral credit facilities.

Borrowings under Exelon Corporate's, Generation's, ComEd's, PECO's, BGE's, Pepco's, DPL's, and ACE's revolving credit agreements bear interest at a rate based upon either the prime rate or a LIBOR-based rate, plus an adder based upon the particular Registrant's credit rating. The adders for the prime based borrowings and LIBOR-based borrowings are presented in the following table:

	Exelon	Generation	ComEd	PECO	BGE	Pepco	DPL	ACE
Prime based borrowings	27.5	27.5	7.5	0.0	0.0	7.5	7.5	7.5
LIBOR-based borrowings	127.5	127.5	107.5	90.0	100.0	107.5	107.5	107.5

The maximum adders for prime rate borrowings and LIBOR-based rate borrowings are 90 basis points and 165 basis points, respectively. The credit agreements also require the borrower to pay a facility fee based upon the aggregate commitments. The fee varies depending upon the respective credit ratings of the borrower.

Each revolving credit agreement for Exelon, Generation, ComEd, PECO, BGE, Pepco, DPL and ACE requires the affected borrower to maintain a minimum cash from operations to interest expense ratio for the

twelve-month period ended on the last day of any quarter. The following table summarizes the minimum thresholds reflected in the credit agreements for the six months ended June 30, 2017:

	Exelon	Generation	ComEd	PECO	BGE	Pepco	DPL	ACE
Credit agreement threshold	2.50 to 1	3.00 to 1	2.00 to 1	2.00 to 1	2.00 to 1	2.00 to 1	2.00 to 1	2.00 to 1

At June 30, 2017, the interest coverage ratios at Exelon, Generation, ComEd, PECO, BGE, Pepco, DPL and ACE were as follows:

	Exelon	Generation	ComEd	PECO	BGE	Pepco	DPL	ACE
Interest coverage ratio	6.26	9.87	6.94	8.60	10.61	6.97	8.92	6.22

An event of default under Exelon, Generation, ComEd, PECO or BGE's indebtedness will not constitute an event of default under any of the others' credit facilities, except that a bankruptcy or other event of default in the payment of principal, premium or indebtedness in principal amount in excess of $100 million in the aggregate by Generation will constitute an event of default under the Exelon Corporate credit facility. An event of default under Pepco, DPL or ACE's indebtedness will not constitute an event of default under any of the others' credit facilities, except that a bankruptcy or other event of default in the payment of principal, premium or indebtedness in principal amount in excess of $50 million in the aggregate will constitute an event of default under the credit facility.

The absence of a material adverse change in Exelon's or PHI's business, property, results of operations or financial condition is not a condition to the availability of credit under the credit agreement. The credit agreement does not include any rating triggers.

Security Ratings

The Registrants' access to the capital markets, including the commercial paper market, and their respective financing costs in those markets, may depend on the securities ratings of the entity that is accessing the capital markets.

The Registrants' borrowings are not subject to default or prepayment as a result of a downgrading of securities, although such a downgrading of a Registrant's securities could increase fees and interest charges under that Registrant's credit agreements.

As part of the normal course of business, the Registrants enter into contracts that contain express provisions or otherwise permit the Registrants and their counterparties to demand adequate assurance of future performance when there are reasonable grounds for doing so. In accordance with the contracts and applicable contracts law, if the Registrants are downgraded by a credit rating agency, it is possible that a counterparty would attempt to rely on such a downgrade as a basis for making a demand for adequate assurance of future performance, which could include the posting of collateral. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information on collateral provisions.

Intercompany Money Pool

To provide an additional short-term borrowing option that will generally be more favorable to the borrowing participants than the cost of external financing, both Exelon and PHI operate intercompany money pools. Maximum amounts contributed to and borrowed from the money pool by participant and the net contribution or borrowing as of June 30, 2017, are presented in the following table:

Exelon Intercompany Money Pool	During the Three Months Ended June 30, 2017		As of June 30, 2017
Contributed (borrowed)	Maximum Contributed	Maximum Borrowed	Contributed (Borrowed)
Exelon Corporate	$ 558	n/a	$ 506
Generation	20	(294)	(251)
PECO	26	(20)	10
BSC	—	(389)	(319)
PHI Corporate [(a)]	n/a	(34)	—
PCI [(a)]	54	—	54

(a) As a result of the merger, PHI Corporate and PCI began to participate in the Exelon Intercompany Money Pool effective March 24, 2016.

PHI Intercompany Money Pool	During the Three Months Ended June 30, 2017		As of June 30, 2017
Contributed (borrowed)	Maximum Contributed	Maximum Borrowed	Contributed (Borrowed)
PHI Corporate	$ 49	$ (3)	$ 12
Pepco	—	—	—
DPL	—	—	—
ACE	—	—	—
PHISCO	3	(51)	(11)

Investments in Nuclear Decommissioning Trust Funds

Exelon, Generation and CENG maintain trust funds, as required by the NRC, to fund certain costs of decommissioning nuclear plants. The mix of securities in the trust funds is designed to provide returns to be used to fund decommissioning and to offset inflationary increases in decommissioning costs. Generation actively monitors the investment performance of the trust funds and periodically reviews asset allocations in accordance with Generation's NDT fund investment policy. Generation's and CENG's investment policies establish limits on the concentration of holdings in any one company and also in any one industry. See Note 12 —Nuclear Decommissioning of the Combined Notes to Consolidated Financial Statements for further information regarding the trust funds, the NRC's minimum funding requirements and related liquidity ramifications.

Shelf Registration Statements

Exelon, Generation, ComEd, PECO, BGE, Pepco, DPL and ACE have a currently effective combined shelf registration statement unlimited in amount, filed with the SEC, that will expire in August 2019. The ability of each Registrant to sell securities off the shelf registration statement or to access the private placement markets will depend on a number of factors at the time of the proposed sale, including other required regulatory approvals, as applicable, the current financial condition of the Registrant, its securities ratings and market conditions.

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Regulatory Authorizations

Generation, ComEd, PECO, BGE, Pepco, DPL and ACE are required to obtain short-term and long-term financing authority from Federal and State Commissions as follows:

	Short-term Financing Authority [a]			Long-term Financing Authority		
	Commission	Expiration Date	Amount (in millions)	Commission	Expiration Date	Amount (in millions)
ComEd [b]	FERC	December 31, 2017	$ 2,500	ICC	2019	$ 2,383
PECO	FERC	December 31, 2017	1,500	PAPUC	December 31, 2018	1,600
BGE	FERC	December 31, 2017	700	MDPSC	N/A	1,000
Pepco	FERC	June 30, 2018	500	MDPSC / DCPSC	September 25, 2017	350
DPL	FERC	June 30, 2018	500	MDPSC / DPSC	December 31, 2017	125
ACE	NJPU	January 1, 2018	350	NJBPU	December 31, 2017	300

(a) Generation currently has blanket financing authority it received from FERC in connection with its market-based rate authority.
(b) ComEd had $1,565 million available in long-term debt refinancing authority and $818 million available in new money long term debt financing authority from the ICC as of June 30, 2017 and has an expiration date of June 1, 2019 and March 1, 2019, respectively.

Contractual Obligations and Off-Balance Sheet Arrangements

Contractual obligations represent cash obligations that are considered to be firm commitments and commercial commitments triggered by future events. See Note 24 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements in the Exelon 2016 Form 10-K.

Generation, ComEd, PECO, BGE, Pepco, DPL and ACE have obligations related to contracts for the purchase of power and fuel supplies, and ComEd, PECO, and BGE have obligations related to their financing trusts. The power and fuel purchase contracts and the financing trusts have been considered for consolidation in the Registrants' respective financial statements pursuant to the authoritative guidance for VIEs. See Note 1 — Basis of Presentation of the Combined Notes to Consolidated Financial Statements for further information.

For an in-depth discussion of the Registrants' contractual obligations and off-balance sheet arrangements, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Contractual Obligations and Off-Balance Sheet Arrangements" in the Exelon 2016 Form 10-K and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Contractual Obligations and Commercial Commitments."

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Item 3. Quantitative and Qualitative Disclosures about Market Risk

The Registrants are exposed to market risks associated with adverse changes in commodity prices, counterparty credit, interest rates and equity prices. Exelon's RMC approves risk management policies and objectives for risk assessment, control and valuation, counterparty credit approval, and the monitoring and reporting of risk exposures. The RMC is chaired by the chief executive officer and includes the chief risk officer, chief strategy officer, chief executive officer of Exelon Utilities, chief commercial officer, chief financial officer and chief executive officer of Constellation. The RMC reports to the Finance and Risk Committee of the Exelon Board of Directors on the scope of the risk management activities. The following discussion serves as an update to ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK of Exelon's 2016 Annual Report on Form 10-K incorporated herein by reference.

Commodity Price Risk (All Registrants)

Commodity price risk is associated with price movements resulting from changes in supply and demand, fuel costs, market liquidity, weather conditions, governmental regulatory and environmental policies and other factors. To the extent the amount of energy Exelon generates differs from the amount of energy it has contracted to sell, Exelon has price risk from commodity price movements. Exelon seeks to mitigate its commodity price risk through the sale and purchase of electricity, fossil fuel and other commodities.

Generation

Normal Operations and Hedging Activities. Electricity available from Generation's owned or contracted generation supply in excess of Generation's obligations to customers, including portions of the Utility Registrants' retail load, is sold into the wholesale markets. To reduce price risk caused by market fluctuations, Generation enters into non-derivative contracts as well as derivative contracts, including forwards, futures, swaps and options, with approved counterparties to hedge anticipated exposures. Generation believes these instruments represent economic hedges that mitigate exposure to fluctuations in commodity prices. Generation expects the settlement of the majority of its economic hedges will occur during 2017 through 2019.

In general, increases and decreases in forward market prices have a positive and negative impact, respectively, on Generation's owned and contracted generation positions which have not been hedged. Exelon's hedging program involves the hedging of commodity risk for Exelon's expected generation, typically on a ratable basis over a three-year period. As of June 30, 2017, the percentage of expected generation hedged for the major reportable segments is 96%-99%, 71%-74% and 39%-42% for 2017, 2018 and 2019, respectively. The percentage of expected generation hedged is the amount of equivalent sales divided by the expected generation. Expected generation is the volume of energy that best represents our commodity position in energy markets from owned or contracted generating facilities based upon a simulated dispatch model that makes assumptions regarding future market conditions, which are calibrated to market quotes for power, fuel, load following products and options. Equivalent sales represent all hedging products, which include economic hedges and certain non-derivative contracts including Generation's sales to the Utility Registrants to serve their retail load.

A portion of Generation's hedging strategy may be accomplished with fuel products based on assumed correlations between power and fuel prices, which routinely change in the market. Market price risk exposure is the risk of a change in the value of unhedged positions. The forecasted market price risk exposure for Generation's entire non-proprietary trading portfolio associated with a $5 reduction in the annual average around-the-clock energy price based on June 30, 2017 market conditions and hedged position would have an immaterial impact on pre-tax net income for 2017 and decreases of approximately $230 million and $560 million, respectively, for 2018 and 2019. Power price sensitivities are derived by adjusting power price assumptions while keeping all other price inputs constant. Generation expects to actively manage its portfolio to mitigate market price risk exposure for its unhedged position. Actual results could differ depending on the specific timing of, and markets affected by, price changes, as well as future changes in Generation's portfolio.

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Proprietary Trading Activities. Generation also enters into certain energy-related derivatives for proprietary trading purposes. Proprietary trading includes all contracts entered into with the intent of benefiting from shifts or changes in market prices as opposed to those entered into with the intent of hedging or managing risk. Proprietary trading activities are subject to limits established by Exelon's RMC. The proprietary trading portfolio is subject to a risk management policy that includes stringent risk management limits, including volume, stop loss and Value-at-Risk (VaR) limits to manage exposure to market risk. Additionally, the Exelon risk management group and Exelon's RMC monitor the financial risks of the proprietary trading activities. The proprietary trading activities, which included physical volumes of 2,312 GWhs and 4,162 GWhs for the three and six months ended June 30, 2017, respectively, and 1,289 GWhs and 2,509 GWhs and for the three and six months June 30, 2016, respectively, are a complement to Generation's energy marketing portfolio, but represent a small portion of Generation's overall revenue from energy marketing activities. Proprietary trading portfolio activity for the six months ended June 30, 2017 resulted in $7 million of pre-tax gains due to net mark-to-market losses of $2 million and realized gains of $9 million. Generation uses a 95% confidence interval, assuming standard normal distribution, one day holding period and a one-tailed statistical measure in calculating its VaR. The daily VaR on proprietary trading activity averaged $0.3 million of exposure during the quarter. Generation has not segregated proprietary trading activity within the following discussion because of the relative size of the proprietary trading portfolio in comparison to Generation's total Revenue net of purchase power and fuel expense for the six months ended June 30, 2017 of $4,106 million.

Fuel Procurement. Generation procures natural gas through long-term and short-term contracts and spot-market purchases. Nuclear fuel assemblies are obtained predominantly through long-term uranium concentrate supply contracts, contracted conversion services, contracted enrichment services, or a combination thereof, and contracted fuel fabrication services. The supply markets for uranium concentrates and certain nuclear fuel services are subject to price fluctuations and availability restrictions. Supply market conditions may make Generation's procurement contracts subject to credit risk related to the potential non-performance of counterparties to deliver the contracted commodity or service at the contracted prices. Approximately 51% of Generation's uranium concentrate requirements from 2017 through 2021 are supplied by three producers. In the event of non-performance by these or other suppliers, Generation believes that replacement uranium concentrates can be obtained, although at prices that may be unfavorable when compared to the prices under the current supply agreements. Non-performance by these counterparties could have a material adverse impact on Exelon's and Generation's results of operations, cash flows and financial positions.

ComEd

ComEd entered into 20-year contracts for renewable energy and RECs beginning in June 2012. ComEd is permitted to recover its renewable energy and REC costs from retail customers with no mark-up. The annual commitments represent the maximum settlements with suppliers for renewable energy and RECs under the existing contract terms. Pursuant to the ICC's Order on December 19, 2012, ComEd's commitments under the existing long-term contracts were reduced for the June 2013 through May 2014 procurement period. In addition, the ICC's December 18, 2013 Order approved the reduction of ComEd's commitments under those contracts for the June 2014 through May 2015 procurement period, and the amount of the reduction was approved by the ICC in March 2014. See Note 5 — Regulatory Matters and Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information regarding energy procurement and derivatives. ComEd does not enter into derivatives for speculative or proprietary trading purposes.

PECO

PECO has contracts to procure electric supply that were executed through the competitive procurement process outlined in its PAPUC-approved DSP Programs, which are further discussed in Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements. PECO has certain full requirements contracts which are considered derivatives and qualify for the normal purchases and normal sales scope exception under current derivative authoritative guidance, and as a result are accounted for on an accrual basis of

accounting. Under the DSP Programs, PECO is permitted to recover its electric supply procurement costs from retail customers with no mark-up.

PECO has also entered into derivative natural gas contracts, which either qualify for the normal purchases and normal sales exception or have no mark-to-market balances because the derivatives are index priced, to hedge its long-term price risk in the natural gas market. PECO's hedging program for natural gas procurement has no direct impact on its financial position or results of operations as natural gas costs are fully recovered from customers under the PGC.

PECO does not enter into derivatives for speculative or proprietary trading purposes. For additional information on these contracts, see Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements.

BGE

BGE procures electric supply for default service customers through full requirements contracts pursuant to BGE's MDPSC-approved SOS program. BGE's full requirements contracts that are considered derivatives qualify for the normal purchases and normal sales scope exception under current derivative authoritative guidance, and as a result, are accounted for on an accrual basis of accounting. Under the SOS program, BGE is permitted to recover its electricity procurement costs from retail customers, plus an administrative fee which includes a shareholder return component and an incremental cost component.

BGE has also entered into natural gas contracts, which qualify for the normal purchases and normal sales scope exception, to hedge its price risk in the natural gas market. The hedging program for natural gas procurement has no direct impact on BGE's financial position. However, under BGE's market-based rates incentive mechanism, BGE's actual cost of gas is compared to a market index (a measure of the market price of gas in a given period). The difference between BGE's actual cost and the market index is shared equally between shareholders and customers.

BGE does not enter into derivatives for speculative or proprietary trading purposes. For additional information on these contracts, see Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements.

Pepco

Pepco has contracts to procure SOS electric supply that are executed through a competitive procurement process approved by the MDPSC and DCPSC. The SOS rates charged recover Pepco's wholesale power supply costs and include an administrative fee. The administrative fee includes an incremental cost component and a shareholder return component for residential and commercial rate classes. Pepco's price risk related to electric supply procurement is limited. Pepco locks in fixed prices for all of its SOS requirements through full requirements contracts. Certain of Pepco's full requirements contracts, which are considered derivatives, qualify for the NPNS scope exception under current derivative authoritative guidance. Other Pepco full requirements contracts are not derivatives.

Pepco does not enter into derivatives for speculative or proprietary trading purposes. For additional information on these contracts, see Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements.

DPL

DPL has contracts to procure SOS electric supply that are executed through a competitive procurement process approved by the MDPSC and the DPSC. The SOS rates charged recover DPL's wholesale power supply

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costs. In Delaware, DPL is also entitled to recover a Reasonable Allowance for Retail Margin (RARM). The RARM includes a fixed annual margin of approximately $2.75 million, plus an incremental cost component and a cash working capital allowance. In Maryland, DPL charges an administrative fee intended to allow it to recover its administrative costs. DPL locks in fixed prices for all of its SOS requirements through full requirements contracts. DPL's price risk related to electric supply procurement is limited. Certain of DPL's full requirements contracts, which are considered derivatives, qualify for the NPNS scope exception under current derivative authoritative guidance. Other DPL full requirements contracts are not derivatives.

DPL provides natural gas to its customers under a GCR mechanism approved by the DPSC. The demand portion of the GCR is based upon DPL's firm transportation and storage contracts. DPL has firm deliverability of swing and seasonal storage; a liquefied natural gas facility and firm transportation capacity to meet customer demand and provide a reserve margin. The commodity portion of the GCR includes a commission approved hedging program which is intended to reduce gas commodity price volatility while limiting the firm natural gas customers' exposure to adverse changes in the market price of natural gas.

DPL does not enter into derivatives for speculative or proprietary trading purposes. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information regarding energy procurement and derivatives.

ACE

ACE has contracts to procure BGS electric supply that are executed through a competitive procurement process approved by the NJBPU. The BGS rates charged recover ACE's wholesale power supply costs. ACE does not make any profit or incur any loss on the supply component of the BGS it supplies to customers. ACE's price risk related to electric supply procurement is limited. ACE locks in fixed prices for all of its BGS requirements through full requirements contracts. ACE's full requirements contracts, which are considered derivatives, qualify for the NPNS scope exception under current derivative authoritative guidance. Other ACE full requirements contracts are not derivatives.

ACE does not enter into derivatives for speculative or proprietary trading purposes. For additional information on these contracts, see Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements.

Trading and Non-Trading Marketing Activities. The following detailed presentation of Exelon's, Generation's, ComEd's, PHI's and DPL's trading and non-trading marketing activities is included to address the recommended disclosures by the energy industry's Committee of Chief Risk Officers (CCRO).

The following table provides detail on changes in Exelon's, Generation's, ComEd's, PHI's and DPL's commodity mark-to-market net asset or liability balance sheet position from December 31, 2016 to June 30, 2017. It indicates the drivers behind changes in the balance sheet amounts. This table incorporates the mark-to-market activities that are immediately recorded in earnings. This table excludes all normal purchase and normal sales contracts and does not segregate proprietary trading activity. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information on the balance sheet classification of the mark-to-market energy contract net assets (liabilities) recorded as of June 30, 2017 and December 31, 2016.

	Exelon	Generation	ComEd	PHI	DPL
Total mark-to-market energy contract net assets (liabilities) at December 31, 2016 [a]	$ 719	$ 977	$ (258)	$—	$—
Total change in fair value during 2017 of contracts recorded in results of operations	(200)	(200)	—	—	—
Reclassification to realized of contracts recorded in results of operations	(31)	(31)	—	—	—
Contracts received at acquisition date	—	—	—	—	—
Changes in fair value — recorded through regulatory assets and liabilities [b]	—	—	2	(2)	(2)
Changes in allocated collateral	158	156	—	2	2
Changes in net option premium paid/(received)	8	8	—	—	—
Option premium amortization	(11)	(11)	—	—	—
Upfront payments and amortizations [c]	(15)	(15)	—	—	—
Total mark-to-market energy contract net assets (liabilities) at June 30, 2017 [a]	$ 628	$ 884	$ (256)	$—	$—

(a) Amounts are shown net of collateral paid to and received from counterparties.

(b) For ComEd and DPL, the changes in fair value are recorded as a change in regulatory assets or liabilities. As of June 30, 2017, ComEd recorded a regulatory liability of $256 million related to its mark-to-market derivative liabilities with Generation and unaffiliated suppliers. For the six months ended June 30, 2017, ComEd also recorded $5 million of decreases in fair value and an increase for realized losses due to settlements of $7 million recorded in purchased power expense associated with floating-to-fixed energy swap contracts with unaffiliated suppliers.

(c) Includes derivative contracts acquired or sold by Generation through upfront payments or receipts of cash, excluding option premiums, and the associated amortization.

Fair Values. The following tables present maturity and source of fair value for Exelon, Generation and ComEd mark-to-market commodity contract net assets (liabilities). The tables provide two fundamental pieces of information. First, the tables provide the source of fair value used in determining the carrying amount of the Registrants' total mark-to-market net assets (liabilities), net of allocated collateral. Second, the tables show the maturity, by year, of the Registrants' commodity contract net assets (liabilities), net of allocated collateral, giving an indication of when these mark-to-market amounts will settle and either generate or require cash. See Note 8 — Fair Value of Financial Assets and Liabilities of the Combined Notes to Consolidated Financial Statements for additional information regarding fair value measurements and the fair value hierarchy.

Exelon

	Maturities Within						
	2017	2018	2019	2020	2021	2022 and Beyond	Total Fair Value
Normal Operations, Commodity derivative contracts [(a)(b)]:							
Actively quoted prices (Level 1)	$ 69	$ (11)	$(37)	$(14)	$ 2	$ (4)	$ 5
Prices provided by external sources (Level 2)	173	111	5	(4)	5	—	290
Prices based on model or other valuation methods (Level 3) [(c)]	144	252	94	16	(29)	(144)	333
Total	$386	$352	$ 62	$ (2)	$(22)	$ (148)	$ 628

(a) Mark-to-market gains and losses on other economic hedge and trading derivative contracts that are recorded in results of operations.
(b) Amounts are shown net of collateral paid to and received from counterparties (and offset against mark-to-market assets and liabilities) of $485 million at June 30, 2017.
(c) Includes ComEd's net liabilities associated with the floating-to-fixed energy swap contracts with unaffiliated suppliers.

Generation

	Maturities Within						
	2017	2018	2019	2020	2021	2022 and Beyond	Total Fair Value
Normal Operations, Commodity derivative contracts [(a)(b)]:							
Actively quoted prices (Level 1)	$ 69	$ (11)	$ (37)	$(14)	$ 2	$ (4)	$ 5
Prices provided by external sources (Level 2)	173	111	5	(4)	5	—	290
Prices based on model or other valuation methods (Level 3)	154	272	115	36	(9)	21	589
Total	$396	$372	$ 83	$ 18	$ (2)	$ 17	$ 884

(a) Mark-to-market gains and losses on other economic hedge and trading derivative contracts that are recorded in the results of operations.
(b) Amounts are shown net of collateral paid to and received from counterparties (and offset against mark-to-market assets and liabilities) of $485 million at June 30, 2017.

ComEd

	Maturities Within						
	2017	2018	2019	2020	2021	2022 and Beyond	Total Fair Value
Commodity derivative contracts [(a)] :							
Prices based on model or other valuation methods (Level 3)	$(10)	$(20)	$(21)	$(20)	$(20)	$(165)	$ (256)

(a) Represents ComEd's net liabilities associated with the floating-to-fixed energy swap contracts with unaffiliated suppliers.

Credit Risk, Collateral and Contingent Related Features (All Registrants)

The Registrants would be exposed to credit-related losses in the event of non-performance by counterparties that enter into derivative instruments. The credit exposure of derivative contracts, before collateral, is represented by the fair value of contracts at the reporting date. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for a detailed discussion of credit risk, collateral and contingent related features.

Generation

The following tables provide information on Generation's credit exposure for all derivative instruments, normal purchase normal sales agreements, and applicable payables and receivables, net of collateral and instruments that are subject to master netting agreements, as of June 30, 2017. The tables further delineate that exposure by credit rating of the counterparties and provide guidance on the concentration of credit risk to individual counterparties and an indication of the duration of a company's credit risk by credit rating of the counterparties. The figures in the tables below exclude credit risk exposure from individual retail customers, uranium procurement contracts, and exposure through RTOs, ISOs, NYMEX, ICE, NASDAQ, NGX and Nodal commodity exchanges, which are discussed below. Additionally, the figures in the tables below exclude exposures with affiliates, including net receivables with ComEd, PECO, BGE, Pepco, DPL and ACE of $23 million, $27 million, $21 million, $41 million, $12 million, and $6 million as of June 30, 2017, respectively.

Rating as of June 30, 2017	Total Exposure Before Credit Collateral	Credit Collateral [(a)]	Net Exposure	Number of Counterparties Greater than 10% of Net Exposure	Net Exposure of Counterparties Greater than 10% of Net Exposure
Investment grade	$ 878	$ 14	$ 864	1	$ 299
Non-investment grade	47	1	46	—	—
No external ratings					
Internally rated — investment grade	327	—	327	—	—
Internally rated — non-investment grade	123	14	109	—	—
Total	$ 1,375	$ 29	$ 1,346	1	$ 299

Rating as of June 30, 2017	Maturity of Credit Risk Exposure: Less than 2 Years	2-5 Years	Exposure Greater than 5 Years	Total Exposure Before Credit Collateral
Investment grade	$ 719	$ 161	$ (2)	$ 878
Non-investment grade	34	13	—	47
No external ratings				
Internally rated — investment grade	273	34	20	327
Internally rated — non-investment grade	99	24	—	123
Total	$ 1,125	$ 232	$ 18	$ 1,375

Net Credit Exposure by Type of Counterparty	As of June 30, 2017
Financial institutions	$ 89
Investor-owned utilities, marketers, power producers	563
Energy cooperatives and municipalities	560
Other	134
Total	$ 1,346

(a) As of June 30, 2017, credit collateral held from counterparties where Generation had credit exposure included $19 million of cash and $10 million of letters of credit.

ComEd, PECO, BGE, PHI, Pepco, DPL and ACE

There have been no significant changes or additions to ComEd's, PECO's, BGE's, PHI's, Pepco's, DPL's or ACE's exposures to credit risk that are described in ITEM 1A. RISK FACTORS of Exelon's 2016 Annual Report on Form 10-K.

See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for information regarding credit exposure to suppliers.

Collateral (All Registrants)

Generation

As part of the normal course of business, Generation routinely enters into physical or financial contracts for the sale and purchase of electricity, natural gas and other commodities. These contracts either contain express provisions or otherwise permit Generation and its counterparties to demand adequate assurance of future performance when there are reasonable grounds for doing so. In accordance with the contracts and applicable law, if Generation is downgraded by a credit rating agency, especially if such downgrade is to a level below investment grade, it is possible that a counterparty would attempt to rely on such a downgrade as a basis for making a demand for adequate assurance of future performance. Depending on Generation's net position with a counterparty, the demand could be for the posting of collateral. In the absence of expressly agreed-to provisions that specify the collateral that must be provided, collateral requested will be a function of the facts and circumstances of the situation at the time of the demand. In this case, Generation believes an amount of several months of future payments (i.e., capacity payments) rather than a calculation of fair value is the best estimate for the contingent collateral obligation, which has been factored into the disclosure below. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for information regarding collateral requirements.

Generation transacts output through bilateral contracts. The bilateral contracts are subject to credit risk, which relates to the ability of counterparties to meet their contractual payment obligations. Any failure to collect

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these payments from counterparties could have a material impact on Exelon's and Generation's results of operations, cash flows and financial position. As market prices rise above or fall below contracted price levels, Generation is required to post collateral with purchasers; as market prices fall below contracted price levels, counterparties are required to post collateral with Generation. In order to post collateral, Generation depends on access to bank credit facilities, which serve as liquidity sources to fund collateral requirements. See Liquidity and Capital Resources — Credit Matters — Exelon Credit Facilities for additional information.

As of June 30, 2017, Generation had cash collateral of $517 million posted and cash collateral held of $34 million for external counterparties with derivative positions, of which $485 million and an immaterial amount in net cash collateral deposits were offset against energy derivative and interest rate and foreign exchange derivative related to underlying energy contracts, respectively. As of June 30, 2017, $2 million of cash collateral held was not offset against net derivative positions because it was not associated with energy-related derivatives or as of the balance sheet date there were no positions to offset. See Note 17 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements for information regarding the letters of credit supporting the cash collateral.

ComEd

As of June 30, 2017, ComEd held $13 million in collateral from suppliers in association with energy procurement contracts and held approximately $19 million in the form of cash and letters of credit for both annual and long-term renewable energy contracts. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements in this report and Note 3 — Regulatory Matters of the 2016 Exelon Form 10-K for additional information.

PECO

As of June 30, 2017, PECO was not required to post collateral under its energy and natural gas procurement contracts. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information.

BGE

BGE is not required to post collateral under its electric supply contracts nor was it holding collateral under its electric supply procurement contracts as of June 30, 2017. As of June 30, 2017, BGE was not required to post collateral under its natural gas procurement contracts but was holding an immaterial amount of collateral under its natural gas procurement contracts. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information.

Pepco

Pepco is not required to post collateral under its energy procurement contracts. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information.

DPL

DPL is not required to post collateral under its energy procurement contracts. As of June 30, 2017, DPL was not required to post collateral under its natural gas procurement contracts. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information.

ACE

ACE is not required to post collateral under its energy procurement contracts. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information.

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RTOs and ISOs (All Registrants)

Generation, ComEd, PECO, BGE, Pepco, DPL and ACE participate in all, or some, of the established wholesale spot energy markets that are administered by PJM, ISO-NE, ISO-NY, CAISO, MISO, SPP, AESO, OIESO and ERCOT. In these areas, power is traded through bilateral agreements between buyers and sellers and on the spot energy markets that are administered by the RTOs or ISOs, as applicable. In areas where there are no spot energy markets, electricity is purchased and sold solely through bilateral agreements. For sales into the spot energy markets administered by an RTO or ISO, the RTO or ISO maintains financial assurance policies that are established and enforced by those administrators. The credit policies of the RTOs and ISOs may, under certain circumstances, require that losses arising from the default of one member on spot energy market transactions be shared by the remaining participants. Non-performance or non-payment by a major counterparty could result in a material adverse impact on the Registrants' results of operations, cash flows and financial positions.

Exchange Traded Transactions (Exelon, Generation, PHI and DPL)

Generation enters into commodity transactions on NYMEX, ICE, NASDAQ, NGX and the Nodal exchange ("the Exchanges"). DPL enters into commodity transactions on ICE. The Exchange clearinghouses act as the counterparty to each trade. Transactions on the Exchanges must adhere to comprehensive collateral and margining requirements. As a result, transactions on the Exchanges are significantly collateralized and have limited counterparty credit risk.

Interest Rate and Foreign Exchange Risk (All Registrants)

The Registrants use a combination of fixed-rate and variable-rate debt to manage interest rate exposure. The Registrants may also utilize fixed-to-floating interest rate swaps, which are typically designated as fair value hedges, as a means to manage their interest rate exposure. In addition, the Registrants may utilize interest rate derivatives to lock in rate levels in anticipation of future financings, which are typically designated as cash flow hedges. These strategies are employed to manage interest rate risks. At June 30, 2017, Exelon had $800 million of notional amounts of fixed-to-floating hedges outstanding and Exelon and Generation had $492 million of notional amounts of floating-to-fixed hedges outstanding. Assuming the interest rate hedges are 100% effective, a hypothetical 50 bps increase in the interest rates associated with unhedged variable-rate debt (excluding Commercial Paper) and fixed-to-floating swaps would result in approximately a $3 million decrease in Exelon Consolidated pre-tax income for the six months ended June 30, 2017. To manage foreign exchange rate exposure associated with international energy purchases in currencies other than U.S. dollars, Generation utilizes foreign currency derivatives, which are typically designated as economic hedges.

Equity Price Risk (Exelon and Generation)

Generation maintains trust funds, as required by the NRC, to fund certain costs of decommissioning its nuclear plants. As of June 30, 2017, Generation's decommissioning trust funds are reflected at fair value on its Consolidated Balance Sheets. The mix of securities in the trust funds is designed to provide returns to be used to fund decommissioning and to compensate Generation for inflationary increases in decommissioning costs; however, the equity securities in the trust funds are exposed to price fluctuations in equity markets, and the value of fixed-rate, fixed-income securities are exposed to changes in interest rates. Generation actively monitors the investment performance of the trust funds and periodically reviews asset allocation in accordance with Generation's NDT fund investment policy. A hypothetical 10% increase in interest rates and decrease in equity prices would result in a $621 million reduction in the fair value of the trust assets. This calculation holds all other variables constant and assumes only the discussed changes in interest rates and equity prices. See ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS for further discussion of equity price risk as a result of the current capital and credit market conditions.

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Item 4. Controls and Procedures

During the second quarter of 2017, each of Exelon's, Generation's, ComEd's, PECO's, BGE's, PHI's, Pepco's, DPL's and ACE's management, including its principal executive officer and principal financial officer, evaluated its disclosure controls and procedures related to the recording, processing, summarizing and reporting of information in its periodic reports that it files with the SEC. These disclosure controls and procedures have been designed by all Registrants to ensure that (a) material information relating to that Registrant, including its consolidated subsidiaries, is accumulated and made known to Exelon's management, including its principal executive officer and principal financial officer, by other employees of that Registrant and its subsidiaries as appropriate to allow timely decisions regarding required disclosure, and (b) this information is recorded, processed, summarized, evaluated and reported, as applicable, within the time periods specified in the SEC's rules and forms. Due to the inherent limitations of control systems, not all misstatements may be detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls could be circumvented by the individual acts of some persons or by collusion of two or more people.

Accordingly, as of June 30, 2017, the principal executive officer and principal financial officer of each of Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE concluded that such Registrant's disclosure controls and procedures were effective to accomplish its objectives. All Registrants continually strive to improve their disclosure controls and procedures to enhance the quality of its financial reporting and to maintain dynamic systems that change as conditions warrant. There have been no changes in internal control over financial reporting that occurred during the second quarter of 2017 that have materially affected, or are reasonably likely to materially affect, any of Exelon's, Generation's, ComEd's, PECO's, BGE's, PHI's, Pepco's, DPL's and ACE's internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

The Registrants are parties to various lawsuits and regulatory proceedings in the ordinary course of their respective businesses. For information regarding material lawsuits and proceedings, see (a) ITEM 3. LEGAL PROCEEDINGS of Exelon's 2016 Form 10-K and (b) Notes 5 — Regulatory Matters and 17 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements in PART I, ITEM 1. FINANCIAL STATEMENTS of this Report. Such descriptions are incorporated herein by these references.

Item 1A. Risk Factors

Risks Related to Exelon

At June 30, 2017, the Registrants' risk factors were consistent with the risk factors described in the Registrants' combined 2016 Form 10-K in ITEM 1A. RISK FACTORS.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Sales of Unregistered Securities

Exelon sponsors several 401(k) retirement savings plans that are made available to different groups of its employees. The plans generally allow participating employees to make contributions from their eligible pay, and Exelon provides both a fixed and annual profit-sharing match. Exelon, acting through the Exelon Investment Office, is responsible for the selection and retention of the plans' respective investment options and any investment manager that may be appointed under the Exelon Corporation Defined Contribution Retirement Plans Master Trust (the Master Trust). The plans' investments are held in the Master Trust. Plan investments are fully participant-directed. The investment options include a menu of funds, some of which may include Exelon common stock. For participants who elect an allocation for purchases of Exelon common stock, the Master Trust through an investment manager acquires Exelon common stock in the open market and allocates that stock to the account of each such participant. It is the position of the SEC that the plans are considered to be an affiliate of Exelon because Exelon is the sponsor of each plan and the plan administrator, acting through an employee of Exelon.

Effective January 1, 2016, the Exelon Employee Savings Plan for Represented Employees at TMI and Oyster Creek (the TMI/OC 401(k)) and the Exelon Employee Savings Plan for Represented Employees at Clinton (the Clinton 401(k)) each made an Exelon common stock fund available as an investment option for the first time. From January 1, 2016 through May 2017, participants in the TMI/OC 401(k) and the Clinton 401(k) acquired approximately 55,250 and 58,500 equivalent shares of Exelon common stock, respectively, that were not properly registered due to an inadvertent failure to file a registration statement on Form S-8 relating to the allocation of such shares to the participants' accounts in such plans.

The discovery of the failure to file a registration statement on Form S-8 for the TMI/OC 401(k) and the Clinton 401(k) prompted Exelon to review the amount of shares issued under the Exelon Employee Savings Plan (the ESP), a 401(k) retirement savings plan made available to most Exelon employees. Exelon previously filed registration statements registering shares for the ESP, including 6.2 million shares (on a post-split basis) registered in 2000 when the ESP began offering Exelon shares upon the merger that created Exelon and 5.6 million shares registered in 2012 after the merger of Constellation Energy Group, Inc. into Exelon and the merger of the Constellation Energy Group, Inc. Employee Savings Plan into the ESP. Upon review, Exelon determined that the volume of transactions in the Exelon stock fund in the ESP may have exceeded the number of shares that had been previously registered. While Exelon was unable to obtain records from the previous recordkeeper for the period from 2000 through 2008, during the period from 2009 through 2016, approximately 51 million shares of Exelon common stock were acquired by participants through the ESP, including approximately 9 million shares in 2016, that may not have been properly registered due to an inadvertent failure to file a registration statement on Form S-8.

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On June 29, 2017, Exelon filed a registration statement on Form S-8 to (1) register transactions by the TMI/OC 401(k) and the Clinton 401(k) after that date and to register potential resales by plan participants who purchased shares through their accounts in the period between January 1, 2016 and the date of the filing of the registration statement, and (2) register transactions by the ESP after that date and to register potential resales by plan participants who purchased shares through their accounts prior to the date of the filing of the registration statement. The registration statement also registered 5,000,000 additional shares for the Exelon 2011 Long-Term Incentive Plan that was approved by shareholders in 2010; there were no sales of unregistered shares of Exelon common stock or other forms of Exelon equity through that plan. Exelon did not receive any proceeds from the sales of the securities pursuant to any of the 401(k) plans because the shares were purchased in the open market by a third party administrator on behalf of the Master Trust. For the period during which unregistered issuances of Exelon common stock through the 401(k) plans may have occurred, Exelon has filed in a timely manner all annual reports on Form 11-K with respect to each of the 401(k) plans, filed in a timely manner all annual reports on Form 10-K and quarterly reports on Form 10-Q with respect to Exelon, and maintained and distributed to participants in the 401(k) plans a summary plan description with respect to the respective 401(k) plan as required by the Employee Retirement Income Security Act of 1974, as amended. Based on the current market price of Exelon stock Exelon does not anticipate that any participants in any of the 401(k) plans who still hold shares acquired within the last year will seek rescission. These shares have always been treated as outstanding for financial reporting purposes, and Exelon does not expect that the overall effect of any issuance of unregistered shares, including the exercise of any applicable rescission rights by participants, will have a material impact on Exelon's results of operations, financial position, or cash flows. Exelon is implementing additional controls to ensure that any shares of Exelon common stock sold pursuant to the 401(k) plans will be registered in accordance with the registration requirements of the Securities Act of 1933, as amended.

Item 4. Mine Safety Disclosures

All Registrants

Not applicable to the Registrants.

Item 6. Exhibits

Certain of the following exhibits are incorporated herein by reference under Rule 12b-32 of the Securities and Exchange Act of 1934, as amended. Certain other instruments which would otherwise be required to be listed below have not been so listed because such instruments do not authorize securities in an amount which exceeds 10% of the total assets of the applicable registrant and its subsidiaries on a consolidated basis and the relevant registrant agrees to furnish a copy of any such instrument to the Commission upon request.

Exhibit No.	Description
4.1	Supplemental Indenture, dated as of May 15, 2017, from Potomac Electric Power Company to The Bank of New York Mellon, as trustee (File No. 001-01072, Form 8-K dated May 22, 2017, Exhibit 4.2)
4.2	Form of First Mortgage Bond, 4.15% Series due March 15, 2043 (File No. 001-01072, Form 8-K dated May 22, 2017, Exhibit 4.3)
101.INS	XBRL Instance
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation
101.DEF	XBRL Taxonomy Extension Definition
101.LAB	XBRL Taxonomy Extension Labels
101.PRE	XBRL Taxonomy Extension Presentation

Certifications Pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities and Exchange Act of 1934 as to the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2017 filed by the following officers for the following companies:

31-1 — Filed by Christopher M. Crane for Exelon Corporation
31-2 — Filed by Jonathan W. Thayer for Exelon Corporation
31-3 — Filed by Kenneth W. Cornew for Exelon Generation Company, LLC
31-4 — Filed by Bryan P. Wright for Exelon Generation Company, LLC
31-5 — Filed by Anne R. Pramaggiore for Commonwealth Edison Company
31-6 — Filed by Joseph R. Trpik, Jr. for Commonwealth Edison Company
31-7 — Filed by Craig L. Adams for PECO Energy Company
31-8 — Filed by Phillip S. Barnett for PECO Energy Company
31-9 — Filed by Calvin G. Butler, Jr. for Baltimore Gas and Electric Company
31-10 — Filed by David M. Vahos for Baltimore Gas and Electric Company
31-11 — Filed by David M. Velazquez for Pepco Holdings LLC
31-12 — Filed by Donna J. Kinzel for Pepco Holdings LLC
31-13 — Filed by David M. Velazquez for Potomac Electric Power Company
31-14 — Filed by Donna J. Kinzel for Potomac Electric Power Company
31-15 — Filed by David M. Velazquez for Delmarva Power & Light Company
31-16 — Filed by Donna J. Kinzel for Delmarva Power & Light Company
31-17 — Filed by David M. Velazquez for Atlantic City Electric Company
31-18 — Filed by Donna J. Kinzel for Atlantic City Electric Company

Certifications Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code (Sarbanes — Oxley Act of 2002) as to the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2017 filed by the following officers for the following companies:

32-1 — Filed by Christopher M. Crane for Exelon Corporation
32-2 — Filed by Jonathan W. Thayer for Exelon Corporation
32-3 — Filed by Kenneth W. Cornew for Exelon Generation Company, LLC
32-4 — Filed by Bryan P. Wright for Exelon Generation Company, LLC
32-5 — Filed by Anne R. Pramaggiore for Commonwealth Edison Company
32-6 — Filed by Joseph R. Trpik, Jr. for Commonwealth Edison Company
32-7 — Filed by Craig L. Adams for PECO Energy Company
32-8 — Filed by Phillip S. Barnett for PECO Energy Company
32-9 — Filed by Calvin G. Butler, Jr. for Baltimore Gas and Electric Company
32-10 — Filed by David M. Vahos for Baltimore Gas and Electric Company
32-11 — Filed by David M. Velazquez for Pepco Holdings LLC
32-12 — Filed by Donna J. Kinzel for Pepco Holdings LLC
32-13 — Filed by David M. Velazquez for Potomac Electric Power Company
32-14 — Filed by Donna J. Kinzel for Potomac Electric Power Company
32-15 — Filed by David M. Velazquez for Delmarva Power & Light Company
32-16 — Filed by Donna J. Kinzel for Delmarva Power & Light Company
32-17 — Filed by David M. Velazquez for Atlantic City Electric Company
32-18 — Filed by Donna J. Kinzel for Atlantic City Electric Company

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SIGNATURES

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

EXELON CORPORATION

/ S / C HRISTOPHER M. C RANE
Christopher M. Crane
President and Chief Executive Officer
(Principal Executive Officer) and Director

/ S / J ONATHAN W. T HAYER
Jonathan W. Thayer
Senior Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

/ S / D UANE M. D ESPARTE
Duane M. DesParte
Senior Vice President and Corporate Controller
(Principal Accounting Officer)

August 2, 2017

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

EXELON GENERATION COMPANY, LLC

/ S / K ENNETH W. C ORNEW
Kenneth W. Cornew
President and Chief Executive Officer
(Principal Executive Officer)

/ S / B RYAN P. W RIGHT
Bryan P. Wright
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

/ S / M ATTHEW N. B AUER
Matthew N. Bauer
Vice President and Controller
(Principal Accounting Officer)

August 2, 2017

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

COMMONWEALTH EDISON COMPANY

/ S / A NNE R. P RAMAGGIORE
Anne R. Pramaggiore
President and Chief Executive Officer
(Principal Executive Officer)

/ S / J OSEPH R. T RPIK , J R .
Joseph R. Trpik, Jr.
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/ S / G ERALD J. K OZEL
Gerald J. Kozel
Vice President and Controller
(Principal Accounting Officer)

August 2, 2017

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Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PECO ENERGY COMPANY

/ S / C RAIG L. A DAMS
Craig L. Adams
President and Chief Executive Officer
(Principal Executive Officer) and Director

/ S / P HILLIP S. B ARNETT
Phillip S. Barnett
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/ S / S COTT A. B AILEY
Scott A. Bailey
Vice President and Controller
(Principal Accounting Officer)

August 2, 2017

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BALTIMORE GAS AND ELECTRIC COMPANY

/ S / C ALVIN G. B UTLER , J R .
Calvin G. Butler, Jr.
Chief Executive Officer
(Principal Executive Officer)

/ S / D AVID M. V AHOS
David M. Vahos
Senior Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)

/ S / A NDREW W. H OLMES
Andrew W. Holmes
Vice President and Controller
(Principal Accounting Officer)

August 2, 2017

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PEPCO HOLDINGS LLC

/ S / D AVID M. V ELAZQUEZ
David M. Velazquez
President and Chief Executive Officer
(Principal Executive Officer)

/ S / D ONNA J. K INZEL
Donna J. Kinzel
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/ S / R OBERT M. A IKEN
Robert M. Aiken
Vice President and Controller
(Principal Accounting Officer)

August 2, 2017

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

POTOMAC ELECTRIC POWER COMPANY

/ S / D AVID M. V ELAZQUEZ
David M. Velazquez
President and Chief Executive Officer
(Principal Executive Officer)

/ S / D ONNA J. K INZEL
Donna J. Kinzel
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/ S / R OBERT M. A IKEN
Robert M. Aiken
Vice President and Controller
(Principal Accounting Officer)

August 2, 2017

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DELMARVA POWER & LIGHT COMPANY

/ S / D AVID M. V ELAZQUEZ
David M. Velazquez
President and Chief Executive Officer
(Principal Executive Officer)

/ S / D ONNA J. K INZEL
Donna J. Kinzel
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/ S / R OBERT M. A IKEN
Robert M. Aiken
Vice President and Controller
(Principal Accounting Officer)

August 2, 2017

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ATLANTIC CITY ELECTRIC COMPANY

/ S / D AVID M. V ELAZQUEZ
David M. Velazquez
President and Chief Executive Officer
(Principal Executive Officer)

/ S / D ONNA J. K INZEL
Donna J. Kinzel
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/ S / R OBERT M. A IKEN
Robert M. Aiken
Vice President and Controller
(Principal Accounting Officer)

August 2, 2017

Exhibit 31-1

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Christopher M. Crane, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ CHRISTOPHER M. CRANE
President and Chief Executive Officer
(Principal Executive Officer)

Date: August 2, 2017

Exhibit 31-2

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Jonathan W. Thayer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ JONATHAN W. THAYER
Senior Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Date: August 2, 2017

Exhibit 31-3

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Kenneth W. Cornew, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Generation Company, LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ KENNETH W. CORNEW
President and Chief Executive Officer
(Principal Executive Officer)

Date: August 2, 2017

Exhibit 31-4

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Bryan P. Wright, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Generation Company, LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ BRYAN P. WRIGHT
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

Date: August 2, 2017

Exhibit 31-5

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Anne R. Pramaggiore, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Commonwealth Edison Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ ANNE R. PRAMAGGIORE
President and Chief Executive Officer
(Principal Executive Officer)

Date: August 2, 2017

Exhibit 31-6

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Joseph R. Trpik, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Commonwealth Edison Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ JOSEPH R. TRPIK, JR.
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: August 2, 2017

Exhibit 31-7

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Craig L. Adams, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PECO Energy Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ CRAIG L. ADAMS
President and Chief Executive Officer
(Principal Executive Officer)

Date: August 2, 2017

Exhibit 31-8

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Phillip S. Barnett, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PECO Energy Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ PHILLIP S. BARNETT
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: August 2, 2017

Exhibit 31-9

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Calvin G. Butler, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Baltimore Gas and Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ CALVIN G. BUTLER, JR.
Chief Executive Officer
(Principal Executive Officer)

Date: August 2, 2017

Exhibit 31-10

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, David M. Vahos, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Baltimore Gas and Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ DAVID M. VAHOS
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: August 2, 2017

Exhibit 31-11

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, David M. Velazquez, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Pepco Holdings LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ DAVID M. VELAZQUEZ
President and Chief Executive Officer
(Principal Executive Officer)

Date: August 2, 2017

Exhibit 31-12

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Donna J. Kinzel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Pepco Holdings LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ DONNA J. KINZEL
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: August 2, 2017

Exhibit 31-13

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, David M. Velazquez, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Potomac Electric Power Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ DAVID M. VELAZQUEZ
President and Chief Executive Officer
(Principal Executive Officer)

Date: August 2, 2017

Exhibit 31-14

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Donna J. Kinzel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Potomac Electric Power Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ DONNA J. KINZEL
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: August 2, 2017

Exhibit 31-15

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, David M. Velazquez, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Delmarva Power & Light Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ DAVID M. VELAZQUEZ
President and Chief Executive Officer
(Principal Executive Officer)

Date: August 2, 2017

Exhibit 31-16

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Donna J. Kinzel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Delmarva Power & Light Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ DONNA J. KINZEL
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: August 2, 2017

Exhibit 31-17

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, David M. Velazquez, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Atlantic City Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ DAVID M. VELAZQUEZ
President and Chief Executive Officer
(Principal Executive Officer)

Date: August 2, 2017

Exhibit 31-18

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Donna J. Kinzel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Atlantic City Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ DONNA J. KINZEL
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: August 2, 2017

Exhibit 32-1

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Corporation for the quarterly period ended June 30, 2017, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Corporation.

/S/ CHRISTOPHER M. CRANE
Christopher M. Crane
President and Chief Executive Officer

Date: August 2, 2017

Exhibit 32-2

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Corporation for the quarterly period ended June 30, 2017, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Corporation.

/S/ JONATHAN W. THAYER

Jonathan W. Thayer
Senior Executive Vice President and Chief Financial Officer

Date: August 2, 2017

Exhibit 32-3

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Generation Company, LLC for the quarterly period ended June 30, 2017, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Generation Company, LLC.

/ S / K ENNETH W. C ORNEW

Kenneth W. Cornew
President and Chief Executive Officer

Date: August 2, 2017

Exhibit 32-4

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Generation Company, LLC for the quarterly period ended June 30, 2017, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Generation Company, LLC.

/S/ BRYAN P. WRIGHT

Bryan P. Wright
Senior Vice President and Chief Financial Officer

Date: August 2, 2017

Exhibit 32-5

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Commonwealth Edison Company for the quarterly period ended June 30, 2017, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Commonwealth Edison Company.

/S/ ANNE R. PRAMAGGIORE

Anne R. Pramaggiore
President and Chief Executive Officer

Date: August 2, 2017

Exhibit 32-6

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Commonwealth Edison Company for the quarterly period ended June 30, 2017, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Commonwealth Edison Company.

/S/ JOSEPH R. TRPIK, JR.

Joseph R. Trpik, Jr.
Senior Vice President, Chief Financial Officer and Treasurer

Date: August 2, 2017

Exhibit 32-7

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of PECO Energy Company for the quarterly period ended June 30, 2017, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of PECO Energy Company.

/ S / C RAIG L. A DAMS

Craig L. Adams
President and Chief Executive Officer

Date: August 2, 2017

Exhibit 32-8

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of PECO Energy Company for the quarterly period ended June 30, 2017, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of PECO Energy Company.

/ S / P HILLIP S. B ARNETT

Phillip S. Barnett
Senior Vice President, Chief Financial Officer and Treasurer

Date: August 2, 2017

Exhibit 32-9

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Baltimore Gas and Electric Company for the quarterly period ended June 30, 2017, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Baltimore Gas and Electric Company.

/S/ CALVIN G. BUTLER, JR.

Calvin G. Butler, Jr.
Chief Executive Officer

Date: August 2, 2017

Exhibit 32-10

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Baltimore Gas and Electric Company for the quarterly period ended June 30, 2017, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Baltimore Gas and Electric Company.

/ S / D AVID M. V AHOS

David M. Vahos
Senior Vice President, Chief Financial Officer and Treasurer

Date: August 2, 2017

Exhibit 32-11

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Pepco Holdings LLC for the quarterly period ended June 30, 2017, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Pepco Holdings LLC.

/ S / D AVID M. V ELAZQUEZ
David M. Velazquez
President and Chief Executive Officer

Date: August 2, 2017

Exhibit 32-12

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Pepco Holdings LLC for the quarterly period ended June 30, 2017, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Pepco Holdings LLC.

/ S / D ONNA J. K INZEL

Donna J. Kinzel
Senior Vice President, Chief Financial Officer and Treasurer

Date: August 2, 2017

Exhibit 32-13

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Potomac Electric Power Company for the quarterly period ended June 30, 2017, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Potomac Electric Power Company.

/ S / D AVID M. V ELAZQUEZ

David M. Velazquez
President and Chief Executive Officer

Date: August 2, 2017

Exhibit 32-14

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Potomac Electric Power Company for the quarterly period ended June 30, 2017, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Potomac Electric Power Company.

/ S / D ONNA J. K INZEL

Donna J. Kinzel
Senior Vice President, Chief Financial Officer and Treasurer

Date: August 2, 2017

Exhibit 32-15

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Delmarva Power & Light Company for the quarterly period ended June 30, 2017, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Delmarva Power & Light Company.

/ S / D AVID M. V ELAZQUEZ

David M. Velazquez
President and Chief Executive Officer

Date: August 2, 2017

S1-SSA-0009 - 20843

Exhibit 32-16

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Delmarva Power & Light Company for the quarterly period ended June 30, 2017, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Delmarva Power & Light Company.

/S/ DONNA J. KINZEL

Donna J. Kinzel
Senior Vice President, Chief Financial Officer and Treasurer

Date: August 2, 2017

S1-SSA-0009 - 20844

Exhibit 32-17

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Atlantic City Electric Company for the quarterly period ended June 30, 2017, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Atlantic City Electric Company.

/ S / D AVID M. V ELAZQUEZ

David M. Velazquez
President and Chief Executive Officer

Date: August 2, 2017

Exhibit 32-18

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Atlantic City Electric Company for the quarterly period ended June 30, 2017, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Atlantic City Electric Company.

/ S / D ONNA J. K INZEL

Donna J. Kinzel
Senior Vice President, Chief Financial Officer and Treasurer

Date: August 2, 2017

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended June 30, 2018

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number	Name of Registrant; State or Other Jurisdiction of Incorporation; Address of Principal Executive Offices; and Telephone Number	IRS Employer Identification Number
1-16169	EXELON CORPORATION (a Pennsylvania corporation) 10 South Dearborn Street P.O. Box 805379 Chicago, Illinois 60680-5379 (800) 483-3220	23-2990190
333-85496	EXELON GENERATION COMPANY, LLC (a Pennsylvania limited liability company) 300 Exelon Way Kennett Square, Pennsylvania 19348-2473 (610) 765-5959	23-3064219
1-1839	COMMONWEALTH EDISON COMPANY (an Illinois corporation) 440 South LaSalle Street Chicago, Illinois 60605-1028 (312) 394-4321	36-0938600
000-16844	PECO ENERGY COMPANY (a Pennsylvania corporation) P.O. Box 8699 2301 Market Street Philadelphia, Pennsylvania 19101-8699 (215) 841-4000	23-0970240
1-1910	BALTIMORE GAS AND ELECTRIC COMPANY (a Maryland corporation) 2 Center Plaza 110 West Fayette Street Baltimore, Maryland 21201-3708 (410) 234-5000	52-0280210
001-31403	PEPCO HOLDINGS LLC (a Delaware limited liability company) 701 Ninth Street, N.W. Washington, District of Columbia 20068 (202) 872-2000	52-2297449
001-01072	POTOMAC ELECTRIC POWER COMPANY (a District of Columbia and Virginia corporation) 701 Ninth Street, N.W. Washington, District of Columbia 20068 (202) 872-2000	53-0127880
001-01405	DELMARVA POWER & LIGHT COMPANY (a Delaware and Virginia corporation) 500 North Wakefield Drive Newark, Delaware 19702 (202) 872-2000	51-0084283
001-03559	ATLANTIC CITY ELECTRIC COMPANY (a New Jersey corporation) 500 North Wakefield Drive Newark, Delaware 19702 (202) 872-2000	21-0398280

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and "emerging growth company" in Rule 12b-2 of the Exchange Act.

	Large Accelerated Filer	Accelerated Filer	Non-accelerated Filer	Smaller Reporting Company	Emerging Growth Company
Exelon Corporation	☒				
Exelon Generation Company, LLC			☒		
Commonwealth Edison Company			☒		
PECO Energy Company			☒		
Baltimore Gas and Electric Company			☒		
Pepco Holdings LLC			☒		
Potomac Electric Power Company			☒		
Delmarva Power & Light Company			☒		
Atlantic City Electric Company			☒		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The number of shares outstanding of each registrant’s common stock as of June 30, 2018 was:

Exelon Corporation Common Stock, without par value	965,906,701
Exelon Generation Company, LLC	not applicable
Commonwealth Edison Company Common Stock, $12.50 par value	127,021,285
PECO Energy Company Common Stock, without par value	170,478,507
Baltimore Gas and Electric Company Common Stock, without par value	1,000
Pepco Holdings LLC	not applicable
Potomac Electric Power Company Common Stock, $0.01 par value	100
Delmarva Power & Light Company Common Stock, $2.25 par value	1,000
Atlantic City Electric Company Common Stock, $3.00 par value	8,546,017

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GLOSSARY OF TERMS AND ABBREVIATIONS

Exelon Corporation and Related Entities

Exelon	Exelon Corporation
Generation	Exelon Generation Company, LLC
ComEd	Commonwealth Edison Company
PECO	PECO Energy Company
BGE	Baltimore Gas and Electric Company
Pepco Holdings or PHI	Pepco Holdings LLC (formerly Pepco Holdings, Inc.)
Pepco	Potomac Electric Power Company
DPL	Delmarva Power & Light Company
ACE	Atlantic City Electric Company
Registrants	Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE, collectively
Utility Registrants	ComEd, PECO, BGE, Pepco, DPL and ACE, collectively
Legacy PHI	PHI, Pepco, DPL and ACE, collectively
ACE Funding or ATF	Atlantic City Electric Transition Funding LLC
Antelope Valley	Antelope Valley Solar Ranch One
BSC	Exelon Business Services Company, LLC
CENG	Constellation Energy Nuclear Group, LLC
Conectiv	Conectiv, LLC, a wholly owned subsidiary of PHI and the parent of DPL and ACE
ConEdison Solutions	The competitive retail electricity and natural gas business of Consolidated Edison Solutions, Inc., a subsidiary of Consolidated Edison, Inc.
Constellation	Constellation Energy Group, Inc.
EEDC	Exelon Energy Delivery Company, LLC
EGR IV	ExGen Renewables IV, LLC
EGTP	ExGen Texas Power, LLC
Entergy	Entergy Nuclear FitzPatrick, LLC
Exelon Corporate	Exelon in its corporate capacity as a holding company
Exelon Transmission Company	Exelon Transmission Company, LLC
Exelon Wind	Exelon Wind, LLC and Exelon Generation Acquisition Company, LLC
FitzPatrick	James A. FitzPatrick nuclear generating station
PCI	Potomac Capital Investment Corporation and its subsidiaries
PEC L.P.	PECO Energy Capital, L.P.
PECO Trust III	PECO Capital Trust III
PECO Trust IV	PECO Energy Capital Trust IV
Pepco Energy Services or PES	Pepco Energy Services, Inc. and its subsidiaries
PHI Corporate	PHI in its corporate capacity as a holding company
PHISCO	PHI Service Company
RPG	Renewable Power Generation
SolGen	SolGen, LLC

GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and Abbreviations

TMI	Three Mile Island nuclear facility
UII	Unicom Investments, Inc.
Note "—" of the Exelon 2017 Form 10-K	Reference to specific Combined Note to Consolidated Financial Statements within Exelon's 2017 Annual Report on Form 10-K
AEC	Alternative Energy Credit that is issued for each megawatt hour of generation from a qualified alternative energy source
AESO	Alberta Electric Systems Operator
AFUDC	Allowance for Funds Used During Construction
AGE	Albany Green Energy Project
AMI	Advanced Metering Infrastructure
AMP	Advanced Metering Program
AOCI	Accumulated Other Comprehensive Income
ARC	Asset Retirement Cost
ARO	Asset Retirement Obligation
ARP	Alternative Revenue Program
BGS	Basic Generation Service
CAISO	California Independent System Operator
CAP	Customer Assistance Program
CCGTs	Combined-Cycle Gas Turbines
CERCLA	Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended
CES	Clean Energy Standard
Clean Air Act	Clean Air Act of 1963, as amended
Clean Water Act	Federal Water Pollution Control Amendments of 1972, as amended
Conectiv Energy	Conectiv Energy Holdings, Inc. and substantially all of its subsidiaries, which were sold to Calpine in July 2010
CSAPR	Cross-State Air Pollution Rule
D.C. Circuit Court	United States Court of Appeals for the District of Columbia Circuit
DC PLUG	District of Columbia Power Line Undergrounding Initiative
DCPSC	District of Columbia Public Service Commission
Default Electricity Supply	The supply of electricity by PHI's electric utility subsidiaries at regulated rates to retail customers who do not elect to purchase electricity from a competitive supplier, and which, depending on the jurisdiction, is also known as Standard Offer Service or Basic Generation Service
DOE	United States Department of Energy
DOEE	Department of Energy & Environment
DOJ	United States Department of Justice
DPSC	Delaware Public Service Commission
DRP	Direct Stock Purchase and Dividend Reinvestment Plan
DSP	Default Service Provider
EDF	Electricite de France SA and its subsidiaries

GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and Abbreviations

EE&C	Energy Efficiency and Conservation/Demand Response
EIMA	Energy Infrastructure Modernization Act (Illinois Senate Bill 1652 and Illinois House Bill 3036)
EmPower	A Maryland demand-side management program for Pepco and DPL
EPA	United States Environmental Protection Agency
EPSA	Electric Power Supply Association
ERCOT	Electric Reliability Council of Texas
ERISA	Employee Retirement Income Security Act of 1974, as amended
EROA	Expected Rate of Return on Assets
ESPP	Employee Stock Purchase Plan
FASB	Financial Accounting Standards Board
FEJA	Illinois Public Act 99-0906 or Future Energy Jobs Act
FERC	Federal Energy Regulatory Commission
FRCC	Florida Reliability Coordinating Council
GAAP	Generally Accepted Accounting Principles in the United States
GCR	Gas Cost Rate
GHG	Greenhouse Gas
GSA	Generation Supply Adjustment
GWh	Gigawatt hour
IBEW	International Brotherhood of Electrical Workers
ICC	Illinois Commerce Commission
ICE	Intercontinental Exchange
Illinois EPA	Illinois Environmental Protection Agency
Illinois Settlement Legislation	Legislation enacted in 2007 affecting electric utilities in Illinois
IPA	Illinois Power Agency
IRC	Internal Revenue Code
IRS	Internal Revenue Service
ISO	Independent System Operator
ISO-NE	Independent System Operator New England Inc.
ISO-NY	Independent System Operator New York
kV	Kilovolt
kW	Kilowatt
kWh	Kilowatt-hour
LIBOR	London Interbank Offered Rate
LLRW	Low-Level Radioactive Waste
LT Plan	Long-term renewable resources procurement plan
LTIP	Long-Term Incentive Plan
MAPP	Mid-Atlantic Power Pathway
MATS	U.S. EPA Mercury and Air Toxics Rule
MBR	Market Based Rates Incentive

GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and Abbreviations

MDE	Maryland Department of the Environment
MDPSC	Maryland Public Service Commission
MGP	Manufactured Gas Plant
MISO	Midcontinent Independent System Operator, Inc.
mmcf	Million Cubic Feet
Moody's	Moody's Investor Service
MOPR	Minimum Offer Price Rule
MRV	Market-Related Value
MW	Megawatt
MWh	Megawatt hour
n.m.	not meaningful
NAAQS	National Ambient Air Quality Standards
NAV	Net Asset Value
NDT	Nuclear Decommissioning Trust
NEIL	Nuclear Electric Insurance Limited
NERC	North American Electric Reliability Corporation
NGS	Natural Gas Supplier
NJBPU	New Jersey Board of Public Utilities
NJDEP	New Jersey Department of Environmental Protection
NLRB	National Labor Relations Board
Non-Regulatory Agreements Units	Nuclear generating units or portions thereof whose decommissioning-related activities are not subject to contractual elimination under regulatory accounting
NOSA	Nuclear Operating Services Agreement
NPDES	National Pollutant Discharge Elimination System
NRC	Nuclear Regulatory Commission
NSPS	New Source Performance Standards
NUGs	Non-utility generators
NWPA	Nuclear Waste Policy Act of 1982
NYMEX	New York Mercantile Exchange
NYPSC	New York Public Service Commission
OCI	Other Comprehensive Income
OIESO	Ontario Independent Electricity System Operator
OPC	Office of People's Counsel
OPEB	Other Postretirement Employee Benefits
PA DEP	Pennsylvania Department of Environmental Protection
PAPUC	Pennsylvania Public Utility Commission
PGC	Purchased Gas Cost Clause
PJM	PJM Interconnection, LLC
POLR	Provider of Last Resort
POR	Purchase of Receivables
PPA	Power Purchase Agreement
Price-Anderson Act	Price-Anderson Nuclear Industries Indemnity Act of 1957

GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and Abbreviations

PRP	Potentially Responsible Parties
PSEG	Public Service Enterprise Group Incorporated
PV	Photovoltaic
RCRA	Resource Conservation and Recovery Act of 1976, as amended
REC	Renewable Energy Credit which is issued for each megawatt hour of generation from a qualified renewable energy source
Regulatory Agreement Units	Nuclear generating units or portions thereof whose decommissioning-related activities are subject to contractual elimination under regulatory accounting
RES	Retail Electric Suppliers
RFP	Request for Proposal
Rider	Reconcilable Surcharge Recovery Mechanism
RMC	Risk Management Committee
ROE	Return on equity
RPM	PJM Reliability Pricing Model
RPS	Renewable Energy Portfolio Standards
RSSA	Reliability Support Services Agreement
RTEP	Regional Transmission Expansion Plan
RTO	Regional Transmission Organization
S&P	Standard & Poor's Ratings Services
SEC	United States Securities and Exchange Commission
SERC	SERC Reliability Corporation (formerly Southeast Electric Reliability Council)
SILO	Sale-In, Lease-Out
SNF	Spent Nuclear Fuel
SOS	Standard Offer Service
SPFPA	Security, Police and Fire Professionals of America
SPP	Southwest Power Pool
TCJA	Tax Cuts and Jobs Act
Transition Bond Charge	Revenue ACE receives, and pays to ACE Funding, to fund the principal and interest payments on Transition Bonds and related taxes, expenses and fees
Transition Bonds	Transition Bonds issued by ACE Funding
Upstream	Natural gas exploration and production activities
VIE	Variable Interest Entity
WECC	Western Electric Coordinating Council
ZEC	Zero Emission Credit, or Zero Emission Certificate
ZES	Zero Emission Standard

FILING FORMAT

This combined Form 10-Q is being filed separately by Exelon Corporation, Exelon Generation Company, LLC, Commonwealth Edison Company, PECO Energy Company, Baltimore Gas and Electric Company, Pepco Holdings LLC, Potomac Electric Power Company, Delmarva Power & Light Company and Atlantic City Electric Company (Registrants). Information contained herein relating to any individual Registrant is filed by such Registrant on its own behalf. No Registrant makes any representation as to information relating to any other Registrant.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING INFORMATION

This Report contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that are subject to risks and uncertainties. The factors that could cause actual results to differ materially from the forward-looking statements made by the Registrants include those factors discussed herein, as well as the items discussed in (1) the Registrants' combined 2017 Annual Report on Form 10-K in (a) ITEM 1A. Risk Factors, (b) ITEM 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations and (c) ITEM 8. Financial Statements and Supplementary Data: Note 23 , Commitments and Contingencies; (2) this Quarterly Report on Form 10-Q in (a) Part II, Other Information, ITEM 1A. Risk Factors; (b) Part 1, Financial Information, ITEM 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations and (c) Part I, Financial Information, ITEM 1. Financial Statements: Note 17 , Commitments and Contingencies; and (3) other factors discussed in filings with the SEC by the Registrants. Readers are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of this Report. None of the Registrants undertakes any obligation to publicly release any revision to its forward-looking statements to reflect events or circumstances after the date of this Report.

WHERE TO FIND MORE INFORMATION

The public may read and copy any reports or other information that the Registrants file with the SEC at the SEC’s public reference room at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. These documents are also available to the public from commercial document retrieval services, the website maintained by the SEC at www.sec.gov and the Registrants’ websites at www.exeloncorp.com. Information contained on the Registrants’ websites shall not be deemed incorporated into, or to be a part of, this Report.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Table of Contents

EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions, except per share data)	**2018**	**2017**	**2018**	**2017**
Operating revenues				
Competitive businesses revenues	$ 4,305	$ 3,950	$ 9,417	$ 8,500
Rate-regulated utility revenues	3,797	3,657	8,368	7,776
Revenues from alternative revenue programs	(26)	58	(16)	137
Total operating revenues	8,076	7,665	17,769	16,413
Operating expenses				
Competitive businesses purchased power and fuel	2,277	2,158	5,566	4,952
Rate-regulated utility purchased power and fuel	1,038	928	2,476	2,033
Operating and maintenance	2,307	2,945	4,691	5,383
Depreciation and amortization	1,088	915	2,179	1,811
Taxes other than income	428	420	874	857
Total operating expenses	7,138	7,366	15,786	15,036
Gain on sales of assets and businesses	4	1	60	5
Bargain purchase gain	—	—	—	226
Operating income	942	300	2,043	1,608
Other income and (deductions)				
Interest expense, net	(367)	(426)	(732)	(789)
Interest expense to affiliates	(6)	(10)	(13)	(20)
Other, net	44	177	17	434
Total other income and (deductions)	(329)	(259)	(728)	(375)
Income before income taxes	613	41	1,315	1,233
Income taxes	66	(62)	125	149
Equity in losses of unconsolidated affiliates	(5)	(9)	(11)	(18)
Net income	542	94	1,179	1,066
Net income (loss) attributable to noncontrolling interests	3	(1)	54	(20)
Net income attributable to common shareholders	$ 539	$ 95	$ 1,125	$ 1,086
Comprehensive income, net of income taxes				
Net income	$ 542	$ 94	$ 1,179	$ 1,066
Other comprehensive income (loss), net of income taxes				
Pension and non-pension postretirement benefit plans:				
Prior service benefit reclassified to periodic benefit cost	(17)	(14)	(33)	(28)
Actuarial loss reclassified to periodic benefit cost	61	49	123	98
Pension and non-pension postretirement benefit plan valuation adjustment	(1)	(2)	18	(58)
Unrealized gain (loss) on cash flow hedges	4	(1)	12	5
Unrealized gain on investments in unconsolidated affiliates	2	—	3	3
Unrealized (loss) gain on foreign currency translation	(5)	2	(6)	3
Unrealized gain on marketable securities	—	1	—	2
Other comprehensive income (loss)	44	35	117	25
Comprehensive income	586	129	1,296	1,091
Comprehensive income (loss) attributable to noncontrolling interests	4	(1)	56	(22)
Comprehensive income attributable to common shareholders	$ 582	$ 130	$ 1,240	$ 1,113
Average shares of common stock outstanding:				
Basic	967	934	967	931
Diluted	969	936	968	932
Earnings per average common share:				
Basic	$ 0.56	$ 0.10	$ 1.16	$ 1.17
Diluted	$ 0.56	$ 0.10	$ 1.16	$ 1.17
Dividends declared per common share	$ 0.35	$ 0.33	$ 0.69	$ 0.66

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EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six Months Ended June 30,	
(In millions)	**2018**	**2017**
Cash flows from operating activities		
Net income	$ 1,179	$ 1,066
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation, amortization and accretion, including nuclear fuel and energy contract amortization	3,000	2,591
Impairment of long-lived assets and losses on regulatory assets	41	445
Gain on sales of assets and businesses	(60)	(5)
Bargain purchase gain	—	(226)
Deferred income taxes and amortization of investment tax credits	(2)	113
Net fair value changes related to derivatives	151	230
Net realized and unrealized losses (gains) on nuclear decommissioning trust fund investments	80	(284)
Other non-cash operating activities	479	415
Changes in assets and liabilities:		
Accounts receivable	(105)	301
Inventories	60	(23)
Accounts payable and accrued expenses	(342)	(810)
Option premiums paid, net	(36)	(8)
Collateral received (posted), net	81	(173)
Income taxes	129	58
Pension and non-pension postretirement benefit contributions	(345)	(325)
Other assets and liabilities	(441)	(470)
Net cash flows provided by operating activities	3,869	2,895
Cash flows from investing activities		
Capital expenditures	(3,807)	(3,845)
Proceeds from nuclear decommissioning trust fund sales	3,822	5,213
Investment in nuclear decommissioning trust funds	(3,924)	(5,339)
Acquisition of assets and businesses, net	(57)	(212)
Proceeds from sales of assets and businesses	89	211
Other investing activities	31	(9)
Net cash flows used in investing activities	(3,846)	(3,981)
Cash flows from financing activities		
Changes in short-term borrowings	200	422
Proceeds from short-term borrowings with maturities greater than 90 days	126	576
Repayments on short-term borrowings with maturities greater than 90 days	(1)	(510)
Issuance of long-term debt	1,488	981
Retirement of long-term debt	(1,309)	(1,049)
Dividends paid on common stock	(666)	(607)
Common stock issued from treasury stock	—	1,150
Proceeds from employee stock plans	27	43
Other financing activities	(50)	(23)
Net cash flows (used in) provided by financing activities	(185)	983
Decrease in cash, cash equivalents and restricted cash	(162)	(103)
Cash, cash equivalents and restricted cash at beginning of period	1,190	914
Cash, cash equivalents and restricted cash at end of period	$ 1,028	$ 811

See the Combined Notes to Consolidated Financial Statements

EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2018	December 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents	$ 694	$ 898
Restricted cash and cash equivalents	206	207
Accounts receivable, net		
Customer	4,094	4,445
Other	1,407	1,132
Mark-to-market derivative assets	799	976
Unamortized energy contract assets	46	60
Inventories, net		
Fossil fuel and emission allowances	270	340
Materials and supplies	1,320	1,311
Regulatory assets	1,293	1,267
Other	1,360	1,260
Total current assets	11,489	11,896
Property, plant and equipment, net	75,284	74,202
Deferred debits and other assets		
Regulatory assets	8,023	8,021
Nuclear decommissioning trust funds	13,110	13,272
Investments	636	640
Goodwill	6,677	6,677
Mark-to-market derivative assets	457	337
Unamortized energy contract assets	379	395
Other	1,194	1,330
Total deferred debits and other assets	30,476	30,672
Total assets [a]	$ 117,249	$ 116,770

See the Combined Notes to Consolidated Financial Statements

EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2018	December 31, 2017
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings	$ 1,252	$ 929
Long-term debt due within one year	1,158	2,088
Accounts payable	3,113	3,532
Accrued expenses	1,665	1,837
Payables to affiliates	5	5
Regulatory liabilities	701	523
Mark-to-market derivative liabilities	268	232
Unamortized energy contract liabilities	171	231
Renewable energy credit obligation	257	352
PHI merger related obligation	63	87
Other	973	982
Total current liabilities	9,626	10,798
Long-term debt	33,179	32,176
Long-term debt to financing trusts	389	389
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	11,484	11,235
Asset retirement obligations	10,222	10,029
Pension obligations	3,412	3,736
Non-pension postretirement benefit obligations	2,132	2,093
Spent nuclear fuel obligation	1,157	1,147
Regulatory liabilities	9,677	9,865
Mark-to-market derivative liabilities	507	409
Unamortized energy contract liabilities	538	609
Other	2,087	2,097
Total deferred credits and other liabilities	41,216	41,220
Total liabilities [(a)]	84,410	84,583
Commitments and contingencies		
Shareholders' equity		
Common stock (No par value, 2,000 shares authorized, 966 shares and 963 shares outstanding at June 30, 2018 and December 31, 2017, respectively)	19,008	18,964
Treasury stock, at cost (2 shares at June 30, 2018 and December 31, 2017)	(123)	(123)
Retained earnings	14,551	14,081
Accumulated other comprehensive loss, net	(2,921)	(3,026)
Total shareholders' equity	30,515	29,896
Noncontrolling interests	2,324	2,291
Total equity	32,839	32,187
Total liabilities and shareholders' equity	$ 117,249	$ 116,770

(a) Exelon's consolidated assets include $9,612 million and $9,597 million at June 30, 2018 and December 31, 2017 , respectively, of certain VIEs that can only be used to settle the liabilities of the VIE. Exelon's consolidated liabilities include $3,544 million and $3,618 million at June 30, 2018 and December 31, 2017 , respectively, of certain VIEs for which the VIE creditors do not have recourse to Exelon. See Note 3 — Variable Interest Entities for additional information.

See the Combined Notes to Consolidated Financial Statements

EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

(In millions, shares in thousands)	Issued Shares	Common Stock	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss, net	Noncontrolling Interests	Total Shareholders' Equity
Balance, December 31, 2017	965,168	$ 18,964	$ (123)	$ 14,081	$ (3,026)	$ 2,291	$ 32,187
Net income	—	—	—	1,125	—	54	1,179
Long-term incentive plan activity	1,868	17	—	—	—	—	17
Employee stock purchase plan issuances	703	27	—	—	—	—	27
Changes in equity of noncontrolling interests	—	—	—	—	—	(23)	(23)
Common stock dividends	—	—	—	(669)	—	—	(669)
Other comprehensive income, net of income taxes	—	—	—	—	115	2	117
Impact of adoption of Recognition and Measurement of Financial Assets and Liabilities standard	—	—	—	14	(10)	—	4
Balance, June 30, 2018	967,739	$ 19,008	$ (123)	$ 14,551	$ (2,921)	$ 2,324	$ 32,839

See the Combined Notes to Consolidated Financial Statements

EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	2018	2017	2018	2017
Operating revenues				
Operating revenues	$ 4,306	$ 3,948	$ 9,419	$ 8,495
Operating revenues from affiliates	273	268	671	598
Total operating revenues	4,579	4,216	10,090	9,093
Operating expenses				
Purchased power and fuel	2,277	2,156	5,566	4,952
Purchased power and fuel from affiliates	3	1	7	3
Operating and maintenance	1,247	1,826	2,425	3,138
Operating and maintenance from affiliates	171	186	331	365
Depreciation and amortization	466	334	914	637
Taxes other than income	134	140	272	282
Total operating expenses	4,298	4,643	9,515	9,377
Gain on sales of assets and businesses	1	—	54	4
Bargain purchase gain	—	—	—	226
Operating income (loss)	282	(427)	629	(54)
Other income and (deductions)				
Interest expense, net	(93)	(120)	(184)	(209)
Interest expense to affiliates	(9)	(9)	(18)	(19)
Other, net	29	181	(15)	440
Total other income and (deductions)	(73)	52	(217)	212
Income (loss) before income taxes	209	(375)	412	158
Income taxes	23	(148)	32	(25)
Equity in losses of unconsolidated affiliates	(5)	(9)	(12)	(19)
Net income (loss)	181	(236)	368	164
Net income (loss) attributable to noncontrolling interests	3	(1)	54	(20)
Net income (loss) attributable to membership interest	$ 178	$ (235)	$ 314	$ 184
Comprehensive income, net of income taxes				
Net income (loss)	$ 181	$ (236)	$ 368	$ 164
Other comprehensive income (loss), net of income taxes				
Unrealized gain (loss) on cash flow hedges	5	(1)	12	5
Unrealized gain on investments in unconsolidated affiliates	2	—	3	4
Unrealized (loss) gain on foreign currency translation	(5)	2	(6)	3
Other comprehensive income	2	1	9	12
Comprehensive income (loss)	183	(235)	377	176
Comprehensive income (loss) attributable to noncontrolling interests	4	(1)	56	(22)
Comprehensive income (loss) attributable to membership interest	$ 179	$ (234)	$ 321	$ 198

See the Combined Notes to Consolidated Financial Statements

EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six Months Ended June 30,	
(In millions)	**2018**	**2017**
Cash flows from operating activities		
Net income	$ 368	$ 164
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation, amortization and accretion, including nuclear fuel and energy contract amortization	1,735	1,415
Impairment of long-lived assets	41	445
Gain on sales of assets and businesses	(54)	(4)
Bargain purchase gain	—	(226)
Deferred income taxes and amortization of investment tax credits	(149)	(167)
Net fair value changes related to derivatives	158	235
Net realized and unrealized losses (gains) on nuclear decommissioning trust fund investments	80	(284)
Other non-cash operating activities	85	121
Changes in assets and liabilities:		
Accounts receivable	258	151
Receivables from and payables to affiliates, net	7	8
Inventories	34	(5)
Accounts payable and accrued expenses	(272)	(327)
Option premiums paid, net	(36)	(8)
Collateral received (posted), net	91	(163)
Income taxes	58	(99)
Pension and non-pension postretirement benefit contributions	(129)	(116)
Other assets and liabilities	(212)	(166)
Net cash flows provided by operating activities	2,063	974
Cash flows from investing activities		
Capital expenditures	(1,298)	(1,189)
Proceeds from nuclear decommissioning trust fund sales	3,822	5,213
Investment in nuclear decommissioning trust funds	(3,924)	(5,339)
Acquisition of assets and businesses, net	(57)	(212)
Proceeds from sales of assets and businesses	89	210
Changes in Exelon intercompany money pool	(185)	—
Other investing activities	4	(32)
Net cash flows used in investing activities	(1,549)	(1,349)
Cash flows from financing activities		
Changes in short-term borrowings	—	(51)
Proceeds from short-term borrowings with maturities greater than 90 days	1	76
Repayments of short-term borrowings with maturities greater than 90 days	(1)	(10)
Issuance of long-term debt	13	779
Retirement of long-term debt	(76)	(295)
Changes in Exelon intercompany money pool	(54)	196
Distributions to member	(377)	(330)
Other financing activities	(24)	(7)
Net cash flows (used in) provided by financing activities	(518)	358
Decrease in cash, cash equivalents and restricted cash	(4)	(17)
Cash, cash equivalents and restricted cash at beginning of period	554	448
Cash, cash equivalents and restricted cash at end of period	$ 550	$ 431

See the Combined Notes to Consolidated Financial Statements

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EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2018	December 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents	$ 420	$ 416
Restricted cash and cash equivalents	130	138
Accounts receivable, net		
Customer	2,435	2,697
Other	276	321
Mark-to-market derivative assets	799	976
Receivables from affiliates	146	140
Unamortized energy contract assets	46	60
Inventories, net		
Fossil fuel and emission allowances	214	264
Materials and supplies	953	937
Other	1,148	933
Total current assets	6,567	6,882
Property, plant and equipment, net	24,479	24,906
Deferred debits and other assets		
Nuclear decommissioning trust funds	13,110	13,272
Investments	423	433
Goodwill	47	47
Mark-to-market derivative assets	457	334
Prepaid pension asset	1,522	1,502
Unamortized energy contract assets	378	395
Deferred income taxes	6	16
Other	679	670
Total deferred debits and other assets	16,622	16,669
Total assets [(a)]	$ 47,668	$ 48,457

See the Combined Notes to Consolidated Financial Statements

EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2018	December 31, 2017
LIABILITIES AND EQUITY		
Current liabilities		
Short-term borrowings	$ —	$ 2
Long-term debt due within one year	321	346
Accounts payable	1,264	1,773
Accrued expenses	976	1,022
Payables to affiliates	128	123
Borrowings from Exelon intercompany money pool	—	54
Mark-to-market derivative liabilities	245	211
Unamortized energy contract liabilities	36	43
Renewable energy credit obligation	257	352
Other	295	265
Total current liabilities	3,522	4,191
Long-term debt	7,661	7,734
Long-term debt to affiliate	904	910
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	3,673	3,811
Asset retirement obligations	10,037	9,844
Non-pension postretirement benefit obligations	907	916
Spent nuclear fuel obligation	1,157	1,147
Payables to affiliates	2,916	3,065
Mark-to-market derivative liabilities	270	174
Unamortized energy contract liabilities	34	48
Other	648	658
Total deferred credits and other liabilities	19,642	19,663
Total liabilities [(a)]	31,729	32,498
Commitments and contingencies		
Equity		
Member's equity		
Membership interest	9,357	9,357
Undistributed earnings	4,292	4,349
Accumulated other comprehensive loss, net	(33)	(37)
Total member's equity	13,616	13,669
Noncontrolling interests	2,323	2,290
Total equity	15,939	15,959
Total liabilities and equity	$ 47,668	$ 48,457

(a) Generation's consolidated assets include $9,575 million and $9,556 million at June 30, 2018 and December 31, 2017 , respectively, of certain VIEs that can only be used to settle the liabilities of the VIE. Generation's consolidated liabilities include $3,456 million and $3,516 million at June 30, 2018 and December 31, 2017 , respectively, of certain VIEs for which the VIE creditors do not have recourse to Generation. See Note 3 — Variable Interest Entities for additional information.

See the Combined Notes to Consolidated Financial Statements

EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Unaudited)

	Member's Equity				
(In millions)	Membership Interest	Undistributed Earnings	Accumulated Other Comprehensive Loss, net	Noncontrolling Interests	Total Equity
Balance, December 31, 2017	$ 9,357	$ 4,349	$ (37)	$ 2,290	$ 15,959
Net income	—	314	—	54	368
Changes in equity of noncontrolling interests	—	—	—	(23)	(23)
Distributions to member	—	(377)	—	—	(377)
Other comprehensive income, net of income taxes	—	—	7	2	9
Impact of adoption of Recognition and Measurement of Financial Assets and Liabilities standard	—	6	(3)	—	3
Balance, June 30, 2018	$ 9,357	$ 4,292	$ (33)	$ 2,323	$ 15,939

See the Combined Notes to Consolidated Financial Statements

COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	2018	2017	2018	2017
Operating revenues				
Electric operating revenues	$ 1,410	$ 1,336	$ 2,903	$ 2,615
Revenues from alternative revenue programs	(17)	18	(12)	32
Operating revenues from affiliates	5	3	19	9
Total operating revenues	1,398	1,357	2,910	2,656
Operating expenses				
Purchased power	373	360	784	689
Purchased power from affiliate	104	18	298	24
Operating and maintenance	255	312	509	620
Operating and maintenance from affiliate	69	65	129	127
Depreciation and amortization	231	211	459	419
Taxes other than income	79	72	156	144
Total operating expenses	1,111	1,038	2,335	2,023
Gain on sales of assets	1	—	5	—
Operating income	288	319	580	633
Other income and (deductions)				
Interest expense, net	(82)	(98)	(168)	(179)
Interest expense to affiliates	(3)	(3)	(7)	(6)
Other, net	4	4	12	8
Total other income and (deductions)	(81)	(97)	(163)	(177)
Income before income taxes	207	222	417	456
Income taxes	43	104	88	197
Net income	$ 164	$ 118	$ 329	$ 259
Comprehensive income	$ 164	$ 118	$ 329	$ 259

See the Combined Notes to Consolidated Financial Statements

COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Cash flows from operating activities		
Net income	$ 329	$ 259
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	459	419
Deferred income taxes and amortization of investment tax credits	84	235
Other non-cash operating activities	117	58
Changes in assets and liabilities:		
Accounts receivable	(133)	12
Receivables from and payables to affiliates, net	15	(4)
Inventories	5	(2)
Accounts payable and accrued expenses	(41)	(182)
Collateral posted, net	(13)	(8)
Income taxes	(15)	4
Pension and non-pension postretirement benefit contributions	(39)	(37)
Other assets and liabilities	(166)	34
Net cash flows provided by operating activities	602	788
Cash flows from investing activities		
Capital expenditures	(1,026)	(1,168)
Other investing activities	17	12
Net cash flows used in investing activities	(1,009)	(1,156)
Cash flows from financing activities		
Changes in short-term borrowings	320	389
Issuance of long-term debt	800	—
Retirement of long-term debt	(700)	—
Contributions from parent	225	184
Dividends paid on common stock	(229)	(211)
Other financing activities	(10)	(1)
Net cash flows provided by financing activities	406	361
Decrease in cash, cash equivalents and restricted cash	(1)	(7)
Cash, cash equivalents and restricted cash at beginning of period	144	58
Cash, cash equivalents and restricted cash at end of period	$ 143	$ 51

See the Combined Notes to Consolidated Financial Statements

COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2018	December 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents	$ 30	$ 76
Restricted cash	5	5
Accounts receivable, net		
Customer	579	559
Other	376	266
Receivables from affiliates	21	13
Inventories, net	146	152
Regulatory assets	237	225
Other	86	68
Total current assets	1,480	1,364
Property, plant and equipment, net	21,323	20,723
Deferred debits and other assets		
Regulatory assets	1,134	1,054
Investments	6	6
Goodwill	2,625	2,625
Receivables from affiliates	2,430	2,528
Prepaid pension asset	1,130	1,188
Other	318	238
Total deferred debits and other assets	7,643	7,639
Total assets	$ 30,446	$ 29,726

See the Combined Notes to Consolidated Financial Statements

COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2018	December 31, 2017
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings	$ 320	$ —
Long-term debt due within one year	440	840
Accounts payable	547	568
Accrued expenses	285	327
Payables to affiliates	97	74
Customer deposits	111	112
Regulatory liabilities	287	249
Mark-to-market derivative liability	23	21
Other	81	103
Total current liabilities	2,191	2,294
Long-term debt	7,255	6,761
Long-term debt to financing trust	205	205
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	3,597	3,469
Asset retirement obligations	111	111
Non-pension postretirement benefits obligations	210	219
Regulatory liabilities	6,221	6,328
Mark-to-market derivative liability	229	235
Other	560	562
Total deferred credits and other liabilities	10,928	10,924
Total liabilities	20,579	20,184
Commitments and contingencies		
Shareholders' equity		
Common stock	1,588	1,588
Other paid-in capital	7,047	6,822
Retained deficit unappropriated	(1,639)	(1,639)
Retained earnings appropriated	2,871	2,771
Total shareholders' equity	9,867	9,542
Total liabilities and shareholders' equity	$ 30,446	$ 29,726

See the Combined Notes to Consolidated Financial Statements

COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

(In millions)	Common Stock	Other Paid-In Capital	Retained Deficit Unappropriated	Retained Earnings Appropriated	Total Shareholders' Equity
Balance, December 31, 2017	$ 1,588	$ 6,822	$ (1,639)	$ 2,771	$ 9,542
Net income	—	—	329	—	329
Appropriation of retained earnings for future dividends	—	—	(329)	329	—
Common stock dividends	—	—	—	(229)	(229)
Contributions from parent	—	225	—	—	225
Balance, June 30, 2018	$ 1,588	$ 7,047	$ (1,639)	$ 2,871	$ 9,867

See the Combined Notes to Consolidated Financial Statements

PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	2018	2017	2018	2017
Operating revenues				
Electric operating revenues	$ 556	$ 548	$ 1,189	$ 1,138
Natural gas operating revenues	93	80	325	285
Revenues from alternative revenue programs	2	—	1	—
Operating revenues from affiliates	2	2	3	3
Total operating revenues	653	630	1,518	1,426
Operating expenses				
Purchased power	161	136	361	292
Purchased fuel	37	27	134	113
Purchased power from affiliate	24	34	60	79
Operating and maintenance	153	153	387	326
Operating and maintenance from affiliates	38	37	79	72
Depreciation and amortization	74	71	149	141
Taxes other than income	39	35	79	74
Total operating expenses	526	493	1,249	1,097
Operating income	127	137	269	329
Other income and (deductions)				
Interest expense, net	(28)	(28)	(57)	(56)
Interest expense to affiliates	(4)	(3)	(7)	(6)
Other, net	—	2	2	3
Total other income and (deductions)	(32)	(29)	(62)	(59)
Income before income taxes	95	108	207	270
Income taxes	(1)	20	(3)	55
Net income	$ 96	$ 88	$ 210	$ 215
Comprehensive income	$ 96	$ 88	$ 210	$ 215

See the Combined Notes to Consolidated Financial Statements

PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Cash flows from operating activities		
Net income	$ 210	$ 215
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	149	141
Deferred income taxes and amortization of investment tax credits	(10)	39
Other non-cash operating activities	22	22
Changes in assets and liabilities:		
Accounts receivable	(43)	26
Receivables from and payables to affiliates, net	(4)	(10)
Inventories	4	7
Accounts payable and accrued expenses	(18)	(30)
Income taxes	19	51
Pension and non-pension postretirement benefit contributions	(25)	(23)
Other assets and liabilities	(50)	(70)
Net cash flows provided by operating activities	254	368
Cash flows from investing activities		
Capital expenditures	(411)	(367)
Changes in Exelon intercompany money pool	—	121
Other investing activities	5	4
Net cash flows used in investing activities	(406)	(242)
Cash flows from financing activities		
Changes in short-term borrowings	50	—
Issuance of long-term debt	375	—
Retirement of long-term debt	(500)	—
Changes in Exelon intercompany money pool	233	—
Contributions from parent	41	—
Dividends paid on common stock	(293)	(144)
Other financing activities	(6)	—
Net cash flows used in financing activities	(100)	(144)
Decrease in cash, cash equivalents and restricted cash	(252)	(18)
Cash, cash equivalents and restricted cash at beginning of period	275	67
Cash, cash equivalents and restricted cash at end of period	$ 23	$ 49

See the Combined Notes to Consolidated Financial Statements

PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2018	December 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents	$ 18	$ 271
Restricted cash and cash equivalents	5	4
Accounts receivable, net		
Customer	285	327
Other	178	105
Receivable from affiliates	—	—
Inventories, net		
Fossil fuel	24	31
Materials and supplies	33	30
Prepaid utility taxes	72	8
Regulatory assets	75	29
Other	25	17
Total current assets	715	822
Property, plant and equipment, net	8,307	8,053
Deferred debits and other assets		
Regulatory assets	427	381
Investments	25	25
Receivable from affiliates	485	537
Prepaid pension asset	355	340
Other	31	12
Total deferred debits and other assets	1,323	1,295
Total assets	$ 10,345	$ 10,170

See the Combined Notes to Consolidated Financial Statements

PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2018	December 31, 2017
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Short-term borrowings	$ 50	$ —
Long-term debt due within one year	—	500
Accounts payable	349	370
Accrued expenses	118	114
Payables to affiliates	48	53
Borrowings from Exelon intercompany money pool	233	—
Customer deposits	67	66
Regulatory liabilities	168	141
Other	32	23
Total current liabilities	1,065	1,267
Long-term debt	2,773	2,403
Long-term debt to financing trusts	184	184
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	1,854	1,789
Asset retirement obligations	27	27
Non-pension postretirement benefits obligations	288	288
Regulatory liabilities	545	549
Other	74	86
Total deferred credits and other liabilities	2,788	2,739
Total liabilities	6,810	6,593
Commitments and contingencies		
Shareholder’s equity		
Common stock	2,530	2,489
Retained earnings	1,005	1,087
Accumulated other comprehensive income, net	—	1
Total shareholder’s equity	3,535	3,577
Total liabilities and shareholder's equity	$ 10,345	$ 10,170

See the Combined Notes to Consolidated Financial Statements

PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
(Unaudited)

(In millions)	Common Stock	Retained Earnings	Accumulated Other Comprehensive Income, net	Total Shareholder's Equity
Balance, December 31, 2017	$ 2,489	$ 1,087	$ 1	$ 3,577
Net income	—	210	—	210
Common stock dividends	—	(293)	—	(293)
Contributions from parent	41	—	—	41
Impact of adoption of Recognition and Measurement of Financial Assets and Liabilities standard	—	1	(1)	—
Balance, June 30, 2018	$ 2,530	$ 1,005	$ —	$ 3,535

See the Combined Notes to Consolidated Financial Statements

BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	2018	2017	2018	2017
Operating revenues				
Electric operating revenues	$ 542	$ 545	$ 1,196	$ 1,186
Natural gas operating revenues	118	94	448	365
Revenues from alternative revenue programs	(4)	32	(17)	66
Operating revenues from affiliates	6	3	12	8
Total operating revenues	662	674	1,639	1,625
Operating expenses				
Purchased power	135	115	327	248
Purchased fuel	32	22	155	105
Purchased power from affiliate	62	97	127	231
Operating and maintenance	135	135	318	284
Operating and maintenance from affiliates	41	39	79	73
Depreciation and amortization	114	112	248	239
Taxes other than income	59	56	124	119
Total operating expenses	578	576	1,378	1,299
Gain on sales of assets	1	—	1	—
Operating income	85	98	262	326
Other income and (deductions)				
Interest expense, net	(25)	(22)	(51)	(46)
Interest expense to affiliates	—	(4)	—	(8)
Other, net	4	4	9	8
Total other income and (deductions)	(21)	(22)	(42)	(46)
Income before income taxes	64	76	220	280
Income taxes	13	31	41	111
Net income	$ 51	$ 45	$ 179	$ 169
Comprehensive income	$ 51	$ 45	$ 179	$ 169

See the Combined Notes to Consolidated Financial Statements

BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six Months Ended June 30,	
(In millions)	2018	2017
Cash flows from operating activities		
Net income	$ 179	$ 169
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	248	239
Deferred income taxes and amortization of investment tax credits	39	99
Other non-cash operating activities	27	35
Changes in assets and liabilities:		
Accounts receivable	73	77
Receivables from and payables to affiliates, net	(4)	(7)
Inventories	5	(5)
Accounts payable and accrued expenses	(48)	(83)
Income taxes	(45)	26
Pension and non-pension postretirement benefit contributions	(49)	(47)
Other assets and liabilities	39	(34)
Net cash flows provided by operating activities	464	469
Cash flows from investing activities		
Capital expenditures	(434)	(405)
Other investing activities	6	4
Net cash flows used in investing activities	(428)	(401)
Cash flows from financing activities		
Changes in short-term borrowings	59	40
Retirement of long-term debt	—	(41)
Dividends paid on common stock	(105)	(99)
Net cash flows used in financing activities	(46)	(100)
Decrease in cash, cash equivalents and restricted cash	(10)	(32)
Cash, cash equivalents and restricted cash at beginning of period	18	50
Cash, cash equivalents and restricted cash at end of period	$ 8	$ 18

See the Combined Notes to Consolidated Financial Statements

BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2018	December 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents	$ 7	$ 17
Restricted cash and cash equivalents	1	1
Accounts receivable, net		
Customer	300	375
Other	89	94
Receivables from affiliates	—	1
Inventories, net		
Gas held in storage	27	37
Materials and supplies	45	40
Prepaid utility taxes	—	69
Regulatory assets	185	174
Other	4	3
Total current assets	658	811
Property, plant and equipment, net	7,864	7,602
Deferred debits and other assets		
Regulatory assets	405	397
Investments	6	5
Prepaid pension asset	302	285
Other	6	4
Total deferred debits and other assets	719	691
Total assets	$ 9,241	$ 9,104

See the Combined Notes to Consolidated Financial Statements

BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2018	December 31, 2017
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings	$ 136	$ 77
Accounts payable	249	265
Accrued expenses	95	164
Payables to affiliates	48	52
Customer deposits	120	116
Regulatory liabilities	106	62
Other	23	24
Total current liabilities	777	760
Long-term debt	2,578	2,577
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	1,306	1,244
Asset retirement obligations	23	23
Non-pension postretirement benefits obligations	199	202
Regulatory liabilities	1,070	1,101
Other	73	56
Total deferred credits and other liabilities	2,671	2,626
Total liabilities	6,026	5,963
Commitments and contingencies		
Shareholders' equity		
Common stock	1,605	1,605
Retained earnings	1,610	1,536
Total shareholders' equity	3,215	3,141
Total liabilities and shareholders' equity	$ 9,241	$ 9,104

See the Combined Notes to Consolidated Financial Statements

BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

(In millions)	Common Stock	Retained Earnings	Total Shareholders' Equity
Balance, December 31, 2017	$ 1,605	$ 1,536	$ 3,141
Net income	—	179	179
Common stock dividends	—	(105)	(105)
Balance, June 30, 2018	$ 1,605	$ 1,610	$ 3,215

See the Combined Notes to Consolidated Financial Statements

PEPCO HOLDINGS LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Operating revenues				
Electric operating revenues	$ 1,052	$ 1,032	$ 2,202	$ 2,100
Natural gas operating revenues	28	22	106	87
Revenues from alternative revenue programs	(7)	8	12	38
Operating revenues from affiliates	3	12	7	23
Total operating revenues	1,076	1,074	2,327	2,248
Operating expenses				
Purchased power	288	259	662	547
Purchased fuel	12	9	53	39
Purchased power and fuel from affiliates	81	115	186	259
Operating and maintenance	218	231	489	454
Operating and maintenance from affiliates	37	38	74	70
Depreciation, amortization and accretion	180	165	363	332
Taxes other than income	107	110	221	221
Total operating expenses	923	927	2,048	1,922
Gain on sales of assets	—	1	—	1
Operating income	153	148	279	327
Other income and (deductions)				
Interest expense, net	(65)	(59)	(128)	(122)
Other, net	11	13	22	26
Total other income and (deductions)	(54)	(46)	(106)	(96)
Income before income taxes	99	102	173	231
Income taxes	15	36	24	26
Net income	$ 84	$ 66	$ 149	$ 205
Comprehensive income	$ 84	$ 66	$ 149	$ 205

See the Combined Notes to Consolidated Financial Statements

PEPCO HOLDINGS LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Cash flows from operating activities		
Net income	$ 149	$ 205
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	363	332
Gain on sales of long-lived assets	—	(1)
Deferred income taxes and amortization of investment tax credits	14	59
Other non-cash operating activities	71	28
Changes in assets and liabilities:		
Accounts receivable	(28)	(3)
Receivables from and payables to affiliates, net	4	(7)
Inventories	8	(19)
Accounts payable and accrued expenses	66	(61)
Income taxes	13	87
Pension and non-pension postretirement benefit contributions	(62)	(68)
Other assets and liabilities	(111)	(149)
Net cash flows provided by operating activities	487	403
Cash flows from investing activities		
Capital expenditures	(629)	(671)
Proceeds from sales of long-lived assets	—	1
Other investing activities	2	—
Net cash flows used in investing activities	(627)	(670)
Cash flows from financing activities		
Changes in short-term borrowings	(228)	45
Proceeds from short-term borrowings with maturities greater than 90 days	125	—
Repayments of short-term borrowings with maturities greater than 90 days	—	(500)
Issuance of long-term debt	300	202
Retirement of long-term debt	(25)	(120)
Distributions to member	(109)	(131)
Contributions from member	235	751
Change in Exelon intercompany money pool	7	—
Other financing activities	(7)	(2)
Net cash flows provided by financing activities	298	245
Increase (Decrease) in cash, cash equivalents and restricted cash	158	(22)
Cash, cash equivalents and restricted cash at beginning of period	95	236
Cash, cash equivalents and restricted cash at end of period	$ 253	$ 214

See the Combined Notes to Consolidated Financial Statements

PEPCO HOLDINGS LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2018	December 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents	$ 195	$ 30
Restricted cash and cash equivalents	38	42
Accounts receivable, net		
Customer	495	486
Other	201	206
Inventories, net		
Gas held in storage	5	7
Materials and supplies	145	151
Regulatory assets	512	554
Other	81	75
Total current assets	1,672	1,551
Property, plant and equipment, net	12,929	12,498
Deferred debits and other assets		
Regulatory assets	2,439	2,493
Investments	133	132
Goodwill	4,005	4,005
Long-term note receivable	—	4
Prepaid pension asset	513	490
Deferred income taxes	5	4
Other	70	70
Total deferred debits and other assets	7,165	7,198
Total assets [(a)]	$ 21,766	$ 21,247

See the Combined Notes to Consolidated Financial Statements

PEPCO HOLDINGS LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2018	December 31, 2017
LIABILITIES AND MEMBER'S EQUITY		
Current liabilities		
Short-term borrowings	$ 247	$ 350
Long-term debt due within one year	379	396
Accounts payable	514	348
Accrued expenses	220	261
Payables to affiliates	94	90
Borrowings from Exelon intercompany money pool	7	—
Unamortized energy contract liabilities	134	188
Customer deposits	111	119
Merger related obligation	38	42
Regulatory liabilities	125	56
Other	57	81
Total current liabilities	1,926	1,931
Long-term debt	5,737	5,478
Deferred credits and other liabilities		
Regulatory liabilities	1,834	1,872
Deferred income taxes and unamortized investment tax credits	2,146	2,070
Asset retirement obligations	16	16
Non-pension postretirement benefit obligations	100	105
Unamortized energy contract liabilities	504	561
Other	403	389
Total deferred credits and other liabilities	5,003	5,013
Total liabilities [(a)]	12,666	12,422
Commitments and contingencies		
Member's equity		
Membership interest	9,070	8,835
Undistributed earnings (losses)	30	(10)
Total member's equity	9,100	8,825
Total liabilities and member's equity	$ 21,766	$ 21,247

(a) PHI's consolidated total assets include $37 million and $41 million at June 30, 2018 and December 31, 2017 , respectively, of PHI's consolidated VIE that can only be used to settle the liabilities of the VIE. PHI's consolidated total liabilities include $88 million and $102 million at June 30, 2018 and December 31, 2017 , respectively, of PHI's consolidated VIE for which the VIE creditors do not have recourse to PHI. See Note 3 — Variable Interest Entities for additional information.

See the Combined Notes to Consolidated Financial Statements

PEPCO HOLDINGS LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Unaudited)

(In millions)	Membership Interest	Undistributed Earnings (Losses)	Member's Equity
Balance, December 31, 2017	$ 8,835	$ (10)	$ 8,825
Net income	—	149	149
Distribution to member	—	(109)	(109)
Contribution from member	235	—	235
Balance, June 30, 2018	$ 9,070	$ 30	$ 9,100

See the Combined Notes to Consolidated Financial Statements

POTOMAC ELECTRIC POWER COMPANY
STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Operating revenues				
Electric operating revenues	$ 531	$ 508	$ 1,067	$ 1,022
Revenues from alternative revenue programs	(10)	5	10	20
Operating revenues from affiliates	2	1	3	3
Total operating revenues	523	514	1,080	1,045
Operating expenses				
Purchased power	94	74	224	157
Purchased power from affiliates	46	69	98	152
Operating and maintenance	60	106	133	208
Operating and maintenance from affiliates	56	14	113	26
Depreciation and amortization	92	78	188	160
Taxes other than income	90	90	183	180
Total operating expenses	438	431	939	883
Gain on sales of assets	—	1	—	1
Operating income	85	84	141	163
Other income and (deductions)				
Interest expense, net	(32)	(28)	(63)	(58)
Other, net	8	7	16	15
Total other income and (deductions)	(24)	(21)	(47)	(43)
Income before income taxes	61	63	94	120
Income taxes	7	20	9	19
Net income	$ 54	$ 43	$ 85	$ 101
Comprehensive income	$ 54	$ 43	$ 85	$ 101

See the Combined Notes to Consolidated Financial Statements

POTOMAC ELECTRIC POWER COMPANY
STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Cash flows from operating activities		
Net income	$ 85	$ 101
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	188	160
Deferred income taxes and amortization of investment tax credits	(8)	35
Gain on sales of long-lived assets	—	(1)
Other non-cash operating activities	24	—
Changes in assets and liabilities:		
Accounts receivable	(31)	(33)
Receivables from and payables to affiliates, net	(11)	(4)
Inventories	2	(10)
Accounts payable and accrued expenses	77	(45)
Income taxes	3	46
Pension and non-pension postretirement benefit contributions	(11)	(65)
Other assets and liabilities	(91)	(55)
Net cash flows provided by operating activities	227	129
Cash flows from investing activities		
Capital expenditures	(287)	(291)
Proceeds from sales of long-lived assets	—	1
Other investing activities	2	(2)
Net cash flows used in investing activities	(285)	(292)
Cash flows from financing activities		
Changes in short-term borrowings	(26)	(23)
Issuance of long-term debt	100	202
Retirement of long-term debt	(7)	(7)
Dividends paid on common stock	(50)	(58)
Contribution from parent	85	161
Other financing activities	(4)	(1)
Net cash flows provided by financing activities	98	274
Increase in cash, cash equivalents and restricted cash	40	111
Cash, cash equivalents and restricted cash at beginning of period	40	42
Cash, cash equivalents and restricted cash at end of period	$ 80	$ 153

See the Combined Notes to Consolidated Financial Statements

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POTOMAC ELECTRIC POWER COMPANY
BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2018	December 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents	$ 47	$ 5
Restricted cash and cash equivalents	33	35
Accounts receivable, net		
Customer	272	250
Other	91	87
Inventories, net	85	87
Regulatory assets	248	213
Other	11	33
Total current assets	787	710
Property, plant and equipment, net	6,207	6,001
Deferred debits and other assets		
Regulatory assets	682	678
Investments	105	102
Prepaid pension asset	321	322
Other	21	19
Total deferred debits and other assets	1,129	1,121
Total assets	$ 8,123	$ 7,832

See the Combined Notes to Consolidated Financial Statements

POTOMAC ELECTRIC POWER COMPANY
BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2018	December 31, 2017
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Short-term borrowings	$ —	$ 26
Long-term debt due within one year	20	19
Accounts payable	245	139
Accrued expenses	137	137
Payables to affiliates	63	74
Customer deposits	51	54
Regulatory liabilities	30	3
Merger related obligation	38	42
Current portion of DC PLUG obligation	30	28
Other	10	28
Total current liabilities	624	550
Long-term debt	2,611	2,521
Deferred credits and other liabilities		
Regulatory liabilities	791	829
Deferred income taxes and unamortized investment tax credits	1,101	1,063
Non-pension postretirement benefit obligations	32	36
Other	311	300
Total deferred credits and other liabilities	2,235	2,228
Total liabilities	5,470	5,299
Commitments and contingencies		
Shareholder's equity		
Common stock	1,555	1,470
Retained earnings	1,098	1,063
Total shareholder's equity	2,653	2,533
Total liabilities and shareholder's equity	$ 8,123	$ 7,832

See the Combined Notes to Consolidated Financial Statements

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POTOMAC ELECTRIC POWER COMPANY
STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
(Unaudited)

(In millions)	Common Stock	Retained Earnings	Total Shareholder's Equity
Balance, December 31, 2017	$ 1,470	$ 1,063	$ 2,533
Net income	—	85	85
Common stock dividends	—	(50)	(50)
Contributions from parent	85	—	85
Balance, June 30, 2018	$ 1,555	$ 1,098	$ 2,653

See the Combined Notes to Consolidated Financial Statements

DELMARVA POWER & LIGHT COMPANY
STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Operating revenues				
Electric operating revenues	$ 255	$ 258	$ 558	$ 544
Natural gas operating revenues	28	22	106	87
Revenues from alternative revenue programs	4	—	5	9
Operating revenues from affiliates	2	2	4	4
Total operating revenues	289	282	673	644
Operating expenses				
Purchased power	72	64	162	141
Purchased fuel	12	9	53	38
Purchased power from affiliate	30	40	76	91
Operating and maintenance	36	66	94	133
Operating and maintenance from affiliates	41	8	81	15
Depreciation and amortization	43	40	88	79
Taxes other than income	13	14	28	28
Total operating expenses	247	241	582	525
Operating income	42	41	91	119
Other income and (deductions)				
Interest expense, net	(14)	(13)	(27)	(25)
Other, net	3	3	5	6
Total other income and (deductions)	(11)	(10)	(22)	(19)
Income before income taxes	31	31	69	100
Income taxes	5	12	12	24
Net income	$ 26	$ 19	$ 57	$ 76
Comprehensive income	$ 26	$ 19	$ 57	$ 76

See the Combined Notes to Consolidated Financial Statements

DELMARVA POWER & LIGHT COMPANY
STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Cash flows from operating activities		
Net income	$ 57	$ 76
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	88	79
Deferred income taxes and amortization of investment tax credits	9	33
Other non-cash operating activities	14	(3)
Changes in assets and liabilities:		
Accounts receivable	18	12
Receivables from and payables to affiliates, net	(22)	(2)
Inventories	4	(3)
Accounts payable and accrued expenses	10	18
Income taxes	16	13
Other assets and liabilities	22	(29)
Net cash flows provided by operating activities	216	194
Cash flows from investing activities		
Capital expenditures	(166)	(192)
Other investing activities	1	1
Net cash flows used in investing activities	(165)	(191)
Cash flows from financing activities		
Changes in short-term borrowings	(216)	25
Issuance of long-term debt	200	—
Retirement of long-term debt	(4)	(14)
Dividends paid on common stock	(40)	(54)
Contribution from parent	150	—
Other financing activities	(2)	—
Net cash flows provided by (used in) financing activities	88	(43)
Increase (Decrease) in cash, cash equivalents and restricted cash	139	(40)
Cash, cash equivalents and restricted cash at beginning of period	2	46
Cash, cash equivalents and restricted cash at end of period	$ 141	$ 6

See the Combined Notes to Consolidated Financial Statements

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DELMARVA POWER & LIGHT COMPANY
BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2018	December 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents	$ 141	$ 2
Accounts receivable, net		
Customer	119	146
Other	43	38
Receivables from affiliates	1	—
Inventories, net		
Gas held in storage	5	7
Materials and supplies	34	36
Regulatory assets	64	69
Other	18	27
Total current assets	425	325
Property, plant and equipment, net	3,689	3,579
Deferred debits and other assets		
Regulatory assets	242	245
Goodwill	8	8
Prepaid pension asset	189	193
Other	9	7
Total deferred debits and other assets	448	453
Total assets	$ 4,562	$ 4,357

See the Combined Notes to Consolidated Financial Statements

DELMARVA POWER & LIGHT COMPANY
BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2018	December 31, 2017
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Short-term borrowings	$ —	$ 216
Long-term debt due within one year	79	83
Accounts payable	111	82
Accrued expenses	45	35
Payables to affiliates	25	46
Customer deposits	34	35
Regulatory liabilities	67	42
Other	6	8
Total current liabilities	367	547
Long-term debt	1,415	1,217
Deferred credits and other liabilities		
Regulatory liabilities	588	593
Deferred income taxes and unamortized investment tax credits	626	603
Non-pension postretirement benefit obligations	13	14
Other	51	48
Total deferred credits and other liabilities	1,278	1,258
Total liabilities	3,060	3,022
Commitments and contingencies		
Shareholder's equity		
Common stock	914	764
Retained earnings	588	571
Total shareholder's equity	1,502	1,335
Total liabilities and shareholder's equity	$ 4,562	$ 4,357

See the Combined Notes to Consolidated Financial Statements

DELMARVA POWER & LIGHT COMPANY
STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
(Unaudited)

(In millions)	Common Stock	Retained Earnings	Total Shareholder's Equity
Balance, December 31, 2017	$ 764	$ 571	$ 1,335
Net income	—	57	57
Common stock dividends	—	(40)	(40)
Contribution from parent	150	—	150
Balance, June 30, 2018	$ 914	$ 588	$ 1,502

See the Combined Notes to Consolidated Financial Statements

ATLANTIC CITY ELECTRIC COMPANY AND SUBSIDIARY COMPANY
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Operating revenues				
Electric operating revenues	$ 265	$ 266	$ 576	$ 534
Revenues from alternative revenue programs	(1)	3	(3)	9
Operating revenues from affiliates	1	1	2	1
Total operating revenues	265	270	575	544
Operating expenses				
Purchased power	122	121	277	250
Purchased power from affiliates	6	7	12	16
Operating and maintenance	40	71	95	139
Operating and maintenance from affiliates	35	7	70	13
Depreciation and amortization	36	37	69	72
Taxes other than income	1	2	3	4
Total operating expenses	240	245	526	494
Operating income	25	25	49	50
Other income and (deductions)				
Interest expense, net	(16)	(15)	(32)	(30)
Other, net	1	2	1	4
Total other income and (deductions)	(15)	(13)	(31)	(26)
Income before income taxes	10	12	18	24
Income taxes	2	4	3	(12)
Net income	$ 8	$ 8	$ 15	$ 36
Comprehensive income	$ 8	$ 8	$ 15	$ 36

See the Combined Notes to Consolidated Financial Statements

ATLANTIC CITY ELECTRIC COMPANY AND SUBSIDIARY COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Cash flows from operating activities		
Net income	$ 15	$ 36
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	69	72
Deferred income taxes and amortization of investment tax credits	6	(8)
Other non-cash operating activities	12	7
Changes in assets and liabilities:		
Accounts receivable	(13)	18
Receivables from and payables to affiliates, net	(4)	(6)
Inventories	4	(3)
Accounts payable and accrued expenses	14	3
Income taxes	3	11
Pension and non-pension postretirement benefit contributions	(6)	—
Other assets and liabilities	(33)	(53)
Net cash flows provided by operating activities	67	77
Cash flows from investing activities		
Capital expenditures	(170)	(175)
Other investing activities	(2)	—
Net cash flows used in investing activities	(172)	(175)
Cash flows from financing activities		
Changes in short-term borrowings	14	42
Proceeds from short-term borrowings with maturities greater than 90 days	125	—
Retirement of long-term debt	(15)	(17)
Dividends paid on common stock	(19)	(22)
Other financing activities	—	(1)
Net cash flows provided by financing activities	105	2
Increase (Decrease) in cash, cash equivalents and restricted cash	—	(96)
Cash, cash equivalents and restricted cash at beginning of period	31	133
Cash, cash equivalents and restricted cash at end of period	$ 31	$ 37

See the Combined Notes to Consolidated Financial Statements

ATLANTIC CITY ELECTRIC COMPANY AND SUBSIDIARY COMPANY
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2018	December 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents	$ 6	$ 2
Restricted cash and cash equivalents	5	6
Accounts receivable, net		
Customer	103	92
Other	50	56
Inventories, net	25	29
Prepaid utility taxes	36	—
Regulatory assets	60	71
Other	7	2
Total current assets	292	258
Property, plant and equipment, net	2,831	2,706
Deferred debits and other assets		
Regulatory assets	381	359
Long-term note receivable	—	4
Prepaid pension asset	73	73
Other	42	45
Total deferred debits and other assets	496	481
Total assets [(a)]	$ 3,619	$ 3,445

See the Combined Notes to Consolidated Financial Statements

ATLANTIC CITY ELECTRIC COMPANY AND SUBSIDIARY COMPANY
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	June 30, 2018	December 31, 2017
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Short-term borrowings	$ 247	$ 108
Long-term debt due within one year	275	281
Accounts payable	143	118
Accrued expenses	35	33
Payables to affiliates	25	29
Customer deposits	26	31
Regulatory liabilities	29	11
Other	9	8
Total current liabilities	789	619
Long-term debt	832	840
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	501	493
Non-pension postretirement benefit obligations	14	14
Regulatory liabilities	418	411
Other	26	25
Total deferred credits and other liabilities	959	943
Total liabilities [(a)]	2,580	2,402
Commitments and contingencies		
Shareholder's equity		
Common stock	912	912
Retained earnings	127	131
Total shareholder's equity	1,039	1,043
Total liabilities and shareholder's equity	$ 3,619	$ 3,445

(a) ACE's consolidated total assets include $25 million and $29 million at June 30, 2018 and December 31, 2017 , respectively, of ACE's consolidated VIE that can only be used to settle the liabilities of the VIE. ACE's consolidated total liabilities include $76 million and $90 million at June 30, 2018 and December 31, 2017 , respectively, of ACE's consolidated VIE for which the VIE creditors do not have recourse to ACE. See Note 3 — Variable Interest Entities for additional information.

See the Combined Notes to Consolidated Financial Statements

ATLANTIC CITY ELECTRIC COMPANY AND SUBSIDIARY COMPANY
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
(Unaudited)

(In millions)	Common Stock	Retained Earnings	Total Shareholder's Equity
Balance, December 31, 2017	$ 912	$ 131	$ 1,043
Net income	—	15	15
Common stock dividends	—	(19)	(19)
Balance, June 30, 2018	$ 912	$ 127	$ 1,039

See the Combined Notes to Consolidated Financial Statements

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in millions, except per share data, unless otherwise noted)

Index to Combined Notes To Consolidated Financial Statements

The notes to the consolidated financial statements that follow are a combined presentation. The following list indicates the Registrants to which the footnotes apply:

Applicable Notes

Registrant	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Exelon Corporation	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.
Exelon Generation Company, LLC	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.		.	.	.	.
Commonwealth Edison Company	.	.	.		.	.			.	.	.	.		.			.	.	.	
PECO Energy Company	.	.	.		.	.			.	.	.	.		.	.		.	.	.	
Baltimore Gas and Electric Company	.	.	.		.	.			.	.	.	.		.			.	.	.	
Pepco Holdings LLC	.	.	.		.	.			.	.	.	.		.			.	.	.	
Potomac Electric Power Company	.	.	.		.	.			.	.	.	.		.			.	.	.	
Delmarva Power & Light Company	.	.	.		.	.			.	.	.	.		.			.	.	.	
Atlantic City Electric Company	.	.	.		.	.			.	.	.	.		.			.	.	.	

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

1 . Significant Accounting Policies (All Registrants)

Description of Business (All Registrants)

Exelon is a utility services holding company engaged through its principal subsidiaries in the energy generation and energy distribution and transmission businesses.

Name of Registrant	Business	Service Territories
Exelon Generation Company, LLC	Generation, physical delivery and marketing of power across multiple geographical regions through its customer-facing business, Constellation, which sells electricity to both wholesale and retail customers. Generation also sells natural gas, renewable energy and other energy-related products and services.	Six reportable segments: Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Power Regions
Commonwealth Edison Company	Purchase and regulated retail sale of electricity Transmission and distribution of electricity to retail customers	Northern Illinois, including the City of Chicago
PECO Energy Company	Purchase and regulated retail sale of electricity and natural gas Transmission and distribution of electricity and distribution of natural gas to retail customers	Southeastern Pennsylvania, including the City of Philadelphia (electricity) Pennsylvania counties surrounding the City of Philadelphia (natural gas)
Baltimore Gas and Electric Company	Purchase and regulated retail sale of electricity and natural gas Transmission and distribution of electricity and distribution of natural gas to retail customers	Central Maryland, including the City of Baltimore (electricity and natural gas)
Pepco Holdings LLC	Utility services holding company engaged, through its reportable segments Pepco, DPL and ACE	Service Territories of Pepco, DPL and ACE
Potomac Electric Power Company	Purchase and regulated retail sale of electricity Transmission and distribution of electricity to retail customers	District of Columbia, and major portions of Montgomery and Prince George's Counties, Maryland
Delmarva Power & Light Company	Purchase and regulated retail sale of electricity and natural gas Transmission and distribution of electricity and distribution of natural gas to retail customers	Portions of Delaware and Maryland (electricity) Portions of New Castle County, Delaware (natural gas)
Atlantic City Electric Company	Purchase and regulated retail sale of electricity Transmission and distribution of electricity to retail customers	Portions of Southern New Jersey

Basis of Presentation (All Registrants)

Each of the R egistrant's Consolidated Financial Statements includes the accounts of its subsidiaries. All intercompany transactions have been eliminated.

The accompanying consolidated financial statements as of June 30, 2018 and 2017 and for the three and six months then ended are unaudited but, in the opinion of the management of each Registrant include all adjustments that are considered necessary for a fair statement of the Registrants' respective financial statements in accordance with GAAP. All adjustments are of a normal, recurring nature, except as otherwise disclosed. The December 31, 2017 revised Consolidated Balance Sheets were derived from audited financial statements. Financial results for interim periods are not necessarily indicative of results that may be expected for any other interim period or f or the fiscal year ending December 31, 2018 . These Combined Notes to Consolidated Financial Statements have been prepared pursuant to the rules and regulations of the SEC for Quarterly Reports on Form 10-Q. Certain information and note disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations.

Prior Period Adjustments and Reclassifications (All Registrants)

Certain prior year amounts in the Registrants' Consolidated Statements of Operations and Comprehensive Incom e, Consolidated Statements of Cash Flows, Consolidated Balance Sheets and Consolidated Statements of Changes in Shareholders' Equity have been recasted to reflect new accounting standards issued by the FASB and adopted as of January 1, 2018.

Beginning on January 1, 2018, Exelon adopted the following new accounting standards requiring reclassification or adjustments to previously reported information as follows:

- *Statement of Cash Flows: Classification of Restricted Cash.* The Registrants applied the new guidance using the full retrospective method and, accordingly, have recasted the presentation of restricted cash in their Consolidated Statements of Cash Flows in the prior periods presented. See Note 18 — Supplemental Financial Information for additional information.

- *Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income.* Exelon early adopted and retrospectively applied the new guidance to when the effects of the TCJA were recognized and, accordingly, recasted its December 31, 2017 AOCI and retained earnings in its Consolidated Balance Sheet and Consolidated Statement of Changes in Shareholders' Equity. Exelon's accounting policy is to release the stranded tax effects from AOCI related to its pension and OPEB plans under a portfolio (or aggregate) approach as an entire pension or OPEB plan is liquidated or terminated. See Note 2 — New Accounting Standards for additional information.

- *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost.* Exelon applied this guidance retrospectively for the presentation of the service and other non-service costs components of net benefit cost and, accordingly, have recasted those amounts, which were not material, in its Consolidated Statement of Operations and Comprehensive Income in prior periods presented. As part of the adoption, Exelon elected the practical expedient that permits an employer to use the amounts disclosed in its pension and other postretirement benefit plan note for the comparative periods as the estimation basis for applying the retrospective presentation requirements. See Note 14 — Retirement Benefits for additional information.

- *Revenue from Contracts with Customers.* The Registrants applied the new guidance using the full retrospective method and, accordingly, have recasted certain amounts in their Consolidated Statements of Operations and Comprehensive Income, Consolidated Statements of Cash Flows, Consolidated Balance Sheets, Consolidated Statements of Changes in Shareholders' Equity and Combined Notes to Consolidated Financial Statements in the prior periods presented. The amounts recasted in the Registrants' Consolidated Statements of Operations and Comprehensive Income are shown in the table below. The amounts recasted in the Registrants' Consolidated Statements of Cash Flows, Consolidated Balance Sheets, Consolidated Statements of Changes in Shareholders' Equity and Combined Notes to Consolidated Financial Statements were not material. See Note 5 — Revenue from Contracts with Customers for additional information.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Three Months Ended June 30, 2017	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Operating Revenues - As reported									
Competitive business revenues	$ 3,908	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Rate-regulated utility revenues	3,715	—	—	—	—	—	—	—	—
Operating revenues	—	3,906	—	—	—	—	—	—	—
Electric operating revenues	—	—	1,354	548	569	1,040	513	258	269
Natural gas operating revenues	—	—	—	80	102	22	—	22	—
Operating revenues from affiliates	—	268	3	2	3	12	1	2	1
Total operating revenues	$ 7,623	$ 4,174	$ 1,357	$ 630	$ 674	$ 1,074	$ 514	$ 282	$ 270
Operating Revenues - Adjustments									
Competitive business revenues	$ 42	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Rate-regulated utility revenues	(58)	—	—	—	—	—	—	—	—
Operating revenues	—	42	—	—	—	—	—	—	—
Electric operating revenues	—	—	(18)	—	(24)	(8)	(5)	—	(3)
Natural gas operating revenues	—	—	—	—	(8)	—	—	—	—
Revenues from alternative revenue programs	58	—	18	—	32	8	5	—	3
Operating revenues from affiliates	—	—	—	—	—	—	—	—	—
Total operating revenues	$ 42	$ 42	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Operating Revenues - Retrospective application									
Competitive business revenues	$ 3,950	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Rate-regulated utility revenues	3,657	—	—	—	—	—	—	—	—
Operating revenues	—	3,948	—	—	—	—	—	—	—
Electric operating revenues	—	—	1,336	548	545	1,032	508	258	266
Natural gas operating revenues	—	—	—	80	94	22	—	22	—
Revenues from alternative revenue programs	58	—	18	—	32	8	5	—	3
Operating revenues from affiliates	—	268	3	2	3	12	1	2	1
Total operating revenues	$ 7,665	$ 4,216	$ 1,357	$ 630	$ 674	$ 1,074	$ 514	$ 282	$ 270

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Six Months Ended June 30, 2017	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Operating Revenues - As reported									
Competitive business revenues	$ 8,468	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Rate-regulated utility revenues	7,913	—	—	—	—	—	—	—	—
Operating revenues	—	8,463	—	—	—	—	—	—	—
Electric operating revenues	—	—	2,647	1,138	1,234	2,138	1,042	553	543
Natural gas operating revenues	—	—	—	285	383	87	—	87	—
Operating revenues from affiliates	—	598	9	3	8	23	3	4	1
Total operating revenues	$ 16,381	$ 9,061	$ 2,656	$ 1,426	$ 1,625	$ 2,248	$ 1,045	$ 644	$ 544
Operating Revenues - Adjustments									
Competitive business revenues	$ 32	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Rate-regulated utility revenues	(137)	—	—	—	—	—	—	—	—
Operating revenues	—	32	—	—	—	—	—	—	—
Electric operating revenues	—	—	(32)	—	(48)	(38)	(20)	(9)	(9)
Natural gas operating revenues	—	—	—	—	(18)	—	—	—	—
Revenues from alternative revenue programs	137	—	32	—	66	38	20	9	9
Operating revenues from affiliates	—	—	—	—	—	—	—	—	—
Total operating revenues	$ 32	$ 32	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Operating Revenues - Retrospective application									
Competitive business revenues	$ 8,500	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Rate-regulated utility revenues	7,776	—	—	—	—	—	—	—	—
Operating revenues	—	8,495	—	—	—	—	—	—	—
Electric operating revenues	—	—	2,615	1,138	1,186	2,100	1,022	544	534
Natural gas operating revenues	—	—	—	285	365	87	—	87	—
Revenues from alternative revenue programs	137	—	32	—	66	38	20	9	9
Operating revenues from affiliates	—	598	9	3	8	23	3	4	1
Total operating revenues	$ 16,413	$ 9,093	$ 2,656	$ 1,426	$ 1,625	$ 2,248	$ 1,045	$ 644	$ 544

Revenues (All Registrants)

Operating Revenues. The Registrants' operating revenues generally consist of revenues from contracts with customers involving the sale and delivery of energy commodities and related products and services, utility revenues from alternative revenue programs (ARP), and realized and unrealized revenues recognized under mark-to-market energy commodity derivative contracts. The Registrants recognize revenue from contracts with customers to depict the transfer of goods or services to customers in an amount that the entities expect to be entitled to in exchange for those goods or services. Generation's primary sources of revenue include competitive sales of power, natural gas, and other energy-related products and services. The Utility Registrants' primary sources of revenue include regulated electric and natural gas tariff sales, distribution and transmission services. At the end of each month, the Registrants accrue an estimate for the unbilled amount of energy delivered or services provided to customers.

ComEd records ARP revenue for its best estimate of the electric distribution, energy efficiency, and transmission revenue impacts resulting from future changes in rates that ComEd believes are probable of approval by the ICC and FERC in accordance with its formula rate mechanisms. BGE, Pepco and DPL record ARP revenue for their best estimate of the electric and natural gas distribution revenue impacts resulting from future changes in rates that they believe are probable of approval by the MDPSC and/or DCPSC in accordance with their revenue decoupling mechanisms. PECO, BGE, Pepco, DPL and ACE record ARP revenue for their best estimate of the transmission revenue impacts resulting from future changes in rates that they believe are probable of approval by FERC in accordance with their formula rate mechanisms. See Note 5 — Revenue from Contracts with Customers and Note 6 — Regulatory Matters for additional information.

RTOs and ISOs. In RTO and ISO markets that facilitate the dispatch of energy and energy-related products, the Registrants generally report sales and purchases conducted on a net hourly basis in either revenues or purchased power on their Consolidated Statements of Operations and Comprehensive Income, the classification of which depends on the net hourly sale or purchase position. In addition, capacity revenue and expense classification is based on the net sale or purchase position of the Registrants in the different RTOs and ISOs.

Option Contracts, Swaps and Commodity Derivatives. Certain option contracts and swap arrangements that meet the definition of derivative instruments are recorded at fair value with subsequent changes in fair value recognized as revenue or expense. The classification of revenue or expense is based on the intent of the transaction. For example, gas transactions may be used to hedge the sale of power. This will result in the change in fair value recorded through revenue. To the extent a Utility Registrant receives full cost recovery for energy procurement and related costs from retail customers, it records the fair value of its energy swap contracts with unaffiliated suppliers as well as an offsetting regulatory asset or liability on its Consolidated Balance Sheets. See Note 6 — Regulatory Matters and Note 10 — Derivative Financial Instruments for additional information.

Taxes Directly Imposed on Revenue-Producing Transactions. The Registrants collect certain taxes from customers such as sales and gross receipts taxes, along with other taxes, surcharges and fees that are levied by state or local governments on the sale or distribution of natural gas and electricity. Some of these taxes are imposed on the customer, but paid by the Registrants, while others are imposed directly on the Registrants. The Registrants do not recognize revenue or expense in their Consolidated Statements of Operations and Comprehensive Income when these taxes are imposed on the customer, such as sales taxes. However, when these taxes are imposed directly on the Registrants, such as gross receipts taxes or other surcharges or fees, the Registrants recognize revenue for the taxes collected from customers along with an offsetting expense. See Note 18 — Supplemental Financial Information for Generation's, ComEd's, PECO's, BGE's, Pepco's, DPL's and ACE's utility taxes that are presented on a gross basis.

2 . New Accounting Standards (All Registrants)

New Accounting Standards Adopted: In 2018, the Registrants have adopted the following new authoritative accounting guidance issued by the FASB.

Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income (Issued February 2018): Provides an election for a reclassification from AOCI to Retained earnings to eliminate the stranded tax effects resulting from the TCJA. This standard is effective January 1, 2019, with early adoption permitted, and may be applied either in the period of adoption or retrospective to each period in which the effects of the TCJA were recognized. Exelon early adopted this standard during the first quarter 2018 and elected to apply the guidance retrospectively as of December 31, 2017, which resulted in an increase to Exelon's Retained earnings and Accumulated other comprehensive loss of $539 million related to deferred income taxes associated with Exelon's pension and OPEB obligations. There was no impact for Generation, ComEd, PECO, BGE, PHI, Pepco, DPL or ACE.

See Note 1 — Significant Accounting Policies of the Exelon 2017 Form 10-K for information on other new accounting standards issued and adopted as of January 1, 2018.

New Accounting Standards Issued and Not Yet Adopted as of June 30, 2018: The following new authoritative accounting guidance issued by the FASB has not yet been adopted and reflected by the Registrants in their consolidated financial statements as of June 30, 2018. Unless otherwise indicated, the Registrants are currently assessing the impacts such guidance may have (which could be material) on their Consolidated Balance Sheets, Consolidated Statements of Operations and Comprehensive Income, Consolidated Statements of Cash Flows and disclosures, as well as the potential to early adopt where applicable. The Registrants have assessed other FASB issuances of new standards which are not listed below given the current expectation that such standards will not significantly impact the Registrants' financial reporting.

Leases (Issued February 2016): Increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The standard is effective January 1, 2019. Early adoption is permitted; however, the Registrants will not early adopt the standard. The issued guidance required a modified retrospective transition approach, which requires lessees and lessors to recognize and measure leases at the beginning of the earliest period presented (January 1, 2017). In July 2018, the FASB issued an amendment to the standard giving entities the option to apply the requirements of the standard in the period of adoption (January 1, 2019) with no restatement of prior periods. Exelon plans to elect this expedient.

The new guidance requires lessees to recognize both the right-of-use assets and lease liabilities in the balance sheet for most leases, whereas today only finance lease liabilities (referred to as capital leases) are recognized in the balance sheet. In addition, the definition of a lease has been revised which may result in changes to the classification of an arrangement as a lease. Under the new guidance, an arrangement that conveys the right to control the use of an identified asset by obtaining substantially all of its economic benefits and directing how it is used is a lease, whereas the current definition focuses on the ability to control the use of the asset or to obtain its output. Quantitative and qualitative disclosures related to the amount, timing and judgments of an entity's accounting for leases and the related cash flows are expanded. Disclosure requirements apply to both lessees and lessors, whereas current disclosures relate only to lessees. Significant changes to lease systems, processes and procedures are required to implement the requirements of the new standard. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee have not significantly changed from current GAAP. Lessor accounting is also largely unchanged.

The standard provides a number of transition practical expedients that entities may elect. These include a "package of three" expedients that must be taken together and allow entities to (1) not reassess

whether existing contracts contain leases, (2) carryforward the existing lease classification, and (3) not reassess initial direct costs associated with existing leases. The Registrants expect to elect this practical expedient.

In January 2018, the FASB issued additional guidance which provides another optional transition practical expedient. This practical expedient allows entities to not evaluate land easements under the new guidance at adoption if they were not previously accounted for as leases.

The Registrants have assessed the lease standard and are executing a detailed implementation plan in preparation for adoption on January 1, 2019. Key activities in the implementation plan include:

- Developing a complete lease inventory and abstracting the required data attributes into a lease accounting system that supports the Registrants' lease portfolios and integrates with existing systems.
- Evaluating the transition practical expedients available under the guidance.
- Identifying, assessing and documenting technical accounting issues, policy considerations and financial reporting implications.
- Identifying and implementing changes to processes and controls to ensure all impacts of the new guidance are effectively addressed.

Impairment of Financial Instruments (Issued June 2016): Provides for a new Current Expected Credit Loss (CECL) impairment model for specified financial instruments including loans, trade receivables, debt securities classified as held-to-maturity investments and net investments in leases recognized by a lessor. Under the new guidance, on initial recognition and at each reporting period, an entity is required to recognize an allowance that reflects the entity's current estimate of credit losses expected to be incurred over the life of the financial instrument. The standard does not make changes to the existing impairment models for non-financial assets such as fixed assets, intangibles and goodwill. The standard will be effective January 1, 2020 (with early adoption as of January 1, 2019 permitted) and requires a modified retrospective transition approach through a cumulative-effect adjustment to retained earnings as of the beginning of the period of adoption.

Goodwill Impairment (Issued January 2017): Simplifies the accounting for goodwill impairment by removing Step 2 of the current test, which requires calculation of a hypothetical purchase price allocation. Under the revised guidance, goodwill impairment will be measured as the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill (currently Step 1 of the two-step impairment test). Entities will continue to have the option to perform a qualitative assessment to determine if a quantitative impairment test is necessary. Exelon, Generation, ComEd, PHI and DPL have goodwill as of June 30, 2018 . This updated guidance is not currently expected to impact the Registrants' financial reporting. The standard is effective January 1, 2020, with early adoption permitted, and must be applied on a prospective basis.

Derivatives and Hedging (Issued September 2017): Allows more financial and nonfinancial hedging strategies to be eligible for hedge accounting. The amendments are intended to more closely align hedge accounting with companies' risk management strategies, simplify the application of hedge accounting, and increase transparency as to the scope and results of hedging programs. There are also amendments related to effectiveness testing and disclosure requirements. The guidance is effective January 1, 2019 and early adoption is permitted with a modified retrospective transition approach. The Registrants are currently assessing this standard but do not currently expect a significant impact given the limited activity for which the Registrants elect hedge accounting and because the Registrants do not anticipate increasing their use of hedge accounting as a result of this standard.

3 . Variable Interest Entities (All Registrants)

A VIE is a legal entity that possesses any of the following characteristics: an insufficient amount of equity at risk to finance its activities, equity owners who do not have the power to direct the significant activities of the entity (or have voting rights that are disproportionate to their ownership interest) or equity owners who do not have the obligation to absorb expected losses or the right to receive the expected *residual* returns of the entity. Companies are required to consolidate a VIE if they are its primary beneficiary, which is the enterprise that has the power to direct the activities that most significantly affect the entity's economic performance.

At June 30, 2018 and December 31, 2017 , Exelon, Generation, PHI and ACE collectively consolidated five VIEs or VIE groups for which the applicable Registrant was the primary beneficiary (see Consolidated Variable Interest Entities below). As of June 30, 2018 and December 31, 2017 , Exelon and Generation collectively had significant interests in seven other VIEs for which the applicable Registrant does not have the power to direct the entities' activities and, accordingly, was not the primary beneficiary (see Unconsolidated Variable Interest Entities below).

Consolidated Variable Interest Entities

As of June 30, 2018 and December 31, 2017 , Exelon's and Generation's consolidated VIEs consist of:

- energy related companies involved in distributed generation, backup generation and energy development
- renewable energy project companies formed by Generation to build, own and operate renewable power facilities
- certain retail power and gas companies for which Generation is the sole supplier of energy, and
- CENG.

As of June 30, 2018 and December 31, 2017 , Exelon's, PHI's and ACE's consolidated VIE consist of:

- ATF, a special purpose entity formed by ACE for the purpose of securitizing authorized portions of ACE's recoverable stranded costs through the issuance and sale of transition bonds.

As of June 30, 2018 and December 31, 2017 , ComEd, PECO, BGE, Pepco and DPL did not have any material consolidated VIEs.

As of June 30, 2018 and December 31, 2017 , Exelon and Generation provided the following support to their respective consolidated VIEs:

- Generation provides operating and capital funding to the renewable energy project companies and there is limited recourse to Generation related to certain renewable energy project companies.
- Generation provides operating and capital funding to one of the energy related companies involved in backup generation.
- Generation provides approximately $34 million in credit support for the retail power and gas companies for which Generation is the sole supplier of energy.

- Exelon and Generation, where indicated, provide the following support to CENG (see Note 26 — Related Party Transactions of the Exelon 2017 Form 10-K for additional information regarding Generation's and Exelon's transactions with CENG):

  - under power purchase agreements with CENG, Generation purchased or will purchase 50.01% of the available output generated by the CENG nuclear plants not subject to other contractual agreements from January 2015 through the end of the operating life of each respective plant. However, pursuant to amendments dated March 31, 2015, the energy obligations under the Ginna Nuclear Power Plant (Ginna) PPAs were suspended during the term of the Reliability Support Services Agreement (RSSA), through the end of March 31, 2017. With the expiration of the RSSA, the PPA was reinstated beginning April 1, 2017,

  - Generation provided a $400 million loan to CENG. As of June 30, 2018 , the remaining obligation is $191 million ,

  - Generation executed an Indemnity Agreement pursuant to which Generation agreed to indemnify EDF against third-party claims that may arise from any future nuclear incident (as defined in the Price-Anderson Act) in connection with the CENG nuclear plants or their operations. Exelon guarantees Generation's obligations under this Indemnity Agreement. (See Note 17 — Commitments and Contingencies for additional information),

  - Generation and EDF share in the $637 million of contingent payment obligations for the payment of contingent retrospective premium adjustments for the nuclear liability insurance,

  - Exelon has executed an agreement to provide up to $245 million to support the operations of CENG as well as a $165 million guarantee of CENG's cash pooling agreement with its subsidiaries.

As of June 30, 2018 and December 31, 2017 , Exelon, PHI and ACE provided the following support to their respective consolidated VIE:

- In the case of ATF, proceeds from the sale of each series of transition bonds by ATF were transferred to ACE in exchange for the transfer by ACE to ATF of the right to collect a non-bypassable Transition Bond Charge from ACE customers pursuant to bondable stranded costs rate orders issued by the NJBPU in an amount sufficient to fund the principal and interest payments on transition bonds and related taxes, expenses and fees. During the three and six months ended June 30, 2018 , ACE transferred $6 million and $14 million to ATF, respectively. During the three and six months ended June 30, 2017 , ACE transferred $8 million and $27 million to ATF, respectively.

For each of the consolidated VIEs, except as otherwise noted:

- the assets of the VIEs are restricted and can only be used to settle obligations of the respective VIE;

- Exelon, Generation, PHI and ACE did not provide any additional material financial support to the VIEs;

- Exelon, Generation, PHI and ACE did not have any material contractual commitments or obligations to provide financial support to the VIEs; and

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

- the creditors of the VIEs did not have recourse to Exelon's, Generation's, PHI's or ACE's general credit.

The carrying amounts and classification of the consolidated VIEs' assets and liabilities included in the Registrants' consolidated financial statements at June 30, 2018 and December 31, 2017 are as follows:

	June 30, 2018				December 31, 2017			
	Exelon (a)	Generation	PHI (a)	ACE	Exelon (a)	Generation	PHI (a)	ACE
Current assets	$ 744	$ 735	$ 9	$ 5	$ 662	$ 652	$ 10	$ 6
Noncurrent assets	9,234	9,206	28	20	9,317	9,286	31	23
Total assets	$ 9,978	$ 9,941	$ 37	$ 25	$ 9,979	$ 9,938	$ 41	$ 29
Current liabilities	$ 268	$ 238	$ 30	$ 26	$ 308	$ 272	$ 36	$ 32
Noncurrent liabilities	3,284	3,226	58	50	3,316	3,250	66	58
Total liabilities	$ 3,552	$ 3,464	$ 88	$ 76	$ 3,624	$ 3,522	$ 102	$ 90

(a) Includes certain purchase accounting adjustments not pushed down to the ACE standalone entity.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Assets and Liabilities of Consolidated VIEs

Included within the balances above are assets and liabilities of certain consolidated VIEs for which the assets can only be used to settle obligations of those VIEs, and liabilities that creditors or beneficiaries do not have recourse to the general credit of the Registrants. As of June 30, 2018 and December 31, 2017 , these assets and liabilities primarily consisted of the following:

	June 30, 2018				December 31, 2017			
	Exelon (a)	Generation	PHI (a)	ACE	Exelon (a)	Generation	PHI (a)	ACE
Cash and cash equivalents	$ 205	$ 205	$ —	$ —	$ 126	$ 126	$ —	$ —
Restricted cash	77	72	5	5	64	58	6	6
Accounts receivable, net								
Customer	149	149	—	—	170	170	—	—
Other	32	32	—	—	25	25	—	—
Inventory, net								
Materials and supplies	208	208	—	—	205	205	—	—
Other current assets	47	43	4	—	45	41	4	—
Total current assets	718	709	9	5	635	625	10	6
Property, plant and equipment, net	6,157	6,157	—	—	6,186	6,186	—	—
Nuclear decommissioning trust funds	2,483	2,483	—	—	2,502	2,502	—	—
Other noncurrent assets	254	226	28	20	274	243	31	23
Total noncurrent assets	8,894	8,866	28	20	8,962	8,931	31	23
Total assets	$ 9,612	$ 9,575	$ 37	$ 25	$ 9,597	$ 9,556	$ 41	$ 29
Long-term debt due within one year	$ 95	$ 66	$ 29	$ 25	$ 102	$ 67	$ 35	$ 31
Accounts payable	74	74	—	—	114	114	—	—
Accrued expenses	81	80	1	1	67	66	1	1
Unamortized energy contract liabilities	16	16	—	—	18	18	—	—
Other current liabilities	2	2	—	—	7	7	—	—
Total current liabilities	268	238	30	26	308	272	36	32
Long-term debt	1,119	1,061	58	50	1,154	1,088	66	58
Asset retirement obligations	2,088	2,088	—	—	2,035	2,035	—	—
Other noncurrent liabilities	69	69	—	—	121	121	—	—
Total noncurrent liabilities	3,276	3,218	58	50	3,310	3,244	66	58
Total liabilities	$ 3,544	$ 3,456	$ 88	$ 76	$ 3,618	$ 3,516	$ 102	$ 90

(a) Includes certain purchase accounting adjustments not pushed down to the ACE standalone entity.

Unconsolidated Variable Interest Entities

Exelon's and Generation's variable interests in unconsolidated VIEs generally include equity investments and energy purchase and sale contracts. For the equity investments, the carrying amount of the investments is reflected on Exelon's and Generation's Consolidated Balance Sheets in Investments. For the energy purchase and sale contracts (commercial agreements), the carrying amount of assets and liabilities in Exelon's and Generation's Consolidated Balance Sheets that relate to their involvement with the VIEs are predominately related to working capital accounts and generally represent the amounts owed by, or owed to, Exelon and Generation for the deliveries associated with the current billing cycles under the commercial agreements. Further, Exelon and Generation have not provided

material debt or equity support, liquidity arrangements or performance guarantees associated with these commercial agreements.

As of June 30, 2018 and December 31, 2017 , Exelon's and Generation's unconsolidated VIEs consist of:

- Energy purchase and sale agreements with VIEs for which Generation has concluded that consolidation is not required.
- Asset sale agreement with ZionSolutions, LLC and EnergySolutions, Inc. in which Generation has a variable interest but has concluded that consolidation is not required.
- Equity investments in distributed energy companies for which Generation has concluded that consolidation is not required.

As of June 30, 2018 and December 31, 2017 , ComEd, PECO, BGE, PHI, Pepco, ACE and DPL did not have any material unconsolidated VIEs.

As of June 30, 2018 and December 31, 2017 , Exelon and Generation had significant unconsolidated variable interests in seven VIEs for which Exelon or Generation, as applicable, was not the primary beneficiary; including certain equity investments and certain commercial agreements. Exelon and Generation only include unconsolidated VIEs that are individually material in the tables below. However, Generation has several individually immaterial VIEs that in aggregate represent a total investment of $9 million . These immaterial VIEs are equity and debt securities in energy development companies. The maximum exposure to loss related to these securities is limited to the $9 million included in Investments on Exelon’s and Generation’s Consolidated Balance Sheets. The risk of a loss was assessed to be remote and, accordingly, Exelon and Generation have not recognized a liability associated with any portion of the maximum exposure to loss.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following tables present summary information about Exelon's and Generation's significant unconsolidated VIE entities:

June 30, 2018	Commercial Agreement VIEs	Equity Investment VIEs	Total
Total assets [a]	$ 620	$ 491	$ 1,111
Total liabilities [a]	37	224	261
Exelon's ownership interest in VIE [a]	—	238	238
Other ownership interests in VIE [a]	583	29	612
Registrants' maximum exposure to loss:			
Carrying amount of equity method investments	—	238	238
Contract intangible asset	8	—	8
Net assets pledged for Zion Station decommissioning [b]	1	—	1

December 31, 2017	Commercial Agreement VIEs	Equity Investment VIEs	Total
Total assets [a]	$ 625	$ 509	$ 1,134
Total liabilities [a]	37	228	265
Exelon's ownership interest in VIE [a]	—	251	251
Other ownership interests in VIE [a]	588	30	618
Registrants' maximum exposure to loss:			
Carrying amount of equity method investments	—	251	251
Contract intangible asset	8	—	8
Net assets pledged for Zion Station decommissioning [b]	2	—	2

(a) These items represent amounts on the unconsolidated VIE balance sheets, not on Exelon's or Generation's Consolidated Balance Sheets. These items are included to provide information regarding the relative size of the unconsolidated VIEs.
(b) These items represent amounts on Exelon's and Generation's Consolidated Balance Sheets related to the asset sale agreement with ZionSolutions, LLC. The net assets pledged for Zion Station decommissioning includes gross pledged assets of $21 million and $39 million as of June 30, 2018 and December 31, 2017 , respectively; offset by payables to ZionSolutions, LLC of $20 million and $37 million as of June 30, 2018 and December 31, 2017 , respectively. These items are included to provide information regarding the relative size of the ZionSolutions, LLC unconsolidated VIE. See Note 13 — Nuclear Decommissioning for additional information.

For each of the unconsolidated VIEs, Exelon and Generation have assessed the risk of a loss equal to their maximum exposure to be remote and, accordingly, Exelon and Generation have not recognized a liability associated with any portion of the maximum exposure to loss. In addition, there are no material agreements with, or commitments by, third parties that would affect the fair value or risk of their variable interests in these VIEs.

4 . Mergers, Acquisitions and Dispositions (Exelon and Generation)

Acquisition of Handley Generating Station

On November 7, 2017, EGTP and all of its wholly owned subsidiaries filed voluntary petitions for relief under Chapter 11 of Title 11 of the United States Code in the United States Bankruptcy Court for the District of Delaware, which resulted in Exelon and Generation deconsolidating EGTP's assets and liabilities from their consolidated financial statements in the fourth quarter of 2017. Concurrently with the

Chapter 11 filings, Generation entered into an asset purchase agreement to acquire one of EGTP's generating plants, the Handley Generating Station, subject to a potential adjustment for fuel oil and assumption of certain liabilities. In the Chapter 11 Filings, EGTP requested that the proposed acquisition of the Handley Generating Station be consummated through a court-approved and supervised sales process. The acquisition was approved by the Bankruptcy Court in January 2018 and closed on April 4, 2018 for a purchase price of $62 million . The Chapter 11 bankruptcy proceedings were finalized on April 17, 2018, resulting in the ownership of EGTP assets (other than the Handley Generating Station) being transferred to EGTP's lenders.

Acquisition of James A. FitzPatrick Nuclear Generating Station

On March 31, 2017, Generation acquired the 842 MW single-unit James A. FitzPatrick (FitzPatrick) nuclear generating station located in Scriba, New York from Entergy Nuclear FitzPatrick LLC (Entergy) for a total purchase price of $289 million , which consisted of a cash purchase price of $110 million and a net cost reimbursement to and on behalf of Entergy of $179 million . As part of the acquisition agreements, Generation provided nuclear fuel and reimbursed Entergy for incremental costs to prepare for and conduct a plant refueling outage; and Generation reimbursed Entergy for incremental costs to operate and maintain the plant for the period after the refueling outage through the acquisition closing date. These reimbursements covered costs that Entergy otherwise would have avoided had it shut down the plant as originally intended in January 2017. The amounts reimbursed by Generation were offset by FitzPatrick's electricity and capacity sales revenues for this same post-outage period. As part of the transaction, Generation received the FitzPatrick NDT fund assets and assumed the obligation to decommission FitzPatrick. The NRC license for FitzPatrick expires in 2034.

The fair values of FitzPatrick’s assets and liabilities were determined based on significant estimates and assumptions that are judgmental in nature, including projected future cash flows (including timing), discount rates reflecting risk inherent in the future cash flows and future power and fuel market prices. The valuations performed in the first quarter of 2017 to determine the fair value of the FitzPatrick assets acquired and liabilities assumed were updated in the third quarter of 2017. The purchase price allocation is now final.

For the three months ended March 31, 2017, an after-tax bargain purchase gain of $226 million is included within Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income and primarily reflects differences in strategies between Generation and Entergy for the intended use and ultimate decommissioning of the plant. During the third quarter of 2017, Exelon and Generation recorded an additional after-tax bargain purchase gain of $7 million for the three months ended September 30, 2017. The total after tax bargain purchase gain recorded at Exelon and Generation was $233 million for the twelve months ended December 31, 2017. See Note 13 — Nuclear Decommissioning and Note 14 — Retirement Benefits for additional information regarding the FitzPatrick decommissioning ARO and pension and OPEB updates.

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The following table summarizes the acquisition-date fair value of the consideration transferred and the assets and liabilities assumed for the FitzPatrick acquisition by Generation:

Cash paid for purchase price	$	110
Cash paid for net cost reimbursement		125
Nuclear fuel transfer		54
Total consideration transferred	$	289
Identifiable assets acquired and liabilities assumed		
Current assets	$	60
Property, plant and equipment		298
Nuclear decommissioning trust funds		807
Other assets [(a)]		114
Total assets	$	1,279
Current liabilities	$	6
Nuclear decommissioning ARO		444
Pension and OPEB obligations		33
Deferred income taxes		149
Spent nuclear fuel obligation		110
Other liabilities		15
Total liabilities	$	757
Total net identifiable assets, at fair value	$	522
Bargain purchase gain (after tax)	$	233

(a) Includes a $110 million asset associated with a contractual right to reimbursement from the New York Power Authority (NYPA), a prior owner of FitzPatrick, associated with the DOE one-time fee obligation. See Note 23 - Commitments and Contingencies of the Exelon 2017 Form 10-K for additional information regarding SNF obligations to the DOE.

Exelon and Generation incurred $16 million and $47 million of merger and integration costs related to FitzPatrick for the three and six months ended June 30, 2017 , respectively, which are included within Operating and maintenance expense in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income. Exelon and Generation did not incur any merger and integration costs related to FitzPatrick for the three and six months ended June 30, 2018 .

Asset Disposition

In December 2017, Generation entered into an agreement to sell its interest in an electrical contracting business that primarily installs, maintains and repairs underground and high-voltage cable transmission and distribution systems. As a result, as of December 31, 2017 , certain assets and liabilities were classified as held for sale and included in the Other current assets and Other current liabilities balances on Exelon's and Generation's Consolidated Balance Sheet. On February 28, 2018, Generation completed the sale of its interest for $87 million , resulting in a pre-tax gain which is included within Gain on sales of assets and businesses on Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income. In June 2018, additional proceeds were received, and a pre-tax gain was recorded within Gain on sales of assets and businesses on Exelon's and Generation's Consolidated Statement of Operations and Comprehensive Income.

5 . Revenue from Contracts with Customers (All Registrants)

The Registrants recognize revenue from contracts with customers to depict the transfer of goods or services to customers at an amount that the entities expect to be entitled to in exchange for those goods or services. Generation's primary sources of revenue include competitive sales of power, natural gas, and other energy-related products and services. The Utility Registrants' primary sources of revenue include regulated electric and gas tariff sales, distribution and transmission services. The performance obligations associated with these sources of revenue are further discussed below.

Unless otherwise noted, for each of the significant revenue categories and related performance obligations described below, the Registrants have the right to consideration from the customer in an amount that corresponds directly with the value transferred to the customer for the performance completed to date. Therefore, the Registrant's have elected to use the right to invoice practical expedient for the contracts within these revenue categories and generally recognize revenue in the amount for which they have the right to invoice the customer. As a result, there are generally no significant judgments used in determining or allocating the transaction price.

Competitive Power Sales (Exelon and Generation)

Generation sells power and other energy-related commodities to both wholesale and retail customers across multiple geographic regions through its customer-facing business, Constellation. Power sale contracts generally contain various performance obligations including the delivery of power and other energy-related commodities such as capacity, ZECs, RECs or other ancillary services. Revenues related to such contracts are generally recognized over time as the power is generated and simultaneously delivered to the customer. However, revenues related to the sale of any goods or services that are not simultaneously received and consumed by the customer are recognized as the performance obligations are satisfied at a point in time. Payment terms generally require that the customers pay for the power or the energy-related commodity within the month following delivery to the customer and there are generally no significant financing components.

Certain contracts may contain limits on the total amount of revenue we are able to collect over the entire term of the contract. In such cases, the Registrants estimate the total consideration expected to be received over the term of the contract net of the constraint and allocate the expected consideration to the performance obligations in the contract such that revenue is recognized ratably over the term of the entire contract as the performance obligations are satisfied.

Competitive Natural Gas Sales (Exelon and Generation)

Generation sells natural gas on a full requirements basis or for an agreed upon volume to both commercial and residential customers. The primary performance obligation associated with natural gas sale contracts is the delivery of the natural gas to the customer. Revenues related to the sale of natural gas are recognized over time as the natural gas is delivered to and consumed by the customer. Payment from customers is typically due within the month following delivery of the natural gas to the customer and there are generally no significant financing components.

Other Competitive Products and Services (Exelon and Generation)

Generation also sells other energy-related products and services such as long-term construction and installation of energy efficiency assets and new power generating facilities, primarily to commercial and industrial customers. These contracts generally contain a single performance obligation, which is the construction and/or installation of the asset for the customer. The average contract term for these projects is approximately 18 months. Revenues, and associated costs, are recognized throughout the contract term using an input method to measure progress towards completion. The method recognizes revenue based on the various inputs used to satisfy the performance obligation, such as costs incurred

and total labor hours expended. The total amount of revenue that will be recognized is based on the agreed upon contractually-stated amount. Payments from customers are typically due within 30 or 45 days from the date the invoice is generated and sent to the customer.

Regulated Electric and Gas Tariff Sales (Exelon, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE)

The Utility Registrants sell electricity and electricity distribution services to residential, commercial, industrial and governmental customers through regulated tariff rates approved by their state regulatory commissions. PECO, BGE and DPL also sell natural gas and gas distribution services to residential, commercial, and industrial customers through regulated tariff rates approved by their state regulatory commissions. The performance obligation associated with these tariff sale contracts is the delivery of electricity and/or natural gas. Tariff sales are generally considered daily contracts given that customers can discontinue service at any time. Revenues are generally recognized over time (each day) as the electricity and/or natural gas is delivered to customers. Payment terms generally require that customers pay for the services within the month following delivery of the electricity or natural gas to the customer and there are generally no significant financing components or variable consideration.

Electric and natural gas utility customers have the choice to purchase electricity or natural gas from competitive electric generation and natural gas suppliers. While the Utility Registrants are required under state legislation to bill their customers for the supply and distribution of electricity and/or natural gas, they recognize revenue related only to the distribution services when customers purchase their electricity or natural gas from competitive suppliers.

Regulated Transmission Services (Exelon, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE)

Under FERC's open access transmission policy, the Utility Registrants, as owners of transmission facilities, are required to provide open access to their transmission facilities under filed tariffs at cost-based rates approved by FERC. The Utility Registrants are members of PJM, the regional transmission organization designated by FERC to coordinate the movement of wholesale electricity in PJM's region, which includes portions of the mid-Atlantic and Midwest. In accordance with FERC-approved rules, the Utility Registrants and other transmission owners in the PJM region make their transmission facilities available to PJM, which directs and controls the operation of these transmission facilities and accordingly compensates the Utility Registrants and other transmission owners. The performance obligations associated with the Utility Registrants' contract with PJM include (i) Network Integration Transmission Services (NITS), (ii) scheduling, system control and dispatch services, and (iii) access to the wholesale grid. These performance obligations are satisfied over time, and Utility Registrants utilize output methods to measure the progress towards their completion. Passage of time is used for NITS and access to the wholesale grid and MWhs of energy transported over the wholesale grid is used for scheduling, system control and dispatch services. PJM pays the Utility Registrants for these services on a weekly basis and there are no financing components or variable consideration.

Costs to Obtain or Fulfill a Contract with a Customer (Exelon and Generation)

Generation incurs incremental costs in order to execute certain retail power and gas sales contracts. These costs primarily relate to retail broker fees and sales commissions. Generation has capitalized such contract acquisition costs in the amount of $28 million and $26 million as of June 30, 2018 and December 31, 2017 , respectively, within Other current assets and Other deferred debits in Exelon's and Generation's Consolidated Balance Sheets. These costs are capitalized when incurred and amortized using the straight-line method over the average length of such retail contracts, which is approximately 2 years. Exelon and Generation recognized amortization expense associated with these costs in the amount of $5 million and $11 million for the three and six months ended June 30, 2018 , respectively, and $8 million and $17 million for the three and six months ended June 30, 2017 , respectively, within Operating and maintenance expense in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income. Generation does not incur material costs to fulfill contracts

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with customers that are not already capitalized under existing guidance. In addition, the Utility Registrants do not incur any material costs to obtain or fulfill contracts with customers.

Contract Balances (All Registrants)

Contract Assets

Generation records contract assets for the revenue recognized on the construction and installation of energy efficiency assets and new power generating facilities before Generation has an unconditional right to bill for and receive the consideration from the customer. These contract assets are subsequently reclassified to receivables when the right to payment becomes unconditional. Generation records contract assets and contract receivables within Other current assets and Accounts receivable, net - Customer, respectively, within Exelon's and Generation's Consolidated Balance Sheets. The following table provides a rollforward of the contract assets reflected on Exelon's and Generation's Consolidated Balance Sheets from January 1, 2018 to June 30, 2018:

Contract Assets	Exelon and Generation
Balance as of January 1, 2018	$ 283
Increases as a result of changes in the estimate of the stage of completion	28
Amounts reclassified to receivables	(68)
Balance at June 30, 2018	$ 243

The Utility Registrants do not have any contract assets.

Contract Liabilities

Generation records contract liabilities when consideration is received or due prior to the satisfaction of the performance obligations. These contract liabilities primarily relate to upfront consideration received or due for equipment service plans, solar panel leases and the Illinois ZEC program that introduces a cap on the total consideration to be received by Generation. Generation records contract liabilities within Other current liabilities and Other noncurrent liabilities within Exelon's and Generation's Consolidated Balance Sheets. The following table provides a rollforward of the contract liabilities reflected on Exelon's and Generation's Consolidated Balance Sheet from January 1, 2018 to June 30, 2018 :

Contract Liabilities	Exelon and Generation
Balance as of January 1, 2018	$ 35
Increases as a result of additional cash received or due	298
Amounts recognized into revenues	(305)
Balance at June 30, 2018	$ 28

The Utility Registrants also record contract liabilities when consideration is received prior to the satisfaction of the performance obligations. As of June 30, 2018 and December 31, 2017 , the Utility Registrants' contract liabilities were immaterial.

Transaction Price Allocated to Remaining Performance Obligations (All Registrants)

The following table shows the amounts of future revenues expected to be recorded in each year for performance obligations that are unsatisfied or partially unsatisfied as of June 30, 2018 . Generation has elected the exemption which permits the exclusion from this disclosure of certain variable contract consideration. As such, the majority of Generation's power and gas sales contracts are excluded from this disclosure as they contain variable volumes and/or variable pricing. Thus, this disclosure only

includes contracts for which the total consideration is fixed and determinable at contract inception. The average contract term varies by customer type and commodity but ranges from one month to several years.

The majority of the Utility Registrants' tariff sale contracts are generally day-to-day contracts and, therefore, do not contain any future, unsatisfied performance obligations to be included in this disclosure. Further, the Utility Registrants have elected the exemption to not disclose the transaction price allocation to remaining performance obligations for contracts with an original expected duration of one year or less. As such, gas and electric tariff sales contracts and transmission revenue contracts are excluded from this disclosure.

	2019	2020	2021	2022	2023 and thereafter	Total
Exelon	$ 574	$ 279	$ 113	$ 46	$ 128	$ 1,140
Generation	574	279	113	46	128	$ 1,140

Revenue Disaggregation (All Registrants)

The Registrants disaggregate revenue recognized from contracts with customers into categories that depict how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors. See Note 19 — Segment Information for the presentation of the Registrant's revenue disaggregation.

6 . Regulatory Matters (All Registrants)

Except for the matters noted below, the disclosures set forth in Note 3 — Regulatory Matters of the Exelon 2017 Form 10-K reflect, in all material respects, the current status of regulatory and legislative proceedings of the Registrants. The following is an update to that discussion.

Illinois Regulatory Matters

Tax Cuts and Jobs Act (Exelon and ComEd). On January 18, 2018, the ICC approved ComEd's petition filed on January 5, 2018 seeking approval to pass back to customers beginning February 1, 2018 $201 million in tax savings resulting from the enactment of the TCJA through a reduction in electric distribution rates. The amounts being passed back to customers reflect the benefit of lower income tax rates beginning January 1, 2018 and the settlement of a portion of deferred income tax regulatory liabilities established upon enactment of the TCJA. See Note 12 — Income Taxes for additional information on Corporate Tax Reform.

Electric Distribution Formula Rate (Exelon and ComEd). On April 16, 2018, ComEd filed its annual distribution formula rate update with the ICC. The filing establishes the revenue requirement used to set the rates that will take effect in January 2019 after the ICC's review and approval, which is due by December 2018. The revenue requirement requested is based on 2017 actual costs plus projected 2018 capital additions as well as an annual reconciliation of the revenue requirement in effect in 2017 to the actual costs incurred that year. ComEd's 2018 filing request includes a total decrease to the revenue requirement of $23 million , reflecting a decrease of $58 million for the initial revenue requirement for 2018 and an increase of $35 million related to the annual reconciliation for 2017. The revenue requirement for 2018 provides for a weighted average debt and equity return on distribution rate base of 6.52% inclusive of an allowed ROE of 8.69% , reflecting the average rate on 30 -year treasury notes plus 580 basis points. The annual reconciliation for 2017 provided for a weighted average debt and equity return on distribution rate base of 6.52% inclusive of an allowed ROE of 8.69% , reflecting the average rate on 30 -year treasury notes plus 580 basis points. See table below for ComEd's regulatory

assets associated with its electric distribution formula rate. See Note 3 — Regulatory Matters of the Exelon 2017 Form 10-K for additional information on ComEd's distribution formula rate filings.

During the first quarter 2018, ComEd revised its electric distribution formula rate, as provided for by FEJA, to reduce the ROE collar calculation from plus or minus 50 basis points to 0 basis points beginning with the reconciliation filed in 2018 for the 2017 calendar year. This revision effectively offsets the favorable or unfavorable impacts to ComEd's electric distribution formula rate revenues associated with variations in delivery volumes associated with above or below normal weather, numbers of customers or usage per customer. ComEd began reflecting the impacts of this change in its electric distribution formula rate regulatory asset in the first quarter 2017.

Energy Efficiency Formula Rate (Exelon and ComEd). On June 1, 2018, ComEd filed its annual energy efficiency formula rate update with the ICC. The filing establishes the 2019 application year revenue requirement used to set the rates that will take effect in January 2019 after the ICC's review and approval, which is due by December 2018. The revenue requirement requested is based on 2017 actual costs plus projected 2018 and 2019 expenditures as well as an annual reconciliation of the revenue requirement in effect in 2017 to the actual costs incurred that year. ComEd's 2018 filing request includes a total increase to the revenue requirement of $39 million , reflecting an increase of $38 million for the initial revenue requirement for 2018 and an increase of $1 million related to the annual reconciliation for 2017. The revenue requirement for the 2019 application year provides for a weighted average debt and equity return on rate base of 6.52% inclusive of an allowed ROE of 8.69% , reflecting the average rate on 30 -year treasury notes plus 580 basis points.

Zero Emission Standard (Exelon, Generation and ComEd). Pursuant to FEJA, on January 25, 2018, the ICC announced that Generation's Clinton unit 1, Quad Cities unit 1 and Quad Cities unit 2 nuclear plants were selected as the winning bidders through the IPA's ZEC procurement event. Generation executed the ZEC procurement contracts with Illinois utilities, including ComEd, effective January 26, 2018 and began recognizing revenue. Winning bidders are entitled to compensation for the sale of ZECs retroactive to the June 1, 2017 effective date of FEJA. During the three months ended June 30, 2018 , Generation recognized revenue of $52 million . During the six months ended June 30, 2018 , Generation recognized revenue of $254 million , of which $150 million related to ZECs generated from June 1, 2017 through December 31, 2017.

ComEd recovers all costs associated with purchasing ZECs through a rate rider that provides for an annual reconciliation and true-up to actual costs incurred by ComEd to purchase ZECs, with any difference to be credited to or collected from ComEd's retail customers in subsequent periods with interest. ComEd began billing its retail customers under its new ZEC rate rider on June 1, 2017.

On February 14, 2017, two lawsuits were filed in the Northern District of Illinois against the IPA alleging that the state's ZEC program violates certain provisions of the U.S. Constitution. One lawsuit was filed by customers of ComEd, led by the Village of Old Mill Creek, and the other was brought by the EPSA and three other electric suppliers. Both lawsuits argue that the Illinois ZEC program will distort PJM's FERC-approved energy and capacity market auction system of setting wholesale prices, and seek a permanent injunction preventing the implementation of the program. Exelon intervened and filed motions to dismiss in both lawsuits. In addition, on March 31, 2017, plaintiffs in both lawsuits filed motions for preliminary injunction with the court; the court stayed briefing on the motions for preliminary injunction until the resolution of the motions to dismiss. On July 14, 2017, the district court granted the motions to dismiss. On July 17, 2017, the plaintiffs appealed the decision to the Seventh Circuit. Briefs were fully submitted on December 12, 2017, the Court heard oral argument on January 3, 2018. At the argument, the Court asked for supplemental briefing, which was filed on January 26, 2018. On February 21, 2018, the Seventh Circuit issued an order inviting the Solicitor General to express the views of the United States on the matter. On May 29, 2018, the Solicitor General and FERC filed its brief in the Seventh Circuit Court of Appeals stating that the Illinois ZEC program does not violate federal law or interfere

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with FERC's authority to regulate wholesale power markets. The Illinois Attorney General, EPSA and Exelon have all filed responses to the Solicitor General's brief. The appeal of the Illinois ZEC program remains pending in the Seventh Circuit. Exelon cannot predict the outcome of these lawsuits. It is possible that resolution of these matters could have a material, unfavorable impact on Exelon's and Generation's results of operations, cash flows, and financial positions.

See Note 8 — Early Plant Retirements for additional information regarding the economic challenges facing Generation's Clinton and Quad Cities nuclear plants and the expected benefits of the ZES.

Pennsylvania Regulatory Matters

2018 Pennsylvania Electric Distribution Base Rate Case (Exelon and PECO). On March 29, 2018, PECO filed a request with the PAPUC seeking approval to increase its electric distribution base rates by $82 million beginning January 1, 2019. This requested amount includes the effect of an approximately $71 million reduction as a result of the ongoing annual tax savings beginning January 1, 2019 associated with the TCJA. The requested ROE is 10.95% . PECO expects a decision on its electric distribution rate case proceeding in the fourth quarter of 2018 but cannot predict what increase, if any, the PAPUC will approve.

Tax Cuts and Jobs Act (Exelon and PECO). As part of the rate case filing referenced above, PECO is seeking approval to pass back to electric distribution customers $68 million in 2018 TCJA tax savings, which would be an additional offset to the proposed increase to its electric distribution rates. The amounts being proposed to be passed back to customers reflect the respective annual benefits of lower income tax rates established upon enactment of the TCJA. PECO cannot predict the amount or timing of the refunds the PAPUC will ultimately approve.

On May 17, 2018, the PAPUC issued an order to all Pennsylvania utility companies, including PECO, requiring that the annual tax savings beginning on January 1, 2018 associated with TCJA be passed back to customers. The order directs Pennsylvania utility companies without an existing base rate case, including PECO's gas distribution business, to start passing back the savings from January 1, 2018 onward through a negative surcharge mechanism to be effective on July 1, 2018. Pursuant to the May 17, 2018 Order, PECO filed a negative surcharge mechanism and began on July 1, 2018, to return an estimated $4 million in annual 2018 tax savings to its natural gas distribution customers. For Pennsylvania utility companies with existing base rate cases, including PECO's electric distribution base rate case, the timing of when and how to pass the annual TCJA savings to customers will be resolved through the base rate case proceeding.

See Note 12 — Income Taxes for additional information on Corporate Tax Reform and the table below for regulatory liabilities recognized during 2018 associated with TCJA tax savings that will be passed through future customer rates.

Maryland Regulatory Matters

Tax Cuts and Jobs Act (Exelon, BGE, PHI, Pepco and DPL). On January 12, 2018, the MDPSC issued an order that directed each of BGE, Pepco and DPL to track the impacts of the TCJA beginning January 1, 2018 and file by February 15, 2018 how and when they expect to pass through such impacts to their customers.

On January 31, 2018, the MDPSC approved BGE's petition to pass back to customers $103 million in ongoing annual tax savings resulting from the enactment of the TCJA through a reduction in distribution base rates beginning February 1, 2018, of which $72 million and $31 million were related to electric and natural gas, respectively. The amounts being passed back to customers reflect the ongoing annual benefit of lower income tax rates and the settlement of a portion of deferred income tax regulatory liabilities established upon enactment of the TCJA. BGE's natural gas distribution rate case filing in June

2018 included a request to provide to customers the natural gas portion of the January 2018 TCJA savings over a 5-year period.

On April 20, 2018, Pepco entered into a settlement agreement with several parties to resolve all issues in its pending electric distribution base rate case, including the treatment of the annual ongoing TCJA tax savings as well as the TCJA tax savings from January 1, 2018 through the expected effective date of the rate change. On May 31, 2018, the MDPSC issued an order approving the settlement agreement with an effective date of June 1, 2018. See discussion below for additional information.

On February 9, 2018, DPL filed with the MDPSC seeking approval to pass back to customers $13 million in ongoing annual TCJA tax savings through a reduction in electric distribution base rates beginning in 2018. On April 18, 2018, the MDPSC approved a settlement agreement to pass back to customers $14 million in ongoing annual TCJA tax savings through a reduction in electric distribution base rates beginning April 20, 2018. The amounts being passed back to customers reflect the ongoing annual benefit of lower income tax rates and the settlement of a portion of deferred income tax regulatory liabilities established upon enactment of the TCJA. In addition, the MDPSC separately ordered DPL to provide a one-time bill credit to customers of $2 million in June 2018 representing the TCJA tax savings from January 1, 2018 through March 31, 2018.

See Note 12 — Income Taxes for additional information on Corporate Tax Reform and the table below for regulatory liabilities recognized during 2018 associated with TCJA tax savings that will be passed through future customer rates.

The Maryland Strategic Infrastructure Development and Enhancement Program (Exelon and BGE). On December 1, 2017 (and as amended on January 22, 2018), BGE filed an application with the MDPSC seeking approval for a new gas infrastructure replacement plan and associated surcharge, effective for the five-year period from 2019 through 2023. On May 30, 2018, the MDPSC approved with modifications a new infrastructure plan and associated surcharge, subject to BGE's acceptance of the Order. On June 1, 2018, BGE accepted the MDPSC Order and the associated surcharge will be effective in rates beginning in January 2019. The new five-year plan calls for capital expenditures over the 2019-2023 timeframe of $732 million , with an associated revenue requirement of $200 million .

2018 Maryland Natural Gas Distribution Base Rates (Exelon and BGE). On June 8, 2018, BGE filed an application with the MDPSC to increase natural gas revenues by $63 million , reflecting a requested ROE of 10.5% . BGE expects a decision in the first quarter of 2019 but cannot predict how much of the requested increase the MDPSC will approve.

2018 Maryland Electric Distribution Base Rates (Exelon, PHI and Pepco). On January 2, 2018, Pepco filed an application with the MDPSC to increase its annual electric distribution base rates by $41 million , reflecting a requested ROE of 10.1% . On February 5, 2018, Pepco filed with the MDPSC an update to its current distribution base rate case to reflect $31 million in ongoing annual TCJA tax savings, thereby reducing the requested annual base rate increase to $11 million . On March 8, 2018, Pepco filed with the MDPSC a subsequent update to its electric distribution base rate case, which further reduced the requested annual base rate increase to $3 million . On April 20, 2018, Pepco entered into a settlement agreement with several parties to resolve all issues in the rate case and filed the settlement agreement with the MDPSC. The settlement agreement provides for a net decrease to annual electric distribution base rates of $15 million , which includes annual ongoing TCJA tax savings, and reflects a ROE of 9.5% . In addition, the settlement agreement separately provides a one-time bill credit to customers of approximately $10 million representing the TCJA tax savings from January 1, 2018 through the expected rate effective date of June 1, 2018. On May 31, 2018, the MDPSC issued an order approving the settlement agreement with an effective date of June 1, 2018.

2017 Maryland Electric Distribution Base Rates (Exelon, PHI and DPL). On July 14, 2017, DPL filed an application with the MDPSC to increase its annual electric distribution base rates by $27

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million , which was updated to $19 million on November 16, 2017, reflecting a requested ROE of 10.1% . On December 18, 2017, a settlement agreement was filed with the MDPSC wherein DPL will be granted a base rate increase of $13 million , and a ROE of 9.5% solely for purposes of calculating AFUDC and regulatory asset carrying costs. On February 9, 2018, the MDPSC approved the settlement agreement and the new rates became effective.

In the second quarter of 2018, DPL discovered a rate design issue in Maryland such that the current rates are not sufficient to collect the full amount of the $13 million revenue increase agreed to by the parties in the recent settlement. DPL is in discussion with the parties to determine the appropriate resolution to this issue but cannot predict when it will be decided.

Delaware Regulatory Matters

Tax Cuts and Jobs Act (Exelon, PHI and DPL). On January 16, 2018, the DPSC opened a docket indicating that DPL's TCJA tax savings would be addressed in its pending rate cases. See discussion below for further information on the proposed treatment of the TCJA tax savings in DPL's pending electric and natural gas distribution base rate cases.

2017 Delaware Electric and Natural Gas Distribution Base Rates (Exelon, PHI and DPL). In 2017 (as updated on February 9, 2018 to reflect $19 million and $7 million of ongoing annual TCJA tax savings for electric and natural gas, respectively), DPL filed applications with the DPSC to increase its annual electric and natural gas distribution base rates by $12 million and $4 million , respectively, reflecting a requested ROE of 10.1% . The ongoing annual TCJA tax savings reflect the ongoing annual benefit of lower income tax rates and the settlement of a portion of deferred income tax regulatory liabilities established upon enactment of the TCJA. Of the proposed electric and natural gas rate increases, $2.5 million of each were put into effect in the fourth quarter 2017 and an additional $3 million and $1 million , respectively, were put into effect in the first quarter 2018, all of which are subject to refund based on the final DPSC order.

On June 27, 2018, DPL entered into a settlement agreement with all active parties in the proceeding related to its pending electric distribution base rate case. The settlement agreement provides for a net decrease to annual electric distribution base rates of $7 million , which includes annual ongoing TCJA tax savings, and reflects a ROE of 9.7% . In addition, the settlement agreement separately provides a one-time bill credit to customers of approximately $3 million representing the TCJA tax savings from February 1, 2018 through March 17, 2018, when full interim rates were put into effect. A decision is expected on the matter in the third quarter of 2018, with a rate refund expected to be issued in the fourth quarter of 2018 if the DPSC approves the settlement agreement as filed. DPL expects a decision on its natural gas distribution base rate proceeding in the fourth quarter of 2018 but cannot predict how much of the requested increase the DPSC will approve.

See Note 12 — Income Taxes for additional information on Corporate Tax Reform and the table below for regulatory liabilities recognized during 2018 associated with TCJA tax savings that will be passed through future customer rates.

District of Columbia Regulatory Matters

Tax Cuts and Jobs Act (Exelon, PHI and Pepco). On January 23, 2018, the DCPSC opened a rate proceeding directing Pepco to track the impacts of the TCJA beginning January 1, 2018 and file its plan to reduce the current revenue requirement by customer class by February 12, 2018. The DCPSC stated it will address the impact of the TCJA on future rates within Pepco's pending electric distribution base rate case discussed below.

On February 6, 2018, Pepco filed with the DCPSC seeking approval to pass back to customers $39 million in ongoing annual tax savings resulting from the enactment of the TCJA through a reduction

to existing electric distribution base rates beginning in 2018. On April 17, 2018, Pepco entered into a settlement agreement with several parties to resolve all issues in its pending electric distribution base rate case, including the treatment of the annual ongoing TCJA tax savings as well as the TCJA tax savings from January 1, 2018 through the expected effective date of the rate change. See discussion below for additional information.

2017 District of Columbia Electric Distribution Base Rates (Exelon, PHI and Pepco). On December 19, 2017 (and updated on February 9, 2018), Pepco filed an application with the DCPSC to increase its annual electric distribution base rates by $66 million , reflecting a requested ROE of 10.1% . On April 17, 2018, Pepco entered into a settlement agreement with several parties to resolve both the pending electric distribution base rate case and the $39 million rate reduction request in the TCJA proceeding discussed above and filed the settlement agreement with the DCPSC. The settlement agreement provides for a net decrease to annual electric distribution rates of $24 million , which includes annual ongoing TCJA tax savings, and a ROE of 9.525% . The parties to the settlement agreement have requested that Pepco's new rates be effective on July 1, 2018. In addition, the settlement agreement separately provides a one-time bill credit to customers of approximately $19 million representing the TCJA benefits for the period January 1, 2018 through the expected rate effective date of July 1, 2018. Pepco expects a decision in this matter in the third quarter of 2018.

See Note 12 — Income Taxes for additional information on Corporate Tax Reform and the table below for regulatory liabilities recognized during 2018 associated with TCJA tax savings that will be passed through future customer rates.

New Jersey Regulatory Matters

Tax Cuts and Jobs Act (Exelon, PHI and ACE). On January 31, 2018, the NJBPU issued an order mandating that New Jersey utility companies, including ACE, pass any economic benefit from the TCJA to rate payers. The order directed New Jersey utility companies to file by March 2, 2018 proposed tariff sheets reflecting TCJA benefits, with new rates to be implemented in two phases. In addition, the NJBPU directed New Jersey utility companies to file by March 2, 2018 a Petition with the NJBPU outlining how they propose to refund any over-collection associated with revised rates not being in place from January 1, 2018 through March 31, 2018, with interest.

On March 2, 2018, ACE filed with the NJBPU seeking approval to pass back to customers $23 million in ongoing annual TCJA tax savings through a reduction in electric distribution base rates beginning in 2018. The amounts being passed back to customers would reflect the ongoing annual benefit of lower income tax rates and the settlement of a portion of deferred income tax regulatory liabilities established upon enactment of the TCJA. On March 26, 2018, the NJBPU issued an order accepting ACE's proposed bill reduction related to the lower income tax rates. A portion of the annual decrease in electric distribution base rates totaling approximately $13 million was effective as of April 1, 2018, but considered interim, and the proposed final annual decrease in electric distribution base rates of $23 million , which includes the settlement of the deferred income tax regulatory liability, is still in settlement discussions. It is expected that the NJBPU will address in a future rate proceeding ACE's treatment of the TCJA tax savings for the period January 1, 2018 through July 1, 2018.

See Note 12 — Income Taxes for additional information on Corporate Tax Reform and the table below for regulatory liabilities recognized during 2018 associated with TCJA tax savings that will be passed through future customer rates.

ACE Infrastructure Investment Program Filing (Exelon, PHI and ACE). On February 28, 2018, ACE filed with the NJBPU the company's Infrastructure Investment Program (IIP) proposing to seek recovery of a series of investments through a new rider mechanism, totaling $338 million , between 2019-2022 to provide safe and reliable service for its customers. The IIP will allow for more timely recovery of investments made to modernize and enhance ACE's electric system. ACE currently expects a decision

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in this matter in the first quarter of 2019 but cannot predict if the NJBPU will approve the application as filed.

Update and Reconciliation of Certain Over and Under Recovered Balances (Exelon, PHI and ACE). On February 5, 2018, ACE submitted its 2018 annual petition with the NJBPU seeking to reconcile and update (i) charges related to the recovery of above-market costs associated with ACE's long-term power purchase contracts with the non-utility generators and (ii) costs related to surcharges for the New Jersey Societal Benefit Program (a statewide public interest program that is intended to benefit low income customers and address other public policy goals) and ACE's uncollectible accounts. As filed, the net impact of adjusting the charges as proposed would have been an overall annual rate decrease of $19 million , including New Jersey sales and use tax. On May 22, 2018, the NJBPU approved a stipulation of settlement among certain interested parties providing for an overall annual rate decrease of $33 million , effective June 1, 2018. The rate decrease was placed into effect provisionally, subject to a review by the NJBPU and the Division of Rate Counsel of the final underlying costs for reasonableness and prudence. This rate decrease will have no effect on ACE's operating income, since these revenues provide for recovery of deferred costs under an approved deferral mechanism. The matter is pending at the NJBPU.

New Jersey Clean Energy Legislation (Exelon, Generation and ACE). On May 23, 2018, the Governor of New Jersey signed new legislation, which became effective immediately, that establishes and modifies New Jersey's clean energy and energy efficiency programs and solar and renewable energy portfolio standards. The new legislation expands the state's renewable portfolio standard to require that 50% of electric generation sold be from renewable energy sources by 2030; modifies the New Jersey solar renewable energy portfolio standard to require that 5.1% of electric generation sold in New Jersey be from solar electric power by 2021, lowers the solar alternative compliance payment amount starting in 2019 and requires the NJBPU to adopt rules to replace the current solar renewable energy credit program; and requires the NJBPU to increase its offshore wind energy credit program to 3,500 MW. The new legislation further imposes an energy efficiency standard that each electric public utility will be required to reduce annual usage by 2% and provides for utilities to annually file for recovery of the costs of the programs, including the revenue impact of sales losses resulting from the programs. The NJBPU is required to initiate a study to determine the savings targets for each public utility, to adopt other rules regarding the programs, and to approve energy efficiency and peak demand reduction programs for each utility. The new legislation also requires the NJBPU to conduct an energy storage analysis including the potential costs and benefits and to initiate a proceeding to establish a goal of achieving 2,000 MW of energy storage by 2030; requires the utilities to conduct a study on voltage optimization on their distribution system; and requires the NJBPU to establish a community solar program to permit customers to participate in a solar project that is not located on the customer's property.

On the same day, the Governor of New Jersey also signed new legislation, which became effective immediately, that will establish a ZEC program providing compensation for nuclear plants that demonstrate to the NJBPU that they meet certain requirements, including that they make a significant contribution to air quality in the state and that their revenues are insufficient to cover their costs and risks. PSEG's Salem nuclear plant is expected to apply for approval to participate in the ZEC program. Under the new legislation, the NJBPU will issue ZECs to qualifying nuclear power plants and the electric distribution utilities in New Jersey, including ACE, will be required to purchase those ZECs. The NJBPU has 180 days from the effective date to establish procedures for implementation of the ZEC program and 330 days from the effective date to determine which nuclear power plants are selected to receive ZECs under the program. Selected nuclear plants will receive ZEC payments for each energy year (12-month period from June 1 through May 31) within 90 days after the completion of such energy year. The quantity of ZECs issued will be determined based on the greater of 40% of the total number of MWh of electricity distributed by the public electric distribution utilities in New Jersey in the prior year, or the total number of MWh of electricity generated in the prior year by the selected nuclear power plants. The ZEC price is approximately $10 per MWh during the first 3-year eligibility period. For eligibility periods following

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the first 3-year eligibility period, the NJBPU has discretion to reduce the ZEC price. Electric distribution utilities in New Jersey, including ACE, will be authorized to collect from retail distribution customers through a non-bypassable charge all costs associated with the utility's procurement of the ZECs. See Note 8 - Early Plant Retirements for additional information on New Jersey's ZEC program potential impacts to PSEG's Salem nuclear plant.

2018 New Jersey Electric Distribution Base Rates (Exelon, PHI and ACE). On June 15, 2018, ACE submitted an application with the NJBPU to increase its annual electric distribution base rates by approximately $99.7 million (before New Jersey sales and use tax), based upon a requested ROE of 10.1% . Included in the $99.7 million request is $40 million of higher depreciation expense related to ACE's updated depreciation study. On July 25, 2018, the NJBPU dismissed ACE's base rate case due to the number of forecasted months included in the twelve month test period. Historically, ACE and other New Jersey utilities have filed distribution base rate cases with a similar number of forecasted months in the test period. ACE expects to file a new application with the NJBPU in the third quarter of 2018 that complies with the required forecasted test period.

New York Regulatory Matters

New York Clean Energy Standard (Exelon and Generation). On August 1, 2016, the New York Public Service Commission (NYPSC) issued an order establishing the New York CES, a component of which is a Tier 3 ZEC program targeted at preserving the environmental attributes of zero-emissions nuclear-powered generating facilities that meet the criteria demonstrating public necessity as determined by the NYPSC. The ZEC price for the first tranche has been set at $17.48 per MWh of production. Following the first tranche, the price will be updated bi-annually.

On October 19, 2016, a coalition of fossil-generation companies filed a complaint in federal district court against the NYPSC alleging that the ZEC program violates certain provisions of the U.S. Constitution; specifically, that the ZEC program interferes with FERC's jurisdiction over wholesale rates and that it discriminates against out of state competitors. On December 9, 2016, Generation and CENG filed a motion to intervene in the case and to dismiss the lawsuit. The State also filed a motion to dismiss. On July 25, 2017, the court granted both motions to dismiss. On August 24, 2017, plaintiffs appealed the decision to the Second Circuit. Plaintiffs-Appellants' initial brief was filed on October 13, 2017. Briefing in the appeal was completed in December 2017 and oral argument was held on March 12, 2018. On May 29, 2018, Generation and CENG provided the court with a copy of the brief submitted by the Solicitor General and FERC in the Seventh Circuit ZEC litigation stating that that the Illinois ZEC program does not violate federal law. The Plaintiffs-Appellants' subsequent response to the brief and our answer to that response also have been provided to the Second Circuit.

In addition, on November 30, 2016, a group of parties, including certain environmental groups and individuals, filed a Petition in New York State court seeking to invalidate the ZEC program. The Petition, which was amended on January 13, 2017, argued that the NYPSC did not have authority to establish the program, that it violated state environmental law and that it violated certain technical provisions of the State Administrative Procedures Act (SAPA) when adopting the ZEC program. On February 15, 2017, Generation and CENG filed a motion to dismiss the state court action. The NYPSC also filed a motion to dismiss the state court action. On March 24, 2017, the plaintiffs filed a memorandum of law opposing the motions to dismiss, and Generation and CENG filed a reply brief on April 28, 2017. Oral argument was held on June 19, 2017. On January 22, 2018, the court dismissed the environmental claims and the majority of the plaintiffs from the case but denied the motions to dismiss with respect to the remaining five plaintiffs and claims, without commenting on the merits of the case. The case is now proceeding to summary judgment with the full record. Exelon's and the state's answers and briefs were filed on March 30, 2018. Plaintiffs' responses were due on May 11, 2018; however, on April 17, 2018, Plaintiffs' filed an order to show cause seeking production of additional documents, including confidential financial information. Exelon and the state filed in opposition to the order to show cause. On July 18,

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2018, the court denied the order to show cause and ordered the parties to provide the court within 20 days with an agreed upon final schedule for the remaining brief. After briefing is completed, the court will decide whether or not to set the case for hearing.

Other legal challenges remain possible, the outcomes of which remain uncertain. See Note 8 — Early Plant Retirements for additional information relative to Ginna and Nine Mile Point.

Federal Regulatory Matters

Tax Cuts and Jobs Act and Transmission-Related Income Tax Regulatory Assets (Exelon, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE). Pursuant to their respective transmission formula rates, ComEd, PECO, BGE, Pepco, DPL and ACE began passing back to customers on June 1, 2018, the benefit of lower income tax rates effective January 1, 2018. ComEd's, BGE's, Pepco's, DPL's and ACE's transmission formula rates currently do not provide for the pass back or recovery of income tax-related regulatory liabilities or assets, including those established upon enactment of the TCJA.

On December 13, 2016 (and as amended on March 13, 2017), BGE filed with FERC to begin recovering certain existing and future transmission-related income tax regulatory assets through its transmission formula rate. BGE's existing regulatory assets included (1) amounts that, if BGE's transmission formula rate provided for recovery, would have been previously amortized and (2) amounts that would be amortized and recovered prospectively. On November 16, 2017, FERC issued an order rejecting BGE's proposed revisions to its transmission formula rate to recover these transmission-related income tax regulatory assets. On December 18, 2017, BGE filed for clarification and rehearing of FERC's order, still seeking full recovery of its existing transmission-related income tax regulatory asset amounts.

On February 27, 2018 (and updated on March 26, 2018), BGE submitted a letter to FERC advising that the lower federal corporate income tax rate effective January 1, 2018 provided for in TCJA will be reflected in BGE's annual formula rate update effective June 1, 2018, but that the deferred income tax benefits will not be passed back to customers unless BGE's formula rate is revised to provide for pass back and recovery of transmission-related income tax-related regulatory liabilities and assets.

ComEd, Pepco, DPL and ACE have similar transmission-related income tax regulatory liabilities and assets also requiring FERC approval. On February 23, 2018, ComEd, Pepco, DPL, and ACE each filed with FERC to revise their transmission formula rate mechanisms to facilitate passing back to customers ongoing annual TCJA tax savings and to permit recovery of transmission-related income tax regulatory assets. The companies requested the revisions be effective as of April 24, 2018. On April 24, 2018, the FERC issued a letter indicating that the filings were deficient and requiring the parties to file additional information. On July 9, 2018, each of ComEd, Pepco, DPL and ACE submitted such additional information. Similar regulatory assets and liabilities at PECO are not subject to the same FERC transmission rate recovery formula and, thus, are not impacted by BGE's November 16, 2017 FERC order. See below for additional information regarding PECO's transmission formula rate filing.

Each of BGE, ComEd, Pepco, DPL and ACE believe there is sufficient basis to support full recovery of their existing transmission-related income tax regulatory assets, as evidenced by the further pursuit of full recovery with FERC. However, upon further consideration of the November 16, 2017 FERC order, management of each company concluded that the portion of the total transmission-related income tax regulatory assets that would have been previously amortized and recovered through rates had the transmission formula rate provided for such recovery was no longer probable of recovery. As a result, Exelon, ComEd, BGE, PHI, Pepco, DPL and ACE recorded charges to Income tax expense within their Consolidated Statements of Operations and Comprehensive Income in the fourth quarter of 2017, reducing their associated transmission-related income tax regulatory assets.

If any of the companies are ultimately successful with FERC allowing future recovery of these amounts, the associated regulatory assets will be reestablished, with corresponding decreases to Income

tax expense. To the extent all or a portion of the prospective amortization amounts were no longer considered probable of recovery, Exelon, ComEd, BGE, PHI, Pepco, DPL and ACE would record additional charges to Income tax expense, which could be up to approximately $84 million , $42 million , $23 million , $19 million , $9 million , $7 million and $3 million , respectively, as of June 30, 2018 .

The Utility Registrants cannot predict the outcome of these FERC proceedings.

Transmission Formula Rate (Exelon, ComEd, BGE, PHI, Pepco, DPL and ACE). The following total (decreases)/increases were included in ComEd's, BGE's, Pepco's, DPL's and ACE's 2018 annual electric transmission formula rate updates.

	2018				
Annual Transmission Updates [a][b]	**ComEd**	**BGE**	**Pepco**	**DPL**	**ACE**
Initial revenue requirement (decrease) increase	$ (44)	$ 10	$ 6	$ 14	$ 4
Annual reconciliation increase (decrease)	18	4	2	13	(4)
Dedicated facilities increase [c]	—	12	—	—	—
Total revenue requirement (decrease) increase	$ (26)	$ 26	$ 8	$ 27	$ —
Allowed return on rate base [d]	8.32%	7.61%	7.82%	7.29%	8.02%
Allowed ROE [e]	11.50%	10.50%	10.50%	10.50%	10.50%

(a) All rates are effective June 2018 , subject to review by the FERC and other parties, which is due by fourth quarter 2018 .
(b) The initial revenue requirement changes reflect the annual benefit of lower income tax rates effective January 1, 2018 resulting from the enactment of the TCJA of $69 million , $18 million , $13 million , $12 million and $11 million for ComEd, BGE, Pepco, DPL and ACE, respectively. They do not reflect the pass back or recovery of income tax-related regulatory liabilities or assets, including those established upon enactment of the TCJA. See further discussion above.
(c) BGE's transmission revenues include a FERC-approved dedicated facilities charge to recover the costs of providing transmission service to a specifically designated load by BGE.
(d) Represents the weighted average debt and equity return on transmission rate bases.
(e) As part of the FERC-approved settlement of ComEd's 2007 transmission rate case, the rate of return on common equity is 11.50% and the common equity component of the ratio used to calculate the weighted average debt and equity return for the transmission formula rate is currently capped at 55% . As part of the FERC-approved settlement of the ROE complaint against BGE, Pepco, DPL and ACE, the rate of return on common equity is 10.50% , inclusive of a 50 basis point incentive adder for being a member of a regional transmission organization.

See Note 3 - Regulatory Matters of the Exelon 2017 Form 10-K for additional information regarding transmission formula rate updates.

Transmission Formula Rate (Exelon and PECO). On May 1, 2017, PECO filed a request with FERC seeking approval to update its transmission rates and change the manner in which PECO's transmission rate is determined from a fixed rate to a formula rate. The formula rate will be updated annually to ensure that under this rate customers pay the actual costs of providing transmission services. The formula rate filing includes a requested increase of $22 million to PECO's annual transmission revenues and a requested rate of return on common equity of 11% , inclusive of a 50 basis point adder for being a member of a regional transmission organization. PECO requested that the new transmission rate be effective as of July 2017. On June 27, 2017, FERC issued an Order accepting the filing and suspending the proposed rates until December 1, 2017, subject to refund, and set the matter for hearing and settlement judge procedures. On May 4, 2018, the Chief Administrative Law Judge terminated settlement judge procedures and designated a new presiding judge. PECO cannot predict the final outcome of this proceeding, or the transmission formula FERC may approve.

On May 11, 2018, pursuant to the transmission formula rate request discussed above, PECO made its first annual formula rate update, which included a revenue decrease of $6 million . The revenue

decrease of $6 million included an approximately $20 million reduction as a result of the tax savings associated with the TCJA. The updated transmission rate was effective June 1, 2018, subject to refund.

PJM Transmission Rate Design (Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE). On June 15, 2016, a number of parties, including the Utility Registrants, filed a proposed settlement with FERC to resolve outstanding issues related to cost responsibility for charges to transmission customers for certain transmission facilities that operate at or above 500 kV. The settlement included provisions for monthly credits or charges related to the periods prior to January 1, 2016 that are expected to be refunded or recovered through PJM wholesale transmission rates through December 2025.

On May 31, 2018, FERC issued an order approving the settlement and directed PJM to adjust wholesale transmission rates within 30 days. Pursuant to the order, similar charges for the period January 1, 2016 through June 30, 2018 will also be refunded or recovered through PJM wholesale transmission rates over the subsequent 12-month period. PJM will commence billing the refunds and charges associated with this settlement in August 2018. The Utility Registrants expect to refund or recover these settlement amounts through prospective electric distribution customer rates. On July 2, 2018, a number of parties filed petitions for rehearing or clarification.

Pursuant to the FERC approval of the settlement and the expected refund or recovery of the associated amounts from electric distribution customers, in the second quarter of 2018, the Utility Registrants recorded the following payables to/receivables from PJM and related regulatory assets/liabilities. Generation recorded a $23 million net payable to PJM and a pre-tax charge within Purchased power and fuel expense in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income.

	PJM Receivable	PJM Payable	Regulatory Asset	Regulatory Liability
Exelon	$ 197	$ 158	$ 136	$ 198
Generation	—	23	—	—
ComEd	99	—	—	99
PECO	85	—	—	85
BGE	—	51	51	—
PHI [(a)]	13	84	85	14
Pepco	—	84	84	—
DPL	10	—	—	10
ACE	3	—	1	4

(a) PHI reflects the consolidated impacts of Pepco, DPL, and ACE.

Operating License Renewals (Exelon and Generation). On August 29, 2012, Generation submitted a hydroelectric license application to FERC for a 46 -year license for the Conowingo Hydroelectric Project (Conowingo). In connection with Generation’s efforts to obtain a water quality certification pursuant to Section 401 of the Clean Water Act (401 Certification) with Maryland Department of the Environment (MDE) for Conowingo, Generation continues to work with MDE and other stakeholders to resolve water quality licensing issues, including: (1) water quality, (2) fish habitat, and (3) sediment.

On April 21, 2016, Generation and the U.S. Fish and Wildlife Service of the U.S. Department of the Interior executed a Settlement Agreement resolving all fish passage issues between the parties. The financial impact of the Settlement Agreement is estimated to be $3 million to $7 million per year, on average, over the 46-year life of the new license, including both capital and operating costs. The actual

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timing and amount of these costs are not currently fixed and may vary significantly from year to year throughout the life of the new license.

On April 27, 2018, the MDE issued its 401 Certification for Conowingo. As issued, the 401 Certification contains numerous conditions, including those relating to reduction of nutrients from upstream sources, removal of all visible trash and debris from upstream sources, and implementation of measures relating to fish passage, which could have a material, unfavorable impact on Exelon's and Generation's results of operations, cash flows and financial positions through an increase in capital expenditures and operating costs if implemented. On May 25, 2018, Generation filed complaints in federal and state court, along with a petition for reconsideration with MDE, alleging that the conditions are unfair and onerous violating MDE regulations, state, federal, and constitutional law. Generation also requested that FERC defer action on the federal license while these significant state and federal law issues are pending. Exelon and Generation cannot predict the final outcome or its potential financial impact, if any, on Exelon or Generation.

As of June 30, 2018 , $34 million of direct costs associated with Conowingo licensing efforts have been capitalized. See Note 3 — Regulatory Matters of the Exelon 2017 Form 10-K for additional information on Generation's operating license renewal efforts.

On July 10, 2018, Generation submitted a second 20-year license renewal application with the NRC for Peach Bottom units 2 and 3. Generation anticipates the second license renewal process to take approximately 2 years from the application submission until completion of the NRC's review process. Peach Bottom units 2 and 3 are licensed to operate through 2033 and 2034, respectively.

Regulatory Assets and Liabilities (Exelon, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE)

Exelon, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE each prepare their consolidated financial statements in accordance with the authoritative guidance for accounting for certain types of regulation. Under this guidance, regulatory assets represent incurred costs that have been deferred because of their probable future recovery from customers through regulated rates. Regulatory liabilities represent the excess recovery of costs or accrued credits that have been deferred because it is probable such amounts will be returned to customers through future regulated rates or represent billings in advance of expenditures for approved regulatory programs.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following tables provide information about the regulatory assets and liabilities of Exelon, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE as of June 30, 2018 and December 31, 2017 . See Note 3 — Regulatory Matters of the Exelon 2017 Form 10-K for additional information on the specific regulatory assets and liabilities.

June 30, 2018	Exelon	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Regulatory assets								
Pension and other postretirement benefits [a]	$ 3,777	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Deferred income taxes	363	—	353	—	10	10	—	—
AMI programs [c]	602	147	30	203	222	149	73	—
Electric distribution formula rate [d]	243	243	—	—	—	—	—	—
Energy efficiency costs	284	284	—	—	—	—	—	—
Debt costs	105	35	1	11	69	14	7	5
Fair value of long-term debt	730	—	—	—	594	—	—	—
Fair value of PHI's unamortized energy contracts	638	—	—	—	638	—	—	—
Asset retirement obligations	113	76	22	15	—	—	—	—
MGP remediation costs	276	257	19	—	—	—	—	—
Under-recovered uncollectible accounts	61	61	—	—	—	—	—	—
Renewable energy	252	252	—	—	—	—	—	—
Energy and transmission programs [e][f][g][h][i][j]	249	8	37	75	129	90	14	25
Deferred storm costs	44	—	—	—	44	10	4	30
Energy efficiency and demand response programs	552	—	1	267	284	206	78	—
Merger integration costs [k][l][m]	45	—	—	4	41	19	12	10
Under-recovered revenue decoupling [n]	37	—	—	9	28	28	—	—
COPCO acquisition adjustment	4	—	—	—	4	—	4	—
Workers compensation and long-term disability costs	34	—	—	—	34	34	—	—
Vacation accrual	30	—	16	—	14	—	8	6
Securitized stranded costs	64	—	—	—	64	—	—	64
CAP arrearage	11	—	11	—	—	—	—	—
Removal costs	545	—	—	—	545	153	95	298
DC PLUG charge	179	—	—	—	179	179	—	—
Other	78	8	12	6	52	38	11	3
Total regulatory assets	9,316	1,371	502	590	2,951	930	306	441
Less: current portion	1,293	237	75	185	512	248	64	60
Total noncurrent regulatory assets	$ 8,023	$ 1,134	$ 427	$ 405	$ 2,439	$ 682	$ 242	$ 381

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

June 30, 2018	Exelon	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Regulatory liabilities								
Other postretirement benefits	$ 22	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Deferred income taxes [b]	5,118	2,435	—	1,009	1,674	768	497	409
Nuclear decommissioning	2,915	2,430	485	—	—	—	—	—
Removal costs	1,560	1,353	—	79	128	20	108	—
Deferred rent	34	—	—	—	34	—	—	—
Energy efficiency and demand response programs	11	5	4	—	2	—	—	2
DLC program costs	7	—	7	—	—	—	—	—
Electric distribution tax repairs	19	—	19	—	—	—	—	—
Gas distribution tax repairs	7	—	7	—	—	—	—	—
Energy and transmission programs [e][f][g][h][i][j]	336	154	139	15	28	—	18	10
Over-recovered revenue decoupling [n]	19	—	—	19	—	—	—	—
Renewable portfolio standards costs	106	106	—	—	—	—	—	—
Zero emission credit costs	11	11	—	—	—	—	—	—
Over-recovered uncollectible accounts	9	—	—	—	9	—	—	9
Merger integration costs [l]	3	—	—	—	3	—	3	—
TCJA income tax benefit over-recoveries [o]	94	—	31	18	45	29	7	9
Other	107	14	21	36	36	4	22	8
Total regulatory liabilities	10,378	6,508	713	1,176	1,959	821	655	447
Less: current portion	701	287	168	106	125	30	67	29
Total noncurrent regulatory liabilities	$ 9,677	$ 6,221	$ 545	$ 1,070	$ 1,834	$ 791	$ 588	$ 418

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

December 31, 2017	Exelon	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Regulatory assets								
Pension and other postretirement benefits [a]	$ 3,848	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Deferred income taxes	306	—	297	—	9	9	—	—
AMI programs [c]	640	155	36	214	235	158	77	—
Electric distribution formula rate [d]	244	244	—	—	—	—	—	—
Energy efficiency costs	166	166	—	—	—	—	—	—
Debt costs	116	37	1	11	73	15	8	5
Fair value of long-term debt	758	—	—	—	619	—	—	—
Fair value of PHI's unamortized energy contracts	750	—	—	—	750	—	—	—
Asset retirement obligations	109	73	22	14	—	—	—	—
MGP remediation costs	295	273	22	—	—	—	—	—
Under-recovered uncollectible accounts	61	61	—	—	—	—	—	—
Renewable energy	258	256	—	—	2	—	1	1
Energy and transmission programs [e][g][h][i][j]	82	6	1	23	52	11	15	26
Deferred storm costs	27	—	—	—	27	7	5	15
Energy efficiency and demand response programs	596	—	1	285	310	229	81	—
Merger integration costs [k][l][m]	45	—	—	6	39	20	10	9
Under-recovered revenue decoupling [n]	55	—	—	14	41	38	3	—
COPCO acquisition adjustment	5	—	—	—	5	—	5	—
Workers compensation and long-term disability costs	35	—	—	—	35	35	—	—
Vacation accrual	19	—	6	—	13	—	8	5
Securitized stranded costs	79	—	—	—	79	—	—	79
CAP arrearage	8	—	8	—	—	—	—	—
Removal costs	529	—	—	—	529	150	93	286
DC PLUG charge	190	—	—	—	190	190	—	—
Other	67	8	16	4	39	29	8	4
Total regulatory assets	9,288	1,279	410	571	3,047	891	314	430
Less: current portion	1,267	225	29	174	554	213	69	71
Total noncurrent regulatory assets	$ 8,021	$ 1,054	$ 381	$ 397	$ 2,493	$ 678	$ 245	$ 359

December 31, 2017	Exelon	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Regulatory liabilities								
Other postretirement benefits	$ 30	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Deferred income taxes [b]	5,241	2,479	—	1,032	1,730	809	510	411
Nuclear decommissioning	3,064	2,528	536	—	—	—	—	—
Removal costs	1,573	1,338	—	105	130	20	110	—
Deferred rent	36	—	—	—	36	—	—	—
Energy efficiency and demand response programs	23	4	19	—	—	—	—	—
DLC program costs	7	—	7	—	—	—	—	—
Electric distribution tax repairs	35	—	35	—	—	—	—	—
Gas distribution tax repairs	9	—	9	—	—	—	—	—
Energy and transmission programs [e][f][i][j]	111	47	60	—	4	—	1	3
Renewable portfolio standard costs	63	63	—	—	—	—	—	—
Zero emission credit costs	112	112	—	—	—	—	—	—
Over-recovered uncollectible accounts	2	—	—	—	2	—	—	2
Other	82	6	24	26	26	3	14	6
Total regulatory liabilities	10,388	6,577	690	1,163	1,928	832	635	422
Less: current portion	523	249	141	62	56	3	42	11
Total noncurrent regulatory liabilities	$ 9,865	$ 6,328	$ 549	$ 1,101	$ 1,872	$ 829	$ 593	$ 411

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(a) Includes regulatory assets established at the Constellation and PHI merger dates of $414 million and $915 million , respectively, as of June 30, 2018 and $440 million and $953 million , respectively, as of December 31, 2017 related to the rate regulated portions of the deferred costs associated with legacy Constellation's and PHI's pension and other postretirement benefit plans that are being amortized and recovered over approximately 12 years and 3 to 15 years, respectively (as established at the respective acquisition dates). The Utility Registrants are not earning or paying a return on these amounts.

(b) As of June 30, 2018 , includes transmission-related income tax regulatory liabilities that require FERC approval separate from the transmission formula rate of $475 million , $133 million , $136 million , $145 million and $146 million for ComEd, BGE, Pepco, DPL and ACE, respectively. As of December 31, 2017 , includes transmission-related income tax regulatory liabilities that require FERC approval separate from the transmission formula rate of $484 million , $ 137 million , $147 million , $148 million and $147 million for ComEd, BGE, Pepco, DPL and ACE, respectively.

(c) As of June 30, 2018 , BGE's regulatory asset of $203 million includes $121 million of unamortized incremental deployment costs under the program, $49 million of unamortized costs of the non-AMI meters replaced under the AMI program, and $33 million related to post-test year incremental program deployment costs incurred prior to approval became effective June 2016. As of December 31, 2017 , BGE's regulatory asset of $214 million includes $129 million of unamortized incremental deployment costs under the program, $53 million of unamortized costs of the non-AMI meters replaced under the AMI program, and $32 million related to post-test year incremental program deployment costs incurred prior to approval became effective June 2016. Recovery of the post-test year incremental deployment costs will be addressed in a future base rate proceeding.

(d) As of June 30, 2018 , ComEd's regulatory asset of $243 million was comprised of $180 million for the 2016, 2017 and 2018 annual reconciliations and $63 million related to significant one-time events. As of December 31, 2017 , ComEd's regulatory asset of $244 million was comprised of $186 million for the 2016 and 2017 annual reconciliations and $58 million related to significant one-time events.

(e) As of June 30, 2018 , ComEd's regulatory asset of $8 million represents transmission costs recoverable through its FERC approved formula rate. As of June 30, 2018 , ComEd's regulatory liability of $154 million included $99 million related to the PJM Transmission Rate Design Settlement, $23 million related to over-recovered energy costs and $32 million associated with revenues received for renewable energy requirements. As of December 31, 2017 , ComEd's regulatory asset of $6 million represents transmission costs recoverable through its FERC approved formula rate. As of December 31, 2017 , ComEd's regulatory liability of $47 million included $14 million related to over-recovered energy costs and $33 million associated with revenues received for renewable energy requirements.

(f) As of June 30, 2018 , PECO's regulatory asset of $37 million represents the under-recovered natural gas costs under the PGC. As of December 31, 2017 , PECO's regulatory asset of $1 million is related to under-recovered costs under the TSC program. As of June 30, 2018 , PECO's regulatory liability of $139 million included $85 million related to the PJM Transmission Rate Design Settlement, $46 million related to over-recovered costs under the DSP program, $3 million related to the over-recovered transmission service charges and $5 million related to over-recovered non-bypassable transmission service charges. As of December 31, 2017 , PECO's regulatory liability of $60 million included $36 million related to over-recovered costs under the DSP program, $12 million related to over-recovered non-bypassable transmission service charges and $12 million related to the over-recovered natural gas costs under the PGC.

(g) As of June 30, 2018 , BGE's regulatory asset of $75 million included $51 million related to the PJM Transmission Rate Design Settlement, $14 million of costs associated with transmission costs recoverable through its FERC approved formula rate, $7 million related to under-recovered electric energy costs and $3 million of abandonment costs to be recovered upon FERC approval. As of June 30, 2018 , BGE's regulatory liability of $15 million related to over-recovered natural gas costs. As of December 31, 2017 , BGE's regulatory asset of $23 million included $7 million of costs associated with transmission costs recoverable through its FERC approved formula rate, $5 million related to under-recovered electric energy costs, $3 million of abandonment costs to be recovered upon FERC approval and $8 million of under-recovered natural gas costs.

(h) As of June 30, 2018 , Pepco's regulatory asset of $90 million included $84 million related to the PJM Transmission Rate Design Settlement, $4 million of transmission costs recoverable through its FERC approved formula rate and $2 million related to under-recovered electric energy costs. As of December 31, 2017 , Pepco's regulatory asset of $11 million included $3 million of transmission costs recoverable through its FERC approved formula rate and $8 million of under-recovered electric energy costs.

(i) As of June 30, 2018 , DPL's regulatory asset of $14 million included $12 million of transmission costs recoverable through its FERC approved formula rate and $2 million related to under-recovered electric energy costs. As of June 30, 2018 , DPL's regulatory liability of $18 million included $10 million related to the PJM Transmission Rate Design Settlement and $8 million related to over-recovered electric energy and gas fuel costs. As of December 31, 2017 , DPL's regulatory asset of $15 million included $8 million of transmission costs recoverable through its FERC approved formula rate and $7 million related to under-recovered electric energy costs. As of December 31, 2017 , DPL's regulatory liability of $1 million related to over-recovered electric energy costs.

(j) As of June 30, 2018 , ACE's regulatory asset of $25 million included $1 million related to the PJM Transmission Rate Design Settlement, $8 million of transmission costs recoverable through its FERC approved formula rate and $16 million of under-recovered electric energy costs. As of June 30, 2018 , ACE's regulatory liability of $10 million included $4 million related to the PJM Transmission Rate Design Settlement and $6 million related to over-recovered electric energy costs. As of December 31, 2017 , ACE's regulatory asset of $26 million included $11 million of transmission costs recoverable through its FERC approved formula rate and $15 million of under-recovered electric energy costs. As of December 31, 2017 , ACE's regulatory liability of $3 million related to over-recovered electric energy costs.

(k) As of June 30, 2018 , Pepco's regulatory asset of $19 million represents previously incurred PHI integration costs, including $10 million authorized for recovery in Maryland and $9 million expected to be recovered in the District of Columbia service territory. As of December 31, 2017 , Pepco's regulatory asset of $20 million represents previously incurred PHI integration costs, including $11 million authorized for recovery in Maryland and $9 million expected to be recovered in the District of Columbia service territory.

(l) As of June 30, 2018 , DPL's regulatory asset of $12 million represents previously incurred PHI integration costs, including $4 million authorized for recovery in Maryland, $4 million authorized for recovery in Delaware electric rates, $2 million authorized for recovery in Delaware gas rates and $2 million expected to be recovered in electric rates in the Delaware and Maryland service territories. As of June 30, 2018 , DPL's regulatory liability of $3 million represents net synergy savings incurred related to PHI integration costs that are expected to be returned in electric and gas rates in the Delaware service territory. As of December 31, 2017 , DPL's regulatory

asset of $10 million represents previously incurred PHI integration costs, including $4 million authorized for recovery in Maryland, $5 million authorized for recovery in Delaware electric rates, and $1 million expected to be recovered in electric and gas rates in the Maryland and Delaware service territories.

(m) As of June 30, 2018 and December 31, 2017 , ACE's regulatory asset of $10 million and $9 million , respectively, represents previously incurred PHI integration costs expected to be recovered in the New Jersey service territory.

(n) Represents the electric and natural gas distribution costs recoverable from customers under BGE's decoupling mechanism. As of June 30, 2018 , BGE had a regulatory asset of $9 million related to under-recovered electric revenue decoupling and a regulatory liability of $19 million related to over-recovered natural gas revenue decoupling. As of December 31, 2017 , BGE had a regulatory asset of $10 million related to under-recovered electric revenue decoupling and $4 million related to under-recovered natural gas revenue decoupling.

(o) Represents over-recoveries related to the change in the federal income tax rate with the enactment of the TCJA. These regulatory liabilities will be amortized as the TCJA income tax benefits are passed back to customers. See Tax Cuts and Jobs Act disclosures above for additional information on the regulatory proceedings.

Capitalized Ratemaking Amounts Not Recognized (Exelon, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE)

The following table presents authorized amounts capitalized for ratemaking purposes related to earnings on shareholders' investment that are not recognized for financial reporting purposes on Exelon's, ComEd's, PECO's, BGE's, PHI's, Pepco's, DPL's and ACE's Consolidated Balance Sheets. These amounts will be recognized as revenues in the related Consolidated Statements of Operations and Comprehensive Income in the periods they are billable to our customers.

	Exelon	ComEd [a]	PECO	BGE [b]	PHI	Pepco [c]	DPL [c]	ACE
June 30, 2018	$ 67	$ 7	$ —	$ 51	$ 9	$ 5	$ 4	$ —

	Exelon	ComEd [a]	PECO	BGE [b]	PHI	Pepco [c]	DPL [c]	ACE
December 31, 2017	$ 69	$ 6	$ —	$ 53	$ 10	$ 6	$ 4	$ —

(a) Reflects ComEd's unrecognized equity returns earned for ratemaking purposes on its electric distribution formula rate regulatory assets.

(b) BGE's authorized amounts capitalized for ratemaking purposes primarily relate to earnings on shareholders' investment on its AMI programs.

(c) Pepco's and DPL's authorized amounts capitalized for ratemaking purposes relate to earnings on shareholders' investment on their respective AMI Programs and Energy Efficiency and Demand Response Programs. The earnings on energy efficiency are on Pepco DC and DPL DE programs only.

Purchase of Receivables Programs (Exelon, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE)

ComEd, PECO, BGE, Pepco, DPL and ACE are required, under separate legislation and regulations in Illinois, Pennsylvania, Maryland, District of Columbia and New Jersey, to purchase certain receivables from retail electric and natural gas suppliers that participate in the utilities' consolidated billing. ComEd, BGE, Pepco and DPL purchase receivables at a discount to recover primarily uncollectible accounts expense from the suppliers. PECO is required to purchase receivables at face value and is permitted to recover uncollectible accounts expense, including those from Third Party Suppliers, from customers through distribution rates. ACE purchases receivables at face value. ACE recovers all uncollectible accounts expense, including those from Third Party Suppliers, through the Societal Benefits Charge (SBC) rider, which includes uncollectible accounts expense as a component. The SBC is filed annually with the NJBPU. Exelon, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE do not record unbilled commodity receivables under the POR programs. Purchased billed receivables are classified in Other accounts receivable, net on Exelon's, ComEd's, PECO's, BGE's, PHI's, Pepco's, DPL's and ACE's Consolidated Balance Sheets. The following tables provide information about the purchased receivables of those companies as of June 30, 2018 and December 31, 2017 .

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

As of June 30, 2018	Exelon	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Purchased receivables	$ 305	$ 98	$ 66	$ 54	$ 87	$ 59	$ 8	$ 20
Allowance for uncollectible accounts [(a)]	(31)	(15)	(4)	(3)	(9)	(5)	(1)	(3)
Purchased receivables, net	$ 274	$ 83	$ 62	$ 51	$ 78	$ 54	$ 7	$ 17

As of December 31, 2017	Exelon	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Purchased receivables	$ 298	$ 87	$ 70	$ 58	$ 83	$ 56	$ 9	$ 18
Allowance for uncollectible accounts [(a)]	(31)	(14)	(5)	(3)	(9)	(5)	(1)	(3)
Purchased receivables, net	$ 267	$ 73	$ 65	$ 55	$ 74	$ 51	$ 8	$ 15

(a) For ComEd, BGE, Pepco and DPL, reflects the incremental allowance for uncollectible accounts recorded, which is in addition to the purchase discount. For ComEd, the incremental uncollectible accounts expense is recovered through its Purchase of Receivables with Consolidated Billing tariff.

7 . Impairment of Long-Lived Assets (Exelon and Generation)

Registrants evaluate long-lived assets for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. In the second quarter of 2018, updates to Exelon's long-term view of energy and capacity prices suggested that the carrying value of a group of merchant wind assets, located in West Texas, may be impaired. Upon review, the estimated undiscounted future cash flows and fair value of the group were less than its carrying value. The fair value analysis was based on the income approach using significant unobservable inputs (Level 3) including revenue and generation forecasts, projected capital and maintenance expenditures and discount rates. As a result, long-lived merchant wind assets held and used with a net carrying amount of $41 million were fully impaired and a pre-tax impairment charge of $41 million was recorded during the second quarter of 2018 within Operating and maintenance expense in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income.

During the first quarter of 2018, Mystic unit 9 did not clear in the ISO-NE capacity auction for the 2021 - 2022 planning year. On March 29, 2018, Generation announced it had formally notified ISO-NE of the early retirement of its Mystic Generating Station's units 7, 8, 9 and the Mystic Jet unit (Mystic Generating Station assets) absent regulatory reforms. These events suggested that the carrying value of its New England asset group may be impaired. As a result, Generation completed a comprehensive review of the estimated undiscounted future cash flows of the New England asset group and no impairment charge was required. Further developments such as the failure of ISO-NE to adopt interim and long-term solutions for reliability and fuel security could potentially result in future impairments of the New England asset group, which could be material. See Note 8 — Early Plant Retirements for additional information on the early retirement of the Mystic Generating Station assets.

On May 2, 2017, EGTP entered into a consent agreement with its lenders to initiate an orderly sales process to sell the assets of its wholly owned subsidiaries. As a result, Exelon and Generation classified certain of EGTP's assets and liabilities as held for sale at their respective fair values less costs to sell and recorded a pre-tax impairment charge of $460 million within Operating and maintenance expense on their Consolidated Statements of Operations and Comprehensive Income of which $418 million was recorded in the second quarter of 2017. On November 7, 2017, EGTP and its wholly owned subsidiaries filed voluntary petitions for relief under Chapter 11 of Title 11 of the United States Code in the United States Bankruptcy Court for the District of Delaware and, as a result, Exelon and Generation deconsolidated EGTP's assets and liabilities from their consolidated financial statements. See Note 4 — Mergers, Acquisitions and Dispositions for additional information.

8 . Early Plant Retirements (Exelon and Generation)

Exelon and Generation continue to evaluate the current and expected economic value of each of Generation's plants. Factors that will continue to affect the economic value of Generation's plants include, but are not limited to: market power prices, results of capacity auctions, potential legislative and regulatory solutions to ensure plants are fairly compensated for benefits they provide through their carbon-free emissions, reliability, or fuel security, and the impact of potential rules from the EPA requiring reduction of carbon and other emissions and the efforts of states to implement those final rules. The precise timing of an early retirement date for any plant, and the resulting financial statement impacts, may be affected by many factors, including the status of potential regulatory or legislative solutions, results of any transmission system reliability study assessments, the nature of any co-owner requirements and stipulations, and decommissioning trust fund requirements for nuclear plants, among other factors. However, the earliest retirement date for any plant would usually be the first year in which the unit does not have capacity or other obligations, and where applicable, just prior to its next scheduled nuclear refueling outage.

In 2015 and 2016, Generation identified the Clinton and Quad Cities nuclear plants in Illinois, Ginna and Nine Mile Point nuclear plants in New York and Three Mile Island nuclear plant in Pennsylvania as having the greatest risk of early retirement based on economic valuation and other factors.

Assuming the continued effectiveness of the Illinois ZES and the New York CES, Generation and CENG, through its ownership of Ginna and Nine Mile Point, no longer consider Clinton, Quad Cities, Ginna or Nine Mile Point to be at heightened risk for early retirement. However, to the extent either the Illinois ZES or the New York CES programs do not operate as expected over their full terms, each of these nuclear plants could again be at heightened risk for early retirement, which could have a material impact on Exelon's and Generation's future results of operations, cash flows and financial positions. See Note 6 — Regulatory Matters for additional information on the Illinois ZES and New York CES.

In Pennsylvania, the TMI nuclear plant did not clear in the May 2017 PJM capacity auction for the 2020-2021 planning year, the third consecutive year that TMI failed to clear the PJM base residual capacity auction. The plant is currently committed to operate through May 2019 and is licensed to operate through 2034. On May 30, 2017, based on these capacity auction results, prolonged periods of low wholesale power prices, and the absence of federal or state policies that place a value on nuclear energy for its ability to produce electricity without air pollution, Exelon announced that Generation will permanently cease generation operations at TMI on or about September 30, 2019. Generation has filed the required market and regulatory notifications to shut down the plant. PJM has subsequently notified Generation that it has not identified any reliability issues and has approved the deactivation of TMI as proposed.

On February 2, 2018, Exelon announced that Generation will permanently cease generation operations at Oyster Creek nuclear plant at the end of its current operating cycle by October 2018. In 2010, Generation announced that Oyster Creek would retire by the end of 2019 as part of an agreement with the State of New Jersey to avoid significant costs associated with the construction of cooling towers to meet the State's then new environmental regulations. Since then, like other nuclear sites, Oyster Creek has continued to face rising operating costs amid a historically low wholesale power price environment. The decision to retire Oyster Creek in 2018 at the end of its current operating cycle involved consideration of several factors, including economic and operating efficiencies, and avoids a refueling outage scheduled for the fall of 2018 that would have required advanced purchasing of fuel fabrication and materials beginning in late February 2018. Generation has filed the required market and regulatory notifications to shut down the plant. PJM has subsequently notified Generation that it has not identified any reliability issues and has approved the deactivation of Oyster Creek as proposed.

As a result of these early nuclear plant retirement decisions, Exelon and Generation recognized one-time charges in Operating and maintenance expense related to materials and supplies inventory

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reserve adjustments, employee-related costs and CWIP impairments, among other items. In addition to these one-time charges, annual incremental non-cash charges to earnings stemming from shortening the expected economic useful lives primarily related to accelerated depreciation of plant assets (including any ARC), accelerated amortization of nuclear fuel, and additional ARO accretion expense associated with the changes in decommissioning timing and cost assumptions were also recorded. See Note 13 — Nuclear Decommissioning for additional information on changes to the nuclear decommissioning ARO balance.

During the three and six months ended June 30, 2018 , both Exelon's and Generation's results include a net incremental $173 million and $351 million , respectively, of total pre-tax expense associated with the early retirement decisions for TMI and Oyster Creek, as summarized in the table below.

Income statement expense (pre-tax)	Q2 2018	YTD 2018
Depreciation and amortization [(a)]		
Accelerated depreciation [(b)]	$ 152	$ 289
Accelerated nuclear fuel amortization	19	34
Operating and maintenance [(c)]	2	28
Total	$ 173	$ 351

(a) Reflects incremental accelerated depreciation and amortization for TMI and Oyster Creek for the three and six months ended June 30, 2018 . The Oyster Creek year-to-date amounts are from February 2, 2018 through June 30, 2018 .
(b) Reflects incremental accelerated depreciation of plant assets, including any ARC.
(c) Primarily includes materials and supplies inventory reserve adjustments, employee related costs and CWIP impairments.

Exelon's and Generation's 2017 results included a net incremental $339 million of total pre-tax expense associated with the early retirement decision for TMI, as summarized in the table below.

Income statement expense (pre-tax)	Q2 2017	Q3 2017	Q4 2017	YTD 2017
Depreciation and amortization [(a)]				
Accelerated depreciation [(b)]	$ 35	$ 106	$ 109	$ 250
Accelerated nuclear fuel amortization	2	6	4	12
Operating and maintenance [(c)]	71	5	1	77
Total	$ 108	$ 117	$ 114	$ 339

(a) Reflects incremental charges for TMI including incremental accelerated depreciation and amortization from May 30, 2017 through December 31, 2017.
(b) Reflects incremental accelerated depreciation of plant assets, including any ARC.
(c) Primarily includes materials and supplies inventory reserve adjustments, employee related costs and CWIP impairments.

In 2017, PSEG made public similar financial challenges facing its New Jersey nuclear plants including Salem, of which Generation owns a 42.59% ownership interest. Although Salem is committed to operate through May 2021, the plant faces continued economic challenges and PSEG, as the operator of the plant, is exploring all options.

On May 23, 2018, the Governor of New Jersey signed new legislation, which became effective immediately, that will establish a ZEC program providing compensation for nuclear plants that demonstrate to the NJBPU that they meet certain requirements, including that they make a significant contribution to air quality in the state and that their revenues are insufficient to cover their costs and risks. Under the new legislation, the NJBPU will issue ZECs to qualifying nuclear power plants and the electric distribution utilities in New Jersey, including ACE, will be required to purchase those ZECs. The NJBPU has 180 days from the effective date to establish procedures for implementation of the ZEC

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program and 330 days from the effective date to determine which nuclear power plants are selected to receive ZECs under the program. Selected nuclear plants will receive ZEC payments for each energy year (12-month period from June 1 through May 31) within 90 days after the completion of such energy year. Assuming the successful implementation of the New Jersey ZEC program and the selection of Salem as one of the qualifying facilities, the New Jersey ZEC program has the potential to mitigate the heightened risk of earlier retirement for Salem. See Note 6 — Regulatory Matters for additional information on the New Jersey ZEC program.

The following table provides the balance sheet amounts as of June 30, 2018 for Generation's ownership share of the significant assets and liabilities associated with Salem.

	June 30, 2018
Asset Balances	
Materials and supplies inventory	$ 45
Nuclear fuel inventory, net	94
Completed plant, net	611
Construction work in progress	28
Liability Balances	
Asset retirement obligation	(451)
NRC License Renewal Term	2036 (unit 1)
	2040 (unit 2)

On March 29, 2018, Generation announced it had formally notified grid operator ISO-NE of its plans to early retire its Mystic Generating Station assets absent regulatory reforms on June 1, 2022, at the end of the current capacity commitment for Mystic units 7 and 8. Mystic unit 9 is currently committed through May 2021. Absent any regulatory reforms to properly value reliability and regional fuel security, these units will not participate in the Forward Capacity Auction (FCA) scheduled for February 2019 for the 2022 - 2023 capacity commitment period.

The ISO-NE announced that it would take a three-step approach to fuel security. First, on May 1, 2018, ISO-NE made a filing with FERC requesting waiver of certain tariff provisions to allow it to retain Mystic units 8 and 9 for fuel security for the 2022 - 2024 capacity commitment periods. Second, ISO-NE planned to file tariff revisions to allow it to retain other resources for fuel security in the capacity market if necessary in the future. Third, ISO-NE stated its intention to work with stakeholders to develop long-term market rule changes to address system resiliency considering significant reliability risks identified in ISO-NE's January 2018 fuel security report. Changes to market rules are necessary because critical units to the region, such as Mystic units 8 and 9, cannot recover future operating costs, including the cost of procuring fuel.

On May 16, 2018, Generation made a filing with FERC to establish cost-of-service compensation and terms and conditions of service for Mystic units 8 and 9 for the period between June 1, 2022 - May 31, 2024. Among the costs included in the filing are costs associated with the Distrigas facility. Generation asked that FERC establish an expedited settlement process that would allow Generation to know the outcome of the cost-of-service proceeding prior to making a final decision as to whether to unconditionally retire the plants beginning June 1, 2022. A number of parties filed protests in response to the May 16, 2018 filing.

On July 2, 2018, FERC issued an order denying ISO-NE's May 1, 2018 waiver request on procedural grounds but accepting ISO-NE's conclusions that retirement of Mystic units 8 and 9 could cause a

violation of mandatory reliability standards as soon as 2022. Accordingly, FERC ordered ISO-NE to (i) make a filing within 60 days providing for the filing of a short-term cost-of-service agreement to address demonstrated fuel security concerns and (ii) make a filing by July 1, 2019 proposing permanent tariff revisions that would improve its market design to better address regional fuel security concerns. FERC also extended the deadline by which Generation must make a retirement decision for Mystic units 8 and 9 to January 4, 2019. In addition, notwithstanding its denial of the waiver request, FERC stated that it will continue to evaluate Mystic's May 16, 2018 cost-of-service agreement filing.

On July 13, 2018, FERC issued an order accepting Generation's cost-of-service agreement for filing and making findings on certain issues, including that recovery of fuel supply costs for the Distrigas facility are not prohibited if they are just and reasonable. Additionally, the order established hearing procedures on an expedited schedule. Any settlement discussions are to be undertaken on a parallel track with the hearing.

Exelon and Generation cannot predict the final outcome of these proceedings or the potential financial impact, if any, on Exelon or Generation.

The following table provides the balance sheet amounts as of June 30, 2018 for Generation's significant assets and liabilities associated with the Mystic Generating Station assets.

	June 30, 2018
Asset Balances	
Materials and supplies inventory	$ 26
Fuel inventory	19
Completed plant, net	887
Construction work in progress	3
Prepaid expenses [(a)]	11
Liability Balances	
Asset retirement obligation	(5)
Accrued expenses [(a)]	(2)

(a) Reflects ending balances only as they relate to Mystic's Long-term Service Agreement.

9 . Fair Value of Financial Assets and Liabilities (All Registrants)

Fair Value of Financial Liabilities Recorded at Amortized Cost

The following tables present the carrying amounts and fair values of the Registrants' short-term liabilities, long-term debt, SNF obligation and trust preferred securities (long-term debt to financing trusts or junior subordinated debentures) as of June 30, 2018 and December 31, 2017 :

Exelon

	June 30, 2018				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities [a]	$ 1,252	$ —	$ 1,252	$ —	$ 1,252
Long-term debt (including amounts due within one year) [b][c]	34,337	—	32,388	2,154	34,542
Long-term debt to financing trusts [d]	389	—	—	420	420
SNF obligation	1,157	—	921	—	921

	December 31, 2017				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities [a]	$ 929	$ —	$ 929	$ —	$ 929
Long-term debt (including amounts due within one year) [b][c]	34,264	—	34,735	1,970	36,705
Long-term debt to financing trusts [d]	389	—	—	431	431
SNF obligation	1,147	—	936	—	936

Generation

	June 30, 2018				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Long-term debt (including amounts due within one year) [b][c]	$ 8,886	$ —	$ 7,461	$ 1,532	$ 8,993
SNF obligation	1,157	—	921	—	921

	December 31, 2017				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities [a]	$ 2	$ —	$ 2	$ —	$ 2
Long-term debt (including amounts due within one year) [b][c]	8,990	—	7,839	1,673	9,512
SNF obligation	1,147	—	936	—	936

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

ComEd

	June 30, 2018				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities [a]	$ 320	$ —	$ 320	$ —	$ 320
Long-term debt (including amounts due within one year) [b][c]	7,695	—	7,865	—	7,865
Long-term debt to financing trusts [d]	205	—	—	219	219

	December 31, 2017				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Long-term debt (including amounts due within one year) [b][c]	$ 7,601	$ —	$ 8,418	$ —	$ 8,418
Long-term debt to financing trusts [d]	205	—	—	227	227

PECO

	June 30, 2018				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities [a]	$ 50	$ —	$ 50	$ —	$ 50
Long-term debt (including amounts due within one year) [b][c]	2,773	—	2,819	50	2,869
Long-term debt to financing trusts [d]	184	—	—	201	201

	December 31, 2017				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Long-term debt (including amounts due within one year) [b][c]	$ 2,903	$ —	$ 3,194	$ —	$ 3,194
Long-term debt to financing trusts [d]	184	—	—	204	204

BGE

	June 30, 2018				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities [a]	$ 136	$ —	$ 136	$ —	$ 136
Long-term debt (including amounts due within one year) [b][c]	2,578	—	2,629	—	2,629

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	December 31, 2017				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities [a]	$ 77	$ —	$ 77	$ —	$ 77
Long-term debt (including amounts due within one year) [b][c]	2,577	—	2,825	—	2,825

PHI

	June 30, 2018				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities [a]	$ 247	$ —	$ 247	$ —	$ 247
Long-term debt (including amounts due within one year) [b][c]	6,116	—	5,300	572	5,872

	December 31, 2017				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities [a]	$ 350	$ —	$ 350	$ —	$ 350
Long-term debt (including amounts due within one year) [b][c]	5,874	—	5,722	297	6,019

Pepco

	June 30, 2018				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Long-term debt (including amounts due within one year) [b][c]	$ 2,631	$ —	$ 2,863	$ 107	$ 2,970

	December 31, 2017				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities [a]	$ 26	$ —	$ 26	$ —	$ 26
Long-term debt (including amounts due within one year) [b][c]	2,540	—	3,114	9	3,123

DPL

	June 30, 2018				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Long-term debt (including amounts due within one year) [b][c]	$ 1,494	$ —	$ 1,295	$ 196	$ 1,491

	December 31, 2017				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities [a]	$ 216	$ —	$ 216	$ —	$ 216
Long-term debt (including amounts due within one year) [b][c]	1,300	—	1,393	—	1,393

ACE

	June 30, 2018				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities [a]	$ 247	$ —	$ 247	$ —	$ 247
Long-term debt (including amounts due within one year) [b][c]	1,107	—	898	269	1,167

	December 31, 2017				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities [a]	$ 108	$ —	$ 108	$ —	$ 108
Long-term debt (including amounts due within one year) [b][c]	1,121	—	949	288	1,237

(a) Level 1 securities consist of dividends payable (included in other current liabilities). Level 2 securities consist of short term borrowings.
(b) Includes unamortized debt issuance costs which are not fair valued of $213 million , $55 million , $59 million , $20 million , $16 million , $12 million , $35 million , $12 million and $4 million for Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE, respectively, as of June 30, 2018 . Includes unamortized debt issuance costs which are not fair valued of $201 million , $60 million , $52 million , $17 million , $17 million , $6 million , $32 million , $11 million and $5 million for Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE, respectively, as of December 31, 2017 .
(c) Level 2 securities consist of fixed-rate taxable debt securities, fixed-rate tax-exempt debt, variable rate tax-exempt debt and variable rate non-recourse debt. Level 3 securities consist of fixed-rate private placement taxable debt securities, fixed rate nonrecourse debt, government-backed fixed rate non-recourse debt and loan agreements.
(d) Includes unamortized debt issuance costs which are not fair valued of $1 million and $1 million for Exelon and ComEd, respectively, as of June 30, 2018 and December 31, 2017 .

Recurring Fair Value Measurements

Exelon records the fair value of assets and liabilities in accordance with the hierarchy established by the authoritative guidance for fair value measurements. The hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1 — quoted prices (unadjusted) in active markets for identical assets or liabilities that the Registrants have the ability to liquidate as of the reporting date.
- Level 2 — inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.
- Level 3 — unobservable inputs, such as internally developed pricing models or third-party valuations for the asset or liability due to little or no market activity for the asset or liability.

Transfers in and out of levels are recognized as of the end of the reporting period when the transfer occurred. Given derivatives categorized within Level 1 are valued using exchange-based quoted prices within observable periods, transfers between Level 2 and Level 1 were not material. Additionally, there

were no material transfers between Level 1 and Level 2 during the six months ended June 30, 2018 for cash equivalents, nuclear decommissioning trust fund investments, Pledged assets for Zion Station decommissioning, Rabbi trust investments, and Deferred compensation obligations. For derivative contracts, transfers into Level 2 from Level 3 generally occur when the contract tenor becomes more observable and due to changes in market liquidity or assumptions for certain commodity contracts.

Generation and Exelon

In accordance with the applicable guidance on fair value measurement, certain investments that are measured at fair value using the NAV per share as a practical expedient are no longer classified within the fair value hierarchy and are included under "Not subject to leveling" in the table below.

The following tables present assets and liabilities measured and recorded at fair value on Exelon's and Generation's Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy as of June 30, 2018 and December 31, 2017 :

	Generation					Exelon				
As of June 30, 2018	**Level 1**	**Level 2**	**Level 3**	**Not subject to leveling**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Not subject to leveling**	**Total**
Assets										
Cash equivalents [a]	$ 301	$ —	$ —	$ —	$ 301	$ 660	$ —	$ —	$ —	$ 660
NDT fund investments										
Cash equivalents [b]	212	94	—	—	306	212	94	—	—	306
Equities	3,429	1,174	—	1,948	6,551	3,429	1,174	—	1,948	6,551
Fixed income										
Corporate debt	—	1,593	231	—	1,824	—	1,593	231	—	1,824
U.S. Treasury and agencies	2,007	94	—	—	2,101	2,007	94	—	—	2,101
Foreign governments	—	61	—	—	61	—	61	—	—	61
State and municipal debt	—	236	—	—	236	—	236	—	—	236
Other [c]	—	33	—	908	941	—	33	—	908	941
Fixed income subtotal	2,007	2,017	231	908	5,163	2,007	2,017	231	908	5,163
Middle market lending	—	—	354	216	570	—	—	354	216	570
Private equity	—	—	—	270	270	—	—	—	270	270
Real estate	—	—	—	506	506	—	—	—	506	506
NDT fund investments subtotal [d]	5,648	3,285	585	3,848	13,366	5,648	3,285	585	3,848	13,366
Pledged assets for Zion Station decommissioning										
Cash equivalents	3	—	—	—	3	3	—	—	—	3
Middle market lending	—	—	18	—	18	—	—	18	—	18
Pledged assets for Zion Station decommissioning subtotal [e]	3	—	18	—	21	3	—	18	—	21

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Generation					Exelon				
As of June 30, 2018	**Level 1**	**Level 2**	**Level 3**	**Not subject to leveling**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Not subject to leveling**	**Total**
Rabbi trust investments										
Cash equivalents	5	—	—	—	5	45	—	—	—	45
Mutual funds	24	—	—	—	24	73	—	—	—	73
Fixed income	—	—	—	—	—	—	18	—	—	18
Life insurance contracts	—	22	—	—	22	—	71	36	—	107
Rabbi trust investments subtotal [f]	29	22	—	—	51	118	89	36	—	243
Commodity derivative assets										
Economic hedges	237	2,091	1,770	—	4,098	237	2,091	1,770	—	4,098
Proprietary trading	—	138	83	—	221	—	138	83	—	221
Effect of netting and allocation of collateral [g] [h]	(219)	(1,912)	(950)	—	(3,081)	(219)	(1,912)	(950)	—	(3,081)
Commodity derivative assets subtotal	18	317	903	—	1,238	18	317	903	—	1,238
Interest rate and foreign currency derivative assets										
Derivatives designated as hedging instruments	—	16	—	—	16	—	16	—	—	16
Economic hedges	—	6	—	—	6	—	6	—	—	6
Effect of netting and allocation of collateral	—	(4)	—	—	(4)	—	(4)	—	—	(4)
Interest rate and foreign currency derivative assets subtotal	—	18	—	—	18	—	18	—	—	18
Other investments	—	—	36	—	36	—	—	36	—	36
Total assets	5,999	3,642	1,542	3,848	15,031	6,447	3,709	1,578	3,848	15,582
Liabilities										
Commodity derivative liabilities										
Economic hedges	(329)	(2,244)	(1,234)	—	(3,807)	(329)	(2,244)	(1,486)	—	(4,059)
Proprietary trading	—	(152)	(20)	—	(172)	—	(152)	(20)	—	(172)
Effect of netting and allocation of collateral [g] [h]	255	2,120	1,088	—	3,463	255	2,120	1,088	—	3,463
Commodity derivative liabilities subtotal	(74)	(276)	(166)	—	(516)	(74)	(276)	(418)	—	(768)
Interest rate and foreign currency derivative liabilities										
Derivatives designated as hedging instruments	—	—	—	—	—	—	(8)	—	—	(8)
Economic hedges	—	(3)	—	—	(3)	—	(3)	—	—	(3)
Effect of netting and allocation of collateral	—	4	—	—	4	—	4	—	—	4
Interest rate and foreign currency derivative liabilities subtotal	—	1	—	—	1	—	(7)	—	—	(7)
Deferred compensation obligation	—	(34)	—	—	(34)	—	(136)	—	—	(136)
Total liabilities	(74)	(309)	(166)	—	(549)	(74)	(419)	(418)	—	(911)
Total net assets	$ 5,925	$ 3,333	$ 1,376	$ 3,848	$ 14,482	$ 6,373	$ 3,290	$ 1,160	$ 3,848	$ 14,671

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Generation					Exelon				
As of December 31, 2017	Level 1	Level 2	Level 3	Not subject to leveling	Total	Level 1	Level 2	Level 3	Not subject to leveling	Total
Assets										
Cash equivalents [a]	$ 168	$ —	$ —	$ —	$ 168	$ 656	$ —	$ —	$ —	$ 656
NDT fund investments										
Cash equivalents [b]	135	85	—	—	220	135	85	—	—	220
Equities	4,163	915	—	2,176	7,254	4,163	915	—	2,176	7,254
Fixed income										
Corporate debt	—	1,614	251	—	1,865	—	1,614	251	—	1,865
U.S. Treasury and agencies	1,917	52	—	—	1,969	1,917	52	—	—	1,969
Foreign governments	—	82	—	—	82	—	82	—	—	82
State and municipal debt	—	263	—	—	263	—	263	—	—	263
Other [c]	—	47	—	510	557	—	47	—	510	557
Fixed income subtotal	1,917	2,058	251	510	4,736	1,917	2,058	251	510	4,736
Middle market lending	—	—	397	131	528	—	—	397	131	528
Private equity	—	—	—	222	222	—	—	—	222	222
Real estate	—	—	—	471	471	—	—	—	471	471
NDT fund investments subtotal [d]	6,215	3,058	648	3,510	13,431	6,215	3,058	648	3,510	13,431
Pledged assets for Zion Station decommissioning										
Cash equivalents	2	—	—	—	2	2	—	—	—	2
Equities	—	1	—	—	1	—	1	—	—	1
Middle market lending	—	—	12	24	36	—	—	12	24	36
Pledged assets for Zion Station decommissioning subtotal [e]	2	1	12	24	39	2	1	12	24	39
Rabbi trust investments										
Cash equivalents	5	—	—	—	5	77	—	—	—	77
Mutual funds	23	—	—	—	23	58	—	—	—	58
Fixed income	—	—	—	—	—	—	12	—	—	12
Life insurance contracts	—	22	—	—	22	—	71	22	—	93
Rabbi trust investments subtotal [f]	28	22	—	—	50	135	83	22	—	240
Commodity derivative assets										
Economic hedges	557	2,378	1,290	—	4,225	557	2,378	1,290	—	4,225
Proprietary trading	2	31	35	—	68	2	31	35	—	68
Effect of netting and allocation of collateral [g] [h]	(585)	(1,769)	(635)	—	(2,989)	(585)	(1,769)	(635)	—	(2,989)
Commodity derivative assets subtotal	(26)	640	690	—	1,304	(26)	640	690	—	1,304

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Generation					Exelon				
As of December 31, 2017	**Level 1**	**Level 2**	**Level 3**	**Not subject to leveling**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Not subject to leveling**	**Total**
Interest rate and foreign currency derivative assets										
Derivatives designated as hedging instruments	—	3	—	—	3	—	6	—	—	6
Economic hedges	—	10	—	—	10	—	10	—	—	10
Effect of netting and allocation of collateral	(2)	(5)	—	—	(7)	(2)	(5)	—	—	(7)
Interest rate and foreign currency derivative assets subtotal	(2)	8	—	—	6	(2)	11	—	—	9
Other investments	—	—	37	—	37	—	—	37	—	37
Total assets	6,385	3,729	1,387	3,534	15,035	6,980	3,793	1,409	3,534	15,716
Liabilities										
Commodity derivative liabilities										
Economic hedges	(712)	(2,226)	(845)	—	(3,783)	(713)	(2,226)	(1,101)	—	(4,040)
Proprietary trading	(2)	(42)	(9)	—	(53)	(2)	(42)	(9)	—	(53)
Effect of netting and allocation of collateral (g) (h)	650	2,089	716	—	3,455	651	2,089	716	—	3,456
Commodity derivative liabilities subtotal	(64)	(179)	(138)	—	(381)	(64)	(179)	(394)	—	(637)
Interest rate and foreign currency derivative liabilities										
Derivatives designated as hedging instruments	—	(2)	—	—	(2)	—	(2)	—	—	(2)
Economic hedges	(1)	(8)	—	—	(9)	(1)	(8)	—	—	(9)
Effect of netting and allocation of collateral	2	5	—	—	7	2	5	—	—	7
Interest rate and foreign currency derivative liabilities subtotal	1	(5)	—	—	(4)	1	(5)	—	—	(4)
Deferred compensation obligation	—	(38)	—	—	(38)	—	(145)	—	—	(145)
Total liabilities	(63)	(222)	(138)	—	(423)	(63)	(329)	(394)	—	(786)
Total net assets	$ 6,322	$ 3,507	$ 1,249	$ 3,534	$ 14,612	$ 6,917	$ 3,464	$ 1,015	$ 3,534	$ 14,930

(a) Generation excludes cash of $204 million and $259 million at June 30, 2018 and December 31, 2017 and restricted cash of $45 million and $127 million at June 30, 2018 and December 31, 2017 . Exelon excludes cash of $296 million and $389 million at June 30, 2018 and December 31, 2017 and restricted cash of $72 million and $145 million at June 30, 2018 and December 31, 2017 and includes long-term restricted cash of $128 million and $85 million at June 30, 2018 and December 31, 2017 , which is reported in Other deferred debits on the Consolidated Balance Sheets.

(b) Includes $48 million and $77 million of cash received from outstanding repurchase agreements at June 30, 2018 and December 31, 2017 , respectively, and is offset by an obligation to repay upon settlement of the agreement as discussed in (d) below.

(c) Includes derivative instruments of less than $1 million and less than $1 million, which have a total notional amount of $965 million and $811 million at June 30, 2018 and December 31, 2017 , respectively. The notional principal amounts for these instruments provide one measure of the transaction volume outstanding as of the fiscal years ended and do not represent the amount of Exelon and Generation's exposure to credit or market loss.

(d) Excludes net liabilities of $103 million and $82 million at June 30, 2018 and December 31, 2017 , respectively. These items consist of receivables related to pending securities sales, interest and dividend receivables, repurchase agreement obligations, and payables related to pending securities purchases. The repurchase agreements are generally short-term in nature with durations generally of 30 days or less.

(e) Excludes net assets of less than $1 million at June 30, 2018 . These items consist of receivables related to pending securities sales, interest and dividend receivables, and payables related to pending securities purchases.

(f) The amount of unrealized gains/(losses) at Generation totaled less than $1 million and less than $1 million for the three months ended June 30, 2018 and June 30, 2017 , respectively. The amount of unrealized gains/(losses) at Generation totaled less than $1

million and $1 million for the six months ended June 30, 2018 and June 30, 2017 , respectively. The amount of unrealized gains/(losses) at Exelon totaled less than $1 million and $1 million for the three months ended June 30, 2018 and June 30, 2017 , respectively. The amount of unrealized gains/(losses) at Exelon totaled $1 million and $3 million for the six months ended June 30, 2018 and June 30, 2017 , respectively.

(g) Collateral posted/(received) from counterparties totaled $36 million , $208 million and $138 million allocated to Level 1, Level 2 and Level 3 mark-to-market derivatives, respectively, as of June 30, 2018 . Collateral posted/(received) from counterparties, net of collateral paid to counterparties, totaled $65 million , $320 million and $81 million allocated to Level 1, Level 2 and Level 3 mark-to-market derivatives, respectively, as of December 31, 2017 .

(h) Of the collateral posted/(received), $11 million represents variation margin on the exchanges as of June 30, 2018 . Of the collateral posted/(received), $(117) million represents variation margin on the exchanges as of December 31, 2017 .

Exelon and Generation hold investments without readily determinable fair values with carrying amounts of $68 million as of June 30, 2018 . Changes were immaterial in fair value, cumulative adjustments and impairments for the three and six months ended June 30, 2018 .

ComEd, PECO and BGE

The following tables present assets and liabilities measured and recorded at fair value on ComEd's, PECO's and BGE's Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy as of June 30, 2018 and December 31, 2017 :

	ComEd				PECO				BGE			
As of June 30, 2018	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets												
Cash equivalents [a]	$ 113	$ —	$ —	$ 113	$ 5	$ —	$ —	$ 5	$ —	$ —	$ —	$ —
Rabbi trust investments												
Cash equivalents	—	—	—	—	—	—	—	—	—	—	—	—
Mutual funds	—	—	—	—	7	—	—	7	6	—	—	6
Life insurance contracts	—	—	—	—	—	10	—	10	—	—	—	—
Rabbi trust investments subtotal [b]	—	—	—	—	7	10	—	17	6	—	—	6
Total assets	113	—	—	113	12	10	—	22	6	—	—	6
Liabilities												
Deferred compensation obligation	—	(7)	—	(7)	—	(9)	—	(9)	—	(4)	—	(4)
Mark-to-market derivative liabilities [c]	—	—	(252)	(252)	—	—	—	—	—	—	—	—
Total liabilities	—	(7)	(252)	(259)	—	(9)	—	(9)	—	(4)	—	(4)
Total net assets (liabilities)	$ 113	$ (7)	$ (252)	$ (146)	$ 12	$ 1	$ —	$ 13	$ 6	$ (4)	$ —	$ 2

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	ComEd				PECO				BGE			
As of December 31, 2017	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets												
Cash equivalents [a]	$ 98	$ —	$ —	$ 98	$ 228	$ —	$ —	$ 228	$ —	$ —	$ —	$ —
Rabbi trust investments												
Mutual funds	—	—	—	—	7	—	—	7	6	—	—	6
Life insurance contracts	—	—	—	—	—	10	—	10	—	—	—	—
Rabbi trust investments subtotal [b]	—	—	—	—	7	10	—	17	6	—	—	6
Total assets	98	—	—	98	235	10	—	245	6	—	—	6
Liabilities												
Deferred compensation obligation	—	(8)	—	(8)	—	(11)	—	(11)	—	(5)	—	(5)
Mark-to-market derivative liabilities [c]	—	—	(256)	(256)	—	—	—	—	—	—	—	—
Total liabilities	—	(8)	(256)	(264)	—	(11)	—	(11)	—	(5)	—	(5)
Total net assets (liabilities)	$ 98	$ (8)	$ (256)	$ (166)	$ 235	$ (1)	$ —	$ 234	$ 6	$ (5)	$ —	$ 1

(a) ComEd excludes cash of $30 million and $45 million at June 30, 2018 and December 31, 2017 and includes long-term restricted cash of $108 million and $62 million at June 30, 2018 and December 31, 2017 , which is reported in Other deferred debits on the Consolidated Balance Sheets. PECO excludes cash of $18 million and $47 million at June 30, 2018 and December 31, 2017 . BGE excludes cash of $7 million and $17 million at June 30, 2018 and December 31, 2017 and restricted cash of $1 million and $1 million at June 30, 2018 and December 31, 2017 .

(b) The amount of unrealized gains/(losses) at ComEd, PECO and BGE totaled less than $1 million for the three and six months ended June 30, 2018 and June 30, 2017 , respectively.

(c) The Level 3 balance consists of the current and noncurrent liability of $23 million and $229 million , respectively, at June 30, 2018 , and $21 million and $235 million , respectively, at December 31, 2017 , related to floating-to-fixed energy swap contracts with unaffiliated suppliers.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

PHI, Pepco, DPL and ACE

The following tables present assets and liabilities measured and recorded at fair value on PHI's, Pepco's, DPL's and ACE's Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy as of June 30, 2018 and December 31, 2017 :

	As of June 30, 2018				As of December 31, 2017			
PHI	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets								
Cash equivalents [a]	$ 235	$ —	$ —	$ 235	$ 83	$ —	$ —	$ 83
Rabbi trust investments								
Cash equivalents	39	—	—	39	72	—	—	72
Mutual funds	15	—	—	15	—	—	—	—
Fixed income	—	18	—	18	—	12	—	12
Life insurance contracts	—	23	36	59	—	23	22	45
Rabbi trust investments subtotal [b]	54	41	36	131	72	35	22	129
Total assets	289	41	36	366	155	35	22	212
Liabilities								
Deferred compensation obligation	—	(22)	—	(22)	—	(25)	—	(25)
Mark-to-market derivative liabilities [c]	—	—	—	—	(1)	—	—	(1)
Effect of netting and allocation of collateral	—	—	—	—	1	—	—	1
Mark-to-market derivative liabilities subtotal	—	—	—	—	—	—	—	—
Total liabilities	—	(22)	—	(22)	—	(25)	—	(25)
Total net assets	$ 289	$ 19	$ 36	$ 344	$ 155	$ 10	$ 22	$ 187

	Pepco				DPL				ACE			
As of June 30, 2018	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets												
Cash equivalents [a]	$ 73	$ —	$ —	$ 73	$ 137	$ —	$ —	$ 137	$ 25	$ —	$ —	$ 25
Rabbi trust investments												
Cash equivalents	38	—	—	38	—	—	—	—	—	—	—	—
Fixed income	—	7	—	7	—	—	—	—	—	—	—	—
Life insurance contracts	—	23	36	59	—	—	—	—	—	—	—	—
Rabbi trust investments subtotal [b]	38	30	36	104	—	—	—	—	—	—	—	—
Total assets	111	30	36	177	137	—	—	137	25	—	—	25
Liabilities												
Deferred compensation obligation	—	(4)	—	(4)	—	(1)	—	(1)	—	—	—	—
Total liabilities	—	(4)	—	(4)	—	(1)	—	(1)	—	—	—	—
Total net assets (liabilities)	$ 111	$ 26	$ 36	$ 173	$ 137	$ (1)	$ —	$ 136	$ 25	$ —	$ —	$ 25

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Pepco				DPL				ACE			
As of December 31, 2017	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets												
Cash equivalents [a]	$ 36	$ —	$ —	$ 36	$ —	$ —	$ —	$ —	$ 29	$ —	$ —	$ 29
Rabbi trust investments												
Cash equivalents	44	—	—	44	—	—	—	—	—	—	—	—
Fixed income	—	12	—	12	—	—	—	—	—	—	—	—
Life insurance contracts	—	23	22	45	—	—	—	—	—	—	—	—
Rabbi trust investments subtotal [b]	44	35	22	101	—	—	—	—	—	—	—	—
Total assets	80	35	22	137	—	—	—	—	29	—	—	29
Liabilities												
Deferred compensation obligation	—	(4)	—	(4)	—	(1)	—	(1)	—	—	—	—
Mark-to-market derivative liabilities [c]	—	—	—	—	(1)	—	—	(1)	—	—	—	—
Effect of netting and allocation of collateral	—	—	—	—	1	—	—	1	—	—	—	—
Mark-to-market derivative liabilities subtotal	—	—	—	—	—	—	—	—	—	—	—	—
Total liabilities	—	(4)	—	(4)	—	(1)	—	(1)	—	—	—	—
Total net assets (liabilities)	$ 80	$ 31	$ 22	$ 133	$ —	$ (1)	$ —	$ (1)	$ 29	$ —	$ —	$ 29

(a) PHI excludes cash of $18 million and $12 million at June 30, 2018 and December 31, 2017 , respectively, and includes long-term restricted cash of $20 million and $23 million at June 30, 2018 and December 31, 2017 , respectively, which is reported in Other deferred debits on the Consolidated Balance Sheets. Pepco excludes cash of $7 million and $4 million at June 30, 2018 and December 31, 2017 , respectively. DPL excludes cash of $4 million and $2 million at June 30, 2018 and December 31, 2017 , respectively. ACE excludes cash of $6 million and $2 million at June 30, 2018 and December 31, 2017 , respectively, and includes long-term restricted cash of $20 million and $23 million at June 30, 2018 and December 31, 2017 , respectively, which is reported in Other deferred debits on the Consolidated Balance Sheets.

(b) The amount of unrealized gains/(losses) at PHI and Pepco totaled $1 million and less than $1 million for the three and six months ended June 30, 2018 and June 30, 2017 , respectively. The amount of unrealized gains/(losses) at DPL and ACE totaled less than $1 million for the three and six months ended June 30, 2018 and June 30, 2017 , respectively.

(c) Represents natural gas futures purchased by DPL as part of a natural gas hedging program approved by the DPSC.

The following tables present the fair value reconciliation of Level 3 assets and liabilities measured at fair value on a recurring basis during the three and six months ended June 30, 2018 and 2017 :

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Generation					ComEd	PHI		Exelon
Three Months Ended June 30, 2018	NDT Fund Investments	Pledged Assets for Zion Station Decommissioning	Mark-to-Market Derivatives	Other Investments	Total Generation	Mark-to-Market Derivatives	Life Insurance Contracts (c)	Eliminated in Consolidation	Total
Balance as of March 31, 2018	$ 609	$ 16	$ 918	$ 36	$ 1,579	$ (267)	$ 23	$ —	$ 1,335
Total realized / unrealized gains (losses)									
Included in net income	—	—	(113) (a)	—	(113)	—	1	—	(112)
Included in noncurrent payables to affiliates	(3)	—	—	—	(3)	—	—	3	—
Included in payable for Zion Station decommissioning	—	2	—	—	2	—	—	—	2
Included in regulatory assets/liabilities	—	—	—	—	—	15 (b)	—	(3)	12
Change in collateral	—	—	(49)	—	(49)	—	—	—	(49)
Purchases, sales, issuances and settlements									
Purchases	17	—	13	—	30	—	—	—	30
Sales	—	—	(1)	—	(1)	—	—	—	(1)
Settlements	(38)	—	—	—	(38)	—	12 (d)	—	(26)
Transfers into Level 3	—	—	(15)	—	(15)	—	—	—	(15)
Transfers out of Level 3	—	—	(16)	—	(16)	—	—	—	(16)
Balance at June 30, 2018	$ 585	$ 18	$ 737	$ 36	$ 1,376	$ (252)	$ 36	$ —	$ 1,160
The amount of total gains (losses) included in income attributed to the change in unrealized gains (losses) related to assets and liabilities as of June 30, 2018	$ (4)	$ —	$ 7	$ —	$ 3	$ —	$ —	$ —	$ 3

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Generation					ComEd	PHI		Exelon
Six Months Ended June 30, 2018	NDT Fund Investments	Pledged Assets for Zion Station Decommissioning	Mark-to-Market Derivatives	Other Investments	Total Generation	Mark-to-Market Derivatives	Life Insurance Contracts (c)	Eliminated in Consolidation	Mark-to-Market Derivatives
Balance as of December 31, 2017	$ 648	$ 12	$ 552	$ 37	$ 1,249	$ (256)	$ 22	$ —	$ 1,015
Total realized / unrealized gains (losses)									
Included in net income	1	—	71 (a)	1	73	—	2	—	75
Included in noncurrent payables to affiliates	3	—	—	—	3	—	—	(3)	—
Included in payable for Zion Station decommissioning	—	5	—	—	5	—	—	—	5
Included in regulatory assets	—	—	—	—	—	4 (b)	—	3	7
Change in collateral	—	—	57	—	57	—	—	—	57
Purchases, sales, issuances and settlements									
Purchases	19	1	100	—	120	—	—	—	120
Sales	—	—	(4)	—	(4)	—	—	—	(4)
Settlements	(86)	—	—	—	(86)	—	12 (d)	—	(74)
Transfers into Level 3	—	—	(23)	—	(23)	—	—	—	(23)
Transfers out of Level 3	—	—	(16)	(2)	(18)	—	—	—	(18)
Balance as of June 30, 2018	$ 585	$ 18	$ 737	$ 36	$ 1,376	$ (252)	$ 36	$ —	$ 1,160
The amount of total gains (losses) included in income attributed to the change in unrealized gains (losses) related to assets and liabilities as of June 30, 2018	$ (4)	$ —	$ 263	$ 1	$ 260	$ —	$ —	$ —	$ 260

(a) Includes a reduction for the reclassification of $120 million and $192 million of realized gains due to the settlement of derivative contracts for the three and six months ended June 30, 2018 , respectively.
(b) Includes $ 11 million of increases in fair value and an increase for realized losses due to settlements of $4 million recorded in purchased power expense associated with floating-to-fixed energy swap contracts with unaffiliated suppliers for the three months ended June 30, 2018 . Includes $6 million of decreases in fair value and an increase for realized losses due to settlements of $10 million recorded in purchased power expense associated with floating-to-fixed energy swap contracts with unaffiliated suppliers for the six months ended June 30, 2018 .
(c) The amounts represented are life insurance contracts at Pepco.
(d) The settlement amount represents the full payment of a loan held against one of Pepco's life insurance policy contracts.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Generation					ComEd	PHI		Exelon
Three Months Ended June 30, 2017	NDT Fund Investments	Pledged Assets for Zion Station Decommissioning	Mark-to-Market Derivatives	Other Investments	Total Generation	Mark-to-Market Derivatives	Life Insurance Contracts (c)	Eliminated in Consolidation	Total
Balance as of March 31, 2017	$ 683	$ 20	$ 565	$ 40	$ 1,308	$ (282)	$ 20	$ —	$ 1,046
Total realized / unrealized gains (losses)									
Included in net income	1	—	(3) (a)	—	(2)	—	—	—	(2)
Included in noncurrent payables to affiliates	4	—	—	—	4	—	—	(4)	—
Included in payable for Zion Station decommissioning	—	1	—	—	1	—	—	—	1
Included in regulatory assets	—	—	—	—	—	26 (b)	—	4	30
Change in collateral	—	—	31	—	31	—	—	—	31
Purchases, sales, issuances and settlements									
Purchases	19	—	21	1	41	—	—	—	41
Sales	—	—	(13)	—	(13)	—	—	—	(13)
Settlements	(24)	—	—	—	(24)	—	—	—	(24)
Transfers into Level 3	—	—	(8)	—	(8)	—	—	—	(8)
Transfers out of Level 3	—	—	(4)	—	(4)	—	—	—	(4)
Balance as of June 30, 2017	$ 683	$ 21	$ 589	$ 41	$ 1,334	$ (256)	$ 20	$ —	$ 1,098
The amount of total gains (losses) included in income attributed to the change in unrealized gains (losses) related to assets and liabilities as of June 30, 2017	$ —	$ —	$ 43	$ —	$ 43	$ —	$ —	$ —	$ 43

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Generation					ComEd	PHI		Exelon
Six Months Ended June 30, 2017	NDT Fund Investments	Pledged Assets for Zion Station Decommissioning	Mark-to-Market Derivatives	Other Investments	Total Generation	Mark-to-Market Derivatives	Life Insurance Contracts (c)	Eliminated in Consolidation	Total
Balance as of December 31, 2016	$ 677	$ 19	$ 493	$ 42	$ 1,231	$ (258)	$ 20	$ —	$ 993
Total realized / unrealized gains (losses)									
Included in net income	4	—	(46) (a)	1	(41)	—	1	—	(40)
Included in noncurrent payables to affiliates	13	—	—	—	13	—	—	(13)	—
Included in payable for Zion Station decommissioning	—	1	—	—	1	—	—	—	1
Included in regulatory assets	—	—	—	—	—	2 (b)	—	13	15
Change in collateral	—	—	69	—	69	—	—	—	69
Purchases, sales, issuances and settlements									
Purchases	36	1	90	3	130	—	—	—	130
Sales	—	—	(15)	—	(15)	—	—	—	(15)
Issuances	—	—	—	—	—	—	(1)	—	(1)
Settlements	(47)	—	—	—	(47)	—	—	—	(47)
Transfers into Level 3	—	—	(10)	—	(10)	—	—	—	(10)
Transfers out of Level 3	—	—	8	(5)	3	—	—	—	3
Balance as of June 30, 2017	$ 683	$ 21	$ 589	$ 41	$ 1,334	$ (256)	$ 20	$ —	$ 1,098
The amount of total gains (losses) included in income attributed to the change in unrealized gains (losses) related to assets and liabilities as of June 30, 2017	$ 2	$ —	$ 102	$ 1	$ 105	$ —	$ 1	$ —	$ 106

(a) Includes a reduction for the reclassification of $46 million and $148 million of realized gains due to the settlement of derivative contracts for the three and six months ended June 30, 2017 , respectively.

(b) Includes $25 million of increases in fair value and an increase for realized losses due to settlements of $1 million recorded in purchased power expense associated with floating-to-fixed energy swap contracts with unaffiliated suppliers for the three months ended June 30, 2017 . Includes $5 million of decreases in fair value and an increase for realized losses due to settlements of $7 million recorded in purchased power expense associated with floating-to-fixed energy swap contracts with unaffiliated suppliers for the six months ended June 30, 2017 .

(c) The amounts represented are life insurance contracts at Pepco.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following tables present the income statement classification of the total realized and unrealized gains (losses) included in income for Level 3 assets and liabilities measured at fair value on a recurring basis during the three and six months ended June 30, 2018 and 2017 :

	Generation			PHI	Exelon			
	Operating Revenues	Purchased Power and Fuel	Other, net [a]	Operating and Maintenance	Operating Revenues	Purchased Power and Fuel	Operating and Maintenance	Other, net [a]
Total gains (losses) included in net income for the three months ended June 30, 2018	$ (191)	$ 78	$ —	$ 1	$ (191)	$ 78	$ 1	$ —
Total gains (losses) included in net income for the six months ended June 30, 2018	144	(73)	2	2	144	(73)	2	2
Change in the unrealized gains (losses) relating to assets and liabilities held for the three months ended June 30, 2018	(71)	78	(4)	—	(71)	78	—	(4)
Change in the unrealized gains (losses) relating to assets and liabilities held for the six months ended June 30, 2018	238	25	(3)	—	238	25	—	(3)

	Generation			PHI	Exelon		
	Operating Revenues	Purchased Power and Fuel	Other, net [a]	Other, net [a]	Operating Revenues	Purchased Power and Fuel	Other, net [a]
Total gains (losses) included in net income for the three months ended June 30, 2017	$ (51)	$ 48	$ 1	$ —	$ (51)	$ 48	$ 1
Total gains (losses) included in net income for the six months ended June 30, 2017	37	(83)	5	1	37	(83)	6
Change in the unrealized gains (losses) relating to assets and liabilities held for the three months ended June 30, 2017	—	43	—	—	—	43	—
Change in the unrealized gains (losses) relating to assets and liabilities held for the six months ended June 30, 2017	140	(38)	3	1	140	(38)	4

(a) Other, net activity consists of realized and unrealized gains (losses) included in income for the NDT funds held by Generation, accrued interest on a convertible promissory note at Generation and the life insurance contracts held by PHI and Pepco.

Valuation Techniques Used to Determine Fair Value

The following describes the valuation techniques used to measure the fair value of the assets and liabilities shown in the tables above.

Cash Equivalents (Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE). The Registrants' cash equivalents include investments with original maturities of three months or less when purchased. The cash equivalents shown in the fair value tables are comprised of investments in mutual and money market funds. The fair values of the shares of these funds are based on observable market prices and, therefore, have been categorized in Level 1 in the fair value hierarchy.

Nuclear Decommissioning Trust Fund Investments and Pledged Assets for Zion Station Decommissioning (Exelon and Generation). The trust fund investments have been established to satisfy Generation's and CENG's nuclear decommissioning obligations as required by the NRC. The NDT funds hold debt and equity securities directly and indirectly through commingled funds and mutual funds, which are included in Equities and Fixed Income. Generation's and CENG's NDT fund investments policies outline investment guidelines for the trusts and limit the trust funds' exposures to investments in highly

illiquid markets and other alternative investments. Investments with maturities of three months or less when purchased, including certain short-term fixed income securities are considered cash equivalents and included in the recurring fair value measurements hierarchy as Level 1 or Level 2.

With respect to individually held equity securities, the trustees obtain prices from pricing services, whose prices are generally obtained from direct feeds from market exchanges, which Generation is able to independently corroborate. The fair values of equity securities held directly by the trust funds which are based on quoted prices in active markets are categorized in Level 1. Certain equity securities have been categorized as Level 2 because they are based on evaluated prices that reflect observable market information, such as actual trade information or similar securities. Equity securities held individually are primarily traded on the New York Stock Exchange and NASDAQ-Global Select Market, which contain only actively traded securities due to the volume trading requirements imposed by these exchanges.

For fixed income securities, multiple prices from pricing services are obtained whenever possible, which enables cross-provider validations in addition to checks for unusual daily movements. A primary price source is identified based on asset type, class or issue for each security. With respect to individually held fixed income securities, the trustees monitor prices supplied by pricing services and may use a supplemental price source or change the primary price source of a given security if the portfolio managers challenge an assigned price and the trustees determine that another price source is considered to be preferable. Generation has obtained an understanding of how these prices are derived, including the nature and observability of the inputs used in deriving such prices. Additionally, Generation selectively corroborates the fair values of securities by comparison to other market-based price sources. U.S. Treasury securities are categorized as Level 1 because they trade in a highly liquid and transparent market. The fair values of fixed income securities, excluding U.S. Treasury securities, are based on evaluated prices that reflect observable market information, such as actual trade information or similar securities, adjusted for observable differences and are categorized in Level 2. The fair values of private placement fixed income securities, which are included in Corporate debt, are determined using a third-party valuation that contains significant unobservable inputs and are categorized in Level 3.

Equity and fixed income commingled funds and mutual funds are maintained by investment companies and hold certain investments in accordance with a stated set of fund objectives such as holding short-term fixed income securities or tracking the performance of certain equity indices by purchasing equity securities to replicate the capitalization and characteristics of the indices. The values of some of these funds are publicly quoted. For mutual funds which are publicly quoted, the funds are valued based on quoted prices in active markets and have been categorized as Level 1. For commingled funds and mutual funds, which are not publicly quoted, the funds are valued using NAV as a practical expedient for fair value, which is primarily derived from the quoted prices in active markets on the underlying securities, and are not classified within the fair value hierarchy. These investments typically can be redeemed monthly with 30 or less days of notice and without further restrictions.

Derivative instruments consisting primarily of futures and interest rate swaps to manage risk are recorded at fair value. Over the counter derivatives are valued daily based on quoted prices in active markets and trade in open markets and have been categorized as Level 1. Derivative instruments other than over the counter derivatives are valued based on external price data of comparable securities and have been categorized as Level 2.

Middle market lending are investments in loans or managed funds which lend to private companies. Generation elected the fair value option for its investments in certain limited partnerships that invest in middle market lending managed funds. The fair value of these loans is determined using a combination of valuation models including cost models, market models and income models. Investments in loans are categorized as Level 3 because the fair value of these securities is based largely on inputs that are unobservable and utilize complex valuation models. Managed funds are valued using NAV or its

equivalent as a practical expedient, and therefore, are not classified within the fair value hierarchy. Investments in middle market lending typically cannot be redeemed until maturity of the term loan.

Private equity and real estate investments include those in limited partnerships that invest in operating companies and real estate holding companies that are not publicly traded on a stock exchange, such as, leveraged buyouts, growth capital, venture capital, distressed investments, investments in natural resources, and direct investments in pools of real estate properties. The fair value of private equity and real estate investments is determined using NAV or its equivalent as a practical expedient, and therefore, are not classified within the fair value hierarchy. These investments typically cannot be redeemed and are generally liquidated over a period of 8 to 10 years from the initial investment date. Private equity and real estate valuations are reported by the fund manager and are based on the valuation of the underlying investments, which include inputs such as cost, operating results, discounted future cash flows, market based comparable data, and independent appraisals from sources with professional qualifications. These valuation inputs are unobservable.

As of June 30, 2018 , Generation has outstanding commitments to invest in fixed income, middle market lending, private equity and real estate investments of approximately $62 million , $302 million , $178 million , and $100 million , respectively. These commitments will be funded by Generation's existing nuclear decommissioning trust funds.

Concentrations of Credit Risk. Generation evaluated its NDT portfolios for the existence of significant concentrations of credit risk as of June 30, 2018 . Types of concentrations that were evaluated include, but are not limited to, investment concentrations in a single entity, type of industry, foreign country, and individual fund. As of June 30, 2018 , there were no significant concentrations (generally defined as greater than 10 percent) of risk in Generation's NDT assets.

See Note 13 — Nuclear Decommissioning for additional information on the NDT fund investments.

Rabbi Trust Investments (Exelon, Generation, PECO, BGE, PHI, Pepco, DPL and ACE). The Rabbi trusts were established to hold assets related to deferred compensation plans existing for certain active and retired members of Exelon's executive management and directors. The Rabbi trusts assets are included in investments in the Registrants' Consolidated Balance Sheets and consist primarily of money market funds, mutual funds, fixed income securities and life insurance policies. The mutual funds are maintained by investment companies and hold certain investments in accordance with a stated set of fund objectives, which are consistent with Exelon's overall investment strategy. Money market funds and mutual funds are publicly quoted and have been categorized as Level 1 given the clear observability of the prices. The fair values of fixed income securities are based on evaluated prices that reflect observable market information, such as actual trade information or similar securities, adjusted for observable differences and are categorized in Level 2. The life insurance policies are valued using the cash surrender value of the policies, net of loans against those policies, which is provided by a third-party. Certain life insurance policies, which consist primarily of mutual funds that are priced based on observable market data, have been categorized as Level 2 because the life insurance policies can be liquidated at the reporting date for the value of the underlying assets. Life insurance policies that are valued using unobservable inputs have been categorized as Level 3.

Mark-to-Market Derivatives (Exelon, Generation, ComEd, PHI and DPL). Derivative contracts are traded in both exchange-based and non-exchange-based markets. Exchange-based derivatives that are valued using unadjusted quoted prices in active markets are categorized in Level 1 in the fair value hierarchy. Certain derivatives' pricing is verified using indicative price quotations available through brokers or over-the-counter, on-line exchanges and are categorized in Level 2. These price quotations reflect the average of the bid-ask, mid-point prices and are obtained from sources that the Registrants believe provide the most liquid market for the commodity. The price quotations are reviewed and corroborated to ensure the prices are observable and representative of an orderly transaction between market participants. This includes consideration of actual transaction volumes, market delivery points,

bid-ask spreads and contract duration. The remainder of derivative contracts are valued using the Black model, an industry standard option valuation model. The Black model takes into account inputs such as contract terms, including maturity, and market parameters, including assumptions of the future prices of energy, interest rates, volatility, credit worthiness and credit spread. For derivatives that trade in liquid markets, such as generic forwards, swaps and options, model inputs are generally observable. Such instruments are categorized in Level 2. The Registrants' derivatives are predominantly at liquid trading points. For derivatives that trade in less liquid markets with limited pricing information model inputs generally would include both observable and unobservable inputs. These valuations may include an estimated basis adjustment from an illiquid trading point to a liquid trading point for which active price quotations are available. Such instruments are categorized in Level 3.

Exelon may utilize fixed-to-floating interest rate swaps, which are typically designated as fair value hedges, as a means to achieve its targeted level of variable-rate debt as a percent of total debt. In addition, the Registrants may utilize interest rate derivatives to lock in interest rate levels in anticipation of future financings. These interest rate derivatives are typically designated as cash flow hedges. Exelon determines the current fair value by calculating the net present value of expected payments and receipts under the swap agreement, based on and discounted by the market's expectation of future interest rates. Additional inputs to the net present value calculation may include the contract terms, counterparty credit risk and other market parameters. As these inputs are based on observable data and valuations of similar instruments, the interest rate swaps are categorized in Level 2 in the fair value hierarchy. See Note 10 — Derivative Financial Instruments for additional information on mark-to-market derivatives.

Deferred Compensation Obligations (Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE). The Registrants' deferred compensation plans allow participants to defer certain cash compensation into a notional investment account. The Registrants include such plans in other current and noncurrent liabilities in their Consolidated Balance Sheets. The value of the Registrants' deferred compensation obligations is based on the market value of the participants' notional investment accounts. The underlying notional investments are comprised primarily of equities, mutual funds, commingled funds, and fixed income securities which are based on directly and indirectly observable market prices. Since the deferred compensation obligations themselves are not exchanged in an active market, they are categorized as Level 2 in the fair value hierarchy.

The value of certain employment agreement obligations (which are included with the Deferred Compensation Obligation in the tables above) are based on a known and certain stream of payments to be made over time and are categorized as Level 2 within the fair value hierarchy.

Additional Information Regarding Level 3 Fair Value Measurements (Exelon, Generation, ComEd, PHI, Pepco, DPL and ACE)

Nuclear Decommissioning Trust Fund Investments and Pledged Assets for Zion Station Decommissioning (Exelon and Generation). For middle market lending and certain corporate debt securities investments, the fair value is determined using a combination of valuation models including cost models, market models and income models. The valuation estimates are based on discounting the forecasted cash flows, market-based comparable data, credit and liquidity factors, as well as other factors that may impact value. Significant judgment is required in the application of discounts or premiums applied for factors such as size, marketability, credit risk and relative performance.

Because Generation relies on third-party fund managers to develop the quantitative unobservable inputs without adjustment for the valuations of its Level 3 investments, quantitative information about significant unobservable inputs used in valuing these investments is not reasonably available to Generation. This includes information regarding the sensitivity of the fair values to changes in the unobservable inputs. Generation gains an understanding of the fund managers' inputs and assumptions used in preparing the valuations. Generation performed procedures to assess the reasonableness of the valuations.

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Rabbi Trust Investments - Life insurance contracts (Exelon, PHI, Pepco, DPL and ACE). For life insurance policies categorized as Level 3, the fair value is determined based on the cash surrender value of the policy, which contains unobservable inputs and assumptions. Because Exelon relies on its third-party insurance provider to develop the inputs without adjustment for the valuations of its Level 3 investments, quantitative information about significant unobservable inputs used in valuing these investments is not reasonably available to Exelon. Exelon gains an understanding of the types of inputs and assumptions used in preparing the valuations and performs procedures to assess the reasonableness of the valuations.

Mark-to-Market Derivatives (Exelon, Generation and ComEd). For valuations that include both observable and unobservable inputs, if the unobservable input is determined to be significant to the overall inputs, the entire valuation is categorized in Level 3. This includes derivatives valued using indicative price quotations whose contract tenure extends into unobservable periods. In instances where observable data is unavailable, consideration is given to the assumptions that market participants would use in valuing the asset or liability. This includes assumptions about market risks such as liquidity, volatility and contract duration. Such instruments are categorized in Level 3 as the model inputs generally are not observable. Exelon's RMC approves risk management policies and objectives for risk assessment, control and valuation, counterparty credit approval, and the monitoring and reporting of risk exposures. The RMC is chaired by the chief executive officer and includes the chief risk officer, chief strategy officer, chief executive officer of Exelon Utilities, chief commercial officer, chief financial officer and chief executive officer of Constellation. The RMC reports to the Finance and Risk Committee of the Exelon Board of Directors on the scope of the risk management activities. Forward price curves for the power market utilized by the front office to manage the portfolio, are reviewed and verified by the middle office, and used for financial reporting by the back office. The Registrants consider credit and nonperformance risk in the valuation of derivative contracts categorized in Level 2 and 3, including both historical and current market data in its assessment of credit and nonperformance risk by counterparty. Due to master netting agreements and collateral posting requirements, the impacts of credit and nonperformance risk were not material to the financial statements.

Disclosed below is detail surrounding the Registrants' significant Level 3 valuations. The calculated fair value includes marketability discounts for margining provisions and other attributes. Generation's Level 3 balance generally consists of forward sales and purchases of power and natural gas and certain transmission congestion contracts. Generation utilizes various inputs and factors including market data and assumptions that market participants would use in pricing assets or liabilities as well as assumptions about the risks inherent in the inputs to the valuation technique. The inputs and factors include forward commodity prices, commodity price volatility, contractual volumes, delivery location, interest rates, credit quality of counterparties and credit enhancements.

For commodity derivatives, the primary input to the valuation models is the forward commodity price curve for each instrument. Forward commodity price curves are derived by risk management for liquid locations and by the traders and portfolio managers for illiquid locations. All locations are reviewed and verified by risk management considering published exchange transaction prices, executed bilateral transactions, broker quotes, and other observable or public data sources. The relevant forward commodity curve used to value each of the derivatives depends on a number of factors, including commodity type, delivery location, and delivery period. Price volatility varies by commodity and location. When appropriate, Generation discounts future cash flows using risk free interest rates with adjustments to reflect the credit quality of each counterparty for assets and Generation's own credit quality for liabilities. The level of observability of a forward commodity price varies generally due to the delivery location and delivery period. Certain delivery locations including PJM West Hub (for power) and Henry Hub (for natural gas) are more liquid and prices are observable for up to three years in the future. The observability period of volatility is generally shorter than the underlying power curve used in option valuations. The forward curve for a less liquid location is estimated by using the forward curve from the liquid location and applying a spread to represent the cost to transport the commodity to the delivery location. This spread does not

typically represent a majority of the instrument's market price. As a result, the change in fair value is closely tied to liquid market movements and not a change in the applied spread. The change in fair value associated with a change in the spread is generally immaterial. An average spread calculated across all Level 3 power and gas delivery locations is approximately $3.17 and $0.47 for power and natural gas, respectively. Many of the commodity derivatives are short-term in nature and thus a majority of the fair value may be based on observable inputs even though the contract as a whole must be classified as Level 3.

On December 17, 2010, ComEd entered into several 20-year floating to fixed energy swap contracts with unaffiliated suppliers for the procurement of long-term renewable energy and associated RECs. See Note 10 — Derivative Financial Instruments for additional information. The fair value of these swaps has been designated as a Level 3 valuation due to the long tenure of the positions and internal modeling assumptions. The modeling assumptions include using natural gas heat rates to project long term forward power curves adjusted by a renewable factor that incorporates time of day and seasonality factors to reflect accurate renewable energy pricing. In addition, marketability reserves are applied to the positions based on the tenor and supplier risk.

The table below discloses the significant inputs to the forward curve used to value these positions.

Type of trade	Fair Value at June 30, 2018	Valuation Technique	Unobservable Input	Range		
Mark-to-market derivatives — Economic Hedges (Exelon and Generation) [a][b]	$ 536	Discounted Cash Flow	Forward power price	$9	-	$141
			Forward gas price	$1.04	-	$11.19
		Option Model	Volatility percentage	9%	-	435%
Mark-to-market derivatives — Proprietary trading (Exelon and Generation) [a][b]	$ 63	Discounted Cash Flow	Forward power price	$9	-	$139
Mark-to-market derivatives (Exelon and ComEd)	$ (252)	Discounted Cash Flow	Forward heat rate [c]	10x	-	11x
			Marketability reserve	4%	-	8%
			Renewable factor	88%	-	120%

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Type of trade	Fair Value at December 31, 2017	Valuation Technique	Unobservable Input	Range		
Mark-to-market derivatives — Economic Hedges (Exelon and Generation) [a][b]	$ 445	Discounted Cash Flow	Forward power price	$3	-	$124
			Forward gas price	$1.27	-	$12.80
		Option Model	Volatility percentage	11%	-	139%
Mark-to-market derivatives — Proprietary trading (Exelon and Generation) [a][b]	$ 26	Discounted Cash Flow	Forward power price	$14	-	$94
Mark-to-market derivatives (Exelon and ComEd)	$ (256)	Discounted Cash Flow	Forward heat rate [c]	9x	-	10x
			Marketability reserve	4%	-	8%
			Renewable factor	88%	-	120%

(a) The valuation techniques, unobservable inputs and ranges are the same for the asset and liability positions.
(b) The fair values do not include cash collateral posted on level three positions of $138 million and $81 million as of June 30, 2018 and December 31, 2017 , respectively.
(c) Quoted forward natural gas rates are utilized to project the forward power curve for the delivery of energy at specified future dates. The natural gas curve is extrapolated beyond its observable period to the end of the contract's delivery.

The inputs listed above would have a direct impact on the fair values of the above instruments if they were adjusted. The significant unobservable inputs used in the fair value measurement of Generation's commodity derivatives are forward commodity prices and for options is price volatility. Increases (decreases) in the forward commodity price in isolation would result in significantly higher (lower) fair values for long positions (contracts that give Generation the obligation or option to purchase a commodity), with offsetting impacts to short positions (contracts that give Generation the obligation or right to sell a commodity). Increases (decreases) in volatility would increase (decrease) the value for the holder of the option (writer of the option). Generally, a change in the estimate of forward commodity prices is unrelated to a change in the estimate of volatility of prices. An increase to the reserves listed above would decrease the fair value of the positions. An increase to the heat rate or renewable factors would increase the fair value accordingly. Generally, interrelationships exist between market prices of natural gas and power. As such, an increase in natural gas pricing would potentially have a similar impact on forward power markets.

10 . Derivative Financial Instruments (All Registrants)

The Registrants use derivative instruments to manage commodity price risk, interest rate risk and foreign exchange risk related to ongoing business operations.

Commodity Price Risk (All Registrants)

To the extent the amount of energy Generation produces differs from the amount of energy it has contracted to sell, Exelon and Generation are exposed to market fluctuations in the prices of electricity, fossil fuels and other commodities. Each of the Registrants employ established policies and procedures to manage their risks associated with market fluctuations in commodity prices by entering into physical and financial derivative contracts, including swaps, futures, forwards, options and short-term and long-

term commitments to purchase and sell energy and commodity products. The Registrants believe these instruments, which are either determined to be non-derivative or classified as economic hedges, mitigate exposure to fluctuations in commodity prices.

Derivative authoritative guidance requires that derivative instruments be recognized as either assets or liabilities at fair value, with changes in fair value of the derivative recognized in earnings immediately. Other accounting treatments are available through special election and designation, provided they meet specific, restrictive criteria both at the time of designation and on an ongoing basis. These alternative permissible accounting treatments include normal purchase normal sale (NPNS), cash flow hedges and fair value hedges. For Generation, all derivative economic hedges related to commodities are recorded at fair value through earnings for the consolidated company, referred to as economic hedges in the following tables. Additionally, Generation is exposed to certain market risks through its proprietary trading activities. The proprietary trading activities are a complement to Generation's energy marketing portfolio but represent a small portion of Generation's overall energy marketing activities.

Fair value authoritative guidance and disclosures about offsetting assets and liabilities requires the fair value of derivative instruments to be shown in the Combined Notes to Consolidated Financial Statements on a gross basis, even when the derivative instruments are subject to legally enforceable master netting agreements and qualify for net presentation in the Consolidated Balance Sheet. A master netting agreement is an agreement between two counterparties that may have derivative and non-derivative contracts with each other providing for the net settlement of all referencing contracts via one payment stream, which takes place as the contracts deliver, when collateral is requested or in the event of default. Generation's use of cash collateral is generally unrestricted, unless Generation is downgraded below investment grade (i.e., to BB+ or Ba1). In the table below, Generation's energy-related economic hedges and proprietary trading derivatives are shown gross. The impact of the netting of fair value balances with the same counterparty that are subject to legally enforceable master netting agreements, as well as netting of cash collateral, including margin on exchange positions, is aggregated in the collateral and netting column. As of June 30, 2018 and December 31, 2017 , $9 million and $4 million of cash collateral held, respectively, was not offset against derivative positions because such collateral was not associated with any energy-related derivatives, were associated with accrual positions, or had no positions to offset as of the balance sheet date. Excluded from the tables below are economic hedges that qualify for the NPNS scope exception and other non-derivative contracts that are accounted for under the accrual method of accounting.

ComEd's use of cash collateral is generally unrestricted unless ComEd is downgraded below investment grade (i.e., to BB+ or Ba1).

Cash collateral held by PECO and BGE must be deposited in an unaffiliated major U.S. commercial bank or foreign bank with a U.S. branch office that meet certain qualifications.

In the table below, DPL's economic hedges are shown gross. The impact of the netting of fair value balances with the same counterparty that are subject to legally enforceable master netting agreements, as well as netting of cash collateral, in cluding margin on exchange positions, is aggregated in the collateral and netting column.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following table provides a summary of the derivative fair value balances recorded by the Registrants as of June 30, 2018 :

	Generation				ComEd	DPL			Exelon
Derivatives	Economic Hedges	Proprietary Trading	Collateral and Netting [a][e]	Subtotal [b]	Economic Hedges [c]	Economic Hedges [d]	Collateral and Netting [a]	Subtotal	Total Derivatives
Mark-to-market derivative assets (current assets)	$ 2,527	$ 163	$ (1,893)	$ 797	$ —	$ —	$ —	$ —	$ 797
Mark-to-market derivative assets (noncurrent assets)	1,571	58	(1,188)	441	—	—	—	—	441
Total mark-to-market derivative assets	4,098	221	(3,081)	1,238	—	—	—	—	1,238
Mark-to-market derivative liabilities (current liabilities)	(2,241)	(132)	2,127	(246)	(23)	—	—	—	(269)
Mark-to-market derivative liabilities (noncurrent liabilities)	(1,566)	(40)	1,336	(270)	(229)	—	—	—	(499)
Total mark-to-market derivative liabilities	(3,807)	(172)	3,463	(516)	(252)	—	—	—	(768)
Total mark-to-market derivative net assets (liabilities)	$ 291	$ 49	$ 382	$ 722	$ (252)	$ —	$ —	$ —	$ 470

(a) Exelon, G eneration and DPL net all available amounts allowed under the derivative authoritative guidance on the balance sheet. These amounts include unrealized derivative transactions with the same counterparty under legally enforceable master netting agreements and cash collateral. In some cases Exelon and Generation may have other offsetting exposures, subject to a master netting or similar agreement, such as trade receivables and payables, transactions that do not qualify as derivatives, letters of credit and other forms of non-cash collateral. These are not reflected in the table above.
(b) Current and noncurrent assets are shown net of collateral of $115 million and $54 million , respectively, and current and noncurrent liabilities are shown net of collateral of $119 million and $94 million , respectively. The total cash collateral posted, net of cash collateral received and offset against mark-to-market assets and liabilities was $382 million at June 30, 2018 .
(c) Includes current and noncurrent liabilities relating to floating-to-fixed energy swap contracts with unaffiliated suppliers.
(d) Represents natural gas futures purchased by DPL as part of a natural gas hedging program approved by the DPSC.
(e) Of the collateral p osted/(received), $11 million represents variation margin on the exchanges.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following table provides a summary of the derivative fair value balances recorded by the Registrants as of December 31, 2017 :

	Generation				ComEd	DPL			Exelon
Description	Economic Hedges	Proprietary Trading	Collateral and Netting [a][e]	Subtotal [b]	Economic Hedges [c]	Economic Hedges [d]	Collateral and Netting [a]	Subtotal	Total Derivatives
Mark-to-market derivative assets (current assets)	$ 3,061	$ 56	$ (2,144)	$ 973	$ —	$ —	$ —	$ —	$ 973
Mark-to-market derivative assets (noncurrent assets)	1,164	12	(845)	331	—	—	—	—	331
Total mark-to-market derivative assets	4,225	68	(2,989)	1,304	—	—	—	—	1,304
Mark-to-market derivative liabilities (current liabilities)	(2,646)	(43)	2,480	(209)	(21)	(1)	1	—	(230)
Mark-to-market derivative liabilities (noncurrent liabilities)	(1,137)	(10)	975	(172)	(235)	—	—	—	(407)
Total mark-to-market derivative liabilities	(3,783)	(53)	3,455	(381)	(256)	(1)	1	—	(637)
Total mark-to-market derivative net assets (liabilities)	$ 442	$ 15	$ 466	$ 923	$ (256)	$ (1)	$ 1	$ —	$ 667

(a) Exelon, Generation and DPL net al l available amounts allowed under the derivative authoritative guidance on the balance sheet. These amounts include unrealized derivative transactions with the same counterparty under legally enforceable master netting agreements and cash collateral. In some cases Exelon and Generation may have other offsetting exposures, subject to a master netting or similar agreement, such as trade receivables and payables, transactions that do not qualify as derivatives, and letters of credit and other forms of non-cash collateral. These are not reflected in the table above.
(b) Current and noncurrent assets are shown net of collateral of $169 million and $53 million , respectively, and current and noncurrent liabilities are shown net of collateral of $167 million and $77 million , respectively. The total cash collateral posted, net of cash collateral received and offset against mark-to-market assets and liabilities was $466 million at December 31, 2017 .
(c) Includes current and noncurrent liabilities relating to floating-to-fixed energy swap contracts with unaffiliated suppliers.
(d) Represents natural gas futures purchased by DPL as part of a natural gas hedging program approved by the DPSC.
(e) Of the collateral posted/(rece ived), $(117) million represents variation margin on the exchanges.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Economic Hedges (Commodity Price Risk)

Within Exelon, Generation has the most exposure to commodity price risk. As such, Generation uses a variety of derivative and non-derivative instruments to manage the commodity price risk of its electric generation facilities, including power and gas sales, fuel and power purchases, natural gas transportation and pipeline capacity agreements and other energy-related products marketed and purchased. To manage these risks, Generation may enter into fixed-price derivative or non-derivative contracts to hedge the variability in future cash flows from expected sales of power and gas and purchases of power and fuel. The objectives for executing such hedges include fixing the price for a portion of anticipated future electricity sales at a level that provides an acceptable return. Generation is also exposed to differences between the locational settlement prices of certain economic hedges and the hedged generating units. This price difference is actively managed through other instruments which include derivative congestion products, whose changes in fair value are recognized in earnings each period, and auction revenue rights, which are accounted for on an accrual basis. For the three and six months ended June 30, 2018 and 2017 , Exelon and Generation recognized the following net pre-tax commodity mark-to-market gains (losses) which are also located in the "Net fair value changes related to derivatives" on the Consolidated Statements of Cash Flows.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Income Statement Location	Gain (Loss)			
Operating revenues	$ (7)	$ (141)	$ (107)	$ (96)
Purchased power and fuel	96	(41)	(70)	(134)
Total Exelon and Generation	$ 89	$ (182)	$ (177)	$ (230)

In general, increases and decreases in forward market prices have a positive and negative impact, respectively, on G eneration's owned and contracted generation positions that have not been hedged. Generation hedges commodity price risk on a ratable basis over three-year periods. As of June 30, 2018 , the percentage of expected generation hedged is 97% - 100% , 71% - 74% and 41% - 44% for 2018 , 2019 and 2020 , respectively.

On December 17, 2010, ComEd executed several 20-year floating-to-fixed energy swap contracts with unaffiliated suppliers for the procurement of long-term renewable energy and associated RECs. Delivery under the contracts began in June 2012. These contracts are designed to lock in a portion of the long-term commodity price risk resulting from the renewable energy resource procurement requirements in the Illinois Settlement Legislation. ComEd has not elected hedge accounting for these derivative financial instruments. ComEd records the fair value of the swap contracts on its balance sheet. Because ComEd receives full cost recovery for energy procurement and related costs from retail customers, the change in fair value each period is recorded by ComEd as a regulatory asset or liability. See Note 3 — Regulatory Matters of the Exelon 2017 Form 10-K for additional information.

PECO's natural gas procurement policy is designed to achieve a reasonable balance of long-term and short-term gas purchases under different pricing approaches to achieve system supply reliability at the least cost. PECO's reliability strategy is two-fold. First, PECO must assure that there is sufficient transportation capacity to satisfy delivery requirements. Second, PECO must ensure that a firm source of supply exists to utilize the capacity resources. All of PECO's natural gas supply and asset management agreements that are derivatives either qualify for the NPNS scope exception and have been designated as such or have no mark-to-market balances because the derivatives are index priced. Additionally, in accordance with the 2016 PAPUC PGC settlement and to reduce the exposure of PECO and its customers to natural gas price volatility, PECO has continued its program to purchase natural gas for both winter and summer supplies using a layered approach of locking-in prices ahead of each season with long-

term gas purchase agreements (those with primary terms of at least twelve months). Under the terms of the 2016 PGC settlement, PECO is required to lock in (i.e., economically hedge) the price of a minimum volume of its long-term gas commodity purchases. PECO's gas-hedging program is designed to cover about 20% of planned natural gas purchases in support of projected firm sales. The hedging program for natural gas procurement has no direct impact on PECO's results of operations and financial position as natural gas costs are fully recovered from customers under the PGC.

BGE has contracts to procure SOS electric supply that are executed through a competitive procurement process approved by the MDPSC. The SOS rates charged recover BGE's wholesale power supply costs and include an administrative fee. BGE's commodity price risk related to electric supply procurement is limited. BGE locks in fixed prices for all of its SOS requirements through full requirements contracts. Certain of BGE's full requirements contracts, which are considered derivatives, qualify for the NPNS scope exception under current derivative authoritative guidance. Other BGE full requirements contracts are not derivatives.

BGE provides natural gas to its customers under a MBR mechanism approved by the MDPSC. Under this mechanism, BGE's actual cost of gas is compared to a market index (a measure of the market price of gas in a given period). The difference between BGE's actual cost and the market index is shared equally between shareholders and customers. BGE must also secure fixed price contracts for at least 10% , but not more than 20% , of forecasted system supply requirements for flowing (i.e., non-storage) gas for the November through March period. These fixed-price contracts are not subject to sharing under the MBR mechanism. BGE also ensures it has sufficient pipeline transportation capacity to meet customer requirements. BGE's natural gas supply and asset management agreements qualify for the NPNS scope exception and result in physical delivery.

Pepco has contracts to procure SOS electric supply that are executed through a competitive procurement process approved by the MDPSC and DCPSC. The SOS rates charged recover Pepco's wholesale power supply costs and include an administrative fee. The administrative fee includes an incremental cost component and a shareholder return component for residential and commercial rate classes. Pepco's commodity price risk related to electric supply procurement is limited. Pepco locks in fixed prices for its SOS requirements through full requirements contracts. Certain of Pepco's full requirements contracts, which are considered derivatives, qualify for the NPNS scope exception under current derivative authoritative guidance. Other Pepco full requirements contracts are not derivatives.

DPL has contracts to procure SOS electric supply that are executed through a competitive procurement process approved by the MDPSC and the DPSC. The SOS rates charged recover DPL's wholesale power supply costs. In Delaware, DPL is also entitled to recover a Reasonable Allowance for Retail Margin (RARM). The RARM includes a fixed annual margin of approximately $2.75 million , plus an incremental cost component and a cash working capital allowance. In Maryland, DPL charges an administrative fee intended to allow it to recover its administrative costs. DPL locks in fixed prices for its SOS requirements through full requirements contracts. DPL's commodity price risk related to electric supply procurement is limited. Certain of DPL's full requirements contracts, which are considered derivatives, qualify for the NPNS scope exception under current derivative authoritative guidance. Other DPL full requirements contracts are not derivatives.

DPL provides natural gas to its customers under an Annual GCR mechanism approved by the DPSC. Under this mechanism, DPL's Annual GCR Filing establishes a future GCR for firm bundled sales customers by using a forecast of demand and commodity costs. The actual costs are trued up against forecasts on a monthly basis and any shortfall or excess is carried forward as a recovery balance in the next GCR filing. The demand portion of the GCR is based upon DPL's firm transportation and storage contracts. DPL has firm deliverability of swing and seasonal storage; a liquefied natural gas facility and firm transportation capacity to meet customer demand and provide a reserve margin. The commodity portion of the GCR includes a commission approved hedging program which is intended to reduce gas

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commodity price volatility while limiting the firm natural gas customers' exposure to adverse changes in the market price of natural gas. The hedge program requires that DPL hedge, on a non-discretionary basis, an amount equal to 50% of estimated purchase requirements for each month, including estimated monthly purchases for storage injections. The 50% hedge monthly target is achieved by hedging 1/12th of the 50% target each month beginning 12-months prior to the month in which the physical gas is to be purchased. Currently, DPL uses only exchange traded futures for its gas hedging program, which are considered derivatives, however, it retains the capability to employ other physical and financial hedges if needed. DPL has not elected hedge accounting for these derivative financial instruments. Because of the DPSC-approved fuel adjustment clause for DPL's derivatives, the change in fair value of the derivatives each period, in addition to all premiums paid and other transaction costs incurred as part of the gas hedging program, are fully recoverable and are recorded by DPL as regulatory assets or liabilities. DPL's physical gas purchases are currently all daily, monthly or intra-month transactions. From time to time, DPL will enter into seasonal purchase or sale arrangements, however, there are none currently in the portfolio. Certain of DPL's full requirements contracts, which are considered derivatives, qualify for the NPNS scope exception under current derivative authoritative guidance. Other DPL full requirements contracts are not derivatives.

ACE has contracts to procure BGS electric s upply that are executed through a competitive procurement process approved by the NJBPU. The BGS rates charged recover ACE's wholesale power supply costs. ACE does not make any profit or incur any loss on the supply component of the BGS it supplies to customers. ACE's commodity price risk related to electric supply procurement is limited. ACE locks in fixed prices for all of its BGS requirements through full requirements contracts. Certain of ACE's full requirements contracts, which are considered derivatives, qualify for the NPNS scope exception under current derivative authoritative guidance. Other ACE full requirements contracts are not derivatives.

Proprietary Trading (Commodity Price Risk)

Generation also executes commodity derivatives for proprietary trading purposes. Proprietary trading includes all contracts executed with the intent of benefiting from shifts or changes in market prices as opposed to those executed with the intent of hedging or managing risk. Proprietary trading activities are subject to limits established by Exelon's RMC. The proprietary trading portfolio is subject to a risk management policy that includes stringent risk management limits to manage exposure to market risk. Additionally, the Exelon risk management group and Exelon's RMC monitor the financial risks of the proprietary trading activities. The proprietary trading activities are a complement to Generation's energy marketing portfolio but represent a small portion of Generation's overall revenue from energy marketing activities. Gains and losses associated with proprietary trading are reported as Operating revenues in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income. For the three and six months ended June 30, 2018 and 2017 Exelon and Generation recognized the following net pre-tax commodity mark-to-market gains (losses) which are also included in the "Net fair value changes related to derivatives" on the Consolidated Statements of Cash Flows. The Utility Registrants do not execute derivatives for proprietary trading purposes.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Income Statement Location	Gain (Loss)			
Operating revenues	$ 15	$ —	$ 17	$ (1)

Interest Rate and Foreign Exchange Risk (All Registrants)

The Registrants use a combination of fixed-rate and variable-rate debt to manage interest rate exposure. The Registrants utilize fixed-to-floating interest rate swaps, which are typically designated as fair value hedges, to manage their interest rate exposure. In addition, the Registrants may utilize interest

rate derivatives to lock in rate levels, which are typically designated as cash flow hedges to manage interest rate risk. To manage foreign exchange rate exposure associated with international commodity purchases in currencies other than U.S. dollars, Generation utilizes foreign currency derivatives, which are treated as economic hedges. Below is a summary of the interest rate and foreign exchange hedge balances as of June 30, 2018 :

	Generation				Exelon Corporate	Exelon
Description	Derivatives Designated as Hedging Instruments	Economic Hedges	Collateral and Netting [a]	Subtotal	Derivatives Designated as Hedging Instruments	Total
Mark-to-market derivative assets (current assets)	$ 1	$ 5	$ (4)	$ 2	$ —	$ 2
Mark-to-market derivative assets (noncurrent assets)	15	1	—	16	—	16
Total mark-to-market derivative assets	16	6	(4)	18	—	18
Mark-to-market derivative liabilities (current liabilities)	—	(3)	4	1	—	1
Mark-to-market derivative liabilities (noncurrent liabilities)	—	—	—	—	(8)	(8)
Total mark-to-market derivative liabilities	—	(3)	4	1	(8)	(7)
Total mark-to-market derivative net assets (liabilities)	$ 16	$ 3	$ —	$ 19	$ (8)	$ 11

(a) Exelon and Generation net all available amounts allowed under the derivative authoritative guidance on the balance sheet. These amounts include unrealized derivative transactions with the same counterparty under legally enforceable master netting agreements and cash collateral. In some cases, Exelon and Generation may have other offsetting counterparty exposures subject to a master netting or similar agreement, such as accrued interest, transactions that do not qualify as derivatives, letters of credit and other forms of non-cash collateral, which are not reflected in the table above.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following table provides a summary of the interest rate and foreign exchange hedge balances recorded by the Registrants as of December 31, 2017 :

	Generation				Exelon Corporate	Exelon
Description	Derivatives Designated as Hedging Instruments	Economic Hedges	Collateral and Netting [a]	Subtotal	Derivatives Designated as Hedging Instruments	Total
Mark-to-market derivative assets (current assets)	$ —	$ 10	$ (7)	$ 3	$ —	$ 3
Mark-to-market derivative assets (noncurrent assets)	3	—	—	3	3	6
Total mark-to-market derivative assets	3	10	(7)	6	3	9
Mark-to-market derivative liabilities (current liabilities)	(2)	(7)	7	(2)	—	(2)
Mark-to-market derivative liabilities (noncurrent liabilities)	—	(2)	—	(2)	—	(2)
Total mark-to-market derivative liabilities	(2)	(9)	7	(4)	—	(4)
Total mark-to-market derivative net assets (liabilities)	$ 1	$ 1	$ —	$ 2	$ 3	$ 5

(a) Exelon and Generation net all available amounts allowed under the derivative authoritative guidance on the balance sheet. These amounts include unrealized derivative transactions with the same counterparty under legally enforceable master netting agreements and cash collateral. In some cases, Exelon and Generation may have other offsetting counterparty exposures subject to a master netting or similar agreement, such as accrued interest, transactions that do not qualify as derivatives, letters of credit and other forms of non-cash collateral, which are not reflected in the table above.

Fair Value Hedges (Interest Rate Risk)

For derivative instruments that qualify and are designated as fair value hedges, the gain or loss on the derivative as well as the offsetting loss or gain on the hedged item attributable to the hedged risk are recognized in earnings immediately. Exelon and Generation include the gain or loss on the hedged items and the offsetting loss or gain on the related interest rate swaps as follows:

		Three Months Ended June 30,			
		2018	2017	2018	2017
	Income Statement Location	Gain (loss) on Swaps		Gain on Borrowings	
Exelon	Interest expense	$ (4)	$ 1	$ 7	$ 2

		Six Months Ended June 30,			
		2018	2017	2018	2017
	Income Statement Location	Loss on Swaps		Gain on Borrowings	
Exelon	Interest expense	$ (11)	$ (4)	$ 20	$ 10

The table below provides the notional amounts of fixed-to-floating hedges outstanding held by Exelon at June 30, 2018 and December 31, 2017 :

	As of	
	June 30, 2018	December 31, 2017
Fixed-to-floating hedges	$ 800	$ 800

During the three months ended June 30, 2018 and 2017 , the impact on the results of operations as a result of ineffectiveness from fair value hedges was a $3 million gain and a $3 million gain, respectively. During the six months ended June 30, 2018 and 2017 , the impact on the results of operations as a result of ineffectiveness from fair value hedges was a $9 million gain and a $7 million gain, respectively.

Cash Flow Hedges (Interest Rate Risk)

For derivative instruments that qualify and are designated as cash flow hedges, the gain or loss on the effective portion of the derivative will be deferred in AOCI and reclassified into earnings when the underlying transaction occurs. To mitigate interest rate risk, Exelon and Generation enter into floating-to-fixed interest rate swaps to manage a portion of interest rate exposure associated with debt issuances. The table below provides the notional amounts of floating-to-fixed hedges outstanding held by Exelon and Generation as of June 30, 2018 .

	As of	
	June 30, 2018	December 31, 2017
Floating-to-fixed hedges	$ 624	$ 636

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
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The tables below provide the activity of OCI related to cash flow hedges for the three and six months ended June 30, 2018 and 2017 , containing information about the changes in the fair value of cash flow hedges and the reclassification from AOCI into results of operations. The amounts reclassified from OCI, when combined with the impacts of the hedged transactions, result in the ultimate recognition of net revenues or expenses at the contractual price.

		Total Cash Flow Hedge OCI Activity, Net of Income Tax	
		Generation	Exelon
Three Months Ended June 30, 2018	Income Statement Location	Total Cash Flow Hedges	Total Cash Flow Hedges
AOCI derivative loss at March 31, 2018		$ (9)	$ (6)
Effective portion of changes in fair value		4	3
Reclassifications from AOCI to net income	Interest Expense	1	1
AOCI derivative loss at June 30, 2018		$ (4)	$ (2)

		Total Cash Flow Hedge OCI Activity, Net of Income Tax	
		Generation	Exelon
Six Months Ended June 30, 2018	Income Statement Location	Total Cash Flow Hedges	Total Cash Flow Hedges
AOCI derivative loss at December 31, 2017		$ (16)	$ (14)
Effective portion of changes in fair value		11	11
Reclassifications from AOCI to net income	Interest Expense	1	1
AOCI derivative loss at June 30, 2018		$ (4)	$ (2)

		Total Cash Flow Hedge OCI Activity, Net of Income Tax	
		Generation	Exelon
Three Months Ended June 30, 2017	Income Statement Location	Total Cash Flow Hedges	Total Cash Flow Hedges
AOCI derivative loss at March 31, 2017		$ (13)	$ (11)
Effective portion of changes in fair value		(1)	(1)
AOCI derivative loss at June 30, 2017		$ (14)	$ (12)

		Total Cash Flow Hedge OCI Activity, Net of Income Tax	
		Generation	Exelon
Six Months Ended June 30, 2017	Income Statement Location	Total Cash Flow Hedges	Total Cash Flow Hedges
AOCI derivative loss at December 31, 2016		$ (19)	$ (17)
Effective portion of changes in fair value		1	1
Reclassifications from AOCI to net income	Interest Expense	4 (a)	4 (a)
AOCI derivative loss at June 30, 2017		$ (14)	$ (12)

(a) Amount is net of related income tax expense of $3 million for the six months ended June 30, 2017 .

During the three and six months ended June 30, 2018 and 2017 , the impact on the results of operations as a result of ineffectiveness from cash flow hedges in continuing designated hedge relationships was immaterial. The estimated amount of existing gains and losses that are reported in

AOCI at the reporting date that are expected to be reclassified into earnings within the next twelve months is immaterial.

Economic Hedges (Interest Rate and Foreign Exchange Risk)

Exelon and Generation ex ecutes these instruments to mitigate exposure to fluctuations in interest rates or foreign exchange but for which the fair value or cash flow hedge elections were not made. Generation also enters into interest rate derivative contracts and foreign exchange currency swaps ("treasury") to manage the exposure related to the interest rate component of commodity positions and international purchases of commodities in currencies other than U.S. Dollars.

At June 30, 2018 and December 31, 2017 , Generation had immaterial notional amounts of interest rate derivative contracts to economically hedge risk associated with the interest rate component of commodity positions. The following table provides notional amo unts outstanding held by Exelon and Generation at June 30, 2018 and December 31, 2017 related to foreign currency exchange rate swaps that are marked-to-market to manage the exposure associated with international purchases of commodities in currencies other than U.S. dollars.

	As of	
	June 30, 2018	December 31, 2017
Foreign currency exchange rate swaps	$ 86	$ 94

For the three and six months ended June 30, 2018 and 2017 , Exelon and Generation recognized the following net pre-tax mark-to-market gains (losses) in the Consolidated Statements of Operations and Comprehensive Income and are included in “Net fair value changes related to derivatives” in Exelon’s and Generation’s Consolidated Statements of Cash Flows.

		Three Months Ended June 30,		Six Months Ended June 30,	
		2018	2017	2018	2017
	Income Statement Location	Gain (Loss)			
Generation	Operating Revenues	$ 2	$ (2)	$ 5	$ (3)
Generation	Purchased Power and Fuel	(1)	—	(3)	—
Total Generation		$ 1	$ (2)	$ 2	$ (3)

		Three Months Ended June 30,		Six Months Ended June 30,	
		2018	2017	2018	2017
	Income Statement Location	Gain (Loss)			
Exelon	Operating Revenues	$ 2	$ (2)	$ 5	$ (3)
Exelon	Purchased Power and Fuel	(1)	—	(3)	—
Total Exelon		$ 1	$ (2)	$ 2	$ (3)

Proprietary Trading (Interest Rate and Foreign Exchange Risk)

Generation also executes derivative contracts for proprietary trading purposes to hedge risk associated with the interest rate and foreign exchange components of underlying commodity positions. Gains and losses associated with proprietary trading are reported as Operating revenues in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income and are included in "Net fair value changes related to derivatives" in Exelon's and Generation's Consolidated Statements of Cash Flows. For the three and six months ended June 30, 2018 and for the three months ended June 30, 2017 , Exelon and Generation recognized no net pre-tax commodity mark-to-market gains or losses. For the six months ended June 30, 2017 , Exelon and Generation recognized a $1 million net pre-tax commodity mark-to-market loss.

Credit Risk, Collateral and Contingent-Related Features (All Registrants)

The Registrants would be exposed to credit-related losses in the event of non-performance by counterparties on executed derivative instruments. The credit exposure of derivative contracts, before collateral, is represented by the fair value of contracts at the reporting date. For commodity derivatives, Generation enters into enabling agreements that allow for payment netting with its counterparties, which reduces Generation's exposure to counterparty risk by providing for the offset of amounts payable to the counterparty against amounts receivable from the counterparty. Typically, each enabling agreement is for a specific commodity and so, with respect to each individual counterparty, netting is limited to transactions involving that specific commodity product, except where master netting agreements exist with a counterparty that allow for cross product netting. In addition to payment netting language in the enabling agreement, Generation's credit department establishes credit limits, margining thresholds and collateral requirements for each counterparty, which are defined in the derivative contracts. Counterparty credit limits are based on an internal credit review process that considers a variety of factors, including the results of a scoring model, leverage, liquidity, profitability, credit ratings by credit rating agencies, and risk management capabilities. To the extent that a counterparty's margining thresholds are exceeded, the counterparty is required to post collateral with Generation as specified in each enabling agreement. Generation's credit department monitors current and forward credit exposure to counterparties and their affiliates, both on an individual and an aggregate basis.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
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The following tables provide information on Generation's credit exposure for all derivative instruments, NPNS and applicable payables and receivables, net of collateral and instruments that are subject to master netting agreements, as of June 30, 2018 . The tables further delineate that exposure by credit rating of the counterparties and provide guidance on the concentration of credit risk to individual counterparties. The figures in the tables below exclude credit risk exposure from individual retail counterparties, nuclear fuel procurement contracts and exposure through RTOs, ISOs, NYMEX, ICE, NASDAQ, NGX and Nodal commodity exchanges. Additionally, the figures in the tables below exclude exposures with affiliates, including net receivables with ComEd, PECO, BGE, Pepco, DPL and ACE of $47 million , $23 million , $23 million , $31 million , $5 million , and $4 million as of June 30, 2018 , respectively.

Rating as of June 30, 2018	Total Exposure Before Credit Collateral	Credit Collateral [a]	Net Exposure	Number of Counterparties Greater than 10% of Net Exposure	Net Exposure of Counterparties Greater than 10% of Net Exposure
Investment grade	$ 823	$ —	$ 823	1	$ 206
Non-investment grade	90	30	60		
No external ratings					
Internally rated — investment grade	228	—	228		
Internally rated — non-investment grade	78	13	65		
Total	$ 1,219	$ 43	$ 1,176	1	$ 206

Net Credit Exposure by Type of Counterparty	As of June 30, 2018
Financial institutions	$ 97
Investor-owned utilities, marketers, power producers	627
Energy cooperatives and municipalities	392
Other	60
Total	$ 1,176

(a) As of June 30, 2018 , credit collateral held from counterparties where Generation had credit exposure included $22 million of cash and $21 million of letters of credit. The credit collateral does not include non-liquid collateral.

ComEd's power procurement contracts provide suppliers with a certain amount of unsecured credit. The credit position is based on daily, updated forward market prices compared to the benchmark prices. The benchmark prices are the forward prices of energy projected through the contract term and are set at the point of sup plier bid submittals. If the forward market price of energy exceeds the benchmark price on a given day, the suppliers are required to post collateral for the secured credit portion after adjusting for any unpaid deliveries and unsecured credit allowed under the contract. The unsecured credit used by the suppliers represents ComEd's net credit exposure. As of June 30, 2018 , ComEd's net credit exposure to suppliers was less than $1 million .

ComEd is permitted to recover its costs of procuring energy through the Illinois Settlement Legislation. ComEd's counterparty credit risk is mitigated by its ability to recover realized energy costs through customer rates. See Note 3 — Regulatory Matters of the Exelon 2017 Form 10-K for additional information.

PECO's unsecured credit used by the suppliers represents PECO's net credit exposure. As of June 30, 2018 , PECO had no material net credit exposure to suppliers.

PECO's natural gas procurement plan is reviewed and approved annually on a prospective basis by the PAPUC. PECO's counterparty credit risk under its natural gas supply and asset management agreements is mitigated by its ability to recover its natural gas costs through the PGC, which allows PECO to adjust rates quarterly to reflect realized natural gas prices. As of June 30, 2018 , PECO had no material credit exposure under its natural gas supply and asset management agreements with investment grade suppliers.

BGE is permitted to recover its costs of procuring energy through the MDPSC-approved procurement tariffs. BGE's counterparty credit risk is mitigated by its ability to recover realized energy costs through customer rates. See Note 3 — Regulatory Matters of the Exelon 2017 Form 10-K for additional information.

BGE's full requirement wholesale electric power agreements that govern the terms of its electric supply procurement contracts, which define a supplier's performance assurance requirements, allow a supplier, or its guarantor, to meet its credit requirements with a certain amount of unsecured credit. As of June 30, 2018 , BGE's net credit exposure to suppliers was immaterial.

BGE's regulated gas business is exposed to market-price risk. At June 30, 2018 , BGE had credit exposure of approximately $5 million related to off-system sales which is mitigated by parental guarantees, letters of credit or right to offset clauses within other contracts with those third-party suppliers.

Pepco's, DPL's and ACE's power procurement contracts provide suppliers with a certain amount of unsecured credit. The amount of unsecured credit is determined based on the supplier's lowest credit rating from the major credit rating agencies and the supplier's tangible net worth. The credit position is based on the initial market price, which is the forward price of energy on the day a transaction is executed, compared to the current forward price curve for energy. To the extent that the forward price curve for energy exceeds the initial market price, the supplier is required to post collateral to the extent the credit exposure is greater than the supplier's unsecured credit limit. The unsecured credit used by the suppliers represents Pepco's, DPL's and ACE's net credit exposure. As of June 30, 2018 , Pepco's, DPL's and ACE's net credit exposures to suppliers were immaterial.

Pepco is permitted to recover its costs of procuring energy through the MDPSC-approved and DCPSC-approved procurement tariffs. DPL is permitted to recover its costs of procuring energy through the MDPSC-approved and DPSC-approved procurement tariffs. ACE is permitted to recover its costs of procuring energy through the NJBPU-approved procurement tariffs. Pepco's, DPL's and ACE's counterparty credit risks are mitigated by their ability to recover realized energy costs through customer rates. See Note 3 — Regulatory Matters of the Exelon 2017 Form 10-K for additional information.

DPL's natural gas procurement plan is reviewed and approved annually on a prospective basis by the DPSC. DPL's counterparty credit risk under its natural gas supply and asset management agreements is mitigated by its ability to recover its natural gas costs through the GCR, which allows DPL to adjust rates annually to reflect realized natural gas prices. To the extent that the fair value of the transactions in a net loss position exceeds the unsecured credit threshold, then collateral is required to be posted in an amount equal to the a mount by which the unsecured credit threshold is exceeded. Exchange-traded contracts are required to be fully collateralized without regard to the credit rating of the holder. As of June 30, 2018 , DPL's credit exposure under its natural gas supply and asset management agreements with investment grade suppliers was immaterial.

Collateral (All Registrants)

As part of the normal course of business, Generation routinely enters into physically or financially settled contracts for the purchase and sale of electric capacity, electricity, fuels, emissions allowances and other energ y-related products. Certain of Generation's derivative instruments contain provisions that require Generation to post collateral. Generation also enters into commodity transactions on

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exchanges where the exchanges act as the counterparty to each trade. Transactions on the exchanges must adhere to comprehensive collateral and margining requirements. This collateral may be posted in the form of cash or credit support with thresholds contingent upon Generation's credit rating from each of the major credit rating agencies. The collateral and credit support requirements vary by contract and by counterparty. These credit-risk related contingent features stipulate that if Generation were to be downgraded or lose its investment grade credit rating (based on its senior unsecured debt rating), it would be required to provide additional collateral. This incremental collateral requirement allows for the offsetting of derivative instruments that are assets with the same counterparty, where the contractual right of offset exists under applicable master netting agreements. In the absence of expressly agreed-to provisions that specify the collateral that must be provided, collateral requested will be a function of the facts and circumstances of the situation at the time of the demand. In this case, Generation believes an amount of several months of future payments (i.e., capacity payments) rather than a calculation of fair value is the best estimate for the contingent collateral obligation, which has been factored into the disclosure below.

The aggregate fair value of all derivative instruments with credit-risk related contingent features in a liability position that are not fully collateralized (excluding transactions on the exchanges that are fully collateralized) is detailed i n the table below:

Credit-Risk Related Contingent Features	June 30, 2018	December 31, 2017
Gross fair value of derivative contracts containing this feature [(a)]	$ (1,699)	$ (926)
Offsetting fair value of in-the-money contracts under master netting arrangements [(b)]	1,250	577
Net fair value of derivative contracts containing this feature [(c)]	$ (449)	$ (349)

(a) Amount represents the gross fair value of out-of-the-money derivative contracts containing credit-risk related contingent features ignoring the effects of master netting agreements.
(b) Amount represents the offsetting fair value of in-the-money derivative contracts under legally enforceable master netting agreements with the same counterparty, which reduces the amount of any liability for which a Registrant could potentially be required to post collateral.
(c) Amount represents the net fair value of out-of-the-money derivative contracts containing credit-risk related contingent features after considering the mitigating effects of offsetting positions under master netting arrangements and reflects the actual net liability upon which any potential contingent collateral obligations would be based.

Generation had cash collateral posted of $420 million and letters of credit posted of $424 million and cash collat eral held of $47 million and letters of credit held of $60 million as of June 30, 2018 for external counterparties with derivative positions. Generation had cash collateral posted of $497 million and letters of credit posted of $293 million and cash collateral held of $35 million and letters of credit held of $33 million at December 31, 2017 for external counterparties with derivative positions. In the event of a credit downgrade below investment grade (i.e., to BB+ by S&P or Ba1 by Moody's), Generation would have been required to post additional collateral of $1.5 billion and $1.8 billion as of June 30, 2018 and December 31, 2017 , respectively. These amounts represent the potential additional collateral required after giving consideration to offsetting derivative and non-derivative positions under master netting agreements.

Generation's and Exelon's interest rate swaps contain provisions that, in the event of a merger, if Generation's debt ratings were to materially weaken, it would be in violation of these provisions, resulting in the ability of the counterparty to terminate the agreement prior to maturity. Collateralization would not be required under any circumstance. Termination of the agreement could result in a settlement payment by Exelon or the counterparty on any interest rate swap in a net liability position. The settlement amount would be equal to the fair value of the swap on the termination date. As of June 30, 2018 , Generation's and Exelon's swaps were in an asset position of $19 million and $11 million , r espectively .

See Note 25 — Segment Information of the Exelon 2017 Form 10-K for additional information regarding the letters of credit supporting the cash collateral.

Generation entered into supply forward contracts with certain utilities, including PECO and BGE, with one-sided collateral postings only from Generation. If market prices fall below the benchmark price levels in these contracts, the utilities are not required to post collateral. However, when market prices rise above the benchmark price levels, counterparty suppliers, including Generation, are required to post collateral once certain unsecured credit limits are exceeded. Under the terms of ComEd's standard block energy contracts, collateral postings are one-sided from suppliers, including Generation, should exposures between market prices and benchmark prices exceed established unsecured credit limits outlined in the contracts. As of June 30, 2018 , ComEd held $5 million in collateral from suppliers in association with energy procurement contracts. Under the terms of ComEd's REC and ZEC contracts, collateral postings are required to cover a percentage of the REC and ZEC contract value. As of June 30, 2018 , ComEd held $14 million in collateral from suppliers for REC and ZEC contract obligations. Under the terms of ComEd's long-term renewable energy contracts, collateral postings are required from suppliers for both RECs and energy. The REC portion is a fixed value and the energy portion is one-sided from suppliers should the forward market prices exceed contract prices. As of June 30, 2018 , ComEd held $19 million in collateral from suppliers for the long-term renewable energy contracts. If ComEd lost its investment grade credit rating as of June 30, 2018 , it would have been required to post approximately $8 million of collateral to its counterparties. See Note 3 — Regulatory Matters of the Exelon 2017 Form 10-K for additional information.

PECO's natural gas procurement contracts contain provisions that could require PECO to post collateral. This collateral may be posted in the form of cash or credit support with thresholds contingent upon PECO's credit rating from the major credit rating agencies. The collateral and credit support requirements vary by contract and by counterparty. As of June 30, 2018 , PECO was not required to post collateral for any of these agreements. If PECO lost its investment grade credit rating as of June 30, 2018 , PECO could have been required to post approximately $20 million of collateral to its counterparties.

PECO's supplier master agreements that govern the terms of its DSP Program contracts do not contain provisions that would require PECO to post collateral.

BGE's natural gas procurement contracts contain provisions that could require BGE to post collateral. This collateral may be posted in the form of cash or credit support with thresholds contingent upon BGE's credit rating from the major credit rating agencies. The collateral and credit support requirements vary by contract and by counterparty. As of June 30, 2018 , BGE was not required to post collateral for any of these agreements. If BGE lost its investment grade credit rating as of June 30, 2018 , BGE could have been required to post approximately $36 million of collateral to its counterparties.

DPL's natural gas procurement contracts contain provisions that could require DPL to post collateral. To the extent that the fair value of the natural gas derivative transaction in a net loss position exceeds the unsecured credit threshold, then collateral is required to be posted in an amount equal to the amount by which the unsecured credit threshold is exceeded. The DPL obligations are standalone, without the guaranty of PHI. If DPL lost its investment grade credit rating as of June 30, 2018 , DPL could have been required to post an additional amount of approximately $11 million of collateral to its counterparties.

BGE's, Pepco's, DPL's and ACE's full requirements wholesale power agreements that govern the terms of its electric supply pro curement contracts do not contain provisions that would require BGE, Pepco, DPL or ACE to post collateral.

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11 . Debt and Credit Agreements (All Registrants)

Short-Term Borrowings

Exelon Corporate, ComEd, BGE, Pepco, DPL and ACE meet their short-term liquidity requirements primarily through the issuance of commercial paper. Generation and PECO meet their short-term liquidity requirements primarily through the issuance of commercial paper and borrowings from the Exelon intercompany money pool. PHI Corporate meets its short-term liquidity requirements primarily through the issuance of short-term notes and the Exelon intercompany money pool. The Registrants may use their respective credit facilities for general corporate purposes, including meeting short-term funding requirements and the issuance of letters of credit.

Commercial Paper

The Registrants had the following amounts of commercial paper borrowings outstanding as of June 30, 2018 and December 31, 2017 :

Commercial Paper Borrowings	June 30, 2018	December 31, 2017
Exelon	$ 628	$ 427
ComEd	320	—
PECO	50	—
BGE	136	77
PHI [(a)]	122	350
Pepco	—	26
DPL	—	216
ACE	122	108

(a) PHI reflects the commercial paper borrowings outstanding of Pepco, DPL and ACE.

Short-Term Loan Agreements

On January 13, 2016, PHI entered into a $500 million term loan agreement, which was amended on March 28, 2016. The net proceeds of the loan were used to repay PHI's outstanding commercial paper and for general corporate purposes. Pursuant to the loan agreement, as amended, loans made thereunder bear interest at a variable rate equal to LIBOR plus 1% , and all indebtedness thereunder is unsecured. On March 23, 2017, the aggregate principal amount of all loans, together with any accrued but unpaid interest due under the loan agreement was fully repaid and the loan terminated. On March 23, 2017, Exelon Corporate entered into a similar type term loan for $500 million which expired March 22, 2018. The loan agreement was renewed on March 22, 2018 and will expire on March 21, 2019. Pursuant to the loan agreement, loans made thereunder bear interest at a variable rate equal to LIBOR plus 1% and all indebtedness thereunder is unsecured.

On May 23, 2018, ACE entered into two term loan agreements in the aggregate amount of $125 million , which expire on May 22, 2019. Pursuant to the term loan agreements, loans made thereunder bear interest at a variable rate equal to LIBOR plus 0.55% and all indebtedness thereunder is unsecured.

Credit Agreements

As of March 15, 2018, the credit agreement for a Generation bilateral credit facility of $30 million was amended to increase the overall facility size to $95 million . This facility will solely be used by Generation to issue letters of credit.

On May 26, 2018, each of the Registrants' respective syndicated revolving credit facilities had their maturity dates extended to May 26, 2023.

Long-Term Debt

Issuance of Long-Term Debt

During the six months ended June 30, 2018 , the following long-term debt was issued:

Company	Type	Interest Rate	Maturity	Amount	Use of Proceeds
Generation	Energy Efficiency Project Financing	3.72%	September 30, 2018	$ 4	Funding to install energy conservation measures for the Smithsonian Zoo project.
Generation	Energy Efficiency Project Financing	3.17%	April 30, 2018	$ 1	Funding to install energy conservation measures in Brooklyn, NY.
Generation	Energy Efficiency Project Financing	2.61%	September 30, 2018	$ 4	Funding to install energy conservation measures for the Pensacola project.
Generation	Energy Efficiency Project Financing	4.17%	January 1, 2019	$ 1	Funding to install energy conservation measures for the General Services Administration Philadelphia project.
Generation	Energy Efficiency Project Financing	4.26%	May 1, 2019	$ 3	Funding to install energy conservation measures for the National Institutes of Health Multi-Buildings Phase II project.
ComEd	First Mortgage Bonds, Series 124	4.00%	March 1, 2048	$ 800	Refinance one series of maturing first mortgage bonds, to repay a portion of ComEd's outstanding commercial paper obligations and to fund general corporate purposes.
PECO	First and Refunding Mortgage Bonds	3.90%	March 1, 2048	$ 325	Refinance a portion of maturing mortgage bonds.
PECO	Loan Agreement	2.00%	June 20, 2023	$ 50	Funding to implement Electric Long-term Infrastructure Improvement Plan
Pepco	First Mortgage Bonds	4.27%	June 15, 2048	$ 100	Repay existing indebtedness and for general corporate purposes
DPL	First Mortgage Bonds	4.27%	June 15, 2048	$ 200	Repay existing indebtedness and for general corporate purposes

12 . Income Taxes (All Registrants)

Corporate Tax Reform (All Registrants)

On December 22, 2017, President Trump signed the TCJA into law. The TCJA makes many significant changes to the Internal Revenue Code, including, but not limited to, (1) reducing the U.S. federal corporate tax rate from 35% to 21% ; (2) creating a 30% limitation on deductible interest expense (not applicable to regulated utilities); (3) allowing 100% expensing for the cost of qualified property (not applicable to regulated utilities); (4) eliminating the domestic production activities deduction; (5) eliminating the corporate alternative minimum tax and changing how existing alternative minimum tax credits can be realized; and (6) changing rules related to uses and limitations of net operating loss carryforwards created in tax years beginning after December 31, 2017. The most significant change that impacts the Registrants is the reduction of the corporate federal income tax rate from 35% to 21% beginning January 1, 2018.

Pursuant to the enactment of the TCJA, the Registrants remeasured their existing deferred income tax balances as of December 31, 2017 to reflect the decrease in the corporate income tax rate from 35% to 21% , which resulted in a material decrease to their net deferred income tax liability balances as shown in the table below. Generation recorded a corresponding net decrease to income tax expense, while the Utility Registrants recorded corresponding regulatory liabilities or assets to the extent such

amounts are probable of settlement or recovery through customer rates and an adjustment to income tax expense for all other amounts. The amount and timing of potential settlements of the established net regulatory liabilities will be determined by the Utility Registrants' respective rate regulators, subject to certain IRS "normalization" rules. See Note 6 — Regulatory Matters for additional information.

The Registrants have completed their assessment of the majority of the applicable provisions in the TCJA and have recorded the associated impacts as of December 31, 2017. As discussed further below, under SAB 118 issued by the SEC in December 2017, the Registrants have recorded provisional income tax amounts as of December 31, 2017 for changes pursuant to the TCJA related to depreciation for which the impacts could not be finalized upon issuance of the Registrants' financial statements, but for which reasonable estimates could be determined.

For property acquired and placed-in-service after September 27, 2017, the TCJA repeals 50% bonus depreciation for all taxpayers and in addition provides for 100% expensing for taxpayers other than regulated utilities. As a result, Generation will be required to evaluate the contractual terms of its fourth quarter 2017 capital additions and determine if they qualify for 100% expensing under the TCJA as compared to 50% bonus depreciation under prior tax law. Similarly, the Utility Registrants will be required to evaluate the contractual terms of their fourth quarter 2017 capital additions to determine whether they still qualify for the prior tax law's 50% bonus depreciation as compared to no bonus depreciation pursuant to the TCJA.

At Generation, any required changes to the provisional estimates during the measurement period related to the above item would result in an adjustment to current income tax expense at 35% and a corresponding adjustment to deferred income tax expense at 21% and such changes could be material to Generation's future results of operations. At the Utility Registrants, any required changes to the provisional estimates would result in the recording of regulatory assets or liabilities to the extent such amounts are probable of settlement or recovery through customer rates and a net change to income tax expense for any other amounts.

The Registrants expect any final adjustments to the provisional amounts to be recorded by the fourth quarter of 2018, which could be material to the Registrants' future results of operations or financial positions. The accounting for all other applicable provisions of the TCJA is considered complete based on our current interpretation of the provisions of the TCJA as enacted as of December 31, 2017.

While the Registrants have recorded the impacts of the TCJA based on their interpretation of the provisions as enacted, it is expected that technical corrections or other forms of guidance will be issued during 2018, which could result in material changes to previously finalized provisions. At this time, most states have not provided guidance regarding TCJA impacts and may issue guidance in 2018 which may impact estimates.

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(Dollars in millions, except per share data, unless otherwise noted)

The one-time impacts recorded by the Registrants to remeasure their deferred income tax balances at the 21% corporate federal income tax rate as of December 31, 2017 are presented below:

	Exelon (b)	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Net Decrease to Deferred Income Tax Liability Balances	$ 8,624	$ 1,895	$ 2,819	$ 1,407	$ 1,120	$ 1,944	$ 968	$ 540	$ 456

	Exelon	Generation	ComEd	PECO (c)	BGE	PHI	Pepco	DPL	ACE
Net Regulatory Liability Recorded (a)	$ 7,315	N/A	$ 2,818	$ 1,394	$ 1,124	$ 1,979	$ 976	$ 545	$ 458

	Exelon (b)	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Net Deferred Income Tax Benefit/(Expense) Recorded	$ 1,309	$ 1,895	$ 1	$ 13	$ (4)	$ (35)	$ (8)	$ (5)	$ (2)

(a) Reflects the net regulatory liabilities recorded on a pre-tax basis before taking into consideration the income tax benefits associated with the ultimate settlement with customers.
(b) Amounts do not sum across due to deferred tax adjustments recorded at the Exelon Corporation parent company, primarily related to certain employee compensation plans.
(c) Given the regulatory treatment of income tax benefits related to electric and gas distribution repairs, PECO was in an overall net regulatory asset position as of December 31, 2017 after recording the impacts related to the TCJA. See Note 6 - Regulatory Matters for additional information.

The net regulatory liabilities above include (1) amounts subject to IRS “normalization” rules that are required to be passed back to customers generally over the remaining useful life of the underlying assets giving rise to the associated deferred income taxes, and (2) amounts for which the timing of settlement with customers is subject to determinations by the rate regulators. The table below sets forth the Registrants’ estimated categorization of their net regulatory liabilities as of December 31, 2017. The amounts in the table below are shown on an after-tax basis reflecting future net cash outflows after taking into consideration the income tax benefits associated with the ultimate settlement with customers.

	Exelon	ComEd	PECO (a)	BGE	PHI	PEPCO	DPL	ACE
Subject to IRS Normalization Rules	$ 3,040	$ 1,400	$ 533	$ 459	$ 648	$ 299	$ 195	$ 153
Subject to Rate Regulator Determination	1,694	573	43	324	754	391	194	170
Net Regulatory Liabilities	$ 4,734	$ 1,973	$ 576	$ 783	$ 1,402	$ 690	$ 389	$ 323

(a) Given the regulatory treatment of income tax benefits related to electric and gas distribution repairs, PECO remains in an overall net regulatory asset position as of December 31, 2017 after recording the impacts related to the TCJA. As a result, the amount of customer benefits resulting from the TCJA subject to the discretion of PECO's rate regulators are lower relative to the other Utility Registrants. See Note 6 - Regulatory Matters for additional information.

The net regulatory liability amounts subject to the IRS normalization rules generally relate to property, plant and equipment with remaining useful lives ranging from 30 to 40 years across the Utility Registrants. For the other amounts, the pass back period is subject to determinations by the rate regulators. See Note 6 - Regulatory Matters for the status of and information regarding the Registrants' TCJA-related regulatory filings.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Rate Reconciliation

The effective income tax rate from continuing operations varies from the U.S. Federal statutory rate principally due to the following:

	Three Months Ended June 30, 2018								
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
U.S. Federal statutory rate	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%
Increase (decrease) due to:									
State income taxes, net of Federal income tax benefit	3.4	4.3	8.1	(3.4)	6.5	6.2	4.7	6.5	7.6
Qualified nuclear decommissioning trust fund income	0.2	0.5	—	—	—	—	—	—	—
Amortization of investment tax credit, including deferred taxes on basis difference	(0.9)	(2.4)	(0.2)	(0.1)	(0.2)	(0.2)	(0.1)	(0.3)	(0.3)
Plant basis differences	(3.0)	—	(0.1)	(17.2)	(0.7)	(1.2)	(2.0)	—	(0.2)
Production tax credits and other credits	(1.7)	(4.9)	(0.1)	—	—	—	—	—	—
Noncontrolling interests	(1.5)	(4.5)	—	—	—	—	—	—	—
Excess deferred tax amortization	(5.2)	—	(7.6)	(0.3)	(7.2)	(11.3)	(11.7)	(11.2)	(8.8)
Tax Cuts and Jobs Act of 2017	(1.3)	(1.7)	(0.7)	—	0.1	0.8	—	—	—
Other	(0.2)	(1.3)	0.4	(1.1)	0.8	(0.1)	(0.4)	0.1	0.7
Effective income tax rate	10.8%	11.0%	20.8%	(1.1)%	20.3%	15.2%	11.5%	16.1%	20.0%

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Three Months Ended June 30, 2017 [a]								
	Exelon [b]	Generation [c]	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
U.S. Federal statutory rate	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%
Increase (decrease) due to:									
State income taxes, net of Federal income tax benefit	(53.6)	6.0	5.8	(0.6)	5.0	4.3	3.2	4.6	5.6
Qualified nuclear decommissioning trust fund income	64.3	(6.9)	—	—	—	—	—	—	—
Amortization of investment tax credit, including deferred taxes on basis difference	(10.8)	0.9	(0.2)	(0.1)	(0.2)	(0.1)	(0.1)	(0.1)	(0.4)
Plant basis differences	(56.3)	—	(0.2)	(16.0)	(0.3)	(4.8)	(6.2)	(1.7)	(3.3)
Production tax credits and other credits	(21.1)	2.3	—	—	—	—	—	—	—
Noncontrolling interests	(11.1)	1.2	—	—	—	—	—	—	—
Like-Kind Exchange [d]	(109.3)	—	5.9	—	—	—	—	—	—
Other	11.7	1.0	0.5	0.2	1.3	0.9	(0.2)	0.9	(3.6)
Effective income tax rate	(151.2)%	39.5%	46.8%	18.5%	40.8%	35.3%	31.7%	38.7%	33.3%

	Six Months Ended June 30, 2018								
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
U.S. Federal statutory rate	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%
Increase (decrease) due to:									
State income taxes, net of Federal income tax benefit	3.8	3.4	8.1	(3.6)	6.4	5.5	3.7	6.4	7.2
Qualified nuclear decommissioning trust fund income	(0.1)	(0.4)	—	—	—	—	—	—	—
Amortization of investment tax credit, including deferred taxes on basis difference	(1.1)	(3.3)	(0.2)	(0.1)	(0.1)	(0.2)	(0.1)	(0.3)	(0.3)
Plant basis differences	(2.8)	—	—	(15.6)	(0.7)	(1.8)	(2.5)	(0.7)	(1.3)
Production tax credits and other credits	(2.3)	(7.2)	(0.1)	—	—	—	—	—	—
Noncontrolling interests	(1.1)	(3.5)	—	—	—	—	—	—	—
Excess deferred tax amortization	(5.6)	—	(7.5)	(2.7)	(8.2)	(11.0)	(12.1)	(9.4)	(8.8)
Tax Cuts and Jobs Act of 2017	(0.6)	(0.9)	(0.3)	—	—	0.5	—	—	—
Other	(1.7)	(1.3)	0.1	(0.4)	0.2	(0.1)	(0.4)	0.4	(1.1)
Effective income tax rate	9.5%	7.8%	21.1%	(1.4)%	18.6%	13.9%	9.6%	17.4%	16.7%

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Six Months Ended June 30, 2017 [a]								
	Exelon [b]	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
U.S. Federal statutory rate	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%
Increase (decrease) due to:									
State income taxes, net of Federal income tax benefit	(0.9)	(10.9)	5.3	(0.1)	5.1	4.6	3.8	5.1	5.6
Qualified nuclear decommissioning trust fund income	5.5	42.8	—	—	—	—	—	—	—
Amortization of investment tax credit, including deferred taxes on basis difference	(0.7)	(4.5)	(0.2)	(0.1)	(0.1)	(0.2)	(0.1)	(0.2)	(0.4)
Plant basis differences	(4.2)	—	(0.2)	(14.3)	(0.7)	(4.3)	(6.0)	(1.8)	(3.3)
Production tax credits and other credits	(1.3)	(10.3)	—	—	—	—	—	—	—
Noncontrolling interests	(0.3)	(2.6)	—	—	—	—	—	—	—
Merger expenses [e]	(11.2)	(11.4)	—	—	—	(23.8)	(16.2)	(15.1)	(85.3)
FitzPatrick bargain purchase gain	(6.4)	(50.1)	—	—	—	—	—	—	—
Like-Kind Exchange [d]	(3.6)	—	2.9	—	—	—	—	—	—
Other	0.2	(3.8)	0.4	(0.1)	0.3	—	(0.7)	1.0	(1.6)
Effective income tax rate	12.1%	(15.8)%	43.2%	20.4%	39.6%	11.3%	15.8%	24.0%	(50.0)%

(a) Exelon retrospectively adopted the new standard Revenue from Contracts with Customers. The standard was adopted as of January 1, 2018. The effective income tax rates are recast to reflect the impact of the new standard.
(b) The effective tax rate for the three months ended June 30, 2017 is disproportionately impacted due to the decline in consolidated pre-tax GAAP earnings as compared to the federal and state tax impacts of the Like-kind exchange, tax credits, Plant basis differences, and Qualified nuclear decommissioning trust fund income.
(c) Generation recognized a loss before income taxes for the three months ended June 30, 2017. As a result, positive percentages represent an income tax benefit for the period presented.
(d) Exelon and ComEd recorded the impact of the IRS's finalization of the LKE computation in the second quarter of 2017.
(e) Includes a remeasurement of uncertain federal and state income tax positions.

Accounting for Uncertainty in Income Taxes

The Registrants have the following unrecognized tax benefits as of June 30, 2018 and December 31, 2017 :

	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
June 30, 2018	$ 732	$ 454	$ 2	$ —	$ 120	$ 135	$ 68	$ 21	$ 14

	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
December 31, 2017	$ 743	$ 468	$ 2	$ —	$ 120	$ 125	$ 59	$ 21	$ 14

Reasonably possible the total amount of unrecognized tax benefits could significantly increase or decrease within 12 months after the reporting date

Like-Kind Exchange

As of June 30, 2018 , Exelon and ComEd have approximately $33 million and $2 million , respectively, of unrecognized federal and state income tax benefits that could significantly decrease within the 12 months after the reporting date due to a final resolution of the like-kind exchange litigation described below. The recognition of these unrecognized tax benefits would decrease Exelon and ComEd's effective tax rate.

Settlement of Income Tax Audits, Refund Claims, and Litigation

As of June 30, 2018 , Exelon, Generation, BGE, PHI, Pepco, DPL and ACE have approximately $681 million , $458 million , $120 million , $103 million , $68 million , $21 million and $14 million of unrecognized federal and state tax benefits that could significantly decrease within the 12 months after the reporting date as a result of completing audits, potential settlements, and the outcomes of pending court cases. Of the above unrecognized tax benefits, Exelon and Generation have $444 million that, if recognized, would decrease the effective tax rate. The unrecognized tax benefits related to BGE, Pepco, DPL, and ACE, if recognized, may be included in future regulated base rates and that portion would have no impact to the effective tax rate.

As a result of a court decision issued in July 2018 to an unrelated taxpayer, Exelon's and Generation’s unrecognized federal and state tax benefits may increase in the third quarter 2018 by as much as $75 million . As much as $25 million of this increase could impact Exelon's and Generation’s effective tax rate and result in a charge to earnings in the third quarter 2018.

Other Income Tax Matters

Like-Kind Exchange (Exelon and ComEd)

Exelon, through its ComEd subsidiary, took a position on its 1999 income tax return to defer approximately $1.2 billion of tax gain on the sale of ComEd’s fossil generating assets. The gain was deferred by reinvesting a portion of the proceeds from the sale in qualifying replacement property under the like-kind exchange provisions of the IRC. The like-kind exchange replacement property purchased by Exelon included interests in three municipal-owned electric generation facilities which were properly leased back to the municipalities. As previously disclosed, Exelon terminated its investment in one of the leases in 2014 and the remaining two leases were terminated in 2016.

The IRS asserted that the Exelon purchase and leaseback transaction was substantially similar to a leasing transaction, known as a SILO, which is a listed transaction that the IRS has identified as a potentially abusive tax shelter. Thus, they disagreed with Exelon's position and asserted that the entire gain of approximately $1.2 billion was taxable in 1999. In 2013, the IRS issued a notice of deficiency to Exelon and Exelon filed a petition to initiate litigation in the United States Tax Court. In 2016, the Tax Court held that Exelon was not entitled to defer gain on the transaction. In addition to the tax and interest related to the gain deferral, the Tax Court also ruled that Exelon was liable for $90 million in penalties and interest on the penalties. Exelon has fully paid the amounts assessed resulting from the Tax Court decision.

In September 2017, Exelon appealed the Tax Court decision to the U.S. Court of Appeals for the Seventh Circuit. Oral argument was held in May 2018 and a decision is expected later this year.

State Income Tax Law Changes

On April 24, 2018, Maryland enacted companion bills, House Bill 1794 and Senate Bill 1090, providing for a phase in of a single sales factor apportionment formula from the current three factor formula for determining an entity's Maryland state income taxes. The single sales factor will be fully phased in by 2022.

In the second quarter of 2018, Exelon, Generation, PHI, Pepco and DPL recorded a one-time increase to deferred income taxes of approximately $16 million , $5 million , $17 million , $16 million and $1 million , respectively. At PHI, Pepco and DPL, the increase to the Maryland deferred income tax liability was offset by regulatory assets. Further, the change in tax law is not expected to have a material ongoing impact to Exelon's, Generation's, PHI's, Pepco's or DPL's future results of operations.

13 . Nuclear Decommissioning (Exelon and Generation)

Nuclear Decommissioning Asset Retirement Obligations

Generation has a legal obligation to decommission its nuclear power plants following the expiration of their operating licenses. To estimate its decommissioning obligation related to its nuclear generating stations for financial accounting and reporting purposes, Generation uses a probability-weighted, discounted cash flow model which, on a unit-by-unit basis, considers multiple outcome scenarios that include significant estimates and assumptions, and are based on decommissioning cost studies, cost escalation rates, probabilistic cash flow models and discount rates. Generation updates its ARO annually, unless circumstances warrant more frequent updates, based on its review of updated cost studies and its annual evaluation of cost escalation factors and probabilities assigned to various scenarios.

The following table provides a rollforward of the nuclear decommissioning ARO reflected on Exelon’s and Generation’s Consolidated Balance Sheets from December 31, 2017 to June 30, 2018 :

Nuclear decommissioning ARO at December 31, 2017 [(a)]	$	9,662
Accretion expense		237
Net increase due to changes in, and timing of, estimated future cash flows		32
Costs incurred related to decommissioning plants		(10)
Nuclear decommissioning ARO at June 30, 2018 [(a)]	$	9,921

(a) Includes $99 million and $13 million for the current portion of the ARO at June 30, 2018 and December 31, 2017 , respectively, which is included in Other current liabilities on Exelon’s and Generation’s Consolidated Balance Sheets.

During the six months ended June 30, 2018 , Generation’s total nuclear ARO increased by approximately $259 million , primarily reflecting the accretion of the ARO liability due to the passage of time and the impact of the February 2, 2018 announcement to retire Oyster Creek at the end of its current operating cycle by October 2018. Refer to Note 8 — Early Plant Retirements for additional information regarding the announced early retirement of Oyster Creek.

Nuclear Decommissioning Trust Fund Investments

NDT funds have been established for each generation station unit to satisfy Generation’s nuclear decommissioning obligations. Generally, NDT funds established for a particular unit may not be used to fund the decommissioning obligations of any other unit.

The NDT funds associated with Generation’s nuclear units have been funded with amounts collected from the previous owners and their respective utility customers. PECO is authorized to collect funds, in revenues, for decommissioning the former PECO nuclear plants through regulated rates, and these

collections are scheduled through the operating lives of the former PECO plants. The amounts collected from PECO customers are remitted to Generation and deposited into the NDT funds for the unit for which funds are collected. Every five years, PECO files a rate adjustment with the PAPUC that reflects PECO's calculations of the estimated amount needed to decommission each of the former PECO units based on updated fund balances and estimated decommissioning costs. The rate adjustment is used to determine the amount collectible from PECO customers. The most recent rate adjustment occurred on January 1, 2018, and the effective rates currently yield annual collections of approximately $4 million . The next five-year adjustment is expected to be reflected in rates charged to PECO customers effective January 1, 2023. See Note 15 — Asset Retirement Obligations of Exelon's 2017 Form 10-K, for information regarding the amount collected from PECO ratepayers for decommissioning costs.

Exelon and Generation had NDT fund investments totaling $13,263 million and $13,349 million at June 30, 2018 and December 31, 2017 , respectively.

The following table provides net unrealized gains (losses) on NDT funds for the three and six months ended June 30, 2018 and 2017 :

	Exelon and Generation		Exelon and Generation	
	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net unrealized (losses) gains on decommissioning trust funds — Regulatory Agreement Units [a]	$ (194)	$ (13)	$ (268)	$ 210
Net unrealized (losses) gains on decommissioning trust funds — Non-Regulatory Agreement Units [b][c]	(120)	70	(215)	235

(a) Net unrealized gains (losses) related to Generation's NDT funds associated with Regulatory Agreement Units are included in Regulatory liabilities on Exelon's Consolidated Balance Sheets and Noncurrent payables to affiliates on Generation's Consolidated Balance Sheets.
(b) Excludes $4 million and $(2) million of net unrealized gains (losses) related to the Zion Station pledged assets for the three months ended June 30, 2018 and 2017 , respectively. Excludes $2 million and $(2) million of net unrealized gains (losses) related to the Zion Station pledged assets for the six months ended June 30, 2018 and 2017 , respectively. Net unrealized gains (losses) related to Zion Station pledged assets are included in Other current liabilities on Exelon's and Generation's Consolidated Balance Sheets.
(c) Net unrealized gains (losses) related to Generation's NDT funds with Non-Regulatory Agreement Units are included in Other, net on Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income.

Interest and dividends on NDT fund investments are recognized when earned and are included in Other, net on Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income. Interest and dividends earned on the NDT fund investments for the Regulatory Agreement Units are eliminated in Other, net on Exelon's and Generation's Consolidated Statement of Operations and Comprehensive Income.

See Note 3 — Regulatory Matters and Note 26 — Related Party Transactions of the Exelon 2017 Form 10-K for information regarding regulatory liabilities at ComEd and PECO and intercompany balances between Generation, ComEd and PECO reflecting the obligation to refund to customers any decommissioning-related assets in excess of the related decommissioning obligations.

Zion Station Decommissioning

On September 1, 2010, Generation completed an Asset Sale Agreement (ASA) with EnergySolutions Inc. and its wholly owned subsidiaries, EnergySolutions, LLC (EnergySolutions) and ZionSolutions, under which ZionSolutions has assumed responsibility for decommissioning Zion Station, which is located in Zion, Illinois and ceased operation in 1998. See Note 15 — Asset Retirement Obligations of the Exelon 2017 Form 10-K for information regarding the specific treatment of assets, including NDT funds, and decommissioning liabilities transferred in the transaction.

ZionSolutions is subject to certain restrictions on its ability to request reimbursements from the Zion Station NDT funds as defined within the ASA. Therefore, the transfer of the Zion Station assets did not qualify for asset sale accounting treatment and, as a result, the related NDT funds were reclassified to Pledged assets for Zion Station decommissioning within Generation's and Exelon's Consolidated Balance Sheets and will continue to be measured in the same manner as prior to the completion of the transaction. Additionally, the transferred ARO for decommissioning was replaced with a Payable for Zion Station decommissioning in Generation's and Exelon's Consolidated Balance Sheets. Changes in the value of the Zion Station NDT assets, net of applicable taxes, are recorded as a change in the payable to ZionSolutions. At no point will the payable to ZionSolutions exceed the project budget of the costs remaining to decommission Zion Station. Generation has retained its obligation for the SNF. Following ZionSolutions' completion of its contractual obligations and transfer of the NRC license to Generation, Generation will store the SNF at Zion Station until it is transferred to the DOE for ultimate disposal and will complete all remaining decommissioning activities associated with the SNF dry storage facility. Generation has a liability of approximately $117 million which is included within the nuclear decommissioning ARO at June 30, 2018 . Generation also has retained NDT assets to fund its obligation to maintain the SNF at Zion Station until transfer to the DOE and to complete all remaining decommissioning activities for the SNF storage facility. Any shortage of funds necessary to maintain the SNF and decommission the SNF storage facility is ultimately required to be funded by Generation. Any Zion Station NDT funds remaining after the completion of all decommissioning activities will be returned to ComEd customers in accordance with the applicable orders. The following table provides the pledged assets and payables to ZionSolutions, and withdrawals by ZionSolutions at June 30, 2018 and December 31, 2017 :

	Exelon and Generation	
	June 30, 2018	December 31, 2017
Carrying value of Zion Station pledged assets [(a)]	$ 21	$ 39
Payable to Zion Solutions [(b)(c)]	20	37
Cumulative withdrawals by Zion Solutions to pay decommissioning costs [(d)]	962	942

(a) Included in Other current assets within Exelon's and Generation's Consolidated Balance sheets.
(b) Excludes a liability recorded within Exelon's and Generation's Consolidated Balance Sheets related to the tax obligation on the unrealized activity associated with the Zion Station NDT funds. The NDT funds will be utilized to satisfy the tax obligations as gains and losses are realized.
(c) Included in Other current liabilities within Exelon's and Generation's Consolidated Balance Sheets.
(d) Includes project expenses to decommission Zion Station and estimated tax payments on Zion Station NDT fund earnings.

NRC Minimum Funding Requirements

NRC regulations require that licensees of nuclear generating facilities demonstrate reasonable assurance that funds will be available in specified minimum amounts to decommission the facility at the end of its life.

Generation filed its biennial decommissioning funding status report with the NRC on March 30, 2017 for all units except for Zion Station which is included in a separate report to the NRC submitted by ZionSolutions (see Zion Station Decommissioning above). The status report demonstrated adequate decommissioning funding assurance for all units except for Peach Bottom unit 1. As a former PECO plant, financial assurance for decommissioning Peach Bottom unit 1 is provided by the NDT fund in addition to collections from PECO ratepayers. As discussed under Nuclear Decommissioning Trust Fund Investments above, the amount collected from PECO ratepayers has been adjusted effective January 1, 2018.

On March 28, 2018, Generation submitted its annual decommissioning funding status report with the NRC for shutdown reactors, reactors within five years of shut down except for Zion Station which is included in a separate report to the NRC submitted by EnergySolutions (see Zion Station Decommissioning above), and reactor involved in an acquisition. This report reflected the status of decommissioning funding assurance as of December 31, 2017 and included an update for the acquisition of FitzPatrick on March 31, 2017, the early retirement of TMI announced on May 30, 2017, an adjustment for the February 2, 2018 announced retirement date of Oyster Creek, and the updated status of Peach Bottom unit 1 based on the new collections rate described above. As of December 31, 2017 , Generation provided adequate decommissioning funding assurance for all of its shutdown reactors, reactors within five years of shutdown, and reactor involved in an acquisition.

Generation will file its next decommissioning funding status report with the NRC by March 31, 2019. This report will reflect the status of decommissioning funding assurance as of December 31, 2018. A shortfall at any unit could necessitate that Generation address the shortfall by, among other things, obtaining a parental guarantee for Generation's share of the funding assurance. However, the amount of any guarantee or other assurance will ultimately depend on the decommissioning approach, the associated level of costs, and the decommissioning trust fund investment performance going forward.

14 . Retirement Benefits (All Registrants)

Exelon sponsors defined benefit pension plans and other postretirement benefit plans for essentially all current employees. Substantially all non-union employees and electing union employees hired on or after January 1, 2001 participate in cash balance pension plans. Effective January 1, 2009, substantially all newly-hired union-represented employees participate in cash balance pension plans. Effective February 1, 2018, most newly-hired Generation and BSC non-represented employees are not eligible for pension benefits and will instead be eligible to receive an enhanced non-discretionary employer contribution in an Exelon defined contribution savings plan. Effective January 1, 2018, most newly-hired non-represented employees are not eligible for OPEB benefits and employees represented by Local 614 are not eligible for retiree health care benefits.

During the first quarter of 2017, in connection with the acquisition of FitzPatrick, Exelon established a new qualified pension plan and a new OPEB plan and recorded a provisional obligation for Fitzpatrick employees based on information available at the merger date of $38 million and $11 million , respectively. As permitted by business combinations authoritative guidance, during the third quarter of 2017, Exelon updated those obligations based on a final valuation for FitzPatrick employees as of the merger date of March 31, 2017. The updated obligations for pension and OPEB were $ 16 million and $ 17 million , respectively. See Note 4 — Mergers, Acquisitions and Dispositions for additional information of the acquisition of FitzPatrick.

Defined Benefit Pension and Other Postretirement Benefits

During the first quarter of 2018, Exelon received an updated valuation of its pension and OPEB to reflect actual census data as of January 1, 2018. This valuation resulted in an increase to the pension and OPEB obligations of $23 million and $14 million , respectively. Additionally, accumulated other comprehensive loss decreased by $18 million (after tax) and regulatory assets and liabilities increased by $61 million and $1 million , respectively.

The majority of the 2018 pension benefit cost for Exelon-sponsored plans is calculated using an expected long-term rate of return on plan assets of 7.00% and a discount rate of 3.62% . The majority of the 2018 other postretirement benefit cost is calculated using an expected long-term rate of return on plan assets of 6.60% for funded plans and a discount rate of 3.61% .

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

A portion of the net periodic benefit cost for all plans is capitalized within the Consolidated Balance Sheets. The following table presents the components of Exelon's net periodic benefit costs, prior to capitalization, for the three and six months ended June 30, 2018 and 2017 .

	Pension Benefits Three Months Ended June 30,		Other Postretirement Benefits Three Months Ended June 30,	
	2018	2017 [a]	2018	2017 [a]
Components of net periodic benefit cost:				
Service cost	$ 102	$ 97	$ 28	$ 28
Interest cost	200	211	44	46
Expected return on assets	(313)	(299)	(43)	(41)
Amortization of:				
Prior service cost (benefit)	—	1	(47)	(47)
Actuarial loss	157	150	16	15
Settlement charges	1	2	—	—
Net periodic benefit cost	$ 147	$ 162	$ (2)	$ 1

	Pension Benefits Six Months Ended June 30,		Other Postretirement Benefits Six Months Ended June 30,	
	2018	2017 [a]	2018	2017 [a]
Components of net periodic benefit cost:				
Service cost	$ 202	$ 191	$ 56	$ 54
Interest cost	401	422	88	91
Expected return on assets	(626)	(598)	(87)	(82)
Amortization of:				
Prior service cost (benefit)	1	1	(93)	(94)
Actuarial loss	314	302	33	31
Settlement charges	1	2	—	—
Net periodic benefit cost	$ 293	$ 320	$ (3)	$ —

(a) FitzPatrick net benefit costs are included for the period after the acquisition date of March 31, 2017.

The amounts below represent Exelon's, Generation's, ComEd's, PECO's, BGE's, BSC's, PHI's, Pepco's, DPL's, ACE's, and PHISCO's allocated portion of the pension and postretirement benefit plan costs. As a result of new pension guidance effective on January 1, 2018, certain balances have been reclassified on Exelon's Consolidated Statements of Operations and Comprehensive Income for the three and six months ended June 30, 2017 . The amounts below represent the Registrants' as well as BSC's and PHISCO's pension and postretirement benefit plan net periodic benefit costs. For Exelon, the service cost component is included in Operating and maintenance expense and Property, plant and equipment for the three and six months ended June 30, 2018 and 2017, while the non-service cost components are included in Other, net and Regulatory assets for the three and six months ended June 30, 2018 and in Other, net and Property, plant and equipment for the three and six months ended June 30, 2017 . For the Registrants other than Exelon, the service cost and non-service cost components are included in Operating and maintenance expense and Property, plant and equipment on their consolidated financial statements for the three and six months ended June 30, 2018 and 2017.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Three Months Ended June 30,		Six Months Ended June 30,	
Pension and Other Postretirement Benefit Costs	**2018**	**2017**	**2018**	**2017**
Exelon [(a)(b)]	$ 145	$ 163	$ 290	$ 320
Generation [(b)]	51	59	100	113
ComEd	44	44	88	87
PECO	5	7	10	14
BGE	15	16	30	32
BSC [(c)]	13	13	28	26
PHI [(a)]	17	24	34	48
Pepco	3	6	8	13
DPL	2	3	3	6
ACE	3	3	6	7
PHISCO [(d)]	9	12	17	22

(a) Exelon reflects the consolidated pension and other postretirement benefit costs of Generation, ComEd, PECO, BGE, BSC, and PHI. PHI reflects the consolidated pension and other postretirement benefit costs of Pepco, DPL, ACE, and PHISCO.
(b) FitzPatrick net benefit costs are included for the period after the acquisition date of March 31, 2017.
(c) These amounts primarily represent amounts billed to Exelon's subsidiaries through intercompany allocations. These amounts are not included in the Generation, ComEd, PECO, BGE, PHI, Pepco, DPL, ACE or PHISCO amounts above.
(d) These amounts represent amounts billed to Pepco, DPL and ACE through intercompany allocations. These amounts are not included in Pepco, DPL or ACE amounts above.

Defined Contribution Savings Plans

The Registrants participate in various 401(k) defined contribution savings plans that are sponsored by Exelon. The plans are qualified under applicable sections of the IRC and allow employees to contribute a portion of their pre-tax and/or after-tax income in accordance with specified guidelines. All Registrants match a percentage of the employee contributions up to certain limits. The following table presents the matching contributions to the savings plans during the three and six months ended June 30, 2018 and 2017 , respectively.

	Three Months Ended June 30,		Six Months Ended June 30,	
Savings Plan Matching Contributions	**2018**	**2017**	**2018**	**2017**
Exelon [(a)(b)]	$ 50	$ 33	$ 82	$ 63
Generation [(b)]	28	14	43	28
ComEd	8	8	15	15
PECO	2	2	4	4
BGE	2	3	4	4
BSC [(c)]	7	3	10	5
PHI [(a)]	3	3	6	7
Pepco	1	1	2	2
DPL	1	1	1	1
ACE	—	—	1	1
PHISCO [(d)]	1	1	2	3

(a) Exelon reflects the consolidated savings plan matching contributions of Generation, ComEd, PECO, BGE, BSC, and PHI. PHI reflects the consolidated savings plan matching contributions of Pepco, DPL, ACE, and PHISCO.
(b) FitzPatrick net benefit costs are included for the period after the acquisition date of March 31, 2017.
(c) These amounts primarily represent amounts billed to Exelon's subsidiaries through intercompany allocations. These amounts are not included in the Generation, ComEd, PECO, BGE, PHI, Pepco, DPL, ACE or PHISCO amounts above.
(d) These amounts represent amounts billed to Pepco and DPL through intercompany allocations. These amounts are not included in Pepco or DPL amounts above.

15 . Changes in Accumulated Other Comprehensive Income (Exelon, Generation and PECO)

The following tables present changes in accumulated other comprehensive income (loss) (AOCI) by component for the six months ended June 30, 2018 and 2017 :

Six Months Ended June 30, 2018	Gains (Losses) on Cash Flow Hedges	Unrealized gains (losses) on Marketable Securities	Pension and Non-Pension Postretirement Benefit Plan Items	Foreign Currency Items	AOCI of Investments in Unconsolidated Affiliates	Total
Exelon [a]						
Beginning balance	$ (14)	$ 10	$ (2,998) [d]	$ (23)	$ (1)	$ (3,026)
OCI before reclassifications	13	—	20	(6)	1	28
Amounts reclassified from AOCI [b]	(1)	—	88	—	—	87
Net current-period OCI	12	—	108	(6)	1	115
Impact of adoption of Recognition and Measurement of Financial Assets and Liabilities standard	—	(10) [c]	—	—	—	(10)
Ending balance	$ (2)	$ —	$ (2,890)	$ (29)	$ —	$ (2,921)
Generation [a]						
Beginning balance	$ (16)	$ 3	$ —	$ (23)	$ (1)	$ (37)
OCI before reclassifications	13	—	—	(6)	1	8
Amounts reclassified from AOCI [b]	(1)	—	—	—	—	(1)
Net current-period OCI	12	—	—	(6)	1	7
Impact of adoption of Recognition and Measurement of Financial Assets and Liabilities standard	—	(3) [c]	—	—	—	(3)
Ending balance	$ (4)	$ —	$ —	$ (29)	$ —	$ (33)
PECO [a]						
Beginning balance	$ —	$ 1	$ —	$ —	$ —	$ 1
OCI before reclassifications	—	—	—	—	—	—
Amounts reclassified from AOCI [b]	—	—	—	—	—	—
Net current-period OCI	—	—	—	—	—	—
Impact of adoption of Recognition and Measurement of Financial Assets and Liabilities standard	—	(1) [c]	—	—	—	(1)
Ending balance	$ —	$ —	$ —	$ —	$ —	$ —

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Six Months Ended June 30, 2017	Gains (Losses) on Cash Flow Hedges	Unrealized gains (losses) on Marketable Securities	Pension and Non-Pension Postretirement Benefit Plan Items	Foreign Currency Items	AOCI of Investments in Unconsolidated Affiliates	Total
Exelon [a]						
Beginning balance	$ (17)	$ 4	$ (2,610)	$ (30)	$ (7)	$ (2,660)
OCI before reclassifications	1	2	(58)	3	5	(47)
Amounts reclassified from AOCI [b]	4	—	70	—	—	74
Net current-period OCI	5	2	12	3	5	27
Ending balance	$ (12)	$ 6	$ (2,598)	$ (27)	$ (2)	$ (2,633)
Generation [a]						
Beginning balance	$ (19)	$ 2	$ —	$ (30)	$ (7)	$ (54)
OCI before reclassifications	1	—	—	3	6	10
Amounts reclassified from AOCI [b]	4	—	—	—	—	4
Net current-period OCI	5	—	—	3	6	14
Ending balance	$ (14)	$ 2	$ —	$ (27)	$ (1)	$ (40)
PECO [a]						
Beginning balance	$ —	$ 1	$ —	$ —	$ —	$ 1
OCI before reclassifications	—	—	—	—	—	—
Amounts reclassified from AOCI [b]	—	—	—	—	—	—
Net current-period OCI	—	—	—	—	—	—
Ending balance	$ —	$ 1	$ —	$ —	$ —	$ 1

(a) All amounts are net of tax and noncontrolling interests. Amounts in parenthesis represent a decrease in AOCI.
(b) See next tables for details about these reclassifications.
(c) Exelon prospectively adopted the new standard Recognition and Measurement of Financial Assets and Liabilities. The standard was adopted as of January 1, 2018, which resulted in an increase to Retained earnings and Accumulated other comprehensive loss of $10 million , $3 million and $1 million for Exelon, Generation and PECO, respectively. The amounts reclassified related to Rabbi Trusts. See Note 2 — New Accounting Standards for additional information.
(d) Exelon early adopted the new standard Reclassification of Certain Tax Effects from AOCI. The standard was adopted retrospectively as of December 31, 2017 , which resulted in an increase to Exelon's Retained earnings and Accumulated other comprehensive loss of $539 million , primarily related to deferred income taxes associated with Exelon's pension and OPEB obligations. See Note 2 — New Accounting Standards for additional information.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

ComEd, PECO, BGE, PHI, Pepco, DPL and ACE did not have any reclassifications out of AOCI to Net income during the three and six months ended June 30, 2018 and 2017 . The following tables present amounts reclassified out of AOCI to Net income for Exelon and Generation during the three and six months ended June 30, 2018 and 2017 .

Three Months Ended June 30, 2018

Details about AOCI components	Items reclassified out of AOCI [a]		Affected line item in the Statement of Operations and Comprehensive Income
	Exelon	Generation	
Gains (Losses) on cash flow hedges			
Other cash flow hedges	$ 1	$ 1	Interest expense
Total before tax	1	1	
Tax benefit	—	—	
Net of tax	$ 1	$ 1	Comprehensive income
Amortization of pension and other postretirement benefit plan items			
Prior service costs [b]	$ 23	$ —	
Actuarial losses [b]	(83)	—	
Total before tax	(60)	—	
Tax benefit	16	—	
Net of tax	$ (44)	$ —	
Total Reclassifications	$ (43)	$ 1	Comprehensive income

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Six Months Ended June 30, 2018

Details about AOCI components	Items reclassified out of AOCI [a]		Affected line item in the Statement of Operations and Comprehensive Income
	Exelon	Generation	
Gains (Losses) on cash flow hedges			
Other cash flow hedges	$ 1	$ 1	Interest expense
Total before tax	1	1	
Tax benefit	—	—	
Net of tax	$ 1	$ 1	Comprehensive income
Amortization of pension and other postretirement benefit plan items			
Prior service costs [b]	$ 46	$ —	
Actuarial losses [b]	(166)	—	
Total before tax	(120)	—	
Tax benefit	32	—	
Net of tax	$ (88)	$ —	
Total Reclassifications	$ (87)	$ 1	Comprehensive income

Three Months Ended June 30, 2017

Details about AOCI components	Items reclassified out of AOCI [a]	Affected line item in the Statement of Operations and Comprehensive Income
	Exelon	
Amortization of pension and other postretirement benefit plan items		
Prior service costs [b]	$ 23	
Actuarial losses [b]	(81)	
Total before tax	(58)	
Tax benefit	24	
Net of tax	$ (34)	
Total Reclassifications	$ (34)	Comprehensive income

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Six Months Ended June 30, 2017

Details about AOCI components	Items reclassified out of AOCI [a]		Affected line item in the Statement of Operations and Comprehensive Income
	Exelon	Generation	
Gains (Losses) on cash flow hedges			
Other cash flow hedges	$ (7)	$ (7)	Interest expense
Total before tax	(7)	(7)	
Tax benefit	3	3	
Net of tax	$ (4)	$ (4)	Comprehensive income
Amortization of pension and other postretirement benefit plan items			
Prior service costs [b]	$ 46	$ —	
Actuarial losses [b]	(162)	—	
Total before tax	(116)	—	
Tax benefit	46	—	
Net of tax	$ (70)	$ —	
Total Reclassifications	$ (74)	$ (4)	Comprehensive income

(a) Amounts in parenthesis represent a decrease in net income.
(b) This AOCI component is included in the computation of net periodic pension and OPEB cost (see Note 14 — Retirement Benefits for additional information).

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following table presents income tax expense (benefit) allocated to each component of other comprehensive income (loss) during the three and six months ended June 30, 2018 and 2017 :

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Exelon				
Pension and non-pension postretirement benefit plans:				
Prior service benefit reclassified to periodic benefit cost	$ 6	$ 9	$ 12	$ 18
Actuarial loss reclassified to periodic benefit cost	(22)	(32)	(44)	(64)
Pension and non-pension postretirement benefit plans valuation adjustment	1	1	(6)	3
Change in unrealized (loss) on cash flow hedges	(1)	(2)	(4)	(3)
Change in unrealized (loss) on investments in unconsolidated affiliates	—	—	(1)	(3)
Change in unrealized (loss) on marketable securities	—	—	—	(1)
Total	$ (16)	$ (24)	$ (43)	$ (50)
Generation				
Change in unrealized (loss) on cash flow hedges	$ (1)	$ (2)	$ (4)	$ (3)
Change in unrealized (loss) on investments in unconsolidated affiliates	—	—	(1)	(2)
Total	$ (1)	$ (2)	$ (5)	$ (5)

16 . Earnings Per Share and Equity (Exelon)

Earnings per Share

Basic earnings per share is computed by dividing net income attributable to common shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed by dividing net income attributable to common shareholders by the weighted average number of common shares outstanding, including the effect of issuing common stock assuming (i) stock options are exercised, and (ii) performance share awards and restricted stock awards are fully vested under the treasury stock method.

The following table sets forth the components of basic and diluted earnings per share and shows the effect of these stock options, performance share awards and restricted stock awards on the weighted average number of shares outstanding used in calculating diluted earnings per share:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Exelon				
Net income attributable to common shareholders	$ 539	$ 95	$ 1,125	$ 1,086
Weighted average common shares outstanding — basic	967	934	967	931
Assumed exercise and/or distributions of stock-based awards	2	2	1	1
Weighted average common shares outstanding — diluted	969	936	968	932

The number of stock options not included in the calculation of diluted common shares outstanding due to their antidilutive effect was approximately 2 million and 5 million for the three and six months ended June 30, 2018 , respectively, and 8 million and 9 million for the three and six months ended June 30, 2017 , respectively. There were no equity units related to the PHI Merger not included in the calculation of diluted common shares outstanding due to their antidilutive effect for the three and six months ended June 30, 2018 and 2017 . See Note 19 — Shareholders' Equity of the Exelon 2017 Form 10-K for additional information regarding the equity units.

Under share repurchase programs, 2 million shares of common stock are held as treasury stock with a cost of $123 million as of June 30, 2018 .

17 . Commitments and Contingencies (All Registrants)

The following is an update to the current status of commitments and contingencies set forth in Note 23 of the Exelon 2017 Form 10-K. See Note 4 — Mergers, Acquisitions and Dispositions of the Exelon 2017 Form 10-K for additional information on the PHI Merger commitments.

Commitments

PHI Merger Commitments (Exelon, PHI, Pepco, DPL and ACE)

The merger of Exelon and PHI was approved in Delaware, New Jersey, Maryland and the District of Columbia. Exelon and PHI agreed to certain commitments including where applicable: customer rate credits, funding for energy efficiency and delivery system modernization programs, a green sustainability fund, workforce development initiatives, charitable contributions, renewable generation and other required commitments. In addition, the orders approving the merger in Delaware, New Jersey, and Maryland include a “most favored nation” provision which, generally, requires allocation of merger benefits proportionally across all the jurisdictions.

The following amounts represent total commitment costs for Exelon, PHI, Pepco, DPL and ACE that have been recorded since the acquisition date and the remaining obligations as of June 30, 2018 :

Description	Expected Payment Period	Pepco	DPL	ACE	PHI	Exelon
Rate credits	2016 - 2017	$ 91	$ 67	$ 101	$ 259	$ 259
Energy efficiency	2016 - 2021	—	—	—	—	122
Charitable contributions	2016 - 2026	28	12	10	50	50
Delivery system modernization	Q2 2017	—	—	—	—	22
Green sustainability fund	Q2 2017	—	—	—	—	14
Workforce development	2016 - 2020	—	—	—	—	17
Other		1	5	—	6	29
Total commitments		$ 120	$ 84	$ 111	$ 315	$ 513
Remaining commitments		$ 76	$ 12	$ 7	$ 95	$ 140

In addition, Exelon is committed to develop or to assist in the commercial development of approximately 37 MWs of new generation in Maryland, District of Columbia, and Delaware, 27 MWs of which are expected to be completed in 2018. These investments are expected to total approximately $137 million, are expected to be primarily capital in nature, and will generate future earnings at Exelon and Generation. Investment costs will be recognized as incurred and recorded on Exelon's and Generation's financial statements. Exelon has also committed to purchase 100 MWs of wind energy in PJM, to procure 120 MWs of wind RECs for the purpose of meeting Delaware's renewable portfolio

standards, and to maintain and promote energy efficiency and demand response programs in the PHI jurisdictions.

Pursuant to the various jurisdictions' merger approval conditions, over specified periods Pepco, DPL and ACE are not permitted to reduce employment levels due to involuntary attrition associated with the merger integration process and have made other commitments regarding hiring and relocation of positions.

Constellation Merger Commitments (Exelon and Generation)

In February 2012, the MDPSC issued an Order approving the Exelon and Constellation merger. As part of the MDPSC Order, Exelon agreed to develop or assist in the development of 285 - 300 MWs of new generation. Exelon and Generation have incurred $ 458 million towards satisfying the commitment for new generation development in the State of Maryland, with 220 MW of new generation in operations to date and 10 MW of this commitment satisfied through a liquidated damages payment made in the fourth quarter of 2016. The remaining 55 MW is expected to be satisfied via payment of liquidated damages or execution of a third party PPA, rather than by Generation constructing renewable generating assets. As a result, as of June 30, 2018 Exelon's and Generation's Consolidated Balance Sheets include a $ 50 million liability within Deferred credits and other liabilities for this remaining commitment, to be paid on or before January 15, 2023 unless the period is extended by consent of Exelon and the State of Maryland. See Note 23 - Commitments and Contingencies of the Exelon 2017 Form 10-K for additional information regarding the Constellation Merger Commitments.

Commercial Commitments (All Registrants)

The Registrants' commercial commitments as of June 30, 2018 , representing commitments potentially triggered by future events were as follows:

	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Letters of credit (non-debt) [a]	$ 1,573	$ 1,543	$ 2	$ —	$ 3	$ —	$ —	$ —	$ —
Surety bonds [b]	1,395	1,202	9	9	18	65	32	4	3
Financing trust guarantees	378	—	200	178	—	—	—	—	—
Guaranteed lease residual values [c]	22	—	—	—	—	22	7	9	6
Total commercial commitments	$ 3,368	$ 2,745	$ 211	$ 187	$ 21	$ 87	$ 39	$ 13	$ 9

(a) Letters of credit (non-debt) - Exelon and certain of its subsidiaries maintain non-debt letters of credit to provide credit support for certain transactions as requested by third parties. Includes letters of credits issued under credit facility agreements arranged at minority and community banks and nonrecourse debt letters of credits.
(b) Surety bonds—Guarantees issued related to contract and commercial agreements, excluding bid bonds.
(c) Represents the maximum potential obligation in the event that the fair value of certain leased equipment and fleet vehicles is zero at the end of the maximum lease term. The maximum lease term associated with these assets ranges from 3 to 8 years. The maximum potential obligation at the end of the minimum lease term would be $58 million , $17 million of which is a guarantee by Pepco, $24 million by DPL and $16 million by ACE. The minimum lease term associated with these assets ranges from 1 to 4 years. Historically, payments under the guarantees have not been made and PHI believes the likelihood of payments being required under the guarantees is remote.

Nuclear Insurance (Exelon and Generation)

Generation is subject to liability, property damage and other risks associated with major incidents at any of its nuclear stations. Generation has mitigated its financial exposure to these risks through insurance and other industry risk-sharing provisions.

The Price-Anderson Act was enacted to ensure the availability of funds for public liability claims arising from an incident at any of the U.S. licensed nuclear facilities and also to limit the liability of nuclear reactor owners for such claims from any single incident. As of June 30, 2018 , the current liability limit per incident is $13.1 billion and is subject to change to account for the effects of inflation and changes in the number of licensed reactors. Changes to account for the effects of inflation occur at least once every five years with the last adjustment effective September 10, 2013. In accordance with the Price-Anderson Act, Generation maintains financial protection at levels equal to the amount of liability insurance available from private sources through the purchase of private nuclear energy liability insurance for public liability claims that could arise in the event of an incident. Effective January 1, 2017, the required amount of nuclear energy liability insurance purchased is $450 million for each operating site. Claims exceeding that amount are covered through mandatory participation in a financial protection pool, as required by the Price Anderson-Act, which provides the additional $12.6 billion per incident in funds available for public liability claims. Participation in this secondary financial protection pool requires the operator of each reactor to fund its proportionate share of costs for any single incident that exceeds the primary layer of financial protection. Exelon's share of this secondary layer would be approximately $2.8 billion , however any amounts payable under this secondary layer would be capped at $ 420 million per year.

In addition, the U.S. Congress could impose revenue-raising measures on the nuclear industry to pay public liability claims exceeding the $13.1 billion limit for a single incident.

As part of the execution of the NOSA on April 1, 2014, Generation executed an Indemnity Agreement pursuant to which Generation agreed to indemnify EDF and its affiliates against third-party claims that may arise from any future nuclear incident (as defined in the Price-Anderson Act) in connection with the CENG nuclear plants or their operations. Exelon guarantees Generation's obligations under this indemnity. See Note 2 — Variable Interest Entities of the Exelon 2017 Form 10-K for additional information on Generation's operations relating to CENG.

Generation is required each year to report to the NRC the current levels and sources of property insurance that demonstrates Generation possesses sufficient financial resources to stabilize and decontaminate a reactor and reactor station site in the event of an accident. The property insurance maintained for each facility is currently provided through insurance policies purchased from NEIL, an industry mutual insurance company of which Generation is a member.

NEIL may declare distributions to its members as a result of favorable operating experience. In recent years NEIL has made distributions to its members, but Generation cannot predict the level of future distributions or if they will continue at all. In March 2018, NEIL declared a supplemental distribution. Generation's portion of the supplemental distribution declared by NEIL was $31 million and was recorded as a reduction to Operating and maintenance expense within Exelon and Generation's Consolidated Statements of Operations and Comprehensive Income for the six months ended June 30, 2018 .

Premiums paid to NEIL by its members are also subject to a potential assessment for adverse loss experience in the form of a retrospective premium obligation. NEIL has never assessed this retrospective premium since its formation in 1973, and Generation cannot predict the level of future assessments if any. The current maximum aggregate annual retrospective premium obligation for Generation is approximately $ 350 million . NEIL requires its members to maintain an investment grade credit rating or to ensure collectability of their annual retrospective premium obligation by providing a financial guarantee, letter of credit, deposit premium, or some other means of assurance.

NEIL provides "all risk" property damage, decontamination and premature decommissioning insurance for each station for losses resulting from damage to its nuclear plants, either due to accidents or acts of terrorism. If the decision is made to decommission the facility, a portion of the insurance proceeds will be allocated to a fund, which Generation is required by the NRC to maintain, to provide for decommissioning the facility. In the event of an insured loss, Generation is unable to predict the timing

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of the availability of insurance proceeds to Generation and the amount of such proceeds that would be available. In the event that one or more acts of terrorism cause accidental property damage within a twelve-month period from the first accidental property damage under one or more policies for all insured plants, the maximum recovery by Exelon will be an aggregate of $3.2 billion plus such additional amounts as the insurer may recover for all such losses from reinsurance, indemnity and any other source, applicable to such losses.

For its insured losses, Generation is self-insured to the extent that losses are within the policy deductible or exceed the amount of insurance maintained. Uninsured losses and other expenses, to the extent not recoverable from insurers or the nuclear industry, could also be borne by Generation. Any such losses could have a material adverse effect on Exelon's and Generation's financial condition, results of operations and cash flows.

Environmental Remediation Matters

General (All Registrants)

The Registrants' operations have in the past, and may in the future, require substantial expenditures to comply with environmental laws. Additionally, under Federal and state environmental laws, the Registrants are generally liable for the costs of remediating environmental contamination of property now or formerly owned by them and of property contaminated by hazardous substances generated by them. The Registrants own or lease a number of real estate parcels, including parcels on which their operations or the operations of others may have resulted in contamination by substances that are considered hazardous under environmental laws. In addition, the Registrants are currently involved in a number of proceedings relating to sites where hazardous substances have been deposited and may be subject to additional proceedings in the future. Unless otherwise disclosed, the Registrants cannot reasonably estimate whether they will incur significant liabilities for additional investigation and remediation costs at these or additional sites identified by the Registrants, environmental agencies or others, or whether such costs will be recoverable from third parties, including customers. Additional costs could have a material, unfavorable impact on the Registrants' financial conditions, results of operations and cash flows.

MGP Sites (Exelon, ComEd, PECO, BGE, PHI and DPL)

ComEd, PECO, BGE and DPL have identified sites where former MGP or gas purification activities have or may have resulted in actual site contamination. For almost all of these sites, there are additional PRPs that may share responsibility for the ultimate remediation of each location.

- ComEd has identified 42 sites, 20 of which have been remediated and approved by the Illinois EPA or the U.S. EPA and 22 that are currently under some degree of active study and/or remediation. ComEd expects the majority of the remediation at these sites to continue through at least 2022.

- PECO has identified 26 sites, 17 of which have been remediated in accordance with applicable PA DEP regulatory requirements and 9 that are currently under some degree of active study and/or remediation. PECO expects the majority of the remediation at these sites to continue through at least 2022.

- BGE has identified 13 sites, 9 of which have been remediated and approved by the MDE and 4 that require some level of remediation and/or ongoing activity. BGE expects the majority of the remediation at these sites to continue through at least 2019.

- DPL has identified 3 sites, for 2 of which remediation has been completed and approved by the MDE or the Delaware Department of Natural Resources and Environmental Control.

The remaining site is under study and the required cost at the site is not expected to be material.

The historical nature of the MGP and gas purification sites and the fact that many of the sites have been buried and built over, impacts the ability to determine a precise estimate of the ultimate costs prior to initial sampling and determination of the exact scope and method of remedial activity. Management determines its best estimate of remediation costs using all available information at the time of each study, including probabilistic and deterministic modeling for ComEd and PECO, and the remediation standards currently required by the applicable state environmental agency. Prior to completion of any significant clean up, each site remediation plan is approved by the appropriate state environmental agency.

ComEd, pursuant to an ICC order, and PECO, pursuant to settlements of natural gas distribution rate cases with the PAPUC, are currently recovering environmental remediation costs of former MGP facility sites through customer rates. See Note 6 — Regulatory Matters for additional information regarding the associated regulatory assets. While BGE and DPL do not have riders for MGP clean-up costs, they have historically received recovery of actual clean-up costs in distribution rates.

As of June 30, 2018 and December 31, 2017 , the Registrants had accrued the following undiscounted amounts for environmental liabilities in Other current liabilities and Other deferred credits and other liabilities within their respective Consolidated Balance Sheets:

June 30, 2018	Total environmental investigation and remediation reserve	Portion of total related to MGP investigation and remediation
Exelon	$ 453	$ 305
Generation	115	—
ComEd	276	274
PECO	28	27
BGE	6	4
PHI	28	—
Pepco	26	—
DPL	1	—
ACE	1	—

December 31, 2017	Total environmental investigation and remediation reserve	Portion of total related to MGP investigation and remediation
Exelon	$ 466	$ 315
Generation	117	—
ComEd	285	283
PECO	30	28
BGE	5	4
PHI	29	—
Pepco	27	—
DPL	1	—
ACE	1	—

Solid and Hazardous Waste

Cotter Corporation (Exelon and Generation)

The EPA has advised Cotter Corporation (Cotter), a former ComEd subsidiary, that it is potentially liable in connection with radiological contamination at a site known as the West Lake Landfill in Missouri. In 2000, ComEd sold Cotter to an unaffiliated third-party. As part of the sale, ComEd agreed to indemnify Cotter for any liability arising in connection with the West Lake Landfill. In connection with Exelon's 2001 corporate restructuring, this responsibility to indemnify Cotter was transferred to Generation. On May 29, 2008, the EPA issued a Record of Decision (ROD) approving a landfill cover remediation approach. Generation had previously recorded an estimated liability for its anticipated share of a landfill cover remedy that was estimated to cost approximately $90 million in total. By letter dated January 11, 2010, the EPA requested that the PRPs perform a supplemental feasibility study for a remediation alternative that would involve complete excavation of the radiological contamination. On September 30, 2011, the PRPs submitted the supplemental feasibility study to the EPA for review. Since June 2012, the EPA has requested that the PRPs perform a series of additional analyses and groundwater and soil sampling as part of the supplemental feasibility study. This further analysis was focused on a partial excavation remedial option. The PRPs provided the draft final Remedial Investigation and Feasibility Study (RI/FS) to the EPA in January 2018, which formed the basis for EPA's proposed remedy selection, as discussed below. There are currently three PRPs participating in the West Lake Landfill remediation proceeding. Investigation by Generation has identified a number of other parties who also may be PRPs and could be liable to contribute to the final remedy. Further investigation is ongoing.

On February 1, 2018, the EPA announced its proposed remedy involving partial excavation of the site with an enhanced landfill cover. The proposed remedy was open for public comment through April 23, 2018 and Generation currently expects that a ROD will be issued during the third quarter of 2018. Thereafter, the EPA will seek to enter into a Consent Decree with the PRPs to effectuate the remedy, which Generation currently expects will occur in late 2018 or early 2019. The estimated cost of the remedy, taking into account the current EPA technical requirements and the total costs expected to be incurred by the PRPs in fully executing the remedy, is approximately $340 million , including cost escalation on an undiscounted basis, which would be allocated among the final group of PRPs. Generation has determined that a loss associated with the EPA's partial excavation and enhanced landfill cover remedy is probable and has recorded a liability included in the table above, that reflects management's best estimate of Cotter's allocable share of the ultimate cost for the entire remediation effort. Given the joint and several nature of this liability, the magnitude of Generation's ultimate liability will depend on the actual costs incurred to implement the ultimate required remediation remedy as well as on the nature and terms of any cost-sharing arrangements with the final group of PRPs. Therefore, it is reasonably possible that the ultimate cost and Generation's associated allocable share could differ significantly once these uncertainties are resolved, which could have a material impact on Exelon's and Generation's future financial conditions, results of operations and cash flows.

On January 16, 2018, the PRPs were advised by the EPA that it will begin an additional investigation and evaluation of groundwater conditions at the West Lake Landfill. The PRPs have been provided with a draft statement of work that will form the basis of an Administrative Settlement Agreement and Order on Consent for the performance by the PRPs of the groundwater RI/FS and reimbursement of EPA's oversight costs. The purposes of this new RI/FS are to define the nature and extent of any groundwater contamination from the West Lake Landfill site, determine the potential risk posed to human health and the environment, and evaluate remedial alternatives. Generation estimates the undiscounted cost for the groundwater RI/FS for West Lake to be approximately $20 million and Generation has recorded a liability included in the table above, that reflects management's best estimate of Cotter's allocable share of the cost among the PRPs. At this time Generation cannot predict the likelihood or the extent to which, if any, remediation activities will be required and cannot estimate a reasonably possible range of loss for response costs beyond those associated with the RI/FS component. It is reasonably possible,

however, that resolution of this matter could have a material, unfavorable impact on Exelon's and Generation's future results of operations and cash flows.

During December 2015, the EPA took two actions related to the West Lake Landfill designed to abate what it termed as imminent and dangerous conditions at the landfill. The first involved installation by the PRPs of a non-combustible surface cover to protect against surface fires in areas where radiological materials are believed to have been disposed. Generation has accrued what it believes to be an adequate amount to cover its anticipated liability for this interim action, and the work is expected to be completed in 2018. The second action involved EPA's public statement that it will require the PRPs to construct a barrier wall in an adjacent landfill to prevent a subsurface fire from spreading to those areas of the West Lake Landfill where radiological materials are believed to have been disposed. At this time, Generation believes that the requirement to build a barrier wall is remote in light of other technologies that have been employed by the adjacent landfill owner. Finally, one of the other PRPs, the landfill owner and operator of the adjacent landfill, has indicated that it will be making a contribution claim against Cotter for costs that it has incurred to prevent the subsurface fire from spreading to those areas of the West Lake Landfill where radiological materials are believed to have been disposed. At this time, Exelon and Generation do not possess sufficient information to assess this claim and therefore are unable to estimate a range of loss, if any. As such, no liability has been recorded for the potential contribution claim. It is reasonably possible, however, that resolution of this matter could have a material, unfavorable impact on Exelon's and Generation's financial conditions, results of operations and cash flows.

On August 8, 2011, Cotter was notified by the DOJ that Cotter is considered a PRP with respect to the government's clean-up costs for contamination attributable to low level radioactive residues at a former storage and reprocessing facility named Latty Avenue near St. Louis, Missouri. The Latty Avenue site is included in ComEd's indemnification responsibilities discussed above as part of the sale of Cotter. The radioactive residues had been generated initially in connection with the processing of uranium ores as part of the U.S. Government's Manhattan Project. Cotter purchased the residues in 1969 for initial processing at the Latty Avenue facility for the subsequent extraction of uranium and metals. In 1976, the NRC found that the Latty Avenue site had radiation levels exceeding NRC criteria for decontamination of land areas. Latty Avenue was investigated and remediated by the United States Army Corps of Engineers pursuant to funding under FUSRAP. The DOJ has not yet formally advised the PRPs of the amount that it is seeking, but it is believed to be approximately $90 million from all PRPs. The DOJ and the PRPs agreed to toll the statute of limitations until August 2018 so that settlement discussions could proceed. Generation has determined that a loss associated with this matter is probable under its indemnification agreement with Cotter and has recorded an estimated liability, which is included in the table above.

Commencing in February 2012, a number of lawsuits have been filed in the U.S. District Court for the Eastern District of Missouri. Among the defendants were Exelon, Generation and ComEd, all of which were subsequently dismissed from the case, as well as Cotter, which remains a defendant. The suits allege that individuals living in the North St. Louis area developed some form of cancer or other serious illness due to Cotter's negligent or reckless conduct in processing, transporting, storing, handling and/or disposing of radioactive materials. Plaintiffs are asserting public liability claims under the Price-Anderson Act. Their state law claims for negligence, strict liability, emotional distress, and medical monitoring have been dismissed. In the event of a finding of liability against Cotter, it is probable that Generation would be financially responsible due to its indemnification responsibilities of Cotter described above. The court has dismissed a number of the lawsuits as untimely, which has been upheld on appeal. Cotter and the remaining plaintiffs have engaged in settlement discussions pursuant to court-ordered mediation. During the second quarter of 2018, Generation determined a loss was probable based on the advancement of settlement proceedings and recorded an immaterial liability.

Benning Road Site (Exelon, Generation, PHI and Pepco)

In September 2010, PHI received a letter from EPA identifying the Benning Road site as one of six land-based sites potentially contributing to contamination of the lower Anacostia River. A portion of the site was formerly the location of a Pepco Energy Services electric generating facility. That generating facility was deactivated in June 2012 and plant structure demolition was completed in July 2015. The remaining portion of the site consists of a Pepco transmission and distribution service center that remains in operation. In December 2011, the U.S. District Court for the District of Columbia approved a Consent Decree entered into by Pepco and Pepco Energy Services with the DOEE, which requires Pepco and Pepco Energy Services to conduct a Remediation Investigation (RI)/ Feasibility Study (FS) for the Benning Road site and an approximately 10 to 15-acre portion of the adjacent Anacostia River. The RI/FS will form the basis for the remedial actions for the Benning Road site and for the Anacostia River sediment associated with the site. The Consent Decree does not obligate Pepco or Pepco Energy Services to pay for or perform any remediation work, but it is anticipated that DOEE will look to Pepco and Pepco Energy Services to assume responsibility for cleanup of any conditions in the river that are determined to be attributable to past activities at the Benning Road site. Pursuant to Exelon's March 23, 2016 acquisition of PHI, Pepco Energy Services was transferred to Generation.

Since 2013, Pepco and Pepco Energy Services (now Generation) have been performing RI work and have submitted multiple draft RI reports to the DOEE. Once the RI work is completed, Pepco and Generation will issue a draft “final” RI report for review and comment by DOEE and the public. Pepco and Generation will then proceed to develop an FS to evaluate possible remedial alternatives for submission to DOEE. The Court has established a schedule for completion of the RI and FS, and approval by the DOEE, by May 6, 2019.

Upon DOEE’s approval of the final RI and FS Reports, Pepco and Generation will have satisfied their obligations under the Consent Decree. At that point, DOEE will prepare a Proposed Plan regarding further response actions. After considering public comment on the Proposed Plan, DOEE will issue a Record of Decision identifying any further response actions determined to be necessary.

PHI, Pepco and Generation have determined that a loss associated with this matter is probable and have accrued an estimated liability, which is included in the table above.

Anacostia River Tidal Reach (Exelon, PHI and Pepco)

Contemporaneous with the Benning RI/FS being performed by Pepco and Generation, DOEE and certain federal agencies have been conducting a separate RI/FS focused on the entire tidal reach of the Anacostia River extending from just north of the Maryland-D.C. boundary line to the confluence of the Anacostia and Potomac Rivers. In March 2016, DOEE released a draft of the river-wide RI Report for public review and comment. The river-wide RI incorporated the results of the river sampling performed by Pepco and Pepco Energy Services as part of the Benning RI/FS, as well as similar sampling efforts conducted by owners of other sites adjacent to this segment of the river and supplemental river sampling conducted by DOEE’s contractor. DOEE asked Pepco, along with parties responsible for other sites along the river, to participate in a “Consultative Working Group” to provide input into the process for future remedial actions addressing the entire tidal reach of the river and to ensure proper coordination with the other river cleanup efforts currently underway, including cleanup of the river segment adjacent to the Benning Road site resulting from the Benning RI/FS. Pepco responded that it will participate in the Consultative Working Group, but its participation is not an acceptance of any financial responsibility beyond the work that will be performed at the Benning Road site described above. In April 2018, DOEE released a draft remedial investigation report for public review and comment. Pepco submitted written comments to the draft RI and participated in a public hearing. Pepco continues outreach efforts as appropriate to the agencies, governmental officials, community organizations and other key stakeholders. A draft Feasibility Study of potential remedies is being prepared by the agencies and is scheduled to be released later this year. In May 2018 the District of Columbia Council extended the deadline for completion

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of the Record of Decision from June 30, 2018 until December 31, 2019. An appropriate liability for Pepco's share of investigation costs has been accrued and is included in the table above. Although Pepco has determined that it is probable that costs for remediation will be incurred, Pepco cannot estimate the reasonably possible range of loss at this time and no liability has been accrued for those future costs. It is anticipated that Pepco will likely be in a better position to estimate that range of loss when the draft Feasibility Study for the Project is released later this year.

In addition to the activities associated with the remedial process outlined above, there is a complementary statutory program that requires an assessment to determine if any natural resources have been damaged as a result of the contamination that is being remediated, and, if so, that a plan be developed by the federal, state and local Trustees responsible for those resources to restore them to their condition before injury from the environmental contaminants. If natural resources are not restored, then compensation for the injury can be sought from the party responsible for the release of the contaminants. The assessment of Natural Resource Damages (NRD) typically takes place following cleanup because cleanups sometimes also effectively restore habitat. During the second quarter of 2018, Pepco became aware that the Trustees are in the beginning stages of this process that often takes many years beyond the remedial decision to complete. Pepco has concluded that a loss associated with the eventual NRD assessment is reasonably possible. Due to the very early stage of the assessment process it cannot reasonably estimate the range of loss.

Conectiv Energy Wholesale Power Generation Sites (Exelon, Generation, and PHI)

In July 2010, PHI sold the wholesale power generation business of Conectiv Energy Holdings, Inc. and substantially all of its subsidiaries (Conectiv Energy) to Calpine Corporation (Calpine). Under New Jersey's Industrial Site Recovery Act (ISRA), the transfer of ownership triggered an obligation on the part of Conectiv Energy to remediate any environmental contamination at each of the nine Conectiv Energy generating facility sites located in New Jersey. Under the terms of the sale, Calpine has assumed responsibility for performing the ISRA-required remediation and for the payment of all related ISRA compliance costs up to $10 million . PHI indemnified Calpine for any ISRA compliance remediation costs in excess of $10 million . PHI estimated the costs of ISRA-required remediation activities at the nine generating facility sites located in New Jersey are in the range of approximately $7 million to $18 million and recorded a liability for its share of the estimated clean-up costs. Pursuant to Exelon's March 2016 acquisition of PHI, the Conectiv Energy legal entity was transferred to Generation and the liability for PHI's share of the estimated clean-up costs was also transferred to Generation and is included in the table above as a liability of Generation. The responsibility to indemnify Calpine is shared by PHI and Generation.

Brandywine Fly Ash Disposal Site (Exelon, PHI and Pepco)

In February 2013, Pepco received a letter from the MDE requesting that Pepco investigate the extent of waste on a Pepco right-of-way that traverses the Brandywine fly ash disposal site in Brandywine, Prince George's County, Maryland, owned by NRG Energy, Inc. (as successor to GenOn MD Ash Management, LLC) (NRG). In July 2013, while reserving its rights and related defenses under a 2000 agreement covering the sale of this site, Pepco indicated its willingness to investigate the extent of, and propose an appropriate closure plan to address, ash on the right-of-way. Pepco submitted a schedule for development of a closure plan to MDE on September 30, 2013 and, by letter dated October 18, 2013, MDE approved the schedule.

Pepco has determined that a loss associated with this matter is probable and has recorded an estimated liability, which is included in the table above. Pepco believes that the costs incurred in this matter may be recoverable from NRG under the 2000 sale agreement but has not recorded an associated receivable for any potential recovery.

Litigation and Regulatory Matters

PHI Merger (Exelon and PHI)

In July 2015, the OPC, Public Citizen, Inc., the Sierra Club and the Chesapeake Climate Action Network (CCAN) filed motions to stay the MDPSC order approving the Exelon and PHI merger. The Circuit Court judge issued an order denying the motions for stay on August 12, 2015. On January 8, 2016, the Circuit Court judge affirmed the MDPSC's order approving the merger and denied the petitions for judicial review filed by the OPC, the Sierra Club, CCAN and Public Citizen, Inc. On January 19, 2016, the OPC filed a notice of appeal to the Maryland Court of Special Appeals, and on January 21, the Sierra Club and CCAN filed notices of appeal. On January 27, 2017, the Maryland Court of Special Appeals affirmed the Circuit Court's judgment that the MDPSC did not err in approving the merger. The OPC and Sierra Club filed petitions seeking further review in the Court of Appeals of Maryland, which is the highest court in Maryland. On June 21, 2017, the Court of Appeals granted discretionary review of the January 27, 2017 decision by the Maryland Court of Special Appeals. The Maryland Court of Appeals will review the OPC argument that the MDPSC did not properly consider the acquisition premium paid to PHI shareholders under Maryland's merger approval standard and the Sierra Club's argument that the merger would harm the renewable and distributed generation markets. The two lower courts examining these issues rejected these arguments, which Exelon believes are without merit. All briefs have been filed and oral arguments were presented to the court on October 10, 2017.

Asbestos Personal Injury Claims (Exelon, Generation, PECO and ComEd)

Generation maintains a reserve for claims associated with asbestos-related personal injury actions in certain facilities that are currently owned by Generation or were previously owned by ComEd and PECO. The estimated liabilities are recorded on an undiscounted basis and exclude the estimated legal costs associated with handling these matters, which could be material.

At June 30, 2018 and December 31, 2017 , Generation had recorded estimated liabilities of approximately $80 million and $78 million , respectively, in total for asbestos-related bodily injury claims. As of June 30, 2018 , approximately $22 million of this amount related to 224 open claims presented to Generation, while the remaining $58 million is for estimated future asbestos-related bodily injury claims anticipated to arise through 2050, based on actuarial assumptions and analyses, which are updated on an annual basis. On a quarterly basis, Generation monitors actual experience against the number of forecasted claims to be received and expected claim payments and evaluates whether adjustments to the estimated liabilities are necessary.

There is a reasonable possibility that Exelon may have additional exposure to estimated future asbestos-related bodily injury claims in excess of the amount accrued and the increases could have a material unfavorable impact on Exelon's, Generation's and PECO's financial conditions, results of operations and cash flows.

City of Everett Tax Increment Financing Agreement (Exelon and Generation)

On April 10, 2017, the City of Everett petitioned the Massachusetts Economic Assistance Coordinating Council (EACC) to revoke the 1999 tax increment financing agreement (TIF Agreement) relating to Mystic units 8 and 9 on the grounds that the total investment in Mystic units 8 and 9 materially deviates from the investment set forth in the TIF Agreement. On October 31, 2017, a three-member panel of the EACC conducted an administrative hearing on the City's petition. On November 30, 2017, the hearing panel issued a tentative decision denying the City's petition, finding that there was no material misrepresentation that would justify revocation of the TIF Agreement. On December 13, 2017, the tentative decision was adopted by the full EACC. On January 12, 2018, the City filed a complaint in Massachusetts Superior Court requesting, among other things, that the court set aside the EACC's decision, grant the City's request to decertify the Project and the TIF Agreement, and award the City

damages for alleged underpaid taxes over the period of the TIF Agreement. Generation vigorously contested the City's claims before the EACC and will continue to do so in the Massachusetts Superior Court proceeding. Generation continues to believe that the City's claim lacks merit. Accordingly, Generation has not recorded a liability for payment resulting from such a revocation, nor can Generation estimate a reasonably possible range of loss, if any, associated with any such revocation. Further, it is reasonably possible that property taxes assessed in future periods, including those following the expiration of the current TIF Agreement in 2019, could be material to Generation's results of operations and cash flows.

General (All Registrants)

The Registrants are involved in various other litigation matters that are being defended and handled in the ordinary course of business. The assessment of whether a loss is probable or reasonably possible, and whether the loss or a range of loss is estimable, often involves a series of complex judgments about future events. The Registrants maintain accruals for such losses that are probable of being incurred and subject to reasonable estimation. Management is sometimes unable to estimate an amount or range of reasonably possible loss, particularly where (1) the damages sought are indeterminate, (2) the proceedings are in the early stages, or (3) the matters involve novel or unsettled legal theories. In such cases, there is considerable uncertainty regarding the timing or ultimate resolution of such matters, including a possible eventual loss.

Income Taxes

See Note 12 — Income Taxes for information regarding the Registrants' income tax refund claims and certain tax positions, including the 1999 sale of fossil generating assets.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

18 . Supplemental Financial Information (All Registrants)

Supplemental Statement of Operations Information

The following tables provide additional information about the Registrants' Consolidated Statements of Operations and Comprehensive Income for the three and six months ended June 30, 2018 and 2017 .

	Three Months Ended June 30, 2018								
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Other, Net									
Decommissioning-related activities:									
Net realized income on decommissioning trust funds [a]									
Regulatory agreement units	$ 216	$ 216	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Non-regulatory agreement units	143	143	—	—	—	—	—	—	—
Net unrealized losses on decommissioning trust funds									
Regulatory agreement units	(194)	(194)	—	—	—	—	—	—	—
Non-regulatory agreement units	(120)	(120)	—	—	—	—	—	—	—
Net unrealized gains on pledged assets									
Zion Station decommissioning	4	4	—	—	—	—	—	—	—
Regulatory offset to decommissioning trust fund-related activities [b]	(23)	(23)	—	—	—	—	—	—	—
Total decommissioning-related activities	26	26	—	—	—	—	—	—	—
Investment income	6	5	—	—	—	—	—	—	—
Interest income related to uncertain income tax positions	2	—	—	—	—	—	—	—	—
AFUDC — Equity	13	—	2	—	4	7	6	1	—
Non-service net periodic benefit cost	(11)	—	—	—	—	—	—	—	—
Other	8	(2)	2	—	—	4	2	2	1
Other, net	$ 44	$ 29	$ 4	$ —	$ 4	$ 11	$ 8	$ 3	$ 1

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Six Months Ended June 30, 2018								
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Other, Net									
Decommissioning-related activities:									
Net realized income on decommissioning trust funds [a]									
Regulatory agreement units	$ 262	$ 262	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Non-regulatory agreement units	199	199	—	—	—	—	—	—	—
Net unrealized losses on decommissioning trust funds									
Regulatory agreement units	(268)	(268)	—	—	—	—	—	—	—
Non-regulatory agreement units	(215)	(215)	—	—	—	—	—	—	—
Net unrealized gains on pledged assets									
Zion Station decommissioning	2	2	—	—	—	—	—	—	—
Regulatory offset to decommissioning trust fund-related activities [b]	(1)	(1)	—	—	—	—	—	—	—
Total decommissioning-related activities	(21)	(21)	—	—	—	—	—	—	—
Investment income	10	7	—	—	—	—	—	—	—
Interest income related to uncertain income tax positions	4	1	—	—	—	—	—	—	—
AFUDC — Equity	31	—	8	2	8	13	12	1	—
Non-service net periodic benefit cost	(21)	—	—	—	—	—	—	—	—
Other	14	(2)	4	—	1	9	4	4	1
Other, net	$ 17	$ (15)	$ 12	$ 2	$ 9	$ 22	$ 16	$ 5	$ 1

	Three Months Ended June 30, 2017								
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Other, Net									
Decommissioning-related activities:									
Net realized income on decommissioning trust funds [a]									
Regulatory agreement units	$ 211	$ 211	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Non-regulatory agreement units	74	74	—	—	—	—	—	—	—
Net unrealized (losses) gains on decommissioning trust funds									
Regulatory agreement units	(13)	(13)	—	—	—	—	—	—	—
Non-regulatory agreement units	70	70	—	—	—	—	—	—	—
Net unrealized losses on pledged assets									
Zion Station decommissioning	(2)	(2)	—	—	—	—	—	—	—
Regulatory offset to decommissioning trust fund-related activities [b]	(160)	(160)	—	—	—	—	—	—	—
Total decommissioning-related activities	180	180	—	—	—	—	—	—	—
Investment income	2	1	—	—	—	—	—	—	—
Interest expense related to uncertain income tax positions	(1)	—	—	—	—	—	—	—	—
Penalty income related to uncertain income tax positions	1	—	—	—	—	—	—	—	—
AFUDC — Equity	17	—	2	2	4	9	5	2	2
Non-service net periodic benefit cost	(28)	—	—	—	—	—	—	—	—
Other	6	—	2	—	—	4	2	1	—
Other, net	$ 177	$ 181	$ 4	$ 2	$ 4	$ 13	$ 7	$ 3	$ 2

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Six Months Ended June 30, 2017								
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Other, Net									
Decommissioning-related activities:									
Net realized income on decommissioning trust funds (a)									
Regulatory agreement units	$ 280	$ 280	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Non-regulatory agreement units	106	106	—	—	—	—	—	—	—
Net unrealized gains on decommissioning trust funds									
Regulatory agreement units	210	210	—	—	—	—	—	—	—
Non-regulatory agreement units	235	235	—	—	—	—	—	—	—
Net unrealized losses on pledged assets									
Zion Station decommissioning	(2)	(2)	—	—	—	—	—	—	—
Regulatory offset to decommissioning trust fund-related activities (b)	(396)	(396)	—	—	—	—	—	—	—
Total decommissioning-related activities	433	433	—	—	—	—	—	—	—
Investment income (expense)	4	3	—	(1)	—	1	1	—	—
Penalty income related to uncertain income tax positions	2	—	—	—	—	—	—	—	—
AFUDC — Equity	33	—	4	4	8	17	11	3	3
Non-service net periodic benefit cost	(54)	—	—	—	—	—	—	—	—
Other	16	4	4	—	—	8	3	3	1
Other, net	$ 434	$ 440	$ 8	$ 3	$ 8	$ 26	$ 15	$ 6	$ 4

(a) Includes investment income and realized gains and losses on sales of investments of the trust funds.
(b) Includes the elimination of NDT fund activity for the Regulatory Agreement Units, including the elimination of net income taxes related to all NDT fund activity for those units. See Note 15 — Asset Retirement Obligations of the Exelon 2017 Form 10-K for additional information regarding the accounting for nuclear decommissioning.

The following utility taxes are included in revenues and expenses for the three and six months ended June 30, 2018 and 2017 . Generation's utility tax expense represents gross receipts tax related to its retail operations, and the Utility Registrants' utility tax expense represents municipal and state utility taxes and gross receipts taxes related to their operating revenues. The offsetting collection of utility taxes from customers is recorded in revenues on the Registrants' Consolidated Statements of Operations and Comprehensive Income.

	Three Months Ended June 30, 2018								
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Utility taxes	$ 218	$ 29	$ 60	$ 30	$ 21	$ 78	$ 73	$ 5	$ —

	Six Months Ended June 30, 2018								
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Utility taxes	$ 452	$ 60	$ 121	$ 63	$ 47	$ 161	$ 151	$ 10	$ —

	Three Months Ended June 30, 2017								
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Utility taxes	$ 213	$ 30	$ 57	$ 29	$ 21	$ 76	$ 72	$ 4	$ —

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Six Months Ended June 30, 2017								
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Utility taxes	$ 438	$ 63	$ 116	$ 60	$ 47	$ 152	$ 143	$ 9	$ —

Supplemental Cash Flow Information

The following tables provide additional information regarding the Registrants' Consolidated Statements of Cash Flows for the six months ended June 30, 2018 and 2017 .

	Six Months Ended June 30, 2018								
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Depreciation, amortization and accretion									
Property, plant and equipment [a]	$ 1,873	$ 890	$ 406	$ 135	$ 164	$ 236	$ 107	$ 64	$ 47
Amortization of regulatory assets [a]	278	—	53	14	84	127	81	24	22
Amortization of intangible assets, net [a]	28	24	—	—	—	—	—	—	—
Amortization of energy contract assets and liabilities [b]	10	10	—	—	—	—	—	—	—
Nuclear fuel [c]	569	569	—	—	—	—	—	—	—
ARO accretion [d]	242	242	—	—	—	—	—	—	—
Total depreciation, amortization and accretion	$ 3,000	$ 1,735	$ 459	$ 149	$ 248	$ 363	$ 188	$ 88	$ 69

	Six Months Ended June 30, 2017								
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Depreciation, amortization and accretion									
Property, plant and equipment [a]	$ 1,545	$ 612	$ 384	$ 129	$ 155	$ 227	$ 101	$ 61	$ 44
Amortization of regulatory assets [a]	238	—	35	12	84	105	59	18	28
Amortization of intangible assets, net [a]	28	25	—	—	—	—	—	—	—
Amortization of energy contract assets and liabilities [b]	20	20	—	—	—	—	—	—	—
Nuclear fuel [c]	529	529	—	—	—	—	—	—	—
ARO accretion [d]	231	229	—	—	—	—	—	—	—
Total depreciation, amortization and accretion	$ 2,591	$ 1,415	$ 419	$ 141	$ 239	$ 332	$ 160	$ 79	$ 72

(a) Included in Depreciation and amortization on the Registrants' Consolidated Statements of Operations and Comprehensive Income.
(b) Included in Operating revenues or Purchased power and fuel expense on the Registrants' Consolidated Statements of Operations and Comprehensive Income.
(c) Included in Purchased power and fuel expense on the Registrants' Consolidated Statements of Operations and Comprehensive Income.
(d) Included in Operating and maintenance expense on the Registrants' Consolidated Statements of Operations and Comprehensive Income.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Six Months Ended June 30, 2018								
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Other non-cash operating activities:									
Pension and non-pension postretirement benefit costs	$ 290	$ 100	$ 88	$ 10	$ 29	$ 34	$ 8	$ 3	$ 6
Loss from equity method investments	12	12	—	—	—	—	—	—	—
Provision for uncollectible accounts	77	28	18	11	5	15	7	2	5
Stock-based compensation costs	47	—	—	—	—	—	—	—	—
Other decommissioning-related activity [(a)]	(61)	(61)	—	—	—	—	—	—	—
Energy-related options [(b)]	(7)	(7)	—	—	—	—	—	—	—
Amortization of regulatory asset related to debt costs	4	—	2	—	—	2	1	1	—
Amortization of rate stabilization deferral	13	—	—	—	—	13	10	3	—
Amortization of debt fair value adjustment	(7)	(6)	—	—	—	(1)	—	—	—
Discrete impacts from EIMA and FEJA [(c)]	14	—	14	—	—	—	—	—	—
Amortization of debt costs	18	7	2	1	1	3	1	—	—
Provision for excess and obsolete inventory	13	12	1	—	—	—	—	—	—
Long-term incentive plan	51	—	—	—	—	—	—	—	—
Other	15	—	(8)	—	(8)	5	(3)	5	1
Total other non-cash operating activities	$ 479	$ 85	$ 117	$ 22	$ 27	$ 71	$ 24	$ 14	$ 12
Non-cash investing and financing activities:									
(Decrease) increase in capital expenditures not paid	$ (283)	$ (310)	$ (22)	$ (17)	$ 10	$ 61	$ 28	$ 17	$ 14
Increase in PPE related to ARO update	47	47	—	—	—	—	—	—	—
Dividends on stock compensation	3	—	—	—	—	—	—	—	—
Acquisition of land	3	—	—	—	—	3	—	—	3

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Six Months Ended June 30, 2017								
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Other non-cash operating activities:									
Pension and non-pension postretirement benefit costs	$ 320	$ 113	$ 87	$ 14	$ 31	$ 48	$ 13	$ 6	$ 7
Loss from equity method investments	19	19	—	—	—	—	—	—	—
Provision for uncollectible accounts	52	19	15	9	3	6	4	—	2
Stock-based compensation costs	57	—	—	—	—	—	—	—	—
Other decommissioning-related activity (a)	(144)	(144)	—	—	—	—	—	—	—
Energy-related options (b)	11	11	—	—	—	—	—	—	—
Amortization of regulatory asset related to debt costs	4	—	2	—	—	2	1	1	—
Amortization of rate stabilization deferral	(8)	—	—	—	7	(15)	(10)	(5)	—
Amortization of debt fair value adjustment	(9)	(6)	—	—	—	(3)	—	—	—
Discrete impacts from EIMA and FEJA (c)	(51)	—	(51)	—	—	—	—	—	—
Amortization of debt costs	49	30	2	1	1	—	—	—	—
Provision for excess and obsolete inventory	51	49	1	—	—	1	—	—	—
Merger-related commitments (d)	—	—	—	—	—	(8)	(6)	(2)	—
Severance costs	25	17	—	—	—	3	—	—	—
Other	39	13	2	(2)	(7)	(6)	(2)	(3)	(2)
Total other non-cash operating activities	$ 415	$ 121	$ 58	$ 22	$ 35	$ 28	$ —	$ (3)	$ 7
Non-cash investing and financing activities:									
(Decrease) increase in capital expenditures not paid	$ (105)	$ 48	$ (82)	$ (44)	$ 6	$ (8)	$ —	$ 15	$ (14)
Fair value of pension obligation transferred in connection with the FitzPatrick acquisition	—	49	—	—	—	—	—	—	—
Change in PPE related to ARO update	103	103	—	—	—	—	—	—	—
Indemnification of like-kind exchange tax position (e)	—	—	23	—	—	—	—	—	—
Non-cash financing of capital projects	13	13	—	—	—	—	—	—	—
Dividends on stock compensation	3	—	—	—	—	—	—	—	—
Loss on reissuance of treasury stock	1,054	—	—	—	—	—	—	—	—

(a) Includes the elimination of NDT fund activity for the Regulatory Agreement Units, including the elimination of operating revenues, ARO accretion, ARC amortization, investment income and income taxes related to all NDT fund activity for these units. See Note 15 — Asset Retirement Obligations of the Exelon 2017 Form 10-K for additional information regarding the accounting for nuclear decommissioning.
(b) Includes option premiums reclassified to realized at the settlement of the underlying contracts and recorded in Operating revenues and expenses.
(c) Reflects the change in ComEd's distribution and energy efficiency formula rates. See Note 6 — Regulatory Matters for additional information.
(d) See Note 4 - Mergers, Acquisitions and Dispositions for additional information.
(e) See Note 12 - Income Taxes for discussion of the like-kind exchange tax position.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following tables provide a reconciliation of cash, cash equivalents and restricted cash reported within the Registrants' Consolidated Balance Sheets that sum to the total of the same amounts in their Consolidated Statements of Cash Flows.

June 30, 2018	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Cash and cash equivalents	$ 694	$ 420	$ 30	$ 18	$ 7	$ 195	$ 47	$ 141	$ 6
Restricted cash	206	130	5	5	1	38	33	—	5
Restricted cash included in other long-term assets	128	—	108	—	—	20	—	—	20
Total cash, cash equivalents and restricted cash	$ 1,028	$ 550	$ 143	$ 23	$ 8	$ 253	$ 80	$ 141	$ 31

December 31, 2017	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Cash and cash equivalents	$ 898	$ 416	$ 76	$ 271	$ 17	$ 30	$ 5	$ 2	$ 2
Restricted cash	207	138	5	4	1	42	35	—	6
Restricted cash included in other long-term assets	85	—	63	—	—	23	—	—	23
Total cash, cash equivalents and restricted cash	$ 1,190	$ 554	$ 144	$ 275	$ 18	$ 95	$ 40	$ 2	$ 31

June 30, 2017	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Cash and cash equivalents	$ 536	$ 265	$ 39	$ 45	$ 12	$ 151	$ 119	$ 6	$ 7
Restricted cash	252	166	12	4	6	40	34	—	7
Restricted cash included in other long-term assets	23	—	—	—	—	23	—	—	23
Total cash, cash equivalents and restricted cash	$ 811	$ 431	$ 51	$ 49	$ 18	$ 214	$ 153	$ 6	$ 37

December 31, 2016	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Cash and cash equivalents	$ 635	$ 290	$ 56	$ 63	$ 23	$ 170	$ 9	$ 46	$ 101
Restricted cash	253	158	2	4	24	43	33	—	9
Restricted cash included in other long-term assets	26	—	—	—	3	23	—	—	23
Total cash, cash equivalents and restricted cash	$ 914	$ 448	$ 58	$ 67	$ 50	$ 236	$ 42	$ 46	$ 133

For additional information on restricted cash see Note 1 — Significant Accounting Policies of the Exelon 2017 Form 10-K.

Supplemental Balance Sheet Information

The following tables provide addit i onal information about assets and liabilities of the Registrants as of June 30, 2018 and December 31, 2017 .

June 30, 2018	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Property, plant and equipment:									
Accumulated depreciation and amortization	$ 22,302 (a)	$ 12,143 (a)	$ 4,491	$ 3,482	$ 3,530	$ 671	$ 3,269	$ 1,295	$ 1,105
Accounts receivable:									
Allowance for uncollectible accounts	$ 339	$ 123	$ 82	$ 57	$ 21	$ 55	$ 23	$ 14	$ 18

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

December 31, 2017	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Property, plant and equipment:									
Accumulated depreciation and amortization	$ 21,064 (b)	$ 11,428 (b)	$ 4,269	$ 3,411	$ 3,405	$ 487	$ 3,177	$ 1,247	$ 1,066
Accounts receivable:									
Allowance for uncollectible accounts	$ 322	$ 114	$ 73	$ 56	$ 24	$ 55	$ 21	$ 16	$ 18

(a) Includes accumulated amortization of nuclear fuel in the reactor core of $3,094 million .
(b) Includes accumulated amortization of nuclear fuel in the reactor core of $3,159 million .

PECO Installment Plan Receivables (Exelon and PECO)

PECO enters into payment agreements with certain delinquent customers, primarily residential, seeking to restore their service, as required by the PAPUC. Customers with past due balances that meet certain income criteria are provided the option to enter into an installment payment plan, some of which have terms greater than one year. The receivable balance for these payment agreement receivables is recorded in accounts receivable for the current portion and other deferred debits and other assets for the noncurrent portion. The net receivable balance for installment plans with terms greater than one year was $11 million as of June 30, 2018 and December 31, 2017 . The allowance for uncollectible accounts balance associated with these receivables at June 30, 2018 of $12 million consists of $4 million and $8 million for medium risk and high risk segments, respectively. The allowance for uncollectible accounts balance at December 31, 2017 of $11 million consists of $3 million and $8 million for medium risk and high risk segments, respectively. See Note 1 — Significant Accounting Policies of the Exelon 2017 Form 10-K for additional information regarding uncollectible accounts reserve methodology and assessment of the credit quality of the installment plan receivables.

19 . Segment Information (All Registrants)

Operating segments for each of the Registrants are determined based on information used by the chief operating decision maker(s) (CODM) in deciding how to evaluate performance and allocate resources at each of the Registrants.

Exelon has twelve reportable segments, which include ComEd, PECO, BGE, PHI's three reportable segments consisting of Pepco, DPL and ACE, and Generation’s six reportable segments consisting of the Mid-Atlantic, Midwest, New England, New York, ERCOT and all other power regions referred to collectively as “Other Power Regions”, which includes activities in the South, West and Canada. ComEd, PECO, BGE, Pepco, DPL and ACE each represent a single reportable segment, and as such, no separate segment information is provided for these Registrants. Exelon, ComEd, PECO, BGE, Pepco, DPL and ACE's CODMs evaluate the performance of and allocate resources to ComEd, PECO, BGE, Pepco, DPL and ACE based on net income and return on equity.

The basis for Generation's reportable segments is the integrated management of its electricity business that is located in different geographic regions, and largely representative of the footprints of ISO/RTO and/or NERC regions, which utilize multiple supply sources to provide electricity through various distribution channels (wholesale and retail). Generation's hedging strategies and risk metrics are also aligned to these same geographic regions. Descriptions of each of Generation’s six reportable segments are as follows:

- Mid-Atlantic represents operations in the eastern half of PJM, which includes New Jersey, Maryland, Virginia, West Virginia, Delaware, the District of Columbia and parts of Pennsylvania and North Carolina.

- Midwest represents operations in the western half of PJM, which includes portions of Illinois, Pennsylvania, Indiana, Ohio, Michigan, Kentucky and Tennessee, and the United States footprint of MISO, excluding MISO's Southern Region, which covers all or most of North Dakota, South Dakota, Nebraska, Minnesota, Iowa, Wisconsin, the remaining parts of Illinois, Indiana, Michigan and Ohio not covered by PJM, and parts of Montana, Missouri and Kentucky.

- New England represents the operations within ISO-NE covering the states of Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.

- New York represents operations within ISO-NY, which covers the state of New York in its entirety.

- ERCOT represents operations within Electric Reliability Council of Texas, covering most of the state of Texas.

- Other Power Regions:

  - South represents operations in the FRCC, MISO's Southern Region, and the remaining portions of the SERC not included within MISO or PJM, which includes all or most of Florida, Arkansas, Louisiana, Mississippi, Alabama, Georgia, Tennessee, North Carolina, South Carolina and parts of Missouri, Kentucky and Texas. Generation's South region also includes operations in the SPP, covering Kansas, Oklahoma, most of Nebraska and parts of New Mexico, Texas, Louisiana, Missouri, Mississippi and Arkansas.

  - West represents operations in the WECC, which includes California ISO, and covers the states of California, Oregon, Washington, Arizona, Nevada, Utah, Idaho, Colorado and parts of New Mexico, Wyoming and South Dakota.

  - Canada represents operations across the entire country of Canada and includes AESO, OIESO and the Canadian portion of MISO.

The CODMs for Exelon and Generation evaluate the performance of Generation's electric business activities and allocate resources based on revenues net of purchased power and fuel expense (RNF). Generation believes that RNF is a useful measurement of operational performance. RNF is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report. Generation's operating revenues include all sales to third parties and affiliated sales to the Utility Registrants. Purchased power costs include all costs associated with the procurement and supply of electricity including capacity, energy and ancillary services. Fuel expense includes the fuel costs for Generation's owned generation and fuel costs associated with tolling agreements. The results of Generation's other business activities are not regularly reviewed by the CODM and are therefore not classified as operating segments or included in the regional reportable segment amounts. These activities include natural gas, as well as other miscellaneous business activities that are not significant to Generation's overall operating revenues or results of operations. Further, Generation's unrealized mark-to-market gains and losses on economic hedging activities and its amortization of certain intangible assets and liabilities relating to commodity contracts recorded at fair value from mergers and acquisitions are also excluded from the regional reportable segment amounts. Exelon and Generation do not use a measure of total assets in making decisions regarding allocating resources to or assessing the performance of these reportable segments.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

An analysis and reconciliation of the Registrants' reportable segment information to the respective information in the consolidated financial statements for the three and six months ended June 30, 2018 and 2017 is as follows:

Three Months Ended June 30, 2018 and 2017

	Generation [a]	ComEd	PECO	BGE	PHI	Other [b]	Intersegment Eliminations	Exelon
Operating revenues [c]:								
2018								
Competitive businesses electric revenues	$ 3,939	$ —	—	$ —	$ —	$ —	$ (270)	$ 3,669
Competitive businesses natural gas revenues	489	—	—	—	—	—	—	489
Competitive businesses other revenues	151	—	—	—	—	—	(4)	147
Rate-regulated electric revenues	—	1,398	560	548	1,045	—	(9)	3,542
Rate-regulated natural gas revenues	—	—	93	114	28	—	(5)	230
Shared service and other revenues	—	—	—	—	3	487	(491)	(1)
Total operating revenues	$ 4,579	$ 1,398	$ 653	$ 662	$ 1,076	$ 487	$ (779)	$ 8,076
2017								
Competitive businesses electric revenues	$ 3,759	$ —	$ —	$ —	$ —	$ —	$ (266)	$ 3,493
Competitive businesses natural gas revenues	430	—	—	—	—	—	—	430
Competitive businesses other revenues	27	—	—	—	—	—	—	27
Rate-regulated electric revenues	—	1,357	550	571	1,040	—	(7)	3,511
Rate-regulated natural gas revenues	—	—	80	103	22	—	(1)	204
Shared service and other revenues	—	—	—	—	12	449	(461)	—
Total operating revenues	$ 4,216	$ 1,357	$ 630	$ 674	$ 1,074	$ 449	$ (735)	$ 7,665
Intersegment revenues [d]:								
2018	$ 273	$ 5	$ 2	$ 6	$ 3	$ 487	$ (776)	$ —
2017	266	3	2	3	12	448	(734)	—
Net income (loss):								
2018	$ 181	$ 164	$ 96	$ 51	$ 84	$ (34)	$ —	$ 542
2017	(236)	118	88	45	66	13	—	94
Total assets:								
June 30, 2018	$ 47,668	$ 30,446	$ 10,345	$ 9,241	$ 21,766	$ 8,438	$ (10,655)	$ 117,249
December 31, 2017	48,457	29,726	10,170	9,104	21,247	8,618	(10,552)	116,770

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

(a) Generation includes the six reportable segments shown below: Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Power Regions. Intersegment revenues for Generation for the three months ended June 30, 2018 include revenue from sales to PECO of $25 million , sales to BGE of $63 million , sales to Pepco of $46 million , sales to DPL of $30 million and sales to ACE of $6 million in the Mid-Atlantic region, and sales to ComEd of $103 million in the Midwest region, which eliminate upon consolidation. For the three months ended June 30, 2017 , intersegment revenues for Generation include revenue from sales to PECO of $34 million , sales to BGE of $99 million , sales to Pepco of $68 million , sales to DPL of $40 million and sales to ACE of $7 million in the Mid-Atlantic region, and sales to ComEd of $18 million in the Midwest region, which eliminate upon consolidation.
(b) Other primarily includes Exelon's corporate operations, shared service entities and other financing and investment activities.
(c) Includes gross utility tax receipts from customers. The offsetting remittance of utility taxes to the governing bodies is recorded in expenses on the Registrants' Consolidated Statements of Operations and Comprehensive Income. See Note 18 — Supplemental Financial Information for total utility taxes for the three months ended June 30, 2018 and 2017 .
(d) Intersegment revenues exclude sales to unconsolidated affiliates. The intersegment profit associated with Generation's sale of certain products and services by and between Exelon's segments is not eliminated in consolidation due to the recognition of intersegment profit in accordance with regulatory accounting guidance. For Exelon, these amounts are included in Operating revenues in the Consolidated Statements of Operations and Comprehensive Income.

PHI:

	Pepco	DPL	ACE	Other [b]	Intersegment Eliminations	PHI
Operating revenues [a] :						
Three Months Ended June 30, 2018						
Rate-regulated electric revenues	$ 523	$ 261	$ 265	$ —	$ (4)	$ 1,045
Rate-regulated natural gas revenues	—	28	—	—	—	28
Shared service and other revenues	—	—	—	108	(105)	3
Total operating revenues	$ 523	$ 289	$ 265	$ 108	$ (109)	$ 1,076
Three Months Ended June 30, 2017						
Rate-regulated electric revenues	$ 514	$ 260	$ 270	$ —	$ (4)	$ 1,040
Rate-regulated natural gas revenues	—	22	—	—	—	22
Shared service and other revenues	—	—	—	13	(1)	12
Total operating revenues	$ 514	$ 282	$ 270	$ 13	$ (5)	$ 1,074
Intersegment revenues:						
Three Months Ended June 30, 2018	$ 2	$ 2	$ 1	$ 107	$ (109)	$ 3
Three Months Ended June 30, 2017	1	2	1	13	(5)	12
Net income (loss):						
Three Months Ended June 30, 2018	$ 54	$ 26	$ 8	$ (7)	$ 3	$ 84
Three Months Ended June 30, 2017	43	19	8	(16)	12	66
Total assets:						
June 30, 2018	$ 8,123	$ 4,562	$ 3,619	$ 10,713	$ (5,251)	$ 21,766
December 31, 2017	7,832	4,357	3,445	10,600	(4,987)	21,247

(a) Includes gross utility tax receipts from customers. The offsetting remittance of utility taxes to the governing bodies is recorded in expenses on the Registrants' Consolidated Statements of Operations and Comprehensive Income. See Note 18 — Supplemental Financial Information for total utility taxes for the three months ended June 30, 2018 and 2017 .
(b) Other primarily includes PHI's corporate operations, shared service entities and other financing and investment activities.

The following tables disaggregate the Registrants' revenue recognized from contracts with customers into categories that depict how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors for three months ended June 30, 2018 and 2017 . For Generation, the disaggregation of revenues reflects Generation's two primary products of power sales and natural gas sales, with further disaggregation of power sales provided by geographic region. For the Utility Registrants, the disaggregation of revenues reflects the two primary utility services of rate-regulated electric sales and rate-regulated natural gas sales (where applicable), with further disaggregation of these tariff sales provided by major customer groups. Exelon's disaggregated revenues are consistent with Generation and the Utility Registrants, but exclude any intercompany revenues.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Competitive Business Revenues (Generation):

	Three Months Ended June 30, 2018				
	Revenues from external parties [a]				
	Contracts with customers	Other [b]	Total	Intersegment revenues	Total Revenues
Mid-Atlantic	$ 1,220	$ 58	$ 1,278	$ 4	$ 1,282
Midwest	1,062	73	1,135	(5)	1,130
New England	551	(14)	537	(3)	534
New York	392	(2)	390	2	392
ERCOT	165	111	276	1	277
Other Power Regions	210	113	323	(36)	287
Total Competitive Businesses Electric Revenues	3,600	339	3,939	(37)	3,902
Competitive Businesses Natural Gas Revenues	295	194	489	37	526
Competitive Businesses Other Revenues [c]	125	26	151	—	151
Total Generation Consolidated Operating Revenues	$ 4,020	$ 559	$ 4,579	$ —	$ 4,579

	Three Months Ended June 30, 2017				
	Revenues from external customers [a]				
	Contracts with customers	Other [b]	Total	Intersegment revenues	Total Revenues
Mid-Atlantic	$ 1,368	$ (12)	$ 1,356	$ 9	$ 1,365
Midwest	986	72	1,058	(8)	1,050
New England	462	(24)	438	(5)	433
New York	405	(13)	392	(5)	387
ERCOT	186	61	247	—	247
Other Power Regions	142	126	268	(9)	259
Total Competitive Businesses Electric Revenues	3,549	210	3,759	(18)	3,741
Competitive Businesses Natural Gas Revenues	244	186	430	19	449
Competitive Businesses Other Revenues [c]	179	(152)	27	(1)	26
Total Generation Consolidated Operating Revenues	$ 3,972	$ 244	$ 4,216	$ —	$ 4,216

(a) Includes all wholesale and retail electric sales to third parties and affiliated sales to the Utility Registrants.
(b) Includes revenues from derivatives and leases.
(c) Other represents activities not allocated to a region. See text above for a description of included activities. Includes a $15 million decrease to revenues for the amortization of intangible assets and liabilities related to commodity contracts recorded at fair value for the three months ended June 30, 2017 , unrealized mark-to-market losses of $5 million and $143 million for the three months ended June 30, 2018 and 2017 , respectively, and elimination of intersegment revenues.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Revenues net of purchased power and fuel expense (Generation):

	Three Months Ended June 30, 2018			Three Months Ended June 30, 2017		
	RNF from external customers [a]	Intersegment RNF	Total RNF	RNF from external customers [a]	Intersegment RNF	Total RNF
Mid-Atlantic	$ 722	$ 13	$ 735	$ 757	$ 26	$ 783
Midwest	770	2	772	728	—	728
New England	104	(8)	96	157	(10)	147
New York	259	7	266	270	—	270
ERCOT	129	(47)	82	121	(51)	70
Other Power Regions	125	(35)	90	134	(44)	90
Total Revenues net of purchased power and fuel for Reportable Segments	2,109	(68)	2,041	2,167	(79)	2,088
Other [b]	190	68	258	(108)	79	(29)
Total Generation Revenues net of purchased power and fuel expense	$ 2,299	$ —	$ 2,299	$ 2,059	$ —	$ 2,059

(a) Includes purchases and sales from/to third parties and affiliated sales to the Utility Registrants.
(b) Other represents activities not allocated to a region. See text above for a description of included activities. Includes a $20 million decrease to RNF for the amortization of intangible assets and liabilities related to commodity contracts for the three months ended June 30, 2017 , unrealized mark-to-market gains of $90 million and losses of $184 million for the three months ended June 30, 2018 and 2017 , respectively, accelerated nuclear fuel amortization associated with announced early plant retirements as discussed in Note 8 - Early Plant Retirements of $20 million decrease and $2 million decrease to revenue net of purchased power and fuel expense for the three months ended June 30, 2018 , and 2017 , respectively, and the elimination of intersegment revenue net of purchased power and fuel expense.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Electric and Gas Revenue by Customer Class (ComEd, PECO, BGE, PHI, PECO, DPL and ACE):

	Three Months Ended June 30, 2018						
Revenues from contracts with customers	**ComEd**	**PECO**	**BGE**	**PHI**	**Pepco**	**DPL**	**ACE**
Rate-regulated electric revenues							
Residential	$ 699	$ 338	$ 295	$ 505	$ 228	$ 142	$ 135
Small commercial & industrial	357	97	60	115	33	44	38
Large commercial & industrial	127	52	101	282	212	25	45
Public authorities & electric railroads	12	6	7	16	9	3	4
Other [(a)]	213	60	78	133	49	41	44
Total rate-regulated electric revenues [(b)]	1,408	553	541	1,051	531	255	266
Rate-regulated natural gas revenues							
Residential	—	62	74	13	—	13	—
Small commercial & industrial	—	25	13	8	—	8	—
Large commercial & industrial	—	—	23	1	—	1	—
Transportation	—	5	—	4	—	4	—
Other [(c)]	—	1	12	2	—	2	—
Total rate-regulated natural gas revenues [(d)]	—	93	122	28	—	28	—
Total rate-regulated revenues from contracts with customers	1,408	646	663	1,079	531	283	266
Other revenues							
Revenues from alternative revenue programs	(17)	2	(4)	(7)	(10)	4	(1)
Other rate-regulated electric revenues [(e)]	7	5	3	4	2	2	—
Other rate-regulated natural gas revenues [(e)]	—	—	—	—	—	—	—
Total other revenues	(10)	7	(1)	(3)	(8)	6	(1)
Total rate-regulated revenues for reportable segments	$ 1,398	$ 653	$ 662	$ 1,076	$ 523	$ 289	$ 265

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Three Months Ended June 30, 2017						
Revenues from contracts with customers	**ComEd**	**PECO**	**BGE**	**PHI**	**Pepco**	**DPL**	**ACE**
Rate-regulated electric revenues							
Residential	$ 644	$ 331	$ 300	$ 498	$ 223	$ 145	$ 130
Small commercial & industrial	340	100	58	119	34	45	40
Large commercial & industrial	119	57	107	268	193	26	49
Public authorities & electric railroads	11	8	8	16	8	4	4
Other [(a)]	217	51	71	129	49	39	44
Total rate-regulated electric revenues [(b)]	1,331	547	544	1,030	507	259	267
Rate-regulated natural gas revenues							
Residential	—	50	60	10	—	10	—
Small commercial & industrial	—	22	12	5	—	5	—
Large commercial & industrial	—	—	19	2	—	2	—
Transportation	—	5	—	2	—	2	—
Other [(c)]	—	3	4	3	—	3	—
Total rate-regulated natural gas revenues [(d)]	—	80	95	22	—	22	—
Total rate-regulated revenues from contracts with customers	1,331	627	639	1,052	507	281	267
Other revenues							
Revenues from alternative revenue programs	18	—	32	8	5	—	3
Other rate-regulated electric revenues [(e)]	8	3	2	3	2	1	—
Other rate-regulated natural gas revenues [(e)]	—	—	1	—	—	—	—
Other revenues [(f)]	—	—	—	11	—	—	—
Total other revenues	26	3	35	22	7	1	3
Total rate-regulated revenues for reportable segments	$ 1,357	$ 630	$ 674	$ 1,074	$ 514	$ 282	$ 270

(a) Includes revenues from transmission revenue from PJM, wholesale electric revenue and mutual assistance revenue.
(b) Includes operating revenues from affiliates of $5 million , $2 million , $2 million , $3 million , $2 million , $2 million and $1 million at ComEd, PECO, BGE, PHI, Pepco, DPL and ACE, respectively, for the three months ended June 30, 2018 and $3 million , $2 million , $1 million , $1 million $1 million , $2 million and $1 million at ComEd, PECO, BGE, PHI, Pepco, DPL and ACE, respectively, for the three months ended June 30, 2017 .
(c) Includes revenues from off-system natural gas sales.
(d) Includes operating revenues from affiliates of less than $1 million and $4 million at PECO and BGE, respectively, for the three months ended June 30, 2018 and less than $1 million and $2 million at PECO and BGE, respectively, for the three months ended June 30, 2017 .
(e) Includes late payment charge revenues.
(f) Includes operating revenues from affiliates of $11 million at PHI for the three months ended June 30, 2017 .

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Six Months Ended June 30, 2018 and 2017

	Generation [a]	ComEd	PECO	BGE	PHI	Other [b]	Intersegment Eliminations	Exelon
Operating revenues [c]:								
2018								
Competitive businesses electric revenues	$ 8,448	$ —	$ —	$ —	$ —	$ —	$ (663)	$ 7,785
Competitive businesses natural gas revenues	1,444	—	—	—	—	—	(8)	1,436
Competitive businesses other revenues	198	—	—	—	—	—	(2)	196
Rate-regulated electric revenues	—	2,910	1,193	1,206	2,214	—	(27)	7,496
Rate-regulated natural gas revenues	—	—	325	433	106	—	(9)	855
Shared service and other revenues	—	—	—	—	7	940	(946)	1
Total operating revenues	$ 10,090	$ 2,910	$ 1,518	$ 1,639	$ 2,327	$ 940	$ (1,655)	$ 17,769
2017								
Competitive businesses electric revenues	$ 7,467	$ —	$ —	$ —	$ —	$ —	$ (592)	$ 6,875
Competitive businesses natural gas revenues	1,348	—	—	—	—	—	—	1,348
Competitive businesses other revenues	278	—	—	—	—	—	(1)	277
Rate-regulated electric revenues	—	2,656	1,140	1,237	2,138	1	(16)	7,156
Rate-regulated natural gas revenues	—	—	286	388	87	—	(4)	757
Shared service and other revenues	—	—	—	—	23	870	(893)	—
Total operating revenues	$ 9,093	$ 2,656	$ 1,426	$ 1,625	$ 2,248	$ 871	$ (1,506)	$ 16,413
Intersegment revenues [d]:								
2018	$ 672	$ 19	$ 3	$ 12	$ 7	$ 937	$ (1,650)	$ —
2017	594	9	3	8	23	866	(1,503)	—
Net income (loss):								
2018	$ 368	$ 329	$ 210	$ 179	$ 149	$ (56)	$ —	$ 1,179
2017	164	259	215	169	205	54	—	1,066

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

(a) Generation includes the six reportable segments shown below: Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Power Regions. Intersegment revenues for Generation for the six months ended June 30, 2018 include revenue from sales to PECO of $61 million , sales to BGE of $128 million , sales to Pepco of $98 million , sales to DPL of $76 million and sales to ACE of $12 million in the Mid-Atlantic region, and sales to ComEd of $297 million in the Midwest region, which eliminate upon consolidation. For the six months ended June 30, 2017 , intersegment revenues for Generation include revenue from sales to PECO of $79 million , sales to BGE of $233 million , sales to Pepco of $152 million , sales to DPL of $91 million and sales to ACE of $16 million in the Mid-Atlantic region, and sales to ComEd of $23 million in the Midwest region, which eliminate upon consolidation.
(b) Other primarily includes Exelon's corporate operations, shared service entities and other financing and investment activities.
(c) Includes gross utility tax receipts from customers. The offsetting remittance of utility taxes to the governing bodies is recorded in expenses on the Registrants' Consolidated Statements of Operations and Comprehensive Income. See Note 18 — Supplemental Financial Information for total utility taxes for the six months ended June 30, 2018 and 2017 .
(d) Intersegment revenues exclude sales to unconsolidated affiliates. The intersegment profit associated with Generation's sale of certain products and services by and between Exelon's segments is not eliminated in consolidation due to the recognition of intersegment profit in accordance with regulatory accounting guidance. For Exelon, these amounts are included in Operating revenues in the Consolidated Statements of Operations and Comprehensive Income.

PHI:

	Pepco	DPL	ACE	Other [b]	Intersegment Eliminations	PHI
Operating revenues [a]:						
Six Months Ended June 30, 2018						
Rate-regulated electric revenues	$ 1,080	$ 567	$ 575	$ —	$ (8)	$ 2,214
Rate-regulated natural gas revenues	—	106	—	—	—	106
Shared service and other revenues	—	—	—	221	(214)	7
Total operating revenues	$ 1,080	$ 673	$ 575	$ 221	$ (222)	$ 2,327
Six Months Ended June 30, 2017						
Rate-regulated electric revenues	$ 1,045	$ 557	$ 544	$ 1	$ (9)	$ 2,138
Rate-regulated natural gas revenues	—	87	—	—	—	87
Shared service and other revenues	—	—	—	25	(2)	23
Total operating revenues	$ 1,045	$ 644	$ 544	$ 26	$ (11)	$ 2,248
Intersegment revenues:						
Six Months Ended June 30, 2018	$ 3	$ 4	$ 2	$ 220	$ (222)	$ 7
Six Months Ended June 30, 2017	3	4	1	24	(9)	23
Net income (loss):						
Six Months Ended June 30, 2018	$ 85	$ 57	$ 15	$ (15)	$ 7	$ 149
Six Months Ended June 30, 2017	101	76	36	(31)	23	205

(a) Includes gross utility tax receipts from customers. The offsetting remittance of utility taxes to the governing bodies is recorded in expenses on the Registrants' Consolidated Statements of Operations and Comprehensive Income. See Note 18 — Supplemental Financial Information for total utility taxes for the six months ended June 30, 2018 and 2017 .
(b) Other primarily includes PHI's corporate operations, shared service entities and other financing and investment activities.

The following tables disaggregate the Registrants' revenue recognized from contracts with customers into categories that depict how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors for six months ended June 30, 2018 and 2017 . For Generation, the disaggregation of revenues reflects Generation's two primary products of power sales and natural gas sales, with further disaggregation of power sales provided by geographic region. For the Utility Registrants, the disaggregation of revenues reflects the two primary utility services of rate-regulated electric sales and rate-regulated natural gas sales (where applicable), with further disaggregation of these tariff sales provided by major customer groups. Exelon's disaggregated revenues are consistent with Generation and the Utility Registrants but exclude any intercompany revenues.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Competitive Business Revenues (Generation):

	Six Months Ended June 30, 2018				
	Revenues from external parties [a]				
	Contracts with customers	Other [b]	Total	Intersegment Revenues	Total Revenues
Mid-Atlantic	$ 2,574	$ 138	$ 2,712	$ 10	$ 2,722
Midwest	2,336	143	2,479	(4)	2,475
New England	1,276	54	1,330	(4)	1,326
New York	831	(31)	800	1	801
ERCOT	315	169	484	2	486
Other Power Regions	420	223	643	(67)	576
Total Competitive Businesses Electric Revenues	7,752	696	8,448	(62)	8,386
Competitive Businesses Natural Gas Revenues	816	628	1,444	62	1,506
Competitive Businesses Other Revenues [c]	258	(60)	198	—	198
Total Generation Consolidated Operating Revenues	$ 8,826	$ 1,264	$ 10,090	$ —	$ 10,090

	Six Months Ended June 30, 2017				
	Revenues from external customers [a]				
	Contracts with customers	Other [b]	Total	Intersegment revenues	Total Revenues
Mid-Atlantic	$ 2,862	$ (77)	$ 2,785	$ 5	$ 2,790
Midwest	1,964	143	2,107	(5)	2,102
New England	1,051	(64)	987	(7)	980
New York	708	(16)	692	(8)	684
ERCOT	354	85	439	(1)	438
Other Power Regions	270	187	457	(14)	443
Total Competitive Businesses Electric Revenues	7,209	258	7,467	(30)	7,437
Competitive Businesses Natural Gas Revenues	1,012	336	1,348	31	1,379
Competitive Businesses Other Revenues [c]	386	(108)	278	(1)	277
Total Generation Consolidated Operating Revenues	$ 8,607	$ 486	$ 9,093	$ —	$ 9,093

(a) Includes all wholesale and retail electric sales to third parties and affiliated sales to the Utility Registrants.
(b) Includes revenues from derivatives and leases.
(c) Other represents activities not allocated to a region. See text above for a description of included activities. Includes a $17 million decrease to revenues for the amortization of intangible assets and liabilities related to commodity contracts recorded at fair value for the six months ended June 30, 2017 , unrealized mark-to-market losses of $102 million and $98 million for the six months ended June 30, 2018 and 2017 , respectively, and elimination of intersegment revenues.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Revenues net of purchased power and fuel expense (Generation):

	Six Months Ended June 30, 2018			Six Months Ended June 30, 2017		
	RNF from external customers [a]	Intersegment RNF	Total RNF	RNF from external customers [a]	Intersegment RNF	Total RNF
Mid-Atlantic	$ 1,558	$ 28	$ 1,586	$ 1,513	$ 44	$ 1,557
Midwest	1,617	14	1,631	1,431	12	1,443
New England	227	(11)	216	271	(14)	257
New York	541	8	549	415	—	415
ERCOT	235	(117)	118	214	(76)	138
Other Power Regions	284	(76)	208	240	(88)	152
Total Revenues net of purchased power and fuel expense for Reportable Segments	4,462	(154)	4,308	4,084	(122)	3,962
Other [b]	55	154	209	54	122	176
Total Generation Revenues net of purchased power and fuel expense	$ 4,517	$ —	$ 4,517	$ 4,138	$ —	$ 4,138

(a) Includes purchases and sales from/to third parties and affiliated sales to the Utility Registrants.
(b) Other represents activities not allocated to a region. See text above for a description of included activities. Includes a $22 million decrease to RNF for the amortization of intangible assets and liabilities related to commodity contracts for the six months ended June 30, 2017 , unrealized mark-to-market losses of $175 million and $233 million for the six months ended June 30, 2018 and 2017 , respectively, accelerated nuclear fuel amortization associated with announced early plant retirements as discussed in Note 8 - Early Plant Retirements of $34 million decrease to revenue net of purchased power and fuel expense for the six months ended June 30, 2018 , and the elimination of intersegment revenue net of purchased power and fuel expense.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Electric and Gas Revenue by Customer Class (ComEd, PECO, BGE, PHI, PECO, DPL and ACE):

	Six Months Ended June 30, 2018						
Revenues from contracts with customers	**ComEd**	**PECO**	**BGE**	**PHI**	**Pepco**	**DPL**	**ACE**
Rate-regulated electric revenues							
Residential	$ 1,416	$ 741	$ 688	$ 1,114	$ 486	$ 333	$ 295
Small commercial & industrial	741	198	128	230	65	90	75
Large commercial & industrial	280	110	207	541	402	48	91
Public authorities & electric railroads	25	14	14	30	16	7	7
Other [(a)]	444	122	156	289	98	82	110
Total rate-regulated electric revenues [(b)]	2,906	1,185	1,193	2,204	1,067	560	578
Rate-regulated natural gas revenues							
Residential	—	223	298	60	—	60	—
Small commercial & industrial	—	87	47	26	—	26	—
Large commercial & industrial	—	1	70	5	—	5	—
Transportation	—	11	—	9	—	9	—
Other [(c)]	—	3	40	6	—	6	—
Total rate-regulated natural gas revenues [(d)]	—	325	455	106	—	106	—
Total rate-regulated revenues from contracts with customers	2,906	1,510	1,648	2,310	1,067	666	578
Other revenues							
Revenues from alternative revenue programs	(12)	1	(17)	12	10	5	(3)
Other rate-regulated electric revenues [(e)]	16	7	6	5	3	2	—
Other rate-regulated natural gas revenues [(e)]	—	—	2	—	—	—	—
Total other revenues	4	8	(9)	17	13	7	(3)
Total rate-regulated revenues for reportable segments	$ 2,910	$ 1,518	$ 1,639	$ 2,327	$ 1,080	$ 673	$ 575

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Six Months Ended June 30, 2017						
Revenues from contracts with customers	**ComEd**	**PECO**	**BGE**	**PHI**	**Pepco**	**DPL**	**ACE**
Rate-regulated electric revenues							
Residential	$ 1,255	$ 713	$ 686	$ 1,053	$ 460	$ 321	$ 272
Small commercial & industrial	668	197	128	233	68	89	76
Large commercial & industrial	226	109	215	526	382	50	94
Public authorities & electric railroads	22	16	15	31	16	8	7
Other [(a)]	437	99	138	253	96	78	86
Total rate-regulated electric revenues [(b)]	2,608	1,134	1,182	2,096	1,022	546	535
Rate-regulated natural gas revenues							
Residential	—	192	245	50	—	50	—
Small commercial & industrial	—	77	42	22	—	22	—
Large commercial & industrial	—	—	64	4	—	4	—
Transportation	—	11	—	7	—	7	—
Other [(c)]	—	6	17	4	—	4	—
Total rate-regulated natural gas revenues [(d)]	—	286	368	87	—	87	—
Total rate-regulated revenues from contracts with customers	2,608	1,420	1,550	2,183	1,022	633	535
Other revenues							
Revenues from alternative revenue programs	32	—	66	38	20	9	9
Other rate-regulated electric revenues [(e)]	16	6	7	5	3	2	—
Other rate-regulated natural gas revenues [(e)]	—	—	2	—	—	—	—
Other revenues [(f)]	—	—	—	22	—	—	—
Total other revenues	48	6	75	65	23	11	9
Total rate-regulated revenues for reportable segments	$ 2,656	$ 1,426	$ 1,625	$ 2,248	$ 1,045	$ 644	$ 544

(a) Includes revenues from transmission revenue from PJM, wholesale electric revenue and mutual assistance revenue.
(b) Includes operating revenues from affiliates of $19 million , $3 million , $3 million , $7 million , $3 million , $4 million and $2 million at ComEd, PECO, BGE, PHI, Pepco, DPL and ACE, respectively, for the six months ended June 30, 2018 and $9 million , $3 million , $3 million , $1 million , $3 million , $4 million and $1 million at ComEd, PECO, BGE, PHI, Pepco, DPL and ACE, respectively, for the six months ended June 30, 2017 .
(c) Includes revenues from off-system natural gas sales.
(d) Includes operating revenues from affiliates of less than $1 million and $9 million at PECO and BGE, respectively, for the six months ended June 30, 2018 and less than $1 million and $5 million at PECO and BGE, respectively, for the six months ended June 30, 2017 .
(e) Includes late payment charge revenues.
(f) Includes operating revenues from affiliates of $22 million at PHI for the six months ended June 30, 2017 .

20 . Subsequent Events (Exelon and Generation)

Acquisition of FirstEnergy Solutions Load Business

On July 9, 2018, Generation entered into an Asset Purchase Agreement (the Purchase Agreement) with FirstEnergy Solutions Corporation (FirstEnergy). Pursuant to the Purchase Agreement, FirstEnergy assigns all of its retail electricity and wholesale load serving contracts and certain other related commodity contracts to Generation for an all cash purchase price of $140 million . Pursuant to the Purchase Agreement, Generation has agreed to use its commercially reasonable efforts to replace the guarantees and other credit support currently being provided by FirstEnergy in support of the ongoing competitive retail businesses and to reimburse FirstEnergy for any payments arising pursuant to such arrangements continuing for any post-closing period.

The transaction is expected to close in the fourth quarter of 2018. The closing of the transaction is subject to certain conditions, including Generation being the winning bidder after a court-supervised Section 363 bankruptcy auction, the approval of the Purchase Agreement by the United States Bankruptcy Court for the Northern District of Ohio following the auction, and expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976. Either party may terminate the Purchase Agreement if the transaction has not been consummated by December 31, 2018. The Purchase Agreement also includes various representations, warranties, covenants, indemnification and other provisions customary for a transaction of this nature.

Agreement for Sale and Decommissioning of Oyster Creek

On July 31, 2018, Generation entered into an agreement with Holtec International (Holtec) and its indirect wholly owned subsidiary, Oyster Creek Environmental Protection, LLC (OCEP), for the sale and decommissioning of the Oyster Creek Generating Station (Oyster Creek) located in Forked River, New Jersey. In February 2018, Generation announced that Oyster Creek would permanently shut down by October 2018, at the end of its current operating cycle. Generation is required to close Oyster Creek by December 2019, as part of an agreement with the State of New Jersey.

Under the terms of the transaction, Generation will transfer to OCEP substantially all the assets associated with Oyster Creek, including assets held in NDT funds valued at approximately $980 million as of June 30, 2018, along with the assumption of liability for all responsibility for the site, including full decommissioning and ongoing management of spent fuel until the spent fuel is moved offsite. In addition to the assumption of liability for the full decommissioning and ongoing management of spent fuel, other consideration to be received in the transaction is contingent on several factors, including a requirement that Generation deliver a minimum NDT fund balance at closing, subject to adjustment for specific terms that include income taxes that would be imposed on any net unrealized built-in gains and certain decommissioning activities to be performed during the pre-close period after the unit shuts down in the fall of 2018 and prior to the anticipated close of the transaction. The terms of the transaction also include various forms of performance assurance for the obligations of OCEP to timely complete the required decommissioning, including a parental guaranty from Holtec for all performance and payment obligations of OCEP, and a requirement for Holtec to deliver a letter of credit to Generation upon the occurrence of specified events.

As a result of the transaction, in the third quarter of 2018, Exelon and Generation will reclassify certain Oyster Creek assets and liabilities on Exelon's and Generation's Consolidated Balance Sheets as held for sale at their respective fair values. Exelon and Generation estimate a pre-tax charge to operating and maintenance expense ranging from $60 million to $100 million will be recognized in the third quarter of 2018 upon remeasurement of the Oyster Creek ARO.

Completion of the transaction contemplated by the sale agreement is subject to the satisfaction of several closing conditions, including approval of the license transfer from the NRC and other regulatory

approvals, and the receipt of a private letter ruling from the IRS. Generation currently anticipates satisfaction of the closing conditions to occur in the second half of 2019.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

(Dollars in millions except per share data, unless otherwise noted)

Exelon

Executive Overview

Exelon, a utility services holding company, operates through the following principal subsidiaries:

- *Generation,* whose integrated business consists of the generation, physical delivery and marketing of power across multiple geographical regions through its customer-facing business, Constellation, which sells electricity and natural gas to both wholesale and retail customers. Generation also sells renewable energy and other energy-related products and services.

- *ComEd,* whose business consists of the purchase and regulated retail sale of electricity and the provision of electricity transmission and distribution services in northern Illinois, including the City of Chicago.

- *PECO,* whose business consists of the purchase and regulated retail sale of electricity and the provision of electricity distribution and transmission services in southeastern Pennsylvania, including the City of Philadelphia, and the purchase and regulated retail sale of natural gas and the provision distribution services in the Pennsylvania counties surrounding the City of Philadelphia.

- *BGE,* whose business consists of the purchase and regulated retail sale of electricity and natural gas and the provision of electricity distribution and transmission and gas distribution services in central Maryland, including the City of Baltimore.

- *Pepco,* whose business consists of the purchase and regulated retail sale of electricity and the provision of electricity distribution and transmission in the District of Columbia and major portions of Prince George's County and Montgomery County in Maryland.

- *DPL,* whose business consists of the purchase and regulated retail sale of electricity and the provision of electricity distribution and transmission services in portions of Maryland and Delaware, and the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services in northern Delaware.

- *ACE,* whose business consists of the purchase and regulated retail sale of electricity and the provision of electricity transmission and distribution services in southern New Jersey.

Pepco, DPL and ACE are operating companies of PHI, which is a utility services holding company and a wholly owned subsidiary of Exelon.

Exelon has twelve reportable segments consisting of Generation's six reportable segments (Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Power Regions in Generation), ComEd, PECO, BGE and PHI's three utility reportable segments (Pepco, DPL and ACE). See Note 19 — Segment Information of the Combined Notes to Consolidated Financial Statements for additional information regarding Exelon's reportable segments.

Through its business services subsidiary BSC, Exelon provides its operating subsidiaries with a variety of corporate governance support services including corporate strategy and development, legal, human resources, information technology, finance, real estate, security, corporate communications and

supply at cost. The costs of these services are directly charged or allocated to the applicable operating segments. The services are provided pursuant to service agreements. Additionally, the results of Exelon's corporate operations include interest costs income from various investment and financing activities.

PHISCO, a wholly owned subsidiary of PHI, provides a variety of support services at cost, including legal, accounting, engineering, distribution and transmission planning, asset management, system operations and power procurement, to PHI and its operating subsidiaries. These services are directly charged or allocated pursuant to service agreements among PHISCO and the participating operating subsidiaries.

Exelon's consolidated financial information includes the results of its eight separate operating subsidiary registrants, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE, which, along with Exelon, are collectively referred to as the Registrants. The following combined Management's Discussion and Analysis of Financial Condition and Results of Operations is separately filed by Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE. However, none of the Registrants makes any representation as to information related solely to any of the other Registrants.

Financial Results of Operations

GAAP Results of Operations

The following tables set forth Exelon's GAAP consolidated results of operations for the three and six months ended June 30, 2018 compared to the same period in 2017 . All amounts presented below are before the impact of income taxes, except as noted.

	Three Months Ended June 30,								
	2018							2017	Favorable (Unfavorable) Variance
	Generation	ComEd	PECO	BGE	PHI	Other	Exelon	Exelon	
Operating revenues	$ 4,579	$ 1,398	$ 653	$ 662	$ 1,076	$ (292)	$ 8,076	$ 7,665	$ 411
Purchased power and fuel	2,280	477	222	229	381	(274)	3,315	3,086	(229)
Revenue net of purchased power and fuel [(a)]	2,299	921	431	433	695	(18)	4,761	4,579	182
Other operating expenses									
Operating and maintenance	1,418	324	191	176	255	(57)	2,307	2,945	638
Depreciation and amortization	466	231	74	114	180	23	1,088	915	(173)
Taxes other than income	134	79	39	59	107	10	428	420	(8)
Total other operating expenses	2,018	634	304	349	542	(24)	3,823	4,280	457
Gain on sales of assets and businesses	1	1	—	1	—	1	4	1	3
Operating income	282	288	127	85	153	7	942	300	642
Other income and (deductions)									
Interest expense, net	(102)	(85)	(32)	(25)	(65)	(64)	(373)	(436)	63
Other, net	29	4	—	4	11	(4)	44	177	(133)
Total other income and (deductions)	(73)	(81)	(32)	(21)	(54)	(68)	(329)	(259)	(70)
Income (loss) before income taxes	209	207	95	64	99	(61)	613	41	572
Income taxes	23	43	(1)	13	15	(27)	66	(62)	(128)
Equity in losses of unconsolidated affiliates	(5)	—	—	—	—	—	(5)	(9)	4
Net income (loss)	181	164	96	51	84	(34)	542	94	448
Net income (loss) attributable to noncontrolling interests	3	—	—	—	—	—	3	(1)	(4)
Net income (loss) attributable to common shareholders	$ 178	$ 164	$ 96	$ 51	$ 84	$ (34)	$ 539	$ 95	$ 444

	Six Months Ended June 30,								
	2018							2017	Favorable (Unfavorable) Variance
	Generation	ComEd	PECO	BGE	PHI	Other	Exelon	Exelon	
Operating revenues	$ 10,090	$ 2,910	$ 1,518	$ 1,639	$ 2,327	$ (715)	$ 17,769	$ 16,413	$ 1,356
Purchased power and fuel expense	5,573	1,082	555	609	901	(678)	8,042	6,985	(1,057)
Revenue net of purchased power and fuel expense [(a)]	4,517	1,828	963	1,030	1,426	(37)	9,727	9,428	299
Other operating expenses									
Operating and maintenance	2,756	638	466	397	563	(129)	4,691	5,383	692
Depreciation and amortization	914	459	149	248	363	46	2,179	1,811	(368)
Taxes other than income	272	156	79	124	221	22	874	857	(17)
Total other operating expenses	3,942	1,253	694	769	1,147	(61)	7,744	8,051	307
Gain on sales of assets and businesses	54	5	—	1	—	—	60	5	55
Bargain purchase gain	—	—	—	—	—	—	—	226	(226)
Operating income	629	580	269	262	279	24	2,043	1,608	435
Other income and (deductions)									
Interest expense, net	(202)	(175)	(64)	(51)	(128)	(125)	(745)	(809)	64
Other, net	(15)	12	2	9	22	(13)	17	434	(417)
Total other income and (deductions)	(217)	(163)	(62)	(42)	(106)	(138)	(728)	(375)	(353)
Income (loss) before income taxes	412	417	207	220	173	(114)	1,315	1,233	82
Income taxes	32	88	(3)	41	24	(57)	125	149	24
Equity in (losses) earnings of unconsolidated affiliates	(12)	—	—	—	—	1	(11)	(18)	7
Net income (loss)	368	329	210	179	149	(56)	1,179	1,066	113
Net income (loss) attributable to noncontrolling interests	54	—	—	—	—	—	54	(20)	(74)
Net income (loss) attributable to common shareholders	$ 314	$ 329	$ 210	$ 179	$ 149	$ (56)	$ 1,125	$ 1,086	$ 39

(a) The Registrants evaluate operating performance using the measure of revenues net of purchased power and fuel expense. The Registrants believe that revenues net of purchased power and fuel expense is a useful measurement because it provides information that can be used to evaluate their operational performance. Revenues net of purchased power and fuel expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

Three Months Ended June 30, 2018 Compared to Three Months Ended June 30, 2017 . Exelon's Net income attributable to common shareholders was $539 million for the three months ended June 30, 2018 as compared to $95 million for the three months ended June 30, 2017 , and diluted earnings per average common share were $0.56 for the three months ended June 30, 2018 as compared to $0.10 for the three months ended June 30, 2017 .

Revenue net of purchased power and fuel expense, which is a non-GAAP measure discussed below, increased by $182 million for the three months ended June 30, 2018 compared to the same period in 2017 primarily due to the following factors:

- Increase of $274 million at Generation due to mark-to-market gains of $90 million in 2018 compared to mark-to-market losses of $184 million in 2017;
- Decrease of $34 million at Generation primarily due to lower realized energy prices partially offset by increased capacity prices, decreased nuclear outage days, the impact of Illinois ZES and impacts of Generation's natural gas portfolio;
- Decrease of $37 million at ComEd primarily due to lower revenues resulting from the change to defer and recover over time energy efficiency costs pursuant to FEJA; and
- Decrease of $70 million in electric and gas revenues across all Utility Registrants, primarily reflecting lower revenues resulting from the anticipated pass back of TCJA tax savings through customer rates, partially offset by higher utility revenues due to regulatory rate increases at ComEd and PHI.

Operating and maintenance expense decreased by $638 million for the three months ended June 30, 2018 as compared to the same period in 2017 primarily due to the following factors:

- Decrease of $379 million at Generation due to long-lived asset impairments primarily related to the EGTP assets held for sale in 2017, offset by long-lived asset impairments of certain merchant wind assets in West Texas in 2018;
- Decrease of $69 million due to one-time charges related to Generation's decision to early retire the TMI nuclear facility in 2017;
- Decrease of $64 million at Generation due to lower nuclear refueling outage costs;
- Decrease of $60 million at Generation in labor, contracting and materials expense due to decreased spending related to energy efficiency projects and decreased costs related to the sale of Generation's electrical contracting business; and
- Decrease of $37 million at ComEd primarily due to the change to defer and recover over time energy efficiency costs pursuant to FEJA.

Depreciation and amortization expense increased by $173 million for the three months ended June 30, 2018 as compared to the same period in 2017 primarily as a result of ongoing capital expenditures across all operating companies, accelerated depreciation and amortization due to Generation's decision to early retire the Oyster Creek and TMI nuclear facilities, increased amortization of Pepco's DC PLUG regulatory asset (an equal and offsetting amount has been reflected in Operating revenues), partially offset by certain regulatory assets that became fully amortized as of December 31, 2017 for BGE.

Taxes other than income remained relatively consistent for the three months ended June 30, 2018 compared to the same period in 2017 .

Gain on sales of assets and businesses increased by $3 million for the three months ended June 30, 2018 compared to the same period in 2017 primarily due to a true up related to Generation's first quarter 2018 sale of its electrical contracting business.

Interest expense, net decreased by $63 million due to the retirement of long-term debt.

Other, net decreased by $133 million primarily due to net unrealized and realized losses on NDT funds at Generation for the three months ended June 30, 2018 compared to net unrealized and realized gains on NDT funds for the same period in 2017 .

Exelon's effective income tax rates for the three months ended June 30, 2018 and 2017 were 10.8% and (151.2)% , respectively. The increase in the effective income tax rate for the three months ended June 30, 2018 compared to the same period in 2017 is primarily related to tax savings due to the lower federal income tax rate as a result of the TCJA at all Registrants, which is offset in Operating revenues at the Utility Registrants for the anticipated pass back of the tax savings through customer rates. See Note 12 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates. See Note 6 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information on TCJA's impact on regulatory proceedings.

Six Months Ended June 30, 2018 Compared to Six Months Ended June 30, 2017 . Exelon's Net income attributable to common shareholders was $1,125 million for the six months ended June 30, 2018 compared to $1,086 million for the six months ended June 30, 2017 , and diluted earnings per average common share were $1.16 for the six months ended June 30, 2018 compared to $1.17 for the six months ended June 30, 2017 .

Revenue net of purchased power and fuel expense, which is a non-GAAP measure discussed below, increased by $299 million for the six months ended June 30, 2018 as compared to the same period in 2017 . The year-over-year increase in Revenue net of purchased power and fuel expense was primarily due to the following factors:

- Increase of $321 million at Generation primarily due to impact of the New York CES and Illinois ZES (including the impact of zero emission credits generated in Illinois from June 1, 2017 through December 31, 2017), increased capacity prices, the acquisition of the FitzPatrick nuclear facility and decreased nuclear outage days, impacts of Generation's natural gas portfolio and the addition of two combined-cycle gas turbines in Texas, partially offset by the impact of the deconsolidation of EGTP in 2017, the conclusion of the Ginna Reliability Support Services Agreement and lower realized energy prices;

- Increase of $58 million at Generation due to mark-to-market losses of $175 million in 2018 compared to $233 million in 2017;

- Increase of $52 million at PECO, DPL and ACE primarily due to favorable weather conditions within their respective service territories;

- Increase of $47 million due to higher mutual assistance revenues across all Utility Registrants, primarily at ComEd;

- Decrease of $94 million at ComEd primarily due to lower revenues resulting from the change to defer and recover over time energy efficiency costs pursuant to FEJA; and

- Decrease of $156 million in electric and gas revenues across all Utility Registrants, primarily reflecting lower revenues resulting from the anticipated pass back of TCJA tax savings through customer rates, partially offset by higher utility revenues due to regulatory rate increases at ComEd, BGE and PHI.

Operating and maintenance expense decreased by $692 million for the six months ended June 30, 2018 compared to the same period in 2017 primarily due to the following factors:

- Decrease of $378 million at Generation due to long-lived asset impairments primarily related to the EGTP assets held for sale in 2017, offset by long-lived asset impairments of certain merchant wind assets in West Texas in 2018;
- Decrease of $96 million at Generation due to lower nuclear refueling outage costs;
- Decrease of $94 million at ComEd primarily due to the change to defer and recover over time energy efficiency costs pursuant to FEJA;
- Decrease of $55 million at Generation due to lower merger-related costs;
- Decrease of $42 million due to one-time charges related to Generation's decision to early retire the TMI nuclear facility in 2017, partially offset by one-time charges due to Generation's decision to early retire the Oyster Creek nuclear facility in 2018;
- Decrease of $36 million related to a supplemental NEIL insurance distribution at Generation;
- Increase of $81 million at PECO and BGE due to increased storm costs; and
- Increase of $47 million due to higher mutual assistance expenses across all Utility Registrants, primarily at ComEd.

Depreciation and amortization expense increased by $368 million for the six months ended June 30, 2018 compared to the same period in 2017 primarily due to increased depreciation expense as a result of ongoing capital expenditures across all operating companies, accelerated depreciation and amortization due to Generation's decision to early retire the Oyster Creek and TMI nuclear facilities, increased amortization of Pepco's DC PLUG regulatory asset (an equal and offsetting amount has been reflected in Operating revenues), partially offset by certain regulatory assets that became fully amortized as of December 31, 2017 for BGE.

Taxes other than income increased due to increased gross receipts tax accruals at PECO and Pepco for the six months ended June 30, 2018 compared to the same period in 2017 .

Gain on sales of assets and businesses increased by $55 million for the six months ended June 30, 2018 compared to the same period in 2017 primarily due to Generation's sale of its electrical contracting business.

Bargain purchase gain decreased by $226 million due to the gain associated with the FitzPatrick acquisition in first quarter 2017.

Interest expense, net decreased by $64 million due to the retirement of long-term debt.

Other, net decreased by $417 million primarily due to net unrealized and realized losses on NDT funds at Generation for the six months ended June 30, 2018 compared to net unrealized and realized gains on NDT funds for the same period in 2017 .

Exelon’s effective income tax rates for the six months ended June 30, 2018 and 2017 were 9.5% and 12.1% , respectively. The decrease in the effective income tax rate for the six months ended June 30, 2018 compared to the same period in 2017 is primarily related to tax savings due to the lower federal income tax rate as a result of the TCJA at all Registrants, which is offset in Operating revenues at the Utility Registrants for the anticipated pass back of the tax savings through customer rates. See Note 12 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates. See Note 6 — Regulatory Matters of the

Combined Notes to Consolidated Financial Statements for additional information on TCJA's impact on regulatory proceedings.

For additional information regarding the financial results for the three and six months ended June 30, 2018 , including explanation of the non-GAAP measure Revenue net of purchased power and fuel expense, see the discussions of Results of Operations by Registrant below.

Adjusted (non-GAAP) Operating Earnings

Exelon's adjusted (non-GAAP) operating earnings for the three months ended June 30, 2018 were $686 million , or $0.71 per diluted share, compared with adjusted (non-GAAP) operating earnings of $524 million , or $0.56 per diluted share for the same period in 2017 . Exelon's adjusted (non-GAAP) operating earnings for the six months ended June 30, 2018 were $1,611 million , or $1.66 per diluted share, compared with adjusted (non-GAAP) operating earnings of $1,124 million , or $1.21 per diluted share for the same period in 2017 . In addition to net income, Exelon evaluates its operating performance using the measure of adjusted (non-GAAP) operating earnings because management believes it represents earnings directly related to the ongoing operations of the business. Adjusted (non-GAAP) operating earnings exclude certain costs, expenses, gains and losses and other specified items. This information is intended to enhance an investor's overall understanding of period-over-period operating results and provide an indication of Exelon's baseline operating performance excluding items that are considered by management to be not directly related to the ongoing operations of the business. In addition, this information is among the primary indicators management uses as a basis for evaluating performance, allocating resources, setting incentive compensation targets and planning and forecasting of future periods. Adjusted (non-GAAP) operating earnings is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

The following tables provide a reconciliation between net income attributable to common shareholders as determined in accordance with GAAP and adjusted (non-GAAP) operating earnings for the three and six months ended June 30, 2018 compared to the same period in 2017 .

	Three Months Ended June 30,			
	2018		2017	
(All amounts in millions after tax)		Earnings per Diluted Share		Earnings per Diluted Share
Net Income Attributable to Common Shareholders	$ 539	$ 0.56	$ 95	$ 0.10
Mark-to-Market Impact of Economic Hedging Activities [(a)] (net of taxes of $23 and $72, respectively)	(67)	(0.07)	113	0.12
Unrealized Losses (Gains) Related to NDT Fund Investments [(b)] (net of taxes of $77 and $20, respectively)	81	0.08	(45)	(0.05)
Amortization of Commodity Contract Intangibles [(c)] (net of taxes of $0 and $8, respectively)	—	—	12	0.01
Merger and Integration Costs [(d)] (net of taxes of $0 and $9, respectively)	1	—	15	0.02
Long-Lived Asset Impairments [(f)] (net of taxes of $11 and $172, respectively)	30	0.03	268	0.29
Plant Retirements and Divestitures [(g)] (net of taxes of $47 and $42, respectively)	127	0.14	66	0.07
Cost Management Program [(h)] (net of taxes of $4 and $4, respectively)	12	0.01	6	0.01
Change in Environmental Liabilities [(j)] (net of taxes of $2 and $0, respectively)	5	0.01	—	—
Like-Kind Exchange Tax Position [(k)] (net of taxes of $0 and $66, respectively)	—	—	(26)	(0.03)
Reassessment of Deferred Income Taxes [(l)] (entire amount represents tax expense)	(8)	(0.01)	—	—
Noncontrolling Interests [(n)] (net of taxes of $7 and $5, respectively)	(34)	(0.04)	20	0.02
Adjusted (non-GAAP) Operating Earnings	$ 686	$ 0.71	$ 524	$ 0.56

(All amounts in millions after tax)	Six Months Ended June 30, 2018		2017	
		Earnings per Diluted Share		Earnings per Diluted Share
Net Income Attributable to Common Shareholders	$ 1,125	$ 1.16	$ 1,086	$ 1.17
Mark-to-Market Impact of Economic Hedging Activities [(a)] (net of taxes of $46 and $91, respectively)	129	0.13	142	0.15
Unrealized Losses (Gains) Related to NDT Fund Investments [(b)] (net of taxes of $122 and $130, respectively)	147	0.15	(144)	(0.15)
Amortization of Commodity Contract Intangibles [(c)] (net of taxes of $0 and $9, respectively)	—	—	15	0.02
Merger and Integration Costs [(d)] (net of taxes of $2 and $25, respectively)	4	—	40	0.04
Merger Commitments [(e)] (net of taxes of $0 and $137, respectively)	—	—	(137)	(0.15)
Long-Lived Asset Impairments [(f)] (net of taxes of $11 and $172, respectively)	30	0.03	268	0.29
Plant Retirements and Divestitures [(g)] (net of taxes of $78 and $42, respectively)	220	0.23	66	0.07
Cost Management Program [(h)] (net of taxes of $6 and $7, respectively)	16	0.02	10	0.01
Bargain Purchase Gain [(i)] (net of taxes of $0)	—	—	(226)	(0.24)
Change in Environmental Liabilities [(j)] (net of taxes of $2 and $0, respectively)	5	0.01	—	—
Like-Kind Exchange Tax Position [(k)] (net of taxes of $0 and $66, respectively)	—	—	(26)	(0.03)
Reassessment of Deferred Income Taxes [(l)] (entire amount represents tax expense)	(8)	(0.01)	(20)	(0.02)
Tax Settlements [(m)] (net of taxes of $0 and $1, respectively)	—	—	(5)	(0.01)
Noncontrolling Interests [(n)] (net of taxes of $13 and $12, respectively)	(57)	(0.06)	55	0.06
Adjusted (non-GAAP) Operating Earnings	$ 1,611	$ 1.66	$ 1,124	$ 1.21

Note:
Unless otherwise noted, the income tax impact of each reconciling item between GAAP Net Income and Adjusted (non-GAAP) Operating Earnings is based on the marginal statutory federal and state income tax rates for each Registrant, taking into account whether the income or expense item is taxable or deductible, respectively, in whole or in part. For all items except the unrealized gains and losses related to NDT fund investments, the marginal statutory income tax rates for 2018 and 2017 ranged from 26.0 percent to 29.0 percent and 39.0 percent to 41.0 percent, respectively. Under IRS regulations, NDT fund investment returns are taxed at different rates for investments if they are in qualified or non-qualified funds. The effective tax rates for the unrealized gains and losses related to NDT fund investments were 48.9 percent and 31.4 percent for the three months ended June 30, 2018 and 2017 , respectively. The effective tax rates for the unrealized gains and losses related to NDT fund investments were 45.3 percent and 47.5 percent for the six months ended June 30, 2018 and 2017 , respectively.

(a) Reflects the impact of net gains and losses on Generation's economic hedging activities. See Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information related to Generation's hedging activities.

(b) Reflects the impact of net unrealized gains and losses on Generation's NDT fund investments for Non-Regulatory and Regulatory Agreement Units. The impacts of the Regulatory Agreement Units, including the associated income taxes, are contractually eliminated, resulting in no earnings impact.

(c) Represents the non-cash amortization of intangible assets, net, primarily related to commodity contracts recorded at fair value related to the ConEdison Solutions and FitzPatrick acquisitions.

(d) Primarily reflects certain costs associated with mergers and acquisitions, including, if and when applicable, professional fees, employee-related expenses and integration activities. In 2017, reflects costs related to the PHI and FitzPatrick acquisitions, offset at PHI by the anticipated recovery of previously incurred PHI acquisition costs, and in 2018, reflects costs related to the PHI acquisition. See Note 4 — Mergers, Acquisitions and Dispositions of the Combined Notes to Consolidated Financial Statements for additional information related to merger and acquisition costs.
(e) Primarily reflects a decrease in reserves for uncertain tax positions related to the deductibility of certain merger commitments associated with the 2012 CEG and 2016 PHI acquisitions.
(f) Primarily reflects charges to earnings related to the impairment of the EGTP assets held for sale in 2017, and in 2018 the impairment of certain wind projects at Generation.
(g) Primarily reflects accelerated depreciation and amortization expenses and one-time charges associated with Generation's decision to early retire the TMI nuclear facility in 2017. In 2018, primarily reflects accelerated depreciation and amortization expenses and one-time charges associated with Generation's decision to early retire the Oyster Creek nuclear facility, as well as accelerated depreciation and amortization expenses associated with the 2017 decision to early retire the TMI nuclear facility and a loss associated with Generation's sale of Residential Solar Holding, LLC, partially offset by a gain associated with Generation's sale of its electrical contracting business.
(h) Represents severance and reorganization costs related to a cost management program.
(i) Represents the excess fair value of assets and liabilities acquired over the purchase price for the FitzPatrick acquisition.
(j) Represents charges to adjust the environmental reserve associated with Cotter.
(k) Represents adjustments to income tax, penalties and interest expenses in the second quarter of 2017 as a result of the finalization of the IRS tax computation related to Exelon's like-kind exchange tax position.
(l) Reflects the change in the District of Columbia statutory tax rate in 2017, and in 2018, an adjustment to the remeasurement of deferred income taxes as a result of the TCJA.
(m) Reflects benefits related to the favorable settlement in 2017 of certain income tax positions related to PHI's unregulated business interests.
(n) Represents elimination from Generation's results of the noncontrolling interests related to certain exclusion items, primarily related to the impact of unrealized gains and losses on NDT fund investments at CENG.

Significant 2018 Transactions and Developments

Regulatory Implications of the Tax Cuts and Jobs Act (TCJA)

The Utility Registrants have made filings with their respective State regulators to begin passing back to customers the ongoing annual tax savings resulting from the TCJA. The amounts being proposed to be passed back to customers reflect the annual benefit of lower income tax rates and the settlement of a portion of deferred income tax regulatory liabilities established upon enactment of the TCJA. The Utility Registrants have identified over $675 million in ongoing annual savings to be returned to customers related to TCJA from their distribution utility operations. See Note 6 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Early Plant Retirements

On February 2, 2018, Exelon announced that Generation will permanently cease generation operations at Oyster Creek at the end of its current operating cycle by October 2018. Because of the decision to early retire Oyster Creek in 2018, Exelon and Generation recognized certain one-time charges in the first quarter of 2018 related to a materials and supplies inventory reserve adjustment, employee-related costs and construction work-in-progress impairments, among other items.

On July 31, 2018, Generation entered into an agreement with Holtec International and its indirect wholly owned subsidiary, Oyster Creek Environmental Protection, LLC, for the sale and decommissioning of Oyster Creek. See Note 20 — Subsequent Events of the Combined Notes to Consolidated Financial Statements for additional information.

On May 30, 2017, Generation announced it will permanently cease generation operations at Three Mile Island Generating Station (TMI) on or about September 30, 2019. The plant is currently committed to operate through May 2019.

As a result of the early nuclear plant retirement decisions at Oyster Creek and TMI, Exelon and Generation will also recognize annual incremental non-cash charges to earnings stemming from shortening the expected economic useful lives primarily related to accelerated depreciation of plant assets (including any ARC), accelerated amortization of nuclear fuel, and additional ARO accretion expense associated with the changes in decommissioning timing and cost assumptions were also

recorded. The following table summarizes the actual incremental non-cash expense item incurred in 2018 and the estimated amount of incremental non-cash expense items expected to be incurred in 2018 and 2019 due to the early retirement decisions.

	Actual	Projected [a]	
Income statement expense (pre-tax)	Six Months Ended June 30, 2018	2018	2019
Depreciation and amortization [b]			
Accelerated depreciation [c]	$ 289	$ 550	$ 330
Accelerated nuclear fuel amortization	34	55	5
Operating and maintenance [d]	28	30	5
Total	$ 351	$ 635	$ 340

(a) Actual results may differ based on incremental future capital additions, actual units of production for nuclear fuel amortization, future revised ARO assumptions, etc.
(b) Reflects incremental accelerated depreciation and amortization for TMI and Oyster Creek for the six months ended June 30, 2018 . The Oyster Creek year-to-date amounts are from February 2, 2018 through June 30, 2018 .
(c) Reflects incremental accelerated depreciation of plant assets, including any ARC.
(d) Primarily includes materials and supplies inventory reserve adjustments, employee-related costs and CWIP impairments.

In 2017, PSEG also made public financial challenges facing its New Jersey nuclear plants including Salem, of which Generation owns a 42.59% ownership interest. Although Salem is committed to operate through May 2021, the plant faces continued economic challenges and PSEG, as the operator of the plant, is exploring all options.

On May 23, 2018, the Governor of New Jersey signed new legislation, which became effective immediately, that will establish a ZEC program providing compensation for nuclear plants that demonstrate to the NJBPU that they meet certain requirements, including that they make a significant contribution to air quality in the state and that their revenues are insufficient to cover their costs and risks. Under the new legislation, the NJBPU will issue ZECs to qualifying nuclear power plants and the electric distribution utilities in New Jersey, including ACE, will be required to purchase those ZECs. The NJBPU has 180 days from the effective date to establish procedures for implementation of the ZEC program and 330 days from the effective date to determine which nuclear power plants are selected to receive ZECs under the program. Assuming the successful implementation of the New Jersey ZEC program and the selection of Salem as one of the qualifying facilities, the New Jersey ZEC program has the potential to mitigate the heightened risk of earlier retirement for Salem. See Note 6 — Regulatory Matters and Note 8 - Early Plant Retirements of the Combined Notes to Consolidated Financial Statements for additional information on the new legislation and the New Jersey ZEC program.

On March 29, 2018, based on ISO-NE capacity auction results for the 2021 - 2022 planning year in which Mystic unit 9 did not clear, Generation announced it had formally notified grid operator ISO-NE of its plans to early retire its Mystic Generating Station assets on June 1, 2022 absent any interim and long-term solutions for reliability and regional fuel security. The ISO-NE announced that it would take a three-step approach to fuel security. First, on May 1, 2018, ISO-NE made a filing with FERC requesting waiver of certain tariff provisions to allow it to retain Mystic units 8 and 9 for fuel security for the 2022 - 2024 planning years. Second, ISO-NE planned to file tariff revisions to allow it to retain other resources for fuel security in the capacity market if necessary in the future. Third, ISO-NE stated its intention to work with stakeholders to develop long-term market rule changes to address system resiliency considering significant reliability risks identified in ISO-NE's January 2018 fuel security report. Changes to market rules are necessary because critical units to the region, such as Mystic units 8 and 9, cannot recover future operating costs including the cost of procuring fuel. As a result of these developments, Generation completed a comprehensive review of the estimated undiscounted future cash flows of the New England asset group during the first quarter of 2018 and no impairment charge was required.

On May 16, 2018, Generation made a filing with FERC to establish cost-of-service compensation and terms and conditions of service for Mystic units 8 and 9 for the period between June 1, 2022 - May 31, 2024.

On July 2, 2018, FERC issued an order denying ISO-NE's May 1, 2018, waiver request on procedural grounds but accepting ISO-NE's conclusions that retirement of Mystic units 8 and 9 could cause a violation of mandatory reliability standards as soon as 2022. Accordingly, FERC ordered ISO-NE to (i) make a filing within 60 days providing for the filing of a short-term cost-of-service agreement to address demonstrated fuel security concerns and (ii) make a filing by July 1, 2019 proposing permanent tariff revisions that would improve its market design to better address regional fuel security concerns. FERC also extended the deadline by which Generation must make a retirement decision for Mystic units 8 and 9 to January 4, 2019.

On July 13, 2018, FERC issued an order accepting the cost-of-service agreement for filing, making findings on certain issues and establishing hearing procedures on an expedited schedule. Further developments such as the failure of ISO-NE to adopt interim and long-term solutions for reliability and fuel security could potentially result in future impairments of the New England asset group, which could be material. See Note 7 — Impairment of Long-Lived Assets and Note 8 - Early Plant Retirements of the Combined Notes to Consolidated Financial Statements for additional information.

Illinois ZEC Procurement

Pursuant to FEJA, on January 25, 2018, the ICC announced that Generation's Clinton unit 1, Quad Cities unit 1 and Quad Cities unit 2 nuclear plants were selected as the winning bidders through the IPA's ZEC procurement event. Generation executed the ZEC procurement contracts with Illinois utilities, including ComEd, effective January 26, 2018 and began recognizing revenue. Winning bidders are entitled to compensation for the sale of ZECs retroactive to the June 1, 2017 effective date of FEJA. During the three months ended June 30, 2018 , Generation recognized revenue of $52 million . During the six months ended June 30, 2018 , Generation recognized revenue of $254 million , of which $150 million related to ZECs generated from June 1, 2017 through December 31, 2017.

Westinghouse Electric Company LLC Bankruptcy

On March 29, 2017, Westinghouse Electric Company LLC (Westinghouse) and its affiliated debtors filed petitions for relief under Chapter 11 of the Bankruptcy Code in the U.S. Bankruptcy Court for the Southern District of New York. On January 4, 2018, Westinghouse announced its agreement to be purchased by an affiliate of Brookfield Business Partners, LLC (Brookfield) for approximately $4.6 billion. On March 28, 2018, the Bankruptcy Court entered an Order confirming the Debtor's Second Amended Joint Plan of Reorganization which provides for the transaction with Brookfield. Closing of the transaction is expected to occur in the third quarter of 2018. Exelon has contracts with Westinghouse primarily related to Generation's purchase of nuclear fuel, as well as a variety of services and equipment purchases associated with the operation and maintenance of nuclear generating stations. In conjunction with the confirmation hearing, Exelon had filed a reservation of rights regarding reorganizing Westinghouse's assumption of all Exelon contracts. Exelon has reached an agreement with Brookfield that all Exelon contracts will be assumed by Brookfield on the closing date. Closing of the transaction is subject to numerous conditions, including regulatory approvals.

Utility Rates and Base Rate Proceedings

The Utility Registrants file base rate cases with their regulatory commissions seeking increases or decreases to their electric transmission and distribution, and gas distribution rates to recover their costs and earn a fair return on their investments. The outcomes of these regulatory proceedings impact the Utility Registrants' current and future results of operations, cash flows and financial position.

The following tables show the Utility Registrants' completed and pending distribution base rate case proceedings in 2018. See Note 6 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information on other regulatory proceedings.

Completed Distribution Base Rate Case Proceedings

Registrant	Jurisdiction	Approved Revenue Requirement Increase (Decrease) (in millions)	Approved Return on Equity	Completion Date	Rate Effective Date
Pepco	Maryland (Electric)	$ (15)	9.5%	May 31, 2018	June 1, 2018
DPL	Maryland (Electric)	$ 13	9.5%	February 9, 2018	February 9, 2018

Pending Distribution Base Rate Case Proceedings

Registrant	Jurisdiction	Requested or Settlement Revenue Requirement Increase (Decrease) (in millions)	Requested or Settlement Return on Equity	Filing or Settlement Date	Expected Completion Timing
ComEd	Illinois (Electric)	$ (23)	8.69%	April 16, 2018	Fourth quarter 2018
PECO	Pennsylvania (Electric)	$ 82	10.95%	March 29, 2018	Fourth quarter 2018
BGE	Maryland (Natural Gas)	$ 63	10.50%	June 8, 2018	First quarter 2019
Pepco	District of Columbia (Electric)	$ (24)	9.525%	December 19, 2017 (Updated on February 9, 2018 and April 17, 2018)	Third quarter 2018
DPL	Delaware (Electric)	$ (7)	9.70%	August 17, 2017 (Updated on October 18, 2017, February 9, 2018 and June 27, 2018)	Third quarter 2018
DPL	Delaware (Natural Gas)	$ 4	10.10%	August 17, 2017 (Updated on November 7, 2017 and February 9, 2018)	Fourth quarter 2018

See Note 6 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information on these base rate case proceedings.

Transmission Formula Rate

The following total (decreases)/increases were included in ComEd's, BGE's, Pepco's, DPL's and ACE's 2018 annual electric transmission formula rate updates.

	2018				
Annual Transmission Updates [a][b]	**ComEd**	**BGE**	**Pepco**	**DPL**	**ACE**
Initial revenue requirement (decrease) increase	$ (44)	$ 10	$ 6	$ 14	$ 4
Annual reconciliation increase (decrease)	18	4	2	13	(4)
Dedicated facilities increase [c]	—	12	—	—	—
Total revenue requirement (decrease) increase	$ (26)	$ 26	$ 8	$ 27	$ —
Allowed return on rate base [d]	8.32%	7.61%	7.82%	7.29%	8.02%
Allowed ROE [e]	11.50%	10.50%	10.50%	10.50%	10.50%

(a) All rates are effective June 2018 , subject to review by the FERC and other parties, which is due by fourth quarter 2018 .
(b) The initial revenue requirement changes reflect the annual benefit of lower income tax rates effective January 1, 2018 resulting from the enactment of the TCJA of $69 million, $18 million, $13 million, $12 million and $11 million for ComEd, BGE, Pepco, DPL and ACE, respectively. They do not reflect the pass back or recovery of income tax-related regulatory liabilities or assets, including those established upon enactment of the TCJA. See further discussion above.
(c) BGE's transmission revenues include a FERC-approved dedicated facilities charge to recover the costs of providing transmission service to a specifically designated load by BGE.
(d) Represents the weighted average debt and equity return on transmission rate bases.
(e) As part of the FERC-approved settlement of ComEd's 2007 transmission rate case, the rate of return on common equity is 11.50% and the common equity component of the ratio used to calculate the weighted average debt and equity return for the transmission formula rate is currently capped at 55% . As part of the FERC-approved settlement of the ROE complaint against BGE, Pepco, DPL and ACE, the rate of return on common equity is 10.50% , inclusive of a 50 basis point incentive adder for being a member of a regional transmission organization.

PECO Transmission Formula Rate

On May 1, 2017, PECO filed a request with FERC seeking approval to update its transmission rates and change the manner in which PECO's transmission rate is determined from a fixed rate to a formula rate. The formula rate will be updated annually to ensure that under this rate customers pay the actual costs of providing transmission services. The formula rate filing includes a requested increase of $22 million to PECO's annual transmission revenues and a requested rate of return on common equity of 11% , inclusive of a 50 basis point adder for being a member of a regional transmission organization. PECO requested that the new transmission rate be effective as of July 2017. On June 27, 2017, FERC issued an Order accepting the filing and suspending the proposed rates until December 1, 2017, subject to refund, and set the matter for hearing and settlement judge procedures. On May 4, 2018, the Chief Administrative Law Judge terminated settlement judge procedures and designated a new presiding judge. PECO cannot predict the final outcome of this proceeding, or the transmission formula FERC may approve.

On May 11, 2018, pursuant to the transmission formula rate request discussed above, PECO made its first annual formula rate update, which included a revenue decrease of $6 million . The revenue decrease of $6 million included an approximately $20 million reduction as a result of the tax savings associated with the TCJA. The updated transmission rate was effective June 1, 2018, subject to refund.

Winter Storm-Related Costs

During March 2018 there were powerful nor'easter storms that brought a mix of heavy snow, ice and high sustained winds and gusts to the region that interrupted electric service delivery to customers in PECO's, BGE's, Pepco's, DPL's and ACE's service territories. Restoration efforts included significant costs associated with employee overtime, support from other utilities and incremental equipment, contracted tree trimming crews and supplies, which resulted in incremental operating and maintenance expense and incremental capital expenditures in the first quarter of 2018 for PECO, BGE, PHI, Pepco, DPL and ACE. In addition, PHI, Pepco, DPL and ACE recorded regulatory assets for amounts that are probable of recovery through customer rates. The impacts recorded by the Registrants for the six months ended June 30, 2018 are presented below:

		(in millions)	
	Customer Outages	Incremental Operating & Maintenance	Incremental Capital Expenditures
Exelon	1,727,000	$ 92 [b]	$ 93
PECO	750,000	54	36
BGE	425,000	31	15
PHI [a]	552,000	7 [b]	42
Pepco	182,000	3 [b]	6
DPL	138,000	4 [b]	5
ACE	232,000	— [b]	31

(a) PHI reflects the consolidated customer outages, incremental operating & maintenance and incremental capital expenditures of Pepco, DPL and ACE.
(b) Excludes amounts that were deferred and recognized as regulatory assets at Exelon, PHI, Pepco, DPL and ACE of $25 million , $25 million , $5 million , $1 million and $19 million , respectively.

Exelon’s Strategy and Outlook for 2018 and Beyond

Exelon’s value proposition and competitive advantage come from its scope and its core strengths of operational excellence and financial discipline. Exelon leverages its integrated business model to create value. Exelon’s regulated and competitive businesses feature a mix of attributes that, when combined, offer shareholders and customers a unique value proposition:

- The Utility Registrants provide a foundation for steadily growing earnings, which translates to a stable currency in our stock.
- Generation’s competitive businesses provide free cash flow to invest primarily in the utilities and in long-term, contracted assets and to reduce debt.

Exelon believes its strategy provides a platform for optimal success in an energy industry experiencing fundamental and sweeping change.

Exelon’s utility strategy is to improve reliability and operations and enhance the customer experience, while ensuring ratemaking mechanisms provide the utilities fair financial returns. The Utility Registrants only invest in rate base where it provides a benefit to customers and the community by improving reliability and the service experience or otherwise meeting customer needs. The Utility Registrants make these investments at the lowest reasonable cost to customers. Exelon seeks to leverage its scale and expertise across the utilities platform through enhanced standardization and sharing of resources and best practices to achieve improved operational and financial results. Additionally, the Utility Registrants anticipate making significant future investments in smart meter

technology, transmission projects, gas infrastructure, and electric system improvement projects, providing greater reliability and improved service for our customers and a stable return for the company.

Generation's competitive businesses create value for customers by providing innovative energy solutions and reliable, clean and affordable energy. Generation's electricity generation strategy is to pursue opportunities that provide stable revenues and generation to load matching to reduce earnings volatility. Generation leverages its energy generation portfolio to deliver energy to both wholesale and retail customers. Generation's customer-facing activities foster development and delivery of other innovative energy-related products and services for its customers. Generation operates in well-developed energy markets and employs an integrated hedging strategy to manage commodity price volatility. Its generation fleet, including its nuclear plants which consistently operate at high capacity factors, also provide geographic and supply source diversity. These factors help Generation mitigate the current challenging conditions in competitive energy markets.

Exelon's financial priorities are to maintain investment grade credit metrics at each of the Registrants, to maintain optimal capital structure and to return value to Exelon's shareholders with an attractive dividend throughout the energy commodity market cycle and through stable earnings growth. Exelon's Board of Directors has approved a dividend policy providing a raise of 5% each year for the period covering 2018 through 2020, beginning with the March 2018 dividend.

Various market, financial, regulatory, legislative and operational factors could affect the Registrants' success in pursuing their strategies. Exelon continues to assess infrastructure, operational, commercial, policy, and legal solutions to these issues. One key issue is ensuring the ability to properly value nuclear generation assets in the market, solutions to which Exelon is actively pursuing in a variety of jurisdictions and venues. See ITEM 1A. RISK FACTORS of the Exelon 2017 Form 10-K for additional information regarding market and financial factors.

Continually optimizing the cost structure is a key component of Exelon's financial strategy. In August 2015, Exelon announced a cost management program focused on cost savings of approximately $400 million at BSC and Generation, of which approximately 60% of run-rate savings was achieved by the end of 2017 with the remainder to be fully realized in 2018. At least 75% of the savings are expected to be related to Generation, with the remaining amount related to the Utility Registrants. Additionally, in November 2017, Exelon announced a new commitment for an additional $250 million of cost savings, primarily at Generation, to be achieved by 2020. These actions are in response to the continuing economic challenges confronting all parts of Exelon's business and industry, necessitating continued focus on cost management through enhanced efficiency and productivity.

Growth Opportunities

Management continually evaluates growth opportunities aligned with Exelon's businesses, assets and markets, leveraging Exelon's expertise in those areas and offering sustainable returns.

Regulated Energy Businesses. The PHI merger provides an opportunity to accelerate Exelon's regulated growth to provide stable cash flows, earnings accretion, and dividend support. Additionally, the Utility Registrants anticipate investing approximately $26 billion over the next five years in electric and natural gas infrastructure improvements and modernization projects, including smart meter and smart grid initiatives, storm hardening, advanced reliability technologies, and transmission projects, which is projected to result in an increase to current rate base of approximately $11 billion by the end of 2022. The Utility Registrants invest in rate base where beneficial to customers and the community by increasing reliability and the service experience or otherwise meeting customer needs. These investments are made at the lowest reasonable cost to customers.

See Note 3 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements Exelon 2017 Form 10-K for additional information on the Smart Meter and Smart Grid Initiatives and infrastructure development and enhancement programs.

Competitive Energy Businesses. Generation continually assesses the optimal structure and composition of its generation assets as well as explores wholesale and retail opportunities within the power and gas sectors. Generation's long-term growth strategy is to ensure appropriate valuation of its generation assets, in part through public policy efforts, identify and capitalize on opportunities that provide generation to load matching as a means to provide stable earnings, and identify emerging technologies where strategic investments provide the option for significant future growth or influence in market development.

Liquidity Considerations

Each of the Registrants annually evaluates its financing plan, dividend practices and credit line sizing, focusing on maintaining its investment grade ratings while meeting its cash needs to fund capital requirements, retire debt, pay dividends, fund pension and OPEB obligations and invest in new and existing ventures. A broad spectrum of financing alternatives beyond the core financing options can be used to meet its needs and fund growth including monetizing assets in the portfolio via project financing, asset sales, and the use of other financing structures (e.g., joint ventures, minority partners, etc.). The Registrants expect cash flows to be sufficient to meet operating expenses, financing costs and capital expenditure requirements.

Exelon Corporate, Generation, ComEd, PECO, BGE, Pepco, DPL and ACE have unsecured syndicated revolving credit facilities with aggregate bank commitments of $0.6 billion , $5.3 billion , $1 billion , $0.6 billion , $0.6 billion , $0.3 billion , $0.3 billion and $0.3 billion , respectively. Generation also has bilateral credit facilities with aggregate maximum availability of $0.5 billion .

For additional information regarding the Registrants' liquidity for the six months ended June 30, 2018 , see Liquidity and Capital Resources discussion below.

Project Financing

Generation utilizes individual project financings as a means to finance the construction of various generating asset projects. Project financing is based upon a nonrecourse financial structure, in which project debt and equity used to finance the project are paid back from the cash generated by the newly constructed asset once operational. Borrowings under these agreements are secured by the assets and equity of each respective project. The lenders do not have recourse against Exelon or Generation in the event of a default. If a specific project financing entity does not maintain compliance with its specific debt financing covenants, there could be a requirement to accelerate repayment of the associated debt or other project-related borrowings earlier than the stated maturity dates. In these instances, if such repayment was not satisfied, or restructured, the lenders or security holders would generally have rights to foreclose against the project-specific assets and related collateral. The potential requirement to satisfy its associated debt or other borrowings earlier than otherwise anticipated could lead to impairments due to a higher likelihood of disposing of the respective project-specific assets significantly before the end of their useful lives. See Note 11 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for additional information on nonrecourse debt.

Other Key Business Drivers and Management Strategies

Power Markets

Price of Fuels

The use of new technologies to recover natural gas from shale deposits is increasing natural gas supply and reserves, which places downward pressure on natural gas prices and, therefore, on wholesale and retail power prices, which results in a reduction in Exelon's revenues. Forward natural gas prices have declined significantly over the last several years; in part reflecting an increase in supply due to strong natural gas production (due to shale gas development).

FERC Inquiry on Resiliency

On August 23, 2017, the DOE staff released its report on the reliability of the electric grid. One aspect of the wide-ranging report is the DOE's recognition that the electricity markets do not currently value the resiliency provided by baseload generation, such as nuclear plants. On September 28, 2017, the DOE issued a Notice of Proposed Rulemaking (NOPR) that would entitle certain eligible resilient generating units (i.e., those located in organized markets, with a 90-day supply of fuel on site, not already subject to state cost of service regulation and satisfying certain other requirements) to recover fully allocated costs and earn a fair return on equity on their investment. On January 8, 2018, FERC issued an order terminating the rulemaking docket that it initiated to address the proposed rule in the DOE NOPR, concluding the proposed rule did not sufficiently demonstrate there is a resiliency issue and that it proposed a remedy that did not appear to be just, reasonable and nondiscriminatory as required under the Federal Power Act. At the same time, FERC initiated a new proceeding to consider resiliency challenges to the bulk power system and evaluate whether additional FERC action to address resiliency would be appropriate. FERC directed each RTO and ISO to respond within 60 days to 24 specific questions about how they assess and mitigate threats to resiliency. Thereafter, interested parties submitted reply comments on May 9, 2018, and a few parties submitted further replies. Exelon has been and will continue to be an active participant in these proceedings but cannot predict the final outcome or its potential financial impact, if any, on Exelon or Generation.

Complaints and PJM Filing at FERC Seeking to Mitigate ZEC Programs

PJM and NYISO capacity markets include a Minimum Offer Price Rule (MOPR) that is intended to preclude buyers from exercising buyer market power. If a resource is subjected to a MOPR, its offer is adjusted to effectively remove the revenues it receives through a government-provided financial support program - resulting in a higher offer that may not clear the capacity market. Currently, the MOPRs in PJM and NYISO apply only to certain new gas-fired resources.

On January 9, 2017, the EPSA filed two requests with FERC: one seeking to amend a prior complaint against PJM and another seeking expedited action on a pending NYISO compliance filing in an existing proceeding. A similar complaint was recently filed at FERC. These complaints generally allege that the relevant MOPR should be expanded to also apply to existing resources including those receiving ZEC compensation under the New York CES and Illinois ZES programs. Exelon filed protests at FERC in response to each filing, arguing generally that ZEC payments provide compensation for an environmental attribute that is distinct from the energy and capacity sold in the FERC-jurisdictional markets, and therefore, are no different than other renewable support programs like the PTC and RPS programs that have generally not been subject to a MOPR. However, if successful, for Generation's facilities in PJM and NYISO that are currently receiving ZEC compensation (Quad Cities, Ginna, Fitzpatrick and Nine Mile Point), an expanded MOPR could require exclusion of ZEC compensation when bidding into future capacity auctions such that these facilities would have an increased risk of not clearing in future capacity auctions and thus no longer receiving capacity revenues during the respective ZEC programs. Any mitigation of these generating resources could have a material effect on Exelon's and Generation's future

cash flows and results of operations. The same risk would also exist for the Salem facility if the NJ ZEC program is successfully implemented and Salem is selected as an eligible facility.

Separately, PJM submitted two proposed alternative capacity market reforms in April 2018 for FERC's consideration. PJM argued that either alternative will resolve any conflict between state policy support for certain resources and the need to ensure reasonable prices for non-supported resources. The first alternative was to implement a twice-run capacity clearing mechanism (known as the repricing proposal) and, if not acceptable to FERC, a second alternative that would expand the existing MOPR to both new and existing generating resources, subject to certain exemptions (known as MOPREx).

In June 2018, FERC issued an order rejecting both of PJM's proposed alternatives, finding both to be unjust and unreasonable. In the same order, FERC also addressed one of the MOPR complaints involving PJM and concluded based on that complaint and PJM's filing that PJM's existing tariff allows resources receiving out-of-market support to affect capacity prices in a manner that will cause unjust and unreasonable and unduly discriminatory rates in PJM regardless of the intent motivating the support. FERC suggested that modifying two elements of PJM's existing tariff could produce a just and reasonable replacement and asked for initial comments on its proposal by August 28, 2018. First, FERC found that an expansion of the current MOPR mechanism to cover all existing generating resources, regardless of resource type, including those receiving either ZEC or REC compensation, could protect the capacity markets from unwanted price suppression. Second, FERC preliminarily found that a modified version of PJM's existing Fixed Resource Requirement (FRR) option could enable state subsidized resources and a corresponding amount of load to be removed from the capacity market, thereby alleviating their price suppressive effects on capacity clearing prices. Under this alternative, state supported generating resources would potentially be compensated through mechanisms other than through PJM's existing market mechanism. FERC indicated that it aims to render a decision prior to January 4, 2019 and established March 21, 2016 as the refund effective date. FERC has not yet issued a decision on the second MOPR complaint involving PJM or the MOPR complaint involving NYISO. It is too early to predict the final outcome of each of these proceedings or their potential financial impact, if any, on Exelon or Generation.

Section 232 Uranium Petition

On January 16, 2018, two Canadian-owned uranium mining companies with operations in the U.S. jointly submitted a petition to the U.S. Department of Commerce (DOC) seeking relief under Section 232 of the Trade Expansion Act of 1962 (as amended) from imports of uranium products, alleging that these imports threaten national security (the Petition). The Trade Expansion Act of 1962 (the Act) was promulgated by Congress to protect essential national security industries whose survival is threatened by imports. As such, the Act authorizes the Secretary of Commerce (the Secretary) to conduct investigations to evaluate the effects of imports of any item on the national security of the U.S. The Petition alleges that the loss of a viable U.S. uranium mining industry would have a significant detrimental impact on the national, energy, and economic security of the U.S. and the ability of the country to sustain an independent nuclear fuel cycle.

On July 18, 2018, the Secretary announced that the DOC has initiated an investigation in response to the petition. The Secretary has 270 days to prepare and submit a report to President Trump, who then has 90 days to act on the Secretary's recommendations. Exelon and Generation cannot currently predict the outcome of this investigation. The relief sought by the petitioners would require U.S. nuclear reactors to purchase at least 25% of their uranium needs from domestic mines over the next 10 years, although the DOC will make an independent determination regarding an appropriate remedy should it find that imports impair national security. It is reasonably possible that if this petition is successful the resulting increase in nuclear fuel costs in future periods could have a material, unfavorable impact on Exelon's and Generation's results of operations, cash flows and financial positions.

Potential DOE Order Pursuant to Defense Production Act and Federal Power Act

The DOE is considering an Order directing ISOs, for 24 months, to purchase electric energy or generation capacity from a designated list of coal and nuclear generation facilities. Based on a draft memorandum, the Order would be pursuant to DOE's authorities under the Defense Production Act and Federal Power Act, and would forestall any further actions towards retiring, decommissioning, or deactivating coal and nuclear facilities during the term of the Order. The Order would emphasize the importance of grid resiliency, in addition to grid reliability, noting that fuel security and diversity are critical components of resiliency. The DOE recognizes that the underlying economic and regulatory issues are complex and will take time resolve. The Order's 24-month duration would enable DOE to conduct additional analyses to gain a detailed understanding of location-specific vulnerabilities in U.S. energy delivery systems, while preserving certain generation facilities. Exelon has been and will continue to be an active participant in these proceedings but cannot predict the final outcome or its potential financial impact, if any, on Exelon or Generation.

Energy Demand

Modest economic growth partially offset by energy efficiency initiatives is resulting in relatively flat load growth in electricity for the Utility Registrants. ComEd, PECO, BGE, Pepco, DPL and ACE are projecting load volumes to increase by 0.7% , 0.6% , 0.7% , 0.6% , 1.0% and 2.1% respectively, in 2018 compared to 2017 .

Retail Competition

Generation’s retail operations compete for customers in a competitive environment, which affect the margins that Generation can earn and the volumes that it is able to serve. Forward natural gas and power prices are expected to remain low and thus we expect retail competitors to stay aggressive in their pursuit of market share, and that wholesale generators (including Generation) will continue to use their retail operations to hedge generation output.

Strategic Policy Alignment

As part of its strategic business planning process, Exelon routinely reviews its hedging policy, dividend policy, operating and capital costs, capital spending plans, strength of its balance sheet and credit metrics, and sufficiency of its liquidity position, by performing various stress tests with differing variables, such as commodity price movements, increases in margin-related transactions, changes in hedging practices and the impacts of hypothetical credit downgrades.

Exelon's board of directors declared first quarter 2018 dividends of $0.345 per share on Exelon's common stock. The first quarter 2018 dividend was paid on March 9, 2018. The dividend increased from the fourth quarter 2017 amount to reflect the Board's decision to raise Exelon's dividend 5% each year for the period covering 2018 through 2020, beginning with the March 2018 dividend.

Exelon's board of directors declared second quarter 2018 dividends of $0.345 per share on Exelon's common stock and was paid on June 8, 2018.

Exelon's board of directors declared third quarter 2018 dividends of $0.345 per share on Exelon's common stock and is payable on September 10, 2018.

All future quarterly dividends require approval by Exelon's Board of Directors.

Hedging Strategy

Exelon’s policy to hedge commodity risk on a ratable basis over three-year periods is intended to reduce the financial impact of market price volatility. Generation is exposed to commodity price risk

associated with the unhedged portion of its electricity portfolio. Generation enters into non-derivative and derivative contracts, including financially-settled swaps, futures contracts and swap options, and physical options and physical forward contracts, all with credit-approved counterparties, to hedge this anticipated exposure. Generation has hedges in place that significantly mitigate this risk for 2018 and 2019 . However, Generation is exposed to relatively greater commodity price risk in the subsequent years with respect to which a larger portion of its electricity portfolio is currently unhedged. As of June 30, 2018 , the percentage of expected generation hedged is 97% - 100% , 71% - 74% and 41% - 44% for 2018 , 2019 , and 2020 respectively. The percentage of expected generation hedged is the amount of equivalent sales divided by the expected generation. Expected generation is the volume of energy that best represents our commodity position in energy markets from owned or contracted generating facilities based upon a simulated dispatch model that makes assumptions regarding future market conditions, which are calibrated to market quotes for power, fuel, load following products, and options. Equivalent sales represent all hedging products, such as wholesale and retail sales of power, options and swaps. Generation has been and will continue to be proactive in using hedging strategies to mitigate commodity price risk in subsequent years as well.

Generation procures oil and natural gas through long-term and short-term contracts and spot-market purchases. Nuclear fuel is obtained predominantly through long-term uranium concentrate supply contracts, contracted conversion services, contracted enrichment services, or a combination thereof, and contracted fuel fabrication services. The supply markets for uranium concentrates and certain nuclear fuel services, coal, oil and natural gas are subject to price fluctuations and availability restrictions. Supply market conditions may make Generation's procurement contracts subject to credit risk related to the potential non-performance of counterparties to deliver the contracted commodity or service at the contracted prices. Approximately 59% of Generation's uranium concentrate requirements from 2018 through 2022 are supplied by three producers. In the event of non-performance by these or other suppliers, Generation believes that replacement uranium concentrate can be obtained, although at prices that may be unfavorable when compared to the prices under the current supply agreements. Non-performance by these counterparties could have a material adverse impact on Exelon's and Generation's results of operations, cash flows and financial positions.

The Utility Registrants mitigate commodity price risk through regulatory mechanisms that allow them to recover procurement costs from retail customers.

Environmental Legislative and Regulatory Developments

Exelon was actively involved in the Obama Administration's development and implementation of environmental regulations for the electric industry, in pursuit of its business strategy to provide reliable, clean, affordable and innovative energy products. These efforts have most frequently involved air, water and waste controls for fossil-fueled electric generating units, as set forth in the discussion below. These regulations have had a disproportionate adverse impact on coal-fired power plants, requiring significant expenditures of capital and variable operating and maintenance expense, and have resulted in the retirement of older, marginal facilities. Due to its low emission generation portfolio, Generation has not been significantly affected by these regulations, representing a competitive advantage relative to electric generators that are more reliant on fossil fuel plants.

Through the issuance of a series of Executive Orders (EO), President Trump has initiated review of a number of EPA and other regulations issued during the Obama Administration, with the expectation that the Administration will seek repeal or significant revision of these rules. Under these EOs, each executive agency is required to evaluate existing regulations and make recommendations regarding repeal, replacement, or modification. The Administration's actions are intended to result in less stringent compliance requirements under air, water, and waste regulations. The exact nature, extent, and timing of the regulatory changes are unknown, as well as the ultimate impact on Exelon's and its subsidiaries results of operations and cash flows.

In particular, the Administration has targeted certain existing EPA regulations for repeal, including notably the Clean Power Plan, as well as revoking many Executive Orders, reports, and guidance issued by the Obama Administration on the topic of climate change or the regulation of greenhouse gases. The Executive Order also disbanded the Interagency Working Group that developed the social cost of carbon used in rulemakings and withdrew all technical support documents supporting the calculation. Other regulations that are under review include the Clean Water Act rule relating to jurisdictional waters of the U.S., the Steam Electric Effluent Guidelines relating to waste water discharges from coal-fired power plants, the Coal Combustion Residuals rule, and the 2015 National Ambient Air Quality Standard (NAAQS) for ozone. The review of final rules could extend over several years as formal notice and comment rulemaking process proceeds.

Air Quality

Mercury and Air Toxics Standard Rule (MATS). On December 16, 2011, the EPA signed a final rule to reduce emissions of toxic air pollutants from power plants and signed revisions to the NSPS for electric generating units. The final rule, known as MATS, requires coal-fired electric generation plants to achieve high removal rates of mercury, acid gases and other metals, and to make capital investments in pollution control equipment and incur higher operating expenses. The initial compliance deadline to meet the new standards was April 16, 2015; however, facilities may have been granted an additional one or two-year extension in limited cases. Numerous entities challenged MATS in the D.C. Circuit Court, and Exelon intervened in support of the rule. In April 2014, the D.C. Circuit Court issued an opinion upholding MATS in its entirety. On appeal, the U.S. Supreme Court decided in June 2015 that the EPA unreasonably refused to consider costs in determining whether it is appropriate and necessary to regulate hazardous air pollutants emitted by electric utilities. The U.S. Supreme Court, however, did not vacate the rule; rather, it was remanded to the D.C. Circuit Court to take further action consistent with the U.S. Supreme Court's opinion on this single issue. On April 27, 2017, the D.C. Circuit granted EPA's motion to hold the litigation in abeyance, pending EPA's review of the MATS rule pursuant to President Trump's EO discussed above. Following EPA's review and determination of its course of action for the MATS rule, the parties will have 30 days to file motions on future proceedings. Notwithstanding the Court's order to hold the litigation in abeyance, the MATS rule remains in effect. Exelon will continue to participate in the remanded proceedings before the D.C. Circuit Court as an intervenor in support of the rule.

Clean Power Plan. On April 28, 2017, the D.C. Circuit Court issued orders in separate litigation related to the EPA's actions under the Clean Power Plan (CPP) to amend Clean Air Act Section 111(d) regulation of existing fossil-fired electric generating units and Section 111(b) regulation of new fossil-fired electric generating units. In both cases, the Court has determined to hold the litigation in abeyance pending a determination whether the rule should be remanded to the EPA. On October 10, 2017, EPA issued a proposed rule to repeal the CPP in its entirety, based on a proposed change in the Agency's legal interpretation of Clean Air Act Section 111(d) regarding actions that the Agency can consider when establishing the Best System of Emission Reduction ("BSER") for existing power plants. Under the proposed interpretation, the Agency exceeded its authority under the Clean Air Act by regulating beyond individual sources of GHG emissions. The EPA has also issued an advance notice of proposed rulemaking to solicit information on systems of emission reduction that are in accord with the Agency's proposed revised legal interpretation; namely, only by regulating emission reductions that can be implemented at and to individual sources.

2015 Ozone National Ambient Air Quality Standards (NAAQS). On April 11, 2017, the D.C. Circuit ordered that the consolidated 2015 ozone NAAQS litigation be held in abeyance pending EPA's further review of the 2015 Rule. Concurrent with its review, the Agency issued several rounds of final ozone designations for the 2015 ozone NAAQS in December 2017 and April 2018.

Climate Change. Exelon supports comprehensive climate change legislation or regulation which balances the need to protect consumers, business and the economy with the urgent need to reduce

national GHG emissions. In June 2018, Exelon joined the Climate Leadership Council, which advocates for a revenue neutral carbon tax and dividend program. In the absence of Federal legislation, the EPA has been reviewing the regulation of GHG emissions under the Clean Air Act. In addition, there have been recent developments in the international regulation of GHG emissions pursuant to the United Nations Framework Convention on Climate Change (“UNFCCC” or “Convention”). See ITEM 1. BUSINESS, "Air Quality" of the Exelon 2017 Form 10-K for additional information.

Water Quality

Section 316(b) requires that the cooling water intake structures at electric power plants reflect the best technology available to minimize adverse environmental impacts, and is implemented through state-level NPDES permit programs. All of Generation’s power generation facilities with cooling water systems are subject to the regulations. Facilities without closed-cycle recirculating systems (e.g., cooling towers) are potentially most affected by recent changes to the regulations. For Generation, those facilities are Calvert Cliffs, Clinton, Dresden, Eddystone, Fairless Hills, FitzPatrick, Ginna, Gould Street, Handley, Mystic unit 7, Nine Mile Point unit 1, Peach Bottom, Quad Cities, and Salem. See ITEM 1. BUSINESS, "Water Quality" of the Exelon 2017 Form 10-K for additional information.

Solid and Hazardous Waste

In October 2015, the first federal regulation for the disposal of coal combustion residuals (CCR) from power plants became effective. The rule classified CCR as non-hazardous waste under RCRA, and CCR continued to be regulated by most states subject to coordination with the federal regulations. In July 2018, the EPA issued a final rule amending the 2015 rule that provides more compliance flexibility to the states and owners and operators of coal ash disposal sites. Generation currently does not own or operate any such sites subject to the CCR rule. Generation previously recorded accruals consistent with state regulation for its owned coal ash sites, and as such, the CCR rule is not expected to impact Exelon’s and Generation’s financial results. Generation does not have sufficient information to reasonably assess the potential likelihood or magnitude of any remediation requirements that may be asserted under the CCR rule for coal ash disposal sites formerly owned by Generation. For these reasons, Generation is unable to predict whether and to what extent it may ultimately be held responsible for remediation and other costs relating to formerly owned coal ash disposal sites under the new regulations.

See Note 17 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements for additional information related to environmental matters, including the impact of environmental regulation.

Other Legislative and Regulatory Developments

Delaware Distribution System Investment Charge

On June 14, 2018, the Governor of Delaware signed new Distribution System Investment Charge (DSIC) legislation, which establishes a system improvement charge that provides a mechanism to recover infrastructure investments, allowing for gradual rate increases and limiting frequency of distribution base rate cases. DPL expects to make its first filing in Delaware in the fourth quarter of 2018, with the new charge effective in the first quarter of 2019. While this legislation is expected to support needed infrastructure investment and allow for more timely recovery of those investments, Exelon, PHI and DPL cannot predict the potential financial impact on Exelon, PHI or DPL.

Pennsylvania Alternative Ratemaking

On June 28, 2018, the Governor of Pennsylvania signed new legislation, which authorized the PAPUC to review and approve utility-proposed alternative rate mechanisms, including options such as decoupling mechanisms, formula rates, multi-year rate plans, and performance based rates. Exelon and PECO cannot predict the outcome or the potential financial impact, if any, on Exelon or PECO.

Employees

In January 2017, an election was held at BGE which resulted in union representation for approximately 1,394 employees. BGE and IBEW Local 410 are negotiating an initial agreement which could result in some modifications to wages, hours and other terms and conditions of employment. Negotiations have been productive and continue. No agreement has been finalized to date and management cannot predict the outcome of such negotiations. Negotiations that began in 2017 for a first collective bargaining agreement with a small unit of employees represented by Local 501 of Operating Engineers at Exelon's Hyperion Solutions facility are ongoing. During 2017, Generation finalized CBAs with the Security Officer unions at LaSalle, Limerick and Quad Cities, which all will expire in 2020 and Dresden expiring in 2021. Additionally, during 2017, Generation acquired and combined two CBAs at Fitzpatrick into one CBA covering both craft and security employees, which will expire in 2023. Generation also successfully finalized the CBA with the IBEW union at TMI, which will expire in 2022. Prior to commencing negotiations with the Security Officer union at Braidwood, a rival union petitioned the NLRB to represent the Security Officers in lieu of the incumbent Union. An election was held, and the incumbent Union prevailed. The existing CBA was extended prior to the NLRB hearing and currently expires in August 2018. Negotiations began in June and have been productive and continue. In June 2018, an NLRB election was held involving 18 system operators at the ACE control room seeking potential representation by IBEW Local 210. The election was certified on July 9, 2018, recognizing IBEW Local 210 as the representative of ACE system operators. On July 23, 2018, ACE filed a Request for Review by the NLRB of the Regional Director's June 15, 2018 decision finding that the system operators are not supervisors under the National Labor Relations Act. The request is pending.

Critical Accounting Policies and Estimates

Revenue Recognition (All Registrants)

Sources of Revenue and Determination of Accounting Treatment

The Registrants earn revenues from various business activities including: the sale of power and energy-related products, such as natural gas, capacity, and other commodities in non-regulated markets (wholesale and retail); the sale and delivery of power and natural gas in regulated markets; and the provision of other energy-related non-regulated products and services.

The accounting treatment for revenue recognition is based on the nature of the underlying transaction and applicable authoritative guidance. The Registrants primarily apply the Revenue from Contracts with Customers, Derivative and Alternative Revenue Program (ARP) guidance to recognize revenue as discussed in more detail below.

Revenue from Contracts with Customers

Under the Revenue from Contracts with Customers guidance, the Registrants recognize revenues in the period in which the performance obligations within contracts with customers are satisfied, which generally occurs when power, natural gas, and other energy-related commodities are physically delivered to the customer. Transactions of the Registrants within the scope of Revenue from Contracts with Customers generally include non-derivative agreements, contracts that are designated as normal purchases and normal sales (NPNS), sales to utility customers under regulated service tariffs, and spot-market energy commodity sales, including settlements with independent system operators.

The determination of Generation's and the Utility Registrants' retail power and natural gas sales to individual customers is based on systematic readings of customer meters, generally on a monthly basis. At the end of each month, amounts of energy delivered to customers since the date of the last meter reading are estimated, and corresponding unbilled revenue is recorded. The measurement of unbilled

revenue is affected by the following factors: daily customer usage measured by generation or gas throughput volume, customer usage by class, losses of energy during delivery to customers and applicable customer rates. Increases or decreases in volumes delivered to the utilities' customers and favorable or unfavorable rate mix due to changes in usage patterns in customer classes in the period could be significant to the calculation of unbilled revenue. In addition, revenues may fluctuate monthly as a result of customers electing to use an alternate supplier, since unbilled commodity revenues are not recorded for these customers. Changes in the timing of meter reading schedules and the number and type of customers scheduled for each meter reading date also impact the measurement of unbilled revenue; however, total operating revenues would remain materially unchanged.

See Note 5 — Accounts Receivable of the Exelon 2017 Form 10-K for additional information on unbilled revenue.

See Note 1 — Significant Accounting Policies and Note 5 — Revenue from Contracts with Customers of the Combined Notes to Consolidated Financial Statements for additional information on the impacts of the new revenue accounting standard effective for annual reporting periods beginning on or after December 15, 2017.

Derivative Revenues

The Registrants record revenues and expenses using the mark-to-market method of accounting for transactions that are accounted for as derivatives. These derivative transactions primarily relate to commodity price risk management activities. Mark-to-market revenues and expenses include: inception gains or losses on new transactions where the fair value is observable, unrealized gains and losses from changes in the fair value of open contracts, and realized gains and losses.

Alternative Revenue Program Revenues

Certain of the Utility Registrants' ratemaking mechanisms qualify as Alternative Revenue Programs (ARPs) if they (i) are established by a regulatory order and allow for automatic adjustment to future rates, (ii) provide for additional revenues (above those amounts currently reflected in the price of utility service) that are objectively determinable and probable of recovery, and (iii) allow for the collection of those additional revenues within 24 months following the end of the period in which they were recognized. For mechanisms that meet these criteria, which include the Utility Registrants' formula rate and revenue decoupling mechanisms, the Utility Registrants adjust revenue and record an offsetting regulatory asset or liability once the condition or event allowing additional billing or refund has occurred. The ARP revenues presented in the Utility Registrants' Consolidated Statements of Operations and Comprehensive Income include both: (i) the recognition of "originating" ARP revenues (when the regulator-specified condition or event allowing for additional billing or refund has occurred) and (ii) an equal and offsetting reversal of the "originating" ARP revenues as those amounts are reflected in the price of utility service and recognized as Revenue from Contracts with Customers.

ComEd records ARP revenue for its best estimate of the electric distribution, energy efficiency, and transmission revenue impacts resulting from future changes in rates that ComEd believes are probable of approval by the ICC and FERC in accordance with its formula rate mechanisms. BGE, Pepco and DPL record ARP revenue for their best estimate of the electric and natural gas distribution revenue impacts resulting from future changes in rates that they believe are probable of approval by the MDPSC and/or DCPSC in accordance with their revenue decoupling mechanisms. PECO, BGE, Pepco, DPL and ACE record ARP revenue for their best estimate of the transmission revenue impacts resulting from future changes in rates that they believe are probable of approval by FERC in accordance with their formula rate mechanisms. Estimates of the current year revenue requirement are based on actual and/or forecasted costs and investments in rate base for the period and the rates of return on common equity and associated regulatory capital structure allowed under the applicable tariff. The estimated

reconciliation can be affected by, among other things, variances in costs incurred, investments made, allowed ROE, and actions by regulators or courts.

See Note 6 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Management of each of the Registrants makes a number of significant estimates, assumptions and judgments in the preparation of its financial statements. See ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — CRITICAL ACCOUNTING POLICIES AND ESTIMATES in Exelon's, Generation's, ComEd's, PECO's, BGE's, PHI's, Pepco's, DPL's and ACE's combined 2017 Form 10-K for a discussion of the estimates and judgments necessary in the Registrants' accounting for AROs, goodwill, purchase accounting, unamortized energy assets and liabilities, asset impairments, depreciable lives of property, plant and equipment, defined benefit pension and other postretirement benefits, regulatory accounting, derivative instruments, taxation, contingencies, revenue recognition and allowance for uncollectible accounts. At June 30, 2018 , the Registrants' critical accounting policies and estimates had not changed significantly from December 31, 2017 .

Results of Operations by Registrant

Net Income (Loss) Attributable to Common Shareholders by Registrant

	Three Months Ended June 30,		Favorable (Unfavorable) Variance	Six Months Ended June 30,		Favorable (Unfavorable) Variance
	2018	2017		2018	2017	
Exelon	$ 539	$ 95	$ 444	$ 1,125	$ 1,086	$ 39
Generation	178	(235)	413	314	184	130
ComEd	164	118	46	329	259	70
PECO	96	88	8	210	215	(5)
BGE	51	45	6	179	169	10
PHI	84	66	18	149	205	(56)
Pepco	54	43	11	85	101	(16)
DPL	26	19	7	57	76	(19)
ACE	8	8	—	15	36	(21)

Results of Operations — Generation

	Three Months Ended June 30,		Favorable (Unfavorable) Variance	Six Months Ended June 30,		Favorable (Unfavorable) Variance
	2018	2017		2018	2017	
Operating revenues	$ 4,579	$ 4,216	$ 363	$ 10,090	$ 9,093	$ 997
Purchased power and fuel expense	2,280	2,157	(123)	5,573	4,955	(618)
Revenues net of purchased power and fuel expense [(a)]	2,299	2,059	240	4,517	4,138	379
Other operating expenses						
Operating and maintenance	1,418	2,012	594	2,756	3,503	747
Depreciation and amortization	466	334	(132)	914	637	(277)
Taxes other than income	134	140	6	272	282	10
Total other operating expenses	2,018	2,486	468	3,942	4,422	480
Gain on sales of assets and businesses	1	—	1	54	4	50
Bargain purchase gain	—	—	—	—	226	(226)
Operating income (loss)	282	(427)	709	629	(54)	683
Other income and (deductions)						
Interest expense, net	(102)	(129)	27	(202)	(228)	26
Other, net	29	181	(152)	(15)	440	(455)
Total other income and (deductions)	(73)	52	(125)	(217)	212	(429)
Income (loss) before income taxes	209	(375)	584	412	158	254
Income taxes	23	(148)	(171)	32	(25)	(57)
Equity in losses of unconsolidated affiliates	(5)	(9)	4	(12)	(19)	7
Net income (loss)	181	(236)	417	368	164	204
Net income (loss) attributable to noncontrolling interests	3	(1)	(4)	54	(20)	(74)
Net income (loss) attributable to membership interest	$ 178	$ (235)	$ 413	$ 314	$ 184	$ 130

(a) Generation evaluates its operating performance using the measure of revenue net of purchased power and fuel expense. Generation believes that revenue net of purchased power and fuel expense is a useful measurement because it provides information that can be used to evaluate its operational performance. Revenue net of purchased power and fuel expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

Net Income Attributable to Membership Interest

Three Months Ended June 30, 2018 Compared to Three Months Ended June 30, 2017 . Generation's Net income attributable to membership interest for the three months ended June 30, 2018 increased compared to the same period in 2017 , primarily due to higher Revenue net of purchased power and fuel expense, lower Operating and maintenance expenses, partially offset by higher Depreciation and amortization expenses, lower Other income and higher income taxes. The increase

in Revenue net of purchased power and fuel expense primarily relates to mark-to-market gains in 2018 compared to losses in 2017, increased capacity prices, decreased nuclear outage days, the impact of the Illinois ZES and the impacts of Generation's natural gas portfolio, partially offset by lower realized energy prices and lower energy efficiency revenues. The decrease in Operating and maintenance expense is primarily due to the impairment of EGTP assets held for sale in 2017, decreased nuclear outage days in 2018, decreased spending related to energy efficiency projects, decreased costs related to the sale of Generation's electrical contracting business and one-time charges related to Generation's decision to early retire the TMI nuclear facility in 2017, partially offset by long-lived asset impairments of certain merchant wind assets in West Texas in 2018. The increase in Depreciation and amortization is primarily due to accelerated depreciation and amortization expenses associated with Generation's decision to early retire the Oyster Creek and TMI nuclear facilities. The decrease in Other income is primarily due to the change in realized and unrealized gains and losses on NDT funds. The decrease in income taxes is primarily due to tax savings related to the TCJA.

Six Months Ended June 30, 2018 Compared to Six Months Ended June 30, 2017 . Generation's Net income attributable to membership interest for the six months ended June 30, 2018 increased compared to the same period in 2017 , primarily due to higher Revenue net of purchased power and fuel expense, lower Operating and maintenance expenses and higher Gain on sales of assets and businesses, partially offset by higher Depreciation and amortization expenses, a Bargain purchase gain in 2017, lower Other income, and higher Net income attributable to noncontrolling interests. The increase in Revenue net of purchased power and fuel expense primarily relates to the impacts of the New York CES and Illinois ZES (including the impact of zero emission credits generated in Illinois from June 1, 2017 through December 31, 2017), increased capacity prices, the acquisition of the FitzPatrick nuclear facility, decreased nuclear outage days, decreased mark-to-market losses in 2018 compared to 2017, impacts of Generation's natural gas portfolio and the addition of two combined-cycle gas turbines in Texas, partially offset by the impact of the deconsolidation of EGTP in 2017, the conclusion of the Ginna Reliability Support Services Agreement, lower energy efficiency revenues and lower realized energy prices. The decrease in Operating and maintenance is primarily due to the impairment of EGTP assets held for sale in 2017, decreased nuclear outage days in 2018, one-time charges associated with Generation's decision to early retire the TMI nuclear facility in 2017, certain costs associated with mergers and acquisitions related to the PHI and FitzPatrick acquisitions, and the impact of a supplemental NEIL distribution, partially offset by long-lived asset impairments of certain merchant wind assets in West Texas in 2018 and one-time charges associated with Generation's decision to early retire the Oyster Creek facility in 2018. The increase in Gain on sales of assets and businesses is primarily due to Generation's sale of its electrical contracting business. The increase in Depreciation and amortization is primarily due to accelerated depreciation and amortization expenses associated with Generation's decision to early retire the Oyster Creek and TMI nuclear facilities. The Bargain purchase gain in 2017 is due to the acquisition of the FitzPatrick nuclear facility. The decrease in Other income is primarily due to the change in unrealized gains and losses on NDT funds. The increase in income taxes is primarily due to lower income taxes in 2017 due to Generation's 2017 Net loss.

Revenues Net of Purchased Power and Fuel Expense

The basis for Generation's reportable segments is the integrated management of its electricity business that is located in different geographic regions, and largely representative of the footprints of ISO/RTO and/or NERC regions, which utilize multiple supply sources to provide electricity through various distribution channels (wholesale and retail). Generation's hedging strategies and risk metrics are also aligned with these same geographic regions. Descriptions of each of Generation's six reportable segments are as follows:

- Mid-Atlantic represents operations in the eastern half of PJM, which includes New Jersey, Maryland, Virginia, West Virginia, Delaware, the District of Columbia and parts of Pennsylvania and North Carolina.

- Midwest represents operations in the western half of PJM, which includes portions of Illinois, Pennsylvania, Indiana, Ohio, Michigan, Kentucky and Tennessee, and the United States footprint of MISO, excluding MISO's Southern Region, which covers all or most of North Dakota, South Dakota, Nebraska, Minnesota, Iowa, Wisconsin, the remaining parts of Illinois, Indiana, Michigan and Ohio not covered by PJM, and parts of Montana, Missouri and Kentucky.

- New England represents the operations within ISO-NE covering the states of Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.

- New York represents operations within ISO-NY, which covers the state of New York in its entirety.

- ERCOT represents operations within Electric Reliability Council of Texas, covering most of the state of Texas.

- Other Power Regions :

  - South represents operations in the FRCC, MISO's Southern Region, and the remaining portions of the SERC not included within MISO or PJM, which includes all or most of Florida, Arkansas, Louisiana, Mississippi, Alabama, Georgia, Tennessee, North Carolina, South Carolina and parts of Missouri, Kentucky and Texas. Generation's South region also includes operations in the SPP, covering Kansas, Oklahoma, most of Nebraska and parts of New Mexico, Texas, Louisiana, Missouri, Mississippi and Arkansas.

  - West represents operations in the WECC, which includes California ISO, and covers the states of California, Oregon, Washington, Arizona, Nevada, Utah, Idaho, Colorado, and parts of New Mexico, Wyoming and South Dakota.

  - Canada represents operations across the entire country of Canada and includes AESO, OIESO and the Canadian portion of MISO.

The following business activities are not allocated to a region, and are reported under Other: natural gas, as well as other miscellaneous business activities that are not significant to Generation's overall operating revenues or results of operations. Further, the following activities are not allocated to a region, and are reported in Other: amortization of certain intangible assets relating to commodity contracts recorded at fair value from mergers and acquisitions; accelerated nuclear fuel amortization associated with nuclear decommissioning; and other miscellaneous revenues.

Generation evaluates the operating performance of its electric business activities using the measure of Revenue net of purchased power and fuel expense, which is a non-GAAP measurement. Generation's operating revenues include all sales to third parties and affiliated sales to the Utility Registrants. Purchased power costs include all costs associated with the procurement and supply of electricity including capacity, energy and ancillary services. Fuel expense includes the fuel costs for owned generation and fuel costs associated with tolling agreements.

For the three and six months ended June 30, 2018 and 2017 , Generation's Revenue net of purchased power and fuel expense by region were as follows:

	Three Months Ended June 30,				Six Months Ended June 30,			
	2018	2017	Variance	% Change	2018	2017	Variance	% Change
Mid-Atlantic [(a)]	$ 735	$ 783	$ (48)	(6.1)%	$ 1,586	$ 1,557	$ 29	1.9 %
Midwest [(b)]	772	728	44	6.0 %	1,631	1,443	188	13.0 %
New England	96	147	(51)	(34.7)%	216	257	(41)	(16.0)%
New York [(d)]	266	270	(4)	(1.5)%	549	415	134	32.3 %
ERCOT	82	70	12	17.1 %	118	138	(20)	(14.5)%
Other Power Regions	90	90	—	— %	208	152	56	36.8 %
Total electric revenue net of purchased power and fuel expense	2,041	2,088	(47)	(2.3)%	4,308	3,962	346	8.7 %
Proprietary Trading	29	7	22	314.3 %	35	7	28	400.0 %
Mark-to-market gains (losses)	90	(184)	274	(148.9)%	(175)	(233)	58	(24.9)%
Other [(c)]	139	148	(9)	(6.1)%	349	402	(53)	(13.2)%
Total revenue net of purchased power and fuel expense	$ 2,299	$ 2,059	$ 240	11.7 %	$ 4,517	$ 4,138	$ 379	9.2 %

(a) Results of transactions with PECO and BGE are included in the Mid-Atlantic region. Results of transactions with Pepco, DPL and ACE are included in the Mid-Atlantic region.
(b) Results of transactions with ComEd are included in the Midwest region.
(c) Other represents activities not allocated to a region. See text above for a description of included activities. Includes amortization of intangible assets related to commodity contracts recorded at fair value of a $20 million decrease to revenue net of purchased power and fuel expense for the three months ended June 30, 2017 , and accelerated nuclear fuel amortization associated with announced early plant retirements as discussed in Note 8 — Early Plant Retirements of the Combined Notes to Consolidated Financial Statements of a $20 million decrease and $2 million decrease to revenue net of purchased power and fuel expense for the three months ended June 30, 2018 and 2017 , respectively. Also includes amortization of intangible assets related to commodity contracts recorded at fair value of a $22 million decrease to revenue net of purchased power and fuel expense for the six months ended June 30, 2017 , and accelerated nuclear fuel amortization associated with announced early plant retirements as discussed in Note 8 — Early Plant Retirements of the Combined Notes to Consolidated Financial Statements of a $34 million decrease and $2 million decrease to revenue net of purchased power and fuel expense for the six months ended June 30, 2018 and 2017 , respectively.
(d) Includes the ownership of the FitzPatrick nuclear facility from March 31, 2017.

Generation's supply sources by region are summarized below:

Supply source (GWhs)	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Variance	% Change	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017	Variance	% Change
Nuclear Generation								
Mid-Atlantic [a]	16,498	15,246	1,252	8.2 %	32,727	31,790	937	2.9 %
Midwest	23,100	22,592	508	2.2 %	46,698	45,061	1,637	3.6 %
New York [a][c]	6,125	6,227	(102)	(1.6)%	13,239	10,718	2,521	23.5 %
Total Nuclear Generation	45,723	44,065	1,658	3.8 %	92,664	87,569	5,095	5.8 %
Fossil and Renewables								
Mid-Atlantic	907	899	8	0.9 %	1,807	1,734	73	4.2 %
Midwest	321	417	(96)	(23.0)%	776	835	(59)	(7.1)%
New England	816	1,925	(1,109)	(57.6)%	2,851	4,002	(1,151)	(28.8)%
New York	1	1	—	— %	2	2	—	— %
ERCOT	2,303	2,315	(12)	(0.5)%	5,252	3,684	1,568	42.6 %
Other Power Regions	2,221	2,084	137	6.6 %	4,214	3,507	707	20.2 %
Total Fossil and Renewables	6,569	7,641	(1,072)	(14.0)%	14,902	13,764	1,138	8.3 %
Purchased Power								
Mid-Atlantic	557	2,901	(2,344)	(80.8)%	1,323	6,299	(4,976)	(79.0)%
Midwest	223	413	(190)	(46.0)%	559	801	(242)	(30.2)%
New England	5,953	4,343	1,610	37.1 %	11,390	9,407	1,983	21.1 %
New York	—	—	—	— %	—	28	(28)	(100.0)%
ERCOT	2,320	1,871	449	24.0 %	3,692	4,525	(833)	(18.4)%
Other Power Regions	4,502	3,507	995	28.4 %	8,635	6,375	2,260	35.5 %
Total Purchased Power	13,555	13,035	520	4.0 %	25,599	27,435	(1,836)	(6.7)%
Total Supply/Sales by Region								
Mid-Atlantic [b]	17,962	19,046	(1,084)	(5.7)%	35,857	39,823	(3,966)	(10.0)%
Midwest [b]	23,644	23,422	222	0.9 %	48,033	46,697	1,336	2.9 %
New England	6,769	6,268	501	8.0 %	14,241	13,409	832	6.2 %
New York	6,126	6,228	(102)	(1.6)%	13,241	10,748	2,493	23.2 %
ERCOT	4,623	4,186	437	10.4 %	8,944	8,209	735	9.0 %
Other Power Regions	6,723	5,591	1,132	20.2 %	12,849	9,882	2,967	30.0 %
Total Supply/Sales by Region	65,847	64,741	1,106	1.7 %	133,165	128,768	4,397	3.4 %

(a) Includes the proportionate share of output where Generation has an undivided ownership interest in jointly-owned generating plants and includes the total output of plants that are fully consolidated (e.g. CENG).
(b) Includes affiliate sales to PECO and BGE in the Mid-Atlantic region, affiliate sales to ComEd in the Midwest region and affiliate sales to Pepco, DPL and ACE in the Mid-Atlantic region.
(c) Includes the ownership of the FitzPatrick nuclear facility from March 31, 2017.

Mid-Atlantic

Three Months Ended June 30, 2018 Compared to Three Months Ended June 30, 2017 . The $48 million decrease in Revenue net of purchased power and fuel expense in the Mid-Atlantic primarily reflects lower realized energy prices, partially offset by decreased nuclear outage days and increased capacity prices.

Six Months Ended June 30, 2018 Compared to Six Months Ended June 30, 2017 . The $29 million increase in Revenue net of purchased power and fuel expense in the Mid-Atlantic primarily reflects decreased nuclear outage days and increased capacity prices, partially offset by lower realized energy prices.

Midwest

Three Months Ended June 30, 2018 Compared to Three Months Ended June 30, 2017 . The $44 million increase in Revenue net of purchased power and fuel expense in the Midwest was primarily due to the impact of the Illinois ZES, increased capacity prices, and decreased nuclear outage days, partially offset by lower realized energy prices.

Six Months Ended June 30, 2018 Compared to Six Months Ended June 30, 2017 . The $188 million increase in Revenue net of purchased power and fuel expense in the Midwest was primarily due to the impact of the Illinois ZES (including the impact of zero emission credits generated in Illinois from June 1, 2017 through December 31, 2017), decreased nuclear outage days, and increased capacity prices, partially offset by lower realized energy prices.

New England

Three Months Ended June 30, 2018 Compared to Three Months Ended June 30, 2017 . The $51 million decrease in Revenue net of purchased power and fuel expense in New England primarily reflects lower realized energy prices, partially offset by increased capacity prices.

Six Months Ended June 30, 2018 Compared to Six Months Ended June 30, 2017 . The $41 million decrease in Revenue net of purchased power and fuel expense in New England primarily reflects lower realized energy prices, partially offset by increased capacity prices.

New York

Three Months Ended June 30, 2018 Compared to Three Months Ended June 30, 2017 . The $4 million decrease in Revenue net of purchased power and fuel expense in New York was primarily due to increased nuclear outage days which resulted in decreased ZEC revenues related to New York CES.

Six Months Ended June 30, 2018 Compared to Six Months Ended June 30, 2017 . The $134 million increase in Revenue net of purchased power and fuel expense in New York was primarily due to the impact of the New York CES and the acquisition of FitzPatrick, partially offset by the conclusion of the Ginna Reliability Support Service Agreement.

ERCOT

Three Months Ended June 30, 2018 Compared to Three Months Ended June 30, 2017 . The $12 million increase in Revenue net of purchased power and fuel expense in ERCOT was primarily due to higher realized energy prices.

Six Months Ended June 30, 2018 Compared to Six Months Ended June 30, 2017 . The $20 million decrease in Revenue net of purchased power and fuel expense in ERCOT was primarily due to

the deconsolidation of EGTP in 2017 and lower realized energy prices, partially offset by the addition of two combined-cycle gas turbines in Texas.

Other Power Regions

Three Months Ended June 30, 2018 Compared to Three Months Ended June 30, 2017 . There was an immaterial change in Revenue net of purchased power and fuel expense in Other Power Regions.

Six Months Ended June 30, 2018 Compared to Six Months Ended June 30, 2017 . The $56 million increase in Revenue net of purchased power and fuel expense in Other Power Regions was primarily due to higher realized energy prices.

Proprietary Trading

Three Months Ended June 30, 2018 Compared to Three Months Ended June 30, 2017 . The $22 million increase in Revenue net of purchased power and fuel expense in Proprietary Trading was primarily due to congestion activity.

Six Months Ended June 30, 2018 Compared to Six Months Ended June 30, 2017 . The $28 million increase in Revenue net of purchased power and fuel expense in Proprietary Trading was primarily due to congestion activity.

Mark-to-market

Three Months Ended June 30, 2018 Compared to Three Months Ended June 30, 2017 . Mark-to-market gains on economic hedging activities were $90 million for the three months ended June 30, 2018 compared to losses of $184 million for the three months ended June 30, 2017 . See Notes 9 — Fair Value of Financial Assets and Liabilities and 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information on gains and losses associated with mark-to-market derivatives.

Six Months Ended June 30, 2018 Compared to Six Months Ended June 30, 2017 . Mark-to-market losses on economic hedging activities were $175 million for the six months ended June 30, 2018 compared to losses of $233 million for the six months ended June 30, 2017 . See Notes 9 — Fair Value of Financial Assets and Liabilities and 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information on gains and losses associated with mark-to-market derivatives.

Other

Three Months Ended June 30, 2018 Compared to Three Months Ended June 30, 2017 . The $9 million decrease in Revenue net of purchased power and fuel expense in Other was due to the decline in revenues related to the energy efficiency business and accelerated nuclear fuel amortization associated with announced early plant retirements as discussed in Note 8 — Early Plant Retirements of the Combined Notes to Consolidated Financial Statements, partially offset by Generation's higher natural gas portfolio optimization and the absence of amortization of energy contracts recorded at fair value associated with prior acquisitions.

Six Months Ended June 30, 2018 Compared to Six Months Ended June 30, 2017 . The $53 million decrease in Revenue net of purchased power and fuel expense in Other was due to the decline in revenues related to the energy efficiency business and accelerated nuclear fuel amortization associated with announced early plant retirements as discussed in Note 8 — Early Plant Retirements of the Combined Notes to Consolidated Financial Statements, partially offset by Generation's higher natural gas portfolio optimization and the absence of amortization of energy contracts recorded at fair value associated with prior acquisitions.

Nuclear Fleet Capacity Factor

The following table presents nuclear fleet operating data for the three and six months ended June 30, 2018 compared to the same period in 2017 for the Generation-operated plants. The nuclear fleet capacity factor presented in the table is defined as the ratio of the actual output of a plant over a period of time to its output if the plant had operated at full average annual mean capacity for that time period. Generation considers capacity factor to be a useful measure to analyze the nuclear fleet performance between periods. Generation has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, these measures are not a presentation defined under GAAP and may not be comparable to other companies' presentations or be more useful than the GAAP information provided elsewhere in this report.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Nuclear fleet capacity factor [(a)]	93.2%	90.9%	94.8%	92.4%
Refueling outage days [(a)]	94	125	162	220
Non-refueling outage days [(a)]	2	12	8	20

(a) Reflects ownership percentage of stations operated by Exelon. Excludes Salem, which is operated by PSEG Nuclear, LLC. Includes the ownership of the FitzPatrick nuclear facility from March 31, 2017.

Operating and Maintenance Expense

The changes in Operating and maintenance expense for the three and six months ended June 30, 2018 as compared to the same period in 2017 , consisted of the following:

	Three Months Ended June 30, 2018	Six Months Ended June 30, 2018
	Increase (Decrease) [a]	Increase (Decrease) [a]
Labor, other benefits, contracting, materials [b]	$ (60)	$ (113)
Nuclear refueling outage costs, including the co-owned Salem plants [c]	(64)	(96)
Corporate allocations	(1)	7
Insurance [d]	(3)	(36)
Merger and integration costs [e]	(18)	(55)
Plant retirements and divestitures [f]	(69)	(42)
Change in environmental liabilities [g]	7	7
Cost management program	5	4
Long-lived asset impairments [h]	(379)	(378)
Pension and non-pension postretirement benefits expense	(7)	(10)
Allowance for uncollectible accounts	(11)	(10)
Accretion expense	(5)	(3)
Other	11	(22)
Decrease in Operating and maintenance expense	$ (594)	$ (747)

(a) The financial results include Generation's acquisition of the FitzPatrick nuclear generating station from March 31, 2017.
(b) Primarily reflects decreased spending related to energy efficiency projects and decreased costs related to the sale of Generation's electrical contracting business in 2018.
(c) Primarily reflects a decrease in the number of nuclear outage days.
(d) Primarily reflects the impact of a supplemental NEIL insurance distribution.
(e) Primarily reflects certain costs associated with mergers and acquisitions, including, if and when applicable, professional fees, employee-related expenses and integration activities related to the PHI and FitzPatrick acquisitions in 2017, and the PHI acquisition in 2018.
(f) Primarily reflects one-time charges associated with Generation’s decision to early retire the Oyster Creek nuclear facility in 2018 and the TMI nuclear facility in 2017.
(g) Primarily reflects charges to adjust the environmental reserve associated with Cotter.
(h) Primarily reflects charges to earnings related to the impairment of the EGTP assets held for sale in 2017, and in 2018 the impairment of certain wind projects at Generation.

Depreciation and Amortization Expense

Depreciation and amortization expense for the three and six months ended June 30, 2018 compared to the same period in 2017 increased primarily due to accelerated depreciation and amortization due to Generation's decision to early retire the Oyster Creek and TMI nuclear facilities.

Taxes Other Than Income

Taxes other than income, which can vary period to period, include non-income municipal and state utility taxes, real estate taxes and payroll taxes. Taxes other than income for the three and six months ended June 30, 2018 compared to the same period in 2017 remained relatively stable.

Gain on Sales of Assets and Businesses

Gain on sales of assets and businesses for the three and six months ended June 30, 2018 compared to the same period in 2017 increased primarily due to Generation's 2018 sale of its electrical contracting business.

Bargain Purchase Gain

Bargain purchase gain for the three and six months ended June 30, 2018 compared to the same period in 2017 decreased as a result of the gain associated with the FitzPatrick acquisition in 2017. See Note 4 — Mergers, Acquisitions and Dispositions of the Combined Notes to Consolidated Financial Statements for additional information.

Interest Expense, Net

Interest expense, net for the three and six months ended June 30, 2018 compared to the same period in 2017 primarily reflects decreased interest expense due to the retirement of long-term debt.

Other, Net

Other, net for the three and six months ended June 30, 2018 compared to the same period in 2017 decreased primarily due to the change in the realized and unrealized gains and losses related to NDT funds of Non-Regulatory Agreement Units as described in the table below. Other, net also reflects $3 million and $92 million for the three months ended June 30, 2018 and 2017 , respectively, and $(4) million and $37 million for the six months ended June 30, 2018 and 2017 , respectively, related to the contractual elimination of income tax expense (benefit) associated with the NDT funds of the Regulatory Agreement Units. See Note 13 — Nuclear Decommissioning of the Combined Notes to Consolidated Financial Statements for additional information regarding NDT funds.

The following table provides unrealized and realized gains and losses on the NDT funds of the Non-Regulatory Agreement Units recognized in Other, net for the three and six months ended June 30, 2018 and 2017 :

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net unrealized (losses) gains on decommissioning trust funds	$ (120)	$ 70	$ (215)	$ 235
Net realized gains on sale of decommissioning trust funds	108	40	135	49

Equity in Losses of Unconsolidated Affiliates

Equity in losses of unconsolidated affiliates for the three and six months ended June 30, 2018 compared to the same period in 2017 remained relatively stable.

Effective Income Tax Rate

Generation's effective income tax rate was 11.0% and 39.5% for the three months ended June 30, 2018 and 2017 , respectively. Generation's effective income tax rate was 7.8% and (15.8)% for the six months ended June 30, 2018 and 2017 , respectively. The decrease in the effective income tax rate for the three and six months ended June 30, 2018 compared to the same periods in 2017 is primarily related to tax savings due to the lower federal income tax rate as a result of the TCJA. See Note 12 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information of the change in the effective income tax rate.

Results of Operations — ComEd

	Three Months Ended June 30,		Favorable (Unfavorable) Variance	Six Months Ended June 30,		Favorable (Unfavorable) Variance
	2018	2017		2018	2017	
Operating revenues	$ 1,398	$ 1,357	$ 41	$ 2,910	$ 2,656	$ 254
Purchased power expense	477	378	(99)	1,082	713	(369)
Revenues net of purchased power expense [(a)(b)]	921	979	(58)	1,828	1,943	(115)
Other operating expenses						
Operating and maintenance	324	377	53	638	747	109
Depreciation and amortization	231	211	(20)	459	419	(40)
Taxes other than income	79	72	(7)	156	144	(12)
Total other operating expenses	634	660	26	1,253	1,310	57
Gain on sales of assets	1	—	1	5	—	5
Operating income	288	319	(31)	580	633	(53)
Other income and (deductions)						
Interest expense, net	(85)	(101)	16	(175)	(185)	10
Other, net	4	4	—	12	8	4
Total other income and (deductions)	(81)	(97)	16	(163)	(177)	14
Income before income taxes	207	222	(15)	417	456	(39)
Income taxes	43	104	61	88	197	109
Net income	$ 164	$ 118	$ 46	$ 329	$ 259	$ 70

(a) ComEd evaluates its operating performance using the measure of Revenue net of purchased power expense. ComEd believes that Revenue net of purchased power expense is a useful measurement because it provides information that can be used to evaluate its operational performance. In general, ComEd only earns margin based on the delivery and transmission of electricity. ComEd has included its discussion of Revenue net of purchased power expense below as a complement to the financial information provided in accordance with GAAP. However, Revenue net of purchased power expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

(b) For regulatory recovery mechanisms, including ComEd's electric distribution and transmission formula rates, and riders, revenues increase and decrease i) as fully recoverable costs fluctuate (with no impact on net earnings), and ii) pursuant to changes in rate base, capital structure and ROE (which impact net earnings).

Net Income

Three Months Ended June 30, 2018 Compared to Three Months Ended June 30, 2017 . ComEd's Net income for the three months ended June 30, 2018 was higher than the same period in 2017 primarily due to higher electric distribution and energy efficiency formula rate earnings as well as additional tax and interest recorded in the second quarter of 2017 relating to Exelon's like-kind exchange tax position. The TCJA did not significantly impact ComEd's net income for the three months ended June 30, 2018 as the favorable income tax impacts were predominantly offset by lower revenues resulting from the pass back of the tax savings through customer rates.

Six Months Ended June 30, 2018 Compared to Six Months Ended June 30, 2017 . ComEd's Net income for the six months ended June 30, 2018 was higher than the same period in 2017 primarily due to higher electric distribution and energy efficiency formula rate earnings as well as additional tax

and interest recorded in the second quarter of 2017 relating to Exelon's like-kind exchange tax position. The TCJA did not significantly impact ComEd's net income for the six months ended June 30, 2018 as the favorable income tax impacts were predominantly offset by lower revenues resulting from the pass back of the tax savings through customer rates.

Revenues Net of Purchased Power Expense

There are certain drivers of Operating revenues that are fully offset by their impact on Purchased power expense, such as commodity, REC, and ZEC procurement costs and participation in customer choice programs. ComEd is permitted to recover electricity, REC, and ZEC procurement costs from retail customers without mark-up. Therefore, fluctuations in these costs have no impact on Revenue net of purchased power expense. See Note 3 — Regulatory Matters of the Exelon 2017 Form 10-K for additional information on ComEd's electricity procurement process.

All ComEd customers have the choice to purchase electricity from a competitive electric generation supplier. Customer choice programs do not impact ComEd's volume of deliveries but do affect ComEd's Operating revenues related to supplied energy, which is fully offset in Purchased power expense. Therefore, customer choice programs have no impact on Revenue net of purchased power expense.

Retail deliveries purchased from competitive electric generation suppliers (as a percentage of kWh sales) for the three and six months ended June 30, 2018 and 2017 , consisted of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Electric	70%	71%	69%	71%

Retail customers purchasing electric generation from competitive electric generation suppliers at June 30, 2018 and 2017 consisted of the following:

	June 30, 2018		June 30, 2017	
	Number of customers	% of total retail customers	Number of customers	% of total retail customers
Electric	1,337,900	33%	1,382,600	35%

The changes in ComEd's Revenue net of purchased power expense for the three and six months ended June 30, 2018 compared to the same period in 2017 consisted of the following:

	Three Months Ended June 30, 2018	Six Months Ended June 30, 2018
	Increase (Decrease)	Increase (Decrease)
Electric distribution revenue	$ (35)	$ (67)
Transmission revenue	(9)	(15)
Energy efficiency revenue [(a)]	10	17
Regulatory required programs [(a)]	(37)	(94)
Uncollectible accounts recovery, net	1	3
Other	12	41
Total decrease	$ (58)	$ (115)

(a) Beginning on June 1, 2017, ComEd is deferring energy efficiency costs as a regulatory asset that will be recovered through the energy efficiency formula rate over the weighted average useful life of the related energy efficiency measures.

Revenue Decoupling. The demand for electricity is affected by weather conditions. Under FEJA, ComEd revised its electric distribution rate formula effective January 1, 2017 to eliminate the favorable and unfavorable impacts on Operating revenues associated with variations in delivery volumes associated with above or below normal weather, numbers of customers or usage per customer.

Heating and cooling degree-days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree-days for a 30-year period in ComEd's service territory with cooling degree-days generally having a more significant impact to ComEd, particularly during the summer months. The changes in heating and cooling degree-days in ComEd's service territory for the three and six months ended June 30, 2018 and 2017 , consisted of the following:

Heating and Cooling Degree-Days				% Change	
Three Months Ended June 30,	2018	2017	Normal	2018 vs. 2017	2018 vs. Normal
Heating Degree-Days	820	577	734	42.1%	11.7%
Cooling Degree-Days	364	263	241	38.4%	51.0%
Six Months Ended June 30,					
Heating Degree-Days	3,937	3,227	3,875	22.0%	1.6%
Cooling Degree-Days	364	263	241	38.4%	51.0%

Electric Distribution Revenue. EIMA and FEJA provide for a performance-based formula rate, which requires an annual reconciliation of the revenue requirement in effect to the actual costs that the ICC determines are prudently and reasonably incurred in a given year. Electric distribution revenue varies from year to year based upon fluctuations in the underlying costs, investments being recovered, and allowed ROE. ComEd's allowed ROE is the annual average rate on 30-year treasury notes plus 580 basis points. In addition, ComEd's allowed ROE is subject to reduction if ComEd does not deliver the reliability and customer service benefits to which it has committed over the ten-year life of the investment program. Electric distribution revenue decreased during the three and six months ended June 30, 2018 , primarily due to the impact of the lower federal income tax rate, partially offset by increased revenues due to higher rate base and increased depreciation expense as compared to the same period in 2017 . See Depreciation and amortization expense discussions below and Note 6 — Regulatory Matters and Note 12 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information.

Transmission Revenue. Under a FERC-approved formula, transmission revenue varies from year to year based upon fluctuations in the underlying costs, capital investments being recovered and the highest daily peak load, which is updated annually in January based on the prior calendar year. Generally, increases/decreases in the highest daily peak load will result in higher/lower transmission revenue. For the three and six months ended June 30, 2018 , ComEd recorded decreased transmission revenue primarily due to the decreased peak load, partially offset by increased revenues due to higher rate base and increased depreciation expense as compared to the same period in 2017 . See Operating and maintenance expense below and Note 6 — Regulatory Matters and Note 12 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information.

Energy Efficiency Revenue. Beginning June 1, 2017, FEJA provides for a performance-based formula rate, which requires an annual reconciliation of the revenue requirement in effect to the actual costs that the ICC determines are prudently and reasonably incurred in a given year. Under FEJA, energy efficiency revenue varies from year to year based upon fluctuations in the underlying costs, investments being recovered, and allowed ROE. ComEd's allowed ROE is the annual average rate on 30-year treasury notes plus 580 basis points. Beginning January 1, 2018, ComEd's allowed ROE is

subject to a maximum downward or upward adjustment of 200 basis points if ComEd's cumulative persisting annual MWh savings falls short of or exceeds specified percentage benchmarks of its annual incremental savings goal. See Depreciation and amortization expense discussions below and Note 6 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Regulatory Required Programs. This represents the change in Operating revenues collected under approved rate riders to recover costs incurred for regulatory programs such as ComEd's purchased power administrative costs and energy efficiency and demand response through June 1, 2017 pursuant to FEJA. The riders are designed to provide full and current cost recovery. An equal and offsetting amount has been included in Operating and maintenance expense. See Operating and maintenance expense discussion below for additional information on included programs.

Uncollectible Accounts Recovery, Net. Uncollectible accounts recovery, net represents recoveries under ComEd's uncollectible accounts tariff. See Operating and maintenance expense discussion below for additional information on this tariff.

Other. Other revenue, which can vary period to period, includes rental revenue, revenue related to late payment charges, assistance provided to other utilities through mutual assistance programs, recoveries of environmental costs associated with MGP sites, and recoveries of energy procurement costs. The increase in Other revenue for the three and six months ended June 30, 2018 compared to the same period in 2017 primarily reflects mutual assistance revenues associated with hurricane and winter storm restoration efforts. An equal and offsetting amount has been included in Operating and maintenance expense and Taxes other than income.

Operating and Maintenance Expense

	Three Months Ended June 30,			Six Months Ended June 30,		
	2018	2017	Increase (Decrease)	2018	2017	Increase (Decrease)
Operating and maintenance expense — baseline	$ 318	$ 334	$ (16)	$ 630	$ 645	$ (15)
Operating and maintenance expense — regulatory required programs [(a)]	6	43	$ (37)	8	102	(94)
Total Operating and maintenance expense	$ 324	$ 377	$ (53)	$ 638	$ 747	$ (109)

(a) Operating and maintenance expense for regulatory required programs are costs for various legislative and/or regulatory programs that are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in Operating revenues.

The decrease in Operating and maintenance expense for the three and six months ended June 30, 2018 compared to the same period in 2017 , consisted of the following:

	Three Months Ended June 30, 2018	Six Months Ended June 30, 2018
	Increase (Decrease)	Increase (Decrease)
Baseline		
Labor, other benefits, contracting and materials [a]	$ (11)	$ (1)
Pension and non-pension postretirement benefits expense [a]	(1)	—
Storm-related costs	(10)	(17)
Uncollectible accounts expense — provision [b]	1	4
Uncollectible accounts expense — recovery, net [b]	—	(1)
BSC costs [a]	4	2
Other [a]	1	(2)
	(16)	(15)
Regulatory required programs		
Energy efficiency and demand response programs [c]	(37)	(94)
Decrease in operating and maintenance expense	$ (53)	$ (109)

(a) Includes additional costs associated with mutual assistance programs. An equal and offsetting increase has been recognized in Operating revenues for the period presented.
(b) ComEd is allowed to recover from or refund to customers the difference between the utility's annual uncollectible accounts expense and the amounts collected in rates annually through a rider mechanism. During the three and six months ended June 30, 2018 , ComEd recorded a net increase in Operating and maintenance expense related to uncollectible accounts due to the timing of regulatory cost recovery. An equal and offsetting increase has been recognized in Operating revenues for the period presented.
(c) Beginning June 1, 2017, ComEd is deferring energy efficiency costs as a regulatory asset that will be recovered through the energy efficiency formula rate over the weighted average useful life of the related energy efficiency measures.

Depreciation and Amortization Expense

The increase in Depreciation and amortization expense during the three and six months ended June 30, 2018 compared to the same period in 2017 , consisted of the following:

	Three Months Ended June 30, 2018	Six Months Ended June 30, 2018
	Increase	Increase
Depreciation expense [a]	$ 10	$ 21
Regulatory asset amortization [b]	10	19
Total increase	$ 20	$ 40

(a) Primarily reflects ongoing capital expenditures for the three and six months ended June 30, 2018 .
(b) Beginning in June 2017, includes amortization of ComEd's energy efficiency formula rate regulatory asset.

Taxes Other Than Income

Taxes other than income, which can vary year to year, include municipal and state utility taxes, real estate taxes and payroll taxes. Taxes other than income taxes remained relatively consistent for the three and six months ended June 30, 2018 compared to the same period in 2017 .

Gain on Sales of Assets

The increase in Gain on sales of assets during the three and six months ended June 30, 2018 compared to the same period in 2017 , is primarily due to the sale of land in March 2018.

Interest Expense, Net

The changes in Interest expense, net, for the three and six months ended June 30, 2018 compared to the same period in 2017 consisted of the following:

	Three Months Ended June 30, 2018	Six Months Ended June 30, 2018
	Increase (Decrease)	Increase (Decrease)
Interest expense related to uncertain tax positions [(a)]	$ (14)	$ (14)
Interest expense on debt (including financing trusts)	—	4
Other	(2)	—
Decrease in interest expense, net	$ (16)	$ (10)

(a) Primarily reflects additional interest recorded in the second quarter of 2017 related to Exelon's like-kind exchange tax position.

Other, Net

Other, net, remained relatively consistent for the three and six months ended June 30, 2018 compared to the same period in 2017 .

Effective Income Tax Rate

ComEd's effective income tax rate was 20.8% and 46.8% for the three months ended June 30, 2018 and 2017 , respectively. ComEd's effective income tax rate was 21.1% and 43.2% f or the six months ended June 30, 2018 and 2017 , respectively . The decrease in the effective income tax rate for the three and six months ended June 30, 2018 compared to the same period in 2017 is primarily due to the lower federal income tax rate as a result of the TCJA. See Note 12 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

ComEd Electric Operating Statistics Detail

Retail Deliveries to Customers (in GWhs)	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	% Change	Weather-Normal % Change	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017	% Change	Weather-Normal % Change
Retail Deliveries [(a)]								
Residential	6,557	5,919	10.8%	1.5%	13,173	12,160	8.3%	1.2%
Small commercial & industrial	7,735	7,437	4.0%	1.7%	15,578	15,146	2.9%	0.6%
Large commercial & industrial	7,111	6,798	4.6%	3.2%	13,948	13,480	3.5%	2.0%
Public authorities & electric railroads	286	282	1.4%	1.2%	646	625	3.4%	2.1%
Total retail deliveries	21,689	20,436	6.1%	2.1%	43,345	41,411	4.7%	1.2%

Number of Electric Customers	As of June 30, 2018	As of June 30, 2017
Residential	3,631,213	3,605,731
Small commercial & industrial	379,862	375,976
Large commercial & industrial	2,002	2,009
Public authorities & electric railroads	4,776	4,785
Total	4,017,853	3,988,501

(a) Reflects delivery volume from customers purchasing electricity directly from ComEd and customers purchasing electricity from a competitive electric generation supplier, as all customers are assessed delivery charges.

See Note 19 — Segment Information of the Combined Notes to Consolidated Financial Statements for the presentation of ComEd's revenue disaggregation.

Results of Operations — PECO

	Three Months Ended June 30,		Favorable (Unfavorable) Variance	Six Months Ended June 30,		Favorable (Unfavorable) Variance
	2018	2017		2018	2017	
Operating revenues	$ 653	$ 630	$ 23	$ 1,518	$ 1,426	$ 92
Purchased power and fuel expense	222	197	(25)	555	484	(71)
Revenues net of purchased power and fuel expense [(a)]	431	433	(2)	963	942	21
Other operating expenses						
Operating and maintenance	191	190	(1)	466	398	(68)
Depreciation and amortization	74	71	(3)	149	141	(8)
Taxes other than income	39	35	(4)	79	74	(5)
Total other operating expenses	304	296	(8)	694	613	(81)
Operating income	127	137	(10)	269	329	(60)
Other income and (deductions)						
Interest expense, net	(32)	(31)	(1)	(64)	(62)	(2)
Other, net	—	2	(2)	2	3	(1)
Total other income and (deductions)	(32)	(29)	(3)	(62)	(59)	(3)
Income before income taxes	95	108	(13)	207	270	(63)
Income taxes	(1)	20	21	(3)	55	58
Net income	$ 96	$ 88	$ 8	$ 210	$ 215	$ (5)

(a) PECO evaluates its operating performance using the measures of revenue net of purchased power expense for electric sales and revenue net of fuel expense for gas sales. PECO believes revenue net of purchased power expense and revenue net of fuel expense are useful measurements of its performance because they provide information that can be used to evaluate its net revenue from operations. PECO has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, revenue net of purchased power expense and revenue net of fuel expense figures are not presentations defined under GAAP and may not be comparable to other companies' presentations or more useful than the GAAP information provided elsewhere in this report.

Net Income

Three Months Ended June 30, 2018 Compared to Three Months Ended June 30, 2017 . PECO's Net income increased from the same period in 2017 , primarily due to higher Operating revenues net of purchase power and fuel expense attributable to favorable weather and volume. The TCJA did not significantly impact PECO's Net income for the three and six months ended June 30, 2018 as the favorable income tax impacts were predominantly offset by lower revenues resulting from the requirement to pass back the tax savings through customer rates.

Six Months Ended June 30, 2018 Compared to Six Months Ended June 30, 2017 . PECO's Net income decreased from the same period in 2017 , primarily due to higher Operating and maintenance expense attributable to increased storm restoration costs as a result of winter storms in March 2018, partially offset by higher Operating revenues net of purchase power and fuel expense attributable to favorable weather and volume. The TCJA did not significantly impact PECO's Net income for the three and six months ended June 30, 2018 as the favorable income tax impacts were predominantly offset by lower revenues resulting from the requirement to pass back the tax savings through customer rates.

Revenues Net of Purchased Power and Fuel Expense

Electric and natural gas revenue and purchased power and fuel expense are affected by fluctuations in commodity procurement costs. PECO's electric supply and natural gas cost rates charged to customers are subject to adjustments as specified in the PAPUC-approved tariffs that are designed to recover or refund the difference between the actual cost of electric supply and natural gas and the amount included in rates in accordance with PECO's GSA and PGC, respectively. Therefore, fluctuations in electric supply and natural gas procurement costs have no impact on electric and natural gas revenue net of purchased power and fuel expense.

Electric and natural gas revenue and purchased power and fuel expense are also affected by fluctuations in participation in the Customer Choice Program. All PECO customers have the choice to purchase electricity and natural gas from competitive electric generation and natural gas suppliers, respectively. The customer's Choice of suppliers does not impact the volume of deliveries, but affects revenue collected from customers related to supplied energy and natural gas service. Customer choice program activity has no impact on electric and natural gas revenues net of purchased power and fuel expense.

Retail deliveries purchased from competitive electric generation and natural gas suppliers (as a percentage of kWh and mmcf sales, respectively) for the three and six months ended June 30, 2018 and 2017 , consisted of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Electric	71%	73%	69%	71%
Natural Gas	28%	29%	25%	26%

Retail customers purchasing electric generation and natural gas from competitive electric generation and natural gas suppliers at June 30, 2018 and 2017 consisted of the following:

	June 30, 2018		June 30, 2017	
	Number of customers	% of total retail customers	Number of customers	% of total retail customers
Electric	547,800	33%	581,600	36%
Natural Gas	85,700	16%	82,000	16%

The changes in PECO's Operating revenues net of purchased power and fuel expense for the three and six months ended June 30, 2018 compared to the same period in 2017 consisted of the following:

	Three Months Ended June 30, 2018			Six Months Ended June 30, 2018		
	Increase (Decrease)			Increase (Decrease)		
	Electric	Natural Gas	Total	Electric	Natural Gas	Total
Weather	$ 2	$ 6	$ 8	$ 19	$ 18	$ 37
Volume	9	—	9	8	3	11
Pricing	(23)	(1)	(24)	(30)	(8)	(38)
Regulatory required programs	—	—	—	(2)	—	(2)
Other	7	(2)	5	16	(3)	13
Total (decrease) increase	$ (5)	$ 3	$ (2)	$ 11	$ 10	$ 21

Weather. The demand for electricity and natural gas is affected by weather conditions. With respect to the electric business, very warm weather in summer months and, with respect to the electric and natural gas businesses, very cold weather in winter months are referred to as "favorable weather conditions" because these weather conditions result in increased deliveries of electricity and natural gas. Conversely, mild weather reduces demand. During the three and six months ended June 30, 2018 compared to the same period in 2017 , Operating revenue net of purchased power and fuel increased due to favorable weather conditions.

Heating and cooling degree-days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree-days for a 30-year period in PECO's service territory. The changes in heating and cooling degree-days in PECO's service territory for the three and six months ended June 30, 2018 compared to the same period in 2017 and normal weather consisted of the following:

Heating and Cooling Degree-Days				% Change	
Three Months Ended June 30,	2018	2017	Normal	From 2017	2018 vs. Normal
Heating Degree-Days	482	329	441	46.5 %	9.3 %
Cooling Degree-Days	382	415	383	(8.0)%	(0.3)%
Six Months Ended June 30,					
Heating Degree-Days	2,879	2,423	2,885	18.8 %	(0.2)%
Cooling Degree-Days	382	415	385	(8.0)%	(0.8)%

Volume. Operating revenue net of purchased power related to delivery volume, exclusive of the effects of weather, for the three and six months ended June 30, 2018 compared to the same period in 2017 , increased due to the impact of moderate economic and customer growth partially offset by the impact of energy efficiency initiatives on customer usages primarily in the residential class. Additionally, the increase represents a shift in the volume profile across classes from the commercial and industrial classes to the residential class. Operating revenue net of fuel expense for the six months ended June 30, 2018 compared to the same period in 2017 increased due to strong customer growth and moderate economic growth.

Pricing. Operating revenues net of purchased power as a result of pricing for the three and six months ended June 30, 2018 compared to the same period in 2017 decreased primarily due to the pass

back through customers rates the tax savings associated with the lower federal income tax rate. See Note 6 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Regulatory Required Programs. This represents the change in Operating revenues collected under approved riders to recover costs incurred for regulatory programs such as smart meter, energy efficiency and the GSA. The riders are designed to provide full and current cost recovery as well as a return. The costs of these programs are included in Operating and maintenance expense, Depreciation and amortization expense and Income taxes. See Operating and maintenance expense discussion below for additional information on included programs.

Other. Other revenue, which can vary period to period, primarily includes wholesale transmission revenue, rental revenue, revenue related to late payment charges and assistance provided to other utilities through mutual assistance programs.

Operating and Maintenance Expense

	Three Months Ended June 30,			Six Months Ended June 30,		
	2018	2017	Increase (Decrease)	2018	2017	Increase (Decrease)
Operating and maintenance expense — baseline	$ 175	$ 174	$ 1	$ 435	$ 370	$ 65
Operating and maintenance expense — regulatory required programs [(a)]	16	16	—	31	28	3
Total Operating and maintenance expense	$ 191	$ 190	$ 1	$ 466	$ 398	$ 68

(a) Operating and maintenance expenses for regulatory required programs are costs for various legislative and/or regulatory programs that are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in Operating revenues.

The changes in Operating and maintenance expense for the three and six months ended June 30, 2018 compared to the same period in 2017 , consisted of the following:

	Three Months Ended June 30, 2018	Six Months Ended June 30, 2018
	Increase (Decrease)	Increase (Decrease)
Baseline		
Labor, other benefits, contracting and materials	$ 7	$ 11
Storm-related costs [(a)]	—	58
Pension and non-pension postretirement benefits expense	(2)	(3)
Other	(4)	(1)
	1	65
Regulatory Required Programs		
Energy efficiency	—	3
Total increase	$ 1	$ 68

(a) Reflects increased costs incurred from the Q1 2018 winter storms.

Depreciation and Amortization Expense

Depreciation and amortization expense increased primarily due to ongoing capital spend for the three and six months ended June 30, 2018 compared to the same period in 2017 .

Taxes Other Than Income

Taxes other than income, which can vary period to period, include municipal and state utility taxes, real estate taxes and payroll taxes. Taxes other than income increased for the three and six months ended June 30, 2018 compared to the same period in 2017 due to an increase in gross receipts tax driven by an increase in electric revenue.

Interest Expense, Net

Interest expense, net for the three and six months ended June 30, 2018 remained relatively consistent compared to the same period in 2017 .

Other, Net

Other, net for the three and six months ended June 30, 2018 remained consistent compared to the same period in 2017 .

Effective Income Tax Rate

PECO's effective income tax rate was (1.1)% and 18.5% for the three months ended June 30, 2018 and 2017 , respectively. PECO 's effective income tax rate was (1.4)% and 20.4% f or the six months ended June 30, 2018 and 2017 , respectively . The decrease in the effective income tax rate for the three and six months ended June 30, 2018 compared to the same period in 2017 is primarily due to the lower federal income tax rate as a result of the TCJA. See Note 12 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

PECO Electric Operating Statistics

Retail Deliveries to Customers (in GWhs)	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	% Change	Weather - Normal % Change	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017	% Change	Weather - Normal % Change
Retail Deliveries [a]								
Residential	2,946	2,809	4.9 %	3.8 %	6,574	6,187	6.3 %	1.7 %
Small commercial & industrial	1,930	1,914	0.8 %	0.4 %	3,958	3,890	1.7 %	(0.4)%
Large commercial & industrial	3,811	3,830	(0.5)%	0.1 %	7,514	7,456	0.8 %	1.1 %
Public authorities & electric railroads	182	196	(7.1)%	(5.6)%	379	420	(9.8)%	(9.1)%
Total retail deliveries	8,869	8,749	1.4 %	1.2 %	18,425	17,953	2.6 %	0.8 %

Number of Electric Customers	As of June 30, 2018	As of June 30, 2017
Residential	1,474,901	1,461,931
Small commercial & industrial	152,152	150,783
Large commercial & industrial	3,114	3,105
Public authorities & electric railroads	9,544	9,795
Total	1,639,711	1,625,614

(a) Reflects delivery volumes from customers purchasing electricity directly from PECO and customers purchasing electricity from a competitive electric generation supplier as all customers are assessed distribution charges.

PECO Natural Gas Operating Statistics

Deliveries to Customers (in mmcf)	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	% Change	Weather - Normal % Change	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017	% Change	Weather - Normal % Change
Retail Deliveries [(a)]								
Residential	5,889	4,577	28.7%	0.9%	26,463	22,689	16.6%	0.9 %
Small commercial & industrial	3,598	3,039	18.4%	0.2%	14,016	12,130	15.5%	2.2 %
Large commercial & industrial	6	5	20.0%	12.8%	52	13	300.0%	291.0 %
Transportation	5,981	5,759	3.9%	3.2%	13,549	13,448	0.8%	(3.3)%
Total natural gas deliveries	15,474	13,380	15.7%	1.6%	54,080	48,280	12.0%	0.2 %

Number of Natural Gas Customers	As of June 30, 2018	As of June 30, 2017
Residential	478,954	474,360
Small commercial & industrial	43,748	43,400
Large commercial & industrial	1	4
Transportation	767	768
Total	523,470	518,532

(a) Reflects delivery volumes from customers purchasing natural gas directly from PECO and customers purchasing natural gas from a competitive natural gas supplier as all customers are assessed distribution charges.

See Note 19 — Segment Information of the Combined Notes to Consolidated Financial Statements for the presentation of PECO's revenue disaggregation.

Results of Operations — BGE

	Three Months Ended June 30,		Favorable (Unfavorable) Variance	Six Months Ended June 30,		Favorable (Unfavorable) Variance
	2018	2017		2018	2017	
Operating revenues	$ 662	$ 674	$ (12)	$ 1,639	$ 1,625	$ 14
Purchased power and fuel expense	229	234	5	609	584	(25)
Revenues net of purchased power and fuel expense [(a)]	433	440	(7)	1,030	1,041	(11)
Other operating expenses						
Operating and maintenance	176	174	(2)	397	357	(40)
Depreciation and amortization	114	112	(2)	248	239	(9)
Taxes other than income	59	56	(3)	124	119	(5)
Total other operating expenses	349	342	(7)	769	715	(54)
Gain on sales of assets	1	—	1	1	—	1
Operating income	85	98	(13)	262	326	(64)
Other income and (deductions)						
Interest expense, net	(25)	(26)	1	(51)	(54)	3
Other, net	4	4	—	9	8	1
Total other income and (deductions)	(21)	(22)	1	(42)	(46)	4
Income before income taxes	64	76	(12)	220	280	(60)
Income taxes	13	31	18	41	111	70
Net income	$ 51	$ 45	$ 6	$ 179	$ 169	$ 10

(a) BGE evaluates its operating performance using the measures of revenue net of purchased power expense for electric sales and revenue net of fuel expense for gas sales. BGE believes revenues net of purchased power and fuel expense are useful measurements of its performance because they provide information that can be used to evaluate its net revenue from operations. BGE has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, revenues net of purchased power and fuel expense figures are not a presentation defined under GAAP and may not be comparable to other companies' presentations or more useful than the GAAP information provided elsewhere in this report.

Net Income

Three Months Ended June 30, 2018 Compared to Three Months Ended June 30, 2017 . BGE's Net income for the three months ended June 30, 2018 was higher than the same period in 2017 , primarily due to higher transmission revenues. The TCJA did not significantly impact BGE's net income for the three months ended June 30, 2018 as the favorable income tax impacts were predominantly offset by lower revenues resulting from the pass back of the tax savings through customer rates.

Six Months Ended June 30, 2018 Compared to Six Months Ended June 30, 2017 . BGE's Net income for the six months ended June 30, 2018 was higher than the same period in 2017 , due primarily to higher transmission revenues, partially offset by an increase in Operating and maintenance expense attributable to increased storm restoration costs as a result of winter storms in March 2018. The TCJA did not significantly impact BGE's net income for the six months ended June 30, 2018 as the favorable income tax impacts were predominantly offset by lower revenues resulting from the pass back of the tax savings through customer rates.

Revenues Net of Purchased Power and Fuel Expense

There are certain drivers to Operating revenues that are offset by their impact on Purchased power and fuel expense, such as commodity procurement costs and programs allowing customers to select a competitive electric or natural gas supplier. Operating revenues and Purchased power and fuel expense are affected by fluctuations in commodity procurement costs. BGE's electric and natural gas rates charged to customers are subject to periodic adjustments that are designed to recover or refund the difference between the actual cost of purchased electric power and purchased natural gas and the amount included in rates in accordance with the MDPSC's market-based SOS and gas commodity programs, respectively. Therefore, fluctuations in electric supply and natural gas procurement costs have no impact on Revenues net of purchased power and fuel expense.

Electric and natural gas revenue and purchased power and fuel expense are also affected by fluctuations in the number of customers electing to use a competitive supplier for electricity and/or natural gas. All BGE customers have the choice to purchase electricity and natural gas from competitive suppliers. The customers' choice of suppliers does not impact the volume of deliveries but does affect revenue collected from customers related to supplied electricity and natural gas.

Retail deliveries purchased from competitive electricity and natural gas suppliers (as a percentage of kWh and mmcf sales, respectively) for the three and six months ended June 30, 2018 and 2017 consisted of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Electric	61%	62%	59%	60%
Natural Gas	66%	68%	52%	53%

The number of retail customers purchasing electricity and natural gas from competitive suppliers at June 30, 2018 and 2017 consisted of the following:

	June 30, 2018		June 30, 2017	
	Number of Customers	% of total retail customers	Number of customers	% of total retail customers
Electric	337,200	26%	340,500	27%
Natural Gas	148,800	22%	150,400	22%

The changes in BGE's Operating revenues net of purchased power and fuel expense for the three and six months ended June 30, 2018 , compared to the same period in 2017 , consisted of the following:

	Three Months Ended June 30, 2018			Six Months Ended June 30, 2018		
	Increase (Decrease)			Increase (Decrease)		
	Electric	Gas	Total	Electric	Gas	Total
Distribution revenue	$ (15)	$ (3)	$ (18)	$ (34)	$ (17)	$ (51)
Regulatory required programs	—	1	1	4	3	7
Transmission revenue	6	—	6	20	—	20
Other, net	1	3	4	3	10	13
Total (decrease) increase	$ (8)	$ 1	$ (7)	$ (7)	$ (4)	$ (11)

Revenue Decoupling. The demand for electricity and natural gas is affected by weather and usage conditions. The MDPSC allows BGE to record a monthly adjustment to its electric and natural gas distribution revenue from all residential customers, commercial electric customers, the majority of large industrial electric customers, and all firm service natural gas customers to eliminate the effect of abnormal weather and usage patterns per customer on BGE's electric and natural gas distribution volumes, thereby recovering a specified dollar amount of distribution revenue per customer, by customer class, regardless of fluctuations in actual consumption levels. This allows BGE to recognize revenue at MDPSC-approved distribution charges per customer, regardless of what BGE's actual distribution volumes were for a billing period. Therefore, while this revenue is affected by customer growth (i.e., increase in the number of customers), it will not be affected by volatility in actual weather or usage conditions (i.e., changes in consumption per customer). BGE bills or credits customers in subsequent months for the difference between approved revenue levels under revenue decoupling and actual customer billings.

Heating and cooling degree-days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree-days for a 30-year period in BGE's service territory. The changes in heating and cooling degree-days in BGE's service territory for the three and six months ended June 30, 2018 compared to the same period in 2017 consisted of the following:

Heating and Cooling Degree-Days				% Change	
Three Months Ended June 30,	2018	2017	Normal	2018 vs. 2017	2018 vs. Normal
Heating Degree-Days	498	397	507	25.4%	(1.8)%
Cooling Degree-Days	299	283	256	5.7%	16.8 %
Six Months Ended June 30,					
Heating Degree-Days	2,939	2,460	2,898	19.5%	1.4 %
Cooling Degree-Days	299	283	256	5.7%	16.8 %

Distribution Revenue. The decrease in distribution revenues for the three and six months ended June 30, 2018 , compared to the same period in 2017 , was primarily due to the impact of reduced distribution rates to reflect the lower federal income tax rate. See Note 6 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Regulatory Required Programs. Revenue from regulatory required programs are billings for the costs of various legislative and/or regulatory programs that are recoverable from customers on a full and current basis. These programs are designed to provide full cost recovery, as well as a return in certain instances. The costs of these programs are included in Operating and maintenance expense, Depreciation and amortization expense and Taxes other than income in BGE's Consolidated Statements of Operations and Comprehensive Income.

Transmission Revenue. Under a FERC approved formula, transmission revenue varies from year to year based upon rate adjustments to reflect fluctuations in the underlying costs, capital investments being recovered and other billing determinants. The increase in transmission revenue for the three and six months ended June 30, 2018 , compared to the same period in 2017 , was primarily due to increases in capital investment and operating and maintenance expense recoveries. See Operating and Maintenance Expense below and Note 6 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Other, Net. Other, net revenue, which can vary from period to period, primarily includes assistance provided to other utilities through BGE's mutual assistance program, off-system sales, and other miscellaneous revenue such as service application fees and late payment fees.

Operating and Maintenance Expense

	Three Months Ended June 30,			Six Months Ended June 30,		
	2018	2017	Increase (Decrease)	2018	2017	Increase (Decrease)
Operating and maintenance expense — baseline	$ 174	$ 170	$ 4	$ 392	$ 348	$ 44
Operating and maintenance expense — regulatory required programs [(a)]	2	4	(2)	5	9	(4)
Total Operating and maintenance expense	$ 176	$ 174	$ 2	$ 397	$ 357	$ 40

(a) Operating and maintenance expense for regulatory required programs are costs for various legislative and/or regulatory programs that are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in Operating revenues.

The changes in Operating and maintenance expense for the three and six months ended June 30, 2018 , compared to the same period in 2017 , consisted of the following:

	Three Months Ended June 30, 2018	Six Months Ended June 30, 2018
	Increase (Decrease)	Increase (Decrease)
Baseline		
Storm-related costs [(a)]	$ (4)	$ 23
Labor, other benefits, contracting and materials	3	7
Uncollectible accounts expense	(1)	2
BSC costs	3	4
Other	3	8
	4	44
Regulatory Required Programs		
Other	(2)	(4)
Total increase	$ 2	$ 40

(a) Reflects increased storm restoration costs incurred from the Q1 2018 winter storms.

Depreciation and Amortization

The changes in Depreciation and amortization expense for the three and six months ended June 30, 2018 , compared to the same period in 2017 consisted of the following:

	Three Months Ended June 30, 2018	Six Months Ended June 30, 2018
	Increase (Decrease)	Increase (Decrease)
Depreciation expense [(a)]	$ 7	$ 9
Regulatory asset amortization [(b)]	(8)	(11)
Regulatory required programs [(c)]	3	11
Total increase	$ 2	$ 9

(a) Depreciation expense increased due to ongoing capital expenditures.
(b) Regulatory asset amortization decreased for the three and six months ended June 30, 2018 compared to the same period in 2017 primarily due to certain regulatory assets that became fully amortized as of December 31, 2017. See Note 6 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.
(c) Depreciation and amortization expenses for regulatory required programs are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in Operating revenues.

Taxes Other Than Income

Taxes other than income, which can vary period to period, include municipal and state utility taxes, real estate taxes and payroll taxes. Taxes other than income for the three and six months ended June 30, 2018 , compared to the same period in 2017 , increased primarily due to an increase in property taxes.

Gain on Sales of Assets

The increase in Gain on sales of assets during the three and six months ended June 30, 2018 , compared to the same period in 2017 , is primarily due to the sale of land in June 2018.

Interest Expense, Net

Interest expense, net for the three and six months ended June 30, 2018 , compared to the same period in 2017 , remained relatively consistent.

Other, Net

Other, net for the three and six months ended June 30, 2018 , compared to the same period in 2017 , remained relatively consistent.

Effective Income Tax Rate

BGE's effective income tax rate was 20.3% and 40.8% for the three months ended June 30, 2018 and 2017 , respectively. BGE's effective income tax rate was 18.6% and 39.6% for the six months ended June 30, 2018 and 2017 , respectively. The decrease in the effective income tax rate for the three and six months ended June 30, 2018 , compared to the same periods in 2017 , is primarily due to the lower federal income tax rate as a result of the TCJA. See Note 12 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

BGE Electric Operating Statistics and Detail

Retail Deliveries to Customers (in GWhs)	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	% Change	Weather - Normal % Change	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017	% Change	Weather - Normal % Change
Retail Deliveries [(a)]								
Residential	2,717	2,629	3.3 %	0.9 %	6,297	5,756	9.4 %	2.2 %
Small commercial & industrial	700	677	3.4 %	(3.4)%	1,485	1,425	4.2 %	(0.4)%
Large commercial & industrial	3,396	3,373	0.7 %	(1.9)%	6,752	6,641	1.7 %	(0.7)%
Public authorities & electric railroads	69	72	(4.2)%	(14.2)%	136	140	(2.9)%	(3.1)%
Total electric deliveries	6,882	6,751	1.9 %	(1.1)%	14,670	13,962	5.1 %	0.5 %

Number of Electric Customers	As of June 30, 2018	As of June 30, 2017
Residential	1,163,789	1,154,330
Small commercial & industrial	113,745	113,329
Large commercial & industrial	12,183	12,113
Public authorities & electric railroads	268	276
Total	1,289,985	1,280,048

(a) Reflects delivery volumes from customers purchasing electricity directly from BGE and customers purchasing electricity from a competitive electric generation supplier as all customers are assessed distribution charges.

BGE Natural Gas Operating Statistics and Detail

Deliveries to Customers (in mmcf)	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	% Change	Weather - Normal % Change	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017	% Change	Weather - Normal % Change
Retail Deliveries [a]								
Residential	5,271	3,613	45.9%	15.1%	27,046	21,730	24.5%	4.0%
Small commercial & industrial	1,433	1,075	33.3%	13.3%	6,207	4,853	27.9%	8.2%
Large commercial & industrial	10,167	8,340	21.9%	18.2%	25,817	22,816	13.2%	7.2%
Other [b]	2,661	116	2,194.0%	n/a	8,039	2,395	235.7%	n/a
Total natural gas deliveries	19,532	13,144	48.6%	16.9%	67,109	51,794	29.6%	5.8%

Number of Gas Customers	As of June 30, 2018	As of June 30, 2017
Residential	630,714	624,392
Small commercial & industrial	38,274	38,211
Large commercial & industrial	5,900	5,809
Total	674,888	668,412

(a) Reflects delivery volumes from customers purchasing natural gas directly from BGE and customers purchasing natural gas from a competitive natural gas supplier as all customers are assessed distribution charges.

(b) Other natural gas revenue includes off-system sales of 2,661 mmcfs and 116 mmcfs for the three months ended June 30, 2018 and 2017 , respectively. Other natural gas revenue includes off-system sales of 8,039 mmcfs and 2,395 mmcfs for the six months ended June 30, 2018 and 2017 . respectively.

See Note 19 — Segment Information of the Combined Notes to Consolidated Financial Statements for the presentation of BGE's revenue disaggregation.

Results of Operations — PHI

PHI's results of operations include the results of its three reportable segments, Pepco, DPL and ACE for all periods presented below. All material intercompany accounts and transactions have been eliminated in consolidation. A separate specific discussion of the results of operations for Pepco, DPL and ACE is presented elsewhere in this report.

	Three Months Ended June 30,			Six Months Ended June 30,		
	2018	2017	Favorable (Unfavorable) Variance	2018	2017	Favorable (Unfavorable) Variance
Operating revenues	$ 1,076	$ 1,074	$ 2	$ 2,327	$ 2,248	$ 79
Purchased power and fuel expense	381	383	2	901	845	(56)
Revenues net of purchased power and fuel expense [(a)]	695	691	4	1,426	1,403	23
Other operating expenses						
Operating and maintenance	255	269	14	563	524	(39)
Depreciation and amortization	180	165	(15)	363	332	(31)
Taxes other than income	107	110	3	221	221	—
Total other operating expenses	542	544	2	1,147	1,077	(70)
Gain on sales of assets	—	1	(1)	—	1	(1)
Operating income	153	148	5	279	327	(48)
Other income and (deductions)						
Interest expense, net	(65)	(59)	(6)	(128)	(122)	(6)
Other, net	11	13	(2)	22	26	(4)
Total other income and (deductions)	(54)	(46)	(8)	(106)	(96)	(10)
Income before income taxes	99	102	(3)	173	231	(58)
Income taxes	15	36	21	24	26	2
Net income	$ 84	$ 66	$ 18	$ 149	$ 205	$ (56)

(a) PHI evaluates its operating performance using the measure of revenue net of purchased power and fuel expense for electric and natural gas sales. PHI believes revenue net of purchased power and fuel expense is a useful measurement because it provides information that can be used to evaluate its operational performance. PHI has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, Revenue net of purchased power and fuel expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

Three Months Ended June 30, 2018 Compared to Three Months Ended June 30, 2017 . PHI's Net income for the three months ended June 30, 2018 was $84 million compared to $66 million for the three months ended June 30, 2017 .

Operating revenue net of purchased power and fuel expense, which is a non-GAAP measure discussed above, increased by $4 million for the three months ended June 30, 2018 compared to the same period in 2017 primarily due to higher utility revenues due to regulatory rate increases at Pepco, DPL and ACE, partially offset by lower revenues resulting from the anticipated pass back of TCJA tax savings through customer rates and lower affiliate revenues at PHISCO as a result of the completion of integration transition activities.

Operating and maintenance expense decreased by $14 million for the three months ended June 30, 2018 compared to the same period in 2017 . The decrease is attributable to the following factors:

- Decrease of $22 million across all companies primarily related to lower uncollectible accounts expense as a result of lower accounts receivable;
- Net decrease of $1 million in labor and contracting expense which is made up of a decrease of $13 million at PHISCO as a result of the completion of integration transition activities, partially offset by an increase of $12 million at Pepco, DPL and ACE.

Depreciation and amortization expense for the three months ended June 30, 2018 compared to the same period in 2017 increased by $15 million due to ongoing capital expenditures as well as higher amortization of regulatory assets as a result of ratemaking activity.

Taxes other than income for the three months ended June 30, 2018 compared to the same period in 2017 remained relatively consistent.

Gain on sales of assets during the three months ended June 30, 2018 compared to the same period in 2017 decreased $1 million due to the sale of land in June 2017.

Interest expense, net for the three months ended June 30, 2018 compared to the same period in 2017 increased by $6 million due to higher outstanding debt.

Other, net for the three months ended June 30, 2018 compared to the same period in 2017 remained relatively consistent.

PHI's effective income tax rate was 15.2% and 35.3% for the three months ended June 30, 2018 and 2017 , respectively. The decrease in the effective income tax rate for the three months ended June 30, 2018 compared to the same period in 2017 is primarily due to the lower federal income tax rate as a result of the TCJA. See Note 12 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

Six Months Ended June 30, 2018 Compared to Six Months Ended June 30, 2017 . PHI's Net income for the three months ended June 30, 2018 was $149 million compared to $205 million for the three months ended June 30, 2017 .

Operating revenue net of purchased power and fuel expense, which is a non-GAAP measure discussed above, increased by $23 million for the six months ended June 30, 2018 compared to the same period in 2017 primarily due to higher utility revenues due to regulatory rate increases at Pepco, DPL and ACE, partially offset by lower revenues resulting from the anticipated pass back of TCJA tax savings through customer rates and lower affiliate revenues at PHISCO as a result of the completion of integration transition activities.

Operating and maintenance expense increased by $39 million for the six months ended June 30, 2018 compared to the same period in 2017 . The increase is attributable to the following factors:

- Net increase of $11 million in labor and contracting expense which is made up of an increase of $27 million at Pepco, DPL and ACE, partially offset by a decrease of $16 million at PHISCO as a result of the completion of integration transition activities;
- Increase of $8 million at DPL due to deferral of integration costs in 2017;
- Increase of $4 million across all companies primarily related to higher uncollectible accounts expense as a result of higher accounts receivable.

Depreciation and amortization expense for the six months ended June 30, 2018 compared to the same period in 2017 increased by $31 million due to ongoing capital expenditures as well as higher amortization of regulatory assets as a result of ratemaking activity.

Taxes other than income for the six months ended June 30, 2018 compared to the same period in 2017 remained relatively consistent.

Gain on sales of assets during the six months ended June 30, 2018 compared to the same period in 2017 decreased $1 million due to the sale of land in June 2017.

Interest expense, net for the six months ended June 30, 2018 compared to the same period in 2017 increased $6 million due to higher outstanding debt.

Other, net for the six months ended June 30, 2018 compared to the same period in 2017 remained relatively consistent.

PHI's effective income tax rate was 13.9% and 11.3% for the six months ended June 30, 2018 and 2017 , respectively. The increase in the effective income tax rate for the six months ended June 30, 2018 compared to the same periods in 2017 is primarily due to the lower federal income tax rate as a result of the TCJA, partially offset by a nonrecurring adjustment to income tax reserve balances in 2017. See Note 12 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

Results of Operations - Pepco

	Three Months Ended June 30,			Six Months Ended June 30,		
	2018	2017	Favorable (Unfavorable) Variance	2018	2017	Favorable (Unfavorable) Variance
Operating revenues	$ 523	$ 514	$ 9	$ 1,080	$ 1,045	$ 35
Purchased power expense	140	143	3	322	309	(13)
Revenues net of purchased power expense [(a)]	383	371	12	758	736	22
Other operating expenses						
Operating and maintenance	116	120	4	246	234	(12)
Depreciation and amortization	92	78	(14)	188	160	(28)
Taxes other than income	90	90	—	183	180	(3)
Total other operating expenses	298	288	(10)	617	574	(43)
Gain on sales of assets	—	1	(1)	—	1	(1)
Operating income	85	84	1	141	163	(22)
Other income and (deductions)						
Interest expense, net	(32)	(28)	(4)	(63)	(58)	(5)
Other, net	8	7	1	16	15	1
Total other income and (deductions)	(24)	(21)	(3)	(47)	(43)	(4)
Income before income taxes	61	63	(2)	94	120	(26)
Income taxes	7	20	13	9	19	10
Net income	$ 54	$ 43	$ 11	$ 85	$ 101	$ (16)

(a) Pepco evaluates its operating performance using the measure of revenue net of purchased power expense for electric sales. Pepco believes revenue net of purchased power expense is a useful measurement because it provides information that can be used to evaluate its operational performance. Pepco has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, Revenue net of purchased power expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

Net Income

Three Months Ended June 30, 2018 Compared to Three Months Ended June 30, 2017 . Pepco's Net income for the three months ended June 30, 2018 , was higher than the same period in 2017 , primarily due to higher electric distribution base rates charged to customers in Maryland that became effective in October 2017 and June 2018 and higher electric distribution base rates charged to customers in the District of Columbia that became effective August 2017 and lower uncollectible accounts expense as a result of lower accounts receivable, partially offset by higher Operating and maintenance expense attributable to an increase in labor and contracting expense and higher Depreciation and amortization expense attributable to ongoing capital expenditures. The TCJA did not significantly impact Pepco's Net income for the three months ended June 30, 2018 as the favorable tax impacts were predominantly offset by lower revenues resulting from the pass back of the tax savings through customer rates.

Six Months Ended June 30, 2018 Compared to Six Months Ended June 30, 2017 . Pepco's Net income for the six months ended June 30, 2018 , was lower than the same period in 2017 primarily due to higher Depreciation and amortization expense attributable to ongoing capital expenditures, higher

Operating and maintenance expense attributable to an increase in labor and contracting expense and higher uncollectible accounts expense as a result of higher accounts receivable, partially offset by higher electric distribution base rates charged to customers in Maryland that became effective in October 2017 and June 2018 and higher electric distribution base rates charged to customers in the District of Columbia that became effective August 2017. The TCJA did not significantly impact Pepco's Net income for the six months ended June 30, 2018 as the favorable tax impacts were predominantly offset by lower revenues resulting from the pass back of the tax savings through customer rates.

Revenues Net of Purchased Power Expense

Operating revenues include revenue from the distribution and supply of electricity to Pepco's customers within its service territories at regulated rates. Operating revenues also include transmission service revenue that Pepco receives as a transmission owner from PJM at rates regulated by FERC. Transmission rates are updated annually based on a FERC-approved formula methodology. Operating revenues also include work and services performed on behalf of customers, including other utilities, which is generally not subject to price regulation. Work and services includes mutual assistance to other utilities, highway relocation, rentals of pole attachments, late payment fees and collection fees.

Electric revenues and purchased power expense are also affected by fluctuations in participation in the Customer Choice Program. All Pepco customers have the choice to purchase electricity from competitive electric generation suppliers. The customers' choice of supplier does not impact the volume of deliveries, but affects revenue collected from customers related to supplied energy service.

Retail deliveries purchased from competitive electric generation suppliers (as a percentage of kWh sales) for the three and six months ended June 30, 2018 compared to the same period in 2017 , consisted of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Electric	67%	67%	64%	66%

Retail customers purchasing electric generation from competitive electric generation suppliers at June 30, 2018 and 2017 consisted of the following:

	June 30, 2018		June 30, 2017	
	Number of customers	% of total retail customers	Number of customers	% of total retail customers
Electric	177,786	20%	179,736	21%

Retail deliveries purchased from competitive electric generation suppliers represented 74% and 72% of Pepco's retail kWh sales to the District of Columbia customers and 61% and 58% of Pepco's retail kWh sales to Maryland customers for the three and six months ended June 30, 2018 , respectively and 74% and 74% of Pepco's retail kWh sales to the District of Columbia customers and 61% and 60% of Pepco's retail kWh sales to Maryland customers for the three and six months ended June 30, 2017 , respectively.

The changes in Pepco's operating revenues net of purchased power expense for the three and six months ended June 30, 2018 compared to the same period in 2017 consisted of the following:

	Three Months Ended June 30, 2018	Six Months Ended June 30, 2018
	Increase (Decrease)	Increase (Decrease)
Volume	$ 3	$ 6
Distribution revenue	4	3
Regulatory required programs	5	19
Transmission revenues	(3)	(7)
Other	3	1
Total increase	$ 12	$ 22

Revenue Decoupling. Pepco's results historically have been seasonal, generally producing higher revenue and income in the warmest and coldest periods of the year. For retail customers of Pepco in Maryland and in the District of Columbia, revenues are not affected by unseasonably warmer or colder weather because a bill stabilization adjustment (BSA) for retail customers was implemented that provides for a fixed distribution charge per customer. The BSA has the effect of decoupling the distribution revenue recognized in a reporting period from the amount of power delivered during the period. As a result, the only factors that will cause distribution revenue from customers in Maryland and the District of Columbia to fluctuate from period to period are changes in the number of customers and changes in the approved distribution charge per customer. Changes in customer usage (due to weather conditions, energy prices, energy efficiency programs or other reasons) from period to period have no impact on reported distribution revenue for customers to whom the BSA applies.

Heating and cooling degree-days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree-days for a 20-year period in Pepco's service territory. The changes in heating and cooling degree-days in Pepco's service territory for the three and six months ended June 30, 2018 compared to the same periods in 2017 and normal weather consisted of the following:

Heating and Cooling Degree-Days				% Change	
Three Months Ended June 30,	2018	2017	Normal	2018 vs. 2017	2018 vs. Normal
Heating Degree-Days	327	207	307	58.0%	6.5%
Cooling Degree-Days	575	546	486	5.3%	18.3%
Six Months Ended June 30,					
Heating Degree-Days	2,456	1,955	2,436	25.6%	0.8%
Cooling Degree-Days	578	550	489	5.1%	18.2%

Volume . The increase in operating revenue net of purchased power and fuel expense related to delivery volume, exclusive of the effects of weather, for the three and six months ended June 30, 2018 compared to the same periods in 2017 , primarily reflects the impact of residential customer growth.

Distribution Revenue . The increase in distribution revenues for the three and six months ended June 30, 2018 compared to the same periods in 2017 was primarily due to higher electric distribution base rates charged to customers in Maryland that became effective in October 2017 and June 2018 and higher electric distribution base rates charged to customers in the District of Columbia that became effective August 2017, partially offset by the impact of reduced distribution rates to reflect the lower

federal income tax rate. See Note 6 —Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Regulatory Required Programs. This represents the change in Operating revenues collected under approved riders to recover costs incurred for regulatory programs such as energy efficiency programs. The riders are designed to provide full and current cost recovery as well as a return. The costs of these programs are included in Operating and maintenance expense, Depreciation and amortization expense and Taxes other than income in Pepco's Consolidated Statements of Operations and Comprehensive Income. See Operating and maintenance expense and Depreciation and amortization expense discussion below for additional information on included programs. Revenue from regulatory required programs increased for the three and six months ended June 30, 2018 compared to the same periods in 2017 due to increases in the Maryland and District of Columbia surcharge rates and sales due to higher volumes, as well as the DC PLUG surcharge which became effective in February 2018.

Transmission Revenues . Under a FERC-approved formula, transmission revenue varies from year to year based upon fluctuations in the underlying costs, capital investments being recovered, the highest daily peak load and other billing adjustments. The decrease in transmission revenues for the three and six months ended June 30, 2018 compared to the same periods in 2017 is a result of a decrease in network transmission service peak loads.

Other. Other revenue, which can vary period to period, includes rental revenue, revenue related to late payment charges, assistance provided to other utilities through mutual assistance programs, and recoveries of other taxes.

Operating and Maintenance Expense

	Three Months Ended June 30,			Six Months Ended June 30,		
	2018	2017	Increase (Decrease)	2018	2017	Increase (Decrease)
Operating and maintenance expense - baseline	$ 113	$ 114	$ (1)	$ 239	$ 228	$ 11
Operating and maintenance expense - regulatory required programs [(a)]	3	6	(3)	7	6	1
Total operating and maintenance expense	$ 116	$ 120	$ (4)	$ 246	$ 234	$ 12

(a) Operating and maintenance expenses for regulatory required programs are costs for various legislative and/or regulatory programs that are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in Operating revenues.

The changes in Operating and maintenance expense for the three and six months ended June 30, 2018 compared to the same periods in 2017 , consisted of the following:

	Three Months Ended June 30, 2018	Six Months Ended June 30, 2018
	Increase (Decrease)	Increase (Decrease)
Baseline		
Uncollectible accounts expense	(8)	3
Labor and contracting [(a)]	5	6
Other	2	2
	(1)	11
Regulatory required programs	(3)	1
Total (decrease) increase	$ (4)	$ 12

(a) Includes additional costs associated with mutual assistance programs. An equal and offsetting increase has been recognized in Operating revenues for the period presented.

Depreciation and Amortization Expense

The changes in Depreciation and amortization expense for the three and six months ended June 30, 2018 compared to the same period in 2017 , consisted of the following:

	Three Months Ended June 30, 2018	Six Months Ended June 30, 2018
	Increase (Decrease)	Increase (Decrease)
Depreciation expense [(a)]	$ 3	$ 5
Regulatory asset amortization [(b)]	5	14
Regulatory required programs [(c)]	6	9
Total increase	$ 14	$ 28

(a) Depreciation expense increased due to ongoing capital expenditures.
(b) Regulatory asset amortization increased due to additional regulatory assets related to rate case activity.
(c) Regulatory required programs increased as a result of higher amortization of the DC PLUG regulatory asset. Depreciation and amortization expenses for regulatory required programs are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in Operating revenues and Operating and maintenance expense.

Taxes Other Than Income

Taxes other than income for the three months ended June 30, 2018 compared to the same period in 2017 remained relatively consistent.

Taxes other than income for the six months ended June 30, 2018 compared to the same period in 2017 , increased due to an increase in the utility taxes that are collected and passed through by Pepco (which is substantially offset in Operating revenues).

Gain on Sales of Assets

The decrease in Gain on sales of assets during the three and six months ended June 30, 2018 , compared to the same period in 2017 , is primarily due to the sale of land in June 2017.

Interest Expense, Net

Interest expense, net for the three and six months ended June 30, 2018 compared to the same periods in 2017 increased due to higher outstanding debt.

Other, Net

Other, net for the three and six months ended June 30, 2018 compared to the same periods in 2017 remained relatively consistent.

Effective Income Tax Rate

Pepco's effective income tax rate was 11.5% and 31.7% for the three months ended June 30, 2018 and 2017 , respectively. The decrease in the effective income tax rate for the three months ended June 30, 2018 compared to the same periods in 2017 is primarily due to the lower federal income tax rate as a result of the TCJA.

Pepco's effective income tax rate was 9.6% and 15.8% for the six months ended June 30, 2018 and 2017 , respectively. The decrease in the effective income tax rate for the six months ended June 30, 2018 compared to the same periods in 2017 is primarily due to the lower federal income tax rate as a result of the TCJA, partially offset by a nonrecurring adjustment to income tax reserve balances in 2017.

See Note 12 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the change in effective income tax rates.

Pepco Electric Operating Statistics and Detail

Retail Deliveries to Customers (in GWhs)	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	% Change	Weather - Normal % Change	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017	% Change	Weather - Normal % Change
Retail Deliveries [(a)]								
Residential	1,799	1,757	2.4 %	(5.6)%	4,082	3,757	8.7 %	(0.6)%
Small commercial & industrial	309	326	(5.2)%	(7.9)%	655	652	0.5 %	(3.0)%
Large commercial & industrial	3,693	3,675	0.5 %	(1.6)%	7,363	7,160	2.8 %	0.8 %
Public authorities & electric railroads	174	172	1.2 %	1.2 %	350	362	(3.3)%	(3.6)%
Total retail deliveries	5,975	5,930	0.8 %	(3.1)%	12,450	11,931	4.4 %	— %

Number of Electric Customers	As of June 30, 2018	As of June 30, 2017
Residential	798,741	787,708
Small commercial & industrial	53,460	53,393
Large commercial & industrial	21,846	21,767
Public authorities & electric railroads	147	139
Total	874,194	863,007

(a) Reflects delivery volumes from customers purchasing electricity directly from Pepco and customers purchasing electricity from a competitive electric generation supplier as all customers are assessed distribution charges.

See Note 19 — Segment Information of the Combined Notes to Consolidated Financial Statements for the presentation of Pepco's revenue disaggregation.

Results of Operations - DPL

	Three Months Ended June 30,		Favorable (Unfavorable) Variance	Six Months Ended June 30,		Favorable (Unfavorable) Variance
	2018	2017		2018	2017	
Operating revenues	$ 289	$ 282	$ 7	$ 673	$ 644	$ 29
Purchased power and fuel expense	114	113	(1)	291	270	(21)
Revenues net of purchased power and fuel expense [(a)]	175	169	6	382	374	8
Other operating expenses						
Operating and maintenance	77	74	(3)	175	148	(27)
Depreciation and amortization	43	40	(3)	88	79	(9)
Taxes other than income	13	14	1	28	28	—
Total other operating expenses	133	128	(5)	291	255	(36)
Operating income	42	41	1	91	119	(28)
Other income and (deductions)						
Interest expense, net	(14)	(13)	(1)	(27)	(25)	(2)
Other, net	3	3	—	5	6	(1)
Total other income and (deductions)	(11)	(10)	(1)	(22)	(19)	(3)
Income before income taxes	31	31	—	69	100	(31)
Income taxes	5	12	7	12	24	12
Net income	$ 26	$ 19	$ 7	$ 57	$ 76	$ (19)

(a) DPL evaluates its operating performance using the measure of revenue net of purchased power expense for electric sales and revenue net of fuel expense for natural gas sales. DPL believes revenue net of purchased power expense and revenue net of fuel expense are useful measurements because they provide information that can be used to evaluate its operational performance. DPL has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, Revenue net of purchased power expense and Revenue net of fuel expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

Net Income

Three Months Ended June 30, 2018 Compared to Three Months Ended June 30, 2017 . DPL's Net income for the three months ended June 30, 2018 , was higher than the same period in 2017 primarily due to higher Revenues net of purchased power and fuel expense attributable to higher electric interim distribution base rates charged to customers in Delaware that were put into effect in March 2018 and a decrease in uncollectible accounts expense as a result of lower accounts receivable, partially offset by higher labor and contracting expense and higher regulatory asset amortization due to additional regulatory assets related to rate case activity. The TCJA did not significantly impact DPL's Net income for the three months ended June 30, 2018 as the favorable tax impacts were predominantly offset by lower revenues resulting from the pass back of the tax savings through customer rates.

Six Months Ended June 30, 2018 Compared to Six Months Ended June 30, 2017 . DPL's Net income for the six months ended June 30, 2018 , was lower than the same period in 2017 primarily due to higher Operating and maintenance expense attributable to higher labor and contracting expense, a deferral of integration costs in 2017 and higher regulatory asset amortization due to additional regulatory assets related to rate case activity, partially offset by higher electric interim distribution base rates charged to customers in Delaware that were put into effect in March 2018. The TCJA did not significantly impact

DPL's Net income for the six months ended June 30, 2018 as the favorable tax impacts were predominantly offset by lower revenues resulting from the pass back of the tax savings through customer rates.

Revenues Net of Purchased Power and Fuel Expense

Operating revenues include revenue from the distribution and supply of electricity and natural gas to DPL's customers within its service territories at regulated rates. Operating revenues also include transmission service revenue that DPL receives as a transmission owner from PJM at rates regulated by FERC. Transmission rates are updated annually based on a FERC-approved formula methodology. Operating revenues also include work and services performed on behalf of customers, including other utilities, which is generally not subject to price regulation. Work and services includes mutual assistance to other utilities, highway relocation, rentals of pole attachments, late payment fees and collection fees.

Natural gas operating revenue includes sources that are subject to price regulation (Regulated Gas Revenue) and those that generally are not subject to price regulation (Other Gas Revenue). Regulated gas revenue includes the revenue DPL receives from on-system natural gas delivered sales and the transportation of natural gas for customers within its service territory at regulated rates. Other gas revenue consists of off-system natural gas sales and the short-term release of interstate pipeline transportation and storage capacity not needed to serve customers. Off-system sales are made possible when low demand for natural gas by regulated customers creates excess pipeline capacity.

Electric and natural gas revenues and purchased power and fuel expense are also affected by fluctuations in participation in the Customer Choice Program. All DPL customers have the choice to purchase electricity and natural gas from competitive electric generation and natural gas suppliers, respectively. The customers' choice of suppliers does not impact the volume of deliveries, but affects revenue collected from customers related to supplied energy and natural gas service.

Retail deliveries purchased from competitive electric generation and natural gas suppliers (as a percentage of kWh and mmcf sales, respectively) for the three and six months ended June 30, 2018 and 2017 , consisted of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Electric	54%	55%	50%	52%
Natural Gas	41%	44%	29%	31%

Retail customers purchasing electric generation and natural gas from competitive electric generation and natural gas suppliers at June 30, 2018 and 2017 consisted of the following:

	June 30, 2018		June 30, 2017	
	Number of customers	% of total retail customers	Number of customers	% of total retail customers
Electric	73,908	14.1%	79,620	15.3%
Natural Gas	154	0.1%	155	0.1%

Retail deliveries purchased from competitive electric generation suppliers represented 56% and 52% of DPL's retail kWh sales to Delaware customers and 49% and 45% of DPL's retail kWh sales to Maryland customers for the three and six months ended June 30, 2018 , respectively and 57% and 55% of DPL's retail kWh sales to Delaware customers and 51% and 48% of DPL's retail kWh sales to Maryland customers for the three and six months ended June 30, 2017 , respectively.

The changes in DPL's Operating revenues net of purchased power and fuel expense for the three and six months ended June 30, 2018 compared to the same period in 2017 consisted of the following:

	Three Months Ended June 30, 2018			Six Months Ended June 30, 2018		
	Increase (Decrease)			Increase (Decrease)		
	Electric	Gas	Total	Electric	Gas	Total
Weather	$ 2	$ (3)	$ (1)	$ 6	$ 4	$ 10
Volume	2	3	5	4	1	5
Distribution revenue	(2)	3	1	(10)	(2)	(12)
Regulatory required programs	(1)	—	(1)	(1)	—	(1)
Transmission revenues	1	—	1	2	—	2
Other	1	—	1	4	—	4
Total increase	$ 3	$ 3	$ 6	$ 5	$ 3	$ 8

Revenue Decoupling . DPL's results historically have been seasonal, generally producing higher revenue and income in the warmest and coldest periods of the year. For retail customers of DPL in Maryland, revenues are not affected by unseasonably warmer or colder weather because a bill stabilization adjustment (BSA) for retail customers was implemented that provides for a fixed distribution charge per customer. The BSA has the effect of decoupling the distribution revenue recognized in a reporting period from the amount of power delivered during the period. As a result, the only factors that will cause distribution revenue from customers in Maryland to fluctuate from period to period are changes in the number of customers and changes in the approved distribution charge per customer. A modified fixed variable rate design, which would provide for a charge not tied to a customer's volumetric consumption of electricity or natural gas, has been proposed for DPL electricity and natural gas customers in Delaware. Changes in customer usage (due to weather conditions, energy prices, energy efficiency programs or other reasons) from period to period have no impact on reported distribution revenue for customers to whom the BSA applies.

Weather. The demand for electricity and natural gas in areas not subject to the BSA is affected by weather conditions. With respect to the electric business, very warm weather in summer months and, with respect to the electric and natural gas businesses, very cold weather in winter months are referred to as "favorable weather conditions" because these weather conditions result in increased deliveries of electricity and natural gas. Conversely, mild weather reduces demand. During the three months ended June 30, 2018 compared to the same period in 2017 , Operating revenue net of purchased power and fuel expense related to weather remained relatively consistent. During the six months ended June 30, 2018 compared to the same period in 2017 , Operating revenue net of purchased power and fuel expense related to weather was higher due to the impact of favorable weather conditions in DPL's Delaware service territory.

Heating and cooling degree-days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree-days for a 20-year period in DPL's electric service territory and a 30-year period in DPL's natural gas service territory. The changes in heating and cooling degree-days in DPL's service territory for the three and six months ended June 30, 2018 compared to the same period in 2017 and normal weather consisted of the following:

Electric Service Territory				% Change	
Three Months Ended June 30,	2018	2017	Normal	2018 vs. 2017	2018 vs. Normal
Heating Degree-Days	460	358	468	28.5%	(1.7)%
Cooling Degree-Days	372	361	334	3.0%	11.4 %
Six Months Ended June 30,					
Heating Degree-Days	2,875	2,452	2,875	17.3%	— %
Cooling Degree-Days	373	361	336	3.3%	11.0 %

Natural Gas Service Territory				% Change	
Three Months Ended June 30,	2018	2017	Normal	2018 vs. 2017	2018 vs. Normal
Heating Degree-Days	481	372	498	29.3%	(3.4)%
Six Months Ended June 30,					
Heating Degree-Days	2,985	2,543	3,000	17.4%	(0.5)%

Volume. The increase in Operating revenue net of purchased power and fuel expense related to delivery volume, exclusive of the effects of weather, for the three and six months ended June 30, 2018 compared to the same period in 2017 , primarily reflects the impact of increased average residential and commercial customer usage and growth.

Distribution Revenue . The decrease in electric distribution revenue for the three months ended June 30, 2018 , and electric and gas distribution revenue for the six months ended June 30, 2018 compared to the same periods in 2017 was primarily due to reduced electric and gas interim distribution rates in Delaware that were put into effect in March 2018 which reflect the impact of the lower federal income tax rate. The increase in gas distribution revenue for the three months ended June 30, 2018 compared to the same period in 2017 is primarily due to customer sales mix, partially offset by reduced gas interim distribution rates in Delaware that were put into effect in March 2018. See Note 6 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Regulatory Required Programs. This represents the change in Operating revenues collected under approved riders to recover costs incurred for regulatory programs such as energy efficiency programs. The riders are designed to provide full and current cost recovery as well as a return. The costs of these programs are included in Operating and maintenance expense, Depreciation and amortization expense and Taxes other than income in DPL's Consolidated Statements of Operations and Comprehensive Income. See Operating and maintenance expense and Depreciation and amortization expense discussion below for additional information on included programs.

Transmission Revenues . Under a FERC-approved formula, transmission revenue varies from year to year based upon fluctuations in the underlying costs, capital investments being recovered, the highest daily peak load and other billing adjustments. The transmission revenues for the three and six months ended June 30, 2018 compared to the same period in 2017 remained relatively consistent.

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Other. Other revenue, which can vary period to period, includes rental revenue, revenue related to late payment charges, assistance provided to other utilities through mutual assistance programs, and recoveries of other taxes.

Operating and Maintenance Expense

	Three Months Ended June 30,			Six Months Ended June 30,		
	2018	2017	Increase (Decrease)	2018	2017	Increase (Decrease)
Operating and maintenance expense - baseline	$ 75	$ 70	$ 5	$ 167	$ 142	$ 25
Operating and maintenance expense - regulatory required programs [(a)]	2	4	(2)	8	6	2
Total operating and maintenance expense	$ 77	$ 74	$ 3	$ 175	$ 148	$ 27

(a) Operating and maintenance expenses for regulatory required programs are costs for various legislative and/or regulatory programs that are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in Operating revenues.

The changes in Operating and maintenance expense for the three and six months ended June 30, 2018 compared to the same period in 2017 , consisted of the following:

	Three Months Ended June 30, 2018	Six Months Ended June 30, 2018
	Increase (Decrease)	Increase (Decrease)
Baseline		
Labor and contracting [(a)]	$ 6	$ 10
Uncollectible accounts expense	(6)	2
Merger commitments [(b)]	—	8
Other	5	5
	5	25
Regulatory required programs	(2)	2
Total increase	$ 3	$ 27

(a) Includes additional costs associated with mutual assistance programs. An equal and offsetting increase has been recognized in Operating revenues for the period presented.
(b) Reflects deferral of integration costs in 2017.

Depreciation and Amortization Expense

The changes in Depreciation and amortization expense for the three and six months ended June 30, 2018 compared to the same period in 2017 consisted of the following:

	Three Months Ended June 30, 2018	Six Months Ended June 30, 2018
	Increase (Decrease)	Increase (Decrease)
Depreciation expense [(a)]	$ 1	$ 3
Regulatory asset amortization [(b)]	3	7
Regulatory required programs [(c)]	(1)	(1)
Total increase	$ 3	$ 9

(a) Depreciation expense increased due to ongoing capital expenditures.
(b) Regulatory asset amortization increased due to additional regulatory assets related to rate case activity.
(c) Depreciation and amortization expenses for regulatory required programs are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in Operating revenues and Operating and maintenance expense.

Taxes Other Than Income

Taxes other than income for the three and six months ended June 30, 2018 compared to the same period in 2017 remained relatively consistent.

Interest Expense, Net

Interest expense, net for the three and six months ended June 30, 2018 compared to the same period in 2017 remained relatively consistent.

Other, Net

Other, net for the three and six months ended June 30, 2018 compared to the same period in 2017 remained relatively consistent.

Effective Income Tax Rate

DPL's effective income tax rate was 16.1% and 38.7% for the three months ended June 30, 2018 and 2017 , respectively. The decrease in the effective income tax rate for the three months ended June 30, 2018 compared to the same period in 2017 is primarily due to the lower federal income tax rate as a result of the TCJA.

DPL's effective income tax rate was 17.4% and 24.0% for the six months ended June 30, 2018 and 2017 , respectively. The decrease in the effective income tax rate for the six months ended June 30, 2018 compared to the same period in 2017 is primarily due to the lower federal income tax rate as a result of the TCJA, partially offset by a nonrecurring adjustment to income tax reserve balances in 2017.

See Note 12 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

DPL Electric Operating Statistics and Detail

Retail Deliveries to Customers (in GWhs)	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	% Change	Weather - Normal % Change	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017	% Change	Weather - Normal % Change
Retail Deliveries [(a)]								
Residential	1,115	1,045	6.7 %	2.1 %	2,666	2,404	10.9 %	2.9 %
Small commercial & industrial	536	526	1.9 %	0.8 %	1,105	1,057	4.5 %	2.3 %
Large commercial & industrial	1,187	1,131	5.0 %	4.0 %	2,266	2,195	3.2 %	1.9 %
Public authorities & electric railroads	10	12	(16.7)%	(16.7)%	22	25	(12.0)%	(12.0)%
Total retail deliveries	2,848	2,714	4.9 %	2.6 %	6,059	5,681	6.7 %	2.4 %

Number of Electric Customers	As of June 30, 2018	As of June 30, 2017
Residential	461,596	458,361
Small commercial & industrial	61,189	60,499
Large commercial & industrial	1,362	1,410
Public authorities & electric railroads	624	636
Total	524,771	520,906

(a) Reflects delivery volumes from customers purchasing electricity directly from DPL and customers purchasing electricity from a competitive electric generation supplier as all customers are assessed distribution charges.

DPL Natural Gas Operating Statistics and Detail

Retail Deliveries to Customers (in mmcf)	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	% Change	Weather - Normal % Change	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017	% Change	Weather - Normal % Change
Retail Deliveries [(a)]								
Residential	957	713	34.2%	5.6%	5,442	4,453	22.2%	4.0 %
Small commercial & industrial	644	513	25.5%	5.8%	2,521	2,197	14.7%	(2.4)%
Large commercial & industrial	466	453	2.9%	2.9%	984	960	2.5%	2.5 %
Transportation	1,420	1,324	7.3%	4.9%	3,633	3,493	4.0%	0.6 %
Total natural gas deliveries	3,487	3,003	16.1%	5.0%	12,580	11,103	13.3%	1.5 %

Number of Gas Customers	As of June 30, 2018	2017
Residential	122,754	121,166
Small commercial & industrial	9,810	9,725
Large commercial & industrial	18	18
Transportation	154	155
Total	132,736	131,064

(a) Reflects delivery volumes from customers purchasing natural gas directly from DPL and customers purchasing natural gas from a competitive natural gas supplier as all customers are assessed distribution charges.

See Note 19 — Segment Information of the Combined Notes to Consolidated Financial Statements for the presentation of DPL's revenue disaggregation.

Results of Operations - ACE

	Three Months Ended June 30,		Favorable (Unfavorable) Variance	Six Months Ended June 30,		Favorable (Unfavorable) Variance
	2018	2017		2018	2017	
Operating revenues	$ 265	$ 270	$ (5)	$ 575	$ 544	$ 31
Purchased power expense	128	128	—	289	266	(23)
Revenues net of purchased power expense [(a)]	137	142	(5)	286	278	8
Other operating expenses						
Operating and maintenance	75	78	3	165	152	(13)
Depreciation and amortization	36	37	1	69	72	3
Taxes other than income	1	2	1	3	4	1
Total other operating expenses	112	117	5	237	228	(9)
Operating income	25	25	—	49	50	(1)
Other income and (deductions)						
Interest expense, net	(16)	(15)	(1)	(32)	(30)	(2)
Other, net	1	2	(1)	1	4	(3)
Total other income and (deductions)	(15)	(13)	(2)	(31)	(26)	(5)
Income before income taxes	10	12	(2)	18	24	(6)
Income taxes	2	4	2	3	(12)	(15)
Net income	$ 8	$ 8	$ —	$ 15	$ 36	$ (21)

(a) ACE evaluates its operating performance using the measure of revenue net of purchased power expense for electric sales. ACE believes Revenue net of purchased power expense is a useful measurement of its performance because it provides information that can be used to evaluate its operational performance. ACE has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, Revenue net of purchased power expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

Net Income

Three Months Ended June 30, 2018 Compared to Three Months Ended June 30, 2017 . ACE's Net income for the three months ended June 30, 2018 , remained unchanged from the same period in 2017 , primarily due to higher electric distribution base rates charged to customers in New Jersey that became effective in October 2017 and lower uncollectible accounts expense as a result of lower accounts receivable, primarily offset by higher Operating and maintenance expense attributable to higher labor and contracting expense and higher Depreciation and amortization expense attributable to ongoing capital expenditures. The TCJA did not significantly impact ACE's Net income for the three months ended June 30, 2018 as the favorable income tax impacts were predominately offset by lower revenues resulting from the pass back of the tax savings through customer rates.

Six Months Ended June 30, 2018 Compared to Six Months Ended June 30, 2017 . ACE's Net income for the six months ended June 30, 2018 , was lower than the same period in 2017 , primarily due to higher Operating and maintenance expense attributable to higher labor and contracting expense and higher Depreciation and amortization expense attributable to ongoing capital expenditures, partially offset by higher electric distribution base rates charged to customers in New Jersey that became effective in October 2017. The TCJA did not significantly impact ACE's Net income for the six months ended June

30, 2018 as the favorable income tax impacts were predominately offset by lower revenues resulting from the pass back of the tax savings through customer rates.

Revenues Net of Purchased Power Expense

Operating revenues include revenue from the distribution and supply of electricity to ACE's customers within its service territories at regulated rates. Operating revenues also include transmission service revenue that ACE receives as a transmission owner from PJM at rates regulated by FERC. Transmission rates are updated annually based on a FERC-approved formula methodology. Operating revenues also include revenue from Transition Bond Charges that ACE receives, and pays to ACE Funding, to fund the principal and interest payments on Transition Bonds, revenue from the resale in the PJM wholesale markets for energy and capacity purchased under contacts with unaffiliated NUGs, and revenue from transmission enhancement credits. Operating revenues also include work and services performed on behalf of customers, including other utilities, which is generally not subject to price regulation. Work and services includes mutual assistance to other utilities, highway relocation, rentals of pole attachments, late payment fees and collection fees.

Electric revenues and purchased power expense are also affected by fluctuations in participation in the Customer Choice Program. All ACE customers have the choice to purchase electricity from competitive electric generation suppliers. The customer's choice of supplier does not impact the volume of deliveries, but affects revenue collected from customers related to supplied energy service.

Retail deliveries purchased from competitive electric generation suppliers (as a percentage of kWh sales) for the three and six months ended June 30, 2018 compared to the same period in 2017 consisted of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Electric	50%	51%	48%	50%

Retail customers purchasing electric generation from competitive electric generation suppliers at June 30, 2018 and 2017 consisted of the following:

	June 30, 2018		June 30, 2017	
	Number of customers	% of total retail customers	Number of customers	% of total retail customers
Electric	84,629	15%	92,895	17%

The changes in ACE's operating revenue net of purchased power expense for the three and six months ended June 30, 2018 compared to the same period in 2017 consisted of the following:

	Three Months Ended June 30, 2018	Six Months Ended June 30, 2018
	Increase (Decrease)	Increase (Decrease)
Weather	$ 2	$ 5
Volume	(1)	6
Distribution revenue	6	9
Regulatory required programs	(13)	(14)
Transmission revenues	1	—
Other	—	2
Total (decrease) increase	$ (5)	$ 8

Weather. The demand for electricity is affected by weather conditions. With respect to the electric business, very warm weather in summer months and very cold weather in winter months are referred to as "favorable weather conditions" because these weather conditions result in increased deliveries of electricity. Conversely, mild weather reduces demand. During the three and six months ended June 30, 2018 compared to the same period in 2017 , operating revenue net of purchased power and fuel expense related to weather was higher due to the impact of favorable weather conditions in ACE's service territory.

For retail customers of ACE, distribution revenues are not decoupled from the distribution of electricity by ACE, and thus are subject to variability due to changes in customer consumption. Therefore, changes in customer usage (due to weather conditions, energy prices, energy savings programs or other reasons) from period to period have a direct impact on reported distribution revenue for customers in ACE's service territory.

Heating and cooling degree-days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree-days for a 20-year period in ACE's service territory. The changes in heating and cooling degree-days in ACE's service territory for the three and six months ended June 30, 2018 compared to the same period in 2017 consisted of the following:

Heating and Cooling Degree-Days				% Change	
Three Months Ended June 30,	2018	2017	Normal	2018 vs. 2017	2018 vs. Normal
Heating Degree-Days	515	435	554	18.4%	(7.0)%
Cooling Degree-Days	354	324	292	9.3%	21.2 %
Six Months Ended June 30,					
Heating Degree-Days	2,927	2,585	3,028	13.2%	(3.3)%
Cooling Degree-Days	354	324	293	9.3%	20.8 %

Volume. During the three months ended June 30, 2018 compared to the same period in 2017 the operating revenue net of purchased power expense related to delivery volume, exclusive of the effects of weather, was relatively consistent. During the six months ended June 30, 2018 compared to the same period in 2017 the decrease in operating revenue net of purchased power expense related to delivery volume, exclusive of the effects of weather, is primarily due to higher average residential and commercial usage.

Distribution Revenue. The increase in distribution revenue for the three and six months ended June 30, 2018 compared to the same period in 2017 was primarily due to higher electric distribution base rates charged to customers that became effective in October 2017, partially offset by the impact of reduced distribution rates to reflect the lower federal income tax rate. See Note 6 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Regulatory Required Programs. This represents the change in operating revenues collected under approved riders to recover costs incurred for regulatory programs such as energy efficiency programs. The riders are designed to provide full and current cost recovery as well as a return. The costs of these programs are included in Operating and maintenance expense, Depreciation and amortization expense and Taxes other than income in ACE's Consolidated Statements of Operations and Comprehensive Income. See Operating and maintenance expense and Depreciation and amortization expense discussion below for additional information on included programs. Revenue from regulatory required programs decreased for the three and six months ended June 30, 2018 compared to the same periods in 2017 due to a rate decrease effective October 2017 for the ACE Transition Bonds.

Transmission Revenues. Under a FERC-approved formula, transmission revenue varies from year to year based upon fluctuations in the underlying costs, capital investments being recovered, the highest daily peak load and other billing adjustments. The transmission revenue net of purchased power expense for the three and six months ended June 30, 2018 compared to the same periods in 2017 remained relatively consistent.

Other. Other revenue, which can vary period to period, includes rental revenue, revenue related to late payment charges, assistance provided to other utilities through mutual assistance programs, and recoveries of other taxes.

Operating and Maintenance Expense

	Three Months Ended June 30,			Six Months Ended June 30,		
	2018	2017	Increase (Decrease)	2018	2017	Increase (Decrease)
Operating and maintenance expense - baseline	$ 68	$ 70	$ (2)	$ 151	$ 136	$ 15
Operating and maintenance expense - regulatory required programs [(a)]	7	8	(1)	14	16	(2)
Total operating and maintenance expense	$ 75	$ 78	$ (3)	$ 165	$ 152	$ 13

(a) Operating and maintenance expenses for regulatory required programs are costs for various legislative and/or regulatory programs that are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in Operating revenues.

The changes in Operating and maintenance expense for the three and six months ended June 30, 2018 compared to the same period in 2017 consisted of the following:

	Three Months Ended June 30, 2018	Six Months Ended June 30, 2018
	Increase (Decrease)	Increase (Decrease)
Baseline		
Labor and contracting [(a)]	$ 1	$ 11
Uncollectible accounts expense	(7)	(1)
Other	4	5
	(2)	15
Regulatory required programs	(1)	(2)
Total increase	$ (3)	$ 13

(a) Includes additional costs associated with mutual assistance programs. An equal and offsetting increase has been recognized in Operating revenues for the period presented.

Depreciation and Amortization Expense

The changes in Depreciation and amortization expense for the three and six months ended June 30, 2018 compared to the same period in 2017 consisted of the following:

	Three Months Ended June 30, 2018	Six Months Ended June 30, 2018
	Increase (Decrease)	Increase (Decrease)
Depreciation expense [(a)]	$ 1	$ 3
Regulatory asset amortization	3	3
Regulatory required programs [(b)]	(5)	(9)
Total decrease	$ (1)	$ (3)

(a) Depreciation expense increased due to ongoing capital expenditures.
(b) Regulatory required programs decreased as a result of lower revenue due to rate decreases effective October 2017 for the ACE Transition Bonds. Depreciation and amortization expenses for regulatory required programs are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in Operating revenues and Operating and maintenance expense.

Taxes Other Than Income

Taxes other than income for the three and six months ended June 30, 2018 compared to the same period in 2017 remained relatively consistent.

Interest Expense, Net

Interest expense, net for the three and six months ended June 30, 2018 compared to the same period in 2017 remained relatively consistent.

Other, Net

Other, net for the three and six months ended June 30, 2018 compared to the same period in 2017 remained relatively consistent.

Effective Income Tax Rate

ACE's effective income tax rate was 20.0% and 33.3% for the three months ended June 30, 2018 and 2017 , respectively. The decrease in the effective income tax rate for the three months ended June 30, 2018 compared to the same period in 2017 is primarily due to the lower federal income tax rate as a result of the TCJA.

ACE's effective income tax rate was 16.7% and (50.0)% for the six months ended June 30, 2018 and 2017 , respectively. The increase in the effective income tax rate for the six months ended June 30, 2018 compared to the same period in 2017 is primarily due to the absence of an unrecognized tax benefit from 2017, partially offset by a nonrecurring adjustment to income tax reserve balances in 2017.

See Note 12 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

ACE Electric Operating Statistics and Detail

Retail Deliveries to Customers (in GWhs)	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	% Change	Weather - Normal % Change	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017	% Change	Weather - Normal % Change
Retail Deliveries [(a)]								
Residential	825	814	1.4%	(2.2)%	1,815	1,693	7.2%	2.9%
Small commercial & industrial	309	302	2.3%	0.3 %	623	585	6.5%	4.6%
Large commercial & industrial	872	853	2.2%	1.4 %	1,696	1,618	4.8%	4.0%
Public authorities & electric railroads	11	11	—%	— %	26	24	8.3%	8.3%
Total retail deliveries	2,017	1,980	1.9%	(0.3)%	4,160	3,920	6.1%	3.6%

Number of Electric Customers	As of June 30, 2018	As of June 30, 2017
Residential	489,050	486,173
Small commercial & industrial	61,134	61,013
Large commercial & industrial	3,590	3,744
Public authorities & electric railroads	654	629
Total	554,428	551,559

(a) Reflects delivery volumes from customers purchasing electricity directly from ACE and customers purchasing electricity from a competitive electric generation supplier as all customers are assessed distribution charges.

See Note 19 — Segment Information of the Combined Notes to Consolidated Financial Statements for the presentation of ACE's revenue disaggregation.

Liquidity and Capital Resources

All results included throughout the liquidity and capital resources section are presented on a GAAP basis.

The Registrants' operating and capital expenditures requirements are provided by internally generated cash flows from operations as well as funds from external sources in the capital markets and through bank borrowings. The Registrants' businesses are capital intensive and require considerable capital resources. Each Registrant's access to external financing on reasonable terms depends on its credit ratings and current overall capital market business conditions, including that of the utility industry in general. If these conditions deteriorate to the extent that the Registrants no longer have access to the capital markets at reasonable terms, the Registrants have access to unsecured revolving credit facilities with aggregate bank commitments of $9 billion . In addition, Generation has $545 million in bilateral facilities with banks which have various expirations between January 2019 and December 2019. The Registrants utilize their credit facilities to support their commercial paper programs, provide for other short-term borrowings and to issue letters of credit. See the "Credit Matters" section below for additional information. The Registrants expect cash flows to be sufficient to meet operating expenses, financing costs and capital expenditure requirements.

The Registrants primarily use their capital resources, including cash, to fund capital requirements, including construction expenditures, retire debt, pay dividends, fund pension and other postretirement benefit obligations and invest in new and existing ventures. The Registrants spend a significant amount of cash on capital improvements and construction projects that have a long-term return on investment. Additionally, ComEd, PECO, BGE, Pepco, DPL and ACE operate in rate-regulated environments in which the amount of new investment recovery may be delayed or limited and where such recovery takes place over an extended period of time. See Note 11 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for additional information of the Registrants' debt and credit agreements.

NRC Minimum Funding Requirements

NRC regulations require that licensees of nuclear generating facilities demonstrate reasonable assurance that sufficient funds will be available in certain minimum amounts to decommission the facility. These NRC minimum funding levels are based upon the assumption that decommissioning activities will commence after the end of the current licensed life of each unit. If a unit fails the NRC minimum funding test, then the plant's owners or parent companies would be required to take steps, such as providing financial guarantees through letters of credit or parent company guarantees or making additional cash contributions to the NDT fund to ensure sufficient funds are available. See Note 13 — Nuclear Decommissioning of the Combined Notes to Consolidated Financial Statements for additional information on the NRC minimum funding requirements.

If a nuclear plant were to early retire there is a risk that it will no longer meet the NRC minimum funding requirements due to the earlier commencement of decommissioning activities and a shorter time period over which the NDT fund investments could appreciate in value. A shortfall could require that Generation address the shortfall by, among other things, obtaining a parental guarantee for Generation's share of the funding assurance. However, the amount of any guarantees or other assurance will ultimately depend on the decommissioning approach, the associated level of costs, and the decommissioning trust fund investment performance going forward. Within two years after shutting down a plant, Generation must submit a post-shutdown decommissioning activities report (PSDAR) to the NRC that includes the planned option for decommissioning the site. As discussed in Note 13 — Nuclear Decommissioning of the Combined Notes to Consolidated Financial Statements, Generation filed its annual decommissioning funding status report with the NRC on March 28, 2018 for shutdown reactors and reactors within five years of shut down. As of June 30, 2018 , across the alternative decommissioning

approaches available, Exelon would not be required to post a parental guarantee for TMI or Oyster Creek. In the event PSEG decides to early retire Salem, Generation estimates a parental guarantee of up to $55 million from Exelon could be required for Salem, dependent upon the ultimate decommissioning approach selected.

Upon issuance of any required financial guarantees, each site would be able to utilize the respective NDT funds for radiological decommissioning costs, which represent the majority of the total expected decommissioning costs. However, the NRC must approve an additional exemption in order for the plant's owner(s) to utilize the NDT fund to pay for non-radiological decommissioning costs (i.e., spent fuel management and site restoration costs). If a unit does not receive this exemption, the costs would be borne by the owner(s). While the ultimate amounts may vary greatly and could be reduced by alternate decommissioning scenarios and/or reimbursement of certain costs under the DOE reimbursement agreements or future litigation, across the four alternative decommissioning approaches available, if TMI or Oyster Creek were to fail to obtain the exemption, Generation estimates it could incur spent fuel management and site restoration costs over the next ten years of up to $195 million and $210 million net of taxes, respectively, dependent upon the ultimate decommissioning approach selected. In the event PSEG decides to early retire Salem and Salem were to fail to obtain the exemption, Generation estimates it could incur spent fuel management and site restoration costs over the next ten years of up to $95 million net of taxes.

Cash Flows from Operating Activities

General

Generation's cash flows from operating activities primarily result from the sale of electric energy and energy-related products and services to customers. Generation's future cash flows from operating activities may be affected by future demand for and market prices of energy and its ability to continue to produce and supply power at competitive costs as well as to obtain collections from customers.

The Utility Registrants' cash flows from operating activities primarily result from the transmission and distribution of electricity and, in the case of PECO, BGE and DPL, gas distribution services. The Utility Registrants' distribution services are provided to an established and diverse base of retail customers. The Utility Registrants' future cash flows may be affected by the economy, weather conditions, future legislative initiatives, future regulatory proceedings with respect to their rates or operations, competitive suppliers, and their ability to achieve operating cost reductions.

See Notes 3 — Regulatory Matters and 23 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements of the Exelon 2017 Form 10-K for additional information of regulatory and legal proceedings and proposed legislation.

The following table provides a summary of the major items affecting Exelon's cash flows from operations for the six months ended June 30, 2018 and 2017 :

	Six Months Ended June 30,		
	2018	2017	Variance
Net income	$ 1,179	$ 1,066	$ 113
Add (subtract):			
Non-cash operating activities [(a)]	3,689	3,279	410
Pension and non-pension postretirement benefit contributions	(345)	(325)	(20)
Income taxes	129	58	71
Changes in working capital and other noncurrent assets and liabilities [(b)]	(828)	(1,002)	174
Option premiums received (paid), net	(36)	(8)	(28)
Collateral (posted) received, net	81	(173)	254
Net cash flows provided by operations	$ 3,869	$ 2,895	$ 974

(a) Represents depreciation, amortization and accretion, net fair value changes related to derivatives, deferred income taxes, provision for uncollectible accounts, pension and other postretirement benefit expense, equity in earnings and losses of unconsolidated affiliates and investments, decommissioning-related items, stock compensation expense, impairment of long-lived assets, gain on sale of assets and businesses and other non-cash charges. See Note 18 — Supplemental Financial Information of the Combined Notes to Consolidated Financial Statements for additional information on non-cash operating activity.

(b) Changes in working capital and other noncurrent assets and liabilities exclude the changes in commercial paper, income taxes and the current portion of long-term debt.

Pension and Other Postretirement Benefits

Management considers various factors when making pension funding decisions, including actuarially determined minimum contribution requirements under ERISA, contributions required to avoid benefit restrictions and at-risk status as defined by the Pension Protection Act of 2006 (the Act), management of the pension obligation and regulatory implications. The Act requires the attainment of certain funding levels to avoid benefit restrictions (such as an inability to pay lump sums or to accrue benefits prospectively), and at-risk status (which triggers higher minimum contribution requirements and participant notification). Exelon's funding strategy for its qualified pension plans is to contribute the greater of (1) $300 million (inclusive of PHI) and (2) the minimum amounts under ERISA to avoid benefit restrictions and at-risk status. This level funding strategy helps minimize volatility of future period required pension contributions. Unlike the qualified pension plans, Exelon's non-qualified pension plans are not funded given that they are not subject to statutory minimum contribution requirements.

While other postretirement plans are plans are also not subject to statutory minimum contribution requirements, Exelon does fund certain of its plans. For Exelon's funded OPEB plans, contributions generally equal accounting costs, however, Exelon's management has historically considered several factors in determining the level of contributions to its other postretirement benefit plans, including liabilities management, levels of benefit claims paid and regulatory implications (amounts deemed prudent to meet regulatory expectations and best assure continued rate recovery).

To the extent interest rates decline significantly or the pension and OPEB plans earn less than the expected asset returns, annual pension contribution requirements in future years could increase. Conversely, to the extent interest rates increase significantly or the pension and OPEB plans earn greater than the expected asset returns, annual pension and OPEB contribution requirements in future years could decrease. Additionally, expected contributions could change if Exelon changes its pension or OPEB funding strategy.

On October 3, 2017, the U.S. Department of Treasury and IRS released final regulations updating the mortality tables to be used for defined benefit pension plan funding, as well as the valuation of lump sum and other accelerated distribution options, effective for plan years beginning in 2018. The new mortality tables reflect improved projected life expectancy as compared to the existing table, which is generally expected to increase minimum pension funding requirements, Pension Benefit Guaranty Corporation premiums and the value of lump sum distributions. The IRS permits plan sponsors the option of delaying use of the new mortality tables for determining minimum funding requirements until 2019, which Exelon has utilized. The one-year delay does not apply for use of the mortality tables to determine the present value of lump sum distributions.

Tax Matters

The Registrants' future cash flows from operating activities may be affected by the following tax matters:

- Pursuant to the TCJA, beginning in 2018 Generation is expected to have higher operating cash flows in the range of approximately $1.2 billion to $1.6 billion for the period from 2018 to 2021, reflecting the reduction in the corporate federal income tax rate and full expensing of capital investments.

  The TCJA is generally expected to result in lower operating cash flows for the Utility Registrants as a result of the elimination of bonus depreciation and lower customer rates. Increased operating cash flows for the Utility Registrants from lower corporate federal income tax rates is expected to be more than offset over time by lower customer rates resulting from lower income tax expense recoveries and the settlement of deferred income tax net regulatory liabilities established pursuant to the TCJA, partially offset by the impacts of higher rate base. The amount and timing of settlement of the net regulatory liabilities will be determined by the Utility Registrants' respective rate regulators, subject to certain IRS "normalization" rules. The table below sets forth the Registrants' estimated categorization of their net regulatory liabilities as of December 31, 2017. The amounts in the table below are shown on an after-tax basis reflecting future net cash outflows after taking into consideration the income tax benefits associated with the ultimate settlement with customers.

	Exelon	ComEd	PECO [a]	BGE	PHI	PEPCO	DPL	ACE
Subject to IRS Normalization Rules	$3,040	$1,400	$533	$459	$648	$299	$195	$153
Subject to Rate Regulator Determination	1,694	573	43	324	754	391	194	170
Net Regulatory Liabilities	$4,734	$1,973	$576	$783	$1,402	$690	$389	$323

(a) Given the regulatory treatment of income tax benefits related to electric and gas distribution repairs, PECO remains in an overall net regulatory asset position as of December 31, 2017 after recording the impacts related to the TCJA. As a result, the amount of customer benefits resulting from the TCJA subject to the discretion of PECO's rate regulators are lower relative to the other Utility Registrants. See Note 6 - Regulatory Matters for additional information.

Net regulatory liability amounts subject to normalization rules generally may not be passed back to customers any faster than over the remaining useful lives of the underlying assets giving rise to the associated deferred income taxes. Such deferred income taxes generally relate to property, plant and equipment with remaining useful lives ranging from 30 to 40 years across the Utility Registrants. For the remaining amounts, the pass back period is subject to determinations by the rate regulators.

The Utility Registrants expect to fund any such required incremental operating cash outflows using a combination of third party debt financings and equity funding from Exelon in combinations generally consistent with existing capitalization ratio structures. To fund any

additional equity contributions to the Utility Registrants, Exelon would have available to it its typical sources, including, but not limited to, the increased operating cash flows at Generation referenced above, which over time are expected to exceed the incremental equity needs at the Utility Registrants.

The Utility Registrants continue to work with their state regulatory commissions to determine the amount and timing of the passing back of TCJA income tax savings benefits to customers; with filings made at PECO, Pepco DC and DPL Delaware and approved filings at ComEd, BGE, Pepco Maryland, DPL Maryland and ACE. The amounts being passed back or proposed to be passed back to customers reflect the benefit of lower income tax expense beginning January 1, 2018 (February 1, 2018 for DPL Delaware), and the settlement of a portion of deferred income tax regulatory liabilities established upon enactment of the TCJA. See Note 6 - Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information on their filings.

In general, most states use federal taxable income as the starting point for computing state corporate income tax. Now that the TCJA has been enacted, state governments are beginning to analyze the impact of the TCJA on their state revenues. Exelon is uncertain regarding what the state governments will do, and there is a possibility that state corporate income taxes could change due to the enactment of the TCJA. In 2018, Exelon will be closely monitoring the states' responses to the TCJA as these could have an impact on Exelon's future cash flows.

See Note 12 - Income Taxes of the Combined Notes to Consolidated Financial Information for additional information on the amounts of the net regulatory liabilities subject to determinations by rate regulators.

- State and local governments continue to face increasing financial challenges, which may increase the risk of additional income tax, property taxes and other taxes or the imposition, extension or permanence of temporary tax increases.

Cash flows from operations for the six months ended June 30, 2018 and 2017 by Registrant were as follows:

	Six Months Ended June 30,	
	2018	2017
Exelon	$ 3,869	$ 2,895
Generation	2,063	974
ComEd	602	788
PECO	254	368
BGE	464	469
PHI	487	403
Pepco	227	129
DPL	216	194
ACE	67	77

Changes in the Registrants' cash flows from operations were generally consistent with changes in each Registrant's respective results of operations, as adjusted by changes in working capital in the normal course of business, except as discussed below. In addition, significant operating cash flow impacts for the Registrants for the six months ended June 30, 2018 and 2017 were as follows:

Generation

- Depending upon whether Generation is in a net mark-to-market liability or asset position, collateral may be required to be posted with or collected from its counterparties. In addition, the collateral posting and collection requirements differ depending on whether the transactions are on an exchange or in the OTC markets. During the six months ended June 30, 2018 and 2017 , Generation had net collections/(payments) of counterparty cash collateral of $91 million and $(163) million , respectively, primarily due to market conditions that resulted in changes to Generation's net mark-to-market position.

- During the six months ended June 30, 2018 and 2017 , Generation had net payments of approximately $36 million and $8 million , respectively, related to purchases and sales of options. The level of option activity in a given period may vary due to several factors, including changes in market conditions as well as changes in hedging strategy.

ComEd

- During each of the six months ended June 30, 2018 and 2017 , ComEd posted approximately $15 million and $13 million of cash collateral with PJM, respectively. As of June 30, 2018 and 2017 , ComEd had approximately $66 million and $36 million cash collateral posted with PJM, respectively. ComEd's total collateral posted with PJM has increased year over year primarily due to an increase in ComEd's peak market activity with PJM.

See Note 18 — Supplemental Financial Information of the Combined Notes to Consolidated Financial Statements for additional information regarding changes in non-cash operating activities.

Cash Flows from Investing Activities

Cash flows used in investing activities for the six months ended June 30, 2018 and 2017 by Registrant were as follows:

	Six Months Ended June 30,	
	2018	2017
Exelon	$ (3,846)	$ (3,981)
Generation	(1,549)	(1,349)
ComEd	(1,009)	(1,156)
PECO	(406)	(242)
BGE	(428)	(401)
PHI	(627)	(670)
Pepco	(285)	(292)
DPL	(165)	(191)
ACE	(172)	(175)

Significant investing cash flow impacts for the Registrants for six months ended June 30, 2018 and 2017 were as follows:

Exelon and Generation

- During the six months ended June 30, 2018 , Exelon had proceeds of $85 million relating to the sale of its interest in an electrical contracting business that primarily installs, maintains and repairs underground and high-voltage cable transmission and distribution services.

- During the six months ended June 30, 2018 , Exelon had expenditures of $57 million relating to the acquisition of the Handley Generating Station.

- During the six months ended June 30, 2017 , Exelon had expenditures of $23 million and $182 million relating to the acquisitions of ConEdison Solutions and the FitzPatrick facility, respectively.

Capital Expenditure Spending

Generation

Generation has entered into several agreements to acquire equity interests in privately held development stage entities which develop energy-related technologies. The agreements contain a series of scheduled investment commitments, including in-kind service contributions. There are anticipated expenditures remaining to fund anticipated planned capital and operating needs of the associated companies.

Capital expenditures by Registrant for the six months ended June 30, 2018 and 2017 and projected amounts for the full year 2018 are as follows:

	Projected Full Year 2018 [a]	Six Months Ended June 30,	
		2018	2017
Exelon	$ 7,900 [b]	$ 3,807	$ 3,845
Generation	2,350	1,298	1,189
ComEd [c]	2,125	1,026	1,168
PECO	850	411	367
BGE	1,000	434	405
PHI	1,550 [d]	629	671
Pepco	700	287	291
DPL	400	166	192
ACE	425	170	175

(a) Total projected capital expenditures do not include adjustments for non-cash activity.
(b) Includes corporate operations, BSC, and PHISCO rounded to the nearest $25 million.
(c) The capital expenditures and 2018 projections include approximately $83 million of expected incremental spending pursuant to EIMA, ComEd has committed to invest approximately $2.6 billion over a ten-year period, through 2021, to modernize and storm-harden its distribution system and to implement smart grid technology.
(d) Includes PHISCO rounded to the nearest $25 million.

Projected capital expenditures and other investments are subject to periodic review and revision to reflect changes in economic conditions and other factors.

Generation

Approximately 40% and 11% of the projected 2018 capital expenditures at Generation are for the acquisition of nuclear fuel, and the construction of new natural gas plant and solar facilities, respectively, with the remaining amounts reflecting investment in renewable energy and additions and upgrades to existing facilities (including material condition improvements during nuclear refueling outages). Generation anticipates that they will fund capital expenditures with internally generated funds and borrowings.

ComEd, PECO, BGE, Pepco, DPL and ACE

Projected 2018 capital expenditures at the Utility Registrants are for continuing projects to maintain and improve operations, including enhancing reliability and adding capacity to the transmission and distribution systems such as ComEd's reliability related investments required under EIMA, and the Utility Registrants' construction commitments under PJM's RTEP.

The Utility Registrants as transmission owners are subject to NERC compliance requirements. NERC provides guidance to transmission owners regarding assessments of transmission lines. The results of these assessments could require the Utility Registrants to incur incremental capital or operating and maintenance expenditures to ensure their transmission lines meet NERC standards. In 2010, NERC provided guidance to transmission owners that recommended the Utility Registrants perform assessments of their transmission lines. ComEd, PECO and BGE submitted their final bi-annual reports to NERC in January 2014. ComEd and PECO will be incurring incremental capital expenditures associated with this guidance following the completion of the assessments. Specific projects and expenditures are identified as the assessments are completed. ComEd's and PECO's forecasted 2018 capital expenditures above reflect capital spending for remediation to be completed through 2019. DPL and ACE are complete with their assessments and BGE and Pepco have substantially completed their assessments and thus do not expect significant capital expenditures related to this guidance in 2018 .

The Utility Registrants anticipate that they will fund their capital expenditures with a combination of internally generated funds and borrowings and additional capital contributions from parent.

Cash Flows from Financing Activities

Cash flows provided by (used in) financing activities for the six months ended June 30, 2018 and 2017 by Registrant were as follows:

	Six Months Ended June 30,	
	2018	2017
Exelon	$ (185)	$ 983
Generation	(518)	358
ComEd	406	361
PECO	(100)	(144)
BGE	(46)	(100)
PHI	298	245
Pepco	98	274
DPL	88	(43)
ACE	105	2

Debt

See Note 11 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for additional information of the Registrants' debt issuances.

Dividends

Cash dividend payments and distributions during the six months ended June 30, 2018 and 2017 by Registrant were as follows:

	Six Months Ended June 30,	
	2018	2017
Exelon	$ 666	$ 607
Generation	377	330
ComEd	229	211
PECO	293	144
BGE	105	99
PHI	109	131
Pepco	50	58
DPL	40	54
ACE	19	22

Quarterly dividends declared by the Exelon Board of Directors during the six months ended June 30, 2018 and for the third quarter of 2018 were as follows:

Period	Declaration Date	Shareholder of Record Date	Dividend Payable Date	Cash per Share [(a)]
First Quarter 2018	January 30, 2018	February 15, 2018	March 9, 2018	$ 0.3450
Second Quarter 2018	May 1, 2018	May 15, 2018	June 8, 2018	$ 0.3450
Third Quarter 2018	July 24, 2018	August 15, 2018	September 10, 2018	$ 0.3450

(a) Exelon's Board of Directors approved an updated dividend policy providing an increase of 5% each year for the period covering 2018 through 2020, beginning with the March 2018 dividend.

Short-Term Borrowings

Short-term borrowings incurred (repaid) during the six months ended June 30, 2018 and 2017 by Registrant were as follows:

	Six Months Ended June 30,	
	2018	2017
Exelon	$ 325	$ 488
Generation	—	15
ComEd	320	389
PECO	50	—
BGE	59	40
PHI	(103)	(455)
Pepco	(26)	(23)
DPL	(216)	25
ACE	139	42

Contributions from Parent/Member

Contributions received from Parent/Member for the six months ended June 30, 2018 and 2017 by Registrant were as follows:

	Six Months Ended June 30,	
	2018	2017
ComEd [(a)(b)]	$ 225	$ 184
PECO [(b)]	41	—
PHI [(b)]	235	751
Pepco [(c)]	85	161
DPL [(c)]	150	—

(a) Additional contributions from parent or external debt financing may be required as a result of increased capital investment in infrastructure improvements and modernization pursuant to EIMA and transmission upgrades.
(b) Contribution paid by Exelon.
(c) Contribution paid by PHI.

Other

For the six months ended June 30, 2018 , other financing activities primarily consist of debt issuance costs. See Note 11 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for additional information of the Registrants' debt issuances.

Credit Matters

The Registrants fund liquidity needs for capital investment, working capital, energy hedging and other financial commitments through cash flows from continuing operations, public debt offerings, commercial paper markets and large, diversified credit facilities. The credit facilities include $9.5 billion in aggregate total commitments of which $8.0 billion was available as of June 30, 2018 , and of which no financial institution has more than 7% of the aggregate commitments for the Registrants. The Registrants had access to the commercial paper market during the second quarter of 2018 to fund their

short-term liquidity needs, when necessary. The Registrants routinely review the sufficiency of their liquidity position, including appropriate sizing of credit facility commitments, by performing various stress test scenarios, such as commodity price movements, increases in margin-related transactions, changes in hedging levels and the impacts of hypothetical credit downgrades. The Registrants have continued to closely monitor events in the financial markets and the financial institutions associated with the credit facilities, including monitoring credit ratings and outlooks, credit default swap levels, capital raising and merger activity. See PART I. ITEM 1A. RISK FACTORS of the Exelon 2017 Form 10-K for additional information regarding the effects of uncertainty in the capital and credit markets.

The Registrants believe their cash flow from operating activities, access to credit markets and their credit facilities provide sufficient liquidity. If Generation lost its investment grade credit rating as of June 30, 2018 , it would have been required to provide incremental collateral of $1.5 billion to meet collateral obligations for derivatives, non-derivatives, normal purchases and normal sales contracts and applicable payables and receivables, net of the contractual right of offset under master netting agreements, which is well within its current available credit facility capacities of $4.4 billion .

The following table presents the incremental collateral that each Utility Registrant would have been required to provide in the event each Utility Registrant lost its investment grade credit rating at June 30, 2018 and available credit facility capacity prior to any incremental collateral at June 30, 2018 :

	PJM Credit Policy Collateral	Other Incremental Collateral Required [a]	Available Credit Facility Capacity Prior to Any Incremental Collateral
ComEd	$ 9	$ —	$ 998
PECO	1	20	600
BGE	12	36	599
Pepco	11	—	300
DPL	4	11	300
ACE	—	—	300

(a) Represents incremental collateral related to natural gas procuremen t contracts.

Exelon Credit Facilities

Exelon Corporate, ComEd, BGE, Pepco, DPL and ACE meet their short-term liquidity requirements primarily through the issuance of commercial paper. Generation and PECO meet their short-term liquidity requirements primarily through the issuance of commercial paper and borrowings from the intercompany money pool. PHI Corporate meets its short-term liquidity requirements primarily through the issuance of short-term notes and the Exelon intercompany money pool. The Registrants may use their respective credit facilities for general corporate purposes, including meeting short-term funding requirements and the issuance of letters of credit.

The following table reflects the Registrants' commercial paper programs supported by the revolving credit agreements and bilateral credit agreements at June 30, 2018 :

Commercial Paper Programs

Commercial Paper Issuer	Maximum Program Size (a)(b)	Outstanding Commercial Paper at June 30, 2018	Average Interest Rate on Commercial Paper Borrowings for the Six Months Ended June 30, 2018
Exelon Corporate	$ 600	$ —	1.92%
Generation	5,300	—	1.94%
ComEd	1,000	320	2.09%
PECO	600	50	2.23%
BGE	600	136	2.08%
Pepco	500	—	2.18%
DPL	500	—	2.07%
ACE	350	122	2.10%

(a) Excludes $545 million bilateral credit facilities that do not back Generation's commercial paper program.
(b) Excludes additional credit facility agreements for Generation, ComEd, PECO, BGE, Pepco, DPL and ACE with aggregate commitments of $49 million , $34 million , $34 million , $5 million , $2 million , $2 million and $2 million , respectively, arranged with minority and community banks located primarily within utilities' service territories. These facilities expire on October 12, 2018. These facilities are solely utilized to issue letters of credit. As of June 30, 2018 , letters of credit issued under these agreements for Generation and BGE totaled $5 million and $2 million , respectively.

In order to maintain their respective commercial paper programs in the amounts indicated above, each Registrant must have credit facilities in place, at least equal to the amount of its commercial paper program. While the amount of outstanding commercial paper does not reduce available capacity under a Registrant's credit facility, a Registrant does not issue commercial paper in an aggregate amount exceeding the then available capacity under its credit facility. At June 30, 2018 , the Registrants had the following aggregate bank commitments, credit facility borrowings and available capacity under their respective credit facilities:

					Available Capacity at June 30, 2018	
Borrower	Facility Type	Aggregate Bank Commitment (a)(b)(c)	Facility Draws	Outstanding Letters of Credit (c)	Actual	To Support Additional Commercial Paper (b)(d)
Exelon Corporate	Syndicated Revolver	$ 600	$ —	$ 24	$ 576	$ 576
Generation	Syndicated Revolver	5,300	—	1,113	4,187	4,187
Generation	Bilaterals	545	—	356	189	—
ComEd	Syndicated Revolver	1,000	—	2	998	678
PECO	Syndicated Revolver	600	—	—	600	550
BGE	Syndicated Revolver	600	—	1	599	463
Pepco	Syndicated Revolver	300	—	—	300	300
DPL	Syndicated Revolver	300	—	—	300	300
ACE	Syndicated Revolver	300	—	—	300	178

(a) Excludes $128 million of credit facility agreements arranged at minority and community banks at Generation, ComEd, PECO, BGE, Pepco, DPL and ACE. These facilities expire on October 12, 2018. These facilities are solely utilized to issue letters of credit. As of June 30, 2018 , letters of credit issued under these agreements for Generation and BGE totaled $5 million and $2 million , respectively.

(b) Pepco, DPL and ACE's revolving credit facility is subject to available borrowing capacity. The borrowing capacity may be increased or decreased during the term of the facility, except that (i) the sum of the borrowing capacity must equal the total amount of the facility, and (ii) the aggregate amount of credit used at any given time by each of Pepco, DPL or ACE may not exceed $900 million or the maximum amount of short-term debt the Registrant is permitted to have outstanding by its regulatory authorities. The total number of the borrowing reallocations may not exceed eight per year during the term of the facility

(c) Excludes nonrecourse debt letters of credit, see Note 13 — Debt and Credit Agreements in the Exelon 2017 Form 10-K for additional information.

(d) Excludes $545 million bilateral credit facilities that do not back Generation's commercial paper program.

As of June 30, 2018 , there were no borrowings under Generation's bilateral credit facilities.

Borrowings under Exelon Corporate's, Generation's, ComEd's, PECO's, BGE's, Pepco's, DPL's and ACE's revolving credit agreements bear interest at a rate based upon either the prime rate or a LIBOR-based rate, plus an adder based upon the particular Registrant's credit rating. The adders for the prime based borrowings and LIBOR-based borrowings are presented in the following table:

	Exelon Corporate	Generation	ComEd	PECO	BGE	Pepco	DPL	ACE
Prime based borrowings	27.5	27.5	7.5	0.0	0.0	7.5	7.5	7.5
LIBOR-based borrowings	127.5	127.5	107.5	90.0	100.0	107.5	107.5	107.5

The maximum adders for prime rate borrowings and LIBOR-based rate borrowings are 90 basis points and 165 basis points, respectively. The credit agreements also require the borrower to pay a facility fee based upon the aggregate commitments. The fee varies depending upon the respective credit ratings of the borrower.

Each revolving credit agreement for Exelon Corporate, Generation, ComEd, PECO, BGE, Pepco, DPL and ACE requires the affected borrower to maintain a minimum cash from operations to interest expense ratio for the twelve-month period ended on the last day of any quarter. The following table summarizes the minimum thresholds reflected in the credit agreements for the six months ended June 30, 2018 :

	Exelon Corporate	Generation	ComEd	PECO	BGE	Pepco	DPL	ACE
Credit agreement threshold	2.50 to 1	3.00 to 1	2.00 to 1	2.00 to 1	2.00 to 1	2.00 to 1	2.00 to 1	2.00 to 1

At June 30, 2018 , the interest coverage ratios at the Registrants were as follows:

	Exelon	Generation	ComEd	PECO	BGE	Pepco	DPL	ACE
Interest coverage ratio	6.93	10.89	12.33	7.54	10.29	6.09	8.08	5.35

An event of default under Exelon, Generation, ComEd, PECO or BGE's indebtedness will not constitute an event of default under any of the others' credit facilities, except that a bankruptcy or other event of default in the payment of principal, premium or indebtedness in principal amount in excess of $100 million in the aggregate by Generation will constitute an event of default under the Exelon Corporate credit facility. An event of default under Pepco, DPL or ACE's indebtedness will not constitute an event of default with respect to the other PHI Utilities under the PHI Utilities' combined credit facility.

The absence of a material adverse change in Exelon's or PHI's business, property, results of operations or financial condition is not a condition to the availability of credit under any of the borrowers' credit agreement. None of the credit agreements include any rating triggers.

Security Ratings

The Registrants' access to the capital markets, including the commercial paper market, and their respective financing costs in those markets, may depend on the securities ratings of the entity that is accessing the capital markets.

The Registrants' borrowings are not subject to default or prepayment as a result of a downgrading of securities, although such a downgrading of a Registrant's securities could increase fees and interest charges under that Registrant's credit agreements.

As part of the normal course of business, the Registrants enter into contracts that contain express provisions or otherwise permit the Registrants and their counterparties to demand adequate assurance of future performance when there are reasonable grounds for doing so. In accordance with the contracts and applicable contracts law, if the Registrants are downgraded by a credit rating agency, it is possible that a counterparty would attempt to rely on such a downgrade as a basis for making a demand for adequate assurance of future performance, which could include the posting of collateral. See Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information on collateral provisions.

Intercompany Money Pool

To provide an additional short-term borrowing option that will generally be more favorable to the borrowing participants than the cost of external financing, both Exelon and PHI operate an intercompany money pool. Maximum amounts contributed to and borrowed from the money pool by participant and the net contribution or borrowing as of June 30, 2018 , are presented in the following table:

Exelon Intercompany Money Pool	During the Three Months Ended June 30, 2018		As of June 30, 2018
Contributed (Borrowed)	Maximum Contributed	Maximum Borrowed	Contributed (Borrowed)
Exelon Corporate	$ 674	$ —	$ 260
Generation	225	(54)	185
PECO	—	(420)	(233)
BSC	—	(379)	(261)
PHI Corporate	—	(33)	(8)
PCI	57	(1)	57

PHI Intercompany Money Pool	During the Three Months Ended June 30, 2018		As of June 30, 2018
Contributed (Borrowed)	Maximum Contributed	Maximum Borrowed	Contributed (Borrowed)
PHI Corporate	$ 33	$ (1)	$ 15
PHISCO	13	(31)	(13)

Investments in Nuclear Decommissioning Trust Funds

Exelon, Generation and CENG maintain trust funds, as required by the NRC, to fund certain costs of decommissioning nuclear plants. The mix of securities in the trust funds is designed to provide returns to be used to fund decommissioning and to offset inflationary increases in decommissioning costs. Generation actively monitors the investment performance of the trust funds and periodically reviews asset allocations in accordance with Generation's NDT fund investment policy. Generation's and CENG's investment policies establish limits on the concentration of holdings in any one company and also in any one industry. See Note 13 — Nuclear Decommissioning of the Combined Notes to Consolidated Financial Statements for additional information regarding the trust funds, the NRC's minimum funding requirements and related liquidity ramifications.

Shelf Registration Statements

Exelon, Generation, ComEd, PECO, BGE, Pepco, DPL and ACE have a currently effective combined shelf registration statement unlimited in amount, filed with the SEC, that will expire in August 2019 . The ability of each Registrant to sell securities off the shelf registration statement or to access the private placement markets will depend on a number of factors at the time of the proposed sale, including

other required regulatory approvals, as applicable, the current financial condition of the Registrant, its securities ratings and market conditions.

Regulatory Authorizations

ComEd, PECO, BGE, Pepco, DPL and ACE are required to obtain short-term and long-term financing authority from Federal and State Commissions as follows:

	As of June 30, 2018					
	Short-term Financing Authority [a]			Remaining Long-term Financing Authority [a]		
	Commission	Expiration Date	Amount	Commission	Expiration Date	Amount
ComEd [b]	FERC	December 31, 2019	$ 2,500	ICC	2019	$ 583
PECO	FERC	December 31, 2019	1,500	PAPUC	December 31, 2018	950
BGE	FERC	December 31, 2019	700	MDPSC	N/A	700
Pepco	FERC	December 31, 2019	500	MDPSC / DCPSC	December 31, 2020	500
DPL	FERC	December 31, 2019	500	MDPSC / DPSC	December 31, 2020	150
ACE	NJBPU	December 31, 2019	350	NJBPU	December 31, 2019	350

(a) Generation currently has blanket financing authority it received from FERC in connection with its market-based rate authority.
(b) ComEd had $440 million available in long-term debt refinancing authority and $143 million available in new money long-term debt financing authority from the ICC as of June 30, 2018 and has an expiration date of June 1, 2019 and March 1, 2019, respectively. On April 9, 2018, ComEd filed an application for $1.5 billion in new money long-term debt financing authority from the ICC and received approval on July 25, 2018.

Contractual Obligations and Off-Balance Sheet Arrangements

Contractual obligations represent cash obligations that are considered to be firm commitments and commercial commitments triggered by future events. See Note 23 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements in the Exelon 2017 Form 10-K.

Generation, ComEd, PECO, BGE, Pepco, DPL and ACE have obligations related to contracts for the purchase of power and fuel supplies, and ComEd and PECO have obligations related to their financing trusts. The power and fuel purchase contracts and the financing trusts have been considered for consolidation in the Registrants' respective financial statements pursuant to the authoritative guidance for VIEs. See Note 1 — Significant Accounting Policies of the Combined Notes to Consolidated Financial Statements for additional information.

For an in-depth discussion of the Registrants' contractual obligations and off-balance sheet arrangements, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Contractual Obligations and Off-Balance Sheet Arrangements” in the Exelon 2017 Form 10-K.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

The Registrants are exposed to market risks associated with adverse changes in commodity prices, counterparty credit, interest rates and equity prices. Exelon's RMC approves risk management policies and objectives for risk assessment, control and valuation, counterparty credit approval, and the monitoring and reporting of risk exposures. The RMC is chaired by the chief executive officer and includes the chief risk officer, chief strategy officer, chief executive officer of Exelon Utilities, chief commercial officer, chief financial officer and chief executive officer of Constellation. The RMC reports to the Finance and Risk Committee of the Exelon Board of Directors on the scope of the risk management activities. The following discussion serves as an update to ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK of Exelon's 2017 Annual Report on Form 10-K incorporated herein by reference.

Commodity Price Risk (All Registrants)

Commodity price risk is associated with price movements resulting from changes in supply and demand, fuel costs, market liquidity, weather conditions, governmental regulatory and environmental policies and other factors. To the extent the total amount of energy Exelon generates and purchases differs from the amount of energy it has contracted to sell, Exelon is exposed to market fluctuations in commodity prices. Exelon seeks to mitigate its commodity price risk through the sale and purchase of electricity, fossil fuel and other commodities.

Generation

Electricity available from Generation's owned or contracted generation supply in excess of Generation's obligations to customers, including portions of the Utility Registrants' retail load, is sold into the wholesale markets. To reduce commodity price risk caused by market fluctuations, Generation enters into non-derivative contracts as well as derivative contracts, including swaps, futures, forwards and options, with approved counterparties to hedge anticipated exposures. Generation uses derivative instruments as economic hedges to mitigate exposure to fluctuations in commodity prices. Generation expects the settlement of the majority of its economic hedges will occur during 2018 through 2020 .

In general, increases and decreases in forward market prices have a positive and negative impact, respectively, on Generation's owned and contracted generation positions which have not been hedged. Exelon's hedging program involves the hedging of commodity price risk for Exelon's expected generation, typically on a ratable basis over three-year periods. As of June 30, 2018 , the percentage of expected generation hedged is 97% - 100% , 71% - 74% and 41% - 44% for 2018 , 2019 and 2020 , respectively. The percentage of expected generation hedged is the amount of equivalent sales divided by the expected generation. Expected generation is the volume of energy that best represents our commodity position in energy markets from owned or contracted generating facilities based upon a simulated dispatch model that makes assumptions regarding future market conditions, which are calibrated to market quotes for power, fuel, load following products and options. Equivalent sales represent all hedging products, which include economic hedges and certain non-derivative contracts including Generation's sales to the ComEd, PECO and BGE to serve their retail load.

A portion of Generation's hedging strategy may be accomplished with fuel products based on assumed correlations between power and fuel prices, which routinely change in the market. Market price risk exposure is the risk of a change in the value of unhedged positions. The forecasted market price risk exposure for Generation's entire economic hedge portfolio associated with a $5 reduction in the annual average around-the-clock energy price based on June 30, 2018 market conditions and hedged position would be an increase in pre-tax net income of approximate ly $13 million for 2018 and decreases of approximately $269 million and $549 million , respectively, for 2019 and 2020 . Power price sensitivities are derived by adjusting power price assumptions while keeping all other price inputs constant.

Generation actively manages its portfolio to mitigate market price risk exposure for its unhedged position. Actual results could differ depending on the specific timing of, and markets affected by, price changes, as well as future changes in Generation's portfolio. See Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information.

Retail Competition

Constellation competes for retail customers in a competitive environment, which affects the margins that Generation can earn and the volumes that it is able to serve. In periods of sustained low natural gas and power prices and low market volatility, retail competitors can aggressively pursue market share because the barriers to entry can be low and wholesale generators (including Generation) use their retail hedge generation output. Increased or more aggressive competition could adversely affect Generation's overall gross margins and profitability.

Proprietary Trading Activities

Proprietary trading portfolio activity for the six months ended June 30, 2018 resulted in $35 million of pre-tax gains due to net mark-to-market gains of $17 million and realized gains of $18 million . Generation has not segregated proprietary trading activity within the following discussion because of the relative size of the proprietary trading portfolio in comparison to Generation's total Revenue net of purchase power and fuel expense. See Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information.

Fuel Procurement

Generation procures natural gas through long-term and short-term contracts, and spot-market purchases. Nuclear fuel assemblies are obtained predominantly through long-term uranium concentrate supply contracts, contracted conversion services, contracted enrichment services, or a combination thereof, and contracted fuel fabrication services. The supply markets for uranium concentrates and certain nuclear fuel services are subject to price fluctuations and availability restrictions. Supply market conditions may make Generation's procurement contracts subject to credit risk related to the potential non-performance of counterparties to deliver the contracted commodity or service at the contracted prices. Approximately 59% of Generation's uranium concentrate requirements from 2018 through 2022 are supplied by three producers. In the event of non-performance by these or other suppliers, Generation believes that replacement uranium concentrates can be obtained, although at prices that may be unfavorable when compared to the prices under the current supply agreements. Non-performance by these counterparties could have a material adverse impact on Exelon's and Generation's results of operations, cash flows and financial positions.

ComEd

ComEd entered into 20-year contracts for renewable energy and RECs beginning in June 2012. ComEd is permitted to recover its renewable energy and REC costs from retail customers with no mark-up. The annual commitments represent the maximum settlements with suppliers for renewable energy and RECs under the existing contract terms. Pursuant to the ICC's Order on December 19, 2012, ComEd's commitments under the existing long-term contracts were reduced for the June 2013 through May 2014 procurement period. In addition, the ICC's December 18, 2013 Order approved the reduction of ComEd's commitments under those contracts for the June 2014 through May 2015 procurement period, and the amount of the reduction was approved by the ICC in March 2014.

ComEd has block energy contracts to procure electric supply that are executed through a competitive procurement process, which is further discussed in Note 6 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements. The block energy contracts are considered derivatives and qualify for the normal purchases and normal sales scope exception under current

derivative authoritative guidance, and as a result are accounted for on an accrual basis of accounting. ComEd does not enter into derivatives for speculative or proprietary trading purposes. See Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information on these contracts.

PECO, BGE, Pepco, DPL and ACE

BGE, Pepco, DPL and ACE have certain full requirements contracts, which are considered derivatives and qualify for the normal purchases and normal sales scope exception under current derivative authoritative guidance, and as a result are accounted for on an accrual basis of accounting. Other full requirements contracts are not derivatives.

PECO, BGE and DPL have also executed derivative natural gas contracts, which either qualify for the normal purchases and normal sales exception or have no mark-to-market balances because the derivatives are index priced, to hedge their long-term price risk in the natural gas market. The hedging programs for natural gas procurement have no direct impact on their results of operations or financial position.

PECO, BGE, Pepco, DPL and ACE do not enter into derivatives for speculative or proprietary trading purposes. See Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information on these contracts.

Trading and Non-Trading Marketing Activities

The following tables detail Exelon’s, Generation’s, ComEd’s, PHI's and DPL's trading and non-trading marketing activities is included to address the recommended disclosures by the energy industry’s Committee of Chief Risk Officers (CCRO).

The following table provides detail on changes in Exelon's, Generation's, ComEd's, PHI's and DPL's commodity mark-to-market net asset or liability balance sheet position from December 31, 2017 to June 30, 2018 . It indicates the drivers behind changes in the balance sheet amounts. This table incorporates the mark-to-market activities that are immediately recorded in earnings. This table excludes all NPNS contracts and does not segregate proprietary trading activity. See Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information on the balance sheet classification of the mark-to-market energy contract net assets (liabilities) recorded as of June 30, 2018 and December 31, 2017 .

	Exelon	Generation	ComEd	PHI	DPL
Total mark-to-market energy contract net assets (liabilities) at December 31, 2017 [(a)]	$ 667	$ 923	$ (256)	$ —	$ —
Total change in fair value during 2018 of contracts recorded in results of operations	194	194	—	—	—
Reclassification to realized of contracts recorded in results of operations	(354)	(354)	—	—	—
Changes in fair value — recorded through regulatory assets and liabilities [(b)]	5	—	4	1	1
Changes in allocated collateral	(85)	(84)	—	(1)	(1)
Net option premium paid/(received)	36	36	—	—	—
Option premium amortization	7	7	—	—	—
Total mark-to-market energy contract net assets (liabilities) at June 30,2018 [(a)]	$ 470	$ 722	$ (252)	$ —	$ —

(a) Amounts are shown net of collateral paid to and received from counterparties.
(b) For ComEd and DPL, the changes in fair value are recorded as a change in regulatory assets or liabilities. As of June 30, 2018 , ComEd recorded a regulatory liability of $252 million related to its mark-to-market derivative liabilities with Generation and unaffiliated suppliers. For the six months ended June 30, 2018 , ComEd also recorded $6 million of decreases in fair value and an increase for realized losses due to settlements of $10 million recorded in purchased power expense associated with floating-to-fixed energy swap contracts with unaffiliated suppliers.

Fair Values

The following tables present maturity and source of fair value for Exelon, Generation and ComEd mark-to-market commodity contract net assets (liabilities). The tables provide two fundamental pieces of information. First, the tables provide the source of fair value used in determining the carrying amount of the Registrants' total mark-to-market net assets (liabilities), net of allocated collateral. Second, the tables show the maturity, by year, of the Registrants' commodity contract net assets (liabilities), net of allocated collateral, giving an indication of when these mark-to-market amounts will settle and either generate or require cash. See Note 9 — Fair Value of Financial Assets and Liabilities of the Combined Notes to Consolidated Financial Statements for additional information regarding fair value measurements and the fair value hierarchy.

Exelon

	Maturities Within						Total Fair Value
	2018	2019	2020	2021	2022	2023 and Beyond	
Normal Operations, Commodity derivative contracts [(a)(b)]:							
Actively quoted prices (Level 1)	$ 4	$ (36)	$ (30)	$ (2)	$ (5)	$ 13	$ (56)
Prices provided by external sources (Level 2)	34	(7)	12	2	—	—	41
Prices based on model or other valuation methods (Level 3) [(c)]	283	289	73	(24)	(61)	(75)	485
Total	$ 321	$ 246	$ 55	$ (24)	$ (66)	$ (62)	$ 470

(a) Mark-to-market gains and losses on other economic hedge and trading derivative contracts that are recorded in results of operations.
(b) Amounts are shown net of collateral paid to and received from counterparties (and offset against mark-to-market assets and liabilities) of $382 million at June 30, 2018 .
(c) Includes ComEd's net liabilities associated with the floating-to-fixed energy swap contracts with unaffiliated suppliers.

Generation

	Maturities Within						Total Fair Value
	2018	2019	2020	2021	2022	2023 and Beyond	
Normal Operations, Commodity derivative contracts [(a)(b)]:							
Actively quoted prices (Level 1)	$ 4	$ (36)	$ (30)	$ (2)	$ (5)	$ 13	$ (56)
Prices provided by external sources (Level 2)	34	(7)	12	2	—	—	41
Prices based on model or other valuation methods (Level 3)	295	313	97	—	(37)	69	737
Total	$ 333	$ 270	$ 79	$ —	$ (42)	$ 82	$ 722

(a) Mark-to-market gains and losses on other economic hedge and trading derivative contracts that are recorded in the results of operations.
(b) Amounts are shown net of collateral paid to and received from counterparties (and offset against mark-to-market assets and liabilities) of $382 million at June 30, 2018 .

ComEd

	Maturities Within						Total Fair Value
	2018	2019	2020	2021	2022	2023 and Beyond	
Commodity derivative contracts [(a)]:							
Prices based on model or other valuation methods (Level 3)	$ (12)	$ (24)	$ (24)	$ (24)	$ (24)	$ (144)	$ (252)

(a) Represents ComEd's net liabilities associated with the floating-to-fixed energy swap contracts with unaffiliated suppliers.

Credit Risk, Collateral and Contingent-Related Features (All Registrants)

The Registrants would be exposed to credit-related losses in the event of non-performance by counterparties that execute derivative instruments. The credit exposure of derivative contracts, before collateral, is represented by the fair value of contracts at the reporting date. See Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for detailed information of credit risk, collateral and contingent-related features.

Generation

The following tables provide information on Generation's credit exposure for all derivative instruments, normal purchases and normal sales agreements, and applicable payables and receivables, net of collateral and instruments that are subject to master netting agreements, as of June 30, 2018 . The tables further disaggregate that exposure by credit rating of the counterparties and provide guidance on the concentration of credit risk to individual counterparties and an indication of the duration of a company's credit risk by credit rating of the counterparties. The figures in the tables below exclude credit risk exposure from individual retail customers, uranium procurement contracts, and exposure through RTOs, ISOs and commodity exchanges, which are discussed below. Additionally, the figures in the tables below exclude exposures with affiliates, including net receivables with ComEd, PECO, BGE, Pepco, DPL and ACE of $47 million , $23 million , $23 million , $31 million , $5 million and $4 million as of June 30, 2018 , respectively.

Rating as of June 30, 2018	Total Exposure Before Credit Collateral	Credit Collateral [a]	Net Exposure	Number of Counterparties Greater than 10% of Net Exposure	Net Exposure of Counterparties Greater than 10% of Net Exposure
Investment grade	$ 823	$ —	$ 823	1	$ 206
Non-investment grade	90	30	60		
No external ratings					
Internally rated — investment grade	228	—	228		
Internally rated — non-investment grade	78	13	65		
Total	$ 1,219	$ 43	$ 1,176	1	$ 206

	Maturity of Credit Risk Exposure			
Rating as of June 30, 2018	Less than 2 Years	2-5 Years	Exposure Greater than 5 Years	Total Exposure Before Credit Collateral
Investment grade	$ 774	$ 47	$ 2	$ 823
Non-investment grade	82	8	—	90
No external ratings				
Internally rated — investment grade	165	33	30	228
Internally rated — non-investment grade	79	(1)	—	78
Total	$ 1,100	$ 87	$ 32	$ 1,219

Net Credit Exposure by Type of Counterparty	As of June 30, 2018
Financial institutions	$ 97
Investor-owned utilities, marketers, power producers	627
Energy cooperatives and municipalities	392
Other	60
Total	$ 1,176

(a) As of June 30, 2018 , credit collateral held from counterparties where Generation had credit exposure included $22 million of cash and $21 million of letters of credit.

The Utility Registrants

There have been no significant changes or additions to the Utility Registrants exposures to credit risk that are described in ITEM 1A. RISK FACTORS of Exelon's 2017 Annual Report on Form 10-K.

See Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information regarding credit exposure to suppliers.

Collateral (All Registrants)

Generation

As part of the normal course of business, Generation routinely enters into physical or financial contracts for the sale and purchase of electricity, natural gas and other commodities. In accordance with the contracts and applicable law, if Generation is downgraded by a credit rating agency, especially if such downgrade is to a level below investment grade, it is possible that a counterparty would attempt to rely on such a downgrade as a basis for making a demand for adequate assurance of future performance. Depending on Generation's net position with a counterparty, the demand could be for the posting of collateral. In the absence of expressly agreed-to provisions that specify the collateral that must be provided, collateral requested will be a function of the facts and circumstances of the situation at the time of the demand. See Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information regarding collateral requirements. See Note 17 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements for additional information regarding the letters of credit supporting the cash collateral.

Generation transacts output through bilateral contracts. The bilateral contracts are subject to credit risk, which relates to the ability of counterparties to meet their contractual payment obligations. Any failure to collect these payments from counterparties could have a material impact on Exelon's and Generation's results of operations, cash flows and financial positions. As market prices rise above or fall below contracted price levels, Generation is required to post collateral with purchasers; as market prices fall below contracted price levels, counterparties are required to post collateral with Generation. To post collateral, Generation depends on access to bank credit facilities, which serve as liquidity sources to fund collateral requirements. See ITEM 2. Liquidity and Capital Resources — Credit Matters — Exelon Credit Facilities for additional information.

The Utility Registrants

As of June 30, 2018 , ComEd held $5 million in collateral from suppliers in association with energy procurement contracts, $14 million in collateral from suppliers for REC and ZEC contract obligations and $19 million in collateral from suppliers for long-term renewable energy contracts. BGE is not required to post collateral under its electric supply contracts but was holding an immaterial amount of collateral under its electric supply procurement contracts. BGE was not required to post collateral under its natural

gas procurement contracts but was holding an immaterial amount of collateral under its natural gas procurement contracts. PECO, Pepco, DPL and ACE were not required to post collateral under their energy and/or natural gas procurement contracts. See Note 6 — Regulatory Matters and Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information.

RTOs an d ISOs (All Registrants)

All Registrants participate in all, or some, of the established wholesale spot energy markets that are administered by PJM, ISO-NE, ISO-NY, CAISO, MISO, SPP, AESO, OIESO and ERCOT. ERCOT is not subject to regulation by FERC but performs a similar function in Texas to that performed by RTOs in markets regulated by FERC. In these areas, power is traded through bilateral agreements between buyers and sellers and on the spot energy markets that are administered by the RTOs or ISOs, as applicable. In areas where there are no spot energy markets, electricity is purchased and sold solely through bilateral agreements. For sales into the spot energy markets administered by an RTO or ISO, the RTO or ISO maintains financial assurance policies that are established and enforced by those administrators. The credit policies of the RTOs and ISOs may, under certain circumstances, require that losses arising from the default of one member on spot energy market transactions be shared by the remaining participants. Non-performance or non-payment by a major counterparty could result in a material adverse impact on the Registrants' results of operations, cash flows and financial positions.

Exchange Traded Transactions (Exelon, Generation, PHI and DPL)

Generation enters into commodity transactions on NYMEX, ICE, NASDAQ, NGX and the Nodal exchange ("the Exchanges"). DPL enters into commodity transactions on ICE. The Exchange clearinghouses act as the counterparty to each trade. Transactions on the Exchanges must adhere to comprehensive collateral and margining requirements. As a result, transactions on the Exchanges are significantly collateralized and have limited counterparty credit risk.

Interest Rate and Foreign Exchange Risk (All Registrants)

The Registrants use a combination of fixed-rate and variable-rate debt to manage interest rate exposure. The Registrants may also utilize fixed-to-floating interest rate swaps, which are typically designated as fair value hedges, to manage their interest rate exposure. In addition, the Registrants may utilize interest rate derivatives to lock in rate levels, which are typically designated as cash flow hedges. These strategies are employed to manage interest rate risks. At June 30, 2018 , Exelon had $800 million of notional amounts of fixed-to-floating hedges outstanding and Exelon and Generation had $624 million of notional amounts of floating-to-fixed hedges outstanding. Assuming the fair value and interest rate hedges are 100% effective, a hypothetical 50 basis point increase in the interest rates associated with unhedged variable-rate debt (excluding Commercial Paper) and fixed-to-floating swaps would result in approximately a $3 million decrease in Exelon Consolidated pre-tax income for the six months ended June 30, 2018 . To manage foreign exchange rate exposure associated with international energy purchases in currencies other than U.S. dollars, Generation utilizes foreign currency derivatives, which are typically designated as economic hedges. See Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information.

Equity Price Risk (Exelon and Generation)

Exelon and Generation maintain trust funds, as required by the NRC, to fund certain costs of decommissioning its nuclear plants. As of June 30, 2018 , Generation's decommissioning trust funds are reflected at fair value on its Consolidated Balance Sheets. The mix of securities in the trust funds is designed to provide returns to be used to fund decommissioning and to compensate Generation for inflationary increases in decommissioning costs; however, the equity securities in the trust funds are

exposed to price fluctuations in equity markets, and the value of fixed-rate, fixed-income securities are exposed to changes in interest rates. Generation actively monitors the investment performance of the trust funds and periodically reviews asset allocation in accordance with Generation's NDT fund investment policy. A hypothetical 10% increase in interest rates and decrease in equity prices would result in a $590 million reduction in the fair value of the trust assets. This calculation holds all other variables constant and assumes only the discussed changes in interest rates and equity prices. See ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS for additional information of equity price risk as a result of the current capital and credit market conditions.

Item 4. Controls and Procedures

During the second quarter of 2018 , each of Exelon's, Generation's, ComEd's, PECO's, BGE's, PHI's, Pepco's, DPL's and ACE's management, including its principal executive officer and principal financial officer, evaluated its disclosure controls and procedures related to the recording, processing, summarizing and reporting of information in its periodic reports that it files with the SEC. These disclosure controls and procedures have been designed by all Registrants to ensure that (a) material information relating to that Registrant, including its consolidated subsidiaries, is accumulated and made known to Exelon's management, including its principal executive officer and principal financial officer, by other employees of that Registrant and its subsidiaries as appropriate to allow timely decisions regarding required disclosure, and (b) this information is recorded, processed, summarized, evaluated and reported, as applicable, within the time periods specified in the SEC's rules and forms. Due to the inherent limitations of control systems, not all misstatements may be detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls could be circumvented by the individual acts of some persons or by collusion of two or more people.

Accordingly, as of June 30, 2018 , the principal executive officer and principal financial officer of each of Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE concluded that such Registrant's disclosure controls and procedures were effective to accomplish its objectives. All Registrants continually strive to improve their disclosure controls and procedures to enhance the quality of its financial reporting and to maintain dynamic systems that change as conditions warrant. There have been no changes in internal control over financial reporting that occurred during the second quarter of 2018 that have materially affected, or are reasonably likely to materially affect, any of Exelon's, Generation's, ComEd's, PECO's, BGE's, PHI's, Pepco's, DPL's and ACE's internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

The Registrants are parties to various lawsuits and regulatory proceedings in the ordinary course of their respective businesses. For information regarding material lawsuits and proceedings, see (a) ITEM 3 . LEGAL PROCEEDINGS of Exelon's 2017 Form 10-K and (b) Notes 6 — Regulatory Matters and 17 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements in PART I, ITEM 1. FINANCIAL STATEMENTS of this Report. Such descriptions are incorporated herein by these references.

Item 1A. Risk Factors

Risks Related to Exelon

At June 30, 2018 , the Registrants' risk factors were consistent with the risk factors described in the Registrants' combined 2017 Form 10-K in ITEM 1A. RISK FACTORS.

Item 4. Mine Safety Disclosures

All Registrants

Not applicable to the Registrants.

Item 6. Exhibits

Certain of the following exhibits are incorporated herein by reference under Rule 12b-32 of the Securities and Exchange Act of 1934, as amended. Certain other instruments which would otherwise be required to be listed below have not been so listed because such instruments do not authorize securities in an amount which exceeds 10% of the total assets of the applicable Registrant and its subsidiaries on a consolidated basis and the relevant Registrant agrees to furnish a copy of any such instrument to the Commission upon request.

Exhibit No.	Description
3.1	Amended and Restated Articles of Incorporation of Exelon Corporation, as amended on July 24, 2018 (File No. 001-16169, Form 8-K dated July 27, 2018, Exhibit 3.1)
3.2	Amended and Restated Bylaws of Exelon Corporation, as amended on July 24, 2018 (File No. 001-16169, Form 8-K dated July 27, 2018, Exhibit 3.2)
4.1	Supplemental Indenture, dated as of June 1, 2018, from Delmarva Power & Light Company to The Bank of New York Mellon, as trustee (File No. 001-01405, Form 8-K dated June 21, 2018, Exhibit 4.2)
4.2	Supplemental Indenture, dated as of June 1, 2018, from Potomac Electric Power Company to The Bank of New York Mellon, as trustee (File No. 001-01072, Form 8-K dated June 21, 2018, Exhibit 4.2)
10.1	Purchase Agreement, dated June 8, 2018 among Delmarva Power & Light Company and the purchasers signatory thereto (File No. 001-01405, Form 8-K dated June 21, 2018, Exhibit 1.1)
10.2	Purchase Agreement, dated June 8, 2018 among Potomac Electric Power Company and the purchasers signatory thereto (File No. 001-01072, Form 8-K dated June 21, 2018, Exhibit 1.1)
10.3	Letter Agreement, dated May 7, 2018 between Exelon Corporation and Denis P. O'Brien
10.4	Letter Agreement, dated May 7, 2018, between Exelon Corporation and Jonathan W. Thayer
101.INS	XBRL Instance
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation
101.DEF	XBRL Taxonomy Extension Definition
101.LAB	XBRL Taxonomy Extension Labels
101.PRE	XBRL Taxonomy Extension Presentation

Certifications Pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities and Exchange Act of 1934 as to the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2018 filed by the following officers for the following companies:

31-1	— Filed by Christopher M. Crane for Exelon Corporation
31-2	— Filed by Joseph Nigro for Exelon Corporation
31-3	— Filed by Kenneth W. Cornew for Exelon Generation Company, LLC
31-4	— Filed by Bryan P. Wright for Exelon Generation Company, LLC
31-5	— Filed by Joseph Dominguez for Commonwealth Edison Company
31-6	— Filed by Jeanne M. Jones for Commonwealth Edison Company
31-7	— Filed by Michael A. Innocenzo for PECO Energy Company
31-8	— Filed by Phillip S. Barnett for PECO Energy Company
31-9	— Filed by Calvin G. Butler, Jr. for Baltimore Gas and Electric Company
31-10	— Filed by David M. Vahos for Baltimore Gas and Electric Company
31-11	— Filed by David M. Velazquez for Pepco Holdings LLC
31-12	— Filed by Robert M. Aiken for Pepco Holdings LLC
31-13	— Filed by David M. Velazquez for Potomac Electric Power Company
31-14	— Filed by Robert M. Aiken for Potomac Electric Power Company
31-15	— Filed by David M. Velazquez for Delmarva Power & Light Company
31-16	— Filed by Robert M. Aiken for Delmarva Power & Light Company
31-17	— Filed by David M. Velazquez for Atlantic City Electric Company
31-18	— Filed by Robert M. Aiken for Atlantic City Electric Company

Certifications Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code (Sarbanes — Oxley Act of 2002) as to the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2018 filed by the following officers for the following companies:

32-1	— Filed by Christopher M. Crane for Exelon Corporation
32-2	— Filed by Joseph Nigro for Exelon Corporation
32-3	— Filed by Kenneth W. Cornew for Exelon Generation Company, LLC
32-4	— Filed by Bryan P. Wright for Exelon Generation Company, LLC
32-5	— Filed by Joseph Dominguez for Commonwealth Edison Company
32-6	— Filed by Jeanne M. Jones for Commonwealth Edison Company
32-7	— Filed by Michael A. Innocenzo for PECO Energy Company
32-8	— Filed by Phillip S. Barnett for PECO Energy Company
32-9	— Filed by Calvin G. Butler, Jr. for Baltimore Gas and Electric Company
32-10	— Filed by David M. Vahos for Baltimore Gas and Electric Company
32-11	— Filed by David M. Velazquez for Pepco Holdings LLC
32-12	— Filed by Robert M. Aiken for Pepco Holdings LLC
32-13	— Filed by David M. Velazquez for Potomac Electric Power Company
32-14	— Filed by Robert M. Aiken for Potomac Electric Power Company
32-15	— Filed by David M. Velazquez for Delmarva Power & Light Company
32-16	— Filed by Robert M. Aiken for Delmarva Power & Light Company
32-17	— Filed by David M. Velazquez for Atlantic City Electric Company
32-18	— Filed by Robert M. Aiken for Atlantic City Electric Company

SIGNATURES

Pursuant to requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

EXELON CORPORATION

/s/ CHRISTOPHER M. CRANE

Christopher M. Crane

President and Chief Executive Officer
(Principal Executive Officer) and Director

/s/ JOSEPH NIGRO

Joseph Nigro

Senior Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

/s/ FABIAN E. SOUZA

Fabian E. Souza

Senior Vice President and Corporate Controller
(Principal Accounting Officer)

August 2, 2018

Pursuant to requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

EXELON GENERATION COMPANY, LLC

/s/ KENNETH W. CORNEW	/s/ BRYAN P. WRIGHT
Kenneth W. Cornew	Bryan P. Wright
President and Chief Executive Officer (Principal Executive Officer)	Senior Vice President and Chief Financial Officer (Principal Financial Officer)
/s/ MATTHEW N. BAUER	
Matthew N. Bauer	
Vice President and Controller (Principal Accounting Officer)	

August 2, 2018

Pursuant to requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

COMMONWEALTH EDISON COMPANY

/s/ JOSEPH DOMINGUEZ	/s/ JEANNE M. JONES
Joseph Dominguez Chief Executive Officer (Principal Executive Officer)	Jeanne M. Jones Senior Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)
/s/ GERALD J. KOZEL	
Gerald J. Kozel Vice President and Controller (Principal Accounting Officer)	

August 2, 2018

Pursuant to requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PECO ENERGY COMPANY

/s/ M ICHAEL A. I NNOCENZO

Michael A. Innocenzo
President and Chief Executive Officer
(Principal Executive Officer)

/s/ P HILLIP S. B ARNETT

Phillip S. Barnett
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/s/ S COTT A. B AILEY

Scott A. Bailey
Vice President and Controller
(Principal Accounting Officer)

August 2, 2018

Pursuant to requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BALTIMORE GAS AND ELECTRIC COMPANY

/s/ CALVIN G. BUTLER, JR.

Calvin G. Butler, Jr.

Chief Executive Officer
(Principal Executive Officer)

/s/ DAVID M. VAHOS

David M. Vahos

Senior Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)

/s/ ANDREW W. HOLMES

Andrew W. Holmes

Vice President and Controller
(Principal Accounting Officer)

August 2, 2018

Pursuant to requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PEPCO HOLDINGS LLC

/s/ DAVID M. VELAZQUEZ
David M. Velazquez
President and Chief Executive Officer
(Principal Executive Officer)

/s/ ROBERT M. AIKEN
Robert M. Aiken
Vice President and Controller
(Principal Financial Officer)

/s/ ROBERT M. AIKEN
Robert M. Aiken
Vice President and Controller
(Principal Accounting Officer)

August 2, 2018

Pursuant to requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

POTOMAC ELECTRIC POWER COMPANY

/s/ DAVID M. VELAZQUEZ

David M. Velazquez

President and Chief Executive Officer
(Principal Executive Officer)

/s/ ROBERT M. AIKEN

Robert M. Aiken

Vice President and Controller
(Principal Financial Officer)

/s/ ROBERT M. AIKEN

Robert M. Aiken

Vice President and Controller
(Principal Accounting Officer)

August 2, 2018

S1-SSA-0009 - 21157

Pursuant to requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DELMARVA POWER & LIGHT COMPANY

/s/ DAVID M. VELAZQUEZ

David M. Velazquez

President and Chief Executive Officer
(Principal Executive Officer)

/s/ ROBERT M. AIKEN

Robert M. Aiken

Vice President and Controller
(Principal Financial Officer)

/s/ ROBERT M. AIKEN

Robert M. Aiken

Vice President and Controller
(Principal Accounting Officer)

August 2, 2018

Pursuant to requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ATLANTIC CITY ELECTRIC COMPANY

/s/ DAVID M. VELAZQUEZ
David M. Velazquez
President and Chief Executive Officer
(Principal Executive Officer)

/s/ ROBERT M. AIKEN
Robert M. Aiken
Vice President and Controller
(Principal Financial Officer)

/s/ ROBERT M. AIKEN
Robert M. Aiken
Vice President and Controller
(Principal Accounting Officer)

August 2, 2018

Exhibit 10-3

Amy E. Best
SVP & Chief HR Officer
10 S. Dearborn Street
Chicago, IL 60603
Tel. (312) 394-7554

May 7, 2018

Denis P. O'Brien
321 Canterbury Road
Havertown, PA 19083

Re: Memorandum of Understanding ("MOU")

Dear Denis:

This letter will confirm our mutual understanding regarding your employment with Exelon Corporation (the "Company").

1. You have accepted the position of Senior Executive Vice President & Senior Advisor to the Chief Executive Officer of the Company, and hereby resign from your current position as Chief Executive Officer – Exelon Utilities, and from any other positions as an officer or director of the Company, its subsidiaries and affiliates effective as of June 1, 2018. You will remain employed in this position until December 31, 2019 or such other date as you may resign, or terminate by mutual agreement or by either party upon the other party's breach of the terms of this MOU (the "Scheduled Separation Date"), provided, that your employment may end prior to the Scheduled Separation Date if it is terminated by the Company for Cause (as defined in Section 7.11(b), (c), and (d) of the Exelon Corporation Senior Management Severance Plan (as Amended and Restated), effective as of November 1, 2015 (the "Severance Plan")), or due to your disability or death.

2. During this period of employment, your current base salary and target annual and deferred compensation and long-term incentive opportunities including under the Exelon Corporation Annual Incentive Award Plan and the Exelon Corporation Long-Term Incentive Plan will remain in effect, and you and your eligible dependents will remain eligible to participate in all of the Company's applicable employee and fringe benefit plans and to receive benefits on a basis consistent with other active senior executives, and you will remain subject to the Company's code of business conduct and other employment policies. The change in your position as set forth in Paragraph 1 above is not a "separation from service" or "termination of employment" as the terms are defined by Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"). The parties will mutually cooperate to ensure that any payments and benefits set forth in this MOU subject to Section 409A of the Code comply with the provisions thereof without incurrence of penalties.

3. An essential aspect of this arrangement will be your continued collaborative performance of your new duties, as well as your cooperation and assistance with the orderly transition of your prior duties to your successor, consistent with your senior executive role.

4. Upon the termination of your employment on the Scheduled Separation Date, you will receive non-change in control separation benefits in accordance with the terms and conditions of your separation agreement as authorized by the Severance Plan as applicable to senior executive management (within the meaning of the plan).

5. This letter supersedes all prior agreements and understandings concerning your employment in effect prior the date of this MOU, other than your Employee Confidential Information, Invention and Creative Works Agreement and the Non-Solicitation and Confidentiality Agreement entered into as of the date of this letter and attached hereto as Exhibit A.

Please acknowledge your acceptance of the above terms and conditions by signing this letter in the space provided below and promptly returning it to me.

We greatly appreciate your ongoing contributions to Exelon.

Very truly yours,

/s/ AMY E. BEST

Amy E. Best
Senior Vice President &
Chief Human Resources Officer

Agreed and Accepted:

/s/ DENIS P. O'BRIEN

Denis P. O'Brien

Exhibit

cc: Thomas O'Neill

Exhibit 10-4

Amy E. Best
SVP & Chief HR Officer
10 S. Dearborn Street
Chicago, IL 60603
Tel. (312) 394-7554

May 7, 2018

Jonathan W. Thayer
115 Tunbridge Road
Baltimore, MD 21212

Re: Memorandum of Understanding

Dear Jack:

This letter will confirm our mutual understanding regarding your employment with Exelon Corporation (the "Company").

1. You have accepted the position of Chief Transformation Officer, and hereby resign from your current position as Chief Financial Officer and any other positions as an officer or director of the Company, its subsidiaries and affiliates effective as of May 8, 2018. You will remain employed in a senior executive position until April 1, 2019 or such other date as may be mutually agreed (the "Scheduled Separation Date"), provided, that your employment may end prior to the Scheduled Separation Date if it is terminated by the Company for Cause or you for Good Reason (as defined in the Exelon Corporation Senior Management Severance Plan, it being understood that the changes from your current position and duties to the position described in this letter and its related duties will not constitute Good Reason), or due to your resignation, disability or death. You represent and warrant that you have no knowledge, and the Company represents and warrants that its executive officers have no knowledge (assuming reasonable inquiry), of any of your acts or omissions as of the date of this letter that would qualify as Cause under the Exelon Corporation Senior Management Severance Plan (the "Plan").

2. In addition to your best efforts in the performance of your duties as Chief Transformation Officer or such other position as may be agreed during this period of employment, you will assist with the orderly transition of your prior duties to your successor. In addition, your current annualized base salary and target annual incentive and long-term performance share opportunities will remain in effect, you and your eligible dependents will remain eligible to participate in the Company's applicable employee benefit plans, your outstanding long-term incentive awards will continue to vest normally, and you will remain subject to the Company's code of business conduct and other employment policies.

3. Because your condominium co-op board would not authorize the sale of your Chicago condominium to the Company's relocation services firm in connection with your merger-related move to Washington D.C., upon the arms' length sale of the condominium on or before the second anniversary of this

letter through a broker reasonably acceptable to the Company, the Company will make a one-time payment to you on December 31, 2020 in an amount (if any) necessary for you to receive (when added to the actual sale price) the appraised value you would have received pursuant to the terms of the Company's executive relocation policy in effect as of the date of this letter and the appraisal previously performed thereunder. You will notify the Company of the closing of any such sale and provide supporting documentation on or before June 30, 2020.

4. Upon the termination of your employment on the Scheduled Separation Date, you will receive non-change in control separation benefits pursuant to a separation agreement and waiver & release in accordance with the Plan applicable to senior executive management (within the meaning of the Plan).

5. This letter supersedes all prior agreements and understandings concerning your employment (except as incorporated herein by reference), including your Change in Control Employment Agreement dated October 26, 2016 other than the provisions of Article VIII ("Restrictive Covenants") thereof.

Please acknowledge your acceptance of the above terms and conditions by signing this letter in the space provided below and promptly returning it to me.

We greatly appreciate your ongoing contributions to Exelon.

Very truly yours,

/s/ AMY E. BEST

Amy E. Best
Senior Vice President &
Chief Human Resources Officer

Agreed and Accepted:

/s/ JONATHAN THAYER

Jonathan Thayer

Exhibit

cc: Thomas O'Neill

Exhibit 31-1

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Christopher M. Crane, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ CHRISTOPHER M. CRANE

President and Chief Executive Officer

(Principal Executive Officer)

Date: August 2, 2018

Exhibit 31-2

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Joseph Nigro, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ JOSEPH NIGRO

Senior Executive Vice President and Chief Financial Officer

(Principal Financial Officer)

Date: August 2, 2018

Exhibit 31-3

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Kenneth W. Cornew, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Generation Company, LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ KENNETH W. CORNEW

President and Chief Executive Officer

(Principal Executive Officer)

Date: August 2, 2018

Exhibit 31-4

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Bryan P. Wright, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Generation Company, LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ BRYAN P. WRIGHT

Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

Date: August 2, 2018

Exhibit 31-5

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Joseph Dominguez, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Commonwealth Edison Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ JOSEPH DOMINGUEZ

Chief Executive Officer
(Principal Executive Officer)

Date: August 2, 2018

Exhibit 31-6

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Jeanne M. Jones, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Commonwealth Edison Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ JEANNE M. JONES

Senior Vice President, Chief Financial Officer and Treasurer

(Principal Financial Officer)

Date: August 2, 2018

Exhibit 31-7

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Michael A. Innocenzo, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PECO Energy Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ MICHAEL A. INNOCENZO

President and Chief Executive Officer

(Principal Executive Officer)

Date: August 2, 2018

Exhibit 31-8

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Phillip S. Barnett, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PECO Energy Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ PHILLIP S. BARNETT

Senior Vice President, Chief Financial Officer
and Treasurer

(Principal Financial Officer)

Date: August 2, 2018

Exhibit 31-9

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Calvin G. Butler, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Baltimore Gas and Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ CALVIN G. BUTLER, JR.

Chief Executive Officer

(Principal Executive Officer)

Date: August 2, 2018

Exhibit 31-10

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, David M. Vahos, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Baltimore Gas and Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ DAVID M. VAHOS

Senior Vice President, Chief Financial Officer
and Treasurer

(Principal Financial Officer)

Date: August 2, 2018

Exhibit 31-11

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, David M. Velazquez, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Pepco Holdings LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ DAVID M. VELAZQUEZ

President and Chief Executive Officer

(Principal Executive Officer)

Date: August 2, 2018

Exhibit 31-12

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Robert M. Aiken, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Pepco Holdings LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ ROBERT M. AIKEN

Vice President and Controller

(Principal Financial Officer)

Date: August 2, 2018

Exhibit 31-13

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, David M. Velazquez, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Potomac Electric Power Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ DAVID M. VELAZQUEZ

President and Chief Executive Officer

(Principal Executive Officer)

Date: August 2, 2018

Exhibit 31-14

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Robert M. Aiken, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Potomac Electric Power Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ ROBERT M. AIKEN

Vice President and Controller

(Principal Financial Officer)

Date: August 2, 2018

Exhibit 31-15

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, David M. Velazquez, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Delmarva Power & Light Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ DAVID M. VELAZQUEZ

President and Chief Executive Officer

(Principal Executive Officer)

Date: August 2, 2018

Exhibit 31-16

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Robert M. Aiken, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Delmarva Power & Light Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ ROBERT M. AIKEN

Vice President and Controller

(Principal Financial Officer)

Date: August 2, 2018

Exhibit 31-17

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, David M. Velazquez, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Atlantic City Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ DAVID M. VELAZQUEZ

President and Chief Executive Officer

(Principal Executive Officer)

Date: August 2, 2018

Exhibit 31-18

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Robert M. Aiken, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Atlantic City Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ ROBERT M. AIKEN

Vice President and Controller

(Principal Financial Officer)

Date: August 2, 2018

Exhibit 32-1

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Corporation for the quarterly period ended June 30, 2018 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Corporation.

/s/ CHRISTOPHER M. CRANE

Christopher M. Crane

President and Chief Executive Officer

Date: August 2, 2018

Exhibit 32-2

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Corporation for the quarterly period ended June 30, 2018 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Corporation.

/s/ J OSEPH N IGRO

Joseph Nigro

Senior Executive Vice President and Chief Financial Officer

Date: August 2, 2018

Exhibit 32-3

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Generation Company, LLC for the quarterly period ended June 30, 2018 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Generation Company, LLC.

/s/ KENNETH W. CORNEW

Kenneth W. Cornew

President and Chief Executive Officer

Date: August 2, 2018

Exhibit 32-4

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Generation Company, LLC for the quarterly period ended June 30, 2018 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Generation Company, LLC.

/s/ BRYAN P. WRIGHT

Bryan P. Wright

Senior Vice President and Chief Financial Officer

Date: August 2, 2018

Exhibit 32-5

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Commonwealth Edison Company for the quarterly period ended June 30, 2018 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Commonwealth Edison Company.

/s/ J OSEPH D OMINGUEZ

Joseph Dominguez

Chief Executive Officer

Date: August 2, 2018

Exhibit 32-6

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Commonwealth Edison Company for the quarterly period ended June 30, 2018 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Commonwealth Edison Company.

/s/ JEANNE M. JONES

Jeanne M. Jones

Senior Vice President, Chief Financial Officer and Treasurer

Date: August 2, 2018

Exhibit 32-7

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of PECO Energy Company for the quarterly period ended June 30, 2018 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of PECO Energy Company.

/s/ M ICHAEL A. I NNOCENZO

Michael A. Innocenzo

President and Chief Executive Officer

Date: August 2, 2018

Exhibit 32-8

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of PECO Energy Company for the quarterly period ended June 30, 2018 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of PECO Energy Company.

/s/ PHILLIP S. BARNETT

Phillip S. Barnett

Senior Vice President, Chief Financial Officer and Treasurer

Date: August 2, 2018

Exhibit 32-9

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Baltimore Gas and Electric Company for the quarterly period ended June 30, 2018 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Baltimore Gas and Electric Company.

/s/ CALVIN G. BUTLER, JR.

Calvin G. Butler, Jr.

Chief Executive Officer

Date: August 2, 2018

Exhibit 32-10

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Baltimore Gas and Electric Company for the quarterly period ended June 30, 2018 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Baltimore Gas and Electric Company.

/s/ DAVID M. VAHOS

David M. Vahos

Senior Vice President, Chief Financial Officer and Treasurer

Date: August 2, 2018

Exhibit 32-11

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Pepco Holdings LLC for the quarterly period ended June 30, 2018 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Pepco Holdings LLC.

/s/ DAVID M. VELAZQUEZ

David M. Velazquez

President and Chief Executive Officer

Date: August 2, 2018

Exhibit 32-12

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Pepco Holdings LLC for the quarterly period ended June 30, 2018 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Pepco Holdings LLC.

/s/ R OBERT M. A IKEN

Robert M. Aiken

Vice President and Controller

Date: August 2, 2018

Exhibit 32-13

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Potomac Electric Power Company for the quarterly period ended June 30, 2018 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Potomac Electric Power Company.

/s/ DAVID M. VELAZQUEZ

David M. Velazquez

President and Chief Executive Officer

Date: August 2, 2018

Exhibit 32-14

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Potomac Electric Power Company for the quarterly period ended June 30, 2018 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Potomac Electric Power Company .

/s/ R OBERT M. A IKEN

Robert M. Aiken

Vice President and Controller

Date: August 2, 2018

Exhibit 32-15

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Delmarva Power & Light Company for the quarterly period ended June 30, 2018 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Delmarva Power & Light Company.

/s/ DAVID M. VELAZQUEZ

David M. Velazquez

President and Chief Executive Officer

Date: August 2, 2018

Exhibit 32-16

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Delmarva Power & Light Company for the quarterly period ended June 30, 2018 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Delmarva Power & Light Company .

/s/ R OBERT M. A IKEN

Robert M. Aiken

Vice President and Controller

Date: August 2, 2018

Exhibit 32-17

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Atlantic City Electric Company for the quarterly period ended June 30, 2018 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Atlantic City Electric Company.

/s/ DAVID M. VELAZQUEZ

David M. Velazquez

President and Chief Executive Officer

Date: August 2, 2018

Exhibit 32-18

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Atlantic City Electric Company for the quarterly period ended June 30, 2018 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Atlantic City Electric Company .

/s/ R OBERT M. A IKEN

Robert M. Aiken

Vice President and Controller

Date: August 2, 2018

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended March 31, 2013

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number	Name of Registrant; State of Incorporation; Address of Principal Executive Offices; and Telephone Number	IRS Employer Identification Number
1-16169	EXELON CORPORATION (a Pennsylvania corporation) 10 South Dearborn Street P.O. Box 805379 Chicago, Illinois 60680-5379 (312) 394-7398	23-2990190
333-85496	EXELON GENERATION COMPANY, LLC (a Pennsylvania limited liability company) 300 Exelon Way Kennett Square, Pennsylvania 19348-2473 (610) 765-5959	23-3064219
1-1839	COMMONWEALTH EDISON COMPANY (an Illinois corporation) 440 South LaSalle Street Chicago, Illinois 60605-1028 (312) 394-4321	36-0938600
000-16844	PECO ENERGY COMPANY (a Pennsylvania corporation) P.O. Box 8699 2301 Market Street Philadelphia, Pennsylvania 19101-8699 (215) 841-4000	23-0970240
1-1910	BALTIMORE GAS AND ELECTRIC COMPANY (a Maryland corporation) 2 Center Plaza 110 West Fayette Street Baltimore, Maryland 21201-3708 (410) 234-5000	52-0280210

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

	Large Accelerated Filer	Accelerated Filer	Non-accelerated Filer	Smaller Reporting Company
Exelon Corporation	☒			
Exelon Generation Company, LLC			☒	
Commonwealth Edison Company			☒	
PECO Energy Company			☒	
Baltimore Gas and Electric Company			☒	

S1-SSA-0009 - 21200

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The number of shares outstanding of each registrant's common stock as of March 31, 2013 was:

Exelon Corporation Common Stock, without par value	855,849,302
Exelon Generation Company, LLC	not applicable
Commonwealth Edison Company Common Stock, $12.50 par value	127,016,781
PECO Energy Company Common Stock, without par value	170,478,507
Baltimore Gas and Electric Company Common Stock, without par value	1,000

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GLOSSARY OF TERMS AND ABBREVIATIONS

Exelon Corporation and Related Entities

Exelon	Exelon Corporation
Generation	Exelon Generation Company, LLC
ComEd	Commonwealth Edison Company
PECO	PECO Energy Company
BGE	Baltimore Gas and Electric Company
BSC	Exelon Business Services Company, LLC
Exelon Corporate	Exelon in its corporate capacity as a holding company
CENG	Constellation Energy Nuclear Group, LLC
Constellation	Constellation Energy Group, Inc.
Exelon Transmission Company	Exelon Transmission Company, LLC
Exelon Wind	Exelon Wind, LLC and Exelon Generation Acquisition Company, LLC
Ventures	Exelon Ventures Company, LLC
AmerGen	AmerGen Energy Company, LLC
BondCo	RSB BondCo LLC
PEC L.P.	PECO Energy Capital, L.P.
PECO Trust III	PECO Capital Trust III
PECO Trust IV	PECO Energy Capital Trust IV
PETT	PECO Energy Transition Trust
Registrants	Exelon, Generation, ComEd, PECO and BGE, collectively

Other Terms and Abbreviations

Note " ___ " of the Exelon 2012 Form 10-K	Reference to specific Combined Note to Consolidated Financial Statements within Exelon's 2012 Annual Report on Form 10-K
1998 restructuring settlement	PECO's 1998 settlement of its restructuring case mandated by the Competition Act
Act 11	Pennsylvania Act 11 of 2012
Act 129	Pennsylvania Act 129 of 2008
AEC	Alternative Energy Credit that is issued for each megawatt hour of generation from a qualified alternative energy source
AEPS	Pennsylvania Alternative Energy Portfolio Standards
AEPS Act	Pennsylvania Alternative Energy Portfolio Standards Act of 2004, as amended
AESO	Alberta Electric Systems Operator
AFUDC	Allowance for Funds Used During Construction
ALJ	Administrative Law Judge
AMI	Advanced Metering Infrastructure
ARC	Asset Retirement Cost
ARO	Asset Retirement Obligation
ARP	Title IV Acid Rain Program
ARRA of 2009	American Recovery and Reinvestment Act of 2009
Block contracts	Forward Purchase Energy Block Contracts
CAIR	Clean Air Interstate Rule
CAISO	California ISO
CAMR	Federal Clean Air Mercury Rule
CERCLA	Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended
CFL	Compact Fluorescent Light
Clean Air Act	Clean Air Act of 1963, as amended
Clean Water Act	Federal Water Pollution Control Amendments of 1972, as amended
Competition Act	Pennsylvania Electricity Generation Customer Choice and Competition Act of 1996
CPI	Consumer Price Index
CPUC	California Public Utilities Commission
CSAPR	Cross-State Air Pollution Rule
CTC	Competitive Transition Charge

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GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and Abbreviations	
DOE	United States Department of Energy
DOJ	United States Department of Justice
DSP	Default Service Provider
DSP Program	Default Service Provider Program
EDF	Electricite de France SA
EE&C	Energy Efficiency and Conservation/Demand Response
EGS	Electric Generation Supplier
EIMA	Energy Infrastructure Modernization Act (Illinois Senate Bill 1652 and Illinois House Bill 3036)
EPA	United States Environmental Protection Agency
ERCOT	Electric Reliability Council of Texas
ERISA	Employee Retirement Income Security Act of 1974, as amended
EROA	Expected Rate of Return on Assets
ESPP	Employee Stock Purchase Plan
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
FRCC	Florida Reliability Coordinating Council
FTC	Federal Trade Commission
GAAP	Generally Accepted Accounting Principles in the United States
GHG	Greenhouse Gas
GRT	Gross Receipts Tax
GSA	Generation Supply Adjustment
GWh	Gigawatt hour
HAP	Hazardous air pollutants
Health Care Reform Acts	Patient Protection and Affordable Care Act and Health Care and Education Reconciliation Act of 2010
IBEW	International Brotherhood of Electrical Workers
ICC	Illinois Commerce Commission
ICE	Intercontinental Exchange
Illinois Act	Illinois Electric Service Customer Choice and Rate Relief Law of 1997
Illinois EPA	Illinois Environmental Protection Agency
Illinois Settlement Legislation	Legislation enacted in 2007 affecting electric utilities in Illinois
IPA	Illinois Power Agency
IRC	Internal Revenue Code
IRS	Internal Revenue Service
ISO	Independent System Operator
ISO-NE	ISO New England Inc.
ISO-NY	ISO New York
kV	Kilovolt
kW	Kilowatt
kWh	Kilowatt-hour
LIBOR	London Interbank Offered Rate
LILO	Lease-In, Lease-Out
LLRW	Low-Level Radioactive Waste
LTIP	Long-Term Incentive Plan
MATS	U.S. EPA Mercury and Air Toxics Rule
MBR	Market Based Rates Incentive
MDE	Maryland Department of the Environment
MDPSC	Maryland Public Service Commission
MGP	Manufactured Gas Plant
MISO	Midwest Independent Transmission System Operator, Inc.
mmcf	Million Cubic Feet
Moody's	Moody's Investor Service
MRV	Market-Related Value

GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and Abbreviations	
MW	Megawatt
MWh	Megawatt hour
NAAQS	National Ambient Air Quality Standards
n.m.	not meaningful
NAV	Net Asset Value
NDT	Nuclear Decommissioning Trust
NEIL	Nuclear Electric Insurance Limited
NERC	North American Electric Reliability Corporation
NGS	Natural Gas Supplier
NJDEP	New Jersey Department of Environmental Protection
Non-Regulatory Agreements Units	Nuclear generating units or portions thereof whose decommissioning-related activities are not subject to contractual elimination under regulatory accounting
NOV	Notice of Violation
NPDES	National Pollutant Discharge Elimination System
NRC	Nuclear Regulatory Commission
NSPS	New Source Performance Standards
NWPA	Nuclear Waste Policy Act of 1982
NYMEX	New York Mercantile Exchange
OCI	Other Comprehensive Income
OIESO	Ontario Independent Electricity System Operator
OPEB	Other Postretirement Employee Benefits
PA DEP	Pennsylvania Department of Environmental Protection
PAPUC	Pennsylvania Public Utility Commission
PGC	Purchased Gas Cost Clause
PJM	PJM Interconnection, LLC
POLR	Provider of Last Resort
POR	Purchase of Receivables
PPA	Power Purchase Agreement
Price-Anderson Act	Price-Anderson Nuclear Industries Indemnity Act of 1957
PRP	Potentially Responsible Parties
PSEG	Public Service Enterprise Group Incorporated
PURTA	Pennsylvania Public Realty Tax Act
PV	Photovoltaic
RCRA	Resource Conservation and Recovery Act of 1976, as amended
REC	Renewable Energy Credit which is issued for each megawatt hour of generation from a qualified renewable energy source
Regulatory Agreement Units	Nuclear generating units whose decommissioning-related activities are subject to contractual elimination under regulatory accounting
RES	Retail Electric Suppliers
RFP	Request for Proposal
Rider	Reconcilable Surcharge Recovery Mechanism
RGGI	Regional Greenhouse Gas Initiative
RMC	Risk Management Committee
RPM	PJM Reliability Pricing Model
RPS	Renewable Energy Portfolio Standards
RTEP	Regional Transmission Expansion Plan
RTO	Regional Transmission Organization
S&P	Standard & Poor's Ratings Services
SEC	United States Securities and Exchange Commission
Senate Bill 1	Maryland Senate Bill 1
SERC	SERC Reliability Corporation (formerly Southeast Electric Reliability Council)
SERP	Supplemental Employee Retirement Plan

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GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and Abbreviations	
SFC	Supplier Forward Contract
SGIG	Smart Grid Investment Grant
SGIP	Smart Grid Initiative Program
SILO	Sale-In, Lease-Out
SMP	Smart Meter Program
SMPIP	Smart Meter Procurement and Installation Plan
SNF	Spent Nuclear Fuel
SOS	Standard Offer Service
SPP	Southwest Power Pool
Tax Relief Act of 2010	Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010
TEG	Termoelectrica del Golfo
TEP	Termoelectrica Penoles
Upstream	Natural gas exploration and production activities
VIE	Variable Interest Entity
WECC	Western Electric Coordinating Council

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FILING FORMAT

This combined Form 10-Q is being filed separately by the Registrants. Information contained herein relating to any individual Registrant is filed by such Registrant on its own behalf. No Registrant makes any representation as to information relating to any other Registrant.

FORWARD-LOOKING STATEMENTS

Certain of the matters discussed in this Report are forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, that are subject to risks and uncertainties. The factors that could cause actual results to differ materially from the forward-looking statements made by a Registrant include (a) those factors discussed in the following sections of Exelon's 2012 Annual Report on Form 10-K: ITEM 1A. Risk Factors, as updated by Part II, ITEM 1A of this Report; ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, as updated by Part I, ITEM 2. of this Report; and ITEM 8. Financial Statements and Supplementary Data: Note 19, as updated by Part I, Item 1. Financial Statements, Note 17 of this Report; and (b) other factors discussed herein and in other filings with the SEC by the Registrants. Readers are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of this Report. None of the Registrants undertakes any obligation to publicly release any revision to its forward-looking statements to reflect events or circumstances after the date of this Report.

WHERE TO FIND MORE INFORMATION

The public may read and copy any reports or other information that the Registrants file with the SEC at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. These documents are also available to the public from commercial document retrieval services, the website maintained by the SEC at www.sec.gov and the Registrants' websites at www.exeloncorp.com. Information contained on the Registrants' websites shall not be deemed incorporated into, or to be a part of, this Report.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions, except per share data)	Three Months Ended March 31, 2013	2012
Operating revenues	$ 6,082	$ 4,690
Operating expenses		
Purchased power and fuel	2,981	1,765
Operating and maintenance	1,764	1,968
Depreciation and amortization	543	382
Taxes other than income	277	194
Total operating expenses	5,565	4,309
Equity in loss of unconsolidated affiliates	(9)	(22)
Operating income	508	359
Other income and (deductions)		
Interest expense, net	(617)	(189)
Interest expense to affiliates, net	(6)	(6)
Other, net	172	194
Total other income and (deductions)	(451)	(1)
Income before income taxes	57	358
Income taxes	56	158
Net income	1	200
Net income attributable to noncontrolling interests, preferred security dividends and preference stock dividends	5	—
Net income (loss) on common stock	(4)	200
Other comprehensive income (loss), net of income taxes		
Pension and non-pension postretirement benefit plans:		
Prior service cost (benefit) reclassified to periodic benefit cost	—	1
Actuarial loss reclassified to periodic cost	51	41
Transition obligation reclassified to periodic cost	—	1
Pension and non-pension postretirement benefit plans valuation adjustment	75	(8)
Change in unrealized (loss) gain on cash flow hedges	(58)	215
Change in unrealized (loss) gain on marketable securities	(1)	1
Change in unrealized gain on equity investments	28	—
Change in unrealized (loss) on foreign currency translation	(1)	—
Other comprehensive income	94	251
Comprehensive income	$ 95	$ 451
Weighted average shares of common stock outstanding:		
Basic	855	705
Diluted	855	707
Earnings per average common share — basic:	$ (0.01)	$ 0.28
Earnings per average common share — diluted:	$ (0.01)	$ 0.28
Dividends per common share	$ 0.53	$ 0.53

See the Combined Notes to Consolidated Financial Statements

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EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Three Months Ended March 31, 2013	2012
Cash flows from operating activities		
Net income	$ 1	$ 200
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation, amortization, depletion and accretion, including nuclear fuel and energy contract amortization	1,017	776
Deferred income taxes and amortization of investment tax credits	(610)	101
Net fair value changes related to derivatives	388	(73)
Net realized and unrealized gains on nuclear decommissioning trust fund investments	(66)	(103)
Other non-cash operating activities	231	530
Changes in assets and liabilities:		
Accounts receivable	(70)	394
Inventories	101	104
Accounts payable, accrued expenses and other current liabilities	(542)	(1,176)
Option premiums paid, net	(3)	(100)
Counterparty collateral received (posted), net	(186)	340
Income taxes	632	178
Pension and non-pension postretirement benefit contributions	(267)	(55)
Other assets and liabilities	233	(122)
Net cash flows provided by operating activities	859	994
Cash flows from investing activities		
Capital expenditures	(1,447)	(1,496)
Proceeds from nuclear decommissioning trust fund sales	677	3,680
Investment in nuclear decommissioning trust funds	(729)	(3,726)
Cash and restricted cash acquired from Constellation	—	964
Change in restricted cash	(12)	(8)
Other investing activities	40	(54)
Net cash flows used in investing activities	(1,471)	(640)
Cash flows from financing activities		
Changes in short-term debt	233	141
Issuance of long-term debt	149	—
Retirement of long-term debt	(1)	(451)
Dividends paid on common stock	(450)	(350)
Proceeds from employee stock plans	12	12
Other financing activities	(45)	(1)
Net cash flows used in financing activities	(102)	(649)
Decrease in cash and cash equivalents	(714)	(295)
Cash and cash equivalents at beginning of period	1,486	1,016
Cash and cash equivalents at end of period	$ 772	$ 721

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EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS

(In millions)	March 31, 2013 (Unaudited)	December 31, 2012
ASSETS		
Current assets		
Cash and cash equivalents	$ 679	$ 1,411
Cash and cash equivalents of variable interest entities	93	75
Restricted cash and investments	83	86
Restricted cash and investments of variable interest entities	65	47
Accounts receivable, net		
Customer ($322 and $289 gross accounts receivable pledged as collateral as of March 31, 2013 and December 31, 2012, respectively)	2,835	2,789
Other	1,110	1,147
Accounts receivable, net, variable interest entities	285	292
Mark-to-market derivative assets	666	938
Unamortized energy contract assets	727	886
Inventories, net		
Fossil fuel	122	246
Materials and supplies	791	768
Deferred income taxes	331	131
Regulatory assets	765	764
Other	722	560
Total current assets	9,274	10,140
Property, plant and equipment, net	45,784	45,186
Deferred debits and other assets		
Regulatory assets	6,521	6,497
Nuclear decommissioning trust funds	7,559	7,248
Investments	1,181	1,184
Investments in affiliates	22	22
Investment in CENG	1,883	1,849
Goodwill	2,625	2,625
Mark-to-market derivative assets	706	937
Unamortized energy contracts assets	968	1,073
Pledged assets for Zion Station decommissioning	580	614
Other	1,140	1,186
Total deferred debits and other assets	23,185	23,235
Total assets	$ 78,243	$ 78,561

See the Combined Notes to Consolidated Financial Statements

EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS

(In millions)	March 31, 2013 (Unaudited)	December 31, 2012
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings	$ 233	$ —
Short-term notes payable — accounts receivable agreement	210	210
Long-term debt due within one year	2,085	975
Long-term debt due within one year of variable interest entities	79	72
Accounts payable	2,198	2,446
Accounts payable of variable interest entities	188	202
Accrued expenses	1,430	1,800
Deferred income taxes	29	58
Regulatory liabilities	418	368
Dividends payable	1	4
Mark-to-market derivative liabilities	181	352
Unamortized energy contract liabilities	410	455
Other	859	849
Total current liabilities	8,321	7,791
Long-term debt	16,210	17,190
Long-term debt to financing trusts	648	648
Long-term debt of variable interest entities	497	508
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	11,315	11,551
Asset retirement obligations	5,149	5,074
Pension obligations	3,161	3,428
Non-pension postretirement benefit obligations	2,672	2,662
Spent nuclear fuel obligation	1,020	1,020
Regulatory liabilities	4,115	3,981
Mark-to-market derivative liabilities	259	281
Unamortized energy contract liabilities	466	528
Payable for Zion Station decommissioning	372	432
Other	2,625	1,650
Total deferred credits and other liabilities	31,154	30,607
Total liabilities	56,830	56,744
Commitments and contingencies		
Preferred securities of subsidiary	87	87
Shareholders' equity		
Common stock (No par value, 2,000 shares authorized, 856 shares and 855 shares outstanding at March 31, 2013 and December 31, 2012, respectively)	16,652	16,632
Treasury stock, at cost (35 shares at March 31, 2013 and December 31, 2012, respectively)	(2,327)	(2,327)
Retained earnings	9,437	9,893
Accumulated other comprehensive loss, net	(2,673)	(2,767)
Total shareholders' equity	21,089	21,431
BGE preference stock not subject to mandatory redemption	193	193
Noncontrolling interest	44	106
Total equity	21,326	21,730
Total liabilities and shareholders' equity	$ 78,243	$ 78,561

See the Combined Notes to Consolidated Financial Statements

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EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

(In millions, shares in thousands)	Issued Shares	Common Stock	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss, net	Non-controlling Interest	Preferred and Preference Stock	Total Equity
Balance, December 31, 2012	889,525	$16,632	$(2,327)	$ 9,893	$ (2,767)	$ 106	$ 193	$21,730
Net income (loss)	—	—	—	(4)	—	1	4	1
Long-term incentive plan activity	1,067	20	—	—	—	—	—	20
Common stock dividends	—	—	—	(452)	—	—	—	(452)
Consolidated VIE dividend to non-controlling interest	—	—	—	—	—	(63)	—	(63)
Preferred and preference stock dividends	—	—	—	—	—	—	(4)	(4)
Other comprehensive income net of income taxes of $(66)	—	—	—	—	94	—	—	94
Balance, March 31, 2013	890,592	$16,652	$(2,327)	$ 9,437	$ (2,673)	$ 44	$ 193	$21,326

See the Combined Notes to Consolidated Financial Statements

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EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended March 31, 2013	2012
Operating revenues		
Operating revenues	$ 3,141	$ 2,373
Operating revenues from affiliates	392	370
Total operating revenues	3,533	2,743
Operating expenses		
Purchased power and fuel	2,169	1,044
Operating and maintenance	965	1,039
Operating and maintenance from affiliates	147	140
Depreciation and amortization	214	153
Taxes other than income	93	73
Total operating expenses	3,588	2,449
Equity in loss of unconsolidated affiliates	(9)	(22)
Operating (loss) income	(64)	272
Other income and (deductions)		
Interest expense	(82)	(54)
Other, net	128	178
Total other income and (deductions)	46	124
(Loss) income before income taxes	(18)	396
Income (benefit) taxes	(1)	230
Net (loss) income	(17)	166
Net income (loss) attributable to noncontrolling interests	1	(2)
Net (loss) income on membership interest	(18)	168
Other comprehensive (loss) income, net of income taxes		
Change in unrealized (loss) gain on cash flow hedges	(130)	252
Change in unrealized loss on foreign currency translation	(1)	—
Change in unrealized loss on marketable securities	(1)	—
Change in unrealized gain on equity investments	28	—
Other comprehensive (loss) income	(104)	252
Comprehensive (loss) income	$ (121)	$ 418

See the Combined Notes to Consolidated Financial Statements

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EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Three Months Ended March 31, 2013	2012
Cash flows from operating activities		
Net (loss) income	$ (17)	$ 166
Adjustments to reconcile net (loss) income to net cash flows provided by operating activities:		
Depreciation, amortization, depletion and accretion, including nuclear fuel and energy contract amortization	688	547
Deferred income taxes and amortization of investment tax credits	(81)	165
Net fair value changes related to derivatives	406	(63)
Net realized and unrealized gains on nuclear decommissioning trust fund investments	(66)	(103)
Other non-cash operating activities	66	90
Changes in assets and liabilities:		
Accounts receivable	65	321
Receivables from and payables to affiliates, net	(23)	85
Inventories	29	59
Accounts payable, accrued expenses and other current liabilities	(261)	(782)
Option premiums paid, net	(3)	(100)
Counterparty collateral (paid) received, net	(203)	348
Income taxes	180	162
Pension and non-pension postretirement benefit contributions	(115)	(20)
Other assets and liabilities	(159)	(80)
Net cash flows provided by operating activities	506	795
Cash flows from investing activities		
Capital expenditures	(841)	(1,055)
Proceeds from nuclear decommissioning trust fund sales	677	3,680
Investment in nuclear decommissioning trust funds	(729)	(3,726)
Change in restricted cash	3	(1)
Cash acquired from Constellation	—	708
Other investing activities	25	(77)
Net cash flows used in investing activities	(865)	(471)
Cash flows from financing activities		
Issuance of long-term debt	149	—
Retirement of long-term debt	(1)	(1)
Change in short-term debt	13	—
Distribution to member	(211)	(600)
Other financing activities	(37)	—
Net cash flows used in financing activities	(87)	(601)
Decrease in cash and cash equivalents	(446)	(277)
Cash and cash equivalents at beginning of period	671	496
Cash and cash equivalents at end of period	$ 225	$ 219

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EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS

(In millions)	March 31, 2013 (Unaudited)	December 31, 2012
Assets		
Current assets		
Cash and cash equivalents	$ 132	$ 596
Cash and cash equivalents of variable interest entities	93	75
Restricted cash and cash equivalents of variable interest entities	13	16
Accounts receivable, net		
Customer	1,470	1,482
Other	286	472
Accounts receivable, net, variable interest entities	285	292
Mark-to-market derivative assets	666	938
Mark-to-market derivative assets with affiliates	85	226
Receivables from affiliates	132	141
Unamortized energy contract assets	727	886
Inventories, net		
Fossil fuel	92	130
Materials and supplies	635	626
Deferred income taxes	187	—
Other	459	331
Total current assets	5,262	6,211
Property, plant and equipment, net	19,813	19,531
Deferred debits and other assets		
Nuclear decommissioning trust funds	7,559	7,248
Investments	411	420
Investment in CENG	1,883	1,849
Mark-to-market derivative assets	694	924
Prepaid pension asset	2,032	1,975
Pledged assets for Zion Station decommissioning	580	614
Unamortized energy contract assets	968	1,073
Other	789	836
Total deferred debits and other assets	14,916	14,939
Total assets	$ 39,991	$ 40,681

See the Combined Notes to Consolidated Financial Statements

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EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS

(In millions)	March 31, 2013 (Unaudited)	December 31, 2012
LIABILITIES AND EQUITY		
Current liabilities		
Short-term borrowings	$ 13	$ —
Long-term debt due within one year	523	24
Long-term debt due within one year of variable interest entities	5	4
Accounts payable	1,162	1,346
Accounts payable of variable interest entities	188	202
Accrued expenses	904	1,116
Payables to affiliates	165	193
Deferred income taxes	18	128
Mark-to-market derivative liabilities	166	334
Unamortized energy contract liabilities	349	378
Other	371	372
Total current liabilities	3,864	4,097
Long-term debt	4,893	5,245
Long-term debt to affiliate	1,997	2,007
Long-term debt of variable interest entities	203	203
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	5,598	5,398
Asset retirement obligations	5,013	4,938
Non-pension postretirement benefit obligations	785	755
Spent nuclear fuel obligation	1,020	1,020
Payables to affiliates	2,531	2,397
Mark-to-market derivative liabilities	199	232
Unamortized energy contract liabilities	457	516
Payable for Zion Station decommissioning	372	432
Other	789	776
Total deferred credits and other liabilities	16,764	16,464
Total liabilities	27,721	28,016
Commitments and contingencies		
Equity		
Member's equity		
Membership interest	8,876	8,876
Undistributed earnings	2,939	3,168
Accumulated other comprehensive income, net	409	513
Total member's equity	12,224	12,557
Noncontrolling interest	46	108
Total equity	12,270	12,665
Total liabilities and equity	$ 39,991	$ 40,681

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EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Unaudited)

	Member's Equity				
(In millions)	Membership Interest	Undistributed Earnings	Accumulated Other Comprehensive Income, net	Noncontrolling Interest	Total Equity
Balance, December 31, 2012	$ 8,876	$ 3,168	$ 513	$ 108	$12,665
Net income (loss)	—	(18)	—	1	(17)
Distribution to member	—	(211)	—	—	(211)
Consolidated VIE dividend to non-controlling interest	—	—	—	(63)	(63)
Other comprehensive loss, net of income taxes of $68	—	—	(104)	—	(104)
Balance, March 31, 2013	$ 8,876	$ 2,939	$ 409	$ 46	$12,270

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COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended March 31, 2013	2012
Operating revenues		
Operating revenues	$ 1,159	$ 1,387
Operating revenues from affiliates	1	1
Total operating revenues	1,160	1,388
Operating expenses		
Purchased power	237	373
Purchased power from affiliate	145	247
Operating and maintenance	292	276
Operating and maintenance from affiliate	36	42
Depreciation and amortization	167	149
Taxes other than income	74	75
Total operating expenses	951	1,162
Operating income	209	226
Other income and (deductions)		
Interest expense	(350)	(79)
Interest expense to affiliates, net	(3)	(3)
Other, net	5	4
Total other income and (deductions)	(348)	(78)
(Loss) income before income taxes	(139)	148
Income (benefit) taxes	(58)	61
Net (loss) income	(81)	87
Other comprehensive income, net of income taxes		
Change in unrealized gain on marketable securities	—	1
Other comprehensive income	—	1
Comprehensive (loss) income	$ (81)	$ 88

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COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Three Months Ended March 31, 2013	2012
Cash flows from operating activities		
Net (loss) income	$ (81)	$ 87
Adjustments to reconcile net income (loss) to net cash flows provided by operating activities:		
Depreciation, amortization and accretion	167	149
Deferred income taxes and amortization of investment tax credits	(295)	57
Other non-cash operating activities	42	60
Changes in assets and liabilities:		
Accounts receivable	1	58
Receivables from and payables to affiliates, net	(32)	15
Inventories	(9)	(3)
Accounts payable, accrued expenses and other current liabilities	(73)	(159)
Counterparty collateral received (paid), net	17	(8)
Income taxes	208	116
Pension and non-pension postretirement benefit contributions	(118)	(9)
Other assets and liabilities	231	(72)
Net cash flows provided by operating activities	58	291
Cash flows from investing activities		
Capital expenditures	(346)	(291)
Proceeds from sales of investments	2	10
Purchases of investments	(1)	(5)
Other investing activities	9	6
Net cash flows used in investing activities	(336)	(280)
Cash flows from financing activities		
Changes in short-term debt	220	302
Retirement of long-term debt	—	(450)
Dividends paid on common stock	(55)	(75)
Other financing activities	(1)	(3)
Net cash flows provided by (used in) financing activities	164	(226)
Decrease in cash and cash equivalents	(114)	(215)
Cash and cash equivalents at beginning of period	144	234
Cash and cash equivalents at end of period	$ 30	$ 19

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COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS

(In millions)	March 31, 2013 (Unaudited)	December 31, 2012
ASSETS		
Current assets		
Cash and cash equivalents	$ 30	$ 144
Accounts receivable, net		
Customer	495	539
Other	513	452
Inventories, net	100	91
Deferred income taxes	37	83
Counterparty collateral deposited	36	53
Regulatory assets	301	388
Other	26	25
Total current assets	1,538	1,775
Property, plant and equipment, net	14,020	13,826
Deferred debits and other assets		
Regulatory assets	681	666
Investments	7	8
Investments in affiliates	6	6
Goodwill	2,625	2,625
Receivables from affiliates	2,314	2,039
Prepaid pension asset	1,729	1,661
Other	336	299
Total deferred debits and other assets	7,698	7,304
Total assets	$ 23,256	$ 22,905

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COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS

(In millions)	March 31, 2013 (Unaudited)	December 31, 2012
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings	$ 220	$ —
Long-term debt due within one year	869	252
Accounts payable	384	379
Accrued expenses	199	295
Payables to affiliates	68	97
Customer deposits	136	136
Regulatory liabilities	166	170
Mark-to-market derivative liability	15	18
Mark-to-market derivative liability with affiliate	85	226
Other	94	82
Total current liabilities	2,236	1,655
Long-term debt	4,699	5,315
Long-term debt to financing trust	206	206
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	3,933	4,272
Asset retirement obligations	100	99
Non-pension postretirement benefits obligations	300	273
Regulatory liabilities	3,337	3,229
Mark-to-market derivative liability	60	49
Other	1,026	484
Total deferred credits and other liabilities	8,756	8,406
Total liabilities	15,897	15,582
Commitments and contingencies		
Shareholders' equity		
Common stock	1,588	1,588
Other paid-in capital	5,186	5,014
Retained earnings	585	721
Total shareholders' equity	7,359	7,323
Total liabilities and shareholders' equity	$ 23,256	$ 22,905

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COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

(In millions)	Common Stock	Other Paid-In Capital	Retained Deficit Unappropriated	Retained Earnings Appropriated	Accumulated Other Comprehensive Income, net	Total Shareholders' Equity
Balance, December 31, 2012	$ 1,588	$5,014	$ (1,639)	$ 2,360	$ —	$ 7,323
Net income (loss)	—	—	(81)	—	—	(81)
Common stock dividends	—	—	—	(55)	—	(55)
Parent tax matter indemnification	—	172	—	—	—	172
Balance, March 31, 2013	$ 1,588	$5,186	$ (1,720)	$ 2,305	$ —	$ 7,359

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PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended March 31, 2013	2012
Operating revenues		
Operating revenues	$ 895	$ 874
Operating revenues from affiliates	—	1
Total operating revenues	895	875
Operating expenses		
Purchased power and fuel	265	300
Purchased power from affiliate	141	111
Operating and maintenance	164	173
Operating and maintenance from affiliates	24	30
Depreciation and amortization	57	53
Taxes other than income	41	31
Total operating expenses	692	698
Operating income	203	177
Other income and (deductions)		
Interest expense	(26)	(28)
Interest expense to affiliates, net	(3)	(3)
Other, net	3	2
Total other income and (deductions)	(26)	(29)
Income before income taxes	177	148
Income taxes	55	51
Net income	122	97
Preferred security dividends	1	1
Net income on common stock	$ 121	$ 96
Comprehensive income, net of income taxes		
Net income	$ 122	$ 97
Other comprehensive income, net of income taxes		
Change in unrealized gain on marketable securities	—	1
Other comprehensive income	—	1
Comprehensive income	$ 122	$ 98

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PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Three Months Ended March 31, 2013	2012
Cash flows from operating activities		
Net income	$ 122	$ 97
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation, amortization and accretion	57	53
Deferred income taxes and amortization of investment tax credits	19	10
Other non-cash operating activities	39	40
Changes in assets and liabilities:		
Accounts receivable	(50)	31
Receivables from and payables to affiliates, net	1	12
Inventories	44	39
Accounts payable, accrued expenses and other current liabilities	(17)	(71)
Income taxes	29	76
Pension and non-pension postretirement benefit contributions	(11)	(5)
Other assets and liabilities	(38)	(110)
Net cash flows provided by operating activities	195	172
Cash flows from investing activities		
Capital expenditures	(122)	(96)
Changes in intercompany money pool	(50)	(35)
Change in restricted cash	—	(3)
Other investing activities	1	4
Net cash flows used in investing activities	(171)	(130)
Cash flows from financing activities		
Dividends paid on common stock	(83)	(87)
Dividends paid on preferred securities	(1)	(1)
Net cash flows used in financing activities	(84)	(88)
Decrease in cash and cash equivalents	(60)	(46)
Cash and cash equivalents at beginning of period	362	194
Cash and cash equivalents at end of period	$ 302	$ 148

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PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS

(In millions)	March 31, 2013 (Unaudited)	December 31, 2012
ASSETS		
Current assets		
Cash and cash equivalents	$ 302	$ 362
Accounts receivable, net ($322 and $289 gross accounts receivable pledged as collateral as of March 31, 2013 and December 31, 2012, respectively)		
Customer	395	364
Other	138	161
Inventories, net		
Fossil fuel	18	65
Materials and supplies	20	19
Deferred income taxes	40	40
Receivable from Exelon intercompany money pool	50	—
Prepaid utility taxes	96	21
Regulatory assets	33	32
Other	32	30
Total current assets	1,124	1,094
Property, plant and equipment, net	6,141	6,078
Deferred debits and other assets		
Regulatory assets	1,389	1,378
Investments	23	22
Investments in affiliates	8	8
Receivable from affiliates	392	360
Prepaid pension asset	378	373
Other	36	40
Total deferred debits and other assets	2,226	2,181
Total assets	$ 9,491	$ 9,353

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PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS

(In millions)	March 31, 2013 (Unaudited)	December 31, 2012
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term notes payable — accounts receivable agreement	$ 210	$ 210
Long-term debt due within one year	300	300
Accounts payable	224	244
Accrued expenses	97	82
Payables to affiliates	76	76
Customer deposits	49	51
Regulatory liabilities	205	169
Other	28	26
Total current liabilities	1,189	1,158
Long-term debt	1,648	1,647
Long-term debt to financing trusts	184	184
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	2,374	2,331
Asset retirement obligations	29	29
Non-pension postretirement benefits obligations	289	284
Regulatory liabilities	560	538
Other	111	113
Total deferred credits and other liabilities	3,363	3,295
Total liabilities	6,384	6,284
Commitments and contingencies		
Preferred securities	87	87
Shareholder's equity		
Common stock	2,388	2,388
Retained earnings	631	593
Accumulated other comprehensive income, net	1	1
Total shareholder's equity	3,020	2,982
Total liabilities and shareholders' equity	$ 9,491	$ 9,353

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PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

(In millions)	Common Stock	Retained Earnings	Accumulated Other Comprehensive Income, net	Total Shareholders' Equity
Balance, December 31, 2012	$ 2,388	$ 593	$ 1	$ 2,982
Net income	—	122	—	122
Common stock dividends	—	(83)	—	(83)
Preferred security dividends	—	(1)	—	(1)
Balance, March 31, 2013	$ 2,388	$ 631	$ 1	$ 3,020

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BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended March 31, 2013	2012
Operating revenues		
Operating revenues	$ 876	$ 694
Operating revenues from affiliates	4	3
Total operating revenues	880	697
Operating expenses		
Purchased power and fuel	313	293
Purchased power from affiliate	113	92
Operating and maintenance	124	154
Operating and maintenance from affiliates	19	42
Depreciation and amortization	93	79
Taxes other than income	55	48
Total operating expenses	717	708
Operating income (loss)	163	(11)
Other income and (deductions)		
Interest expense	(33)	(41)
Other, net	5	6
Total other income and (deductions)	(28)	(35)
Income (loss) before income taxes	135	(46)
Income taxes	55	(16)
Net income (loss)	80	(30)
Preference stock dividends	3	3
Net income (loss) on common stock	$ 77	$ (33)
Comprehensive income (loss)	$ 80	$ (30)

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BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Three Months Ended March 31, 2013	2012
Cash flows from operating activities		
Net (loss) income	$ 80	$ (30)
Adjustments to reconcile net income (loss) to net cash flows provided by operating activities:		
Depreciation, amortization and accretion	93	79
Deferred income taxes and amortization of investment tax credits	73	40
Other non-cash operating activities	42	179
Changes in assets and liabilities:		
Accounts receivable	(98)	6
Receivables from and payables to affiliates, net	(22)	31
Inventories	35	50
Accounts payable, accrued expenses and other current liabilities	(11)	(22)
Income taxes	(36)	(57)
Pension and non-pension postretirement benefit contributions	(5)	(7)
Other assets and liabilities	34	(11)
Net cash flows provided by operating activities	185	258
Cash flows from investing activities		
Capital expenditures	(134)	(130)
Change in restricted cash	(22)	(19)
Other investing activities	2	3
Net cash flows used in investing activities	(154)	(146)
Cash flows from financing activities		
Dividends paid on preference stock	(3)	(3)
Change in restricted cash for dividends	(3)	—
Other financing activities	1	(1)
Net cash flows used in financing activities	(5)	(4)
Increase in cash and cash equivalents	26	108
Cash and cash equivalents at beginning of period	89	49
Cash and cash equivalents at end of period	$ 115	$ 157

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BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS

(In millions)	March 31, 2013 (Unaudited)	December 31, 2012
ASSETS		
Current assets		
Cash and cash equivalents	$ 115	$ 89
Restricted cash and cash equivalents	3	—
Restricted cash and cash equivalents of variable interest entity	52	30
Accounts receivable, net		
Customer	476	403
Other	135	117
Income taxes receivable	39	3
Inventories, net		
Gas held in storage	12	51
Materials and supplies	35	31
Deferred income taxes	7	1
Prepaid utility taxes	28	57
Regulatory assets	148	190
Other	8	8
Total current assets	1,058	980
Property, plant and equipment, net	5,568	5,498
Deferred debits and other assets		
Regulatory assets	522	522
Investments	5	5
Investments in affiliates	8	8
Prepaid pension asset	456	467
Other	22	26
Total deferred debits and other assets	1,013	1,028
Total assets	$ 7,639	$ 7,506

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BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS

(In millions)	March 31, 2013 (Unaudited)	December 31, 2012
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Long-term debt due within one year	$ 400	$ 400
Long-term debt of variable interest entity due within one year	67	67
Accounts payable	186	195
Accrued expenses	100	106
Payables to affiliates	45	65
Customer deposits	69	71
Regulatory liabilities	47	29
Other	45	47
Total current liabilities	959	980
Long-term debt	1,446	1,446
Long-term debt to financing trust	258	258
Long-term debt of variable interest entity	265	265
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	1,738	1,658
Asset retirement obligations	7	8
Non-pension postretirement benefits obligations	227	229
Regulatory liabilities	218	214
Other	86	90
Total deferred credits and other liabilities	2,276	2,199
Total liabilities	5,204	5,148
Commitments and contingencies		
Shareholder's equity		
Common stock	1,360	1,360
Retained earnings	885	808
Total shareholder's equity	2,245	2,168
Preference stock not subject to mandatory redemption	190	190
Total equity	2,435	2,358
Total liabilities and shareholders' equity	$ 7,639	$ 7,506

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BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

(In millions)	Common Stock	Retained Earnings	Total Shareholders' Equity	Preference stock not subject to mandatory redemption	Total Equity
Balance, December 31, 2012	$ 1,360	$ 808	$ 2,168	$ 190	$2,358
Net income	—	80	80	—	80
Preference stock dividends	—	(3)	(3)	—	(3)
Balance, March 31, 2013	$ 1,360	$ 885	$ 2,245	$ 190	$2,435

See the Combined Notes to Consolidated Financial Statements

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in millions, except per share data, unless otherwise noted)

1. Basis of Presentation (Exelon, Generation, ComEd, PECO and BGE)

Exelon is a utility services holding company engaged through its principal subsidiaries in the energy generation and energy distribution businesses. Prior to March 12, 2012, Exelon's principal, wholly owned subsidiaries included ComEd, PECO and Generation. On March 12, 2012, Constellation merged into Exelon with Exelon continuing as the surviving corporation pursuant to the transactions contemplated by the Agreement and Plan of Merger (the "Merger Agreement"). As a result of the merger transaction, Generation now includes the former Constellation generation and customer supply operations. BGE, formerly Constellation's regulated utility subsidiary, is now a subsidiary of Exelon. Refer to Note 4 — Merger and Acquisitions for further information regarding the merger transaction.

The energy generation business includes:

- *Generation* : The integrated business consists of owned and contracted generation and investments in electric generating facilities that are marketed through its leading customer facing activities. The customer facing activities include wholesale and retail customer supply of electric and natural gas products and services, including renewable energy products, risk management services and investments in natural gas exploration and production activities.

The energy delivery businesses include:

- *ComEd* : Purchase and regulated retail sale of electricity and the provision of distribution and transmission services in northern Illinois, including the City of Chicago.
- *PECO* : Purchase and regulated retail sale of electricity and the provision of distribution and transmission services in southeastern Pennsylvania, including the City of Philadelphia, and the purchase and regulated retail sale of natural gas and the provision of distribution services in the Pennsylvania counties surrounding the City of Philadelphia.
- *BGE* : Purchase and regulated retail sale of electricity and the provision of distribution and transmission services in central Maryland, including the City of Baltimore, and the purchase and regulated retail sale of natural gas and the provision of distribution services in central Maryland, including the City of Baltimore.

For financial statement purposes, beginning on March 12, 2012, disclosures that solely relate to Constellation or BGE activities now also apply to Exelon, unless otherwise noted. When appropriate, Exelon, Generation, ComEd, PECO and BGE are named specifically for their related activities and disclosures.

Exelon did not apply push-down accounting to BGE. As a result, BGE continues to maintain its reporting requirements as an SEC registrant. The information disclosed for BGE represents the activity of the standalone entity for the three months ended March 31, 2013 and 2012 and the financial position as of March 31, 2013 and December 31, 2012. However, for Exelon's financial reporting, Exelon is reporting BGE activity for the three months ended March 31, 2013 and from March 12, 2012 through March 31, 2012 and the financial position as of March 31, 2013 and December 31, 2012.

Each of the Registrant's Consolidated Financial Statements includes the accounts of its subsidiaries. All intercompany transactions have been eliminated.

For the three months ended March 31, 2013, BGE recorded a $2 million correcting adjustment to decrease amortization expense related to regulatory assets that was originally recorded during 2012. Exelon and BGE have concluded that this correcting adjustment is not material to their results of operations or cash flows for the three months ended March 31, 2013 or any prior period. Exelon and BGE do not expect this correcting adjustment to have a material impact on their results of operations or cash flows for the year ended December 31, 2013.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The accompanying consolidated financial statements as of March 31, 2013 and 2012 and for the three months then ended are unaudited but, in the opinion of the management of each Registrant include all adjustments that are considered necessary for a fair statement of the Registrants' respective financial statements in accordance with GAAP. All adjustments are of a normal, recurring nature, except as otherwise disclosed. The December 31, 2012 Consolidated Balance Sheets were obtained from audited financial statements. Certain prior year amounts in BGE's Consolidated Statements of Cash Flows, Exelon's, Generation's and BGE's Consolidated Statements of Operations and Comprehensive Income and in Exelon's, Generation's, ComEd's, and BGE's Consolidated Balance Sheets have been reclassified between line items for comparative purposes. The reclassifications did not materially affect any of the Registrants' net income or cash flows from operating activities. Financial results for this interim period are not necessarily indicative of results that may be expected for any other interim period or for fiscal year ended December 31, 2013. These Combined Notes to Consolidated Financial Statements have been prepared pursuant to the rules and regulations of the SEC for Quarterly Reports on Form 10-Q. Certain information and note disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. These notes should be read in conjunction with the Notes to Combined Consolidated Financial Statements of all Registrants included in ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA of their respective 2012 Form 10-K Reports.

2. New Accounting Pronouncements (Exelon, Generation, ComEd, PECO and BGE)

The following recently issued accounting standards were adopted by the Registrants during the period.

Presentation of Items Reclassified out of Accumulated Other Comprehensive Income

In February 2013, the FASB issued authoritative guidance requiring entities to present either in the notes or parenthetically on the face of the financial statements, reclassifications from each component of accumulated other comprehensive income and the affected income statement line items. Entities only need to disclose the affected income statement line item for components reclassified to net income in their entirety; otherwise, a cross-reference to the related note should be provided. This guidance is effective for the Registrants for periods beginning after December 15, 2012 and is required to be applied prospectively. As this guidance provides only disclosure requirements, the adoption of this standard did not impact the Registrants' results of operations, cash flows or financial positions. See Note 15 — Changes in Accumulated Other Comprehensive Income for the new disclosures.

Disclosures About Offsetting Assets and Liabilities

In December 2011 (and amended in January 2013), the FASB issued authoritative guidance requiring entities to disclose both gross and net information about recognized derivative instruments, including bifurcated embedded derivatives, repurchase and reverse repurchase agreements, and securities borrowing or lending transactions that are offset on the balance sheet or subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are offset on the balance sheet. This guidance is effective for the Registrants for periods beginning on or after January 1, 2013 and is required to be applied retrospectively. This guidance is primarily applicable to certain derivative transactions for Exelon and Generation. As this guidance provides only disclosure requirements, the adoption of this standard did not impact the Registrants' results of operations, cash flows or financial positions. See Note 9 — Derivative Financial Instruments for the new disclosures.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

3. Variable Interest Entities (Exelon, Generation, ComEd, PECO and BGE)

Under the applicable authoritative guidance, a VIE is a legal entity that possesses any of the following characteristics: an insufficient amount of equity at risk to finance its activities, equity owners who do not have the power to direct the significant activities of the entity (or have voting rights that are disproportionate to their ownership interest), or equity owners who do not have the obligation to absorb expected losses or the right to receive the expected residual returns of the entity. Companies are required to consolidate a VIE if they are its primary beneficiary, which is the enterprise that has the power to direct the activities that most significantly impact the entity's economic performance.

As of March 31, 2013 and December 31, 2012, the Registrant's consolidated five VIEs or VIE groups for which the Registrants were the primary beneficiary, and the Registrants had significant interests in nine other VIEs for which the Registrants do not have the power to direct the entities' activities and, accordingly, were not the primary beneficiary.

Consolidated Variable Interest Entities

The Registrants' consolidated VIEs consist of:

- BondCo, a special purpose bankruptcy remote limited liability company formed by BGE to acquire, hold, and issue and service bonds secured by rate stabilization property;
- a retail gas group formed to enter into a collateralized gas supply agreement with a third-party gas supplier;
- a retail power supply company;
- a group of solar project limited liability companies formed to build, own and operate solar power facilities, and
- several wind projects designed to develop, construct and operate wind generation facilities.

For each of the consolidated VIEs, except as otherwise noted:

- The assets of the VIEs are restricted and can only be used to settle obligations of the respective VIE. In the case of BondCo, BGE is required to remit all payments it receives from all residential customers for non-bypassable, rate stabilization charges to BondCo. During the three months ended March 31, 2013 and 2012, BGE remitted $22 million and $20 million, respectively, to BondCo.
- Except for providing capital funding to the solar entities for ongoing construction of the solar power facilities and a $75 million parental guarantee to the third-party gas supplier in support of the retail gas group, during the three months ended March 31, 2013 and year ended December 31, 2012:
  - Exelon, Generation and BGE did not provide any additional financial support to the VIEs;
  - Exelon, Generation and BGE did not have any contractual commitments or obligations to provide financial support to the VIEs; and
  - the creditors of the VIEs did not have recourse to Exelon's, Generation's or BGE's general credit.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The carrying amounts and classification of the consolidated VIEs' assets and liabilities included in the Registrants' consolidated financial statements at March 31, 2013 and December 31, 2012 are as follows:

	March 31, 2013			December 31, 2012		
	Exelon(a)(b)	Generation(b)	BGE	Exelon(a)(b)	Generation(b)	BGE
Current assets	$ 551	$ 491	$ 52	$ 550	$ 519	$ 30
Noncurrent assets	1,947	1,918	—	1,802	1,762	—
Total assets	$ 2,498	$ 2,409	$ 52	$ 2,352	$ 2,281	$ 30
Current liabilities	$ 575	$ 492	$ 76	$ 685	$ 613	$ 71
Noncurrent liabilities	986	693	265	837	532	265
Total liabilities	$ 1,561	$ 1,185	$341	$ 1,522	$ 1,145	$336

(a) Includes certain purchase accounting adjustments not pushed down to the BGE standalone entity.
(b) Includes total assets of $116 million and total liabilities of $59 million as of March 31, 2013 and total asset of $116 million and total liabilities of $62 million as of December 31, 2012 related to deferred and accrued taxes that are not restricted for use by the consolidated VIEs that have recorded such assets and liabilities.

Unconsolidated Variable Interest Entities

Exelon's and Generation's variable interests in unconsolidated VIEs generally include three transaction types: (1) equity method investments, (2) energy purchase and sale contracts, and (3) fuel purchase commitments. For the equity method investments, the carrying amount of the investments is reflected on their Consolidated Balance Sheets in investments in affiliates. For the energy purchase and sale contracts and the fuel purchase commitments (commercial agreements), the carrying amount of assets and liabilities in Exelon's and Generation's Consolidated Balance Sheets that relate to their involvement with the VIEs are predominately related to working capital accounts and generally represent the amounts owed by, or owed to, Exelon and Generation for the deliveries associated with the current billing cycles under the commercial agreements. Further, except as noted in the table above, Exelon and Generation have not provided material debt or equity support, or provided liquidity arrangements, performance guarantees or other commitments associated with these commercial agreements.

The Registrants' unconsolidated VIEs consist of:

- Energy purchase and sale agreements with VIEs for which Generation has concluded that consolidation is not required.
- ZionSolutions, LLC asset sale agreement with EnergySolutions, Inc and certain subsidiaries in which Generation has a variable interest but has concluded that consolidation is not required.
- Fuel purchase commitments where Generation has a variable interest, but the variable interest is not significant and Generation is not the primary beneficiary, thus consolidation is not required.
- ComEd's, PECO's and BGE's retail operations frequently include the purchase of electricity and RECs through procurement contracts of varying durations. None of ComEd, PECO or BGE considers itself the primary beneficiary of any VIEs as a result of these commercial arrangements.
- Investment in energy development projects for which Generation has concluded that consolidation is not required.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

As of March 31, 2013 and December 31, 2012, Exelon and Generation did have significant variable interests in nine VIEs for which they were not the primary beneficiary; including certain equity method investments and certain commercial agreements. The following tables present summary information about the significant unconsolidated VIE entities:

March 31, 2013	Commercial Agreement VIEs	Equity Method Investment VIEs	Total
Total assets(a)	$ 360	$ 338	$698
Total liabilities(a)	186	95	281
Registrants' ownership interest(a)	—	98	98
Other ownership interests(a)	174	145	319
Registrants' maximum exposure to loss:			
Letters of credit	1	—	1
Carrying amount of equity method investments	—	78	78
Contract intangible asset	8	—	8
Debt and payment guarantees	—	5	5
Net assets pledged for Zion Station decommissioning(b)	49	—	49

December 31, 2012	Commercial Agreement VIEs	Equity Method Investment VIEs	Total
Total assets(a)	$ 386	$ 354	$740
Total liabilities(a)	219	114	333
Registrants' ownership interest(a)	—	97	97
Other ownership interests(a)	167	143	310
Registrants' maximum exposure to loss:			
Letters of credit	5	—	5
Carrying amount of equity method investments	—	77	77
Contract intangible asset	8	—	8
Debt and payment guarantees	—	5	5
Net assets pledged for Zion Station decommissioning(b)	50	—	50

(a) These items represent amounts on the unconsolidated VIE balance sheets, not on Exelon's or Generation's Consolidated Balance Sheets. These items are included to provide information regarding the relative size of the unconsolidated VIEs.

(b) These items represent amounts on Generation's and Exelon's Consolidated Balance Sheets related to the asset sale agreement with ZionSolutions, LLC. The net assets pledged for Zion Station decommissioning includes gross pledged assets of $580 million and $614 million as of March 31, 2013 and December 31, 2012, respectively; offset by payables to ZionSolutions LLC of $531 million and $564 million as of March 31, 2013 and December 31, 2012, respectively. These items are included to provide information regarding the relative size of the ZionSolutions LLC unconsolidated VIE.

For each unconsolidated VIE, Exelon and Generation assess the risk of a loss equal to their maximum exposure to be remote and, accordingly have not recognized a liability associated with any portion of the maximum exposure to loss. In addition, there are no agreements with, or commitments by, third parties that would affect the fair value or risk of their variable interests in these variable interest entities.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

4. Merger and Acquisitions

Merger with Constellation (Exelon, Generation, ComEd, PECO and BGE)

Description of Transaction

On March 12, 2012, Exelon completed the merger contemplated by the Merger Agreement, among Exelon, Bolt Acquisition Corporation, a wholly owned subsidiary of Exelon (Merger Sub), and Constellation. As a result of that merger, Merger Sub was merged into Constellation (the Initial Merger) and Constellation became a wholly owned subsidiary of Exelon. Following the completion of the Initial Merger, Exelon and Constellation completed a series of internal corporate organizational restructuring transactions. Constellation merged with and into Exelon, with Exelon continuing as the surviving corporation (the Upstream Merger). Simultaneously with the Upstream Merger, Constellation's interest in RF HoldCo LLC, which holds Constellation's interest in BGE, was transferred to Exelon Energy Delivery Company, LLC, a wholly owned subsidiary of Exelon that also owns Exelon's interests in ComEd and PECO. Following the Upstream Merger and the transfer of RF HoldCo LLC, Exelon contributed to Generation certain subsidiaries, including those with generation and customer supply operations that were acquired from Constellation as a result of the Initial Merger and the Upstream Merger.

Regulatory Matters

In December 2011, Exelon and Constellation reached a settlement with the State of Maryland and the City of Baltimore and other interested parties in connection with the regulatory proceedings related to the merger that were pending before the MDPSC. As part of this settlement and the application for approval of the merger by MDPSC, Exelon agreed to provide a package of benefits to BGE customers, the City of Baltimore and the State of Maryland, resulting in an estimated direct investment in the State of Maryland of more than $1 billion.

The direct investment estimate includes $95 million to $120 million for the requirement to cause construction of a headquarters building in Baltimore for Generation's competitive energy businesses. On March 20, 2013, Generation signed a 20 year lease agreement that is contingent upon the developer obtaining financing for the construction of the building. Once the financing conditions are met, construction will commence and the building is expected to be ready for occupancy within 2 years. The direct investment estimate also includes $625 million for Exelon's and Generation's commitment to develop or assist in development of 285 — 300 MWs of new generation in Maryland, expected to be completed over a period of 10 years. Such costs, which are expected to be primarily capital in nature, will be recognized as incurred. As of March 31, 2013, amounts reflected in the Exelon and Generation consolidated financial statements for these expenditure commitments were immaterial.

The settlement agreement contemplates various options for complying with the new generation development commitments, including building or acquiring generating assets, making subsidy or compliance payments, or in circumstances in which the generation build is delayed, making liquidated damages payments. Exelon and Generation expect that the majority of these commitments will be satisfied by building or acquiring generating assets, and therefore will be primarily capital in nature and recognized as incurred. If in the future Exelon determines that it is probable that it will make subsidy, compliance or liquidated damages payments related to the new generation development commitments, Exelon will record a liability at that time. As of March 31, 2013, it is reasonably possible that Exelon will be required to make subsidy or liquidated damages payments of approximately $40 million rather than build one of the generation projects contemplated by the commitments, given that the generation build is dependent upon the passage of legislation and other conditions that Exelon does not control.

Associated with certain of the regulatory approvals required for the merger, on November 30, 2012, a subsidiary of Generation sold three Maryland generating stations and associated assets, Brandon Shores and H.A. Wagner in Anne Arundel County, Maryland, and C.P. Crane in Baltimore County, Maryland, to Raven Power Holdings LLC (Raven Power), a subsidiary of Riverstone Holdings LLC. In 2012, Exelon and Generation

recorded a pre-tax loss of $272 million to reflect the difference between the sales price and the carrying value of the generating stations and associated assets. In the first quarter of 2013, Exelon and Generation recorded a pre-tax gain of $8 million to reflect the final settlement of the sales price with Raven Power.

Accounting for the Merger Transaction

The fair value of Constellation's non-regulated business assets acquired and liabilities assumed was determined based on significant estimates and assumptions that are judgmental in nature, including projected future cash flows (including timing); discount rates reflecting risk inherent in the future cash flows; and future market prices. There were also judgments made to determine the expected useful lives assigned to each class of assets acquired and duration of liabilities assumed.

The financial statements of BGE do not include fair value adjustments for assets or liabilities subject to rate-setting provisions for BGE. BGE is subject to the rate-setting authority of FERC and the MDPSC and is accounted for pursuant to the accounting guidance for regulated operations. The rate-setting and cost recovery provisions currently in place for BGE provide revenue derived from costs including a return on investment of assets and liabilities included in rate base. Except for debt, fuel supply contracts and regulatory assets not earning a return, the fair values of BGE's tangible and intangible assets and liabilities subject to these rate-setting provisions are assumed to approximate their carrying values and, therefore, do not reflect any net adjustments related to these amounts. For BGE's debt, fuel supply contracts and regulatory assets not earning a return, the difference between fair value and book value of BGE's assets acquired and liabilities assumed is recorded as a regulatory asset and liability at Exelon Corporate as Exelon did not apply push-down accounting to BGE. See Note 1 — Basis of Presentation for additional information on BGE's push-down accounting treatment. Also see Note 5 — Regulatory Matters for additional information on BGE's regulatory assets.

The preliminary valuations performed in the first quarter of 2012 were updated in the second, third and fourth quarters of 2012, with the most significant adjustments to the preliminary valuation amounts having been made to the fair values assigned to the acquired power supply and fuel contracts, unregulated property, plant and equipment and investments in affiliates. There were no significant adjustments to the purchase price allocation in the first quarter of 2013 and the purchase price allocation is now final.

The purchase price allocation of the Initial Merger of Exelon with Constellation and Exelon's contribution of certain subsidiaries of Constellation to Generation at March 31, 2013 was as follows:

Purchase Price Allocation, excluding amortization	Exelon	Generation
Current assets	$ 4,936	$ 3,638
Property, plant and equipment	9,342	4,054
Unamortized energy contracts	3,218	3,218
Other intangibles, trade name and retail relationships	457	457
Investment in affiliates	1,942	1,942
Pension and OPEB regulatory asset	740	—
Other assets	2,265	1,266
Total assets	22,900	14,575
Current liabilities	3,408	2,804
Unamortized energy contracts	1,722	1,512
Long-term debt, including current maturities	5,632	2,972
Noncontrolling interest	90	90
Deferred credits and other liabilities and preferred securities	4,683	1,933
Total liabilities, preferred securities and noncontrolling interest	15,535	9,311
Total purchase price	$ 7,365	$ 5,264

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Intangible Assets Recorded

For the power supply and fuel contracts acquired from Constellation, the difference between the contract price and the market price at the date of the merger was recognized as either an intangible asset or liability based on whether the contracts were in or out-of-the-money. The fair value amounts are amortized over the life of the contract in relation to the present value of the underlying cash flows as of the merger date. Amortization expense and income are recorded through purchased power and fuel expense or operating revenues. Exelon and Generation present separately in their Consolidated Balance Sheets the unamortized energy contract assets and liabilities for these contracts. Exelon's and Generation's amortization expense for the three months ended March 31, 2013 and the period March 12, 2012 to March 31, 2012 amounted to $170 million and $131 million, respectively. This amortization expense excludes the $19 million and $9 million in amortization of the regulatory asset for the three months ended March 31, 2013 and the period March 12, 2012 to March 31, 2012 and equally offsetting amortization of the fuel supply contract liability recorded at Exelon Corporate in the Consolidated Statement of Operations. The weighted-average amortization period is approximately 1.5 years.

Exelon's and Generation's straight line amortization expense for the fair value of the Constellation trade name intangible asset for the three months ended March 31, 2013 and the period March 12, 2012 to March 31, 2012 amounted to $6 million and $2 million, respectively. The amortization period is approximately 10 years. The trade name intangible asset is included in deferred debits and other assets within Exelon's and Generation's Consolidated Balance Sheets.

The intangible assets for the fair value of the retail relationships are amortized as amortization expense on a straight line basis over the useful life of the underlying assets averaging approximately 12.4 years. Exelon's and Generation's straight line amortization expense for the three months ended March 31, 2013 and the period March 12, 2012 to March 31, 2012 amounted to $5 million and $1 million, respectively. The retail relationships intangible assets are included in deferred debits and other assets within Exelon's and Generation's Consolidated Balance Sheets.

Exelon's intangible assets and liabilities acquired through the merger with Constellation included in its Consolidated Balance Sheets, along with the future estimated amortization, were as follows as of March 31, 2013:

					Estimated amortization expense					
Description	Weighted Average Amortization	Gross	Accumulated Amortization	Net	Remainder of 2013	2014	2015	2016	2017	2018 and Beyond
Unamortized energy contracts, net(a)	1.5	$1,496	$ (1,133)	$363	$ 243	$ 73	$19	$(31)	$(22)	$ 81
Trade name	10.0	243	(26)	217	18	24	24	24	24	103
Retail relationships	12.4	214	(20)	194	15	19	19	19	19	103
Total, net		$1,953	$ (1,179)	$774	$ 276	$116	$62	$ 12	$ 21	$ 287

(a) Includes the fair value of BGE's power and gas supply contracts of $70 million for which an offsetting regulatory asset was also recorded.

Impact of Merger

It is impracticable to determine the overall financial statement impact for the Constellation subsidiaries contributed down to Generation following the Upstream Merger for the three months ended March 31, 2013 and 2012. Upon closing of the merger, the operations of these Constellation subsidiaries were integrated into Generation's operations and are therefore not fully distinguishable after the merger.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The impact of BGE on Exelon's Consolidated Statement of Operations and Comprehensive Income includes operating revenues of $880 million and net income of $80 million during the three months ended March 31, 2013, and operating revenues of $52 million and net loss of $65 million during the three months ended March 31, 2012.

During the three months ended March 31, 2013, Exelon, Generation, ComEd, PECO and BGE incurred merger and integration-related costs of $33 million, $23 million, $4 million, $3 million and $2 million, respectively. Of these amounts, Exelon, ComEd and BGE deferred $6 million, $4 million and $2 million as a regulatory asset as of March 31, 2013. Additionally, Exelon and BGE established a regulatory asset of $6 million as of March 31, 2013 for previously incurred 2012 merger and integration-related costs.

During the three months ended March 31, 2012, Exelon, Generation, ComEd, PECO and BGE incurred merger and integration-related costs of $516 million, $110 million, $18 million, $7 million and $169 million, respectively. Of these amounts, Exelon, ComEd and BGE deferred $32 million, $16 million and $16 million as a regulatory asset as of March 31, 2012. The costs incurred are classified primarily within Operating and Maintenance Expense in the Registrants' respective Consolidated Statements of Operations and Comprehensive Income, with the exception of the BGE customer rate credit and the credit facility fees, which are included as a reduction to operating revenues and other, net, respectively, for the three months ended March 31, 2012.

Severance Costs

The Registrants have an ongoing severance plan under which, in general, the longer an employee worked prior to termination the greater the amount of severance benefits. The Registrants record a liability and expense or regulatory asset for severance once terminations are probable of occurrence and the related severance benefits can be reasonably estimated. For severance benefits that are incremental to its ongoing severance plan ("one-time termination benefits"), the Registrants measure the obligation and record the expense at fair value at the communication date if there are no future service requirements, or, if future service is required to receive the termination benefit, ratably over the required service period.

Upon closing the merger with Constellation, Exelon recorded a severance accrual for the anticipated employee position reductions as a result of the post-merger integration. The majority of these positions are corporate and Generation support positions. Since then, Exelon has identified specific employees to be severed pursuant to the merger-related staffing and selection process; as well as employees that were previously identified for severance but have since accepted another position within Exelon and are no longer receiving a severance benefit. Exelon adjusts its accrual each quarter to reflect its best estimate of remaining severance costs. The amount of severance expense associated with the post-merger integration recognized for the three months ended March 31, 2013 and March 31, 2012, for Exelon is $3 million and $83 million, which includes $3 million and $45 million for Generation, $0 million and $11 million for ComEd, $0 million and $5 million for PECO and $0 million and $16 million for BGE, respectively. Estimated costs to be incurred after March 31, 2013 are not material. In addition, certain employees identified during the staffing and selection process also receive pension and other postretirement benefits that are deemed contractual termination benefits, which the Registrants recorded during the second quarter of 2012.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

For the three months ended March 31, 2013 and March 31, 2012, the Registrants recorded the following severance benefits costs associated with the identified job reductions within operating and maintenance expense in their Consolidated Statements of Operations, except for ComEd and BGE:

Three Months Ended March 31, 2013 Severance Benefits(a)	Exelon	Generation	ComEd(b)	PECO	BGE(c)
Severance charges	$ 2	$ 2	$ —	$ —	$ —
Stock compensation	1	1	—	—	—
Total severance benefits	$ 3	$ 3	$ —	$ —	$ —

Three Months Ended March 31, 2012 Severance Benefits(a)	Exelon	Generation	ComEd(b)	PECO	BGE(c)
Severance charges	$ 67	$ 35	$ 9	$ 3	$ 14
Stock compensation	8	5	1	1	1
Other charges	8	5	1	1	1
Total severance benefits	$ 83	$ 45	$ 11	$ 5	$ 16

(a) The amounts above include $3 million and $29 million at Generation, $0 million and $11 million at ComEd, $0 million and $5 million at PECO, and $0 million and $5 million at BGE, for amounts billed by BSC through intercompany allocations for the three months ended March 31, 2013 and 2012, respectively.
(b) ComEd established regulatory assets of $0 million and $11 million for severance benefits costs for the three months ended March 31, 2013 and 2012, respectively. The majority of these costs are expected to be recovered over a five-year period.
(c) BGE established regulatory assets of $0 million and $16 million for severance benefits costs for the three months ended March 31, 2013 and 2012, respectively. The majority of these costs are being recovered over a five-year period beginning in March 2013.

Amounts included in the table below represent the severance liability recorded by Exelon, Generation, ComEd, PECO and BGE for employees of those Registrants and exclude amounts billed through intercompany allocations:

Three Months Ended March 31, 2013 Severance liability	Exelon	Generation	ComEd	PECO	BGE
Balance at December 31, 2012	$ 111	$ 33	$ 1	$ —	$11
Severance charges(a)	2	—	—	—	—
Stock compensation	1	—	—	—	—
Payments	(22)	(8)	—	—	(2)
Balance at March 31, 2013	$ 92	$ 25	$ 1	$ —	$ 9

Three Months Ended March 31, 2012 Severance liability	Exelon	Generation	ComEd	PECO	BGE
Balance at December 31, 2011	$ —	$ —	$ —	$ —	$—
Severance charges(a)	67	13	—	—	11
Stock compensation	8	2	—	—	—
Other charges(b)	8	1	—	—	—
Balance at March 31, 2012	$ 83	$ 16	$ —	$ —	$11

(a) Includes salary continuance and health and welfare severance benefits. Amounts represent ongoing severance plan benefits. Amounts also include one-time termination benefits of $1 million and $0 million for Exelon and Generation, respectively, as of March 31, 2013, which they began to recognize in the second quarter of 2012.
(b) Primarily includes life insurance, employer payroll taxes, educational assistance, and outplacement services.

Cash payments under the plan began in the second quarter of 2012. Substantially all cash payments under the plan are expected to be made by the end of 2016.

Pro-forma Impact of the Merger

The following unaudited pro forma financial information reflects the consolidated results of operations of Exelon and Generation as if the merger with Constellation had taken place on January 1, 2011. The unaudited pro forma information was calculated after applying Exelon's and Generation's accounting policies and adjusting Constellation's results to reflect purchase accounting adjustments.

The unaudited pro forma financial information has been presented for illustrative purposes only and is not necessarily indicative of results of operations that would have been achieved had the merger events taken place on the dates indicated, or the future consolidated results of operations of the combined company.

	Three Months Ended March 31, 2012	
	Generation	Exelon
Total Revenues	$ 3,997	$6,977
Net income attributable to Exelon	129	409
Basic Earnings Per Share	n.a.	$ 0.48
Diluted Earnings Per Share	n.a.	0.48

5. Regulatory Matters (Exelon, Generation, ComEd, PECO and BGE)

Regulatory and Legislative Proceedings (Exelon, Generation, ComEd, PECO and BGE)

Except for the matters noted below, the disclosures set forth in Note 3 of the Exelon 2012 Form 10-K appropriately represent, in all material respects, the current status of regulatory and legislative proceedings of the Registrants. The following is an update to that discussion.

Illinois Regulatory Matters

Energy Infrastructure Modernization Act (Exelon and ComEd). EIMA provides a structure for substantial capital investment by utilities over a ten-year period to modernize Illinois' electric utility infrastructure. EIMA allows for the recovery of costs by a utility through a pre-established performance-based formula rate tariff, approved by the ICC.

On April 1, 2013, ComEd filed annual progress reports on both its Infrastructure Investment Plan and AMI Implementation Plan as required by statute. On April 9, 2013, the ICC initiated an investigation proceeding pursuant to the provisions of EIMA to review ComEd's progress in implementing the AMI Plan. The ICC's Order in this proceeding is expected by June 30, 2013.

On April 29, 2013, ComEd filed its 2013 distribution formula rate update, which establishes the net revenue requirement used to set the rates that will take effect in January 2014 after the ICC's review. The revenue requirement requested in the filing is based on 2012 actual costs and forecasted 2013 capital additions as well as

an annual reconciliation of the revenue requirement in effect in 2012 to the actual costs incurred for that year. ComEd requested a total increase to the net revenue requirement of $311 million, reflecting an increase of $169 million for the initial revenue requirement for 2013 and an increase of $142 million for the annual reconciliation for 2012. The initial revenue requirement for 2013 provided for a weighted average debt and equity return on distribution rate base of 6.99% inclusive of an allowed return on common equity of 8.72%, reflecting the average rate on 30-year treasury notes plus 580 basis points. The annual reconciliation for 2012 provided for a weighted average debt and equity return on distribution rate base of 7.01% inclusive of an allowed return on common equity of 8.72%, reflecting the average rate on 30-year treasury notes plus 580 basis points.

Rates effective in 2013 as a result of the 2012 distribution formula rate update are subject to a reconciliation to actual 2013 costs, which will be filed with the ICC in 2014. The approved annual reconciliation amount will be reflected in customer rates beginning in January 2015. Throughout each year, ComEd records regulatory assets or regulatory liabilities and corresponding increases or decreases to operating revenues for any differences between the revenue requirement in effect and its best estimate of the probable increase or decrease in the revenue requirement expected to ultimately be approved by the ICC in that year's reconciliation proceedings based on the year's actual costs incurred.

As of March 31, 2013, and December 31, 2012, ComEd recorded a net regulatory asset associated with the distribution formula rate of $255 million and $209 million, respectively.

Senate Bill 9 and House Bill 2529 (Exelon and ComEd). During March 2013, the Illinois House and Senate each passed Senate Bill 9 with supermajority votes to clarify the intent of EIMA on three major issues: the use of year-end rather than average rate base and capital structure in the annual reconciliation, the use of ComEd's weighted average cost of capital interest rate to apply to the annual reconciliation and an allowed return on ComEd's pension asset. These major issues were also addressed in ComEd's appeal of the ICC's May 2012 Order and October 2012 Rehearing Order filed in the Illinois Appellate Court in October 2012. See Note 3 of the Exelon 2012 Form 10-K for further details regarding the appeal. In addition, Senate Bill 9 provides for accelerated AMI deployment that would commence earlier than 2015 as currently approved by the ICC.

On March 21, 2013, Senate Bill 9 was sent to the Illinois Governor for his consideration. The Illinois Governor vetoed the legislation on May 5, 2013. ComEd intends to seek legislative override of the Illinois Governor's veto, which requires approved by supermajority votes in each of the Illinois House and Senate. If the legislation becomes law by June 15, 2013, ComEd would also update certain elements of its AMI deployment schedule to provide for an accelerated deployment as called for by Senate Bill 9.

If the legislation is enacted, ComEd projects that Senate Bill 9 would result in increased operating revenues of approximately $25 million and $65 million in 2013 and 2014, respectively. Also, if the legislation is enacted, ComEd projects that Senate Bill 9 would accelerate capital expenditures by approximately $35 million and $40 million in 2013 and 2014, respectively. The April 29, 2013 annual distribution formula rate filing discussed above does not reflect the enactment of Senate Bill 9. If enacted, the distribution formula rate update filing will be revised to reflect the passage of such legislation shortly thereafter.

Illinois Procurement Proceedings (Exelon and ComEd). ComEd is permitted to recover its electricity procurement costs from retail customers without mark-up. The IPA's 2013 procurement plan, approved by the ICC, provides for curtailment of the existing long-term contracts for renewable energy and RECs in response to the increased number of ComEd's customers purchasing their energy from alternative energy suppliers on their own or through municipal aggregation. In March 2013, ICC staff and the IPA approved ComEd's updated load forecast. Purchases under the existing long-term contracts for energy and the associated RECs were reduced

under the terms of the contracts for the June 2013 — May 2014 period on a pro-rata basis to keep the purchases under the statutory impact cap. The curtailment was applied proportionately to each of the long-term renewable energy suppliers consistent with the terms of the contracts on an equal, pro-rata basis. The curtailment did not have a significant impact on ComEd's financial position or cash flows.

On December 19, 2012, the ICC issued an order directing ComEd and Ameren (the Utilities) to enter into sourcing agreements with FutureGen Industrial Alliance, Inc (FutureGen), under which FutureGen will retrofit and repower an existing plant in Morgan County, Illinois to a 166 MW near zero emissions coal-fueled generation plant, with an assumed commercial operation date in 2017. The proposed term of the agreement is 20 years. The project was approved by the DOE on February 4, 2013. The sourcing agreement is currently being drafted and approved under a separate proceeding, with a final order expected in the second quarter of 2013. The sourcing agreement is expected to stipulate that the Utilities will pay (or receive) the difference between FutureGen's contract prices and the revenues FutureGen receives for capacity and energy from bidding the unit into the MISO markets. The order also directs the Utilities to recover (or pass along) the difference from the Utilities' distribution system customers, regardless of whether they purchase electricity from the Utility or from an alternative electric generation supplier. On January 22, 2013, ComEd filed an application for rehearing, requesting the ICC reconsider its December order by expanding the parties to the sourcing agreement to also include RES suppliers. On January 29, 2013, the ICC denied ComEd's rehearing request. ComEd filed an appeal on February 22, 2013, questioning the legality of requiring ComEd to procure power for its non-Eligible Retail Customers. Depending on the precise terms of the sourcing agreement, the eventual market conditions, and the manner of cost recovery, the sourcing agreement could have a material adverse impact on Exelon's and ComEd's cash flows and financial positions.

See Note 17 — Commitments and Contingencies for additional information on ComEd's energy commitments.

Pennsylvania Regulatory Matters

Pennsylvania Procurement Proceedings (Exelon and PECO). PECO's current PAPUC approved DSP Program, under which PECO is providing default electric service, has a 29-month term that ends May 31, 2013. On October 12, 2012, the PAPUC issued its Opinion and Order approving PECO's second DSP Program, which was filed with the PAPUC in January 2012. The program, which has a 24-month term from June 1, 2013 through May 31, 2015, complies with electric generation procurement guidelines set forth in Act 129.

In the second DSP Program, PECO will procure electric supply for its default electric customers through five competitive procurements. The load for the residential and small and medium commercial classes will be served through competitively procured fixed price, full requirements contracts of two years or less. Similar to the current DSP Program, for the large commercial and industrial class load, PECO will competitively procure contracts for full requirements default electric generation with the price for energy in each contract set to be the hourly price of the spot market during the term of delivery. In December 2012 and February 2013, PECO entered into contracts with PAPUC-approved bidders, including Generation, for its residential and small and medium commercial classes beginning in June 2013. Charges incurred for electric supply procured through contracts with Generation are included in purchased power from affiliates on PECO's Statement of Operations and Comprehensive Income.

In addition, the second DSP Program includes a number of retail market enhancements recommended by the PAPUC in its previously issued Retail Markets Intermediate Work Plan Order. PECO was also directed to allow its low-income Customer Assistance Program (CAP) customers to purchase their generation supply from EGSs beginning April 2014. On May 1, 2013, PECO filed its CAP Shopping Plan with the PAPUC.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
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Smart Meter and Smart Grid Investments (Exelon and PECO). Pursuant to Act 129 and the follow-on Implementation Order of 2009, in April 2010, the PAPUC approved PECO's Smart Meter Procurement and Installation Plan (SMPIP), under which PECO will install more than 1.6 million smart meters and an AMI communication network by 2020. The first phase of PECO's SMPIP included the installation of an AMI communications network and the deployment of 600,000 smart meters to communicate with that network. On January 18, 2013, PECO filed with the PAPUC its universal deployment plan for approval of its proposal to deploy the remainder of the 1.6 million smart meters on an accelerated basis by the end of 2014. In total, PECO currently expects to spend up to $595 million, excluding the cost of the original meters (as further described below), on its smart meter infrastructure and approximately $120 million on smart grid investments through 2014 before considering the DOE reimbursements discussed below. As of March 31, 2013, PECO has spent $262 million and $103 million on smart meter and smart grid infrastructure, respectively, not including the DOE reimbursements received to date.

Pursuant to the ARRA of 2009, PECO and the DOE entered into a Financial Assistance Agreement to extend PECO $200 million in non-taxable SGIG funds of which $140 million relates to smart meter deployment and $60 million relates to smart grid infrastructure. As part of the agreement, the DOE has a conditional ownership interest in qualifying Federally-funded project property and equipment, which is subordinate to PECO's existing mortgage. The SGIG funds are being used to offset the total impact to ratepayers of the smart meter deployment required by Act 129. As of March 31, 2013, PECO has received $161 million of the $200 million in reimbursements. PECO's outstanding receivable from the DOE for reimbursable costs was $8 million as of March 31, 2013, which has been recorded in other accounts receivable, net on Exelon's and PECO's Consolidated Balance Sheets.

On August 15, 2012, PECO suspended installation of smart meters for new customers based on a limited number of incidents involving overheating meters. Following its own internal investigation and additional scientific analysis and testing by independent experts completed after September 30, 2012, PECO announced its decision to resume meter deployment work on October 9, 2012. PECO has replaced the previously installed meters with an alternative vendor's meters. PECO intends to move forward with the alternative meters during universal deployment and continues to evaluate meters from several vendors and may use more than one meter vendor during universal deployment.

Following PECO's decision, as of October 9, 2012 PECO will no longer use the original smart meters. For the meters that will no longer be used the accounting guidance requires that any difference between the carrying value and net realizable value be recognized in the current period's earnings, before considering potential regulatory recovery. The cost of the original meters, including installation and removal costs, owned by PECO was approximately $19 million, net of approximately $16 million of reimbursements from the DOE. PECO is seeking full recovery of all incurred costs related to the original deployment of meters. For amounts not recovered from the vendor, PECO will seek regulatory rate recovery in a future filing with the PAPUC. PECO did not seek recovery of original meter costs in the January 2013 universal deployment filing, as resolution with the vendor is still pending. In November 2012, PECO requested and received approval from the DOE that the original meters continue to be allowable costs. In addition, PECO remains eligible for the full $200 million in SGIG funds.

As of March 31, 2013, PECO believes the amounts incurred for the original meters and related installation and removal costs are probable of recovery based on applicable case law and past precedent on reasonably and prudently incurred costs. As a result, a regulatory asset of $17 million, representing the cost of the original meters, net of accumulated depreciation and DOE reimbursements, was recorded on Exelon's and PECO's Consolidated Balance Sheets. If PECO later determines that the regulatory asset is no longer probable of recovery, PECO would be required to recognize a charge in earnings in the period in which that determination was made.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Energy Efficiency Programs (Exelon and PECO). PECO's PAPUC-approved Phase I EE&C Plan has a four-year term that began on June 1, 2009 and will conclude on May 31, 2013. The Phase I Plan sets forth how PECO will meet the required reduction targets established by Act 129's EE&C provisions, which include a 3% reduction in electric consumption in PECO's service territory and a 4.5% reduction in PECO's annual system peak demand in the 100 hours of highest demand by May 31, 2013. The peak demand period ended on September 30, 2012 and PECO communicated its compliance with the reduction targets in a preliminary report with the PAPUC on March 1, 2013. The final compliance report is due to the PAPUC by November 15, 2013.

On March 29, 2013, PECO filed a Petition with the PAPUC to change the recovery period of certain Direct Load Control (DLC) Program costs necessary to implement the Phase I Plan. The Petition seeks approval to allow PECO to recover $12 million in equipment, installation and information technology costs for its Residential DLC program with the amounts collected for the Phase I Plan. As the Phase I Plan was implemented at a cost less than originally budgeted, PECO proposes to recover these expenses from its Phase I Energy Efficiency Program Charge over-collection consistent with PAPUC guidance to recover all Phase I costs through Phase I funding. The PAPUC approved PECO's Petition on May 9, 2013.

The PAPUC issued its Phase II EE&C implementation order on August 2, 2012, that provides energy consumption reduction requirements for the second phase of Act 129's EE&C programs, which will go into effect on June 1, 2013. The PAPUC deferred a decision on peak demand reduction requirements until mid-2013. On February 28, 2013, the PAPUC approved PECO's three-year EE&C Phase II plan that was filed on November 1, 2012, and sets forth how PECO will reduce electric consumption by at least 2.9% in its service territory for the period June 1, 2013 through May 31, 2016.

On March 15, 2013, PECO filed a Petition for Approval to Amend its EE&C Phase II Plan to continue its DLC demand reduction program for mass market customers from June 1, 2013 to May 31, 2014. PECO proposed to fund the estimated $10 million cost of the one-year program by modifying incentive levels for other Phase II programs. On May 9, 2013, the PAPUC approved PECO's amended EE&C Phase II plan. The costs of DLC program will be recovered through PECO's Energy Efficiency Program Charge along with all other Phase II Plan costs.

Investigation of Pennsylvania Retail Electricity Market (Exelon and PECO). On July 28, 2011, the PAPUC issued an order outlining the next steps in its investigation into the status of competition in Pennsylvania's retail electric market. The PAPUC found that the existing default service model presents substantial impediments to the development of a vibrant retail market in Pennsylvania and directed its Office of Competitive Markets Oversight to evaluate potential intermediate and long-term structural changes to the default service model. On March 1, 2012, the PAPUC issued the final order describing more detailed recommendations to be implemented prior to the expiration of the electric distribution company's current default service plan and providing guidelines for electric distribution companies for development of their next default service plan. On October 12, 2012, the PAPUC approved PECO's second DSP Program, which includes several new programs to continue PECO's support of retail market competition in Pennsylvania in accordance with the order issued by the PAPUC on December 15, 2011. Further, the PAPUC issued a final order on February 14, 2013, outlining its proposed end-state for default service, which included default service pricing for residential and small commercial customers based on three month full requirements contracts, full requirement contracts using hourly spot market pricing for large commercial and industrial default service customers, and the inclusion of CAP customers in the customer choice programs.

Pennsylvania Act 11 of 2012 (Exelon and PECO). On February 13, 2012, Act 11 was signed into law by the Governor. Act 11 seeks to clarify the PAPUC's authority to approve alternative ratemaking mechanisms, which would allow for the implementation of a distribution system improvement charge (DSIC) in rates designed to recover capital project costs incurred to repair, improve or replace utilities' aging electric and natural gas

distribution systems in Pennsylvania. Act 11 also includes a provision that allows utilities to use a fully projected future test year under which the PAPUC may permit the inclusion of projected capital costs in rate base for assets that will be placed in service during the first year rates are in effect. The PAPUC's implementation order requires a utility to have a Long Term Infrastructure Improvement Plan (LTIIP) which outlines how the utility is planning to increase its investment for repairing, improving, or replacing aging infrastructure, approved by the Commission prior to implementing a DSIC. On May 9, 2013, the PAPUC approved PECO's LTIIP for its Gas Operations which was filed on February 8, 2013.

Maryland Regulatory Matters

Smart Meter and Smart Grid Investments (Exelon and BGE). In August 2010, the MDPSC approved a comprehensive smart grid initiative for BGE that includes the planned installation of 2 million residential and commercial electric and gas smart meters at an expected total cost of $480 million. The MDPSC's approval ordered BGE to defer the associated incremental costs, depreciation and amortization, and an appropriate return, in a regulatory asset until such time as a cost-effective advanced metering system is implemented. As of March 31, 2013 and December 31, 2012, BGE recorded a regulatory asset of $37 million and $31 million, respectively, representing incremental costs, depreciation and amortization, and a debt return on fixed assets related to its AMI program given that it believes such costs are probable of recovery in future rates. Additionally, the MDPSC has determined that the cost recovery for the non-AMI meters that BGE retires will be considered in a future depreciation proceeding. The MDPSC continues to evaluate the impacts of a customer opt-out feature in BGE's Smart Grid program. The ultimate resolution related to this feature could affect BGE's ability to demonstrate cost-effectiveness of the advanced metering system. Pursuant to the ARRA of 2009, BGE is a recipient of $200 million in federal funding from the DOE for its smart grid and other related initiatives, which substantially reduces the total cost of these initiatives to BGE's ratepayers. The project to install the smart meters began in late April 2012.

As of March 31, 2013, BGE had received $162 million in reimbursements from the DOE. As of March 31, 2013, BGE's outstanding receivable from the DOE for reimbursable costs was $13 million, which has been recorded in other accounts receivable, net on Exelon's and BGE's Consolidated Balance Sheets.

Reliability and Quality of Service Standards (Exelon and BGE). During its 2011 legislative session, the Maryland General Assembly passed legislation:

- directing the MDPSC to enact service quality and reliability regulations by July 1, 2012 relating to the delivery of electricity to retail electric customers,
- increasing existing penalties for failure to meet these and other MDPSC regulations, and
- directing the MDPSC to undertake certain studies addressing utility liability for certain customer damages, electric utility service restoration plans, and modifications to existing revenue decoupling mechanisms for extended service interruptions.

In May 2011, the Governor of Maryland signed this legislation into law. The related new service quality and reliability regulations became effective on May 28, 2012. These regulations are still being implemented and could have a material impact on BGE's financial results of operations, cash flows and financial position.

New Electric Generation (Exelon, Generation and BGE). On April 12, 2012, the MDPSC issued an order directing BGE and two other Maryland utilities to enter into a contract for differences (CfD) with CPV Maryland, LLC (CPV), under which CPV will construct an approximately 700 MW natural gas-fired combined-cycle generation plant in Waldorf, Maryland, that it projected will be in commercial operation by June 1, 2015. The initial term of the proposed contract is 20 years. The CfD mandates that the utilities pay (or receive) the difference

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between CPV's contract prices and the revenues CPV receives for capacity and energy from clearing the unit in the PJM capacity market. The three Maryland utilities are required to enter into a CfD in amounts proportionate to their relative SOS load as of the date of execution. On April 27, 2012, a civil complaint was filed in the United States District Court for the District of Maryland by certain unaffiliated parties that challenges the actions taken by the MDPSC on federal law grounds. Among other requests for relief, the plaintiffs seek to enjoin the MDPSC from executing or otherwise putting into effect any part of its order. The MDPSC and CPV filed motions to dismiss the federal lawsuit, which were both denied by the U.S. District Court on August 3, 2012. Trial of this matter occurred in March 2013, and a decision from the trial judge is now pending. On May 4, 2012, BGE filed a petition in the Circuit Court for Anne Arundel County, Maryland, seeking judicial review of the MDPSC order. That petition was subsequently transferred to the Circuit Court for Baltimore City, where similar appeals have been filed by other interested parties. All cases have now been consolidated and will be heard together by the Circuit Court for Baltimore City pending the outcome of the underlying MDPSC proceeding.

On April 16, 2013, the MDPSC issued an order that required BGE to execute a contract with CPV within 20 days of the date of the order, and BGE executed the contract on May 6, 2013. As of March 31, 2013, there is no impact on Exelon's and BGE's results of operations, cash flows and financial positions. Furthermore, the agreement does not become effective until the resolution of certain items, including all current litigation.

Depending on the ultimate outcome of the pending litigation, on the eventual market conditions and on the manner of cost recovery as of the effective date of the agreement, the CfD could have a material impact on Exelon's and BGE's results of operations, cash flows and financial positions.

Exelon believes that this and other states' projects may have artificially suppressed capacity prices in PJM and may continue to do so in future auctions to the detriment of Exelon's market driven position. In addition to this litigation, Exelon is working with other market participants to implement market rules that will appropriately limit the market suppressing effect of such state activities.

2012 Maryland Electric and Gas Distribution Rate Case (Exelon and BGE). On July 27, 2012, BGE filed an application for increases to its electric and gas base rates with the MDPSC. On February 22, 2013, the MDPSC issued an order in BGE's 2012 electric and natural gas distribution rate case for increases in annual distribution service revenue of $81 million and $32 million, respectively. The electric distribution rate increase was set using an allowed return on equity of 9.75% and the gas distribution rate increase was set using an allowed return on equity of 9.60%. The approved electric and natural gas distribution rates became effective for services rendered on or after February 23, 2013. As part of the rate order, the MDPSC approved both recovery of and return on merger integration costs, including severance. As a result, the order affirmed the treatment of $20 million of severance-related costs that BGE had recorded as a regulatory asset in 2012, consistent with prior MDPSC decisions. Additionally, BGE established a new regulatory asset of $8 million related to non-severance-related merger integration costs as of March 31, 2013, which includes $6 million of costs incurred during 2012. These merger integration regulatory assets are recovered over a five year period.

MDPSC Derecho Storm Order (Exelon and BGE). Following the June 2012 Derecho storm which hit the mid-Atlantic region interrupting electrical service to a significant portion of the State of Maryland, the MDPSC issued an order on February 27, 2013 that requires BGE and other Maryland utilities to file several comprehensive reports on improving reliability and grid resiliency that are due at various times before August 30, 2013. BGE cannot predict the outcome of this review, which may result in increased capital expenditures and operating costs. BGE currently expects that any increased capital expenditures and operating costs would be recoverable in distribution rates.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The Maryland Strategic Infrastructure Development and Enhancement Program (Exelon and BGE). In February 2013, the Maryland General Assembly passed legislation intended to accelerate gas infrastructure replacements in Maryland by establishing a mechanism for gas companies to promptly recover reasonable and prudent costs of eligible infrastructure replacement projects separate from base rate proceedings. On May 2, 2013, the Governor of Maryland signed the legislation into law; the law takes effect June 1, 2013. Under the new law, following a proceeding before the MDPSC and with the MDPSC's approval of the eligible infrastructure replacement projects along with a corresponding surcharge, BGE could begin charging gas customers a monthly surcharge for infrastructure costs incurred after June 1, 2013. The legislation includes a cap on the monthly surcharge to residential customers, which effectively caps the surcharge for other customers, and would require an annual true-up of the surcharge revenues against actual expenditures. Investment levels in excess of the cap would be recoverable in a subsequent gas base rate proceeding at which time all costs for the infrastructure replacement projects would be rolled into gas distribution rates. Irrespective of the cap, BGE is required to file a gas rate case every five years under this legislation.

Federal Regulatory Matters

Transmission Formula Rate (Exelon, ComEd and BGE). ComEd's and BGE's transmission rates are each established based on a FERC-approved formula.

ComEd's most recent annual formula rate update filed in April 2013 reflects 2012 actual costs plus forecasted 2013 capital additions. The update resulted in a revenue requirement of $488 million plus a $25 million adjustment related to the reconciliation of 2012 actual costs for a net revenue requirement of $513 million. This compares to the May 2012 updated revenue requirement of $450 million offset by a $5 million reduction related to the reconciliation of 2011 actual costs for a net revenue requirement of $445 million. The increase in the revenue requirement was primarily driven by increased plant investment, higher pension and post-retirement healthcare costs, and higher operating and maintenance costs. The 2013 net revenue requirement will become effective June 1, 2013, and is recovered over the period extending through May 31, 2014. The regulatory asset associated with the true-up is being amortized as the associated amounts are recovered through rates.

ComEd's updated formula transmission rate currently provides for a weighted average debt and equity return on transmission rate base of 8.70%, a decrease from the 8.91% return previously authorized. The decrease in return was primarily due to lower interest rates on ComEd's long-term debt outstanding. As part of the FERC-approved settlement of ComEd's 2007 transmission rate case, the rate of return on common equity is 11.5% and the common equity component of the ratio used to calculate the weighted average debt and equity return for the formula transmission rate is currently capped at 55%.

BGE's most recent annual formula rate update filed in April 2013 reflects actual 2012 expenses and investments plus forecasted 2013 capital additions. The update resulted in a revenue requirement of $158 million offset by a $1 million reduction related to the reconciliation of 2012 actual costs for a net revenue requirement of $157 million. This compares to the April 2012 updated revenue requirement of $156 million increased by $2 million related to the reconciliation of 2011 actual costs for a net revenue requirement of $158 million. The decrease in the revenue requirement was primarily driven by a lower authorized rate of return and reduced rate base, offset partially by higher depreciation and operating and maintenance costs. The 2013 net revenue requirement will become effective June 1, 2013, and is recovered over the period extending through May 31, 2014. The regulatory asset associated with the true-up is being amortized as the associated amounts are recovered through rates.

BGE's updated formula transmission rate currently provides for a weighted average debt and equity return on transmission rate base of 8.35%, a decrease from the 8.43% return previously authorized. The decrease in return was primarily due to a debt issuance in 2012 and lower interest rates on BGE's debt outstanding. As part

of the FERC-approved settlement in 2006 of BGE's 2005 transmission rate case and updated by FERC's November 2007 order in BGE's 2007 incentive rate filing, the base rate of return on common equity for BGE's electric transmission business is 11.3%.

FERC Transmission Complaint (Exelon and BGE). On February 27, 2013, consumer advocates and regulators from the District of Columbia, New Jersey, Delaware and Maryland, and the Delaware Electric Municipal Cooperatives (the parties), filed a complaint at FERC against BGE and the Pepco Holdings, Inc. companies relating to their respective transmission formula rates. BGE's formula rate includes a 10.8% base rate of return on common equity for most investments included in its rate base. The parties seek a reduction in the base return on equity to 8.7% and changes to the formula rate process. FERC docketed the matter and set April 3, 2013 as the deadline for interventions, protests and answers. Under FERC rules, the earliest date from which the base return on equity could be adjusted and refunds required is the date of the complaint. On March 19, 2013, BGE filed a motion to dismiss or sever the complaint. As of March 31, 2013, BGE cannot predict the likelihood or a reasonable estimate of the amount of a change, if any, in the allowed base ROE, or a reasonable estimate of the refund period start date. While BGE cannot predict the outcome of this matter, if FERC orders a reduction of BGE's base ROE to 8.7%, the annual impact would be a reduction in revenues of approximately $10 million.

PJM Transmission Rate Design and Operating Agreements (Exelon, ComEd, PECO and BGE). PJM Transmission Rate Design specifies the rates for transmission service charged to customers within PJM. Currently, ComEd, PECO and BGE incur costs based on the existing rate design, which charges customers based on the cost of the existing transmission facilities within their load zone and the cost of new transmission facilities based on those who benefit. In April 2007, FERC issued an order concluding that PJM's current rate design for existing facilities is just and reasonable and should not be changed. In the same order, FERC held that the costs of new facilities 500 kV and above should be socialized across the entire PJM footprint and that the costs of new facilities less than 500 kV should be allocated to the customers of the new facilities who caused the need for those facilities. After FERC ultimately denied all requests for rehearing on all issues, several parties filed petitions in the U.S. Court of Appeals for the Seventh Circuit for review of the decision. On August 6, 2009, that court issued its decision affirming FERC's order with regard to the costs of existing facilities but reversing and remanding to FERC for further consideration its decision with regard to the costs of new facilities 500 kV and above. On January 21, 2010, FERC issued an order establishing paper hearing procedures to supplement the record. On March 30, 2012, FERC issued an order on remand affirming the cost allocation in its April 2007 order. On March 22, 2013, FERC issued an order denying rehearing and made it clear that the cost allocation at issue concerns only projects approved prior to February 1, 2013. A number of entities have filed appeals of the FERC orders. ComEd anticipates that all impacts of any rate design changes effective after December 31, 2006, should be recoverable through retail rates and, thus, the rate design changes are not expected to have a material impact on ComEd's results of operations, cash flows or financial position. PECO anticipates that all impacts of any rate design changes should be recoverable through the transmission service charge rider approved in PECO's 2010 electric distribution rate case settlement and, thus, the rate design changes are not expected to have a material impact on PECO's results of operations, cash flows or financial position. To the extent any rate design changes are retroactive to periods prior to January 1, 2011, there may be an impact on PECO's results of operations. BGE anticipates that all impacts of any rate design changes effective after the implementation of its standard offer service programs in Maryland should be recoverable through retail rates and, thus, the rate design changes are not expected to have a material impact on BGE's results of operations, cash flows or financial position.

On October 11, 2012, the PJM Transmission Owners filed with FERC a cost allocation for new transmission facilities asking that the new cost allocation methodology apply to all transmission approved by the PJM Board on or after February 1, 2013. The proposed methodology is a hybrid methodology that would socialize 50% of the costs of new facilities at 500kV and above and double-circuit 345kV lines, and allocate the remaining 50% to

direct beneficiaries. For all other facilities, the costs would be allocated to the direct beneficiaries. On March 22, 2013, FERC issued an order accepting the cost allocation with minor exceptions and requiring a compliance filing on those few issues within 120 days of the order.

PJM Minimum Offer Price Rule (Exelon and Generation). PJM's capacity market rules include a Minimum Offer Price Rule (MOPR) that is intended to preclude sellers from artificially suppressing the competitive price signals for generation capacity. The proceedings leading to the FERC's approval of the existing MOPR were extensive. The parties disputed numerous elements of the MOPR including: (i) the default price that should apply to bids found subject to the MOPR, (ii) the duration of the MOPR and (iii) the application of the MOPR to self-supplying capacity and state-sponsored capacity. The FERC orders approving the existing MOPR have been appealed to the Third Circuit Court of Appeals. A resolution of that appeal is not expected until sometime in late 2013.

In May 2012, PJM announced the results of its capacity auction covering 2015 and 2016. Several new units with state-sanctioned subsidy contracts cleared in the auction at prices below the MOPR. Potentially, states will expand such state-sanctioned subsidy programs or other states may seek to establish similar programs. Generation believes that further revisions to the MOPR are necessary to ensure that the potential to artificially reduce capacity auction prices is appropriately limited in PJM. In late December 2012, PJM filed a new MOPR for approval at the FERC, which Exelon believed would be more effective in preventing state-sanctioned subsidy contracts from artificially reducing capacity prices. Generation was actively involved in the process through which the MOPR changes were developed and supported the changes. On February 5, 2013, the FERC issued a letter finding that PJM's new MOPR filing is deficient and requested that PJM provide additional information on several aspects of PJM's MOPR proposal. In early March 2013, PJM filed the additional information requested by the FERC. On May 3, 2013, the FERC issued its order. While the FERC order accepted certain aspects of the proposal that Exelon supported (such as applying the MOPR to all of PJM and not just certain zones within PJM), the FERC required PJM to retain a key element of its previous MOPR structure, the unit-specific exemption, an element that Exelon had supported removing. Exelon is currently considering its options with respect to this proceeding.

Market Based Rates (Exelon, Generation, ComEd, PECO and BGE). Generation, ComEd, PECO and BGE are public utilities for purposes of the Federal Power Act and are required to obtain FERC's acceptance of rate schedules for wholesale electricity sales. Currently, Generation, ComEd, PECO and BGE have authority to execute wholesale electricity sales at market-based rates. As is customary with market-based rate schedules, FERC has reserved the right to suspend market-based rate authority on a retroactive basis if it subsequently determines that Generation, ComEd, PECO or BGE has violated the terms and conditions of its tariff or the Federal Power Act. FERC is also authorized to order refunds in certain instances if it finds that the market-based rates are not just and reasonable under the Federal Power Act.

As required by FERC's regulations, as promulgated in the Order No. 697 series, Generation, ComEd, PECO and BGE have filed market power analyses using the prescribed market share screens to demonstrate that Generation, ComEd, PECO and BGE qualify for market-based rates in the regions where they are selling energy and capacity under market-based rate tariffs. These analyses must examine historic test period data and must be updated every three years on a prescribed schedule. The most recent updated analysis for the PJM and Northeast Regions was filed in late 2010, based on 2009 historic test period data. On June 22, 2011, FERC issued an order confirming Generation's continued authority to charge market based rates, based on Generation's most recent updated analysis filed in 2010, stating that any market power concerns are adequately addressed by PJM's monitoring and mitigation programs. Similarly, on June 29, 2012, Generation, ComEd, BGE and PECO filed their updated market power analysis for the Central Region which the FERC accepted on November 13, 2012, and on December 23, 2011, Generation filed its updated market power analysis for the Southeast Region which

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the FERC accepted on October 10, 2012. On December 21, 2012, Generation, ComEd, BGE and PECO filed their updated market power analysis for the SPP region, and the FERC has not yet acted on this filing.

Reliability Pricing Model (Exelon, Generation and BGE). PJM's RPM auctions take place 36 months ahead of the scheduled delivery year. The most recent auction for the delivery year ending May 31, 2016 occurred in May 2012.

License Renewals (Exelon and Generation). On June 22, 2011, Generation submitted applications to the NRC to extend the operating licenses of Limerick Units 1 and 2 by 20 years. The current operating licenses for Limerick Units 1 and 2 expire in 2024 and 2029, respectively. In June 2012, the United States District Court of Appeals for the DC Circuit vacated the NRC's temporary storage rule on the grounds that the NRC should have conducted a more comprehensive environmental review to support the rule. The temporary storage rule (also referred to as the "waste confidence decision") recognizes that licensees can safely store spent nuclear fuel at nuclear plants for up to 60 years beyond the original and renewed licensed operating life of the plants and that licensing renewal decisions do not require discussion of the environmental impact of spent fuel stored on site. In August 2012, the NRC placed a hold on issuing new or renewed operating licenses that depend on the temporary storage rule until the court's decision is addressed. In September 2012, the NRC directed NRC Staff to revise the temporary storage rule through rulemaking no later than September 6, 2014. Generation does not expect the NRC to issue license renewals until the end of 2014, at the earliest.

On August 29, 2012 and August 30, 2012, Generation submitted hydroelectric license applications to the FERC for 46-year licenses for the Conowingo Hydroelectric Project (Conowingo) and the Muddy Run Pumped Storage Facility Project (Muddy Run), respectively. Generation is working with stakeholders to resolve licensing issues, including: (1) water quality, (2) fish passage and habitat, and (3) sediment. In the third quarter 2013, Exelon expects to file a water quality certification application pursuant to Section 401 of the Clean Water Act with the MDE for Conowingo, and a water quality certification application pursuant to Section 401 of the Clean Water Act with the PA DEP for Muddy Run, addressing these and other issues. The stations are being depreciated over their useful lives, which includes the license renewal period. Although Generation expects that these licenses will be renewed, it cannot predict the conditions that may be imposed. Resolution of these issues may require a substantial increase in capital expenditures or may result in increased operating costs and significantly affect Generation's results of operations or financial position. Based on the latest FERC procedural schedule, the FERC licensing process is not expected to be completed prior to the expiration of Muddy Run's current license on August 31, 2014, and the expiration of Conowingo's license on September 1, 2014. However, the stations would continue to operate under annual licenses until FERC takes action on the 46-year license applications.

Regulatory Assets and Liabilities (Exelon, ComEd, PECO and BGE)

Exelon, ComEd, PECO and BGE prepare their consolidated financial statements in accordance with the authoritative guidance for accounting for certain types of regulation. Under this guidance, regulatory assets represent incurred costs that have been deferred because of their probable future recovery from customers through regulated rates. Regulatory liabilities represent the excess recovery of costs or accrued credits that have been deferred because it is probable such amounts will be returned to customers through future regulated rates or represent billings in advance of expenditures for approved regulatory programs.

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(Dollars in millions, except per share data, unless otherwise noted)

The following tables provide information about the regulatory assets and liabilities of Exelon, ComEd, PECO and BGE as of March 31, 2013 and December 31, 2012. For additional information on the specific regulatory assets and liabilities, refer to Note 3 of the Exelon 2012 Form 10-K.

March 31, 2013	Exelon		ComEd		PECO		BGE	
	Current	Noncurrent	Current	Noncurrent	Current	Noncurrent	Current	Noncurrent
Regulatory assets								
Pension and other postretirement benefits (a)	$ 308	$ 3,685	$ —	$ —	$ —	$ —	$ —	$ —
Deferred income taxes	14	1,397	5	63	—	1,269	9	65
AMI programs	3	81	3	16	—	28	—	37
AMI meter events	—	17	—	—	—	17	—	—
Under-recovered distribution service costs	52	203	52	203	—	—	—	—
Debt costs	13	65	10	60	3	5	1	9
Fair value of BGE long-term debt(b)	—	245	—	—	—	—	—	—
Fair value of BGE supply contract(c)	61	9	—	—	—	—	—	—
Severance	29	23	25	6	—	—	4	17
Asset retirement obligations	—	92	—	67	—	25	—	—
MGP remediation costs	56	223	49	189	6	32	1	2
RTO start-up costs	3	2	3	2	—	—	—	—
Under-recovered uncollectible accounts	6	—	6	—	—	—	—	—
Under-recovered electric universal service fund costs	4	—	—	—	4	—	—	—
Financial swap with Generation	—	—	85	—	—	—	—	—
Renewable energy and associated RECs	15	60	15	60	—	—	—	—
Under-recovered energy and transmission costs	32	—	32	—	—	—	—	—
DSP Program costs	1	3	—	—	1	3	—	—
DSP II Program costs	2	2	—	—	2	2	—	—
Deferred storm costs	3	5	—	—	—	—	3	5
Electric generation-related regulatory asset	13	40	—	—	—	—	13	40
Rate stabilization deferral	67	209	—	—	—	—	67	209
Energy efficiency and demand response programs	49	129	—	—	—	—	49	129
Merger integration costs(d)	1	7	—	—	—	—	1	7
Other	33	24	16	15	17	8	—	2
Total regulatory assets	$ 765	6,521	$ 301	$ 681	$ 33	$ 1,389	$ 148	$ 522

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

March 31, 2013	Exelon		ComEd		PECO		BGE	
	Current	Noncurrent	Current	Noncurrent	Current	Noncurrent	Current	Noncurrent
Regulatory liabilities								
Nuclear decommissioning	$ —	$ 2,530	$ —	$ 2,138	$ —	$ 392	$ —	$ —
Removal costs	98	1,417	77	1,199	—	—	21	218
Energy efficiency and demand response programs	145	—	43	—	102	—	—	—
Electric distribution tax repairs	20	125	—	—	20	125	—	—
Gas distribution tax repairs	8	43			8	43		
Over-recovered uncollectible accounts	—	—	—	—	—	—	—	—
Over-recovered energy and transmission costs	85	—	6	—	71(e)	—	8(i)	—
Over-recovered gas universal service fund costs	3	—	—	—	3	—	—	—
Over-recovered AEPS costs	1	—	—	—	1	—	—	—
Revenue subject to refund(f)	40	—	40	—	—	—	—	—
Over-recovered electric and gas revenue decoupling(g)	15	—	—	—	—	—	15	—
Other	3	—	—	—	—	—	3	—
Total regulatory liabilities	$ 418	$ 4,115	$ 166	$ 3,337	$ 205	$ 560	$ 47	$ 218

December 31, 2012	Exelon		ComEd		PECO		BGE	
	Current	Noncurrent	Current	Noncurrent	Current	Noncurrent	Current	Noncurrent
Regulatory assets								
Pension and other postretirement benefits(a)	$ 304	$ 3,673	$ —	$ —	$ —	$ —	$ —	$ —
Deferred income taxes	14	1,382	5	62	—	1,255	9	65
AMI programs	3	70	3	10	—	29	—	31
AMI meter events	—	17	—	—	—	17	—	—
Under-recovered distribution service costs	18	191	18	191	—	—	—	—
Debt costs	14	68	11	62	3	6	1	9
Fair value of BGE long-term debt(b)	—	256	—	—	—	—	—	—
Fair value of BGE supply contract(c)	77	12	—	—	—	—	—	—
Severance	29	28	25	12	—	—	4	16
Asset retirement obligations	—	90	—	65	—	25	—	—
MGP remediation costs	58	232	51	197	6	33	1	2
RTO start-up costs	3	2	3	2	—	—	—	—
Under-recovered electric universal service fund costs	11	—	—	—	11	—	—	—
Financial swap with Generation	—	—	226	—	—	—	—	—
Renewable energy and associated RECs	18	49	18	49	—	—	—	—
Under-recovered energy and transmission costs	43	—	14	—	1(h)	—	28(i)	—
DSP Program costs	1	3	—	—	1	3	—	—
DSP II Program costs	1	2	—	—	1	2	—	—
Deferred storm costs	3	6	—	—	—	—	3	6
Electric generation-related regulatory asset	16	40	—	—	—	—	16	40
Rate stabilization deferral	67	225	—	—	—	—	67	225
Energy efficiency and demand response programs	56	126	—	—	—	—	56	126
Under-recovered electric revenue decoupling (g)	5	—	—	—	—	—	5	—
Other	23	25	14	16	9	8	—	2
Total regulatory assets	$ 764	$ 6,497	$ 388	$ 666	$ 32	$ 1,378	$ 190	$ 522

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

December 31, 2012	Exelon		ComEd		PECO		BGE	
	Current	Noncurrent	Current	Noncurrent	Current	Noncurrent	Current	Noncurrent
Regulatory liabilities								
Nuclear decommissioning	$ —	$ 2,397	$ —	$ 2,037	$ —	$ 360	$ —	$ —
Removal costs	97	1,406	75	1,192	—	—	22	214
Energy efficiency and demand response programs	131	—	43	—	88	—	—	—
Electric distribution tax repairs	20	132	—	—	20	132	—	—
Gas distribution tax repairs	8	46	—	—	8	46		
Over-recovered uncollectible accounts	6	—	6	—	—	—	—	—
Over-recovered energy and transmission costs	54	—	6	—	48(e)	—	—	—
Over-recovered gas universal service fund costs	3	—	—	—	3	—	—	—
Over-recovered AEPS costs	2	—	—	—	2	—	—	—
Revenue subject to refund(f)	40	—	40	—	—	—	—	—
Over-recovered gas revenue decoupling(g)	7	—	—	—	—	—	7	—
Total regulatory liabilities	$ 368	$ 3,981	$ 170	$ 3,229	$ 169	$ 538	$ 29	$ 214

(a) Pension and other postretirement benefit regulatory assets include a regulatory asset established at the date of the merger related to BGE's portion of the deferred costs associated with legacy Constellation's pension and other postretirement benefit plans. That BGE-related regulatory asset is being amortized over a period of approximately 12 years, which generally represents the expected average remaining service period of plan participants at the date of the merger.

(b) Represents the regulatory asset recorded at Exelon Corporate for the difference in the fair value of the long-term debt of BGE as of the merger date.

(c) Represents the regulatory asset recorded at Exelon Corporate representing the fair value of BGE's supply contracts as of the close of the merger date. BGE is allowed full recovery of the costs of its electric and gas supply contracts through approved, regulated rates.

(d) Relates to integration costs to achieve distribution synergies related to the merger transaction.

(e) Includes $39 million related to the over-recovered electric supply costs under the GSA, $26 million related to the over-recovered natural gas costs under the PGC and $6 million related to over-recovered electric transmission costs as of March 31, 2013. As of December 31, 2012, includes $47 million related to the over-recovered electric supply costs under the GSA and $1 million related to the over-recovered natural gas costs under the PGC.

(f) Primarily represents the regulatory liability for revenue subject to refund recorded pursuant to the ICC's order in the 2007 Rate Case. See Note 3 of Exelon's 2012 Form 10-K for additional information regarding the 2007 Rate Case.

(g) Represents the electric and gas distribution costs recoverable from or refundable to customers under BGE's decoupling mechanism. As of March 31, 2013, includes $5 million of over-recovered electric distribution costs and $10 million of over-recovered gas distribution costs under BGE's decoupling mechanism. As of December 31, 2012, relates to $5 million of under-recovered electric distribution costs and $7 million of over-recovered gas distribution costs under BGE's decoupling mechanism.

(h) Relates to under-recovered transmission costs.

(i) Relates to $8 million of over-recovered natural gas supply costs as of March 31, 2013. As of December 31, 2012, includes to $9 million of under-recovered electric supply costs and $19 million of under-recovered natural gas supply costs.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Purchase of Receivables Programs (Exelon, ComEd, PECO, and BGE)

ComEd, PECO and BGE are required, under separate legislation and regulations in Illinois, Pennsylvania and Maryland, respectively, to purchase certain receivables from retail electric and natural gas suppliers. For retail suppliers participating in the utilities' consolidated billing, ComEd, PECO and BGE must purchase their customer accounts receivables. ComEd and BGE purchase receivables at a discount to primarily recover uncollectible accounts expense from the suppliers. PECO is required to purchase receivables at face value and permitted to recover uncollectible accounts expense from customers through distribution rates. Exelon, ComEd, PECO and BGE do not record unbilled commodity receivables under the POR programs. Purchased billed receivables are classified in other accounts receivable, net on Exelon's, ComEd's, PECO's and BGE's Consolidated Balance Sheets. The following tables provide information about the purchased receivables of the Registrants as of March 31, 2013 and December 31, 2012.

As of March 31, 2013	Exelon	ComEd	PECO	BGE
Purchased receivables(a)	$ 244	$ 86	$ 69	$89
Allowance for uncollectible accounts(b)	(25)	(13)	(7)	(5)
Purchased receivables, net	$ 219	$ 73	$ 62	$84

As of December 31, 2012	Exelon	ComEd	PECO	BGE
Purchased receivables(a)	$ 191	$ 55	$ 65	$71
Allowance for uncollectible accounts(b)	(21)	(9)	(6)	(6)
Purchased receivables, net	$ 170	$ 46	$ 59	$65

(a) PECO's gas POR program became effective on January 1, 2012 and includes a 1% discount on purchased receivables in order to recover the implementation costs of the program. If the costs are not fully recovered when PECO files its next gas distribution rate case, PECO will propose a mechanism to recover the remaining implementation costs as a distribution charge to low volume transportation customers or apply future discounts on purchased receivables from natural gas suppliers serving those customers.

(b) For ComEd and BGE, reflects the incremental allowance for uncollectible accounts recorded, which is in addition to the purchase discount. For ComEd, the incremental uncollectible accounts expense is recovered through its Purchase of Receivables with Consolidated Billing (PORCB) tariff.

6. Investment in Constellation Energy Nuclear Group, LLC (Exelon and Generation)

As a result of the Constellation merger, Generation owns a 50.01% interest in CENG, a nuclear generation business. Generation's total equity in earnings (losses) on the investment in CENG is as follows:

	Three Months Ended March 31, 2013	For the Period March 12, through March 31, 2012
Equity investment income (loss)	$ 15	$ (9)
Amortization of basis difference in CENG	(27)	(12)
Total equity in losses — CENG	$ (12)	$ (21)

As of March 12, 2012, Generation had an initial basis difference of approximately $204 million between the initial carrying value of its investment in CENG and its underlying equity in CENG. This basis difference resulted from the requirement to record the investment in CENG at fair value under purchase accounting while the underlying assets and liabilities within CENG continue to be accounted for on a historical cost basis. Generation is amortizing this basis difference over the respective useful lives of the assets and liabilities of CENG or as those assets and liabilities impact the earnings of CENG.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

In future periods, Generation may be eligible for distributions from its investment in CENG in excess of its 50.01% ownership interest based on tax sharing provisions contained in the operating agreement for CENG. Through purchase accounting, Generation recorded the fair value of expected future distributions. Generation will record these distributions when realized as a reduction in its investment in CENG. Distributions realized in excess of the fair value recorded would be recorded in earnings in the period earned.

Related Party Transactions (Exelon and Generation)

CENG

A wholly-owned subsidiary of Generation has an agreement under which it is purchasing 85% of the output of CENG's nuclear plants that is not sold to third parties under pre-existing firm and unit contingent PPAs through 2014. Beginning on January 1, 2015 and continuing to the end of the life of the respective plants, Generation will purchase on a unit contingent basis 50.01% of the output of CENG's nuclear plants, and EDF will purchase on a unit contingent basis 49.99% of the output.

In addition to the PPA, a subsidiary of Generation has a power services agency agreement (PSAA) with the CENG plants, which expires on December 31, 2014. The PSAA is a five-year agreement under which Generation provides scheduling, asset management and billing services to the CENG plants for a specified monthly fee. The charges for services reflect the cost of the service.

In addition to the PSAA, Exelon has a shared services agreement (SSA) with CENG, which expires in 2017. Pursuant to an agreement between Exelon and EDF, the pricing in the SSA for services reflect actual costs determined on the same basis that BSC charges its affiliates for similar services subject to an annual cap for most SSA services provided.

The impact of transactions under these agreements on Exelon's and Generation's Consolidated Financial Statements is summarized below:

Agreement	Income/ (Expense) Three Months Ended March 31, 2013	Income/(Expense) For the Period March 12 through March 31, 2012	Income Statement Classification	Accounts Receivable/ (Accounts Payable) At March 31, 2013
PPA	$ (248)	$ (35)	Purchased power and fuel	$ (70)
PSAA	1	1	Operating revenues	—
SSA	11	3	Operating revenues	4

7. Goodwill (Exelon and ComEd)

Goodwill

Under the authoritative guidance for the accounting for goodwill, ComEd is required to perform an assessment for possible impairment of its goodwill at least annually or more frequently if an event occurs that would more likely than not reduce the fair value of the ComEd reporting unit below its carrying amount. Management concluded the remeasurement of the like-kind exchange position and the charge to ComEd's earnings in the first quarter of 2013 triggered an interim goodwill impairment assessment and, as a result, ComEd tested its goodwill for impairment as of January 31, 2013.

The first step of the interim impairment assessment comparing the estimated fair value of ComEd to its carrying value, including goodwill, indicated no impairment of goodwill; therefore, the second step was not required. Consistent with prior impairment tests, the estimated fair value of ComEd was determined using a

weighted combination of a discounted cash flow analysis and a market multiples analysis. The discounted cash flow analysis relies on a single scenario reflecting "base case" or management's best estimate of projected cash flows for ComEd's business. The discounted cash flow analysis used in the interim goodwill impairment assessment reflected Exelon's indemnity to hold ComEd harmless from any unfavorable impacts of the after-tax interest amounts related to the like-kind exchange position on ComEd's equity.

While the interim assessment indicated no impairment of ComEd's goodwill, certain assumptions used to estimate the fair value of the company are highly sensitive to changes. Adverse regulatory actions such as the early termination of EIMA or changes in significant assumptions, including the discount and growth rates, utility sector market performance and transactions, projected operating and capital cash flows from ComEd's business, and the fair value of debt, could potentially result in a future impairment of ComEd's goodwill, which could be material. Based on the results of the interim goodwill test, the estimated fair value of ComEd would have needed to decrease by more than 10 percent for ComEd to fail the first step of the impairment test.

8. Fair Value of Financial Assets and Liabilities (Exelon, Generation, ComEd, PECO and BGE)

Fair Value of Financial Liabilities Recorded at the Carrying Amount

The following tables present the carrying amounts and fair values of the Registrants' short-term liabilities, long-term debt, SNF obligation, trust preferred securities (long-term debt to financing trusts or junior subordinated debentures), and preferred securities as of March 31, 2013 and December 31, 2012:

Exelon

	March 31, 2013				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 444	$ 1	$ 443	$ —	$ 444
Long-term debt (including amounts due within one year)	18,871	—	20,200	422	20,622
Long-term debt to financing trusts	648	—	—	662	662
SNF obligation	1,020	—	794	—	794
Preferred securities of subsidiary	87	—	93	—	93

	December 31, 2012				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 214	$ 4	$ 210	$ —	$ 214
Long-term debt (including amounts due within one year)	18,745	—	20,244	276	20,520
Long-term debt to financing trusts	648	—	—	664	664
SNF obligation	1,020	—	763	—	763
Preferred securities of subsidiary	87	—	82	—	82

Generation

	March 31, 2013				
	Carrying	Fair Value			
	Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 13	$ —	$ 13	$ —	$ 13
Long-term debt (including amounts due within one year)	7,621	—	7,621	405	8,026
SNF obligation	1,020	—	794	—	794

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	December 31, 2012				
	Carrying	Fair Value			
	Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities	$ —	$ —	$ —	$ —	$ —
Long-term debt (including amounts due within one year)	7,483	—	7,591	258	7,849
SNF obligation	1,020	—	763	—	763

ComEd

	March 31, 2013				
	Carrying	Fair Value			
	Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 220	$ —	$ 220	$ —	$ 220
Long-term debt (including amounts due within one year)	5,568	—	6,485	18	6,503
Long-term debt to financing trust	206	—	—	213	213

	December 31, 2012				
	Carrying	Fair Value			
	Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities	$ —	$ —	$ —	$ —	$ —
Long-term debt (including amounts due within one year)	5,567	—	6,530	18	6,548
Long-term debt to financing trust	206	—	—	212	212

PECO

	March 31, 2013				
	Carrying	Fair Value			
	Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 210	$ —	$ 210	$ —	$ 210
Long-term debt (including amounts due within one year)	1,948	—	2,242	—	2,242
Long-term debt to financing trusts	184	—	—	188	188
Preferred securities	87	—	93	—	93

	December 31, 2012				
	Carrying	Fair Value			
	Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 210	$ —	$ 210	$ —	$ 210
Long-term debt (including amounts due within one year)	1,947	—	2,264	—	2,264
Long-term debt to financing trusts	184	—	—	188	188
Preferred securities	87	—	82	—	82

BGE

	March 31, 2013				
	Carrying	Fair Value			
	Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities	$ —	$ —	$ —	$ —	$ —
Long-term debt (including amounts due within one year)	2,178	—	2,464	—	2,464
Long-term debt to financing trusts	258	—	—	261	261

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	December 31, 2012				
	Carrying	Fair Value			
	Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities	$ —	$ —	$ —	$ —	$ —
Long-term debt (including amounts due within one year)	2,178	—	2,468	—	2,468
Long-term debt to financing trusts	258	—	—	263	263

Short-Term Liabilities. The short-term liabilities included in the tables above are comprised of short-term borrowings (Level 2), short-term notes payable related to PECO's accounts receivable agreement (Level 2), and dividends payable (Level 1). The Registrants' carrying amounts of the short-term liabilities are representative of fair value because of the short-term nature of these instruments. See Note 10 — Debt and Credit Agreements for additional information on PECO's accounts receivable agreement.

Long-Term Debt. The fair value amounts of Exelon's taxable debt securities (Level 2) are determined by a valuation model that is based on a conventional discounted cash flow methodology and utilizes assumptions of current market pricing curves. In order to incorporate the credit risk of the Registrants into the discount rates, Exelon obtains pricing (i.e., U.S. Treasury rate plus credit spread) based on trades of existing Exelon debt securities as well as debt securities of other issuers in the electric utility sector with similar credit ratings in both the primary and secondary market, across the Registrants' debt maturity spectrum. The credit spreads of various tenors obtained from this information are added to the appropriate benchmark U.S. Treasury rates in order to determine the current market yields for the various tenors. The yields are then converted into discount rates of various tenors that are used for discounting the respective cash flows of the same tenor for each bond or note.

Generation has fixed rate project financing debt (Level 3), the fair value of which is largely based on a discounted cash flow methodology that is similar to the taxable debt securities methodology described above. Due to the lack of market trading data on similar debt, for certain government-backed debt, discount rates are derived based on the original loan interest rate spread to the applicable Treasury rate as well as a current market curve derived from government-backed securities. Variable rate project financing debt resets on a quarterly basis and the carrying value approximates fair value.

The Registrants also have tax-exempt debt (Level 3). Due to low trading volume in this market, qualitative factors, such as market conditions, investor demand, and circumstances related to the issuer (i.e., political and regulatory environment), may be incorporated into the credit spreads that are used to obtain the fair value as described above.

SNF Obligation. The carrying amount of Generation's SNF obligation (Level 2) is derived from a contract with the DOE to provide for disposal of SNF from Generation's nuclear generating stations. When determining the fair value of the obligation, the future carrying amount of the SNF obligation estimated to be settled in 2025 is calculated by compounding the current book value of the SNF obligation at the 13-week Treasury rate. The compounded obligation amount is discounted back to present value using Generation's discount rate, which is calculated using the same methodology as described above for the taxable debt securities, and an estimated maturity date of 2025.

Long-Term Debt to Financing Trusts. Exelon's long-term debt to financing trusts is valued based on publicly traded securities issued by the financing trusts. Due to low trading volume of these securities, qualitative factors, such as market conditions, investor demand, and circumstances related to each issue may be incorporated in the valuation. Accordingly, this debt is classified as Level 3.

Preferred Securities and Junior Subordinated Debentures. The fair value of these securities is determined based on the last closing price prior to quarter end, less accrued interest. The securities are registered with the

SEC and are public. On March 25, 2013, PECO issued a notice of redemption for all outstanding series of preferred securities with a redemption date of May 1, 2013. See Note 16 — Earnings Per Share and Shareholders' Equity for additional information.

Recurring Fair Value Measurements

Exelon records the fair value of assets and liabilities in accordance with the hierarchy established by the authoritative guidance for fair value measurements. The hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1 — quoted prices (unadjusted) in active markets for identical assets or liabilities that the Registrants have the ability to access as of the reporting date. Financial assets and liabilities utilizing Level 1 inputs include active exchange-traded equity securities, certain exchange-based derivatives, and money market funds.
- Level 2 — inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data. Financial assets and liabilities utilizing Level 2 inputs include fixed income securities, non-exchange-based derivatives, commingled and mutual investment funds priced at NAV per fund share and fair value hedges.
- Level 3 — unobservable inputs, such as internally developed pricing models or third party valuations for the asset or liability due to little or no market activity for the asset or liability. Financial assets and liabilities utilizing Level 3 inputs include infrequently traded non-exchange-based derivatives, investments priced using an alternative pricing mechanism, and middle market lending using third party valuations.

There were no transfers between Level 1 and Level 2 during the three months ended March 31, 2013.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Exelon

The following tables present assets and liabilities measured and recorded at fair value on Exelon's Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy as of March 31, 2013 and December 31, 2012:

As of March 31, 2013	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents(a)	$ 383	$ —	$ —	$ 383
Nuclear decommissioning trust fund investments				
Cash equivalents	216	—	—	216
Equity				
Individually held	1,649	—	—	1,649
Commingled funds	—	2,073	—	2,073
Equity funds subtotal	1,649	2,073	—	3,722
Fixed income				
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	1,039	—	—	1,039
Debt securities issued by states of the United States and political subdivisions of the states	—	328	—	328
Debt securities issued by foreign governments	—	108	—	108
Corporate debt securities	—	1,796	—	1,796
Federal agency mortgage-backed securities	—	23	—	23
Commercial mortgage-backed securities (non-agency)	—	43	—	43
Residential mortgage-backed securities (non-agency)	—	11	—	11
Mutual funds	—	26	—	26
Fixed income subtotal	1,039	2,335	—	3,374
Middle market lending	—	—	210	210
Other debt obligations	—	16	—	16
Nuclear decommissioning trust fund investments subtotal(b)	2,904	4,424	210	7,538
Pledged assets for Zion Station decommissioning				
Cash equivalents	—	41	—	41
Fixed income				
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	138	10	—	148
Debt securities issued by states of the United States and political subdivisions of the states	—	29	—	29
Corporate debt securities	—	224	—	224
Federal agency mortgage-backed securities	—	29	—	29
Fixed income subtotal	138	292	—	430
Middle market lending	—	—	104	104
Pledged assets for Zion Station decommissioning subtotal(c)	138	333	104	575
Rabbi trust investments				
Cash equivalents	1	—	—	1
Mutual funds(d)(e)	66	—	—	66
Rabbi trust investments subtotal	67	—	—	67

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

As of March 31, 2013	Level 1	Level 2	Level 3	Total
Commodity mark-to-market derivative assets				
Economic hedges	801	2,535	554	3,890
Proprietary trading	764	1,637	176	2,577
Effect of netting and allocation of collateral(f)	(1,428)	(3,152)	(572)	(5,152)
Commodity mark-to-market assets subtotal(g)	137	1,020	158	1,315
Interest rate mark-to-market derivative assets	—	100	—	100
Effect of netting and allocation of collateral	—	(43)	—	(43)
Interest rate mark-to-market derivative assets subtotal	—	57	—	57
Other investments	2	—	9	11
Total assets	3,631	5,834	481	9,946
Liabilities				
Commodity mark-to-market derivative liabilities				
Economic hedges	(884)	(2,131)	(283)	(3,298)
Proprietary trading	(782)	(1,530)	(187)	(2,499)
Effect of netting and allocation of collateral(f)	1,597	3,216	572	5,385
Commodity mark-to-market liabilities subtotal(g)(h)	(69)	(445)	102	(412)
Interest rate mark-to-market derivative liabilities	—	(71)	—	(71)
Effect of netting and allocation of collateral	—	43	—	43
Interest rate mark-to-market derivative assets subtotal	—	(28)	—	(28)
Deferred compensation	—	(101)	—	(101)
Total liabilities	(69)	(574)	102	(541)
Total net assets	$ 3,562	$ 5,260	$ 583	$ 9,405

As of December 31, 2012	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents(a)	$ 995	$ —	$ —	$ 995
Nuclear decommissioning trust fund investments				
Cash equivalents	245	—	—	245
Equity				
Individually held	1,480	—	—	1,480
Commingled funds	—	1,933	—	1,933
Equity funds subtotal	1,480	1,933	—	3,413
Fixed income				
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	1,057	—	—	1,057
Debt securities issued by states of the United States and political subdivisions of the states	—	321	—	321
Debt securities issued by foreign governments	—	93	—	93
Corporate debt securities	—	1,788	—	1,788
Federal agency mortgage-backed securities	—	24	—	24
Commercial mortgage-backed securities (non-agency)	—	45	—	45
Residential mortgage-backed securities (non-agency)	—	11	—	11
Mutual funds	—	23	—	23

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

As of December 31, 2012	Level 1	Level 2	Level 3	Total
Fixed income subtotal	1,057	2,305	—	3,362
Middle market lending	—	—	183	183
Other debt obligations	—	15	—	15
Nuclear decommissioning trust fund investments subtotal(b)	2,782	4,253	183	7,218
Pledged assets for Zion decommissioning				
Cash equivalents	—	23	—	23
Equity				
Individually held	14	—	—	14
Commingled funds	—	9	—	9
Equity funds subtotal	14	9	—	23
Fixed income				
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	118	12	—	130
Debt securities issued by states of the United States and political subdivisions of the states	—	37	—	37
Corporate debt securities	—	249	—	249
Federal agency mortgage-backed securities	—	49	—	49
Commercial mortgage-backed securities (non-agency)	—	6	—	6
Fixed income subtotal	118	353	—	471
Middle market lending	—	—	89	89
Other debt obligations	—	1	—	1
Pledged assets for Zion Station decommissioning subtotal(c)	132	386	89	607
Rabbi trust investments				
Cash equivalents	2	—	—	2
Mutual funds(d)(e)	69	—	—	69
Rabbi trust investments subtotal	71	—	—	71
Commodity mark-to-market derivative assets				
Economic hedges	861	3,173	641	4,675
Proprietary trading	1,042	2,078	73	3,193
Effect of netting and allocation of collateral(f)	(1,823)	(4,175)	(58)	(6,056)
Commodity mark-to-market assets subtotal(g)	80	1,076	656	1,812
Interest rate mark-to-market derivative assets	—	114	—	114
Effect of netting and allocation of collateral	—	(51)	—	(51)
Interest rate mark-to-market derivative assets subtotal	—	63	—	63
Other Investments	2	—	17	19
Total assets	4,062	5,778	945	10,785

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

As of December 31, 2012	Level 1	Level 2	Level 3	Total
Liabilities				
Commodity mark-to-market derivative liabilities				
Economic hedges	(1,041)	(2,289)	(236)	(3,566)
Proprietary trading	(1,084)	(1,959)	(78)	(3,121)
Effect of netting and allocation of collateral(f)	2,042	4,020	25	6,087
Commodity mark-to-market liabilities subtotal(g)(h)	(83)	(228)	(289)	(600)
Interest rate mark-to-market derivative liabilities	—	(84)	—	(84)
Effect of netting and allocation of collateral	—	51	—	51
Interest rate mark-to-market derivative liabilities subtotal	—	(33)	—	(33)
Deferred compensation	—	(102)	—	(102)
Total liabilities	(83)	(363)	(289)	(735)
Total net assets	$ 3,979	$ 5,415	$ 656	$10,050

(a) Excludes certain cash equivalents considered to be held-to-maturity and not reported at fair value.
(b) Excludes net assets of $21 million and $30 million at March 31, 2013 and December 31, 2012, respectively. These items consist of receivables related to pending securities sales, interest and dividend receivables, and payables related to pending securities purchases.
(c) Excludes net assets of $5 million and $7 million at March 31, 2013 and December 31, 2012, respectively. These items consist of receivables related to pending securities sales, interest and dividend receivables, and payables related to pending securities purchases.
(d) The mutual funds held by the Rabbi trusts include $51 million related to deferred compensation and $15 million related to Supplemental Executive Retirement Plan at March 31, 2013, and $53 million related to deferred compensation and $16 million related to Supplemental Executive Retirement Plan at December 31, 2012. These funds are classified as Level 1 as they are valued based upon quoted prices (unadjusted) in active markets.
(e) Excludes $29 million and $28 million of the cash surrender value of life insurance investments at March 31, 2013 and December 31, 2012, respectively.
(f) Includes collateral postings (received) from counterparties. Collateral (received) from counterparties, net of collateral paid to counterparties, totaled $169 million, $64 million and $0 million allocated to Level 1, Level 2 and Level 3 mark-to-market derivatives, respectively, as of March 31, 2013. Collateral (received) from counterparties, net of collateral paid to counterparties, totaled $219 million, $(155) million and $(33) million allocated to Level 1, Level 2 and Level 3 mark-to-market derivatives, respectively, as of December 31, 2012.
(g) The Level 3 balance does not include current and noncurrent assets for Generation and current and noncurrent liabilities for ComEd of $85 million and $0 million at March 31, 2013 and $226 million and $0 million at December 31, 2012, respectively, related to the fair value of Generation's financial swap contract with ComEd.
(h) The Level 3 balance includes the current and noncurrent liability of $15 million and $60 million at March 31, 2013, respectively, and $18 million and $49 million at December 31, 2012, respectively, related to floating-to-fixed energy swap contracts with unaffiliated suppliers.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following table presents the fair value reconciliation of Level 3 assets and liabilities measured at fair value on a recurring basis during the three months ended March 31, 2013 and 2012:

Three Months Ended March 31, 2013	Nuclear Decommissioning Trust Fund Investments	Pledged Assets for Zion Station Decommissioning	Mark-to-Market Derivatives	Other Investments	Total
Balance as of December 31, 2012	$ 183	$ 89	$ 367	$ 17	$ 656
Total realized / unrealized losses					
Included in net income	1	—	(127)(a)	—	(126)
Included in regulatory assets	1	—	(8)(b)	—	(7)
Change in collateral	—	—	33	—	33
Purchases, sales, issuances and settlements					
Purchases(c)	32	22	(5)(c)	—	49
Sales	(7)	(7)	(4)	(8)	(26)
Transfers into Level 3	—	—	4	—	4
Transfers out of Level 3	—	—	—	—	—
Balance as of March 31, 2013	$ 210	$ 104	$ 260	$ 9	$ 583
The amount of total losses included in income attributed to the change in unrealized gains (losses) related to assets and liabilities held for the three months ended March 31, 2013	$ 1	$ —	$ (79)	$ —	$ (78)

(a) Includes the reclassification of $48 million of realized losses due to the settlement of derivative contracts recorded in results of operations for the three months ended March 31, 2013, respectively.
(b) Excludes increases in fair value of $8 million and realized losses reclassified due to settlements of $133 million associated with Generation's financial swap contract with ComEd for the three months ended March 31, 2013, respectively. All items eliminate upon consolidation in Exelon's Consolidated Financial Statements.
(c) Includes $10 million which Generation was paid to enter into out of the money purchase contracts.

Three Months Ended March 31, 2012	Nuclear Decommissioning Trust Fund Investments	Pledged Assets for Zion Station Decommissioning	Mark-to-Market Derivatives	Other Investments	Total
Balance as of December 31, 2011	$ 13	$ 37	$ 17	$ —	$ 67
Total realized / unrealized gains					
Included in net income	—	—	85(a)	—	85
Included in regulatory assets	—	—	(35)	—	(35)
Change in collateral	—	—	(36)	—	(36)
Purchases, sales, issuances and settlements					
Purchases(c)	—	6	329	14	349
Sales	—	(1)	—	—	(1)
Transfers out of Level 3	—	—	(1)	—	(1)
Balance as of March 31, 2012	$ 13	$ 42	$ 359	$ 14	$428
The amount of total gains included in income attributed to the change in unrealized gains related to assets and liabilities held for the three months ended March 31, 2012	$ —	$ —	$ 104	$ —	$104

(a) Includes the reclassification of $19 million of realized losses due to the settlement of derivative contracts recorded in results of operations for the three months ended March 31, 2012.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

(b) Includes $135 million of increases in fair value and $147 million of realized losses due to settlements during 2012 of Generation's financial swap contract with ComEd, which eliminates upon consolidation in Exelon's Consolidated Financial Statements.
(c) Includes $323 million of fair value from contracts and $14 million of other investments acquired as a result of the merger.

The following tables present the income statement classification of the total realized and unrealized gains (losses) included in income for Level 3 assets and liabilities measured at fair value on a recurring basis during the three months ended March 31, 2013 and 2012:

	Operating Revenues	Purchased Power and Fuel
Total gains (losses) included in net income for the three months ended March 31, 2013	$ (159)	$ 32
Change in the unrealized gains (losses) relating to assets and liabilities held for the three months ended March 31, 2013	$ (117)	$ 38

	Operating Revenues	Purchased Power and Fuel
Total gains (losses) included in net income for the three months ended March 31, 2012	$ 87	$ (2)
Change in the unrealized gains (losses) relating to assets and liabilities held for the three months ended March 31, 2012	$ 115	$ (11)

Generation

The following tables present assets and liabilities measured and recorded at fair value on Generation's Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy as of March 31, 2013 and December 31, 2012:

As of March 31, 2013	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents	$ 56	$ —	$ —	$ 56
Nuclear decommissioning trust fund investments				
Cash equivalents	216	—	—	216
Equity				
Individually held	1,649	—	—	1,649
Commingled funds	—	2,073	—	2,073
Equity funds subtotal	1,649	2,073	—	3,722
Fixed income				
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	1,039	—	—	1,039
Debt securities issued by states of the United States and political subdivisions of the states	—	328	—	328
Debt securities issued by foreign governments	—	108	—	108
Corporate debt securities	—	1,796	—	1,796
Federal agency mortgage-backed securities	—	23	—	23
Commercial mortgage-backed securities (non-agency)	—	43	—	43
Residential mortgage-backed securities (non-agency)	—	11	—	11
Mutual funds	—	26	—	26
Fixed income subtotal	1,039	2,335	—	3,374
Middle market lending	—	—	210	210
Other debt obligations	—	16	—	16
Nuclear decommissioning trust fund investments subtotal(b)	2,904	4,424	210	7,538

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

As of March 31, 2013	Level 1	Level 2	Level 3	Total
Pledged assets for Zion Station decommissioning				
Cash equivalents	—	41	—	41
Fixed income				
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	138	10	—	148
Debt securities issued by states of the United States and political subdivisions of the states	—	29	—	29
Corporate debt securities	—	224	—	224
Federal agency mortgage-backed securities	—	29	—	29
Fixed income subtotal	138	292	—	430
Middle market lending	—	—	104	104
Pledged assets for Zion Station decommissioning subtotal(c)	138	333	104	575
Rabbi trust investments				
Mutual funds (d)(e)	12	—	—	12
Rabbi trust investments subtotal	12	—	—	12
Commodity mark-to-market derivative assets				
Economic hedges	801	2,535	639	3,975
Proprietary trading	764	1,637	176	2,577
Effect of netting and allocation of collateral(f)	(1,428)	(3,152)	(572)	(5,152)
Commodity mark-to-market assets subtotal(g)	137	1,020	243	1,400
Interest rate mark-to-market derivative assets	—	88	—	88
Effect of netting and allocation of collateral	—	(43)	—	(43)
Interest rate mark-to-market derivative assets subtotal	—	45	—	45
Other investments	2	—	9	11
Total assets	3,249	5,822	566	9,637
Liabilities				
Commodity mark-to-market derivative liabilities				
Economic hedges	(884)	(2,131)	(208)	(3,223)
Proprietary trading	(782)	(1,530)	(187)	(2,499)
Effect of netting and allocation of collateral(f)	1,597	3,216	572	5,385
Commodity mark-to-market liabilities subtotal	(69)	(445)	177	(337)
Interest rate mark-to-market derivative liabilities	—	(71)	—	(71)
Effect of netting and allocation of collateral	—	43	—	43
Interest rate mark-to-market derivative liabilities subtotal	—	(28)	—	(28)
Deferred compensation	—	(26)	—	(26)
Total liabilities	(69)	(499)	177	(391)
Total net assets	$ 3,180	$ 5,323	$ 743	$ 9,246

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

As of December 31, 2012	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents(a)	$ 487	$ —	$ —	$ 487
Nuclear decommissioning trust fund investments				
Cash equivalents	245	—	—	245
Equity				
Individually held	1,480	—	—	1,480
Commingled funds	—	1,933	—	1,933
Equity funds subtotal	1,480	1,933	—	3,413
Fixed income				
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	1,057	—	—	1,057
Debt securities issued by states of the United States and political subdivisions of the states	—	321	—	321
Debt securities issued by foreign governments	—	93	—	93
Corporate debt securities	—	1,788	—	1,788
Federal agency mortgage-backed securities	—	24	—	24
Commercial mortgage-backed securities (non-agency)	—	45	—	45
Residential mortgage-backed securities (non-agency)	—	11	—	11
Mutual funds	—	23	—	23
Fixed income subtotal	1,057	2,305	—	3,362
Middle market lending	—	—	183	183
Other debt obligations	—	15	—	15
Nuclear decommissioning trust fund investments subtotal(b)	2,782	4,253	183	7,218
Pledged assets for Zion Station decommissioning				
Cash equivalents	—	23	—	23
Equity				
Individually held	14	—	—	14
Commingled funds	—	9	—	9
Equity funds subtotal	14	9	—	23
Fixed income				
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	118	12	—	130
Debt securities issued by states of the United States and political subdivisions of the states	—	37	—	37
Corporate debt securities	—	249	—	249
Federal agency mortgage-backed securities	—	49	—	49
Commercial mortgage-backed securities (non-agency)	—	6	—	6
Fixed income subtotal	118	353	—	471
Middle market lending	—	—	89	89
Other debt obligations	—	1	—	1
Pledged assets for Zion Station decommissioning subtotal(c)	132	386	89	607
Rabbi trust investments				
Cash equivalents	1	—	—	1
Mutual funds(d)(e)	13	—	—	13
Rabbi trust investments subtotal	14	—	—	14

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

As of December 31, 2012	Level 1	Level 2	Level 3	Total
Commodity mark-to-market derivative assets				
Economic hedges	861	3,173	867	4,901
Proprietary trading	1,042	2,078	73	3,193
Effect of netting and allocation of collateral(f)	(1,823)	(4,175)	(58)	(6,056)
Commodity mark-to-market assets subtotal(g)	80	1,076	882	2,038
Interest rate mark-to-market derivative assets	—	101	—	101
Effect of netting and allocation of collateral	—	(51)	—	(51)
Interest rate mark-to-market derivative assets subtotal	—	50	—	50
Other investments	2	—	17	19
Total assets	3,497	5,765	1,171	10,433
Liabilities				
Commodity mark-to-market derivative liabilities				
Economic hedges	(1,041)	(2,289)	(169)	(3,499)
Proprietary trading	(1,084)	(1,959)	(78)	(3,121)
Effect of netting and allocation of collateral(f)	2,042	4,020	25	6,087
Commodity mark-to-market liabilities subtotal	(83)	(228)	(222)	(533)
Interest rate mark-to-market derivative liabilities	—	(84)	—	(84)
Effect of netting and allocation of collateral	—	51	—	51
Interest rate mark-to-market derivative liabilities	—	(33)	—	(33)
Deferred compensation	—	(28)	—	(28)
Total liabilities	(83)	(289)	(222)	(594)
Total net assets	$ 3,414	$ 5,476	$ 949	$ 9,839

(a) Excludes certain cash equivalents considered to be held-to-maturity and not reported at fair value.
(b) Excludes net assets of $21 million and $30 million at March 31, 2013 and December 31, 2012, respectively. These items consist of receivables related to pending securities sales, interest and dividend receivables, and payables related to pending securities purchases.
(c) Excludes net assets of $5 million and $7 million at March 31, 2013 December 31, 2012, respectively. These items consist of receivables related to pending securities sales, interest and dividend receivables, and payables related to pending securities purchases.
(d) The $12 million mutual funds held by the Rabbi trusts are classified as Level 1 as they are valued based upon quoted prices (unadjusted) in active markets.
(e) Excludes $9 million and $8 million of the cash surrender value of life insurance investments at March 31, 2013 and December 31, 2012, respectively.
(f) Includes collateral postings (received) from counterparties. Collateral (received) from counterparties, net of collateral paid to counterparties, totaled $169 million, $64 million and $0 million allocated to Level 1, Level 2 and Level 3 mark-to-market derivatives, respectively, as of March 31, 2013. Collateral (received) from counterparties, net of collateral paid to counterparties, totaled $219 million, $(155) million and $(33) million allocated to Level 1, Level 2 and Level 3 mark-to-market derivatives, respectively, as of December 31, 2012.
(g) The Level 3 balance includes current and noncurrent assets for Generation of $85 million and $0 million at March 31, 2013 and $226 million and $0 million at December 31, 2012, respectively, related to the fair value of Generation's financial swap contract with ComEd, which eliminates upon consolidation in Exelon's Consolidated Financial Statements.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following tables present the fair value reconciliation of Level 3 assets and liabilities measured at fair value on a recurring basis during the three months ended March 31, 2013 and 2012:

Three Months Ended March 31, 2013	Nuclear Decommissioning Trust Fund Investments	Pledged Assets for Zion Station Decommissioning	Mark-to-Market Derivatives	Other Investments	Total
Balance as of December 31, 2012	$ 183	$ 89	$ 660	$ 17	$ 949
Total realized / unrealized losses					
Included in net income	1	—	(144)(a)(b)	—	(143)
Included in other comprehensive income	—	—	(124)(b)	—	(124)
Included in noncurrent payables to affiliates	1	—	—	—	1
Change in collateral	—	—	33	—	33
Purchases, sales, issuances and settlements					
Purchases	32	22	(5)(c)	—	49
Sales	(7)	(7)	(4)	(8)	(26)
Transfers into Level 3	—	—	4	—	4
Transfers out of Level 3	—	—	—	—	—
Balance as of March 31, 2013	$ 210	$ 104	$ 420	$ 9	$ 743
The amount of total losses included in income attributed to the change in unrealized gains (losses) related to assets and liabilities held for the three months ended March 31, 2013	$ 1	$ —	$ (86)	$ —	$ (85)

(a) Includes the reclassification of $58 million of realized losses due to the settlement of derivative contracts recorded in results of operations.
(b) Includes $8 million of increases in fair value and $133 million of realized losses due to settlements during 2013 of Generation's financial swap contract with ComEd, which eliminates upon consolidation in Exelon's Consolidated Financial Statements.
(c) Includes $10 million which Generation was paid to enter into out of the money purchase contracts.

Three Months Ended March 31, 2012	Nuclear Decommissioning Trust Fund Investments	Pledged Assets for Zion Station Decommissioning	Mark-to-Market Derivatives	Other Investments	Total
Balance as of December 31, 2011	$ 13	$ 37	$ 817	$ —	$ 867
Total realized / unrealized losses					
Included in net income	—	—	74(a)	—	74
Included in other comprehensive income	—	—	(1)(b)	—	(1)
Change in collateral	—	—	(36)	—	(36)
Purchases, sales, issuances and settlements					
Purchases(c)	—	6	329	14	349
Sales	—	(1)	—	—	(1)
Transfers out of Level 3	—	—	(1)	—	(1)
Balance as of March 31, 2012	$ 13	$ 42	$ 1,182	$ 14	$1,251
The amount of total gains included in income attributed to the change in unrealized gains related to assets and liabilities held for the three months ended March 31, 2012	$ —	$ —	$ 93	$ —	$ 93

(a) Includes the reclassification of $19 million of realized losses due to the settlement of derivative contracts recorded in results of operations.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

(b) Includes $135 million of increases in fair value and $147 million of realized losses due to settlements during 2012 of Generation's financial swap contract with ComEd, which eliminates upon consolidation in Exelon's Consolidated Financial Statements.
(c) Includes $323 million of fair value from contracts and $14 of other investments acquired as a result of the merger.

The following tables present the income statement classification of the total realized and unrealized gains (losses) included in income for Level 3 assets and liabilities measured at fair value on a recurring basis during the three months ended March 31, 2013 and 2012:

	Operating Revenues	Purchased Power and Fuel
Total gains (losses) included in net income for the three months ended March 31, 2013	$ (176)	$ 32
Change in the unrealized gains (losses) relating to assets and liabilities held for the three months ended March 31, 2013	$ (124)	$ 38

	Operating Revenues	Purchased Power and Fuel
Total gains (losses) included in net income for the three months ended March 31, 2012	$ 76	$ (2)
Change in the unrealized gains (losses) relating to assets and liabilities held for the three months ended March 31, 2012	$ 104	$ (11)

ComEd

The following tables present assets and liabilities measured and recorded at fair value on ComEd's Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy as of March 31, 2013 and December 31, 2012:

As of March 31, 2013	Level 1	Level 2	Level 3	Total
Assets				
Rabbi trust investments				
Mutual funds(a)	$ 7	$ —	$ —	$ 7
Rabbi trust investments subtotal	7	—	—	7
Total assets	7	—	—	7
Liabilities				
Deferred compensation obligation	—	(9)	—	(9)
Mark-to-market derivative liabilities(b)(c)	—	—	(160)	(160)
Total liabilities	—	(9)	(160)	(169)
Total net assets (liabilities)	$ 7	$ (9)	$(160)	$(162)

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

As of December 31, 2012	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents	$ 111	$ —	$ —	$ 111
Rabbi trust investments				
Mutual funds(a)	8	—	—	8
Rabbi trust investments subtotal	8	—	—	8
Total assets	119	—	—	119
Liabilities				
Deferred compensation obligation	—	(8)	—	(8)
Mark-to-market derivative liabilities(b)(c)	—	—	(293)	(293)
Total liabilities	—	(8)	(293)	(301)
Total net assets (liabilities)	$ 119	$ (8)	$(293)	$(182)

(a) The mutual funds held by the Rabbi trusts are classified as Level 1 as they are valued based upon quoted prices (unadjusted) in active markets.
(b) The Level 3 balance includes the current liability of $85 million at March 31, 2013, and $226 million at December 31, 2012, related to the fair value of ComEd's financial swap contract with Generation which eliminates upon consolidation in Exelon's Consolidated Financial Statements.
(c) The Level 3 balance includes the current and noncurrent liability of $15 million and $60 million at March 31, 2013, respectively, and $18 million and $49 million at December 31, 2012, respectively, related to floating-to-fixed energy swap contracts with unaffiliated suppliers.

The following tables present the fair value reconciliation of Level 3 assets and liabilities measured at fair value on a recurring basis during the three months ended March 31, 2013 and 2012:

Three Months Ended March 31, 2013	Mark-to-Market Derivatives
Balance as of December 31, 2012	$ (293)
Total realized / unrealized gains included in regulatory assets(a)(b)	133
Balance as of March 31, 2013	$ (160)

(a) Includes $8 million of decreases in fair value and realized losses due to settlements of $133 million associated with ComEd's financial swap contract with Generation for the three months ended March 31, 2013. All items eliminate upon consolidation in Exelon's Consolidated Financial Statements.
(b) Includes $11 million of increases in the fair value and realized losses due to settlements of $3 million recorded in purchased power expense associated with floating-to-fixed energy swap contracts with unaffiliated suppliers for the three months ended March 31, 2013.

Three Months Ended March 31, 2012	Mark-to-Market Derivatives
Balance as of December 31, 2011	$ (800)
Total unrealized / realized losses included in regulatory assets(a)(b)	(23)
Balance as of March 31, 2012	$ (823)

(a) Includes $135 million of changes in the fair value and $147 million of realized gains due to settlements associated with ComEd's financial swap with Generation. All items eliminate upon consolidation in Exelon's Consolidated Financial Statements.
(b) Includes an increase in fair value of $35 million associated with floating-to-fixed energy swap contracts with unaffiliated suppliers.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

PECO

The following tables present assets and liabilities measured and recorded at fair value on PECO's Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy as of March 31, 2013 and December 31, 2012:

As of March 31, 2013	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents	$ 225	$ —	$ —	$225
Rabbi trust investments				
Mutual funds(a)(b)	9	—	—	9
Rabbi trust investments subtotal	9	—	—	9
Total assets	234	—	—	234
Liabilities				
Deferred compensation obligation	—	(18)	—	(18)
Total liabilities	—	(18)	—	(18)
Total net assets (liabilities)	$ 234	$ (18)	$ —	$216

As of December 31, 2012	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents	$ 346	$ —	$ —	$346
Rabbi trust investments				
Mutual funds(a)(b)	9	—	—	9
Rabbi trust investments subtotal	9	—	—	9
Total assets	355	—	—	355
Liabilities				
Deferred compensation obligation	—	(18)	—	(18)
Total liabilities	—	(18)	—	(18)
Total net assets (liabilities)	$ 355	$ (18)	$ —	$337

(a) The mutual funds held by the Rabbi trusts are classified as Level 1 as they are valued based upon quoted prices (unadjusted) in active markets

(b) Excludes $14 million and $13 million of the cash surrender value of life insurance investments at March 31, 2013 and December 31, 2012, respectively.

PECO had no Level 3 assets or liabilities measured at fair value on a recurring basis during the three months ended March 31, 2013.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

BGE

The following tables present assets and liabilities measured and recorded at fair value on BGE's Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy as of March 31, 2013 and December 31, 2012:

As of March 31, 2013	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents	$ 58	$ —	$ —	$ 58
Rabbi trust investments				
Mutual funds(a)	5	—	—	5
Rabbi trust investments subtotal	5	—	—	5
Total assets	63	—	—	63
Liabilities				
Deferred compensation obligation	—	(5)	—	(5)
Total liabilities	—	(5)	—	(5)
Total net assets (liabilities)	$ 63	$ (5)	$ —	$ 58

As of December 31, 2012	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents	$ 33	$ —	$ —	$ 33
Rabbi trust investments				
Mutual funds(a)	5	—	—	5
Rabbi trust investments subtotal	5	—	—	5
Total assets	38	—	—	38
Liabilities				
Deferred compensation obligation	—	(5)	—	(5)
Total liabilities	—	(5)	—	(5)
Total net assets (liabilities)	$ 38	$ (5)	$ —	$ 33

(a) The mutual funds held by the Rabbi trusts are classified as Level 1 as they are valued based upon quoted prices (unadjusted) in active markets.

BGE had no Level 3 assets or liabilities measured at fair value on a recurring basis during the three months ended March 31, 2013 and 2012.

Valuation Techniques Used to Determine Fair Value

The following describes the valuation techniques used to measure the fair value of the assets and liabilities shown in the tables above.

Cash Equivalents (Exelon, Generation, ComEd, PECO and BGE) . The Registrants' cash equivalents include investments with maturities of three months or less when purchased. The cash equivalents shown in the fair value tables are comprised of investments in mutual and money market funds. The fair values of the shares of these funds are based on observable market prices and, therefore, have been categorized in Level 1 in the fair value hierarchy.

Nuclear Decommissioning Trust Fund Investments and Pledged Assets for Zion Station Decommissioning (Exelon and Generation). The trust fund investments have been established to satisfy Generation's nuclear decommissioning obligations as required by the NRC. The NDT funds hold debt and equity securities directly and indirectly through commingled funds. Generation's investment policies place limitations on the types and

investment grade ratings of the securities that may be held by the trusts. These policies limit the trust funds' exposures to investments in highly illiquid markets and other alternative investments. Investments with maturities of three months or less when purchased, including certain short-term fixed income securities are considered cash equivalents and included in the recurring fair value measurements hierarchy as Level 1.

With respect to individually held equity securities, the trustees obtain prices from pricing services, whose prices are obtained from direct feeds from market exchanges, which Generation is able to independently corroborate. The fair values of equity securities held directly by the trust funds are based on quoted prices in active markets and are categorized in Level 1. Equity securities held individually are primarily traded on the New York Stock Exchange and NASDAQ-Global Select Market, which contain only actively traded securities due to the volume trading requirements imposed by these exchanges.

For fixed income securities, multiple prices from pricing services are obtained whenever possible, which enables cross-provider validations in addition to checks for unusual daily movements. A primary price source is identified based on asset type, class or issue for each security. The trustees monitor prices supplied by pricing services and may use a supplemental price source or change the primary price source of a given security if the portfolio managers challenge an assigned price and the trustees determine that another price source is considered to be preferable. Generation has obtained an understanding of how these prices are derived, including the nature and observability of the inputs used in deriving such prices. Additionally, Generation selectively corroborates the fair values of securities by comparison to other market-based price sources. U.S. Treasury securities are categorized as Level 1 because they trade in a highly liquid and transparent market. The fair values of fixed income securities, excluding U.S. Treasury securities, are based on evaluated prices that reflect observable market information, such as actual trade information or similar securities, adjusted for observable differences and are categorized in Level 2.

Equity and fixed income commingled funds and fixed income mutual funds are maintained by investment companies and hold certain investments in accordance with a stated set of fund objectives. The fair values of fixed income commingled and mutual funds held within the trust funds, which generally hold short-term fixed income securities and are not subject to restrictions regarding the purchase or sale of shares, are derived from observable prices. The objectives of the remaining equity commingled funds in which Exelon and Generation invest primarily seek to track the performance of certain equity indices by purchasing equity securities to replicate the capitalization and characteristics of the indices. In general, equity commingled funds are redeemable on the 15th of the month and the last business day of the month; however, the fund manager may designate any day as a valuation date for the purpose of purchasing or redeeming units. Commingled and mutual funds are categorized in Level 2 because the fair value of the funds are based on NAVs per fund share (the unit of account), primarily derived from the quoted prices in active markets on the underlying equity securities. See Note 12 — Nuclear Decommissioning for further discussion on the NDT fund investments.

Middle market lending funds are investments in loans or managed funds which invest in private companies. Generation elected the fair value option for its investments held by certain limited partnerships that invest in middle market lending managed funds. The fair value of these loans is determined using a combination of valuation models including cost models, market models, and income models. Investments in middle market lending are categorized as Level 3 because the fair value of these securities is based largely on inputs that are unobservable and utilize complex valuation models. Investments in middle market lending typically cannot be redeemed until maturity of the term loan.

Rabbi Trust Investments (Exelon, Generation, ComEd, PECO and BGE). The Rabbi trusts were established to hold assets related to deferred compensation plans existing for certain active and retired members of Exelon's executive management and directors. The investments in the Rabbi trusts are included in investments in the Registrants' Consolidated Balance Sheets. The investments are in fixed-income commingled funds and

mutual funds, including short-term investment funds. These funds are maintained by investment companies and hold certain investments in accordance with a stated set of fund objectives, which are consistent with Exelon's overall investment strategy. The values of some of these funds are publicly quoted. For fixed-income commingled funds and mutual funds which are not publicly quoted, the fund administrators value the funds using the net asset value per fund share, derived from the quoted prices in active markets of the underlying securities. These funds have been categorized as Level 2. Fixed-income commingled funds and mutual funds which are publicly quoted, such as money market funds, have been categorized as Level 1 given the clear observability of the prices.

Mark-to-Market Derivatives (Exelon, Generation, ComEd and PECO) . Derivative contracts are traded in both exchange-based and non-exchange-based markets. Exchange-based derivatives that are valued using unadjusted quoted prices in active markets are categorized in Level 1 in the fair value hierarchy. Certain non-exchange-based derivatives' pricing is verified using indicative price quotations available through brokers or over-the-counter, on-line exchanges and are categorized in Level 2. These price quotations reflect the average of the bid-ask, mid-point prices and are obtained from sources that the Registrants believe provide the most liquid market for the commodity. The price quotations are reviewed and corroborated to ensure the prices are observable and representative of an orderly transaction between market participants. This includes consideration of actual transaction volumes, market delivery points, bid-ask spreads and contract duration. The remainder of non-exchange-based derivative contracts is valued using the Black model, an industry standard option valuation model. The Black model takes into account inputs such as contract terms, including maturity, and market parameters, including assumptions of the future prices of energy, interest rates, volatility, credit worthiness and credit spread. For non-exchange-based derivatives that trade in liquid markets, such as generic forwards, swaps and options, model inputs are generally observable. Such instruments are categorized in Level 2. The Registrants' non-exchange-based derivatives are predominately at liquid trading points. For non-exchange-based derivatives that trade in less liquid markets with limited pricing information, such as the financial swap contract between Generation and ComEd, model inputs generally would include both observable and unobservable inputs. These valuations may include an estimated basis adjustment from an illiquid trading point to a liquid trading point for which active price quotations are available. Such instruments are categorized in Level 3.

Exelon may utilize fixed-to-floating interest rate swaps, which are typically designated as fair value hedges, as a means to achieve its targeted level of variable-rate debt as a percent of total debt. In addition, the Registrants may utilize interest rate derivatives to lock in interest rate levels in anticipation of future financings. These interest rate derivatives are typically designated as cash flow hedges. Exelon determines the current fair value by calculating the net present value of expected payments and receipts under the swap agreement, based on and discounted by the market's expectation of future interest rates. Additional inputs to the net present value calculation may include the contract terms, counterparty credit risk and other market parameters. As these inputs are based on observable data and valuations of similar instruments, the interest rate swaps are categorized in Level 2 in the fair value hierarchy. See Note 9 — Derivative Financial Instruments for further discussion on mark-to-market derivatives.

Deferred Compensation Obligations (Exelon, Generation, ComEd, PECO and BGE). The Registrants' deferred compensation plans allow participants to defer certain cash compensation into a notional investment account. The Registrants include such plans in other current and noncurrent liabilities in their Consolidated Balance Sheets. The value of the Registrants' deferred compensation obligations is based on the market value of the participants' notional investment accounts. The notional investments are comprised primarily of mutual funds, which are based on observable market prices. However, since the deferred compensation obligations themselves are not exchanged in an active market, they are categorized in Level 2 in the fair value hierarchy.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Additional Information Regarding Level 3 Fair Value Measurements (Exelon, Generation, ComEd)

Mark-to-Market Derivatives (Exelon, Generation, ComEd). For valuations that include both observable and unobservable inputs, if the unobservable input is determined to be significant to the overall inputs, the entire valuation is categorized in Level 3. This includes derivatives valued using indicative price quotations whose contract tenure extends into unobservable periods. In instances where observable data is unavailable, consideration is given to the assumptions that market participants would use in valuing the asset or liability. This includes assumptions about market risks such as liquidity, volatility and contract duration. Such instruments are categorized in Level 3 as the model inputs generally are not observable. Exelon's RMC approves risk management policies and objectives for risk assessment, control and valuation, counterparty credit approval, and the monitoring and reporting of risk exposures. The RMC is chaired by the chief risk officer and includes the chief financial officer, corporate controller, general counsel, treasurer, vice president of strategy, vice president of audit services and officers representing Exelon's business units. The RMC reports to the Exelon Board of Directors on the scope of the risk management activities and is responsible for approving all valuation procedures at Exelon. Forward price curves for the power market utilized by the front office to manage the portfolio, are reviewed and verified by the middle office, and used for financial reporting by the back office. The Registrants consider credit and nonperformance risk in the valuation of derivative contracts categorized in Level 2 and 3, including both historical and current market data in its assessment of credit and nonperformance risk by counterparty. Due to master netting agreements and collateral posting requirements, the impacts of credit and nonperformance risk were not material to the financial statements. Transfers in and out of levels are recognized as of the end of the reporting period the transfer occurred. Given derivatives categorized within Level 1 are valued using exchange-based quoted prices within observable periods, transfers between Level 2 and Level 1 generally do not occur. Transfers into Level 2 from Level 3 generally occur when the contract tenure becomes more observable. Transfers into Level 3 from level 2 generally occur due to changes in market liquidity or assumptions for certain commodity contracts.

Disclosed below is detail surrounding the Registrants' significant Level 3 valuations. The most significant position is the long term intercompany swap with ComEd, which is further discussed in Note 9 — Derivative Financial Instruments. The calculated fair value includes marketability discounts for margining provisions and notional size. Generation's remaining Level 3 balance generally consists of forward sales and purchases of power and natural gas, coal purchases, transmission congestion contracts, and project financing debt. Generation utilizes various inputs and factors including market data and assumptions that market participants would use in pricing assets or liabilities as well as assumptions about the risks inherent in the inputs to the valuation technique. The inputs and factors include forward commodity prices, commodity price volatility, contractual volumes, delivery location, interest rates, credit quality of counterparties and credit enhancements.

For commodity derivatives, the primary input to the valuation models is the forward commodity price curve for each instrument. Forward commodity price curves are derived by risk management for liquid locations and by the traders and portfolio managers for illiquid locations. All locations are reviewed and verified by risk management considering published exchange transaction prices, executed bilateral transactions, broker quotes, and other observable or public data sources. The relevant forward commodity curve used to value each of the derivatives depends on a number of factors, including commodity type, delivery location, and delivery period. Price volatility varies by commodity and location. When appropriate, Generation discounts future cash flows using risk free interest rates with adjustments to reflect the credit quality of each counterparty for assets and Generation's own credit quality for liabilities. The level of observability of a forward commodity price is generally due to the delivery location and delivery period. Certain delivery locations including PJM West Hub (for power) and Henry Hub (for natural gas) are highly liquid and prices are observable for up to three years in the future. The observability period of volatility is generally shorter than the underlying power curve used in option valuations. The forward curve for a less liquid location is estimated by using the forward curve from the liquid location and applying a spread to represent the cost to transport the commodity to the delivery location.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

This spread does not typically represent a majority of the instrument's market price. As a result, the change in fair value is closely tied to liquid market movements and not a change in the applied spread. The change in fair value associated with a change in the spread is generally immaterial. An average spread calculated across all Level 3 power and gas delivery locations is generally less than $2.50 and $0.15 for power and natural gas, respectively. Many of the commodity derivatives are short term in nature and thus a majority of the fair value may be based on observable inputs even though the contract as a whole must be classified as Level 3. See ITEM 3. — QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK for information regarding the maturity by year of the Registrant's mark-to-market derivative assets and liabilities.

On December 17, 2010, ComEd entered into several 20-year floating to fixed energy swap contracts with unaffiliated suppliers for the procurement of long-term renewable energy and associated RECs. See Note 9 — Derivative Financial Instruments for more information. The fair value of these swaps has been designated as a Level 3 valuation due to the long tenure of the positions and internal modeling assumptions. The modeling assumptions include using natural gas heat rates to project long term forward power curves adjusted by a renewable factor that incorporates time of day and seasonality factors to reflect accurate renewable energy pricing. In addition, marketability reserves are applied to the positions based on the tenor and supplier risk. The table below discloses the significant inputs to the forward curve used to value these positions.

Type of trade	Fair Value at March 31, 2013(d)	Valuation Technique	Unobservable Input	Range
Mark-to-market derivatives — Economic Hedges (Generation)(a)	$ 346	Discounted Cash Flow	Forward power price	$14 - $88
			Forward gas price	$3.43 - $4.73
		Option Model	Volatility percentage	28% - 177%
Mark-to-market derivatives — Proprietary trading (Generation)(a)	$ (11)	Discounted Cash Flow	Forward power price	$16 - $88
		Option Model	Volatility percentage	14% - 34%
Mark-to-market derivatives — Transactions with affiliates (Generation and ComEd)(b)	$ 85	Discounted Cash Flow	Marketability reserve	7% - 8%
Mark-to-market derivatives (ComEd)	$ (75)	Discounted Cash Flow	Forward heat rate(c)	8.5% - 9.5%
			Marketability reserve	3.5% - 8.3%
			Renewable factor	85% - 128%

a) The valuation techniques, unobservable inputs and ranges are the same for the asset and liability positions.
b) Includes current assets for Generation and current liabilities for ComEd of $85 million, related to the fair value of the five-year financial swap contract between Generation and ComEd, which eliminates in consolidation.
c) Quoted forward natural gas rates are utilized to project the forward power curve for the delivery of energy at specified future dates. The natural gas curve is extrapolated beyond its observable period to the end of the contract's delivery.
d) The fair values do not include cash collateral held on level three positions which are immaterial as of March 31, 2013.

The inputs listed above would have a direct impact on the fair values of the above instruments if they were adjusted. The significant unobservable inputs used in the fair value measurement of Generation's commodity

derivatives are forward commodity prices and for options is price volatility. Increases (decreases) in the forward commodity price in isolation would result in significantly higher (lower) fair values for long positions (contracts that give Generation the obligation or option to purchase a commodity), with offsetting impacts to short positions (contracts that give Generation the obligation or right to sell a commodity). Increases (decreases) in volatility would increase (decrease) the value for the holder of the option (writer of the option). Generally, a change in the estimate of forward commodity prices is unrelated to a change in the estimate of volatility of prices. An increase to the reserves listed above would decrease the fair value of the positions. An increase to the heat rate or renewable factors would increase the fair value accordingly. Generally, interrelationships exist between market prices of natural gas and power. As such, an increase in natural gas pricing would potentially have a similar impact on forward power markets.

Nuclear Decommissioning Trust Fund Investments and Pledged Assets for Zion Station Decommissioning (Exelon and Generation). For middle market lending the fair value of these loans is determined using a combination of valuations models including cost models, market models and income models. The valuation estimates are based on valuations of comparable companies, discounting the forecasted cash flows of the portfolio company, estimating the liquidation or collateral value of the portfolio company or its assets, considering offers from third parties to buy the portfolio company, its historical and projected financial results, as well as other factors that may impact value. Significant judgment is required in the applications of discounts or premiums applied to the prices of comparable companies for factors such as size, marketability and relative performance.

Because Generation relies on third party fund managers to develop the quantitative unobservable inputs without adjustment for the valuations of its' middle market lending, quantitative information about significant unobservable inputs used in valuing these investments is not reasonably available to Generation. This includes information regarding the sensitivity of the fair values to changes in the unobservable inputs. Generation gains an understanding of the fund managers' inputs and assumptions used in preparing the valuations. Generation performed procedures to assess the reasonableness of the valuations. For a sample of its' middle market lending, Generation reviewed independent valuations and reviewed the assumptions in the detailed pricing models used by the fund managers.

As of March 31, 2013, Generation has outstanding commitments to invest in middle market lending of approximately $186 million. These commitments will be funded by Generation's existing nuclear decommissioning trust funds.

9. Derivative Financial Instruments (Exelon, Generation, ComEd, PECO and BGE)

The Registrants are exposed to certain risks related to ongoing business operations. The primary risks managed by using derivative instruments are commodity price risk and interest rate risk.

Commodity Price Risk (Exelon, Generation, ComEd, PECO and BGE)

To the extent the amount of energy Exelon generates differs from the amount of energy it has contracted to sell, the Registrants are exposed to market fluctuations in the prices of electricity, fossil fuels and other commodities. The Registrants employ established policies and procedures to manage their risks associated with market fluctuations by entering into physical and financial derivative contracts including swaps, futures, forwards, options and short-term and long-term commitments to purchase and sell energy and energy-related products. The Registrants believe these instruments, which are classified as either economic hedges or non-derivatives, mitigate exposure to fluctuations in commodity prices.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Derivative accounting guidance requires that derivative instruments be recognized as either assets or liabilities at fair value, with changes in fair value of the derivative recognized in earnings each period. Other accounting treatments are available through special election and designation, provided they meet specific, restrictive criteria both at the time of designation and on an ongoing basis. These alternative permissible accounting treatments include normal purchase normal sale (NPNS), cash flow hedge, and fair value hedge. For commodity transactions, effective with the date of merger with Constellation, Generation no longer utilizes the special election provided for by the cash flow hedge designation and de-designated all of its existing cash flow hedges prior to the merger. Because the underlying forecasted transactions remain at least reasonably possible, the fair value of the effective portion of these cash flow hedges was frozen in accumulated OCI and will be reclassified to results of operations when the forecasted purchase or sale of the energy commodity occurs, or becomes probable of not occurring. None of Constellation's designated cash flow hedges for commodity transactions prior to the merger were re-designated as cash flow hedges. The effect of this decision is that all derivative economic hedges for commodities are recorded at fair value through earnings for the combined company, referred to as economic hedges in the following tables. The Registrants have applied the NPNS scope exception to certain derivative contracts for the forward sale of generation, power procurement agreements, and natural gas supply agreements. Non-derivative contracts for access to additional generation and certain sales to load-serving entities are accounted for primarily under the accrual method of accounting, which is further discussed in Note 19 — Commitments and Contingencies of the Exelon 2012 Form 10-K. Additionally, Generation is exposed to certain market risks through its proprietary trading activities. The proprietary trading activities are a complement to Generation's energy marketing portfolio but represent a small portion of Generation's overall energy marketing activities.

Economic Hedging. The Registrants are exposed to commodity price risk primarily relating to changes in the market price of electricity, fossil fuels, and other commodities associated with price movements resulting from changes in supply and demand, fuel costs, market liquidity, weather conditions, governmental regulatory and environmental policies, and other factors. Within Exelon, Generation has the most exposure to commodity price risk. Generation uses a variety of derivative and non-derivative instruments to manage the commodity price risk of its electric generation facilities, including power sales, fuel and energy purchases, natural gas transportation and pipeline capacity agreements and other energy-related products marketed and purchased. In order to manage these risks, Generation may enter into fixed-price derivative or non-derivative contracts to hedge the variability in future cash flows from forecasted sales of energy and purchases of fuel and energy. The objectives for entering into such hedges include fixing the price for a portion of anticipated future electricity sales at a level that provides an acceptable return on electric generation operations, fixing the price of a portion of anticipated fuel purchases for the operation of power plants, and fixing the price for a portion of anticipated energy purchases to supply load-serving customers. The portion of forecasted transactions hedged may vary based upon management's policies and hedging objectives, the market, weather conditions, operational and other factors. Generation is also exposed to differences between the locational settlement prices of certain economic hedges and the hedged generating units. This price difference is actively managed through other instruments which include derivative congestion products, whose changes in fair value are recognized in earnings each period, and auction revenue rights, which are accounted for on an accrual basis.

In general, increases and decreases in forward market prices have a positive and negative impact, respectively, on Generation's owned and contracted generation positions that have not been hedged. Generation hedges commodity price risk on a ratable basis over three-year periods. As of March 31, 2013, the percentage of expected generation hedged for the major reportable segments was 98%-101%, 70%-73%, and 33%-36% for 2013, 2014, and 2015, respectively. The percentage of expected generation hedged is the amount of equivalent sales divided by the expected generation. Expected generation represents the amount of energy estimated to be generated or purchased through owned or contracted capacity. Equivalent sales represent all hedging products, which include economic hedges and certain non-derivative contracts including, Generation's sales to ComEd, PECO and BGE to serve their retail load.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

ComEd has locked in a fixed price for a significant portion of its commodity price risk through the five-year financial swap contract with Generation that expires on May 31, 2013, which is discussed in more detail below. In addition, the physical contracts that Generation has entered into with ComEd and that ComEd has entered into with Generation and other suppliers as part of the ComEd power procurement process, which are further discussed in Note 3 — Regulatory Matters of the Exelon 2012 Form 10-K, qualify and are accounted for under the NPNS exception. Based on the Illinois Settlement Legislation and ICC-approved procurement methodologies permitting ComEd to recover its electricity procurement costs from retail customers with no mark-up, ComEd's price risk related to power procurement is limited.

In order to fulfill a requirement of the Illinois Settlement Legislation, Generation and ComEd entered into a five-year financial swap contract effective August 28, 2007. The financial swap is designed to hedge spot market purchases, which, along with ComEd's remaining energy procurement contracts, meet its load service requirements. The remaining swap contract volume is 3,000 MWs through May 2013. The terms of the financial swap contract require Generation to pay the around-the-clock market price for a portion of ComEd's electricity supply requirement, while ComEd pays a fixed price. The contract is to be settled net, for the difference between the fixed and market pricing, and the financial terms only cover energy costs and do not cover capacity or ancillary services. The financial swap contract is a derivative financial instrument that was originally designated by Generation as a cash flow hedge. As discussed previously, effective with the date of merger with Constellation, Generation de-designated this swap as a cash flow hedge and began recording changes in fair value through current earnings as of that date. Generation records the fair value of the swap on its balance sheet and originally recorded changes in fair value to OCI. The value frozen in OCI as of the date of merger for this swap is reclassified into Generation's earnings as the swap settles. ComEd has not elected hedge accounting for this derivative financial instrument. Since the financial swap contract was deemed prudent by the Illinois Settlement Legislation, ComEd receives full cost recovery for the contract in rates and, therefore, the change in fair value each period is recorded as a regulatory asset or liability on ComEd's Consolidated Balance Sheets. See Note 3 — Regulatory Matters of the Exelon 2012 Form 10-K for additional information regarding the Illinois Settlement Legislation. In Exelon's consolidated financial statements, all financial statement effects of the financial swap recorded by Generation and ComEd are eliminated.

On December 17, 2010, ComEd entered into several 20-year floating-to-fixed energy swap contracts with unaffiliated suppliers for the procurement of long-term renewable energy and associated RECs. Delivery under the contracts began in June 2012. Pursuant to the ICC's Order on December 19, 2012, ComEd's commitments under the existing long-term contracts for energy and associate RECs were reduced in the first quarter of 2013. These contracts are designed to lock in a portion of the long-term commodity price risk resulting from the renewable energy resource procurement requirements in the Illinois Settlement Legislation. ComEd has not elected hedge accounting for these derivative financial instruments. ComEd records the fair value of the swap contracts on its balance sheet. Because ComEd receives full cost recovery for energy procurement and related costs from retail customers, the change in fair value each period is recorded by ComEd as a regulatory asset or liability. See Note 5 — Regulatory Matters for additional information.

PECO has contracts to procure electric supply that were executed through the competitive procurement process outlined in its PAPUC-approved DSP Programs, which are further discussed in Note 5 - Regulatory Matters. Based on Pennsylvania legislation and the DSP Programs permitting PECO to recover its electric supply procurement costs from retail customers with no mark-up, PECO's price risk related to electric supply procurement is limited. PECO locked in fixed prices for a significant portion of its commodity price risk through full requirements contracts and block contracts. PECO has certain full requirements contracts and block contracts that are considered derivatives and qualify for the normal purchases and normal sales scope exception under current derivative authoritative guidance.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

PECO's natural gas procurement policy is designed to achieve a reasonable balance of long-term and short-term gas purchases under different pricing approaches in order to achieve system supply reliability at the least cost. PECO's reliability strategy is two-fold. First, PECO must assure that there is sufficient transportation capacity to satisfy delivery requirements. Second, PECO must ensure that a firm source of supply exists to utilize the capacity resources. All of PECO's natural gas supply and asset management agreements that are derivatives either qualify for the normal purchases and normal sales scope exception and have been designated as such, or have no mark-to-market balances because the derivatives are index priced. Additionally, in accordance with the 2012 PAPUC PGC settlement and to reduce the exposure of PECO and its customers to natural gas price volatility, PECO has continued its program to purchase natural gas for both winter and summer supplies using a layered approach of locking-in prices ahead of each season with long-term gas purchase agreements (those with primary terms of at least twelve months). Under the terms of the 2012 PGC settlement, PECO is required to lock in (i.e., economically hedge) the price of a minimum volume of its long-term gas commodity purchases. PECO's gas-hedging program is designed to cover about 30% of planned natural gas purchases in support of projected firm sales. The hedging program for natural gas procurement has no direct impact on PECO's financial position or results of operations as natural gas costs are fully recovered from customers under the PGC.

BGE has contracts to procure SOS electric supply that are executed through a competitive procurement process approved by the MDPSC. The SOS rates charged recover BGE's wholesale power supply costs and include an administrative fee. The administrative fee includes an incremental cost component and a shareholder return component for commercial and industrial rate classes. BGE's price risk related to electric supply procurement is limited. BGE locks in fixed prices for all of its SOS requirements through full requirements contracts. Certain of BGE's full requirements contracts, which are considered derivatives, qualify for the normal purchases and normal sales scope exception under current derivative authoritative guidance. Other BGE full requirements contracts are not derivatives.

BGE provides natural gas to its customers under a MBR mechanism approved by the MDPSC. Under this mechanism, BGE's actual cost of gas is compared to a market index (a measure of the market price of gas in a given period). The difference between BGE's actual cost and the market index is shared equally between shareholders and customers. BGE must also secure fixed price contracts for at least 10%, but not more than 20%, of forecasted system supply requirements for flowing (i.e., non-storage) gas for the November through March period. These fixed-price contracts are not subject to sharing under the market-based rates incentive mechanism. BGE also ensures it has sufficient pipeline transportation capacity to meet customer requirements. All of BGE's natural gas supply and asset management agreements qualify for the normal purchases and normal sales exception and result in physical delivery.

Proprietary Trading. Generation also enters into certain energy-related derivatives for proprietary trading purposes. Proprietary trading includes all contracts entered into with the intent of benefiting from shifts or changes in market prices as opposed to those entered into with the intent of hedging or managing risk. Proprietary trading activities are subject to limits established by Exelon's RMC. The proprietary trading activities, which included settled physical sales volumes of 1,572 GWhs and 1,888 GWhs for the three months ended March 31, 2013 and 2012, respectively, are a complement to Generation's energy marketing portfolio but represent a small portion of Generation's revenue from energy marketing activities. ComEd, PECO and BGE do not enter into derivatives for proprietary trading purposes.

Interest Rate Risk (Exelon, Generation, ComEd, PECO and BGE)

The Registrants use a combination of fixed-rate and variable-rate debt to manage interest rate exposure. The Registrants may also utilize fixed-to-floating interest rate swaps, which are typically designated as fair value hedges, as a means to manage their interest rate exposure. In addition, the Registrants may utilize interest rate

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derivatives to lock in rate levels in anticipation of future financings, which are typically designated as cash flow hedges. These strategies are employed to manage interest rate risks. At March 31, 2013, Exelon had $800 million of notional amounts of fixed-to-floating hedges outstanding and $394 million of notional amounts of floating-to-fixed hedges outstanding. Assuming the fair value and cash flow interest rate hedges are 100% effective, a hypothetical 50 bps increase in the interest rates associated with unhedged variable-rate debt (excluding Commercial Paper and PECO Accounts Receivables Facility) and fixed-to-floating swaps would result in less than $ 1 million decrease in Exelon Consolidated pre-tax income for the three months ended March 31, 2013. Below is a summary of the interest rate hedges as of March 31, 2013.

	Generation					Other	Exelon
Description	Derivatives Designated as Hedging Instruments	Economic Hedges	Proprietary Trading (a)	Collateral and Netting (b)	Subtotal	Derivatives Designated as Hedging Instruments	Total
Mark-to-market derivative assets (Current Assets)	$ —	$ 3	$ 19	$ (18)	$ 4	$	$ 4
Mark-to-market derivative assets (Noncurrent Assets)	34	7	25	(25)	41	12	53
Total mark-to-market derivative assets	$ 34	$ 10	$ 44	$ (43)	$ 45	$ 12	$ 57
Mark-to-market derivative liabilities (Current Liabilities)	$ (1)	$ (1)	$ (17)	$ 18	$ (1)	$	$ (1)
Mark-to-market derivative liabilities (Noncurrent liabilities)	(26)	—	(26)	25	(27)		(27)
Total mark-to-market derivative liabilities	$ (27)	$ (1)	$ (43)	$ 43	$ (28)	$ —	$ (28)
Total mark-to-market derivative net assets (liabilities)	$ 7	$ 9	$ 1	$ —	$ 17	$ 12	$ 29

(a) Generation enters into interest rate derivative contracts to economically hedge risk associated with the interest rate component of commodity positions. The characterization of the interest rate derivative contracts between the proprietary trading activity in the above table is driven by the corresponding characterization of the underlying commodity position that gives rise to the interest rate exposure. Generation does not utilize interest rate derivatives with the objective of benefiting from shifts or changes in market interest rates.
(b) Represents the netting of fair value balances with the same counterparty and any associated cash collateral.

Fair Value Hedges . For derivative instruments that are designated and qualify as fair value hedges, the gain or loss on the derivative as well as the offsetting loss or gain on the hedged item attributable to the hedged risk are recognized in current earnings. Exelon includes the gain or loss on the hedged items and the offsetting loss or gain on the related interest rate swaps in interest expense as follows:

	Loss on Swaps		Gain (Loss) on Borrowings	
	Three Months Ended March 31,		Three Months Ended March 31,	
Income Statement Classification	2013	2012	2013	2012
Interest expense(a)	$ (4)	$ (3)	$ (1)	$ 1

(a) For the three months ended March 31, 2013, the loss on the swaps in the table above includes $4 million reclassified to earnings, with an immaterial amount excluded from hedge effectiveness testing.

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At March 31, 2013 and December 31, 2012, Exelon had $650 million of notional amounts of fixed-to-floating fair value hedges outstanding related to interest rate swaps, with unrealized gain of $44 million and $49 million, respectively, which expire in 2015. Upon merger closing, $550 million of fixed-to-floating interest rate swaps previously at Constellation with a fair value of $44 million, as of March 12, 2012, were re-designated as fair value hedges. During the three months ended March 31, 2013 and March 31, 2012, the impact of loss on the results of operations as a result of ineffectiveness from fair value hedges was immaterial.

Cash Flow Hedges . In connection with the DOE guaranteed loan for the Antelope Valley acquisition, as discussed in Note 10 — Debt and Credit Agreements, Generation entered into a floating-to-fixed forward starting interest rate swap with a notional amount of $485 million and a mandatory early termination date of April 5, 2014, by which date Generation anticipates the DOE loan to be fully drawn. The swap hedges approximately 75% of Generation's future interest rate exposure associated with the financing and was designated as a cash flow hedge. As such, the effective portion of the hedge will be recorded in other comprehensive income within Generation's Consolidated Balance Sheets, with any ineffectiveness recorded in Generation's Consolidated Statements of Operations and Comprehensive Income. Net gains (or losses) from settlement of the hedges, to the extent effective, will be amortized as an adjustment to the interest expense over the term of the DOE guaranteed loan.

Every time Generation draws down on the loan, an offsetting hedge (fixed-to-floating) is executed and a portion of the cash flow hedge, with a notional amount equal to the offsetting hedge, is de-designated and the related gains or losses going forward will be reflected in earnings, which is largely offset by the losses or gains in the offsetting hedge.

Antelope Valley received its first loan advance on April 5, 2012, and several additional advances subsequently. Generation has entered into a series of fixed-to-floating interest rate swaps with an aggregated notional amount of $273 million, 75% of the loan advance amount to offset portions of the original interest rate hedge, which are not designated as cash flow hedges. The remaining cash flow hedge has a notional amount of $211 million. At March 31, 2013, Generation's mark-to-market non-current derivative liability relating to the interest rate swaps in connection with the loan agreement to fund Antelope Valley was $23 million.

During the third quarter of 2011, a subsidiary of Constellation entered into floating-to-fixed interest rate swaps to manage a portion of the interest rate exposure for anticipated long-term borrowings to finance Sacramento PV Energy. The swaps have a total notional amount of $29 million as of March 31, 2013 and expire in 2027. After the closing of the merger with Constellation, the swaps were re-designated as cash flow hedges. At March 31, 2013, the subsidiary had an immaterial current and a $3 million non-current derivative liability related to these swaps.

During the third quarter of 2012, a subsidiary of Exelon Generation entered into a floating-to-fixed interest rate swap to manage a portion of the interest rate exposure of anticipated long-term borrowings to finance Constellation Solar Horizons. The swap has a notional amount of $29 million as of March 31, 2013 and expires in 2030. This swap is designated as a cash flow hedge. At March 31, 2013, the subsidiary had an immaterial current derivative liability and an immaterial non-current derivative asset related to the swap.

During the third quarter of 2012 and first quarter of 2013, Exelon entered into $125 million floating-to-fixed interest rate hedges to manage interest rate risks associated with anticipated future debt issuance. These swaps are designated as cash flow hedges. At March 31, 2013, Exelon had a $2 million non-current derivative asset related to these swaps.

During the three months ended March 31, 2013 and 2012, the impact on the results of operations as a result of ineffectiveness from cash flow hedges was immaterial.

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Economic Hedges . At March 31, 2013, Exelon had $150 million of notional amounts of fixed-to-floating interest rate swaps that are marked-to-market, with unrealized gains of $4 million. These swaps, which were acquired as part of the merger with Constellation, expire in 2014. During the three months ended March 31, 2013 and the period from March 12 to March 31, 2012, the impact on the results of operations was immaterial.

Fair Value Measurement and Accounting for the Offsetting of Amounts Related to Certain Contracts (Exelon, Generation, ComEd, PECO and BGE)

Fair value accounting guidance and disclosures about offsetting assets and liabilities requires the fair value of derivative instruments to be shown in the Notes to the Consolidated Financial Statements on a gross basis, even when the derivative instruments are subject to legally enforceable master netting agreements and qualify for net presentation in the Consolidated Balance Sheet. A master netting agreement is an agreement between two counterparties that may have derivative and non-derivative contracts with each other providing for the net settlement of all referencing contracts via one payment stream, which takes place either as the contracts deliver, when collateral is requested or in the event of default. Generation's use of cash collateral is generally unrestricted unless Generation is downgraded below investment grade (i.e. to BB+ or Ba1). In the table below, Generation's energy related economic hedges and proprietary trading derivatives are shown gross and the impact of the netting of fair value balances with the same counterparty that are subject to legally enforceable master netting agreements, as well as netting of cash collateral, is aggregated in the collateral and netting column. As of March 31, 2013 and December 31, 2012, $2 million and $3 million, respectively, of cash collateral received was not offset against derivative positions because they were not associated with energy-related derivatives or as of the balance sheet date there were no positions to offset. Excluded from the tables below are economic hedges that qualify for the NPNS scope exception and other non-derivative contracts that are accounted for under the accrual method of accounting.

ComEd's use of cash collateral is generally unrestricted unless ComEd is downgraded below investment grade (i.e. to BB+ or Ba1).

Cash collateral held by PECO and BGE must be deposited in a non affiliate major U.S. commercial bank or foreign bank with a U.S. branch office that meet certain qualifications.

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The following table provides a summary of the derivative fair value balances recorded by the Registrants as of March 31, 2013:

	Generation				ComEd		Exelon
Derivatives	Economic Hedges(a)	Proprietary Trading	Collateral and Netting(b)	Subtotal (c)	Economic Hedges (a)(d)	Intercompany Eliminations (a)	Total Derivatives
Mark-to-market derivative assets (current assets)	$ 2,475	$ 1,989	$ (3,802)	$ 662	$ —	$ —	$ 662
Mark-to-market derivative assets with affiliate (current assets)	85	—	—	85	—	(85)	—
Mark-to-market derivative assets (noncurrent assets)	1,415	588	(1,350)	653	—	—	653
Total mark-to-market derivative assets	$ 3,975	$ 2,577	$ (5,152)	$1,400	$ —	$ (85)	$ 1,315
Mark-to-market derivative liabilities (current liabilities)	$ (2,218)	$ (1,946)	$ 3,999	$ (165)	$ (15)	$ —	$ (180)
Mark-to-market derivative liability with affiliate (current liabilities)	—	—	—	—	(85)	85	—
Mark-to-market derivative liabilities (noncurrent liabilities)	(1,005)	(553)	1,386	(172)	(60)	—	(232)
Total mark-to-market derivative liabilities	$ (3,223)	$ (2,499)	$ 5,385	$ (337)	$ (160)	$ 85	$ (412)
Total mark-to-market derivative net assets (liabilities)	$ 752	$ 78	$ 233	$1,063	$ (160)	$ —	$ 903

(a) Includes current assets for Generation and current liabilities for ComEd of $85 million related to the fair value of the five-year financial swap contract between Generation and ComEd, as described above.

(b) Exelon and Generation net all available amounts allowed under the derivative accounting guidance on the balance sheet. These amounts include unrealized derivative transactions with the same counterparty under legally enforceable master netting agreements and cash collateral. In some cases Exelon and Generation may have other offsetting exposures, subject to a master netting or similar agreement, such as trade receivables and payables, transactions that do not qualify as derivatives, letters of credit and other forms of non-cash collateral. These are not reflected in the table above.

(c) Current and noncurrent assets are shown net of collateral of $(98) million and $70 million, respectively, and current and noncurrent liabilities are shown net of collateral of $(99) million and $(106) million, respectively. The total cash collateral posted, net of cash collateral received and offset against mark-to-market assets and liabilities was $233 million at March 31, 2013.

(d) Includes current and noncurrent liabilities relating to floating-to-fixed energy swap contracts with unaffiliated suppliers.

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The following table provides a summary of the derivative fair value balances recorded by the Registrants as of December 31, 2012:

	Generation				ComEd		Exelon
Derivatives	Economic Hedges(a)	Proprietary Trading	Collateral and Netting(b)	Subtotal (c)	Economic Hedges (a)(d)	Intercompany Eliminations (a)	Total Derivatives
Mark-to-market derivative assets (current assets)	$ 2,883	$ 2,469	$ (4,418)	$ 934	$ —	$ —	$ 934
Mark-to-market derivative assets with affiliate (current assets)	226	—	—	226	—	(226)	—
Mark-to-market derivative assets (noncurrent assets)	1,792	724	(1,638)	878	—	—	878
Mark-to-market							
Total mark-to-market derivative assets	$ 4,901	$ 3,193	$ (6,056)	$2,038	$ —	$ (226)	$ 1,812
Mark-to-market derivative liabilities (current liabilities)	$ (2,419)	$ (2,432)	$ 4,519	$ (332)	$ (18)	$ —	$ (350)
Mark-to-market derivative liability with affiliate (current liabilities)	—	—	—	—	(226)	226	—
Mark-to-market derivative liabilities (noncurrent liabilities)	(1,080)	(689)	1,568	(201)	(49)	—	(250)
Mark-to-market							
Total mark-to-market derivative liabilities	$ (3,499)	$ (3,121)	$ 6,087	$ (533)	$ (293)	$ 226	$ (600)
Total mark-to-market derivative net assets (liabilities)	$ 1,402	$ 72	$ 31	$1,505	$ (293)	$ —	$ 1,212

(a) Includes current and noncurrent assets for Generation and current and noncurrent liabilities for ComEd of $226 million related to the fair value of the five-year financial swap contract between Generation and ComEd, as described above. For Generation excludes $28 million noncurrent liability relating to an interest rate swap in connection with a loan agreement to fund Antelope Valley as discussed above.

(b) Exelon and Generation net all available amounts allowed under the derivative accounting guidance on the balance sheet. These amounts include unrealized derivative transactions with the same counterparty under legally enforceable master netting agreements and cash collateral. In some cases Exelon and Generation may have other offsetting exposures, subject to a master netting or similar agreement, such as trade receivables and payables, transactions that do not qualify as derivatives, and letters of credit. These are not reflected in the table above.

(c) Current and noncurrent assets are shown net of collateral of $113 million and $201 million, respectively, and current and noncurrent liabilities are shown net of collateral of $ (214) million and $ (131) million, respectively. The total cash collateral received, net of cash collateral posted and offset against mark-to-market assets and liabilities was $31 million at December 31, 2012.

(d) Includes current and noncurrent liabilities relating to floating-to-fixed energy swap contracts with unaffiliated suppliers.

Cash Flow Hedges (Exelon, Generation and ComEd). As discussed previously, effective prior to the merger with Constellation, Generation de-designated all of its cash flow hedges relating to commodity price risk. Because the underlying forecasted transactions remain at least reasonably possible, the fair value of the effective portion of these cash flow hedges was frozen in accumulated OCI and will be reclassified to results of operations when the forecasted purchase or sale of the energy commodity occurs, or becomes probable of not occurring.

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Generation began recording prospective changes in the fair value of these instruments through current earnings from the date of de-designation. The net unrealized gains associated with the de-designated cash flow hedges prior to the merger was $1,928 million including $693 million related to the intercompany swap with ComEd. Approximately $404 million of these net pre-tax unrealized gains within accumulated OCI are expected to be reclassified from accumulated OCI during the next twelve months by Generation, including approximately $95 million related to the financial swap with ComEd. Generation expects the settlement of the majority of its cash flow hedges, including the ComEd financial swap contract, will occur during 2013 through 2014.

Exelon discontinues hedge accounting prospectively when it determines that the derivative is no longer effective in offsetting changes in the cash flows of a hedged item or when it is no longer probable that the forecasted transaction will occur. For the three months ended March 31, 2013 and 2012, amounts reclassified into earnings as a result of the discontinuance of cash flow hedges were immaterial.

The tables below provide the activity of accumulated OCI related to cash flow hedges for the three months ended March 31, 2013 and 2012, containing information about the changes in the fair value of cash flow hedges and the reclassification from accumulated OCI into results of operations. The amounts reclassified from accumulated OCI, when combined with the impacts of the actual physical power sales, result in the ultimate recognition of net revenues at the contracted price.

		Total Cash Flow Hedge OCI Activity, Net of Income Tax	
		Generation	Exelon
Three Months Ended March 31, 2013	Income Statement Location	Energy-Related Hedges	Total Cash Flow Hedges
Accumulated OCI derivative gain at December 31, 2012		$ 532(a)(c)	$ 368
Effective portion of changes in fair value		—	(1)(d)
Reclassifications from accumulated OCI to net income	Operating Revenues	(135)(b)	(58)
Accumulated OCI derivative gain at March 31, 2013		$ 397(a)(c)	$ 309

(a) Includes $58 million and $133 million of gains, net of taxes, related to the fair value of the five-year financial swap contract with ComEd, as of March 31, 2013 and December 31, 2012, respectively.
(b) Includes $75 million of losses, net of taxes, reclassified from accumulated OCI to recognize gains in net income related to the settlements of the five-year financial swap contract with ComEd.
(c) Excludes $16 million of losses and $20 million of losses net of taxes, related to interest rate swaps and treasury rate locks as of March 31, 2013 and December 31, 2012, respectively.
(d) Includes $3 million of losses, net of taxes, related to the effective portion of changes in fair value of interest rate swaps and treasury rate locks.

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		Total Cash Flow Hedge OCI Activity, Net of Income Tax	
		Generation	Exelon
Three Months Ended March 31, 2012	Income Statement Location	Energy-Related Hedges	Total Cash Flow Hedges
Accumulated OCI derivative gain at December 31, 2011		$ 925(a)(c)	$ 488
Effective portion of changes in fair value		432(e)	317(d)
Reclassifications from accumulated OCI to net income	Operating Revenues	(194)(b)	(105)
Ineffective portion recognized in income	Purchased Power	3	3
Accumulated OCI derivative gain at March 31, 2012		$ 1,166(a)(c)	$ 703

(a) Includes $419 million and $420 million of gains, net of taxes, related to the fair value of the five-year financial swap contract with ComEd at March 31, 2012 and December 31, 2011, respectively.
(b) Includes a $89 million of losses, net of taxes, reclassified from accumulated OCI to recognize gains in net income related to the settlements of the five-year financial swap contract with ComEd.
(c) Excludes $12 million of gains and $10 million of losses, net of tax, related to interest rate swaps and treasury rate locks for the three months ended March 31, 2012 and the year ended December 31, 2011, respectively.
(d) Includes $12 million of losses, net of taxes, related to the effective portion of changes in fair value of interest rate swaps and treasury rate locks.
(e) Includes $88 million of gains, net of taxes, related to the effective portion of changes in fair value of the five-year financial swap contract with ComEd for the period ended March 9, 2012.

During the three months ended March 31, 2013 and 2012, Generation's former energy related cash flow hedge activity impact to pre-tax earnings based on the reclassification adjustment from accumulated OCI to earnings was a $ 223 million and a $320 million pre-tax gain, respectively. Given that the cash flow hedges had primarily consisted of forward power sales and power swaps and did not include power and gas options or sales, the ineffectiveness of Generation's cash flow hedges was primarily the result of differences between the locational settlement prices of the cash flow hedges and the hedged generating units. This price difference was actively managed through other instruments, which include financial transmission rights, whose changes in fair value are recognized in earnings each period, and auction revenue rights. Changes in cash flow hedge ineffectiveness, were losses of $ 5 million for the three months ended March 31, 2012.

Exelon's former energy-related cash flow hedge activity impact to pre-tax earnings based on the reclassification adjustment from accumulated OCI to earnings was a $ 99 million and a $173 million pre-tax gain for the three months ended March 31, 2013 and 2012, respectively. Changes in cash flow hedge ineffectiveness was losses of $ 5 million for the three months ended March 31, 2012. Neither Exelon nor Generation will incur changes in cash flow hedge ineffectiveness in future periods as all energy-related cash flow hedge positions were de-designated prior to the merger date.

Economic Hedges (Exelon and Generation). These instruments represent hedges that economically mitigate exposure to fluctuations in commodity prices and include financial options, futures, swaps, and physical forward sales and purchases but for which the fair value or cash flow hedge elections were not made. For the three months ended March 31, 2013 and 2012, the following net pre-tax mark-to-market gains (losses) of certain purchase and sale contracts were reported in operating revenues or purchased power and fuel expense at Exelon and Generation in the Consolidated Statements of Operations and Comprehensive Income and are included in "Net fair value changes related to derivatives" in Exelon's and Generation's Consolidated Statements of Cash Flows. In the tables below, "Change in fair value" represents the change in fair value of the

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derivative contracts held at the reporting date. The "Reclassification to realized at settlement" represents the recognized change in fair value that was reclassified to realized due to settlement of the derivative during the period.

	Generation			Intercompany Eliminations	Exelon
Three Months Ended March 31, 2013	Operating Revenues	Purchased Power and Fuel	Total	Operating Revenues(a)	Total
Change in fair value	$ (485)	$ 149	$(336)	$ 7	$(329)
Reclassification to realized at settlement	(101)	34	(67)	10	(57)
Net mark-to-market gains (losses)	$ (586)	$ 183	$(403)	$ 17	$(386)

	Exelon and Generation			Intercompany Eliminations	Exelon
Three Months Ended March 31, 2012	Operating Revenues	Purchased Power and Fuel	Total	Operating Revenues(a)	Total
Change in fair value	$ 138	$ (40)	$ 98	$ 11	$ 109
Reclassification to realized at settlement	(60)	27	(33)	—	(33)
Net mark-to-market gains (losses)	$ 78	$ (13)	$ 65	$ 11	$ 76

(a) Prior to the merger, the five-year financial swap contract between Generation and ComEd was de-designated. As a result, all prospective changes in fair value are recorded to operating revenues and eliminated in consolidation.

Proprietary Trading Activities (Exelon and Generation). For the three months ended March 31, 2013 and 2012, Exelon and Generation recognized the following net unrealized mark-to-market gains (losses), net realized mark-to-market gains (losses) and total net mark-to-market gains (losses) (before income taxes) relating to mark-to-market activity on derivative instruments entered into for proprietary trading purposes. Gains and losses associated with proprietary trading are reported as operating revenue in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income and are included in "Net fair value changes related to derivatives" in Exelon's and Generation's Consolidated Statements of Cash Flows. In the tables below, "Change in fair value" represents the change in fair value of the derivative contracts held at the reporting date. The "Reclassification to realized at settlement" represents the recognized change in fair value that was reclassified to realized due to settlement of the derivative during the period.

	Location on Income Statement	Three Months Ended March 31, 2013	Three Months Ended March 31, 2012
Change in fair value	Operating Revenues	$ (4)	$ 2
Reclassification to realized at settlement	Operating Revenues	6	1
Net mark-to-market gains (losses)	Operating Revenues	$ 2	$ 3

Credit Risk (Exelon, Generation, ComEd, PECO and BGE)

The Registrants would be exposed to credit-related losses in the event of non-performance by counterparties that enter into derivative instruments. The credit exposure of derivative contracts, before collateral, is represented by the fair value of contracts at the reporting date. For energy-related derivative instruments, Generation enters into enabling agreements that allow for payment netting with its counterparties, which reduces Generation's exposure to counterparty risk by providing for the offset of amounts payable to the counterparty against amounts receivable from the counterparty. Typically, each enabling agreement is for a specific commodity and so, with

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respect to each individual counterparty, netting is limited to transactions involving that specific commodity product, except where master netting agreements exist with a counterparty that allow for cross product netting. In addition to payment netting language in the enabling agreement, Generation's credit department establishes credit limits, margining thresholds and collateral requirements for each counterparty, which are defined in the derivative contracts. Counterparty credit limits are based on an internal credit review that considers a variety of factors, including the results of a scoring model, leverage, liquidity, profitability, credit ratings by credit rating agencies, and risk management capabilities. To the extent that a counterparty's margining thresholds are exceeded, the counterparty is required to post collateral with Generation as specified in each enabling agreement. Generation's credit department monitors current and forward credit exposure to counterparties and their affiliates, both on an individual and an aggregate basis.

The following tables provide information on Generation's credit exposure for all derivative instruments, NPNS, and applicable payables and receivables, net of collateral and instruments that are subject to master netting agreements, as of March 31, 2013. The tables further delineate that exposure by credit rating of the counterparties and provide guidance on the concentration of credit risk to individual counterparties. The figures in the tables below do not include credit risk exposure from uranium procurement contracts or exposure through RTOs, ISOs, NYMEX, ICE and Nodal commodity exchanges, further discussed in ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK. Additionally, the figures in the tables below do not include exposures with affiliates, including net receivables with ComEd, PECO and BGE of $44 million, $59 million and $25 million, respectively.

Rating as of March 31, 2013	Total Exposure Before Credit Collateral	Credit Collateral	Net Exposure	Number of Counterparties Greater than 10% of Net Exposure	Net Exposure of Counterparties Greater than 10% of Net Exposure
Investment grade	$ 1,459	$ 184	$ 1,275	1	$ 387
Non-investment grade	49	29	20	—	—
No external ratings					
Internally rated — investment grade	403	5	398	1	252
Internally rated — non-investment grade	44	1	43	—	—
Total	$ 1,955	$ 219	$ 1,736	2	$ 639

Net Credit Exposure by Type of Counterparty	As of March 31, 2013
Investor-owned utilities, marketers and power producers	$ 515
Energy cooperatives and municipalities	824
Financial institutions	352
Other	45
Total	$ 1,736

ComEd's power procurement contracts provide suppliers with a certain amount of unsecured credit. The credit position is based on forward market prices compared to the benchmark prices. The benchmark prices are the forward prices of energy projected through the contract term and are set at the point of supplier bid submittals. If the forward market price of energy exceeds the benchmark price, the suppliers are required to post collateral for the secured credit portion after adjusting for any unpaid deliveries and unsecured credit allowed under the contract. The unsecured credit used by the suppliers represents ComEd's net credit exposure. As of March 31, 2013, ComEd's credit exposure to suppliers was immaterial.

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ComEd is permitted to recover its costs of procuring energy through the Illinois Settlement Legislation as well as the ICC-approved procurement tariffs. ComEd's counterparty credit risk is mitigated by its ability to recover realized energy costs through customer rates. See Note 3 — Regulatory Matters of the Exelon 2012 Form 10-K for further information.

PECO's supplier master agreements that govern the terms of its electric supply procurement contracts, which define a supplier's performance assurance requirements, allow a supplier to meet its credit requirements with a certain amount of unsecured credit. The amount of unsecured credit is determined based on the supplier's lowest credit rating from the major credit rating agencies and the supplier's tangible net worth. The credit position is based on the initial market price, which is the forward price of energy on the day a transaction is executed, compared to the current forward price curve for energy. To the extent that the forward price curve for energy exceeds the initial market price, the supplier is required to post collateral to the extent the credit exposure is greater than the supplier's unsecured credit limit. As of March 31, 2013, PECO's net credit exposure with suppliers was immaterial and did not exceed the allowed unsecured credit levels.

PECO is permitted to recover its costs of procuring electric supply through its PAPUC-approved DSP Program. PECO's counterparty credit risk is mitigated by its ability to recover realized energy costs through customer rates. See Note 5 - Regulatory Matters for further information.

PECO's natural gas procurement plan is reviewed and approved annually on a prospective basis by the PAPUC. PECO's counterparty credit risk under its natural gas supply and asset management agreements is mitigated by its ability to recover its natural gas costs through the PGC, which allows PECO to adjust rates quarterly to reflect realized natural gas prices. PECO does not obtain collateral from suppliers under its natural gas supply and asset management agreements. As of March 31, 2013, PECO had immaterial credit exposure under its natural gas supply and asset management agreements with investment grade suppliers.

BGE is permitted to recover its costs of procuring energy through the MDPSC-approved procurement tariffs. BGE's counterparty credit risk is mitigated by its ability to recover realized energy costs through customer rates. See Note 5 — Regulatory Matters for further information.

BGE's full requirement wholesale electric power agreements that govern the terms of its electric supply procurement contracts, which define a supplier's performance assurance requirements, allow a supplier, or its guarantor, to meet its credit requirements with a certain amount of unsecured credit. The amount of unsecured credit is determined based on the supplier's lowest credit rating from the major credit rating agencies and the supplier's tangible net worth, subject to an unsecured credit cap. The credit position is based on the initial market price, which is the forward price of energy on the day a transaction is executed, compared to the current forward price curve for energy. To the extent that the forward price curve for energy exceeds the initial market price, the supplier is required to post collateral to the extent the credit exposure is greater than the supplier's unsecured credit limit. The seller's credit exposure is calculated each business day. As of March 31, 2013, BGE had no net credit exposure to suppliers.

BGE's regulated gas business is exposed to market-price risk. This market-price risk is mitigated by BGE's recovery of its costs to procure natural gas through a gas cost adjustment clause approved by the MDPSC. BGE does make off-system sales after BGE has satisfied its customers' demands, which are not covered by the gas cost adjustment clause. At March 31, 2013, BGE had credit exposure of $8 million related to off-system sales which is mitigated by parental guarantees, letters of credit, or right to offset clauses within other contracts with those third party suppliers.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
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Collateral and Contingent-Related Features (Exelon, Generation, ComEd, PECO and BGE)

As part of the normal course of business, Generation routinely enters into physical or financially settled contracts for the purchase and sale of electric capacity, energy, fuels, emissions allowances and other energy-related products. Certain of Generation's derivative instruments contain provisions that require Generation to post collateral. Generation also enters into commodity transactions on exchanges (i.e., NYMEX, ICE). The exchanges act as the counterparty to each trade. Transactions on the exchanges must adhere to comprehensive collateral and margining requirements. This collateral may be posted in the form of cash or credit support with thresholds contingent upon Generation's credit rating from each of the major credit rating agencies. The collateral and credit support requirements vary by contract and by counterparty. These credit-risk-related contingent features stipulate that if Generation were to be downgraded or lose its investment grade credit rating (based on its senior unsecured debt rating), it would be required to provide additional collateral. This incremental collateral requirement allows for the offsetting of derivative instruments that are assets with the same counterparty, where the contractual right of offset exists under applicable master netting agreements. In the absence of expressly agreed-to provisions that specify the collateral that must be provided, collateral requested will be a function of the facts and circumstances of the situation at the time of the demand. In this case, Generation believes an amount of several months of future payments (i.e., capacity payments) rather than a calculation of fair value is the best estimate for the contingent collateral obligation, which has been factored into the disclosure below.

The aggregate fair value of all derivative instruments with credit-risk-related contingent features in a liability position that are not fully collateralized (excluding transactions on the exchanges that are fully collateralized) is detailed in the table below:

Credit-Risk Related Contingent Feature		March 31, 2013
Gross Fair Value of Derivative Contracts Containing this Feature(a)	Offsetting Fair Value of In-the-Money Contracts Under Master Netting Arrangements(b)	Net Fair Value of Derivative Contracts Containing This Feature(c)
($1,521)	$1,246	($275)

Credit-Risk Related Contingent Feature		December 31, 2012
Gross Fair Value of Derivative Contracts Containing this Feature(a)	Offsetting Fair Value of In-the-Money Contracts Under Master Netting Arrangements(b)	Net Fair Value of Derivative Contracts Containing This Feature(c)
($1,849)	$1,426	($423)

(a) Amount represents the gross fair value of out-of-the-money derivative contracts containing credit-risk-related contingent features that are not fully collateralized by posted cash collateral on an individual, contract-by-contract basis ignoring the effects of master netting agreements.
(b) Amount represents the offsetting fair value of in-the-money derivative contracts under legally enforceable master netting agreements with the same counterparty, which reduces the amount of any liability for which a Registrant could potentially be required to post collateral.
(c) Amount represents the net fair value of out-of-the-money derivative contracts containing credit-risk related contingent features after considering the mitigating effects of offsetting positions under master netting arrangements and reflects the actual net liability upon which any potential contingent collateral obligations would be based.

Generation has cash collateral posted of $467 million and letters of credit posted of $142 million and cash collateral held of $236 million and letters of credit held of $48 million as of March 31, 2013 and cash collateral posted of $527 million and letters of credit posted of $563 million and cash collateral held of $499 million and letters of credit held of $45 million at December 31, 2012 for counterparties with derivative positions. In the event of a credit downgrade below investment grade (i.e. to BB+ or Ba1), Exelon Generation Company, LLC could be required to post additional collateral of $1,747 million as of March 31, 2013 and $2,007 million as of

December 31, 2012. These amounts represent the potential additional collateral required after giving consideration to offsetting derivative and non-derivative positions under master netting agreements.

Generation's and Exelon's interest rate swaps contain provisions that, in the event of a merger, if Generation's debt ratings were to materially weaken, it would be in violation of these provisions, resulting in the ability of the counterparty to terminate the agreement prior to maturity. Collateralization would not be required under any circumstance. Termination of the agreement could result in a settlement payment by Exelon or the counterparty on any interest rate swap in a net liability position. The settlement amount would be equal to the fair value of the swap on the termination date. As of March 31, 2013, Generation's and Exelon's swaps were in an asset position, with a fair value of $17 million and $29 million, respectively.

See Note 21 — Segment Information of the Exelon 2012 Form 10-K for further information regarding the letters of credit supporting the cash collateral.

Generation entered into SFCs with certain utilities, including PECO and BGE, with one-sided collateral postings only from Generation. If market prices fall below the benchmark price levels in these contracts, the utilities are not required to post collateral. However, when market prices rise above the benchmark price levels, counterparty suppliers, including Generation, are required to post collateral once certain unsecured credit limits are exceeded. Under the terms of the financial swap contract between Generation and ComEd, if a party is downgraded below investment grade by Moody's or S&P, collateral postings would be required by that party depending on how market prices compare to the benchmark price levels. Under the terms of the financial swap contract, collateral postings will never exceed $200 million from either ComEd or Generation. Under the terms of ComEd's standard block energy contracts, collateral postings are one-sided from suppliers, including Generation, should exposures between market prices and benchmark prices exceed established unsecured credit limits outlined in the contracts. As of March 31, 2013, ComEd held neither cash nor letters of credit for the purpose of collateral from suppliers in association with energy procurement contracts. Under the terms of ComEd's annual renewable energy contracts, collateral postings are required to cover a fixed value for RECs only. In addition, under the terms of ComEd's long-term renewable energy contracts, collateral postings are required from suppliers for both RECs and energy. The REC portion is a fixed value and the energy portion is one-sided from suppliers should the forward market prices exceed contract prices. As of March 31, 2013, ComEd held approximately $19 million in the form of cash and letters of credit as margin for both the annual and long-term REC obligations. See Note 3 — Regulatory Matters of the Exelon 2012 Form 10-K for further information.

PECO's natural gas procurement contracts contain provisions that could require PECO to post collateral. This collateral may be posted in the form of cash or credit support with thresholds contingent upon PECO's credit rating from the major credit rating agencies. The collateral and credit support requirements vary by contract and by counterparty. As of March 31, 2013, PECO was not required to post collateral for any of these agreements. If PECO lost its investment grade credit rating as of March 31, 2013, PECO could have been required to post approximately $36 million of collateral to its counterparties.

PECO's supplier master agreements that govern the terms of its DSP Program contracts do not contain provisions that would require PECO to post collateral.

BGE's full requirements wholesale power agreements that govern the terms of its electric supply procurement contracts do not contain provisions that would require BGE to post collateral.

BGE's natural gas procurement contracts contain provisions that could require BGE to post collateral. This collateral may be posted in the form of cash or credit support with thresholds contingent upon BGE's credit rating from the major credit rating agencies. The collateral and credit support requirements vary by contract and

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by counterparty. As of March 31, 2013, BGE was not required to post collateral for any of these agreements. If BGE lost its investment grade credit rating as of March 31, 2013, BGE could have been required to post approximately $127 million of collateral to its counterparties.

10. Debt and Credit Agreements (Exelon, Generation, ComEd, PECO and BGE)

Short-Term Borrowings

Exelon, ComEd and BGE meet their short-term liquidity requirements primarily through the issuance of commercial paper. Generation and PECO meet their short-term liquidity requirements primarily through the issuance of commercial paper and borrowings from the intercompany money pool.

The Registrants had the following amounts of commercial paper borrowings outstanding as of March 31, 2013 and December 31, 2012:

Commercial Paper Borrowings	March 31, 2013	December 31, 2012
Exelon Corporate	$ —	$ —
Generation	—	—
ComEd	220	—
PECO	—	—
BGE	—	—

Credit Facilities

Exelon had bank lines of credit under committed credit facilities at March 31, 2013 for short-term financial needs, as follows:

Type of Credit Facility	Amount(a) (In billions)	Expiration Dates	Capacity Type
Exelon Corporate			
Syndicated Revolver	$ 0.5	August 2017	Letters of credit and cash
Generation			
Syndicated Revolver	5.3	August 2017	Letters of credit and cash
Bilateral	0.3	December 2015 and March 2016	Letters of credit and cash
Bilateral	0.1	January 2015	Letters of credit
ComEd			
Syndicated Revolver	1.0	March 2018	Letters of credit and cash
PECO			
Syndicated Revolver	0.6	August 2017	Letters of credit and cash
BGE			
Syndicated Revolver	0.6	August 2017	Letters of credit and cash
Total	$ 8.4		

(a) Excludes additional credit facility agreements for Generation, ComEd, PECO and BGE with aggregate commitments of $50 million, $34 million, $34 million and $5 million, respectively, arranged with minority and community banks located primarily within ComEd's, PECO's and BGE's service territories. These facilities expire on October 19, 2013 and are solely utilized to issue letters of credit. As of March 31, 2013, letters of credit issued under these agreements totaled $25 million, $26 million, $21 million and $1 million, respectively.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

As of March 31, 2013, there were no borrowings under the Registrants' credit facilities.

On March 14, 2013, ComEd extended its unsecured revolving credit facility with aggregate bank commitments of $1.0 billion. Under this facility, ComEd may issue letters of credit in the aggregate amount of up to $500 million. The credit agreement expires on March 28, 2018, and ComEd may request another one-year extension of that term. The credit facility also allows ComEd to request increases in the aggregate commitments of up to an additional $500 million. Any such extension or increases are subject to the approval of the lenders party to the credit agreement in their sole discretion. Costs incurred to extend the facility for ComEd were not material.

Borrowings under Exelon Corporate's, Generation's, ComEd's, PECO's and BGE's credit agreements bear interest at a rate based upon either the prime rate or a LIBOR-based rate, plus an adder based upon the registrants credit rating. Exelon Corporate, Generation, ComEd, PECO and BGE have adders of 27.5, 27.5, 27.5, 0.0 and 7.5 basis points for prime based borrowings and 127.5, 127.5, 127.5, 100.0 and 107.5 basis points for LIBOR-based borrowings. The maximum adders for prime rate borrowings and LIBOR-based rate borrowings are 65 basis points and 165 basis points, respectively. The credit agreement also requires each entity to pay a facility fee based upon the aggregate commitments under the agreement. The fee varies depending upon the respective credit ratings of each entity.

On January 23, 2013, Generation entered into a two year $75 million bilateral letter of credit facility with a bank. The credit agreement expires in January 2015. This facility will solely be utilized by Generation to issue letters of credit.

Long-Term Debt

Issuance of Long-Term Debt

During the three months ended March 31, 2013, the following long-term debt was issued:

Company	Type	Interest Rate	Maturity	Amount	Use of Proceeds
Generation	Upstream Gas Lending Agreement	2.21%	July 22, 2016	$ 3	Used to fund Upstream gas activities
Generation	DOE Project Financing	2.72 - 2.81%	January 5, 2037	146	Funding for Antelope Valley Solar Development

During the three months ended March 31, 2012, there were no issuances of long-term debt.

Retirement of Current and Long-Term Debt

During the three months ended March 31, 2013, the following long-term debt was retired:

Company	Type	Interest Rate	Maturity	Amount
Generation	Kennett Square Capital Lease	7.83%	September 20, 2020	$ 1

On April 15, 2013, ComEd retired $125 million aggregate principal of its 7.625% Series 92 First Mortgage Bonds due April 15, 2013.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

During the three months ended March 31, 2012, the following long-term debt was retired:

Company	Type	Interest Rate	Maturity	Amount
ComEd	First Mortgage Bond Series 98	6.15%	March 15, 2012	$ 450
Generation	Kennett Square Capital Lease	7.83%	September 20, 2020	$ 1

Accounts Receivable Agreement

PECO is party to an agreement with a financial institution under which it transferred an undivided interest, adjusted daily, in its accounts receivable designated under the agreement in exchange for proceeds of $210 million, which is classified as a short-term note payable on Exelon's and PECO's Consolidated Balance Sheets. As of March 31, 2013 and December 31, 2012, the financial institution's undivided interest in Exelon's and PECO's gross accounts receivable was equivalent to $322 million and $289 million, respectively, which represents the financial institution's interest in PECO's eligible receivables as calculated under the terms of the agreement. The agreement requires PECO to maintain eligible receivables at least equivalent to the financial institution's undivided interest. Upon termination or liquidation of this agreement, the financial institution is entitled to recover up to $210 million plus the accrued yield payable from its undivided interest in PECO's receivables. The amended agreement terminates on August 30, 2013 unless extended in accordance with its terms. As of March 31, 2013, PECO was in compliance with the requirements of the agreement. In the event the agreement is not extended, PECO has sufficient short-term liquidity and may seek alternate financing.

11. Income Taxes (Exelon, Generation, ComEd, PECO and BGE)

The effective income tax rate from continuing operations varies from the U.S. Federal statutory rate principally due to the following:

For the Three Months Ended March 31, 2013	Exelon	Generation(a)	ComEd(a)	PECO	BGE
U.S. Federal statutory rate	35.0%	35.0%	35.0%	35.0%	35.0%
Increase (decrease) due to:					
State income taxes, net of Federal income tax benefit	68.0	82.0	5.8	2.8	5.7
Qualified nuclear decommissioning trust fund income	62.0	(192.3)	—	—	—
Domestic production activities deduction	(2.4)	7.4	—	—	—
Tax exempt income	(1.6)	4.8	—	—	—
Health care reform legislation	2.2	—	(0.5)	—	0.4
Amortization of investment tax credit, net deferred taxes	(25.8)	75.6	0.4	(0.1)	(0.2)
Plant basis differences	(24.9)	—	0.9	(6.7)	(0.6)
Production tax credits and other credits	(21.7)	67.2	—	—	—
Other	7.4	(74.1)	0.1	0.1	0.4
Effective income tax rate	98.2%	5.6%	41.7%	31.1%	40.7%

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

For the Three Months Ended March 31, 2012	Exelon(b)	Generation(b)	ComEd	PECO	BGE(c)
U.S. Federal statutory rate	35.0%	35.0%	35.0%	35.0%	35.0%
Increase (decrease) due to:					
State income taxes, net of Federal income tax benefit	(27.4)	1.2	5.9	3.4	4.4
Qualified nuclear decommissioning trust fund income	16.0	14.7	—	—	—
Domestic production activities deduction	(1.2)	(1.2)	—	—	—
Tax exempt income	(0.4)	(0.4)	—	—	—
Health care reform legislation	0.2	—	0.4	—	—
Amortization of investment tax credit, net deferred taxes	(0.8)	(0.5)	(0.3)	(0.3)	0.9
Plant basis differences	(3.0)	—	—	(3.5)	2.7
Production tax credits and other credits	(0.5)	(3.1)	—	—	—
Fines and Penalties	13.3	11.9	—	—	—
Merger expenses(d)	13.2	—	—	—	(8.5)
Other	(0.3)	0.5	0.2	(0.1)	0.3
Effective income tax rate	44.1%	58.1%	41.2%	34.5%	34.8%

(a) Generation and ComEd recognized a loss before income taxes for the three months ended March 31, 2013. As a result, positive percentages represent an income tax benefit for Generation and ComEd for the three months ended March 31, 2013.
(b) Exelon activity for the three months ended March 31, 2012 includes the results of Constellation and BGE for March 12, 2012 — March 31, 2012. Generation activity for the three months ended March 31, 2012 includes the results of Constellation for March 12, 2012 — March 31, 2012.
(c) BGE activity represents the activity for the three months ended March 31, 2013 and 2012. BGE recognized a loss before income taxes for the three months ended March 31, 2012. As a result, positive percentages represent an income tax benefit for BGE for the three months ended March 31, 2012.
(d) Prior to the close of the merger, the Registrants recorded the applicable taxes on merger transaction costs assuming the merger would not be completed. Upon closing of the merger, the Registrants reversed such taxes for those merger transaction costs that were determined to be non tax-deductible upon successful completion of a merger.

Accounting for Uncertainty in Income Taxes

Exelon, Generation, ComEd, PECO, and BGE have $1,656 million, $903 million, $334 million, $44 million, and $0 million, of unrecognized tax benefits as of March 31, 2013, respectively, and $1,024 million, $876 million, $67 million, $44 million and $0 million, of unrecognized tax benefits as of December 31, 2012, respectively. The increase in Exelon's and ComEd's unrecognized tax benefits is primarily attributable to the like-kind exchange position discussed below.

Other Income Tax Matters

Involuntary Conversion, Like-Kind Exchange and Competitive Transition Charges

1999 Sale of Fossil Generating Assets (Exelon and ComEd) . Exelon, through its ComEd subsidiary, took two positions on its 1999 income tax return to defer approximately $2.8 billion of tax gain on the sale of ComEd's fossil generating assets. Exelon deferred approximately $1.6 billion of the gain under the involuntary conversion provisions of the IRC. Exelon believed that it was economically compelled to dispose of ComEd's fossil generating plants as a result of the Illinois Act and that the proceeds from the sale of the fossil plants were properly reinvested in qualifying replacement property such that the gain could be deferred over the lives of the replacement property under the involuntary conversion provisions. The remaining approximately $1.2 billion of the gain was deferred by reinvesting the proceeds from the sale in qualifying replacement property under the

like-kind exchange provisions of the IRC. The like-kind exchange replacement property purchased by Exelon included interests in three municipal-owned electric generation facilities which were properly leased back to the municipalities. The IRS disagreed with both positions and asserted that the entire gain of approximately $2.8 billion was taxable in 1999.

Competitive Transition Charges (Exelon, ComEd, and PECO) . Exelon contended that the Illinois Act and the Competition Act resulted in the taking of certain of ComEd's and PECO's assets used in their respective businesses of providing electricity services in their defined service areas. Exelon filed refund claims with the IRS taking the position that CTCs collected during ComEd's and PECO's transition periods represent compensation for that taking and, accordingly, were excludible from taxable income as proceeds from an involuntary conversion. The tax basis of property acquired with the funds provided by the CTCs would be reduced such that the benefits of the position are temporary in nature. The IRS disallowed the refund claims for the 1999-2001 tax years.

Status of Involuntary Conversion and CTC Positions. In the second quarter of 2010, the IRS offered to settle the disagreement over the involuntary conversion and CTC positions. Exelon concluded, based on that offer, that it had sufficient new information that a remeasurement of the involuntary conversion and CTC positions was required in accordance with applicable accounting standards. As a result of the required remeasurement, Exelon recorded $65 million (after-tax) of interest expense, of which $36 million (after-tax) and $22 million (after-tax) were recorded at ComEd and PECO, respectively. ComEd also recorded a current tax expense of $70 million offset with a tax benefit recorded at Generation of $70 million. In the third quarter of 2010, Exelon and the IRS reached a nonbinding, preliminary agreement to settle Exelon's involuntary conversion on terms consistent with the settlement offer received in the second quarter. As a result of the preliminary agreement, Exelon and ComEd eliminated any liability for unrecognized tax benefits and established a current tax payable to the IRS. Exelon paid $302 million in late 2010 in advance of the final settlement and the assessment. In November 2012, the IRS and Exelon finalized and executed definitive agreements to resolve Exelon's involuntary conversion and CTC positions.

Status of Like-Kind Exchange Position. Exelon has been unable to reach agreement with the IRS regarding the dispute over the like kind exchange position. The IRS has asserted that the Exelon purchase and leaseback transaction is substantially similar to a leasing transaction, known as a SILO, which the IRS does not respect as the acquisition of an ownership interest in property. A SILO is a "listed transaction" that the IRS has identified as a potentially abusive tax shelter under guidance issued in 2005. Accordingly, the IRS has asserted that the sale of the fossil plants followed by the purchase and leaseback of the municipal owned generation facilities does not qualify as a like-kind exchange and the gain on the sale is fully subject to tax. The IRS has also asserted a penalty of approximately $86 million for a substantial understatement of tax.

Exelon disagrees with the IRS and continues to believe that its like-kind exchange transaction is not the same as or substantially similar to a SILO. Exelon expects to initiate litigation in 2013 to contest the IRS's disallowance of the like-kind exchange position. Although Exelon has been and remains willing to settle the disagreement on terms commensurate with the hazards of litigation, Exelon does not believe a settlement is possible. Because Exelon believed, as of December 31, 2012, that it was more-likely-than-not that Exelon would prevail in litigation, Exelon and ComEd had no liability for unrecognized tax benefits with respect to the like kind exchange position.

On January 9, 2013, the U.S. Court of Appeals for the Federal Circuit reversed the U.S. Court of Federal Claims and reached a decision for the government in Consolidated Edison v. United States. The Court disallowed Consolidated Edison's deductions stemming from its participation in a LILO transaction that the IRS also has characterized as a tax shelter.

In accordance with applicable accounting standards, Exelon is required to assess whether it is more-likely-than-not that it will prevail in litigation. Exelon continues to believe that its transaction is not a SILO and that it has a strong case on the merits. However, in light of the Consolidated Edison decision and Exelon's current determination that settlement is unlikely, Exelon has concluded that subsequent to December 31, 2012, it is no longer more-likely-than-not that its position will be sustained. As a result, in the first quarter of 2013 Exelon recorded a non-cash charge to earnings of approximately $265 million, which represents the amount of interest expense (after-tax) and incremental state income tax expense for periods through March 31, 2013 that would be payable in the event that Exelon is unsuccessful in litigation. Of this amount, approximately $170 million was recorded at ComEd. Exelon intends to hold ComEd harmless from any unfavorable impacts of the after-tax interest amounts on ComEd's equity. As such, ComEd recorded on its consolidated balance sheet as of March 31, 2013, a $172 million receivable and non-cash equity contributions from Exelon. Exelon and ComEd will continue to accrue interest on the uncertain tax position, and the charges arising from future interest accruals are not expected to be material to the annual operating earnings of Exelon or ComEd. In addition, ComEd will continue to record a receivable and non-cash equity contribution from Exelon in amounts equal to the additional interest recorded by ComEd on the uncertain tax position. The IRS also continues to assert an $86 million penalty for a substantial understatement of tax with respect to the like-kind exchange position. Exelon continues to believe that it is unlikely that the penalty assertion will ultimately be sustained and therefore no liability for the penalty has been recorded.

This determination for accounting purposes does not alter Exelon's intent to aggressively litigate the issue through appeals, if necessary, which could take three to five years. Exelon currently expects to initiate the litigation in the United States Tax Court, whose decisions are not controlled by the Federal Circuit's decision in Consolidated Edison.

As of March 31, 2013, in the event of a fully successful IRS challenge to Exelon's like-kind exchange position, the potential tax and after-tax interest, exclusive of penalties, that could become currently payable may be as much as $840 million, of which approximately $302 million would be attributable to ComEd after consideration of Exelon's agreement to hold ComEd harmless, and the balance at Exelon. Litigation could take several years such that the estimated cash and interest impacts would likely change by a material amount.

Accounting for Generation Repairs (Exelon and Generation).

On April 30, 2013, the IRS issued guidance that will facilitate the determination of the appropriate tax treatment of costs incurred to repair electric generation assets. Exelon and Generation will assess its impact and expect to file a request for change in method of tax accounting for repair costs beginning with its 2014 taxable year.

12. Nuclear Decommissioning (Exelon and Generation)

Nuclear Decommissioning Asset Retirement Obligations

Generation has a legal obligation to decommission its nuclear power plants following the expiration of their operating licenses. To estimate its decommissioning obligation related to its nuclear generating stations, Generation uses a probability-weighted, discounted cash flow model which, on a unit-by-unit basis, considers multiple outcome scenarios that include significant estimates and assumptions, and are based on decommissioning cost studies, cost escalation rates, probabilistic cash flow models and discount rates. Generation generally updates its ARO annually during the third quarter, unless circumstances warrant more frequent updates, based on its review of updated cost studies and its annual evaluation of cost escalation factors and probabilities assigned to various scenarios.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following table provides a rollforward of the nuclear decommissioning ARO reflected on Exelon's and Generation's Consolidated Balance Sheets from December 31, 2012 to March 31, 2013:

Nuclear decommissioning ARO at December 31, 2012(a)	$4,741
Accretion expense	64
Costs incurred to decommission retired plants	(1)
Nuclear decommissioning ARO at March 31, 2013(a)	$4,804

(a) Includes $10 million as the current portion of the ARO at March 31, 2013 and December 31, 2012, which is included in other current liabilities on Exelon's and Generation's Consolidated Balance Sheets.

Nuclear Decommissioning Trust Fund Investments

NDT funds have been established for each generating station unit to satisfy Generation's nuclear decommissioning obligations. NDT funds established for a particular unit may not be used to fund the decommissioning obligations of any other unit.

The NDT funds associated with the former ComEd, former PECO and former AmerGen units have been funded with amounts collected from ComEd customers, PECO customers and the previous owners of the former AmerGen plants, respectively. Based on an ICC order, ComEd ceased collecting amounts from its customers to pay for decommissioning costs. PECO currently collects funds, in revenues, for decommissioning the former PECO nuclear plants through regulated rates, and these collections are expected to continue through the operating lives of the plants. The amounts collected from PECO customers are remitted to Generation and deposited into the NDT funds. Every five years, PECO files a rate adjustment with the PAPUC that reflects PECO's calculations of the estimated amount needed to decommission each of the former PECO units based on updated fund balances and estimated decommissioning costs. The rate adjustment is used to determine the amount collectible from PECO customers. The most recent rate adjustment occurred on January 1, 2013, and the effective rates currently yield annual collections of $24 million. The next five-year adjustment is expected to be reflected in rates charged to PECO customers effective January 1, 2018. With respect to the former AmerGen units, Generation does not collect any amounts, nor is there any mechanism by which Generation can seek to collect additional amounts, from customers. Apart from the contributions made to the NDT funds from amounts collected from ComEd and PECO customers, Generation has not made contributions to the NDT funds.

Any shortfall of funds necessary for decommissioning, determined for each generating station unit, is ultimately required to be funded by Generation. Generation has recourse to collect additional amounts from PECO customers related to a shortfall of NDT funds for the former PECO units, subject to certain limitations and thresholds, as prescribed by an order from the PAPUC. Generally, PECO will not be allowed to collect amounts associated with the first $50 million of any shortfall of trust funds, on an aggregate basis for all former PECO units, compared to decommissioning obligations, as well as 5% of any additional shortfalls. The initial $50 million and up to 5% of any additional shortfalls would be borne by Generation. No recourse exists to collect additional amounts from ComEd customers for the former ComEd units or from the previous owners of the former AmerGen units. With respect to the former ComEd and PECO units, any funds remaining in the NDTs after decommissioning has been completed are required to be refunded to ComEd's or PECO's customers, subject to certain limitations that allow sharing of excess funds with Generation related to the former PECO units. With respect to the former AmerGen units, Generation retains any funds remaining in the funds after decommissioning.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
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At March 31, 2013 and December 31, 2012, Exelon and Generation had NDT fund investments totaling $7,559 million and $7,248 million, respectively. The following table provides unrealized gains (losses) on NDT funds for the three months ended March 31, 2013 and 2012:

	Three Months Ended March 31,	
	2013	2012
Net unrealized gains on decommissioning trust funds — Regulatory Agreement Units(a)	$ 195	$ 247
Net unrealized gains on decommissioning trust funds — Non-Regulatory Agreement Units(b)(c)	64	65

(a) Net unrealized gains related to Generation's NDT funds associated with Regulatory Agreement Units are included in regulatory liabilities on Exelon's Consolidated Balance Sheets and noncurrent payables to affiliates on Generation's Consolidated Balance Sheets.
(b) Excludes $2 and $35 million of net unrealized gains related to the Zion Station pledged assets for the three months ended March 31, 2013 and 2012, respectively. Net unrealized gains related to Zion Station pledged assets are included in the payable for Zion Station decommissioning on Exelon's and Generation's Consolidated Balance Sheets.
(c) Net unrealized gains related to Generation's NDT funds associated with Non-Regulatory Agreement Units are included within Other, net in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income.

Interest and dividends on NDT fund investments are recognized when earned and are included in Other, net in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income. Interest and dividends earned on the NDT fund investments for the Regulatory Agreement Units, which are subject to regulatory accounting, are eliminated within Other, net in Exelon's and Generation's Consolidated Statement of Operations and Comprehensive Income.

See Note 3 and Note 22 of the Exelon 2012 Form 10-K for information regarding regulatory liabilities at ComEd and PECO and intercompany balances between Generation, ComEd and PECO reflecting the obligation to refund to customers any decommissioning-related assets in excess of the related decommissioning obligations.

Zion Station Decommissioning. On September 1, 2010, Generation completed an Asset Sale Agreement (ASA) with EnergySolutions Inc. and its wholly owned subsidiaries, EnergySolutions, LLC (EnergySolutions) and ZionSolutions under which ZionSolutions has assumed responsibility for decommissioning Zion Station, which is located in Zion, Illinois and ceased operation in 1998. On January 7, 2013, EnergySolutions announced that it had entered a definitive acquisition agreement to be acquired by another Company. Generation reviewed the acquisition as it relates to the ASA to decommission Zion Station. Based on that review, Generation determined that the acquisition will not adversely impact decommissioning activities under the ASA. See Note 13 of the Exelon 2012 Form 10-K for information regarding the specific treatment of assets, including NDT funds, and decommissioning liabilities transferred in the transaction.

On July 14, 2011, three people filed a purported class action lawsuit in the United States District Court for the Northern District of Illinois naming ZionSolutions and Bank of New York Mellon as defendants and seeking, among other things, an accounting for use of NDT funds, an injunction against the use of NDT funds, the appointment of a trustee for the NDT funds, and the return of NDT funds to customers of ComEd to the extent legally entitled thereto. If the plaintiffs prevail on the merits of their claims, some or all of the NDT funds may no longer be available to ZionSolutions for decommissioning Zion Station, in which case, the contractual arrangement would require ZionSolutions to utilize a line of credit to complete the decommissioning. In addition, the appointment of a NDT fund trustee in this matter could impact Generation's future decommissioning activities at other stations by setting a precedent for the appointment of trustees for NDT funds. On July 20, 2012, ZionSolutions and Bank of New York Mellon filed a motion to dismiss the amended complaint for failing to state a claim. The matter is currently under review by the court.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

ZionSolutions is subject to certain restrictions on its ability to request reimbursements from the Zion Station NDT funds as defined within the ASA. Therefore, the transfer of the Zion Station assets did not qualify for asset sale accounting treatment and, as a result, the related NDT funds were reclassified to pledged assets for Zion Station decommissioning within Generation's and Exelon's Consolidated Balance Sheets and will continue to be measured in the same manner as prior to the completion of the transaction. Additionally, the transferred ARO for decommissioning was replaced with a payable to ZionSolutions in Generation's and Exelon's Consolidated Balance Sheets. Changes in the value of the Zion Station NDT assets, net of applicable taxes, will be recorded as a change in the payable to ZionSolutions. At no point will the payable to ZionSolutions exceed the project budget of the costs remaining to decommission Zion Station. Any Zion Station NDT funds remaining after the completion of all decommissioning activities will be returned to ComEd customers. Generation has retained its obligation to transfer the SNF at Zion Station to the DOE for ultimate disposal and has a liability of approximately $79 million, which is included within the nuclear decommissioning ARO at March 31, 2013. Generation also has retained NDT assets to fund its obligation to maintain and transfer the SNF at Zion Station. The following table provides the pledged assets and payable to ZionSolutions, and withdrawals by ZionSolutions at March 31, 2013 and December 31, 2012:

	Exelon and Generation	
	March 31, 2013	December 31, 2012
Carrying value of Zion Station pledged assets	$ 580	$ 614
Payable to Zion Solutions(a)	531	564
Current portion of payable to Zion Solutions(b)	159	132
Withdrawals by Zion Solutions to pay decommissioning costs(c)	371	335

(a) Excludes a liability recorded within Generation's Consolidated Balance Sheets related to the tax obligation on the unrealized activity associated with the Zion Station NDT Funds. The NDT Funds will be utilized to satisfy the tax obligations as gains and losses are realized.
(b) Included in other current liabilities within Generation's Consolidated Balance Sheets.
(c) Cumulative withdrawals since September 1, 2010.

NRC Minimum Funding Requirements . NRC regulations require that licensees of nuclear generating facilities demonstrate reasonable assurance that funds will be available in specified minimum amounts to decommission the facility at the end of its life. On April 1, 2013, Generation submitted its NRC-required biennial decommissioning funding status report as of December 31, 2012. As of December 31, 2012, Generation provided adequate funding assurance for all of its units, including Limerick Unit 1, where Generation has in place a $115 million parent guarantee to cover the NRC minimum funding assurance requirements.

On January 31, 2013, Generation received a letter from the NRC indicating that the NRC has identified potential "apparent violations" of its regulations because of alleged inaccuracies in the Decommissioning Fund Status reports for 2005, 2006, 2007, and 2009. The NRC asserted that Generation's status reports deliberately reflected cost estimates for decommissioning its nuclear plants that were less than what the NRC says are the minimum amounts required by NRC regulations. Generation met with the NRC on April 30, 2013 for a pre-decisional enforcement conference to provide additional information to explain why Generation believes that it complied with the regulatory requirements and did not deliberately or otherwise provide incomplete or inaccurate information in its decommissioning funding status reports. While Generation does not believe that any sanction is appropriate, the ultimate outcome of this proceeding including the amount of a potential fine or sanction, if any, is uncertain. Generation anticipates that the NRC will issue its findings sometime this year. The January 31, 2013 letter from the NRC does not take issue with Generation's current funding status, and as reflected in Generation's April 1, 2013 decommissioning funding status report referenced above, Generation continues to provide adequate funding assurance for each of its units.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

13. Retirement Benefits (Exelon, Generation, ComEd, PECO and BGE)

Exelon sponsors defined benefit pension plans and other postretirement benefit plans for essentially all Generation, ComEd, PECO, BGE and BSC employees.

Defined Benefit Pension and Other Postretirement Benefits

During the first quarter of 2013, Exelon received an updated valuation of its legacy Exelon pension and other postretirement benefit obligations to reflect actual census data as of January 1, 2013. This valuation resulted in an increase to the pension obligation of $8 million and a decrease to the other postretirement benefit obligation of $39 million. Additionally, accumulated other comprehensive loss decreased by approximately $75 million (after tax) and regulatory assets increased by $93 million. The updated valuation for legacy Constellation plans will be completed in the second quarter of 2013.

The following tables present the components of Exelon's net periodic benefit costs for the three months ended March 31, 2013 and 2012. The 2013 pension benefit cost for all plans is calculated using an expected long-term rate of return on plan assets of 7.50% and a discount rate of 3.92%. The 2013 other postretirement benefit cost is calculated using an expected long-term rate of return on plan assets of 6.45% for funded plans and a discount rate of 4.00% for all plans. Legacy Constellation other postretirement benefit plans are not funded. A portion of the net periodic benefit cost is capitalized within the Consolidated Balance Sheets.

	Pension Benefits Three Months Ended March 31,		Other Postretirement Benefits Three Months Ended March 31,	
	2013	2012	2013	2012
Service cost	$ 80	$ 61	$ 41	$ 37
Interest cost	163	164	48	51
Expected return on assets	(253)	(232)	(33)	(29)
Amortization of:				
Transition obligation	—	—	—	3
Prior service cost (benefit)	3	4	(4)	(3)
Actuarial loss	140	106	20	19
Net periodic benefit cost	$ 133	$ 103	$ 72	$ 78

The amounts below were included in capital additions and operating and maintenance expense during the three months ended March 31, 2013 and 2012, for Generation's, ComEd's, PECO's, BGE's and BSC's allocated portion of the pension and postretirement benefit plan costs.

	Three Months Ended March 31,	
Pension and Other Postretirement Benefit Costs	2013	2012
Generation	$ 87	$ 81
ComEd	77	69
PECO	11	13
BGE(a)	13	16
BSC(b)	17	14

(a) BGE's pension and postretirement benefit costs for the three months ended March 31, 2012 include $12 million of costs incurred prior to the closing of Exelon's merger with Constellation on March 12, 2012. These amounts are not included in Exelon's net periodic benefit costs for the three months ended March 31, 2012 shown in the first table of the Defined Benefit Pension and Other Postretirement Benefits section above.

(b) These amounts primarily represent amounts billed to Exelon's subsidiaries through intercompany allocations. These amounts are not included in the Generation, ComEd, PECO or BGE amounts above.

Management considers various factors when making pension funding decisions, including actuarially determined minimum contribution requirements under ERISA, contributions required to avoid benefit restrictions and at-risk status as defined by the Pension Protection Act of 2006, management of the pension obligation and regulatory implications. Exelon expects to contribute $255 million to its qualified pension plans in 2013, of which Generation, ComEd, PECO and BGE will contribute $113 million, $116 million, $11 million and $0 million, respectively. Unlike the qualified pension plans, Exelon's non-qualified pension plans are not funded. Exelon expects to make non-qualified pension plan benefit payments of $79 million in 2013, of which Generation, ComEd, PECO, and BGE will make payments of $6 million, $1 million, $1 million, and $2 million, respectively.

Unlike qualified pension plans, other postretirement plans are not subject to regulatory minimum contribution requirements. Exelon's management has historically considered several factors in determining the level of contributions to its other postretirement benefit plans, including levels of benefit claims paid and regulatory implications (amounts deemed prudent to meet regulator expectations and best assure continued recovery). In 2013, Exelon anticipates funding its other postretirement benefit plans based on the funding considerations discussed above, with the exception of those plans previously sponsored by Constellation and AmerGen, which remain unfunded. Exelon expects to make other postretirement benefit plan contributions, including benefit payments related to unfunded plans, of approximately $292 million in 2013, of which Generation, ComEd, PECO, and BGE expect to contribute $117 million, $114 million, $22 million, and $18 million, respectively.

Plan Assets

Investment Strategy. On a regular basis, Exelon evaluates its investment strategy to ensure that plan assets will be sufficient to pay plan benefits when due. As part of this ongoing evaluation, Exelon may make changes to its targeted asset allocation and investment strategy.

Exelon has developed and implemented an investment strategy for its qualified pension plans that has reduced the volatility of its pension assets relative to its pension liabilities. Exelon is likely to continue to gradually increase the liability hedging portfolio as the funded status of its plans improves. The overall objective is to achieve attractive risk-adjusted returns that will balance the liquidity requirements of the plans' liabilities while striving to minimize the risk of significant losses. This investment strategy would tend to result in a lower expected rate of return on plan assets in future years. Trust assets for Exelon's other postretirement plans are managed in a diversified investment strategy that prioritizes maximizing liquidity and returns while minimizing asset volatility.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Defined Contribution Savings Plans

The Registrants participate in various 401(k) defined contribution savings plans that are sponsored by Exelon. The plans are qualified under applicable sections of the IRC and allow employees to contribute a portion of their pre-tax income in accordance with specified guidelines. All Registrants match a percentage of the employee contributions up to certain limits. The following table presents the matching contributions to the savings plans during the three months ended March 31, 2013 and 2012:

	Three Months Ended March 31,	
Savings Plan Matching Contributions	2013	2012
Exelon	$ 22	$ 16
Generation	11	8
ComEd	5	4
PECO	2	2
BGE(a)	2	2
BSC(b)	2	1

(a) BGE's matching contributions for the three months ended March 31, 2012 include $1 million of costs incurred prior to the closing of Exelon's merger with Constellation on March 12, 2012, which is not included in Exelon's matching contributions for the three months ended March 31, 2012.

(b) These amounts primarily represent amounts billed to Exelon's subsidiaries through intercompany allocations. These costs are not included in the Generation, ComEd, PECO or BGE amounts above.

14. Stock-Based Compensation Plans (Exelon, Generation, ComEd, PECO and BGE)

Exelon grants stock-based awards through its LTIP, which primarily includes stock options, restricted stock units and performance share awards. At March 31, 2013, there were approximately 16 million shares authorized for issuance under the LTIP. For the three months ended March 31, 2013 and 2012, exercised and distributed stock-based awards were primarily issued from authorized but unissued common stock shares.

The Compensation Committee of Exelon's Board of Directors changed the mix of awards granted under the LTIP in 2013 by eliminating stock options in favor of the use of full value shares, consisting of performance shares and restricted stock. The performance share awards granted in 2013 will vest at the end of a three-year performance period. The performance share awards granted in 2012 and earlier had a one-year performance period and vested ratably over three years. To address the reduction in annual award opportunity resulting from the transition to a three-year performance period, the Compensation Committee also approved a one-time grant of performance share transition awards in 2013, which will vest one-third after one year, with the remaining balance vesting over a two-year performance period.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following table presents the stock-based compensation expense included in Exelon's Consolidated Statements of Operations and Comprehensive Income for the three months ended March 31, 2013 and 2012:

Components of Stock-Based Compensation Expense	Three Months Ended March 31, 2013	Three Months Ended March 31, 2012
Performance share awards	$ 16	$ 16
Stock options	1	7
Restricted stock units	20	19
Other stock-based awards	1	1
Total stock-based compensation expense included in operating and maintenance expense	38	43
Income tax benefit	(15)	(16)
Total after-tax stock-based compensation expense	$ 23	$ 27

The following table presents stock-based compensation expense (pre-tax) for the three months ended March 31, 2013 and 2012:

Subsidiaries	Three Months Ended March 31, 2013	Three Months Ended March 31, 2012
Generation	$ 15	$ 14
ComEd	2	5
PECO	2	3
BGE(a)	2	2
BSC(b)	17	19
Total(c)	$ 38	$ 43

(a) BGE's stock-based compensation expense (pre-tax) for the three months ended March 31, 2012 includes $2 million of cost incurred prior to the closing of Exelon's merger with Constellation on March 12, 2012. This amount is not included in Exelon's stock-based compensation expense for the three months ended March 31, 2012 shown in the table titled Components of Stock-Based Compensation Expense above.

(b) These amounts primarily represent amounts billed to Exelon's subsidiaries through intercompany allocations. These amounts are not included in the Generation, ComEd, PECO and BGE amounts above.

(c) The stock-based compensation expense (pre-tax) for the three months ended March 31, 2013 reflects the impact of changes to the retirement eligibility requirements for employees participating in the LTIP. In addition, the stock-based compensation expense at ComEd reflects the adoption of the ComEd Key Manager Long-Term Performance Program in 2013 for certain employees, which is not consider stock-based compensation expense under the applicable authoritative guidance. In 2012, these employees participated in the Exelon Restricted Stock Award Program.

There were no significant stock-based compensation costs capitalized during the three months ended March 31, 2013 and 2012.

Stock Options

Non-qualified stock options are granted under the LTIP with exercise prices equal to the fair market value of the underlying stock at the date of grant. Generally, the stock options vest ratably over a four-year vesting period and expire ten years from the date of grant.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

There were no stock options granted in 2013. The Compensation Committee eliminated stock option grants by changing the mix of long-term incentives for Senior Vice Presidents (SVPs) and higher officers from 75% performance shares and 25% stock options to 67% performance shares and 33% restricted stock units ("RSUs").

At March 31, 2013, $5 million of total unrecognized compensation costs related to nonvested stock options are expected to be recognized over the remaining weighted-average period of 2.1 years.

Restricted Stock Units

Restricted stock units are granted under the LTIP with the majority being settled in a specific number of shares of common stock after the service condition has been met. The corresponding cost of services is measured based on the grant date fair value of the restricted stock unit issued. The requisite service period for restricted stock units is generally three to five years. However, certain restricted stock unit awards become fully vested upon the employee reaching retirement-eligibility.

At March 31, 2013, Exelon had obligations related to outstanding restricted stock units not yet settled of $48 million, which are included in common stock in Exelon's Consolidated Balance Sheets. As of March 31, 2013, Exelon had no obligations related to outstanding restricted stock units that will be settled in cash. During the three months ended March 31, 2013 and 2012, Exelon settled restricted stock units with a fair value totaling $22 million and $20 million, respectively. At March 31, 2013, $94 million of total unrecognized compensation costs related to nonvested restricted stock units are expected to be recognized over the remaining weighted-average period of 2.6 years.

Performance Share and Performance Share Transition Awards

Performance share awards are granted under the LTIP with the 2013 performance share awards being settled 50% in common stock and 50% in cash at the end of the three-year performance period except for awards granted to executive vice presidents and higher officers that may be settled 100% in cash if certain ownership requirements are satisfied. The 2012 performance share awards are being settled 50% in common stock and 50% in cash over the three-year vesting term with executive vice presidents and higher officers receiving 100% cash if certain ownership requirements are satisfied. The performance shares granted prior to 2012 generally vest and settle over a three-year period with the holders receiving shares of common stock and/or cash annually during the vesting period.

The one-time 2013 performance share transition awards, which provide an opportunity to earn an award contingent on company performance, will be settled 50% in common stock and 50% in cash, except for awards granted to executive vice presidents and higher officers that may be settled 100% in cash if certain ownership requirements are satisfied. One-third of the award vests and is payable after a one-year performance period while the remaining two-thirds vests and is payable after a two-year performance period.

The payout of the 2013 performance share awards and one-time performance share transition awards are based on the Company's performance against specific operational and financial goals set annually during the respective performance periods. As a result, the 2013 performance share awards have been divided into equal tranches for the purpose of expense recognition as though the respective award were multiple awards; with each tranche representing a corresponding fiscal year. The one-time performance share transition awards have also been divided into multiple tranches for the purpose of expense recognition. One tranche reflects the one-third of the awards that vests and are payable after a one-year period. The two-thirds of the one-time performance share transition awards that are subject to a two-year performance period have also been divided into equal tranches; with each tranche representing a corresponding fiscal year. The grant date for each tranche of the 2013

performance share and one-time performance share transition awards is the date in which the performance goals for that fiscal year are approved and communicated, which typically occurs at the corresponding January Compensation Committee meeting.

The 2013 performance share awards and one-time performance share transition awards are recorded at fair value at the grant dates for each tranche, with the estimated grant date fair value based on the expected payout of the award, which may range from 50% to 150% of the payout target. The 2013 performance share awards also include a total shareholder return modifier (TSR) that may increase or decrease the award up to 25% and an individual performance modifier (IPM) that can decrease the award by up to 50% or increase the award by up to 10% for senior vice presidents and higher officers or up to 20% for vice presidents. The one-time performance share transition award is not affected by either TSR or the IPM.

The common stock portion of the performance share and one-time performance share transition awards is considered an equity award being valued based on Exelon's stock price on the grant date. The cash portion of the awards is considered a liability award which is remeasured each reporting period based on Exelon's current stock price. As the value of the common stock and cash portions of the awards are based on Exelon's stock price during the performance period, coupled with changes in the total shareholder return modifier and expected payout of the award, the compensation costs are subject to volatility until payout is established.

The 2012 performance share awards are recorded at fair value at the date of grant with the estimated grant date fair value based on the expected payout of the award, which may range from 75% to 125% of the payout target. The common stock portion is considered an equity award with the 75% payout floor being valued based on Exelon's stock price on the grant date. The cash portion of the award is considered a liability award with the 75% payout floor being remeasured each reporting period based on Exelon's current stock price. The expected payout in excess of the 75% floor for the equity and liability portions are remeasured each reporting period based on Exelon's current stock price and changes in the expected payout of the award; therefore these portions of the award are subject to volatility until the payout is established.

For nonretirement-eligible employees, stock-based compensation costs are recognized over the vesting period of three years using the graded-vesting method. For performance share and one-time performance share transition awards granted to retirement-eligible employees, the value of the performance shares in recognized ratably over the vesting period, which is the year of grant.

During the three months ended March 31, 2013 and 2012, Exelon settled performance shares with a fair value totaling $22 million and $18 million, respectively, of which $9 million and $3 million was paid in cash, respectively. As of March 31, 2013, $47 million of total unrecognized compensation costs related to nonvested performance shares are expected to be recognized over the remaining weighted-average period of 2.7 years. In addition, as of March 31, 2013, $29 million of total unrecognized compensation costs related to nonvested one-time performance share transition awards are expected to be recognized over the remaining weighted-average period of 1.8 years.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

15. Changes in Accumulated Other Comprehensive Income (Exelon, Generation, and PECO)

The following table presents changes in accumulated other comprehensive income (loss) by component for three months ended March 31, 2013:

	Gains and (Losses) on Cash Flow Hedges	Unrealized Gains and (Losses) on Marketable Securities	Pension and Non-Pension Postretirement Benefit Plan items	Foreign Currency Items	AOCI of Equity Investments	Total
Exelon (a)						
Beginning balance	$ 368	$ —	$ (3,137)	$ —	$ 2	$(2,767)
OCI before reclassifications	—	(1)	76	(1)	26	100
Amounts reclassified from AOCI(b)	(58)	—	50	—	2	(6)
Net current-period OCI	(58)	(1)	126	(1)	28	94
Ending balance	$ 310	$ (1)	$ (3,011)	$ (1)	$ 30	$(2,673)
Generation (a)						
Beginning balance	$ 513	$ (1)	$ (19)	$ —	$ 20	$ 513
OCI before reclassifications	5	(1)	—	(1)	26	29
Amounts reclassified from AOCI(b)	(135)	—	—	—	2	(133)
Net current-period OCI	(130)	(1)	—	(1)	28	(104)
Ending balance	$ 383	$ (2)	$ (19)	$ (1)	$ 48	$ 409
PECO (a)						
Beginning balance	$ —	$ 1	$ —	$ —	$ —	$ 1
OCI before reclassifications	—	—	—	—	—	—
Amounts reclassified from AOCI(b)	—	—	—	—	—	—
Net current-period OCI	—	—	—	—	—	—
Ending balance	$ —	$ 1	$ —	$ —	$ —	$ 1

(a) All amounts are net of tax. Amounts in parenthesis represent a decrease in accumulated other comprehensive income.
(b) See next table for details about these reclassifications.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following table presents amounts reclassified out of AOCI to Net Income during the three months ended March 31, 2013:

Details about AOCI components	Items reclassified out of AOCI(a)					Affected line item in the statement where Net Income is presented
	Exelon	Generation	ComEd	PECO	BGE	
Gains and (losses) on cash flow hedges						
Energy related hedges	$ 99	$ 223	$ —	$ —	$—	Operating revenues
Other cash flow hedges	(1)	—	—	—	—	Interest expense
	98	223	—	—	—	Total before tax
	(40)	(88)	—	—	—	Tax (expense)
	$ 58	$ 135	$ —	$ —	$—	Net of tax
Amortization of pension and other postretirement benefit plan items						
Actuarial gains/ (losses)	$ (83)	—	—	—	—	(b)
	(83)	—	—	—	—	Total before tax
	33	—	—	—	—	Tax benefit
	$ (50)	$ —	$ —	$ —	$—	Net of tax
Equity investments						
Capital activity	$ (3)	$ (3)	$ —	$ —	$—	Equity in losses of unconsolidated affiliates
	(3)	(3)	—	—	—	Total before tax
	1	1	—	—	—	Tax benefit
	$ (2)	$ (2)	$ —	$ —	$—	Net of tax
Total reclassifications for the period	$ 6	$ 133	$ —	$ —	$—	Net of Tax

(a) All amounts are net of tax. Amounts in parenthesis represent a decrease in net income.
(b) This accumulated other comprehensive income component is included in the computation of net periodic pension and OPEB cost (see Note 13 — Retirement Benefits for additional details).

16. Earnings Per Share and Equity (Exelon)

Earnings per Share

Diluted earnings per share is calculated by dividing net income by the weighted average number of shares of common stock outstanding, including shares to be issued upon exercise of stock options, performance share awards and restricted stock outstanding under Exelon's LTIPs considered to be common stock equivalents. The following table sets forth the components of basic and diluted earnings per share and shows the effect of these stock options, performance share awards and restricted stock on the weighted average number of shares outstanding (in millions) used in calculating diluted earnings per share:

	Three Months Ended March 31,	
	2013	2012
Net (loss) income	$ (4)	$ 200
Weighted average common shares outstanding — basic	855	705
Assumed exercise and/or distributions of stock based awards	—	2
Weighted average common shares outstanding — diluted	855	707

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

For the three months ended March 31, 2013 in which there was a net loss to common stockholders, no potentially dilutive securities are included in the calculation of diluted loss per share, as inclusion of these securities would have reduced the net loss per share. For the three months ended March 31, 2012, the number of stock options not included in the calculation of diluted common shares outstanding due to their antidilutive effect was approximately 11 million.

Under share repurchase programs, 35 million shares of common stock are held as treasury stock with a cost of $2.327 billion as of March 31, 2013. In 2008, Exelon management decided to defer indefinitely any share repurchases.

Preferred Securities

PECO has $87 million of cumulative preferred securities that are redeemable at its option at any time for the redemption price established when each series of securities were issued. On March 25, 2013, PECO issued a notice of redemption for all outstanding series of preferred securities with a redemption date of May 1, 2013. The redemption premium will be reflected as a direct charge to retained earnings in PECO's Consolidated Balance Sheet in the second quarter of 2013.

17. Commitments and Contingencies (Exelon, Generation, ComEd, PECO and BGE)

The following is an update to the current status of commitments and contingencies set forth in Note 19 of the Exelon 2012 Form 10-K.

Commitments

Energy Commitments

As of March 31, 2013, Generation's short- and long-term commitments relating to the purchases from unaffiliated utilities and others of energy, capacity and transmission rights, are as indicated in the following table:

	Net Capacity Purchases(a)	Power-Related Purchases(b)	Transmission Rights Purchases(c)	Purchased Energy from CENG	Total
2013	$ 274	$ 60	$ 22	$ 584	$ 940
2014	356	76	26	588	1,046
2015	351	36	13	—	400
2016	266	19	2	—	287
2017	203	4	2	—	209
Thereafter	472	3	34	—	509
Total	$ 1,922	$ 198	$ 99	$ 1,172	$3,391

(a) Net capacity purchases include PPAs and other capacity contracts including those that are accounted for as operating leases. Amounts presented in the commitments represent Generation's expected payments under these arrangements at March 31, 2013, net of fixed capacity payments expected to be received by Generation under contracts to resell such acquired capacity to third parties under long-term capacity sale contracts. These capacity payments represent the fixed, or pre-determined, payment for output from contracted generation facilities. Output in this context generally includes products such as energy, capacity, and various ancillary services associated with generating facilities. Expected payments include certain capacity charges which are contingent on plant availability.

(b) Power-Related Purchases include firm REC purchase agreements. The table excludes renewable energy purchases that are contingent in nature.

(c) Transmission rights purchases include estimated commitments for additional transmission rights that will be required to fulfill firm sales contracts.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

In connection with Constellation's comprehensive agreement with EDF in October 2010, Constellation's and EDF's existing power purchase agreements with CENG were modified to be unit-contingent through the end of their original term in 2014. Under these agreements, CENG has the ability to fix the energy price on a forward basis by entering into monthly energy hedge transactions for a portion of the future sale, while any unhedged portions will be provided at market prices by default. Additionally, beginning in 2015 and continuing to the end of the life of the respective plants, Generation agreed to purchase 50.01% of the available output of CENG's nuclear plants at market prices. Generation discloses in the table above commitments to purchase from CENG at fixed prices. All commitments to purchase at market prices, which include all purchases subsequent to December 31, 2014, are excluded from the table. Generation continues to own a 50.01% membership interest in CENG that is accounted for as an equity method investment. See Note 5 — Investment in Constellation Energy Nuclear Group, LLC for more details on this arrangement.

ComEd's, PECO's and BGE's electric supply procurement, curtailment services, REC and AEC purchase commitments as of March 31, 2013 are as follows:

		Expiration within					
	Total	2013	2014	2015	2016	2017	2018 and beyond
ComEd							
Electric supply procurement(a)	$1,103	$367	$323	$136	$137	$140	$ —
Renewable energy and RECs(b)	1,632	49	66	74	76	82	1,285
PECO							
Electric supply procurement(c)	1,073	704	309	60	—	—	—
AECs	27	10	5	2	2	2	6
BGE							
Electric supply procurement(d)	1,191	651	466	74	—	—	—
Curtailment services	140	37	46	41	16	—	—

(a) ComEd entered into various contracts for the procurement of electricity that started to expire in 2012, and will continue to expire through 2017. ComEd is permitted to recover its electric supply procurement costs from retail customers with no mark-up. See Note 5 — Regulatory Matters for additional information.

(b) ComEd entered into 20-year contracts for renewable energy and RECs beginning June 2012. ComEd is permitted to recover its renewable energy and REC costs from retail customers with no mark-up. Pursuant to the ICC's Order on December 19, 2012, ComEd's commitments under the existing long-term contracts for energy and associate RECs were reduced in the first quarter of 2013. See Note 5 — Regulatory Matters for additional information.

(c) PECO entered into various contracts for the procurement of electric supply to serve its default service customers that expire between 2013 and 2015. PECO is permitted to recover its electric supply procurement costs from default service customers with no mark-up in accordance with its PAPUC-approved DSP Programs. See Note 5 — Regulatory Matters for additional information.

(d) BGE entered into various contracts for the procurement of electricity that expire between 2013 and 2015. The cost of power under these contracts is recoverable under MDPSC approved fuel clauses. See Note 5 — Regulatory Matters for additional information.

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Fuel Purchase Obligations

In addition to the energy commitments described above, Generation has commitments to purchase fuel supplies for nuclear and fossil generation (and with respect to coal, commitments to sell coal). PECO and BGE have commitments to purchase natural gas, related to transportation, storage capacity and services to serve customers in their gas distribution service territory. As of March 31, 2013, these net commitments were as follows:

		Expiration within					
	Total	2013	2014	2015	2016	2017	2018 and beyond
Generation	$8,622	$940	$1,239	$1,256	$1,021	$1,068	$ 3,098
PECO	461	141	103	75	49	15	78
BGE	588	104	72	50	48	48	266

Other Purchase Obligations

The Registrants' other purchase obligations as of March 31, 2013, which primarily represent commitments for services, materials and information technology, are as follows:

		Expiration within					
	Total	2013	2014	2015	2016	2017	2018 and beyond
Exelon	$817	$204	$196	$127	$61	$58	$ 171
Generation	570	135	141	107	41	38	108
ComEd	14	2	12	—	—	—	—
PECO	47	18	19	1	1	1	7
BGE	—	—	—	—	—	—	—

Construction Commitments

Generation has committed to the construction of a solar PV facility in Los Angeles County, California. The first portion of the project began operations in December 2012, with additional phases to come online and an expectation of full commercial operation in December 2013. Generation's estimated remaining commitment for the project is $304 million for 2013.

Refer to Note 3 of the Exelon 2012 Form 10-K for information on investment programs associated with regulatory mandates, such as ComEd's Infrastructure Investment Plan under EIMA, PECO's Smart Meter Procurement and Installation Plan and BGE's comprehensive smart grid initiative.

Constellation Merger Commitments

In December 2011, Exelon and Constellation reached a settlement with the State of Maryland and the City of Baltimore and other interested parties in connection with the regulatory proceedings related to the merger that was pending before the MDPSC. As part of this settlement and the application for approval of the merger by MDPSC, Exelon agreed to provide a package of benefits to BGE customers, the City of Baltimore and the State of Maryland, resulting in an estimated direct investment in the State of Maryland of more than $1 billion.

On February 17, 2012, the MDPSC approved the merger with conditions. Many of the conditions were reflective of the settlement agreements described above. The following costs were recognized after the closing of

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
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the merger and are included in Exelon's, Generation's and BGE's Consolidated Statements of Operations and Comprehensive Income for the year ended December 31, 2012. See Note 4 of the Exelon 2012 Form 10-K for additional information on the merger.

Description	Payment Period	BGE	Generation	Exelon	Statement of Operations Location
BGE rate credit of $100 per residential customer(a)	Q2 2012	$113	$ —	$ 113	Revenues
Customer investment fund to invest in energy efficiency and low-income energy assistance to BGE customers	2012 to 2014	—	—	113.5	O&M Expense
Contribution for renewable energy, energy efficiency or related projects in Baltimore	2012 to 2014	—	—	2	O&M Expense
Charitable contributions at $7 million per year for 10 years	2012 to 2021	28	35	70	O&M Expense
State funding for offshore wind development projects	Q2 2012	—	—	32	O&M Expense
Miscellaneous tax benefits	Q2 2012	(2)	—	(2)	Taxes Other Than Income
Total		$139	$ 35	$328.5	

(a) Exelon made a $66 million equity contribution to BGE in the second quarter of 2012 to fund the after-tax amount of the rate credit as directed in the MDPSC order approving the merger transaction.

Contingencies

Commercial Commitments

The Registrants' commercial commitments as of March 31, 2013, representing commitments potentially triggered by future events were as follows:

	Exelon	Generation	ComEd	PECO	BGE
Letters of credit (non-debt)(a)	$ 1,573	$ 1,522	$ 26	$ 22	$ 1
Guarantees	7,550(b)	1,848(c)	209(d)	181(e)	252(f)
Nuclear insurance premiums(g)	2,494	2,494	—	—	—
Total commercial commitments	$11,617	$ 5,864	$ 235	$203	$253

(a) Non-debt letters of credit maintained to provide credit support for certain transactions as requested by third parties.
(b) Primarily reflects parental guarantees issued on behalf of Generation to allow the flexibility needed to conduct business with counterparties without having to post other forms of collateral. Also reflects guarantees issued to ensure performance under specific contracts, preferred securities of financing trusts, property leases, indemnifications, NRC minimum funding assurance requirements and $211 million on behalf of CENG nuclear generating facilities for credit support and miscellaneous guarantees. The estimated net exposure for obligations under commercial transactions covered by these guarantees was $1.1 billion at March 31, 2013, which represents the total amount Exelon could be required to fund based on March 31, 2013 market prices.
(c) Primarily reflects guarantees issued to ensure performance under energy marketing and other specific contracts and $211 million on behalf of CENG nuclear generating facilities for credit support. The estimated net exposure for obligations under commercial transactions covered by these guarantees was $0.4 billion at March 31, 2013, which represents the total amount Generation could be required to fund based on March 31, 2013 market prices.
(d) Primarily reflects full and unconditional guarantees of $200 million Trust Preferred Securities of ComEd Financing III which is a 100% owned finance subsidiary of ComEd.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
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(e) Primarily reflects full and unconditional guarantees of $178 million Trust Preferred Securities of PECO Trust III and IV which is a 100% owned finance subsidiary of PECO.
(f) Primarily reflects full and unconditional guarantees of $250 million Trust Preferred Securities of BGE Capital Trust II which is a 100% owned finance subsidiary of BGE.
(g) Represents the maximum amount that Generation would be required to pay for retrospective premiums in the event of nuclear disaster at any domestic site under the Secondary Financial Protection pool as required under the Price-Anderson Act as well as the current aggregate annual retrospective premium obligation that could be imposed by NEIL. See the Nuclear Insurance section within this note for additional details on Generation's nuclear insurance premiums.

Nuclear Insurance (Exelon and Generation)

The Price-Anderson Act requires mandatory participation in a retrospective rating plan for power reactors (currently 104 reactors) resulting in $12.2 billion in funds available for public liability claims for any single incident at any power reactor site that exceeds the primary level of financial protection currently required ($375 million). Additionally, Generation is also required each year to report to the NRC the current levels and sources of property insurance that demonstrates Generation possesses sufficient financial resources to stabilize and decontaminate a reactor and reactor station site in the event of an accident. The property insurance maintained for each facility is currently provided through insurance policies purchased from NEIL, an industry mutual insurance company of which Generation is a member. Premiums paid to NEIL by its members are subject to assessment for adverse loss experience (the retrospective premium obligation). The maximum combined retrospective premium amount that Generation could be required to pay due to participation in the Price-Anderson Act retrospective rating plan for power reactors and the NEIL retrospective premium obligation is $2.2 billion, which is included above in the Commercial Commitments table. See the Nuclear Insurance section within Note 19 of the Exelon 2012 Form 10-K for additional details on Generation's nuclear insurance premiums.

Indemnifications Related to Sale of Sithe (Exelon and Generation)

On January 31, 2005, subsidiaries of Generation completed a series of transactions that resulted in Generation's sale of its investment in Sithe. Specifically, subsidiaries of Generation consummated the acquisition of Reservoir Capital Group's 50% interest in Sithe and subsequently sold 100% of Sithe to Dynegy, Inc. (Dynegy).

The estimated maximum possible exposure to Exelon related to the guarantees provided as part of the sales transaction to Dynegy was approximately $200 million at March 31, 2013. Generation believes that it is remote that it will be required to make any additional payments under the guarantee, and currently has no recorded liabilities associated with this guarantee. Generation expects that the exposure covered by this guarantee will expire in 2014. The guarantee is included above in the Commercial Commitments table under performance guarantees.

Indemnifications Related to Sale of TEG and TEP (Exelon and Generation)

On February 9, 2007, Tamuin International Inc. (TII), a wholly owned subsidiary of Generation, sold its 49.5% ownership interests in TEG and TEP to a subsidiary of AES Corporation for $95 million in cash plus certain purchase price adjustments. In connection with the transaction, Generation entered into a guarantee agreement under which Generation guarantees the timely payment of TII's obligations to the subsidiary of AES Corporation pursuant to the terms of the purchase and sale agreement relating to the sale of TII's ownership interests. Generation would be required to perform in the event that TII does not pay any obligation covered by the guarantee that is not otherwise subject to a dispute resolution process. Generation's maximum obligation under the guarantee is $95 million as of March 31, 2013. Generation believes that it is remote that it will be required to make payments under the guarantee and has not recorded a liability associated with this guarantee.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The exposures covered by this guarantee expired in part during 2008. Generation expects that the remaining exposure will expire in the third quarter of 2013. The guarantee of $95 million is included above in the Commercial Commitments table under performance guarantees.

Environmental Issues

General. The Registrants' operations have in the past, and may in the future, require substantial expenditures in order to comply with environmental laws. Additionally, under Federal and state environmental laws, the Registrants are generally liable for the costs of remediating environmental contamination of property now or formerly owned by them and of property contaminated by hazardous substances generated by them. The Registrants own or lease a number of real estate parcels, including parcels on which their operations or the operations of others may have resulted in contamination by substances that are considered hazardous under environmental laws. In addition, the Registrants are currently involved in a number of proceedings relating to sites where hazardous substances have been deposited and may be subject to additional proceedings in the future.

ComEd, PECO and BGE have identified sites where former MGP activities have or may have resulted in actual site contamination. For almost all of these sites, ComEd, PECO or BGE is one of several PRPs that may be responsible for ultimate remediation of each location.

- ComEd has identified 42 sites, 15 of which have been approved for cleanup by the Illinois EPA or the U.S. EPA and 27 that are currently under some degree of active study and/or remediation. ComEd expects the majority of the remediation at these sites to continue through at least 2016.
- PECO has identified 26 sites, 16 of which have been approved for cleanup by the PA DEP and 10 that are currently under some degree of active study and/or remediation. PECO expects the majority of the remediation at these sites to continue through at least 2019.
- BGE has identified 13 former gas manufacturing or purification sites that it currently owns or owned at one time through a predecessor's acquisition. Two gas manufacturing sites require some level of remediation and ongoing monitoring under the direction of the MDE. The required costs at these two sites are not considered material. One gas purification site is in the initial stages of investigation at the direction of the MDE.

ComEd, pursuant to an ICC order, and PECO, pursuant to settlements of natural gas distribution rate cases with the PAPUC, are currently recovering environmental remediation costs of former MGP facility sites through customer rates. BGE is authorized to and is currently recovering environmental costs for the remediation of former MGP facility sites from customers; however, while BGE does not have a rider for MGP clean-up costs, BGE has historically received recovery of actual clean-up costs in distribution rates. ComEd, PECO and BGE have recorded regulatory assets for the recovery of these costs. See Note 5 — Regulatory Matters for additional information regarding the associated regulatory assets.

As of March 31, 2013 and December 31, 2012, the Registrants had accrued the following undiscounted amounts for environmental liabilities in other current liabilities and other deferred credits and other liabilities within their respective Consolidated Balance Sheets:

March 31, 2013	Total Environmental Investigation and Remediation Reserve	Portion of Total Related to MGP Investigation and Remediation
Exelon	$ 337	$ 296
Generation	30	—
ComEd	259	252
PECO	47	44
BGE	1	—

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

December 31, 2012	Total Environmental Investigation and Remediation Reserve	Portion of Total Related to MGP Investigation and Remediation
Exelon	$ 338	$ 298
Generation	30	—
ComEd	260	254
PECO	47	44
BGE	1	—

The Registrants cannot reasonably estimate whether they will incur other significant liabilities for additional investigation and remediation costs at these or additional sites identified by the Registrants, environmental agencies or others, or whether such costs will be recoverable from third parties, including customers.

Water Quality

Section 316(b) of the Clean Water Act. Section 316(b) requires that the cooling water intake structures at electric power plants reflect the best technology available to minimize adverse environmental impacts, and is implemented through state-level NPDES permit programs. All of Generation's and CENG's power generation facilities with cooling water systems are subject to the regulations. Facilities without closed-cycle recirculating systems (e.g., cooling towers) are potentially most affected. For Generation, those facilities are Clinton, Dresden, Eddystone, Fairless Hills, Gould Street, Handley, Mountain Creek, Mystic 7, Oyster Creek, Peach Bottom, Quad Cities, Riverside, Salem and Schuylkill. For CENG, those facilities are Calvert Cliffs, Nine Mile Point Unit 1 and R.E. Ginna.

On March 28, 2011, the U.S. EPA issued the proposed regulation under Section 316(b). The proposal does not require closed-cycle cooling (e.g., cooling towers) as the best technology available to address impingement and entrainment. The proposal provides the state permitting agency with discretion to determine the best technology available to limit entrainment (drawing aquatic life into the plants cooling system) mortality, including application of a cost-benefit test and the consideration of a number of site-specific factors. After consideration of these factors, the state permitting agency may require closed cycle cooling, an alternate technology, or determine that the current technology is the best available. The proposed rule also imposes limits on impingement (trapping aquatic life on screens) mortality, which likely will be accomplished by the installation of screens or another technology at the intake. Exelon filed comments on the proposed regulation on August 18, 2011, stating its support for a number of its provisions (e.g., cooling towers not required as best technology available, and the use of site-specific and cost benefit analysis) while also noting a number of technical provisions that require revision to take into account existing unit operations and practices within the industry.

In June 2012, the U.S. EPA published two Notices of Data Availability (NODA) seeking public comment on alternate compliance technologies for impingement and the use of a public opinion survey to calculate the so-called "non-use" benefits of the rule. Exelon filed comments for each NODA, supporting the additional flexibility afforded by the impingement NODA, and opposing the NODA relating to calculation of non-use benefits due to its inaccurate and unreliable methodologies that would artificially inflate the benefits of proposed technologies that would otherwise not be cost-effective. On July 18, 2012, the U.S. EPA announced that it had agreed to extend the court approved Settlement Agreement to extend the deadline to issue a final rule until June 27, 2013. Until the rule is finalized, the state permitting agencies will continue to apply their best professional judgment to address impingement and entrainment.

Salem and Other Power Generation Facilities. In June 2001, the NJDEP issued a renewed NPDES permit for Salem, allowing for the continued operation of Salem with its existing cooling water system. NJDEP advised PSEG, in July 2004 that it strongly recommended reducing cooling water intake flow commensurate

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with closed-cycle cooling as a compliance option for Salem. PSEG submitted an application for a renewal of the permit on February 1, 2006. In the permit renewal application, PSEG analyzed closed-cycle cooling and other options and demonstrated that the continuation of the Estuary Enhancement Program, an extensive environmental restoration program at Salem, is the best technology to meet the Section 316(b) requirements. PSEG continues to operate Salem under the approved June 2001 NPDES permit while the NPDES permit renewal application is being reviewed. If the final permit or Section 316(b) regulations ultimately requires the retrofitting of Salem's cooling water intake structure to reduce cooling water intake flow commensurate with closed-cycle cooling, Exelon's and Generation's share of the total cost of the retrofit and any resulting interim replacement power would likely be in excess of $430 million, based on a 2006 estimate, and would result in increased depreciation expense related to the retrofit investment.

It is unknown at this time whether the NJDEP permit programs will require closed-cycle cooling at Salem. In addition, the economic viability of Generation's other power generation facilities, as well as CENG's, without closed-cycle cooling water systems will be called into question by any requirement to construct cooling towers. Should the final rule not require the installation of cooling towers, and retain the flexibility afforded the state permitting agencies in applying a cost benefit test and to consider site-specific factors, the impact of the rule would be minimized even though the costs of compliance could be material to Generation and CENG.

Given the uncertainties associated with the requirements that will be contained in the final rule, Generation cannot predict the eventual outcome or estimate the effect that compliance with any resulting Section 316(b) or interim state requirements will have on the operation of its and CENG's generating facilities and its future results of operations, cash flows and financial position.

Groundwater Contamination. In October 2007, a subsidiary of Constellation entered into a consent decree with the MDE relating to groundwater contamination at a third party facility that was licensed to accept fly ash, a byproduct generated by coal-fired plants. The consent decree required the payment of a $1 million penalty, remediation of groundwater contamination resulting from the ash placement operations at the site, replacement of drinking water supplies in the vicinity of the site, and monitoring of groundwater conditions. Prior to the merger, Constellation recorded a liability in its Consolidated Balance Sheets of approximately $23 million to comply with the consent decree. The remaining liability as of March 31, 2013, is approximately $3 million. In addition, a private party has asserted claims relating to groundwater contamination. The company believes that these claims are without merit and is vigorously contesting them.

Air Quality

Cross State Air Pollution Rule (CSAPR). On July 11, 2008, the U.S. Court of Appeals for the District of Columbia Circuit (D.C. Circuit Court) vacated the CAIR, which had been promulgated by the U.S. EPA to reduce power plant emissions of SO_2 and NO_x. The D.C. Circuit Court later remanded the CAIR to the U.S. EPA, without invalidating the entire rulemaking, so that the U.S. EPA could correct CAIR in accordance with the D.C. Circuit Court's July 11, 2008 opinion. On July 7, 2011, the U.S. EPA published the final rule, known as the CSAPR. The CSAPR requires 28 states in the eastern half of the United States to significantly improve air quality by reducing power plant emissions that cross state lines and contribute to ground-level ozone and fine particle pollution in other states.

Numerous entities challenged the CSAPR in the D.C. Circuit Court, and some requested a stay of the rule pending the Court's consideration of the matter on the merits. On December 30, 2011, the Court granted a stay of the CSAPR, and directed the U.S. EPA to continue the administration of CAIR in the interim. On August 21, 2012, a three-judge panel of the D.C. Circuit Court held that the U.S. EPA has exceeded its authority in certain material aspects of the CSAPR and vacated the rule and remanded it to the U.S. EPA for further rulemaking

consistent with its decision. The Court also ordered that CAIR remain in effect pending finalization of CSAPR on remand. On January 24, 2013, the Court denied petitions for reconsideration of the ruling by the three-judge panel. In March 2013, the U.S. EPA petitioned the U.S. Supreme Court to review the D.C. Circuit Court's CSAPR decision, and Exelon has filed in support of the U.S. EPA's petition.

Under the CSAPR, Generation units were to receive allowances based on historic heat input and intrastate and limited interstate, trading of allowances was permitted. The CSAPR restricted entirely the use of pre-2012 allowances. Existing SO_2 allowances under the ARP would remain available for use under ARP. As of March 31, 2013, Generation had $51 million of emission allowances carried at the lower of weighted average cost or market.

EPA Mercury and Air Toxics Standards (MATS). The MATS rule became final on April 16, 2012. The MATS rule reduces emissions of toxic air pollutants, and finalized the new source performance standards for fossil fuel-fired electric utility steam generating units (EGUs). The MATS rule requires coal-fired EGUs to achieve high removal rates of mercury, acid gases and other metals from air emissions. To achieve these standards, coal units with no pollution control equipment installed (uncontrolled coal units) will have to make capital investments and incur higher operating expenses. It is expected that smaller, older, uncontrolled coal units will retire rather than make these investments. Coal units with existing controls that do not meet the required standards may need to upgrade existing controls or add new controls to comply. In addition, the new standards will cause oil units to achieve high removal rates of metals. Owners of oil units not currently meeting the proposed emission standards may choose to convert the units to light oils or natural gas, install control technologies or retire the units. The MATS rule requires generating stations to meet the new standards three years after the rule takes effect, April 16, 2015, with specific guidelines for an additional one or two years in limited cases. Numerous entities have challenged MATS in the D.C. Circuit Court, and Exelon was granted permission by the Court to intervene in support of the rule. A decision by the Court is expected sometime in 2013. The outcome of the appeal, and its impact on power plant operators' investment and retirement decisions, is uncertain.

Exelon, along with the other co-owners of Conemaugh Generating Station are moving forward with plans to improve the existing scrubbers and install Selective Catalytic Reduction (SCR) controls to meet the mercury removal requirements of MATS.

In addition, as of March 31, 2013, Exelon had a $700 million net investment in coal-fired plants in Georgia and Texas subject to long-term leases extending through 2028-2032. While Exelon currently estimates the value of these plants at the end of the lease term will be in excess of the recorded residual lease values, final applications of the CSAPR and MATS regulations could negatively impact the end-of-lease term values of these assets, which could result in a future impairment loss that could be material.

National Ambient Air Quality Standards (NAAQS). The U.S. EPA previously announced that it would complete a review of all NAAQS by 2014. Oral argument in the litigation (*State of Miss. v. EPA*) of the final 2008 ozone standard occurred in the D.C. Circuit Court in November 2012 and a final Court decision is expected in 2013. Concurrent with litigation of the 2008 ozone standard, the U.S. EPA continues its regular, periodic review of the ozone NAAQS and is expected to propose revisions in the fall of 2014, with preliminary indications that the U.S. EPA will likely propose a tightened standard. It is unclear at this point in time whether the U.S. EPA would be able to respond to a Court directive for the U.S. EPA to revisit the 2008 ozone NAAQS on remand on a timeframe that would be any quicker than that of the U.S. EPA's current, periodic review schedule. In December 2012, the U.S. EPA issued its final revisions to the Agency's particulate matter (PM) NAAQS. In its final rule, the U.S. EPA lowered the annual PM2.5 standard, but declined to issue a new secondary NAAQS to improve urban visibility. The U.S. EPA indicated in its final rule that by 2020 it expects

most areas of the country will be in attainment of the new PM2.5 NAAQS based on currently expected regulations, such as the MATS regulation. It is unclear if the vacatur of the CSAPR, one of the regulations that the U.S. EPA is relying on to assist with future PM reduction, would alter the U.S. EPA's view since either CAIR or a finalized CSAPR regulation would be in effect leading up to 2020. In March 2013, a number of industry coalitions filed a joint lawsuit challenging the new PM2.5 standard. Also during early 2013, the D.C. Circuit remanded several rules for implementation of earlier PM2.5 NAAQS to the U.S. EPA for revision of certain aspects of the rules, with a requirement that the U.S. EPA re-promulgate regulations in conformance with the correct subparts of the Clean Air Act.

In addition to these NAAQS, the U.S. EPA also expects to finalize initial designations for the 2010 one-hour SO_2 standard in June 2013 and require states to submit state implementation plans (SIPs) for nonattainment areas by February 2015. In a February 2013 strategy document, the U.S. EPA establishes the direction and timeframe for state air agencies to achieve compliance with certain aspects of the NAAQS and also establishes a methodology, based on 2009-2011 air quality monitoring, for establishing nonattainment designations by June 2013. Based on its strategy document, the U.S. EPA regional offices sent "120 Day" letters to states, in February 2013, to indicate U.S. EPA's intentions with regard to designations in the states. With regard to Texas and Maryland, no nonattainment areas were identified in these letters. With regard to Illinois and Pennsylvania, several counties, or portions of counties, in each state were identified as likely to be designated nonattainment in June 2013. The U.S. EPA's strategy document also outlines a process and timeline for it to address additional designations in states' counties under separate, future action that will occur after June 2013. Nonattainment county compliance with the one-hour SO_2 standard is required by February 2018. While significant SO2 reductions will occur as a result of MATS compliance in 2015, Exelon is unable to predict the requirements of pending states' SIPs to further reduce SO_2 emissions in support of attainment of the one hour SO_2 standard.

Notices and Finding of Violations and Midwest Generation Bankruptcy. In December 1999, ComEd sold several generating stations to Midwest Generation, LLC (Midwest Generation), a subsidiary of Edison Mission Energy (EME). Under the terms of the sale agreement, Midwest Generation and EME assumed responsibility for environmental liabilities associated with the ownership, occupancy, use and operation of the stations, including responsibility for compliance by the stations with environmental laws before their purchase by Midwest Generation. Midwest Generation and EME additionally agreed to indemnify and hold ComEd and its affiliates harmless from claims, fines, penalties, liabilities and expenses arising from third party claims against ComEd resulting from or arising out of the environmental liabilities assumed by Midwest Generation and EME under the terms of the agreement governing the sale. In connection with Exelon's 2001 corporate restructuring, Generation assumed ComEd's rights and obligations with respect to its former generation business, including its rights and obligations under the sale agreement with Midwest Generation and EME.

On August 6, 2007, ComEd received a NOV addressed to it and Midwest Generation from the U.S. EPA, alleging, in relevant part, that ComEd and Midwest Generation violated and are continuing to violate provisions of the Clean Air Act as a result of the modification and/or operation of six electric generation stations located in northern Illinois that have been owned and operated by Midwest Generation since their purchase from ComEd in 1999. In August 2009, the United States and the State of Illinois filed a complaint against Midwest Generation with the U.S. District Court for the Northern District of Illinois initiating enforcement proceedings with respect to most of the alleged Clean Air Act violations set forth in the NOV. Neither ComEd nor Exelon was named as a defendant in this original complaint. In March 2010, the District Court granted Midwest Generation's partial motion to dismiss all but one of the claims against Midwest Generation. The District Court held that Midwest Generation cannot be liable for any alleged violations relating to construction that occurred prior to Midwest Generation's ownership of the stations. In May 2010, the government plaintiffs filed an amended complaint against Midwest Generation asserting claims substantially similar to those in the original complaint, and added ComEd and EME as defendants. The amended complaint seeks injunctive relief and civil penalties against all

defendants, although not all of the claims specifically pertain to ComEd. On March 16, 2011, the District Court granted ComEd's motion to dismiss the May 2010 complaint in its entirety as it relates to ComEd. On January 3, 2012, upon leave of the District Court, the government parties appealed the dismissal of ComEd to the U.S. Circuit Court of Appeals for the Seventh Circuit. Exelon, Generation and ComEd are unable to predict the ultimate resolution of the claims alleged in the amended complaint, however, Exelon, Generation and ComEd have concluded that, in light of the March 2011 District Court decision, the likelihood of loss is remote. Therefore, no reserve has been established.

On December 17, 2012, EME and certain of its subsidiaries, including Midwest Generation, filed for protection under Chapter 11 of the U.S. Bankruptcy Code (the "Petition Date").

The Bankruptcy Court approved the rejection of a coal rail car lease under which Midwest Generation had agreed to reimburse ComEd for all obligations. The rejection left Generation as the party responsible to make remaining payments under the lease. In January 2013, Generation made the final $10 million payment due under the lease agreement which had been reserved for at December 31, 2012. As a result of the bankruptcy filing, Exelon and Generation have recorded liabilities as of March 31, 2013 of $3 million for estimated payments for asbestos personal injury claims filed pre-Petition Date. Exelon and Generation currently expect Midwest Generation or its successor will remain responsible for asbestos personal injury claims filed post-Petition Date, and as such have recorded no liability for such amounts. Requirements for Generation to ultimately satisfy such claims could have a material adverse impact on Exelon's and Generation's future results of operations.

As of the Petition Date, Generation had wholesale power transactions with Edison Mission Marketing and Trading, an affiliate of Midwest Generation not included in the bankruptcy proceeding. Generation expects these transactions to be fully settled in the normal course.

Certain environmental laws and regulations subject current and prior owners of properties or generators of hazardous substances at such properties to liability for remediation costs of environmental contamination. As a prior owner of the generating stations, ComEd (and Generation, through its agreement in the 2001 restructuring to assume ComEd's rights and obligations associated with its former generation business) could face liability (along with any other potentially responsible parties) for environmental conditions requiring remediation, with the determination of the allocation among the parties subject to many uncertain factors, including the impact of Midwest Generation's bankruptcy. Additionally, the obligations of EME and Midwest Generation to ComEd under the sale agreement, including the environmental indemnity, may be discharged in the bankruptcy proceeding. In such circumstances, ComEd (and Generation, through ComEd) may only have an unsecured claim against EME and Midwest Generation for the environmental remediation costs that would have otherwise been obligations of EME and Midwest Generation under the sale agreement. This unsecured claim may yield a fractional, or possibly no, recovery for ComEd and Generation.

ComEd and Generation continue to monitor the bankruptcy proceedings and available public information as to potential environmental exposures regarding the Midwest Generation plant sites. Midwest Generation publicly disclosed in its 2012 Form 10-K that (i) it has accrued a probable amount of approximately $9 million for estimated environmental investigation and remediation costs under CERCLA, or similar laws, for the investigation and remediation of contaminated property at four Midwest Generation plant sites, (ii) it has identified stations for which a reasonable estimate for investigation and/ or remediation cannot be made and (iii) it and the Illinois EPA entered into Compliance Commitment Agreements outlining specified environmental remediation measures and groundwater monitoring activities to be undertaken at its Crawford, Powerton, Joliet, Will County and Waukegan generating stations. At this time, however, ComEd and Generation do not have sufficient information to reasonably assess the potential likelihood or magnitude of any such exposures. Further, Midwest Generation's reorganization process will likely extend beyond one year and the outcome is uncertain, including whether the facilities will continue to operate and the identity or financial wherewithal of potential

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future plant owners. For these reasons, ComEd and Generation are unable to predict whether and to what extent they may ultimately be held responsible for remediation and other costs relating to the generating stations, and no liability has been recorded as of March 31, 2013. Any liability imposed on ComEd or Generation for environmental matters relating to the generating stations could have a material adverse impact on their future results of operations and cash flows.

Solid and Hazardous Waste

Cotter Corporation. The U.S. EPA has advised Cotter Corporation (Cotter), a former ComEd subsidiary, that it is potentially liable in connection with radiological contamination at a site known as the West Lake Landfill in Missouri. On February 18, 2000, ComEd sold Cotter to an unaffiliated third party. As part of the sale, ComEd agreed to indemnify Cotter for any liability arising in connection with the West Lake Landfill. In connection with Exelon's 2001 corporate restructuring, this responsibility to indemnify Cotter was transferred to Generation. On May 29, 2008, the U.S. EPA issued a Record of Decision approving the remediation option submitted by Cotter and the two other PRPs that required additional landfill cover. The current estimated cost of the anticipated landfill cover remediation for the site is approximately $42 million, which will be allocated among all PRPs. Generation has accrued what it believes to be an adequate amount to cover its anticipated share of such liability. By letter dated January 11, 2010, the U.S. EPA requested that the PRPs perform a supplemental feasibility study for a remediation alternative that would involve complete excavation of the radiological contamination. On September 30, 2011, the PRPs submitted the final supplemental feasibility study to the U.S. EPA for review. In June 2012, the U.S. EPA requested that the PRPs perform additional analysis and groundwater sampling as part of the SFS that could take up to one year to complete, and subsequently requested additional analysis sampling and modeling to be conducted in 2013. In light of these additional requests, it is unknown when the U.S EPA will propose a remedy for public comment. Thereafter the U.S. EPA will select a final remedy and enter into a Consent Decree with the PRPs to effectuate the remedy. A complete excavation remedy would be significantly more expensive than the previously selected additional cover remedy; however, Generation believes the likelihood that the U.S. EPA would require a complete excavation remedy is remote.

On August 8, 2011, Cotter was notified by the DOJ that Cotter is considered a PRP with respect to the government's clean-up costs for contamination attributable to low level radioactive residues at a former storage and reprocessing facility named Latty Avenue near St. Louis, Missouri. The Latty Avenue site is included in ComEd's indemnification responsibilities discussed above as part of the sale of Cotter. The radioactive residues had been generated initially in connection with the processing of uranium ores as part of the U.S. government's Manhattan Project. Cotter purchased the residues in 1969 for initial processing at the Latty Avenue facility for the subsequent extraction of uranium and metals. In 1976, the NRC found that the Latty Avenue site had radiation levels exceeding NRC criteria for decontamination of land areas. Latty Avenue was investigated and remediated by the United States Army Corps of Engineers pursuant to funding under the Formerly Utilized Sites Remedial Action Program. The DOJ has not yet formally advised the PRPs of the amount that it is seeking, but it is believed to be approximately $90 million. The DOJ and the PRPs agreed to toll the statute of limitations until August 2013 so that settlement discussions could proceed. Based on Exelon's preliminary review, it appears probable that Exelon has liability to Cotter under the indemnification agreement and has established an appropriate accrual for this liability.

On February 28, 2012, and April 12, 2012, two lawsuits were filed in the U.S. District Court for the Eastern District of Missouri against 15 and 14 defendants, respectively, including Exelon, Generation and ComEd (the "Exelon defendants"). The suits allege that individuals living in the North St. Louis area developed some form of cancer due to the defendants' negligent or reckless conduct in processing, transporting, storing, handling and/or disposing of radioactive materials. Plaintiffs have asserted claims for negligence, strict liability, emotional distress, medical monitoring, and violations of the Price-Anderson Act. The complaints do not contain specific damage claims. On May 30, 2012, the plaintiffs filed voluntary motions to dismiss the Exelon defendants from

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both lawsuits which was subsequently granted. On October 23, 2012, a third lawsuit was filed in the same court on behalf of three additional plaintiffs against Cotter and seven other defendants, but not Exelon. On April 19, 2013, a fourth lawsuit was filed in the same court on behalf of two additional plaintiffs against Cotter and seven other defendants, but not Exelon. The allegations in these latter two complaints mirror the two previously-filed lawsuits. It is reasonably possible that Exelon would be considered liable due to its indemnification responsibilities of Cotter described above. On March 27, 2013, the U.S. District Court dismissed all state common law actions brought under the initial two lawsuits; and also found that the plaintiffs had not properly brought the actions under the Price–Anderson Act. The plaintiffs have until May 10, 2013 to file amended complaints under the Price–Anderson Act. At this stage of the litigation, Exelon cannot estimate a range of loss, if any.

68 th Street Dump. In 1999, the U.S. EPA proposed to add the 68th Street Dump in Baltimore, Maryland to the Superfund National Priorities List, and notified BGE and 19 others that they are PRPs at the site. In March 2004, BGE and other PRPs formed the 68th Street Coalition and entered into consent order negotiations with the U.S. EPA to investigate clean-up options for the site under the Superfund Alternative Sites Program. In May 2006, a settlement among the U.S. EPA and 19 of the PRPs, including BGE, with respect to investigation of the site became effective. The settlement requires the PRPs, over the course of several years, to identify contamination at the site and recommend clean-up options. The potentially responsible parties submitted their investigation of the range of clean-up options in the first quarter of 2011. Although the investigation and options provided to the U.S. EPA are still subject to U.S. EPA review and selection of a remedy, the range of estimated clean-up costs to be allocated among all of the PRPs is in the range of $50 million to $64 million. The U.S. EPA is expected to make a final selection of one of the alternatives in 2013. Based on Exelon's preliminary review, it appears probable that Exelon has liability and has established an appropriate accrual for its share of the estimated clean-up costs. BGE is indemnified by a wholly owned subsidiary of Generation for most of the costs related to this settlement and clean-up of the site.

Sauer Dump. On May 30, 2012, BGE was notified by the U.S. EPA that it is considered a PRP at the Sauer Dump Superfund site in Dundalk, MD. The U.S. EPA offered BGE and three other PRPs the opportunity to conduct an environmental investigation and present cleanup recommendations at the site. The letter provided 60 days for the PRPs to decide whether or not to participate in the investigation. In addition, the U.S. EPA is seeking recovery from the PRPs of $1.7 million for past cleanup and investigation costs at the site. On March 11, 2013, BGE and three other PRP's signed an Administrative Settlement Agreement and Order on Consent with the U.S. EPA which requires the PRP's to conduct a Remedial Investigation and Feasibility Study at the site to determine what, if any, are the appropriate and recommended cleanup activities for the site. The ultimate outcome of this proceeding is uncertain. Since the U.S. EPA has not selected a cleanup remedy and the allocation of the cleanup costs among the PRPs has not been determined, an estimate of the range of BGE's reasonably possible loss, if any, cannot be determined.

Climate Change Regulation. Exelon is subject to climate change regulation or legislation at the Federal, regional and state levels. In 2007, the U.S. Supreme Court ruled that GHG emissions are pollutants subject to regulation under the new motor vehicle provisions of the Clean Air Act. Consequently, on December 7, 2009, the U.S. EPA issued an endangerment finding under Section 202 of the Clean Air Act regarding GHGs from new motor vehicles and on April 1, 2010 issued final regulations limiting GHG emissions from cars and light trucks effective on January 2, 2011. While such regulations do not specifically address stationary sources, such as a generating plant, it is the U.S. EPA's position that the regulation of GHGs under the mobile source provisions of the Clean Air Act has triggered the permitting requirements under the Prevention of Significant Deterioration (PSD) and Title V operating permit sections of the Clean Air Act for new and modified stationary sources effective January 2, 2011. Therefore, on May 13, 2010, the U.S. EPA issued final regulations (the Tailoring Rule) relating to these provisions of the Clean Air Act for major stationary sources of GHG emissions that apply to new sources that emit greater than 100,000 tons per year, on a CO_2 equivalent basis, and to modifications to

existing sources that result in emissions increases greater than 75,000 tons per year on a CO_2 equivalent basis. These thresholds became effective January 2, 2011, apply for six years and will be reviewed by the U.S. EPA for future applicability thereafter. On July 2, 2012 the U.S. EPA declined to lower GHG permit thresholds in its final "Step 3" Tailoring Rule update. The U.S. EPA will review permit thresholds again in a 2015 rulemaking process. On June 26, 2012, the United States Court of Appeals for the District of Columbia, in a *per cunum* decision, dismissed industry and state petitions challenging the U.S. EPA's Tailoring Rule based on petitioners' lack of standing. Further, in the same decision, the court denied all challenges to U.S. EPA's endangerment finding, and the Agency's "Tailpipe Rule" for cars and light trucks. In August 2012, several industry parties filed petitions for an *en banc* rehearing of the Agency's GHG regulations with the D.C. Circuit court. On September 6, 2012 the Circuit Court ordered the U.S. EPA, intervening groups, and some states to reply to the industry petitions.

On April 13, 2012, the U.S. EPA published proposed regulations for NSPS for GHG emissions from new fossil fuel power plants, greater than 25 MW, that would require the plants to limit CO2 emissions to a thirty year average of less than 1,000 pounds per MWh (less than 1,800 pounds per MWh for the first ten years and less than 600 pounds per MWh thereafter). Under the PSD regulations, new and modified major stationary sources could be required to install best available control technology, to be determined on a case by case basis. Generation could be significantly affected by the regulations if it were to build new plants or modify existing plants. The U.S. EPA is also expected to establish in 2013 GHG emission regulations for existing stationary sources under Section 111(d) of the Clean Air Act.

Litigation and Regulatory Matters

Except to the extent noted below, the circumstances set forth in Note 19 of the Exelon 2012 Form 10-K describe, in all material respects, the current status of litigation matters. The following is an update to that discussion.

Asbestos Personal Injury Claims (Exelon, Generation and BGE)

Exelon and Generation . Generation maintains a reserve for claims associated with asbestos-related personal injury actions in certain facilities that are currently owned by Generation or were previously owned by ComEd and PECO. The reserve is recorded on an undiscounted basis and excludes the estimated legal costs associated with handling these matters, which could be material.

At March 31, 2013 and December 31, 2012, Generation had reserved approximately $62 million and $63 million, respectively, in total for asbestos-related bodily injury claims. As of March 31, 2013, approximately $16 million of this amount related to 189 open claims presented to Generation, while the remaining $46 million of the reserve is for estimated future asbestos-related bodily injury claims anticipated to arise through 2050, based on actuarial assumptions and analyses, which are updated on an annual basis. On a quarterly basis, Generation monitors actual experience against the number of forecasted claims to be received and expected claim payments and evaluates whether an adjustment to the reserve is necessary. During the second quarter of 2012, Generation increased its reserve by approximately $19 million, primarily due to increased actual and projected number and severity of claims.

BGE . Since 1993, BGE and certain Constellation (now Generation) subsidiaries have been involved in several actions concerning asbestos. The actions are based upon the theory of "premises liability," alleging that BGE and Generation knew of and exposed individuals to an asbestos hazard. In addition to BGE and Generation, numerous other parties are defendants in these cases.

Approximately 480 individuals who were never employees of BGE or Generation have pending claims each seeking several million dollars in compensatory and punitive damages. Cross-claims and third-party claims

brought by other defendants may also be filed against BGE and Generation in these actions. To date, most asbestos claims which have been resolved have been dismissed or resolved without any payment by BGE or Generation and a small minority of these cases has been resolved for amounts that were not material to BGE or Generation's financial results.

Discovery begins in these cases once they are placed on the trial docket. At present, none of the pending cases are set for trial. Given the limited discovery, BGE and Generation do not know the specific facts that are necessary to provide an estimate of the reasonably possible loss relating to these claims; as such, no accrual has been made and a range of loss is not estimable. The specific facts not known include:

- the identity of the facilities at which the plaintiffs allegedly worked as contractors;
- the names of the plaintiffs' employers;
- the dates on which and the places where the exposure allegedly occurred; and
- the facts and circumstances relating to the alleged exposure.

Insurance and hold harmless agreements from contractors who employed the plaintiffs may cover a portion of any awards in the actions.

Continuous Power Interruption (ComEd)

The Illinois Public Utilities Act provides that in the event an electric utility, such as ComEd, experiences a continuous power interruption of four hours or more that affects (in ComEd's case) more than 30,000 customers, the utility may be liable for actual damages suffered by customers as a result of the interruption and may be responsible for reimbursement of local governmental emergency and contingency expenses incurred in connection with the interruption. Recovery of consequential damages is barred. The affected utility may seek from the ICC a waiver of these liabilities when the utility can show that the cause of the interruption was unpreventable damage due to weather events or conditions, customer tampering, or certain other causes enumerated in the law.

On August 18, 2011, ComEd sought from the ICC a determination that ComEd is not liable for damage compensation to customers in connection with the July 11, 2011 storm system that produced multiple power interruptions that in the aggregate affected more than 900,000 customers in ComEd's service territory, as well as for five other storm systems that affected ComEd's customers during June and July 2011 ("Summer 2011 Storm Docket"). The ICC is currently conducting a proceeding to assess ComEd's request. In the absence of a favorable determination from the ICC, some ComEd customers affected by the outages could seek recovery of their actual, non-consequential damages, and the local governments in the areas in which those customers are located could seek recovery of emergency and contingency expenses.

In addition, on September 29, 2011, ComEd sought from the ICC a determination that it was not liable for damage compensation related to the February 1, 2011 blizzard (February 2011 Blizzard Docket). On January 10, 2013, the ALJ issued a Proposed Order in the February 2011 Blizzard Docket, finding that a complete waiver of liability should apply for the storm. As with the Summer 2011 Storm Docket, the ALJ found that ComEd's system is designed, constructed and maintained in accordance with good utility practice.

On January 25, 2013 the ALJ issued a Proposed Order in the Summer 2011 Storm Docket. The ALJ found that a complete waiver of liability should apply for five of the six storms at issue, and found that for the July 2011 storm, 34,599 interruptions were preventable and therefore no waiver should apply. The ALJ also found that ComEd's system is designed, constructed and maintained in accordance with good utility practice, thereby rejecting a request by the Illinois Attorney General for the ICC to open an investigation.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The ultimate outcomes of these proceedings are uncertain, and the amount of damages, if any, which might be asserted, cannot be reasonably estimated at this time, but may be material to ComEd's results of operations and cash flows.

Securities Class Action (Exelon)

Three federal securities class action lawsuits were filed in the United States District Courts for the Southern District of New York and the District of Maryland between September 2008 and November 2008 against Constellation. The cases were filed on behalf of a proposed class of persons who acquired publicly traded securities, including the Series A Junior Subordinated Debentures (Debentures), of Constellation between January 30, 2008 and September 16, 2008, and who acquired Debentures in an offering completed in June 2008. The securities class actions generally allege that Constellation, a number of its former officers or directors, and the underwriters violated the securities laws by issuing a false and misleading registration statement and prospectus in connection with Constellation's June 27, 2008 offering of the Debentures. The securities class actions also allege that Constellation issued false or misleading statements or was aware of material undisclosed information which contradicted public statements, including in connection with its announcements of financial results for 2007, the fourth quarter of 2007, the first quarter of 2008 and the second quarter of 2008 and the filing of its first quarter 2008 Form 10-Q. The securities class actions seek, among other things, certification of the cases as class actions, compensatory damages, reasonable costs and expenses, including counsel fees, and rescission damages.

The Southern District of New York granted the defendants' motion to transfer the two securities class actions filed in Maryland to the District of Maryland, and the actions have since been transferred for coordination with the securities class action filed there. On June 18, 2009, the court appointed a lead plaintiff, who filed a consolidated amended complaint on September 17, 2009. On November 17, 2009, the defendants moved to dismiss the consolidated amended complaint in its entirety. On August 13, 2010, the District Court of Maryland issued a ruling on the motion to dismiss, holding that the plaintiffs failed to state a claim with respect to the claims of the common shareholders under the Securities Exchange Act of 1934 and limiting the suit to those persons who purchased Debentures in the June 2008 offering. In August 2011, plaintiffs requested permission from the court to file a third amended complaint in an effort to attempt to revive the claims of the common shareholders. Constellation filed an objection to the plaintiffs' request for permission to file a third amended complaint and, on March 28, 2012, the District Court of Maryland denied the plaintiffs' request for permission to revive the claims of the common shareholders. On March 22, 2013, the lead plaintiff submitted a motion seeking the District Court of Maryland's preliminary approval of a proposed class action settlement resolving the Debenture holder claims for approximately $4 million and dismissal of the complaint. Upon preliminary approval of the settlement by the Court, notice will be provided to the Debenture holders of the settlement terms and final court approval will be required for the settlement to become effective.

General (Exelon, Generation, ComEd, PECO and BGE)

The Registrants are involved in various other litigation matters that are being defended and handled in the ordinary course of business. The assessment of whether a loss is probable or a reasonable possibility, and whether the loss or a range of loss is estimable, often involves a series of complex judgments about future events. The Registrants maintain accruals for losses that are probable of being incurred and subject to reasonable estimation. Management is sometimes unable to estimate an amount or range of reasonably possible loss, particularly where (1) the damages sought are indeterminate, (2) the proceedings are in the early stages, or (3) the matters involve novel or unsettled legal theories. In such cases, there is considerable uncertainty regarding the timing or ultimate resolution of such matters, including a possible eventual loss.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Income Taxes (Exelon, Generation, ComEd, PECO and BGE)

See Note 11 — Income Taxes for information regarding the Registrants' income tax refund claims and certain tax positions, including the 1999 sale of fossil generating assets.

18. Supplemental Financial Information (Exelon, Generation, ComEd, PECO and BGE)

Supplemental Statement of Operations Information

The following tables provide additional information about the Registrants' Consolidated Statements of Operations for the three months ended March 31, 2013 and 2012:

Three Months Ended March 31, 2013	Exelon	Generation	ComEd	PECO	BGE
Other, Net					
Decommissioning-related activities:					
Net realized income on decommissioning trust funds(a)					
Regulatory Agreement Units	$ 36	$ 36	$ —	$ —	$—
Non-Regulatory Agreement Units	14	14	—	—	—
Net unrealized gains on decommissioning trust funds					
Regulatory Agreement Units	195	195	—	—	—
Non-Regulatory Agreement Units	64	64	—	—	—
Net unrealized gains on pledged assets					
Zion Station decommissioning	2	2	—	—	—
Regulatory offset to decommissioning trust fund-related activities(b)	(190)	(190)	—	—	—
Total decommissioning-related activities	121	121	—	—	—
Investment income (expense)	3	(2)	—	—	2(c)
Long-term lease income	8	—	—	—	—
Interest income related to uncertain income tax positions	25	5	—	—	—
AFUDC — Equity	6	—	3	1	2
Other	9	4	2	2	1
Other, net	$ 172	$ 128	$ 5	$ 3	$ 5

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Three Months Ended March 31, 2012	Exelon	Generation	ComEd	PECO	BGE
Other, Net					
Decommissioning-related activities:					
Net realized income on decommissioning trust funds(a)					
Regulatory Agreement Units	$ 60	$ 60	$ —	$ —	$—
Non-Regulatory Agreement Units	48	48	—	—	—
Net unrealized gains on decommissioning trust funds					
Regulatory Agreement Units	247	247	—	—	—
Non-Regulatory Agreement Units	65	65	—	—	—
Net unrealized gains on pledged assets					
Zion Station decommissioning	35	35	—	—	—
Regulatory offset to decommissioning trust fund-related activities(b)	(277)	(277)	—	—	—
Total decommissioning-related activities	178	178	—	—	—
Investment income	4	—	1	1	3(c)
Long-term lease income	7	—	—	—	—
AFUDC — Equity	3	—	1	1	3
Other	2	—	2	—	—
Other, net	$ 194	$ 178	$ 4	$ 2	$ 6

(a) Includes investment income and realized gains and losses on sales of investments of the trust funds.
(b) Includes the elimination of NDT fund-related activity for the Regulatory Agreement Units, including the elimination of net income taxes related to all NDT fund activity for those units. See Note 13 of the Exelon 2012 Form 10-K for additional information regarding the accounting for nuclear decommissioning.
(c) Relates to the cash return on BGE's rate stabilization deferral. See Note 5 — Regulatory Matters for additional information regarding the rate stabilization deferral.

Supplemental Cash Flow Information

The following tables provide additional information regarding the Registrants' Consolidated Statements of Cash Flows for the three months ended March 31, 2013 and 2012:

Three Months Ended March 31, 2013	Exelon	Generation	ComEd	PECO	BGE
Depreciation, amortization, accretion and depletion					
Property, plant and equipment	$ 471	$ 203	$ 137	$ 55	$64
Regulatory assets	61	—	30	2	29
Amortization of intangible assets, net	11	11	—	—	—
Amortization of energy contract assets and liabilities(a)	176	176	—	—	—
Nuclear fuel(a)	230	230	—	—	—
ARO accretion(b)	68	68	—	—	—
Total depreciation, amortization, accretion and depletion	$1,017	$ 688	$ 167	$ 57	$93

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Three Months Ended March 31, 2012	Exelon	Generation	ComEd	PECO	BGE
Depreciation, amortization, accretion and depletion					
Property, plant and equipment	$ 354	$ 150	$ 131	$ 51	$61
Regulatory assets	25	—	18	2	18
Amortization of intangible assets, net	3	3	—	—	—
Amortization of energy contract assets and liabilities(a)	131	131	—	—	—
Nuclear fuel(a)	207	207	—	—	—
ARO accretion(b)	56	56	—	—	—
Total depreciation, amortization, accretion and depletion	$ 776	$ 547	$ 149	$ 53	$79

(a) Included in revenues or fuel expense on the Registrants' Consolidated Statements of Operations and Comprehensive Income.
(b) Included in operating and maintenance expense on the Registrants' Consolidated Statements of Operations.

Three Months Ended March 31, 2013	Exelon	Generation	ComEd	PECO	BGE
Other non-cash operating activities:					
Pension and non-pension postretirement benefit costs	$ 205	$ 87	$ 77	$ 11	$ 14
Loss in equity method investments	9	9	—	—	—
Provision for uncollectible accounts	45	7	9	25	4
Stock-based compensation costs	39	4	1	1	1
Other decommissioning-related activity(a)	(64)	(64)	—	—	—
Energy-related options(b)	21	21	—	—	—
Amortization of regulatory asset related to debt costs	4	—	3	1	—
Amortization of rate stabilization deferral	30	—	—	—	30
Amortization of debt fair value adjustment	(9)	(9)	—	—	—
Discrete impacts from Energy Infrastructure Modernization Act (EIMA)(d)	(49)	—	(49)	—	—
Amortization of debt costs	5	3	1	1	—
Merger integration costs(f)	(6)	—	—	—	(6)
Other	1	8	—	—	(1)
Total other non-cash operating activities	$ 231	$ 66	$ 42	$ 39	$ 42
Changes in other assets and liabilities:					
Under/over-recovered energy and transmission costs	$ 29	$ —	$ (18)	$ 22	$ 16
Other regulatory assets and liabilities	91	—	(14)	13	(53)
Other current assets	(169)	(131)	—	(75)(f)	73
Other noncurrent assets and liabilities	282	(28)	263	2	(2)
Total changes in other assets and liabilities	$ 233	$ (159)	$ 231	$ (38)	$ 34
Non-cash investing and financing activities:					
Consolidated VIE dividend to non-controlling interest	$ 63	$ 63	$ —	$ —	$ —
Indemnification of like-kind exchange position(e)	—	—	172	—	—
Total non-cash investing and financing activities:	$ 63	$ 63	$ 172	$ —	$ —

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Three Months Ended March 31, 2012	Exelon	Generation	ComEd	PECO	BGE
Other non-cash operating activities:					
Pension and non-pension postretirement benefit costs	$ 181	$ 81	$ 69	$ 13	$ 16
Loss in equity method investments	22	22	—	—	—
Provision for uncollectible accounts	40	(9)	22	24	8
Stock-based compensation costs	39	—	—	—	—
Other decommissioning-related activity(a)	(71)	(71)	—	—	—
Energy-related options(b)	28	28	—	—	—
Amortization of regulatory asset related to debt costs	6	—	4	1	1
Amortization of rate stabilization deferral	3	—	—	—	13
Merger-related commitments(c)	331	35	—	—	141
Discrete impacts from Energy Infrastructure Modernization Act EIMA(d)	(38)	—	(38)	—	—
Other	(11)	4	3	2	—
Total other non-cash operating activities	$ 530	$ 90	$ 60	$ 40	$179
Changes in other assets and liabilities:					
Under/over-recovered energy and transmission costs	$ (25)	$ —	$ (38)	$ 13	$ (10)
Other regulatory assets and liabilities	(97)	—	(16)	3	(39)
Other current assets	(18)	(122)	1	(134)(g)	31
Other noncurrent assets and liabilities	18	42	(19)	8	7
Total changes in other assets and liabilities	$ (122)	$ (80)	$ (72)	$(110)	$ (11)
Non-cash investing and financing activities:					
Merger with Constellation, common stock issued	$7,365	$ 5,272	$ —	$ —	$ —
Total non-cash investing and financing activities:	$7,365	$ 5,272	$ —	$ —	$ —

(a) Includes the elimination of NDT fund-related activity for the Regulatory Agreement Units, including the elimination of operating revenues, ARO accretion, ARC amortization, investment income and income taxes related to all NDT fund activity for these units. See Note 13 of the Exelon 2012 Form 10-K for additional information regarding the accounting for nuclear decommissioning.
(b) Includes option premiums reclassified to realized at the settlement of the underlying contracts and recorded to results of operations.
(c) See Note 4 — Mergers and Acquisitions for more information on merger-related commitments.
(d) Reflects the change in distribution rates pursuant to EIMA, which allows for the recovery of costs by a utility through a pre-established performance-based formula rate tariff. See Note 5 — Regulatory Matters for more information.
(e) See Note 11 — Income Taxes for discussion of the like-kind exchange position.
(f) Relates to integration costs to achieve distribution synergies related to the merger transaction. See Note 5 — Regulatory Matters for more information.
(g) Relates primarily to prepaid utility taxes.

DOE Smart Grid Investment Grant (Exelon, PECO and BGE). For the three months ended March 31, 2013, Exelon, PECO and BGE have included in the capital expenditures line item under investing activities of the cash flow statement capital expenditures of $21 million, $6 million and $15 million, respectively, and reimbursements of $32 million, $12 million and $20 million, respectively, related to PECO's and BGE's DOE SGIG programs. For the three months ended March 31, 2012, Exelon, PECO and BGE have included in the capital expenditures line item under investing activities of the cash flow statement capital expenditures of $26 million, $20 million and $6 million, respectively, and reimbursements of $35 million, $21 million and $14 million, respectively, related to PECO's and BGE's DOE SGIG programs. See Note 5 - Regulatory Matters for additional information regarding the DOE SGIG.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Supplemental Balance Sheet Information

The following tables provide additional information about assets and liabilities of the Registrants as of March 31, 2013 and December 31, 2012.

March 31, 2013	Exelon	Generation	ComEd	PECO	BGE
Property, plant and equipment:					
Accumulated depreciation and amortization	$12,579(a)	$ 6,347(a)	$2,969	$2,840	$2,627
Accounts receivable:					
Allowance for uncollectible accounts	320	84	78	122	36

December 31, 2012	Exelon	Generation	ComEd	PECO	BGE
Property, plant and equipment:					
Accumulated depreciation and amortization	$12,184(b)	$ 6,014(b)	$2,998	$2,797	$2,595
Accounts receivable:					
Allowance for uncollectible accounts	293	84	70	99	40

(a) Includes accumulated amortization of nuclear fuel in the reactor core of $2,221 million.
(b) Includes accumulated amortization of nuclear fuel in the reactor core of $2,078 million.

PECO Installment Plan Receivables (Exelon and PECO)

PECO enters into payment agreements with certain delinquent customers, primarily residential, seeking to restore their service, as required by the PAPUC. Customers with past due balances that meet certain income criteria are provided the option to enter into an installment payment plan, some of which have terms greater than one year, to repay past due balances in addition to paying for their ongoing service on a current basis. The receivable balance for these payment agreement receivables is recorded in accounts receivable for the current portion and other deferred debits and other assets for the noncurrent portion. The net receivable balance for installment plans with terms greater than one year was $18 million as of March 31, 2013 and December 31, 2012. The allowance for uncollectible accounts reserve methodology and assessment of the credit quality of the installment plan receivables are consistent with the customer accounts receivable methodology discussed in Note 1 of the Exelon 2012 Form 10-K. The allowance for uncollectible accounts balance associated with these receivables at March 31, 2013 of $14 million consists of $1 million, $4 million and $9 million for low risk, medium risk and high risk segments, respectively. The allowance for uncollectible accounts balance at December 31, 2012 of $15 million consists of $1 million, $3 million and $11 million for low risk, medium risk and high risk segments, respectively. The balance of the payment agreement is billed to the customer in equal monthly installments over the term of the agreement. Installment receivables outstanding as of March 31, 2013 and December 31, 2012 include balances not yet presented on the customer bill, accounts currently billed and an immaterial amount of past due receivables. When a customer defaults on its payment agreement, the terms of which are defined by plan type, the entire balance of the agreement becomes due and the balance is reclassified to current customer accounts receivable and reserved for in accordance with the methodology discussed in Note 1 of the Exelon 2012 Form 10-K.

19. Segment Information (Exelon, Generation, ComEd, PECO and BGE)

Exelon has nine reportable segments, ComEd, PECO, BGE and Generation's six power marketing reportable segments consisting of the Mid-Atlantic, Midwest, New England, New York, ERCOT and all other regions not considered individually significant referred to collectively as "Other Regions"; including the South, West and Canada. Generation's expanded number of reportable segments is the result of the acquisition of Constellation on March 12, 2012. ComEd, PECO and BGE each represent a single reportable segment; as such, no separate segment information is provided for these Registrants. Exelon evaluates the performance of ComEd, PECO and BGE based on net income.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The foundation of Generation's six reportable segments is based on the geographic location of its assets, and is largely representative of the footprints of an ISO / RTO and/or NERC region. Descriptions of each of Generation's six reportable segments are as follows:

- Mid-Atlantic represents operations in the eastern half of PJM, which includes Pennsylvania, New Jersey, Maryland, Virginia, West Virginia, Delaware, the District of Columbia and parts of North Carolina.
- Midwest represents operations in the western half of PJM, which includes portions of Illinois, Indiana, Ohio, Michigan, Kentucky and Tennessee, and the entire United States footprint of MISO, which covers all or most of North Dakota, South Dakota, Nebraska, Minnesota, Iowa, Wisconsin, the remaining parts of Illinois, Indiana, Michigan and Ohio not covered by PJM, and parts of Montana, Missouri and Kentucky.
- New England represents the operations within ISO-NE covering the states of Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.
- New York represents operations within ISO-NY, which covers the state of New York in its entirety.
- ERCOT represents operations within Electric Reliability Council of Texas, covering most of the state of Texas.
- Other Regions not considered individually significant:
  - South represents operations in the FRCC and the remaining portions of the SERC not included within MISO or PJM, which includes all or most of Florida, Arkansas, Louisiana, Mississippi, Alabama, Georgia, Tennessee, North Carolina, South Carolina and parts of Missouri, Kentucky and Texas. Generation's South region also includes operations in the SPP, covering Kansas, Oklahoma, most of Nebraska and parts of New Mexico, Texas, Louisiana, Missouri, Mississippi and Arkansas.
  - West represents operations in the WECC, which includes California ISO, and covers the states of California, Oregon, Washington, Arizona, Nevada, Utah, Idaho, Colorado, and parts of New Mexico, Wyoming and South Dakota.
  - Canada represents operations across the entire country of Canada and includes the AESO, OIESO and the Canadian portion of MISO.

Exelon and Generation evaluate the performance of Generation's power marketing activities based on revenue net of purchased power and fuel expense. Generation believes that revenue net of purchased power and fuel expense is a useful measurement of operational performance. Revenue net of purchased power and fuel expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report. Generation's operating revenues include all sales to third parties and affiliated sales to ComEd, PECO and BGE. Purchased power costs include all costs associated with the procurement and supply of electricity including capacity, energy and ancillary services. Fuel expense includes the fuel costs for Generation's own generation and fuel costs associated with tolling agreements. Generation's other business activities, including retail and wholesale gas, upstream natural gas, proprietary trading, energy efficiency and demand response, the design, construction, and operation of renewable energy, heating, cooling, and cogeneration facilities, and home improvements, sales of electric and gas appliances, servicing of heating, air conditioning, plumbing, electrical, and indoor quality systems, are not allocated to regions. Further, Generation's compensation under the reliability-must-run rate schedule, results of operations from the Brandon Shores, Wagner, and C.P. Crane Maryland generating stations, and other miscellaneous revenues, mark-to-market impact of economic hedging activities, and amortization of certain intangible assets relating to commodity contracts recorded at fair value as a result of the merger are also not allocated to a region.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

An analysis and reconciliation of the Registrants' reportable segment information to the respective information in the consolidated financial statements for the three and three months ended March 31, 2013 and 2012 is as follows:

	Generation(a)	ComEd	PECO	BGE(b)	Other(c)	Intersegment Eliminations	Exelon
Total revenues(d):							
2013	$ 3,533	$ 1,160	$ 895	$ 880	$ 318	$ (704)	$ 6,082
2012	2,743	1,388	875	52	351	(719)	4,690
Intersegment revenues(e):							
2013	$ 381	$ 1	$ —	$ 4	$ 318	$ (704)	$ —
2012	370	1	1	1	346	(719)	—
Net income (loss):							
2013	$ (17)	$ (81)	$ 122	$ 80	$ (103)	$ —	$ 1
2012	166	87	97	(65)	(85)	—	200
Total assets:							
March 31, 2013	$ 39,991	$23,256	$9,491	$7,639	$10,139	$ (12,273)	$78,243
December 31, 2012	40,681	22,905	9,353	7,506	10,432	(12,316)	78,561

(a) Generation includes the six power marketing reportable segments shown below: Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Regions. Intersegment revenues for Generation for the three months ended March 31, 2013 include revenue from sales to PECO of $141 million and sales to BGE of $113 million in the Mid-Atlantic region, and sales to ComEd of $145 million in the Midwest region, net of $(17) million related to the unrealized mark-to-market losses related to the ComEd swap, which eliminate upon consolidation. For the three months ended March 31, 2012 intersegment revenues for Generation include revenue from sales to PECO of $111 million and sales to BGE of $19 million in the Mid-Atlantic region, and sales to ComEd of $247 million in the Midwest region, net of $11 million related to the unrealized mark-to-market losses related to the ComEd swap, which eliminate upon consolidation.

(b) 2012 amounts represent activity recorded at BGE from March 12, 2012, the closing date of the merger, through March 31, 2012.

(c) Other primarily includes Exelon's corporate operations, shared service entities and other financing and investment activities.

(d) For the three months ended March 31, 2013 and 2012, utility taxes of $21 million and $13 million, respectively, are included in revenues and expenses for Generation. For the three months ended March 31, 2013 and 2012, utility taxes of $60 million and $61 million, respectively, are included in revenues and expenses for ComEd. For the three months ended March 31, 2013 and 2012, utility taxes of $34 million and $34 million, respectively, are included in revenues and expenses for PECO. For the three months ended March 31, 2013 and for the period March 12, 2012 through March 31, 2012, utility taxes of $22 million and $3 million, respectively, are included in revenues and expenses for BGE.

(e) The intersegment profit associated with Generation's sale of AECs to PECO is not eliminated in consolidation due to the recognition of intersegment profit in accordance with regulatory accounting guidance. See Note 3 — Regulatory Matters of the Exelon 2012 Form 10-K for additional information on AECs. For Exelon, these amounts are included in operating revenues in the Consolidated Statements of Operations.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Generation total revenues:

	2013			2012		
	Revenues from external customers(a)	Intersegment revenues	Total Revenues	Revenues from external customers(a)	Intersegment revenues	Total Revenues
Mid-Atlantic	$ 1,331	$ (8)	$ 1,323	$ 970	$ (4)	$ 966
Midwest	1,181	7	1,188	1,215	4	1,219
New England	391	12	403	91	2	93
New York	175	(6)	169	45	(2)	43
ERCOT	293	—	293	128	—	128
Other Regions(b)	183	42	225	75	4	79
Total Revenues for Reportable Segments	$ 3,554	$ 47	$ 3,601	$ 2,524	$ 4	$ 2,528
Other(c)	(21)	(47)	(68)	219	(4)	215
Total Generation Consolidated Operating Revenues	$ 3,533	$ —	$ 3,533	$ 2,743	$ —	$ 2,743

(a) Includes all electric sales to third parties and affiliated sales to ComEd, PECO and BGE.
(b) Other regions include the South, West and Canada, which are not considered individually significant.
(c) Other represents activities not allocated to a region. See text above for a description of included activities. Also includes amortization of intangible assets related to commodity contracts recorded at fair value at the merger date of $174 million and $122 million, for the three months ended March 31, 2013 and 2012, respectively.

Generation total revenues net of purchased power and fuel expense:

	2013			2012		
	RNF from external customers(a)	Intersegment RNF	Total RNF	RNF from external customers(a)	Intersegment RNF	Total RNF
Mid-Atlantic	$ 852	$ (8)	$ 844	$ 774	$ (4)	$ 770
Midwest	710	7	717	813	4	817
New England	18	12	30	37	2	39
New York	(16)	(6)	(22)	10	(2)	8
ERCOT	112	(11)	101	34	—	34
Other Regions(b)	10	35	45	10	4	14
Total Revenues net of purchased power and fuel expense for Reportable Segments	$ 1,686	$ 29	$1,715	$ 1,678	$ 4	$1,682
Other(c)	(322)	(29)	(351)	21	(4)	17
Total Generation Revenues net of purchased power and fuel expense	$ 1,364	$ —	$1,364	$ 1,699	$ —	$1,699

(a) Includes purchases and sales from third parties and affiliated sales to ComEd, PECO and BGE.
(b) Other regions includes the South, West and Canada, which are not considered individually significant.
(c) Other represents activities not allocated to a region. See text above for a description of included activities. Also includes amortization of intangible assets related to commodity contracts recorded at fair value at the merger date of $174 million and $122 million, for the three months ended March 31, 2013 and 2012, respectively.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

(Dollars in millions except per share data, unless otherwise noted)

EXELON CORPORATION

General

Exelon, a utility services holding company, operates through the following principal subsidiaries:

- *Generation*, whose integrated business consists of owned, contracted and investments in electric generating facilities managed through customer supply of electric and natural gas products and services, including renewable energy products, risk management services and natural gas exploration and production activities.
- *ComEd*, whose business consists of the purchase and regulated retail sale of electricity and the provision of distribution and transmission services in northern Illinois, including the City of Chicago.
- *PECO*, whose business consists of the purchase and regulated retail sale of electricity and the provision of distribution and transmission services in southeastern Pennsylvania, including the City of Philadelphia, and the purchase and regulated retail sale of natural gas and the provision of distribution services in the Pennsylvania counties surrounding the City of Philadelphia.
- *BGE*, whose business consists of the purchase and regulated retail sale of electricity and the provision of distribution and transmission services in central Maryland, including the City of Baltimore, and the purchase and regulated retail sale of natural gas and the provision of distribution services in central Maryland, including the City of Baltimore.

Exelon has nine reportable segments consisting of Generation's six power marketing reportable segments (Mid-Atlantic, Midwest, New England, New York, ERCOT and other regions in Generation), ComEd, PECO and BGE. See Note 19 of the Combined Notes to Consolidated Financial Statements for additional information regarding Exelon's reportable segments.

Through its business services subsidiary BSC, Exelon provides its operating subsidiaries with a variety of support services at cost. The costs of these services are directly charged or allocated to the applicable operating segments. Additionally, the results of Exelon's corporate operations include costs for corporate governance and interest costs and income from various investment and financing activities.

Exelon's consolidated financial information includes the results of its four separate operating subsidiary registrants, Generation, ComEd, PECO and BGE, which, along with Exelon, are collectively referred to as the Registrants. The following combined Management's Discussion and Analysis of Financial Condition and Results of Operations is separately filed by Exelon, Generation, ComEd, PECO and BGE. However, none of the Registrants makes any representation as to information related solely to any of the other Registrants.

Executive Overview

Financial Results. The following consolidated financial results reflect the results of Exelon for the three months ended March 31, 2013 compared to the same period in 2012. The 2012 financial results only include the operations of Constellation and BGE from the date of the merger with Constellation (the Merger), March 12, 2012, through March 31, 2012. All amounts presented below are before the impact of income taxes, except as noted.

	Three Months Ended March 31,							Favorable (Unfavorable)
	2013						2012	
	Generation	ComEd	PECO	BGE	Other	Exelon	Exelon	Variance
Operating revenues	$ 3,533	$1,160	$895	$880	$(386)	$6,082	$4,690	$ 1,392
Purchased power and fuel	2,169	382	406	426	(402)	2,981	1,765	(1,216)
Revenue net of purchased power and fuel(a)	1,364	778	489	454	16	3,101	2,925	176
Other operating expenses								
Operating and maintenance	1,112	328	188	143	(7)	1,764	1,968	204
Depreciation and amortization	214	167	57	93	12	543	382	(161)
Taxes other than income	93	74	41	55	14	277	194	(83)
Total other operating expenses	1,419	569	286	291	19	2,584	2,544	(40)
Equity in losses of unconsolidated affiliates	(9)	—	—	—	—	(9)	(22)	13
Operating income	(64)	209	203	163	(3)	508	359	149
Other income and (deductions)								
Interest expense, net	(82)	(353)	(29)	(33)	(126)	(623)	(195)	(428)
Other, net	128	5	3	5	31	172	194	(22)
Total other income and (deductions)	46	(348)	(26)	(28)	(95)	(451)	(1)	(450)
Income (loss) before income taxes	(18)	(139)	177	135	(98)	57	358	(301)
Income taxes	(1)	(58)	55	55	5	56	158	102
Net income (loss)	(17)	(81)	122	80	(103)	1	200	(199)
Net (loss) income attributable to noncontrolling interests, preferred security dividends and preference stock dividends	1	—	1	3	—	5	—	(5)
Net income (loss) on common stock	$ (18)	$ (81)	$121	$ 77	$(103)	$ (4)	$ 200	$ (204)

(a) The Registrants' evaluate operating performance using the measure of revenue net of purchased power and fuel expense. The Registrants' believe that revenue net of purchased power and fuel expense is a useful measurement because it provides information that can be used to evaluate its operational performance. Revenue net of purchased power and fuel expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

Exelon's net income (loss) on common stock was $(4) million for the three months ended March 31, 2013 as compared to net income of $200 million for the three months ended March 31, 2012, and diluted earnings per average common share were $(0.01) for the three months ended March 31, 2013 as compared to $0.28 for the three months ended March 31, 2012.

Operating revenue net of purchased power and fuel expense, which is a non-GAAP measure discussed below, increased by $176 million primarily due to the addition of BGE's and Constellation's financial results for

the full quarter in 2013. BGE's operating revenue net of purchased power and fuel expense was $454 million for the three months ended March 31, 2013, compared to a loss of $(16) million from March 12, 2012 through March 31, 2012. Generation's operating revenue net of purchased power and fuel expense decreased by $335 million primarily due to mark-to-market losses of $403 million in 2013 from economic hedging activities, net of intercompany eliminations, compared to $60 million in mark-to-market gains in 2012. The year-over-year results for Generation are negatively impacted by an increase in amortization expense of $52 million for the acquired energy contracts, net, recorded at fair value at the merger date. Also, revenue net of purchased power and fuel expenses decreased by $100 million in the Midwest primarily due to lower capacity revenues and increased nuclear fuels costs. Offsetting these unfavorable impacts was a net increase of $133 million in revenue net of purchased power and fuel expense in all other regions primarily due to the addition of Constellation's operations for the full first quarter in 2013. Generation's results were also favorably affected by $147 million of other activities, including proprietary trading, retail gas, energy efficiency, energy management and demand response, upstream natural gas and the design and construction of customer sited solar facilities.

ComEd's operating revenues net of purchased power and fuel expense increased by $10 million primarily due to favorable weather conditions and higher electric distribution revenues, partially offset by decreased cost recovery for uncollectible accounts. PECO's operating revenues net of purchased power and fuel expense increased by $25 million primarily due to favorable weather conditions, partially offset by lower realized prices.

Operating and maintenance expense decreased by $204 million primarily due to certain prior year transactions associated with the Merger. Exelon incurred $216 million in costs as part of the Maryland order approving the Merger and costs of $195 million associated with a settlement with the FERC in March, 2012. Also, Constellation merger and integration costs decreased by $123 million. Decreased operating and maintenance expense was partially offset by increased labor, other benefits, contracting and materials costs of $270 million and increased pension and non-pension postretirement benefit expenses of $16 million, primarily due to the addition of BGE and Constellation for the full quarter in 2013.

Depreciation and amortization expense increased by $161 million primarily due to higher plant balances resulting from the addition of BGE's and Constellation's plant balances for the full quarter in 2013, as well as ongoing capital expenditures across the operating companies.

Equity in losses of unconsolidated affiliates decreased by $13 million primarily due to net income generated from Exelon's equity investment in CENG in 2013 compared to the loss recorded by CENG from March 12, 2012 through March 31, 2012. The loss recorded for this period in 2012 was due to planned nuclear fueling outage days. Partially offsetting this improvement in CENG's earnings, Generation's results were also affected by increased amortization of the basis difference in CENG recorded at fair value at the merger.

Interest expense increased by $428 million due to an increase in interest expense at ComEd related to the remeasurement of Exelon's like-kind exchange tax position in the first quarter of 2013, an increase in debt obligations as a result of the Merger and an increase in debt issued at Generation in June 2012.

Exelon's effective income tax rates for the three months ended March 31, 2013 and 2012 were 98.2% and 44.1%, respectively. See Note 11 of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

For further detail regarding the financial results for the three months ended March 31, 2013, including explanation of the non-GAAP measure revenue net of purchased power and fuel expense, see the discussions of Results of Operations by Segment below.

Adjusted (non-GAAP) Operating Earnings. Exelon's adjusted (non-GAAP) operating earnings for the three months ended March 31, 2013 were $ 602 million, or $ 0.70 per diluted share, compared with adjusted

(non-GAAP) operating earnings of $ 603 million, or $ 0.85 per diluted share, for the same period in 2012. In addition to net income, Exelon evaluates its operating performance using the measure of adjusted (non-GAAP) operating earnings because management believes it represents earnings directly related to the ongoing operations of the business. Adjusted (non-GAAP) operating earnings exclude certain costs, expenses, gains and losses and other specified items. This information is intended to enhance an investor's overall understanding of year-to-year operating results and provide an indication of Exelon's baseline operating performance excluding items that are considered by management to be not directly related to the ongoing operations of the business. In addition, this information is among the primary indicators management uses as a basis for evaluating performance, allocating resources, setting incentive compensation targets and planning and forecasting of future periods. Adjusted (non-GAAP) operating earnings is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

The following table provides a reconciliation between net income as determined in accordance with GAAP and adjusted (non-GAAP) operating earnings for the three months ended March 31, 2013 as compared to the same period in 2012:

	Three Months Ended March 31,			
	2013		2012	
(All amounts after tax: in millions, except per share amounts)		Earnings per Diluted Share		Earnings per Diluted Share
Net Income (Loss) on Common Stock	$ (4)	$ (0.01)	$ 200	$ 0.28
Mark-to-Market Impact of Economic Hedging Activities(a)	235	0.27	(43)	(0.06)
Unrealized Gains Related to NDT Fund Investments(b)	(35)	(0.04)	(36)	(0.05)
Plant Retirements & Divestitures(c)	(13)	(0.02)	6	0.01
Constellation Merger and Integration Costs(d)	27	0.03	113	0.16
Maryland Commitments(e)	—	—	227	0.32
Amortization of Commodity Contract Intangibles(f)	117	0.14	78	0.11
FERC Settlement(g)	—	—	172	0.25
Non-Cash Remeasurement of Deferred Income Taxes(h)	—	—	(117)	(0.17)
Other Acquisition Costs(i)	—	—	3	—
Amortization of the Fair Value of Certain Debt(j)	(3)	—	—	—
Remeasurement of Like-Kind Exchange Tax Position(k)	265	0.31		
Nuclear Uprate Project Cancellation(l)	13	0.02		
Adjusted (non-GAAP) Operating Earnings	$602	$ 0.70	$ 603	$ 0.85

(a) Reflects the impact of losses (gains) for the three months ended March 31, 2013 and 2012, respectively, on Generation's economic hedging activities (net of taxes of $150 million and $(28) million, respectively). See Note 9 of the Combined Notes to Consolidated Financial Statements for additional detail related to Generation's hedging activities.

(b) Reflects the impact of unrealized gains for the three months ended March 31, 2013 and 2012 on Generation's NDT fund investments for Non-Regulatory Agreement Units (net of taxes of $(68) million and $(83) million, respectively). See Note 12 of the Combined Notes to Consolidated Financial Statements for additional detail related to Generation's NDT fund investments.

(c) Reflects the impacts associated with the sale or retirement of generating stations for the three months ended March 31, 2013 and 2012 (net of taxes of $5 million and $3 million, respectively). See "Results of Operations — Generation" for additional detail related to the generating station retirements.

(d) Reflects certain costs incurred for the three months ended March 31, 2013 and 2012 (net of taxes of $(6) million and $31 million, respectively) associated with the Constellation merger including transaction costs, employee-related expenses (e.g. severance, retirement, relocation and retention bonuses) integration initiatives and certain pre-acquisition contingencies, partially offset in 2013 by a one-time benefit pursuant to the BGE 2012 electric and gas distribution rate case order for the recovery of previously incurred integration costs. See Note 4 of the Combined Notes to Consolidated Financial Statements for additional information.

(e) Reflects costs incurred for the three months ended March 31, 2012 associated with the Constellation merger (net of taxes of $101 million) as part of the Maryland order approving the merger transaction. See Note 4 of the Combined Notes to Consolidated Financial Statements for additional information.

(f) Reflects the non-cash impact for the three months ended March 31, 2013 and 2012 (net of taxes of $75 million and $51 million, respectively) of the amortization of intangible assets, net, related to commodity contracts recorded at fair value at the merger date. See Note 4 of the Combined Notes to Consolidated Financial Statements for additional information.
(g) Reflects costs incurred for the three months ended March 31, 2012 (net of taxes of $23 million) as part of a settlement with the FERC to resolve a dispute related to Constellation's pre-merger hedging and risk management transactions. See Note 17 of the Combined Notes to Consolidated Financial Statements for additional information.
(h) Reflects the non-cash impacts of the remeasurement of state deferred income taxes as a result of the merger. See Note 11 of the Combined Notes to Consolidated Financial Statements for additional information.
(i) Reflects certain costs incurred for the three months ended March 31, 2012 (net of taxes of $2 million) associated with various acquisitions.
(j) Reflects the non-cash amortization of certain debt for the three months ended March 31, 2013 (net of taxes of $2 million) recorded at fair value at the Constellation merger date expected to be retired in 2013. See Note 4 of the Combined Notes to Consolidated Financial Statements for additional information.
(k) Reflects a non-cash charge to earnings for the three months ended March 31, 2013 (net of taxes of $104 million) resulting from the first quarter 2013 remeasurement of a like-kind exchange tax position taken on ComEd's 1999 sale of fossil generating assets. See Note 11 of the Combined Notes to Consolidated Financial Statements for additional information.
(l) Reflects a 2013 charge to earnings for the three months ended March 31, 2013 (net of taxes of $8 million) related to Generation's cancellation of previously capitalized nuclear uprate projects.

As discussed above, Exelon has incurred and will continue to incur costs associated with the Constellation merger including, meeting the various commitments set forth by regulators and agreed-upon with other interested parties as part of the merger approval process, and integrating the former Constellation businesses into Exelon.

For the three months ended March 31, 2013 and 2012, expense has been recognized for costs incurred to achieve the merger as follows:

	Pre-tax Expense				
	Three Months Ended March 31, 2013				
Merger and Integration Costs:	Generation(a)	ComEd	PECO	BGE(a)	Exelon(a)
Employee-Related(b)	6	—	1	—	7
Other(c)	17	—	2	(6)(d)	14
Total	$ 23	$ —	$ 3	$ (6)	$ 21

	Pre-tax Expense				
	Three Months Ended March 31, 2012				
Merger and Integration Costs:	Generation(a)	ComEd	PECO	BGE(a)	Exelon(a)
Transaction(e)	$ —	$ —	$ —	$ —	$ 50
Maryland Commitments	35	—	—	139	328
Employee-Related(b)	47	—	5	—	58
Other(c)	28	2	2	1	36
Total	$ 110	$ 2	$ 7	$ 140	$ 472

(a) For Exelon, Generation and BGE, includes the operations of the acquired businesses for the three months ended March 31, 2013 and from the date of the merger, March 12, 2012, through March 31, 2012.
(b) Costs primarily for employee severance, pension and OPEB expense and retention bonuses. ComEd established regulatory assets of $1 million and $12 million during the three months ended March 31, 2013 and March 31, 2012, respectively. For ComEd, the majority of these costs are expected to be recovered over a five-year period. BGE established a regulatory asset of $16 million during the three months ended March 31, 2012, and the majority of these costs will be recovered over a five-year period. These costs are not included in the table above.

(c) Costs to integrate Constellation processes and systems into Exelon and to terminate certain Constellation debt agreements. ComEd established a regulatory asset of $3 million and $4 million during the three months ended March 31, 2013 and 2012, respectively, for certain other merger and integration costs, which are not included in the table above. BGE established a regulatory asset of $2 million during the three months ended March 31, 2013 for certain other merger integration costs, which are not included in the table above.
(d) BGE established a regulatory asset of $6 million at March 31, 2013 for certain 2012 other merger integration costs as part of the 2013 electric and gas distribution rate case order.
(e) External, third-party costs paid to advisors, consultants, lawyers and other experts to assist in the due diligence and regulatory approval processes and in the closing of the transaction.

As of March 31, 2013, Exelon projects incurring total additional merger-related expenses, primarily in 2013, of approximately $165 million.

Pursuant to the conditions set forth by the MDPSC in its approval of the merger transaction, Exelon committed to provide a package of benefits to BGE customers, and make certain investments in the City of Baltimore and the State of Maryland, resulting in an estimated direct investment in the State of Maryland of more than $1 billion. The direct investment estimate includes $95 million to $120 million for the requirement to cause construction of a headquarters building in Baltimore for Generation's competitive energy businesses. On March 20, 2013, Generation signed a twenty year lease agreement that is contingent upon the developer obtaining financing for the construction of the building. Once the financing conditions are met, construction of the building will commence and is expected to be ready for occupancy in 2 years. The direct investment estimate also includes $625 million in expenditures relating to the development of 285-300 MW of new electric generation facilities in Maryland (expected to be completed over the next ten years).

Exelon's Strategy and Outlook for the remainder of 2013 and Beyond

Exelon's value proposition and competitive advantage come from its scope and scale across the energy value chain and its core strengths of operational excellence and financial discipline.

On March 12, 2012, the Exelon and Constellation merger was completed. The merger creates incremental strategic value by matching Exelon's clean generation fleet with Constellation's leading customer-facing platform, as well as creating economies of scale through expansion across the energy value chain. Exelon supports customer switching to alternative electric generation suppliers and the addition of Constellation's competitive retail operations provides another outlet for Exelon to grow its business in competitive markets.

Generation is managed as an integrated business and is located in multiple geographic regions, with multiple supply sources and provides various energy commodities through multiple distribution channels. Generation's nuclear, fossil fuel, hydroelectric and renewables strategy is to pursue opportunities that provide generation to load matching and that diversify the generation fleet by expanding its regional and technological footprint. Generation's customer-facing activities enhance and expand across states its existing customer platform, and develop innovative products for its customers.

Exelon's utility strategy is to improve reliability and operations and enhance the customer experience, while ensuring ratemaking mechanisms provide the utilities fair financial returns. Exelon seeks to leverage its scale and expertise across the utilities platform by standardization and sharing of best practices to achieve improved operational and financial results.

Exelon's financial priorities are to maintain investment grade credit metrics at each of Exelon, Generation, ComEd, PECO and BGE, and to return value to Exelon's shareholders with a sustainable dividend throughout the energy commodity market cycle and through earnings growth from attractive investment opportunities.

In pursuing its strategies, Exelon has exposure to various market and financial risks, including the risk of price fluctuations in the power markets. Power prices are a function of supply and demand, which in turn are

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driven by factors such as (1) the price of fuels, in particular, the prices of natural gas and coal, which drive the market prices that Generation's power plants can obtain for their output, (2) the rate of expansion of subsidized low carbon generation in the markets in which Generation's output is sold, (3) the effects on energy demand of factors such as weather, economic conditions and implementation of energy efficiency and demand response programs, and (4) the impacts of increased competition in the retail channel.

Power Markets

Price of Fuels. The use of new technologies to recover natural gas from shale deposits is increasing natural gas supply and reserves, which places downward pressure on natural gas prices and, therefore, on wholesale and retail power prices, which results in a reduction in Exelon's revenues. Since the third quarter of 2011, forward natural gas prices for 2013 and 2014 have declined significantly; in part reflecting an increase in supply due to strong natural gas production (due to shale gas development).

Subsidized Generation . The rate of expansion of subsidized low carbon generation such as wind and solar energy in the markets in which Generation's output is sold can negatively impact wholesale power prices, and in turn, Generation's results of operations.

Various states have implemented or proposed legislation, regulations or other policies to subsidize new generation development which may result in artificially depressed wholesale energy and capacity prices. For example, on April 12, 2012, the MDPSC issued an order directing the Maryland electric utilities to enter into a 20-year contract for differences (CfD) with CPV Maryland, LLC (CPV), under which CPV will construct an approximately 700 MW combined cycle gas turbine in Waldorf, Maryland, that it projected will be in commercial operation by June 1, 2015. The CfD mandates that utilities (including BGE) pay (or receive) the difference between CPV's contract price and the revenues it receives for capacity and energy from clearing the unit in the PJM capacity market.

Similarly, in January 2011, New Jersey passed legislation that provides guaranteed cost recovery through a CfD for the development of up to 2,000 MWs of new base load or mid-merit generation, so long as it clears in PJM's capacity market. Three generation developers were chosen for the New Jersey CfD, for which contracts were executed in 2011 by the state's utilities under protest. Similarly, in Illinois, legislation has been debated for over four years that passed in the Senate and is currently being considered in the House which would require consumers to subsidize the development of an Integrated Gasification Combined Cycle plant by purchasing its electricity through 30 year power purchase agreements at prices significantly above market prices. A new version was recently introduced in the current Illinois General Assembly but its prospects are unclear at this time.

Exelon and others filed a complaint in federal district court challenging the constitutionality and other aspects of the New Jersey legislation. Similarly, Exelon and others are also challenging the selection of the three generation developers in New Jersey state court proceedings and the MDPSC actions in Maryland state court.

As required under their CfDs, two of the New Jersey generator developers and one in Maryland offered and cleared in PJM's capacity market auction held in May 2012. Given the state-required customer subsidy provided under their respective CfDs, Exelon believes that these projects may have artificially suppressed capacity prices in PJM in this auction and may continue to do so in future auctions to the detriment of Exelon's market driven position. PJM's capacity market rules include a Minimum Offer Pricing Rule (MOPR) that is intended to preclude sellers from artificially suppressing the competitive price signals for generation capacity. However, Exelon does not believe that the existing MOPR worked effectively with respect to the abovementioned generator developers. Accordingly, Exelon worked with other market stakeholders, PJM and PJM's independent market monitor to develop a new MOPR that would more effectively preclude such artificial price suppression, and PJM, after extensive stakeholder consideration, filed its new MOPR seeking FERC approval in December, 2012. On February 5, 2013, FERC issued a letter finding that PJM's new MOPR filing is deficient and requested PJM provide additional information on several aspects of PJM's MOPR proposal. In early March 2013, PJM filed the additional information requested by the FERC. On May 3, 2013, the FERC issued its order. While the

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FERC order accepted certain aspects of the proposal that Exelon supported (such as applying the MOPR to all of PJM and not just certain zones within PJM), the FERC required PJM to retain a key element of its previous MOPR structure, the unit-specific exemption, an element that Exelon had supported removing. Exelon is currently considering its options with respect to this proceeding. See Note 5 of the Combined Notes to Consolidated Financial Statements for further details of PJM's MOPR.

A continuation of these state efforts, if successful and unabated by an effective MOPR, could continue to result in artificially depressed wholesale capacity and/or energy prices. Other states could seek to establish similar programs, which could substantially impair Exelon's market driven position and could have a material effect on Exelon's financial results of operations, financial position and cash flows.

Energy Demand . The continued tepid economic environment and growing energy efficiency initiatives have limited the demand for electricity across the Exelon utilities. ComEd is projecting load volumes to remain essentially flat in 2013 compared to 2012, while PECO and BGE are projecting an increase (decrease) of 0.5% and (1.1%), respectively, in 2013 compared to 2012. The projected increase at PECO is a result of the oil refineries returning to full production and improved employment outlook in its service territory offset by the continued energy efficiency initiatives and the additional day in 2012 for the leap year. The projected decline at BGE is a result of the idling of a significant customer, energy efficiency initiatives and the additional day in 2012 for the leap year, partially offset by improving economic conditions. See Note 5 of the Combined Notes to Consolidated Financial Statements for further discussion of energy efficiency and demand response programs.

Retail Competition. Generation's retail operations compete for customers in a competitive environment, which affect the margins that Generation can earn and the volumes that it is able to serve. Recently, sustained low forward natural gas and power prices and low market volatility have caused retail competitors to aggressively pursue market share, and wholesale generators (including Generation) to use their retail operations to hedge generation output. These factors have adversely affected overall gross margins and profitability in Generation's retail operations.

Strategic Policy Alignment

Exelon routinely reviews its hedging policy, dividend policies, operating and capital costs, capital spending plans, strength of its balance sheet and credit metrics, and sufficiency of its liquidity position, by performing various stress tests with differing variables, such as commodity price movements, increases in margin-related transactions, changes in hedging practices, and the impacts of hypothetical credit downgrades.

Exelon's Board of Directors declared the first quarter 2013 dividend of $0.525 per share, and in response to low forward energy prices and weaker financial expectations, among other factors, Exelon's Board of Directors approved a revised dividend policy going forward. The first quarter dividend was paid on March 8, 2013 to shareholders of record on February 19, 2013 and was based on Exelon's previous dividend of $2.10 per share on an annualized basis. The second quarter dividend will be based on Exelon's new dividend policy of $0.31 per share quarterly dividend ($1.24 per share on an annualized basis). Consistent with past practice, all future quarterly dividends will require approval by Exelon's Board of Directors.

Continuation of recent power price volatility and demand trends could adversely affect the Registrants' ability to fund discretionary uses of cash such as growth projects and dividends. In addition, economic conditions may no longer support the continued operation of certain generating facilities, which could adversely affect Generation's results of operations through increased depreciation rates, impairment charges and accelerated future decommissioning costs.

Hedging Strategy

Exelon's policy to hedge commodity risk on a ratable basis over three-year periods is intended to reduce the financial impact of market price volatility. Generation is exposed to commodity price risk associated with the

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unhedged portion of its electricity portfolio. Generation enters into non-derivative and derivative contracts, including financially settled swaps, futures contracts and swap options, and physical options and physical forward contracts, all with credit-approved counterparties, to hedge this anticipated exposure. Generation has hedges in place that significantly mitigate this risk for 2013 and 2014. However, Generation is exposed to relatively greater commodity price risk in the subsequent years with respect to which a larger portion of its electricity portfolio is currently unhedged. As of March 31, 2013, the percentage of expected generation hedged for the major reportable segments was 98%-101%, 70%-73% and 33%-36% for 2013, 2014, and 2015, respectively. The percentage of expected generation hedged is the amount of equivalent sales divided by the expected generation. Expected generation represents the amount of energy estimated to be generated or purchased through owned or contracted capacity. Equivalent sales represent all hedging products, which include economic hedges and certain non-derivative contracts, including Generation's sales of energy to ComEd, PECO and BGE relating to their respective retail load obligations. Generation has been and will continue to be proactive in using hedging strategies to mitigate commodity price risk in subsequent years as well.

Generation procures coal, oil and natural gas through long-term and short-term contracts and spot-market purchases. Nuclear fuel is obtained predominantly through long-term uranium concentrate supply contracts, contracted conversion services, contracted enrichment services and contracted fuel fabrication services. The supply markets for uranium concentrates and certain nuclear fuel services, coal, oil and natural gas are subject to price fluctuations and availability restrictions. Supply market conditions may make Generation's procurement contracts subject to credit risk related to the potential non-performance of counterparties to deliver the contracted commodity or service at the contracted prices. Approximately 60% of Generation's uranium concentrate requirements from 2013 through 2017 are supplied by three producers. In the event of non-performance by these or other suppliers, Generation believes that replacement uranium concentrates can be obtained, although at prices that may be unfavorable when compared to the prices under the current supply agreements. Non-performance by these counterparties could have a material adverse impact on Exelon's and Generation's results of operations, cash flows and financial position. ComEd, PECO and BGE mitigate such exposure through regulatory mechanisms that allow them to recover procurement costs from retail customers.

New Growth Opportunities

Nuclear Uprate Program. Generation is engaged in individual projects as part of a planned power uprate program across its nuclear fleet. Using proven technologies, the projects take advantage of new production and measurement technologies, new materials and application of expertise gained from a half-century of nuclear power operations. The uprates are being undertaken pursuant to an organized, strategically sequenced implementation plan. The implementation effort includes a periodic review and refinement of the plan in light of changing market conditions. Decisions to implement uprates at particular nuclear plants, the amount of expenditures to implement the plan, and the actual MWs of additional capacity attributable to the uprate program will be determined on a project-by-project basis in accordance with Exelon's normal project evaluation standards and ultimately will depend on market conditions, economic and policy considerations, and other factors.

Based on recent reviews, the nuclear uprate implementation plan was adjusted during 2013 to cancel certain projects, as a result of the cost of additional plant modifications identified during final design work which combined with current market conditions, including low natural gas prices and the continued sluggish economy, made these projects not economically viable. For these cancelled projects, Generation recorded approximately $21 million of operating and maintenance expense during the first quarter of 2013 to reverse the previously capitalized costs. In addition, the ability to implement several projects requires the successful resolution of various technical matters. The resolution of these matters may further affect the timing and amount of the power increases associated with the power uprate initiative. Following these reviews, any projects that may be undertaken are expected to be completed by the end of 2021, and may result in between 1,075 and 1,125 MWs of additional capacity at an overnight cost of approximately $3.3 billion in 2013 dollars. Overnight costs do not include financing costs or cost escalation.

Approximately 75% of the planned uprate MWs projects are either complete and in service or in the installation or design and engineering phases across seven nuclear stations including Limerick and Peach Bottom

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in Pennsylvania and Byron, Braidwood, Dresden, LaSalle and Quad Cities in Illinois. The remaining 25% of uprate MWs, if and when completed, would come from an extended power uprate project at Limerick currently scheduled to begin in 2017. From the program announcement in 2008 through March 31, 2013, Generation has placed in service 310 MWs of nuclear generation through the uprate program at a cost of approximately $855 million, which has been capitalized to property, plant and equipment on Exelon's and Generation's consolidated balance sheets. At March 31, 2013, an additional approximate $270 million has been capitalized to construction work in progress (CWIP) within property, plant and equipment on Exelon's and Generation's consolidated balance sheets, of which approximately $170 million (202 MWs) relates to projects currently in the installation phase. The remaining $100 million (300 MWs) in CWIP relates to projects currently in the design and engineering phase that continue to be evaluated in accordance with Exelon's normal project evaluation standards. The completion of those projects in the design and engineering phase will ultimately depend on market conditions, economic and policy considerations, and other factors. As of March 31, 2013, Generation believes it is more likely than not that all projects in CWIP will ultimately be placed in service. If a project in the design and engineering phase is expected to not be completed as planned, previously capitalized costs would be reversed through earnings as a charge to operating and maintenance expense.

Generation Renewable Development . On September 30, 2011, Exelon announced the completion of its acquisition of all of the interests in Antelope Valley, a 230-MW solar photovoltaic (PV) project under development in northern Los Angeles County, California, from First Solar, Inc., which developed and will build, operate, and maintain the project. The first portion of the project began operations in December 2012, with three additional blocks coming online in the first quarter of 2013 and an expectation of full commercial operation in December 2013. The acquisition supports the Exelon commitment to renewable energy as part of Exelon 2020. The project has a 25-year PPA, approved by the CPUC, with Pacific Gas & Electric Company for the full output of the plant. Upon completion, the facility will add 230 MWs to Generation's renewable generation fleet. Total capitalized costs for the facility are expected to be approximately $1.1 billion. Total capitalized costs incurred through March 31, 2013 were approximately $840 million. Additionally, Generation constructed and placed into service six wind facilities in 2012, resulting in approximately 400 MWs of additional renewable generation. Total costs for the facilities were approximately $700 million.

Smart Meter and Smart Grid Initiatives.

ComEd's Smart Meter and Smart Grid Investments. On December 5, 2012, the ICC approved ComEd's revised AMI Deployment Plan which includes the planned installation of 4 million electric smart meters. ComEd plans to invest approximately $1.3 billion on smart meters and smart grid under EIMA, including $1.0 billion through the AMI Deployment Plan.

PECO's Smart Meter and Smart Grid Investments. In 2010, the PAPUC approved PECO's Smart Meter Procurement and Installation Plan, under which PECO will install more than 1.6 million smart meters. PECO plans to spend up to a total of $595 million and $120 million on its smart meter and smart grid infrastructure, respectively, before considering the $200 million SGIG.

BGE Smart Grid Initiative. In August 2010, the MDPSC approved a comprehensive smart grid initiative for BGE which includes the planned installation of 2 million electric and gas smart meters at an expected total cost of approximately $480 million, before considering the $200 million SGIG for smart grid and other related initiatives.

See Note 5 of the Combined Notes to Consolidated Financial Statements for additional information on the Smart Meter and Smart Grid Initiatives.

Liquidity

Each of the Registrants annually evaluates its financing plan, dividend practices and credit line sizing, focusing on maintaining its investment grade ratings while meeting its cash needs to fund capital requirements,

retire debt, pay dividends, fund pension and other postretirement benefit obligations and invest in new and existing ventures. The Registrants expect cash flows to be sufficient to meet operating expenses, financing costs and capital expenditure requirements.

Exelon, Generation, ComEd, PECO and BGE have unsecured syndicated revolving credit facilities with aggregate bank commitments of $0.5 billion, $5.3 billion, $1.0 billion, $0.6 billion and $0.6 billion, respectively. Generation also has bilateral credit facilities with aggregate maximum availability of $0.4 billion.

Exposure to Worldwide Financial Markets. Exelon has exposure to worldwide financial markets. The ongoing European debt crisis has contributed to the instability in global credit markets. Further disruptions in the European markets could reduce or restrict the Registrants' ability to secure sufficient liquidity or secure liquidity at reasonable terms. As of March 31, 2013, approximately 30%, or $2.5 billion, of the Registrants' aggregate total commitments were with European banks. The credit facilities include $8.4 billion in aggregate total commitments of which $6.7 billion was available as of March 31, 2013. There were no borrowings under the Registrants' credit facilities as of March 31, 2013. See Note 10 of the Combined Notes to the Consolidated Financial Statements for additional information on the credit facilities.

Tax Matters

Exelon has exposure related to various uncertain tax positions which Exelon manages through planning and implementation of tax planning strategies. See Note 11 of the Combined Notes to Consolidated Financial Statements for additional information.

Environmental Legislative and Regulatory Developments.

Exelon supports the promulgation of certain environmental regulations by the U.S. EPA, including air, water and waste controls for electric generating units. See discussion below for further details. The air and waste regulations will have a disproportionate adverse impact on fossil-fuel power plants, requiring significant expenditures of capital and variable operating and maintenance expense, and will likely result in the retirement of older, marginal facilities. Due to their low emission generation portfolio, Generation and CENG will not be significantly directly affected by these regulations, representing a competitive advantage relative to electric generators that are more reliant on fossil-fuel plants. Various bills have been introduced in the U.S. Congress that would prohibit or impede the U.S. EPA's rulemaking efforts. The timing of the consideration of such legislation is unknown.

Air Quality. In recent years, the U.S. EPA has been implementing a series of increasingly stringent regulations under the Clean Air Act relating to NAAQS for conventional air pollutants (e.g., NO_x, SO_2 and particulate matter) as well as stricter technology requirements to control HAPs (e.g., acid gases, mercury and other heavy metals) from electric generation units. The U.S. EPA continues to review and update its NAAQS with a tightened particulate matter NAAQS issued in December 2012 and a review of the current 2008 ozone NAAQS that is expected to result in a final revised ozone NAAQS sometime in 2014. These updates will potentially result in more stringent emissions limits on fossil-fuel electric generating stations. There continues to be opposition among fossil-fuel generation owners to the potential stringency and timing of these air regulations.

In July 2011, the U.S. EPA published CSAPR and in June 2012, it issued final technical corrections. CSAPR required 28 upwind states in the eastern half of the United States to significantly improve air quality by reducing power plant emissions that cross state lines and contribute to ground-level ozone and fine particle pollution in downwind states. On August 21, 2012, a three-judge panel of the D.C. Circuit Court held that the U.S. EPA had exceeded its authority in certain material aspects with respect to CSAPR and vacated the rule and remanded it to the U.S. EPA for further rulemaking consistent with its decision. The Court also ordered that CAIR remain in effect pending finalization of CSAPR on remand. Until the U.S. EPA re-issues CSAPR, Exelon cannot determine the impacts of the rule, including any that would impact power prices. In March 2013, the U.S. EPA petitioned the U.S. Supreme Court to review the D.C. Circuit Court's CSAPR decision, and Exelon has filed in support of the U.S. EPA's petition.

On December 16, 2011, the U.S. EPA signed a final rule to reduce emissions of toxic air pollutants from power plants and signed revisions to the NSPS for electric generating units. The final rule, known as MATS, requires coal-fired electric generation plants to achieve high removal rates of mercury, acid gases and other metals. To achieve these standards, coal units with no pollution control equipment installed (uncontrolled coal units) will have to make capital investments and incur higher operating expenses. It is expected that owners of smaller, older, uncontrolled coal units will retire the units rather than make these investments. Coal units with existing controls that do not meet the MATS rule may need to upgrade existing controls or add new controls to comply. Owners of oil units not currently meeting the proposed emission standards may choose to convert the units to light oils or natural gas, install control technologies, or retire the units. Numerous entities have challenged MATS in the D.C. Circuit Court, and Exelon has been granted permission by the Court to intervene in support of the rule. A decision by the Court is expected sometime in 2013. The outcome of the appeal, and its impact on power plant operators' investment and retirement decisions, is uncertain.

The cumulative impact of these air regulations could be to require power plant operators to expend significant capital to install pollution control technologies, including wet flue gas desulfurization technology for SO_2 and acid gases, and selective catalytic reduction technology for NO_x. Exelon, along with the other co-owners of Conemaugh Generating Station are moving forward with plans to improve the existing scrubbers and install Selective Catalytic Reduction (SCR) controls to meet the mercury removal requirements of MATS by January 1, 2015. In addition, Keystone already has SCR and Flue-gas desulfurization (FGD) controls in place.

On January 15, 2013, EPA issued a final rule for New Source Performance Standards (NSPS) and National Emissions Standards for Hazardous Air Pollutants (NESHAP) for reciprocating internal combustion engines (RICE NESHAP/NSPS). The final rule allows diesel backup generators to operate for up to 100 hours annually under certain emergency circumstances without meeting emissions limitations, but requires units that operate over 15 hours to burn low sulfur fuel and report key engine information. The final rule eliminates after May 2014 the 50 hour exemption for peak shaving and other non-emergency demand response that was included in the proposed rule, and therefore, is not expected to result in additional megawatts of demand response to be bid into the PJM capacity auction.

In the absence of Federal legislation, the U.S. EPA is also moving forward with the regulation of GHG emissions under the Clean Air Act, including permitting requirements under the Prevention of Significant Deterioration (PSD) and Title V operating permit sections of the Clean Air Act for new and modified stationary sources that became effective January 2, 2011. On April 13, 2012, the U.S. EPA published proposed regulations for NSPS for GHG emissions from new fossil-fueled power plants greater than 25 MW that would require the plants to limit CO_2 emissions. Under the PSD regulations, new and modified major stationary sources could be required to install best available control technology, to be determined on a case-by-case basis. The U.S. EPA is also expected to establish in 2013 GHG emission regulations for existing stationary sources under Section 111(d) of the Clean Air Act. It is not yet known what the nature and impact of the final regulations will be.

Exelon supports comprehensive climate change legislation or regulation, including a cap-and-trade program for GHG emissions, which balances the need to protect consumers, business and the economy with the urgent need to reduce national GHG emissions.

Water Quality. Section 316(b) of the Clean Water Act requires that cooling water intake structures at electric power plants reflect the best technology available to minimize adverse environmental impacts, and is implemented through state-level NPDES permit programs. On March 28, 2011, the U.S. EPA issued a proposed rule, and is required under a Settlement Agreement to issue a final rule by July 27, 2013. The proposed rule does not require closed cycle cooling (e.g., cooling towers) as the best technology available, and also provides some flexibility in the use of cost-benefit considerations and site-specific factors. The proposed rule affords the state permitting agency wide discretion to determine the best technology available, which, depending on the site characteristics, could include closed cycle cooling, advanced screen technology at the intake, or retention of the current technology.

It is unknown at this time whether the final regulations will require closed-cycle cooling. The economic viability of Generation's facilities without closed-cycle cooling water systems will be called into question by any requirement to construct cooling towers. Should the final rule not require the installation of cooling towers, and retain the flexibility afforded the state permitting agencies in applying a cost – benefit test and to consider site-specific factors, the impact of the rule would be minimized even though the costs of compliance could be material to Generation.

Hazardous and Solid Waste. Under proposed U.S. EPA rules issued on June 21, 2010, coal combustion residuals (CCR) would be regulated for the first time under the RCRA. The U.S. EPA is considering several options, including classification of CCR either as a hazardous or non-hazardous waste, under RCRA. Under either option, the U.S. EPA's intention is the ultimate elimination of surface impoundments as a waste treatment process. For plants affected by the proposed rules, this would result in significant capital expenditures and variable operating and maintenance expenditures to convert to dry handling and disposal systems and installation of new waste water treatment facilities. Generation's plants that would be affected by the proposed rules are Keystone and Conemaugh in Pennsylvania, which have on-site landfills that meet the requirements of Pennsylvania solid waste regulations for non-hazardous waste disposal. However, until the final rule is adopted, the impact on these facilities is unknown. The U.S. EPA has not announced a target date for finalization of the CCR rules.

See Note 17 of the Combined Notes to Consolidated Financial Statements for further detail related to environmental matters, including the impact of environmental regulation.

Other Regulatory and Legislative Actions

Japan Earthquake and Tsunami and the Nuclear Industry's Response. On March 11, 2011, Japan experienced a 9.0 magnitude earthquake and ensuing tsunami that seriously damaged the nuclear units at the Fukushima Daiichi Nuclear Power Station, which are operated by Tokyo Electric Power Co.

Generation believes its nuclear generating facilities do not have the same operating risks as the Fukushima Daiichi plant because they meet the NRC's requirement that specifies all plants must be able to withstand the most severe natural phenomena historically reported for each plant's surrounding area, with a significant margin for uncertainty. In addition, Generation's plants are not located in significant earthquake zones or in regions where tsunamis are a threat. Generation believes its nuclear generating facilities are able to shut down safely and keep the fuel cooled through multiple redundant systems specifically designed to maintain electric power when electricity is lost from the grid. Further, Generation's nuclear generating facilities also undergo frequent scenario drills to ensure the proper function of the redundant safety protocols.

Since the events in Japan took place, Generation has continued to work with regulators and nuclear industry organizations to understand the events in Japan and apply lessons learned. Early on, the nuclear industry took a number of specific steps to respond, including actions requested by the Institute of Nuclear Power Operations (INPO) to perform tests that verified Generation's emergency equipment is available and functional, conduct walk-downs on its procedures related to critical safety equipment, confirm event response procedures and readiness to protect the spent fuel pool, and verify current qualifications of operators and support staff needed to implement the procedures. Generation has been addressing additional actions requested by INPO for improving and maintaining core and spent fuel pool cooling during an extended loss of power for at least 24 hours.

In April 2011, the NRC named six senior managers and staff to its task force for examining the agency's regulatory requirements, programs, processes, and implementation in light of information from the Fukushima Daiichi site in Japan, following the March 11 earthquake and tsunami (Task Force). On July 12, 2011, the NRC Task Force issued a report of its review of the accident, including recommendations for future regulatory action by the NRC to be taken in the near and longer term. The Task Force's report concluded that nuclear reactors in the United States are operating safely and do not present an imminent risk to public health and safety. The Task

Force's report did not recommend any changes to the existing nuclear licensing process in the United States or changes in the storage of spent nuclear fuel within the plant's spent nuclear fuel pools. During the fourth quarter of 2011, the NRC staff issued its recommendations for prioritizing and implementing the Task Force recommendations and an implementation schedule which was approved by the NRC subject to a number of conditions. The NRC staff confirmed the Task Force's conclusions that none of the findings arising from the Task Force review presented an imminent risk to public health and safety.

In March 2012, the NRC authorized its staff to issue three immediately effective orders to commercial reactor licensees operating in the United States for compliance no later than December 31, 2016. In summary, the orders require licensees: (1) to provide sufficient onsite portable equipment and resources to maintain or restore cooling capabilities for the containment, core, and spent fuel pool until offsite equipment is available and have offsite equipment and resources available to sustain cooling functions indefinitely; (2) to improve the venting systems with boiling water reactor Mark I or Mark II containments (or for the Mark II plants, install new systems) that help prevent or mitigate core damage in the event of a serious accident by making the systems accessible and operable in the event of a prolonged station blackout and inadequate cooling; and (3) to install instrumentation to provide a reliable indication of water level in the spent fuel pool.

Additionally, the NRC has issued a detailed information request to every operating commercial nuclear power plant in the United States. The information requested requires: (1) use of the current NRC guidance to reevaluate current seismic and flood risk hazards against the design basis and provide a plan of actions to address vulnerabilities, including risks exceeding the design basis; (2) performance of walk downs to ensure the ability to respond to seismic and external flooding events and provide a corrective action plan to the NRC to address deficiencies; and (3) assessment of the means to provide power for communications equipment during a severe natural event and identify staffing required to implement the emergency plan for an event affecting all units with an extended loss of alternating current power and impeded access to the site. In November 2012, the NRC staff recommended to the NRC the installation of engineered containment filtered venting systems for boiling-water reactors with Mark I and Mark II containment structures. On March 19, 2013, the NRC issued a Staff Requirements Memorandum (SRM) related to venting requirements for boiling water reactor Mark I or Mark II containments. In the SRM, the Commissioners call for the NRC staff to (1) issue an enhancement to the March 2012 order within 60 days to require vents to remain functional during severe accident conditions, and (2) produce a technical evaluation to support rulemaking that considers filtering and performance-based strategies as options. The NRC staff must then develop a final rule by March 2017.

Generation has assessed the impacts of the orders and information requests and will continue monitoring the additional recommendations under review by the staff, both from an operational and a financial impact standpoint. A comprehensive review of the NRC Tier 1 orders and information requests, as well as preliminary engineering assumptions and analysis, indicate that the financial impact of compliance is expected to be approximately $350 million and $50 million of capital and operating expense, respectively, from 2013 through 2017, as previously anticipated in Generation's planning projections. In addition, Generation estimates incremental costs of $15 to $20 million per unit at eleven Mark I and II units for the installation of filtered vents, if ultimately required by the NRC. Generation's current assessments are specific to the Tier 1 recommendations as the NRC has not taken specific action with respect to the Tier 2 and Tier 3 recommendations. Exelon and Generation are unable to conclude at this time to what extent any actions to comply with the requirements of Tier 2 and Tier 3 will impact their future financial position, results of operations, and cash flows. Generation will continue to engage in nuclear industry assessments and actions and stakeholder input. See Item 1A. Risk Factors of the Exelon 2012 Form 10-K, for further discussion of the risk factors.

Generation will continue to monitor NRC directives and guidance that may impact the uprates and, as it has in the past, evaluate each project at the appropriate time and cancel or defer any uprate project that is not considered economical, whether due to energy prices, potential increased regulation, or other factors.

Financial Reform Legislation. The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) was enacted in July 2010. While the Dodd-Frank Act is focused primarily on the regulation

and oversight of financial institutions, it also provides for a new regulatory regime for over-the-counter swaps (Swaps), including mandatory clearing, exchange trading, margin requirements, and other transparency requirements. The Dodd-Frank Act, however, also preserves the ability of end users in the energy industry to hedge their risks. In April 2012, the CFTC issued its rule defining swap dealers and major swap participants. Exelon has determined that it will conduct its commercial business in a manner that does not require registration as a swap dealer or major swap participant. Notwithstanding, there are additional rulemakings that have not yet been issued, including the capital and margin rules, which will further define the scope of the regulations and provide clarity as to the impact on the Registrants' business, as well as to potential new opportunities. Depending on these final rules, the Registrants could be subject to significant new obligations.

The proposed regulations addressing collateral and capital requirements and exchange margin cash postings, when final, could require Generation to increase collateral requirements or cash postings in lieu of letters of credit currently issued to collateralize Swaps. Exelon had previously estimated that it could be required to make up to $1 billion of additional collateral postings under its bilateral credit lines. Given the swap dealer and the major swap participant definitions will not apply to Generation, the actual amount of collateral postings that will be required may be lower than Exelon's previous expectations due to the following factors: (a) the majority of Generation's physical wholesale portfolio does not meet the final CFTC Swap definition; (b) there will be minimal incremental costs associated with Generation's positions that are currently cleared and subject to exchange margin; and (c) Generation will not be a swap dealer or major swap participant and proposed capital requirements applicable to these entities will not apply to Generation.

The actual level of collateral required will depend on many factors, including but not limited to market conditions, the outcome of final margin rules for Swaps, the extent of its trading activity in Swaps, and Generation's credit ratings. Nonetheless, Generation has adequate credit facilities and flexibility in its hedging program to meet its anticipated collateral requirements estimated based on conservative assumptions.

In addition, the new regulations will impose new and ongoing compliance and infrastructure costs on Generation, which may amount to several million dollars per year.

Exelon and Generation continue to monitor the rulemaking procedures and cannot predict the ultimate outcome that the financial reform legislation will have on their results of operations, cash flows or financial position.

ComEd, PECO and BGE could also be subject to various Dodd-Frank Act requirements to the extent they enter into Swap transactions. However, at this time, management of ComEd, PECO and BGE do not expect to be materially affected by this legislation.

Energy Infrastructure Modernization Act . Since 2011, ComEd's distribution rates are established through a performance-based rate formula, pursuant to EIMA. EIMA also provides a structure for substantial capital investment by utilities over a ten-year period to modernize Illinois' electric utility infrastructure. In addition, as long as ComEd is subject to EIMA, ComEd will fund customer assistance programs for low-income customers, which amounts will not be recoverable through rates.

ComEd files an annual reconciliation of the revenue requirement in effect in a given year to reflect the actual costs that the ICC determines are prudently and reasonably incurred for such year. Under the terms of EIMA, ComEd's target rate of return on common equity is subject to reduction if ComEd does not deliver the reliability and customer service benefits, as defined, it has committed to over the ten-year life of the investment program.

During March 2013, the Illinois House and Senate each passed Senate Bill 9 with supermajority votes to clarify the intent of EIMA on three major issues: average vs. year-end rate base ad capital structure, return on pension asset, and a weighted average cost of capital interest rate on the prior year reconciliation. If the

legislation is enacted, ComEd projects that Senate Bill 9 would result in increased operating revenues of approximately $25 million and $65 million in 2013 and 2014, respectively. Also, if the legislation is enacted, ComEd projects that Senate Bill 9 would accelerate capital expenditures by approximately $35 million and $40 million in 2013 and 2014, respectively.

See Note 5 of the Combined Notes to Consolidated Financial Statements for additional information.

FERC Ameren Order. In July 2012, FERC issued an order indicating that Ameren Corporation (Ameren) had improperly included acquisition premiums/goodwill in its transmission formula rate, particularly in its capital structure and in the application of AFUDC. FERC also directed Ameren to make refunds for the implied increase in rates in prior years. Ameren has filed for rehearing regarding the July 2012 FERC order. ComEd believes that the FERC order authorizing its transmission formula rate is distinguishable from the circumstances that led to the July 2012 FERC order in the Ameren case. However, if ComEd were required to exclude acquisition premiums/goodwill from its transmission formula rate, the impact could be material to ComEd's results of operations and cash flows.

FERC Order No. 1000 Compliance. In FERC Order No. 1000, the FERC required public utility transmission providers to enhance their transmission planning procedures and their cost allocation methods applicable to certain new regional and interregional transmission projects. As part of the changes to the transmission planning procedures, the FERC required removal from all FERC-approved tariffs and agreements a federal right of first refusal to build certain new transmission facilities. In compliance with the regional transmission planning requirements of Order No. 1000, PJM as the transmission provider submitted a compliance filing to FERC on October 25, 2012. On the same day, certain of the PJM transmission owners including ComEd, PECO and BGE (collectively, the PJM Transmission Owners) submitted a filing asserting that their contractual rights embodied in the PJM governing documents continue to justify their right of first refusal to construct new reliability (and related) transmission projects and that the FERC should not be allowed to override such rights absent a showing that it is in the public interest to do so under the FERC's " *Mobile-Sierra* " standard of review. This is a heightened standard of review which the PJM Transmission Owners argued could not be satisfied based on the facts applicable to them. On March 22, 2013, FERC issued an order on the PJM Compliance Filing and the filing of these PJM Transmission Owners (1) rejecting the arguments of such PJM Transmission Owners that the PJM governing documents were entitled to review under the *Mobile-Sierra* standard, (2) accepting most of the PJM filing, removing the right-of-first refusal from the PJM tariffs; and (3) directing PJM to remove certain exceptions that it included in its compliance filing that FERC found did not comply with Order No. 1000. FERC's order could enable third parties to seek to build certain regional transmission projects that had previously been reserved for the PJM Transmission Owners, potentially reducing ComEd's, PECO's and BGE's financial return on new investments in energy transmission facilities.

FERC Transmission Complaint. On February 27, 2013, consumer advocates and regulators from the District of Columbia, New Jersey, Delaware and Maryland, and the Delaware Electric Municipal Cooperatives (the parties), filed a complaint at FERC against BGE and the Pepco Holdings, Inc. companies relating to their respective transmission formula rates. As of March 31, 2013, BGE cannot predict the likelihood or a reasonable estimate of the amount of a change, if any, in the allowed base ROE, or a reasonable estimate of the refund period start date. While BGE cannot predict the outcome of this matter, if FERC orders a reduction of BGE's base ROE to 8.7%, the annual impact would be a reduction in revenues of approximately $10 million.

See Note 5 of the Combined Notes to Consolidated Financial Statements for additional information.

Critical Accounting Policies and Estimates

Management of each of the Registrants makes a number of significant estimates, assumptions and judgments in the preparation of its financial statements. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies and Estimates" in the Exelon's,

Generation's, ComEd's, PECO's and BGE's combined 2012 Form 10-K for a discussion of the estimates and judgments necessary in the Registrants' accounting for AROs, purchase accounting, asset impairments, depreciable lives of property, plant and equipment, defined benefit pension and other postretirement benefits, regulatory accounting, derivative instruments, taxation, contingencies and revenue recognition. At March 31, 2013, the Registrants' critical accounting policies and estimates had not changed significantly from December 31, 2012.

Results of Operations

Net Income (Loss) on Common Stock by Registrant

	Three Months Ended March 31,		Favorable (Unfavorable)
	2013	2012(a)	Variance
Exelon	$ (4)	$ 200	$ (204)
Generation	(18)	168	(186)
ComEd	(81)	87	(168)
PECO	121	96	25
BGE	77	(33)	110

(a) For BGE, reflects BGE's operations for the three months ended March 31, 2012. For Exelon and Generation, includes the operations of the acquired businesses from the date of the merger, March 12, 2012, through March 31, 2012.

Results of Operations — Generation

	Three Months Ended March 31,		Favorable (Unfavorable)
	2013	2012	Variance
Operating revenues	$3,533	$2,743	$ 790
Purchased power and fuel	2,169	1,044	(1,125)
Revenue net of purchased power and fuel(a)	1,364	1,699	(335)
Operating other expenses			
Operating and maintenance	1,112	1,179	67
Depreciation and amortization	214	153	(61)
Taxes other than income	93	73	(20)
Total other operating expenses	1,419	1,405	(14)
Equity in losses of unconsolidated affiliates	(9)	(22)	13
Operating income (loss)	(64)	272	(336)
Other income and deductions			
Interest expense	(82)	(54)	(28)
Other, net	128	178	(50)
Total other income and deductions	46	124	(78)
Income before income taxes	(18)	396	(414)
Income taxes	(1)	230	231
Net income (loss)	(17)	166	(183)
Net loss attributable to noncontrolling interests	1	(2)	(3)
Net income (loss) on common stock	$ (18)	$ 168	$ (186)

(a) Generation evaluates its operating performance using the measure of revenue net of purchased power and fuel expense. Generation believes that revenue net of purchased power and fuel expense is a useful measurement because it provides

information that can be used to evaluate its operational performance. Revenue net of purchased power and fuel expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

Net Income (loss)

Generation's net income (loss) for the three months ended March 31, 2013 decreased compared to the same period in 2012 primarily due to lower revenue, net of purchased power and fuel, unfavorable NDT fund performance and higher depreciation expense; partially offset by lower operating and maintenance expense. The decrease in revenue, net of purchased power and fuel was primarily due to mark-to-market losses in 2013. The decrease in operating and maintenance expense was largely due to 2012 costs associated with a settlement with the FERC in March 2012 and a decrease in transaction costs and employee-related costs associated with the merger.

Revenue Net of Purchased Power and Fuel

The foundation of Generation's six reportable segments is based on the geographic location of its assets, and is largely representative of the footprints of an ISO / RTO and/or NERC region. Descriptions of each of Generation's six reportable segments are as follows:

- Mid-Atlantic represents operations in the eastern half of PJM, which includes Pennsylvania, New Jersey, Maryland, Virginia, West Virginia, Delaware, the District of Columbia and parts of North Carolina.
- Midwest represents operations in the western half of PJM, which includes portions of Illinois, Indiana, Ohio, Michigan, Kentucky and Tennessee, and the entire United States footprint of MISO, which covers all or most of North Dakota, South Dakota, Nebraska, Minnesota, Iowa, Wisconsin, the remaining parts of Illinois, Indiana, Michigan and Ohio not covered by PJM, and parts of Montana, Missouri and Kentucky.
- New England represents the operations within ISO-NE covering the states of Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.
- New York represents operations within New York ISO, which covers the state of New York in its entirety.
- ERCOT represents operations within Electric Reliability Council of Texas, covering most of the state of Texas.
- Other Regions not considered individually significant:
  - South represents operations in the FRCC and the remaining portions of the SERC not included within MISO or PJM, which includes all or most of Florida, Arkansas, Louisiana, Mississippi, Alabama, Georgia, Tennessee, North Carolina, South Carolina and parts of Missouri, Kentucky and Texas. Generation's South region also includes operations in the SPP, covering Kansas, Oklahoma, most of Nebraska and parts of New Mexico, Texas, Louisiana, Missouri, Mississippi and Arkansas.
  - West represents operations in the WECC, which includes California ISO, and covers the states of California, Oregon, Washington, Arizona, Nevada, Utah, Idaho, Colorado, and parts of New Mexico, Wyoming and South Dakota.
  - Canada represents operations across the entire country of Canada and includes the AESO, OIESO and the Canadian portion of MISO.

The following business activities are not allocated to a region, and are reported under Other: retail and wholesale gas, investments in natural gas exploration and production activities, proprietary trading, energy efficiency and demand response, the design, construction, and operation of renewable energy, heating, cooling,

and cogeneration facilities, and home improvements, sales of electric and gas appliances, servicing of heating, air conditioning, plumbing, electrical, and indoor quality systems. Further, the following activities are not allocated to a region, and are reported in Other: compensation under the reliability-must-run rate schedule; results of operations from the Maryland Clean-Coal assets sold in the fourth quarter of 2012; unrealized mark-to-market impact of economic hedging activities; amortization of certain intangible assets relating to commodity contracts recorded at fair value as a result of the merger; and other miscellaneous revenues.

Generation evaluates the operating performance of its power marketing activities using the measure of revenue net of purchased power and fuel expense which is a non-GAAP measurement. Generation's operating revenues include all sales to third parties and affiliated sales to ComEd, PECO and BGE. Purchased power costs include all costs associated with the procurement and supply of electricity including capacity, energy and ancillary services. Fuel expense includes the fuel costs for internally generated energy and fuel costs associated with tolling agreements.

For the three months ended March 31, 2013 and 2012, Generation's revenue net of purchased power and fuel expense by region were as follows:

	Three Months Ended March 31,			
	2013	2012 (a)	Variance	% Change
Mid-Atlantic(b)	$ 844	$ 770	$ 74	9.6%
Midwest(c)	717	817	(100)	(12.2)%
New England	30	39	(9)	(23.1)%
New York	(22)	8	(30)	n.m
ERCOT	101	34	67	n.m
Other Regions(d)	45	14	31	n.m.
Total electric revenue net of purchased power and fuel	1,715	1,682	33	2.0%
Proprietary Trading	9	(4)	13	n.m
Mark-to-market gains (losses)	(403)	60	(463)	n.m.
Other(e)	43	(39)	82	n.m.
Total revenue net of purchased power and fuel	$ 1,364	$ 1,699	$ (335)	(19.7)%

(a) Includes results for Constellation beginning on March 12, 2012, the date the merger was completed.
(b) Results of transactions with PECO and BGE are included in the Mid-Atlantic region.
(c) Results of transactions with ComEd are included in the Midwest region.
(d) Other Regions includes South, West and Canada, which are not considered individually significant.
(e) Other represents activities not allocated to a region. See text above for a description of included activities. Also includes amortization of intangible assets related to commodity contracts recorded at fair value at the merger date of $174 million and $122 million, for the three months ended March 31, 2013 and 2012, respectively.

Generation's supply sources by region are summarized below:

Supply source in GWh	Three Months Ended March 31, 2013	2012(a)	Variance	% Change
Nuclear generation(b)				
Mid-Atlantic	12,762	12,064	698	5.8%
Midwest	23,269	23,198	71	0.3%
Total Nuclear Generation	36,031	35,262	769	2.2%
Fossil and Renewables(b)				
Mid-Atlantic(b)(d)	3,160	1,791	1,369	76.4%
Midwest	581	272	309	113.6%
New England	2,392	889	1,503	n.m.
New York	—	—	—	0%
ERCOT	733	840	(107)	(12.7)%
Other Regions(e)	2,254	819	1,435	n.m.
Total Fossil and Renewables	9,120	4,611	4,509	97.8%
Purchased power				
Mid-Atlantic(c)	3,233	2,577	656	25.5%
Midwest	1,700	2,552	(852)	(33.4)%
New England	1,507	1,100	407	37.0%
New York(c)	3,511	935	2,576	n.m.
ERCOT	4,199	2,832	1,367	48.3%
Other Regions(e)	3,703	1,769	1,934	109.3%
Total Purchased Power	17,853	11,765	6,088	51.7%
Total supply/sales by region(f)				
Mid-Atlantic(g)	19,155	16,432	2,723	16.6%
Midwest(h)	25,550	26,022	(472)	(1.8)%
New England	3,899	1,989	1,910	96.0%
New York	3,511	935	2,576	n.m.
ERCOT	4,932	3,672	1,260	34.3%
Other Regions(e)	5,957	2,588	3,369	130.2%
Total supply/sales by region	63,004	51,638	11,366	22.0%

(a) Includes results for Constellation beginning on March 12, 2012, the date the merger was completed.
(b) Includes the proportionate share of output where Generation has an undivided ownership interest in jointly owned generating plants and does not include ownership through equity method investments (e.g., CENG).
(c) Purchased power for the three months ended March 31, 2013 includes physical volumes of 2,588 GWh in the Mid-Atlantic and 3,213 GWh in New York as a result of the PPA with CENG. Purchased power for the three months ended March 31, 2012 includes physical volumes of 319 GWh in the Mid-Atlantic and 722 GWh in New York as a result of the PPA with CENG.
(d) Excludes 2012 activity related to generation under the reliability-must-run rate schedule and generation of Brandon Shores, H.A. Wagner, and C.P. Crane, the generating facilities divested in the fourth quarter of 2012 as a result of the Exelon and Constellation merger.
(e) Other Regions includes South, West and Canada, which are not considered individually significant.
(f) Excludes physical proprietary trading volumes of 1,572 GWh and 1,888 GWh for the three months ended March 31, 2013 and 2012, respectively.
(g) Includes sales to PECO through the competitive procurement process of 1,921 GWh and 1,629 GWh for the three months ended March 31, 2013 and 2012, respectively. Sales to BGE of 1,535 GWh and 259 GWh were included for the three months ended March 31, 2013 and 2012, respectively.
(h) Includes sales to ComEd under the RFP of 0 GWh and 2,210 GWh for the three months ended March 31, 2013 and 2012, respectively.

The following table presents electric revenue net of purchased power and fuel expense per MWh of electricity sold during the three months ended March 31, 2013 as compared to the three months ended March 31, 2012.

	Three Months Ended March 31,		
$/MWh	2013	2012 (a)	% Change
Mid-Atlantic(b)	$ 44.04	$ 46.86	(6.0)%
Midwest(c)	28.08	31.40	(10.6)%
New England	7.63	19.61	(61.1)%
New York	(6.27)	8.56	n.m.
ERCOT	20.54	9.26	121.9%
Other Regions(d)	7.61	5.41	40.6%
Electric revenue net of purchased power and fuel expense per MWh(e)(f)	27.23	32.57	(16.4)%

(a) Includes financial results for Constellation beginning on March 12, 2012, the date the merger was completed.
(b) Includes sales to PECO of $141 (1,921 GWh) and $111 million (1,629 GWh) for the three months ended March 31, 2013 and 2012, respectively. Sales to BGE of $113 million (1,535 GWh) and $19 million (259 GWh) were included for the three months ended March 31, 2013 and 2012, respectively. Excludes compensation under the reliability-must-run rate schedule and the financial results of Brandon Shores, H.A. Wagner, and C.P. Crane, the generating facilities divested in the fourth quarter of 2012 as a result of the merger.
(c) Includes sales to ComEd of $0 million (0 GWh) and $82 million (2,210 GWh) and settlements of the ComEd swap of $145 million and $165 million for the three months ended March 31, 2013 and 2012, respectively.
(d) Other Regions includes South, West and Canada, which are not considered individually significant.
(e) Revenue net of purchased power and fuel expense per MWh represents the average margin per MWh of electricity sold during the three months ended March 31, 2013 and 2012 and excludes the mark-to-market impact of Generation's economic hedging activities.
(f) Excludes retail gas activity, proprietary trading portfolio activity, compensation under the reliability-must-run rate schedule and fuel sales. Also excludes results from energy efficiency, energy management and demand response, upstream natural gas and the design and construction of customer sited solar facilities. In addition, excludes the financial results of Brandon Shores, H.A. Wagner, and C.P. Crane, the generating facilities divested in the fourth quarter of 2012 as a result of the Exelon and Constellation merger. Also excludes amortization of intangible assets relating to commodity contracts recorded at fair value at the merger date of $174 million and $122 million, for the three months ended March 31, 2013 and 2012, respectively.

Mid-Atlantic.

Three Months Ended March 31, 2013 Compared to Three Months Ended March 31, 2012. The $74 million increase in revenue net of purchased power and fuel expense in the Mid-Atlantic was primarily due to the addition of Constellation, higher nuclear volume and capacity revenue, partially offset by increased nuclear fuel costs.

Midwest

Three Months Ended March 31, 2013 Compared to Three Months Ended March 31, 2012. The $100 million decrease in revenue net of purchased power and fuel expense in the Midwest was primarily due to lower capacity revenues and increased nuclear fuels costs.

New England

Three Months Ended March 31, 2013 Compared to Three Months Ended March 31, 2012. The $9 million decrease in revenue net of purchased power and fuel expense in New England was due to increased power and fuel costs, resulting in lower margins on load.

New York

Three Months Ended March 31, 2013 Compared to Three Months Ended March 31, 2012. The $30 million decrease in revenue net of purchased power and fuel expense in New York was due primarily to the addition of Constellation.

ERCOT

Three Months Ended March 31, 2013 Compared to Three Months Ended March 31, 2012. The $67 million increase in revenue net of purchased power and fuel expense in ERCOT was primarily a result of the addition of Constellation.

Other Regions

Three Months Ended March 31, 2013 Compared to Three Months Ended March 31, 2012. The $31 million increase in revenue net of purchased power and fuel expense in Other Regions was primarily as a result of the addition of Constellation.

Mark-to-market

Three Months Ended March 31, 2013 Compared to Three Months Ended March 31, 2012. Generation is exposed to market risks associated with changes in commodity prices and enters into economic hedges to mitigate exposure to these fluctuations. Mark-to-market losses on economic hedging activities were $403 million for the three months ended March 31, 2013 compared to gains of $60 million for the three months ended March 31, 2012. See Notes 8 and 9 of the Combined Notes to Consolidated Financial Statements for information on gains and losses associated with mark-to-market derivatives.

Other

Three Months Ended March 31, 2013 Compared to Three Months Ended March 31, 2012. The $82 million increase in other revenue net of purchased power and fuel was primarily due to the addition of Constellation which includes wholesale and retail gas, energy efficiency, energy management and demand response, upstream natural gas and the design and construction of renewable energy facilities. In addition, other revenue net of purchased power and fuel for 2012 includes the results of Brandon Shores, H.A. Wagner and C.P. Crane, the generating facilities divested in the fourth quarter 2012 as a result of the Exelon and Constellation merger. This increase was partially offset by a decrease in the compensation under the reliability-must-run rate schedule, in addition to amortization of the acquired energy contracts recorded at fair value at the merger date. See Note 4 of the Combined Notes to Consolidated Financial Statements for information regarding contract intangibles.

Nuclear Fleet Capacity Factor and Production Costs. The following table presents nuclear fleet operating data for the three months ended March 31, 2013 as compared to 2012, for the Exelon-operated plants. The nuclear fleet capacity factor presented in the table is defined as the ratio of the actual output of a plant over a period of time to its output if the plant had operated at full average annual mean capacity for that time period. Nuclear fleet production cost is defined as the costs to produce one MWh of energy, including fuel, materials, labor, contracting and other miscellaneous costs, but excludes depreciation and certain other non-production related overhead costs. Generation considers capacity factor and production costs useful measures to analyze the nuclear fleet performance between periods. Generation has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, these measures are not a presentation defined under GAAP and may not be comparable to other companies' presentations or be more useful than the GAAP information provided elsewhere in this report.

	Three Months Ended March 31,	
	2013	2012
Nuclear fleet capacity factor(a)	96.4%	93.6%
Nuclear fleet production cost per MWh(a)	$19.67	$20.06

(a) Reflects ownership percentage of stations operated by Exelon. Excludes Salem, which is operated by PSEG Nuclear, LLC, and Exelon's ownership in jointly owned generating plants through equity method investments (e.g. CENG).

The nuclear fleet capacity factor, which excludes Salem, increased primarily due to a lower number of unplanned outage days and planned refueling outage days, which resulted in higher generation, during the three months ended March 31, 2013 compared to the same period in 2012. For the three months ended March 31, 2013 and 2012, unplanned outage days totaled 6 and 16, respectively, and planned refueling outage days totaled 49 and 67, respectively. An increase in nuclear generation resulted in a lower production cost per MWh for the three months ended March 31, 2013 as compared to the same period in 2012.

Operating and Maintenance

The change in operating and maintenance expense for the three months ended March 31, 2013 compared to the same period in 2012, consisted of the following:

	Increase (Decrease)
FERC settlement(a)	$ (195)
Constellation merger and integration costs	(53)
Nuclear refueling outage costs, including the co-owned Salem plant(b)	(27)
Labor, other benefits, contracting and materials	158
Corporate allocations(c)	37
Other	13
Decrease in operating and maintenance expense	$ (67)

(a) Reflects costs incurred as part of a March 2012 settlement with the FERC to resolve a dispute related to Constellation's prior period hedging and risk management transactions.
(b) Reflects the impact of decreased planned refueling outage days in 2013.
(c) Reflects the impact of an increased share of corporate allocated costs due to the merger.

Depreciation and Amortization

The increase in depreciation and amortization expense for the three months ended March 31, 2013 compared to the same period in 2012 was primarily due to higher plant balances due to the addition of Constellation facilities, capital additions and upgrades to existing facilities.

Taxes Other Than Income

The increase in taxes other than income for the three months ended March 31, 2013 compared to the same period in 2012 was primarily due to the addition of Constellation's financial results in March 2012.

Equity in Losses of Unconsolidated Affiliates

Equity in losses of unconsolidated affiliates decreased by $13 million primarily due to net income generated from Exelon's equity investment in CENG in 2013 compared to the loss recorded by CENG from March 12, 2012 through March 31, 2012. The loss recorded for this period in 2012 was due to planned nuclear fueling outage days. Partially offsetting this improvement in CENG's earnings, Generation's results were also affected by increased amortization of the basis difference in CENG recorded at fair value at the merger.

Interest Expense

The increase in interest expense for the three months ended March 31, 2013 compared to the same period in 2012 was primarily due to the long-term debt assumed in connection with the merger and an increase in debt issued at Generation in June 2012.

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Other, Net

Other, net primarily reflects the change in the gain/loss position for the three months ended March 31, 2013 compared to the same period in 2012 related to the NDT funds of its Non-Regulatory Agreement Units as described in the table below. Other, net also reflects $43 million of income in 2013 compared to $64 million of income in 2012 related to the contractual elimination of income tax expenses in March 31, 2013 and 2012, respectively, associated with the NDT funds of the Regulatory Agreement Units.

The following table provides unrealized and realized gains on the NDT funds of the Non-Regulatory Agreement Units recognized in Other, net for the three months ended March 31, 2013 and 2012:

	Three Months Ended March 31,	
	2013	2012
Net unrealized gains on decommissioning trust funds	$ 64	$ 65
Net realized gains on sale of decommissioning trust funds	2	37

Effective Income Tax Rate

The effective income tax rate was 5.6% for the three months ended March 31, 2013 compared to 58.1% for the same period during 2012. See Note 11 — of the Combined Notes to Consolidated Financial Statements for further discussion of the change in effective income tax rate.

Results of Operations — ComEd

	Three Months Ended Ended March 31,		Favorable (Unfavorable)
	2013	2012	Variance
Operating revenues	$ 1,160	$ 1,388	$ (228)
Purchased power expense	382	620	238
Revenue net of purchased power expense(a)	778	768	10
Other operating expenses			
Operating and maintenance	328	318	(10)
Depreciation and amortization	167	149	(18)
Taxes other than income	74	75	1
Total other operating expenses	569	542	(27)
Operating income	209	226	(17)
Other income and deductions			
Interest expense, net	(353)	(82)	(271)
Other, net	5	4	1
Total other income and deductions	(348)	(78)	(270)
Income (loss) before income taxes	(139)	148	(287)
Income taxes	(58)	61	119
Net income (loss)	$ (81)	$ 87	$ (168)

(a) ComEd evaluates its operating performance using the measure of revenue net of purchased power expense. ComEd believes that revenue net of purchased power expense is a useful measurement because it provides information that can be used to evaluate its operational performance. In general, ComEd only earns margin based on the delivery and transmission of electricity. ComEd has included its discussion of revenue net of purchased power expense below as a complement to the financial information provided in accordance with GAAP. However, revenue net of purchased power expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

Net Income (Loss)

ComEd's net loss for the three months ended March 31, 2013, was primarily due to the remeasurement of Exelon's like-kind exchange tax position in the first quarter of 2013. See Note 11 of the Combined Notes to Consolidated Financial Statements for additional information

Operating Revenues Net of Purchased Power Expense

There are certain drivers of revenue that are fully offset by their impact on purchased power expense, such as commodity procurement costs and customer choice programs. ComEd is permitted to recover its electricity procurement costs from retail customers without mark-up. Therefore, fluctuations in electricity procurement costs have no impact on electric revenues net of purchased power expense. See Note 5 of the Combined Notes to Consolidated Financial Statements for additional information on ComEd's electricity procurement process.

Electric revenues and purchased power expense are affected by fluctuations in customers' purchases from competitive retail electric suppliers. All ComEd customers have the ability to purchase electricity from an alternative retail electric supplier. The customer choice of retail electric supplier does not impact the volume of deliveries, but affects revenue collected from customers related to supplied energy services. The number of retail customers purchasing electricity from alternative retail electric suppliers was 2,589,931 and 492,079 at March 31, 2013, and 2012, respectively, representing 67% and 13% of total retail customers, respectively. Retail energy purchased from alternative retail electric suppliers represented 75% and 60% of ComEd's retail kWh sales at March 31, 2013, and 2012, respectively. During 2012, The City of Chicago and approximately 240 Illinois municipalities approved referenda regarding electric supply aggregation. This approval allowed municipal officials to identify and sign contracts with alternative retail electric suppliers. With few exceptions, approximately 170 municipalities have identified and switched to alternative retail electric suppliers by the end of December 31, 2012. City of Chicago customers switched to alternative retail electric suppliers the first quarter of 2013. All or some of the other 70 municipalities and townships are also expected to switch during the first half of 2013. As contracts with new retail electric suppliers take effect, ComEd expects the percentage of energy purchased from retail electric suppliers to continue to increase. It is anticipated that by the end of the second quarter 2013 approximately 71% of retail customers and 81% of energy sales in the ComEd region will be supplied by alternative retail electric suppliers.

The changes in ComEd's electric revenues net of purchased power expense for the three months ended March 31, 2013, compared to the same period in 2012 consisted of the following:

	Increase (Decrease)
Weather delivery	$ 18
Electric distribution revenues	12
Regulatory required programs cost recovery	3
Volume delivery	(4)
Uncollectible accounts recovery, net	(14)
Other	(5)
Total increase	$ 10

Weather delivery

The demand for electricity is affected by weather conditions. Very warm weather in summer months and very cold weather in other months are referred to as "favorable weather conditions" because these weather conditions result in increased customer usage and delivery of electricity. Conversely, mild weather reduces demand. The favorable weather conditions for the three months ended March 31, 2013, resulted in an increase in revenues net of purchased power expense.

Heating and cooling degree days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree days for a 30-year period in ComEd's service territory. The changes in heating and cooling degree days in ComEd's service territory for the three months ended March 31, 2013, and 2012, consisted of the following:

				% Change	
	2013	2012	Normal	From 2012	From Normal
Heating Degree-Days	3,259	2,384	3,164	36.7%	3.0%
Cooling Degree-Days	—	39	—	n/a	n/a

Electric distribution revenues

EIMA provides for a performance-based formula rate tariff. The legislation provides for an annual reconciliation of the revenue requirement in effect to the actual costs that the ICC determines are prudently and reasonably incurred in a given year. During the three months ended March 31, 2013, ComEd recorded a $50 million increase in revenues associated with the first quarter of the 2013 reconciliation. This increase in revenue for the three months ended March 31, 2013, as compared to the same period in 2012 was partially offset by a $28 million net reduction to revenues associated with the 2012 and 2011 reconciliations. The net increase in revenues associated with the 2013-2011 reconciliations were also partially offset by a decrease in ComEd's annual electric distribution revenue requirement under EIMA as compared to the revenue requirement permitted in the 2010 Rate Case. See Note 5 of the Combined Notes to Consolidated Financial Statements for additional information.

Regulatory required programs cost recovery

Revenues related to regulatory required programs are the recoveries from customers for costs of various legislative and/or regulatory programs on a full and current basis through approved regulated rates. Programs include ComEd's energy efficiency and demand response and purchased power administrative costs. An equal and offsetting amount has been reflected in operating and maintenance expense during the periods presented. Refer to the operating and maintenance expense discussion below for additional information on included programs.

Transmission

ComEd's transmission rates are established based on a FERC-approved formula. ComEd's most recent annual formula rate update, filed in April 2013, reflects 2012 actual costs plus forecasted 2013 capital additions. Transmission revenues net of purchased power expense vary from year to year based upon fluctuations in the underlying costs, investments being recovered and other billing determinants, such as the highest daily peak load from the previous calendar year. See Note 5 of the Combined Notes to Consolidated Financial Statements for additional information.

Volume delivery

Revenues net of purchased power expense decreased as a result of lower delivery volume, exclusive of the effects of weather, reflecting decreased average usage per residential customer for 2013, compared to 2012.

Uncollectible accounts recovery, net

Represents recoveries under ComEd's uncollectible accounts tariff. Refer to the operating and maintenance expense discussion below for additional information on this tariff.

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Other

Other revenues were lower during the three months ended March 31, 2013, compared to 2012. Other revenues, which can vary period to period, include rental revenues, revenues related to late payment charges, assistance provided to other utilities through mutual assistance programs, and recoveries of environmental costs associated with MGP sites.

Operating and Maintenance Expense

	Three Months Ended March 31,		
	2013	2012	Increase
Operating and maintenance expense — baseline	$ 268	$ 261	$ 7
Operating and maintenance expense — regulatory required programs(a)	60	57	3
Total operating and maintenance expense	328	318	10

(a) Operating and maintenance expenses for regulatory required programs are costs for various legislative and/or regulatory programs that are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in operating revenues.

The changes in operating and maintenance expense for the three months ended March 31, 2013, compared to the same period in 2012, consisted of the following:

	Increase (Decrease)
Baseline	
Labor, other benefits, contracting and materials	$ 16
Pension and non-pension postretirement benefits expense	6
Uncollectible accounts expense—provision(a)	(7)
Uncollectible accounts expense—recovery, net(a)	(7)
Other	(1)
	7
Regulatory required programs	
Energy efficiency and demand response programs	3
	3
Increase in operating and maintenance expense	$ 10

(a) On February 2, 2010, the ICC issued an order adopting ComEd's proposed tariffs filed in accordance with Illinois legislation providing public utilities the ability to recover from or refund to customers the difference between the utility's annual uncollectible accounts expense and amounts collected in rates annually through a rider mechanism starting with 2008 and prospectively.

Depreciation and Amortization

Depreciation and amortization expense increased during the three months ended March 31, 2013, compared to the same period in 2012 primarily due to increased amortization of the regulatory assets.

Taxes Other Than Income

Taxes other than income decreased during the three months ended March 31, 2013, compared to the same period in 2012. Taxes other than income, which can vary period to period, include municipal and state utility taxes, real estate taxes, and payroll taxes.

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Interest Expense, net

The changes in Interest Expense, net for the three months ended March 31, 2013, compared to the same period in 2012, consisted of the following:

	Increase (Decrease)
Interest expense related to uncertain tax positions(a)	$ 277
Interest expense on debt (including financing trusts)	(3)
Other	(3)
Increase in interest expense, net	$ 271

(a) Primarily reflects the remeasurement of Exelon's like-kind exchange tax position in the first quarter of 2013. See Note 11 of the Combined Notes to Consolidated Financial Statements for additional information.

Effective Income Tax Rate

The effective income tax rate was 41.7% for the three months ended March 31, 2013, compared to 41.2% for the same period during 2012. See Note 11 of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

ComEd Electric Operating Statistics and Revenue Detail

	Three Months Ended March 31,			Weather-Normal %
Retail Deliveries to customers (in GWhs)	2013	2012	% Change	Change
Retail Delivery and Sales(a)				
Residential	6,876	6,406	7.3%	(0.1)%
Small commercial & industrial	7,873	7,916	(0.5)%	(3.2)%
Large commercial & industrial	6,840	6,703	2.0%	(0.4)%
Public authorities & electric railroads	373	325	14.8%	9.7%
Total Retail	21,962	21,350	2.9%	(1.2)%

	As of March 31,	
Number of Electric Customers	2013	2012
Residential	3,470,659	3,465,669
Small commercial & industrial	366,284	365,525
Large commercial & industrial	2,001	2,013
Public authorities & electric railroads	4,802	4,790
Total	3,843,746	3,837,997

	Three Months Ended March 31,		
Electric Revenue	2013	2012	% Change
Retail Delivery and Sales(a)			
Residential	$ 584	$ 775	(24.6)%
Small commercial & industrial	308	348	(11.5)%
Large commercial & industrial	102	100	2.0%
Public authorities & electric railroads	12	12	0.0%
Total Retail	1,006	1,235	(18.5)%
Other Revenue(b)	154	153	0.7%
Total Electric Revenues	$ 1,160	$ 1,388	(16.4)%

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(a) Reflects delivery volumes and revenues from customers purchasing electricity directly from ComEd and customers purchasing electricity from a competitive electric generation supplier. All customers are assessed charges for delivery. For customers purchasing electricity from ComEd, revenue also reflects the cost of energy and transmission.
(b) Other revenue primarily includes transmission revenue from PJM. Other items include rental revenue, revenues related to late payment charges, assistance provided to other utilities through mutual assistance programs and recoveries of environmental remediation costs associated with MGP site.

Results of Operations — PECO

	Three Months Ended March 31,		Favorable (Unfavorable)
	2013	2012	Variance
Operating revenues	$ 895	$ 875	$ 20
Purchased power and fuel	406	411	5
Revenue net of purchased power and fuel(a)	489	464	25
Other operating expenses			
Operating and maintenance	188	203	15
Depreciation and amortization	57	53	(4)
Taxes other than income	41	31	(10)
Total other operating expenses	286	287	1
Operating income	203	177	26
Other income and (deductions)			
Interest expense, net	(29)	(31)	2
Other, net	3	2	1
Total other income and (deductions)	(26)	(29)	3
Income before income taxes	177	148	29
Income taxes	55	51	(4)
Net income	122	97	25
Preferred security dividends	1	1	—
Net income on common stock	$ 121	$ 96	$ 25

(a) PECO evaluates its operating performance using the measures of revenue net of purchased power expense for electric sales and revenue net of fuel expense for gas sales. PECO believes revenue net of purchased power expense and revenue net of fuel expense are useful measurements of its performance because they provide information that can be used to evaluate its net revenue from operations. PECO has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, revenue net of purchased power expense and revenue net of fuel expense figures are not a presentation defined under GAAP and may not be comparable to other companies' presentations or more useful than the GAAP information provided elsewhere in this report.

Net Income

The increase in net income was driven primarily by higher operating revenue net of purchased power and fuel expense and a decrease in operating and maintenance expenses, partially offset by higher taxes other than income. The increase in revenue net of purchased power and fuel expense was the result of favorable weather, which was partially offset by the impact of pricing.

Operating Revenues, Purchased Power and Fuel Expense

There are certain drivers to operating revenue that are offset by their impact on purchased power expense and fuel expense, such as commodity procurement costs and customer choice programs. Electric and gas

revenues and purchased power and fuel expense are affected by fluctuations in commodity procurement costs. PECO's electric supply and natural gas cost rates charged to customers are subject to adjustments at least quarterly that are designed to recover or refund the difference between the actual cost of electric supply and natural gas and the amount included in rates in accordance with the PAPUC's GSA and PGC, respectively. Therefore, fluctuations in electric supply and natural gas procurement costs have no impact on electric and gas revenue net of purchased power and fuel expense.

Electric and gas revenues and purchased power and fuel expense are also affected by fluctuations in participation in the customer choice program. All PECO customers have the choice to purchase electricity and gas from competitive electric generation and natural gas suppliers, respectively. The customer's choice of suppliers does not impact the volume of deliveries, but affects revenue collected from customers related to supplied electricity and natural gas service. Customer choice program activity has no impact on electric and gas revenue net of purchased power and fuel expense. The number of retail customers purchasing electricity from a competitive electric generation supplier was 517,000 and 416,600 at March 31, 2013 and 2012, respectively. Retail deliveries purchased from competitive electric generation suppliers represented 65% and 64% of PECO's retail kWh sales for the three months ended March 31, 2013 and 2012, respectively. The number of retail customers purchasing natural gas from a competitive natural gas supplier was 57,600 and 34,900 at March 31, 2013 and 2012, respectively. Retail deliveries purchased from competitive natural gas suppliers represented 18% and 13% of PECO's retail mmcf sales for the three months ended March 31, 2013 and 2012, respectively.

The changes in PECO's operating revenues net of purchased power and fuel expense for the three months ended March 31, 2013 compared to the same period in 2012, consisted of the following:

	Increase (Decrease)		
	Electric	Gas	Total
Weather	$ 18	$22	$ 40
Pricing	(8)	(3)	(11)
Regulatory required programs	(2)	—	(2)
Other	(2)	—	(2)
Total increase	$ 6	$19	$ 25

Weather. The demand for electricity and gas is affected by weather conditions. With respect to the electric business, very warm weather in summer months and, with respect to the electric and gas businesses, very cold weather in winter months are referred to as "favorable weather conditions" because these weather conditions result in increased deliveries of electricity and gas. Conversely, mild weather reduces demand. Operating revenues net of purchased power and fuel expense were higher due to the impact of favorable weather conditions during 2013 in PECO's service territory.

Heating and cooling degree days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree days for a 30-year period in PECO's service territory. The changes in heating and cooling degree days in PECO's service territory for the three months ended March 31, 2013 compared to the same period in 2012 consisted of the following:

				% Change	
Heating and Cooling Degree-Days	2013	2012	Normal	From 2012	From Normal
Heating Degree-Days	2,440	1,914	2,476	27.5%	(1.5)%
Cooling Degree-Days	—	4	—	n/a%	n/a%

Pricing. The decrease in electric revenues net of purchased power expense as a result of pricing reflected lower effective rates due to increased usage per customer across all customer classes. The decrease in gas

revenue net of fuel expense as a result of pricing reflected the refund of the tax cash benefit resulting from the change in PECO's method of accounting for gas distribution repairs in 2012. The refund was reflected on customer bills as a credit beginning January 1, 2013. The impact of the refund is completely offset by regulatory liability amortization recorded in income tax expense. See Note 5 of the Combined Notes to the Consolidated Financial Statements for further information.

Regulatory Required Programs. This represents the change in operating revenues collected under approved riders to recover costs incurred for regulatory programs such as smart meter, energy efficiency and the GSA. The riders are designed to provide full and current cost recovery as well as a return. The costs of these programs are included in operating and maintenance expense, depreciation and amortization expense and income taxes. Refer to the operating and maintenance expense discussion below for additional information on included programs.

Other. The decrease in other electric revenues net of purchased power expense for the three months ended March 31, 2013 compared to the same period in 2012 reflected a decrease in GRT revenue as a result of lower supplied energy service. There is an equal and offsetting decrease in GRT expense included in taxes other than income.

Operating and Maintenance Expense

	Three Months Ended March 31,		Increase (Decrease)
	2013	2012	
Operating and Maintenance Expense — Baseline	$ 173	$ 184	$ (11)
Operating and Maintenance Expense — Regulatory Required Programs(a)	15	19	(4)
Total Operating and Maintenance Expense	188	203	(15)

(a) Operating and maintenance expenses for regulatory required programs are costs for various legislative and/or regulatory programs that are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in operating revenues.

The changes in operating and maintenance expense for the three months ended March 31, 2013 compared to the same period in 2012, consisted of the following:

	Increase (Decrease)
Baseline	
Labor, other benefits, contracting and materials	$ (4)
Constellation merger and integration costs	(4)
Pension and non-pension postretirement benefits expense	(3)
	(11)
Regulatory Required Programs	
Energy Efficiency	(4)
	(4)
Decrease in operating and maintenance expense	$ (15)

Depreciation and Amortization

The increase in depreciation and amortization expense for the three months ended March 31, 2013 compared to the same period in 2012 was primarily due ongoing capital expenditures.

Taxes Other Than Income

Taxes other than income increased for the three months ended March 31, 2013 compared to the same period in 2012 primarily due to a favorable sales and use tax reserve adjustment resulting from the completion of the audit of tax years 2005 through 2010 recorded in the first quarter of 2012.

Interest Expense, Net

The decrease in interest expense, net for the three months ended March 31, 2013 compared to the same period in 2012 was primarily due to lower interest expense as a result of refinancing debt retired in 2012 at lower interest rates during the second half of 2012.

Other, Net

Other, net for the three months ended March 31, 2013 remained relatively level compared to the same period in 2012.

Effective Income Tax Rate

PECO's effective income tax rate was 31.1% for the three months ended March 31, 2013 as compared to 34.5% for the same period during 2012. See Note 11 of the Combined Notes to the Consolidated Financial Statements for further discussion of the change in effective income tax rate.

PECO Electric Operating Statistics and Revenue Detail

PECO's electric sales statistics and revenue detail were as follows:

	Three Months Ended March 31,			Weather-Normal %
Retail Deliveries to customers (in GWhs)	2013	2012	% Change	Change
Retail Deliveries and Sales (a)				
Residential	3,465	3,166	9.4%	0.5%
Small commercial & industrial	2,009	1,951	3.0%	(4.5)%
Large commercial & industrial	3,646	3,637	0.2%	1.5%
Public authorities & electric railroads	255	237	7.6%	7.6%
Total Electric Retail	9,375	8,991	4.3%	—%

	As of March 31,	
Number of Electric Customers	2013	2012
Residential	1,423,333	1,420,734
Small commercial & industrial	148,749	148,756
Large commercial & industrial	3,117	3,109
Public authorities & electric railroads	9,657	9,688
Total	1,584,856	1,582,287

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Electric Revenue	Three Months Ended March 31, 2013	2012	% Change
Retail Deliveries and Sales (a)			
Residential	$ 395	$ 407	(2.9)%
Small commercial & industrial	106	118	(10.2)%
Large commercial & industrial	59	54	9.3%
Public authorities & electric railroads	8	8	—%
Total Electric Retail	568	587	(3.2)%
Other revenue(b)	55	56	(1.8)%
Total Electric Revenues	$ 623	$ 643	(3.1)%

(a) Reflects delivery volumes and revenues from customers purchasing electricity directly from PECO and customers purchasing electricity directly from a competitive electric generation supplier as all customers are assessed distribution charges. For customers purchasing electricity from PECO, revenue also reflects the cost of energy and transmission.

(b) Other revenue includes transmission revenue from PJM and wholesale electric revenues.

PECO Gas Sales Statistics and Revenue Detail

PECO's gas sales statistics and revenue detail were as follows:

Deliveries to customers (in mmcf)	Three Months Ended March 31, 2013	2012	% Change	Weather-Normal % Change
Retail Deliveries and Sales				
Retail sales(a)	28,438	22,427	26.8%	(0.4)%
Transportation and other	8,883	7,766	14.4%	10.9%
Total Gas Deliveries	37,321	30,193	23.6%	2.0%

Number of Gas Customers	As of March 31, 2013	2012
Residential	455,979	452,800
Commercial & industrial	41,972	41,577
Total Retail	497,951	494,377
Transportation	904	888
Total	498,855	495,265

Gas revenue	Three Months Ended March 31, 2013	2012	% Change
Retail sales	$ 260	$ 222	17.1%
Transportation and other	12	10	20.0%
Total Gas Revenue	$ 272	$ 232	17.2%

(a) Reflects delivery volumes and revenues from customers purchasing natural gas directly from PECO and customers purchasing natural gas directly from a competitive natural gas supplier as all customers are assessed distribution charges. The cost of natural gas is charged to customers purchasing natural gas from PECO.

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Results of Operations — BGE

	Three Months Ended March 31,		Favorable (Unfavorable)
	2013	2012	Variance
Operating revenues	$ 880	$ 697	$ 183
Purchased power and fuel expense	426	385	(41)
Revenue net of purchased power and fuel expense(a)	454	312	142
Other operating expenses			
Operating and maintenance	143	196	53
Depreciation and amortization	93	79	(14)
Taxes other than income	55	48	(7)
Total other operating expenses	291	323	32
Operating income (loss)	163	(11)	174
Other income and (deductions)			
Interest expense, net	(33)	(41)	8
Other, net	5	6	(1)
Total other income and (deductions)	(28)	(35)	7
Income (Loss) before income taxes	135	(46)	181
Income taxes	55	(16)	(71)
Net income (loss)	80	(30)	110
Preference stock dividends	3	3	—
Net income (loss) on common stock	$ 77	$ (33)	$ 110

(a) BGE evaluates its operating performance using the measures of revenue net of purchased power expense for electric sales and revenue net of fuel expense for gas sales. BGE believes revenue net of purchased power and fuel expense are useful measurements of its performance because they provide information that can be used to evaluate its net revenue from operations. BGE has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, revenue net of purchased power and fuel expense figures are not a presentation defined under GAAP and may not be comparable to other companies' presentations or more useful than the GAAP information provided elsewhere in this report.

Net Income (Loss)

The increase in net income was driven primarily by decreased operating revenue net of purchased power and fuel expense in 2012 related to the accrual of the residential customer rate credit provided as a condition of the MDPSC's approval of Exelon's merger with Constellation. The increase in net income was also driven by increased operating and maintenance expenses in 2012, primarily related to BGE's accrual of its portion of the charitable contributions to be provided as a condition of the MDPSC's approval of the merger.

Operating Revenues, Purchased Power and Fuel Expense

There are certain drivers to operating revenue that are offset by their impact on purchased power expense and fuel expense, such as commodity procurement costs and programs allowing customers to select a competitive electric or natural gas supplier. Electric and gas revenues and purchased power and fuel expense are affected by fluctuations in commodity procurement costs. BGE's electric and natural gas rates charged to customers are subject to periodic adjustments that are designed to recover or refund the difference between the actual cost of purchased electric power and purchased natural gas and the amount included in rates in accordance with the MDPSC's market-based SOS and gas commodity programs, respectively.

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The number of customers electing to select a competitive electric supplier affects electric SOS revenues and purchased power expense. The number of customers electing to select a competitive natural gas supplier affects gas cost adjustment revenues and purchased natural gas expense. All BGE customers have the choice to purchase energy from a competitive electric supplier. This customer choice of electric suppliers does not impact the volume of deliveries, but affects revenue collected from customers related to SOS. The number of retail customers purchasing electricity from a competitive electric supplier was 375,400 and 320,800 at March 31, 2013 and 2012, respectively, representing 30% and 26% of total retail customers, respectively. Retail deliveries purchased from competitive electric suppliers represented 59% of BGE's retail kWh sales for the three months ended March 31, 2013 and 2012. The number of retail customers purchasing natural gas from a competitive natural gas supplier was 152,800 and 118,200 at March 31, 2013 and 2012, respectively, representing 23% and 18% of total retail customers, respectively. Retail deliveries purchased from competitive natural gas suppliers represented 47% and 49% of BGE's retail mmcf sales for the three months ended March 31, 2013 and 2012, respectively.

The changes in BGE's operating revenues net of purchased power and fuel expense for the three months ended March 31, 2013 compared to the same period in 2012, consisted of the following:

	Increase (Decrease)		
	Electric	Gas	Total
Residential customer rate credit(a)	$ 82	$31	$113
Regulatory required programs	11	4	15
Distribution rates increase	6	3	9
Other	5	—	5
Total increase	$ 104	$38	$142

(a) In accordance with the MDPSC order approving Exelon's merger with Constellation, the residential customer rate credit is not recoverable from BGE's customers. Exelon made a $66 million equity contribution to BGE in the second quarter of 2012 to fund the after-tax amount of the rate credit as directed in the MDPSC order approving the merger transaction.

Revenue Decoupling. The demand for electricity and gas is affected by weather and usage conditions. The MDPSC has allowed BGE to record a monthly adjustment to its electric and gas distribution revenues from all residential customers, commercial electric customers, the majority of large industrial electric customers, and all firm service gas customers to eliminate the effect of abnormal weather and usage patterns per customer on BGE's electric and gas distribution volumes, thereby recovering a specified dollar amount of distribution revenues per customer, by customer class, regardless of changes in consumption levels. This means BGE recognizes revenues at MDPSC-approved levels per customer, regardless of what actual distribution volumes were for a billing period. Therefore, while these revenues are affected by customer growth, they will not be affected by actual weather or usage conditions. BGE bills or credits affected customers in subsequent months for the difference between approved revenue levels under revenue decoupling and actual customer billings.

Volume. Heating degree days are quantitative indices that reflect the demand for energy needed to heat a home or business. Normal weather is determined based on historical average heating and cooling degree days for a 30-year period in BGE's service territory. The changes in heating degree days in BGE's service territory for the three months ended March 31, 2013 compared to the same period in 2012 consisted of the following:

				% Change	
Heating Degree-Days	2013	2012	Normal	From 2012	From Normal
Heating Degree-Days	2,451	1,874	2,384	30.8 %	2.8%
Cooling Degree-Days	1	10	—	(90.0)%	n.m.

Residential Customer Rate Credit. The residential customer rate credit provided in 2012 as a result of the MDPSC's order approving Exelon's merger with Constellation decreased operating revenues net of purchased power and fuel expense compared to the same period in 2013.

Regulatory Required Programs. This represents the change in revenues collected under approved riders to recover costs incurred for the energy efficiency and demand response programs as well as administrative and commercial and industrial customer bad debt costs for SOS. The riders are designed to provide full recovery, as well as a return in certain instances. The costs of these programs are included in operating and maintenance expense, depreciation and amortization expense and taxes other than income taxes. The increase in revenues during the three months ended March 31, 2013 compared to the same period in 2012 was primarily due to the recovery of higher energy efficiency program costs.

Distribution Rates Increase. The MDPSC issued an order approving an increase in BGE's annual electric and gas distribution revenue requirement. The increase in electric and gas distribution rates became effective for services rendered on or after February 23, 2013, resulting in higher revenues for the three months ended March 31, 2013 compared to the same period in 2012. See Note 5 of the Combined Notes to the Consolidated Financial Statements for additional information.

Other. Other revenues increased during the three months ended March 31, 2013 compared to the same period in 2012. Other revenues, which can vary from period to period, include off-system revenues and other miscellaneous revenues such as late payment charge revenues and all other base distribution revenues, which increased due to higher volumes and customer mix.

Operating and Maintenance Expense

	Three Months Ended March 31,		Increase (Decrease)
	2013	2012	
Operating and Maintenance Expense — Baseline	$ 143	$ 196	$ (53)
Operating and Maintenance Expense — Regulatory Required Programs(a)	—	—	—
Total Operating and Maintenance Expense	143	196	(53)

(a) Operating and maintenance expenses for regulatory required programs are costs for various legislative and/or regulatory programs that are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in operating revenues.

The changes in baseline operating and maintenance expense for the three months ended March 31, 2013 compared to the same period in 2012, consisted of the following:

	Increase (Decrease)
Baseline	
Charitable contributions accrual(a)	$ (28)
Labor, other benefits, contracting and materials	(11)
Merger transaction costs(b)	(8)
Storm-related costs	8
Other	(14)
	(53)
Regulatory Required Programs	
SOS	—
Decrease in operating and maintenance expense	$ (53)

(a) In accordance with the MDPSC order approving Exelon's merger with Constellation, the charitable contribution accrual is not recoverable from BGE's customers.

(b) BGE established a regulatory asset of $6 million at March 31, 2013 for certain 2012 other merger integration costs as part of the 2013 electric and gas distribution rate case order.

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Depreciation and Amortization

The increase in depreciation and amortization expense for the three months ended March 31, 2013 compared to the same period in 2012 was primarily due to increased amortization expense related to energy efficiency and demand response programs, which is fully offset in revenues, and higher plant balances.

Taxes Other Than Income

Taxes other than income increased for the three months ended March 31, 2013 compared to the same period in 2012 primarily due to increased gross receipts tax as a result of higher revenues.

Interest Expense, Net

The decrease in interest expense, net for the three months ended March 31, 2013 compared to the same period in 2012 was primarily due to interest recorded in 2012 on prior year tax liabilities and more favorable interest rates in 2013 on long-term debt balances.

Effective Income Tax Rate

BGE's effective income tax rate was 40.7% for the three months ended March 31, 2013 as compared to 34.8% for the same period during 2012. See Note 11 of the Combined Notes to Consolidated Financial Statements for further discussion of the change in effective income tax rate.

BGE Electric Operating Statistics and Revenue Detail

BGE's electric sales statistics and revenue detail were as follows:

Retail Deliveries to customers (in GWhs)	Three Months Ended March 31, 2013	Three Months Ended March 31, 2012	% Change	Weather-Normal % Change
Retail Deliveries and Sales(a)				
Residential	3,536	3,201	10.5 %	n.m.
Small commercial & industrial	776	729	6.4 %	n.m.
Large commercial & industrial	3,554	3,639	(2.3)%	n.m.
Public authorities & electric railroads	82	88	(6.8)%	n.m.
Total Electric Retail	7,948	7,657	3.8%	n.m.

Number of Electric Customers	As of March 31, 2013	As of March 31, 2012
Residential	1,118,824	1,116,201
Small commercial & industrial	113,051	113,177
Large commercial & industrial	11,589	11,492
Public authorities & electric railroads	318	298
Total	1,243,782	1,241,168

Electric Revenue	Three Months Ended March 31, 2013	2012	% Change
Retail Deliveries and Sales (a)			
Residential	$ 365	$ 265	37.7%
Small commercial & industrial	64	63	1.6%
Large commercial & industrial	105	96	9.4%
Public authorities & electric railroads	8	7	14.3%
Total Electric Retail	542	431	25.8%
Other revenue	63	43	46.5%
Total Electric Revenues	$ 605	$ 474	27.6%

(a) Reflects delivery volumes and revenues from customers purchasing electricity directly from BGE and customers electing to receive electric generation service from a competitive electric generation supplier as all customers are assessed distribution charges. For customers purchasing electricity from BGE, revenue also reflects the cost of energy and transmission.

BGE Gas Sales Statistics and Revenue Detail

BGE's gas sales statistics and revenue detail were as follows:

Deliveries to customers (in mmcf)	Three Months Ended March 31, 2013	2012	% Change	Weather-Normal % Change
Retail sales	40,261	33,931	18.7%	n.m.
Transportation and other	5,651	5,440	3.9%	n.m.
Total Gas Deliveries	45,912	39,371	16.6%	n.m.

Number of Gas Customers	As of March 31, 2013	2012
Residential	612,065	610,612
Commercial & industrial	44,308	44,170
Total	656,373	654,782

Gas revenue	Three Months Ended March 31, 2013	2012	% Change
Retail sales	$ 246	$ 188	30.9%
Transportation and other(b)	29	19	52.6%
Total Gas Revenue	$ 275	$ 207	32.9%

(b) Transportation and other gas revenue includes off-system revenue of 5,651 mmcfs ($24 million) and 5,440 mmcfs ($17 million) for the three months ended March 31, 2013 and 2012.

Liquidity and Capital Resources

Exelon and Generation prior year activity presented below includes the activity of Constellation, and BGE in the case of Exelon, from the merger effective date of March 12, 2012 through March 31, 2012. BGE prior year activity presented below includes its activity for the three months ended March 31, 2012.

The Registrants' operating and capital expenditures requirements are provided by internally generated cash flows from operations as well as funds from external sources in the capital markets and through bank borrowings.

The Registrants' businesses are capital intensive and require considerable capital resources. Each Registrant's access to external financing on reasonable terms depends on its credit ratings and current overall capital market business conditions, including that of the utility industry in general. If these conditions deteriorate to the extent that the Registrants no longer have access to the capital markets at reasonable terms, Exelon, Generation, ComEd, PECO and BGE have access to unsecured revolving credit facilities with aggregate bank commitments of $0.5 billion, $5.3 billion, $1.0 billion, $0.6 billion and $0.6 billion, respectively. The Registrants' revolving credit facilities expire between 2017 and 2018. In addition, Generation has $0.4 billion in bilateral facilities with banks. The bilateral facilities at Generation have expirations in January 2015, December 2015 and March 2016. The Registrants utilize their credit facilities to support their commercial paper programs, provide for other short-term borrowings and issue letters of credit. See the "Credit Matters" section below for further discussion. The Registrants expect cash flows to be sufficient to meet operating expenses, financing costs and capital expenditure requirements.

The Registrants primarily use their capital resources, including cash, to fund capital requirements, including construction expenditures, retire debt, pay dividends, fund pension and other postretirement benefit obligations and invest in new and existing ventures. The Registrants spend a significant amount of cash on capital improvements and construction projects that have a long-term return on investment. Additionally, ComEd, PECO and BGE operate in rate-regulated environments in which the amount of new investment recovery may be delayed or limited and where such recovery takes place over an extended period of time. See Note 10 of the Combined Notes to Consolidated Financial Statements for further discussion of the Registrants' debt and credit agreements.

Cash Flows from Operating Activities

General

Generation's cash flows from operating activities primarily result from the sale of electric energy and energy-related products and services to customers. Generation's future cash flows from operating activities may be affected by future demand for and market prices of energy and its ability to continue to produce and supply power at competitive costs as well as to obtain collections from customers.

ComEd's, PECO's and BGE's cash flows from operating activities primarily result from the transmission and distribution of electricity and, in the case of PECO and BGE, gas distribution services. ComEd's, PECO's and BGE's distribution services are provided to an established and diverse base of retail customers. ComEd's, PECO's and BGE's future cash flows may be affected by the economy, weather conditions, future legislative initiatives, future regulatory proceedings with respect to their rates or operations, competitive suppliers, and their ability to achieve operating cost reductions.

See Notes 5 and 17 of the Combined Notes to Consolidated Financial Statements for further discussion of regulatory and legal proceedings and proposed legislation.

Pension and Other Postretirement Benefits

Management considers various factors when making pension funding decisions, including actuarially determined minimum contribution requirements under ERISA, contributions required to avoid benefit restrictions and at-risk status as defined by the Pension Protection Act of 2006, management of the pension obligation and regulatory implications. On July 6, 2012, President Obama signed into law the Moving Ahead for Progress in the Twenty-first Century Act, which contains a pension funding provision that results in lower pension contributions in the near term while increasing the premiums pension plans pay to the Pension Benefit Guaranty Corporation. Certain provisions of the law were applied in 2012 while others take effect in 2013. The estimated impacts of the law are reflected in the projected pension contributions below.

Exelon expects to contribute $255 million to its qualified pension plans in 2013, of which Generation, ComEd, PECO and BGE will contribute $113 million, $116 million, $11 million and $0 million, respectively.

Unlike the qualified pension plans, Exelon's non-qualified pension plans are not funded. Exelon expects to make non-qualified pension plan benefit payments of $79 million in 2013, of which Generation, ComEd, PECO, and BGE will make payments of $6 million, $1 million, $1 million, and $2 million, respectively.

To the extent interest rates continue to decline or the pension plans do not earn the expected asset return rates, annual pension contribution requirements in future years could increase and such increases could be significant, especially in years 2015 and beyond. Additionally, the contribution could change if Exelon changes its pension funding strategy.

Unlike qualified pension plans, other postretirement plans are not subject to regulatory minimum contribution requirements. Exelon's management considers several factors in determining the level of contributions to its other postretirement benefit plans, including levels of benefit claims paid and regulatory implications (amounts deemed prudent to meet regulator expectations and best assure continued recovery). In 2013, Exelon anticipates funding its other postretirement benefit plans based on the funding considerations discussed above, with the exception of those plans previously sponsored by Constellation and AmerGen, which remain unfunded. Exelon expects to make other postretirement benefit plan contributions, including benefit payments related to unfunded plans, of approximately $292 million in 2013, of which Generation, ComEd, PECO and BGE expect to contribute $117 million, $114 million, $22 million and $18 million, respectively.

Tax Matters

The Registrants' future cash flows from operating activities may be affected by the following tax matters:

- Exelon expects to receive a Federal refund of approximately $310 million between 2013 and 2014 which will be paid to (from) ComEd, PECO, BGE and Generation of approximately $320 million, $25 million, $20 million, and ($15) million, respectively.
- Given the current economic environment, state and local governments are facing increasing financial challenges, which may increase the risk of additional income tax levies, property taxes and other taxes.

The following table provides a summary of the major items affecting Exelon's cash flows from operations for the three months ended March 31, 2013 and 2012:

	Three Months Ended March 31,		
	2013	2012	Variance
Net income	$ 1	$ 200	$ (199)
Add (subtract):			
Non-cash operating activities(a)	960	1,231	(271)
Pension and other postretirement benefit contributions	(267)	(55)	(212)
Income taxes	632	178	454
Changes in working capital and other noncurrent assets and liabilities(b)	(278)	(800)	522
Option premiums paid, net	(3)	(100)	97
Counterparty collateral received (posted), net	(186)	340	(526)
Net cash flows provided by operations	$ 859	$ 994	$ (135)

(a) Represents depreciation, amortization and accretion, impairment of long-lived assets, mark-to-market gains and losses on derivative transactions, deferred income taxes, provision for uncollectible accounts, pension and other postretirement benefit expense, equity in losses of unconsolidated affiliates and investments, decommissioning-related items, stock compensation expense and other non-cash charges.

(b) Changes in working capital and other noncurrent assets and liabilities exclude the changes in commercial paper, income taxes and the current portion of long-term debt.

Cash flows provided by operations for the three months ended March 31, 2013 and 2012 by Registrant were as follows:

	Three Months Ended March 31,	
	2013	2012
Exelon	$ 859	$ 994
Generation	506	795
ComEd	58	291
PECO	195	172
BGE	185	258

Changes in Exelon's, Generation's, ComEd's, PECO's and BGE's cash flows from operations were generally consistent with changes in each Registrant's respective results of operations, as adjusted by changes in working capital in the normal course of business. In addition, significant operating cash flow impacts for the Registrants for the three months ended March 31, 2013 and 2012 were as follows:

Generation

- During the three months ended March 31, 2013 and 2012, Generation had net (payments) receipts of counterparty collateral of $(203) million and $348 million, respectively. Net (payments) receipts during the three months ended March 31, 2013 and 2012 were primarily due to market conditions that resulted in changes to Generation's net mark-to-market position. Depending upon whether Generation is in a net mark-to-market liability or asset position, collateral may be required to be posted with or collected from its counterparties. This collateral may be in various forms, such as cash, which may be obtained through the issuance of commercial paper, or letters of credit.
- During the three months ended March 31, 2013 and 2012, Generation had net payments of approximately $(3) million and $(100) million, respectively, related to purchases and sales of options. The level of option activity in a given period may vary due to several factors, including changes in market conditions as well as changes in hedging strategy.

ComEd

- During the three months ended March 31, 2013 and 2012, ComEd's net payables to Generation for energy purchases related to its supplier forward contract, ICC-approved RFP contracts and financial swap contract settlements (decreased) increased by $(11) million and $6 million, respectively. During the three months ended March 31, 2013 and 2012, ComEd's payables to other energy suppliers for energy purchases increased (decreased) by $24 million and $(16) million, respectively.
- During the three months ended March 31, 2013 and 2012, ComEd received $17 million and posted $8 million, respectively, of incremental cash collateral from PJM. ComEd's collateral posted with PJM has decreased due to lower PJM billings resulting from lower load being served by ComEd due to increased switching activity primarily driven by municipal aggregation. As of March 31, 2013 and 2012, ComEd had $36 million and $98 million, respectively, of collateral posted with PJM.

PECO

- During the three months ended March 31, 2013 and 2012, PECO's payables to Generation for energy purchases (decreased) increased by $(56) million and $8 million, respectively, and payables to other electric and gas suppliers for energy purchases increased (decreased) by $12 million and $(30) million, respectively.

BGE

- During the three months ended March 31, 2013 and 2012, BGE's payables to Generation for energy purchases increased by $5 million and increased by $3 million, respectively, and payables to other electric and gas suppliers for energy purchases increased by $17 million and $1 million, respectively.

Cash Flows from Investing Activities

Cash flows used in investing activities for the three months ended March 31, 2013 and 2012 by Registrant were as follows:

	Three Months Ended March 31,	
	2013	2012
Exelon	$ (1,471)	$ (640)
Generation	(865)	(471)
ComEd	(336)	(280)
PECO	(171)	(130)
BGE	(154)	(146)

Capital expenditures by Registrant for the three months ended March 31, 2013 and 2012 and projected amounts for the full year 2013 are as follows:

	Projected Full Year	Three Months Ended March 31,	
	2013(e)	2013	2012
Exelon	$ 5,400	$ 1,447	$ 1,496
Generation(a)	2,725	841	1,055
ComEd(b)	1,400	346	291
PECO	575	122	96
BGE(d)	675	134	130
Other(c)	25	4	20

(a) Includes nuclear fuel.
(b) The projected capital expenditures include approximately $227 million of expected incremental spending. Pursuant to EIMA, ComEd has committed to invest approximately $2.6 billion over a ten year period to modernize and storm-harden its distribution system and to implement smart grid technology. ComEd filed an updated investment plan with the ICC on April 1, 2013. ComEd's projected expenditures do not reflect the projected impact of Senate Bill 9. See "Exelon Corporation — Executive Overview," for more information.
(c) Other primarily consists of corporate operations and BSC.
(d) The projected capital expenditures include those incurred prior to the merger on March 12, 2012.
(e) Total projected capital expenditures do not include adjustments for non-cash activity.

Projected capital expenditures and other investments are subject to periodic review and revision to reflect changes in economic conditions and other factors.

Generation

Approximately 37% and 21% of the projected 2013 capital expenditures at Generation are for the acquisition of nuclear fuel, and investments in renewable energy generation, including Antelope Valley construction costs, respectively, with the remaining amounts reflecting additions and upgrades to existing facilities (including material condition improvements during nuclear refueling outages). Also included in the projected 2013 capital expenditures are a portion of the costs of a series of planned power uprates across Generation's nuclear fleet, which reflects the cancellation of certain nuclear power uprate projects in 2013. See "EXELON CORPORATION — Executive Overview," for more information on nuclear uprates.

ComEd, PECO and BGE

Approximately 89%, 89% and 77% of the projected 2013 capital expenditures at ComEd, PECO and BGE, respectively, are for continuing projects to maintain and improve operations, including enhancing reliability and adding capacity to the transmission and distribution systems such as ComEd's reliability related investments required under EIMA, and ComEd's, PECO's and BGE's construction commitments under PJM's RTEP. ComEd's capital expenditures includes smart grid/smart meter technology required under EIMA and for PECO and BGE capital expenditures related to its smart meter program and SGIG project, net of DOE expected reimbursements. The remaining amounts are for capital additions to support new business and customer growth.

In 2010, NERC provided guidance to transmission owners that recommends ComEd, PECO and BGE perform assessments of all their transmission lines, with the highest priority lines assessed by December 31, 2011, medium priority lines by December 31, 2012, and the lowest priority lines by December 31, 2013. In compliance with this guidance, ComEd, PECO and BGE submitted their most recent bi-annual reports to NERC in January 2013. ComEd, PECO and BGE will be incurring incremental capital expenditures associated with this guidance following the completion of the assessments. Specific projects and expenditures are identified as the assessments are completed. ComEd's, PECO's and BGE's forecasted 2013 capital expenditures above reflect capital spending for remediation to be completed in 2013.

ComEd, PECO and BGE anticipate that they will fund their capital expenditures with internally generated funds and borrowings, including ComEd's capital expenditures associated with EIMA as further discussed in Note 5 of the Combined Notes to Consolidated Financial Statements.

Cash Flows from Financing Activities

Cash flows provided by (used in) financing activities for the three months ended March 31, 2013 and 2012 by Registrant were as follows:

	Three Months Ended March 31,	
	2013	2012
Exelon	$ (102)	$ (649)
Generation	(87)	(601)
ComEd	164	(226)
PECO	(84)	(88)
BGE	(5)	(4)

Debt

See Note 10 of the Combined Notes to Consolidated Financial Statements for further details of the Registrants' debt issuances and retirements.

Dividends

Cash dividend payments and distributions during the three months ended March 31, 2013 and 2012 by Registrant were as follows:

	Three Months Ended March 31,	
	2013	2012
Exelon	$ 450	$ 350
Generation	211	600
ComEd	55	75
PECO	84	88
BGE(a)	3	3

(a) Relates to dividends paid on BGE's preference stock.

First Quarter 2013 Dividend

On February 6, 2013, the Exelon Board of Directors declared a regular quarterly dividend, paid on March 8, 2013 of $0.525 per share on Exelon's common stock.

Revised Dividend Policy

On February 6, 2013, the Exelon Board of Directors approved a revised dividend policy which contemplates a regular $0.31 per share quarterly dividend on Exelon's common stock payable beginning in the second quarter of 2013 (or $1.24 per share on an annualized basis), subject to quarterly declarations by the Exelon Board of Directors. The second quarter 2013 quarterly dividend of $0.31 per share on Exelon's common stock was approved by the Exelon Board of Directors on April 23, 2013 and will be paid during the second quarter.

Short-Term Borrowings

During the three months ended March 31, 2013, ComEd issued $220 million of commercial paper and Generation issued $13 million in short-term notes payable. During the three months ended March 31, 2012, Exelon repaid $161 million of outstanding commercial paper and ComEd issued $302 million of commercial paper.

Contributions from Parent/Member

During the three months ended March 31, 2013 and March 31, 2012, there were no contributions from Parent/Member (Exelon).

Other

For the three months ended March 31, 2013, other financing activities primarily consists of expenses paid related to the replacement of the Registrants' credit facilities. See Note 10 of the Combined Notes to Consolidated Financial Statements for additional information.

Credit Matters

The Registrants fund liquidity needs for capital investment, working capital, energy hedging and other financial commitments through cash flows from continuing operations, public debt offerings, commercial paper markets and large, diversified credit facilities. The credit facilities include $8.4 billion in aggregate total commitments of which $6.7 billion was available as of March 31, 2013, and of which no financial institution has more than 8% of the aggregate commitments. Exelon, Generation, ComEd, PECO and BGE had access to the commercial paper market during the first quarter of 2013 to fund their short-term liquidity needs, when necessary. The Registrants routinely review the sufficiency of their liquidity position, including appropriate sizing of credit facility commitments, by performing various stress test scenarios, such as commodity price movements, increases in margin-related transactions, changes in hedging levels and the impacts of hypothetical credit downgrades. The Registrants have continued to closely monitor events in the financial markets and the financial institutions associated with the credit facilities, including monitoring credit ratings and outlooks, credit default swap levels, capital raising and merger activity. See PART I. ITEM 1A. RISK FACTORS of Exelon's 2012 Annual Report on Form 10-K for further information regarding the effects of uncertainty in the capital and credit markets or significant bank failures.

The Registrants believe their cash flow from operating activities, access to credit markets and their credit facilities provide sufficient liquidity. If Generation lost its investment grade credit rating as of March 31, 2013, it would have been required to provide incremental collateral of $1,747 million, which is well within its current available credit facility capacities of $4.2 billion, which includes $1,747 million of collateral obligations for derivatives, non-derivatives, normal purchase normal sales contracts and applicable payables and receivables, net of the contractual right of offset under master netting agreements. If ComEd lost its investment grade credit rating as

of March 31, 2013, it would have been required to provide incremental collateral of $111 million, which is well within its current available credit facility capacity of $780 million, which takes into account commercial paper borrowings as of March 31, 2013. If PECO lost its investment grade credit rating as of March 31, 2013, it would be required to provide collateral of $1 million pursuant to PJM's credit policy and could have been required to provide collateral of $36 million related to its natural gas procurement contracts, which, in the aggregate, are well within PECO's current available credit facility capacity of $599 million. If BGE lost its investment grade credit rating as of March 31, 2013, it would have been required to provide collateral of $3 million pursuant to PJM's credit policy and could have been required to provide collateral of $127 million related to its natural gas procurement contracts, which, in the aggregate, are well within BGE's current available credit facility capacity of $600 million.

Exelon Credit Facilities

Exelon, ComEd and BGE meet their short-term liquidity requirements primarily through the issuance of commercial paper. Generation and PECO meet their short-term liquidity requirements primarily through the issuance of commercial paper and borrowings from the intercompany money pool. The Registrants may use their respective credit facilities for general corporate purposes, including meeting short-term funding requirements and the issuance of letters of credit. See Note 10 of the Combined Notes to the Consolidated Financial Statements for further information regarding the Registrants' credit facilities.

The following table reflects the Registrants' commercial paper programs supported by the revolving credit agreements and bilateral credit agreements at March 31, 2013:

Commercial Paper Programs

Commercial Paper Issuer	Maximum Program Size	Outstanding Commercial Paper at March 31, 2013	Average Interest Rate on Commercial Paper Borrowings for the three months ended March 31, 2013
Exelon Corporate	$ 500	$ —	—
Generation	5,600	—	—
ComEd	1,000	220	0.39%
PECO	600	—	—
BGE	600	—	—

In order to maintain their respective commercial paper programs in the amounts indicated above, each Registrant must have credit facilities in place, at least equal to the amount of its commercial paper program. While the amount of its commercial paper outstanding does not reduce available capacity under a Registrant's credit agreement, a Registrant does not issue commercial paper in an aggregate amount exceeding the available capacity under its credit agreement.

Credit Agreements

Borrower	Facility Type	Aggregate Bank Commitment(a)	Facility Draws	Outstanding Letters of Credit	Available Capacity at March 31, 2013	
					Actual	To Support Additional Commercial Paper
Exelon Corporate	Syndicated Revolver	$ 500	$ —	$ 2	$ 498	$ 498
Generation	Syndicated Revolver	5,300	—	1,124	4,176	4,176
Generation	Bilaterals	375	—	374	1	1
ComEd	Syndicated Revolver	1,000	—	—	1,000	780
PECO	Syndicated Revolver	600	—	1	599	599
BGE	Syndicated Revolver	600	—	—	600	600

(a) Excludes $123 million of credit facility agreements arranged with minority and community banks at Generation, ComEd, PECO and BGE. These facilities expire on October 19, 2013, and are solely utilized to issue letters of credit. See Note 10 of the Combined Notes to the Consolidated Financial Statements for further information.

On March 14, 2013, ComEd extended its unsecured revolving credit facility with aggregate bank commitments of $1.0 billion. Under this facility, ComEd may issue letters of credit in the aggregate amount of up to $500 million. The credit agreement expires on March 28, 2018, and ComEd may request another one-year extension of that term. The credit facility also allows ComEd to request increases in the aggregate commitments of up to an additional $500 million. Any such extension or increases are subject to the approval of the lenders party to the credit agreement in their sole discretion. Costs incurred to extend the facility for ComEd were not material.

Borrowings under Exelon Corporate's, Generation's, ComEd's, PECO's and BGE's credit agreements bear interest at a rate based upon either the prime rate or a LIBOR-based rate, plus an adder based upon the registrants credit rating. Exelon Corporate, Generation, ComEd, PECO and BGE have adders of 27.5, 27.5, 27.5, 0.0 and 7.5 basis points for prime based borrowings and 127.5, 127.5, 127.5, 100.0 and 107.5 basis points for LIBOR-based borrowings. The maximum adders for prime rate borrowings and LIBOR-based rate borrowings are 65 basis points and 165 basis points, respectively. The credit agreement also requires each entity to pay a facility fee based upon the aggregate commitments under the agreement. The fee varies depending upon the respective credit ratings of each entity.

On January 23, 2013, Generation entered into a two year $75 million bilateral letter of credit facility with a bank. The credit agreement expires in January 2015. This facility will solely be utilized by Generation to issue letters of credit.

Each revolving credit agreement for Exelon, Generation, ComEd, PECO and BGE requires the affected borrower to maintain a minimum cash from operations to interest expense ratio for the twelve-month period ended on the last day of any quarter. The following table summarizes the minimum thresholds reflected in the credit agreements for the three months ended March 31, 2013:

	Exelon	Generation	ComEd	PECO	BGE
Credit agreement threshold	2.50 to 1	3.00 to 1	2.00 to 1	2.00 to 1	2.00 to 1

At March 31, 2013, the interest coverage ratios at the Registrants were as follows:

	Exelon	Generation	ComEd	PECO	BGE
Interest coverage ratio	7.89	13.67	2.76	8.52	5.56

An event of default under any Registrant's credit facility will not constitute an event of default under any of the other Registrants' credit facilities, except that a bankruptcy or other event of default in the payment of principal, premium or indebtedness in principal amount in excess of $100 million in the aggregate by Generation under its credit facility will constitute an event of default under the Exelon corporate credit facility.

Security Ratings

The Registrants' access to the capital markets, including the commercial paper market, and their respective financing costs in those markets, may depend on the securities ratings of the entity that is accessing the capital markets.

The Registrants' borrowings are not subject to default or prepayment as a result of a downgrading of securities, although such a downgrading of a Registrant's securities could increase fees and interest charges under that Registrant's credit agreements.

As part of the normal course of business, the Registrants enter into contracts that contain express provisions or otherwise permit the Registrants and their counterparties to demand adequate assurance of future performance when there are reasonable grounds for doing so. In accordance with the contracts and applicable contracts law, if the Registrants are downgraded by a credit rating agency, it is possible that a counterparty would attempt to rely

on such a downgrade as a basis for making a demand for adequate assurance of future performance, which could include the posting of collateral. See Note 9 of the Combined Notes to Consolidated Financial Statements for additional information on collateral provisions.

Intercompany Money Pool

To provide an additional short-term borrowing option that will generally be more favorable to the borrowing participants than the cost of external financing, Exelon operates an intercompany money pool. Maximum amounts contributed to and borrowed from the money pool by participant during the three months ended March 31, 2013, in addition to the net contribution or borrowing as of March 31, 2013, are presented in the following table:

Contributed (borrowed) as of March 31, 2013	Maximum Contributed	Maximum Borrowed	Contributed (Borrowed)
Generation	$ —	$ 110	$ —
PECO	110	—	50
BSC	—	194	(138)
Exelon Corporate	194	N/A	88

Investments in Nuclear Decommissioning Trust Funds

Exelon and Generation maintain trust funds, as required by the NRC, to fund certain costs of decommissioning Generation's nuclear plants. The mix of securities in the trust funds is designed to provide returns to be used to fund decommissioning and to offset inflationary increases in decommissioning costs. Generation actively monitors the investment performance of the trust funds and periodically reviews asset allocations in accordance with Generation's NDT fund investment policy. Generation's investment policy establishes limits on the concentration of holdings in any one company and also in any one industry. See Note 12 of the Combined Notes to Consolidated Financial Statements for further information regarding the trust funds, the NRC's minimum funding requirements and related liquidity ramifications.

Shelf Registration Statements

On May 29, 2012, the Registrants filed a combined shelf registration statement unlimited in amount, with the SEC, which became immediately effective. As of March 31, 2013, Exelon, Generation, ComEd, PECO and BGE each had a current shelf registration statement effective with the SEC that provides for the sale of unspecified amounts of securities. The ability of each Registrant to sell securities off its shelf registration statement or to access the private placement markets will depend on a number of factors at the time of the proposed sale, including other required regulatory approvals, as applicable, the current financial condition of the Registrant, its securities ratings and market conditions.

Regulatory Authorizations

On March 1, 2013, ComEd received $470 million in long-term debt new money authority from the ICC and on February 27, 2012, ComEd received $1.3 billion in long-term debt refinancing authority from the ICC. As of March 31, 2013, ComEd had $1.4 billion available in long-term debt refinancing authority and $576 million available in new money long-term debt financing authority from the ICC. As of March 31, 2013, PECO had $1.9 billion available in long-term debt financing authority from the PAPUC. As of March 31, 2013, BGE had $1.2 billion available in long-term financing authority from MDPSC.

As of March 31, 2013, ComEd and PECO had short-term financing authority from FERC, which expires on December 31, 2013, of $2.5 billion and $1.5 billion, respectively. BGE had short-term financing authority from FERC, which expires December 31, 2014, of $0.7 billion. Generation currently has blanket financing authority it received from FERC in connection with its market-based rate authority.

Contractual Obligations and Off-Balance Sheet Arrangements

Contractual obligations represent cash obligations that are considered to be firm commitments and commercial commitments triggered by future events. See Note 17 of the Combined Notes to Consolidated Financial Statements for discussion of the Registrants' commitments.

Generation, ComEd, PECO and BGE have obligations related to contracts for the purchase of power and fuel supplies, and ComEd, PECO and BGE have obligations related to their financing trusts. The power and fuel purchase contracts and the financing trusts have been considered for consolidation in the Registrants' respective financial statements pursuant to the authoritative guidance for VIEs. See Note 1 of the Combined Notes to Consolidated Financial Statements for further information.

For an in-depth discussion of the Registrant's contractual obligations and off-balance sheet arrangements, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Contractual Obligations and Off-Balance Sheet Arrangements" in the Exelon 2012 Form 10-K.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

The Registrants are exposed to market risks associated with adverse changes in commodity prices, counterparty credit, interest rates and equity prices. Exelon's RMC approves risk management policies and objectives for risk assessment, control and valuation, counterparty credit approval, and the monitoring and reporting of risk exposures. The RMC is chaired by the chief risk officer and includes the chief executive officer, chief financial officer, corporate controller, general counsel, treasurer, vice president of strategy, vice president of audit services and officers representing Exelon's business units. The RMC reports to the Risk Oversight Committee of the Exelon Board of Directors on the scope of the risk management activities. The following discussion serves as an update to ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK of the Registrants' 2012 Annual Report on Form 10-K incorporated herein by reference.

Commodity Price Risk (Exelon, Generation, ComEd, PECO and BGE)

Commodity price risk is associated with price movements resulting from changes in supply and demand, fuel costs, market liquidity, weather conditions, governmental regulatory and environmental policies, and other factors. To the extent the amount of energy Exelon generates differs from the amount of energy it has contracted to sell, Exelon has price risk from commodity price movements. Exelon seeks to mitigate its commodity price risk through the sale and purchase of electricity, fossil fuel, and other commodities.

Generation

Normal Operations and Hedging Activities. Electricity available from Generation's owned or contracted generation supply in excess of Generation's obligations to customers, including portions of ComEd's, PECO's and BGE's retail load, is sold into the wholesale markets. To reduce price risk caused by market fluctuations, Generation enters into physical contracts as well as financial derivative contracts, including forwards, futures, swaps, and options, with approved counterparties to hedge anticipated exposures. Generation believes these instruments represent economic hedges that mitigate exposure to fluctuations in commodity prices. Generation expects the settlement of the majority of its economic hedges, including the ComEd financial swap contract, will occur during 2013 through 2015. Generation's energy contracts are accounted for under the accounting guidance for derivatives as further discussed in Note 9 of the Combined Notes to Consolidated Financial Statements.

In general, increases and decreases in forward market prices have a positive and negative impact, respectively, on Generation's owned and contracted generation positions which have not been hedged. Generation hedges commodity risk on a ratable basis over the three years leading to the spot market. As of March 31, 2013, the percentage of expected generation hedged for the major reportable segments was 98%-101%, 70%-73% and 33%-36% for 2013, 2014 and 2015, respectively. The percentage of expected generation hedged is the amount of equivalent sales divided by the expected generation. Expected generation represents the amount of energy estimated to be generated or purchased through owned or contracted capacity. Equivalent sales represent all hedging products, which include economic hedges and certain non-derivative contracts including sales to ComEd, PECO and BGE to serve their retail load.

A portion of Generation's hedging strategy may be accomplished with fuel products based on assumed correlations between power and fuel prices, which routinely change in the market. Market price risk exposure is the risk of a change in the value of unhedged positions. The forecasted market price risk exposure for Generation's entire non-trading portfolio associated with a $5 reduction in the annual average around-the-clock energy price based on March 31, 2013 market conditions and hedged position would be an increase in pre-tax income of approximately $20 million for 2013 and a decrease in pre-tax net income of approximately $360 million and $750 million, respectively, for 2014 and 2015. Power price sensitivities are derived by adjusting power price assumptions while keeping all other price inputs constant. Generation expects to actively manage its portfolio to mitigate market price risk exposure for its unhedged position. Actual results could differ depending on the specific timing of, and markets affected by, price changes, as well as future changes in Generation's portfolio.

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Proprietary Trading Activities. Generation also enters into certain energy-related derivatives for proprietary trading purposes. Proprietary trading includes all contracts entered into with the intent of benefiting from shifts or changes in market prices as opposed to those entered into with the intent of hedging or managing risk. Proprietary trading activities are subject to limits established by Exelon's RMC. The proprietary trading portfolio is subject to a risk management policy that includes stringent risk management limits, including volume, stop loss and Value-at-Risk (VaR) limits to manage exposure to market risk. Additionally, the Exelon risk management group and Exelon's RMC monitor the financial risks of the proprietary trading activities. The proprietary trading activities, which included physical volumes of 1,572 GWhs and 1,757 GWhs for the three months ended March 31, 2013 and 2012, respectively, are a complement to Generation's energy marketing portfolio, but represent a small portion of Generation's overall revenue from energy marketing activities. Trading portfolio activity for the three months ended March 31, 2013 resulted in pre-tax gains of $9 million due to net mark-to-market gains of $2 million and realized gains of $7 million. Generation uses a 95% confidence interval, assuming standard normal distribution, one day holding period, one-tailed statistical measure in calculating its VaR. The daily VaR on proprietary trading activity averaged $1 million of exposure during the quarter. Because of the relative size of the proprietary trading portfolio in comparison to Generation's total gross margin from continuing operations for the three months ended March 31, 2013 of $1,364 million, Generation has not segregated proprietary trading activity in the following tables.

Fuel Procurement. Generation procures coal and natural gas through long-term and short-term contracts, and spot-market purchases. Nuclear fuel assemblies are obtained primarily through long-term contracts for uranium concentrates, and long-term contracts for conversion services, enrichment services and fuel fabrication services. The supply markets for coal, natural gas, uranium concentrates and certain nuclear fuel services are subject to price fluctuations and availability restrictions. Supply market conditions may make Generation's procurement contracts subject to credit risk related to the potential non-performance of counterparties to deliver the contracted commodity or service at the contracted prices. Approximately 60% of Generation's uranium concentrate requirements from 2013 through 2017 are supplied by three producers. In the event of non-performance by these or other suppliers, Generation believes that replacement uranium concentrates can be obtained, although at prices that may be unfavorable when compared to the prices under the current supply agreements. Non-performance by these counterparties could have a material impact on Exelon's and Generation's results of operations, cash flows and financial positions. See Note 17 of the Combined Notes to Consolidated Financial Statements for additional information regarding uranium and coal supply agreement matters.

ComEd

The financial swap contract between Generation and ComEd was deemed prudent by the Illinois Settlement Legislation, thereby ensuring that ComEd will be entitled to receive full cost recovery in rates. The change in fair value each period is recorded by ComEd with an offset to a regulatory asset or liability. This financial swap contract between Generation and ComEd expires on May 31, 2013.

ComEd's RFP contracts are deemed to be derivatives that qualify for the normal purchases and normal sales exception under derivative accounting guidance. ComEd does not enter into derivatives for speculative or trading purposes. ComEd is permitted full recovery of its RFP contracts from retail customers with no mark-up.

On December 17, 2010, ComEd entered into several 20-year floating-to-fixed energy swap contracts with unaffiliated suppliers regarding the procurement of long-term renewable energy and associated RECs. Because ComEd receives full cost recovery for energy procurement and related costs from retail customers, the change in fair value each period is recorded by ComEd as a regulatory asset or liability. See Notes 5 and 9 of the Combined Notes to Consolidated Financial Statements for additional information regarding energy procurement and derivatives.

PECO

PECO has contracts to procure electric supply that were executed through the competitive procurement process outlined in its PAPUC-approved DSP Programs, which are further discussed in Note 5 of the Combined Notes to the Consolidated Financial Statements. PECO has certain full requirements contracts and block contracts that are considered derivatives and qualify for the normal purchases and normal sales scope exception under current derivative authoritative guidance. Under the DSP Programs, PECO is permitted to recover its electric supply procurement costs from retail customers with no mark-up.

PECO has also entered into derivative natural gas contracts, which either qualify for the normal purchases and normal sales exception or have no mark-to-market balances because the derivatives are index priced, to hedge its long-term price risk in the natural gas market. PECO's hedging program for natural gas procurement has no direct impact on its financial position or results of operations as natural gas costs are fully recovered from customers under the PGC.

PECO does not enter into derivatives for speculative or proprietary trading purposes. For additional information on these contracts, see Note 9 of the Combined Notes to Consolidated Financial Statements.

BGE

BGE procures electric supply for default service customers through full requirements contracts pursuant to BGE's MDPSC-approved SOS program. BGE's full requirements contracts that are considered derivatives qualify for the normal purchases and normal sales scope exception under current derivative authoritative guidance. Under the SOS program, BGE is permitted to recover its electricity procurement costs from retail customers, plus an administrative fee which includes a shareholder return component and an incremental cost component. However, through December 2016, BGE provides all residential electric customers a credit for the residential shareholder return component of the administrative charge.

BGE has also entered into derivative natural gas contracts, which qualify for the normal purchases and normal sales scope exception, to hedge its price risk in the natural gas market. The hedging program for natural gas procurement has no direct impact on BGE's financial position. However, under BGE's market-based rates incentive mechanism, BGE's actual cost of gas is compared to a market index (a measure of the market price of gas in a given period). The difference between BGE's actual cost and the market index is shared equally between shareholders and customers.

BGE does not enter into derivatives for speculative or proprietary trading purposes. For additional information on these contracts, see Note 9 of the Combined Notes to Consolidated Financial Statements.

Trading and Non-Trading Marketing Activities. The following detailed presentation of Exelon's, Generation's, ComEd's and PECO's trading and non-trading marketing activities is included to address the recommended disclosures by the energy industry's Committee of Chief Risk Officers (CCRO).

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The following table provides detail on changes in Exelon's, Generation's, ComEd's and PECO's mark-to-market net asset or liability balance sheet position from December 31, 2012 to March 31, 2013. It indicates the drivers behind changes in the balance sheet amounts. This table incorporates the mark-to-market activities that are immediately recorded in earnings as well as the settlements from OCI to earnings and changes in fair value for the cash flow hedging activities that are recorded in accumulated OCI on the Consolidated Balance Sheets. This table excludes all normal purchase and normal sales contracts. See Note 9 of the Combined Notes to the Consolidated Financial Statements for additional information on the balance sheet classification of the mark-to-market energy contract net assets (liabilities) recorded as of March 31, 2013 and December 31, 2012.

	Generation	ComEd	Intercompany Eliminations(b)	Exelon
Total mark-to-market energy contract net assets (liabilities) at December 31, 2012(a)	$ 1,505	$ (293)	$ —	$1,212
Total change in fair value during 2013 of contracts recorded in result of operations	(340)	—	7	(333)
Reclassification to realized at settlement of contracts recorded in results of operations	(61)	—	10	(51)
Reclassification to realized at settlement from accumulated OCI(c)	(223)	—	124	(99)
Changes in fair value — energy derivatives(d)	—	133	(141)	(8)
Changes in allocated collateral	202	—	—	202
Changes in net option premium paid/(received)	3	—	—	3
Option premium amortization(e)	(21)	—	—	(21)
Other balance sheet reclassifications	(2)	—	—	(2)
Total mark-to-market energy contract net assets (liabilities) at March 31, 2013(a)	$ 1,063	$ (160)	$ —	$ 903

(a) Amounts are shown net of collateral paid to and received from counterparties.
(b) Amounts related to the five-year financial swap between Generation and ComEd are eliminated in consolidation.
(c) For Generation, includes $ 124 million of losses from reclassifications from accumulated OCI to recognize gains in net income related to settlement of the five-year financial swap contract with ComEd for the three months ended March 31, 2013.
(d) For ComEd, the changes in fair value are recorded as a change in regulatory assets or liabilities. As of March 31, 2013, ComEd recorded a $160 million regulatory asset related to its mark-to-market derivative liabilities with Generation and unaffiliated suppliers. As of March 31, 2013, this included $8 million of decreases in fair value and $133 million for reclassifications from regulatory asset to recognize cost in purchased power expense due to settlements of ComEd's five-year financial swap with Generation. As of March 31, 2013, ComEd also recorded $11 million of increases in fair value and $3 million of realized losses due to settlements associated with floating-to-fixed energy swap contracts with unaffiliated suppliers.
(e) Includes $21 million of amounts reclassified to realized at the settlement of contracts recorded to results of operations related to option premiums due to the settlement of the underlying transactions for the three months ended March 31, 2013.

Fair Values. The following tables present maturity and source of fair value for Exelon, Generation and ComEd mark-to-market commodity contract net assets (liabilities). The tables provide two fundamental pieces of information. First, the tables provide the source of fair value used in determining the carrying amount of the Registrants' total mark-to-market net assets (liabilities), net of allocated collateral. Second, the tables show the maturity, by year, of the Registrants' commodity contract net assets (liabilities), net of allocated collateral, giving an indication of when these mark-to-market amounts will settle and either generate or require cash. See Note 8 of the Combined Notes to Consolidated Financial Statements for additional information regarding fair value measurements and the fair value hierarchy.

Exelon

	Maturities Within						
	2013	2014	2015	2016	2017	2018 and Beyond	Total Fair Value
Normal Operations, Commodity derivative contracts(a)(b):							
Actively quoted prices (Level 1)	$118	$ (28)	$ (34)	$11	$ 1	$ —	$ 68
Prices provided by external sources (Level 2)	189	297	77	14	(1)	(1)	575
Prices based on model or other valuation methods (Level 3)(c)	55	102	59	37	24	(17)	260
Total	$362	$371	$102	$62	$24	$ (18)	$ 903

(a) Mark-to-market gains and losses on economic hedge and trading derivative contracts that are recorded in the results of operations.
(b) Amounts are shown net of collateral paid to and received from counterparties (and offset against mark-to-market assets and liabilities) of $233 million at March 31, 2013.
(c) Includes ComEd's net assets (liabilities) associated with the floating-to-fixed energy swap contracts with unaffiliated suppliers.

Generation

	Maturities Within						
	2013	2014	2015	2016	2017	2018 and Beyond	Total Fair Value
Normal Operations, Commodity derivative contracts(a)(b):							
Actively quoted prices (Level 1)	$118	$ (28)	$ (34)	$11	$ 1	$ —	$ 68
Prices provided by external sources (Level 2)	189	297	77	14	(1)	(1)	575
Prices based on model or other valuation methods (Level 3)	155	112	73	50	37	(7)	420
Total	$462	$381	$116	$75	$37	$ (8)	$ 1,063

(a) Mark-to-market gains and losses on economic hedge and trading derivative contracts that are recorded in the results of operations. Amounts include an $85 million gain associated with the five-year financial swap with ComEd.
(b) Amounts are shown net of collateral paid to and received from counterparties (and offset against mark-to-market assets and liabilities) of $233 million at March 31, 2013.

ComEd

	Maturities Within						
	2013	2014	2015	2016	2017	2018 and beyond	Total Fair Value
Prices based on model or other valuation methods(a)	$(100)	$(10)	$(14)	$(13)	$(13)	$ (10)	$ (160)

(a) Represents ComEd's net liabilities associated with the five-year financial swap with Generation and the floating-to-fixed energy swap contracts with unaffiliated suppliers.

Credit Risk, Collateral, and Contingent Related Features (Exelon, Generation, ComEd, PECO and BGE)

The Registrants would be exposed to credit-related losses in the event of non-performance by counterparties that enter into derivative instruments. The credit exposure of derivative contracts, before collateral, is represented by the fair value of contracts at the reporting date. See Note 9 of the Combined Notes to Consolidated Financial Statements for a detail discussion of credit risk, collateral, and contingent related features.

Generation

The following tables provide information on Generation's credit exposure for all derivative instruments, normal purchase normal sales agreements, and applicable payables and receivables, net of collateral and instruments that are subject to master netting agreements, as of March 31, 2013. The tables further delineate that exposure by credit rating of the counterparties and provide guidance on the concentration of credit risk to individual counterparties and an indication of the duration of a company's credit risk by credit rating of the counterparties. The figures in the tables below do not include credit risk exposure from uranium procurement contracts or exposure through RTOs, ISOs, NYMEX, ICE, and Nodal commodity exchanges, which are discussed below. Additionally, the figures in the tables below do not include exposures with affiliates, including net receivables with ComEd, PECO and BGE of $44 million, $59 million and $25 million, respectively. See Note 22 of the Exelon 2012 Form 10-K for further information.

Rating as of March 31, 2013	Total Exposure Before Credit Collateral	Credit Collateral(a)	Net Exposure	Number of Counterparties Greater than 10% of Net Exposure	Net Exposure of Counterparties Greater than 10% of Net Exposure
Investment grade	$ 1,459	$ 184	$ 1,275	1	$ 387
Non-investment grade	49	29	20	—	—
No external ratings					
Internally rated — investment grade	403	5	398	1	252
Internally rated — non-investment grade	44	1	43	—	—
Total	$ 1,955	$ 219	$ 1,736	2	$ 639

	Maturity of Credit Risk Exposure			
Rating as of March 31, 2013	Less than 2 Years	2-5 Years	Exposure Greater than 5 Years	Total Exposure Before Credit Collateral
Investment grade	$ 991	$ 311	$ 157	$ 1,459
Non-investment grade	31	18	—	49
No external ratings				
Internally rated — investment grade	229	169	5	403
Internally rated — non-investment grade	41	2	1	44
Total	$ 1,292	$ 500	$ 163	$ 1,955

Net Credit Exposure by Type of Counterparty	As of March 31, 2013
Investor-owned utilities, marketers and power producers	$ 515
Energy cooperatives and municipalities	824
Financial Institutions	352
Other	45
Total	$ 1,736

(a) As of March 31, 2013, credit collateral held from counterparties where Generation had credit exposure included $172 million of cash and $47 million of letters of credit.

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ComEd

There have been no significant changes or additions to ComEd's exposures to credit risk that are described in ITEM 1A. RISK FACTORS of Exelon's 2012 Annual Report on Form 10-K.

See Note 9 of the Combined Notes to Consolidated Financial Statements for information regarding credit exposure to suppliers.

PECO

There have been no significant changes or additions to PECO's exposures to credit risk as described in ITEM 1A. RISK FACTORS of Exelon's 2012 Annual Report on Form 10-K.

See Note 9 of the Combined Notes to Consolidated Financial Statements for information regarding credit exposure to suppliers.

BGE

There have been no significant changes or additions to BGE's exposures to credit risk as described in ITEM 1A. RISK FACTORS of Exelon's 2012 Annual Report on Form 10-K.

See Note 9 of the Combined Notes to Consolidated Financial Statements for information regarding credit exposure to suppliers.

Collateral (Exelon, Generation, ComEd, PECO and BGE)

Generation

As part of the normal course of business, Generation routinely enters into physical or financial contracts for the sale and purchase of electricity, fossil fuel and other commodities. These contracts either contain express provisions or otherwise permit Generation and its counterparties to demand adequate assurance of future performance when there are reasonable grounds for doing so. In accordance with the contracts and applicable law, if Generation is downgraded by a credit rating agency, especially if such downgrade is to a level below investment grade, it is possible that a counterparty would attempt to rely on such a downgrade as a basis for making a demand for adequate assurance of future performance. Depending on Generation's net position with a counterparty, the demand could be for the posting of collateral. In the absence of expressly agreed-to provisions that specify the collateral that must be provided, collateral requested will be a function of the facts and circumstances of the situation at the time of the demand. In this case, Generation believes an amount of several months of future payments (i.e. capacity payments) rather than a calculation of fair value is the best estimate for the contingent collateral obligation, which has been factored into the disclosure below. See Note 9 of the Combined Notes to Consolidated Financial Statements for information regarding collateral requirements.

Generation sells output through bilateral contracts. The bilateral contracts are subject to credit risk, which relates to the ability of counterparties to meet their contractual payment obligations. Any failure to collect these payments from counterparties could have a material impact on Exelon's and Generation's results of operations, cash flows and financial position. As market prices rise above contracted price levels, Generation is required to post collateral with purchasers; as market prices fall below contracted price levels, counterparties are required to post collateral with Generation. In order to post collateral, Generation depends on access to bank credit facilities, which serve as liquidity sources to fund collateral requirements. See Note 10 of the Combined Notes to Consolidated Financial Statements for additional information.

As of March 31, 2013, Generation had $467 million cash collateral deposit payments being held by counterparties and Generation was holding $236 million of cash collateral deposits received from counterparties,

of which $233 million in net cash collateral deposits was offset against mark-to-market assets and liabilities. As of March 31, 2013, $2 million of cash collateral received was not offset against net derivative positions because it was not associated with energy-related derivatives. See Note 17 of the Combined Notes to Consolidated Financial Statements for information regarding the letters of credit supporting the cash collateral.

ComEd

As of March 31, 2013, ComEd held immaterial amounts of cash and letters of credit for the purpose of collateral from suppliers in association with energy procurement contracts and held approximately $19 million in the form of cash and letters of credit for both annual and long-term renewable energy contracts. See Notes 5 and 9 of the Combined Notes to Consolidated Financial Statements for further information.

PECO

As of March 31, 2013, PECO was not required to post collateral under its energy and natural gas procurement contracts. See Note 9 of the Combined Notes to Consolidated Financial Statements for further information.

BGE

BGE is not required to post collateral under its electric supply contracts. As of March 31, 2013, BGE was not required to post collateral under its natural gas procurement contracts, nor was it holding collateral under its electric supply and natural gas procurement contracts. See Note 9 of the Combined Notes to Consolidated Financial Statements for further information.

RTOs and ISOs (Exelon, Generation, ComEd, PECO and BGE)

Generation, ComEd, PECO and BGE participate in all, or some, of the established, real-time energy markets that are administered by PJM, ISO-NE, ISO-NY, CAISO, MISO, SPP, AESO, OIESO and ERCOT. In these areas, power is traded through bilateral agreements between buyers and sellers and on the spot markets that are operated by the RTOs or ISOs, as applicable. In areas where there is no spot market, electricity is purchased and sold solely through bilateral agreements. For sales into the spot markets administered by an RTO or ISO, the RTO or ISO maintains financial assurance policies that are established and enforced by those administrators. The credit policies of the RTOs and ISOs may, under certain circumstances, require that losses arising from the default of one member on spot market transactions be shared by the remaining participants. Non-performance or non-payment by a major counterparty could result in a material adverse impact on the Registrants' results of operations, cash flows and financial positions.

Exchange Traded Transactions (Exelon and Generation)

Generation enters into commodity transactions on NYMEX, ICE and the Nodal exchange. The NYMEX, ICE and Nodal exchange clearinghouses act as the counterparty to each trade. Transactions on the NYMEX, ICE and Nodal exchange must adhere to comprehensive collateral and margining requirements. As a result, transactions on NYMEX, ICE and Nodal exchange are significantly collateralized and have limited counterparty credit risk.

Long-Term Leases (Exelon)

Exelon's consolidated balance sheets, as of March 31, 2013, included a $700 million net investment in coal-fired plants in Georgia and Texas subject to long-term leases. This investment represents the estimated residual value of leased assets at the end of the respective lease terms of approximately $1.5 billion, less unearned income of $800 million. The lease agreements provide the lessees with fixed purchase options at the end of the lease

terms which are set at prices above the then expected fair market value of the plants. If the lessees do not exercise the fixed purchase options, the lessees return the leasehold interests to Exelon and Exelon has the ability to require the lessees to arrange a service contract with a third party for a period following the lease term. In any event, Exelon is subject to residual value risk to the extent the fair value of the assets are less than the residual value. This risk is mitigated by the fair value of the fixed payments under the service contract. The term of the service contract, however, is less than the expected remaining useful life of the plants and, therefore, Exelon's exposure to residual value risk will not be mitigated by payments under the service contract in this remaining period. Lessee performance under the lease agreements is supported by collateral and credit enhancement measures, including letters of credit, surety bonds and credit swaps. Management regularly evaluates the creditworthiness of Exelon's counterparties to these long-term leases. Since 2008, the entity providing the credit enhancement for one of the lessees did not meet the credit rating requirements of the lease. Consequently, Exelon has indefinitely extended a waiver and reduction of the rating requirement, which Exelon may terminate by giving 90 days notice to the lessee. Exelon monitors the continuing credit quality of the credit enhancement party.

Interest Rate Risk (Exelon, Generation, ComEd, PECO and BGE)

The Registrants use a combination of fixed-rate and variable-rate debt to manage interest rate exposure. The Registrants may also utilize fixed-to-floating interest rate swaps, which are typically designated as fair value hedges, as a means to manage their interest rate exposure. In addition, the Registrants may utilize interest rate derivatives to lock in rate levels in anticipation of future financings, which are typically designated as cash flow hedges. These strategies are employed to manage interest rate risks. At March 31, 2013, Exelon had $800 million of notional amounts of fixed-to-floating hedges outstanding and $394 million of notional amounts of floating-to-fixed hedges outstanding. Assuming the fair value and cash flow interest rate hedges are 100% effective, a hypothetical 50 bps increase in the interest rates associated with unhedged variable-rate debt (excluding Commercial Paper and PECO Accounts Receivables Facility) and fixed-to-floating swaps would result in less than $ 1 million decrease in Exelon Consolidated pre-tax income for the three months ended March 31, 2013. Below is a summary of the interest rate hedges as of March 31, 2013.

Equity Price Risk (Exelon and Generation)

Exelon and Generation maintain trust funds, as required by the NRC, to fund certain costs of decommissioning Generation's nuclear plants. As of March 31, 2013, Generation's decommissioning trust funds are reflected at fair value on its Consolidated Balance Sheets. The mix of securities in the trust funds is designed to provide returns to be used to fund decommissioning and to compensate Generation for inflationary increases in decommissioning costs; however, the equity securities in the trust funds are exposed to price fluctuations in equity markets, and the value of fixed-rate, fixed-income securities are exposed to changes in interest rates. Generation actively monitors the investment performance of the trust funds and periodically reviews asset allocation in accordance with Generation's NDT fund investment policy. A hypothetical 10% increase in interest rates and decrease in equity prices would result in a $417 million reduction in the fair value of the trust assets. This calculation holds all other variables constant and assumes only the discussed changes in interest rates and equity prices. See ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS for further discussion of equity price risk as a result of the current capital and credit market conditions.

Item 4. Controls and Procedures

During the first quarter of 2013, each of Exelon's, Generation's, ComEd's, PECO's and BGE's management, including its principal executive officer and principal financial officer, evaluated its disclosure controls and procedures related to the recording, processing, summarizing and reporting of information in its periodic reports that it files with the SEC. These disclosure controls and procedures have been designed by all Registrants to ensure that (a) material information relating to that Registrant, including its consolidated

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subsidiaries, is accumulated and made known to Exelon's management, including its principal executive officer and principal financial officer, by other employees of that Registrant and its subsidiaries as appropriate to allow timely decisions regarding required disclosure, and (b) this information is recorded, processed, summarized, evaluated and reported, as applicable, within the time periods specified in the SEC's rules and forms. Due to the inherent limitations of control systems, not all misstatements may be detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls could be circumvented by the individual acts of some persons or by collusion of two or more people.

Accordingly, as of March 31, 2013, the principal executive officer and principal financial officer of each of Exelon, Generation, ComEd, PECO and BGE concluded that such Registrant's disclosure controls and procedures were effective to accomplish its objectives. All Registrants continually strive to improve its disclosure controls and procedures to enhance the quality of its financial reporting and to maintain dynamic systems that change as conditions warrant. However, there have been no changes in internal control over financial reporting that occurred during the first quarter of 2013 that have materially affected, or are reasonably likely to materially affect, any of Exelon's, Generation's, ComEd's, PECO's and BGE's internal control over financial reporting.

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PART II — OTHER INFORMATION

Item 1. Legal Proceedings

The Registrants are parties to various lawsuits and regulatory proceedings in the ordinary course of their respective businesses. For information regarding material lawsuits and proceedings, see (a) ITEM 3. LEGAL PROCEEDINGS of the Registrants' 2012 Form 10-K and (b) Notes 4, 5 and 17 of the Combined Notes to Consolidated Financial Statements in PART I, ITEM 1. FINANCIAL STATEMENTS of this Report. Such descriptions are incorporated herein by these references.

Item 1A. Risk Factors

Risks Related to Exelon

At March 31, 2013, the Registrants' risk factors were consistent with the risk factors described in Exelon's 2012 Annual Report on Form 10-K.

Item 4. Mine Safety Disclosures

Exelon, Generation, ComEd, PECO and BGE

Not applicable to the Registrants.

Item 6. Exhibits

Certain of the following exhibits are incorporated herein by reference under Rule 12b-32 of the Securities and Exchange Act of 1934, as amended. Certain other instruments which would otherwise be required to be listed below have not been so listed because such instruments do not authorize securities in an amount which exceeds 10% of the total assets of the applicable registrant and its subsidiaries on a consolidated basis and the relevant registrant agrees to furnish a copy of any such instrument to the Commission upon request.

Exhibit No.	Description
101.INS*	XBRL Instance
101.SCH*	XBRL Taxonomy Extension Schema
101.CAL*	XBRL Taxonomy Extension Calculation
101.DEF*	XBRL Taxonomy Extension Definition
101.LAB*	XBRL Taxonomy Extension Labels
101.PRE*	XBRL Taxonomy Extension Presentation

* XBRL information will be considered to be furnished, not filed, for the first two years of a company's submission of XBRL information.

Certifications Pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities and Exchange Act of 1934 as to the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2013 filed by the following officers for the following companies:

31-1 — Filed by Christopher M. Crane for Exelon Corporation
31-2 — Filed by Jonathan W. Thayer for Exelon Corporation
31-3 — Filed by Christopher M. Crane for Exelon Generation Company, LLC
31-4 — Filed by Bryan P. Wright for Exelon Generation Company, LLC
31-5 — Filed by Anne R. Pramaggiore for Commonwealth Edison Company
31-6 — Filed by Joseph R. Trpik, Jr. for Commonwealth Edison Company
31-7 — Filed by Craig L. Adams for PECO Energy Company
31-8 — Filed by Phillip S. Barnett for PECO Energy Company
31-9 — Filed by Kenneth W. DeFontes, Jr. for Baltimore Gas and Electric Company
31-10 — Filed by Carim V. Khouzami for Baltimore Gas and Electric Company

Certifications Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code (Sarbanes — Oxley Act of 2002) as to the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2013 filed by the following officers for the following companies:

32-1 — Filed by Christopher M. Crane for Exelon Corporation
32-2 — Filed by Jonathan W. Thayer for Exelon Corporation
32-3 — Filed by Christopher M. Crane for Exelon Generation Company, LLC
32-4 — Filed by Bryan P. Wright for Exelon Generation Company, LLC
32-5 — Filed by Anne R. Pramaggiore for Commonwealth Edison Company
32-6 — Filed by Joseph R. Trpik, Jr. for Commonwealth Edison Company
32-7 — Filed by Craig L. Adams for PECO Energy Company
32-8 — Filed by Phillip S. Barnett for PECO Energy Company
32-9 — Filed by Kenneth W. DeFontes, Jr. for Baltimore Gas and Electric Company
32-10 — Filed by Carim V. Khouzami for Baltimore Gas and Electric Company

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SIGNATURES

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

EXELON CORPORATION

/s/ CHRISTOPHER M. CRANE
Christopher M. Crane
President and Chief Executive Officer
(Principal Executive Officer)

/s/ JONATHAN W. THAYER
Jonathan W. Thayer
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

/s/ DUANE M. DESPARTE
Duane M. DesParte
Senior Vice President and Corporate Controller
(Principal Accounting Officer)

May 9, 2013

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

EXELON GENERATION COMPANY, LLC

/s/ CHRISTOPHER M. CRANE
Christopher M. Crane
President
(Principal Executive Officer)

/s/ BRYAN P. WRIGHT
Bryan P. Wright
Chief Financial Officer
(Principal Financial Officer)

/s/ ROBERT M. AIKEN
Robert M. Aiken
Chief Accounting Officer
(Principal Accounting Officer)

May 9, 2013

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

COMMONWEALTH EDISON COMPANY

/s/ ANNE R. PRAMAGGIORE
Anne R. Pramaggiore
President and Chief Executive Officer
(Principal Executive Officer)

/s/ JOSEPH R. TRPIK, JR.
Joseph R. Trpik, Jr.
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/s/ GERALD J. KOZEL
Gerald J. Kozel
Vice President and Controller
(Principal Accounting Officer)

May 9, 2013

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PECO ENERGY COMPANY

/s/ Craig L. Adams
Craig L. Adams
President and Chief Executive Officer
(Principal Executive Officer)

/s/ Phillip S. Barnett
Phillip S. Barnett
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/s/ Scott A. Bailey
Scott A. Bailey
Vice President and Controller
(Principal Accounting Officer)

May 9, 2013

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BALTIMORE GAS AND ELECTRIC COMPANY

/s/ Kenneth W. DeFontes, Jr.
Kenneth W. DeFontes, Jr.
President and Chief Executive Officer
(Principal Executive Officer)

/s/ Carim V. Khouzami
Carim V. Khouzami
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/s/ David M. Vahos
David M. Vahos
Vice President and Controller
(Principal Accounting Officer)

May 9, 2013

Exhibit 31-1

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Christopher M. Crane, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ CHRISTOPHER M. CRANE
President and Chief Executive Officer
(Principal Executive Officer)

Date: May 9, 2013

Exhibit 31-2

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Jonathan W. Thayer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ JONATHAN W. THAYER
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Date: May 9, 2013

Exhibit 31-3

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Christopher M. Crane, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Generation Company, LLC;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ CHRISTOPHER M. CRANE
President
(Principal Executive Officer)

Date: May 9, 2013

Exhibit 31-4

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Bryan P. Wright, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Generation Company, LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ BRYAN P. WRIGHT
Chief Financial Officer
(Principal Financial Officer)

Date: May 9, 2013

Exhibit 31-5

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Anne R. Pramaggiore, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Commonwealth Edison Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ ANNE R. PRAMAGGIORE
President and Chief Executive Officer
(Principal Executive Officer)

Date: May 9, 2013

S1-SSA-0009 - 21406

Exhibit 31-6

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Joseph R. Trpik, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Commonwealth Edison Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ JOSEPH R. TRPIK, JR.
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: May 9, 2013

S1-SSA-0009 - 21407

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Craig L. Adams, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PECO Energy Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ CRAIG L. ADAMS
President and Chief Executive Officer
(Principal Executive Officer)

Date: May 9, 2013

Exhibit 31-8

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Phillip S. Barnett, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PECO Energy Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ PHILLIP S. BARNETT
Senior Vice President, Chief Financial Officer
and Treasurer
(Principal Financial Officer)

Date: May 9, 2013

S1-SSA-0009 - 21409

Exhibit 31-9

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Kenneth W. DeFontes, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Baltimore Gas and Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ KENNETH W. DEFONTES, JR.
President and Chief Executive Officer
(Principal Executive Officer)

Date: May 9, 2013

S1-SSA-0009 - 21410

Exhibit 31-10

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Carim V. Khouzami, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Baltimore Gas and Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ CARIM V. KHOUZAMI
Senior Vice President, Chief Financial Officer
and Treasurer
(Principal Financial Officer)

Date: May 9, 2013

Exhibit 32-1

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Corporation for the quarterly period ended March 31, 2013, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Corporation.

/s/ CHRISTOPHER M. CRANE
Christopher M. Crane
President and Chief Executive Officer

Date: May 9, 2013

S1-SSA-0009 - 21412

Exhibit 32-2

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Corporation for the quarterly period ended March 31, 2013, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Corporation.

/s/ JONATHAN W. THAYER
Jonathan W. Thayer
Executive Vice President and Chief Financial Officer

Date: May 9, 2013

S1-SSA-0009 - 21413

Exhibit 32-3

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Generation Company, LLC for the quarterly period ended March 31, 2013, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Generation Company, LLC.

/s/ CHRISTOPHER M. CRANE
Christopher M. Crane
President

Date: May 9, 2013

S1-SSA-0009 - 21414

Exhibit 32-4

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Generation Company, LLC for the quarterly period ended March 31, 2013, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Generation Company, LLC.

/s/ BRYAN P. WRIGHT
Bryan P. Wright
Chief Financial Officer

Date: May 9, 2013

S1-SSA-0009 - 21415

Exhibit 32-5

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Commonwealth Edison Company for the quarterly period ended March 31, 2013, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Commonwealth Edison Company.

/s/ ANNE R. PRAMAGGIORE
Anne R. Pramaggiore
President and Chief Executive Officer

Date: May 9, 2013

S1-SSA-0009 - 21416

Exhibit 32-6

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Commonwealth Edison Company for the quarterly period ended March 31, 2013, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Commonwealth Edison Company.

/s/ JOSEPH R. TRPIK, JR.
Joseph R. Trpik, Jr.
Senior Vice President, Chief Financial Officer and Treasurer

Date: May 9, 2013

Exhibit 32-7

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of PECO Energy Company for the quarterly period ended March 31, 2013, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of PECO Energy Company.

/s/ CRAIG L. ADAMS
Craig L. Adams
President and Chief Executive Officer

Date: May 9, 2013

S1-SSA-0009 - 21418

Exhibit 32-8

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of PECO Energy Company for the quarterly period ended March 31, 2013, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of PECO Energy Company.

/s/ PHILLIP S. BARNETT
Phillip S. Barnett
Senior Vice President, Chief Financial Officer and Treasurer

Date: May 9, 2013

S1-SSA-0009 - 21419

Exhibit 32-9

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Baltimore Gas and Electric Company for the quarterly period ended March 31, 2013, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Baltimore Gas and Electric Company.

/s/ KENNETH W. DEFONTES, JR.
Kenneth W. DeFontes, Jr.
President and Chief Executive Officer

Date: May 9, 2013

S1-SSA-0009 - 21420

Exhibit 32-10

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Baltimore Gas and Electric Company for the quarterly period ended March 31, 2013, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Baltimore Gas and Electric Company.

/s/ CARIM V. KHOUZAMI

Carim V. Khouzami
Senior Vice President, Chief Financial Officer and Treasurer

Date: May 9, 2013

S1-SSA-0009 - 21421

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended March 31, 2014

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number	Name of Registrant; State of Incorporation; Address of Principal Executive Offices; and Telephone Number	IRS Employer Identification Number
1-16169	EXELON CORPORATION (a Pennsylvania corporation) 10 South Dearborn Street P.O. Box 805379 Chicago, Illinois 60680-5379 (312) 394-7398	23-2990190
333-85496	EXELON GENERATION COMPANY, LLC (a Pennsylvania limited liability company) 300 Exelon Way Kennett Square, Pennsylvania 19348-2473 (610) 765-5959	23-3064219
1-1839	COMMONWEALTH EDISON COMPANY (an Illinois corporation) 440 South LaSalle Street Chicago, Illinois 60605-1028 (312) 394-4321	36-0938600
000-16844	PECO ENERGY COMPANY (a Pennsylvania corporation) P.O. Box 8699 2301 Market Street Philadelphia, Pennsylvania 19101-8699 (215) 841-4000	23-0970240
1-1910	BALTIMORE GAS AND ELECTRIC COMPANY (a Maryland corporation) 2 Center Plaza 110 West Fayette Street Baltimore, Maryland 21201-3708 (410) 234-5000	52-0280210

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

	Large Accelerated Filer	Accelerated Filer	Non-accelerated Filer	Smaller Reporting Company
Exelon Corporation	☒			
Exelon Generation Company, LLC			☒	
Commonwealth Edison Company			☒	
PECO Energy Company			☒	
Baltimore Gas and Electric Company			☒	

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The number of shares outstanding of each registrant's common stock as of March 31, 2014 was:

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Exelon Corporation Common Stock, without par value	858,721,507
Exelon Generation Company, LLC	not applicable
Commonwealth Edison Company Common Stock, $12.50 par value	127,016,912

PECO Energy Company Common Stock, without par value	170,478,507
Baltimore Gas and Electric Company Common Stock, without par value	1,000

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GLOSSARY OF TERMS AND ABBREVIATIONS

Exelon Corporation and Related Entities

Exelon	Exelon Corporation
Generation	Exelon Generation Company, LLC
ComEd	Commonwealth Edison Company
PECO	PECO Energy Company
BGE	Baltimore Gas and Electric Company
BSC	Exelon Business Services Company, LLC
Exelon Corporate	Exelon in its corporate capacity as a holding company
CENG	Constellation Energy Nuclear Group, LLC
Constellation	Constellation Energy Group, Inc.
Antelope Valley	Antelope Valley Solar Ranch One
Exelon Transmission Company	Exelon Transmission Company, LLC
Exelon Wind	Exelon Wind, LLC and Exelon Generation Acquisition Company, LLC
Ventures	Exelon Ventures Company, LLC
AmerGen	AmerGen Energy Company, LLC
BondCo	RSB BondCo LLC
PEC L.P.	PECO Energy Capital, L.P.
PECO Trust III	PECO Capital Trust III
PECO Trust IV	PECO Energy Capital Trust IV
PETT	PECO Energy Transition Trust
Registrants	Exelon, Generation, ComEd, PECO and BGE, collectively

Other Terms and Abbreviations

Note "—" of the Exelon 2013 Form 10-K	Reference to specific Combined Note to Consolidated Financial Statements within Exelon's 2013 Annual Report on Form 10-K
1998 restructuring settlement	PECO's 1998 settlement of its restructuring case mandated by the Competition Act
Act 11	Pennsylvania Act 11 of 2012
Act 129	Pennsylvania Act 129 of 2008
AEC	Alternative Energy Credit that is issued for each megawatt hour of generation from a qualified alternative energy source
AEPS	Pennsylvania Alternative Energy Portfolio Standards
AEPS Act	Pennsylvania Alternative Energy Portfolio Standards Act of 2004, as amended
AESO	Alberta Electric Systems Operator
AFUDC	Allowance for Funds Used During Construction
ALJ	Administrative Law Judge
AMI	Advanced Metering Infrastructure
AMP	Advanced Metering Program
ARC	Asset Retirement Cost
ARO	Asset Retirement Obligation
ARP	Title IV Acid Rain Program
ARRA of 2009	American Recovery and Reinvestment Act of 2009
Block contracts	Forward Purchase Energy Block Contracts
CAIR	Clean Air Interstate Rule
CAISO	California ISO
CAMR	Federal Clean Air Mercury Rule
CERCLA	Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended
CFL	Compact Fluorescent Light

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GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and Abbreviations	
Clean Air Act	Clean Air Act of 1963, as amended
Clean Water Act	Federal Water Pollution Control Amendments of 1972, as amended
Competition Act	Pennsylvania Electricity Generation Customer Choice and Competition Act of 1996
CPI	Consumer Price Index
CPUC	California Public Utilities Commission
CSAPR	Cross-State Air Pollution Rule
CTC	Competitive Transition Charge
D.C. Circuit Court	United States Court of Appeals for the District of Columbia Circuit
DOE	United States Department of Energy
DOJ	United States Department of Justice
DSP	Default Service Provider
DSP Program	Default Service Provider Program
EDF	Electricite de France SA
EE&C	Energy Efficiency and Conservation/Demand Response
EGS	Electric Generation Supplier
EIMA	Energy Infrastructure Modernization Act (Illinois Senate Bill 1652 and Illinois House Bill 3036)
EPA	United States Environmental Protection Agency
ERCOT	Electric Reliability Council of Texas
ERISA	Employee Retirement Income Security Act of 1974, as amended
EROA	Expected Rate of Return on Assets
ESPP	Employee Stock Purchase Plan
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
FRCC	Florida Reliability Coordinating Council
FTC	Federal Trade Commission
GAAP	Generally Accepted Accounting Principles in the United States
GHG	Greenhouse Gas
GRT	Gross Receipts Tax
GSA	Generation Supply Adjustment
GWh	Gigawatt hour
HAP	Hazardous air pollutants
Health Care Reform Acts	Patient Protection and Affordable Care Act and Health Care and Education Reconciliation Act of 2010
IBEW	International Brotherhood of Electrical Workers
ICC	Illinois Commerce Commission
ICE	Intercontinental Exchange
Illinois Act	Illinois Electric Service Customer Choice and Rate Relief Law of 1997
Illinois EPA	Illinois Environmental Protection Agency
Illinois Settlement Legislation	Legislation enacted in 2007 affecting electric utilities in Illinois
IPA	Illinois Power Agency
IRC	Internal Revenue Code
IRS	Internal Revenue Service
ISO	Independent System Operator
ISO-NE	ISO New England Inc.
ISO-NY	ISO New York
kV	Kilovolt
kW	Kilowatt

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Other Terms and Abbreviations

kWh	Kilowatt-hour
LIBOR	London Interbank Offered Rate
LILO	Lease-In, Lease-Out
LLRW	Low-Level Radioactive Waste
LTIP	Long-Term Incentive Plan
MATS	U.S. EPA Mercury and Air Toxics Rule
MBR	Market Based Rates Incentive
MDE	Maryland Department of the Environment
MDPSC	Maryland Public Service Commission
MGP	Manufactured Gas Plant
MISO	Midcontinent Independent System Operator, Inc.
mmcf	Million Cubic Feet
Moody's	Moody's Investor Service
MOPR	Minimum Offer Price Rule
MRV	Market-Related Value
MW	Megawatt
MWh	Megawatt hour
NAAQS	National Ambient Air Quality Standards
n.m.	not meaningful
NAV	Net Asset Value
NDT	Nuclear Decommissioning Trust
NEIL	Nuclear Electric Insurance Limited
NERC	North American Electric Reliability Corporation
NGS	Natural Gas Supplier
NJDEP	New Jersey Department of Environmental Protection
Non-Regulatory Agreements Units	Nuclear generating units or portions thereof whose decommissioning-related activities are not subject to contractual elimination under regulatory accounting
NOV	Notice of Violation
NPDES	National Pollutant Discharge Elimination System
NRC	Nuclear Regulatory Commission
NSPS	New Source Performance Standards
NWPA	Nuclear Waste Policy Act of 1982
NYMEX	New York Mercantile Exchange
OCI	Other Comprehensive Income
OIESO	Ontario Independent Electricity System Operator
OPEB	Other Postretirement Employee Benefits
PA DEP	Pennsylvania Department of Environmental Protection
PAPUC	Pennsylvania Public Utility Commission
PGC	Purchased Gas Cost Clause
PJM	PJM Interconnection, LLC
POLR	Provider of Last Resort
POR	Purchase of Receivables
PPA	Power Purchase Agreement
Price-Anderson Act	Price-Anderson Nuclear Industries Indemnity Act of 1957
PRP	Potentially Responsible Parties
PSEG	Public Service Enterprise Group Incorporated
PURTA	Pennsylvania Public Realty Tax Act
PV	Photovoltaic

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Other Terms and Abbreviations

RCRA	Resource Conservation and Recovery Act of 1976, as amended
REC	Renewable Energy Credit which is issued for each megawatt hour of generation from a qualified renewable energy source
Regulatory Agreement Units	Nuclear generating units whose decommissioning-related activities are subject to contractual elimination under regulatory accounting
RES	Retail Electric Suppliers
RFP	Request for Proposal
Rider	Reconcilable Surcharge Recovery Mechanism
RGGI	Regional Greenhouse Gas Initiative
RMC	Risk Management Committee
RPM	PJM Reliability Pricing Model
RPS	Renewable Energy Portfolio Standards
RTEP	Regional Transmission Expansion Plan
RTO	Regional Transmission Organization
S&P	Standard & Poor's Ratings Services
SEC	United States Securities and Exchange Commission
Senate Bill 1	Maryland Senate Bill 1
SERC	SERC Reliability Corporation (formerly Southeast Electric Reliability Council)
SERP	Supplemental Employee Retirement Plan
SFC	Supplier Forward Contract
SGIG	Smart Grid Investment Grant
SGIP	Smart Grid Initiative Program
SILO	Sale-In, Lease-Out
SMPIP	Smart Meter Procurement and Installation Plan
SNF	Spent Nuclear Fuel
SOS	Standard Offer Service
SPP	Southwest Power Pool
Tax Relief Act of 2010	Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010
TEG	Termoelectrica del Golfo
TEP	Termoelectrica Penoles
Upstream	Natural gas exploration and production activities
VIE	Variable Interest Entity
WECC	Western Electric Coordinating Council

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FILING FORMAT

This combined Form 10-Q is being filed separately by the Registrants. Information contained herein relating to any individual Registrant is filed by such Registrant on its own behalf. No Registrant makes any representation as to information relating to any other Registrant.

FORWARD-LOOKING STATEMENTS

This Report contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that are subject to risks and uncertainties. The factors that could cause actual results to differ materially from the forward-looking statements made by Exelon Corporation, Exelon Generation Company, LLC, Commonwealth Edison Company, PECO Energy Company and Baltimore Gas and Electric Company (Registrants) include those factors discussed herein, as well as the items discussed in (1) Exelon's 2013 Annual Report on Form 10-K in (a) ITEM 1A. Risk Factors, (b) ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) ITEM 8. Financial Statements and Supplementary Data: Note 22; (2) this Quarterly Report on Form 10-Q in (a) Part II, Other Information, ITEM 1A. Risk Factors, (b) Part 1, Financial Information, ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) Part I, Financial Information, ITEM 1. Financial Statements: Note 15; and (3) other factors discussed in filings with the SEC by the Registrants. Readers are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of this Report. None of the Registrants undertakes any obligation to publicly release any revision to its forward-looking statements to reflect events or circumstances after the date of this Report.

WHERE TO FIND MORE INFORMATION

The public may read and copy any reports or other information that the Registrants file with the SEC at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. These documents are also available to the public from commercial document retrieval services, the website maintained by the SEC at www.sec.gov and the Registrants' websites at www.exeloncorp.com. Information contained on the Registrants' websites shall not be deemed incorporated into, or to be a part of, this Report.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions, except per share data)	Three Months Ended March 31, 2014	2013
Operating revenues	$ 7,237	$ 6,082
Operating expenses		
Purchased power and fuel	4,006	2,663
Purchased power and fuel from affiliates	334	318
Operating and maintenance	1,858	1,764
Depreciation and amortization	564	543
Taxes other than income	293	277
Total operating expenses	7,055	5,565
Equity in losses of unconsolidated affiliates	(19)	(9)
Operating income	163	508
Other income and (deductions)		
Interest expense, net	(217)	(617)
Interest expense to affiliates, net	(10)	(6)
Other, net	103	172
Total other income and (deductions)	(124)	(451)
Income before income taxes	39	57
Income (benefit) tax	(54)	56
Net income	93	1
Net income attributable to noncontrolling interests, preferred security dividends and preference stock dividends	3	5
Net income (loss) attributable to common shareholders	90	(4)
Comprehensive income, net of income taxes		
Net income	93	1
Other comprehensive income, net of income taxes		
Pension and non-pension postretirement benefit plans:		
Prior service cost reclassified to periodic benefit cost	1	—
Actuarial loss reclassified to periodic cost	34	51
Pension and non-pension postretirement benefit plans valuation adjustment	(13)	75
Unrealized loss on cash flow hedges	(25)	(58)
Unrealized loss on marketable securities	—	(1)
Unrealized gain on equity investments	12	28
Unrealized loss on foreign currency translation	(5)	(1)
Other comprehensive income	4	94
Comprehensive income attributable to common shareholders	$ 97	$ 95
Weighted average shares of common stock outstanding:		
Basic	858	855
Diluted	861	855
Earnings per average common share — basic:	$ 0.10	$ (0.01)
Earnings per average common share — diluted:	$ 0.10	$ (0.01)
Dividends per common share	$ 0.31	$ 0.53

See the Combined Notes to Consolidated Financial Statements

EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Three Months Ended March 31, 2014	2013
Cash flows from operating activities		
Net income	$ 93	$ 1
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation, amortization, depletion and accretion, including nuclear fuel and energy contract amortization	908	1,017
Deferred income taxes and amortization of investment tax credits	(48)	(610)
Net fair value changes related to derivatives	730	388
Net realized and unrealized gains on nuclear decommissioning trust fund investments	(26)	(66)
Other non-cash operating activities	272	231
Changes in assets and liabilities:		
Accounts receivable	(606)	(70)
Inventories	80	101
Accounts payable, accrued expenses and other current liabilities	157	(542)
Option premiums received (paid), net	15	(3)
Counterparty collateral posted, net	(677)	(186)
Income taxes	17	632
Pension and non-pension postretirement benefit contributions	(472)	(267)
Other assets and liabilities	(278)	233
Net cash flows provided by operating activities	165	859
Cash flows from investing activities		
Capital expenditures	(1,217)	(1,447)
Proceeds from termination of direct financing lease investment	335	—
Proceeds from nuclear decommissioning trust fund sales	1,825	677
Investment in nuclear decommissioning trust funds	(1,878)	(729)
Proceeds from sale of long-lived assets	18	—
Change in restricted cash	(40)	(12)
Other investing activities	(54)	40
Net cash flows used in investing activities	(1,011)	(1,471)
Cash flows from financing activities		
Changes in short-term borrowings	638	233
Issuance of long-term debt	950	149
Retirement of long-term debt	(1,150)	(1)
Dividends paid on common stock	(266)	(450)
Proceeds from employee stock plans	7	12
Other financing activities	(28)	(45)
Net cash flows provided by (used in) financing activities	151	(102)
Decrease in cash and cash equivalents	(695)	(714)
Cash and cash equivalents at beginning of period	1,609	1,486
Cash and cash equivalents at end of period	$ 914	$ 772

See the Combined Notes to Consolidated Financial Statements

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EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS

(In millions)	March 31, 2014 (Unaudited)	December 31, 2013
ASSETS		
Current assets		
Cash and cash equivalents	$ 791	$ 1,547
Cash and cash equivalents of variable interest entities	123	62
Restricted cash and investments	111	87
Restricted cash and investments of variable interest entities	96	80
Accounts receivable, net		
Customer	2,997	2,721
Other	871	1,175
Accounts receivable, net, variable interest entities	458	260
Mark-to-market derivative assets	756	727
Unamortized energy contract assets	326	374
Inventories, net		
Fossil fuel	180	276
Materials and supplies	843	829
Deferred income taxes	454	573
Regulatory assets	768	760
Other	901	666
Total current assets	9,675	10,137
Property, plant and equipment, net	47,742	47,330
Deferred debits and other assets		
Regulatory assets	5,863	5,910
Nuclear decommissioning trust funds	8,215	8,071
Investments	825	1,165
Investments in affiliates	22	22
Investment in CENG	1,910	1,925
Goodwill	2,625	2,625
Mark-to-market derivative assets	571	607
Unamortized energy contracts assets	657	710
Pledged assets for Zion Station decommissioning	429	458
Other	934	964
Total deferred debits and other assets	22,051	22,457
Total assets	$ 79,468	$ 79,924

See the Combined Notes to Consolidated Financial Statements

EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS

(In millions)	March 31, 2014 (Unaudited)	December 31, 2013
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings	$ 980	$ 341
Long-term debt due within one year	292	1,424
Long-term debt due within one year of variable interest entities	81	85
Accounts payable	2,475	2,314
Accounts payable of variable interest entities	286	170
Accrued expenses	1,364	1,633
Payables to affiliates	94	116
Deferred income taxes	22	40
Regulatory liabilities	336	327
Mark-to-market derivative liabilities	251	159
Unamortized energy contract liabilities	238	261
Other	932	858
Total current liabilities	7,351	7,728
Long-term debt	18,247	17,325
Long-term debt to financing trusts	648	648
Long-term debt of variable interest entities	300	298
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	12,810	12,905
Asset retirement obligations	5,261	5,194
Pension obligations	1,661	1,876
Non-pension postretirement benefit obligations	2,042	2,190
Spent nuclear fuel obligation	1,021	1,021
Regulatory liabilities	4,458	4,388
Mark-to-market derivative liabilities	287	300
Unamortized energy contract liabilities	230	266
Payable for Zion Station decommissioning	281	305
Other	2,093	2,540
Total deferred credits and other liabilities	30,144	30,985
Total liabilities	56,690	56,984
Commitments and contingencies		
Shareholders' equity		
Common stock (No par value, 2,000 shares authorized, 859 shares and 857 shares outstanding at March 31, 2014 and December 31, 2013, respectively)	16,751	16,741
Treasury stock, at cost (35 shares at March 31, 2014 and December 31, 2013, respectively)	(2,327)	(2,327)
Retained earnings	10,180	10,358
Accumulated other comprehensive loss, net	(2,036)	(2,040)
Total shareholders' equity	22,568	22,732
BGE preference stock not subject to mandatory redemption	193	193
Noncontrolling interest	17	15
Total equity	22,778	22,940
Total liabilities and shareholders' equity	$ 79,468	$ 79,924

See the Combined Notes to Consolidated Financial Statements

EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

(In millions, shares in thousands)	Issued Shares	Common Stock	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss, net	Non-controlling Interest	Preferred and Preference Stock	Total Equity
Balance, December 31, 2013	892,034	$16,741	$(2,327)	$10,358	$ (2,040)	$ 15	$ 193	$22,940
Net income	—	—	—	90	—	—	3	93
Long-term incentive plan activity	1,167	4	—	—	—	—	—	4
Employee stock purchase plan issuances	265	6	—	—	—	—	—	6
Common stock dividends	—	—	—	(268)	—	—	—	(268)
Acquisition of non-controlling interest	—	—	—	—	—	2	—	2
Preferred and preference stock dividends	—	—	—	—	—	—	(3)	(3)
Other comprehensive income net of income taxes of $(6)	—	—	—	—	4	—	—	4
Balance, March 31, 2014	893,466	$16,751	$(2,327)	$10,180	$ (2,036)	$ 17	$ 193	$22,778

See the Combined Notes to Consolidated Financial Statements

EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended March 31, 2014	2013
Operating revenues		
Operating revenues	$ 4,056	$ 3,141
Operating revenues from affiliates	334	392
Total operating revenues	4,390	3,533
Operating expenses		
Purchased power and fuel	3,008	1,848
Purchased power and fuel from affiliates	349	321
Operating and maintenance	938	965
Operating and maintenance from affiliates	149	147
Depreciation and amortization	211	214
Taxes other than income	105	93
Total operating expenses	4,760	3,588
Equity in losses of unconsolidated affiliates	(19)	(9)
Operating loss	(389)	(64)
Other income and (deductions)		
Interest expense	(73)	(65)
Interest expense to affiliates, net	(12)	(17)
Other, net	90	128
Total other income and (deductions)	5	46
Loss before income taxes	(384)	(18)
Income tax benefits	(199)	(1)
Net loss	(185)	(17)
Net income attributable to noncontrolling interests	—	1
Net loss attributable to membership interest	(185)	(18)
Comprehensive loss, net of income taxes		
Net loss	(185)	(17)
Other comprehensive loss, net of income taxes		
Unrealized loss on cash flow hedges	(25)	(130)
Unrealized loss on foreign currency translation	(5)	(1)
Unrealized loss on marketable securities	(3)	(1)
Unrealized gain on equity investments	12	28
Other comprehensive loss	(21)	(104)
Comprehensive loss	$ (206)	$ (121)

See the Combined Notes to Consolidated Financial Statements

EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Three Months Ended March 31, 2014	2013
Cash flows from operating activities		
Net loss	$ (185)	$ (17)
Adjustments to reconcile net loss to net cash flows (used in) provided by operating activities:		
Depreciation, amortization, depletion and accretion, including nuclear fuel and energy contract amortization	557	688
Deferred income taxes and amortization of investment tax credits	(161)	(81)
Net fair value changes related to derivatives	737	406
Net realized and unrealized gains on nuclear decommissioning trust fund investments	(26)	(66)
Other non-cash operating activities	85	66
Changes in assets and liabilities:		
Accounts receivable	(295)	65
Receivables from and payables to affiliates, net	3	(23)
Inventories	1	29
Accounts payable, accrued expenses and other current liabilities	128	(261)
Option premiums received (paid), net	15	(3)
Counterparty collateral paid, net	(699)	(203)
Income taxes	(35)	180
Pension and non-pension postretirement benefit contributions	(191)	(115)
Other assets and liabilities	(103)	(159)
Net cash flows (used in) provided by operating activities	(169)	506
Cash flows from investing activities		
Capital expenditures	(535)	(841)
Proceeds from nuclear decommissioning trust fund sales	1,825	677
Investment in nuclear decommissioning trust funds	(1,878)	(729)
Proceeds from sale of long-lived assets	18	—
Change in restricted cash	9	3
Changes in Exelon intercompany money pool	44	—
Other investing activities	(77)	25
Net cash flows used in investing activities	(594)	(865)
Cash flows from financing activities		
Change in short-term borrowings	354	13
Issuance of long-term debt	300	149
Retirement of long-term debt	(532)	(1)
Distribution to member	(30)	(211)
Other financing activities	(21)	(37)
Net cash flows provided by (used in) financing activities	71	(87)
Decrease in cash and cash equivalents	(692)	(446)
Cash and cash equivalents at beginning of period	1,258	671
Cash and cash equivalents at end of period	$ 566	$ 225

See the Combined Notes to Consolidated Financial Statements

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EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS

(In millions)	March 31, 2014 (Unaudited)	December 31, 2013
ASSETS		
Current assets		
Cash and cash equivalents	$ 443	$ 1,196
Cash and cash equivalents of variable interest entities	123	62
Restricted cash and cash equivalents	19	19
Restricted cash and cash equivalents of variable interest entities	43	52
Accounts receivable, net		
Customer	1,521	1,429
Other	388	353
Accounts receivable, net, of variable interest entities	458	260
Mark-to-market derivative assets	756	727
Receivables from affiliates	122	108
Receivable from Exelon intercompany pool	—	44
Unamortized energy contract assets	326	374
Inventories, net		
Fossil fuel	153	164
Materials and supplies	679	671
Deferred income taxes	529	475
Other	629	505
Total current assets	6,189	6,439
Property, plant and equipment, net	20,132	20,111
Deferred debits and other assets		
Nuclear decommissioning trust funds	8,215	8,071
Investments	401	400
Investment in CENG	1,910	1,925
Mark-to-market derivative assets	561	600
Prepaid pension asset	1,935	1,873
Pledged assets for Zion Station decommissioning	429	458
Unamortized energy contract assets	657	710
Other	651	645
Total deferred debits and other assets	14,759	14,682
Total assets	$ 41,080	$ 41,232

See the Combined Notes to Consolidated Financial Statements

EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS

(In millions)	March 31, 2014 (Unaudited)	December 31, 2013
LIABILITIES AND EQUITY		
Current liabilities		
Short-term borrowings	$ 377	$ 22
Long-term debt due within one year	42	556
Long-term debt due within one year of variable interest entities	5	5
Accounts payable	1,191	1,152
Accounts payable of variable interest entities	286	170
Accrued expenses	831	976
Payables to affiliates	186	181
Deferred income taxes	—	25
Mark-to-market derivative liabilities	238	142
Unamortized energy contract liabilities	228	249
Other	431	389
Total current liabilities	3,815	3,867
Long-term debt	5,840	5,559
Long-term debt to affiliate	1,517	1,523
Long-term debt of variable interest entities	86	86
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	6,223	6,295
Asset retirement obligations	5,114	5,047
Non-pension postretirement benefit obligations	796	850
Spent nuclear fuel obligation	1,021	1,021
Payables to affiliates	2,773	2,740
Mark-to-market derivative liabilities	131	120
Unamortized energy contract liabilities	230	266
Payable for Zion Station decommissioning	281	305
Other	745	811
Total deferred credits and other liabilities	17,314	17,455
Total liabilities	28,572	28,490
Commitments and contingencies		
Equity		
Member's equity		
Membership interest	8,898	8,898
Undistributed earnings	3,398	3,613
Accumulated other comprehensive income, net	193	214
Total member's equity	12,489	12,725
Noncontrolling interest	19	17
Total equity	12,508	12,742
Total liabilities and equity	$ 41,080	$ 41,232

See the Combined Notes to Consolidated Financial Statements

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EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Unaudited)

	Member's Equity				
(In millions)	Membership Interest	Undistributed Earnings	Accumulated Other Comprehensive Income, net	Noncontrolling Interest	Total Equity
Balance, December 31, 2013	$ 8,898	$ 3,613	$ 214	$ 17	$12,742
Net loss	—	(185)	—	—	(185)
Acquisition of non-controlling interest	—	—	—	2	2
Distribution to member	—	(30)	—	—	(30)
Other comprehensive loss, net of income taxes of $10	—	—	(21)	—	(21)
Balance, March 31, 2014	$ 8,898	$ 3,398	$ 193	$ 19	$12,508

See the Combined Notes to Consolidated Financial Statements

COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended March 31, 2014	2013
Operating revenues		
Operating revenues	$ 1,133	$ 1,159
Operating revenues from affiliates	1	1
Total operating revenues	1,134	1,160
Operating expenses		
Purchased power	212	237
Purchased power from affiliate	108	145
Operating and maintenance	287	292
Operating and maintenance from affiliate	39	36
Depreciation and amortization	173	167
Taxes other than income	77	74
Total operating expenses	896	951
Operating income	238	209
Other income and (deductions)		
Interest expense	(77)	(350)
Interest expense to affiliates, net	(3)	(3)
Other, net	5	5
Total other income (deductions)	(75)	(348)
Income (loss) before income taxes	163	(139)
Income taxes (benefit)	65	(58)
Net income (loss)	98	(81)
Comprehensive income (loss)	$ 98	$ (81)

See the Combined Notes to Consolidated Financial Statements

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COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Three Months Ended March 31, 2014	2013
Cash flows from operating activities		
Net income (loss)	$ 98	$ (81)
Adjustments to reconcile net income (loss) to net cash flows provided by (used in) operating activities:		
Depreciation, amortization and accretion	173	167
Deferred income taxes and amortization of investment tax credits	35	(295)
Other non-cash operating activities	36	42
Changes in assets and liabilities:		
Accounts receivable	(64)	1
Receivables from and payables to affiliates, net	(19)	(32)
Inventories	2	(9)
Accounts payable, accrued expenses and other current liabilities	(57)	(73)
Income taxes	44	208
Pension and non-pension postretirement benefit contributions	(233)	(118)
Other assets and liabilities	(24)	248
Net cash flows (used in) provided by operating activities	(9)	58
Cash flows from investing activities		
Capital expenditures	(341)	(346)
Proceeds from sales of investments	3	2
Purchases of investments	—	(1)
Other investing activities	8	9
Net cash flows used in investing activities	(330)	(336)
Cash flows from financing activities		
Changes in short-term borrowings	350	220
Issuance of long-term debt	650	—
Retirement of long-term debt	(617)	—
Contributions from parent	38	—
Dividends paid on common stock	(76)	(55)
Other financing activities	(1)	(1)
Net cash flows provided by financing activities	344	164
Increase (Decrease) in cash and cash equivalents	5	(114)
Cash and cash equivalents at beginning of period	36	144
Cash and cash equivalents at end of period	$ 41	$ 30

See the Combined Notes to Consolidated Financial Statements

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COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS

(In millions)	March 31, 2014 (Unaudited)	December 31, 2013
ASSETS		
Current assets		
Cash and cash equivalents	$ 41	$ 36
Restricted cash	2	2
Accounts receivable, net		
Customer	475	451
Other	395	584
Inventories, net	107	109
Regulatory assets	340	329
Other	57	29
Total current assets	1,417	1,540
Property, plant and equipment, net	14,890	14,666
Deferred debits and other assets		
Regulatory assets	918	933
Investments	2	5
Investments in affiliates	6	6
Goodwill	2,625	2,625
Receivables from affiliates	2,497	2,469
Prepaid pension asset	1,663	1,583
Other	276	291
Total deferred debits and other assets	7,987	7,912
Total assets	$ 24,294	$ 24,118

See the Combined Notes to Consolidated Financial Statements

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COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS

(In millions)	March 31, 2014 (Unaudited)	December 31, 2013
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings	$ 534	$ 184
Long-term debt due within one year	—	617
Accounts payable	502	449
Accrued expenses	214	307
Payables to affiliates	63	83
Customer deposits	133	133
Regulatory liabilities	158	170
Deferred income taxes	116	16
Mark-to-market derivative liability	13	17
Other	83	72
Total current liabilities	1,816	2,048
Long-term debt	5,707	5,058
Long-term debt to financing trust	206	206
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	4,053	4,116
Asset retirement obligations	99	99
Non-pension postretirement benefits obligations	284	381
Regulatory liabilities	3,566	3,512
Mark-to-market derivative liability	155	176
Other	818	994
Total deferred credits and other liabilities	8,975	9,278
Total liabilities	16,704	16,590
Commitments and contingencies		
Shareholders' equity		
Common stock	1,588	1,588
Other paid-in capital	5,230	5,190
Retained earnings	772	750
Total shareholders' equity	7,590	7,528
Total liabilities and shareholders' equity	$ 24,294	$ 24,118

See the Combined Notes to Consolidated Financial Statements

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COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

(In millions)	Common Stock	Other Paid-In Capital	Retained Deficit Unappropriated	Retained Earnings Appropriated	Total Shareholders' Equity
Balance, December 31, 2013	$ 1,588	$5,190	$ (1,639)	$ 2,389	$ 7,528
Net income	—	—	98	—	98
Appropriation of retained earnings for future dividends	—	—	(98)	98	—
Common stock dividends	—	—	—	(76)	(76)
Contribution from parent	—	38	—	—	38
Parent tax matter indemnification	—	2	—	—	2
Balance, March 31, 2014	$ 1,588	$5,230	$ (1,639)	$ 2,411	$ 7,590

See the Combined Notes to Consolidated Financial Statements

PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended March 31, 2014	2013
Operating revenues		
Operating revenues	$ 992	$ 895
Operating revenues from affiliates	1	—
Total operating revenues	993	895
Operating expenses		
Purchased power and fuel	377	265
Purchased power from affiliate	87	141
Operating and maintenance	256	164
Operating and maintenance from affiliates	24	24
Depreciation and amortization	58	57
Taxes other than income	42	41
Total operating expenses	844	692
Operating income	149	203
Other income and (deductions)		
Interest expense	(25)	(26)
Interest expense to affiliates, net	(3)	(3)
Other, net	2	3
Total other income and (deductions)	(26)	(26)
Income before income taxes	123	177
Income taxes	34	55
Net income	89	122
Preferred security dividends	—	1
Net income attributable to common shareholder	$ 89	$ 121
Comprehensive income	$ 89	$ 122

See the Combined Notes to Consolidated Financial Statements

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PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Three Months Ended March 31, 2014	2013
Cash flows from operating activities		
Net income	$ 89	$ 122
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation, amortization and accretion	58	57
Deferred income taxes and amortization of investment tax credits	(2)	19
Other non-cash operating activities	49	39
Changes in assets and liabilities:		
Accounts receivable	(110)	(50)
Receivables from and payables to affiliates, net	2	1
Inventories	45	44
Accounts payable, accrued expenses and other current liabilities	117	(17)
Income taxes	33	29
Pension and non-pension postretirement benefit contributions	(11)	(11)
Other assets and liabilities	(127)	(38)
Net cash flows provided by operating activities	143	195
Cash flows from investing activities		
Capital expenditures	(184)	(122)
Changes in intercompany money pool	—	(50)
Other investing activities	2	1
Net cash flows used in investing activities	(182)	(171)
Cash flows from financing activities		
Dividends paid on common stock	(80)	(83)
Dividends paid on preferred securities	—	(1)
Net cash flows used in financing activities	(80)	(84)
Decrease in cash and cash equivalents	(119)	(60)
Cash and cash equivalents at beginning of period	217	362
Cash and cash equivalents at end of period	$ 98	$ 302

See the Combined Notes to Consolidated Financial Statements

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PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS

(In millions)	March 31, 2014 (Unaudited)	December 31, 2013
ASSETS		
Current assets		
Cash and cash equivalents	$ 98	$ 217
Restricted cash and cash equivalents	2	2
Accounts receivable, net		
Customer	422	360
Other	120	107
Inventories, net		
Fossil fuel	12	60
Materials and supplies	24	21
Deferred income taxes	83	83
Prepaid utility taxes	104	3
Regulatory assets	28	17
Other	41	36
Total current assets	934	906
Property, plant and equipment, net	6,480	6,384
Deferred debits and other assets		
Regulatory assets	1,465	1,448
Investments	23	23
Investments in affiliates	8	8
Receivable from affiliates	455	447
Prepaid pension asset	366	363
Other	35	38
Total deferred debits and other assets	2,352	2,327
Total assets	$ 9,766	$ 9,617

See the Combined Notes to Consolidated Financial Statements

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PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS

(In millions)	March 31, 2014 (Unaudited)	December 31, 2013
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Long-term debt due within one year	$ 250	$ 250
Accounts payable	389	285
Accrued expenses	137	106
Payables to affiliates	60	58
Customer deposits	49	49
Regulatory liabilities	84	106
Other	29	37
Total current liabilities	998	891
Long-term debt	1,947	1,947
Long-term debt to financing trusts	184	184
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	2,508	2,487
Asset retirement obligations	29	29
Non-pension postretirement benefits obligations	290	286
Regulatory liabilities	641	629
Other	95	99
Total deferred credits and other liabilities	3,563	3,530
Total liabilities	6,692	6,552
Commitments and contingencies		
Shareholder's equity		
Common stock	2,415	2,415
Retained earnings	658	649
Accumulated other comprehensive income, net	1	1
Total shareholder's equity	3,074	3,065
Total liabilities and shareholders' equity	$ 9,766	$ 9,617

See the Combined Notes to Consolidated Financial Statements

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PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

(In millions)	Common Stock	Retained Earnings	Accumulated Other Comprehensive Income, net	Total Shareholders' Equity
Balance, December 31, 2013	$ 2,415	$ 649	$ 1	$ 3,065
Net income	—	89	—	89
Common stock dividends	—	(80)	—	(80)
Balance, March 31, 2014	$ 2,415	$ 658	$ 1	$ 3,074

See the Combined Notes to Consolidated Financial Statements

BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended March 31, 2014	Three Months Ended March 31, 2013
Operating revenues		
Operating revenues	$ 1,038	$ 876
Operating revenues from affiliates	16	4
Total operating revenues	1,054	880
Operating expenses		
Purchased power and fuel	409	313
Purchased power from affiliate	120	113
Operating and maintenance	163	124
Operating and maintenance from affiliates	25	19
Depreciation and amortization	108	93
Taxes other than income	60	55
Total operating expenses	885	717
Operating income	169	163
Other income and (deductions)		
Interest expense	(23)	(29)
Interest expense to affiliates, net	(4)	(4)
Other, net	4	5
Total other income and (deductions)	(23)	(28)
Income before income taxes	146	135
Income taxes	58	55
Net income	88	80
Preference stock dividends	3	3
Net income attributable to common shareholder	$ 85	$ 77
Comprehensive income	$ 88	$ 80

See the Combined Notes to Consolidated Financial Statements

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BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Three Months Ended March 31, 2014	2013
Cash flows from operating activities		
Net income	$ 88	$ 80
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation, amortization and accretion	108	93
Deferred income taxes and amortization of investment tax credits	27	73
Other non-cash operating activities	43	42
Changes in assets and liabilities:		
Accounts receivable	(132)	(98)
Receivables from and payables to affiliates, net	(8)	(22)
Inventories	33	35
Accounts payable, accrued expenses and other current liabilities	(16)	(11)
Counterparty collateral (posted) received, net	22	—
Income taxes	31	(36)
Pension and non-pension postretirement benefit contributions	(5)	(5)
Other assets and liabilities	44	34
Net cash flows provided by operating activities	235	185
Cash flows from investing activities		
Capital expenditures	(146)	(134)
Change in restricted cash	(47)	(22)
Other investing activities	6	2
Net cash flows used in investing activities	(187)	(154)
Cash flows from financing activities		
Changes in short-term borrowings	(66)	—
Dividends paid on preference stock	(3)	(3)
Change in restricted cash for dividends	—	(3)
Other financing activities	13	1
Net cash flows used in financing activities	(56)	(5)
Increase (decrease) in cash and cash equivalents	(8)	26
Cash and cash equivalents at beginning of period	31	89
Cash and cash equivalents at end of period	$ 23	$ 115

See the Combined Notes to Consolidated Financial Statements

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BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS

(In millions)	March 31, 2014 (Unaudited)	December 31, 2013
ASSETS		
Current assets		
Cash and cash equivalents	$ 23	$ 31
Restricted cash and cash equivalents of variable interest entity	75	28
Accounts receivable, net		
Customer	580	480
Other	136	114
Income taxes receivable	—	30
Inventories, net		
Gas held in storage	16	53
Materials and supplies	32	28
Deferred income taxes	1	2
Prepaid utility taxes	28	57
Regulatory assets	168	181
Other	8	7
Total current assets	1,067	1,011
Property, plant and equipment, net	5,939	5,864
Deferred debits and other assets		
Regulatory assets	504	524
Investments	4	5
Investments in affiliates	8	8
Prepaid pension asset	410	423
Other	26	26
Total deferred debits and other assets	952	986
Total assets	$ 7,958	$ 7,861

See the Combined Notes to Consolidated Financial Statements

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BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS

(In millions)	March 31, 2014 (Unaudited)	December 31, 2013
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings	$ 69	$ 135
Long-term debt of variable interest entity due within one year	70	70
Accounts payable	254	270
Accrued expenses	111	111
Deferred income taxes	27	27
Payables to affiliates	59	55
Customer deposits	82	76
Regulatory liabilities	92	48
Other	54	35
Total current liabilities	818	827
Long-term debt	1,746	1,746
Long-term debt to financing trust	258	258
Long-term debt of variable interest entity	195	195
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	1,801	1,773
Asset retirement obligations	17	19
Non-pension postretirement benefits obligations	215	217
Regulatory liabilities	203	204
Other	65	67
Total deferred credits and other liabilities	2,301	2,280
Total liabilities	5,318	5,306
Commitments and contingencies		
Shareholders' equity		
Common stock	1,360	1,360
Retained earnings	1,090	1,005
Total shareholder's equity	2,450	2,365
Preference stock not subject to mandatory redemption	190	190
Total equity	2,640	2,555
Total liabilities and shareholders' equity	$ 7,958	$ 7,861

See the Combined Notes to Consolidated Financial Statements

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BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

(In millions)	Common Stock	Retained Earnings	Total Shareholders' Equity	Preference stock not subject to mandatory redemption	Total Equity
Balance, December 31, 2013	$ 1,360	$ 1,005	$ 2,365	$ 190	$ 2,555
Net income	—	88	88	—	88
Preference stock dividends	—	(3)	(3)	—	(3)
Balance, March 31, 2014	$ 1,360	$ 1,090	$ 2,450	$ 190	$ 2,640

See the Combined Notes to Consolidated Financial Statements

1. Basis of Presentation (Exelon, Generation, ComEd, PECO and BGE)

Exelon is a utility services holding company engaged through its principal subsidiaries in the energy generation and energy distribution businesses.

The energy generation business includes:

- *Generation* : Physical delivery and marketing of owned and contracted electric generation capacity and provision of renewable and other energy-related products and services, and natural gas exploration and production activities. Generation has six reportable segments consisting of the Mid-Atlantic, Midwest, New England, New York, ERCOT and Other regions.

The energy delivery businesses include:

- *ComEd* : Purchase and regulated retail sale of electricity and the provision of distribution and transmission services in northern Illinois, including the City of Chicago.
- *PECO* : Purchase and regulated retail sale of electricity and the provision of distribution and transmission services in southeastern Pennsylvania, including the City of Philadelphia, and the purchase and regulated retail sale of natural gas and the provision of distribution services in the Pennsylvania counties surrounding the City of Philadelphia.
- *BGE* : Purchase and regulated retail sale of electricity and the provision of distribution and transmission services in central Maryland, including the City of Baltimore, and the purchase and regulated retail sale of natural gas and the provision of distribution services in central Maryland, including the City of Baltimore.

Each of the Registrant's Consolidated Financial Statements includes the accounts of its subsidiaries. All intercompany transactions have been eliminated.

Certain prior year amounts in the Exelon, Generation and BGE Consolidated Statement of Operations have been reclassified between line items for comparative purposes and correction of prior period classification errors identified in 2013. The reclassifications did not affect any of the Registrants' net income or cash flows from operating activities. Exelon and Generation corrected the presentation of purchase power and fuel from affiliates of $318 million and $321 million, respectively, on their Statements of Operations and Comprehensive Income for the three months ended March 31, 2013. Generation and BGE also corrected the presentation of interest expense to affiliates, net of $17 million and $4 million, respectively, on the Statement of Operations and Comprehensive Income for the three months ended March 31, 2013.

The accompanying consolidated financial statements as of March 31, 2014 and 2013 and for the three months then ended are unaudited but, in the opinion of the management of each Registrant include all adjustments that are considered necessary for a fair statement of the Registrants' respective financial statements in accordance with GAAP. All adjustments are of a normal, recurring nature, except as otherwise disclosed. The December 31, 2013 Consolidated Balance Sheets were obtained from audited financial statements. Financial results for interim periods are not necessarily indicative of results that may be expected for any other interim period or for the fiscal year ending December 31, 2014. These Combined Notes to Consolidated Financial Statements have been prepared pursuant to the rules and regulations of the SEC for Quarterly Reports on Form 10-Q. Certain information and note disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. These notes should be read in conjunction with the Notes to Combined Consolidated Financial Statements of all Registrants included in ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA of their respective 2013 Form 10-K Reports.

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2. New Accounting Pronouncements (Exelon, Generation, ComEd, PECO and BGE)

The following recently issued accounting standards were adopted by or are effective for the Registrants during 2014.

Presentation of Unrecognized Tax Benefits When Net Operating Loss Carryforwards, Similar Tax Losses or Tax Credit Carryforwards Exist

In July 2013, the FASB issued authoritative guidance requiring entities to present unrecognized tax benefits as a reduction to deferred tax assets for losses or other tax carryforwards that would be available to offset the uncertain tax positions at the reporting date. This guidance was effective for the Registrants for periods beginning after December 15, 2013 and was required to be applied prospectively. The Registrants did not apply this guidance retrospectively; it will be applied prospectively. The adoption of this standard had an immaterial effect on the presentation of deferred tax assets at Exelon and Generation and no effect on ComEd, PECO and BGE. There was no effect on the Registrants' results of operations or cash flows.

3. Variable Interest Entities (Exelon, Generation, ComEd, PECO and BGE)

Under the applicable authoritative guidance, a VIE is a legal entity that possesses any of the following characteristics: an insufficient amount of equity at risk to finance its activities, equity owners who do not have the power to direct the significant activities of the entity (or have voting rights that are disproportionate to their ownership interest), or equity owners who do not have the obligation to absorb expected losses or the right to receive the expected residual returns of the entity. Companies are required to consolidate a VIE if they are its primary beneficiary, which is the enterprise that has the power to direct the activities that most significantly affect the entity's economic performance.

At March 31, 2014 and December 31, 2013, Exelon, Generation, and BGE collectively consolidated five and four VIEs or VIE groups, respectively, for which the applicable Registrant was the primary beneficiary. As of March 31, 2014 and December 31, 2013, the Registrants had significant interests in eight other VIEs for which the Registrants do not have the power to direct the entities' activities and accordingly, were not the primary beneficiary.

Consolidated Variable Interest Entities

Exelon, Generation and BGE's consolidated VIEs consist of:

- BondCo, a special purpose bankruptcy remote limited liability company formed by BGE to acquire, hold, and issue and service bonds secured by rate stabilization property;
- a retail gas group formed by Generation to enter into a collateralized gas supply agreement with a third-party gas supplier;
- a group of solar project limited liability companies formed by Generation to build, own and operate solar power facilities,
- several wind project companies designed by Generation to develop, construct and operate wind generation facilities, and
- certain retail power companies for which Generation is the sole supplier of energy.

As of March 31, 2014 and December 31, 2013, ComEd and PECO do not have any consolidated VIEs.

For each of the consolidated VIEs, except as otherwise noted:

- The assets of the VIEs are restricted and can only be used to settle obligations of the respective VIE. In the case of BondCo, BGE is required to remit all payments it receives from all residential customers

through non-bypassable, rate stabilization charges to BondCo. During the three months ended March 31, 2014 and 2013, BGE remitted $21 million and $22 million, respectively, to BondCo.

- Except for providing capital funding to the solar entities for ongoing construction of the solar power facilities, including the solar entities limited recourse to Generation with respect to the remaining equity contributions necessary to complete the Antelope Valley project, immaterial parental guarantees posted to electric distribution companies for the retail power companies, and a $75 million parental guarantee to the third-party gas supplier in support of the retail gas group, during the three months ended March 31, 2014 and year ended December 31, 2013:
  - Exelon, Generation and BGE did not provide any additional material financial support to the VIEs;
  - Exelon, Generation and BGE did not have any material contractual commitments or obligations to provide financial support to the VIEs; and
  - the creditors of the VIEs did not have recourse to Exelon's, Generation's or BGE's general credit.

For additional information on these project-specific financing arrangements refer to Note 8 — Debt and Credit Agreements.

The carrying amounts and classification of the consolidated VIEs' assets and liabilities included in Exelon's, Generation's, and BGE's consolidated financial statements at March 31, 2014 and December 31, 2013 are as follows:

	March 31, 2014			December 31, 2013		
	Exelon(a)	Generation	BGE	Exelon(a)	Generation	BGE
Current assets	$ 738	$ 679	$ 53	$ 484	$ 446	$ 28
Noncurrent assets	1,893	1,870	3	1,905	1,884	3
Total assets	$ 2,631	$ 2,549	$ 56	$ 2,389	$ 2,330	$ 31
Current liabilities	$ 608	$ 525	$ 78	$ 566	$ 481	$ 74
Noncurrent liabilities	780	566	195	774	562	195
Total liabilities	$ 1,388	$ 1,091	$273	$ 1,340	$ 1,043	$269

(a) Includes certain purchase accounting adjustments not pushed down to the BGE standalone entity.

In March 2014, Generation began consolidating retail power VIEs for which Generation is the primary beneficiary as a result of energy supply contracts that give Generation the power to direct the activities that most significantly affect the economic performance of the entities. Generation does not have an equity ownership interest in these entities. These entities are included in Generation's consolidated financial statements and the consolidation of the VIEs did not have a material impact on Generation's financial results or financial condition.

On April 1, 2014, Generation, CENG, and subsidiaries of CENG executed the Nuclear Operating Services Agreement (NOSA) pursuant to which Generation now conducts all activities associated with the operations of the CENG fleet and provides corporate and administrative services to CENG for the remaining life of the CENG nuclear plants as if they were a part of the Generation nuclear fleet, subject to the CENG member rights of EDFI. As a result of executing the NOSA, Generation has the responsibility to conduct CENG's operating activities pursuant to contractual arrangements rather than through the equity investment; therefore CENG will qualify as a VIE in the second quarter of 2014. Further, since Generation is conducting the operational activities of CENG, Generation qualifies as the primary beneficiary of CENG and, therefore, will be required to consolidate the financial position and results of operations of CENG beginning in the second quarter of 2014. For additional information on this transaction refer to Note — 5 Investment in Constellation Energy Nuclear Group, LLC.

Unconsolidated Variable Interest Entities

Exelon's and Generation's variable interests in unconsolidated VIEs generally include equity investments and energy purchase and sale contracts. For the equity investments, the carrying amount of the investments is reflected on Exelon's and Generation's Consolidated Balance Sheets in Investments in affiliates, Investments, and Other Assets. For the energy purchase and sale contracts and the fuel purchase commitments (commercial agreements), the carrying amount of assets and liabilities in Exelon's and Generation's Consolidated Balance Sheets that relate to their involvement with the VIEs are predominately related to working capital accounts and generally represent the amounts owed by, or owed to, Exelon and Generation for the deliveries associated with the current billing cycles under the commercial agreements. Further, Exelon and Generation have not provided material debt or equity support, liquidity arrangements or performance guarantees associated with these commercial agreements.

The Registrants' unconsolidated VIEs consist of:

- Energy purchase and sale agreements with VIEs for which Generation has concluded that consolidation is not required.
- ZionSolutions, LLC asset sale agreement with EnergySolutions, Inc. and certain subsidiaries in which Generation has a variable interest but has concluded that consolidation is not required.
- Equity investments in energy development projects and energy generating facilities for which Generation has concluded that consolidation is not required.

As of March 31, 2014 and December 31, 2013, Exelon and Generation had significant unconsolidated variable interests in eight VIEs for which Exelon or Generation, as applicable, was not the primary beneficiary; including certain equity method investments and certain commercial agreements. The number of unconsolidated VIEs did not change overall, however, during the first quarter of 2014 Generation sold its ownership interest in one unconsolidated VIE and made an investment in another VIE which is unconsolidated. The following tables present summary information about Exelon and Generation's significant unconsolidated VIE entities:

March 31, 2014	Commercial Agreement VIEs	Equity Investment VIEs	Total
Total assets(a)	$ 113	$ 344	$457
Total liabilities(a)	2	139	141
Registrants' ownership interest(a)	—	64	64
Other ownership interests(a)	111	143	254
Registrants' maximum exposure to loss:			
Carrying amount of equity method investments	—	73	73
Contract intangible asset	9	—	9
Debt and payment guarantees	—	3	3
Net assets pledged for Zion Station decommissioning(b)	44	—	44

December 31, 2013	Commercial Agreement VIEs	Equity Investment VIEs	Total
Total assets(a)	$ 128	$ 332	$460
Total liabilities(a)	17	123	140
Registrants' ownership interest(a)	—	86	86
Other ownership interests(a)	111	123	234
Registrants' maximum exposure to loss:			
Carrying amount of equity method investments	7	67	74
Contract intangible asset	9	—	9
Debt and payment guarantees	—	5	5
Net assets pledged for Zion Station decommissioning(b)	44	—	44

(a) These items represent amounts on the unconsolidated VIE balance sheets, not on Exelon's or Generation's Consolidated Balance Sheets. These items are included to provide information regarding the relative size of the unconsolidated VIEs.
(b) These items represent amounts on Exelon's and Generation's Consolidated Balance Sheets related to the asset sale agreement with ZionSolutions, LLC. The net assets pledged for Zion Station decommissioning includes gross pledged assets of $429 million and $458 million as of March 31, 2014 and December 31, 2013, respectively; offset by payables to ZionSolutions LLC of $385 million and $414 million as of March 31, 2014 and December 31, 2013, respectively. These items are included to provide information regarding the relative size of the ZionSolutions LLC unconsolidated VIE.

For each of the unconsolidated VIEs, Exelon and Generation assess the risk of a loss equal to their maximum exposure to be remote and, accordingly, Exelon and Generation have not recognized a liability associated with any portion of the maximum exposure to loss. In addition, there are no material agreements with, or commitments by, third parties that would affect the fair value or risk of their variable interests in these VIEs.

4. Regulatory Matters (Exelon, Generation, ComEd, PECO and BGE)

Regulatory and Legislative Proceedings (Exelon, Generation, ComEd, PECO and BGE)

Except for the matters noted below, the disclosures set forth in Note 3 — Regulatory Matters of the Exelon 2013 Form 10-K appropriately represent, in all material respects, the current status of regulatory and legislative proceedings of the Registrants. The following is an update to that discussion.

Illinois Regulatory Matters

Energy Infrastructure Modernization Act (Exelon and ComEd). Since 2011, ComEd's distribution rates are established through a performance-based rate formula, pursuant to EIMA. EIMA also provides a structure for substantial capital investment by utilities over a ten-year period to modernize Illinois' electric utility infrastructure. Participating utilities are required to file an annual update to the performance-based formula rate tariff on or before May 1, with resulting rates effective in January of the following year. This annual formula rate update is based on prior year actual costs and current year projected capital additions. The update also reconciles any differences between the revenue requirement (s) in effect for the prior year and actual costs incurred for that year. ComEd records regulatory assets or regulatory liabilities and corresponding increases or decreases to operating revenues for any differences between the revenue requirement(s) in effect and ComEd's best estimate of the revenue requirement expected to be approved by the ICC for that year's reconciliation. As of March 31, 2014, and December 31, 2013, ComEd had recorded a net regulatory asset associated with the distribution formula rate of $459 million and $463 million, respectively. The regulatory asset associated with the distribution true-up will be amortized as the associated amounts are recovered through rates.

On April 16, 2014, ComEd filed its annual distribution formula rate update with the ICC. The filing establishes the revenue requirement used to set the rates that will take effect in January 2015 after the ICC's review and approval, which is due by December 2014. The revenue requirement requested is based on 2013 actual costs plus projected 2014 capital additions as well as an annual reconciliation of the revenue requirement in effect in 2013 to the actual costs incurred that year. ComEd requested a total increase to the net revenue requirement of $275 million, reflecting an increase of $177 million for the initial revenue requirement for 2014 and an increase of $98 million related to the annual reconciliation for 2013. The initial revenue requirement for 2014 provides for a weighted average debt and equity return on distribution rate base of 7.06% inclusive of an allowed return on common equity of 9.25%, reflecting the average rate on 30-year treasury notes plus 580 basis points. The annual reconciliation for 2013 provided for a weighted average debt and equity return on distribution rate base of 7.04% inclusive of an allowed return on common equity of 9.20%, reflecting the average rate on 30-year treasury notes plus 580 basis points less a performance metrics penalty of 5 basis points.

On April 1, 2014, ComEd filed an annual progress report on its AMI Implementation Plan. On April 16, 2014, the ICC ruled that no investigation would be opened as a result of the annual filing. ComEd's current approved deployment plan provides for the installation of 4 million electric smart meters by the end of 2021. On March 13, 2014, ComEd filed a petition with the ICC for approval to accelerate the deployment of AMI Meters. If approved, the deployment plan would accelerate the projected completion of installation from 2021 to 2018. ComEd has requested that the ICC approve the proposed petition in the second quarter of 2014.

Appeal of Initial Formula Rate Tariff (Exelon and ComEd) . On March 26, 2014, the Illinois Appellate Court issued an opinion with respect to ComEd's appeal the ICC's order relating to ComEd's initial formula rate tariff. The most significant financial issues under appeal related to ICC findings that were counter to the formula rate legislation and were clarified by subsequent legislation (Senate Bill 9). Therefore, only a subset of the issues originally appealed remained. The Court found against ComEd on each of the remaining issues: compensation related adjustments, billing determinants and the use of certain allocators. The Court's opinion has no accounting impact as ComEd recorded the distribution formula regulatory asset consistent with the ICC's Final Order.

ComEd has asked the Illinois Supreme Court to hear the issue of allocation between State and Federal regulatory jurisdictions. There is no set time by which the Court must decide whether it will hear the case. ComEd cannot predict whether the Court will elect to hear the case or, if it does, the outcome of the appeal.

Advanced Metering Program Proceeding (Exelon and ComEd) As part of ComEd's 2007 electric distribution rate case, the ICC approved recovery of costs associated with ComEd's System Modernization Program (Rider SMP) for the limited purpose of implementing a pilot program for AMI. In October 2009, the ICC approved ComEd's AMI pilot program and associated rider (Rider AMP). ComEd collected approximately $24 million under Rider AMP and had no collections under Rider SMP through March 31, 2014. In ComEd's 2010 electric distribution rate case, the ICC approved ComEd's transfer of certain other costs from recovery under Rider AMP to recovery through electric distribution rates.

Several parties, including the Illinois Attorney General, appealed the ICC's orders on Rider SMP and Rider AMP. The Illinois Appellate Court reversed the ICC's approval of the cost recovery provisions of Rider SMP and Rider AMP on September 30, 2010 and March 19, 2012, respectively. In both cases, the Court ruled that the ICC's approval of the rider constituted single-issue ratemaking. ComEd filed Petitions for Leave to Appeal to the Illinois Supreme Court, which were denied.

In October 2013, the ICC opened an investigation on Rider AMP to determine if a refund is required and if so, to determine the appropriate refund amount. The ALJ presiding over the investigation requested each party provide a pre-trial memorandum describing their positions, which were submitted on April 10, 2014. The ICC Staff and the Illinois Attorney General proposed a refund of $14.6 million, representing the amount they claim was collected under Rider AMP since September 30, 2010, the date the Illinois Appellate Court reversed the ICC's approval of the cost recovery provisions of Rider SMP. ComEd believes no refund is appropriate and that any refund obligation associated with Rider AMP should be prospective from no earlier than the date of the Illinois Appellate Court's order on Rider AMP, or March 19, 2012. As a result, ComEd recorded a regulatory liability of approximately $0.4 million at March 31, 2014, which represents the amounts collected from customers since March 19, 2012. ComEd cannot predict the ultimate outcome of the ICC's investigation and therefore, actual refunds, if any, may differ from the estimated liability recorded at March 31, 2014.

Pennsylvania Regulatory Matters

Pennsylvania Procurement Proceedings (Exelon and PECO). On October 12, 2012, the PAPUC issued its Opinion and Order approving PECO's second DSP Program, which was filed with the PAPUC in January 2012. The program, which has a 24-month term from June 1, 2013 through May 31, 2015, complies with electric generation procurement guidelines set forth in Act 129.

In the second DSP Program, PECO is procuring electric supply for its default electric customers through five competitive procurements. The load for the residential and small and medium commercial classes is served through competitively procured fixed price, full requirements contracts of two years or less. For the large commercial and industrial class load, PECO has competitively procured contracts for full requirements default electric generation with the price for energy in each contract set to be the hourly price of the spot market during the term of delivery. In December 2012 and February 2013, PECO entered into contracts with PAPUC-approved bidders, including Generation, for its residential and small and medium commercial classes that began in June 2013. In September 2013, PECO entered into contracts with PAPUC-approved bidders, including Generation, for its residential and small and medium commercial classes that began in December 2013. In January 2014, PECO entered into contracts with PAPUC-approved bidders, including Generation, for its residential and small, medium, and large commercial classes that will begin in June 2014. Charges incurred for electric supply procured through contracts with Generation are included in purchased power from affiliates on PECO's Statement of Operations and Comprehensive Income.

In addition, the second DSP Program includes a number of retail market enhancements recommended by the PAPUC in its previously issued Retail Markets Intermediate Work Plan Order. PECO was also directed to submit a plan to allow its low-income Customer Assistance Program (CAP) customers to purchase their generation supply from EGSs beginning April 2014. On May 1, 2013, PECO filed its CAP Shopping Plan with the PAPUC. By Order entered on January 24, 2014, the PAPUC approved PECO's plan, with modifications, to make CAP shopping available beginning April 15, 2014. On March 20, 2014, low-income advocacy groups filed an appeal and emergency request for a stay with the Pennsylvania Commonwealth Court, claiming that the PAPUC-ordered CAP Shopping plan does not contain sufficient protections for low-income customers. On March 28, 2014, the Commonwealth Court issued the requested stay, pending a full review of the appeal. Pending the Commonwealth Court's review, PECO will not implement CAP Shopping. The Commonwealth Court's decision is expected in late 2014.

On March 10, 2014, PECO filed its third DSP Program with the PAPUC. The program has a 24-month term from June 1, 2015 through May 31, 2017, and complies with electric generation procurement guidelines set forth in Act 129. A PAPUC ruling is expected in late 2014.

Smart Meter and Smart Grid Investments (Exelon and PECO). Pursuant to Act 129 and the follow-on Implementation Order of 2009, in April 2010, the PAPUC approved PECO's Smart Meter Procurement and Installation Plan (SMPIP), under which PECO will install more than 1.6 million smart meters and an AMI communication network by 2020. The first phase of PECO's SMPIP, which was completed on June 19, 2013, included the installation of an AMI communications network and the deployment of 600,000 smart meters to communicate with that network. On May 31, 2013, PECO and interested parties filed a Joint Petition for Settlement of the universal deployment plan with the PAPUC which was approved without modification on August 15, 2013. The Joint Petition for Settlement supports all material aspects of PECO's universal deployment plan, including cost recovery, excluding certain amounts discussed below. Universal deployment is the second phase of PECO's SMPIP, under which PECO will deploy the remainder of the 1.6 million smart meters on an accelerated basis by the end of 2014. In total, PECO currently expects to spend up to $595 million, excluding the cost of the original meters (as further described below), on its smart meter infrastructure and approximately $120 million on smart grid investments through 2014 of which $200 million will be funded by SGIG as discussed below. As of March 31, 2014, PECO has spent $457 million and $119 million on smart meter and smart grid infrastructure, respectively, not including the DOE reimbursements received to date.

Pursuant to the ARRA of 2009, PECO and the DOE entered into a Financial Assistance Agreement to extend PECO $200 million in non-taxable SGIG funds of which $140 million relates to smart meter deployment and $60 million relates to smart grid infrastructure. As part of the agreement, the DOE has a conditional ownership interest

in qualifying Federally-funded project property and equipment, which is subordinate to PECO's existing mortgage. The SGIG funds are being used to offset the total impact to ratepayers of the smart meter deployment required by Act 129. As of March 31, 2014, PECO has received $197 million, including $4 million for sub-recipients, of the $200 million in reimbursements. PECO's outstanding receivable from the DOE for reimbursable costs was $3 million as of March 31, 2014, which has been recorded in Other accounts receivable, net on Exelon's and PECO's Consolidated Balance Sheets.

On August 15, 2012, PECO suspended installation of smart meters for new customers based on a limited number of incidents involving overheating meters. Following its own internal investigation and additional scientific analysis and testing by independent experts completed after September 30, 2012, PECO announced its decision to resume meter deployment work on October 9, 2012. PECO has replaced the previously installed meters with an alternative vendor's meters. PECO is moving forward with the alternative meters during universal deployment and continues to evaluate meters from several vendors and may use more than one meter vendor during universal deployment.

Following PECO's decision, as of October 9, 2012, PECO will no longer use the original smart meters. For the meters that will no longer be used, the accounting guidance requires that any difference between the carrying value and net realizable value be recognized in the current period's earnings, before considering potential regulatory recovery. The cost of the original meters, including installation and removal costs, owned by PECO was approximately $17 million, net of approximately $16 million of reimbursements from the DOE and approximately $2 million of depreciation. PECO requested and received approval from the DOE that the original meters continue to be allowable costs and that any settlement with the vendor will not be considered project income. In addition, PECO remains eligible for the full $200 million in SGIG funds. On August 15, 2013, PECO entered into an agreement with the original vendor, which was part of the final agreement discussed below, under which PECO transferred the original uninstalled meters to the vendor and received $12 million in return. On January 23, 2014, PECO entered a final agreement with the vendor pursuant to which PECO will be reimbursed for amounts incurred for the original meters and related installation and removal costs, via cash payments and rebates on future purchases of licenses, goods and services primarily through 2017. PECO previously had intended to seek regulatory rate recovery in a future filing with the PAPUC of amounts not recovered from the vendor. As PECO believed such costs were probable of rate recovery based on applicable case law and past precedent on reasonably and prudently incurred costs, a regulatory asset was established at the time of the removals. As of December 31, 2013, $5 million was recorded on Exelon's and PECO's Consolidated Balance Sheets. Pursuant to the January 23, 2014, vendor agreement, PECO reclassified the regulatory asset balance as a receivable, with no gain or loss impacts on future results of operations.

Energy Efficiency Programs (Exelon and PECO). PECO's PAPUC-approved Phase I EE&C Plan had a four-year term that began on June 1, 2009 and concluded on May 31, 2013. The Phase I Plan set forth how PECO would meet the required reduction targets established by Act 129's EE&C provisions, which included a 3% reduction in electric consumption in PECO's service territory and a 4.5% reduction in PECO's annual system peak demand in the 100 hours of highest demand by May 31, 2013.

The peak demand period ended on September 30, 2012 and PECO filed its final compliance report on Phase 1 targets with the PAPUC on November 15, 2013. On March 20, 2014, the PAPUC issued its final report stating that PECO was in full compliance with all Phase I targets.

On November 14, 2013, the PAPUC issued a Tentative Order on Act 129 demand reduction programs which seeks comments on a proposed demand response program methodology for future Act 129 demand reduction programs as well as demand response potential and wholesale prices suppression studies. In its February 20, 2014 Final Order, the PAPUC stated that it does not expect to make a decision as to whether it will prescribe additional demand response obligations until 2015. Any decision reached would affect PECO's EE&C Plan subsequent to its Phase II Plan.

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On February 28, 2014, PECO filed a Petition for Approval to amend its EE&C Phase II Plan to continue its DLC demand reduction program for mass market customers from June 1, 2014 to May 31, 2016. PECO proposed to fund the estimated $10 million annual costs of the program by modifying incentive levels for other Phase II programs. The costs of the DLC program will be recovered through PECO's Energy Efficiency Program Charge along with other Phase II Plan costs. In an April 23, 2014 Tentative Order, the PAPUC granted PECO's Petition. Absent any filing of opposing comments by parties, the Order will become final on May 5, 2014.

Maryland Regulatory Matters

2013 Maryland Electric and Gas Distribution Rate Case (Exelon and BGE). On May 17, 2013, BGE filed an application for increases of $101 million and $30 million to its electric and gas base rates, respectively, with the MDPSC. The requested rates of return on equity in the application were 10.50% and 10.35% for electric and gas distribution, respectively. In addition to these requested rate increases, BGE's application also included a request for recovery of incremental capital expenditures and operating costs associated with BGE's proposed short-term reliability improvement plan (the "ERI initiative") in response to a MDPSC order through a surcharge separate from base rates. On August 23, 2013, BGE filed an update to its rate request which altered the requested increase to electric base rates from $101 million to $83 million and the requested increase to gas base rates from $30 million to $24 million. On December 13, 2013, the MDPSC issued an order in BGE's 2013 electric and natural gas distribution rate case for increases in annual distribution service revenue of $34 million and $12 million, respectively. The electric distribution rate increase was set using an allowed return on equity of 9.75% and the gas distribution rate increase was set using an allowed return on equity of 9.60%. The approved electric and natural gas distribution rates became effective for services rendered on or after December 13, 2013. As part of its December 13, 2013 decision granting BGE increases for its gas and electric distribution rates, the MDPSC also authorized BGE to recover through a surcharge mechanism costs associated with five ERI initiative programs designed to accelerate electric reliability improvements. Such a decision, however, was premised upon the condition that the MDPSC approve specific projects scheduled for each year of the five-year program in advance of cost recovery through the surcharge mechanism. On March 31, 2014, after reviewing comments filed by the parties and conducting a hearing on the matter, the MDPSC approved all but one project proposed for completion in 2014 as part of the ERI initiative. As a result of the MDPSC's decision, BGE estimates 2014 capital and operating and maintenance costs associated with the ERI initiative of $14.8 million and a revenue requirement of $1.4 million. The ERI initiative surcharge will become effective upon the MDPSC's approval of the revised tariff pages for the surcharge mechanism that BGE filed with the MDPSC on April 3, 2014. BGE is required to file an update on the 2014 work plan and reliability performance information for the specific projects, along with its work plan and cost estimates for 2015, on or before November 1, 2014.

Smart Meter and Smart Grid Investments (Exelon and BGE). In August 2010, the MDPSC approved a comprehensive smart grid initiative for BGE that includes the planned installation of 2 million residential and commercial electric and gas smart meters at an expected total cost of $480 million of which $200 million has been recovered through a grant from the DOE. The MDPSC's approval ordered BGE to defer the associated incremental costs, depreciation and amortization, and an appropriate return, in a regulatory asset until such time as a cost-effective advanced metering system is implemented. As of March 31, 2014 and December 31, 2013, BGE recorded a regulatory asset of $78 million and $66 million, respectively, representing incremental costs, depreciation and amortization, and a debt return on fixed assets related to its AMI program. Additionally, the MDPSC has determined that the cost recovery for the non-AMI meters that BGE retires will be considered in a future depreciation proceeding. The MDPSC continues to evaluate the impacts of a customer opt-out feature in BGE's Smart Grid program. In March 2013, BGE filed a description of the overall additional costs associated with allowing customers to retain their current meter, and for radio frequency (RF)-Free and RF-Minimizing options related to the installation of their smart meters as well as a proposed cost recovery mechanism. The MDPSC held a hearing in August 2013 to consider the filings made by BGE and other Maryland electric utilities. On February 26, 2014, the MDPSC issued an Order authorizing BGE to impose a

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$75 upfront fee and an $11 recurring fee to customers electing to opt-out, effective July 1, 2014. The fees authorized by the order will be reviewed after an initial 12- to 18- month period. The ultimate impact of opt-out could affect BGE's ability to demonstrate cost-effectiveness of the advanced metering system.

Overall, BGE continues to believe the recovery of smart grid initiative costs in future rates is probable as BGE expects to be able to demonstrate that the program benefits exceed costs.

The Maryland Strategic Infrastructure Development and Enhancement Program (Exelon and BGE) . In February 2013, the Maryland General Assembly passed legislation intended to accelerate gas infrastructure replacements in Maryland by establishing a mechanism for gas companies to promptly recover reasonable and prudent costs of eligible infrastructure replacement projects separate from base rate proceedings. On May 2, 2013, the Governor of Maryland signed the legislation into law, which took effect June 1, 2013. Under the new law, following a proceeding before the MDPSC and with the MDPSC's approval of the eligible infrastructure replacement projects along with a corresponding surcharge, BGE could begin charging gas customers a monthly surcharge for infrastructure costs incurred after June 1, 2013. The legislation includes caps on the monthly surcharges to residential and non-residential customers, and would require an annual true-up of the surcharge revenues against actual expenditures. Investment levels in excess of the cap would be recoverable in a subsequent gas base rate proceeding at which time all costs for the infrastructure replacement projects would be rolled into gas distribution rates. Irrespective of the cap, BGE is required to file a gas rate case every five years under this legislation. On August 2, 2013, BGE filed its infrastructure replacement plan and associated surcharge. On January 29, 2014, the MDPSC issued a decision conditionally approving the first five years of BGE's plan and surcharge. On March 26, 2014, the Maryland PSC approved as filed BGE's proposed 2014 project list, tariff and associated surcharge amounts, with a surcharge that became effective April 1, 2014. BGE will defer the difference between the surcharge revenues and program costs as a regulated asset or liability, which was immaterial as of March 31, 2014.

Federal Regulatory Matters

Transmission Formula Rate (Exelon, ComEd and BGE). ComEd's and BGE's transmission rates are each established based on a FERC-approved formula. ComEd and BGE record regulatory assets or regulatory liabilities and corresponding increases or decreases to operating revenues for any differences between the revenue requirement in effect and ComEd's and BGE's best estimate of the revenue requirement expected to be approved by the FERC for that year's reconciliation. As of March 31, 2014, and December 31, 2013, ComEd had recorded a net regulatory asset associated with the transmission formula rate of $13 million and $17 million, respectively and BGE had recorded a net regulatory asset associated with the transmission formula rate of $3 million and a net regulatory liability of $0 million, respectively. The regulatory asset associated with the transmission true-up will be amortized as the associated amounts are recovered through rates.

On April 16, 2014, ComEd filed its annual formula rate update with the FERC. The filing establishes the revenue requirement used to set rates that will take effect in June 2014, subject to review by the FERC and other parties, which is due by November 2014. The revenue requirement is based on 2013 actual costs plus forecasted 2014 capital additions as well as an annual reconciliation of the revenue requirement in effect starting in June 2013 to the actual cost incurred in 2013. The update resulted in a revenue requirement of $524 million plus an $11 million adjustment related to the reconciliation of 2013 actual costs for a total revenue requirement of $535 million. This compares to the 2013 revenue requirement of $488 million plus a $25 million adjustment related to the reconciliation of 2012 actual costs for a total revenue requirement of $513 million. The increase in the revenue requirement was primarily driven by increased capital investment and higher operating and maintenance costs.

ComEd's updated formula transmission rate currently provides for a weighted average debt and equity return on transmission rate base of 8.62%, inclusive of an allowed return on common equity of 11.50%, a

decrease from the 8.70% average debt and equity return previously authorized. As part of the FERC-approved settlement of ComEd's 2007 transmission rate case, the rate of return on common equity is 11.50% and the common equity component of the ratio used to calculate the weighted average debt and equity return for the transmission formula rate is currently capped at 55%.

On April 28, 2014, BGE filed its annual formula rate update with the FERC. The filings established the revenue requirement used to set rates that will take effect in June 2014 subject to FERC's and other parties' review which is due by October 2014. The revenue requirement is based on 2013 actual costs plus forecasted 2014 capital additions as well as an annual reconciliation of the revenue requirement in effect starting in June 2013 to the actual cost incurred in 2013. The update resulted in a revenue requirement of $167 million plus a $4 million adjustment related to the reconciliation of 2013 actual costs for a net revenue requirement of $171 million. This compares to the 2013 revenue requirement of $158 million offset by a $1 million reduction related to the reconciliation of 2012 actual costs for a net revenue requirement of $157 million. The increase in the revenue requirement is primarily driven by higher depreciation expense and an increased level of return on investment associated with a higher equity ratio and increased rate base.

BGE's updated formula transmission rate currently provides for a weighted average debt and equity return on transmission rate base of 8.53%, an increase from the 8.35% average debt and equity return previously authorized. As part of the FERC-approved settlement of BGE's 2005 transmission rate case in 2006, the rate of return on common equity for BGE's electric transmission business for new transmission projects placed in service on and after January 1, 2006 is 11.3%, inclusive of a 50 basis point incentive for participating in PJM.

PJM Minimum Offer Price Rule (Exelon and Generation). PJM's capacity market rules include a Minimum Offer Price Rule (MOPR) that is intended to preclude sellers from artificially suppressing the competitive price signals for generation capacity. The FERC orders approving the MOPR were upheld by the United States Court of Appeals for the Third Circuit in February 2014.

Exelon continues to work with PJM stakeholders and through the FERC process to implement several proposed changes to the PJM tariff aimed at ensuring that capacity resources (including those with state-sanctioned subsidy contracts, excessive imported capacity resources, capacity market speculators and certain limited availability demand response resources) cannot inappropriately affect capacity auction prices in PJM.

License Renewals (Exelon and Generation). On June 22, 2011, Generation submitted applications to the NRC to extend the operating licenses of Limerick Units 1 and 2 by 20 years. The current operating licenses for Limerick Units 1 and 2 expire in 2024 and 2029, respectively. In June 2012, the United States Court of Appeals for the DC Circuit vacated the NRC's temporary storage rule on the grounds that the NRC should have conducted a more comprehensive environmental review to support the rule. The temporary storage rule (also referred to as the "waste confidence decision") recognizes that licensees can safely store spent nuclear fuel at nuclear plants for up to 60 years beyond the original and renewed licensed operating life of the plants and that licensing renewal decisions do not require discussion of the environmental impact of spent fuel stored on site. In August 2012, the NRC placed a hold on issuing new or renewed operating licenses that depend on the temporary storage rule until the court's decision is addressed. In September 2012, the NRC directed NRC Staff to revise the temporary storage rule which is now not expected until October 3, 2014. Generation does not expect the NRC to issue license renewals until the end of 2014, at the earliest.

On May 29, 2013, Generation submitted applications to the NRC to extend the operating licenses of Byron Units 1 and 2 and Braidwood Units 1 and 2 by 20 years. The current operating licenses for Byron Units 1 and 2 expire in 2024 and 2026, respectively. The current operating licenses for Braidwood Units 1 and 2 expire in 2026 and 2027, respectively. Generation does not expect the NRC to issue license renewals for Byron and Braidwood until 2015 at the earliest.

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On August 29, 2012 and August 30, 2012, Generation submitted hydroelectric license applications to the FERC for 46-year licenses for the Conowingo Hydroelectric Project (Conowingo) and the Muddy Run Pumped Storage Facility Project (Muddy Run), respectively.

The FERC extended the deadline to January 31, 2014 to file a water quality certification application pursuant to Section 401 of the Clean Water Act (CWA) with the MDE for Conowingo. Generation is working with stakeholders to resolve licensing issues, including: (1) water quality, (2) fish passage and habitat, and (3) sediment. On January 30, 2014, Exelon filed a water quality certification application pursuant to Section 401 of the CWA with MDE for Conowingo, addressing these and other issues, although Generation cannot currently predict the conditions that ultimately may be imposed. Resolution of these issues relating to Conowingo may have a material effect on Generation's results of operations and financial position through an increase in capital expenditures and operating costs.

On August 29, 2013, Exelon filed a water quality certification application pursuant to Section 401 of the CWA with PA DEP for Muddy Run, addressing these and other issues that included certain commitments made by Generation. The financial impact associated with these commitments is estimated to be in the range of $20 million to $30 million, and will include both an increase in capital expenditures as well as an increase in operating expenses. Exelon anticipates that the PA DEP will issue the water quality certification pursuant to Section 401 of the CWA for Muddy Run in the second quarter of 2014.

Based on the latest FERC procedural schedule, the FERC licensing process is not expected to be completed prior to the expiration of Muddy Run's current license on August 31, 2014, and the expiration of Conowingo's license on September 1, 2014. However, the stations would continue to operate under annual licenses until FERC takes action on the 46-year license applications. The stations are currently being depreciated over their useful lives, which includes the license renewal period. As of March 31, 2014, $34 million of direct costs associated with licensing efforts have been capitalized.

Regulatory Assets and Liabilities (Exelon, ComEd, PECO and BGE)

Exelon, ComEd, PECO and BGE each prepare their consolidated financial statements in accordance with the authoritative guidance for accounting for certain types of regulation. Under this guidance, regulatory assets represent incurred costs that have been deferred because of their probable future recovery from customers through regulated rates. Regulatory liabilities represent the excess recovery of costs or accrued credits that have been deferred because it is probable such amounts will be returned to customers through future regulated rates or represent billings in advance of expenditures for approved regulatory programs.

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The following tables provide information about the regulatory assets and liabilities of Exelon, ComEd, PECO and BGE as of March 31, 2014 and December 31, 2013. For additional information on the specific regulatory assets and liabilities, refer to Note 3 — Regulatory Matters of the Exelon 2013 Form 10-K.

March 31, 2014	Exelon		ComEd		PECO		BGE	
	Current	Noncurrent	Current	Noncurrent	Current	Noncurrent	Current	Noncurrent
Regulatory assets								
Pension and other postretirement benefits	$ 218	$ 2,777	$ —	$ —	$ —	$ —	$ —	$ —
Deferred income taxes	14	1,474	2	67	—	1,333	12	74
AMI programs	6	186	6	43	—	65	—	78
Under-recovered distribution service costs	197	262	197	262	—	—	—	—
Debt costs	12	54	9	51	3	3	1	8
Fair value of BGE long-term debt(a)	6	206	—	—	—	—	—	—
Fair value of BGE supply contract(b)	9	—	—	—	—	—	—	—
Severance	10	12	6	—	—	—	4	12
Asset retirement obligations	1	108	1	72	—	25	—	11
MGP remediation costs	44	201	37	168	6	32	1	1
RTO start-up costs	2	—	2	—	—	—	—	—
Under-recovered uncollectible accounts	—	74	—	74	—	—	—	—
Renewable energy	13	155	13	155	—	—	—	—
Energy and transmission programs	51	—	50	—	1	—	—	—
Deferred storm costs	3	2	—	—	—	—	3	2
Electric generation-related regulatory asset	13	27	—	—	—	—	13	27
Rate stabilization deferral	72	133	—	—	—	—	72	133
Energy efficiency and demand response programs	57	146	—	—	—	—	57	146
Merger integration costs	2	8	—	—	—	—	2	8
Other	38	38	17	26	18	7	3	4
Total regulatory assets	$ 768	$ 5,863	$ 340	$ 918	$ 28	$ 1,465	$ 168	$ 504

March 31, 2014	Exelon		ComEd		PECO		BGE	
	Current	Noncurrent	Current	Noncurrent	Current	Noncurrent	Current	Noncurrent
Regulatory liabilities								
Other postretirement benefits	$ 2	$ 47	$ —	$ —	$ —	$ —	$ —	$ —
Nuclear decommissioning	—	2,774	—	2,319	—	455	—	—
Removal costs	105	1,440	81	1,237	—	—	24	203
Energy efficiency and demand response programs	40	—	39	—	1	—	—	—
DLC Program Costs	1	11	—	—	1	11	—	—
Energy efficiency Phase 2	—	31	—	—	—	31	—	—
Electric distribution tax repairs	22	108	—	—	22	108	—	—
Gas distribution tax repairs	8	36	—	—	8	36	—	—
Energy and transmission programs	76	10	—	10	43(c)	—	33(f)	—
Over-recovered gas and electric universal service fund costs	7	—	—	—	7	—	—	—
Revenue subject to refund(d)	38	—	38	—	—	—	—	—
Over-recovered gas and electric revenue decoupling(e)	35	—	—	—	—	—	35	—
Other	2	1	—	—	2	—	—	—
Total regulatory liabilities	$ 336	$ 4,458	$ 158	$ 3,566	$ 84	$ 641	$ 92	$ 203

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December 31, 2013	Exelon		ComEd		PECO		BGE	
	Current	Noncurrent	Current	Noncurrent	Current	Noncurrent	Current	Noncurrent
Regulatory assets								
Pension and other postretirement benefits	$ 221	$ 2,794	$ —	$ —	$ —	$ —	$ —	$ —
Deferred income taxes	10	1,459	2	65	—	1,317	8	77
AMI programs	5	159	5	35	—	58	—	66
AMI meter events	—	5	—	—	—	5	—	—
Under-recovered distribution service costs	178	285	178	285	—	—	—	—
Debt costs	12	56	9	53	3	3	1	8
Fair value of BGE long-term debt(a)	—	219	—	—	—	—	—	—
Fair value of BGE supply contract(b)	12	—	—	—	—	—	—	—
Severance	16	12	12	—	—	—	4	12
Asset retirement obligations	1	102	1	67	—	25	—	10
MGP remediation costs	40	212	33	178	6	33	1	1
RTO start-up costs	2	—	2	—	—	—	—	—
Under-recovered uncollectible accounts	—	48	—	48	—	—	—	—
Renewable energy	17	176	17	176	—	—	—	—
Energy and transmission programs	53	—	52	—	—	—	1(f)	—
Deferred storm costs	3	3	—	—	—	—	3	3
Electric generation-related regulatory asset	13	30	—	—	—	—	13	30
Rate stabilization deferral	71	154	—	—	—	—	71	154
Energy efficiency and demand response programs	73	148	—	—	—	—	73	148
Merger integration costs	2	9	—	—	—	—	2	9
Other	31	39	18	26	8	7	4	6
Total regulatory assets	$ 760	$ 5,910	$ 329	$ 933	$ 17	$ 1,448	$ 181	$ 524

December 31, 2013	Exelon		ComEd		PECO		BGE	
	Current	Noncurrent	Current	Noncurrent	Current	Noncurrent	Current	Noncurrent
Regulatory liabilities								
Other postretirement benefits	$ 2	$ 43	$ —	$ —	$ —	$ —	$ —	$ —
Nuclear decommissioning	—	2,740	—	2,293	—	447	—	—
Removal costs	99	1,423	78	1,219	—	—	21	204
Energy efficiency and demand response programs	53	—	45	—	8	—	—	—
DLC Program Costs	1	10	—	—	1	10	—	—
Energy efficiency phase II	—	21	—	—	—	21	—	—
Electric distribution tax repairs	20	114	—	—	20	114	—	—
Gas distribution tax repairs	8	37	—	—	8	37		
Energy and transmission programs	78	—	9	—	58(c)	—	11(f)	—
Over-recovered gas and electric universal service fund costs	8	—	—	—	8	—	—	—
Revenue subject to refund(d)	38	—	38	—	—	—	—	—
Over-recovered electric and gas revenue decoupling(e)	16	—	—	—	—	—	16	—
Other	4	—	—	—	3	—	—	—
Total regulatory liabilities	$ 327	$ 4,388	$ 170	$ 3,512	$ 106	$ 629	$ 48	$ 204

(a) Represents the regulatory asset recorded at Exelon Corporate for the difference in the fair value of the long-term debt of BGE as of the merger date. The asset is amortized over the life of the underlying debt. See Note 8 — Debt and Credit Agreements for additional information.

(b) Represents the regulatory asset recorded at Exelon Corporate representing the fair value of BGE's supply contracts as of the close of the merger date. BGE is allowed full recovery of the costs of its electric and gas supply contracts through approved, regulated rates. The asset is amortized over a period of approximately 3 years.
(c) Includes $32 million related to the DSP program, $0 million related to the over-recovered natural gas costs under the PGC and $11 million related to over-recovered electric transmission costs as of March 31, 2014. As of December 31, 2013, includes $34 million related to the DSP program, $8 million related to the over-recovered electric transmission costs and $16 million related to the over-recovered natural gas costs under the PGC.
(d) Primarily represents the regulatory liability for revenue subject to refund recorded pursuant to the ICC's order in the 2007 Rate Case. See Note 3 — Regulatory Matters of the Exelon 2013 Form 10-K. for further information.
(e) Represents the electric and gas distribution costs recoverable from customers under BGE's decoupling mechanism. As of March 31, 2014, BGE had a regulatory liability of $14 million related to over-recovered electric revenue decoupling and $21 million related to over-recovered natural gas revenue decoupling. As of December 31, 2013, BGE had a regulatory liability of $7 million related to over-recovered electric revenue decoupling and $9 million related to over-recovered natural gas revenue decoupling.
(f) Relates to $3 million of over-recovered electric supply costs and $30 million of over-recovered natural gas supply costs as of March 31, 2014. As of December 31, 2013, includes $1 million of under-recovered electric supply costs and $11 million of over-recovered natural gas supply costs.

Purchase of Receivables Programs (Exelon, ComEd, PECO, and BGE)

ComEd, PECO and BGE are required, under separate legislation and regulations in Illinois, Pennsylvania and Maryland, respectively, to purchase certain receivables from retail electric and natural gas suppliers. For retail suppliers participating in the utilities' consolidated billing, ComEd, PECO and BGE must purchase their customer accounts receivables. ComEd and BGE purchase receivables at a discount to primarily recover uncollectible accounts expense from the suppliers. PECO is required to purchase receivables at face value and permitted to recover uncollectible accounts expense from customers through distribution rates. Exelon, ComEd, PECO and BGE do not record unbilled commodity receivables under the POR programs. Purchased billed receivables are classified in Other accounts receivable, net on Exelon's, ComEd's, PECO's and BGE's Consolidated Balance Sheets. The following tables provide information about the purchased receivables of the Registrants as of March 31, 2014 and December 31, 2013.

As of March 31, 2014	Exelon	ComEd	PECO	BGE
Purchased receivables(a)	$ 330	$ 125	$ 93	$112
Allowance for uncollectible accounts(b)	(36)	(19)	(10)	(7)
Purchased receivables, net	$ 294	$ 106	$ 83	$105

As of December 31, 2013	Exelon	ComEd	PECO	BGE
Purchased receivables(a)	$ 263	$ 105	$ 72	$ 86
Allowance for uncollectible accounts(b)	(30)	(16)	(7)	(7)
Purchased receivables, net	$ 233	$ 89	$ 65	$ 79

(a) PECO's gas POR program became effective on January 1, 2012 and includes a 1% discount on purchased receivables in order to recover the implementation costs of the program. If the costs are not fully recovered when PECO files its next gas distribution rate case, PECO will propose a mechanism to recover the remaining implementation costs as a distribution charge to low volume transportation customers or apply future discounts on purchased receivables from natural gas suppliers serving those customers.
(b) For ComEd and BGE, reflects the incremental allowance for uncollectible accounts recorded, which is in addition to the purchase discount. For ComEd, the incremental uncollectible accounts expense is recovered through its Purchase of Receivables with Consolidated Billing (PORCB) tariff.

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5. Investment in Constellation Energy Nuclear Group, LLC (Exelon and Generation)

As a result of the Constellation merger, Generation owns a 50.01% interest in CENG, a nuclear generation business, which is accounted for as an equity method investment as of March 31, 2014. Generation's total equity in earnings (losses) on the investment in CENG is as follows:

	Three Months Ended March 31, 2014	Three Months Ended March 31, 2013
Equity investment income	$ (2)	$ 15
Amortization of basis difference in CENG	(17)	(27)
Total equity in earnings — CENG	$ (19)	$ (12)

As of March 12, 2012, Generation had an initial basis difference of approximately $204 million between the initial carrying value of its investment in CENG and its underlying equity in CENG. This basis difference resulted from the requirement to record the investment in CENG at fair value under purchase accounting while the underlying assets and liabilities within CENG continue to be accounted for on a historical cost basis. Generation is amortizing this basis difference over the respective useful lives of the assets and liabilities of CENG or as those assets and liabilities affect the earnings of CENG.

Based on tax sharing provisions contained in the operating agreement for CENG, Generation may be eligible for distributions from its investment in CENG in excess of its 50.01% ownership interest. Through purchase accounting, Generation has recorded the fair value of expected future distributions. When these distributions are realized, Generation will record a reduction in its investment in CENG. Any distributions in excess of Generation's investment in CENG would be recorded in earnings.

Generation has various agreements with CENG to purchase power and to provide certain services. For further information regarding these agreements see Note 25 — Related Party Transactions of the Exelon 2013 Form 10-K.

On July 29, 2013, Exelon, Generation and subsidiaries of Generation entered into a Master Agreement with EDF, EDF Inc. (EDFI) (a subsidiary of EDF) and CENG. The Master Agreement closed on April 1, 2014, and, as contemplated therein, the parties executed a series of additional agreements.

Under the Master Agreement, CENG made two pre-closing cash distributions to EDF and Generation. Generation received the distributions of $115 million and $13 million in December 2013 and March 2014, respectively, each of which was recorded as a reduction to the Investment in CENG on Exelon's and Generation's Consolidated Balance Sheets.

At the closing, Generation, CENG and subsidiaries of CENG executed a Nuclear Operating Services Agreement (NOSA) pursuant to which Generation will operate the CENG nuclear generation fleet owned by CENG subsidiaries and provide corporate and administrative services for the remaining life of the CENG nuclear plants as if they were a part of the Generation nuclear fleet, subject to EDFI's rights as a member of CENG. CENG will reimburse Generation for its direct and allocated costs for such services.

In addition, at closing, Generation made a $400 million loan to CENG, bearing interest at 5.25% per annum and payable out of specified available cash flows of CENG and, in any event, payable upon the settlement of the Put Option Agreement discussed below (if the put option is exercised) or payable upon the maturity date of April 1, 2034, whichever occurs first. Immediately following receipt of the proceeds of such loan, CENG made a

$400 million special distribution to EDFI. The parties also executed a Fourth Amended and Restated Operating Agreement for CENG, pursuant to which, among other things, CENG committed to make preferred distributions to Generation (after repayment of the $400 million loan) quarterly out of specified available cash flows until Generation has received aggregate distributions of $400 million plus a return of 8.5% per annum from the date of the special distribution to EDFI.

Generation and EDFI also entered into a Put Option Agreement at closing pursuant to which EDFI has the option, exercisable beginning on January 1, 2016 and thereafter until June 30, 2022, to sell its 49.99% interest in CENG to Generation for a fair market value price determined by agreement of the parties, or absent agreement, a third-party arbitration process. The appraisers determining fair market value of EDF's 49.99% interest in CENG under the Put Option Agreement are instructed to take into account all rights and obligations under the CENG Operating Agreement, including Generation's rights with respect to any unpaid aggregate preferred distributions and the related return, and the value of Generation's rights to other distributions. The beginning of the exercise period will be accelerated if Exelon's affiliates cease to own a majority of CENG and exercise a related right to terminate the NOSA. In addition, under limited circumstances, the period for exercise of the put option may be extended for 18 months.

Also at closing, Generation executed an Indemnity Agreement pursuant to which Generation indemnified EDF and its affiliates against third-party claims that may arise from any future nuclear incident (as defined in the Price Anderson Act) in connection with the CENG nuclear plants or their operations. Exelon guarantees Generation's obligations under this indemnity.

In addition to the agreements contemplated in the Master Agreement, on April 1, 2014, Generation, EDFI, CENG and Nine Mile Point Nuclear Station, LLC entered into an Employee Matters Agreement (EMA) that provides for the transfer of CENG employees to the Generation Parties (Generation or one of its affiliates) and the assumption of the employee benefit plans and their related trusts by the Generation Parties as the plan sponsor as of August 1, 2014 or such other date as agreed to by Generation and EDFI (the Effective Date). The EMA also generally requires CENG to fund the underfunded balance of the pension and post-retirement welfare benefit plans as of the Effective Date on an agreed payment schedule (or upon the occurrence of certain specified events, such as EDF's disposition of a majority of its interest in CENG prior to completion of scheduled payments).

As a condition to obtaining regulatory approval for the transaction from the Nuclear Regulatory Commission, Exelon executed a Support Agreement pursuant to which Exelon may be required under specified circumstances to provide up to $245 million of financial support to the CENG plants. The Exelon Support Agreement was provided in substitution for a previous support agreement under which Generation had agreed to provide up to $205 million of financial support for CENG. In addition, Exelon executed a Guarantee pursuant to which Exelon may be required under specified circumstances to provide up to $165 million in additional financial support for the CENG plants. A previous Support Agreement executed by an affiliate of EDF remains in effect; under this Support Agreement the EDF affiliate may be required to provide up to approximately $145 million of financial support for the CENG plants under specified circumstances.

Due to changes in energy prices, discount rates and other factors, Exelon and Generation evaluated and determined that no impairment of the investment in CENG existed as of March 31, 2014. In addition, due to the transfer of the operating licenses and the execution of the NOSA on April 1, 2014, Exelon and Generation will derecognize their equity method investment in CENG and record all assets, liabilities and EDF's non-controlling interest in CENG at fair value on Exelon and Generation's balance sheets. Any difference between the carrying value of the investment in CENG and the newly recorded fair value will be recognized as a gain or loss upon consolidation in the second quarter of 2014, which could be material to Exelon's and Generation's results of operations. See Note 3 — Variable Interest Entities for further information regarding the consolidation of CENG beginning in the second quarter of 2014.

6. Fair Value of Financial Assets and Liabilities (Exelon, Generation, ComEd, PECO and BGE)

Fair Value of Financial Liabilities Recorded at the Carrying Amount

The following tables present the carrying amounts and fair values of the Registrants' short-term liabilities, long-term debt, SNF obligation, and trust preferred securities (long-term debt to financing trusts or junior subordinated debentures) as of March 31, 2014 and December 31, 2013:

Exelon

	March 31, 2014				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 983	$ 3	$ 980	$ —	$ 983
Long-term debt (including amounts due within one year)	18,920	—	18,976	1,066	20,042
Long-term debt to financing trusts	648	—	—	648	648
SNF obligation	1,021	—	840	—	840

	December 31, 2013				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 344	$ 3	$ 341	$ —	$ 344
Long-term debt (including amounts due within one year)	19,132	—	18,672	1,079	19,751
Long-term debt to financing trusts	648	—	—	631	631
SNF obligation	1,021	—	790	—	790

Generation

	March 31, 2014				
	Carrying	Fair Value			
	Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 377	$ —	$ 377	$ —	$ 377
Long-term debt (including amounts due within one year)	7,490	—	6,684	1,066	7,750
SNF obligation	1,021	—	840	—	840

	December 31, 2013				
	Carrying	Fair Value			
	Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 22	$ —	$ 22	$ —	$ 22
Long-term debt (including amounts due within one year)	7,729	$ —	6,586	1,062	7,648
SNF obligation	1,021	—	790	—	790

ComEd

	March 31, 2014				
	Carrying	Fair Value			
	Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 534	$ —	$ 534	$ —	$ 534
Long-term debt (including amounts due within one year)	5,707	—	6,347	—	6,347
Long-term debt to financing trust	206	—	—	202	202

	December 31, 2013				
	Carrying	Fair Value			
	Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 184	$ —	$ 184	$ —	$ 184
Long-term debt (including amounts due within one year)	5,675	—	6,238	17	6,255
Long-term debt to financing trust	206	—	—	202	202

PECO

	March 31, 2014				
	Carrying	Fair Value			
	Amount	Level 1	Level 2	Level 3	Total
Long-term debt (including amounts due within one year)	$ 2,197	$ —	$2,392	$ —	$2,392
Long-term debt to financing trusts	184	—	—	190	190

	December 31, 2013				
	Carrying	Fair Value			
	Amount	Level 1	Level 2	Level 3	Total
Long-term debt (including amounts due within one year)	2,197	—	2,358	—	2,358
Long-term debt to financing trusts	184	—	—	180	180

BGE

	March 31, 2014				
	Carrying	Fair Value			
	Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 72	$ 3	$ 69	$ —	$ 72
Long-term debt (including amounts due within one year)	2,011	—	2,183	—	2,183
Long-term debt to financing trusts	258	—	—	256	256

	December 31, 2013				
	Carrying	Fair Value			
	Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 138	$ 3	$ 135	$ —	$ 138
Long-term debt (including amounts due within one year)	2,011	—	2,148	—	2,148
Long-term debt to financing trusts	258	—	—	249	249

Short-Term Liabilities. The short-term liabilities included in the tables above are comprised of short-term borrowings (Level 2) and dividends payable (included in other current liabilities) (Level 1). The Registrants' carrying amounts of the short-term liabilities are representative of fair value because of the short-term nature of these instruments.

Long-Term Debt. The fair value amounts of Exelon's taxable debt securities (Level 2) are determined by a valuation model that is based on a conventional discounted cash flow methodology and utilizes assumptions of current market pricing curves. In order to incorporate the credit risk of the Registrants into the discount rates, Exelon obtains pricing (i.e., U.S. Treasury rate plus credit spread) based on trades of existing Exelon debt securities as well as debt securities of other issuers in the electric utility sector with similar credit ratings in both the primary and secondary market, across the Registrants' debt maturity spectrum. The credit spreads of various tenors obtained from this information are added to the appropriate benchmark U.S. Treasury rates in order to determine the current market yields for the various tenors. The yields are then converted into discount rates of various tenors that are used for discounting the respective cash flows of the same tenor for each bond or note.

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The fair value of Generation's non-government-backed fixed rate project financing debt (Level 3) is based on market and quoted prices for its own and other project financing debt with similar risk profiles. Given the low trading volume in the project financing debt market, the price quotes used to determine fair value will reflect certain qualitative factors, such as market conditions, investor demand, new developments that might significantly impact the project cash flows or off-taker credit, and other circumstances related to the project (e.g., political and regulatory environment). The fair value of Generation's government-back fixed rate project financing debt (Level 3) is largely based on a discounted cash flow methodology that is similar to the taxable debt securities methodology described above. Due to the lack of market trading data on similar debt, the discount rates are derived based on the original loan interest rate spread to the applicable Treasury rate as well as a current market curve derived from government-backed securities. Variable rate project financing debt resets on a quarterly basis and the carrying value approximates fair value.

The Registrants also have tax-exempt debt (Level 3). Due to low trading volume in this market, qualitative factors, such as market conditions, investor demand, and circumstances related to the issuer (i.e., political and regulatory environment), may be incorporated into the credit spreads that are used to obtain the fair value as described above.

SNF Obligation. The carrying amount of Generation's SNF obligation (Level 2) is derived from a contract with the DOE to provide for disposal of SNF from Generation's nuclear generating stations. When determining the fair value of the obligation, the future carrying amount of the SNF obligation estimated to be settled in 2025 is calculated by compounding the current book value of the SNF obligation at the 13-week Treasury rate. The compounded obligation amount is discounted back to present value using Generation's discount rate, which is calculated using the same methodology as described above for the taxable debt securities, and an estimated maturity date of 2025.

Long-Term Debt to Financing Trusts. Exelon's long-term debt to financing trusts is valued based on publicly traded securities issued by the financing trusts. Due to low trading volume of these securities, qualitative factors, such as market conditions, investor demand, and circumstances related to each issue, this debt is classified as Level 3.

Recurring Fair Value Measurements

Exelon records the fair value of assets and liabilities in accordance with the hierarchy established by the authoritative guidance for fair value measurements. The hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1 — quoted prices (unadjusted) in active markets for identical assets or liabilities that the Registrants have the ability to access as of the reporting date. Financial assets and liabilities utilizing Level 1 inputs include active exchange-traded equity securities and funds, certain exchange-based derivatives, and money market funds.
- Level 2 — inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data. Financial assets and liabilities utilizing Level 2 inputs include fixed income securities, derivatives, commingled and mutual investment funds priced at NAV per fund share and fair value hedges.
- Level 3 — unobservable inputs, such as internally developed pricing models or third-party valuations for the asset or liability due to little or no market activity for the asset or liability. Financial assets and liabilities utilizing Level 3 inputs include infrequently traded securities and derivatives, and investments priced using an alternative pricing mechanism or third party valuation.

Transfers in and out of levels are recognized as of the end of the reporting period the transfer occurred. Given derivatives categorized within Level 1 are valued using exchange-based quoted prices within observable periods, transfers between Level 2 and Level 1 were not material. Transfers into Level 2 from Level 3 generally occur when the contract tenure becomes more observable. Transfers into Level 3 from Level 2 generally occur due to changes in

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market liquidity or assumptions for certain commodity contracts. There were no transfers between Level 1 and Level 2 during the three months ended March 31, 2014 for cash equivalents, nuclear decommissioning trust fund investments, pledged assets for Zion Station decommissioning, Rabbi trust investments, and deferred compensation obligations.

Exelon

The following tables present assets and liabilities measured and recorded at fair value on Exelon's Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy as of March 31, 2014 and December 31, 2013:

As of March 31, 2014	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents(a)	$ 518	$ —	$ —	$ 518
Nuclear decommissioning trust fund investments				
Cash equivalents	304	—	—	304
Equity				
Individually held	1,813	—	—	1,813
Exchange traded funds	113	—	—	113
Commingled funds	—	2,053	—	2,053
Equity funds subtotal	1,926	2,053	—	3,979
Fixed income				
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	903	—	—	903
Debt securities issued by states of the United States and political subdivisions of the states	—	295	—	295
Debt securities issued by foreign governments	—	87	—	87
Corporate debt securities	—	1,795	126	1,921
Federal agency mortgage-backed securities	—	9	—	9
Commercial mortgage-backed securities (non-agency)	—	40	—	40
Residential mortgage-backed securities (non-agency)	—	7	—	7
Mutual funds	—	278	—	278
Fixed income subtotal	903	2,511	126	3,540
Middle market lending	—	—	356	356
Private Equity	—	—	4	4
Other debt obligations	—	15	—	15
Nuclear decommissioning trust fund investments subtotal(b)	3,133	4,579	486	8,198
Pledged assets for Zion Station decommissioning				
Cash equivalents	—	35	—	35
Equity				
Individually held	4	1	—	5
Equity funds subtotal	4	1	—	5
Fixed income				
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	36	4	—	40
Debt securities issued by states of the United States and political subdivisions of the states	—	18	—	18
Corporate debt securities	—	180	—	180
Fixed income subtotal	36	202	—	238
Middle market lending	—	—	137	137
Pledged assets for Zion Station decommissioning subtotal(c)	40	238	137	415

As of March 31, 2014	Level 1	Level 2	Level 3	Total
Rabbi trust investments				
Cash equivalents	2	—	—	2
Mutual funds(d)(e)	42	—	—	42
Rabbi trust investments subtotal	44	—	—	44
Commodity derivative assets				
Economic hedges	592	2,778	1,271	4,641
Proprietary trading	354	808	179	1,341
Effect of netting and allocation of collateral(f)	(826)	(2,957)	(911)	(4,694)
Commodity derivative assets subtotal	120	629	539	1,288
Interest rate and foreign currency derivative assets	24	37	—	61
Effect of netting and allocation of collateral	(18)	(4)	—	(22)
Interest rate and foreign currency derivative assets subtotal	6	33	—	39
Other investments	13	—	10	23
Total assets	3,874	5,479	1,172	10,525
Liabilities				
Commodity derivative liabilities				
Economic hedges	(586)	(2,624)	(1,253)	(4,463)
Proprietary trading	(357)	(765)	(196)	(1,318)
Effect of netting and allocation of collateral(f)	943	3,289	1,029	5,261
Commodity derivative liabilities subtotal	—	(100)	(420)	(520)
Interest rate and foreign currency derivative liabilities	(25)	(21)	—	(46)
Effect of netting and allocation of collateral	25	3	—	28
Interest rate and foreign currency derivative liabilities subtotal	—	(18)	—	(18)
Deferred compensation obligation	—	(107)	—	(107)
Total liabilities	—	(225)	(420)	(645)
Total net assets	$3,874	$ 5,254	$ 752	$ 9,880

As of March 31, 2013	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents(a)	$1,230	$ —	$ —	$1,230
Nuclear decommissioning trust fund investments				
Cash equivalents	459	—	—	459
Equity				
Individually held	1,776	—	—	1,776
Exchange traded funds	115	—	—	115
Commingled funds	—	2,271	—	2,271
Equity funds subtotal	1,891	2,271	—	4,162
Fixed income				
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	882	—	—	882
Debt securities issued by states of the United States and political subdivisions of the states	—	294	—	294
Debt securities issued by foreign governments	—	87	—	87
Corporate debt securities	—	1,753	31	1,784
Federal agency mortgage-backed securities	—	10	—	10
Commercial mortgage-backed securities (non-agency)	—	40	—	40
Residential mortgage-backed securities (non-agency)	—	7	—	7
Mutual funds	—	18	—	18
Fixed income subtotal	882	2,209	31	3,122
Middle market lending	—	—	314	314
Private Equity	—	—	5	5
Other debt obligations	—	14	—	14
Nuclear decommissioning trust fund investments subtotal(b)	3,232	4,494	350	8,076
Pledged assets for Zion decommissioning				
Cash equivalents	—	26	—	26
Equity				
Individually held	16	—	—	16
Equity funds subtotal	16	—	—	16
Fixed income				
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	45	4	—	49
Debt securities issued by states of the United States and political subdivisions of the states	—	20	—	20
Corporate debt securities	—	227	—	227
Fixed income subtotal	45	251	—	296
Middle market lending	—	—	112	112
Other debt obligations	—	1	—	1
Pledged assets for Zion Station decommissioning subtotal(c)	61	278	112	451
Rabbi trust investments				
Cash equivalents	2	—	—	2
Mutual funds(d)(e)	54	—	—	54
Rabbi trust investments subtotal	56	—	—	56

As of March 31, 2013	Level 1	Level 2	Level 3	Total
Commodity derivative assets				
Economic hedges	493	2,582	885	3,960
Proprietary trading	324	1,315	122	1,761
Effect of netting and allocation of collateral(f)	(863)	(3,131)	(430)	(4,424)
Commodity derivative assets subtotal(g)	(46)	766	577	1,297
Interest rate and foreign currency derivative assets	30	39	—	69
Effect of netting and allocation of collateral	(30)	(2)	—	(32)
Interest rate and foreign currency derivative assets subtotal	—	37	—	37
Other Investments	—	—	15	15
Total assets	4,533	5,575	1,054	11,162
Liabilities				
Commodity derivative liabilities				
Economic hedges	(540)	(1,890)	(590)	(3,020)
Proprietary trading	(328)	(1,256)	(119)	(1,703)
Effect of netting and allocation of collateral(f)	869	3,007	404	4,280
Commodity derivative liabilities subtotal	1	(139)	(305)	(443)
Interest rate and foreign currency derivative liabilities	(31)	(17)	—	(48)
Effect of netting and allocation of collateral	31	1	—	32
Interest rate and foreign currency derivative liabilities subtotal	—	(16)	—	(16)
Deferred compensation obligation	—	(114)	—	(114)
Total liabilities	1	(269)	(305)	(573)
Total net assets	$4,534	$ 5,306	$ 749	$10,589

(a) Excludes certain cash equivalents considered to be held-to-maturity and not reported at fair value.
(b) Excludes net assets (liabilities) of $17 million and $(5) million at March 31, 2014 and December 31, 2013, respectively. These items consist of receivables related to pending securities sales, interest and dividend receivables, and payables related to pending securities purchases.
(c) Excludes net assets of $14 million and $7 million at March 31, 2014 and December 31, 2013, respectively. These items consist of receivables related to pending securities sales, interest and dividend receivables, and payables related to pending securities purchases.
(d) The mutual funds held by the Rabbi trusts include $41 million related to deferred compensation and $1 million related to Supplemental Executive Retirement Plan at March 31, 2014, and $53 million related to deferred compensation and $1 million related to Supplemental Executive Retirement Plan at December 31, 2013.
(e) Excludes $33 million and $32 million of the cash surrender value of life insurance investments at March 31, 2014 and December 31, 2013, respectively.
(f) Includes collateral postings (received) from counterparties. Collateral posted (received) from counterparties, net of collateral paid to counterparties, totaled $117 million, $332 million and $118 million allocated to Level 1, Level 2 and Level 3 mark-to-market derivatives, respectively, as of March 31, 2014. Collateral posted (received) from counterparties, net of collateral paid to counterparties, totaled $6 million, $(124) million and $(26) million allocated to Level 1, Level 2 and Level 3 mark-to-market derivatives, respectively, as of December 31, 2013.

The following table presents the fair value reconciliation of Level 3 assets and liabilities measured at fair value on a recurring basis during the three months ended March 31, 2014 and 2013:

Three Months Ended March 31, 2014	Nuclear Decommissioning Trust Fund Investments	Pledged Assets for Zion Station Decommissioning	Mark-to-Market Derivatives	Other Investments	Total
Balance as of December 31, 2013	$ 350	$ 112	$ 272	$ 15	$ 749
Total realized / unrealized gains (losses)					
Included in net income	1	—	(312)(a)	—	(311)
Included in regulatory assets	3	—	25	—	28
Included in payable for Zion Station decommissioning	—	(1)	—	—	(1)
Change in collateral	—	—	144	—	144
Purchases, sales, issuances and settlements					
Purchases	139	30	10	2	181
Sales	(1)	(4)	(2)	—	(7)
Settlements	(6)	—	—	—	(6)
Transfers into Level 3	—	—	(26)	—	(26)
Transfers out of Level 3	—	—	8	(7)	1
Balance as of March 31, 2014	$ 486	$ 137	$ 119	$ 10	$ 752
The amount of total losses included in income attributed to the change in unrealized gains (losses) related to assets and liabilities held for the three months ended March 31, 2014	$ —	$ —	$ (446)	$ —	$(446)

(a) Includes an increase for the reclassification of $134 million of realized losses due to the settlement of derivative contracts recorded in results of operations for the three months ended March 31, 2014.

Three Months Ended March 31, 2013	Nuclear Decommissioning Trust Fund Investments	Pledged Assets for Zion Station Decommissioning	Mark-to-Market Derivatives	Other Investments	Total
Balance as of December 31, 2012	$ 183	$ 89	$ 367	$ 17	$ 656
Total realized / unrealized gains (losses)					
Included in net income	1	—	(127)(a)	—	(126)
Included in regulatory assets	1	—	(8)(b)	—	(7)
Change in collateral	—	—	33	—	33
Purchases, sales, issuances and settlements					
Purchases	32	22	(5)(c)	—	49
Sales	(7)	(7)	(4)	(8)	(26)
Transfers into Level 3	—	—	4	—	4
Balance as of March 31, 2013	$ 210	$ 104	$ 260	$ 9	$ 583
The amount of total gains included in income attributed to the change in unrealized gains related to assets and liabilities held for the three months ended March 31, 2013	$ 1	$ —	$ (79)	$ —	$ (78)

(a) Includes the reclassification of $48 million of realized losses due to the settlement of derivative contracts recorded in results of operations for the three months ended March 31, 2013.
(b) Excludes increases in fair value of $8 million and realized losses reclassified due to settlements of $133 million associated with Generation's financial swap contract with ComEd for the three months ended March 31, 2013.
(c) Includes $10 million which Generation was paid to enter into out of the money purchase contracts.

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The following tables present the income statement classification of the total realized and unrealized gains (losses) included in income for Level 3 assets and liabilities measured at fair value on a recurring basis during the three months ended March 31, 2014 and 2013:

	Operating Revenues	Purchased Power and Fuel	Other, net(a)
Total losses included in net income for the three months ended March 31, 2014	$ (268)	$ (44)	$ 1
Change in the unrealized losses relating to assets and liabilities held for the three months ended March 31, 2014	$ (425)	$ (21)	$ —

	Operating Revenues	Purchased Power and Fuel	Other, net(a)
Total gains (losses) included in net income for the three months ended March 31, 2013	$ (159)	$ 32	$ 1
Change in the unrealized gains (losses) relating to assets and liabilities held for the three months ended March 31, 2013	$ (117)	$ 38	$ 1

(a) Other, net activity consists of realized and unrealized gains (losses) included in income for the NDT funds held by Generation.

Generation

The following tables present assets and liabilities measured and recorded at fair value on Generation's Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy as of March 31, 2014 and December 31, 2013:

As of March 31, 2014	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents(a)	$ 329	$ —	$ —	$ 329
Nuclear decommissioning trust fund investments				
Cash equivalents	304	—	—	304
Equity				
Individually held	1,813	—	—	1,813
Exchange traded funds	113	—	—	113
Commingled funds	—	2,053	—	2,053
Equity funds subtotal	1,926	2,053	—	3,979
Fixed income				
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	903	—	—	903
Debt securities issued by states of the United States and political subdivisions of the states	—	295	—	295
Debt securities issued by foreign governments	—	87	—	87
Corporate debt securities	—	1,795	126	1,921
Federal agency mortgage-backed securities	—	9	—	9
Commercial mortgage-backed securities (non-agency)	—	40	—	40
Residential mortgage-backed securities (non-agency)	—	7	—	7
Mutual funds	—	278	—	278
Fixed income subtotal	903	2,511	126	3,540
Middle market lending	—	—	356	356
Private Equity	—	—	4	4
Other debt obligations	—	15	—	15
Nuclear decommissioning trust fund investments subtotal(b)	3,133	4,579	486	8,198

As of March 31, 2014	Level 1	Level 2	Level 3	Total
Pledged assets for Zion Station decommissioning				
Cash equivalents	—	35	—	35
Equity				
Individually held	4	1	—	5
Equity funds subtotal	4	1	—	5
Fixed income				
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	36	4	—	40
Debt securities issued by states of the United States and political subdivisions of the states	—	18	—	18
Corporate debt securities	—	180	—	180
Fixed income subtotal	36	202	—	238
Middle market lending	—	—	137	137
Pledged assets for Zion Station decommissioning subtotal(c)	40	238	137	415
Rabbi trust investments				
Cash equivalents	1	—	—	1
Mutual funds(d)	13	—	—	13
Rabbi trust investments subtotal	14	—	—	14
Commodity derivative assets				
Economic hedges	592	2,778	1,271	4,641
Proprietary trading	354	808	179	1,341
Effect of netting and allocation of collateral(e)	(826)	(2,957)	(911)	(4,694)
Commodity derivative assets subtotal	120	629	539	1,288
Interest rate and foreign currency derivative assets	24	27	—	51
Effect of netting and allocation of collateral	(18)	(4)	—	(22)
Interest rate and foreign currency derivative assets subtotal	6	23	—	29
Other investments	13	—	10	23
Total assets	3,655	5,469	1,172	10,296
Liabilities				
Commodity derivative liabilities				
Economic hedges	(586)	(2,624)	(1,085)	(4,295)
Proprietary trading	(357)	(765)	(196)	(1,318)
Effect of netting and allocation of collateral(e)	943	3,289	1,029	5,261
Commodity derivative liabilities subtotal	—	(100)	(252)	(352)
Interest rate and foreign currency derivative liabilities	(25)	(20)	—	(45)
Effect of netting and allocation of collateral	25	3	—	28
Interest rate and foreign currency derivative liabilities subtotal	—	(17)	—	(17)
Deferred compensation obligation	—	(29)	—	(29)
Total liabilities	—	(146)	(252)	(398)
Total net assets	$3,655	$ 5,323	$ 920	$ 9,898

As of December 31, 2013	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents(a)	$1,006	$ —	$ —	$1,006
Nuclear decommissioning trust fund investments				
Cash equivalents	459	—	—	459
Equity				
Individually held	1,776	—	—	1,776
Exchange traded funds	115	—	—	115
Commingled funds	—	2,271	—	2,271
Equity funds subtotal	1,891	2,271	—	4,162
Fixed income				
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	882	—	—	882
Debt securities issued by states of the United States and political subdivisions of the states	—	294	—	294
Debt securities issued by foreign governments	—	87	—	87
Corporate debt securities	—	1,753	31	1,784
Federal agency mortgage-backed securities	—	10	—	10
Commercial mortgage-backed securities (non-agency)	—	40	—	40
Residential mortgage-backed securities (non-agency)	—	7	—	7
Mutual funds	—	18	—	18
Fixed income subtotal	882	2,209	31	3,122
Middle market lending	—	—	314	314
Private Equity	—	—	5	5
Other debt obligations	—	14	—	14
Nuclear decommissioning trust fund investments subtotal(b)	3,232	4,494	350	8,076
Pledged assets for Zion Station decommissioning				
Cash equivalents	—	26	—	26
Equity				
Individually held	16	—	—	16
Equity funds subtotal	16	—	—	16
Fixed income				
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	45	4	—	49
Debt securities issued by states of the United States and political subdivisions of the states	—	20	—	20
Corporate debt securities	—	227	—	227
Fixed income subtotal	45	251	—	296
Middle market lending	—	—	112	112
Other debt obligations	—	1	—	1
Pledged assets for Zion Station decommissioning subtotal(c)	61	278	112	451
Rabbi trust investments				
Mutual funds(d)	13	—	—	13
Rabbi trust investments subtotal	13	—	—	13

As of December 31, 2014	Level 1	Level 2	Level 3	Total
Commodity derivative assets				
Economic hedges	493	2,582	885	3,960
Proprietary trading	324	1,315	122	1,761
Effect of netting and allocation of collateral(e)	(863)	(3,131)	(430)	(4,424)
Commodity and foreign currency assets subtotal	(46)	766	577	1,297
Interest rate and foreign currency derivative assets	30	32	—	62
Effect of netting and allocation of collateral	(30)	(2)	—	(32)
Interest rate and foreign currency derivative assets subtotal	—	30	—	30
Other investments	—	—	15	15
Total assets	4,266	5,568	1,054	10,888
Liabilities				
Commodity derivative liabilities				
Economic hedges	(540)	(1,890)	(397)	(2,827)
Proprietary trading	(328)	(1,256)	(119)	(1,703)
Effect of netting and allocation of collateral(e)	869	3,007	404	4,280
Commodity derivative liabilities subtotal	1	(139)	(112)	(250)
Interest rate derivative liabilities	(31)	(13)	—	(44)
Effect of netting and allocation of collateral	31	1	—	32
Interest rate and foreign currency derivative liabilities	—	(12)	—	(12)
Deferred compensation obligation	—	(29)	—	(29)
Total liabilities	1	(180)	(112)	(291)
Total net assets	$4,267	$ 5,388	$ 942	$10,597

(a) Excludes certain cash equivalents considered to be held-to-maturity and not reported at fair value.
(b) Excludes net assets (liabilities) of $17 million and $(5) million at March 31, 2014 and December 31, 2013, respectively. These items consist of receivables related to pending securities sales, interest and dividend receivables, and payables related to pending securities purchases.
(c) Excludes net assets of $14 million and $7 million at March 31, 2014 and December 31, 2013, respectively. These items consist of receivables related to pending securities sales, interest and dividend receivables, and payables related to pending securities purchases.
(d) Excludes $10 million of the cash surrender value of life insurance investments at both March 31, 2014 and December 31, 2013.
(e) Includes collateral postings (received) from counterparties. Collateral posted (received) from counterparties, net of collateral paid to counterparties, totaled $117 million, $332 million and $118 million allocated to Level 1, Level 2 and Level 3 mark-to-market derivatives, respectively, as of March 31, 2014. Collateral posted (received) from counterparties, net of collateral paid to counterparties, totaled $6 million, $(124) million and $(26) million allocated to Level 1, Level 2 and Level 3 mark-to-market derivatives, respectively, as of December 31, 2013.

The following tables present the fair value reconciliation of Level 3 assets and liabilities measured at fair value on a recurring basis during the three months ended March 31, 2014 and 2013:

Three Months Ended March 31, 2014	Nuclear Decommissioning Trust Fund Investments	Pledged Assets for Zion Station Decommissioning	Mark-to-Market Derivatives	Other Investments	Total
Balance as of December 31, 2013	$ 350	$ 112	$ 465	$ 15	$ 942
Total realized / unrealized losses					
Included in net income	1	—	(312)(a)	—	(311)
Included in noncurrent payables to affiliates	3	—	—	—	3
Included in payable for Zion Station decommissioning	—	(1)	—	—	(1)
Change in collateral	—	—	144	—	144
Purchases, sales, issuances and settlements					
Purchases	139	30	10	2	181
Sales	(1)	(4)	(2)	—	(7)
Settlements	(6)	—	—	—	(6)
Transfers into Level 3	—	—	(26)	—	(26)
Transfers out of Level 3	—	—	8	(7)	1
Balance as of March 31, 2014	$ 486	$ 137	$ 287	$ 10	$ 920
The amount of total losses included in income attributed to the change in unrealized gains (losses) related to assets and liabilities held for the three months ended March 31, 2014	$ —	$ —	$ (446)	$ —	$(446)

(a) Includes an increase for the reclassification of $134 million of realized losses due to the settlement of derivative contracts recorded in results of operations.

Three Months Ended March 31, 2013	Nuclear Decommissioning Trust Fund Investments	Pledged Assets for Zion Station Decommissioning	Mark-to-Market Derivatives	Other Investments	Total
Balance as of December 31, 2012	$ 183	$ 89	$ 660	$ 17	$ 949
Total realized / unrealized losses					
Included in net income	1	—	(144)(a)(b)	—	(143)
Included in other comprehensive income	—	—	(124)(b)	—	(124)
Included in noncurrent payables to affiliates	1	—	—	—	1
Change in collateral	—	—	33	—	33
Purchases, sales, issuances and settlements					
Purchases	32	22	(5)(c)	—	49
Sales	(7)	(7)	(4)	(8)	(26)
Transfers into Level 3	—	—	4	—	4
Balance as of March 31, 2013	$ 210	$ 104	$ 420	$ 9	$ 743
The amount of total losses included in income attributed to the change in unrealized losses related to assets and liabilities held for the three months ended March 31, 2013	$ 1	$ —	$ (86)	$ —	$ (85)

(a) Includes the reclassification of $58 million of realized losses due to the settlement of derivative contracts recorded in results of operations.
(b) Includes $8 million of increases in fair value and $133 million of realized losses due to settlements during 2013 of Generation's financial swap contract with ComEd, which eliminates upon consolidation in Exelon's Consolidated Financial Statements.
(c) Includes $10 million which Generation was paid to enter into out of the money purchase contracts.

The following tables present the income statement classification of the total realized and unrealized gains (losses) included in income for Level 3 assets and liabilities measured at fair value on a recurring basis during the three months ended March 31, 2014 and 2013:

	Operating Revenues	Purchased Power and Fuel	Other, net(a)
Total losses included in net income for the three months ended March 31, 2014	$ (268)	$ (44)	$ 1
Change in the unrealized losses relating to assets and liabilities held for the three months ended March 31, 2014	$ (425)	$ (21)	$ —

	Operating Revenues	Purchased Power and Fuel	Other, net(a)
Total gains (losses) included in net income for the three months ended March 31, 2013	$ (176)	$ 32	$ 1
Change in the unrealized gains (losses) relating to assets and liabilities held for the three months ended March 31, 2013	$ (124)	$ 38	$ 1

(a) Other, net activity consists of realized and unrealized gains (losses) included in income for the NDT funds held by Generation.

ComEd

The following tables present assets and liabilities measured and recorded at fair value on ComEd's Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy as of March 31, 2014 and December 31, 2013:

As of March 31, 2014	Level 1	Level 2	Level 3	Total
Assets				
Rabbi trust investments				
Mutual funds	$ 2	$ —	$ —	$ 2
Rabbi trust investments subtotal	2	—	—	2
Total assets	2	—	—	2
Liabilities				
Deferred compensation obligation	—	(8)	—	(8)
Mark-to-market derivative liabilities(a)	—	—	(168)	(168)
Total liabilities	—	(8)	(168)	(176)
Total net assets (liabilities)	$ 2	$ (8)	$(168)	$(174)

As of December 31, 2013	Level 1	Level 2	Level 3	Total
Assets				
Rabbi trust investments				
Mutual funds	$ 5	$ —	$ —	$ 5
Rabbi trust investments subtotal	5	—	—	5
Total assets	5	—	—	5
Liabilities				
Deferred compensation obligation	—	(8)	—	(8)
Mark-to-market derivative liabilities(a)	—	—	(193)	(193)
Total liabilities	—	(8)	(193)	(201)
Total net assets (liabilities)	$ 5	$ (8)	$(193)	$(196)

(a) The Level 3 balance includes the current and noncurrent liability of $13 million and $155 million at March 31, 2014, respectively, and $17 million and $176 million at December 31, 2013, respectively, related to floating-to-fixed energy swap contracts with unaffiliated suppliers.

The following tables present the fair value reconciliation of Level 3 assets and liabilities measured at fair value on a recurring basis during the three months ended March 31, 2014 and 2013:

Three Months Ended March 31, 2014	Mark-to-Market Derivatives
Balance as of December 31, 2013	$ (193)
Total realized / unrealized gains included in regulatory assets(a)	25
Balance as of March 31, 2014	$ (168)

(a) Includes $30 million of decrease in the fair value partially offset by realized gains due to settlements of $5 million recorded in purchased power expense associated with floating-to-fixed energy swap contracts with unaffiliated suppliers for the three months ended March 31, 2014.

Three Months Ended March 31, 2013	Mark-to-Market Derivatives
Balance as of December 31, 2012	$ (293)
Total unrealized / realized gains included in regulatory assets(a)(b)	133
Balance as of March 31, 2013	$ (160)

(a) Includes $8 million of decreases in fair value and $133 million of realized gains due to settlements associated with ComEd's financial swap with Generation. All items eliminate upon consolidation in Exelon's Consolidated Financial Statements.
(b) Includes $11 million of increases in fair value and realized losses due to settlements of $3 million recorded in purchased power expense associated with floating-to-fixed energy swap contracts with unaffiliated suppliers for the three ended March 31, 2013.

PECO

The following tables present assets and liabilities measured and recorded at fair value on PECO's Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy as of March 31, 2014 and December 31, 2013:

As of March 31, 2014	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents	$ 32	$ —	$ —	$ 32
Rabbi trust investments				
Mutual funds(a)	9	—	—	9
Rabbi trust investments subtotal	9	—	—	9
Total assets	41	—	—	41
Liabilities				
Deferred compensation obligation	—	(17)	—	(17)
Total liabilities	—	(17)	—	(17)
Total net assets (liabilities)	$ 41	$ (17)	$ —	$ 24

As of December 31, 2013	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents	$ 175	$ —	$ —	$175
Rabbi trust investments				
Mutual funds(a)	9	—	—	9
Rabbi trust investments subtotal	9	—	—	9
Total assets	184	—	—	184
Liabilities				
Deferred compensation obligation	—	(17)	—	(17)
Total liabilities	—	(17)	—	(17)
Total net assets (liabilities)	$ 184	$ (17)	$ —	$167

(a) Excludes $14 million of the cash surrender value of life insurance investments at both March 31, 2014 and December 31, 2013.

PECO had no Level 3 assets or liabilities measured at fair value on a recurring basis during the three months ended March 31, 2014 and 2013.

BGE

The following tables present assets and liabilities measured and recorded at fair value on BGE's Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy as of March 31, 2014 and December 31, 2013:

As of March 31, 2014	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents	$ 30	$ —	$ —	$ 30
Rabbi trust investments				
Mutual funds	4	—	—	4
Rabbi trust investments subtotal	4	—	—	4
Total assets	34	—	—	34
Liabilities				
Deferred compensation obligation	—	(4)	—	(4)
Total liabilities	—	(4)	—	(4)
Total net assets (liabilities)	$ 34	$ (4)	$ —	$ 30

As of December 31, 2013	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents	$ 31	$ —	$ —	$ 31
Rabbi trust investments				
Mutual funds	6	—	—	6
Rabbi trust investments subtotal	6	—	—	6
Total assets	37	—	—	37
Liabilities				
Deferred compensation obligation	—	(6)	—	(6)
Total liabilities	—	(6)	—	(6)
Total net assets (liabilities)	$ 37	$ (6)	$ —	$ 31

BGE had no Level 3 assets or liabilities measured at fair value on a recurring basis during the three months ended March 31, 2014 and 2013.

Valuation Techniques Used to Determine Fair Value

The following describes the valuation techniques used to measure the fair value of the assets and liabilities shown in the tables above.

Cash Equivalents (Exelon, Generation, ComEd, PECO and BGE). The Registrants' cash equivalents include investments with maturities of three months or less when purchased. The cash equivalents shown in the fair value tables are comprised of investments in mutual and money market funds. The fair values of the shares of these funds are based on observable market prices and, therefore, have been categorized in Level 1 in the fair value hierarchy.

Nuclear Decommissioning Trust Fund Investments and Pledged Assets for Zion Station Decommissioning (Exelon and Generation). The trust fund investments have been established to satisfy Generation's nuclear

decommissioning obligations as required by the NRC. The NDT funds hold debt and equity securities directly and indirectly through commingled funds. Generation's investment policies place limitations on the types and investment grade ratings of the securities that may be held by the trusts. These policies limit the trust funds' exposures to investments in highly illiquid markets and other alternative investments. Investments with maturities of three months or less when purchased, including certain short-term fixed income securities are considered cash equivalents and included in the recurring fair value measurements hierarchy as Level 1 or Level 2.

With respect to individually held equity securities, the trustees obtain prices from pricing services, whose prices are obtained from direct feeds from market exchanges, which Generation is able to independently corroborate. The fair values of equity securities held directly by the trust funds are based on quoted prices in active markets and are categorized in Level 1. Equity securities held individually are primarily traded on the New York Stock Exchange and NASDAQ-Global Select Market, which contain only actively traded securities due to the volume trading requirements imposed by these exchanges.

For fixed income securities, multiple prices from pricing services are obtained whenever possible, which enables cross-provider validations in addition to checks for unusual daily movements. A primary price source is identified based on asset type, class or issue for each security. The trustees monitor prices supplied by pricing services and may use a supplemental price source or change the primary price source of a given security if the portfolio managers challenge an assigned price and the trustees determine that another price source is considered to be preferable. Generation has obtained an understanding of how these prices are derived, including the nature and observability of the inputs used in deriving such prices. Additionally, Generation selectively corroborates the fair values of securities by comparison to other market-based price sources. U.S. Treasury securities are categorized as Level 1 because they trade in a highly liquid and transparent market. The fair values of fixed income securities, excluding U.S. Treasury securities, are based on evaluated prices that reflect observable market information, such as actual trade information or similar securities, adjusted for observable differences and are categorized in Level 2. The fair values of private placement fixed income securities are determined using a third party valuation that contains significant unobservable inputs and are categorized in Level 3.

Equity and fixed income commingled funds and fixed income mutual funds are maintained by investment companies and hold certain investments in accordance with a stated set of fund objectives. The fair values of fixed income commingled and mutual funds held within the trust funds, which generally hold short-term fixed income securities and are not subject to restrictions regarding the purchase or sale of shares, are derived from observable prices. The objectives of the remaining equity commingled funds in which Exelon and Generation invest primarily seek to track the performance of certain equity indices by purchasing equity securities to replicate the capitalization and characteristics of the indices. Comingled and mutual funds are categorized in Level 2 because the fair value of the funds are based on NAVs per fund share (the unit of account), primarily derived from the quoted prices in active markets on the underlying equity securities. See Note 10 — Nuclear Decommissioning for further discussion on the NDT fund investments.

Middle market lending are investments in loans or managed funds which invest in private companies. Generation elected the fair value option for its investments in certain limited partnerships that invest in middle market lending managed funds. The fair value of these loans is determined using a combination of valuation models including cost models, market models, and income models. Investments in middle market lending are categorized as Level 3 because the fair value of these securities is based largely on inputs that are unobservable and utilize complex valuation models. Investments in middle market lending typically cannot be redeemed until maturity of the term loan.

As of March 31, 2014, Generation has outstanding commitments to invest in middle market lending, corporate debt securities, private equity investments, and real estate investments of approximately $469 million. These commitments will be funded by Generation's existing nuclear decommissioning trust funds.

Rabbi Trust Investments (Exelon, Generation, ComEd, PECO and BGE). The Rabbi trusts were established to hold assets related to deferred compensation plans existing for certain active and retired members of Exelon's executive management and directors. The investments in the Rabbi trusts are included in investments in the Registrants' Consolidated Balance Sheets and consist primarily of mutual funds. These funds are maintained by investment companies and hold certain investments in accordance with a stated set of fund objectives, which are consistent with Exelon's overall investment strategy. Mutual funds are publicly quoted and have been categorized as Level 1 given the clear observability of the prices.

Mark-to-Market Derivatives (Exelon, Generation, and ComEd) . Derivative contracts are traded in both exchange-based and non-exchange-based markets. Exchange-based derivatives that are valued using unadjusted quoted prices in active markets are categorized in Level 1 in the fair value hierarchy. Certain derivatives' pricing is verified using indicative price quotations available through brokers or over- the-counter, on-line exchanges and are categorized in Level 2. These price quotations reflect the average of the bid-ask, mid-point prices and are obtained from sources that the Registrants believe provide the most liquid market for the commodity. The price quotations are reviewed and corroborated to ensure the prices are observable and representative of an orderly transaction between market participants. This includes consideration of actual transaction volumes, market delivery points, bid-ask spreads and contract duration. The remainder of derivative contracts are valued using the Black model, an industry standard option valuation model. The Black model takes into account inputs such as contract terms, including maturity, and market parameters, including assumptions of the future prices of energy, interest rates, volatility, credit worthiness and credit spread. For derivatives that trade in liquid markets, such as generic forwards, swaps and options, model inputs are generally observable. Such instruments are categorized in Level 2. The Registrants' derivatives are predominately at liquid trading points. For derivatives that trade in less liquid markets with limited pricing information model inputs generally would include both observable and unobservable inputs. These valuations may include an estimated basis adjustment from an illiquid trading point to a liquid trading point for which active price quotations are available. Such instruments are categorized in Level 3.

Exelon may utilize fixed-to-floating interest rate swaps, which are typically designated as fair value hedges, as a means to achieve its targeted level of variable-rate debt as a percent of total debt. In addition, the Registrants may utilize interest rate derivatives to lock in interest rate levels in anticipation of future financings. These interest rate derivatives are typically designated as cash flow hedges. Exelon determines the current fair value by calculating the net present value of expected payments and receipts under the swap agreement, based on and discounted by the market's expectation of future interest rates. Additional inputs to the net present value calculation may include the contract terms, counterparty credit risk and other market parameters. As these inputs are based on observable data and valuations of similar instruments, the interest rate swaps are categorized in Level 2 in the fair value hierarchy. See Note 7 — Derivative Financial Instruments for further discussion on mark-to-market derivatives.

Deferred Compensation Obligations (Exelon, Generation, ComEd, PECO and BGE). The Registrants' deferred compensation plans allow participants to defer certain cash compensation into a notional investment account. The Registrants include such plans in other current and noncurrent liabilities in their Consolidated Balance Sheets. The value of the Registrants' deferred compensation obligations is based on the market value of the participants' notional investment accounts. The notional investments are comprised primarily of mutual funds, which are based on observable market prices. However, since the deferred compensation obligations themselves are not exchanged in an active market, they are categorized as Level 2 in the fair value hierarchy.

Additional Information Regarding Level 3 Fair Value Measurements (Exelon, Generation, ComEd)

Mark-to-Market Derivatives (Exelon, Generation, ComEd). For valuations that include both observable and unobservable inputs, if the unobservable input is determined to be significant to the overall inputs, the entire valuation is categorized in Level 3. This includes derivatives valued using indicative price quotations whose

contract tenure extends into unobservable periods. In instances where observable data is unavailable, consideration is given to the assumptions that market participants would use in valuing the asset or liability. This includes assumptions about market risks such as liquidity, volatility and contract duration. Such instruments are categorized in Level 3 as the model inputs generally are not observable. Exelon's RMC approves risk management policies and objectives for risk assessment, control and valuation, counterparty credit approval, and the monitoring and reporting of risk exposures. The RMC is chaired by the chief risk officer and includes the chief financial officer, corporate controller, general counsel, treasurer, vice president of strategy, vice president of audit services and officers representing Exelon's business units. The RMC reports to the Exelon Board of Directors on the scope of the risk management activities and is responsible for approving all valuation procedures at Exelon. Forward price curves for the power market utilized by the front office to manage the portfolio, are reviewed and verified by the middle office, and used for financial reporting by the back office. The Registrants consider credit and nonperformance risk in the valuation of derivative contracts categorized in Level 2 and 3, including both historical and current market data in its assessment of credit and nonperformance risk by counterparty. Due to master netting agreements and collateral posting requirements, the impacts of credit and nonperformance risk were not material to the financial statements.

Disclosed below is detail surrounding the Registrants' significant Level 3 valuations. The calculated fair value includes marketability discounts for margining provisions and other attributes. Generation's Level 3 balance generally consists of forward sales and purchases of power and natural gas, coal purchases, certain transmission congestion contracts, and project financing debt. Generation utilizes various inputs and factors including market data and assumptions that market participants would use in pricing assets or liabilities as well as assumptions about the risks inherent in the inputs to the valuation technique. The inputs and factors include forward commodity prices, commodity price volatility, contractual volumes, delivery location, interest rates, credit quality of counterparties and credit enhancements.

For commodity derivatives, the primary input to the valuation models is the forward commodity price curve for each instrument. Forward commodity price curves are derived by risk management for liquid locations and by the traders and portfolio managers for illiquid locations. All locations are reviewed and verified by risk management considering published exchange transaction prices, executed bilateral transactions, broker quotes, and other observable or public data sources. The relevant forward commodity curve used to value each of the derivatives depends on a number of factors, including commodity type, delivery location, and delivery period. Price volatility varies by commodity and location. When appropriate, Generation discounts future cash flows using risk free interest rates with adjustments to reflect the credit quality of each counterparty for assets and Generation's own credit quality for liabilities. The level of observability of a forward commodity price is generally due to the delivery location and delivery period. Certain delivery locations including PJM West Hub (for power) and Henry Hub (for natural gas) are more liquid and prices are observable for up to three years in the future. The observability period of volatility is generally shorter than the underlying power curve used in option valuations. The forward curve for a less liquid location is estimated by using the forward curve from the liquid location and applying a spread to represent the cost to transport the commodity to the delivery location. This spread does not typically represent a majority of the instrument's market price. As a result, the change in fair value is closely tied to liquid market movements and not a change in the applied spread. The change in fair value associated with a change in the spread is generally immaterial. An average spread calculated across all Level 3 power and gas delivery locations is approximately $3.83 and $0.37 for power and natural gas, respectively. Many of the commodity derivatives are short term in nature and thus a majority of the fair value may be based on observable inputs even though the contract as a whole must be classified as Level 3. See ITEM 3. — QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK for information regarding the maturity by year of the Registrant's mark-to-market derivative assets and liabilities.

On December 17, 2010, ComEd entered into several 20-year floating to fixed energy swap contracts with unaffiliated suppliers for the procurement of long-term renewable energy and associated RECs. See Note 7 — Derivative

Financial Instruments for more information. The fair value of these swaps has been designated as a Level 3 valuation due to the long tenure of the positions and internal modeling assumptions. The modeling assumptions include using natural gas heat rates to project long term forward power curves adjusted by a renewable factor that incorporates time of day and seasonality factors to reflect accurate renewable energy pricing. In addition, marketability reserves are applied to the positions based on the tenor and supplier risk. The table below discloses the significant inputs to the forward curve used to value these positions.

Type of trade	Fair Value at March 31, 2014(c)	Valuation Technique	Unobservable Input	Range
Mark-to-market derivatives — Economic Hedges (Generation) (a)	$ 186	Discounted Cash Flow	Forward power price	$19 - $155(d)
			Forward gas price	$2.18 - 17.65(d)
		Option Model	Volatility percentage	14% - 207%
Mark-to-market derivatives — Proprietary trading (Generation) (a)	$ (17)	Discounted Cash Flow	Forward power price	$26 - $152(d)
		Option Model	Volatility percentage	12% - 59%
Mark-to-market derivatives (ComEd)	$ (168)	Discounted Cash Flow	Forward heat rate(b)	8x - 9x
			Marketability reserve	3.5% - 8%
			Renewable factor	87% - 127%

a) The valuation techniques, unobservable inputs and ranges are the same for the asset and liability positions.
b) Quoted forward natural gas rates are utilized to project the forward power curve for the delivery of energy at specified future dates. The natural gas curve is extrapolated beyond its observable period to the end of the contract's delivery.
c) The fair values do not include cash collateral held on level three positions of $118 million as of March 31, 2014.
d) The upper ends of the ranges are driven by the winter power and gas prices in the New England region. Without the New England region, the upper ends of the ranges for power and gas would be approximately $114 and $10.62, respectively.

Type of trade	Fair Value at December 31, 2013(c)	Valuation Technique	Unobservable Input	Range
Mark-to-market derivatives — Economic Hedges (Generation)(a)				
	$ 488	Discounted Cash Flow	Forward power price	$8 - $176(d)
			Forward gas price	$2.98 - $16.63(d)
		Option Model	Volatility percentage	15% - 142%
Mark-to-market derivatives — Proprietary trading (Generation)(a)				
	$ 3	Discounted Cash Flow	Forward power price	$10 - $176(d)
		Option Model	Volatility percentage	14% - 19%
Mark-to-market derivatives (ComEd)	$ (193)	Discounted Cash Flow	Forward heat rate(b)	8x - 9x
			Marketability reserve	3.5% - 8%
			Renewable factor	84% - 128%

a) The valuation techniques, unobservable inputs and ranges are the same for the asset and liability positions.
b) Quoted forward natural gas rates are utilized to project the forward power curve for the delivery of energy at specified future dates. The natural gas curve is extrapolated beyond its observable period to the end of the contract's delivery.
c) The fair values do not include cash collateral held on level three positions of $26 million as of December 31, 2013
d) The upper ends of the ranges are driven by the winter power and gas prices in the New England region. Without the New England region, the upper ends of the ranges for power and gas would be approximately $100 and $5.70, respectively.

The inputs listed above would have a direct impact on the fair values of the above instruments if they were adjusted. The significant unobservable inputs used in the fair value measurement of Generation's commodity derivatives are forward commodity prices and for options is price volatility. Increases (decreases) in the forward commodity price in isolation would result in significantly higher (lower) fair values for long positions (contracts that give Generation the obligation or option to purchase a commodity), with offsetting impacts to short positions (contracts that give Generation the obligation or right to sell a commodity). Increases (decreases) in volatility would increase (decrease) the value for the holder of the option (writer of the option). Generally, a change in the estimate of forward commodity prices is unrelated to a change in the estimate of volatility of prices. An increase to the reserves listed above would decrease the fair value of the positions. An increase to the heat rate or renewable factors would increase the fair value accordingly. Generally, interrelationships exist between market prices of natural gas and power. As such, an increase in natural gas pricing would potentially have a similar impact on forward power markets.

Nuclear Decommissioning Trust Fund Investments and Pledged Assets for Zion Station Decommissioning (Exelon and Generation). For middle market lending, certain corporate debt securities, and private equity investments the fair value is determined using a combination of valuation models including cost models, market models and income models. The valuation estimates are based on valuations of comparable companies, discounting the forecasted cash flows of the portfolio company, estimating the liquidation or collateral value of the portfolio company or its assets, considering offers from third parties to buy the portfolio company, its historical and projected financial results, as well as other factors that may impact value. Significant judgment is required in the application of discounts or premiums applied to the prices of comparable companies for factors such as size, marketability, credit risk and relative performance.

Because Generation relies on third-party fund managers to develop the quantitative unobservable inputs without adjustment for the valuations of its' Level 3 investments, quantitative information about significant unobservable inputs used in valuing these investments is not reasonably available to Generation. This includes information regarding the sensitivity of the fair values to changes in the unobservable inputs. Generation gains an understanding of the fund managers' inputs and assumptions used in preparing the valuations. Generation performed procedures to assess the reasonableness of the valuations. For a sample of its' Level 3 investments, Generation reviewed independent valuations and reviewed the assumptions in the detailed pricing models used by the fund managers.

7. Derivative Financial Instruments (Exelon, Generation, ComEd, PECO and BGE)

The Registrants use derivative instruments to manage commodity price risk and interest rate risk related to ongoing business operations.

Commodity Price Risk (Exelon, Generation, ComEd, PECO and BGE)

To the extent the amount of energy Exelon generates differs from the amount of energy it has contracted to sell, the Registrants are exposed to market fluctuations in the prices of electricity, fossil fuels and other commodities. The Registrants employ established policies and procedures to manage their risks associated with market fluctuations by entering into physical and financial derivative contracts, including swaps, futures, forwards, options and short-term and long-term commitments to purchase and sell energy and energy-related products. The Registrants believe these instruments, which are classified as either economic hedges or non-derivatives, mitigate exposure to fluctuations in commodity prices.

Derivative accounting guidance requires that derivative instruments be recognized as either assets or liabilities at fair value, with changes in fair value of the derivative recognized in earnings each period. Other accounting treatments are available through special election and designation, provided they meet specific, restrictive criteria both at the time of designation and on an ongoing basis. These alternative permissible accounting treatments include normal purchase normal sale (NPNS), cash flow hedge, and fair value hedge. For commodity transactions, effective with the date of merger with Constellation, Generation no longer utilizes the special election provided for by the cash flow hedge designation and de-designated all of its existing cash flow hedges prior to the merger. Because the underlying forecasted transactions remain at least reasonably possible, the fair value of the effective portion of these cash flow hedges was frozen in accumulated OCI and reclassified to results of operations when the forecasted purchase or sale of the energy commodity occurs, or becomes probable of not occurring. None of Constellation's designated cash flow hedges for commodity transactions prior to the merger were re-designated as cash flow hedges. The effect of this decision is that all derivative economic hedges for commodities are recorded at fair value through earnings for the combined company, referred to as economic hedges in the following tables. The Registrants have applied the NPNS scope exception to certain derivative contracts for the forward sale of generation, power procurement agreements, and natural gas supply agreements. Non-derivative contracts for access to additional generation and certain sales to load-serving entities are accounted for primarily under the accrual method of accounting, which is further discussed in Note 22 — Commitments and Contingencies of the Exelon 2013 Form 10-K. Additionally, Generation is exposed to certain market risks through its proprietary trading activities. The proprietary trading activities are a complement to Generation's energy marketing portfolio but represent a small portion of Generation's overall energy marketing activities.

Economic Hedging. The Registrants are exposed to commodity price risk primarily relating to changes in the market price of electricity, fossil fuels, and other commodities associated with price movements resulting from changes in supply and demand, fuel costs, market liquidity, weather conditions, governmental regulatory and environmental policies, and other factors. Within Exelon, Generation has the most exposure to commodity

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price risk. As such, Generation uses a variety of derivative and non-derivative instruments to manage the commodity price risk of its electric generation facilities; including power and gas sales, fuel and energy purchases, natural gas transportation and pipeline capacity agreements and other energy-related products marketed and purchased. In order to manage these risks, Generation may enter into fixed-price derivative or non-derivative contracts to hedge the variability in future cash flows from forecasted sales of energy and gas and purchases of fuel and energy. The objectives for entering into such hedges include fixing the price for a portion of anticipated future electricity sales at a level that provides an acceptable return on electric generation operations, fixing the price of a portion of anticipated fuel purchases for the operation of power plants, and fixing the price for a portion of anticipated energy purchases to supply load-serving customers. The portion of forecasted transactions hedged may vary based upon management's policies and hedging objectives, the market, weather conditions, operational and other factors. Generation is also exposed to differences between the locational settlement prices of certain economic hedges and the hedged generating units. This price difference is actively managed through other instruments which include derivative congestion products, whose changes in fair value are recognized in earnings each period, and auction revenue rights, which are accounted for on an accrual basis.

In general, increases and decreases in forward market prices have a positive and negative impact, respectively, on Generation's owned and contracted generation positions that have not been hedged. Generation hedges commodity price risk on a ratable basis over three-year periods. As of March 31, 2014, the percentage of expected generation hedged for the major reportable segments was 91%-94%, 64%-67%, and 37%-40% for 2014, 2015, and 2016, respectively. The percentage of expected generation hedged is the amount of equivalent sales divided by the expected generation. Expected generation represents the amount of energy estimated to be generated or purchased through owned or contracted capacity. Equivalent sales represent all hedging products, which include economic hedges and certain non-derivative contracts including, Generation's sales to ComEd, PECO and BGE to serve their retail load.

On December 17, 2010, ComEd entered into several 20-year floating-to-fixed energy swap contracts with unaffiliated suppliers for the procurement of long-term renewable energy and associated RECs. Delivery under the contracts began in June 2012. Pursuant to the ICC's Order on December 19, 2012, ComEd's commitments under the existing long-term contracts for energy and associated RECs were reduced for the June 2013 through May 2014 procurement period. In addition, the ICC's December 18, 2013 Order approved the reduction of ComEd's commitments under those contracts for the June 2014 through May 2015 procurement period, and the amount of the reduction was approved in March 2014. These contracts are designed to lock in a portion of the long-term commodity price risk resulting from the renewable energy resource procurement requirements in the Illinois Settlement Legislation. ComEd has not elected hedge accounting for these derivative financial instruments. ComEd records the fair value of the swap contracts on its balance sheet. Because ComEd receives full cost recovery for energy procurement and related costs from retail customers, the change in fair value each period is recorded by ComEd as a regulatory asset or liability. See Note 3 — Regulatory Matters of the Exelon 2013 Form 10-K for additional information.

PECO has contracts to procure electric supply that were executed through the competitive procurement process outlined in its PAPUC-approved DSP Programs, which are further discussed in Note 4 — Regulatory Matters. Based on Pennsylvania legislation and the DSP Programs permitting PECO to recover its electric supply procurement costs from retail customers with no mark-up, PECO's price risk related to electric supply procurement is limited. PECO locked in fixed prices for a significant portion of its commodity price risk through full requirements contracts and block contracts. PECO has certain full requirements contracts and block contracts that are considered derivatives and qualify for the NPNS scope exception under current derivative authoritative guidance.

PECO's natural gas procurement policy is designed to achieve a reasonable balance of long-term and short-term gas purchases under different pricing approaches in order to achieve system supply reliability at the least

cost. PECO's reliability strategy is two-fold. First, PECO must assure that there is sufficient transportation capacity to satisfy delivery requirements. Second, PECO must ensure that a firm source of supply exists to utilize the capacity resources. All of PECO's natural gas supply and asset management agreements that are derivatives either qualify for the NPNS scope exception and have been designated as such, or have no mark-to-market balances because the derivatives are index priced. Additionally, in accordance with the 2013 PAPUC PGC settlement and to reduce the exposure of PECO and its customers to natural gas price volatility, PECO has continued its program to purchase natural gas for both winter and summer supplies using a layered approach of locking-in prices ahead of each season with long-term gas purchase agreements (those with primary terms of at least twelve months). Under the terms of the 2013 PGC settlement, PECO is required to lock in (i.e., economically hedge) the price of a minimum volume of its long-term gas commodity purchases. PECO's gas-hedging program is designed to cover about 30% of planned natural gas purchases in support of projected firm sales. The hedging program for natural gas procurement has no direct impact on PECO's financial position or results of operations as natural gas costs are fully recovered from customers under the PGC.

BGE has contracts to procure SOS electric supply that are executed through a competitive procurement process approved by the MDPSC. The SOS rates charged recover BGE's wholesale power supply costs and include an administrative fee. The administrative fee includes an incremental cost component and a shareholder return component for commercial and industrial rate classes. BGE's price risk related to electric supply procurement is limited. BGE locks in fixed prices for all of its SOS requirements through full requirements contracts. Certain of BGE's full requirements contracts, which are considered derivatives, qualify for the NPNS scope exception under current derivative authoritative guidance. Other BGE full requirements contracts are not derivatives.

BGE provides natural gas to its customers under a MBR mechanism approved by the MDPSC. Under this mechanism, BGE's actual cost of gas is compared to a market index (a measure of the market price of gas in a given period). The difference between BGE's actual cost and the market index is shared equally between shareholders and customers. BGE must also secure fixed price contracts for at least 10%, but not more than 20%, of forecasted system supply requirements for flowing (i.e., non-storage) gas for the November through March period. These fixed-price contracts are not subject to sharing under the MBR mechanism. BGE also ensures it has sufficient pipeline transportation capacity to meet customer requirements. All of BGE's natural gas supply and asset management agreements qualify for the NPNS scope exception and result in physical delivery.

Proprietary Trading. Generation also enters into certain energy-related derivatives for proprietary trading purposes. Proprietary trading includes all contracts entered into with the intent of benefiting from shifts or changes in market prices as opposed to those entered into with the intent of hedging or managing risk. Proprietary trading activities are subject to limits established by Exelon's RMC. The proprietary trading activities, which included settled physical sales volumes of 2,494 GWhs and 1,572 GWhs for the three months ended March 31, 2014 and 2013, respectively, are a complement to Generation's energy marketing portfolio but represent a small portion of Generation's revenue from energy marketing activities. ComEd, PECO and BGE do not enter into derivatives for proprietary trading purposes.

Interest Rate and Foreign Exchange Risk (Exelon, Generation, ComEd, PECO and BGE)

The Registrants use a combination of fixed-rate and variable-rate debt to manage interest rate exposure. The Registrants may also utilize fixed-to-floating interest rate swaps, which are typically designated as fair value hedges, as a means to manage their interest rate exposure. In addition, the Registrants may utilize interest rate derivatives to lock in rate levels in anticipation of future financings, which are typically designated as cash flow hedges. These strategies are employed to manage interest rate risks. At March 31, 2014, Exelon and Generation had $1,550 million and $700 million of notional amounts of fixed-to-floating hedges outstanding, respectively, and $530 million and $430 million of notional amounts of floating-to-fixed hedges outstanding, respectively.

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Assuming the fair value and cash flow interest rate hedges are 100% effective, a hypothetical 50 bps increase in the interest rates associated with unhedged variable-rate debt (excluding Commercial Paper) and fixed-to-floating swaps would result in approximately a $2 million decrease in Exelon Consolidated pre-tax income for the three months ended March 31, 2014. To manage foreign exchange rate exposure associated with international energy purchases in currencies other than U.S. dollars, Generation utilizes foreign currency derivatives, which are typically designated as economic hedges. Below is a summary of the interest rate and foreign currency hedges as of March 31, 2014.

	Generation					Other	Exelon
Description	Derivatives Designated as Hedging Instruments	Economic Hedges	Proprietary Trading(a)	Collateral and Netting(b)	Subtotal	Derivatives Designated as Hedging Instruments	Total
Mark-to-market derivative assets (current assets)	$ —	$ 4	$ 12	$ (14)	$ 2	$ —	$ 2
Mark-to-market derivative assets (noncurrent assets)	20	2	13	(8)	27	10	37
Total mark-to-market derivative assets	$ 20	$ 6	$ 25	$ (22)	$ 29	$ 10	$ 39
Mark-to-market derivative liabilities (current liabilities)	$ (1)	$ (3)	$ (15)	$ 17	$ (2)	$ —	$ (2)
Mark-to-market derivative liabilities (noncurrent liabilities)	(15)	(1)	(10)	11	(15)	(1)	(16)
Total mark-to-market derivative liabilities	$ (16)	$ (4)	$ (25)	$ 28	$ (17)	$ (1)	$ (18)
Total mark-to-market derivative net assets (liabilities)	$ 4	$ 2	$ —	$ 6	$ 12	$ 9	$ 21

(a) Generation enters into interest rate derivative contracts to economically hedge risk associated with the interest rate component of commodity positions. The characterization of the interest rate derivative contracts between the proprietary trading activity in the above table is driven by the corresponding characterization of the underlying commodity position that gives rise to the interest rate exposure. Generation does not utilize proprietary trading interest rate derivatives with the objective of benefiting from shifts or changes in market interest rates.

(b) Represents the netting of fair value balances with the same counterparty and any associated cash collateral.

The following table provides a summary of the interest rate hedge balances recorded by the Registrants as of December 31, 2013:

	Generation					Other	Exelon
Description	Derivatives Designated as Hedging Instruments	Economic Hedges	Proprietary Trading(a)	Collateral and Netting(b)	Subtotal	Derivatives Designated as Hedging Instruments	Total
Mark-to-market derivative assets (current assets)	$ —	$ 3	$ 15	$ (19)	$ (1)	$ —	$ (1)
Mark-to-market derivative assets (noncurrent assets)	26	3	15	(13)	31	7	38
Total mark-to-market derivative assets	$ 26	$ 6	$ 30	$ (32)	$ 30	$ 7	$ 37
Mark-to-market derivative liabilities (current liabilities)	$ (1)	$ (1)	$ (18)	$ 19	$ (1)	$ —	$ (1)
Mark-to-market derivative liabilities (noncurrent liabilities)	(10)	(1)	(13)	13	(11)	(4)	(15)
Total mark-to-market derivative liabilities	$ (11)	$ (2)	$ (31)	$ 32	$ (12)	$ (4)	$ (16)
Total mark-to-market derivative net assets (liabilities)	$ 15	$ 4	$ (1)	$ —	$ 18	$ 3	$ 21

(a) Generation enters into interest rate derivative contracts to economically hedge risk associated with the interest rate component of commodity positions. The characterization of the interest rate derivative contracts between the proprietary trading activity in the above table is driven by the corresponding characterization of the underlying commodity position that gives rise to the interest rate exposure. Generation does not utilize proprietary trading interest rate derivatives with the objective of benefiting from shifts or changes in market interest rates.

(b) Represents the netting of fair value balances with the same counterparty and any associated cash collateral.

Fair Value Hedges . For derivative instruments that are designated and qualify as fair value hedges, the gain or loss on the derivative as well as the offsetting loss or gain on the hedged item attributable to the hedged risk are recognized in current earnings. Exelon includes the gain or loss on the hedged items and the offsetting loss or gain on the related interest rate swaps in interest expense as follows:

		Three Months Ended March 31,			
		2014	2013	2014	2013
	Income Statement Location	Gain (Loss) on Swaps		Gain (Loss) on Borrowings	
Generation	Interest expense(a)	$ (5)	$ (4)	$ (1)	$ (1)
Exelon	Interest expense	$ 2	$ (6)	$ 4	$ 1

(a) For the three months ended March 31, 2014 and 2013, the loss on Generation swaps included $4 million and $4 million realized in earnings, respectively, with an immaterial amount excluded from hedge effectiveness testing.

During the first quarter of 2014, Exelon entered into $50 million and $75 million of notional amounts of fixed-to-floating fair value hedges related to interest rate swaps, which expire in 2019 and 2020, respectively. At March 31, 2014, Exelon and Generation had total outstanding fixed-to-floating fair value hedges related to interest rate swaps of $1,400 million and $550 million, with unrealized gains of $28 million and $19 million, respectively. At December 31, 2013, Exelon and Generation had outstanding fixed-to-floating fair value hedges related to interest rate swaps of $1,275 million and $550 million, with unrealized gains of $26 million and $23 million, respectively.

During the three months ended March 31, 2014 and 2013, the impact on the results of operations as a result of ineffectiveness from fair value hedges was a $5 million gain and immaterial, respectively.

Cash Flow Hedges . In connection with the DOE guaranteed loan for the Antelope Valley project financings, as discussed in Note 8 — Debt and Credit Agreements, Generation entered into a floating-to-fixed forward starting interest rate swap with a notional amount of $485 million and a mandatory early termination date of September 30, 2014. The swap hedges approximately 75% of Generation's future interest rate exposure associated with the financing and was designated as a cash flow hedge. As such, the effective portion of the hedge is recorded in other comprehensive income within Generation's Consolidated Balance Sheets, with any ineffectiveness recorded in Generation's Consolidated Statements of Operations and Comprehensive Income. Net gains (or losses) from settlement of the hedges, to the extent effective, are amortized as an adjustment to the interest expense over the term of the DOE guaranteed loan.

Every time Generation draws down on the loan, an offsetting hedge (fixed-to-floating) is executed and a portion of the cash flow hedge with a notional amount equal to the offsetting hedge, is de-designated and the related gains or losses going forward are reflected in earnings, which are largely offset by the losses or gains in the offsetting hedge.

Antelope Valley received its first loan advance on April 5, 2012, and a series of additional advances subsequently. Generation has entered into a series of fixed-to-floating interest rate swaps with an aggregated notional amount of $350 million, approximately 75% of the loan advance amount to offset portions of the original interest rate hedge, which are not designated as cash flow hedges. The remaining cash flow hedge has a notional amount of $135 million. At March 31, 2014, Generation's mark-to-market derivative liability relating to the interest rate swaps in connection with the loan agreement to fund Antelope Valley was $14 million.

During the third quarter of 2011, a subsidiary of Constellation entered into floating-to-fixed interest rate swaps to manage a portion of the interest rate exposure for anticipated long-term borrowings to finance Sacramento PV Energy. The swaps have a total notional amount of $28 million as of March 31, 2014 and expire in 2027. After the closing of the merger with Constellation, the swaps were re-designated as cash flow hedges. At March 31, 2014, the subsidiary had a $2 million derivative liability related to these swaps.

During the third quarter of 2012, a subsidiary of Exelon Generation entered into a floating-to-fixed interest rate swap to manage a portion of the interest rate exposure of anticipated long-term borrowings to finance Constellation Solar Horizons. The swap has a notional amount of $27 million as of March 31, 2014 and expires in 2030. This swap is designated as a cash flow hedge. At March 31, 2014, the subsidiary had a $2 million derivative asset related to the swap.

During the first quarter of 2014, a subsidiary of Exelon Generation entered into floating-to-fixed interest rate swaps to manage a portion of the interest rate exposure with long-term borrowings to finance ExGen Renewables I, LLC. See Note 8 — Debt and Credit Agreements for additional information regarding the financing. The swaps have a notional amount of $240 million as of March 31, 2014 and expire in 2020. The swaps are designated as cash flow hedges. At March 31, 2014, the subsidiary had an immaterial derivative liability related to the swaps.

During the first quarter of 2014, Exelon entered into $100 million of floating-to-fixed interest rate hedges to manage interest rate risks associated with anticipated future debt issuance. The swaps are designated as cash flow hedges. At March 31, 2014, Exelon had an immaterial derivative asset related to the swaps.

During the three months ended March 31, 2014 and 2013, the impact on the results of operations as a result of ineffectiveness from cash flow hedges was immaterial.

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Economic Hedges . At March 31, 2014, Generation had $195 million in notional amounts of interest rate derivative contracts to economically hedge risk associated with the interest rate component of commodity positions and $164 million in notional amounts of foreign currency exchange rate swaps that are marked-to-market to manage the exposure associated with international purchases of commodities in currencies other than U.S. dollars.

At March 31, 2014, Exelon and Generation had $150 million in notional amounts of fixed-to-floating interest rate swaps that are marked-to-market, with unrealized gains of $2 million. These swaps, which were acquired as part of the merger with Constellation, expire in 2014. During the three months ended March 31, 2014 and 2013, the impact on the results of operations was immaterial.

Fair Value Measurement and Accounting for the Offsetting of Amounts Related to Certain Contracts (Exelon, Generation, ComEd, PECO and BGE)

Fair value accounting guidance and disclosures about offsetting assets and liabilities requires the fair value of derivative instruments to be shown in the Notes to the Consolidated Financial Statements on a gross basis, even when the derivative instruments are subject to legally enforceable master netting agreements and qualify for net presentation in the Consolidated Balance Sheet. A master netting agreement is an agreement between two counterparties that may have derivative and non-derivative contracts with each other providing for the net settlement of all referencing contracts via one payment stream, which takes place as the contracts deliver, when collateral is requested or in the event of default. Generation's use of cash collateral is generally unrestricted unless Generation is downgraded below investment grade (i.e., to BB+ or Ba1). In the table below, Generation's energy related economic hedges and proprietary trading derivatives are shown gross and the impact of the netting of fair value balances with the same counterparty that are subject to legally enforceable master netting agreements, as well as netting of cash collateral, is aggregated in the collateral and netting column. As of March 31, 2014 and December 31, 2013, $8 million of cash collateral held and $10 million of cash collateral posted, respectively, was not offset against derivative positions because such collateral was not associated with any energy-related derivatives or as of the balance sheet date there were no positions to offset. Excluded from the tables below are economic hedges that qualify for the NPNS scope exception and other non-derivative contracts that are accounted for under the accrual method of accounting.

ComEd's use of cash collateral is generally unrestricted unless ComEd is downgraded below investment grade (i.e., to BB+ or Ba1).

Cash collateral held by PECO and BGE must be deposited in a non affiliate major U.S. commercial bank or foreign bank with a U.S. branch office that meet certain qualifications.

The following table provides a summary of the derivative fair value balances recorded by the Registrants as of March 31, 2014:

	Generation				ComEd	Exelon
Derivatives	Economic Hedges	Proprietary Trading	Collateral and Netting(a)	Subtotal(b)	Economic Hedges(c)	Total Derivatives
Mark-to-market derivative assets (current assets)	$ 3,401	$ 1,146	$ (3,793)	$ 754	$ —	$ 754
Mark-to-market derivative assets (noncurrent assets)	1,240	195	(901)	534	—	534
Total mark-to-market derivative assets	$ 4,641	$ 1,341	$ (4,694)	$ 1,288	$ —	$ 1,288
Mark-to-market derivative liabilities (current liabilities)	$ (3,348)	$ (1,112)	$ 4,224	$ (236)	$ (13)	$ (249)
Mark-to-market derivative liabilities (noncurrent liabilities)	(947)	(206)	1,037	(116)	(155)	(271)
Total mark-to-market derivative liabilities	$ (4,295)	$ (1,318)	$ 5,261	$ (352)	$ (168)	$ (520)
Total mark-to-market derivative net assets (liabilities)	$ 346	$ 23	$ 567	$ 936	$ (168)	$ 768

(a) Exelon and Generation net all available amounts allowed under the derivative accounting guidance on the balance sheet. These amounts include unrealized derivative transactions with the same counterparty under legally enforceable master netting agreements and cash collateral. In some cases Exelon and Generation may have other offsetting exposures, subject to a master netting or similar agreement, such as trade receivables and payables, transactions that do not qualify as derivatives, letters of credit and other forms of non-cash collateral. These are not reflected in the table above.

(b) Current and noncurrent assets are shown net of collateral of $(179) million and $(36) million, respectively, and current and noncurrent liabilities are shown net of collateral of $(252) million and $(100) million, respectively. The total cash collateral posted, net of cash collateral received and offset against mark-to-market assets and liabilities was $567 million at March 31, 2014.

(c) Includes current and noncurrent liabilities relating to floating-to-fixed energy swap contracts with unaffiliated suppliers.

The following table provides a summary of the derivative fair value balances recorded by the Registrants as of December 31, 2013:

	Generation				ComEd	Exelon
Description	Economic Hedges	Proprietary Trading	Collateral and Netting(a)	Subtotal(b)	Economic Hedges(c)	Total Derivatives
Mark-to-market derivative assets (current assets)	$ 2,616	$ 1,476	$ (3,364)	$ 728	$ —	$ 728
Mark-to-market derivative assets (noncurrent assets)	1,344	285	(1,060)	569	—	569
Total mark-to-market derivative assets	$ 3,960	$ 1,761	$ (4,424)	$ 1,297	$ —	$ 1,297
Mark-to-market derivative liabilities (current liabilities)	$ (2,023)	$ (1,410)	$ 3,292	$ (141)	$ (17)	$ (158)
Mark-to-market derivative liabilities (noncurrent liabilities)	(804)	(293)	988	(109)	(176)	(285)
Total mark-to-market derivative liabilities	$ (2,827)	$ (1,703)	$ 4,280	$ (250)	$ (193)	$ (443)
Total mark-to-market derivative net assets (liabilities)	$ 1,133	$ 58	$ (144)	$ 1,047	$ (193)	$ 854

(a) Exelon and Generation net all available amounts allowed under the derivative accounting guidance on the balance sheet. These amounts include unrealized derivative transactions with the same counterparty under legally enforceable master

netting agreements and cash collateral. In some cases Exelon and Generation may have other offsetting exposures, subject to a master netting or similar agreement, such as trade receivables and payables, transactions that do not qualify as derivatives, and letters of credit. These are not reflected in the table above.

(b) Current and noncurrent assets are shown net of collateral of $84 million and $72 million, respectively, and current and noncurrent liabilities are shown net of collateral of $(12) million and $0 million, respectively. The total cash collateral received, net of cash collateral posted and offset against mark-to-market assets and liabilities was $144 million at December 31, 2013.

(c) Includes current and noncurrent liabilities relating to floating-to-fixed energy swap contracts with unaffiliated suppliers.

Cash Flow Hedges (Exelon and Generation). As discussed previously, effective prior to the merger with Constellation, Generation de-designated all of its cash flow hedges relating to commodity price risk. Because the underlying forecasted transactions remain at least reasonably possible, the fair value of the effective portion of these cash flow hedges was frozen in accumulated OCI and is reclassified to results of operations when the forecasted purchase or sale of the energy commodity occurs, or becomes probable of not occurring. Generation began recording prospective changes in the fair value of these instruments through current earnings from the date of de-designation. Approximately $156 million of these net pre-tax unrealized gains within accumulated OCI are expected to be reclassified from accumulated OCI during the next twelve months by Generation. Generation expects the settlement of the majority of its cash flow hedges will occur during 2014.

The tables below provide the activity of accumulated OCI related to cash flow hedges for the three months ended March 31, 2014 and 2013, containing information about the changes in the fair value of cash flow hedges and the reclassification from accumulated OCI into results of operations. The amounts reclassified from accumulated OCI, when combined with the impacts of the actual physical power sales, result in the ultimate recognition of net revenues at the contracted price.

		Total Cash Flow Hedge OCI Activity, Net of Income Tax	
		Generation	Exelon
Three Months Ended March 31, 2014	Income Statement Location	Energy-Related Hedges	Total Cash Flow Hedges
Accumulated OCI derivative gain at December 31, 2013		$ 119(a)	$ 120
Effective portion of changes in fair value		—	(1)
Reclassifications from accumulated OCI to net income	Operating Revenues	(24)	(24)
Accumulated OCI derivative gain at March 31, 2014		$ 95(a)	$ 95

(a) Excludes $3 million and $15 million of gains, net of taxes, related to interest rate swaps and treasury rate locks as of March 31, 2014 and December 31, 2013.

		Total Cash Flow Hedge OCI Activity, Net of Income Tax	
		Generation	Exelon
Three Months Ended March 31, 2013	Income Statement Location	Energy-Related Hedges	Total Cash Flow Hedges
Accumulated OCI derivative gain at December 31, 2012		$ 532(a)(c)	$ 368
Effective portion of changes in fair value		—	(1)(d)
Reclassifications from accumulated OCI to net income	Operating Revenues	(135)(b)	(58)
Accumulated OCI derivative gain at March 31, 2013		$ 397(a)(c)	$ 309

(a) Includes $58 million and $133 million of gains, net of taxes, related to the fair value of the five-year financial swap contract with ComEd, as of March 31, 2013 and December 31, 2012, respectively.
(b) Includes a $75 million of losses, net of taxes, reclassified from accumulated OCI to recognize gains in net income related to the settlements of the five-year financial swap contract with ComEd.
(c) Excludes $16 million of losses and $20 million of losses, net of taxes, related to interest rate swaps and treasury rate locks as of March 31, 2013 and December 31, 2012, respectively.
(d) Includes $3 million of losses, net of taxes, related to the effective portion of changes in fair value of interest rate swaps and treasury rate locks at Generation for the three months ended March 31, 2013.

During the three months ended March 31, 2014 and 2013, Generation's former energy related cash flow hedge activity impact to pre-tax earnings based on the reclassification adjustment from accumulated OCI to earnings was a $39 million pre-tax gain and $223 million pre-tax gain, respectively. Given that the cash flow hedges had primarily consisted of forward power sales and power swaps and did not include power and gas options or sales, the ineffectiveness of Generation's cash flow hedges was primarily the result of differences between the locational settlement prices of the cash flow hedges and the hedged generating units.

The effect of Exelon's former energy-related cash flow hedge activity on pre-tax earnings based on the reclassification adjustment from accumulated OCI to earnings was a $39 million pre-tax gain for the three months ended March 31, 2014, and a $99 million pre-tax gain for the three months ended March 31, 2013. Neither Exelon nor Generation will incur changes in cash flow hedge ineffectiveness in future periods as all energy-related cash flow hedge positions were de-designated prior to the merger date.

Economic Hedges (Exelon and Generation). These instruments represent hedges that economically mitigate exposure to fluctuations in commodity prices and include financial options, futures, swaps, physical forward sales and purchases, but for which the fair value or cash flow hedge elections were not made. Additionally, Generation enters into interest rate derivative contracts and foreign exchange currency swaps to manage the exposure related to the interest rate component of commodity positions and international purchases of commodities in currencies other than U.S. Dollars. For the three months ended March 31, 2014 and 2013, the following net pre-tax mark-to-market gains (losses) of certain purchase and sale contracts were reported in operating revenues or purchased power and fuel expense at Exelon and Generation in the Consolidated Statements of Operations and Comprehensive Income and are included in "Net fair value changes related to derivatives" in Exelon's and Generation's Consolidated Statements of Cash Flows. In the tables below, "Change in fair value" represents the change in fair value of the derivative contracts held at the reporting date. The "Reclassification to realized at settlement" represents the recognized change in fair value that was reclassified to realized due to settlement of the derivative during the period.

	Generation			Intercompany Eliminations	Exelon
Three Months Ended March 31, 2014	Operating Revenues	Purchased Power and Fuel	Total	Operating Revenues	Total
Change in fair value	$ (853)	$ 171	$(682)	$ —	$(682)
Reclassification to realized at settlement	93	(141)	(48)	—	(48)
Net mark-to-market gains (losses)	$ (760)	$ 30	$(730)	$ —	$(730)

	Exelon and Generation			Intercompany Eliminations	Exelon
Three Months Ended March 31, 2013	Operating Revenues	Purchased Power and Fuel	Total	Operating Revenues(a)	Total
Change in fair value	$ (485)	$ 149	$(336)	$ 7	$(329)
Reclassification to realized at settlement	(101)	34	(67)	10	(57)
Net mark-to-market gains (losses)	$ (586)	$ 183	$(403)	$ 17	$(386)

(a) Prior to the merger, the five-year financial swap contract between Generation and ComEd was de-designated. As a result, all prospective changes in fair value were recorded to operating revenues and eliminated in consolidation.

Proprietary Trading Activities (Exelon and Generation). For the three months ended March 31, 2014 and 2013, Exelon and Generation recognized the following net unrealized mark-to-market gains (losses), net realized mark-to-market gains (losses) and total net mark-to-market gains (losses) (before income taxes) relating to mark-to-market activity on derivative instruments entered into for proprietary trading purposes. Gains and losses associated with proprietary trading are reported as operating revenue in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income and are included in "Net fair value changes related to derivatives" in Exelon's and Generation's Consolidated Statements of Cash Flows. In the tables below, "Change in fair value" represents the change in fair value of the derivative contracts held at the reporting date. The "Reclassification to realized at settlement" represents the recognized change in fair value that was reclassified to realized due to settlement of the derivative during the period.

	Location on Income Statement	Three Months Ended March 31, 2014	Three Months Ended March 31, 2013
Change in fair value	Operating Revenues	$ (3)	$ (4)
Reclassification to realized at settlement	Operating Revenues	1	6
Net mark-to-market gains (losses)	Operating Revenues	$ (2)	$ 2

Credit Risk (Exelon, Generation, ComEd, PECO and BGE)

The Registrants would be exposed to credit-related losses in the event of non-performance by counterparties that enter into derivative instruments. The credit exposure of derivative contracts, before collateral, is represented by the fair value of contracts at the reporting date. For energy-related derivative instruments, Generation enters into enabling agreements that allow for payment netting with its counterparties, which reduces Generation's exposure to counterparty risk by providing for the offset of amounts payable to the counterparty against amounts receivable from the counterparty. Typically, each enabling agreement is for a specific commodity and so, with respect to each individual counterparty, netting is limited to transactions involving that specific commodity product, except where master netting agreements exist with a counterparty that allow for cross product netting. In addition to payment netting language in the enabling agreement, Generation's credit department establishes credit limits, margining thresholds and collateral requirements for each counterparty, which are defined in the derivative contracts. Counterparty credit limits are based on an internal credit review process that considers a variety of factors, including the results of a scoring model, leverage, liquidity, profitability, credit ratings by credit rating agencies, and risk management capabilities. To the extent that a counterparty's margining thresholds are exceeded, the counterparty is required to post collateral with Generation as specified in each enabling agreement. Generation's credit department monitors current and forward credit exposure to counterparties and their affiliates, both on an individual and an aggregate basis.

The following tables provide information on Generation's credit exposure for all derivative instruments, NPNS, and applicable payables and receivables, net of collateral and instruments that are subject to master netting agreements, as of March 31, 2014. The tables further delineate that exposure by credit rating of the counterparties and provide guidance on the concentration of credit risk to individual counterparties. The figures in the tables below do not include credit risk exposure from uranium procurement contracts or exposure through RTOs, ISOs, NYMEX, ICE and Nodal commodity exchanges, further discussed in ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK. Additionally, the figures in the tables below do not include exposures with affiliates, including net receivables with ComEd, PECO and BGE of $34 million, $42 million and $41 million, respectively.

Rating as of March 31, 2014	Total Exposure Before Credit Collateral	Credit Collateral (a)	Net Exposure	Number of Counterparties Greater than 10% of Net Exposure	Net Exposure of Counterparties Greater than 10% of Net Exposure
Investment grade	$ 1,182	$ 117	$ 1,065	1	$ 443
Non-investment grade	35	22	13	—	—
No external ratings					
Internally rated — investment grade	321	—	321	1	206
Internally rated — non-investment grade	32	9	23	—	—
Total	$ 1,570	$ 148	$ 1,422	2	$ 649

Net Credit Exposure by Type of Counterparty	As of March 31, 2014
Financial institutions	$ 201
Investor-owned utilities, marketers, power producers	392
Energy cooperatives and municipalities	799
Other	30
Total	$ 1,422

(a) As of March 31, 2014, credit collateral held from counterparties where Generation had credit exposure included $140 million of cash and $8 million of letters of credit.

ComEd's power procurement contracts provide suppliers with a certain amount of unsecured credit. The credit position is based on forward market prices compared to the benchmark prices. The benchmark prices are the forward prices of energy projected through the contract term and are set at the point of supplier bid submittals. If the forward market price of energy exceeds the benchmark price, the suppliers are required to post collateral for the secured credit portion after adjusting for any unpaid deliveries and unsecured credit allowed under the contract. The unsecured credit used by the suppliers represents ComEd's net credit exposure. As of March 31, 2014, ComEd's credit exposure to suppliers was immaterial.

ComEd is permitted to recover its costs of procuring energy through the Illinois Settlement Legislation. ComEd's counterparty credit risk is mitigated by its ability to recover realized energy costs through customer rates. See Note 3 — Regulatory Matters of the Exelon 2013 Form 10-K for additional information.

PECO's supplier master agreements that govern the terms of its electric supply procurement contracts, which define a supplier's performance assurance requirements, allow a supplier to meet its credit requirements with a certain amount of unsecured credit. The amount of unsecured credit is determined based on the supplier's lowest credit rating from the major credit rating agencies and the supplier's tangible net worth. The credit position is based on the initial market price, which is the forward price of energy on the day a transaction is

executed, compared to the current forward price curve for energy. To the extent that the forward price curve for energy exceeds the initial market price, the supplier is required to post collateral to the extent the credit exposure is greater than the supplier's unsecured credit limit. The unsecured credit used by the suppliers represents PECO's net credit exposure. The unsecured credit used by the suppliers represents PECO's net credit exposure. As of March 31, 2014, PECO's net credit exposure with suppliers was immaterial and did not exceed the allowed unsecured credit levels.

PECO is permitted to recover its costs of procuring electric supply through its PAPUC-approved DSP Program. PECO's counterparty credit risk is mitigated by its ability to recover realized energy costs through customer rates. See Note 4 - Regulatory Matters for additional information.

PECO's natural gas procurement plan is reviewed and approved annually on a prospective basis by the PAPUC. PECO's counterparty credit risk under its natural gas supply and asset management agreements is mitigated by its ability to recover its natural gas costs through the PGC, which allows PECO to adjust rates quarterly to reflect realized natural gas prices. PECO does not obtain collateral from suppliers under its natural gas supply and asset management agreements. As of March 31, 2014, PECO had credit exposure of $1 million under its natural gas supply and asset management agreements with investment grade suppliers.

BGE is permitted to recover its costs of procuring energy through the MDPSC-approved procurement tariffs. BGE's counterparty credit risk is mitigated by its ability to recover realized energy costs through customer rates. See Note 4 — Regulatory Matters for additional information.

BGE's full requirement wholesale electric power agreements that govern the terms of its electric supply procurement contracts, which define a supplier's performance assurance requirements, allow a supplier, or its guarantor, to meet its credit requirements with a certain amount of unsecured credit. The amount of unsecured credit is determined based on the supplier's lowest credit rating from the major credit rating agencies and the supplier's tangible net worth, subject to an unsecured credit cap. The credit position is based on the initial market price, which is the forward price of energy on the day a transaction is executed, compared to the current forward price curve for energy. To the extent that the forward price curve for energy exceeds the initial market price, the supplier is required to post collateral to the extent the credit exposure is greater than the supplier's unsecured credit limit. The unsecured credit used by the suppliers represents BGE's net credit exposure. The seller's credit exposure is calculated each business day. As of March 31, 2014, BGE had a net credit exposure of $18 million to suppliers.

BGE's regulated gas business is exposed to market-price risk. This market-price risk is mitigated by BGE's recovery of its costs to procure natural gas through a gas cost adjustment clause approved by the MDPSC. BGE does make off-system sales after BGE has satisfied its customers' demands, which are not covered by the gas cost adjustment clause. At March 31, 2014, BGE had credit exposure of $12 million related to off-system sales which is mitigated by parental guarantees, letters of credit, or right to offset clauses within other contracts with those third party suppliers.

Collateral and Contingent-Related Features (Exelon, Generation, ComEd, PECO and BGE)

As part of the normal course of business, Generation routinely enters into physical or financially settled contracts for the purchase and sale of electric capacity, energy, fuels, emissions allowances and other energy-related products. Certain of Generation's derivative instruments contain provisions that require Generation to post collateral. Generation also enters into commodity transactions on exchanges (i.e., NYMEX, ICE). The exchanges act as the counterparty to each trade. Transactions on the exchanges must adhere to comprehensive collateral and margining requirements. This collateral may be posted in the form of cash or credit support with thresholds contingent upon Generation's credit rating from each of the major credit rating agencies. The collateral and credit support requirements vary by contract and by counterparty. These credit-risk-related contingent features stipulate

that if Generation were to be downgraded or lose its investment grade credit rating (based on its senior unsecured debt rating), it would be required to provide additional collateral. This incremental collateral requirement allows for the offsetting of derivative instruments that are assets with the same counterparty, where the contractual right of offset exists under applicable master netting agreements. In the absence of expressly agreed-to provisions that specify the collateral that must be provided, collateral requested will be a function of the facts and circumstances of the situation at the time of the demand. In this case, Generation believes an amount of several months of future payments (i.e., capacity payments) rather than a calculation of fair value is the best estimate for the contingent collateral obligation, which has been factored into the disclosure below.

The aggregate fair value of all derivative instruments with credit-risk-related contingent features in a liability position that are not fully collateralized (excluding transactions on the exchanges that are fully collateralized) is detailed in the table below:

Credit-Risk Related Contingent Feature	March 31, 2014	December 31, 2013
Gross Fair Value of Derivative Contracts Containing this Feature(a)	$ (1,178)	$ (1,056)
Offsetting Fair Value of In-the-Money Contracts Under Master Netting Arrangements(b)	902	846
Net Fair Value of Derivative Contracts Containing This Feature(c)	$ (276)	$ (210)

(a) Amount represents the gross fair value of out-of-the-money derivative contracts containing credit-risk related contingent features ignoring the effects of master netting agreements.
(b) Amount represents the offsetting fair value of in-the-money derivative contracts under legally enforceable master netting agreements with the same counterparty, which reduces the amount of any liability for which a Registrant could potentially be required to post collateral.
(c) Amount represents the net fair value of out-of-the-money derivative contracts containing credit-risk related contingent features after considering the mitigating effects of offsetting positions under master netting arrangements and reflects the actual net liability upon which any potential contingent collateral obligations would be based.

Generation had cash collateral posted of $713 million and letters of credit posted of $555 million and cash collateral held of $148 million and letters of credit held of $14 million as of March 31, 2014 for counterparties with derivative positions. Generation had cash collateral posted of $72 million and letters of credit posted of $364 million and cash collateral held of $206 million and letters of credit held of $34 million at December 31, 2013 for counterparties with derivative positions. In the event of a credit downgrade below investment grade (i.e., to BB+ by S&P or Ba1 by Moody's), Generation could be required to post additional collateral of $2.1 billion as of March 31, 2014 and $2.0 billion as of December 31, 2013. These amounts represent the potential additional collateral required after giving consideration to offsetting derivative and non-derivative positions under master netting agreements.

Generation's and Exelon's interest rate swaps contain provisions that, in the event of a merger, if Generation's debt ratings were to materially weaken, it would be in violation of these provisions, resulting in the ability of the counterparty to terminate the agreement prior to maturity. Collateralization would not be required under any circumstance. Termination of the agreement could result in a settlement payment by Exelon or the counterparty on any interest rate swap in a net liability position. The settlement amount would be equal to the fair value of the swap on the termination date. As of March 31, 2014, Generation's and Exelon's swaps were in an asset position, with a fair value of $12 million and $21 million, respectively.

See Note 24 — Segment Information of the Exelon 2013 Form 10-K for further information regarding the letters of credit supporting the cash collateral.

Generation entered into supply forward contracts with certain utilities, including PECO and BGE, with one-sided collateral postings only from Generation. If market prices fall below the benchmark price levels in these

contracts, the utilities are not required to post collateral. However, when market prices rise above the benchmark price levels, counterparty suppliers, including Generation, are required to post collateral once certain unsecured credit limits are exceeded. Under the terms of ComEd's standard block energy contracts, collateral postings are one-sided from suppliers, including Generation, should exposures between market prices and benchmark prices exceed established unsecured credit limits outlined in the contracts. As of March 31, 2014, ComEd held neither cash nor letters of credit for the purpose of collateral from suppliers in association with energy procurement contracts. Under the terms of ComEd's annual renewable energy contracts, collateral postings are required to cover a fixed value for RECs only. In addition, under the terms of ComEd's long-term renewable energy contracts, collateral postings are required from suppliers for both RECs and energy. The REC portion is a fixed value and the energy portion is one-sided from suppliers should the forward market prices exceed contract prices. As of March 31, 2014, ComEd held approximately $19 million in the form of cash and letters of credit as margin for both the annual and long-term REC obligations. See Note 3 — Regulatory Matters of the Exelon 2013 Form 10-K for additional information.

PECO's natural gas procurement contracts contain provisions that could require PECO to post collateral. This collateral may be posted in the form of cash or credit support with thresholds contingent upon PECO's credit rating from the major credit rating agencies. The collateral and credit support requirements vary by contract and by counterparty. As of March 31, 2014, PECO was not required to post collateral for any of these agreements. If PECO lost its investment grade credit rating as of March 31, 2014, PECO could have been required to post approximately $43 million of collateral to its counterparties.

PECO's supplier master agreements that govern the terms of its DSP Program contracts do not contain provisions that would require PECO to post collateral.

BGE's full requirements wholesale power agreements that govern the terms of its electric supply procurement contracts do not contain provisions that would require BGE to post collateral.

BGE's natural gas procurement contracts contain provisions that could require BGE to post collateral. This collateral may be posted in the form of cash or credit support with thresholds contingent upon BGE's credit rating from the major credit rating agencies. The collateral and credit support requirements vary by contract and by counterparty. As of March 31, 2014, BGE was not required to post collateral for any of these agreements. If BGE lost its investment grade credit rating as of March 31, 2014, BGE could have been required to post approximately $153 million of collateral to its counterparties.

8. Debt and Credit Agreements (Exelon, Generation, ComEd, PECO and BGE)

Short-Term Borrowings

Exelon, ComEd and BGE meet their short-term liquidity requirements primarily through the issuance of commercial paper. Generation and PECO meet their short-term liquidity requirements primarily through the issuance of commercial paper and borrowings from the intercompany money pool.

The Registrants had the following amounts of commercial paper borrowings outstanding as of March 31, 2014 and December 31, 2013:

Commercial Paper Borrowings	March 31, 2014	December 31, 2013
Exelon Corporate	$ —	$ —
Generation	352	—
ComEd	534	184
PECO	—	—
BGE	69	135

Credit Facilities

Exelon had bank lines of credit under committed credit facilities at March 31, 2014 for short-term financial needs, as follows:

Type of Credit Facility	Amount(a) (In billions)	Expiration Dates	Capacity Type
Exelon Corporate			
Syndicated Revolver	$ 0.5	August 2018	Letters of credit and cash
Generation			
Syndicated Revolver	5.3	August 2018	Letters of credit and cash
Bilateral	0.3	December 2015 and March 2016	Letters of credit and cash
Bilateral	0.1	January 2015	Letters of credit
ComEd			
Syndicated Revolver	1.0	March 2019	Letters of credit and cash
PECO			
Syndicated Revolver	0.6	August 2018	Letters of credit and cash
BGE			
Syndicated Revolver	0.6	August 2018	Letters of credit and cash
Total	$ 8.4		

(a) Excludes additional credit facility agreements for Generation, ComEd, PECO and BGE with aggregate commitments of $50 million, $34 million, $34 million and $5 million, respectively, arranged with minority and community banks located primarily within ComEd's, PECO's and BGE's service territories. These facilities expire on October 18, 2014 and are solely utilized to issue letters of credit. As of March 31, 2014, letters of credit issued under these agreements for Generation, ComEd, PECO and BGE totaled $20 million, $17 million, $21 million and $1 million, respectively.

As of March 31, 2014, there were no borrowings under the Registrants' credit facilities.

On March 28, 2014, ComEd extended for an additional year, its unsecured revolving credit facility with aggregate bank commitments of $1.0 billion. Under this facility, ComEd may issue letters of credit in the aggregate amount of up to $500 million. The credit agreement expires on March 28, 2019. The credit facility also allows ComEd to request increases in the aggregate commitments of up to an additional $500 million. Any increases are subject to the approval of the lenders party to the credit agreement in their sole discretion. Costs incurred to extend the facility for ComEd were not material.

Borrowings under Exelon Corporate's, Generation's, ComEd's, PECO's and BGE's credit agreements bear interest at a rate based upon either the prime rate or a LIBOR-based rate, plus an adder based upon the particular registrant's credit rating. Exelon Corporate, Generation, ComEd, PECO and BGE have adders of 27.5, 27.5, 7.5, 0.0 and 0.0 basis points for prime based borrowings and 127.5, 127.5, 107.5, 90.0 and 100.0 basis points for LIBOR-based borrowings. The maximum adders for prime rate borrowings and LIBOR-based rate borrowings are 65 basis points and 165 basis points, respectively. The credit agreements also require the borrower to pay a facility fee based upon the aggregate commitments under the agreement. The fee varies depending upon the respective credit ratings of the borrower.

Long-Term Debt

Issuance of Long-Term Debt

During the three months ended March 31, 2014, the following long-term debt was issued:

Company	Type	Interest Rate	Maturity	Amount	Use of Proceeds
Generation	ExGen Renewables I Project Financing	LIBOR + 4.250%	February 6, 2021	$ 300	Used for general corporate purposes
ComEd	Mortgage Bonds Series 115	2.150%	January 15, 2019	$ 300	Used to refinance existing mortgage bonds
ComEd	Mortgage Bonds Series 116	4.700%	January 15, 2044	$ 350	Used to refinance existing mortgage bonds

During the three months ended March 31, 2013, the following long-term debt was issued:

Company	Type	Interest Rate	Maturity	Amount	Use of Proceeds
Generation	Upstream Gas Lending Agreement	2.210 %	July 22, 2016	$ 3	Used to fund Upstream gas activities
Generation	DOE Project Financing	2.720 - 2.810 %	January 5, 2037	$ 146	Funding for Antelope Valley Solar Development

Retirement and Redemptions of Current and Long-Term Debt

During the three months ended March 31, 2014, the following long-term debt was retired and/or redeemed:

Company	Type	Interest Rate	Maturity	Amount
Generation	2003 Senior Notes	5.35%	January 15, 2014	$ 500
Generation	Pollution Control Loan	4.10%	July 1, 2014	$ 20
Generation	Continental Wind Project Financing	6.00%	February 28, 2033	$ 11
Generation	Kennett Square Capital Lease	7.83%	September 20, 2020	$ 1
ComEd	Mortgage Bonds Series 110	1.63%	January 15, 2014	$ 600
ComEd	Pollution Control Series 1994C	5.85%	January 15, 2014	$ 17

During the three months ended March 31, 2013, the following long-term debt was retired and/or redeemed:

Company	Type	Interest Rate	Maturity	Amount
Generation	Kennett Square Capital Lease	7.83%	September 20, 2020	$ 1

Non-Recourse Debt

The following describes certain indebtedness that was incurred by Generation's project company subsidiaries during the three months ended March 31, 2014. The indebtedness described below is a component of the total net book value of certain generating facilities pledged as collateral of $1.9 billion as of March 31, 2014. All associated project financing liabilities are non-recourse to Exelon and Generation.

ExGen Renewables Energy I LLC

On February 6, 2014, ExGen Renewables I, LLC (EGR), an indirect subsidiary of Exelon and Generation, borrowed $300 million aggregate principal amount pursuant to a non-recourse senior secured loan, due

February 6, 2021. The loan bears interest at a variable rate equal to LIBOR plus 4.25%. EGR indirectly owns Continental Wind LLC (Continental Wind). In addition to the financing, EGR entered into interest rate swaps with a notional amount of $240 million to manage a portion of the interest rate exposure in connection with the financing. See Note 7 — Derivative Financial Instruments for additional information regarding interest rate swaps.

9. Income Taxes (Exelon, Generation, ComEd, PECO and BGE)

The effective income tax rate from continuing operations varies from the U.S. Federal statutory rate principally due to the following:

For the Three Months Ended March 31, 2014	Exelon	Generation(a)	ComEd	PECO	BGE
U.S. Federal statutory rate	35.0%	35.0%	35.0%	35.0%	35.0%
Increase (decrease) due to:					
State income taxes, net of Federal income tax benefit	(57.6)	9.7	5.5	1.2	5.2
Qualified nuclear decommissioning trust fund income	44.2	(4.6)	—	—	—
Domestic production activities deduction	(27.8)	2.9	—	—	—
Health care reform legislation	1.3	—	0.1	—	0.2
Amortization of investment tax credit, net deferred taxes	(18.0)	1.7	(0.3)	(0.1)	(0.2)
Plant basis differences	(31.4)	—	(0.6)	(8.7)	(0.6)
Production tax credits and other credits	(36.5)	3.8	—	—	—
Other	(47.7)	3.3	0.2	0.2	0.1
Effective income tax rate	(138.5)%	51.8%	39.9%	27.6%	39.7%

For the Three Months Ended March 31, 2013	Exelon	Generation(b)	ComEd(b)	PECO	BGE
U.S. Federal statutory rate	35.0%	35.0%	35.0%	35.0%	35.0%
Increase (decrease) due to:					
State income taxes, net of Federal income tax benefit	68.0	82.0	5.8	2.8	5.7
Qualified nuclear decommissioning trust fund income	62.0	(192.3)	—	—	—
Domestic production activities deduction	(2.4)	7.4	—	—	—
Tax exempt income	(1.6)	4.8	—	—	—
Health care reform legislation	2.2	—	(0.5)	—	0.4
Amortization of investment tax credit, net deferred taxes	(25.8)	75.6	0.4	(0.1)	(0.2)
Plant basis differences	(24.9)	—	0.9	(6.7)	(0.6)
Production tax credits and other credits	(21.7)	67.2	—	—	—
Other	7.4	(74.1)	0.1	0.1	0.4
Effective income tax rate	98.2%	5.6%	41.7%	31.1%	40.7%

(a) Generation recognized a loss before income taxes for the three months ended March 31, 2014. As a result, positive percentages represent an income tax benefit for Generation for the three months ended March 31, 2014.

(b) Generation and ComEd recognized a loss before income taxes for the three months ended March 31, 2013. As a result, positive percentages represent an income tax benefit for Generation and ComEd for the three months ended March 31, 2013.

Accounting for Uncertainty in Income Taxes

Exelon, Generation, ComEd, PECO, and BGE have $1,861 million, $1,394 million, $155 million, $44 million, and $0 million, of unrecognized tax benefits as of March 31, 2014, respectively, and $2,175 million, $1,415 million, $324 million, $44 million, and $0 million, of unrecognized tax benefits as of December 31, 2013, respectively. The unrecognized tax benefits as of March 31, 2014 reflect a decrease at Exelon and ComEd primarily attributable to the like-kind exchange and the lease termination position discussed below.

Reasonably possible the total amount of unrecognized tax benefits could significantly increase or decrease within 12 months after the reporting date

Nuclear Decommissioning Liabilities (Exelon and Generation)

AmerGen filed income tax refund claims taking the position that nuclear decommissioning liabilities assumed as part of its acquisition of nuclear power plants are taken into account in determining the tax basis in the assets it acquired. The additional basis results primarily in reduced capital gains or increased capital losses on the sale of assets in nonqualified decommissioning funds and increased tax depreciation and amortization deductions. The IRS disagrees with this position and has disallowed the claims. In November 2008, Generation received a final determination from the Appeals division of the IRS (IRS Appeals) disallowing AmerGen's refund claims. Generation filed a complaint in the United States Court of Federal Claims on February 20, 2009 to contest this determination. During the first and second quarters of 2013, AmerGen and the DOJ completed and filed cross motions for summary judgment. On September 17, 2013, the Court granted the government's motion denying AmerGen's claims for refund. In the first quarter of 2014, Exelon filed an appeal of the decision to the United States Court of Appeals for the Federal Circuit.

Due to the possibility of final resolution through an appellate decision, Generation continues to believe that it is reasonably possible that the total amount of unrecognized tax benefits may significantly decrease in the next 12 months.

Settlement of Income Tax Audits

As of March 31, 2014, Exelon and Generation have approximately $225 million of unrecognized state tax benefits that could significantly increase or decrease within the 12 months after the reporting date as a result of completing federal and state audits and expected statute of limitation expirations that if recognized would decrease the effective tax rate. In January 2014, certain unrecognized tax benefits as of December 31, 2013 were effectively settled and thus resulted in reduced tax expense of $33 million at Generation in the first quarter of 2014.

Other Income Tax Matters

Like-Kind Exchange

Exelon, through its ComEd subsidiary, took a position on its 1999 income tax return to defer approximately $1.2 billion of tax gain on the sale of ComEd's fossil generating assets. The gain was deferred by reinvesting a portion of the proceeds from the sale in qualifying replacement property under the like-kind exchange provisions of the IRC. The like-kind exchange replacement property purchased by Exelon included interests in three municipal-owned electric generation facilities which were properly leased back to the municipalities. The IRS disagreed with this position and asserted that the entire gain of approximately $1.2 billion was taxable in 1999.

Exelon has been unable to reach agreement with the IRS regarding the dispute over the like-kind exchange position. The IRS has asserted that the Exelon purchase and leaseback transaction is substantially similar to a

leasing transaction, known as a SILO, which the IRS does not respect as the acquisition of an ownership interest in property. A SILO is a "listed transaction" that the IRS has identified as a potentially abusive tax shelter under guidance issued in 2005. Accordingly, the IRS has asserted that the sale of the fossil plants followed by the purchase and leaseback of the municipal owned generation facilities does not qualify as a like-kind exchange and the gain on the sale is fully subject to tax. The IRS has also asserted a penalty of approximately $87 million for a substantial understatement of tax.

Exelon disagrees with the IRS and continues to believe that its like-kind exchange transaction is not the same as or substantially similar to a SILO. Although Exelon has been and remains willing to settle the disagreement on terms commensurate with the hazards of litigation, Exelon does not believe a settlement is possible. Because Exelon believed, as of December 31, 2012, that it was more-likely-than-not that Exelon would prevail in litigation, Exelon and ComEd had no liability for unrecognized tax benefits with respect to the like-kind exchange position.

On January 9, 2013, the U.S. Court of Appeals for the Federal Circuit reversed the U.S. Court of Federal Claims and reached a decision for the government in Consolidated Edison v. United States. The Court disallowed Consolidated Edison's deductions stemming from its participation in a LILO transaction that the IRS also has characterized as a tax shelter.

In accordance with applicable accounting standards, Exelon is required to assess whether it is more-likely-than-not that it will prevail in litigation. Exelon continues to believe that its transaction is not a SILO and that it has a strong case on the merits. However, in light of the Consolidated Edison decision and Exelon's current determination that settlement is unlikely, Exelon has concluded that subsequent to December 31, 2012, it is no longer more-likely-than-not that its position will be sustained. As a result, in the first quarter of 2013 Exelon recorded a non-cash charge to earnings of approximately $265 million, which represents the amount of interest expense (after-tax) and incremental state income tax expense for periods through March 31, 2013 that would be payable in the event that Exelon is unsuccessful in litigation. Of this amount, approximately $170 million was recorded at ComEd. Exelon intends to hold ComEd harmless from any unfavorable impacts of the after-tax interest amounts on ComEd's equity. As such, ComEd recorded on its consolidated balance sheet as of March 31, 2013, a $172 million receivable and non-cash equity contributions from Exelon. Exelon and ComEd will continue to accrue interest on the unpaid tax liabilities related to the uncertain tax position, and the charges arising from future interest accruals are not expected to be material to the annual operating earnings of Exelon or ComEd. In addition, ComEd will continue to record non-cash equity contributions from Exelon in the amount of the net after-tax interest charges attributable to ComEd in connection with the like-kind exchange position. Exelon continues to believe that it is unlikely that the $87 million penalty assertion will ultimately be sustained and therefore no liability for the penalty has been recorded.

On September 30, 2013, the Internal Revenue Service issued a notice of deficiency to Exelon for the like-kind exchange position. Exelon filed a petition on December 13, 2013 to initiate litigation in the United States Tax Court. Exelon was not required to remit any part of the asserted tax or penalty in order to litigate the issue. The litigation could take three to five years including appeals, if necessary. Decisions in the Tax Court are not controlled by the Federal Circuit's decision in Consolidated Edison.

In the event of a fully successful IRS challenge to Exelon's like-kind exchange position, the potential tax and after-tax interest, exclusive of penalties, that could become currently payable as of March 31, 2014 may be as much as $840 million, of which approximately $300 million would be attributable to ComEd after consideration of Exelon's agreement to hold ComEd harmless, and the balance at Exelon. Litigation could take several years such that the estimated cash and interest impacts would likely change by a material amount.

In the first quarter of 2014, Exelon entered into an agreement to terminate its investment in one of the three municipal-owned electric generation properties in exchange for a net early termination amount of $335 million. The

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termination will result in a 2014 tax payment of approximately $285 million by Exelon, including approximately $155 million by ComEd representing the remaining gain deferred pursuant to the like-kind exchange transaction. In the event of a fully successful IRS challenge to Exelon's like-kind exchange position, Exelon will be required to pay the full amount of tax and after-tax interest discussed in the preceding paragraph but will ultimately be entitled to a refund of the 2014 tax payment. See Note 16 — Supplemental Financial Information for further details.

Accounting for Final Tangible Property Regulations (Exelon, Generation, ComEd, PECO, and BGE)

On September 19, 2013, the Treasury Department and the IRS published final regulations regarding the tax treatment of costs incurred to acquire, produce, or improve tangible property. The Registrants have assessed the financial impact of this guidance and do not expect it to have a material impact. Any changes in method of accounting required to conform to the final regulations will be made for the Registrant's 2014 taxable year.

Accounting for Generation Repairs (Exelon and Generation)

On April 30, 2013, the IRS issued Revenue Procedure 2013-24 providing guidance for determining the appropriate tax treatment of costs incurred to repair electric generation assets. Generation will change its method of accounting for deducting repairs in accordance with this guidance beginning with its 2014 tax year. Generation has estimated that adoption of the new method will result in a cash tax detriment of approximately $100 - $120 million.

Long-Term State Tax Apportionment (Exelon and Generation)

Exelon and Generation periodically review events that may significantly impact how income is apportioned among the states and, therefore, the calculation of Exelon's and Generation's deferred state income taxes. As a result of the merger with Constellation, Exelon and Generation re-evaluated their long-term state tax apportionment in the first quarter of 2012. The total effect of revising the long-term state tax apportionment resulted in the recording of a deferred state tax asset of $72 million (net of Federal taxes) for Exelon. Of this, a benefit in the amount of $116 million and $14 million (net of Federal taxes) was recorded for Exelon and Generation, respectively, for the three months ended March 31, 2012. Further, Exelon and Generation recorded deferred state tax liabilities of $44 million and $14 million (net of Federal taxes), respectively, as part of purchase accounting during the three months ended March 31, 2012. The long-term state tax apportionment also was updated in the fourth quarter of 2012, resulting in the recording of a deferred state tax benefit of $3 million (net of Federal taxes) for Exelon, and a deferred state tax expense of $7 million (net of Federal taxes) for Generation. There was no change to the long-term state tax apportionment for BGE, ComEd and PECO.

The long-term state tax apportionment was revised in the fourth quarter of 2013 and in the first quarter of 2014, resulting in the recording of amounts that are immaterial for Exelon and Generation, respectively, for both periods.

10. Nuclear Decommissioning (Exelon and Generation)

Nuclear Decommissioning Asset Retirement Obligations

Generation has a legal obligation to decommission its nuclear power plants following the expiration of their operating licenses. To estimate its decommissioning obligation related to its nuclear generating stations for financial accounting and reporting purposes, Generation uses a probability-weighted, discounted cash flow model which, on a unit-by-unit basis, considers multiple outcome scenarios that include significant estimates and assumptions, and are based on decommissioning cost studies, cost escalation rates, probabilistic cash flow models and discount rates. Generation generally updates its ARO annually during the third quarter, unless

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circumstances warrant more frequent updates, based on its review of updated cost studies and its annual evaluation of cost escalation factors and probabilities assigned to various scenarios.

The following table provides a rollforward of the nuclear decommissioning ARO reflected on Exelon's and Generation's Consolidated Balance Sheets from December 31, 2013 to March 31, 2014:

Nuclear decommissioning ARO at December 31, 2013(a)	$4,855
Accretion expense(a)	66
Costs incurred to decommission retired plants	(1)
Nuclear decommissioning ARO at March 31, 2014(a)	$4,920

(a) Includes $9 million as the current portion of the ARO at March 31, 2014 and December 31, 2013 which is included in Other current liabilities on Exelon's and Generation's Consolidated Balance Sheets.

Nuclear Decommissioning Trust Fund Investments

NDT funds have been established for each generating station unit to satisfy Generation's nuclear decommissioning obligations. Generally, NDT funds established for a particular unit may not be used to fund the decommissioning obligations of any other unit.

The NDT funds associated with the former ComEd, former PECO and former AmerGen units have been funded with amounts collected from ComEd customers, PECO customers and the previous owners of the former AmerGen plants, respectively. Based on an ICC order, ComEd ceased collecting amounts from its customers to pay for decommissioning costs. PECO is authorized to collect funds, in revenues, for decommissioning the former PECO nuclear plants through regulated rates, and these collections are scheduled through the operating lives of the former PECO plants. The amounts collected from PECO customers are remitted to Generation and deposited into the NDT funds for the unit for which funds are collected. Every five years, PECO files a rate adjustment with the PAPUC that reflects PECO's calculations of the estimated amount needed to decommission each of the former PECO units based on updated fund balances and estimated decommissioning costs. The rate adjustment is used to determine the amount collectible from PECO customers. The most recent rate adjustment occurred on January 1, 2013, and the effective rates currently yield annual collections of approximately $24 million. The next five-year adjustment is expected to be reflected in rates charged to PECO customers effective January 1, 2018. With respect to the former AmerGen units, Generation does not collect any amounts, nor is there any mechanism by which Generation can seek to collect additional amounts, from customers. Apart from the contributions made to the NDT funds from amounts collected from ComEd and PECO customers, Generation has not made contributions to the NDT funds.

Any shortfall of funds necessary for decommissioning, determined for each generating station unit, is ultimately required to be funded by Generation, with the exception of a shortfall for the current decommissioning activities at Zion Station, where certain decommissioning activities have been transferred to a third party (see Zion Station Decommissioning below). Generation, through PECO, has recourse to collect additional amounts from PECO customers related to a shortfall of NDT funds for the former PECO units, subject to certain limitations and thresholds, as prescribed by an order from the PAPUC. Generally, PECO, and likewise Generation, will not be allowed to collect amounts associated with the first $50 million of any shortfall of trust funds, on an aggregate basis for all former PECO units, compared to decommissioning obligations, as well as 5% of any additional shortfalls. The initial $50 million and up to 5% of any additional shortfalls would be borne by Generation. No recourse exists to collect additional amounts from ComEd customers for the former ComEd units or from the previous owners of the former AmerGen units. With respect to the former ComEd and PECO units, any funds remaining in the NDTs after all decommissioning has been completed are required to be refunded to

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ComEd's or PECO's customers, subject to certain limitations that allow sharing of excess funds with Generation related to the former PECO units. With respect to the former AmerGen units, Generation retains any funds remaining in the funds after decommissioning.

At March 31, 2014 and December 31, 2013, Exelon and Generation had NDT fund investments totaling $8,215 million and $8,071 million, respectively.

The following table provides unrealized gains on NDT funds for the three months ended March 31, 2014 and 2013:

	Three Months Ended March 31,	
	2014	2013
Net unrealized gains on decommissioning trust funds — Regulatory Agreement Units(a)	$ 61	$ 195
Net unrealized gains on decommissioning trust funds — Non-Regulatory Agreement Units(b)(c)	13	64

(a) Net unrealized gains related to Generation's NDT funds associated with Regulatory Agreement Units are included in Regulatory liabilities on Exelon's Consolidated Balance Sheets and Noncurrent payables to affiliates on Generation's Consolidated Balance Sheets.
(b) Excludes $10 million and $2 million of net unrealized gains related to the Zion Station pledged assets for the three months ended March 31, 2014 and 2013, respectively. Net unrealized gains (losses) related to Zion Station pledged assets are included in the Payable for Zion Station decommissioning on Exelon's and Generation's Consolidated Balance Sheets.
(c) Net unrealized gains related to Generation's NDT funds with Non-Regulatory Agreement Units are included within Other, net in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income.

Interest and dividends on NDT fund investments are recognized when earned and are included in Other, net in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income. Interest and dividends earned on the NDT fund investments for the Regulatory Agreement Units are eliminated within Other, net in Exelon's and Generation's Consolidated Statement of Operations and Comprehensive Income.

See Note 3 — Regulatory Matters and Note 25 — Related Party Transactions of the Exelon 2013 Form 10-K for information regarding regulatory liabilities at ComEd and PECO and intercompany balances between Generation, ComEd and PECO reflecting the obligation to refund to customers any decommissioning-related assets in excess of the related decommissioning obligations.

Zion Station Decommissioning. On September 1, 2010, Generation completed an Asset Sale Agreement (ASA) with EnergySolutions Inc. and its wholly owned subsidiaries, EnergySolutions, LLC (EnergySolutions) and ZionSolutions under which ZionSolutions has assumed responsibility for decommissioning Zion Station, which is located in Zion, Illinois and ceased operation in 1998. See Note 15 — Asset Retirement Obligations of the Exelon 2013 Form 10-K for information regarding the specific treatment of assets, including NDT funds, and decommissioning liabilities transferred in the transaction.

ZionSolutions is subject to certain restrictions on its ability to request reimbursements from the Zion Station NDT funds as defined within the ASA. Therefore, the transfer of the Zion Station assets did not qualify for asset sale accounting treatment and, as a result, the related NDT funds were reclassified to pledged assets for Zion Station decommissioning within Generation's and Exelon's Consolidated Balance Sheets and will continue to be measured in the same manner as prior to the completion of the transaction. Additionally, the transferred ARO for decommissioning was replaced with a payable to ZionSolutions in Generation's and Exelon's Consolidated

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Balance Sheets. Changes in the value of the Zion Station NDT assets, net of applicable taxes, will be recorded as a change in the payable to ZionSolutions. At no point will the payable to ZionSolutions exceed the project budget of the costs remaining to decommission Zion Station. Generation has retained its obligation for the SNF. Following ZionSolutions' completion of its contractual obligations, Generation will store the SNF at Zion Station until it is transferred to the DOE for ultimate disposal and will complete all remaining decommissioning activities associated with the SNF dry storage facility. Generation has a liability of approximately $84 million, which is included within the nuclear decommissioning ARO at March 31, 2014. Generation also has retained NDT assets to fund its obligation to maintain and transfer the SNF at Zion Station and to complete all remaining decommissioning activities for the SNF storage facility. Any shortage of funds necessary to maintain the SNF and decommission the SNF storage facility is ultimately required to be funded by Generation. Any Zion Station NDT funds remaining after the completion of all decommissioning activities will be returned to ComEd customers in accordance with the applicable orders. The following table provides the pledged assets and payable to ZionSolutions, and withdrawals by ZionSolutions at March 31, 2014 and December 31, 2013:

	Exelon and Generation	
	March 31, 2014	December 31, 2013
Carrying value of Zion Station pledged assets	$ 429	$ 458
Payable to Zion Solutions(a)	385	414
Current portion of payable to Zion Solutions(b)	103	109
Withdrawals by Zion Solutions to pay decommissioning costs(c)	537	498

(a) Excludes a liability recorded within Exelon's and Generation's Consolidated Balance Sheets related to the tax obligation on the unrealized activity associated with the Zion Station NDT Funds. The NDT Funds will be utilized to satisfy the tax obligations as gains and losses are realized.
(b) Included in Other current liabilities within Exelon's and Generation's Consolidated Balance Sheets.
(c) Cumulative withdrawals since September 1, 2010.

NRC Minimum Funding Requirements . NRC regulations require that licensees of nuclear generating facilities demonstrate reasonable assurance that funds will be available in specified minimum amounts to decommission the facility at the end of its life. On April 1, 2013, Generation submitted its NRC-required biennial decommissioning funding status report as of December 31, 2012. As of December 31, 2012, Generation provided adequate funding assurance for all of its units, including Limerick Unit 1, where Generation has in place a $115 million parent guarantee to cover the NRC minimum funding assurance requirements. On October 2, 2013, the NRC issued summary findings from the NRC Staff's review of the 2013 decommissioning funding status reports for all 104 operating reactors, including the Generation operating units. Based on that review, the NRC Staff determined that Generation provided decommissioning funding assurance under the NRC regulations for all of its operating units, including Limerick Unit 1.

On March 31, 2014, Generation submitted its NRC required annual decommissioning funding report as of December 31, 2013 for shutdown reactors. This submittal also included the required updated financial tests for the Limerick Unit 1 parent guarantee. There was no change to the amount of the parent guarantee, or the funding status of these reactors. Adequate decommissioning funding assurance is in place for all reactors owned by Generation.

On January 31, 2013, Generation received a letter from the NRC indicating that the NRC has identified potential "apparent violations" of its regulations because of alleged inaccuracies in the Decommissioning Funding Status reports for 2005, 2006, 2007, and 2009. The NRC asserted that Generation's status reports deliberately reflected cost estimates for decommissioning its nuclear plants that were less than what the NRC says are the minimum amounts required by NRC regulations. Generation met with the NRC on April 30, 2013 for a pre-decisional enforcement conference to provide additional information to explain why Generation

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believes that it complied with the regulatory requirements and did not deliberately or otherwise provide incomplete or inaccurate information in its decommissioning funding status reports. While Generation does not believe that any sanction is appropriate, the ultimate outcome of this proceeding including the amount of a potential fine or sanction, if any, is uncertain. On April 7, 2014, Generation received a request for additional detail related to information Generation provided during the pre-decisional enforcement conference. Generation is in the process of collecting and providing the additional detail. Generation does not have a definite date on which it will receive a response from the NRC, but anticipates that the NRC will issue its findings sometime this year. The January 31, 2013 letter from the NRC does not take issue with Generation's current funding status, and as reflected in Generation's April 1, 2013 decommissioning funding status report referenced above, Generation continues to provide adequate funding assurance for each of its units. In the normal course of NRC review, Generation has received a series of data requests that are unrelated to the potential apparent violations and the pre-decisional enforcement conference. Generation continues to cooperate with the NRC and provide the requested information.

In addition, on June 24, 2013, Exelon received a subpoena from the SEC requesting that Exelon provide the SEC with certain documents generally relating to Exelon and Generation's reporting and funding of the future decommissioning of Generation's nuclear power plants. Exelon and Generation have cooperated with the SEC and provided the requested documents. On February 13, 2014, Exelon received a letter from the SEC confirming that it had concluded its investigation and that no further action was anticipated based on information provided by Exelon.

11. Retirement Benefits (Exelon, Generation, ComEd, PECO and BGE)

Exelon sponsors defined benefit pension plans and other postretirement benefit plans for essentially all Generation, ComEd, PECO, BGE and BSC employees.

Defined Benefit Pension and Other Postretirement Benefits

During the first quarter of 2014, Exelon received an updated valuation of several of its pension and other postretirement benefit obligations to reflect actual census data as of January 1, 2014. This valuation resulted in an increase to the pension obligation of $35 million and an increase to the other postretirement benefit obligation of $12 million. Additionally, accumulated other comprehensive loss increased by approximately $13 million (after tax), regulatory assets increased by approximately $34 million, and regulatory liabilities increased by approximately $5 million. The updated valuation for the remainder of the plans will be completed in the second quarter of 2014.

In April 2014, Exelon announced plan design changes for certain OPEB plans, which will require an interim remeasurement of the benefit obligation for those plans using assumptions as of April 30, 2014, including updated discount rates. The plan design changes are estimated to result in a decrease in the net periodic benefit costs for OPEB of approximately $125 million for the period May 2014 through December 2014, a reduction of the OPEB obligation of approximately $800 million and changes to AOCI, regulatory assets and regulatory liabilities upon remeasurement, based on the December 31, 2013 valuation assumptions. The actual financial statement impacts are dependent on the economic assumptions at the April 30, 2014 remeasurement date. The plan design changes did not impact the March 31, 2014 results of operations, cash flows or financial position. Management is evaluating funding options for the OPEB plans, including implications of the plan design changes discussed above, which may result in reductions to the expected contributions.

The following tables present the components of Exelon's net periodic benefit costs for the three months ended March 31, 2014 and 2013. The 2014 pension benefit cost for all plans is calculated using an expected long-term rate

of return on plan assets of 7.00% and a discount rate of 4.80%. The 2014 other postretirement benefit cost is calculated using an expected long-term rate of return on plan assets of 6.59% for funded plans and a discount rate of 4.90% for all plans. Certain other postretirement benefit plans are not funded. A portion of the net periodic benefit cost is capitalized within the Consolidated Balance Sheets.

	Pension Benefits Three Months Ended March 31,		Other Postretirement Benefits Three Months Ended March 31,	
	2014	2013	2014	2013
Service cost	$ 69	$ 80	$ 33	$ 41
Interest cost	183	163	55	48
Expected return on assets	(241)	(253)	(38)	(33)
Amortization of:				
Prior service cost (benefit)	3	3	(4)	(4)
Actuarial loss	105	140	8	20
Net periodic benefit cost	$ 119	$ 133	$ 54	$ 72

The amounts below represent Generation's, ComEd's, PECO's, BGE's and BSC's allocated portion of the pension and postretirement benefit plan costs, which were included in Capital expenditures and Operating and maintenance expense during the three months ended March 31, 2014 and 2013.

	Three Months Ended March 31,	
Pension and Other Postretirement Benefit Costs	2014	2013
Generation	$ 75	$ 87
ComEd	56	77
PECO	12	11
BGE	16	13
BSC(a)	14	17

(a) These amounts primarily represent amounts billed to Exelon's subsidiaries through intercompany allocations. These amounts are not included in the Generation, ComEd, PECO or BGE amounts above.

Management considers various factors when making pension funding decisions, including actuarially determined minimum contribution requirements under ERISA, contributions required to avoid benefit restrictions and at-risk status as defined by the Pension Protection Act of 2006, management of the pension obligation and regulatory implications. Exelon expects to contribute $264 million to its qualified pension plans in 2014, of which Generation, ComEd, PECO and BGE will contribute $118 million, $119 million, $11 million and $0 million, respectively. Unlike the qualified pension plans, Exelon's non-qualified pension plans are not funded. Exelon expects to make non-qualified pension plan benefit payments of $12 million in 2014, of which Generation, ComEd, PECO and BGE will make payments of $5 million, $1 million, $0 million and $1 million, respectively.

Unlike qualified pension plans, other postretirement plans are not subject to statutory minimum contribution requirements. Exelon's management has historically considered several factors in determining the level of contributions to its other postretirement benefit plans, including levels of benefit claims paid and regulatory implications (amounts deemed prudent to meet regulator expectations and best assure continued rate recovery). Exelon expects to make other postretirement benefit plan contributions, including benefit payments related to unfunded plans, of approximately $430 million in 2014, of which Generation, ComEd, PECO and BGE expect to contribute $168 million, $197 million, $19 million and $17 million, respectively. Management is evaluating funding options for the other postretirement benefit plans, including implications of the plan design changes discussed above, which may result in reductions to the expected contributions.

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Plan Assets

Investment Strategy. On a regular basis, Exelon evaluates its investment strategy to ensure that plan assets will be sufficient to pay plan benefits when due. As part of this ongoing evaluation, Exelon may make changes to its targeted asset allocation and investment strategy.

Exelon has developed and implemented a liability hedging investment strategy for its qualified pension plans that has reduced the volatility of its pension assets relative to its pension liabilities. Exelon is likely to continue to gradually increase the liability hedging portfolio as the funded status of its plans improves. The overall objective is to achieve attractive risk-adjusted returns that will balance the liquidity requirements of the plans' liabilities while striving to minimize the risk of significant losses. Trust assets for Exelon's other postretirement plans are managed in a diversified investment strategy that prioritizes maximizing liquidity and returns while minimizing asset volatility.

Defined Contribution Savings Plans

The Registrants participate in various 401(k) defined contribution savings plans that are sponsored by Exelon. The plans are qualified under applicable sections of the IRC and allow employees to contribute a portion of their pre-tax income in accordance with specified guidelines. All Registrants match a percentage of the employee contributions up to certain limits. The following table presents the matching contributions to the savings plans during the three months ended March 31, 2014 and 2013:

	Three Months Ended March 31,	
Savings Plan Matching Contributions	**2014**	**2013**
Exelon	$ 29	$ 22
Generation	14	11
ComEd	7	5
PECO	2	2
BGE	3	2
BSC(a)	3	2

(a) These amounts primarily represent amounts billed to Exelon's subsidiaries through intercompany allocations. These costs are not included in the Generation, ComEd, PECO or BGE amounts above.

12. Severance (Exelon, Generation, ComEd, PECO and BGE)

The Registrants have an ongoing severance plan under which, in general, employees receive severance benefits based on their years of service. The Registrants record a liability and expense or regulatory asset for severance once terminations are probable of occurrence and the related severance benefits can be reasonably estimated. For severance benefits that are incremental to their ongoing severance plan, the Registrants measure the obligation and record the expense at fair value at the communication date if there are no future service requirements, or, if future service is required to receive the termination benefit, ratably over the required service period.

Merger-Related Severance

Upon closing the merger with Constellation, Exelon recorded a severance accrual for anticipated employee position reductions as a result of the post-merger integration. The majority of these positions are corporate and Generation support positions. Since then, Exelon has identified specific employees to be severed pursuant to the merger-related staffing and selection process as well as employees that were previously identified for severance but have since accepted another position within Exelon and are no longer receiving a severance benefit. Exelon adjusts its accrual each quarter to reflect its best estimate of remaining severance costs.

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The amount of severance expense associated with the post-merger integration recognized for the three months ended March 31, 2014 and 2013 is not material. Estimated costs to be incurred after March 31, 2014 are not material.

Amounts included in the table below represent the severance liability recorded by Exelon, Generation, ComEd, PECO and BGE for employees of those Registrants and exclude amounts billed through intercompany allocations:

Severance Liability	Exelon	Generation	ComEd	PECO	BGE
Balance at December 31, 2013	$ 53	$ 10	$ —	$ —	$ 6
Payments	(12)	(1)	—	—	(2)
Balance at March 31, 2014	$ 41	$ 9	$ —	$ —	$ 4

Substantially all cash payments under the plan are expected to be made by the end of 2016.

Ongoing Severance Plans

The Registrants provide severance and health and welfare benefits under Exelon's ongoing severance benefit plans to terminated employees in the normal course of business. These benefits are accrued for when the benefits are considered probable and can be reasonably estimated.

For the three months ended March 31, 2014 and 2013, the Registrants recorded the following severance costs associated with these ongoing severance benefits within operating and maintenance expense in their Consolidated Statements of Operations and Comprehensive Income:

Severance Benefits	Exelon	Generation	ComEd	PECO	BGE
Severance charges—2014	$ 4	$ 4	$ —	$ —	$—
Severance charges—2013	1	—	1	—	—

The severance liability balances associated with these ongoing severance benefits as of March 31, 2014 and December 31, 2013 are not material.

13. Changes in Accumulated Other Comprehensive Income (Exelon, Generation, and PECO)

The following tables present changes in accumulated other comprehensive income (loss) (AOCI) by component for the three months ended March 31, 2014 and 2013:

For the Three Months Ended March 31, 2014	Gains and (Losses) on Cash Flow Hedges	Unrealized Gains and (Losses) on Marketable Securities	Pension and Non-Pension Postretirement Benefit Plan items	Foreign Currency Items	AOCI of Equity Investments	Total
Exelon (a)						
Beginning balance	$ 120	$ 2	$ (2,260)	$ (10)	$ 108	$(2,040)
OCI before reclassifications	(1)	—	(13)	(5)	11	(8)
Amounts reclassified from AOCI(b)	(24)	—	35	—	1	12
Net current-period OCI	(25)	—	22	(5)	12	4
Ending balance	$ 95	$ 2	$ (2,238)	$ (15)	$ 120	$(2,036)
Generation (a)						
Beginning balance	$ 114	$ 2	$ —	$ (10)	$ 108	$ 214
OCI before reclassifications	(1)	(3)	—	(5)	11	2
Amounts reclassified from AOCI(b)	(24)	—	—	—	1	(23)
Net current-period OCI	(25)	(3)	—	(5)	12	(21)
Ending balance	$ 89	$ (1)	$ —	$ (15)	$ 120	$ 193
PECO (a)						
Beginning balance	$ —	$ 1	$ —	$ —	$ —	$ 1
OCI before reclassifications	—	—	—	—	—	—
Amounts reclassified from AOCI(b)	—	—	—	—	—	—
Net current-period OCI	—	—	—	—	—	—
Ending balance	$ —	$ 1	$ —	$ —	$ —	$ 1

(a) All amounts are net of tax. Amounts in parenthesis represent a decrease in accumulated other comprehensive income.
(b) See tables following changes in accumulated other comprehensive income tables for details about these reclassifications.

For the Three Months Ended March 31, 2013	Gains and (Losses) on Cash Flow Hedges	Unrealized Gains and (Losses) on Marketable Securities	Pension and Non-Pension Postretirement Benefit Plan items	Foreign Currency Items	AOCI of Equity Investments	Total
Exelon (a)						
Beginning balance	$ 368	$ —	$ (3,137)	$ —	$ 2	$(2,767)
OCI before reclassifications	—	(1)	76	(1)	26	100
Amounts reclassified from AOCI(b)	(58)	—	50	—	2	(6)
Net current-period OCI	(58)	(1)	126	(1)	28	94
Ending balance	$ 310	$ (1)	$ (3,011)	$ (1)	$ 30	$(2,673)
Generation (a)						
Beginning balance	$ 513	$ (1)	$ (19)	$ —	$ 20	$ 513
OCI before reclassifications	5	(1)	—	(1)	26	29
Amounts reclassified from AOCI(b)	(135)	—	—	—	2	(133)
Net current-period OCI	(130)	(1)	—	(1)	28	(104)
Ending balance	$ 383	$ (2)	$ (19)	$ (1)	$ 48	$ 409
PECO (a)						
Beginning balance	$ —	$ 1	$ —	$ —	$ —	$ 1
OCI before reclassifications	—	—	—	—	—	—
Amounts reclassified from AOCI(b)	—	—	—	—	—	—
Net current-period OCI	—	—	—	—	—	—
Ending balance	$ —	$ 1	$ —	$ —	$ —	$ 1

(a) All amounts are net of tax. Amounts in parenthesis represent a decrease in accumulated other comprehensive income.
(b) See tables following changes in accumulated other comprehensive income tables for details about these reclassifications.

ComEd, PECO, and BGE did not have any reclassifications out of AOCI to Net Income during the three months ended March 31, 2014 and 2013. The following tables present amounts reclassified out of AOCI to Net Income for Exelon and Generation during the three months ended March 31, 2014 and 2013:

Three Months Ended March 31, 2014

Details about AOCI components	Items reclassified out of AOCI(a)		Affected line item in the statement where Net Income is presented
	Exelon	Generation	
Gains on cash flow hedges			
Energy related hedges	$ 39	$ 39	Operating revenues
	39	39	Total before tax
	(15)	(15)	Tax (expense)
	$ 24	$ 24	Net of tax
Amortization of pension and other postretirement benefit plan items			
Prior service costs	$ (2)	$ —	(b)
Actuarial losses	(56)	—	(b)
	(58)	—	Total before tax
	23	—	Tax benefit
	$ (35)	$ —	Net of tax
Equity investments			
Capital activity	$ (1)	$ (1)	Equity in losses of unconsolidated affiliates
	(1)	(1)	Total before tax
	—	—	Tax benefit
	$ (1)	$ (1)	Net of tax
Total Reclassifications for the period	$ (12)	$ 23	Net of Tax

Three Months Ended March 31, 2013

Details about AOCI components	Items reclassified out of AOCI(a) Exelon	Generation	Affected line item in the statement where Net Income is presented
Gains on cash flow hedges			
Energy related hedges	$ 99	$ 223	Operating revenues
Other cash flow hedges	(1)	—	Interest expense
	98	223	Total before tax
	(40)	(88)	Tax (expense)
	$ 58	$ 135	Net of tax
Amortization of pension and other postretirement benefit plan items			
Actuarial losses	$ (83)	$ —	(b)
	(83)	—	Total before tax
	33	—	Tax benefit
	$ (50)	$ —	Net of tax
Equity investments			
Capital activity	$ (3)	$ (3)	Equity in losses of unconsolidated affiliates
	(3)	(3)	Total before tax
	1	1	Tax benefit
	$ (2)	$ (2)	Net of tax
Total Reclassifications for the period	$ 6	$ 133	Net of Tax

(a) All amounts are net of tax. Amounts in parenthesis represent a decrease in net income.
(b) This accumulated other comprehensive income component is included in the computation of net periodic pension and OPEB cost (see Note 11 for additional details).

The following table presents income tax expense (benefit) allocated to each component of other comprehensive income (loss) during the three months ended March 31, 2014 and 2013:

	Three Months Ended March 31, 2014	2013
Exelon		
Pension and non-pension postretirement benefit plans:		
Prior service benefit reclassified to periodic benefit cost	$ (1)	$ —
Actuarial loss reclassified to periodic cost	(23)	(32)
Pension and non-pension postretirement benefit plans valuation adjustment	7	(49)
Change in unrealized loss on cash flow hedges	18	33
Change in unrealized income on equity investments	(7)	(18)
Total	$ (6)	$ (66)
Generation		
Change in unrealized gain (loss) on cash flow hedges	$ 19	$ 86
Change in unrealized income on equity investments	(7)	(18)
Change in unrealized loss on marketable securities	(2)	—
Total	$ 10	$ 68

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14. Earnings Per Share and Equity (Exelon)

Earnings per Share (Exelon)

Diluted earnings per share is calculated by dividing Net income attributable to common shareholders by the weighted average number of shares of common stock outstanding, including shares to be issued upon exercise of stock options, performance share awards and restricted stock outstanding under Exelon's LTIPs considered to be common stock equivalents. The following table sets forth the components of basic and diluted earnings per share and shows the effect of these stock options, performance share awards and restricted stock on the weighted average number of shares outstanding (in millions) used in calculating diluted earnings per share:

	Three Months Ended March 31,	
	2014	2013
Net income (loss) attributable to common shareholders	$ 90	$ (4)
Weighted average common shares outstanding — basic	858	855
Assumed exercise and/or distributions of stock based awards	3	—
Weighted average common shares outstanding — diluted	861	855

The number of stock options not included in the calculation of diluted common shares outstanding due to their antidilutive effect was approximately 18 million for the three months ended March 31, 2014. For the three months ended March 31, 2013 in which there was a net loss attributable to common shareholders, no potentially dilutive securities are included in the calculation of diluted loss per share, as inclusion of these securities would have reduced the net loss per share.

Under share repurchase programs, 35 million shares of common stock are held as treasury stock with a cost of $2.3 billion as of March 31, 2014. In 2008, Exelon management decided to defer indefinitely any share repurchases.

15. Commitments and Contingencies (Exelon, Generation, ComEd, PECO and BGE)

The following is an update to the current status of commitments and contingencies set forth in Note 22 of the Exelon 2013 Form 10-K.

Commitments

Energy Commitments

As of March 31, 2014, Generation's commitments relating to its purchases from unaffiliated utilities and others of energy, capacity, transmission rights and RECs, are as indicated in the following table:

	Net Capacity Purchases(a)	REC Purchases(b)	Transmission Rights Purchases(c)	Purchased Energy from CENG	Total
2014	$ 314	$ 100	$ 19	$ 640	$1,073
2015	367	141	13	—	521
2016	284	96	2	—	382
2017	223	42	2	—	267
2018	112	8	2	—	122
Thereafter	414	4	32	—	450
Total	$ 1,714	$ 391	$ 70	$ 640	$2,815

(a) Net capacity purchases include PPAs and other capacity contracts including those that are accounted for as operating leases. Amounts presented in the commitments represent Generation's expected payments under these arrangements at March 31, 2014, net of fixed capacity payments expected to be received by Generation under contracts to resell such acquired capacity to third parties under long-term capacity sale contracts. Expected payments include certain fixed capacity charges which may be reduced based on plant availability.
(b) The table excludes renewable energy purchases that are contingent in nature.
(c) Transmission rights purchases include estimated commitments for additional transmission rights that will be required to fulfill firm sales contracts.

In connection with Constellation's comprehensive agreement with EDF in October 2010, Constellation's and EDF's existing power purchase agreements with CENG were modified to be unit-contingent through the end of their original term in 2014. Under these agreements, CENG has the ability to fix the energy price on a forward basis by entering into monthly energy hedge transactions for a portion of the future sale, while any unhedged portions will be provided at market prices by default. Additionally, beginning in 2015 and continuing to the end of the life of the respective plants, Generation agreed to purchase 50.01% of the available output of CENG's nuclear plants at market prices. Generation discloses in the table above commitments to purchase from CENG at fixed prices. All commitments to purchase at market prices, which include all purchases subsequent to December 31, 2014, are excluded from the table. Generation continues to own a 50.01% membership interest in CENG that is accounted for as an equity method investment. See Note 5 — Investment in Constellation Energy Nuclear Group, LLC for more details on this arrangement.

ComEd's, PECO's and BGE's electric supply procurement, curtailment services, REC and AEC purchase commitments, as applicable, as of March 31, 2014 are as follows:

		Expiration within					
	Total	2014	2015	2016	2017	2018	2019 and beyond
ComEd							
Electric supply procurement(a)	$ 591	$178	$136	$137	$140	$—	$ —
Renewable energy and RECs(b)	1,565	50	72	76	77	83	1,207
PECO							
Electric supply procurement(c)	713	546	167	—	—	—	—
AECs(d)	14	2	2	2	2	2	4
BGE							
Electric supply procurement(e)	1,026	541	409	76	—	—	—
Curtailment services(f)	120	33	40	34	13	—	—

(a) ComEd entered into various contracts for the procurement of electricity that started to expire in 2012, and will continue to expire through 2017. ComEd is permitted to recover its electric supply procurement costs from retail customers with no mark-up.
(b) ComEd entered into 20-year contracts for renewable energy and RECs beginning in June 2012. ComEd is permitted to recover its renewable energy and REC costs from retail customers with no mark-up. The commitments represent the maximum settlements with suppliers for renewable energy and RECs under the existing contract terms. Pursuant to the ICC's Order on December 19, 2012, ComEd's commitments under the existing long-term contracts were reduced for the June 2013 through May 2014 procurement period. In addition, the ICC's December 18, 2013 order approved the reduction of ComEd's commitments under those contracts for the June 2014 through May 2015 procurement period, and the amount of the reduction was approved by the ICC in March 2014.
(c) PECO entered into various contracts for the procurement of electric supply to serve its default service customers that expire between 2014 and 2016. PECO is permitted to recover its electric supply procurement costs from default service customers with no mark-up in accordance with its PAPUC-approved DSP Programs. See Note 4 — Regulatory Matters for additional information.
(d) PECO is subject to requirements related to the use of alternative energy resources established by the AEPS Act. See Note 4 — Regulatory Matters for additional information.

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(e) BGE entered into various contracts for the procurement of electricity that expire between 2014 through 2016. The cost of power under these contracts is recoverable under MDPSC approved fuel clauses. See Note 4 — Regulatory Matters for additional information.
(f) BGE has entered into various contracts with curtailment services providers related to transactions in PJM's capacity market. See Note 4 — Regulatory Matters for additional information.

Fuel Purchase Obligations

In addition to the energy commitments described above, Generation has commitments to purchase fuel supplies for nuclear and fossil generation. PECO and BGE have commitments to purchase natural gas related to transportation, storage capacity and services to serve customers in their gas distribution service territory. As of March 31, 2014, these net commitments were as follows:

		Expiration within					
	Total	2014	2015	2016	2017	2018	2019 and beyond
Generation	$8,402	$1,036	$1,285	$1,039	$1,041	$780	$ 3,221
PECO	479	146	117	98	37	15	66
BGE	640	105	82	80	63	52	258

Other Purchase Obligations

The Registrants' other purchase obligations as of March 31, 2014, which primarily represent commitments for services, materials and information technology, are as follows:

		Expiration within					
	Total	2014	2015	2016	2017	2018	2019 and beyond
Exelon	$547	$150	$146	$58	$49	$36	$ 108
Generation	462	120	138	45	41	30	88
ComEd(a)	45	11	5	5	5	5	14
PECO(a)	28	16	1	3	1	1	6
BGE(a)	10	1	2	5	2	—	—

(a) Purchase obligations include commitments related to smart meter installation. See Note 4 — Regulatory Matters for additional information.

Construction Commitments

Generation has committed to the construction of the Antelope Valley solar PV facility in Los Angeles County, California. The first portion of the project began operations in December 2012, with six additional blocks coming online in 2013 and an expectation of full commercial operation in the first half of 2014. Generation's estimated remaining commitment for the project is $90 million.

On July 3, 2013, Generation executed a Turbine Supply Agreement to expand its Beebe wind project in Michigan. The estimated remaining commitment under the contract is $47 million and achievement of commercial operations is expected in the fourth quarter of 2014.

On July 26, 2013, Generation executed an engineering procurement and construction contract to expand its Perryman, Maryland generation site with 120 MW of new natural gas-fired generation to satisfy certain merger commitments. The estimated remaining commitment under the contract is $80 million and achievement of commercial operation is expected in 2015. See Note 4 — Mergers and Acquisitions of the Exelon 2013 Form 10-K for additional information on commitments to develop or assist in development of new generation in Maryland resulting from the merger.

On December 27, 2013, Generation executed a Turbine Supply Agreement for construction of the 40 MW Fourmile Wind project in western Maryland. The estimated remaining commitment under the contract is $27 million and achievement of commercial operations is expected in the fourth quarter 2014. In the first quarter of 2014, Generation approved expansion of the Fourmile project to 40MW. This project will satisfy a portion of Exelon's 125 MW Tier I land-based renewables commitment in Maryland. See Note 4 — Mergers and Acquisitions of the Exelon 2013 Form 10-K for additional information on commitments to develop or assist in development of new generation in Maryland resulting from the merger.

Refer to Note 3 — Regulatory Matters of the Exelon 2013 Form 10-K for information on investment programs associated with regulatory mandates, such as ComEd's Infrastructure Investment Plan under EIMA, PECO's Smart Meter Procurement and Installation Plan and BGE's comprehensive smart grid initiative.

Constellation Merger Commitments

In February 2012, the MDPSC issued an Order approving the Exelon and Constellation merger. As part of the MDPSC Order, Exelon agreed to provide a package of benefits to BGE customers, the City of Baltimore and the State of Maryland, resulting in an estimated direct investment in the State of Maryland of approximately $ 1 billion.

The direct investment estimate includes $95 million to $120 million relating to the construction of a headquarters building in Baltimore for Generation's competitive energy businesses. On March 20, 2013, Generation signed a 20 — year lease agreement that is contingent upon the developer obtaining all required approvals, permits and financing for the construction of the building. Once required approvals are received and financing conditions are met, construction will commence and the building is expected to be ready for occupancy in approximately 2 years after building construction commences.

The direct investment commitment also includes $600 million to $650 million relating to Exelon and Generation's development or assistance in the development of 285 — 300 MWs of new generation in Maryland, which is expected to be completed over a period of 10 years. The MDPSC Order contemplates various options for complying with the new generation development commitments, including building or acquiring generating assets, making subsidy or compliance payments, or in circumstances in which the generation build is delayed, making liquidated damages payments. Exelon and Generation expect that the majority of these commitments will be satisfied by building or acquiring generating assets and, therefore, will be primarily capital in nature and recognized as incurred. If in the future Exelon determines that it is probable that it will make subsidy, compliance or liquidated damages payments related to the new generation development commitments, Exelon will record a liability at that time. As of March 31, 2014, it is reasonably possible that Exelon will be required to make subsidy or liquidated damages payments of approximately $40 million rather than build one of the generation projects contemplated by the commitments, given that the generation build is dependent upon the passage of legislation and other conditions that Exelon does not control.

Contingencies

Commercial Commitments

The Registrants' commercial commitments as of March 31, 2014, representing commitments potentially triggered by future events were as follows:

	Exelon	Generation	ComEd	PECO	BGE
Letters of credit (non-debt)(a)	$1,717	$ 1,675	$ 17	$ 22	$ 1
Guarantees	4,644(b)	1,287(c)	205(d)	181(e)	259(f)
Nuclear insurance premiums(g)	3,529	3,529	—	—	—
Total commercial commitments	$9,890	$ 6,491	$ 222	$203	$260

(a) Non-debt letters of credit maintained to provide credit support for certain transactions as requested by third parties.
(b) Primarily reflects parental guarantees issued on behalf of Generation to allow the flexibility needed to conduct business with counterparties without having to post other forms of collateral. Also reflects guarantees issued to ensure performance under specific contracts, preferred securities of financing trusts, property leases, indemnifications, NRC minimum funding assurance requirements and $211 million on behalf of CENG nuclear generating facilities for credit support and miscellaneous guarantees. The estimated net exposure for obligations under commercial transactions covered by these guarantees was $0.5 billion at March 31, 2014, which represents the total amount Exelon could be required to fund based on March 31, 2014 market prices.
(c) Primarily reflects guarantees issued to ensure performance under energy marketing and other specific contracts and $211 million on behalf of CENG nuclear generating facilities for credit support. The estimated net exposure for obligations under commercial transactions covered by these guarantees was $0.3 billion at March 31, 2014, which represents the total amount Generation could be required to fund based on March 31, 2014 market prices.
(d) Primarily reflects full and unconditional guarantees of $200 million Trust Preferred Securities of ComEd Financing III, which is a 100% owned finance subsidiary of ComEd.
(e) Primarily reflects full and unconditional guarantees of $178 million Trust Preferred Securities of PECO Trust III and IV, which are 100% owned finance subsidiaries of PECO.
(f) Primarily reflects full and unconditional guarantees of $250 million Trust Preferred Securities of BGE Capital Trust II, which is a 100% owned finance subsidiary of BGE.
(g) Represents the maximum amount that Generation would be required to pay for retrospective premiums in the event of nuclear disaster at any domestic site under the Secondary Financial Protection pool as required under the Price-Anderson Act as well as the current aggregate annual retrospective premium obligation that could be imposed by NEIL. See the Nuclear Insurance section within this note for additional details on Generation's nuclear insurance premiums.

Nuclear Insurance (Exelon and Generation)

Generation is subject to liability, property damage and other risks associated with major incidents at any of its nuclear stations, including the CENG nuclear stations. Generation has reduced its financial exposure to these risks through insurance and other industry risk-sharing provisions

The Price-Anderson Act was enacted to ensure the availability of funds for public liability claims arising from an incident at any of the U.S. licensed nuclear facilities and also to limit the liability of nuclear reactor owners for such claims from any single incident. As of March 31, 2014, the current liability limit per incident was $13.6 billion and is subject to change to account for the effects of inflation and changes in the number of licensed reactors. An inflation adjustment must be made at least once every 5 years and the last inflation adjustment was made effective September 10, 2013. In accordance with the Price-Anderson Act, Generation maintains financial protection at levels equal to the amount of liability insurance available from private sources through the purchase of private nuclear energy liability insurance for public liability claims that could arise in the event of an incident. As of March 31, 2014, the amount of nuclear energy liability insurance purchased is $375 million for each operating site. Additionally, the Price-Anderson Act requires a second layer of protection through the mandatory participation in a retrospective rating plan for power reactors (currently 104 reactors) resulting in an additional $13.2 billion in funds available for public liability claims. Participation in this secondary financial protection pool requires the operator of each reactor to fund its proportionate share of costs for any single incident that exceeds the primary layer of financial protection. Under the Price-Anderson Act, the maximum assessment in the event of an incident for each nuclear operator, per reactor, per incident (including a 5% surcharge), is $127.3 million, payable at no more than $19 million per reactor per incident per year. Exelon's maximum liability per incident is approximately $2.4 billion.

In addition, the U.S. Congress could impose revenue-raising measures on the nuclear industry to pay public liability claims exceeding the $13.6 billion limit for a single incident.

Generation is also required each year to report to the NRC the current levels and sources of property insurance that demonstrates Generation possesses sufficient financial resources to stabilize and decontaminate a

reactor and reactor station site in the event of an accident. The property insurance maintained for each facility is currently provided through insurance policies purchased from NEIL, an industry mutual insurance company of which Generation is a member. Premiums paid to NEIL by its members are subject to assessment for adverse loss experience (the retrospective premium obligation). The maximum combined retrospective premium amount that Generation could be required to pay due to participation in the Price-Anderson Act retrospective rating plan for power reactors and the NEIL retrospective premium obligation is $3.5 billion, which is included above in the Commercial Commitments table. See the Nuclear Insurance section within Note 22 — Commitments and Contingencies of the Exelon 2013 Form 10-K for additional details on Generation's nuclear insurance premiums.

Spent Nuclear Fuel Obligation (Exelon and Generation)

Under the NWPA, the DOE is responsible for the development of a geologic repository for and the disposal of SNF and high-level radioactive waste. As required by the NWPA, Generation is a party to contracts with the DOE (Standard Contracts) to provide for disposal of SNF from Generation's nuclear generating stations. In accordance with the NWPA and the Standard Contracts, Generation pays the DOE one mill ($0.001) per kWh of net nuclear generation for the cost of SNF disposal. This fee may be adjusted prospectively in order to ensure full cost recovery. The NWPA and the Standard Contracts required the DOE to begin taking possession of SNF generated by nuclear generating units by no later than January 31, 1998. The DOE, however, failed to meet that deadline and its performance will be delayed significantly. On November 19, 2013, the D.C. Circuit Court ordered the DOE to submit to Congress a proposal to reduce the current SNF disposal fee to zero, unless and until there is a viable disposal program. On January 3, 2014, the DOE filed a petition for rehearing which was denied by the D.C. Circuit Court on March 18, 2014. Also, on January 3, 2014, the DOE submitted a proposal to Congress to reduce the current SNF disposal fee to zero, subject to any further action on its request for rehearing. For the year ended December 31, 2013, Generation incurred expense of $136 million in SNF disposal fees, recorded in Purchased power and fuel expense within Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income, including Exelon's share of Salem and net of co-owner reimbursements (not including such fees incurred by CENG). The DOE's submitted proposal becomes effective after 90-days of continuous Congressional session, unless there is Congressional action contrary to the DOE proposal. Until such time as a new fee structure is in effect, Generation must continue to pay the current SNF disposal fees.

Indemnifications Related to Sale of Sithe (Exelon and Generation)

On January 31, 2005, subsidiaries of Generation completed a series of transactions that resulted in Generation's sale of its investment in Sithe. Specifically, subsidiaries of Generation consummated the acquisition of Reservoir Capital Group's 50% interest in Sithe and subsequently sold 100% of Sithe to Dynegy, Inc. (Dynegy).

The estimated maximum possible exposure to Exelon related to the guarantees provided as part of the sales transaction to Dynegy was approximately $200 million at December 31, 2013. The guarantee expired January 31, 2014. Generation was not required to make payments under the guarantee, and, therefore, has no further obligation related to this guarantee as of March 31, 2014.

Environmental Issues

General. The Registrants' operations have in the past, and may in the future, require substantial expenditures in order to comply with environmental laws. Additionally, under Federal and state environmental laws, the Registrants are generally liable for the costs of remediating environmental contamination of property now or formerly owned by them and of property contaminated by hazardous substances generated by them. The Registrants own or lease a number of real estate parcels, including parcels on which their operations or the operations of others may have resulted in contamination by substances that are considered hazardous under

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environmental laws. In addition, the Registrants are currently involved in a number of proceedings relating to sites where hazardous substances have been deposited and may be subject to additional proceedings in the future.

ComEd, PECO and BGE have identified sites where former MGP activities have or may have resulted in actual site contamination. For almost all of these sites, ComEd, PECO or BGE is one of several PRPs that may be responsible for ultimate remediation of each location.

- ComEd has identified 42 sites, 16 of which have been approved for cleanup by the Illinois EPA or the U.S. EPA and 26 that are currently under some degree of active study and/or remediation. ComEd expects the majority of the remediation at these sites to continue through at least 2017.
- PECO has identified 26 sites, 16 of which have been approved for cleanup by the PA DEP and 10 that are currently under some degree of active study and/or remediation. PECO expects the majority of the remediation at these sites to continue through at least 2020.
- BGE has identified 13 former gas manufacturing or purification sites that it currently owns or owned at one time through a predecessor's acquisition. Two gas manufacturing sites require some level of remediation and ongoing monitoring under the direction of the MDE. The required costs at these two sites are not considered material. One gas purification site is in the initial stages of investigation at the direction of the MDE.

ComEd, pursuant to an ICC order, and PECO, pursuant to settlements of natural gas distribution rate cases with the PAPUC, are currently recovering environmental remediation costs of former MGP facility sites through customer rates. BGE is authorized to and is currently recovering environmental costs for the remediation of former MGP facility sites from customers; however, while BGE does not have a rider for MGP clean-up costs, BGE has historically received recovery of actual clean-up costs in distribution rates. ComEd, PECO and BGE have recorded regulatory assets for the recovery of these costs. See Note 4 — Regulatory Matters for additional information regarding the associated regulatory assets.

As of March 31, 2014 and December 31, 2013, the Registrants had accrued the following undiscounted amounts for environmental liabilities in other current liabilities and other deferred credits and other liabilities within their respective Consolidated Balance Sheets:

March 31, 2014	Total Environmental Investigation and Remediation Reserve	Portion of Total Related to MGP Investigation and Remediation
Exelon	$ 332	$ 267
Generation	56	—
ComEd	230	225
PECO	45	42
BGE	1	—

December 31, 2013	Total Environmental Investigation and Remediation Reserve	Portion of Total Related to MGP Investigation and Remediation
Exelon	$ 338	$ 273
Generation	56	—
ComEd	234	229
PECO	47	44
BGE	1	—

The Registrants cannot reasonably estimate whether they will incur other significant liabilities for additional investigation and remediation costs at these or additional sites identified by the Registrants, environmental agencies or others, or whether such costs will be recoverable from third parties, including customers.

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Water Quality

Section 316(b) of the Clean Water Act. Section 316(b) requires that the cooling water intake structures at electric power plants reflect the best technology available to minimize adverse environmental impacts, and is implemented through state-level NPDES permit programs. All of Generation's and CENG's power generation facilities with cooling water systems are subject to the regulations. Facilities without closed-cycle recirculating systems (e.g., cooling towers) are potentially most affected by changes to the existing regulations. For Generation, those facilities are Clinton, Dresden, Eddystone, Fairless Hills, Gould Street, Handley, Mountain Creek, Mystic 7, Oyster Creek, Peach Bottom, Quad Cities, Riverside, Salem and Schuylkill. For CENG, those facilities are Calvert Cliffs, Nine Mile Point Unit 1 and R.E. Ginna.

On March 28, 2011, the U.S. EPA issued the proposed regulation under Section 316(b). The proposal does not require closed-cycle cooling (e.g., cooling towers) as the best technology available to address impingement and entrainment. The proposal provides the state permitting agency with discretion to determine the best technology available to limit entrainment (drawing aquatic life into the plants cooling system) mortality, including application of a cost-benefit test and the consideration of a number of site-specific factors. After consideration of these factors, the state permitting agency may require closed cycle cooling, an alternate technology, or determine that the current technology is the best available. The proposed rule also imposes limits on impingement (trapping aquatic life on screens) mortality, which likely will be accomplished by the installation of screens or another technology at the intake. Exelon filed comments on the proposed regulation on August 18, 2011, stating its support for a number of its provisions (e.g., cooling towers not required as best technology available, and the use of site-specific and cost benefit analysis) while also noting a number of technical provisions that require revision to take into account existing unit operations and practices within the industry.

In June 2012, the U.S. EPA published two Notices of Data Availability (NODA) seeking public comment on alternate compliance technologies for impingement and the use of a public opinion survey to calculate the so-called "non-use" benefits of the rule. Exelon filed comments for each NODA, supporting the additional flexibility afforded by the impingement NODA, and opposing the NODA relating to calculation of non-use benefits due to its inaccurate and unreliable methodologies that would artificially inflate the benefits of proposed technologies that would otherwise not be cost-effective. On June 27, 2013, the U.S. EPA agreed to amend the court approved Settlement Agreement to extend the deadline to issue a final rule until November 4, 2013 and on October 30, 2013 the U.S. EPA invoked the *force majeure* provision of the Settlement Agreement to extend the final rule deadline until January 14, 2014 due to the early October 2013 federal government shutdown. The parties then agreed to an additional extension until April 17, 2014. The U.S. EPA has announced that it will not meet this latest deadline and has established May 16, 2014 as the date for issuance of the final rule. Until the rule is finalized, the state permitting agencies will continue to apply their best professional judgment to address impingement and entrainment.

Salem and Other Power Generation Facilities. In June 2001, the NJDEP issued a renewed NPDES permit for Salem, allowing for the continued operation of Salem with its existing cooling water system. NJDEP advised PSEG, in July 2004 that it strongly recommended reducing cooling water intake flow commensurate with closed-cycle cooling as a compliance option for Salem. PSEG submitted an application for a renewal of the permit on February 1, 2006. In the permit renewal application, PSEG analyzed closed-cycle cooling and other options and demonstrated that the continuation of the Estuary Enhancement Program, an extensive environmental restoration program at Salem, is the best technology to meet the Section 316(b) requirements. PSEG continues to operate Salem under the approved June 2001 NPDES permit while the NPDES permit renewal application is being reviewed. If the final permit or Section 316(b) regulations ultimately requires the retrofitting of Salem's cooling water intake structure to reduce cooling water intake flow commensurate with closed-cycle cooling, Exelon's and Generation's share of the total cost of the retrofit and any resulting interim replacement power would likely be in excess of $430 million, based on a 2006 estimate, and would result in increased depreciation expense related to the retrofit investment.

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It is unknown at this time whether the NJDEP permit programs will require closed-cycle cooling at Salem. In addition, the economic viability of Generation's other power generation facilities, as well as CENG's, without closed-cycle cooling water systems will be called into question by any requirement to construct cooling towers. Should the final rule not require the installation of cooling towers, and retain the flexibility afforded the state permitting agencies in applying a cost benefit test and to consider site-specific factors, the impact of the rule would be minimized even though the costs of compliance could be material to Generation and CENG.

Given the uncertainties associated with the requirements that will be contained in the final rule, Generation cannot predict the eventual outcome or estimate the effect that compliance with any resulting Section 316(b) or interim state requirements will have on the operation of its and CENG's generating facilities and its future results of operations, cash flows and financial position.

Groundwater Contamination. In October 2007, a subsidiary of Constellation entered into a consent decree with the MDE relating to groundwater contamination at a third-party facility that was licensed to accept fly ash, a byproduct generated by coal-fired plants. The consent decree required the payment of a $1 million penalty, remediation of groundwater contamination resulting from the ash placement operations at the site, replacement of drinking water supplies in the vicinity of the site, and monitoring of groundwater conditions. Prior to the Merger, Constellation recorded in its Consolidated Balance Sheets total liabilities of approximately $30 million to comply with the consent decree with an additional $3 million recognized through purchase accounting. During third quarter of 2013, Generation increased its reserve by $2 million based on an update of future estimated remediation costs. The remaining liability as of March 31, 2014, is approximately $15 million. In addition, a private party asserted claims relating to groundwater contamination. In February 2014, Generation settled these private party claims for an amount that is not material to the financial condition of Generation.

Air Quality

Cross State Air Pollution Rule (CSAPR). On July 11, 2008, the U.S. Court of Appeals for the District of Columbia Circuit (D.C. Circuit Court) vacated the CAIR, which had been promulgated by the U.S. EPA to reduce power plant emissions of SO_2 and NO_x. The D.C. Circuit Court later remanded the CAIR to the U.S. EPA, without invalidating the entire rulemaking, so that the U.S. EPA could correct CAIR in accordance with the D.C. Circuit Court's July 11, 2008 opinion. On July 7, 2011, the U.S. EPA published the final rule, known as the CSAPR. The CSAPR requires 28 states in the eastern half of the United States to significantly improve air quality by reducing power plant emissions that cross state lines and contribute to ground-level ozone and fine particle pollution in other states.

Numerous entities challenged the CSAPR in the D.C. Circuit Court, and some requested a stay of the rule pending the Court's consideration of the matter on the merits. On December 30, 2011, the Court granted a stay of the CSAPR, and directed the U.S. EPA to continue the administration of CAIR in the interim. On August 21, 2012, a three-judge panel of the D.C. Circuit Court held that the U.S. EPA has exceeded its authority in certain material aspects of the CSAPR and vacated the rule and remanded it to the U.S. EPA for further rulemaking consistent with its decision. The Court also ordered that CAIR remain in effect pending finalization of CSAPR on remand. The Court's order was appealed to the U.S. Supreme Court, and on April 29, 2014 the U.S. Supreme Court reversed the Appellate Court decision and upheld CSAPR, and remanded the case to the Appellate Court to resolve the remaining implementation issues.

Under the CSAPR, generation units were to receive allowances based on historic heat input and intrastate, and limited interstate, trading of allowances was permitted. The CSAPR restricted entirely the use of pre-2012 allowances. Existing SO_2 allowances under the ARP would remain available for use under ARP. As of March 31, 2014, Generation had $51 million of emission allowances carried at the lower of weighted average cost or market.

EPA Mercury and Air Toxics Standards (MATS). The MATS rule became final on April 16, 2012. The MATS rule reduces emissions of toxic air pollutants, and finalized the new source performance standards for fossil fuel-fired electric utility steam generating units (EGUs). The MATS rule requires coal-fired EGUs to achieve high removal rates of mercury, acid gases and other metals from air emissions. To achieve these standards, coal units with no pollution control equipment installed (uncontrolled coal units) will have to make capital investments and incur higher operating expenses. It is expected that smaller, older, uncontrolled coal units will retire rather than make these investments. Coal units with existing controls that do not meet the required standards may need to upgrade existing controls or add new controls to comply. In addition, the new standards will require oil units to achieve high removal rates of metals. Owners of oil units not currently meeting the proposed emission standards may choose to convert the units to light oils or natural gas, install control technologies or retire the units. The MATS rule requires generating stations to meet the new standards three years after the rule takes effect, April 16, 2015, with specific guidelines for an additional one or two years in limited cases. Numerous entities challenged MATS in the D.C. Circuit Court, and Exelon intervened in support of the rule. On April 15, 2014, the D.C Circuit Court issued an opinion upholding MATS in its entirety.

Exelon, along with the other co-owners of Conemaugh Generating Station have improved the existing scrubbers and installed Selective Catalytic Reduction (SCR) controls to meet the requirements of MATS.

In addition, as of March 31, 2014, Exelon had a $368 million net investment in coal-fired plants in Georgia and Texas subject to long-term leases extending through 2028-2032. While Exelon currently estimates the value of these plants at the end of the lease term will be in excess of the recorded residual lease values, after the impairment recorded in the second quarter of 2013, final applications of the CSAPR and MATS regulations could negatively impact the end-of-lease term values of these assets, which could result in a future impairment loss that could be material. See Note 8 — Impairment of Long-Lived Assets of the Exelon 2013 Form 10-K for additional information.

National Ambient Air Quality Standards (NAAQS). The U.S. EPA previously announced that it would complete a review of all NAAQS by 2014. Oral argument in the litigation (*State of Miss. v. EPA*) of the final 2008 ozone standard occurred in the D.C. Circuit Court in November 2012 and a final Court decision was issued on July 23, 2013 with the 2008 primary ozone standard upheld, but the secondary standard remanded to EPA for reconsideration. Concurrent with litigation of the 2008 ozone standard, the U.S. EPA continues its regular, periodic review of the ozone NAAQS and is expected to propose revisions in the fall of 2014, with preliminary indications that the U.S. EPA will likely propose a tightened standard. It is unclear at this point in time whether the U.S. EPA will be able to respond to the Court remand of the secondary 2008 ozone standard on a timeframe that would be any quicker than that of the U.S. EPA's current, periodic review schedule. In December 2012, the U.S. EPA issued its final revisions to the Agency's particulate matter (PM) NAAQS. In its final rule, the U.S. EPA lowered the annual PM2.5 standard, but declined to issue a new secondary NAAQS to improve urban visibility. The U.S. EPA indicated in its final rule that by 2020 it expects most areas of the country will be in attainment of the new PM2.5 NAAQS based on currently expected regulations, such as the MATS regulation. It is unclear if the vacatur of the CSAPR, one of the regulations that the U.S. EPA is relying on to assist with future PM reduction, would alter the U.S. EPA's view since either CAIR or a finalized CSAPR regulation would be in effect leading up to 2020. In March 2013, a number of industry coalitions filed a joint lawsuit challenging the new PM2.5 standard. Also during early 2013, the D.C. Circuit remanded several rules for implementation of earlier PM2.5 NAAQS to the U.S. EPA for revision of certain aspects of the rules, with a requirement that the U.S. EPA re-promulgate regulations in conformance with the correct subparts of the Clean Air Act.

In addition to these NAAQS, the U.S. EPA also finalized nonattainment designations for certain areas in the United States for the 2010 one-hour SO_2 standard on August 5, 2013, and indicated that additional nonattainment areas will be designated in a future rulemaking. U.S. EPA will require states to submit state implementation plans

(SIPs) for nonattainment areas by April 2015. With regard to Texas and Maryland, no nonattainment areas were identified in EPA's final designation rule. With regard to Illinois and Pennsylvania, several counties, or portions of counties, in each state were identified as nonattainment. The U.S. EPA will follow the approach outlined in a February 2013 U.S. EPA strategy document that establishes a process and timeline for the Agency to address additional designations in states' counties under a future rulemaking. Nonattainment county compliance with the one-hour SO_2 standard is required by October 2018. While significant SO2 reductions will occur as a result of MATS compliance in 2015, Exelon is unable to predict the requirements of pending states' SIPs to further reduce SO_2 emissions in support of attainment of the one hour SO_2 standard.

Notices and Finding of Violations and Midwest Generation Bankruptcy. In December 1999, ComEd sold several generating stations to Midwest Generation, LLC (Midwest Generation), a subsidiary of Edison Mission Energy (EME). Under the terms of the sale agreement, Midwest Generation and EME assumed responsibility for environmental liabilities associated with the ownership, occupancy, use and operation of the stations, including responsibility for compliance by the stations with environmental laws before their purchase by Midwest Generation. Midwest Generation and EME additionally agreed to indemnify and hold ComEd and its affiliates harmless from claims, fines, penalties, liabilities and expenses arising from third party claims against ComEd resulting from or arising out of the environmental liabilities assumed by Midwest Generation and EME under the terms of the agreement governing the sale. In connection with Exelon's 2001 corporate restructuring, Generation assumed ComEd's rights and obligations with respect to its former generation business, including its rights and obligations under the sale agreement with Midwest Generation and EME.

Under a supplemental agreement reached in 2003, Midwest Generation agreed to reimburse ComEd and Generation for 50% of the specific asbestos claims pending as of February 2003 and related expenses less recovery of insurance costs and agreed to a sharing arrangement for liabilities and expenses associated with future asbestos-related claims as specified in the agreement.

On December 17, 2012 (Petition Date), EME and certain of its subsidiaries, including Midwest Generation, filed for protection under Chapter 11 of the U.S. Bankruptcy Code.

In 2012, the Bankruptcy Court approved the rejection of an agency agreement related to a coal rail car lease under which Midwest Generation had agreed to reimburse ComEd for all obligations incurred under the coal rail car lease. The rejection left Generation as the party responsible for making all remaining payments under the lease and performing all other obligations there under. In January 2013, Generation made the final $10 million payment due under the lease agreement which had been accrued at December 31, 2012.

During the second quarter of 2013, Exelon filed proofs of claim for approximately $21 million with the Bankruptcy Court for amounts owed by EME and Midwest Generation for the coal rail car lease, ComEd utility payments and certain legal costs. Further, Exelon filed an environmental claim with an unspecified amount that listed the indemnifications that were in place pre-Petition Date and other factors associated with the remediation and a claim under the asbestos cost-sharing agreement with an unspecified amount. As of March 31, 2014, Exelon has not recorded a receivable for the filed proofs of claim because recovery of any amount cannot be assured at this point in the bankruptcy. Exelon will not record claim recoveries unless and until they are realized.

On January 17, 2014, Midwest Generation filed a plan supplement to its bankruptcy filing that included a list of contracts to be rejected upon the effective date of the reorganization plan. This list included the sale agreement, including the environmental indemnity, and the asbestos cost-sharing agreement.

On March 11, 2014, the Bankruptcy Court for the Northern District of Illinois entered its Order Confirming Debtors' Joint Chapter 11 Plan of Reorganization. On April 1, 2014 (Effective Date), NRG Energy purchased

EME's portfolio of generation, including Midwest Generation and the Joint Chapter 11 Plan of Reorganization (Plan) became effective. As part of the Plan, the sale agreement, including the environmental indemnity, and the asbestos cost-sharing agreement were rejected. Creditors have 30 days from the Effective Date to file rejection damages claims associated with contracts rejected under the Plan. Exelon will be filing claims related to the rejected agreements.

Certain environmental laws and regulations subject current and prior owners of properties or generators of hazardous substances at such properties to liability for remediation costs of environmental contamination. As a prior owner of the generating stations, ComEd (and Generation, through its agreement in Exelon's 2001 corporate restructuring to assume ComEd's rights and obligations associated with its former generation business) could face liability (along with any other potentially responsible parties) for environmental conditions at the stations requiring remediation, with the determination of the allocation among the parties subject to many uncertain factors. ComEd and Generation have reviewed available public information as to potential environmental exposures regarding the Midwest Generation station sites. Midwest Generation publicly disclosed in its December 31, 2013 Form 10-K that (i) it has accrued a probable amount of approximately $8 million for estimated environmental investigation and remediation costs under CERCLA, or similar laws, for the investigation and remediation of contaminated property at two Midwest Generation plant sites, (ii) it has identified stations for which a reasonable estimate for investigation and/or remediation cannot be made and (iii) it and the Illinois EPA entered into Compliance Commitment Agreements outlining specified environmental remediation measures and groundwater monitoring activities to be undertaken at its Crawford, Powerton, Joliet, Will County and Waukegan generating stations. At this time, however, ComEd and Generation do not have sufficient information to reasonably assess the potential likelihood or magnitude of any remediation requirements that may be asserted. For these reasons, ComEd and Generation are unable to predict whether and to what extent they may ultimately be held responsible for remediation and other costs relating to the generating stations and as a result no liability has been recorded as of March 31, 2014. Any liability imposed on ComEd or Generation for environmental matters relating to the generating stations could have a material adverse impact on their future results of operations and cash flows.

Generation increased its reserve for asbestos-related bodily injury claims at December 31, 2013 by $25 million, as a result of Midwest Generation listing such agreement in the January 2014 plan supplement as an agreement to be rejected in connection with the Plan. As discussed above, the rejection became effective as part of the Plan and no further adjustment to the reserve is required. Midwest Generation publicly disclosed in its December 31, 2013 Form 10-K that they had $53 million recorded related to asbestos bodily injury claims under the contractual indemnity with ComEd. Exelon and Generation may be entitled to damages associated with the rejection of the agreement. These amounts are considered to be contingent gains and would not be recognized until realized.

Solid and Hazardous Waste

Cotter Corporation. The U.S. EPA has advised Cotter Corporation (Cotter), a former ComEd subsidiary, that it is potentially liable in connection with radiological contamination at a site known as the West Lake Landfill in Missouri. On February 18, 2000, ComEd sold Cotter to an unaffiliated third party. As part of the sale, ComEd agreed to indemnify Cotter for any liability arising in connection with the West Lake Landfill. In connection with Exelon's 2001 corporate restructuring, this responsibility to indemnify Cotter was transferred to Generation. On May 29, 2008, the U.S. EPA issued a Record of Decision approving the remediation option submitted by Cotter and the two other PRPs that required additional landfill cover. The current estimated cost of the anticipated landfill cover remediation for the site is approximately $42 million, which will be allocated among all PRPs. Generation has accrued what it believes to be an adequate amount to cover its anticipated share of such liability. By letter dated January 11, 2010, the U.S. EPA requested that the PRPs perform a supplemental feasibility study for a remediation alternative that would involve complete excavation of the radiological contamination. On September 30, 2011, the PRPs submitted the final supplemental feasibility study to the U.S. EPA for review. In June 2012, the U.S. EPA

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requested that the PRPs perform additional analysis and groundwater sampling as part of the supplemental feasibility study, and subsequently requested additional analysis sampling and modeling that will be conducted throughout 2014. In light of these additional requests, it is unknown when the U.S EPA will propose a remedy for public comment. Thereafter the U.S. EPA will select a final remedy and enter into a Consent Decree with the PRPs to effectuate the remedy. A complete excavation remedy would be significantly more expensive than the previously selected additional cover remedy; however, Generation believes the likelihood that the U.S. EPA would require a complete excavation remedy is remote.

On August 8, 2011, Cotter was notified by the DOJ that Cotter is considered a PRP with respect to the government's clean-up costs for contamination attributable to low level radioactive residues at a former storage and reprocessing facility named Latty Avenue near St. Louis, Missouri. The Latty Avenue site is included in ComEd's indemnification responsibilities discussed above as part of the sale of Cotter. The radioactive residues had been generated initially in connection with the processing of uranium ores as part of the U.S. government's Manhattan Project. Cotter purchased the residues in 1969 for initial processing at the Latty Avenue facility for the subsequent extraction of uranium and metals. In 1976, the NRC found that the Latty Avenue site had radiation levels exceeding NRC criteria for decontamination of land areas. Latty Avenue was investigated and remediated by the United States Army Corps of Engineers pursuant to funding under the Formerly Utilized Sites Remedial Action Program. The DOJ has not yet formally advised the PRPs of the amount that it is seeking, but it is believed to be approximately $90 million. The DOJ and the PRPs agreed to toll the statute of limitations until August 2014 so that settlement discussions could proceed. Based on Generation's preliminary review, it appears probable that Generation has liability to Cotter under the indemnification agreement and has established an appropriate accrual for this liability.

On February 28, 2012, and April 12, 2012, two lawsuits were filed in the U.S. District Court for the Eastern District of Missouri against 15 and 14 defendants, respectively, including Exelon, Generation and ComEd (the "Exelon defendants") and Cotter. The suits allege that individuals living in the North St. Louis area developed some form of cancer due to the defendants' negligent or reckless conduct in processing, transporting, storing, handling and/or disposing of radioactive materials. Plaintiffs have asserted claims for negligence, strict liability, emotional distress, medical monitoring, and violations of the Price-Anderson Act. The complaints do not contain specific damage claims. On May 30, 2012, the plaintiffs filed voluntary motions to dismiss the Exelon defendants from both lawsuits which were subsequently granted. Since May 30, 2012, several related lawsuits have been filed in the same court on behalf of various plaintiffs against Cotter and other defendants, but not Exelon. The allegations in these related lawsuits mirror the initially filed lawsuits. In the event of a finding of liability, it is reasonably possible that Exelon would be considered liable due to its indemnification responsibilities of Cotter described above. On March 27, 2013, the U.S. District Court dismissed all state common law actions brought under the initial two lawsuits; and also found that the plaintiffs had not properly brought the actions under the Price-Anderson Act. On July 8, 2013, the plaintiffs filed amended complaints under the Price-Anderson Act. Cotter moved to dismiss the amended complaints and has motions currently pending before the court. At this stage of the litigation, Exelon cannot estimate a range of loss, if any.

On April 11, 2014, a class action complaint was filed in the U.S. District Court for the Eastern District of Missouri against Cotter and six additional defendants. The complaint alleges that individuals living in the North St. Louis area within a three-mile radius of the West Lake Landfill suffered damage to property or loss of use of property due to the defendants' negligent handling of radioactive materials. Plaintiffs have asserted claims for monetary damages under the Price-Anderson Act. At this stage of the litigation, Exelon and Generation cannot estimate a range of loss, if any.

68th Street Dump. In 1999, the U.S. EPA proposed to add the 68th Street Dump in Baltimore, Maryland to the Superfund National Priorities List, and notified BGE and 19 others that they are PRPs at the site. In March 2004, BGE and other PRPs formed the 68th Street Coalition and entered into consent order negotiations with the

U.S. EPA to investigate clean-up options for the site under the Superfund Alternative Sites Program. In May 2006, a settlement among the U.S. EPA and 19 of the PRPs, including BGE, with respect to investigation of the site became effective. The settlement requires the PRPs, over the course of several years, to identify contamination at the site and recommend clean-up options. The PRP's submitted their investigation of the range of clean-up options in the first quarter of 2011. Although the investigation and options provided to the U.S. EPA are still subject to U.S. EPA review and selection of a remedy, the range of estimated clean-up costs to be allocated among all of the PRPs is in the range of $50 million to $64 million. On September 30, 2013, U.S. EPA issued the Record of Decision identifying its preferred remedial alternative for the site. The estimated cost for the alternative chosen by U.S. EPA is consistent with the PRPs estimated range of costs noted above. Based on Generation's preliminary review, it appears probable that Generation has liability and has established an appropriate accrual for its share of the estimated clean-up costs. A wholly owned subsidiary of Generation has agreed to indemnify BGE for most of the costs related to this settlement and clean-up of the site.

Rossville Ash Site. The Rossville Ash Site is a 32-acre property located in Rosedale, Baltimore County, Maryland, which was used for the placement of fly ash from 1983-2007. The property is owned by Constellation Power Source Generation, LLC (CPSG). In 2008, CPSG investigated and remediated the property by entering it into the Maryland Voluntary Cleanup Program (VCP) to address any historic environmental concerns and ready the site for appropriate future redevelopment. The site was accepted into the program in 2010 and is currently going through the process to remediate the site and receive closure from MDE. Exelon currently estimates the cost to close the site to be approximately $6 million, which has been fully reserved as of March 31, 2014.

Sauer Dump. On May 30, 2012, BGE was notified by the U.S. EPA that it is considered a PRP at the Sauer Dump Superfund site in Dundalk, Maryland. The U.S. EPA offered BGE and three other PRPs the opportunity to conduct an environmental investigation and present cleanup recommendations at the site. In addition, the U.S. EPA is seeking recovery from the PRPs of $1.7 million for past cleanup and investigation costs at the site. On March 11, 2013, BGE and three other PRP's signed an Administrative Settlement Agreement and Order on Consent with the U.S. EPA which requires the PRP's to conduct a Remedial Investigation and Feasibility Study at the site to determine what, if any, are the appropriate and recommended cleanup activities for the site. The ultimate outcome of this proceeding is uncertain. Since the U.S. EPA has not selected a cleanup remedy and the allocation of the cleanup costs among the PRPs has not been determined, an estimate of the range of BGE's reasonably possible loss, if any, cannot be determined.

Climate Change Regulation. Exelon is subject to climate change regulation or legislation at the Federal, regional and state levels. In 2007, the U.S. Supreme Court ruled that GHG emissions are pollutants subject to regulation under the new motor vehicle provisions of the Clean Air Act. Consequently, on December 7, 2009, the U.S. EPA issued an endangerment finding under Section 202 of the Clean Air Act regarding GHGs from new motor vehicles and on April 1, 2010 issued final regulations limiting GHG emissions from cars and light trucks effective on January 2, 2011. While such regulations do not specifically address stationary sources, such as a generating plant, it is the U.S. EPA's position that the regulation of GHGs under the mobile source provisions of the Clean Air Act has triggered the permitting requirements under the Prevention of Significant Deterioration (PSD) and Title V operating permit sections of the Clean Air Act for new and modified stationary sources effective January 2, 2011. Therefore, on May 13, 2010, the U.S. EPA issued final regulations (the Tailoring Rule) relating to these provisions of the Clean Air Act for major stationary sources of GHG emissions that apply to new sources that emit greater than 100,000 tons per year, on a CO_2 equivalent basis, and to modifications to existing sources that result in emissions increases greater than 75,000 tons per year on a CO_2 equivalent basis. These thresholds became effective January 2, 2011, apply for six years and will be reviewed by the U.S. EPA for future applicability thereafter. On July 2, 2012 the U.S. EPA declined to lower GHG permit thresholds in its final "Step 3" Tailoring Rule update. The U.S. EPA will review permit thresholds again in a 2015 rulemaking process. On June 26, 2012, the United States Court of Appeals for the District of Columbia, in a *per curium* decision,

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dismissed industry and state petitions challenging the U.S. EPA's "Tailpipe Rule" for cars and light duty trucks, the endangerment finding for GHG's from stationary sources, and the Tailoring Rule. On October 15, 2013, the U.S. Supreme Court granted industry petitions to review one aspect of the PSD permitting regulations. Under the PSD regulations, new and modified major stationary sources could be required to install best available control technology, to be determined on a case by case basis. Generation could be significantly affected by the regulations if it were to build new plants or modify existing plants.

On June 25, 2013, President Obama announced "The President's Climate Action Plan," a summary of executive branch actions intended to: reduce carbon emissions; prepare the United States for the impacts of climate change; and lead international efforts to combat global climate change and prepare for its impacts. Concurrent with the announcement of the Administration's plan, the President also issued a Memorandum for the Administrator of the Environmental Protection Agency that focused on power generation sector carbon reductions under the Section 111 New Source Performance Standards (NSPS) section of the federal Clean Air Act. The memorandum directs the U.S. EPA Administrator to issue two sets of proposed rulemakings with regard to power plant carbon emissions under Section 111 of the Clean Air Act.

The first rulemaking, under Section 111(b) of the Clean Air Act is to focus on establishing carbon regulations for new fossil-fuel power plants. This rulemaking was proposed on September 20, 2013 and is to be finalized "in a timely fashion." In the proposed rule U.S. EPA sets separate standards for fossil-fuel fired utility boilers and natural gas fired stationary combustion turbines.

The second rulemaking, under Section 111(d) of the Clean Air Act is to focus on modified, reconstructed and existing fossil power plants. The rulemaking is to be proposed no later than June 1, 2014, be finalized no later than June 1, 2015, and require that states submit to U.S. EPA their implementation plans no later than June 30, 2016. In developing this rulemaking, U.S. EPA is directed to consider a number of factors, including options to reduce costs, options to ensure the continued use of a range of energy sources and technologies, options that are consistent with reliable and affordable power, and options that allow for the use of market-based instruments, performance standards and other regulatory flexibilities.

To the extent that the final Section 111(d) rule results in emission reductions from fossil fuel fired plants, and thereby imposes some form of direct or indirect price of carbon in competitive electricity markets, Exelon's overall low carbon generation portfolio results could benefit.

Litigation and Regulatory Matters

Except to the extent noted below, the circumstances set forth in Note 22 of the Exelon 2013 Form 10-K describe, in all material respects, the current status of litigation matters. The following is an update to that discussion.

Asbestos Personal Injury Claims (Exelon, Generation, PECO and BGE)

Exelon and Generation . Generation maintains a reserve for claims associated with asbestos-related personal injury actions in certain facilities that are currently owned by Generation or were previously owned by ComEd and PECO. The reserve is recorded on an undiscounted basis and excludes the estimated legal costs associated with handling these matters, which could be material.

At March 31, 2014 and December 31, 2013, Generation had reserved approximately $89 million and $90 million, respectively, in total for asbestos-related bodily injury claims. As of March 31, 2014, approximately $20 million of this amount related to 238 open claims presented to Generation, while the remaining $69 million of the

reserve is for estimated future asbestos-related bodily injury claims anticipated to arise through 2050, based on actuarial assumptions and analyses, which are updated on an annual basis. On a quarterly basis, Generation monitors actual experience against the number of forecasted claims to be received and expected claim payments and evaluates whether an adjustment to the reserve is necessary.

On November 22, 2013, the Supreme Court of Pennsylvania held that the Pennsylvania Workers Compensation Act does not apply to an employee's disability or death resulting from occupational disease, such as diseases related to asbestos exposure, which manifests more than 300 weeks after the employee's last employment-based exposure, and that therefore the exclusivity provision of the Act does not preclude such employee from suing his or her employer in court. The Supreme Court's ruling reverses previous rulings by the Pennsylvania Superior Court precluding current and former employees from suing their employers in court, despite the fact that the same employee was not eligible for workers compensation benefits for diseases that manifest more than 300 weeks after the employee's last employment-based exposure to asbestos. Currently, Exelon, Generation and PECO are unable to predict whether and to what extent they may experience additional claims in the future as a result of this ruling; as such no increase to the asbestos-related bodily injury liability has been recorded as of March 31, 2014. Increased claims activity resulting from this ruling could have a material adverse effect on Exelon's, Generation's and PECO's future results of operations and cash flows.

BGE . Since 1993, BGE and certain Constellation (now Generation) subsidiaries have been involved in several actions concerning asbestos. The actions are based upon the theory of "premises liability," alleging that BGE and Generation knew of and exposed individuals to an asbestos hazard. In addition to BGE and Generation, numerous other parties are defendants in these cases.

Approximately 486 individuals who were never employees of BGE or certain Constellation subsidiaries have pending claims each seeking several million dollars in compensatory and punitive damages. Cross-claims and third-party claims brought by other defendants may also be filed against BGE and certain Constellation subsidiaries in these actions. To date, most asbestos claims which have been resolved have been dismissed or resolved without any payment by BGE or certain Constellation subsidiaries and a small minority of these cases has been resolved for amounts that were not material to BGE or Generation's financial results.

Discovery begins in these cases after they are placed on the trial docket. At present, only two of the pending cases are set for trial. Given the limited discovery in these cases, BGE and Generation do not know the specific facts that are necessary to provide an estimate of the reasonably possible loss relating to these claims; as such, no accrual has been made and a range of loss is not estimable. The specific facts not known include:

- the identity of the facilities at which the plaintiffs allegedly worked as contractors;
- the names of the plaintiffs' employers;
- the dates on which and the places where the exposure allegedly occurred; and
- the facts and circumstances relating to the alleged exposure.

Insurance and hold harmless agreements from contractors who employed the plaintiffs may cover a portion of any awards in the actions.

Continuous Power Interruption (ComEd)

Section 16-125 of the Illinois Public Utilities Act provides that in the event an electric utility, such as ComEd, experiences a continuous power interruption of four hours or more that affects (in ComEd's case) more than 30,000 customers, the utility may be liable for actual damages suffered by customers as a result of the interruption and may be responsible for reimbursement of local governmental emergency and contingency

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expenses incurred in connection with the interruption. Recovery of consequential damages is barred. The affected utility may seek from the ICC a waiver of these liabilities when the utility can show that the cause of the interruption was unpreventable damage due to weather events or conditions, customer tampering, or certain other causes enumerated in the law.

On August 18, 2011, ComEd sought from the ICC a determination that ComEd is not liable for damage compensation to customers in connection with the July 11, 2011 storm system that produced multiple power interruptions that in the aggregate affected more than 900,000 customers in ComEd's service territory, as well as for five other storm systems that affected ComEd's customers during June and July 2011 (Summer 2011 Storm Docket). In addition, on September 29, 2011, ComEd sought from the ICC a determination that it was not liable for damage compensation related to the February 1, 2011 blizzard (February 2011 Blizzard Docket).

On June 5, 2013, the ICC approved a complete waiver of liability for five of the six summer storms and the February 2011 blizzard. The ICC held that for the July 11, 2011 storm, 34,559 interruptions were preventable and therefore no waiver should apply. As required by the ICC's Order, ComEd notified relevant customers that they may be entitled to seek reimbursement of incurred costs in accordance with a claims procedure established under ICC rules and regulations. In addition, the ICC found that ComEd did not systematically fail in its duty to provide adequate, reliable and safe service. As a result, the ICC rejected the Illinois Attorney General's request for the ICC to open an investigation into ComEd's infrastructure and storm hardening investments.

Following the ICC's June 26, 2013 denial of ComEd's request for rehearing, on June 27, 2013 ComEd filed an appeal of both the summer and winter storm dockets with the Illinois Appellate Court regarding the ICC's interpretation of Section 16-125 of the Illinois Public Utilities Act. ComEd cannot predict the outcome of appeals.

As a result of the ICC's June 5, 2013 ruling, ComEd established a liability, which was not material, for potential reimbursements for actual damages incurred by the 34,559 customers covered by the ICC's June 5, 2013 Order. The liability recorded represents the low end of a range of potential losses given that no amount within the range represents a better estimate. ComEd's ultimate liability will be based on actual claims eligible for reimbursement as well as the outcome of the appeal. Although reimbursements for actual damages will differ from the estimated accrual recorded, at this time ComEd does not expect the difference to be material to ComEd's results of operations or cash flows.

ComEd has not recorded an accrual for reimbursement of local governmental emergency and contingency expenses as a range of loss, if any, cannot be reasonably estimated at this time, but may be material to ComEd's results of operations and cash flows.

Telephone Consumer Protection Act Lawsuit (ComEd)

On November 19, 2013, a class action complaint was filed in the Northern District of Illinois on behalf of a single individual and a presumptive class that would include all customers that ComEd enrolled in its Outage Alert text message program. The complaint alleges that ComEd violated the Telephone Consumer Protection Act ("TCPA") by sending approximately 1.2 million text messages to customers without first obtaining their consent to receive such messages. The complaint seeks certification of a class along with statutory damages, attorneys' fees, and an order prohibiting ComEd from sending additional text messages. Such statutory damages could range from $ 500 to $ 1,500 per text. On February 21, 2014, ComEd filed a motion to dismiss this class action complaint and intends to contest the allegations of this suit. As of March 31, 2014, ComEd established a reserve, which was not material, representing its best estimate of probable loss associated with this class action complaint. As ComEd is unable to predict the ultimate outcome of this proceeding, actual damages may differ from the estimated amount recorded, which may be material to ComEd's results of operations, cash flows, and financial position.

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Baltimore City Franchise Taxes (BGE)

The City of Baltimore claims that BGE has maintained electric facilities in the City's public right-of-ways for over one hundred years without the proper franchise rights from the City. BGE is currently reviewing the merits of this claim. BGE has not recorded an accrual for payment of franchise fees for past periods as a range of loss, if any, cannot be reasonably estimated at this time. Franchise fees assessed in future periods may be material to BGE's results of operations and cash flows.

General (Exelon, Generation, ComEd, PECO and BGE)

The Registrants are involved in various other litigation matters that are being defended and handled in the ordinary course of business. The assessment of whether a loss is probable or a reasonable possibility, and whether the loss or a range of loss is estimable, often involves a series of complex judgments about future events. The Registrants maintain accruals for such losses that are probable of being incurred and subject to reasonable estimation. Management is sometimes unable to estimate an amount or range of reasonably possible loss, particularly where (1) the damages sought are indeterminate, (2) the proceedings are in the early stages, or (3) the matters involve novel or unsettled legal theories. In such cases, there is considerable uncertainty regarding the timing or ultimate resolution of such matters, including a possible eventual loss.

Income Taxes (Exelon, Generation, ComEd, PECO and BGE)

See Note 9 — Income Taxes for information regarding the Registrants' income tax refund claims and certain tax positions, including the 1999 sale of fossil generating assets.

16. Supplemental Financial Information (Exelon, Generation, ComEd, PECO and BGE)

Supplemental Statement of Operations Information

The following tables provide additional information about the Registrants' Consolidated Statements of Operations for the three months ended March 31, 2014 and 2013:

Three Months Ended March 31, 2014	Exelon	Generation	ComEd	PECO	BGE
Other, Net					
Decommissioning-related activities:					
Net realized income on decommissioning trust funds(a)					
Regulatory agreement units	$ 43	$ 43	$ —	$ —	$—
Non-regulatory agreement units	25	25	—	—	—
Net unrealized gains on decommissioning trust funds					
Regulatory agreement units	61	61	—	—	—
Non-regulatory agreement units	13	13	—	—	—
Net unrealized gains on pledged assets					
Zion Station decommissioning	10	10	—	—	—
Regulatory offset to decommissioning trust fund-related activities(b)	(94)	(94)	—	—	—
Total decommissioning-related activities	58	58	—	—	—
Investment income (expense)	1	1	—	—	2(c)
Long-term lease income	6	—	—	—	—
Interest income related to uncertain income tax positions	10	14	—	—	—
AFUDC — Equity	6	—	3	1	3
Other	22	17	2	1	(1)
Other, net	$ 103	$ 90	$ 5	$ 2	$ 4

Three Months Ended March 31, 2013	Exelon	Generation	ComEd	PECO	BGE
Other, Net					
Decommissioning-related activities:					
Net realized income on decommissioning trust funds(a)					
Regulatory agreement units	$ 36	$ 36	$ —	$ —	$—
Non-regulatory agreement units	14	14	—	—	—
Net unrealized gains on decommissioning trust funds					
Regulatory agreement units	195	195	—	—	—
Non-regulatory agreement units	64	64	—	—	—
Net unrealized gains on pledged assets					
Zion Station decommissioning	2	2	—	—	—
Regulatory offset to decommissioning trust fund-related activities(b)	(190)	(190)	—	—	—
Total decommissioning-related activities	121	121	—	—	—
Investment income (expense)	3	(2)	—	—	2(c)
Long-term lease income	8	—	—	—	—
Interest income related to uncertain income tax provisions	25	5	—	—	—
AFUDC — Equity	6	—	3	1	2
Other	9	4	2	2	1
Other, net	$ 172	$ 128	$ 5	$ 3	$ 5

(a) Includes investment income and realized gains and losses on sales of investments of the trust funds.
(b) Includes the elimination of NDT fund activity for the Regulatory Agreement Units, including the elimination of net income taxes related to all NDT fund activity for those units. See Note 15 — Asset Retirement Obligations of the Exelon 2013 Form 10-K for additional information regarding the accounting for nuclear decommissioning.
(c) Relates to the cash return on BGE's rate stabilization deferral. See Note 4 — Regulatory Matters for additional information regarding the rate stabilization deferral.

Supplemental Cash Flow Information

The following tables provide additional information regarding the Registrants' Consolidated Statements of Cash Flows for the three months ended March 31, 2014 and 2013:

Three Months Ended March 31, 2014	Exelon	Generation	ComEd	PECO	BGE
Depreciation, amortization, accretion and depletion					
Property, plant and equipment	$ 481	$ 200	$ 143	$ 56	$ 70
Regulatory assets	72	—	30	2	38
Amortization of intangible assets, net	11	11	—	—	—
Amortization of energy contract assets and liabilities(a)	42	44	—	—	—
Nuclear fuel(b)	234	234	—	—	—
ARO accretion(c)	68	68	—	—	—
Total depreciation, amortization, accretion and depletion	$ 908	$ 557	$ 173	$ 58	$108

Three Months Ended March 31, 2013	Exelon	Generation	ComEd	PECO	BGE
Depreciation, amortization, accretion and depletion					
Property, plant and equipment	$ 471	$ 203	$ 137	$ 55	$64
Regulatory assets	61	—	30	2	29
Amortization of intangible assets, net	11	11	—	—	—
Amortization of energy contract assets and liabilities(a)	176	176	—	—	—
Nuclear fuel(b)	230	230	—	—	—
ARO accretion(c)	68	68	—	—	—
Total depreciation, amortization, accretion and depletion	$1,017	$ 688	$ 167	$ 57	$93

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(a) Included in Operating revenues or Purchased power and fuel expense on the Registrants' Consolidated Statements of Operations and Comprehensive Income.
(b) Included in Purchased power and fuel expense on the Registrants' Consolidated Statements of Operations and Comprehensive Income.
(c) Included in Operating and maintenance expense on the Registrants' Consolidated Statements of Operations and Comprehensive Income.

Three Months Ended March 31, 2014	Exelon	Generation	ComEd	PECO	BGE
Other non-cash operating activities:					
Pension and non-pension postretirement benefit costs	$ 173	$ 75	$ 56	$ 12	$16
Loss from equity method investments	19	19	—	—	—
Provision for uncollectible accounts	35	1	(11)	35	11
Stock-based compensation costs	46	—	—	—	—
Other decommissioning-related activity(a)	(35)	(35)	—	—	—
Energy-related options(b)	31	31	—	—	—
Amortization of regulatory asset related to debt costs	3	—	2	1	—
Amortization of rate stabilization deferral	20	—	—	—	20
Amortization of debt fair value adjustment	(12)	(5)	—	—	—
Discrete impacts of EIMA(c)	(4)	—	(4)	—	—
Amortization of debt costs	5	3	(5)	1	—
Increase in inventory reserve	2	2	—	—	—
Other	(11)	(6)	(2)	—	(4)
Total other non-cash operating activities	$ 272	$ 85	$ 36	$ 49	$43
Changes in other assets and liabilities:					
Under/over-recovered energy and transmission costs	$ (15)	$ —	$ 4	$ (17)	$23
Other regulatory assets and liabilities	(4)	—	(10)	(3)	6
Other current assets	(209)	(80)	(29)	(105)(e)	18
Other noncurrent assets and liabilities	(50)	(23)	11	(2)	(3)
Total changes in other assets and liabilities	$(278)	$ (103)	$ (24)	$(127)	$44
Non-cash investing and financing activities:					
Indemnification of like-kind exchange position(f)	$ —	$ —	$ 2	$ —	$—
Total non-cash investing and financing activities:	$ —	$ —	$ 2	$ —	$—

Three Months Ended March 31, 2013	Exelon	Generation	ComEd	PECO	BGE
Other non-cash operating activities:					
Pension and non-pension postretirement benefit costs	$ 205	$ 87	$ 77	$ 11	$14
Loss in equity method investments	9	9	—	—	—
Provision for uncollectible accounts	45	7	9	25	4
Stock-based compensation costs	39	4	1	1	1
Other decommissioning-related activity(a)	(64)	(64)	—	—	—
Energy-related options(b)	21	21	—	—	—
Amortization of regulatory asset related to debt costs	4	—	3	1	—
Amortization of rate stabilization deferral	30	—	—	—	30
Amortization of debt fair value adjustment	(9)	(9)	—	—	—
Discrete impacts from EIMA(c)	(49)	—	(49)	—	—
Amortization of debt costs	5	3	1	1	—
Merger integration costs(d)	(6)	—	—	—	(6)
Other	1	8	—	—	(1)
Total other non-cash operating activities	$ 231	$ 66	$ 42	$ 39	$42

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Three Months Ended March 31, 2013	Exelon	Generation	ComEd	PECO	BGE
Changes in other assets and liabilities:					
Under/over-recovered energy and transmission costs	$ 29	$ —	$ (18)	$ 22	$ 16
Other regulatory assets and liabilities	91	—	(14)	13	(53)
Other current assets	(169)	(131)	17	(75)(e)	73
Other noncurrent assets and liabilities	282	(28)	263	2	(2)
Total changes in other assets and liabilities	$ 233	$ (159)	$ 248	$ (38)	$ 34
Non-cash investing and financing activities:					
Consolidated VIE dividend to non-controlling interest	$ 63	63	—	—	—
Indemnification of like-kind exchange position(f)	—	—	172	—	—
Total non-cash investing and financing activities	$ 63	$ 63	$ 172	$ —	$ —

(a) Includes the elimination of NDT fund activity for the Regulatory Agreement Units, including the elimination of operating revenues, ARO accretion, ARC amortization, investment income and income taxes related to all NDT fund activity for these units. See Note 15 of the Exelon 2013 Form 10-K for additional information regarding the accounting for nuclear decommissioning.
(b) Includes option premiums reclassified to realized at the settlement of the underlying contracts and recorded to results of operations.
(c) Reflects the change in distribution rates pursuant to EIMA, which allows for the recovery of costs by a utility through a pre-established performance-based formula rate tariff. See Note 4 — Regulatory Matters for more information.
(d) Relates to integration costs to achieve distribution synergies related to the merger transaction. See Note 4 — Regulatory Matters for more information.
(e) Relates primarily to prepaid utility taxes.
(f) See Note 9 — Income Taxes for discussion of the like-kind exchange tax position.

Other Investing Activities (Exelon and Generation). Other investing activities for Exelon and Generation primarily represents cash flows associated with the acquisition or disposition of immaterial investments.

DOE Smart Grid Investment Grant (Exelon, BGE and PECO). For the three months ended March 31, 2014, PECO has included in the capital expenditures line item under investing activities of the cash flow statement capital expenditures of $2 million and reimbursements of $2 million related to PECO's DOE SGIG programs. For the three months ended March 31, 2013, Exelon, PECO and BGE have included in the capital expenditures line item under investing activities of the cash flow statement capital expenditures of $21 million, $6 million and $15 million, respectively, and reimbursements of $32 million, $12 million and $20 million, respectively, related to PECO's and BGE's DOE SGIG programs. See Note 4 - Regulatory Matters for additional information regarding the DOE SGIG.

Supplemental Balance Sheet Information

The following tables provide additional information about assets and liabilities of the Registrants as of March 31, 2014 and December 31, 2013.

March 31, 2014	Exelon	Generation	ComEd	PECO	BGE
Property, plant and equipment:					
Accumulated depreciation and amortization	$14,066(a)	$ 7,245(a)	$3,247	$2,958	$2,741
Accounts receivable:					
Allowance for uncollectible accounts	306	46	76	140	44

December 31, 2013	Exelon	Generation	ComEd	PECO	BGE
Property, plant and equipment:					
Accumulated depreciation and amortization	$13,713(b)	$ 7,034(b)	$3,184	$2,935	$2,702
Accounts receivable:					
Allowance for uncollectible accounts	272	57	62	107	46

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(a) Includes accumulated amortization of nuclear fuel in the reactor core of $2,425 million.
(b) Includes accumulated amortization of nuclear fuel in the reactor core of $2,371 million.

PECO Installment Plan Receivables (Exelon and PECO)

PECO enters into payment agreements with certain delinquent customers, primarily residential, seeking to restore their service, as required by the PAPUC. Customers with past due balances that meet certain income criteria are provided the option to enter into an installment payment plan, some of which have terms greater than one year, to repay past due balances in addition to paying for their ongoing service on a current basis. The receivable balance for these payment agreement receivables is recorded in accounts receivable for the current portion and other deferred debits and other assets for the noncurrent portion. The net receivable balance for installment plans with terms greater than one year was $18 million as of March 31, 2014 and $19 million as of December 31, 2013. The allowance for uncollectible accounts reserve methodology and assessment of the credit quality of the installment plan receivables are consistent with the customer accounts receivable methodology discussed in Note 1 — Significant Account Policies of the Exelon 2013 Form 10-K. The allowance for uncollectible accounts balance associated with these receivables at March 31, 2014 of $15 million consists of $1 million, $4 million and $10 million for low risk, medium risk and high risk segments, respectively. The allowance for uncollectible accounts balance at December 31, 2013 of $18 million consists of $1 million, $4 million and $13 million for low risk, medium risk and high risk segments, respectively. The balance of the payment agreement is billed to the customer in equal monthly installments over the term of the agreement. Installment receivables outstanding as of March 31, 2014 and December 31, 2013 include balances not yet presented on the customer bill, accounts currently billed and an immaterial amount of past due receivables. When a customer defaults on its payment agreement, the terms of which are defined by plan type, the entire balance of the agreement becomes due and the balance is reclassified to current customer accounts receivable and reserved for in accordance with the methodology discussed in Note 1 — Significant Accounting Policies of the Exelon 2013 Form 10-K.

Like-Kind Exchange Transaction (Exelon)

Prior to the PECO/Unicom Merger in October 2000, UII, LLC (formerly Unicom Investments, Inc.) (UII), a wholly owned subsidiary of Exelon, entered into a like-kind exchange transaction pursuant to which approximately $1.6 billion was invested in coal-fired generating station leases located in Georgia and Texas with two separate entities unrelated to Exelon. The generating stations were leased back to such entities as part of the transaction. See Note 9 — Income Taxes for further information. For financial accounting purposes, the investments are accounted for as direct financing lease investments. UII holds the leasehold interests in the generating stations in several separate bankruptcy remote, special purpose companies it directly or indirectly wholly owns. The lease agreements provide the lessees with fixed purchase options at the end of the lease terms. If the lessees do not exercise the fixed purchase options, Exelon has the ability to require the lessees to arrange for a third-party to bid on a service contract for a period following the lease term. Exelon will be subject to residual value risk if the lessees do not exercise the fixed purchase options. This risk is partially mitigated by the fair value of the scheduled payments under the service contract. However, such payments are not guaranteed. Further, the term of the service contract is less than the expected remaining useful life of the plants and, therefore, Exelon's exposure to residual value risk will not be mitigated by payments under the service contract in this remaining period. In the fourth quarter of 2000, under the terms of the lease agreements, UII received a prepayment of $1.2 billion for all rent, which reduced the investment in the leases. There are no minimum scheduled lease payments to be received over the remaining term of the leases.

On February 26, 2014, UII and the City Public Service Board of San Antonio, Texas (CPS) finalized an agreement to terminate the leases on the generating station located in Texas, as described above, prior to their

expiration dates. As a result of the lease termination, UII received a net early termination amount of $335 million from CPS and wrote off the net investment in the CPS long-term lease of $336 million in Investments in the Consolidated Balance Sheet; resulting in a pre-tax loss of $1 million being reflected in Operating and maintenance expense in the Consolidated Statement of Operations and Comprehensive Income. See Note 9 — Income Taxes for impact of the lease termination on income taxes.

At March 31, 2014 and December 31, 2013, the components of the net investment in long-term leases were as follows:

	March 31, 2014	December 31, 2013
Estimated residual value of leased assets	$ 731	$ 1,465
Less: unearned income	363	767
Net investment in long-term leases	$ 368	$ 698

17. Segment Information (Exelon, Generation, ComEd, PECO and BGE)

Operating segments for each of the Registrants are determined based on information used by the chief operating decision maker(s) (CODM) in deciding how to evaluate performance and allocate resources at each of the Registrants.

Exelon has nine reportable segments, ComEd, PECO, BGE and Generation's six power marketing reportable segments consisting of the Mid-Atlantic, Midwest, New England, New York, ERCOT and all other regions not considered individually significant referred to collectively as "Other Regions"; including the South, West and Canada. ComEd, PECO and BGE each represent a single reportable segment; as such, no separate segment information is provided for these Registrants. Exelon evaluates the performance of ComEd, PECO and BGE based on net income and return on equity.

The CODMs for ComEd, PECO, and BGE evaluate performance and allocate resources for their respective companies based on net income and return on equity for ComEd, PECO, and BGE each as single integrated businesses.

The foundation of Generation's six reportable segments is based on the geographic location of its assets, and is largely representative of the footprints of an ISO / RTO and/or NERC region. Descriptions of each of Generation's six reportable segments are as follows:

- Mid-Atlantic represents operations in the eastern half of PJM, which includes Pennsylvania, New Jersey, Maryland, Virginia, West Virginia, Delaware, the District of Columbia and parts of North Carolina.
- Midwest represents operations in the western half of PJM, which includes portions of Illinois, Indiana, Ohio, Michigan, Kentucky and Tennessee, and the United States footprint of MISO excluding MISO's Southern Region, which covers all or most of North Dakota, South Dakota, Nebraska, Minnesota, Iowa, Wisconsin, the remaining parts of Illinois, Indiana, Michigan and Ohio not covered by PJM, and parts of Montana, Missouri and Kentucky.
- New England represents the operations within ISO-NE covering the states of Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.
- New York represents operations within ISO-NY, which covers the state of New York in its entirety.
- ERCOT represents operations within Electric Reliability Council of Texas, covering most of the state of Texas.

- Other Regions not considered individually significant:
  - South represents operations in the FRCC, MISO's Southern Region, and the remaining portions of the SERC not included within MISO or PJM, which includes all or most of Florida, Arkansas, Louisiana, Mississippi, Alabama, Georgia, Tennessee, North Carolina, South Carolina and parts of Missouri, Kentucky and Texas. Generation's South region also includes operations in the SPP, covering Kansas, Oklahoma, most of Nebraska and parts of New Mexico, Texas, Louisiana, Missouri, Mississippi and Arkansas.
  - West represents operations in the WECC, which includes California ISO, and covers the states of California, Oregon, Washington, Arizona, Nevada, Utah, Idaho, Colorado, and parts of New Mexico, Wyoming and South Dakota.
  - Canada represents operations across the entire country of Canada and includes the AESO, OIESO and the Canadian portion of MISO.

The CODMs for Exelon and Generation evaluate the performance of Generation's power marketing activities and allocate resources based on revenue net of purchased power and fuel expense. Generation believes that revenue net of purchased power and fuel expense is a useful measurement of operational performance. Revenue net of purchased power and fuel expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report. Generation's operating revenues include all sales to third parties and affiliated sales to ComEd, PECO and BGE. Purchased power costs include all costs associated with the procurement and supply of electricity including capacity, energy and ancillary services. Fuel expense includes the fuel costs for Generation's own generation and fuel costs associated with tolling agreements. Generation's other business activities, including retail and wholesale gas, upstream natural gas, proprietary trading, energy efficiency and demand response, heating, cooling, and cogeneration facilities, and home improvements, sales of electric and gas appliances, servicing of heating, air conditioning, plumbing, electrical, and indoor quality systems, and investments in energy-related proprietary technology are not allocated to regions. Further, Generation's other miscellaneous revenues, unrealized mark-to-market impact of economic hedging activities, and amortization of certain intangible assets relating to commodity contracts recorded at fair value as a result of the merger are also not allocated to a region.

An analysis and reconciliation of the Registrants' reportable segment information to the respective information in the consolidated financial statements for the three months ended March 31, 2014 and 2013 is as follows:

	Generation(a)	ComEd	PECO	BGE	Other(b)	Intersegment Eliminations	Exelon
Total revenues(c):							
2014	$ 4,390	$ 1,134	$ 993	$1,054	$ 290	$ (624)	$ 7,237
2013	3,533	1,160	895	880	318	(704)	6,082
Intersegment revenues(d):							
2014	$ 316	$ 1	$ 1	$ 16	$ 290	$ (623)	$ 1
2013	381	1	—	4	318	(704)	—
Net income (loss):							
2014	$ (185)	$ 98	$ 89	$ 88	$ 4	$ (1)	$ 93
2013	(17)	(81)	122	80	(103)	—	1
Total assets:							
March 31, 2014	$ 41,080	$24,294	$9,766	$7,958	$8,146	$ (11,776)	$79,468
December 31, 2013	41,232	24,118	9,617	7,861	8,317	(11,221)	79,924

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(a) Generation includes the six power marketing reportable segments shown below: Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Regions. Intersegment revenues for Generation for the three months ended March 31, 2014 include revenue from sales to PECO of $88 million and sales to BGE of $120 million in the Mid-Atlantic region, and sales to ComEd of $108 million in the Midwest. For the three months ended March 31, 2013 intersegment revenues for Generation include revenue from sales to PECO of $141 million and sales to BGE of $113 million in the Mid-Atlantic region, and sales to ComEd of $145 million in the Midwest region, net of ($17) million related to the unrealized mark-to-market losses related to the ComEd swap, which eliminate upon consolidation.
(b) Other primarily includes Exelon's corporate operations, shared service entities and other financing and investment activities.
(c) For the three months ended March 31, 2014 and 2013, utility taxes of $24 million and $21 million, respectively, are included in revenues and expenses for Generation. For the three months ended March 31, 2014 and 2013, utility taxes of $63 million and $60 million, respectively, are included in revenues and expenses for ComEd. For the three months ended March 31, 2014 and 2013, utility taxes of $35 million and $34 million, respectively, are included in revenues and expenses for PECO. For the three months ended March 31, 2014 and 2013, utility taxes of $20 million and $22 million, respectively, are included in revenues and expenses for BGE.
(d) Intersegment revenues exclude sales to unconsolidated affiliates. The intersegment profit associated with Generation's sale of certain products and services by and between Exelon's segments is not eliminated in consolidation due to the recognition of intersegment profit in accordance with regulatory accounting guidance. For Exelon, these amounts are included in operating revenues in the Consolidated Statements of Operations and Comprehensive Income.

Generation total revenues (three months ended):

	2014			2013		
	Revenues from external customers(a)	Intersegment revenues	Total Revenues	Revenues from external customers(a)	Intersegment revenues	Total Revenues
Mid-Atlantic	$ 1,441	$ (23)	$ 1,418	$ 1,331	$ (8)	$ 1,323
Midwest	1,258	12	1,270	1,181	7	1,188
New England	545	4	549	391	12	403
New York	190	(3)	187	175	(6)	169
ERCOT	243	—	243	293	—	293
Other Regions(b)	334	7	341	183	42	225
Total Revenues for Reportable Segments	4,011	(3)	4,008	3,554	47	3,601
Other(c)	379	3	382	(21)	(47)	(68)
Total Generation Consolidated Operating Revenues	$ 4,390	$ —	$ 4,390	$ 3,533	$ —	$ 3,533

(a) Includes all electric sales to third parties and affiliated sales to ComEd, PECO and BGE.
(b) Other regions include the South, West and Canada, which are not considered individually significant.
(c) Other represents activities not allocated to a region. See text above for a description of included activities. Also includes amortization of intangible assets related to commodity contracts recorded at fair value of $93 million and $174 million, for the three months ended March 31, 2014 and 2013, respectively, and elimination of intersegment revenues.

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Generation total revenues net of purchased power and fuel expense (three months ended):

	2014			2013		
	RNF from external customers(a)	Intersegment RNF	Total RNF	RNF from external customers(a)	Intersegment RNF	Total RNF
Mid-Atlantic	$ 784	$ (89)	$ 695	$ 852	$ (8)	$ 844
Midwest	530	26	556	710	7	717
New England	154	(18)	136	18	12	30
New York	(29)	8	(21)	(16)	(6)	(22)
ERCOT	155	(72)	83	112	(11)	101
Other Regions(b)	150	(45)	105	10	35	45
Total Revenues net of purchased power and fuel expense for Reportable Segments	1,744	(190)	1,554	1,686	29	1,715
Other(c)	(711)	190	(521)	(322)	(29)	(351)
Total Generation Revenues net of purchased power and fuel expense	$ 1,033	$ —	$1,033	$ 1,364	$ —	$1,364

(a) Includes purchases and sales from third parties and affiliated sales to ComEd, PECO and BGE.
(b) Other regions include the South, West and Canada, which are not considered individually significant.
(c) Other represents activities not allocated to a region. See text above for a description of included activities. Also includes amortization of intangible assets related to commodity contracts recorded at fair value of $42 million and $174 million for the three months ended March 31, 2014 and 2013, respectively, and the elimination of intersegment revenues.

18. Subsequent Event (Exelon)

Proposed Merger with Pepco Holdings, Inc. (Exelon)

On April 29, 2014, Exelon and Pepco Holdings, Inc. (PHI) signed an agreement and plan of merger to combine the two companies in an all cash transaction. The resulting company will retain the Exelon name and be headquartered in Chicago. Under the merger agreement, PHI's shareholders will receive $27.25 of cash in exchange for each share of PHI common stock. Exelon intends to fund the all-cash transaction using a combination of approximately 50% debt and the remainder through issuance of equity (including mandatory convertibles) and up to $1 billion cash from non-core asset sales. In addition, Exelon signed a 364-day $7.2 billion senior unsecured bridge credit facility in place to support the contemplated transaction and provide flexibility for timing of permanent financing. In connection with the merger agreement, Exelon entered into a subscription agreement to purchase $90 million of nonvoting, nonconvertible and nontransferable preferred securities in PHI, with additional investments to be made of $18 million quarterly up to a maximum aggregate investment of $180 million.

The transaction must be approved by the shareholders of PHI. Completion of the transaction is also conditioned upon approval by the FERC, the District of Columbia Public Service Commission and several state commissions including Delaware Public Service Commission, MDPSC, the New Jersey Board of Public Utilities and the Virginia Department of Public Utilities. In addition, under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (HSR Act), the transaction cannot be completed until Exelon has made required notifications and given certain information and materials to the Federal Trade Commission (FTC) and/or the Antitrust Division of the United States Department of Justice (DOJ) and until specified waiting period requirements have expired.

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As part of the application for approval of the merger, Exelon and PHI have proposed a package of benefits to PHI utilities' customers which results in a direct investment of more than $100 million. The Merger Agreement also provides for termination rights on behalf of both parties. Under certain circumstances, if the merger agreement is terminated, PHI may be required to pay Exelon a termination fee ranging from $259 million to $293 million plus certain expenses. If the merger agreement does not close due to a regulatory failure, Exelon may be required to pay PHI a termination fee equal to the nonvoting preferred securities (described above), by means of PHI redeeming the nonvoting preferred securities for no consideration. The companies anticipate closing the transaction in the first half of 2015. Refer to the Current Report on Form 8-K filed on April 30, 2014 for additional information on the merger transaction.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

(Dollars in millions except per share data, unless otherwise noted)

Exelon Corporation

General

Exelon, a utility services holding company, operates through the following principal subsidiaries:

- *Generation*, whose integrated business consists of owned, contracted and investments in electric generating facilities managed through customer supply of electric and natural gas products and services, including renewable energy products, risk management services and natural gas exploration and production activities.
- *ComEd*, whose business consists of the purchase and regulated retail sale of electricity and the provision of distribution and transmission services in northern Illinois, including the City of Chicago.
- *PECO*, whose business consists of the purchase and regulated retail sale of electricity and the provision of distribution and transmission services in southeastern Pennsylvania, including the City of Philadelphia, and the purchase and regulated retail sale of natural gas and the provision of distribution services in the Pennsylvania counties surrounding the City of Philadelphia.
- *BGE*, whose business consists of the purchase and regulated retail sale of electricity and the provision of distribution and transmission services in central Maryland, including the City of Baltimore, and the purchase and regulated retail sale of natural gas and the provision of distribution services in central Maryland, including the City of Baltimore.

Exelon has nine reportable segments consisting of Generation's six power marketing reportable segments (Mid-Atlantic, Midwest, New England, New York, ERCOT and other regions in Generation), ComEd, PECO and BGE. See Note 17 — Segment Information of the Combined Notes to Consolidated Financial Statements for additional information regarding Exelon's reportable segments.

Through its business services subsidiary BSC, Exelon provides its operating subsidiaries with a variety of support services at cost. The costs of these services are directly charged or allocated to the applicable operating segments. Additionally, the results of Exelon's corporate operations include costs for corporate governance and interest costs and income from various investment and financing activities.

Exelon's consolidated financial information includes the results of its four separate operating subsidiary registrants, Generation, ComEd, PECO and BGE, which, along with Exelon, are collectively referred to as the Registrants. The following combined Management's Discussion and Analysis of Financial Condition and Results of Operations is separately filed by Exelon, Generation, ComEd, PECO and BGE. However, none of the Registrants makes any representation as to information related solely to any of the other Registrants.

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Executive Overview

Financial Results. The following consolidated financial results reflect the results of Exelon for the three months ended March 31, 2014 compared to the same period in 2013. All amounts presented below are before the impact of income taxes, except as noted.

	Three Months Ended March 31,							Favorable (Unfavorable) Variance
	2014						2013	
	Generation	ComEd	PECO	BGE	Other	Exelon	Exelon	
Operating revenues	$ 4,390	$1,134	$993	$1,054	$(334)	$7,237	$6,082	$ 1,155
Purchased power and fuel	3,357	320	464	529	(330)	4,340	2,981	(1,359)
Revenue net of purchased power and fuel(a)	1,033	814	529	525	(4)	2,897	3,101	(204)
Other operating expenses								
Operating and maintenance	1,087	326	280	188	(23)	1,858	1,764	(94)
Depreciation and amortization	211	173	58	108	14	564	543	(21)
Taxes other than income	105	77	42	60	9	293	277	(16)
Total other operating expenses	1,403	576	380	356	—	2,715	2,584	(131)
Equity in losses of unconsolidated affiliates	(19)	—	—	—	—	(19)	(9)	(10)
Operating income (loss)	(389)	238	149	169	(4)	163	508	(345)
Other income and (deductions)								
Interest expense, net	(85)	(80)	(28)	(27)	(7)	(227)	(623)	396
Other, net	90	5	2	4	2	103	172	(69)
Total other income and (deductions)	5	(75)	(26)	(23)	(5)	(124)	(451)	327
Income (loss) before income taxes	(384)	163	123	146	(9)	39	57	(18)
Income taxes (benefit)	(199)	65	34	58	(12)	(54)	56	110
Net income (loss)	(185)	98	89	88	3	93	1	92
Net income attributable to noncontrolling interests, preferred security dividends and redemption and preference stock dividends	—	—	—	3	—	3	5	2
Net income (loss) attributable to common shareholders	$ (185)	$ 98	$ 89	$ 85	$ 3	$ 90	$ (4)	$ 94

(a) The Registrants' evaluate operating performance using the measure of revenue net of purchased power and fuel expense. The Registrants' believe that revenue net of purchased power and fuel expense is a useful measurement because it provides information that can be used to evaluate its operational performance. Revenue net of purchased power and fuel expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

Three Months Ended March 31, 2014 Compared to Three Months Ended March 31, 2013. Exelon's net income attributable to common shareholders was $90 million for the three months ended March 31, 2014 as compared to a net loss attributable to common shareholders of $(4) million for the three months ended March 31, 2013, and diluted earnings per average common share were $ 0.10 for the three months ended March 31, 2014 as compared to $(0.01) for the three months ended March 31, 2013.

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Operating revenue net of purchased power and fuel expense, which is a non-GAAP measure discussed below, decreased by $204 million for the three months ended March 31, 2014 as compared to the same period in 2013. The year-over-year decrease in operating revenue net of purchased power and fuel expense was primarily due to the following unfavorable factors:

- Decrease in Generation's electric revenue net of purchased power and fuel expense of $161 million primarily due to lower realized energy prices, higher procurement costs for replacement power, lower generation volume primarily due to an increase in outage days, and increased fossil fuel expense due to the extreme cold weather during the first quarter of 2014, partially offset by increased capacity prices related to the Reliability Pricing Model for the PJM Interconnection, LLC market; and
- Increase in Generation's mark-to-market losses from economic hedging activities of $327 million.

The year-over-year decrease in operating revenue net of purchased power and fuel expense was partially offset by the following favorable factors:

- Decrease in Generation's amortization expense for the acquired energy contracts recorded at fair value at the date of the merger with Constellation of $132 million;
- Increase in BGE's revenue net of purchased power and fuel expense of $71 million primarily due to the impact of the new electric and natural gas distribution rates charged to customers that became effective February 23, 2013 and December 13, 2013 in accordance with the MDPSC approved electric and natural gas distribution rate case order, and increased cost recovery for energy efficiency and demand response programs;
- Increase in PECO's revenue net of purchased power and fuel expense of $40 million primarily due to favorable weather conditions;
- Increase in ComEd's revenue net of purchased power expense of $36 million primarily due to increased distribution revenue due to increased costs and capital investment and higher allowed ROE pursuant to the performance-based rate formula; and
- Increase in Generation's net margin of $25 million on other activities, including proprietary trading, retail gas, energy efficiency, energy management and demand response, and upstream natural gas.

Operating and maintenance expense increased by $94 million for the three months ended March 31, 2014 as compared to the same period in 2013 primarily due to the following unfavorable factors:

- Increase in storm costs of $98 million primarily at PECO and BGE; and
- Increase in labor, contracting and materials costs of $18 million primarily due to increased maintenance costs at BGE due to the extreme cold temperatures during the first quarter of 2014.

The year-over-year increase in operating and maintenance expense was partially offset by the following favorable factors:

- Decrease in uncollectible accounts expense of $19 million at ComEd resulting from the timing of regulatory cost recovery and customers purchasing electricity from competitive electric generation suppliers; and
- Decreased merger and integration costs of $4 million at Generation.

Depreciation and amortization expense increased by $21 million primarily due to ongoing capital expenditures across the operating companies and higher costs for energy efficiency and demand response programs at BGE.

Equity in earnings of unconsolidated affiliates decreased by $10 million primarily due to lower net income from Generation's equity investment in CENG in the first quarter of 2014 compared to the same period in 2013, partially offset by lower amortization of the basis difference of Generation's ownership interest in CENG recorded at fair value at the date of the merger with Constellation.

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Interest expense decreased primarily due to a decrease in interest expense at ComEd related to the remeasurement of Exelon's like-kind exchange tax position in the first quarter of 2013.

Exelon's effective income tax rates for the three months ended March 31, 2014 and 2013 were (138.5)% and 98.2%, respectively. See Note 9 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

For further detail regarding the financial results for the three months ended March 31, 2014, including explanation of the non-GAAP measure revenue net of purchased power and fuel expense, see the discussions of Results of Operations by Segment below.

Adjusted (non-GAAP) Operating Earnings. Exelon's adjusted (non-GAAP) operating earnings for the three months ended March 31, 2014 were $530 million, or $0.62 per diluted share, compared with adjusted (non-GAAP) operating earnings of $602 million, or $0.70 per diluted share, for the same period in 2013. In addition to net income, Exelon evaluates its operating performance using the measure of adjusted (non-GAAP) operating earnings because management believes it represents earnings directly related to the ongoing operations of the business. Adjusted (non-GAAP) operating earnings exclude certain costs, expenses, gains and losses and other specified items. This information is intended to enhance an investor's overall understanding of year-to-year operating results and provide an indication of Exelon's baseline operating performance excluding items that are considered by management to be not directly related to the ongoing operations of the business. In addition, this information is among the primary indicators management uses as a basis for evaluating performance, allocating resources, setting incentive compensation targets and planning and forecasting of future periods. Adjusted (non-GAAP) operating earnings is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

The following table provides a reconciliation between net income as determined in accordance with GAAP and adjusted (non-GAAP) operating earnings for the three months ended March 31, 2014 as compared to the same period in 2013:

	Three Months Ended March 31,			
	2014		2013	
(All amounts after tax: in millions, except per share amounts)		Earnings per Diluted Share		Earnings per Diluted Share
Net Income (Loss) attributable to common shareholders	$ 90	$ 0.10	$ (4)	$ (0.01)
Mark-to-Market Impact of Economic Hedging Activities(a)	443	0.52	235	0.27
Unrealized Gains Related to NDT Fund Investments(b)	(8)	(0.01)	(35)	(0.04)
Merger and Integration Costs(c)	9	0.01	27	0.03
Amortization of Commodity Contract Intangibles(d)	31	0.04	117	0.14
Tax settlements(e)	(35)	(0.04)	—	—
Plant Retirements & Divestitures(f)	—	—	(13)	(0.02)
Amortization of the Fair Value of Certain Debt(g)	—	—	(3)	—
Nuclear Uprate Project Cancellation(h)	—	—	13	0.02
Remeasurement of Like-Kind Exchange Tax Position(i)	—	—	265	0.31
Adjusted (non-GAAP) Operating Earnings	$530	$ 0.62	$602	$ 0.70

(a) Reflects the impact of losses for the three months ended March 31, 2014 and March 31, 2013 (net of taxes of $287 million and $150 million, respectively), on Generation's economic hedging activities. See Note 7 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional detail related to Generation's hedging activities.

(b) Reflects the impact of unrealized gains for the three months ended March 31, 2014 and March 31, 2013 (net of taxes of $(18) million and $(68) million, respectively) on Generation's NDT fund investments for Non-Regulatory Agreement Units. See Note 10 — Nuclear Decommissioning of the Combined Notes to Consolidated Financial Statements for additional detail related to Generation's NDT fund investments.

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(c) Reflects certain costs incurred for the three months ended March 31, 2014 and March 31, 2013 (net of taxes of $6 million and $(6) million, respectively) associated with the Constellation merger and Constellation Energy Nuclear Group, LLC (CENG) transaction, including employee-related expenses (e.g. severance, retirement, relocation and retention bonuses) integration initiatives and certain pre-acquisition contingencies. See Note 15 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements for additional information.

(d) Reflects the non-cash impact for the three months ended March 31, 2014 and 2013 (net of taxes of $20 million and $75 million, respectively) of the amortization of intangible assets, net, related to commodity contracts recorded at fair value at the Constellation merger date.

(e) Reflects the impact of a benefit related to the favorable settlement in 2014 of certain income tax positions on Constellation's 2009-2012 tax returns (net of taxes of $18 million).

(f) Reflects the impacts associated with the sale or retirement of generating stations for the three months ended March 31, 2013 (net of taxes of $5 million). See "Results of Operations — Generation" for additional detail related to the generating station retirements.

(g) Reflects the non-cash amortization of certain debt for the three months ended March 31, 2013 (net of taxes of $2 million) recorded at fair value at the Constellation merger date which was retired in the second quarter of 2013. See Note 15 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements for additional information.

(h) Reflects the 2013 charge to earnings for the three months ended March 31, 2013 (net of taxes of $8 million) related to Generation's cancellation of previously capitalized nuclear uprate projects.

(i) Reflects a non-cash charge to earnings for the three months ended March 31, 2013 (net of taxes of $104 million) resulting from the first quarter 2013 remeasurement of a like-kind exchange tax position taken on ComEd's 1999 sale of fossil generating assets. See Note 9 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information.

As discussed above, Exelon has incurred and will continue to incur costs associated with the Constellation merger and CENG transaction including employee-related expenses (e.g. severance, retirement, relocation and retention bonuses), integration initiatives, and certain pre-acquisition contingencies.

For the three months ended March 31, 2014 and 2013, expense has been recognized for costs incurred to achieve the Constellation merger and CENG transaction as follows:

	Pre-tax Expense				
	Three Months Ended March 31, 2014				
Merger and Integration Costs:	**Generation**	**ComEd**	**PECO**	**BGE**	**Exelon**
Employee-Related(a)	$ 4	$ —	$ —	$ —	$ 4
Other(b)	10	—	—	—	10
Total	$ 14	$ —	$ —	$ —	$ 14

	Pre-tax Expense				
	Three Months Ended March 31, 2013				
Merger and Integration Costs:	**Generation**	**ComEd**	**PECO**	**BGE**	**Exelon**
Employee-Related(a)	$ 6	$ —	$ 1	$ —	$ 7
Other(b)	17	—	2	(6)(c)	14
Total	$ 23	$ —	$ 3	$ (6)	$ 21

(a) Costs primarily for employee severance, pension and OPEB expense and retention bonuses. ComEd established a regulatory asset of $1 million during the three months ended March 31, 2013. The majority of these costs are expected to be recovered over a five-year period. These costs are not included in the table above.

(b) Costs to integrate CENG and Constellation processes and systems into Exelon and to terminate certain Constellation debt agreements. ComEd established a regulatory asset of $3 million during the three months ended March 31, 2013, for certain other merger and integration costs, which are not included in the table above. BGE established a regulatory asset of $2 million during the three months ended March 31, 2013 for certain other merger integration costs, which are not included in the table above.

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(c) BGE established a regulatory asset of $6 million at March 31, 2013 for certain 2012 other merger transaction costs as part of the 2013 electric and gas distribution rate case order.

As of March 31, 2014, Exelon projects incurring total additional Constellation merger and CENG transaction related expenses, primarily in 2014, of $65 million.

Pursuant to the conditions set forth by the MDPSC in its approval of the merger transaction, Exelon committed to provide a package of benefits to BGE customers, and make certain investments in the City of Baltimore and the State of Maryland, resulting in an estimated direct investment in the State of Maryland of approximately $1 billion. The direct investment estimate includes $95 million to $120 million for the requirement to cause construction of a headquarters building in Baltimore for Generation's competitive energy businesses. On March 20, 2013, Generation signed a twenty-year lease agreement that is contingent upon the developer obtaining financing for the construction of the building. Once required approvals are received and financing conditions are met, construction of the building will commence and is expected to be ready for occupancy in 2 years. The direct investment estimate also includes $625 million in expenditures relating to the development of 285-300 MW of new electric generation facilities in Maryland (expected to be completed over the next ten years).

Exelon's Strategy and Outlook for the remainder of 2014 and Beyond

Exelon's value proposition and competitive advantage come from its scope and scale across the energy value chain and its core strengths of operational excellence and financial discipline.

Generation's electricity generation strategy is to pursue opportunities that provide generation to load matching and that diversify the generation fleet by expanding Generation's regional and technological footprint. Generation leverages its energy generation portfolio to ensure delivery of energy to both wholesale and retail customers under long-term and short-term contracts, and in wholesale power markets. Generation's customer facing activities foster development and delivery of other innovative energy-related products and services for its customers. Generation operates in well-developed energy markets and employs an integrated hedging strategy to manage commodity price volatility. Its generation fleet, including its nuclear plants which consistently operate at high capacity factors, also provide geographic and supply source diversity. These factors help Generation mitigate the current challenging conditions in competitive energy markets.

Exelon's utility strategy is to improve reliability and operations and enhance the customer experience, while ensuring ratemaking mechanisms provide the utilities fair financial returns. Exelon seeks to leverage its scale and expertise across the utilities platform through enhanced standardization and sharing of best practices to achieve improved operational and financial results. Combined, the utilities plan to invest approximately $15 billion over the next five years in smart meter technology, transmission projects, gas infrastructure, and electric system improvement projects, providing greater reliability and improved service for our customers and a stable return for the company.

Exelon's financial priorities are to maintain investment grade credit metrics at each of Exelon, Generation, ComEd, PECO and BGE, and to return value to Exelon's shareholders with a sustainable dividend throughout the energy commodity market cycle and through earnings growth from attractive investment opportunities.

In pursuing its strategies, Exelon has exposure to various market and financial risks, including the risk of price fluctuations in the power markets. Power prices are a function of supply and demand, which in turn are driven by factors such as (1) the price of fuels, in particular, the prices of natural gas and coal, which drive the market prices that Generation can obtain for the output of its power plants, (2) the rate of expansion of subsidized low-carbon generation in the markets in which Generation's output is sold, (3) the effects on energy demand due to factors such as weather, economic conditions and implementation of energy efficiency and demand response programs, and (4) the impacts of increased competition in the retail channel. Exelon continues to assess infrastructure, operational, commercial, policy, and legal solutions to these market pricing issues.

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Proposed Merger with Pepco Holdings, Inc. (Exelon)

On April 29, 2014, Exelon and Pepco Holdings, Inc. (PHI) signed an agreement and plan of merger to combine the two companies in an all cash transaction. The resulting company will retain the Exelon name and be headquartered in Chicago. Under the merger agreement, PHI's shareholders will receive $27.25 of cash in exchange for each share of PHI common stock. Exelon intends to fund the all-cash transaction using a combination of approximately 50% debt and the remainder through issuance of equity (including mandatory convertibles) and up to $1 billion cash from non-core asset sales. In addition, Exelon signed a 364-day $7.2 billion senior unsecured bridge credit facility in place to support the contemplated transaction and provide flexibility for timing of permanent financing. In connection with the merger agreement, Exelon entered into a subscription agreement to purchase $90 million of nonvoting, nonconvertible and nontransferable preferred securities in PHI, with additional investments to be made of $18 million quarterly up to a maximum aggregate investment of $180 million.

The transaction must be approved by the shareholders of PHI. Completion of the transaction is also conditioned upon approval by the FERC, the District of Columbia Public Service Commission and several state commissions including Delaware Public Service Commission, MDPSC, the New Jersey Board of Public Utilities and the Virginia Department of Public Utilities. In addition, under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (HSR Act), the transaction cannot be completed until Exelon has made required notifications and given certain information and materials to the Federal Trade Commission (FTC) and/or the Antitrust Division of the United States Department of Justice (DOJ) and until specified waiting period requirements have expired.

As part of the application for approval of the merger, Exelon and PHI have proposed a package of benefits to PHI utilities' customers which results in a direct investment of more than $100 million. The Merger Agreement also provides for termination rights on behalf of both parties. Under certain circumstances, if the merger agreement is terminated, PHI may be required to pay Exelon a termination fee ranging from $259 million to $293 million plus certain expenses. If the merger agreement does not close due to a regulatory failure, Exelon may be required to pay PHI a termination fee equal to the nonvoting preferred securities (described above), by means of PHI redeeming the nonvoting preferred securities for no consideration. The companies anticipate closing the transaction in the first half of 2015. Refer to the Current Report on Form 8-K filed on April 30, 2014 for additional information on the merger transaction.

Power Markets

Price of Fuels. The use of new technologies to recover natural gas from shale deposits is increasing natural gas supply and reserves, which places downward pressure on natural gas prices and, therefore, on wholesale and retail power prices, which results in a reduction in Exelon's revenues. Since the third quarter of 2011, forward natural gas prices for 2014 and 2015 have declined significantly; in part reflecting an increase in supply due to strong natural gas production (due to shale gas development).

Subsidized Generation . The rate of expansion of subsidized generation, including low-carbon generation such as wind and solar energy, in the markets in which Generation's output is sold can negatively impact wholesale power prices, and in turn, Generation's results of operations.

Various states have implemented or proposed legislation, regulations or other policies to subsidize new generation development which may result in artificially depressed wholesale energy and capacity prices. For example, the New Jersey legislature enacted in to law in January 2011, the Long Term Capacity Pilot Program Act (LCAPP). LCAPP provides eligible generators with 15-year fixed contracts for the sale of capacity in the PJM capacity market. Under LCAPP, the local utilities in New Jersey are required to pay (or receive) the difference between the price eligible generators receive in the capacity market and the price guaranteed under the 15-year contract. New Jersey ultimately selected three proposals to participate in LCAPP and build new generation in the state. In addition, on April 12, 2012, the MDPSC issued an order directing the Maryland electric utilities to enter into a 20-year contract for differences (CfD) with CPV Maryland, LLC (CPV), under which CPV will construct an approximately 700 MW combined cycle gas turbine in Waldorf, Maryland, that it

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projected will be in commercial operation by June 1, 2015. CPV has subsequently sought to extend that date. The CfD mandates that utilities (including BGE) pay (or receive) the difference between CPV's contract price and the revenues it receives for capacity and energy from clearing the unit in the PJM capacity market.

Exelon and others filed a complaint in federal district court challenging the constitutionality and other aspects of the New Jersey legislation. Similarly, Exelon and others are also challenging the selection of the three generation developers in New Jersey state court proceedings and the MDPSC actions in Maryland state court. On October 25, 2013, the U.S. District Court in New Jersey issued a judgment order finding that the New Jersey legislation violates the Supremacy Clause of the United States Constitution and the New Jersey SOCA contract is unenforceable. Similarly, on October 24, 2013, the U.S. District Court in Maryland issued a judgment order finding that the MDPSC's Order directing BGE and two other Maryland electric distribution companies to enter into a CfD violates the Supremacy Clause of the United States Constitution, as described in Note 4 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements. In addition, on October 1, 2013, a Maryland State Circuit Court upheld the MDPSC Orders as being within the MDPSC's statutory authority under Maryland state law. This decision is separate from the judgment in the federal litigation that the MDPSC Order is unconstitutional and the CfD unenforceable under federal law. The federal judgment, if upheld, would prevent enforcement of the CfD even if the Circuit Court decision stands. The non-prevailing parties have sought appeals in federal appellate court in both the New Jersey and Maryland federal litigation. Finally, on October 23, 2013, the New Jersey state court dismissed the New Jersey state proceeding without prejudice, subject to the final outcome of the New Jersey federal litigation.

As required under their contracts, two of the New Jersey generator developers and one in Maryland offered and cleared in PJM's capacity market auctions held in May 2012 and 2013. In addition, CPV has announced its intention to move forward with construction of its New Jersey plant, with or without the challenged state subsidy. Nonetheless to the extent that the state-required customer subsidies are included under their respective contracts, Exelon believes that these projects may have artificially suppressed capacity prices in PJM in these auctions and may continue to do so in future auctions to the detriment of Exelon's market driven position. While the U.S. District Court decisions in Maryland and New Jersey are positive developments, continuation of these state efforts, if successful and unabated by an effective minimum offer price rule (MOPR), could continue to result in artificially depressed wholesale capacity and/or energy prices. Other states could seek to establish programs, which could substantially impact Exelon's market driven position and could have a significant effect on Exelon's financial results of operations, financial position and cash flows.

PJM's capacity market rules include a MOPR, which is intended to preclude sellers from artificially suppressing the competitive price signals for generation capacity. However, as described above, Exelon does not believe that the existing MOPR will work effectively with respect to generator developers who have a state-sponsored subsidy and has concerns with certain other aspects of PJM's rules related to the capacity auction. Accordingly, Exelon continues to work with other market stakeholders and through the FERC process to implement several proposed changes to the PJM tariff aimed at ensuring that capacity resources (including those with state-sponsored subsidy contracts, excessive imported capacity resources, capacity market speculators and certain limited availability demand response resources) cannot inappropriately affect capacity auction prices in PJM.

See Note 4 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information on the Maryland Order.

Exelon remains active in advocating for competitive markets, while opposing policies that require taxpayers and/or consumers to subsidize or give preferential treatment to specific generation providers or technologies, or that would threaten the reliability and value of the integrated electricity grid.

Energy Demand. The continued tepid economic environment and growing energy efficiency initiatives have limited the demand for electricity across each of the Exelon utility companies. ComEd, PECO and BGE are projecting load volumes to increase by 0.2%, 0.6% and 2.4%, respectively, in 2014 compared to 2013.

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Retail Competition. Generation's retail operations compete for customers in a competitive environment, which affect the margins that Generation can earn and the volumes that it is able to serve. Recently, sustained low forward natural gas and power prices and low market volatility have caused retail competitors to aggressively pursue market share, and wholesale generators (including Generation) to use their retail operations to hedge generation output. These factors have adversely affected overall gross margins and profitability in Generation's retail operations.

Strategic Policy Alignment

Exelon routinely reviews its hedging policy, dividend policy, operating and capital costs, capital spending plans, strength of its balance sheet and credit metrics, and sufficiency of its liquidity position, by performing various stress tests with differing variables, such as commodity price movements, increases in margin-related transactions, changes in hedging practices, and the impacts of hypothetical credit downgrades.

Exelon's board of directors declared the first quarter 2014 dividend of $0.31 per share on Exelon's common stock. The first quarter dividend was paid on March 10, 2014 to shareholders of record on February 14, 2014. All future quarterly dividends require approval by Exelon's board of directors.

Exelon and Generation evaluate the economic viability of each of their generating units on an ongoing basis. Decisions regarding the future of economically challenged generating assets will be based primarily on the economics of continued operation of the individual plants. If Exelon and Generation do not see a path to sustainable profitability in any of their plants, Exelon and Generation will take steps to retire those plants to avoid sustained losses. Retirement of plants could materially affect Exelon's and Generation's results of operations, financial position, and cash flows through, among other things, potential impairment charges, accelerated depreciation and decommissioning expenses over the plants remaining useful lives, and ongoing reductions to operating revenues, operating and maintenance expenses, and capital expenditures.

Hedging Strategy

Exelon's policy to hedge commodity risk on a ratable basis over three-year periods is intended to reduce the financial impact of market price volatility. Generation is exposed to commodity price risk associated with the unhedged portion of its electricity portfolio. Generation enters into non-derivative and derivative contracts, including financially-settled swaps, futures contracts and swap options, and physical options and physical forward contracts, all with credit-approved counterparties, to hedge this anticipated exposure. Generation has hedges in place that significantly mitigate this risk for 2014 and 2015. However, Generation is exposed to relatively greater commodity price risk in the subsequent years with respect to which a larger portion of its electricity portfolio is currently unhedged. As of March 31, 2014, the percentage of expected generation hedged for the major reportable segments was 91%-94%, 64%-67% and 37%-40% for 2014, 2015, and 2016, respectively. The percentage of expected generation hedged is the amount of equivalent sales divided by the expected generation. Expected generation represents the amount of energy estimated to be generated or purchased through owned or contracted capacity. Equivalent sales represent all hedging products, which include economic hedges and certain non-derivative contracts including Generation's sales of energy to ComEd, PECO and BGE relating to their respective retail load obligations. Generation has been and will continue to be proactive in using hedging strategies to mitigate commodity price risk in subsequent years as well.

Generation procures coal, oil and natural gas through long-term and short-term contracts and spot-market purchases. Nuclear fuel is obtained predominantly through long-term uranium concentrate supply contracts, contracted conversion services, contracted enrichment services and contracted fuel fabrication services. The supply markets for uranium concentrates and certain nuclear fuel services, coal, oil and natural gas are subject to price fluctuations and availability restrictions. Supply market conditions may make Generation's procurement contracts subject to credit risk related to the potential non-performance of counterparties to deliver the contracted commodity or service at the contracted prices. Approximately 60% of Generation's uranium concentrate

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requirements from 2014 through 2018 are supplied by three producers. In the event of non-performance by these or other suppliers, Generation believes that replacement uranium concentrates can be obtained, although at prices that may be unfavorable when compared to the prices under the current supply agreements. Non-performance by these counterparties could have a material adverse impact on Exelon's and Generation's results of operations, cash flows and financial position.

ComEd, PECO and BGE mitigate such exposure through regulatory mechanisms that allow them to recover procurement costs from retail customers.

Growth Opportunities

Exelon is currently pursuing growth in both the utility and generation businesses focused primarily on smart meter and smart grid initiatives at the utilities and on renewables development and the nuclear uprate program at Generation. The utilities also anticipate making significant future investments in infrastructure modernization and improvement initiatives. Management continually evaluates growth opportunities aligned with Exelon's existing businesses in electric and gas distribution, electric transmission, generation, customer supply of electric and natural gas products and services, and natural gas exploration and production activities, leveraging Exelon's expertise in those areas.

Smart Meter and Smart Grid Initiatives.

ComEd's Smart Meter and Smart Grid Investments. ComEd plans to invest approximately $1.3 billion on smart meters and smart grid under EIMA, including $1.0 billion through the AMI Deployment Plan. The deployment plan provides for the installation of 4 million electric smart meters by the end of 2021. On March 13, 2014, ComEd filed a petition with the ICC for approval to accelerate the deployment of AMI Meters. If approved, the deployment plan would accelerate the projected completion of installation from 2021 to 2018. ComEd has requested that the ICC approve the proposed petition in the second quarter of 2014.

PECO's Smart Meter and Smart Grid Investments. In 2010, the PAPUC approved PECO's Smart Meter Procurement and Installation Plan, under which PECO will install more than 1.6 million smart meters. PECO plans to spend up to a total of $595 million and $120 million on its smart meter and smart grid infrastructure, respectively, of which $200 million will be funded by SGIG.

BGE Smart Grid Initiative. In August 2010, the MDPSC approved a comprehensive smart grid initiative for BGE which includes the planned installation of 2 million electric and gas smart meters at an expected total cost of approximately $480 million, before considering the $200 million SGIG for smart grid and other related initiatives.

See Note 4 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information on the Smart Meter and Smart Grid Initiatives.

Generation Renewable Development . On September 30, 2011, Exelon announced the completion of its acquisition of all of the interests in Antelope Valley, a 230-MW solar PV project under development in northern Los Angeles County, California, from First Solar, Inc., which is developing, building, operating, and maintaining the project. The first portion of the project began operations in December 2012, with six additional blocks coming online in 2013. Exelon has been informed by First Solar of issues relating to delays in the certification of certain components relating to the final two blocks of the project, which will delay commercial operation of these two blocks until the second quarter of 2014. The delay will not have a material financial effect on Exelon. Exelon expects the project to be in full commercial operation in the second quarter of 2014. The acquisition supports the Exelon commitment to renewable energy as part of Exelon 2020. The project has a 25-year PPA with Pacific Gas & Electric Company for the full output of the plant, which has been approved by the CPUC. Upon completion, the facility will add 230 MWs to Generation's renewable generation fleet. Total capitalized costs for

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the facility are expected to be approximately $1.1 billion. Total capitalized costs incurred through March 31, 2014 were approximately $1.0 billion. In addition, Generation constructed and placed into service 400 MWs of additional wind generation in 2012 at a cost of $710 million and another 50 MW will be added to Generation's wind portfolio in 2014 with the expansion of its Beebe project in Michigan, the output of which will be fully contracted under a 20-year PPA.

Nuclear Uprate Program. Generation is engaged in individual projects as part of a planned power uprate program across its nuclear fleet. When economically viable, the projects take advantage of new production and measurement technologies, new materials and application of expertise gained from a half-century of nuclear power operations. Under the nuclear uprate program, Generation has placed into service projects representing 393 MWs of new nuclear generation at a cost of $1,020 million, which has been capitalized to property, plant and equipment on Exelon's and Generation's consolidated balance sheets. At March 31, 2014, Generation has capitalized $158 million to construction work in progress within property, plant and equipment for nuclear uprate projects expected to be placed in service by the end of 2016, consisting of 139 MWs of new nuclear generation, that are in the installation phase at two nuclear stations: Peach Bottom in Pennsylvania and Dresden in Illinois. The remaining spend associated with these projects is expected to be approximately $275 million through the end of 2016. Generation believes that it is probable that these projects will be completed. If a project is expected to not be completed as planned, previously capitalized costs will be reversed through earnings as a charge to operating and maintenance expense and interest.

Liquidity

Each of the Registrants annually evaluates its financing plan, dividend practices and credit line sizing, focusing on maintaining its investment grade ratings while meeting its cash needs to fund capital requirements, retire debt, pay dividends, fund pension and other postretirement benefit obligations and invest in new and existing ventures. The Registrants expect cash flows to be sufficient to meet operating expenses, financing costs and capital expenditure requirements.

Exelon, Generation, ComEd, PECO and BGE have unsecured syndicated revolving credit facilities with aggregate bank commitments of $0.5 billion, $5.3 billion, $1.0 billion, $0.6 billion and $0.6 billion, respectively. Generation also has bilateral credit facilities with aggregate maximum availability of $0.4 billion.

Exposure to Worldwide Financial Markets. Exelon has exposure to worldwide financial markets. The ongoing European debt crisis has contributed to the instability in global credit markets. Further disruptions in the European markets could reduce or restrict the Registrants' ability to secure sufficient liquidity or secure liquidity at reasonable terms. As of March 31, 2014, approximately 29%, or $2.5 billion, of the Registrants' aggregate total commitments were with European banks. The credit facilities include $8.4 billion in aggregate total commitments of which $5.8 billion was available as of March 31, 2014. There were no borrowings under the Registrants' credit facilities as of March 31, 2014. See Note 8 — Debt and Credit Agreements of the Combined Notes to the Consolidated Financial Statements for additional information on the credit facilities.

Tax Matters

See Note 9 of the Combined Notes to Consolidated Financial Statements for additional information.

Environmental Legislative and Regulatory Developments.

Exelon supports the promulgation of certain environmental regulations by the U.S. EPA, including air, water and waste controls for electric generating units. See discussion below for further details. The air and waste regulations will have a disproportionate adverse impact on fossil-fuel power plants, requiring significant expenditures of capital and variable operating and maintenance expense, and will likely result in the retirement of older, marginal facilities. Due to their low emission generation portfolios, Generation and CENG will not be

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significantly directly affected by these regulations, representing a competitive advantage relative to electric generators that are more reliant on fossil-fuel plants. Various bills have been introduced in the U.S. Congress that would prohibit or impede the U.S. EPA's rulemaking efforts. The timing of the consideration of such legislation is unknown.

Air Quality. In recent years, the U.S. EPA has been implementing a series of increasingly stringent regulations under the Clean Air Act relating to NAAQS for conventional air pollutants (e.g., NO_x, SO_2 and particulate matter) as well as stricter technology requirements to control HAPs (e.g., acid gases, mercury and other heavy metals) from electric generation units. The U.S. EPA continues to review and update its NAAQS with a tightened particulate matter NAAQS issued in December 2012 and a review of the current 2008 ozone NAAQS that is expected to result in a proposed revision of the ozone NAAQS sometime in fall 2014. These updates will potentially result in more stringent emissions limits on fossil-fuel electric generating stations. There continues to be opposition among fossil-fuel generation owners to the potential stringency and timing of these air regulations.

In July 2011, the U.S. EPA published CSAPR and in June 2012, it issued final technical corrections. CSAPR requires 28 upwind states in the eastern half of the United States to significantly improve air quality by reducing power plant emissions that cross state lines and contribute to ground-level ozone and fine particle pollution in downwind states. On August 21, 2012, a three-judge panel of the D.C. Circuit Court held that the U.S. EPA had exceeded its authority in certain material aspects with respect to CSAPR and vacated the rule and remanded it to the U.S. EPA for further rulemaking consistent with its decision. The Court also ordered that CAIR remain in effect pending finalization of CSAPR on remand. Until the U.S. EPA re-issues CSAPR, Exelon cannot determine the impacts of the rule, including any that would impact power prices. In June 2013, the U.S. Supreme Court granted the U.S. EPA's petition to review the D.C. Circuit Court's CSAPR decision. The Court's order was appealed to the U.S. Supreme Court, and on April 29, 2014 the U.S. Supreme Court reversed the Appellate Court decision and upheld CSAPR, and remanded the case to the Appellate Court to resolve the remaining implementation issues.

On December 16, 2011, the U.S. EPA signed a final rule to reduce emissions of toxic air pollutants from power plants and signed revisions to the NSPS for electric generating units. The final rule, known as MATS, requires coal-fired electric generation plants to achieve high removal rates of mercury, acid gases and other metals. To achieve these standards, coal units with no pollution control equipment installed (uncontrolled coal units) will have to make capital investments and incur higher operating expenses. It is expected that owners of smaller, older, uncontrolled coal units will retire the units rather than make these investments. Coal units with existing controls that do not meet the MATS rule may need to upgrade existing controls or add new controls to comply. Owners of oil units not currently meeting the proposed emission standards may choose to convert the units to light oils or natural gas, install control technologies, or retire the units. Numerous entities challenged MATS in the D.C. Circuit Court, and Exelon intervened in support of the rule. On April 15, 2014, the D.C. Circuit Court issued an opinion upholding MATS in its entirety.

The cumulative impact of these air regulations could be to require power plant operators to expend significant capital to install pollution control technologies, including wet flue gas desulfurization technology for SO_2 and acid gases, and selective catalytic reduction technology for NO_x. Generation, along with the other co-owners of Conemaugh Generating Station have improved the existing scrubbers and installed Selective Catalytic Reduction (SCR) controls to meet the requirements of MATS. In addition, Keystone already has SCR and Flue-gas desulfurization (FGD) controls in place.

On January 15, 2013, EPA issued a final rule for NSPS and National Emissions Standards for Hazardous Air Pollutants (NESHAP) for reciprocating internal combustion engines (RICE NESHAP/NSPS). The final rule allows diesel backup generators to operate for up to 100 hours annually under certain emergency circumstances without meeting emissions limitations, but requires units that operate over 15 hours to burn low sulfur fuel and report key engine information. The final rule eliminates after May 2014 the 50 hour exemption for peak shaving and other non-emergency demand response that was included in the proposed rule and, therefore, is not expected to result in additional megawatts of demand response to be bid into the PJM capacity auction.

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In the absence of Federal legislation, the U.S. EPA is also moving forward with the regulation of GHG emissions under the Clean Air Act. The U.S. EPA is addressing the issue of carbon dioxide (CO2) emissions regulation for new and existing electric generating units through the New Source Performance Standards (NSPS) under Section 111 of the Clean Air Act. Pursuant to President Obama's June 25, 2013 memorandum to U.S. EPA, the Agency re-proposed a Section 111(b) regulation for new units in September 2013 that may result in material costs of compliance for CO2 emissions for new fossil-fuel electric generating units, particularly coal-fired units. Under the President's memorandum, the U.S. EPA is also required to propose a Section 111(d) rule no later than June 1, 2014 to establish CO2 emission regulations for existing stationary sources. Pursuant to the President's Climate Action Plan, the U.S. EPA re-proposed regulations for the GHG emissions from new fossil fueled power plants on September 20, 2013. The U.S. EPA is also expected to propose by June 2014 GHG emission regulations for existing stationary sources under Section 111(d) of the Clean Air Act, and to issue final regulations by June 2015. While the nature and impact of the final regulations is not yet known, to the extent that the rule results in emission reductions from fossil fuel fired plants, imposing some form of direct or indirect price of carbon in competitive electricity markets, Exelon's overall low-carbon generation portfolio results would benefit.

Exelon supports comprehensive climate change legislation or regulation, including a cap-and-trade program for GHG emissions, which balances the need to protect consumers, business and the economy with the urgent need to reduce national GHG emissions.

Water Quality. Section 316(b) of the Clean Water Act requires that cooling water intake structures at electric power plants reflect the best technology available to minimize adverse environmental impacts, and is implemented through state-level NPDES permit programs. On March 28, 2011, the U.S. EPA issued a proposed rule, and is required under a Settlement Agreement to issue a final rule by November 4, 2013; on October 30, 2013 the U.S. EPA invoked the *force majeure* provision of the Settlement Agreement to extend the final rule deadline until November 20, 2013 due to the early October 2013 federal government shutdown. The U.S. EPA and plaintiffs have stated that the deadline will be extended again to May 16, 2014. The proposed rule does not require closed cycle cooling (e.g., cooling towers) as the best technology available, and also provides some flexibility in the use of cost-benefit considerations and site-specific factors. The proposed rule affords the state permitting agency wide discretion to determine the best technology available, which, depending on the site characteristics, could include closed cycle cooling, advanced screen technology at the intake, or retention of the current technology.

It is unknown at this time whether the final regulations will require closed-cycle cooling. The economic viability of Generation's facilities without closed-cycle cooling water systems will be called into question by any requirement to construct cooling towers. Should the final rule not require the installation of cooling towers, and retain the flexibility afforded the state permitting agencies in applying a cost — benefit test and to consider site-specific factors, the impact of the rule would be minimized even though the costs of compliance could be material to Generation.

Hazardous and Solid Waste. Under proposed U.S. EPA rules issued on June 21, 2010, coal combustion residuals (CCR) would be regulated for the first time under the RCRA. The U.S. EPA is considering several options, including classification of CCR either as a hazardous or non-hazardous waste, under RCRA. Under either option, the U.S. EPA's intention is the ultimate elimination of surface impoundments as a waste treatment process. For plants affected by the proposed rules, this would result in significant capital expenditures and variable operating and maintenance expenditures to convert to dry handling and disposal systems and installation of new waste water treatment facilities. Generation's plants that would be affected by the proposed rules are the Keystone and Conemaugh generating stations in Pennsylvania, which have on-site landfills that meet the requirements of Pennsylvania solid waste regulations for non-hazardous waste disposal. However, until the final rule is adopted, the impact on these facilities is unknown. The U.S. EPA has entered into a Consent Decree which requires that a final rule be issued by December 19, 2014.

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See Note 15 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements for further detail related to environmental matters, including the impact of environmental regulation.

Other Regulatory and Legislative Actions

Japan Earthquake and Tsunami and the Industry's Response. On March 11, 2011, Japan experienced a 9.0 magnitude earthquake and ensuing tsunami that seriously damaged the nuclear units at the Fukushima Daiichi Nuclear Power Station, which are operated by Tokyo Electric Power Co.

In July 2011, an NRC Task Force formed in the aftermath of the Fukushima Daiichi events issued a report of its review of the accident, including recommendations for future regulatory action by the NRC to be taken in the near and longer term. The Task Force's report concluded that nuclear reactors in the United States are operating safely and do not present an imminent risk to public health and safety. The NRC and its staff have issued orders and implementation guidance for commercial reactor licensees operating in the United States. The NRC and its staff are continuing to evaluate additional requirements. See Item 1A. Risk Factors and Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations-Executive Overview of the Exelon 2013 Form 10-K, for additional information.

Financial Reform Legislation. The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) was enacted in July 2010. Although the Dodd-Frank Act is focused primarily on the regulation and oversight of financial institutions, it also provides for a new regulatory regime for over-the-counter swaps (Swaps), including mandatory clearing for certain categories of Swaps, incentives to shift swap activity to exchange trading, margin and capital requirements, and other obligations designed to promote transparency. The Dodd-Frank Act, however, also preserves the ability of end users in the energy industry to hedge their risks without being subject to mandatory clearing. Exelon is conducting its commercial business in a manner that does not require registration as a swap dealer or major swap participant. There are additional rulemakings that have not yet been issued, however, including the capital and margin rules, which will potentially have an impact on the Registrants' business. Depending on the substance of these final rules, the Registrants could be subject to additional new obligations.

In particular, the proposed regulations addressing collateral and capital requirements and exchange margin cash postings, when final, could require Generation to have increased collateral requirements or cash postings. Exelon had previously estimated that it could be required to make up to $1 billion of additional collateral postings under its bilateral credit lines.

Nonetheless, given that Generation is not a swap dealer or major swap participant and the majority of its wholesale portfolio is not comprised of Swaps, the actual amount of additional collateral postings that might be required as a direct result of Dodd-Frank could be lower than Exelon's previous expectations. The actual level of collateral required at any time will depend also on many other factors, including but not limited to market conditions, the extent of its trading activity in Swaps, and Generation's credit ratings. In addition, there will be minimal incremental costs associated with Generation's positions that are currently cleared and subject to exchange margin. Finally, as an end-user, Generation will not be subject to any of the proposed capital requirements that will apply to swap dealers and major swap participants.

Nonetheless, to the extent collateral costs increase as a result of the Dodd-Frank Act, Generation has adequate credit facilities and flexibility in its hedging program to meet any increase, including an increase of $1 billion.

Exelon and Generation continue to monitor the rulemaking procedures and cannot predict the ultimate outcome that the financial reform legislation will have on their results of operations, cash flows or financial position.

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ComEd, PECO and BGE could also be subject to some additional Dodd-Frank Act requirements to the extent they were ever to enter into Swap transactions. However, at this time, management of ComEd, PECO and BGE continue to expect that their companies will not be materially affected by this legislation.

Energy Infrastructure Modernization Act . Since 2011, ComEd's distribution rates are established through a performance-based rate formula, pursuant to EIMA. EIMA provides a structure for substantial capital investment by utilities over a ten-year period to modernize Illinois' electric utility infrastructure. Participating utilities are required to file an annual update to the performance-based formula rate tariff on or before May 1, with resulting rates effective in January of the following year. This annual formula rate update is based on prior year actual costs and current year projected capital additions. The update also reconciles any differences between the revenue requirement(s) in effect for the prior year and actual costs incurred for that year. Throughout each year, ComEd records regulatory assets or regulatory liabilities and corresponding increases or decreases to operating revenues for any differences between the revenue requirement(s) in effect and ComEd's best estimate of the revenue requirement expected to be approved by the ICC for that year's reconciliation.

Formula Rate Tariff and Annual Reconciliation. On April 16, 2014, ComEd filed its annual distribution formula rate update with the ICC. The filing establishes the revenue requirement used to set the rates that will take effect in January 2015 after the ICC's review and approval, which is due by December 2014. The revenue requirement requested is based on 2013 actual costs plus projected 2014 capital additions as well as an annual reconciliation of the revenue requirement in effect in 2013 to the actual costs incurred that year. ComEd requested a total increase to the net revenue requirement of $275 million, reflecting an increase of $177 million for the initial revenue requirement for 2014 and an increase of $98 million related to the annual reconciliation for 2013. The initial revenue requirement for 2014 provides for a weighted average debt and equity return on distribution rate base of 7.06% inclusive of an allowed return on common equity of 9.25%, reflecting the average rate on 30-year treasury notes plus 580 basis points. The annual reconciliation for 2013 provided for a weighted average debt and equity return on distribution rate base of 7.04% inclusive of an allowed return on common equity of 9.20%, reflecting the average rate on 30-year treasury notes plus 580 basis points less a performance metrics penalty of 5 basis points.

The Maryland Strategic Infrastructure Development and Enhancement Program. In February 2013, the Maryland General Assembly passed legislation intended to accelerate gas infrastructure replacements in Maryland by establishing a mechanism for gas companies to promptly recover reasonable and prudent costs of eligible infrastructure replacement projects separate from base rate proceedings. Under the new law, following a proceeding before the MDPSC and with the MDPSC's approval of the eligible infrastructure replacement projects along with a corresponding surcharge, BGE could begin charging gas customers a monthly surcharge for infrastructure costs incurred after June 1, 2013. On August 2, 2013, BGE filed its infrastructure replacement plan and associated surcharge. On March 26, 2014, the MDPSC approved as filed BGE's proposed 2014 project list, tariff and associated surcharge amounts, with a surcharges becoming effective April 1, 2014. See Note 4 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Employees

IBEW Local 15's collective bargaining agreements (CBAs) were set to expire in 2013 but were extended by agreement to February 28, 2014. A tentative agreement was reached prior to the expiration and on March 31, 2014, two CBA's with IBEW Local 15 (which represents approximately 5,250 of Exelon's employees) were ratified. The CBA's, one with ComEd and BSC and the other with Generation, extend through September 30, 2019 and April 30, 2019, respectively.

Critical Accounting Policies and Estimates

Management of each of the Registrants makes a number of significant estimates, assumptions and judgments in the preparation of its financial statements. See "Management's Discussion and Analysis of

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Financial Condition and Results of Operations — Critical Accounting Policies and Estimates" in the Exelon's, Generation's, ComEd's, PECO's and BGE's combined 2013 Form 10-K for a discussion of the estimates and judgments necessary in the Registrants' accounting for AROs, purchase accounting, asset impairments, depreciable lives of property, plant and equipment, defined benefit pension and other postretirement benefits, regulatory accounting, derivative instruments, taxation, contingencies and revenue recognition. At March 31, 2014, the Registrants' critical accounting policies and estimates had not changed significantly from December 31, 2013.

Results of Operations

Net Income (Loss) on Common Stock by Registrant

	Three Months Ended March 31,		Favorable (Unfavorable)
	2014	2013	Variance
Exelon	$ 90	$ (4)	$ 94
Generation	(185)	(18)	(167)
ComEd	98	(81)	179
PECO	89	121	(32)
BGE	85	77	8

Results of Operations — Generation

	Three Months Ended March 31,		Favorable (Unfavorable)
	2014	2013	Variance
Operating revenues	$ 4,390	$ 3,533	$ 857
Purchased power and fuel	3,357	2,169	(1,188)
Revenue net of purchased power and fuel(a)	1,033	1,364	(331)
Operating other expenses			
Operating and maintenance	1,087	1,112	25
Depreciation and amortization	211	214	3
Taxes other than income	105	93	(12)
Total other operating expenses	1,403	1,419	16
Equity in losses of unconsolidated affiliates	(19)	(9)	(10)
Operating loss	(389)	(64)	(325)
Other income and deductions			
Interest expense	(85)	(82)	(3)
Other, net	90	128	(38)
Total other income and deductions	5	46	(41)
Loss before income taxes	(384)	(18)	(366)
Income tax benefits	(199)	(1)	198
Net loss	(185)	(17)	(168)
Net loss attributable to noncontrolling interests	—	1	1
Net loss attributable to membership interest	$ (185)	$ (18)	$ (167)

(a) Generation evaluates its operating performance using the measure of revenue net of purchased power and fuel expense. Generation believes that revenue net of purchased power and fuel expense is a useful measurement because it provides information that can be used to evaluate its operational performance. Revenue net of purchased power and fuel expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

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Net Loss Attributable to Membership Interest

Generation's net loss attributable to membership interest for the three months ended March 31, 2014 increased compared to the same period in 2013 primarily due to lower revenue, net of purchased power and fuel and higher equity in losses of unconsolidated affiliates; partially offset by lower operating and maintenance expense and increased income tax benefits. The decrease in revenue, net of purchased power and fuel was primarily due to lower realized energy prices, higher procurement costs for replacement power, lower generation volume primarily due to an increase in outage days, and increased fossil fuel expense due to the extreme cold weather during the first quarter of 2014, partially offset by increased capacity pricing. The decrease in operating and maintenance expense was largely due to 2013 costs associated with the cancellation of previously capitalized nuclear uprate projects.

Revenue Net of Purchased Power and Fuel

The foundation of Generation's six reportable segments is based on the geographic location of its assets, and is largely representative of the footprints of an ISO / RTO and/or NERC region. Descriptions of each of Generation's six reportable segments are as follows:

- Mid-Atlantic represents operations in the eastern half of PJM, which includes Pennsylvania, New Jersey, Maryland, Virginia, West Virginia, Delaware, the District of Columbia and parts of North Carolina.
- Midwest represents operations in the western half of PJM, which includes portions of Illinois, Indiana, Ohio, Michigan, Kentucky and Tennessee, and the entire United States footprint of MISO excluding MISO's Southern Region, which covers all or most of North Dakota, South Dakota, Nebraska, Minnesota, Iowa, Wisconsin, the remaining parts of Illinois, Indiana, Michigan and Ohio not covered by PJM, and parts of Montana, Missouri and Kentucky.
- New England represents the operations within ISO-NE covering the states of Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.
- New York represents operations within New York ISO, which covers the state of New York in its entirety.
- ERCOT represents operations within Electric Reliability Council of Texas, covering most of the state of Texas.
- Other Regions not considered individually significant:
  - South represents operations in the FRCC, MISO's Southern Region, and the remaining portions of the SERC not included within MISO or PJM, which includes all or most of Florida, Arkansas, Louisiana, Mississippi, Alabama, Georgia, Tennessee, North Carolina, South Carolina and parts of Missouri, Kentucky and Texas. Generation's South region also includes operations in the SPP, covering Kansas, Oklahoma, most of Nebraska and parts of New Mexico, Texas, Louisiana, Missouri, Mississippi and Arkansas.
  - West represents operations in the WECC, which includes California ISO, and covers the states of California, Oregon, Washington, Arizona, Nevada, Utah, Idaho, Colorado, and parts of New Mexico, Wyoming and South Dakota.
  - Canada represents operations across the entire country of Canada and includes the AESO, OIESO and the Canadian portion of MISO.

The following business activities are not allocated to a region, and are reported under Other: retail and wholesale gas, upstream natural gas, proprietary trading, energy efficiency and demand response, heating, cooling, and cogeneration facilities, and home improvements, sales of electric and gas appliances, servicing of heating, air conditioning, plumbing, electrical, and indoor quality systems, and investments in energy-related

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proprietary technology are not allocated to regions. Further, the following activities are not allocated to a region, and are reported in Other: unrealized mark-to-market impact of economic hedging activities; amortization of certain intangible assets relating to commodity contracts recorded at fair value as a result of the merger; and other miscellaneous revenues.

Generation evaluates the operating performance of its power marketing activities and allocates resources using the measure of revenue net of purchased power and fuel expense which is a non-GAAP measurement. Generation's operating revenues include all sales to third parties and affiliated sales to ComEd, PECO and BGE. Purchased power costs include all costs associated with the procurement and supply of electricity including capacity, energy and ancillary services. Fuel expense includes the fuel costs for internally generated energy and fuel costs associated with tolling agreements.

For the three months ended March 31, 2014 and 2013, Generation's revenue net of purchased power and fuel expense by region were as follows:

	Three Months Ended March 31,			
	2014	2013	Variance	% Change
Mid-Atlantic(a)	$ 695	$ 844	$ (149)	(17.7)%
Midwest(b)	556	717	(161)	(22.5)%
New England	136	30	106	n.m.
New York	(21)	(22)	1	(4.5)%
ERCOT	83	101	(18)	(17.8)%
Other Regions(c)	105	45	60	133.3%
Total electric revenue net of purchased power and fuel	1,554	1,715	(161)	(9.4)%
Proprietary trading	14	9	5	55.6%
Mark-to-market losses	(730)	(403)	(327)	81.1%
Other(d)	195	43	152	n.m.
Total revenue net of purchased power and fuel	$ 1,033	$ 1,364	$ (331)	(24.3)%

(a) Results of transactions with PECO and BGE are included in the Mid-Atlantic region.
(b) Results of transactions with ComEd are included in the Midwest region.
(c) Other Regions includes South, West and Canada, which are not considered individually significant.
(d) Other represents activities not allocated to a region. See text above for a description of included activities. Also includes amortization of intangible assets related to commodity contracts recorded at fair value at the merger date of $42 million and $174 million, for the three months ended March 31, 2014 and 2013, respectively.

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Generation's supply sources by region are summarized below:

Supply source in GWh	Three Months Ended March 31, 2014	2013	Variance	% Change
Nuclear generation(a)				
Mid-Atlantic	12,136	12,762	(626)	(4.9)%
Midwest	23,125	23,269	(144)	(0.6)%
Total Nuclear Generation	35,261	36,031	(770)	(2.1)%
Fossil and Renewables(a)				
Mid-Atlantic(a)	3,207	3,160	47	1.5%
Midwest	417	581	(164)	(28.2)%
New England	1,734	2,392	(658)	(27.5)%
New York	1	—	1	n.m.
ERCOT	1,656	733	923	125.9%
Other Regions(c)	1,630	2,254	(624)	(27.7)%
Total Fossil and Renewables	8,645	9,120	(475)	(5.2)%
Purchased power				
Mid-Atlantic(b)	3,233	3,233	—	0.0%
Midwest	711	1,700	(989)	(58.2)%
New England	2,070	1,507	563	37.4%
New York(b)	2,857	3,511	(654)	(18.6)%
ERCOT	3,440	4,199	(759)	(18.1)%
Other Regions(c)	3,355	3,703	(348)	(9.4)%
Total Purchased Power	15,666	17,853	(2,187)	(12.3)%
Total supply/sales by region(d)				
Mid-Atlantic(e)	18,576	19,155	(579)	(3.0)%
Midwest(f)	24,253	25,550	(1,297)	(5.1)%
New England	3,804	3,899	(95)	(2.4)%
New York	2,858	3,511	(653)	(18.6)%
ERCOT	5,096	4,932	164	3.3%
Other Regions(c)	4,985	5,957	(972)	(16.3)%
Total supply/sales by region	59,572	63,004	(3,432)	(5.4)%

(a) Includes the proportionate share of output where Generation has an undivided ownership interest in jointly owned generating plants and does not include ownership through equity method investments (e.g., CENG).

(b) Purchased power for the three months ended March 31, 2014 includes physical volumes of 2,489 GWh in the Mid-Atlantic and 2,857 GWh in New York as a result of the PPA with CENG. Purchased power for the three months ended March 31, 2013 includes physical volumes of 2,588 GWh in the Mid-Atlantic and 3,213 GWh in New York as a result of the PPA with CENG.

(c) Other Regions includes South, West and Canada, which are not considered individually significant.

(d) Excludes physical proprietary trading volumes of 2,494 GWh and 1,572 GWh for the three months ended March 31, 2014 and 2013, respectively.

(e) Includes sales to PECO through the competitive procurement process of 1,107 GWh and 1,921 GWh for the three months ended March 31, 2014 and 2013, respectively. Sales to BGE of 1,490 GWh and 1,535 GWh were included for the three months ended March 31, 2014 and 2013, respectively.

(f) Includes sales to ComEd under the RFP of 2,884 GWh and 0 GWh for the three months ended March 31, 2014 and 2013, respectively.

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Mid-Atlantic

Three Months Ended March 31, 2014 Compared to Three Months Ended March 31, 2013. The $149 million decrease in revenue net of purchased power and fuel expense in the Mid-Atlantic was primarily due to lower realized energy prices, higher procurement costs for replacement power, lower generation volume, and an increase in generation fuel prices, partially offset by increased capacity revenue.

Midwest

Three Months Ended March 31, 2014 Compared to Three Months Ended March 31, 2013. The $161 million decrease in revenue net of purchased power and fuel expense in the Midwest was primarily due to lower realized energy prices, lower generation volume, partially offset by increased capacity revenue.

New England

Three Months Ended March 31, 2014 Compared to Three Months Ended March 31, 2013. The $106 million increase in revenue net of purchased power and fuel expense in New England was driven by higher realized energy prices and favourable impacts from the restructuring of a fuel supply contract, partially offset by lower generation volume.

New York

Three Months Ended March 31, 2014 Compared to Three Months Ended March 31, 2013. The $1 million increase in revenue net of purchased power and fuel expense in New York was driven by higher realized energy prices.

ERCOT

Three Months Ended March 31, 2014 Compared to Three Months Ended March 31, 2013. The $18 million decrease in revenue net of purchased power and fuel expense in ERCOT was primarily due to increased generation fuel costs and the termination of an energy supply contract with a retail power supply company that was previously a consolidated variable interest entity. As a result of the termination, Generation no longer has a variable interest in the retail supply company and ceased consolidation of the entity during the third quarter of 2013. The decreases were partially offset by higher realized energy prices and higher generation volume.

Other Regions

Three Months Ended March 31, 2014 Compared to Three Months Ended March 31, 2013. The $60 million increase in revenue net of purchased power and fuel expense in Other Regions was primarily due to higher realized energy prices partially offset by lower generation volume.

Mark-to-market

Three Months Ended March 31, 2014 Compared to Three Months Ended March 31, 2013. Generation is exposed to market risks associated with changes in commodity prices and enters into economic hedges to mitigate exposure to these fluctuations. Mark-to-market losses on economic hedging activities were $730 million for the three months ended March 31, 2014 compared to losses of $403 million for the three months ended March 31, 2013. See Notes 6 and 7 of the Combined Notes to Consolidated Financial Statements for information on gains and losses associated with mark-to-market derivatives.

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Other

Three Months Ended March 31, 2014 Compared to Three Months Ended March 31, 2013. The $152 million increase in other revenue net of purchased power and fuel was primarily driven by the reduction of amortization of the acquired energy contracts recorded at fair value at the merger date. In addition, the increase is also attributable to results from activities not allocated to a region such as wholesale gas, energy efficiency, and upstream natural gas.

Nuclear Fleet Capacity Factor and Production Costs. The following table presents nuclear fleet operating data for the three months ended March 31, 2014 as compared to 2013, for the Generation-operated plants. The nuclear fleet capacity factor presented in the table is defined as the ratio of the actual output of a plant over a period of time to its output if the plant had operated at full average annual mean capacity for that time period. Nuclear fleet production cost is defined as the costs to produce one MWh of energy, including fuel, materials, labor, contracting and other miscellaneous costs, but excludes depreciation and certain other non-production related overhead costs. Generation considers capacity factor and production costs useful measures to analyze the nuclear fleet performance between periods. Generation has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, these measures are not a presentation defined under GAAP and may not be comparable to other companies' presentations or be more useful than the GAAP information provided elsewhere in this report.

	Three Months Ended March 31,	
	2014	2013
Nuclear fleet capacity factor(a)	94.1%	96.4%
Nuclear fleet production cost per MWh(a)	$20.71	$19.67

(a) Excludes Salem, which is operated by PSEG Nuclear, LLC, and CENG's nuclear facilities, which are operated by CENG. Reflects ownership percentage of stations operated by Exelon.

The nuclear fleet capacity factor, which excludes Salem, decreased primarily due to a higher number of unplanned outage days and planned refueling outage days, which resulted in lower generation, during the three months ended March 31, 2014 compared to the same period in 2013. For the three months ended March 31, 2014 and 2013, unplanned outage days totaled 20 and 6, respectively, and planned refueling outage days totaled 52 and 49, respectively. Lower generation, higher fuel costs and higher plant operating and maintenance costs resulted in a higher production cost per MWh for the three months ended March 31, 2014 as compared to the same period in 2013.

Operating and Maintenance

The change in operating and maintenance expense for the three months ended March 31, 2014 compared to the same period in 2013, consisted of the following:

	Increase (Decrease)
Nuclear uprate project cancellation(a)	$ (21)
Pension and non-pension postretirement benefits expense	(9)
Constellation merger and integration costs	(6)
Labor, other benefits, contracting and materials	(5)
Nuclear refueling outage costs, including the co-owned Salem plant(b)	14
Other	2
Decrease in operating and maintenance expense	$ (25)

(a) Reflects the impact of the 2013 cancellation of previously capitalized nuclear uprate projects.
(b) Reflects the impact of increased planned refueling outage days in 2014.

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Depreciation and Amortization

The decrease in depreciation and amortization expense for the three months ended March 31, 2014 compared to the same period in 2013 was primarily due to lower asset retirement cost amortization, partially offset by increased ongoing capital expenditures.

Taxes Other Than Income

The increase in taxes other than income for the three months ended March 31, 2014 compared to the same period in 2013 was primarily due to an increase in payroll taxes.

Equity in Losses of Unconsolidated Affiliates

Equity in losses of unconsolidated affiliates increased by $10 million primarily due to lower net income from Generation's equity investment in CENG in the first quarter of 2014 compared to the same period in 2013 partially offset by lower amortization of the basis difference of Generation's ownership interest in CENG recorded at fair value at the merger date.

Interest Expense

The increase in interest expense for the three months ended March 31, 2014 compared to the same period in 2013 was primarily due to higher outstanding debt in 2014, partially offset by a benefit recorded in 2014 related to the favorable settlement of certain income tax positions on Constellation's 2009-2012 tax returns.

Other, Net

Other, net primarily reflects the change in the realized and unrealized gains and losses related to the NDT funds of its Non-Regulatory Agreement Units for the three months ended March 31, 2014 compared to the same period in 2013 as described in the table below. Other, net also reflects $20 million of income in 2014 compared to $43 million of income in 2013 related to the contractual elimination of income tax expenses in March 31, 2014 and 2013, respectively, associated with the NDT funds of the Regulatory Agreement Units.

The following table provides unrealized and realized gains on the NDT funds of the Non-Regulatory Agreement Units recognized in Other, net for the three months ended March 31, 2014 and 2013:

	Three Months Ended March 31,	
	2014	2013
Net unrealized gains on decommissioning trust funds	$ 13	$ 64
Net realized gains on sale of decommissioning trust funds	13	2

Effective Income Tax Rate

The effective income tax rate was 51.8% for the three months ended March 31, 2014 compared to 5.6% for the same period during 2013. See Note 9 of the Combined Notes to Consolidated Financial Statements for further discussion of the change in effective income tax rate.

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Results of Operations — ComEd

	Three Months Ended Ended March 31,		Favorable (Unfavorable)
	2014	2013	Variance
Operating revenues	$ 1,134	$ 1,160	$ (26)
Purchased power expense	320	382	62
Revenue net of purchased power expense(a)	814	778	36
Other operating expenses			
Operating and maintenance	326	328	2
Depreciation and amortization	173	167	(6)
Taxes other than income	77	74	(3)
Total other operating expenses	576	569	(7)
Operating income	238	209	29
Other income and deductions			
Interest expense, net	(80)	(353)	273
Other, net	5	5	—
Total other income and deductions	(75)	(348)	273
Income (loss) before income taxes	163	(139)	302
Income taxes (benefits)	65	(58)	(123)
Net income (loss)	$ 98	$ (81)	$ 179

(a) ComEd evaluates its operating performance using the measure of revenue net of purchased power expense. ComEd believes that revenue net of purchased power expense is a useful measurement because it provides information that can be used to evaluate its operational performance. In general, ComEd only earns margin based on the delivery and transmission of electricity. ComEd has included its discussion of revenue net of purchased power expense below as a complement to the financial information provided in accordance with GAAP. However, revenue net of purchased power expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

Net Income (Loss)

The change in ComEd's net income for the three months ended March 31, 2014 as compared to the net loss for the three months ended March 31, 2013 was primarily due to the interest expense and related income tax effects of the remeasurement of Exelon's like-kind exchange tax position in the first quarter of 2013. See Note 9 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information on the like-kind exchange tax position.

Operating Revenue Net of Purchased Power Expense

There are certain drivers of revenue that are fully offset by their impact on purchased power expense, such as commodity procurement costs and participation in customer choice programs. ComEd is permitted to recover electricity procurement costs from retail customers without mark-up. Therefore, fluctuations in electricity procurement costs have no impact on electric revenue net of purchased power expense. See Note 3 — Regulatory Matters of the Exelon 2013 Form 10-K for additional information on ComEd's electricity procurement process.

All ComEd customers have the choice to purchase electricity from a competitive electric generation supplier. Customer choice programs do not impact ComEd's volume of deliveries, but do affect ComEd's operating revenue related to supplied energy, which is fully offset in purchased power expense. Therefore, customer choice programs have no impact on revenue net of purchased power expense.

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The number of retail customers participating in customer choice programs was 2,655,909 and 2,589,931 at March 31, 2014, and 2013, respectively, representing 69% and 67% of total retail customers, respectively. Retail energy purchased from competitive electric generation suppliers represented 80% and 75% of ComEd's retail kWh sales at March 31, 2014, and 2013, respectively.

The changes in ComEd's electric revenue net of purchased power expense for the three months ended March 31, 2014, compared to the same period in 2013 consisted of the following:

	Increase (Decrease)
Weather	$ 15
Volume	6
Electric distribution revenue	40
Regulatory required programs	10
Uncollectible accounts recovery, net	(19)
Pricing and customer mix	(11)
Other	(5)
Increase in revenue net of purchased power	$ 36

Weather. The demand for electricity is affected by weather conditions. Very warm weather in summer months and very cold weather in other months are referred to as "favorable weather conditions" because these weather conditions result in increased customer usage. Conversely, mild weather reduces demand. For the three months ended March 31, 2014, favorable weather conditions contributed to the increase in revenue net of purchased power expense compared to the same period in 2013.

Heating and cooling degree days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree days for a 30-year period in ComEd's service territory with cooling degree days generally having a more significant impact to ComEd, particularly during the summer months. The changes in heating and cooling degree days in ComEd's service territory for the three months ended March 31, 2014, and 2013, consisted of the following:

				% Change	
	2014	2013	Normal	From 2013	From Normal
Heating Degree-Days	3,874	3,259	3,164	18.9%	22.4%
Cooling Degree-Days	—	—	—	n/a	n/a

Volume. Revenue net of purchased power expense increased as a result of higher delivery volume, exclusive of the effects of weather, reflecting increased average usage per customer for the three months ended March 31, 2014, as compared to the same period in 2013.

Electric Distribution Revenue. EIMA provides for a performance-based rate formula, which requires an annual reconciliation of the revenue requirement in effect to the costs that the ICC determines are prudently and reasonably incurred in a given year. Distribution revenue varies from year to year based on fluctuations in the underlying costs, investments being recovered and other billing determinants. During the three months ended March 31, 2014, ComEd recorded increased revenue net of purchased power expense of $40 million due to increased costs and capital investments and higher allowed ROE pursuant the rate formula. See Note 4 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information on ComEd's rate formula pursuant to EIMA.

Regulatory Required Programs. Revenue related to regulatory required programs represents the recoveries from customers for costs of various legislative and regulatory programs on a full and current basis through

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approved regulated rates. Programs include ComEd's energy efficiency and demand response and purchased power administrative costs. An equal and offsetting amount has been reflected in operating and maintenance expense during the periods presented.

Uncollectible Accounts Recovery, Net. Represents recoveries under ComEd's uncollectible accounts tariff. Refer to the operating and maintenance expense discussion below for additional information on this tariff.

Pricing and Customer Mix. The decrease in revenue net of purchased power as a result of pricing and customer mix is primarily attributable to lower overall effective rates due to increased usage across all major customer classes and changes in customer mix for the three months ended March 31, 2014, as compared to the same period in 2013.

Other. Other revenue, which can vary period to period, includes rental revenue, revenue related to late payment charges, revenue from other utilities for mutual assistance programs, and recoveries of environmental costs associated with MGP sites. Other revenue was lower during the three months ended March 31, 2014, compared to 2013, primarily due to decreased environmental costs associated with MGP sites, for which an equal and offsetting amount is reflected in depreciation and amortization expense during the periods presented.

Operating and Maintenance Expense

	Three Months Ended March 31,		Increase (Decrease)
	2014	2013	
Operating and maintenance expense — baseline	$ 278	$ 290	$ (12)
Operating and maintenance expense — regulatory required programs(a)	48	38	10
Total operating and maintenance expense	$ 326	$ 328	$ (2)

(a) Operating and maintenance expenses for regulatory required programs are costs for various legislative and/or regulatory programs that are recoverable from customers on a full and current basis through ComEd's performance-based rate formula. An equal and offsetting amount has been reflected in operating revenues.

The changes in operating and maintenance expense for the three months ended March 31, 2014, compared to the same period in 2013, consisted of the following:

	Increase (Decrease)
Baseline	
Labor, other benefits, contracting and materials	$ 7
Pension and non-pension postretirement benefits expense	(12)
Storm-related costs	4
Uncollectible accounts expense — provision(a)	1
Uncollectible accounts expense — recovery, net(a)	(20)
Other	8
	(12)
Regulatory required programs	
Energy efficiency and demand response programs	10
	10
Decrease in operating and maintenance expense	$ (2)

(a) ComEd is allowed to recover from or refund to customers the difference between the utility's annual uncollectible accounts expense and the amounts collected in rates annually through a rider mechanism. In 2014, ComEd recorded a net

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reduction in operating and maintenance expense related to uncollectible accounts due to the timing of regulatory cost recovery and customers purchasing electricity from competitive electric generation suppliers as a result of municipal aggregation. An equal and offsetting reduction has been recognized in operating revenues for the periods presented.

Depreciation and Amortization

Depreciation and amortization expense increased during the three months ended March 31, 2014, compared to the same period in 2013 primarily due to ongoing capital expenditures, partially offset by decreased regulatory asset amortization related to MGP remediation expenditures. An equal and offsetting amount for the amortization expense related to the MGP remediation expenditures is reflected in operating revenues during the periods presented.

Taxes Other Than Income

Taxes other than income, which can vary period to period, include municipal and state utility taxes, real estate taxes and payroll taxes. Taxes other than income increased during the three months ended March 31, 2014, compared to the same period in 2013.

Interest Expense, Net

The changes in interest expense, net for the three months ended March 31, 2014, compared to the same period in 2013, consisted of the following:

	Increase (Decrease)
Interest expense related to uncertain tax positions(a)	$ (275)
Interest expense on debt (including financing trusts)	2
Decrease in interest expense, net	$ (273)

(a) Primarily reflects the remeasurement of Exelon's like-kind exchange tax position in the first quarter of 2013. See Note 9 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information.

Effective Income Tax Rate

The effective income tax rate was 39.9% for the three months ended March 31, 2014, compared to 41.7% for the same period during 2013. See Note 9 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

ComEd Electric Operating Statistics and Revenue Detail

	Three Months Ended March 31,			Weather-Normal % Change
Retail Deliveries to customers (in GWhs)	2014	2013	% Change	
Retail Deliveries(a)				
Residential	7,411	6,876	7.8%	1.8%
Small commercial & industrial	8,331	7,873	5.8%	2.2%
Large commercial & industrial	7,095	6,840	3.7%	1.2%
Public authorities & electric railroads	397	373	6.4%	2.6%
Total Retail Deliveries	23,234	21,962	5.8%	1.8%

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Number of Electric Customers	As of March 31, 2014	As of March 31, 2013
Residential	3,488,204	3,470,659
Small commercial & industrial	367,282	366,284
Large commercial & industrial	2,028	2,001
Public authorities & electric railroads	4,852	4,802
Total	3,862,366	3,843,746

Electric Revenue	Three Months Ended March 31, 2014	Three Months Ended March 31, 2013	% Change
Retail Sales(a)			
Residential	$ 508	$ 584	(13.0)%
Small commercial & industrial	344	308	11.7%
Large commercial & industrial	115	102	12.7%
Public authorities & electric railroads	13	12	8.3%
Total Retail Sales	980	1,006	(2.6)%
Other Revenue(b)	154	154	0.0%
Total Electric Revenues	$ 1,134	$ 1,160	(2.2)%

(a) Reflects delivery volumes and revenues from customers purchasing electricity directly from ComEd and customers purchasing electricity from a competitive electric generation supplier, as all customers are assessed delivery charges. For customers purchasing electricity from ComEd, revenue also reflects the cost of energy and transmission.

(b) Other revenue primarily includes transmission revenue from PJM. Other items include rental revenue, revenues related to late payment charges, revenues from other utilities for mutual assistance programs and recoveries of environmental remediation costs associated with MGP sites.

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Results of Operations — PECO

	Three Months Ended March 31,		Favorable (Unfavorable)
	2014	2013	Variance
Operating revenues	$ 993	$ 895	$ 98
Purchased power and fuel	464	406	(58)
Revenues net of purchased power and fuel(a)	529	489	40
Other operating expenses			
Operating and maintenance	280	188	(92)
Depreciation and amortization	58	57	(1)
Taxes other than income	42	41	(1)
Total other operating expenses	380	286	(94)
Operating income	149	203	(54)
Other income and (deductions)			
Interest expense, net	(28)	(29)	1
Other, net	2	3	(1)
Total other income (deductions)	(26)	(26)	—
Income before income taxes	123	177	(54)
Income taxes	34	55	21
Net income	89	122	(33)
Preferred security dividends	—	1	1
Net income attributable to common shareholder	$ 89	$ 121	$ (32)

(a) PECO evaluates its operating performance using the measures of revenue net of purchased power expense for electric sales and revenue net of fuel expense for gas sales. PECO believes revenue net of purchased power expense and revenue net of fuel expense are useful measurements of its performance because they provide information that can be used to evaluate its net revenues from operations. PECO has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, revenue net of purchased power expense and revenue net of fuel expense figures are not a presentation defined under GAAP and may not be comparable to other companies' presentations or more useful than the GAAP information provided elsewhere in this report.

Net Income Attributable to Common Shareholder

The decrease in net income attributable to common shareholder was driven primarily by higher operating and maintenance expense, partially offset by higher operating revenues net of purchased power and fuel expense. The increase in operating and maintenance cost was attributable to increased storm costs from the February 5, 2014 ice storm. The increase in revenue net of purchased power and fuel expense was primarily the result of favorable weather.

Operating Revenues, Purchased Power and Fuel Expense

Electric and gas revenues and purchased power and fuel expense are affected by fluctuations in commodity procurement costs. PECO's electric supply and natural gas cost rates charged to customers are subject to adjustments at least quarterly that are designed to recover or refund the difference between the actual cost of electric supply and natural gas and the amount included in rates in accordance with the PAPUC's GSA and PGC, respectively. Therefore, fluctuations in electric supply and natural gas procurement costs have no impact on electric and gas revenues net of purchased power and fuel expense.

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Electric and gas revenues and purchased power and fuel expense are also affected by fluctuations in participation in the customer choice program. All PECO customers have the choice to purchase electricity and gas from competitive electric generation and natural gas suppliers, respectively. The customers' choice of suppliers does not impact the volume of deliveries, but affects revenues collected from customers related to supplied electricity and natural gas service. Customer choice program activity has no impact on electric and gas revenues net of purchased power and fuel expense. The number of retail customers purchasing electricity from a competitive electric generation supplier was 545,000 and 517,000 at March 31, 2014 and 2013, respectively. Retail deliveries purchased from competitive electric generation suppliers represented 68% and 65% of PECO's retail kWh sales for the three months ended March 31, 2014 and 2013, respectively. The number of retail customers purchasing natural gas from a competitive natural gas supplier was 72,600 and 56,700 at March 31, 2014 and 2013, respectively. Retail deliveries purchased from competitive natural gas suppliers represented 21% and 18% of PECO's retail mmcf sales for the three months ended March 31, 2014 and 2013, respectively.

The changes in PECO's operating revenues net of purchased power and fuel expense for the three months ended March 31, 2014 compared to the same period in 2013, consisted of the following:

	Increase (Decrease)		
	Electric	Gas	Total
Weather	$ 19	$15	$ 34
Volume	5	1	6
Pricing	(4)	(3)	(7)
Regulatory required programs	8	(1)	7
Total increase	$ 28	$12	$ 40

Weather. The demand for electricity and gas is affected by weather conditions. With respect to the electric business, very warm weather in summer months and, with respect to the electric and gas businesses, very cold weather in winter months are referred to as "favorable weather conditions" because these weather conditions result in increased deliveries of electricity and gas. Conversely, mild weather reduces demand. Operating revenues net of purchased power and fuel expense were higher due to the impact of favorable weather conditions during 2014 in PECO's service territory.

Heating and cooling degree days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree days for a 30-year period in PECO's service territory. The changes in heating and cooling degree days in PECO's service territory for the three months ended March 31, 2014 compared to the same period in 2013 consisted of the following:

				% Change	
Heating and Cooling Degree-Days	2014	2013	Normal	From 2013	From Normal
Heating Degree-Days	2,844	2,440	2,476	16.6%	14.9%
Cooling Degree-Days	—	—	—	n/a	n/a

Volume. The increase in electric revenue net of purchased power expense related to delivery volume, exclusive of the effects of weather, primarily reflects the impact of moderate economic and customer growth and a shift in the volume profile across classes from lower priced classes to higher priced classes, partially offset by energy efficiency initiatives on customer usages.

Pricing. The decrease in electric operating revenue net of purchased power expense and in gas operating revenue net of fuel expense as a result of pricing is primarily attributable to lower overall effective rates due to increased usage across all major customer classes.

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Regulatory Required Programs. This represents the change in operating revenue collected under approved riders to recover costs incurred for regulatory programs such as smart meter, energy efficiency and the GSA. The riders are designed to provide full and current cost recovery as well as a return. The costs of these programs are included in operating and maintenance expense, depreciation and amortization expense and income taxes. Refer to the operating and maintenance expense discussion below for additional information on included programs.

Operating and Maintenance Expense

	Three Months Ended March 31,		Increase
	2014	2013	(Decrease)
Operating and Maintenance Expense — Baseline	$ 259	$ 174	$ 85
Operating and Maintenance Expense — Regulatory Required Programs(a)	21	14	7
Total Operating and Maintenance Expense	$ 280	$ 188	$ 92

(a) Operating and maintenance expenses for regulatory required programs are costs for various legislative and/or regulatory programs that are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in operating revenues.

The changes in operating and maintenance expense for the three months ended March 31, 2014 compared to the same period in 2013, consisted of the following:

	Increase (Decrease)
Baseline	
Labor, other benefits, contracting and materials	$ (1)
Storm-related costs	79(a)
Pension and non-pension postretirement benefits expense	2
Constellation merger and integration costs	(3)
Uncollectable Accounts Expense	9
Other	(1)
	85
Regulatory Required Programs	
Smart Meter	3
Energy Efficiency	4
	7
Increase in operating and maintenance expense	$ 92

(a) Total storm-related costs include approximately $66 million of incremental storm costs incurred from the February 5, 2014 ice storm and other winter storms during Q1 2014.

Depreciation and Amortization

The change in depreciation and amortization expense for the three months ended March 31, 2014 compared to the same period in 2013 remained relatively constant.

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Taxes Other Than Income

The change in taxes other than income for the three months ended March 31, 2014 compared to the same period in 2013 consisted of the following:

	Increase (Decrease) Three Months Ended 2014 vs. 2013
GRT expense	$ 2
Sales and use tax	(2)
Real estate/property taxes	1
Increase in taxes other than income	$ 1

Interest Expense, Net

The change in interest expense, net for the three months ended March 31, 2014 compared to the same period in 2013 remained relatively constant.

Other, Net

Other, net for the three months ended March 31, 2014 remained relatively constant compared to the same period in 2013.

Effective Income Tax Rate

PECO's effective income tax rate was 27.6% for the three months ended March 31, 2014 as compared to 31.1% for the same period during 2013. See Note 9 of the Combined Notes to the Consolidated Financial Statements for further discussion of the change in effective income tax rate.

PECO Electric Operating Statistics and Revenue Detail

Retail Deliveries to customers (in GWhs)	Three Months Ended March 31, 2014	2013	% Change	Weather - Normal % Change
Retail Deliveries (a)				
Residential	3,848	3,465	11.1%	1.4%
Small commercial & industrial	2,055	2,009	2.3%	(0.5)%
Large commercial & industrial	3,777	3,646	3.6%	2.1%
Public authorities & electric railroads	259	255	1.7%	1.7%
Total Retail Deliveries	9,939	9,375	6.0%	1.3%

Number of Electric Customers	As of March 31, 2014	2013
Residential	1,428,798	1,423,333
Small commercial & industrial	149,285	148,749
Large commercial & industrial	3,114	3,117
Public authorities & electric railroads	9,671	9,657
Total	1,590,868	1,584,856

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Electric Revenue	Three Months Ended March 31, 2014	2013	% Change
Retail Sales (a)			
Residential	$ 444	$ 395	12.4%
Small commercial & industrial	111	106	4.7%
Large commercial & industrial	63	58	8.6%
Public authorities & electric railroads	8	8	0.0%
Total Retail Sales	626	567	10.4%
Other Revenue(b)	52	56	(7.1)%
Total Electric Revenues	$ 678	$ 623	8.8%

(a) Reflects delivery volumes and revenues from customers purchasing electricity directly from PECO and customers purchasing electricity from a competitive electric generation supplier as all customers are assessed distribution charges. For customers purchasing electricity from PECO, revenue also reflects the cost of energy and transmission.

(b) Other revenue includes transmission revenue from PJM and wholesale electric revenues.

PECO Gas Sales Statistics and Revenue Detail

Deliveries to customers (in mmcf)	Three Months Ended March 31, 2014	2013	% Change	Weather - Normal % Change
Retail Deliveries				
Retail sales(a)	33,170	28,438	16.6%	0.7%
Transportation and other	8,369	8,883	(5.8)%	(7.0)%
Total Gas Deliveries	41,539	37,321	11.3%	(2.7)%

Number of Gas Customers	As of March 31, 2014	2013
Residential	459,627	455,979
Commercial & industrial	42,385	41,972
Total Retail	502,012	497,951
Transportation	898	904
Total	502,910	498,855

Gas revenue	Three Months Ended March 31, 2014	2013	% Change
Retail Sales			
Retail sales	$ 302	$ 260	16.2%
Transportation and other	13	12	8.3%
Total Gas Revenue	$ 315	$ 272	15.8%

(a) Reflects delivery volumes and revenues from customers purchasing natural gas directly from PECO and customers purchasing natural gas from a competitive natural gas supplier as all customers are assessed distribution charges. For customers purchasing natural gas from PECO, revenue also reflects the cost of natural gas.

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Results of Operations — BGE

	Three Months Ended March 31,		Favorable (Unfavorable)
	2014	2013	Variance
Operating revenues	$ 1,054	$ 880	$ 174
Purchased power and fuel expense	529	426	(103)
Revenues net of purchased power and fuel expense(a)	525	454	71
Other operating expenses			
Operating and maintenance	188	143	(45)
Depreciation and amortization	108	93	(15)
Taxes other than income	60	55	(5)
Total other operating expenses	356	291	(65)
Operating income	169	163	6
Other income and (deductions)			
Interest expense, net	(27)	(33)	6
Other, net	4	5	(1)
Total other income and (deductions)	(23)	(28)	5
Income before income taxes	146	135	11
Income taxes	58	55	(3)
Net income	88	80	8
Preference stock dividends	3	3	—
Net income attributable to common shareholder	$ 85	$ 77	$ 8

(a) BGE evaluates its operating performance using the measures of revenue net of purchased power expense for electric sales and revenue net of fuel expense for gas sales. BGE believes revenue net of purchased power and fuel expense are useful measurements of its performance because they provide information that can be used to evaluate its net revenue from operations. BGE has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, revenue net of purchased power and fuel expense figures are not a presentation defined under GAAP and may not be comparable to other companies' presentations or more useful than the GAAP information provided elsewhere in this report.

Net Income Attributable to Common Shareholder

The increase in BGE's net income attributable to common shareholder was driven primarily by higher operating revenues as a result of the 2013 electric and gas distribution rate orders issued by the MDPSC, offset by an increase in operating and maintenance costs.

Operating Revenues, Purchased Power and Fuel Expense

There are certain drivers to operating revenue that are offset by their impact on purchased power expense and fuel expense, such as commodity procurement costs and programs allowing customers to select a competitive electric or natural gas supplier. Electric and gas revenues and purchased power and fuel expense are affected by fluctuations in commodity procurement costs. BGE's electric and natural gas rates charged to customers are subject to periodic adjustments that are designed to recover or refund the difference between the actual cost of purchased electric power and purchased natural gas and the amount included in rates in accordance with the MDPSC's market-based SOS and gas commodity programs, respectively.

The number of customers electing to select a competitive electric generation supplier affects electric SOS revenues and purchased power expense. The number of customers electing to select a competitive natural gas

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supplier affects gas cost adjustment revenues and purchased natural gas expense. All BGE customers have the choice to purchase energy from a competitive electric generation supplier. This customer choice of competitive electric generation supplier does not impact the volume of deliveries, but affects revenue collected from customers related to SOS. The number of retail customers purchasing electricity from a competitive electric generation supplier was 394,100 and 375,400 at March 31, 2014 and 2013, respectively, representing 32% and 30% of total retail customers, respectively. Retail deliveries purchased from competitive electric generation suppliers represented 58% and 59% of BGE's retail kWh sales for the three months ended March 31, 2014 and 2013, respectively. The number of retail customers purchasing natural gas from a competitive natural gas supplier was 172,200 and 152,800 at March 31, 2014 and 2013, respectively. Retail deliveries purchased from competitive natural gas suppliers represented 47% of BGE's retail mmcf sales for the three months ended March 31, 2014 and 2013.

The changes in BGE's operating revenues net of purchased power and fuel expense for the three months ended March 31, 2014 compared to the same period in 2013, consisted of the following:

	Increase (Decrease)		
	Electric	Gas	Total
Distribution rates increase	$ 26	$17	$ 43
Regulatory required programs	11	—	11
Commodity Margin	1	7	8
Other	6	3	9
Total increase	$ 44	$27	$ 71

Revenue Decoupling. The demand for electricity and gas is affected by weather and usage conditions. The MDPSC has allowed BGE to record a monthly adjustment to its electric and gas distribution revenues from all residential customers, commercial electric customers, the majority of large industrial electric customers, and all firm service gas customers to eliminate the effect of abnormal weather and usage patterns per customer on BGE's electric and gas distribution volumes, thereby recovering a specified dollar amount of distribution revenues per customer, by customer class, regardless of changes in consumption levels. This means BGE recognizes revenues at MDPSC-approved levels per customer, regardless of what actual distribution volumes were for a billing period. Therefore, while these revenues are affected by customer growth, they will not be affected by actual weather or usage conditions. BGE bills or credits affected customers in subsequent months for the difference between approved revenue levels under revenue decoupling and actual customer billings.

Heating degree days are quantitative indices that reflect the demand for energy needed to heat a home or business. Normal weather is determined based on historical average heating and cooling degree days for a 30-year period in BGE's service territory. The changes in heating degree days in BGE's service territory for the three months ended March 31, 2014 compared to the same period in 2013 consisted of the following:

				% Change	
Heating Degree-Days	2014	2013	Normal	From 2013	From Normal
Heating Degree-Days	2,861	2,451	2,387	16.7%	19.9%
Cooling Degree-Days	—	1	—	(100.0)%	n/a

Distribution Rate Increase. The increase in distribution rates for the three months ended March 31, 2014 compared to the same period in 2013 was primarily due to the impact of the new electric and natural gas distribution rates charged to customers that became effective February 23, 2013 and December 13, 2013 in accordance with the MDPSC approved electric and natural gas distribution rate case order. See Note 4 — Regulatory Matters of the Combined Notes to the Consolidated Financial Statements for additional information.

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Regulatory Required Programs. This represents the change in revenues collected under approved riders to recover costs incurred for the energy efficiency and demand response programs as well as administrative and commercial and industrial customer bad debt costs for SOS. The riders are designed to provide full recovery, as well as a return in certain instances. The costs of these programs are included in operating and maintenance expense, depreciation and amortization expense and taxes other than income taxes. The increase in revenues during the three months ended March 31, 2014 compared to the same period in 2013 was primarily due to the recovery of higher energy efficiency program costs.

Commodity Margin. The increase in commodity margin under BGE's market-based rate incentive mechanism for the three months ended March 31, 2014 compared to the same period in 2013 was primarily due to the higher gas margins earned by BGE due to the extreme cold weather under BGE's MBR mechanism. See Note 7 — Derivative Financial Instruments of the Combined Notes to the Consolidated Financial Statements for additional information.

Other. Other revenues increased during the three months ended March 31, 2014 compared to the same period in 2013. Other revenues, which can vary from period to period, include miscellaneous revenues such as service application and late payment fees.

Operating and Maintenance Expense

The changes in operating and maintenance expense for the three months ended March 31, 2014 compared to the same period in 2013, consisted of the following:

	Increase (Decrease)
Labor, other benefits, contracting and materials	$ 17
Merger transaction costs(a)	6
Storm-related costs	15
Other	7
Increase in operating and maintenance expense	$ 45

(a) BGE recorded a net reduction in the first quarter of 2013 to operating and maintenance costs of $6 million related to certain merger integration costs due to the establishment of a regulatory asset.

Depreciation and Amortization

The increase in depreciation and amortization expense for the three months ended March 31, 2014 compared to the same period in 2013 was primarily due to increased amortization expense related to energy efficiency and demand response programs, which is fully offset in revenues, and higher property plant and equipment balances from ongoing capital expenditures.

Taxes Other Than Income

Taxes other than income increased for the three months ended March 31, 2014 compared to the same period in 2013 primarily due to increased gross receipts tax as a result of higher revenues and an increase in payroll taxes.

Interest Expense, Net

The decrease in interest expense, net for the three months ended March 31, 2014 compared to the same period in 2013 was primarily due to favorable interest rates in 2014 on long-term debt balances.

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Effective Income Tax Rate

BGE's effective income tax rate was 39.7% for the three months ended March 31, 2014 as compared to 40.7% for the same period during 2013. See Note 9 — Income Taxes of the Combined Notes to Consolidated Financial Statements for further discussion of the change in effective income tax rate.

BGE Electric Operating Statistics and Revenue Detail

BGE's electric sales statistics and revenue detail were as follows:

Retail Deliveries to customers (in GWhs)	Three Months Ended March 31, 2014	Three Months Ended March 31, 2013	% Change	Weather - Normal % Change
Retail Deliveries (a)				
Residential	4,092	3,536	15.7%	n.m.
Small commercial & industrial	834	776	7.5%	n.m.
Large commercial & industrial	3,470	3,554	(2.4)%	n.m.
Public authorities & electric railroads	78	82	(4.9)%	n.m.
Total Electric Deliveries	8,474	7,948	6.6%	n.m.

Number of Electric Customers	As of March 31, 2014	As of March 31, 2013
Residential	1,124,174	1,118,824
Small commercial & industrial	112,623	113,051
Large commercial & industrial	11,661	11,589
Public authorities & electric railroads	292	318
Total	1,248,750	1,243,782

Electric Revenue	Three Months Ended March 31, 2014	Three Months Ended March 31, 2013	% Change
Retail Sales (a)			
Residential	$ 436	$ 365	19.5%
Small commercial & industrial	71	64	10.9%
Large commercial & industrial	123	105	17.1%
Public authorities & electric railroads	8	8	0.0%
Total Electric Retail	638	542	17.7%
Other revenue	71	63	12.7%
Total Electric Revenues	$ 709	$ 605	17.2%

(a) Reflects delivery volumes and revenues from customers purchasing electricity directly from BGE and customers purchasing electricity from a competitive electric generation supplier as all customers are assessed distribution charges. For customers purchasing electricity from BGE, revenue also reflects the cost of energy and transmission.

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BGE Gas Sales Statistics and Revenue Detail

BGE's gas sales statistics and revenue detail were as follows:

Deliveries to customers (in mmcf)	Three Months Ended March 31, 2014	Three Months Ended March 31, 2013	% Change	Weather - Normal % Change
Retail Deliveries (c)				
Retail sales	46,388	40,261	15.2%	n.m.
Transportation and other	6,330	5,651	12.0%	n.m.
Total Gas Deliveries	52,718	45,912	14.8%	n.m.

Number of Gas Customers	As of March 31, 2014	As of March 31, 2013
Residential	613,469	612,065
Commercial & industrial	44,266	44,308
Total	657,735	656,373

Gas revenue	Three Months Ended March 31, 2014	Three Months Ended March 31, 2013	% Change
Retail Sales (c)			
Retail sales	$ 285	$ 246	15.9%
Transportation and other(b)	60	29	107.0%
Total Gas Revenue	$ 345	$ 275	25.5%

(b) Transportation and other gas revenue includes off-system revenue of 6,330 mmcfs ($53 million) and 5,651 mmcfs ($24 million) for the three months ended March 31, 2014 and 2013.

(c) Reflects delivery volumes and revenues from customers purchasing natural gas directly from BGE and customers purchasing natural gas from a competitive natural gas supplier as all customers are assessed distribution charges. The cost of natural gas is charged to customers purchasing natural gas from BGE.

Liquidity and Capital Resources

The Registrants' operating and capital expenditures requirements are provided by internally generated cash flows from operations as well as funds from external sources in the capital markets and through bank borrowings. The Registrants' businesses are capital intensive and require considerable capital resources. Each Registrant's access to external financing on reasonable terms depends on its credit ratings and current overall capital market business conditions, including that of the utility industry in general. If these conditions deteriorate to the extent that the Registrants no longer have access to the capital markets at reasonable terms, Exelon, Generation, ComEd, PECO and BGE have access to unsecured revolving credit facilities with aggregate bank commitments of $0.5 billion, $5.3 billion, $1.0 billion, $0.6 billion and $0.6 billion, respectively. Exelon, Generation, PECO and BGE's revolving credit facilities expire in 2018 and ComEd's in 2019. In addition, Generation has $0.4 billion in bilateral credit facilities. Generation's bilateral credit facilities expire in January 2015, December 2015 and March 2016, respectively. The Registrants utilize their credit facilities to support their commercial paper programs, provide for other short-term borrowings and issue letters of credit. See the "Credit Matters" section below for further discussion. The Registrants expect cash flows to be sufficient to meet operating expenses, financing costs and capital expenditure requirements.

The Registrants primarily use their capital resources, including cash, to fund capital requirements, including construction expenditures, retire debt, pay dividends, fund pension and other postretirement benefit obligations

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and invest in new and existing ventures. The Registrants spend a significant amount of cash on capital improvements and construction projects that have a long-term return on investment. Additionally, ComEd, PECO and BGE operate in rate-regulated environments in which the amount of new investment recovery may be delayed or limited and where such recovery takes place over an extended period of time. See Note 8 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for further discussion of the Registrants' debt and credit agreements.

Cash Flows from Operating Activities

General

Generation's cash flows from operating activities primarily result from the sale of electric energy and energy-related products and services to customers. Generation's future cash flows from operating activities may be affected by future demand for and market prices of energy and its ability to continue to produce and supply power at competitive costs as well as to obtain collections from customers.

ComEd's, PECO's and BGE's cash flows from operating activities primarily result from the transmission and distribution of electricity and, in the case of PECO and BGE, gas distribution services. ComEd's, PECO's and BGE's distribution services are provided to an established and diverse base of retail customers. ComEd's, PECO's and BGE's future cash flows may be affected by the economy, weather conditions, future legislative initiatives, future regulatory proceedings with respect to their rates or operations, competitive suppliers, and their ability to achieve operating cost reductions.

See Notes 4 — Regulatory Matters and 15 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements for further discussion of regulatory and legal proceedings and proposed legislation.

Pension and Other Postretirement Benefits

Management considers various factors when making pension funding decisions, including actuarially determined minimum contribution requirements under ERISA, contributions required to avoid benefit restrictions and at-risk status as defined by the Pension Protection Act of 2006, management of the pension obligation and regulatory implications. On July 6, 2012, President Obama signed into law the Moving Ahead for Progress in the Twenty-first Century Act, which contains a pension funding provision that results in lower pension contributions in the near term while increasing the premiums pension plans pay to the Pension Benefit Guaranty Corporation. Certain provisions of the law were applied in 2012 while the others took effect in 2013. The estimated impacts of the law are reflected in the projected pension contributions below.

Exelon expects to contribute $264 million to its qualified pension plans in 2014, of which Generation, ComEd, PECO and BGE will contribute $118 million, $119 million, $11 million and $0 million, respectively. Unlike the qualified pension plans, Exelon's non-qualified pension plans are not funded. Exelon expects to make non-qualified pension plan benefit payments of $12 million in 2014, of which Generation, ComEd, PECO, and BGE will make payments of $5 million, $1 million, $0 million, and $1 million, respectively.

To the extent interest rates decline significantly or the pension plans do not earn the expected asset return rates, annual pension contribution requirements in future years could increase, especially in years 2017 and beyond. Additionally, the contributions above could change if Exelon changes its pension funding strategy.

Unlike qualified pension plans, other postretirement plans are not subject to statutory minimum contribution requirements. Exelon's management considers several factors in determining the level of contributions to its other postretirement benefit plans, including levels of benefit claims paid and regulatory implications (amounts deemed prudent to meet regulator expectations and best assure continued recovery). Exelon expects to make

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other postretirement benefit plan contributions, including benefit payments related to unfunded plans, of approximately $430 million in 2014, of which Generation, ComEd, PECO, and BGE expect to contribute $168 million, $197 million, $19 million, and $17 million, respectively. Management is evaluating funding options for the other postretirement benefit plans, including implications of plan design changes, which may result in reductions to the expected contributions.

During the first quarter of 2014, the Society of Actuaries issued an exposure draft with a proposed revised mortality table for use by actuaries, insurance companies, governments, benefit plan sponsors and others in setting assumptions regarding life expectancy in the United States for purposes of estimating pension and OPEB obligations, costs and required contribution amounts. The newly proposed mortality tables indicate substantial life expectancy improvements since the last study published in 2000 (RP 2000). Adoption of the new mortality table, if issued in its current form, would result in significantly increased future pension and OPEB plan obligations, costs and required contribution amounts for many plan sponsors, including Exelon. Exelon is currently evaluating the exposure draft and potential impacts to the December 31, 2014 valuation and future expected pension and OPEB plan contributions. The IRS has indicated the RP 2000 should be used for ERISA funding calculations impacting qualified pension plans in 2014 and 2015, meaning the earliest a new table would be required for determining those funding requirements is January 1, 2016.

Tax Matters

The Registrants' future cash flows from operating activities may be affected by the following tax matters:

- Exelon, Generation, ComEd, PECO and BGE expect to receive tax refunds of approximately $380 million, $60 million, $320 million, $10 million and $20 million, respectively, between 2014 and 2015.
- Given the current economic environment, state and local governments are facing increasing financial challenges, which may increase the risk of additional income tax levies, property taxes and other taxes.
- In the first quarter of 2014, Exelon entered into an agreement to terminate its investment in one of the three municipal-owned electric generation properties in exchange for a net early termination amount of $335 million. The termination will result in a 2014 tax payment of approximately $285 million by Exelon and its subsidiaries in 2014, including approximately $155 million by ComEd. Exelon intends to fund its portion of the tax payment using a portion of the net early termination amount. ComEd intends to fund its portion of the tax payment using a combination of debt and equity contributions from Exelon to substantially maintain its existing capital structure. See Notes 9 and 16 for additional information.

The following table provides a summary of the major items affecting Exelon's cash flows from operations for the three months ended March 31, 2014 and 2013:

	Three Months Ended March 31,		
	2014	2013	Variance
Net income	$ 93	$ 1	$ 92
Add (subtract):			
Non-cash operating activities(a)	1,836	960	876
Pension and other postretirement benefit contributions	(472)	(267)	(205)
Income taxes	17	632	(615)
Changes in working capital and other noncurrent assets and liabilities(b)	(647)	(278)	(369)
Option premiums received (paid), net	15	(3)	18
Counterparty collateral posted, net	(677)	(186)	(491)
Net cash flows provided by operations	$ 165	$ 859	$ (694)

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(a) Represents depreciation, amortization and accretion, impairment of long-lived assets, mark-to-market gains and losses on derivative transactions, deferred income taxes, provision for uncollectible accounts, pension and other postretirement benefit expense, equity in losses of unconsolidated affiliates and investments, decommissioning-related items, stock compensation expense and other non-cash charges.

(b) Changes in working capital and other noncurrent assets and liabilities exclude the changes in commercial paper, income taxes and the current portion of long-term debt.

Cash flows provided by (used in) operations for the three months ended March 31, 2014 and 2013 by Registrant were as follows:

	Three Months Ended March 31,	
	2014	2013
Exelon	$ 165	$ 859
Generation	(169)	506
ComEd	(9)	58
PECO	143	195
BGE	235	185

Changes in Exelon's, Generation's, ComEd's, PECO's and BGE's cash flows provided by (used in) operations were generally consistent with changes in each Registrant's respective results of operations, as adjusted by changes in working capital in the normal course of business. In addition, significant operating cash flow impacts for the Registrants for the three months ended March 31, 2014 and 2013 were as follows:

Generation

- During the three months ended March 31, 2014 and 2013, Generation had net payments of counterparty collateral of $(699) million and $(203) million, respectively. Net payments during the three months ended March 31, 2014 and 2013 were primarily due to market conditions that resulted in changes to Generation's net mark-to-market position and initial margin requirements on the exchanges. Depending upon whether Generation is in a net mark-to-market liability or asset position, collateral may be required to be posted with or collected from its counterparties. This collateral may be in various forms, such as cash, which may be obtained through the issuance of commercial paper, or letters of credit.
- During the three months ended March 31, 2014 and 2013, Generation had net collections (payments) of approximately $15 million and $(3) million, respectively, related to purchases and sales of options. The level of option activity in a given period may vary due to several factors, including changes in market conditions as well as changes in hedging strategy.

ComEd

- During the three months ended March 31, 2014 and 2013, ComEd's payables for Generation energy purchases decreased by $4 million and $11 million, respectively, and payables to other energy suppliers for energy purchases increased by $37 million and $24 million, respectively.

PECO

- During the three months ended March 31, 2014 and 2013, PECO's payables to Generation for energy purchases increased by $4 million and $3 million, respectively, and payables to other electric and gas suppliers for energy purchases increased by $39 million and $12 million, respectively.

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BGE

- During the three months ended March 31, 2014 and 2013, BGE's payables to Generation for energy purchases increased by $14 million and decreased by $5 million, respectively, and payables to other electric and gas suppliers for energy purchases increased by $23 million and $17 million, respectively.

Cash Flows from Investing Activities

Cash flows used in investing activities for the three months ended March 31, 2014 and 2013 by Registrant were as follows:

	Three Months Ended March 31,	
	2014	2013
Exelon	$(1,011)	$(1,471)
Generation	(594)	(865)
ComEd	(330)	(336)
PECO	(182)	(171)
BGE	(187)	(154)

Capital expenditures by Registrant for the three months ended March 31, 2014 and 2013 and projected amounts for the full year 2014 are as follows:

	Projected Full Year 2014(d)	Three Months Ended March 31,	
		2014	2013
Exelon	$ 5,700	$ 1,217	$ 1,447
Generation(a)	2,625	535	841
ComEd(b)	1,775	341	346
PECO	675	184	122
BGE	600	146	134
Other(c)	25	11	4

(a) Includes nuclear fuel.
(b) The projected capital expenditures include approximately $366 million of expected incremental spending pursuant to EIMA, ComEd has committed to invest approximately $2.6 billion over a ten year period to modernize and storm-harden its distribution system and to implement smart grid technology.
(c) Other primarily consists of corporate operations and BSC.
(d) Total projected capital expenditures do not include adjustments for non-cash activity.

Projected capital expenditures and other investments are subject to periodic review and revision to reflect changes in economic conditions and other factors.

Generation

Approximately 37% and 10% of the projected 2014 capital expenditures at Generation are for the acquisition of nuclear fuel and investments in renewable energy generation, including Antelope Valley construction costs, respectively, with the remaining amounts reflecting additions and upgrades to existing facilities (including material condition improvements during nuclear refueling outages).

ComEd, PECO and BGE

Approximately 89%, 74% and 88% of the projected 2014 capital expenditures at ComEd, PECO and BGE, respectively, are for continuing projects to maintain and improve operations, including enhancing reliability and

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adding capacity to the transmission and distribution systems such as ComEd's reliability related investments required under EIMA, and ComEd's, PECO's and BGE's construction commitments under PJM's RTEP. ComEd's capital expenditures include smart grid/smart meter technology required under EIMA and for PECO and BGE, capital expenditures related to their respective smart meter program and SGIG project, net of DOE expected reimbursements. The remaining amounts are for capital additions to support new business and customer growth.

In 2010, NERC provided guidance to transmission owners that recommends ComEd, PECO and BGE perform assessments of all their transmission lines. In compliance with this guidance, ComEd, PECO and BGE submitted their final bi-annual reports to NERC in January 2014. ComEd, PECO and BGE will be incurring incremental capital expenditures associated with this guidance following the completion of the assessments. Specific projects and expenditures are identified as the assessments are completed. ComEd's, PECO's and BGE's forecasted 2014 capital expenditures above reflect capital spending for remediation to be completed through 2017.

ComEd, PECO and BGE anticipate that they will fund their capital expenditures with internally generated funds and borrowings, including ComEd's capital expenditures associated with EIMA as further discussed in Note 4 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements.

Cash Flows from Financing Activities

Cash flows provided by (used in) financing activities for the three months ended March 31, 2014 and 2013 by Registrant were as follows:

	Three Months Ended March 31,	
	2014	2013
Exelon	$ 151	$ (102)
Generation	71	(87)
ComEd	344	164
PECO	(80)	(84)
BGE	(56)	(5)

Debt

See Note 8 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for further details of the Registrants' debt issuances and retirements.

Dividends

Cash dividend payments and distributions during the three months ended March 31, 2014 and 2013 by Registrant were as follows:

	Three Months Ended March 31,	
	2014	2013
Exelon	$ 266	$ 450
Generation	30	211
ComEd	76	55
PECO	80	84
BGE(a)	3	3

(a) Relates to dividends paid on BGE's preference stock.

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First Quarter 2014 Dividend

On January 28, 2014, the Exelon Board of Directors declared a first quarter 2014 regular quarterly dividend of $0.31 per share on Exelon's common stock payable on March 10, 2014, to shareholders of record of Exelon at the end of the day on February 14, 2014.

Short-Term Borrowings

During the three months ended March 31, 2014, Generation and ComEd issued $352 and $350 million of commercial paper, respectively, BGE repaid $66 million of commercial paper and Generation issued $3 million in short-term notes payable. During the three months ended March 31, 2013, ComEd issued $220 million of commercial paper and Generation issued $13 million in short-term notes payable.

Contributions from Parent/Member

During the three months ended March 31, 2014, ComEd received $38 million from Parent (Exelon). During the three months ended March 31, 2013, there were no contributions from Parent/Member (Exelon).

Other

For the three months ended March 31, 2014, other financing activities primarily consisted of project financing scheduled payments related to Antelope Valley and a non-cash increase in unamortized debt costs. See Note 13 — Debt and Credit Agreements of the Exelon 2013 Form 10-K for additional information.

Credit Matters

The Registrants fund liquidity needs for capital investment, working capital, energy hedging and other financial commitments through cash flows from continuing operations, public debt offerings, commercial paper markets and large, diversified credit facilities. The credit facilities include $8.4 billion in aggregate total commitments of which $5.8 billion was available as of March 31, 2014, and of which no financial institution has more than 8% of the aggregate commitments. Exelon, Generation, ComEd, PECO and BGE had access to the commercial paper market during the first quarter of 2014 to fund their short-term liquidity needs, when necessary. The Registrants routinely review the sufficiency of their liquidity position, including appropriate sizing of credit facility commitments, by performing various stress test scenarios, such as commodity price movements, increases in margin-related transactions, changes in hedging levels and the impacts of hypothetical credit downgrades. The Registrants have continued to closely monitor events in the financial markets and the financial institutions associated with the credit facilities, including monitoring credit ratings and outlooks, credit default swap levels, capital raising and merger activity. See PART I. ITEM 1A. RISK FACTORS of Exelon's 2013 Annual Report on Form 10-K for further information regarding the effects of uncertainty in the capital and credit markets.

The Registrants believe their cash flow from operating activities, access to credit markets and their credit facilities provide sufficient liquidity. If Generation lost its investment grade credit rating as of March 31, 2014, it would have been required to provide incremental collateral of $2.1 billion of collateral obligations for derivatives, non-derivatives, normal purchase normal sales contracts and applicable payables and receivables, net of the contractual right of offset under master netting agreements, which is well within its current available credit facility capacities of $3.7 billion. If ComEd lost its investment grade credit rating as of March 31, 2014, it would have been required to provide incremental collateral of $17 million, which is well within its current available credit facility capacity of $466 million, which takes into account commercial paper borrowings as of March 31, 2014. If PECO lost its investment grade credit rating as of March 31, 2014, it would be required to provide collateral of $3 million pursuant to PJM's credit policy and could have been required to provide collateral of $43 million related to its natural gas procurement contracts, which, in the aggregate, are well within PECO's current

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available credit facility capacity of $599 million. If BGE lost its investment grade credit rating as of March 31, 2014, it would have been required to provide collateral of $2 million pursuant to PJM's credit policy and could have been required to provide collateral of $153 million related to its natural gas procurement contracts, which, in the aggregate, are well within BGE's current available credit facility capacity of $531 million.

Exelon Credit Facilities

Exelon, ComEd and BGE meet their short-term liquidity requirements primarily through the issuance of commercial paper. Generation and PECO meet their short-term liquidity requirements primarily through the issuance of commercial paper and borrowings from the intercompany money pool. The Registrants may use their respective credit facilities for general corporate purposes, including meeting short-term funding requirements and the issuance of letters of credit. See Note 8 — Debt and Credit Agreements of the Combined Notes to the Consolidated Financial Statements for further information regarding the Registrants' credit facilities.

The following table reflects the Registrants' commercial paper programs supported by the revolving credit agreements and bilateral credit agreements at March 31, 2014:

Commercial Paper Programs

Commercial Paper Issuer	Maximum Program Size	Outstanding Commercial Paper at March 31, 2014	Average Interest Rate on Commercial Paper Borrowings for the Three Months Ended March 31, 2014
Exelon Corporate	$ 500	$ —	—
Generation	5,600	352	0.32%
ComEd	1,000	534	0.35%
PECO	600	—	—
BGE	600	69	0.29%

In order to maintain their respective commercial paper programs in the amounts indicated above, each Registrant must have credit facilities in place, at least equal to the amount of its commercial paper program. While the amount of its commercial paper outstanding does not reduce available capacity under a Registrant's credit agreement, a Registrant does not issue commercial paper in an aggregate amount exceeding the available capacity under its credit agreement.

Credit Agreements

Borrower	Facility Type	Aggregate Bank Commitment(a)	Facility Draws	Outstanding Letters of Credit	Available Capacity at March 31, 2014	
					Actual	To Support Additional Commercial Paper
Exelon Corporate	Syndicated Revolver	$ 500	$ —	$ 2	$ 498	$ 498
Generation	Syndicated Revolver	5,300	—	1,237	4,063	3,711
Generation	Bilaterals	375	—	374	1	1
ComEd	Syndicated Revolver	1,000	—	—	1,000	466
PECO	Syndicated Revolver	600	—	1	599	599
BGE	Syndicated Revolver	600	—	—	600	531

(a) Excludes $123 million of credit facility agreements arranged with minority and community banks at Generation, ComEd, PECO and BGE. These facilities expire on October 18, 2014, and are solely utilized to issue letters of credit. See Note 8, Debt and Credit Agreements, of the Combined Notes to the Consolidated Financial Statements for further information.

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As of March 31, 2014, there were no borrowings under the Registrants' credit facilities.

On March 28, 2014, ComEd extended its unsecured revolving credit facility with aggregate bank commitments of $1.0 billion. Under this facility, ComEd may issue letters of credit in the aggregate amount of up to $500 million. The credit agreement expires on March 28, 2019. The credit facility also allows ComEd to request increases in the aggregate commitments of up to an additional $500 million. Any increases are subject to the approval of the lenders party to the credit agreement in their sole discretion. Costs incurred to extend the facility for ComEd were not material.

Borrowings under Exelon Corporate's, Generation's, ComEd's, PECO's and BGE's credit facilities bear interest at a rate based upon either the prime rate or a LIBOR-based rate, plus an adder based upon the registrants credit rating. Exelon Corporate, Generation, ComEd, PECO and BGE have adders of 27.5, 27.5, 7.5, 0.0 and 0.0 basis points for prime based borrowings and 127.5, 127.5, 107.5, 90.0 and 100.0 basis points for LIBOR-based borrowings. The maximum adders for prime rate borrowings and LIBOR-based rate borrowings are 65 basis points and 165 basis points, respectively. The credit agreements also require the borrower to pay a facility fee based upon the aggregate commitments under the agreement. The fee varies depending upon the respective credit ratings of the borrower.

Each revolving credit agreement for Exelon, Generation, ComEd, PECO and BGE requires the affected borrower to maintain a minimum cash from operations to interest expense ratio for the twelve-month period ended on the last day of any quarter. The following table summarizes the minimum thresholds reflected in the credit agreements for the three months ended March 31, 2014:

	Exelon	Generation	ComEd	PECO	BGE
Credit agreement threshold	2.50 to 1	3.00 to 1	2.00 to 1	2.00 to 1	2.00 to 1

At March 31, 2014, the interest coverage ratios at the Registrants were as follows:

	Exelon	Generation	ComEd	PECO	BGE
Interest coverage ratio	9.77	11.39	5.93	7.94	8.23

An event of default under any Registrant's indebtedness will not constitute an event of default under any of the other Registrants' credit facilities, except that a bankruptcy or other event of default in the payment of principal, premium or indebtedness in principal amount in excess of $100 million in the aggregate by Generation will constitute an event of default under the Exelon Corporate credit facility.

Security Ratings

The Registrants' access to the capital markets, including the commercial paper market, and their respective financing costs in those markets, may depend on the securities ratings of the entity that is accessing the capital markets.

The Registrants' borrowings are not subject to default or prepayment as a result of a downgrading of securities, although such a downgrading of a Registrant's securities could increase fees and interest charges under that Registrant's credit agreements.

As part of the normal course of business, the Registrants enter into contracts that contain express provisions or otherwise permit the Registrants and their counterparties to demand adequate assurance of future performance when there are reasonable grounds for doing so. In accordance with the contracts and applicable contracts law, if the Registrants are downgraded by a credit rating agency, it is possible that a counterparty would attempt to rely on such a downgrade as a basis for making a demand for adequate assurance of future performance, which could

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include the posting of collateral. See Note 7 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information on collateral provisions.

Intercompany Money Pool

To provide an additional short-term borrowing option that will generally be more favorable to the borrowing participants than the cost of external financing, Exelon operates an intercompany money pool. Maximum amounts contributed to and borrowed from the money pool by participant and the net contribution or borrowing as of March 31, 2014, are presented in the following table:

	During the three months ended March 31, 2014		As of March 31, 2014
Contributed (borrowed) as of March 31, 2014	**Maximum Contributed**	**Maximum Borrowed**	**Contributed (Borrowed)**
Generation	$ 84	$ 125	$ —
PECO	47	—	—
BSC	—	311	(280)
Exelon Corporate	364	N/A	280

Investments in Nuclear Decommissioning Trust Funds

Exelon and Generation maintain trust funds, as required by the NRC, to fund certain costs of decommissioning Generation's nuclear plants. The mix of securities in the trust funds is designed to provide returns to be used to fund decommissioning and to offset inflationary increases in decommissioning costs. Generation actively monitors the investment performance of the trust funds and periodically reviews asset allocations in accordance with Generation's NDT fund investment policy. Generation's investment policy establishes limits on the concentration of holdings in any one company and also in any one industry. See Note 10 — Nuclear Decommissioning of the Combined Notes to Consolidated Financial Statements for further information regarding the trust funds, the NRC's minimum funding requirements and related liquidity ramifications.

Shelf Registration Statements

The Registrants have a currently effective combined shelf registration statement unlimited in amount, filed with the SEC, that will expire in May 2015. The ability of each Registrant to sell securities off the shelf registration statement or to access the private placement markets will depend on a number of factors at the time of the proposed sale, including other required regulatory approvals, as applicable, the current financial condition of the Registrant, its securities ratings and market conditions.

Regulatory Authorizations

As of March 31, 2014, ComEd had $702 million available in long-term debt refinancing authority and $1.4 billion available in new money long-term debt financing authority from the ICC. As of March 31, 2014, PECO had $1.4 billion available in long-term debt financing authority from the PAPUC. As of March 31, 2014, BGE had $850 million available in long-term financing authority from MDPSC.

As of March 31, 2014, ComEd, PECO and BGE had short-term financing authority from FERC, which expires on December 31, 2015, of $2.5 billion, $2.5 billion, and $0.7 billion. Generation currently has blanket financing authority from FERC, which was granted in connection with its market-based rate authority.

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Contractual Obligations and Off-Balance Sheet Arrangements

Contractual obligations represent cash obligations that are considered to be firm commitments and commercial commitments triggered by future events. See Note 15 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements for discussion of the Registrants' commitments.

Generation, ComEd, PECO and BGE have obligations related to contracts for the purchase of power and fuel supplies, and ComEd, PECO and BGE have obligations related to their financing trusts. The power and fuel purchase contracts and the financing trusts have been considered for consolidation in the Registrants' respective financial statements pursuant to the authoritative guidance for VIEs. See Note 1 — Basis of Presentation of the Combined Notes to Consolidated Financial Statements for further information.

For an in-depth discussion of the Registrant's contractual obligations and off-balance sheet arrangements, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Contractual Obligations and Off-Balance Sheet Arrangements" in the Exelon 2013 Form 10-K.

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Item 3. Quantitative and Qualitative Disclosures about Market Risk

The Registrants are exposed to market risks associated with adverse changes in commodity prices, counterparty credit, interest rates and equity prices. Exelon's RMC approves risk management policies and objectives for risk assessment, control and valuation, counterparty credit approval, and the monitoring and reporting of risk exposures. The RMC is chaired by the chief enterprise risk officer and includes the chief executive officer, chief financial officer, chief commercial risk officer, corporate controller, general counsel, treasurer, vice president of strategy, vice president of audit services and officers representing Exelon's business units. The RMC reports to the Risk Oversight Committee of the Exelon Board of Directors on the scope of the risk management activities. The following discussion serves as an update to ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK of the Registrants' 2013 Annual Report on Form 10-K incorporated herein by reference.

Commodity Price Risk (Exelon, Generation, ComEd, PECO and BGE)

Commodity price risk is associated with price movements resulting from changes in supply and demand, fuel costs, market liquidity, weather conditions, governmental regulatory and environmental policies, and other factors. To the extent the amount of energy Exelon generates differs from the amount of energy it has contracted to sell, Exelon has price risk from commodity price movements. Exelon seeks to mitigate its commodity price risk through the sale and purchase of electricity, fossil fuel, and other commodities.

Generation

Normal Operations and Hedging Activities. Electricity available from Generation's owned or contracted generation supply in excess of Generation's obligations to customers, including portions of ComEd's, PECO's and BGE's retail load, is sold into the wholesale markets. To reduce price risk caused by market fluctuations, Generation enters into non-derivative contracts as well as derivative contracts, including forwards, futures, swaps, and options, with approved counterparties to hedge anticipated exposures. Generation believes these instruments represent economic hedges that mitigate exposure to fluctuations in commodity prices. Generation expects the settlement of the majority of its economic hedges will occur during 2014 through 2016.

In general, increases and decreases in forward market prices have a positive and negative impact, respectively, on Generation's owned and contracted generation positions which have not been hedged. Generation hedges commodity risk on a ratable basis over the three years leading to the spot market. As of March 31, 2014, the percentage of expected generation hedged for the major reportable segments was 91%-94%, 64%-67% and 37%-40% for 2014, 2015 and 2016, respectively. The percentage of expected generation hedged is the amount of equivalent sales divided by the expected generation. Expected generation represents the amount of energy estimated to be generated or purchased through owned or contracted capacity. Equivalent sales represent all hedging products, which include economic hedges and certain non-derivative contracts including sales to ComEd, PECO and BGE to serve their retail load.

A portion of Generation's hedging strategy may be accomplished with fuel products based on assumed correlations between power and fuel prices, which routinely change in the market. Market price risk exposure is the risk of a change in the value of unhedged positions. The forecasted market price risk exposure for Generation's entire non-trading portfolio associated with a $5 reduction in the annual average around-the-clock energy price based on March 31, 2014 market conditions and hedged position would be a decrease in pre-tax net income of approximately $30 million, $420 million and $700 million, respectively, for 2014, 2015 and 2016. Power price sensitivities are derived by adjusting power price assumptions while keeping all other price inputs constant. Generation expects to actively manage its portfolio to mitigate market price risk exposure for its unhedged position. Actual results could differ depending on the specific timing of, and markets affected by, price changes, as well as future changes in Generation's portfolio.

Proprietary Trading Activities. Generation also enters into certain energy-related derivatives for proprietary trading purposes. Proprietary trading includes all contracts entered into with the intent of benefiting

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from shifts or changes in market prices as opposed to those entered into with the intent of hedging or managing risk. Proprietary trading activities are subject to limits established by Exelon's RMC. The proprietary trading portfolio is subject to a risk management policy that includes stringent risk management limits, including volume, stop loss and Value-at-Risk (VaR) limits to manage exposure to market risk. Additionally, the Exelon risk management group and Exelon's RMC monitor the financial risks of the proprietary trading activities. The proprietary trading activities, which included physical volumes of 2,494 GWhs and 1,572 GWhs for the three months ended March 31, 2014 and 2013, respectively, are a complement to Generation's energy marketing portfolio, but represent a small portion of Generation's overall revenue from energy marketing activities. Trading portfolio activity for the three months ended March 31, 2014 resulted in pre-tax gains of $14 million due to net mark-to-market losses of $2 million and realized gains of $16 million. Generation uses a 95% confidence interval, assuming standard normal distribution, one day holding period, one-tailed statistical measure in calculating its VaR. The daily VaR on proprietary trading activity averaged $0.4 million of exposure during the quarter. Generation has not segregated proprietary trading activity within the following discussion because of the relative size of the proprietary trading portfolio in comparison to Generation's total gross margin from continuing operations for the three months ended March 31, 2014 of $1,033 million.

Fuel Procurement. Generation procures coal and natural gas through long-term and short-term contracts, and spot-market purchases. Nuclear fuel assemblies are obtained primarily through long-term contracts for uranium concentrates, and long-term contracts for conversion services, enrichment services and fuel fabrication services. The supply markets for coal, natural gas, uranium concentrates and certain nuclear fuel services are subject to price fluctuations and availability restrictions. Supply market conditions may make Generation's procurement contracts subject to credit risk related to the potential non-performance of counterparties to deliver the contracted commodity or service at the contracted prices. Approximately 60% of Generation's uranium concentrate requirements from 2014 through 2018 are supplied by three producers. In the event of non-performance by these or other suppliers, Generation believes that replacement uranium concentrates can be obtained, although at prices that may be unfavorable when compared to the prices under the current supply agreements. Non-performance by these counterparties could have a material impact on Exelon's and Generation's results of operations, cash flows and financial positions. See Note 15 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements for additional information regarding uranium and coal supply agreement matters.

ComEd

ComEd entered into 20-year contracts for renewable energy and RECs beginning in June 2012. ComEd is permitted to recover its renewable energy and REC costs from retail customers with no mark-up. The annual commitments represent the maximum settlements with suppliers for renewable energy and RECs under the existing contract terms. Pursuant to the ICC's Order on December 19, 2012, ComEd's commitments under the existing long-term contracts were reduced for the June 2013 through May 2014 procurement period. In addition, the ICC's December 18, 2013 Order approved the reduction of ComEd's commitments under those contracts for the June 2014 through May 2015 procurement period, and the amount of the reduction was approved by the ICC in March 2014. See Note 7 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial statements and Note 3 — Regulatory Matters of the Exelon 2013 Form 10-K for additional information regarding energy procurement and derivatives.

PECO

PECO has contracts to procure electric supply that were executed through the competitive procurement process outlined in its PAPUC-approved DSP Programs, which are further discussed in Note 4 — Regulatory Matters of the Combined Notes to the Consolidated Financial Statements. PECO has certain full requirements contracts and block contracts which are considered derivatives and qualify for the normal purchases and normal sales scope exception under current derivative authoritative guidance, and as a result are accounted for on an accrual basis of accounting. Under the DSP Programs, PECO is permitted to recover its electric supply procurement costs from retail customers with no mark-up.

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PECO has also entered into derivative natural gas contracts, which either qualify for the normal purchases and normal sales exception or have no mark-to-market balances because the derivatives are index priced, to hedge its long-term price risk in the natural gas market. PECO's hedging program for natural gas procurement has no direct impact on its financial position or results of operations as natural gas costs are fully recovered from customers under the PGC.

PECO does not enter into derivatives for speculative or proprietary trading purposes. For additional information on these contracts, see Note 7 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements.

BGE

BGE procures electric supply for default service customers through full requirements contracts pursuant to BGE's MDPSC-approved SOS program. BGE's full requirements contracts that are considered derivatives qualify for the normal purchases and normal sales scope exception under current derivative authoritative guidance, and as a result, are accounted for on an accrual basis of accounting. Under the SOS program, BGE is permitted to recover its electricity procurement costs from retail customers, plus an administrative fee which includes a shareholder return component and an incremental cost component. However, through December 2016, BGE provides all residential electric customers a credit for the residential shareholder return component of the administrative charge.

BGE has also entered into derivative natural gas contracts, which qualify for the normal purchases and normal sales scope exception, to hedge its price risk in the natural gas market. The hedging program for natural gas procurement has no direct impact on BGE's financial position. However, under BGE's market-based rates incentive mechanism, BGE's actual cost of gas is compared to a market index (a measure of the market price of gas in a given period). The difference between BGE's actual cost and the market index is shared equally between shareholders and customers.

BGE does not enter into derivatives for speculative or proprietary trading purposes. For additional information on these contracts, see Note 7 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements.

Trading and Non-Trading Marketing Activities. The following detailed presentation of Exelon's, Generation's, ComEd's and PECO's trading and non-trading marketing activities is included to address the recommended disclosures by the energy industry's Committee of Chief Risk Officers (CCRO).

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The following table provides detail on changes in Exelon's, Generation's and ComEd's mark-to-market net asset or liability balance sheet position from December 31, 2013 to March 31, 2014. It indicates the drivers behind changes in the balance sheet amounts. This table incorporates the mark-to-market activities that are immediately recorded in earnings as well as the settlements from OCI to earnings and changes in fair value for the cash flow hedging activities that are recorded in accumulated OCI on the Consolidated Balance Sheets. This table excludes all normal purchase and normal sales contracts and does not segregate proprietary trading activity. See Note 7 — Derivative Financial Instruments of the Combined Notes to the Consolidated Financial Statements for additional information on the balance sheet classification of the mark-to-market energy contract net assets (liabilities) recorded as of March 31, 2014 and December 31, 2013.

	Generation	ComEd	Exelon
Total mark-to-market energy contract net assets (liabilities) at December 31, 2013(a)(c)	$ 1,048	$ (193)	$ 855
Total change in fair value during 2014 of contracts recorded in result of operations	(685)	—	(685)
Reclassification to realized at settlement of contracts recorded in results of operations	(47)	—	(47)
Reclassification to realized at settlement from accumulated OCI	(39)	—	(39)
Changes in fair value — energy derivatives(d)	—	25	25
Changes in allocated collateral	717	—	717
Changes in net option premium paid/(received)	(15)	—	(15)
Option premium amortization(b)	(31)	—	(31)
Other balance sheet reclassifications	(6)	—	(6)
Total mark-to-market energy contract net assets (liabilities) at March 31, 2014(a)(c)	$ 942	$ (168)	$ 774

(a) Amounts are shown net of collateral paid to and received from counterparties.
(b) Includes $31 million of amounts reclassified to realized at the settlement of contracts recorded to results of operations related to option premiums due to the settlement of the underlying transactions for the three months ended March 31, 2014.
(c) Includes the beginning and ending balances related to interest rate derivative contracts and foreign exchange currency swaps to manage the exposure related to the interest rate component of commodity positions and international purchases of commodities in currencies other than U.S. Dollars.
(d) For ComEd, the changes in fair value are recorded as a change in regulatory assets or liabilities. As of March 31, 2014, ComEd recorded a $168 million regulatory asset related to its mark-to-market derivative liabilities with Generation and unaffiliated suppliers. As of March 31, 2014, ComEd also recorded $30 million of decreases in fair value and $5 million of realized losses due to settlements associated with floating-to-fixed energy swap contracts with unaffiliated suppliers.

Fair Values. The following tables present maturity and source of fair value for Exelon, Generation and ComEd mark-to-market commodity contract net assets (liabilities). The tables provide two fundamental pieces of information. First, the tables provide the source of fair value used in determining the carrying amount of the Registrants' total mark-to-market net assets (liabilities), net of allocated collateral. Second, the tables show the maturity, by year, of the Registrants' commodity contract net assets (liabilities), net of allocated collateral, giving an indication of when these mark-to-market amounts will settle and either generate or require cash. See Note 6 – Fair Value of Financial Assets and Liabilities of the Combined Notes to Consolidated Financial Statements for additional information regarding fair value measurements and the fair value hierarchy.

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Exelon

	Maturities Within						
	2014	2015	2016	2017	2018	2019 and Beyond	Total Fair Value
Normal Operations, Commodity derivative contracts(a)(b)							
Actively quoted prices (Level 1)	$ 93	$ 7	$21	$ (2)	$ 1	$ —	$ 120
Prices provided by external sources (Level 2)	262	210	54	—	—	3	529
Prices based on model or other valuation methods (Level 3)(c)	59	137	19	17	(17)	(96)	119
Total	$414	$354	$94	$15	$(16)	$ (93)	$ 768

(a) Mark-to-market gains and losses on other economic hedge and trading derivative contracts that are recorded in results of operations.
(b) Amounts are shown net of collateral paid to and received from counterparties (and offset against mark-to-market assets and liabilities) of $567 million at March 31, 2014.
(c) Includes ComEd's net assets (liabilities) associated with the floating-to-fixed energy swap contracts with unaffiliated suppliers.

Generation

	Maturities Within						
	2014	2015	2016	2017	2018	2019 and Beyond	Total Fair Value
Normal Operations, Commodity derivative contracts(a)(b)							
Actively quoted prices (Level 1)	$ 93	$ 7	$ 21	$ (2)	$ 1	$ —	$ 120
Prices provided by external sources (Level 2)	262	210	54	—	—	3	529
Prices based on model or other valuation methods (Level 3)	70	153	36	33	(1)	(4)	287
Total	$425	$370	$111	$31	$—	$ (1)	$ 936

(a) Mark-to-market gains and losses on other economic hedge and trading derivative contracts that are recorded in the results of operations.
(b) Amounts are shown net of collateral paid to and received from counterparties (and offset against mark-to-market assets and liabilities) of $567 million at March 31, 2014.

ComEd

	Maturities Within						
	2014	2015	2016	2017	2018	2019 and beyond	Total Fair Value
Prices based on model or other valuation methods(a)	$(11)	$(16)	$(17)	$(16)	$(16)	$ (92)	$ (168)

(a) Represents ComEd's net liabilities associated with the floating-to-fixed energy swap contracts with unaffiliated suppliers.

Credit Risk, Collateral, and Contingent Related Features (Exelon, Generation, ComEd, PECO and BGE)

The Registrants would be exposed to credit-related losses in the event of non-performance by counterparties that enter into derivative instruments. The credit exposure of derivative contracts, before collateral, is represented

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by the fair value of contracts at the reporting date. See Note 7 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for a detail discussion of credit risk, collateral, and contingent related features.

Generation

The following tables provide information on Generation's credit exposure for all derivative instruments, normal purchase normal sales agreements, and applicable payables and receivables, net of collateral and instruments that are subject to master netting agreements, as of March 31, 2014. The tables further delineate that exposure by credit rating of the counterparties and provide guidance on the concentration of credit risk to individual counterparties and an indication of the duration of a company's credit risk by credit rating of the counterparties. The figures in the tables below do not include credit risk exposure from uranium procurement contracts or exposure through RTOs, ISOs, NYMEX, ICE and Nodal commodity exchanges, which are discussed below. Additionally, the figures in the tables below do not include exposures with affiliates, including net receivables with ComEd, PECO and BGE of $34 million, $42 million and $41 million, respectively. See Note 25 — Related Party Transactions of the Exelon 2013 Form 10-K for additional information.

Rating as of March 31, 2014	Total Exposure Before Credit Collateral	Credit Collateral (a)	Net Exposure	Number of Counterparties Greater than 10% of Net Exposure	Net Exposure of Counterparties Greater than 10% of Net Exposure
Investment grade	$ 1,182	$ 117	$ 1,065	1	$ 443
Non-investment grade	35	22	13	—	—
No external ratings					
Internally rated — investment grade	321	—	321	1	206
Internally rated — non-investment grade	32	9	23	—	—
Total	$ 1,570	$ 148	$ 1,422	2	$ 649

	Maturity of Credit Risk Exposure			
Rating as of March 31, 2014	Less than 2 Years	2-5 Years	Exposure Greater than 5 Years	Total Exposure Before Credit Collateral
Investment grade	$ 761	$ 308	$ 113	$ 1,182
Non-investment grade	33	2	—	35
No external ratings				
Internally rated — investment grade	192	125	4	321
Internally rated — non-investment grade	32	—	—	32
Total	$ 1,018	$ 435	$ 117	$ 1,570

Net Credit Exposure by Type of Counterparty	As of March 31, 2014
Investor-owned utilities, marketers and power producers	$ 392
Energy cooperatives and municipalities	799
Financial institutions	201
Other	30
Total	$ 1,422

(a) As of March 31, 2014, credit collateral held from counterparties where Generation had credit exposure included $140 million of cash and $8 million of letters of credit.

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ComEd

There have been no significant changes or additions to ComEd's exposures to credit risk that are described in ITEM 1A. RISK FACTORS of Exelon's 2013 Annual Report on Form 10-K.

See Note 7 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for information regarding credit exposure to suppliers.

PECO

There have been no significant changes or additions to PECO's exposures to credit risk as described in ITEM 1A. RISK FACTORS of Exelon's 2013 Annual Report on Form 10-K.

See Note 7 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for information regarding credit exposure to suppliers.

BGE

There have been no significant changes or additions to BGE's exposures to credit risk as described in ITEM 1A. RISK FACTORS of Exelon's 2013 Annual Report on Form 10-K.

See Note 7 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for information regarding credit exposure to suppliers.

Collateral (Exelon, Generation, ComEd, PECO and BGE)

Generation

As part of the normal course of business, Generation routinely enters into physical or financial contracts for the sale and purchase of electricity, fossil fuel and other commodities. These contracts either contain express provisions or otherwise permit Generation and its counterparties to demand adequate assurance of future performance when there are reasonable grounds for doing so. In accordance with the contracts and applicable law, if Generation is downgraded by a credit rating agency, especially if such downgrade is to a level below investment grade, it is possible that a counterparty would attempt to rely on such a downgrade as a basis for making a demand for adequate assurance of future performance. Depending on Generation's net position with a counterparty, the demand could be for the posting of collateral. In the absence of expressly agreed-to provisions that specify the collateral that must be provided, collateral requested will be a function of the facts and circumstances of the situation at the time of the demand. In this case, Generation believes an amount of several months of future payments (i.e. capacity payments) rather than a calculation of fair value is the best estimate for the contingent collateral obligation, which has been factored into the disclosure below. See Note 7 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for information regarding collateral requirements.

Generation sells output through bilateral contracts. The bilateral contracts are subject to credit risk, which relates to the ability of counterparties to meet their contractual payment obligations. Any failure to collect these payments from counterparties could have a material impact on Exelon's and Generation's results of operations, cash flows and financial position. As market prices rise above contracted price levels, Generation is required to post collateral with purchasers; as market prices fall below contracted price levels, counterparties are required to post collateral with Generation. In order to post collateral, Generation depends on access to bank credit facilities, which serve as liquidity sources to fund collateral requirements. See Note 8 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for additional information.

As of March 31, 2014, Generation had cash collateral of $713 million posted and cash collateral held of $148 million for counterparties with derivative positions, of which $573 million in net cash collateral deposits were offset against mark-to-market assets and liabilities. As of March 31, 2014, $8 million of cash collateral held

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was not offset against net derivative positions because it was not associated with energy-related derivatives or as of the balance sheet date there were no positions to offset. See Note 15 – Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements for information regarding the letters of credit supporting the cash collateral.

ComEd

As of March 31, 2014, ComEd held no collateral in association with energy procurement contracts and held approximately $19 million in the form of cash for both annual and long-term renewable energy contracts. See Note 7 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements and Note 3 — Regulatory Matters of the 2013 Exelon Form 10-K for additional information.

PECO

As of March 31, 2014, PECO was not required to post collateral under its energy and natural gas procurement contracts. See Note 7 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information.

BGE

BGE is not required to post collateral under its electric supply contracts. As of March 31, 2014, BGE was not required to post collateral under its natural gas procurement contracts, nor was it holding collateral under its electric supply and natural gas procurement contracts. See Note 7 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information.

RTOs and ISOs (Exelon, Generation, ComEd, PECO and BGE)

Generation, ComEd, PECO and BGE participate in all, or some, of the established, real-time energy markets that are administered by PJM, ISO-NE, ISO-NY, CAISO, MISO, SPP, AESO, OIESO and ERCOT. In these areas, power is traded through bilateral agreements between buyers and sellers and on the spot markets that are operated by the RTOs or ISOs, as applicable. In areas where there is no spot market, electricity is purchased and sold solely through bilateral agreements. For sales into the spot markets administered by an RTO or ISO, the RTO or ISO maintains financial assurance policies that are established and enforced by those administrators. The credit policies of the RTOs and ISOs may, under certain circumstances, require that losses arising from the default of one member on spot market transactions be shared by the remaining participants. Non-performance or non-payment by a major counterparty could result in a material adverse impact on the Registrants' results of operations, cash flows and financial positions.

Exchange Traded Transactions (Exelon and Generation)

Generation enters into commodity transactions on NYMEX, ICE and the Nodal exchange. The NYMEX, ICE and Nodal exchange clearinghouses act as the counterparty to each trade. Transactions on the NYMEX, ICE and Nodal exchange must adhere to comprehensive collateral and margining requirements. As a result, transactions on NYMEX, ICE and Nodal exchange are significantly collateralized and have limited counterparty credit risk.

Long-Term Leases (Exelon)

Exelon's Consolidated Balance Sheet, as of March 31, 2014, included a $368 million net investment in coal-fired plants in Georgia subject to long-term leases. This investment represents the estimated residual value of leased assets at the end of the respective lease terms of $731 million, less unearned income of $363 million. The lease agreements provide the lessees with fixed purchase options at the end of the lease terms. If the lessees do not exercise the fixed purchase options, Exelon has the ability to require the lessees to arrange for a third party to

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bid on a service contract for a period following the lease term. Exelon will be subject to residual value risk if the lessees do not exercise the fixed purchase options. This risk is partially mitigated by the fair value of the scheduled payments under the service contract. However, such payments are not guaranteed. Further, the term of the service contract is less than the expected remaining useful life of the plants and, therefore, Exelon's exposure to residual value risk will not be mitigated by payments under the service contract in this remaining period. Lessee performance under the lease agreements is supported by collateral and credit enhancement measures. Management regularly evaluates the creditworthiness of Exelon's counterparties to these long-term leases. Management regularly evaluates the creditworthiness of Exelon's counterparties to these long-term leases. Exelon monitors the continuing credit quality of the credit enhancement party.

Exelon's Consolidated Balance Sheet, as of December 31, 2013, also included a net investment in a coal-fired plant in Texas subject to a long-term lease. In February 2014, Exelon and the City Public Service Board of San Antonio, Texas (CPS) finalized an agreement to terminate the leases prior to their expiration dates. As a result of the lease termination, Exelon received a net early termination amount of $335 million from CPS and wrote off the net investment in the CPS long-term lease of $336 million; resulting in a pre-tax loss of $1 million. See Note 9 — Income Taxes for the impact of the lease termination on income taxes.

Interest Rate and Foreign Exchange Risk (Exelon, Generation, ComEd, PECO and BGE)

The Registrants use a combination of fixed-rate and variable-rate debt to manage interest rate exposure. The Registrants may also utilize fixed-to-floating interest rate swaps, which are typically designated as fair value hedges, as a means to manage their interest rate exposure. In addition, the Registrants may utilize interest rate derivatives to lock in rate levels in anticipation of future financings, which are typically designated as cash flow hedges. These strategies are employed to manage interest rate risks. At March 31, 2014, Exelon and Generation had $1,550 million and $700 million of notional amounts of fixed-to-floating hedges outstanding, respectively, and $530 million and $430 million of notional amounts of floating-to-fixed hedges outstanding, respectively. Assuming the fair value and cash flow interest rate hedges are 100% effective, a hypothetical 50 bps increase in the interest rates associated with unhedged variable-rate debt (excluding Commercial Paper) and fixed-to-floating swaps would result in approximately a $2 million decrease in Exelon Consolidated pre-tax income for the three months ended March 31, 2014. To manage foreign exchange rate exposure associated with international energy purchases in currencies other than U.S. dollars, Generation utilizes foreign currency derivatives, which are typically designated as economic hedges.

Equity Price Risk (Exelon and Generation)

Exelon and Generation maintain trust funds, as required by the NRC, to fund certain costs of decommissioning Generation's nuclear plants. As of March 31, 2014, Generation's decommissioning trust funds are reflected at fair value on its Consolidated Balance Sheets. The mix of securities in the trust funds is designed to provide returns to be used to fund decommissioning and to compensate Generation for inflationary increases in decommissioning costs; however, the equity securities in the trust funds are exposed to price fluctuations in equity markets, and the value of fixed-rate, fixed-income securities are exposed to changes in interest rates. Generation actively monitors the investment performance of the trust funds and periodically reviews asset allocation in accordance with Generation's NDT fund investment policy. A hypothetical 10% increase in interest rates and decrease in equity prices would result in a $469 million reduction in the fair value of the trust assets. This calculation holds all other variables constant and assumes only the discussed changes in interest rates and equity prices. See ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS for further discussion of equity price risk as a result of the current capital and credit market conditions.

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Item 4. Controls and Procedures

During the first quarter of 2014, each of Exelon's, Generation's, ComEd's, PECO's and BGE's management, including its principal executive officer and principal financial officer, evaluated its disclosure controls and procedures related to the recording, processing, summarizing and reporting of information in its periodic reports that it files with the SEC. These disclosure controls and procedures have been designed by all Registrants to ensure that (a) material information relating to that Registrant, including its consolidated subsidiaries, is accumulated and made known to Exelon's management, including its principal executive officer and principal financial officer, by other employees of that Registrant and its subsidiaries as appropriate to allow timely decisions regarding required disclosure, and (b) this information is recorded, processed, summarized, evaluated and reported, as applicable, within the time periods specified in the SEC's rules and forms. Due to the inherent limitations of control systems, not all misstatements may be detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls could be circumvented by the individual acts of some persons or by collusion of two or more people.

Accordingly, as of March 31, 2014, the principal executive officer and principal financial officer of each of Exelon, Generation, ComEd, PECO and BGE concluded that such Registrant's disclosure controls and procedures were effective to accomplish its objectives. All Registrants continually strive to improve its disclosure controls and procedures to enhance the quality of its financial reporting and to maintain dynamic systems that change as conditions warrant. There have been no changes in internal control over financial reporting that occurred during the first quarter of 2014 that have materially affected, or are reasonably likely to materially affect, any of Exelon's, Generation's, ComEd's, PECO's and BGE's internal control over financial reporting.

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PART II — OTHER INFORMATION

Item 1. Legal Proceedings

The Registrants are parties to various lawsuits and regulatory proceedings in the ordinary course of their respective businesses. For information regarding material lawsuits and proceedings, see (a) ITEM 3. LEGAL PROCEEDINGS of Exelon's 2013 Form 10-K and (b) Notes 4 and 15 of the Combined Notes to Consolidated Financial Statements in PART I, ITEM 1. FINANCIAL STATEMENTS of this Report. Such descriptions are incorporated herein by these references.

Item 1A. Risk Factors

Risks Related to Exelon

At March 31, 2014, the Registrants' risk factors were consistent with the risk factors described in Exelon's 2013 annual report on Form 10-K.

Item 4. Mine Safety Disclosures

Exelon, Generation, ComEd, PECO and BGE

Not applicable to the Registrants.

Item 6. Exhibits

Certain of the following exhibits are incorporated herein by reference under Rule 12b-32 of the Securities and Exchange Act of 1934, as amended. Certain other instruments which would otherwise be required to be listed below have not been so listed because such instruments do not authorize securities in an amount which exceeds 10% of the total assets of the applicable registrant and its subsidiaries on a consolidated basis and the relevant registrant agrees to furnish a copy of any such instrument to the Commission upon request.

Exhibit No.	Description
4.1	Supplemental Indenture dated January 2, 2014 from Commonwealth Edison Company to BNY Mellon Trust Company of Illinois, as trustee, and D.G. Donovan, as co-trustee, relating to the issuance of $300 million aggregate principal amount of First Mortgage 2.150% Bonds, Series 115, due January 15, 2019, and $350 million aggregate principal amount of First Mortgage 4.700% Bonds, Series 116, due January 15, 2044. (File No. 001-1839, Form 8-K dated January 10, 2014, Exhibit 4.1)
10.1	Facility Credit Agreement, dated as of February 6, 2014, among ExGen Renewables I Holding, LLC and Barclays Bank PLC (File No. 333-85496, Form 8-K dated February 12, 2014, Exhibit 10.1)
101.INS	XBRL Instance
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation
101.DEF	XBRL Taxonomy Extension Definition
101.LAB	XBRL Taxonomy Extension Labels
101.PRE	XBRL Taxonomy Extension Presentation

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Certifications Pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities and Exchange Act of 1934 as to the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014 filed by the following officers for the following companies:

31-1 — Filed by Christopher M. Crane for Exelon Corporation

31-2 — Filed by Jonathan W. Thayer for Exelon Corporation

31-3 — Filed by Kenneth W. Cornew for Exelon Generation Company, LLC

31-4 — Filed by Bryan P. Wright for Exelon Generation Company, LLC

31-5 — Filed by Anne R. Pramaggiore for Commonwealth Edison Company

31-6 — Filed by Joseph R. Trpik, Jr. for Commonwealth Edison Company

31-7 — Filed by Craig L. Adams for PECO Energy Company

31-8 — Filed by Phillip S. Barnett for PECO Energy Company

31-9 — Filed by Calvin G. Butler, Jr. for Baltimore Gas and Electric Company

31-10 — Filed by Carim V. Khouzami for Baltimore Gas and Electric Company

Certifications Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code (Sarbanes — Oxley Act of 2002) as to the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014 filed by the following officers for the following companies:

32-1 — Filed by Christopher M. Crane for Exelon Corporation

32-2 — Filed by Jonathan W. Thayer for Exelon Corporation

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32-4 — Filed by Bryan P. Wright for Exelon Generation Company, LLC

32-5 — Filed by Anne R. Pramaggiore for Commonwealth Edison Company

32-6 — Filed by Joseph R. Trpik, Jr. for Commonwealth Edison Company

32-7 — Filed by Craig L. Adams for PECO Energy Company

32-8 — Filed by Phillip S. Barnett for PECO Energy Company

32-9 — Filed by Calvin G. Butler, Jr. for Baltimore Gas and Electric Company

32-10 — Filed by Carim V. Khouzami for Baltimore Gas and Electric Company

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SIGNATURES

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

EXELON CORPORATION

/s/ Christopher M. Crane
Christopher M. Crane
President and Chief Executive Officer
(Principal Executive Officer)

/s/ Jonathan W. Thayer
Jonathan W. Thayer
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

/s/ Duane M. DesParte
Duane M. DesParte
Senior Vice President and Corporate Controller
(Principal Accounting Officer)

April 30, 2014

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

EXELON GENERATION COMPANY, LLC

/s/ Kenneth W. Cornew
Kenneth W. Cornew
President and Chief Executive Officer
(Principal Executive Officer)

/s/ Bryan P. Wright
Bryan P. Wright
Chief Financial Officer
(Principal Financial Officer)

/s/ Robert M. Aiken
Robert M. Aiken
Chief Accounting Officer
(Principal Accounting Officer)

April 30, 2014

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

COMMONWEALTH EDISON COMPANY

/s/ Anne R. Pramaggiore
Anne R. Pramaggiore
President and Chief Executive Officer
(Principal Executive Officer)

/s/ Joseph R. Trpik, Jr.
Joseph R. Trpik, Jr.
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/s/ Gerald J. Kozel
Gerald J. Kozel
Vice President and Controller
(Principal Accounting Officer)

April 30, 2014

S1-SSA-0009 - 21614

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PECO ENERGY COMPANY

/s/ CRAIG L. ADAMS
Craig L. Adams
President and Chief Executive Officer
(Principal Executive Officer)

/s/ PHILLIP S. BARNETT
Phillip S. Barnett
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/s/ SCOTT A. BAILEY
Scott A. Bailey
Vice President and Controller
(Principal Accounting Officer)

April 30, 2014

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BALTIMORE GAS AND ELECTRIC COMPANY

/s/ CALVIN G. BUTLER, JR.
Calvin G. Butler, Jr.
Chief Executive Officer
(Principal Executive Officer)

/s/ CARIM V. KHOUZAMI
Carim V. Khouzami
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/s/ DAVID M. VAHOS
David M. Vahos
Vice President and Controller
(Principal Accounting Officer)

April 30, 2014

S1-SSA-0009 - 21615

Exhibit 31-1

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Christopher M. Crane, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ CHRISTOPHER M. CRANE
President and Chief Executive Officer
(Principal Executive Officer)

Date: April 30, 2014

S1-SSA-0009 - 21616

Exhibit 31-2

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Jonathan W. Thayer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ JONATHAN W. THAYER
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Date: April 30, 2014

Exhibit 31-3

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Kenneth W. Cornew, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Generation Company, LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Kenneth W. Cornew
President and Chief Executive Officer
(Principal Executive Officer)

Date: April 30, 2014

S1-SSA-0009 - 21618

Exhibit 31-4

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Bryan P. Wright, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Generation Company, LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ BRYAN P. WRIGHT
Chief Financial Officer
(Principal Financial Officer)

Date: April 30, 2014

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Anne R. Pramaggiore, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Commonwealth Edison Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ ANNE R. PRAMAGGIORE
President and Chief Executive Officer
(Principal Executive Officer)

Date: April 30, 2014

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Joseph R. Trpik, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Commonwealth Edison Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ JOSEPH R. TRPIK, JR.
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: April 30, 2014

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Craig L. Adams, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PECO Energy Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ CRAIG L. ADAMS
President and Chief Executive Officer
(Principal Executive Officer)

Date: April 30, 2014

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Phillip S. Barnett, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PECO Energy Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ PHILLIP S. BARNETT
Senior Vice President, Chief Financial Officer
and Treasurer
(Principal Financial Officer)

Date: April 30, 2014

Exhibit 31-9

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Calvin G. Butler, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Baltimore Gas and Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ CALVIN G. BUTLER, JR.
Chief Executive Officer
(Principal Executive Officer)

Date: April 30, 2014

Exhibit 31-10

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Carim V. Khouzami, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Baltimore Gas and Electric Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ CARIM V. KHOUZAMI
Senior Vice President, Chief Financial Officer
and Treasurer
(Principal Financial Officer)

Date: April 30, 2014

Exhibit 32-1

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Corporation for the quarterly period ended March 31, 2014, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Corporation.

/s/ CHRISTOPHER M. CRANE
Christopher M. Crane
President and Chief Executive Officer

Date: April 30, 2014

S1-SSA-0009 - 21626

Exhibit 32-2

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Corporation for the quarterly period ended March 31, 2014, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Corporation.

/s/ JONATHAN W. THAYER
Jonathan W. Thayer
Executive Vice President and Chief Financial Officer

Date: April 30, 2014

S1-SSA-0009 - 21627

Exhibit 32-3

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Generation Company, LLC for the quarterly period ended March 31, 2014, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Generation Company, LLC.

/s/ Kenneth W. Cornew
Kenneth W. Cornew
President and Chief Executive Officer

Date: April 30, 2014

S1-SSA-0009 - 21628

Exhibit 32-4

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Generation Company, LLC for the quarterly period ended March 31, 2014, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Generation Company, LLC.

/s/ BRYAN P. WRIGHT
Bryan P. Wright
Chief Financial Officer

Date: April 30, 2014

S1-SSA-0009 - 21629

Exhibit 32-5

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Commonwealth Edison Company for the quarterly period ended March 31, 2014, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Commonwealth Edison Company.

/s/ ANNE R. PRAMAGGIORE
Anne R. Pramaggiore
President and Chief Executive Officer

Date: April 30, 2014

S1-SSA-0009 - 21630

Exhibit 32-6

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Commonwealth Edison Company for the quarterly period ended March 31, 2014, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Commonwealth Edison Company.

/s/ JOSEPH R. TRPIK, JR.
Joseph R. Trpik, Jr.
Senior Vice President, Chief Financial Officer and Treasurer

Date: April 30, 2014

S1-SSA-0009 - 21631

Exhibit 32-7

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of PECO Energy Company for the quarterly period ended March 31, 2014, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of PECO Energy Company.

/s/ CRAIG L. ADAMS
Craig L. Adams
President and Chief Executive Officer

Date: April 30, 2014

S1-SSA-0009 - 21632

Exhibit 32-8

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of PECO Energy Company for the quarterly period ended March 31, 2014, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of PECO Energy Company.

/s/ PHILLIP S. BARNETT
Phillip S. Barnett
Senior Vice President, Chief Financial Officer and Treasurer

Date: April 30, 2014

Exhibit 32-9

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Baltimore Gas and Electric Company for the quarterly period ended March 31, 2014, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Baltimore Gas and Electric Company.

/s/ CALVIN G. BUTLER, JR.
Calvin G. Butler, Jr.
Chief Executive Officer

Date: April 30, 2014

S1-SSA-0009 - 21634

Exhibit 32-10

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Baltimore Gas and Electric Company for the quarterly period ended March 31, 2014, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Baltimore Gas and Electric Company.

/s/ CARIM V. KHOUZAMI

Carim V. Khouzami
Senior Vice President, Chief Financial Officer and Treasurer

Date: April 30, 2014

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended March 31, 2015

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number	Name of Registrant; State of Incorporation; Address of Principal Executive Offices; and Telephone Number	IRS Employer Identification Number
1-16169	EXELON CORPORATION (a Pennsylvania corporation) 10 South Dearborn Street P.O. Box 805379 Chicago, Illinois 60680-5379 (800) 483-3220	23-2990190
333-85496	EXELON GENERATION COMPANY, LLC (a Pennsylvania limited liability company) 300 Exelon Way Kennett Square, Pennsylvania 19348-2473 (610) 765-5959	23-3064219
1-1839	COMMONWEALTH EDISON COMPANY (an Illinois corporation) 440 South LaSalle Street Chicago, Illinois 60605-1028 (312) 394-4321	36-0938600
000-16844	PECO ENERGY COMPANY (a Pennsylvania corporation) P.O. Box 8699 2301 Market Street Philadelphia, Pennsylvania 19101-8699 (215) 841-4000	23-0970240
1-1910	BALTIMORE GAS AND ELECTRIC COMPANY (a Maryland corporation) 2 Center Plaza 110 West Fayette Street Baltimore, Maryland 21201-3708 (410) 234-5000	52-0280210

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

	Large Accelerated Filer	Accelerated Filer	Non-accelerated Filer	Smaller Reporting Company
Exelon Corporation	☒			
Exelon Generation Company, LLC			☒	
Commonwealth Edison Company			☒	
PECO Energy Company			☒	
Baltimore Gas and Electric Company			☒	

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act) Yes ☐ No ☒

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The number of shares outstanding of each registrant's common stock as of March 31, 2015 was:

Exelon Corporation Common Stock, without par value	861,243,550

Exelon Generation Company, LLC	not applicable
Commonwealth Edison Company Common Stock, $12.50 par value	127,016,962
PECO Energy Company Common Stock, without par value	170,478,507
Baltimore Gas and Electric Company Common Stock, without par value	1,000

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GLOSSARY OF TERMS AND ABBREVIATIONS

Exelon Corporation and Related Entities

Exelon	Exelon Corporation
Generation	Exelon Generation Company, LLC
ComEd	Commonwealth Edison Company
PECO	PECO Energy Company
BGE	Baltimore Gas and Electric Company
BSC	Exelon Business Services Company, LLC
Exelon Corporate	Exelon's holding company
CENG	Constellation Energy Nuclear Group, LLC
Constellation	Constellation Energy Group, Inc.
Antelope Valley, AVSR	Antelope Valley Solar Ranch One
Exelon Transmission Company	Exelon Transmission Company, LLC
Exelon Wind	Exelon Wind, LLC and Exelon Generation Acquisition Company, LLC
Ventures	Exelon Ventures Company, LLC
AmerGen	AmerGen Energy Company, LLC
BondCo	RSB BondCo LLC
ComEd Financing III	ComEd Financing III
PEC L.P.	PECO Energy Capital, L.P.
PECO Trust III	PECO Energy Capital Trust III
PECO Trust IV	PECO Energy Capital Trust IV
BGE Trust II	BGE Capital Trust II
PETT	PECO Energy Transition Trust
Registrants	Exelon, Generation, ComEd, PECO and BGE, collectively

Other Terms and Abbreviations

Note "—" of the Exelon 2014 Form 10-K	Reference to a specific Combined Note to Consolidated Financial Statements within Exelon's 2014 Annual Report on Form 10-K
1998 restructuring settlement	PECO's 1998 settlement of its restructuring case mandated by the Competition Act
Act 11	Pennsylvania Act 11 of 2012
Act 129	Pennsylvania Act 129 of 2008
AEC	Alternative Energy Credit that is issued for each megawatt hour of generation from a qualified alternative energy source
AEPS	Pennsylvania Alternative Energy Portfolio Standards
AEPS Act	Pennsylvania Alternative Energy Portfolio Standards Act of 2004, as amended
AESO	Alberta Electric Systems Operator
AFUDC	Allowance for Funds Used During Construction
ALJ	Administrative Law Judge
AMI	Advanced Metering Infrastructure
AMP	Advanced Metering Program
ARC	Asset Retirement Cost
ARO	Asset Retirement Obligation
ARP	Title IV Acid Rain Program
ARRA of 2009	American Recovery and Reinvestment Act of 2009
Block contracts	Forward Purchase Energy Block Contracts
CAIR	Clean Air Interstate Rule
CAISO	California ISO
CAMR	Federal Clean Air Mercury Rule

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GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and Abbreviations	
CERCLA	Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended
CFL	Compact Fluorescent Light
Clean Air Act	Clean Air Act of 1963, as amended
Clean Water Act	Federal Water Pollution Control Amendments of 1972, as amended
Competition Act	Pennsylvania Electricity Generation Customer Choice and Competition Act of 1996
CPI	Consumer Price Index
CPUC	California Public Utilities Commission
CSAPR	Cross-State Air Pollution Rule
CTC	Competitive Transition Charge
DC Circuit Court	United States Court of Appeals for the District of Columbia Circuit
DOE	United States Department of Energy
DOJ	United States Department of Justice
DSP	Default Service Provider
DSP Program	Default Service Provider Program
EDF	Electricite de France SA
EE&C	Energy Efficiency and Conservation/Demand Response
EGR	ExGen Renewables I, LLC
EGS	Electric Generation Supplier
EGTP	ExGen Texas Power, LLC
EIMA	Illinois Energy Infrastructure Modernization Act
EPA	United States Environmental Protection Agency
ERCOT	Electric Reliability Council of Texas
ERISA	Employee Retirement Income Security Act of 1974, as amended
EROA	Expected Rate of Return on Assets
ESPP	Employee Stock Purchase Plan
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
FRCC	Florida Reliability Coordinating Council
FTC	Federal Trade Commission
GAAP	Generally Accepted Accounting Principles in the United States
GDP	Gross Domestic Product
GHG	Greenhouse Gas
GRT	Gross Receipts Tax
GSA	Generation Supply Adjustment
GWh	Gigawatt hour
HAP	Hazardous air pollutants
Health Care Reform Acts	Patient Protection and Affordable Care Act and Health Care and Education Reconciliation Act of 2010
IBEW	International Brotherhood of Electrical Workers
ICC	Illinois Commerce Commission
ICE	Intercontinental Exchange
Illinois Act	Illinois Electric Service Customer Choice and Rate Relief Law of 1997
Illinois EPA	Illinois Environmental Protection Agency
Illinois Settlement Legislation	Legislation enacted in 2007 affecting electric utilities in Illinois
Integrys	Integrys Energy Services, Inc.
IPA	Illinois Power Agency
IRC	Internal Revenue Code

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GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and Abbreviations	
IRS	Internal Revenue Service
ISO	Independent System Operator
ISO-NE	ISO New England Inc.
ISO-NY	New York Independent System Operator
kV	Kilovolt
kW	Kilowatt
kWh	Kilowatt-hour
LIBOR	London Interbank Offered Rate
LILO	Lease-In, Lease-Out
LLRW	Low-Level Radioactive Waste
LTIP	Long-Term Incentive Plan
MATS	U.S. EPA Mercury and Air Toxics Standard Rule
MBR	Market Based Rates Incentive
MDE	Maryland Department of the Environment
MDPSC	Maryland Public Service Commission
MGP	Manufactured Gas Plant
MISO	Midcontinent Independent System Operator, Inc.
mmcf	Million Cubic Feet
Moody's	Moody's Investor Service
MOPR	Minimum Offer Price Rule
MRV	Market-Related Value
MW	Megawatt
MWh	Megawatt hour
NAAQS	National Ambient Air Quality Standards
n.m.	not meaningful
NAV	Net Asset Value
NDT	Nuclear Decommissioning Trust
NEIL	Nuclear Electric Insurance Limited
NERC	North American Electric Reliability Corporation
NGS	Natural Gas Supplier
NJDEP	New Jersey Department of Environmental Protection
Non-Regulatory Agreements Units	Nuclear generating units or portions thereof whose decommissioning-related activities are not subject to contractual elimination under regulatory accounting including the CENG units (Calvert Cliffs, Nine Mile Point, and R.E. Ginna), Clinton, Oyster Creek, Three Mile Island, Zion (a former ComEd unit), and portions of Peach Bottom (a former PECO unit)
NOSA	Nuclear Operating Services Agreement
NOV	Notice of Violation
NPDES	National Pollutant Discharge Elimination System
NRC	Nuclear Regulatory Commission
NSPS	New Source Performance Standards
NWPA	Nuclear Waste Policy Act of 1982
NYMEX	New York Mercantile Exchange
OCI	Other Comprehensive Income
OIESO	Ontario Independent Electricity System Operator
OPEB	Other Postretirement Employee Benefits
PA DEP	Pennsylvania Department of Environmental Protection
PAPUC	Pennsylvania Public Utility Commission
PGC	Purchased Gas Cost Clause

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GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and Abbreviations	
PHI	Pepco Holdings, Inc.
PJM	PJM Interconnection, LLC
POLR	Provider of Last Resort
POR	Purchase of Receivables
PPA	Power Purchase Agreement
PPL	PPL Holtwood, LLC
Price-Anderson Act	Price-Anderson Nuclear Industries Indemnity Act of 1957
PRP	Potentially Responsible Parties
PSEG	Public Service Enterprise Group Incorporated
PURTA	Pennsylvania Public Realty Tax Act
PV	Photovoltaic
RCRA	Resource Conservation and Recovery Act of 1976, as amended
REC	Renewable Energy Credit which is issued for each megawatt hour of generation from a qualified renewable energy source
Regulatory Agreement Units	Nuclear generating units whose decommissioning-related activities are subject to contractual elimination under regulatory accounting including the former ComEd units (Braidwood, Bryon, Dresden, LaSalle, Quad Cities) and the former PECO units (Limerick, Peach Bottom, Salem)
RES	Retail Electric Suppliers
RFP	Request for Proposal
Rider	Reconcilable Surcharge Recovery Mechanism
RGGI	Regional Greenhouse Gas Initiative
RMC	Risk Management Committee
RPM	PJM Reliability Pricing Model
RPS	Renewable Energy Portfolio Standards
RTEP	Regional Transmission Expansion Plan
RTO	Regional Transmission Organization
S&P	Standard & Poor's Ratings Services
SEC	United States Securities and Exchange Commission
Senate Bill 1	Maryland Senate Bill 1
SERC	SERC Reliability Corporation (formerly Southeast Electric Reliability Council)
SERP	Supplemental Employee Retirement Plan
SGIG	Smart Grid Investment Grant
SGIP	Smart Grid Initiative Program
SILO	Sale-In, Lease-Out
SMP	Smart Meter Program
SMPIP	Smart Meter Procurement and Installation Plan
SNF	Spent Nuclear Fuel
SOA	Society of Actuaries
SOS	Standard Offer Service
SPP	Southwest Power Pool
Tax Relief Act of 2010	Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010
Upstream	Natural gas and oil exploration and production activities
VIE	Variable Interest Entity
WECC	Western Electric Coordinating Council

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FILING FORMAT

This combined Form 10-Q is being filed separately by Exelon Corporation, Exelon Generation Company, LLC, Commonwealth Edison Company, PECO Energy Company and Baltimore Gas and Electric Company (Registrants). Information contained herein relating to any individual Registrant is filed by such Registrant on its own behalf. No Registrant makes any representation as to information relating to any other Registrant.

FORWARD-LOOKING STATEMENTS

This Report contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that are subject to risks and uncertainties. The factors that could cause actual results to differ materially from the forward-looking statements made by the Registrants include those factors discussed herein, as well as the items discussed in (1) Exelon's 2014 Annual Report on Form 10-K in (a) ITEM 1A. Risk Factors, (b) ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) ITEM 8. Financial Statements and Supplementary Data: Note 22; (2) this Quarterly Report on Form 10-Q in (a) Part II, Other Information, ITEM 1A. Risk Factors, (b) Part 1, Financial Information, ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) Part I, Financial Information, ITEM 1. Financial Statements: Note 17; and (3) other factors discussed in filings with the SEC by the Registrants. Readers are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of this Report. None of the Registrants undertakes any obligation to publicly release any revision to its forward-looking statements to reflect events or circumstances after the date of this Report.

WHERE TO FIND MORE INFORMATION

The public may read and copy any reports or other information that the Registrants file with the SEC at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. These documents are also available to the public from commercial document retrieval services, the website maintained by the SEC at www.sec.gov and the Registrants' websites at www.exeloncorp.com. Information contained on the Registrants' websites shall not be deemed incorporated into, or to be a part of, this Report.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions, except per share data)	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
Operating revenues	$ 8,830	$ 7,237
Operating expenses		
Purchased power and fuel	4,470	4,006
Purchased power and fuel from affiliates	—	334
Operating and maintenance	2,081	1,858
Depreciation and amortization	610	564
Taxes other than income	304	293
Total operating expenses	7,465	7,055
Equity in losses of unconsolidated affiliates	—	(19)
Gain on sales of assets	1	5
Operating income	1,366	168
Other income and (deductions)		
Interest expense, net	(335)	(217)
Interest expense to affiliates	(10)	(10)
Other, net	80	98
Total other income and (deductions)	(265)	(129)
Income before income taxes	1,101	39
Income taxes	363	(54)
Net income	738	93
Net income attributable to noncontrolling interest and preference stock dividends	45	3
Net income attributable to common shareholders	693	90
Comprehensive income, net of income taxes		
Net income	738	93
Other comprehensive income (loss), net of income taxes		
Pension and non-pension postretirement benefit plans:		
Prior service (benefit) cost reclassified to periodic benefit cost	(11)	1
Actuarial loss reclassified to periodic cost	54	34
Pension and non-pension postretirement benefit plans valuation adjustment	(26)	(13)
Unrealized gain (loss) on cash flow hedges	6	(25)
Unrealized gain on equity investments	—	12
Unrealized loss on foreign currency translation	(12)	(5)
Other comprehensive income	11	4
Comprehensive income	$ 749	$ 97
Average shares of common stock outstanding:		
Basic	862	858
Diluted	867	861
Earnings per average common share:		
Basic	$ 0.80	$ 0.10
Diluted	$ 0.80	$ 0.10
Dividends per common share	$ 0.31	$ 0.31

Combined Notes to Consolidated Financial Statements

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EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Three Months Ended March 31, 2015	2014
Cash flows from operating activities		
Net income	$ 738	$ 93
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation, amortization, depletion and accretion, including nuclear fuel and energy contract amortization	948	908
Impairment of long-lived assets	—	1
Gain on sales of assets	(1)	(5)
Deferred income taxes and amortization of investment tax credits	129	(48)
Net fair value changes related to derivatives	(91)	730
Net realized and unrealized gains on nuclear decommissioning trust fund investments	(47)	(26)
Other non-cash operating activities	344	276
Changes in assets and liabilities:		
Accounts receivable	(270)	(606)
Inventories	291	80
Accounts payable, accrued expenses and other current liabilities	(607)	157
Option premiums received, net	5	15
Counterparty collateral received (posted), net	31	(677)
Income taxes	174	17
Pension and non-pension postretirement benefit contributions	(269)	(472)
Other assets and liabilities	115	(278)
Net cash flows provided by operating activities	1,490	165
Cash flows from investing activities		
Capital expenditures	(1,784)	(1,217)
Proceeds from nuclear decommissioning trust fund sales	1,681	1,825
Investment in nuclear decommissioning trust funds	(1,747)	(1,878)
Acquisition of businesses	(15)	—
Proceeds from sale of long-lived assets	142	18
Proceeds from termination of direct financing lease investment	—	335
Change in restricted cash	(26)	(40)
Other investing activities	(2)	(54)
Net cash flows used in investing activities	(1,751)	(1,011)
Cash flows from financing activities		
Changes in short-term borrowings	(141)	638
Issuance of long-term debt	1,206	950
Retirement of long-term debt	(580)	(1,150)
Dividends paid on common stock	(269)	(266)
Proceeds from employee stock plans	8	7
Other financing activities	(16)	(28)
Net cash flows provided by financing activities	208	151
Decrease in cash and cash equivalents	(53)	(695)
Cash and cash equivalents at beginning of period	1,878	1,609
Cash and cash equivalents at end of period	$ 1,825	$ 914

See the Combined Notes to Consolidated Financial Statements

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EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2015 (Unaudited)	December 31, 2014
ASSETS		
Current assets		
Cash and cash equivalents	$ 1,825	$ 1,878
Restricted cash and cash equivalents	297	271
Accounts receivable, net		
Customer	3,702	3,482
Other	1,077	1,227
Mark-to-market derivative assets	1,117	1,279
Unamortized energy contract assets	209	254
Inventories, net		
Fossil fuel and emission allowances	266	579
Materials and supplies	1,035	1,024
Deferred income taxes	231	244
Regulatory assets	804	847
Assets held for sale	1	147
Other	793	865
Total current assets	11,357	12,097
Property, plant and equipment, net	53,001	52,087
Deferred debits and other assets		
Regulatory assets	6,068	6,076
Nuclear decommissioning trust funds	10,712	10,537
Investments	568	544
Goodwill	2,672	2,672
Mark-to-market derivative assets	913	773
Unamortized energy contracts assets	558	549
Pledged assets for Zion Station decommissioning	308	319
Other	1,234	1,160
Total deferred debits and other assets	23,033	22,630
Total assets [(a)]	$ 87,391	$ 86,814

See the Combined Notes to Consolidated Financial Statements

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EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2015 (Unaudited)	December 31, 2014
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings	$ 309	$ 460
Long-term debt due within one year	1,260	1,802
Accounts payable	2,839	3,048
Accrued expenses	1,230	1,539
Payables to affiliates	8	8
Regulatory liabilities	421	310
Mark-to-market derivative liabilities	117	234
Unamortized energy contract liabilities	172	238
Other	1,018	1,123
Total current liabilities	7,374	8,762
Long-term debt	20,519	19,362
Long-term debt to financing trusts	648	648
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	13,218	13,019
Asset retirement obligations	7,446	7,295
Pension obligations	3,154	3,366
Non-pension postretirement benefit obligations	1,825	1,742
Spent nuclear fuel obligation	1,021	1,021
Regulatory liabilities	4,566	4,550
Mark-to-market derivative liabilities	491	403
Unamortized energy contract liabilities	189	211
Payable for Zion Station decommissioning	136	155
Other	2,166	2,147
Total deferred credits and other liabilities	34,212	33,909
Total liabilities [(a)]	62,753	62,681
Commitments and contingencies		
Shareholders' equity		
Common stock (No par value, 2,000 shares authorized, 861 shares and 860 shares outstanding at March 31, 2015 and December 31, 2014, respectively)	16,731	16,709
Treasury stock, at cost (35 shares at both March 31, 2015 and December 31, 2014)	(2,327)	(2,327)
Retained earnings	11,334	10,910
Accumulated other comprehensive loss, net	(2,673)	(2,684)
Total shareholders' equity	23,065	22,608
BGE preference stock not subject to mandatory redemption	193	193
Noncontrolling interest	1,380	1,332
Total equity	24,638	24,133
Total liabilities and shareholders' equity	$ 87,391	$ 86,814

(a) Exelon's consolidated assets include $8,182 million and $8,160 million at March 31, 2015 and December 31, 2014, respectively, of certain VIEs that can only be used to settle the liabilities of the VIE. Exelon's consolidated liabilities include $2,702 million and $2,723 million at March 31, 2015 and December 31, 2014, respectively, of certain VIEs for which the VIE creditors do not have recourse to Exelon. See Note 3 — Variable Interest Entities.

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EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

(In millions, shares in thousands)	Issued Shares	Common Stock	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss, net	Noncontrolling Interest	Preference Stock	Total Equity
Balance, December 31, 2014	894,568	$16,709	$(2,327)	$10,910	$ (2,684)	$ 1,332	$ 193	$24,133
Net income	—	—	—	693	—	42	3	738
Long-term incentive plan activity	1,156	12	—	—	—	—	—	12
Employee stock purchase plan issuances	255	8	—	—	—	—	—	8
Tax benefit on stock compensation	—	2	—	—	—	—	—	2
Changes in equity of noncontrolling interest	—	—	—	—	—	6	—	6
Common stock dividends	—	—	—	(269)	—	—	—	(269)
Preference stock dividends	—	—	—	—	—	—	(3)	(3)
Other comprehensive income, net of income taxes	—	—	—	—	11	—	—	11
Balance, March 31, 2015	895,979	$16,731	$(2,327)	$11,334	$ (2,673)	$ 1,380	$ 193	$24,638

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EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended March 31, 2015	2014
Operating revenues		
Operating revenues	$ 5,629	$ 4,056
Operating revenues from affiliates	211	334
Total operating revenues	5,840	4,390
Operating expenses		
Purchased power and fuel	3,426	3,008
Purchased power and fuel from affiliates	7	349
Operating and maintenance	1,162	938
Operating and maintenance from affiliates	149	149
Depreciation and amortization	254	211
Taxes other than income	122	105
Total operating expenses	5,120	4,760
Equity in losses of unconsolidated affiliates	—	(19)
(Loss) gain on sales of assets	(1)	5
Operating income (loss)	719	(384)
Other income and (deductions)		
Interest expense	(90)	(73)
Interest expense to affiliates, net	(12)	(12)
Other, net	94	85
Total other income and (deductions)	(8)	—
Income (loss) before income taxes	711	(384)
Income taxes	226	(199)
Net income (loss)	485	(185)
Net income attributable to noncontrolling interests	42	—
Net income (loss) attributable to membership interest	443	(185)
Comprehensive income (loss), net of income taxes		
Net income (loss)	485	(185)
Other comprehensive income (loss), net of income taxes		
Unrealized loss on cash flow hedges	(5)	(25)
Unrealized gain on equity investments	—	12
Unrealized loss on foreign currency translation	(12)	(5)
Unrealized loss on marketable securities	—	(3)
Other comprehensive loss	(17)	(21)
Comprehensive income (loss)	$ 468	$ (206)

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EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Three Months Ended March 31, 2015	2014
Cash flows from operating activities		
Net income (loss)	$ 485	$ (185)
Adjustments to reconcile net income (loss) to net cash flows provided by (used in) operating activities:		
Depreciation, amortization, depletion and accretion, including nuclear fuel and energy contract amortization	591	557
Impairment of long-lived assets	—	1
Loss (gain) on sales of assets	1	(5)
Deferred income taxes and amortization of investment tax credits	89	(161)
Net fair value changes related to derivatives	(165)	737
Net realized and unrealized gains on nuclear decommissioning trust fund investments	(47)	(26)
Other non-cash operating activities	45	89
Changes in assets and liabilities:		
Accounts receivable	24	(295)
Receivables from and payables to affiliates, net	(10)	3
Inventories	228	1
Accounts payable, accrued expenses and other current liabilities	(345)	128
Option premiums received, net	5	15
Counterparty collateral (posted) received, net	62	(699)
Income taxes	(104)	(35)
Pension and non-pension postretirement benefit contributions	(107)	(191)
Other assets and liabilities	85	(103)
Net cash flows provided by (used in) operating activities	837	(169)
Cash flows from investing activities		
Capital expenditures	(937)	(535)
Proceeds from nuclear decommissioning trust fund sales	1,681	1,825
Investment in nuclear decommissioning trust funds	(1,747)	(1,878)
Acquisition of businesses	(15)	—
Proceeds from sale of long-lived assets	142	18
Change in restricted cash	(21)	9
Changes in Exelon intercompany money pool	—	44
Other investing activities	(2)	(77)
Net cash flows used in investing activities	(899)	(594)
Cash flows from financing activities		
Change in short-term borrowings	(1)	354
Issuance of long-term debt	806	300
Retirement of long-term debt	(18)	(532)
Retirement of long-term debt to affiliate	(550)	—
Changes in Exelon intercompany money pool	936	—
Distribution to member	(1,356)	(30)
Other financing activities	(3)	(21)
Net cash flows provided by (used in) financing activities	(186)	71
Decrease in cash and cash equivalents	(248)	(692)
Cash and cash equivalents at beginning of period	780	1,258
Cash and cash equivalents at end of period	$ 532	$ 566

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EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2015 (Unaudited)	December 31, 2014
ASSETS		
Current assets		
Cash and cash equivalents	$ 532	$ 780
Restricted cash and cash equivalents	179	158
Accounts receivable, net		
Customer	2,320	2,295
Other	378	318
Mark-to-market derivative assets	1,116	1,276
Receivables from affiliates	115	113
Unamortized energy contract assets	209	254
Inventories, net		
Fossil fuel and emission allowances	232	465
Materials and supplies	841	847
Deferred income taxes	266	327
Assets held for sale	1	147
Other	530	658
Total current assets	6,719	7,638
Property, plant and equipment, net	23,414	22,945
Deferred debits and other assets		
Nuclear decommissioning trust funds	10,712	10,537
Investments	122	104
Goodwill	47	47
Mark-to-market derivative assets	911	771
Prepaid pension asset	1,748	1,704
Pledged assets for Zion Station decommissioning	308	319
Unamortized energy contract assets	558	549
Deferred income taxes	3	3
Other	776	731
Total deferred debits and other assets	15,185	14,765
Total assets [(a)]	$ 45,318	$ 45,348

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EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2015 (Unaudited)	December 31, 2014
LIABILITIES AND EQUITY		
Current liabilities		
Short-term borrowings	$ 25	$ 36
Long-term debt due within one year	75	58
Long-term debt to affiliates due within one year	—	556
Accounts payable	1,634	1,759
Accrued expenses	694	886
Payables to affiliates	110	107
Borrowings from Exelon intercompany money pool	936	—
Mark-to-market derivative liabilities	97	214
Unamortized energy contract liabilities	172	238
Other	532	605
Total current liabilities	4,275	4,459
Long-term debt	7,477	6,709
Long-term debt to affiliate	940	943
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	6,091	6,034
Asset retirement obligations	7,296	7,146
Non-pension postretirement benefit obligations	919	915
Spent nuclear fuel obligation	1,021	1,021
Payables to affiliates	2,921	2,880
Mark-to-market derivative liabilities	121	105
Unamortized energy contract liabilities	189	211
Payable for Zion Station decommissioning	136	155
Other	764	719
Total deferred credits and other liabilities	19,458	19,186
Total liabilities [(a)]	32,150	31,297
Commitments and contingencies		
Equity		
Member's equity		
Membership interest	8,951	8,951
Undistributed earnings	2,890	3,803
Accumulated other comprehensive income, net	(53)	(36)
Total member's equity	11,788	12,718
Noncontrolling interest	1,380	1,333
Total equity	13,168	14,051
Total liabilities and equity	$ 45,318	$ 45,348

(a) Generation's consolidated assets include $8,118 million and $8,119 million at March 31, 2015 and December 31, 2014, respectively, of certain VIEs that can only be used to settle the liabilities of the VIE. Generation's consolidated liabilities include $2,486 million and $2,507 million at March 31, 2015 and December 31, 2014, respectively, of certain VIEs for which the VIE creditors do not have recourse to Generation. See Note 3 — Variable Interest Entities.

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EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Unaudited)

	Member's Equity				
(In millions)	Membership Interest	Undistributed Earnings	Accumulated Other Comprehensive Income, net	Noncontrolling Interest	Total Equity
Balance, December 31, 2014	$ 8,951	$ 3,803	$ (36)	$ 1,333	$ 14,051
Net income	—	443	—	42	485
Changes in equity of noncontrolling interest	—	—	—	5	5
Distribution to member	—	(1,356)	—	—	(1,356)
Other comprehensive loss, net of income taxes	—	—	(17)	—	(17)
Balance, March 31, 2015	$ 8,951	$ 2,890	$ (53)	$ 1,380	$ 13,168

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COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
Operating revenues		
Operating revenues	$ 1,184	$ 1,133
Operating revenues from affiliates	1	1
Total operating revenues	1,185	1,134
Operating expenses		
Purchased power	318	212
Purchased power from affiliate	9	108
Operating and maintenance	333	287
Operating and maintenance from affiliate	45	39
Depreciation and amortization	175	173
Taxes other than income	75	77
Total operating expenses	955	896
Operating income	230	238
Other income and (deductions)		
Interest expense, net	(81)	(77)
Interest expense to affiliates	(3)	(3)
Other, net	3	5
Total other income and (deductions)	(81)	(75)
Income before income taxes	149	163
Income taxes	59	65
Net income	90	98
Comprehensive income	$ 90	$ 98

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COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Three Months Ended March 31, 2015	2014
Cash flows from operating activities		
Net income	$ 90	$ 98
Adjustments to reconcile net income to net cash flows provided by (used in) operating activities:		
Depreciation, amortization and accretion	175	173
Deferred income taxes and amortization of investment tax credits	35	35
Other non-cash operating activities	126	36
Changes in assets and liabilities:		
Accounts receivable	(38)	(64)
Receivables from and payables to affiliates, net	(2)	(19)
Inventories	(10)	2
Accounts payable, accrued expenses and other current liabilities	(126)	(57)
Income taxes	131	44
Pension and non-pension postretirement benefit contributions	(121)	(233)
Other assets and liabilities	(9)	(24)
Net cash flows provided by (used in) operating activities	251	(9)
Cash flows from investing activities		
Capital expenditures	(530)	(341)
Proceeds from sales of investments	—	3
Other investing activities	7	8
Net cash flows used in investing activities	(523)	(330)
Cash flows from financing activities		
Changes in short-term borrowings	(21)	350
Issuance of long-term debt	400	650
Retirement of long-term debt	—	(617)
Contributions from parent	14	38
Dividends paid on common stock	(75)	(76)
Other financing activities	(4)	(1)
Net cash flows provided by financing activities	314	344
Increase in cash and cash equivalents	42	5
Cash and cash equivalents at beginning of period	66	36
Cash and cash equivalents at end of period	$ 108	$ 41

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COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2015 (Unaudited)	December 31, 2014
ASSETS		
Current assets		
Cash and cash equivalents	$ 108	$ 66
Restricted cash	4	4
Accounts receivable, net		
Customer	503	477
Other	512	648
Receivables from affiliates	17	14
Inventories, net	135	125
Regulatory assets	317	349
Other	41	40
Total current assets	1,637	1,723
Property, plant and equipment, net	16,099	15,793
Deferred debits and other assets		
Regulatory assets	866	852
Investments	6	6
Goodwill	2,625	2,625
Receivables from affiliates	2,603	2,571
Prepaid pension asset	1,619	1,551
Other	276	271
Total deferred debits and other assets	7,995	7,876
Total assets	$ 25,731	$ 25,392

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COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2015 (Unaudited)	December 31, 2014
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings	$ 283	$ 304
Long-term debt due within one year	260	260
Accounts payable	534	598
Accrued expenses	223	331
Payables to affiliates	84	84
Customer deposits	128	128
Regulatory liabilities	131	125
Deferred income taxes	44	63
Mark-to-market derivative liability	20	20
Other	69	73
Total current liabilities	1,776	1,986
Long-term debt	6,099	5,698
Long-term debt to financing trust	206	206
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	4,553	4,498
Asset retirement obligations	103	103
Non-pension postretirement benefits obligations	262	263
Regulatory liabilities	3,692	3,655
Mark-to-market derivative liability	221	187
Other	881	889
Total deferred credits and other liabilities	9,712	9,595
Total liabilities	17,793	17,485
Commitments and contingencies		
Shareholders' equity		
Common stock	1,588	1,588
Other paid-in capital	5,484	5,468
Retained earnings	866	851
Total shareholders' equity	7,938	7,907
Total liabilities and shareholders' equity	$ 25,731	$ 25,392

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COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

(In millions)	Common Stock	Other Paid-In Capital	Retained Deficit Unappropriated	Retained Earnings Appropriated	Total Shareholders' Equity
Balance, December 31, 2014	$ 1,588	$ 5,468	$ (1,639)	$ 2,490	$ 7,907
Net income	—	—	90	—	90
Appropriation of retained earnings for future dividends	—	—	(90)	90	—
Common stock dividends	—	—	—	(75)	(75)
Contribution from parent	—	14	—	—	14
Parent tax matter indemnification	—	2	—	—	2
Balance, March 31, 2015	$ 1,588	$ 5,484	$ (1,639)	$ 2,505	$ 7,938

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PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
Operating revenues		
Operating revenues	$ 985	$ 992
Operating revenues from affiliates	—	1
Total operating revenues	985	993
Operating expenses		
Purchased power and fuel	376	377
Purchased power from affiliate	62	87
Operating and maintenance	197	256
Operating and maintenance from affiliates	25	24
Depreciation and amortization	62	58
Taxes other than income	41	42
Total operating expenses	763	844
Gain on sale of assets	1	—
Operating income	223	149
Other income and (deductions)		
Interest expense, net	(25)	(25)
Interest expense to affiliates	(3)	(3)
Other, net	2	2
Total other income and (deductions)	(26)	(26)
Income before income taxes	197	123
Income taxes	58	34
Net income attributable to common shareholder	$ 139	$ 89
Comprehensive income	$ 139	$ 89

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PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Three Months Ended March 31, 2015	2014
Cash flows from operating activities		
Net income	$ 139	$ 89
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation, amortization and accretion	62	58
Deferred income taxes and amortization of investment tax credits	5	(2)
Other non-cash operating activities	44	49
Changes in assets and liabilities:		
Accounts receivable	(115)	(110)
Receivables from and payables to affiliates, net	5	2
Inventories	34	45
Accounts payable, accrued expenses and other current liabilities	1	117
Income taxes	67	33
Pension and non-pension postretirement benefit contributions	(12)	(11)
Other assets and liabilities	(72)	(127)
Net cash flows provided by operating activities	158	143
Cash flows from investing activities		
Capital expenditures	(148)	(184)
Other investing activities	4	2
Net cash flows used in investing activities	(144)	(182)
Cash flows from financing activities		
Change in Exelon intercompany money pool	65	—
Dividends paid on common stock	(70)	(80)
Other financing activities	(1)	—
Net cash flows used in financing activities	(6)	(80)
Increase in cash and cash equivalents	8	(119)
Cash and cash equivalents at beginning of period	30	217
Cash and cash equivalents at end of period	$ 38	$ 98

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PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2015 (Unaudited)	December 31, 2014
ASSETS		
Current assets		
Cash and cash equivalents	$ 38	$ 30
Restricted cash and cash equivalents	2	2
Accounts receivable, net		
Customer	390	320
Other	123	141
Receivables from affiliates	3	3
Inventories, net		
Fossil fuel	19	57
Materials and supplies	26	22
Deferred income taxes	70	69
Prepaid utility taxes	107	10
Regulatory assets	41	29
Other	30	31
Total current assets	849	714
Property, plant and equipment, net	6,867	6,801
Deferred debits and other assets		
Regulatory assets	1,543	1,529
Investments	31	31
Receivable from affiliates	500	490
Prepaid pension asset	347	344
Other	32	34
Total deferred debits and other assets	2,453	2,428
Total assets	$ 10,169	$ 9,943

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PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2015 (Unaudited)	December 31, 2014
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 334	$ 337
Accrued expenses	109	91
Payables to affiliates	57	52
Borrowings from Exelon intercompany money pool	65	—
Customer deposits	53	52
Regulatory liabilities	119	90
Other	31	31
Total current liabilities	768	653
Long-term debt	2,246	2,246
Long-term debt to financing trusts	184	184
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	2,708	2,671
Asset retirement obligations	29	29
Non-pension postretirement benefits obligations	287	287
Regulatory liabilities	662	657
Other	95	95
Total deferred credits and other liabilities	3,781	3,739
Total liabilities	6,979	6,822
Commitments and contingencies		
Shareholder's equity		
Common stock	2,439	2,439
Retained earnings	750	681
Accumulated other comprehensive income, net	1	1
Total shareholder's equity	3,190	3,121
Total liabilities and shareholder's equity	$ 10,169	$ 9,943

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PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
(Unaudited)

(In millions)	Common Stock	Retained Earnings	Accumulated Other Comprehensive Income, net	Total Shareholder's Equity
Balance, December 31, 2014	$ 2,439	$ 681	$ 1	$ 3,121
Net income	—	139	—	139
Common stock dividends	—	(70)	—	(70)
Balance, March 31, 2015	$ 2,439	$ 750	$ 1	$ 3,190

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BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
Operating revenue		
Operating revenue	$ 1,029	$ 1,038
Operating revenue from affiliates	7	16
Total operating revenues	1,036	1,054
Operating expenses		
Purchased power and fuel	350	409
Purchased power from affiliate	137	120
Operating and maintenance	156	163
Operating and maintenance from affiliates	26	25
Depreciation and amortization	106	108
Taxes other than income	57	60
Total operating expenses	832	885
Operating income	204	169
Other income and (deductions)		
Interest expense, net	(21)	(23)
Interest expense to affiliates	(4)	(4)
Other, net	4	4
Total other income and (deductions)	(21)	(23)
Income before income taxes	183	146
Income taxes	74	58
Net income	109	88
Preference stock dividends	3	3
Net income attributable to common shareholder	$ 106	$ 85
Comprehensive income	$ 109	$ 88

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BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
Cash flows from operating activities		
Net income	$ 109	$ 88
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation, amortization and accretion	106	108
Deferred income taxes and amortization of investment tax credits	33	27
Other non-cash operating activities	64	43
Changes in assets and liabilities:		
Accounts receivable	(141)	(132)
Receivables from and payables to affiliates, net	(8)	(8)
Inventories	38	33
Accounts payable, accrued expenses and other current liabilities	(8)	(16)
Counterparty collateral (posted) received, net	(27)	22
Income taxes	26	31
Pension and non-pension postretirement benefit contributions	(4)	(5)
Other assets and liabilities	93	44
Net cash flows provided by operating activities	281	235
Cash flows from investing activities		
Capital expenditures	(136)	(146)
Change in restricted cash	2	(47)
Other investing activities	2	6
Net cash flows used in investing activities	(132)	(187)
Cash flows from financing activities		
Changes in short-term borrowings	(120)	(66)
Dividends paid on preference stock	(3)	(3)
Dividends paid on common stock	(36)	—
Other financing activities	(13)	13
Net cash flows used in financing activities	(172)	(56)
Decrease in cash and cash equivalents	(23)	(8)
Cash and cash equivalents at beginning of period	64	31
Cash and cash equivalents at end of period	$ 41	$ 23

See the Combined Notes to Consolidated Financial Statements

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BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2015 (Unaudited)	December 31, 2014
ASSETS		
Current assets		
Cash and cash equivalents	$ 41	$ 64
Restricted cash and cash equivalents	48	50
Accounts receivable, net		
Customer	489	390
Other	99	82
Inventories, net		
Gas held in storage	16	57
Materials and supplies	33	30
Deferred income taxes	15	6
Prepaid utility taxes	30	59
Regulatory assets	187	214
Other	4	5
Total current assets	962	957
Property, plant and equipment, net	6,280	6,204
Deferred debits and other assets		
Regulatory assets	491	510
Investments	12	12
Prepaid pension asset	357	370
Other	28	25
Total deferred debits and other assets	888	917
Total assets [(a)]	$ 8,130	$ 8,078

See the Combined Notes to Consolidated Financial Statements

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BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2015 (Unaudited)	December 31, 2014
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings	$ —	$ 120
Long-term debt due within one year	75	75
Accounts payable	222	215
Accrued expenses	155	131
Deferred income taxes	36	52
Payables to affiliates	46	66
Customer deposits	95	92
Regulatory liabilities	124	44
Other	27	51
Total current liabilities	780	846
Long-term debt	1,867	1,867
Long-term debt to financing trust	258	258
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	1,924	1,865
Asset retirement obligations	18	17
Non-pension postretirement benefits obligations	211	212
Regulatory liabilities	187	200
Other	62	60
Total deferred credits and other liabilities	2,402	2,354
Total liabilities [(a)]	5,307	5,325
Commitments and contingencies		
Shareholders' equity		
Common stock	1,360	1,360
Retained earnings	1,273	1,203
Total shareholder's equity	2,633	2,563
Preference stock not subject to mandatory redemption	190	190
Total equity	2,823	2,753
Total liabilities and shareholders' equity	$ 8,130	$ 8,078

(a) BGE's consolidated assets include $49 million and $24 million at March 31, 2015 and December 31, 2014, respectively, of BGE's consolidated VIE that can only be used to settle the liabilities of the VIE. BGE's consolidated liabilities include $200 million and $197 million at March 31, 2015 and December 31, 2014, respectively, of BGE's consolidated VIE for which the VIE creditors do not have recourse to BGE. See Note 3 — Variable Interest Entities.

See the Combined Notes to Consolidated Financial Statements

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BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

(In millions)	Common Stock	Retained Earnings	Total Shareholders' Equity	Preference Stock Not Subject To Mandatory Redemption	Total Equity
Balance, December 31, 2014	$ 1,360	$ 1,203	$ 2,563	$ 190	$ 2,753
Net income	—	109	109	—	109
Preference stock dividends	—	(3)	(3)	—	(3)
Common stock dividends	$ —	$ (36)	$ (36)	$ —	$ (36)
Balance, March 31, 2015	$ 1,360	$ 1,273	$ 2,633	$ 190	$ 2,823

See the Combined Notes to Consolidated Financial Statements

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in millions, except per share data, unless otherwise noted)

1. Basis of Presentation (Exelon, Generation, ComEd, PECO and BGE)

Exelon is a utility services holding company engaged through its principal subsidiaries in the energy generation and energy distribution businesses.

The energy generation business includes:

- *Generation* : Physical delivery and marketing of owned and contracted electric generation capacity and provision of renewable and other energy-related products and services, and natural gas exploration and production activities. Generation has six reportable segments consisting of the Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Power Regions.

The energy delivery businesses include:

- *ComEd* : Purchase and regulated retail sale of electricity and the provision of distribution and transmission services in northern Illinois, including the City of Chicago.
- *PECO* : Purchase and regulated retail sale of electricity and the provision of distribution and transmission services in southeastern Pennsylvania, including the City of Philadelphia, and the purchase and regulated retail sale of natural gas and the provision of distribution services in the Pennsylvania counties surrounding the City of Philadelphia.
- *BGE* : Purchase and regulated retail sale of electricity and the provision of distribution and transmission services in central Maryland, including the City of Baltimore, and the purchase and regulated retail sale of natural gas and the provision of distribution services in central Maryland, including the City of Baltimore.

Each of the Registrant's consolidated financial statements includes the accounts of its subsidiaries. All intercompany transactions have been eliminated. As a result of the Registrants' 2014 divestiture of certain unconsolidated affiliates considered integral to their operations and the consolidation of CENG during 2014, all Equity in earnings (losses) from unconsolidated affiliates will be presented below Income taxes in the Registrants' Statement of Operations and Comprehensive Income starting in the first quarter of 2015. For the three months ended March 31, 2015, Equity in earnings (losses) of unconsolidated affiliates was less than $1 million.

The accompanying consolidated financial statements as of March 31, 2015 and 2014 and for the three months then ended are unaudited but, in the opinion of the management of each Registrant include all adjustments that are considered necessary for a fair statement of the Registrants' respective financial statements in accordance with GAAP. All adjustments are of a normal, recurring nature, except as otherwise disclosed. The December 31, 2014 Consolidated Balance Sheets were obtained from audited financial statements. Financial results for interim periods are not necessarily indicative of results that may be expected for any other interim period or for the fiscal year ending December 31, 2015. These Combined Notes to Consolidated Financial Statements have been prepared pursuant to the rules and regulations of the SEC for Quarterly Reports on Form 10-Q. Certain information and note disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. These notes should be read in conjunction with the Combined Notes to Consolidated Financial Statements of all Registrants included in ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA of their respective 2014 Form 10-K Reports.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

2. New Accounting Pronouncements (Exelon, Generation, ComEd, PECO and BGE)

The following recently issued accounting standards are not yet required to be reflected in the combined financial statements of the Registrants.

Customer's Accounting for Fees Paid in a Cloud Computing Arrangement

In April 2015, the FASB issued authoritative guidance that clarifies the circumstances under which a cloud computing customer would account for the arrangement as a license of internal-use software. A cloud computing arrangement would include a software license if (1) the customer has a contractual right to take possession of the software at any time during the hosting period without significant penalty and (2) it is feasible for the customer to either run the software on its own hardware or contract with another party unrelated to the vendor to host the software. If the arrangement does not contain a software license, it would be accounted for as a service contract. The guidance is effective for the Registrants for fiscal years beginning after December 15, 2015. Early adoption is permitted. The guidance can be applied retrospectively to each prior reporting period presented or prospectively to arrangements entered into, or materially modified, after the effective date. The Registrants are currently assessing the impact this guidance may have on their financial positions, results of operations, cash flows and disclosures as well as the transition method that they will use to adopt the guidance.

Simplifying the Presentation of Debt Issuance Costs

In April 2015, the FASB issued authoritative guidance that changes the presentation of debt issuance costs in financial statements. The new guidance requires entity's to present such costs in the balance sheet as a direct reduction to the related debt liability rather than as a deferred cost (i.e., an asset) as required by current guidance. The new standard does not change the recognition or measurement of debt issuance costs. The guidance is effective for the Registrants for fiscal years beginning after December 15, 2015. Early adoption is permitted for financial statements that have not been previously issued. The guidance is required to be applied retrospectively to all prior periods presented. The Registrants are currently assessing the impact this guidance may have on their financial positions and disclosures, as well as whether to early adopt. The standard will not impact the results of operations and cash flows of the Registrants.

Amendments to the Consolidation Analysis

In February 2015, the FASB issued authoritative guidance that amends the consolidation analysis for variable interest entities (VIEs) as well as voting interest entities. The new guidance primarily (1) changes the assessment of limited partnerships as VIEs, (2) amends the effect that fees paid to a decision maker or service provider have on the VIE analysis, (3) amends how variable interests held by a reporting entity's related parties and de facto agents impact its consolidation conclusion, (4) clarifies how to determine whether equity holders (as a group) have power over an entity and (5) provides a scope exception for registered and similar unregistered money market funds. The guidance is effective for the Registrants for the first interim period within annual reporting periods beginning on or after December 15, 2015. Early adoption is permitted. The guidance can be applied retrospectively to each prior reporting period presented (full retrospective method) or retrospectively with a cumulative effect adjustment to retained earnings for initial application of the guidance at the date of adoption (modified retrospective method). The Registrants are currently assessing the impact this guidance may have on their financial positions, results of operations, cash flows and disclosures as well as the transition method that they will use to adopt the guidance. The Registrants do not plan to early adopt the standard.

Revenue from Contracts with Customers

In May 2014, the FASB issued authoritative guidance that changes the criteria for recognizing revenue from a contract with a customer. The new guidance replaces existing guidance on revenue recognition, including most

industry specific guidance, with a five step model for recognizing and measuring revenue from contracts with customers. The objective of the new standard is to provide a single, comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, across industries and across capital markets. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The guidance also requires a number of disclosures regarding the nature, amount, timing and uncertainty of revenue and the related cash flows. The guidance can be applied retrospectively to each prior reporting period presented (full retrospective method) or retrospectively with a cumulative effect adjustment to retained earnings for initial application of the guidance at the date of initial adoption (modified retrospective method). The Registrants are currently assessing the impacts this guidance may have on their financial positions, results of operations, cash flows and disclosures as well as the transition method that they will use to adopt the guidance. The guidance is effective for the Registrants for the first interim period within annual reporting periods beginning on or after December 15, 2016; and early adoption would not be permitted. However, in April 2015, FASB proposed a one year deferral of the effective date to annual reporting periods beginning on or after December 15, 2017. In addition, the FASB proposal would include an option to early adopt the guidance for annual periods beginning on or after December 15, 2016.

3. Variable Interest Entities (Exelon, Generation, ComEd, PECO and BGE)

Under the applicable authoritative guidance, a VIE is a legal entity that possesses any of the following characteristics: an insufficient amount of equity at risk to finance its activities, equity owners who do not have the power to direct the significant activities of the entity (or have voting rights that are disproportionate to their ownership interest), or equity owners who do not have the obligation to absorb expected losses or the right to receive the expected residual returns of the entity. Companies are required to consolidate a VIE if they are its primary beneficiary, which is the enterprise that has the power to direct the activities that most significantly affect the entity's economic performance.

At March 31, 2015 and December 31, 2014, Exelon, Generation, and BGE collectively consolidated six VIEs or VIE groups for which the applicable Registrant was the primary beneficiary *(see Consolidated Variable Interest Entities below)* . As of March 31, 2015 and December 31, 2014, the Registrants had significant interests in seven and six other VIEs, respectively, for which the Registrants do not have the power to direct the entities' activities and, accordingly, were not the primary beneficiary.

Consolidated Variable Interest Entities

Exelon, Generation and BGE's consolidated VIEs consist of:

- BondCo, a special purpose bankruptcy remote limited liability company formed by BGE to acquire, hold, issue and service bonds secured by rate stabilization property,
- a retail gas group formed by Generation to enter into a collateralized gas supply agreement with a third-party gas supplier
- a group of solar project limited liability companies formed by Generation to build, own and operate solar power facilities,
- several wind project companies designed by Generation to develop, construct and operate wind generation facilities,
- certain retail power companies for which Generation is the sole supplier of energy, and
- CENG.

As of March 31, 2015 and December 31, 2014, ComEd and PECO do not have any material consolidated VIEs.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

As of March 31, 2015 and December 31, 2014, Exelon, Generation, and BGE provided the following support to their respective consolidated VIEs:

- In the case of BondCo, BGE is required to remit all payments it receives from all residential customers through non-bypassable, rate stabilization charges to BondCo. During the three months ended March 31, 2015 and March 31, 2014, BGE remitted $21 million and $21 million to BondCo, respectively.
- Generation provides operating and capital funding to the solar entities for ongoing construction, operations and maintenance of the solar power facilities and provides limited recourse related to the Antelope Valley project.
- Generation and Exelon, where indicated, provide the following support to CENG (see Note 6 — Investment in Constellation Energy Nuclear Group, LLC, and Note 25 — Related Party Transactions, of the Exelon 2014 Form 10-K for additional information regarding Generation's and Exelon's transactions with CENG):
  - under the NOSA, Generation conducts all activities related to the operation of the CENG nuclear generation fleet owned by CENG subsidiaries (the CENG fleet) and provides corporate and administrative services for the remaining life and decommissioning of the CENG nuclear plants as if they were a part of the Generation nuclear fleet, subject to the CENG member rights of EDF Inc. (EDFI) (a subsidiary of EDF),
  - under the Power Services Agency Agreement (PSAA), Generation provides scheduling, asset management, and billing services to the CENG fleet for the remaining operating life of the CENG nuclear plants,
  - under power purchase agreements with CENG, Generation will purchase 50.01% of the available output generated by the CENG nuclear plants from January 2015 through the end of the operating life of each respective plant. However, pursuant to amendments dated March 31, 2015, the energy obligations under the Ginna Nuclear Power Plant (Ginna) PPAs have been suspended during the term of the Reliability Support Services Agreement (RSSA) which Ginna entered into with Rochester Gas and Electric Corporation (RG&E) on February 13, 2015. The obligations under the RSSA commenced on April 1, 2015 and are effective through September 30, 2018, (see Note 5 — Regulatory Matters for additional details),
  - Generation provided a $400 million loan to CENG. As of March 31, 2015, the remaining obligation is $288 million, which reflects the principal payment made in January 2015 (see Note 5 — Investment in Constellation Energy Nuclear Group, LLC of the Exelon 2014 Form 10-K for additional details),
  - Generation executed an Indemnity Agreement pursuant to which Generation agreed to indemnify EDF and its affiliates against third-party claims that may arise from any future nuclear incident (as defined in the Price-Anderson Act) in connection with the CENG nuclear plants or their operations. Exelon guarantees Generation's obligations under this Indemnity Agreement. (See Note 17 — Commitments and Contingencies for more details),
  - in connection with CENG's severance obligations, Generation has agreed to reimburse CENG for a total of approximately $6 million of the severance benefits paid or to be paid in 2014 through 2016. As of March 31, 2015, the remaining obligation is approximately $2 million,
  - Generation and EDFI share in the $637 million of contingent payment obligations for the payment of contingent retrospective premium adjustments for the nuclear liability insurance (see Note 17 — Commitments and Contingencies for more details),

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

- Generation provides a guarantee of approximately $7 million associated with hazardous waste management facilities and underground storage tanks. In addition, EDFI executed a reimbursement agreement that provides reimbursement to Exelon for 49.99% of any amounts paid by Generation under this guarantee,
- Generation and EDFI are the members-insured with Nuclear Electric Insurance Limited (NEIL) and have assigned the loss benefits under the insurance and the NEIL premium costs to CENG and guarantee the obligations of CENG under these insurance programs in proportion to their respective member interests (see Note 17 — Commitments and Contingencies for more details), and
- Exelon has executed an agreement to provide up to $245 million to support the operations of CENG as well as a $165 million guarantee of CENG's cash pooling agreement with its subsidiaries.

- Generation provides approximately $7 million in credit support for the retail power companies for which Generation is the sole supplier of energy, and
- Generation provides a $75 million parental guarantee to the third-party gas supplier in support of its retail gas group.

For each of the consolidated VIEs, except as otherwise noted:

- the assets of the VIEs are restricted and can only be used to settle obligations of the respective VIE;
- Exelon, Generation and BGE did not provide any additional material financial support to the VIEs;
- Exelon, Generation and BGE did not have any material contractual commitments or obligations to provide financial support to the VIEs; and
- the creditors of the VIEs did not have recourse to Exelon's, Generation's or BGE's general credit.

The carrying amounts and classification of the consolidated VIEs' assets and liabilities included in Exelon's, Generation's, and BGE's consolidated financial statements at March 31, 2015 and December 31, 2014 are as follows:

	March 31, 2015			December 31, 2014		
	Exelon [a]	Generation	BGE	Exelon [a]	Generation	BGE
Current assets	$ 1,185	$ 1,134	$ 46	$ 1,271	$ 1,242	$ 21
Noncurrent assets	7,676	7,664	3	7,580	7,566	3
Total assets	$ 8,861	$ 8,798	$ 49	$ 8,851	$ 8,808	$ 24
Current liabilities	$ 520	$ 434	$ 80	$ 611	$ 526	$ 77
Noncurrent liabilities	2,812	2,682	120	2,730	2,600	120
Total liabilities	$ 3,332	$ 3,116	$200	$ 3,341	$ 3,126	$197

(a) Includes certain purchase accounting adjustments not pushed down to the BGE standalone entity.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Assets and Liabilities of Consolidated VIEs

Included within the balances above are assets and liabilities of certain consolidated VIEs for which the assets can only be used to settle obligations of those VIEs, and liabilities that creditors, or beneficiaries, do not have recourse to the general credit of the Registrants. As of March 31, 2015 and December 31, 2014, these assets and liabilities primarily consisted of the following:

	March 31, 2015			December 31, 2014		
	Exelon	Generation	BGE	Exelon	Generation	BGE
Cash and cash equivalents	$ 334	$ 334	$ —	$ 392	$ 392	$ —
Restricted cash	159	113	46	117	96	21
Accounts receivable, net						
Customer	296	296	—	297	297	—
Other	33	33	—	57	57	—
Mark-to-market derivatives assets	130	130	—	171	171	—
Inventory						
Materials and supplies	168	168	—	172	172	—
Other current assets	40	34	—	33	26	—
Total current assets	1,160	1,108	46	1,239	1,211	21
Property, plant and equipment, net	4,720	4,720	—	4,638	4,638	—
Nuclear decommissioning trust funds	2,114	2,114	—	2,097	2,097	—
Goodwill	47	47	—	47	47	—
Mark-to-market derivatives assets	51	51	—	44	44	—
Other noncurrent assets	90	78	3	95	82	3
Total noncurrent assets	7,022	7,010	3	6,921	6,908	3
Total assets	$8,182	$ 8,118	$ 49	$8,160	$ 8,119	$ 24
Long-term debt due within one year	$ 85	$ 5	$ 75	$ 87	$ 5	$ 75
Accounts payable	268	268	—	292	292	—
Accrued expenses	77	71	5	111	108	2
Mark-to-market derivative liabilities	10	10	—	24	24	—
Unamortized energy contract liabilities	9	9	—	22	22	—
Other current liabilities	18	18	—	25	25	—
Total current liabilities	467	381	80	561	476	77
Long-term debt	211	81	120	212	81	120
Asset retirement obligations	1,843	1,843	—	1,763	1,763	—
Pension obligation [(a)]	9	9	—	9	9	—
Unamortized energy contract liabilities	48	48	—	51	51	—
Other noncurrent liabilities	124	124	—	127	127	—
Noncurrent liabilities	2,235	2,105	120	2,162	2,031	120
Total liabilities	$2,702	$ 2,486	$200	$2,723	$ 2,507	$197

(a) Includes CNEG retail gas pension obligation, which is presented as a net asset balance within the Prepaid Pension asset line item on Generation's balance sheet. See Note 12 — Retirement Benefits for additional details.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Unconsolidated Variable Interest Entities

Exelon's and Generation's variable interests in unconsolidated VIEs generally include equity investments and energy purchase and sale contracts. For the equity investments, the carrying amount of the investments is reflected on Exelon's and Generation's Consolidated Balance Sheets in Investments. For the energy purchase and sale contracts and the fuel purchase commitments (commercial agreements), the carrying amount of assets and liabilities in Exelon's and Generation's Consolidated Balance Sheets that relate to their involvement with the VIEs are predominately related to working capital accounts and generally represent the amounts owed by, or owed to, Exelon and Generation for the deliveries associated with the current billing cycles under the commercial agreements. Further, Exelon and Generation have not provided material debt or equity support, liquidity arrangements or performance guarantees associated with these commercial agreements.

The Registrants' unconsolidated VIEs consist of:

- Energy purchase and sale agreements with VIEs for which Generation has concluded that consolidation is not required.
- Asset sale agreement with ZionSolutions, LLC and EnergySolutions, Inc. in which Generation has a variable interest but has concluded that consolidation is not required.
- Equity investments in energy development projects and energy generating facilities for which Generation has concluded that consolidation is not required.

As of March 31, 2015 and December 31, 2014, Exelon and Generation had significant unconsolidated variable interests in seven and six VIEs, respectively, for which Exelon or Generation, as applicable, was not the primary beneficiary; including certain equity method investments and certain commercial agreements. The increase in the number of unconsolidated VIEs is due to the execution of an energy purchase and sale agreement with a new unconsolidated VIE. The following tables present summary information about Exelon and Generation's significant unconsolidated VIE entities:

March 31, 2015	Commercial Agreement VIEs	Equity Investment VIEs	Total
Total assets [a]	$ 259	$ 85	$344
Total liabilities [a]	32	47	79
Exelon's ownership interest in VIE [a]	—	9	9
Other ownership interests in VIE [a]	227	29	256
Registrants' maximum exposure to loss:			
Carrying amount of equity method investments	—	13	13
Contract intangible asset	9	—	9
Debt and payment guarantees	—	3	3
Net assets pledged for Zion Station decommissioning [b]	27	—	27

December 31, 2014	Commercial Agreement VIEs	Equity Investment VIEs	Total
Total assets [a]	$ 506	$ 91	$597
Total liabilities [a]	237	49	286
Exelon's ownership interest in VIE [a]	—	9	9
Other ownership interests in VIE [a]	269	33	302
Registrants' maximum exposure to loss:			
Carrying amount of equity method investments	—	13	13
Contract intangible asset	9	—	9
Debt and payment guarantees	—	3	3
Net assets pledged for Zion Station decommissioning [b]	27	—	27

(a) These items represent amounts on the unconsolidated VIE balance sheets, not on Exelon's or Generation's Consolidated Balance Sheets. These items are included to provide information regarding the relative size of the unconsolidated VIEs.
(b) These items represent amounts on Exelon's and Generation's Consolidated Balance Sheets related to the asset sale agreement with ZionSolutions, LLC. The net assets pledged for Zion Station decommissioning include, gross pledged assets of $308 million and $319 million as of March 31, 2015 and December 31, 2014, respectively; offset by payables to ZionSolutions, LLC of $281 million and $292 million as of March 31, 2015 and December 31, 2014, respectively. These items are included to provide information regarding the relative size of the ZionSolutions, LLC unconsolidated VIE.

For each of the unconsolidated VIEs, Exelon and Generation has assessed the risk of a loss equal to their maximum exposure to be remote and, accordingly, Exelon and Generation have not recognized a liability associated with any portion of the maximum exposure to loss. In addition, there are no material agreements with, or commitments by, third parties that would affect the fair value or risk of their variable interests in these VIEs.

4. Mergers, Acquisitions, and Dispositions

Proposed Merger with Pepco Holdings, Inc. (Exelon)

Description of Transaction

On April 29, 2014, Exelon and Pepco Holdings, Inc. (PHI) signed an agreement and plan of merger (as subsequently amended and restated as of July 18, 2014, the Merger Agreement) to combine the two companies in an all cash transaction. The resulting company will retain the Exelon name and be headquartered in Chicago. Under the Merger Agreement, PHI's shareholders will receive $27.25 of cash in exchange for each share of PHI common stock. In connection with the Merger Agreement, Exelon entered into a subscription agreement under which it has purchased $144 million of a new class of nonvoting, nonconvertible and nontransferable preferred securities of PHI as of March 31, 2015, with additional investments of $18 million to be made quarterly up to a maximum aggregate investment of $180 million. The preferred securities are included in Other non-current assets on Exelon's Consolidated Balance Sheet. PHI has the right to redeem the preferred securities at its option for the purchase price paid plus accrued dividends, if any. Exelon expects total cash required to fund the acquisition of common stock and preferred securities plus other related acquisition costs to total approximately $7.2 billion. As part of the applications for approval of the merger, under pending or final settlements reached to date, as well as other filings, Exelon and PHI have proposed a package to the PHI utilities' respective customers, providing for direct investment in excess of approximately $300 million with the actual amount and timing of any related payments dependent upon settlement discussions in merger regulatory approval proceedings and the terms of regulatory orders approving the merger.

On October 9, 2014, PHI and Exelon each received a request for additional information from the DOJ. The request had the effect of extending the DOJ review period until 30 days after PHI and Exelon each has certified that it had substantially complied with the request. On November 21, 2014, Exelon and PHI each certified that it had substantially complied with the request. Accordingly, the HSR Act waiting period expired on December 22, 2014, and the HSR Act no longer precludes completion of the merger. Although the DOJ allowed the waiting period under the HSR Act to expire without taking any action with respect to the merger, the DOJ has not advised Exelon or PHI that it has concluded its investigation. Exelon and PHI have cooperated with the DOJ regarding the proposed merger.

To date, the PHI stockholders, the Virginia State Corporation Commission, the New Jersey Board of Public Utilities (NJBPU) and the FERC have approved the merger of PHI and Exelon. The Federal Communications Commission has also approved the transfer of certain PHI communications licenses.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

On February 13, 2015, Exelon and PHI announced that they had reached a settlement agreement in the proceeding before the Delaware Public Service Commission (DPSC) to review the proposed merger. The settlement, which was amended on April 7, 2015 and is subject to the approval of the DPSC, was signed and filed by Exelon, PHI, Delmarva Power & Light Company (DPL), the DPSC Staff, the Delaware Public Advocate, the Delaware Department of Natural Resources and Environment Control, the Delaware Sustainable Energy Utility, the Mid-Atlantic Renewable Energy Coalition and the Clean Air Council. As part of this settlement, Exelon and PHI have proposed a package of benefits to DPL customers and the state of Delaware including the establishment of customer rate credits of $40 million for DPL customers in Delaware, $2 million of funding for energy efficiency programs for DPL low income customers, and $2 million of funding for workforce development.

On March 17, 2015, Exelon and PHI announced that they had reached a settlement agreement with Montgomery and Prince George's Counties in the proceeding before the MDPSC to review the proposed merger. The settlement, which is subject to the approval of the MDPSC, was signed and filed by Exelon, PHI, Montgomery County, Prince George's County, the National Consumer Law Center, National Housing Trust, Maryland Affordable Housing Coalition, the Housing Association of Nonprofit Developers and a consortium of recreational trail advocacy organizations led by the Mid-Atlantic Off-Road Enthusiasts. As part of this settlement, Exelon and PHI have proposed a package of benefits to Potomac Electric Power Company (Pepco) and DPL customers and the state of Maryland including the establishment of a customer investment fund of $94.4 million for utility customers in Maryland. A portion of the customer investment fund, representing approximately $36.8 million, will provide bill credits to Pepco and DPL customers in Maryland, with the remaining $57.6 million funding energy-efficiency programs, including programs targeted to help low income customers lower their energy bills. Exelon also agreed to establish a Green Sustainability Fund (GSF) of $50 million to be allocated across the service territories of Pepco, DPL and ACE, with $19.8 million allocated to Maryland. The GSF will be allocated within each state to state and local "green banks" and similar sponsoring organizations to make loans to finance public and private investment in renewable energy, microgrids, and other developing energy technologies. Loans made by sponsoring organizations from the GSF must mature within 20 years following the merger closing. At the end of that 20 year period, principal payments received by the sponsoring organizations must be returned to Exelon, but Exelon's recovery of the entire GSF is not assured. In the settlement, Exelon also agreed to provide $4 million in funding for workforce development in Maryland and made various other commitments, including a commitment to develop 15 MW of commercial solar projects in Maryland. In a related agreement with Prince George's County, Exelon agreed to develop an additional 5 MW of solar generation in Maryland, the output of which will be delivered to Prince George's County under a 30-year PPA at no cost to the county for the first 15 years and at market pricing for the second 15 years. This agreement also requires Prince George's County to purchase substantially all of its requirements for electricity and natural gas from an Exelon affiliate for a period of 15 years, unless the Exelon affiliate is not the lowest bidder.

On March 10, 2015, Exelon and PHI announced that they had reached a settlement agreement with the Alliance for Solar Choice, a group of solar developers, in the proceeding before the MDPSC. The settlement, which is subject to the approval of the MDPSC, provides for enhancements to the interconnection process for behind-the-meter distributed generation and storage projects.

Exelon and PHI continue to expect the merger to be completed late in the second or third quarter of 2015.

Exelon has been named in suits filed in the Delaware Chancery Court alleging that individual directors of PHI breached their fiduciary duties by entering into the proposed merger transaction and Exelon aided and abetted the individual directors' breaches. The suits seek to enjoin PHI from completing the merger or seek rescission of the merger if completed. In addition, they also seek unspecified damages and costs. Exelon was also named in a federal court suit making similar claims. In September 2014, the parties reached a proposed settlement that would resolve all claims, which is subject to court approval. Final court approval of the proposed

settlement is not anticipated until approximately 90 days after merger close. Exelon does not believe these suits will impact the completion of the transaction, and they are not expected to have a material impact on Exelon's results of operations.

Including 2014 and through March 31, 2015, Exelon has incurred approximately $289 million of expense associated with the proposed merger, primarily $69 million related to acquisition and integration costs and $220 million of costs incurred to finance the transaction.

The Merger Agreement also provides for termination rights for both parties. Under certain circumstances, if the Merger Agreement is terminated, PHI may be required to pay Exelon a termination fee ranging from $259 million to $293 million plus certain expenses. If the Merger Agreement is terminated due to a regulatory failure, Exelon may be required to pay PHI a termination fee equal to the amount of purchased nonvoting preferred securities of PHI described above, through the redemption by PHI of the outstanding nonvoting preferred securities for no consideration other than the nominal par value of the stock, plus certain expenses.

Merger Financing

Exelon intends to fund the all-cash transaction using a combination of approximately $3.5 billion of debt, up to $1.0 billion in cash from asset sales primarily at Generation, and the remainder through issuance of equity (including mandatory convertible securities). On June 11, 2014, Exelon marketed an equity offering of 57.5 million shares of its common stock at a public offering price of $35 per share in connection with forward sales agreements and $1.2 billion of junior subordinated notes in the form of 23 million equity units. In addition, Exelon signed a 364-day $7.2 billion senior unsecured bridge credit facility to support the contemplated transaction and provide flexibility for timing of permanent financing, which has subsequently been reduced to a $3.2 billion facility as a result of the execution of the equity issuance and the net after-tax cash proceeds from generating asset divestitures during the second half of 2014. See Note 9 — Debt and Credit Agreements and Note 15 — Common Stock for more information.

Acquisitions (Exelon and Generation)

Acquisition of Integrys Energy Group, Inc. (Exelon and Generation)

On November 1, 2014, Generation acquired the competitive retail electric and natural gas business activities of Integrys Energy Group, Inc. through the purchase of all of the stock of its wholly owned subsidiary, Integrys Energy Services, Inc. (Integrys) for a purchase price of $332 million, including net working capital. As of March 31, 2015, Generation had remitted $319 million to Integrys Energy Group, Inc. and the remaining balance of $13 million is included in Other current liabilities on Exelon's and Generation's Consolidated Balance Sheets. The remaining balance was paid on April 17, 2015.

Asset Divestitures (Exelon and Generation)

On January 21, 2015, Generation closed on the sale of the Quail Run generating facility. Including the sale of the Quail Run generating facility, Generation has sold generating assets for total pre-tax proceeds of $1.8 billion (after-tax proceeds of $1.4 billion) which are expected to be used primarily to finance a portion of the acquisition of PHI.

At March 31, 2015, assets of $1 million related to property, plant and equipment are recorded as Assets held for sale on Exelon's and Generation's Consolidated Balance Sheet.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

5. Regulatory Matters (Exelon, Generation, ComEd, PECO and BGE)

Regulatory and Legislative Proceedings (Exelon, Generation, ComEd, PECO and BGE)

Except for the matters noted below, the disclosures set forth in Note 3—Regulatory Matters of the Exelon 2014 Form 10-K appropriately represent, in all material respects, the current status of regulatory and legislative proceedings of the Registrants. The following is an update to that discussion.

Illinois Regulatory Matters

Energy Infrastructure Modernization Act (Exelon and ComEd). Since 2011, ComEd's distribution rates are established through a performance-based rate formula, pursuant to EIMA. EIMA also provides a structure for substantial capital investment by utilities to modernize Illinois' electric utility infrastructure. EIMA was scheduled to sunset, ending ComEd's performance based rate formula and investment commitment, at December 31, 2017, unless approved to continue through 2022 by the Illinois General Assembly. On April 3, 2015, the Governor signed legislation extending the EIMA sunset from 2017 to 2019.

Participating utilities are required to file an annual update to the performance-based formula rate tariff on or before May 1, with resulting rates effective in January of the following year. This annual formula rate update is based on prior year actual costs and current year projected capital additions. The update also reconciles any differences between the revenue requirement(s) in effect for the prior year and actual costs incurred for that year. Throughout each year, ComEd records regulatory assets or regulatory liabilities and corresponding increases or decreases to operating revenues for any differences between the revenue requirement(s) in effect and ComEd's best estimate of the revenue requirement expected to be approved by the ICC for that year's reconciliation. As of March 31, 2015, and December 31, 2014, ComEd had recorded a net regulatory asset associated with the distribution formula rate of $316 million and $371 million, respectively. The regulatory asset associated with distribution true-up is amortized to Operating revenues as the associated amounts are recovered through rates.

On April 15, 2015, ComEd filed its annual distribution formula rate with the ICC. The filing establishes the revenue requirement used to set the rates that will take effect in January 2016 after the ICC's review and approval, which is due by December 2015. The revenue requirement requested is based on 2014 actual costs plus projected 2015 capital additions as well as an annual reconciliation of the revenue requirement in effect in 2014 to the actual costs incurred that year. ComEd's 2015 filing request includes a total decrease to the revenue requirement of $50 million, reflecting an increase of $92 million for the initial revenue requirement for 2016 and an decrease of $142 million related to the annual reconciliation for 2014. The revenue requirement for 2016 provides for a weighted average debt and equity return on distribution rate base of 7.05% inclusive of an allowed return on common equity of 9.14%, reflecting the average rate on 30-year treasury notes plus 580 basis points. The annual reconciliation for 2014 provided for a weighted average debt and equity return on distribution rate base of 7.02% inclusive of an allowed return on common equity of 9.09%, reflecting the average rate on 30-year treasury notes plus 580 basis points less a performance metrics penalty of 5 basis points.

Participating utilities are also required to file an annual update on their AMI implementation progress. On June 11, 2014, the ICC approved ComEd's accelerated deployment plan which allows for the installation of more than four million smart meters throughout ComEd's service territory by 2018, three years in advance of the originally scheduled 2021 completion date. On April 1, 2015, ComEd filed an annual progress report on its AMI Implementation Plan with the ICC. To date, over one million smart meters have been installed in the Chicago area.

Grand Prairie Gateway Transmission Line (Exelon and ComEd). On December 2, 2013, ComEd filed a request to obtain the ICC's approval to construct a 60-mile overhead 345kV transmission line that traverses Ogle, DeKalb, Kane and DuPage Counties in Northern Illinois. On May 28, 2014, in a separate proceeding, FERC

issued an order granting ComEd's request to include 100% of the capital costs recorded to construction work in progress during construction of the line in ComEd's transmission rate base. If the project is cancelled or abandoned for reasons beyond ComEd's control, FERC approved the ability for ComEd to recover 100% of its prudent costs incurred after May 21, 2014 and 50% of its costs incurred prior to May 21, 2014 in ComEd's transmission rate base. The costs incurred for the project prior to May 21, 2014 were immaterial. On October 22, 2014, the ICC issued an order approving ComEd's Grand Prairie Gateway Project over the objection of numerous landowners and the City of Elgin. On January 15, 2015, the City of Elgin and other parties filed a Notice of Appeal in the Illinois Appellate Court. On April 8, 2015, the ICC issued a rehearing order denying the appeals filed to consider an alternate route for the transmission line. The rehearing order affirmed the route approved within the ICC's October 22, 2014 order. ComEd expects to begin construction of the line in the second quarter of 2015 with an in-service date expected in the second quarter of 2017.

Pennsylvania Regulatory Matters

2015 Pennsylvania Electric Distribution Rate Case (Exelon and PECO). On March 27, 2015, PECO filed a petition with the PAPUC requesting an increase of $190 million to its annual service revenues for electric delivery, which would reflect a 4.4% increase on the basis of total Pennsylvania jurisdictional operating revenue. The requested rate of return on common equity is 10.95%. The new electric delivery rates would take effect no later than January 1, 2016. The results of the rate case are expected to be known in the fourth quarter of 2015. PECO cannot predict how much of the requested increase the PAPUC will ultimately approve.

Pennsylvania Procurement Proceedings (Exelon and PECO). On October 12, 2012, the PAPUC issued its Opinion and Order approving PECO's second DSP Program, which was filed with the PAPUC in January 2012. The program, which has a 24-month term from June 1, 2013 through May 31, 2015, complies with electric generation procurement guidelines set forth in Act 129. In the second DSP Program, PECO entered into contracts with PAPUC-approved bidders, including Generation, to procure electric supply for its default electric customers through five competitive procurements.

In addition, the second DSP Program includes a number of retail market enhancements recommended by the PAPUC in its previously issued Retail Markets Intermediate Work Plan Order. PECO was also directed to submit a plan to allow its low-income Customer Assistance Program (CAP) customers to purchase their generation supply from EGSs beginning in April 2014. In May 2013, PECO filed its CAP Shopping Plan with the PAPUC. By Order entered on January 24, 2014, the PAPUC approved PECO's plan, with modifications, to make CAP shopping available beginning April 15, 2014. On March 20, 2014, the Office of Consumer Advocate (OCA) and low-income advocacy groups filed an appeal and emergency request for a stay with the Pennsylvania Commonwealth Court, claiming that the PAPUC-ordered CAP Shopping plan does not contain sufficient protections for low-income customers. On March 11, 2015, the appeal was argued before the Commonwealth Court (the Court). PECO cannot implement CAP Shopping until the Court reaches a decision, which is expected in 2015.

On December 4, 2014, the PAPUC approved PECO's third DSP Program. The program has a 24-month term from June 1, 2015 through May 31, 2017, and complies with electric generation procurement guidelines set forth in Act 129. Under the program, PECO is procuring electric supply through four competitive procurements for fixed price full requirements contracts of two years or less for the residential classes and small and medium commercial classes and spot market price full requirement contracts for the large commercial and industrial class load. In March 2015, PECO entered into contracts with PAPUC-approved bidders, including Generation, for its residential class and its small, medium, and large commercial classes commencing in June 2015. Charges incurred for electric supply procured through contracts with Generation are included in purchased power from affiliates on PECO's Statement of Operations and Comprehensive Income.

On March 12, 2015, PECO settled the CAP Design with the Office of Consumer Advocates (OCA) and Low Income Advocates, and filed the proposed plan with the PAPUC on March 20, 2015. The program design

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changes the rate structure of PECO's CAP to make the bills more affordable to customers enrolled in the assistance program. The CAP discounts continue to be recovered through PECO's universal service fund cost. If the CAP Design proposed plan is approved by the PAPUC, PECO plans to implement the program changes in October 2016.

Smart Meter and Smart Grid Investments (Exelon and PECO). In April 2010, pursuant to Act 129 and the follow-on Implementation Order of 2009, the PAPUC approved PECO's Smart Meter Procurement and Installation Plan (SMPIP). PECO is currently in the second phase of the SMPIP, under which PECO will deploy substantially all remaining smart meters, for a total of 1.7 million smart meters, on an accelerated basis by the second quarter of 2015. In total, PECO currently expects to spend up to $591 million, excluding the cost of the original meters, on its smart meter infrastructure and approximately $155 million on smart grid investments through final deployment of which $200 million was funded by SGIG. As of March 31, 2015, PECO has spent $568 million and $155 million on smart meter and smart grid infrastructure, respectively, not including the DOE reimbursements received.

For further information on the SGIG and Smart Meter and Smart Grid program, see Note 3—Regulatory Matters of the Exelon 2014 Form 10-K.

Pennsylvania Act 11 of 2012 (Exelon and PECO). In February 2012, Act 11 was signed into law, which seeks to clarify the PAPUC's authority to approve alternative ratemaking mechanisms, allowing for the implementation of a distribution system improvement charge (DSIC) in rates designed to recover capital project costs incurred to repair, improve or replace utilities' aging electric and natural gas distribution systems in Pennsylvania. Prior to recovering costs pursuant to a DSIC, the PAPUC's implementation order requires a utility to have a Long Term Infrastructure Improvement Plan (LTIIP) approved by the Commission, which outlines how the utility is planning to increase its investment for repairing, improving, or replacing aging infrastructure.

On February 5, 2015, PECO filed a petition to modify its natural gas LTIIP with the PAPUC, which was originally approved by the PAPUC in May 2013. If approved, the modification would allow PECO to further accelerate the replacement of existing gas mains and also included a plan for the relocation of meters from indoors to outside in accordance with recent PAPUC rulemaking. In addition, on March 20, 2015, PECO filed a petition with the PAPUC for approval of its gas DSIC mechanism for recovery of gas LTIIP expenditures.

On March 27, 2015, PECO filed a petition with the PAPUC for approval of its proposed electric DSIC and LTIIP. In accordance with the LTIIP (System 2020 plan), PECO plans to spend $275 million over the next five years to modernize and storm-harden its electric distribution system, making it more weather resistant and less vulnerable to damage. If approved, the DSIC will allow PECO the opportunity to recover the costs, subject to certain criteria, incurred to repair, improve or replace its electric distribution property between rate cases.

Maryland Regulatory Matters

2013 Maryland Electric and Gas Distribution Rate Case (Exelon and BGE). On May 17, 2013, and as amended on August 23, 2013, BGE filed for electric and gas base increases with the MDPSC, ultimately requesting increases of $83 million and $24 million, respectively. In addition to these requested rate increases, BGE's application included a request for recovery of incremental capital expenditures and operating costs associated with BGE's proposed short-term reliability improvement plan (the ERI initiative) in response to a MDPSC order through a surcharge separate from base rates.

On December 13, 2013, the MDPSC issued an order in BGE's 2013 electric and natural gas distribution rate case for increases in annual distribution service revenue of $34 million and $12 million, respectively, and an allowed return on equity of 9.75% and 9.60%, respectively. Rates became effective for services rendered on or

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after December 13, 2013. The MDPSC also authorized BGE to recover through a surcharge mechanism costs associated with five ERI initiative programs designed to accelerate electric reliability improvements premised upon the condition that the MDPSC approve specific projects in advance of cost recovery. On March 31, 2014, after reviewing comments filed by the parties and conducting a hearing on the matter, the MDPSC approved all but one project proposed for completion in 2014 as part of the ERI initiative. The ERI initiative surcharge became effective June 1, 2014. On November 3, 2014, BGE filed a surcharge update including a true-up of cost estimates included in the 2014 surcharge, along with its work plan and cost estimates for 2015, to be included in the 2015 surcharge. At its December 17, 2014 weekly Administrative Meeting, the MDPSC approved BGE's 2014 annual report, 2015 work plan and the 2015 surcharge.

In January 2014, the residential consumer advocate in Maryland filed an appeal to the order issued by the MDPSC on December 13, 2013 in BGE's 2013 electric and gas distribution rate cases. The residential consumer advocate filed its related legal memorandum on August 22, 2014, challenging the MDPSC's approval of the ERI initiative surcharge. BGE submitted a response to the appeal on October 15, 2014, and a hearing was held on November 17, 2014. BGE cannot predict the outcome of this appeal. If the residential consumer advocate's appeal is successful, BGE could recover ERI expenditures through other regulatory mechanisms.

Smart Meter and Smart Grid Investments (Exelon and BGE). In August 2010, the MDPSC approved a comprehensive smart grid initiative for BGE that included the planned installation of 2 million residential and commercial electric and gas smart meters at an expected total cost of $480 million of which $200 million was recovered through a grant from the DOE. The MDPSC's approval ordered BGE to defer the associated incremental costs, depreciation and amortization, and an appropriate return, in a regulatory asset until such time as a cost-effective advanced metering system is implemented. As of March 31, 2015 and December 31, 2014, BGE recorded a regulatory asset of $143 million and $128 million, respectively, representing incremental costs, depreciation and amortization, and a debt return on fixed assets related to its AMI program. As part of the settlement in BGE's 2014 electric and gas distribution rate case, the cost of the retired non-AMI meters will be amortized over 10 years.

The Maryland Strategic Infrastructure Development and Enhancement Program (Exelon and BGE) . In February 2013, the Maryland General Assembly passed legislation intended to accelerate gas infrastructure replacements in Maryland by establishing a mechanism for gas companies to recover promptly reasonable and prudent costs of eligible infrastructure replacement projects separate from base rate proceedings. On May 2, 2013, the Governor of Maryland signed the legislation into law; which took effect June 1, 2013. Under the new law, following a proceeding before the MDPSC and with the MDPSC's approval of the eligible infrastructure replacement projects along with a corresponding surcharge, BGE could begin charging gas customers a monthly surcharge for infrastructure costs incurred after June 1, 2013. The legislation includes caps on the monthly surcharges to residential and non-residential customers, and would require an annual true-up of the surcharge revenues against actual expenditures. Investment levels in excess of the cap would be recoverable in a subsequent gas base rate proceeding at which time all costs for the infrastructure replacement projects would be rolled into gas distribution rates. Irrespective of the cap, BGE is required to file a gas rate case every five years under this legislation. On August 2, 2013, BGE filed its infrastructure replacement plan and associated surcharge. On January 29, 2014, the MDPSC issued a decision conditionally approving the first five years of BGE's plan and surcharge. On March 26, 2014, the Maryland PSC approved as filed BGE's proposed 2014 project list, tariff and associated surcharge amounts, with a surcharge that became effective April 1, 2014. On November 17, 2014, BGE filed a surcharge update including a true-up of cost estimates included in the 2014 surcharge, along with its 2015 project list and cost estimates to be included in the 2015 surcharge. The filing was approved with a revised surcharge effective January 1, 2015. At its December 17, 2014 weekly Administrative Meeting, the MDPSC approved BGE's 2015 project list and the proposed surcharge for 2015. As of March 31, 2015, BGE recorded a regulatory liability of $1 million, representing the difference between the surcharge revenues and program costs.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

In February 2014, the residential consumer advocate in Maryland filed an appeal with the Baltimore City Circuit Court to the decision issued by the MDPSC on BGE's infrastructure replacement plan. On September 5, 2014, the Baltimore City Circuit Court affirmed the MDPSC decision on BGE's infrastructure replacement plan and associated surcharge. On October 10, 2014, the residential consumer advocate noticed its appeal to the Maryland Court of Special Appeals from the judgment entered by the Baltimore City Circuit Court. The Court of Special Appeals has issued a preliminary procedural schedule that sets oral argument in this matter for a date in the first two weeks of November 2015.

New York Regulatory Matters

Ginna Nuclear Power Plant Reliability Support Services Agreement (Exelon and Generation). Ginna Nuclear Power Plant's (Ginna) prior period fixed-price PPA contract with Rochester Gas & Electric Company (RG&E) expired in June 2014. In light of the expiration of the agreement, Ginna advised the New York Public Service Commission (NYPSC) and ISO-NY that in absence of a reliability need, Ginna management would make a recommendation, subject to approval by the CENG board, that Ginna be retired as soon as practicable. A formal study conducted by the ISO-NY and RG&E concluded that the Ginna nuclear plant needs to remain in operation to maintain the reliability of the transmission grid in the Rochester region through 2018 when planned transmission system upgrades are expected to be completed. In November 2014, in response to a petition filed by Ginna, the NYPSC directed Ginna and RG&E to negotiate a Reliability Support Services Agreement (RSSA). On February 13, 2015, regulatory filings, including RSSA terms negotiated between Ginna and RG&E, to support the continued operation of Ginna for reliability purposes were made with the NYPSC and with FERC for their approval. Although the RSSA contract is still subject to regulatory approvals, on April 1, 2015, Ginna began delivering power and capacity into ISO-NY consistent with the provisions of the proposed RSSA contract. RG&E may terminate the RSSA contract upon providing 12-months' notice, which would require RG&E to make a specified termination payment to Ginna. The proposed RSSA contract extends through September 30, 2018. In the event that Ginna continues to operate beyond the RSSA term, Ginna would be required to make a specified refund payment to RG&E. The FERC issued an order on April 14, 2015, directing Ginna to make a compliance filing to ensure that the RSSA does not allow Ginna to receive revenues above its full cost-of-service and rejecting any extension of the RSSA beyond its initial term, rather requiring any extension be subject to the rules currently being developed by ISO-NY. The FERC order also set the RSSA for hearing and settlement procedures. Until final regulatory approvals are received, Generation will recognize revenue based on market prices for energy and capacity delivered by Ginna into ISO-NY. Upon receiving regulatory approvals, under the RSSA contract terms, Generation would record an adjustment to recognize revenue based on the final approved pricing contained in the contract as of the April 1, 2015 effective date. While the RSSA is expected to receive regulatory approvals and, therefore, permit Ginna to continue operating through the RSSA term, there is still a risk that, for economic reasons, including adjustments to the revenue Ginna would be entitled to under the RSSA, Ginna could be retired before the end of its operating license period. In absence of such an agreement and in the event the plant is retired before the current license term ends in 2029, Exelon's and Generation's results of operations could be adversely affected by increased depreciation rates, impairment charges, severance costs, and accelerated future decommissioning costs, among other items. However, it is not expected that such impacts would be material to Exelon's or Generation's results of operations.

Federal Regulatory Matters

Transmission Formula Rate (Exelon, ComEd and BGE). ComEd's and BGE's transmission rates are each established based on a FERC-approved formula. ComEd and BGE are required to file an annual update to the FERC-approved formula on or before May 15, with the resulting rates effective on June 1 of the same year. The annual formula rate update is based on prior year actual costs and current year projected capital additions. The update also reconciles any differences between the revenue requirement in effect beginning June 1 of the

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prior year and actual costs incurred for that year. ComEd and BGE record regulatory assets or regulatory liabilities and corresponding increases or decreases to operating revenues for any differences between the revenue requirement in effect and ComEd's and BGE's best estimate of the revenue requirement expected to be approved by the FERC for that year's reconciliation. As of March 31, 2015 and December 31, 2014, ComEd had recorded a net regulatory asset associated with the transmission formula rate of $25 million and $21 million, respectively, and BGE recorded a net regulatory asset associated with the transmission formula rate of $2 million and $1 million at March 31, 2015 and December 31, 2014, respectively. The regulatory asset associated with the transmission true-up is amortized to Operating revenues as the associated amounts are recovered through rates.

On April 15, 2015, ComEd filed its annual transmission formula rate update with the FERC. The filing establishes the revenue requirement used to set rates that will take effect in June 2015, subject to review by the FERC and other parties, which is due by October 2015. ComEd's 2015 filing request includes a total increase to the revenue requirement of $91 million, reflecting an increase of $73 million for the initial revenue requirement and an increase of $18 million related to the annual reconciliation. The revenue requirement provides for a weighted average debt and equity return on transmission rate base of 8.61%, inclusive of an allowed return on common equity of 11.50%, a decrease from the 8.62% average debt and equity return previously authorized.

As part of the FERC-approved settlement of ComEd's 2007 transmission rate case, the rate of return on common equity is 11.50% and the common equity component of the ratio used to calculate the weighted average debt and equity return for the transmission formula rate is currently capped at 55%.

In April 2015, BGE filed its annual transmission formula rate update with the FERC. The filing establishes the revenue requirement used to set rates that will take effect in June 2015, subject to review by the FERC and other parties, which is due by October 2015. BGE's 2015 filing request includes a total increase to the revenue requirement of $10 million, reflecting an increase of $13 million for the initial revenue requirement and a decrease of $3 million related to the annual reconciliation. The revenue requirement provides for a weighted average debt and equity return on transmission rate base of 8.46%, inclusive of an allowed return on common equity of 11.30%, a decrease from the 8.53% average debt and equity return previously authorized.

As part of the FERC-approved settlement of BGE's 2005 transmission rate case in 2006, the rate of return on common equity for BGE's electric transmission business for new transmission projects placed in service on and after January 1, 2006 is 11.30%, which is inclusive of a 50 basis point incentive for participating in PJM.

FERC Transmission Complaint (Exelon and BGE). On February 27, 2013, consumer advocates and regulators from the District of Columbia, New Jersey, Delaware and Maryland, and the Delaware Electric Municipal Cooperatives (the parties), filed a complaint at FERC against BGE and PHI companies relating to their respective transmission formula rates. BGE's formula rate includes a 10.8% base rate of return on common equity (ROE) and a 50 basis point incentive for participating in PJM (the latter of which is conditioned upon crediting the first 50 basis points of any incentive ROE adders). The parties seek a reduction in the base return on equity to 8.7% and changes to the formula rate process. FERC docketed the matter and set April 3, 2013 as the deadline for interventions, protests and answers. Under FERC rules, the revenues subject to refund are limited to a fifteen month period and the earliest date from which the base ROE could be adjusted and refunds required is the date of the complaint. On March 19, 2013, BGE filed a motion to dismiss or sever the complaint.

On August 21, 2014, FERC issued an order in the BGE and PHI companies' proceeding, which established hearing and settlement judge procedures for the complaint, and set a refund effective date of February 27, 2013. BGE, the PHI companies and the parties began settlement discussions under the guidance of a FERC administrative law judge on September 23, 2014. On November 24, 2014, the Settlement Judge informed FERC

and the Chief Judge that the parties had reached an impasse and determined that a settlement was not possible. On November 26, 2014, the Chief Judge issued an order terminating the settlement proceeding, designating a presiding judge at the hearings and directing that an initial decision be issued by November 25, 2015.

On December 8, 2014, various state agencies in Delaware, Maryland, New Jersey, and D.C. filed a second complaint against BGE regarding the base ROE of the transmission business seeking a reduction from 10.8% to 8.8%. The filing of the second complaint creates a second refund window. By order issued on February 9, 2015, FERC established a hearing on the second complaint with the complainants' requested refund effective date of December 8, 2014. On February 20, 2015, the Chief Judge issued an order consolidating the two complaint proceedings and established an Initial Decision issuance deadline of February 29, 2016. On March 2, 2015, the Presiding Administrative Law Judge issued an order establishing a procedural schedule for the consolidated proceedings that provides for the hearing to commence on October 20, 2015.

Based on the current status of the complaint filings, BGE believes it is probable that BGE's base ROE rate will be adjusted, and that a refund to customers of transmission revenue for the two maximum fifteen month periods will be required. However, BGE is unable to estimate the most likely refund amount for either complaint at this time, and has therefore established a reserve, which is not material, representing the low end of a reasonably possible estimated range of loss. Additionally, management is unable to estimate the maximum exposure of a potential refund at this time, which may have a material impact on BGE's results of operations and cash flows. The estimated annual ongoing reduction in revenues if FERC approved the ROEs requested by the parties in their filings is approximately $11 million. If FERC were to order a reduction of BGE's base ROE to 8.7% as sought in the first complaint (while retaining the 50 basis points of any incentives that were credited to the base return on equity for certain new transmission investment), the result of the first fifteen month refund window would be a refund to customers of approximately $13 million. If FERC were to order a reduction in BGE's base ROE to 8.8% as sought in the second complaint (while retaining 50 basis points of any incentives that were credited to the base return on equity for certain new transmission investment) and the refund period extended for a full fifteen months, the result would be a refund to customers of approximately $14 million.

PJM Transmission Rate Design and Operating Agreements (Exelon, ComEd, PECO and BGE). PJM Transmission Rate Design specifies the rates for transmission service charged to customers within PJM. Currently, ComEd, PECO and BGE incur costs based on the existing rate design, which charges customers based on the cost of the existing transmission facilities within their load zone and the cost of new transmission facilities based on those who benefit from those facilities. In April 2007, FERC issued an order concluding that PJM's current rate design for existing facilities is just and reasonable and should not be changed. In the same order, FERC held that the costs of new facilities 500 kV and above should be socialized across the entire PJM footprint and that the costs of new facilities less than 500 kV should be allocated to the customers of the new facilities who caused the need for those facilities. A number of parties appealed to the U.S. Court of Appeals for the Seventh Circuit.

In August 2009, the court issued its decision affirming the FERC's order with regard to the existing facilities, but remanded to FERC the issue of the cost allocation associated with the new facilities 500 kV and above (Cost Allocation Issue) for further consideration by the FERC. On remand, FERC reaffirmed its earlier decision to socialize the costs of new facilities 500 kV and above. A number of parties filed appeals of these orders. In June 2014, the court again remanded the Cost Allocation Issue to FERC. On December 18, 2014, FERC issued an order setting an evidentiary hearing and settlement proceeding regarding the Cost Allocation Issue. The hearing only concerns new facilities approved by the PJM Board prior to February 1, 2013. As of March 31, 2015, settlement discussions are continuing.

Because a new cost allocation had been adopted for projects approved by the PJM Board on or after February 1, 2013, this latest remand only involves the cost allocation for facilities 500 kV and above approved prior

to that date. ComEd anticipates that all impacts of any rate design changes effective after December 31, 2006, should be recoverable through retail rates and, thus, the rate design changes are not expected to have a material impact on ComEd's results of operations, cash flows or financial position. PECO anticipates that all impacts of any rate design changes should be recoverable through the transmission service charge rider approved in PECO's 2010 electric distribution rate case settlement and, thus, the rate design changes are not expected to have a material impact on PECO's results of operations, cash flows or financial position. To the extent any rate design changes are retroactive to periods prior to January 1, 2011, there may be an impact on PECO's results of operations. BGE anticipates that all impacts of any rate design changes effective after the implementation of its standard offer service programs in Maryland should be recoverable through retail rates and, thus, the rate design changes are not expected to have a material impact on BGE's results of operations, cash flows or financial position.

Demand Response Resource Order (Exelon, Generation, ComEd, PECO, BGE). On May 23, 2014, the D.C. Circuit Court issued an opinion vacating the FERC Order No. 745 (D.C. Circuit Decision). Order No. 745 established uniform compensation levels for demand response resources that participate in the day ahead and real-time wholesale energy markets. Under Order No. 745, buyers in ISO and RTO markets were required to pay demand response resources the full Locational Marginal Price when the demand response replaced a generation resource and was cost-effective.

In addition to invalidating the compensation structure established by Order No. 745, the D.C. Circuit Court, in broad language, explained that demand response is part of the retail market and FERC is restricted from regulating retail markets. The full implication of the D.C. Circuit Decision for both energy and capacity markets regulated by FERC is not yet known and will depend on how FERC and the RTOs and ISOs implement the decision. FERC and several other parties sought rehearing of the D.C. Circuit Decision, which was denied in September 2014. In addition, on September 22, 2014, FERC and another party sought to stay the issuance of the D.C. Circuit Court's mandate so that FERC may appeal the decision to the U.S. Supreme Court. The stay was granted with respect to the FERC's request only. In January 2015, the FERC sought to appeal the decision to the U.S. Supreme Court. Thus, the stay will be extended at least until the U.S. Supreme Court determines whether to allow the appeal. In addition, contemporaneously with the D.C. Circuit Court's decision on May 23, 2014, First Energy filed a complaint at FERC asking FERC to direct PJM to remove all PJM Tariff provisions that allow or require PJM to compensate demand response providers as a form of supply in the PJM capacity market effective May 23, 2014. FirstEnergy also asked FERC to declare the results of PJM's May 2014 Base Residual Auction for the 2017/2018 Delivery Year, void and illegal to the extent that demand response resources cleared that auction. On November 14, 2014, the New England Power Generators Association, Inc. (NEPGA) filed a similar complaint at FERC asking FERC to disqualify demand response from the upcoming capacity auction in New England and to revise the New England tariff to remove demand response from participation in the capacity market. FERC's response to the FirstEnergy complaint and the NEPGA complaint and its response to address the D.C. Circuit Court's decision in all markets could preclude demand response resources from receiving any future capacity market revenues and also subject such resources to refund obligations. In addition, there is uncertainty as to how FERC might treat already settled capacity market auctions as well as future auctions, both for demand response resources and generation resources. FERC could grant all or a portion of the relief requested by FirstEnergy and may grant relief retroactively or only prospectively. FERC could also pursue alternative means for allowing demand response to effectively participate in capacity markets it regulates. Due to these uncertainties, the Registrants are unable to predict the outcome of these proceedings, and the final outcome is not expected for several months. Nonetheless, the final decision and its implementation by FERC and the RTOs and ISOs, could be material to Exelon, Generation, ComEd, PECO and BGE's results of operations and cash flows.

New England Capacity Market Results (Exelon and Generation). Each year, ISO New England, Inc. (ISO-NE) files the results of its annual capacity auction at the FERC which is required to include documentation

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regarding the competitiveness of the auction. Consistent with this requirement, on February 27, 2015, ISO-NE filed the results of its ninth capacity auction (covering the June 1, 2018 through May 30, 2019 delivery period).

On February 28, 2014, ISO-NE filed the results of its eighth capacity auction (covering the June 1, 2017 through May 30, 2018 delivery period). On June 27, 2014, the FERC issued a letter to ISO-NE noting that ISO-NE's February 28, 2014 filing was deficient and that ISO-NE must file additional information before the FERC can process the filing. ISO-NE filed the information on July 17, 2014, and the ISO-NE's filings became effective by operation of law pursuant to a notice issued by the secretary of FERC on September 16, 2014. Several parties sought rehearing of the secretary's notice which was effectively denied in October 2014 and have since appealed the matter to the D.C. Circuit Court. On April 7, 2015 the D.C. Circuit Court issued an order referring the matter to a merits panel where issues raised by parties challenging the FERC decision will be heard as well as FERC's Motion to Dismiss the challenges. It is not clear whether the court will decide ultimately on the merits of the case or whether it will dismiss the case as FERC urges based on the fact that there is no action by the FERC to be considered. Nonetheless, while any change in the auction results is thought to be unlikely, Exelon and Generation cannot predict with certainty what further action the court may take concerning the results of that auction, but any court action could be material to Exelon's and Generation's expected revenues from the capacity auction.

License Renewals (Exelon and Generation). On August 29, 2012 and August 30, 2012, Generation submitted hydroelectric license applications to FERC for 46-year licenses for the Conowingo Hydroelectric Project (Conowingo) and the Muddy Run Pumped Storage Project (Muddy Run), respectively.

Generation is working with stakeholders to resolve water quality licensing issues with the MDE for Conowingo, including: (1) water quality, (2) fish passage and habitat, and (3) sediment. On January 30, 2014, Generation filed a water quality certification application pursuant to Section 401 of the CWA with MDE for Conowingo, addressing these and other issues, although Generation cannot currently predict the conditions that ultimately may be imposed. MDE indicated that it believed it did not have sufficient information to process Generation's application. As a result, on December 5, 2014, Generation withdrew its pending application for a water quality certification. FERC policy requires that an applicant resubmit its request for a water quality certification within 90 days of the date of withdrawal. Accordingly, on March 3, 2015, Generation refiled its application for a water quality certification. In addition, Generation has entered into an agreement with MDE to work with state agencies in Maryland, the U.S. Army Corps of Engineers, the U.S. Geological Survey, the University of Maryland Center for Environmental Science and the U.S. Environmental Protection Agency Chesapeake Bay Program to design, conduct and fund an additional multi-year sediment study. Generation has agreed to contribute up to $3.5 million to fund the additional study. Resolution of these issues relating to Conowingo may have a material effect on Exelon's and Generation's results of operations and financial position through an increase in capital expenditures and operating costs.

On June 3, 2014, and subsequently modified December 9, 2014, the PA DEP issued its water quality certificate for Muddy Run, which is a necessary step in the FERC licensing process and included certain commitments made by Generation. On March 2, 2015, Generation and US Fish and Wildlife Services (USFWS) submitted to FERC an executed settlement agreement resolving all outstanding issues related to Muddy Run. The financial impact associated with these commitments is estimated to be in the range of $25 million to $35 million, and will include both capital expenditures and operating expenses, primarily relating to fish passage and habitat improvement projects.

The FERC licenses for Muddy Run and Conowingo expired on August 31, 2014 and September 1, 2014 respectively. Under the Federal Power Act, FERC is required to issue annual licenses for the facilities until the new licenses are issued. On September 10, 2014, FERC issued annual licenses for Conowingo and Muddy Run, effective as of the expiration of the previous licenses. If FERC does not issue new licenses prior to the expiration of annual licenses, the annual licenses will renew automatically. On March 11, 2015, FERC issued the final Environmental Impact Statement for Muddy Run and Conowingo.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The stations are currently being depreciated over their estimated useful lives, which includes the license renewal period. As of March 31, 2015, $40 million of direct costs associated with licensing efforts have been capitalized

Regulatory Assets and Liabilities (Exelon, ComEd, PECO and BGE)

Exelon, ComEd, PECO and BGE each prepare their consolidated financial statements in accordance with the authoritative guidance for accounting for certain types of regulation. Under this guidance, regulatory assets represent incurred costs that have been deferred because of their probable future recovery from customers through regulated rates. Regulatory liabilities represent the excess recovery of costs or accrued credits that have been deferred because it is probable such amounts will be returned to customers through future regulated rates or represent billings in advance of expenditures for approved regulatory programs.

The following tables provide information about the regulatory assets and liabilities of Exelon, ComEd, PECO and BGE as of March 31, 2015 and December 31, 2014. For additional information on the specific regulatory assets and liabilities, refer to Note 3 — Regulatory Matters of the Exelon 2014 Form 10-K.

March 31, 2015	Exelon	ComEd	PECO	BGE
Regulatory assets				
Pension and other postretirement benefits	$3,248	$ —	$ —	$ —
Deferred income taxes	1,561	65	1,419	77
AMI programs	325	106	76	143
Under-recovered distribution service costs [a]	316	316	—	—
Debt costs	54	51	3	8
Fair value of BGE long-term debt	184	—	—	—
Severance	11	—	—	11
Asset retirement obligations	119	75	26	18
MGP remediation costs	250	213	36	1
Under-recovered uncollectible accounts	62	62	—	—
Renewable energy	241	241	—	—
Energy and transmission programs [b] [c]	41	37	—	4
Deferred storm costs	3	—	—	3
Electric generation-related regulatory asset	28	—	—	28
Rate stabilization deferral	136	—	—	136
Energy efficiency and demand response programs	230	—	—	230
Merger integration costs	8	—	—	8
Conservation voltage reduction	2	—	—	2
Other	53	17	24	9
Total regulatory assets	6,872	1,183	1,584	678
Less: current portion	804	317	41	187
Total noncurrent regulatory assets	$6,068	$ 866	$1,543	$491

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

March 31, 2015	Exelon	ComEd	PECO	BGE
Regulatory liabilities				
Other postretirement benefits	$ 72	$ —	$ —	$ —
Nuclear decommissioning	2,920	2,420	500	—
Removal costs	1,567	1,351	—	216
Energy efficiency and demand response programs	27	25	2	—
DLC Program Costs	10	—	10	—
Energy efficiency Phase 2	38	—	38	—
Electric distribution tax repairs	106	—	106	—
Gas distribution tax repairs	34	—	34	—
Energy and transmission programs [b][c][d]	142	23	84	35
Over-recovered electric universal service fund costs	3	—	3	—
Revenue subject to refund	3	3	—	—
Over-recovered revenue decoupling [e]	56	—	—	56
Other	9	1	4	4
Total regulatory liabilities	4,987	3,823	781	311
Less: current portion	421	131	119	124
Total noncurrent regulatory liabilities	$4,566	$3,692	$662	$187

December 31, 2014	Exelon	ComEd	PECO	BGE
Regulatory assets				
Pension and other postretirement benefits	$3,256	$ —	$ —	$ —
Deferred income taxes	1,542	64	1,400	78
AMI programs	296	91	77	128
Under-recovered distribution service costs [a]	371	371	—	—
Debt costs	57	53	4	9
Fair value of BGE long-term debt	190	—	—	—
Severance	12	—	—	12
Asset retirement obligations	116	74	26	16
MGP remediation costs	257	219	37	1
Under-recovered uncollectible accounts	67	67	—	—
Renewable energy	207	207	—	—
Energy and transmission programs [b][c]	48	33	—	15
Deferred storm costs	3	—	—	3
Electric generation-related regulatory asset	30	—	—	30
Rate stabilization deferral	160	—	—	160
Energy efficiency and demand response programs	248	—	—	248
Merger integration costs	8	—	—	8
Conservation voltage reduction	2	—	—	2
Under recovered electric revenue decoupling	7	—	—	7
Other	46	22	14	7
Total regulatory assets	6,923	1,201	1,558	724
Less: current portion	847	349	29	214
Total noncurrent regulatory assets	$6,076	$ 852	$1,529	$510

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

December 31, 2014	Exelon	ComEd	PECO	BGE
Regulatory liabilities				
Other postretirement benefits	$ 88	$ —	$ —	$ —
Nuclear decommissioning	2,879	2,389	490	—
Removal costs	1,566	1,343	—	223
Energy efficiency and demand response programs	27	25	2	—
DLC Program Costs	10	—	10	—
Energy efficiency phase II	32	—	32	—
Electric distribution tax repairs	102	—	102	—
Gas distribution tax repairs	49	—	49	—
Energy and transmission programs [(b)(c)(d)]	84	19	58	7
Over-recovered electric universal service fund costs	2	—	2	—
Revenue subject to refund	3	3	—	—
Over-recovered revenue decoupling [(e)]	12	—	—	12
Other	6	1	2	2
Total regulatory liabilities	4,860	3,780	747	244
Less: current portion	310	125	90	44
Total noncurrent regulatory liabilities	$4,550	$3,655	$657	$200

(a) As of March 31, 2015, ComEd's regulatory asset of $316 million was comprised of $240 million for the applicable annual reconciliations and $76 million related to significant one-time events including $59 million of deferred storm costs and $17 million of Constellation merger and integration related costs. As of December 31, 2014, ComEd's regulatory asset of $371 million was comprised of $286 million for the applicable annual reconciliations and $85 million related to significant one-time events, including $66 million of deferred storm costs and $19 million of Constellation merger and integration related costs. See Note 4 — Mergers, Acquisitions, and Dispositions of the Exelon 2014 Form 10-K for further information.

(b) As of March 31, 2015, ComEd's regulatory asset of $37 million included $5 million related to under-recovered energy costs for non-hourly customers, $25 million associated with transmission costs recoverable through its FERC approved formulate rate, and $7 million of Constellation merger and integration costs to be recovered upon FERC approval. As of March 31, 2015, ComEd's regulatory liability of $23 million included $5 million related to over-recovered energy costs for hourly customers and $18 million associated with revenues received for renewable energy requirements. As of December 31, 2014, ComEd's regulatory asset of $33 million included $4 million related to under-recovered energy costs for non-hourly customers, $22 million associated with transmission costs recoverable through its FERC approved formulate rate, and $7 million of Constellation merger and integration costs to be recovered upon FERC approval. As of December 31, 2014, ComEd's regulatory liability of $19 million included $3 million related to over-recovered energy costs for hourly customers and $16 million associated with revenues received for renewable energy requirements.

(c) As of March 31, 2015, BGE's regulatory asset of $4 million included $4 million of Constellation merger and integration costs and $1 million of abandonment costs to be recovered upon FERC approval, partially offset by $1 million related to over-recovered electric energy costs. As of March 31, 2015, BGE's regulatory liability of $35 million related to $31 million of over-recovered natural gas supply costs and $4 million of over-recovered electric energy costs. As of December 31, 2014, BGE's regulatory asset of $15 million included $10 million related to under-recovered electric energy costs, $4 million of Constellation merger and integration costs and $1 million of abandonment costs to be recovered upon FERC approval. As of December 31, 2014, BGE's regulatory liability of $7 million related to over-recovered natural gas supply costs.

(d) At PECO, includes $42 million related to the DSP program, $34 million related to the over-recovered natural gas costs under the PGC and $8 million related to over-recovered electric transmission costs as of March 31, 2015. As of December 31, 2014, includes $39 million related to the DSP program, $16 million related to the over-recovered electric transmission costs and $3 million related to the over-recovered natural gas costs under the PGC.

(e) Represents the electric and gas distribution costs recoverable from customers under BGE's decoupling mechanism. As of March 31, 2015, BGE had a regulatory liability of $19 million related to over-recovered electric revenue decoupling and a regulatory liability of $37 million related to over-recovered natural gas revenue decoupling. As of December 31, 2014, BGE had a regulatory asset of $7 million related to under-recovered electric revenue decoupling and a regulatory liability of $12 million related to over-recovered natural gas revenue decoupling.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Purchase of Receivables Programs (Exelon, ComEd, PECO, and BGE)

ComEd, PECO and BGE are required, under separate legislation and regulations in Illinois, Pennsylvania and Maryland, respectively, to purchase certain receivables from retail electric and natural gas suppliers that participate in the utilities' consolidated billing. ComEd and BGE purchase receivables at a discount to recover primarily uncollectible accounts expense from the suppliers. PECO is required to purchase receivables at face value and permitted to recover uncollectible accounts expense from customers through its distribution rates. Exelon, ComEd, PECO and BGE do not record unbilled commodity receivables under the POR programs. Purchased billed receivables are classified in Other accounts receivable, net on Exelon's, ComEd's, PECO's and BGE's Consolidated Balance Sheets. The following tables provide information about the purchased receivables of the Registrants as of March 31, 2015 and December 31, 2014.

As of March 31, 2015	Exelon	ComEd	PECO	BGE
Purchased receivables [a]	$ 336	$ 150	$ 91	$ 95
Allowance for uncollectible accounts [b]	(51)	(25)	(10)	(16)
Purchased receivables, net	$ 285	$ 125	$ 81	$ 79

As of December 31, 2014	Exelon	ComEd	PECO	BGE
Purchased receivables [a]	$ 290	$ 139	$ 76	$ 75
Allowance for uncollectible accounts [b]	(42)	(21)	(8)	(13)
Purchased receivables, net	$ 248	$ 118	$ 68	$ 62

(a) PECO's gas POR program became effective on January 1, 2012 and includes a 1% discount on purchased receivables in order to recover the implementation costs of the program. If the costs are not fully recovered when PECO files its next gas distribution rate case, PECO will propose a mechanism to recover the remaining implementation costs as a distribution charge to low volume transportation customers or apply future discounts on purchased receivables from natural gas suppliers serving those customers.

(b) For ComEd and BGE, reflects the incremental allowance for uncollectible accounts recorded, which is in addition to the purchase discount. For ComEd, the incremental uncollectible accounts expense is recovered through its Purchase of Receivables with Consolidated Billing (PORCB) tariff.

6. Investment in Constellation Energy Nuclear Group, LLC (Exelon and Generation)

As a result of the Constellation merger, Generation owns a 50.01% interest in CENG, a nuclear generation business. Generation has historically had various agreements with CENG to purchase power and to provide certain services. For further information regarding these agreements, see Note 25 — Related Party Transactions of the Exelon 2014 Form 10-K.

As a result of the consolidation of CENG on April 1, 2014, there are several additional transactions included in Exelon's and Generation's Consolidated Financial Statements between CENG and Exelon's affiliates that are considered related party transactions to Generation. As further described in Note 25 — Related Party Transactions of the Exelon 2014 Form 10-K, EDF and Generation had a PPA with CENG under which they purchased 15% and 85% (through December 31, 2014), respectively, of the nuclear output owned by CENG that was not sold to third parties under pre-existing PPAs. Beginning January 1, 2015 and continuing through the life of the respective plants, EDF and Generation will purchase 49.99% and 50.01%, respectively, of the nuclear output owned by CENG not subject to other contractual agreements. Beginning April 1, 2014, sales to Generation are eliminated in consolidation. For the three months ended March 31, 2015, Generation had sales to EDF of $182 million. See discussion above and Note 3 — Variable Interest Entities for additional information regarding other transactions between CENG and EDF included within Exelon and Generation's financial statements and for additional information about the Registrants VIEs.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Accounting for the Consolidation of CENG

For the three months ended March 31, 2014, Generation recorded $19 million of equity in earnings of unconsolidated affiliates related to its investment in CENG and $17 million of revenues from CENG. The book value of Generation's investment in CENG prior to the consolidation was $1.9 billion, and the book value of the AOCI related to CENG prior to consolidation was $116 million, net of taxes of $77 million.

The transfer of the nuclear operating licenses and the execution of the NOSA on April 1, 2014, resulted in the derecognition of the equity method investment in CENG and the recording of all assets, liabilities and EDF's noncontrolling interest in CENG at fair value on Exelon's and Generation's Consolidated Balance Sheets.

Generation and EDFI also entered into a Put Option Agreement on April 1, 2014, pursuant to which EDFI has the option, exercisable beginning on January 1, 2016 and thereafter until June 30, 2022, to sell its 49.99% interest in CENG to Generation for a fair market value price determined by agreement of the parties, or absent agreement, a third-party arbitration process. The appraisers determining fair market value of EDF's 49.99% interest in CENG under the Put Option Agreement are instructed to take into account all rights and obligations under the CENG Operating Agreement, including Generation's rights with respect to any unpaid aggregate preferred distributions and the related return, and the value of Generation's rights to other distributions. The beginning of the exercise period will be accelerated if Exelon's affiliates cease to own a majority of CENG and exercise a related right to terminate the NOSA. In addition, under limited circumstances, the period for exercise of the put option may be extended for 18 months.

Due to the Preferred Distribution Rights that Generation has on CENG's available cash, the earnings attributable to the noncontrolling interest on the Statements of Operations and Comprehensive Income as well as the corresponding adjustment to Noncontrolling interest on the Consolidated Balance Sheets will not be in proportion to Generation's and EDF's equity ownership interests. Rather, the attribution will consider Generation's Preferred Distribution Rights and allocate net income based on each owner's rights to CENG's net assets. For the three months ended March 31, 2015, Generation reduced by $4 million the amount of Net income attributable to noncontrolling interests on Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income. As a result of the consolidation, Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income includes CENG's incremental operating revenues of $197 million and CENG's net income, prior to any intercompany eliminations and any adjustments for noncontrolling interest, of $98 million during the three months ended March 31, 2015.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

7. Fair Value of Financial Assets and Liabilities (Exelon, Generation, ComEd, PECO and BGE)

Fair Value of Financial Liabilities Recorded at the Carrying Amount

The following tables present the carrying amounts and fair values of the Registrants' short-term liabilities, long-term debt, SNF obligation, and trust preferred securities (long-term debt to financing trusts or junior subordinated debentures) as of March 31, 2015 and December 31, 2014:

Exelon

	March 31, 2015				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 312	$ 3	$ 309	$ —	$ 312
Long-term debt (including amounts due within one year)	21,779	1,119	21,486	1,380	23,985
Long-term debt to financing trusts	648	—	—	672	672
SNF obligation	1,021	—	843	—	843

	December 31, 2014				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 463	$ 3	$ 448	$ 12	$ 463
Long-term debt (including amounts due within one year)	21,164	1,208	20,417	1,311	22,936
Long-term debt to financing trusts	648	—	—	648	648
SNF obligation	1,021	—	833	—	833

Generation

	March 31, 2015				
	Carrying	Fair Value			
	Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 25	$ —	$ 25	$ —	$ 25
Long-term debt (including amounts due within one year)	8,492	—	7,885	1,380	9,265
SNF obligation	1,021	—	843	—	843

	December 31, 2014				
	Carrying	Fair Value			
	Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 36	$ —	$ 24	$ 12	$ 36
Long-term debt (including amounts due within one year)	8,266	—	7,511	1,311	8,822
SNF obligation	1,021	—	833	—	833

ComEd

	March 31, 2015				
	Carrying	Fair Value			
	Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 283	$ —	$ 283	$ —	$ 283
Long-term debt (including amounts due within one year)	6,359	—	7,347	—	7,347
Long-term debt to financing trust	206	—	—	206	206

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	December 31, 2014				
	Carrying	Fair Value			
	Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 304	$ —	$ 304	$ —	$ 304
Long-term debt (including amounts due within one year)	5,958	—	6,788	—	6,788
Long-term debt to financing trust	206	—	—	213	213

PECO

	March 31, 2015				
	Carrying	Fair Value			
	Amount	Level 1	Level 2	Level 3	Total
Long-term debt (including amounts due within one year)	$ 2,246	$ —	$2,602	$ —	$2,602
Long-term debt to financing trusts	184	—	—	201	201

	December 31, 2014				
	Carrying	Fair Value			
	Amount	Level 1	Level 2	Level 3	Total
Long-term debt (including amounts due within one year)	$ 2,246	$ —	$2,537	$ —	$2,537
Long-term debt to financing trusts	184	—	—	199	199

BGE

	March 31, 2015				
	Carrying	Fair Value			
	Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 3	$ 3	$ —	$ —	$ 3
Long-term debt (including amounts due within one year)	1,942	—	2,234	—	2,234
Long-term debt to financing trusts	258	—	—	265	265

	December 31, 2014				
	Carrying	Fair Value			
	Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 123	$ 3	$ 120	$ —	$ 123
Long-term debt (including amounts due within one year)	1,942	—	2,178	—	2,178
Long-term debt to financing trusts	258	—	—	236	236

Short-Term Liabilities. The short-term liabilities included in the tables above are comprised of dividends payable (included in other current liabilities) (Level 1), short-term borrowings (Level 2) and third party financing (Level 3). The Registrants' carrying amounts of the short-term liabilities are representative of fair value because of the short-term nature of these instruments.

Long-Term Debt. The fair value amounts of Exelon's taxable debt securities (Level 2) are determined by a valuation model that is based on a conventional discounted cash flow methodology and utilizes assumptions of current market pricing curves. In order to incorporate the credit risk of the Registrants into the discount rates, Exelon obtains pricing (i.e., U.S. Treasury rate plus credit spread) based on trades of existing Exelon debt securities as well as debt securities of other issuers in the electric utility sector with similar credit ratings in both the primary and secondary market, across the Registrants' debt maturity spectrum. The credit spreads of various

tenors obtained from this information are added to the appropriate benchmark U.S. Treasury rates in order to determine the current market yields for the various tenors. The yields are then converted into discount rates of various tenors that are used for discounting the respective cash flows of the same tenor for each bond or note. The fair value of Exelon's equity units (Level 1) are valued based on publicly traded securities issued by Exelon.

The fair value of Generation's non-government-backed fixed rate project financing debt, including nuclear fuel procurement contracts, (Level 3) is based on market and quoted prices for its own and other project financing debt with similar risk profiles. Given the low trading volume in the project financing debt market, the price quotes used to determine fair value will reflect certain qualitative factors, such as market conditions, investor demand, new developments that might significantly impact the project cash flows or off-taker credit, and other circumstances related to the project (e.g., political and regulatory environment). The fair value of Generation's government-backed fixed rate project financing debt (Level 3) is largely based on a discounted cash flow methodology that is similar to the taxable debt securities methodology described above. Due to the lack of market trading data on similar debt, the discount rates are derived based on the original loan interest rate spread to the applicable Treasury rate as well as a current market curve derived from government-backed securities. Variable rate project financing debt resets on a quarterly basis and the carrying value approximates fair value (Level 2).

SNF Obligation. The carrying amount of Generation's SNF obligation (Level 2) is derived from a contract with the DOE to provide for disposal of SNF from Generation's nuclear generating stations. When determining the fair value of the obligation, the future carrying amount of the SNF obligation estimated to be settled in 2025 is calculated by compounding the current book value of the SNF obligation at the 13-week Treasury rate. The compounded obligation amount is discounted back to present value using Generation's discount rate, which is calculated using the same methodology as described above for the taxable debt securities, and an estimated maturity date of 2025.

Long-Term Debt to Financing Trusts. Exelon's long-term debt to financing trusts is valued based on publicly traded securities issued by the financing trusts. Due to low trading volume of these securities, qualitative factors, such as market conditions, investor demand, and circumstances related to each issue, this debt is classified as Level 3.

Recurring Fair Value Measurements

Exelon records the fair value of assets and liabilities in accordance with the hierarchy established by the authoritative guidance for fair value measurements. The hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1 — quoted prices (unadjusted) in active markets for identical assets or liabilities that the Registrants have the ability to access as of the reporting date.
- Level 2 — inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.
- Level 3 — unobservable inputs, such as internally developed pricing models or third-party valuations for the asset or liability due to little or no market activity for the asset or liability.

Transfers in and out of levels are recognized as of the end of the reporting period when the transfer occurred. Given derivatives categorized within Level 1 are valued using exchange-based quoted prices within observable periods, transfers between Level 2 and Level 1 were not material. Transfers into Level 2 from Level 3 generally occur when the contract tenure becomes more observable. Transfers into Level 3 from Level 2 generally occur due to changes in market liquidity or assumptions for certain commodity contracts. There were

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

no transfers between Level 1 and Level 2 during the three months ended March 31, 2015 for cash equivalents, nuclear decommissioning trust fund investments, pledged assets for Zion Station decommissioning, Rabbi trust investments, and deferred compensation obligations.

Exelon and Generation

The following tables present assets and liabilities measured and recorded at fair value on Exelon's and Generation's Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy as of March 31, 2015 and December 31, 2014:

	Generation				Exelon			
As of March 31, 2015	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets								
Cash equivalents [a]	$ 220	$ —	$ —	$ 220	$ 1,107	$ —	$ —	$ 1,107
Nuclear decommissioning trust fund investments								
Cash equivalents	224	40	—	264	224	40	—	264
Equity								
Domestic	2,459	2,227	—	4,686	2,459	2,227	—	4,686
Foreign	639	—	—	639	639	—	—	639
Equity funds subtotal	3,098	2,227	—	5,325	3,098	2,227	—	5,325
Fixed income								
Corporate debt	—	1,911	248	2,159	—	1,911	248	2,159
U.S. Treasury and agencies	1,201	—	—	1,201	1,201	—	—	1,201
Foreign governments	—	89	—	89	—	89	—	89
State and municipal debt	—	423	—	423	—	423	—	423
Other	—	488	—	488	—	488	—	488
Fixed income subtotal	1,201	2,911	248	4,360	1,201	2,911	248	4,360
Middle market lending	—	—	363	363	—	—	363	363
Private Equity	—	—	95	95	—	—	95	95
Real Estate	—	—	9	9	—	—	9	9
Other	—	323	—	323	—	323	—	323
Nuclear decommissioning trust fund investments subtotal [b]	4,523	5,501	715	10,739	4,523	5,501	715	10,739
Pledged assets for Zion Station decommissioning								
Cash equivalents	—	19	—	19	—	19	—	19
Equities	6	1	—	7	6	1	—	7
Fixed income								
U.S. Treasury and agencies	2	3	—	5	2	3	—	5
Corporate debt	—	84	—	84	—	84	—	84
State and municipal debt	—	10	—	10	—	10	—	10
Other	—	4	—	4	—	4	—	4
Fixed income subtotal	2	101	—	103	2	101	—	103
Middle market lending	—	—	178	178	—	—	178	178
Pledged assets for Zion Station decommissioning subtotal [c]	8	121	178	307	8	121	178	307
Rabbi trust investments in mutual funds [d][e]	16	—	—	16	48	—	—	48
Commodity derivative assets								
Economic hedges	1,510	3,554	1,917	6,981	1,510	3,554	1,917	6,981
Proprietary trading	176	286	39	501	176	286	39	501
Effect of netting and allocation of collateral [f]	(1,899)	(2,849)	(740)	(5,488)	(1,899)	(2,849)	(740)	(5,488)
Commodity derivative assets subtotal	(213)	991	1,216	1,994	(213)	991	1,216	1,994
Interest rate and foreign currency derivative assets								
Derivatives designated as hedging instruments	—	—	—	—	—	32	—	32
Economic hedges	—	27	—	27	—	29	—	29
Proprietary trading	18	1	—	19	18	1	—	19
Effect of netting and allocation of collateral	(8)	(5)	—	(13)	(8)	(36)	—	(44)
Interest rate and foreign currency derivative assets subtotal	10	23	—	33	10	26	—	36
Other investments	—	—	3	3	2	—	3	5
Total assets	4,564	6,636	2,112	13,312	5,485	6,639	2,112	14,236

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

As of March 31, 2015	Generation Level 1	Generation Level 2	Generation Level 3	Generation Total	Exelon Level 1	Exelon Level 2	Exelon Level 3	Exelon Total
Liabilities								
Commodity derivative liabilities								
Economic hedges	(2,126)	(3,370)	(1,025)	(6,521)	(2,126)	(3,370)	(1,266)	(6,762)
Proprietary trading	(169)	(295)	(50)	(514)	(169)	(295)	(50)	(514)
Effect of netting and allocation of collateral [f]	2,324	3,585	925	6,834	2,324	3,585	925	6,834
Commodity derivative liabilities subtotal	29	(80)	(150)	(201)	29	(80)	(391)	(442)
Interest rate and foreign currency derivative liabilities								
Derivatives designated as hedging instruments	—	(17)	—	(17)	—	(17)	—	(17)
Economic hedges	—	(6)	—	(6)	—	(186)	—	(186)
Proprietary trading	(1)	(14)	—	(15)	(1)	(14)	—	(15)
Effect of netting and allocation of collateral	15	6	—	21	15	37	—	52
Interest rate and foreign currency derivative liabilities subtotal	14	(31)	—	(17)	14	(180)	—	(166)
Deferred compensation obligation	—	(30)	—	(30)	—	(103)	—	(103)
Total liabilities	43	(141)	(150)	(248)	43	(363)	(391)	(711)
Total net assets	$ 4,607	$ 6,495	$ 1,962	$13,064	$ 5,528	$ 6,276	$ 1,721	$13,525

As of December 31, 2014	Generation Level 1	Generation Level 2	Generation Level 3	Generation Total	Exelon Level 1	Exelon Level 2	Exelon Level 3	Exelon Total
Assets								
Cash equivalents [a]	$ 405	$ —	$ —	$ 405	$ 1,119	$ —	$ —	$ 1,119
Nuclear decommissioning trust fund investments								
Cash equivalents	208	37	—	245	208	37	—	245
Equity								
Domestic	2,423	2,207	—	4,630	2,423	2,207	—	4,630
Foreign	612	—	—	612	612	—	—	612
Equity funds subtotal	3,035	2,207	—	5,242	3,035	2,207	—	5,242
Fixed income								
Corporate debt	—	2,023	239	2,262	—	2,023	239	2,262
U.S. Treasury and agencies	996	—	—	996	996	—	—	996
Foreign governments	—	95	—	95	—	95	—	95
State and municipal debt	—	438	—	438	—	438	—	438
Other	—	511	—	511	—	511	—	511
Fixed income subtotal	996	3,067	239	4,302	996	3,067	239	4,302
Middle market lending	—	—	366	366	—	—	366	366
Private Equity	—	—	83	83	—	—	83	83
Real Estate	—	—	3	3	—	—	3	3
Other	—	301	—	301	—	301	—	301
Nuclear decommissioning trust fund investments subtotal [b]	4,239	5,612	691	10,542	4,239	5,612	691	10,542
Pledged assets for Zion Station decommissioning								
Cash equivalents	—	15	—	15	—	15	—	15
Equities	6	1	—	7	6	1	—	7
Fixed income								
U.S. Treasury and agencies	5	3	—	8	5	3	—	8
Corporate debt	—	89	—	89	—	89	—	89
State and municipal debt	—	10	—	10	—	10	—	10
Other	—	3	—	3	—	3	—	3
Fixed income subtotal	5	105	—	110	5	105	—	110
Middle market lending	—	—	184	184	—	—	184	184
Pledged assets for Zion Station decommissioning subtotal [c]	11	121	184	316	11	121	184	316
Rabbi trust investments [d]								
Cash equivalents	—	—	—	—	1	—	—	1
Mutual funds [e]	16	—	—	16	46	—	—	46
Rabbi trust investments subtotal	16	—	—	16	47	—	—	47
Commodity derivative assets								
Economic hedges	1,667	3,465	1,681	6,813	1,667	3,465	1,681	6,813
Proprietary trading	201	284	27	512	201	284	27	512
Effect of netting and allocation of collateral [f]	(1,982)	(2,757)	(557)	(5,296)	(1,982)	(2,757)	(557)	(5,296)
Commodity derivative assets subtotal	(114)	992	1,151	2,029	(114)	992	1,151	2,029

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Generation				Exelon			
As of December 31, 2014	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Interest rate and foreign currency derivative assets								
Derivatives designated as hedging instruments	—	8	—	8	—	31	—	31
Economic hedges	—	12	—	12	—	13	—	13
Proprietary trading	18	9	—	27	18	9	—	27
Effect of netting and allocation of collateral	(17)	(12)	—	(29)	(17)	(31)	—	(48)
Interest rate and foreign currency derivative assets subtotal	1	17	—	18	1	22	—	23
Other investments	—	—	3	3	2	—	3	5
Total assets	4,558	6,742	2,029	13,329	5,305	6,747	2,029	14,081
Liabilities								
Commodity derivative liabilities								
Economic hedges	(2,241)	(3,458)	(788)	(6,487)	(2,241)	(3,458)	(995)	(6,694)
Proprietary trading	(195)	(295)	(42)	(532)	(195)	(295)	(42)	(532)
Effect of netting and allocation of collateral [(f)]	2,416	3,557	729	6,702	2,416	3,557	729	6,702
Commodity derivative liabilities subtotal	(20)	(196)	(101)	(317)	(20)	(196)	(308)	(524)
Interest rate and foreign currency derivative liabilities								
Derivatives designated as hedging instruments	—	(12)	—	(12)	—	(41)	—	(41)
Economic hedges	—	(2)	—	(2)	—	(103)	—	(103)
Proprietary trading	(14)	(9)	—	(23)	(14)	(9)	—	(23)
Effect of netting and allocation of collateral	25	10	—	35	25	29	—	54
Interest rate and foreign currency derivative liabilities subtotal	11	(13)	—	(2)	11	(124)	—	(113)
Deferred compensation obligation	—	(31)	—	(31)	—	(107)	—	(107)
Total liabilities	(9)	(240)	(101)	(350)	(9)	(427)	(308)	(744)
Total net assets	$ 4,549	$ 6,502	$ 1,928	$12,979	$ 5,296	$ 6,320	$ 1,721	$13,337

(a) Excludes certain cash equivalents considered to be held-to-maturity and not reported at fair value.
(b) Excludes net (liabilities) of $(27) million and $(5) million at March 31, 2015 and December 31, 2014, respectively. These items consist of receivables related to pending securities sales, interest and dividend receivables, and payables related to pending securities purchases.
(c) Excludes net assets of $1 million and $3 million at March 31, 2015 and December 31, 2014, respectively. These items consist of receivables related to pending securities sales, interest and dividend receivables, and payables related to pending securities purchases.
(d) Excludes $36 million and $35 million of cash surrender value of life insurance investment at March 31, 2015 and December 31, 2014, respectively, at Exelon Consolidated. Excludes $12 million and $11 million and of cash surrender value of life insurance investment at March 31, 2015 and December 31, 2014, respectively, at Generation.
(e) The mutual funds held by the Rabbi trusts at Exelon include $47 million related to deferred compensation and $1 million related to Supplemental Executive Retirement Plan at March 31, 2015, and $45 million related to deferred compensation and $1 million related to Supplemental Executive Retirement Plan at December 31, 2014.
(f) Includes collateral postings (received) to/from counterparties. Collateral posted (received) to/from counterparties, net of collateral paid to counterparties, totaled $425 million, $736 million and $185 million allocated to Level 1, Level 2 and Level 3 mark-to-market derivatives, respectively, as of March 31, 2015. Collateral posted (received) from counterparties, net of collateral paid to counterparties, totaled $434 million, $800 million and $172 million allocated to Level 1, Level 2 and Level 3 mark-to-market derivatives, respectively, as of December 31, 2014.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

ComEd, PECO and BGE

The following tables present assets and liabilities measured and recorded at fair value on the utility Registrants' Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy as of March 31, 2015 and December 31, 2014:

	ComEd				PECO				BGE			
As of March 31, 2015	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets												
Cash equivalents	$ 67	$ —	$ —	$ 67	$ 5	$ —	$ —	$ 5	$ 75	$ —	$ —	$ 75
Rabbi trust investments in mutual funds [(a)]	—	—	—	—	9	—	—	9	5	—	—	5
Total assets	67	—	—	67	14	—	—	14	80	—	—	80
Liabilities												
Deferred compensation obligation	—	(8)	—	(8)	—	(14)	—	(14)	—	(4)	—	(4)
Mark-to-market derivative liabilities [(b)]	—	—	(241)	(241)	—	—	—	—	—	—	—	—
Total liabilities	—	(8)	(241)	(249)	—	(14)	—	(14)	—	(4)	—	(4)
Total net assets (liabilities)	$ 67	$ (8)	$(241)	$(182)	$ 14	$ (14)	$ —	$ —	$ 80	$ (4)	$ —	$ 76

	ComEd				PECO				BGE			
As of December 31, 2014	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets												
Cash equivalents	$ 25	$ —	$ —	$ 25	$ 12	$ —	$ —	$ 12	$ 103	$ —	$ —	$103
Rabbi trust investments in mutual funds [(a)]	—	—	—	—	9	—	—	9	5	—	—	$ 5
Total assets	25	—	—	25	21	—	—	21	108	—	—	108
Liabilities												
Deferred compensation obligation	—	(8)	—	(8)	—	(15)	—	(15)	—	(5)	—	(5)
Mark-to-market derivative liabilities [(b)]	—	—	(207)	(207)	—	—	—	—	—	—	—	—
Total liabilities	—	(8)	(207)	(215)	—	(15)	—	(15)	—	(5)	—	(5)
Total net assets (liabilities)	$ 25	$ (8)	$(207)	$(190)	$ 21	$ (15)	$ —	$ 6	$ 108	$ (5)	$ —	$103

(a) At PECO, excludes $14 million of the cash surrender value of life insurance investments at both March 31, 2015 and December 31, 2014.
(b) The Level 3 balance includes the current and noncurrent liability of $20 million and $221 million at March 31, 2015, respectively, and $20 million and $187 million at December 31, 2014, respectively, related to floating-to-fixed energy swap contracts with unaffiliated suppliers.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following table presents the fair value reconciliation of Level 3 assets and liabilities measured at fair value on a recurring basis during the three months ended March 31, 2015 and 2014:

	Generation					ComEd		Exelon
Three Months Ended March 31, 2015	Nuclear Decommissioning Trust Fund Investments	Pledged Assets for Zion Station Decommissioning	Mark-to-Market Derivatives	Other Investments	Total Generation	Mark-to-Market Derivatives [b]	Eliminated in Consolidation	Total
Balance as of December 31, 2014	$ 691	$ 184	$ 1,050	$ 3	$ 1,928	$ (207)	$ —	$ 1,721
Total realized / unrealized gains (losses)								
Included in net income	2	—	(32) [a]	—	(30)	—	—	(30)
Included in noncurrent payables to affiliates	8	—	—	—	8	—	(8)	—
Included in payable for Zion Station decommissioning	—	3	—	—	3	—	—	3
Included in regulatory assets	—	—	—	—	—	(34)	8	(26)
Change in collateral	—	—	12	—	12	—	—	12
Purchases, sales, issuances and settlements							—	
Purchases	47	5	41	—	93	—	—	93
Sales	(8)	(14)	—	—	(22)	—	—	(22)
Settlements	(29)	—	—	—	(29)	—	—	(29)
Transfers into Level 3	4	—	—	—	4	—	—	4
Transfers out of Level 3	—	—	(5)	—	(5)	—	—	(5)
Balance as of March 31, 2015	$ 715	$ 178	$ 1,066	$ 3	$ 1,962	$ (241)	$ —	$ 1,721
The amount of total gains included in income attributed to the change in unrealized gains related to assets and liabilities held for the three months ended March 31, 2015	$ 1	$ —	$ 180	$ —	$ 181	$ —	$ —	$ 181

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Generation					ComEd		Exelon
Three Months Ended March 31, 2014	Nuclear Decommissioning Trust Fund Investments	Pledged Assets for Zion Station Decommissioning	Mark-to-Market Derivatives	Other Investments	Total Generation	Mark-to-Market Derivatives [b]	Eliminated in Consolidation	Total
Balance as of December 31, 2013	$ 350	$ 112	$ 465	$ 15	$ 942	$ (193)	$ —	$ 749
Total realized / unrealized gains (losses)								
Included in net income	1	—	(312) [a]	—	(311)	—	—	(311)
Included in noncurrent payables to affiliates	3	—	—	—	3	—	(3)	—
Included in payable for Zion Station decommissioning	—	(1)	—	—	(1)	—	—	(1)
Included in regulatory assets	—	—		—	—	25	3	28
Change in collateral	—	—	144	—	144	—	—	144
Purchases, sales, issuances and settlements								
Purchases	139	30	10	2	181	—	—	181
Sales	(1)	(4)	(2)	—	(7)	—	—	(7)
Settlements	(6)	—	—	—	(6)	—	—	(6)
Transfers into Level 3	—	—	(26)	—	(26)	—	—	(26)
Transfers out of Level 3	—	—	8	(7)	1	—	—	1
Balance as of March 31, 2014	$ 486	$ 137	$ 287	$ 10	$ 920	$ (168)	$ —	$ 752
The amount of total gains (losses) included in income attributed to the change in unrealized gains (losses) related to assets and liabilities held for the nine months ended March 31, 2014	$ —	$ —	$ (446)	$ —	$ (446)	$ —	$ —	$ (446)

(a) Includes the reclassification of $212 million and $(134) million of realized gains (losses) due to the settlement of derivative contracts for the three months ended March 31, 2015 and 2014, respectively.

(b) Includes $36 million of decreases in fair value and realized losses due to settlements of $2 million recorded in purchased power expense associated with floating-to-fixed energy swap contracts with unaffiliated suppliers for the three months ended March 31, 2015. Includes $30 million of increases in fair value and realized gains due to settlements of $5 million for the three months ended March 31, 2014.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following tables present the income statement classification of the total realized and unrealized gains (losses) included in income for Level 3 assets and liabilities measured at fair value on a recurring basis during the three months ended March 31, 2015 and 2014:

	Generation			Exelon		
	Operating Revenues	Purchased Power and Fuel	Other, net [a]	Operating Revenues	Purchased Power and Fuel	Other, net [a]
Total gains (losses) included in net income for the three months ended March 31, 2015	(10)	(22)	2	(10)	(22)	2
Change in the unrealized gains (losses) relating to assets and liabilities held for the three months ended March 31, 2015	169	11	1	169	11	1
Total gains (losses) included in net income for the three months ended March 31, 2014	$ (268)	$ (44)	$ 1	$ (268)	$ (44)	$ 1
Change in the unrealized gains (losses) relating to assets and liabilities held for the three months ended March 31, 2014	(425)	(21)	—	(425)	(21)	—

(a) Other, net activity consists of realized and unrealized gains (losses) included in income for the NDT funds held by Generation.

Valuation Techniques Used to Determine Fair Value

The following describes the valuation techniques used to measure the fair value of the assets and liabilities shown in the tables above.

Cash Equivalents (Exelon, Generation, ComEd, PECO and BGE) . The Registrants' cash equivalents include investments with maturities of three months or less when purchased. The cash equivalents shown in the fair value tables are comprised of investments in mutual and money market funds. The fair values of the shares of these funds are based on observable market prices and, therefore, have been categorized in Level 1 in the fair value hierarchy.

Nuclear Decommissioning Trust Fund Investments and Pledged Assets for Zion Station Decommissioning (Exelon and Generation) . The trust fund investments have been established to satisfy Generation's and CENG's nuclear decommissioning obligations as required by the NRC. The NDT funds hold debt and equity securities directly and indirectly through commingled funds and mutual funds, which are included in Equities, Fixed Income and Other. Generation's and CENG's investment policies place limitations on the types and investment grade ratings of the securities that may be held by the trusts. These policies limit the trust funds' exposures to investments in highly illiquid markets and other alternative investments. Investments with maturities of three months or less when purchased, including certain short-term fixed income securities are considered cash equivalents and included in the recurring fair value measurements hierarchy as Level 1 or Level 2.

With respect to individually held equity securities, which are included in Domestic or Foreign equities, the trustees obtain prices from pricing services, whose prices are obtained from direct feeds from market exchanges, which Generation is able to independently corroborate. The fair values of equity securities held directly by the trust funds are based on quoted prices in active markets and are categorized in Level 1. Equity securities held individually are primarily traded on the New York Stock Exchange and NASDAQ-Global Select Market, which contain only actively traded securities due to the volume trading requirements imposed by these exchanges.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

For fixed income securities, multiple prices from pricing services are obtained whenever possible, which enables cross-provider validations in addition to checks for unusual daily movements. A primary price source is identified based on asset type, class or issue for each security. The trustees monitor prices supplied by pricing services and may use a supplemental price source or change the primary price source of a given security if the portfolio managers challenge an assigned price and the trustees determine that another price source is considered to be preferable. Generation has obtained an understanding of how these prices are derived, including the nature and observability of the inputs used in deriving such prices. Additionally, Generation selectively corroborates the fair values of securities by comparison to other market-based price sources. U.S. Treasury securities are categorized as Level 1 because they trade in a highly liquid and transparent market. The fair values of fixed income securities, excluding U.S. Treasury securities, are based on evaluated prices that reflect observable market information, such as actual trade information or similar securities, adjusted for observable differences and are categorized in Level 2. The fair values of private placement fixed income securities, which are included in Corporate debt, are determined using a third party valuation that contains significant unobservable inputs and are categorized in Level 3.

Equity, balanced and fixed income commingled funds and fixed income mutual funds are maintained by investment companies and hold certain investments in accordance with a stated set of fund objectives. The fair values of fixed income commingled and mutual funds held within the trust funds, which generally hold short-term fixed income securities and are not subject to restrictions regarding the purchase or sale of shares, are derived from observable prices. The objectives of the remaining equity commingled funds in which Exelon, Generation, and CENG invest primarily seek to track the performance of certain equity indices by purchasing equity securities to replicate the capitalization and characteristics of the indices. Commingled and mutual funds are categorized in Level 2 because the fair value of the funds are based on NAVs per fund share (the unit of account), primarily derived from the quoted prices in active markets on the underlying equity securities.

Middle market lending are investments in loans or managed funds which invest in private companies. Generation elected the fair value option for its investments in certain limited partnerships that invest in middle market lending managed funds. The fair value of these loans is determined using a combination of valuation models including cost models, market models, and income models. Investments in middle market lending are categorized as Level 3 because the fair value of these securities is based largely on inputs that are unobservable and utilize complex valuation models. Investments in middle market lending typically cannot be redeemed until maturity of the term loan.

Private equity investments include investments in operating companies that are not publicly traded on a stock exchange. Private equity valuations are reported by the fund manager and are based on the valuation of the underlying investments, which include inputs such as cost, operating results, discounted future cash flows and market based comparable data. Since these valuation inputs are not highly observable, private equity investments have been categorized as Level 3.

As of March 31, 2015, Generation has outstanding commitments to invest in middle market lending, corporate debt securities, private equity investments, and real estate investments of approximately $265 million. These commitments will be funded by Generation's existing nuclear decommissioning trust funds.

See Note 12—Nuclear Decommissioning for further discussion on the NDT fund investments.

Rabbi Trust Investments (Exelon, Generation, ComEd, PECO and BGE) . The Rabbi trusts were established to hold assets related to deferred compensation plans existing for certain active and retired members of Exelon's executive management and directors. The Rabbi trusts assets are included in investments in the Registrants' Consolidated Balance Sheets and consist primarily of mutual funds and life insurance policies. The

mutual funds are maintained by investment companies and hold certain investments in accordance with a stated set of fund objectives, which are consistent with Exelon's overall investment strategy. Mutual funds are publicly quoted and have been categorized as Level 1 given the clear observability of the prices. The life insurance policies are valued using the cash surrender value of the policies, which is provided by a third party. The cash surrender value inputs are not observable.

Mark-to-Market Derivatives (Exelon, Generation, and ComEd) . Derivative contracts are traded in both exchange-based and non-exchange-based markets. Exchange-based derivatives that are valued using unadjusted quoted prices in active markets are categorized in Level 1 in the fair value hierarchy. Certain derivatives' pricing is verified using indicative price quotations available through brokers or over-the-counter, on-line exchanges and are categorized in Level 2. These price quotations reflect the average of the bid-ask, mid-point prices and are obtained from sources that the Registrants believe provide the most liquid market for the commodity. The price quotations are reviewed and corroborated to ensure the prices are observable and representative of an orderly transaction between market participants. This includes consideration of actual transaction volumes, market delivery points, bid-ask spreads and contract duration. The remainder of derivative contracts are valued using the Black model, an industry standard option valuation model. The Black model takes into account inputs such as contract terms, including maturity, and market parameters, including assumptions of the future prices of energy, interest rates, volatility, credit worthiness and credit spread. For derivatives that trade in liquid markets, such as generic forwards, swaps and options, model inputs are generally observable. Such instruments are categorized in Level 2. The Registrants' derivatives are predominately at liquid trading points. For derivatives that trade in less liquid markets with limited pricing information model inputs generally would include both observable and unobservable inputs. These valuations may include an estimated basis adjustment from an illiquid trading point to a liquid trading point for which active price quotations are available. Such instruments are categorized in Level 3.

Exelon may utilize fixed-to-floating interest rate swaps, which are typically designated as fair value hedges, as a means to achieve its targeted level of variable-rate debt as a percent of total debt. In addition, the Registrants may utilize interest rate derivatives to lock in interest rate levels in anticipation of future financings. These interest rate derivatives are typically designated as cash flow hedges. Exelon determines the current fair value by calculating the net present value of expected payments and receipts under the swap agreement, based on and discounted by the market's expectation of future interest rates. Additional inputs to the net present value calculation may include the contract terms, counterparty credit risk and other market parameters. As these inputs are based on observable data and valuations of similar instruments, the interest rate swaps are categorized in Level 2 in the fair value hierarchy. See Note 8—Derivative Financial Instruments for further discussion on mark-to-market derivatives.

Deferred Compensation Obligations (Exelon, Generation, ComEd, PECO and BGE) . The Registrants' deferred compensation plans allow participants to defer certain cash compensation into a notional investment account. The Registrants include such plans in other current and noncurrent liabilities in their Consolidated Balance Sheets. The value of the Registrants' deferred compensation obligations is based on the market value of the participants' notional investment accounts. The underlying notional investments are comprised primarily of equities, mutual funds, commingled funds, and fixed income securities which are based on directly and indirectly observable market prices. Since the deferred compensation obligations themselves are not exchanged in an active market, they are categorized as Level 2 in the fair value hierarchy.

Additional Information Regarding Level 3 Fair Value Measurements (Exelon, Generation, ComEd)

Mark-to-Market Derivatives (Exelon, Generation, ComEd) . For valuations that include both observable and unobservable inputs, if the unobservable input is determined to be significant to the overall inputs, the entire

valuation is categorized in Level 3. This includes derivatives valued using indicative price quotations whose contract tenure extends into unobservable periods. In instances where observable data is unavailable, consideration is given to the assumptions that market participants would use in valuing the asset or liability. This includes assumptions about market risks such as liquidity, volatility and contract duration. Such instruments are categorized in Level 3 as the model inputs generally are not observable. Exelon's RMC approves risk management policies and objectives for risk assessment, control and valuation, counterparty credit approval, and the monitoring and reporting of risk exposures. The RMC is chaired by the chief risk officer and includes the chief financial officer, corporate controller, general counsel, treasurer, vice president of strategy, vice president of audit services and officers representing Exelon's business units. The RMC reports to the Exelon Board of Directors on the scope of the risk management activities and is responsible for approving all valuation procedures at Exelon. Forward price curves for the power market utilized by the front office to manage the portfolio, are reviewed and verified by the middle office, and used for financial reporting by the back office. The Registrants consider credit and nonperformance risk in the valuation of derivative contracts categorized in Level 2 and 3, including both historical and current market data in its assessment of credit and nonperformance risk by counterparty. Due to master netting agreements and collateral posting requirements, the impacts of credit and nonperformance risk were not material to the financial statements.

Disclosed below is detail surrounding the Registrants' significant Level 3 valuations. The calculated fair value includes marketability discounts for margining provisions and other attributes. Generation's Level 3 balance generally consists of forward sales and purchases of power and natural gas, coal purchases, certain transmission congestion contracts, and project financing debt. Generation utilizes various inputs and factors including market data and assumptions that market participants would use in pricing assets or liabilities as well as assumptions about the risks inherent in the inputs to the valuation technique. The inputs and factors include forward commodity prices, commodity price volatility, contractual volumes, delivery location, interest rates, credit quality of counterparties and credit enhancements.

For commodity derivatives, the primary input to the valuation models is the forward commodity price curve for each instrument. Forward commodity price curves are derived by risk management for liquid locations and by the traders and portfolio managers for illiquid locations. All locations are reviewed and verified by risk management considering published exchange transaction prices, executed bilateral transactions, broker quotes, and other observable or public data sources. The relevant forward commodity curve used to value each of the derivatives depends on a number of factors, including commodity type, delivery location, and delivery period. Price volatility varies by commodity and location. When appropriate, Generation discounts future cash flows using risk free interest rates with adjustments to reflect the credit quality of each counterparty for assets and Generation's own credit quality for liabilities. The level of observability of a forward commodity price varies generally due to the delivery location and delivery period. Certain delivery locations including PJM West Hub (for power) and Henry Hub (for natural gas) are more liquid and prices are observable for up to three years in the future. The observability period of volatility is generally shorter than the underlying power curve used in option valuations. The forward curve for a less liquid location is estimated by using the forward curve from the liquid location and applying a spread to represent the cost to transport the commodity to the delivery location. This spread does not typically represent a majority of the instrument's market price. As a result, the change in fair value is closely tied to liquid market movements and not a change in the applied spread. The change in fair value associated with a change in the spread is generally immaterial. An average spread calculated across all Level 3 power and gas delivery locations is approximately $3.15 and $0.31 for power and natural gas, respectively. Many of the commodity derivatives are short term in nature and thus a majority of the fair value may be based on observable inputs even though the contract as a whole must be classified as Level 3. See ITEM 3. — QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK for information regarding the maturity by year of the Registrant's mark-to-market derivative assets and liabilities.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
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On December 17, 2010, ComEd entered into several 20-year floating to fixed energy swap contracts with unaffiliated suppliers for the procurement of long-term renewable energy and associated RECs. See Note 8 —Derivative Financial Instruments for more information. The fair value of these swaps has been designated as a Level 3 valuation due to the long tenure of the positions and internal modeling assumptions. The modeling assumptions include using natural gas heat rates to project long term forward power curves adjusted by a renewable factor that incorporates time of day and seasonality factors to reflect accurate renewable energy pricing. In addition, marketability reserves are applied to the positions based on the tenor and supplier risk. The table below discloses the significant inputs to the forward curve used to value these positions.

Type of trade	Fair Value at March 31, 2015	Valuation Technique	Unobservable Input	Range
Mark-to-market derivatives — Economic Hedges (Generation) [a][c]	$ 892	Discounted Cash Flow	Forward power price	$17 - $121 [d]
			Forward gas price	$1.68 - $13.69 [d]
		Option Model	Volatility percentage	8% - 172%
Mark-to-market derivatives — Proprietary trading (Generation) [a][c]	$ (11)	Discounted Cash Flow	Forward power price	$17 - $95 [d]
Mark-to-market derivatives (ComEd)	$ (241)	Discounted Cash Flow	Forward heat rate [b]	8x - 9x
			Marketability reserve	3.5% - 8%
			Renewable factor	86% - 126%

(a) The valuation techniques, unobservable inputs and ranges are the same for the asset and liability positions.
(b) Quoted forward natural gas rates are utilized to project the forward power curve for the delivery of energy at specified future dates. The natural gas curve is extrapolated beyond its observable period to the end of the contract's delivery.
(c) The fair values do not include cash collateral held on level three positions of $185 million as of March 31, 2015.
(d) The upper ends of the ranges are driven by the winter power and gas prices in the New England region. Without the New England region, the upper ends of the ranges for power and gas economic hedges would be approximately $107 and $8.19, respectively, and would be approximately $55 for power proprietary trading.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
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Type of trade	Fair Value at December 31, 2014	Valuation Technique	Unobservable Input	Range
Mark-to-market derivatives — Economic Hedges (Generation) [a] [c]	$ 893	Discounted Cash Flow	Forward power price	$15 - $120 [d]
			Forward gas price	$1.52 - $14.02 [d]
		Option Model	Volatility percentage	8% — 257%
Mark-to-market derivatives — Proprietary trading (Generation) [a][c]	$ (15)	Discounted Cash Flow	Forward power price	$15 - $117 [d]
Mark-to-market derivatives (ComEd)	$ (207)	Discounted Cash Flow	Forward heat rate [b]	8x - 9x
			Marketability reserve	3.5% - 8%
			Renewable factor	86% - 126%

(a) The valuation techniques, unobservable inputs and ranges are the same for the asset and liability positions.
(b) Quoted forward natural gas rates are utilized to project the forward power curve for the delivery of energy at specified future dates. The natural gas curve is extrapolated beyond its observable period to the end of the contract's delivery.
(c) The fair values do not include cash collateral held on level three positions of $172 million as of December 31, 2014.
(d) The upper ends of the ranges are driven by the winter power and gas prices in the New England region. Without the New England region, the upper ends of the ranges for power and gas would be approximately $97 and $8.14, respectively, and would be approximately $76 for power proprietary trading.

The inputs listed above would have a direct impact on the fair values of the above instruments if they were adjusted. The significant unobservable inputs used in the fair value measurement of Generation's commodity derivatives are forward commodity prices and for options is price volatility. Increases (decreases) in the forward commodity price in isolation would result in significantly higher (lower) fair values for long positions (contracts that give Generation the obligation or option to purchase a commodity), with offsetting impacts to short positions (contracts that give Generation the obligation or right to sell a commodity). Increases (decreases) in volatility would increase (decrease) the value for the holder of the option (writer of the option). Generally, a change in the estimate of forward commodity prices is unrelated to a change in the estimate of volatility of prices. An increase to the reserves listed above would decrease the fair value of the positions. An increase to the heat rate or renewable factors would increase the fair value accordingly. Generally, interrelationships exist between market prices of natural gas and power. As such, an increase in natural gas pricing would potentially have a similar impact on forward power markets.

Nuclear Decommissioning Trust Fund Investments and Pledged Assets for Zion Station Decommissioning (Exelon and Generation). For middle market lending, certain corporate debt securities, and private equity investments, the fair value is determined using a combination of valuation models including cost models, market models and income models. The valuation estimates are based on valuations of comparable companies, discounting the forecasted cash flows of the portfolio company, estimating the liquidation or collateral value of the portfolio company or its assets, considering offers from third parties to buy the portfolio company, its historical and projected financial results, as well as other factors that may impact value. Significant judgment is required in the application of discounts or premiums applied to the prices of comparable companies for factors such as size, marketability, credit risk and relative performance.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
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Because Generation relies on third-party fund managers to develop the quantitative unobservable inputs without adjustment for the valuations of its Level 3 investments, quantitative information about significant unobservable inputs used in valuing these investments is not reasonably available to Generation. This includes information regarding the sensitivity of the fair values to changes in the unobservable inputs. Generation gains an understanding of the fund managers' inputs and assumptions used in preparing the valuations. Generation performed procedures to assess the reasonableness of the valuations. For a sample of its Level 3 investments, Generation reviewed independent valuations and reviewed the assumptions in the detailed pricing models used by the fund managers.

8. Derivative Financial Instruments (Exelon, Generation, ComEd, PECO and BGE)

The Registrants use derivative instruments to manage commodity price risk and interest rate risk related to ongoing business operations.

Commodity Price Risk (Exelon, Generation, ComEd, PECO and BGE)

To the extent the amount of energy Generation produces differs from the amount of energy it has contracted to sell, Exelon and Generation are exposed to market fluctuations in the prices of electricity, fossil fuels and other commodities. Each of the Registrants employ established policies and procedures to manage their risks associated with market fluctuations in commodity prices by entering into physical and financial derivative contracts, including swaps, futures, forwards, options and short-term and long-term commitments to purchase and sell energy and energy-related products. The Registrants believe these instruments, which are classified as either economic hedges or non-derivatives, mitigate exposure to fluctuations in commodity prices.

Derivative accounting guidance requires that derivative instruments be recognized as either assets or liabilities at fair value, with changes in fair value of the derivative recognized in earnings each period. Other accounting treatments are available through special election and designation, provided they meet specific, restrictive criteria both at the time of designation and on an ongoing basis. These alternative permissible accounting treatments include normal purchase normal sale (NPNS), cash flow hedge, and fair value hedge. For commodity transactions, Generation no longer utilizes the special election provided for by the cash flow hedge designation and de-designated all of its existing cash flow hedges prior to the Constellation merger. Because the underlying forecasted transactions remained probable, the fair value of the effective portion of these cash flow hedges was frozen in Accumulated OCI and was reclassified to results of operations when the forecasted purchase or sale of the energy commodity occurred. The effect of this decision is that all derivative economic hedges related to commodities are recorded at fair value through earnings for the combined company, referred to as economic hedges in the following tables. The Registrants have applied the NPNS scope exception to certain derivative contracts for the forward sale of generation, power procurement agreements, and natural gas supply agreements. Non-derivative contracts for access to additional generation and certain sales to load-serving entities are accounted for primarily under the accrual method of accounting, which is further discussed in Note 22 — Commitments and Contingencies of the Exelon 2014 Form 10-K. Additionally, Generation is exposed to certain market risks through its proprietary trading activities. The proprietary trading activities are a complement to Generation's energy marketing portfolio but represent a small portion of Generation's overall energy marketing activities.

Economic Hedging. The Registrants are exposed to commodity price risk primarily relating to changes in the market price of electricity, fossil fuels, and other commodities associated with price movements resulting from changes in supply and demand, fuel costs, market liquidity, weather conditions, governmental regulatory and environmental policies, and other factors. Within Exelon, Generation has the most exposure to commodity price risk. As such, Generation uses a variety of derivative and non-derivative instruments to manage the

commodity price risk of its electric generation facilities, including power and gas sales, fuel and energy purchases, natural gas transportation and pipeline capacity agreements and other energy-related products marketed and purchased. In order to manage these risks, Generation may enter into fixed-price derivative or non-derivative contracts to hedge the variability in future cash flows from forecasted sales of energy and gas and purchases of fuel and energy. The objectives for entering into such hedges include fixing the price for a portion of anticipated future electricity sales at a level that provides an acceptable return on electric generation operations, fixing the price of a portion of anticipated fuel purchases for the operation of power plants, and fixing the price for a portion of anticipated energy purchases to supply load-serving customers. The portion of forecasted transactions hedged may vary based upon management's policies and hedging objectives, the market, weather conditions, operational and other factors. Generation is also exposed to differences between the locational settlement prices of certain economic hedges and the hedged generating units. This price difference is actively managed through other instruments which include derivative congestion products, whose changes in fair value are recognized in earnings each period, and auction revenue rights, which are accounted for on an accrual basis.

In general, increases and decreases in forward market prices have a positive and negative impact, respectively, on Generation's owned and contracted generation positions that have not been hedged. Generation hedges commodity price risk on a ratable basis over three-year periods. As of March 31, 2015, the proportion of expected generation hedged is for the major reportable segments was 94%-97%, 67%-70%, and 37%-40% for 2015, 2016, and 2017, respectively. The percentage of expected generation hedged is the amount of equivalent sales divided by the expected generation. Expected generation is the volume of energy that best represents our commodity position in energy markets from owned or contracted for capacity based upon a simulated dispatch model that makes assumptions regarding future market conditions, which are calibrated to market quotes for power, fuel, load following products, and options. Equivalent sales represent all hedging products, which include economic hedges and certain non-derivative contracts including Generation's sales to ComEd, PECO and BGE to serve their retail load.

On December 17, 2010, ComEd entered into several 20-year floating-to-fixed energy swap contracts with unaffiliated suppliers for the procurement of long-term renewable energy and associated RECs. Delivery under the contracts began in June 2012. Pursuant to the ICC's Order on December 19, 2012, ComEd's commitments under the existing long-term contracts for energy and associated RECs were reduced for the June 2013 through May 2014 procurement period. In addition, the ICC's December 18, 2013 Order approved the reduction of ComEd's commitments under those contracts for the June 2014 through May 2015 procurement period, and the amount of the reductions was approved in March 2014. These contracts are designed to lock in a portion of the long-term commodity price risk resulting from the renewable energy resource procurement requirements in the Illinois Settlement Legislation. ComEd has not elected hedge accounting for these derivative financial instruments. ComEd records the fair value of the swap contracts on its balance sheet. Because ComEd receives full cost recovery for energy procurement and related costs from retail customers, the change in fair value each period is recorded by ComEd as a regulatory asset or liability. See Note 3 — Regulatory Matters of the Exelon 2014 Form 10-K for additional information.

PECO has contracts to procure electric supply that were executed through the competitive procurement process outlined in its PAPUC-approved DSP Programs, which are further discussed in Note 5 — Regulatory Matters. Based on Pennsylvania legislation and the DSP Programs permitting PECO to recover its electric supply procurement costs from retail customers with no mark-up, PECO's price risk related to electric supply procurement is limited. PECO locked in fixed prices for a significant portion of its commodity price risk through full requirements contracts and block contracts. PECO has certain full requirements contracts and block contracts that are considered derivatives and qualify for the NPNS scope exception under current derivative authoritative guidance.

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PECO's natural gas procurement policy is designed to achieve a reasonable balance of long-term and short-term gas purchases under different pricing approaches in order to achieve system supply reliability at the least cost. PECO's reliability strategy is two-fold. First, PECO must assure that there is sufficient transportation capacity to satisfy delivery requirements. Second, PECO must ensure that a firm source of supply exists to utilize the capacity resources. All of PECO's natural gas supply and asset management agreements that are derivatives either qualify for the NPNS scope exception and have been designated as such, or have no mark-to-market balances because the derivatives are index priced. Additionally, in accordance with the 2014 PAPUC PGC settlement and to reduce the exposure of PECO and its customers to natural gas price volatility, PECO has continued its program to purchase natural gas for both winter and summer supplies using a layered approach of locking-in prices ahead of each season with long-term gas purchase agreements (those with primary terms of at least twelve months). Under the terms of the 2014 PGC settlement, PECO is required to lock in (i.e., economically hedge) the price of a minimum volume of its long-term gas commodity purchases. PECO's gas-hedging program is designed to cover about 30% of planned natural gas purchases in support of projected firm sales. The hedging program for natural gas procurement has no direct impact on PECO's financial position or results of operations as natural gas costs are fully recovered from customers under the PGC.

BGE has contracts to procure SOS electric supply that are executed through a competitive procurement process approved by the MDPSC. The SOS rates charged recover BGE's wholesale power supply costs and include an administrative fee. The administrative fee includes an incremental cost component and a shareholder return component for commercial and industrial rate classes. BGE's price risk related to electric supply procurement is limited. BGE locks in fixed prices for all of its SOS requirements through full requirements contracts. Certain of BGE's full requirements contracts, which are considered derivatives, qualify for the NPNS scope exception under current derivative authoritative guidance. Other BGE full requirements contracts are not derivatives.

BGE provides natural gas to its customers under a MBR mechanism approved by the MDPSC. Under this mechanism, BGE's actual cost of gas is compared to a market index (a measure of the market price of gas in a given period). The difference between BGE's actual cost and the market index is shared equally between shareholders and customers. BGE must also secure fixed price contracts for at least 10%, but not more than 20%, of forecasted system supply requirements for flowing (i.e., non-storage) gas for the November through March period. These fixed-price contracts are not subject to sharing under the MBR mechanism. BGE also ensures it has sufficient pipeline transportation capacity to meet customer requirements. All of BGE's natural gas supply and asset management agreements qualify for the NPNS scope exception and result in physical delivery.

Proprietary Trading. Generation also enters into certain energy-related derivatives for proprietary trading purposes. Proprietary trading includes all contracts entered into with the intent of benefiting from shifts or changes in market prices as opposed to those entered into with the intent of hedging or managing risk. Proprietary trading activities are subject to limits established by Exelon's RMC. The proprietary trading activities, which included settled physical sales volumes of 1,808 GWhs and 2,494 GWhs for the three months ended March 31, 2015 and 2014, respectively, are a complement to Generation's energy marketing portfolio but represent a small portion of Generation's revenue from energy marketing activities. ComEd, PECO and BGE do not enter into derivatives for proprietary trading purposes.

Interest Rate and Foreign Exchange Risk (Exelon, Generation, ComEd, PECO and BGE)

The Registrants use a combination of fixed-rate and variable-rate debt to manage interest rate exposure. The Registrants utilize fixed-to-floating interest rate swaps, which are typically designated as fair value hedges, as a means to manage their interest rate exposure. In addition, the Registrants may utilize interest rate derivatives to lock in rate levels in anticipation of future financings, which are typically designated as cash flow hedges. These

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strategies are employed to manage interest rate risks. At March 31, 2015, Exelon had $900 million of notional amounts of fixed-to-floating hedges outstanding, and Exelon and Generation had $3,068 million and $768 million of notional amounts of floating-to-fixed hedges outstanding, respectively. Assuming the fair value and cash flow interest rate hedges are 100% effective, a hypothetical 50 bps increase in the interest rates associated with unhedged variable-rate debt (excluding Commercial Paper) and fixed-to-floating swaps would result in an approximately $1 million decrease in Exelon Consolidated pre-tax income for the three months ended March 31, 2015. To manage foreign exchange rate exposure associated with international energy purchases in currencies other than U.S. dollars, Generation utilizes foreign currency derivatives, which are typically designated as economic hedges. Below is a summary of the interest rate and foreign currency hedges as of March 31, 2015.

	Generation					Other				Exelon
Description	Derivatives Designated as Hedging Instruments	Economic Hedges	Proprietary Trading [a]	Collateral and Netting [b]	Subtotal	Derivatives Designated as Hedging Instruments	Economic Hedges	Collateral and Netting [b]	Subtotal	Total
Mark-to-market derivative assets (current assets)	$ —	$ 13	$ 11	$ (10)	$ 14	$ 1	$ —	$ —	$ 1	$ 15
Mark-to-market derivative assets (noncurrent assets)	—	14	8	(3)	19	31	2	(31)	2	21
Total mark-to-market derivative assets	—	27	19	(13)	33	32	2	(31)	3	36
Mark-to-market derivative liabilities (current liabilities)	(8)	(6)	(8)	15	(7)	—	—	—	—	(7)
Mark-to-market derivative liabilities (noncurrent liabilities)	(9)	—	(7)	6	(10)	—	(180)	31	(149)	(159)
Total mark-to-market derivative liabilities	(17)	(6)	(15)	21	(17)	—	(180)	31	(149)	(166)
Total mark-to-market derivative net assets (liabilities)	$ (17)	$ 21	$ 4	$ 8	$ 16	$ 32	$ (178)	$ —	$ (146)	$(130)

(a) Generation enters into interest rate derivative contracts to economically hedge risk associated with the interest rate component of commodity positions. The characterization of the interest rate derivative contracts within the proprietary trading activity in the above table is driven by the corresponding characterization of the underlying commodity position that gives rise to the interest rate exposure. Generation does not utilize proprietary trading interest rate derivatives with the objective of benefiting from shifts or changes in market interest rates.

(b) Exelon and Generation net all available amounts allowed under the derivative accounting guidance on the balance sheet. These amounts include unrealized derivative transactions with the same counterparty under legally enforceable master netting agreements and cash collateral. In some cases Exelon and Generation may have other offsetting exposures, subject to a master netting or similar agreement, such as accrued interest, transactions that do not qualify as derivatives, letters of credit and other forms of non-cash collateral. These are not reflected in the table above.

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The following table provides a summary of the interest rate and foreign exchange hedge balances recorded by the Registrants as of December 31, 2014:

	Generation					Other				Exelon
Description	Derivatives Designated as Hedging Instruments	Economic Hedges	Proprietary Trading [a]	Collateral and Netting [b]	Subtotal	Derivatives Designated as Hedging Instruments	Economic Hedges	Collateral and Netting [b]	Subtotal	Total
Mark-to-market derivative assets (current assets)	$ 7	$ 7	$ 20	$ (22)	$ 12	$ 3	$ —	$ —	$ 3	$ 15
Mark-to-market derivative assets (noncurrent assets)	1	5	7	(7)	6	20	1	(19)	2	8
Total mark-to-market derivative assets	8	12	27	(29)	18	23	1	(19)	5	23
Mark-to-market derivative liabilities (current liabilities)	(8)	(2)	(14)	25	1	—	—	—	—	1
Mark-to-market derivative liabilities (noncurrent liabilities)	(4)	—	(9)	10	(3)	(29)	(101)	19	(111)	(114)
Total mark-to-market derivative liabilities	(12)	(2)	(23)	35	(2)	(29)	(101)	19	(111)	(113)
Total mark-to-market derivative net assets (liabilities)	$ (4)	$ 10	$ 4	$ 6	$ 16	$ (6)	$ (100)	$ —	$ (106)	$ (90)

(a) Generation enters into interest rate derivative contracts to economically hedge risk associated with the interest rate component of commodity positions. The characterization of the interest rate derivative contracts within the proprietary trading activity in the above table is driven by the corresponding characterization of the underlying commodity position that gives rise to the interest rate exposure. Generation does not utilize proprietary trading interest rate derivatives with the objective of benefiting from shifts or changes in market interest rates.

(b) Exelon and Generation net all available amounts allowed under the derivative accounting guidance on the balance sheet. These amounts include unrealized derivative transactions with the same counterparty under legally enforceable master netting agreements and cash collateral. In some cases Exelon and Generation may have other offsetting exposures, subject to a master netting or similar agreement, such as accrued interest, transactions that do not qualify as derivatives, letters of credit and other forms of non-cash collateral. These are not reflected in the table above.

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Fair Value Hedges . For derivative instruments that are designated and qualify as fair value hedges, the gain or loss on the derivative as well as the offsetting loss or gain on the hedged item attributable to the hedged risk are recognized in current earnings. Exelon includes the gain or loss on the hedged items and the offsetting loss or gain on the related interest rate swaps in interest expense as follows:

		Three Months Ended March 31,			
	Income Statement Location	2015	2014	2015	2014
		Gain (Loss) on Swaps		Gain (Loss) on Borrowings	
Generation	Interest expense [(a)]	$ (1)	$ (5)	$ —	$ (1)
Exelon	Interest expense	9	2	11	4

(a) For the three months ended March 31, 2015 and 2014, the loss on Generation swaps included $1 million and $4 million realized in earnings with an immaterial amount excluded from hedge effectiveness testing.

At March 31, 2015, Exelon had total outstanding fixed-to-floating fair value hedges related to interest rate swaps of $900 million, with a derivative asset of $32 million. At December 31, 2014, Exelon and Generation had outstanding fixed-to-floating fair value hedges related to interest rate swaps of $1,450 million and $550 million, with a derivative asset of $29 million and $7 million, respectively. During the three months ended March 31, 2015 and 2014, the impact on the results of operations as a result of the ineffectiveness from fair value hedges was a $4 million and a $5 million gain, respectively.

Cash Flow Hedges . During 2014, Exelon entered into $400 million of floating-to-fixed forward starting interest rate swaps to manage a portion of the interest rate exposure associated with the anticipated refinancing of existing debt. The swaps are designated as cash flow hedges. In January 2015, in connection with Generation's $750 million issuance of five-year Senior Unsecured Notes, Exelon terminated these swaps. As the original forecasted transactions were a series of future interest payments over a ten year period, a portion of the anticipated interest payments are probable not to occur. As a result, $26 million of anticipated payments were reclassified from Accumulated OCI to Other, net in Exelon's Consolidated Statement of Operations and Comprehensive Income.

During the third quarter of 2014, ExGen Texas Power, LLC, a subsidiary of Generation, entered into a floating-to-fixed interest rate swap to manage a portion of its interest rate exposure in connection with a long-term borrowing. See Note 13 — Debt and Credit Agreements of the Exelon 2014 Form 10-K for additional information regarding the financing. The swaps have a notional amount of $504 million as of March 31, 2015 and expire in 2019. The swap was designated as a cash flow hedge in the fourth quarter of 2014. At March 31, 2015, the subsidiary had a $13 million derivative liability related to the swap.

During the first quarter of 2014, ExGen Renewables I, LLC, a subsidiary of Exelon Generation, entered into floating-to-fixed interest rate swaps to manage a portion its interest rate exposure in connection with long-term borrowings. See Note 13 — Debt and Credit Agreements of the Exelon 2014 Form 10-K for additional information regarding the financing. The swaps have a notional amount of $212 million as of March 31, 2015 and expire in 2020. The swaps are designated as cash flow hedges. At March 31, 2015, the subsidiary had a $3 million derivative liability related to the swaps.

During the three months ended March 31, 2015 and 2014, the impact on the results of operations as a result of ineffectiveness from cash flow hedges in continuing designated hedge relationships were immaterial.

Economic Hedges . During the third quarter of 2011, Sacramento PV Energy, a subsidiary of Generation entered into floating-to-fixed interest rate swaps to manage a portion of its interest rate exposure in connection with the long-term borrowings. See Note 13 — Debt and Credit Agreements of the Exelon 2014 Form 10-K for additional information regarding the financing. The swaps have a total notional amount of $26 million as of

March 31, 2015 and expire in 2027. After the closing of the Constellation merger, the swaps were re-designated as cash flow hedges. During the first quarter of 2015, the swaps were de-designated as the forecasted transaction was no longer probable of occurring. The balance in Accumulated OCI was frozen as of the date of de-designation and will amortize into Interest expense over the remaining term of the forecasted transaction. All future changes in fair value are reflected in Interest expense. At March 31, 2015, the subsidiary had a $3 million derivative liability related to these swaps, which included an immaterial amount that was amortized to Interest expense after de-designation.

During the third quarter of 2012, Constellation Solar Horizon, a subsidiary of Exelon Generation, entered into a floating-to-fixed interest rate swap to manage a portion of its interest rate exposure in connection with the long-term borrowings. See Note 13 — Debt and Credit Agreements of the Exelon 2014 Form 10-K for additional information regarding the financing. The swap has a notional amount of $26 million as of March 31, 2015 and expires in 2030. This swap was designated as a cash flow hedge. During the first quarter of 2015, the swaps were de-designated as the forecasted transaction was no longer probable of occurring. The balance in OCI was frozen as of the date of de-designation and will amortize into Interest expense over the remaining term of the forecasted transaction. All future changes in fair value are reflected in Interest expense. At March 31, 2015, the subsidiary had an immaterial derivative liability related to the swap.

Through March 31, 2015, Exelon entered into $2,300 million of floating-to-fixed forward starting interest rate swaps to manage interest rate risks associated with anticipated future debt issuance related to the proposed merger with PHI. At March 31, 2015, Exelon had a $178 million derivative liability related to the swaps.

At March 31, 2015, Generation had $271 million in notional amounts of interest rate derivative contracts to economically hedge risk associated with the interest rate component of commodity positions and $338 million in notional amounts of foreign currency exchange rate swaps that are marked-to-market to manage the exposure associated with international purchases of commodities in currencies other than U.S. dollars.

Fair Value Measurement and Accounting for the Offsetting of Amounts Related to Certain Contracts (Exelon, Generation, ComEd, PECO and BGE)

Fair value accounting guidance and disclosures about offsetting assets and liabilities requires the fair value of derivative instruments to be shown in the Notes to the Consolidated Financial Statements on a gross basis, even when the derivative instruments are subject to legally enforceable master netting agreements and qualify for net presentation in the Consolidated Balance Sheet. A master netting agreement is an agreement between two counterparties that may have derivative and non-derivative contracts with each other providing for the net settlement of all referencing contracts via one payment stream, which takes place as the contracts deliver, when collateral is requested or in the event of default. Generation's use of cash collateral is generally unrestricted, unless Generation is downgraded below investment grade (i.e., to BB+ or Ba1). In the table below, Generation's energy related economic hedges and proprietary trading derivatives are shown gross. The impact of the netting of fair value balances with the same counterparty that are subject to legally enforceable master netting agreements, as well as netting of cash collateral, including initial margin on exchange positions, is aggregated in the collateral and netting column. As of March 31, 2015 and December 31, 2014, $5 million and $8 million of cash collateral posted, respectively, was not offset against derivative positions because such collateral was not associated with any energy-related derivatives, were associated with accrual positions, or as of the balance sheet date there were no positions to offset. Excluded from the tables below are economic hedges that qualify for the NPNS scope exception and other non-derivative contracts that are accounted for under the accrual method of accounting.

ComEd's use of cash collateral is generally unrestricted, unless ComEd is downgraded below investment grade (i.e., to BB+ or Ba1).

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
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Cash collateral held by PECO and BGE must be deposited in a non-affiliate major U.S. commercial bank or foreign bank with a U.S. branch office that meet certain qualifications.

The following table provides a summary of the derivative fair value balances recorded by the Registrants as of March 31, 2015:

	Generation				ComEd	Exelon
Derivatives	Economic Hedges	Proprietary Trading	Collateral and Netting (a)	Subtotal (b)	Economic Hedges (c)	Total Derivatives
Mark-to-market derivative assets (current assets)	$ 4,618	$ 431	$ (3,947)	$1,102	$ —	$ 1,102
Mark-to-market derivative assets (noncurrent assets)	2,363	70	(1,541)	892	—	892
Total mark-to-market derivative assets	6,981	501	(5,488)	1,994	—	1,994
Mark-to-market derivative liabilities (current liabilities)	(4,505)	(437)	4,852	(90)	(20)	(110)
Mark-to-market derivative liabilities (noncurrent liabilities)	(2,016)	(77)	1,982	(111)	(221)	(332)
Total mark-to-market derivative liabilities	(6,521)	(514)	6,834	(201)	(241)	(442)
Total mark-to-market derivative net assets (liabilities)	$ 460	$ (13)	$ 1,346	$1,793	$ (241)	$ 1,552

(a) Exelon and Generation net all available amounts allowed under the derivative accounting guidance on the balance sheet. These amounts include unrealized derivative transactions with the same counterparty under legally enforceable master netting agreements and cash collateral. In some cases Exelon and Generation may have other offsetting exposures, subject to a master netting or similar agreement, such as trade receivables and payables, transactions that do not qualify as derivatives, letters of credit and other forms of non-cash collateral. These are not reflected in the table above.

(b) Current and noncurrent assets are shown net of collateral of $387 million and $192 million, respectively, and current and noncurrent liabilities are shown net of collateral of $519 million and $248 million, respectively. The total cash collateral posted, net of cash collateral received and offset against mark-to-market assets and liabilities was $1,346 million at March 31, 2015.

(c) Includes current and noncurrent liabilities relating to floating-to-fixed energy swap contracts with unaffiliated suppliers.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
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The following table provides a summary of the derivative fair value balances recorded by the Registrants as of December 31, 2014:

	Generation				ComEd	Exelon
Description	Economic Hedges	Proprietary Trading	Collateral and Netting (a)	Subtotal (b)	Economic Hedges (c)	Total Derivatives
Mark-to-market derivative assets (current assets)	$ 4,992	$ 456	$ (4,184)	$1,264	$ —	$ 1,264
Mark-to-market derivative assets (noncurrent assets)	1,821	56	(1,112)	765	—	765
Total mark-to-market derivative assets	6,813	512	(5,296)	2,029	—	2,029
Mark-to-market derivative liabilities (current liabilities)	(4,947)	(468)	5,200	(215)	(20)	(235)
Mark-to-market derivative liabilities (noncurrent liabilities)	(1,540)	(64)	1,502	(102)	(187)	(289)
Total mark-to-market derivative liabilities	(6,487)	(532)	6,702	(317)	(207)	(524)
Total mark-to-market derivative net assets (liabilities)	$ 326	$ (20)	$ 1,406	$1,712	$ (207)	$ 1,505

(a) Exelon and Generation net all available amounts allowed under the derivative accounting guidance on the balance sheet. These amounts include unrealized derivative transactions with the same counterparty under legally enforceable master netting agreements and cash collateral. In some cases Exelon and Generation may have other offsetting exposures, subject to a master netting or similar agreement, such as trade receivables and payables, transactions that do not qualify as derivatives, and letters of credit. These are not reflected in the table above.

(b) Current and noncurrent assets are shown net of collateral of $416 million and $171 million, respectively, and current and noncurrent liabilities are shown net of collateral of $599 million and $220 million, respectively. The total cash collateral posted, net of cash collateral received and offset against mark-to-market assets and liabilities was $1,406 million at December 31, 2014.

(c) Includes current and noncurrent liabilities relating to floating-to-fixed energy swap contracts with unaffiliated suppliers.

Cash Flow Hedges (Exelon, Generation and ComEd). As discussed previously, effective prior to the Constellation merger, Generation de-designated all of its cash flow hedges relating to commodity price risk. Because the underlying forecasted transactions remain at least reasonably probable, the fair value of the effective portion of these cash flow hedges was frozen in Accumulated OCI and is reclassified to results of operations when the forecasted purchase or sale of the energy commodity occurs, or becomes probable of not occurring. Generation began recording prospective changes in the fair value of these instruments through current earnings from the date of de-designation. As of March 31, 2015, no unrealized balance remains in accumulated OCI to be reclassified by Generation.

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The tables below provide the activity of accumulated OCI related to cash flow hedges for the three months ended March 31, 2015 and 2014, containing information about the changes in the fair value of cash flow hedges and the reclassification from accumulated OCI into results of operations. The amounts reclassified from accumulated OCI, when combined with the impacts of the actual physical power sales, result in the ultimate recognition of net revenues at the contracted price.

		Total Cash Flow Hedge OCI Activity, Net of Income Tax	
		Generation	Exelon
Three Months Ended March 31, 2015	Income Statement Location	Total Cash Flow Hedges	Total Cash Flow Hedges
Accumulated OCI derivative gain at December 31, 2014		$ (18)	$ (28)
Effective portion of changes in fair value		(6)	(11)
Reclassifications from accumulated OCI to net income	Other, net	—	16[(a)]
Reclassifications from accumulated OCI to net income	Interest Expense	3	3
Reclassifications from accumulated OCI to net income	Operating Revenues	(2)	(2)
Accumulated OCI derivative gain at March 31, 2015		$ (23)	$ (22)

(a) Amount is net of related income tax expense of $10 million for the three months ended March 31, 2015.

		Total Cash Flow Hedge OCI Activity, Net of Income Tax	
		Generation	Exelon
Three Months Ended March 31, 2014	Income Statement Location	Total Cash Flow Hedges	Total Cash Flow Hedges
Accumulated OCI derivative gain at December 31, 2013		$ 116	$ 120
Effective portion of changes in fair value		(4)	(1)
Reclassifications from accumulated OCI to net income	Operating Revenues	(24) [(a)]	(24) [(a)]
Accumulated OCI derivative gain at March 31, 2014		$ 88	$ 95

(a) Amount is net of related income tax expense of $15 million for the three months ended March 31, 2014.

The effect of Exelon's and Generation's former energy-related cash flow hedge activity on pre-tax earnings based on the reclassification adjustment from accumulated OCI to earnings was a $2 million pre-tax gain for the three months ended March 31, 2015, and a $39 million pre-tax gain for the three months ended March 31, 2014. Neither Exelon nor Generation will incur changes in cash flow hedge ineffectiveness in future periods as all energy-related cash flow hedge positions were de-designated prior to the merger date.

Economic Hedges (Exelon and Generation). These instruments represent hedges that economically mitigate exposure to fluctuations in commodity prices and include financial options, futures, swaps, physical forward sales and purchases, but for which the fair value or cash flow hedge elections were not made.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
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Additionally, Generation enters into interest rate derivative contracts and foreign exchange currency swaps ("treasury") to manage the exposure related to the interest rate component of commodity positions and international purchases of commodities in currencies other than U.S. Dollars. Exelon entered into floating-to-fixed forward starting interest rate swaps to manage interest rate risks associated with anticipated future debt issuance related to the proposed PHI acquisition. For the three months ended March 31, 2015 and 2014, the following pre-tax mark-to-market gains (losses) of certain purchase and sale contracts were reported in operating revenues or purchased power and fuel expense, or interest expense at Exelon and Generation in the Consolidated Statements of Operations and Comprehensive Income and are included in "Net fair value changes related to derivatives" in Exelon's and Generation's Consolidated Statements of Cash Flows. In the tables below, "Change in fair value" represents the change in fair value of the derivative contracts held at the reporting date. The "Reclassification to realized at settlement" represents the recognized change in fair value that was reclassified to realized due to settlement of the derivative during the period.

	Generation				HoldCo	Exelon
Three Months Ended March 31, 2015	Operating Revenues	Purchased Power and Fuel	Interest Expense	Total	Interest Expense	Total
Change in fair value of commodity positions	$ 164	$ (79)	$ —	$ 85	$ —	$ 85
Reclassification to realized at settlement of commodity positions	(21)	87	—	66	—	66
Net commodity mark-to-market gains (losses)	143	8	—	151	—	151
Change in fair value of treasury positions	13	—	—	13	(78)	(65)
Reclassification to realized at settlement of treasury positions	(2)	—	—	(2)	—	(2)
Net treasury mark-to-market gains (losses)	11	—	—	11	(78)	(67)
Total Net mark-to-market gains (losses)	$ 154	$ 8	$ —	$162	$ (78)	$ 84

	Generation				HoldCo	Exelon
Three Months Ended March 31, 2014	Operating Revenues	Purchased Power and Fuel	Interest Expense	Total	Interest Expense	Total
Change in fair value of commodity positions	$ (852)	$ 171	$ —	$(681)	$ —	$(681)
Reclassification to realized at settlement of commodity positions	93	(141)	—	(48)	—	(48)
Net commodity mark-to-market gains (losses)	(759)	30	—	(729)	—	(729)
Change in fair value of treasury positions	(1)	—	(1)	(2)	—	(2)
Reclassification to realized at settlement of treasury positions	—	—	—	—	—	—
Net treasury mark-to-market gains (losses)	(1)	—	(1)	(2)	—	(2)
Total Net mark-to-market gains (losses)	$ (760)	$ 30	$ (1)	$(731)	$ —	$(731)

Proprietary Trading Activities (Exelon and Generation). For the three months ended March 31, 2015 and 2014, Exelon and Generation recognized the following net unrealized mark-to-market gains (losses), net realized mark-to-market gains (losses) and total net mark-to-market gains (losses) (before income taxes) relating to mark-to-market activity on commodity derivative instruments entered into for proprietary trading purposes and interest rate derivative contracts to hedge risk associated with the interest rate component of underlying commodity positions. Gains and losses associated with proprietary trading are reported as operating revenue in Exelon's and

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Generation's Consolidated Statements of Operations and Comprehensive Income and are included in "Net fair value changes related to derivatives" in Exelon's and Generation's Consolidated Statements of Cash Flows. In the tables below, "Change in fair value" represents the change in fair value of the derivative contracts held at the reporting date. The "Reclassification to realized at settlement" represents the recognized change in fair value that was reclassified to realized due to settlement of the derivative during the period.

	Location on Income Statement	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
Change in fair value of commodity positions	Operating Revenues	$ 1	$ (3)
Reclassification to realized at settlement of commodity positions	Operating Revenues	2	1
Net commodity mark-to-market gains (losses)	Operating Revenues	3	(2)
Change in fair value of treasury positions	Operating Revenues	4	—
Reclassification to realized at settlement of treasury positions	Operating Revenues	(4)	—
Net treasury mark-to-market gains (losses)	Operating Revenues	—	—
Total Net mark-to-market gains (losses)	Operating Revenues	$ 3	$ (2)

Credit Risk (Exelon, Generation, ComEd, PECO and BGE)

The Registrants would be exposed to credit-related losses in the event of non-performance by counterparties that enter into derivative instruments. The credit exposure of derivative contracts, before collateral, is represented by the fair value of contracts at the reporting date. For energy-related derivative instruments, Generation enters into enabling agreements that allow for payment netting with its counterparties, which reduces Generation's exposure to counterparty risk by providing for the offset of amounts payable to the counterparty against amounts receivable from the counterparty. Typically, each enabling agreement is for a specific commodity and so, with respect to each individual counterparty, netting is limited to transactions involving that specific commodity product, except where master netting agreements exist with a counterparty that allow for cross product netting. In addition to payment netting language in the enabling agreement, Generation's credit department establishes credit limits, margining thresholds and collateral requirements for each counterparty, which are defined in the derivative contracts. Counterparty credit limits are based on an internal credit review process that considers a variety of factors, including the results of a scoring model, leverage, liquidity, profitability, credit ratings by credit rating agencies, and risk management capabilities. To the extent that a counterparty's margining thresholds are exceeded, the counterparty is required to post collateral with Generation as specified in each enabling agreement. Generation's credit department monitors current and forward credit exposure to counterparties and their affiliates, both on an individual and an aggregate basis.

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The following tables provide information on Generation's credit exposure for all derivative instruments, NPNS, and applicable payables and receivables, net of collateral and instruments that are subject to master netting agreements, as of March 31, 2015. The tables further delineate that exposure by credit rating of the counterparties and provide guidance on the concentration of credit risk to individual counterparties. The figures in the table below exclude credit risk exposure from individual retail counterparties, Nuclear fuel procurement contracts, and exposure through RTOs, ISOs, NYMEX, ICE and Nodal commodity exchanges, further discussed in ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK. Additionally, the figures in the tables below exclude exposures with affiliates, including net receivables with ComEd, PECO and BGE of $52 million, $36 million and $26 million, as of March 31, 2015, respectively.

Rating as of March 31, 2015	Total Exposure Before Credit Collateral	Credit Collateral [a]	Net Exposure	Number of Counterparties Greater than 10% of Net Exposure	Net Exposure of Counterparties Greater than 10% of Net Exposure
Investment grade	$ 1,570	$ 56	$ 1,514	1	$ 442
Non-investment grade	63	16	47	—	—
No external ratings					
Internally rated — investment grade	495	—	495	—	—
Internally rated — non-investment grade	68	3	65	—	—
Total	$ 2,196	$ 75	$ 2,121	1	$ 442

Net Credit Exposure by Type of Counterparty	As of March 31, 2015
Financial institutions	$ 324
Investor-owned utilities, marketers, power producers	897
Energy cooperatives and municipalities	869
Other	31
Total	$ 2,121

(a) As of March 31, 2015, credit collateral held from counterparties where Generation had credit exposure included $62 million of cash and $14 million of letters of credit.

ComEd's power procurement contracts provide suppliers with a certain amount of unsecured credit. The credit position is based on forward market prices compared to the benchmark prices. The benchmark prices are the forward prices of energy projected through the contract term and are set at the point of supplier bid submittals. If the forward market price of energy exceeds the benchmark price, the suppliers are required to post collateral for the secured credit portion after adjusting for any unpaid deliveries and unsecured credit allowed under the contract. The unsecured credit used by the suppliers represents ComEd's net credit exposure. As of March 31, 2015, ComEd's net credit exposure to suppliers was immaterial.

ComEd is permitted to recover its costs of procuring energy through the Illinois Settlement Legislation. ComEd's counterparty credit risk is mitigated by its ability to recover realized energy costs through customer rates. See Note 3 — Regulatory Matters of the Exelon 2014 Form 10-K for additional information.

PECO's supplier master agreements that govern the terms of its electric supply procurement contracts, which define a supplier's performance assurance requirements, allow a supplier to meet its credit requirements with a certain amount of unsecured credit. The amount of unsecured credit is determined based on the supplier's lowest credit rating from the major credit rating agencies and the supplier's tangible net worth. The credit position is based on the initial market price, which is the forward price of energy on the day a transaction is

executed, compared to the current forward price curve for energy. To the extent that the forward price curve for energy exceeds the initial market price, the supplier is required to post collateral to the extent the credit exposure is greater than the supplier's unsecured credit limit. The unsecured credit used by the suppliers represents PECO's net credit exposure. As of March 31, 2015, PECO is currently holding $2 million in collateral from suppliers.

PECO is permitted to recover its costs of procuring electric supply through its PAPUC-approved DSP Program. PECO's counterparty credit risk is mitigated by its ability to recover realized energy costs through customer rates. See Note 5 — Regulatory Matters for additional information.

PECO's natural gas procurement plan is reviewed and approved annually on a prospective basis by the PAPUC. PECO's counterparty credit risk under its natural gas supply and asset management agreements is mitigated by its ability to recover its natural gas costs through the PGC, which allows PECO to adjust rates quarterly to reflect realized natural gas prices. PECO does not obtain collateral from suppliers under its natural gas supply and asset management agreements. As of March 31, 2015, PECO had no credit exposure under its natural gas supply and asset management agreements with investment grade suppliers.

BGE is permitted to recover its costs of procuring energy through the MDPSC-approved procurement tariffs. BGE's counterparty credit risk is mitigated by its ability to recover realized energy costs through customer rates. See Note 5 — Regulatory Matters for additional information.

BGE's full requirement wholesale electric power agreements that govern the terms of its electric supply procurement contracts, which define a supplier's performance assurance requirements, allow a supplier, or its guarantor, to meet its credit requirements with a certain amount of unsecured credit. The amount of unsecured credit is determined based on the supplier's lowest credit rating from the major credit rating agencies and the supplier's tangible net worth, subject to an unsecured credit cap. The credit position is based on the initial market price, which is the forward price of energy on the day a transaction is executed, compared to the current forward price curve for energy. To the extent that the forward price curve for energy exceeds the initial market price, the supplier is required to post collateral to the extent the credit exposure is greater than the supplier's unsecured credit limit. The unsecured credit used by the suppliers represents BGE's net credit exposure. The seller's credit exposure is calculated each business day. As of March 31, 2015, BGE had no net credit exposure to suppliers.

BGE's regulated gas business is exposed to market-price risk. This market-price risk is mitigated by BGE's recovery of its costs to procure natural gas through a gas cost adjustment clause approved by the MDPSC. BGE does make off-system sales after BGE has satisfied its customers' demands, which are not covered by the gas cost adjustment clause. At March 31, 2015, BGE had credit exposure of $4 million related to off-system sales which is mitigated by parental guarantees, letters of credit, or right to offset clauses within other contracts with those third-party suppliers.

Collateral and Contingent-Related Features (Exelon, Generation, ComEd, PECO and BGE)

As part of the normal course of business, Generation routinely enters into physical or financially settled contracts for the purchase and sale of electric capacity, energy, fuels, emissions allowances and other energy-related products. Certain of Generation's derivative instruments contain provisions that require Generation to post collateral. Generation also enters into commodity transactions on exchanges (i.e. NYMEX, ICE). The exchanges act as the counterparty to each trade. Transactions on the exchanges must adhere to comprehensive collateral and margining requirements. This collateral may be posted in the form of cash or credit support with thresholds contingent upon Generation's credit rating from each of the major credit rating agencies. The collateral and credit support requirements vary by contract and by counterparty. These credit-risk-related

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contingent features stipulate that if Generation were to be downgraded or lose its investment grade credit rating (based on its senior unsecured debt rating), it would be required to provide additional collateral. This incremental collateral requirement allows for the offsetting of derivative instruments that are assets with the same counterparty, where the contractual right of offset exists under applicable master netting agreements. In the absence of expressly agreed-to provisions that specify the collateral that must be provided, collateral requested will be a function of the facts and circumstances of the situation at the time of the demand. In this case, Generation believes an amount of several months of future payments (i.e., capacity payments) rather than a calculation of fair value is the best estimate for the contingent collateral obligation, which has been factored into the disclosure below.

The aggregate fair value of all derivative instruments with credit-risk-related contingent features in a liability position that are not fully collateralized (excluding transactions on the exchanges that are fully collateralized) is detailed in the table below:

Credit-Risk Related Contingent Feature	March 31, 2015	December 31, 2014
Gross Fair Value of Derivative Contracts Containing this Feature [(a)]	$ (1,420)	$ (1,433)
Offsetting Fair Value of In-the-Money Contracts Under Master Netting Arrangements [(b)]	1,138	1,140
Net Fair Value of Derivative Contracts Containing This Feature [(c)]	$ (282)	$ (293)

(a) Amount represents the gross fair value of out-of-the-money derivative contracts containing credit-risk related contingent features ignoring the effects of master netting agreements.
(b) Amount represents the offsetting fair value of in-the-money derivative contracts under legally enforceable master netting agreements with the same counterparty, which reduces the amount of any liability for which a Registrant could potentially be required to post collateral.
(c) Amount represents the net fair value of out-of-the-money derivative contracts containing credit-risk related contingent features after considering the mitigating effects of offsetting positions under master netting arrangements and reflects the actual net liability upon which any potential contingent collateral obligations would be based.

Generation had cash collateral posted of $1,428 million and letters of credit posted of $626 million and cash collateral held of $69 million and letters of credit held of $22 million as of March 31, 2015 for counterparties with derivative positions. Generation had cash collateral posted of $1,497 million and letters of credit posted of $672 million and cash collateral held of $77 million and letters of credit held of $24 million at December 31, 2014 for counterparties with derivative positions. In the event of a credit downgrade below investment grade (i.e., to BB+ by S&P or Ba1 by Moody's), Generation would have been required to post additional collateral of $2.3 billion and $2.4 billion as of March 31, 2015 and December 31, 2014, respectively. These amounts represent the potential additional collateral required after giving consideration to offsetting derivative and non-derivative positions under master netting agreements.

Generation's and Exelon's interest rate swaps contain provisions that, in the event of a merger, if Generation's debt ratings were to materially weaken, it would be in violation of these provisions, resulting in the ability of the counterparty to terminate the agreement prior to maturity. Collateralization would not be required under any circumstance. Termination of the agreement could result in a settlement payment by Exelon or the counterparty on any interest rate swap in a net liability position. The settlement amount would be equal to the fair value of the swap on the termination date. As of March 31, 2015, Generation's swaps were in an asset with a fair value of $16 million and Exelon's swaps were in a liability position, with a fair value of $(130) million, respectively.

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See Note 24 — Segment Information of the Exelon 2014 Form 10-K for further information regarding the letters of credit supporting the cash collateral.

Generation entered into supply forward contracts with certain utilities, including PECO and BGE, with one-sided collateral postings only from Generation. If market prices fall below the benchmark price levels in these contracts, the utilities are not required to post collateral. However, when market prices rise above the benchmark price levels, counterparty suppliers, including Generation, are required to post collateral once certain unsecured credit limits are exceeded. Under the terms of ComEd's standard block energy contracts, collateral postings are one-sided from suppliers, including Generation, should exposures between market prices and benchmark prices exceed established unsecured credit limits outlined in the contracts. As of March 31, 2015, ComEd held approximately $2 million collateral from suppliers in association with energy procurement contracts. Under the terms of ComEd's annual renewable energy contracts, collateral postings are required to cover a fixed value for RECs only. In addition, under the terms of ComEd's long-term renewable energy contracts, collateral postings are required from suppliers for both RECs and energy. The REC portion is a fixed value and the energy portion is one-sided from suppliers should the forward market prices exceed contract prices. As of March 31, 2015, ComEd held approximately $19 million in the form of cash and letters of credit as margin for both the annual and long-term REC obligations. See Note 3 — Regulatory Matters of the Exelon 2014 Form 10-K for additional information.

PECO's natural gas procurement contracts contain provisions that could require PECO to post collateral. This collateral may be posted in the form of cash or credit support with thresholds contingent upon PECO's credit rating from the major credit rating agencies. The collateral and credit support requirements vary by contract and by counterparty. As of March 31, 2015, PECO was not required to post collateral for any of these agreements. If PECO lost its investment grade credit rating as of March 31, 2015, PECO could have been required to post approximately $36 million of collateral to its counterparties.

PECO's supplier master agreements that govern the terms of its DSP Program contracts do not contain provisions that would require PECO to post collateral.

BGE's full requirements wholesale power agreements that govern the terms of its electric supply procurement contracts do not contain provisions that would require BGE to post collateral.

BGE's natural gas procurement contracts contain provisions that could require BGE to post collateral. This collateral may be posted in the form of cash or credit support with thresholds contingent upon BGE's credit rating from the major credit rating agencies. The collateral and credit support requirements vary by contract and by counterparty. As of March 31, 2015, BGE was not required to post collateral for any of these agreements. If BGE lost its investment grade credit rating as of March 31, 2015, BGE could have been required to post approximately $111 million of collateral to its counterparties.

9. Debt and Credit Agreements (Exelon, Generation, ComEd, PECO and BGE)

Short-Term Borrowings

Exelon, ComEd and BGE meet their short-term liquidity requirements primarily through the issuance of commercial paper. Generation and PECO meet their short-term liquidity requirements primarily through the issuance of commercial paper and borrowings from the intercompany money pool.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The Registrants had the following amounts of commercial paper borrowings outstanding as of March 31, 2015 and December 31, 2014:

Commercial Paper Borrowings	March 31, 2015	December 31, 2014
Exelon Corporate	$ —	$ —
Generation	—	—
ComEd	283	304
PECO	—	—
BGE	—	120

Credit Facilities

Exelon had bank lines of credit under committed credit facilities at March 31, 2015 for short-term financial needs, as follows:

Type of Credit Facility	Amount [a] (In billions)	Expiration Dates	Capacity Type
Exelon Corporate			
Syndicated Revolver [b]	$ 0.5	May 2019	Letters of credit and cash
Generation			
Syndicated Revolver	5.1	May 2019	Letters of credit and cash
Syndicated Revolver	0.2	August 2018	Letters of credit and cash
Bilateral	0.3	December 2015 and April 2016	Letters of credit and cash
Bilateral	0.1	January 2017	Letters of credit
Bilateral	0.1	October 2015	Letters of credit and cash
ComEd			
Syndicated Revolver	1.0	March 2019	Letters of credit and cash
PECO			
Syndicated Revolver [b]	0.6	May 2019	Letters of credit and cash
BGE			
Syndicated Revolver [b]	0.6	May 2019	Letters of credit and cash
Total	$ 8.5		

(a) Excludes additional credit facility agreements for Generation, ComEd, PECO and BGE with aggregate commitments of $50 million, $34 million, $34 million and $5 million, respectively, arranged with minority and community banks located primarily within ComEd's, PECO's and BGE's service territories. These facilities expire on October 16, 2015. These facilities are solely utilized to issue letters of credit. As of March 31, 2015, letters of credit issued under these agreements for Generation, ComEd, PECO and BGE totaled $7 million, $16 million, $21 million and $1 million, respectively. Also, excludes the unsecured bridge credit facility of $3.2 billion to support the PHI transaction discussed below.

(b) Syndicated revolvers include credit facility commitments of $22 million, $27 million and $27 million for Exelon Corporate, PECO and BGE, respectively, which expire in August 2018.

As of March 31, 2015, there were no borrowings under the Registrants' credit facilities.

Borrowings under Exelon Corporate's, Generation's, ComEd's, PECO's and BGE's credit agreements bear interest at a rate based upon either the prime rate or a LIBOR-based rate, plus an adder based upon the particular Registrant's credit rating. Exelon Corporate, Generation, ComEd, PECO and BGE have adders of 27.5, 27.5, 7.5, 0.0 and 0.0 basis points for prime based borrowings and 127.5, 127.5, 107.5, 90.0 and 100.0 basis points for LIBOR-based borrowings. The maximum adders for prime rate borrowings and LIBOR-based rate borrowings

are 65 basis points and 165 basis points, respectively. The credit agreements also require the borrower to pay a facility fee based upon the aggregate commitments under the agreement. The fee varies depending upon the respective credit ratings of the borrower.

Credit Agreements

In May 2014, concurrently and in connection with entering into the agreement to acquire PHI, Exelon entered into a credit facility to which the lenders committed to provide Exelon a 364-day senior unsecured bridge credit facility of $7.2 billion to support the contemplated transaction and provide flexibility for timing of permanent financing. The bridge credit facility was subsequently reduced to $3.2 billion as a result of the June 2014 $1.15 billion Junior Subordinated note issuance and equity offering discussed below, as well as the net after-tax proceeds from generation asset divestitures during the second half of 2014. During the three months ended March 31, 2015, Exelon recorded $11 million to interest expense in connection with the bridge facility. It is not currently expected that Exelon will be required to draw upon this credit facility.

Long-Term Debt

Issuance of Long-Term Debt

During the three months ended March 31, 2015, the following long-term debt was issued:

Company	Type	Interest Rate	Maturity	Amount	Use of Proceeds
Generation	Senior Unsecured Notes [(a)]	2.95%	January 15, 2020	$ 750	Fund the optional redemption of Exelon's $550 million, 4.550% Senior Notes and for general corporate purposes
Generation	AVSR DOE Nonrecourse Debt	2.293 - 2.559%	January 5, 2037	$ 14	Antelope Valley solar development
Generation	Energy Efficiency Project Financing	3.71%	October 1, 2035	$ 42	Funding to install energy conservation measures in Coleman, Florida
ComEd	Mortgage Bonds Series 118	3.70%	March 1, 2045	$ 400	Refinance maturing mortgage bonds, repay a portion of ComEd's outstanding commercial paper obligations and for general corporate purposes

(a) In connection with the issuance of Senior Unsecured Notes, Exelon terminated floating-to-fixed interest rate swaps that had been designated as cash flow hedges. See Note 8 — Derivative Financial Instruments for further information on the swap termination.

On April 1, 2015, Generation issued $7 million of 2.464% AVSR DOE nonrecourse debt, maturing on January 5, 2037. The proceeds are used to fund the Antelope Valley Solar development.

On April 28, 2015, Generation issued $18 million of 2.544% AVSR DOE nonrecourse debt, maturing on January 5, 2037. The proceeds are used to fund the Antelope Valley Solar development.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

During the three months ended March 31, 2014, the following long-term debt was issued:

Company	Type	Interest Rate	Maturity	Amount	Use of Proceeds
Generation	ExGen Renewables I Nonrecourse Debt	LIBOR + 4.25%	February 6, 2021	$ 300	General corporate purposes
ComEd	First Mortgage Bonds Series 115	2.15%	January 15, 2019	$ 300	Refinance maturing mortgage bonds and general corporate purposes
ComEd	First Mortgage Bonds Series 116	4.70%	January 15, 2044	$ 350	Refinance maturing mortgage bonds and general corporate purposes

Retirement and Redemptions of Current and Long-Term Debt

During the three months ended March 31, 2015, the following long-term debt was retired and/or redeemed:

Company	Type	Interest Rate	Maturity	Amount
Exelon Corporate(a)	Unsecured Notes	4.55%	June 15, 2015	$ 550
Generation(a)	Unsecured Notes	4.55%	June 15, 2015	$ 550
Generation	CEU Upstream Nonrecourse Debt	LIBOR + 2.25%	July 22, 2016	$ 2
Generation	AVSR DOE Nonrecourse Debt	2.29%-3.56%	January 5, 2037	$ 4
Generation	Kennett Square Capital Lease	7.83%	September 20, 2020	$ 1
Generation	Continental Wind Nonrecouse Debt	6.00%	February 28, 2033	$ 10
Generation	ExGen Texas Power Nonrecouse Debt	LIBOR + 4.75%	September 18, 2021	$ 2

(a) As part of the 2012 Constellation merger, Exelon and subsidiaries of Generation assumed intercompany loan agreements that mirrored the terms and amounts of external obligations held by Exelon, resulting in intercompany notes payable at Generation and Exelon Corporate.

On April 1, 2015, BGE retired $37 million aggregate principal of its 5.720% Rate Stabilization Bonds due 2017.

On April 6, 2015, Generation paid down $2 million of principal and interest of its 2.29% — 3.55% AVSR DOE Nonrecourse debt.

On April 15, 2015, ComEd retired $260 million aggregate principal of its 4.700% First Mortgage Bonds, Series 101.

During the three months ended March 31, 2014, the following long-term debt was retired and/or redeemed:

Company	Type	Interest Rate	Maturity	Amount
Generation	2003 Senior Notes	5.350%	January 15, 2014	$ 500
Generation	Pollution Control Loan	4.100%	July 1, 2014	$ 20
Generation	Continental Wind Nonrecourse Debt	6.000%	February 28, 2033	$ 11
Generation	Kennett Square Capital Lease	7.830%	September 20, 2020	$ 1
ComEd	Mortgage Bonds Series 110	1.630%	January 15, 2014	$ 600
ComEd	Pollution Control Series 1994C	5.850%	January 15, 2014	$ 17

Junior Subordinated Notes

In June 2014, Exelon issued $1.15 billion of junior subordinated notes in the form of 23 million equity units at a stated amount of $50.00 per unit. Net proceeds from the issuance were $1.11 billion, net of a $35 million underwriter fee. The net proceeds are being used to finance a portion of the acquisition of PHI and for general corporate purposes. Each equity unit represents an undivided beneficial ownership interest in Exelon's 2.50% junior subordinated notes due in 2024 and a forward equity purchase contract which settles in 2017. The junior subordinated notes are expected to be remarketed in 2017.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

At the time of issuance, Exelon determined that the forward equity purchase contract had no value and therefore the entire $1.15 billion of junior subordinated notes were allocated to debt and recorded within Long-term debt on Exelon's Consolidated Balance Sheet. Additionally, at the time of issuance, the present value of the contract payments of $131 million were recorded to Long-term debt, representing the obligation to make contract payments, with an offsetting reduction to Common stock. The obligation for the contract payments will be accreted to interest expense over the 3 year period ending in 2017 in Exelon's Consolidated Statement of Operations and Comprehensive Income. The Long-term debt recorded for the contract payments is considered a non-cash financing transaction that was excluded from Exelon's Consolidated Statements of Cash Flows. Until settlement of the equity purchase contract, earnings per share dilution resulting from the equity unit issuance will be determined under the treasury stock method.

For further information about the terms of the remarketing of the junior subordinated notes, see Note 13 — Debt and Credit Agreements of the Exelon 2014 Form 10-K.

10. Income Taxes (Exelon, Generation, ComEd, PECO and BGE)

The effective income tax rate from continuing operations varies from the U.S. Federal statutory rate principally due to the following:

For the Three Months Ended March 31, 2015	Exelon	Generation	ComEd	PECO	BGE
U.S. Federal statutory rate	35.0%	35.0%	35.0%	35.0%	35.0%
Increase (decrease) due to:					
State income taxes, net of Federal income tax benefit	2.6	2.7	5.0	1.2	5.3
Qualified nuclear decommissioning trust fund income	1.9	3.0	—	—	—
Domestic production activities deduction	(2.2)	(3.4)	—	—	—
Health care reform legislation	—	—	—	—	0.2
Amortization of investment tax credit, net deferred taxes	(0.9)	(1.4)	(0.3)	(0.1)	—
Plant basis differences	(1.3)	—	(0.3)	(6.7)	(0.3)
Production tax credits and other credits	(1.8)	(2.8)	—	—	—
Noncontrolling interest	(0.7)	(1.1)	—	—	—
Other	0.4	(0.2)	0.2	—	0.2
Effective income tax rate	33.0%	31.8%	39.6%	29.4%	40.4%

For the Three Months Ended March 31, 2014	Exelon	Generation(a)	ComEd	PECO	BGE
U.S. Federal statutory rate	35.0%	35.0%	35.0%	35.0%	35.0%
Increase (decrease) due to:					
State income taxes, net of Federal income tax benefit	(57.6)	9.7	5.5	1.2	5.2
Qualified nuclear decommissioning trust fund income	44.2	(4.6)	—	—	—
Domestic production activities deduction	(27.8)	2.9	—	—	—
Health care reform legislation	1.3	—	0.1	—	0.2
Amortization of investment tax credit, net deferred taxes	(18.0)	1.7	(0.3)	(0.1)	(0.2)
Plant basis differences	(31.4)	—	(0.6)	(8.7)	(0.6)
Production tax credits and other credits	(36.5)	3.8	—	—	—
Noncontrolling interest	—	—	—	—	—
Other	(47.7)	3.3	0.2	0.2	0.1
Effective income tax rate	(138.5)%	51.8%	39.9%	27.6%	39.7%

(a) Generation recognized a loss before income taxes for the three months ended March 31, 2014. As a result, positive percentages represent an income tax benefit for Generation for the three months ended March 31, 2014.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Accounting for Uncertainty in Income Taxes

Exelon, Generation, ComEd, PECO, and BGE have $1,282 million, $733 million, $147 million, $0 million, and $120 million, of unrecognized tax benefits as of March 31, 2015, respectively, and $1,829 million, $1,357 million, $149 million, $44 million, and $0 million, of unrecognized tax benefits as of December 31, 2014, respectively. The unrecognized tax benefits as of March 31, 2015 reflect a decrease at Exelon, Generation, and PECO primarily attributable to the disallowed AmerGen claims discussed below. The unrecognized tax benefits as of March 31, 2015 reflect an increase at BGE and Generation attributable to a state income tax opportunity. A portion of the benefits associated with uncertain tax positions for utilities, if recognized, may be included in future base rates.

Nuclear Decommissioning Liabilities (Exelon and Generation)

AmerGen filed income tax refund claims taking the position that nuclear decommissioning liabilities assumed as part of its acquisition of nuclear power plants are taken into account in determining the tax basis in the assets it acquired. The additional basis results primarily in reduced capital gains or increased capital losses on the sale of assets in nonqualified decommissioning funds and increased tax depreciation and amortization deductions. The IRS disagrees with this position and disallowed AmerGen's claims. In early 2009, Generation filed a complaint in the United States Court of Federal Claims to contest this determination. On September 17, 2013, the Court granted the government's motion denying AmerGen's claims for refund. In the first quarter of 2014, Exelon filed an appeal of the decision to the United States Court of Appeals for the Federal Circuit. On March 11, 2015, the Federal Circuit affirmed the lower court's decision to deny AmerGen's claims for refund. Exelon will not be pursuing further appeals with respect to this issue and, as a result, has reduced its total unrecognized tax benefits by $661 million. This change in unrecognized tax benefits had no impact on Exelon's or Generation's effective tax rate.

Reasonably possible the total amount of unrecognized tax benefits could significantly increase or decrease within 12 months after the reporting date

Settlement of Income Tax Audits

As of March 31, 2015, Exelon, Generation, and BGE have approximately $345 million, $225 million, and $120 million of unrecognized state tax benefits that could significantly decrease within the 12 months after the reporting date as a result of completing audits, potential settlements, and expected statute of limitation expirations. Of the above unrecognized tax benefits, Exelon and Generation have $225 million that, if recognized, would decrease the effective tax rate. The unrecognized tax benefit related to BGE, if recognized, may be included in future base rates and that portion would have no impact to the effective tax rate.

Other Income Tax Matters

Like-Kind Exchange

Exelon, through its ComEd subsidiary, took a position on its 1999 income tax return to defer approximately $1.2 billion of tax gain on the sale of ComEd's fossil generating assets. The gain was deferred by reinvesting a portion of the proceeds from the sale in qualifying replacement property under the like-kind exchange provisions of the IRC. The like-kind exchange replacement property purchased by Exelon included interests in three municipal-owned electric generation facilities which were properly leased back to the municipalities. The IRS disagreed with this position and asserted that the entire gain of approximately $1.2 billion was taxable in 1999.

Exelon has been unable to reach agreement with the IRS regarding the dispute over the like-kind exchange position. The IRS has asserted that the Exelon purchase and leaseback transaction is substantially similar to a

leasing transaction, known as a SILO, which the IRS does not respect as the acquisition of an ownership interest in property. A SILO is a "listed transaction" that the IRS has identified as a potentially abusive tax shelter under guidance issued in 2005. Accordingly, the IRS has asserted that the sale of the fossil plants followed by the purchase and leaseback of the municipal owned generation facilities does not qualify as a like-kind exchange and the gain on the sale is fully subject to tax. The IRS has also asserted a penalty of approximately $90 million for a substantial understatement of tax.

Exelon disagrees with the IRS and continues to believe that its like-kind exchange transaction is not the same as or substantially similar to a SILO. Although Exelon has been and remains willing to settle the disagreement on terms commensurate with the hazards of litigation, Exelon does not believe a settlement is possible. Because Exelon believed, as of December 31, 2012, that it was more-likely-than-not that Exelon would prevail in litigation, Exelon and ComEd had no liability for unrecognized tax benefits with respect to the like-kind exchange position.

On January 9, 2013, the U.S. Court of Appeals for the Federal Circuit reversed the U.S. Court of Federal Claims and reached a decision for the government in Consolidated Edison v. United States. The Court disallowed Consolidated Edison's deductions stemming from its participation in a LILO transaction that the IRS also has characterized as a tax shelter.

In accordance with applicable accounting standards, Exelon is required to assess whether it is more-likely-than-not that it will prevail in litigation. Exelon continues to believe that its transaction is not a SILO and that it has a strong case on the merits. However, in light of the Consolidated Edison decision and Exelon's current determination that settlement is unlikely, Exelon has concluded that subsequent to December 31, 2012, it is no longer more-likely-than-not that its position will be sustained. As a result, in the first quarter of 2013 Exelon recorded a non-cash charge to earnings of approximately $265 million, which represents the amount of interest expense (after-tax) and incremental state income tax expense for periods through March 31, 2013 that would be payable in the event that Exelon is unsuccessful in litigation. Of this amount, approximately $170 million was recorded at ComEd. Exelon intends to hold ComEd harmless from any unfavorable impacts of the after-tax interest amounts on ComEd's equity. As such, ComEd recorded on its consolidated balance sheet as of March 31, 2013, a $172 million receivable and non-cash equity contributions from Exelon. Exelon and ComEd will continue to accrue interest on the unpaid tax liabilities related to the uncertain tax position, and the charges arising from future interest accruals are not expected to be material to the annual operating earnings of Exelon or ComEd. In addition, ComEd will continue to record non-cash equity contributions from Exelon in the amount of the net after-tax interest charges attributable to ComEd in connection with the like-kind exchange position. Exelon continues to believe that it is unlikely that the IRS's assertion of penalties will ultimately be sustained and therefore no liability for the penalty has been recorded.

On September 30, 2013, the IRS issued a notice of deficiency to Exelon for the like-kind exchange position. Exelon filed a petition on December 13, 2013 to initiate litigation in the United States Tax Court and the trial has been scheduled for August of 2015. Exelon was not required to remit any part of the asserted tax or penalty in order to litigate the issue. The litigation could take three to five years including appeals, if necessary. Decisions in the Tax Court are not controlled by the Federal Circuit's decision in Consolidated Edison.

In the event of a fully successful IRS challenge to Exelon's like-kind exchange position, the potential tax and after-tax interest, exclusive of penalties, that could become currently payable as of March 31, 2015 may be as much as $810 million, of which approximately $310 million would be attributable to ComEd after consideration of Exelon's agreement to hold ComEd harmless, and the balance at Exelon. Litigation could take several years such that the estimated cash and interest impacts would likely change by a material amount.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

In the first quarter of 2014, Exelon entered into an agreement to terminate its investment in one of the three municipal-owned electric generation properties in exchange for a net early termination amount of $335 million. The termination will result in a 2014 tax payment of approximately $285 million by Exelon, including approximately $155 million by ComEd representing the remaining gain deferred pursuant to the like-kind exchange transaction. In the event of a fully successful IRS challenge to Exelon's like-kind exchange position, Exelon will be required to pay the full amount of tax and after-tax interest discussed in the preceding paragraph but will ultimately be entitled to a refund of the 2014 tax payment.

11. Nuclear Decommissioning (Exelon and Generation)

Nuclear Decommissioning Asset Retirement Obligations

Generation has a legal obligation to decommission its nuclear power plants following the expiration of their operating licenses. To estimate its decommissioning obligation related to its nuclear generating stations for financial accounting and reporting purposes, Generation uses a probability-weighted, discounted cash flow model which, on a unit-by-unit basis, considers multiple outcome scenarios that include significant estimates and assumptions, and are based on decommissioning cost studies, cost escalation rates, probabilistic cash flow models and discount rates. Generation generally updates its ARO annually during the third quarter, unless circumstances warrant more frequent updates, based on its review of updated cost studies and its annual evaluation of cost escalation factors and probabilities assigned to various scenarios.

The following table provides a rollforward of the nuclear decommissioning ARO reflected on Exelon's and Generation's Consolidated Balance Sheets from December 31, 2014 to March 31, 2015:

Nuclear decommissioning ARO at December 31, 2014 [(a)]	$ 6,961
Net increase due to changes in, and timing of, estimated future cash flows [(b)]	55
Accretion expense	94
Nuclear decommissioning ARO at March 31, 2015 [(a)]	$ 7,110

(a) Includes $8 million as the current portion of the ARO at March 31, 2015 and December 31, 2014, which is included in Other current liabilities on Exelon's and Generation's Consolidated Balance Sheets.
(b) Represents a purchase accounting adjustment to the fair value of the CENG ARO liability as of April 1, 2014, the date of consolidation. See Note 6 — Investment in Constellation Energy Nuclear Group, LLC for additional information.

Nuclear Decommissioning Trust Fund Investments

NDT funds have been established for each generating station unit to satisfy Generation's nuclear decommissioning obligations. Generally, NDT funds established for a particular unit may not be used to fund the decommissioning obligations of any other unit.

The NDT funds associated with Generation's nuclear units have been funded with amounts collected from the previous owners and their respective utility customers. PECO is authorized to collect funds, in revenues, for decommissioning the former PECO nuclear plants through regulated rates, and these collections are scheduled through the operating lives of the former PECO plants. The amounts collected from PECO customers are remitted to Generation and deposited into the NDT funds for the unit for which funds are collected. Every five years, PECO files a rate adjustment with the PAPUC that reflects PECO's calculations of the estimated amount needed to decommission each of the former PECO units based on updated fund balances and estimated decommissioning costs. The rate adjustment is used to determine the amount collectible from PECO customers. The most recent rate adjustment occurred on January 1, 2013, and the effective rates currently yield annual

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collections of approximately $24 million. The next five-year adjustment is expected to be reflected in rates charged to PECO customers effective January 1, 2018. Aside from the former PECO units, Generation does not currently collect any amounts, nor is there any mechanism by which Generation can seek to collect additional amounts, from utility customers. Apart from the contributions made to the NDT funds from amounts previously collected from ComEd and currently collected from PECO customers, Generation has not made contributions to the NDT funds.

Any shortfall of funds necessary for decommissioning, determined for each generating station unit, is ultimately required to be funded by Generation, with the exception of a shortfall for the current decommissioning activities at Zion Station, where certain decommissioning activities have been transferred to a third party (see Zion Station Decommissioning below) and the CENG units, where any shortfall is required to be funded by both Generation and EDF. Generation, through PECO, has recourse to collect additional amounts from PECO customers related to a shortfall of NDT funds for the former PECO units, subject to certain limitations and thresholds, as prescribed by an order from the PAPUC. Generally, PECO, and likewise Generation, will not be allowed to collect amounts associated with the first $50 million of any shortfall of trust funds, compared to decommissioning costs, as well as 5% of any additional shortfalls, on an aggregate basis for all former PECO units. The initial $50 million and up to 5% of any additional shortfalls would be borne by Generation. No recourse exists to collect additional amounts for any of Generation's other nuclear units, including the CENG units. With respect to the former ComEd and PECO units, any funds remaining in the NDTs after all decommissioning has been completed are required to be refunded to ComEd's or PECO's customers, subject to certain limitations that allow sharing of excess funds with Generation related to the former PECO units. With respect to Generation's other nuclear units, Generation retains any funds remaining after decommissioning. However, in connection with CENG's acquisition of the Nine Mile Point and Ginna plants and settlements with certain regulatory agencies, CENG is subject to certain conditions pertaining to nuclear decommissioning trust funds that, if met, could possibly result in obligations to make payments to certain third parties (clawbacks). For Nine Mile Point and Ginna, the clawback provisions are triggered only in the event that the required decommissioning activities are discontinued or not started or completed in a timely manner. In the event that the clawback provisions are triggered for Nine Mile Point, then, depending upon the triggering event, an amount equal to 50% of the total amount withdrawn from the funds for non-decommissioning activities or 50% of any excess funds in the trust funds above the amounts required for decommissioning (including spent fuel management and decommissioning) is to be paid to the Nine Mile Point sellers. In the event that the clawback provisions are triggered for Ginna, then an amount equal to any estimated cost savings realized by not completing any of the required decommissioning activities is to be paid to the Ginna sellers. Generation expects to comply with applicable regulations and timely commence and complete all required decommissioning activities.

At March 31, 2015 and December 31, 2014, Exelon and Generation had NDT fund investments totaling $10,712 million and $10,537 million, respectively.

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(Dollars in millions, except per share data, unless otherwise noted)

The following table provides unrealized gains on NDT funds for the three months ended March 31, 2015 and 2014:

	Exelon and Generation	
	Three Months Ended March 31,	
	2015	2014
Net unrealized gains on decommissioning trust funds — Regulatory Agreement Units [(a)]	$ 48	$ 61
Net unrealized gains on decommissioning trust funds — Non-Regulatory Agreement Units [(b)(c)]	40	13

(a) Net unrealized gains related to Generation's NDT funds associated with Regulatory Agreement Units are included in Regulatory liabilities on Exelon's Consolidated Balance Sheets and Noncurrent payables to affiliates on Generation's Consolidated Balance Sheets.
(b) Excludes $10 million of net unrealized gains related to the Zion Station pledged assets for the three months ended March 31, 2015 and 2014. Net unrealized gains related to Zion Station pledged assets are included in the Payable for Zion Station decommissioning on Exelon's and Generation's Consolidated Balance Sheets.
(c) Net unrealized gains related to Generation's NDT funds with Non-Regulatory Agreement Units are included within Other, net in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income.

Interest and dividends on NDT fund investments are recognized when earned and are included in Other, net in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income. Interest and dividends earned on the NDT fund investments for the Regulatory Agreement Units are eliminated within Other, net in Exelon's and Generation's Consolidated Statement of Operations and Comprehensive Income.

Refer to Note 3 — Regulatory Matters and Note 25 — Related Party Transactions of the Exelon 2014 Form 10-K for information regarding regulatory liabilities at ComEd and PECO and intercompany balances between Generation, ComEd and PECO reflecting the obligation to refund to customers any decommissioning-related assets in excess of the related decommissioning obligations.

Zion Station Decommissioning

On September 1, 2010, Generation completed an Asset Sale Agreement (ASA) with EnergySolutions Inc. and its wholly owned subsidiaries, EnergySolutions, LLC (EnergySolutions) and ZionSolutions, under which ZionSolutions has assumed responsibility for decommissioning Zion Station, which is located in Zion, Illinois and ceased operation in 1998. See Note 15 — Asset Retirement Obligations of the Exelon 2014 Form 10-K for information regarding the specific treatment of assets, including NDT funds, and decommissioning liabilities transferred in the transaction.

ZionSolutions is subject to certain restrictions on its ability to request reimbursements from the Zion Station NDT funds as defined within the ASA. Therefore, the transfer of the Zion Station assets did not qualify for asset sale accounting treatment and, as a result, the related NDT funds were reclassified to Pledged assets for Zion Station decommissioning within Generation's and Exelon's Consolidated Balance Sheets and will continue to be measured in the same manner as prior to the completion of the transaction. Additionally, the transferred ARO for decommissioning was replaced with a Payable for Zion Station decommissioning in Generation's and Exelon's Consolidated Balance Sheets. Changes in the value of the Zion Station NDT assets, net of applicable taxes, will be recorded as a change in the Payable to ZionSolutions. At no point will the payable to ZionSolutions exceed the project budget of the costs remaining to decommission Zion Station. Generation has retained its obligation for the SNF. Following ZionSolutions' completion of its contractual obligations and transfer of the NRC license

to Generation, Generation will store the SNF at Zion Station until it is transferred to the DOE for ultimate disposal, and will complete all remaining decommissioning activities associated with the SNF dry storage facility. Generation has a liability of approximately $87 million, which is included within the nuclear decommissioning ARO at March 31, 2015. Generation also has retained NDT assets to fund its obligation to maintain the SNF at Zion Station until transfer to the DOE and to complete all remaining decommissioning activities for the SNF storage facility. Any shortage of funds necessary to maintain the SNF and decommission the SNF storage facility is ultimately required to be funded by Generation. Any Zion Station NDT funds remaining after the completion of all decommissioning activities will be returned to ComEd customers in accordance with the applicable orders. The following table provides the pledged assets and payables to ZionSolutions, and withdrawals by ZionSolutions at March 31, 2015 and December 31, 2014:

	Exelon and Generation	
	March 31, 2015	December 31, 2014
Carrying value of Zion Station pledged assets	$ 308	$ 319
Payable to Zion Solutions [(a)]	281	292
Current portion of payable to Zion Solutions [(b)]	145	137
Cumulative withdrawals by Zion Solutions to pay decommissioning costs	687	666

(a) Excludes a liability recorded within Exelon's and Generation's Consolidated Balance Sheets related to the tax obligation on the unrealized activity associated with the Zion Station NDT Funds. The NDT Funds will be utilized to satisfy the tax obligations as gains and losses are realized.
(b) Included in Other current liabilities within Exelon's and Generation's Consolidated Balance Sheets.

NRC Minimum Funding Requirements

NRC regulations require that licensees of nuclear generating facilities demonstrate reasonable assurance that funds will be available in specified minimum amounts to decommission the facility at the end of its life.

Generation filed its biennial decommissioning funding status report with the NRC on March 31, 2015. This report reflects the status of decommissioning funding assurance as of December 31, 2014. Due to increased cost estimates received in the second half of 2014, Braidwood Unit 1, Braidwood Unit 2, and Byron Unit 2 did not meet the NRC's minimum funding assurance criteria as of December 31, 2014. NRC guidance provides licensees with two years or by the time of submitting the next biennial report (on or before March 31, 2017) to resolve funding assurance shortfalls. During this period, Generation will monitor funding assurance and new developments, including the impact of a 20-year license renewal for Braidwood and Byron, to assess the status of funding assurance and to take steps, if necessary, to address any funding shortfall on these funds on or before March 31, 2017.

12. Retirement Benefits (Exelon, Generation, ComEd, PECO and BGE)

Exelon sponsors defined benefit pension plans and other postretirement benefit plans for essentially all Generation, ComEd, PECO, BGE and BSC employees.

Defined Benefit Pension and Other Postretirement Benefits

During the first quarter of 2015, Exelon received an updated valuation of its pension and other postretirement benefit obligations to reflect actual census data as of January 1, 2015. This valuation resulted in an increase to the pension obligation of $45 million and an increase to the other postretirement benefit obligation of

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

$57 million. Additionally, accumulated other comprehensive loss increased by approximately $27 million (after tax), regulatory assets increased by approximately $48 million, and regulatory liabilities decreased by approximately $11 million.

The majority of the 2015 pension benefit cost for Exelon-sponsored plans is calculated using an expected long-term rate of return on plan assets of 7.00% and a discount rate of 3.94%. The majority of the 2015 other postretirement benefit cost is calculated using an expected long-term rate of return on plan assets of 6.46% for funded plans and a discount rate of 3.92%. A portion of the net periodic benefit cost is capitalized within the Consolidated Balance Sheets. The following table presents the components of Exelon's net periodic benefit costs, prior to any capitalization, for the three months ended March 31, 2015 and 2014.

	Pension Benefits Three Months Ended March 31,		Other Postretirement Benefits Three Months Ended March 31,	
	2015 [a]	2014 [a]	2015 [a]	2014 [a]
Service cost	$ 82	$ 69	$ 30	$ 33
Interest cost	178	183	42	55
Expected return on assets	(257)	(241)	(38)	(38)
Amortization of:				
Prior service cost (benefit)	3	3	(43)	(4)
Actuarial loss	143	105	20	8
Net periodic benefit cost	$ 149	$ 119	$ 11	$ 54

(a) For the three months ended March 31, 2015, the cost for pension benefits and other postretirement benefits related to CENG were $3 million and $3 million, respectively. CENG is not included in the 2014 amounts.

The amounts below represent Generation's, ComEd's, PECO's, BGE's and BSC's allocated portion of the pension and postretirement benefit plan costs, which were included in Property, plant and equipment within the respective Consolidated Balance Sheets and Operating and maintenance expense within the Consolidated Statement of Operations and Comprehensive Income during the three months ended March 31, 2015 and 2014.

Pension and Other Postretirement Benefit Costs	Three Months Ended March 31, 2015	2014
Generation [a]	$ 67	$ 75
ComEd	52	56
PECO	10	12
BGE	17	16
BSC [b]	14	14

(a) For the three months ended March 31, 2015, the cost for pension benefits and other postretirement benefits related to CENG were $3 million and $3 million, respectively. CENG is not included in the 2014 amounts.
(b) These amounts primarily represent amounts billed to Exelon's subsidiaries through intercompany allocations. These amounts are not included in the Generation, ComEd, PECO or BGE amounts above.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Defined Contribution Savings Plans

The Registrants participate in various 401(k) defined contribution savings plans that are sponsored by Exelon. The plans are qualified under applicable sections of the IRC and allow employees to contribute a portion of their pre-tax income in accordance with specified guidelines. All Registrants match a percentage of the employee contributions up to certain limits. The following table presents the matching contributions to the savings plans during the three months ended March 31, 2015 and 2014:

	Three Months Ended March 31,	
Savings Plan Matching Contributions	2015	2014
Exelon [(a)]	$ 22	$ 29
Generation [(a)]	13	14
ComEd	5	7
PECO	1	2
BGE	2	3
BSC [(b)]	1	3

(a) Includes $2 million related to CENG for the three months ended March 31, 2015. CENG is not included in the 2014 amounts.
(b) These amounts primarily represent amounts billed to Exelon's subsidiaries through intercompany allocations. These costs are not included in the Generation, ComEd, PECO or BGE amounts above.

13. Severance (Exelon, Generation, ComEd, PECO and BGE)

The Registrants have an ongoing severance plan under which, in general, the longer an employee worked prior to termination the greater the amount of severance benefits. The Registrants record a liability and expense or regulatory asset for severance once terminations are probable of occurrence and the related severance benefits can be reasonably estimated. For severance benefits that are incremental to its ongoing severance plan ("one-time termination benefits"), the Registrants measure the obligation and record the expense at fair value at the communication date if there are no future service requirements, or, if future service is required to receive the termination benefit, ratably over the required service period.

Ongoing Severance Plans

The Registrants provide severance, health and welfare benefits under Exelon's ongoing severance benefit plans to terminated employees in the normal course of business, which were not directly related to the merger with Constellation or with the integration of CENG. These benefits are accrued for when the benefits are considered probable and can be reasonably estimated.

For the three months ended March 31, 2015 and 2014, the Registrants recorded the following severance costs associated with these ongoing severance benefits within Operating and maintenance expense in their Consolidated Statements of Operations and Comprehensive Income:

Severance Benefits	Exelon	Generation	ComEd	PECO	BGE
Severance charges — 2015	$ 20	$ 20	$ —	$ —	$—
Severance charges — 2014	$ 4	$ 4	$ —	$ —	$—

The severance liability balances associated with these ongoing severance benefits as of March 31, 2015 and December 31, 2014 are not material.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

14. Changes in Accumulated Other Comprehensive Income (Exelon, Generation, and PECO)

The following tables present changes in accumulated other comprehensive income (loss) (AOCI) by component for the three months ended March 31, 2015 and 2014:

Three Months Ended March 31, 2015	Gains and (Losses) on Hedging Activity	Unrealized Gains and (Losses) on Marketable Securities	Pension and Non-Pension Postretirement Benefit Plan Items	Foreign Currency Items	AOCI of Equity Investments	Total
Exelon [a]						
Beginning balance	$ (28)	$ 3	$ (2,640)	$ (19)	$ —	$(2,684)
OCI before reclassifications	(11)	—	(26)	(12)	—	(49)
Amounts reclassified from AOCI [b]	17	—	43	—	—	60
Net current-period OCI	6	—	17	(12)	—	11
Ending balance	$ (22)	$ 3	$ (2,623)	$ (31)	$ —	$(2,673)
Generation [a]						
Beginning balance	$ (18)	$ 1	$ —	$ (19)	$ —	$ (36)
OCI before reclassifications	(6)	—	—	(12)	—	(18)
Amounts reclassified from AOCI [b]	1	—	—	—	—	1
Net current-period OCI	(5)	—	—	(12)	—	(17)
Ending balance	$ (23)	$ 1	$ —	$ (31)	$ —	$ (53)
PECO [a]						
Beginning balance	$ —	$ 1	$ —	$ —	$ —	$ 1
OCI before reclassifications	—	—	—	—	—	—
Amounts reclassified from AOCI [b]	—	—	—	—	—	—
Net current-period OCI	—	—	—	—	—	—
Ending balance	$ —	$ 1	$ —	$ —	$ —	$ 1

(a) All amounts are net of tax. Amounts in parentheses represent a decrease in accumulated other comprehensive income.
(b) See tables following changes in accumulated other comprehensive income tables for details about these reclassifications.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Three Months Ended March 31, 2014	Gains and (Losses) on Hedging Activity	Unrealized Gains and (Losses) on Marketable Securities	Pension and Non-Pension Postretirement Benefit Plan Items	Foreign Currency Items	AOCI of Equity Investments	Total
Exelon [a]						
Beginning balance	$ 120	$ 2	$ (2,260)	$ (10)	$ 108	$(2,040)
OCI before reclassifications	(1)	—	(13)	(5)	11	(8)
Amounts reclassified from AOCI [b]	(24)	—	35	—	1	12
Net current-period OCI	(25)	—	22	(5)	12	4
Ending balance	$ 95	$ 2	$ (2,238)	$ (15)	$ 120	$(2,036)
Generation [a]						
Beginning balance	$ 114	$ 2	$ —	$ (10)	$ 108	$ 214
OCI before reclassifications	(1)	(3)	—	(5)	11	2
Amounts reclassified from AOCI [b]	(24)	—	—	—	1	(23)
Net current-period OCI	(25)	(3)	—	(5)	12	(21)
Ending balance	$ 89	$ (1)	$ —	$ (15)	$ 120	$ 193
PECO [a]						
Beginning balance	$ —	$ 1	$ —	$ —	$ —	$ 1
OCI before reclassifications	—	—	—	—	—	—
Amounts reclassified from AOCI [b]	—	—	—	—	—	—
Net current-period OCI	—	—	—	—	—	—
Ending balance	$ —	$ 1	$ —	$ —	$ —	$ 1

(a) All amounts are net of tax. Amounts in parentheses represent a decrease in accumulated other comprehensive income.
(b) See tables following changes in accumulated other comprehensive income tables for details about these reclassifications.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

ComEd, PECO, and BGE did not have any reclassifications out of AOCI to Net income during the three months ended March 31, 2015 and 2014. The following tables present amounts reclassified out of AOCI to Net income for Exelon and Generation during the three months ended March 31, 2015 and 2014.

Three Months Ended March 31, 2015

Details about AOCI components	Items reclassified out of AOCI [a]		Affected line item in the Statements of Operations and Comprehensive Income
	Exelon	Generation	
Gains (losses) on hedging activity			
Terminated interest rate swaps [c]	$ (26)	$ —	Other, net
Energy related hedges	2	2	Operating revenues
Other cash flow hedges	(3)	(3)	Interest expense
	(27)	(1)	Total before tax
	10	—	Tax benefit
	$ (17)	$ (1)	Net of tax
Amortization of pension and other postretirement benefit plan items			
Prior service costs [b]	$ 19	$ —	
Actuarial losses [b]	(90)	—	
	(71)	—	Total before tax
	28	—	Tax benefit
	$ (43)	$ —	Net of tax
Total Reclassifications for the period	$ (60)	$ (1)	Net of Tax

Three months ended March 31, 2014

Details about AOCI components	Items reclassified out of AOCI [a]		Affected line item in the Statements of Operations and Comprehensive Income
	Exelon	Generation	
Gains on hedging activity			
Energy related hedges	$ 39	$ 39	Operating revenues
	39	39	Total before tax
	(15)	(15)	Tax (expense)
	$ 24	$ 24	Net of tax
Amortization of pension and other postretirement benefit plan items			
Prior service costs [b]	$ (2)	$ —	
Actuarial losses [b]	(56)	—	
	(58)	—	Total before tax
	23	—	Tax benefit
	$ (35)	$ —	Net of tax
Equity investments			
Capital activity	$ (1)	$ (1)	Equity in losses of unconsolidated affiliates
	(1)	(1)	Total before tax
	—	—	Tax benefit
	$ (1)	$ (1)	Net of tax
Total reclassifications for the period	$ (12)	$ 23	Net of Tax

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

(a) All amounts are net of tax. Amounts in parentheses represent a decrease in net income.
(b) This accumulated other comprehensive income component is included in the computation of net periodic pension and OPEB cost (see Note 12 — Retirement Benefits for additional details).
(c) In January 2015, in connection with Generation's $750 million issuance of five-year Senior Unsecured Notes, Exelon terminated certain floating-to-fixed interest rate swaps. As the original forecasted transactions were a series of future interest payments over a ten year period, a portion of the anticipated interest payments are probable not to occur. As a result, $26 million of anticipated payments were reclassified from Accumulated OCI to Other, net in Exelon's Consolidated Statement of Operations and Comprehensive Income.

The following table presents income tax expense (benefit) allocated to each component of other comprehensive income (loss) during the three months ended March 31, 2015 and 2014:

	Three Months Ended March 31,	
	2015	2014
Exelon		
Pension and non-pension postretirement benefit plans:		
Prior service benefit reclassified to periodic benefit cost	$ 8	$ (1)
Actuarial gain (loss) reclassified to periodic cost	(35)	(23)
Pension and non-pension postretirement benefit plans valuation adjustment	17	7
Change in unrealized gain (loss) on cash flow hedges	(2)	18
Change in unrealized income on equity investments	—	(7)
Total	$ (12)	$ (6)
Generation		
Change in unrealized gain (loss) on cash flow hedges	$ 5	$ 19
Change in unrealized income on equity investments	—	(7)
Change in marketable securities	—	(2)
Total	$ 5	$ 10

15. Common Stock (Exelon, Generation, ComEd, PECO and BGE)

Equity Securities Offering

In June 2014, Exelon marketed an equity offering of 57.5 million shares of its common stock at a public offering price of $35 per share. In connection with such offering, Exelon entered into forward sale agreements requiring Exelon to settle the transaction prior to October 29, 2015. No amounts have or will be recorded in Exelon's consolidated financial statements with respect to the equity offering until settlement of the forward sale agreements occurs. Based on the average stock price for the quarter ended March 31, 2015, if Exelon had elected to net settle the contract, Exelon would have been required to issue approximately 2.5 million shares at a forward price of $33.21. If Exelon elects to cash settle the contract, the transaction costs will be recorded as a charge to earnings in the period in which it becomes probable that Exelon will cash settle. Otherwise, all transaction costs will be reflected as a reduction to the value of the common stock issued in Exelon's Consolidated Balance Sheet. The net proceeds received upon settlement are expected to be used to finance a portion of the proposed acquisition of PHI and for general corporate purposes. Until settlement, earnings per share dilution resulting from the forward sales agreement, if any, will be determined under the treasury stock method. For further information on the options Exelon has to settle the transaction, refer to note 19 — Common Stock of the Exelon 2014 Form 10-K

Concurrent with the forward equity transaction, Exelon also issued $1.15 billion of junior subordinated notes in the form of 23 million equity units. See Note 9 — Debt and Credit Agreements for further information on the equity units.

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16. Earnings Per Share and Equity (Exelon)

Earnings per Share (Exelon)

Diluted earnings per share is calculated by dividing Net income attributable to common shareholders by the weighted average number of shares of common stock outstanding adjusted to include the potentially dilutive effect of stock options, performance share awards and restricted stock outstanding under Exelon's LTIPs. The following table sets forth the components of basic and diluted earnings per share and shows the effect of these stock options, performance share awards and restricted stock on the weighted average number of shares outstanding (in millions) used in calculating diluted earnings per share:

	Three Months Ended March 31,	
	2015	2014
Net income attributable to common shareholders	$ 693	$ 90
Average common shares outstanding — basic	862	858
Potentially dilutive effect of stock options, performance share awards and restricted stock	5	3
Average common shares outstanding — diluted	867	861

The number of stock options not included in the calculation of diluted common shares outstanding due to their antidilutive effect was approximately 15 million and 18 million for the three months ended March 31, 2015 and 2014, respectively. The number of equity units related to the PHI merger not included in the calculation of diluted common shares outstanding due to their antidilutive effect was less than 1 million for the three months ended March 31, 2015 since issuance. Additionally, there were no forward units related to the PHI merger not included in the calculation of diluted common shares outstanding due to their antidilutive effect for the three months ended March 31, 2015 and since issuance. Refer to Note 15 — Common Stock for further information regarding the equity units and equity forward units.

Under share repurchase programs, 35 million shares of common stock are held as treasury stock with a cost of $2.3 billion as of March 31, 2015. In 2008, Exelon management decided to defer indefinitely any share repurchases.

17. Commitments and Contingencies (Exelon, Generation, ComEd, PECO and BGE)

The following is an update to the current status of commitments and contingencies set forth in Note 22 of the Exelon 2014 Form 10-K.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
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Commitments

Energy Commitments

As of March 31, 2015, Generation's commitments relating to its purchases from unaffiliated utilities and others of energy, capacity, transmission rights and RECs, are as indicated in the following table:

	Net Capacity Purchases [a]	REC Purchases [b]	Transmission Rights Purchases [c]	Total
2015	$ 317	$ 124	$ 13	$ 454
2016	287	258	15	560
2017	219	153	15	387
2018	109	52	16	177
2019	113	9	16	138
Thereafter	276	1	35	312
Total	$ 1,321	$ 597	$ 110	$2,028

(a) Net capacity purchases include PPAs and other capacity contracts including those that are accounted for as operating leases. Amounts presented in the commitments represent Generation's expected payments under these arrangements at March 31, 2015, net of fixed capacity payments expected to be received ("capacity offsets") by Generation under contracts to resell such acquired capacity to third parties under long-term capacity sale contracts. As of March 31, 2015, capacity offsets were $107 million, $133 million, $136 million, $137, million, $138 million, and $591 million for years 2015, 2016, 2017, 2018, 2019, and thereafter, respectively. Expected payments include certain fixed capacity charges which may be reduced based on plant availability.
(b) The table excludes renewable energy purchases that are contingent in nature.
(c) Transmission rights purchases include estimated commitments for additional transmission rights that will be required to fulfill firm sales contracts.

ComEd's, PECO's and BGE's electric supply procurement, curtailment services, REC and AEC purchase commitments, as applicable, as of March 31, 2015 are as follows:

		Expiration within					
	Total	2015	2016	2017	2018	2019	2020 and beyond
ComEd							
Electric supply procurement [a][b]	$ 473	$182	$151	$140	$—	$—	$ —
Renewable energy and RECs [c]	1,498	56	76	77	78	84	1,127
PECO							
Electric supply procurement [d]	832	532	268	32	—	—	—
AECs [e]	13	2	2	2	2	2	3
BGE							
Electric supply procurement [f]	1,074	538	448	88	—	—	—
Curtailment services [g]	105	30	34	29	12	—	—

(a) ComEd entered into various contracts for the procurement of electricity that started to expire in 2012, and will continue to expire through 2018. ComEd is permitted to recover its electric supply procurement costs from retail customers with no mark-up. As of March 31, 2015, ComEd has completed the ICC-approved procurement process for a portion of its energy requirements through the periods ending May 31, 2015, 2016 and 2017.
(b) Excludes electric supply commitments associated with the Spring 2015 procurement process approved by the ICC on April 1, 2015, for the years 2015-2018 in the amount of $179 million, $112 million, $23 million, and $21 million, respectively.

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(c) Primarily related to ComEd 20-year contracts for renewable energy and RECs that began in June 2012. ComEd is permitted to recover its renewable energy and REC costs from retail customers with no mark-up. The commitments represent the maximum settlements with suppliers for renewable energy and RECs under the existing contract terms.
(d) PECO entered into various contracts for the procurement of electric supply to serve its default service customers that expire between 2015 and 2017. PECO is permitted to recover its electric supply procurement costs from default service customers with no mark-up in accordance with its PAPUC-approved DSP Programs. See Note 5 — Regulatory Matters for additional information.
(e) PECO is subject to requirements related to the use of alternative energy resources established by the AEPS Act. See Note 3 — Regulatory Matters of the Exelon 2014 Form 10-K for additional information.
(f) BGE entered into various contracts for the procurement of electricity that expire between 2015 through 2017. The cost of power under these contracts is recoverable under MDPSC approved fuel clauses. See Note 3 — Regulatory Matters of the Exelon 2014 10-K for additional information.
(g) BGE has entered into various contracts with curtailment services providers related to transactions in PJM's capacity market. See Note 3 — Regulatory Matters of the Exelon 2014 Form 10-K for additional information.

Fuel Purchase Obligations

In addition to the energy commitments described above, Generation has commitments to purchase fuel supplies for nuclear and fossil generation. Since the second quarter of 2014, 100% of CENG's nuclear fuel commitments are disclosed within the Generation line below, since CENG is now fully consolidated by Generation. PECO and BGE have commitments to purchase natural gas related to transportation, storage capacity and services to serve customers in their gas distribution service territory. As of March 31, 2015, these net commitments were as follows:

		Expiration within					
	Total	2015	2016	2017	2018	2019	2020 and beyond
Generation	$8,479	$1,015	$1,145	$1,151	$987	$869	$ 3,312
PECO	392	109	104	61	34	13	71
BGE	614	82	87	74	64	61	246

Other Purchase Obligations

The Registrants' other purchase obligations as of March 31, 2015, which primarily represent commitments for services, materials and information technology, are as follows:

		Expiration within					
	Total	2015	2016	2017	2018	2019	2020 and beyond
Exelon	$840	$258	$279	$152	$38	$30	$ 83
Generation [(a)]	364	123	81	43	31	23	63
ComEd [(b)]	152	53	82	2	2	2	11
PECO [(b)]	11	5	6	—	—	—	—
BGE [(b)]	313	77	110	107	5	5	9

(a) Purchase obligations do not include commitments related to construction contracts. See Construction Commitments section below for additional information.
(b) Purchase obligations include commitments related to smart meter installation. See Note 5 — Regulatory Matters for additional information.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Construction Commitments

Generation's ongoing investments in renewables development and new natural gas construction illustrates Generation's growth strategy to provide for diversification opportunities while leveraging its expertise and strengths.

On July 26, 2013, Generation executed an engineering procurement and construction contract to expand its Perryman, Maryland generation site with at least 120 MW of new natural gas-fired generation. The remaining commitment is approximately $17 million under the contract and achievement of commercial operations is expected in 2015. This project will satisfy a portion of Exelon's commitment to Maryland. See Note 4 — Mergers, Acquisitions, and Dispositions of the Exelon 2014 Form 10-K for additional information on commitments to develop or assist in development of new generation in Maryland resulting from the Constellation merger.

During the third and fourth quarter of 2014, Generation executed contracts associated with the construction of new combined-cycle gas turbine units in Texas. The remaining commitment is approximately $816 million under these contracts and achievement of commercial operations is expected in 2017.

During the fourth quarter of 2014, Generation executed contracts associated with the construction of the 30 MW Fair Wind project in western Maryland. The remaining commitment is approximately $26 million under these contracts and achievement of commercial operations is expected in 2015. This project will satisfy a portion of Exelon's 125 MW Tier I land-based renewables commitment made to Maryland. See Note 4 — Mergers, Acquisitions, and Dispositions of the Exelon 2014 Form 10-K for additional information on commitments to develop or assist in development of new generation in Maryland resulting from the Constellation merger.

During the fourth quarter of 2014, Generation executed contracts associated with the construction of the 78 MW Sendero Wind project in southern Texas. The remaining commitment is approximately $34 million under these contracts and achievement of commercial operations is expected in 2015.

Refer to Note 3 — Regulatory Matters of the Exelon 2014 Form 10-K for information on investment programs associated with regulatory mandates, such as ComEd's Infrastructure Investment Plan under EIMA, PECO's Smart Meter Procurement and Installation Plan and BGE's comprehensive smart grid initiative.

Constellation Merger Commitments

In February 2012, the MDPSC issued an Order approving the Exelon and Constellation merger. As part of the MDPSC Order, Exelon agreed to provide a package of benefits to BGE customers, the City of Baltimore and the State of Maryland, resulting in an estimated direct investment in the State of Maryland of approximately $1 billion.

The direct investment estimate includes $95 million to $120 million relating to the construction of a headquarters building in Baltimore for Generation's competitive energy businesses. On March 20, 2013, Generation signed a 20 year lease agreement that was contingent upon the developer obtaining all required approvals, permits and financing for the construction of a building in Baltimore, Maryland. The operating lease became effective during the second quarter of 2014 when these outstanding contingencies were met by the developer. Generation's total commitments under the lease agreement are $0 million, $5 million, $12 million, $13 million, $13 million, and $285 million, related to 2015, 2016, 2017, 2018, 2019 and thereafter.

The direct investment commitment also includes $600 million to $650 million relating to Exelon and Generation's development or assistance in the development of 285 — 300 MWs of new generation in Maryland,

which is expected to be completed over a period of 10 years. The MDPSC order contemplates various options for complying with the new generation development commitments, including building or acquiring generating assets, making subsidy or compliance payments, or in circumstances in which the generation build is delayed or certain specified provisions are elected, making liquidated damages payments. Exelon and Generation expect that the majority of these commitments will be satisfied by building or acquiring generating assets and, therefore, will be primarily capital in nature and recognized as incurred. However, during the third quarter of 2014, the conditions associated with one of the generation development commitments changed such that Exelon and Generation now believe that the most likely outcome will involve making subsidy payments and/or liquidated damages payments rather than constructing the specified generating plant. As a result, Exelon and Generation recorded a pre-tax $44 million loss contingency related to this generation development commitment which is included in Operating and maintenance expense in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income. While this $44 million loss contingency represents Generation's best estimate of the future obligation, it is reasonably possible that Exelon and Generation could ultimately be required to make cumulative subsidy payments of up to a maximum of approximately $105 million over a 20-year period dependent on actual generating output from a successfully constructed generating plant. See Note 4 — Mergers, Acquisitions, and Dispositions of the Exelon 2014 Form 10-K for additional information regarding the Constellation merger commitments.

Equity Investment Commitments

As part of Generation's recent investments in technology development, Generation has entered into equity purchase agreements that include commitments to purchase additional equity through incremental payments. The additional equity is provided by the agreements to fund the anticipated needs of the planned operations of the associated companies. The commitment includes approximately $20 million of in-kind services. As of March 31, 2015, Generation's estimated commitment relating to its equity purchase agreements, including the in-kind services contributions, is anticipated to be as follows:

	Total
2015	$ 77
2016	37
2017	19
2018	14
Total	$147

Contingencies

Commercial Commitments

The Registrants' commercial commitments as of March 31, 2015, representing commitments potentially triggered by future events were as follows:

	Exelon	Generation	ComEd	PECO	BGE
Letters of credit (non-debt) [a]	$ 1,740	$ 1,673	$ 18	$ 22	$ 1
Guarantees	5,453[b]	2,678[c]	202[d]	196[e]	263[f]
Nuclear insurance premiums [g]	3,014	3,014	—	—	—
Underwriters discount [h]	60	—	—	—	—
Total commercial commitments	$10,267	$ 7,365	$ 220	$218	$264

(a) Non-debt letters of credit maintained to provide credit support for certain transactions as requested by third parties.
(b) Primarily reflects parental guarantees issued on behalf of Generation to allow the flexibility needed to conduct business with counterparties without having to post other forms of collateral. Also reflects guarantees issued to ensure performance under specific contracts, preferred securities of financing trusts, property leases, indemnifications, NRC minimum funding assurance requirements and miscellaneous guarantees. The estimated net exposure for obligations under commercial transactions covered by these guarantees was $642 million at March 31, 2015, which represents the total amount Exelon could be required to fund based on March 31, 2015 market prices.
(c) Primarily reflects guarantees issued to ensure performance under energy marketing and other specific contracts. The estimated net exposure for obligations under commercial transactions covered by these guarantees was $429 million at March 31, 2015, which represents the total amount Generation could be required to fund based on March 31, 2015 market prices.
(d) Primarily reflects full and unconditional guarantees of $200 million Trust Preferred Securities of ComEd Financing III, which is a 100% owned finance subsidiary of ComEd.
(e) Primarily reflects full and unconditional guarantees of $178 million Trust Preferred Securities of PECO Trust III and IV, which are 100% owned finance subsidiaries of PECO.
(f) Primarily reflects full and unconditional guarantees of $250 million Trust Preferred Securities of BGE Capital Trust II, which is a 100% owned finance subsidiary of BGE.
(g) Represents the maximum amount that Generation would be required to pay for retrospective premiums in the event of nuclear disaster at any domestic site, including CENG sites, under the Secondary Financial Protection pool as required under the Price-Anderson Act as well as the current aggregate annual retrospective premium obligation that could be imposed by NEIL. See the Nuclear Insurance section within this note for additional details on Generation's nuclear insurance premiums.
(h) Represents the underwriters discount for Exelon's forward equity transaction. See Note 15 — Common Stock for further details of the equity securities offering.

Nuclear Insurance (Exelon and Generation)

Generation is subject to liability, property damage and other risks associated with major incidents at any of its nuclear stations, including the CENG nuclear stations. Generation has mitigated its financial exposure to these risks through insurance and other industry risk-sharing provisions.

The Price-Anderson Act was enacted to ensure the availability of funds for public liability claims arising from an incident at any of the U.S. licensed nuclear facilities and also to limit the liability of nuclear reactor owners for such claims from any single incident. As of March 31, 2015, the current liability limit per incident was $13.6 billion and is subject to change to account for the effects of inflation and changes in the number of licensed reactors. An inflation adjustment must be made at least once every 5 years and the last inflation adjustment was made effective September 10, 2013. In accordance with the Price-Anderson Act, Generation maintains financial protection at levels equal to the amount of liability insurance available from private sources through the purchase of private nuclear energy liability insurance for public liability claims that could arise in the event of an incident. As of March 31, 2015, the amount of nuclear energy liability insurance purchased is $375 million for each operating site. Additionally, the Price-Anderson Act requires a second layer of protection through the mandatory participation in a retrospective rating plan for power reactors (currently 104 reactors) resulting in an additional $13.2 billion in funds available for public liability claims. Participation in this secondary financial protection pool requires the operator of each reactor to fund its proportionate share of costs for any single incident that exceeds the primary layer of financial protection. Under the Price-Anderson Act, the maximum assessment in the event of an incident for each nuclear operator, per reactor, per incident (including a 5% surcharge), is $127.3 million, payable at no more than $19 million per reactor per incident per year. Exelon's maximum liability per incident is approximately $2.7 billion, including CENG's related liability.

In addition, the U.S. Congress could impose revenue-raising measures on the nuclear industry to pay public liability claims exceeding the $13.6 billion limit for a single incident.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

As part of the execution of the NOSA on April 1, 2014, Generation executed an Indemnity Agreement pursuant to which Generation agreed to indemnify EDF and its affiliates against third-party claims that may arise from any future nuclear incident (as defined in the Price Anderson Act) in connection with the CENG nuclear plants or their operations. Exelon guarantees Generation's obligations under this indemnity. See Note 6 — Investment in Constellation Energy Nuclear Group, LLC for additional information on Generation's operations relating to CENG.

Generation is required each year to report to the NRC the current levels and sources of property insurance that demonstrates Generation possesses sufficient financial resources to stabilize and decontaminate a reactor and reactor station site in the event of an accident. The property insurance maintained for each facility is currently provided through insurance policies purchased from NEIL, an industry mutual insurance company of which Generation is a member.

NEIL provides "all risk" property damage, decontamination and premature decommissioning insurance for each station for losses resulting from damage to its nuclear plants, either due to accidents or acts of terrorism. If the decision is made to decommission the facility, a portion of the insurance proceeds will be allocated to a fund, which Generation is required by the NRC to maintain, to provide for decommissioning the facility. In the event of an insured loss, Generation is unable to predict the timing of the availability of insurance proceeds to Generation and the amount of such proceeds that would be available. In the event that one or more acts of terrorism cause accidental property damage within a twelve-month period from the first accidental property damage under one or more policies for all insured plants, the maximum recovery for all losses by all insureds will be an aggregate of $3.2 billion plus such additional amounts as the insurer may recover for all such losses from reinsurance, indemnity and any other source, applicable to such losses.

For its insured losses, Generation is self-insured to the extent that losses are within the policy deductible or exceed the amount of insurance maintained. Uninsured losses and other expenses, to the extent not recoverable from insurers or the nuclear industry, could also be borne by Generation. Any such losses could have a material adverse effect on Exelon's and Generation's financial condition, results of operations and liquidity.

Environmental Issues

General. The Registrants' operations have in the past, and may in the future, require substantial expenditures in order to comply with environmental laws. Additionally, under Federal and state environmental laws, the Registrants are generally liable for the costs of remediating environmental contamination of property now or formerly owned by them and of property contaminated by hazardous substances generated by them. The Registrants own or lease a number of real estate parcels, including parcels on which their operations or the operations of others may have resulted in contamination by substances that are considered hazardous under environmental laws. In addition, the Registrants are currently involved in a number of proceedings relating to sites where hazardous substances have been deposited and may be subject to additional proceedings in the future.

ComEd, PECO and BGE have identified sites where former MGP activities have or may have resulted in actual site contamination. For almost all of these sites, there are additional PRPs that may share responsibility for the ultimate remediation of each location.

- ComEd has identified 42 sites, 17 of which the remediation has been completed and approved by the Illinois EPA or the U.S. EPA and 25 that are currently under some degree of active study and/or remediation. ComEd expects the majority of the remediation at these sites to continue through at least 2019.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

- PECO has identified 26 sites, 16 of which have been remediated in accordance with applicable PA DEP regulatory requirements. The remaining 10 sites are currently under some degree of active study and/or remediation. PECO expects the majority of the remediation at these sites to continue through at least 2021.
- BGE has identified 13 former gas manufacturing or purification sites that it currently owns or owned at one time through a predecessor's acquisition. Two gas manufacturing sites require some level of remediation and ongoing monitoring under the direction of the MDE. The required costs at these two sites are not considered material. An investigation of an additional gas purification site was completed during the first quarter of 2015 at the direction of the MDE. BGE has established a reserve, which is not material, representing the low end of a reasonably possible estimated range of loss. Management is unable to estimate the maximum exposure of potential remediation efforts at this time, which may have a material impact on BGE's results of operations and cash flows.

ComEd, pursuant to an ICC order, and PECO, pursuant to settlements of natural gas distribution rate cases with the PAPUC, are currently recovering environmental remediation costs of former MGP facility sites through customer rates. ComEd and PECO have recorded regulatory assets for the recovery of these costs. See Note 5 — Regulatory Matters for additional information regarding the associated regulatory assets. BGE is authorized to recover, and is currently recovering, environmental costs for the remediation of the former MGP facility sites from customers; however, while BGE does not have a rider for MGP clean-up costs, BGE has historically received recovery of actual clean-up costs in distribution rates. BGE has not established a regulatory asset for the costs associated with the gas purification site as of March 31, 2015.

As of March 31, 2015 and December 31, 2014, the Registrants had accrued the following undiscounted amounts for environmental liabilities in other current liabilities and other deferred credits and other liabilities within their respective Consolidated Balance Sheets:

March 31, 2015	Total Environmental Investigation and Remediation Reserve	Portion of Total Related to MGP Investigation and Remediation
Exelon	$ 340	$ 272
Generation	62	—
ComEd	231	228
PECO	44	42
BGE	3	2

December 31, 2014	Total Environmental Investigation and Remediation Reserve	Portion of Total Related to MGP Investigation and Remediation
Exelon	$ 347	$ 277
Generation	63	—
ComEd	238	235
PECO	45	42
BGE	1	—

The Registrants cannot reasonably estimate whether they will incur other significant liabilities for additional investigation and remediation costs at these or additional sites identified by the Registrants, environmental agencies or others, or whether such costs will be recoverable from third parties, including customers.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Water Quality

Groundwater Contamination. In October 2007, a subsidiary of Constellation entered into a consent decree with the MDE relating to groundwater contamination at a third-party facility that was licensed to accept fly ash, a byproduct generated by coal-fired plants. The consent decree required the payment of a $1 million penalty, remediation of groundwater contamination resulting from the ash placement operations at the site, replacement of drinking water supplies in the vicinity of the site, and monitoring of groundwater conditions. Generation's remaining groundwater contamination reserve was $13 million at both March 31, 2015 and December 31, 2014. In addition, a private party asserted claims relating to groundwater contamination. In February 2014, Generation settled these private party claims for an amount that was not material to the financial condition of Generation.

Air Quality

Notices and Finding of Violations and Midwest Generation Bankruptcy. In December 1999, ComEd sold several generating stations to Midwest Generation, LLC (Midwest Generation), a subsidiary of Edison Mission Energy (EME). Under the terms of the sale agreement, Midwest Generation and EME assumed responsibility for environmental liabilities associated with the ownership, occupancy, use and operation of the stations, including responsibility for compliance by the stations with environmental laws before their purchase by Midwest Generation. Midwest Generation and EME additionally agreed to indemnify and hold ComEd and its affiliates harmless from claims, fines, penalties, liabilities and expenses arising from third party claims against ComEd resulting from or arising out of the environmental liabilities assumed by Midwest Generation and EME under the terms of the agreement governing the sale. In connection with Exelon's 2001 corporate restructuring, Generation assumed ComEd's rights and obligations with respect to its former generation business, including its rights and obligations under the sale agreement with Midwest Generation and EME.

Under a supplemental agreement reached in 2003, Midwest Generation agreed to reimburse ComEd and Generation for 50% of the specific asbestos claims pending as of February 2003 and related expenses less recovery of insurance costs and agreed to a sharing arrangement for liabilities and expenses associated with future asbestos-related claims as specified in the agreement.

On December 17, 2012 (Petition Date), EME and certain of its subsidiaries, including Midwest Generation, filed for protection under Chapter 11 of the U.S. Bankruptcy Code.

In 2012, the Bankruptcy Court approved the rejection of an agency agreement related to a coal rail car lease under which Midwest Generation had agreed to reimburse ComEd for all obligations incurred under the coal rail car lease. The rejection left Generation as the party responsible for making all remaining payments under the lease and performing all other obligations thereunder. A settlement was reached in January 2015, to resolve the claims related to the coal rail car lease for approximately $14 million and Exelon recorded a gain upon receipt of the funds, within Operating and maintenance expense in Exelon and Generation's Consolidated Statement of Operations and Comprehensive Income. No further action is expected related to the rail car lease.

On March 11, 2014, the Bankruptcy Court for the Northern District of Illinois entered its Order Confirming Debtors' Joint Chapter 11 Plan of Reorganization. On April 1, 2014 (Effective Date), NRG Energy purchased EME's portfolio of generation, including Midwest Generation and the Joint Chapter 11 Plan of Reorganization (Plan) became effective. As part of the Plan, the sale agreement, including the environmental indemnity, and the asbestos cost-sharing agreement were rejected.

Generation increased its reserve for asbestos-related bodily injury claims pertaining to Midwest Generations' share of liability as a result of the rejection of the asbestos cost sharing agreement in the bankruptcy

proceedings. Exelon and Generation may be entitled to damages associated with the rejection of the agreement and a claim has been filed by Exelon for such damages. These amounts are considered to be contingent gains and would not be recognized until realized.

As a prior owner of the generating stations, ComEd (and Generation, through its agreement in Exelon's 2001 corporate restructuring to assume ComEd's rights and obligations associated with its former generation business) could face liability (along with any other potentially responsible parties) for environmental conditions at the stations requiring remediation, with the determination of the allocation among the parties subject to many uncertain factors. ComEd and Generation are unable to predict whether and to what extent they may ultimately be held responsible for remediation and other costs relating to the generating stations and as a result no liability has been recorded as of March 31, 2015. Any liability imposed on ComEd or Generation for environmental matters relating to the generating stations could have a material adverse impact on their future results of operations and cash flows.

Solid and Hazardous Waste

Cotter Corporation. The U.S. EPA has advised Cotter Corporation (Cotter), a former ComEd subsidiary, that it is potentially liable in connection with radiological contamination at a site known as the West Lake Landfill in Missouri. On February 18, 2000, ComEd sold Cotter to an unaffiliated third- party. As part of the sale, ComEd agreed to indemnify Cotter for any liability arising in connection with the West Lake Landfill. In connection with Exelon's 2001 corporate restructuring, this responsibility to indemnify Cotter was transferred to Generation. On May 29, 2008, the U.S. EPA issued a Record of Decision approving the remediation option submitted by Cotter and the two other PRPs that required additional landfill cover. By letter dated January 11, 2010, the U.S. EPA requested that the PRPs perform a supplemental feasibility study for a remediation alternative that would involve complete excavation of the radiological contamination. On September 30, 2011, the PRPs submitted the final supplemental feasibility study to the U.S. EPA for review. In June 2012, the U.S. EPA requested that the PRPs perform additional analysis and groundwater sampling as part of the supplemental feasibility study, and subsequently requested additional analysis sampling and modeling that will be conducted throughout 2015. In light of these additional requests, it is unknown when the U.S EPA will propose a remedy for public comment, but will likely be sometime in 2016 at the earliest. Thereafter the U.S. EPA will select a final remedy and enter into a Consent Decree with the PRPs to effectuate the remedy. A complete excavation remedy would be significantly more expensive than the previously selected additional cover remedy; however, Generation believes the likelihood that the U.S. EPA would require a complete excavation remedy is remote. The current estimated cost of the landfill cover remediation for the site is approximately $50 million, which will be allocated among all PRPs. Generation has accrued what it believes to be an adequate amount to cover its anticipated share of such liability.

On August 8, 2011, Cotter was notified by the DOJ that Cotter is considered a PRP with respect to the government's clean-up costs for contamination attributable to low level radioactive residues at a former storage and reprocessing facility named Latty Avenue near St. Louis, Missouri. The Latty Avenue site is included in ComEd's indemnification responsibilities discussed above as part of the sale of Cotter. The radioactive residues had been generated initially in connection with the processing of uranium ores as part of the U.S. government's Manhattan Project. Cotter purchased the residues in 1969 for initial processing at the Latty Avenue facility for the subsequent extraction of uranium and metals. In 1976, the NRC found that the Latty Avenue site had radiation levels exceeding NRC criteria for decontamination of land areas. Latty Avenue was investigated and remediated by the United States Army Corps of Engineers pursuant to funding under the Formerly Utilized Sites Remedial Action Program. The DOJ has not yet formally advised the PRPs of the amount that it is seeking, but it is believed to be approximately $90 million. The DOJ and the PRPs agreed to toll the statute of limitations until August 2015 so that settlement discussions could proceed. Based on Generation's preliminary review, it appears probable that Generation has liability to Cotter under the indemnification agreement and has established an appropriate accrual for this liability.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

On February 28, 2012, and April 12, 2012, two lawsuits were filed in the U.S. District Court for the Eastern District of Missouri against 15 and 14 defendants, respectively, including Exelon, Generation and ComEd (the Exelon defendants) and Cotter. The suits allege that individuals living in the North St. Louis area developed some form of cancer due to the Exelon defendants' negligent or reckless conduct in processing, transporting, storing, handling and/or disposing of radioactive materials. Plaintiffs have asserted claims for negligence, strict liability, emotional distress, medical monitoring, and violations of the Price-Anderson Act. The complaints do not contain specific damage claims. On May 30, 2012, the plaintiffs filed voluntary motions to dismiss the Exelon defendants from both lawsuits which were subsequently granted. Since May 30, 2012, several related lawsuits have been filed in the same court on behalf of various plaintiffs against Cotter and other defendants, but not Exelon. The allegations in these related lawsuits mirror the initially filed lawsuits. In the event of a finding of liability, it is reasonably possible that Exelon would be considered liable due to its indemnification responsibilities of Cotter described above. On March 27, 2013, the U.S. District Court dismissed all state common law actions brought under the initial two lawsuits; and also found that the plaintiffs had not properly brought the actions under the Price-Anderson Act. On July 8, 2013, the plaintiffs filed amended complaints under the Price-Anderson Act. Cotter moved to dismiss the amended complaints and has motions currently pending before the court. At this stage of the litigation, Exelon, Generation, and ComEd cannot estimate a range of loss, if any.

68 th Street Dump. In 1999, the U.S. EPA proposed to add the 68th Street Dump in Baltimore, Maryland to the Superfund National Priorities List, and notified BGE and 19 others that they are PRPs at the site. In March 2004, BGE and other PRPs formed the 68th Street Coalition and entered into consent order negotiations with the U.S. EPA to investigate clean-up options for the site under the Superfund Alternative Sites Program. In May 2006, a settlement among the U.S. EPA and 19 of the PRPs, including BGE, with respect to investigation of the site became effective. The settlement requires the PRPs, over the course of several years, to identify contamination at the site and recommend clean-up options. The PRPs submitted their investigation of the range of clean-up options in the first quarter of 2011. Although the investigation and options provided to the U.S. EPA are still subject to U.S. EPA review and selection of a remedy, the range of estimated clean-up costs to be allocated among all of the PRPs is in the range of $50 million to $64 million. On September 30, 2013, U.S. EPA issued the Record of Decision identifying its preferred remedial alternative for the site. The estimated cost for the alternative chosen by U.S. EPA is consistent with the PRPs estimated range of costs noted above. Based on Generation's preliminary review, it appears probable that Generation has liability and has established an appropriate accrual for its share of the estimated clean-up costs. A wholly owned subsidiary of Generation has agreed to indemnify BGE for most of the costs related to this settlement and clean-up of the site.

Rossville Ash Site. The Rossville Ash Site is a 32-acre property located in Rosedale, Baltimore County, Maryland, which was used for the placement of fly ash from 1983-2007. The property is owned by Constellation Power Source Generation, LLC (CPSG). In 2008, CPSG investigated and remediated the property by entering it into the Maryland Voluntary Cleanup Program (VCP) to address any historic environmental concerns and ready the site for appropriate future redevelopment. The site was accepted into the program in 2010 and is currently going through the process to remediate the site and receive closure from MDE. Exelon currently estimates the cost to close the site to be approximately $10 million, which has been fully reserved as of March 31, 2015.

Sauer Dump. On May 30, 2012, BGE was notified by the U.S. EPA that it is considered a PRP at the Sauer Dump Superfund site in Dundalk, Maryland. The U.S. EPA offered BGE and three other PRPs the opportunity to conduct an environmental investigation and present cleanup recommendations at the site. In addition, the U.S. EPA is seeking recovery from the PRPs of $1.7 million for past cleanup and investigation costs at the site. On March 11, 2013, BGE and three other PRP's signed an Administrative Settlement Agreement and Order on Consent with the U.S. EPA which requires the PRP's to conduct a Remedial Investigation and Feasibility Study at the site to determine what, if any, are the appropriate and recommended cleanup activities for

the site. The ultimate outcome of this proceeding is uncertain. Since the U.S. EPA has not selected a cleanup remedy and the allocation of the cleanup costs among the PRPs has not been determined, an estimate of the range of BGE's reasonably possible loss, if any, cannot be determined.

Litigation and Regulatory Matters

Except to the extent noted below, the circumstances set forth in Note 22 of the Exelon 2014 Form 10-K describe, in all material respects, the current status of litigation matters. The following is an update to that discussion.

Asbestos Personal Injury Claims (Exelon, Generation, PECO and BGE)

Exelon and Generation . Generation maintains a reserve for claims associated with asbestos-related personal injury actions in certain facilities that are currently owned by Generation or were previously owned by ComEd and PECO. The reserve is recorded on an undiscounted basis and excludes the estimated legal costs associated with handling these matters, which could be material.

At March 31, 2015 and December 31, 2014, Generation had reserved approximately $97 million and $100 million, respectively, in total for asbestos-related bodily injury claims. As of March 31, 2015, approximately $20 million of this amount related to 224 open claims presented to Generation, while the remaining $77 million of the reserve is for estimated future asbestos-related bodily injury claims anticipated to arise through 2050, based on actuarial assumptions and analyses, which are updated on an annual basis. On a quarterly basis, Generation monitors actual experience against the number of forecasted claims to be received and expected claim payments and evaluates whether an adjustment to the reserve is necessary.

On November 22, 2013, the Supreme Court of Pennsylvania held that the Pennsylvania Workers Compensation Act does not apply to an employee's disability or death resulting from occupational disease, such as diseases related to asbestos exposure, which manifests more than 300 weeks after the employee's last employment-based exposure, and that therefore the exclusivity provision of the Act does not preclude such employee from suing his or her employer in court. The Supreme Court's ruling reverses previous rulings by the Pennsylvania Superior Court precluding current and former employees from suing their employers in court, despite the fact that the same employee was not eligible for workers compensation benefits for diseases that manifest more than 300 weeks after the employee's last employment-based exposure to asbestos. Currently, Exelon, Generation and PECO are unable to predict whether and to what extent they may experience additional claims in the future as a result of this ruling; as such no increase to the asbestos-related bodily injury liability has been recorded as of March 31, 2015. Increased claims activity resulting from this ruling could have a material adverse effect on Exelon's, Generation's and PECO's future results of operations and cash flows.

BGE . Since 1993, BGE and certain Constellation (now Generation) subsidiaries have been involved in several actions concerning asbestos. The actions are based upon the theory of "premises liability," alleging that BGE and Generation knew of and exposed individuals to an asbestos hazard. In addition to BGE and Generation, numerous other parties are defendants in these cases.

Approximately 467 individuals who were never employees of BGE or certain Constellation subsidiaries have pending claims each seeking several million dollars in compensatory and punitive damages. Cross-claims and third-party claims brought by other defendants may also be filed against BGE and certain Constellation subsidiaries in these actions. To date, most asbestos claims which have been resolved have been dismissed or resolved without any payment by BGE or certain Constellation subsidiaries and a small minority of these cases has been resolved for amounts that were not material to BGE or Generation's financial results.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Discovery begins in these cases after they are placed on the trial docket. At present, only two of the pending cases are set for trial. Given the limited discovery in these cases, BGE and Generation do not know the specific facts that are necessary to provide an estimate of the reasonably possible loss relating to these claims; as such, no accrual has been made and a range of loss is not estimable. The specific facts not known include:

- the identity of the facilities at which the plaintiffs allegedly worked as contractors;
- the names of the plaintiffs' employers;
- the dates on which and the places where the exposure allegedly occurred; and
- the facts and circumstances relating to the alleged exposure.

Insurance and hold harmless agreements from contractors who employed the plaintiffs may cover a portion of any awards in the actions.

Continuous Power Interruption (ComEd)

Section 16-125 of the Illinois Public Utilities Act provides that in the event an electric utility, such as ComEd, experiences a continuous power interruption of four hours or more that affects (in ComEd's case) more than 30,000 customers, the utility may be liable for actual damages suffered by customers as a result of the interruption and may be responsible for reimbursement of local governmental emergency and contingency expenses incurred in connection with the interruption. Recovery of consequential damages is barred. The affected utility may seek from the ICC a waiver of these liabilities when the utility can show that the cause of the interruption was unpreventable damage due to weather events or conditions, customer tampering, or certain other causes enumerated in the law.

On August 18, 2011, ComEd sought from the ICC a determination that ComEd is not liable for damage compensation to customers in connection with the July 11, 2011 storm system that produced multiple power interruptions that in the aggregate affected more than 900,000 customers in ComEd's service territory, as well as for five other storm systems that affected ComEd's customers during June and July 2011 (Summer 2011 Storm Docket). In addition, on September 29, 2011, ComEd sought from the ICC a determination that it was not liable for damage compensation related to the February 1, 2011 blizzard (February 2011 Blizzard Docket).

On June 5, 2013, the ICC approved a complete waiver of liability for five of the six summer storms and the February 2011 blizzard. The ICC held that for the July 11, 2011 storm, 34,559 interruptions were preventable and therefore no waiver should apply. As required by the ICC's Order, ComEd notified relevant customers that they may be entitled to seek reimbursement of incurred costs in accordance with a claims procedure established under ICC rules and regulations. On July 31, 2014, the Illinois Appellate Court reaffirmed the ICC's decision in ComEd's appeal of the Summer 2011 Storm Docket and dismissed ComEd's appeal of the February 2011 Blizzard Docket. The Illinois Supreme Court denied ComEd's request to hear the matter. The ICC's order is now final and claims from impacted customers and municipalities are now eligible for review and reimbursement. ComEd is processing claims received to date.

In the second quarter of 2013, ComEd established a liability, which is not material, for potential reimbursements for actual damages incurred by the 34,559 customers covered by the ICC's June 5, 2013 Order. The liability recorded represents the low end of a range of potential losses given that no amount within the range represents a better estimate. ComEd's ultimate liability will be based on actual claims eligible for reimbursement. Although reimbursements for actual damages will differ from the estimated accrual recorded, at this time ComEd does not expect the difference to be material to ComEd's results of operations or cash flows.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

ComEd has not recorded an accrual for reimbursement of local governmental emergency and contingency expenses as a range of loss, if any, cannot be reasonably estimated at this time, but may be material to ComEd's results of operations and cash flows.

Telephone Consumer Protection Act Lawsuit (ComEd)

On November 19, 2013, a class action complaint was filed in the Northern District of Illinois on behalf of a single individual and a presumptive class that would include all customers that ComEd enrolled in its Outage Alert text message program. The complaint alleges that ComEd violated the Telephone Consumer Protection Act (TCPA) by sending approximately 1.2 million text messages to customers without first obtaining their consent to receive such messages. The complaint seeks certification of a class along with statutory damages, attorneys' fees, and an order prohibiting ComEd from sending additional text messages. Such statutory damages could range from $500 to $1,500 per text. In February 2014, ComEd filed a motion to dismiss this class action complaint, which was denied in June 2014. On February 19, 2015, ComEd and the plaintiff agreed in principle to settle the suit for $5 million, which ComEd has recorded as a liability as of March 31, 2015. The parties are in process of obtaining the approval of the court and the class of customers represented in the suit. As ComEd is unable to predict the ultimate outcome of this proceeding, actual damages may differ from the estimated amount recorded, which may be material to ComEd's results of operations, cash flows, and financial position.

Baltimore City Franchise Taxes (BGE)

The City of Baltimore claims that BGE has maintained electric facilities in the City's public right-of-ways for over one hundred years without the proper franchise rights from the City. BGE has reviewed the City's claim and believes that it lacks merit. BGE has not recorded an accrual for payment of franchise fees for past periods as a range of loss, if any, cannot be reasonably estimated at this time. Franchise fees assessed in future periods may be material to BGE's results of operations and cash flows.

General (Exelon, Generation, ComEd, PECO and BGE)

The Registrants are involved in various other litigation matters that are being defended and handled in the ordinary course of business. The assessment of whether a loss is probable or a reasonable possibility, and whether the loss or a range of loss is estimable, often involves a series of complex judgments about future events. The Registrants maintain accruals for such losses that are probable of being incurred and subject to reasonable estimation. Management is sometimes unable to estimate an amount or range of reasonably possible loss, particularly where (1) the damages sought are indeterminate, (2) the proceedings are in the early stages, or (3) the matters involve novel or unsettled legal theories. In such cases, there is considerable uncertainty regarding the timing or ultimate resolution of such matters, including a possible eventual loss.

Income Taxes (Exelon, Generation, ComEd, PECO and BGE)

See Note 10 — Income Taxes for information regarding the Registrants' income tax refund claims and certain tax positions, including the 1999 sale of fossil generating assets.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

18. Supplemental Financial Information (Exelon, Generation, ComEd, PECO and BGE)

Supplemental Statement of Operations Information

The following tables provide additional information about the Registrants' Consolidated Statements of Operations and Comprehensive Income for the three months ended March 31, 2015 and 2014:

Three Months Ended March 31, 2015	Exelon	Generation	ComEd	PECO	BGE
Other, Net					
Decommissioning-related activities:					
Net realized income on decommissioning trust funds [a]					
Regulatory agreement units	$ 71	$ 71	$ —	$ —	$—
Non-regulatory agreement units	29	29	—	—	—
Net unrealized gains on decommissioning trust funds					
Regulatory agreement units	48	48	—	—	—
Non-regulatory agreement units	40	40	—	—	—
Net unrealized gains on pledged assets					
Zion Station decommissioning	10	10	—	—	—
Regulatory offset to decommissioning trust fund-related activities [b]	(106)	(106)	—	—	—
Total decommissioning-related activities	92	92	—	—	—
Investment income (expense)	1	1	—	—	1[c]
Long-term lease income	4	—	—	—	—
Interest income related to uncertain income tax positions	—	1	—	—	—
AFUDC — Equity	5	—	—	2	3
Terminated interest rate swaps [d]	(23)	3	—	—	—
Other	1	(3)	3	—	—
Other, net	$ 80	$ 94	$ 3	$ 2	$ 4

Three Months Ended March 31, 2014	Exelon	Generation	ComEd	PECO	BGE
Other, Net					
Decommissioning-related activities:					
Net realized income on decommissioning trust funds [a]					
Regulatory agreement units	$ 43	$ 43	$ —	$ —	$—
Non-regulatory agreement units	25	25	—	—	—
Net unrealized gains on decommissioning trust funds					
Regulatory agreement units	61	61	—	—	—
Non-regulatory agreement units	13	13	—	—	—
Net unrealized losses on pledged assets					
Zion Station decommissioning	10	10	—	—	—
Regulatory offset to decommissioning trust fund-related activities [b]	(94)	(94)	—	—	—
Total decommissioning-related activities	58	58	—	—	—
Investment income (expense)	1	1	—	—	2[c]
Long-term lease income	6	—	—	—	—
Interest income related to uncertain income tax positions	10	14	—	—	—
AFUDC — Equity	6	—	3	1	3
Other	17	12	2	1	(1)
Other, net	$ 98	$ 85	$ 5	$ 2	$ 4

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

(a) Includes investment income and realized gains and losses on sales of investments of the trust funds.
(b) Includes the elimination of NDT fund activity for the Regulatory Agreement Units, including the elimination of net income taxes related to all NDT fund activity for those units. See Note 15 — Asset Retirement Obligations of the Exelon 2014 Form 10-K for additional information regarding the accounting for nuclear decommissioning.
(c) Relates to the cash return on BGE's rate stabilization deferral. See Note 3 — Regulatory Matters of the Exelon 2014 Form 10-K for additional information regarding the rate stabilization deferral.
(d) In January 2015, in connection with Generation's $750 million issuance of five-year Senior Unsecured Notes, Exelon terminated certain floating-to-fixed interest rate swaps. As the original forecasted transactions were a series of future interest payments over a ten year period, a portion of the anticipated interest payments are probable not to occur. As a result, $26 million of anticipated payments were reclassified from Accumulated OCI to Other, net in Exelon's Consolidated Statement of Operations and Comprehensive Income.

Supplemental Cash Flow Information

The following tables provide additional information regarding the Registrants' Consolidated Statements of Cash Flows for the three months ended March 31, 2015 and 2014:

Three Months Ended March 31, 2015	Exelon	Generation	ComEd	PECO	BGE
Depreciation, amortization, accretion and depletion					
Property, plant and equipment	$ 540	$ 242	$ 154	$ 58	$ 71
Regulatory assets	58	—	21	4	35
Amortization of intangible assets, net	12	12	—	—	—
Amortization of energy contract assets and liabilities [(a)]	(31)	(32)	—	—	—
Nuclear fuel [(b)]	272	272	—	—	—
ARO accretion [(c)]	97	97	—	—	—
Total depreciation, amortization, accretion and depletion	$ 948	$ 591	$ 175	$ 62	$106

Three Months Ended March 31, 2014	Exelon	Generation	ComEd	PECO	BGE
Depreciation, amortization, accretion and depletion					
Property, plant and equipment	$ 481	$ 200	$ 143	$ 56	$ 70
Regulatory assets	72	—	30	2	38
Amortization of intangible assets, net	11	11	—	—	—
Amortization of energy contract assets and liabilities [(a)]	42	44	—	—	—
Nuclear fuel [(b)]	234	234	—	—	—
ARO accretion [(c)]	68	68	—	—	—
Total depreciation, amortization, accretion and depletion	$ 908	$ 557	$ 173	$ 58	$108

(a) Included in Operating revenues or Purchased power and fuel expense on the Registrants' Consolidated Statements of Operations and Comprehensive Income.
(b) Included in Purchased power and fuel expense on the Registrants' Consolidated Statements of Operations and Comprehensive Income.
(c) Included in Operating and maintenance expense on the Registrants' Consolidated Statements of Operations and Comprehensive Income.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Three Months Ended March 31, 2015	Exelon	Generation	ComEd	PECO	BGE
Other non-cash operating activities:					
Pension and non-pension postretirement benefit costs	$ 159	$ 67	$ 52	$ 10	$16
Provision for uncollectible accounts	84	4	22	33	25
Stock-based compensation costs	39	—	—	—	—
Other decommissioning-related activity [a]	(44)	(44)	—	—	—
Energy-related options [b]	9	9	—	—	—
Amortization of regulatory asset related to debt costs	3	—	2	1	—
Amortization of rate stabilization deferral	25	—	—	—	25
Amortization of debt fair value adjustment	(9)	(4)	—	—	—
Discrete impacts of EIMA [c]	46	—	46	—	—
Amortization of debt costs	18	4	1	1	1
Lower of cost or market inventory adjustment	10	10	—	—	—
Other	4	(1)	3	(1)	(3)
Total other non-cash operating activities	$ 344	$ 45	$ 126	$ 44	$64
Changes in other assets and liabilities:					
Under/over-recovered energy and transmission costs	$ 65	$ —	$ —	$ 26	$39
Other regulatory assets and liabilities	92	—	2	(5)	25
Cash deposits [d]	226	226	—	—	—
Other current assets	(155)	(100)	(1)	(95) [e]	30
Other noncurrent assets and liabilities	(113)	(41)	(10)	2	(1)
Total changes in other assets and liabilities	$ 115	$ 85	$ (9)	$ (72)	$93
Non-cash investing and financing activities:					
Indemnification of like-kind exchange position [f]	—	—	2	—	—
Total non-cash investing and financing activities:	$ —	$ —	$ 2	$ —	$—

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Three Months Ended March 31, 2014	Exelon	Generation	ComEd	PECO	BGE
Other non-cash operating activities:					
Pension and non-pension postretirement benefit costs	$ 173	$ 75	$ 56	$ 12	$16
Equity method investments	19	19	—	—	—
Provision for uncollectible accounts	35	1	(11)	35	11
Stock-based compensation costs	46	—	—	—	—
Other decommissioning-related activity [(a)]	(35)	(35)	—	—	—
Energy-related options [(b)]	31	31	—	—	—
Amortization of regulatory asset related to debt costs	3	—	2	1	—
Amortization of rate stabilization deferral	20	—	—	—	20
Amortization of debt fair value adjustment	(12)	(5)	—	—	—
Discrete impacts from EIMA [(c)]	(4)	—	(4)	—	—
Amortization of debt costs	5	3	(5)	1	—
Increase in inventory reserve	2	2	—	—	—
Other	(7)	(2)	(2)	—	(4)
Total other non-cash operating activities	$ 276	$ 89	$ 36	$ 49	$43
Changes in other assets and liabilities:					
Under/over-recovered energy and transmission costs	$ (15)	$ —	$ 4	$ (17)	$23
Other regulatory assets and liabilities	(4)	—	(10)	(3)	6
Other current assets	(209)	(80)	(29)	(105) [(e)]	18
Other noncurrent assets and liabilities	(50)	(23)	11	(2)	(3)
Total changes in other assets and liabilities	$(278)	$ (103)	$ (24)	$(127)	$44
Non-cash investing and financing activities:					
Indemnification of like-kind exchange position [(f)]	—	—	2	—	—
Total non-cash investing and financing activities	$ —	$ —	$ 2	$ —	$—

(a) Includes the elimination of NDT fund activity for the Regulatory Agreement Units, including the elimination of operating revenues, ARO accretion, ARC amortization, investment income and income taxes related to all NDT fund activity for these units. See Note 15 — Asset Retirement Obligations of the Exelon 2014 Form 10-K for additional information regarding the accounting for nuclear decommissioning.
(b) Includes option premiums reclassified to realized at the settlement of the underlying contracts and recorded to results of operations.
(c) Reflects the change in distribution rates pursuant to EIMA, which allows for the recovery of costs by a utility through a pre-established performance-based formula rate tariff. See Note 5 — Regulatory Matters for more information.
(d) Relates primarily to cash deposits recalled from ISOs/RTOs and replaced with letters of credit.
(e) Relates primarily to prepaid utility taxes.
(f) See Note 10 — Income Taxes for discussion of the like-kind exchange tax position.

DOE Smart Grid Investment Grant (Exelon and PECO). For the three months ended March 31, 2014, PECO has included in the capital expenditures line item under investing activities of the cash flow statement capital expenditures of $2 million and reimbursements of $2 million related to PECO's DOE SGIG programs. For the three months ended March 31, 2015 PECO had no capital expenditures or reimbursements, as the DOE SGIG program was completed during 2014. See Note 3 — Regulatory Matters of the Exelon 2014 Form 10-K for additional information regarding the DOE SGIG.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Supplemental Balance Sheet Information

The following tables provide additional information about assets and liabilities of the Registrants as of March 31, 2015 and December 31, 2014.

March 31, 2015	Exelon	Generation	ComEd	PECO	BGE
Property, plant and equipment:					
Accumulated depreciation and amortization	$15,207[(a)]	$ 7,905[(a)]	$3,247	$2,989	$2,905
Accounts receivable:					
Allowance for uncollectible accounts	$ 365	$ 61	$ 100	$ 127	$ 84

December 31, 2014	Exelon	Generation	ComEd	PECO	BGE
Property, plant and equipment:					
Accumulated depreciation and amortization	$14,742[(b)]	$ 7,612[(b)]	$3,432	$2,917	$2,868
Accounts receivable:					
Allowance for uncollectible accounts	$ 311	$ 60	$ 84	$ 100	$ 67

(a) Includes accumulated amortization of nuclear fuel in the reactor core of $2,772 million.
(b) Includes accumulated amortization of nuclear fuel in the reactor core of $2,673 million.

PECO Installment Plan Receivables (Exelon and PECO)

PECO enters into payment agreements with certain delinquent customers, primarily residential, seeking to restore their service, as required by the PAPUC. Customers with past due balances that meet certain income criteria are provided the option to enter into an installment payment plan, some of which have terms greater than one year, to repay past due balances in addition to paying for their ongoing service on a current basis. The receivable balance for these payment agreement receivables is recorded in accounts receivable for the current portion and other deferred debits and other assets for the noncurrent portion. The net receivable balance for installment plans with terms greater than one year was $14 million and $15 million as of March 31, 2015 and December 31, 2014, respectively. The allowance for uncollectible accounts reserve methodology and assessment of the credit quality of the installment plan receivables are consistent with the customer accounts receivable methodology discussed in Note 1 — Significant Accounting Policies of the Exelon 2014 Form 10-K. The allowance for uncollectible accounts balance associated with these receivables at March 31, 2015 of $14 million consists of $1 million, $4 million and $9 million for low risk, medium risk and high risk segments, respectively. The allowance for uncollectible accounts balance at December 31, 2014 of $15 million consists of $1 million, $3 million and $11 million for low risk, medium risk and high risk segments, respectively. The balance of the payment agreement is billed to the customer in equal monthly installments over the term of the agreement. Installment receivables outstanding as of March 31, 2015 and December 31, 2014 include balances not yet presented on the customer bill, accounts currently billed and an immaterial amount of past due receivables. When a customer defaults on its payment agreement, the terms of which are defined by plan type, the entire balance of the agreement becomes due and the balance is reclassified to current customer accounts receivable and reserved for in accordance with the methodology discussed in Note 1 — Significant Accounting Policies of the Exelon 2014 Form 10-K.

19. Segment Information (Exelon, Generation, ComEd, PECO and BGE)

Operating segments for each of the Registrants are determined based on information used by the chief operating decision maker(s) (CODM) in deciding how to evaluate performance and allocate resources at each of the Registrants.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Exelon has nine reportable segments, ComEd, PECO, BGE and Generation's six power marketing reportable segments consisting of the Mid-Atlantic, Midwest, New England, New York, ERCOT and all other power regions not considered individually significant and referred to collectively as "Other Power Regions"; which includes activities in the South, West and Canada. ComEd, PECO and BGE each represent a single reportable segment; as such, no separate segment information is provided for these Registrants. Exelon's CODM evaluates the performance of and allocates resources to ComEd, PECO and BGE based on net income and return on equity.

The CODMs for ComEd, PECO, and BGE evaluate performance and allocate resources for their respective companies based on net income and return on equity for ComEd, PECO, and BGE each as single integrated businesses.

The foundation of Generation's six reportable segments is based on the geographic location of its assets, and is largely representative of the footprints of an ISO / RTO and/or NERC region. Descriptions of each of Generation's six reportable segments are as follows:

- Mid-Atlantic represents operations in the eastern half of PJM, which includes Pennsylvania, New Jersey, Maryland, Virginia, West Virginia, Delaware, the District of Columbia and parts of North Carolina.
- Midwest represents operations in the western half of PJM, which includes portions of Illinois, Indiana, Ohio, Michigan, Kentucky and Tennessee, and the United States footprint of MISO excluding MISO's Southern Region, which covers all or most of North Dakota, South Dakota, Nebraska, Minnesota, Iowa, Wisconsin, the remaining parts of Illinois, Indiana, Michigan and Ohio not covered by PJM, and parts of Montana, Missouri and Kentucky.
- New England represents the operations within ISO-NE covering the states of Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.
- New York represents operations within ISO-NY, which covers the state of New York in its entirety.
- ERCOT represents operations within Electric Reliability Council of Texas, covering most of the state of Texas.
- Other Power Regions not considered individually significant:
  - South represents operations in the FRCC, MISO's Southern Region, and the remaining portions of the SERC not included within MISO or PJM, which includes all or most of Florida, Arkansas, Louisiana, Mississippi, Alabama, Georgia, Tennessee, North Carolina, South Carolina and parts of Missouri, Kentucky and Texas. Generation's South region also includes operations in the SPP, covering Kansas, Oklahoma, most of Nebraska and parts of New Mexico, Texas, Louisiana, Missouri, Mississippi and Arkansas.
  - West represents operations in the WECC, which includes California ISO, and covers the states of California, Oregon, Washington, Arizona, Nevada, Utah, Idaho, Colorado, and parts of New Mexico, Wyoming and South Dakota.
  - Canada represents operations across the entire country of Canada and includes the AESO, OIESO and the Canadian portion of MISO.

The CODMs for Exelon and Generation evaluate the performance of Generation's power marketing activities and allocate resources based on revenue net of purchased power and fuel expense. Generation believes that revenue net of purchased power and fuel expense is a useful measurement of operational performance. Revenue net of purchased power and fuel expense is not a presentation defined under GAAP and may not be comparable to other

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report. Generation's operating revenues include all sales to third parties and sales to its affiliates, ComEd, PECO and BGE. Purchased power costs include all costs associated with the procurement and supply of electricity including capacity, energy and ancillary services. Fuel expense includes the fuel costs for Generation's owned generation and fuel costs associated with tolling agreements. Generation's other business activities, including retail and wholesale gas, investments in gas and oil exploration and production activities, proprietary trading, compressed natural gas fueling stations, energy efficiency and cogeneration projects, sales of electric and gas appliances, servicing of heating, air conditioning, plumbing, electrical, indoor quality systems and home improvements, and investments in energy-related proprietary technology are not allocated to regions. Further, Generation's other miscellaneous revenues, unrealized mark-to-market impact of economic hedging activities, and amortization of certain intangible assets relating to commodity contracts recorded at fair value from prior acquisitions are also not allocated to a region. Exelon and Generation do not use a measure of total assets in making decisions regarding allocating resources to or assessing the performance of these reportable segments.

An analysis and reconciliation of the Registrants' reportable segment information to the respective information in the consolidated financial statements for the three months ended March 31, 2015 and 2014 is as follows:

	Generation [a]	ComEd	PECO	BGE	Other [b]	Intersegment Eliminations	Exelon
Total revenues [c]:							
2015	$ 5,840	$ 1,185	$ 985	$1,036	$ 318	$ (534)	$ 8,830
2014	4,390	1,134	993	1,054	290	(624)	7,237
Intersegment revenues [d]:							
2015	$ 210	$ 1	$ —	$ 7	$ 316	$ (533)	$ 1
2014	316	1	1	16	290	(623)	1
Net income (loss):							
2015	$ 485	$ 90	$ 139	$ 109	$ (84)	$ (1)	$ 738
2014	(185)	98	89	88	4	(1)	93
Total assets:							
March 31, 2015	$ 45,318	$25,731	$10,169	$8,130	$10,457	$ (12,414)	$87,391
December 31, 2014	45,348	25,392	9,943	8,078	9,794	(11,741)	86,814

(a) Generation includes the six power marketing reportable segments shown below: Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Power Regions. Intersegment revenues for Generation for the three months ended March 31, 2015 include revenue from sales to PECO of $63 million and sales to BGE of $138 million in the Mid-Atlantic region, and sales to ComEd of $9 million in the Midwest. For the three months ended March 31, 2014, intersegment revenues for Generation include revenue from sales to PECO of $88 million and sales to BGE of $120 million in the Mid-Atlantic region, and sales to ComEd of $108 million in the Midwest region.

(b) Other primarily includes Exelon's corporate operations, shared service entities and other financing and investment activities.

(c) For the three months ended March 31, 2015 and 2014, utility taxes of $27 million and $24 million, respectively, are included in revenues and expenses for Generation. For the three months ended March 31, 2015 and 2014, utility taxes of $62 million and $63 million, respectively, are included in revenues and expenses for ComEd. For the three months ended March 31, 2015 and 2014, utility taxes of $35 million and $35 million, respectively, are included in revenues and expenses for PECO. For the three months ended March 31, 2015 and 2014, utility taxes of $52 million and $20 million, respectively, are included in revenues and expenses for BGE.

(d) Intersegment revenues exclude sales to unconsolidated affiliates. The intersegment profit associated with the Generation's sale of certain products and services by and between Exelon's segments is not eliminated in consolidation due to the recognition of intersegment profit in accordance with regulatory accounting guidance. For Exelon, these amounts are included in Operating revenues in the Consolidated Statements of Operations and Comprehensive Income.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Generation total revenues:

	Three Months Ended March 31, 2015			Three Months Ended March 31, 2014		
	Revenues from external customers [b]	Intersegment revenues	Total Revenues [a]	Revenues from external customers [b]	Intersegment revenues	Total Revenues
Mid-Atlantic	$ 1,517	$ (4)	$ 1,513	$ 1,441	$ (23)	$ 1,418
Midwest	1,275	1	1,276	1,258	12	1,270
New England	858	1	859	545	4	549
New York	310	—	310	190	(3)	187
ERCOT	182	(2)	180	243	—	243
Other Power Regions [c]	212	2	214	334	7	341
Total Revenues for Reportable Segments	4,354	(2)	4,352	4,011	(3)	4,008
Other [d]	1,486	2	1,488	379	3	382
Total Generation Consolidated Operating Revenues	$ 5,840	$ —	$ 5,840	$ 4,390	$ —	$ 4,390

(a) On April 1, 2014, Generation assumed operational control of CENG's nuclear fleet. As a result, the 2015 financial results include CENG's revenues on a fully consolidated basis.
(b) Includes all wholesale and retail electric sales to third parties and affiliated sales to ComEd, PECO and BGE.
(c) Other Power Regions include the South, West and Canada, which are not considered individually significant.
(d) Other represents activities not allocated to a region. See text above for a description of included activities. Also includes amortization of intangible assets related to commodity contracts recorded at fair value of $40 million increase to revenues and $93 million decrease to revenues, for the three months ended March 31, 2015 and 2014, respectively, unrealized mark-to-market gains of $154 million and losses of $760 million for the three months ended March 31, 2015 and 2014, respectively, and elimination of intersegment revenues.

Generation total revenues net of purchased power and fuel expense:

	Three Months Ended March 31, 2015			Three Months Ended March 31, 2014		
	RNF from external customers [b]	Intersegment RNF	Total RNF [a]	RNF from external customers [b]	Intersegment RNF	Total RNF
Mid-Atlantic	$ 784	$ (2)	$ 782	$ 784	$ (89)	$ 695
Midwest	701	(1)	700	530	26	556
New England	177	(19)	158	154	(18)	136
New York	174	14	188	(29)	8	(21)
ERCOT	88	(33)	55	155	(72)	83
Other Power Regions [c]	99	(53)	46	150	(45)	105
Total Revenues net of purchased power and fuel expense for Reportable Segments	2,023	(94)	1,929	1,744	(190)	1,554
Other [d]	384	94	478	(711)	190	(521)
Total Generation Revenues net of purchased power and fuel expense	$ 2,407	$ —	$2,407	$ 1,033	$ —	$1,033

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

(a) On April 1, 2014, Generation assumed operational control of CENG's nuclear fleet. As a result, the 2015 financial results include CENG's revenue net of purchased power and fuel expense on a fully consolidated basis.
(b) Includes purchases and sales from third parties and affiliated sales to ComEd, PECO and BGE.
(c) Other Power Regions include the South, West and Canada, which are not considered individually significant.
(d) Other represents activities not allocated to a region. See text above for a description of included activities. Also includes amortization of intangible assets related to commodity contracts recorded at fair value of $38 million increase to RNF and $42 million decrease to RNF for the three months ended March 31, 2015 and 2014, respectively, unrealized mark-to-market gains of $162 million and losses of $730 million for the three months ended March 31, 2015 and 2014, respectively, and the elimination of intersegment revenue net of purchased power and fuel expense.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

(Dollars in millions except per share data, unless otherwise noted)

Exelon Corporation

General

Exelon, a utility services holding company, operates through the following principal subsidiaries:

- *Generation*, whose integrated business consists of the generation, physical delivery and marketing of power across multiple geographical regions through its customer-facing business, Constellation, which sells electricity and natural gas to both wholesale and retail customers. Generation also sells renewable energy and other energy-related products and services, and engages in natural gas and oil exploration and production activities (Upstream).
  - As a result of the Constellation merger, Generation owns a 50.01% interest in CENG. During 2014, Generation assumed the operating licenses and corresponding operational control of CENG's nuclear fleet. As a result, Exelon and Generation fully consolidated CENG's financial position and results of operations into their financial statements since April 1, 2014.
- *ComEd*, whose business consists of the purchase and regulated retail sale of electricity and the provision of electricity transmission and distribution services in northern Illinois, including the City of Chicago.
- *PECO*, whose business consists of the purchase and regulated retail sale of electricity and the provision of electricity distribution and transmission services in southeastern Pennsylvania, including the City of Philadelphia, and the purchase and regulated retail sale of natural gas and the provision of distribution services in the Pennsylvania counties surrounding the City of Philadelphia.
- *BGE*, whose business consists of the purchase and regulated retail sale of electricity and natural gas and the provision of electricity distribution and transmission and gas distribution services in central Maryland, including the City of Baltimore.

Exelon has nine reportable segments consisting of Generation's six power marketing reportable segments (Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Power Regions in Generation), ComEd, PECO and BGE. See Note 19 — Segment Information of the Combined Notes to Consolidated Financial Statements for additional information regarding Exelon's reportable segments.

Through its business services subsidiary BSC, Exelon provides its operating subsidiaries with a variety of support services at cost. The costs of these services are directly charged or allocated to the applicable operating segments. Additionally, the results of Exelon's corporate operations include costs for corporate governance and interest costs and income from various investment and financing activities.

Exelon's consolidated financial information includes the results of its four separate operating subsidiary registrants, Generation, ComEd, PECO and BGE, which, along with Exelon, are collectively referred to as the Registrants. The following combined Management's Discussion and Analysis of Financial Condition and Results of Operations is separately filed by Exelon, Generation, ComEd, PECO and BGE. However, none of the Registrants makes any representation as to information related solely to any of the other Registrants.

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Executive Overview

Financial Results. The following consolidated financial results reflect the results of Exelon for the three months ended March 31, 2015 compared to the same period in 2014. All amounts presented below are before the impact of income taxes, except as noted.

	Three Months Ended March 31,							Favorable (Unfavorable) Variance
	2015						2014	
	Generation [a]	ComEd	PECO	BGE	Other	Exelon [a]	Exelon	
Operating revenues	$ 5,840	$1,185	$985	$1,036	$(216)	$ 8,830	$7,237	$ 1,593
Purchased power and fuel	3,433	327	438	487	(215)	4,470	4,340	(130)
Revenue net of purchased power and fuel [b]	2,407	858	547	549	(1)	4,360	2,897	1,463
Other operating expenses								
Operating and maintenance	1,311	378	222	182	(12)	2,081	1,858	(223)
Depreciation and amortization	254	175	62	106	13	610	564	(46)
Taxes other than income	122	75	41	57	9	304	293	(11)
Total other operating expenses	1,687	628	325	345	10	2,995	2,715	(280)
Equity in losses of unconsolidated affiliates	—	—	—	—	—	—	(19)	19
Gain on sales of assets	(1)	—	1	—	1	1	5	(4)
Operating income (loss)	719	230	223	204	(10)	1,366	168	1,198
Other income and (deductions)								
Interest expense, net	(102)	(84)	(28)	(25)	(106)	(345)	(227)	(118)
Other, net	94	3	2	4	(23)	80	98	(18)
Total other income and (deductions)	(8)	(81)	(26)	(21)	(129)	(265)	(129)	(136)
Income (loss) before income taxes	711	149	197	183	(139)	1,101	39	1,062
Income taxes	226	59	58	74	(54)	363	(54)	(417)
Net income (loss)	485	90	139	109	(85)	738	93	645
Net income attributable to noncontrolling interests, preferred security dividends and redemption and preference stock dividends	42	—	—	3	—	45	3	(42)
Net income (loss) attributable to common shareholders	$ 443	$ 90	$139	$ 106	$ (85)	$ 693	$ 90	$ 603

(a) On April 1, 2014, Generation assumed operational control of CENG's nuclear fleet. As a result, the 2015 financial results include CENG's results of operations on a fully consolidated basis.

(b) The Registrants' evaluate operating performance using the measure of revenue net of purchased power and fuel expense. The Registrants' believe that revenue net of purchased power and fuel expense is a useful measurement because it provides information that can be used to evaluate its operational performance. Revenue net of purchased power and fuel expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

Three Months Ended March 31, 2015 Compared to Three Months Ended March 31, 2014. Exelon's net income attributable to common shareholders was $693 million for the three months ended March 31, 2015 as compared to $90 million for the three months ended March 31, 2014, and diluted earnings per average common share were $0.80 for the three months ended March 31, 2015 as compared to $0.10 for the three months ended March 31, 2014.

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Operating revenue net of purchased power and fuel expense, which is a non-GAAP measure discussed below, increased by $1,463 million for the three months ended March 31, 2015 as compared to the same period in 2014. The year-over-year increase in operating revenue net of purchased power and fuel expense was primarily due to the following favorable factors:

- Increase of $404 million at Generation primarily due to the inclusion of CENG's results on a fully consolidated basis in 2015, the inclusion of Integrys' results in 2015, the benefit of lower cost to serve load (including the absence of higher procurement costs for replacement power in 2014), and a decrease in fuel costs related to the cancellation of DOE spent nuclear fuel disposal fees; partially offset by a reduction in capacity credits, lower margins resulting from the 2014 sales of generating units, lower realized energy prices and the absence of 2014 fuel optimization opportunities in the South;
- Increase of $81 million at Generation related to amortization of contracts recorded at fair value during prior acquisitions;
- Increase of $892 million at Generation due to mark-to-market gains of $162 million in 2015 from economic hedging activities as compared to $730 million in mark-to-market losses in 2014;
- Increase of $44 million at ComEd primarily due to increased cost recovery associated with energy efficiency programs and uncollectible accounts expense (both offset in Operating and maintenance expense), and increased distribution revenue, as a result of higher operating and maintenance expense (offset in Operating and maintenance expense) and increased capital investment, partially offset by lower return on common equity due to a decrease in treasury rates;
- Increase of $18 million at PECO primarily due to favorable weather and volume; and
- Increase of $24 million at BGE primarily due to increased distribution revenue as a result of the December 2014 electric and natural gas distribution rate case orders issued by the Maryland PSC.

Operating and maintenance expense increased by $223 million for the three months ended March 31, 2015 as compared to the same period in 2014 primarily due to the following unfavorable factors:

- Increase in Generation's labor, contracting and materials costs of $141 million primarily due to the inclusion of CENG's results in 2015 and an increase of $44 million as a result of an increase in the number of planned nuclear refueling outage days in 2015 due to the inclusion of the CENG plants;
- Increase in labor, contracting and materials of $16 million at ComEd related to increased contracting costs related to EIMA and other preventative and corrective maintenance projects and $13 million at PECO related to increased contracting costs for maintenance and vegetation management;
- Increase in Generation's accretion expense and regulatory fees and assessments of $23 million and $17 million, respectively, primarily due to the inclusion of CENG's results in 2015;
- Increased costs associated with energy efficiency programs and increased uncollectible accounts expense at ComEd of $39 million; and
- Increased uncollectible accounts expense at BGE of $14 million.

The year-over-year increase in operating and maintenance expense was partially offset by the following favorable factors:

- A decrease in pension and non-pension postretirement benefits expense of $16 million as a result of cost savings from plan design changes for certain OPEB plans in the second quarter of 2014, partially offset by the unfavorable impact of lower assumed pension and OPEB discount rates for 2015, an increase in the life expectancy assumption for plan participants in 2015, and at Generation, the inclusion of CENG's results for the first quarter of 2015;

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- A benefit of $14 million for the favorable settlement of a long-term railcar lease agreement pursuant to the Midwest Generation bankruptcy; and
- Decreased storm costs at PECO and BGE of $75 million and $19 million, respectively.

Depreciation and amortization expense increased by $46 million primarily as a result of the inclusion of CENG's results in 2015.

Equity in earnings of unconsolidated affiliates decreased by $19 million primarily due to CENG's operating results being fully consolidated beginning April 1, 2014 and, as a result, are not reflected as equity method earnings in 2015.

Gains on sales of assets decreased by $4 million due to decreased asset divestiture activity in 2015.

Taxes other than income increased by $11 million primarily due to the inclusion of CENG's results in 2015.

Interest expense increased by $118 million primarily as a result of higher outstanding debt at Generation, and financing agreements related to the pending PHI merger at Exelon Corporate.

Other, net decreased by $18 million primarily as a result of favorable settlements in 2014 of certain income tax positions on Constellation's 2009-2012 tax returns and a loss of $26 million on the termination of forward-starting interest rate swaps in 2015 at Exelon Corporate, partially offset by the change in realized and unrealized gains and losses on NDT funds at Generation.

Exelon's effective income tax rates for the three months ended March 31, 2015 and 2014 were 33% and (138.5)%, respectively. See Note 10 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

For further detail regarding the financial results for the three months ended March 31, 2015, including explanation of the non-GAAP measure revenue net of purchased power and fuel expense, see the discussions of Results of Operations by Segment below.

Adjusted (non-GAAP) Operating Earnings. Exelon's adjusted (non-GAAP) operating earnings for the three months ended March 31, 2015 were $615 million, or $0.71 per diluted share, compared with adjusted (non-GAAP) operating earnings of $530 million, or $0.62 per diluted share for the same period in 2014. In addition to net income attributable to common shareholders, Exelon evaluates its operating performance using the measure of adjusted (non-GAAP) operating earnings because management believes it represents earnings directly related to the ongoing operations of the business. Adjusted (non-GAAP) operating earnings exclude certain costs, expenses, gains and losses and other specified items. This information is intended to enhance an investor's overall understanding of year-to-year operating results and provide an indication of Exelon's baseline operating performance. In addition, this information is among the primary indicators management uses as a basis for evaluating performance, allocating resources, setting incentive compensation targets and planning and forecasting of future periods. Adjusted (non-GAAP) operating earnings is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

The following table provides a reconciliation between net income attributable to common shareholders as determined in accordance with GAAP and adjusted (non-GAAP) operating earnings for the three months ended March 31, 2015 as compared to the same period in 2014. The footnotes below the table provide tax expense (benefit) impacts:

	Three Months Ended March 31,			
	2015		2014	
(All amounts after tax)		Earnings per Diluted Share		Earnings per Diluted Share
Net Income Attributable to Common Shareholders	$ 693	$ 0.80	$ 90	$ 0.10
Mark-to-Market Impact of Economic Hedging Activities [a]	(100)	(0.11)	443	0.52
Unrealized Gains Related to NDT Fund Investments [b]	(24)	(0.03)	(8)	(0.01)
Merger and Integration Costs [c]	21	0.02	9	0.01
Mark-to-Market Impact of PHI Merger Related Interest Rate Swaps [d]	48	0.06	—	—
Amortization of Commodity Contract Intangibles [e]	(24)	(0.03)	31	0.04
Tax Settlements [f]	—	—	(35)	(0.04)
Midwest Generation Bankruptcy Recoveries [g]	(6)	(0.01)	—	—
CENG Noncontrolling Interest [h]	7	0.01	—	—
Adjusted (non-GAAP) Operating Earnings	$ 615	$ 0.71	$530	$ 0.62

(a) Reflects the impact of (gains) losses for the three months ended March 31, 2015 and March 31, 2014 (net of taxes of $63 million and $287 million, respectively), on Generation's economic hedging activities. See Note 8 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional detail related to Generation's hedging activities.

(b) Reflects the impact of unrealized (gains) losses for the three months ended March 31, 2015 and March 31, 2014 (net of taxes of $26 million and $18 million, respectively), on Generation's NDT fund investments for Non-Regulatory Agreement Units. See Note 11 — Nuclear Decommissioning of the Combined Notes to Consolidated Financial Statements for additional detail related to Generation's NDT fund investments.

(c) Reflects certain costs incurred for the three months ended March 31, 2015 and March 31, 2014 (net of taxes of $13 million and $6 million, respectively), associated with the Constellation merger, pending PHI acquisition, and, at Generation, the CENG integration and Integrys acquisition, including professional fees, employee-related expenses, integration activities, upfront credit facilities fees, merger commitments, and certain pre-acquisition contingencies.

(d) For 2015, reflects the impact of losses (gains) on forward-starting interest rate swaps at Exelon Corporate related to anticipated financing of the pending PHI acquisition (net of taxes of $31 million).

(e) Reflects the non-cash impact for the three months ended March 31, 2015 and March 31, 2014 (net of taxes of $14 million and $20 million, respectively), of the amortization of intangible assets, net, related to commodity contracts recorded at fair value at the Constellation merger and the Integrys acquisition.

(f) For 2014, reflects a benefit related to the favorable settlement of certain income tax positions on Constellation's 2009-2012 tax returns (net of taxes of $18 million).

(g) For 2015, reflects a benefit related to the favorable settlement of a long term lease agreement pursuant to the Midwest Generation bankruptcy (net of taxes of $4 million).

(h) Represents Generation's non-controlling interest related to CENG exclusion items, primarily related to the impact of unrealized gains and losses on NDT fund investments.

As discussed above, Exelon has incurred costs associated with the Constellation merger, CENG integration, Integrys acquisition and pending PHI acquisition including employee-related expenses (e.g. severance, retirement, relocation and retention bonuses), integration initiatives, and certain pre-acquisition contingencies.

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For the three months ended March 31, 2015 and 2014, expense has been recognized for costs incurred to achieve the Constellation merger, CENG integration and Integrys and pending PHI acquisitions as follows:

	Pre-tax Expense				
	Three Months Ended March 31, 2015				
Merger, Integration and Acquisition Costs:	**Generation**	**ComEd**	**PECO**	**BGE**	**Exelon**
Financing [a]	$ —	$ —	$ —	$—	$ 89
Transaction [b]	—	—	—	—	6
Employee-Related [c]	4	—	—	—	4
Other [d]	7	3	1	1	13
Total	$ 11	$ 3	$ 1	$ 1	$ 112

	Pre-tax Expense				
	Three Months Ended March 31, 2014				
Merger and Integration Costs:	**Generation**	**ComEd**	**PECO**	**BGE**	**Exelon**
Employee-Related [c]	$ 4	$ —	$ —	$—	$ 4
Other [d]	10	—	—	—	10
Total	$ 14	$ —	$ —	$—	$ 14

(a) Reflects costs incurred at Exelon related to the financing of the PHI merger, including upfront credit facility fees.
(b) External, third party costs paid to advisors, consultants, lawyers and other experts to assist in the due diligence and regulatory approval processes and in the closing of transactions.
(c) Costs primarily for employee severance, pension and OPEB expense and retention bonuses.
(d) Costs to integrate CENG and Constellation processes and systems into Exelon and to terminate certain Constellation debt agreements. For the three months ended March 31, 2015, also includes professional fees primarily related to integration for the proposed PHI acquisition.

As of March 31, 2015, Exelon projects incurring total PHI acquisition and integration related costs over the next five years of approximately $635 million, of which approximately $100 million is expected to be capitalized to property, plant and equipment excluding the direct investment Exelon and PHI have proposed to the PHI utilities respective customers.

Pursuant to the conditions set forth by the MDPSC in its approval of the Exelon and Constellation merger transaction, Exelon committed to provide a package of benefits to BGE customers, and make certain investments in the City of Baltimore and the State of Maryland, resulting in an estimated direct investment in the State of Maryland of approximately $1 billion. The direct investment estimate includes $95 million to $120 million for the requirement to cause construction of a headquarters building in Baltimore for Generation's competitive energy businesses. On March 20, 2013, Generation signed a 20-year lease agreement that was contingent upon the developer obtaining all required approvals, permits and financing for the construction of a building in Baltimore, Maryland. The operating lease became effective during the second quarter of 2014 when these outstanding contingencies were met by the developer. Construction began late in the second quarter of 2014 and the building is expected to be ready for occupancy a minimum of two years from the start of construction. See Note 17 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements for further information related to the lease commitments.

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Exelon's Strategy and Outlook for the remainder of 2015 and Beyond

Exelon's value proposition and competitive advantage come from its scope and scale across the energy value chain and its core strengths of operational excellence and financial discipline. Exelon's strategy is to leverage its integrated business model to create value and diversify its business. Exelon's competitive and regulated businesses feature a mix of attributes that, when combined, offer shareholders and customers a unique value proposition:

- Generation's competitive businesses provide commodity exposure and a platform to diversify into adjacent markets, while providing residual dividend support.
- Exelon's utilities provide a foundation for stable earnings and dividend support, which translates to a stable currency in our stock.

Exelon believes its strategy provides a platform for optimal success in an energy industry experiencing fundamental and sweeping change. While enhancing Exelon's core value, it enables it to take advantage of a myriad of opportunities, rather than focusing on any one segment of the energy industry value chain.

Generation's competitive businesses create value for customers by providing innovative solutions and reliable, clean and affordable energy. Generation's electricity generation strategy is to pursue opportunities that provide generation to load matching and that diversify the generation fleet by expanding Generation's regional and technological footprint. Generation leverages its energy generation portfolio to ensure delivery of energy to both wholesale and retail customers under long-term and short-term contracts, and in wholesale power markets. Generation's customer facing activities foster development and delivery of other innovative energy-related products and services for its customers. Generation operates in well-developed energy markets and employs an integrated hedging strategy to manage commodity price volatility. Its generation fleet, including its nuclear plants which consistently operate at high capacity factors, also provide geographic and supply source diversity. These factors help Generation mitigate the current challenging conditions in competitive energy markets.

Exelon's utility strategy is to improve reliability and operations and enhance the customer experience, while ensuring ratemaking mechanisms provide the utilities fair financial returns. The Exelon utilities only invest in rate base where it provides a net benefit to customers and the community by increasing reliability and the service experience or otherwise meeting customer needs. The Exelon utilities make these investments prudently and at the lowest reasonable cost to customers. Exelon seeks to leverage its scale and expertise across the utilities platform through enhanced standardization and sharing of best practices to achieve improved operational and financial results. Combined, the utilities plan to invest approximately $16 billion over the next five years in smart meter technology, transmission projects, gas infrastructure, and electric system improvement projects, providing greater reliability and improved service for our customers and a stable return for the company.

Exelon's financial priorities are to maintain investment grade credit metrics at each of Exelon, Generation, ComEd, PECO and BGE, and to return value to Exelon's shareholders with a sustainable dividend throughout the energy commodity market cycle and through earnings growth from attractive investment opportunities.

Various market, financial, and other factors could affect the Registrants' success in pursuing their strategies. Exelon continues to assess infrastructure, operational, commercial, policy, and legal solutions to these issues. See ITEM 1A. RISK FACTORS of the Exelon 2014 Form 10-K for additional information regarding market and financial factors.

Proposed Merger with Pepco Holdings, Inc. (Exelon)

On April 29, 2014, Exelon and PHI signed an agreement and plan of merger (as subsequently amended and restated as of July 18, 2014, the Merger Agreement) to combine the two companies in an all cash transaction. The resulting company will retain the Exelon name and be headquartered in Chicago. Under the Merger Agreement, PHI's shareholders will receive $27.25 of cash in exchange for each share of PHI common

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stock. Exelon intends to fund the all-cash transaction using a combination of approximately $3.5 billion of debt, up to $1 billion cash from asset sales primarily at Generation, and the remainder through issuance of equity (including mandatory convertible securities). In addition, Exelon entered into a 364-day $7.2 billion senior unsecured bridge credit facility to support the contemplated transaction and provide flexibility for timing of permanent financing, which has subsequently been reduced to $3.2 billion as a result of execution of the 2014 equity issuance and the net after-tax cash proceeds from generating asset divestitures during the second half of 2014. See Note 4 — Mergers, Acquisitions, and Dispositions, Note 9 — Debt and Credit Agreements, and Note 15 — Common Stock of the Combined Notes to Consolidated Financial Statements for further information related to these transactions. In connection with the Merger Agreement, Exelon entered into a subscription agreement under which it has purchased $144 million of a new class of nonvoting, nonconvertible and nontransferable preferred securities of PHI as of March 31, 2015, with additional investments of $18 million to be made quarterly up to a maximum aggregate investment of $180 million. As part of the applications for approval of the merger, under pending or final settlements reached to date, as well as other filings, Exelon and PHI have proposed a package to the PHI utilities' respective customers, providing for direct investment in excess of approximately $300 million with the actual amount and timing of any related payments dependent upon settlement discussions in merger regulatory approval proceedings and the terms of regulatory orders approving the merger.

On October 9, 2014, PHI and Exelon each received a request for additional information from the DOJ. The request had the effect of extending the DOJ review period until 30 days after PHI and Exelon each has certified that it has substantially complied with the request. On November 21, 2014, Exelon and PHI each certified that it had substantially complied with the request. Accordingly, the HSR Act waiting period expired on December 22, 2014, and the HSR Act no longer precludes completion of the merger. Although the DOJ allowed the waiting period under the HSR Act to expire without taking any action with respect to the merger, the DOJ has not advised Exelon or PHI that it has concluded its investigation. Exelon and PHI have cooperated with the DOJ regarding the proposed merger.

To date, the PHI stockholders, the Virginia State Corporation Commission, the New Jersey Board of Public Utilities (NJBPU) and the FERC have approved the merger of PHI and Exelon. The Federal Communications Commission has also approved the transfer of certain PHI communications licenses. On February 11, 2015, the NJBPU approved the proposed merger and the previously filed settlement signed and filed by Exelon, PHI, Atlantic City Electric (ACE), NJBPU staff, and the Independent Energy Coalition.

On February 13, 2015, Exelon and PHI announced that they had reached a settlement agreement in the proceeding before the Delaware Public Service Commission (DPSC) to review the proposed merger. The settlement, which was amended on April 7, 2015 and is subject to the approval of the DPSC, was signed and filed by Exelon, PHI, Delmarva Power & Light Company (DPL), the PSC Staff, the Delaware Public Advocate, the Delaware Department of Natural Resources and Environment Control, the Delaware Sustainable Energy Utility, the Mid-Atlantic Renewable Energy Coalition and the Clean Air Council. As part of this settlement, Exelon and PHI have proposed a package of benefits to DPL customers and the state of Delaware including the establishment of customer rate credits of $40 million for DPL customers in Delaware, $2 million of funding for energy efficiency programs for DPL low income customers, and $2 million of funding for workforce development.

On March 17, 2015, Exelon and PHI announced that they had reached a settlement agreement with Montgomery and Prince George's Counties in the proceeding before the MDPSC to review the proposed merger. The settlement, which is subject to the approval of the MDPSC, was signed and filed by Exelon, PHI, Montgomery County, Prince George's County, the National Consumer Law Center, National Housing Trust, Maryland Affordable Housing Coalition, the Housing Association of Nonprofit Developers and a consortium of nine recreational trail advocacy organizations led by the Mid-Atlantic Off-Road Enthusiasts. As part of this settlement, Exelon and PHI have proposed a package of benefits to Potomac Electric Power Company (Pepco) and DPL customers and the state of Maryland including the establishment of a customer investment fund of $94.4 million for utility customers in Maryland. A portion of the customer investment fund, representing

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approximately $36.8 million, will provide bill credits to Pepco and DPL customers in Maryland, with the remaining $57.6 million funding energy-efficiency programs, including programs targeted to help low income customers lower their energy bills. Exelon also agreed to establish a Green Sustainability Fund (GSF) of $50 million to be allocated across the service territories of Pepco, DPL and ACE, with $19.8 million allocated to Maryland. The GSF will be allocated within each state to state and local "green banks" and similar sponsoring organizations to make loans to finance public and private investment in renewable energy, microgrids, and other developing energy technologies. Loans made by sponsoring organizations from the GSF must mature within 20 years following the merger closing. At the end of that 20 year period, principal payments received by the sponsoring organizations must be returned to Exelon, but Exelon's recovery of the entire GSF is not assured. In the settlement, Exelon also agreed to provide $4 million in funding for workforce development in Maryland and made various other commitments, including a commitment to develop 15 MW of commercial solar projects in Maryland. In a related agreement with Prince George's County, Exelon agreed to develop an additional 5 MW of solar generation in Maryland, the output of which will be delivered to Prince George's County under a 30-year PPA at no cost to the county for the first 15 years and at market pricing for the second 15 years. This agreement also requires Prince George's County to purchase substantially all of its requirements for electricity and natural gas from an Exelon affiliate for a period of 15 years at competitive pricing. The County will be free to purchase its requirements for electricity and natural gas from other qualified alternative energy suppliers if and to the extent that competing bidders offer a lower price than that offered by the Exelon affiliate.

On March 10, 2015, Exelon and PHI announced that they had reached a settlement agreement with the Alliance for Solar Choice, a group of solar developers, in the proceeding before the MDPSC. The settlement, which is subject to the approval of the MDPSC, provides for enhancements to the interconnection process for behind-the-meter distributed generation and storage projects.

Exelon has been named in suits filed in the Delaware Chancery Court alleging that individual directors of PHI breached their fiduciary duties by entering into the proposed merger transaction and Exelon aided and abetted the individual directors' breaches. The suits seek to enjoin PHI from completing the merger or seek rescission of the merger if completed. In addition, they also seek unspecified damages and costs. Exelon was also named in a federal court suit making similar claims. In September 2014, the parties reached a proposed settlement that would resolve all claims, which is subject to court approval. Final court approval of the proposed settlement is not anticipated until approximately 90 days after merger close. Exelon does not believe these suits will impact the completion of the transaction, and they are not expected to have a material impact on Exelon's results of operations.

Including 2014 and through March 31, 2015, Exelon has incurred approximately $289 million of expense associated with the proposed merger, primarily $69 million related to acquisition and integration costs and $220 million of costs incurred to finance the transaction.

The Merger Agreement also provides for termination rights for both parties. Under certain circumstances, if the Merger Agreement is terminated, PHI may be required to pay Exelon a termination fee ranging from $259 million to $293 million plus certain expenses. If the Merger Agreement is terminated due to a regulatory failure, Exelon may be required to pay PHI a termination fee equal to the amount of purchased nonvoting preferred securities of PHI described above, through the redemption by PHI of the outstanding nonvoting preferred securities for no consideration other than the nominal par value of the stock, plus certain expenses.

Exelon has listed various potential risks relating to the pending merger with PHI (see ITEM 1A. RISK FACTORS of the Exelon 2014 Form 10-K), including difficulties that may be encountered in satisfying the conditions to completion of the merger and the potential for developments that might have an adverse effect on Exelon and the ability to realize the expected benefits of the merger. Exelon is taking steps to manage these risks and expects that the merger can be completed on a basis favorable to the company's shareholders and customers. Exelon and PHI continue to expect the merger to be completed late in the second or third quarter of 2015. Refer to Note 4 — Mergers, Acquisitions, and Dispositions of the Combined Notes to Consolidated Financial Statements for additional information on the merger transaction.

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Power Markets

Price of Fuels. The use of new technologies to recover natural gas from shale deposits is increasing natural gas supply and reserves, which places downward pressure on natural gas prices and, therefore, on wholesale and retail power prices, which results in a reduction in Exelon's revenues. Forward natural gas prices have declined significantly over the last several years; in part reflecting an increase in supply due to strong natural gas production (due to shale gas development).

Capacity Market Changes in PJM. In the wake of the January 2014 Polar Vortex that blanketed much of the Eastern and Midwestern United States, it became clear that while a major outage event was narrowly avoided, resources in PJM were not providing the level of reliability expected by customers. As a result, on December 12, 2014, PJM filed at FERC a proposal to make significant changes to its current capacity market construct, the Reliability Pricing Model (RPM). PJM's proposed changes generally seek to improve resource performance and reliability largely by limiting the excuses for non-performance and by increasing the penalties for performance failures. The proposal permits suppliers to include in capacity market offers additional costs and risk so they can meet these higher performance requirements. While offers are expected to put upward pressure on capacity clearing prices, operational improvements made as a result of PJM's proposal are expected to improve reliability, to reduce energy production costs as a result of more efficient operations and to reduce the need for out of market energy payments to suppliers. Exelon participated actively in PJM's stakeholder process through which PJM developed the proposal and is also actively participating in the FERC proceeding including filing comments. On March 31, 2015, the FERC issued a Deficiency Order seeking further details regarding various aspects of the proposed reforms, but focused on the proposed default offer cap. In response, PJM acquiesced to modifications suggested by the Market Monitor addressing concerns about the default offer cap. FERC could issue a final order any time between April 25, 2015 and June 9, 2015. PJM also sought approval from the FERC to delay the 2018/19 RPM Base Residual Auction that would otherwise be conducted in May, 2015. On April 24, 2015, the FERC issued an order allowing the delay. Thus, PJM is expected to conduct the 2018/19 capacity action within 30 to 75 days after the issuance of FERC's final order on the proposed capacity market reforms. The specific parameters of that auction could change depending on the FERC determinations in that final order.

MISO Capacity Market Results. On April 14, 2015, the Midcontinent Independent System Operator (MISO) released the results of its capacity auction covering the June 2015 through May 2016 delivery year. As a result of the auction, capacity prices for the downstate Illinois zone will increase to $150 MW per day beginning in June 2015, an increase from the current pricing of $16.75 MW per day that is in effect from June 2014 to May 2015. However, due to Generation's ratable hedging strategy, the results of the capacity auction are not expected to have a material impact on Exelon and Generation's consolidated results of operations and cash flows.

Subsidized Generation . The rate of expansion of subsidized generation, including low-carbon generation such as wind and solar energy, in the markets in which Generation's output is sold can negatively impact wholesale power prices, and in turn, Generation's results of operations.

Various states have attempted to implement or propose legislation, regulations or other policies to subsidize new generation development which may result in artificially depressed wholesale energy and capacity prices. For example, the New Jersey legislature enacted in to law in January 2011, the Long Term Capacity Pilot Program Act (LCAPP). LCAPP provides eligible generators with 15-year fixed contracts for the sale of capacity in the PJM capacity market. Under LCAPP, the local utilities in New Jersey are required to pay (or receive) the difference between the price eligible generators receive in the capacity market and the price guaranteed under the 15-year contract. New Jersey ultimately selected three proposals to participate in LCAPP and build new generation in the state. In addition, on April 12, 2012, the MDPSC issued an order directing the Maryland electric utilities to enter into a 20-year contract for differences (CfD) with CPV Maryland, LLC (CPV), under which CPV will construct an approximately 700 MW combined cycle gas turbine in Waldorf, Maryland, that it projected will be in commercial operation by June 1, 2015. CPV has subsequently sought to extend that date. The CfD mandated that utilities (including BGE) pay (or receive) the difference between CPV's contract price and the revenues it receives for capacity and energy from clearing the unit in the PJM capacity market.

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Exelon and others have challenged the constitutionality and other aspects of the New Jersey legislation and the actions taken by the MDPSC in state and federal courts. Ultimately, the Exelon parties prevailed in obtaining orders from the U.S. Court of Appeals for the Third Circuit and the U.S. Court of Appeals for the Fourth Circuit effectively undoing the actions taken by the New Jersey legislature and the MDPSC, respectively. The matter has been appealed to the U.S. Supreme Court, and while the Court of Appeals decisions are helpful, there remains risk the Supreme Court will overrule the lower Courts.

As required under their contracts, generator developers who were selected in the New Jersey and Maryland programs (including CPV) offered and cleared in PJM's capacity market auctions held in May 2012, 2013, and 2014. In addition, CPV has announced its intention to move forward with construction of its New Jersey and Maryland plants, with or without the challenged state subsidy. Nonetheless to the extent that the state-required customer subsidies are included under their respective contracts, Exelon believes that these projects may have artificially suppressed capacity prices in PJM in these auctions and may continue to do so in future auctions to the detriment of Exelon's market driven position. While the court decisions in New Jersey and Maryland are positive developments, continuation of these state efforts, if successful and unabated by an effective minimum offer price rule (MOPR) for future capacity auctions, could continue to result in artificially depressed wholesale capacity and/or energy prices. Other states could seek to establish programs, which could substantially impact Exelon's market driven position and could have a significant effect on Exelon's financial results of operations, financial position and cash flows. Exelon continues to monitor developments and participate in stakeholder and other processes to ensure that similar state subsidies are not developed. In addition, Exelon remains active in advocating for competitive markets, while opposing policies that require taxpayers and/ or consumers to subsidize or give preferential treatment to specific generation providers or technologies, or that would threaten the reliability and value of the integrated electricity grid.

Energy Demand. Modest economic growth partially offset by energy efficiency initiatives is resulting in positive growth for electricity for PECO and BGE, and a decrease in projected load for electricity for ComEd. PECO, BGE and ComEd are projecting load volumes to increase (decrease) by 0.9%, 0.1% and (0.1)% respectively, in 2015 compared to 2014.

Retail Competition. Generation's retail operations compete for customers in a competitive environment, which affect the margins that Generation can earn and the volumes that it is able to serve. The market experienced high price volatility in the first quarter of 2014 which contributed to bankruptcies and consolidations within the industry during the year. However, forward natural gas and power prices are expected to remain low and thus we expect retail competitors to stay aggressive in their pursuit of market share, and that wholesale generators (including Generation) will continue to use their retail operations to hedge generation output.

Strategic Policy Alignment

Exelon routinely reviews its hedging policy, dividend policy, operating and capital costs, capital spending plans, strength of its balance sheet and credit metrics, and sufficiency of its liquidity position, by performing various stress tests with differing variables, such as commodity price movements, increases in margin-related transactions, changes in hedging practices, and the impacts of hypothetical credit downgrades.

Exelon and Generation evaluate the economic viability of each of their generating units on an ongoing basis. Decisions regarding the future of economically challenged generating assets will be based primarily on the economics of continued operation of the individual plants. If Exelon and Generation do not see a path to sustainable profitability in any of their plants, Exelon and Generation will take steps to retire those plants to avoid sustained losses. Retirement of plants could materially affect Exelon's and Generation's results of operations, financial position, and cash flows through, among other things, potential impairment charges, accelerated depreciation and decommissioning expenses over the plants remaining useful lives, and ongoing reductions to operating revenues, operating and maintenance expenses, and capital expenditures.

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Exelon's board of directors declared the first quarter 2015 dividend of $0.31 per share on Exelon's common stock. The first quarter dividend was paid on March 10, 2015, to shareholders of record on February 13, 2015.

Exelon's board of directors declared the second quarter 2015 dividend of $0.31 per share on Exelon's common stock. The second quarter dividend is payable on June 10, 2015 to shareholders of record on May 15, 2015. All future quarterly dividends require approval by Exelon's board of directors.

Hedging Strategy

Exelon's policy to hedge commodity risk on a ratable basis over three-year periods is intended to reduce the financial impact of market price volatility. Generation is exposed to commodity price risk associated with the unhedged portion of its electricity portfolio. Generation enters into non-derivative and derivative contracts, including financially-settled swaps, futures contracts and swap options, and physical options and physical forward contracts, all with credit-approved counterparties, to hedge this anticipated exposure. Generation has hedges in place that significantly mitigate this risk for 2015 and 2016. However, Generation is exposed to relatively greater commodity price risk in the subsequent years with respect to which a larger portion of its electricity portfolio is currently unhedged. As of March 31, 2015, the percentage of expected generation hedged for the major reportable segments is 94%-97%, 67%-70% and 37%-40% for 2015, 2016, and 2017, respectively. The percentage of expected generation hedged is the amount of equivalent sales divided by the expected generation. Expected generation is the volume of energy that best represents our commodity position in energy markets from owned or contracted for capacity based upon a simulated dispatch model that makes assumptions regarding future market conditions, which are calibrated to market quotes for power, fuel, load following products, and options. Equivalent sales represent all hedging products, such as wholesale and retail sales of power, options and swaps. Generation has been and will continue to be proactive in using hedging strategies to mitigate commodity price risk in subsequent years as well. See Note 4 — Mergers, Acquisitions, and Dispositions of the Exelon 2014 Form 10-K for more detail regarding the divestitures.

Generation procures oil and natural gas through long-term and short-term contracts and spot-market purchases. Nuclear fuel is obtained predominantly through long-term uranium concentrate supply contracts, contracted conversion services, contracted enrichment services, or a combination thereof, and contracted fuel fabrication services. The supply markets for uranium concentrates and certain nuclear fuel services, coal, oil and natural gas are subject to price fluctuations and availability restrictions. Supply market conditions may make Generation's procurement contracts subject to credit risk related to the potential non-performance of counterparties to deliver the contracted commodity or service at the contracted prices. Approximately 50% of Generation's uranium concentrate requirements from 2015 through 2019 are supplied by three producers. In the event of non-performance by these or other suppliers, Generation believes that replacement uranium concentrates can be obtained, although at prices that may be unfavorable when compared to the prices under the current supply agreements. Non-performance by these counterparties could have a material adverse impact on Exelon's and Generation's results of operations, cash flows and financial position.

ComEd, PECO and BGE mitigate commodity price risk through regulatory mechanisms that allow them to recover procurement costs from retail customers.

Growth Opportunities

With an emphasis on innovation and entrepreneurship, Exelon is currently pursuing growth in both the utility and competitive energy businesses. Identifying and capitalizing on emerging trends and technologies, Exelon plans to invest in new innovative technologies to compete with a new breed of energy players, leverage new technologies to create new or expand existing businesses, and improve productivity and efficiencies within our existing businesses. Management continually evaluates growth opportunities aligned with Exelon's businesses, assets and markets, leveraging Exelon's expertise in those areas.

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Competitive Energy Businesses

Generation continues to pursue growth in its existing businesses and markets and further diversification across the competitive energy value chain.

- *Leveraging its competencies,*
  - Generation's 2014 acquisition of Integrys allows Generation to expand its retail footprint further in an industry sector that continues to mature and consolidate and provides hedging and diversification benefits to its existing portfolio.
  - Generation continues to pursue investment opportunities in renewables, in its nuclear uprate program and in the development of natural gas generation plants that is supported by the trend of increasing natural gas supply.
- *Investing in business diversification to position the company for the future,*
  - Generation has launched a business in competitive distributed generation that capitalizes on the push toward a decentralized system.
  - Generation is also making investments across the natural gas value chain throughout North America, focusing initially on expansion of the existing Upstream and wholesale gas businesses, as well as entry into liquefied natural gas.

Regulated Energy Businesses

The proposed acquisition of PHI provides an opportunity to accelerate Exelon's regulated growth and provide stable cash flows, earnings accretion, and dividend stability. Additionally, ComEd, PECO and BGE anticipate making significant future investments in infrastructure modernization, including smart meter and smart grid initiatives, storm hardening, and advanced reliability technologies. ComEd also plans to invest approximately $280 million to construct the Grand Prairie Gateway Transmission Line in Illinois alleviating identified congestion and enhancing reliability. ComEd, PECO and BGE invest in rate base where it provides a net benefit to customers and the community by increasing reliability and the service experience or otherwise meeting customer needs. These investments are made prudently and at the lowest reasonable cost to customers.

See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information on the Smart Meter and Smart Grid Initiatives.

Liquidity

Each of the Registrants annually evaluates its financing plan, dividend practices and credit line sizing, focusing on maintaining its investment grade ratings while meeting its cash needs to fund capital requirements, retire debt, pay dividends, fund pension and OPEB obligations and invest in new and existing ventures. A broad spectrum of financing alternatives beyond the core financing options can be used to meet its needs and fund growth including monetizing assets in the portfolio via project financing, asset sales, and the use of other financing structures (e.g., joint ventures, minority partners, etc.). The Registrants expect cash flows to be sufficient to meet operating expenses, financing costs and capital expenditure requirements.

Exelon, Generation, ComEd, PECO and BGE have unsecured syndicated revolving credit facilities with aggregate bank commitments of $0.5 billion, $5.3 billion, $1.0 billion, $0.6 billion and $0.6 billion, respectively. Generation also has bilateral credit facilities with aggregate maximum availability of $0.5 billion. See Liquidity and Capital Resources — Credit Matters — Exelon Credit Facilities below.

Exposure to Worldwide Financial Markets. Exelon has exposure to worldwide financial markets including European banks. Disruptions in the European markets could reduce or restrict the Registrants' ability to

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secure sufficient liquidity or secure liquidity at reasonable terms. As of March 31, 2015, approximately 29%, or $2.5 billion, of the Registrants' aggregate total commitments were with European banks, excluding the unsecured bridge facility to provide financing for the proposed PHI acquisition. The credit facilities include $8.5 billion in aggregate total commitments of which $6.5 billion was available as of March 31, 2015, due to outstanding letters of credit and commercial paper. There were no borrowings under the Registrants' credit facilities as of March 31, 2015. See Note 9 — Debt and Credit Agreements of the Combined Notes to the Consolidated Financial Statements for additional information on the credit facilities.

Tax Matters

See Note 10 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information.

Environmental Legislative and Regulatory Developments.

Exelon supports the promulgation of certain environmental regulations by the U.S. EPA, including air, water and waste controls for electric generating units. See discussion below for further details. The air and waste regulations will have a disproportionate adverse impact on fossil-fuel power plants, requiring significant expenditures of capital and variable operating and maintenance expense, and will likely result in the retirement of older, marginal facilities. Due to their low emission generation portfolios, Generation and CENG will not be significantly directly affected by these regulations, representing a competitive advantage relative to electric generators that are more reliant on fossil-fuel plants. Various bills have been introduced in the U.S. Congress that would prohibit or impede the U.S. EPA's rulemaking efforts. The timing of the consideration of such legislation is unknown.

Air Quality. In recent years, the U.S. EPA has been implementing a series of increasingly stringent regulations under the Clean Air Act relating to NAAQS for conventional air pollutants (e.g., NOx, SO2 and particulate matter) as well as stricter technology requirements to control HAPs (e.g., acid gases, mercury and other heavy metals) from electric generation units. The U.S. EPA continues to review and update its NAAQS with a tightened particulate matter NAAQS issued in December 2012 and a tightened ozone NAAQS, to be finalized in late 2015, proposed for public comment in December 2014. These recently finalized or proposed updates will potentially result in more stringent emissions limits on fossil-fuel electric generating stations. There continues to be opposition among fossil-fuel generation owners to the potential stringency and timing of these air regulations.

In July 2011, the U.S. EPA published CSAPR and in June 2012, it issued final technical corrections. CSAPR requires 28 upwind states in the eastern half of the United States to significantly improve air quality by reducing power plant emissions that cross state lines and contribute to ground- level ozone and fine particle pollution in downwind states. On August 21, 2012, a three-judge panel of the D.C. Circuit Court held that the U.S. EPA had exceeded its authority in certain material aspects with respect to CSAPR and vacated the rule and remanded it to the U.S. EPA for further rulemaking consistent with its decision. The Court also ordered that CAIR remain in effect pending finalization of CSAPR on remand. On April 29, 2014, the U.S. Supreme Court reversed the D.C. Circuit Court decision and upheld CSAPR, and remanded the case to the D.C. Circuit Court to resolve the remaining implementation issues. On November 21, 2014, the U.S. EPA issued an Interim Final Rule in which the Agency announced that it was tolling the effective dates for the CSAPR. The first phase of the CSAPR program started on January 1, 2015, with the second phase starting January 1, 2017. Also released on November 21, 2014, was a Notice of Data Availability under which the Agency proposed CSAPR allowance allocations to generating units for the first five years of the program, 2015- 2020; these were identical to those previously identified in prior final rules related to the CSAPR. Oral argument related to the residual CSAPR challenges, not addressed by the U.S. Supreme Court, occurred on February 25, 2015 before the D.C. Circuit Court.

On December 16, 2011, the U.S. EPA signed a final rule to reduce emissions of toxic air pollutants from power plants and signed revisions to the NSPS for electric generating units. The final rule, known as MATS, requires coal-fired electric generation plants to achieve high removal rates of mercury, acid gases and other metals. To achieve these standards, coal units with no pollution control equipment installed (uncontrolled coal units) will have to make capital investments and incur higher operating expenses. It is expected that owners of smaller, older, uncontrolled coal units will retire the units rather than make these investments. Coal units with existing controls that do not meet the MATS rule may need to upgrade existing controls or add new controls to comply. Owners of oil units not currently meeting the proposed emission standards may choose to convert the units to light oils or natural gas, install control technologies, or retire the units. The MATS rule requires generating stations to meet the new standards three years after the rule takes effect, April 16, 2015, with specific guidelines for an additional one or two years in limited cases. Numerous entities challenged MATS in the D.C. Circuit Court, and Exelon intervened in support of the rule. On April 15, 2014, the D.C. Circuit Court issued an opinion upholding MATS in its entirety.

In November 2014, the U.S. Supreme Court granted a petition for review of the MATS Rule filed by 20 states and a coalition of coal-fired electric generators. The U.S. Supreme Court is reviewing a single, yet critical, aspect of the MATS Rule-whether the U.S. EPA properly considered compliance costs (e.g., pollution control capital expenditures and on-going operations and maintenance expense) in determining whether it is appropriate to regulate hazardous air pollutants emitted by electric utilities. If the Court finds that the U.S. EPA acted unreasonably, then implementation of the rule would be delayed until the U.S. EPA corrects any deficiencies. Oral argument was held on March 25, 2015 and it is likely that the U.S. Supreme Court will issue a decision sometime in 2015. Exelon has been participating in the case as an intervenor in support of the rule.

The U.S. EPA continued its regular, periodic review of the NAAQS standards. On November 25, 2014, the Agency proposed, for public comment, the establishment of a revised primary ozone standard in the range of 65-70 parts per billion (ppb) 8-hour average, a reduction from the 2008 ozone standard level of 75 ppb 8-hour average standard. The Agency is also requesting public comment on levels as low as 60 ppb 8-hour average. In its proposal, the Agency is also proposing to extend the “ozone season” monitoring period, starting in 2017, on a state-by-state basis from its current May-September five-month period to include months before, and after, the traditional ozone season, depending on air quality monitoring data. Most CSAPR states are proposed to be subjected to a March to October “ozone season.” In its proposed rule, the Agency also elected to set the secondary standard at the same level and form as the primary standard. The Agency is expected to issue its final ozone NAAQS revision in October 2015. In December 2012, the U.S. EPA issued its final revisions to the Agency’s particulate matter (PM) NAAQS. In its final rule, the U.S. EPA lowered the annual PM2.5 standard, but declined to issue a new secondary NAAQS to improve urban visibility. The U.S. EPA indicated in its final rule that by 2020 it expects most areas of the country will be in attainment of the new PM2.5 NAAQS based on currently expected regulations, such as the MATS regulation.

In addition to these NAAQS, the U.S. EPA also finalized nonattainment designations for certain areas in the United States for the 2010 one-hour SO2 standard on August 5, 2013, and indicated that additional nonattainment areas will be designated in a future rulemaking. U.S. EPA required states to submit state implementation plans (SIPs) for nonattainment areas by March 25, 2015. With regard to Texas and Maryland, no nonattainment areas were identified in EPA’s final designation rule. With regard to Illinois and Pennsylvania, several counties, or portions of counties, in each state were identified as nonattainment. Since the 2010 one-hour SO2 standard was finalized, EPA has issued a series of guidance documents, and proposed a Data Requirement Rule that will be finalized in the summer of 2015 related to requirements for states related to the application of air quality monitoring and modeling in state implementation plans. Nonattainment county compliance with the one-hour SO2 standard is required by March 25, 2018. While significant SO2 reductions will occur as a result of MATS compliance in 2015, Exelon is unable to predict the requirements of pending states’ SIPs to further reduce SO2 emissions in support of attainment of the one hour SO2 standard.

The cumulative impact of these air regulations could be to require fossil fuel-fired power plant operators to expend significant capital to install pollution control technologies, including wet flue gas desulfurization technology for SO2 and acid gases, and selective catalytic reduction technology for NOx.

As of March 31, 2015, Exelon had a $365 million net investment in coal-fired plants in Georgia subject to long-term leases extending through 2028 and 2030. While Exelon currently estimates the value of these plants at the end of the lease term will be in excess of the recorded residual lease values, after the impairments recorded in the second quarter of 2013 and 2014, final applications of the CSAPR and MATS regulations could negatively impact the end-of-lease term values of these assets, which could result in a future impairment loss that could be material.

On January 15, 2013, EPA issued a final rule for NSPS and National Emissions Standards for Hazardous Air Pollutants (NESHAP) for reciprocating internal combustion engines (RICE NESHAP/ NSPS). The final rule allows diesel backup generators to operate for up to 100 hours annually under certain emergency circumstances without meeting emissions limitations, but requires units that operate over 15 hours to burn low sulfur fuel and report key engine information. The final rule eliminated, after May 2014, the 50 hour exemption for peak shaving and other non-emergency demand response that was included in the proposed rule and, therefore, is not expected to result in additional megawatts of demand response to be bid into the PJM capacity auction.

In the absence of Federal legislation, the U.S. EPA is also moving forward with the regulation of GHG emissions under the Clean Air Act. On June 25, 2013, President Obama announced “The President’s Climate Action Plan,” a summary of executive branch actions intended to: reduce carbon emissions; prepare the United States for the impacts of climate change; and lead international efforts to combat global climate change and prepare for its impacts. Concurrent with the announcement of the Administration’s plan, the President also issued a Memorandum for the Administrator of the Environmental Protection Agency that focused on power generation sector carbon reductions under the Section 111 New Source Performance Standards (NSPS) section of the federal Clean Air Act. The memorandum directs the U.S. EPA Administrator to issue two sets of proposed rulemakings with regard to power plant carbon emissions under Section 111 of the Clean Air Act.

The U.S. EPA proposed a Section 111(b) regulation for new units in September 2013 that may result in material costs of compliance for CO2 emissions for new fossil-fuel electric generating units, particularly coal-fired units. The Climate Action Plan also required the U.S. EPA to propose by June 2014 GHG emission regulations for existing stationary sources under Section 111(d) of the Clean Air Act, and to issue final regulations by June 2015. The proposed rule was published in the Federal Register on June 16, 2014. The proposed rule establishes emission reduction targets for each state and provides flexibility for each state to determine how to achieve its required reductions, including heat rate improvements at coal-fired power plants, fuel switching from coal to gas, renewable generation and new nuclear facilities, demand side energy efficiency, and the use of market-based instruments. The U.S. EPA anticipates that the final rule will issued in summer 2015. While the nature and impact of the final regulations is not yet known, to the extent that the rule results in emission reductions from fossil fuel fired plants, imposing some form of direct or indirect price of carbon in competitive electricity markets, Exelon’s overall low-carbon generation portfolio results would benefit.

Exelon supports comprehensive climate change legislation or regulation, including a cap-and-trade program for GHG emissions, which balances the need to protect consumers, business and the economy with the urgent need to reduce national GHG emissions.

Water Quality. Section 316(b) of the Clean Water Act requires that cooling water intake structures at electric power plants reflect the best technology available to minimize adverse environmental impacts, and is implemented through state-level NPDES permit programs. All of Generation’s and CENG’s power generation facilities with cooling water systems are subject to the regulations. Facilities without closed-cycle recirculating systems (e.g., cooling towers) are potentially most affected by changes to the existing regulations. For Generation, those facilities are Clinton, Dresden, Eddystone, Fairless Hills, Gould Street, Handley, Mountain

Creek, Mystic 7, Oyster Creek, Peach Bottom, Quad Cities, Riverside, Salem and Schuylkill. For CENG, those facilities are Calvert Cliffs, Nine Mile Point Unit 1 and R.E. Ginna. On October 14, 2014, the U.S. EPA's final Section 316(b) rule became effective. The rule requires that a series of studies and analyses be performed at each facility to determine the best technology available, followed by an implementation period. The timing of the various requirements for each facility is related to the status of its current NPDES permit and the subsequent renewal period. There is no fixed compliance schedule, as this is left to the discretion of the state permitting director.

Until the compliance requirements are determined by the applicable state permitting director on a site-specific basis for each plant, the impact of compliance with the final rule is unknown. Should a state permitting director determine that a facility is required to install cooling towers to comply with the rule, that facility's economic viability would be called into question. However, the likely impact of the rule has been significantly decreased since the final rule does not mandate cooling towers as a national standard, and the state permitting director is required to apply a cost-benefit test and take into consideration site-specific factors.

Hazardous and Solid Waste. On December 19, 2014, the U.S. EPA issued the first federal regulation for the disposal of coal combustion residuals (CCR) from power plants, including the classification of CCR as non-hazardous waste under RCRA. The EPA ruling was published in the Federal Register on April 17, 2015, and becomes effective 180 days after publication. Under the regulation, CCR will continue to be regulated by most states subject to coordination with the federal regulations. Generation has previously recorded reserves consistent with state regulation for its owned coal ash sites, and as such, the regulation is not expected to impact Exelon's and Generation's financial results. Generation does not have sufficient information to reasonably assess the potential likelihood or magnitude of any remediation requirements that may be asserted under the new federal regulations for coal ash disposal sites formerly owned by Generation. For these reasons, Generation is unable to predict whether and to what extent it may ultimately be held responsible for remediation and other costs relating to formerly owned coal ash disposal sites under the new regulations, and as a result no new liability has been recorded as of March 31, 2015.

See Note 17 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements for further detail related to environmental matters.

Other Regulatory and Legislative Actions

NRC Task Force Insights from the Fukushima Daiichi Accident (Exelon and Generation). In July 2011, an NRC Task Force formed in the aftermath of the March 11, 2011, 9.0 magnitude earthquake and ensuing tsunami, that seriously damaged the nuclear units at the Fukushima Daiichi Nuclear Power Station, issued a report of its review of the accident, including tiered recommendations for future regulatory action by the NRC to be taken in the near and longer term. The Task Force's report concluded that nuclear reactors in the United States are operating safely and do not present an imminent risk to public health and safety. The NRC and its staff have issued orders and implementation guidance for commercial reactor licensees operating in the United States. The NRC and its staff are continuing to evaluate additional requirements. Generation has assessed the impacts of the Tier 1 orders and information requests and will continue monitoring the additional recommendations under review by the NRC staff, both from an operational and a financial impact standpoint. A comprehensive review of the NRC Tier 1 orders and information requests, as well as preliminary engineering assumptions and analysis, indicate that the financial impact of compliance for Generation, net of expected co-owner reimbursements, for the period from 2015 through 2019 is expected to be between approximately $325 million and $350 million of capital (including approximately $75 million for the CENG plants) and $75 million of operating expense (including approximately $25 million for the CENG plants). As Generation completes the design and installation planning for its actions, Generation will update these estimates. Further, Generation estimates incremental costs of $15 to $20 million per unit at thirteen Mark I and II units (including two CENG units) for the installation of filters on vents, if ultimately required by the NRC. Generation's current assessments are specific to the Tier 1 recommendations as the NRC has not taken specific action with respect to the Tier 2 and Tier 3

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recommendations. Exelon and Generation are unable to conclude at this time to what extent any actions to comply with the requirements of Tier 2 and Tier 3 will impact their future financial position, results of operations, and cash flows. Generation will continue to engage in nuclear industry assessments and actions and stakeholder input. See Item 1A. Risk Factors and Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Executive Overview of the Exelon 2014 Form 10-K, for additional information.

Financial Reform Legislation (Exelon, Generation, ComEd, PECO and BGE). The Dodd-Frank Wall Street Reform and Consumer Protection Act (the Act) was enacted in July 2010. The part of the Act that applies to Exelon is Title VII, which is known as the Dodd-Frank Wall Street Transparency and Accountability Act (Dodd-Frank). Dodd-Frank requires the creation of a new regulatory regime for over-the-counter swaps (Swaps), including mandatory clearing for certain categories of Swaps, incentives to shift Swap activity to exchange trading, margin and capital requirements, and other obligations designed to promote transparency. For non security-based Swaps including commodity Swaps, Dodd-Frank empowers the Commodity Futures Trading Commission (CFTC) to promulgate regulations implementing the law's objectives. The primary aim of Dodd-Frank is to regulate the key intermediaries in the Swaps market, which entities are either swap dealers (SDs), major swap participants (MSPs), and certain other financial entities, but the law also applies to a lesser degree to end-users of Swaps. On January 12, 2015, President Obama signed into law a bill that exempts from margin requirements Swaps used by end-users to hedge or mitigate commercial risk. Moreover, the CFTC's Dodd-Frank regulations preserve the ability of end users in the energy industry to hedge their risks using Swaps without being subject to mandatory clearing, and excepts or exempts end-users from many of the other substantive regulations. Accordingly, as an end-user, Generation is conducting its commercial business in a manner that does not require registration with the CFTC as an SD or MSP. Generation does not anticipate transacting in the future in a manner in which it would become a SD or MSP.

There are, however, some rulemakings that have not yet been finalized, including the capital and margin rules for (non-cleared) Swaps. Generation does not expect these rules to directly impact its collateral requirements. However, depending on the substance of these final rules in addition to certain international regulatory requirements still under development and that are similar to Dodd-Frank, Generation's Swap counterparties could be subject to additional and potentially significant capitalization requirements. These regulations could motivate the SDs and MSPs to increase collateral requirements or cash postings from their counterparties, including Generation.

Generation continues to monitor the rulemaking proceedings with respect to the capital and margin rules, but cannot predict to what extent, if any, further refinements to Dodd-Frank requirements may impact its cash flows or financial position, but such impacts could be material.

ComEd, PECO and BGE could also be subject to some Dodd-Frank requirements to the extent they were to enter into Swaps. However, at this time, management of ComEd, PECO and BGE continue to expect that their companies will not be materially affected by Dodd-Frank.

Illinois Low Carbon Portfolio Standard (Exelon, Generation and ComEd). In March 2015, the Low Carbon Portfolio Standard (LCPS) was introduced in the Illinois General Assembly. The legislation would require ComEd and Ameren to purchase low carbon energy credits to match 70 percent of the electricity used on the distribution system. The LCPS is a technology-neutral solution, so all generators of zero or low carbon energy would be able to compete in the procurement process, including wind, solar, hydro, clean coal and nuclear. Costs associated with purchasing the low carbon energy credits would be collected from customers. The LCPS proposal includes consumer protection such as a price cap that would limit the impact to a 2.015% percent increase based off 2009 monthly bills, or about $2 per month for the average residential electricity customer. The legislation also includes a separate customer rebate provision that would provide a direct bill credit to customers in the event wholesale prices exceed a specified level. If passed by the General Assembly, the legislation would be presented to the Governor, who would have 60 days to decide on the bill.

Legislation to Maximize Smart Grid Investments and to Promote a Cleaner and Greener Illinois (Exelon and ComEd). In March 2015, legislation was introduced in the Illinois General Assembly that would (1) build on ComEd's investment in the Smart Grid to reinforce the resiliency and security of the electrical grid to withstand unexpected challenges, (2) expand energy efficiency programs to reduce energy waste and increase customer savings, (3) further integrate clean renewable energy onto the power system, and (4) introduce a new demand-based rate design for residential customers that would allow for a more equitable sharing of smart grid costs among customers. The legislation also provides for additional funding for customer assistance programs for low-income customers. If passed by the General Assembly, the legislation would be presented to the Governor, who would have 60 days to decide on the bill.

Distribution Formula Rate Update Filing (Exelon and ComEd). On April 15, 2015, ComEd filed its annual distribution formula rate with the ICC, reflecting a decreased revenue requirement of $50 million, including an increase of $92 million for the initial revenue requirement and a decrease of $142 million related to the annual reconciliation for 2014. The filing establishes the revenue requirement used to set the rates that will take effect in January 2016 after the ICC's review and approval, which is due by December 2015. See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for further information related to distribution formula update.

2015 Pennsylvania Electric Distribution Rate Case (Exelon and PECO). On March 27, 2015, PECO filed a petition with the PAPUC requesting an increase of $190 million to its annual service revenues for electric delivery, which would reflect a 4.4% increase on the basis of total Pennsylvania jurisdictional operating revenue. The requested rate of return on common equity is 10.95%. The new electric delivery rates would take effect no later than January 1, 2016. The results of the rate case are expected to be known in the fourth quarter of 2015. PECO cannot predict how much of the requested increase the PAPUC will ultimately approve.

Transmission Formula Rate Update Filing (Exelon, ComEd and BGE). On April 15, 2015, ComEd filed its annual transmission formula rate update with the FERC, reflecting an increased revenue requirement of $91 million, including an increase of $73 million for the initial revenue requirement and an increase of $18 million related to the annual reconciliation for 2014. The filing establishes the revenue requirement used to set rates that will take effect in June 2015, subject to review by the FERC and other parties, which is due by October 2015. See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for further information related to transmission formula update.

In April 2015, BGE filed its annual transmission formula rate update with the FERC, reflecting an increased revenue requirement of $10 million, including an increase of $13 million for the initial revenue requirement and a decrease of $3 million related to the annual reconciliation for 2014. The filing establishes the revenue requirement used to set rates that will take effect in June 2015, subject to review by the FERC and other parties, which is due by October 2015. See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for further information related to the transmission formula update.

Grand Prairie Gateway Transmission Line (Exelon and ComEd). On December 2, 2013, ComEd filed a request to obtain the ICC's approval to construct a 60-mile overhead 345kV transmission line that traverses Ogle, DeKalb, Kane and DuPage Counties in Northern Illinois. On May 28, 2014, in a separate proceeding, FERC issued an order granting ComEd's request to include 100% of the capital costs recorded to construction work in progress during construction of the line in ComEd's transmission rate base. If the project is cancelled or abandoned for reasons beyond ComEd's control, FERC approved the ability for ComEd to recover 100% of its prudent costs incurred after May 21, 2014 and 50% of its costs incurred prior to May 21, 2014 in ComEd's transmission rate base. The costs incurred for the project prior to May 21, 2014 are immaterial. On October 22, 2014, the ICC issued an order approving ComEd's Grand Prairie Gateway Project over the objection of numerous landowners and the City of Elgin. On January 15, 2015, the City of Elgin and other parties filed a Notice of Appeal in the Illinois Appellate Court. On April 8, 2015, the ICC issued a rehearing order denying the appeals filed to consider an alternate route for the transmission line. The rehearing order affirmed the route approved within the ICC's October 22, 2014 order. ComEd expects to begin construction of the line in the second quarter of 2015 with an in-service date expected in the second quarter of 2017.

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FERC Ameren Order (Exelon and ComEd). In July 2012, FERC issued an order to Ameren Corporation (Ameren) finding that Ameren had improperly included acquisition premiums/goodwill in its transmission formula rate, particularly in its capital structure and in the application of AFUDC. FERC also directed Ameren to make refunds for the implied increase in rates in prior years. Ameren filed for rehearing of the July 2012 order, which was denied in June 2014. FERC and Ameren are in the process of determining the amount of any potential refund. ComEd believes that the FERC order authorizing its transmission formula rate is distinguishable from the circumstances that led to the July 2012 FERC order in the Ameren case. However, if ComEd were required to exclude acquisition premiums/goodwill from its transmission formula rate, the impact could be material to ComEd's results of operations and cash flows.

FERC Order No. 1000 Compliance (ComEd, PECO and BGE). In FERC Order No. 1000, the FERC required public utility transmission providers to enhance their transmission planning procedures and their cost allocation methods applicable to certain new regional and interregional transmission projects. As part of the changes to the transmission planning procedures, the FERC required removal from all FERC-approved tariffs and agreements of a right of first refusal to build certain new transmission facilities. In compliance with the regional transmission planning requirements of Order No. 1000, PJM as the transmission provider submitted a compliance filing to FERC on October 25, 2012. On the same day, certain of the PJM transmission owners, including ComEd, PECO and BGE (collectively, the PJM Transmission Owners), submitted a filing asserting that their contractual rights embodied in the PJM governing documents continue to justify their right of first refusal to construct new reliability (and related) transmission projects and that the FERC should not be allowed to override such rights absent a showing that it is in the public interest to do so under the FERC's " *Mobile-Sierra* " standard of review. This is a heightened standard of review which the PJM Transmission Owners argued could not be satisfied based on the facts applicable to them. On March 22, 2013, FERC issued an order on the PJM Compliance Filing and the filing of these PJM Transmission Owners (1) rejecting the arguments of those PJM Transmission Owners that changes to the PJM governing documents were entitled to review under the *Mobile-Sierra* standard, (2) accepting most of the PJM filing, removing the right-of-first refusal from the PJM tariffs, and (3) directing PJM to remove certain exceptions that it included in its compliance filing that FERC found did not comply with Order No. 1000. FERC's order could enable third parties to seek to build certain regional transmission projects that had previously been reserved for the PJM Transmission Owners, potentially reducing ComEd's, PECO's and BGE's financial return on new investments in energy transmission facilities. Numerous parties sought rehearing of the FERC's March 22, 2013 order, including the PJM Transmission Owners who sought rehearing of the FERC's rejection of their Mobile-Sierra and related arguments. PJM's compliance filing was made on July 22, 2013. On May 15, 2014, FERC denied the rehearing requests except with respect to one issue on when PJM could consider state and local laws in evaluating projects. FERC generally accepted the July 22, 2013, Compliance Filing but required several minor additional changes. FirstEnergy and at least one other party filed an appeal of the May 15, 2014, Order upholding PJM's right of first refusal language in the DC Circuit. Exelon has intervened in the FirstEnergy appeal. Several parties have filed requests for rehearing or clarification concerning the changes set forth in the May 15, 2014, Order. On January 22, 2015, FERC issued an order denying rehearing in part and requiring further changes by PJM. On December 18, 2014, FERC issued an order conditionally accepting part of the PJM-MISO interregional Order No. 1000 compliance filing, rejecting a MISO proposal concerning cost allocation for cross-border reliability projects and directing a further compliance filing by PJM and MISO.

FERC Transmission Complaint (Exelon and BGE). On February 27, 2013, consumer advocates and regulators from the District of Columbia, New Jersey, Delaware and Maryland, and the Delaware Electric Municipal Cooperatives (the parties), filed a complaint at FERC against BGE and the PHI companies relating to their respective transmission formula rates. BGE's formula rate includes a 10.8% base rate of return on common equity (ROE) and a 50 basis point incentive for participating in PJM (the latter of which is conditioned upon crediting the first 50 basis points of any incentive ROE adders). The parties seek a reduction in the base return on equity to 8.7% and changes to the formula rate process. FERC docketed the matter and set April 3, 2013 as the deadline for interventions, protests and answers. Under FERC rules, the revenues subject to refund are limited to a fifteen month period and the earliest date from which the base ROE could be adjusted and refunds required is the date of the complaint. On March 19, 2013, BGE filed a motion to dismiss or sever the complaint.

On August 21, 2014, FERC issued an order in the BGE and PHI companies' proceeding, which established hearing and settlement judge procedures for the complaint, and set a refund effective date of February 27, 2013. BGE, the PHI companies and the parties began settlement discussions under the guidance of a FERC administrative law judge on September 23, 2014. On November 24, 2014, the Settlement Judge informed FERC and the Chief Judge that the parties had reached an impasse and determined that a settlement was not possible. On November 26, 2014, the Chief Judge issued an order terminating the settlement proceeding, designating a presiding judge at the hearings and directing that an initial decision be issued by November 25, 2015.

On December 8, 2014, various state agencies in Delaware, Maryland, New Jersey, and D.C. filed a second complaint against BGE regarding the base ROE of the transmission business seeking a reduction from 10.8% to 8.8%. The filing of the second complaint creates a second refund window. By order issued on February 9, 2015, FERC established a hearing on the second complaint with the complainants' requested refund effective date of December 8, 2014. On February 20, 2015, the Chief Judge issued an order consolidating the two complaint proceedings and established an Initial Decision issuance deadline of February 29, 2016. On March 2, 2015, the Presiding Administrative Law Judge issued an order establishing a procedural schedule for the consolidated proceedings that provides for the hearing to commence on October 20, 2015.

Based on the current status of the complaint filings, BGE believes it is probable that BGE's base ROE rate will be adjusted, and that a refund to customers of transmission revenue for the two maximum fifteen month periods will be required. However, BGE is unable to estimate the most likely refund amount for either complaint at this time, and has therefore established a reserve, which is not material, representing the low end of a reasonably possible estimated range of loss. Additionally, management is unable to estimate the maximum exposure of a potential refund at this time, which may have a material impact on BGE's results of operations and cash flows. The estimated annual ongoing reduction in revenues if FERC approved the ROEs requested by the parties in their filings is approximately $11 million. If FERC were to order a reduction of BGE's base ROE to 8.7% as sought in the first complaint (while retaining the 50 basis points of any incentives that were credited to the base return on equity for certain new transmission investment), the result of the first fifteen month refund window would be a refund to customers of approximately $13 million. If FERC were to order a reduction in BGE's base ROE to 8.8% as sought in the second complaint (while retaining 50 basis points of any incentives that were credited to the base return on equity for certain new transmission investment) and the refund period extended for a full fifteen months, the result would be a refund to customers of approximately $14 million. See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

The Maryland Strategic Infrastructure Development and Enhancement Program (Exelon and BGE). In February 2013, the Maryland General Assembly passed legislation intended to accelerate gas infrastructure replacements in Maryland by establishing a mechanism for gas companies to promptly recover reasonable and prudent costs of eligible infrastructure replacement projects separate from base rate proceedings. On May 2, 2013, the Governor of Maryland signed the legislation into law; which took effect June 1, 2013. Under the new law, following a proceeding before the MDPSC and with the MDPSC's approval of the eligible infrastructure replacement projects along with a corresponding surcharge, BGE could begin charging gas customers a monthly surcharge for infrastructure costs incurred after June 1, 2013. The legislation includes caps on the monthly surcharges to residential and non-residential customers, and would require an annual true-up of the surcharge revenues against actual expenditures. Investment levels in excess of the cap would be recoverable in a subsequent gas base rate proceeding at which time all costs for the infrastructure replacement projects would be rolled into gas distribution rates. Irrespective of the cap, BGE is required to file a gas rate case every five years under this legislation. On August 2, 2013, BGE filed its infrastructure replacement plan and associated surcharge. On January 29, 2014, the MDPSC issued a decision conditionally approving the first five years of BGE's plan and surcharge. On March 26, 2014, the MDPSC approved as filed BGE's proposed 2014 project list, tariff and associated surcharge amounts, with a surcharge that became effective April 1, 2014. On November 17, 2014, BGE filed a surcharge update including a true-up of costs estimates included in the 2014 surcharge, along with its 2015 project list and cost estimates to be included in the 2015 surcharge. The filing was approved with a revised

surcharge effective January 1, 2015. At its December 17, 2014 weekly Administrative Meeting, the MDPSC approved BGE's 2015 project list and the proposed surcharge for 2015. As of March 31, 2015, BGE recorded a regulatory asset of $1 million, representing the difference between the surcharge revenues and program costs.

In February 2014, the residential consumer advocate in Maryland filed an appeal with the Baltimore City Circuit Court to the decision issued by the MDPSC on BGE's infrastructure replacement plan. On September 5, 2014, the Baltimore City Circuit Court affirmed the MDPSC decision on BGE's infrastructure replacement plan and associated surcharge. On October 10, 2014, the residential consumer advocate noticed its appeal to the Maryland Court of Special Appeals from the judgment entered by the Baltimore City Circuit Court. The Court of Special Appeals has issued a preliminary procedural schedule that sets oral argument in this matter for a date in the first two weeks of November 2015. See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

PJM Minimum Offer Price Rule (Exelon and Generation). PJM's capacity market rules include a Minimum Offer Price Rule (MOPR) that is intended to preclude sellers from artificially suppressing the competitive price signals for generation capacity. The FERC orders approving the MOPR were upheld by the United States Court of Appeals for the Third Circuit in February 2014.

Exelon continues to work with PJM stakeholders and through the FERC process to implement several proposed changes to the PJM tariff aimed at ensuring that capacity resources (including those with state-sanctioned subsidy contracts and capacity market speculators) cannot inappropriately affect capacity auction prices in PJM.

Reliability Pricing Model (Exelon, Generation and BGE). PJM's RPM Base Residual Auctions take place approximately 36 months ahead of the scheduled delivery year. The most recent auction, for the delivery year ending May 31, 2018, occurred in May 2014. On December 12, 2014, PJM filed proposed revisions to its tariff to revise the PJM capacity market through the new "Capacity Performance" product. PJM proposed to implement Capacity Performance for the May 2015 base residual auction, but FERC issued a deficiency letter on the Capacity Performance Filing and PJM has now sought authorization to delay the 2015 Base Residual Auction until such time that FERC is able to rule on the merits of the Capacity Performance proposal. Under Capacity Performance, PJM proposes to redefine the capacity product, which would require resources to provide an enhanced assurance of delivery of energy and reserves during emergency conditions. It also would increase penalties on resources for non-performance and eliminate many excuses for non-performance. Under the PJM proposal, these changes would take effect for capacity in the 2018/2019 delivery year. Exelon filed comments in support of the PJM proposal, but also proposed several modifications to the PJM proposal including increasing the penalty rate for non-performance, increasing the amount of Capacity Performance that PJM procures for the 2016/2017 and 2017/2018 Delivery Years and making the mitigation mechanism less administratively burdensome and more reflective of risks facing resources that provide the Capacity Performance product.

Employees

During the first quarter of 2015, Generation successfully ratified the collective bargaining agreement (CBA) with the Security Officer union at Clinton through 2021, and the CBA with the Security Officer union at Braidwood through 2018. In addition, two union contracts at Mystic 7 and Mystic 8, 9 were successfully negotiated and ratified through 2021.

Critical Accounting Policies and Estimates

Management of each of the Registrants makes a number of significant estimates, assumptions and judgments in the preparation of its financial statements. See ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — CRITICAL ACCOUNTING POLICIES AND ESTIMATES in Exelon's, Generation's, ComEd's, PECO's and BGE's

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combined 2014 Form 10-K for a discussion of the estimates and judgments necessary in the Registrants' accounting for AROs, goodwill, purchase accounting, unamortized energy assets and liabilities, asset impairments, depreciable lives of property, plant and equipment, defined benefit pension and other postretirement benefits, regulatory accounting, derivative instruments, taxation, contingencies, revenue recognition, and allowance for uncollectible accounts. At March 31, 2015, the Registrants' critical accounting policies and estimates had not changed significantly from December 31, 2014.

Results of Operations

Net Income Attributable to Common Shareholders by Registrant

	Three Months Ended March 31,		Favorable (Unfavorable) Variance
	2015 [a]	2014	
Exelon	$ 693	$ 90	$ 603
Generation	443	(185)	628
ComEd	90	98	(8)
PECO	139	89	50
BGE	106	85	21

(a) On April 1, 2014, Generation assumed operational control of CENG's nuclear fleet. As a result, the 2015 financial results include CENG's results of operations on a fully consolidated basis.

Results of Operations — Generation

	Three Months Ended March 31,		Favorable (Unfavorable) Variance
	2015 [a]	2014	
Operating revenues	$ 5,840	$ 4,390	$ 1,450
Purchased power and fuel expense	3,433	3,357	(76)
Revenue net of purchased power and fuel [b]	2,407	1,033	1,374
Other operating expenses			
Operating and maintenance	1,311	1,087	(224)
Depreciation and amortization	254	211	(43)
Taxes other than income	122	105	(17)
Total other operating expenses	1,687	1,403	(284)
Equity in losses of unconsolidated affiliates	—	(19)	19
Gain (loss) on sales of assets	(1)	5	(6)
Operating income	719	(384)	1,103
Other income and (deductions)			
Interest expense	(102)	(85)	(17)
Other, net	94	85	9
Total other income and (deductions)	(8)	—	(8)
Income (loss) before income taxes	711	(384)	1,095
Income taxes	226	(199)	(425)
Net income (loss)	485	(185)	670
Net income attributable to noncontrolling interests	42	—	(42)
Net income (loss) attributable to membership interest	$ 443	$ (185)	$ 628

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(a) On April 1, 2014, Generation assumed operational control of CENG's nuclear fleet. As a result, the 2015 financial results include CENG's results of operations on a fully consolidated basis.
(b) Generation evaluates its operating performance using the measure of revenue net of purchased power and fuel expense. Generation believes that revenue net of purchased power and fuel expense is a useful measurement because it provides information that can be used to evaluate its operational performance. Revenue net of purchased power and fuel expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

Net Income (Loss) Attributable to Membership Interest

Three Months Ended March 31, 2015 Compared to Three Months Ended March 31, 2014. Generation's net income (loss) attributable to membership interest for the three months ended March 31, 2015 increased compared to the same period in 2014 primarily due to higher revenue net of purchased power and fuel expense, partially offset by an increase in operating and maintenance expense and income taxes. The increase in revenue net of purchased power and fuel expense primarily relates to the inclusion of CENG's results on a fully consolidated basis in 2015, the inclusion of Integrys' results in 2015, the benefit of lower cost to serve load (including the absence of higher procurement costs for replacement power in 2014), the cancellation of the DOE spent nuclear disposal fee and mark-to-market gains in 2015 compared to mark-to-market losses in 2014, partially offset by a reduction in capacity credits and lower margins resulting from the 2014 sales of generating assets, lower realized energy prices and the absence of the 2014 fuel optimization opportunities in the South. The increase in operating and maintenance expense is primarily related to the inclusion of CENG's results on a fully consolidated basis in 2015. The increase in income taxes is primarily due to mark-to-market gains recorded in 2015 compared to market-to-market losses recorded in 2014.

Revenue Net of Purchased Power and Fuel Expense

Generation's six reportable segments are based on the geographic location of its assets, and are largely representative of the footprints of an ISO / RTO and/or NERC region. Descriptions of each of Generation's six reportable segments are as follows:

- Mid-Atlantic represents operations in the eastern half of PJM, which includes Pennsylvania, New Jersey, Maryland, Virginia, West Virginia, Delaware, the District of Columbia and parts of North Carolina.
- Midwest represents operations in the western half of PJM, which includes portions of Illinois, Indiana, Ohio, Michigan, Kentucky and Tennessee, and the United States footprint of MISO excluding MISO's Southern Region, which covers all or most of North Dakota, South Dakota, Nebraska, Minnesota, Iowa, Wisconsin, the remaining parts of Illinois, Indiana, Michigan and Ohio not covered by PJM, and parts of Montana, Missouri and Kentucky.
- New England represents the operations within ISO-NE covering the states of Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.
- New York represents operations within ISO-NY, which covers the state of New York in its entirety.
- ERCOT represents operations within Electric Reliability Council of Texas, covering most of the state of Texas.
- Other Power Regions not considered individually significant:
  - South represents operations in the FRCC, MISO's Southern Region, and the remaining portions of the SERC not included within MISO or PJM, which includes all or most of Florida, Arkansas, Louisiana, Mississippi, Alabama, Georgia, Tennessee, North Carolina, South Carolina and parts of Missouri, Kentucky and Texas. Generation's South region also includes operations in the SPP, covering Kansas, Oklahoma, most of Nebraska and parts of New Mexico, Texas, Louisiana, Missouri, Mississippi and Arkansas.

- West represents operations in the WECC, which includes California ISO, and covers the states of California, Oregon, Washington, Arizona, Nevada, Utah, Idaho, Colorado, and parts of New Mexico, Wyoming and South Dakota.
- Canada represents operations across the entire country of Canada and includes the AESO, OIESO and the Canadian portion of MISO.

The following business activities are not allocated to a region, and are reported under Other: retail and wholesale gas, investments in gas and oil exploration and production activities, proprietary trading, compressed natural gas fueling stations, energy efficiency and cogeneration projects, sales of electric and gas appliances, servicing of heating, air conditioning, plumbing, electrical, indoor quality systems and home improvements, and investments in energy-related proprietary technology. Further, the following activities are not allocated to a region, and are reported in Other: unrealized mark-to-market impact of economic hedging activities; amortization of certain intangible assets relating to commodity contracts recorded at fair value from mergers and acquisitions and other miscellaneous revenues.

Generation evaluates the operating performance of its power marketing activities using the measure of revenue net of purchased power and fuel expense which is a non-GAAP measurement. Generation's operating revenues include all sales to third parties and affiliated sales to ComEd, PECO and BGE. Purchased power costs include all costs associated with the procurement and supply of electricity including capacity, energy and ancillary services. Fuel expense includes the fuel costs for owned generation and fuel costs associated with tolling agreements.

For the three months ended March 31, 2015 and 2014, Generation's revenue net of purchased power and fuel expense by region were as follows:

	Three Months Ended March 31,			
	2015 [a]	2014	Variance	% Change
Mid-Atlantic [b][f]	$ 782	$ 695	$ 87	12.5%
Midwest [c]	700	556	144	25.9%
New England	158	136	22	16.2%
New York [f]	188	(21)	209	n.m.
ERCOT	55	83	(28)	(33.7)%
Other Power Regions [d]	46	105	(59)	(56.2)%
Total electric revenue net of purchased power and fuel expense	1,929	1,554	375	24.1%
Proprietary trading	4	14	(10)	(71.4)%
Mark-to-market gains (losses)	162	(730)	892	122.2%
Other [e]	312	195	117	60.0%
Total revenue net of purchased power and fuel expense	$ 2,407	$ 1,033	$ 1,374	133.0%

(a) On April 1, 2014, Generation assumed operational control of CENG's nuclear fleet. As a result, the 2015 financial results include CENG's results of operations on a fully consolidated basis.
(b) Results of transactions with PECO and BGE are included in the Mid-Atlantic region.
(c) Results of transactions with ComEd are included in the Midwest region.
(d) Other Power Regions include South, West and Canada, which are not considered individually significant.
(e) Other represents activities not allocated to a region. See text above for a description of included activities. Also includes amortization of intangible assets related to commodity contracts recorded at fair value of $38 million increase and $42 million decrease in revenue net of purchased power and fuel expense for the three months ended March 31, 2015 and 2014, respectively.
(f) Includes $113 million and $169 million of purchased power from CENG prior to its consolidation on April 1, 2014 in the Mid-Atlantic and New York Regions, respectively, for the three months ended March 31, 2014.

Generation's supply sources by region are summarized below:

Supply source (GWh)	Three Months Ended March 31, 2015	2014	Variance	% Change
Nuclear Generation				
Mid-Atlantic [a]	15,718	12,136	3,582	29.5%
Midwest	22,427	23,125	(698)	(3.0)%
New York [a]	4,512	—	4,512	n.m.
Total Nuclear Generation	42,657	35,261	7,396	21.0%
Fossil and Renewables [a]				
Mid-Atlantic	559	3,207	(2,648)	(82.6)%
Midwest	432	417	15	3.6%
New England	600	1,734	(1,134)	(65.4)%
New York	1	1	—	—%
ERCOT	1,422	1,656	(234)	(14.1)%
Other Power Regions [c]	1,973	1,630	343	21.0%
Total Fossil and Renewables	4,987	8,645	(3,658)	(42.3)%
Purchased Power				
Mid-Atlantic [b]	1,824	3,233	(1,409)	(43.6)%
Midwest	589	711	(122)	(17.2)%
New England	6,408	2,070	4,338	n.m.
New York [b]	—	2,857	(2,857)	(100.0)%
ERCOT	2,244	2,153	91	4.2%
Other Power Regions [c]	3,307	3,355	(48)	(1.4)%
Total Purchased Power	14,372	14,379	(7)	—%
Total Supply/Sales by Region [d]				
Mid-Atlantic [e]	18,101	18,576	(475)	(2.6)%
Midwest [e]	23,448	24,253	(805)	(3.3)%
New England	7,008	3,804	3,204	84.2%
New York	4,513	2,858	1,655	57.9%
ERCOT	3,666	3,809	(143)	(3.8)%
Other Power Regions [c]	5,280	4,985	295	5.9%
Total Supply/Sales by Region	62,016	58,285	3,731	6.4%

(a) Includes the proportionate share of output where Generation has an undivided ownership interest in jointly-owned generating plants and includes the total output of plants that are fully consolidated (e.g. CENG). Nuclear generation for the three months ended March 31, 2015 includes physical volumes of 3,284 GWh in the Mid-Atlantic region and 4,512 GWh in the New York region for CENG. Prior to the integration date of April 1, 2014, CENG volumes were included in purchased power.

(b) Purchased power for the three months ended March 31, 2014 includes physical volumes of 2,489 GWh in the Mid-Atlantic and 2,857 GWh in the New York regions as a result of the PPA with CENG. As of the integration date of April 1, 2014, CENG volumes are included in nuclear generation.

(c) Other Power Regions include South, West and Canada, which are not considered individually significant.

(d) Excludes physical proprietary trading volumes of 1,808 GWh and 2,494 GWh for the three months ended March 31, 2015 and 2014, respectively.

(e) Includes affiliate sales to PECO and BGE in the Mid-Atlantic region and affiliate sales to ComEd in the Midwest region.

Mid-Atlantic

Three Months Ended March 31, 2015 Compared to Three Months Ended March 31, 2014. The $87 million increase in revenue net of purchased power and fuel expense in the Mid-Atlantic was primarily due to the

consolidation of CENG, benefit of lower cost to serve load (including the absence of higher procurement costs for replacement power in 2014), higher nuclear volumes (excluding CENG), and the cancellation of the DOE spent nuclear fuel disposal fee, partially offset by lower capacity revenues, lower generation volumes due to the sale of Keystone and Conemaugh, and lower realized energy prices.

Midwest

Three Months Ended March 31, 2015 Compared to Three Months Ended March 31, 2014. The $144 million increase in revenue net of purchased power and fuel expense in the Midwest was primarily due to higher capacity revenues, the acquisition of Integrys Energy Services. Inc., and the cancellation of the DOE spent nuclear fuel disposal fee, partially offset by lower nuclear volumes.

New England

Three Months Ended March 31, 2015 Compared to Three Months Ended March 31, 2014. The $22 million increase in revenue net of purchased power and fuel expense in New England was primarily due to the benefit of lower cost to serve load and higher generation volumes from power purchase agreements, partially offset by lower generation volumes due to the sale of Fore River.

New York

Three Months Ended March 31, 2015 Compared to Three Months Ended March 31, 2014. The $209 million increase in revenue net of purchased power and fuel expense in New York was primarily due to the consolidation of CENG.

ERCOT

Three Months Ended March 31, 2015 Compared to Three Months Ended March 31, 2014. The $28 million decrease in revenue net of purchased power and fuel expense in ERCOT was primarily due to lower realized energy prices and lower generation volumes due to the sale of Quail Run.

Other Power Regions

Three Months Ended March 31, 2015 Compared to Three Months Ended March 31, 2014. The $59 million decrease in revenue net of purchased power and fuel expense in Other Power Regions was primarily due to lower realized energy prices and the absence of the 2014 fuel optimization opportunities.

Mark-to-market

Three Months Ended March 31, 2015 Compared to Three Months Ended March 31, 2014. Generation is exposed to market risks associated with changes in commodity prices and enters into economic hedges to mitigate exposure to these fluctuations. Mark-to-market gains on economic hedging activities were $162 million for the three months ended March 31, 2015 compared to losses of $730 million for the three months ended March 31, 2014. See Notes 7 — Fair Value of Financial Assets and Liabilities and 8 — Derivative Financial Instruments of the Combined Notes to the Consolidated Financial Statements for information on gains and losses associated with mark-to-market derivatives.

Other

Three Months Ended March 31, 2015 Compared to Three Months Ended March 31, 2014. The $117 million increase in other revenue net of purchased power and fuel expense was primarily driven by the amortization of contracts recorded at fair value during prior acquisitions, and the addition of Integrys Energy Services, Inc.

Nuclear Fleet Capacity Factor and Production Costs

The following table presents nuclear fleet operating data for the three months ended March 31, 2015 as compared to the same periods in 2014, for the Generation-operated plants. The nuclear fleet capacity factor presented in the table is defined as the ratio of the actual output of a plant over a period of time to its output if the plant had operated at full average annual mean capacity for that time period. Nuclear fleet production cost is defined as the costs to produce one MWh of energy, including fuel, materials, labor, contracting and other miscellaneous costs, but excludes depreciation, required capital investment, benefits costs associated with labor, insurance, property taxes, unit contingent costs, suspended DOE nuclear waste storage fee, and certain other non-production related overhead costs. Generation considers capacity factor and production costs useful measures comparatively to analyze the nuclear fleet performance between periods. Generation has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, these measures are not a presentation defined under GAAP and may not be comparable to other companies' presentations or be more useful than the GAAP information provided elsewhere in this report.

	Three Months Ended March 31,	
	2015	2014
Nuclear fleet capacity factor [(a)]	92.7%	94.1%
Nuclear fleet production cost per MWh [(a)]	$ 20.55	$ 20.71

(a) Excludes Salem, which is operated by PSEG Nuclear, LLC. Reflects ownership percentage of stations operated by Exelon. On April 1, 2014, Generation assumed operational control of CENG's nuclear fleet, and as a result, the 2015 financial results include CENG's results of operations on a fully consolidated basis.

Three Months Ended March 31, 2015 Compared to Three Months Ended March 31, 2014. The nuclear fleet capacity factor, which excludes Salem, decreased primarily due to a higher number of unplanned outage days and non-outage energy losses during the three months ended March 31, 2015 compared to the same period in 2014. For the three months ended March 31, 2015 and 2014, refueling outage days totaled 89 (of which 41 are related to CENG plants) and 52, respectively, with the increase primarily attributable to the inclusion of CENG in 2015. During the same periods, non-refueling outage days totaled 32 (of which 5 were related to CENG) and 20, respectively. Production costs per MWh were lower for the three months ended March 31, 2015 as compared to the same period in 2014, due to the elimination of the SNF disposal fee in 2014, partially offset by the inclusion of CENG.

Operating and Maintenance

The changes in operating and maintenance expense for the three months ended March 31, 2015 compared to the same period in 2014, consisted of the following:

	Three Months Ended March 31,
	Increase (Decrease) [(a)]
Labor, other benefits, contracting, materials	$ 141
Nuclear refueling outage costs, including the co-owned Salem plants [(b)]	44
Accretion expense	23
Regulatory fees and assessment	17
Corporate allocations [(c)]	7
Merger and integration costs	(2)
Pension and non-pension postretirement benefits expense	(7)
Midwest Generation bankruptcy recoveries	(14)
Other	15
Increase in operating and maintenance expense	$ 224

(a) On April 1, 2014, Generation assumed operational control of CENG's nuclear fleet. As a result, the 2015 financial results include CENG's results of operations on a fully consolidated basis.
(b) Reflects the impact of increased refueling outage days in 2015, due to the inclusion of CENG.
(c) Reflects an increased share of corporate allocated costs primarily due to the CENG integration in the second quarter of 2014.

Depreciation and Amortization

The increase in depreciation and amortization expense for the three months ended March 31, 2015 compared to the three months ended March 31, 2014 is primarily due the inclusion of CENG's results.

Taxes Other Than Income

The increase in taxes other than income for the three months ended March 31, 2015 as compared to the three months ended March 31, 2014 is primarily due to the inclusion of CENG's results.

Equity in Losses of Unconsolidated Affiliates

The decrease in equity in losses of unconsolidated affiliates for the three months ended March 31, 2015 as compared to the three months ended March 31, 2014 is primarily due to CENG's operating results being fully consolidated beginning April 1, 2014 and, as a result, are not reflected as equity method earnings in 2015.

Gain (Loss) on Sales of Assets

The unfavorable change in gain (loss) on sales of assets is primarily due to decreased asset divestiture activity in 2015.

Interest Expense

The increase in interest expense for three months ended March 31, 2015 compared to same period in 2014 is primarily due to higher outstanding debt in 2015.

Other, Net

The increase in Other, net for the three months ended March 31, 2015 compared to the same period in 2014 primarily reflects the change in the realized and unrealized gains and losses related to the NDT funds of its Non-Regulatory Agreement Units as described in the table below. Other, net also reflects $23 million and $20 million for the three months ended March 31, 2015 and 2014, respectively, related to the contractual elimination of income tax expense (benefit) associated with the NDT funds of the Regulatory Agreement Units. Refer to Note 11 — Nuclear Decommissioning for additional information regarding NDT funds. The increase in Other, net was also partially offset by a benefit recorded in 2014 for the favorable settlement of certain income tax positions on Constellation's 2009-2012 pre-acquisition tax returns.

The following table provides unrealized and realized gains on the NDT funds of the Non-Regulatory Agreement Units recognized in Other, net for the three months ended March 31, 2015 and 2014:

	Three Months Ended March 31,	
	2015 [(a)]	2014
Net unrealized gains on decommissioning trust funds	$ 40	$ 13
Net realized gains on sale of decommissioning trust funds	6	13

(a) On April 1, 2014, Generation assumed operational control of CENG's nuclear fleet. As a result, the 2015 financial results include CENG's results of operations on a fully consolidated basis.

Effective Income Tax Rate

The effective income tax rate was 31.8% for the three months ended March 31, 2015, respectively, compared to 51.8% for the same period during 2014. See Note 10 — Income Taxes of the Combined Notes to the Consolidated Financial Statements for further discussion of the change in the effective income tax rate.

Results of Operations — ComEd

	Three Months Ended March 31,		Favorable (Unfavorable) Variance
	2015	2014	
Operating revenue	$ 1,185	$ 1,134	$ 51
Purchased power expense	327	320	(7)
Revenue net of purchased power expense [(a)]	858	814	44
Other operating expenses			
Operating and maintenance	378	326	(52)
Depreciation and amortization	175	173	(2)
Taxes other than income	75	77	2
Total other operating expenses	628	576	(52)
Operating income	230	238	(8)
Other income and (deductions)			
Interest expense, net	(84)	(80)	(4)
Other, net	3	5	(2)
Total other income and (deductions)	(81)	(75)	(6)
Income before income taxes	149	163	(14)
Income taxes	59	65	6
Net income	$ 90	$ 98	$ (8)

(a) ComEd evaluates its operating performance using the measure of revenue net of purchased power expense. ComEd believes that revenue net of purchased power expense is a useful measurement because it provides information that can be used to evaluate its operational performance. In general, ComEd only earns margin based on the delivery and transmission of electricity. ComEd has included its discussion of revenue net of purchased power expense below as a complement to the financial information provided in accordance with GAAP. However, revenue net of purchased power expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

Net Income

Three Months Ended March 31, 2015 Compared to Three Months Ended March 31, 2014. ComEd's net income for the three months ended March 31, 2015 was lower than the same period in 2014, primarily due to unfavorable weather and volume. Electric distribution earnings were flat, reflecting the impacts of increased capital investment, offset by lower allowed return on common equity due to a decrease in treasury rates.

Operating Revenue Net of Purchased Power Expense

There are certain drivers of Operating revenue that are fully offset by their impact on Purchased power expense, such as commodity procurement costs and participation in customer choice programs. ComEd is permitted to recover electricity procurement costs from retail customers without mark-up. Therefore, fluctuations

in electricity procurement costs have no impact on revenue net of purchased power expense. See Note 3 — Regulatory Matters of the Exelon 2014 Form 10-K for additional information on ComEd's electricity procurement process.

All ComEd customers have the choice to purchase electricity from a competitive electric generation supplier. Customer choice programs do not impact ComEd's volume of deliveries, but do affect ComEd's Operating revenue related to supplied energy, which is fully offset in Purchased power expense. Therefore, customer choice programs have no impact on Revenue net of purchased power expense.

The number of retail customers participating in customer choice programs was 2,406,289 and 2,655,909 at March 31, 2015, and 2014, representing 62% and 69% of total retail customers, respectively. Retail energy purchased from competitive electric generation suppliers represented 78% and 80% of ComEd's retail kWh sales at March 31, 2015, and 2014, respectively.

The City of Chicago currently participates in ComEd's customer choice program and purchases electricity from Constellation (formerly Integrys). Beginning in September 2015, the City of Chicago will no longer participate in the customer choice program and will begin purchasing its electricity from ComEd. It is anticipated that by the end of the fourth quarter 2015 approximately 45% of retail customers and 73% of kWh sales in the ComEd service territory will be supplied by competitive retail electric suppliers, reflecting the City of Chicago switching back to ComEd. ComEd's Operating revenue will increase as a result of the City of Chicago switching, but will be fully offset in Purchased power expense.

The changes in ComEd's Revenue net of purchased power expense for the three months ended March 31, 2015, compared to the same period in 2014 consisted of the following:

	Increase (Decrease)
Weather	$ (5)
Volume	(7)
Electric distribution revenue	6
Transmission revenue	4
Regulatory required programs	8
Uncollectible accounts recovery, net	32
Pricing and customer mix	7
Other	(1)
Increase in revenue net of purchased power expense	$ 44

Weather. The demand for electricity is affected by weather conditions. Very warm weather in summer months and very cold weather in other months are referred to as "favorable weather conditions" because these weather conditions result in increased customer usage. Conversely, mild weather reduces demand. For the three months ended March 31, 2015, unfavorable weather conditions reduced Operating revenue net of purchased power expense when compared to the same period in 2014.

Heating and cooling degree days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree days for a 30-year period in ComEd's service territory with cooling degree days generally having a more significant impact to ComEd, particularly during the summer months. The changes in heating and cooling degree days in ComEd's service territory for the three months ended March 31, 2015, and 2014, consisted of the following:

	Three Months Ended March 31,			% Change	
Heating and Cooling Degree-Days	**2015**	**2014**	**Normal**	**From 2014**	**From Normal**
Heating Degree-Days	3,632	3,874	3,164	(6.2)%	14.8%
Cooling Degree-Days	—	—	—	n/a	n/a

Volume. Revenue net of purchased power expense decreased as a result of lower delivery volume, exclusive of the effects of weather, reflecting decreased average usage per customer as compared to the same three month period in 2014.

Electric Distribution Revenue. EIMA provides for a performance-based rate formula, which requires an annual reconciliation of the revenue requirement in effect to the actual costs that the ICC determines are prudently and reasonably incurred in a given year. Under EIMA, distribution revenue varies from year to year based on fluctuations in the underlying costs, investments being recovered, allowed ROE, and other billing determinants. In addition, ComEd's allowed rate of return on common equity is the annual average rate of 30-year treasury notes plus 580 basis points, subject to a collar of plus or minus 50 basis points. Therefore, the collar limits favorable and unfavorable impacts of weather and load on distribution revenue. During the three months ended March 31, 2015, ComEd recorded increased electric distribution revenue primarily due to higher operating and maintenance expense and increased capital investment, partially offset by lower allowed return on common equity due to a decrease in treasury rates. See Operating and Maintenance Expense below, and Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information on ComEd's rate formula pursuant to EIMA.

Transmission Revenue. Under a FERC-approved formula, transmission revenue varies from year to year based on fluctuations in the underlying costs, investments being recovered and other billing determinants, such as the highest daily peak load from the previous calendar year. For the three months ended March 31, 2015, ComEd recorded increased transmission revenue due to increased capital investment. See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Regulatory Required Programs. This represents the change in Operating revenue collected under approved riders to recover costs incurred for regulatory programs such as ComEd's energy efficiency and demand response and purchased power administrative costs. The riders are designed to provide full and current cost recovery. An equal and offsetting amount has been included in Operating and maintenance expense. Refer to the Operating and maintenance expense discussion below for additional information on included programs.

Uncollectible Accounts Recovery, Net. Uncollectible accounts recovery, net represents recoveries under ComEd's uncollectible accounts tariff. See the Operating and maintenance expense discussion below for additional information on this tariff.

Pricing and Customer Mix. The increase in Revenue net of purchased power as a result of pricing and customer mix is primarily attributable to higher overall effective rates due to decreased usage across all major customer classes and change in customer mix for the three months ended March 31, 2015, as compared to the same period in 2014.

Other. Other revenue, which can vary period to period, includes rental revenue, revenue related to late payment charges, revenue from other utilities for mutual assistance programs and recoveries of environmental costs associated with MGP sites, for which an equal and offsetting amount is reflected in Depreciation and amortization expense during the periods presented.

Operating and Maintenance Expense

	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014	Increase
Operating and maintenance expense — baseline	$ 322	$ 278	$ 44
Operating and maintenance expense — regulatory required programs [a]	56	48	$ 8
Total operating and maintenance expense	$ 378	$ 326	$ 52

(a) Operating and maintenance expenses for regulatory required programs are costs for various legislative and/or regulatory programs that are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in operating revenue.

The changes in operating and maintenance expense for the three months ended March 31, 2015 compared to the same period in 2014, consisted of the following:

	Increase (Decrease)
Baseline	
Labor, other benefits, contracting and materials [a]	$ 16
Pension and non-pension postretirement benefits expense [b]	(8)
Storm-related costs	(4)
Uncollectible accounts expense — provision [c]	1
Uncollectible accounts expense — recovery, net [c]	31
Other	8
	44
Regulatory required programs	
Energy efficiency and demand response programs	8
	8
Increase in operating and maintenance expense	$ 52

(a) Primarily reflects increased contracting costs related to EIMA, and other preventative and corrective maintenance projects for the three months ended March 31, 2015. See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information regarding EIMA.
(b) Primarily reflects decreased non-pension costs associated with OPEB plan design changes during the second quarter of 2014. See Note 16 — Retirement Benefits of the Exelon 2014 Form 10-K for additional information regarding plan changes.
(c) ComEd is allowed to recover from or refund to customers the difference between the utility's annual uncollectible accounts expense and the amounts collected in rates annually through a rider mechanism. During the three months ended March 31, 2015, ComEd recorded a net increase in operating and maintenance expense related to uncollectible accounts due to the timing of regulatory cost recovery. An equal and offsetting increase has been recognized in operating revenue for the periods presented.

Depreciation and Amortization

Depreciation and amortization expense increased during the three months ended March 31, 2015, compared to the same period in 2014, primarily due to increased capital expenditures, partially offset by decreased amortization as a result of ComEd's severance regulatory assets fully amortizing during the second quarter of 2014.

Taxes Other Than Income

Taxes other than income taxes, which can vary period to period, include municipal and state utility taxes, real estate taxes and payroll taxes. Taxes other than income taxes remained relatively flat during the three months ended March 31, 2015, compared to the same period in 2014.

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Interest Expense, Net

The changes in interest expense, net for the three months ended March 31, 2015, compared to the same period in 2014, consisted of the following:

	Increase (Decrease)
Interest expense related to uncertain tax positions	$ (1)
Interest expense on debt (including financing trusts) [(a)]	3
Other	2
Increase in interest expense, net	$ 4

(a) Primarily reflects an increase in interest expense due to the issuance of First Mortgage Bonds on November 10, 2014 and March 2, 2015. See Note 9 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for additional information on ComEd's debt obligations.

Effective Income Tax Rate

The effective income tax rate was 39.6% for the three months ended March 31, 2015 compared to 39.9% for the same period during 2014. See Note 10 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

ComEd Electric Operating Statistics and Revenue Detail

	Three Months Ended March 31,			
Retail Deliveries to Customers (in GWhs)	2015	2014	% Change	Weather-Normal % Change
Retail Deliveries [(a)]				
Residential	6,997	7,411	(5.6)%	(3.2)%
Small commercial & industrial	8,161	8,331	(2.0)%	(0.4)%
Large commercial & industrial	6,877	7,095	(3.1)%	(2.2)%
Public authorities & electric railroads	379	397	(4.5)%	(2.8)%
Total retail deliveries	22,414	23,234	(3.5)%	(1.9)%

	As of March 31,	
Number of Electric Customers	2015	2014
Residential	3,511,271	3,488,204
Small commercial & industrial	369,424	367,282
Large commercial & industrial	1,966	2,028
Public authorities & electric railroads	4,843	4,852
Total	3,887,504	3,862,366

	Three Months Ended March 31,		
Electric Revenue	2015	2014	% Change
Retail Sales [(a)]			
Residential	$ 568	$ 508	11.8%
Small commercial & industrial	338	344	(1.7)%
Large commercial & industrial	109	115	(5.2)%
Public authorities & electric railroads	12	13	(7.7)%
Total retail	1,027	980	4.8%
Other revenue [(b)]	158	154	2.6%
Total electric revenue	$ 1,185	$ 1,134	4.5%

(a) Reflects delivery revenue and volumes from customers purchasing electricity directly from ComEd and customers purchasing electricity from a competitive electric generation supplier, as all customers are assessed delivery charges. For customers purchasing electricity from ComEd, revenue also reflects the cost of energy and transmission.
(b) Other revenue primarily includes transmission revenue from PJM. Other items include rental revenue, revenue related to late payment charges, revenue from other utilities for mutual assistance programs and recoveries of environmental costs associated with MGP sites.

Results of Operations — PECO

	Three Months Ended March 31,		Favorable (Unfavorable)
	2015	2014	Variance
Operating revenue	$ 985	$ 993	$ (8)
Purchased power and fuel	438	464	26
Revenue net of purchased power and fuel expense [(a)]	547	529	18
Other operating expenses			
Operating and maintenance	222	280	58
Depreciation and amortization	62	58	(4)
Taxes other than income	41	42	1
Total other operating expenses	325	380	55
Gain on sale of assets	1	—	1
Operating income	223	149	74
Other income and (deductions)			
Interest expense, net	(28)	(28)	—
Other, net	2	2	—
Total other income and (deductions)	(26)	(26)	—
Income before income taxes	197	123	74
Income taxes	58	34	(24)
Net income attributable to common shareholder	$ 139	$ 89	$ 50

(a) PECO evaluates its operating performance using the measures of revenue net of purchased power expense for electric sales and revenue net of fuel expense for gas sales. PECO believes revenue net of purchased power expense and revenue net of fuel expense are useful measurements of its performance because they provide information that can be used to evaluate its net revenue from operations. PECO has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, revenue net of purchased power expense and revenue net of fuel expense figures are not a presentation defined under GAAP and may not be comparable to other companies' presentations or more useful than the GAAP information provided elsewhere in this report.

Net Income Attributable to Common Shareholder

Three Months Ended March 31, 2015 Compared to Three Months Ended March 31, 2014. The increase in net income attributable to common shareholder was driven primarily by a decrease in operating and maintenance expense due to a decrease in storm costs and favorable weather included in Revenue net of purchased power and fuel expense.

Operating Revenue Net of Purchased Power and Fuel Expense

Electric and gas revenue and purchased power and fuel expense are affected by fluctuations in commodity procurement costs. PECO's electric supply and natural gas cost rates charged to customers are subject to adjustments at least quarterly that are designed to recover or refund the difference between the actual cost of

electric supply and natural gas and the amount included in rates in accordance with the PAPUC's GSA and PGC, respectively. Therefore, fluctuations in electric supply and natural gas procurement costs have no impact on electric and gas revenue net of purchased power and fuel expense.

Electric and gas revenue and purchased power and fuel expense are also affected by fluctuations in participation in the Customer Choice Program. All PECO customers have the choice to purchase electricity and gas from competitive electric generation and natural gas suppliers, respectively. The customer's choice of suppliers does not impact the volume of deliveries, but affects revenue collected from customers related to supplied energy and natural gas service. Customer choice program activity has no impact on electric and gas revenue net of purchased power and fuel expense. The number of retail customers purchasing electricity from a competitive electric generation supplier was 551,000 and 545,000 at March 31, 2015 and 2014, respectively. Retail deliveries purchased from competitive electric generation suppliers represented 67% and 68% of PECO's retail kWh sales for the three months ended March 31, 2015 and 2014, respectively. The number of retail customers purchasing natural gas from a competitive natural gas supplier was 80,200 and 72,600 at March 31, 2015 and 2014, respectively. Retail deliveries purchased from competitive natural gas suppliers represented 23% and 21% of PECO's mmcf sales for the three months ended March 31, 2015 and 2014, respectively.

The changes in PECO's operating revenue net of purchased power and fuel expense for the three months ended March 31, 2015 compared to the same period in 2014 consisted of the following:

	Increase (Decrease)		
	Electric	Gas	Total
Weather	$ 4	$ 4	$ 8
Volume	4	3	7
Pricing	(1)	1	—
Regulatory required programs	5	—	5
Other	(3)	1	(2)
Total increase (decrease)	$ 9	$ 9	$ 18

Weather. The demand for electricity and gas is affected by weather conditions. With respect to the electric business, very warm weather in summer months and, with respect to the electric and gas businesses, very cold weather in winter months are referred to as "favorable weather conditions" because these weather conditions result in increased deliveries of electricity and gas. Conversely, mild weather reduces demand. During the three months ended March 31, 2015 compared to the same period in 2014, operating revenue net of purchased power and fuel expense was higher due to the impact of favorable winter weather conditions in PECO's service territory.

Heating and cooling degree days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree days for a 30-year period in PECO's service territory. The changes in heating and cooling degree days in PECO's service territory for the three months ended March 31, 2015 compared to the same period in 2014 and normal weather consisted of the following:

	Three Months Ended March 31,			% Change	
Heating and Cooling Degree-Days	2015	2014	Normal	From 2014	From Normal
Heating Degree-Days	2,934	2,844	2,477	3.2%	18.4%
Cooling Degree-Days	—	—	1	n/a	(100.0)%

Volume. The increase in operating revenue net of purchased power and fuel expense related to delivery volume, exclusive of the effects of weather, for the three months ended March 31, 2015 compared to the same period in 2014, primarily reflects the impact of moderate economic and customer growth partially offset by

energy efficiency initiatives on customer usages for electric and gas and a shift in the volume profile across classes from lower priced classes to higher priced classes for electric.

Pricing. Pricing for the three months ended March 31, 2015 compared to the same period in 2014 remained relatively constant.

Regulatory Required Programs. This represents the change in operating revenue collected under approved riders to recover costs incurred for regulatory programs such as smart meter, energy efficiency and the GSA. The riders are designed to provide full and current cost recovery as well as a return. The costs of these programs are included in Operating and maintenance expense, Depreciation and amortization expense and Income taxes. Refer to the Operating and maintenance expense discussion below for additional information on included programs.

Other. Other revenue for electric primarily reflects the impact of lower wholesale transmission revenue for the three months ended March 31, 2015 compared to the same period in 2014. Wholesale transmission revenue is impacted by the previous year's peak demand, which was lower in 2014 than in 2013.

Operating and Maintenance Expense

	Three Months Ended March 31,		Increase (Decrease)
	2015	2014	
Operating and maintenance expense — baseline	$ 196	$ 259	$ (63)
Operating and maintenance expense — regulatory required programs [(a)]	26	21	5
Total operating and maintenance expense	$ 222	$ 280	$ (58)

(a) Operating and maintenance expenses for regulatory required programs are costs for various legislative and/or regulatory programs that are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in operating revenue.

The changes in operating and maintenance expense for the three months ended March 31, 2015 compared to the same period in 2014, consisted of the following:

	Increase (Decrease)
Baseline	
Labor, other benefits, contracting and materials	$ 13
Storm-related costs	(75) [(a)]
Pension and non-pension postretirement benefits expense	(1)
Uncollectible accounts expense	(2)
Other	2
	(63)
Regulatory required programs	
Smart meter	(1)
Energy efficiency	5
Other	1
	5
Increase in operating and maintenance expense	$ (58)

(a) Reflects a reduction of $66 million in incremental storm costs in the first quarter of 2015 as a result of the February 5, 2014 ice storm.

Depreciation and Amortization Expense

The increase in depreciation and amortization expense for the three months ended March 31, 2015 compared to the same period in 2014 was primarily due to ongoing capital expenditures.

Taxes Other Than Income

Taxes other than income for the three months ended March 31, 2015 compared to the same period in 2014 remained relatively constant.

Interest Expense, Net

Interest expense, net for the three months ended March 31, 2015 compared to the same period in 2014 remained relatively constant.

Other, Net

Other, net for the three months ended March 31, 2015 compared to the same period in 2014 remained constant.

Effective Income Tax Rate

PECO's effective income tax rate was 29.4% and 27.6% for the three months ended March 31, 2015 and 2014, respectively. See Note 10 — Income Taxes of the Combined Notes to the Consolidated Financial Statements for further discussion of the change in effective income tax rate.

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PECO Electric Operating Statistics and Revenue Detail

Retail Deliveries to Customers (in GWhs)	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014	% Change	Weather-Normal % Change
Retail Deliveries [a]				
Residential	3,968	3,848	3.1%	1.5%
Small commercial & industrial	2,162	2,055	5.2%	3.9%
Large commercial & industrial	3,734	3,777	(1.1)%	(1.5)%
Public authorities & electric railroads	228	259	(12.0)%	(12.0)%
Total retail deliveries	10,092	9,939	1.5%	0.4%

Number of Electric Customers	As of March 31, 2015	As of March 31, 2014
Residential	1,439,005	1,428,798
Small commercial & industrial	149,192	149,285
Large commercial & industrial	3,102	3,114
Public authorities & electric railroads	9,771	9,671
Total	1,601,070	1,590,868

Electric Revenue	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014	% Change
Retail Sales [a]			
Residential	$ 450	$ 444	1.4%
Small commercial & industrial	115	111	3.6%
Large commercial & industrial	53	63	(15.9)%
Public authorities & electric railroads	8	8	—%
Total retail	626	626	—%
Other revenue [b]	51	52	(1.9)%
Total electric revenue	$ 677	$ 678	(0.1)%

(a) Reflects delivery volumes and revenue from customers purchasing electricity directly from PECO and customers purchasing electricity from a competitive electric generation supplier as all customers are assessed distribution charges. For customers purchasing electricity from PECO, revenue also reflects the cost of energy and transmission.

(b) Other revenue includes transmission revenue from PJM and wholesale electric revenue.

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PECO Gas Operating Statistics and Revenue Detail

Deliveries to Customers (in mmcf)	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014	% Change	Weather-Normal % Change
Retail Delivery				
Retail sales [a]	34,863	33,170	5.1%	2.9%
Transportation and other	8,696	8,369	3.9%	(1.2)%
Total gas deliveries	43,559	41,539	4.9%	2.0%

Number of Gas Customers	As of March 31, 2015	As of March 31, 2014
Residential	464,344	459,627
Commercial & industrial	42,941	42,385
Total retail	507,285	502,012
Transportation	847	898
Total	508,132	502,910

Gas Revenue	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014	% Change
Retail Sales			
Retail sales [a]	$ 296	$ 302	(2.0)%
Transportation and other	12	13	(7.7)%
Total gas revenue	$ 308	$ 315	(2.2)%

(a) Reflects delivery volumes and revenue from customers purchasing natural gas directly from PECO and customers purchasing natural gas from a competitive natural gas supplier as all customers are assessed distribution charges. For customers purchasing natural gas from PECO, revenue also reflects the cost of natural gas.

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Results of Operations — BGE

	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014	Favorable (Unfavorable) Variance
Operating revenue	$ 1,036	$ 1,054	$ (18)
Purchased power and fuel	487	529	42
Revenue net of purchased power and fuel expense [(a)]	549	525	24
Other operating expenses			
Operating and maintenance	182	188	6
Depreciation and amortization	106	108	2
Taxes other than income	57	60	3
Total other operating expenses	345	356	11
Operating income	204	169	35
Other income and (deductions)			
Interest expense, net	(25)	(27)	2
Other, net	4	4	—
Total other income and (deductions)	(21)	(23)	2
Income before income taxes	183	146	37
Income taxes	74	58	(16)
Net income	109	88	21
Preference stock dividends	3	3	—
Net income attributable to common shareholder	$ 106	$ 85	$ 21

(a) BGE evaluates its operating performance using the measure of revenue net of purchased power expense for electric sales and revenue net of fuel expense for gas sales. BGE believes revenue net of purchased power and fuel expense are useful measurements of its performance because they provide information that can be used to evaluate its net revenue from operations. BGE has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, revenue net of purchased power and fuel expense figures are not a presentation defined under GAAP and may not be comparable to other companies' presentations or more useful than the GAAP information provided elsewhere in this report.

Net Income attributable to common shareholder

Three Months Ended March 31, 2015, Compared to Three Months Ended March 31, 2014 . BGE's net income attributable to common shareholder for the three months ended March 31, 2015 was higher than the same period in 2014, primarily due to an increase in revenue net of purchased power and fuel expense as a result of the December 2014 electric and gas distribution rate order issued by the MDPSC and an decrease in operating and maintenance expense.

Operating Revenue Net of Purchased Power and Fuel Expense

There are certain drivers to operating revenue that are offset by their impact on purchased power expense and fuel expense, such as commodity procurement costs and programs allowing customers to select a competitive electric or natural gas supplier. Electric and gas revenue and purchased power and fuel expense are affected by fluctuations in commodity procurement costs. BGE's electric and natural gas rates charged to customers are subject to periodic adjustments that are designed to recover or refund the difference between the actual cost of purchased electric power and purchased natural gas and the amount included in rates in accordance with the MDPSC's market-based SOS and gas commodity programs, respectively.

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The number of customers electing to select a competitive electric generation supplier affects electric SOS revenue and purchased power expense. The number of customers electing to select a competitive natural gas supplier affects gas cost adjustment revenue and purchased natural gas expense. All BGE customers have the choice to purchase energy from a competitive electric generation supplier. This customer choice of electric generation suppliers does not impact the volume of deliveries, but affects revenue collected from customers related to SOS. The number of retail customers purchasing electricity from a competitive electric generation supplier was 355,000 and 394,100 at March 31, 2015 and 2014, respectively, representing 28% and 32% of total retail customers at March 31, 2015 and 2014, respectively. Retail deliveries purchased from competitive electric generation suppliers represented 56% and 58% of BGE's retail kWh sales for the three months ended March 31, 2015 and 2014, respectively. The number of retail customers purchasing natural gas from a competitive natural gas supplier was 158,000 and 172,200 at March 31, 2015 and 2014, respectively, representing 24% and 26% of total retail customers at March 31, 2015 and 2014, respectively. Retail deliveries purchased from competitive natural gas suppliers represented 45% and 47% of BGE's retail mmcf sales for the three months ended March 31, 2015 and 2014, respectively.

The changes in BGE's operating revenue net of purchased power and fuel expense for the three months ended March 31, 2015, compared to the same period in 2014, consisted of the following:

	Increase (Decrease)		
	Electric	Gas	Total
Distribution rate increase	$ 9	$16	$ 25
Regulatory required programs	(4)	2	(2)
Other	1	—	1
Total increase	$ 6	$18	$ 24

Revenue Decoupling. The demand for electricity and gas is affected by weather and usage conditions. The MDPSC has allowed BGE to record a monthly adjustment to its electric and gas distribution revenue from all residential customers, commercial electric customers, the majority of large industrial electric customers, and all firm service gas customers to eliminate the effect of abnormal weather and usage patterns per customer on BGE's electric and gas distribution volumes, thereby recovering a specified dollar amount of distribution revenue per customer, by customer class, regardless of changes in consumption levels. This means BGE recognizes revenue at MDPSC-approved levels per customer, regardless of what actual distribution volumes were for a billing period. Therefore, while these revenues are affected by customer growth, they will not be affected by actual weather or usage conditions. BGE bills or credits customers in subsequent months for the difference between approved revenue levels under revenue decoupling and actual customer billings.

Heating degree days are quantitative indices that reflect the demand for energy needed to heat a home or business. Normal weather is determined based on historical average heating and cooling degree days for a 30-year period in BGE's service territory. The changes in heating degree days in BGE's service territory for the three months ended March 31, 2015 compared to the same period in 2014 consisted of the following:

	Three Months Ended March 31,			% Change	
Heating and Cooling Degree-Days	2015	2014	Normal	From 2014	From Normal
Heating Degree-Days	2,950	2,861	2,395	3.1%	23.2%
Cooling Degree-Days	—	—	—	n/a	n/a

Distribution Rate Increase. The increase in distribution rates for the three months ended March 31, 2015, compared to the same period in 2014, was primarily due to the impact of the new electric and natural gas distribution rates charged to customers that became effective in December 2014 in accordance with the MDPSC

approved electric and natural gas distribution rate case orders. See Note 3 — Regulatory Matters of the Exelon 2014 Form 10-K for additional information.

Regulatory Required Programs. This represents the change in revenue collected under approved riders to recover costs incurred for the energy efficiency and demand response programs as well as administrative and commercial and industrial customer bad debt costs for SOS. The riders are designed to provide full recovery, as well as a return in certain instances. The costs of these programs are included in operating and maintenance expense, depreciation and amortization expense and taxes other than income taxes. The decrease in revenue related to regulatory required programs for the three months ended March 31, 2015 compared to the same period in 2014 was primarily due to the recovery of lower energy efficiency program costs.

Other. Other revenue increased during the three months ended March 31, 2015 compared to the same period in 2014. Other revenue, which can vary from period to period, includes miscellaneous revenue such as service application and late payment fees.

Operating and Maintenance Expense

The changes in operating and maintenance expense for the three months ended March 31, 2015 compared to the same period in 2014, consisted of the following:

	Increase (Decrease)
Storm-related costs	$ (19)
Uncollectible accounts expense	14
Other	(1)
Increase in operating and maintenance expense	$ (6)

Depreciation and Amortization

Depreciation and amortization expense decreased for the three months ended March 31, 2015 compared to the same period in 2014 primarily due to a reduction in regulatory asset amortization related to demand response programs.

Taxes Other Than Income

Taxes other than income decreased for the three months ended March 31, 2015 compared to the same period in 2014 primarily due to decreased gross receipts tax as a result of lower revenues and a decrease in payroll taxes.

Interest Expense, Net

Interest expense, net for the three months ended March 31, 2015 compared to the same period in 2014 remained relatively constant.

Effective Income Tax Rate

BGE's effective income tax rate was 40.4% for the three months ended March 31, 2015 as compared to 39.7% for the same period during 2014. See Note 10 — Income Taxes of the Combined Notes to Consolidated Financial Statements for further discussion of the change in effective income tax rate.

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BGE Electric Operating Statistics and Revenue Detail

Retail Deliveries to Customers (in GWhs)	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014	% Change	Weather-Normal % Change
Retail Deliveries [(a)]				
Residential	4,173	4,092	2.0%	n.m.
Small commercial & industrial	845	834	1.3%	n.m.
Large commercial & industrial	3,439	3,470	(0.9)%	n.m.
Public authorities & electric railroads	75	78	(3.8)%	n.m.
Total electric deliveries	8,532	8,474	0.7%	n.m.

Number of Electric Customers	As of March 31, 2015	As of March 31, 2014
Residential	1,131,621	1,124,174
Small commercial & industrial	112,811	112,623
Large commercial & industrial	11,777	11,661
Public authorities & electric railroads	286	292
Total	1,256,495	1,248,750

Electric Revenue	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014	% Change
Retail Sales [(a)]			
Residential	$ 449	$ 436	3.0%
Small commercial & industrial	76	71	7.0%
Large commercial & industrial	120	123	(2.4)%
Public authorities & electric railroads	8	8	—%
Total retail	653	638	2.4%
Other revenue	60	71	(15.5)%
Total electric revenue	$ 713	$ 709	0.6%

(a) Reflects delivery volumes and revenue from customers purchasing electricity directly from BGE and customers purchasing electricity from a competitive electric generation supplier as all customers are assessed distribution charges. For customers purchasing electricity from BGE, revenue also reflects the cost of energy and transmission.

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BGE Gas Operating Statistics and Revenue Detail

Deliveries to Customers (in mmcf)	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014	% Change	Weather-Normal % Change
Retail Deliveries [b]				
Retail sales	46,877	46,388	1.1%	n.m.
Transportation and other	3,325	6,330	(47.5)%	n.m.
Total gas deliveries	50,202	52,718	(4.8)%	n.m.

Number of Gas Customers	As of March 31, 2015	As of March 31, 2014
Residential	612,814	613,469
Commercial & industrial	44,199	44,266
Total	657,013	657,735

Gas Revenue	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014	% Change
Retail Sales [b]			
Retail sales	$ 299	$ 285	4.9%
Transportation and other [c]	24	60	(60.0)%
Total gas revenue	$ 323	$ 345	(6.4)%

(b) Reflects delivery volumes and revenue from customers purchasing natural gas directly from BGE and customers purchasing natural gas from a competitive natural gas supplier as all customers are assessed distribution charges. The cost of natural gas is charged to customers purchasing natural gas from BGE.

(c) Transportation and other gas revenue includes off-system revenue of 3,325 mmcfs ($23 million) and 6,330 mmcfs ($53 million) for the three months ended March 31, 2015 and 2014, respectively.

Liquidity and Capital Resources

Exelon's and Generation's prior year activity presented below includes the activity of CENG from the integration date effective April 1, 2014 through December 31, 2014. All results included throughout the liquidity and capital resources section are presented on a GAAP basis.

The Registrants' operating and capital expenditures requirements are provided by internally generated cash flows from operations as well as funds from external sources in the capital markets and through bank borrowings. The Registrants' businesses are capital intensive and require considerable capital resources. Each Registrant's access to external financing on reasonable terms depends on its credit ratings and current overall capital market business conditions, including that of the utility industry in general. If these conditions deteriorate to the extent that the Registrants no longer have access to the capital markets at reasonable terms, Exelon Corporate, Generation, ComEd, PECO and BGE have access to unsecured revolving credit facilities with aggregate bank commitments of $0.5 billion, $5.3 billion, $1.0 billion, $0.6 billion and $0.6 billion, respectively. Exelon Corporate, Generation, ComEd, PECO and BGE's revolving credit facilities expire in 2018 and 2019. In addition, Generation has $0.5 billion in bilateral credit facilities with banks which have various expirations dates between October 2015 and January 2017. The Registrants utilize their credit facilities to support their commercial paper programs, provide for other short-term borrowings and issue letters of credit. See the "Credit Matters" section below for further discussion. The Registrants expect cash flows to be sufficient to meet operating expenses, financing costs and capital expenditure requirements.

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The Registrants primarily use their capital resources, including cash, to fund capital requirements, including construction expenditures, retire debt, pay dividends, fund pension and other postretirement benefit obligations and invest in new and existing ventures. The Registrants spend a significant amount of cash on capital improvements and construction projects that have a long-term return on investment. Additionally, ComEd, PECO and BGE operate in rate-regulated environments in which the amount of new investment recovery may be delayed or limited and where such recovery takes place over an extended period of time. See Note 9 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for further discussion of the Registrants' debt and credit agreements.

Cash Flows from Operating Activities

General

Generation's cash flows from operating activities primarily result from the sale of electric energy and energy-related products and services to customers. Generation's future cash flows from operating activities may be affected by future demand for and market prices of energy and its ability to continue to produce and supply power at competitive costs as well as to obtain collections from customers.

ComEd's, PECO's and BGE's cash flows from operating activities primarily result from the transmission and distribution of electricity and, in the case of PECO and BGE, gas distribution services. ComEd's, PECO's and BGE's distribution services are provided to an established and diverse base of retail customers. ComEd's, PECO's and BGE's future cash flows may be affected by the economy, weather conditions, future legislative initiatives, future regulatory proceedings with respect to their rates or operations, competitive suppliers, and their ability to achieve operating cost reductions.

See Note 3 — Regulatory Matters and Note 22 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements of the Exelon 2014 Form 10-K for further discussion of regulatory and legal proceedings and proposed legislation.

Pension and Other Postretirement Benefits

Management considers various factors when making pension funding decisions, including actuarially determined minimum contribution requirements under ERISA, contributions required to avoid benefit restrictions and at-risk status as defined by the Pension Protection Act of 2006, management of the pension obligation and regulatory implications. On July 6, 2012, President Obama signed into law the Moving Ahead for Progress in the Twenty-first Century Act, which contains a pension funding provision that results in lower pension contributions in the near term while increasing the premiums pension plans pay to the Pension Benefit Guaranty Corporation. Certain provisions of the law were applied in 2012 while the others took effect in 2013. On August 8, 2014, this funding relief was extended for five years. The estimated impacts of the law are reflected in Exelon's projected pension contributions.

To the extent interest rates decline significantly or the pension plans do not earn the expected asset return rates, annual pension contribution requirements in future years could increase, especially in years 2018 and beyond. Additionally, expected contributions could change if Exelon changes its pension funding strategy.

Tax Matters

The Registrants' future cash flows from operating activities may be affected by the following tax matters:

- In the event of a fully successful IRS challenge to Exelon's like-kind exchange position, the potential tax and after-tax interest, exclusive of penalties, that could become currently payable as of March 31, 2015 may be as much as $810 million, of which approximately $310 million would be attributable to ComEd after consideration of Exelon's agreement to hold ComEd harmless, and the balance at Exelon. Litigation could take several years such that the estimated cash and interest impacts will increase by a material amount.

- Exelon, Generation, and ComEd expect to receive tax refunds of approximately $430 million, $190 million, $260 million, respectively, in 2015. PECO expects to make tax payments of approximately $6 million related to IRS positions settling in 2015.
- State and local governments continue to face increasing financial challenges, which may increase the risk of additional income tax levies, property taxes and other taxes or the imposition, extension or permanence of temporary tax levies.

The following table provides a summary of the major items affecting Exelon's cash flows from operations for the three months ended March 31, 2015 and 2014:

	Three Months Ended March 31,		
	2015(c)	2014	Variance
Net income	$ 738	$ 93	$ 645
Add (subtract):			
Non-cash operating activities [(a)]	1,282	1,836	(554)
Pension and other postretirement benefit contributions	(269)	(472)	203
Income taxes	174	17	157
Changes in working capital and other noncurrent assets and liabilities [(b)]	(471)	(647)	176
Option premiums received, net	5	15	(10)
Counterparty collateral received (posted), net	31	(677)	708
Net cash flows provided by operations	$ 1,490	$ 165	$ 1,325

(a) Represents depreciation, amortization and accretion, impairment of long-lived assets, mark-to-market gains and losses on derivative transactions, deferred income taxes, provision for uncollectible accounts, pension and other postretirement benefit expense, equity in losses of unconsolidated affiliates and investments, decommissioning-related items, stock compensation expense and other non-cash charges.
(b) Changes in working capital and other noncurrent assets and liabilities exclude the changes in commercial paper, income taxes and the current portion of long-term debt.
(c) On April 1, 2014, Generation assumed operational control of CENG's nuclear fleet. As a result, the 2015 activity includes CENG on a fully consolidated basis.

Cash flows from operations for the three months ended March 31, 2015 and 2014 by Registrant were as follows:

	Three Months Ended March 31,	
	2015	2014
Exelon [(a)]	$ 1,490	$ 165
Generation [(a)]	837	(169)
ComEd	251	(9)
PECO	158	143
BGE	281	235

(a) On April 1, 2014, Generation assumed operational control of CENG's nuclear fleet. As a result, the 2015 activity includes CENG on a fully consolidated basis.

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Changes in Exelon's, Generation's, ComEd's, PECO's and BGE's cash flows from operations were generally consistent with changes in each Registrant's respective results of operations, as adjusted by changes in working capital in the normal course of business, except as discussed below. In addition, significant operating cash flow impacts for the Registrants for the three months ended March 31, 2015 and 2014 were as follows:

Generation

- Depending upon whether Generation is in a net mark-to-market liability or asset position, collateral may be required to be posted with or collected from its counterparties. In addition, the collateral posting and collection requirements differ depending on whether the transactions are on the exchange or in the OTC markets. During the three months ended March 31, 2015 and 2014, Generation had net collections/(payments) of counterparty collateral of $62 million and $(699) million, respectively, primarily due to market conditions that resulted in changes to Generation's net mark-to-market position. In addition, since the fourth quarter of 2014, the exchanges increased initial margin rates, which required Generation to post higher amounts of initial margin.
- During the three months ended March 31, 2015 and 2014, Generation had net collections of approximately $5 million and $15 million, respectively, related to purchases and sales of options. The level of option activity in a given period may vary due to several factors, including changes in market conditions as well as changes in hedging strategy.

ComEd

- As of March 31, 2015 and 2014, ComEd had a working capital deficit of $139 million and $399 million, respectively. The working capital deficit is primarily attributable to the increase in short-term borrowings and short-term debt due within one year. Cash flows from operating activities are sufficient to meet operating requirements; however, increased capital investment in infrastructure improvements and modernization pursuant to EIMA, transmission upgrades and expansions may require external debt financing or additional capital contributions from parent.
- During the three months ended March 31, 2015 and 2014, ComEd's payables for Generation energy purchases increased/(decreased) by $9 million and $(4) million, respectively, and payables to other energy suppliers for energy purchases increased/(decreased) by $(4) million and $37 million, respectively.

PECO

- During the three months ended March 31, 2015 and 2014, PECO's payables to Generation for energy purchases increased by $7 million and $4 million, respectively, and payables to other electric and gas suppliers for energy purchases increased by $23 million and $39 million, respectively.

BGE

- During the three months ended March 31, 2015 and 2014, BGE's payables to Generation for energy purchases increased/(decreased) by $(14) million and $14 million, respectively, and payables to other electric and gas suppliers for energy purchases increased by $5 million and $23 million, respectively.

Cash Flows from Investing Activities

Cash flows used in investing activities for the three months ended March 31, 2015 and 2014 by Registrant were as follows:

	Three Months Ended March 31,	
	2015	2014
Exelon [a]	$(1,751)	$(1,011)
Generation [a]	(899)	(594)
ComEd	(523)	(330)
PECO	(144)	(182)
BGE	(132)	(187)

(a) On April 1, 2014, Generation assumed operational control of CENG's nuclear fleet. As a result, the 2015 activity includes CENG on a fully consolidated basis.

Generation

Generation has entered into several agreements to acquire equity interests in privately held and development stage entities which develop energy-related technologies. The agreements contain a series of scheduled investment commitments, including in-kind service contributions. There are approximately $147 million of anticipated expenditures remaining through 2018 to fund anticipated planned capital and operating needs of the associated companies.

Generation has executed, or expects to execute, several construction and services contracts. The total estimated remaining expenditures for these projects are approximately $1.8 billion and achievement of commercial operations is expected between 2015 and 2018 for all these projects.

Capital expenditures by Registrant for the three months ended March 31, 2015 and 2014 and projected amounts for the full year 2015 are as follows:

	Projected Full Year	Three Months Ended March 31,	
	2015 [e]	2015	2014
Exelon [a]	$ 7,400	$ 1,784	$ 1,217
Generation [a][b]	3,625	937	535
ComEd [c]	2,425	530	341
PECO	550	148	184
BGE	700	136	146
Other [d]	100	33	11

(a) On April 1, 2014, Generation assumed operational control of CENG's nuclear fleet. As a result, CENG is included on a fully consolidated basis in the 2015 results above.
(b) Includes nuclear fuel.
(c) The projected capital expenditures include approximately $672 million of expected incremental spending pursuant to EIMA, ComEd has committed to invest approximately $2.6 billion over a ten year period to modernize and storm-harden its distribution system and to implement smart grid technology.
(d) Other primarily consists of corporate operations and BSC.
(e) Total projected capital expenditures do not include adjustments for non-cash activity.

Projected capital expenditures and other investments are subject to periodic review and revision to reflect changes in economic conditions and other factors.

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In 2014, Exelon and its affiliates initiated a comprehensive project to ensure corporate-wide compliance with Version 5 of the North American Electric Reliability Corporation (NERC) Critical Infrastructure Protection Standards (CIP V.5) which will become effective on April 1, 2016. Generation, ComEd, PECO and BGE will be incurring incremental capital expenditures in 2015 through 2016 associated with the CIP V.5 compliance implementation project.

Generation

Approximately 34% and 6% of the projected 2015 capital expenditures at Generation are for the acquisition of nuclear fuel and investments in renewable energy and natural gas generation, respectively, with the remaining amounts reflecting additions and upgrades to existing facilities (including material condition improvements during nuclear refueling outages). Generation anticipates that they will fund capital expenditures with internally generated funds and borrowings.

ComEd, PECO and BGE

Approximately 84%, 91% and 96% of the projected 2015 capital expenditures at ComEd, PECO and BGE, respectively, are for continuing projects to maintain and improve operations, including enhancing reliability and adding capacity to the transmission and distribution systems such as ComEd's reliability related investments required under EIMA, and ComEd's, PECO's and BGE's construction commitments under PJM's RTEP. In addition to the capital expenditure for continuing projects, ComEd's total expenditures include smart grid/smart meter technology required under EIMA and for PECO and BGE, total capital expenditures related to their respective smart meter program and SGIG project.

In 2010, NERC provided guidance to transmission owners that recommends ComEd, PECO and BGE perform assessments of all their transmission lines. In compliance with this guidance, ComEd, PECO and BGE submitted their final bi-annual reports to NERC in January 2014. ComEd, PECO and BGE will be incurring incremental capital expenditures associated with this guidance following the completion of the assessments. Specific projects and expenditures are identified as the assessments are completed. ComEd's, PECO's and BGE's forecasted 2015 capital expenditures above reflect capital spending in 2015 for remediation to be completed through 2017.

ComEd, PECO and BGE anticipate that they will fund their capital expenditures with internally generated funds and borrowings, including ComEd's capital expenditures associated with EIMA as further discussed in Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements.

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Cash Flows from Financing Activities

Cash flows provided by (used in) financing activities for the three months ended March 31, 2015 and 2014 by Registrant were as follows:

	Three Months Ended March 31,	
	2015	2014
Exelon [(a)]	$ 208	$ 151
Generation [(a)]	(186)	71
ComEd	314	344
PECO	(6)	(80)
BGE	(172)	(56)

(a) On April 1, 2014, Generation assumed operational control of CENG's nuclear fleet. As a result, the 2015 activity includes CENG on a fully consolidated basis.

Debt

See Note 9 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for further details of the Registrants' debt issuances and retirements.

Dividends

Cash dividend payments and distributions during the three months ended March 31, 2015 and 2014 by Registrant were as follows:

	Three Months Ended March 31,	
	2015	2014
Exelon [(a)]	$ 269	$ 266
Generation [(a)]	1,356	30
ComEd	75	76
PECO	70	80
BGE [(b)]	39	3

(a) On April 1, 2014, Generation assumed operational control of CENG's nuclear fleet. As a result, the 2015 activity includes CENG on a fully consolidated basis.
(b) Includes dividends paid on BGE's preference stock.

First Quarter 2015 Dividend

On January 27, 2015, the Exelon Board of Directors declared a first quarter 2015 regular quarterly dividend of $0.31 per share on Exelon's common stock payable on March 10, 2015, to shareholders of record of Exelon at the end of the day on February 13, 2015.

Second Quarter 2015 Dividend

On April 28, 2015, the Exelon Board of Directors declared a second quarter 2015 regular quarterly dividend of $0.31 per share on Exelon's common stock payable on June 10, 2015, to shareholders of record of Exelon at the end of the day on May 15, 2015.

Short-Term Borrowings

During the three months ended March 31, 2015, ComEd and BGE repaid $21 million and $120 million of commercial paper, respectively, and Generation repaid $1 million in short-term notes payable. During the three

months ended March 31, 2014, Generation and ComEd issued $352 million and $350 million of commercial paper, respectively. Further, BGE repaid $66 million of commercial paper and Generation issued $3 million in short-term notes payable during the three months ended March 31, 2014.

Contributions from Parent/Member

During the three months ended March 31, 2015 and 2014, ComEd received $14 million and $38 million from Parent (Exelon), respectively.

Other

For the three months ended March 31, 2015, other financing activities primarily consists debt issuance costs. See Note 9 — Debt and Credit Agreements of the Combined Notes to the Consolidated Financial Statements for additional information.

Credit Matters

The Registrants fund liquidity needs for capital investment, working capital, energy hedging and other financial commitments through cash flows from continuing operations, public debt offerings, commercial paper markets and large, diversified credit facilities. The credit facilities include $8.5 billion in aggregate total commitments of which $6.5 billion was available as of March 31, 2015, and of which no financial institution has more than 8% of the aggregate commitments. Exelon, Generation, ComEd, PECO and BGE had access to the commercial paper market during the first quarter of 2015 to fund their short-term liquidity needs, when necessary. The Registrants routinely review the sufficiency of their liquidity position, including appropriate sizing of credit facility commitments, by performing various stress test scenarios, such as commodity price movements, increases in margin-related transactions, changes in hedging levels and the impacts of hypothetical credit downgrades. The Registrants have continued to closely monitor events in the financial markets and the financial institutions associated with the credit facilities, including monitoring credit ratings and outlooks, credit default swap levels, capital raising and merger activity. See Part I. Item 1A. Risk Factors of Exelon's 2014 Form 10-K for further information regarding the effects of uncertainty in the capital and credit markets.

The Registrants believe their cash flow from operating activities, access to credit markets and their credit facilities provide sufficient liquidity. If Generation lost its investment grade credit rating as of March 31, 2015, it would have been required to provide incremental collateral of $2.3 billion to meet collateral obligations for derivatives, non-derivatives, normal purchase normal sales contracts and applicable payables and receivables, net of the contractual right of offset under master netting agreements, which is well within its current available credit facility capacities of $4.1 billion. If ComEd lost its investment grade credit rating as of March 31, 2015, it would have been required to provide incremental collateral of $15 million, which is well within its current available credit facility capacity of $715 million, which takes into account commercial paper borrowings as of March 31, 2015. If PECO lost its investment grade credit rating as of March 31, 2015, it would not be required to provide collateral pursuant to PJM's credit policy and would have been required to provide collateral of $36 million related to its natural gas procurement contracts, which, in the aggregate, are well within PECO's current available credit facility capacity of $599 million. If BGE lost its investment grade credit rating as of March 31, 2015, it would have been required to provide collateral of $2 million pursuant to PJM's credit policy and would have been required to provide collateral of $111 million related to its natural gas procurement contracts, which, in the aggregate, are well within BGE's current available credit facility capacity of $600 million.

Exelon Credit Facilities

Exelon, ComEd and BGE meet their short-term liquidity requirements primarily through the issuance of commercial paper. Generation and PECO meet their short-term liquidity requirements primarily through the issuance of commercial paper and borrowings from the intercompany money pool. The Registrants may use their respective credit facilities for general corporate purposes, including meeting short-term funding requirements and

the issuance of letters of credit. See Note 9 — Debt and Credit Agreements of the Combined Notes to the Consolidated Financial Statements for further information regarding the Registrants' credit facilities.

The following table reflects the Registrants' commercial paper programs supported by the revolving credit agreements and bilateral credit agreements at March 31, 2015:

Commercial Paper Programs

Commercial Paper Issuer	Maximum Program Size	Outstanding Commercial Paper at March 31, 2015	Average Interest Rate on Commercial Paper Borrowings for the three months ended March 31, 2015
Exelon Corporate	$ 500	$ —	—%
Generation	5,600	—	—%
ComEd	1,000	283	0.51%
PECO	600	—	—%
BGE	600	—	0.45%

In order to maintain their respective commercial paper programs in the amounts indicated above, each Registrant must have credit facilities in place, at least equal to the amount of its commercial paper program. While the amount of its commercial paper outstanding does not reduce available capacity under a Registrant's credit agreement, a Registrant does not issue commercial paper in an aggregate amount exceeding the available capacity under its credit agreement.

Credit Agreements

					Available Capacity at March 31, 2015	
Borrower	Facility Type	Aggregate Bank Commitment(a)	Facility Draws	Outstanding Letters of Credit (b)	Actual	To Support Additional Commercial Paper (c)
Exelon Corporate	Syndicated Revolver	$ 500	$ —	$ 26	$ 474	$ 474
Generation	Syndicated Revolver	5,300	—	1,240	4,060	4,060
Generation	Bilaterals	500	—	380	120	36
ComEd	Syndicated Revolver	1,000	—	2	998	715
PECO	Syndicated Revolver	600	—	1	599	599
BGE	Syndicated Revolver	600	—	—	600	600

(a) Excludes $123 million of credit facility agreements arranged with minority and community banks at Generation, ComEd, PECO and BGE. These facilities expire on October 16, 2015. These facilities are solely utilized to issue letters of credit. See Note 9 — Debt and Credit Agreements of the Combined Notes to the Consolidated Financial Statements for further information.

(b) Excludes nonrecourse debt letters of credit, see Note 13 — Debt and Credit Agreements in the Exelon 2014 Form 10-K for further information on Continental Wind nonrecourse debt.

(c) Excludes $200 million bilateral credit facilities that do not back Generation's commercial paper program.

As of March 31, 2015, there were no borrowings under the Registrants' credit facilities.

Borrowings under Exelon Corporate's, Generation's, ComEd's, PECO's and BGE's credit facilities bear interest at a rate based upon either the prime rate or a LIBOR-based rate, plus an adder based upon each Registrant's credit rating. Exelon Corporate, Generation, ComEd, PECO and BGE have adders of 27.5, 27.5, 7.5, 0.0 and 0.0 basis points, respectively, for prime based borrowings and 127.5, 127.5, 107.5, 90.0 and 100.0 basis points, respectively, for LIBOR-based borrowings. The maximum adders for prime rate borrowings and LIBOR-

based rate borrowings are 65 basis points and 165 basis points, respectively. The credit agreements also require the borrower to pay a facility fee based upon the aggregate commitments under the agreement. The fee varies depending upon the respective credit ratings of the borrower.

Each revolving credit agreement for Exelon, Generation, ComEd, PECO and BGE requires the affected borrower to maintain a minimum cash from operations to interest expense ratio for the twelve-month period ended on the last day of any quarter. The following table summarizes the minimum thresholds reflected in the credit agreements for the three months ended March 31, 2015:

	Exelon	Generation	ComEd	PECO	BGE
Credit agreement threshold	2.50 to 1	3.00 to 1	2.00 to 1	2.00 to 1	2.00 to 1

At March 31, 2015, the interest coverage ratios at the Registrants were as follows:

	Exelon	Generation	ComEd	PECO	BGE
Interest coverage ratio	8.09	11.81	7.23	9.28	9.88

An event of default under any Registrant's indebtedness will not constitute an event of default under any of the other Registrants' credit facilities, except that a bankruptcy or other event of default in the payment of principal, premium or indebtedness in principal amount in excess of $100 million in the aggregate by Generation will constitute an event of default under the Exelon Corporate credit facility.

Security Ratings

The Registrants' access to the capital markets, including the commercial paper market, and their respective financing costs in those markets, may depend on the securities ratings of the entity that is accessing the capital markets.

The Registrants' borrowings are not subject to default or prepayment as a result of a downgrading of securities, although such a downgrading of a Registrant's securities could increase fees and interest charges under that Registrant's credit agreements.

As part of the normal course of business, the Registrants enter into contracts that contain express provisions or otherwise permit the Registrants and their counterparties to demand adequate assurance of future performance when there are reasonable grounds for doing so. In accordance with the contracts and applicable contracts law, if the Registrants are downgraded by a credit rating agency, it is possible that a counterparty would attempt to rely on such a downgrade as a basis for making a demand for adequate assurance of future performance, which could include the posting of collateral. See "Credit Matters" above and Note 8 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information on collateral provisions.

Intercompany Money Pool

To provide an additional short-term borrowing option that will generally be more favorable to the borrowing participants than the cost of external financing, Exelon operates an intercompany money pool. Maximum amounts contributed to and borrowed from the money pool by participant and the net contribution or borrowing as of March 31, 2015, are presented in the following table:

	Three Months Ended March 31, 2015		As of March 31, 2015
Participant	Maximum Contributed	Maximum Borrowed	Contributed (Borrowed)
Generation	$ —	$ 1,709	$ (936)
PECO	—	80	(65)
BSC	—	413	(321)
Exelon Corporate	2,008	N/A	1,322

Investments in Nuclear Decommissioning Trust Funds

Exelon Generation and CENG maintain trust funds, as required by the NRC, to fund certain costs of decommissioning nuclear plants. The mix of securities in the trust funds is designed to provide returns to be used to fund decommissioning and to offset inflationary increases in decommissioning costs. Generation actively monitors the investment performance of the trust funds and periodically reviews asset allocations in accordance with Generation's NDT fund investment policy. Generation's and CENG's investment policies establish limits on the concentration of holdings in any one company and also in any one industry. See Note 11 — Nuclear Decommissioning of the Combined Notes to Consolidated Financial Statements for further information regarding the trust funds, the NRC's minimum funding requirements and related liquidity ramifications.

Shelf Registration Statements

The Registrants have a currently effective combined shelf registration statement unlimited in amount, filed with the SEC, that will expire in May 2017. The ability of each Registrant to sell securities off the shelf registration statement or to access the private placement markets will depend on a number of factors at the time of the proposed sale, including other required regulatory approvals, as applicable, the current financial condition of the Registrant, its securities ratings and market conditions.

Regulatory Authorizations

As of March 31, 2015, ComEd had $442 million available in long-term debt refinancing authority and $803 million available in new money long-term debt financing authority from the ICC. As of March 31, 2015, PECO had $1.1 billion available in long-term debt financing authority from the PAPUC. As of March 31, 2015, BGE had $1.4 billion available in long-term financing authority from MDPSC.

As of March 31, 2015, ComEd, PECO and BGE had short-term financing authority from FERC, which expires on December 31, 2015, of $2.5 billion, $2.5 billion, and $700 million, respectively. Generation currently has blanket financing authority from FERC, which was granted in connection with its market-based rate authority.

Contractual Obligations and Off-Balance Sheet Arrangements

Contractual obligations represent cash obligations that are considered to be firm commitments and commercial commitments triggered by future events. See Note 17 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements for discussion of the Registrants' commitments.

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Generation, ComEd, PECO and BGE have obligations related to contracts for the purchase of power and fuel supplies, and ComEd, PECO and BGE have obligations related to their financing trusts. The power and fuel purchase contracts and the financing trusts have been considered for consolidation in the Registrants' respective financial statements pursuant to the authoritative guidance for VIEs. See Note 1 — Basis of Presentation of the Combined Notes to Consolidated Financial Statements for further information.

For an in-depth discussion of the Registrant's contractual obligations and off-balance sheet arrangements, see Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Contractual Obligations and Off-Balance Sheet Arrangements in the Exelon 2014 Form 10-K.

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Item 3. Quantitative and Qualitative Disclosures about Market Risk

The Registrants are exposed to market risks associated with adverse changes in commodity prices, counterparty credit, interest rates and equity prices. Exelon's RMC approves risk management policies and objectives for risk assessment, control and valuation, counterparty credit approval, and the monitoring and reporting of risk exposures. The RMC is chaired by the chief executive officer and includes the chief risk officer, chief strategy officer, chief executive officer of Exelon Utilities, chief commercial officer, chief financial officer and chief executive officer of Constellation. The RMC reports to the Finance and Risk Committee of the Exelon Board of Directors on the scope of the risk management activities. The following discussion serves as an update to ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK of the Registrants' 2014 Annual Report on Form 10-K incorporated herein by reference.

Commodity Price Risk (Exelon, Generation, ComEd, PECO and BGE)

Commodity price risk is associated with price movements resulting from changes in supply and demand, fuel costs, market liquidity, weather conditions, governmental regulatory and environmental policies, and other factors. To the extent the amount of energy Exelon generates differs from the amount of energy it has contracted to sell, Exelon has price risk from commodity price movements. Exelon seeks to mitigate its commodity price risk through the sale and purchase of electricity, fossil fuel, and other commodities.

Generation

Normal Operations and Hedging Activities. Electricity available from Generation's owned or contracted generation supply in excess of Generation's obligations to customers, including portions of ComEd's, PECO's and BGE's retail load, is sold into the wholesale markets. To reduce price risk caused by market fluctuations, Generation enters into non-derivative contracts as well as derivative contracts, including forwards, futures, swaps, and options, with approved counterparties to hedge anticipated exposures. Generation believes these instruments represent economic hedges that mitigate exposure to fluctuations in commodity prices. Generation expects the settlement of the majority of its economic hedges will occur during 2015 through 2017.

In general, increases and decreases in forward market prices have a positive and negative impact, respectively, on Generation's owned and contracted generation positions that have not been hedged. Exelon's hedging program involves the hedging of commodity risk for Exelon's expected generation, typically on a ratable basis over a three-year period. As of March 31, 2015, the proportion of expected generation hedged is 94%-97%, 67%-70% and 37%-40% for 2015, 2016 and 2017, respectively. The percentage of expected generation hedged is the amount of equivalent sales divided by the expected generation. Expected generation is the volume of energy that best represents our commodity position in energy markets from owned or contracted for capacity based upon a simulated dispatch model that makes assumptions regarding future market conditions, which are calibrated to market quotes for power, fuel, load following products, and options. Equivalent sales represent all hedging products, which include economic hedges and certain non-derivative contracts including Generation's sales to ComEd, PECO and BGE to serve their retail load. See Note 4 — Mergers, Acquisitions, and Dispositions of the combined Notes to Consolidated Financial Statement for more detail regarding divestitures.

A portion of Generation's hedging strategy may be accomplished with fuel products based on assumed correlations between power and fuel prices, which routinely change in the market. Market price risk exposure is the risk of a change in the value of unhedged positions. The forecasted market price risk exposure for Generation's entire non-proprietary trading portfolio associated with a $5 reduction in the annual average around-the-clock energy price based on March 31, 2015 market conditions and hedged position would be an $10 million increase in pre-tax net income for 2015 and a decrease in pre-tax net income of approximately $280 million and $630 million, respectively, for 2016 and 2017. Power price sensitivities are derived by adjusting power price assumptions while keeping all other price inputs constant. Generation expects to actively manage its portfolio to mitigate market price risk exposure for its unhedged position. Actual results could differ depending on the specific timing of, and markets affected by, price changes, as well as future changes in Generation's portfolio.

Proprietary Trading Activities. Generation also enters into certain energy-related derivatives for proprietary trading purposes. Proprietary trading includes all contracts entered into with the intent of benefiting from shifts or changes in market prices as opposed to those entered into with the intent of hedging or managing risk. Proprietary trading activities are subject to limits established by Exelon's RMC. The proprietary trading portfolio is subject to a risk management policy that includes stringent risk management limits, including volume, stop loss and Value-at-Risk (VaR) limits to manage exposure to market risk. Additionally, the Exelon risk management group and Exelon's RMC monitor the financial risks of the proprietary trading activities. The proprietary trading activities, which included physical volumes of 1,808 GWhs and 2,494 GWhs for the three months ended March 31, 2015 and 2014, respectively, are a complement to Generation's energy marketing portfolio, but represent a small portion of Generation's overall revenue from energy marketing activities. Proprietary trading portfolio activity for the three months ended March 31, 2015 resulted in pre-tax gains of $4 million due to net mark-to-market gains of $3 million and realized gains of $1 million. Generation uses a 95% confidence interval, assuming standard normal distribution, one day holding period, and a one-tailed statistical measure in calculating its VaR. The daily VaR on proprietary trading activity averaged $0.3 million of exposure during the quarter. Generation has not segregated proprietary trading activity within the following discussion because of the relative size of the proprietary trading portfolio in comparison to Generation's total revenues net of purchased power and fuel expense from continuing operations for the three months ended March 31, 2015 of $2,407 million.

Fuel Procurement. Generation procures oil and natural gas through long-term and short-term contracts and spot-market purchases. Nuclear fuel is obtained predominantly through long-term uranium concentrate supply contracts, contracted conversion services, contracted enrichment services, or a combination thereof, and contracted fuel fabrication services. The supply markets for uranium concentrates and certain nuclear fuel services, coal, oil and natural gas are subject to price fluctuations and availability restrictions. Supply market conditions may make Generation's procurement contracts subject to credit risk related to the potential non-performance of counterparties to deliver the contracted commodity or service at the contracted prices. Approximately 50% of Generation's uranium concentrate requirements from 2015 through 2019 are supplied by three producers. In the event of non-performance by these or other suppliers, Generation believes that replacement uranium concentrates can be obtained, although at prices that may be unfavorable when compared to the prices under the current supply agreements. Non-performance by these counterparties could have a material adverse impact on Exelon's and Generation's results of operations, cash flows and financial position. See Note 17 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements for additional information regarding uranium and coal supply agreement matters.

ComEd

ComEd entered into 20-year contracts for renewable energy and RECs beginning in June 2012. ComEd is permitted to recover its renewable energy and REC costs from retail customers with no mark-up. The annual commitments represent the maximum settlements with suppliers for renewable energy and RECs under the existing contract terms. Pursuant to the ICC's Order on December 19, 2012, ComEd's commitments under the existing long-term contracts were reduced for the June 2013 through May 2014 procurement period. In addition, the ICC's December 18, 2013 Order approved the reduction of ComEd's commitments under those contracts for the June 2014 through May 2015 procurement period, and the amount of the reduction was approved by the ICC in March 2014. See Note 8 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements in this report and Note 3 — Regulatory Matters of the Exelon 2014 Form 10-K for additional information regarding energy procurement and derivatives.

PECO

PECO has contracts to procure electric supply that were executed through the competitive procurement process outlined in its PAPUC-approved DSP Programs, which are further discussed in Note 5 — Regulatory Matters of the Combined Notes to the Consolidated Financial Statements. PECO has certain full requirements

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contracts and block contracts which are considered derivatives and qualify for the normal purchases and normal sales scope exception under current derivative authoritative guidance, and as a result are accounted for on an accrual basis of accounting. Under the DSP Programs, PECO is permitted to recover its electric supply procurement costs from retail customers with no mark-up.

PECO has also entered into derivative natural gas contracts, which either qualify for the normal purchases and normal sales exception or have no mark-to-market balances because the derivatives are index priced, to hedge its long-term price risk in the natural gas market. PECO's hedging program for natural gas procurement has no direct impact on its financial position or results of operations as natural gas costs are fully recovered from customers under the PGC.

PECO does not enter into derivatives for speculative or proprietary trading purposes. For additional information on these contracts, see Note 8 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements.

BGE

BGE procures electric supply for default service customers through full requirements contracts pursuant to BGE's MDPSC-approved SOS program. BGE's full requirements contracts that are considered derivatives qualify for the normal purchases and normal sales scope exception under current derivative authoritative guidance, and as a result, are accounted for on an accrual basis of accounting. Under the SOS program, BGE is permitted to recover its electricity procurement costs from retail customers, plus an administrative fee which includes a shareholder return component and an incremental cost component. However, through December 2016, BGE provides all residential electric customers a credit for the residential shareholder return component of the administrative charge.

BGE has also entered into derivative natural gas contracts, which qualify for the normal purchases and normal sales scope exception, to hedge its price risk in the natural gas market. The hedging program for natural gas procurement has no direct impact on BGE's financial position. However, under BGE's market-based rates incentive mechanism, BGE's actual cost of gas is compared to a market index (a measure of the market price of gas in a given period). The difference between BGE's actual cost and the market index is shared equally between shareholders and customers.

BGE does not enter into derivatives for speculative or proprietary trading purposes. For additional information on these contracts, see Note 8 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements.

Trading and Non-Trading Marketing Activities. The following detailed presentation of Exelon's, Generation's and ComEd's trading and non-trading marketing activities is included to address the recommended disclosures by the energy industry's Committee of Chief Risk Officers (CCRO).

The following table provides detail on changes in Exelon's, Generation's and ComEd's commodity mark-to-market net asset or liability balance sheet position from December 31, 2014 to March 31, 2015. It indicates the drivers behind changes in the balance sheet amounts. This table incorporates the mark-to-market activities that are immediately recorded in earnings as well as the settlements from OCI to earnings and changes in fair value for the cash flow hedging activities that are recorded in accumulated OCI on the Consolidated Balance Sheets. This table excludes all normal purchase and normal sales contracts and does not segregate proprietary trading activity. See Note 8 — Derivative Financial Instruments of the Combined Notes to the Consolidated Financial Statements for additional information on the balance sheet classification of the mark-to-market energy contract net assets (liabilities) recorded as of March 31, 2015 and December 31, 2014.

	Generation	ComEd	Exelon
Total mark-to-market energy contract net assets (liabilities) at December 31, 2014 [a]	$ 1,712	$ (207)	$1,505
Total change in fair value during 2015 of contracts recorded in results of operations	85	—	85
Reclassification to realized at settlement of contracts recorded in results of operations	69	—	69
Reclassification to realized at settlement from accumulated OCI	(2)	—	(2)
Changes in fair value — energy derivatives [b]	—	(34)	(34)
Changes in allocated collateral	(60)	—	(60)
Changes in net option premium paid/(received)	(5)	—	(5)
Option premium amortization	(9)	—	(9)
Other balance sheet reclassifications	3	—	3
Total mark-to-market energy contract net assets (liabilities) at March 31, 2015 [a]	$ 1,793	$ (241)	$1,552

(a) Amounts are shown net of cash collateral paid to and received from counterparties.
(b) For ComEd, the changes in fair value are recorded as a change in regulatory assets or liabilities. As of March 31, 2015, ComEd recorded a $241 million regulatory asset related to its mark-to-market derivative liabilities with unaffiliated suppliers. For the three months ended March 31, 2015, ComEd also recorded $36 million of decreases in fair value and $2 million of realized gains due to settlements associated with floating-to-fixed energy swap contracts with unaffiliated suppliers.

Fair Values. The following tables present maturity and source of fair value for Exelon, Generation and ComEd mark-to-market commodity contract net assets (liabilities). The tables provide two fundamental pieces of information. First, the tables provide the source of fair value used in determining the carrying amount of the Registrants' total mark-to-market net assets (liabilities), net of allocated collateral. Second, the tables show the maturity, by year, of the Registrants' commodity contract net assets (liabilities), net of allocated collateral, giving an indication of when these mark-to-market amounts will settle and either generate or require cash. See Note 7 — Fair Value of Financial Assets and Liabilities of the Combined Notes to Consolidated Financial Statements for additional information regarding fair value measurements and the fair value hierarchy.

Exelon

	Maturities Within						
	2015	2016	2017	2018	2019	2020 and Beyond	Total Fair Value
Normal Operations, Commodity derivative contracts [a][b]							
Actively quoted prices (Level 1)	$(144)	$ (11)	$ 10	$(17)	$(14)	$ (9)	$ (185)
Prices provided by external sources (Level 2)	526	330	39	8	—	8	911
Prices based on model or other valuation methods (Level 3) [c]	419	332	196	5	(6)	(120)	826
Total	$ 801	$651	$245	$ (4)	$(20)	$ (121)	$ 1,552

(a) Mark-to-market gains and losses on other economic hedge and trading derivative contracts that are recorded in results of operations.
(b) Amounts are shown net of cash collateral paid to and received from counterparties (and offset against mark-to-market assets and liabilities) of $1,346 million at March 31, 2015.
(c) Includes ComEd's net assets (liabilities) associated with the floating-to-fixed energy swap contracts with unaffiliated suppliers.

Generation

	Maturities Within						
	2015	2016	2017	2018	2019	2020 and Beyond	Total Fair Value
Normal Operations, Commodity derivative contracts [(a)(b)]							
Actively quoted prices (Level 1)	$(144)	$ (11)	$ 10	$(17)	$(14)	$ (9)	$ (185)
Prices provided by external sources (Level 2)	526	330	39	8	—	8	911
Prices based on model or other valuation methods (Level 3)	435	351	214	22	12	33	1,067
Total	$ 817	$670	$263	$ 13	$ (2)	$ 32	$ 1,793

(a) Mark-to-market gains and losses on other economic hedge and trading derivative contracts that are recorded in the results of operations.
(b) Amounts are shown net of cash collateral paid to and received from counterparties (and offset against mark-to-market assets and liabilities) of $1,346 million at March 31, 2015.

ComEd

	Maturities Within						
	2015	2016	2017	2018	2019	2020 and Beyond	Total Fair Value
Prices based on model or other valuation methods [(a)] (Level 3)	$(16)	$(19)	$(18)	$(17)	$(18)	$ (153)	$ (241)

(a) Represents ComEd's net liabilities associated with the floating-to-fixed energy swap contracts with unaffiliated suppliers.

Credit Risk, Collateral, and Contingent Related Features (Exelon, Generation, ComEd, PECO and BGE)

The Registrants would be exposed to credit-related losses in the event of non-performance by counterparties that enter into derivative instruments. The credit exposure of derivative contracts, before collateral, is represented by the fair value of contracts at the reporting date. See Note 8 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for a detailed discussion of credit risk, collateral, and contingent related features.

Generation

The following tables provide information on Generation's credit exposure for all derivative instruments, normal purchase normal sales agreements, and applicable payables and receivables, net of collateral and instruments that are subject to master netting agreements, as of March 31, 2015. The tables further delineate that exposure by credit rating of the counterparties and provide guidance on the concentration of credit risk to individual counterparties and an indication of the duration of a company's credit risk by credit rating of the counterparties. The figures in the tables below exclude credit risk exposure from individual retail customers, uranium procurement contracts, and exposure through RTOs, ISOs, NYMEX, ICE and Nodal commodity exchanges, which are discussed below. Additionally, the figures in the tables below exclude exposures with affiliates, including net receivables with ComEd, PECO and BGE of $52 million, $36 million and $26 million, respectively. See Note 25 — Related Party Transactions of the Exelon 2014 Form 10-K for additional information.

Rating as of March 31, 2015	Total Exposure Before Credit Collateral	Credit Collateral(a)	Net Exposure	Number of Counterparties Greater than 10% of Net Exposure	Net Exposure of Counterparties Greater than 10% of Net Exposure
Investment grade	$ 1,570	$ 56	$ 1,514	1	$ 442
Non-investment grade	63	16	47	—	—
No external ratings					
Internally rated — investment grade	495	—	495	—	—
Internally rated — non-investment grade	68	3	65	—	—
Total	$ 2,196	$ 75	$ 2,121	1	$ 442

	Maturity of Credit Risk Exposure			
Rating as of March 31, 2015	Less than 2 Years	2-5 Years	Exposure Greater than 5 Years	Total Exposure Before Credit Collateral
Investment grade	$ 1,105	$ 430	$ 35	$ 1,570
Non-investment grade	34	24	5	63
No external ratings				
Internally rated — investment grade	392	97	6	495
Internally rated — non-investment grade	68	—	—	68
Total	$ 1,599	$ 551	$ 46	$ 2,196

Net Credit Exposure by Type of Counterparty	As of March 31, 2015
Financial institutions	$ 324
Investor-owned utilities, marketers, power producers	897
Energy cooperatives and municipalities	869
Other	31
Total	$ 2,121

(a) As of March 31, 2015, credit collateral held from counterparties where Generation had credit exposure included $62 million of cash and $14 million of letters of credit.

ComEd

There have been no significant changes or additions to ComEd's exposures to credit risk that are described in ITEM 1A. RISK FACTORS of Exelon's 2014 Annual Report on Form 10-K.

See Note 8 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for information regarding credit exposure to suppliers.

PECO

There have been no significant changes or additions to PECO's exposures to credit risk as described in ITEM 1A. RISK FACTORS of Exelon's 2014 Annual Report on Form 10-K.

See Note 8 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for information regarding credit exposure to suppliers.

BGE

There have been no significant changes or additions to BGE's exposures to credit risk as described in ITEM 1A. RISK FACTORS of Exelon's 2014 Annual Report on Form 10-K.

See Note 8 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for information regarding credit exposure to suppliers.

Collateral (Exelon, Generation, ComEd, PECO and BGE)

Generation

As part of the normal course of business, Generation routinely enters into physical or financial contracts for the sale and purchase of electricity, fossil fuel and other commodities. These contracts either contain express provisions or otherwise permit Generation and its counterparties to demand adequate assurance of future performance when there are reasonable grounds for doing so. In accordance with the contracts and applicable law, if Generation is downgraded by a credit rating agency, especially if such downgrade is to a level below investment grade, it is possible that a counterparty would attempt to rely on such a downgrade as a basis for making a demand for adequate assurance of future performance. Depending on Generation's net position with a counterparty, the demand could be for the posting of collateral. In the absence of expressly agreed-to provisions that specify the collateral that must be provided, collateral requested will be a function of the facts and circumstances of the situation at the time of the demand. In this case, Generation believes an amount of several months of future payments (i.e. capacity payments) rather than a calculation of fair value is the best estimate for the contingent collateral obligation, which has been factored into the disclosure below. See Note 8 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for information regarding collateral requirements.

Generation transacts output through bilateral contracts. The bilateral contracts are subject to credit risk, which relates to the ability of counterparties to meet their contractual payment obligations. Any failure to collect these payments from counterparties could have a material impact on Exelon's and Generation's results of operations, cash flows and financial position. As market prices rise above contracted price levels, Generation is required to post collateral with purchasers; as market prices fall below contracted price levels, counterparties are required to post collateral with Generation. In order to post collateral, Generation depends on access to bank credit facilities, which serve as liquidity sources to fund collateral requirements. See Note 9 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for additional information.

As of March 31, 2015, Generation had cash collateral of $1,428 million posted and cash collateral held of $69 million for counterparties with derivative positions, of which $1,346 million and $8 million in net cash

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collateral posted were offset against commodity mark-to-market and interest rate and foreign exchange derivative assets and liabilities related to underlying commodity contracts, respectively. As of March 31, 2015, $5 million of cash collateral posted was not offset against net derivative positions because it was not associated with commodity-related derivatives, were associated with accrual positions, or as of the balance sheet date there were no positions to offset. See Note 17 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements for information regarding the letters of credit supporting the cash collateral.

ComEd

As of March 31, 2015, ComEd held approximately $2 million of collateral from suppliers in association with energy procurement contracts and held approximately $19 million in the form of cash and letters of credit for both annual and long-term renewable energy contracts. See Note 8 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements in this report and Note 3 — Regulatory Matters of the 2014 Exelon Form 10-K for additional information.

PECO

As of March 31, 2015, PECO was not required to post collateral under its energy and natural gas procurement contracts. See Note 8 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information.

BGE

BGE is not required to post collateral under its electric supply contracts. As of March 31, 2015, BGE was not required to post collateral under its natural gas procurement contracts. See Note 8 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information.

RTOs and ISOs (Exelon, Generation, ComEd, PECO and BGE)

Generation, ComEd, PECO and BGE participate in all, or some, of the established, real-time energy markets that are administered by PJM, ISO-NE, ISO-NY, CAISO, MISO, SPP, AESO, OIESO and ERCOT. In these areas, power is traded through bilateral agreements between buyers and sellers and on the spot markets that are operated by the RTOs or ISOs, as applicable. In areas where there is no spot market, electricity is purchased and sold solely through bilateral agreements. For sales into the spot markets administered by an RTO or ISO, the RTO or ISO maintains financial assurance policies that are established and enforced by those administrators. The credit policies of the RTOs and ISOs may, under certain circumstances, require that losses arising from the default of one member on spot market transactions be shared by the remaining participants. Non-performance or non-payment by a major counterparty could result in a material adverse impact on the Registrants' results of operations, cash flows and financial positions.

Exchange Traded Transactions (Exelon and Generation)

Generation enters into commodity transactions on NYMEX, ICE and the Nodal exchange. The NYMEX, ICE and Nodal exchange clearinghouses act as the counterparty to each trade. Transactions on the NYMEX, ICE and Nodal exchange must adhere to comprehensive collateral and margining requirements. As a result, transactions on NYMEX, ICE and Nodal exchange are significantly collateralized and have limited counterparty credit risk. Since the fourth quarter of 2014, the exchanges increased initial marginal rates, which required Generation to post higher amounts of initial margin collateral. Generation believes that increased market volatility and extreme weather events, such as the Polar Vortex, contributed to the rate increases.

Long-Term Leases (Exelon)

Exelon's Consolidated Balance Sheet, as of March 31, 2015, included a $365 million net investment in coal-fired plants in Georgia subject to long-term leases. This investment represents the estimated residual value of

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leased assets at the end of the respective lease terms of $685 million, less unearned income of $320 million. As of December 31, 2014, Exelon's Consolidated Balance sheet included a $361 million net investment in coal-fired plants in Georgia subject to long-term leases, which represented the estimated residual value of leased assets at the end of the respective lease terms of $685 million, less unearned income of $324 million. The lease agreements provide the lessees with fixed purchase options at the end of the lease terms. If the lessee does not exercise the fixed purchase options, Exelon has the ability to operate the stations and keep or market the power itself or require the lessee to arrange for a third party to bid on a service contract for a period following the lease term. Exelon will be subject to residual value risk if the lessee does not exercise the fixed purchase options. This risk is partially mitigated by the fair value of the scheduled payments under the service contract. However, such payments are not guaranteed. Further, the term of the service contract is less than the expected remaining useful life of the plants and, therefore, Exelon's exposure to residual value risk will not be mitigated by payments under the service contract in this remaining period. Lessee performance under the lease agreements is supported by collateral and credit enhancement measures. Management regularly evaluates the creditworthiness of Exelon's counterparties to these long-term leases. Exelon monitors the continuing credit quality of the credit enhancement party.

Interest Rate and Foreign Exchange Risk (Exelon, Generation, ComEd, PECO and BGE)

The Registrants use a combination of fixed-rate and variable-rate debt to manage interest rate exposure. The Registrants may also utilize fixed-to-floating interest rate swaps, which are typically designated as fair value hedges, as a means to manage their interest rate exposure. In addition, the Registrants may utilize interest rate derivatives to lock in rate levels in anticipation of future financings, which are typically designated as cash flow hedges. These strategies are employed to manage interest rate risks. At March 31, 2015, Exelon had $900 million of notional amounts of fixed-to-floating hedges outstanding and Exelon and Generation had $3,068 million and $768 million of notional amounts of floating-to-fixed hedges outstanding, respectively. Assuming the fair value and cash flow interest rate hedges are 100% effective, a hypothetical 50 bps increase in the interest rates associated with unhedged variable-rate debt (excluding Commercial Paper) and fixed-to-floating swaps would result in approximately a $1 million decrease in Exelon Consolidated pre-tax income for the three months ended March 31, 2015. To manage foreign exchange rate exposure associated with international energy purchases in currencies other than U.S. dollars, Generation utilizes foreign currency derivatives, which are typically designated as economic hedges.

Equity Price Risk (Exelon and Generation)

Exelon and Generation maintain trust funds, as required by the NRC, to fund certain costs of decommissioning Generation's nuclear plants. As of March 31, 2015, Generation's decommissioning trust funds are reflected at fair value on its Consolidated Balance Sheets. The mix of securities in the trust funds is designed to provide returns to be used to fund decommissioning and to compensate Generation for inflationary increases in decommissioning costs; however, the equity securities in the trust funds are exposed to price fluctuations in equity markets, and the value of fixed-rate, fixed-income securities are exposed to changes in interest rates. Generation actively monitors the investment performance of the trust funds and periodically reviews asset allocation in accordance with Generation's NDT fund investment policy. A hypothetical 10% increase in interest rates and decrease in equity prices would result in a $629 million reduction in the fair value of the trust assets. This calculation holds all other variables constant and assumes only the discussed changes in interest rates and equity prices. See ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations for further discussion of equity price risk as a result of the current capital and credit market conditions.

Item 4. Controls and Procedures

During the first quarter of 2015, each Registrant's management, including its principal executive officer and principal financial officer, evaluated the effectiveness of that Registrant's disclosure controls and procedures related to the recording, processing, summarizing and reporting of information in its periodic reports that it files with the SEC. These disclosure controls and procedures have been designed by each Registrant to ensure that (a) information relating to that Registrant, including its consolidated subsidiaries, that is required to be included in filings under the Securities Exchange Act of 1934, is accumulated and made known to that Registrant's management, including its principal executive officer and principal financial officer, by other employees of that Registrant and its subsidiaries as appropriate to allow timely decisions regarding required disclosure, and (b) this information is recorded, processed, summarized, evaluated and reported, as applicable, within the time periods specified in the SEC's rules and forms. Due to the inherent limitations of control systems, not all misstatements may be detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls could be circumvented by the individual acts of some persons or by collusion of two or more people.

Consistent with guidance issued by the Securities and Exchange Commission that an assessment of internal controls over financial reporting of a recently acquired business may be omitted from management's evaluation of disclosure controls and procedures, management is excluding an assessment of such internal controls of Integrys, which was acquired on November 1, 2014, from its evaluation of the effectiveness of Exelon's and Generation's disclosure controls and procedures. The total assets related to Integrys are approximately 0.74% and 1.43%, respectively, and total revenues related to Integrys are 8.24% and 12.46%, respectively, of Exelon's and Generation's related consolidated financial statement amounts as of and for the three months ended March 31, 2015.

Accordingly, as of March 31, 2015, the principal executive officer and principal financial officer of each Registrant concluded that such Registrant's disclosure controls and procedures were effective to accomplish its objectives. All Registrants continually strive to improve its disclosure controls and procedures to enhance the quality of its financial reporting and to maintain dynamic systems that change as conditions warrant. There have been no changes in internal control over financial reporting that occurred during the first quarter of 2015 that have materially affected, or are reasonably likely to materially affect, any of the Registrant's internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1 Legal Proceedings

The Registrants are parties to various lawsuits and regulatory proceedings in the ordinary course of their respective businesses. For information regarding material lawsuits and proceedings, see (a) ITEM 3. LEGAL PROCEEDINGS of Exelon's 2014 Form 10-K and (b) Note 5 — Regulatory Matters and Note 17 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements in PART I, ITEM 1. FINANCIAL STATEMENTS of this Report. Such descriptions are incorporated herein by these references.

Item 1A Risk Factors

Risks Related to Exelon

At March 31, 2015, the Registrant's risk factors were consistent with the risk factors described in Exelon's 2014 Form 10-K.

Item 4 Mine Safety Disclosures

Exelon, Generation, ComEd, PECO and BGE

Not applicable to the Registrants.

Item 6 Exhibits

Certain of the following exhibits are incorporated herein by reference under Rule 12b-32 of the Securities and Exchange Act of 1934, as amended. Certain other instruments which would otherwise be required to be listed below have not been so listed because such instruments do not authorize securities in an amount which exceeds 10% of the total assets of the applicable Registrant and its subsidiaries on a consolidated basis and the relevant Registrant agrees to furnish a copy of any such instrument to the Commission upon request.

Exhibit No.	Description
4.1	Supplemental Indenture dated as of February 18, 2015 from ComEd to BNY Mellon Trust Company of Illinois, as trustee, and D.G. Donovan, as co-trustee (file no. 1-1839, Form 8-K dated March 2, 2015, Exhibit 4.1).
101.INS	XBRL Instance
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation
101.DEF	XBRL Taxonomy Extension Definition
101.LAB	XBRL Taxonomy Extension Labels
101.PRE	XBRL Taxonomy Extension Presentation

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Certifications Pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities and Exchange Act of 1934 as to the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2015 filed by the following officers for the following companies:

31-1 — Filed by Christopher M. Crane for Exelon Corporation

31-2 — Filed by Jonathan W. Thayer for Exelon Corporation

31-3 — Filed by Kenneth W. Cornew for Exelon Generation Company, LLC

31-4 — Filed by Bryan P. Wright for Exelon Generation Company, LLC

31-5 — Filed by Anne R. Pramaggiore for Commonwealth Edison Company

31-6 — Filed by Joseph R. Trpik, Jr. for Commonwealth Edison Company

31-7 — Filed by Craig L. Adams for PECO Energy Company

31-8 — Filed by Phillip S. Barnett for PECO Energy Company

31-9 — Filed by Calvin G. Butler, Jr. for Baltimore Gas and Electric Company

31-10 — Filed by David M. Vahos for Baltimore Gas and Electric Company

Certifications Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code (Sarbanes — Oxley Act of 2002) as to the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2015 filed by the following officers for the following companies:

32-1 — Filed by Christopher M. Crane for Exelon Corporation

32-2 — Filed by Jonathan W. Thayer for Exelon Corporation

32-3 — Filed by Kenneth W. Cornew for Exelon Generation Company, LLC

32-4 — Filed by Bryan P. Wright for Exelon Generation Company, LLC

32-5 — Filed by Anne R. Pramaggiore for Commonwealth Edison Company

32-6 — Filed by Joseph R. Trpik, Jr. for Commonwealth Edison Company

32-7 — Filed by Craig L. Adams for PECO Energy Company

32-8 — Filed by Phillip S. Barnett for PECO Energy Company

32-9 — Filed by Calvin G. Butler, Jr. for Baltimore Gas and Electric Company

32-10 — Filed by David M. Vahos for Baltimore Gas and Electric Company

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SIGNATURES

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

EXELON CORPORATION

/s/ CHRISTOPHER M. CRANE
Christopher M. Crane
President and Chief Executive Officer
(Principal Executive Officer) and Director

/s/ JONATHAN W. THAYER
Jonathan W. Thayer
Senior Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

/s/ DUANE M. DESPARTE
Duane M. DesParte
Senior Vice President and Corporate Controller
(Principal Accounting Officer)

April 29, 2015

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

EXELON GENERATION COMPANY, LLC

/s/ KENNETH W. CORNEW
Kenneth W. Cornew
President and Chief Executive Officer
(Principal Executive Officer)

/s/ BRYAN P. WRIGHT
Bryan P. Wright
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

/s/ ROBERT M. AIKEN
Robert M. Aiken
Chief Accounting Officer
(Principal Accounting Officer)

April 29, 2015

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

COMMONWEALTH EDISON COMPANY

/s/ Anne R. Pramaggiore
Anne R. Pramaggiore
President and Chief Executive Officer
(Principal Executive Officer)

/s/ Joseph R. Trpik, Jr.
Joseph R. Trpik, Jr.
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/s/ Gerald J. Kozel
Gerald J. Kozel
Vice President and Controller
(Principal Accounting Officer)

April 29, 2015

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PECO ENERGY COMPANY

/s/ Craig L. Adams
Craig L. Adams
President and Chief Executive Officer
(Principal Executive Officer)

/s/ Phillip S. Barnett
Phillip S. Barnett
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/s/ Scott A. Bailey
Scott A. Bailey
Vice President and Controller
(Principal Accounting Officer)

April 29, 2015

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BALTIMORE GAS AND ELECTRIC COMPANY

/s/ Calvin G. Butler, Jr.
Calvin G. Butler, Jr.
Chief Executive Officer
(Principal Executive Officer)

/s/ David M. Vahos
David M. Vahos
Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/s/ Matthew N. Bauer
Matthew N. Bauer
Vice President and Controller
(Principal Accounting Officer)

April 29, 2015

S1-SSA-0009 - 21834

Exhibit 31-1

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Christopher M. Crane, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ CHRISTOPHER M. CRANE
President and Chief Executive Officer
(Principal Executive Officer)

Date: April 29, 2015

Exhibit 31-2

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Jonathan W. Thayer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ JONATHAN W. THAYER
Senior Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

Date: April 29, 2015

Exhibit 31-3

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Kenneth W. Cornew, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Generation Company, LLC;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ KENNETH W. CORNEW
President and Chief Executive Officer
(Principal Executive Officer)

Date: April 29, 2015

Exhibit 31-4

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Bryan P. Wright, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Generation Company, LLC;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ BRYAN P. WRIGHT
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

Date: April 29, 2015

Exhibit 31-5

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Anne R. Pramaggiore, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Commonwealth Edison Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ ANNE R. PRAMAGGIORE
President and Chief Executive Officer
(Principal Executive Officer)

Date: April 29, 2015

Exhibit 31-6

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Joseph R. Trpik, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Commonwealth Edison Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ JOSEPH R. TRPIK, JR.
Senior Vice President, Chief Financial Officer
and Treasurer
(Principal Financial Officer)

Date: April 29, 2015

Exhibit 31-7

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Craig L. Adams, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PECO Energy Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ CRAIG L. ADAMS
President and Chief Executive Officer
(Principal Executive Officer)

Date: April 29, 2015

Exhibit 31-8

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Phillip S. Barnett, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PECO Energy Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ PHILLIP S. BARNETT
Senior Vice President, Chief Financial Officer
and Treasurer
(Principal Financial Officer)

Date: April 29, 2015

Exhibit 31-9

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Calvin G. Butler, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Baltimore Gas and Electric Company;
2. I have reviewed this quarterly report on Form 10-Q of Baltimore Gas and Electric Company;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ CALVIN G. BUTLER, JR.
Chief Executive Officer
(Principal Executive Officer)

Date: April 29, 2015

Exhibit 31-10

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, David M. Vahos, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Baltimore Gas and Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ DAVID M. VAHOS
Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: April 29, 2015

Exhibit 32-1

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Corporation for the quarterly period ended March 31, 2015, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Corporation.

/s/ CHRISTOPHER M. CRANE
Christopher M. Crane
President and Chief Executive Officer

Date: April 29, 2015

Exhibit 32-2

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Corporation for the quarterly period ended March 31, 2015, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Corporation.

/s/ JONATHAN W. THAYER

Jonathan W. Thayer
Senior Executive Vice President and Chief Financial Officer

Date: April 29, 2015

Exhibit 32-3

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Generation Company, LLC for the quarterly period ended March 31, 2015, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Generation Company, LLC.

/s/ Kenneth W. Cornew
Kenneth W. Cornew
President and Chief Executive Officer

Date: April 29, 2015

Exhibit 32-4

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Generation Company, LLC for the quarterly period ended March 31, 2015, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Generation Company, LLC.

/s/ BRYAN P. WRIGHT
Bryan P. Wright
Senior Vice President and Chief Financial Officer

Date: April 29, 2015

Exhibit 32-5

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Commonwealth Edison Company for the quarterly period ended March 31, 2015, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Commonwealth Edison Company.

/s/ ANNE R. PRAMAGGIORE
Anne R. Pramaggiore
President and Chief Executive Officer

Date: April 29, 2015

Exhibit 32-6

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Commonwealth Edison Company for the quarterly period ended March 31, 2015, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Commonwealth Edison Company.

/s/ JOSEPH R. TRPIK, JR.
Joseph R. Trpik, Jr.
Senior Vice President, Chief Financial Officer and Treasurer

Date: April 29, 2015

Exhibit 32-7

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of PECO Energy Company for the quarterly period ended March 31, 2015, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of PECO Energy Company.

/s/ CRAIG L. ADAMS
Craig L. Adams
President and Chief Executive Officer

Date: April 29, 2015

Exhibit 32-8

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of PECO Energy Company for the quarterly period ended March 31, 2015, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of PECO Energy Company.

/s/ PHILLIP S. BARNETT

Phillip S. Barnett
Senior Vice President, Chief Financial Officer and Treasurer

Date: April 29, 2015

Exhibit 32-9

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Baltimore Gas and Electric Company for the quarterly period ended March 31, 2015, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Baltimore Gas and Electric Company.

/s/ CALVIN G. BUTLER, JR.
Calvin G. Butler, Jr.
Chief Executive Officer

Date: April 29, 2015

Exhibit 32-10

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Baltimore Gas and Electric Company for the quarterly period ended March 31, 2015, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Baltimore Gas and Electric Company.

/s/ DAVID M. VAHOS
David M. Vahos
Vice President, Chief Financial Officer and Treasurer

Date: April 29, 2015

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended March 31, 2016

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number	Name of Registrant; State or Other Jurisdiction of Incorporation; Address of Principal Executive Offices; and Telephone Number	IRS Employer Identification Number
1-16169	EXELON CORPORATION (a Pennsylvania corporation) 10 South Dearborn Street P.O. Box 805379 Chicago, Illinois 60680-5379 (800) 483-3220	23-2990190
333-85496	EXELON GENERATION COMPANY, LLC (a Pennsylvania limited liability company) 300 Exelon Way Kennett Square, Pennsylvania 19348-2473 (610) 765-5959	23-3064219
1-1839	COMMONWEALTH EDISON COMPANY (an Illinois corporation) 440 South LaSalle Street Chicago, Illinois 60605-1028 (312) 394-4321	36-0938600
000-16844	PECO ENERGY COMPANY (a Pennsylvania corporation) P.O. Box 8699 2301 Market Street Philadelphia, Pennsylvania 19101-8699 (215) 841-4000	23-0970240
1-1910	BALTIMORE GAS AND ELECTRIC COMPANY (a Maryland corporation) 2 Center Plaza 110 West Fayette Street Baltimore, Maryland 21201-3708 (410) 234-5000	52-0280210
001-31403	PEPCO HOLDINGS LLC (a Delaware limited liability company) 701 Ninth Street, N.W. Washington, District of Columbia 20068 (202) 872-2000	52-2297449
001-01072	POTOMAC ELECTRIC POWER COMPANY (a District of Columbia and Virginia corporation) 701 Ninth Street, N.W. Washington, District of Columbia 20068 (202) 872-2000	53-0127880
001-01405	DELMARVA POWER & LIGHT COMPANY (a Delaware and Virginia corporation) 500 North Wakefield Drive Newark, Delaware 19702 (202) 872-2000	51-0084283
001-03559	ATLANTIC CITY ELECTRIC COMPANY (a New Jersey corporation) 500 North Wakefield Drive Newark, Delaware 19702 (202) 872-2000	21-0398280

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

	Large Accelerated Filer	Accelerated Filer	Non-accelerated Filer	Smaller Reporting Company
Exelon Corporation	☒			
Exelon Generation Company, LLC			☒	
Commonwealth Edison Company			☒	
PECO Energy Company			☒	
Baltimore Gas and Electric Company			☒	
Pepco Holdings LLC	☒			
Potomac Electric Power Company			☒	
Delmarva Power & Light Company			☒	
Atlantic City Electric Company			☒	

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The number of shares outstanding of each registrant's common stock as of March 31, 2016 was:

Exelon Corporation Common Stock, without par value	887,313,966
Exelon Generation Company, LLC	not applicable
Commonwealth Edison Company Common Stock, $12.50 par value	127,017,042
PECO Energy Company Common Stock, without par value	170,478,507
Baltimore Gas and Electric Company Common Stock, without par value	1,000
Pepco Holdings LLC	not applicable
Potomac Electric Power Company Common Stock, $.01 par value	100
Delmarva Power & Light Company Common Stock, $2.25 par value	1,000
Atlantic City Electric Company Common Stock, $3.00 par value	8,546,017

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GLOSSARY OF TERMS AND ABBREVIATIONS

Exelon Corporation and Related Entities

Exelon	Exelon Corporation
Generation	Exelon Generation Company, LLC
ComEd	Commonwealth Edison Company
PECO	PECO Energy Company
BGE	Baltimore Gas and Electric Company
Pepco Holdings or PHI	Pepco Holdings LLC (formerly Pepco Holdings, Inc.)
Pepco	Potomac Electric Power Company
Pepco Energy Services or PES	Pepco Energy Services, Inc. and its subsidiaries
PCI	Potomac Capital Investment Corporation and its subsidiaries
DPL	Delmarva Power & Light Company
ACE	Atlantic City Electric Company
ACE Funding or ATF	Atlantic City Electric Transition Funding LLC
BSC	Exelon Business Services Company, LLC
PHISCO	PHI Service Company
Exelon Corporate	Exelon in its corporate capacity as a holding company
PHI Corporate	PHI in its corporate capacity as a holding company
CENG	Constellation Energy Nuclear Group, LLC
Constellation	Constellation Energy Group, Inc.
Antelope Valley	Antelope Valley Solar Ranch One
Exelon Transmission Company	Exelon Transmission Company, LLC
Exelon Wind	Exelon Wind, LLC and Exelon Generation Acquisition Company, LLC
Ventures	Exelon Ventures Company, LLC
AmerGen	AmerGen Energy Company, LLC
BondCo	RSB BondCo LLC
PEC L.P.	PECO Energy Capital, L.P.
PECO Trust III	PECO Capital Trust III
PECO Trust IV	PECO Energy Capital Trust IV
PETT	PECO Energy Transition Trust
Registrants	Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE, collectively
Utility Registrants	ComEd, PECO, BGE, Pepco, DPL and ACE, collectively
Legacy PHI	PHI, Pepco, DPL and ACE, collectively

Other Terms and Abbreviations

Note "—" of the Exelon 2015 Form 10-K	Reference to specific Combined Note to Consolidated Financial Statements within Exelon's 2015 Annual Report on Form 10-K
Note "—" of the PHI 2015 Form 10-K	Reference to specific Note to Consolidated Financial Statements within Legacy PHI's 2015 Annual Report on Form 10-K
1998 restructuring settlement	PECO's 1998 settlement of its restructuring case mandated by the Competition Act
Act 11	Pennsylvania Act 11 of 2012
Act 129	Pennsylvania Act 129 of 2008
AEC	Alternative Energy Credit that is issued for each megawatt hour of generation from a qualified alternative energy source
AEPS	Pennsylvania Alternative Energy Portfolio Standards
AEPS Act	Pennsylvania Alternative Energy Portfolio Standards Act of 2004, as amended
AESO	Alberta Electric Systems Operator

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GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and Abbreviations	
AFUDC	Allowance for Funds Used During Construction
ALJ	Administrative Law Judge
AMI	Advanced Metering Infrastructure
AMP	Advanced Metering Program
ARC	Asset Retirement Cost
ARO	Asset Retirement Obligation
ARP	Title IV Acid Rain Program
ARRA of 2009	American Recovery and Reinvestment Act of 2009
ASC	Accounting Standards Codification
BGS	Basic Generation Service (the supply of electricity by ACE to retail customers in New Jersey who have not elected to purchase electricity from a competitive supplier)
Block contracts	Forward Purchase Energy Block Contracts
CAIR	Clean Air Interstate Rule
CAISO	California ISO
CAMR	Federal Clean Air Mercury Rule
CERCLA	Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended
CFL	Compact Fluorescent Light
Clean Air Act	Clean Air Act of 1963, as amended
Clean Water Act	Federal Water Pollution Control Amendments of 1972, as amended
Competition Act	Pennsylvania Electricity Generation Customer Choice and Competition Act of 1996
Conectiv	Conectiv, LLC, a wholly owned subsidiary of PHI and the parent of DPL and ACE
Conectiv Energy	Conectiv Energy Holdings, Inc. and substantially all of its subsidiaries, which were sold to Calpine in July 2010
Contract EDCs	Pepco, DPL and BGE, the Maryland utilities required by the MDPSC to enter into a contract for new generation
CPI	Consumer Price Index
CPUC	California Public Utilities Commission
CSAPR	Cross-State Air Pollution Rule
CTA	Consolidated tax adjustment
CTC	Competitive Transition Charge
D.C. Circuit Court	United States Court of Appeals for the District of Columbia Circuit
DCPSC	District of Columbia Public Service Commission
DC PLUG	District of Columbia Power Line Undergrounding
Default Electricity Supply	The supply of electricity by PHI's electric utility subsidiaries at regulated rates to retail customers who do not elect to purchase electricity from a competitive supplier, and which, depending on the jurisdiction, is also known as Standard Offer Service or BGS
Default Electricity Supply Revenue	Revenue primarily from Default Electricity Supply
DOE	United States Department of Energy
DOJ	United States Department of Justice
DPSC	Delaware Public Service Commission
DRP	Direct Stock Purchase and Dividend Reinvestment Plan
DSP	Default Service Provider
DSP Program	Default Service Provider Program
EDCs	Electric distribution companies

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GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and Abbreviations	
EDF	Electricite de France SA and its subsidiaries
EE&C	Energy Efficiency and Conservation/Demand Response
EGS	Electric Generation Supplier
EGTP	ExGen Texas Power, LLC
EIMA	Energy Infrastructure Modernization Act (Illinois Senate Bill 1652 and Illinois House Bill 3036)
EmPower Maryland	A Maryland demand-side management program for Pepco and DPL
EPA	United States Environmental Protection Agency
ERCOT	Electric Reliability Council of Texas
ERISA	Employee Retirement Income Security Act of 1974, as amended
EROA	Expected Rate of Return on Assets
ESPP	Employee Stock Purchase Plan
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
FRCC	Florida Reliability Coordinating Council
FTC	Federal Trade Commission
GAAP	Generally Accepted Accounting Principles in the United States
GCR	Gas Cost Rate
GHG	Greenhouse Gas
GRT	Gross Receipts Tax
GSA	Generation Supply Adjustment
GWh	Gigawatt hour
HAP	Hazardous air pollutants
Health Care Reform Acts	Patient Protection and Affordable Care Act and Health Care and Education Reconciliation Act of 2010
HSR Act	The Hart-Scott-Rodino Antitrust Improvements Act of 1976
IBEW	International Brotherhood of Electrical Workers
ICC	Illinois Commerce Commission
ICE	Intercontinental Exchange
Illinois Act	Illinois Electric Service Customer Choice and Rate Relief Law of 1997
Illinois EPA	Illinois Environmental Protection Agency
Illinois Settlement Legislation	Legislation enacted in 2007 affecting electric utilities in Illinois
Integrys	Integrys Energy Services, Inc.
IPA	Illinois Power Agency
IRC	Internal Revenue Code
IRS	Internal Revenue Service
ISO	Independent System Operator
ISO-NE	ISO New England Inc.
ISO-NY	ISO New York
kV	Kilovolt
kW	Kilowatt
kWh	Kilowatt-hour
LIBOR	London Interbank Offered Rate
LILO	Lease-In, Lease-Out
LLRW	Low-Level Radioactive Waste
LTIP	Long-Term Incentive Plan
MAPP	Mid-Atlantic Power Pathway
MATS	U.S. EPA Mercury and Air Toxics Rule
MBR	Market Based Rates Incentive

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GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and Abbreviations	
MDE	Maryland Department of the Environment
MDPSC	Maryland Public Service Commission
MGP	Manufactured Gas Plant
MISO	Midcontinent Independent System Operator, Inc.
mmcf	Million Cubic Feet
Moody's	Moody's Investor Service
MOPR	Minimum Offer Price Rule
MRV	Market-Related Value
MW	Megawatt
MWh	Megawatt hour
NAAQS	National Ambient Air Quality Standards
n.m.	not meaningful
NAV	Net Asset Value
NDT	Nuclear Decommissioning Trust
NEIL	Nuclear Electric Insurance Limited
NERC	North American Electric Reliability Corporation
NGS	Natural Gas Supplier
NJBPU	New Jersey Board of Public Utilities
NJDEP	New Jersey Department of Environmental Protection
Non-Regulatory Agreements Units	Nuclear generating units or portions thereof whose decommissioning-related activities are not subject to contractual elimination under regulatory accounting
NOSA	Nuclear Operating Services Agreement
NOV	Notice of Violation
NPDES	National Pollutant Discharge Elimination System
NRC	Nuclear Regulatory Commission
NSPS	New Source Performance Standards
NUGs	Non-utility generators
NWPA	Nuclear Waste Policy Act of 1982
NYMEX	New York Mercantile Exchange
OCI	Other Comprehensive Income
OIESO	Ontario Independent Electricity System Operator
OPC	Office of People's Counsel
OPEB	Other Postretirement Employee Benefits
PA DEP	Pennsylvania Department of Environmental Protection
PAPUC	Pennsylvania Public Utility Commission
PGC	Purchased Gas Cost Clause
PHI Retirement Plan	PHI's noncontributory retirement plan
PJM	PJM Interconnection, LLC
POLR	Provider of Last Resort
POR	Purchase of Receivables
PPA	Power Purchase Agreement
Price-Anderson Act	Price-Anderson Nuclear Industries Indemnity Act of 1957
Preferred Stock	Originally issued shares of non-voting, non-convertible and non-transferable Series A preferred stock, par value $0.01 per share
PRP	Potentially Responsible Parties
PSEG	Public Service Enterprise Group Incorporated
PURTA	Pennsylvania Public Realty Tax Act
PV	Photovoltaic

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GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and Abbreviations	
RCRA	Resource Conservation and Recovery Act of 1976, as amended
REC	Renewable Energy Credit which is issued for each megawatt hour of generation from a qualified renewable energy source
Regulatory Agreement Units	Nuclear generating units or portions thereof whose decommissioning-related activities are subject to contractual elimination under regulatory accounting
RES	Retail Electric Suppliers
RFP	Request for Proposal
Rider	Reconcilable Surcharge Recovery Mechanism
RGGI	Regional Greenhouse Gas Initiative
RMC	Risk Management Committee
ROE	Return on equity
RPM	PJM Reliability Pricing Model
RPS	Renewable Energy Portfolio Standards
RTEP	Regional Transmission Expansion Plan
RTO	Regional Transmission Organization
S&P	Standard & Poor's Ratings Services
SEC	United States Securities and Exchange Commission
Senate Bill 1	Maryland Senate Bill 1
SERC	SERC Reliability Corporation (formerly Southeast Electric Reliability Council)
SERP	Supplemental Employee Retirement Plan
SGIG	Smart Grid Investment Grant
SGIP	Smart Grid Initiative Program
SILO	Sale-In, Lease-Out
SMPIP	Smart Meter Procurement and Installation Plan
SNF	Spent Nuclear Fuel
SOCAs	Standard Offer Capacity Agreements required to be entered into by ACE pursuant to a New Jersey law enacted to promote the construction of qualified electric generation facilities in New Jersey
SOS	Standard Offer Service
SPP	Southwest Power Pool
Tax Relief Act of 2010	Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010
Transition Bond Charge	Revenue ACE receives, and pays to ACE Funding, to fund the principal and interest payments on Transition Bonds and related taxes, expenses and fees
Transition Bonds	Transition Bonds issued by ACE Funding
Upstream	Natural gas exploration and production activities
VIE	Variable Interest Entity
WECC	Western Electric Coordinating Council

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FILING FORMAT

This combined Form 10-Q is being filed separately by Exelon Corporation, Exelon Generation Company, LLC, Commonwealth Edison Company, PECO Energy Company, Baltimore Gas and Electric Company, Pepco Holdings LLC, Potomac Electric Power Company, Delmarva Power & Light Company, and Atlantic City Electric Company (Registrants). Information contained herein relating to any individual Registrant is filed by such Registrant on its own behalf. No Registrant makes any representation as to information relating to any other Registrant.

FORWARD-LOOKING STATEMENTS

This Report contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that are subject to risks and uncertainties. The factors that could cause actual results to differ materially from the forward-looking statements made by the Registrants include those factors discussed herein, as well as the items discussed in (1) Exelon's 2015 Annual Report on Form 10-K in (a) ITEM 1A. Risk Factors, (b) ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) ITEM 8. Financial Statements and Supplementary Data: Note 23; (2) PHI's 2015 Annual Report on Form 10-K in (a) ITEM 1A. Risk Factors, (b) ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) ITEM 8. Financial Statements and Supplementary Data: Note 16; (3) this Quarterly Report on Form 10-Q in (a) Part II, Other Information, ITEM 1A. Risk Factors, (b) Part 1, Financial Information, ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) Part I, Financial Information, ITEM 1. Financial Statements: Note 18; and (4) other factors discussed in filings with the SEC by the Registrants. Readers are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of this Report. None of the Registrants undertakes any obligation to publicly release any revision to its forward-looking statements to reflect events or circumstances after the date of this Report.

WHERE TO FIND MORE INFORMATION

The public may read and copy any reports or other information that the Registrants file with the SEC at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. These documents are also available to the public from commercial document retrieval services, the website maintained by the SEC at www.sec.gov and the Registrants' websites at www.exeloncorp.com. Information contained on the Registrants' websites shall not be deemed incorporated into, or to be a part of, this Report.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions, except per share data)	Three Months Ended March 31, 2016	2015
Operating revenues		
Competitive businesses revenues	$ 4,473	$ 5,632
Rate-regulated utility revenues	3,100	3,198
Total operating revenues	7,573	8,830
Operating expenses		
Competitive businesses purchased power and fuel	2,440	3,426
Rate-regulated utility purchased power and fuel	814	1,044
Operating and maintenance	2,835	2,081
Depreciation and amortization	685	610
Taxes other than income	325	304
Total operating expenses	7,099	7,465
Gain on sales of assets	9	1
Operating income	483	1,366
Other income and (deductions)		
Interest expense, net	(277)	(335)
Interest expense to affiliates, net	(10)	(10)
Other, net	114	80
Total other income and (deductions)	(173)	(265)
Income before income taxes	310	1,101
Income taxes	184	363
Equity in losses of unconsolidated affiliates	(3)	—
Net income	123	738
Net (loss) income attributable to noncontrolling interest and preference stock dividends	(50)	45
Net income attributable to common shareholders	$ 173	$ 693
Comprehensive income, net of income taxes		
Net income	$ 123	$ 738
Other comprehensive income (loss), net of income taxes		
Pension and non-pension postretirement benefit plans:		
Prior service benefit reclassified to periodic benefit cost	(12)	(11)
Actuarial loss reclassified to periodic benefit cost	46	54
Pension and non-pension postretirement benefit plan valuation adjustment	(1)	(26)
Unrealized (loss) gain on cash flow hedges	(7)	6
Unrealized loss on equity investments	(3)	—
Unrealized gain (loss) on foreign currency translation	6	(12)
Unrealized loss on marketable securities	(1)	—
Other comprehensive income	28	11
Comprehensive income	$ 151	$ 749
Average shares of common stock outstanding:		
Basic	923	862
Diluted	925	867
Earnings per average common share:		
Basic	$ 0.19	$ 0.80
Diluted	$ 0.19	$ 0.80
Dividends per common share	$ 0.31	$ 0.31

See the Combined Notes to Consolidated Financial Statements

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EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Three Months Ended March 31, 2016	2015
Cash flows from operating activities		
Net income	$ 123	$ 738
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation, amortization, depletion and accretion, including nuclear fuel and energy contract amortization	1,063	948
Impairment of long-lived assets	119	—
Gain on sales of assets	(9)	(1)
Deferred income taxes and amortization of investment tax credits	127	129
Net fair value changes related to derivatives	(107)	(91)
Net realized and unrealized gains on nuclear decommissioning trust fund investments	(55)	(47)
Other non-cash operating activities	804	344
Changes in assets and liabilities:		
Accounts receivable	117	(270)
Inventories	142	291
Accounts payable and accrued expenses	(571)	(468)
Option premiums received, net	17	5
Collateral received, net	206	257
Income taxes	47	174
Pension and non-pension postretirement benefit contributions	(239)	(269)
Other assets and liabilities	(311)	(250)
Net cash flows provided by operating activities	1,473	1,490
Cash flows from investing activities		
Capital expenditures	(2,202)	(1,784)
Proceeds from nuclear decommissioning trust fund sales	2,240	1,681
Investment in nuclear decommissioning trust funds	(2,297)	(1,747)
Acquisition of businesses, net of cash acquired	(6,645)	(15)
Proceeds from sale of long-lived assets	—	142
Proceeds from termination of direct financing lease investment	360	—
Change in restricted cash	(2)	(26)
Other investing activities	(2)	(2)
Net cash flows used in investing activities	(8,548)	(1,751)
Cash flows from financing activities		
Changes in short-term borrowings	1,647	(141)
Proceeds from short-term borrowings with maturities greater than 90 days	123	—
Issuance of long-term debt	151	1,206
Retirement of long-term debt	(116)	(580)
Dividends paid on common stock	(287)	(269)
Proceeds from employee stock plans	9	8
Other financing activities	6	(16)
Net cash flows provided by financing activities	1,533	208
Decrease in cash and cash equivalents	(5,542)	(53)
Cash and cash equivalents at beginning of period	6,502	1,878
Cash and cash equivalents at end of period	$ 960	$ 1,825

See the Combined Notes to Consolidated Financial Statements

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EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2016 (Unaudited)	December 31, 2015
ASSETS		
Current assets		
Cash and cash equivalents	$ 960	$ 6,502
Restricted cash and cash equivalents	218	205
Accounts receivable, net		
Customer	3,594	3,187
Other	1,138	912
Mark-to-market derivative assets	1,185	1,365
Unamortized energy contract assets	85	86
Inventories, net		
Fossil fuel and emission allowances	285	462
Materials and supplies	1,229	1,104
Regulatory assets	1,584	759
Other	1,086	752
Total current assets	11,364	15,334
Property, plant and equipment, net	69,406	57,439
Deferred debits and other assets		
Regulatory assets	10,407	6,065
Nuclear decommissioning trust funds	10,526	10,342
Investments	455	639
Goodwill	6,688	2,672
Mark-to-market derivative assets	841	758
Unamortized energy contracts assets	474	484
Pledged assets for Zion Station decommissioning	183	206
Other	1,398	1,445
Total deferred debits and other assets	30,972	22,611
Total assets [(a)]	$ 111,742	$ 95,384

See the Combined Notes to Consolidated Financial Statements

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EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2016 (Unaudited)	December 31, 2015
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings	$ 3,640	$ 533
Long-term debt due within one year	2,058	1,500
Accounts payable	2,874	2,883
Accrued expenses	2,260	2,376
Payables to affiliates	8	8
Regulatory liabilities	512	369
Mark-to-market derivative liabilities	203	205
Unamortized energy contract liabilities	582	100
Renewable energy credit obligation	308	302
PHI merger related obligation	317	—
Other	1,008	842
Total current liabilities	13,770	9,118
Long-term debt	29,314	23,645
Long-term debt to financing trusts	641	641
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	17,474	13,776
Asset retirement obligations	8,755	8,585
Pension obligations	3,771	3,385
Non-pension postretirement benefit obligations	1,902	1,618
Spent nuclear fuel obligation	1,022	1,021
Regulatory liabilities	4,378	4,201
Mark-to-market derivative liabilities	408	374
Unamortized energy contract liabilities	1,144	117
Payable for Zion Station decommissioning	72	90
Other	1,886	1,491
Total deferred credits and other liabilities	40,812	34,658
Total liabilities [(a)]	84,537	68,062
Commitments and contingencies		
Contingently redeemable noncontrolling interest	19	28
Shareholders' equity		
Common stock (No par value, 2000 shares authorized, 922 shares and 920 shares outstanding at March 31, 2016 and December 31, 2015, respectively)	18,686	18,676
Treasury stock, at cost (35 shares at March 31, 2016 and December 31, 2015, respectively)	(2,327)	(2,327)
Retained earnings	11,954	12,068
Accumulated other comprehensive loss, net	(2,596)	(2,624)
Total shareholders' equity	25,717	25,793
BGE preference stock not subject to mandatory redemption	193	193
Noncontrolling interest	1,276	1,308
Total equity	27,186	27,294
Total liabilities and shareholders' equity	$ 111,742	$ 95,384

(a) Exelon's consolidated assets include $8,310 million and $8,268 million at March 31, 2016 and December 31, 2015, respectively, of certain VIEs that can only be used to settle the liabilities of the VIE. Exelon's consolidated liabilities include $3,421 million and $3,264 million at March 31, 2016 and December 31, 2015, respectively, of certain VIEs for which the VIE creditors do not have recourse to Exelon. See Note 3 — Variable Interest Entities.

See the Combined Notes to Consolidated Financial Statements

EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

(In millions, shares in thousands)	Issued Shares	Common Stock	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss, net	Noncontrolling Interest	Preference Stock	Total Shareholders' Equity
Balance, December 31, 2015	954,668	$18,676	$(2,327)	$12,068	$ (2,624)	$ 1,308	$ 193	$ 27,294
Net income	—	—	—	173	—	(53)	3	123
Long-term incentive plan activity	1,783	17	—	—	—	—	—	17
Employee stock purchase plan issuances	351	9	—	—	—	—	—	9
Tax benefit on stock compensation	—	(16)	—	—	—	—	—	(16)
Changes in equity of noncontrolling interest	—	—	—	—	—	2	—	2
Adjustment of contingently redeemable noncontrolling interest due to release of contingency	—	—	—	—	—	19	—	19
Common stock dividends	—	—	—	(287)	—	—	—	(287)
Preference stock dividends	—	—	—	—	—	—	(3)	(3)
Other comprehensive income, net of income taxes	—	—	—	—	28	—	—	28
Balance, March 31, 2016	956,802	$18,686	$(2,327)	$11,954	$ (2,596)	$ 1,276	$ 193	$ 27,186

See the Combined Notes to Consolidated Financial Statements

EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended March 31, 2016	2015
Operating revenues		
Operating revenues	$ 4,471	$ 5,629
Operating revenues from affiliates	268	211
Total operating revenues	4,739	5,840
Operating expenses		
Purchased power and fuel	2,440	3,426
Purchased power and fuel from affiliates	2	7
Operating and maintenance	1,296	1,162
Operating and maintenance from affiliates	171	149
Depreciation and amortization	289	254
Taxes other than income	126	122
Total operating expenses	4,324	5,120
Loss on sales of assets	—	(1)
Operating income	415	719
Other income and (deductions)		
Interest expense, net	(87)	(90)
Interest expense to affiliates	(10)	(12)
Other, net	93	94
Total other income and (deductions)	(4)	(8)
Income before income taxes	411	711
Income taxes	151	226
Equity in losses of unconsolidated affiliates	(3)	—
Net income	257	485
Net (loss) income attributable to noncontrolling interests	(53)	42
Net income attributable to membership interest	$ 310	$ 443
Comprehensive income, net of income taxes		
Net income	$ 257	$ 485
Other comprehensive income (loss), net of income taxes		
Unrealized loss on cash flow hedges	(5)	(5)
Unrealized loss on equity investments	(2)	—
Unrealized gain (loss) on foreign currency translation	6	(12)
Other comprehensive income (loss)	(1)	(17)
Comprehensive income	$ 256	$ 468

See the Combined Notes to Consolidated Financial Statements

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EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Three Months Ended March 31, 2016	2015
Cash flows from operating activities		
Net income	$ 257	$ 485
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation, amortization, depletion and accretion, including nuclear fuel and energy contract amortization	667	591
Impairment of long-lived assets	119	—
Loss on sales of assets	—	1
Deferred income taxes and amortization of investment tax credits	68	89
Net fair value changes related to derivatives	(106)	(165)
Net realized and unrealized gains on nuclear decommissioning trust fund investments	(55)	(47)
Other non-cash operating activities	51	45
Changes in assets and liabilities:		
Accounts receivable	173	24
Receivables from and payables to affiliates, net	(17)	(10)
Inventories	93	228
Accounts payable and accrued expenses	(363)	(254)
Option premiums received, net	17	5
Collateral received, net	198	288
Income taxes	(60)	(104)
Pension and non-pension postretirement benefit contributions	(112)	(107)
Other assets and liabilities	(148)	(232)
Net cash flows provided by operating activities	782	837
Cash flows from investing activities		
Capital expenditures	(1,125)	(937)
Proceeds from nuclear decommissioning trust fund sales	2,240	1,681
Investment in nuclear decommissioning trust funds	(2,297)	(1,747)
Acquisition of businesses	(1)	(15)
Proceeds from sale of long-lived assets	—	142
Change in restricted cash	4	(21)
Other investing activities	(25)	(2)
Net cash flows used in investing activities	(1,204)	(899)
Cash flows from financing activities		
Change in short-term borrowings	1,377	(1)
Proceeds from short-term borrowings with maturities greater than 90 days	123	—
Issuance of long-term debt	151	806
Retirement of long-term debt	(94)	(18)
Retirement of long-term debt to affiliate	—	(550)
Changes in Exelon intercompany money pool	(1,183)	936
Distribution to member	(55)	(1,356)
Contribution from member	44	—
Other financing activities	5	(3)
Net cash flows provided by (used in) financing activities	368	(186)
Decrease in cash and cash equivalents	(54)	(248)
Cash and cash equivalents at beginning of period	431	780
Cash and cash equivalents at end of period	$ 377	$ 532

See the Combined Notes to Consolidated Financial Statements

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EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2016 (Unaudited)	December 31, 2015
ASSETS		
Current assets		
Cash and cash equivalents	$ 377	$ 431
Restricted cash and cash equivalents	119	123
Accounts receivable, net		
Customer	1,963	2,095
Other	434	360
Mark-to-market derivative assets	1,185	1,365
Receivables from affiliates	154	83
Unamortized energy contract assets	85	86
Inventories, net		
Fossil fuel and emission allowances	251	384
Materials and supplies	884	880
Other	719	535
Total current assets	6,171	6,342
Property, plant and equipment, net	26,166	25,843
Deferred debits and other assets		
Nuclear decommissioning trust funds	10,526	10,342
Investments	250	210
Goodwill	47	47
Mark-to-market derivative assets	799	733
Prepaid pension asset	1,725	1,689
Pledged assets for Zion Station decommissioning	183	206
Unamortized energy contract assets	473	484
Deferred income taxes	12	6
Other	650	627
Total deferred debits and other assets	14,665	14,344
Total assets [(a)]	$ 47,002	$ 46,529

See the Combined Notes to Consolidated Financial Statements

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EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2016 (Unaudited)	December 31, 2015
LIABILITIES AND EQUITY		
Current liabilities		
Short-term borrowings	$ 1,529	$ 29
Long-term debt due within one year	177	90
Accounts payable	1,290	1,583
Accrued expenses	673	935
Payables to affiliates	140	104
Borrowings from Exelon intercompany money pool	63	1,252
Mark-to-market derivative liabilities	177	182
Unamortized energy contract liabilities	85	100
Renewable energy credit obligation	308	302
Other	333	356
Total current liabilities	4,775	4,933
Long-term debt	7,945	7,936
Long-term debt to affiliate	930	933
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	5,872	5,845
Asset retirement obligations	8,588	8,431
Non-pension postretirement benefit obligations	937	924
Spent nuclear fuel obligation	1,022	1,021
Payables to affiliates	2,600	2,577
Mark-to-market derivative liabilities	166	150
Unamortized energy contract liabilities	106	117
Payable for Zion Station decommissioning	71	90
Other	637	602
Total deferred credits and other liabilities	19,999	19,757
Total liabilities [a]	33,649	33,559
Commitments and contingencies		
Contingently redeemable noncontrolling interests	19	28
Equity		
Member's equity		
Membership interest	9,167	8,997
Undistributed earnings	2,956	2,701
Accumulated other comprehensive loss, net	(64)	(63)
Total member's equity	12,059	11,635
Noncontrolling interest	1,275	1,307
Total equity	13,334	12,942
Total liabilities and equity	$ 47,002	$ 46,529

(a) Generation's consolidated assets include $8,190 million and $8,235 million at March 31, 2016 and December 31, 2015, respectively, of certain VIEs that can only be used to settle the liabilities of the VIE. Generation's consolidated liabilities include $3,094 million and $3,135 million at March 31, 2016 and December 31, 2015, respectively, of certain VIEs for which the VIE creditors do not have recourse to Generation. See Note 3—Variable Interest Entities.

See the Combined Notes to Consolidated Financial Statements

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EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Unaudited)

	Member's Equity				
(In millions)	Membership Interest	Undistributed Earnings	Accumulated Other Comprehensive Loss, net	Noncontrolling Interest	Total Equity
Balance, December 31, 2015	$ 8,997	$ 2,701	$ (63)	$ 1,307	$ 12,942
Net income (loss)	—	310	—	(53)	257
Acquisition of non-controlling interest	—	—	—	2	2
Adjustment of contingently redeemable noncontrolling interest due to release of contingency	—	—	—	19	19
Contribution from member	170	—	—	—	170
Distribution to member	—	(55)	—	—	(55)
Other comprehensive loss, net of income taxes	—	—	(1)	—	(1)
Balance, March 31, 2016	$ 9,167	$ 2,956	$ (64)	$ 1,275	$ 13,334

See the Combined Notes to Consolidated Financial Statements

COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended March 31, 2016	2015
Operating revenues		
Electric operating revenues	$ 1,244	$ 1,184
Operating revenues from affiliates	5	1
Total operating revenues	1,249	1,185
Operating expenses		
Purchased power	343	318
Purchased power from affiliate	5	9
Operating and maintenance	305	333
Operating and maintenance from affiliate	63	45
Depreciation and amortization	189	175
Taxes other than income	75	75
Total operating expenses	980	955
Gain on sale of assets	5	—
Operating income	274	230
Other income and (deductions)		
Interest expense, net	(83)	(81)
Interest expense to affiliates	(3)	(3)
Other, net	4	3
Total other income and (deductions)	(82)	(81)
Income before income taxes	192	149
Income taxes	77	59
Net income	$ 115	$ 90
Comprehensive income	$ 115	$ 90

See the Combined Notes to Consolidated Financial Statements

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COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Three Months Ended March 31, 2016	2015
Cash flows from operating activities		
Net income	$ 115	$ 90
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation, amortization and accretion	189	175
Deferred income taxes and amortization of investment tax credits	70	35
Other non-cash operating activities	32	126
Changes in assets and liabilities:		
Accounts receivable	69	(38)
Receivables from and payables to affiliates, net	—	(2)
Inventories	7	(10)
Accounts payable and accrued expenses	(207)	(121)
Collateral received (posted), net	7	(5)
Income taxes	20	131
Pension and non-pension postretirement benefit contributions	(32)	(121)
Other assets and liabilities	14	(9)
Net cash flows provided by operating activities	284	251
Cash flows from investing activities		
Capital expenditures	(639)	(530)
Other investing activities	13	7
Net cash flows used in investing activities	(626)	(523)
Cash flows from financing activities		
Changes in short-term borrowings	349	(21)
Issuance of long-term debt	—	400
Contributions from parent	39	14
Dividends paid on common stock	(91)	(75)
Other financing activities	(1)	(4)
Net cash flows provided by financing activities	296	314
(Decrease) Increase in cash and cash equivalents	(46)	42
Cash and cash equivalents at beginning of period	67	66
Cash and cash equivalents at end of period	$ 21	$ 108

See the Combined Notes to Consolidated Financial Statements

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COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2016 (Unaudited)	December 31, 2015
ASSETS		
Current assets		
Cash and cash equivalents	$ 21	$ 67
Restricted cash	2	2
Accounts receivable, net		
Customer	479	533
Other	221	272
Receivables from affiliates	202	199
Inventories, net	157	164
Regulatory assets	239	218
Other	51	63
Total current assets	1,372	1,518
Property, plant and equipment, net	17,971	17,502
Deferred debits and other assets		
Regulatory assets	925	895
Investments	6	6
Goodwill	2,625	2,625
Receivables from affiliates	2,182	2,172
Prepaid pension asset	1,476	1,490
Other	330	324
Total deferred debits and other assets	7,544	7,512
Total assets	$ 26,887	$ 26,532

See the Combined Notes to Consolidated Financial Statements

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COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2016 (Unaudited)	December 31, 2015
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings	$ 643	$ 294
Long-term debt due within one year	665	665
Accounts payable	645	660
Accrued expenses	539	706
Payables to affiliates	64	62
Customer deposits	130	131
Regulatory liabilities	150	155
Mark-to-market derivative liability	26	23
Other	76	70
Total current liabilities	2,938	2,766
Long-term debt	5,845	5,844
Long-term debt to financing trust	205	205
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	4,985	4,914
Asset retirement obligations	113	111
Non-pension postretirement benefits obligations	254	259
Regulatory liabilities	3,489	3,459
Mark-to-market derivative liability	239	224
Other	512	507
Total deferred credits and other liabilities	9,592	9,474
Total liabilities	18,580	18,289
Commitments and contingencies		
Shareholders' equity		
Common stock	1,588	1,588
Other paid-in capital	5,717	5,677
Retained earnings	1,002	978
Total shareholders' equity	8,307	8,243
Total liabilities and shareholders' equity	$ 26,887	$ 26,532

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COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

(In millions)	Common Stock	Other Paid-In Capital	Retained Deficit Unappropriated	Retained Earnings Appropriated	Total Shareholders' Equity
Balance, December 31, 2015	$ 1,588	$5,677	$ (1,639)	$ 2,617	$ 8,243
Net income	—	—	115	—	115
Appropriation of retained earnings for future dividends	—	—	(115)	115	—
Common stock dividends	—	—	—	(91)	(91)
Contribution from parent	—	39	—	—	39
Parent tax matter indemnification	—	1	—	—	1
Balance, March 31, 2016	$ 1,588	$5,717	$ (1,639)	$ 2,641	$ 8,307

See the Combined Notes to Consolidated Financial Statements

PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended March 31, 2016	2015
Operating revenues		
Electric operating revenues	$ 643	$ 677
Natural gas operating revenues	197	308
Operating revenues from affiliates	1	—
Total operating revenues	841	985
Operating expenses		
Purchased power	166	216
Purchased fuel	77	160
Purchased power from affiliate	78	62
Operating and maintenance	177	197
Operating and maintenance from affiliates	38	25
Depreciation and amortization	67	62
Taxes other than income	42	41
Total operating expenses	645	763
Gain on sales of assets	—	1
Operating income	196	223
Other income and (deductions)		
Interest expense, net	(28)	(25)
Interest expense to affiliates	(3)	(3)
Other, net	2	2
Total other income and (deductions)	(29)	(26)
Income before income taxes	167	197
Income taxes	43	58
Net income attributable to common shareholder	$ 124	$ 139
Comprehensive income	$ 124	$ 139

See the Combined Notes to Consolidated Financial Statements

PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Three Months Ended March 31, 2016	2015
Cash flows from operating activities		
Net income	$ 124	$ 139
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation, amortization and accretion	67	62
Deferred income taxes and amortization of investment tax credits	23	5
Other non-cash operating activities	24	44
Changes in assets and liabilities:		
Accounts receivable	(51)	(115)
Receivables from and payables to affiliates, net	4	5
Inventories	24	34
Accounts payable and accrued expenses	18	(1)
Income taxes	29	67
Pension and non-pension postretirement benefit contributions	(29)	(12)
Other assets and liabilities	(95)	(70)
Net cash flows provided by operating activities	138	158
Cash flows from investing activities		
Capital expenditures	(195)	(148)
Changes in Exelon intercompany money pool	(160)	—
Other investing activities	4	4
Net cash flows used in investing activities	(351)	(144)
Cash flows from financing activities		
Changes in Exelon intercompany money pool	—	65
Dividends paid on common stock	(69)	(70)
Other financing activities	—	(1)
Net cash flows used in financing activities	(69)	(6)
Increase (decrease) in cash and cash equivalents	(282)	8
Cash and cash equivalents at beginning of period	295	30
Cash and cash equivalents at end of period	$ 13	$ 38

See the Combined Notes to Consolidated Financial Statements

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PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2016 (Unaudited)	December 31, 2015
ASSETS		
Current assets		
Cash and cash equivalents	$ 13	$ 295
Restricted cash and cash equivalents	3	3
Accounts receivable, net		
Customer	288	258
Other	124	146
Receivables from affiliates	5	2
Receivable from Exelon intercompany pool	160	—
Inventories, net		
Fossil fuel	18	43
Materials and supplies	27	26
Prepaid utility taxes	110	11
Regulatory assets	42	34
Other	26	24
Total current assets	816	842
Property, plant and equipment, net	7,209	7,141
Deferred debits and other assets		
Regulatory assets	1,605	1,583
Investments	27	28
Receivable from affiliates	417	405
Prepaid pension asset	368	347
Other	20	21
Total deferred debits and other assets	2,437	2,384
Total assets	$ 10,462	$ 10,367

See the Combined Notes to Consolidated Financial Statements

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PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2016 (Unaudited)	December 31, 2015
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Long-term debt due within one year	$ 300	$ 300
Accounts payable	261	281
Accrued expenses	84	109
Payables to affiliates	62	55
Customer deposits	59	58
Regulatory liabilities	134	112
Other	33	29
Total current liabilities	933	944
Long-term debt	2,281	2,280
Long-term debt to financing trusts	184	184
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	2,849	2,792
Asset retirement obligations	27	27
Non-pension postretirement benefits obligations	288	287
Regulatory liabilities	521	527
Other	88	90
Total deferred credits and other liabilities	3,773	3,723
Total liabilities	7,171	7,131
Commitments and contingencies		
Shareholder's equity		
Common stock	2,455	2,455
Retained earnings	835	780
Accumulated other comprehensive income, net	1	1
Total shareholder's equity	3,291	3,236
Total liabilities and shareholder's equity	$ 10,462	$ 10,367

See the Combined Notes to Consolidated Financial Statements

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PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
(Unaudited)

(In millions)	Common Stock	Retained Earnings	Accumulated Other Comprehensive Income, net	Total Shareholder's Equity
Balance, December 31, 2015	$ 2,455	$ 780	$ 1	$ 3,236
Net income	—	124	—	124
Common stock dividends	—	(69)	—	(69)
Balance, March 31, 2016	$ 2,455	$ 835	$ 1	$ 3,291

See the Combined Notes to Consolidated Financial Statements

BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
Operating revenues		
Electric operating revenues	$ 678	$ 714
Natural gas operating revenues	246	315
Operating revenues from affiliates	5	7
Total operating revenues	929	1,036
Operating expenses		
Purchased power	127	208
Purchased fuel	75	142
Purchased power from affiliate	171	137
Operating and maintenance	168	156
Operating and maintenance from affiliates	34	26
Depreciation and amortization	109	106
Taxes other than income	58	57
Total operating expenses	742	832
Operating income	187	204
Other income and (deductions)		
Interest expense, net	(20)	(21)
Interest expense to affiliates	(4)	(4)
Other, net	4	4
Total other income and (deductions)	(20)	(21)
Income before income taxes	167	183
Income taxes	66	74
Net income	101	109
Preference stock dividends	3	3
Net income attributable to common shareholder	$ 98	$ 106
Comprehensive income	$ 101	$ 109

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BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Three Months Ended March 31, 2016	2015
Cash flows from operating activities		
Net income	$ 101	$ 109
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation, amortization and accretion	109	106
Deferred income taxes and amortization of investment tax credits	26	33
Other non-cash operating activities	44	64
Changes in assets and liabilities:		
Accounts receivable	(44)	(141)
Receivables from and payables to affiliates, net	7	(8)
Inventories	17	38
Accounts payable and accrued expenses	3	(14)
Collateral received (posted), net	—	(27)
Income taxes	78	26
Pension and non-pension postretirement benefit contributions	(38)	(4)
Other assets and liabilities	(30)	99
Net cash flows provided by operating activities	273	281
Cash flows from investing activities		
Capital expenditures	(176)	(136)
Change in restricted cash	(20)	2
Other investing activities	5	2
Net cash flows used in investing activities	(191)	(132)
Cash flows from financing activities		
Changes in short-term borrowings	(60)	(120)
Dividends paid on preference stock	(3)	(3)
Dividends paid on common stock	(45)	(36)
Contributions from parent	21	—
Other financing activities	1	(13)
Net cash flows used in financing activities	(86)	(172)
Decrease in cash and cash equivalents	(4)	(23)
Cash and cash equivalents at beginning of period	9	64
Cash and cash equivalents at end of period	$ 5	$ 41

See the Combined Notes to Consolidated Financial Statements

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BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2016 (Unaudited)	December 31, 2015
ASSETS		
Current assets		
Cash and cash equivalents	$ 5	$ 9
Restricted cash and cash equivalents	44	24
Accounts receivable, net		
Customer	328	300
Other	77	112
Inventories, net		
Gas held in storage	13	36
Materials and supplies	39	33
Prepaid utility taxes	31	61
Regulatory assets	266	267
Other	16	3
Total current assets	819	845
Property, plant and equipment, net	6,684	6,597
Deferred debits and other assets		
Regulatory assets	499	514
Investments	12	12
Prepaid pension asset	337	319
Other	10	8
Total deferred debits and other assets	858	853
Total assets [a]	$ 8,361	$ 8,295

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BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2016 (Unaudited)	December 31, 2015
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings	$ 150	$ 210
Long-term debt due within one year	378	378
Accounts payable	206	209
Accrued expenses	151	110
Payables to affiliates	59	52
Customer deposits	105	102
Regulatory liabilities	61	38
Other	28	35
Total current liabilities	1,138	1,134
Long-term debt	1,481	1,480
Long-term debt to financing trust	252	252
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	2,104	2,081
Asset retirement obligations	15	17
Non-pension postretirement benefits obligations	205	209
Regulatory liabilities	151	184
Other	71	61
Total deferred credits and other liabilities	2,546	2,552
Total liabilities [(a)]	5,417	5,418
Commitments and contingencies		
Shareholders' equity		
Common stock	1,381	1,367
Retained earnings	1,373	1,320
Total shareholders' equity	2,754	2,687
Preference stock not subject to mandatory redemption	190	190
Total equity	2,944	2,877
Total liabilities and shareholders' equity	$ 8,361	$ 8,295

(a) BGE's consolidated assets include $47 million and $26 million at March 31, 2016 and December 31, 2015, respectively, of BGE's consolidated VIE that can only be used to settle the liabilities of the VIE. BGE's consolidated liabilities include $41 million and $41 million at March 31, 2016 and December 31, 2015, respectively, of BGE's consolidated VIE for which the VIE creditors do not have recourse to BGE. See Note 3 — Variable Interest Entities.

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BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

(In millions)	Common Stock	Retained Earnings	Total Shareholders' Equity	Preference Stock Not Subject To Mandatory Redemption	Total Equity
Balance, December 31, 2015	$ 1,367	$ 1,320	$ 2,687	$ 190	$ 2,877
Net income	—	101	101	—	101
Preference stock dividends	—	(3)	(3)	—	(3)
Common stock dividends	—	(45)	(45)	—	(45)
Distribution to parent	(7)	—	(7)	—	(7)
Contribution from parent	21	—	21	—	21
Balance, March 31, 2016	$ 1,381	$ 1,373	$ 2,754	$ 190	$ 2,944

See the Combined Notes to Consolidated Financial Statements

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PEPCO HOLDINGS LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

	Successor	*Predecessor*	
	March 24 to March 31,	**January 1 to March 23,**	**Three Months Ended March 31,**
(In millions)	**2016**	**2016**	**2015**
Operating revenues			
Electric operating revenues	$ 90	$ 1,096	$ 1,268
Natural gas operating revenues	3	57	86
Operating revenues from affiliates	12	—	—
Total operating revenues	105	1,153	1,354
Operating expenses			
Purchased power	26	471	588
Purchased fuel	1	26	51
Purchased power and fuel from affiliates	11	—	—
Operating and maintenance	447	294	300
Operating and maintenance from affiliates	2	—	—
Depreciation and amortization	14	152	155
Taxes other than income	15	105	118
Total operating expenses	516	1,048	1,212
Operating (loss) income	(411)	105	142
Other income and (deductions)			
Interest expense, net	(6)	(65)	(68)
Other, net	2	(4)	9
Total other income and (deductions)	(4)	(69)	(59)
(Loss) Income before income taxes	(415)	36	83
Income taxes	(106)	17	30
Net (loss) income attributable to membership interest/common shareholders	$ (309)	$ 19	$ 53
Comprehensive (loss) income, net of income taxes			
Net (loss) income	$ (309)	$ 19	$ 53
Other comprehensive income, net of income taxes			
Pension and non-pension postretirement benefit plans:			
Actuarial loss reclassified to periodic cost	—	1	1
Other comprehensive income	—	1	1
Comprehensive (loss) income	$ (309)	$ 20	$ 54

See the Combined Notes to Consolidated Financial Statements

PEPCO HOLDINGS LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Successor	*Predecessor*	
	March 24 to March 31,	**January 1 to March 23,**	**Three Months Ended March 31,**
(In millions)	**2016**	**2016**	**2015**
Cash flows from operating activities			
Net (loss) income	$ (309)	$ 19	$ 53
Adjustments to reconcile net (loss) income to net cash from operating activities:			
Depreciation, amortization and accretion	14	152	155
Deferred income taxes and amortization of investment tax credits	(112)	19	49
Net fair value changes related to derivatives	—	18	—
Other non-cash operating activities	410	46	57
Changes in assets and liabilities:			
Accounts receivable	16	(28)	(214)
Receivables from and payables to affiliates, net	46	—	—
Inventories	—	(4)	(3)
Accounts payable and accrued expenses	(4)	42	43
Collateral received, net	—	1	—
Income taxes	7	12	(3)
Pension and non-pension postretirement benefit contributions	—	(4)	(5)
Other assets and liabilities	(25)	(9)	25
Net cash flows provided by operating activities	43	264	157
Cash flows from investing activities			
Capital expenditures	(29)	(273)	(246)
Changes in restricted cash	(1)	3	9
Purchases of investments	(2)	(68)	—
Other investing activities	2	(5)	2
Net cash flows used in investing activities	(30)	(343)	(235)
Cash flows from financing activities			
Changes in short-term borrowings	(20)	(121)	74
Proceeds from short-term borrowings with maturities greater than 90 days		500	—
Issuance of long-term debt	—	—	208
Retirement of long-term debt	—	(11)	(22)
Issuance of preferred stock	—	—	18
Dividends paid on common stock	—	—	(68)
Common stock issued for the Direct Stock Purchase and Dividend Reinvestment Plan and employee-related compensation	—	2	8
Distribution to member	(108)	—	—
Change in Exelon intercompany money pool	(53)	—	—
Other financing activities	—	2	(13)
Net cash flows provided by financing activities	(181)	372	205
(Decrease) Increase in cash and cash equivalents	(168)	293	127
Cash and cash equivalents at beginning of period	319	26	15
Cash and cash equivalents at end of period	$ 151	$ 319	$ 142

See the Combined Notes to Consolidated Financial Statements

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PEPCO HOLDINGS LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	*Successor* March 31, 2016 (Unaudited)	*Predecessor* December 31, 2015
ASSETS		
Current assets		
Cash and cash equivalents	$ 151	$ 26
Restricted cash and cash equivalents	12	14
Accounts receivable, net		
Customer	536	581
Other	284	316
Mark-to-market derivative asset	—	18
Receivable from affiliates	16	—
Inventories, net		
Gas held in storage	4	9
Materials and supplies	122	122
Regulatory assets	801	305
Other	75	81
Total current assets	2,001	1,472
Property, plant and equipment, net	10,980	10,864
Deferred debits and other assets		
Regulatory assets	3,202	2,277
Investments	131	80
Goodwill	4,016	1,406
Long-term note receivable	4	4
Prepaid pension asset	517	—
Unamortized energy contract assets	1	—
Deferred income taxes	23	14
Other	57	67
Total deferred debits and other assets	7,951	3,848
Total assets [(a)]	$ 20,932	$ 16,184

See the Combined Notes to Consolidated Financial Statements

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PEPCO HOLDINGS LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	Successor March 31, 2016 (Unaudited)	Predecessor December 31, 2015
LIABILITIES AND EQUITY		
Current liabilities		
Short-term borrowings	$ 1,317	$ 958
Long-term debt due within one year	476	456
Accounts payable	348	404
Accrued expenses	327	263
Payables to affiliates	66	—
Unamortized energy contract liabilities	497	—
Customer deposits	121	107
Merger related obligation	235	—
Regulatory liabilities	106	66
Other	51	70
Total current liabilities	3,544	2,324
Long-term debt	5,656	4,823
Deferred credits and other liabilities		
Regulatory liabilities	186	147
Deferred income taxes and unamortized investment tax credits	3,399	3,406
Asset retirement obligations	5	8
Pension obligations	—	466
Non-pension postretirement benefit obligations	143	215
Unamortized energy contract liabilities	1,038	—
Other	289	199
Total deferred credits and other liabilities	5,060	4,441
Total liabilities (a)	14,260	11,588
Commitments and contingencies		
Preferred stock (b)	—	183
Member's equity/Shareholders' equity		
Membership interest/Common stock (c)	6,981	3,832
Undistributed (losses)/Retained earnings	(309)	617
Accumulated other comprehensive loss, net	—	(36)
Total member's equity/shareholders' equity	6,672	4,413
Total liabilities and member's equity/shareholders' equity	$ 20,932	$ 16,184

(a) PHI's consolidated total assets include $68 million and $30 million at March 31, 2016 and December 31, 2015, respectively, of PHI's consolidated VIE that can only be used to settle the liabilities of the VIE. PHI's consolidated total liabilities include $200 million and $172 million at March 31, 2016 and December 31, 2015, respectively, of PHI's consolidated VIE for which the VIE creditors do not have recourse to PHI. See Note 3 — Variable Interest Entities.

(b) At December 31, 2015, PHI had 18,000 shares of Series A preferred stock outstanding, par value $0.01 per share.

(c) At December 31, 2015, PHI's (predecessor) shareholders' equity included $3,829 million of other paid-in capital and $3 million of common stock. At December 31, 2015, PHI had 400,000,000 shares of common stock authorized and 254,289,261 shares of common stock outstanding, par value $0.01 per share.

See the Combined Notes to Consolidated Financial Statements

PEPCO HOLDINGS LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Unaudited)

(In millions, except shares)	Common Stock/ Membership Interest [a]	Retained Earnings/ Undistributed Losses	Accumulated Other Comprehensive Loss, net	Total Shareholders'/ Member's Equity
Predecessor				
Balance at December 31, 2015	$ 3,832	$ 617	$ (36)	$ 4,413
Net income	—	19	—	19
Original issue shares, net	3	—	—	3
Net activity related to stock-based awards	3	—	—	3
Other comprehensive income, net of income taxes	—	—	1	1
Balance at March 23, 2016	$ 3,838	$ 636	$ (35)	$ 4,439
Successor				
Balance at March 24, 2016 [b]	$ 7,200	$ —	$ —	$ 7,200
Net loss	—	(309)	—	(309)
Distribution to member	(235)	—	—	(235)
Distribution of net retirement benefit obligation to member	45	—	—	45
Assumption of member purchase liability [c]	(29)	—	—	(29)
Balance at March 31, 2016	$ 6,981	$ (309)	$ —	$ 6,672

(a) At March 23, 2016 and December 31, 2015, PHI's (predecessor) shareholders' equity included $3,835 million and $3,829 million of other paid-in capital, and $3 million and $3 million of common stock, respectively.

(b) The March 24, 2016, beginning balance differs from the PHI Merger total purchase price by $59 million related to an acquisition accounting adjustment recorded at Exelon Corporate to reflect unitary state income tax consequences of the merger.

(c) The total purchase price consideration for the PHI Merger included $29 million for cash paid for PHI stock-based compensation awards. See Note 4—Mergers, Acquisitions and Dispositions for further information. The $29 million of cash was paid by PHI.

See the Combined Notes to Consolidated Financial Statements

POTOMAC ELECTRIC POWER COMPANY
STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended March 31, 2016	2015
Operating revenues		
Electric operating revenues	$ 550	$ 544
Operating revenues from affiliates	1	1
Total operating revenues	551	545
Operating expenses		
Purchased power	191	211
Purchased power and fuel from affiliates	6	—
Operating and maintenance	288	112
Operating and maintenance from affiliates	2	1
Depreciation and amortization	75	62
Taxes other than income	94	96
Total operating expenses	656	482
Operating (loss) income	(105)	63
Other income and (deductions)		
Interest expense, net	(37)	(30)
Other, net	9	5
Total other income and (deductions)	(28)	(25)
(Loss) Income before income taxes	(133)	38
Income taxes	(25)	12
Net (loss) income attributable to common shareholder	$ (108)	$ 26
Comprehensive (loss) income	$ (108)	$ 26

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POTOMAC ELECTRIC POWER COMPANY
STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Three Months Ended March 31, 2016	2015
Cash flows from operating activities		
Net (loss) income	$ (108)	$ 26
Adjustments to reconcile net (loss) income to net cash flows provided by operating activities:		
Depreciation and amortization	75	62
Deferred income taxes and amortization of investment tax credits	(31)	12
Other non-cash operating activities	153	23
Changes in assets and liabilities:		
Accounts receivable	(24)	(93)
Receivables from and payables to affiliates, net	55	21
Inventories	1	(6)
Accounts payable and accrued expenses	(4)	6
Income taxes	151	—
Pension and non-pension postretirement benefit contributions	(1)	—
Other assets and liabilities	(9)	(18)
Net cash flows provided by operating activities	258	33
Cash flows from investing activities		
Capital expenditures	(109)	(119)
Purchases of investments	(31)	—
Changes in restricted cash	2	3
Other investing activities	2	3
Net cash flows used in investing activities	(136)	(113)
Cash flows from financing activities		
Changes in short-term borrowings	(64)	(104)
Issuance of long-term debt	—	208
Retirement of long-term debt	—	(12)
Dividends paid on common stock	(39)	—
Contribution from parent	—	112
Other financing activities	—	(4)
Net cash flows (used in) provided by financing activities	(103)	200
Increase in cash and cash equivalents	19	120
Cash and cash equivalents at beginning of period	5	6
Cash and cash equivalents at end of period	$ 24	$ 126

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POTOMAC ELECTRIC POWER COMPANY
BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2016 (Unaudited)	December 31, 2015
ASSETS		
Current assets		
Cash and cash equivalents	$ 24	$ 5
Restricted cash and cash equivalents	—	2
Accounts receivable, net		
Customer	240	230
Other	117	261
Inventories, net	65	67
Regulatory assets	133	140
Assets held for sale	4	—
Other	22	21
Total current assets	605	726
Property, plant and equipment, net	5,225	5,162
Deferred debits and other assets		
Regulatory assets	663	661
Investments	99	68
Prepaid pension asset	280	287
Other	5	4
Total deferred debits and other assets	1,047	1,020
Total assets	$ 6,877	$ 6,908

See the Combined Notes to Financial Statements

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POTOMAC ELECTRIC POWER COMPANY
BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2016 (Unaudited)	December 31, 2015
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Short-term borrowings	$ —	$ 64
Long-term debt due within one year	11	11
Accounts payable	129	145
Accrued expenses	138	119
Payables to affiliates	85	30
Customer deposits	51	46
Regulatory liabilities	26	15
Merger related obligation	49	—
Other	20	25
Total current liabilities	509	455
Long-term debt	2,341	2,340
Deferred credits and other liabilities		
Regulatory liabilities	29	29
Deferred income taxes and unamortized investment tax credits	1,695	1,723
Non-pension postretirement benefit obligations	49	49
Other	161	72
Total deferred credits and other liabilities	1,934	1,873
Total liabilities	4,784	4,668
Commitments and contingencies		
Shareholder's equity		
Common stock	1,122	1,122
Retained earnings	971	1,118
Total shareholder's equity	2,093	2,240
Total liabilities and shareholder's equity	$ 6,877	$ 6,908

See the Combined Notes to Financial Statements

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POTOMAC ELECTRIC POWER COMPANY
STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
(Unaudited)

(In millions)	Common Stock	Retained Earnings	Total Shareholder's Equity
Balance, December 31, 2015	$ 1,122	$ 1,118	$ 2,240
Net loss	—	(108)	(108)
Common stock dividends	—	(39)	(39)
Balance, March 31, 2016	$ 1,122	$ 971	$ 2,093

See the Combined Notes to Financial Statements

DELMARVA POWER & LIGHT COMPANY
STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended March 31, 2016	2015
Operating revenues		
Electric operating revenues	$ 301	$ 333
Natural gas operating revenues	59	86
Operating revenues from affiliates	2	2
Total operating revenues	362	421
Operating expenses		
Purchased power	147	178
Purchased fuel	25	47
Purchased power from affiliate	4	—
Operating and maintenance	204	81
Depreciation, amortization and accretion	39	39
Taxes other than income	15	13
Total operating expenses	434	358
Operating (loss) income	(72)	63
Other income and (deductions)		
Interest expense, net	(12)	(12)
Other, net	3	2
Total other income and (deductions)	(9)	(10)
(Loss) Income before income taxes	(81)	53
Income taxes	(9)	21
Net (loss) income attributable to common shareholder	$ (72)	$ 32
Comprehensive (loss) income	$ (72)	$ 32

See the Combined Notes to Financial Statements

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DELMARVA POWER & LIGHT COMPANY
STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Three Months Ended March 31, 2016	2015
Cash flows from operating activities		
Net (loss) income	$ (72)	$ 32
Adjustments to reconcile net (loss) income to net cash flows provided by operating activities:		
Depreciation, amortization and accretion	39	39
Deferred income taxes and amortization of investment tax credits	(4)	21
Other non-cash operating activities	118	12
Changes in assets and liabilities:		
Accounts receivable	4	(82)
Receivables from and payables to affiliates, net	20	4
Inventories	1	5
Accounts payable and accrued expenses	(3)	12
Collateral received	1	—
Income taxes	52	—
Other assets and liabilities	(9)	14
Net cash flows provided by operating activities	147	57
Cash flows from investing activities		
Capital expenditures	(81)	(68)
Changes in restricted cash	—	5
Other investing activities	—	2
Net cash flows used in investing activities	(81)	(61)
Cash flows from financing activities		
Changes in short-term borrowings	(30)	69
Dividends paid on common stock	(38)	(62)
Net cash flows (used in) provided by financing activities	(68)	7
(Decrease) Increase in cash and cash equivalents	(2)	3
Cash and cash equivalents at beginning of period	5	4
Cash and cash equivalents at end of period	$ 3	$ 7

See the Combined Notes to Financial Statements

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DELMARVA POWER & LIGHT COMPANY
BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2016 (Unaudited)	December 31, 2015
ASSETS		
Current assets		
Cash and cash equivalents	$ 3	$ 5
Accounts receivable, net		
Customer	149	154
Other	40	96
Inventories, net		
Gas held in storage	4	8
Materials and supplies	34	32
Regulatory assets	67	72
Other	22	21
Total current assets	319	388
Property, plant and equipment, net	3,132	3,070
Deferred debits and other assets		
Regulatory assets	295	299
Goodwill	8	8
Prepaid pension asset	197	202
Other	8	2
Total deferred debits and other assets	508	511
Total assets	$ 3,959	$ 3,969

See the Combined Notes to Financial Statements

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DELMARVA POWER & LIGHT COMPANY
BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2016 (Unaudited)	December 31, 2015
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Short-term borrowings	$ 75	$ 105
Long-term debt due within one year	218	204
Accounts payable	100	109
Accrued expenses	44	31
Payables to affiliates	42	20
Customer deposits	35	31
Regulatory liabilities	57	49
Merger related obligation	76	—
Other	9	15
Total current liabilities	656	564
Long-term debt	1,047	1,061
Deferred credits and other liabilities		
Regulatory liabilities	109	111
Deferred income taxes and unamortized investment tax credits	939	945
Non-pension postretirement benefit obligations	21	19
Other	60	32
Total deferred credits and other liabilities	1,129	1,107
Total liabilities	2,832	2,732
Commitments and contingencies		
Shareholder's equity		
Common stock	612	612
Retained earnings	515	625
Total shareholder's equity	1,127	1,237
Total liabilities and shareholder's equity	$ 3,959	$ 3,969

See the Combined Notes to Financial Statements

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DELMARVA POWER & LIGHT COMPANY
STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
(Unaudited)

(In millions)	Common Stock	Retained Earnings	Total Shareholder's Equity
Balance, December 31, 2015	$ 612	$ 625	$ 1,237
Net loss	—	(72)	(72)
Common stock dividends	—	(38)	(38)
Balance, March 31, 2016	$ 612	$ 515	$ 1,127

See the Combined Notes to Financial Statements

ATLANTIC CITY ELECTRIC COMPANY AND SUBSIDIARY COMPANY
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended March 31, 2016	2015
Operating revenues		
Electric operating revenues	$ 290	$ 333
Operating revenues from affiliates	1	1
Total operating revenues	291	334
Operating expenses		
Purchased power	157	191
Purchased power from affiliates	1	—
Operating and maintenance	211	68
Operating and maintenance from affiliates	1	1
Depreciation, amortization and accretion	40	43
Taxes other than income	2	2
Total operating expenses	412	305
Operating (loss) income	(121)	29
Other income and (deductions)		
Interest expense, net	(16)	(16)
Other, net	4	1
Total other income and (deductions)	(12)	(15)
(Loss) Income before income taxes	(133)	14
Income taxes	(33)	5
Net (loss) income attributable to common shareholder	$ (100)	$ 9
Comprehensive (loss) income	$ (100)	$ 9

See the Combined Notes to Consolidated Financial Statements

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ATLANTIC CITY ELECTRIC COMPANY AND SUBSIDIARY COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Three Months Ended March 31, 2016	2015
Cash flows from operating activities		
Net (loss) income	$ (100)	$ 9
Adjustments to reconcile net (loss) income to net cash from operating activities:		
Depreciation, amortization and accretion	40	43
Deferred income taxes and amortization of investment tax credits	(33)	5
Other non-cash operating activities	132	8
Changes in assets and liabilities:		
Accounts receivable	5	(44)
Receivables from and payables to affiliates, net	20	2
Inventories	(2)	(1)
Accounts payable and accrued expenses	19	21
Income taxes	168	—
Other assets and liabilities	(3)	20
Net cash flows provided by operating activities	246	63
Cash flows from investing activities		
Capital expenditures	(101)	(54)
Changes in restricted cash	1	—
Other investing activities	—	1
Net cash flows used in investing activities	(100)	(53)
Cash flows from financing activities		
Changes in short-term borrowings	(5)	16
Retirement of long-term debt	(11)	(10)
Dividends paid on common stock	(11)	(12)
Net cash flows used in financing activities	(27)	(6)
Increase in cash and cash equivalents	119	4
Cash and cash equivalents at beginning of period	3	2
Cash and cash equivalents at end of period	$ 122	$ 6

See the Combined Notes to Consolidated Financial Statements

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ATLANTIC CITY ELECTRIC COMPANY AND SUBSIDIARY COMPANY
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2016 (Unaudited)	December 31, 2015
ASSETS		
Current assets		
Cash and cash equivalents	$ 122	$ 3
Restricted cash and cash equivalents	11	12
Accounts receivable, net		
Customer	146	156
Other	74	242
Inventories, net	24	23
Regulatory assets	95	98
Other	13	12
Total current assets	485	546
Property, plant and equipment, net	2,384	2,322
Deferred debits and other assets		
Regulatory assets	419	414
Long-term note receivable	4	4
Prepaid pension asset	79	82
Other	22	19
Total deferred debits and other assets	524	519
Total assets [a]	$ 3,393	$ 3,387

See the Combined Notes to Consolidated Financial Statements

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ATLANTIC CITY ELECTRIC COMPANY AND SUBSIDIARY COMPANY
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2016 (Unaudited)	December 31, 2015
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Short-term borrowings	$ —	$ 5
Long-term debt due within one year	47	48
Accounts payable	101	96
Accrued expenses	77	70
Payables to affiliates	36	16
Customer deposits	35	30
Regulatory liabilities	22	18
Merger related obligation	110	—
Other	16	14
Total current liabilities	444	297
Long-term debt	1,144	1,153
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	854	885
Non-pension postretirement benefit obligations	35	33
Regulatory liabilities	5	7
Other	22	12
Total deferred credits and other liabilities	916	937
Total liabilities [(a)]	2,504	2,387
Commitments and contingencies		
Shareholder's equity		
Common stock	773	773
Retained earnings	116	227
Total shareholder's equity	889	1,000
Total liabilities and shareholder's equity	$ 3,393	$ 3,387

(a) ACE's consolidated total assets include $29 million and $30 million at March 31, 2016 and December 31, 2015, respectively, of ACE's consolidated VIE that can only be used to settle the liabilities of the VIE. ACE's consolidated total liabilities include $161 million and $172 million at March 31, 2016 and December 31, 2015, respectively, of ACE's consolidated VIE for which the VIE creditors do not have recourse to ACE. See Note 3 — Variable Interest Entities.

See the Combined Notes to Consolidated Financial Statements

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ATLANTIC CITY ELECTRIC COMPANY AND SUBSIDIARY COMPANY
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
(Unaudited)

(In millions)	Common Stock	Retained Earnings	Total Shareholder's Equity
Balance, December 31, 2015	$ 773	$ 227	$ 1,000
Net loss	—	(100)	(100)
Common stock dividends	—	(11)	(11)
Balance, March 31, 2016	$ 773	$ 116	$ 889

See the Combined Notes to Consolidated Financial Statements

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in millions, except per share data, unless otherwise noted)

Index to Combined Notes To Consolidated Financial Statements

The notes to the consolidated financial statements that follow are a combined presentation. The following list indicates the Registrants to which the footnotes apply:

Applicable Notes

Registrant	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Exelon Corporation	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.
Exelon Generation Company, LLC	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.		.	.	.
Commonwealth Edison Company	.	.	.	.	.			.	.	.	.		.	.				.	.	.
PECO Energy Company	.	.	.	.	.			.	.	.	.		.	.	.			.	.	.
Baltimore Gas and Electric Company	.	.	.	.	.			.	.	.	.		.	.				.	.	.
Pepco Holdings LLC	.	.	.	.	.			.	.	.	.		.	.	.	.		.	.	.
Potomac Electric Power Company	.	.	.	.	.			.	.	.	.		.	.				.	.	.
Delmarva Power & Light Company	.	.	.	.	.			.	.	.	.		.	.				.	.	.
Atlantic City Electric Company	.	.	.	.	.			.	.	.	.		.	.				.	.	.

1. Significant Accounting Policies (All Registrants)

Description of Business (All Registrants)

Exelon is a utility services holding company engaged through its principal subsidiaries in the energy generation and energy distribution and transmission businesses. Prior to March 23, 2016, Exelon's principal, wholly owned subsidiaries included Generation, ComEd, PECO and BGE. On March 23, 2016, in conjunction with the Amended and Restated Agreement and Plan of Merger (the PHI Merger Agreement), Purple Acquisition Corp, a wholly owned subsidiary of Exelon, merged with and into PHI, with PHI continuing as the surviving entity as a wholly owned subsidiary of Exelon. PHI is a utility services holding company engaged through its principal wholly owned subsidiaries, Pepco, DPL and ACE, in the energy distribution and transmission businesses. Refer to Note 4 — Mergers, Acquisitions and Dispositions for further information regarding the merger transaction.

The energy generation business includes:

- *Generation* : Generation, physical delivery and marketing of power across multiple geographical regions through its customer-facing business, Constellation, which sells electricity and natural gas to both wholesale and retail customers. Generation also sells renewable energy and other energy-related products and services, and engages in natural gas and oil exploration and production activities (Upstream). Generation has six reportable segments consisting of the Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Power Regions.

The energy delivery businesses include:

- *ComEd* : Purchase and regulated retail sale of electricity and the provision of electric distribution and transmission services in northern Illinois, including the City of Chicago.
- *PECO* : Purchase and regulated retail sale of electricity and the provision of electric distribution and transmission services in southeastern Pennsylvania, including the City of Philadelphia, and the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services in the Pennsylvania counties surrounding the City of Philadelphia.
- *BGE* : Purchase and regulated retail sale of electricity and the provision of electric distribution and transmission services in central Maryland, including the City of Baltimore, and the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services in central Maryland, including the City of Baltimore.

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- *Pepco* : Purchase and regulated retail sale of electricity and the provision of electric distribution and transmission services in the District of Columbia and major portions of Prince George's County and Montgomery County in Maryland.
- *DPL* : Purchase and regulated retail sale of electricity and the provision of electric distribution and transmission services in portions of Maryland and Delaware, and the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services in northern Delaware.
- *ACE* : Purchase and regulated retail sale of electricity and the provision of electric distribution and transmission services in southern New Jersey.

Basis of Presentation (All Registrants)

Pursuant to the acquisition of PHI, Exelon's financial reporting reflects PHI's consolidated financial results subsequent to the March 23, 2016, acquisition date. Exelon has accounted for the merger transaction applying the acquisition method of accounting, which requires the assets acquired and liabilities assumed by Exelon to be reported in Exelon's financial statements at fair value, with any excess of the purchase price over the fair value of net assets acquired reported as goodwill. Exelon has pushed-down the application of the acquisition method of accounting to the consolidated financial statements of PHI such that the assets and liabilities of PHI are similarly recorded at their respective fair values, and goodwill has been established as of the acquisition date. Accordingly, the consolidated financial statements of PHI for periods before and after the March 23, 2016, acquisition date reflect different bases of accounting, and the financial positions and the results of operations of the predecessor and successor periods are not comparable. The acquisition method of accounting has not been pushed down to PHI's wholly-owned subsidiary utility registrants, Pepco, DPL and ACE.

For financial statement purposes, beginning on March 24, 2016, disclosures that had solely related to PHI, Pepco, DPL or ACE activities now also apply to Exelon, unless otherwise noted. When appropriate, Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE are named specifically for their related activities and disclosures.

Certain prior year amounts in the Consolidated Statements of Operations and Comprehensive Income Consolidated Balance Sheets and Consolidated Statements of Cash Flows of PHI, Pepco, DPL and ACE have been reclassified to conform the presentation of these amounts to the current period presentation in Exelon's financial statements. Most significantly for PHI, Pepco, DPL and ACE, current regulatory assets and liabilities have been presented separately from the non-current portions in each respective Consolidated Balance Sheet where recovery or refund is expected within the next 12 months. Additionally, for PHI, Pepco, DPL and ACE, the removal cost within Accumulated depreciation was reclassified to the Regulatory liability or Regulatory asset account to align with Exelon's presentation. The reclassifications were not considered errors for PHI, Pepco, DPL or ACE.

In its December 31, 2015 Form 10-K, Exelon revised the presentation on the Statements of Operations and Comprehensive Income for PECO and BGE to reflect separately operating revenues from the sale of electricity and operating revenues from the sale of natural gas, as well as, to reflect separately purchased power expense and purchased fuel expense within the operating expenses section of the Statement of Operations and Comprehensive Income. Further, Exelon revised the presentation from Total operating revenues to "Rate-regulated utility revenues" and "Competitive businesses revenues" on the face of Exelon's Consolidated Statement of Operations and Comprehensive Income for all periods presented. Similarly, Exelon has separately presented Rate-regulated utility purchased power and fuel expense and Competitive businesses purchased power and fuel expense on the face of Exelon's Consolidated Statement of Operations and Comprehensive Income for all periods presented. The reclassifications described herein were made for presentation purposes and did not affect any of the Registrants' total operating revenues or net income.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

ACE Basic Generation Service Recovery Mechanism

ACE has a recovery mechanism for purchased power costs associated with BGS. ACE records a deferred energy supply costs regulatory asset or regulatory liability for under or over-recovered costs that are expected to be recovered from or refunded by ACE customers, respectively. In the first quarter of 2016, ACE changed its method of accounting for determining under or over-recovered costs in this recovery mechanism to now include unbilled revenues in the determination of under or over-recovered costs. ACE believes this change is preferable as it better reflects the economic impacts of dollar-for-dollar cost recovery mechanisms. ACE applied the change retrospectively. The impact of the change was a $12 million reduction to ACE's opening Retained earnings as of January 1, 2014 with a corresponding reduction to Regulatory assets. The impact of the change on Net income attributable to common shareholder is an increase of $1 million and $5 million for the three months ended March 31, 2016 and March 31, 2015, respectively.

Classification of Interest on Uncertain Tax Positions

In the first quarter of 2016 PHI, Pepco, DPL and ACE changed their accounting principle for classification of interest on uncertain tax positions. PHI, Pepco, DPL and ACE have reclassified interest on uncertain tax positions as interest expense from income tax expense in the Consolidated Statements of Operations and Comprehensive Income. GAAP does not address the preferability of one acceptable method of accounting over the other for the classification of interest on uncertain tax positions. However, PHI, Pepco, DPL, and ACE believe this change is preferable for comparability of their financial statements with the financial statements of the other Registrants in the combined filing, for consistency with FERC classification, and for a more appropriate representation of the effective tax rate as they manage the settlement of uncertain tax positions and interest expense separately. PHI, Pepco, DPL, and ACE applied the change retrospectively.

The reclassification in the Consolidated Statements of Operations and Comprehensive Income for the three months ended March 31, 2016 is less than $1 million for each of PHI Successor, PHI Predecessor and DPL, and $1 million for each of Pepco and ACE. The reclassification in the Consolidated Statements of Operations and Comprehensive Income for the three months ended March 31, 2015 is less than $1 million for PHI, Pepco, DPL and ACE, respectively. The reclassification amount is more significant for the year-ended December 31, 2015.

Each of the Registrant's Consolidated Financial Statements includes the accounts of its subsidiaries. All intercompany transactions have been eliminated.

The accompanying consolidated financial statements as of March 31, 2016 and 2015 and for the three months then ended are unaudited but, in the opinion of the management of each Registrant include all adjustments that are considered necessary for a fair statement of the Registrants' respective financial statements in accordance with GAAP. All adjustments are of a normal, recurring nature, except as otherwise disclosed. The December 31, 2015 Consolidated Balance Sheets were obtained from audited financial statements. Financial results for interim periods are not necessarily indicative of results that may be expected for any other interim period or for the fiscal year ending December 31, 2016. These Combined Notes to Consolidated Financial Statements have been prepared pursuant to the rules and regulations of the SEC for Quarterly Reports on Form 10-Q. Certain information and note disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. These notes should be read in conjunction with the Combined Notes to Consolidated Financial Statements of all Registrants included in ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA of their respective 2015 Form 10-K Reports.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

2. New Accounting Pronouncements (All Registrants)

Exelon has identified the following new accounting standards that have been recently adopted.

Revenue from Contracts with Customers

In May 2014, the FASB issued authoritative guidance that changes the criteria for recognizing revenue from a contract with a customer. The new standard replaces existing guidance on revenue recognition, including most industry specific guidance, with a five step model for recognizing and measuring revenue from contracts with customers. The objective of the new standard is to provide a single, comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, across industries and across capital markets. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The guidance also requires a number of disclosures regarding the nature, amount, timing and uncertainty of revenue and the related cash flows. The guidance can be applied retrospectively to each prior reporting period presented (full retrospective method) or retrospectively with a cumulative effect adjustment to retained earnings for initial application of the guidance at the date of initial adoption (modified retrospective method). The Registrants are currently assessing the impacts this guidance may have on their Consolidated Balance Sheets, Consolidated Statements of Operations and Comprehensive Income, Consolidated Statements of Cash Flows and disclosures as well as the transition method that they will use to adopt the guidance. Exelon is considering the impacts of the new guidance on its ability to recognize revenue for certain contracts where collectability is in question, its accounting for contributions in aid of construction, bundled sales contracts and contracts with pricing provisions that may require it to recognize revenue at prices other than the contract price (e.g., straight line or estimated future market prices). In addition, the Registrants will be required to capitalize costs to acquire new contracts, whereas Exelon currently expenses those costs as incurred. In August 2015, the FASB issued an amendment to provide a one year deferral of the effective date to annual reporting periods beginning on or after December 15, 2017, as well as an option to early adopt the standard for annual periods beginning on or after December 15, 2016. The Registrants do not plan to early adopt the standard. In March 2016, the FASB issued final amendments to clarify the implementation guidance for principal versus agent considerations, identifying performance obligations and the accounting for licenses of intellectual property. In May 2016, the FASB issued a final amendment regarding narrow scope improvements and practical expedients. The Registrants are currently assessing the impact of these updates.

Leases

In February 2016, the FASB issued authoritative guidance to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The guidance requires lessees to recognize both the right-of-use assets and lease liabilities in the balance sheet for most leases, whereas today only financing type lease liabilities (capital leases) are recognized in the balance sheet. This is expected to require significant changes to systems, processes and procedures in order to recognize and measure leases recorded on the balance sheet that are currently classified as operating leases. In addition, the definition of a lease has been revised in regards to when an arrangement conveys the right to control the use of the identified asset under the arrangement which may result in changes to the classification of an arrangement as a lease. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee have not significantly changed from current GAAP. The accounting applied by a lessor is largely unchanged from that applied under current GAAP. The standard is effective for fiscal years beginning after December 15, 2018 with early adoption permitted. Lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The Registrants are currently assessing the impacts this guidance may have on their Consolidated Balance Sheets, Consolidated Statements of Operations and Comprehensive Income, Consolidated Statements of Cash Flows and disclosures as well as the potential to early adopt the guidance.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share

In May 2015, the FASB issued authoritative guidance that removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. Investments measured at net asset value per share using the practical expedient will be presented as a reconciling item between the fair value hierarchy disclosure and the investment line item on the Balance Sheet. The guidance also simplified the disclosure requirements for investments valued using the practical expedient. The guidance is effective for the Registrants for fiscal years beginning after December 15, 2015. The Registrants adopted the standard in the first quarter of 2016, and applied the guidance retrospectively to all prior periods presented. The adoption of this guidance had no impact on the Registrants' Consolidated Balance Sheets, Consolidated Statements of Operations and Comprehensive Income and Consolidated Statements of Cash Flows. See Note 8 — Fair Value of Financial Assets and Liabilities for the disclosure impacts.

Customer's Accounting for Fees Paid in a Cloud Computing Arrangement

In April 2015, the FASB issued authoritative guidance that clarifies the circumstances under which a cloud computing customer would account for the arrangement as a license of internal-use software. A cloud computing arrangement would include a software license if (1) the customer has a contractual right to take possession of the software at any time during the hosting period without significant penalty and (2) it is feasible for the customer to either operate the software on its own hardware or contract with another party unrelated to the vendor to host the software. If the arrangement does not contain a software license, it would be accounted for as a service contract. The Registrants prospectively adopted the standard in the first quarter of 2016. The adoption of this guidance had no impact on the Registrants' Consolidated Balance Sheets, Consolidated Statements of Operations and Comprehensive Income, Consolidated Statements of Cash Flows and disclosures.

Amendments to the Consolidation Analysis

In February 2015, the FASB issued authoritative guidance that amends the consolidation analysis for variable interest entities (VIEs) as well as voting interest entities. The new guidance primarily (1) changes the VIE assessment of limited partnerships, (2) amends the effect that fees paid to a decision maker or service provider have on the VIE analysis, (3) amends how variable interests held by a reporting entity's related parties and de facto agents impact its consolidation conclusion, (4) clarifies how to determine whether equity holders (as a group) have power over an entity, and (5) provides a scope exception for registered and similar unregistered money market funds. The guidance became effective for the Registrants January 1, 2016. The Registrants adopted the standard in the first quarter of 2016. The Registrants have evaluated the standard and have not identified any changes to consolidation conclusions as a result of the new guidance. Based on the analysis completed, additional entities were considered VIEs. See Note 3 — Variable Interest Entities for the disclosure impacts.

The following recently issued accounting standards are not yet required to be reflected in the consolidated financial statements of the Registrants.

Improvements to Employee Share-Based Payment Accounting

In March 2016, the FASB issued authoritative guidance intended to simplify various aspects to how share-based payment awards to employees are accounted for and presented in the financial statements. The new guidance eliminates additional paid-in capital pools and requires excess tax benefits and tax deficiencies to be recorded in the Statement of Operations and Comprehensive Income. The standard is effective for fiscal years beginning after December 15, 2016 with early adoption permitted if all provisions are adopted within the same period. The guidance is required to be applied on either a prospective, modified retrospective, or retrospective

basis depending on the provisions applied. The Registrants do not expect that this guidance will have a significant impact on their Consolidated Balance Sheets, Consolidated Statements of Operations and Comprehensive Income, Consolidated Statements of Cash Flows and disclosures. The Registrants are currently assessing the potential to early adopt the guidance.

Simplifying the Transition to the Equity Method of Accounting

In March 2016, the FASB issued authoritative guidance eliminating the requirement to retroactively adopt the equity method of accounting as a result of an increase in the level ownership or degree of influence of an existing investment. The guidance now requires an investor to add the cost of acquiring the additional interest in the investee to the current basis of the investor's previously held interest and adopt the equity method of accounting as of the date the investment becomes qualified for the equity method of accounting. The standard is effective for fiscal years beginning after December 15, 2016 with early adoption permitted. The Registrants do not expect that this guidance will have a significant impact on their Consolidated Balance Sheets, Consolidated Statements of Operations and Comprehensive Income, Consolidated Statements of Cash Flows and disclosures. The Registrants are currently assessing the potential to early adopt the guidance.

Effect of Derivative Contract Novations on Existing Hedge Accounting Relationships

In March 2016, the FASB issued authoritative guidance which clarifies that a change in the counterparty of a derivative contract does not, in and of itself, require dedesignation of that hedge accounting relationship as long as all of the other hedge accounting criteria are met. The standard is effective for fiscal years beginning after December 15, 2016 with early adoption permitted. Entities have the option to adopt this standard on a prospective basis to new derivative contract novations or on a modified retrospective basis. The Registrants do not expect that this guidance will have a significant impact on their Consolidated Balance Sheets, Consolidated Statements of Operations and Comprehensive Income, Consolidated Statements of Cash Flows and disclosures. The Registrants are currently assessing the transition method and the potential to early adopt the guidance.

Contingent Put and Call Options in Debt Instruments

In March 2016, the FASB issued authoritative guidance which simplifies the embedded derivative analysis for debt instruments containing contingent call or put options by removing the requirement to assess whether a contingent event is related to interest rates or credit risks. The guidance clarifies that a contingent put or call option embedded in a debt instrument would be evaluated for possible separate accounting as a derivative instrument without regard to the nature of the exercise contingency. The standard is effective for fiscal years beginning after December 15, 2016 with early adoption permitted. The guidance is required to be applied on a modified retrospective basis to all existing and future debt instruments. The Registrants are currently assessing the impacts this guidance may have on their Consolidated Balance Sheets, Consolidated Statements of Operations and Comprehensive Income, Consolidated Statements of Cash Flows and disclosures as well as the potential to early adopt the guidance.

Recognition and Measurement of Financial Assets and Financial Liabilities

In January 2016, the FASB issued authoritative guidance which (i) requires all investments in equity securities, including other ownership interests such as partnerships, unincorporated joint ventures and limited liability companies, to be carried at fair value through net income, (ii) requires an incremental recognition and disclosure requirement related to the presentation of fair value changes of financial liabilities for which the fair value option has been elected, (iii) amends several disclosure requirements, including the methods and significant assumptions used to estimate fair value or a description of the changes in the methods and assumptions used to

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estimate fair value, and (iv) requires disclosure of the fair value of financial assets and liabilities measured at amortized cost at the amount that would be received to sell the asset or paid to transfer the liability. The standard is effective for fiscal years beginning after December 15, 2017 with early adoption permitted. The guidance is required to be applied retrospectively with a cumulative effect adjustment to retained earnings for initial application of the guidance at the date of adoption (modified retrospective method). The Registrants are currently assessing the impacts this guidance may have on their Consolidated Balance Sheets, Consolidated Statements of Operations and Comprehensive Income, Consolidated Statements of Cash Flows and disclosures as well as the potential to early adopt the guidance.

Simplifying the Measurement of Inventory

In July 2015, the FASB issued authoritative guidance that requires inventory to be measured at the lower of cost or net realizable value. The new guidance defines net realizable value as the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. This definition is consistent with existing authoritative guidance. Current guidance requires inventory to be measured at the lower of cost or market where market could be replacement cost, net realizable value or net realizable value less an approximately normal profit margin. The guidance is effective for periods beginning after December 15, 2016 with early adoption permitted. The guidance is required to be applied prospectively. The Registrants do not expect that this guidance will have a significant impact on their Consolidated Balance Sheets, Consolidated Statements of Operations and Comprehensive Income, Consolidated Statements of Cash Flows and disclosures. The Registrants are currently assessing the potential to early adopt the guidance.

3. Variable Interest Entities (All Registrants)

A VIE is a legal entity that possesses any of the following characteristics: an insufficient amount of equity at risk to finance its activities, equity owners who do not have the power to direct the significant activities of the entity (or have voting rights that are disproportionate to their ownership interest), or equity owners who do not have the obligation to absorb expected losses or the right to receive the expected residual returns of the entity. Companies are required to consolidate a VIE if they are its primary beneficiary, which is the enterprise that has the power to direct the activities that most significantly affect the entity's economic performance.

At March 31, 2016, Exelon, Generation, BGE, PHI and ACE collectively consolidated nine VIEs or VIE groups for which the applicable Registrant was the primary beneficiary. At December 31, 2015, Exelon, Generation and BGE collectively had seven consolidated VIEs or VIE groups and PHI and ACE collectively had one consolidated VIE (*see Consolidated Variable Interest Entities below)* . As of March 31, 2016 and December 31, 2015, Exelon and Generation collectively had significant interests in nine and eight other VIEs, respectively, for which the applicable Registrant does not have the power to direct the entities' activities and, accordingly, was not the primary beneficiary *(see Unconsolidated Variable Interest Entities below)* .

Consolidated Variable Interest Entities

In June 2015, 2015 ESA Investco, LLC, then a wholly owned subsidiary of Generation, entered into an arrangement to purchase a 90% equity interest and 99% of the tax attributes of another distributed energy company. In November 2015, Generation sold 69% of its equity interest in 2015 ESA Investco, LLC to a tax equity investor. Generation and the tax equity investor will contribute a total of $250 million of equity incrementally from inception through December 2016 in proportion to their ownership interests, which equates to approximately $172 million for the tax equity investor and $78 million for Generation (see Note 18 — Commitments and Contingencies for more details). The investment in the distributed energy company was

evaluated, and it was determined to be a VIE for which Generation is not the primary beneficiary (see additional details in the Unconsolidated Variable Interest Entities section below). As of December 31, 2015, Generation consolidated 2015 ESA Investco, LLC under the voting interest model. However, pursuant to the new consolidation guidance effective as of January 1, 2016 for the Registrants, 2015 ESA Investco, LLC meets the definition of a VIE because the company has a similar structure to a limited partnership and the limited partners do not have kick out rights with respect to the general partner. (For additional details related to the new consolidation guidance, see Note 2 — New Accounting Pronouncements.) Under VIE guidance, Generation is the primary beneficiary; therefore, the entity continues to be consolidated.

Exelon's, Generation's, BGE's, PHI's and ACE's consolidated VIEs consist of:

- A retail gas group formed by Generation to enter into a collateralized gas supply agreement with a third-party gas supplier,
- a group of solar project limited liability companies formed by Generation to build, own and operate solar power facilities,
- several wind project companies designed by Generation to develop, construct and operate wind generation facilities,
- a group of companies formed by Generation to build, own and operate other generating facilities,
- certain retail power and gas companies for which Generation is the sole supplier of energy,
- CENG,
- 2015 ESA Investco, LLC,
- BondCo, a special purpose bankruptcy remote limited liability company formed by BGE to acquire, hold, issue and service bonds secured by rate stabilization property, and
- ATF, a special purpose entity formed by ACE for the purpose of securitizing authorized portions of ACE's recoverable stranded costs through the issuance and sale of transition bonds.

As of March 31, 2016 and December 31, 2015, ComEd, PECO, Pepco and DPL do not have any material consolidated VIEs.

As of March 31, 2016 and December 31, 2015, Exelon, Generation, BGE, PHI and ACE provided the following support to their respective consolidated VIEs:

- Generation provides operating and capital funding to the solar and wind entities for ongoing construction, operations and maintenance of the solar and wind power facilities and there is limited recourse to Generation related to certain solar and wind entities.
- Generation and Exelon, where indicated, provide the following support to CENG (see Note 5 — Investment in Constellation Energy Nuclear Group, LLC and Note 26 — Related Party Transactions of the Exelon 2015 Form 10-K for additional information regarding Generation's and Exelon's transactions with CENG):
  - under the NOSA, Generation conducts all activities related to the operation of the CENG nuclear generation fleet owned by CENG subsidiaries (the CENG fleet) and provides corporate and administrative services for the remaining life and decommissioning of the CENG nuclear plants as if they were a part of the Generation nuclear fleet, subject to the CENG member rights of EDF,
  - under the Power Services Agency Agreement (PSAA), Generation provides scheduling, asset management, and billing services to the CENG fleet for the remaining operating life of the CENG nuclear plants,

- under power purchase agreements with CENG, Generation purchased or will purchase 50.01% of the available output generated by the CENG nuclear plants not subject to other contractual agreements from January 2015 through the end of the operating life of each respective plant. However, pursuant to amendments dated March 31, 2015, the energy obligations under the Ginna Nuclear Power Plant (Ginna) PPAs have been suspended during the term of the Reliability Support Services Agreement (RSSA) (see Note 5 — Regulatory Matters for additional details),
- Generation provided a $400 million loan to CENG. As of March 31, 2016, the remaining obligation is $304 million, including accrued interest, which reflects the principal payment made in January 2015,
- Generation executed an Indemnity Agreement pursuant to which Generation agreed to indemnify EDF against third-party claims that may arise from any future nuclear incident (as defined in the Price-Anderson Act) in connection with the CENG nuclear plants or their operations. Exelon guarantees Generation's obligations under this Indemnity Agreement. (See Note 18 — Commitments and Contingencies for more details),
- in connection with CENG's severance obligations, Generation has agreed to reimburse CENG for a total of approximately $6 million of the severance benefits paid or to be paid in 2014 through 2016. As of March 31, 2016, the remaining obligation is immaterial,
- Generation and EDF share in the $637 million of contingent payment obligations for the payment of contingent retrospective premium adjustments for the nuclear liability insurance,
- Generation provides a guarantee of approximately $7 million associated with hazardous waste management facilities and underground storage tanks. In addition, EDF executed a reimbursement agreement that provides reimbursement to Exelon for 49.99% of any amounts paid by Generation under this guarantee,
- Generation and EDF are the members-insured with Nuclear Electric Insurance Limited and have assigned the loss benefits under the insurance and the NEIL premium costs to CENG and guarantee the obligations of CENG under these insurance programs in proportion to their respective member interests (see Note 18 — Commitments and Contingencies for more details), and
- Exelon has executed an agreement to provide up to $245 million to support the operations of CENG as well as a $165 million guarantee of CENG's cash pooling agreement with its subsidiaries.

- Generation provides approximately $14 million in credit support for the retail power and gas companies for which Generation is the sole supplier of energy.
- Generation provides a $75 million parental guarantee to a third-party gas supplier and provides limited recourse to other third-party gas suppliers and customers in support of its retail gas group.
- Generation provides operating and capital funding to the other generating facilities for ongoing construction, operations and maintenance and provides a parental guarantee of up to $275 million in support of the payment obligations related to the Engineering, Procurement and Construction contract in support of one of its other generating facilities.
- In the case of BondCo, BGE is required to remit all payments it receives from all residential customers through non-bypassable, rate stabilization charges to BondCo. During the three months ended March 31, 2016 and 2015, BGE remitted $20 million and $21 million to BondCo, respectively.
- In the case of ATF, proceeds from the sale of each series of transition bonds by ATF were transferred to ACE in exchange for the transfer by ACE to ATF of the right to collect a non-bypassable Transition

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Bond Charge from ACE customers pursuant to bondable stranded costs rate orders issued by the NJBPU in an amount sufficient to fund the principal and interest payments on transition bonds and related taxes, expenses and fees. During the three months ended March 31, 2016 and 2015, ACE transferred $14 million and $13 million to ATF, respectively.

For each of the consolidated VIEs, except as otherwise noted:

- the assets of the VIEs are restricted and can only be used to settle obligations of the respective VIE;
- Exelon, Generation, BGE, PHI and ACE did not provide any additional material financial support to the VIEs;
- Exelon, Generation, BGE, PHI and ACE did not have any material contractual commitments or obligations to provide financial support to the VIEs; and
- the creditors of the VIEs did not have recourse to Exelon's, Generation's, BGE's, PHI's or ACE's general credit.

The carrying amounts and classification of the consolidated VIEs' assets and liabilities included in the Registrants' consolidated financial statements at March 31, 2016 and December 31, 2015 are as follows:

	March 31, 2016					December 31, 2015				
				Successor					*Predecessor*	
	Exelon [a][b]	Generation	BGE	PHI [b]	ACE	Exelon [a]	Generation	BGE	PHI	ACE
Current assets	$ 928	$ 860	$ 44	$ 22	$ 11	$ 909	$ 881	$ 23	$ 12	$ 12
Noncurrent assets	8,047	7,996	3	46	18	8,009	8,004	3	18	18
Total assets	$ 8,975	$ 8,856	$ 47	$ 68	$ 29	$ 8,918	$ 8,885	$ 26	$ 30	$ 30
Current liabilities	$ 544	$ 400	$ 83	58	$ 47	$ 473	$ 387	$ 81	$ 48	$ 48
Noncurrent liabilities	3,050	2,865	41	142	114	2,927	2,884	41	124	124
Total liabilities	$ 3,594	$ 3,265	$124	$ 200	$161	$ 3,400	$ 3,271	$122	$ 172	$172

(a) Includes certain purchase accounting adjustments not pushed down to the BGE standalone entity.
(b) Includes certain purchase accounting adjustments not pushed down to the ACE standalone entity.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Assets and Liabilities of Consolidated VIEs

Included within the balances above are assets and liabilities of certain consolidated VIEs for which the assets can only be used to settle obligations of those VIEs, and liabilities that creditors, or beneficiaries, do not have recourse to the general credit of the Registrants. As of March 31, 2016 and December 31, 2015, these assets and liabilities primarily consisted of the following:

	March 31, 2016					December 31, 2015				
				Successor					*Predecessor*	
	Exelon (a)(b)	Generation	BGE	PHI (b)	ACE	Exelon (a)	Generation	BGE	PHI	ACE
Cash and cash equivalents	$ 145	$ 145	$ —	$ —	$ —	$ 164	$ 164	$ —	$ —	$ —
Restricted cash	117	62	44	11	11	100	77	23	12	12
Accounts receivable, net										
Customer	231	231	—	—	—	219	219	—	—	—
Other	28	28	—	—	—	43	43	—	—	—
Mark-to-market derivatives assets	120	120	—	—	—	140	140	—	—	—
Inventory										
Materials and supplies	186	186	—	—	—	181	181	—	—	—
Other current assets	50	36	—	11	—	35	30	—	—	—
Total current assets	877	808	44	22	11	882	854	23	12	12
Property, plant and equipment, net	5,141	5,141	—	—	—	5,160	5,160	—	—	—
Nuclear decommissioning trust funds	2,069	2,069	—	—	—	2,036	2,036	—	—	—
Goodwill	47	47	—	—	—	47	47	—	—	—
Mark-to-market derivatives assets	41	41	—	—	—	53	53	—	—	—
Other noncurrent assets	135	84	3	46	18	90	85	3	18	18
Total noncurrent assets	7,433	7,382	3	46	18	7,386	7,381	3	18	18
Total assets	$ 8,310	$ 8,190	$ 47	$ 68	$ 29	$ 8,268	$ 8,235	$ 26	$ 30	$ 30
Long-term debt due within one year	$ 265	$ 128	$ 79	$ 56	$ 45	$ 111	$ 27	$ 79	$ 46	$ 46
Accounts payable	164	164	—	—	—	216	216	—	—	—
Accrued expenses	81	75	4	2	2	115	113	2	2	2
Mark-to-market derivative liabilities	7	7	—	—	—	5	5	—	—	—
Unamortized energy contract liabilities	12	12	—	—	—	12	12	—	—	—
Other current liabilities	13	13	—	—	—	13	13	—	—	—
Total current liabilities	542	399	83	58	47	472	386	81	48	48
Long-term debt	743	559	41	142	114	666	623	41	124	124
Asset retirement obligations	2,016	2,016	—	—	—	1,999	1,999	—	—	—
Pension obligation (c)	9	9	—	—	—	9	9	—	—	—
Unamortized energy contract liabilities	35	35	—	—	—	39	39	—	—	—
Other noncurrent liabilities	76	76	—	—	—	79	79	—	—	—
Total noncurrent liabilities	2,879	2,695	41	142	114	2,792	2,749	41	124	124
Total liabilities	$ 3,421	$ 3,094	$124	$ 200	$161	$ 3,264	$ 3,135	$122	$ 172	$172

(a) Includes certain purchase accounting adjustments not pushed down to the BGE standalone entity.

(b) Includes certain purchase accounting adjustments not pushed down to the ACE standalone entity.
(c) Includes the CNEG retail gas pension obligation, which is presented as a net asset balance within the Prepaid pension asset line item on Generation's balance sheet. See Note 13 — Retirement Benefits for additional details.

Unconsolidated Variable Interest Entities

Exelon's and Generation's variable interests in unconsolidated VIEs generally include equity investments and energy purchase and sale contracts. For the equity investments, the carrying amount of the investments is reflected on Exelon's and Generation's Consolidated Balance Sheets in Investments. For the energy purchase and sale contracts (commercial agreements), the carrying amount of assets and liabilities in Exelon's and Generation's Consolidated Balance Sheets that relate to their involvement with the VIEs are predominately related to working capital accounts and generally represent the amounts owed by, or owed to, Exelon and Generation for the deliveries associated with the current billing cycles under the commercial agreements. Further, Exelon and Generation have not provided material debt or equity support, liquidity arrangements or performance guarantees associated with these commercial agreements.

The Registrants' unconsolidated VIEs consist of:

- Energy purchase and sale agreements with VIEs for which Generation has concluded that consolidation is not required.
- Asset sale agreement with ZionSolutions, LLC and EnergySolutions, Inc. in which Generation has a variable interest but has concluded that consolidation is not required.
- Equity investments in energy development companies, distributed energy companies, and energy generating facilities for which Generation has concluded that consolidation is not required.

As of March 31, 2016 and December 31, 2015, Exelon and Generation had significant unconsolidated variable interests in nine and eight VIEs, respectively for which Exelon or Generation, as applicable, was not the primary beneficiary; including certain equity investments and certain commercial agreements. Exelon and Generation only include unconsolidated VIEs that are individually material in the tables below. However, Generation has several individually immaterial VIEs that in aggregate represent a total investment of $18 million. These immaterial VIEs are equity and debt securities in energy development companies. The maximum exposure to loss related to these securities is limited to the $18 million included in Investments on Exelon's and Generation's Consolidated Balance Sheets. The risk of a loss was assessed to be remote and, accordingly, Exelon and Generation have not recognized a liability associated with any portion of the maximum exposure to loss.

In July 2014, Generation entered into an arrangement to purchase a 90% equity interest and 90% of the tax attributes of a distributed energy company. Generation's total equity commitment in this arrangement was $91 million and was paid incrementally over an approximate two year period (see Note 18 — Commitments and Contingencies for additional details). This arrangement did not meet the definition of a VIE and was recorded as an equity method investment. However, pursuant to the new consolidation guidance effective as of January 1, 2016 for the Registrants, the distributed energy company meets the definition of a VIE because the company has a similar structure to a limited partnership and the limited partners do not have kick out rights of the general partner. (For additional details related to the new consolidation guidance, see Note 2 — New Accounting Pronouncements.) Generation is not the primary beneficiary; therefore, the investment continues to be recorded using the equity method.

In June 2015, 2015 ESA Investco, LLC, then a wholly owned subsidiary of Generation, entered into an arrangement to purchase a 90% equity interest and 99% of the tax attributes of a distributed energy company, which is an unconsolidated VIE. Separate from the equity investment, Generation provided $27 million in cash to the other (10%) equity holder in the distributed energy company in exchange for a convertible promissory note.

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(Dollars in millions, except per share data, unless otherwise noted)

In November 2015, Generation sold 69% of its equity interest in 2015 ESA Investco, LLC to a tax equity investor. Generation and the tax equity investor will contribute a total of $250 million of equity incrementally from inception through December 2016 in proportion of their ownership interests, which equates to approximately $172 million for the tax equity investor and $78 million for Generation (see Note 18 — Commitments and Contingencies for additional details). Generation and the tax equity investor provide a parental guarantee of up to $275 million in proportion to their ownership interests in support of 2015 ESA Investco, LLC's obligation to make equity contributions to the distributed energy company, which is an unconsolidated VIE. The investment in the distributed energy company was evaluated and it was determined to be a VIE for which Generation is not the primary beneficiary. See additional details in the Consolidated Variable Interest Entities section above.

The following tables present summary information about Exelon and Generation's significant unconsolidated VIE entities:

March 31, 2016	Commercial Agreement VIEs	Equity Investment VIEs	Total
Total assets [a]	$ 264	$ 357	$621
Total liabilities [a]	15	247	262
Exelon's ownership interest in VIE [a]	—	75	75
Other ownership interests in VIE [a]	249	35	284
Registrants' maximum exposure to loss:			
Carrying amount of equity method investments	—	94	94
Contract intangible asset	9	—	9
Debt and payment guarantees	—	3	3
Net assets pledged for Zion Station decommissioning [b]	17	—	17

December 31, 2015	Commercial Agreement VIEs	Equity Investment VIEs	Total
Total assets [a]	$ 263	$ 164	$427
Total liabilities [a]	22	125	147
Exelon's ownership interest in VIE [a]	—	11	11
Other ownership interests in VIE [a]	241	28	269
Registrants' maximum exposure to loss:			
Carrying amount of equity method investments	—	21	21
Contract intangible asset	9	—	9
Debt and payment guarantees	—	3	3
Net assets pledged for Zion Station decommissioning [b]	17	—	17

(a) These items represent amounts on the unconsolidated VIE balance sheets, not on Exelon's or Generation's Consolidated Balance Sheets. These items are included to provide information regarding the relative size of the unconsolidated VIEs.

(b) These items represent amounts on Exelon's and Generation's Consolidated Balance Sheets related to the asset sale agreement with ZionSolutions, LLC. The net assets pledged for Zion Station decommissioning includes gross pledged assets of $183 million and $206 million as of March 31, 2016 and December 31, 2015, respectively; offset by payables to ZionSolutions LLC of $166 million and $189 million as of March 31, 2016 and December 31, 2015, respectively. These items are included to provide information regarding the relative size of the ZionSolutions LLC unconsolidated VIE.

For each of the unconsolidated VIEs, Exelon and Generation has assessed the risk of a loss equal to their maximum exposure to be remote and, accordingly, Exelon and Generation have not recognized a liability associated with any portion of the maximum exposure to loss. In addition, there are no material agreements with, or commitments by, third parties that would affect the fair value or risk of their variable interests in these VIEs.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

4. Mergers, Acquisitions and Dispositions

Merger with Pepco Holdings, Inc. (Exelon)

Description of Transaction

On March 23, 2016, Exelon completed the merger contemplated by the Merger Agreement among Exelon, Purple Acquisition Corp., a wholly owned subsidiary of Exelon (Merger Sub) and Pepco Holdings, Inc. (PHI). As a result of that merger, Merger Sub was merged into PHI (the PHI Merger) with PHI surviving as a wholly owned subsidiary of Exelon and Exelon Energy Delivery Company, LLC (EEDC), a wholly owned subsidiary of Exelon which also owns Exelon's interests in ComEd, PECO and BGE (through a special purpose subsidiary in the case of BGE). Following the completion of the PHI Merger, Exelon and PHI completed a series of internal corporate organization restructuring transactions resulting in the transfer of PHI's unregulated business interests to Exelon and Generation and the transfer of PHI, Pepco, DPL and ACE to a special purpose subsidiary of EEDC.

Regulatory Matters

On August 27, 2015, the District of Columbia Public Service Commission (DCPSC) issued an Opinion and Order denying approval of the merger, concluding that the merger as presented was not in the public interest. Exelon and PHI filed an Application for Reconsideration with the DCPSC on September 28, 2015. On October 6, 2015, various parties, including Exelon and PHI, entered into a Nonunanimous Full Settlement Agreement and Stipulation (Settlement Agreement) with respect to the merger. Exelon and PHI subsequently filed a motion of joint applicants requesting the DCPSC to reopen the approval application to allow for consideration of the Settlement Agreement and granting additional requested relief.

On October 28, 2015, the DCPSC agreed to reopen the approval application to allow for consideration of the Settlement Agreement. On February 26, 2016, the DCPSC rejected the Settlement Agreement and also voted that the merger would be deemed approved without further DCPSC action if the Settlement Agreement was modified in specific ways (Revised Settlement Agreement), and if such modifications were acceptable to Exelon, PHI, the District of Columbia Government, the Office of People's Counsel, the District of Columbia Water and Sewer Authority, the National Consumer Law Center, National Housing Trust and National Housing Trust-Enterprise Preservation Corporation, and the Apartment and Office Building Association of Metropolitan Washington (collectively, Settling Parties). On March 7, 2016, Exelon and PHI made a filing with the DCPSC requesting approval of the merger through either (1) the adoption of the Settlement Agreement as originally executed by the Settling Parties, (2) the adoption of the Revised Settlement Agreement as a resolution on the merits, or (3) the adoption of a compromise position with modifications to the Revised Settlement Agreement. On March 23, 2016, the DCPSC approved the merger through the adoption of the Revised Settlement Agreement with a minor modification.

Approval of the merger across all jurisdictions was conditioned upon Exelon and PHI agreeing to certain commitments including where applicable: customer rate credits, funding for energy efficiency and delivery system modernization programs, a green sustainability fund, workforce development initiatives, charitable contributions, renewable generation and other required commitments. In addition, the orders approving the merger in Delaware, New Jersey, and Maryland include a "most favored nation" provision which, generally speaking, requires allocation of merger benefits proportionally across all the jurisdictions. Exelon estimates total commitments of approximately $444 million on a net present value basis (excluding charitable contributions and renewable generation commitments) will be provided. The actual cost of commitments may differ by a material amount depending on the result of final negotiations and application of the most favored nation provision. The following pre-tax costs were recognized, including the estimated impacts of applying the most favored nation

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

provision, after the closing of the merger and are included in Operating and maintenance expense in Exelon's, Pepco's, DPL's and ACE's Consolidated Statements of Operations and Comprehensive Income for the three months ended March 31, 2016 and PHI's successor Consolidated Statement of Operations and Comprehensive Income:

					Successor	
Description	**Expected Payment Period**	**Pepco**	**DPL**	**ACE**	**PHI**	**Exelon**
Customer bill credit	2016 — 2017	$ 65	$ 58	$ 62	$ 185	$ 185
Energy efficiency	2016 — 2021	—	—	—	—	64
Charitable contributions	2016 — 2026	28	12	10	50	50
Customer base rate credit	2016 — 2019	26	—	—	26	26
Delivery system modernization	Q2 2016	—	—	—	—	22
Green sustainability fund	Q2 2016	—	—	—	—	14
Workforce development	2016 — 2020	—	—	—	—	11
Most favored nation		19	32	48	99	129
Other		1	2	—	3	7
Total		$ 139	$ 104	$ 120	$ 363	$ 508

Pursuant to the orders approving the merger, Exelon expects to make $73 million, $46 million and $49 million equity contributions to Pepco, DPL and ACE, respectively, in the second quarter of 2016 to fund the after-tax amounts of the customer bill credit and the customer base rate credit commitments.

In addition, Exelon is committed to develop or to assist in the commercial development of approximately 32 MWs of new generation in Maryland and the District of Columbia, 27MWs of which are expected to be completed by 2018. These investments are expected to total approximately $130 million. These investments are expected to be primarily capital in nature, and will generate future earnings at Exelon and Generation. Investment costs will be recognized as incurred and recorded on Exelon's and Generation's financial statements. Exelon has also committed to purchase 100MW of wind energy to procure, under certain circumstances, wind RECs for the purpose of meeting Delaware's renewable portfolio standards, and to maintain and promote energy efficiency and demand response programs in the PHI jurisdictions.

Pursuant to the various jurisdictions' merger approval conditions, over specified periods Pepco, DPL and ACE are not permitted to reduce employment levels due to involuntary attrition associated with the merger integration process and have made other commitments regarding hiring and relocation of positions.

Exelon has been named in suits filed in the Delaware Chancery Court alleging that individual directors of PHI breached their fiduciary duties by entering into the merger transaction and Exelon aided and abetted the individual directors' breaches. The suits seek to enjoin PHI from completing the merger or seek rescission of the merger if completed. In addition, they also seek unspecified damages and costs. Exelon was also named in a federal court suit making similar claims. In September 2014, the parties reached a proposed settlement that would resolve all claims, which is subject to court approval, with a decision not anticipated until the second or third quarter of 2016. Exelon does not believe resolution of these suits will have a material impact on Exelon's results of operations or cash flows.

On July 21, 2015, the OPC filed a motion to stay the MDPSC order approving the merger and to set a schedule for discovery and presentation of new evidence. On July 29, 2015, Public Citizen, Inc. filed a response supporting OPC's motion to stay, and on July 31, 2015 the Sierra Club and the Chesapeake Climate Action Network (CCAN) filed a joint motion to stay. In July and August, Exelon, PHI, the MDPSC, Prince George's

County and Montgomery County filed responses opposing the motions to stay. The judge issued an order denying the motions for stay on August 12, 2015. On January 8, 2016, the Circuit Court judge affirmed the MDPSC's order approving the merger and denied the petitions for judicial review filed by the OPC, the Sierra Club, CCAN and Public Citizen, Inc. On January 19, 2016, the OPC filed a notice of appeal to the Maryland Court of Special Appeals, and on January 21, the Sierra Club and CCAN filed a notice of appeal. Exelon believes the matters are without merit. These appeals are not expected to be resolved any earlier than the first quarter of 2017.

On March 25, 2016, Grid 2.0 filed an application for reconsideration of the DCPSC's March 23, 2016 order approving the merger. On March 30, 2016, Exelon filed a reply to that application. The DCPSC has tolled the date to act upon the application until May 25, 2016 and, therefore, the DCPSC is expected to issue an order ruling on these motions by that date. On April 20, 2016, DC Public Power filed a motion to reconsider the DCPSC's March 23, 2016 order, motion to intervene and motion to consider alternative settlement provisions (namely, that the DCPSC consider requiring the post-merger divestiture of Pepco's DC-based assets to a not-for-profit independent grid operator). On April 27, 2016, Exelon filed a reply to these motions. The DCPSC is expected to issue an order ruling on these motions by May 20, 2016. On April 22, 2016, (1) the District of Columbia Office of People's Counsel, (2) the District of Columbia Government, and (3) DC Sun and Public Citizen each filed separate applications for reconsideration of the DCPSC's March 23, 2016 order. On April 29, 2016, Exelon filed a reply to these applications. The DCPSC is expected to issue an order ruling on these applications by May 23, 2016. These applications for reconsideration generally argue that the DCPSC violated its regulations, utilized improper processes, abused its discretion, acted arbitrarily and capriciously, committed legal error and denied due process in approving the merger under terms that revised the Settlement Agreement offered by the companies and various parties. Exelon believes the matters are without merit.

Accounting for the Merger Transaction

The total purchase price consideration of approximately $7.1 billion for the PHI Merger consisted of cash paid to PHI shareholders, cash paid for PHI preferred securities and cash paid for PHI stock-based compensation equity awards as follows:

(In millions of dollars, except per share data)	Total Consideration
Cash paid to PHI shareholders at $27.25 per share (254 million shares outstanding at March 23, 2016)	$ 6,933
Cash paid for PHI preferred stock [(a)]	180
Cash paid for PHI stock-based compensation equity awards [(b)]	29
Total purchase price	$ 7,142

(a) As of December 31, 2015, the preferred stock was included in Other non-current assets on Exelon's Consolidated Balance Sheet.
(b) PHI's unvested time-based restricted stock units and performance-based restricted stock units issued prior to April 29, 2014 were immediately vested and paid in cash upon the close of the merger. PHI's remaining unvested time-based restricted stock units as of the close of the merger were cancelled. There were no remaining unvested performance-based restricted stock units as of the close of the merger.

PHI shareholders received $27.25 of cash in exchange for each share of PHI common stock outstanding as of the effective date of the merger. In connection with the Merger Agreement, Exelon entered into a Subscription Agreement under which it purchased $180 million of a new class of nonvoting, nonconvertible and nontransferable preferred securities of PHI prior to December 31, 2015. On March 23, 2016, the preferred securities were cancelled for no consideration to Exelon, and accordingly, the $180 million cash consideration previously paid to acquire the preferred securities was treated as purchase price consideration.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Exelon applied push-down accounting to PHI, and accordingly, the PHI assets acquired and liabilities assumed were recorded on Exelon's and PHI's Consolidated Balance Sheets as of March 23, 2016, at their estimated fair values as follows:

Preliminary Purchase Price Allocation	
Current assets	$ 2,107
Property, plant and equipment	11,071
Regulatory assets	5,118
Other assets	656
Goodwill	4,016
Total assets	22,968
Current liabilities	3,425
Unamortized energy contracts	1,550
Regulatory liabilities	297
Long-term debt, including current maturities	6,076
Deferred income taxes	3,441
Pension and OPEB liability	846
Other liabilities	191
Total liabilities	15,826
Total purchase price	$ 7,142

On its successor financial statements, PHI has recorded beginning March 24, 2016, Membership interest equity of $7.2 billion, greater than the total $7.1 billion purchase price, reflecting the impacts of a $59 million deferred tax liability recorded only at Exelon Corporate to reflect unitary state income tax consequences of the merger.

The excess of the purchase price over the estimated fair value of the assets acquired and the liabilities assumed totaled $4.0 billion, which was recognized as goodwill by PHI and Exelon at the acquisition date, reflecting the value associated with enhancing Exelon's regulated utility portfolio of businesses, including the ability to leverage experience and best practices across the utilities and the opportunities for synergies. For purposes of future required impairment assessments, the goodwill has been preliminarily assigned to PHI's reportable units Pepco, DPL and ACE in the amounts of $1.7 billion, $1.2 billion and $1.1 billion, respectively. None of this goodwill is expected to be tax deductible.

Immediately following closing of the merger, $235 million of net assets included in the table above associated with PHI's unregulated business interests were distributed by PHI to Exelon. Of this amount, Exelon contributed $163 million of such net assets to Generation.

The fair values of PHI's assets and liabilities were determined based on significant estimates and assumptions that are judgmental in nature, including projected future cash flows (including timing), discount rates reflecting risk inherent in the future cash flows and impacts of utility rate regulation. There were also judgments made to determine the expected useful lives assigned to each class of assets acquired.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Exelon's and PHI's carrying amount of goodwill for the three months ended March 31, 2016 was as follows:

	PHI	Exelon [(a)]
Beginning balance	$ —	$ 2,672
Goodwill from business combination	4,016	4,016
Ending balance	$4,016	$ 6,688

(a) As of March 31, 2016, there were no changes to the carrying amount of goodwill for ComEd and Generation, see Note 11 — Intangible Assets of the Exelon 2015 Form 10-K for further information.

Through its wholly-owned rate regulated utility subsidiaries, most of PHI's assets and liabilities are subject to cost-of-service rate regulation. Under such regulation, rates charged to customers are established by a regulator to provide for recovery of costs and a fair return on invested capital, or rate base, generally measured at historical cost. In applying the acquisition method of accounting, for regulated assets and liabilities included in rate base or otherwise earning a return (primarily plant, property and equipment and regulatory assets earning a return), no fair value adjustments were recorded as historical cost is viewed as a reasonable proxy for fair value.

Fair value adjustments were applied to the historical cost bases of other assets and liabilities subject to rate regulation but not earning a return (including debt instruments and pension and OPEB obligations). In these instances, a corresponding offsetting regulatory asset or liability was also established, as the underlying utility asset and liability amounts are recoverable from or refundable to customers at historical cost (and not at fair value) through the rate setting process. Similar treatment was applied for fair value adjustments to record intangible assets and liabilities, such as for electricity and gas energy supply contracts as further described below. Regulatory assets and liabilities established to offset fair value adjustments are amortized in amounts and over time frames consistent with the realization or settlement of the fair value adjustments, with no impact on reported net income. See Note 5 — Regulatory Matters for additional information regarding the fair value of regulatory assets and liabilities established by Exelon and PHI.

Fair value adjustments were recorded at Exelon and PHI for the difference between the contract price and the market price of electricity and gas energy supply contracts of PHI's wholly-owned rate regulated utility subsidiaries. These adjustments are intangible assets and liabilities classified as unamortized energy contracts on Exelon's and PHI's Consolidated Balance Sheets as of March 31, 2016. The difference between the contract price and the market price at the acquisition date of the Merger was recognized for each contract as either an intangible asset or liability. In total, Exelon and PHI recorded a net $1.5 billion liability reflecting out-of-the-money contracts. The valuation of the acquired intangible assets and liabilities was estimated by applying either the market approach or the income approach depending on the nature of the underlying contract. The market approach was utilized when prices and other relevant information generated by market transactions involving comparable transactions were available. Otherwise the income approach, which is based upon discounted projected future cash flows associated with the underlying contracts, was utilized. In certain instances, the valuations were based upon certain unobservable inputs, which are considered Level 3 inputs, pursuant to applicable accounting guidance. Key estimates and inputs include forecasted power prices and the discount rate. The unamortized energy contract fair value adjustment amounts and the corresponding offsetting regulatory asset and liability amounts are amortized through Purchase power and fuel expense or Operating revenues, as applicable, over the life of the applicable contract in relation to the present value of the underlying cash flows as of the merger date. Amortizations were not significant for the period March 24, 2016 to March 31, 2016 at Exelon or PHI.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The valuations performed in the first quarter of 2016 to assess the fair value of certain assets acquired and liabilities assumed are considered preliminary as a result of the short time period between the closing of the merger and the end of the first quarter of 2016. Accounting guidance provides that the allocation of the purchase price may be modified up to one year from the date of the merger as more information is obtained about the fair value of assets acquired and liabilities assumed; however, Exelon expects to finalize these amounts by the end of 2016, if not sooner. The significant assets and liabilities for which preliminary valuation amounts are recognized at March 31, 2016 include the fair value of intangible assets and liabilities, uncertain tax positions, deferred income tax assets and liabilities, pension and OPEB plans, long-term debt, and unregulated property, plant and equipment. The preliminary amounts recognized are subject to revision until the valuations are completed and to the extent that additional information is obtained about the facts and circumstances that existed as of the acquisition date. Any changes to the fair value assessments may affect the purchase price allocation and could potentially impact goodwill.

As mentioned, under cost-of-service rate regulation, rates charged to customers are established by a regulator to provide for recovery of costs and a fair return on invested capital, or rate base, generally measured at historical cost. Historical cost information therefore is the most relevant presentation for the financial statements of PHI's rate regulated utility subsidiary registrants, Pepco, DPL and ACE. As such, Exelon and PHI did not push-down the application of acquisition accounting to PHI's utility registrants, and therefore the financial statements of Pepco, DPL and ACE do not reflect the revaluation of any assets and liabilities.

The current quarter impact of PHI, including its unregulated businesses, on Exelon's Consolidated Statement of Operations and Comprehensive Income includes Operating revenues of $107 million and Net loss of $(315) million during the three months ended March 31, 2016.

For the periods ended March 31, 2016 and 2015, Exelon and PHI have recognized expense to achieve the PHI acquisition as follows:

	Three Months Ended March 31,	
Acquisition, Integration and Financing Costs [a]	**2016**	**2015**
Exelon	$ 102	$ 108
Generation	16	7
ComEd [b]	(8)	3
PECO	2	1
BGE	2	1
Pepco	27	1
DPL	16	1
ACE	13	1

	Successor	*Predecessor*	
Acquisition, Integration and Financing Costs [a]	**March 24, 2016 to March 31, 2016**	**January 1, 2016 to March 23, 2016**	**Three Months Ended March 31, 2015**
PHI	$ 56	$ 29	$ 8

(a) The costs incurred are classified primarily within Operating and maintenance expense in the Registrants' respective Consolidated Statement of Operations and Comprehensive Income, with the exception of the financing costs, which are included within Interest expense. Costs do not include merger commitments discussed above.

(b) Excludes acquisition, integration and financing costs of $9 million incurred at ComEd that have been recorded as a regulatory asset.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Pro-forma Impact of the Merger

The following unaudited pro forma financial information reflects the consolidated results of operations of Exelon as if the merger with PHI had taken place on January 1, 2015. The unaudited pro forma information was calculated after applying Exelon's accounting policies and adjusting PHI's results to reflect purchase accounting adjustments.

The unaudited pro forma financial information has been presented for illustrative purposes only and is not necessarily indicative of results of operations that would have been achieved had the merger events taken place on the dates indicated, or the future consolidated results of operations of the combined company.

	Three Months Ended March 31,		Year Ended December 31,
	2016 [(a)]	2015 [(b)]	2015 [(c)]
Total operating revenues	$ 8,556	$ 10,062	$ 33,823
Net income attributable to common shareholders	577	800	2,618
Basic earnings per share	$ 0.63	$ 0.87	$ 2.85
Diluted earnings per share	0.62	0.87	2.84

(a) The amounts above exclude non-recurring costs directly related to the merger of $639 million and intercompany revenue of $170 million for the three months ended March 31, 2016.
(b) The amounts above exclude non-recurring costs directly related to the merger of $116 million and intercompany revenue of $122 million for the three months ended March 31, 2015.
(c) The amounts above exclude non-recurring costs directly related to the merger of $92 million and intercompany revenue of $559 million for the year ended December 31, 2015.

Asset Divestitures (Exelon, Generation, PHI, Pepco and ACE)

At March 31, 2016, Generation had net liabilities held for sale of $5 million which were reflected within Other current assets and Other current liabilities in the Consolidated Balance Sheet. The assets held for sale at December 31, 2015 were not material. On April 21, 2016, Generation completed the sale of the retired New Boston generating site, located in the Boston, Massachusetts, resulting in a pre-tax gain of approximately $32 million to be recorded in the second quarter. In addition, Pepco and ACE had net assets held for sale of $4 million and $1 million, respectively, which were reflected within Other current assets and Other current liabilities in their Consolidated Balance Sheets. The assets held for sale at December 31, 2015 were not material. On May 2, 2016, Pepco completed the sale of the New York Avenue land parcel, located in Washington, D.C., resulting in a pre-tax gain of approximately $8 million at Pepco to be recorded in the second quarter. Due to the fair value adjustments recorded at Exelon and PHI as part of purchase accounting, no gain will be recorded in the Exelon and PHI Consolidated Statements of Operations and Comprehensive Income.

5. Regulatory Matters (All Registrants)

Except for the matters noted below, the disclosures set forth in Note 3 — Regulatory Matters of the Exelon 2015 Form 10-K and Note 7 — Regulatory Matters of the PHI 2015 Form 10-K appropriately represent, in all material respects, the current status of regulatory and legislative proceedings of the Registrants. The following is an update to that discussion.

Illinois Regulatory Matters

Distribution Formula Rate (Exelon and ComEd). On April 13, 2016, ComEd filed its annual distribution formula rate with the ICC pursuant to EIMA. The filing establishes the revenue requirement used to set the rates that will take effect in January 2017 after the ICC's review and approval, which is due by December 2016. The

revenue requirement requested is based on 2015 actual costs plus projected 2016 capital additions as well as an annual reconciliation of the revenue requirement in effect in 2015 to the actual costs incurred that year. ComEd's 2016 filing request includes a total increase to the revenue requirement of $138 million, reflecting an increase of $139 million for the initial revenue requirement for 2017 and a decrease of $1 million related to the annual reconciliation for 2015. The revenue requirement for 2017 provides for a weighted average debt and equity return on distribution rate base of 6.71% inclusive of an allowed ROE of 8.64%, reflecting the average rate on 30-year treasury notes plus 580 basis points. The annual reconciliation for 2015 provided for a weighted average debt and equity return on distribution rate base of 6.69% inclusive of an allowed ROE of 8.59%, reflecting the average rate on 30-year treasury notes plus 580 basis points less a performance metrics penalty of 5 basis points. See table below for ComEd's regulatory assets associated with its distribution formula rate. For additional information on ComEd's distribution formula rate filings see Note 3 — Regulatory Matters of the Exelon 2015 Form 10-K.

Grand Prairie Gateway Transmission Line (Exelon and ComEd). On December 2, 2013, ComEd filed a request to obtain the ICC's approval to construct a 60-mile overhead 345kV transmission line that traverses Ogle, DeKalb, Kane and DuPage Counties in Northern Illinois. On October 22, 2014, the ICC issued an Order approving ComEd's request. The City of Elgin and certain other parties each filed an appeal of the ICC Order in the Illinois Appellate Court for the Second District. ComEd then reached a settlement of the appeal filed by all parties except Elgin. On March 31, 2016, the Illinois Appellate Court issued its opinion affirming the ICC's grant of a certificate to ComEd to construct and operate the line. On May 28, 2014, in a separate proceeding, FERC issued an order granting ComEd's request to include 100% of the capital costs recorded to construction work in progress during construction of the line in ComEd's transmission rate base. If the project is cancelled or abandoned for reasons beyond ComEd's control, FERC approved the ability for ComEd to recover 100% of its prudent costs incurred after May 21, 2014 and 50% of its costs incurred prior to May 21, 2014 in ComEd's transmission rate base. The costs incurred for the project prior to May 21, 2014 were immaterial. ComEd has acquired numerous easements across the project route through voluntary transactions. ComEd is seeking to acquire the remaining rights either through settlement or condemnation proceedings that are currently pending in the relevant circuit courts. ComEd began construction of the line during the second quarter of 2015 with an expected in-service date of the second quarter of 2017.

Pennsylvania Regulatory Matters

Pennsylvania Procurement Proceedings (Exelon and PECO). Through PECO's first two PAPUC approved DSP Programs, PECO procured electric supply for its default electric customers through PAPUC approved competitive procurements. DSP I and DSP II expired on May 31, 2013 and May 31, 2015, respectively.

The second DSP Program included a number of retail market enhancements recommended by the PAPUC in its previously issued Retail Markets Intermediate Work Plan Order. PECO was also directed to submit a plan to allow its low-income CAP customers to purchase their generation supply from EGSs beginning in April 2014. In May 2013, PECO filed its CAP Shopping Plan with the PAPUC. By an Order entered on January 24, 2014, the PAPUC approved PECO's plan, with modifications, to make CAP shopping available beginning April 15, 2014. On March 20, 2014, the Office of Consumer Advocate (OCA) and low-income advocacy groups filed an appeal and emergency request for a stay with the Pennsylvania Commonwealth Court, claiming that the PAPUC-ordered CAP Shopping plan does not contain sufficient protections for low-income customers. On July 14, 2015, the Court issued opinions on the OCA and low-income advocacy group appeal. Specifically, the Court remanded the issue to the PAPUC with instructions that it approve a rule revision to the PECO CAP Shopping Plan that would prohibit CAP customers from entering into contracts with an EGS that would impose early cancellation/termination fees. The PAPUC appealed the Court's decision. On April 5, 2016, the PAPUC's request for appeal was denied. PECO does not have information at this time as to what action it may be required to take following remand to the PAPUC.

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On December 4, 2014, the PAPUC approved PECO's third DSP Program. The program has a 24-month term from June 1, 2015 through May 31, 2017, and complies with electric generation procurement guidelines set forth in Act 129. Under the program, PECO is procuring electric supply through four competitive procurements for fixed price full requirements contracts of two years or less for the residential classes and small and medium commercial classes and spot market price full requirement contracts for the large commercial and industrial class load. Beginning in June 2016, the medium commercial class (101-500 kW) will move to spot market pricing. As of March 31, 2016, PECO entered into contracts with PAPUC-approved bidders, including Generation, resulting from the first three of its four scheduled procurements. Charges incurred for electric supply procured through contracts with Generation are included in purchased power from affiliates on PECO's Consolidated Statement of Operations and Comprehensive Income.

On March 17, 2016, PECO filed its fourth DSP Program with the PAPUC. The program has a 24-month term from June 1, 2017 through May 31, 2019, and complies with electric generation procurement guidelines set forth in Act 129. A PAPUC ruling is expected in late 2016.

For further information on the Pennsylvania procurement proceedings, see Note 3 — Regulatory Matters of the Exelon 2015 Form 10-K.

Energy Efficiency Programs (Exelon and PECO). On June 19, 2015, the PAPUC issued its Phase III EE&C implementation order that provides energy consumption reduction requirements for the third phase of Act 129's EE&C program with a five-year term from June 1, 2016 through May 31, 2021. The order tentatively established PECO's five-year cumulative consumption reduction target at 2,080,553 MWh.

Pursuant to the Phase III implementation order, PECO filed its five-year EE&C Phase III Plan with the PAPUC on November 30, 2015. The Plan sets forth how PECO will reduce electric consumption by at least 1,962,659 MWh, with a goal of 2,100,875 MWh in its service territory for the period June 1, 2016 through May 31, 2021. The PAPUC approved PECO's EE&C Phase III Plan on March 17, 2016, subject to clarification of a few minor issues. PECO refiled its Phase III Plan, with all requested clarifications, on March 31, 2016.

For further information on energy efficiency programs, see Note 3 — Regulatory Matters of the Exelon 2015 Form 10-K.

Maryland Regulatory Matters

2016 Maryland Electric Distribution Rate Case (Exelon, PHI and Pepco). On April 19, 2016, Pepco filed an application with the MDPSC requesting an increase of $127 million to its annual service revenues for electric delivery, based on a requested ROE of 10.6%. Any adjustments to rates approved by the MDPSC are expected to take effect in November 2016. In addition to the proposed $127 million rate increase, Pepco is proposing to continue its Grid Resiliency Charge initially approved in July 2013 in connection with Pepco's electric distribution rate case filed in November 2012. In connection with the Grid Resiliency Charge, Pepco proposes to accelerate improvement to priority feeders and install single-phase reclosing fuse technology by investing $16 million a year for two years for a total of $32 million. Pepco cannot predict how much of the requested increase the MDPSC will approve or if it will approve Pepco's Grid Resiliency Charge proposal.

2013 Maryland Electric and Gas Distribution Rate Case (Exelon and BGE). On May 17, 2013, and as amended on August 23, 2013, BGE filed for electric and gas base increases with the MDPSC. In addition to these requested rate increases, BGE's application also included a request for recovery of incremental capital expenditures and operating costs associated with BGE's proposed short-term reliability improvement plan (the ERI initiative) in response to a MDPSC order through a surcharge separate from base rates.

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On December 13, 2013, the MDPSC issued an order authorizing BGE to recover through a surcharge mechanism costs associated with five ERI initiative programs designed to accelerate electric reliability improvements premised upon the condition that the MDPSC approve specific projects in advance of cost recovery. As of March 31, 2016, BGE has received approval of its updated surcharge filings three times for rates to be effective in 2014, 2015 and 2016.

In January 2014, the residential consumer advocate in Maryland filed an appeal to the order issued by the MDPSC on December 13, 2013 in BGE's 2013 electric and gas distribution rate cases. The residential consumer advocate filed its related legal memorandum on August 22, 2014, challenging the MDPSC's approval of the ERI initiative surcharge. BGE submitted a response to the appeal on October 15, 2014, and a hearing was held on November 17, 2014. On October 26, 2015, the Circuit Court for Baltimore City issued an order affirming the MDPSC decision. However, on November 23, 2015, the residential consumer advocate filed an appeal of the Circuit Court's decision with the Maryland Court of Special Appeals. On March 7, 2016, the consumer advocate withdrew its appeal and no further action is expected.

Smart Meter and Smart Grid Investments (Exelon and BGE). In August 2010, the MDPSC approved a comprehensive smart grid initiative for BGE that included the planned installation of 2 million residential and commercial electric and gas smart meters at an expected total cost of $480 million of which $200 million was funded by SGIG. The MDPSC's approval ordered BGE to defer the associated incremental costs, depreciation and amortization, and an appropriate return, in a regulatory asset until such time as a cost-effective advanced metering system is implemented. As of March 31, 2016 and December 31, 2015, BGE recorded a regulatory asset of $212 million and $196 million, respectively, representing incremental costs, depreciation and amortization, and a debt return on fixed assets related to its AMI program. As part of the settlement in BGE's 2014 electric and gas distribution rate case, the cost of the retired non-AMI meters will be amortized over 10 years.

As part of the 2015 electric and gas distribution rate case filed on November 6, 2015, BGE is seeking recovery of its smart grid initiative costs. Of BGE's requested $197 million, $141 million relates to the smart grid initiative. In support of its recovery of smart grid initiative costs, BGE provided evidence demonstrating that the benefits exceed the costs on a present value basis by a ratio of 2.3 to 1.0, on a nominal basis. For further information, see Note 3 — Regulatory Matters of the Exelon 2015 Form 10-K.

MDPSC New Generation Contract Requirement (Exelon, Generation, BGE, PHI, Pepco and DPL). On April 12, 2012, the MDPSC issued an order that requires BGE, Pepco and DPL (collectively, the Contract EDCs) to negotiate and enter into a contract with the winning bidder of a competitive bidding process to build one new power plant in the range of 650 to 700 MW beginning in 2015, in amounts proportional to their relative SOS loads. Under the terms of the order, the winning bidder will construct a 661 MW natural gas-fired combined cycle generation plant in Waldorf, Maryland, with an expected commercial operation date of June 1, 2015, and each of the Contract EDCs will recover its costs associated with the contract through surcharges on its respective SOS customers.

In response to a complaint filed by a group of generating companies in the PJM region, on September 30, 2013, the U.S. District Court for the District of Maryland issued a ruling that the MDPSC's April 2012 order violated the Supremacy Clause of the U.S. Constitution by attempting to regulate wholesale prices. In contrast, on October 1, 2013, in response to appeals filed by the Contract EDCs and other parties, the Maryland Circuit Court for Baltimore City upheld the MDPSC's orders requiring the Contract EDCs to enter into the contracts.

On October 24, 2013, the Federal district court issued an order ruling that the contracts are illegal and unenforceable. In November 2013 both the winning bidder and the MDPSC appealed the Federal district court decision to the U.S. Court of Appeals for the Fourth Circuit, which affirmed the lower Federal court ruling. On November 26, 2014, both the winning bidder and the MDPSC petitioned the U.S. Supreme Court to consider

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hearing an appeal of the Fourth Circuit decision. On October 19, 2015, the U.S. Supreme Court agreed to review the decision. On April 19, 2016, the U.S. Supreme Court unanimously affirmed the Fourth Circuit's ruling upholding the Federal district court's decision.

The decision of the Maryland Circuit Court was appealed to the Maryland Court of Special Appeals and was stayed pending decision by the U.S. Supreme Court. The U.S. Supreme Court decision will likely moot the state court action pending in the Court of Special Appeals of Maryland.

Delaware Regulatory Matters

Gas Cost Rates. (Exelon, PHI and DPL) DPL makes an annual GCR filing with the DPSC for the purpose of allowing DPL to recover natural gas procurement costs through customer rates. In August 2015, DPL made its 2015 GCR filing. The rates proposed in the 2015 GCR filing would result in a GCR decrease of approximately 26%, primarily reflecting lower natural gas prices. On September 22, 2015, the DPSC issued an order allowing DPL to place the new rates into effect on November 1, 2015, subject to refund and pending final DPSC approval. On March 22, 2016, the DPSC approved the Gas Cost Rate as filed.

2013 Electric Distribution Base Rates (Exelon, PHI and DPL). In March 2013, and as amended on September 20, 2013, DPL filed for an electric distribution base rate increase with the DPSC, ultimately requesting an annual increase of $42 million.

In August 2014, the DPSC issued a final order in DPL's 2013 electric distribution rate case for an annual increase of $15 million and an ROE of 9.70%. Rates became effective on May 1, 2014.

In September 2014, DPL filed an appeal with the Delaware Superior Court of the DPSC's August 2014 order in this proceeding, seeking the court's review of the DPSC's decision relating to the recovery of costs associated with one component of employee compensation, certain retirement benefits and credit facility expenses. The Division of the Public Advocate filed a cross-appeal in September 2014, pertaining to the treatment of a prepaid pension expense and other postretirement benefit obligations in base rates. Under the Settlement Agreement related to the Merger, the parties agreed to suspend the appeal and, upon consummation of the Merger, to the withdrawal of the appeal and the cross-appeal with prejudice. In accordance with the settlement, on April 13, 2016, the parties filed a Stipulation of Dismissal with the court to dismiss the appeal and the cross-appeal. The court has not yet acted on this filing.

District of Columbia Regulatory Matters

District of Columbia Power Line Undergrounding Initiative (Exelon, PHI and Pepco). On May 3, 2014, the Council of the District of Columbia enacted the Electric Company Infrastructure Improvement Financing Act of 2014 (the Improvement Financing Act), which provides enabling legislation for the DC PLUG initiative. This $1 billion initiative seeks to selectively place underground some of the District of Columbia's most outage-prone power lines, which lines and surrounding conduit would be owned and maintained by Pepco.

The Improvement Financing Act provides that: (i) Pepco is to fund approximately $500 million of the estimated cost to complete the DC PLUG initiative, recovering those costs through a surcharge on the electric bills of Pepco District of Columbia customers; (ii) $375 million of the DC PLUG initiative cost is to be financed by the District of Columbia's issuance of securitized bonds, which bonds will be repaid through a surcharge on the electric bills of Pepco District of Columbia customers that Pepco will remit to the District of Columbia; and (iii) the remaining costs up to $125 million are to be covered by the existing capital projects program of the District of Columbia Department of Transportation (DDOT). Pepco will not earn a return on or a return of the

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cost of the assets funded with the proceeds of the securitized bonds or assets that are constructed by DDOT under its capital projects program, but ownership and responsibility for the operation and maintenance of such assets will be transferred to Pepco for a nominal amount.

On June 17, 2014, Pepco and DDOT filed a Triennial Plan related to the construction of selected underground feeders in the District of Columbia and recovery of Pepco's investment through a volumetric surcharge (the Triennial Plan), all in accordance with the Improvement Financing Act. On August 1, 2014, Pepco filed an application for the issuance of a financing order to provide for the issuance of the District's bonds and a volumetric surcharge for the District to recover the costs associated with the bond issuance (the DDOT surcharge).

On November 12, 2014, the DCPSC issued an order approving the Triennial Plan and Pepco's volumetric surcharge, and issued the financing order, including approval of the DDOT surcharge. Together these orders permit (i) Pepco and DDOT to commence proposed construction under the Triennial Plan; (ii) the District of Columbia to issue the necessary bonds to fund the District of Columbia's portion of the DC PLUG initiative; and (iii) the establishment of the customer surcharges contemplated by the Improvement Financing Act.

In March 2015, a party to the DCPSC proceedings filed with the District of Columbia Court of Appeals a petition for review of the order approving the Triennial Plan and the issuance of the financing order. On January 14, 2016, the District of Columbia Court of Appeals affirmed the orders of the DCPSC. On January 27, 2016, the original petitioning party sought rehearing of the District of Columbia Court of Appeals decision. On March 17, 2016, the District of Columbia Court of Appeals denied the original petitioning party's motion for rehearing.

Separately, in June 2015, an agency of the federal government served by Pepco asserted that the DDOT surcharge constitutes a tax on end users from which the federal government is immune. PHI is currently evaluating the assertion and the resolution of this matter will likely delay implementation of the DC PLUG initiative.

New Jersey Regulatory Matters

2016 Electric Distribution Base Rates (Exelon, PHI and ACE). On March 22, 2016, ACE filed an application with the NJBPU requesting an increase of $84 million to its annual service revenues for electric delivery, based on a requested ROE of 10.6%. In addition to the request for base rate relief, ACE has also included a request that the NJBPU approve ACE's five-year grid resiliency initiative known as "PowerAhead." As proposed, PowerAhead includes $176 million of capital investments to advance modernization of the electric grid through energy efficiency, increased distributed generation, and resiliency, focused on improving the distribution system's ability to withstand major storm events. A decision is expected in the first half of 2017. ACE cannot predict how much of the requested increase the NJBPU will approve or if it will approve ACE's PowerAhead initiative.

Update and Reconciliation of Certain Under-Recovered Balances (Exelon, PHI and ACE). *O* n February 1, 2016, ACE submitted its 2016 annual petition with the NJBPU seeking to reconcile and update (i) charges related to the recovery of above-market costs associated with ACE's long-term power purchase contracts with the NUGs and (ii) costs related to surcharges for the New Jersey Societal Benefit Program (a statewide public interest program that is intended to benefit low income customers and address other public policy goals) and ACE's uncollected accounts.

The net impact of adjusting the charges as proposed is an overall annual rate increase of $9 million (revised to $19 million in April 2016, based upon an update for actuals through March 2016), including New Jersey sales and use tax. The matter is pending at the NJBPU. ACE has requested that the NJBPU place the new rates into effect by June 1, 2016.

Standard Offer Capacity Agreements (Exelon, PHI and ACE). On April 28, 2011, ACE entered into three SOCAs by order of the NJBPU, each with a different generation company. ACE and the other New Jersey EDCs entered into the SOCAs under protest, arguing that the EDCs were denied due process and that the SOCAs violated certain of the requirements of the New Jersey law under which the SOCAs were established (the NJ SOCA Law). On October 22, 2013, in light of the decision of the U.S. District Court for the District of New Jersey described below, the state appeals of the NJBPU implementation orders filed by the EDCs and generators were dismissed without prejudice, subject to the parties exercising their appellate rights in the Federal courts.

In February 2011, ACE joined other plaintiffs in an action filed in the U.S. District Court for the District of New Jersey challenging the NJ SOCA Law on the grounds that it violates the Commerce Clause and the Supremacy Clause of the U.S. Constitution. In October 2013, the Federal district court issued a ruling that the NJ SOCA Law is preempted by the Federal Power Act (FPA) and violates the Supremacy Clause, and is therefore null and void. On October 11, 2013, the Federal district court issued an order ruling that the SOCAs are void, invalid and unenforceable, which order was affirmed by the U.S. Court of Appeals for the Third Circuit on September 11, 2014.

On November 26, 2014 and December 10, 2014, respectively, one of the generation companies and the NJBPU petitioned the U.S. Supreme Court to consider hearing an appeal of the Third Circuit decision. On April 19, 2016, the U.S. Supreme Court unanimously affirmed the Fourth Circuit decision, discussed above under “MDPSC New Generation Contract Requirement,” holding that the MDPSC’s required contracts are illegal and unenforceable. On April 25, 2016, the U.S. Supreme Court ruled not to review the Third Circuit decision. This denial leaves the Third Circuit decision in place, with the same outcome as the Fourth Circuit decision.

ACE terminated one of the three SOCAs effective July 1, 2013 due to the occurrence of an event of default on the part of the generation company counterparty. ACE terminated the remaining two SOCAs effective November 19, 2013, in response to the October 2013 Federal district court decision.

New York Regulatory Matters

Ginna Nuclear Power Plant Reliability Support Services Agreement (Exelon and Generation). In November 2014, in response to a petition filed by Ginna Nuclear Power Plant (Ginna) regarding the possible retirement of Ginna, the New York Public Service Commission (NYPSC) directed Ginna and Rochester Gas & Electric Company (RG&E) to negotiate a Reliability Support Services Agreement (RSSA) to support the continued operation of Ginna to maintain the reliability of the RG&E transmission grid for a specified period of time. During 2015 and 2016, Ginna and RG&E made filings with the NYPSC and FERC for their approval of the proposed RSSA. Although the RSSA was still subject to regulatory approvals, on April 1, 2015, Ginna began delivering the power and capacity from the Ginna plant into the ISO-NY consistent with the technical provisions of the RSSA.

On March 22, 2016, Ginna submitted a compliance filing with FERC with revisions to the RSSA requested by FERC. On April 8, 2016, FERC accepted the compliance filing and on April 20, 2016, the NYPSC accepted the revised RSSA. Because all regulatory approvals for the RSSA have now been received, Generation will begin recognizing revenue based on the final approved pricing contained in the RSSA. Generation will also recognize a one-time revenue adjustment in April 2016 of approximately $101 million representing the net cumulative previously unrecognized amount of revenue retroactive from the April 1, 2015 effective date through March 31, 2016. A 49.99% portion of the one-time adjustment will be removed from Generation’s results as a result of the non-controlling interest in CENG.

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The RSSA approved by the regulatory authorities has a term expiring on March 31, 2017, subject to possible extension in the event that RG&E needs additional time to complete transmission upgrades to address reliability concerns. In March 2016, RG&E notified Ginna that RG&E expects to complete the transmission upgrades prior to the RSSA expiration in March 2017 and will not need Ginna as an ongoing reliability solution after that date.

If Ginna does not plan to retire shortly after the expiration of the RSSA, Ginna is required to file a notice to that effect with the NYPSC no later than September 30, 2016. Under the terms of the RSSA, if Ginna continues to operate after June 14, 2017, Ginna would be required to make certain refund payments up to a maximum of $20 million to RG&E related to capital expenditures.

The approved RSSA requires Ginna to continue operating through the RSSA term. There remains an increased risk that, for economic reasons, Ginna could be retired before the end of its operating license period in 2029 if an adequate regulatory or legislative solution is not adopted in New York. In the event the plant were to be retired before the current license term ends in 2029, Exelon's and Generation's results of operations could be adversely affected by the accelerated future decommissioning costs, severance costs, increased depreciation rates, and impairment charges, among other items. See Note 7-Implications of Potential Early Plant Retirements for further information regarding the impacts of a decision to early retire one or more nuclear plants.

Federal Regulatory Matters

Transmission Formula Rate (Exelon, ComEd, BGE, PHI, Pepco, DPL and ACE). The following tables provide information about the net regulatory asset or liabilities associated with the transmission formula rate of the indicated registrants as of March 31, 2016 and December 31, 2015. The regulatory asset associated with the transmission true-up is amortized to Operating revenues as the associated amounts are recovered through rates.

				Successor			
As of March 31, 2016	**Exelon**	**ComEd**	**BGE**	**PHI**	**Pepco**	**DPL**	**ACE**
Regulatory Assets [(a)]	$ 60	$ 31	$ 17	$ 12	$ 4	$ 7	$ 1

				Predecessor			
As of December 31, 2015	**Exelon**	**ComEd**	**BGE**	**PHI**	**Pepco**	**DPL**	**ACE**
Regulatory Assets [(a)(b)]	$ 43	$ 31	$ 12	$ 14	$ 5	$ 7	$ 2

(a) The regulatory assets represent a component of the costs included within the energy and transmission regulatory programs. Refer to Regulatory Assets and Liabilities table for additional information.
(b) The Exelon consolidated amounts do not include the regulatory assets of PHI, Pepco, DPL, and ACE at December 31, 2015.

On April 13, 2016, ComEd filed its annual transmission formula rate update based upon the FERC approved formula with the FERC. The filing establishes the revenue requirement used to set rates that will take effect in June 2016, subject to review by the FERC and other parties, which is due by fourth quarter 2016. ComEd's 2016 annual update includes a total increase to the revenue requirement of $94 million, reflecting an increase of $90 million for the initial revenue requirement and an increase of $4 million related to the annual reconciliation. The revenue requirement provides for a weighted average debt and equity return on transmission rate base of 8.47%, inclusive of an allowed ROE of 11.50%, a decrease from the 8.61% average debt and equity return previously authorized.

On April 27, 2016, BGE filed its annual transmission formula rate update based upon the FERC approved formula with the FERC. The filing establishes the revenue requirement used to set rates that will take effect in June 2016, subject to review by the FERC and other parties, which is due by third quarter 2016. BGE's 2016

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annual update includes a total increase to the revenue requirement of $15 million, reflecting an increase of $12 million for the initial revenue requirement and a decrease of $3 million related to the annual reconciliation. This increase excludes the $13 million increase in revenue requirement associated with dedicated facilities charges. The revenue requirement provides for a weighted average debt and equity return on transmission rate base of 8.09%, inclusive of an allowed ROE of 10.50% a decrease from the 8.46% average debt and equity return previously authorized.

For additional information regarding ComEd and BGE's transmission formula rate filings see Note 3 — Regulatory Matters of the Exelon 2015 Form 10-K for additional information.

FERC Transmission Complaint (Exelon, BGE, PHI, Pepco, DPL and ACE). In February 2013, consumer advocates and regulators from the District of Columbia, New Jersey, Delaware and Maryland, and the Delaware Electric Municipal Cooperatives (the parties), filed a complaint at FERC against BGE, Pepco, DPL and ACE relating to their respective transmission formula rates. BGE's formula rate included a 10.8% base ROE and a 50 basis point incentive for participating in PJM (and certain additional incentive base points on certain projects). Pepco's, DPL's and ACE's formula rates included, for facilities placed into service after January 1, 2006, a base ROE of 11.3%, and for facilities placed into service prior to January 1, 2006, a base ROE of 10.8% and a 50 basis point incentive for participating in PJM. The parties sought a reduction in the base return on equity to 8.7% and changes to the formula rate process. Under FERC rules, any revenues subject to refund are limited to a fifteen month period and the earliest date from which the base ROE could be adjusted and refunds required is the date of the complaint.

On August 21, 2014, FERC issued an order in the proceeding, which established hearing and settlement judge procedures for the complaint, and set a refund effective date of February 27, 2013.

On February 23, 2016, FERC approved the settlement filed by the parties on November 6, 2015, covering the ROE issues raised in the complaints. The settlement provides for a 10% base ROE, effective March 8, 2016, which will be augmented by the PJM incentive adder of 50 basis points, and refunds to customers of BGE, Pepco, DPL and ACE of $13.7 million, $14.2 million, $11.9 million and $9.5 million, respectively. The settlement also prohibits any settling party from filing to change the base ROE or any incentives prior to June 1, 2018. The date for filing a request for rehearing has expired without any such requests having been filed. Accordingly, the order is not eligible for appeal and the matter is considered closed.

Operating License Renewals (Exelon and Generation). On August 29, 2012, Generation submitted a hydroelectric license application to FERC for a 46-year license for the Conowingo Hydroelectric Project (Conowingo). Generation is working with stakeholders to resolve water quality licensing issues with the MDE for Conowingo, including: (1) water quality, (2) fish habitat, and (3) sediment. On January 30, 2014, Generation filed a water quality certification application pursuant to Section 401 of the CWA with MDE for Conowingo, addressing these and other issues. MDE indicated that it believed it did not have sufficient information to process Generation's application. As a result, Generation entered into an agreement with MDE to work with state agencies in Maryland, the U.S. Army Corps of Engineers, the U.S. Geological Survey, the University of Maryland Center for Environmental Science and the U.S. Environmental Protection Agency Chesapeake Bay Program to design, conduct and fund an additional multi-year sediment study. Generation has agreed to contribute up to $3.5 million to fund the additional study. In addition, because of the ongoing sediment and nutrient monitoring study, and because states must act upon water quality certification applications within a year of submission, Exelon agreed with Maryland to coordinate the withdrawal and refiling of the application in accordance with FERC policy that requires an applicant to resubmit its request for a water quality certification within 90 days of the date of withdrawal.

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On August 7, 2015, US Fish and Wildlife Service of the US Department of the Interior (Interior) submitted its modified fishway prescription to FERC in the Conowingo licensing proceedings. On September 11, 2015, Exelon filed a request for an administrative hearing and proposed an alternative prescription to challenge DOI's preliminary prescription. On April 21, 2016, Exelon and Interior executed a Settlement Agreement resolving all issues between Exelon and Interior relating to fish passage at Conowingo. Accordingly, on April 22, 2016, Exelon withdrew its Request for a Trial-Type Hearing and Alternative Prescription. The financial impact of the Settlement Agreement is estimated to be $3 million to $7 million per year, on average, over the life of the new license, including both capital and operating costs. The actual timing and amount of these costs are not currently fixed and may vary significantly from year to year throughout the life of the new license. Resolution of the remaining issues relating to Conowingo may have a material effect on Exelon's and Generation's results of operations and financial position through an increase in capital expenditures and operating costs.

The FERC license for Conowingo expired on September 1, 2014. Under the Federal Power Act, FERC is required to issue an annual license for a facility until the new license is issued. On September 10, 2014, FERC issued an annual license for Conowingo, effective as of the expiration of the previous license. If FERC does not issue a new license prior to the expiration of an annual license, the annual license will renew automatically. On March 11, 2015, FERC issued the final Environmental Impact Statement for Conowingo. The stations are currently being depreciated over their estimated useful lives, which includes the license renewal period. As of March 31, 2016, $25 million of direct costs associated with the Conowingo licensing effort have been capitalized.

Regulatory Assets and Liabilities (Exelon, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE)

Exelon, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE each prepare their consolidated financial statements in accordance with the authoritative guidance for accounting for certain types of regulation. Under this guidance, regulatory assets represent incurred costs that have been deferred because of their probable future recovery from customers through regulated rates. Regulatory liabilities represent the excess recovery of costs or accrued credits that have been deferred because it is probable such amounts will be returned to customers through future regulated rates or represent billings in advance of expenditures for approved regulatory programs.

As a result of applying the acquisition method of accounting and pushing it down to the consolidated financial statements of PHI, certain regulatory assets and liabilities were established at Exelon and PHI to offset the impacts of fair valuing the acquired assets and liabilities assumed which are subject to regulatory recovery. In total, Exelon and PHI recorded a net $2.5 billion regulatory asset reflecting adjustments recorded as a result of the acquisition method of accounting.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following tables provide information about the regulatory assets and liabilities of Exelon, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE as of March 31, 2016 and December 31, 2015. For additional information on the specific regulatory assets and liabilities, refer to Note 3 — Regulatory Matters of the Exelon 2015 Form 10-K and Note 7 — Regulatory Matters of the PHI 2015 Form 10-K.

March 31, 2016	Exelon	ComEd	PECO	BGE	*Successor* PHI	Pepco	DPL	ACE
Regulatory assets								
Pension and other postretirement benefits (a)	$ 4,261	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Deferred income taxes	1,861	65	1,499	80	217	139	35	43
AMI programs (r)	687	149	60	212	266	181	85	—
Under-recovered distribution service costs (b)	198	198	—	—	—	—	—	—
Debt costs (c)	132	45	1	8	86	19	9	7
Fair value of long-term debt (d)	896	—	—	—	741	—	—	—
Fair value of PHI's unamortized energy contracts (e)	1,535	—	—	—	1,535	—	—	—
Severance	8	—	—	8	—	—	—	—
Asset retirement obligations	113	71	22	19	1	1	—	—
MGP remediation costs	276	246	29	1	—	—	—	—
Under-recovered uncollectible accounts	60	60	—	—	—	—	—	—
Renewable energy	265	265	—	—	—	—	—	—
Energy and transmission programs (f)(g)(m)(n)(o)	118	56	—	38	24	5	6	13
Deferred storm costs	47	—	—	2	45	19	6	20
Electric generation-related regulatory asset	18	—	—	18	—	—	—	—
Rate stabilization deferral	77	—	—	67	10	9	1	—
Energy efficiency and demand response programs	651	—	1	264	386	277	108	1
Merger integration costs	5	—	—	5	—	—	—	—
Conservation voltage reduction	3	—	—	3	—	—	—	—
Under-recovered revenue decoupling (h)	36	—	—	36	—	—	—	—
COPCO acquisition adjustment	12	—	—	—	12	—	12	—
Recoverable workers compensation and long-term disability	31	—	—	—	31	31	—	—
Vacation accrual	43	—	17	—	26	—	15	11
Securitized stranded costs	185	—	—	—	185	—	—	185
CAP arrearage	8	—	8	—	—	—	—	—
Removal costs	397	—	—	—	397	103	73	222
AEC (i)	7	—	—	—	7	—	—	—
Other	61	9	10	4	34	12	12	12
Total regulatory assets	11,991	1,164	1,647	765	4,003	796	362	514
Less: current portion	1,584	239	42	266	801	133	67	95
Total non-current regulatory assets	$10,407	$ 925	$1,605	$499	$ 3,202	$663	$295	$419

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

March 31, 2016	Exelon	ComEd	PECO	BGE	*Successor* PHI	Pepco	DPL	ACE
Regulatory liabilities								
Other postretirement benefits	$ 93	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Nuclear decommissioning	2,599	2,182	417	—	—	—	—	—
Removal costs	1,669	1,334	—	187	148	21	127	—
Deferred rent (j)	42				42	—	—	—
Energy efficiency and demand response programs	122	78	43	—	1	—	—	1
DLC program costs	9	—	9	—	—	—	—	—
Electric distribution tax repairs	89	—	89	—	—	—	—	—
Gas distribution tax repairs	25	—	25	—	—	—	—	—
Energy and transmission programs (f)(g)(k)(l)(p)(q)	187	43	69	15	60	25	25	10
Other	55	2	3	10	41	9	14	16
Total regulatory liabilities	4,890	3,639	655	212	292	55	166	27
Less: current portion	512	150	134	61	106	26	57	22
Total non-current regulatory liabilities	$4,378	$3,489	$521	$151	$ 186	$ 29	$109	$ 5

December 31, 2015	Exelon	ComEd	PECO	BGE	*Predecessor* PHI	Pepco	DPL	ACE
Regulatory assets								
Pension and other postretirement benefits	$3,156	$ —	$ —	$ —	$ 910	$ —	$ —	$ —
Deferred income taxes	1,616	64	1,473	79	214	137	36	41
AMI programs (r)	399	140	63	196	267	180	87	—
Under-recovered distribution service costs (b)	189	189	—	—	—			
Debt costs	47	46	1	8	36	19	10	7
Fair value of long-term debt (d)	162	—	—	—	—	—	—	—
Severance	9	—	—	9	—	—	—	—
Asset retirement obligations	108	67	22	19	1	1	—	—
MGP remediation costs	286	255	30	1	—	—	—	—
Under-recovered uncollectible accounts	52	52	—	—	—	—	—	—
Renewable energy	247	247	—	—	—	—	—	—
Energy and transmission programs (f)(g)(k)(m)(n)(o)	84	43	1	40	33	9	11	13
Deferred storm costs	2	—	—	2	43	19	6	18
Electric generation-related regulatory asset	20	—	—	20	—	—	—	—
Rate stabilization deferral	87	—	—	87	14	10	4	—
Energy efficiency and demand response programs	279	—	1	278	401	289	111	1
Merger integration costs	6		—	6	—	—	—	—
Conservation voltage reduction	3	—	—	3	—	—	—	—
Under-recovered revenue decoupling (h)	30	—	—	30	—	—	—	—
COPCO acquisition adjustment	—	—	—	—	—	—	13	—
Workers compensation and long-term disability costs	—	—	—	—	31	31	—	—
Vacation accrual	6	—	6	—	23	—	14	9
Securitized stranded costs	—	—	—	—	202	—	—	202
CAP arrearage	7	—	7	—	—	—	—	—
Removal costs	—	—	—	—	369	92	69	208
Other	29	10	13	3	38	14	10	13
Total regulatory assets	6,824	1,113	1,617	781	2,582	801	371	512
Less: current portion	759	218	34	267	305	140	72	98
Total non-current regulatory assets	$6,065	$ 895	$1,583	$514	$ 2,277	$661	$299	$414

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

December 31, 2015	Exelon	ComEd	PECO	BGE	Predecessor PHI	Pepco	DPL	ACE
Regulatory liabilities								
Other postretirement benefits	$ 94	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Nuclear decommissioning	2,577	2,172	405	—	—	—	—	—
Removal costs	1,527	1,332	—	195	150	21	129	—
Energy efficiency and demand response programs	92	52	40	—	1	—	—	1
DLC program costs	9	—	9	—	—	—	—	—
Electric distribution tax repairs	95	—	95	—	—	—	—	—
Gas distribution tax repairs	28	—	28	—	—	—	—	—
Energy and transmission programs (f)(g)(k)(l)(p)(q)	131	53	60	18	27	16	19	8
Over-recovered revenue decoupling (h)	1	—	—	1	—	—	—	—
Other	16	5	2	8	35	7	12	16
Total regulatory liabilities	4,570	3,614	639	222	213	44	160	25
Less: current portion	369	155	112	38	66	15	49	18
Total non-current regulatory liabilities	$4,201	$3,459	$527	$184	$ 147	$ 29	$111	$ 7

(a) As of March 31, 2016, the pension and other postretirement benefits regulatory asset at Exelon includes regulatory assets of $1,125 million established at the date of the PHI Merger related to unrecognized costs that are probable of regulatory recovery. The regulatory assets are amortized over periods from 3 to 15 years, depending on the underlying component. Pepco, DPL and ACE are currently recovering these costs through base rates. Pepco, DPL and ACE are not earning a return on the recovery of these costs in base rates.

(b) As of March 31, 2016, ComEd's regulatory asset of $198 million was comprised of $156 million for the 2014 — 2016 annual reconciliations and $42 million related to significant one-time events including $31 million of deferred storm costs, $9 million of Constellation merger and integration related costs and $2 million of smart meter related costs. As of December 31, 2015, ComEd's regulatory asset of $189 million was comprised of $142 million for the 2014 and 2015 annual reconciliations and $47 million related to significant one-time events, including $36 million of deferred storm costs and $11 million of Constellation merger and integration related costs. See Note 4 — Merger, Acquisitions, and Dispositions of the Exelon 2015 Form 10-K for further information.

(c) Includes at Exelon and PHI the regulatory asset recorded at Exelon and PHI for debt costs that are recoverable through the ratemaking process at Pepco, DPL, and ACE which were eliminated at Exelon and PHI as part of acquisition accounting.

(d) Includes the unamortized regulatory assets recorded for the difference between carrying value and fair value of long-term debt of BGE as of the Constellation merger date and at Exelon and PHI for the difference between carrying value and fair value of long-term debt of Pepco, DPL and ACE as of the PHI Merger date.

(e) Represents the regulatory asset recorded at Exelon and PHI offsetting the fair value adjustments related to Pepco's, DPL's and ACE's electricity and gas energy supply contracts recorded at PHI as of the PHI Merger date. Pepco, DPL and ACE are allowed full recovery of the costs of these supply contracts through their respective rate making processes.

(f) As of March 31, 2016, ComEd's regulatory asset of $56 million included $18 million related to under-recovered energy costs, $31 million associated with transmission costs recoverable through its FERC approved formulate rate, and $7 million of Constellation merger and integration costs to be recovered upon FERC approval. As of March 31, 2016, ComEd's regulatory liability of $43 million included $17 million related to over-recovered energy costs and $26 million associated with revenues received for renewable energy requirements. As of December 31, 2015, ComEd's regulatory asset of $43 million included $5 million related to under-recovered energy costs, $31 million associated with transmission costs recoverable through its FERC approved formulate rate, and $7 million of Constellation merger and integration costs to be recovered upon FERC approval. As of December 31, 2015, ComEd's regulatory liability of $53 million included $29 million related to over-recovered energy costs and $24 million associated with revenues received for renewable energy requirements.

(g) As of March 31, 2016, BGE's regulatory asset of $38 million included $5 million of costs associated with transmission costs recoverable through its FERC approved formula rate and $33 million related to under-recovered electric energy costs. As of March 31, 2016, BGE's regulatory liability of $15 million related to $2 million of over-recovered transmission costs and $14 million of over-recovered natural gas costs, offset by $1 million of abandonment costs to be

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recovered upon FERC approval. As of December 31, 2015, BGE's regulatory asset of $40 million included $12 million of costs associated with transmission costs recoverable through its FERC approved formula rate and $28 million related to under-recovered electric energy costs. As of December 31, 2015, BGE's regulatory liability of $18 million related to $14 million of over-recovered transmission costs and $5 million of over-recovered natural gas costs, offset by $1 million of abandonment costs to be recovered upon FERC approval.

(h) Represents the electric and gas distribution costs recoverable from customers under BGE's decoupling mechanism. As of March 31, 2016, BGE had a regulatory asset of $31 million related to under-recovered electric revenue decoupling and a regulatory asset of $5 million related to under-recovered natural gas revenue decoupling. As of December 31, 2015, BGE had a regulatory asset of $30 million related to under-recovered electric revenue decoupling and a regulatory liability of $1 million related to over-recovered natural gas revenue decoupling.

(i) Represents the regulatory asset recorded at Exelon and PHI for the difference between the carrying value and fair value of alternative energy credits at Pepco, DPL and ACE recorded at Exelon and PHI that are recoverable through the rate making process.

(j) Represents the regulatory liability recorded at Exelon and PHI for deferred rent related to a lease that is recoverable through the ratemaking process at Pepco, DPL and ACE which was eliminated at PHI as part of acquisition accounting.

(k) As of March 31, 2016, PECO's regulatory liability of $69 million included $36 million related to the DSP program, $26 million related to the over-recovered natural gas costs under the PGC, $3 million related to over-recovered electric transmission costs and $4 million related to over-recovered non-bypassable transmission service charges. As of December 31, 2015, PECO's regulatory asset of $1 million related to under-recovered non-bypassable transmission service charges. As of December 31, 2015, PECO's regulatory liability of $60 million included $35 million related to the DSP program, $22 million related to the over-recovered natural gas costs under the PGC and $3 million related to the over-recovered electric transmission costs.

(l) As of March 31, 2016, DPL's regulatory liability of $25 million included $6 million related to over-recovered natural gas costs under the GCR mechanism, $7 million of over-recovered electric energy costs, and $12 million of over-recovered transmission costs. As of December 31, 2015, DPL's regulatory liability of $19 million included $4 million related to the over-recovered natural gas costs under the GCR mechanism, $4 million of over-recovered electric energy costs, and $11 million of over-recovered transmission costs.

(m) As of March 31, 2016, Pepco's regulatory asset of $5 million included $4 million of transmission costs recoverable through its FERC approved formula rate and $1 million of under-recovered electric energy costs. As of December 31, 2015, Pepco's regulatory asset of $9 million included $5 million of transmission costs recoverable through its FERC approved formula rate and $4 million of recoverable abandonment costs.

(n) As of March 31, 2016, DPL's regulatory asset of $6 million related to transmission costs recoverable through its FERC approved formula rate. As of December 31, 2015, DPL's regulatory asset of $11 million included $7 million of transmission costs recoverable through its FERC approved formula rate, $3 million of recoverable abandonment costs, and $1 million of under-recovered electric energy costs.

(o) As of March 31, 2016, ACE's regulatory asset of $13 million included $1 million of transmission costs recoverable through its FERC approved formula rate and $12 million of under-recovered electric energy costs. As of December 31, 2015, ACE's regulatory asset of $13 million included $2 million of transmission costs recoverable through its FERC approved formula rate and $11 million of under-recovered electric energy costs.

(p) As of March 31, 2016, Pepco's regulatory liability of $25 million included $15 million of over-recovered transmission costs and $10 million of over-recovered electric energy costs. As of December 31, 2015, Pepco's regulatory liability of $16 million included $14 million of over-recovered transmission costs and $2 million of over-recovered electric energy costs.

(q) As of March 31, 2016, ACE's regulatory liability of $10 million related to over-recovered transmission costs. As of December 31, 2015, ACE's regulatory liability of $8 million related to over-recovered transmission costs.

(r) Represents AMI costs associated with the installation of smart meters and the early retirement of legacy meters throughout Pepco's and DPL's service territories that are recoverable from customers. AMI has not been approved by the NJBPU for ACE in New Jersey. PHI generally is deferring carrying charges on these regulatory assets.

Purchase of Receivables Programs (Exelon, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE)

ComEd, PECO, BGE, Pepco, DPL and ACE are required, under separate legislation and regulations in Illinois, Pennsylvania, Maryland, District of Columbia and New Jersey, to purchase certain receivables from

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retail electric and natural gas suppliers that participate in the utilities' consolidated billing. ComEd, BGE, Pepco and DPL purchase receivables at a discount to recover primarily uncollectible accounts expense from the suppliers. PECO and ACE are required to purchase receivables at face value and are permitted to recover uncollectible accounts expense from customers through distribution rates. Exelon, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE do not record unbilled commodity receivables under the POR programs. Purchased billed receivables are classified in Other accounts receivable, net on Exelon's, ComEd's, PECO's, BGE's, PHI's, Pepco's, DPL's and ACE's Consolidated Balance Sheets. The following tables provide information about the purchased receivables of those companies as of March 31, 2016 and December 31, 2015.

					Successor			
As of March 31, 2016	**Exelon**	**ComEd**	**PECO**	**BGE**	**PHI**	**Pepco**	**DPL**	**ACE**
Purchased receivables [c]	$ 343	$ 96	$ 75	$ 66	$ 106	$ 77	$11	$ 18
Allowance for uncollectible accounts [a]	(38)	(16)	(8)	(8)	(6)	(4)	—	(2)
Purchased receivables, net	$ 305	$ 80	$ 67	$ 58	$ 100	$ 73	$11	$ 16

					Predecessor			
As of December 31, 2015	**Exelon**	**ComEd**	**PECO**	**BGE**	**PHI**	**Pepco**	**DPL**	**ACE**
Purchased receivables [b]	$ 229	$ 103	$ 67	$ 59	$ 100	$ 70	$11	$ 19
Allowance for uncollectible accounts [a]	(31)	(16)	(7)	(8)	(6)	(4)	—	(2)
Purchased receivables, net	$ 198	$ 87	$ 60	$ 51	$ 94	$ 66	$11	$ 17

(a) For ComEd, BGE, Pepco, DPL and ACE, reflects the incremental allowance for uncollectible accounts recorded, which is in addition to the purchase discount. For ComEd, the incremental uncollectible accounts expense is recovered through its Purchase of Receivables with Consolidated Billing tariff.
(b) PECO's gas POR program became effective on January 1, 2012 and included a 1% discount on purchased receivables in order to recover the implementation costs of the program. The implementation costs were fully recovered and the 1% discount was reset to 0%, effective July 2015.
(c) Pepco's electric POR program in Maryland included a discount on purchased receivables ranging from 0% to 2% depending on customer class, and Pepco's electric POR program in the District of Columbia included a discount on purchased receivables ranging from 0% to 6% depending on customer class.

6. Impairment of Long-Lived Assets (Exelon and Generation)

Long-Lived Assets (Exelon and Generation)

During the first quarter of 2016, significant changes in Generation's intended use of the Upstream oil and gas assets, developments with nonrecourse debt held by its upstream subsidiary CEU Holdings, LLC (as described in Note 10 — Debt and Credit Agreements) and continued declines in both production volumes and commodity prices suggested that the carrying value may be impaired. Generation concluded that the estimated undiscounted future cash flows and fair value of its Upstream properties were less than their carrying values at March 31, 2016. As a result, a pre-tax impairment charge of $119 million was recorded in March 2016 within Operating and maintenance expense in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income. After reflecting the impairment charges, Generation has $63 million of Upstream assets remaining on its Consolidated Balance Sheets at March 31, 2016. Further declines in commodity prices or further developments with Generation's intended use or disposition of the assets could potentially result in future impairments of the Upstream assets.

The fair value analysis was primarily based on the income approach using significant unobservable inputs (Level 3) including commodity prices and production volumes, projected capital and maintenance expenditures and discount rates.

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Like-Kind Exchange Transaction (Exelon)

In June 2000, UII, LLC (formerly Unicom Investments, Inc.) (UII), a wholly owned subsidiary of Exelon Corporation, entered into transactions pursuant to which UII invested in coal-fired generating station leases (Headleases) with the Municipal Electric Authority of Georgia (MEAG). The generating stations were leased back to MEAG as part of the transactions (Leases).

On March 31, 2016, UII and MEAG finalized an agreement to terminate the MEAG Headleases, the MEAG Leases, and other related agreements prior to their expiration dates. As a result of the lease termination, UII received an early termination payment of $360 million from MEAG and wrote-off the $356 million net investment in the MEAG Headleases and the Leases. The transaction resulted in a pre-tax gain of $4 million which is reflected in Operating and maintenance expense in Exelon's Consolidated Statements of Operations and Comprehensive Income. See Note 11 — Income Taxes for additional information.

7. Implications of Potential Early Plant Retirements (Exelon and Generation)

Exelon and Generation continue to evaluate the current and expected economic value of each of Generation's nuclear plants. Factors that will continue to affect the economic value of Generation's nuclear plants include, but are not limited to: market power prices, results of capacity auctions, potential legislative and regulatory solutions in New York and Illinois such as the recently proposed Zero Emission Standard element of the Next Generation Energy Plan (NGEP) or Low Carbon Portfolio Standard (LCPS) legislation in Illinois and Clean Energy Standard (CES) in New York, the impact of final rules from the EPA requiring reduction of carbon and other emissions and the efforts of the states to implement those final rules.

In 2015, Exelon and Generation deferred retirement decisions on Clinton and Quad Cities until 2016 in order to participate in the 2016-2017 MISO primary reliability auction and the 2019-2020 PJM capacity auction to be held in April and May 2016, respectively, as well as to provide Illinois policy makers with additional time to consider needed reforms and for MISO to consider market design changes to ensure long-term power system reliability in southern Illinois. In April 2016, Clinton cleared the MISO primary reliability auction as a price taker for the 2016-2017 planning year. The resulting capacity price is insufficient to cover cash operating costs and a risk-adjusted rate of return to shareholders. The results of the 2019-2020 PJM capacity auction will be available on May 24, 2016.

On May 6, 2016 Exelon and Generation announced intentions to shut down the Clinton nuclear plant on June 1, 2017 and Quad Cities nuclear plant on June 1, 2018 if Illinois does not pass adequate legislation by May 31, 2016 and if Quad Cities does not clear the 2019-2020 PJM capacity auction. Exelon and Generation previously committed to cease operation of the Oyster Creek nuclear plant by the end of 2019. The approved RSSA requires Ginna to continue operating through the RSSA term expiring in March 2017. There remains an increased risk that, for economic reasons, Ginna could be retired before the end of its operating license period in 2029 if an adequate regulatory or legislative solution is not adopted in New York. Refer to Note 5 — Regulatory Matters for additional discussion on the Ginna RSSA.

In response to a decision to early retire one or more nuclear plants, certain changes in accounting treatment would be triggered and Exelon's and Generation's results of operations and cash flows could be materially affected by, among other items: accelerated depreciation expense, impairment charges related to inventory that cannot be used at other nuclear units and cancellation of in-flight capital projects, contract termination fees, accelerated amortization of plant specific nuclear fuel costs, employee-related costs (i.e. severance, relocation, retention, etc.), accelerated asset retirement obligation expense related to future decommissioning activities, and additional funding of nuclear decommissioning trust funds. In addition, any early plant retirement would also result in reduced operating costs, lower fuel expense, and lower capital expenditures in the periods beyond shutdown.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following table provides the balance sheet amounts as of March 31, 2016 for significant assets and liabilities associated with the three nuclear plants currently considered by management to be at the greatest risk of early retirement due to their current economic valuations and other factors.

(in millions)	Quad Cities	Clinton	Ginna	Total
Asset Balances				
Materials and supplies inventory	$ 47	$ 58	$ 30	$ 135
Nuclear fuel inventory, net	213	95	54	362
Completed plant, net	1,014	574	127	1,715
Construction work in progress	28	11	11	50
Liability Balances				
Asset retirement obligation	(706)	(407)	(651)	(1,764)
NRC License Renewal Term	2032	2046[a]	2029	

(a) Assumes Clinton seeks and receives a 20-year operating license renewal extension.

The precise timing of an early retirement date, and resulting financial statement impact, may be affected by a number of factors, including the results of any transmission system reliability study assessments, the nature of any co-owner requirements and stipulations, and decommissioning trust fund requirements, among other factors. However, the earliest retirement date for any plant would usually be the first year in which the unit does not have capacity obligations and just prior to its next scheduled nuclear refueling outage date in that year.

8. Fair Value of Financial Assets and Liabilities (All Registrants)

Fair Value of Financial Liabilities Recorded at the Carrying Amount

The following tables present the carrying amounts and fair values of the Registrants' short-term liabilities, long-term debt, SNF obligation, trust preferred securities (long-term debt to financing trusts or junior subordinated debentures) and preferred stock as of March 31, 2016 and December 31, 2015:

Exelon

	March 31, 2016				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 3,643	$ 3	$ 3,640	$ —	$ 3,643
Long-term debt (including amounts due within one year) [a]	31,372	1,132	29,577	2,135	32,844
Long-term debt to financing trusts [b]	641	—	—	670	670
SNF obligation	1,022	—	817	—	817

	December 31, 2015				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 536	$ 3	$ 533	$ —	$ 536
Long-term debt (including amounts due within one year) [a]	25,145	931	23,644	1,349	25,924
Long-term debt to financing trusts [b]	641	—	—	673	673
SNF obligation	1,021	—	818	—	818

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Generation

	March 31, 2016				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 1,529	$ —	$1,529	$ —	$1,529
Long-term debt (including amounts due within one year) [a]	9,052	—	7,539	1,549	9,088
SNF obligation	1,022	—	817	—	817

	December 31, 2015				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 29	$ —	$ 29	$ —	$ 29
Long-term debt (including amounts due within one year) [a]	8,959	—	7,767	1,349	9,116
SNF obligation	1,021	—	818	—	818

ComEd

	March 31, 2016				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 643	$ —	$ 643	$ —	$ 643
Long-term debt (including amounts due within one year) [a]	6,510	—	7,357	—	7,357
Long-term debt to financing trusts [b]	205	—	—	207	207

	December 31, 2015				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 294	$ —	$ 294	$ —	$ 294
Long-term debt (including amounts due within one year) [a]	6,509	—	7,069	—	7,069
Long-term debt to financing trusts [b]	205	—	—	213	213

PECO

	March 31, 2016				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Long-term debt (including amounts due within one year) [a]	$ 2,581	$ —	$2,900	$ —	$2,900
Long-term debt to financing trusts	184	—	—	196	196

	December 31, 2015				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Long-term debt (including amounts due within one year) [a]	$ 2,580	$ —	$2,786	$ —	$2,786
Long-term debt to financing trusts	184	—	—	195	195

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

BGE

	March 31, 2016				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 153	$ 3	$ 150	$ —	$ 153
Long-term debt (including amounts due within one year) [a]	1,859	—	2,119	—	2,119
Long-term debt to financing trusts [b]	252	—	—	267	267

	December 31, 2015				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 213	$ 3	$ 210	$ —	$ 213
Long-term debt (including amounts due within one year) [a]	1,858	—	2,044	—	2,044
Long-term debt to financing trusts [b]	252	—	—	264	264

PHI

	March 31, 2016				
	Carrying Amount	Fair Value			
Successor		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 1,317	$ —	$ 1,317	$ —	$ 1,317
Long-term debt (including amounts due within one year)	6,132	—	5,540	586	6,126

	December 31, 2015				
	Carrying Amount	Fair Value			
Predecessor		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 958	$ —	$ 958	$ —	$ 958
Long-term debt (including amounts due within one year) [a]	5,279	—	5,231	586	5,817
Preferred stock	183	—	—	183	183

Pepco

	March 31, 2016				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Long-term debt (including amounts due within one year) [a]	$ 2,352	$ —	$ 2,876	$ —	$ 2,876

	December 31, 2015				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 64	$ —	$ 64	$ —	$ 64
Long-term debt (including amounts due within one year) [a]	2,351	—	2,673	—	2,673

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

DPL

	March 31, 2016				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 75	$ —	$ 75	$ —	$ 75
Long-term debt (including amounts due within one year) [a]	1,265	—	1,238	103	1,341

	December 31, 2015				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 105	$ —	$ 105	$ —	$ 105
Long-term debt (including amounts due within one year) [a]	1,265	—	1,185	103	1,288

ACE

	March 31, 2016				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Long-term debt (including amounts due within one year) [a]	$ 1,191	$ —	$1,081	$ 288	$1,369

	December 31, 2015				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 5	$ —	$ 5	$ —	$ 5
Long-term debt (including amounts due within one year) [a]	1,201	—	1,044	280	1,324

(a) Includes unamortized debt issuance costs of $179 million, $72 million, $37 million, $14 million, $9 million, $31 million, $10 million, and $6 million for Exelon, Generation, ComEd, PECO, BGE, Pepco, DPL and ACE, respectively, as of March 31, 2016. Includes unamortized debt issuance costs of $180 million, $70 million, $38 million, $15 million, $9 million, $49 million, $31 million, $10 million, and $6 million for Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE, respectively, as of December 31, 2015.

(b) Includes unamortized debt issuance costs of $7 million, $1 million, and $6 million for Exelon, ComEd and BGE, respectively, as of March 31, 2016 and December 31, 2015.

Short-Term Liabilities . The short-term liabilities included in the tables above are comprised of dividends payable (included in other current liabilities) (Level 1) and short-term borrowings (Level 2). The Registrants' carrying amounts of the short-term liabilities are representative of fair value because of the short-term nature of these instruments.

Long-Term Debt . The fair value amounts of Exelon's taxable debt securities (Level 2) and private placement taxable debt securities (Level 3) are determined by a valuation model that is based on a conventional discounted cash flow methodology and utilizes assumptions of current market pricing curves. In order to incorporate the credit risk of the Registrants into the discount rates, Exelon obtains pricing (i.e., U.S. Treasury rate plus credit spread) based on trades of existing Exelon debt securities as well as debt securities of other issuers in the electric utility sector with similar credit ratings in both the primary and secondary market, across the Registrants' debt maturity spectrum. The credit spreads of various tenors obtained from this information are added to the appropriate benchmark U.S. Treasury rates in order to determine the current market yields for the various tenors. The yields are then converted into discount rates of various tenors that are used for discounting the respective cash flows of the same tenor for each bond or note. Due to low trading volume of private

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placement debt, qualitative factors such as market conditions, low volume of investors and investor demand, this debt is classified as Level 3. The fair value of Exelon's equity units (Level 1) are valued based on publicly traded securities issued by Exelon.

The fair value of Generation's and PHI's non-government-backed fixed rate nonrecourse debt (Level 3) is based on market and quoted prices for its own and other nonrecourse debt with similar risk profiles. Given the low trading volume in the nonrecourse debt market, the price quotes used to determine fair value will reflect certain qualitative factors, such as market conditions, investor demand, new developments that might significantly impact the project cash flows or off-taker credit, and other circumstances related to the project (e.g., political and regulatory environment). The fair value of Generation's government-backed fixed rate project financing debt (Level 3) is largely based on a discounted cash flow methodology that is similar to the taxable debt securities methodology described above. Due to the lack of market trading data on similar debt, the discount rates are derived based on the original loan interest rate spread to the applicable Treasury rate as well as a current market curve derived from government-backed securities. Variable rate project financing debt resets on a monthly or quarterly basis and the carrying value approximates fair value (Level 2). When trading data is available on variable rate project financing debt, the fair value is based on market and quoted prices for its own and other nonrecourse debt with similar risk profiles (Level 2). Generation, Pepco, DPL and ACE also have tax-exempt debt (Level 2). Due to low trading volume in this market, qualitative factors, such as market conditions, investor demand, and circumstances related to the issuer (e.g., conduit issuer political and regulatory environment), may be incorporated into the credit spreads that are used to obtain the fair value as described above. Variable rate tax-exempt debt (Level 2) resets on a regular basis and the carrying value approximates fair value.

SNF Obligation . The carrying amount of Generation's SNF obligation (Level 2) is derived from a contract with the DOE to provide for disposal of SNF from Generation's nuclear generating stations. When determining the fair value of the obligation, the future carrying amount of the SNF obligation estimated to be settled in 2025 is calculated by compounding the current book value of the SNF obligation at the 13-week Treasury rate. The compounded obligation amount is discounted back to present value using Generation's discount rate, which is calculated using the same methodology as described above for the taxable debt securities, and an estimated maturity date of 2025.

Long-Term Debt to Financing Trusts . Exelon's long-term debt to financing trusts is valued based on publicly traded securities issued by the financing trusts. Due to low trading volume of these securities, qualitative factors, such as market conditions, investor demand, and circumstances related to each issue, this debt is classified as Level 3.

Preferred Stock . The fair value of these securities is determined based on the carrying value of the shares per the Subscription Agreement between PHI and Exelon. See Note 16 — Mezzanine Equity for further details.

Recurring Fair Value Measurements

Exelon records the fair value of assets and liabilities in accordance with the hierarchy established by the authoritative guidance for fair value measurements. The hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1 — quoted prices (unadjusted) in active markets for identical assets or liabilities that the Registrants have the ability to liquidate as of the reporting date.
- Level 2 — inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

- Level 3 — unobservable inputs, such as internally developed pricing models or third-party valuations for the asset or liability due to little or no market activity for the asset or liability.

Transfers in and out of levels are recognized as of the end of the reporting period when the transfer occurred. Given derivatives categorized within Level 1 are valued using exchange-based quoted prices within observable periods, transfers between Level 2 and Level 1 were not material. Additionally, there were no significant transfers between Level 1 and Level 2 during the three months ended March 31, 2016 for cash equivalents, nuclear decommissioning trust fund investments, pledged assets for Zion Station decommissioning, Rabbi trust investments, and deferred compensation obligations. For derivative contracts, transfers into Level 2 from Level 3 generally occur when the contract tenor becomes more observable and due to changes in market liquidity or assumptions for certain commodity contracts.

Generation and Exelon

In accordance with the applicable guidance on fair value measurement, certain investments that are measured at fair value using the NAV per share as a practical expedient are no longer classified within the fair value hierarchy and are included under "Not subject to leveling" in the table below. See Note 2 — New Accounting Pronouncements for additional information.

The following tables present assets and liabilities measured and recorded at fair value on Exelon's and Generation's Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy as of March 31, 2016 and December 31, 2015:

	Generation					Exelon				
As of March 31, 2016	**Level 1**	**Level 2**	**Level 3**	**Not subject to leveling**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Not subject to leveling**	**Total**
Assets										
Cash equivalents	$ 130	$ —	$ —	$ —	$ 130	$ 721	$ —	$ —	$ —	$ 721
NDT fund investments										
Cash equivalents [a]	266	11	—	—	277	266	11	—	—	277
Equities	3,273	21	1	1,875	5,170	3,273	21	1	1,875	5,170
Fixed income										
Corporate debt	—	1,868	243	—	2,111	—	1,868	243	—	2,111
U.S. Treasury and agencies	1,402	13	—	—	1,415	1,402	13	—	—	1,415
Foreign governments	—	45	—	—	45	—	45	—	—	45
State and municipal debt	—	285	—	—	285	—	285	—	—	285
Other [b]	—	64	—	376	440	—	64	—	376	440
Fixed income subtotal	1,402	2,275	243	376	4,296	1,402	2,275	243	376	4,296
Middle market lending	—	—	440	—	440	—	—	440	—	440
Private equity	—	—	—	130	130	—	—	—	130	130
Real estate	—	—	—	40	40	—	—	—	40	40
Other	—	—	—	190	190	—	—	—	190	190
NDT fund investments subtotal [c]	4,941	2,307	684	2,611	10,543	4,941	2,307	684	2,611	10,543
Pledged assets for Zion Station decommissioning										
Cash equivalents	35	—	—	—	35	35	—	—	—	35
Equities	1	7	—	—	8	1	7	—	—	8
Fixed income										
U.S. Treasury and agencies	3	2	—	—	5	3	2	—	—	5
Corporate debt	—	25	—	—	25	—	25	—	—	25
Fixed income subtotal	3	27	—	—	30	3	27	—	—	30
Middle market lending	—	—	25	85	110	—	—	25	85	110
Pledged assets for Zion Station decommissioning subtotal [d]	39	34	25	85	183	39	34	25	85	183

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Generation					Exelon				
As of March 31, 2016	**Level 1**	**Level 2**	**Level 3**	**Not subject to leveling**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Not subject to leveling**	**Total**
Rabbi trust investments										
Cash equivalents	9	—	—	—	9	83	—	—	—	83
Mutual funds	17	—	—	—	17	46	—	—	—	46
Fixed income	—	—	—	—	—	—	14	—	—	14
Life insurance contracts	—	16	—	—	16	—	60	20	—	80
Rabbi trust investments subtotal	26	16	—	—	42	129	74	20	—	223
Commodity derivative assets										
Economic hedges	1,591	4,849	1,788	—	8,228	1,591	4,849	1,788	—	8,228
Proprietary trading	31	82	30	—	143	31	82	30	—	143
Effect of netting and allocation of collateral [e]	(1,739)	(3,997)	(675)	—	(6,411)	(1,739)	(3,997)	(675)	—	(6,411)
Commodity derivative assets subtotal	(117)	934	1,143	—	1,960	(117)	934	1,143	—	1,960
Interest rate and foreign currency derivative assets										
Derivatives designated as hedging instruments	—	—	—	—	—	—	42	—	—	42
Economic hedges	—	20	—	—	20	—	20	—	—	20
Proprietary trading	11	2	—	—	13	11	2	—	—	13
Effect of netting and allocation of collateral	(4)	(5)	—	—	(9)	(4)	(5)	—	—	(9)
Interest rate and foreign currency derivative assets subtotal	7	17	—	—	24	7	59	—	—	66
Other investments	—	—	36	—	36	—	—	36	—	36
Total assets	5,026	3,308	1,888	2,696	12,918	5,720	3,408	1,908	2,696	13,732
Liabilities										
Commodity derivative liabilities										
Economic hedges	(2,053)	(4,688)	(885)	—	(7,626)	(2,054)	(4,688)	(1,150)	—	(7,892)
Proprietary trading	(28)	(79)	(37)	—	(144)	(28)	(79)	(37)	—	(144)
Effect of netting and allocation of collateral [e]	2,089	4,535	826	—	7,450	2,090	4,535	826	—	7,451
Commodity derivative liabilities subtotal	8	(232)	(96)	—	(320)	8	(232)	(361)	—	(585)
Interest rate and foreign currency derivative liabilities										
Derivatives designated as hedging instruments	—	(20)	—	—	(20)	—	(23)	—	—	(23)
Economic hedges	—	(8)	—	—	(8)	—	(8)	—	—	(8)
Proprietary trading	(11)	—	—	—	(11)	(11)	—	—	—	(11)
Effect of netting and allocation of collateral	11	5	—	—	16	11	5	—	—	16
Interest rate and foreign currency derivative liabilities subtotal	—	(23)	—	—	(23)	—	(26)	—	—	(26)
Deferred compensation obligation	—	(30)	—	—	(30)	—	(131)	—	—	(131)
Total liabilities	8	(285)	(96)	—	(373)	8	(389)	(361)	—	(742)
Total net assets	$ 5,034	$ 3,023	$ 1,792	$ 2,696	$12,545	$ 5,728	$ 3,019	$ 1,547	$ 2,696	$12,990

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Generation					Exelon				
As of December 31, 2015	Level 1	Level 2	Level 3	Not subject to leveling	Total	Level 1	Level 2	Level 3	Not subject to leveling	Total
Assets										
Cash equivalents	$ 104	$ —	$ —	$ —	$ 104	$ 5,766	$ —	$ —	$ —	$ 5,766
NDT fund investments										
Cash equivalents [a]	219	92	—	—	311	219	92	—	—	311
Equities	3,008	—	—	1,894	4,902	3,008	—	—	1,894	4,902
Fixed income										
Corporate debt	—	1,824	242	—	2,066	—	1,824	242	—	2,066
U.S. Treasury and agencies	1,323	15	—	—	1,338	1,323	15	—	—	1,338
Foreign governments	—	61	—	—	61	—	61	—	—	61
State and municipal debt	—	326	—	—	326	—	326	—	—	326
Other [b]	—	147	—	390	537	—	147	—	390	537
Fixed income subtotal	1,323	2,373	242	390	4,328	1,323	2,373	242	390	4,328
Middle market lending	—	—	428	—	428	—	—	428	—	428
Private equity	—	—	—	125	125	—	—	—	125	125
Real estate	—	—	—	35	35	—	—	—	35	35
Other	—	—	—	216	216	—	—	—	216	216
NDT fund investments subtotal [c]	4,550	2,465	670	2,660	10,345	4,550	2,465	670	2,660	10,345
Pledged assets for Zion Station decommissioning										
Cash equivalents	—	17	—	—	17	—	17	—	—	17
Equities	1	5	—	—	6	1	5	—	—	6
Fixed income										
U.S. Treasury and agencies	6	2	—	—	8	6	2	—	—	8
Corporate debt	—	46	—	—	46	—	46	—	—	46
Other	—	1	—	—	1	—	1	—	—	1
Fixed income subtotal	6	49	—	—	55	6	49	—	—	55
Middle market lending	—	—	22	105	127	—	—	22	105	127
Pledged assets for Zion Station decommissioning subtotal [d]	7	71	22	105	205	7	71	22	105	205
Rabbi trust investments										
Mutual funds	17	—	—	—	17	48	—	—	—	48
Life insurance contracts	—	13	—	—	13	—	36	—	—	36
Rabbi trust investments subtotal	17	13	—	—	30	48	36	—	—	84
Commodity derivative assets										
Economic hedges	1,922	3,467	1,707	—	7,096	1,922	3,467	1,707	—	7,096
Proprietary trading	36	64	30	—	130	36	64	30	—	130
Effect of netting and allocation of collateral [e]	(1,964)	(2,629)	(564)	—	(5,157)	(1,964)	(2,629)	(564)	—	(5,157)
Commodity derivative assets subtotal	(6)	902	1,173	—	2,069	(6)	902	1,173	—	2,069
Interest rate and foreign currency derivative assets										
Derivatives designated as hedging instruments	—	—	—	—	—	—	25	—	—	25
Economic hedges	—	20	—	—	20	—	20	—	—	20
Proprietary trading	10	5	—	—	15	10	5	—	—	15
Effect of netting and allocation of collateral	(3)	(3)	—	—	(6)	(3)	(3)	—	—	(6)
Interest rate and foreign currency derivative assets subtotal	7	22	—	—	29	7	47	—	—	54
Other investments	—	—	33	—	33	—	—	33	—	33
Total assets	4,679	3,473	1,898	2,765	12,815	10,372	3,521	1,898	2,765	18,556

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Generation					Exelon				
As of December 31, 2015	**Level 1**	**Level 2**	**Level 3**	**Not subject to leveling**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Not subject to leveling**	**Total**
Liabilities										
Commodity derivative liabilities										
Economic hedges	(2,382)	(3,348)	(850)	—	(6,580)	(2,382)	(3,348)	(1,097)	—	(6,827)
Proprietary trading	(33)	(57)	(37)	—	(127)	(33)	(57)	(37)	—	(127)
Effect of netting and allocation of collateral [e]	2,440	3,186	765	—	6,391	2,440	3,186	765	—	6,391
Commodity derivative liabilities subtotal	25	(219)	(122)	—	(316)	25	(219)	(369)	—	(563)
Interest rate and foreign currency derivative liabilities										
Derivatives designated as hedging instruments	—	(16)	—	—	(16)	—	(16)	—	—	(16)
Economic hedges	—	(3)	—	—	(3)	—	(3)	—	—	(3)
Proprietary trading	(12)	—	—	—	(12)	(12)	—	—	—	(12)
Effect of netting and allocation of collateral	12	3	—	—	15	12	3	—	—	15
Interest rate and foreign currency derivative liabilities subtotal	—	(16)	—	—	(16)	—	(16)	—	—	(16)
Deferred compensation obligation	—	(30)	—	—	(30)	—	(99)	—	—	(99)
Total liabilities	25	(265)	(122)	—	(362)	25	(334)	(369)	—	(678)
Total net assets	$ 4,704	$ 3,208	$ 1,776	$ 2,765	$12,453	$10,397	$ 3,187	$ 1,529	$ 2,765	$17,878

(a) Includes $38 million and $52 million of cash received from outstanding repurchase agreements at March 31, 2016 and December 31, 2015, respectively, and is offset by an obligation to repay upon settlement of the agreement as discussed in (c) below.

(b) Includes derivative instruments of $(11) million and $(8) million, which have a total notional amount of $1,155 million and $1,236 million at March 31, 2016 and December 31, 2015, respectively. The notional principal amounts for these instruments provide one measure of the transaction volume outstanding as of the periods ended and do not represent the amount of the company's exposure to credit or market loss.

(c) Excludes net liabilities of $(17) million and $(3) million at March 31, 2016 and December 31, 2015, respectively. These items consist of receivables related to pending securities sales, interest and dividend receivables, repurchase agreement obligations, and payables related to pending securities purchases. The repurchase agreements are generally short-term in nature with durations generally of 30 days or less.

(d) Excludes net assets of $0 million and $1 million at March 31, 2016 and December 31, 2015, respectively. These items consist of receivables related to pending securities sales, interest and dividend receivables, and payables related to pending securities purchases.

(e) Collateral posted to/(received) from counterparties totaled $350 million, $538 million and $151 million allocated to Level 1, Level 2 and Level 3 mark-to-market derivatives, respectively, as of March 31, 2016. Collateral posted (received) from counterparties, net of collateral paid to counterparties, totaled $476 million, $557 million and $201 million allocated to Level 1, Level 2 and Level 3 mark-to-market derivatives, respectively, as of December 31, 2015.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

ComEd, PECO and BGE

The following tables present assets and liabilities measured and recorded at fair value on ComEd's, PECO's and BGE's Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy as of March 31, 2016 and December 31, 2015:

	ComEd				PECO				BGE			
As of March 31, 2016	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets												
Cash equivalents	$ —	$ —	$ —	$ —	$ 3	$ —	$ —	$ 3	$ 43	$ —	$ —	$ 43
Rabbi trust investments												
Mutual funds	—	—	—	—	8	—	—	8	4	—	—	4
Life insurance contracts	—	—	—	—	—	11	—	11	—	—	—	—
Rabbi trust investments subtotal	—	—	—	—	8	11	—	19	4	—	—	4
Total assets	—	—	—	—	11	11	—	22	47	—	—	47
Liabilities												
Deferred compensation obligation	—	(8)	—	(8)	—	(12)	—	(12)	—	(3)	—	(3)
Mark-to-market derivative liabilities [(a)]	—	—	(265)	(265)	—	—	—	—	—	—	—	—
Total liabilities	—	(8)	(265)	(273)	—	(12)	—	(12)	—	(3)	—	(3)
Total net assets (liabilities)	$ —	$ (8)	$(265)	$(273)	$ 11	$ (1)	$ —	$ 10	$ 47	$ (3)	$ —	$ 44

	ComEd				PECO				BGE			
As of December 31, 2015	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets												
Cash equivalents	$ 29	$ —	$ —	$ 29	$ 271	$ —	$ —	$271	$ 25	$ —	$ —	$ 25
Rabbi trust investments												
Mutual funds	—	—	—	—	8	—	—	8	4	—	—	4
Life insurance contracts	—	—	—	—	—	12	—	12	—	—	—	—
Rabbi trust investments subtotal	—	—	—	—	8	12	—	20	4	—	—	4
Total assets	29	—	—	29	279	12	—	291	29	—	—	29
Liabilities												
Deferred compensation obligation	—	(8)	—	(8)	—	(12)	—	(12)	—	(4)	—	(4)
Mark-to-market derivative liabilities [(a)]	—	—	(247)	(247)	—	—	—	—	—	—	—	—
Total liabilities	—	(8)	(247)	(255)	—	(12)	—	(12)	—	(4)	—	(4)
Total net assets (liabilities)	$ 29	$ (8)	$(247)	$(226)	$ 279	$ —	$ —	$279	$ 29	$ (4)	$ —	$ 25

(a) The Level 3 balance consists of the current and noncurrent liability of $26 million and $239 million, respectively, at March 31, 2016, and $23 million and $224 million, respectively, at December 31, 2015, related to floating-to-fixed energy swap contracts with unaffiliated suppliers.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

PHI, Pepco, DPL and ACE

The following tables present assets and liabilities measured and recorded at fair value on PHI's, Pepco's, DPL's and ACE 's Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy as of March 31, 2016 and December 31, 2015:

	Successor				*Predecessor*			
	As of March 31, 2016				As of December 31, 2015			
PHI	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets								
Cash equivalents	$ 168	$ —	$ —	$168	$ 42	$ —	$ —	$ 42
Derivative asset	—	—	—	—	—	—	18	18
Rabbi trust investments								
Cash equivalents	73	—	—	73	12	—	—	12
Fixed income	—	14	—	14	—	15	—	15
Life insurance contracts	—	22	20	42	—	27	19	46
Rabbi trust investments subtotal	73	36	20	129	12	42	19	73
Total assets	241	36	20	297	54	42	37	133
Liabilities								
Deferred compensation obligation	—	(30)	—	(30)	—	(30)	—	(30)
Mark-to-market derivative liabilities [(a)]	(1)	—	—	(1)	(2)	—	—	(2)
Effect of netting and allocation of collateral	1	—	—	1	2	—	—	2
Mark-to-market derivative liabilities subtotal	—	—	—	—	—	—	—	—
Total liabilities	—	(30)	—	(30)	—	(30)	—	(30)
Total net assets	$ 241	$ 6	$ 20	$267	$ 54	$ 12	$ 37	$103

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Pepco				DPL				ACE			
As of March 31, 2016	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets												
Cash equivalents	$ 19	$ —	$ —	$ 19	$ —	$ —	$ —	$ —	$ 148	$ —	$ —	$ 148
Rabbi trust investments												
Cash equivalents	43	—	—	43	—	—	—	—	—	—	—	—
Fixed income	—	14	—	14	—	—	—	—	—	—	—	—
Life insurance contracts	—	22	20	42	—	—	—	—	—	—	—	—
Rabbi trust investments subtotal	43	36	20	99	—	—	—	—	—	—	—	—
Total assets	62	36	20	118	—	—	—	—	148	—	—	148
Liabilities												
Deferred compensation obligation	—	(5)	—	(5)	—	(1)	—	(1)	—	—	—	—
Mark-to-market derivative liabilities [(a)]	—	—	—	—	(1)	—	—	(1)	—	—	—	—
Effect of netting and allocation of collateral	—	—	—	—	1	—	—	1	—	—	—	—
Mark-to-market derivative liabilities subtotal	—	—	—	—	—	—	—	—	—	—	—	—
Total liabilities	—	(5)	—	(5)	—	(1)	—	(1)	—	—	—	—
Total net assets (liabilities)	$ 62	$ 31	$ 20	$ 113	$ —	$ (1)	$ —	$ (1)	$ 148	$ —	$ —	$ 148

	Pepco				DPL				ACE			
As of December 31, 2015	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets												
Cash equivalents	$ 2	$ —	$ —	$ 2	$ —	$ —	$ —	$ —	$ 30	$ —	$ —	$ 30
Rabbi trust investments												
Cash equivalents	11	—	—	11	—	—	—	—	—	—	—	—
Fixed income	—	15	—	15	—	—	—	—	—	—	—	—
Life insurance contracts	—	23	19	42	—	—	—	—	—	—	—	—
Rabbi trust investments subtotal	11	38	19	68	—	—	—	—	—	—	—	—
Total assets	13	38	19	70	—	—	—	—	30	—	—	30
Liabilities												
Deferred compensation obligation	—	(6)	—	(6)	—	(1)	—	(1)	—	—	—	—
Mark-to-market derivative liabilities [(a)]	—	—	—	—	(2)	—	—	(2)	—	—	—	—
Effect of netting and allocation of collateral	—	—	—	—	2	—	—	2	—	—	—	—
Mark-to-market derivative liabilities subtotal	—	—	—	—	—	—	—	—	—	—	—	—
Total liabilities	—	(6)	—	(6)	—	(1)	—	(1)	—	—	—	—
Total net assets (liabilities)	$ 13	$ 32	$ 19	$ 64	$ —	$ (1)	$ —	$ (1)	$ 30	$ —	$ —	$ 30

(a) Represents natural gas futures purchased by DPL as part of a natural gas hedging program approved by the DPSC.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following tables present the fair value reconciliation of Level 3 assets and liabilities measured at fair value on a recurring basis during the three months ended March 31, 2016 and 2015:

	Generation					ComEd	*Successor* PHI [a]		Exelon
Three Months Ended March 31, 2016	**NDT Fund Investments**	**Pledged Assets for Zion Station Decommissioning**	**Mark-to-Market Derivatives**	**Other Investments**	**Total Generation**	**Mark-to-Market Derivatives [b]**	**Life Insurance Contracts**	**Eliminated in Consolidation**	**Total**
Balance as of December 31, 2015	$ 670	$ 22	$ 1,051	$ 33	$ 1,776	$ (247)	$ —	$ —	$ 1,529
Included due to merger	—	—	—	—	—	—	20	—	20
Total realized / unrealized gains (losses)									
Included in net income	2	—	(6) [c]	—	(4)	—	—	—	(4)
Included in noncurrent payables to affiliates	4	—	—	—	4	—	—	(4)	—
Included in payable for Zion Station decommissioning	—	2	—	—	2	—	—	—	2
Included in regulatory assets/liabilities	—	—	—	—	—	(18)	—	4	(14)
Change in collateral	—	—	(50)	—	(50)	—	—	—	(50)
Purchases, sales, issuances and settlements									
Purchases	34	1	59	3	97	—	—	—	97
Sales	—	—	(2)	—	(2)	—	—	—	(2)
Settlements	(26)	—	—	—	(26)	—	—	—	(26)
Transfers into Level 3	—	—	2	—	2	—	—	—	2
Transfers out of Level 3	—	—	(7)	—	(7)	—	—	—	(7)
Balance as of March 31, 2016	$ 684	$ 25	$ 1,047	$ 36	$ 1,792	$ (265)	$ 20	$ —	$ 1,547
The amount of total gains included in income attributed to the change in unrealized gains related to assets and liabilities as of March 31, 2016	$ 1	$ —	$ 219	$ —	$ 220	$ —	$ —	$ —	$ 220

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Generation					ComEd		Exelon
Three Months Ended March 31, 2015	**NDT Fund Investments**	**Pledged Assets for Zion Station Decommissioning**	**Mark-to-Market Derivatives**	**Other Investments**	**Total Generation**	**Mark-to-Market Derivatives [b]**	**Eliminated in Consolidation**	**Total**
Balance as of December 31, 2014	$ 605	$ 50	$ 1,050	$ 3	$ 1,708	$ (207)	$ —	$ 1,501
Total realized / unrealized gains (losses)								
Included in net income	2	—	(32) [c]	—	(30)	—	—	(30)
Included in other comprehensive income	—	—	—	—	—	—	—	—
Included in noncurrent payables to affiliates	10	—	—	—	10	—	(10)	—
Included in payable for Zion Station decommissioning	—	3	—	—	3	—	—	3
Included in regulatory assets	—	—	—	—	—	(34)	10	(24)
Change in collateral	—	—	12	—	12	—	—	12
Purchases, sales, issuances and settlements								
Purchases	28	—	41	—	69	—	—	69
Sales	(8)	(9)	—	—	(17)	—	—	(17)
Settlements	(29)	—	—	—	(29)	—	—	(29)
Transfers into Level 3	4	—	—	—	4	—	—	4
Transfers out of Level 3	—	—	(5)	—	(5)	—	—	(5)
Balance as of March 31, 2015	$ 612	$ 44	$ 1,066	$ 3	$ 1,725	$ (241)	$ —	$ 1,484
The amount of total gains included in income attributed to the change in unrealized gains related to assets and liabilities as of March 31, 2015	$ 1	$ —	$ 180	$ —	$ 181	$ —	$ —	$ 181

(a) Successor period represents activity from March 24, 2016 through March 31, 2016. See tables below for PHI's predecessor periods, as well as activity for Pepco and DPL for the three months ended March 31, 2016 and 2015.

(b) Includes $25 million of decreases in fair value and realized losses due to settlements of $7 million recorded in purchased power expense associated with floating-to-fixed energy swap contracts with unaffiliated suppliers for the three months ended March 31, 2016. Includes $36 million of decreases in fair value and realized losses due to settlements of $2 million for the three months ended March 31, 2015.

(c) Includes a reduction for the reclassification of $225 million and $212 million of realized gains due to the settlement of derivative contracts recorded in results of operations for the three months ended March 31, 2016 and 2015, respectively.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Predecessor			
	January 1, 2016 to March 23, 2016		Three Months Ended March 31, 2015	
PHI	Preferred Stock	Life Insurance Contracts	Preferred Stock	Life Insurance Contracts
Beginning Balance	$ 18	$ 19	$ 3	$ 19
Total realized / unrealized gains (losses)				
Included in net income	(18)	1	—	1
Purchases, sales, issuances and settlements				
Settlements	—	—	—	(1)
Ending Balance	$ —	$ 20	$ 3	$ 19
The amount of total gains included in income attributed to the change in unrealized gains (losses) related to assets and liabilities for the period	$ —	$ 1	$ —	$ 1

	Three Months Ended March 31, 2016		Three Months Ended March 31, 2015	
	Pepco	DPL	Pepco	DPL
	Life Insurance Contracts	Life Insurance Contracts	Life Insurance Contracts	Life Insurance Contracts
Balance as of December 31	$ 19	$ —	$ 18	$ 1
Total realized / unrealized gains (losses)				
Included in net income	1	—	1	—
Purchases, sales, issuances and settlements				
Settlements	—	—	—	(1)
Balance as of March 31	$ 20	$ —	$ 19	$ —
The amount of total gains included in income attributed to the change in unrealized gains related to assets and liabilities for the period	$ 1	$ —	$ 1	$ —

The following tables present the income statement classification of the total realized and unrealized gains (losses) included in income for Level 3 assets and liabilities measured at fair value on a recurring basis during the three months ended March 31, 2016 and 2015:

	Generation			Exelon		
	Operating Revenues	Purchased Power and Fuel	Other, net [b]	Operating Revenues	Purchased Power and Fuel	Other, net [b]
Total gains (losses) included in net income for the three months ended March 31, 2016	49	(55)	2	49	(55)	2
Change in the unrealized gains (losses) relating to assets and liabilities held for the three months ended March 31, 2016	254	(35)	1	254	(35)	1

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Generation			Exelon		
	Operating Revenues	Purchased Power and Fuel	Other, net [b]	Operating Revenues	Purchased Power and Fuel	Other, net [b]
Total gains (losses) included in net income for the three months ended March 31, 2015	(10)	(22)	2	(10)	(22)	2
Change in the unrealized gains (losses) relating to assets and liabilities held for the three months ended March 31, 2015	169	11	1	169	11	1

	Predecessor PHI		Pepco	
	January 1, 2016 to March 23, 2016	Three Months Ended March 31, 2015	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
	Other, net			
Total (losses) gains included in net income	$ (17)	$ 1	$ 1	$ 1
Change in the unrealized gains (losses) relating to assets and liabilities held	1	1	1	1

(a) Successor period represents activity for the period of March 24, 2016 through March 31, 2016.
(b) Other, net activity consists of realized and unrealized gains (losses) included in income for the NDT funds held by Generation.

Valuation Techniques Used to Determine Fair Value

The following describes the valuation techniques used to measure the fair value of the assets and liabilities shown in the tables above.

Cash Equivalents (Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE). The Registrants' cash equivalents include investments with maturities of three months or less when purchased. The cash equivalents shown in the fair value tables are comprised of investments in mutual and money market funds. The fair values of the shares of these funds are based on observable market prices and, therefore, have been categorized in Level 1 in the fair value hierarchy.

Preferred Stock Derivative (PHI). In connection with entering into the PHI Merger Agreement, as further described in Note 16 — Mezzanine Equity, PHI entered into a Subscription Agreement with Exelon dated April 29, 2014, pursuant to which PHI issued to Exelon shares of Preferred stock. The Preferred stock contained embedded features requiring separate accounting consideration to reflect the potential value to PHI that any issued and outstanding Preferred stock could be called and redeemed at a nominal par value upon a termination of the merger agreement under certain circumstances due to the failure to obtain required regulatory approvals. The embedded call and redemption features on the shares of the Preferred stock in the event of such a termination were separately accounted for as derivatives. These Preferred stock derivatives were valued quarterly using quantitative and qualitative factors, including management's assessment of the likelihood of a Regulatory Termination and therefore, were categorized in Level 3 in the fair value hierarchy. As a result of the PHI Merger, the PHI Preferred stock derivative was reduced to zero as of March 23, 2016. The write-off was charged to Other, net on the PHI Consolidated Statement of Operations and Comprehensive Income.

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Nuclear Decommissioning Trust Fund Investments and Pledged Assets for Zion Station Decommissioning (Exelon and Generation). The trust fund investments have been established to satisfy Generation's and CENG's nuclear decommissioning obligations as required by the NRC. The NDT funds hold debt and equity securities directly and indirectly through commingled funds and mutual funds, which are included in Equities, Fixed Income and Other. Generation's and CENG's NDT fund investments policies outline investment guidelines for the trusts and limit the trust funds' exposures to investments in highly illiquid markets and other alternative investments. Investments with maturities of three months or less when purchased, including certain short-term fixed income securities are considered cash equivalents and included in the recurring fair value measurements hierarchy as Level 1 or Level 2.

With respect to individually held equity securities, the trustees obtain prices from pricing services, whose prices are generally obtained from direct feeds from market exchanges, which Generation is able to independently corroborate. The fair values of equity securities held directly by the trust funds which are based on quoted prices in active markets are categorized in Level 1. Certain preferred equity securities have been categorized as Level 2 because they are based on evaluated prices that reflect observable market information, such as actual trade information or similar securities. Equity securities held individually are primarily traded on the New York Stock Exchange and NASDAQ-Global Select Market, which contain only actively traded securities due to the volume trading requirements imposed by these exchanges.

For fixed income securities, multiple prices from pricing services are obtained whenever possible, which enables cross-provider validations in addition to checks for unusual daily movements. A primary price source is identified based on asset type, class or issue for each security. With respect to individually held fixed income securities, the trustees monitor prices supplied by pricing services and may use a supplemental price source or change the primary price source of a given security if the portfolio managers challenge an assigned price and the trustees determine that another price source is considered to be preferable. Generation has obtained an understanding of how these prices are derived, including the nature and observability of the inputs used in deriving such prices. Additionally, Generation selectively corroborates the fair values of securities by comparison to other market-based price sources. U.S. Treasury securities are categorized as Level 1 because they trade in a highly liquid and transparent market. The fair values of fixed income securities, excluding U.S. Treasury securities, are based on evaluated prices that reflect observable market information, such as actual trade information or similar securities, adjusted for observable differences and are categorized in Level 2. The fair values of private placement fixed income securities, which are included in Corporate debt, are determined using a third party valuation that contains significant unobservable inputs and are categorized in Level 3.

Equity, balanced and fixed income commingled funds and mutual funds are maintained by investment companies and hold certain investments in accordance with a stated set of fund objectives such as holding short term fixed income securities or tracking the performance of certain equity indices by purchasing equity securities to replicate the capitalization and characteristics of the indices. The values of some of these funds are publicly quoted. For mutual funds which are publicly quoted, the funds are valued based on quoted prices in active markets and have been categorized as Level 1. For commingled funds and mutual funds, which are not publicly quoted, the funds are valued using NAV as a practical expedient for fair value, which is primarily derived from the quoted prices in active markets on the underlying securities, and are not classified within the fair value hierarchy. These investments typically can be redeemed monthly with 30 or less days of notice and without further restrictions.

Derivative instruments consisting primarily of interest rate swaps to manage risk are recorded at fair value. Derivative instruments are valued based on external price data of comparable securities and have been categorized as Level 2.

Middle market lending are investments in loans or managed funds which lend to private companies. Generation elected the fair value option for its investments in certain limited partnerships that invest in middle market lending managed funds. The fair value of these loans is determined using a combination of valuation models including cost models, market models and income models. Investments in loans are categorized as Level 3 because the fair value of these securities is based largely on inputs that are unobservable and utilize complex valuation models. Managed funds are valued using NAV or its equivalent as a practical expedient, and therefore, are not classified within the fair value hierarchy. Investments in middle market lending typically cannot be redeemed until maturity of the term loan.

Private equity and real estate investments include those in limited partnerships that invest in operating companies and real estate holding companies that are not publicly traded on a stock exchange, such as, leveraged buyouts, growth capital, venture capital, distressed investments, investments in natural resources, and direct investments in pools of real estate properties. The fair value of private equity and real estate investments is determined using NAV or its equivalent as a practical expedient, and therefore, are not classified within the fair value hierarchy. These investments typically cannot be redeemed and are generally liquidated over a period of 8 to 10 years from the initial investment date. Private equity and real estate valuations are reported by the fund manager and are based on the valuation of the underlying investments, which include inputs such as cost, operating results, discounted future cash flows, market based comparable data, and independent appraisals from sources with professional qualifications. These valuation inputs are not highly observable.

As of March 31, 2016, Generation has outstanding commitments to invest in middle market lending, private equity investments and real estate investments of approximately $142 million, $42 million, and $135 million, respectively. These commitments will be funded by Generation's existing nuclear decommissioning trust funds.

Concentrations of Credit Risk . Generation evaluated its NDT portfolios for the existence of significant concentrations of credit risk as of March 31, 2016. Types of concentrations that were evaluated include, but are not limited to, investment concentrations in a single entity, type of industry, foreign country, and individual fund. As of March 31, 2016, there were no significant concentrations (generally defined as greater than 10 percent) of risk in Generation's NDT assets.

See Note 12 — Nuclear Decommissioning for further discussion on the NDT fund investments.

Rabbi Trust Investments (Exelon, Generation, PECO, BGE, PHI, Pepco and DPL). The Rabbi trusts were established to hold assets related to deferred compensation plans existing for certain active and retired members of Exelon's executive management and directors. The Rabbi trusts assets are included in investments in the Registrants' Consolidated Balance Sheets and consist primarily of money market funds, mutual funds, fixed income securities and life insurance policies. The mutual funds are maintained by investment companies and hold certain investments in accordance with a stated set of fund objectives, which are consistent with Exelon's overall investment strategy. Money market funds and mutual funds are publicly quoted and have been categorized as Level 1 given the clear observability of the prices. The fair values of fixed income securities are based on evaluated prices that reflect observable market information, such as actual trade information or similar securities, adjusted for observable differences and are categorized in Level 2. The life insurance policies are valued using the cash surrender value of the policies, net of loans against those policies, which is provided by a third-party. Certain life insurance policies, which consist primarily of mutual funds that are priced based on observable market data, have been categorized as Level 2 because the life insurance policies can be liquidated at the reporting date for the value of the underlying assets. Life insurance policies that are valued using unobservable inputs have been categorized as Level 3.

Mark-to-Market Derivatives (Exelon, Generation, ComEd, PHI and DPL) . Derivative contracts are traded in both exchange-based and non-exchange-based markets. Exchange-based derivatives that are valued using

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unadjusted quoted prices in active markets are categorized in Level 1 in the fair value hierarchy. Certain derivatives' pricing is verified using indicative price quotations available through brokers or over-the-counter, on-line exchanges and are categorized in Level 2. These price quotations reflect the average of the bid-ask, mid-point prices and are obtained from sources that the Registrants believe provide the most liquid market for the commodity. The price quotations are reviewed and corroborated to ensure the prices are observable and representative of an orderly transaction between market participants. This includes consideration of actual transaction volumes, market delivery points, bid-ask spreads and contract duration. The remainder of derivative contracts are valued using the Black model, an industry standard option valuation model. The Black model takes into account inputs such as contract terms, including maturity, and market parameters, including assumptions of the future prices of energy, interest rates, volatility, credit worthiness and credit spread. For derivatives that trade in liquid markets, such as generic forwards, swaps and options, model inputs are generally observable. Such instruments are categorized in Level 2. The Registrants' derivatives are predominately at liquid trading points. For derivatives that trade in less liquid markets with limited pricing information model inputs generally would include both observable and unobservable inputs. These valuations may include an estimated basis adjustment from an illiquid trading point to a liquid trading point for which active price quotations are available. Such instruments are categorized in Level 3.

Exelon may utilize fixed-to-floating interest rate swaps, which are typically designated as fair value hedges, as a means to achieve its targeted level of variable-rate debt as a percent of total debt. In addition, the Registrants may utilize interest rate derivatives to lock in interest rate levels in anticipation of future financings. These interest rate derivatives are typically designated as cash flow hedges. Exelon determines the current fair value by calculating the net present value of expected payments and receipts under the swap agreement, based on and discounted by the market's expectation of future interest rates. Additional inputs to the net present value calculation may include the contract terms, counterparty credit risk and other market parameters. As these inputs are based on observable data and valuations of similar instruments, the interest rate swaps are categorized in Level 2 in the fair value hierarchy. See Note 9 — Derivative Financial Instruments for further discussion on mark-to-market derivatives.

Deferred Compensation Obligations (Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco and DPL). The Registrants' deferred compensation plans allow participants to defer certain cash compensation into a notional investment account. The Registrants include such plans in other current and noncurrent liabilities in their Consolidated Balance Sheets. The value of the Registrants' deferred compensation obligations is based on the market value of the participants' notional investment accounts. The underlying notional investments are comprised primarily of equities, mutual funds, commingled funds, and fixed income securities which are based on directly and indirectly observable market prices. Since the deferred compensation obligations themselves are not exchanged in an active market, they are categorized as Level 2 in the fair value hierarchy.

The value of certain employment agreement obligations (which are included with the Deferred Compensation Obligation in the tables above) are based on a known and certain stream of payments to be made over time and are categorized as Level 2 within the fair value hierarchy.

Additional Information Regarding Level 3 Fair Value Measurements (Exelon, Generation, ComEd, PECO, PHI, Pepco and DPL)

Mark-to-Market Derivatives (Exelon, Generation and ComEd). For valuations that include both observable and unobservable inputs, if the unobservable input is determined to be significant to the overall inputs, the entire valuation is categorized in Level 3. This includes derivatives valued using indicative price quotations whose contract tenure extends into unobservable periods. In instances where observable data is unavailable, consideration is given to the assumptions that market participants would use in valuing the asset or liability. This includes assumptions about market risks such as liquidity, volatility and contract duration. Such

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instruments are categorized in Level 3 as the model inputs generally are not observable. Exelon's RMC approves risk management policies and objectives for risk assessment, control and valuation, counterparty credit approval, and the monitoring and reporting of risk exposures. The RMC is chaired by the chief executive officer and includes the chief risk officer, chief strategy officer, chief executive officer of Exelon Utilities, chief commercial officer, chief financial officer and chief executive officer of Constellation. The RMC reports to the Finance and Risk Committee of the Exelon Board of Directors on the scope of the risk management activities. Forward price curves for the power market utilized by the front office to manage the portfolio, are reviewed and verified by the middle office, and used for financial reporting by the back office. The Registrants consider credit and nonperformance risk in the valuation of derivative contracts categorized in Level 2 and 3, including both historical and current market data in its assessment of credit and nonperformance risk by counterparty. Due to master netting agreements and collateral posting requirements, the impacts of credit and nonperformance risk were not material to the financial statements.

Disclosed below is detail surrounding the Registrants' significant Level 3 valuations. The calculated fair value includes marketability discounts for margining provisions and other attributes. Generation's Level 3 balance generally consists of forward sales and purchases of power and natural gas and certain transmission congestion contracts. Generation utilizes various inputs and factors including market data and assumptions that market participants would use in pricing assets or liabilities as well as assumptions about the risks inherent in the inputs to the valuation technique. The inputs and factors include forward commodity prices, commodity price volatility, contractual volumes, delivery location, interest rates, credit quality of counterparties and credit enhancements.

For commodity derivatives, the primary input to the valuation models is the forward commodity price curve for each instrument. Forward commodity price curves are derived by risk management for liquid locations and by the traders and portfolio managers for illiquid locations. All locations are reviewed and verified by risk management considering published exchange transaction prices, executed bilateral transactions, broker quotes, and other observable or public data sources. The relevant forward commodity curve used to value each of the derivatives depends on a number of factors, including commodity type, delivery location, and delivery period. Price volatility varies by commodity and location. When appropriate, Generation discounts future cash flows using risk free interest rates with adjustments to reflect the credit quality of each counterparty for assets and Generation's own credit quality for liabilities. The level of observability of a forward commodity price varies generally due to the delivery location and delivery period. Certain delivery locations including PJM West Hub (for power) and Henry Hub (for natural gas) are more liquid and prices are observable for up to three years in the future. The observability period of volatility is generally shorter than the underlying power curve used in option valuations. The forward curve for a less liquid location is estimated by using the forward curve from the liquid location and applying a spread to represent the cost to transport the commodity to the delivery location. This spread does not typically represent a majority of the instrument's market price. As a result, the change in fair value is closely tied to liquid market movements and not a change in the applied spread. The change in fair value associated with a change in the spread is generally immaterial. An average spread calculated across all Level 3 power and gas delivery locations is approximately $2.82 and $0.25 for power and natural gas, respectively. Many of the commodity derivatives are short term in nature and thus a majority of the fair value may be based on observable inputs even though the contract as a whole must be classified as Level 3. See ITEM 3. — QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK for information regarding the maturity by year of the Registrants' mark-to-market derivative assets and liabilities.

On December 17, 2010, ComEd entered into several 20-year floating to fixed energy swap contracts with unaffiliated suppliers for the procurement of long-term renewable energy and associated RECs. See Note 9 — Derivative Financial Instruments for more information. The fair value of these swaps has been designated as a Level 3 valuation due to the long tenure of the positions and internal modeling assumptions. The modeling

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assumptions include using natural gas heat rates to project long term forward power curves adjusted by a renewable factor that incorporates time of day and seasonality factors to reflect accurate renewable energy pricing. In addition, marketability reserves are applied to the positions based on the tenor and supplier risk.

The table below discloses the significant inputs to the forward curve used to value these positions.

Type of trade	Fair Value at March 31, 2016	Valuation Technique	Unobservable Input	Range
Mark-to-market derivatives — Economic Hedges (Exelon and Generation) [a][c]	$ 903	Discounted Cash Flow	Forward power price	$7 — $88
			Forward gas price	$0.58 — $7.67
		Option Model	Volatility percentage	5% — 184%
Mark-to-market derivatives — Proprietary trading (Exelon and Generation) [a][c]	$ (7)	Discounted Cash Flow	Forward power price	$9 — $83
Mark-to-market derivatives (Exelon and ComEd)	$ (265)	Discounted Cash Flow	Forward heat rate [b]	9x — 10x
			Marketability reserve	3.5% — 7%
			Renewable factor	88% — 129%

(a) The valuation techniques, unobservable inputs and ranges are the same for the asset and liability positions.
(b) Quoted forward natural gas rates are utilized to project the forward power curve for the delivery of energy at specified future dates. The natural gas curve is extrapolated beyond its observable period to the end of the contract's delivery.
(c) The fair values do not include cash collateral posted on level three positions of $151 million as of March 31, 2016.

Type of trade	Fair Value at December 31, 2015	Valuation Technique	Unobservable Input	Range
Mark-to-market derivatives — Economic Hedges (Exelon and Generation) [a][c]	$ 857	Discounted Cash Flow	Forward power price	$11 — $88
			Forward gas price	$1.18 — $8.95
		Option Model	Volatility percentage	5% — 152%
Mark-to-market derivatives — Proprietary trading (Exelon and Generation) [a][c]	$ (7)	Discounted Cash Flow	Forward power price	$13 — $78
Mark-to-market derivatives (Exelon and ComEd)	$ (247)	Discounted Cash Flow	Forward heat rate [b]	9x — 10x
			Marketability reserve	3.5% — 7%
			Renewable factor	87% — 128%

(a) The valuation techniques, unobservable inputs and ranges are the same for the asset and liability positions.
(b) Quoted forward natural gas rates are utilized to project the forward power curve for the delivery of energy at specified future dates. The natural gas curve is extrapolated beyond its observable period to the end of the contract's delivery.
(c) The fair values do not include cash collateral held on level three positions of $201 million as of December 31, 2015.

The inputs listed above would have a direct impact on the fair values of the above instruments if they were adjusted. The significant unobservable inputs used in the fair value measurement of Generation's commodity derivatives are forward commodity prices and for options is price volatility. Increases (decreases) in the forward commodity price in isolation would result in significantly higher (lower) fair values for long positions (contracts that give Generation the obligation or option to purchase a commodity), with offsetting impacts to short positions (contracts that give Generation the obligation or right to sell a commodity). Increases (decreases) in volatility would increase (decrease) the value for the holder of the option (writer of the option). Generally, a change in the estimate of forward commodity prices is unrelated to a change in the estimate of volatility of prices. An increase to the reserves listed above would decrease the fair value of the positions. An increase to the heat rate or renewable factors would increase the fair value accordingly. Generally, interrelationships exist between market prices of natural gas and power. As such, an increase in natural gas pricing would potentially have a similar impact on forward power markets.

Nuclear Decommissioning Trust Fund Investments and Pledged Assets for Zion Station Decommissioning (Exelon and Generation). For middle market lending and certain corporate debt securities investments, the fair value is determined using a combination of valuation models including cost models, market models and income models. The valuation estimates are based on valuations of comparable companies, discounting the forecasted cash flows of the portfolio company, estimating the liquidation or collateral value of the portfolio company or its assets, considering offers from third parties to buy the portfolio company, its historical and projected financial results, as well as other factors that may impact value. Significant judgment is required in the application of discounts or premiums applied to the prices of comparable companies for factors such as size, marketability, credit risk and relative performance.

Because Generation relies on third-party fund managers to develop the quantitative unobservable inputs without adjustment for the valuations of its Level 3 investments, quantitative information about significant unobservable inputs used in valuing these investments is not reasonably available to Generation. This includes information regarding the sensitivity of the fair values to changes in the unobservable inputs. Generation gains an understanding of the fund managers' inputs and assumptions used in preparing the valuations. Generation performed procedures to assess the reasonableness of the valuations. For a sample of its Level 3 investments, Generation reviewed independent valuations and reviewed the assumptions in the detailed pricing models used by the fund managers.

Rabbi Trust Investments — Life insurance contracts (Exelon, Generation, PECO, PHI, Pepco and DPL) For life insurance policies categorized as Level 3, the fair value is determined based on the cash surrender value of the policy, which contains unobservable inputs and assumptions. Because Exelon relies on its third-party insurance provider to develop the inputs without adjustment for the valuations of its Level 3 investments, quantitative information about significant unobservable inputs used in valuing these investments is not reasonably available to Exelon. Exelon gains an understanding of the types of inputs and assumptions used in preparing the valuations and performs procedures to assess the reasonableness of the valuations.

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9. Derivative Financial Instruments (All Registrants)

The Registrants use derivative instruments to manage commodity price risk, foreign currency exchange risk and interest rate risk related to ongoing business operations.

Commodity Price Risk (All Registrants)

To the extent the amount of energy Generation produces differs from the amount of energy it has contracted to sell, Exelon and Generation are exposed to market fluctuations in the prices of electricity, fossil fuels and other commodities. Each of the Registrants employ established policies and procedures to manage their risks associated with market fluctuations in commodity prices by entering into physical and financial derivative contracts, including swaps, futures, forwards, options and short-term and long-term commitments to purchase and sell energy and energy-related products. The Registrants believe these instruments, which are classified as either economic hedges or non-derivatives, mitigate exposure to fluctuations in commodity prices.

Derivative accounting guidance requires that derivative instruments be recognized as either assets or liabilities at fair value, with changes in fair value of the derivative recognized in earnings each period. Other accounting treatments are available through special election and designation, provided they meet specific, restrictive criteria both at the time of designation and on an ongoing basis. These alternative permissible accounting treatments include normal purchase normal sale (NPNS), cash flow hedge and fair value hedge. For Generation, all derivative economic hedges related to commodities are recorded at fair value through earnings for the combined company, referred to as economic hedges in the following tables. The Registrants have applied the NPNS scope exception to certain derivative contracts for the forward sale of generation, power procurement agreements and natural gas supply agreements. Non-derivative contracts for access to additional generation and certain sales to load-serving entities are accounted for primarily under the accrual method of accounting, which is further discussed in Note 23 — Commitments and Contingencies of the Exelon 2015 Form 10-K. Additionally, Generation is exposed to certain market risks through its proprietary trading activities. The proprietary trading activities are a complement to Generation's energy marketing portfolio but represent a small portion of Generation's overall energy marketing activities.

Economic Hedging. The Registrants are exposed to commodity price risk primarily relating to changes in the market price of electricity, fossil fuels and other commodities associated with price movements resulting from changes in supply and demand, fuel costs, market liquidity, weather conditions, governmental regulatory and environmental policies and other factors. Within Exelon, Generation has the most exposure to commodity price risk. As such, Generation uses a variety of derivative and non-derivative instruments to manage the commodity price risk of its electric generation facilities, including power and gas sales, fuel and energy purchases, natural gas transportation and pipeline capacity agreements and other energy-related products marketed and purchased. In order to manage these risks, Generation may enter into fixed-price derivative or non-derivative contracts to hedge the variability in future cash flows from forecasted sales of energy and gas and purchases of fuel and energy. The objectives for entering into such hedges include fixing the price for a portion of anticipated future electricity sales at a level that provides an acceptable return on electric generation operations, fixing the price of a portion of anticipated fuel purchases for the operation of power plants, and fixing the price for a portion of anticipated energy purchases to supply load-serving customers. The portion of forecasted transactions hedged may vary based upon management's policies and hedging objectives, the market, weather conditions, operational and other factors. Generation is also exposed to differences between the locational settlement prices of certain economic hedges and the hedged generating units. This price difference is actively managed through other instruments which include derivative congestion products, whose changes in fair value are recognized in earnings each period, and auction revenue rights, which are accounted for on an accrual basis.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

In general, increases and decreases in forward market prices have a positive and negative impact, respectively, on Generation's owned and contracted generation positions that have not been hedged. Generation hedges commodity price risk on a ratable basis over three-year periods. As of March 31, 2016, the proportion of expected generation hedged for the major reportable segments is 96%-99%, 69%-72% and 37%-40% for 2016, 2017 and 2018, respectively. The percentage of expected generation hedged is the amount of equivalent sales divided by the expected generation. Expected generation is the volume of energy that best represents our commodity position in energy markets from owned or contracted for capacity based upon a simulated dispatch model that makes assumptions regarding future market conditions, which are calibrated to market quotes for power, fuel, load following products, and options. Equivalent sales represent all hedging products, which include economic hedges and certain non-derivative contracts including Generation's sales to the Utility Registrants to serve their retail load.

On December 17, 2010, ComEd entered into several 20-year floating-to-fixed energy swap contracts with unaffiliated suppliers for the procurement of long-term renewable energy and associated RECs. Delivery under the contracts began in June 2012. These contracts are designed to lock in a portion of the long-term commodity price risk resulting from the renewable energy resource procurement requirements in the Illinois Settlement Legislation. ComEd has not elected hedge accounting for these derivative financial instruments. ComEd records the fair value of the swap contracts on its balance sheet. Because ComEd receives full cost recovery for energy procurement and related costs from retail customers, the change in fair value each period is recorded by ComEd as a regulatory asset or liability. See Note 3 — Regulatory Matters of the Exelon 2015 Form 10-K for additional information.

PECO has contracts to procure electric supply that were executed through the competitive procurement process outlined in its PAPUC-approved DSP Programs, which are further discussed in Note 5 — Regulatory Matters. Based on Pennsylvania legislation and the DSP Programs permitting PECO to recover its electric supply procurement costs from retail customers with no mark-up, PECO's price risk related to electric supply procurement is limited. PECO locked in fixed prices for a significant portion of its commodity price risk through full requirements contracts. PECO has certain full requirements contracts that are considered derivatives and qualify for the NPNS scope exception under current derivative authoritative guidance.

PECO's natural gas procurement policy is designed to achieve a reasonable balance of long-term and short-term gas purchases under different pricing approaches in order to achieve system supply reliability at the least cost. PECO's reliability strategy is two-fold. First, PECO must assure that there is sufficient transportation capacity to satisfy delivery requirements. Second, PECO must ensure that a firm source of supply exists to utilize the capacity resources. All of PECO's natural gas supply and asset management agreements that are derivatives either qualify for the NPNS scope exception and have been designated as such, or have no mark-to-market balances because the derivatives are index priced. Additionally, in accordance with the 2015 PAPUC PGC settlement and to reduce the exposure of PECO and its customers to natural gas price volatility, PECO has continued its program to purchase natural gas for both winter and summer supplies using a layered approach of locking-in prices ahead of each season with long-term gas purchase agreements (those with primary terms of at least twelve months). Under the terms of the 2015 PGC settlement, PECO is required to lock in (i.e. economically hedge) the price of a minimum volume of its long-term gas commodity purchases. PECO's gas-hedging program is designed to cover about 30% of planned natural gas purchases in support of projected firm sales. The hedging program for natural gas procurement has no direct impact on PECO's financial position or results of operations as natural gas costs are fully recovered from customers under the PGC.

BGE has contracts to procure SOS electric supply that are executed through a competitive procurement process approved by the MDPSC. The SOS rates charged recover BGE's wholesale power supply costs and include an administrative fee. The administrative fee includes an incremental cost component and a shareholder

return component for commercial and industrial rate classes. BGE's price risk related to electric supply procurement is limited. BGE locks in fixed prices for all of its SOS requirements through full requirements contracts. Certain of BGE's full requirements contracts, which are considered derivatives, qualify for the NPNS scope exception under current derivative authoritative guidance. Other BGE full requirements contracts are not derivatives.

BGE provides natural gas to its customers under a MBR mechanism approved by the MDPSC. Under this mechanism, BGE's actual cost of gas is compared to a market index (a measure of the market price of gas in a given period). The difference between BGE's actual cost and the market index is shared equally between shareholders and customers. BGE must also secure fixed price contracts for at least 10%, but not more than 20%, of forecasted system supply requirements for flowing (i.e. non-storage) gas for the November through March period. These fixed-price contracts are not subject to sharing under the MBR mechanism. BGE also ensures it has sufficient pipeline transportation capacity to meet customer requirements. All of BGE's natural gas supply and asset management agreements qualify for the NPNS scope exception and result in physical delivery.

Pepco has contracts to procure SOS electric supply that are executed through a competitive procurement process approved by the MDPSC and DCPSC. The SOS rates charged recover Pepco's wholesale power supply costs and include an administrative fee. The administrative fee includes an incremental cost component and a shareholder return component for residential and commercial rate classes. Pepco's price risk related to electric supply procurement is limited. Pepco locks in fixed prices for all of its SOS requirements through full requirements contracts. Certain of Pepco's full requirements contracts, which are considered derivatives, qualify for the NPNS scope exception under current derivative authoritative guidance. Other Pepco full requirements contracts are not derivatives.

DPL has contracts to procure SOS electric supply that are executed through a competitive procurement process approved by the MDPSC and the DPSC. The SOS rates charged recover DPL's wholesale power supply costs. In Delaware, DPL is also entitled to recover a Reasonable Allowance for Retail Margin (RARM). The RARM includes a fixed annual margin of approximately $2.75 million, plus an incremental cost component and a cash working capital allowance. In Maryland, DPL charges an administrative fee intended to allow it to recover its administrative costs. DPL locks in fixed prices for all of its SOS requirements through full requirements contracts. DPL's price risk related to electric supply procurement is limited. Certain of DPL's full requirements contracts, which are considered derivatives, qualify for the NPNS scope exception under current derivative authoritative guidance. Other DPL full requirements contracts are not derivatives.

DPL provides natural gas to its customers under an Annual GCR mechanism approved by the DPSC. Under this mechanism, DPL's Annual GCR Filing establishes a future GCR for firm bundled sales customers by using a forecast of demand and commodity costs. The actual costs are trued up versus the forecast on a monthly basis and any shortfall or excess is carried forward as a recovery balance in the next GCR filing. The demand portion of the GCR is based upon DPL's firm transportation and storage contracts. DPL has firm deliverability of swing and seasonal storage; a liquefied natural gas facility and firm transportation capacity to meet customer demand and provide a reserve margin. The commodity portion of the GCR includes a commission approved hedging program which is intended to reduce gas commodity price volatility while limiting the firm natural gas customers' exposure to adverse changes in the market price of natural gas. The hedge program requires that DPL hedge, on a non-discretionary basis, an amount equal to fifty percent (50%) of estimated purchase requirements for each month, including estimated monthly purchases for storage injections. The fifty percent (50%) hedge monthly target is achieved by hedging 1/12th of the 50% target each month beginning 12-months prior to the month in which the physical gas is to be purchased. Currently, DPL uses only exchange traded futures for its Gas Hedging Program, which are considered derivatives, however, it retains the capability to employ other physical and financial hedges if needed. DPL has not elected hedge accounting for these derivative financial instruments.

Because of the DPSC-approved fuel adjustment clause for DPL's derivatives, the change in fair value of the derivatives each period, in addition to all premiums paid and other transaction costs incurred as part of the Gas Hedging Program, are fully recoverable and are recorded by DPL as regulatory assets or liabilities. DPL's physical gas purchases are currently all daily, monthly or intra-month transactions. From time to time, DPL will enter into seasonal purchase or sale arrangements, however, there are none currently in the portfolio. Certain of DPL's full requirements contracts, which are considered derivatives, qualify for the NPNS scope exception under current derivative authoritative guidance. Other DPL full requirements contracts are not derivatives.

ACE has contracts to procure BGS electric supply that are executed through a competitive procurement process approved by the NJBPU. The BGS rates charged recover ACE's wholesale power supply costs. ACE does not make any profit or incur any loss on the supply component of the BGS it supplies to customers. ACE's price risk related to electric supply procurement is limited. ACE locks in fixed prices for all of its BGS requirements through full requirements contracts. Certain of ACE's full requirements contracts, which are considered derivatives, qualify for the NPNS scope exception under current derivative authoritative guidance. Other ACE full requirements contracts are not derivatives.

Proprietary Trading. Generation also enters into certain energy-related derivatives for proprietary trading purposes. Proprietary trading includes all contracts entered into with the intent of benefiting from shifts or changes in market prices as opposed to those entered into with the intent of hedging or managing risk. Proprietary trading activities are subject to limits established by Exelon's RMC. The proprietary trading activities, which included settled physical sales volumes of 1,220 GWhs and 1,808 GWhs for the three months ended March 31, 2016 and 2015, respectively, are a complement to Generation's energy marketing portfolio but represent a small portion of Generation's revenue from energy marketing activities. ComEd, PECO, BGE, PHI, Pepco, DPL and ACE do not enter into derivatives for proprietary trading purposes.

Interest Rate and Foreign Exchange Risk (Exelon, Generation, ComEd, PECO, BGE and PHI)

The Registrants use a combination of fixed-rate and variable-rate debt to manage interest rate exposure. The Registrants utilize fixed-to-floating interest rate swaps, which are typically designated as fair value hedges, as a means to manage their interest rate exposure. In addition, the Registrants may utilize interest rate derivatives to lock in rate levels in anticipation of future financings, which are typically designated as cash flow hedges. These strategies are employed to manage interest rate risks. At March 31, 2016, Exelon had $800 million of notional amounts of fixed-to-floating hedges outstanding, and Exelon and Generation had $1,287 million and $687 million of notional amounts of floating-to-fixed hedges outstanding, respectively. Assuming the fair value and cash flow interest rate hedges are 100% effective, a hypothetical 50 bps increase in the interest rates associated with unhedged variable-rate debt (excluding Commercial Paper) and fixed-to-floating swaps would result in an approximately $1 million decrease in Exelon Consolidated pre-tax income for the three months ended March 31, 2016. To manage foreign exchange rate exposure associated with international energy purchases in currencies other than U.S. dollars, Generation utilizes foreign currency derivatives, which are typically designated as economic hedges. Below is a summary of the interest rate and foreign exchange hedge balances as of March 31, 2016.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Generation					Exelon Corporate	Exelon
Description	Derivatives Designated as Hedging Instruments	Economic Hedges	Proprietary Trading [a]	Collateral and Netting [b]	Subtotal	Derivatives Designated as Hedging Instruments	Total
Mark-to-market derivative assets (current assets)	$ —	$ 10	$ 8	$ (5)	$ 13	$ —	$ 13
Mark-to-market derivative assets (noncurrent assets)	—	10	5	(4)	11	42	53
Total mark-to-market derivative assets	—	20	13	(9)	24	42	66
Mark-to-market derivative liabilities (current liabilities)	(8)	(3)	(6)	9	(8)	—	(8)
Mark-to-market derivative liabilities (noncurrent liabilities)	(12)	(5)	(5)	7	(15)	(3)	(18)
Total mark-to-market derivative liabilities	(20)	(8)	(11)	16	(23)	(3)	(26)
Total mark-to-market derivative net assets (liabilities)	$ (20)	$ 12	$ 2	$ 7	$ 1	$ 39	$ 40

(a) Generation enters into interest rate derivative contracts to economically hedge risk associated with the interest rate component of commodity positions. The characterization of the interest rate derivative contracts between the proprietary trading activity in the above table is driven by the corresponding characterization of the underlying commodity position that gives rise to the interest rate exposure. Generation does not utilize proprietary trading interest rate derivatives with the objective of benefiting from shifts or changes in market interest rates.

(b) Exelon and Generation net all available amounts allowed under the derivative accounting guidance on the balance sheet. These amounts include unrealized derivative transactions with the same counterparty under legally enforceable master netting agreements and cash collateral. In some cases Exelon and Generation may have other offsetting exposures, subject to a master netting or similar agreement, such as accrued interest, transactions that do not qualify as derivatives, letters of credit and other forms of non-cash collateral. These are not reflected in the table above.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following table provides a summary of the interest rate and foreign exchange hedge balances recorded by the Registrants as of December 31, 2015:

	Generation					Exelon Corporate	Exelon
Description	Derivatives Designated as Hedging Instruments	Economic Hedges	Proprietary Trading [a]	Collateral and Netting [b]	Subtotal	Derivatives Designated as Hedging Instruments	Total
Mark-to-market derivative assets (current assets)	$ —	$ 10	$ 10	$ (5)	$ 15	$ —	$ 15
Mark-to-market derivative assets (noncurrent assets)	—	10	5	(1)	14	25	39
Total mark-to-market derivative assets	—	20	15	(6)	29	25	54
Mark-to-market derivative liabilities (current liabilities)	(8)	(2)	(9)	11	(8)	—	(8)
Mark-to-market derivative liabilities (noncurrent liabilities)	(8)	(1)	(3)	4	(8)	—	(8)
Total mark-to-market derivative liabilities	(16)	(3)	(12)	15	(16)	—	(16)
Total mark-to-market derivative net assets (liabilities)	$ (16)	$ 17	$ 3	$ 9	$ 13	$ 25	$ 38

(a) Generation enters into interest rate derivative contracts to economically hedge risk associated with the interest rate component of commodity positions. The characterization of the interest rate derivative contracts between the proprietary trading activity in the above table is driven by the corresponding characterization of the underlying commodity position that gives rise to the interest rate exposure. Generation does not utilize proprietary trading interest rate derivatives with the objective of benefiting from shifts or changes in market interest rates.

(b) Exelon and Generation net all available amounts allowed under the derivative accounting guidance on the balance sheet. These amounts include unrealized derivative transactions with the same counterparty under legally enforceable master netting agreements and cash collateral. In some cases Exelon and Generation may have other offsetting exposures, subject to a master netting or similar agreement, such as accrued interest, transactions that do not qualify as derivatives, letters of credit and other forms of non-cash collateral. These are not reflected in the table above.

Fair Value Hedges . For derivative instruments that are designated and qualify as fair value hedges, the gain or loss on the derivative as well as the offsetting loss or gain on the hedged item attributable to the hedged risk are recognized in current earnings. Exelon includes the gain or loss on the hedged items and the offsetting loss or gain on the related interest rate swaps in interest expense as follows:

		Three Months Ended March 31,			
	Income Statement Location	2016	2015	2016	2015
		Gain (Loss) on Swaps		Gain (Loss) on Borrowings	
Generation	Interest expense [a]	$ —	$ (1)	$ —	$ —
Exelon	Interest expense	17	9	(15)	(7)

(a) For the three months ended March 31, 2015, the loss on Generation swaps included $1 million realized in earnings with an immaterial amount excluded from hedge effectiveness testing.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

At March 31, 2016, Exelon had total outstanding fixed-to-floating fair value hedges related to interest rate swaps of $800 million, with a derivative asset of $42 million. At December 31, 2015, Exelon had total outstanding fixed-to-floating fair value hedges related to interest rate swaps of $800 million, with a derivative asset of $25 million. During the three months ended March 31, 2016 and 2015, the impact on the results of operations as a result of ineffectiveness from fair value hedges was a $2 million gain for each period.

Cash Flow Hedges . During the first quarter of 2016, Exelon entered into $600 million of floating-to-fixed forward starting interest rate swaps to manage a portion of the interest rate exposure associated with the anticipated issuance of debt. The swaps are designated as cash flow hedges. At March 31, 2016, Exelon had a $3 million derivative liability related to the swaps.

During the first quarter of 2016, Exelon entered into $100 million of floating-to-fixed forward starting interest rate swaps to manage a portion of the interest rate exposure associated with an anticipated debt issuance. The swap is designated as a cash flow hedge. Exelon terminated the swap during the first quarter of 2016 upon issuance of the debt. Exelon did not recognize a gain or loss as a result of the termination of the swap and an immaterial amount of AOCI will be amortized into Other, net in Exelon's Consolidated Statement of Operations and Comprehensive Income over the term of the debt. See Note10 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for additional information.

During the third quarter of 2014, ExGen Texas Power, LLC, a subsidiary of Generation, entered into a floating-to-fixed interest rate swap to manage a portion of its interest rate exposure in connection with the long-term borrowing. See Note 14 — Debt and Credit Agreements of the Exelon 2015 Form 10-K for additional information regarding the financing. The swaps have a notional amount of $499 million as of March 31, 2016 and expire in 2019. The swap was designated as a cash flow hedge in the fourth quarter of 2014. At March 31, 2016, the subsidiary had a $17 million derivative liability related to the swap.

During the first quarter of 2014, ExGen Renewables I, LLC, a subsidiary of Generation, entered into floating-to-fixed interest rate swaps to manage a portion of its interest rate exposure in connection with the long-term borrowings. See Note 14 — Debt and Credit Agreements of the Exelon 2015 Form 10-K for additional information regarding the financing. The swaps have a notional amount of $189 million as of March 31, 2016 and expire in 2020. The swaps are designated as cash flow hedges. At March 31, 2016, the subsidiary had a $3 million derivative liability related to the swaps.

During the second quarter of 2002, PHI entered into treasury rate lock transactions in anticipation of the issuance of several series of fixed-rate debt commencing in August 2002 to manage a portion of its interest rate exposure. Upon issuance of the fixed-rate debt in August 2002, the treasury rate locks were terminated at a loss and the loss was deferred in AOCI. As a result of the PHI Merger, the remaining unamortized deferred loss recorded in AOCI was adjusted to zero through application of purchase accounting.

During the three months ended March 31, 2015, the impact on the results of operations as a result of ineffectiveness from cash flow hedges in continuing designated hedge relationships was immaterial.

Economic Hedges . During the third quarter of 2011, Sacramento PV Energy, a subsidiary of Generation entered into floating-to-fixed interest rate swaps to manage a portion of its interest rate exposure in connection with the long-term borrowings. See Note 14 — Debt and Credit Agreements of the Exelon 2015 Form 10-K for additional information regarding the financing. During the first quarter of 2016, upon the issuance of debt, Generation terminated the swaps. The total notional amount of the swaps were $25 million. No gain or loss was recognized as a result of the termination of the swaps.

During the third quarter of 2012, Constellation Solar Horizons, a subsidiary of Generation, entered into a floating-to-fixed interest rate swap to manage a portion of its interest rate exposure in connection with the long-term borrowings. See Note 14 — Debt and Credit Agreements of the Exelon 2015 Form 10-K for additional information regarding the financing. During the first quarter of 2016, upon the issuance of debt, Generation terminated the swap. The total notional amount of the swap was $24 million. No gain or loss was recognized as a result of the termination of the swap.

During the second quarter 2015, upon the issuance of debt, Exelon terminated $2,400 million of floating-to-fixed forward starting interest rate swaps. As a result of the termination of the swaps, Exelon realized a $64 million loss during the second quarter of 2015.

At March 31, 2016, Generation had immaterial notional amounts of interest rate derivative contracts to economically hedge risk associated with the interest rate component of commodity positions and $137 million in notional amounts of foreign currency exchange rate swaps that are marked-to-market to manage the exposure associated with international commodity transactions in currencies other than U.S. dollars.

Fair Value Measurement and Accounting for the Offsetting of Amounts Related to Certain Contracts (Exelon, Generation, ComEd, PECO, BGE, PHI and DPL)

Fair value accounting guidance and disclosures about offsetting assets and liabilities requires the fair value of derivative instruments to be shown in the Notes to the Consolidated Financial Statements on a gross basis, even when the derivative instruments are subject to legally enforceable master netting agreements and qualify for net presentation in the Consolidated Balance Sheet. A master netting agreement is an agreement between two counterparties that may have derivative and non-derivative contracts with each other providing for the net settlement of all referencing contracts via one payment stream, which takes place as the contracts deliver, when collateral is requested or in the event of default. Generation's use of cash collateral is generally unrestricted, unless Generation is downgraded below investment grade (i.e. to BB+ or Ba1). In the table below, Generation's energy related economic hedges and proprietary trading derivatives are shown gross. The impact of the netting of fair value balances with the same counterparty that are subject to legally enforceable master netting agreements, as well as netting of cash collateral, including initial margin on exchange positions, is aggregated in the collateral and netting column. As of March 31, 2016 and December 31, 2015, $1 million and $3 million of cash collateral posted, respectively, was not offset against derivative positions because such collateral was not associated with any energy-related derivatives, were associated with accrual positions, or as of the balance sheet date there were no positions to offset. Excluded from the tables below are economic hedges that qualify for the NPNS scope exception and other non-derivative contracts that are accounted for under the accrual method of accounting.

ComEd's use of cash collateral is generally unrestricted unless ComEd is downgraded below investment grade (i.e. to BB+ or Ba1).

Cash collateral held by PECO and BGE must be deposited in a non affiliate major U.S. commercial bank or foreign bank with a U.S. branch office that meet certain qualifications.

In the table below, DPL's economic hedges are shown gross. The impact of the netting of fair value balances with the same counterparty that are subject to legally enforceable master netting agreements, as well as netting of cash collateral, is aggregated in the collateral and netting column.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following table provides a summary of the derivative fair value balances recorded by the Registrants as of March 31, 2016:

	Generation				ComEd	DPL			*Successor* PHI	Exelon
Derivatives	Economic Hedges	Proprietary Trading	Collateral and Netting (a)	Subtotal (b)	Economic Hedges (c)	Economic Hedges (d)	Collateral and Netting (a)	Subtotal	Subtotal	Total Derivatives
Mark-to-market derivative assets (current assets)	$ 5,851	$ 113	$ (4,792)	$ 1,172	$ —	$ —	$ —	$ —	$ —	$ 1,172
Mark-to-market derivative assets (noncurrent assets)	2,377	30	(1,619)	788	—	—	—	—	—	788
Total mark-to-market derivative assets	8,228	143	(6,411)	1,960	—	—	—	—	—	1,960
Mark-to-market derivative liabilities (current liabilities)	(5,570)	(104)	5,505	(169)	(26)	(1)	1	—	—	(195)
Mark-to-market derivative liabilities (noncurrent liabilities)	(2,056)	(40)	1,945	(151)	(239)	—	—	—	—	(390)
Total mark-to-market derivative liabilities	(7,626)	(144)	7,450	(320)	(265)	(1)	1	—	—	(585)
Total mark-to-market derivative net assets (liabilities)	$ 602	$ (1)	$ 1,039	$ 1,640	$ (265)	$ (1)	$ 1	$ —	$ —	$ 1,375

(a) Exelon, Generation, PHI and DPL net all available amounts allowed under the derivative accounting guidance on the balance sheet. These amounts include unrealized derivative transactions with the same counterparty under legally enforceable master netting agreements and cash collateral. In some cases Exelon and Generation may have other offsetting exposures, subject to a master netting or similar agreement, such as trade receivables and payables, transactions that do not qualify as derivatives, letters of credit and other forms of non-cash collateral. These are not reflected in the table above.

(b) Current and noncurrent assets are shown net of collateral of $303 million and $146 million, respectively, and current and noncurrent liabilities are shown net of collateral of $410 million and $180 million, respectively. The total cash collateral posted, net of cash collateral received and offset against mark-to-market assets and liabilities was $1,039 million at March 31, 2016.

(c) Includes current and noncurrent liabilities relating to floating-to-fixed energy swap contracts with unaffiliated suppliers.

(d) Represents natural gas futures purchased as part by DPL as part of a natural gas hedging program approved by the DPSC.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following table provides a summary of the derivative fair value balances recorded by the Registrants as of December 31, 2015:

	Generation				ComEd	Exelon	DPL			PHI Corporate	*Predecessor* PHI
Description	Economic Hedges	Proprietary Trading	Collateral and Netting (a)	Subtotal (b)	Economic Hedges (c)	Total Derivatives	Economic Hedges (e)	Collateral and Netting (a)	Subtotal	Other (d)	Total Derivatives
Mark-to-market derivative assets (current assets)	$ 5,236	$ 108	$ (3,994)	$ 1,350	$ —	$ 1,350	$ —	$ —	$ —	$ 18	$ 18
Mark-to-market derivative assets (noncurrent assets)	1,860	22	(1,163)	719	—	719	—	—	—	—	—
Total mark-to-market derivative assets	7,096	130	(5,157)	2,069	—	2,069	—	—	—	18	18
Mark-to-market derivative liabilities (current liabilities)	(4,907)	(94)	4,827	(174)	(23)	(197)	(2)	2	—	—	—
Mark-to-market derivative liabilities (noncurrent liabilities)	(1,673)	(33)	1,564	(142)	(224)	(366)	—	—	—	—	—
Total mark-to-market derivative liabilities	(6,580)	(127)	6,391	(316)	(247)	(563)	(2)	2	—	—	—
Total mark-to-market derivative net assets (liabilities)	$ 516	$ 3	$ 1,234	$ 1,753	$ (247)	$ 1,506	$ (2)	$ 2	$ —	$ 18	$ 18

(a) Exelon, Generation, PHI and DPL net all available amounts allowed under the derivative accounting guidance on the balance sheet. These amounts include unrealized derivative transactions with the same counterparty under legally enforceable master netting agreements and cash collateral. In some cases Exelon and Generation may have other offsetting exposures, subject to a master netting or similar agreement, such as trade receivables and payables, transactions that do not qualify as derivatives, and letters of credit and other forms of non-cash collateral. These are not reflected in the table above.

(b) Current and noncurrent assets are shown net of collateral of $352 million and $180 million, respectively, and current and noncurrent liabilities are shown net of collateral of $480 million and $222 million, respectively. The total cash collateral posted, net of cash collateral received and offset against mark-to-market assets and liabilities was $1,234 million at December 31, 2015.

(c) Includes current and noncurrent liabilities relating to floating-to-fixed energy swap contracts with unaffiliated suppliers.

(d) Prior to the PHI Merger, PHI recorded derivative assets for the embedded call and redemption features on the shares of Preferred Stock outstanding as of December 31, 2015. See Note 16—Mezzanine Equity for additional information. As a result of the PHI Merger, the PHI preferred stock derivative was reduced to zero as of March 23, 2016.

(e) Represents natural gas futures purchased as part by DPL as part of a natural gas hedging program approved by the DPSC.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Cash Flow Hedges (Exelon and Generation). The tables below provide the activity of AOCI related to cash flow hedges for the three months ended March 31, 2016 and 2015, containing information about the changes in the fair value of cash flow hedges and the reclassification from AOCI into results of operations. The amounts reclassified from AOCI, when combined with the impacts of the hedged transactions, result in the ultimate recognition of net revenues or expenses at the contractual price.

		Total Cash Flow Hedge OCI Activity, Net of Income Tax	
		Generation	Exelon
Three Months Ended March 31, 2016	Income Statement Location	Total Cash Flow Hedges	Total Cash Flow Hedges
Accumulated OCI derivative loss at December 31, 2015		$ (21)	$ (19)
Effective portion of changes in fair value		(8)	(10)
Reclassifications from AOCI to net income	Interest Expense	3[(a)]	3[(a)]
Accumulated OCI derivative loss at March 31, 2016		$ (26)	$ (26)

		Total Cash Flow Hedge OCI Activity, Net of Income Tax	
		Generation	Exelon
Three Months Ended March 31, 2015	Income Statement Location	Total Cash Flow Hedges	Total Cash Flow Hedges
Accumulated OCI derivative loss at December 31, 2014		$ (18)	$ (28)
Effective portion of changes in fair value		(6)	(11)
Reclassifications from AOCI to net income	Other, net	—	16[(b)]
Reclassifications from AOCI to net income	Interest Expense	3	3
Reclassifications from AOCI to net income	Operating Revenues	(2)	(2)
Accumulated OCI derivative loss at March 31, 2015		$ (23)	$ (22)

(a) Amount is net of related income tax expense of $2 million for both the three months ended March 31, 2016.
(b) Amount is net of related income tax benefit of $10 million for the three months ended March 31, 2015.

The effect of Exelon's and Generation's former energy-related cash flow hedge activity on pre-tax earnings based on the reclassification adjustment from AOCI to earnings was a $2 million pre-tax gain for the three months ended March 31, 2015. Neither Exelon nor Generation will incur changes in cash flow hedge ineffectiveness in future periods relating to energy-related hedges positions as all were de-designated prior to the Constellation merger date.

Economic Hedges (Exelon and Generation). These instruments represent hedges that economically mitigate exposure to fluctuations in commodity prices and include financial options, futures, swaps, physical forward sales and purchases, but for which the fair value or cash flow hedge elections were not made. Additionally, Generation enters into interest rate derivative contracts and foreign exchange currency swaps ("treasury") to manage the exposure related to the interest rate component of commodity positions and international purchases of commodities in currencies other than U.S. Dollars. For the three months ended March 31, 2016 and 2015, the following net pre-tax mark-to-market gains (losses) of certain purchase and sale contracts were reported in Operating revenues or Purchased power and fuel expense, or Interest expense at Exelon and Generation in the Consolidated Statements of Operations and Comprehensive Income and are included in "Net fair value changes related to derivatives" in Exelon's and Generation's Consolidated Statements of Cash Flows. In the tables below, "Change in fair value" represents the change in fair value of the derivative

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

contracts held at the reporting date. The "Reclassification to realized at settlement" represents the recognized change in fair value that was reclassified to realized due to settlement of the derivative during the period.

	Generation			Exelon
Three Months Ended March 31, 2016	Operating Revenues	Purchased Power and Fuel	Total	Total
Change in fair value of commodity positions	$ 279	$ (127)	$152	$ 152
Reclassification to realized at settlement of commodity positions	(211)	167	(44)	(44)
Net commodity mark-to-market gains (losses)	68	40	108	108
Change in fair value of treasury positions	(3)	—	(3)	(3)
Reclassification to realized at settlement of treasury positions	(2)	—	(2)	(2)
Net treasury mark-to-market gains (losses)	(5)	—	(5)	(5)
Net mark-to-market gains (losses)	$ 63	$ 40	$103	$ 103

	Generation			Exelon Corporate	Exelon
Three Months Ended March 31, 2015	Operating Revenues	Purchased Power and Fuel	Total	Interest Expense	Total
Change in fair value of commodity positions	$ 164	$ (79)	$ 85	$ —	$ 85
Reclassification to realized at settlement of commodity positions	(21)	87	66	—	66
Net commodity mark-to-market gains (losses)	143	8	151	—	151
Change in fair value of treasury positions	13	—	13	(78)	(65)
Reclassification to realized at settlement of treasury positions	(2)	—	(2)	—	(2)
Net treasury mark-to-market gains (losses)	11	—	11	(78)	(67)
Net mark-to-market gains (losses)	$ 154	$ 8	$162	$ (78)	$ 84

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Proprietary Trading Activities (Exelon and Generation). For the three months ended March 31, 2016 and 2015, Exelon and Generation recognized the following net unrealized mark-to-market gains (losses), net realized mark-to-market gains (losses) and total net mark-to-market gains (losses) (before income taxes) relating to mark- to-market activity on commodity derivative instruments entered into for proprietary trading purposes and interest rate and foreign exchange derivative contracts to hedge risk associated with the interest rate and foreign exchange components of underlying commodity positions. Gains and losses associated with proprietary trading are reported as operating revenue in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income and are included in "Net fair value changes related to derivatives" in Exelon's and Generation's Consolidated Statements of Cash Flows. In the tables below, "Change in fair value" represents the change in fair value of the derivative contracts held at the reporting date. The "Reclassification to realized at settlement" represents the recognized change in fair value that was reclassified to realized due to settlement of the derivative during the period.

	Location on Income Statement	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
Change in fair value of commodity positions	Operating Revenues	$ 7	$ 1
Reclassification to realized at settlement of commodity positions	Operating Revenues	(3)	2
Net commodity mark-to-market gains (losses)	Operating Revenues	4	3
Change in fair value of treasury positions	Operating Revenues	(2)	4
Reclassification to realized at settlement of treasury positions	Operating Revenues	1	(4)
Net treasury mark-to-market gains (losses)	Operating Revenues	(1)	—
Total net mark-to-market gains (losses)	Operating Revenues	$ 3	$ 3

Credit Risk (All Registrants)

The Registrants would be exposed to credit-related losses in the event of non-performance by counterparties that enter into derivative instruments. The credit exposure of derivative contracts, before collateral, is represented by the fair value of contracts at the reporting date. For energy-related derivative instruments, Generation enters into enabling agreements that allow for payment netting with its counterparties, which reduces Generation's exposure to counterparty risk by providing for the offset of amounts payable to the counterparty against amounts receivable from the counterparty. Typically, each enabling agreement is for a specific commodity and so, with respect to each individual counterparty, netting is limited to transactions involving that specific commodity product, except where master netting agreements exist with a counterparty that allow for cross product netting. In addition to payment netting language in the enabling agreement, Generation's credit department establishes credit limits, margining thresholds and collateral requirements for each counterparty, which are defined in the derivative contracts. Counterparty credit limits are based on an internal credit review process that considers a variety of factors, including the results of a scoring model, leverage, liquidity, profitability, credit ratings by credit rating agencies and risk management capabilities. To the extent that a counterparty's margining thresholds are exceeded, the counterparty is required to post collateral with Generation as specified in each enabling agreement. Generation's credit department monitors current and forward credit exposure to counterparties and their affiliates, both on an individual and an aggregate basis.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following tables provide information on Generation's credit exposure for all derivative instruments, NPNS and applicable payables and receivables, net of collateral and instruments that are subject to master netting agreements, as of March 31, 2016. The tables further delineate that exposure by credit rating of the counterparties and provide guidance on the concentration of credit risk to individual counterparties. The figures in the tables below exclude credit risk exposure from individual retail counterparties, Nuclear fuel procurement contracts and exposure through RTOs, ISOs, NYMEX, ICE and Nodal commodity exchanges, further discussed in ITEM 3. — QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK. Additionally, the figures in the tables below exclude exposures with affiliates, including net receivables with ComEd, PECO, BGE, Pepco, DPL and ACE of $19 million, $37 million, $35 million, $36 million, $11 million, and $8 million as of March 31, 2016, respectively.

Rating as of March 31, 2016	Total Exposure Before Credit Collateral	Credit Collateral [a]	Net Exposure	Number of Counterparties Greater than 10% of Net Exposure	Net Exposure of Counterparties Greater than 10% of Net Exposure
Investment grade	$ 1,276	$ 58	$ 1,218	1	$ 436
Non-investment grade	71	32	39	—	—
No external ratings					
Internally rated — investment grade	516	1	515	—	—
Internally rated — non-investment grade	101	4	97	—	—
Total	$ 1,964	$ 95	$ 1,869	1	$ 436

Net Credit Exposure by Type of Counterparty	As of March 31, 2016
Financial institutions	$ 116
Investor-owned utilities, marketers, power producers	781
Energy cooperatives and municipalities	909
Other	63
Total	$ 1,869

(a) As of March 31, 2016, credit collateral held from counterparties where Generation had credit exposure included $8 million of cash and $87 million of letters of credit.

ComEd's power procurement contracts provide suppliers with a certain amount of unsecured credit. The credit position is based on forward market prices compared to the benchmark prices. The benchmark prices are the forward prices of energy projected through the contract term and are set at the point of supplier bid submittals. If the forward market price of energy exceeds the benchmark price, the suppliers are required to post collateral for the secured credit portion after adjusting for any unpaid deliveries and unsecured credit allowed under the contract. The unsecured credit used by the suppliers represents ComEd's net credit exposure. As of March 31, 2016, ComEd's net credit exposure to suppliers was immaterial .

ComEd is permitted to recover its costs of procuring energy through the Illinois Settlement Legislation. ComEd's counterparty credit risk is mitigated by its ability to recover realized energy costs through customer rates. See Note 3 — Regulatory Matters of the Exelon 2015 Form 10-K for additional information.

PECO's supplier master agreements that govern the terms of its electric supply procurement contracts, which define a supplier's performance assurance requirements, allow a supplier to meet its credit requirements with a certain amount of unsecured credit. The amount of unsecured credit is determined based on the supplier's

lowest credit rating from the major credit rating agencies and the supplier's tangible net worth. The credit position is based on the initial market price, which is the forward price of energy on the day a transaction is executed, compared to the current forward price curve for energy. To the extent that the forward price curve for energy exceeds the initial market price, the supplier is required to post collateral to the extent the credit exposure is greater than the supplier's unsecured credit limit. The unsecured credit used by the suppliers represents PECO's net credit exposure. As of March 31, 2016, PECO had no net credit exposure to suppliers.

PECO is permitted to recover its costs of procuring electric supply through its PAPUC-approved DSP Program. PECO's counterparty credit risk is mitigated by its ability to recover realized energy costs through customer rates. See Note 5 — Regulatory Matters for additional information.

PECO's natural gas procurement plan is reviewed and approved annually on a prospective basis by the PAPUC. PECO's counterparty credit risk under its natural gas supply and asset management agreements is mitigated by its ability to recover its natural gas costs through the PGC, which allows PECO to adjust rates quarterly to reflect realized natural gas prices. PECO does not obtain collateral from suppliers under its natural gas supply and asset management agreements. As of March 31, 2016, PECO had no credit exposure under its natural gas supply and asset management agreements with investment grade suppliers.

BGE is permitted to recover its costs of procuring energy through the MDPSC-approved procurement tariffs. BGE's counterparty credit risk is mitigated by its ability to recover realized energy costs through customer rates. See Note 3 — Regulatory Matters of the Exelon 2015 Form 10-K for additional information.

BGE's full requirement wholesale electric power agreements that govern the terms of its electric supply procurement contracts, which define a supplier's performance assurance requirements, allow a supplier, or its guarantor, to meet its credit requirements with a certain amount of unsecured credit. The amount of unsecured credit is determined based on the supplier's lowest credit rating from the major credit rating agencies and the supplier's tangible net worth, subject to an unsecured credit cap. The credit position is based on the initial market price, which is the forward price of energy on the day a transaction is executed, compared to the current forward price curve for energy. To the extent that the forward price curve for energy exceeds the initial market price, the supplier is required to post collateral to the extent the credit exposure is greater than the supplier's unsecured credit limit. The unsecured credit used by the suppliers represents BGE's net credit exposure. The seller's credit exposure is calculated each business day. As of March 31, 2016, BGE had no net credit exposure to suppliers.

BGE's regulated gas business is exposed to market-price risk. This market-price risk is mitigated by BGE's recovery of its costs to procure natural gas through a gas cost adjustment clause approved by the MDPSC. BGE does make off-system sales after BGE has satisfied its customers' demands, which are not covered by the gas cost adjustment clause. At March 31, 2016, BGE had credit exposure of $2 million related to off-system sales which is mitigated by parental guarantees, letters of credit or right to offset clauses within other contracts with those third-party suppliers.

Pepco's, DPL's and ACE's power procurement contracts provide suppliers with a certain amount of unsecured credit. The amount of unsecured credit is determined based on the supplier's lowest credit rating from the major credit rating agencies and the supplier's tangible net worth. The credit position is based on the initial market price, which is the forward price of energy on the day a transaction is executed, compared to the current forward price curve for energy. To the extent that the forward price curve for energy exceeds the initial market price, the supplier is required to post collateral to the extent the credit exposure is greater than the supplier's unsecured credit limit. The unsecured credit used by the suppliers represents Pepco's, DPL's and ACE's net credit exposure. As of March 31, 2016, Pepco's, DPL's and ACE's net credit exposures to suppliers were immaterial.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Pepco is permitted to recover its costs of procuring energy through the MDPSC-approved and DCPSC-approved procurement tariffs. DPL is permitted to recover its costs of procuring energy through the MDPSC-approved and DPSC-approved procurement tariffs. ACE is permitted to recover its costs of procuring energy through the NJBPU-approved procurement tariffs. Pepco's, DPL's and ACE's counterparty credit risks are mitigated by their ability to recover realized energy costs through customer rates. See Note 6 — Regulatory Matters of the PHI 2015 Form 10-K for additional information.

DPL's natural gas procurement plan is reviewed and approved annually on a prospective basis by the DPSC. DPL's counterparty credit risk under its natural gas supply and asset management agreements is mitigated by its ability to recover its natural gas costs through the GCR, which allows DPL to adjust rates annually to reflect realized natural gas prices. To the extent that the fair value of the transactions in a net loss position exceeds the unsecured credit threshold, then collateral is required to be posted in an amount equal to the amount by which the unsecured credit threshold is exceeded. Exchange-traded contracts are required to be fully collateralized without regard to the credit rating of the holder. As of March 31, 2016, DPL had no credit exposure under its natural gas supply and asset management agreements with investment grade suppliers.

Collateral and Contingent-Related Features (All Registrants)

As part of the normal course of business, Generation routinely enters into physical or financially settled contracts for the purchase and sale of electric capacity, energy, fuels, emissions allowances and other energy-related products. Certain of Generation's derivative instruments contain provisions that require Generation to post collateral. Generation also enters into commodity transactions on exchanges (i.e. NYMEX, ICE). The exchanges act as the counterparty to each trade. Transactions on the exchanges must adhere to comprehensive collateral and margining requirements. This collateral may be posted in the form of cash or credit support with thresholds contingent upon Generation's credit rating from each of the major credit rating agencies. The collateral and credit support requirements vary by contract and by counterparty. These credit-risk-related contingent features stipulate that if Generation were to be downgraded or lose its investment grade credit rating (based on its senior unsecured debt rating), it would be required to provide additional collateral. This incremental collateral requirement allows for the offsetting of derivative instruments that are assets with the same counterparty, where the contractual right of offset exists under applicable master netting agreements. In the absence of expressly agreed-to provisions that specify the collateral that must be provided, collateral requested will be a function of the facts and circumstances of the situation at the time of the demand. In this case, Generation believes an amount of several months of future payments (i.e. capacity payments) rather than a calculation of fair value is the best estimate for the contingent collateral obligation, which has been factored into the disclosure below.

The aggregate fair value of all derivative instruments with credit-risk-related contingent features in a liability position that are not fully collateralized (excluding transactions on the exchanges that are fully collateralized) is detailed in the table below:

Credit-Risk Related Contingent Feature	March 31, 2016	December 31, 2015
Gross Fair Value of Derivative Contracts Containing this Feature [(a)]	$ (979)	$ (932)
Offsetting Fair Value of In-the-Money Contracts Under Master Netting Arrangements [(b)]	728	684
Net Fair Value of Derivative Contracts Containing This Feature [(c)]	$ (251)	$ (248)

(a) Amount represents the gross fair value of out-of-the-money derivative contracts containing credit-risk related contingent features ignoring the effects of master netting agreements.

(b) Amount represents the offsetting fair value of in-the-money derivative contracts under legally enforceable master netting agreements with the same counterparty, which reduces the amount of any liability for which a Registrant could potentially be required to post collateral.
(c) Amount represents the net fair value of out-of-the-money derivative contracts containing credit-risk related contingent features after considering the mitigating effects of offsetting positions under master netting arrangements and reflects the actual net liability upon which any potential contingent collateral obligations would be based.

Generation had cash collateral posted of $1,063 million and letters of credit posted of $519 million and cash collateral held of $16 million and letters of credit held of $96 million as of March 31, 2016 for external counterparties with derivative positions. Generation had cash collateral posted of $1,267 million and letters of credit posted of $497 million and cash collateral held of $21 million and letters of credit held of $78 million at December 31, 2015 for external counterparties with derivative positions. In the event of a credit downgrade below investment grade (i.e. to BB+ by S&P or Ba1 by Moody's), Generation would have been required to post additional collateral of $1.9 billion and $2.0 billion as of March 31, 2016 and December 31, 2015, respectively. These amounts represent the potential additional collateral required after giving consideration to offsetting derivative and non-derivative positions under master netting agreements.

Generation's and Exelon's interest rate swaps contain provisions that, in the event of a merger, if Generation's debt ratings were to materially weaken, it would be in violation of these provisions, resulting in the ability of the counterparty to terminate the agreement prior to maturity. Collateralization would not be required under any circumstance. Termination of the agreement could result in a settlement payment by Exelon or the counterparty on any interest rate swap in a net liability position. The settlement amount would be equal to the fair value of the swap on the termination date. As of March 31, 2016, Generation and Exelon's swaps were in an asset position, with a fair value of $1 million and $40 million, respectively.

See Note 25 — Segment Information of the Exelon 2015 Form 10-K for further information regarding the letters of credit supporting the cash collateral.

Generation entered into supply forward contracts with certain utilities, including PECO and BGE, with one-sided collateral postings only from Generation. If market prices fall below the benchmark price levels in these contracts, the utilities are not required to post collateral. However, when market prices rise above the benchmark price levels, counterparty suppliers, including Generation, are required to post collateral once certain unsecured credit limits are exceeded. Under the terms of ComEd's standard block energy contracts, collateral postings are one-sided from suppliers, including Generation, should exposures between market prices and benchmark prices exceed established unsecured credit limits outlined in the contracts. As of March 31, 2016, ComEd held no collateral from suppliers in association with energy procurement contracts. Under the terms of ComEd's annual renewable energy contracts, collateral postings are required to cover a fixed value for RECs only. In addition, under the terms of ComEd's long-term renewable energy contracts, collateral postings are required from suppliers for both RECs and energy. The REC portion is a fixed value and the energy portion is one-sided from suppliers should the forward market prices exceed contract prices. As of March 31, 2016, ComEd held approximately $19 million in the form of cash and letters of credit as margin for both the annual and long-term REC obligations. If ComEd lost its investment grade credit rating as of March 31, 2016, it would have been required to post approximately $17 million of collateral to its counterparties. See Note 3 — Regulatory Matters of the Exelon 2015 Form 10-K for additional information.

PECO's natural gas procurement contracts contain provisions that could require PECO to post collateral. This collateral may be posted in the form of cash or credit support with thresholds contingent upon PECO's credit rating from the major credit rating agencies. The collateral and credit support requirements vary by contract and by counterparty. As of March 31, 2016, PECO was not required to post collateral for any of these

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agreements. If PECO lost its investment grade credit rating as of March 31, 2016, PECO could have been required to post approximately $22 million of collateral to its counterparties.

PECO's supplier master agreements that govern the terms of its DSP Program contracts do not contain provisions that would require PECO to post collateral.

BGE's full requirements wholesale power agreements that govern the terms of its electric supply procurement contracts do not contain provisions that would require BGE to post collateral.

BGE's natural gas procurement contracts contain provisions that could require BGE to post collateral. This collateral may be posted in the form of cash or credit support with thresholds contingent upon BGE's credit rating from the major credit rating agencies. The collateral and credit support requirements vary by contract and by counterparty. As of March 31, 2016, BGE was not required to post collateral for any of these agreements. If BGE lost its investment grade credit rating as of March 31, 2016, BGE could have been required to post approximately $28 million of collateral to its counterparties.

Pepco's full requirements wholesale power agreements that govern the terms of its electric supply procurement contracts do not contain provisions that would require Pepco to post collateral.

DPL's full requirements wholesale power agreements that govern the terms of its electric supply procurement contracts do not contain provisions that would require DPL to post collateral.

DPL's natural gas derivative contracts contain provisions that could require DPL to post collateral in an amount equal to the unsecured credit threshold if exceeded when the aggregate fair value of the transactions is in a net loss position. The obligations of DPL are standalone obligations without the guaranty of PHI. Exchange-traded contracts are required to be fully collateralized without regard to the credit rating of the holder.

ACE's full requirements wholesale power agreements that govern the terms of its electric supply procurement contracts do not contain provisions that would require ACE to post collateral.

10. Debt and Credit Agreements (All Registrants)

Short-Term Borrowings

Exelon, ComEd, and BGE meet their short-term liquidity requirements primarily through the issuance of commercial paper. Generation and PECO meet their short-term liquidity requirements primarily through the issuance of commercial paper and borrowings from the Exelon intercompany money pool. PHI meets its short-term liquidity requirement primarily through the issuance of commercial paper, short-term notes and the Exelon intercompany money pool. Pepco, DPL and ACE meet their short-term liquidity requirements primarily through the issuance of commercial paper and short-term notes.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Commercial Paper

The Registrants had the following amounts of commercial paper borrowings outstanding as of March 31, 2016 and December 31, 2015:

Commercial Paper Borrowings	March 31, 2016	December 31, 2015
Generation	$ 1,378	$ —
ComEd	643	294
BGE	150	210
PHI Corporate	442	484
Pepco	—	64
DPL	75	105
ACE	—	5

Short-Term Loan Agreements

On July 30, 2015, PHI entered into a $300 million term loan agreement. The net proceeds of the loan were used to repay PHI's outstanding commercial paper and for general corporate purposes. Pursuant to the loan agreement, loans made thereunder bear interest at a variable rate equal to LIBOR plus 0.95%, and all indebtedness thereunder is unsecured, and the aggregate principal amount of all loans, together with any accrued but unpaid interest due under the loan agreement, must be repaid in full on or before July 28, 2016. On April 4, 2016, PHI repaid $300 million of its term loan in full.

On January 13, 2016, PHI entered into a $500 million term loan agreement, which was amended on March 28, 2016. The net proceeds of the loan were used to repay PHI's outstanding commercial paper, and for general corporate purposes. Pursuant to the loan agreement, as amended, loans made thereunder bear interest at a variable rate equal to LIBOR plus 1%, and all indebtedness thereunder is unsecured, and the aggregate principal amount of all loans, together with any accrued but unpaid interest due under the Loan Agreement, must be repaid in full on or before March 27, 2017. The loan agreement is reflected in Exelon's and PHI's Consolidated Balance Sheets within Short-term borrowings.

On February 22, 2016, Generation and EDF entered into separate member revolving promissory notes with CENG to finance short-term working capital needs. The notes are scheduled to mature on January 31, 2017 and bear interest at a variable rate equal to LIBOR plus 1.75%. As of March 31, 2016, $25 million was outstanding under each note. The $25 million note outstanding between Generation and CENG is eliminated in consolidation and therefore not reflected in Exelon's or Generation's Consolidated Balance Sheets. The $25 million note with EDF is reflected in Exelon's and Generation's Consolidated Balance Sheet within Short-term borrowings.

Credit Agreements

On January 5, 2016, Generation entered into a credit agreement establishing a $150 million bilateral credit facility, scheduled to mature in January of 2019. This facility will solely be utilized by Generation to issue lines of credit. This facility does not back Generation's commercial paper program.

On April 1, 2016, the credit agreement for CENG's $100 million bilateral credit facility was amended to increase the overall facility size to $200 million. This facility is utilized by CENG to fund working capital and capital projects. The facility does not back Generation's commercial paper program.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Variable Rate Demand Bonds

As of March 31, 2016 and December 31, 2015, $105 million in variable rate demand bonds issued by DPL were outstanding and are included in the Long-term debt due within one year on Exelon's, PHI's and DPL's Consolidated Balance Sheet. See Note 10 — Debt of the PHI 2015 Form 10-K for additional information.

Long-Term Debt

Issuance of Long-Term Debt

During the three months ended March 31, 2016, the following long-term debt was issued:

Company	Type	Interest Rate	Maturity	Amount	Use of Proceeds
Generation	Albany Green Energy Project Financing	LIBOR + 1.25%	November 17, 2017	$ 32	Albany Green Energy biomass generation development
Generation	Renewable Power Generation Nonrecourse Debt	4.11%	March 31, 2035	$ 150	Paydown long term debt obligations at Sacramento PV Energy and Constellation Solar Horizons and for general corporate purposes.

On April 7, 2016, Exelon issued and sold $1.8 billion in aggregate principal amount of notes consisting of $300 million of 2.45% Notes due 2021, $750 million of 3.40% Notes due 2026 and $750 million of 4.45% Notes due 2046. A portion of the proceeds of the notes will be used to repay commercial paper issued by PHI and for general corporate purposes, which may include the repayment of outstanding indebtedness.

Retirement and Redemptions of Long-Term Debt

During the three months ended March 31, 2016, the following long-term debt was retired and/or redeemed:

Company	Type	Interest Rate	Maturity	Amount
Generation	AVSR DOE Nonrecourse Debt	2.29 - 3.56%	January 5, 2037	$ 5
Generation	Continental Wind Nonrecourse Debt	6.00%	February 28, 2033	$ 15
Generation	CEU Upstream Nonrecourse Debt	LIBOR + 2.75%	January 14, 2019	$ 7
Generation	ExGen Texas Power Nonrecourse Debt	5.00%	September 18, 2021	$ 2
Generation	Sacramento PV Energy Nonrecourse Debt	2.58%	December 31, 2030	$ 33
Generation	Constellation Solar Horizons Nonrecourse Debt	2.56%	September 7, 2030	$ 32
Generation	Kennett Square Capital Lease	7.83%	September 20, 2020	$ 1
ACE	ACE Funding Transition Bonds	5.55%	October 20, 2023	$ 8
ACE	ACE Funding Transition Bonds	5.05%	October 20, 2020	$ 3

On April 1, 2016, BGE paid down $1 million of principal of its 5.72% Rate Stabilization Bonds due 2016 and $38 million of principal of its 5.82% Rate Stabilization Bonds due 2017.

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On April 5, 2016, Generation paid down $1 million of principal of its 2.29% - 3.56% AVSR DOE Nonrecourse debt.

On April 15, 2016, Generation paid down $10 million of principal of its 5.25% ExGen Renewables I Nonrecourse debt.

On April 20, 2016, ACE paid down $8 million of principal of its 5.55% ACE Funding Transition Bonds and $3 million of principal of its 5.05% ACE Funding Transition Bonds.

CEU Upstream Nonrecourse Debt

In July 2011, CEU Holdings, LLC, a wholly owned subsidiary of Generation, entered into a 5-year reserve based lending agreement (RBL) associated with certain Upstream oil and gas properties that it owns. The lenders do not have recourse against Exelon or Generation in the event of default pursuant to the RBL. Borrowings under this arrangement are secured by the assets and equity of CEU Holdings The commitment level can be decreased if the assets no longer support the current borrowing base, which may result in repayment of a portion or all of the outstanding balance, or potential foreclosure of the assets. The commitment can be increased up to $500 million if the assets support a higher borrowing base and CEU Holdings is able to obtain additional commitments from lenders. Calculations of the borrowing base are impacted by projected production and commodity prices. The facility was amended and extended on January 14, 2014 through January 2019. As of December 31, 2015, $68 million was outstanding under the facility with interest payable monthly at a variable rate equal to LIBOR plus 2.50% and the borrowing base committed under the facility was $85 million.

In February 2016, as part of their semi-annual borrowing base re-determination testing, the RBL lenders notified CEU Holdings that the RBL borrowing base was decreased to $45 million, resulting in a “borrowing base deficiency” under the RBL of $23 million. Given the decline in value of the Upstream assets resulting from lower commodity prices, CEU Holdings chose not to provide the lenders with a formal plan for curing the borrowing base deficiency by March 31, 2016, as was required by the RBL. The lenders have sent CEU Holdings a notice of event of default and demand for cure. CEU Holdings is currently in discussions with the lenders regarding the resolution of the matter. The resolution could include negotiating a forbearance agreement that would provide for the potential sale of Upstream assets in order to wind down the Upstream business of CEU Holdings. Consistent with these discussions, the RBL lenders have not yet accelerated the debt outstanding under the RBL. However, on March 31, 2016, $7 million of the debt was repaid using CEU Holding’s cash, resulting in an outstanding debt balance of $61 million with interest payable monthly at a variable rate equal to LIBOR plus 2.75% and a borrowing base deficiency under the RBL of $16 million. The outstanding debt balance of $61 million was classified within Long-term debt due within one year on Exelon’s and Generation’s Consolidated Balance Sheets. The ultimate resolution of this matter has no direct effect on any Exelon or Generation credit facilities or other debt of an Exelon entity. See Note 14 — Debt and Credit Agreements of the Exelon 2015 Form 10-K and Note 6 — Impairment of Long-Lived Assets for additional information.

Other Financing Activities

Accounts Receivable Agreement

In February 2016, PES entered into an accounts receivable sales agreement with a financing institution in which PES will borrow approximately $41 million to complete the construction of an energy efficiency project that is expected to be completed in 2018. Pursuant to the assignment of PES’ rights to the customer receivables to the financing institution, upon customer acceptance of the energy efficiency project, the customer will pay the financing institution over a 16 year period. At March 31, 2016, PES has borrowed $3 million under the contract which is classified as Long-term debt due within one year on Exelon’s and Generation’s Consolidated Balance Sheet.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

11. Income Taxes (All Registrants)

The effective income tax rate from continuing operations varies from the U.S. Federal statutory rate principally due to the following:

	Three Months Ended March 31, 2016								Successor March 24, 2016 to March 31, 2016	Predecessor January 1, 2016 to March 23, 2016
	Exelon	Generation	ComEd	PECO	BGE	Pepco (a)	DPL (a)	ACE (a)	PHI (a)	PHI
U.S. Federal statutory rate	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%
Increase (decrease) due to:										
State income taxes, net of Federal income tax benefit (b)	(1.1)	3.7	5.1	1.0	5.2	(2.5)	(2.7)	5.9	5.4	11.9
Qualified nuclear decommissioning trust fund income	5.6	4.2	—	—	—	—	—	—	—	—
Domestic production activities deduction	—	—	—	—	—	—	—	—	—	—
Health care reform legislation	—	—	—	—	—	—	—	—	—	—
Amortization of investment tax credit, including deferred taxes on basis difference	(1.6)	(1.0)	(0.3)	(0.1)	(0.1)	—	0.1	0.2	—	(0.9)
Plant basis differences	(5.5)	—	(0.1)	(9.3)	(0.6)	2.8	0.7	0.6	—	(13.5)
Production tax credits and other credits	(5.1)	(3.9)	—	—	—	—	—	—	—	—
Non-controlling interest	0.5	0.3	—	—	—	—	—	—	—	—
Merger expenses	33.6	—	—	—	—	(16.5)	(22.1)	(17.0)	(15.1)	11.1
Other	(2.0)	(1.6)	0.4	(0.9)	—	—	0.1	0.1	0.2	3.6
Effective income tax rate	59.4%	36.7%	40.1%	25.7%	39.5%	18.8%	11.1%	24.8%	25.5%	47.2%

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Three Months Ended March 31, 2015								
						Predecessor			
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
U.S. Federal statutory rate	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%
Increase (decrease) due to:									
State income taxes, net of Federal income tax benefit	2.6	2.7	5.0	1.2	5.3	7.2	5.3	5.7	5.9
Qualified nuclear decommissioning trust fund income	1.9	3.0	—	—	—	—	—	—	—
Domestic production activities deduction	(2.2)	(3.4)	—	—	—	—	—	—	—
Health care reform legislation	—	—	—	—	0.2	—	—	—	—
Amortization of investment tax credit, including deferred taxes on basis difference	(0.9)	(1.4)	(0.3)	(0.1)	—	(0.5)	(0.1)	(0.2)	(1.4)
Plant basis differences	(1.3)	—	(0.3)	(6.7)	(0.3)	(4.9)	(8.5)	(0.9)	(2.8)
Production tax credits and other credits	(1.8)	(2.8)	—	—	—	—	—	—	—
Non-controlling interest	(0.7)	(1.1)	—	—	—	—	—	—	—
Other	0.4	(0.2)	0.2	—	0.2	(0.7)	(0.1)	—	(1.0)
Effective income tax rate	33.0%	31.8%	39.6%	29.4%	40.4%	36.1%	31.6%	39.6%	35.7%

(a) Pepco, DPL and ACE recognized a loss before income taxes for the three months ended March 31, 2016, and PHI recognized a loss before income taxes for the period of March 24, 2016, through March 31, 2016. As a result, positive percentages represent an income tax benefit for the periods presented.
(b) Includes a remeasurement of uncertain state income tax positions for Pepco and DPL, see below.

Accounting for Uncertainty in Income Taxes

The Registrants have the following unrecognized tax benefits as of March 31, 2016 and December 31, 2015:

						Successor			
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
March 31, 2016	$ 950	$ 531	$ (12)	$ —	$120	$ 168	$ 86	$39	$ 24

						Predecessor			
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
December 31, 2015	$1,101	$ 534	$ 142	$ —	$120	$ 22	$ 8	$ 3	$ —

Exelon and ComEd's unrecognized tax benefits changed by $328 million and $154 million, respectively, as of March 31, 2016 as a result of the lease termination on the like-kind exchange position discussed below. In addition, as a result of the merger, an assessment and remeasurement of certain federal and state uncertain income tax positions resulted in an increase in unrecognized tax benefits at Exelon, PHI, Pepco, DPL and ACE of $177 million, $146 million, $78 million, $36 million and $24 million, respectively.

Reasonably possible the total amount of unrecognized tax benefits could significantly increase or decrease within 12 months after the reporting date

Like-Kind Exchange

As of March 31, 2016, Exelon and ComEd have approximately $75 million and $(12) million of unrecognized state income tax benefits that could significantly decrease and increase, respectively, within the 12 months after the reporting date as a result of a decision or settlement in the like-kind exchange litigation described below. These unrecognized tax benefits, if recognized, would decrease Exelon's effective tax rate by $75 million and increase ComEd's effective tax rate by $12 million.

Settlement of Income Tax Audits and Litigation

As of March 31, 2016, Exelon, Generation, BGE, Pepco, and DPL have approximately $270 million, $67 million, $120 million, $63 million, and $20 million of unrecognized federal and state tax benefits that could significantly decrease within the 12 months after the reporting date as a result of completing audits and potential settlements. Of the above unrecognized tax benefits, Exelon and Generation have $67 million that, if recognized, would decrease the effective tax rate. The unrecognized tax benefits related to BGE, Pepco, and DPL, if recognized, may be included in future regulated base rates and that portion would have no impact to the effective tax rate.

Other Income Tax Matters

Like-Kind Exchange (Exelon and ComEd)

Exelon, through its ComEd subsidiary, took a position on its 1999 income tax return to defer approximately $1.2 billion of tax gain on the sale of ComEd's fossil generating assets. The gain was deferred by reinvesting a portion of the proceeds from the sale in qualifying replacement property under the like-kind exchange provisions of the IRC. The like-kind exchange replacement property purchased by Exelon included interests in three municipal-owned electric generation facilities which were properly leased back to the municipalities. The IRS disagreed with this position and asserted that the entire gain of approximately $1.2 billion was taxable in 1999.

Exelon has been unable to reach agreement with the IRS regarding the dispute over the like-kind exchange position. The IRS has asserted that the Exelon purchase and leaseback transaction is substantially similar to a leasing transaction, known as a SILO, which the IRS does not respect as the acquisition of an ownership interest in property. A SILO is a "listed transaction" that the IRS has identified as a potentially abusive tax shelter under guidance issued in 2005. Accordingly, the IRS has asserted that the sale of the fossil plants followed by the purchase and leaseback of the municipal owned generation facilities does not qualify as a like-kind exchange and the gain on the sale is fully subject to tax. The IRS has also asserted a penalty of approximately $90 million for a substantial understatement of tax.

Exelon disagrees with the IRS and continues to believe that its like-kind exchange transaction is not the same as or substantially similar to a SILO. Although Exelon has been and remains willing to settle the disagreement on terms commensurate with the hazards of litigation, Exelon does not believe a settlement is likely. Because Exelon believed, as of December 31, 2012, that it was more-likely-than-not that Exelon would prevail in litigation, Exelon and ComEd had no liability for unrecognized tax benefits with respect to the like-kind exchange position.

On January 9, 2013, the U.S. Court of Appeals for the Federal Circuit reversed the U.S. Court of Federal Claims and reached a decision for the government in Consolidated Edison v. United States. The Court disallowed Consolidated Edison's deductions stemming from its participation in a LILO transaction that the IRS also has characterized as a tax shelter.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

In accordance with applicable accounting standards, Exelon is required to assess whether it is more-likely-than-not that it will prevail in litigation. Exelon continues to believe that its transaction is not a SILO and that it has a strong case on the merits. However, in light of the Consolidated Edison decision and Exelon's current determination that settlement is unlikely, Exelon has concluded that subsequent to December 31, 2012, it is no longer more-likely-than-not that its position will be sustained. As a result, in the first quarter of 2013 Exelon recorded a non-cash charge to earnings of approximately $265 million, which represents the amount of interest expense (after-tax) and incremental state income tax expense for periods through March 31, 2013 that would be payable in the event that Exelon is unsuccessful in litigation. Of this amount, approximately $172 million was recorded at ComEd. Exelon intends to hold ComEd harmless from any unfavorable impacts of the after-tax interest amounts on ComEd's equity. As such, ComEd recorded on its consolidated balance sheet as of March 31, 2013, a $172 million receivable and non-cash equity contributions from Exelon. Exelon and ComEd will continue to accrue interest on the unpaid tax liabilities related to the uncertain tax position, and the charges arising from future interest accruals are not expected to be material to the annual operating earnings of Exelon or ComEd. In addition, ComEd will continue to record non-cash equity contributions from Exelon in the amount of the net after-tax interest charges attributable to ComEd in connection with the like-kind exchange position. Exelon continues to believe that it is unlikely that the IRS's assertion of penalties will ultimately be sustained and therefore no liability for the penalty has been recorded.

On September 30, 2013, the IRS issued a notice of deficiency to Exelon for the like-kind exchange position. Exelon filed a petition on December 13, 2013 to initiate litigation in the United States Tax Court and the trial took place in August of 2015. Exelon was not required to remit any part of the asserted tax or penalty in order to litigate the issue. While the Tax Court could reach its decision as early as 2016, the litigation could take three to five years if an appeal is necessary. Decisions in the Tax Court are not controlled by the Federal Circuit's decision in Consolidated Edison.

In the event of a fully successful IRS challenge to Exelon's like-kind exchange position, as of March 31, 2016, potential tax of $460 million and after-tax interest of $300 million, exclusive of penalties, could become payable (net of a $65 million deposit made to the IRS in 2015). Of the above amounts, approximately $275 million would be attributable to ComEd after consideration of Exelon's agreement to hold ComEd harmless. Interest will continue to accrue until such time as payment is made. An appeal of an adverse decision in the Tax Court would necessitate either the posting of a bond or the payment of the tax and interest for the tax years before the court.

In the first quarter of 2014, Exelon entered into an agreement to terminate its investment in one of the three municipal-owned electric generation properties in exchange for a net early termination amount of $335 million. On March 31, 2016, Exelon entered into an agreement to terminate its interests in the remaining two municipal-owned electric generation properties in exchange for $360 million. As a result of the lease terminations, any remaining tax gain related to the LKE position taken in 1999 will no longer be deferred. In the event of a successful outcome in the litigation, Exelon will not be required to pay the after-tax interest described in the preceding paragraph ($300 million as of March 31, 2016) but will be required to report the remaining $460 million of tax due on the transaction in Exelon's 2014 and 2016 tax years. Of that approximately $230 million is attributable to ComEd. The tax liabilities from the terminations will not result in a current year cash outflow due to the utilization of net operating losses and tax credit carryforwards.

Long-Term State Tax Apportionment (Exelon, Generation and PHI)

Exelon and Generation periodically review events that may significantly impact how income is apportioned among the states and, therefore, the calculation of their respective deferred state income taxes. Events that may require Exelon and Generation to update their long-term state tax apportionment include significant changes in tax law and/or significant operational changes, such as the merger with PHI. As a result of the merger, Exelon and Generation reevaluated their long-term state tax apportionment for all states where they have state income tax obligations, which include Delaware, Illinois, Maryland, New Jersey, Pennsylvania, and Washington D.C., as well as other states. The total effect of revising the long-term state tax apportionment resulted in the recording of deferred state tax benefit in the amount of $1 million and a state tax expense of $6 million, net of tax, for Exelon and Generation, respectively. Further, Exelon and PHI recorded deferred state tax liabilities of $59 million and $8 million, net of tax, respectively, as part of purchase accounting during the first quarter of 2016.

12. Nuclear Decommissioning (Exelon and Generation)

Nuclear Decommissioning Asset Retirement Obligations

Generation has a legal obligation to decommission its nuclear power plants following the expiration of their operating licenses. To estimate its decommissioning obligation related to its nuclear generating stations for financial accounting and reporting purposes, Generation uses a probability-weighted, discounted cash flow model which, on a unit-by-unit basis, considers multiple outcome scenarios that include significant estimates and assumptions, and are based on decommissioning cost studies, cost escalation rates, probabilistic cash flow models and discount rates. Generation generally updates its ARO annually during the third quarter, unless circumstances warrant more frequent updates, based on its review of updated cost studies and its annual evaluation of cost escalation factors and probabilities assigned to various scenarios.

The following table provides a rollforward of the nuclear decommissioning ARO reflected on Exelon's and Generation's Consolidated Balance Sheets from December 31, 2015 to March 31, 2016:

Nuclear decommissioning ARO at December 31, 2015 [(a)]	$8,246
Accretion expense	106
Net increase due to changes in, and timing of, estimated cash flows	60
Nuclear decommissioning ARO at March 31, 2016 [(a)]	$8,412

(a) Includes $6 million and $7 million as the current portion of the ARO at March 31, 2016 and December 31, 2015 which is included in Other current liabilities on Exelon's and Generation's Consolidated Balance Sheets.

During the three months ended March 31, 2016, Generation's ARO increased by approximately $60 million primarily driven by a number of individually small items, which were included within the estimated costs to decommission the Oyster Creek nuclear unit as a result of the completion of an updated decommissioning cost study received during the first quarter.

The financial statement impact related to the increase in the ARO due to the changes in, and timing of, estimated cash flows resulted in a corresponding increase in Property, plant and equipment on Exelon's and Generation's Consolidated Balance Sheets. This increase in cost will be amortized over the remaining useful life of the Oyster Creek nuclear unit, which is set to retire by the end of 2019.

Nuclear Decommissioning Trust Fund Investments

At March 31, 2016 and December 31, 2015, Exelon and Generation had NDT fund investments totaling $10,526 million and $10,342 million, respectively.

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(Dollars in millions, except per share data, unless otherwise noted)

The following table provides unrealized gains on NDT funds for the three months ended March 31, 2016 and 2015:

	Exelon and Generation	
	Three Months Ended March 31,	
	2016	2015
Net unrealized gains on decommissioning trust funds — Regulatory Agreement Units [(a)]	$ 79	$ 48
Net unrealized gains on decommissioning trust funds — Non-Regulatory Agreement Units [(b)(c)]	52	40

(a) Net unrealized gains related to Generation's NDT funds associated with Regulatory Agreement Units are included in Regulatory liabilities on Exelon's Consolidated Balance Sheets and Noncurrent payables to affiliates on Generation's Consolidated Balance Sheets.
(b) Excludes $2 million and $10 million of net unrealized gain related to the Zion Station pledged assets for the three months ended March 31, 2016 and 2015, respectively. Net unrealized gains related to Zion Station pledged assets are included in the Payable for Zion Station decommissioning on Exelon's and Generation's Consolidated Balance Sheets.
(c) Net unrealized gains related to Generation's NDT funds with Non-Regulatory Agreement Units are included within Other, net in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income.

Interest and dividends on NDT fund investments are recognized when earned and are included in Other, net in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income. Interest and dividends earned on the NDT fund investments for the Regulatory Agreement Units are eliminated within Other, net in Exelon's and Generation's Consolidated Statement of Operations and Comprehensive Income.

Refer to Note 3 — Regulatory Matters and Note 26 — Related Party Transactions of the Exelon 2015 Form 10-K for information regarding regulatory liabilities at ComEd and PECO and intercompany balances between Generation, ComEd and PECO reflecting the obligation to refund to customers any decommissioning-related assets in excess of the related decommissioning obligations.

Zion Station Decommissioning

On September 1, 2010, Generation completed an Asset Sale Agreement (ASA) with EnergySolutions Inc. and its wholly owned subsidiaries, EnergySolutions, LLC (EnergySolutions) and ZionSolutions, under which ZionSolutions has assumed responsibility for completing certain decommissioning activities at Zion Station, which is located in Zion, Illinois and ceased operation in 1998. See Note 16 — Asset Retirement Obligations of the Exelon 2015 Form 10-K for information regarding the specific treatment of assets, including NDT funds, and decommissioning liabilities transferred in the transaction.

ZionSolutions is subject to certain restrictions on its ability to request reimbursements from the Zion Station NDT funds as defined within the ASA. Therefore, the transfer of the Zion Station assets did not qualify for asset sale accounting treatment and, as a result, the related NDT funds were reclassified to Pledged assets for Zion Station decommissioning within Generation's and Exelon's Consolidated Balance Sheets and will continue to be measured in the same manner as prior to the completion of the transaction. Additionally, the transferred ARO for decommissioning was replaced with a Payable for Zion Station decommissioning in Generation's and Exelon's Consolidated Balance Sheets. Changes in the value of the Zion Station NDT assets, net of applicable taxes, are recorded as a change in the Payable to ZionSolutions. At no point will the payable to ZionSolutions exceed the project budget of the costs remaining to decommission Zion Station. Generation has retained its obligation for the SNF. Following ZionSolutions' completion of its contractual obligations and transfer of the NRC license to Generation, Generation will store the SNF at Zion Station until it is transferred to the DOE for ultimate disposal,

and will complete all remaining decommissioning activities associated with the SNF dry storage facility. Generation has a liability of approximately $85 million which is included within the nuclear decommissioning ARO at March 31, 2016. Generation also has retained NDT assets to fund its obligation to maintain the SNF at Zion Station until transfer to the DOE and to complete all remaining decommissioning activities for the SNF storage facility. Any shortage of funds necessary to maintain the SNF and decommission the SNF storage facility is ultimately required to be funded by Generation. Any Zion Station NDT funds remaining after the completion of all decommissioning activities will be returned to ComEd customers in accordance with the applicable orders. The following table provides the pledged assets and payables to ZionSolutions, and withdrawals by ZionSolutions at March 31, 2016 and December 31, 2015:

	Exelon and Generation	
	March 31, 2016	December 31, 2015
Carrying value of Zion Station pledged assets	$ 183	$ 206
Payable to Zion Solutions [(a)]	166	189
Current portion of payable to Zion Solutions [(b)]	95	99
Cumulative withdrawals by Zion Solutions to pay decommissioning costs [(c)]	812	786

(a) Excludes a liability recorded within Exelon's and Generation's Consolidated Balance Sheets related to the tax obligation on the unrealized activity associated with the Zion Station NDT Funds. The NDT Funds will be utilized to satisfy the tax obligations as gains and losses are realized.
(b) Included in Other current liabilities within Exelon's and Generation's Consolidated Balance Sheets.
(c) Includes project expenses to decommission Zion Station and estimated tax payments on Zion Station NDT fund earnings.

NRC Minimum Funding Requirements

NRC regulations require that licensees of nuclear generating facilities demonstrate reasonable assurance that funds will be available in specified minimum amounts to decommission the facility at the end of its life.

Generation filed its biennial decommissioning funding status report with the NRC on March 31, 2015. This report reflects the status of decommissioning funding assurance as of December 31, 2014. Due to increased cost estimates received in the second half of 2014, Braidwood Unit 1, Braidwood Unit 2, and Byron Unit 2 did not meet the NRC's minimum funding assurance criteria as of December 31, 2014. NRC guidance provides licensees with two years or by the time of submitting the next biennial report (on or before March 31, 2017) to resolve funding assurance shortfalls. During this period, Generation will monitor funding assurance and new developments, including the impact of a 20-year license renewal for Braidwood and Byron, to assess the status of funding assurance and to take steps, if necessary, to address any funding shortfall on these funds on or before March 31, 2017. On February 4, 2016, Generation submitted to the NRC an updated decommissioning funding status report for Braidwood Units 1 and 2, and Byron Unit 2. This updated report reflected the recently approved license renewals for these units, and showed that the shortfall identified in the March 31, 2015 report has now been resolved and that Generation has provided adequate decommissioning funding assurance for each unit.

On March 31, 2016, Generation submitted its NRC required annual decommissioning funding status report as of December 31, 2015 for reactors that have been shut down or are within five years of shut down except for Zion Station which is included in a separate report to the NRC submitted by EnergySolutions (see Zion Station Decommissioning above). As of December 31, 2015, Generation provided adequate decommissioning funding assurance for all of its reactors that have been shut down or are within five years of shut down except for Peach Bottom Unit 1. As a former PECO plant, financial assurance for decommissioning Peach Bottom Unit 1 is provided by the NDT fund in addition to collections from PECO ratepayers. As discussed in Note 16 — Asset Retirement Obligations of Exelon's 2015 Form 10-K, the amount collected from PECO ratepayers will be adjusted in the next filing to the PaPUC with new rates effective January 1, 2018.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

13. Retirement Benefits (All Registrants)

Exelon sponsors defined benefit pension plans and other postretirement benefit plans for essentially all employees.

Effective March 23, 2016, Exelon became the sponsor of all PHI's defined benefit pension and other postretirement benefit plans, and assumed PHI's benefit plan obligations and related assets. As a result, PHI's benefit plan net obligation and related regulatory assets were transferred to Exelon. The legacy PHI pension and other postretirement benefit plans were remeasured on February 29, 2016, as a result of the short time between the merger close and the end of the first quarter of 2016, using current assumptions, including the discount rate. The valuation is considered preliminary and Exelon may update these amounts in future quarters to reflect assumptions at March 23, 2016.

Defined Benefit Pension and Other Postretirement Benefits

During the first quarter of 2016, Exelon received an updated valuation of its legacy pension and other postretirement benefit obligations to reflect actual census data as of January 1, 2016. This valuation resulted in an increase to the pension obligation of $35 million and a decrease to the other postretirement benefit obligation of $8 million. Additionally, accumulated other comprehensive loss increased by approximately $2 million (after tax), regulatory assets increased by approximately $27 million, and regulatory liabilities increased by approximately $3 million.

The majority of the 2016 pension benefit cost for legacy Exelon-sponsored plans is calculated using an expected long-term rate of return on plan assets of 7.00% and a discount rate of 4.29%. The majority of the 2016 other postretirement benefit cost is calculated using an expected long-term rate of return on plan assets of 6.71% for funded plans and a discount rate of 4.29%.

The 2016 pension benefit costs for the legacy PHI plans are calculated using an expected long-term rate of return on plan assets of 6.50% and a discount rate of 4.18% for the majority of the pension plans. The 2016 other postretirement benefit cost is calculated using an expected long-term rate of return on plan assets of 6.75% and a discount rate of 4.00%.

A portion of the net periodic benefit cost for all plans is capitalized within the Consolidated Balance Sheets. The following table presents the components of Exelon's net periodic benefit costs, prior to capitalization, for the three months ended March 31, 2016 and 2015.

	Pension Benefits Three Months Ended March 31,		Other Postretirement Benefits Three Months Ended March 31,	
	2016 [a]	2015	2016 [a]	2015
Components of net periodic benefit cost:				
Service cost	$ 78	$ 82	$ 26	$ 30
Interest cost	190	178	43	42
Expected return on assets	(263)	(257)	(38)	(38)
Amortization of:				
Prior service cost (benefit)	3	3	(44)	(43)
Actuarial loss	127	143	14	20
Net periodic benefit cost	$ 135	$ 149	$ 1	$ 11

(a) PHI net periodic benefit costs for the period prior to the merger are not included in the table above.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Predecessor			
	PHI			
	Pension Benefits		**Other Postretirement Benefits**	
	January 1, 2016 to March 23, 2016	**Three Months Ended March 31, 2015**	**January 1, 2016 to March 23, 2016**	**Three Months Ended March 31, 2015**
Components of net periodic benefit cost:				
Service cost	$ 12	$ 14	$ 1	$ 2
Interest cost	26	27	6	6
Expected return on assets	(30)	(35)	(5)	(6)
Amortization of:				
Prior service cost (benefit)	—	—	(3)	(3)
Actuarial loss	14	16	2	3
Net periodic benefit cost	$ 22	$ 22	$ 1	$ 2

The amounts below represent Generation, ComEd, PECO, BGE, PHI, Pepco, DPL, ACE, BSC and PHISCO's allocated portion of the pension and postretirement benefit plan costs, which were included in Property, plant and equipment within the respective Consolidated Balance Sheets and Operating and maintenance expense within the Consolidated Statement of Operations and Comprehensive Income during the three months ended March 31, 2016 and 2015.

	Three Months Ended March 31,	
Pension and Other Postretirement Benefit Costs	**2016**	**2015**
Exelon	$ 136	$ 160
Generation	54	67
ComEd	41	52
PECO	8	10
BGE	16	17
BSC [(a)]	14	14
Pepco [(b)]	8	8
DPL [(b)]	5	4
ACE [(b)]	4	4
PHISCO [(a)(b)]	9	8

	Successor	*Predecessor*	
Pension and Other Postretirement Benefit Costs	**March 24, 2016 to March 31, 2016**	**January 1, 2016 to March 23, 2016**	**Three Months Ended March 31, 2015**
PHI	$ 3	$ 23	$ 24

(a) These amounts primarily represent amounts billed to Exelon's subsidiaries through intercompany allocations. These amounts are not included in the Generation, ComEd, PECO, BGE, PHI, Pepco, DPL or ACE amounts above.

(b) Pepco, DPL, ACE and PHISCO's pension and postretirement benefit costs for the three months ended March 31, 2016 include $7 million, $4 million, $3 million and $9 million, respectively, of costs incurred prior to the closing of Exelon's merger with PHI on March 23, 2016. PHI, Pepco, DPL, ACE and PHISCO's predecessor pension and other postretirement benefit costs for the three months ended March 31, 2015 were $24 million, $8 million, $4 million, $4 million and $8 million, respectively. These amounts are not included in Exelon's net periodic benefit cost for the three months ended March 31, 2015 shown in the components of net periodic cost table of the Defined Benefit Pension and Other Postretirement Benefits section above.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Defined Contribution Savings Plans

The Registrants participate in various 401(k) defined contribution savings plans that are sponsored by Exelon. The plans are qualified under applicable sections of the IRC and allow employees to contribute a portion of their pre-tax and/or after-tax income in accordance with specified guidelines. All Registrants match a percentage of the employee contributions up to certain limits. The following table presents the matching contributions to the savings plans during the three months ended March 31, 2016 and 2015:

Savings Plan Matching Contributions	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
Exelon	$ 26	$ 22
Generation	12	13
ComEd	6	5
PECO	2	1
BGE	1	2
BSC [(a)]	5	1
Pepco [(b)]	1	1
DPL [(b)]	1	—
PHISCO [(a)(b)]	1	2

Savings Plan Matching Contributions	Successor: March 24, 2016 to March 31, 2016	Predecessor: January 1, 2016 to March 23, 2016	Predecessor: Three Months Ended March 31, 2015
PHI	$ —	$ 3	$ 3

(a) These amounts primarily represent amounts billed to Exelon and PHI's subsidiaries through intercompany allocations. These costs are not included in the Generation, ComEd, PECO, BGE, Pepco and DPL amounts above.

(b) Pepco's, DPL's and PHISCO's matching contributions for the three months ended March 31, 2016 include $1 million, $1 million and $1 million, respectively, of costs incurred prior to the closing of Exelon's merger with PHI on March 23, 2016, which is not included in Exelon's matching contributions for the three months ended March 31, 2016.

14. Severance (All Registrants)

The Registrants have an ongoing severance plan under which, in general, the longer an employee worked prior to termination the greater the amount of severance benefits. The Registrants record a liability and expense or regulatory asset for severance once terminations are probable of occurrence and the related severance benefits can be reasonably estimated. For severance benefits that are incremental to its ongoing severance plan ("one-time termination benefits"), the Registrants measure the obligation and record the expense at fair value at the communication date if there are no future service requirements, or, if future service is required to receive the termination benefit, ratably over the required service period.

Ongoing Severance Plans

The Registrants provide severance and health and welfare benefits under Exelon's ongoing severance benefit plans to terminated employees in the normal course of business. These benefits are accrued for when the benefits are considered probable and can be reasonably estimated.

Exelon and Generation recorded $2 million and $20 million of severance costs associated with these ongoing severance benefits for the three months ended March 31, 2016 and 2015, respectively, within Operating

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and maintenance expense in their Consolidated Statements of Operations and Comprehensive Income. For Generation, the amount includes $1 million for amounts billed by BSC through intercompany allocations for the three months ended March 31, 2016.

Cost Management Program-Related Severance

In August 2015, Exelon announced a cost management program focused on cost savings at BSC and Generation, including the elimination of approximately 500 positions. These actions are in response to the continuing economic challenges confronting all parts of Exelon's business and industry, necessitating continued focus on cost management through enhanced efficiency and productivity. Exelon expects that approximately 250 corporate support positions in BSC and approximately 250 positions located throughout Generation will be eliminated.

Upon Senior Management approval of the cost management targets and initiatives in the first quarter of 2016, Exelon recorded severance benefit costs of $17 million associated with the anticipated position reductions. The final amount of the charge will ultimately depend on the specific employees severed.

For the three months ended March 31, 2016, the Registrants recorded the following severance costs related to the cost management program within Operating and maintenance expense in their Consolidated Statements of Operations and Comprehensive Income, pursuant to the authoritative guidance for ongoing severance plans:

	Exelon	Generation	ComEd	PECO	BGE
Severance benefits [(a)]	$ 17	$ 12	$ 3	$ 1	$ 1

(a) The amounts above for Generation, ComEd, PECO and BGE include $7 million, $3 million, $1 million, and $1 million, respectively, for amounts billed by BSC through intercompany allocations for the three months ended March 31, 2016.

Severance Costs Related to the PHI Merger

Upon closing the PHI Merger, Exelon recorded a severance accrual for the anticipated employee position reductions as a result of the post-merger integration.

For the three months ended March 31, 2016, the Registrants recorded the following severance costs associated with the identified job reductions within Operating and maintenance expense in their Consolidated Statements of Operations and Comprehensive Income, pursuant to the authoritative guidance for ongoing severance plans:

	Exelon	Generation	ComEd	PECO	BGE	*Successor* PHI	Pepco	DPL	ACE
Severance benefits [(a)]	$ 52	$ 10	$ 2	$ 1	$ 1	$ 37	$ 18	$11	$ 8

(a) The amounts above for Generation, ComEd, PECO, BGE, Pepco, DPL and ACE include $9 million, $2 million, $1 million, $1 million, $18 million, $11 million and $8 million, respectively, for amounts billed by BSC and/or PHISCO through intercompany allocations for the three months ended March 31, 2016.

Cash payments under the plan begin in May 2016 and will continue through 2020.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Severance Liability

Amounts included in the table below represent the severance liability recorded for employees of each Registrant and exclude amounts included at Exelon and billed through intercompany allocations:

Severance Liability	Exelon	Generation	ComEd	PECO	BGE	Successor PHI	Pepco	DPL	ACE
Balance at December 31, 2015	$ 35	$ 23	$ 3	$ —	$ 1	$ —	$ —	$—	$ —
Severance charges [(a)(b)]	71	7	—	—	—	51	—	—	—
Payments	(4)	(3)	—	—	—	—	—	—	—
Balance at March 31, 2016	$ 102	$ 27	$ 3	$ —	$ 1	$ 51	$ —	$—	$ —

(a) Includes salary continuance and health and welfare severance benefits. Amounts primarily represent benefits provided for the PHI post-merger integration and the cost management program.
(b) Represents activity from March 24, 2016 to March 31, 2016 for PHI, Pepco, DPL and ACE.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

15. Changes in Accumulated Other Comprehensive Income (Exelon, Generation, PECO and PHI)

The following tables present changes in accumulated other comprehensive income (loss) (AOCI) by component for the three months ended March 31, 2016 and 2015:

Three Months Ended March 31, 2016	Gains and (Losses) on Cash Flow Hedges	Unrealized Gains and (Losses) on Marketable Securities	Pension and Non-Pension Postretirement Benefit Plan Items	Foreign Currency Items	AOCI of Equity Investments	Total
Exelon [a]						
Beginning balance	$ (19)	$ 3	$ (2,565)	$ (40)	$ (3)	$(2,624)
OCI before reclassifications	(10)	(1)	67	6	(3)	59
Amounts reclassified from AOCI [b]	3	—	(34)	—	—	(31)
Net current-period OCI	(7)	(1)	33	6	(3)	28
Ending balance	$ (26)	$ 2	$ (2,532)	$ (34)	$ (6)	$(2,596)
Generation [a]						
Beginning balance	$ (21)	$ 1	$ —	$ (40)	$ (3)	$ (63)
OCI before reclassifications	(8)	—	—	6	(2)	(4)
Amounts reclassified from AOCI [b]	3	—	—	—	—	3
Net current-period OCI	(5)	—	—	6	(2)	(1)
Ending balance	$ (26)	$ 1	$ —	$ (34)	$ (5)	$ (64)
PECO [a]						
Beginning balance	$ —	$ 1	$ —	$ —	$ —	$ 1
OCI before reclassifications	—	—	—	—	—	—
Amounts reclassified from AOCI [b]	—	—	—	—	—	—
Net current-period OCI	—	—	—	—	—	—
Ending balance	$ —	$ 1	$ —	$ —	$ —	$ 1
PHI Predecessor [a]						
Beginning balance January 1, 2016	$ (8)	$ —	$ (28)	$ —	$ —	$ (36)
OCI before reclassifications	—	—	2	—	—	2
Amounts reclassified from AOCI [b]	—	—	(1)	—	—	(1)
Net current-period OCI	—	—	1	—	—	1
Ending balance March 23, 2016 [c]	$ (8)	$ —	$ (27)	$ —	$ —	$ (35)

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Three Months Ended March 31, 2015	Gains and (Losses) on Hedging Activity	Unrealized Gains and (Losses) on Marketable Securities	Pension and Non-Pension Postretirement Benefit Plan Items	Foreign Currency Items	AOCI of Equity Investments	Total
Exelon [a]						
Beginning balance	$ (28)	$ 3	$ (2,640)	$ (19)	$ —	$(2,684)
OCI before reclassifications	(11)	—	(26)	(12)	—	(49)
Amounts reclassified from AOCI [b]	17	—	43	—	—	60
Net current-period OCI	6	—	17	(12)	—	11
Ending balance	$ (22)	$ 3	$ (2,623)	$ (31)	$ —	$(2,673)
Generation [a]						
Beginning balance	$ (18)	$ 1	$ —	$ (19)	$ —	$ (36)
OCI before reclassifications	(6)	—	—	(12)	—	(18)
Amounts reclassified from AOCI [b]	1	—	—	—	—	1
Net current-period OCI	(5)	—	—	(12)	—	(17)
Ending balance	$ (23)	$ 1	$ —	$ (31)	$ —	$ (53)
PECO [a]						
Beginning balance	$ —	$ 1	$ —	$ —	$ —	$ 1
OCI before reclassifications	—	—	—	—	—	—
Amounts reclassified from AOCI [b]	—	—	—	—	—	—
Net current-period OCI	—	—	—	—	—	—
Ending balance	$ —	$ 1	$ —	$ —	$ —	$ 1
PHI Predecessor [a]						
Beginning balance	$ (9)	$ —	$ (37)	$ —	$ —	$ (46)
OCI before reclassifications	—	—	—	—	—	—
Amounts reclassified from AOCI [b]	—	—	1	—	—	1
Net current-period OCI	—	—	1	—	—	1
Ending balance	$ (9)	$ —	$ (36)	$ —	$ —	$ (45)

(a) All amounts are net of tax. Amounts in parenthesis represent a decrease in AOCI.
(b) See next tables for details about these reclassifications.
(c) As a result of the PHI Merger, the PHI predecessor balances at March 23, 2016 were reduced to zero on March 24, 2016 due to purchase accounting adjustments applied to PHI.

ComEd, PECO, BGE, Pepco, DPL and ACE did not have any reclassifications out of AOCI to Net income during the three months ended March 31, 2016 and 2015. The following tables present amounts reclassified out of AOCI to Net income for Exelon, Generation and PHI during the three months ended March 31, 2016 and 2015.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Three Months Ended March 31, 2016

Details about AOCI components	Items reclassified out of AOCI [a]			Affected line item in the Statement of Operations and Comprehensive Income
	Three Months Ended March 31, 2016	Three Months Ended March 31, 2016	*Predecessor* January 1, 2016 to March 23, 2016	
	Exelon	Generation	PHI	
Gains and (losses) on cash flow hedges				
Other cash flow hedges	$ (5)	$ (5)	$ —	Interest expense
Total before tax	(5)	(5)	—	
Tax expense	2	2	—	
Net of tax	$ (3)	$ (3)	$ —	Comprehensive income
Amortization of pension and other postretirement benefit plan items				
Prior service costs [b]	$ (20)	$ —	$ —	
Actuarial losses [b]	76	—	1	
Total before tax	56	—	1	
Tax benefit	(22)	—	—	
Net of tax	$ 34	$ —	$ 1	
Total Reclassifications	$ 31	$ (3)	$ 1	Comprehensive income

Three Months Ended March 31, 2015

Details about AOCI components	Items reclassified out of AOCI [a]			Affected line item in the Statement of Operations and Comprehensive Income
	Exelon	Generation	*Predecessor* PHI	
Gains and (losses) on cash flow hedges				
Terminated interest rate swaps	$ (26)	$ —	$ —	Other, net
Energy related hedges	2	2	—	Operating revenues
Other cash flow hedges	(3)	(3)	—	Interest expense
Total before tax	(27)	(1)	—	
Tax benefit	10	—	—	
Net of tax	$ (17)	$ (1)	$ —	Comprehensive income
Amortization of pension and other postretirement benefit plan items				
Prior service costs [b]	$ 19	$ —	$ —	
Actuarial losses [b]	(90)	—	(2)	
Total before tax	(71)	—	(2)	
Tax benefit	28	—	1	
Net of tax	$ (43)	$ —	$ (1)	
Total Reclassifications	$ (60)	$ (1)	$ (1)	Comprehensive income

(a) Amounts in parenthesis represent a decrease in net income.
(b) This AOCI component is included in the computation of net periodic pension and OPEB cost (see Note 13 — Retirement Benefits for additional details).

The following table presents income tax expense (benefit) allocated to each component of other comprehensive income (loss) during the three months ended March 31, 2016 and 2015:

	Three Months Ended March 31,	
	2016	2015
Exelon		
Pension and non-pension postretirement benefit plans:		
Prior service benefit reclassified to periodic benefit cost	$ 7	$ 8
Actuarial loss reclassified to periodic cost	(30)	(35)
Pension and non-pension postretirement benefit plans valuation adjustment	—	17
Change in unrealized gain/(loss) on cash flow hedges	3	(2)
Change in unrealized loss on equity investments	2	—
Change in unrealized gain on marketable securities	1	—
Total	$ (17)	$ (12)
Generation		
Change in unrealized gain on cash flow hedges	$ 2	$ 5
Change in unrealized loss on equity investments	2	—
Total	$ 4	$ 5

	Predecessor	
PHI	**January 1, 2016 to March 23, 2016**	**Three Months Ended March 31, 2015**
Pension and non-pension postretirement benefit plans:		
Actuarial loss reclassified to periodic cost	$ —	$ (1)

16. Mezzanine Equity (Exelon, Generation and PHI)

Contingently Redeemable Noncontrolling Interest (Exelon and Generation)

In November 2015, 2015 ESA Investco, LLC, a wholly owned subsidiary of Generation, entered into an arrangement to sell a portion of its equity to a tax equity investor. Pursuant to the operating agreement, in certain circumstances the equity contributed by the noncontrolling interest holder could be contingently redeemable. These circumstances are outside of the control of Generation and the noncontrolling interest holder resulting in a portion of the noncontrolling interest being considered contingently redeemable and thus presented in mezzanine equity on the consolidated balance sheet.

The following table summarizes the changes in the contingently redeemable noncontrolling interest for the three months ended March 31, 2016:

Balance at December 31, 2015	$ 28
Cash received from noncontrolling interest	10
Release of contingency	(19)
Balance at March 31, 2016	$ 19

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Preferred Stock (PHI)

In connection with the PHI Merger Agreement, Exelon purchased 18,000 originally issued shares of PHI preferred stock for a purchase price of $180 million. PHI excluded the preferred stock from equity at December 31, 2015 since the preferred stock contained conditions for redemption that were not solely within the control of PHI. Management determined that the preferred stock contained embedded features requiring separate accounting consideration to reflect the potential value to PHI that any issued and outstanding preferred stock could be called and redeemed at a nominal par value upon a termination of the merger agreement under certain circumstances due to the failure to obtain required regulatory approvals. The embedded call and redemption features on the shares of the preferred stock in the event of such a termination were separately accounted for as derivatives. As of December 31, 2015, the fair value of the derivative related to the preferred stock was estimated to be $18 million based on PHI's updated assessment and was included in current assets with a corresponding increase in preferred stock on the Consolidated Balance Sheet. Immediately prior to the merger date, PHI updated its assessment of the fair value of the derivative and reduced the fair value to zero, recording the $18 million decrease in fair value as a reduction of Other, net in the predecessor period January 1, 2016 to March 23, 2016.

On March 23, 2016, the preferred stock was cancelled and the $180 million cash consideration previously received by PHI to issue the preferred stock was treated as additional merger purchase price consideration.

17. Earnings Per Share (Exelon)

Diluted earnings per share is calculated by dividing Net income attributable to common shareholders by the weighted average number of shares of common stock outstanding, including shares to be issued upon exercise of stock options, performance share awards and restricted stock outstanding under Exelon's LTIPs considered to be common stock equivalents. The following table sets forth the components of basic and diluted earnings per share and shows the effect of these stock options, performance share awards and restricted stock on the weighted average number of shares outstanding used in calculating diluted earnings per share:

	Three Months Ended March 31,	
	2016	2015
Exelon		
Net income attributable to common shareholders	$ 173	$ 693
Weighted average common shares outstanding — basic	923	862
Assumed exercise and/or distributions of stock-based awards	2	5
Weighted average common shares outstanding — diluted	925	867

The number of stock options not included in the calculation of diluted common shares outstanding due to their antidilutive effect was approximately 13 million and 15 million for the three months ended March 31, 2016 and 2015, respectively. The number of equity units related to the PHI Merger not included in the calculation of diluted common shares outstanding due to their antidilutive effect was 4 million for the three months ended March 31, 2016 and less than 1 million for the three months ended March 31, 2015. Refer to Note 19 — Shareholder's Equity of the Exelon 2015 Form 10-K for further information regarding the equity units.

Under share repurchase programs, 35 million shares of common stock are held as treasury stock with a cost of $2.3 billion as of March 31, 2016. In 2008, Exelon management decided to defer indefinitely any share repurchases.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

18. Commitments and Contingencies (All Registrants)

The following is an update to the current status of commitments and contingencies set forth in Note 23 of the Exelon 2015 Form 10-K and Note 16 of the PHI 2015 Form 10-K. See Note 4—Mergers, Acquisitions and Dispositions for further discussion on the PHI Merger commitments.

Commitments

Constellation Merger Commitments (Exelon and Generation)

In February 2012, the MDPSC issued an Order approving the Exelon and Constellation merger. As part of the MDPSC Order, Exelon agreed to provide a package of benefits to BGE customers, the City of Baltimore and the State of Maryland, resulting in an estimated direct investment in the State of Maryland of approximately $1 billion. The direct investment estimate includes $95 million to $120 million relating to the construction of a headquarters building in Baltimore for Generation's competitive energy businesses.

The direct investment commitment also includes $500 million to $600 million relating to Exelon and Generation's development or assistance in the development of 275 — 300 MWs of new generation in Maryland, which is expected to be completed over a period of 10 years. As of March 31, 2016, Exelon and Generation have incurred $398 million towards satisfying the commitment for new generation development in the state of Maryland, with approximately 220 MW of the new generation commencing with commercial operations to date. The MDPSC Order contemplates various options for complying with the new generation development commitments, including building or acquiring generating assets, making subsidy or compliance payments, or in circumstances in which the generation build is delayed or certain specified provisions are elected, making liquidated damages payments. Exelon and Generation expect that the majority of these commitments will be satisfied by building or acquiring generating assets and, therefore, will be primarily capital in nature and recognized as incurred. However, during the third quarter of 2014, the conditions associated with one of the generation development commitments changed such that Exelon and Generation believe that the most likely outcome will involve making subsidy payments and/or liquidated damages payments rather than constructing the specified generating plant. As a result, Exelon and Generation recorded a pre-tax $44 million loss contingency related to this generation development commitment. While this $44 million loss contingency represents Generation's best estimate of the future obligation, it is reasonably possible that Exelon and Generation could ultimately be required to make cumulative subsidy payments of up to a maximum of approximately $105 million over a 20-year period dependent on actual generating output from a successfully constructed generating plant.

Equity Investment Commitments (Exelon and Generation)

Generation has entered into equity purchase agreements that include commitments to invest additional equity through incremental payments to fund the anticipated needs of the planned operations of the associated companies. The commitment includes approximately $20 million of in-kind services and 100% of 2015 ESA Investco, LLC's equity commitment since 2015 ESA Investco, LLC is consolidated by Generation (see Note 3—Variable Interest Entities for additional details). As of March 31, 2016, Generation's estimated commitment relating to its equity purchase agreements, including the in-kind services contributions, is anticipated to be as follows:

	Total
2016 [(a)]	$271
2017	21
2018	7
Total	$299

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

(a) The noncontrolling interest holder of 2015 ESA Investco, LLC will contribute up to $132 million in support of a portion of the remaining equity commitment.

Commercial Commitments (All Registrants)

The Registrants' commercial commitments as of March 31, 2016, representing commitments potentially triggered by future events were as follows:

	Exelon	Generation	ComEd	PECO	BGE	Successor PHI	Pepco	DPL	ACE
Letters of credit (non-debt) (a)	$1,628	$ 1,560	$ 16	$ 22	$ 2	$ 1	$ —	$—	$ —
Surety bonds (b)	950	852	10	9	10	16	9	4	3
Financing trust guarantees	628	—	200	178	250	—	—	—	—
Nuclear insurance premiums (c)	3,056	3,056	—	—	—	—	—	—	—
Guaranteed lease residual values (d)	20	—	—	—	—	20	6	8	5
Total commercial commitments	$6,282	$ 5,468	$ 226	$209	$262	$ 37	$ 15	$12	$ 8

(a) Letters of credit (non-debt) — Exelon and certain subsidiaries maintain non-debt letters of credit to provide credit support for certain transactions as requested by third parties.
(b) Surety bonds — Guarantees issued related to contract and commercial agreements, excluding bid bonds.
(c) Nuclear insurance premiums — Represents the maximum amount that Generation would be required to pay for retrospective premiums in the event of nuclear disaster at any domestic site, including CENG sites, under the Secondary Financial Protection pool as required under the Price-Anderson Act as well as the current aggregate annual retrospective premium obligation that could be imposed by NEIL. See the Nuclear Insurance section within this note for additional details on Generation's nuclear insurance premiums.
(d) Represents the maximum potential obligation in the event that the fair value of certain leased equipment and fleet vehicles is zero at the end of the maximum lease term. The maximum lease term associated with these assets ranges from 3 to 8 years. The maximum potential obligation at the end of the minimum lease term would be $53 million, $13 million of which is a guarantee by Pepco, $17 million by DPL and $14 million by ACE. The minimum lease term associated with these assets ranges from 1 to 4 years. Historically, payments under the guarantees have not been made and PHI believes the likelihood of payments being required under the guarantees is remote.

Nuclear Insurance (Exelon and Generation)

Generation is subject to liability, property damage and other risks associated with major incidents at any of its nuclear stations, including the CENG nuclear stations. Generation has mitigated its financial exposure to these risks through insurance and other industry risk-sharing provisions.

The Price-Anderson Act was enacted to ensure the availability of funds for public liability claims arising from an incident at any of the U.S. licensed nuclear facilities and also to limit the liability of nuclear reactor owners for such claims from any single incident. As of March 31, 2016, the current liability limit per incident is $13.5 billion and is subject to change to account for the effects of inflation and changes in the number of licensed reactors. An inflation adjustment must be made at least once every 5 years and the last inflation adjustment was made effective September 10, 2013. In accordance with the Price-Anderson Act, Generation maintains financial protection at levels equal to the amount of liability insurance available from private sources through the purchase of private nuclear energy liability insurance for public liability claims that could arise in the event of an incident. As of March 31, 2016, the amount of nuclear energy liability insurance purchased is $375 million for each operating site. Additionally, the Price-Anderson Act requires a second layer of protection through the mandatory

participation in a retrospective rating plan for power reactors (currently 103 reactors) resulting in an additional $13.1 billion in funds available for public liability claims. Participation in this secondary financial protection pool requires the operator of each reactor to fund its proportionate share of costs for any single incident that exceeds the primary layer of financial protection. Under the Price-Anderson Act, the maximum assessment in the event of an incident for each nuclear operator, per reactor, per incident (including a 5% surcharge), is $127.3 million, payable at no more than $19 million per reactor per incident per year. Exelon's maximum liability per incident is approximately $2.7 billion, including CENG's related liability.

In addition, the U.S. Congress could impose revenue-raising measures on the nuclear industry to pay public liability claims exceeding the $13.5 billion limit for a single incident.

As part of the execution of the NOSA on April 1, 2014, Generation executed an Indemnity Agreement pursuant to which Generation agreed to indemnify EDF and its affiliates against third-party claims that may arise from any future nuclear incident (as defined in the Price-Anderson Act) in connection with the CENG nuclear plants or their operations. Exelon guarantees Generation's obligations under this indemnity. See Note 5— Investment in Constellation Energy Nuclear Group, LLC of the Exelon 2015 Form 10-K for additional information on Generation's operations relating to CENG.

Generation is required each year to report to the NRC the current levels and sources of property insurance that demonstrates Generation possesses sufficient financial resources to stabilize and decontaminate a reactor and reactor station site in the event of an accident. The property insurance maintained for each facility is currently provided through insurance policies purchased from NEIL, an industry mutual insurance company of which Generation is a member.

NEIL provides "all risk" property damage, decontamination and premature decommissioning insurance for each station for losses resulting from damage to its nuclear plants, either due to accidents or acts of terrorism. If the decision is made to decommission the facility, a portion of the insurance proceeds will be allocated to a fund, which Generation is required by the NRC to maintain, to provide for decommissioning the facility. In the event of an insured loss, Generation is unable to predict the timing of the availability of insurance proceeds to Generation and the amount of such proceeds that would be available. In the event that one or more acts of terrorism cause accidental property damage within a twelve-month period from the first accidental property damage under one or more policies for all insured plants, the maximum recovery for all losses by all insureds will be an aggregate of $3.2 billion plus such additional amounts as the insurer may recover for all such losses from reinsurance, indemnity and any other source, applicable to such losses.

For its insured losses, Generation is self-insured to the extent that losses are within the policy deductible or exceed the amount of insurance maintained. Uninsured losses and other expenses, to the extent not recoverable from insurers or the nuclear industry, could also be borne by Generation. Any such losses could have a material adverse effect on Exelon's and Generation's financial condition, results of operations and liquidity.

Environmental Issues *(All Registrants)*

General. The Registrants' operations have in the past, and may in the future, require substantial expenditures in order to comply with environmental laws. Additionally, under Federal and state environmental laws, the Registrants are generally liable for the costs of remediating environmental contamination of property now or formerly owned by them and of property contaminated by hazardous substances generated by them. The Registrants own or lease a number of real estate parcels, including parcels on which their operations or the operations of others may have resulted in contamination by substances that are considered hazardous under environmental laws. In addition, the Registrants are currently involved in a number of proceedings relating to sites where hazardous substances have been deposited and may be subject to additional proceedings in the future.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

ComEd, PECO, BGE and DPL have identified sites where former MGP activities have or may have resulted in actual site contamination. For almost all of these sites, there are additional PRPs that may share responsibility for the ultimate remediation of each location.

- ComEd has identified 42 sites, 17 of which the remediation has been completed and approved by the Illinois EPA or the U.S. EPA and 25 that are currently under some degree of active study and/or remediation. ComEd expects the majority of the remediation at these sites to continue through at least 2020.
- PECO has identified 26 sites, 16 of which have been remediated in accordance with applicable PA DEP regulatory requirements. The remaining 10 sites are currently under some degree of active study and/or remediation. PECO expects the majority of the remediation at these sites to continue through at least 2021.
- BGE has identified 13 former gas manufacturing or purification sites that it currently owns or owned at one time through a predecessor's acquisition. Two gas manufacturing sites require some level of remediation and ongoing monitoring under the direction of the MDE. The required costs at these two sites are not considered material. One former gas purification site is currently under investigation at the direction of the MDE. For more information, see the discussion of the Riverside site below.
- DPL has identified 2 sites, 1 of which the remediation has been completed and approved by the MDE. Remediation work at the remaining site has been completed and an application has been submitted to the Delaware Department of Natural Resources and Environmental Control for approval.

ComEd, pursuant to an ICC order, and PECO, pursuant to settlements of natural gas distribution rate cases with the PAPUC, are currently recovering environmental remediation costs of former MGP facility sites through customer rates. ComEd and PECO have recorded regulatory assets for the recovery of these costs. See Note 5 — Regulatory Matters for additional information regarding the associated regulatory assets. BGE is authorized to recover, and is currently recovering, environmental costs for the remediation of the former MGP facility sites from customers; however, while BGE does not have a rider for MGP clean-up costs, BGE has historically received recovery of actual clean-up costs in distribution rates. DPL has historically received recovery of actual clean-up costs in distribution rates.

As of March 31, 2016 and December 31, 2015, the Registrants had accrued the following undiscounted amounts for environmental liabilities in Other current liabilities and Other deferred credits and other liabilities within their respective Consolidated Balance Sheets:

March 31, 2016	Total Environmental Investigation and Remediation Reserve	Portion of Total Related to MGP Investigation and Remediation [a]
Exelon	$ 399	$ 298
Generation	68	—
ComEd	263	261
PECO	36	34
BGE	3	2
PHI (Successor)	29	1
Pepco	25	—
DPL	3	1
ACE	1	—

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

December 31, 2015	Total Environmental Investigation and Remediation Reserve	Portion of Total Related to MGP Investigation and Remediation [(a)]
Exelon	$ 369	$ 301
Generation	63	—
ComEd	266	264
PECO	37	35
BGE	3	2
PHI (Predecessor)	33	1
Pepco	24	—
DPL	3	1
ACE	1	—

(a) For BGE, includes reserve for Riverside, a gas purification site. See discussion below for additional information.

The historical nature of the MGP sites and the fact that many of the sites have been buried and built over, impacts the ability to determine a precise estimate of the ultimate costs prior to initial sampling and determination of the exact scope and method of remedial activity. Management determines its best estimate of remediation costs using all available information at the time of each study, including probabilistic and deterministic modeling for ComEd and PECO, and the remediation standards currently required by the applicable state environmental agency. Prior to completion of any significant clean up, each site remediation plan is approved by the appropriate state environmental agency.

The Registrants cannot reasonably estimate whether they will incur other significant liabilities for additional investigation and remediation costs at these or additional sites identified by the Registrants, environmental agencies or others, or whether such costs will be recoverable from third parties, including customers.

Water Quality

Groundwater Contamination. In October 2007, a subsidiary of Constellation entered into a consent decree with the MDE relating to groundwater contamination at a third-party facility that was licensed to accept fly ash, a byproduct generated by coal-fired plants. The consent decree required the payment of a $1 million penalty, remediation of groundwater contamination resulting from the ash placement operations at the site, replacement of drinking water supplies in the vicinity of the site, and monitoring of groundwater conditions. Generation's remaining groundwater contamination reserve was $11 million at March 31, 2016 and $12 million at December 31, 2015.

Benning Road Site NPDES Permit Limit Exceedances . Pepco holds an NPDES permit issued by EPA with a July 19, 2009 effective date, which authorizes discharges from the Benning Road site, including the Pepco Energy Services generating facility previously located on the site that was deactivated in 2012 and has been demolished. The 2009 permit for the first time imposed numerical limits on the allowable concentration of certain metals in storm water discharged from the site into the Anacostia River as determined by EPA to be necessary to meet the applicable District of Columbia surface water quality standards. The permit contemplated that Pepco would meet these limits over time through the use of best management practices (BMPs). As of December 2012, Pepco completed the implementation of the first two phases of BMPs identified in a plan approved by EPA (consisting principally of installing metal absorbing filters to capture contaminants at storm water inlets, removing stored equipment from areas exposed to the weather, covering and painting exposed metal pipes, and covering and cleaning dumpsters). These measures were effective in reducing metal concentrations in storm water discharges, but were not sufficient to meet all of the numerical limits for metals. Most of the quarterly monitoring results since the issuance of the permit have shown exceedances of the limits for copper and zinc, as well as occasional exceedances for iron and lead.

The NPDES permit was due to expire on June 19, 2014. Pepco submitted a permit renewal application on December 17, 2013. In November 2014, EPA advised Pepco that it will not renew the permit until the Benning Road site has come into compliance with the existing permit limits. The current permit remains in effect pending EPA's action on the renewal application. In December 2014, Pepco submitted a plan to EPA to implement the third phase of BMPs recommended in the original permit compliance plan with the objective of achieving full compliance with the permit limits for metals by the end of 2015 and Pepco immediately began to implement the additional BMPs in accordance with the plan. On September 1, 2015, Pepco submitted a report to EPA on the status of implementation of the third phase of BMPs. As of that date, Pepco had fully implemented most of the elements of the Phase 3 plan, including installation of upgraded storm water inlet controls (filters and booms), enhanced inspection and maintenance of inlets, removal of materials and equipment from exposure to storm water, and removal of accumulated sediments from the underground storm drains. The sampling results from the third quarter of 2015 showed compliance with all of the permit limits. However, more recent sampling results continued to show modest exceedances for copper and zinc. As confirmed by this latest sampling, because the permit limits are low and site conditions are subject to variation, Pepco has concluded that some form of storm water treatment prior to discharge will be necessary to ensure ongoing compliance with all permit limits and has begun the process of evaluating treatment options. The nature and scope of the necessary treatment system, and the amount of the associated capital expenditures, will not be known until Pepco has completed the evaluation and design process.

Pepco has been engaged in discussions with representatives from EPA and the DOJ regarding permit compliance. On October 30, 2015, EPA filed a Clean Water Act civil enforcement action against Pepco in federal district court. Pepco expects that this enforcement action will be resolved through a consent decree that will (i) establish further requirements to achieve compliance with the permit limits, including the design and installation of an appropriate storm water treatment system as noted above, and (ii) include civil penalties for past noncompliance. While the amount of civil penalties is not known at this time, and Pepco does not expect the amount of such penalties to have a material adverse effect on Exelon's, PHI's and Pepco's consolidated financial condition, results of operations or cash flows, Pepco has established what it believes is an appropriate reserve for this matter.

Pepco and EPA are currently in discussions regarding the terms of the contemplated consent decree, and it is anticipated that the parties will finalize the consent decree before the end of 2016. In response to a joint motion by the parties, the court has extended the deadline for Pepco to answer the complaint to May 16, 2016, to give the parties time to work towards agreement on the terms of a consent decree. The parties contemplate seeking a further extension if necessary to complete their negotiations. Once executed by the parties, the consent decree will be filed with the court for review and approval following a period for public comment.

On March 14, 2016, the court granted a motion by the Anacostia Riverkeeper to intervene in this case as a plaintiff along with EPA. As an intervenor, the Anacostia Riverkeeper will be entitled to file a brief commenting on the proposed consent decree and to appeal any decision by the court to approve the consent decree over the Anacostia Riverkeeper's objection, but its participation is not expected to materially affect the progress or outcome of the consent decree negotiations.

Potomac River Mineral Oil Release. In January 2011, there was a release of 4,500 gallons of non-toxic mineral oil at Pepco's Potomac River substation in Alexandria, Virginia into the Potomac River.

In March 2014, Pepco and the District of Columbia Department of Energy and Environment (DOEE) (formerly The District of Columbia Department of the Environment) entered into a consent decree to resolve a threatened DOEE enforcement action, the terms of which include a combination of a civil penalty and a Supplemental Environmental Project (SEP) with a total cost to Pepco of $875,000. The consent decree was

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approved and entered by the District of Columbia Superior Court on April 4, 2014. Pepco has paid the $250,000 civil penalty imposed under the consent decree and, pursuant to the consent decree, has made a one-time donation in the amount of $25,000 to the Northeast Environmental Enforcement Training Fund, Inc., a non-profit organization that funds scholarships for environmental enforcement training. The consent decree confirmed that no further actions are required by Pepco to investigate, assess or remediate impacts to the river from the mineral oil release. To implement the SEP, Pepco has entered into an agreement with Living Classrooms Foundation, Inc., a non-profit educational organization, pursuant to which Pepco will provide $600,000 to fund the design, installation and operation of a trash collection system at a storm water outfall that drains to the Anacostia River. DOEE approved the design for the trash collection system and efforts to secure necessary permits are in progress. Pepco expects that this system will be constructed and placed into operation by the end of 2016, which will satisfy Pepco's obligations under the consent decree. On September 11, 2015, Pepco and DOEE filed a joint report with the D.C. Superior Court on the status of the trash cage project and other elements of the consent decree. The court accepted that report and scheduled the next status hearing in this matter for September 23, 2016.

The consent decree did not resolve potential claims under federal law for natural resource damages resulting from the mineral oil release. Pepco has engaged in separate discussions with DOEE and the federal resource trustees regarding the settlement of a possible natural resource damages claim under federal law. In July 2013, Pepco submitted a natural resource damage assessment to DOEE and the federal trustees that proposed monetary compensation for such damages in the range of $106,000 to $161,000. By letter dated September 16, 2015, the U.S. Department of Interior, on behalf of the trustees, made a confidential counter-proposal for settlement of the natural resource damage claim. Pepco has engaged in subsequent discussions with the trustees and believes that the parties are close to reaching an agreement to settle the claims. Based on the discussions to date, Exelon, PHI and Pepco do not believe that the resolution of the natural resource damages claim will have a material adverse effect on their respective financial condition, results of operations or cash flows.

As a result of the mineral oil release, Pepco implemented certain interim operational changes to the secondary containment systems at the facility, which involve pumping accumulated storm water to an above-ground holding tank for off-site disposal. Pepco is continuing to use the above-ground holding tank to manage storm water from the secondary containment system while it evaluates other technical and regulatory options.

Solid and Hazardous Waste

Cotter Corporation. The EPA has advised Cotter Corporation (Cotter), a former ComEd subsidiary, that it is potentially liable in connection with radiological contamination at a site known as the West Lake Landfill in Missouri. On February 18, 2000, ComEd sold Cotter to an unaffiliated third-party. As part of the sale, ComEd agreed to indemnify Cotter for any liability arising in connection with the West Lake Landfill. In connection with Exelon's 2001 corporate restructuring, this responsibility to indemnify Cotter was transferred to Generation. On May 29, 2008, the EPA issued a Record of Decision approving the remediation option submitted by Cotter and the two other PRPs that required additional landfill cover. By letter dated January 11, 2010, the EPA requested that the PRPs perform a supplemental feasibility study for a remediation alternative that would involve complete excavation of the radiological contamination. On September 30, 2011, the PRPs submitted the final supplemental feasibility study to the EPA for review. Since June 2012, the EPA has requested that the PRPs perform a series of additional analyses and groundwater and soil sampling as part of the supplemental feasibility study, that are now scheduled to be completed in mid-2016 to enable the EPA to propose a remedy for public comment by the end of 2016. Thereafter the EPA will select a final remedy and enter into a Consent Decree with the PRPs to effectuate the remedy. A complete excavation remedy would be significantly more expensive than the previously selected additional cover remedy; however, Generation believes the likelihood that the EPA would require a complete excavation is remote. The EPA is also reviewing a partial excavation remedy; however, until the current

sampling is concluded there is no basis to determine the likelihood and estimate of a partial excavation remedy. The current estimated cost of the landfill cover remediation for the site is approximately $60 million, which will be allocated among all PRPs. Recent investigation has identified a number of other parties who may be PRPs and could be liable to contribute to the final remedy. Further investigation is underway. Generation has accrued what it believes to be an adequate amount to cover its anticipated share of such liability.

During December 2015, the EPA took two actions related to the West Lake Landfill designed to abate what it termed as imminent and dangerous conditions at the landfill. The first involved installation of a non-combustible surface cover to protect against surface fires in areas where radiological materials are believed to have been disposed. Generation has accrued what it believes to be an adequate amount to cover its anticipated liability for this interim action. The second action involved EPA's public statement that it will require the PRPs to construct a barrier wall in an adjacent landfill to prevent a subsurface fire from spreading to those areas of the West Lake Landfill where radiological materials are believed to have been disposed. At this time, EPA has not provided sufficient details related to the basis for and the requirements and design of a barrier wall to enable Generation to determine the likelihood such a remedy will ultimately be implemented, assess the degree to which Generation may have liability as a potentially responsible party, or develop a reasonable estimate of the potential incremental costs. It is reasonably possible, however, that resolution of this matter could have a material, unfavorable impact on Generation's and Exelon's future results of operations and cash flows. Finally, one of the other PRP's, the landfill owner and operator of the adjacent landfill, has indicated that it will be making a contribution claim against Cotter for costs that it has incurred to prevent the subsurface fire from spreading to those areas of the West Lake Landfill where radiological materials are believed to have been disposed. At this time, Generation and Exelon do not possess sufficient information to assess this claim and are therefore unable to determine the impact on their future results of operations and cash flows.

On February 2, 2016, the U.S. Senate passed a bill to transfer remediation authority over the West Lake Landfill from the EPA to the U.S. Army Corps of Engineers, under the Formerly Utilized Sites Remedial Action Program (FUSRAP). Such legislation would become final upon passage in the U.S. House of Representatives and the signature of the President, and be subject to annual funding appropriations in the U.S. Budget. Remediation under FUSRAP would not alter the liability of the PRPs, but could delay the determination of a final remedy and its implementation.

On August 8, 2011, Cotter was notified by the DOJ that Cotter is considered a PRP with respect to the government's clean-up costs for contamination attributable to low level radioactive residues at a former storage and reprocessing facility named Latty Avenue near St. Louis, Missouri. The Latty Avenue site is included in ComEd's indemnification responsibilities discussed above as part of the sale of Cotter. The radioactive residues had been generated initially in connection with the processing of uranium ores as part of the U.S. government's Manhattan Project. Cotter purchased the residues in 1969 for initial processing at the Latty Avenue facility for the subsequent extraction of uranium and metals. In 1976, the NRC found that the Latty Avenue site had radiation levels exceeding NRC criteria for decontamination of land areas. Latty Avenue was investigated and remediated by the United States Army Corps of Engineers pursuant to funding under the FUSRAP. The DOJ has not yet formally advised the PRPs of the amount that it is seeking, but it is believed to be approximately $90 million. The DOJ and the PRPs agreed to toll the statute of limitations until August 2016 so that settlement discussions could proceed. Based on Generation's preliminary review, it appears probable that Generation has liability to Cotter under the indemnification agreement and has established an appropriate accrual for this liability.

Commencing in February 2012, 41 lawsuits have been filed in the U.S. District Court for the Eastern District of Missouri. Among the defendants were Exelon, Generation and ComEd, all of which were subsequently dismissed from the case, and Cotter, which remains a defendant. The suits allege that individuals

living in the North St. Louis area developed some form of cancer due to Cotter's negligent or reckless conduct in processing, transporting, storing, handling and/or disposing of radioactive materials. Plaintiffs have asserted claims for negligence, strict liability, emotional distress, medical monitoring, and violations of the Price-Anderson Act. The complaints do not contain specific damage claims. In the event of a finding of liability, it is reasonably possible that Exelon would be considered liable due to its indemnification responsibilities of Cotter described above. The court has dismissed the lawsuits filed by 30 of the plaintiffs. Pre-trial motions and discovery are proceeding in the remaining cases and a proposed pre-trial scheduling order has been filed with the court. At this stage of the litigation, Generation and ComEd cannot estimate a range of loss, if any.

68 th Street Dump. In 1999, the EPA proposed to add the 68th Street Dump in Baltimore, Maryland to the Superfund National Priorities List, and notified BGE and 19 others that they are PRPs at the site. In March 2004, BGE and other PRPs formed the 68th Street Coalition and entered into consent order negotiations with the EPA to investigate clean-up options for the site under the Superfund Alternative Sites Program. In May 2006, a settlement among the EPA and 19 of the PRPs, including BGE, with respect to investigation of the site became effective. The settlement requires the PRPs, over the course of several years, to identify contamination at the site and recommend clean-up options. The PRPs submitted their investigation of the range of clean-up options in the first quarter of 2011. Although the investigation and options provided to the EPA are still subject to EPA review and selection of a remedy, the range of estimated clean-up costs to be allocated among all of the PRPs is in the range of $50 million to $64 million. On September 30, 2013, EPA issued the Record of Decision identifying its preferred remedial alternative for the site. The estimated cost for the alternative chosen by EPA is consistent with the PRPs estimated range of costs noted above. A wholly owned subsidiary of Generation has agreed to indemnify BGE for most of the costs related to this settlement and clean-up of the site. Based on Generation's preliminary review, it appears probable that Generation has liability and has established an appropriate accrual for its share of the estimated clean-up costs.

Rossville Ash Site. The Rossville Ash Site is a 32-acre property located in Rosedale, Baltimore County, Maryland, which was used for the placement of fly ash from 1983-2007. The property is owned by Constellation Power Source Generation, LLC (CPSG). In 2008, CPSG investigated and remediated the property by entering it into the Maryland Voluntary Cleanup Program (VCP) to address any historic environmental concerns and ready the site for appropriate future redevelopment. The site was accepted into the program in 2010 and is currently going through the process to remediate the site and receive closure from MDE. Exelon currently estimates the cost to close the site to be approximately $9 million which has been fully reserved as of March 31, 2016.

Sauer Dump. On May 30, 2012, BGE was notified by the EPA that it is considered a PRP at the Sauer Dump Superfund site in Dundalk, Maryland. The EPA offered BGE and three other PRPs the opportunity to conduct an environmental investigation and present cleanup recommendations at the site. In addition, the EPA is seeking recovery from the PRPs of $1.7 million for past cleanup and investigation costs at the site. On March 11, 2013, BGE and three other PRP's signed an Administrative Settlement Agreement and Order on Consent with the EPA which requires the PRP's to conduct a remedial investigation (RI) and feasibility study (FS) at the site to determine what, if any, are the appropriate and recommended cleanup activities for the site. The ultimate outcome of this proceeding is uncertain. Since the EPA has not selected a cleanup remedy and the allocation of the cleanup costs among the PRPs has not been determined, an estimate of the range of BGE's reasonably possible loss, if any, cannot be determined.

Riverside. In 2013, the MDE, at the request of EPA, conducted a site inspection and limited environmental sampling of certain portions of the 170 acre Riverside property owned by BGE. The site consists of several different parcels with different current and historical uses. The sampling included soil and groundwater samples for a number of potential environmental contaminants. The sampling confirmed the existence of contaminants consistent with the known historical uses of the various portions of the site. In March 2014, the MDE requested that BGE conduct an investigation of three specific areas of the site, and a site-wide investigation of soils,

sediment, groundwater, and surface water to complement the MDE sampling. The field investigation was completed in January 2015, and a final report was provided to MDE on June 2, 2015. On November 3, 2015, MDE provided BGE with its comments and recommendations on the report which require BGE to conduct further investigation and sampling at the site to better delineate the nature and extent of historic contamination, including off-site sediment and soil sampling. MDE did not request any interim remediation at this time. Upon completion of the investigation to date, BGE has established what it believes is an appropriate reserve. As the investigation and potential remediation proceed, it is possible that additional reserves could be established, in amounts that could be material to BGE.

Benning Road Site. In September 2010, PHI received a letter from EPA identifying the Benning Road site as one of six land-based sites potentially contributing to contamination of the lower Anacostia River. A portion of the site was formerly the location of a Pepco Energy Services electric generating facility. That generating facility was deactivated in June 2012 and plant structure demolition was completed in July 2015. The remaining portion of the site consists of a Pepco transmission and distribution service center that remains in operation. The principal contaminants allegedly of concern are polychlorinated biphenyls and polycyclic aromatic hydrocarbons. In December 2011, the U.S. District Court for the District of Columbia approved a consent decree entered into by Pepco and Pepco Energy Services with the DOEE, which requires Pepco and Pepco Energy Services to conduct a RI/FS for the Benning Road site and an approximately 10 to 15 acre portion of the adjacent Anacostia River. The RI/FS will form the basis for the remedial actions for the Benning Road site and for the Anacostia River sediment associated with the site. The consent decree does not obligate Pepco or Pepco Energy Services to pay for or perform any remediation work, but it is anticipated that DOEE will look to Pepco and Pepco Energy Services to assume responsibility for cleanup of any conditions in the river that are determined to be attributable to past activities at the Benning Road site.

The initial RI field work began in January 2013 and was completed in December 2014. In addition, in conjunction with the power plant demolition activities, Pepco and Pepco Energy Services collected soil samples adjacent to and beneath the concrete basins for the dismantled cooling towers for the generating facility. This sampling showed localized areas of soil contamination associated with the cooling tower basins, and, beginning in the second quarter of 2016, Pepco and Pepco Energy Services expect to implement a plan approved by DOEE to remove contaminated soil in conjunction with the demolition and removal of the concrete basins. On April 30, 2015, Pepco and Pepco Energy Services submitted a draft RI Report to DOEE. After review, DOEE determined that additional field investigation and data analysis is required to complete the RI process (much of which is beyond the scope of the original DOEE-approved RI work plan). In the meantime, Pepco and Pepco Energy Services revised the draft RI Report to address DOEE's comments and DOEE released the draft RI Report for public review on February 29, 2016. The additional field investigation and data analysis will proceed later in 2016 according to a schedule to be developed by Pepco and Pepco Energy Services and approved by DOEE. Once the additional RI work has been completed, Pepco and Pepco Energy Services will issue a draft "final" RI report for review and comment by DOEE and the public. Pepco and Pepco Energy Services will then proceed with an FS to evaluate possible remedial alternatives. This effort also may include a treatability study to evaluate the effectiveness of potential remedial options. Once the FS evaluation has been completed, Pepco and Pepco Energy Services will prepare and submit a draft FS Report for review and comment by DOEE and the public. Thereafter, Pepco and Pepco Energy Services will revise the draft FS Report as appropriate to address comments received and will submit a final FS Report to DOEE.

Upon DOEE's approval of the final remedial investigation and feasibility study Reports, Pepco and Pepco Energy Services will have satisfied their obligations under the consent decree. At that point, DOEE will prepare a Proposed Plan regarding further response actions based on the results of the remedial investigation and feasibility study. After considering public comment on the Proposed Plan, DOEE will issue a Record of Decision identifying any further response actions determined to be necessary.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

DOEE, Pepco and Pepco Energy Services must submit their next joint status report to the court regarding progress on the RI/FS by May 24, 2016. PHI, Pepco and Pepco Energy Services have determined that a loss associated with this matter for PHI, Pepco and Pepco Energy Services is probable and have estimated that the costs of remediation are in the range of approximately $9 million to $13 million. An estimated liability for this issue has been accrued.

Anacostia River Tidal Reach. Contemporaneous with the Benning RI/FS being performed by Pepco and Pepco Energy Services, DOEE has been conducting a separate RI/FS focused on the entire tidal reach of the Anacostia River extending from just north of the Maryland-D.C. boundary line to the confluence of the Anacostia and Potomac Rivers. On March 18, 2016, DOEE released a draft of the river-wide RI Report for public review and comment. The river-wide RI incorporated the results of the river sampling performed by Pepco and Pepco Energy Services as part of the Benning RI/FS, as well as similar sampling efforts conducted by owners of other sites adjacent to this segment of the river and supplemental river sampling conducted by DOEE's contractor. DOEE has asked Pepco, along with parties responsible for other sites along the river, to participate in a "Consultative Working Group" to provide input into the process for future remedial actions addressing the entire tidal reach of the river and to ensure proper coordination with the other river cleanup efforts currently underway, including cleanup of the river segment adjacent to the Benning site resulting from the Benning RI/FS. Pepco will review the draft river-wide RI report and consider its response to this request during the second quarter of 2016. At this time, it is not possible to predict the nature or extent of Pepco's possible participation in the river-wide RI/FS process, or its potential exposure for response costs beyond those associated with the Benning RI/FS component of the river-wide initiative.

Conectiv Energy Wholesale Power Generation Sites. In July 2010, PHI sold the wholesale power generation business of Conectiv Energy Holdings, Inc. and substantially all of its subsidiaries (Conectiv Energy) to Calpine Corporation (Calpine). Under New Jersey's Industrial Site Recovery Act (ISRA), the transfer of ownership triggered an obligation on the part of Conectiv Energy to remediate any environmental contamination at each of the nine Conectiv Energy generating facility sites located in New Jersey. Under the terms of the sale, Calpine has assumed responsibility for performing the ISRA-required remediation and for the payment of all related ISRA compliance costs up to $10 million. PHI is obligated to indemnify Calpine for any ISRA compliance remediation costs in excess of $10 million. According to PHI's estimates, the costs of ISRA-required remediation activities at the 9 generating facility sites located in New Jersey are in the range of approximately $7 million to $18 million, and PHI has established an appropriate accrual for its share of the estimated clean-up costs.

In September 2011, PHI received a request for data from the EPA regarding operations at the Deepwater generating facility in New Jersey (which was included in the sale to Calpine) between February 2004 and July 1, 2010, to demonstrate compliance with the Clean Air Act's new source review permitting program. PHI responded to the data request. Under the terms of the Calpine sale, PHI is obligated to indemnify Calpine for any failure of PHI, on or prior to the closing date of the sale, to comply with environmental laws attributable to the construction of new, or modification of existing, sources of air emissions. At this time, Exelon and PHI do not expect this inquiry to have a material adverse effect on their consolidated financial condition, results of operations or cash flows.

Rock Creek Mineral Oil Release. In late August 2015, a Pepco underground transmission line in the District of Columbia suffered a breach, resulting in the release of non-toxic mineral oil surrounding the transmission line into the surrounding soil, and a small amount reached Rock Creek through a storm drain. Pepco notified regulatory authorities, and Pepco and its spill response contractors placed booms in Rock Creek, blocked the storm drain to prevent the release of mineral oil into the creek and commenced remediation of soil around the transmission line and the Rock Creek shoreline. Pepco estimates that approximately 6,100 gallons of mineral oil

were released and that its remediation efforts recovered approximately 80% of the amount released. Pepco's remediation efforts are ongoing under the direction of the DOEE, including the requirements of a February 29, 2016 compliance order which requires Pepco to prepare a full incident investigation report and prepare a removal action work plan to remove all impacted soils in the vicinity of the storm drain outfall, and in collaboration with the National Park Service, the Smithsonian Institution/National Zoo and EPA. Pepco's investigation presently indicates that the damage to Pepco's facilities occurred prior to the release of mineral oil when third-party excavators struck the Pepco underground transmission line while installing cable for another utility.

To the extent recovery is available against any party who contributed to this loss, PHI and Pepco will pursue such action. Exelon, PHI and Pepco continue to investigate the cause of the incident, the parties involved, and legal responsibility under District of Columbia law, but do not believe that the remediation costs to resolve this matter will have a material adverse effect on their respective financial condition, results of operations or cash flows.

Peck Iron and Metal Site. EPA informed Pepco in a May 2009 letter that Pepco may be a PRP under CERCLA with respect to the cleanup of the Peck Iron and Metal site in Portsmouth, Virginia, and for costs EPA has incurred in cleaning up the site. The EPA letter states that Peck Iron and Metal purchased, processed, stored and shipped metal scrap from military bases, governmental agencies and businesses and that the Peck Iron and Metal scrap operations resulted in the improper storage and disposal of hazardous substances. EPA bases its allegation on its belief that Pepco was a customer at the site. Pepco has advised EPA by letter that its records show no evidence of any sale of scrap metal by Pepco to the site. Even if EPA has such records and such sales did occur, Pepco believes that any such scrap metal sales may be entitled to the recyclable material exemption from CERCLA liability. In September 2011, EPA initiated a RI/FS for the site using Federal funds. Pepco cannot at this time estimate an amount or range of reasonably possible loss associated with this RI/FS, any remediation activities to be performed at the site or any other costs that EPA might seek to impose on Pepco.

Brandywine Fly Ash Disposal Site. In February 2013, Pepco received a letter from the MDE requesting that Pepco investigate the extent of waste on a Pepco right-of-way that traverses the Brandywine fly ash disposal site in Brandywine, Prince George's County, Maryland, owned by NRG Energy, Inc. (as successor to GenOn MD Ash Management, LLC) (NRG). In July 2013, while reserving its rights and related defenses under a 2000 agreement covering the sale of this site, Pepco indicated its willingness to investigate the extent of, and propose an appropriate closure plan to address, ash on the right-of-way. Pepco submitted a schedule for development of a closure plan to MDE on September 30, 2013 and, by letter dated October 18, 2013, MDE approved the schedule.

Exelon, PHI and Pepco have determined that a loss associated with this matter is probable and have estimated that the costs for implementation of a closure plan and cap on the site are in the range of approximately $3 million to $6 million. Exelon, PHI and Pepco believe that the costs incurred in this matter will be recoverable from NRG under the 2000 sale agreement.

Litigation and Regulatory Matters

Asbestos Personal Injury Claims (Exelon, Generation, ComEd, PECO and BGE)

Exelon and Generation . Generation maintains a reserve for claims associated with asbestos-related personal injury actions in certain facilities that are currently owned by Generation or were previously owned by ComEd and PECO. The reserve is recorded on an undiscounted basis and excludes the estimated legal costs associated with handling these matters, which could be material.

At March 31, 2016 and December 31, 2015, Generation had reserved approximately $93 million and $95 million, respectively, in total for asbestos-related bodily injury claims. As of March 31, 2016, approximately $21

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million of this amount related to 234 open claims presented to Generation, while the remaining $72 million of the reserve is for estimated future asbestos-related bodily injury claims anticipated to arise through 2050, based on actuarial assumptions and analyses, which are updated on an annual basis. On a quarterly basis, Generation monitors actual experience against the number of forecasted claims to be received and expected claim payments and evaluates whether an adjustment to the reserve is necessary.

On November 22, 2013, the Supreme Court of Pennsylvania held that the Pennsylvania Workers Compensation Act does not apply to an employee's disability or death resulting from occupational disease, such as diseases related to asbestos exposure, which manifests more than 300 weeks after the employee's last employment-based exposure, and that therefore the exclusivity provision of the Act does not preclude such employee from suing his or her employer in court. The Supreme Court's ruling reverses previous rulings by the Pennsylvania Superior Court precluding current and former employees from suing their employers in court, despite the fact that the same employee was not eligible for workers compensation benefits for diseases that manifest more than two weeks after the employee's last employment-based exposure to asbestos. Since the Pennsylvania Supreme Court's ruling in November 2013, Exelon, Generation, and PECO have experienced an increase in asbestos-related personal injury claims brought by former PECO employees, all of which have been reserved for on a claim by claim basis. Those additional claims are taken into account in projecting estimates of future asbestos-related bodily injury claims.

On November 4, 2015, the Illinois Supreme Court found that the provisions of the Illinois' Workers' Compensation Act and the Workers' Occupational Diseases Act barred an employee from bringing a direct civil action against an employer for latent diseases, including asbestos-related diseases that fall outside the 25-year limit of the statute of repose. The Illinois Supreme Court's ruling reversed previous rulings by the Illinois Court of Appeals, which initially ruled that the Illinois Worker's Compensation law should not apply in cases where the diagnosis of an asbestos related disease occurred after the 25-year maximum time period for filing a Worker's Compensation claim. Exelon, Generation, and ComEd have not recorded an increase to the asbestos-related bodily injury liability as of March 31, 2016.

There is a reasonable possibility that Exelon may have additional exposure to estimated future asbestos-related bodily injury claims in excess of the amount accrued and the increases could have a material adverse effect on Exelon's, Generation's, BGE's, and PECO's future results of operations and cash flows.

BGE . Since 1993, BGE and certain Constellation (now Generation) subsidiaries have been involved in several actions concerning asbestos. The actions are based upon the theory of "premises liability," alleging that BGE and Generation knew of and exposed individuals to an asbestos hazard. In addition to BGE and Generation, numerous other parties are defendants in these cases.

Approximately 452 individuals who were never employees of BGE or certain Constellation subsidiaries have pending claims each seeking several million dollars in compensatory and punitive damages. Cross-claims and third-party claims brought by other defendants may also be filed against BGE and certain Constellation subsidiaries in these actions. To date, most asbestos claims which have been resolved have been dismissed or resolved without any payment by BGE or certain Constellation subsidiaries and a small minority of these cases has been resolved for amounts that were not material to BGE or Generation's financial results.

Discovery begins in these cases after they are placed on the trial docket. At present, only two of the pending cases are set for trial. Given the limited discovery in these cases, BGE and Generation do not know the specific facts that are necessary to provide an estimate of the reasonably possible loss relating to these claims; as such, no accrual has been made and a range of loss is not estimable. The specific facts not known include:

- the identity of the facilities at which the plaintiffs allegedly worked as contractors;

- the names of the plaintiffs' employers;
- the dates on which and the places where the exposure allegedly occurred; and
- the facts and circumstances relating to the alleged exposure.

Insurance and hold harmless agreements from contractors who employed the plaintiffs may cover a portion of any awards in the actions.

Continuous Power Interruption (Exelon and ComEd)

Section 16-125 of the Illinois Public Utilities Act provides that in the event an electric utility, such as ComEd, experiences a continuous power interruption of four hours or more that affects (in ComEd's case) more than 30,000 customers, the utility may be liable for actual damages suffered by customers as a result of the interruption and may be responsible for reimbursement of local governmental emergency and contingency expenses incurred in connection with the interruption. Recovery of consequential damages is barred. The affected utility may seek from the ICC a waiver of these liabilities when the utility can show that the cause of the interruption was unpreventable damage due to weather events or conditions, customer tampering, or certain other causes enumerated in the law. As of March 31, 2016 and December 31, 2015, ComEd did not have any material liabilities recorded for these storm events.

Baltimore City Franchise Taxes (Exelon and BGE)

The City of Baltimore claims that BGE has maintained electric facilities in the City's public right-of-ways for over one hundred years without the proper franchise rights from the City. BGE has reviewed the City's claim and believes that it lacks merit. BGE has not recorded an accrual for payment of franchise fees for past periods as a range of loss, if any, cannot be reasonably estimated at this time. Franchise fees assessed in future periods may be material to BGE's results of operations and cash flows.

General (All Registrants)

The Registrants are involved in various other litigation matters that are being defended and handled in the ordinary course of business. The assessment of whether a loss is probable or a reasonable possibility, and whether the loss or a range of loss is estimable, often involves a series of complex judgments about future events. The Registrants maintain accruals for such losses that are probable of being incurred and subject to reasonable estimation. Management is sometimes unable to estimate an amount or range of reasonably possible loss, particularly where (1) the damages sought are indeterminate, (2) the proceedings are in the early stages, or (3) the matters involve novel or unsettled legal theories. In such cases, there is considerable uncertainty regarding the timing or ultimate resolution of such matters, including a possible eventual loss.

Income Taxes (Exelon, Generation, ComEd, PECO and BGE)

See Note 15 — Income Taxes for information regarding the Registrants' income tax refund claims and certain tax positions, including the 1999 sale of fossil generating assets.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

19. Supplemental Financial Information (All Registrants)

Supplemental Statement of Operations Information

The following tables provide additional information about the Registrants' Consolidated Statements of Operations and Comprehensive Income for the three months ended March 31, 2016 and 2015:

	Three Months Ended March 31, 2016								*Successor* March 24, 2016 to March 31, 2016	*Predecessor* January 1, 2016 to March 23, 2016
	Exelon	Generation	ComEd	PECO	BGE	Pepco	DPL	ACE	PHI	PHI
Other, Net										
Decommissioning-related activities:										
Net realized income on decommissioning trust funds [a]										
Regulatory agreement units	$ 34	$ 34	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Non-regulatory agreement units	21	21	—	—	—	—	—	—	—	—
Net unrealized gains on decommissioning trust funds										
Regulatory agreement units	79	79	—	—	—	—	—	—	—	—
Non-regulatory agreement units	52	52	—	—	—	—	—	—	—	—
Net unrealized gains on pledged assets										
Zion Station decommissioning	2	2	—	—	—	—	—	—	—	—
Regulatory offset to decommissioning trust fund-related activities [b]	(95)	(95)	—	—	—	—	—	—	—	—
Total decommissioning-related activities	93	93	—	—	—	—	—	—	—	—
Investment income	6	1	—	—	1 [c]	—	—	—	—	—
Long-term lease income	4	—	—	—	—	—	—	—	—	—
Interest income related to uncertain income tax positions	1	—	—	—	—	1	—	1	—	—
AFUDC — Equity	8	—	2	2	3	4	1	2	1	7
Loss on debt extinguishment	(2)	(2)	—	—	—	—	—	—	—	—
Other	4	1	2	—	—	4	2	1	1	(11)
Other, net	$ 114	$ 93	$ 4	$ 2	$ 4	$ 9	$ 3	$ 4	$ 2	$ (4)

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Three Months Ended March 31, 2015								
						Predecessor			
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Other, Net									
Decommissioning-related activities:									
Net realized income on decommissioning trust funds [a]									
Regulatory agreement units	$ 71	$ 71	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Non-regulatory agreement units	29	29	—	—	—	—	—	—	—
Net unrealized gains on decommissioning trust funds									
Regulatory agreement units	48	48	—	—	—	—	—	—	—
Non-regulatory agreement units	40	40	—	—	—	—	—	—	—
Net unrealized gains on pledged assets									
Zion Station decommissioning	10	10	—	—	—	—	—	—	—
Regulatory offset to decommissioning trust fund-related activities [b]	(106)	(106)	—	—	—	—	—	—	—
Total decommissioning-related activities	92	92	—	—	—	—	—	—	—
Investment income	1	1	—	—	1[c]	—	—	—	—
Long-term lease income	4	—	—	—	—	—	—	—	—
Interest income related to uncertain income tax positions	—	1	—	—	—	—	—	—	—
AFUDC — Equity	5	—	—	2	3	4	3	—	1
Terminated interest rate swaps [d]	(23)	3	—	—	—	—	—	—	—
Other	1	(3)	3	—	—	5	2	2	—
Other, net	$ 80	$ 94	$ 3	$ 2	$ 4	$ 9	$ 5	$ 2	$ 1

(a) Includes investment income and realized gains and losses on sales of investments of the trust funds.

(b) Includes the elimination of NDT fund activity for the Regulatory Agreement Units, including the elimination of net income taxes related to all NDT fund activity for those units. See Note 16 — Asset Retirement Obligations of the Exelon 2015 Form 10-K for additional information regarding the accounting for nuclear decommissioning.

(c) Relates to the cash return on BGE's rate stabilization deferral. See Note 3 — Regulatory Matters of the Exelon 2015 Form 10-K for additional information regarding the rate stabilization deferral.

(d) In January 2015, in connection with Generation's $750 million issuance of five-year Senior Unsecured Notes, Exelon terminated certain floating-to-fixed interest rate swaps. As the original forecasted transactions were a series of future interest payments over a ten year period, a portion of the anticipated interest payments were probable not to occur. As a result, $26 million of anticipated payments were reclassified from AOCI to Other, net in Exelon's Consolidated Statement of Operations and Comprehensive Income.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following utility taxes are included in revenues and expenses for the three months ended March 31, 2016 and 2015. Generation's utility tax expense represents gross receipts tax related to its retail operations and the utility registrants' utility tax expense represents municipal and state utility taxes and gross receipts taxes related to their operating revenues. The offsetting collection of utility taxes from customers is recorded in revenues on the Registrants' Consolidated Statements of Operations and Comprehensive Income.

	Three Months Ended March 31, 2016								*Successor* March 24, 2016 to March 31, 2016	*Predecessor* January 1, 2016 to March 23, 2016
	Exelon	Generation	ComEd	PECO	BGE	Pepco	DPL	ACE	PHI	PHI
Utility taxes	$ 153	$ 28	$ 59	$ 35	$ 24	$ 79	$ 5	$ —	$ 7	$ 77

	Three Months Ended March 31, 2015								
	Exelon	Generation	ComEd	PECO	BGE	*Predecessor* PHI	Pepco	DPL	ACE
Utility taxes	$ 148	$ 27	$ 62	$ 35	$ 24	$ 85	$ 80	$ 5	$ —

Supplemental Cash Flow Information

The following tables provide additional information regarding the Registrants' Consolidated Statements of Cash Flows for the three months ended March 31, 2016 and 2015:

	Three Months Ended March 31, 2016								*Successor* March 24, 2016 to March 31, 2016	*Predecessor* January 1, 2016 to March 23, 2016
	Exelon	Generation	ComEd	PECO	BGE	Pepco	DPL	ACE	PHI	PHI
Depreciation, amortization, accretion and depletion										
Property, plant and equipment	$ 606	$ 278	$ 170	$ 60	$ 75	$ 42	$27	$ 20	$ 9	$ 94
Amortization of regulatory assets	65	—	19	7	34	33	12	20	5	58
Amortization of intangible assets, net	14	11	—	—	—	—	—	—	—	—
Amortization of energy contract assets and liabilities [(a)]	(14)	(14)	—	—	—	—	—	—	—	—
Nuclear fuel [(b)]	283	283	—	—	—	—	—	—	—	—
ARO accretion [(c)]	109	109	—	—	—	—	—	—	—	—
Total depreciation, amortization, accretion and depletion	$ 1,063	$ 667	$ 189	$ 67	$109	$ 75	$39	$ 40	$ 14	$ 152

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Three Months Ended March 31, 2015								
						Predecessor			
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Depreciation, amortization, accretion and depletion									
Property, plant and equipment	$ 540	$ 242	$ 154	$ 58	$ 71	$ 96	$ 40	$25	$ 19
Amortization of regulatory assets	58	—	21	4	35	59	22	14	24
Amortization of intangible assets, net	12	12	—	—	—	—	—	—	—
Amortization of energy contract assets and liabilities [(a)]	(31)	(32)	—	—	—	—	—	—	—
Nuclear fuel [(b)]	272	272	—	—	—	—	—	—	—
ARO accretion [(c)]	97	97	—	—	—	—	—	—	—
Total depreciation, amortization, accretion and depletion	$ 948	$ 591	$ 175	$ 62	$106	$ 155	$ 62	$39	$ 43

(a) Included in Operating revenues or Purchased power and fuel expense on the Registrants' Consolidated Statements of Operations and Comprehensive Income.
(b) Included in Purchased power and fuel expense on the Registrants' Consolidated Statements of Operations and Comprehensive Income.
(c) Included in Operating and maintenance expense on the Registrants' Consolidated Statements of Operations and Comprehensive Income.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Three Months Ended March 31, 2016								*Successor* March 24, 2016 to March 31, 2016	*Predecessor* January 1, 2016 to March 23, 2016
	Exelon	Generation	ComEd	PECO	BGE	Pepco	DPL	ACE	PHI	PHI
Other non-cash operating activities:										
Pension and non-pension postretirement benefit costs	$ 136	$ 54	$ 41	$ 8	$ 16	$ 8	$ 5	$ 4	$ 3	$ 23
Loss from equity method investments	3	3	—	—	—	—	—	—	—	—
Provision for uncollectible accounts	41	6	9	16	12	5	5	7	(2)	16
Stock-based compensation costs	44	—	—	—	—	—	—	—	—	3
Other decommissioning-related activity [a]	(55)	(55)	—	—	—	—	—	—	—	—
Energy-related options [b]	(9)	(9)	—	—	—	—	—	—	—	—
Amortization of regulatory asset related to debt costs	1	—	1	—	—	1	—	—	—	1
Amortization of rate stabilization deferral	20	—	—	—	20	1	4	—	—	5
Amortization of debt fair value adjustment	(3)	(3)	—	—	—	—	—	—	—	—
Discrete impacts from EIMA [c]	(14)	—	(14)	—	—	—	—	—	—	—
Amortization of debt costs	8	4	1	1	1	—	—	—	—	—
Provision for excess and obsolete inventory	1	1	—	—	—	1	1	1	—	1
Merger-related commitments [d][e]	503	3	—	—	—	138	100	120	358	—
Severance costs	69	4	—	—	—	—	—	—	52	—
Asset retirement costs	—	—	—	—	—	—	4	2	—	—
Lower of cost or market inventory adjustment	36	36	—	—	—	—	—	—	—	—
Other	23	7	(6)	(1)	(5)	(1)	(1)	(2)	(1)	(3)
Total other non-cash operating activities	$ 804	$ 51	$ 32	$ 24	$ 44	$ 153	$118	$ 132	$ 410	$ 46
Non-cash investing and financing activities:										
Change in capital expenditures not paid	$ (290)	$ (234)	$ 25	$ (65)	$ (4)	$ 9	$ 8	$ (9)	$ (7)	$ 11
Fair value of net assets contributed to Generation in connection with the PHI Merger, net of cash [d][f]	—	119	—	—	—	—	—	—	—	—
Fair value of net assets distributed to Exelon in connection with the PHI Merger, net of cash [d][f]	—	—	—	—	—	—	—	—	127	—
Fair value of pension obligation transferred in connection with the PHI Merger	—	—	—	—	—	—	—	—	45	—
Assumption of member purchase liability	—	—	—	—	—	—	—	—	29	—
Change in PPE related to ARO update	62	62	—	—	—	—	—	—	—	—
Indemnification of like-kind exchange position [g]	—	—	1	—	—	—	—	—	—	—
Non-cash financing of capital projects	31	31	—	—	—	—	—	—	—	—

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Three Months Ended March 31, 2015								
						Predecessor			
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Other non-cash operating activities:									
Pension and non-pension postretirement benefit costs	$ 159	$ 67	$ 52	$ 10	$ 16	$ 24	$ 8	$ 4	$ 4
Provision for uncollectible accounts	84	4	22	33	25	16	4	7	5
Stock-based compensation costs	39	—	—	—	—	3	—	—	—
Other decommissioning-related activity (a)	(44)	(44)	—	—	—	—	—	—	—
Energy-related options (b)	9	9	—	—	—	—	—	—	—
Amortization of regulatory asset related to debt costs	3	—	2	1	—	1	1	—	—
Amortization of rate stabilization deferral	25	—	—	—	25	11	10	1	—
Amortization of debt fair value adjustment	(9)	(4)	—	—	—	—	—	—	—
Discrete impacts from EIMA (c)	46	—	46	—	—	—	—	—	—
Amortization of debt costs	18	4	1	1	1	—	—	—	—
Lower of cost or market inventory adjustment	10	10	—	—	—	—	—	—	—
Other	4	(1)	3	(1)	(3)	2	—	—	(1)
Total other non-cash operating activities	$ 344	$ 45	$ 126	$ 44	$ 64	$ 57	$ 23	$12	$ 8
Non-cash investing and financing activities:									
Change in PPE related to ARO update	56	56	—	—	—	—	—	—	—
Indemnification of like-kind exchange position (g)	—	—	2	—	—	—	—	—	—

(a) Includes the elimination of NDT fund activity for the Regulatory Agreement Units, including the elimination of operating revenues, ARO accretion, ARC amortization, investment income and income taxes related to all NDT fund activity for these units. See Note 16—Asset Retirement Obligations of the Exelon 2015 Form 10-K for additional information regarding the accounting for nuclear decommissioning.
(b) Includes option premiums reclassified to realized at the settlement of the underlying contracts and recorded to results of operations.
(c) Reflects the change in distribution rates pursuant to EIMA, which allows for the recovery of costs by a utility through a pre-established performance-based formula rate tariff. See Note 5 — Regulatory Matters for more information.
(d) See Note 4 — Mergers, Acquisitions and Dispositions for additional information related to the merger with PHI.
(e) Excludes $5 million of forgiveness of Accounts receivable related to merger commitments recorded in connection with the PHI Merger, the balance is included within Provision for uncollectible accounts.
(f) Immediately following closing of the PHI Merger, the net assets associated with PHI's unregulated business interests were distributed by PHI to Exelon. Exelon contributed a portion such net assets to Generation.
(g) See Note 11— Income Taxes for discussion of the like-kind exchange tax position.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Supplemental Balance Sheet Information

The following tables provide additional information about assets and liabilities of the Registrants as of March 31, 2016 and December 31, 2015.

March 31, 2016	Exelon	Generation	ComEd	PECO	BGE	Successor PHI	Pepco	DPL	ACE
Property, plant and equipment:									
Accumulated depreciation and amortization	$16,776[a]	$ 8,950[a]	$3,716	$3,139	$3,069	$ 4	$2,960	$1,140	$983
Accounts receivable:									
Allowance for uncollectible accounts	$ 351	$ 73	$ 82	$ 90	$ 53	$ 53	$ 16	$ 19	$ 18

December 31, 2015	Exelon	Generation	ComEd	PECO	BGE	Predecessor PHI	Pepco	DPL	ACE
Property, plant and equipment:									
Accumulated depreciation and amortization	$16,375[b]	$ 8,639[b]	$3,710	$3,101	$3,016	$ 5,341	$2,929	$1,139	$968
Accounts receivable:									
Allowance for uncollectible accounts	$ 284	$ 77	$ 75	$ 83	$ 49	$ 56	$ 17	$ 17	$ 17

(a) Includes accumulated amortization of nuclear fuel in the reactor core of $3,008 million.
(b) Includes accumulated amortization of nuclear fuel in the reactor core of $2,861 million.

PECO Installment Plan Receivables (Exelon and PECO)

PECO enters into payment agreements with certain delinquent customers, primarily residential, seeking to restore their service, as required by the PAPUC. Customers with past due balances that meet certain income criteria are provided the option to enter into an installment payment plan, some of which have terms greater than one year, to repay past due balances in addition to paying for their ongoing service on a current basis. The receivable balance for these payment agreement receivables is recorded in accounts receivable for the current portion and other deferred debits and other assets for the noncurrent portion. The net receivable balance for installment plans with terms greater than one year was $14 million and $15 million as of March 31, 2016 and December 31, 2015, respectively. The allowance for uncollectible accounts reserve methodology and assessment of the credit quality of the installment plan receivables are consistent with the customer accounts receivable methodology discussed in Note 1 — Significant Accounting Policies of the Exelon 2015 Form 10-K. The allowance for uncollectible accounts balance associated with these receivables at March 31, 2016 of $13 million consists of $1 million, $3 million and $9 million for low risk, medium risk and high risk segments, respectively. The allowance for uncollectible accounts balance at December 31, 2015 of $15 million consists of $1 million, $3 million and $11 million for low risk, medium risk and high risk segments, respectively. The balance of the payment agreement is billed to the customer in equal monthly installments over the term of the agreement. Installment receivables outstanding as of March 31, 2016 and December 31, 2015 include balances not yet presented on the customer bill, accounts currently billed and an immaterial amount of past due receivables. When a customer defaults on its payment agreement, the terms of which are defined by plan type, the entire balance of the agreement becomes due and the balance is reclassified to current customer accounts receivable and reserved for in accordance with the methodology discussed in Note 1 — Significant Accounting Policies of the Exelon 2015 Form 10-K.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

20. Segment Information (All Registrants)

Operating segments for each of the Registrants are determined based on information used by the chief operating decision maker(s) (CODM) in deciding how to evaluate performance and allocate resources at each of the Registrants.

In the first quarter of 2016, following the consummation of the PHI Merger, three new reportable segments were added: Pepco, DPL and ACE. As a result, Exelon has twelve reportable segments, which include ComEd, PECO, BGE, PHI's three reportable segments consisting of Pepco, DPL, and ACE, and Generation's six power marketing reportable segments consisting of the Mid-Atlantic, Midwest, New England, New York, ERCOT and all other power regions referred to collectively as "Other Power Regions", which includes activities in the South, West and Canada. ComEd, PECO, BGE, Pepco, DPL and ACE each represent a single reportable segment, and as such, no separate segment information is provided for these Registrants. Exelon, ComEd, PECO, BGE, Pepco, DPL and ACE's CODMs evaluate the performance of and allocate resources to ComEd, PECO, BGE, Pepco, DPL and ACE based on net income and return on equity.

Effective with the consummation of the PHI Merger, PHI's reportable segments have changed based on the information used by the CODM to evaluate performance and allocate resources. PHI's reportable segments consist of Pepco, DPL and ACE. PHI's Predecessor periods' segment information has been recast to conform to the current presentation. The reclassification of the segment information did not impact PHI's reported consolidated revenues or net income. PHI's CODM evaluates the performance of and allocates resources to Pepco, DPL and ACE based on net income and return on equity.

The basis for Generation's reportable segments is the integrated management of its electricity business that is located in different geographic regions, and largely representative of the footprints of ISO/RTO and/or NERC regions, which utilize multiple supply sources to provide electricity through various distribution channels (wholesale and retail). Generation's hedging strategies and risk metrics are also aligned to these same geographic regions. Descriptions of each of Generation's six reportable segments are as follows:

- Mid-Atlantic represents operations in the eastern half of PJM, which includes New Jersey, Maryland, Virginia, West Virginia, Delaware, the District of Columbia and parts of Pennsylvania and North Carolina.
- Midwest represents operations in the western half of PJM, which includes portions of Illinois, Pennsylvania, Indiana, Ohio, Michigan, Kentucky and Tennessee, and the United States footprint of MISO, excluding MISO's Southern Region, which covers all or most of North Dakota, South Dakota, Nebraska, Minnesota, Iowa, Wisconsin, the remaining parts of Illinois, Indiana, Michigan and Ohio not covered by PJM, and parts of Montana, Missouri and Kentucky.
- New England represents the operations within ISO-NE covering the states of Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.
- New York represents operations within ISO-NY, which covers the state of New York in its entirety.
- ERCOT represents operations within Electric Reliability Council of Texas, covering most of the state of Texas.
- Other Power Regions:
  - South represents operations in the FRCC, MISO's Southern Region, and the remaining portions of the SERC not included within MISO or PJM, which includes all or most of Florida, Arkansas, Louisiana, Mississippi, Alabama, Georgia, Tennessee, North Carolina, South Carolina and parts of Missouri, Kentucky and Texas. Generation's South region also includes operations in the SPP, covering Kansas, Oklahoma, most of Nebraska and parts of New Mexico, Texas, Louisiana, Missouri, Mississippi and Arkansas.

- West represents operations in the WECC, which includes California ISO, and covers the states of California, Oregon, Washington, Arizona, Nevada, Utah, Idaho, Colorado and parts of New Mexico, Wyoming and South Dakota.
- Canada represents operations across the entire country of Canada and includes AESO, OIESO and the Canadian portion of MISO.

The CODMs for Exelon and Generation evaluate the performance of Generation's power marketing activities and allocate resources based on revenue net of purchased power and fuel expense (RNF). Generation believes that RNF is a useful measurement of operational performance. RNF is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report. Generation's operating revenues include all sales to third parties and affiliated sales to the Utility Registrants. Purchased power costs include all costs associated with the procurement and supply of electricity including capacity, energy and ancillary services. Fuel expense includes the fuel costs for Generation's owned generation and fuel costs associated with tolling agreements. The results of Generation's other business activities are not regularly reviewed by the CODM and are therefore not classified as operating segments or included in the regional reportable segment amounts. These activities include natural gas, as well as other miscellaneous business activities that are not significant to Generation's overall operating revenues or results of operations. Further, Generation's unrealized mark-to-market gains and losses on economic hedging activities and its amortization of certain intangible assets and liabilities relating to commodity contracts recorded at fair value from mergers and acquisitions are also not included in the regional reportable segment amounts. Exelon and Generation do not use a measure of total assets in making decisions regarding allocating resources to or assessing the performance of these reportable segments.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

An analysis and reconciliation of the Registrants' reportable segment information to the respective information in the consolidated financial statements for the three months ended March 31, 2016 and 2015 is as follows:

Three Months Ended March 31, 2016 and 2015

	Generation [a]	ComEd	PECO	BGE	Successor PHI [b]	Other [c]	Intersegment Eliminations	Exelon
Operating revenues [d]:								
2016								
Competitive businesses electric revenues	$ 3,695	$ —	$ —	$ —	$ —	$ —	$ (266)	$ 3,429
Competitive businesses natural gas revenues	822	—	—	—	—	—	—	822
Competitive businesses other revenues	222	—	—	—	—	—	—	222
Rate-regulated electric revenues	—	1,249	644	680	90	—	(6)	2,657
Rate-regulated natural gas revenues	—	—	197	249	3	—	(5)	444
Shared service and other revenues	—	—	—	—	12	405	(418)	(1)
2015								
Competitive businesses electric revenues	$ 4,397	$ —	$ —	$ —	$ —	$ —	$ (209)	$ 4,188
Competitive businesses natural gas revenues	1,124	—	—	—	—	—	—	1,124
Competitive businesses other revenues	319	—	—	—	—	—	(1)	318
Rate-regulated electric revenues	—	1,185	677	713	—	—	(1)	2,574
Rate-regulated natural gas revenues	—	—	308	323	—	—	(7)	624
Shared service and other revenues	—	—	—	—	—	318	(316)	2
Intersegment revenues [e]:								
2016	$ 266	$ 5	$ 1	$ 5	$ 12	$ 405	$ (695)	$ (1)
2015	210	1	—	7	—	317	(533)	2
Net income (loss):								
2016	$ 257	$ 115	$ 124	$ 101	$ (309)	$ (164)	$ (1)	$ 123
2015	485	90	139	109	—	(84)	(1)	738
Total assets:								
March 31, 2016	$ 47,002	$26,887	$10,462	$8,361	$20,932	$ 9,751	$ (11,653)	$111,742
December 31, 2015	46,529	26,532	10,367	8,295	—	15,389	(11,728)	95,384

(a) Generation includes the six power marketing reportable segments shown below: Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Power Regions. Intersegment revenues for Generation for the three months ended March 31, 2016 include revenue from sales to PECO of $79 million and sales to BGE of $173 million in the Mid-Atlantic region, and sales to ComEd of $5 million in the Midwest region. For the three months ended March 31, 2015, intersegment revenues for Generation include revenue from sales to PECO of $63 million and sales to BGE of $138 million in the Mid-Atlantic region, and sales to ComEd of $9 million in the Midwest region. For the Successor period of March 24, 2016 to March 31, 2016, intersegment revenues for Generation include revenue from sales to Pepco of $6 million, sales to DPL of $4 million, and sales to ACE of $1 million in the Mid-Atlantic region.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

(b) Amounts included represent activity for the PHI's successor period, March 24, 2016 through March 31, 2016. PHI includes the three reportable segments: Pepco, DPL and ACE. See tables below for PHI's predecessor periods, including Pepco, DPL and ACE, for January 1, 2016 to March 23, 2016 and for the three months ended March 31, 2015.
(c) Other primarily includes Exelon's corporate operations, shared service entities and other financing and investment activities.
(d) Includes gross utility tax receipts from customers. The offsetting remittance of utility taxes to the governing bodies is recorded in expenses on the Registrants' Consolidated Statements of Operations and Comprehensive Income. See Note 19 — Supplemental Financial Information for total utility taxes for the three months ended March 31, 2016 and 2015.
(e) Intersegment revenues exclude sales to unconsolidated affiliates. The intersegment profit associated with Generation's sale of certain products and services by and between Exelon's segments is not eliminated in consolidation due to the recognition of intersegment profit in accordance with regulatory accounting guidance. For Exelon, these amounts are included in Operating revenues in the Consolidated Statements of Operations and Comprehensive Income.

Generation total revenues:

	Three Months Ended March 31, 2016			Three Months Ended March 31, 2015		
	Revenues from external customers [a]	Intersegment revenues	Total Revenues	Revenues from external customers [a][c]	Intersegment revenues [c]	Total Revenues [c]
Mid-Atlantic	$ 1,532	$ (12)	$ 1,520	$ 1,556	$ (43)	$ 1,513
Midwest	1,089	6	1,095	1,276	—	1,276
New England	471	(1)	470	865	(6)	859
New York	218	(15)	203	307	3	310
ERCOT	163	—	163	181	(1)	180
Other Power Regions	222	1	223	212	2	214
Total Revenues for Reportable Segments	3,695	(21)	3,674	4,397	(45)	4,352
Other [b]	1,044	21	1,065	1,443	45	1,488
Total Generation Consolidated Operating Revenues	$ 4,739	$ —	$ 4,739	$ 5,840	$ —	$ 5,840

(a) Includes all wholesale and retail electric sales to third parties and affiliated sales to the Utility Registrants.
(b) Other represents activities not allocated to a region. See text above for a description of included activities. Also includes a $20 million and $40 million increase to revenues for the amortization of intangible assets related to commodity contracts recorded at fair value for the three months ended March 31, 2016 and 2015, respectively, unrealized mark-to-market gains of $63 million and $154 million for the three months ended March 31, 2016 and 2015, respectively, and elimination of intersegment revenues.
(c) Exelon corrected an error in the March 31, 2015 balances within Intersegment Revenue and Revenue from external customers for an overstatement of $43 million of Intersegment Revenue for Reportable Segments for the three months ended March 31, 2015, an understatement of Revenue from external customers for Reportable Segments of $43 million for the three months ended March 31, 2015, an understatement of $43 million of Intersegment Revenue for Other for the three months ended March 31, 2015, and an overstatement of Revenue from external customers for Other of $43 million for the three months ended March 31, 2015. This error is not considered material to any prior period, and there is no impact to Total Revenues.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Generation total revenues net of purchased power and fuel expense:

	Three Months Ended March 31, 2016			Three Months Ended March 31, 2015		
	RNF from external customers [a]	Intersegment RNF	Total RNF	RNF from external customers [a][c]	Intersegment RNF [c]	Total RNF [c]
Mid-Atlantic	$ 832	$ 9	$ 841	$ 808	$ (21)	$ 787
Midwest	715	3	718	709	(6)	703
New England	86	(5)	81	182	(24)	158
New York	141	(11)	130	169	20	189
ERCOT	81	(20)	61	88	(33)	55
Other Power Regions	86	(10)	76	72	(26)	46
Total Revenues net of purchased power and fuel expense for Reportable Segments	1,941	(34)	1,907	2,028	(90)	1,938
Other [b]	356	34	390	379	90	469
Total Generation Revenues net of purchased power and fuel expense	$ 2,297	$ —	$2,297	$ 2,407	$ —	$2,407

(a) Includes purchases and sales from third parties and affiliated sales to the Utility Registrants.

(b) Other represents activities not allocated to a region. See text above for a description of included activities. Also includes a $19 million and $38 million increase to RNF for the amortization of intangible assets related to commodity contracts for the three months ended March 31, 2016 and 2015, respectively, unrealized mark-to-market gains of $103 million and $162 million for the three months ended March 31, 2016 and 2015, respectively, and the elimination of intersegment revenue net of purchased power and fuel expense.

(c) Exelon corrected an error in the March 31, 2015 balances within Intersegment RNF and RNF from external customers for an understatement of $4 million of Intersegment RNF for Reportable Segments for the three months ended March 31, 2015, an understatement of RNF from external customers for Reportable Segments of $5 million for the three months ended March 31, 2015, an overstatement of $4 million of Intersegment RNF for Other for the three months ended March 31, 2015, and an overstatement of RNF from external customers for Other of $5 million for the three months ended March 31, 2015. This also included an understatement of total RNF for Reportable Segments and an overstatement of total RNF for Other of $9 million for the three months ended March 31, 2015. The error is not considered material to any prior period, and there is no net impact to Generation Total RNF for 2015.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Successor and Predecessor PHI:

	Pepco	DPL	ACE	Other [b]	Intersegment Eliminations	PHI
Operating revenues [a]:						
March 24, 2016 to March 31, 2016 — Successor						
Rate-regulated electric revenues	$ 40	$ 24	$ 23	$ 3	$ —	$ 90
Rate-regulated natural gas revenues	—	3	—	—	—	3
Shared service and other revenues	—	—	—	12	—	12
January 1, 2016 to March 23, 2016 —Predecessor						
Rate-regulated electric revenues	$ 511	$ 279	$ 268	$ 42	$ (4)	$ 1,096
Rate-regulated natural gas revenues	—	56	—	1	—	57
Shared service and other revenues	—	—	—	—	—	—
Three months ended — March 31, 2015 — Predecessor						
Rate-regulated electric revenues	$ 545	$ 335	$ 334	$ 58	$ (4)	$ 1,268
Rate-regulated natural gas revenues	—	86	—	—	—	86
Shared service and other revenues	—	—	—	—	—	—
Intersegment revenues:						
March 24, 2016 to March 31, 2016 — Successor	$ —	$ —	$ —	$ 12	$ —	$ 12
January 1, 2016 to March 23, 2016 — Predecessor	1	2	1	—	(4)	—
Three months ended — March 31, 2015 — Predecessor	1	2	1	—	(4)	—
Net income (loss):						
March 24, 2016 to March 31, 2016 — Successor	$ (140)	$ (98)	$ (105)	$ 22	$ 12	$ (309)
January 1, 2016 to March 23, 2016 — Predecessor	32	26	5	(44)	—	19
Three months ended — March 31, 2015 — Predecessor	26	32	9	(14)	—	53
Total assets:						
March 31, 2016 — Successor	$ 6,877	$ 3,959	$ 3,393	$ 11,077	$ (4,374)	$ 20,932
December 31, 2015 — Predecessor	6,908	3,969	3,387	7,158	(5,238)	16,184

(a) Includes gross utility tax receipts from customers. The offsetting remittance of utility taxes to the governing bodies is recorded in expenses on the Registrants' Consolidated Statements of Operations and Comprehensive Income. See Note 19 — Supplemental Financial Information for total utility taxes for the three months ended March 31, 2016 and 2015.

(b) Other primarily includes PHI's corporate operations, shared service entities and other financing and investment activities. For the predecessor periods presented, Other includes the activity of PHI's unregulated businesses which were distributed to Exelon and Generation as a result of the PHI Merger.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

(Dollars in millions except per share data, unless otherwise noted)

Exelon Corporation

General

Exelon, a utility services holding company, operates through the following principal subsidiaries:

- *Generation,* whose integrated business consists of the generation, physical delivery and marketing of power across multiple geographical regions through its customer-facing business, Constellation, which sells electricity and natural gas to both wholesale and retail customers. Generation also sells renewable energy and other energy-related products and services, and engages in natural gas and oil exploration and production activities (Upstream).
- *ComEd,* whose business consists of the purchase and regulated retail sale of electricity and the provision of electricity transmission and distribution services in northern Illinois, including the City of Chicago.
- *PECO,* whose business consists of the purchase and regulated retail sale of electricity and the provision of electricity distribution and transmission services in southeastern Pennsylvania, including the City of Philadelphia, and the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services in the Pennsylvania counties surrounding the City of Philadelphia.
- *BGE,* whose business consists of the purchase and regulated retail sale of electricity and natural gas and the provision of electricity distribution and transmission and natural gas distribution services in central Maryland, including the City of Baltimore.
- *Pepco,* whose business consists of the purchase and regulated retail sale of electricity and the provision of electricity distribution and transmission in the District of Columbia and major portions of Prince George's County and Montgomery County in Maryland.
- *DPL,* whose business consists of the purchase and regulated retail sale of electricity and the provision of electricity distribution and transmission services in portions of Maryland and Delaware, and the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services in northern Delaware.
- *ACE,* whose business consists of the purchase and regulated retail sale of electricity and the provision of electricity transmission and distribution services in southern New Jersey.

Exelon has twelve reportable segments consisting of Generation's six power marketing reportable segments (Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Power Regions in Generation), ComEd, PECO, BGE and PHI's three utility reportable segments (Pepco, DPL and ACE). See Note 20—Segment Information of the Combined Notes to Consolidated Financial Statements for additional information regarding Exelon's reportable segments.

Through its business services subsidiary BSC, Exelon provides its operating subsidiaries with a variety of support services at cost. The costs of these services are directly charged or allocated to the applicable operating segments. Additionally, the results of Exelon's corporate operations include costs for corporate governance and interest costs and income from various investment and financing activities.

Exelon's consolidated financial information includes the results of its eight separate operating subsidiary registrants, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE, which, along with Exelon, are collectively referred to as the Registrants. The following combined Management's Discussion and Analysis of Financial Condition and Results of Operations is separately filed by Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE. However, none of the Registrants makes any representation as to information related solely to any of the other Registrants.

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Executive Overview

Financial Results. The following table sets forth the consolidated financial results of Exelon for the three months ended March 31, 2016 compared to the same period in 2015. The 2016 financial results only include the operations of PHI, Pepco, DPL and ACE from March 24, 2016 through March 31, 2016. All amounts presented below are before the impact of income taxes, except as noted.

	Three Months Ended March 31,								
	2016							2015	Favorable (Unfavorable) Variance
	Generation	ComEd	PECO	BGE	PHI (b)	Other	Exelon	Exelon	
Operating revenues	$ 4,739	$1,249	$841	$929	$ 105	$(290)	$7,573	$8,830	$ (1,257)
Purchased power and fuel	2,442	348	321	373	38	(268)	3,254	4,470	1,216
Revenue net of purchased power and fuel (a)	2,297	901	520	556	67	(22)	4,319	4,360	(41)
Other operating expenses									
Operating and maintenance	1,467	368	215	202	449	134	2,835	2,081	(754)
Depreciation and amortization	289	189	67	109	14	17	685	610	(75)
Taxes other than income	126	75	42	58	15	9	325	304	(21)
Total other operating expenses	1,882	632	324	369	478	160	3,845	2,995	(850)
Gain on sales of assets	—	5	—	—	—	4	9	1	8
Operating income (loss)	415	274	196	187	(411)	(178)	483	1,366	(883)
Other income and (deductions)									
Interest expense, net	(97)	(86)	(31)	(24)	(6)	(43)	(287)	(345)	58
Other, net	93	4	2	4	2	9	114	80	34
Total other income and (deductions)	(4)	(82)	(29)	(20)	(4)	(34)	(173)	(265)	92
Income (loss) before income taxes	411	192	167	167	(415)	(212)	310	1,101	(791)
Income taxes	151	77	43	66	(106)	(47)	184	363	179
Equity in losses of unconsolidated affiliates	(3)	—	—	—	—	—	(3)	—	3
Net income (loss)	257	115	124	101	(309)	(165)	123	738	(615)
Net (loss) income attributable to noncontrolling interests and preference stock dividends	(53)	—	—	3	—	—	(50)	45	95
Net income (loss) attributable to common shareholders	$ 310	$ 115	$124	$ 98	$(309)	$(165)	$ 173	$ 693	$ (520)

(a) The Registrants evaluate operating performance using the measure of revenue net of purchased power and fuel expense. The Registrants believe that revenue net of purchased power and fuel expense is a useful measurement because it provides information that can be used to evaluate their operational performance. Revenue net of purchased power and fuel expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

(b) As a result of the PHI Merger, PHI includes the consolidated results of PHI, Pepco, DPL and ACE from March 24, 2016, through March 31, 2016.

Three Months Ended March 31, 2016 Compared to Three Months Ended March 31, 2015. Exelon's net income attributable to common shareholders was $173 million for the three months ended March 31, 2016 as compared to $693 million for the three months ended March 31, 2015, and diluted earnings per average common share were $0.19 for the three months ended March 31, 2016 as compared to $0.80 for the three months ended March 31, 2015.

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Operating revenue net of purchased power and fuel expense, which is a non-GAAP measure discussed below, decreased by $41 million for the three months ended March 31, 2016 as compared to the same period in 2015. The year-over-year decrease in operating revenue net of purchased power and fuel expense was primarily due to the following unfavorable factors:

- Decrease of $31 million at Generation primarily due to lower realized energy prices and higher oil inventory write downs in 2016 versus 2015, partially offset by nuclear refueling outage timing, fewer non-refueling outage days and increased capacity prices;
- Decrease of $59 million at Generation due to mark-to-market gains of $103 million in 2016 from economic hedging activities as compared to gains of $162 million in 2015;
- Decrease of $19 million at Generation related to amortization of contracts recorded at fair value associated with prior acquisitions; and
- Decrease of $27 million at PECO primarily due to less favorable weather conditions, partially offset by increased electric distribution rate revenue pursuant to the 2015 PAPUC authorized rate increase effective January 1, 2016.

The year over year decrease in operating revenue net of purchased power and fuel expense was partially offset by the following favorable factors:

- Increase of $43 million at ComEd primarily due to increased distribution and transmission formula rate revenue resulting from increased capital investment;
- Increase of $7 million at BGE primarily due to an increase in transmission revenue resulting from increased capital investment and operating and maintenance expense; and
- Increase of $67 million in revenue net of purchased power and fuel due to the inclusion of PHI results for the period of March 24, 2016 to March 31, 2016.

Operating and maintenance expense increased by $754 million for the three months ended March 31, 2016 as compared to the same period in 2015 primarily due to the following unfavorable factors:

- Approval of the merger across all regulatory jurisdictions was conditioned on Exelon and PHI agreeing to certain commitments pursuant to which, upon acquisition close, Exelon recorded $508 million of costs.
- Increase in severance expense of $52 million and $17 million related to employee headcount reductions as a result of the closing of the PHI acquisition and the cost management program, respectively;
- Long-lived asset impairments of Upstream assets at Generation of $119 million; and
- An increase in storm costs at BGE of $17 million.

The year-over-year increase in operating and maintenance expense was partially offset by the following favorable factors:

- Decrease of $7 million due to a reduction in the number of nuclear refueling outage days at Generation, including Salem; and
- Decrease of $18 million in pension and non-pension post-retirement benefits resulting from the favorable impact of higher pension and OPEB discount rates in 2016.

Depreciation and amortization expense increased by $75 million primarily as a result of increased depreciation expense for Generation and ComEd for ongoing capital expenditures, and increased nuclear decommissioning amortization at Generation.

Taxes other than income increased by $21 million primarily due to increased payroll taxes and sales and use tax.

Interest expense decreased by $58 million primarily as a result of the absence of the forward-starting interest rate swaps in 2016.

Other, net increased by $34 million primarily at Generation as a result of the change in realized and unrealized gains and losses on NDT funds and the absence of a $26 million loss in 2015 on the termination of forward-starting interest rate swaps.

Exelon's effective income tax rates for the three months ended March 31, 2016 and 2015 were 59.4% and 33.0%, respectively. See Note 11 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates. As a result of the merger, Exelon recorded an after-tax charge of $90 million during the three months ended March 31, 2016 as a result of assessment and remeasurement of certain federal and state PHI, Pepco, DPL and ACE uncertain tax positions.

For further detail regarding the financial results for the three months ended March 31, 2016, including explanation of the non-GAAP measure revenue net of purchased power and fuel expense, see the discussions of Results of Operations by Segment below.

Adjusted (non-GAAP) Operating Earnings. Exelon's adjusted (non-GAAP) operating earnings for the three months ended March 31, 2016 were $632 million, or $0.68 per diluted share, compared with adjusted (non-GAAP) operating earnings of $615 million, or $0.71 per diluted share for the same period in 2015. In addition to net income attributable to common shareholders, Exelon evaluates its operating performance using the measure of adjusted (non-GAAP) operating earnings because management believes it represents earnings directly related to the ongoing operations of the business. Adjusted (non-GAAP) operating earnings exclude certain costs, expenses, gains and losses and other specified items. This information is intended to enhance an investor's overall understanding of year-to-year operating results and provide an indication of Exelon's baseline operating performance. In addition, this information is among the primary indicators management uses as a basis for evaluating performance, allocating resources, setting incentive compensation targets and planning and forecasting of future periods. Adjusted (non-GAAP) operating earnings is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

The following table provides a reconciliation between net income attributable to common shareholders as determined in accordance with GAAP and adjusted (non-GAAP) operating earnings for the three months ended March 31, 2016 as compared to the same period in 2015. The footnotes below the table provide tax expense (benefit) impacts:

	Three Months Ended March 31,			
	2016		2015	
(All amounts after tax)		Earnings per Diluted Share		Earnings per Diluted Share
Net Income Attributable to Common Shareholders	$173	$ 0.19	$ 693	$ 0.80
Mark-to-Market Impact of Economic Hedging Activities [a]	(64)	(0.07)	(100)	(0.11)
Unrealized Gains Related to NDT Fund Investments [b]	(31)	(0.03)	(24)	(0.03)
Merger and Integration Costs [c]	76	0.08	21	0.02
Merger Commitments [d]	394	0.42	—	—
Mark-to-Market Impact of PHI Merger Related Interest Rate Swaps [e]	—	—	48	0.06
Long-Lived Asset Impairment [f]	71	0.07	—	—
Amortization of Commodity Contract Intangibles [g]	(12)	(0.01)	(24)	(0.03)
Midwest Generation Bankruptcy Recoveries [h]	—	—	(6)	(0.01)
Cost Management Program [i]	14	0.02	—	—
CENG Non-Controlling Interest [j]	11	0.01	7	0.01
Adjusted (non-GAAP) Operating Earnings	$632	$ 0.68	$ 615	$ 0.71

(a) Reflects the impact of net (gains) for the three months ended March 31, 2016 and 2015 (net of taxes of $39 million and $63 million, respectively), on Generation's economic hedging activities. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional detail related to Generation's hedging activities.
(b) Reflects the impact of net unrealized (gains) for the three months ended March 31, 2016 and 2015 (net of taxes of $35 million and $26 million, respectively), on Generation's NDT fund investments for Non-Regulatory Agreement Units. See Note 12 — Nuclear Decommissioning of the Combined Notes to Consolidated Financial Statements for additional detail related to Generation's NDT fund investments.
(c) Reflects certain costs incurred for the three months ended March 31, 2016 and 2015 (net of taxes of $26 million and $13 million, respectively), including professional fees, employee-related expenses, integration activities, upfront credit facilities fees, and certain pre-acquisition contingencies, and the PHI acquisition. See Note 4 — Mergers, Acquisitions and Dispositions of the Combined Notes to Consolidated Financial Statements for additional detail related to merger and acquisition costs.
(d) Reflects the costs incurred as part of the settlement orders approving the PHI acquisition (net of taxes of $114 million). See Note 4 — Mergers, Acquisitions and Dispositions of the Combined Notes to Consolidated Financial Statements for additional detail related to PHI Merger commitments.
(e) For 2015, reflects the impact of net losses on forward-starting interest rate swaps at Exelon Corporate related to financing of the PHI acquisition (net of taxes of $31 million).
(f) Reflects the impairment of Upstream assets at Generation in 2016 (net of taxes of $49 million).
(g) Reflects the non-cash impact for the three months ended March 31, 2016 and 2015 (net of taxes of $7 million and $14 million, respectively), of the amortization of intangible assets, net, related to commodity contracts recorded at fair value for the Integrys acquisition.
(h) For 2015, reflects a benefit related to the favorable settlement of a long term railcar lease agreement pursuant to the Midwest Generation bankruptcy (net of taxes of $4 million).
(i) For 2016, reflects the severance expense and reorganization costs related to a cost management program (net of taxes of $9 million).
(j) Represents Generation's non-controlling interest related to CENG exclusion items, primarily related to the impact of unrealized gains and losses on NDT fund investments.

Merger and Acquisition Costs

On March 23, 2016, the Exelon and PHI Merger was completed. On the merger date, PHI shareholders received $27.25 of cash in exchange for each share of PHI common stock. The resulting company will retain the Exelon name and be headquartered in Chicago.

As a result of the PHI Merger, Exelon has incurred and will continue to incur costs associated with evaluating, structuring and executing the PHI Merger transaction itself, meeting the various commitments set forth by regulators and agreed-upon with other interested parties as part of the merger approval process, and integrating the former PHI businesses into Exelon.

The table below presents the one-time pre-tax charges recognized upon closing of the PHI Merger included in the Registrant's respective Consolidated Statement of Operations and Comprehensive Income.

	Three Months Ended March 31, 2016								*Successor* March 24, 2016 to March 31, 2016
	Exelon	Generation	ComEd	PECO	BGE	Pepco	DPL	ACE	PHI
Merger commitments	$ 508	$ 3	$ —	$ —	$ —	$ 139	$ 104	$ 120	$ 363
Employee related charges [(a)]	71	12	1	1	1	27	16	13	56
Changes in accounting and tax related policies and estimates [(b)]	—	—	—	—	—	25	15	5	—
Total	$ 579	$ 15	$ 1	$ 1	$ 1	$ 191	$ 135	$ 138	$ 419

(a) Primarily relates to severance, see Note 14 — Severance of the Combined Notes to Consolidated Financial Statements for additional information.
(b) Primarily relates to income taxes, see Note 11 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information.

In addition to the one-time PHI Merger charges discussed above, for the three months ended March 31, 2016, expense has been recognized for merger, integration and acquisition costs for the PHI Merger and for the three months ended March 31, 2015, expense has been recognized primarily for merger, integration and acquisition costs for the PHI Merger, Integrys acquisition and CENG integration as follows:

	Pre-tax Expense								
	Three Months Ended March 31, 2016								*Successor* March 24, 2016 to March 31, 2016
Merger, Integration and Acquisition Costs:	**Exelon [a]**	**Generation [a]**	**ComEd**	**PECO**	**BGE**	**Pepco**	**DPL**	**ACE**	**PHI [a]**
Transaction [c]	$ 35	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Employee-Related [d]	71	12	1	1	1	27	16	13	56
Other [e]	(4)	4	(9)	1	1	—	—	—	—
Total	$ 102	$ 16	$ (8)	$ 2	$ 2	$ 27	$ 16	$ 13	$ 56

	Pre-tax Expense				
	Three Months Ended March 31, 2015				
Merger and Integration Costs:	**Generation**	**ComEd**	**PECO**	**BGE**	**Exelon**
Financing [b]	$ —	$ —	$ —	$ —	$ 89
Transaction [c]	—	—	—	—	6
Employee-Related [d]	4	—	—	—	4
Other [e]	7	3	1	1	13
Total	$ 11	$ 3	$ 1	$ 1	$ 112

(a) For Exelon, Generation and PHI, includes the operations of the acquired businesses from March 24, 2016 through March 31, 2016.
(b) Reflects costs incurred at Exelon related to the financing of the PHI Merger, including upfront credit facility fees.
(c) External, third party costs paid to advisors, consultants, lawyers and other experts to assist in the due diligence and regulatory approval processes and in the closing of transactions.
(d) Costs primarily for employee severance, pension and OPEB expense and retention bonuses.
(e) Costs to integrate CENG and Constellation processes and systems into Exelon and to terminate certain Constellation debt agreements. For the three months ended March 31, 2016, also includes professional fees primarily related to integration for the PHI acquisition.

As of March 31, 2016, Exelon expects to incur total PHI acquisition and integration related costs of approximately $700 million, excluding merger commitments. Of this amount, including 2014 and through March 31, 2016, Exelon has incurred approximately $346 million. Included in this amount are costs to fund the merger of which $76 million has been expensed, $56 million has been paid and recorded as deferred debt issuance costs and $60 million has been incurred and charged to common stock. The remaining costs will be primarily within Operating and maintenance expense within Exelon's Consolidated Statements of Operations and Comprehensive Income and will also include approximately $60 million for integration costs expected to be capitalized to Property, plant and equipment. See Note 4 — Mergers, Acquisitions and Dispositions of the Combined Notes to Consolidated Financial Statements for further information regarding the PHI acquisition.

Exelon's Strategy and Outlook for the remainder of 2016 and Beyond

Exelon's value proposition and competitive advantage come from its scope and its core strengths of operational excellence and financial discipline. Exelon leverages its integrated business model to create value. Exelon's regulated and competitive businesses feature a mix of attributes that, when combined, offer shareholders and customers a unique value proposition:

- Exelon's utilities provide a foundation for stable earnings, which translates to a stable currency in our stock.

- Generation's competitive businesses provide free cash flow to invest primarily into the utilities and in long-term, contracted assets.

Exelon believes its strategy provides a platform for optimal success in an energy industry experiencing fundamental and sweeping change.

Exelon's utility strategy is to improve reliability and operations and enhance the customer experience, while ensuring ratemaking mechanisms provide the utilities fair financial returns. The Exelon utilities only invest in rate base where it provides a net benefit to customers and the community by improving reliability and the service experience or otherwise meeting customer needs. The Exelon utilities make these investments prudently and at the lowest reasonable cost to customers. Exelon seeks to leverage its scale and expertise across the utilities platform through enhanced standardization and sharing of best practices to achieve improved operational and financial results. Additionally, the Utility Registrants anticipate making significant future investments in smart meter technology, transmission projects, gas infrastructure, and electric system improvement projects, providing greater reliability and improved service for our customers and a stable return for the company.

Generation's competitive businesses create value for customers by providing innovative solutions and reliable, clean and affordable energy. Generation's electricity generation strategy is to pursue opportunities that provide generation to load matching to reduce earnings volatility. Generation leverages its energy generation portfolio to deliver energy to both wholesale and retail customers. Generation's customer facing activities foster development and delivery of other innovative energy-related products and services for its customers. Generation operates in well-developed energy markets and employs an integrated hedging strategy to manage commodity price volatility. Its generation fleet, including its nuclear plants which consistently operate at high capacity factors, also provide geographic and supply source diversity. These factors help Generation mitigate the current challenging conditions in competitive energy markets.

Exelon's financial priorities are to maintain investment grade credit metrics at each of the Registrants to maintain optimal capital structure and to return value to Exelon's shareholders with an attractive dividend throughout the energy commodity market cycle and through stable earnings growth. Exelon's Board of Directors approved a revised dividend policy. The approved policy raises our dividend 2.5% each year for the next three years, beginning with the June 2016 dividend.

Various market, financial, and other factors could affect the Registrants' success in pursuing their strategies. Exelon continues to assess infrastructure, operational, commercial, policy, and legal solutions to these issues. See ITEM 1A. RISK FACTORS of the Exelon 2015 Form 10-K for additional information regarding market and financial factors.

Continually optimizing the cost structure is a key component of Exelon's financial strategy. Through a recent focused cost management program, the company has committed to reducing operation and maintenance expenses and capital costs by $350 million, of which approximately 35% of run-rate savings are expected to be achieved by the end of 2016 and fully realized in 2018. Savings are expected to be allocated approximately 75%, 14%, 6% and 6% to Generation, ComEd, PECO and BGE, respectively. Exelon anticipates the earnings per share savings impact on EPS will be within $0.13 to $0.18 from 2018 forward.

Implications of Potential Early Plant Retirements

Exelon and Generation continue to evaluate the current and expected economic value of each of Generation's nuclear plants. Factors that will continue to affect the economic value of Generation's nuclear plants include, but are not limited to: market power prices, results of capacity auctions, potential legislative and regulatory solutions in New York and Illinois such as the recently proposed Zero Emission Standard element of the Next Generation Energy Plan (NGEP) or Low Carbon Portfolio Standard (LCPS) legislation in Illinois and Clean Energy Standard (CES) in New York, the impact of final rules from the EPA requiring reduction of carbon and other emissions and the efforts of the states to implement those final rules.

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In 2015, Exelon and Generation deferred retirement decisions on Clinton and Quad Cities until 2016 in order to participate in the 2016-2017 MISO primary reliability auction and the 2019-2020 PJM capacity auction to be held in April and May 2016, respectively, as well as to provide Illinois policy makers with additional time to consider needed reforms and for MISO to consider market design changes to ensure long-term power system reliability in southern Illinois. In April 2016, Clinton cleared the MISO primary reliability auction as a price taker for the 2016-2017 planning year. The resulting capacity price is insufficient to cover cash operating costs and a risk-adjusted rate of return to shareholders. The results of the 2019-2020 PJM capacity auction will be available on May 24, 2016.

On May 6, 2016 Exelon and Generation announced intentions to shut down the Clinton nuclear plant on June 1, 2017 and Quad Cities nuclear plant on June 1, 2018 if Illinois does not pass adequate legislation by May 31, 2016 and if Quad Cities does not clear the 2019-2020 PJM capacity auction. Exelon and Generation previously committed to cease operation of the Oyster Creek nuclear plant by the end of 2019. The approved RSSA requires Ginna to continue operating through the RSSA term expiring in March 2017. There remains an increased risk that, for economic reasons, Ginna could be retired before the end of its operating license period in 2029 if an adequate regulatory or legislative solution is not adopted in New York. Refer to Note 5—Regulatory Matters for additional discussion on the Ginna RSSA.

In response to a decision to early retire one or more other nuclear plants, certain changes in accounting treatment would be triggered and Exelon's and Generation's results of operations and cash flows could be materially affected by a number of items including, among other items: accelerated depreciation expense, impairment charges related to inventory that cannot be used at other nuclear units and cancellation of in-flight capital projects, contract termination fees, accelerated amortization of plant specific nuclear fuel costs, employee-related costs (i.e. severance, relocation, retention, etc.), accelerated asset retirement obligation expense related to future decommissioning activities, and additional funding of nuclear decommissioning trust funds. In addition, any early plant retirement would also result in reduced operating costs, lower fuel expense, and lower capital expenditures in the periods beyond shutdown.

The following table provides the balance sheet amounts as of March 31, 2016 for significant assets and liabilities associated with the three nuclear plants currently considered by management to be at the greatest risk of early retirement due to their current economic valuations and other factors.

(in millions)	Quad Cities	Clinton	Ginna	Total
Asset Balances				
Materials and supplies inventory	$ 47	$ 58	$ 30	$ 135
Nuclear fuel inventory, net	213	95	54	362
Completed plant, net	1,014	574	127	1,715
Construction work in progress	28	11	11	50
Liability Balances				
Asset retirement obligation	(706)	(407)	(651)	(1,764)
NRC License Renewal Term	2032	2046[a]	2029	

(a) Assumes Clinton seeks and receives a 20-year operating license renewal extension.

The precise timing of the retirement date, and resulting financial statement impact, may be affected by a number of factors, including the results of any transmission system reliability study assessments, the nature of any co-owner requirements and stipulations, and decommissioning trust fund requirements, among other factors. However, the earliest retirement date for any plant would usually be the first year in which the unit does not have capacity obligations and just prior to its next scheduled nuclear refueling outage date in that year.

NRC regulations require that licensees of nuclear generating facilities demonstrate reasonable assurance that sufficient funds will be available in certain minimum amounts to decommission the facility. These NRC minimum funding levels are based upon the assumption that decommissioning activities will commence after the

end of the current licensed life of each unit. If a unit fails the NRC minimum funding test, then Generation would be required to take steps, such as providing financial guarantees through letters of credit or parent company guarantees or making additional cash contributions to the NDT fund to ensure sufficient funds are available.

As of March 31, 2016, all three of Generation's plants at the highest risk of early retirement (Quad Cities, Clinton, and Ginna) pass the NRC minimum funding test based on their current license lives. See Note 12—Nuclear Decommissioning for additional information on NRC minimum funding requirements. However, in the event of an early retirement just before their next individual refueling outages, it is estimated that Clinton and Ginna would no longer meet the NRC minimum funding requirements due to the earlier commencement of decommissioning activities and a shorter time period over which the NDT fund investments could appreciate in value. Quad Cities would also be at risk. A shortfall could require Exelon to post parental guarantees for Generation's obligations. However, the amounts of any required guarantees will ultimately depend on the decommissioning approach adopted at each site (i.e., DECON, Delayed DECON and SAFSTOR), the associated level of costs, and the decommissioning trust fund investment performance going forward. Considering the three alternative decommissioning approaches available to Generation for each site, the most costly estimates currently anticipated could require parental guarantees of up to $385 million and $260 million for Clinton and Ginna, respectively, in order for each site to access its NDT fund for radiological decommissioning costs. Although Quad Cities is better positioned than the other two plants to avoid the need for a parental guarantee, if required, it could be up to $65 million in order for the site to access its NDT fund for radiological decommissioning costs.

In addition, upon issuance of any required financial guarantees, while all three sites would be able to utilize their respective decommissioning trust funds for radiological decommissioning costs which represents the majority of the total expected decommissioning costs, the NRC must approve an additional exemption in order for Generation to utilize the NDT fund to pay for non-radiological decommissioning costs (i.e. spent fuel management and site restoration costs). If a unit does not receive this exemption, the costs would be borne by Generation. Accordingly, based on current projections, it is expected that some portion of the spent fuel management and/or site restoration costs would need to be funded through supplemental cash from Generation. While the ultimate amounts may vary greatly and could be reduced by alternate decommissioning scenarios and/or reimbursement of certain costs under DOE reimbursement agreements or future litigation, across the three alternative decommissioning approaches available to Generation, for the next 10 years, Clinton and Ginna could incur spent fuel management and site restoration costs of up to $160 million and $115 million, net of taxes, respectively. The costs associated with Ginna would be shared by the plant co-owners at their respective ownership percentages. Quad Cities is better positioned to pass the test than the other two plants. Although considered unlikely, if Quad Cities fails the exemption test, at its ownership percentage Generation could be required to pay for spent fuel management costs of up to $180 million, net of taxes.

Power Markets

Price of Fuels. The use of new technologies to recover natural gas from shale deposits is increasing natural gas supply and reserves, which places downward pressure on natural gas prices and, therefore, on wholesale and retail power prices, which results in a reduction in Exelon's revenues. Forward natural gas prices have declined significantly over the last several years; in part reflecting an increase in supply due to strong natural gas production (due to shale gas development).

Capacity Market Changes in PJM. In the wake of the January 2014 Polar Vortex that blanketed much of the Eastern and Midwestern United States, it became clear that while a major outage event was narrowly avoided, resources in PJM were not providing the level of reliability expected by customers. As a result, on December 12, 2014, PJM filed at FERC a proposal to make significant changes to its current capacity market construct, the Reliability Pricing Model (RPM). PJM's proposed changes generally sought to improve resource performance and reliability largely by limiting the excuses for non-performance and by increasing the penalties for performance failures. The proposal permits suppliers to include in capacity market offers additional costs and risk so they can meet these higher performance requirements. While offers are expected to put upward pressure on capacity clearing prices, operational improvements made as a result of PJM's proposal are expected to

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improve reliability, to reduce energy production costs as a result of more efficient operations and to reduce the need for out of market energy payments to suppliers. Generation participated actively in PJM's stakeholder process through which PJM developed the proposal and also actively participated in the FERC proceeding including filing comments. On June 9, 2015, FERC approved PJM's filing largely as proposed by PJM, including transitional auction rules for delivery years 2016/2017 through 2017/2018. As a result of this and several related orders, PJM hosted its 2018/2019 Base Residual Auction (results posted on August 21, 2015) and its transitional auction for delivery year 2016/2017 (results posted on August 31, 2015) and its transitional auction for delivery years 2017/2018 (results posted on September 9, 2015).

MISO Capacity Market Results. On April 14, 2015, the Midcontinent Independent System Operator (MISO) released the results of its capacity auction covering the June 2015 through May 2016 delivery year. As a result of the auction, capacity prices for the zone 4 region in downstate Illinois increased to $150 per MW per day beginning in June 2015, an increase from the prior pricing of $16.75 per MW per day that was in effect from June 2014 to May 2015. Generation had an offer that was selected in the auction. However, due to Generation's ratable hedging strategy, the results of the capacity auction have not had a material impact on Exelon's and Generation's consolidated results of operations and cash flows.

Additionally, in late May and June 2015, separate complaints were filed at the FERC by each of the State of Illinois, the Southwest Electric Cooperative, Public Citizens, Inc. and the Illinois Industrial Energy Consumers challenging the results of this MISO capacity auction for the 2015/2016 delivery in MISO delivery zone 4. The complaints allege generally that 1) the results of the capacity auction for zone 4 are not just and reasonable, 2) the results should be suspended, set for hearing and replaced with a new just and reasonable rate, 3) a refund date should be established and that 4) certain alleged behavior by one of the market participants, other than Exelon or Generation, be investigated.

On October 1, 2015, the FERC announced that it was conducting a non-public investigation (that does not involve Exelon or Generation) into whether market manipulation or other potential violations occurred related to the auction. On December 31, 2015, the FERC issued a decision that certain of the rules governing the establishment of capacity prices in downstate Illinois are "not just and reasonable" on a prospective basis. The FERC ordered that certain rules must be changed for the next auction scheduled for April 2016 that will set capacity prices beginning June 1, 2016. In response to this order, MISO must file certain rule changes with the FERC within 30 days and certain other changes within 90 days. The FERC continues to conduct its non-public investigation to determine if the April 2015 auction results were manipulated and, if so, whether refunds are appropriate. The FERC did establish May 28, 2015, the day the first complaint was filed, as the date from which refunds (if ordered) would be calculated, and it also made clear that the findings in the December 31, 2015 order do not prejudge the investigation or related proceedings. On March 18, 2016, the FERC denied rehearing of its December 31, 2015 order in this matter. On April 14, 2016, the MISO released the results of the 2016/2017 capacity auction; the zone 4 region in downstate Illinois cleared the auction at a rate of $72 per MW per day. Clinton nuclear plant, which operates in the zone 4 region, cleared the auction and is committed to operate through May 31, 2017. See Note 7 — Implications of Potential Early Plant Retirements of the Combined Notes to the Consolidated Financial Statements for additional information on the impacts of the MISO announcement.

MISO has acknowledged the need for capacity market design changes in the zone 4 region and stated that reforms to its capacity market process may be required to drive future investment and that it plans to engage stakeholders to consider such reforms. The FERC has also encouraged such efforts, and Exelon has been working with MISO and its stakeholders on such market changes.

Subsidized Generation . The rate of expansion of subsidized generation, including low-carbon generation such as wind and solar energy, in the markets in which Generation's output is sold can negatively impact wholesale power prices, and in turn, Generation's results of operations.

Various states have attempted to implement or propose legislation, regulations or other policies to subsidize new generation development which may result in artificially depressed wholesale energy and capacity prices.

For example, Exelon and others challenged the constitutionality and other aspects of New Jersey legislation aimed at suppressing capacity market prices in federal court. See Note 5 — Regulatory Matters for additional information on state specific actions taken in Maryland and New Jersey. Similar actions taken by the MDPSC were also challenged in federal court in an action to which Exelon was not a party. The federal trial courts in both the New Jersey and Maryland actions effectively invalidated the actions taken by the New Jersey legislature and the MDPSC, respectively. Those decisions were upheld by the U.S. Court of Appeals. On April 19, 2016, the U.S. Supreme Court unanimously affirmed the Fourth Circuit decision holding that the MDPSC's required contracts are illegal and unenforceable. On April 25, 2016, the U.S. Supreme Court denied certiorari concerning the Third Circuit decision. This denial of certiorari leaves the Third Circuit decision in place, with the same outcome as the Fourth Circuit decision.

Nonetheless, Exelon believes that these projects may have already artificially suppressed capacity prices in PJM in these auctions. While the Supreme Court decision is a positive development, continuation of these state efforts, if successful and unabated by an effective minimum offer price rule (MOPR) for future capacity auctions, could continue to result in artificially depressed wholesale capacity and/or energy prices. Other states could seek to establish programs, which could substantially impact Exelon's market driven position and could have a significant effect on Exelon's financial results of operations, financial position and cash flows.

One such state is Ohio, where state-regulated utility companies FirstEnergy Ohio (FE) and AEP Ohio (AEP) initiated actions at the Public Utilities Commission of Ohio (PUCO) to obtain approval for Riders that effectively allow these two companies to pass through to all customers in their service territories the differences between their costs and market revenues on PPAs entered into between the utility and its merchant generation affiliate. Collectively more than 6,000MW of primarily coal-fired generation owned by FE and AEP's affiliates seek ratepayer guaranteed subsidies via the proposed Riders. Thus, the Riders are similar to the CfDs described above (except that the PPA Riders in Ohio would apply to certain existing generation facilities whereas the CfDs applied to new generation facilities). While AEP and FE initially filed for these Riders in 2013 and 2014, respectively, it was not until late 2015 that the proposals obtained meaningful traction when PUCO staff entered into a settlement and stipulation with the Ohio utilities supporting the proposals and recommending that the PUCO approve the Riders. Exelon is a participant in these proceedings. On March 31, 2016, PUCO issued separate orders generally approving each of the FE and AEP arrangements. In addition, separate complaints have been filed at the FERC pursuing federal causes of action (i) seeking to impose affiliate self-dealing requirements on the PPAs and (ii) seeking to impose a MOPR on the resources supporting the PPAs. On April 27, 2016, the FERC issued orders on the affiliate matter rescinding certain affiliate waivers previously granted to AEP and FE and requiring each to demonstrate that the PPAs (prior to transacting under them) were entered into on an arms-length basis and do not reflect any affiliate preference. We do not expect such a showing could be made prior to PJM's capacity auction that ends on May 24, 2016. Thus, it is unlikely the PPAs will impact the results of the upcoming auction. Nonetheless, further action by AEP and FE related to the PPAs is possible. In addition, the outcome of the MOPR complaint and its impact, if any, on Generation is not yet clear as it is too early in the proceeding to predict its outcome. Finally, Dayton Power and Light filed at PUCO seeking approval of similar arrangements.

Exelon has opposed the proposals in Ohio, continues to monitor developments in Maryland and New Jersey and participates in stakeholder and other processes to ensure that only appropriate state subsidies are developed. Exelon remains active in advocating for competitive markets, while opposing policies that require taxpayers and/ or consumers to subsidize or give preferential treatment to generation providers or technologies that do not provide superior reliability or environmental benefits, or that would threaten the reliability and value of the integrated electricity grid.

Energy Demand. Modest economic growth partially offset by energy efficiency initiatives is resulting in positive growth for electricity for BGE and PECO and a decrease in projected load for electricity for ComEd, Pepco, DPL and ACE. BGE, PECO, ComEd, Pepco, DPL and ACE are projecting load volumes to increase (decrease) by 0.1%, 0.4%, (0.2)%, (0.7)%, (0.3)% and (2.2)% respectively, in 2016 compared to 2015.

Retail Competition. Generation's retail operations compete for customers in a competitive environment, which affect the margins that Generation can earn and the volumes that it is able to serve. We expect retail competitors to stay aggressive in their pursuit of market share, and that wholesale generators (including Generation) will continue to use their retail operations to hedge generation output.

Strategic Policy Alignment

Exelon routinely reviews its hedging policy, dividend policy, operating and capital costs, capital spending plans, strength of its balance sheet and credit metrics, and sufficiency of its liquidity position, by performing various stress tests with differing variables, such as commodity price movements, increases in margin-related transactions, changes in hedging practices, and the impacts of hypothetical credit downgrades.

Exelon's Board of Directors declared the first quarter 2016 dividends of $0.31 per share each on Exelon's common stock. The first quarter 2016 dividend was paid on March 10, 2016.

Exelon's Board of Directors declared the second quarter 2016 dividends of $0.318 per share each on Exelon's common stock and is payable on June 10, 2016. The dividend increased from the first quarter amount to reflect the Board's decision to raise Exelon's dividend 2.5% each year for the next three years, beginning with the June 2016 dividend.

All future quarterly dividends require approval by Exelon's Board of Directors.

Hedging Strategy

Exelon's policy to hedge commodity risk on a ratable basis over three-year periods is intended to reduce the financial impact of market price volatility. Generation is exposed to commodity price risk associated with the unhedged portion of its electricity portfolio. Generation enters into non-derivative and derivative contracts, including financially-settled swaps, futures contracts and swap options, and physical options and physical forward contracts, all with credit-approved counterparties, to hedge this anticipated exposure. Generation has hedges in place that significantly mitigate this risk for 2016 and 2017. However, Generation is exposed to relatively greater commodity price risk in the subsequent years with respect to which a larger portion of its electricity portfolio is currently unhedged. As of March 31, 2016, the percentage of expected generation hedged for the major reportable segments is 96%-99%, 69%-72% and 37%-40% for 2016, 2017, and 2018, respectively. The percentage of expected generation hedged is the amount of equivalent sales divided by the expected generation. Expected generation is the volume of energy that best represents our commodity position in energy markets from owned or contracted for capacity based upon a simulated dispatch model that makes assumptions regarding future market conditions, which are calibrated to market quotes for power, fuel, load following products, and options. Equivalent sales represent all hedging products, such as wholesale and retail sales of power, options and swaps. Generation has been and will continue to be proactive in using hedging strategies to mitigate commodity price risk in subsequent years as well.

Generation procures oil and natural gas through long-term and short-term contracts and spot-market purchases. Nuclear fuel is obtained predominantly through long-term uranium concentrate supply contracts, contracted conversion services, contracted enrichment services, or a combination thereof, and contracted fuel fabrication services. The supply markets for uranium concentrates and certain nuclear fuel services, coal, oil and natural gas are subject to price fluctuations and availability restrictions. Supply market conditions may make Generation's procurement contracts subject to credit risk related to the potential non-performance of counterparties to deliver the contracted commodity or service at the contracted prices. Approximately 50% of Generation's uranium concentrate requirements from 2016 through 2020 are supplied by three producers. In the event of non-performance by these or other suppliers, Generation believes that replacement uranium concentrate can be obtained, although at prices that may be unfavorable when compared to the prices under the current supply agreements. Non-performance by these counterparties could have a material adverse impact on Exelon's and Generation's results of operations, cash flows and financial position.

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The Utility Registrants mitigate commodity price risk through regulatory mechanisms that allow them to recover procurement costs from retail customers.

Growth Opportunities

Management continually evaluates growth opportunities aligned with Exelon's businesses, assets and markets, leveraging Exelon's expertise in those areas and offering sustainable returns.

Regulated Energy Businesses

The completed merger with PHI provides an opportunity to accelerate Exelon's regulated growth to provide stable cash flows, earnings accretion, and dividend support. Additionally, the Utility Registrants anticipate investing approximately $25 billion over the next five years in electric and natural gas infrastructure improvements and modernization projects, including smart meter and smart grid initiatives, storm hardening, advanced reliability technologies, and transmission projects, which is projected to result in an increase to current rate base of approximately $11 billion by the end of 2020. The Utility Registrants invest in rate base where beneficial to customers and the community by increasing reliability and the service experience or otherwise meeting customer needs. These investments are made prudently and at the lowest reasonable cost to customers.

See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information on the Smart Meter and Smart Grid Initiatives and infrastructure development and enhancement programs.

Competitive Energy Businesses

Generation continually assesses the optimal structure and composition of our generation assets as well as explores wholesale and retail opportunities within the power and gas sectors. Generation's long-term growth strategy is to prioritize investments in long-term contracted generation across multiple technologies and identify and capitalize on opportunities that provide generation to load matching as a means to provide stable earnings, while identifying emerging technologies where strategic investments provide the option for significant future growth or influence in market development. As of March 31, 2016, Generation has currently approved plans to invest a total of approximately $2 billion in 2016 through 2018 on capital growth projects (primarily new plant construction and distributed generation).

Liquidity

Each of the Registrants annually evaluates its financing plan, dividend practices and credit line sizing, focusing on maintaining its investment grade ratings while meeting its cash needs to fund capital requirements, retire debt, pay dividends, fund pension and OPEB obligations and invest in new and existing ventures. A broad spectrum of financing alternatives beyond the core financing options can be used to meet its needs and fund growth including monetizing assets in the portfolio via project financing, asset sales, and the use of other financing structures (e.g., joint ventures, minority partners, etc.). The Registrants expect cash flows to be sufficient to meet operating expenses, financing costs and capital expenditure requirements.

The Registrants have access to unsecured revolving credit facilities with aggregate bank commitments of $9.5 billion. Generation also has bilateral credit facilities with aggregate maximum availability of $425 million. See Liquidity and Capital Resources — Credit Matters — Exelon Credit Facilities below.

Exposure to Worldwide Financial Markets. Exelon has exposure to worldwide financial markets including European banks. Disruptions in the European markets could reduce or restrict the Registrants' ability to secure sufficient liquidity or secure liquidity at reasonable terms. As of March 31, 2016, approximately 22%, or

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$2.2 billion, of the Registrants' aggregate total commitments were with European banks. The credit facilities include $9.9 billion in aggregate total commitments of which $8.3 billion was available as of March 31, 2016, due to outstanding letters of credit. There were no borrowings under the Registrants' credit facilities as of March 31, 2016. See Liquidity and Capital Resources — Credit Matters — Exelon Credit Facilities for additional information.

Tax Matters

See Note 11 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information.

Environmental Legislative and Regulatory Developments.

Exelon is actively involved in the EPA's development and implementation of environmental regulations for the electric industry, in pursuit of its business strategy to provide reliable, clean, affordable and innovative energy products. These efforts have most frequently involved air, water and waste controls for electric generating units, as set forth in the discussion below. These regulations have a disproportionate adverse impact on fossil-fuel power plants, requiring significant expenditures of capital and variable operating and maintenance expense, and have resulted in the retirement of older, marginal facilities. Retirements of coal-fired power plants will continue as additional EPA regulations take effect, and as air quality standards are updated and further restrict emissions. Due to its low emission generation portfolio, Generation will not be significantly directly affected by these regulations, representing a competitive advantage relative to electric generators that are more reliant on fossil-fuel plants. Various bills have been introduced in the U.S. Congress that would prohibit or impede the EPA's rulemaking efforts, and it is uncertain whether any of these bills will become law.

Air Quality. In recent years, the EPA has been implementing a series of increasingly stringent regulations under the Clean Air Act applicable to electric generating units. These regulations have resulted in more stringent emissions limits on fossil-fuel electric generating stations as states implement their compliance plans.

National Ambient Air Quality Standards (NAAQS). The EPA continues to review and update its NAAQS for conventional air pollutants relating to ground-level ozone and emissions of particulate matter, SO2 and NOx. Following five years of litigation, the EPA is finalizing the Cross State Air Pollution Rule that requires 28 upwind states in the eastern half of the United States to significantly improve air quality by reducing power plant emissions that cross state lines and contribute to ground-level ozone and fine particle pollution in downwind states.

Mercury and Air Toxics Standard Rule (MATS). On December 16, 2011, the EPA signed a final rule to reduce emissions of toxic air pollutants from power plants and signed revisions to the NSPS for electric generating units. The final rule, known as MATS, requires coal-fired electric generation plants to achieve high removal rates of mercury, acid gases and other metals, and to make capital investments in pollution control equipment and incur higher operating expenses. The initial compliance deadline to meet the new standards was April 16, 2015; however, facilities may have been granted an additional one or two year extension in limited cases. Numerous entities challenged MATS in the D.C. Circuit Court, and Exelon intervened in support of the rule. In April 2014, the D.C. Circuit Court issued an opinion upholding MATS in its entirety. On appeal, the U.S. Supreme Court decided in June 2015 that the EPA unreasonably refused to consider costs in determining whether it is appropriate and necessary to regulate hazardous air pollutants emitted by electric utilities. The U.S. Supreme Court, however, did not vacate the rule; rather, it was remanded to the D.C. Circuit Court to take further action consistent with the U.S. Supreme Court's opinion on this single issue. As such, the MATS rule remains in effect. Exelon will continue to participate in the remanded proceedings before the D.C. Circuit Court as an intervenor in support of the rule.

Climate Change. Exelon supports comprehensive climate change legislation or regulation, including a cap-and-trade program for GHG emissions, which balances the need to protect consumers, business and the

economy with the urgent need to reduce national GHG emissions. In the absence of federal legislation, the EPA is moving forward with the regulation of GHG emissions under the Clean Air Act. In addition, there have been recent developments in the international regulation of GHG emissions pursuant to the United Nations Framework Convention on Climate Change ("UNFCCC" of "Convention"). See ITEM 1. BUSINESS, "Global Climate Change" of the Exelon 2015 Form 10-K for further discussion.

Water Quality. Section 316(b) of the Clean Water Act requires that cooling water intake structures at electric power plants reflect the best technology available to minimize adverse environmental impacts, and is implemented through state-level NPDES permit programs. All of Generation's power generation facilities with cooling water systems are subject to the regulations. Facilities without closed-cycle recirculating systems (e.g., cooling towers) are potentially most affected by changes to the existing regulations. Those facilities are Calvert Cliffs, Clinton, Dresden, Eddystone, Fairless Hills, Ginna, Gould Street, Handley, Mountain Creek, Mystic 7, Nine Mile Point Unit 1, Oyster Creek, Peach Bottom, Quad Cities, Riverside, Salem and Schuylkill. See ITEM 1. BUSINESS, "Water Quality" of the Exelon 2015 Form 10-K for further discussion.

Solid and Hazardous Waste. In October 2015, the first federal regulation for the disposal of coal combustion residuals (CCR) from power plants became effective. The rule classifies CCR as non-hazardous waste under RCRA. Under the regulation, CCR will continue to be regulated by most states subject to coordination with the federal regulations. Generation has previously recorded reserves consistent with state regulation for its owned coal ash sites, and as such, the regulation is not expected to impact Exelon's and Generation's financial results. Generation does not have sufficient information to reasonably assess the potential likelihood or magnitude of any remediation requirements that may be asserted under the new federal regulations for coal ash disposal sites formerly owned by Generation. For these reasons, Generation is unable to predict whether and to what extent it may ultimately be held responsible for remediation and other costs relating to formerly owned coal ash disposal sites under the new regulations.

See Note 18 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements for further detail related to environmental matters, including the impact of environmental regulation.

Other Regulatory and Legislative Actions

Illinois Low Carbon Portfolio Standard (Exelon, Generation and ComEd). In March 2015, the Low Carbon Portfolio Standard (LCPS) was introduced in the Illinois General Assembly. The legislation would require ComEd and Ameren to purchase low carbon energy credits to match 70 percent of the electricity used on the distribution system. The LCPS is a technology-neutral solution, so all generators of zero or low carbon energy would be able to compete in the procurement process, including wind, solar, hydro, clean coal and nuclear. Costs associated with purchasing the low carbon energy credits would be collected from customers. The LCPS proposal includes consumer protections such as a price cap that would limit the impact to a 2.015% increase based off 2009 monthly bills, or about $2 per month for the average residential electricity customer, similar to the cost cap protection under other clean energy programs in Illinois. The legislation also includes a separate customer rebate provision that would provide a direct bill credit to customers in the event wholesale prices exceed a specified level. The proposed legislation remains pending along with two other major energy bills. Exelon and Generation continue to work with stakeholders on a comprehensive energy package.

Legislation to Maximize Smart Grid Investments and to Promote a Cleaner and Greener Illinois (Exelon and ComEd). In March 2015, legislation was introduced in the Illinois General Assembly that would (1) build on ComEd's investment in the Smart Grid to reinforce the resiliency and security of the electrical grid to withstand unexpected challenges, (2) expand energy efficiency programs to reduce energy waste and increase customer savings, (3) further integrate clean renewable energy onto the power system, and (4) introduce a new demand-based rate design for residential customers that would allow for a more equitable sharing of smart grid costs among customers. The legislation also provides for additional funding for customer assistance programs for low-income customers. The proposed legislation is pending and ComEd continues to work with stakeholders.

Next Generation Energy Plan (Exelon, Generation and ComEd). On May 5, 2016, the Next Generation Energy Plan was introduced in the Illinois General Assembly. The legislation contains significant parts of the previously introduced Illinois Low Carbon Portfolio Standard and Legislation to Maximize Smart Grid Investments and to Promote a Cleaner and Greater Illinois, along with new elements. The legislation includes (1) a Zero Emission Standard providing compensation for at-risk nuclear plants that demonstrate their revenues are insufficient to cover their costs, (2) $1 billion of funding for low-income assistance, including $650 million for energy efficiency programs, $250 million in Renewable Energy Resource Funds, $50 million in Percentage of Income Payment Plan funding and utility bill assistance, and $50 million in ComEd CARE, (3) $140 million in new funding for solar development and a new solar rebate to incent solar generation, (4) additional investment at ComEd to enhance reliability and security of the power grid, (5) an expansion of the Renewable Portfolio Standard, and (6) a 50% reduction in the fixed customer charge for energy delivery creating more equitable rates across customers. The proposed legislation is pending and Exelon, Generation, and ComEd continue to work with stakeholders. See Note 7 — Implications of Potential Early Plant Retirements of the Combined Notes to the Consolidated Financial Statements for additional information.

Distribution Formula Rate (Exelon and ComEd). On April 13, 2016, ComEd filed its annual distribution formula rate with the ICC, requesting a total increase to the revenue requirement of $138 million, reflecting an increase of $139 million for the initial revenue requirement for 2017 and a decrease of $1 million related to the annual reconciliation for 2015. The filing establishes the revenue requirement used to set the rates that will take effect in January 2017 after the ICC's review and approval, which is due by December 2016. See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for further information related to distribution formula updates.

2016 Maryland Electric Distribution Base Rate Case (Exelon, PHI and Pepco). On April 19, 2016, Pepco filed an application with the MDPSC requesting an increase of $127 million to its annual service revenues for electric delivery. Pepco requested ROE for the electric distribution rate case of 10.6%. Any adjustments to rates approved by the MDPSC are expected to take effect in 2016. In addition to the proposed $127 million rate increase, Pepco is proposing to continue its Grid Resiliency Charge initially approved in July 2013 in connection with Pepco's electric distribution rate case filed in November 2012. In connection with the Grid Resiliency Charge, Pepco proposes to accelerate improvement to priority feeders and install single-phase reclosing fuse technology by investing $16 million a year for two years for a total of $32 million. Pepco cannot predict how much of the requested increase the MDPSC will approve or if it will approve Pepco's Grid Resiliency Charge proposal.

2016 Electric Distribution Base Rates (Exelon, PHI and ACE). On March 22, 2016, ACE filed an application with the NJBPU requesting an increase of $84 million to its annual service revenues for electric delivery, based on a requested ROE of 10.6%. In addition to the request for base rate relief, ACE has also included a request that the NJBPU approve ACE's five-year grid resiliency initiative known as "PowerAhead." As proposed, PowerAhead includes $176 million of capital investments to advance modernization of the electric grid through energy efficiency, increased distributed generation, and resiliency, focused on improving the distribution system's ability to withstand major storm events. A decision is expected in the first half of 2017. ACE cannot predict how much of the requested increase the NJBPU will approve or if it will approve ACE's PowerAhead initiative.

2015 Maryland Electric and Gas Distribution Rate Case (Exelon and BGE). On November 6, 2015, and as amended in the first quarter of 2016, BGE filed for electric and gas base rate increases with the MDPSC, ultimately requesting an increase of $118 million and $79 million respectively, of which $104 million and $37 million, respectively, is related to recovery of smart grid initiative costs. BGE requested a ROE for the electric and gas distribution rate case of 10.6% and 10.5% respectively. The new electric and gas base rates are expected to take effect in June 2016. BGE is also proposing to recover an annual increase of approximately $30 million for Baltimore City conduit lease fees through a surcharge. BGE cannot predict how much of the requested increase the MDPSC will approve or if it will approve BGE's request for a conduit fee surcharge.

Transmission Formula Rate (Exelon, ComEd and BGE). On April 13, 2016, ComEd filed its annual transmission formula rate update with the FERC, reflecting an increased revenue requirement of $94 million, including an increase of $90 million for the initial revenue requirement for 2016 and an increase of $4 million related to the annual reconciliation for 2015. The filing establishes the revenue requirement used to set rates that will take effect in June 2016, subject to review by the FERC and other parties, which is due by October 2016. See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for further information related to transmission formula update.

On April 27, 2016, BGE filed its annual transmission formula rate update based upon the FERC approved formula with the FERC. The filing establishes the revenue requirement used to set rates that will take effect in June 2016, subject to review by the FERC and other parties, which is due by third quarter 2016. BGE's 2016 annual update includes a total increase to the revenue requirement of $15 million, reflecting an increase of $12 million for the initial revenue requirement and a decrease of $3 million related to the annual reconciliation. This increase excludes the $13 million increase in revenue requirement associated with dedicated facilities charges. The revenue requirement provides for a weighted average debt and equity return on transmission rate base of 8.09%, inclusive of an allowed ROE of 10.50% a decrease from the 8.46% average debt and equity return previously authorized.

FERC Transmission Complaint (Exelon, BGE, PHI, Pepco, DPL and ACE). In February 2013, consumer advocates and regulators from the District of Columbia, New Jersey, Delaware and Maryland, and the Delaware Electric Municipal Cooperatives (the parties), filed a complaint at FERC against BGE, Pepco, DPL and ACE relating to their respective transmission formula rates. BGE's formula rate included a 10.8% base rate of return on common equity (ROE) and a 50 basis point incentive for participating in PJM (and certain additional incentive base points on certain projects). Pepco's, DPL's and ACE's formula rates included, for facilities placed into service after January 1, 2006, a base ROE of 11.3%, and for facilities placed into service prior to January 1, 2006, a base ROE of 10.8% and a 50 basis point incentive for participating in PJM. The parties sought a reduction in the base return on equity to 8.7% and changes to the formula rate process. Under FERC rules, any revenues subject to refund are limited to a fifteen month period and the earliest date from which the base ROE could be adjusted and refunds required is the date of the complaint.

On August 21, 2014, FERC issued an order in the BGE's, Pepco's, DPL's and ACE's proceeding, which established hearing and settlement judge procedures for the complaint, and set a refund effective date of February 27, 2013.

On February 23, 2016, FERC approved the settlement filed by the parties on November 6, 2015, covering the ROE issues raised in the complaints. The settlement provides for a 10% base ROE, effective March 8, 2016, which will be augmented by the PJM incentive adder of 50 basis points, and refunds to BGE , Pepco, DPL and ACE customers of $13.7 million, $14.2 million, $11.9 million and $9.5 million, respectively. The settlement also prohibits any settling party from filing to change the base ROE or any incentives prior to June 1, 2018. The date for filing a request for rehearing has expired without any such requests having been filed. Accordingly, the order is not eligible for appeal and the matter is considered closed. See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Conduit Lease with City of Baltimore (Exelon and BGE) . On September 23, 2015, the Baltimore City Board of Estimates approved an increase in rental fees for access to the Baltimore City conduit system to be effective November 1, 2015, which is expected to result in an increase to Operating and maintenance expense of approximately $25 million in 2016 subject to an annual increase based on the Consumer Price Index. On October 16, 2015, BGE filed a lawsuit against the City in the Circuit Court for Baltimore City to protect its customers from any improper use by the City of the conduit fee revenues and to place constraints on the City's ability to set the conduit fee in the future.

Among the relief sought by BGE was a preliminary injunction preventing the City from enforcing its substantial increase in the conduit fee rate during the course of the litigation. A hearing was held in the Circuit

Court for Baltimore County on December 15, 2015. While BGE's motion for preliminary injunction was denied, the Court's decision was premised upon several important concessions or acknowledgments made by the City in its written papers and at the hearing. Most importantly, the City conceded that it can charge BGE only for the actual costs of conduit maintenance and that a true-up process is required to the extent that the City fails to spend the amount collected for conduit maintenance.

As part of its electric and gas distribution rate case filed on November 6, 2015, and as amended in the first quarter of 2016, BGE is proposing to recover the annual increase in conduit fees effective November 1, 2015 of approximately $30 million through a surcharge. BGE cannot predict if the MDPSC will approve BGE's request for a conduit fee surcharge.

Employees

During the first quarter of 2016, the collective bargaining agreement (CBA) between ComEd and IBEW Local 15, which represents the ComEd's System Services Group, was further extended to May 31, 2016. In addition, Exelon added 5,174 total employees from its merger with PHI and its subsidiaries, of which 2,725 are covered by CBAs. PHI's utility subsidiaries are parties to five CBAs with four local unions. All of the CBAs were renegotiated in 2014, and were extended through various dates ranging from October 2018 through June 2020.

Critical Accounting Policies and Estimates

Management of each of the Registrants makes a number of significant estimates, assumptions and judgments in the preparation of its financial statements. See ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — CRITICAL ACCOUNTING POLICIES AND ESTIMATES in Exelon's, Generation's, ComEd's, PECO's and BGE's combined 2015 Form 10-K and PHI's, Pepco's, DPL's and ACE's 2015 combined Form 10-K for a discussion of the estimates and judgments necessary in the Registrants' accounting for AROs, goodwill, purchase accounting, unamortized energy assets and liabilities, asset impairments, depreciable lives of property, plant and equipment, defined benefit pension and other postretirement benefits, regulatory accounting, derivative instruments, taxation, contingencies, revenue recognition, and allowance for uncollectible accounts. At March 31, 2016, the Registrants' critical accounting policies and estimates had not changed significantly from December 31, 2015.

Results of Operations

Net Income Attributable to Common Shareholders by Registrant

	Three Months Ended March 31,		Favorable (Unfavorable) Variance
	2016 [(a)]	2015	
Exelon	$ 173	$ 693	$ (520)
Generation	310	443	(133)
ComEd	115	90	25
PECO	124	139	(15)
BGE	98	106	(8)
Pepco	(108)	26	(134)
DPL	(72)	32	(104)
ACE	(100)	9	(109)

(a) For Pepco, DPL and ACE, reflects that Registrant's operations for the three months ended March 31, 2016. For Exelon and Generation, includes the operations of the PHI acquired businesses for the period of March 24, 2016, through March 31, 2016.

	Successor	Predecessor	
	March 24, 2016 to March 31, 2016	January 1, 2016 to March 23, 2016	Three Months Ended March 31, 2015
PHI	$ (309)	$ 19	$ 53

Results of Operations — Generation

	Three Months Ended March 31,		Favorable (Unfavorable) Variance
	2016	2015	
Operating revenues	$ 4,739	$ 5,840	$ (1,101)
Purchased power and fuel expense	2,442	3,433	991
Revenue net of purchased power and fuel [(a)]	2,297	2,407	(110)
Other operating expenses			
Operating and maintenance	1,467	1,311	(156)
Depreciation and amortization	289	254	(35)
Taxes other than income	126	122	(4)
Total other operating expenses	1,882	1,687	(195)
Loss on sales of assets	—	(1)	1
Operating income	415	719	(304)
Other income and (deductions)			
Interest expense	(97)	(102)	5
Other, net	93	94	(1)
Total other income and (deductions)	(4)	(8)	4
Income before income taxes	411	711	(300)
Income taxes	151	226	75
Equity in losses of unconsolidated affiliates	(3)	—	3
Net income	257	485	(228)
Net (loss) income attributable to noncontrolling interests	(53)	42	95
Net income attributable to membership interest	$ 310	$ 443	$ (133)

(a) Generation evaluates its operating performance using the measure of revenue net of purchased power and fuel expense. Generation believes that revenue net of purchased power and fuel expense is a useful measurement because it provides information that can be used to evaluate its operational performance. Revenue net of purchased power and fuel expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

Net Income Attributable to Membership Interest

Three Months Ended March 31, 2016 Compared to Three Months Ended March 31, 2015. Generation's net income attributable to membership interest for the three months ended March 31, 2016 decreased compared to the same period in 2015, primarily due to lower revenue net of purchased power and fuel expense, higher operating and maintenance expense and higher depreciation and amortization expense. The decrease in revenue net of purchased power and fuel expense primarily relates to the lower realized energy prices, lower mark-to-market gains in 2016 compared to 2015, decrease in amortization of contracts recorded at fair value associated with prior acquisitions, and higher oil inventory write downs in 2016 versus 2015, partially offset by nuclear refueling outage timing, fewer non-refueling outage days and increased capacity prices. The increase in operating

and maintenance expense is primarily related to Upstream asset impairment in 2016. The increase in depreciation and amortization expense is primarily related to increased nuclear decommissioning amortization and ongoing capital expenditures in 2016.

Revenue Net of Purchased Power and Fuel Expense

The basis for Generation's reportable segments is the integrated management of its electricity business that is located in different geographic regions, and largely representative of the footprints of ISO/RTO and/or NERC regions, which utilize multiple supply sources to provide electricity through various distribution channels (wholesale and retail). Generation's hedging strategies and risk metrics are also aligned with these same geographic regions. Descriptions of each of Generation's six reportable segments are as follows:

- Mid-Atlantic represents operations in the eastern half of PJM, which includes New Jersey, Maryland, Virginia, West Virginia, Delaware, the District of Columbia and parts of Pennsylvania and North Carolina.
- Midwest represents operations in the western half of PJM, which includes portions of Illinois, Pennsylvania, Indiana, Ohio, Michigan, Kentucky and Tennessee, and the United States footprint of MISO, excluding MISO's Southern Region, which covers all or most of North Dakota, South Dakota, Nebraska, Minnesota, Iowa, Wisconsin, the remaining parts of Illinois, Indiana, Michigan and Ohio not covered by PJM, and parts of Montana, Missouri and Kentucky.
- New England represents the operations within ISO-NE covering the states of Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.
- New York represents operations within ISO-NY, which covers the state of New York in its entirety.
- ERCOT represents operations within Electric Reliability Council of Texas, covering most of the state of Texas.
- Other Power Regions :
  - South represents operations in the FRCC, MISO's Southern Region, and the remaining portions of the SERC not included within MISO or PJM, which includes all or most of Florida, Arkansas, Louisiana, Mississippi, Alabama, Georgia, Tennessee, North Carolina, South Carolina and parts of Missouri, Kentucky and Texas. Generation's South region also includes operations in the SPP, covering Kansas, Oklahoma, most of Nebraska and parts of New Mexico, Texas, Louisiana, Missouri, Mississippi and Arkansas.
  - West represents operations in the WECC, which includes California ISO, and covers the states of California, Oregon, Washington, Arizona, Nevada, Utah, Idaho, Colorado, and parts of New Mexico, Wyoming and South Dakota.
  - Canada represents operations across the entire country of Canada and includes AESO, OIESO and the Canadian portion of MISO.

The following business activities are not allocated to a region, and are reported under Other: natural gas, as well as other miscellaneous business activities that are not significant to Generation's overall operating revenues or results of operations. Further, the following activities are not allocated to a region, and are reported in Other: unrealized mark-to-market impact of economic hedging activities; amortization of certain intangible assets relating to commodity contracts recorded at fair value from mergers and acquisitions; and other miscellaneous revenues.

Generation evaluates the operating performance of its power marketing activities using the measure of revenue net of purchased power and fuel expense which is a non-GAAP measurement. Generation's operating revenues include all sales to third parties and affiliated sales to the Utility Registrants. Purchased power costs

include all costs associated with the procurement and supply of electricity including capacity, energy and ancillary services. Fuel expense includes the fuel costs for owned generation and fuel costs associated with tolling agreements.

For the three months ended March 31, 2016 and 2015, Generation's revenue net of purchased power and fuel expense by region were as follows:

	Three Months Ended March 31,			
	2016	2015	Variance	% Change
Mid-Atlantic [(a)]	$ 841	$ 787	$ 54	6.9%
Midwest [(b)]	718	703	15	2.1%
New England	81	158	(77)	(48.7)%
New York	130	189	(59)	(31.2)%
ERCOT	61	55	6	10.9%
Other Power Regions	76	46	30	65.2%
Total electric revenue net of purchased power and fuel expense	1,907	1,938	(31)	(1.6)%
Proprietary Trading	3	4	(1)	(25.0)%
Mark-to-market gains (losses)	103	162	(59)	(36.4)%
Other [(c)]	284	303	(19)	(6.3)%
Total revenue net of purchased power and fuel expense	$ 2,297	$ 2,407	$ (110)	(4.6)%

(a) Results of transactions with PECO and BGE are included in the Mid-Atlantic region. As a result of the PHI Merger, for the Successor period of March 24, 2016 to March 31, 2016, results of transactions with Pepco, DPL and ACE are included in the Mid-Atlantic region.

(b) Results of transactions with ComEd are included in the Midwest region.

(c) Other represents activities not allocated to a region. See text above for a description of included activities. Also includes amortization of intangible assets related to commodity contracts recorded at fair value of $19 million and $38 million increase to revenue net of purchased power and fuel expense for the three months ended March 31, 2016 and 2015, respectively.

Generation's supply sources by region are summarized below:

Supply source (GWh)	Three Months Ended March 31, 2016	2015	Variance	% Change
Nuclear generation				
Mid-Atlantic [a]	16,208	15,718	490	3.1%
Midwest	23,662	22,427	1,235	5.5%
New York [a]	4,932	4,512	420	9.3%
Total Nuclear Generation	44,802	42,657	2,145	5.0%
Fossil and Renewables				
Mid-Atlantic	898	559	339	60.6%
Midwest	449	432	17	3.9%
New England	1,924	600	1,324	n.m.
New York	1	1	—	—%
ERCOT	1,376	1,422	(46)	(3.2)%
Other Power Regions	2,147	1,973	174	8.8%
Total Fossil and Renewables	6,795	4,987	1,808	36.3%
Purchased Power				
Mid-Atlantic	3,755	1,824	1,931	105.9%
Midwest	706	589	117	19.9%
New England	4,155	6,408	(2,253)	(35.2)%
ERCOT	2,294	2,244	50	2.2%
Other Power Regions	2,600	3,758	(1,158)	(30.8)%
Total Purchased Power	13,510	14,823	(1,313)	(8.9)%
Total Supply/Sales by Region [b]				
Mid-Atlantic [c]	20,861	18,101	2,760	15.2%
Midwest [c]	24,817	23,448	1,369	5.8%
New England	6,079	7,008	(929)	(13.3)%
New York	4,933	4,513	420	9.3%
ERCOT	3,670	3,666	4	0.1%
Other Power Regions	4,747	5,731	(984)	(17.2)%
Total Supply/Sales by Region	65,107	62,467	2,640	4.2%

(a) Includes the proportionate share of output where Generation has an undivided ownership interest in jointly-owned generating plants and includes the total output of plants that are fully consolidated (e.g. CENG).
(b) Excludes physical proprietary trading volumes of 1,220 GWh and 1,808 GWh for the three months ended March 31, 2016 and 2015, respectively.
(c) Includes affiliate sales to PECO and BGE in the Mid-Atlantic region and affiliate sales to ComEd in the Midwest region. As a result of the merger, for the Successor period of March 24, 2016 to March 31, 2016, includes affiliate sales to Pepco, DPL and ACE in the Mid-Atlantic region.

Mid-Atlantic

Three Months Ended March 31, 2016 Compared to Three Months Ended March 31, 2015. The $54 million increase in revenue net of purchased power and fuel expense in the Mid-Atlantic primarily reflects nuclear refueling outage timing, fewer non-refueling outage days and higher capacity revenues and increased load volumes served, partially offset by higher oil inventory write-downs in 2016.

Midwest

Three Months Ended March 31, 2016 Compared to Three Months Ended March 31, 2015. The $15 million increase in revenue net of purchased power and fuel expense in the Midwest primarily reflects nuclear refueling outage timing, fewer non-refueling outage days and higher capacity revenues, partially offset by lower realized energy prices.

New England

Three Months Ended March 31, 2016 Compared to Three Months Ended March 31, 2015. The $77 million decrease in revenue net of purchased power and fuel expense in New England was driven by lower realized energy prices, higher oil inventory write-downs in 2016, and lower generation volumes from power purchase agreements.

New York

Three Months Ended March 31, 2016 Compared to Three Months Ended March 31, 2015. The $59 million decrease in revenue net of purchased power and fuel expense in New York was primarily due to lower realized energy prices, lower capacity revenues, and the amortization of contracts recorded at fair value associated with prior acquisitions, partially offset by nuclear refueling outage timing and fewer non-refueling outage days.

ERCOT

Three Months Ended March 31, 2016 Compared to Three Months Ended March 31, 2015. The $6 million increase in revenue net of purchased power and fuel expense in ERCOT was primarily due to higher generation volumes from renewable facilities and the amortization of contracts recorded at fair value associated with prior acquisitions, partially offset by lower generation from fossil facilities.

Other Power Regions

Three Months Ended March 31, 2016 Compared to Three Months Ended March 31, 2015. The $30 million increase in revenue net of purchased power and fuel expense in Other Regions was primarily due to the amortization of contracts recorded at fair value associated with prior acquisitions, and higher generation volumes.

Proprietary Trading

Three Months Ended March 31, 2016 Compared to Three Months Ended March 31, 2015. The $1 million decrease in revenue net of purchased power and fuel expense in Proprietary Trading was primarily due to decreased congestion activity.

Mark-to-market

Three Months Ended March 31, 2016 Compared to Three Months Ended March 31, 2015. Generation is exposed to market risks associated with changes in commodity prices and enters into economic hedges to mitigate exposure to these fluctuations. Mark-to-market gains on economic hedging activities were $103 million for the three months ended March 31, 2016 compared to gains of $162 million for the three months ended March 31, 2015. See Notes 8 — Fair Value of Financial Assets and Liabilities and 9 — Derivative Financial Instruments of the Combined Notes to the Consolidated Financial Statements for information on gains and losses associated with mark-to-market derivatives.

Other

Three Months Ended March 31, 2016 Compared to Three Months Ended March 31, 2015. The $19 million decrease in other revenue net of purchased power and fuel was primarily due to the amortization of energy contracts recorded at fair value associated with prior acquisitions and decreased gas sales, partially offset by an increase in distributed generation and energy efficiency activity.

Nuclear Fleet Capacity Factor

The following table presents nuclear fleet operating data for the three months ended March 31, 2016 as compared to the same period in 2015, for the Generation-operated plants.The nuclear fleet capacity factor presented in the table is defined as the ratio of the actual output of a plant over a period of time to its output if the plant had operated at full average annual mean capacity for that time period. Generation considers capacity factor to be a useful measure to analyze the nuclear fleet performance between periods. Generation has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, these measures are not a presentation defined under GAAP and may not be comparable to other companies' presentations or be more useful than the GAAP information provided elsewhere in this report.

	Three Months Ended March 31,	
	2016	2015
Nuclear fleet capacity factor [a]	95.8%	92.7%

(a) Excludes Salem, which is operated by PSEG Nuclear, LLC. Reflects ownership percentage of stations operated by Exelon.

Three Months Ended March 31, 2016 Compared to Three Months Ended March 31, 2015. The nuclear fleet capacity factor increased primarily due to nuclear refueling outage timing and fewer non-refueling outage days, excluding Salem outages, during the three months ended March 31, 2016 compared to the same period in 2015. For the three months ended March 31, 2016 and 2015, planned refueling outage days totaled 70 and 89, respectively. During the same periods, non-refueling outage days totaled 10 and 32, respectively.

Operating and Maintenance

The changes in operating and maintenance expense for the three months ended March 31, 2016 compared to the same period in 2015, consisted of the following:

	Increase (Decrease)
Labor, other benefits, contracting, materials	$ 7
Nuclear refueling outage costs, including the co-owned Salem plants	(7)
Corporate allocations	(1)
Allowance for uncollectible accounts	2
Merger and integration costs [a]	15
Merger commitments	3
Pension and non-pension postretirement benefits expense	(11)
Impairment of long-lived assets [b]	119
Cost management program [c]	18
Other	11
Increase in operating and maintenance expense	$ 156

(a) Reflects certain costs associated with mergers and acquisitions, including, if and when applicable, professional fees, employee-related expenses, integration activities, upfront credit facilities fees, and certain pre-acquisition contingencies, and the PHI acquisition.
(b) Primarily relates to the impairment of Upstream assets in 2016.
(c) Represents the severance expense and reorganization costs related to a cost management program in 2016

Depreciation and Amortization

The increase in depreciation and amortization expense for the three months ended March 31, 2016 compared to the three months ended March 31, 2015 is primarily due to increased nuclear decommissioning amortization and ongoing capital expenditures.

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Taxes Other Than Income

Taxes other than income for the three months ended March 31, 2016 compared to the three months ended March 31, 2015 remained relatively stable.

Interest Expense

Interest expense for three months ended March 31, 2016 compared to the three months ended March 31, 2015 remained relatively stable.

Other, Net

Other, net for the three months ended March 31, 2016 compared to the three months ended March 31, 2015 remained relatively stable. Other, net primarily reflects the change in the realized and unrealized gains and losses related to NDT funds of Non-Regulatory Agreement Units as described in the table below. Other, net also reflects $20 million and $23 million for the three months ended March 31, 2016 and 2015, respectively, related to the contractual elimination of income tax expense (benefit) associated with the NDT funds of the Regulatory Agreement Units. Refer to Note 12 — Nuclear Decommissioning of the Combined Notes to the Consolidated Financial Statements for additional information regarding NDT funds.

The following table provides unrealized and realized gains on the NDT funds of the Non-Regulatory Agreement Units recognized in Other, net for the three months ended March 31, 2016 and 2015:

	Three Months Ended March 31,	
	2016	2015
Net unrealized gains on decommissioning trust funds	$ 52	$ 40
Net realized gains on sale of decommissioning trust funds	3	6

Equity in Losses of Unconsolidated Affiliates

Equity in losses of unconsolidated affiliates for the three months ended March 31, 2016 compared to the three months ended March 31, 2015 remained relatively stable.

Effective Income Tax Rate

Generation's effective income tax rate was 36.7% and 31.8% for the three months ended March 31, 2016 and 2015, respectively. See Note 11 — Income Taxes of the Combined Notes to the Consolidated Financial Statements for further discussion of the change in the effective income tax rate.

Results of Operations — ComEd

	Three Months Ended March 31,		Favorable (Unfavorable) Variance
	2016	2015	
Operating revenues	$ 1,249	$ 1,185	$ 64
Purchased power expense	348	327	(21)
Revenue net of purchased power expense [(a)(b)]	901	858	43
Other operating expenses			
Operating and maintenance	368	378	10
Depreciation and amortization	189	175	(14)
Taxes other than income	75	75	—
Total other operating expenses	632	628	(4)
Gain on sales of assets	5	—	5
Operating income	274	230	44
Other income and (deductions)			
Interest expense, net	(86)	(84)	(2)
Other, net	4	3	1
Total other income and (deductions)	(82)	(81)	(1)
Income before income taxes	192	149	43
Income taxes	77	59	(18)
Net income	$ 115	$ 90	$ 25

(a) ComEd evaluates its operating performance using the measure of Revenue net of purchased power expense. ComEd believes that Revenue net of purchased power expense is a useful measurement because it provides information that can be used to evaluate its operational performance. In general, ComEd only earns margin based on the delivery and transmission of electricity. ComEd has included its discussion of Revenue net of purchased power expense below as a complement to the financial information provided in accordance with GAAP. However, Revenue net of purchased power expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

(b) For regulatory recovery mechanisms, including ComEd's electric distribution and transmission formula rates, and riders, revenues increase and decrease i) as fully recoverable costs fluctuate (with no impact on net earnings), and ii) pursuant to changes in rate base, capital structure and ROE (which impact net earnings).

Net Income

Three months ended March 31, 2016 Compared to Three months ended March 31, 2015. ComEd's net income for the three months ended March 31, 2016 was higher than the same period in 2015, primarily due to increased electric distribution and transmission formula rate earnings (reflecting the impacts of increased capital investment), partially offset by unfavorable weather.

Operating Revenue Net of Purchased Power Expense

There are certain drivers of Operating revenue that are fully offset by their impact on Purchased power expense, such as commodity procurement costs and participation in customer choice programs. ComEd is permitted to recover electricity procurement costs from retail customers without mark-up. Therefore, fluctuations in electricity procurement costs have no impact on Revenue net of purchased power expense. See Note 3 — Regulatory Matters of the Exelon 2015 Form 10-K for additional information on ComEd's electricity procurement process.

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All ComEd customers have the choice to purchase electricity from a competitive electric generation supplier. Customer choice programs do not impact ComEd's volume of deliveries, but do affect ComEd's Operating revenue related to supplied energy, which is fully offset in Purchased power expense. Therefore, customer choice programs have no impact on Revenue net of purchased power expense.

Retail deliveries purchased from competitive electric generation suppliers (as a percentage of kWh sales) for the three months ended March 31, 2016, compared to the same period in 2015, consisted of the following:

	Three Months Ended March 31,	
	2016	2015
Electric	73%	78%

Retail customers purchasing electric generation from competitive electric generation suppliers at March 31, 2016 and 2015 consisted of the following:

	March 31, 2016		March 31, 2015	
	Number of customers	% of total retail customers	Number of customers	% of total retail customers
Electric	1,649,700	42%	2,406,300	62%

Under an Illinois law allowing municipalities to arrange the purchase of electricity for their participating residents, the City of Chicago previously participated in ComEd's customer choice program and arranged the purchase of electricity from Constellation (formerly Integrys), for those participating residents. In September 2015, the City of Chicago discontinued its participation in the customer choice program and many of those participating residents resumed their purchase of electricity from ComEd. ComEd's Operating revenue has increased as a result of the City of Chicago switching, but that increase is fully offset in Purchased power expense.

The changes in ComEd's Revenue net of purchased power expense for the three months ended March 31, 2016, compared to the same period in 2015 consisted of the following:

	Increase (Decrease)
Weather	$ (20)
Volume	(4)
Electric distribution revenue	44
Transmission revenue	37
Regulatory required programs	(18)
Uncollectible accounts recovery, net	(13)
Pricing and customer mix	11
Other	6
Total increase (decrease)	$ 43

Weather. The demand for electricity is affected by weather conditions. Very warm weather in summer months and very cold weather in other months are referred to as "favorable weather conditions" because these weather conditions result in increased customer usage. Conversely, mild weather reduces demand. For the three months ended March 31, 2016, unfavorable weather conditions reduced Operating revenue net of purchased power expense when compared to the same period in 2015.

Heating and cooling degree days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree days for a 30-year period in ComEd's service territory with cooling degree days generally having a more

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significant impact to ComEd, particularly during the summer months. The changes in heating and cooling degree days in ComEd's service territory for the three months ended March 31, 2016, and 2015, consisted of the following:

	Three Months Ended March 31,			% Change	
Heating and Cooling Degree-Days	2016	2015	Normal	2016 vs. 2015	2016 vs. Normal
Heating Degree-Days	2,900	3,632	3,164	(20.2)%	(8.3)%
Cooling Degree-Days	—	—	—	n/a	n/a

Volume. Revenue net of purchased power expense decreased as a result of lower delivery volume, exclusive of the effects of weather, reflecting decreased average usage per residential customer, primarily due to the impacts of energy efficiency programs, as compared to the same three month period in 2015.

Electric Distribution Revenue. EIMA provides for a performance-based formula rate tariff, which requires an annual reconciliation of the revenue requirement in effect to the actual costs that the ICC determines are prudently and reasonably incurred in a given year. Under EIMA, electric distribution revenue varies from year to year based upon fluctuations in the underlying costs, investments being recovered, allowed ROE, and other billing determinants. ComEd's allowed ROE is the annual average rate on 30-year treasury notes plus 580 basis points, subject to a collar of plus or minus 50 basis points. Therefore, the collar limits favorable and unfavorable impacts of weather and load on revenue. During the three months ended March 31, 2016, ComEd recorded increased electric distribution revenue primarily due to increased capital investment and higher Operating and maintenance and Depreciation and amortization expense. See Operating and maintenance expense and Depreciation and amortization expense discussions below, and Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Transmission Revenue. Under a FERC-approved formula, transmission revenue varies from year to year based upon fluctuations in the underlying costs, investments being recovered and other billing determinants, such as the highest daily peak load from the previous calendar year. For the three months ended March 31, 2016, ComEd recorded increased transmission revenue due to increased capital investment and an increase in the highest daily peak load. See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Regulatory Required Programs. This represents the change in Operating revenue collected under approved riders to recover costs incurred for regulatory programs such as ComEd's energy efficiency and demand response and purchased power administrative costs. The riders are designed to provide full and current cost recovery. An equal and offsetting amount has been included in Operating and maintenance expense. See Operating and maintenance expense discussion below for additional information on included programs.

Uncollectible Accounts Recovery, Net. Uncollectible accounts recovery, net represents recoveries under ComEd's uncollectible accounts tariff. See Operating and maintenance expense discussion below for additional information on this tariff.

Pricing and Customer Mix. The increase in Revenue net of purchased power as a result of pricing and customer mix is primarily attributable to higher overall effective rates due to decreased usage across all major customer classes for the three months ended March 31, 2016, as compared to the same period in 2015.

Other. Other revenue, which can vary period to period, includes rental revenue, revenue related to late payment charges, assistance provided to other utilities through mutual assistance programs, recoveries of environmental costs associated with MGP sites, and recoveries of energy procurement costs.

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Operating and Maintenance Expense

	Three Months Ended March 31,		
	2016	2015	Increase (Decrease)
Operating and maintenance expense — baseline	$ 331	$ 323	$ 8
Operating and maintenance expense — regulatory required programs [a]	37	55	(18)
Total operating and maintenance expense	$ 368	$ 378	$ (10)

(a) Operating and maintenance expense for regulatory required programs are costs for various legislative and/or regulatory programs that are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in Operating revenue.

The changes in Operating and maintenance expense for the three months ended March 31, 2016 compared to the same period in 2015, consisted of the following:

	Increase (Decrease)
Baseline	
Labor, other benefits, contracting and materials	$ 1
Pension and non-pension postretirement benefits expense [a]	(5)
Storm-related costs	9
Uncollectible accounts expense — provision [b]	(1)
Uncollectible accounts expense — recovery, net [b]	(12)
BSC allocations [c]	18
Other	(2)
	8
Regulatory required programs	
Energy efficiency and demand response programs	(18)
	(18)
Total increase (decrease)	$ (10)

(a) Primarily reflects the favorable impact of higher assumed pension and OPEB discount rates in 2016.
(b) ComEd is allowed to recover from or refund to customers the difference between the utility's annual uncollectible accounts expense and the amounts collected in rates annually through a rider mechanism. During the three months ended March 31, 2016, ComEd recorded a net decrease in Operating and maintenance expense related to uncollectible accounts due to the timing of regulatory cost recovery. An equal and offsetting decrease has been recognized in operating revenue for the periods presented.
(c) Primarily reflects increased information technology support services from BSC during 2016.

Depreciation and Amortization Expense

The increase in Depreciation and amortization expense during the three months ended March 31, 2016, compared to the same period in 2015, consisted of the following:

	Increase (Decrease)
Depreciation expense [a]	$ 13
Amortization regulatory assets	(2)
Other	3
Total increase (decrease)	$ 14

(a) Depreciation expense increased due to ongoing capital expenditures.

Taxes Other Than Income

Taxes other than income, which can vary period to period, include municipal and state utility taxes, real estate taxes and payroll taxes. Taxes other than income taxes were consistent during the three months ended March 31, 2016, compared to the same period in 2015.

Gain on Sales of Assets

The increase in Gain on sales of assets during the three months ended March 31, 2016, compared to the same period in 2015, is primarily due to the sale of land during March 2016.

Interest Expense, Net

Interest expense, net remained relatively consistent during the three months ended March 31, 2016, compared to the same period in 2015.

Effective Income Tax Rate

ComEd's effective income tax rate was 40.1% and 39.6% for the three months ended March 31, 2016 and 2015, respectively. See Note 11 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

ComEd Electric Operating Statistics and Revenue Detail

Retail Deliveries to Customers (in GWhs)	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015	% Change	Weather-Normal % Change
Retail Deliveries (a)				
Residential	6,376	6,997	(8.9)%	(2.6)%
Small commercial & industrial	7,879	8,161	(3.5)%	(0.2)%
Large commercial & industrial	6,756	6,877	(1.8)%	1.3%
Public authorities & electric railroads	361	379	(4.7)%	(0.8)%
Total retail deliveries	21,372	22,414	(4.6)%	(0.5)%

Number of Electric Customers	As of March 31, 2016	As of March 31, 2015
Residential	3,566,896	3,511,271
Small commercial & industrial	372,254	369,424
Large commercial & industrial	1,955	1,966
Public authorities & electric railroads	4,821	4,843
Total	3,945,926	3,887,504

Electric Revenue	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015	% Change
Retail Sales (a)			
Residential	$ 609	$ 568	7.2%
Small commercial & industrial	321	338	(5.0)%
Large commercial & industrial	107	109	(1.8)%
Public authorities & electric railroads	12	12	—%
Total retail	1,049	1,027	2.1%
Other revenue (b)	200	158	26.6%
Total electric revenue	$ 1,249	$ 1,185	5.4%

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(a) Reflects delivery revenue and volume from customers purchasing electricity directly from ComEd and customers purchasing electricity from a competitive electric generation supplier, as all customers are assessed delivery charges. For customers purchasing electricity from ComEd, revenue also reflects the cost of energy and transmission.
(b) Other revenue primarily includes transmission revenue from PJM. Other revenue also includes rental revenue, revenue related to late payment charges, revenue from other utilities for mutual assistance programs and recoveries of remediation costs associated with MGP sites.

Results of Operations — PECO

	Three Months Ended March 31,		Favorable (Unfavorable) Variance
	2016	2015	
Operating revenues	$ 841	$ 985	$ (144)
Purchased power and fuel	321	438	117
Revenue net of purchased power and fuel [(a)]	520	547	(27)
Other operating expenses			
Operating and maintenance	215	222	7
Depreciation and amortization	67	62	(5)
Taxes other than income	42	41	(1)
Total other operating expenses	324	325	1
Gain on sales of assets	—	1	(1)
Operating income	196	223	(27)
Other income and (deductions)			
Interest expense, net	(31)	(28)	(3)
Other, net	2	2	—
Total other income and (deductions)	(29)	(26)	(3)
Income before income taxes	167	197	(30)
Income taxes	43	58	15
Net income attributable to common shareholder	$ 124	$ 139	$ (15)

(a) PECO evaluates its operating performance using the measures of revenue net of purchased power expense for electric sales and revenue net of fuel expense for gas sales. PECO believes revenue net of purchased power expense and revenue net of fuel expense are useful measurements of its performance because they provide information that can be used to evaluate its net revenue from operations. PECO has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, revenue net of purchased power expense and revenue net of fuel expense figures are not presentations defined under GAAP and may not be comparable to other companies' presentations or more useful than the GAAP information provided elsewhere in this report.

Net Income attributable to common shareholder

Three Months Ended March 31, 2016 Compared to Three Months Ended March 31, 2015. PECO's net income attributable to common shareholder decreased from the same period in 2015, primarily due to a decrease in revenue net of purchased power and fuel expense as a result of unfavorable weather partially offset by increased electric distribution revenue pursuant to the 2015 PAPUC authorized electric distribution rate increase effective January 1, 2016.

Operating Revenues Net of Purchased Power and Fuel Expense

Electric and gas revenue and purchased power and fuel expense are affected by fluctuations in commodity procurement costs. PECO's electric supply and natural gas cost rates charged to customers are subject to

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adjustments at least quarterly that are designed to recover or refund the difference between the actual cost of electric supply and natural gas and the amount included in rates in accordance with the PAPUC's GSA and PGC, respectively. Therefore, fluctuations in electric supply and natural gas procurement costs have no impact on electric and gas revenue net of purchased power and fuel expense.

Electric and gas revenue and purchased power and fuel expense are also affected by fluctuations in participation in the Customer Choice Program. All PECO customers have the choice to purchase electricity and gas from competitive electric generation and natural gas suppliers, respectively. The customers' choice of suppliers does not impact the volume of deliveries, but affects revenue collected from customers related to supplied energy and natural gas service. Customer choice program activity has no impact on electric and gas revenue net of purchased power and fuel expense.

Retail deliveries purchased from competitive electric generation and natural gas suppliers (as a percentage of kWh and mmcf sales, respectively) for the three months ended March 31, 2016 and 2015, consisted of the following:

	Three Months Ended March 31,	
	2016	2015
Electric	69%	67%
Natural Gas	25%	23%

Retail customers purchasing electric generation and natural gas from competitive electric generation and natural gas suppliers at March 31, 2016 and 2015 consisted of the following:

	March 31, 2016		March 31, 2015	
	Number of customers	% of total retail customers	Number of customers	% of total retail customers
Electric	570,000	35%	551,000	34%
Natural Gas	80,600	16%	80,200	16%

The changes in PECO's operating revenues net of purchased power and fuel expense for the three months ended March 31, 2016 compared to the same period in 2015 consisted of the following:

	Increase (Decrease)		
	Electric	Gas	Total
Weather	$ (40)	$(32)	$(72)
Volume	4	5	9
Pricing	56	(1)	55
Regulatory required programs	(18)	—	(18)
Other	(2)	1	(1)
Total increase (decrease)	$ —	$(27)	$(27)

Weather. The demand for electricity and gas is affected by weather conditions. With respect to the electric business, very warm weather in summer months and, with respect to the electric and gas businesses, very cold weather in winter months are referred to as "favorable weather conditions" because these weather conditions result in increased deliveries of electricity and gas. Conversely, mild weather reduces demand. During the three months ended March 31, 2016 compared to the same period in 2015, operating revenue net of purchased power and fuel expense was lower due to the impact of unfavorable winter weather conditions in PECO's service territory.

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Heating and cooling degree days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree days for a 30-year period in PECO's service territory. The changes in heating and cooling degree days in PECO's service territory for the three months ended March 31, 2016 compared to the same periods in 2015 and normal weather consisted of the following:

	Three Months Ended March 31,			% Change	
Heating and Cooling Degree-Days	2016	2015	Normal	2016 vs. 2015	2016 vs. Normal
Heating Degree-Days	2,137	2,934	2,477	(27.2)%	(13.7)%
Cooling Degree-Days	5	—	1	n/a	400.0%

Volume. The increase in operating revenue net of purchased power and fuel expense related to delivery volume, exclusive of the effects of weather, for the three months ended March 31, 2016 compared to the same period in 2015, primarily reflects the impact of moderate economic and customer growth partially offset by energy efficiency initiatives on customer usages for electric and gas and a shift in the volume profile across classes from lower priced classes to higher priced classes for electric.

Pricing. The increase in operating revenues net of purchased power and fuel expense as a result of pricing for the three months ended March 31, 2016 compared to the same period in 2015 primarily reflects an increase in electric distribution rates charged to customers. The increase in electric distribution rates was effective January 1, 2016 in accordance with the 2015 PAPUC approved electric distribution rate case settlement. See Note 3 —Regulatory Matters of the Combined Notes to the Consolidated Financial Statements in the 2015 Form 10-K for further information.

Regulatory Required Programs. This represents the change in operating revenue collected under approved riders to recover costs incurred for regulatory programs such as smart meter, energy efficiency and the GSA. The riders are designed to provide full and current cost recovery as well as a return. The costs of these programs are included in Operating and maintenance expense, Depreciation and amortization expense and Income taxes. The decrease in revenue from regulatory required programs for the three months ended March 31, 2016 compared to the same period in 2015 is primarily the result of smart meter costs reflected in base rates in accordance with the 2015 PAPUC approved electric distribution rate case settlement effective January 1, 2016. Refer to the Operating and maintenance expense discussion below for additional information on included programs.

Other. Other revenue, which can vary period to period, primarily includes wholesale transmission revenue, rental revenue, revenue related to late payment charges and assistance provided to other utilities through mutual assistance programs.

Operating and Maintenance Expense

	Three Months Ended March 31,		Increase
	2016	2015	(Decrease)
Operating and maintenance expense — baseline	$ 195	$ 196	$ (1)
Operating and maintenance expense — regulatory required programs [(a)]	20	26	(6)
Total operating and maintenance expense	$ 215	$ 222	$ (7)

(a) Operating and maintenance expenses for regulatory required programs are costs for various legislative and/or regulatory programs that are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in operating revenue.

The changes in operating and maintenance expense for the three months ended March 31, 2016 compared to the same period in 2015, consisted of the following:

	Increase (Decrease)
Baseline	
Labor, other benefits, contracting and materials	$ (2)
Storm-related costs	3
Pension and non-pension postretirement benefits expense	(1)
PHI merger and integration costs	3
BSC allocation [(a)]	11
Uncollectible accounts expense	(17)
Other	2
	(1)
Regulatory Required Programs	
Smart Meter	(7)
Energy Efficiency	2
Other	(1)
	(6)
Total increase (decrease)	$ (7)

(a) Primarily reflects increased information technology support services from BSC during 2016.

Depreciation and Amortization Expense

The changes in depreciation and amortization expense for the three months ended March 31, 2016 compared to the same period in 2015, consisted of the following:

	Increase (Decrease) 2016 vs. 2015
Depreciation and amortization expense [(a)]	$ 2
Regulatory asset amortization [(b)]	3
Total increase (decrease)	$ 5

(a) Depreciation expense increased due to ongoing capital expenditures.
(b) Regulatory asset amortization increased for the three months ended March 31, 2016 compared to the same periods in 2015 due to an increase in regulatory asset amortization related to AMI programs and CAP Arrearage.

Taxes Other Than Income

Taxes other than income for the three months ended March 31, 2016 compared to the same period in 2015 remained relatively consistent.

Interest Expense, Net

The increase in Interest expense, net for the three months ended March 31, 2016 compared to the same period in 2015 primarily reflects an increase in interest expense due to the issuance of First and Refunding Mortgage Bonds in October 2015.

Other, Net

Other, net for the three months ended March 31, 2016 remained relatively consistent compared to the same period in 2015.

Effective Income Tax Rate

PECO's effective income tax rate was 25.7% and 29.4% for the three months ended March 31, 2016 and 2015, respectively. See Note 11 — Income Taxes of the Combined Notes to the Consolidated Financial Statements for further discussion of the change in effective income tax rate.

PECO Electric Operating Statistics and Revenue Detail

Retail Deliveries to Customers (in GWhs)	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015	% Change	Weather - Normal % Change
Retail Deliveries (a)				
Residential	3,415	3,968	(13.9)%	1.3%
Small commercial & industrial	2,025	2,162	(6.3)%	4.8%
Large commercial & industrial	3,594	3,734	(3.7)%	(3.1)%
Public authorities & electric railroads	227	228	(0.4)%	(0.4)%
Total retail deliveries	9,261	10,092	(8.2)%	0.3%

Number of Electric Customers	As of March 31, 2016	As of March 31, 2015
Residential	1,449,470	1,439,005
Small commercial & industrial	149,388	149,192
Large commercial & industrial	3,092	3,102
Public authorities & electric railroads	9,807	9,771
Total	1,611,757	1,601,070

Electric Revenue	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015	% Change
Retail Sales (a)			
Residential	$ 410	$ 450	(8.9)%
Small commercial & industrial	119	115	3.5%
Large commercial & industrial	58	53	9.4%
Public authorities & electric railroads	8	8	—%
Total retail	595	626	(5.0)%
Other revenue (b)	49	51	(3.9)%
Total electric revenue	$ 644	$ 677	(4.9)%

(a) Reflects delivery volumes and revenue from customers purchasing electricity directly from PECO and customers purchasing electricity from a competitive electric generation supplier as all customers are assessed distribution charges. For customers purchasing electricity from PECO, revenue also reflects the cost of energy and transmission.

(b) Other revenue includes transmission revenue from PJM and wholesale electric revenue.

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PECO Gas Operating Statistics and Revenue Detail

Deliveries to Customers (in mmcf)	Three Months Ended March 31, 2016	2015	% Change	Weather - Normal % Change
Retail Delivery				
Retail sales [a]	27,111	34,863	(22.2)%	4.6%
Transportation and other	7,696	8,696	(11.5)%	1.4%
Total gas deliveries	34,807	43,559	(20.1)%	4.0%

Number of Gas Customers	As of March 31, 2016	2015
Residential	468,808	464,344
Commercial & industrial	43,313	42,941
Total retail	512,121	507,285
Transportation	817	847
Total	512,938	508,132

Gas Revenue	Three Months Ended March 31, 2016	2015	% Change
Retail Sales			
Retail sales [a]	$ 187	$ 296	(36.8)%
Transportation and other	10	12	(16.7)%
Total gas revenues	$ 197	$ 308	(36.0)%

(a) Reflects delivery volumes and revenue from customers purchasing natural gas directly from PECO and customers purchasing natural gas from a competitive natural gas supplier as all customers are assessed distribution charges. For customers purchasing natural gas from PECO, revenue also reflects the cost of natural gas.

Results of Operations — BGE

	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015	Favorable (Unfavorable) Variance
Operating revenues	$ 929	$ 1,036	$ (107)
Purchased power and fuel	373	487	114
Revenue net of purchased power and fuel [(a)]	556	549	7
Other operating expenses			
Operating and maintenance	202	182	(20)
Depreciation and amortization	109	106	(3)
Taxes other than income	58	57	(1)
Total other operating expenses	369	345	(24)
Operating income	187	204	(17)
Other income and (deductions)			
Interest expense, net	(24)	(25)	1
Other, net	4	4	—
Total other income and (deductions)	(20)	(21)	1
Income before income taxes	167	183	(16)
Income taxes	66	74	8
Net income	101	109	(8)
Preference stock dividends	3	3	—
Net income attributable to common shareholder	$ 98	$ 106	$ (8)

(a) BGE evaluates its operating performance using the measure of revenue net of purchased power expense for electric sales and revenue net of purchased fuel expense for gas sales. BGE believes revenue net of purchased power and revenue net of purchased fuel are useful measurements of its performance because they provide information that can be used to evaluate its net revenue from operations. BGE has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, revenue net of purchased power and fuel expense figures are not a presentation defined under GAAP and may not be comparable to other companies' presentations or more useful than the GAAP information provided elsewhere in this report.

Net Income Attributable to Common Shareholder

Three Months Ended March 31, 2016 Compared to Three Months Ended March 31, 2015 . BGE's net income attributable to common shareholder for the three months ended March 31, 2016 was lower than the same period in 2015, primarily due to an increase in operating and maintenance expense as a result of increased storm costs in BGE's service territory.

Operating Revenues Net of Purchased Power and Fuel Expense

There are certain drivers to Operating revenue that are offset by their impact on Purchased power and fuel expense, such as commodity procurement costs and programs allowing customers to select a competitive electric generation or natural gas supplier. Operating revenue and Purchased power and fuel expense are affected by fluctuations in commodity procurement costs. BGE's electric and natural gas rates charged to customers are subject to periodic adjustments that are designed to recover or refund the difference between the actual cost of purchased electric power and purchased natural gas and the amount included in rates in accordance with the MDPSC's market-based SOS and gas commodity programs, respectively.

Electric and gas revenue and purchased power and fuel expense are also affected by fluctuations in the number of customers electing to select a competitive electric generation or natural gas supplier. All BGE customers have the choice to purchase electricity and gas from competitive electric generation and natural gas suppliers, respectively. The customers' choice of suppliers does not impact the volume of deliveries, but affects revenue collected from customers related to supplied energy and natural gas service.

Retail deliveries purchased from competitive electric generation and natural gas suppliers (as a percentage of kWh and mmcf sales, respectively) for the three months ended March 31, 2016, compared to the same period in 2015, consisted of the following:

	Three Months Ended March 31,	
	2016	2015
Electric	57%	56%
Natural Gas	49%	45%

Retail customers purchasing electric generation and natural gas from competitive electric generation and natural gas suppliers at March 31, 2016 and 2015 consisted of the following:

	March 31, 2016		March 31, 2015	
	Number of Customers	% of total retail customers	Number of customers	% of total retail customers
Electric	341,800	27%	355,000	28%
Natural Gas	153,500	23%	158,000	24%

The changes in BGE's operating revenues net of purchased power and fuel expense for the three months ended March 31, 2016, compared to the same period in 2015, consisted of the following:

	Increase (Decrease)		
	Electric	Gas	Total
Regulatory required programs	$ (1)	$ (1)	$ (2)
Transmission revenue	12	—	12
Other	3	(6)	(3)
Total increase (decrease)	$ 14	$ (7)	$ 7

Revenue Decoupling. The demand for electricity and gas is affected by weather and usage conditions. The MDPSC allows BGE to record a monthly adjustment to its electric and gas distribution revenue from all residential customers, commercial electric customers, the majority of large industrial electric customers, and all firm service gas customers to eliminate the effect of abnormal weather and usage patterns per customer on BGE's electric and gas distribution volumes, thereby recovering a specified dollar amount of distribution revenue per customer, by customer class, regardless of changes in consumption levels. This allows BGE to recognize revenue at MDPSC-approved levels per customer, regardless of what BGE's actual distribution volumes were for a billing period. Therefore, while this revenue is affected by customer growth, it will not be affected by actual weather or usage conditions. BGE bills or credits customers in subsequent months for the difference between approved revenue levels under revenue decoupling and actual customer billings.

Heating and cooling degree days are quantitative indices that reflect the demand for energy needed to heat a home or business. Normal weather is determined based on historical average heating and cooling degree days for a 30-year period in BGE's service territory. The changes in heating degree days in BGE's service territory for the three months ended March 31, 2016 compared to the same period in 2015 consisted of the following:

	Three Months Ended March 31,			% Change	
Heating and Cooling Degree-Days	2016	2015	Normal	2016 vs. 2015	2016 vs. Normal
Heating Degree-Days	2,280	2,950	2,412	(22.7)%	(5.5)%
Cooling Degree-Days	—	—	—	n/a	n/a

Regulatory Required Programs. This represents the change in revenue collected under approved riders to recover costs incurred for the energy efficiency and demand response programs as well as administrative and commercial and industrial customer bad debt costs for SOS. The riders are designed to provide full recovery, as well as a return in certain instances. The costs of these programs are included in Operating and maintenance expense, Depreciation and amortization expense and Taxes other than income in BGE's Consolidated Statements of Operations and Comprehensive Income.

Transmission Revenue. Under a FERC-approved formula, transmission revenue varies from year to year based upon fluctuations in the underlying costs, investments being recovered and other billing determinants. During the three months ended March 31, 2016 compared to the same period in 2015, the increase in transmission revenue was primarily due to an increase in capital investment and operating and maintenance expense. See Operating and Maintenance Expense below and Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Other. Other revenue, which can vary from period to period, includes miscellaneous revenue such as service application and late payment fees.

Operating and Maintenance Expense

The changes in operating and maintenance expense for the three months ended March 31, 2016 compared to the same period in 2015, consisted of the following:

	Increase (Decrease)
Labor, other benefits, contracting and materials	$ 2
Storm-related costs	17
Uncollectible accounts expense [(a)]	(13)
City of Baltimore conduit lease [(b)]	7
BSC allocations [(c)]	7
Total increase (decrease)	$ 20

(a) Uncollectible accounts decreased primarily due to milder weather and improved customer behavior for the three months ended March 31, 2016 compared to the same period in 2015.

(b) City of Baltimore conduit fees increased for the three months ended March 31, 2016 compared to the same period in 2015 as a result of increased rental fees assessed by the City of Baltimore. See Executive Overview—Environmental Legislative and Regulatory Developments above and Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

(c) Primarily reflects increased information technology support services from BSC during 2016.

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Depreciation and Amortization

The changes in depreciation and amortization expense for the three months ended March 31, 2016 compared to the same period in 2015 consisted of the following:

	Increase (Decrease)
Depreciation expense [(a)]	$ 4
Regulatory asset amortization [(b)]	(1)
Total increase (decrease)	$ 3

(a) Depreciation expense increased due to ongoing capital expenditures.
(b) Regulatory asset amortization decreased for the three months ended March 31, 2016 compared to the same periods in 2015 due to a reduction in regulatory asset amortization related to demand response programs.

Taxes Other Than Income

Taxes other than income, which can vary period to period, include municipal and state utility taxes, real estate taxes and payroll taxes. Taxes other than income for the three months ended March 31, 2016 compared to the same period in 2015 remained relatively consistent.

Interest Expense, Net

Interest expense, net remained relatively consistent during the three months ended March 31, 2016, compared to the same period in 2015 .

Effective Income Tax Rate

BGE's effective income tax rate was 39.5% and 40.4% for the three months ended March 31, 2016 and 2015, respectively. See Note 11 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

BGE Electric Operating Statistics and Revenue Detail

Retail Deliveries to Customers (in GWhs)	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015	% Change	Weather - Normal % Change
Retail Deliveries (a)				
Residential	3,479	4,173	(16.6)%	n.m.
Small commercial & industrial	774	845	(8.4)%	n.m.
Large commercial & industrial	3,219	3,439	(6.4)%	n.m.
Public authorities & electric railroads	71	75	(5.3)%	n.m.
Total electric deliveries	7,543	8,532	(11.6)%	n.m.

Number of Electric Customers	As of March 31, 2016	As of March 31, 2015
Residential	1,141,814	1,131,621
Small commercial & industrial	113,034	112,811
Large commercial & industrial	11,932	11,777
Public authorities & electric railroads	282	286
Total	1,267,062	1,256,495

Electric Revenue	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015	% Change
Retail Sales (a)			
Residential	$ 428	$ 449	(4.7)%
Small commercial & industrial	73	76	(3.9)%
Large commercial & industrial	100	120	(16.7)%
Public authorities & electric railroads	9	8	12.5%
Total retail	610	653	(6.6)%
Other revenue	70	60	16.7%
Total electric revenue	$ 680	$ 713	(4.6)%

(a) Reflects delivery volumes and revenue from customers purchasing electricity directly from BGE and customers purchasing electricity from a competitive electric generation supplier as all customers are assessed distribution charges. For customers purchasing electricity from BGE, revenue also reflects the cost of energy and transmission.

BGE Gas Operating Statistics and Revenue Detail

Deliveries to Customers (in mmcf)	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015	% Change	Weather - Normal % Change
Retail Deliveries [a]				
Retail sales	38,584	46,877	(17.7)%	n.m.
Transportation and other [b]	2,496	3,325	(24.9)%	n.m.
Total gas deliveries	41,080	50,202	(18.2)%	n.m.

Number of Gas Customers	As of March 31, 2016	As of March 31, 2015
Residential	619,130	612,814
Commercial & industrial	44,224	44,199
Total	663,354	657,013

Gas Revenue	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015	% Change
Retail Sales [a]			
Retail sales	$ 238	$ 299	(20.4)%
Transportation and other [b]	11	24	(54.2)%
Total gas revenues	$ 249	$ 323	(22.9)%

(a) Reflects delivery volumes and revenue from customers purchasing natural gas directly from BGE and customers purchasing natural gas from a competitive natural gas supplier as all customers are assessed distribution charges. The cost of natural gas is charged to customers purchasing natural gas from BGE.

(b) Transportation and other gas revenue includes off-system revenue of 2,496 mmcfs ($9 million) and 3,325 mmcfs ($23 million) for the three months ended March 31, 2016 and 2015, respectively.

Results of Operations — PHI

PHI's results of operations include the results of its three reportable segments, Pepco, DPL and ACE for all periods presented below. For "Predecessor" reporting periods, PHI's results of operations also include the results of PES and PCI. See Note 20—Segment Information of the Combined Notes to Consolidated Financial Statements for additional information regarding PHI's reportable segments. All material intercompany accounts and transactions have been eliminated in consolidation. A separate specific discussion of the results of operations for Pepco, DPL and ACE is presented elsewhere in this report.

As a result of the PHI Merger, the following consolidated financial results present two separate reporting periods for 2016. The "Predecessor" reporting periods represent PHI's results of operations for the three months ended March 31, 2015 and the period of January 1, 2016 to March 23, 2016. The "Successor " reporting period represents PHI's results of operations for the period of March 24, 2016 to March 31, 2016. All amounts presented below are before the impact of income taxes, except as noted.

	Successor	*Predecessor*		
	March 24, 2016 to March 31, 2016	**January 1, 2016 to March 23, 2016**	**Three Months Ended March 31, 2015**	**Favorable (Unfavorable) Variance**
Operating revenues	$ 105	$ 1,153	$ 1,354	$ (201)
Purchased power and fuel	38	497	639	142
Revenue net of purchased power and fuel [(a)]	67	656	715	(59)
Other operating expenses				
Operating and maintenance	449	294	300	6
Depreciation and amortization	14	152	155	3
Taxes other than income	15	105	118	13
Total other operating expenses	478	551	573	22
Operating (loss) income	(411)	105	142	(37)
Other income and (deductions)				
Interest expense, net	(6)	(65)	(68)	3
Other, net	2	(4)	9	(13)
Total other income and (deductions)	(4)	(69)	(59)	(10)
(Loss) income before income taxes	(415)	36	83	(47)
Income taxes	(106)	17	30	13
Net (loss) income attributable to membership interest/common shareholders	$ (309)	$ 19	$ 53	$ (34)

(a) PHI evaluates its operating performance using the measure of revenue net of purchased power expense for electric sales. PHI believes revenue net of purchased power expense is a useful measurement because it provides information that can be used to evaluate its operational performance. PHI has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, Revenue net of purchased power expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

Successor Period March 24, 2016 to March 31, 2016

PHI's net loss attributable to membership interest for the Successor period of March 24, 2016 to March 31, 2016 was $309 million. There were no significant changes in the underlying trends affecting PHI's results of operations during the Successor period March 24, 2016 to March 31, 2016 except for the pre-tax recording of $418 million of non-recurring merger-related costs within Operating and maintenance expense.

Predecessor Period January 1, 2016 to March 23, 2016 Compared to the Three Months Ended March 31, 2015

Net Income Attributable to Common Shareholders

PHI's net income attributable to common shareholders was $19 million for the period January 1, 2016 to March 23, 2016 as compared to $53 million for the three months ended March 31, 2015.

Revenue Net of Purchased Power and Fuel Expense

Operating revenue net of purchased power and fuel expense, which is a non-GAAP measure discussed above, decreased by $59 million for the period January 1, 2016 to March 23, 2016 as compared to the three months ended March 31, 2015. The decrease is attributable to the following factors:

- Decrease of $10 million at Pepco primarily related to electric distribution revenue decreases totaling $14 million due to less days of activity in 2016 compared to 2015 and $4 million lower transmission revenue due to lower days of activity, partially offset by an increase in transmission revenue from an estimated higher rate effective June 1, 2015. These decreases were partially offset by an increase in distribution revenue of $8 million due to an EmPower Maryland rate increase effective February 2015.
- Decrease of $22 million at DPL primarily related to electric distribution revenue decreases totaling $13 million and natural gas distribution revenues totaling $7 million due to milder weather and less days of activity in 2016 compared to 2015, a decrease of $3 million associated with the Renewable Portfolio Surcharge in Delaware, partially offset by an increase of $2 million due to an EmPower Maryland rate increase effective February 2015.
- Decrease of $14 million at ACE primarily related to milder weather and less days of activity in 2016 compared to 2015.
- Decrease of $12 million at PES primarily related to a loss on a construction contract, lower thermal service volumes in 2016 and to less days of activity in 2016 compared to 2015.

Operating and Maintenance Expense

Operating and maintenance expense decreased by $6 million for the period January 1, 2016 to March 23, 2016 as compared to the three months ended March 31, 2015. The decrease is attributable to the following factors:

- Decrease of $22 million at Pepco, DPL and ACE primarily due to lower labor, contracting and material costs related to the implementation of a new customer information system in 2015 and less days of activity in 2016 compared to 2015.
- Decrease of $6 million at PES primarily due to less days of activity in 2016 compared to 2015 and non-recurring costs incurred in 2015.
- Increase of $22 million at Corporate due primarily to Merger-related transaction and integration costs.

Depreciation and Amortization Expense

Depreciation and amortization expense decreased by $3 million primarily due to a decrease of $6 million in the amortization of regulatory assets and lower depreciation of $2 million due to less days of activity in 2016 compared to 2015, partially offset by higher plant balances at all operating companies. These decreases were partially offset by an increase of $6 million associated with the EmPower Maryland surcharge rate increase effective February 2015.

Taxes Other Than Income

Taxes other than income decreased by $13 million primarily due to lower utility taxes that are collected and passed through by Pepco and DPL of $9 million resulting from less days of activity in 2016 compared to 2015 and lower property taxes in Maryland of $4 million.

Interest Expense, Net

Interest expense decreased by $3 million due to lower days of activity in 2016 compared to 2015.

Other, Net

Other, net decreased by $13 million primarily due to the preferred stock derivative expense of $18 million, partially offset by increased income of $3 million from AFUDC equity.

Effective Income Tax Rate

PHI's effective income tax rates for the period January 1, 2016 to March 23, 2016 and for the three months ended March 31, 2015 were 47.2% and 36.1%, respectively. See Note 11 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

Results of Operations—Pepco

	Three Months Ended March 31,		Favorable (Unfavorable) Variance
	2016	2015	
Operating revenues	$ 551	$ 545	$ 6
Purchased power expense	197	211	14
Revenue net of purchased power expense [(a)]	354	334	20
Other operating expenses			
Operating and maintenance	290	113	(177)
Depreciation and amortization	75	62	(13)
Taxes other than income	94	96	2
Total other operating expenses	459	271	(188)
Operating (loss) income	(105)	63	(168)
Other income and (deductions)			
Interest expense, net	(37)	(30)	(7)
Other, net	9	5	4
Total other income and (deductions)	(28)	(25)	(3)
(Loss) income before income taxes	(133)	38	(171)
Income taxes	(25)	12	37
Net (loss) income attributable to common shareholder	$ (108)	$ 26	$ (134)

(a) Pepco evaluates its operating performance using the measure of revenue net of purchased power expense for electric sales. Pepco believes revenue net of purchased power expense is a useful measurement because it provides information that can be used to evaluate its operational performance. Pepco has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, Revenue net of purchased power expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

Net Income Attributable to Common Shareholder

Three Months Ended March 31, 2016 Compared to Three Months Ended March 31, 2015. Pepco's net income attributable to common shareholder for the three months ended March 31, 2016, was lower than the same period in 2015, primarily due to an increase in Operating and maintenance expense due to merger-related costs.

Operating Revenue Net of Purchased Power Expense

Operating revenues include revenue from the distribution and supply of electricity to Pepco's customers within its service territories at regulated rates. Operating revenues also include transmission service revenue that Pepco receives as a transmission owner from PJM at rates regulated by FERC. Transmission rates are updated annually based on a FERC-approved formula methodology.

Electric revenues and purchased power expense are also affected by fluctuations in participation in the Customer Choice Program. All Pepco customers have the choice to purchase electricity from competitive electric generation suppliers. The customers' choice of supplier does not impact the volume of deliveries, but affects revenue collected from customers related to supplied energy service.

Retail deliveries purchased from competitive electric generation suppliers (as a percentage of kWh sales) for the three months ended March 31, 2016, compared to the same period in 2015, consisted of the following:

	Three Months Ended March 31,	
	2016	2015
Electric	65%	61%

Retail customers purchasing electric generation from competitive electric generation suppliers at March 31, 2016 and 2015 consisted of the following:

	March 31, 2016		March 31, 2015	
	Number of customers	% of total retail customers	Number of customers	% of total retail customers
Electric	173,221	21%	166,127	20%

Retail deliveries purchased from competitive electric generation suppliers represented 73% of Pepco's retail kWh sales to the District of Columbia customers and 58% of Pepco's retail kWh sales to Maryland customers for the three months ended March 31, 2016 and 67% of Pepco's retail kWh sales to the District of Columbia customers and 56% of Pepco's retail kWh sales to Maryland customers for the three months ended March 31, 2015.

The costs related to default electricity supply are included in Purchased power expense. Operating revenues also include transmission enhancement credits that Pepco receives as a transmission owner from PJM in consideration for approved regional transmission expansion plan expenditures.

Operating revenues also include work and services performed on behalf of customers, including other utilities, which is generally not subject to price regulation. Work and services includes mutual assistance to other utilities, highway relocation, rentals of pole attachments, late payment fees and collection fees.

Purchased power expense consists of the cost of electricity purchased by Pepco to fulfill its default electricity supply obligation and, as such, is recoverable from customers in accordance with the terms of public service commission orders.

The changes in Pepco's operating revenues net of purchased power expense for the three months ended March 31, 2016 compared to the same period in 2015 consisted of the following:

	Increase (Decrease)
Volume	$ 5
Regulatory required programs	13
Transmission revenue	2
Total increase (decrease)	$ 20

Revenue Decoupling. Pepco's results historically have been seasonal, generally producing higher revenue and income in the warmest and coldest periods of the year. For retail customers of Pepco in Maryland and in the

District of Columbia, revenues are not affected by unseasonably warmer or colder weather because a bill stabilization adjustment (BSA) for retail customers was implemented that provides for a fixed distribution charge per customer. The BSA has the effect of decoupling the distribution revenue recognized in a reporting period from the amount of power delivered during the period. As a result, the only factors that will cause distribution revenue from customers in Maryland and the District of Columbia to fluctuate from period to period are changes in the number of customers and changes in the approved distribution charge per customer. Changes in customer usage (due to weather conditions, energy prices, energy efficiency programs or other reasons) from period to period have no impact on reported distribution revenue for customers to whom the BSA applies.

In accounting for the BSA in Maryland and the District of Columbia, a Revenue Decoupling Adjustment is recorded representing either (i) a positive adjustment equal to the amount by which revenue from Maryland and the District of Columbia retail distribution sales falls short of the revenue that Pepco is entitled to earn based on the approved distribution charge per customer or (ii) a negative adjustment equal to the amount by which revenue from such distribution sales exceeds the revenue that Pepco is entitled to earn based on the approved distribution charge per customer.

Heating and cooling degree days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree days for a 20-year period in Pepco's service territory. The changes in heating and cooling degree days in Pepco's service territory for the three months ended March 31, 2016 compared to the same period in 2015 and normal weather consisted of the following:

	Three Months Ended March 31,			% Change	
Heating and Cooling Degree-Days	2016	2015	Normal	2016 vs. 2015	2016 vs. Normal
Heating Degree-Days	2,010	2,491	2,170	(19.3)%	(7.4)%
Cooling Degree-Days	3	—	3	n/a	—%

Volume. The increase in operating revenue net of purchased power and fuel expense related to delivery volume, exclusive of the effects of weather, for the three months ended March 31, 2016 compared to the same period in 2015, primarily reflects the impact of moderate economic and customer growth.

Regulatory Required Programs. This represents the change in operating revenues collected under approved riders to recover costs incurred for regulatory programs such as energy efficiency programs. The riders are designed to provide full and current cost recovery as well as a return. The costs of these programs are included in operating and maintenance expense, depreciation and amortization expense and income taxes. Refer to the operating and maintenance expense discussion below for additional information on included programs.

Transmission Revenue. Transmission revenue increased as a result of higher rates effective June 1, 2015 related to increases in transmission plant investment and operating expenses, partially offset by a higher reserve related to the FERC ROE settlement.

Operating and Maintenance Expense

	Three Months Ended March 31,		Increase (Decrease)
	2016	2015	
Operating and maintenance expense — baseline	$ 287	$ 110	$ 177
Operating and maintenance expense — regulatory required programs [(a)]	3	3	—
Total operating and maintenance expense	$ 290	$ 113	$ 177

(a) Operating and maintenance expenses for regulatory required programs are costs for various legislative and/or regulatory programs that are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in Operating revenues.

The changes in operating and maintenance expense for the three months ended March 31, 2016 compared to the same period in 2015, consisted of the following:

	Increase (Decrease)
Baseline	
Labor, other benefits, contracting and materials	$ 7
Storm-related costs	2
BSC and PHISCO allocations [(a)]	29
Merger commitments [(b)]	139
Total increase (decrease)	$ 177

(a) Primarily related to merger severance and compensation costs.
(b) Primarily related to merger-related commitments for customer rate credits and charitable contributions.

Depreciation and Amortization Expense

The changes in depreciation and amortization expense for the three months ended March 31, 2016 compared to the same period in 2015 consisted of the following:

	Increase (Decrease)
Depreciation expense [(a)]	$ 2
Regulatory asset amortization [(b)]	11
Total increase (decrease)	$ 13

(a) Depreciation expense increased due to ongoing capital expenditures.
(b) Regulatory asset amortization increased for the three months ended March 31, 2016 compared to the same period in 2015 due to an EmPower Maryland surcharge rate increase effective February 2015.

Taxes Other Than Income

Taxes other than income for the three months ended March 31, 2016 compared to the same period in 2015 decreased primarily due to lower property taxes in Maryland.

Interest Expense, Net

Interest expense, net for the three months ended March 31, 2016 compared to the same period in 2015 increased $7 million primarily due to the recording of interest expense for an uncertain tax position in 2016.

Other, Net

Other, net for the three months ended March 31, 2016 compared to the same period in 2015 increased primarily due to higher income from AFUDC.

Effective Income Tax Rate

Pepco's effective income tax rate was 18.8% and 31.6% for the three months ended March 31, 2016 and 2015, respectively. See Note 11 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the change in effective income tax rates. As a result of the merger, Pepco recorded an after-tax charge of $33 million during the three months ended March 31, 2016 as a result of assessment and remeasurement of certain federal and state uncertain tax positions.

Pepco Electric Operating Statistics and Revenue Detail

Retail Deliveries to Customers (in GWhs)	Three Months Ended March 31, 2016	2015	% Change	Weather - Normal % Change
Retail Deliveries (a)				
Residential	2,218	2,590	(14.4)%	(3.5)%
Small commercial & industrial	381	464	(17.9)%	(1.5)%
Large commercial & industrial	3,945	3,607	9.4%	(0.7)%
Public authorities & electric railroads	189	185	2.2%	(0.4)%
Total retail deliveries	6,733	6,846	(1.7)%	(1.7)%

Number of Electric Customers	As of March 31, 2016	2015
Residential	769,934	739,321
Small commercial & industrial	53,853	53,303
Large commercial & industrial	20,996	20,102
Public authorities & electric railroads	126	126
Total	844,909	812,852

Electric Revenue	Three Months Ended March 31, 2016	2015	% Change
Retail Sales (a)			
Residential	$ 255	$ 261	(2.3)%
Small commercial & industrial	37	41	(9.8)%
Large commercial & industrial	200	187	7.0%
Public authorities & electric railroads	8	8	—%
Total retail	500	497	0.6%
Other revenue (b)	51	48	6.3%
Total electric revenue	$ 551	$ 545	1.1%

(a) Reflects delivery volumes and revenues from customers purchasing electricity directly from Pepco and customers purchasing electricity from a competitive electric generation supplier as all customers are assessed distribution charges. For customers purchasing electricity from Pepco, revenue also reflects the cost of energy and transmission.

(b) Other revenue includes transmission revenue from PJM and wholesale electric revenues.

Results of Operations — DPL

	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015	Favorable (Unfavorable) Variance
Operating revenues	$ 362	$ 421	$ (59)
Purchased power and fuel	176	225	49
Revenue net of purchased power and fuel [(a)]	186	196	(10)
Other operating expenses			
Operating and maintenance	204	81	(123)
Depreciation and amortization	39	39	—
Taxes other than income	15	13	(2)
Total other operating expenses	258	133	(125)
Operating (loss) income	(72)	63	(135)
Other income and (deductions)			
Interest expense, net	(12)	(12)	—
Other, net	3	2	1
Total other income and (deductions)	(9)	(10)	1
(Loss) income before income taxes	(81)	53	(134)
Income taxes	(9)	21	30
Net (loss) income attributable to common shareholder	$ (72)	$ 32	$ (104)

(a) DPL evaluates its operating performance using the measure of revenue net of purchased power expense for electric sales and revenue net of fuel expense for gas sales. DPL believes revenue net of purchased power expense and revenue net of fuel expense are useful measurements because they provide information that can be used to evaluate its operational performance. DPL has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, Revenue net of purchased power expense and Revenue net of fuel expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

Net Income Attributable to Common Shareholder

Three Months Ended March 31, 2016 Compared to Three Months Ended March 31, 2015. The decrease in net income attributable to common shareholder was driven primarily by an increase in Operating and maintenance expense primarily due to merger-related costs.

Operating Revenues Net of Purchased Power and Fuel Expense

Operating revenues include revenue from the distribution and supply of electricity to DPL's customers within its service territories at regulated rates. Operating revenues also include transmission service revenue that DPL receives as a transmission owner from PJM at rates regulated by FERC. Transmission rates are updated annually based on a FERC-approved formula methodology.

Electric and gas revenues and purchased power and fuel expense are also affected by fluctuations in participation in the Customer Choice Program. All DPL customers have the choice to purchase electricity and gas from competitive electric generation and natural gas suppliers, respectively. The customers' choice of suppliers does not impact the volume of deliveries, but affects revenue collected from customers related to supplied energy and natural gas service.

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Retail deliveries purchased from competitive electric generation and natural gas suppliers (as a percentage of kWh and mmcf sales, respectively) for the three months ended March 31, 2016 and 2015, consisted of the following:

	Three Months Ended March 31,	
	2016	2015
Electric	49%	41%
Natural Gas	25%	23%

Retail customers purchasing electric generation and natural gas from competitive electric generation and natural gas suppliers at March 31, 2016 and 2015 consisted of the following:

	March 31, 2016		March 31, 2015	
	Number of customers	% of total retail customers	Number of customers	% of total retail customers
Electric	77,014	14.9%	76,706	14.9%
Natural Gas	158	0.1%	160	0.1%

Retail deliveries purchased from competitive electric generation suppliers represented 51% of DPL's retail kWh sales to Delaware customers and 44% of DPL retail kWh sales to Maryland customers for the three months ended March 31, 2016 and 42% to Delaware customers and 39% to Maryland customers for the three months ended March 31, 2015.

The costs related to default electricity supply are included in Purchased power and fuel. Operating revenues also include transmission enhancement credits that DPL receives as a transmission owner from PJM in consideration for approved regional transmission expansion plan expenditures.

Operating revenues also include work and services performed on behalf of customers, including other utilities, which is generally not subject to price regulation. Work and services includes mutual assistance to other utilities, highway relocation, rentals of pole attachments, late payment fees and collection fees.

Natural Gas operating revenue includes sources that are subject to price regulation (Regulated Gas Revenue) and those that generally are not subject to price regulation (Other Gas Revenue). Regulated gas revenue includes the revenue DPL receives from on-system natural gas delivered sales and the transportation of natural gas for customers within its service territory at regulated rates. Other gas revenue consists of off-system natural gas sales and the short-term release of interstate pipeline transportation and storage capacity not needed to serve customers. Off-system sales are made possible when low demand for natural gas by regulated customers creates excess pipeline capacity.

Purchased power consists of the cost of electricity purchased by DPL to fulfill its default electricity supply obligation and, as such, is recoverable from customers in accordance with the terms of public service commission orders. Purchased fuel consists of the cost of gas purchased by DPL to fulfill its obligation to regulated gas customers and, as such, is recoverable from customers in accordance with the terms of public service commission orders. It also includes the cost of gas purchased for off-system sales.

The changes in DPL's operating revenues net of purchased power and fuel expense for the three months ended March 31, 2016 compared to the same period in 2015 consisted of the following:

	Increase (Decrease)		
	Electric	Gas	Total
Weather	$ (7)	$ (8)	$(15)
Volume	2	2	4
Regulatory required programs	(1)	—	(1)
Transmission revenue	3	—	3
Other	(1)	—	(1)
Total increase (decrease)	$ (4)	$ (6)	$(10)

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Revenue Decoupling. DPL's results historically have been seasonal, generally producing higher revenue and income in the warmest and coldest periods of the year. For retail customers of DPL in Maryland, revenues are not affected by unseasonably warmer or colder weather because a bill stabilization adjustment (BSA) for retail customers was implemented that provides for a fixed distribution charge per customer. The BSA has the effect of decoupling the distribution revenue recognized in a reporting period from the amount of power delivered during the period. As a result, the only factors that will cause distribution revenue from customers in Maryland to fluctuate from period to period are changes in the number of customers and changes in the approved distribution charge per customer. A modified fixed variable rate design, which would provide for a charge not tied to a customer's volumetric consumption of electricity or natural gas, has been proposed for DPL electricity and natural gas customers in Delaware. Changes in customer usage (due to weather conditions, energy prices, energy efficiency programs or other reasons) from period to period have no impact on reported distribution revenue for customers to whom the BSA applies.

In accounting for the BSA in Maryland, a Revenue Decoupling Adjustment is recorded representing either (i) a positive adjustment equal to the amount by which revenue from Maryland retail distribution sales falls short of the revenue that DPL is entitled to earn based on the approved distribution charge per customer or (ii) a negative adjustment equal to the amount by which revenue from such distribution sales exceeds the revenue that DPL is entitled to earn based on the approved distribution charge per customer.

Weather. The demand for electricity and gas in areas not subject to the BSA is affected by weather conditions. With respect to the electric business, very warm weather in summer months and, with respect to the electric and gas businesses, very cold weather in winter months are referred to as "favorable weather conditions" because these weather conditions result in increased deliveries of electricity and gas. Conversely, mild weather reduces demand. During the three months ended March 31, 2016 compared to the same period in 2015, operating revenues net of purchased power and fuel expense was lower due to the impact of unfavorable winter weather conditions in DPL's service territory.

Heating and cooling degree days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree days for a 20-year period in DPL's electric service territory and a 30-year period in DPL's gas service territory. The changes in heating and cooling degree days in DPL's service territory for the three months ended March 31, 2016 compared to the same period in 2015 and normal weather consisted of the following:

	Three Months Ended March 31,			% Change	
Heating and Cooling Degree-Days	**2016**	**2015**	**Normal**	**2016 vs. 2015**	**2016 vs. Normal**
Heating Degree-Days	2,247	2,865	2,449	(21.6)%	(8.2)%
Cooling Degree-Days	3	—	1	n/a	200.0%

Volume. The increase in operating revenues net of purchased power and fuel expense related to delivery volume, exclusive of the effects of weather, for the three months ended March 31, 2016 compared to the same period in 2015, primarily reflects the impact of moderate economic and customer growth.

Regulatory Required Programs. This represents the change in operating revenues collected under approved riders to recover costs incurred for regulatory programs such as energy efficiency programs. The riders are designed to provide full and current cost recovery as well as a return. The costs of these programs are included in operating and maintenance expense, depreciation and amortization expense and income taxes. Refer to the operating and maintenance expense discussion below for additional information on included programs.

Transmission Revenue. Transmission revenue increased as a result of higher rates effective June 1, 2015 related to increases in transmission plant investment and operating expenses, partially offset by a higher reserve related to the FERC ROE settlement.

Operating and Maintenance Expense

	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015	Increase (Decrease)
Operating and maintenance expense — baseline	$ 201	$ 76	$ 125
Operating and maintenance expense — regulatory required programs [(a)]	3	5	(2)
Total operating and maintenance expense	$ 204	$ 81	$ 123

(a) Operating and maintenance expenses for regulatory required programs are costs for various legislative and/or regulatory programs that are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in Operating revenues.

The changes in operating and maintenance expense for the three months ended March 31, 2016 compared to the same period in 2015, consisted of the following:

	Increase (Decrease)
Baseline	
Labor, other benefits, contracting and materials	$ 1
Storm-related costs	3
Pension and non-pension postretirement benefits expense	1
Uncollectible accounts expense	(1)
BSC and PHISCO allocations [(a)]	16
Merger commitments [(b)]	104
Other	1
	125
Regulatory required programs	
Purchased power administrative costs	(2)
Total increase (decrease)	$ 123

(a) Primarily related to merger severance and compensation costs.
(b) Primarily related to merger-related commitments for customer rate credits and charitable contributions.

Depreciation and Amortization Expense

The changes in depreciation and amortization expense for the three months ended March 31, 2016 compared to the same period in 2015 consisted of the following:

	Increase (Decrease)
Depreciation expense [(a)]	$ 2
Regulatory asset amortization [(b)]	2
Delaware renewable energy portfolio standards deferral	(4)
Total increase (decrease)	$ —

(a) Depreciation expense increased due to ongoing capital expenditures.
(b) Regulatory asset amortization increased for the three months ended March 31, 2016 compared to the same period in 2015 due to an EmPower Maryland surcharge rate increase effective February 2015.

Taxes Other Than Income

Taxes other than income for the three months ended March 31, 2016 compared to the same period in 2015 remained relatively consistent.

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Interest Expense, Net

Interest expense, net for the three months ended March 31, 2016 compared to the same period in 2015 remained relatively constant.

Other, Net

Other, net for the three months ended March 31, 2016 remained relatively level compared to the same period in 2015.

Effective Income Tax Rate

DPL's effective income tax rate was 11.1% and 39.6% for the three months ended March 31, 2016 and 2015, respectively. See Note 11 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates. As a result of the merger, DPL recorded an after-tax charge of $24 million during the three months ended March 31, 2016 as a result of assessment and remeasurement of certain federal and state uncertain tax positions.

DPL Electric Operating Statistics and Revenue Detail

Retail Deliveries to Customers (in GWhs)	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015	% Change	Weather - Normal % Change
Retail Deliveries (a)				
Residential	1,428	1,863	(23.3)%	(4.8)%
Small commercial & industrial	572	510	12.2%	(1.7)%
Large commercial & industrial	1,078	1,108	(2.7)%	(0.8)%
Public authorities & electric railroads	14	13	7.7%	—%
Total retail deliveries	3,092	3,494	(11.5)%	(2.9)%

Number of Electric Customers	As of March 31, 2016	As of March 31, 2015
Residential	453,670	451,299
Small commercial & industrial	59,860	60,486
Large commercial & industrial	1,418	1,287
Public authorities & electric railroads	643	582
Total	515,591	513,654

Electric Revenue	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015	% Change
Retail Sales (a)			
Residential	$ 182	$ 217	(16.1)%
Small commercial & industrial	49	51	(3.9)%
Large commercial & industrial	25	23	8.7%
Public authorities & electric railroads	4	3	33.3%
Total retail	260	294	(11.6)%
Other revenue (b)	43	41	4.9%
Total electric revenue	$ 303	$ 335	(9.6)%

(a) Reflects delivery volumes and revenues from customers purchasing electricity directly from DPL and customers purchasing electricity from a competitive electric generation supplier as all customers are assessed distribution charges. For customers purchasing electricity from DPL, revenue also reflects the cost of energy and transmission.

(b) Other revenue includes transmission revenue from PJM and wholesale electric revenues.

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DPL Gas Operating Statistics and Revenue Detail

Retail Deliveries to Customers (in mmcf)	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015	% Change	Weather - Normal % Change
Retail Deliveries				
Residential	6,060	7,878	(23.1)%	(7.3)%
Transportation & other	1,968	2,325	(15.4)%	(2.4)%
Total gas deliveries	8,028	10,203	(21.3)%	(6.1)%

Number of Gas Customers	As of March 31, 2016	As of March 31, 2015
Residential	120,046	118,549
Commercial & industrial	9,772	9,556
Transportation & other	158	160
Total	129,976	128,265

Gas Revenue	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015	% Change
Retail Sales [(a)]			
Retail sales	$ 53	$ 79	(32.9)%
Transportation & other [(b)]	6	7	(14.3)%
Total gas revenues	$ 59	$ 86	(31.4)%

(a) Reflects delivery volumes and revenues from customers purchasing natural gas directly from DPL and customers purchasing natural gas from a competitive natural gas supplier as all customers are assessed distribution charges. For customers purchasing natural gas from DPL, revenue also reflects the cost of natural gas.

(b) Transportation and other revenue includes off-system natural gas sales and the short-term release of interstate pipeline transportation and storage capacity not needed to serve customers.

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Results of Operations — ACE

	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015	Favorable (Unfavorable) Variance
Operating revenues	$ 291	$ 334	$ (43)
Purchased power expense	158	191	33
Revenue net of purchased power expense [(a)]	133	143	(10)
Other operating expenses			
Operating and maintenance	212	69	(143)
Depreciation and amortization	40	43	3
Taxes other than income	2	2	—
Total other operating expenses	254	114	(140)
Operating (loss) income	(121)	29	(150)
Other income and (deductions)			
Interest expense, net	(16)	(16)	—
Other, net	4	1	3
Total other income and (deductions)	(12)	(15)	3
(Loss) income before income taxes	(133)	14	(147)
Income taxes	(33)	5	38
Net (loss) income attributable to common shareholder	$ (100)	$ 9	$ (109)

(a) ACE evaluates its operating performance using the measure of revenue net of purchased power expense for electric sales. ACE believes Revenue net of purchased power expense is a useful measurement of its performance because it provides information that can be used to evaluate its operational performance. ACE has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, Revenue net of purchased power expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

Net Income Attributable to Common Shareholder

Three Months Ended March 31, 2016 Compared to Three Months Ended March 31, 2015. The decrease in net income attributable to common shareholder was driven primarily by an increase in Operating and maintenance expense primarily due to merger-related costs.

Operating Revenue Net of Purchased Power Expense

Operating revenues include revenue from the distribution and supply of electricity to ACE's customers within its service territories at regulated rates. Operating revenues also include transmission service revenue that ACE receives as a transmission owner from PJM at rates regulated by FERC. Transmission rates are updated annually based on a FERC-approved formula methodology.

Electric revenues and purchased power expense are also affected by fluctuations in participation in the Customer Choice Program. All ACE customers have the choice to purchase electricity from competitive electric generation suppliers. The customer's choice of supplier does not impact the volume of deliveries, but affects revenue collected from customers related to supplied energy service.

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Retail deliveries purchased from competitive electric generation suppliers (as a percentage of kWh sales) for the three months ended March 31, 2016, compared to the same period in 2015, consisted of the following:

	Three Months Ended March 31,	
	2016	2015
Electric	47%	43%

Retail customers purchasing electric generation from competitive electric generation suppliers at March 31, 2016 and 2015 consisted of the following:

	March 31, 2016		March 31, 2015	
	Number of customers	% of total retail customers	Number of customers	% of total retail customers
Electric	73,165	13%	79,524	15%

The costs related to default electricity supply are included in Purchased power expense. Operating revenues also include revenue from Transition Bond Charges that ACE receives, and pays to ACE Funding, to fund the principal and interest payments on Transition Bonds, revenue from the resale in the PJM RTO market of energy and capacity purchased under contacts with unaffiliated NUGs, and revenue from transmission enhancement credits.

Operating revenues also include work and services performed on behalf of customers, including other utilities, which is generally not subject to price regulation. Work and services includes mutual assistance to other utilities, highway relocation, rentals of pole attachments, late payment fees and collection fees.

Purchased power expense consists of the cost of electricity purchased by ACE to fulfill its default electricity supply obligation and, as such, is recoverable from customers in accordance with the terms of public service commission orders.

The changes in ACE's operating revenues net of purchased power expense for the three months ended March 31, 2016 compared to the same period in 2015 consisted of the following:

	Increase (Decrease)
Weather	$ (7)
Regulatory required programs	(5)
Transmission revenues	3
Other	(1)
Total increase (decrease)	$ (10)

Weather. The demand for electricity is affected by weather conditions. With respect to the electric business, very warm weather in summer months and very cold weather in winter months are referred to as "favorable weather conditions" because these weather conditions result in increased deliveries of electricity. Conversely, mild weather reduces demand. During the three months ended March 31, 2016 compared to the same period in 2015, operating revenues net of purchased power and fuel expense was lower due to the impact of unfavorable winter weather conditions in ACE's service territory.

For retail customers of ACE, distribution revenues are not decoupled for the distribution of electricity by ACE, and thus are subject to variability due to changes in customer consumption. Therefore, changes in customer usage (due to weather conditions, energy prices, energy savings programs or other reasons) from period to period have a direct impact on reported distribution revenue for customers in ACE's service territory.

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Heating and cooling degree days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree days for a 20-year period in ACE's service territory. The changes in heating and cooling degree days in ACE's service territory for the three months ended March 31, 2016 compared to the same period in 2015 consisted of the following:

	Three Months Ended March 31,			% Change	
Heating and Cooling Degree-Days	2016	2015	Normal	2016 vs. 2015	2016 vs. Normal
Heating Degree-Days	2,270	3,041	2,523	(25.4)%	(10.0)%
Cooling Degree-Days	4	—	1	n/a	300.0%

Regulatory Required Programs. This represents the change in operating revenues collected under approved riders to recover costs incurred for regulatory programs such as energy efficiency programs. The riders are designed to provide full and current cost recovery as well as a return. The costs of these programs are included in operating and maintenance expense, depreciation and amortization expense and income taxes. Refer to the depreciation and amortization expense discussion below for additional information on included programs.

Transmission Revenue. Transmission revenue increased as a result of higher rates effective June 1, 2015 related to increases in transmission plant investment and operating expenses, partially offset by a higher reserve related to the FERC ROE settlement.

Operating and Maintenance Expense

	Three Months Ended March 31,		Increase (Decrease)
	2016	2015	
Operating and maintenance expense — baseline	$ 211	$ 68	$ 143
Operating and maintenance expense — regulatory required programs [(a)]	1	1	—
Total operating and maintenance expense	$ 212	$ 69	$ 143

(a) Operating and maintenance expenses for regulatory required programs are costs for various legislative and/or regulatory programs that are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in Operating revenues.

The changes in operating and maintenance expense for the three months ended March 31, 2016 compared to the same period in 2015 consisted of the following:

	Increase (Decrease)
Baseline	
Labor, other benefits, contracting and materials	$ 12
BSC and PHISCO allocations [(a)]	13
Uncollectible accounts expense	2
Merger commitments [(b)]	120
Other	(4)
Total increase (decrease)	$ 143

(a) Primarily related to merger severance and compensation costs.
(b) Primarily related to merger-related commitments for customer rate credits and charitable contributions.

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Depreciation and Amortization Expense

The changes in depreciation and amortization expense for the three months ended March 31, 2016 compared to the same period in 2015 consisted of the following:

	Increase (Decrease)
Depreciation expense [(a)]	$ 1
Regulatory asset amortization [(b)]	(4)
Total increase (decrease)	$ (3)

(a) Depreciation expense increased due to ongoing capital expenditures.
(b) Regulatory asset amortization decreased for the three months ended March 31, 2016 compared to the same period in 2015 as a result of lower revenue due to a rate decrease effective October 2015 for the ACE Market Transition charge tax.

Taxes Other Than Income

Taxes other than income for the three months ended March 31, 2016 compared to the same period in 2015, remained relatively constant.

Interest Expense, Net

Interest expense, net for the three months ended March 31, 2016 compared to the same period in 2015 remained relatively constant.

Other, Net

Other, net for the three months ended March 31, 2016 compared to the same period in 2015 increased primarily due to higher income from AFUDC equity.

Effective Income Tax Rate

ACE's effective income tax rate was 24.8% and 35.7%, for the three months ended March 31, 2016 and 2015, respectively. See Note 11—Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates. As a result of the merger, ACE recorded an after-tax charge of $23 million during the three months ended March 31, 2016 as a result of assessment and remeasurement of certain federal uncertain tax positions.

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ACE Electric Operating Statistics and Revenue Detail

Retail Deliveries to Customers (in GWhs)	Three Months Ended March 31, 2016	2015	% Change	Weather - Normal % Change
Retail Deliveries (a)				
Residential	938	1,124	(16.5)%	(3.5)%
Small commercial & industrial	289	305	(5.2)%	(1.7)%
Large commercial & industrial	820	816	0.5%	(1.0)%
Public authorities & electric railroads	15	12	25.0%	—%
Total retail deliveries	2,062	2,257	(8.6)%	(2.2)%

Number of Electric Customers	As of March 31, 2016	2015
Residential	482,718	481,354
Small commercial & industrial	60,858	61,030
Large commercial & industrial	3,828	3,814
Public authorities & electric railroads	583	553
Total	547,987	546,751

Electric Revenue	Three Months Ended March 31, 2016	2015	% Change
Retail Sales (a)			
Residential	$ 150	$ 175	(14.3)%
Small commercial & industrial	39	40	(2.5)%
Large commercial & industrial	51	49	4.1%
Public authorities & electric railroads	3	3	—%
Total retail	243	267	(9.0)%
Other revenue (b)	48	67	(28.4)%
Total electric revenue	$ 291	$ 334	(12.9)%

(a) Reflects delivery volumes and revenues from customers purchasing electricity directly from ACE and customers purchasing electricity from a competitive electric generation supplier as all customers are assessed distribution charges. For customers purchasing electricity from ACE, revenue also reflects the cost of energy and transmission.

(b) Other revenue includes transmission revenue from PJM and wholesale electric revenues.

Liquidity and Capital Resources

Exelon activity presented below includes the activity of PHI, Pepco, DPL and ACE, from the PHI Merger effective date of March 24, 2016 through March 31, 2016. Exelon prior year activity is unadjusted for the effects of the PHI Merger. Due to the application of push-down accounting to the PHI entity, PHI's activity is presented in two separate reporting periods, the legacy PHI activity through March 23, 2016 (Predecessor), and PHI activity for the remainder of the period after the PHI merger date (Successor). For each of Pepco, DPL and ACE the activity presented below include its activity for the three months ended March 31, 2016 and 2015. All results included throughout the liquidity and capital resources section are presented on a GAAP basis.

The Registrants' operating and capital expenditure requirements are provided by internally generated cash flows from operations as well as funds from external sources in the capital markets and through bank borrowings. The Registrants' businesses are capital intensive and require considerable capital resources. Each Registrant's

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access to external financing on reasonable terms depends on its credit ratings and current overall capital market business conditions, including that of the utility industry in general. If these conditions deteriorate to the extent that the Registrants no longer have access to the capital markets at reasonable terms, the Registrants have access to unsecured revolving credit facilities with aggregate bank commitments of $9.5 billion. In addition, Generation has $425 million in bilateral credit facilities with banks which have various expirations dates between December 2016 and January 2019. The Registrants utilize their credit facilities to support their commercial paper programs, and provide for other short-term borrowings, term loans and letters of credit. See the "Credit Matters" section below for further discussion. The Registrants expect cash flows to be sufficient to meet operating expenses, financing costs and capital expenditure requirements.

The Registrants primarily use their capital resources, including cash, to fund capital requirements, including construction expenditures, retire debt, pay dividends, fund pension and other postretirement benefit obligations and invest in new and existing ventures. The Registrants spend a significant amount of cash on capital improvements and construction projects that have a long-term return on investment. Additionally, ComEd, PECO, BGE, Pepco, DPL and ACE operate in rate-regulated environments in which the amount of new investment recovery may be delayed or limited and where such recovery takes place over an extended period of time. See Note 10 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for further discussion of the Registrants' debt and credit agreements.

PHI Merger Financing

Exelon funded the all-cash purchase price, acquisition and integration related costs, and merger commitments with the issuance of $4.2 billion of debt (of which $3.3 billion remains after execution of the exchange offer), $1.15 billion of junior subordinated notes in the form of 23 million equity units, and $1.9 billion of common stock, cash proceeds of $1.8 billion from asset sales primarily at Generation (after-tax proceeds of approximately $1.4 billion) and cash on hand and/or short-term borrowings available to Exelon. See Note 14 —Debt and Credit Agreements and Note 19 — Shareholder's Equity included in the Exelon 2015 Form 10-K for further information on the debt and equity issuances.

Cash Flows from Operating Activities

General

Generation's cash flows from operating activities primarily result from the sale of electric energy and energy-related products and services to customers. Generation's future cash flows from operating activities may be affected by future demand for and market prices of energy and its ability to continue to produce and supply power at competitive costs as well as to obtain collections from customers.

The Utility Registrants' cash flows from operating activities primarily result from the transmission and distribution of electricity and, in the case of PECO, BGE and DPL, gas distribution services. The Utility Registrants' distribution services are provided to an established and diverse base of retail customers. The Utility Registrants' future cash flows may be affected by the economy, weather conditions, future legislative initiatives, future regulatory proceedings with respect to their rates or operations, competitive suppliers, and their ability to achieve operating cost reductions.

See Notes 3 — Regulatory Matters and 23 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements of the Exelon 2015 Form 10-K for further discussion of regulatory and legal proceedings and proposed legislation. See Note 7—Regulatory Matters and Note 16 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements of the PHI 2015 Form 10-K.

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The following table provides a summary of the major items affecting Exelon's cash flows from operations for the three months ended March 31, 2016 and 2015:

	Three Months Ended March 31,		
	2016 [c]	2015	Variance
Net income	$ 123	$ 738	$ (615)
Add (subtract):			
Non-cash operating activities [a]	1,942	1,282	660
Pension and other postretirement benefit contributions	(239)	(269)	30
Income taxes	47	174	(127)
Changes in working capital and other noncurrent assets and liabilities [b]	(623)	(697)	74
Option premiums received, net	17	5	12
Counterparty collateral posted, net	206	257	(51)
Net cash flows provided by operations	$ 1,473	$ 1,490	$ (17)

(a) Represents, when applicable, depreciation, amortization and accretion, net fair value changes related to derivatives, deferred income taxes, provision for uncollectible accounts, pension and other postretirement benefit expense, equity in earnings and losses of unconsolidated affiliates and investments, decommissioning-related items, stock compensation expense, impairment of long-lived assets, PHI merger commitment and severance charges, and other non-cash charges. See Note 19—Supplemental Financial Information for further detail on non-cash operating activity.

(b) Changes in working capital and other noncurrent assets and liabilities exclude the changes in commercial paper, income taxes and the current portion of long-term debt.

(c) Includes PHI Consolidated activity from March 24, 2016 to March 31, 2016.

Pension and Other Postretirement Benefits

Management considers various factors when making pension funding decisions, including actuarially determined minimum contribution requirements under ERISA, contributions required to avoid benefit restrictions and at-risk status as defined by the Pension Protection Act of 2006, management of the pension obligation and regulatory implications. On July 6, 2012, President Obama signed into law the Moving Ahead for Progress in the Twenty-first Century Act, which contains a pension funding provision that results in lower pension contributions in the near term while increasing the premiums pension plans pay to the Pension Benefit Guaranty Corporation. On August 8, 2014, this funding relief was extended for five years. On November 2, 2015 the funding relief was extended for an additional three years and premiums pension plans pay to the Pension Benefit Guaranty Corporation were further increased.

OPEB funding generally follows accounting cost, subject to adjustment for other considerations such as liabilities management and regulatory implications.

To the extent interest rates decline significantly or the pension plans do not earn the expected asset return rates, annual pension contribution requirements in future years could increase. Additionally, expected contributions could change if Exelon changes its pension or OPEB funding strategy.

Tax Matters

The Registrants' future cash flows from operating activities may be affected by the following tax matters:

- In the event of a fully successful IRS challenge to Exelon's like-kind exchange position, Exelon would be required to either post a bond or pay the tax and interest for the tax years before the court to appeal the decision. If an adverse decision is reached in 2016, the potential tax and after-tax interest, exclusive of penalties, that could become payable may be as much as $865 million, of which approximately $300 million would be attributable to ComEd after consideration of Exelon's agreement to hold ComEd harmless from any unfavorable impacts of the after-tax interest amounts on ComEd's equity, and the

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balance at Exelon. It is expected that Exelon's remaining tax years affected by the litigation will be settled following a final appellate decision which could take several years.

- In April of 2016, Exelon received tax refunds of approximately $460 million related to IRS positions settled in prior tax years. Of this amount, approximately $195 million of the refund is attributable to Generation and the remaining $265 million is attributable to ComEd.
- State and local governments continue to face increasing financial challenges, which may increase the risk of additional income tax levies, property taxes and other taxes or the imposition, extension or permanence of temporary tax levies.

Cash flows from operations for the three months ended March 31, 2016 and 2015 by Registrant were as follows:

	Three Months Ended March 31,	
	2016	2015
Exelon	$ 1,473	$ 1,490
Generation	782	837
ComEd	284	251
PECO	138	158
BGE	273	281
Pepco	258	33
DPL	147	57
ACE	246	63

	Successor	*Predecessor*	
	March 24, 2016 to March 31, 2016	January 1, 2016 to March 23, 2016	Three Months Ended March 31, 2015
PHI	$ 43	$ 264	$ 157

Changes in the Registrants' cash flows from operations were generally consistent with changes in each Registrant's respective results of operations, as adjusted by changes in working capital in the normal course of business, except as discussed below. In addition, significant operating cash flow impacts for the Registrants for the three months ended March 31, 2016 and 2015 were as follows:

Generation

- Depending upon whether Generation is in a net mark-to-market liability or asset position, collateral may be required to be posted with or collected from its counterparties. In addition, the collateral posting and collection requirements differ depending on whether the transactions are on the exchange or in the OTC markets. During the three months ended March 31, 2016 and 2015, Generation had net collections of counterparty cash collateral of $198 million and $288 million, respectively, primarily due to market conditions that resulted in changes to Generation's net mark-to-market position.
- During the three months ended March 31, 2016 and 2015, Generation had net collections of approximately $17 million and $5 million, respectively, related to purchases and sales of options. The level of option activity in a given period may vary due to several factors, including changes in market conditions as well as changes in hedging strategy.

ComEd

- During three months ended March 31, 2016 and 2015, ComEd received a return of approximately $7 million of cash collateral from PJM and posted $5 million of cash collateral to PJM, respectively. ComEd's collateral posted with PJM has increased year over year due to higher RPM credit requirements and higher PJM billings. As of March 31, 2016 and 2015, ComEd had approximately $24 million and $5 million of cash collateral posted with PJM, respectively.

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Cash Flows from Investing Activities

Cash flows used in investing activities for the three months ended March 31, 2016 and 2015 by Registrant were as follows:

	Three Months Ended March 31,	
	2016	2015
Exelon	$(8,548)	$(1,751)
Generation	(1,204)	(899)
ComEd	(626)	(523)
PECO	(351)	(144)
BGE	(191)	(132)
Pepco	(136)	(113)
DPL	(81)	(61)
ACE	(100)	(53)

	Successor	*Predecessor*	
	March 24, 2016 to March 31, 2016	January 1, 2016 to March 23, 2016	Three Months Ended March 31, 2015
PHI	$ (30)	$ (343)	$ (235)

Generation

Generation has entered into several agreements to acquire equity interests in privately held and development stage entities which develop energy-related technologies. The agreements contain a series of scheduled investment commitments, including in-kind service contributions. There are approximately $299 million of anticipated expenditures remaining through 2018 to fund anticipated planned capital and operating needs of the associated companies. See Note 23 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements of the Exelon 2015 Form 10-K for further details of Generation's equity interests.

Capital expenditures by Registrant for the three months ended March 31, 2016 and 2015 and projected amounts for the full year 2016 are as follows:

	Projected Full Year 2016 [(a)]	Three Months Ended March 31,	
		2016	2015
Exelon	$ 9,375	$ 2,202	$ 1,784
Generation [(b)]	3,600	1,125	937
ComEd [(c)]	2,525	639	530
PECO	675	195	148
BGE	850	176	136
Pepco	725	109	119
DPL	350	81	68
ACE	325	101	54
Other [(d)]	150	38	38

	Projected Full Year 2016 [(a)]	Successor March 24, 2016 to March 31, 2016	Predecessor January 1, 2016 to March 23, 2016	Predecessor Three Months Ended March 31, 2015
PHI	$ 1,400	$ 29	$ 273	$ 246

(a) Total projected capital expenditures do not include adjustments for non-cash activity.
(b) Generation's capital expenditures for the projected full year 2016 includes nuclear fuel (NE fleet at 100%) of $1.1 billion and growth expenditures of $1.4 billion.
(c) The 2016 projections include approximately $623 million of expected incremental spending pursuant to EIMA, ComEd has committed to invest approximately $2.6 billion over a ten year period, through 2022, to modernize and storm-harden its distribution system and to implement smart grid technology.
(d) Other primarily consists of corporate operations, BSC and PHISCO.

Projected capital expenditures and other investments are subject to periodic review and revision to reflect changes in economic conditions and other factors.

Generation

Approximately 31% and 15% of the projected 2016 capital expenditures at Generation are for the acquisition of nuclear fuel and the construction of new natural gas electric generation plants, respectively, with the remaining amounts reflecting additions and upgrades to existing facilities (including material condition improvements during nuclear refueling outages). Generation anticipates that they will fund capital expenditures with internally generated funds and borrowings.

ComEd, PECO, BGE, Pepco, DPL and ACE

Approximately 86%, 96%, 97%, 93%, 91% and 92% of the projected 2016 capital expenditures at ComEd, PECO, BGE, Pepco, DPL and ACE, respectively, are for continuing projects to maintain and improve operations, including enhancing reliability and adding capacity to the transmission and distribution systems such as ComEd's reliability related investments required under EIMA, and the Utility Registrants' construction commitments under PJM's RTEP. In addition to capital expenditures for continuing projects, ComEd's total expenditures include smart grid/smart meter technology required under EIMA and for PECO, BGE, Pepco, DPL, and ACE capital expenditures related to their respective smart meter program.

The Utility Registrants as transmission owners are subject to NERC compliance requirements. NERC provides guidance to transmission owners regarding assessments of transmission lines. The results of these assessments could require the Utility Registrants to incur incremental capital or operating and maintenance expenditures to ensure their transmission lines meet NERC standards. In 2010, NERC provided guidance to transmission owners that recommended the Utility Registrants perform assessments of their transmission lines. ComEd, PECO and BGE submitted their final bi-annual reports to NERC in January 2014. ComEd, PECO and BGE will be incurring incremental capital expenditures associated with this guidance following the completion of the assessments. Specific projects and expenditures are identified as the assessments are completed. ComEd's, PECO's and BGE's forecasted 2016 capital expenditures above reflect capital spending for remediation to be completed through 2017. Pepco, DPL and ACE have substantially completed their assessments and thus do not expect significant capital expenditures related to this guidance in 2016.

The Utility Registrants anticipate that they will fund their capital expenditures with a combination of internally generated funds and borrowings and additional capital contributions from parent, including ComEd's capital expenditures associated with EIMA as further discussed in Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements.

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Cash Flows from Financing Activities

Cash flows provided by (used in) financing activities for the three months ended March 31, 2016 and 2015 by Registrant were as follows:

	Three Months Ended March 31,	
	2016	2015
Exelon	$ 1,533	$ 208
Generation	368	(186)
ComEd	296	314
PECO	(69)	(6)
BGE	(86)	(172)
Pepco	(103)	200
DPL	(68)	7
ACE	(27)	(6)

	Successor	*Predecessor*	
	March 24, 2016 to March 31, 2016	January 1, 2016 to March 23, 2016	Three Months Ended March 31, 2015
PHI	$ (181)	$ 372	$ 205

Debt

See Note 10 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for further details of the Registrants' debt issuances and retirements.

Dividends

Cash dividend payments and distributions during the three months ended March 31, 2016 and 2015 by Registrant were as follows:

	Three Months Ended March 31,	
	2016	2015
Exelon	$ 287	$ 269
Generation	55	1,356
ComEd	91	75
PECO	69	70
BGE [(a)]	48	39
Pepco	39	—
DPL	38	62
ACE	11	12

	Successor	*Predecessor*	
	March 24, 2016 to March 31, 2016	January 1, 2016 to March 23, 2016	Three Months Ended March 31, 2015
PHI	$ 108	$ —	$ 68

(a) Includes dividends paid on BGE's preference stock.

Quarterly dividends declared by the Exelon Board of Directors during the three months ended March 31, 2016 and for the second quarter of 2016 were as follows:

Period	Declaration Date	Shareholder of Record Date	Dividend Payable Date	Cash per Share [a]
First Quarter 2016	January 26, 2016	February 12, 2016	March 10, 2016	$ 0.310
Second Quarter 2016	April 26, 2016	May 13, 2016	June 10, 2016	$ 0.318

(a) Exelon's Board of Directors approved a revised dividend policy. The approved policy would raise the dividend 2.5% each year for the next three years, beginning with the June 2016 dividend. The Board will take formal action to declare the next dividend in the second quarter of 2016.

Short-Term Borrowings

Short-term borrowings incurred (repaid) during the three months ended March 31, 2016 and 2015 by Registrant were as follows:

	Three Months Ended March 31,	
	2016	2015
Exelon	$ 1,647	$ (141)
Generation	1,377	(1)
ComEd	349	(21)
BGE	(60)	(120)
Pepco	(64)	(104)
DPL	(30)	69
ACE	(5)	16

	Successor	Predecessor	
	March 24, 2016 to March 31, 2016	January 1, 2016 to March 23, 2016	Three Months Ended March 31, 2015
PHI	$ (20)	$ 379	$ 74

Contributions from Parent/Member

Contributions received from Parent for the three months ended March 31, 2016 and 2015 by Registrant were as follows:

	Three Months Ended March 31,	
	2016	2015
Generation	$ 44	$ —
ComEd	39[a]	14[a]
BGE	21[a]	—
Pepco	—	112[b]

(a) Contribution paid by Exelon.
(b) Contribution paid by PHI.

Pursuant to the orders approving the merger, Exelon expects to make equity contributions of $73 million, $46 million and $49 million to Pepco, DPL and ACE, respectively, in the second quarter of 2016 to fund the after-tax amount of the customer bill credit and the customer base rate credit.

Other

For the three months ended March 31, 2016, other financing activities primarily consist of debt issuance costs. See Note 10 — Debt and Credit Agreements of the Combined Notes to the Consolidated Financial Statements for further details of the Registrants' debt issuances and retirements.

Credit Matters

The Registrants fund liquidity needs for capital investment, working capital, energy hedging and other financial commitments through cash flows from continuing operations, public debt offerings, commercial paper markets and large, diversified credit facilities. The credit facilities include $9.9 billion in aggregate total commitments of which $8.3 billion was available as of March 31, 2016, and of which no financial institution has more than 7% of the aggregate commitments for the Registrants. The Registrants had access to the commercial paper market during the first quarter of 2016 to fund their short-term liquidity needs, when necessary. The Registrants routinely review the sufficiency of their liquidity position, including appropriate sizing of credit facility commitments, by performing various stress test scenarios, such as commodity price movements, increases in margin-related transactions, changes in hedging levels and the impacts of hypothetical credit downgrades. The Registrants have continued to closely monitor events in the financial markets and the financial institutions associated with the credit facilities, including monitoring credit ratings and outlooks, credit default swap levels, capital raising and merger activity. See PART I. ITEM 1A. RISK FACTORS of the Exelon 2015 Form 10-K for further information regarding the effects of uncertainty in the capital and credit markets.

The Registrants believe their cash flow from operating activities, access to credit markets and their credit facilities provide sufficient liquidity. If Generation lost its investment grade credit rating as of March 31, 2016, it would have been required to provide incremental collateral of $1.9 billion to meet collateral obligations for derivatives, non-derivatives, normal purchase normal sales contracts and applicable payables and receivables, net of the contractual right of offset under master netting agreements, which is well within its current available credit facility capacities of $4.2 billion.

The following table presents collateral held by each utility registrant at March 31, 2016 under PJM's credit policy, incremental collateral required in the event each utility registrant lost its investment grade credit rating at March 31, 2016 and available credit facility capacity prior to any incremental collateral at March 31, 2016:

	PJM Credit Policy Collateral	Incremental Collateral Required	Available Credit Facility Capacity Prior to Any Incremental Collateral
ComEd	$ 24	$ 17	$ 998
PECO	2	22	599
BGE	4	28	600
Pepco	2	—	250
DPL	3	9	250
ACE	—	—	250

Exelon Credit Facilities

Exelon, ComEd, and BGE meet their short-term liquidity requirements primarily through the issuance of commercial paper. Generation and PECO meet their short-term liquidity requirements primarily through the issuance of commercial paper and borrowings from the Exelon intercompany money pool. PHI meets its short-term liquidity requirements primarily through the issuance of commercial paper, short-term notes and the Exelon intercompany money pool. Pepco, DPL and ACE meet their short-term liquidity requirements primarily through the issuance of commercial paper and short-term notes. The Registrants may use their respective credit facilities for general corporate purposes, including meeting short-term funding requirements and the issuance of letters of credit.

The following table reflects the Registrants' commercial paper programs supported by the revolving credit agreements and bilateral credit agreements at March 31, 2016:

Commercial Paper Programs

Commercial Paper Issuer	Maximum Program Size (a)(b)(c)	Outstanding Commercial Paper at March 31, 2016	Average Interest Rate on Commercial Paper Borrowings for the Three Months Ended March 31, 2016
Exelon Corporate	$ 500	$ —	0.70%
Generation	5,300	1,378	0.99%
ComEd	1,000	643	0.79%
PECO	600	—	—%
BGE	600	150	0.79%
PHI Corporate	875	442	1.07%
Pepco	500	—	0.68%
DPL	500	75	0.69%
ACE	350	—	0.65%

(a) Excludes $425 million bilateral credit facilities that do not back Generation's commercial paper program.
(b) Excludes additional credit facility agreements for Generation, ComEd, PECO and BGE with aggregate commitments of $50 million, $34 million, $34 million and $5 million, respectively, arranged with minority and community banks located primarily within ComEd's, PECO's and BGE's service territories. These facilities expire on October 14, 2016. These facilities are solely utilized to issue letters of credit. As of March 31, 2016, letters of credit issued under these agreements for Generation, ComEd, PECO and BGE totaled $7 million, $14 million, $21 million and $2 million, respectively.
(c) Subject to available borrowing capacity under the credit facility.

In order to maintain their respective commercial paper programs in the amounts indicated above, each Registrant must have credit facilities in place, at least equal to the amount of its commercial paper program. While the amount of its commercial paper outstanding does not reduce available capacity under a Registrant's credit facility, a Registrant does not issue commercial paper in an aggregate amount exceeding the then available capacity under its credit facility. At March 31, 2016, the Registrants had the following aggregate bank commitments, credit facility borrowings and available capacity under their respective credit facilities:

Credit Agreements

Borrower	Facility Type	Aggregate Bank Commitment (a)(b)	Facility Draws	Outstanding Letters of Credit	Available Capacity at March 31, 2016	
					Actual	To Support Additional Commercial Paper (c)
Exelon Corporate	Syndicated Revolver	$ 500	$ —	$ 26	$ 474	$ 474
Generation (d)	Syndicated Revolver	5,300	—	1,164	4,136	2,758
Generation	Bilaterals	425	80	329	16	—
ComEd	Syndicated Revolver	1,000	—	2	998	355
PECO	Syndicated Revolver	600	—	1	599	599
BGE	Syndicated Revolver	600	—	—	600	450
PHI Corporate	Syndicated Revolver	750	—	1	749	307
Pepco	Syndicated Revolver	250	—	—	250	250
DPL	Syndicated Revolver	250	—	—	250	175
ACE	Syndicated Revolver	250	—	—	250	250

(a) Excludes $123 million of credit facility agreements arranged at minority and community banks at Generation, ComEd, PECO and BGE. These facilities expire on October 14, 2016. These facilities are solely utilized to issue letters of credit. As of March 31, 2016, letters of credit issued under these agreements for Generation, ComEd, PECO and BGE totaled $7 million, $14 million, $21 million and $2 million, respectively.

(b) Excludes nonrecourse debt letters of credit, see Note 14 — Debt and Credit Agreements in the Exelon 2015 Form 10-K for further information on Continental Wind nonrecourse debt.
(c) Excludes $425 million bilateral credit facilities that do not back Generation's commercial paper program.
(d) Excludes ExGen Texas Power Financing's $18 million of borrowed debt on its revolving credit facility.

As of March 31, 2016, there was $80 million of borrowings under Generation's bilateral credit facilities.

Borrowings under Exelon Corporate's, Generation's, ComEd's, PECO's and BGE's revolving credit agreements bear interest at a rate based upon either the prime rate or a LIBOR-based rate, plus an adder based upon the particular Registrant's credit rating. Exelon Corporate, Generation, ComEd, PECO and BGE have adders of 27.5, 27.5, 7.5, 0.0 and 0.0 basis points for prime based borrowings and 127.5, 127.5, 107.5, 90.0 and 100.0 basis points for LIBOR-based borrowings. The maximum adders for prime rate borrowings and LIBOR-based rate borrowings are 65 basis points and 165 basis points, respectively. The credit agreements also require the borrower to pay a facility fee based upon the aggregate commitments. The fee varies depending upon the respective credit ratings of the borrower.

Borrowings under PHI Corporate's, Pepco's, DPL's, and ACE's revolving credit agreements bear interest at a rate based upon either the greater of the prevailing prime rate, the federal funds effective rate plus 50 basis points or the one month LIBOR plus 100.0 basis points, or the prevailing Eurodollar rate, plus a margin based upon the particular Registrant's credit rating. PHI Corporate, Pepco, DPL and ACE have margins of 22.5, 17.5, 17.5, and 17.5 basis points.

Each revolving credit agreement for Exelon, Generation, ComEd, PECO, and BGE requires the affected borrower to maintain a minimum cash from operations to interest expense ratio for the twelve-month period ended on the last day of any quarter. The following table summarizes the minimum thresholds reflected in the credit agreements for the three months ended March 31, 2016:

	Exelon	Generation	ComEd	PECO	BGE
Credit agreement threshold	2.50 to 1	3.00 to 1	2.00 to 1	2.00 to 1	2.00 to 1

At March 31, 2016, the interest coverage ratios at the Exelon, Generation, ComEd, PECO and BGE were as follows:

	Exelon	Generation	ComEd	PECO	BGE
Interest coverage ratio	10.73	12.47	7.13	8.60	10.43

An event of default under Exelon, Generation, ComEd, PECO or BGE's indebtedness will not constitute an event of default under any of the others' credit facilities, except that a bankruptcy or other event of default in the payment of principal, premium or indebtedness in principal amount in excess of $100 million in the aggregate by Generation will constitute an event of default under the Exelon Corporate credit facility.

The revolving credit agreement for PHI, Pepco, DPL and ACE requires that each borrowing company maintain a maximum total indebtedness to total capitalization ratio. The following table summarizes the maximum thresholds reflected in the credit agreements for the three months ended March 31, 2016:

	PHI	Pepco	DPL	ACE
Credit agreement threshold	0.65 to 1	0.65 to 1	0.65 to 1	0.65 to 1

At March 31, 2016, the total indebtedness to total capitalization ratios at PHI, Pepco, DPL and ACE were as follows:

	PHI	Pepco	DPL	ACE
Total indebtedness to total capitalization ratio	0.51	0.52	0.53	0.52

PHI, Pepco, DPL and ACE maintain an unsecured syndicated credit facility to provide for their respective liquidity needs, including obtaining letters of credit, borrowing for general corporate purposes and supporting their commercial paper programs. The termination date of this credit facility is currently August 1, 2018. In order for PHI, Pepco, DPL or ACE to use its facility, certain representations and warranties must be true and correct, and the borrower must be in compliance with specified financial and other covenants, including (i) the requirement that each borrowing company maintain a ratio of total indebtedness to total capitalization of 65% or less, computed in accordance with the terms of the credit agreement, which calculation excludes from the definition of total indebtedness certain trust preferred securities and deferrable interest subordinated debt (not to exceed 15% of total capitalization), (ii) with certain exceptions, a restriction on sales or other dispositions of assets, and (iii) a restriction on the incurrence of liens on the assets of a borrower or any of its significant subsidiaries other than permitted liens. The credit agreement contains certain covenants and other customary agreements and requirements that, if not complied with, could result in an event of default and the acceleration of repayment obligations of one or more of the borrowers thereunder. PHI, Pepco, DPL and ACE were in compliance with all covenants under their facilities at March 31, 2016.

The absence of a material adverse change in Exelon's or PHI's business, property, results of operations or financial condition is not a condition to the availability of credit under the credit agreement. The credit agreement does not include any rating triggers.

Security Ratings

The Registrants' access to the capital markets, including the commercial paper market, and their respective financing costs in those markets, may depend on the securities ratings of the entity that is accessing the capital markets.

The Registrants' borrowings are not subject to default or prepayment as a result of a downgrading of securities, although such a downgrading of a Registrant's securities could increase fees and interest charges under that Registrant's credit agreements.

As part of the normal course of business, the Registrants enter into contracts that contain express provisions or otherwise permit the Registrants and their counterparties to demand adequate assurance of future performance when there are reasonable grounds for doing so. In accordance with the contracts and applicable contracts law, if the Registrants are downgraded by a credit rating agency, it is possible that a counterparty would attempt to rely on such a downgrade as a basis for making a demand for adequate assurance of future performance, which could include the posting of collateral. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information on collateral provisions.

Intercompany Money Pool

To provide an additional short-term borrowing option that will generally be more favorable to the borrowing participants than the cost of external financing, both Exelon and PHI operate intercompany money pools. Maximum amounts contributed to and borrowed from the money pool by participant and the net contribution or borrowing as of March 31, 2016, are presented in the following table:

Exelon Intercompany Money Pool	During the Three Months Ended March 31, 2016		As of March 31, 2016
Contributed (borrowed)	Maximum Contributed	Maximum Borrowed	Contributed (Borrowed)
Exelon Corporate	$ 1,534	n/a	$ 165
Generation	—	1,292	(63)
PECO	285	—	160
BSC	—	387	(325)
PHI Corporate [(a)]	n/a	—	—
PCI [(a)]	63	—	63

(a) As a result of the merger, PHI Corporate and PCI began to participate in the Exelon Intercompany Money Pool effective March 24, 2016.

PHI Intercompany Money Pool	During the Three Months Ended March 31, 2016		As of March 31, 2016
Contributed (borrowed)	Maximum Contributed	Maximum Borrowed	Contributed (Borrowed)
PHI Corporate	$ 129	n/a	$ 129
Pepco	—	—	—
DPL	—	—	—
ACE	—	—	—
PHISCO	—	151	(129)

Investments in Nuclear Decommissioning Trust Funds

Exelon, Generation and CENG maintain trust funds, as required by the NRC, to fund certain costs of decommissioning nuclear plants. The mix of securities in the trust funds is designed to provide returns to be used to fund decommissioning and to offset inflationary increases in decommissioning costs. Generation actively monitors the investment performance of the trust funds and periodically reviews asset allocations in accordance with Generation's NDT fund investment policy. Generation's and CENG's investment policies establish limits on the concentration of holdings in any one company and also in any one industry. See Note 12 — Nuclear Decommissioning of the Combined Notes to Consolidated Financial Statements for further information regarding the trust funds, the NRC's minimum funding requirements and related liquidity ramifications.

Shelf Registration Statements

Exelon, Generation, ComEd, PECO and BGE have a currently effective combined shelf registration statement unlimited in amount, filed with the SEC, that will expire in May 2017. PHI, Pepco, DPL and ACE have a currently effective combined shelf registration statement unlimited in amount, filed with the SEC, that will expire in August 2016. The ability of each Registrant to sell securities off the shelf registration statement or to access the private placement markets will depend on a number of factors at the time of the proposed sale, including other required regulatory approvals, as applicable, the current financial condition of the Registrant, its securities ratings and market conditions.

Regulatory Authorizations

Generation, ComEd, PECO, BGE, Pepco, DPL and Ace are required to obtain short-term and long-term financing authority from Federal and State Commissions as follows:

	Short-term Financing Authority [a]			Long-term Financing Authority	
	Commission	Expiration Date	Amount (in millions)	Commission	Amount (in millions)
ComEd [b]	FERC	December 31, 2017	$ 2,500	ICC	$ 1,795
PECO	FERC	December 31, 2017	1,500	PAPUC	1,900
BGE	FERC	December 31, 2017	700	MDPSC	1,400
Pepco	FERC	June 30, 2016	500	MDPSC / DCPSC	550
DPL	FERC	June 30, 2016	500	MDPSC / DPSC	300
ACE	NJPU	January 1, 2018	350	NJBPU	300

(a) Generation currently has blanket financing authority it received from FERC in connection with its market-based rate authority.
(b) ComEd had $442 million available in long-term debt refinancing authority and $1,353 million available in new money long term debt financing authority from the ICC as of March 31, 2016.

Contractual Obligations and Off-Balance Sheet Arrangements

Contractual obligations represent cash obligations that are considered to be firm commitments and commercial commitments triggered by future events. See Note 23 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements in the Exelon 2015 Form 10-K and Note 16 — Commitments and Contingencies of the PHI 2015 Form 10-K for discussion of the Registrants' commitments.

Generation, ComEd, PECO, BGE, Pepco, DPL and ACE have obligations related to contracts for the purchase of power and fuel supplies, and ComEd, PECO, and BGE have obligations related to their financing trusts. The power and fuel purchase contracts and the financing trusts have been considered for consolidation in the Registrants' respective financial statements pursuant to the authoritative guidance for VIEs. See Note 1 — Significant Accounting Policies of the Combined Notes to Consolidated Financial Statements for further information.

For an in-depth discussion of the Registrants' contractual obligations and off-balance sheet arrangements, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Contractual Obligations and Off-Balance Sheet Arrangements" in the Exelon 2015 Form 10-K and "Management's Discussion and Analysis of Financial Condition and Results of Operations — Contractual Obligations and Commercial Commitments" and "Management's Discussion and Analysis of Financial Condition and Results of Operations — Guarantees, Indemnifications and Off-Balance Sheet Arrangements" in the PHI 2015 Form 10-K.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

The Registrants are exposed to market risks associated with adverse changes in commodity prices, counterparty credit, interest rates and equity prices. Exelon's RMC approves risk management policies and objectives for risk assessment, control and valuation, counterparty credit approval, and the monitoring and reporting of risk exposures. The RMC is chaired by the chief executive officer and includes the chief risk officer, chief strategy officer, chief executive officer of Exelon Utilities, chief commercial officer, chief financial officer and chief executive officer of Constellation. The RMC reports to the Finance and Risk Committee of the Exelon Board of Directors on the scope of the risk management activities. The following discussion serves as an update to ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK of the Registrants' 2015 Annual Report on Form 10-K incorporated herein by reference.

Commodity Price Risk (All Registrants)

Commodity price risk is associated with price movements resulting from changes in supply and demand, fuel costs, market liquidity, weather conditions, governmental regulatory and environmental policies and other factors. To the extent the amount of energy Exelon generates differs from the amount of energy it has contracted to sell, Exelon has price risk from commodity price movements. Exelon seeks to mitigate its commodity price risk through the sale and purchase of electricity, fossil fuel and other commodities.

Generation

Normal Operations and Hedging Activities. Electricity available from Generation's owned or contracted generation supply in excess of Generation's obligations to customers, including portions of the Utility Registrants' retail load, is sold into the wholesale markets. To reduce price risk caused by market fluctuations, Generation enters into non-derivative contracts as well as derivative contracts, including forwards, futures, swaps and options, with approved counterparties to hedge anticipated exposures. Generation believes these instruments represent economic hedges that mitigate exposure to fluctuations in commodity prices. Generation expects the settlement of the majority of its economic hedges will occur during 2016 through 2018.

In general, increases and decreases in forward market prices have a positive and negative impact, respectively, on Generation's owned and contracted generation positions which have not been hedged. Exelon's hedging program involves the hedging of commodity risk for Exelon's expected generation, typically on a ratable basis over a three-year period. As of March 31, 2016, the proportion of expected generation hedged is 96%-99%, 69%-72% and 37%-40% for 2016, 2017 and 2018, respectively. The percentage of expected generation hedged is the amount of equivalent sales divided by the expected generation. Expected generation is the volume of energy that best represents our commodity position in energy markets from owned or contracted for capacity based upon a simulated dispatch model that makes assumptions regarding future market conditions, which are calibrated to market quotes for power, fuel, load following products and options. Equivalent sales represent all hedging products, which include economic hedges and certain non-derivative contracts including Generation's sales to the Utility Registrants to serve their retail load.

A portion of Generation's hedging strategy may be accomplished with fuel products based on assumed correlations between power and fuel prices, which routinely change in the market. Market price risk exposure is the risk of a change in the value of unhedged positions. The forecasted market price risk exposure for Generation's entire non-proprietary trading portfolio associated with a $5 reduction in the annual average around-the-clock energy price based on March 31, 2016 market conditions and hedged position would be a decrease in pre-tax net income of approximately $5 million, $315 million and $630 million, respectively, for 2016, 2017 and 2018. Power price sensitivities are derived by adjusting power price assumptions while keeping all other price inputs constant. Generation expects to actively manage its portfolio to mitigate market price risk exposure for its unhedged position. Actual results could differ depending on the specific timing of, and markets affected by, price changes, as well as future changes in Generation's portfolio.

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Proprietary Trading Activities. Generation also enters into certain energy-related derivatives for proprietary trading purposes. Proprietary trading includes all contracts entered into with the intent of benefiting from shifts or changes in market prices as opposed to those entered into with the intent of hedging or managing risk. Proprietary trading activities are subject to limits established by Exelon's RMC. The proprietary trading portfolio is subject to a risk management policy that includes stringent risk management limits, including volume, stop loss and Value-at-Risk (VaR) limits to manage exposure to market risk. Additionally, the Exelon risk management group and Exelon's RMC monitor the financial risks of the proprietary trading activities. The proprietary trading activities, which included physical volumes of 1,220 GWhs and 1,808 GWhs for the three months ended March 31, 2016 and 2015, respectively, are a complement to Generation's energy marketing portfolio, but represent a small portion of Generation's overall revenue from energy marketing activities. Proprietary trading portfolio activity for the three months ended March 31, 2016 resulted in pre-tax gains of $3 million due to net mark-to-market gains of $3 million and immaterial realized gains. Generation uses a 95% confidence interval, assuming standard normal distribution, one day holding period and a one-tailed statistical measure in calculating its VaR. The daily VaR on proprietary trading activity averaged $0.3 million of exposure during the quarter. Generation has not segregated proprietary trading activity within the following discussion because of the relative size of the proprietary trading portfolio in comparison to Generation's total Revenue net of purchase power and fuel expense from continuing operations for the three months ended March 31, 2016 of $2,297 million.

Fuel Procurement. Generation procures natural gas through long-term and short-term contracts and spot-market purchases. Nuclear fuel assemblies are obtained predominantly through long-term uranium concentrate supply contracts, contracted conversion services, contracted enrichment services, or a combination thereof, and contracted fuel fabrication services. The supply markets for uranium concentrates and certain nuclear fuel services are subject to price fluctuations and availability restrictions. Supply market conditions may make Generation's procurement contracts subject to credit risk related to the potential non-performance of counterparties to deliver the contracted commodity or service at the contracted prices. Approximately 50% of Generation's uranium concentrate requirements from 2016 through 2020 are supplied by three producers. In the event of non-performance by these or other suppliers, Generation believes that replacement uranium concentrates can be obtained, although at prices that may be unfavorable when compared to the prices under the current supply agreements. Non-performance by these counterparties could have a material adverse impact on Exelon's and Generation's results of operations, cash flows and financial positions. See ITEM 7. — MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS for additional information regarding uranium and coal supply agreement matters.

ComEd

ComEd entered into 20-year contracts for renewable energy and RECs beginning in June 2012. ComEd is permitted to recover its renewable energy and REC costs from retail customers with no mark-up. The annual commitments represent the maximum settlements with suppliers for renewable energy and RECs under the existing contract terms. Pursuant to the ICC's Order on December 19, 2012, ComEd's commitments under the existing long-term contracts were reduced for the June 2013 through May 2014 procurement period. In addition, the ICC's December 18, 2013 Order approved the reduction of ComEd's commitments under those contracts for the June 2014 through May 2015 procurement period, and the amount of the reduction was approved by the ICC in March 2014. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information regarding energy procurement and derivatives.

PECO

PECO has contracts to procure electric supply that were executed through the competitive procurement process outlined in its PAPUC-approved DSP Programs, which are further discussed in Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements. PECO has certain full requirements contracts which are considered derivatives and qualify for the normal purchases and normal sales scope

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exception under current derivative authoritative guidance, and as a result are accounted for on an accrual basis of accounting. Under the DSP Programs, PECO is permitted to recover its electric supply procurement costs from retail customers with no mark-up.

PECO has also entered into derivative natural gas contracts, which either qualify for the normal purchases and normal sales exception or have no mark-to-market balances because the derivatives are index priced, to hedge its long-term price risk in the natural gas market. PECO's hedging program for natural gas procurement has no direct impact on its financial position or results of operations as natural gas costs are fully recovered from customers under the PGC.

PECO does not enter into derivatives for speculative or proprietary trading purposes. For additional information on these contracts, see Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements.

BGE

BGE procures electric supply for default service customers through full requirements contracts pursuant to BGE's MDPSC-approved SOS program. BGE's full requirements contracts that are considered derivatives qualify for the normal purchases and normal sales scope exception under current derivative authoritative guidance, and as a result, are accounted for on an accrual basis of accounting. Under the SOS program, BGE is permitted to recover its electricity procurement costs from retail customers, plus an administrative fee which includes a shareholder return component and an incremental cost component. However, through December 2016, BGE provides all residential electric customers a credit for the residential shareholder return component of the administrative charge.

BGE has also entered into derivative natural gas contracts, which qualify for the normal purchases and normal sales scope exception, to hedge its price risk in the natural gas market. The hedging program for natural gas procurement has no direct impact on BGE's financial position. However, under BGE's market-based rates incentive mechanism, BGE's actual cost of gas is compared to a market index (a measure of the market price of gas in a given period). The difference between BGE's actual cost and the market index is shared equally between shareholders and customers.

BGE does not enter into derivatives for speculative or proprietary trading purposes. For additional information on these contracts, see Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements.

Pepco

Pepco has contracts to procure SOS electric supply that are executed through a competitive procurement process approved by the MDPSC and DCPSC. The SOS rates charged recover Pepco's wholesale power supply costs and include an administrative fee. The administrative fee includes an incremental cost component and a shareholder return component for residential and commercial rate classes. Pepco's price risk related to electric supply procurement is limited. Pepco locks in fixed prices for all of its SOS requirements through full requirements contracts. Certain of Pepco's full requirements contracts, which are considered derivatives, qualify for the NPNS scope exception under current derivative authoritative guidance. Other Pepco full requirements contracts are not derivatives.

Pepco does not enter into derivatives for speculative or proprietary trading purposes. For additional information on these contracts, see Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements.

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DPL

DPL has contracts to procure SOS electric supply that are executed through a competitive procurement process approved by the DPSC. The SOS rates charged recover DPL's wholesale power supply costs and include a Reasonable Allowance for Retail Margin (RARM). The RARM includes a fixed annual margin of approximately $2.75 million, plus an incremental cost component and a cash working capital allowance. DPL's price risk related to electric supply procurement is limited. DPL locks in fixed prices for all of its SOS requirements through full requirements contracts. Certain of DPL's full requirements contracts, which are considered derivatives, qualify for the NPNS scope exception under current derivative authoritative guidance. Other DPL full requirements contracts are not derivatives.

DPL provides natural gas to its customers under a GCR mechanism approved by the DPSC. The demand portion of the GCR is based upon DPL's firm transportation and storage contracts. DPL has firm deliverability of swing and seasonal storage; a liquefied natural gas facility and firm transportation capacity to meet customer demand and provide a reserve margin. The commodity portion of the GCR includes a commission approved hedging program which is intended to reduce gas commodity price volatility while limiting the firm natural gas customers' exposure to adverse changes in the market price of natural gas.

DPL does not enter into derivatives for speculative or proprietary trading purposes. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information regarding energy procurement and derivatives.

ACE

ACE has contracts to procure BGS electric supply that are executed through a competitive procurement process approved by the NJBPU. The BGS rates charged recover ACE's wholesale power supply costs. ACE does not make any profit or incur any loss on the supply component of the BGS it supplies to customers. ACE's price risk related to electric supply procurement is limited. ACE locks in fixed prices for all of its BGS requirements through full requirements contracts. ACE's full requirements contracts, which are considered derivatives, qualify for the NPNS scope exception under current derivative authoritative guidance. Other ACE full requirements contracts are not derivatives.

ACE does not enter into derivatives for speculative or proprietary trading purposes. For additional information on these contracts, see Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements.

Trading and Non-Trading Marketing Activities. The following detailed presentation of Exelon's, Generation's, ComEd's, PHI's and DPL's trading and non-trading marketing activities is included to address the recommended disclosures by the energy industry's Committee of Chief Risk Officers (CCRO).

The following table provides detail on changes in Exelon's, Generation's, ComEd's, PHI's and DPL's commodity mark-to-market net asset or liability balance sheet position from December 31, 2015 to March 31, 2016. It indicates the drivers behind changes in the balance sheet amounts. This table incorporates the mark-to-market activities that are immediately recorded in earnings. This table excludes all normal purchase and normal sales contracts and does not segregate proprietary trading activity. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information on the balance sheet classification of the mark-to-market energy contract net assets (liabilities) recorded as of March 31, 2016 and December 31, 2015.

	Generation	ComEd	DPL [a]	Exelon [b]
Total mark-to-market energy contract net assets (liabilities) at December 31, 2015 [c]	$ 1,753	$ (247)	$ —	$ 1,506
Total change in fair value during 2016 of contracts recorded in results of operations	159	—	—	159
Reclassification to realized at settlement of contracts recorded in results of operations	(47)	—	—	(47)
Changes in fair value — energy derivatives [d]	—	(18)	(1)	(19)
Changes in allocated collateral	(195)	—	1	(194)
Changes in net option premium paid/(received)	(17)	—	—	(17)
Option premium amortization	9	—	—	9
Other balance sheet reclassifications [e]	(22)	—	—	(22)
Total mark-to-market energy contract net assets (liabilities) at March 31, 2016 [c]	$ 1,640	$ (265)	$ —	$ 1,375

(a) As of March 31, 2016 and December 31, 2015, PHI's and DPL's mark-to-market derivative liability was fully collateralized resulting in a zero balance. For the predecessor period of January 1, 2016 to March 23, 2016, PHI recorded a $1 million increase in fair value and $1 million increase in allocated collateral related to the exchange-traded futures.

(b) As a result of the merger, Exelon amounts include PHI and DPL activity from March 24, 2016 to March 31, 2016. For the successor period of March 24, 2016 to March 31, 2016, there was no change in fair value and allocated collateral related to the exchange-traded futures.

(c) Amounts are shown net of collateral paid to and received from counterparties.

(d) For ComEd and DPL, the changes in fair value are recorded as a change in regulatory assets or liabilities. As of March 31, 2016, ComEd recorded a $265 million regulatory asset related to its mark-to-market derivative liabilities with unaffiliated suppliers. For the three months ended March 31, 2016, ComEd also recorded $25 million of decreases in fair value and realized losses due to settlements of $7 million recorded in purchased power expense associated with floating-to-fixed energy swap contracts with unaffiliated suppliers. As of March 31, 2016, DPL recorded a $1 million regulatory asset related to its mark-to-market derivative liabilities.

(e) Other balance sheet reclassifications include derivative contracts acquired or sold by Generation through upfront payments or receipts of cash, excluding option premiums.

Fair Values. The following tables present maturity and source of fair value for Exelon, Generation and ComEd mark-to-market commodity contract net assets (liabilities). The tables provide two fundamental pieces of information. First, the tables provide the source of fair value used in determining the carrying amount of the Registrants' total mark-to-market net assets (liabilities), net of allocated collateral. Second, the tables show the maturity, by year, of the Registrants' commodity contract net assets (liabilities), net of allocated collateral, giving an indication of when these mark-to-market amounts will settle and either generate or require cash. See Note 8 — Fair Value of Financial Assets and Liabilities of the Combined Notes to Consolidated Financial Statements for additional information regarding fair value measurements and the fair value hierarchy.

Exelon

	Maturities Within						Total Fair Value
	2016	2017	2018	2019	2020	2021 and Beyond	
Normal Operations, Commodity derivative contracts [a][b]:							
Actively quoted prices (Level 1)	$ (76)	$ 15	$ (22)	$(20)	$ (6)	$ —	$ (109)
Prices provided by external sources (Level 2)	529	191	(9)	(10)	1	—	702
Prices based on model or other valuation methods (Level 3) [c]	424	337	154	(21)	(21)	(91)	782
Total	$877	$543	$123	$(51)	$(26)	$ (91)	$1,375

(a) Mark-to-market gains and losses on other economic hedge and trading derivative contracts that are recorded in results of operations.
(b) Amounts are shown net of collateral paid to and received from counterparties (and offset against mark-to-market assets and liabilities) of $1,039 million at March 31, 2016.
(c) Includes ComEd's net assets (liabilities) associated with the floating-to-fixed energy swap contracts with unaffiliated suppliers.

Generation

	Maturities Within						Total Fair Value
	2016	2017	2018	2019	2020	2021 and Beyond	
Normal Operations, Commodity derivative contracts [a][b]:							
Actively quoted prices (Level 1)	$ (76)	$ 15	$ (22)	$(20)	$ (6)	$ —	$ (109)
Prices provided by external sources (Level 2)	529	191	(9)	(10)	1	—	702
Prices based on model or other valuation methods (Level 3)	444	361	177	2	2	61	1,047
Total	$897	$567	$146	$(28)	$(3)	$ 61	$1,640

(a) Mark-to-market gains and losses on other economic hedge and trading derivative contracts that are recorded in the results of operations.
(b) Amounts are shown net of collateral paid to and received from counterparties (and offset against mark-to-market assets and liabilities) of $1,039 million at March 31, 2016.

ComEd

	Maturities Within						Total Fair Value
	2016	2017	2018	2019	2020	2021 and Beyond	
Prices based on model or other valuation methods (Level 3) (a)	$(20)	$(24)	$(23)	$(23)	$(23)	$ (152)	$ (265)

(a) Represents ComEd's net liabilities associated with the floating-to-fixed energy swap contracts with unaffiliated suppliers.

Credit Risk, Collateral and Contingent Related Features (All Registrants)

The Registrants would be exposed to credit-related losses in the event of non-performance by counterparties that enter into derivative instruments. The credit exposure of derivative contracts, before collateral, is represented by the fair value of contracts at the reporting date. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for a detailed discussion of credit risk, collateral and contingent related features.

Generation

The following tables provide information on Generation's credit exposure for all derivative instruments, normal purchase normal sales agreements, and applicable payables and receivables, net of collateral and instruments that are subject to master netting agreements, as of March 31, 2016. The tables further delineate that exposure by credit rating of the counterparties and provide guidance on the concentration of credit risk to individual counterparties and an indication of the duration of a company's credit risk by credit rating of the counterparties. The figures in the tables below exclude credit risk exposure from individual retail customers, uranium procurement contracts, and exposure through RTOs, ISOs, NYMEX, ICE and Nodal commodity exchanges, which are discussed below. Additionally, the figures in the tables below exclude exposures with affiliates, including net receivables with ComEd, PECO, BGE, Pepco, DPL and ACE of $19 million, $37 million,$35 million, $36 million, $11 million, and $8 million as of March 31, 2016, respectively. See Note 26 — Related Party Transactions of the Exelon 2015 Form 10-K for additional information.

Rating as of March 31, 2016	Total Exposure Before Credit Collateral	Credit Collateral (a)	Net Exposure	Number of Counterparties Greater than 10% of Net Exposure	Net Exposure of Counterparties Greater than 10% of Net Exposure
Investment grade	$ 1,276	$ 58	$ 1,218	1	$ 436
Non-investment grade	71	32	39	—	—
No external ratings					
Internally rated — investment grade	516	1	515	—	—
Internally rated — non-investment grade	101	4	97	—	—
Total	$ 1,964	$ 95	$ 1,869	1	$ 436

	Maturity of Credit Risk Exposure			
Rating as of March 31, 2016	Less than 2 Years	2-5 Years	Exposure Greater than 5 Years	Total Exposure Before Credit Collateral
Investment grade	$ 910	$ 347	$ 19	$ 1,276
Non-investment grade	59	12	—	71
No external ratings				
Internally rated — investment grade	433	54	29	516
Internally rated — non-investment grade	83	18	—	101
Total	$ 1,485	$ 431	$ 48	$ 1,964

Net Credit Exposure by Type of Counterparty	As of March 31, 2016
Financial institutions	$ 116
Investor-owned utilities, marketers, power producers	781
Energy cooperatives and municipalities	909
Other	63
Total	$ 1,869

(a) As of March 31, 2016, credit collateral held from counterparties where Generation had credit exposure included $8 million of cash and $87 million of letters of credit.

ComEd, PECO and BGE

There have been no significant changes or additions to ComEd's, PECO's, or BGE's exposures to credit risk that are described in ITEM 1A. RISK FACTORS of Exelon's 2015 Annual Report on Form 10-K.

See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for information regarding credit exposure to suppliers.

PHI, Pepco, DPL and ACE

There have been no significant changes or additions to PHI's, Pepco's, DPL's or ACE's exposures to credit risk as described in ITEM 1A. RISK FACTORS of PHI's 2015 Annual Report on Form 10-K.

See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for information regarding credit exposure to suppliers.

Collateral (All Registrants)

Generation

As part of the normal course of business, Generation routinely enters into physical or financial contracts for the sale and purchase of electricity, natural gas and other commodities. These contracts either contain express provisions or otherwise permit Generation and its counterparties to demand adequate assurance of future performance when there are reasonable grounds for doing so. In accordance with the contracts and applicable law, if Generation is downgraded by a credit rating agency, especially if such downgrade is to a level below investment grade, it is possible that a counterparty would attempt to rely on such a downgrade as a basis for making a demand for adequate assurance of future performance. Depending on Generation's net position with a counterparty, the demand could be for the posting of collateral. In the absence of expressly agreed-to provisions that specify the collateral that must be provided, collateral requested will be a function of the facts and circumstances of the situation at the time of the demand. In this case, Generation believes an amount of several months of future payments (i.e. capacity payments) rather than a calculation of fair value is the best estimate for the contingent collateral obligation, which has been factored into the disclosure below. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for information regarding collateral requirements.

Generation transacts output through bilateral contracts. The bilateral contracts are subject to credit risk, which relates to the ability of counterparties to meet their contractual payment obligations. Any failure to collect these payments from counterparties could have a material impact on Exelon's and Generation's results of operations, cash flows and financial position. As market prices rise above or fall below contracted price levels, Generation is required to post collateral with purchasers; as market prices fall below contracted price levels, counterparties are required to post collateral with Generation. In order to post collateral, Generation depends on access to bank credit facilities, which serve as liquidity sources to fund collateral requirements. See Liquidity and Capital Resources — Credit Matters — Exelon Credit Facilities for additional information.

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As of March 31, 2016, Generation had cash collateral of $1,063 million posted and cash collateral held of $16 million for external counterparties with derivative positions, of which $1,039 million and $7 million in net cash collateral deposits were offset against energy derivative and interest rate and foreign exchange derivative related to underlying energy contracts, respectively. As of March 31, 2016, $1 million of cash collateral posted was not offset against net derivative positions because it was not associated with energy-related derivatives or as of the balance sheet date there were no positions to offset. See Note 18 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements for information regarding the letters of credit supporting the cash collateral.

ComEd

As of March 31, 2016, ComEd held no collateral from suppliers in association with energy procurement contracts and held approximately $19 million in the form of cash and letters of credit for renewable energy contracts. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements in this report and Note 3 — Regulatory Matters of the 2015 Exelon Form 10-K for additional information.

PECO

As of March 31, 2016, PECO was not required to post collateral under its energy and natural gas procurement contracts. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information.

BGE

BGE is not required to post collateral under its electric supply contracts. As of March 31, 2016, BGE was not required to post collateral under its natural gas procurement contracts nor was it holding collateral under its electric supply and natural gas procurement contracts. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information.

Pepco

Pepco is not required to post collateral under its energy procurement contracts. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information.

DPL

DPL is not required to post collateral under its energy procurement contracts. As of March 31, 2016, DPL was required to post collateral of $1 million under its natural gas procurement contracts. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information.

ACE

ACE is not required to post collateral under its energy procurement contracts. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information.

RTOs and ISOs (All Registrants)

Generation, ComEd, PECO, BGE, Pepco, DPL and ACE participate in all, or some, of the established, real-time energy markets that are administered by PJM, ISO-NE, ISO-NY, CAISO, MISO, SPP, AESO, OIESO and ERCOT. In these areas, power is traded through bilateral agreements between buyers and sellers and on the spot markets that are operated by the RTOs or ISOs, as applicable. In areas where there is no spot market, electricity

is purchased and sold solely through bilateral agreements. For sales into the spot markets administered by an RTO or ISO, the RTO or ISO maintains financial assurance policies that are established and enforced by those administrators. The credit policies of the RTOs and ISOs may, under certain circumstances, require that losses arising from the default of one member on spot market transactions be shared by the remaining participants. Non-performance or non-payment by a major counterparty could result in a material adverse impact on the Registrants' results of operations, cash flows and financial positions.

Exchange Traded Transactions (Exelon, Generation, PHI and DPL)

Generation enters into commodity transactions on NYMEX, ICE and the Nodal exchange. DPL enters into commodity transactions on ICE. The NYMEX, ICE and Nodal exchange clearinghouses act as the counterparty to each trade. Transactions on the NYMEX, ICE and Nodal exchange must adhere to comprehensive collateral and margining requirements. As a result, transactions on NYMEX, ICE and Nodal exchange are significantly collateralized and have limited counterparty credit risk.

Long-Term Leases (Exelon)

On March 31, 2016, UII and MEAG finalized an agreement to terminate the MEAG Headleases, the MEAG Leases, and other related agreements prior to their expiration dates. As a result of the lease termination, UII received an early termination payment of $360 million from MEAG and wrote-off the $356 million net investment in the MEAG Headleases and the Leases. The transaction resulted in a pre-tax gain of $4 million which is reflected in Operating and maintenance expense in Exelon's Consolidated Statements of Operations and Comprehensive Income. See Note 6 — Impairment of Long-Lived Assets of the Combined Notes to Consolidated Financial Statements for additional information.

Interest Rate and Foreign Exchange Risk (Exelon, Generation, ComEd, PECO, BGE and PHI)

The Registrants use a combination of fixed-rate and variable-rate debt to manage interest rate exposure. The Exelon registrants may also utilize fixed-to-floating interest rate swaps, which are typically designated as fair value hedges, as a means to manage their interest rate exposure. In addition, the Registrants may utilize interest rate derivatives to lock in rate levels in anticipation of future financings, which are typically designated as cash flow hedges. These strategies are employed to manage interest rate risks. At March 31, 2016, Exelon had $800 million of notional amounts of fixed-to-floating hedges outstanding and Exelon and Generation had $1,287 million and $687 million of notional amounts of floating-to-fixed hedges outstanding, respectively. Assuming the fair value and cash flow interest rate hedges are 100% effective, a hypothetical 50 bps increase in the interest rates associated with unhedged variable-rate debt (excluding Commercial Paper) and fixed-to-floating swaps would result in approximately a $1 million decrease in Exelon Consolidated pre-tax income for the three months ended March 31, 2016. To manage foreign exchange rate exposure associated with international energy purchases in currencies other than U.S. dollars, Generation utilizes foreign currency derivatives, which are typically designated as economic hedges.

Equity Price Risk (Exelon and Generation)

Exelon and Generation maintain trust funds, as required by the NRC, to fund certain costs of decommissioning Generation's nuclear plants. As of March 31, 2016, Generation's decommissioning trust funds are reflected at fair value on its Consolidated Balance Sheets. The mix of securities in the trust funds is designed to provide returns to be used to fund decommissioning and to compensate Generation for inflationary increases in decommissioning costs; however, the equity securities in the trust funds are exposed to price fluctuations in equity markets, and the value of fixed-rate, fixed-income securities are exposed to changes in interest rates. Generation actively monitors the investment performance of the trust funds and periodically reviews asset allocation in accordance with Generation's NDT fund investment policy. A hypothetical 10% increase in interest rates and decrease in equity prices would result in a $470 million reduction in the fair value of the trust assets. This calculation holds all other variables constant and assumes only the discussed changes in interest rates and

equity prices. See ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS for further discussion of equity price risk as a result of the current capital and credit market conditions.

Item 4. Controls and Procedures

During the first quarter of 2016, each of Exelon's, Generation's, ComEd's, PECO's, BGE's, PHI's, Pepco's, DPL's and ACE's management, including its principal executive officer and principal financial officer, evaluated its disclosure controls and procedures related to the recording, processing, summarizing and reporting of information in its periodic reports that it files with the SEC. These disclosure controls and procedures have been designed by all Registrants to ensure that (a) material information relating to that Registrant, including its consolidated subsidiaries, is accumulated and made known to Exelon's management, including its principal executive officer and principal financial officer, by other employees of that Registrant and its subsidiaries as appropriate to allow timely decisions regarding required disclosure, and (b) this information is recorded, processed, summarized, evaluated and reported, as applicable, within the time periods specified in the SEC's rules and forms. Due to the inherent limitations of control systems, not all misstatements may be detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls could be circumvented by the individual acts of some persons or by collusion of two or more people.

Accordingly, as of March 31, 2016, the principal executive officer and principal financial officer of each of Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE concluded that such Registrant's disclosure controls and procedures were effective to accomplish its objectives. All Registrants continually strive to improve their disclosure controls and procedures to enhance the quality of its financial reporting and to maintain dynamic systems that change as conditions warrant. On March 23, 2016, the merger between Exelon and PHI closed. There have been no changes in internal control over financial reporting that occurred during the first quarter of 2016, other than changes resulting from the PHI Merger, that have materially affected, or are reasonably likely to materially affect, any of Exelon's, Generation's, ComEd's, PECO's, BGE's , PHI's, Pepco's, DPL's and ACE's internal control over financial reporting. See Note 4 — Mergers, Acquisitions and Dispositions of the Combined Notes to the Consolidated Financial Statements for further information regarding the PHI acquisition. Exelon's management expects that the controls over financial reporting associated with PHI, Pepco, DPL and ACE from the date of the merger forward will be covered in the year-end assessment.

PART II — OTHER INFORMATION

Item 1 Legal Proceedings

The Registrants are parties to various lawsuits and regulatory proceedings in the ordinary course of their respective businesses. For information regarding material lawsuits and proceedings, see (a) ITEM 3. LEGAL PROCEEDINGS of Exelon's 2015 Form 10-K (b) ITEM 3. LEGAL PROCEEDINGS of PHI's 2015 Form 10-K and (c) Notes 5 — Regulatory Matters and 18 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements in PART I, ITEM 1. FINANCIAL STATEMENTS of this Report. Such descriptions are incorporated herein by these references.

Item 1A Risk Factors

Risks Related to Exelon

Exclusive of the *Risks Related to the Pending Merger with PHI* described in Exelon's 2015 Form 10-K in ITEM 1A. RISK FACTORS, Exelon is, and will continue to be, subject to the risks described in Exelon's and PHI's 2015 Form 10-K in (a) ITEM 1A. RISK FACTORS, (b) ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS and (c) ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA: Note 23 of the Combined Notes to Consolidated Financial Statements in Exelon's 2015 Form 10-K and Note 16 of the Notes to Consolidated Financial Statements in PHI's 2015 Form 10-K. As a result of the merger with PHI that closed on March 23, 2016 Exelon is subject to additional risks related to the merger as described below.

Risks Related to the PHI Merger

The merger may not achieve its anticipated results, and Exelon may be unable to integrate the operations of PHI in the manner expected.

Exelon and PHI entered into the merger agreement with the expectation that the merger will result in various benefits, including, among other things, cost savings and operating efficiencies. Achieving the anticipated benefits of the merger is subject to a number of uncertainties, including whether the businesses of Exelon and PHI can be integrated in an efficient, effective and timely manner.

It is possible that the integration process could take longer than anticipated and could result in the loss of valuable employees, the disruption of Exelon's businesses, processes and systems or inconsistencies in standards, controls, procedures, practices and policies, any of which could adversely affect the combined company's ability to achieve the anticipated benefits of the merger as and when expected. Exelon may have difficulty addressing possible differences in corporate cultures and management philosophies. Failure to achieve these anticipated benefits could result in increased costs and could adversely affect Exelon's future business, financial condition, operating results and prospects.

The merger may not be accretive to earnings and may cause dilution to Exelon's earnings per share, which may negatively affect the market price of Exelon's common stock.

The timing and amount of accretion expected could be significantly adversely affected by a number of uncertainties, including market conditions, risks related to Exelon's businesses and whether the business of PHI is integrated in an efficient and effective manner. Exelon also could encounter additional transaction and integration-related costs, may fail to realize all of the benefits anticipated in the merger or be subject to other factors that affect preliminary estimates. Any of these factors could cause a decrease in Exelon's adjusted earnings per share or decrease or delay the expected accretive effect of the merger and contribute to a decrease in the price of Exelon's common stock.

Exelon may incur unexpected transaction fees and merger-related costs in connection with the merger.

Exelon expects to incur a number of non-recurring expenses associated with completing the merger, as well as expenses related to combining the operations of the two companies. Exelon may incur additional unanticipated costs in the integration of the businesses of Exelon and PHI. Although Exelon expects that the elimination of certain duplicative costs, as well as the realization of other efficiencies related to the integration of the two businesses, will offset the incremental transaction and merger-related costs over time, the combined company may not achieve this net benefit in the near term, or at all.

Exelon may encounter unexpected difficulties or costs in meeting commitments it made under various orders and agreements associated with regulatory approvals for the PHI Merger.

As a result of the process to obtain regulatory approvals required for the PHI Merger, Exelon is committed to various programs, contributions and investments in several settlement agreements and regulatory approval orders. It is possible that Exelon may encounter delays, unexpected difficulties, or additional costs in meeting these commitments in compliance with the terms of the relevant agreements and orders. Failure to fulfill the commitments in accordance with their terms could result in increased costs or result in penalties or fines that could adversely affect Exelon's financial position and operating results.

Item 4 Mine Safety Disclosures

Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE

Not applicable to the Registrants.

Item 6 Exhibits

Certain of the following exhibits are incorporated herein by reference under Rule 12b-32 of the Securities and Exchange Act of 1934, as amended. Certain other instruments which would otherwise be required to be listed below have not been so listed because such instruments do not authorize securities in an amount which exceeds 10% of the total assets of the applicable registrant and its subsidiaries on a consolidated basis and the relevant registrant agrees to furnish a copy of any such instrument to the Commission upon request.

Exhibit No.	Description
2.1	Letter Agreement, dated March 7, 2016, among Pepco Holdings, Inc., Exelon Corporation and Purple Acquisition Corp. (File No. 001-31403, Form 8-K dated March 7, 2016, Exhibit 2)
3.1	Exelon Corporation Amended and Restated Bylaws, as amended on April 26, 2016 (File No. 001-16169, Form 8-K dated April 29, 2016, Exhibit 4.1)
4.1	Third Supplemental Indenture, dated as of April 7, 2016, among Exelon Corporation and The Bank of New York Mellon Trust Company, N.A., as trustee (File No. 001-16169, Form 8-K dated April 7, 2016, Exhibit 4.2)
10.1	First Amendment to Loan Agreement, by and between Pepco Holdings LLC and The Bank of Nova Scotia, as administrative agent and lender, dated March 28, 2016 (File No. 001-31403, Form 8-K dated March 28, 2016, Exhibit 2)
10.2	Amendment To The Pepco Holdings, Inc. Second Revised And Restated Executive And Director Deferred Compensation Plan
10.3	First Amendment To The Pepco Holdings, Inc. 2014 Management Employee Severance Plan
10.4	First Amendment To The Pepco Holdings, Inc. Amended And Restated Change-In-Control/Severance Plan For Certain Executive Employees
10.5	Omnibus Amendment Pepco Holdings, Inc. Supplemental Executive Retirement Plans
10.6	2016 Amendment to the Pepco Holdings, Inc. Retirement Plan

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Exhibit No.	Description
18.1	Letter from PricewaterhouseCoopers LLP to the Board of Directors of Pepco Holdings LLC dated May 10, 2016 regarding a change in accounting principles
18.2	Letter from PricewaterhouseCoopers LLP to the Board of Directors of Atlantic City Electric Company dated May 10, 2016 regarding a change in accounting principles
101.INS	XBRL Instance
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation
101.DEF	XBRL Taxonomy Extension Definition
101.LAB	XBRL Taxonomy Extension Labels
101.PRE	XBRL Taxonomy Extension Presentation

Certifications Pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities and Exchange Act of 1934 as to the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2016 filed by the following officers for the following companies:

31-1 — Filed by Christopher M. Crane for Exelon Corporation

31-2 — Filed by Jonathan W. Thayer for Exelon Corporation

31-3 — Filed by Kenneth W. Cornew for Exelon Generation Company, LLC

31-4 — Filed by Bryan P. Wright for Exelon Generation Company, LLC

31-5 — Filed by Anne R. Pramaggiore for Commonwealth Edison Company

31-6 — Filed by Joseph R. Trpik, Jr. for Commonwealth Edison Company

31-7 — Filed by Craig L. Adams for PECO Energy Company

31-8 — Filed by Phillip S. Barnett for PECO Energy Company

31-9 — Filed by Calvin G. Butler, Jr. for Baltimore Gas and Electric Company

31-10 — Filed by David M. Vahos for Baltimore Gas and Electric Company

31-11 — Filed by David M. Velazquez for Pepco Holdings LLC

31-12 — Filed by Donna J. Kinzel for Pepco Holdings LLC

31-13 — Filed by David M. Velazquez for Potomac Electric Power Company

31-14 — Filed by Donna J. Kinzel for Potomac Electric Power Company

31-15 — Filed by David M. Velazquez for Delmarva Power & Light Company

31-16 — Filed by Donna J. Kinzel for Delmarva Power & Light Company

31-17 — Filed by David M. Velazquez for Atlantic City Electric Company

31-18 — Filed by Donna J. Kinzel for Atlantic City Electric Company

Certifications Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code (Sarbanes — Oxley Act of 2002) as to the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2016 filed by the following officers for the following companies:

32-1 — Filed by Christopher M. Crane for Exelon Corporation

32-2 — Filed by Jonathan W. Thayer for Exelon Corporation

32-3 — Filed by Kenneth W. Cornew for Exelon Generation Company, LLC

32-4 — Filed by Bryan P. Wright for Exelon Generation Company, LLC

32-5 — Filed by Anne R. Pramaggiore for Commonwealth Edison Company

32-6 — Filed by Joseph R. Trpik, Jr. for Commonwealth Edison Company

32-7 — Filed by Craig L. Adams for PECO Energy Company

32-8 — Filed by Phillip S. Barnett for PECO Energy Company

32-9 — Filed by Calvin G. Butler, Jr. for Baltimore Gas and Electric Company

32-10 — Filed by David M. Vahos for Baltimore Gas and Electric Company

32-11 — Filed by David M. Velazquez for Pepco Holdings LLC

32-12 — Filed by Donna J. Kinzel for Pepco Holdings LLC

32-13 — Filed by David M. Velazquez for Potomac Electric Power Company

32-14 — Filed by Donna J. Kinzel for Potomac Electric Power Company

32-15 — Filed by David M. Velazquez for Delmarva Power & Light Company

32-16 — Filed by Donna J. Kinzel for Delmarva Power & Light Company

32-17 — Filed by David M. Velazquez for Atlantic City Electric Company

32-18 — Filed by Donna J. Kinzel for Atlantic City Electric Company

SIGNATURES

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

EXELON CORPORATION

/ S / C HRISTOPHER M. C RANE
Christopher M. Crane
President and Chief Executive Officer
(Principal Executive Officer) and Director

/ S / J ONATHAN W. T HAYER
Jonathan W. Thayer
Senior Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

/ S / D UANE M. D ES P ARTE
Duane M. DesParte
Senior Vice President and Corporate Controller
(Principal Accounting Officer)

May 10, 2016

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

EXELON GENERATION COMPANY, LLC

/ S / K ENNETH W. C ORNEW
Kenneth W. Cornew
President and Chief Executive Officer
(Principal Executive Officer)

/ S / B RYAN P. W RIGHT
Bryan P. Wright
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

/ S / M ATTHEW N. B AUER
Matthew N. Bauer
Vice President and Controller
(Principal Accounting Officer)

May 10, 2016

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

COMMONWEALTH EDISON COMPANY

/ S / A NNE R. P RAMAGGIORE
Anne R. Pramaggiore
President and Chief Executive Officer
(Principal Executive Officer)

/ S / J OSEPH R. T RPIK , J R .
Joseph R. Trpik, Jr.
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/ S / G ERALD J. K OZEL
Gerald J. Kozel
Vice President and Controller
(Principal Accounting Officer)

May 10, 2016

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Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PECO ENERGY COMPANY

/ S / C RAIG L. A DAMS
Craig L. Adams
President and Chief Executive Officer
(Principal Executive Officer)

/ S / P HILLIP S. B ARNETT
Phillip S. Barnett
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/ S / S COTT A. B AILEY
Scott A. Bailey
Vice President and Controller
(Principal Accounting Officer)

May 10, 2016

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BALTIMORE GAS AND ELECTRIC COMPANY

/ S / C ALVIN G. B UTLER , J R .
Calvin G. Butler, Jr.
Chief Executive Officer
(Principal Executive Officer)

/ S / D AVID M. V AHOS
David M. Vahos
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/ S / A NDREW W. H OLMES
Andrew W. Holmes
Vice President and Controller
(Principal Accounting Officer)

May 10, 2016

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PEPCO HOLDINGS LLC

/ S / D AVID M. V ELAZQUEZ
David M. Velazquez
President and Chief Executive Officer
(Principal Executive Officer)

/ S / D ONNA J. K INZEL
Donna J. Kinzel
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/ S / R OBERT M. A IKEN
Robert M. Aiken
Vice President and Controller
(Principal Accounting Officer)

May 10, 2016

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Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

POTOMAC ELECTRIC POWER COMPANY

/ S / D AVID M. V ELAZQUEZ
David M. Velazquez
President and Chief Executive Officer
(Principal Executive Officer)

/ S / D ONNA J. K INZEL
Donna J. Kinzel
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/ S / R OBERT M. A IKEN
Robert M. Aiken
Vice President and Controller
(Principal Accounting Officer)

May 10, 2016

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DELMARVA POWER & LIGHT COMPANY

/ S / D AVID M. V ELAZQUEZ
David M. Velazquez
President and Chief Executive Officer
(Principal Executive Officer)

/ S / D ONNA J. K INZEL
Donna J. Kinzel
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/ S / R OBERT M. A IKEN
Robert M. Aiken
Vice President and Controller
(Principal Accounting Officer)

May 10, 2016

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ATLANTIC CITY ELECTRIC COMPANY

/ S / D AVID M. V ELAZQUEZ
David M. Velazquez
President and Chief Executive Officer
(Principal Executive Officer)

/ S / D ONNA J. K INZEL
Donna J. Kinzel
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/ S / R OBERT M. A IKEN
Robert M. Aiken
Vice President and Controller
(Principal Accounting Officer)

May 10, 2016

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Exhibit 10.2

AMENDMENT TO THE
PEPCO HOLDINGS, INC.
SECOND REVISED AND RESTATED
EXECUTIVE AND DIRECTOR DEFERRED COMPENSATION PLAN

This Amendment (this " **Amendment** ") to the Pepco Holdings, Inc. Second Revised and Restated Executive and Director Deferred Compensation Plan (the " **Plan** ") is made by PEPCO HOLDINGS, INC., a Delaware corporation (the " **Company** "), effective as of the closing of the merger with Exelon Corporation (the " **Amendment Effective Date** "). Capitalized terms used and not otherwise defined herein shall have the meanings assigned to them in the Plan.

WHEREAS, the Plan was amended and restated in its entirety by the Company on December 15, 2011; and

WHEREAS, Section 7.01 of the Plan provides that the Company may amend the Plan at any time, subject to certain exceptions; and

WHEREAS, the Company has entered into an Amended and Restated Agreement and Plan of Merger, dated July 18, 2014 (the " **Merger Agreement** "), by and among the Company, Exelon Corporation, a Pennsylvania corporation (" **Exelon** "), and Purple Acquisition Corp., a Delaware corporation and an indirect, wholly owned subsidiary of Exelon (" **Merger Sub** "), providing for the merger of Merger Sub with and into the Company (the " **Merger** "), with the Company surviving the Merger as a wholly owned subsidiary of Exelon, which was approved by the stockholders of the Company at a special meeting held on September 23, 2014; and

WHEREAS, Article IV of the Merger Agreement sets forth provisions for the exchange and cancellation of the Company's common stock, $.01 par value per share, and the settlement of Company Awards (including amounts of Deferred Compensation credited to Directors in the form of phantom shares under the Plan (" **Phantom Shares** ")) that are outstanding as of the effective time of the Merger; and

WHEREAS, the Compensation/Human Resources Committee of the Board has recommended, and the Board has determined, that it is in the best interests of the Company to amend the Plan as set forth herein to give effect to the provisions of Article IV of the Merger Agreement with respect to the Phantom Shares and the Plan.

NOW, THEREFORE, BE IT RESOLVED, that, pursuant to Section 7.01 of the Plan, the provisions of the Plan are hereby deemed amended to the extent required to (i) permit all Phantom Shares credited to Directors under the Plan as of the Amendment Effective Date to be settled in accordance with Section 4.3 of the Merger Agreement, and (ii) eliminate the right of any Executive or Director to elect to have his or her Deferred Compensation expressed in the form of Phantom Shares or credited to a Phantom Share account; and be it

FURTHER RESOLVED, that, effective as of the Amendment Effective Date, each reference in the Plan to “this Plan,” “hereunder,” “hereof” or words of like import referring to the Plan, shall mean and be a reference to the Plan, as amended by this Amendment; and be it

FURTHER RESOLVED, that, effective as of the Amendment Effective Date, the amendment to the Plan as provided in this Second Amendment shall apply to and be binding upon each Executive and Director.

[Signature page appears on following page]

IN WITNESS THEREOF, the Company has caused this Amendment to be signed this 23rd day of March, 2016.

ATTEST:

By: /s/ Jane K. Storero
Jane K. Storero
Secretary

Pepco Holdings, Inc.

By: /s/ Joseph M. Rigby
Joseph M. Rigby
Chairman of the Board, President
and Chief Executive Officer

Exhibit 10.3

FIRST AMENDMENT TO THE
PEPCO HOLDINGS, INC.
2014 MANAGEMENT EMPLOYEE SEVERANCE PLAN

This First Amendment (this " **Amendment** ") to the Pepco Holdings, Inc. 2014 Management Employee Severance Plan (the " **Severance Plan** ") is made, effective as of March 23, 2016 (the " **Effective Date** "). Capitalized terms used and not otherwise defined herein shall have the meanings assigned to them in the Severance Plan.

WHEREAS, the Severance Plan provides that PEPCO HOLDINGS, INC. (the " **Company** ") may amend the Severance Plan at any time, subject to certain exceptions; and

WHEREAS, the Compensation/Human Resources Committee of the Board of Directors of the Company (the " **Committee** " and the " **Board** ", respectively) has recommended, and the Board has determined, that it is in the best interests of the Company to amend the Pepco Holdings, Inc. Retirement Plan to provide certain additional benefits in lieu of severance benefits and that the Severance Plan shall be amended to avoid a duplication of benefits; and

WHEREAS, the Board has delegated to the Chief Executive Officer of the Company authority to amend the Severance Plan as provided below.

NOW, THEREFORE, the Severance Plan is hereby amended to add the following new section immediately preceding the section titled: "Change in Control":

Nonduplication of Benefits Notwithstanding any other provision of the Plan, any benefit payable to an individual covered under this Plan (including, but not limited to, any Severance Cash Benefit or Special Good Reason Severance Benefit) shall be reduced (but not below zero) by the amount, if any, payable to or on behalf of such individual under Section 3.7 of Sub-Plan Four of the PHI Retirement Plan (including as incorporated by reference into other sub-plans of the PHI Retirement Plan), expressed in the form of a lump sum payable on the first annuity starting date after the date such individual terminates employment.

IN WITNESS THEREOF, the Company has caused this Amendment to be signed this 23 rd day of March, 2016.

ATTEST:

By: /s/ Jane K. Storero
Jane K. Storero
Secretary

Pepco Holdings, Inc.

By: /s/ Joseph M. Rigby
Joseph M. Rigby
Chairman of the Board, President
and Chief Executive Officer

S1-SSA-0009 - 22129

Exhibit 10.4

FIRST AMENDMENT TO THE
PEPCO HOLDINGS, INC.
AMENDED AND RESTATED CHANGE-IN-CONTROL /
SEVERANCE PLAN FOR CERTAIN EXECUTIVE EMPLOYEES

This First Amendment (this " **Amendment** ") to the Pepco Holdings, Inc. Amended and Restated Change-in-Control Severance Plan for Certain Executive Employees (the " **Severance Plan** ") is made, effective as of March 23, 2016 (the " **Effective Date** "). Capitalized terms used and not otherwise defined herein shall have the meanings assigned to them in the Severance Plan.

WHEREAS, Section 7.1 of the Severance Plan provides that PEPCO HOLDINGS, INC. (the " **Company** ") may amend the Severance Plan at any time, subject to certain exceptions; and

WHEREAS, the Compensation/Human Resources Committee of the Board of Directors of the Company (the " **Committee** " and the " **Board** ", respectively) has recommended, and the Board has determined, that it is in the best interests of the Company to amend the Pepco Holdings, Inc. Retirement Plan to provide certain additional benefits in lieu of severance benefits and that the Severance Plan shall be amended to avoid a duplication of benefits; and

WHEREAS, the Board has delegated to the Chief Executive Officer of the Company authority to amend the Severance Plan as provided below.

NOW, THEREFORE, the Severance Plan is hereby amended pursuant to Section 7.1 thereof to add the following new paragraph (d) to Section 4.3:

> (d) Notwithstanding any other provision of the Plan, the amount of the payments provided for in Section 4.1 and Section 4.2 shall be reduced (but not below zero) by the amount, if any, payable to or on behalf of such Participant under Section 3.7 of Sub-Plan Four of the Pepco Holdings, Inc. Retirement Plan (including as incorporated by reference into other sub-plans of the Pepco Holdings, Inc. Retirement Plan), expressed in the form of a lump sum payable on the first annuity starting date after the Date of Termination.

IN WITNESS THEREOF, the Company has caused this Amendment to be signed this 23 rd day of March, 2016.

ATTEST:

By: /s/ Jane K. Storero
Jane K. Storero
Secretary

Pepco Holdings, Inc.

By: /s/ Joseph M. Rigby
Joseph M. Rigby
Chairman of the Board, President
and Chief Executive Officer

S1-SSA-0009 - 22131

Exhibit 10.5

OMNIBUS AMENDMENT
PEPCO HOLDINGS, INC.
SUPPLEMENTAL EXECUTIVE RETIREMENT PLANS

WHEREAS, Pepco Holdings, Inc. (the " **Company** ") or an affiliate of the Company sponsors the following non-qualified deferred compensation plans (collectively, the " **Plans** "): (1) the 2011 Pepco Holdings, Inc. Supplemental Executive Retirement Plan (the " **2011 SERP** "); (2) the Pepco Holdings, Inc. Combined Executive Retirement Plan (the " **Combined SERP** "); and (3) the Conectiv Supplemental Retirement Plan (the " **Conectiv SERP** ");

WHEREAS , Article 6 of the 2011 SERP, Section 6.5 of the Combined SERP, and Section 8.1 of the Conectiv SERP provide that the Plans may be amended at any time, subject to certain exceptions;

WHEREAS , the Compensation/Human Resources Committee of the Board of Directors of the Company (the " **Committee** " and the " **Board** ", respectively) has recommended, and the Board has determined, that it is in the best interests of the Company to amend the Pepco Holdings, Inc. Retirement Plan (the " **Retirement Plan** ") to provide certain additional retirement benefits and that the Plans shall be amended to the extent necessary so that the amount due under each of the Plans is determined as if the Retirement Plan did not provide the additional benefits; and

WHEREAS, the Board has delegated to the Chief Executive Officer of the Company authority to amend the Plans as provided below.

NOW, THEREFORE, the Plans are hereby amended as follows, effective as of March 23, 2016:

1. The 2011 SERP is hereby amended to add the following new Section 4.5:

   4.5 Notwithstanding any other provision of the Plan, a benefit payable to or on behalf of a Participant under Section 4.1, Section 4.3, or the Schedule of Retirement Benefits, shall be calculated and determined without regard to the Additional Account (as such term is defined in Sub-Plan Four of the Pepco Holdings, Inc. Retirement Plan), if any, payable to or on behalf of such Participant under the Pepco Holdings, Inc. Retirement Plan.

2. The Combined SERP is hereby amended to add the following new Section 3.8:

   3.8 Notwithstanding any other provision of the Plan, a benefit payable to or on behalf of a Participant under Section 3.1, Section 3.3, or Section 3.7 hereof, shall be calculated and determined without regard to the Additional Account (as such term is defined in Sub-Plan Four of the Pepco Holdings, Inc. Retirement Plan), if any, payable to or on behalf of such Participant under the Pepco Holdings, Inc. Retirement Plan.

3. The Conectiv SERP is hereby amended to add the following new Section 3.5:

3.5 Notwithstanding any other provision of the Plan, a benefit payable to or on behalf of a Participant under Section 3.1, Section 3.2, Section 5.1, or Section 6.2 hereof, shall be calculated and determined without regard to the Additional Account (as such term is defined in Sub-Plan Four of the Pepco Holdings, Inc. Retirement Plan), if any, payable to or on behalf of such Participant under the Pepco Holdings, Inc. Retirement Plan.

IN WITNESS THEREOF, the Company has caused this Amendment to be signed this 23 rd day of March, 2016.

ATTEST:

By: /s/ Jane K. Storero
Jane K. Storero
Secretary

Pepco Holdings, Inc.

By: /s/ Joseph M. Rigby
Joseph M. Rigby
Chairman of the Board, President
and Chief Executive Officer

S1-SSA-0009 - 22134

Exhibit 10.6

2016 AMENDMENT TO THE
PEPCO HOLDINGS, INC. RETIREMENT PLAN

This Amendment (this " **Amendment** ") to the Pepco Holdings, Inc. Retirement Plan (the " **Plan** ") is made, effective as of March 23, 2016 (the " **Effective Date** "). Capitalized terms used and not otherwise defined herein shall have the meanings assigned to them in the Plan.

WHEREAS, Section 8.1 of the Plan provides that the Board of Directors (the " **Board** ") of the by PEPCO HOLDINGS, INC. (the " **Company** ") may amend the Plan at any time, subject to certain exceptions; and

WHEREAS, the Compensation/Human Resources Committee of the Board (the " **Committee** ") has recommended, and the Board has determined, that it is in the best interests of the Company to amend the Plan as set forth herein; and

WHEREAS, the Board has delegated to the Chief Executive Officer of the Company authority to amend the Plan as provided below.

NOW, THEREFORE, pursuant to Section 8.1 of the Plan, the Plan is hereby amended as follows:

1. Article 3 of Sub-Plan Four of the Plan ("Conectiv Cash Balance Sub-Plan") is hereby amended to add the following new Section 3.7:

3.7 Additional Account Benefit . This Section 3.7 provides an additional benefit expressed as an account (the "Additional Account") that is payable to Participants who are eligible under Section 3.7.1 below, in the amount provided under Section 3.7.2 below, at the time and in the forms set forth in Sections 3.7.3 and 3.7.4 below, and subject to the vesting schedule and other special rules set forth in Section 3.7.5 below. The Additional Account is separate and apart from all other benefits payable under the Plan and does not affect the amount, time, or form of payment of any other benefit the Participant accrues under the Plan (except as provided in Section 3.7.3 or as necessary to comply with certain tax-qualification requirements as provided in Section 3.7.5 below).

3.7.1 Eligibility for the Additional Account . A Participant is eligible for the Additional Account benefit if his or her employee identification number is set forth on Schedule D to this Sub-Plan. For purposes of this Section 3.7, a Participant who is eligible for an Additional Account benefit is referred to as an "Eligible Participant".

3.7.2 Additional Account Balance . The Additional Account is a notional bookkeeping account established for each

Eligible Participant. The balance of the Additional Account is equal to the dollar amount corresponding to each Eligible Participant's employee identification number as set forth on Schedule D (the "Additional Account Balance"). The Additional Account Balance is not credited with interest.

3.7.3 Time of Payment .

3.7.3.1 The Annuity Starting Date for the Additional Account shall be the first day of the first month following such Eligible Participant's termination of employment, or any later Annuity Starting Date available to the Eligible Participant under the Plan that occurs on or before such Eligible Participant's Normal Retirement Date.

3.7.3.2 An Eligible Participant may elect to commence his or her vested Additional Account benefit independently of any other benefit to which the Eligible Participant may be entitled under the Plan and is not required to commence all components at the same time, except as provided in Section 3.7.3.3.

3.7.3.3 If an Eligible Participant has another vested benefit under this Sub-Plan that is a cash balance benefit (a "Cash Balance Eligible Participant"), such Eligible Participant must elect to receive such other benefit at the same time as the Additional Account benefit and, if the Eligible Participant elects an Annuity Starting Date at which the Additional Account may be paid in the form of a lump sum, the Eligible Participant must elect the same form of benefit for the Additional Account benefit and such other benefit.

3.7.4 Form of Payment . The Additional Account benefit, if vested, is payable in the following forms (subject to section 3.7.3.3):

3.7.4.1 Lump Sum . An Eligible Participant may elect to receive the Additional Account in a single lump-sum distribution in an amount equal to the Eligible Participant's Additional Account Balance; provided, however, that the lump-sum distribution is available only if such Eligible Participant elects to receive the Additional Account as of the first day of the first month after termination of employment.

3.7.4.2 Single Life Annuity .

(a) An Eligible Participant may elect to receive the Additional Account benefit beginning on an Annuity Starting Date

in the form of a single life annuity that is actuarially equivalent to a lump sum payment made on the same Annuity Starting Date in an amount equal to such Eligible Participant's Additional Account Balance. For this purpose, actuarial equivalence shall be determined using the interest rate and mortality assumptions set forth in Section A.1.4 of Schedule A of this Sub-Plan.

(b) With respect to an Eligible Participant who is not married on his or her Annuity Starting Date, the single life annuity described in this Section 3.7.4.2, shall be the normal form of payment; provided, however, that such Eligible Participant may elect a different form of benefit described in this Section 3.7.4.

3.7.4.3 Joint and 50% Survivor Annuity .

(a) An Eligible Participant may elect to receive the Additional Account benefit as a joint and survivor annuity that is actuarially equivalent to the single life annuity payable as of the same Annuity Starting Date (as determined in section 3.7.4.2 above) and that provides an annuity after the Eligible Participant's death for the life of the Eligible Participant's contingent annuitant equal to 50% of the annuity payable during the joint lives of the Participant and the contingent annuitant. For this purpose, actuarial equivalence shall be determined using the interest rate and mortality assumptions set forth in Section A.1.4 of Schedule A of this Sub-Plan.

(b) With respect to an Eligible Participant who is married on his or her Annuity Starting Date, the joint and 50% survivor annuity described in this Section 3.7.4.3, shall be the normal form of payment and the Eligible Participant's spouse shall be the contingent annuitant for such form of payment; provided, however, that such Eligible Participant may elect a different contingent annuitant or to receive the lump-sum distribution described in Section 3.7.4.1 above, the single life annuity described in Section 3.7.4.2 above, or the split-payment option described in Section 3.7.4.5 below, if such Eligible Participant receives the written consent of his or her spouse and otherwise satisfies the conditions set forth in Section 6.3 of the Base Plan. The Eligible Participant may alternatively elect the joint and 75% survivor annuity described in Section 3.7.4.4 below with his or her spouse as the contingent annuitant or, with spousal consent as described above, a different contingent annuitant.

3.7.4.4 Joint and 75% Survivor Annuity . An Eligible Participant may elect to receive the Additional Account benefit as a joint and survivor annuity that is actuarially equivalent

to the single life annuity payable as of the same Annuity Starting Date (as determined in section 3.7.4.2 above) and that provides an annuity after the Eligible Participant's death for the life of the Eligible Participant's contingent annuitant equal to 75% of the annuity payable during the joint lives of the Participant and the contingent annuitant. For this purpose, actuarial equivalence shall be determined using the interest rate and mortality assumptions set forth in Section A.1.4 of Schedule A of this Sub-Plan.

3.7.4.5 Split-Payment Option . An Eligible Participant (other than a Cash Balance Eligible Participant) may elect to receive a portion of the Additional Account in a lump-sum distribution, and the remainder in annuity, as described below:

(a) an Eligible Participant may elect to receive any whole percentage of the Additional Account in a lump-sum distribution that is equal to the Additional Account Balance as of the Annuity Starting Date multiplied by the percentage elected by the Eligible Participant;

(b) such Eligible Participant shall elect to receive the remainder of the Additional Account in either: (i) a single life annuity, (ii) a joint and 50% survivor annuity, or (iii) a joint and 75% survivor annuity, each the actuarial equivalent of the Additional Account Balance remaining after being reduced to reflect the lump-sum distribution described in (a) above. For this purpose, actuarial equivalence shall be determined using the interest rate and mortality assumptions set forth in Section A.1.4 of Schedule A of this Sub-Plan.

The split-payment option described in this Section 3.7.4.5 is available only if such Eligible Participant elects to receive the lump-sum portion as of the first day of the first month after termination of employment.

3.7.5 Additional Rules . In addition to the requirements set forth above, the Additional Account benefit shall be subject to the following:

3.7.5.1 Vesting . An Eligible Participant must complete three Years of Service for vesting purposes (as such service is calculated under the Sub-Plan in which the Eligible Participant was eligible to accrue benefits as of December 31, 2014) in order to be vested in the Additional Account benefit.

3.7.5.2 Tax-Qualification Requirements . Generally, an Eligible Participant's Additional Account will be

treated separately than other benefits the Eligible Participant accrues under the Plan. However, where the context requires otherwise, a Participant's accrued benefit under the Plan will take into account the Additional Account. For example: (a) an Eligible Participant's Additional Account benefit shall be combined with any other benefit payable under the Plan with respect to such Eligible Participant for purposes of determining whether his or her nonforfeitable accrued benefit under the Plan exceeds the limitation set forth under section 411(a)(11)(A) of the Code (or any lower cash-out limit imposed by the Plan); (b) in accordance with, and subject to, Article 5 of the Base Plan, in no event will the amount of the Additional Account payable with respect to an Eligible Participant, when combined with any other benefit payable to such Eligible Participant under the Plan, exceed the maximum amount permitted by section 415 of the Code for a retirement benefit payable in the form and commencing at the age provided for with respect to the Eligible Participant; and (c) the Additional Account shall be payable in accordance with, and subject to, the required minimum distribution provisions set forth in Section 6.1 of the Base Plan and the top-heavy provisions in Article 7 of the Base Plan.

3.7.5.3 Preretirement Death Benefit . If a vested Eligible Participant dies before commencing the Additional Account, a benefit equal to the Eligible Participant's Additional Account Balance shall be paid to such Eligible Participant's Beneficiary under the Plan in a single lump-sum distribution as soon as administratively practicable following such Eligible Participant's death; provided, however, that if the Eligible Participant's Beneficiary is his or her surviving spouse, the surviving spouse may elect to: (i) receive the Additional Account benefit in the form of a single life annuity that is the actuarial equivalent of the Additional Account Balance (determined as of the Annuity Starting Date using the interest and mortality assumptions set forth in Section A.1.4 of Schedule A of this Sub-Plan), and/or (ii) defer commencement of the Additional Account benefit until the date that would have been the Eligible Participant's Normal Retirement Date (if later than the Eligible Participant's date of death) and elect as of such later date a lump sum or single life annuity as described in clause (i).

3.7.5.4 Nonduplication . If an Eligible Participant is eligible for benefits under more than one Sub-Plan, the Additional Account benefit is accrued only under the Sub-Plan in which the Eligible Participant most recently accrued benefits prior to January 1, 2015, and shall not be duplicated.

2. Section 6.6 of Sub-Plan Four of the Plan is hereby amended to add the following new Section 6.6.7:

6.6.7 Split-Payment Option . In lieu of the normal form of benefit, a Designated Participant (as defined below) may elect to receive any whole percentage of his Payable Cash Balance benefit in a lump-sum distribution, and the remainder of his benefit in another form for which he is eligible under the Plan and/or at a later Annuity Starting Date (which remaining benefit shall be determined by reducing the Payable Cash Balance by the amount of the lump sum distribution as of the annuity starting date of the lump-sum distribution). For purposes of this Section 6.6.7, a "Designated Participant" is a Participant: (a) who is actively employed by the Employer, and is not a highly compensated employee, as defined in section 414(q) of the Code, on April 1, 2015, (b) whose wages reported in Box 1 of the Form W-2 issued by the Employer for 2013 do not exceed $80,000, and (c) who has 30 or more Years of Service as of January 1, 2015.

3. Sub-Plan Four of the Plan is hereby amended to add the new Schedule D attached hereto.

4. Section A.1.4 of Schedule A of Sub-Plan Four is hereby clarified to state in its entirety as follows:

Effective January 1, 2008, Actuarial Equivalence may be calculated by using the Corporate Bond Rate as defined by the Secretary of the Treasury and the applicable mortality table prescribed under Code Section 417(e)(3)(B) as a minimum standard. The applicable interest rate for a calendar year shall be the interest rate determined under the previous sentence for the October of the preceding calendar year.

5. Sub-Plan One of the Plan (the "GRP Sub-Plan") is hereby amended to add the following new Section 3.6:

3.6 Additional Account . In addition to any benefit otherwise payable under this Sub-Plan, each Participant in this Sub-Plan who is identified on Schedule D of Sub-Plan Four of the Plan shall be eligible to receive the Additional Account benefit described in, and subject to the terms and conditions set forth in, Section 3.7 of Sub-Plan Four of the Plan.

6. Sub-Plan Two of the Plan (the "Delmarva Sub-Plan") is hereby amended to add the following new Section 4.8:

4.8 Additional Account . In addition to any benefit otherwise payable under this Sub-Plan, each Participant in this Sub-Plan who is identified on Schedule D of Sub-Plan Four of the

Plan shall be eligible to receive the Additional Account benefit described in, and subject to the terms and conditions set forth in, Section 3.7 of Sub-Plan Four of the Plan.

7. Sub-Plan Three of the Plan (the "ACE Sub-Plan") is hereby amended to add the following new Section 3.9:

3.9 Additional Account . In addition to any benefit otherwise payable under this Sub-Plan, each Participant in this Sub-Plan who is identified on Schedule D of Sub-Plan Four of the Plan shall be eligible to receive the Additional Account benefit described in, and subject to the terms and conditions set forth in, Section 3.7 of Sub-Plan Four of the Plan.

8. Sub-Plan Five of the Plan (the "PHI Sub-Plan") is hereby amended to add the following new Section 3.06:

3.06 Additional Account . In addition to any benefit otherwise payable under this Sub-Plan, each Participant in this Sub-Plan who is identified on Schedule D of Sub-Plan Four of the Plan shall be eligible to receive the Additional Account benefit described in, and subject to the terms and conditions set forth in, Section 3.7 of Sub-Plan Four of the Plan.

IN WITNESS THEREOF, the Company has caused this Amendment to be signed this 23rd day of March, 2016.

ATTEST:

By: /s/ Jane K. Storero
Jane K. Storero
Secretary

Pepco Holdings, Inc.

By: /s/ Joseph M. Rigby
Joseph M. Rigby
Chairman of the Board, President
and Chief Executive Officer

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SCHEDULE D

ADDITIONAL BENEFITS

Employee Identification Number	Additional Account Balance
200	$ 320,000
59362	$ 30,000
9778	$ 450,000
55608	$ 400,000
61823	$ 350,000
64221	$ 140,000
12484	$ 135,000
80215	$ 100,000
12335	$ 15,000
Total	$ 1,910,000

Exhibit 18.1

May 10, 2016

Board of Directors
Pepco Holdings, Inc.
701 Ninth Street, N.W.
Washington, DC 20068

Board of Directors
Potomac Electric Power Company
701 Ninth Street, N.W.
Washington, DC 20068

Board of Directors
Delmarva Power & Light Company
500 North Wakefield Drive, 2 nd Floor
Newark, DE 19702

Board of Directors
Atlantic City Electric Company
500 North Wakefield Drive, 2 nd Floor
Newark, DE 19702

Dear Directors:

We are providing this letter to you for inclusion as an exhibit to your Form 10-Q filing pursuant to Item 601 of Regulation S-K.

We have been provided a copy of the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2016. Note 1 therein describes a change in presentation of interest expense on uncertain tax positions under ASC 740 from income tax expense to interest expense. It should be understood that the preferability of one acceptable method of accounting over another for the classification of interest on uncertain tax positions under ASC 740 has not been addressed in any authoritative accounting literature, and in expressing our concurrence below we have relied on management's determination that this change in accounting principle is preferable. Based on our reading of management's stated reasons and justification for this change in accounting principle in the Form 10-Q, and our discussions with management as to their judgment about the relevant business planning factors relating to the change, we concur with management that such change represents, in the Company's circumstances, the adoption of a preferable accounting principle in conformity with Accounting Standards Codification 250, *Accounting Changes and Error Corrections* .

We have not audited any financial statements of the Company as of any date or for any period subsequent to December 31, 2015. Accordingly, our comments are subject to change upon completion of an audit of the financial statements covering the period of the accounting change.

Very truly yours,

/s/ PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP
Washington, D.C.

Exhibit 18.2

May 10, 2016

Board of Directors
Atlantic City Electric Company
500 North Wakefield Drive, 2nd Floor
Newark, DE 19702

Dear Directors:

We are providing this letter to you for inclusion as an exhibit to your Form 10-Q filing pursuant to Item 601 of Regulation S-K.

We have been provided a copy of the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2016. Note 1 therein describes a change in the method of accounting for a purchased power cost recovery mechanism and unbilled revenue under ASC 980. It should be understood that the preferability of one acceptable method of accounting over another for a purchased power cost recovery mechanism and unbilled revenue under ASC 980 has not been addressed in any authoritative accounting literature, and in expressing our concurrence below we have relied on management's determination that this change in accounting principle is preferable. Based on our reading of management's stated reasons and justification for this change in accounting principle in the Form 10-Q, and our discussions with management as to their judgment about the relevant business planning factors relating to the change, we concur with management that such change represents, in the Company's circumstances, the adoption of a preferable accounting principle in conformity with Accounting Standards Codification 250, *Accounting Changes and Error Corrections* .

We have not audited any financial statements of the Company as of any date or for any period subsequent to December 31, 2015. Accordingly, our comments are subject to change upon completion of an audit of the financial statements covering the period of the accounting change.

Very truly yours,

/s/ PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP
Washington, D.C.

Exhibit 31-1

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Christopher M. Crane, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have;
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/ S / C HRISTOPHER M. C RANE
President and Chief Executive Officer
(Principal Executive Officer)

Date: May 10, 2016

Exhibit 31-2

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Jonathan W. Thayer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ JONATHAN W. THAYER
Senior Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Date: May 10, 2016

Exhibit 31-3

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Kenneth W. Cornew, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Generation Company, LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ KENNETH W. CORNEW
President and Chief Executive Officer
(Principal Executive Officer)

Date: May 10, 2016

Exhibit 31-4

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Bryan P. Wright, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Generation Company, LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ BRYAN P. WRIGHT
Chief Financial Officer
(Principal Financial Officer)

Date: May 10, 2016

Exhibit 31-5

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Anne R. Pramaggiore, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Commonwealth Edison Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ ANNE R. PRAMAGGIORE
President and Chief Executive Officer
(Principal Executive Officer)

Date: May 10, 2016

Exhibit 31-6

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Joseph R. Trpik, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Commonwealth Edison Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ JOSEPH R. TRPIK, JR.
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: May 10, 2016

Exhibit 31-7

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Craig L. Adams, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PECO Energy Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ CRAIG L. ADAMS
President and Chief Executive Officer
(Principal Executive Officer)

Date: May 10, 2016

Exhibit 31-8

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Phillip S. Barnett, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PECO Energy Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ PHILLIP S. BARNETT
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: May 10, 2016

Exhibit 31-9

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Calvin G. Butler, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Baltimore Gas and Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ CALVIN G. BUTLER, JR.
Chief Executive Officer
(Principal Executive Officer)

Date: May 10, 2016

Exhibit 31-10

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, David M. Vahos, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Baltimore Gas and Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ DAVID M. VAHOS
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: May 10, 2016

Exhibit 31-11

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, David M. Velazquez, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Pepco Holdings LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ DAVID M. VELAZQUEZ
President and Chief Executive Officer
(Principal Executive Officer)

Date: May 10, 2016

Exhibit 31-12

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Donna J. Kinzel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Pepco Holdings LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ DONNA M. KINZEL
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: May 10, 2016

Exhibit 31-13

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, David M. Velazquez, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Potomac Electric Power Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ DAVID M. VELAZQUEZ
President and Chief Executive Officer
(Principal Executive Officer)

Date: May 10, 2016

Exhibit 31-14

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Donna J. Kinzel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Potomac Electric Power Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ DONNA M. KINZEL
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: May 10, 2016

Exhibit 31-15

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, David M. Velazquez, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Delmarva Power & Light Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ DAVID M. VELAZQUEZ
President and Chief Executive Officer
(Principal Executive Officer)

Date: May 10, 2016

Exhibit 31-16

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Donna J. Kinzel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Delmarva Power & Light Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ DONNA M. KINZEL
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: May 10, 2016

Exhibit 31-17

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, David M. Velazquez, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Atlantic City Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ DAVID M. VELAZQUEZ
President and Chief Executive Officer
(Principal Executive Officer)

Date: May 10, 2016

Exhibit 31-18

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Donna J. Kinzel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Atlantic City Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ DONNA M. KINZEL
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: May 10, 2016

Exhibit 32-1

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Corporation for the quarterly period ended March 31, 2016, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Corporation.

/S/ CHRISTOPHER M. CRANE
Christopher M. Crane
President and Chief Executive Officer

Date: May 10, 2016

Exhibit 32-2

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Corporation for the quarterly period ended March 31, 2016, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Corporation.

/S/ JONATHAN W. THAYER

Jonathan W. Thayer
Senior Executive Vice President and Chief Financial Officer

Date: May 10, 2016

Exhibit 32-3

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Generation Company, LLC for the quarterly period ended March 31, 2016, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Generation Company, LLC.

/ S / K ENNETH W. C ORNEW

Kenneth W. Cornew
President and Chief Executive Officer

Date: May 10, 2016

Exhibit 32-4

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Generation Company, LLC for the quarterly period ended March 31, 2016, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Generation Company, LLC.

/S/ BRYAN P. WRIGHT
Bryan P. Wright
Chief Financial Officer

Date: May 10, 2016

Exhibit 32-5

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Commonwealth Edison Company for the quarterly period ended March 31, 2016, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Commonwealth Edison Company.

/S/ ANNE R. PRAMAGGIORE

Anne R. Pramaggiore
President and Chief Executive Officer

Date: May 10, 2016

Exhibit 32-6

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Commonwealth Edison Company for the quarterly period ended March 31, 2016, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Commonwealth Edison Company.

/S/ JOSEPH R. TRPIK, JR.
Joseph R. Trpik, Jr.
Senior Vice President, Chief Financial Officer and Treasurer

Date: May 10, 2016

Exhibit 32-7

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of PECO Energy Company for the quarterly period ended March 31, 2016, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of PECO Energy Company.

/S/ CRAIG L. ADAMS

Craig L. Adams
President and Chief Executive Officer

Date: May 10, 2016

Exhibit 32-8

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of PECO Energy Company for the quarterly period ended March 31, 2016, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of PECO Energy Company.

/ S / P HILLIP S. B ARNETT

Phillip S. Barnett
Senior Vice President, Chief Financial Officer and Treasurer

Date: May 10, 2016

Exhibit 32-9

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Baltimore Gas and Electric Company for the quarterly period ended March 31, 2016, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Baltimore Gas and Electric Company.

/S/ CALVIN G. BUTLER, JR.
Calvin G. Butler, Jr.
Chief Executive Officer

Date: May 10, 2016

Exhibit 32-10

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Baltimore Gas and Electric Company for the quarterly period ended March 31, 2016, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Baltimore Gas and Electric Company.

/S/ DAVID M. VAHOS

David M. Vahos
Senior Vice President, Chief Financial Officer and Treasurer

Date: May 10, 2016

Exhibit 32-11

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Pepco Holdings LLC for the quarterly period ended March 31, 2016, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Pepco Holdings LLC.

/ S / D AVID M. V ELAZQUEZ
David M. Velazquez
President and Chief Executive Officer

Date: May 10, 2016

Exhibit 32-12

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Pepco Holdings LLC for the quarterly period ended March 31, 2016, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Pepco Holdings LLC.

/S/ DONNA J. KINZEL

Donna J. Kinzel
Senior Vice President, Chief Financial Officer and Treasurer

Date: May 10, 2016

Exhibit 32-13

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Potomac Electric Power Company for the quarterly period ended March 31, 2016, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Potomac Electric Power Company.

/ S / D AVID M. V ELAZQUEZ

David M. Velazquez
President and Chief Executive Officer

Date: May 10, 2016

Exhibit 32-14

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Potomac Electric Power Company for the quarterly period ended March 31, 2016, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Potomac Electric Power Company.

/ S / D ONNA J. K INZEL

Donna J. Kinzel
Senior Vice President, Chief Financial Officer and Treasurer

Date: May 10, 2016

Exhibit 32-15

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Delmarva Power & Light Company for the quarterly period ended March 31, 2016, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Delmarva Power & Light Company.

/ S / D AVID M. V ELAZQUEZ

David M. Velazquez
President and Chief Executive Officer

Date: May 10, 2016

Exhibit 32-16

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Delmarva Power & Light Company for the quarterly period ended March 31, 2016, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Delmarva Power & Light Company.

/S/ DONNA J. KINZEL

Donna J. Kinzel
Senior Vice President, Chief Financial Officer and
Treasurer

Date: May 10, 2016

Exhibit 32-17

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Atlantic City Electric Company for the quarterly period ended March 31, 2016, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Atlantic City Electric Company.

/ S / D AVID M. V ELAZQUEZ

David M. Velazquez
President and Chief Executive Officer

Date: May 10, 2016

Exhibit 32-18

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Atlantic City Electric Company for the quarterly period ended March 31, 2016, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Atlantic City Electric Company.

/ S / D ONNA J. K INZEL

Donna J. Kinzel
Senior Vice President, Chief Financial Officer and Treasurer

Date: May 10, 2016

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended March 31, 2017

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number	Name of Registrant; State or Other Jurisdiction of Incorporation; Address of Principal Executive Offices; and Telephone Number	IRS Employer Identification Number
1-16169	EXELON CORPORATION (a Pennsylvania corporation) 10 South Dearborn Street P.O. Box 805379 Chicago, Illinois 60680-5379 (800) 483-3220	23-2990190
333-85496	EXELON GENERATION COMPANY, LLC (a Pennsylvania limited liability company) 300 Exelon Way Kennett Square, Pennsylvania 19348-2473 (610) 765-5959	23-3064219
1-1839	COMMONWEALTH EDISON COMPANY (an Illinois corporation) 440 South LaSalle Street Chicago, Illinois 60605-1028 (312) 394-4321	36-0938600
000-16844	PECO ENERGY COMPANY (a Pennsylvania corporation) P.O. Box 8699 2301 Market Street Philadelphia, Pennsylvania 19101-8699 (215) 841-4000	23-0970240
1-1910	BALTIMORE GAS AND ELECTRIC COMPANY (a Maryland corporation) 2 Center Plaza 110 West Fayette Street Baltimore, Maryland 21201-3708 (410) 234-5000	52-0280210
001-31403	PEPCO HOLDINGS LLC (a Delaware limited liability company) 701 Ninth Street, N.W. Washington, District of Columbia 20068 (202) 872-2000	52-2297449
001-01072	POTOMAC ELECTRIC POWER COMPANY (a District of Columbia and Virginia corporation) 701 Ninth Street, N.W. Washington, District of Columbia 20068 (202) 872-2000	53-0127880
001-01405	DELMARVA POWER & LIGHT COMPANY (a Delaware and Virginia corporation) 500 North Wakefield Drive Newark, Delaware 19702 (202) 872-2000	51-0084283
001-03559	ATLANTIC CITY ELECTRIC COMPANY (a New Jersey corporation) 500 North Wakefield Drive Newark, Delaware 19702 (202) 872-2000	21-0398280

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

	Large Accelerated Filer	Accelerated Filer	Non-accelerated Filer	Smaller Reporting Company	Emerging Growth Company
Exelon Corporation	☒				
Exelon Generation Company, LLC			☒		
Commonwealth Edison Company			☒		
PECO Energy Company			☒		
Baltimore Gas and Electric Company			☒		
Pepco Holdings LLC			☒		
Potomac Electric Power Company			☒		
Delmarva Power & Light Company			☒		
Atlantic City Electric Company			☒		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The number of shares outstanding of each registrant's common stock as of March 31, 2017 was:

Exelon Corporation Common Stock, without par value	926,096,660
Exelon Generation Company, LLC	not applicable
Commonwealth Edison Company Common Stock, $12.50 par value	127,017,158
PECO Energy Company Common Stock, without par value	170,478,507
Baltimore Gas and Electric Company Common Stock, without par value	1,000
Pepco Holdings LLC	not applicable
Potomac Electric Power Company Common Stock, $.01 par value	100
Delmarva Power & Light Company Common Stock, $2.25 par value	1,000
Atlantic City Electric Company Common Stock, $3.00 par value	8,546,017

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GLOSSARY OF TERMS AND ABBREVIATIONS

Exelon Corporation and Related Entities

Exelon	Exelon Corporation
Generation	Exelon Generation Company, LLC
ComEd	Commonwealth Edison Company
PECO	PECO Energy Company
BGE	Baltimore Gas and Electric Company
Pepco Holdings or PHI	Pepco Holdings LLC (formerly Pepco Holdings, Inc.)
Pepco	Potomac Electric Power Company
Pepco Energy Services or PES	Pepco Energy Services, Inc. and its subsidiaries
PCI	Potomac Capital Investment Corporation and its subsidiaries
DPL	Delmarva Power & Light Company
ACE	Atlantic City Electric Company
ACE Funding or ATF	Atlantic City Electric Transition Funding LLC
BSC	Exelon Business Services Company, LLC
PHISCO	PHI Service Company
Exelon Corporate	Exelon in its corporate capacity as a holding company
PHI Corporate	PHI in its corporate capacity as a holding company
Registrants	Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE, collectively
Utility Registrants	ComEd, PECO, BGE, Pepco, DPL and ACE, collectively
AmerGen	AmerGen Energy Company, LLC
Antelope Valley	Antelope Valley Solar Ranch One
BondCo	RSB BondCo LLC
CENG	Constellation Energy Nuclear Group, LLC
ConEdison Solutions	The competitive retail electricity and natural gas business of Consolidated Edison Solutions, Inc., a subsidiary of Consolidated Edison, Inc.
Constellation	Constellation Energy Group, Inc.
EGTP	ExGen Texas Power, LLC
EGR	ExGen Renewables I, LLC
Entergy	Entergy Nuclear FitzPatrick LLC
Exelon Transmission Company	Exelon Transmission Company, LLC
Exelon Wind	Exelon Wind, LLC and Exelon Generation Acquisition Company, LLC
FitzPatrick	James A. FitzPatrick nuclear generating station
Legacy PHI	PHI, Pepco, DPL and ACE, collectively
PEC L.P.	PECO Energy Capital, L.P.
PECO Trust III	PECO Capital Trust III
PECO Trust IV	PECO Energy Capital Trust IV
PETT	PECO Energy Transition Trust
RPG	Renewable Power Generation
SolGen	SolGen, LLC
UII	Unicom Investments, Inc.
Ventures	Exelon Ventures Company, LLC

Other Terms and Abbreviations

Note "—" of the Exelon 2016 Form 10-K	Reference to specific Combined Note to Consolidated Financial Statements within Exelon's 2016 Annual Report on Form 10-K
Act 11	Pennsylvania Act 11 of 2012
Act 129	Pennsylvania Act 129 of 2008
AEC	Alternative Energy Credit that is issued for each megawatt hour of generation from a qualified alternative energy source

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GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and Abbreviations	
AEPS	Pennsylvania Alternative Energy Portfolio Standards
AEPS Act	Pennsylvania Alternative Energy Portfolio Standards Act of 2004, as amended
AESO	Alberta Electric Systems Operator
AFUDC	Allowance for Funds Used During Construction
AMI	Advanced Metering Infrastructure
AOCI	Accumulated Other Comprehensive Income
ARC	Asset Retirement Cost
ARO	Asset Retirement Obligation
ASC	Accounting Standards Codification
BGS	Basic Generation Service
Block Contracts	Forward Purchase Energy Block Contracts
CAIR	Clean Air Interstate Rule
CAISO	California ISO
CAMR	Federal Clean Air Mercury Rule
CERCLA	Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended
CES	Clean Energy Standard
CFL	Compact Fluorescent Light
Clean Air Act	Clean Air Act of 1963, as amended
Clean Water Act	Federal Water Pollution Control Amendments of 1972, as amended
Competition Act	Pennsylvania Electricity Generation Customer Choice and Competition Act of 1996
Conectiv	Conectiv, LLC, a wholly owned subsidiary of PHI and the parent of DPL and ACE
Conectiv Energy	Conectiv Energy Holdings, Inc. and substantially all of its subsidiaries, which were sold to Calpine in July 2010
CPUC	California Public Utilities Commission
CSAPR	Cross-State Air Pollution Rule
D.C. Circuit Court	United States Court of Appeals for the District of Columbia Circuit
DCPSC	District of Columbia Public Service Commission
DC PLUG	District of Columbia Power Line Undergrounding
Default Electricity Supply	The supply of electricity by PHI's electric utility subsidiaries at regulated rates to retail customers who do not elect to purchase electricity from a competitive supplier, and which, depending on the jurisdiction, is also known as Standard Offer Service or BGS
DOE	United States Department of Energy
DOJ	United States Department of Justice
DPSC	Delaware Public Service Commission
DRP	Direct Stock Purchase and Dividend Reinvestment Plan
DSP	Default Service Provider
DSP Program	Default Service Provider Program
EDCs	Electric distribution companies
EDF	Electricite de France SA and its subsidiaries
EE&C	Energy Efficiency and Conservation/Demand Response
EGS	Electric Generation Supplier
EIMA	Energy Infrastructure Modernization Act (Illinois Senate Bill 1652 and Illinois House Bill 3036)

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GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and Abbreviations	
EmPower Maryland	A Maryland demand-side management program for Pepco and DPL
EPA	United States Environmental Protection Agency
EPSA	Electric Power Supply Association
ERCOT	Electric Reliability Council of Texas
ERISA	Employee Retirement Income Security Act of 1974, as amended
EROA	Expected Rate of Return on Assets
FASB	Financial Accounting Standards Board
FEJA	Illinois Public Act 99-0906 or Future Energy Jobs Act
FERC	Federal Energy Regulatory Commission
FRCC	Florida Reliability Coordinating Council
GAAP	Generally Accepted Accounting Principles in the United States
GCR	Gas Cost Rate
GHG	Greenhouse Gas
GSA	Generation Supply Adjustment
GWh	Gigawatt hour
Health Care Reform Acts	Patient Protection and Affordable Care Act and Health Care and Education Reconciliation Act of 2010
HSR Act	The Hart-Scott-Rodino Antitrust Improvements Act of 1976
IBEW	International Brotherhood of Electrical Workers
ICC	Illinois Commerce Commission
ICE	Intercontinental Exchange
Illinois Act	Illinois Electric Service Customer Choice and Rate Relief Law of 1997
Illinois EPA	Illinois Environmental Protection Agency
Illinois Settlement Legislation	Legislation enacted in 2007 affecting electric utilities in Illinois
Integrys	Integrys Energy Services, Inc.
IPA	Illinois Power Agency
IRC	Internal Revenue Code
IRS	Internal Revenue Service
ISO	Independent System Operator
ISO-NE	ISO New England Inc.
ISO-NY	ISO New York
kV	Kilovolt
kW	Kilowatt
kWh	Kilowatt-hour
LIBOR	London Interbank Offered Rate
LLRW	Low-Level Radioactive Waste
LT Plan	Long-term renewable resources procurement plan
LTIP	Long-Term Incentive Plan
MAPP	Mid-Atlantic Power Pathway
MATS	U.S. EPA Mercury and Air Toxics Rule
MBR	Market Based Rates Incentive
MDE	Maryland Department of the Environment
MDPSC	Maryland Public Service Commission
MGP	Manufactured Gas Plant
MISO	Midcontinent Independent System Operator, Inc.
mmcf	Million Cubic Feet
Moody's	Moody's Investor Service
MOPR	Minimum Offer Price Rule
MRV	Market-Related Value

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GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and Abbreviations	
MW	Megawatt
MWh	Megawatt hour
NAAQS	National Ambient Air Quality Standards
n.m.	not meaningful
NAV	Net Asset Value
NDT	Nuclear Decommissioning Trust
NEIL	Nuclear Electric Insurance Limited
NERC	North American Electric Reliability Corporation
NGS	Natural Gas Supplier
NJBPU	New Jersey Board of Public Utilities
NJDEP	New Jersey Department of Environmental Protection
Non-Regulatory Agreements Units	Nuclear generating units or portions thereof whose decommissioning-related activities are not subject to contractual elimination under regulatory accounting
NOSA	Nuclear Operating Services Agreement
NPDES	National Pollutant Discharge Elimination System
NRC	Nuclear Regulatory Commission
NSPS	New Source Performance Standards
NUGs	Non-utility generators
NWPA	Nuclear Waste Policy Act of 1982
NYMEX	New York Mercantile Exchange
OCI	Other Comprehensive Income
OIESO	Ontario Independent Electricity System Operator
OPC	Office of People's Counsel
OPEB	Other Postretirement Employee Benefits
PA DEP	Pennsylvania Department of Environmental Protection
PAPUC	Pennsylvania Public Utility Commission
PGC	Purchased Gas Cost Clause
PJM	PJM Interconnection, LLC
POLR	Provider of Last Resort
POR	Purchase of Receivables
PPA	Power Purchase Agreement
Price-Anderson Act	Price-Anderson Nuclear Industries Indemnity Act of 1957
Preferred Stock	Originally issued shares of non-voting, non-convertible and non-transferable Series A preferred stock, par value $0.01 per share
PRP	Potentially Responsible Parties
PSEG	Public Service Enterprise Group Incorporated
PURTA	Pennsylvania Public Realty Tax Act
PV	Photovoltaic
RCRA	Resource Conservation and Recovery Act of 1976, as amended
REC	Renewable Energy Credit which is issued for each megawatt hour of generation from a qualified renewable energy source
Regulatory Agreement Units	Nuclear generating units or portions thereof whose decommissioning-related activities are subject to contractual elimination under regulatory accounting
RES	Retail Electric Suppliers
RFP	Request for Proposal
Rider	Reconcilable Surcharge Recovery Mechanism
RGGI	Regional Greenhouse Gas Initiative

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GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and Abbreviations	
RMC	Risk Management Committee
ROE	Return on equity
RPM	PJM Reliability Pricing Model
RPS	Renewable Energy Portfolio Standards
RSSA	Reliability Support Services Agreement
RTEP	Regional Transmission Expansion Plan
RTO	Regional Transmission Organization
S&P	Standard & Poor's Ratings Services
SEC	United States Securities and Exchange Commission
Senate Bill 1	Maryland Senate Bill 1
SERC	SERC Reliability Corporation (formerly Southeast Electric Reliability Council)
SGIG	Smart Grid Investment Grant from DOE
SILO	Sale-In, Lease-Out
SMPIP	Smart Meter Procurement and Installation Plan
SNF	Spent Nuclear Fuel
SOS	Standard Offer Service
SPFPA	Security, Police and Fire Professionals of America
SPP	Southwest Power Pool
Transition Bond Charge	Revenue ACE receives, and pays to ACE Funding, to fund the principal and interest payments on Transition Bonds and related taxes, expenses and fees
Transition Bonds	Transition Bonds issued by ACE Funding
UGSOA	United Government Security Officers of America
Upstream	Natural gas exploration and production activities
VIE	Variable Interest Entity
WECC	Western Electric Coordinating Council
ZEC	Zero Emission Credit
ZES	Zero Emission Standard

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FILING FORMAT

This combined Form 10-Q is being filed separately by Exelon Corporation, Exelon Generation Company, LLC, Commonwealth Edison Company, PECO Energy Company, Baltimore Gas and Electric Company, Pepco Holdings LLC, Potomac Electric Power Company, Delmarva Power & Light Company, and Atlantic City Electric Company (Registrants). Information contained herein relating to any individual Registrant is filed by such Registrant on its own behalf. No Registrant makes any representation as to information relating to any other Registrant.

FORWARD-LOOKING STATEMENTS

This Report contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, that are subject to risks and uncertainties. The factors that could cause actual results to differ materially from the forward-looking statements made by Exelon Corporation, Exelon Generation Company, LLC, Commonwealth Edison Company, PECO Energy Company, Baltimore Gas and Electric Company, Pepco Holdings LLC (PHI), Potomac Electric Power Company, Delmarva Power & Light Company, and Atlantic City Electric Company (Registrants) include those factors discussed herein, as well as the items discussed in (1) the Registrants' combined 2016 Annual Report on Form 10-K in (a) ITEM 1A. Risk Factors, (b) ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) ITEM 8. Financial Statements and Supplementary Data: Note 24, Commitments and Contingencies; and (2) other factors discussed in filings with the SEC by the Registrants. Readers are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of this Report. None of the Registrants undertakes any obligation to publicly release any revision to its forward-looking statements to reflect events or circumstances after the date of this Report.

WHERE TO FIND MORE INFORMATION

The public may read and copy any reports or other information that the Registrants file with the SEC at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. These documents are also available to the public from commercial document retrieval services, the website maintained by the SEC at www.sec.gov and the Registrants' websites at www.exeloncorp.com. Information contained on the Registrants' websites shall not be deemed incorporated into, or to be a part of, this Report.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions, except per share data)	Three Months Ended March 31, 2017	2016
Operating revenues		
Competitive businesses revenues	$ 4,560	$ 4,473
Rate-regulated utility revenues	4,197	3,100
Total operating revenues	8,757	7,573
Operating expenses		
Competitive businesses purchased power and fuel	2,795	2,440
Rate-regulated utility purchased power and fuel	1,104	814
Operating and maintenance	2,460	2,835
Depreciation and amortization	896	685
Taxes other than income	436	325
Total operating expenses	7,691	7,099
Gain on sales of assets	4	9
Bargain purchase gain	226	—
Operating income	1,296	483
Other income and (deductions)		
Interest expense, net	(363)	(277)
Interest expense to affiliates	(10)	(10)
Other, net	283	114
Total other income and (deductions)	(90)	(173)
Income before income taxes	1,206	310
Income taxes	215	184
Equity in losses of unconsolidated affiliates	(10)	(3)
Net income	981	123
Net loss attributable to noncontrolling interests and preference stock dividends	(14)	(50)
Net income attributable to common shareholders	$ 995	$ 173
Comprehensive income, net of income taxes		
Net income	$ 981	$ 123
Other comprehensive income (loss), net of income taxes		
Pension and non-pension postretirement benefit plans:		
Prior service benefit reclassified to periodic benefit cost	(13)	(12)
Actuarial loss reclassified to periodic benefit cost	49	46
Pension and non-pension postretirement benefit plan valuation adjustment	(59)	(1)
Unrealized gain (loss) on cash flow hedges	6	(7)
Unrealized gain (loss) on equity investments	3	(3)
Unrealized gain on foreign currency translation	1	6
Unrealized gain (loss) on marketable securities	1	(1)
Other comprehensive (loss) income	(12)	28
Comprehensive income	969	151
Comprehensive loss attributable to noncontrolling interests and preference stock dividends	(16)	(50)
Comprehensive income attributable to common shareholders	$ 985	$ 201
Average shares of common stock outstanding:		
Basic	928	923
Diluted	930	925
Earnings per average common share:		
Basic	$ 1.07	$ 0.19
Diluted	$ 1.07	$ 0.19
Dividends declared per common share	$ 0.33	$ 0.31

See the Combined Notes to Consolidated Financial Statements

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EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Three Months Ended March 31, 2017	2016
Cash flows from operating activities		
Net income	$ 981	$ 123
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation, amortization and accretion, including nuclear fuel and energy contract amortization	1,274	1,063
Impairment of long-lived assets	10	119
Gain on sales of assets	(4)	(9)
Bargain purchase gain	(226)	—
Deferred income taxes and amortization of investment tax credits	189	127
Net fair value changes related to derivatives	47	(107)
Net realized and unrealized gains on nuclear decommissioning trust fund investments	(175)	(55)
Other non-cash operating activities	118	804
Changes in assets and liabilities:		
Accounts receivable	313	117
Inventories	109	142
Accounts payable and accrued expenses	(623)	(571)
Option premiums (paid) received, net	(6)	17
Collateral (posted) received, net	(110)	206
Income taxes	50	47
Pension and non-pension postretirement benefit contributions	(307)	(239)
Other assets and liabilities	(439)	(311)
Net cash flows provided by operating activities	1,201	1,473
Cash flows from investing activities		
Capital expenditures	(2,114)	(2,202)
Proceeds from nuclear decommissioning trust fund sales	1,767	2,240
Investment in nuclear decommissioning trust funds	(1,833)	(2,297)
Acquisition of businesses, net	(212)	(6,645)
Proceeds from termination of direct financing lease investment	—	360
Change in restricted cash	(1)	(2)
Other investing activities	(18)	(2)
Net cash flows used in investing activities	(2,411)	(8,548)
Cash flows from financing activities		
Changes in short-term borrowings	721	1,647
Proceeds from short-term borrowings with maturities greater than 90 days	560	123
Repayments on short-term borrowings with maturities greater than 90 days	(500)	—
Issuance of long-term debt	763	151
Retirement of long-term debt	(65)	(116)
Dividends paid on common stock	(303)	(287)
Proceeds from employee stock plans	12	9
Other financing activities	(4)	6
Net cash flows provided by financing activities	1,184	1,533
Decrease in cash and cash equivalents	(26)	(5,542)
Cash and cash equivalents at beginning of period	635	6,502
Cash and cash equivalents at end of period	$ 609	$ 960

See the Combined Notes to Consolidated Financial Statements

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EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2017	December 31, 2016
ASSETS		
Current assets		
Cash and cash equivalents	$ 609	$ 635
Restricted cash and cash equivalents	254	253
Deposit with IRS	1,250	1,250
Accounts receivable, net		
Customer	3,886	4,158
Other	1,133	1,201
Mark-to-market derivative assets	847	917
Unamortized energy contract assets	103	88
Inventories, net		
Fossil fuel and emission allowances	249	364
Materials and supplies	1,312	1,274
Regulatory assets	1,330	1,342
Other	1,221	930
Total current assets	12,194	12,412
Property, plant and equipment, net	72,630	71,555
Deferred debits and other assets		
Regulatory assets	10,051	10,046
Nuclear decommissioning trust funds	12,362	11,061
Investments	648	629
Goodwill	6,677	6,677
Mark-to-market derivative assets	539	492
Unamortized energy contract assets	432	447
Pledged assets for Zion Station decommissioning	95	113
Other	1,440	1,472
Total deferred debits and other assets	32,244	30,937
Total assets [(a)]	$117,068	$ 114,904

See the Combined Notes to Consolidated Financial Statements

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EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2017	December 31, 2016
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings	$ 2,048	$ 1,267
Long-term debt due within one year	3,645	2,430
Accounts payable	3,011	3,441
Accrued expenses	3,007	3,460
Payables to affiliates	8	8
Regulatory liabilities	637	602
Mark-to-market derivative liabilities	228	282
Unamortized energy contract liabilities	388	407
Renewable energy credit obligation	400	428
PHI merger related obligation	123	151
Other	942	981
Total current liabilities	14,437	13,457
Long-term debt	31,044	31,575
Long-term debt to financing trusts	641	641
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	18,518	18,138
Asset retirement obligations	9,634	9,111
Pension obligations	4,082	4,248
Non-pension postretirement benefit obligations	1,928	1,848
Spent nuclear fuel obligation	1,136	1,024
Regulatory liabilities	4,302	4,187
Mark-to-market derivative liabilities	420	392
Unamortized energy contract liabilities	779	830
Payable for Zion Station decommissioning	3	14
Other	1,853	1,827
Total deferred credits and other liabilities	42,655	41,619
Total liabilities (a)	88,777	87,292
Commitments and contingencies		
Shareholders' equity		
Common stock (No par value, 2000 shares authorized, 926 shares and 924 shares outstanding at March 31, 2017 and December 31, 2016, respectively)	18,807	18,794
Treasury stock, at cost (35 shares at March 31, 2017 and December 31, 2016, respectively)	(2,327)	(2,327)
Retained earnings	12,720	12,030
Accumulated other comprehensive loss, net	(2,670)	(2,660)
Total shareholders' equity	26,530	25,837
Noncontrolling interests	1,761	1,775
Total equity	28,291	27,612
Total liabilities and shareholders' equity	$117,068	$ 114,904

(a) Exelon's consolidated assets include $9,148 million and $8,893 million at March 31, 2017 and December 31, 2016, respectively, of certain VIEs that can only be used to settle the liabilities of the VIE. Exelon's consolidated liabilities include $3,345 million and $3,356 million at March 31, 2017 and December 31, 2016, respectively, of certain VIEs for which the VIE creditors do not have recourse to Exelon. See Note 3 — Variable Interest Entities.

See the Combined Notes to Consolidated Financial Statements

EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

(In millions, shares in thousands)	Issued Shares	Common Stock	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss, net	Noncontrolling Interests	Total Shareholders' Equity
Balance, December 31, 2016	958,778	$18,794	$(2,327)	$12,030	$ (2,660)	$ 1,775	$ 27,612
Net income (loss)	—	—	—	995	—	(14)	981
Long-term incentive plan activity	1,739	1	—	—	—	—	1
Employee stock purchase plan issuances	323	12	—	—	—	—	12
Changes in equity of noncontrolling interests	—	—	—	—	—	2	2
Common stock dividends	—	—	—	(305)	—	—	(305)
Other comprehensive loss, net of income taxes	—	—	—	—	(10)	(2)	(12)
Balance at March 31, 2017	960,840	$18,807	$(2,327)	$12,720	$ (2,670)	$ 1,761	$ 28,291

See the Combined Notes to Consolidated Financial Statements

EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended March 31, 2017	2016
Operating revenues		
Operating revenues	$ 4,558	$ 4,471
Operating revenues from affiliates	330	268
Total operating revenues	4,888	4,739
Operating expenses		
Purchased power and fuel	2,796	2,440
Purchased power and fuel from affiliates	2	2
Operating and maintenance	1,309	1,296
Operating and maintenance from affiliates	179	171
Depreciation and amortization	302	289
Taxes other than income	143	126
Total operating expenses	4,731	4,324
Gain on sales of assets	4	—
Bargain purchase gain	226	—
Operating income	387	415
Other income and (deductions)		
Interest expense, net	(90)	(87)
Interest expense to affiliates	(10)	(10)
Other, net	259	93
Total other income and (deductions)	159	(4)
Income before income taxes	546	411
Income taxes	127	151
Equity in losses of unconsolidated affiliates	(10)	(3)
Net income	409	257
Net loss attributable to noncontrolling interests	(14)	(53)
Net income attributable to membership interest	$ 423	$ 310
Comprehensive income, net of income taxes		
Net income	$ 409	$ 257
Other comprehensive income (loss), net of income taxes		
Unrealized gain (loss) on cash flow hedges	6	(5)
Unrealized gain (loss) on equity investments	4	(2)
Unrealized gain on foreign currency translation	1	6
Other comprehensive income (loss)	11	(1)
Comprehensive income	420	256
Comprehensive loss attributable to noncontrolling interests	(16)	(53)
Comprehensive income attributable to membership interest	$ 436	$ 309

See the Combined Notes to Consolidated Financial Statements

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EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Three Months Ended March 31, 2017	2016
Cash flows from operating activities		
Net income	$ 409	$ 257
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation, amortization and accretion, including nuclear fuel and energy contract amortization	678	667
Impairment of long-lived assets	10	119
Gain on sales of assets	(4)	—
Bargain purchase gain	(226)	—
Deferred income taxes and amortization of investment tax credits	112	68
Net fair value changes related to derivatives	51	(106)
Net realized and unrealized gains on nuclear decommissioning trust fund investments	(175)	(55)
Other non-cash operating activities	(10)	51
Changes in assets and liabilities:		
Accounts receivable	195	173
Receivables from and payables to affiliates, net	23	(17)
Inventories	81	93
Accounts payable and accrued expenses	62	(363)
Option premiums (paid) received, net	(6)	17
Collateral (posted) received, net	(102)	198
Income taxes	(81)	(60)
Pension and non-pension postretirement benefit contributions	(110)	(112)
Other assets and liabilities	(167)	(148)
Net cash flows provided by operating activities	740	782
Cash flows from investing activities		
Capital expenditures	(923)	(1,125)
Proceeds from nuclear decommissioning trust fund sales	1,767	2,240
Investment in nuclear decommissioning trust funds	(1,833)	(2,297)
Acquisition of businesses, net	(212)	(1)
Change in restricted cash	18	4
Other investing activities	(29)	(25)
Net cash flows used in investing activities	(1,212)	(1,204)
Cash flows from financing activities		
Changes in short-term borrowings	(42)	1,377
Proceeds from short-term borrowings with maturities greater than 90 days	60	123
Issuance of long-term debt	762	151
Retirement of long-term debt	(30)	(94)
Changes in Exelon intercompany money pool	(1)	(1,183)
Distribution to member	(164)	(55)
Contribution from member	—	44
Other financing activities	(3)	5
Net cash flows provided by financing activities	582	368
Increase (Decrease) in cash and cash equivalents	110	(54)
Cash and cash equivalents at beginning of period	290	431
Cash and cash equivalents at end of period	$ 400	$ 377

See the Combined Notes to Consolidated Financial Statements

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EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2017	December 31, 2016
ASSETS		
Current assets		
Cash and cash equivalents	$ 400	$ 290
Restricted cash and cash equivalents	140	158
Accounts receivable, net		
Customer	2,278	2,433
Other	545	558
Mark-to-market derivative assets	847	917
Receivables from affiliates	141	156
Unamortized energy contract assets	103	88
Inventories, net		
Fossil fuel and emission allowances	222	292
Materials and supplies	957	935
Other	881	701
Total current assets	6,514	6,528
Property, plant and equipment, net	25,893	25,585
Deferred debits and other assets		
Nuclear decommissioning trust funds	12,362	11,061
Investments	435	418
Goodwill	47	47
Mark-to-market derivative assets	527	476
Prepaid pension asset	1,646	1,595
Pledged assets for Zion Station decommissioning	95	113
Unamortized energy contract assets	432	447
Deferred income taxes	10	16
Other	648	688
Total deferred debits and other assets	16,202	14,861
Total assets [a]	$ 48,609	$ 46,974

See the Combined Notes to Consolidated Financial Statements

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EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2017	December 31, 2016
LIABILITIES AND EQUITY		
Current liabilities		
Short-term borrowings	$ 717	$ 699
Long-term debt due within one year	1,156	1,117
Accounts payable	1,482	1,610
Accrued expenses	720	989
Payables to affiliates	145	137
Borrowings from Exelon intercompany money pool	54	55
Mark-to-market derivative liabilities	209	263
Unamortized energy contract liabilities	68	72
Renewable energy credit obligation	400	428
Other	286	313
Total current liabilities	5,237	5,683
Long-term debt	7,904	7,202
Long-term debt to affiliate	919	922
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	5,850	5,585
Asset retirement obligations	9,444	8,922
Non-pension postretirement benefit obligations	926	930
Spent nuclear fuel obligation	1,136	1,024
Payables to affiliates	2,776	2,608
Mark-to-market derivative liabilities	157	153
Unamortized energy contract liabilities	78	80
Payable for Zion Station decommissioning	3	14
Other	615	595
Total deferred credits and other liabilities	20,985	19,911
Total liabilities [(a)]	35,045	33,718
Commitments and contingencies		
Equity		
Member's equity		
Membership interest	9,310	9,261
Undistributed earnings	2,534	2,275
Accumulated other comprehensive loss, net	(41)	(54)
Total member's equity	11,803	11,482
Noncontrolling interests	1,761	1,774
Total equity	13,564	13,256
Total liabilities and equity	$ 48,609	$ 46,974

(a) Generation's consolidated assets include $9,059 million and $8,817 million at March 31, 2017 and December 31, 2016, respectively, of certain VIEs that can only be used to settle the liabilities of the VIE. Generation's consolidated liabilities include $3,174 million and $3,170 million at March 31, 2017 and December 31, 2016, respectively, of certain VIEs for which the VIE creditors do not have recourse to Generation. See Note 3 — Variable Interest Entities.

See the Combined Notes to Consolidated Financial Statements

EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Unaudited)

	Member's Equity				
(In millions)	Membership Interest	Undistributed Earnings	Accumulated Other Comprehensive Loss, net	Noncontrolling Interests	Total Equity
Balance, December 31, 2016	$ 9,261	$ 2,275	$ (54)	$ 1,774	$13,256
Net income (loss)	—	423	—	(14)	409
Changes in equity of noncontrolling interests	—	—	—	3	3
Distribution of net retirement benefit obligation to member	49	—	—	—	49
Distribution to member	—	(164)	—	—	(164)
Other comprehensive income (loss), net of income taxes	—	—	13	(2)	11
Balance, March 31, 2017	$ 9,310	$ 2,534	$ (41)	$ 1,761	$13,564

See the Combined Notes to Consolidated Financial Statements

COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended March 31, 2017	2016
Operating revenues		
Electric operating revenues	$ 1,293	$ 1,244
Operating revenues from affiliates	5	5
Total operating revenues	1,298	1,249
Operating expenses		
Purchased power	329	343
Purchased power from affiliate	5	5
Operating and maintenance	307	305
Operating and maintenance from affiliate	63	63
Depreciation and amortization	208	189
Taxes other than income	72	75
Total operating expenses	984	980
Gain on sale of assets	—	5
Operating income	314	274
Other income and (deductions)		
Interest expense, net	(82)	(83)
Interest expense to affiliates	(3)	(3)
Other, net	4	4
Total other income and (deductions)	(81)	(82)
Income before income taxes	233	192
Income taxes	92	77
Net income	$ 141	$ 115
Comprehensive income	$ 141	$ 115

See the Combined Notes to Consolidated Financial Statements

COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Three Months Ended March 31, 2017	2016
Cash flows from operating activities		
Net income	$ 141	$ 115
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	208	189
Deferred income taxes and amortization of investment tax credits	137	70
Other non-cash operating activities	31	32
Changes in assets and liabilities:		
Accounts receivable	92	69
Receivables from and payables to affiliates, net	(16)	—
Inventories	4	7
Accounts payable and accrued expenses	(327)	(207)
Collateral (posted) received, net	(7)	7
Income taxes	(34)	20
Pension and non-pension postretirement benefit contributions	(35)	(32)
Other assets and liabilities	(49)	14
Net cash flows provided by operating activities	145	284
Cash flows from investing activities		
Capital expenditures	(535)	(639)
Change in restricted cash	(1)	—
Other investing activities	7	13
Net cash flows used in investing activities	(529)	(626)
Cash flows from financing activities		
Changes in short-term borrowings	365	349
Contributions from parent	100	39
Dividends paid on common stock	(105)	(91)
Other financing activities	(1)	(1)
Net cash flows provided by financing activities	359	296
Decrease in cash and cash equivalents	(25)	(46)
Cash and cash equivalents at beginning of period	56	67
Cash and cash equivalents at end of period	$ 31	$ 21

See the Combined Notes to Consolidated Financial Statements

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COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2017	December 31, 2016
ASSETS		
Current assets		
Cash and cash equivalents	$ 31	$ 56
Restricted cash	3	2
Accounts receivable, net		
Customer	461	528
Other	199	218
Receivables from affiliates	360	356
Inventories, net	154	159
Regulatory assets	183	190
Other	55	45
Total current assets	1,446	1,554
Property, plant and equipment, net	19,692	19,335
Deferred debits and other assets		
Regulatory assets	1,032	977
Investments	6	6
Goodwill	2,625	2,625
Receivables from affiliates	2,294	2,170
Prepaid pension asset	1,330	1,343
Other	331	325
Total deferred debits and other assets	7,618	7,446
Total assets	$ 28,756	$ 28,335

See the Combined Notes to Consolidated Financial Statements

S1-SSA-0009 - 22206

COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2017	December 31, 2016
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings	$ 365	$ —
Long-term debt due within one year	1,125	425
Accounts payable	518	645
Accrued expenses	1,061	1,250
Payables to affiliates	52	65
Customer deposits	117	121
Regulatory liabilities	311	329
Mark-to-market derivative liability	19	19
Other	77	84
Total current liabilities	3,645	2,938
Long-term debt	5,910	6,608
Long-term debt to financing trust	205	205
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	5,502	5,364
Asset retirement obligations	121	119
Non-pension postretirement benefits obligations	234	239
Regulatory liabilities	3,492	3,369
Mark-to-market derivative liability	263	239
Other	523	529
Total deferred credits and other liabilities	10,135	9,859
Total liabilities	19,895	19,610
Commitments and contingencies		
Shareholders' equity		
Common stock	1,588	1,588
Other paid-in capital	6,250	6,150
Retained deficit unappropriated	(1,639)	(1,639)
Retained earnings appropriated	2,662	2,626
Total shareholders' equity	8,861	8,725
Total liabilities and shareholders' equity	$28,756	$ 28,335

See the Combined Notes to Consolidated Financial Statements

S1-SSA-0009 - 22207

COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

(In millions)	Common Stock	Other Paid-In Capital	Retained Deficit Unappropriated	Retained Earnings Appropriated	Total Shareholders' Equity
Balance, December 31, 2016	$ 1,588	$6,150	$ (1,639)	$ 2,626	$ 8,725
Net income	—	—	141	—	141
Appropriation of retained earnings for future dividends	—	—	(141)	141	—
Common stock dividends	—	—	—	(105)	(105)
Contribution from parent	—	100	—	—	100
Balance, March 31, 2017	$ 1,588	$6,250	$ (1,639)	$ 2,662	$ 8,861

See the Combined Notes to Consolidated Financial Statements

PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended March 31, 2017	2016
Operating revenues		
Electric operating revenues	$ 589	$ 643
Natural gas operating revenues	206	197
Operating revenues from affiliates	1	1
Total operating revenues	796	841
Operating expenses		
Purchased power	156	166
Purchased fuel	86	77
Purchased power from affiliate	45	78
Operating and maintenance	174	177
Operating and maintenance from affiliates	34	38
Depreciation and amortization	71	67
Taxes other than income	38	42
Total operating expenses	604	645
Operating income	192	196
Other income and (deductions)		
Interest expense, net	(28)	(28)
Interest expense to affiliates	(3)	(3)
Other, net	2	2
Total other income and (deductions)	(29)	(29)
Income before income taxes	163	167
Income taxes	36	43
Net income	$ 127	$ 124
Comprehensive income	$ 127	$ 124

See the Combined Notes to Consolidated Financial Statements

S1-SSA-0009 - 22209

PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Three Months Ended March 31, 2017	2016
Cash flows from operating activities		
Net income	$ 127	$ 124
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	71	67
Deferred income taxes and amortization of investment tax credits	24	23
Other non-cash operating activities	23	24
Changes in assets and liabilities:		
Accounts receivable	(25)	(51)
Receivables from and payables to affiliates, net	(10)	4
Inventories	19	24
Accounts payable and accrued expenses	(82)	18
Income taxes	25	29
Pension and non-pension postretirement benefit contributions	(23)	(29)
Other assets and liabilities	(85)	(95)
Net cash flows provided by operating activities	64	138
Cash flows from investing activities		
Capital expenditures	(159)	(195)
Changes in Exelon intercompany money pool	131	(160)
Other investing activities	1	4
Net cash flows used in investing activities	(27)	(351)
Cash flows from financing activities		
Dividends paid on common stock	(72)	(69)
Net cash flows used in financing activities	(72)	(69)
Decrease in cash and cash equivalents	(35)	(282)
Cash and cash equivalents at beginning of period	63	295
Cash and cash equivalents at end of period	$ 28	$ 13

See the Combined Notes to Consolidated Financial Statements

S1-SSA-0009 - 22210

PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2017	December 31, 2016
ASSETS		
Current assets		
Cash and cash equivalents	$ 28	$ 63
Restricted cash and cash equivalents	4	4
Accounts receivable, net		
Customer	314	306
Other	122	131
Receivables from affiliates	6	4
Receivable from Exelon intercompany pool	—	131
Inventories, net		
Fossil fuel	14	35
Materials and supplies	29	27
Prepaid utility taxes	100	9
Regulatory assets	40	29
Other	21	18
Total current assets	678	757
Property, plant and equipment, net	7,659	7,565
Deferred debits and other assets		
Regulatory assets	1,708	1,681
Investments	25	25
Receivable from affiliates	482	438
Prepaid pension asset	361	345
Other	19	20
Total deferred debits and other assets	2,595	2,509
Total assets	$ 10,932	$ 10,831

See the Combined Notes to Consolidated Financial Statements

S1-SSA-0009 - 22211

PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2017	December 31, 2016
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Long-term debt due within one year	$ 500	$ —
Accounts payable	288	342
Accrued expenses	92	104
Payables to affiliates	55	63
Customer deposits	62	61
Regulatory liabilities	161	127
Other	29	30
Total current liabilities	1,187	727
Long-term debt	2,080	2,580
Long-term debt to financing trusts	184	184
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	3,076	3,006
Asset retirement obligations	28	28
Non-pension postretirement benefits obligations	289	289
Regulatory liabilities	530	517
Other	88	85
Total deferred credits and other liabilities	4,011	3,925
Total liabilities	7,462	7,416
Commitments and contingencies		
Shareholder's equity		
Common stock	2,473	2,473
Retained earnings	996	941
Accumulated other comprehensive income, net	1	1
Total shareholder's equity	3,470	3,415
Total liabilities and shareholder's equity	$ 10,932	$ 10,831

See the Combined Notes to Consolidated Financial Statements

S1-SSA-0009 - 22212

PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
(Unaudited)

(In millions)	Common Stock	Retained Earnings	Accumulated Other Comprehensive Income, net	Total Shareholder's Equity
Balance, December 31, 2016	$ 2,473	$ 941	$ 1	$ 3,415
Net income	—	127	—	127
Common stock dividends	—	(72)	—	(72)
Balance, March 31, 2017	$ 2,473	$ 996	$ 1	$ 3,470

See the Combined Notes to Consolidated Financial Statements

BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended March 31, 2017	2016
Operating revenues		
Electric operating revenues	$ 665	$ 678
Natural gas operating revenues	281	246
Operating revenues from affiliates	5	5
Total operating revenues	951	929
Operating expenses		
Purchased power	133	127
Purchased fuel	83	75
Purchased power from affiliate	134	171
Operating and maintenance	148	168
Operating and maintenance from affiliates	35	34
Depreciation and amortization	128	109
Taxes other than income	62	58
Total operating expenses	723	742
Operating income	228	187
Other income and (deductions)		
Interest expense, net	(23)	(20)
Interest expense to affiliates	(4)	(4)
Other, net	4	4
Total other income and (deductions)	(23)	(20)
Income before income taxes	205	167
Income taxes	80	66
Net income	125	101
Preference stock dividends	—	3
Net income attributable to common shareholder	$ 125	$ 98
Comprehensive income	$ 125	$ 101
Comprehensive income attributable to preference stock dividends	—	3
Comprehensive income attributable to common shareholder	$ 125	$ 98

See the Combined Notes to Consolidated Financial Statements

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BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Three Months Ended March 31, 2017	2016
Cash flows from operating activities		
Net income	$ 125	$ 101
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	128	109
Deferred income taxes and amortization of investment tax credits	72	26
Other non-cash operating activities	24	44
Changes in assets and liabilities:		
Accounts receivable	(7)	(44)
Receivables from and payables to affiliates, net	(7)	7
Inventories	17	17
Accounts payable and accrued expenses	(121)	3
Income taxes	33	78
Pension and non-pension postretirement benefit contributions	(44)	(38)
Other assets and liabilities	(52)	(30)
Net cash flows provided by operating activities	168	273
Cash flows from investing activities		
Capital expenditures	(166)	(176)
Change in restricted cash	(19)	(20)
Other investing activities	4	5
Net cash flows used in investing activities	(181)	(191)
Cash flows from financing activities		
Changes in short-term borrowings	50	(60)
Dividends paid on preference stock	—	(3)
Dividends paid on common stock	(49)	(45)
Contributions from parent	—	21
Other financing activities	—	1
Net cash flows provided by (used in) financing activities	1	(86)
Decrease in cash and cash equivalents	(12)	(4)
Cash and cash equivalents at beginning of period	23	9
Cash and cash equivalents at end of period	$ 11	$ 5

See the Combined Notes to Consolidated Financial Statements

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BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2017	December 31, 2016
ASSETS		
Current assets		
Cash and cash equivalents	$ 11	$ 23
Restricted cash and cash equivalents	43	24
Accounts receivable, net		
Customer	393	395
Other	79	102
Receivables from affiliates	1	—
Inventories, net		
Gas held in storage	10	30
Materials and supplies	41	38
Prepaid utility taxes	32	15
Regulatory assets	191	208
Other	11	7
Total current assets	812	842
Property, plant and equipment, net	7,166	7,040
Deferred debits and other assets		
Regulatory assets	499	504
Investments	12	12
Prepaid pension asset	322	297
Other	10	9
Total deferred debits and other assets	843	822
Total assets [(a)]	$ 8,821	$ 8,704

See the Combined Notes to Consolidated Financial Statements

S1-SSA-0009 - 22216

BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2017	December 31, 2016
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings	$ 95	$ 45
Long-term debt due within one year	41	41
Accounts payable	186	205
Accrued expenses	120	175
Payables to affiliates	49	55
Customer deposits	112	110
Regulatory liabilities	67	50
Other	23	26
Total current liabilities	693	707
Long-term debt	2,282	2,281
Long-term debt to financing trust	252	252
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	2,295	2,219
Asset retirement obligations	20	21
Non-pension postretirement benefits obligations	202	205
Regulatory liabilities	94	110
Other	59	61
Total deferred credits and other liabilities	2,670	2,616
Total liabilities [(a)]	5,897	5,856
Commitments and contingencies		
Shareholders' equity		
Common stock	1,421	1,421
Retained earnings	1,503	1,427
Total shareholders' equity	2,924	2,848
Total liabilities and shareholders' equity	$ 8,821	$ 8,704

(a) BGE's consolidated assets include $45 million and $26 million at March 31, 2017 and December 31, 2016, respectively, of BGE's consolidated VIE that can only be used to settle the liabilities of the VIE. BGE's consolidated liabilities include $42 million and $42 million at March 31, 2017 and December 31, 2016, respectively, of BGE's consolidated VIE for which the VIE creditors do not have recourse to BGE. See Note 3 — Variable Interest Entities.

See the Combined Notes to Consolidated Financial Statements

S1-SSA-0009 - 22217

BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

(In millions)	Common Stock	Retained Earnings	Total Shareholders' Equity
Balance, December 31, 2016	$ 1,421	$ 1,427	$ 2,848
Net income	—	125	125
Common stock dividends	—	(49)	(49)
Balance, March 31, 2017	$ 1,421	$ 1,503	$ 2,924

See the Combined Notes to Consolidated Financial Statements

PEPCO HOLDINGS LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	*Successor* Three Months Ended March 31, 2017	*Successor* March 24 to March 31, 2016	*Predecessor* January 1 to March 23, 2016
Operating revenues			
Electric operating revenues	$ 1,097	$ 90	$ 1,096
Natural gas operating revenues	66	3	57
Operating revenues from affiliates	12	12	—
Total operating revenues	1,175	105	1,153
Operating expenses			
Purchased power	288	26	471
Purchased fuel	29	1	26
Purchased power and fuel from affiliates	144	11	—
Operating and maintenance	223	447	294
Operating and maintenance from affiliates	33	2	—
Depreciation and amortization	167	14	152
Taxes other than income	111	15	105
Total operating expenses	995	516	1,048
Operating income (loss)	180	(411)	105
Other income and (deductions)			
Interest expense, net	(62)	(6)	(65)
Other, net	13	2	(4)
Total other income and (deductions)	(49)	(4)	(69)
Income (loss) before income taxes	131	(415)	36
Income taxes	(9)	(106)	17
Net income (loss)	$ 140	$ (309)	$ 19
Comprehensive income (loss), net of income taxes			
Net income (loss)	$ 140	$ (309)	$ 19
Other comprehensive income, net of income taxes			
Pension and non-pension postretirement benefit plans:			
Actuarial loss reclassified to periodic cost	—	—	1
Other comprehensive income	—	—	1
Comprehensive income (loss)	$ 140	$ (309)	$ 20

See the Combined Notes to Consolidated Financial Statements

PEPCO HOLDINGS LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Successor: Three Months Ended March 31, 2017	Successor: March 24 to March 31, 2016	Predecessor: January 1 to March 23, 2016
Cash flows from operating activities			
Net income (loss)	$ 140	$ (309)	$ 19
Adjustments to reconcile net income (loss) to net cash flows provided by operating activities:			
Depreciation and amortization	167	14	152
Deferred income taxes and amortization of investment tax credits	13	(112)	19
Net fair value changes related to derivatives	—	—	18
Other non-cash operating activities	(8)	410	46
Changes in assets and liabilities:			
Accounts receivable	68	16	(28)
Receivables from and payables to affiliates, net	(8)	—	—
Inventories	(11)	—	(4)
Accounts payable and accrued expenses	(81)	(4)	42
Income taxes	55	7	12
Pension and non-pension postretirement benefit contributions	(66)	—	(4)
Other assets and liabilities	(75)	(25)	(8)
Net cash flows provided by (used in) operating activities	194	(3)	264
Cash flows from investing activities			
Capital expenditures	(320)	(29)	(273)
Changes in restricted cash	2	(1)	3
Purchases of investments	—	(2)	(68)
Other investing activities	(3)	2	(5)
Net cash flows used in investing activities	(321)	(30)	(343)
Cash flows from financing activities			
Changes in short-term borrowings	145	(20)	(121)
Proceeds from short-term borrowings with maturities greater than 90 days	—	—	500
Repayments of short-term borrowings with maturities greater than 90 days	(500)	—	—
Issuance of long-term debt	1	—	—
Retirement of long-term debt	(24)	—	(11)
Common stock issued for the Direct Stock Purchase and Dividend Reinvestment Plan and employee-related compensation	—	—	2
Distribution to member	(69)	(108)	—
Contribution from member	500	—	—
Change in Exelon intercompany money pool	13	(7)	—
Other financing activities	—	—	2
Net cash flows provided by (used in) financing activities	66	(135)	372
(Decrease) Increase in cash and cash equivalents	(61)	(168)	293
Cash and cash equivalents at beginning of period	170	319	26
Cash and cash equivalents at end of period	$ 109	$ 151	$ 319

See the Combined Notes to Consolidated Financial Statements

PEPCO HOLDINGS LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	Successor March 31, 2017	Successor December 31, 2016
ASSETS		
Current assets		
Cash and cash equivalents	$ 109	$ 170
Restricted cash and cash equivalents	41	43
Accounts receivable, net		
Customer	440	496
Other	210	283
Inventories, net		
Gas held in storage	2	6
Materials and supplies	131	116
Regulatory assets	653	653
Other	64	71
Total current assets	1,650	1,838
Property, plant and equipment, net	11,801	11,598
Deferred debits and other assets		
Regulatory assets	2,791	2,851
Investments	133	133
Goodwill	4,005	4,005
Long-term note receivable	4	4
Prepaid pension asset	549	509
Deferred income taxes	5	6
Other	80	81
Total deferred debits and other assets	7,567	7,589
Total assets [(a)]	$ 21,018	$ 21,025

See the Combined Notes to Consolidated Financial Statements

PEPCO HOLDINGS LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	Successor March 31, 2017	Successor December 31, 2016
LIABILITIES AND MEMBER'S EQUITY		
Current liabilities		
Short-term borrowings	$ 167	$ 522
Long-term debt due within one year	241	253
Accounts payable	386	458
Accrued expenses	269	272
Payables to affiliates	84	94
Unamortized energy contract liabilities	320	335
Borrowings from Exelon intercompany money pool	13	—
Customer deposits	121	123
Merger related obligation	74	101
Regulatory liabilities	82	79
Other	43	47
Total current liabilities	1,800	2,284
Long-term debt	5,619	5,645
Deferred credits and other liabilities		
Regulatory liabilities	154	158
Deferred income taxes and unamortized investment tax credits	3,789	3,775
Asset retirement obligations	14	14
Non-pension postretirement benefit obligations	129	134
Unamortized energy contract liabilities	701	750
Other	225	249
Total deferred credits and other liabilities	5,012	5,080
Total liabilities [(a)]	12,431	13,009
Commitments and contingencies		
Member's equity		
Membership interest	8,577	8,077
Undistributed earnings (losses)	10	(61)
Total member's equity	8,587	8,016
Total liabilities and member's equity	$ 21,018	$ 21,025

(a) PHI's consolidated total assets include $44 million and $49 million at March 31, 2017 and December 31, 2016, respectively, of PHI's consolidated VIE that can only be used to settle the liabilities of the VIE. PHI's consolidated total liabilities include $129 million and $143 million at March 31, 2017 and December 31, 2016, respectively, of PHI's consolidated VIE for which the VIE creditors do not have recourse to PHI. See Note 3—Variable Interest Entities.

See the Combined Notes to Consolidated Financial Statements

S1-SSA-0009 - 22222

PEPCO HOLDINGS LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Unaudited)

(In millions)	Membership Interest	Undistributed Earnings (Losses)	Member's Equity
Successor			
Balance, December 31, 2016	$ 8,077	$ (61)	$ 8,016
Net income	—	140	140
Distribution to member	—	(69)	(69)
Contribution from member	500	—	500
Balance, March 31, 2017	$ 8,577	$ 10	$ 8,587

See the Combined Notes to Consolidated Financial Statements

POTOMAC ELECTRIC POWER COMPANY
STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended March 31, 2017	2016
Operating revenues		
Electric operating revenues	$ 529	$ 550
Operating revenues from affiliates	1	1
Total operating revenues	530	551
Operating expenses		
Purchased power	83	191
Purchased power from affiliates	83	6
Operating and maintenance	101	288
Operating and maintenance from affiliates	12	2
Depreciation and amortization	82	75
Taxes other than income	90	94
Total operating expenses	451	656
Operating income (loss)	79	(105)
Other income and (deductions)		
Interest expense, net	(29)	(37)
Other, net	8	9
Total other income and (deductions)	(21)	(28)
Income (loss) before income taxes	58	(133)
Income taxes	—	(25)
Net income (loss)	$ 58	$ (108)
Comprehensive income (loss)	$ 58	$ (108)

See the Combined Notes to Consolidated Financial Statements

S1-SSA-0009 - 22224

POTOMAC ELECTRIC POWER COMPANY
STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Three Months Ended March 31, 2017	2016
Cash flows from operating activities		
Net income (loss)	$ 58	$ (108)
Adjustments to reconcile net income (loss) to net cash flows provided by operating activities:		
Depreciation and amortization	82	75
Deferred income taxes and amortization of investment tax credits	5	(31)
Other non-cash operating activities	(15)	153
Changes in assets and liabilities:		
Accounts receivable	45	(24)
Receivables from and payables to affiliates, net	(6)	55
Inventories	(10)	1
Accounts payable and accrued expenses	(49)	(4)
Income taxes	20	151
Pension and non-pension postretirement benefit contributions	(64)	(1)
Other assets and liabilities	(37)	(9)
Net cash flows provided by operating activities	29	258
Cash flows from investing activities		
Capital expenditures	(139)	(109)
Purchases of investments	—	(31)
Changes in restricted cash	—	2
Other investing activities	(5)	2
Net cash flows used in investing activities	(144)	(136)
Cash flows from financing activities		
Changes in short-term borrowings	144	(64)
Issuance of long-term debt	1	—
Dividends paid on common stock	(30)	(39)
Other financing activities	(1)	—
Net cash flows provided by (used in) financing activities	114	(103)
(Decrease) Increase in cash and cash equivalents	(1)	19
Cash and cash equivalents at beginning of period	9	5
Cash and cash equivalents at end of period	$ 8	$ 24

See the Combined Notes to Consolidated Financial Statements

S1-SSA-0009 - 22225

POTOMAC ELECTRIC POWER COMPANY
BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2017	December 31, 2016
ASSETS		
Current assets		
Cash and cash equivalents	$ 8	$ 9
Restricted cash and cash equivalents	33	33
Accounts receivable, net		
Customer	199	235
Other	127	150
Inventories, net	73	63
Regulatory assets	173	162
Other	21	32
Total current assets	634	684
Property, plant and equipment, net	5,659	5,571
Deferred debits and other assets		
Regulatory assets	679	690
Investments	101	102
Prepaid pension asset	337	282
Other	7	6
Total deferred debits and other assets	1,124	1,080
Total assets	$ 7,417	$ 7,335

See the Combined Notes to Consolidated Financial Statements

S1-SSA-0009 - 22226

POTOMAC ELECTRIC POWER COMPANY
BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2017	December 31, 2016
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Short-term borrowings	$ 167	$ 23
Long-term debt due within one year	17	16
Accounts payable	141	209
Accrued expenses	125	113
Payables to affiliates	68	74
Customer deposits	53	53
Regulatory liabilities	10	11
Merger related obligation	47	68
Other	23	29
Total current liabilities	651	596
Long-term debt	2,333	2,333
Deferred credits and other liabilities		
Regulatory liabilities	19	20
Deferred income taxes and unamortized investment tax credits	1,913	1,910
Non-pension postretirement benefit obligations	41	43
Other	132	133
Total deferred credits and other liabilities	2,105	2,106
Total liabilities	5,089	5,035
Commitments and contingencies		
Shareholder's equity		
Common stock	1,309	1,309
Retained earnings	1,019	991
Total shareholder's equity	2,328	2,300
Total liabilities and shareholder's equity	$ 7,417	$ 7,335

See the Combined Notes to Consolidated Financial Statements

S1-SSA-0009 - 22227

POTOMAC ELECTRIC POWER COMPANY
STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
(Unaudited)

(In millions)	Common Stock	Retained Earnings	Total Shareholder's Equity
Balance, December 31, 2016	$ 1,309	$ 991	$ 2,300
Net income	—	58	58
Common stock dividends	—	(30)	(30)
Balance, March 31, 2017	$ 1,309	$ 1,019	$ 2,328

See the Combined Notes to Consolidated Financial Statements

S1-SSA-0009 - 22228

DELMARVA POWER & LIGHT COMPANY
STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended March 31, 2017	2016
Operating revenues		
Electric operating revenues	$ 294	$ 301
Natural gas operating revenues	66	59
Operating revenues from affiliates	2	2
Total operating revenues	362	362
Operating expenses		
Purchased power	77	147
Purchased fuel	29	25
Purchased power from affiliate	51	4
Operating and maintenance	66	204
Operating and maintenance from affiliates	7	—
Depreciation and amortization	39	39
Taxes other than income	15	15
Total operating expenses	284	434
Operating income (loss)	78	(72)
Other income and (deductions)		
Interest expense, net	(13)	(12)
Other, net	3	3
Total other income and (deductions)	(10)	(9)
Income (loss) before income taxes	68	(81)
Income taxes	11	(9)
Net income (loss)	$ 57	$ (72)
Comprehensive income (loss)	$ 57	$ (72)

See the Combined Notes to Consolidated Financial Statements

S1-SSA-0009 - 22229

DELMARVA POWER & LIGHT COMPANY
STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Three Months Ended March 31, 2017	2016
Cash flows from operating activities		
Net income (loss)	$ 57	$ (72)
Adjustments to reconcile net income (loss) to net cash flows provided by operating activities:		
Depreciation and amortization	39	39
Deferred income taxes and amortization of investment tax credits	13	(4)
Other non-cash operating activities	(7)	118
Changes in assets and liabilities:		
Accounts receivable	6	4
Receivables from and payables to affiliates, net	1	20
Inventories	1	1
Accounts payable and accrued expenses	14	(3)
Income taxes	21	52
Other assets and liabilities	(23)	(8)
Net cash flows provided by operating activities	122	147
Cash flows from investing activities		
Capital expenditures	(82)	(81)
Other investing activities	2	—
Net cash flows used in investing activities	(80)	(81)
Cash flows from financing activities		
Changes in short-term borrowings	—	(30)
Retirement of long-term debt	(14)	—
Dividends paid on common stock	(30)	(38)
Net cash flows used in financing activities	(44)	(68)
Decrease in cash and cash equivalents	(2)	(2)
Cash and cash equivalents at beginning of period	46	5
Cash and cash equivalents at end of period	$ 44	$ 3

See the Combined Notes to Consolidated Financial Statements

S1-SSA-0009 - 22230

DELMARVA POWER & LIGHT COMPANY
BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2017	December 31, 2016
ASSETS		
Current assets		
Cash and cash equivalents	$ 44	$ 46
Accounts receivable, net		
Customer	131	136
Other	39	63
Receivables from affiliates	—	3
Inventories, net		
Gas held in storage	3	7
Materials and supplies	35	32
Regulatory assets	66	59
Other	21	24
Total current assets	339	370
Property, plant and equipment, net	3,334	3,273
Deferred debits and other assets		
Regulatory assets	301	289
Investments	1	—
Goodwill	8	8
Prepaid pension asset	203	206
Other	5	7
Total deferred debits and other assets	518	510
Total assets	$ 4,191	$ 4,153

See the Combined Notes to Consolidated Financial Statements

S1-SSA-0009 - 22231

DELMARVA POWER & LIGHT COMPANY
BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2017	December 31, 2016
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Long-term debt due within one year	$ 109	$ 119
Accounts payable	106	88
Accrued expenses	44	36
Payables to affiliates	36	38
Customer deposits	36	36
Regulatory liabilities	47	43
Merger related obligation	4	13
Other	6	8
Total current liabilities	388	381
Long-term debt	1,217	1,221
Deferred credits and other liabilities		
Regulatory liabilities	95	97
Deferred income taxes and unamortized investment tax credits	1,072	1,056
Non-pension postretirement benefit obligations	17	19
Other	49	53
Total deferred credits and other liabilities	1,233	1,225
Total liabilities	2,838	2,827
Commitments and contingencies		
Shareholder's equity		
Common stock	764	764
Retained earnings	589	562
Total shareholder's equity	1,353	1,326
Total liabilities and shareholder's equity	$ 4,191	$ 4,153

See the Combined Notes to Consolidated Financial Statements

S1-SSA-0009 - 22232

DELMARVA POWER & LIGHT COMPANY
STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
(Unaudited)

(In millions)	Common Stock	Retained Earnings	Total Shareholder's Equity
Balance, December 31, 2016	$ 764	$ 562	$ 1,326
Net income	—	57	57
Common stock dividends	—	(30)	(30)
Balance, March 31, 2017	$ 764	$ 589	$ 1,353

See the Combined Notes to Consolidated Financial Statements

S1-SSA-0009 - 22233

ATLANTIC CITY ELECTRIC COMPANY AND SUBSIDIARY COMPANY
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended March 31, 2017	2016
Operating revenues		
Electric operating revenues	$ 274	$ 290
Operating revenues from affiliates	1	1
Total operating revenues	275	291
Operating expenses		
Purchased power	128	157
Purchased power from affiliates	9	1
Operating and maintenance	69	211
Operating and maintenance from affiliates	7	1
Depreciation and amortization	35	40
Taxes other than income	2	2
Total operating expenses	250	412
Operating income (loss)	25	(121)
Other income and (deductions)		
Interest expense, net	(15)	(16)
Other, net	2	4
Total other income and (deductions)	(13)	(12)
Income (loss) before income taxes	12	(133)
Income taxes	(16)	(33)
Net income (loss)	$ 28	$ (100)
Comprehensive income (loss)	$ 28	$ (100)

See the Combined Notes to Consolidated Financial Statements

S1-SSA-0009 - 22234

ATLANTIC CITY ELECTRIC COMPANY AND SUBSIDIARY COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Three Months Ended March 31, 2017	2016
Cash flows from operating activities		
Net income (loss)	$ 28	$ (100)
Adjustments to reconcile net income (loss) to net cash flows provided by operating activities:		
Depreciation and amortization	35	40
Deferred income taxes and amortization of investment tax credits	(7)	(33)
Other non-cash operating activities	2	132
Changes in assets and liabilities:		
Accounts receivable	14	5
Receivables from and payables to affiliates, net	(5)	20
Inventories	(1)	(2)
Accounts payable and accrued expenses	(5)	19
Income taxes	3	168
Other assets and liabilities	(6)	(3)
Net cash flows provided by operating activities	58	246
Cash flows from investing activities		
Capital expenditures	(88)	(101)
Changes in restricted cash	2	1
Other investing activities	1	—
Net cash flows used in investing activities	(85)	(100)
Cash flows from financing activities		
Changes in short-term borrowings	—	(5)
Retirement of long-term debt	(10)	(11)
Dividends paid on common stock	(10)	(11)
Net cash flows used in financing activities	(20)	(27)
(Decrease) Increase in cash and cash equivalents	(47)	119
Cash and cash equivalents at beginning of period	101	3
Cash and cash equivalents at end of period	$ 54	$ 122

See the Combined Notes to Consolidated Financial Statements

S1-SSA-0009 - 22235

ATLANTIC CITY ELECTRIC COMPANY AND SUBSIDIARY COMPANY
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2017	December 31, 2016
ASSETS		
Current assets		
Cash and cash equivalents	$ 54	$ 101
Restricted cash and cash equivalents	7	9
Accounts receivable, net		
Customer	111	125
Other	41	44
Inventories, net	23	22
Regulatory assets	94	96
Other	3	2
Total current assets	333	399
Property, plant and equipment, net	2,583	2,521
Deferred debits and other assets		
Regulatory assets	407	405
Long-term note receivable	4	4
Prepaid pension asset	82	84
Other	42	44
Total deferred debits and other assets	535	537
Total assets [a]	$ 3,451	$ 3,457

See the Combined Notes to Consolidated Financial Statements

S1-SSA-0009 - 22236

ATLANTIC CITY ELECTRIC COMPANY AND SUBSIDIARY COMPANY
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2017	December 31, 2016
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Long-term debt due within one year	$ 33	$ 35
Accounts payable	125	132
Accrued expenses	50	38
Payables to affiliates	24	29
Customer deposits	32	33
Regulatory liabilities	25	25
Merger related obligation	22	20
Other	9	8
Total current liabilities	320	320
Long-term debt	1,112	1,120
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	911	917
Non-pension postretirement benefit obligations	33	34
Other	23	32
Total deferred credits and other liabilities	967	983
Total liabilities [(a)]	2,399	2,423
Commitments and contingencies		
Shareholder's equity		
Common stock	912	912
Retained earnings	140	122
Total shareholder's equity	1,052	1,034
Total liabilities and shareholder's equity	$ 3,451	$ 3,457

(a) ACE's consolidated total assets include $30 million and $32 million at March 31, 2017 and December 31, 2016, respectively, of ACE's consolidated VIE that can only be used to settle the liabilities of the VIE. ACE's consolidated total liabilities include $115 million and $126 million at March 31, 2017 and December 31, 2016, respectively, of ACE's consolidated VIE for which the VIE creditors do not have recourse to ACE. See Note 3 — Variable Interest Entities.

See the Combined Notes to Consolidated Financial Statements

S1-SSA-0009 - 22237

ATLANTIC CITY ELECTRIC COMPANY AND SUBSIDIARY COMPANY
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
(Unaudited)

(In millions)	Common Stock	Retained Earnings	Total Shareholder's Equity
Balance, December 31, 2016	$ 912	$ 122	$ 1,034
Net income	—	28	28
Common stock dividends	—	(10)	(10)
Balance, March 31, 2017	$ 912	$ 140	$ 1,052

See the Combined Notes to Consolidated Financial Statements

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in millions, except per share data, unless otherwise noted)

Index to Combined Notes To Consolidated Financial Statements

The notes to the consolidated financial statements that follow are a combined presentation. The following list indicates the Registrants to which the footnotes apply:

Applicable Notes

Registrant	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Exelon Corporation	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.
Exelon Generation Company, LLC	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.		.	.	.	.
Commonwealth Edison Company	.	.	.		.			.	.	.	.		.	.			.	.	.	
PECO Energy Company	.	.	.		.			.	.	.	.		.	.	.		.	.	.	
Baltimore Gas and Electric Company	.	.	.		.			.	.	.	.		.	.			.	.	.	
Pepco Holdings LLC	.	.	.	.	.			.	.	.	.		.	.	.		.	.	.	
Potomac Electric Power Company	.	.	.		.			.	.	.	.		.	.			.	.	.	
Delmarva Power & Light Company	.	.	.		.			.	.	.	.		.	.			.	.	.	
Atlantic City Electric Company	.	.	.		.			.	.	.	.		.	.			.	.	.	

1. Significant Accounting Policies (All Registrants)

Description of Business (All Registrants)

Exelon is a utility services holding company engaged through its principal subsidiaries in the energy generation and energy distribution and transmission businesses. Prior to March 23, 2016, Exelon's principal, wholly owned subsidiaries included Generation, ComEd, PECO and BGE. On March 23, 2016, in conjunction with the Amended and Restated Agreement and Plan of Merger (the PHI Merger Agreement), Purple Acquisition Corp, a wholly owned subsidiary of Exelon, merged with and into PHI, with PHI continuing as the surviving entity as a wholly owned subsidiary of Exelon. PHI is a utility services holding company engaged through its principal wholly owned subsidiaries, Pepco, DPL and ACE, in the energy distribution and transmission businesses. Refer to Note 4 — Mergers, Acquisitions and Dispositions for further information regarding the merger transaction.

The energy generation business includes:

- *Generation* : Generation, physical delivery and marketing of power across multiple geographical regions through its customer-facing business, Constellation, which sells electricity and natural gas to both wholesale and retail customers. Generation also sells renewable energy and other energy-related products and services. Generation has six reportable segments consisting of the Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Power Regions.

The energy delivery businesses include:

- *ComEd* : Purchase and regulated retail sale of electricity and the provision of electric distribution and transmission services in northern Illinois, including the City of Chicago.
- *PECO* : Purchase and regulated retail sale of electricity and the provision of electric distribution and transmission services in southeastern Pennsylvania, including the City of Philadelphia, and the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services in the Pennsylvania counties surrounding the City of Philadelphia.
- *BGE* : Purchase and regulated retail sale of electricity and the provision of electric distribution and transmission services in central Maryland, including the City of Baltimore, and the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services in central Maryland, including the City of Baltimore.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

- *Pepco* : Purchase and regulated retail sale of electricity and the provision of electric distribution and transmission services in the District of Columbia and major portions of Prince George's County and Montgomery County in Maryland.
- *DPL* : Purchase and regulated retail sale of electricity and the provision of electric distribution and transmission services in portions of Maryland and Delaware, and the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services in northern Delaware.
- *ACE* : Purchase and regulated retail sale of electricity and the provision of electric distribution and transmission services in southern New Jersey.

Basis of Presentation (All Registrants)

As a result of the acquisition of PHI, Exelon's financial reporting reflects PHI's consolidated financial results subsequent to the March 23, 2016, acquisition date. Exelon has accounted for the merger transaction applying the acquisition method of accounting, which requires the assets acquired and liabilities assumed by Exelon to be reported in Exelon's financial statements at fair value, with any excess of the purchase price over the fair value of net assets acquired reported as goodwill. Exelon has pushed-down the application of the acquisition method of accounting to the consolidated financial statements of PHI such that the assets and liabilities of PHI are similarly recorded at their respective fair values, and goodwill has been established as of the acquisition date. Accordingly, the consolidated financial statements of PHI for periods before and after the March 23, 2016, acquisition date reflect different bases of accounting, and the financial positions and the results of operations of the predecessor and successor periods are not comparable. The acquisition method of accounting has not been pushed down to PHI's wholly-owned subsidiary utility registrants, Pepco, DPL and ACE.

For financial statement purposes, beginning on March 24, 2016, disclosures that had solely related to PHI, Pepco, DPL or ACE activities now also apply to Exelon, unless otherwise noted.

In the second quarter of 2016, an error was identified and corrected related to the PHI successor period Consolidated Statement of Cash Flows for the period March 24, 2016 to March 31, 2016. The $46 million classification error related to the presentation of changes in Receivables from and payables to affiliates, net within Cash flows from operating activities and Change in Exelon intercompany money pool within Cash flows from financing activities. As revised for the first quarter of 2017, the successor period statement of cash flows for the period March 24, 2016 to March 31, 2016 presents Cash flows used in operating activities of $3 million, a decrease of $46 million from the originally reported amount, and Cash flows used in financing activities of $135 million, a decrease of $46 million from the originally reported amount. Management has concluded that the error is not material to the previously issued financial statements.

Each of the Registrant's Consolidated Financial Statements includes the accounts of its subsidiaries. All intercompany transactions have been eliminated.

The accompanying consolidated financial statements as of March 31, 2017 and 2016 and for the three months then ended are unaudited but, in the opinion of the management of each Registrant include all adjustments that are considered necessary for a fair statement of the Registrants' respective financial statements in accordance with GAAP. All adjustments are of a normal, recurring nature, except as otherwise disclosed. The December 31, 2016 Consolidated Balance Sheets were derived from audited financial statements. Financial results for interim periods are not necessarily indicative of results that may be expected for any other interim period or for the fiscal year ending December 31, 2017. These Combined Notes to Consolidated Financial Statements have been prepared pursuant to the rules and regulations of the SEC for Quarterly Reports on Form 10-Q. Certain information and note disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

2. New Accounting Standards (All Registrants)

New Accounting Standards Issued and Not Yet Adopted: The following new authoritative accounting guidance issued by the FASB has not yet been adopted and reflected by the Registrants in their consolidated financial statements. Unless otherwise indicated, the Registrants are currently assessing the impacts such guidance may have (which could be material) on their Consolidated Balance Sheets, Consolidated Statements of Operations and Comprehensive Income, Consolidated Statements of Cash Flows and disclosures, as well as the potential to early adopt where applicable. The Registrants have assessed other FASB issuances of new standards which are not listed below given the current expectation such standards will not significantly impact the Registrants' financial reporting.

Revenue from Contracts with Customers (Issued May 2014 and subsequently amended to address implementation questions): Changes the criteria for recognizing revenue from a contract with a customer. The new revenue recognition guidance, including subsequent amendments, is effective for annual reporting periods beginning on or after December 15, 2017, with the option to early adopt the standard for annual periods beginning on or after December 15, 2016. The Registrants do not plan to early adopt the standard.

The new standard replaces existing guidance on revenue recognition, including most industry specific guidance, with a five step model for recognizing and measuring revenue from contracts with customers. The objective of the new standard is to provide a single, comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, across industries, and across capital markets. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The guidance also requires a number of disclosures regarding the nature, amount, timing, and uncertainty of revenue and the related cash flows. In addition, the Registrants will be required to capitalize costs to acquire new contracts, and amortize such costs in a manner consistent with the transfer to the customer of the associated goods or services. Exelon currently expenses those costs as incurred. The guidance can be applied retrospectively to each prior reporting period presented (full retrospective method) or retrospectively with a cumulative effect adjustment to retained earnings for initial application of the guidance at the date of initial adoption (modified retrospective method).

The Registrants continue to assess the impacts this guidance may have on their Consolidated Balance Sheets, Consolidated Statements of Operations and Comprehensive Income, Consolidated Statements of Cash Flows and disclosures. In performing this assessment, the Registrants have utilized a project implementation team comprised of both internal and external resources to conduct the following key activities:

- Actively participate in the AICPA Power and Utilities Industry Task Force (Industry Task Force) process to identify implementation issues and support the development of related implementation guidance;
- Evaluate existing contracts and revenue streams for potential changes in the amounts and timing of recognizing revenues under the new guidance;
- Evaluate and select the transition method; and
- Develop and implement the approach and process for complying with the new revenue recognition disclosure requirements.

While there continues to be some ongoing activities in all of these areas, the Registrants have substantially completed the evaluation of their collective contracts and revenue streams, as well as the evaluation of the

transition method. Based on the work completed thus far, the Registrants have reached the following preliminary conclusions:

- The Registrants expect to apply the new guidance using the full retrospective method, however this conclusion could change based on the outcome of open implementation issues discussed below;
- The Registrants currently anticipate that the implementation of the new guidance will not have a material impact on the amount and timing of revenue recognition; and
- The new guidance will result in more detailed disclosures of revenue compared to current guidance.

Notwithstanding the preliminary conclusions noted above, certain implementation issues continue to be debated and worked through the Industry Task Force process that could result in amendments to the standard or implementation guidance that could have a material impact on the Registrants' Consolidated Balance Sheets, Consolidated Statements of Operations and Comprehensive Income, Consolidated Statements of Cash Flows and disclosures. The contributions in aid of construction (CIAC) implementation issue previously disclosed has been resolved, subject to the completion of the public comment period, with the conclusion that CIAC is outside of the scope of ASC 606 and, therefore, the accounting by the Utility Registrants for CIAC will not change as a result of ASC 606. The open implementation issues that could be most impactful to the Registrants include: (1) the ability of the Utility Registrants to recognize revenue for certain contracts where collectability is in question and (2) primarily at Generation, bundled sales contracts and contracts with pricing provisions that may require recognition of revenue at prices other than the contract price (e.g., straight line or estimated future market prices). As part of the overall implementation project, the Registrants have developed alternative adoption plans that would be implemented in the event the ultimate resolution of the open implementation issues result in significant changes from current revenue recognition practices.

Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost (Issued March 2017): The new standard will require significant changes to the accounting and presentation of pension and OPEB costs at the plan sponsor (i.e., Exelon) level. This guidance requires plan sponsors to separate net periodic pension cost and net periodic OPEB cost (together, net benefit cost) into the service cost component and other components; service cost will be presented as part of income from operations and the other components will be classified outside of income from operations on the Consolidated Statements of Operations and Comprehensive Income. Additionally, service cost is the only component eligible for capitalization (whereas under current GAAP, all components of net benefit cost are classified as compensation cost and are eligible for capitalization).

Exelon is currently evaluating the impact of this standard, including coordinating with its industry group and advisors. Generation, ComEd, PECO, BGE, BSC, PHI, Pepco, DPL, ACE and PHISCO participate in Exelon's single employer plan and apply multi-employer accounting. Exelon is currently evaluating how the new standard will impact accounting and financial reporting for these registrants.

The standard will be effective January 1, 2018 and requires retrospective adoption for the presentation of the service cost component and the other components of net benefit cost and prospective adoption for the capitalization of only the service cost component of net benefit cost. Exelon will not early adopt this standard.

Leases (Issued February 2016): Increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The guidance requires lessees to recognize both the right-of-use assets and lease liabilities in the balance sheet for most leases, whereas today only financing type lease liabilities (capital leases) are recognized in the balance sheet. This is expected to require significant changes to systems, processes and procedures in order to

recognize and measure leases recorded on the balance sheet that are currently classified as operating leases. In addition, the definition of a lease has been revised in regards to when an arrangement conveys the right to control the use of the identified asset under the arrangement which may result in changes to the classification of an arrangement as a lease. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee have not significantly changed from current GAAP. The accounting applied by a lessor is largely unchanged from that applied under current GAAP. The standard is effective for fiscal years beginning after December 15, 2018. Early adoption is permitted, however the Registrants do not expect to early adopt the standard. Lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. Refer to Note 24 — Commitments and Contingencies of the Combined Notes to the Consolidated Financial Statements in the Exelon 2016 Form 10-K for additional information regarding operating leases.

Impairment of Financial Instruments (Issued June 2016): Provides for a new Current Expected Credit Loss (CECL) impairment model for specified financial instruments including loans, trade receivables, debt securities classified as held-to-maturity investments and net investments in leases recognized by a lessor. Under the new guidance, on initial recognition and at each reporting period, an entity is required to recognize an allowance that reflects the entity's current estimate of credit losses expected to be incurred over the life of the financial instrument. The standard does not make changes to the existing impairment models for non-financial assets such as fixed assets, intangibles and goodwill. The standard will be effective January 1, 2020 and, for most debt instruments, requires a modified retrospective transition approach through a cumulative-effect adjustment to retained earnings as of the beginning of the period of adoption.

Goodwill Impairment (issued January 2017): Simplifies the accounting for goodwill impairment by removing Step 2 of the current test, which requires calculation of a hypothetical purchase price allocation. Under the revised guidance, goodwill impairment will be measured as the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill (currently Step 1 of the two step impairment test). Entities will continue to have the option to perform a qualitative assessment to determine if a quantitative impairment test is necessary. Exelon, Generation, ComEd, PHI, and DPL have goodwill as of March 31, 2017. This updated guidance is not currently expected to impact the Registrants' financial reporting. The standard is effective January 1, 2020, with early adoption permitted, and must be adopted on a prospective basis.

Clarifying the Definition of a Business (issued January 2017): Clarifies the definition of a business with the objective of addressing whether acquisitions should be accounted for as acquisitions of assets or as acquisitions of businesses. If substantially all the fair value of the assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets, the set of transferred assets and activities is not a business. If the fair value of the assets acquired is not concentrated in a single identifiable asset or a group of similar identifiable assets, then an entity must evaluate whether an input and a substantive process exist, which together significantly contribute to the ability to produce outputs. The standard also revises the definition of outputs to focus on goods and services to customers. The standard could result in more acquisitions being accounted for as asset acquisitions. The standard will be effective January 1, 2018 and will be applied prospectively.

Intra-Entity Transfers of Assets Other Than Inventory (Issued October 2016): Requires entities to recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs (compared to current GAAP which prohibits the recognition of current and deferred income taxes for an intra-entity asset transfer until the asset has been sold to an outside party). The standard is effective for fiscal years beginning after December 15, 2017 with early adoption permitted. The guidance is required to be applied on a modified retrospective basis through a cumulative-effect adjustment directly to retained earnings as of the beginning of the period of adoption.

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Statement of Cash Flows: Classification of Certain Cash Receipts and Cash Payments (Issued August 2016) and Restricted Cash (Issued November 2016): In 2016, the FASB issued two standards impacting the Statement of Cash Flows. The first adds or clarifies guidance on the classification of certain cash receipts and payments on the statement of cash flows as follows: debt prepayment or extinguishment costs, settlement of zero-coupon bonds, contingent consideration payments made after a business combination, proceeds from the settlement of insurance claims, proceeds from the settlement of corporate-owned life insurance policies and bank-owned life insurance policies, distributions received from equity method investees, beneficial interest in securitization transactions, and the application of the predominance principle to separately identifiable cash flows. The second states that amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows (instead of being presented as cash flow activities). Exelon will adopt both standards on January 1, 2018 on a retrospective basis. Adoption of the second standard will result in a change in presentation of restricted cash on the face of the Statement of Cash Flows; otherwise the Registrants expect that adoption of the guidance will have insignificant impacts on the Registrants' Consolidated Statements of Cash Flows and disclosures.

Recognition and Measurement of Financial Assets and Financial Liabilities (Issued January 2016): (i) Requires all investments in equity securities, including other ownership interests such as partnerships, unincorporated joint ventures and limited liability companies, to be carried at fair value through net income, (ii) requires an incremental recognition and disclosure requirement related to the presentation of fair value changes of financial liabilities for which the fair value option has been elected, (iii) amends several disclosure requirements, including the methods and significant assumptions used to estimate fair value or a description of the changes in the methods and assumptions used to estimate fair value, and (iv) requires disclosure of the fair value of financial assets and liabilities measured at amortized cost at the amount that would be received to sell the asset or paid to transfer the liability. The standard is effective for fiscal years beginning after December 15, 2017 with early adoption permitted. The guidance is required to be applied retrospectively with a cumulative effect adjustment to retained earnings for initial application of the guidance at the date of adoption (modified retrospective method).

3. Variable Interest Entities (All Registrants)

A VIE is a legal entity that possesses any of the following characteristics: an insufficient amount of equity at risk to finance its activities, equity owners who do not have the power to direct the significant activities of the entity (or have voting rights that are disproportionate to their ownership interest), or equity owners who do not have the obligation to absorb expected losses or the right to receive the expected residual returns of the entity. Companies are required to consolidate a VIE if they are its primary beneficiary, which is the enterprise that has the power to direct the activities that most significantly affect the entity's economic performance.

At March 31, 2017 and December 31, 2016, Exelon, Generation, BGE, PHI and ACE collectively consolidated nine VIEs or VIE groups, for which the applicable Registrant was the primary beneficiary (*see Consolidated Variable Interest Entities below)* . As of March 31, 2017 and December 31, 2016, Exelon and Generation collectively had significant interests in seven and eight, respectively, other VIEs for which the applicable Registrant does not have the power to direct the entities' activities and, accordingly, was not the primary beneficiary (*see Unconsolidated Variable Interest Entities below)* .

Consolidated Variable Interest Entities

Exelon's, Generation's, BGE's, PHI's and ACE's consolidated VIEs consist of:

- A retail gas group formed by Generation to enter into a collateralized gas supply agreement with a third-party gas supplier,

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- a group of solar project limited liability companies formed by Generation to build, own and operate solar power facilities,
- several wind project companies designed by Generation to develop, construct and operate wind generation facilities,
- a group of companies formed by Generation to build, own and operate other generating facilities,
- certain retail power and gas companies for which Generation is the sole supplier of energy,
- CENG,
- 2015 ESA Investco, LLC, a company that holds an equity method investment in a distributed energy company,
- BondCo, a special purpose bankruptcy remote limited liability company formed by BGE to acquire, hold, issue and service bonds secured by rate stabilization property, and
- ATF, a special purpose entity formed by ACE for the purpose of securitizing authorized portions of ACE's recoverable stranded costs through the issuance and sale of transition bonds.

As of March 31, 2017 and December 31, 2016, ComEd, PECO, Pepco and DPL did not have any material consolidated VIEs.

As of March 31, 2017 and December 31, 2016, Exelon, Generation, BGE, PHI and ACE provided the following support to their respective consolidated VIEs:

- Generation provides operating and capital funding to the solar and wind entities for ongoing construction, operations and maintenance of the solar and wind power facilities and there is limited recourse to Generation related to certain solar and wind entities.
- Generation provides approximately $27 million in credit support for the retail power and gas companies for which Generation is the sole supplier of energy.
- Generation provides a $75 million parental guarantee to a third-party gas supplier and provides limited recourse to other third-party gas suppliers and customers in support of its retail gas group.
- Generation provides operating and capital funding to the other generating facilities for ongoing construction, operations and maintenance and provides a parental guarantee of up to $275 million in support of the payment obligations related to the Engineering, Procurement and Construction contract in support of one of its other generating facilities.
- Generation and Exelon, where indicated, provide the following support to CENG (see Note 5 — Investment in Constellation Energy Nuclear Group, LLC and Note 27 — Related Party Transactions of the Exelon 2016 Form 10-K for additional information regarding Generation's and Exelon's transactions with CENG):
  - under the NOSA, Generation conducts all activities related to the operation of the CENG nuclear generation fleet owned by CENG subsidiaries (the CENG fleet) and provides corporate and administrative services for the remaining life and decommissioning of the CENG nuclear plants as if they were a part of the Generation nuclear fleet, subject to the CENG member rights of EDF,
  - under the Power Services Agency Agreement (PSAA), Generation provides scheduling, asset management, and billing services to the CENG fleet for the remaining operating life of the CENG nuclear plants,

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- under power purchase agreements with CENG, Generation purchased or will purchase 50.01% of the available output generated by the CENG nuclear plants not subject to other contractual agreements from January 2015 through the end of the operating life of each respective plant. However, pursuant to amendments dated March 31, 2015, the energy obligations under the Ginna Nuclear Power Plant (Ginna) PPAs have been suspended during the term of the Reliability Support Services Agreement (RSSA) (see Note 5 — Regulatory Matters for additional details),
- Generation provided a $400 million loan to CENG. As of March 31, 2017, the remaining obligation is $320 million, including accrued interest, which reflects the principal payment made in January 2015,
- Generation executed an Indemnity Agreement pursuant to which Generation agreed to indemnify EDF against third-party claims that may arise from any future nuclear incident (as defined in the Price-Anderson Act) in connection with the CENG nuclear plants or their operations. Exelon guarantees Generation's obligations under this Indemnity Agreement. (See Note 17 — Commitments and Contingencies for more details),
- Generation and EDF share in the $637 million of contingent payment obligations for the payment of contingent retrospective premium adjustments for the nuclear liability insurance,
- Generation provides a guarantee of approximately $8 million associated with hazardous waste management facilities and underground storage tanks. In addition, EDF executed a reimbursement agreement that provides reimbursement to Exelon for 49.99% of any amounts paid by Generation under this guarantee,
- Generation and EDF are the members-insured with Nuclear Electric Insurance Limited and have assigned the loss benefits under the insurance and the NEIL premium costs to CENG and guarantee the obligations of CENG under these insurance programs in proportion to their respective member interests (see Note 17 — Commitments and Contingencies for more details), and
- Exelon has executed an agreement to provide up to $245 million to support the operations of CENG as well as a $165 million guarantee of CENG's cash pooling agreement with its subsidiaries.

- In the case of BondCo, BGE is required to remit all payments it receives from all residential customers through non-bypassable, rate stabilization charges to BondCo. During the three months ended March 31, 2017 and 2016, BGE remitted $19 million and $20 million to BondCo, respectively.
- In the case of ATF, proceeds from the sale of each series of transition bonds by ATF were transferred to ACE in exchange for the transfer by ACE to ATF of the right to collect a non-bypassable Transition Bond Charge from ACE customers pursuant to bondable stranded costs rate orders issued by the NJBPU in an amount sufficient to fund the principal and interest payments on transition bonds and related taxes, expenses and fees. During the three months ended March 31, 2017 and 2016, ACE transferred $19 million and $14 million to ATF, respectively.

For each of the consolidated VIEs, except as otherwise noted:

- the assets of the VIEs are restricted and can only be used to settle obligations of the respective VIE;
- Exelon, Generation, BGE, PHI and ACE did not provide any additional material financial support to the VIEs;
- Exelon, Generation, BGE, PHI and ACE did not have any material contractual commitments or obligations to provide financial support to the VIEs; and

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

- the creditors of the VIEs did not have recourse to Exelon's, Generation's, BGE's, PHI's or ACE's general credit.

The carrying amounts and classification of the consolidated VIEs' assets and liabilities included in the Registrants' consolidated financial statements at March 31, 2017 and December 31, 2016 are as follows:

	March 31, 2017					December 31, 2016				
	Exelon [a]	Generation	BGE	*Successor* PHI [a]	ACE	Exelon [a][b]	Generation	BGE	*Successor* PHI [a]	ACE
Current assets	$ 1,018	$ 965	$ 42	$ 11	$ 7	$ 954	$ 916	$ 23	$ 14	$ 9
Noncurrent assets	8,891	8,855	3	33	23	8,563	8,525	3	35	23
Total assets	$ 9,909	$ 9,820	$ 45	$ 44	$ 30	$ 9,517	$ 9,441	$ 26	$ 49	$ 32
Current liabilities	$ 871	$ 791	$ 42	38	$ 34	$ 885	$ 802	$ 42	$ 42	$ 37
Noncurrent liabilities	2,745	2,654	—	91	81	2,713	2,612	—	101	89
Total liabilities	$ 3,616	$ 3,445	$ 42	$ 129	$ 115	$ 3,598	$ 3,414	$ 42	$ 143	$ 126

(a) Includes certain purchase accounting adjustments not pushed down to the ACE standalone entity.
(b) Includes certain purchase accounting adjustments not pushed down to the BGE standalone entity.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Assets and Liabilities of Consolidated VIEs

Included within the balances above are assets and liabilities of certain consolidated VIEs for which the assets can only be used to settle obligations of those VIEs, and liabilities that creditors, or beneficiaries, do not have recourse to the general credit of the Registrants. As of March 31, 2017 and December 31, 2016, these assets and liabilities primarily consisted of the following:

	March 31, 2017					December 31, 2016				
	Exelon [a]	Generation	BGE	Successor PHI [a]	ACE	Exelon [a][b]	Generation	BGE	Successor PHI [a]	ACE
Cash and cash equivalents	$ 199	$ 199	$ —	$ —	$ —	$ 150	$ 150	$ —	$ —	$ —
Restricted cash	124	75	42	7	7	59	27	23	9	9
Accounts receivable, net										
Customer	347	347	—	—	—	371	371	—	—	—
Other	23	23	—	—	—	48	48	—	—	—
Mark-to-market derivatives assets	41	41	—	—	—	31	31	—	—	—
Inventory										
Materials and supplies	191	191	—	—	—	199	199	—	—	—
Other current assets	58	54	—	4	—	50	44	—	5	—
Total current assets	983	930	42	11	7	908	870	23	14	9
Property, plant and equipment, net	5,425	5,425	—	—	—	5,415	5,415	—	—	—
Nuclear decommissioning trust funds	2,286	2,286	—	—	—	2,185	2,185	—	—	—
Goodwill	47	47	—	—	—	47	47	—	—	—
Mark-to-market derivatives assets	57	57	—	—	—	23	23	—	—	—
Other noncurrent assets	350	314	3	33	23	315	277	3	35	23
Total noncurrent assets	8,165	8,129	3	33	23	7,985	7,947	3	35	23
Total assets	$ 9,148	$ 9,059	$ 45	$ 44	$ 30	$ 8,893	$ 8,817	$ 26	$ 49	$ 32
Long-term debt due within one year	$ 237	$ 159	$ 41	$ 37	$ 33	$ 181	$ 99	$ 41	$ 40	$ 35
Accounts payable	275	275	—	—	—	269	269	—	—	—
Accrued expenses	85	83	1	1	1	119	116	1	2	2
Mark-to-market derivative liabilities	18	18	—	—	—	60	60	—	—	—
Unamortized energy contract liabilities	16	16	—	—	—	15	15	—	—	—
Other current liabilities	11	11	—	—	—	30	30	—	—	—
Total current liabilities	642	562	42	38	34	674	589	42	42	37
Long-term debt	626	535	—	91	81	641	540	—	101	89
Asset retirement obligations	1,929	1,929	—	—	—	1,904	1,904	—	—	—
Pension obligation [c]	8	8	—	—	—	9	9	—	—	—
Unamortized energy contract liabilities	18	18	—	—	—	22	22	—	—	—
Other noncurrent liabilities	122	122	—	—	—	106	106	—	—	—
Total noncurrent liabilities	2,703	2,612	—	91	81	2,682	2,581	—	101	89
Total liabilities	$ 3,345	$ 3,174	$ 42	$ 129	$ 115	$ 3,356	$ 3,170	$ 42	$ 143	$ 126

(a) Includes certain purchase accounting adjustments not pushed down to the ACE standalone entity.
(b) Includes certain purchase accounting adjustments not pushed down to the BGE standalone entity.
(c) Includes the CNEG retail gas pension obligation, which is presented as a net asset balance within the Prepaid pension asset line item on Generation's Consolidated Balance Sheets. See Note 13 — Retirement Benefits for additional details.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Unconsolidated Variable Interest Entities

Exelon's and Generation's variable interests in unconsolidated VIEs generally include equity investments and energy purchase and sale contracts. For the equity investments, the carrying amount of the investments is reflected on Exelon's and Generation's Consolidated Balance Sheets in Investments. For the energy purchase and sale contracts (commercial agreements), the carrying amount of assets and liabilities in Exelon's and Generation's Consolidated Balance Sheets that relate to their involvement with the VIEs are predominately related to working capital accounts and generally represent the amounts owed by, or owed to, Exelon and Generation for the deliveries associated with the current billing cycles under the commercial agreements. Further, Exelon and Generation have not provided material debt or equity support, liquidity arrangements or performance guarantees associated with these commercial agreements.

The Registrants' unconsolidated VIEs consist of:

- Energy purchase and sale agreements with VIEs for which Generation has concluded that consolidation is not required.
- Asset sale agreement with ZionSolutions, LLC and EnergySolutions, Inc. in which Generation has a variable interest but has concluded that consolidation is not required.
- Equity investments in distributed energy companies and energy generating facilities for which Generation has concluded that consolidation is not required.

As of March 31, 2017 and December 31, 2016, Exelon and Generation had significant unconsolidated variable interests in seven and eight VIEs, respectively for which Exelon or Generation, as applicable, was not the primary beneficiary; including certain equity investments and certain commercial agreements. The decrease in the number of unconsolidated VIEs is due to the sale of an equity investment in an energy generating facility. Exelon and Generation only include unconsolidated VIEs that are individually material in the tables below. However, Generation has several individually immaterial VIEs that in aggregate represent a total investment of $16 million. These immaterial VIEs are equity and debt securities in energy development companies. The maximum exposure to loss related to these securities is limited to the $16 million included in Investments on Exelon's and Generation's Consolidated Balance Sheets. The risk of a loss was assessed to be remote and, accordingly, Exelon and Generation have not recognized a liability associated with any portion of the maximum exposure to loss.

In June 2015, 2015 ESA Investco, LLC, then a wholly owned subsidiary of Generation, entered into an arrangement to purchase a 90% equity interest and 99% of the tax attributes of a distributed energy company, which is an unconsolidated VIE. In November 2015, Generation sold 69% of its equity interest in 2015 ESA Investco, LLC to a tax equity investor. Generation and the tax equity investor contributed a total of $227 million of equity incrementally from inception through the first quarter of 2017 in proportion of their ownership interests. Generation and the tax equity investor provided a parental guarantee of up to $275 million in proportion to their ownership interests in support of 2015 ESA Investco, LLC's obligation to make equity contributions to the distributed energy company. As all equity contributions were made as of March 31, 2017, there is no further payment obligation under the parental guarantee.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following tables present summary information about Exelon and Generation's significant unconsolidated VIE entities:

March 31, 2017	Commercial Agreement VIEs	Equity Investment VIEs	Total
Total assets [a]	$ 647	$ 541	$1,188
Total liabilities [a]	73	230	303
Exelon's ownership interest in VIE [a]	—	276	276
Other ownership interests in VIE [a]	574	36	610
Registrants' maximum exposure to loss:			
Carrying amount of equity method investments	—	279	279
Contract intangible asset	9	—	9
Debt and payment guarantees	—	—	—
Net assets pledged for Zion Station decommissioning [b]	7	—	7

December 31, 2016	Commercial Agreement VIEs	Equity Investment VIEs	Total
Total assets [a]	$ 638	$ 567	$1,205
Total liabilities [a]	215	287	502
Exelon's ownership interest in VIE [a]	—	248	248
Other ownership interests in VIE [a]	423	32	455
Registrants' maximum exposure to loss:			
Carrying amount of equity method investments	—	264	264
Contract intangible asset	9	—	9
Debt and payment guarantees	—	3	3
Net assets pledged for Zion Station decommissioning [b]	9	—	9

(a) These items represent amounts on the unconsolidated VIE balance sheets, not on Exelon's or Generation's Consolidated Balance Sheets. These items are included to provide information regarding the relative size of the unconsolidated VIEs.

(b) These items represent amounts on Exelon's and Generation's Consolidated Balance Sheets related to the asset sale agreement with ZionSolutions, LLC. The net assets pledged for Zion Station decommissioning includes gross pledged assets of $95 million and $113 million as of March 31, 2017 and December 31, 2016, respectively; offset by payables to ZionSolutions LLC of $88 million and $104 million as of March 31, 2017 and December 31, 2016, respectively. These items are included to provide information regarding the relative size of the ZionSolutions LLC unconsolidated VIE.

For each of the unconsolidated VIEs, Exelon and Generation has assessed the risk of a loss equal to their maximum exposure to be remote and, accordingly, Exelon and Generation have not recognized a liability associated with any portion of the maximum exposure to loss. In addition, there are no material agreements with, or commitments by, third parties that would affect the fair value or risk of their variable interests in these VIEs.

4. Mergers, Acquisitions and Dispositions (Exelon, Generation and PHI)

Acquisition of James A. FitzPatrick Nuclear Generating Station (Exelon and Generation)

On March 31, 2017, Generation acquired the 838 MW single-unit James A. FitzPatrick (FitzPatrick) nuclear generating station located in Scriba, New York from Entergy Nuclear FitzPatrick LLC (Entergy) for a total purchase price of $293 million, which consisted of a cash purchase price of $110 million and a net cost reimbursement to and on behalf of Entergy of $183 million. As part of the acquisition agreements, Generation provided nuclear fuel and reimbursed Entergy for incremental costs to prepare for and conduct a plant refueling outage; and Generation reimbursed Entergy for incremental costs to operate and maintain the plant for the period

after the refueling outage through the acquisition closing date. These reimbursements covered costs that Entergy otherwise would have avoided had it shut down the plant as originally intended in January 2017. The amounts reimbursed by Generation were offset by FitzPatrick's electricity and capacity sales revenues for this same post-outage period. As part of the transaction, Generation received the FitzPatrick NDT fund assets and assumed the obligation to decommission FitzPatrick. The NRC license for FitzPatrick expires in 2034. As of March 31, 2017, Generation had remitted purchase price consideration of $302 million (including $248 million of cash and $54 million of nuclear fuel) to and on behalf of Entergy and has $9 million included in Accounts receivable, net — Other on Exelon's and Generation's Consolidated Balance Sheets, to be received during the second quarter of 2017.

The following table summarizes the acquisition-date fair value of the consideration transferred and the assets and liabilities assumed for the FitzPatrick acquisition by Generation as of March 31, 2017:

Cash paid for purchase price	$ 110
Cash paid for net cost reimbursement	129
Nuclear fuel transfer	54
Total consideration transferred	$ 293
Identifiable assets acquired and liabilities assumed	
Current assets	$ 58
Property, plant and equipment	278
Nuclear decommissioning trust funds	807
Other assets [(a)]	114
Total assets	$1,257
Current liabilities	$ 7
Asset retirement obligations	417
Pension and OPEB obligations	49
Deferred income taxes	144
Spent nuclear fuel obligation	110
Other liabilities	11
Total liabilities	$ 738
Total net identifiable assets, at fair value	$ 519
Bargain purchase gain (after-tax)	$ 226

(a) Includes a $110 million asset associated with a contractual right to reimbursement from the New York Power Authority (NYPA), a prior owner of FitzPatrick, associated with the DOE one-time fee obligation. See Note 24-Commitments and Contingencies of the Exelon 2016 Form 10-K for additional background regarding SNF obligations to the DOE.

The after-tax bargain purchase gain of $226 million is included within Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income and reflects differences in strategies between Generation and Entergy for the intended use and ultimate decommissioning of the plant.

The fair values of FitzPatrick's assets and liabilities were determined based on significant estimates and assumptions that are judgmental in nature, including projected future cash flows (including timing), discount rates reflecting risk inherent in the future cash flows and future power and fuel market prices. The valuations performed to assess the fair value of certain assets acquired and liabilities assumed are preliminary. Accounting guidance provides that the allocation of the purchase price may be modified up to one year from the date of the

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acquisition to the extent that additional information is obtained about the facts and circumstances that existed as of the acquisition date; however, Generation expects to finalize these amounts by the end of 2017. The significant assets and liabilities for which preliminary valuation amounts are recognized at March 31, 2017 include the fair value of the decommissioning ARO, pension and OPEB obligations and related deferred tax liabilities. Any changes to the fair value assessments may materially impact the purchase price allocation and the amount of the recorded bargain purchase gain.

For the three months ended March 31, 2017, Exelon and Generation incurred $32 million of merger and integration related costs which are included within Operating and maintenance expense in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income.

Merger with Pepco Holdings, Inc. (Exelon)

Description of Transaction

On March 23, 2016, Exelon completed the merger contemplated by the Merger Agreement among Exelon, Purple Acquisition Corp., a wholly owned subsidiary of Exelon (Merger Sub) and Pepco Holdings, Inc. (PHI). As a result of that merger, Merger Sub was merged into PHI (the PHI Merger) with PHI surviving as a wholly owned subsidiary of Exelon and Exelon Energy Delivery Company, LLC (EEDC), a wholly owned subsidiary of Exelon which also owns Exelon's interests in ComEd, PECO and BGE (through a special purpose subsidiary in the case of BGE). Following the completion of the PHI Merger, Exelon and PHI completed a series of internal corporate organization restructuring transactions resulting in the transfer of PHI's unregulated business interests to Exelon and Generation and the transfer of PHI, Pepco, DPL and ACE to a special purpose subsidiary of EEDC.

Regulatory Matters

Approval of the merger in Delaware, New Jersey, Maryland and the District of Columbia was conditioned upon Exelon and PHI agreeing to certain commitments including where applicable: customer rate credits, funding for energy efficiency and delivery system modernization programs, a green sustainability fund, workforce development initiatives, charitable contributions, renewable generation and other required commitments. In addition, the orders approving the merger in Delaware, New Jersey, and Maryland include a "most favored nation" provision which, generally speaking, requires allocation of merger benefits proportionally across all the jurisdictions.

During the third and fourth quarters of 2016, Exelon and PHI filed proposals in Delaware, New Jersey and Maryland for amounts and allocations reflecting the application of the most favored nation provision, resulting in a total nominal cost of commitments of $513 million, excluding renewable generation commitments (approximately $444 million on a net present value basis amount, excluding renewable generation commitments and charitable contributions). These filings reflect agreements reached with certain parties to the merger proceedings in these jurisdictions. In 2016, the DPSC and NJBPU approved the amounts and allocations of the additional merger benefits for Delaware and New Jersey, respectively. On April 12, 2017, the MDPSC issued an order approving the amounts of the additional merger benefits for Maryland, but amending the proposed allocations of the benefits. The amended allocations do not have a material effect on any of the Registrants' financial statements. No changes in commitment cost levels are required in the District of Columbia.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following amounts represent total commitment costs for Exelon, PHI, Pepco, DPL and ACE that have been recorded since the acquisition date:

					Successor	
Description	**Expected Payment Period**	**Pepco**	**DPL**	**ACE**	**PHI**	**Exelon**
Rate credits	2016 — 2017	$ 91	$ 66	$ 101	$ 258	$ 258
Energy efficiency	2016 — 2021	—	—	—	—	122
Charitable contributions	2016 — 2026	28	12	10	50	50
Delivery system modernization	Q2 2016	—	—	—	—	22
Green sustainability fund	Q2 2016	—	—	—	—	14
Workforce development	2016 — 2020	—	—	—	—	17
Other		7	7	—	14	30
Total		$ 126	$ 85	$ 111	$ 322	$ 513

Pursuant to the orders approving the merger, Exelon made $73 million, $46 million and $49 million of equity contributions to Pepco, DPL and ACE, respectively, in the second quarter of 2016 to fund the after-tax amounts of the customer bill credit and the customer base rate credit commitments.

In addition, Exelon is committed to develop or to assist in the commercial development of approximately 37 MWs of new generation in Maryland, District of Columbia, and Delaware, 27 MWs of which are expected to be completed by 2018. These investments are expected to total approximately $137 million, are expected to be primarily capital in nature, and will generate future earnings at Exelon and Generation. Investment costs will be recognized as incurred and recorded on Exelon's and Generation's financial statements. Exelon has also committed to purchase 100 MWs of wind energy in PJM, to procure 120 MWs of wind RECs for the purpose of meeting Delaware's renewable portfolio standards, and to maintain and promote energy efficiency and demand response programs in the PHI jurisdictions.

Pursuant to the various jurisdictions' merger approval conditions, over specified periods Pepco, DPL and ACE are not permitted to reduce employment levels due to involuntary attrition associated with the merger integration process and have made other commitments regarding hiring and relocation of positions.

In July 2015, the OPC, Public Citizen, Inc., the Sierra Club and the Chesapeake Climate Action Network (CCAN) filed motions to stay the MDPSC order approving the merger. The Circuit Court judge issued an order denying the motions for stay on August 12, 2015. On January 8, 2016, the Circuit Court judge affirmed the MDPSC's order approving the merger and denied the petitions for judicial review filed by the OPC, the Sierra Club, CCAN and Public Citizen, Inc. On January 19, 2016, the OPC filed a notice of appeal to the Maryland Court of Special Appeals, and on January 21, the Sierra Club and CCAN filed a notice of appeal. On January 27, 2017, the Maryland Court of Special Appeals affirmed the Circuit Court's judgment. The OPC and Sierra Club have each filed petitions seeking further review in the Court of Appeals of Maryland. Exelon, along with Prince George's County and Montgomery County have filed answers opposing those petitions, which Exelon believes are without merit.

Between March 25, 2016 and April 22, 2016, various parties filed motions with the DCPSC to reconsider its March 23, 2016 order approving the merger. On June 17, 2016, the DCPSC denied all motions. In August 2016, the District of Columbia Office of People's Counsel, the District of Columbia Government, and Public Citizen jointly with DC Sun each filed petitions for judicial review of the DCPSC's March 23, 2016 order with the District of Columbia Court of Appeals. On September 9, 2016, the Court consolidated the appeals. The parties have filed briefs and the Court scheduled oral argument for May 2. A decision on this matter is expected in the second or third quarter of 2017. Exelon believes the matters are without merit.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Accounting for the Merger Transaction

The total purchase price consideration of approximately $7.1 billion for the PHI Merger consisted of cash paid to PHI shareholders, cash paid for PHI preferred securities and cash paid for PHI stock-based compensation equity awards as follows:

(In millions of dollars, except per share data)	Total Consideration
Cash paid to PHI shareholders at $27.25 per share (254 million shares outstanding at March 23, 2016)	$ 6,933
Cash paid for PHI preferred stock [(a)]	180
Cash paid for PHI stock-based compensation equity awards [(b)]	29
Total purchase price	$ 7,142

(a) As of December 31, 2015, the preferred stock was included in Other non-current assets on Exelon's Consolidated Balance Sheets.
(b) PHI's unvested time-based restricted stock units and performance-based restricted stock units issued prior to April 29, 2014 were immediately vested and paid in cash upon the close of the merger. PHI's remaining unvested time-based restricted stock units as of the close of the merger were cancelled. There were no remaining unvested performance-based restricted stock units as of the close of the merger.

PHI shareholders received $27.25 of cash in exchange for each share of PHI common stock outstanding as of the effective date of the merger. In connection with the Merger Agreement, Exelon entered into a Subscription Agreement under which it purchased $180 million of a new class of nonvoting, nonconvertible and nontransferable preferred securities of PHI prior to December 31, 2015. On March 23, 2016, the preferred securities were cancelled for no consideration to Exelon, and accordingly, the $180 million cash consideration previously paid to acquire the preferred securities was treated as purchase price consideration.

The preliminary valuations performed in the first quarter of 2016 were updated in the second, third, and fourth quarters of 2016. There were no adjustments to the purchase price allocation in the first quarter of 2017 and the purchase price allocation is now final.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Exelon applied push-down accounting to PHI, and accordingly, the PHI assets acquired and liabilities assumed were recorded at their estimated fair values on Exelon's and PHI's Consolidated Balance Sheets as of March 23, 2016, as follows:

Purchase Price Allocation [a]	
Current assets	$ 1,441
Property, plant and equipment	11,088
Regulatory assets	5,015
Other assets	248
Goodwill	4,005
Total assets	$21,797
Current liabilities	$ 2,752
Unamortized energy contracts	1,515
Regulatory liabilities	297
Long-term debt, including current maturities	5,636
Deferred income taxes	3,447
Pension and OPEB obligations	821
Other liabilities	187
Total liabilities	$14,655
Total purchase price	$ 7,142

(a) Amounts shown reflect the final purchase price allocation and the correction of a reporting error identified and corrected in the second quarter of 2016. The error had resulted in a gross up of certain assets and liabilities related to legacy PHI intercompany and income tax receivable and payable balances.

On its successor financial statements, PHI has recorded, beginning March 24, 2016, Membership interest equity of $7.2 billion, which is greater than the total $7.1 billion purchase price, reflecting the impact of a $59 million deferred tax liability recorded only at Exelon Corporate to reflect unitary state income tax consequences of the merger.

The excess of the purchase price over the estimated fair value of the assets acquired and the liabilities assumed totaled $4.0 billion, which was recognized as goodwill by PHI and Exelon at the acquisition date, reflecting the value associated with enhancing Exelon's regulated utility portfolio of businesses, including the ability to leverage experience and best practices across the utilities and the opportunities for synergies. For purposes of future required impairment assessments, the goodwill has been preliminarily assigned to PHI's reportable units Pepco, DPL and ACE in the amounts of $1.7 billion, $1.1 billion and $1.2 billion, respectively. None of this goodwill is expected to be tax deductible.

Immediately following closing of the merger, $235 million of net assets included in the table above associated with PHI's unregulated business interests were distributed by PHI to Exelon. Exelon contributed $163 million of such net assets to Generation.

The fair values of PHI's assets and liabilities were determined based on significant estimates and assumptions that are judgmental in nature, including projected future cash flows (including timing), discount rates reflecting risk inherent in the future cash flows, future market prices and impacts of utility rate regulation. There were also judgments made to determine the expected useful lives assigned to each class of assets acquired.

Through its wholly-owned rate regulated utility subsidiaries, most of PHI's assets and liabilities are subject to cost-of-service rate regulation. Under such regulation, rates charged to customers are established by a

regulator to provide for recovery of costs and a fair return on invested capital, or rate base, generally measured at historical cost. In applying the acquisition method of accounting, for regulated assets and liabilities included in rate base or otherwise earning a return (primarily property, plant and equipment and regulatory assets earning a return), no fair value adjustments were recorded as historical cost is viewed as a reasonable proxy for fair value.

Fair value adjustments were applied to the historical cost bases of other assets and liabilities subject to rate regulation but not earning a return (including debt instruments and pension and OPEB obligations). In these instances, a corresponding offsetting regulatory asset or liability was also established, as the underlying utility asset and liability amounts are recoverable from or refundable to customers at historical cost (and not at fair value) through the rate setting process. Similar treatment was applied for fair value adjustments to record intangible assets and liabilities, such as for electricity and gas energy supply contracts as further described below. Regulatory assets and liabilities established to offset fair value adjustments are amortized in amounts and over time frames consistent with the realization or settlement of the fair value adjustments, with no impact on reported net income. See Note 5 — Regulatory Matters for additional information regarding the fair value of regulatory assets and liabilities established by Exelon and PHI.

Fair value adjustments were recorded at Exelon and PHI for the difference between the contract price and the market price of electricity and gas energy supply contracts of PHI's wholly-owned rate regulated utility subsidiaries. These adjustments are intangible assets and liabilities classified as unamortized energy contracts on Exelon's and PHI's Consolidated Balance Sheets as of March 31, 2017. The difference between the contract price and the market price at the acquisition date of the Merger was recognized for each contract as either an intangible asset or liability. In total, Exelon and PHI recorded a net $1.5 billion liability reflecting out-of-the-money contracts. The valuation of the acquired intangible assets and liabilities was estimated by applying either the market approach or the income approach depending on the nature of the underlying contract. The market approach was utilized when prices and other relevant information generated by market transactions involving comparable transactions were available. Otherwise the income approach, which is based upon discounted projected future cash flows associated with the underlying contracts, was utilized. In certain instances, the valuations were based upon certain unobservable inputs, which are considered Level 3 inputs, pursuant to applicable accounting guidance. Key estimates and inputs include forecasted power prices and the discount rate. The unamortized energy contract fair value adjustment amounts and the corresponding offsetting regulatory asset and liability amounts are amortized through Purchase power and fuel expense or Operating revenues, as applicable, over the life of the applicable contract in relation to the present value of the underlying cash flows as of the merger date.

As mentioned, under cost-of-service rate regulation, rates charged to customers are established by a regulator to provide for recovery of costs and a fair return on invested capital, or rate base, generally measured at historical cost. Historical cost information therefore is the most relevant presentation for the financial statements of PHI's rate regulated utility subsidiary registrants, Pepco, DPL and ACE. As such, Exelon and PHI did not push-down the application of acquisition accounting to PHI's utility registrants, and therefore the financial statements of Pepco, DPL and ACE do not reflect the revaluation of any assets and liabilities.

The current impact of PHI, including its unregulated businesses, on Exelon's Consolidated Statements of Operations and Comprehensive Income includes Operating revenues of $1.2 billion and Net income of $140 million during the three months ended March 31, 2017, and Operating revenues of $107 million and Net loss of $(315) million during the three months ended March 31, 2016.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

For the three months ended March 31, 2017 and 2016, the Registrants have recognized costs to achieve the PHI acquisition as follows:

Acquisition, Integration and Financing Costs [a]	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
Exelon [b]	$ 9	$ 102
Generation	9	16
ComEd [c]	—	(8)
PECO	1	2
BGE	2	2
Pepco	1	27
DPL [d]	(7)	16
ACE	1	13

Acquisition, Integration and Financing Costs [a]	Successor: Three Months Ended March 31, 2017	Successor: March 24, 2016 to March 31, 2016	Predecessor: January 1, 2016 to March 23, 2016
PHI [d]	$ (5)	$ 56	$ 29

(a) The costs incurred are classified primarily within Operating and maintenance expense in the Registrants' respective Consolidated Statements of Operations and Comprehensive Income, with the exception of the financing costs, which are included within Interest expense. Costs do not include merger commitments discussed above.
(b) Reflects costs (benefits) recorded at Exelon related to financing, including mark-to-market activity on forward-starting interest rate swaps.
(c) For the three months ended March 31, 2016, includes the reversal of previously incurred acquisition, integration and financing costs of $9 million, incurred at ComEd that have been deferred and recorded as a regulatory asset for anticipated recovery. See Note 5 — Regulatory Matters for more information.
(d) For the three months ended March 31, 2017, includes the reversal of previously incurred acquisition, integration and financing costs of $8 million, incurred at DPL that have been deferred and recorded as a regulatory asset for anticipated recovery. See Note 5 — Regulatory Matters for more information.

Pro-forma Impact of the Merger

The following unaudited pro forma financial information reflects the consolidated results of operations of Exelon as if the merger with PHI had taken place on January 1, 2015. The unaudited pro forma information was calculated after applying Exelon's accounting policies and adjusting PHI's results to reflect purchase accounting adjustments.

The unaudited pro forma financial information has been presented for illustrative purposes only and is not necessarily indicative of results of operations that would have been achieved had the merger events taken place on the dates indicated, or the future consolidated results of operations of the combined company.

	Three Months Ended March 31, 2016 [a]	Year Ended December 31, 2016 [b]
Total operating revenues	$ 8,556	$ 32,342
Net income attributable to common shareholders	577	1,562
Basic earnings per share	$ 0.63	$ 1.69
Diluted earnings per share	0.62	1.69

(a) The amounts above include adjustments for non-recurring costs directly related to the merger of $639 million and intercompany revenue of $170 million for the three months ended March 31, 2016.
(b) The amounts above include adjustments for non-recurring costs directly related to the merger of $680 million and intercompany revenue of $171 million for the year ended December 31, 2016.

5. Regulatory Matters (All Registrants)

Except for the matters noted below, the disclosures set forth in Note 3 — Regulatory Matters of the Exelon 2016 Form 10-K reflect, in all material respects, the current status of regulatory and legislative proceedings of the Registrants. The following is an update to that discussion.

Illinois Regulatory Matters

Distribution Formula Rate (Exelon and ComEd). On April 13, 2017, ComEd filed its annual distribution formula rate with the ICC pursuant to EIMA. The filing establishes the revenue requirement used to set the rates that will take effect in January 2018 after the ICC's review and approval, which is due by December 2017. The revenue requirement requested is based on 2016 actual costs plus projected 2017 capital additions as well as an annual reconciliation of the revenue requirement in effect in 2016 to the actual costs incurred that year. ComEd's 2017 filing request includes a total increase to the revenue requirement of $96 million, reflecting an increase of $78 million for the initial revenue requirement for 2017 and an increase of $18 million related to the annual reconciliation for 2016. The revenue requirement for 2017 provides for a weighted average debt and equity return on distribution rate base of 6.47% inclusive of an allowed ROE of 8.40%, reflecting the average rate on 30-year treasury notes plus 580 basis points. The annual reconciliation for 2016 provided for a weighted average debt and equity return on distribution rate base of 6.45% inclusive of an allowed ROE of 8.34%, reflecting the average rate on 30-year treasury notes plus 580 basis points less a performance metrics penalty of 6 basis points. See table below for ComEd's regulatory assets associated with its distribution formula rate. For additional information on ComEd's distribution formula rate filings see Note 3 — Regulatory Matters of the Exelon 2016 Form 10-K.

On December 6, 2016, the ICC issued a final order approving the 2016 distribution formula rate, which included a total increase to the revenue requirement of $127 million, reflecting an increase of $134 million for the initial revenue requirement for 2016 and a decrease of $7 million related to the annual reconciliation for 2015. On December 20, 2016, the ICC granted ComEd's and other parties' joint application for rehearing on the impact that changing ComEd's OSHA recordable rate for 2014 and 2015 has on the revenue requirement approved in this order. On March 22, 2017, the ICC issued an order approving ComEd's proposal to reduce the 2016 revenue requirement by $18 million, which will be reflected in customer rates in 2017.

Illinois Future Energy Jobs Act (Exelon, Generation, and ComEd).

Background

On December 7, 2016, FEJA was signed into law by the Governor of Illinois. FEJA is effective June 1, 2017, and includes, among other provisions, (1) a ZES providing compensation for certain nuclear-powered generating facilities, (2) an extension of and certain adjustments to ComEd's electric distribution formula rate, (3) new cumulative persisting annual energy efficiency MWh savings goals for ComEd, (4) revisions to the Illinois RPS requirements, (5) provisions for adjustments to or termination of FEJA programs if the average impact on ComEd's customer rates exceeds specified limits, (6) revisions to the existing net metering statute to (i) mandate net metering for community generation projects, and establish billing procedures for subscribers to those projects, (ii) provide immediately for netting at the energy-only rate for nonresidential customers, and

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(iii) transition from netting at the full retail rate to the energy-only rate for certain residential net metering customers once the net meter customer load equals 5% of total peak demand supplied in the previous year and (7) support for low income rooftop and community solar programs.

Zero Emission Standard

FEJA includes a ZES that provides compensation through the procurement of ZECs targeted at preserving the environmental attributes of zero-emissions nuclear-powered generating facilities that meet specific eligibility criteria. ZES will have a 10-year duration extending through May 31, 2027. Eligible generators may participate in a procurement event overseen by the IPA and selected generators will directly contract with Illinois utilities for the procurement of the ZECs based upon the number of MWh produced by the eligible facilities, subject to specified annual caps. The ZEC price will be based upon the current social cost of carbon as determined by the federal government and is initially established at $16.50 per MWh of production, subject to future adjustments based on specified escalation and pricing adjustment mechanisms designed to lower the ZEC price based on increases in underlying energy and capacity prices.

Illinois utilities, including ComEd, will be required to purchase from eligible nuclear facilities an amount of ZECs equivalent to 16% of the actual amount of electricity delivered in 2014. ComEd will recover all costs associated with purchasing ZECs through a new rate rider, which will provide for an annual reconciliation and true-up to actual costs incurred by ComEd to purchase ZECs, with any difference to be credited to or collected from ComEd's retail customers in subsequent periods.

On February 14, 2017, two lawsuits were filed in the Northern District of Illinois against the IPA alleging that the state's ZEC program violates certain provisions of the U.S. Constitution. One lawsuit was filed by customers of ComEd, led by the Village of Old Mill Creek, and the other was brought by the EPSA and three other electric suppliers. Both lawsuits argue that the Illinois ZEC program will distort FERC's energy and capacity market auction system of setting wholesale prices, and seek a permanent injunction preventing the implementation of the program. Exelon intervened and filed motions to dismiss in both lawsuits. These motions are currently pending. In addition, on March 31, 2017, plaintiffs in both lawsuits filed motions for preliminary injunction with the court. Exelon cannot predict the outcome of these lawsuits. It is possible that resolution of these matters could have a material, unfavorable impact on Exelon's and Generation's results of operations, financial positions and cash flows.

See Note 7 — Early Nuclear Plant Retirements for the impacts of the provisions above on Generation's Consolidated Balance Sheets and Consolidated Statements of Operations and Comprehensive Income. These provisions do not impact ComEd's Consolidated Balance Sheets, Consolidated Statements of Operations and Comprehensive Income or Consolidated Statements of Cash Flows until second quarter of 2017.

ComEd Electric Distribution Rates

FEJA extends the sunset date for ComEd's performance-based electric distribution formula rate from 2019 to the end of 2022, allows ComEd to revise the electric distribution formula rate to eliminate the ROE collar, and allows ComEd to implement a decoupling tariff if the electric distribution formula rate is terminated at any time. ComEd will revise its electric distribution formula rate to eliminate the ROE collar beginning with the reconciliation filed in 2018 for the 2017 calendar year. Elimination of the ROE collar effectively offsets the favorable or unfavorable impacts to Operating revenues associated with variations in delivery volumes associated with above or below normal weather, numbers of customers or usage per customer. ComEd began reflecting the impacts of this change in its electric distribution services costs regulatory asset beginning in first quarter 2017. As of March 31, 2017, ComEd recorded an increase to Operating revenues and its electric distribution services costs regulatory asset of approximately $16 million for this change.

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FEJA requires ComEd to make non-recoverable contributions to low income energy assistance programs of $10 million per year for 5 years as long as the electric distribution formula rate remains in effect. With the exception of these contributions, ComEd will recover from customers, subject to certain caps explained below, the costs it incurs pursuant to FEJA either through its electric distribution formula rate or other recovery mechanisms.

Energy Efficiency

Existing Illinois law requires ComEd to implement cost-effective energy efficiency measures and, for a 10-year period ending May 31, 2018, cost-effective demand response measures to reduce peak demand by 0.1% over the prior year for eligible retail customers.

Beginning January 1, 2018, FEJA provides for new cumulative annual energy efficiency MWh savings goals for ComEd, which are designed to achieve 21.5% of cumulative persisting annual MWh savings by 2030, as compared to the deemed baseline of 88 million MWhs of electric power and energy sales. FEJA, deems the cumulative persisting annual MWh savings to be 6.6% from 2012 through the end of 2017. ComEd expects to spend approximately $250 million to $400 million annually from 2017 through 2030 to achieve these energy efficiency MWh savings goals. In addition, FEJA extends the peak demand reduction requirement from 2018 to 2026. Because the new requirements apply beginning in 2018, FEJA extends the existing energy efficiency plans, which were due to end on May 31, 2017, through December 31, 2017. FEJA also exempts customers with demands over 10 MW from energy efficiency plans and requirements beginning June 1, 2017.

FEJA allows ComEd to cancel its existing energy efficiency rate rider and replace it with an energy efficiency formula rate, and to defer energy efficiency costs (except for any voltage optimization costs which will be recovered through the electric distribution formula rate) as a separate regulatory asset that will be recovered through the energy efficiency formula rate over the weighted average useful life, as approved by the ICC, of the related energy efficiency measures. ComEd will earn a return on the energy efficiency regulatory asset at a rate equal to its weighted average cost of capital, which is based on a year-end capital structure and calculated using the same methodology applicable to ComEd's electric distribution formula rate. Through December 31, 2030, the return on equity that ComEd earns on its energy efficiency regulatory asset is subject to a maximum downward or upward adjustment of 200 basis points if ComEd's cumulative persisting annual MWh savings falls short of or exceeds specified percentage benchmarks of its annual incremental savings goal. ComEd will be required to file an update to its energy efficiency formula rate on or before June 1 each year, with resulting rates effective in January of the following year. The annual update will be based on projected current year energy efficiency costs and the related projected year-end regulatory asset balance less any related deferred taxes. The update will also include a reconciliation of any differences between the revenue requirement in effect for the prior year and the revenue requirement based on actual prior year costs and year-end energy efficiency regulatory asset balances less any related deferred taxes.

ComEd expects to cancel its existing energy efficiency rider after FEJA becomes effective on June 1, 2017, at which time it must perform a reconciliation of revenues and costs incurred through the cancellation date and issue a one-time credit on retail customers' bills for any over-recoveries. As of March 31, 2017, ComEd's over-recoveries associated with its existing energy efficiency rider of $139 million were reflected in Current regulatory liabilities on Exelon's and ComEd's Consolidated Balance Sheets. ComEd expects to provide a one-time credit to customers in the second half of 2017 to address this over-recovery.

Renewable Portfolio Standard

Existing Illinois law requires ComEd to purchase each year an increasing percentage of renewable energy resources for the customers for which it supplies electricity. This obligation is satisfied through the procurement

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of RECs. FEJA revises the Illinois RPS to require ComEd to procure RECs for all retail customers by June 2019, regardless of the customers' electricity supplier, and provides support for low-income rooftop and community solar programs, which will be funded by the existing Renewable Energy Resources Fund and ongoing RPS collections. ComEd will recover all costs associated with purchasing RECs through rate riders, which will provide for a reconciliation and true-up to actual costs, with any difference between revenues and expenses to be credited to or collected from ComEd's retail customers in subsequent periods. The first reconciliation and true-up for RECs will cover revenues and costs for the four year period beginning June 1, 2017 through May 31, 2021. Subsequently, the RPS rate rider will provide for an annual reconciliation and true-up.

Customer Rate Increase Limitations

FEJA includes provisions intended to limit the average impact on ComEd customer rates for recovery of costs incurred under FEJA as follows: (1) for a typical ComEd residential customer, the average impact must be less than $0.25 cents per month, (2) for nonresidential customers with a peak demand less than 10 MW, the average annual impact must be less than 1.3% of the average amount paid per kWh for electric service by Illinois commercial retail customers during 2015, and (3) for nonresidential customers with a peak demand greater than 10 MW, the average annual impact must be less than 1.3% of the average amount paid per kWh for electric service by Illinois industrial retail customers during 2015.

By June 30, 2017, ComEd must submit a 10-year projection to the ICC of customer rate impacts for residential customers and nonresidential customers with a peak demand less than 10 MW. Thereafter, beginning in 2018, ComEd must submit a report to the ICC for residential customers and nonresidential customers with a peak demand less than 10 MW by February 15th and June 30th of each year, respectively. For nonresidential customers with a peak demand greater than 10 MW, ComEd must submit a report to the ICC by May 1 of each year if a rate reduction will be necessary in the following year. For residential customers, the reports will include the actual costs incurred under FEJA during the preceding year and a rolling 10-year customer rate impact projection. The reports for nonresidential customers with a peak demand less than 10 MW will also include the actual costs incurred under FEJA during the preceding year, as well as the average annual rate increase from January 1, 2017 through the end of the preceding year and the average annual rate increase projected for the remainder of the 10-year period.

If the projected residential customer or nonresidential customer with a peak demand less than 10 MW rate increase exceeds the limitations during the first four years, ComEd is required to decrease costs associated with FEJA investments, including reductions to ZEC contract quantities. If the projected residential customer or nonresidential customer with a peak demand less than 10 MW rate increase exceeds the limitations during the last six years, ComEd is required to demonstrate how it will reduce FEJA investments to ensure compliance. If the actual residential customer or nonresidential customer with a peak demand less than 10 MW rate increase exceeds the limitations for any one year, ComEd is required to submit a corrective action plan to decrease future year costs to reduce customer rates to ensure future compliance. If the actual residential customer or nonresidential customer rate exceeds the limitations for two consecutive years, ComEd can offer to credit customers for amounts billed in excess of the limitations or ComEd can terminate FEJA investments. If ComEd chooses to terminate FEJA investments, the ICC shall order termination of ZEC contracts and further initiate proceedings to reduce energy efficiency savings goals and terminate support for low-income rooftop and community solar programs. ComEd is allowed to fully recover all costs incurred as of and up to the date of the programs' termination.

For the energy efficiency formula, ComEd will record a regulatory asset or liability and corresponding increase or decrease to Operating revenues for any differences between the revenue requirement in effect and ComEd's best estimate of the revenue requirement expected to be approved by the ICC for that year's

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reconciliation. For the other rate riders to be established under FEJA, ComEd will record a regulatory asset or liability for any differences between revenues and incurred expenses.

Other than recognizing the impacts of eliminating the ROE collar in its electric distribution formula rate, FEJA did not have any impacts on ComEd's Consolidated Balance Sheets, Consolidated Statements of Operations and Comprehensive Income or Consolidated Statements of Cash Flows in first quarter 2017.

Energy Efficiency and Renewable Energy Resources (Exelon and ComEd). In accordance with legislation in effect on December 31, 2016, the IPA's Procurement Plans include the procurement of cost-effective renewable energy resources in amounts that equal or exceed a minimum target percentage of the total electricity that each electric utility supplies to its eligible retail customers. The June 1, 2016 target renewable energy resources obligation for the utilities was at least 11.5%. This obligation increases by at least 1.5% each year thereafter to an ultimate target of at least 25% by June 1, 2025. All goals are subject to rate impact criteria set forth by Illinois legislation. As of March 31, 2017, ComEd had purchased renewable energy resources or equivalents, such as RECs, in accordance with the IPA Procurement Plan. ComEd currently retires all RECs upon transfer and acceptance. ComEd is permitted to recover procurement costs of RECs from retail customers without mark-up through rates.

In accordance with FEJA that takes effect on June 1, 2017, beginning with the plan or plans to be implemented in the 2017 delivery year, the IPA shall develop a long term renewable resources procurement plan (LT Plan). The RPS target percentages for the overall service territory have not changed through June 1, 2025 although FEJA extended the 25% RPS target to delivery years after 2025. Currently, each RES and each utility is responsible for the renewable resource obligation of the customers it supplies power for. Over time, this will change and the utility will procure renewable resources based on the retail load of substantially all customers in its service territory. For the delivery year beginning June 1, 2017, the LT Plan shall include cost effective renewable energy resources procured by the utility for the retail load the utility supplies and for 50% of the retail customer load supplied by Retail Electric Suppliers in the utility service territory on February 28, 2017. Utility procurement for RES supplied retail customer load will increase to 75% June 1, 2018 and to 100% beginning June 1, 2019.

Grand Prairie Gateway Transmission Line (Exelon and ComEd). On December 2, 2013, ComEd filed a request to obtain the ICC's approval to construct a 60-mile overhead 345kV transmission line that traverses Ogle, DeKalb, Kane and DuPage Counties in Northern Illinois. On October 22, 2014, the ICC issued an Order approving ComEd's request. The City of Elgin and certain other parties each filed an appeal of the ICC Order in the Illinois Appellate Court for the Second District. ComEd then reached a settlement of the appeal filed by all parties except Elgin. On March 31, 2016, the Illinois Appellate Court issued its opinion affirming the ICC's grant of a certificate to ComEd to construct and operate the line. Elgin did not seek further review of the Illinois Appellate Court decision. ComEd acquired the necessary land rights across the project route through voluntary transactions. ComEd began construction of the line during 2015 and placed the line in-service on April 7, 2017.

Pennsylvania Regulatory Matters

Pennsylvania Procurement Proceedings (Exelon and PECO). Through PECO's PAPUC approved DSP Programs, PECO procures electric supply for its default electric customers through PAPUC approved competitive procurements.

On March 17, 2016, PECO filed its fourth DSP Program with the PAPUC proposing a 24-month term from June 1, 2017 through May 31, 2019, in compliance with electric generation procurement guidelines set forth in Act 129. On December 8, 2016, the PAPUC approved the fourth DSP Program for the modified 48-month term

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and deferred CAP Shopping to another proceeding. OCA and Low Income Advocates subsequently filed a Petition for Reconsideration and Clarification related to CAP Shopping. On March 16, 2017 the PAPUC granted reconsideration and consolidated the proceeding with the DSP II docket, which includes the pending CAP Shopping plan that would allow low-income CAP customers to purchase their generation supply from EGSs. PAPUC referred the consolidated proceedings to the Office of Administrative Law Judge for hearing and decision.

Pennsylvania Act 11 of 2012 (Exelon and PECO). In February 2012, Act 11 was signed into law, which provided the PAPUC authority to approve the implementation of a distribution system improvement charge (DSIC) in rates designed to recover capital project costs incurred to repair, improve or replace utilities' aging electric and natural gas distribution systems in Pennsylvania. Prior to recovering costs pursuant to a DSIC, the PAPUC's implementation order requires a utility to have a Long Term Infrastructure Improvement Plan (LTIIP) approved by the Commission, which outlines how the utility is planning to increase its investment for repairing, improving or replacing aging infrastructure. The PAPUC approved PECO's petition for its proposed electric DSIC and LTIIP on October 22, 2015 for spending of $275 million over a 5 year period through 2020. On March 1, 2017, PECO filed a petition with the PAPUC for approval of a Modified Gas LTIIP to increase expenditures to $762 million from the approved $534 million over the 10 year LTIIP period through 2022.

Maryland Regulatory Matters

2017 Maryland Electric Distribution Rates (Exelon, PHI and Pepco). On March 24, 2017, Pepco filed an application with the MDPSC requesting an increase of $69 million based on a ROE of 10.1%. The application includes a request for an income tax adjustment to reflect full normalization of removal costs associated with pre-1981 property, which accounts for $18 million of the requested increase. Pepco expects a decision in the matter in the fourth quarter of 2017, but cannot predict how much of the requested rate increase the MDPSC will approve or if it will approve the requested income tax adjustment.

2016 Maryland Electric Distribution Rates (Exelon, PHI and DPL). On February 15, 2017, the MDPSC approved an increase in DPL electric distribution rates of $38 million based on a ROE of 9.6%. The new rates became effective for services rendered on or after February 15, 2017. The MDPSC also denied DPL's request to continue its Grid Resiliency Program, through which DPL proposed to invest $4.6 million a year for two years to improve priority feeders and install single-phase reclosing fuse technology. The final order did not result in the recognition of any incremental regulatory assets or liabilities during the first quarter of 2017.

Cash Working Capital Order (Exelon and BGE). On November 17, 2016, the MDPSC rendered a decision in the proceeding to review BGE's request to recover its cash working capital (CWC) requirement for its Provider of Last Resort service, also known as Standard Offer Service (SOS), as well as other components that make up the Administrative Charge, the mechanism that enables BGE to recover all of its SOS-related costs. The Administrative Charge is now comprised of five components: CWC, uncollectibles, incremental costs, return, and an administrative adjustment, which is an adder to the utility's SOS rate to act as a proxy for retail suppliers' costs. The Commission accepted BGE positions on recovery of CWC and pass-through recovery of BGE's actual uncollectibles and incremental costs. The order also grants BGE a modest return on the SOS. The Commission ruled that the level of the administrative adjustment will be determined in BGE's next rate case. On December 16, 2016, MDPSC Staff requested clarification concerning the amount of return on the SOS awarded to BGE and on December 19, 2016, the residential consumer advocate sought rehearing of the return awarded. On January 24, 2017, the MDPSC issued an order denying the MDPSC Staff request for clarification and the residential consumer advocate request for rehearing. On February 22, 2017, the residential consumer advocate filed an appeal of the MDPSC's orders with the Circuit Court for Baltimore City. BGE cannot predict the outcome of this appeal.

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Smart Meter and Smart Grid Investments (Exelon and BGE). In August 2010, the MDPSC approved a comprehensive smart grid initiative for BGE that included the planned installation of 2 million residential and commercial electric and natural gas smart meters at an expected total cost of $480 million of which $200 million was funded by SGIG. The MDPSC's approval ordered BGE to defer the associated incremental costs, depreciation and amortization, and an appropriate return, in a regulatory asset until such time as a cost-effective advanced metering system is implemented. As of March 31, 2017 and December 31, 2016, the balance of BGE's regulatory asset was $225 million and $230 million, respectively, representing incremental program deployment costs. The current quarter balance of $225 million consists of three major components, including $140 million of unamortized incremental deployment costs of the AMI program, $53 million of unamortized costs of the non-AMI meters replaced under the program, and $32 million related to post-test year incremental program deployment costs incurred prior to approval became effective June 2016. The balance as of March 31, 2017 reflects the impact of the cost disallowances and adjustments discussed below. The incremental deployment costs for the AMI program and the non-AMI meter components of the regulatory asset are being recovered through rates and amortized to expense over a 10 year period, while the post-test year incremental program deployment costs have not yet been approved for recovery by the MDPSC. A return on the regulatory asset is currently included in rates, except for the $53 million portion representing the unamortized cost of the retired non-AMI meters and a $32 million portion related to post-test year incremental program deployment costs.

As a combined result of the MDPSC orders in BGE's 2015 electric and natural gas distribution rate case, BGE recorded a $52 million charge in June 2016 to Operating and maintenance expense in Exelon's and BGE's Consolidated Statements of Operations and Comprehensive Income reducing certain regulatory assets and other long-lived assets and reclassified $56 million of non-AMI plant costs from Property, plant and equipment, net to Regulatory assets on Exelon's and BGE's Consolidated Balance Sheets. For further information, see Note 3 —Regulatory Matters of the Exelon 2016 Form 10-K.

Delaware Regulatory Matters

Gas Cost Rates (Exelon, PHI and DPL). DPL makes an annual GCR filing with the DPSC for the purpose of allowing DPL to recover natural gas procurement costs through customer rates. In August 2016, DPL made its 2016-2017 GCR filing. The rates proposed in the 2016-2017 GCR filing resulted in a GCR increase of approximately 14%. On September 20, 2016, the DPSC issued an order allowing DPL to place the new rates into effect on November 1, 2016, subject to refund and pending final DPSC approval. A settlement agreement was reached by all parties. On April 20, 2017, the DPSC issued an order which approved the settlement agreement and made the rates approved as final effective November 1, 2016.

2016 Electric and Natural Gas Distribution Rates (Exelon, PHI and DPL). On May 17, 2016, DPL filed an application with the DPSC to increase its annual electric and natural gas distribution rates by $63 million (which was updated to $60 million on March 8, 2017) and $22 million, respectively, based on a requested ROE of 10.6%. While the DPSC is not required to issue a decision on the application within a specified period of time, Delaware law allowed DPL to put into effect $2.5 million of each of the rate increases two months after filing the applications which were effective July 16, 2016. On December 17, 2016, the DPSC approved that an additional $30 million in electric distribution rates be implemented effective December 17, 2016, subject to refund based on the final DPSC order, and an additional $10 million in natural gas distribution rates be implemented effective December 17, 2016, subject to refund based on the final DPSC order.

On March 8, 2017, DPL entered into a settlement agreement with the Division of the Public Advocate, Delaware Electric Users Group and the DPSC Staff in its electric distribution rate proceeding, which provides for an increase in DPL electric distribution rates of $31.5 million based on an ROE of 9.7%. The settlement agreement also provides that the rates currently in effect, as approved by the DPSC, effective July 16, 2016 and

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December 17, 2016 (as discussed above), will remain in effect until the date of the final DPSC order and that no refund will be required. As a result, during the first quarter of 2017, DPL established a regulatory asset of $8 million for costs incurred to achieve the merger and reversed a regulatory liability of $1 million for electric revenues that are no longer subject to refund which resulted in an increase in net income of $5 million. DPL currently expects a final order on the settlement agreement during the second quarter of 2017.

On April 6, 2017, DPL entered into a settlement agreement with the Division of the Public Advocate and the DPSC Staff in its natural gas distribution rate proceeding, which provides for an increase in DPL natural gas distribution rates of $4.9 million based on an ROE of 9.7%. The settlement agreement also provides that DPL will refund amounts in excess of the $4.9 million increase collected under the temporary rates effective July 16, 2016 and December 17, 2016 (as discussed above), and that the new rates will be effective within thirty days of DPSC approval of the settlement agreement. In the event that the final order reflects the settlement agreement, DPL does not expect the impact to be material to its financial statements. DPL currently expects a final order on the settlement agreement during the second quarter of 2017.

District of Columbia Regulatory Matters

2016 Electric Distribution Rates (Exelon, PHI and Pepco). On June 30, 2016, Pepco filed an application with the DCPSC to increase its annual electric distribution rates by $86 million, which was updated to $82 million on October 14, 2016, and further updated to approximately $77 million on February 1, 2017, based on a requested ROE of 10.6%. The DCPSC has issued a procedural schedule indicating a final decision will be issued by July 25, 2017. Any adjustments to its rates approved by the DCPSC are expected to take effect soon thereafter. Pepco cannot predict how much of the requested increase the DCPSC will approve.

On April 18, 2016, a party to a separate DCPSC proceeding filed a motion to suspend Pepco's bill stabilization adjustment (BSA), which decouples distribution revenues from utility customers from the amount of electricity delivered. On September 9, 2016, the DCPSC denied the party's motion and determined that the appropriate forum in which to determine whether the BSA continues to be just and reasonable is in Pepco's rate case proceeding. In addition, the DCPSC stated that it was putting Pepco on notice that all funds collected for the BSA from January 2015 to the issuance of a decision in the rate case proceeding are subject to refund should the DCPSC determine that such funds were not justly or reasonably collected. On November 22, 2016, following Pepco's October 7, 2016 request for reconsideration of the order, the DCPSC issued an order stating that its September 9, 2016 order was not final and confirming that issues related to the BSA, including potential remedial actions, would be addressed in Pepco's rate case. Pepco cannot predict the outcome of this matter or the impact of a refund if ordered by the DCPSC.

District of Columbia Power Line Undergrounding Initiative (Exelon, PHI and Pepco). The Electric Company Infrastructure Improvement Financing Act of 2014 (the Improvement Financing Act) was the enabling legislation for the District of Columbia Power Line Undergrounding (DC PLUG) initiative, a $1 billion project to selectively place underground some of the District of Columbia's most outage-prone power lines.

The Improvement Financing Act provides that: (i) Pepco is to fund approximately $500 million of the estimated cost to complete the DC PLUG initiative, recovering those costs through a volumetric surcharge on the electric bills of Pepco District of Columbia customers; (ii) $375 million of the DC PLUG initiative cost is to be funded by the District of Columbia through the issuance of securitized bonds, which bonds will be repaid through a volumetric surcharge (the DDOT surcharge) on the electric bills of Pepco District of Columbia customers that Pepco will remit to the District of Columbia; and (iii) the remaining costs up to $125 million are to be funded by the existing capital projects program of the District of Columbia Department of Transportation (DDOT). Pepco will not earn a return on or a return of the cost of the assets funded with the proceeds of the securitized bonds or

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assets that are constructed by DDOT under its capital projects program, but ownership and responsibility for the operation and maintenance of such assets will be transferred to Pepco for a nominal amount.

In June 2015, an agency of the federal government served by Pepco asserted that the DDOT surcharge constitutes a tax on end users from which the federal government is immune.

In March 2017, the Electric Company Infrastructure Improvement Financing Amendment Act of 2017 was introduced to the Council of the District of Columbia. The proposed amendment changes a portion of the funding structure for the DC PLUG initiative from securitized bonds issued by the District to a pay-as-you-go structure with the cost imposed on the electric company and recovered by the electric company through a rate rider. This amendment would reduce the overall project authorization from $1 billion to $500 million and would provide that: (i) Pepco is to fund approximately $250 million of the estimated cost to complete the DC PLUG initiative, recovering those costs through a volumetric surcharge on the electric bills of Pepco District of Columbia customers; (ii) $188 million of the DC PLUG initiative cost would be funded through a charge collected from Pepco by the District of Columbia and Pepco would recover this charge from customers through a volumetric distribution rider; and; (iii) the remaining costs up to $62 million are to be covered by the existing capital projects program of DDOT. Pepco will not earn a return on or a return of the cost of the assets funded by the charge collected from Pepco by the District of Columbia or assets that are constructed by DDOT under its capital projects program, but ownership and responsibility for the operation and maintenance of such assets will be transferred to Pepco for a nominal amount upon completion.

PHI believes that the proposed amendment addresses the assertion made by an agency of the federal government that the surcharge proposed in the Improvement Financing Act constitutes a tax on end users.

New Jersey Regulatory Matters

2017 Electric Distribution Rates (Exelon, PHI and ACE). On March 30, 2017, ACE submitted an application with the NJBPU to increase its electric distribution rates by approximately $70 million (before New Jersey sales and use tax), based upon a requested ROE of 10.1%. The application also requests approval of a rate surcharge mechanism called the “System Renewal Recovery Charge,” which would permit more timely recovery of certain costs associated with reliability and system renewal-related capital investments. ACE currently expects a decision in this matter in the first quarter of 2018, but cannot predict if the NJBPU will approve the application as filed.

2016 Electric Distribution Rates (Exelon, PHI and ACE). On August 24, 2016, the NJBPU issued an order approving a stipulation of settlement among ACE, the New Jersey Division of Rate Counsel, NJBPU Staff and Unimin Corporation, which, among other things, provided that a determination on ACE’s grid resiliency program, PowerAhead, would be separated into a phase II of the rate proceeding and decided at a later date PowerAhead includes capital investments to advance modernization of the electric grid through energy efficiency, increased distributed generation, and resiliency, focused on improving the distribution system’s ability to withstand major storm events. ACE currently expects this matter to conclude in the second quarter of 2017, but cannot predict if the NJBPU will approve the PowerAhead initiative.

Update and Reconciliation of Certain Under-Recovered Balances (Exelon, PHI and ACE). On February 1, 2017, ACE submitted its 2017 annual petition with the NJBPU seeking to reconcile and update (i) charges related to the recovery of above-market costs associated with ACE’s long-term power purchase contracts with the non-utility generators and (ii) costs related to surcharges for the New Jersey Societal Benefit Program (a statewide public interest program that is intended to benefit low income customers and address other public policy goals) and ACE’s uncollectible accounts. The net impact of adjusting the charges as proposed is an

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overall annual rate decrease of approximately $29 million (revised to approximately $32 million in April 2017, based upon an update for actuals through March 2017), including New Jersey sales and use tax. The matter is pending at the NJBPU. ACE has requested that the NJBPU place the new rates into effect by June 1, 2017. There is no assurance that NJBPU will put final rates in effect by the requested date.

New York Regulatory Matters

New York Clean Energy Standard (Exelon, Generation). On August 1, 2016, the New York Public Service Commission (NYPSC) issued an order establishing the CES, a component of which is the Tier 3 ZEC program targeted at preserving the environmental attributes of zero-emissions nuclear-powered generating facilities that meet the criteria demonstrating public necessity as determined by the NYPSC. The New York State Energy Research and Development Authority (NYSERDA) will centrally procure the ZECs from eligible plants through a 12-year contract, to be administered in six two-year tranches, extending from April 1, 2017 through March 31, 2029. ZEC payments will be made to the eligible resources based upon the number of MWh produced, subject to specified caps and minimum performance requirements. The price to be paid for the ZECs under each tranche will be administratively determined using a formula based on the social cost of carbon as determined in 2016 by the federal government, subject to pricing adjustments designed to lower the ZEC price based on increase in underlying energy and capacity prices. The ZEC price for the first tranche has been set at $17.48 per MWh of production. Following the first tranche, the price will be updated bi-annually. Each Load Serving Entity (LSE) shall be required to purchase an amount of ZECs equivalent to its load ratio share of the total electric energy in the New York Control Area. Cost recovery from ratepayers shall be incorporated into the commodity charges on customer bills.

The NYPSC initially identified three plants eligible for the ZEC program: the FitzPatrick, Ginna, and Nine Mile Point nuclear facilities. As issued, the order also provided that the duration of the program beyond the first tranche was conditional upon a buyer purchasing the FitzPatrick facility and taking title prior to September 1, 2018. On November 18, 2016, the required contracts with NYSERDA were executed for Ginna and Nine Mile Point, in addition to Entergy's execution of the required contract for the FitzPatrick facility. On March 31, 2017, Generation closed on the acquisition of FitzPatrick.

Several parties filed with the NYPSC requests for rehearing or reconsideration of the CES. Generation and CENG also filed a request for clarification, or in the alternative limited rehearing, that the condition limiting the duration of the program beyond the first tranche be limited to the eligibility of the FitzPatrick plant only and have no bearing on Ginna or Nine Mile Point's eligibility for the full 12-year duration. On December 15, 2016, the NYPSC approved Generation's and CENG's petition to clarify this condition and denied all petitions for rehearing of the CES. Parties have until mid-April to appeal to New York State court the denials of the requests for rehearing. In addition, a Petition seeking to invalidate the ZEC program was filed in New York State court by certain environmental groups and other parties on November 30, 2016, and amended on January 13, 2017, arguing that the NYPSC violated certain technical provisions of the State Administrative Procedures Act (SAPA) when adopting the ZEC program. On February 15, 2017, Generation and CENG filed a motion to dismiss the state court action. The NYPSC also filed a motion to dismiss the state court action. On March 24, 2017, the plaintiffs filed a memorandum of law opposing the motions to dismiss, and Generation and CENG filed a reply brief on April 28, 2017. The motion is pending.

On October 19, 2016, a coalition of fossil generation companies filed a complaint in federal district court against the NYPSC alleging that the ZEC program violates certain provisions of the U.S. Constitution; specifically that the ZEC program interferes with FERC's jurisdiction over wholesale rates and that it discriminates against out of state competitors. On December 9, 2016, Generation and CENG filed a motion to intervene in the case and to dismiss the lawsuit. The motion to intervene has been granted and the motion to dismiss is pending.

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(Dollars in millions, except per share data, unless otherwise noted)

Other legal challenges remain possible, the outcomes of which remain uncertain. See Note 7 — Early Nuclear Plant Retirements for additional information relative to Ginna and Nine Mile Point. See Note 4 —Mergers, Acquisitions and Dispositions for additional information on Generation's acquisition of FitzPatrick.

Ginna Nuclear Power Plant Reliability Support Services Agreement (Exelon and Generation). In November 2014, in response to a petition filed by Ginna Nuclear Power Plant (Ginna) regarding the possible retirement of Ginna, the NYPSC directed Ginna and Rochester Gas & Electric Company (RG&E) to negotiate a Reliability Support Services Agreement (RSSA) to support the continued operation of Ginna to maintain the reliability of the RG&E transmission grid for a specified period of time. During 2015 and 2016, Ginna and RG&E made filings with the NYPSC and FERC for their approval of the proposed RSSA. Although the RSSA was still subject to regulatory approvals, on April 1, 2015, Ginna began delivering the power and capacity from the Ginna plant into the ISO-NY consistent with the technical provisions of the RSSA.

On March 22, 2016, Ginna submitted a compliance filing with FERC with revisions to the RSSA requested by FERC. On April 8, 2016, FERC accepted the compliance filing and on April 20, 2016, the NYPSC accepted the revised RSSA with a term expiring on March 31, 2017. In April 2016, Generation began recognizing revenue based on the final approved pricing contained in the RSSA and also recognized a one-time revenue adjustment of approximately $101 million representing the net cumulative previously unrecognized amount of revenue retroactive from the April 1, 2015 effective date through March 31, 2016. A 49.99% portion of the one-time adjustment was removed from Generation's results of operations as a result of the noncontrolling interests in CENG.

The RSSA required Ginna to continue operating through the RSSA term. On September 30, 2016, Ginna filed the required notice with the NYPSC of its intent to continue operating beyond the March 31, 2017 expiry of the RSSA, conditioned upon successful execution of an agreement between Ginna and NYSERDA for the sale of ZECs under the CES. As stated previously, on November 18, 2016 the required contract with NYSERDA was executed by Generation and CENG for Ginna. Upon the expiry of the RSSA on March 31, 2017, Ginna is required to make refund payments of $20 million to RG&E related to capital expenditures. Ginna has been deferring recognition for a portion of the monthly revenue received under the RSSA related to this obligation, and Ginna expects to pay RGE the $20 million in June 2017. Additionally, the provisions of the RSSA provided for a one-time payment of $12 million to be paid from RGE to Ginna at the end of the contract. This $12 million was recognized in revenue as of March 31, 2017. Subject to prevailing over any administrative or legal challenges, it is expected the CES will allow Ginna to continue to operate through the end of its current operating license in 2029. See Note 7-Early Nuclear Plant Retirements for further information regarding the impacts of a decision to early retire one or more nuclear plants.

Federal Regulatory Matters

Transmission Formula Rate (Exelon, ComEd and BGE). The following total increases/(decreases) were included in ComEd's and BGE's electric transmission formula rate filings:

	2017	
Annual Transmission Filings [a]	**ComEd**	**BGE**
Initial revenue requirement increase	$ 44	$ 31
Annual reconciliation (decrease) increase	(33)	3
Dedicated facilities decrease [b]	—	(8)
Total revenue requirement increase	$ 11	$ 26
Allowed return on rate base [c]	8.43%	7.47%
Allowed ROE [d]	11.50%	10.50%

(a) All rates are effective June 2017, subject to review by the FERC and other parties, which is due by fourth quarter 2017.
(b) BGE's transmission revenues include a FERC approved dedicated facilities charge to recover the costs of providing transmission service to specifically designated load by BGE.
(c) Represents the weighted average debt and equity return on transmission rate bases.
(d) As part of the FERC-approved settlement of ComEd's 2007 transmission rate case, the rate of return on common equity is 11.50% and the common equity component of the ratio used to calculate the weighted average debt and equity return for the transmission formula rate is currently capped at 55%. As part of the FERC-approved settlement of the ROE complaint against BGE, the rate of return on common equity is 10.50%, inclusive of a 50 basis point incentive adder for being a member of a regional transmission organization.

For additional information regarding transmission formula rate filings see Note 3 — Regulatory Matters of the Exelon 2016 Form 10-K.

Transmission Formula Rate (Exelon and PECO) On May 1, 2017, PECO filed a request with FERC seeking approval to update its transmission rates and change the manner in which PECO's transmission rate is determined from a fixed rate to a formula rate. The formula rate would be updated annually to ensure that under this rate customers pay the actual costs of providing transmission services. The formula rate filing includes a requested increase of $22 million to PECO's annual transmission revenues and a requested rate of return on common equity of 11%, inclusive of a 50 basis point adder for being a member of a regional transmission organization. PECO requested that the new transmission rate be effective as of July 2017. PECO cannot predict how much, if any, of a transmission rate increase FERC may approve or when the rate increase may go into effect.

PJM Transmission Rate Design and Operating Agreements (Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE). PJ M Transmission Rate Design specifies the rates for transmission service charged to customers within PJM. Currently, ComEd, PECO, BGE, Pepco, DPL and ACE incur costs based on the existing rate design, which charges customers based on the cost of the existing transmission facilities within their load zone and the cost of new transmission facilities based on those who benefit from those facilities. In April 2007, FERC issued an order concluding that PJM's current rate design for existing facilities is just and reasonable and should not be changed. In the same order, FERC held that the costs of new facilities 500 kV and above should be socialized across the entire PJM footprint and that the costs of new facilities less than 500 kV should be allocated to the customers of the new facilities who caused the need for those facilities. A number of parties appealed to the U.S. Court of Appeals for the Seventh Circuit for review of the decision.

In August 2009, the court issued its decision affirming the FERC's order with regard to the existing facilities, but remanded to FERC the issue of the cost allocation associated with the new facilities 500 kV and above (Cost Allocation Issue) for further consideration by the FERC. On remand, FERC reaffirmed its earlier decision to socialize the costs of new facilities 500 kV and above. A number of parties filed appeals of these orders. In June 2014, the court again remanded the Cost Allocation Issue to FERC. On December 18, 2014, FERC issued an order setting an evidentiary hearing and settlement proceeding regarding the Cost Allocation Issue. On June 15, 2016, a number of parties, including Exelon and the Utility Registrants filed a proposed Settlement with FERC. If the Settlement is approved, 50% of the costs of the 500 kV and above facilities approved by the PJM Board on or before February 1, 2013 will be socialized across PJM and 50% will be allocated according to a formula that calculates the flows on the transmission facilities. Each state that is a party in this proceeding either signed, or did not oppose, the settlement. The Settlement is opposed by a number of merchant transmission owners and New York load-serving entities. The Settlement includes provisions for monthly credits or charges that are expected to be mostly refunded or recovered through customer rates over a 10-year period based on negotiated numbers for charges prior to January 1, 2016.

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(Dollars in millions, except per share data, unless otherwise noted)

Exelon expects that the Settlement will not have a material impact on the results of operations, cash flows and financial position of Generation, ComEd, PECO, BGE, Pepco, DPL or ACE. The Settlement is subject to approval by FERC.

Complaints at FERC Seeking to Mitigate Illinois and New York Programs Providing ZECs (Exelon and Generation). PJM and NYISO capacity markets include a Minimum Offer Price Rule (MOPR) that is intended to preclude buyers from exercising buyer market power. If a resource is subjected to a MOPR, its offer is adjusted to remove the revenues it receives through a federal, state or other government-provided financial support program — resulting in a higher offer that may not clear the capacity market. Currently, the MOPRs in PJM and NYISO apply only to certain new resources. Exelon has generally opposed policies that require subsidies or give preferential treatment to generation providers or technologies that do not provide superior reliability or environmental benefits, or that would threaten the reliability and value of the integrated electricity grid. Thus, Exelon has supported a MOPR as a means of minimizing the detrimental impact certain subsidized resources could have on capacity markets (such as the New Jersey (LCAPP) and Maryland (CfD) programs). However, in Exelon's view, MOPRs should not be applied to resources that receive compensation for providing superior reliability or environmental benefits.

On January 9, 2017, the Electric Power Supply Association (EPSA) filed two requests with FERC: one seeking to amend a prior complaint against PJM and another seeking expedited action on a pending NYISO compliance filing in an existing proceeding. Both filings allege that the relevant MOPR should be expanded to also apply to existing resources receiving ZEC compensation under the New York CES and Illinois ZES programs. Exelon has filed protests at FERC in response to each filing, arguing generally that ZEC payments provide compensation for an environmental attribute that is distinct from the energy and capacity sold in the FERC-jurisdictional markets, and therefore, are no different than other renewable support programs like the PTC and RPS that have generally not been subject to a MOPR. However, if successful, for Generation's facilities expected to receive ZEC compensation (Quad Cities, Ginna, Nine Mile Point and FitzPatrick), an expanded MOPR could require exclusion of ZEC compensation when bidding into future capacity auctions such that these facilities would have an increased risk of not clearing in those auctions and thus no longer receiving capacity revenues during the respective ZEC programs. Any such mitigation of these generating resources could have a material effect on Exelon's and Generation's future cash flows and results of operations. The timing of FERC's decision with respect to both proceedings is currently unknown and the outcome of these matters is currently uncertain.

Operating License Renewals (Exelon and Generation). On August 29, 2012, Generation submitted a hydroelectric license application to FERC for a 46-year license for the Conowingo Hydroelectric Project (Conowingo). In connection with Generation's efforts to obtain a water quality certification pursuant to Section 401 of the Clean Water Act with Maryland Department of the Environment (MDE) for Conowingo, Generation continues to work with MDE and other stakeholders to resolve water quality licensing issues, including: (1) water quality, (2) fish habitat, and (3) sediment. In addition, Generation continues to work with MDE and other Federal and Maryland state agencies to conduct and fund an additional sediment and nutrient monitoring study.

On April 21, 2016, Exelon and Interior executed a Settlement Agreement resolving all fish passage issues between the parties. Accordingly, on April 22, 2016, Exelon withdrew its Request for a Trial-Type Hearing and Alternative Prescription. The financial impact of the Settlement Agreement is estimated to be $3 million to $7 million per year, on average, over the 46-year life of the new license, including both capital and operating costs. The actual timing and amount of these costs are not currently fixed and may vary significantly from year to year throughout the life of the new license. Resolution of the remaining issues relating to Conowingo involving various stakeholders may have a material effect on Exelon's and Generation's results of operations and financial

position through an increase in capital expenditures and operating costs. As of March 31, 2017, $29 million of direct costs associated with Conowingo licensing efforts have been capitalized. See Note 3 — Regulatory Matters of the Exelon 2016 Form 10-K for additional information on Generation's operating license renewal efforts.

Regulatory Assets and Liabilities (Exelon, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE)

Exelon, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE each prepare their consolidated financial statements in accordance with the authoritative guidance for accounting for certain types of regulation. Under this guidance, regulatory assets represent incurred costs that have been deferred because of their probable future recovery from customers through regulated rates. Regulatory liabilities represent the excess recovery of costs or accrued credits that have been deferred because it is probable such amounts will be returned to customers through future regulated rates or represent billings in advance of expenditures for approved regulatory programs.

As a result of applying the acquisition method of accounting and pushing it down to the consolidated financial statements of PHI, certain regulatory assets and liabilities were established at Exelon and PHI to offset the impacts of fair valuing the acquired assets and liabilities assumed which are subject to regulatory recovery. In total, Exelon and PHI recorded a net $2.4 billion regulatory asset reflecting adjustments recorded as a result of the acquisition method of accounting. See Note 4 — Mergers, Acquisitions and Dispositions for additional information.

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(Dollars in millions, except per share data, unless otherwise noted)

The following tables provide information about the regulatory assets and liabilities of Exelon, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE as of March 31, 2017 and December 31, 2016. For additional information on the specific regulatory assets and liabilities, refer to Note 3 — Regulatory Matters of the Exelon 2016 Form 10-K.

March 31, 2017	Exelon	ComEd	PECO	BGE	*Successor* PHI	Pepco	DPL	ACE
Regulatory assets								
Pension and other postretirement benefits (a)	$ 4,152	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Deferred income taxes (b)	2,055	76	1,617	101	261	169	40	52
AMI programs	689	165	46	225	253	170	83	—
Under-recovered distribution service costs (c)	211	211	—	—	—	—	—	—
Debt costs	122	41	1	7	80	17	9	6
Fair value of long-term debt	797	—	—	—	658	—	—	—
Fair value of PHI's unamortized energy contracts	1,021	—	—	—	1,021	—	—	—
Severance	4	—	—	4	—	—	—	—
Asset retirement obligations	116	82	22	12	—	—	—	—
MGP remediation costs	296	271	25	—	—	—	—	—
Under-recovered uncollectible accounts	63	63	—	—	—	—	—	—
Renewable energy	285	282	—	—	3	—	1	2
Energy and transmission programs (d)(e)(f)(g)(h)(i)	71	18	—	19	34	6	5	23
Deferred storm costs	39	—	—	1	38	12	7	19
Electric generation-related regulatory asset	8	—	—	8	—	—	—	—
Energy efficiency and demand response programs	596	—	1	269	326	241	84	1
Merger integration costs (j)(k)	32	—	—	8	24	11	13	—
Under-recovered revenue decoupling (l)	76	—	—	31	45	36	9	—
COPCO acquisition adjustment	7	—	—	—	7	—	7	—
Recoverable Workers compensation and long-term disability cost	33	—	—	—	33	33	—	—
Vacation accrual	42	—	17	—	25	—	15	10
Securitized stranded costs	123	—	—	—	123	—	—	123
CAP arrearage	11	—	11	—	—	—	—	—
Removal costs	486	—	—	—	486	136	90	261
Other	46	6	8	5	27	21	4	4
Total regulatory assets	11,381	1,215	1,748	690	3,444	852	367	501
Less: current portion	1,330	183	40	191	653	173	66	94
Total non-current regulatory assets	$10,051	$1,032	$1,708	$499	$ 2,791	$679	$301	$407

March 31, 2017	Exelon	ComEd	PECO	BGE	*Successor* PHI	Pepco	DPL	ACE
Regulatory liabilities								
Other postretirement benefits	$ 48	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Nuclear decommissioning	2,776	2,294	482	—	—	—	—	—
Removal costs	1,598	1,328	—	136	134	17	117	—
Deferred rent	39	—	—	—	39	—	—	—
Energy efficiency and demand response programs	185	139	44	—	2	2	—	—
DLC program costs	8	—	8	—	—	—	—	—
Electric distribution tax repairs	66	—	66	—	—	—	—	—
Gas distribution tax repairs	18	—	18	—	—	—	—	—
Energy and transmission programs (d)(e)(f)(g)(h)(i)	133	38	66	2	27	7	12	8
Rate stabilization deferral	3	—	—	3	—	—	—	—
Other	65	4	7	20	34	3	13	17
Total regulatory liabilities	4,939	3,803	691	161	236	29	142	25
Less: current portion	637	311	161	67	82	10	47	25
Total non-current regulatory liabilities	$ 4,302	$3,492	$ 530	$ 94	$ 154	$ 19	$ 95	$ —

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

December 31, 2016	Exelon	ComEd	PECO	BGE	Successor PHI	Pepco	DPL	ACE
Regulatory assets								
Pension and other postretirement benefits (a)	$ 4,162	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Deferred income taxes (b)	2,016	75	1,583	98	260	171	38	51
AMI programs	701	164	49	230	258	174	84	—
Under-recovered distribution service costs (c)	188	188	—	—	—	—	—	—
Debt costs	124	42	1	7	81	17	9	6
Fair value of long-term debt	812	—	—	—	671	—	—	—
Fair value of PHI's unamortized energy contracts	1,085	—	—	—	1,085	—	—	—
Severance	5	—	—	5	—	—	—	—
Asset retirement obligations	111	76	23	12	—	—	—	—
MGP remediation costs	305	278	26	1	—	—	—	—
Under-recovered uncollectible accounts	56	56	—	—	—	—	—	—
Renewable energy	260	258	—	—	2	—	—	2
Energy and transmission programs (d)(e)(f)(g)(h)(i)	89	23	—	38	28	6	5	17
Deferred storm costs	36	—	—	1	35	12	5	18
Electric generation-related regulatory asset	10	—	—	10	—	—	—	—
Rate stabilization deferral	7	—	—	7	—	—	—	—
Energy efficiency and demand response programs	621	—	1	285	335	250	85	—
Merger integration costs (j)(k)	25	—	—	10	15	11	4	—
Under-recovered revenue decoupling (l)	27	—	—	3	24	21	3	—
COPCO acquisition adjustment	8	—	—	—	8	—	8	—
Workers compensation and long-term disability costs	34	—	—	—	34	34	—	—
Vacation accrual	31	—	7	—	24	—	14	10
Securitized stranded costs	138	—	—	—	138	—	—	138
CAP arrearage	11	—	11	—	—	—	—	—
Removal costs	477	—	—	—	477	134	88	255
Other	49	7	9	5	29	22	5	4
Total regulatory assets	11,388	1,167	1,710	712	3,504	852	348	501
Less: current portion	1,342	190	29	208	653	162	59	96
Total non-current regulatory assets	$10,046	$ 977	$1,681	$504	$ 2,851	$690	$289	$405

December 31, 2016	Exelon	ComEd	PECO	BGE	Successor PHI	Pepco	DPL	ACE
Regulatory liabilities								
Other postretirement benefits	$ 47	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Nuclear decommissioning	2,607	2,169	438	—	—	—	—	—
Removal costs	1,601	1,324	—	141	136	18	118	—
Deferred rent	39	—	—	—	39	—	—	—
Energy efficiency and demand response programs	185	141	41	—	3	3	—	—
DLC program costs	8	—	8	—	—	—	—	—
Electric distribution tax repairs	76	—	76	—	—	—	—	—
Gas distribution tax repairs	20	—	20	—	—	—	—	—
Energy and transmission programs (d)(e)(f)(g)(h)(i)	134	60	56	—	18	8	5	5
Other	72	4	5	19	41	2	17	20
Total regulatory liabilities	4,789	3,698	644	160	237	31	140	25
Less: current portion	602	329	127	50	79	11	43	25
Total non-current regulatory liabilities	$ 4,187	$3,369	$ 517	$110	$ 158	$ 20	$ 97	$ —

(a) As of March 31, 2017 and December 31, 2016, the pension and other postretirement benefits regulatory asset at Exelon includes regulatory assets of $1,087 million established at the date of the PHI Merger related to unrecognized costs that are probable of regulatory recovery. The regulatory assets are amortized over periods from 3 to 15 years, depending on the underlying component. Pepco, DPL and ACE are currently recovering these costs through base rates. Pepco, DPL and ACE are not earning a return on the recovery of these costs in base rates.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

(b) As of March 31, 2017, includes transmission-related regulatory assets that require FERC approval separate from the transmission formula rate of $22 million, $39 million, $31 million, $21 million and $20 million for ComEd, BGE, Pepco, DPL and ACE, respectively. As of December 31, 2016, includes transmission-related regulatory assets that require FERC approval separate from the transmission formula rate of $22 million, $38 million, $31 million, $20 million and $19 million for ComEd, BGE, Pepco, DPL and ACE, respectively.

(c) As of March 31, 2017, ComEd's regulatory asset of $211 million was comprised of $158 million for the 2015 — 2017 annual reconciliations and $53 million related to significant one-time events including $17 million of deferred storm costs, $10 million of Constellation and PHI merger and integration related costs and $26 million of smart meter related costs. As of December 31, 2016, ComEd's regulatory asset of $188 million was comprised of $134 million for the 2015 and 2016 annual reconciliations and $54 million related to significant one-time events, including $20 million of deferred storm costs and $11 million of Constellation and PHI merger and integration related costs, and $23 million of smart meter related costs. ComEd's 2015 annual reconciliation regulatory asset included a reduction of $8 million related to a ComEd-proposed refund to customers for the impact of changing its OSHA recordable rate for 2014 and 2015. See Note 4 — Merger, Acquisitions, and Dispositions of the Exelon 2016 Form 10-K for further information.

(d) As of March 31, 2017, ComEd's regulatory asset of $18 million included $10 million associated with transmission costs recoverable through its FERC approved formula rate and $8 million of Constellation merger and integration costs to be recovered upon FERC approval. As of March 31, 2017, ComEd's regulatory liability of $38 million included $6 million related to over-recovered energy costs and $32 million associated with revenues received for renewable energy requirements. As of December 31, 2016, ComEd's regulatory asset of $23 million included $15 million associated with transmission costs recoverable through its FERC approved formula rate and $8 million of Constellation merger and integration costs to be recovered upon FERC approval. As of December 31, 2016, ComEd's regulatory liability of $60 million included $30 million related to over-recovered energy costs and $30 million associated with revenues received for renewable energy requirements.

(e) As of March 31, 2017, PECO's regulatory liability of $66 million included $41 million related to over-recovered costs under the DSP program, $13 million related to the over-recovered natural gas costs under the PGC, $10 million related to over-recovered non-bypassable transmission service charges and $2 million related to over-recovered electric transmission costs. As of December 31, 2016, PECO's regulatory liability of $56 million included $34 million related to over-recovered costs under the DSP program, $10 million related to over-recovered non-bypassable transmission service charges, $8 million related to the over-recovered natural gas costs under the PGC and $4 million related to the over-recovered electric transmission costs.

(f) As of March 31, 2017, BGE's regulatory asset of $19 million included $3 million of costs associated with transmission costs recoverable through its FERC approved formula rate, $13 million related to under-recovered electric energy costs, and $3 million of abandonment costs to be recovered upon FERC approval. As of March 31, 2017, BGE's regulatory liability consisted of $2 million related to over-recovered natural gas costs. As of December 31, 2016, BGE's regulatory asset of $38 million included $4 million of costs associated with transmission costs recoverable through its FERC approved formula rate, $28 million related to under-recovered electric energy costs, $3 million of abandonment costs to be recovered upon FERC approval, and $3 million of under-recovered natural gas costs.

(g) As of March 31, 2017, Pepco's regulatory asset of $6 million included $2 million of transmission costs recoverable through its FERC approved formula rate and $4 million of under-recovered electric energy costs. As of March 31, 2017, Pepco's regulatory liability of $7 million included $2 million of over-recovered transmission costs and $5 million of over-recovered electric energy costs. As of December 31, 2016, Pepco's regulatory asset of $6 million related to under-recovered electric energy costs. As of December 31, 2016, Pepco's regulatory liability of $8 million included $5 million of over-recovered transmission costs and $3 million of over-recovered electric energy costs.

(h) As of March 31, 2017, DPL's regulatory asset of $5 million related to under-recovered electric energy costs. As of March 31, 2017, DPL's regulatory liability of $12 million included $9 million of over-recovered electric energy costs, $1 million of over-recovered transmission costs, and $2 million of over-recovered gas cost. As of December 31, 2016, DPL's regulatory asset of $5 million included $1 million of transmission costs recoverable through its FERC approved formula rate and $4 million of under-recovered electric energy costs. As of December 31, 2016, DPL's regulatory liability of $5 million included $2 million of over-recovered electric energy costs and $3 million of over-recovered transmission costs.

(i) As of March 31, 2017, ACE's regulatory asset of $23 million included $10 million of transmission costs recoverable through its FERC approved formula rate and $13 million of under-recovered electric energy costs. As of March 31, 2017, ACE's regulatory liability of $8 million included $2 million of over-recovered transmission costs and $6 million of over-

recovered electric energy costs. As of December 31, 2016, ACE's regulatory asset of $17 million included $6 million of transmission costs recoverable through its FERC approved formula rate and $11 million of under-recovered electric energy costs. As of December 31, 2016, ACE's regulatory liability of $5 million included $4 million of over-recovered transmission costs and $1 million of over-recovered electric energy costs.

(j) As of March 31, 2017, BGE's regulatory asset of $8 million included $6 million of previously incurred PHI acquisition costs as authorized by the June 2016 rate case order.

(k) As of March 31, 2017 and December 31, 2016, Pepco's regulatory asset of $11 million represents previously incurred PHI acquisition costs authorized for recovery by the November 2016 Maryland distribution rate case order. As of March 31, 2017, DPL's regulatory asset of $13 million represents previously incurred PHI acquisition costs, including $5 million authorized for recovery by the February 2017 Maryland distribution rate case order and $8 million expected to be recovered in electric and gas distribution rates in the Delaware service territory. As of December 31, 2016, DPL's regulatory asset of $4 million represents previously incurred PHI acquisition costs expected to be recovered in distribution rates in the Maryland service territory.

(l) Represents the electric and natural gas distribution costs recoverable from customers under BGE's decoupling mechanism. As of March 31, 2017, BGE had a regulatory asset of $25 million related to under-recovered electric revenue decoupling and $6 million related to under-recovered natural gas revenue decoupling. As of December 31, 2016, BGE had a regulatory asset of $2 million related to under-recovered natural gas revenue decoupling and $1 million related to under-recovered electric revenue decoupling.

Capitalized Ratemaking Amounts Not Recognized (Exelon, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE)

The following table illustrates our authorized amounts capitalized for ratemaking purposes related to earnings on shareholders' investment that are not recognized for financial reporting purposes on our Consolidated Balance Sheets. These amounts will be recognized as revenues in our Consolidated Statements of Operations and Comprehensive Income in the periods they are billable to our customers.

	Exelon	ComEd [a]	PECO	BGE [b]	PHI	Pepco [c]	DPL [c]	ACE
March 31, 2017	$ 71	$ 5	$ —	$ 56	$10	$ 6	$ 4	$ —

	Exelon	ComEd [a]	PECO	BGE [b]	PHI	Pepco [b]	DPL [b]	ACE
December 31, 2016	$ 72	$ 5	$ —	$ 57	$10	$ 6	$ 4	$ —

(a) Reflects ComEd's unrecognized equity returns earned for ratemaking purposes on its under-recovered distribution services costs regulatory assets.

(b) BGE's authorized amounts capitalized for ratemaking purposes related to earnings on shareholders' investment on its AMI Programs.

(c) Pepco's and DPL's authorized amounts capitalized for ratemaking purposes related to earnings on shareholders' investment on their respective AMI Programs and Energy Efficiency and Demand Response Programs. The earnings on energy efficiency are on Pepco DC and DPL DE programs only.

Purchase of Receivables Programs (Exelon, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE)

ComEd, PECO, BGE, Pepco, DPL and ACE are required, under separate legislation and regulations in Illinois, Pennsylvania, Maryland, District of Columbia and New Jersey, to purchase certain receivables from retail electric and natural gas suppliers that participate in the utilities' consolidated billing. ComEd, BGE, Pepco and DPL purchase receivables at a discount to recover primarily uncollectible accounts expense from the suppliers. PECO is required to purchase receivables at face value and is permitted to recover uncollectible accounts expense, including those from Third Party Suppliers, from customers through distribution rates. ACE purchases receivables at face value. ACE recovers all uncollectible accounts expense, including those from Third Party Suppliers, through the Societal Benefits Charge (SBC) rider, which includes uncollectible accounts expense as a component. The SBC is filed annually with the NJBPU. Exelon, ComEd, PECO, BGE, PHI, Pepco, DPL and

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
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ACE do not record unbilled commodity receivables under the POR programs. Purchased billed receivables are classified in Other accounts receivable, net on Exelon's, ComEd's, PECO's, BGE's, PHI's, Pepco's, DPL's and ACE's Consolidated Balance Sheets. The following tables provide information about the purchased receivables of those companies as of March 31, 2017 and December 31, 2016.

As of March 31, 2017	Exelon	ComEd	PECO	BGE	Successor PHI	Pepco	DPL	ACE
Purchased receivables [b]	$ 305	$ 85	$ 72	$ 59	$ 89	$ 58	$10	$ 21
Allowance for uncollectible accounts [a]	(36)	(14)	(7)	(4)	(11)	(6)	(2)	(3)
Purchased receivables, net	$ 269	$ 71	$ 65	$ 55	$ 78	$ 52	$ 8	$ 18

As of December 31, 2016	Exelon	ComEd	PECO	BGE	Successor PHI	Pepco	DPL	ACE
Purchased receivables [b]	$ 313	$ 87	$ 72	$ 59	$ 95	$ 63	$10	$ 22
Allowance for uncollectible accounts [a]	(37)	(14)	(6)	(4)	(13)	(7)	(2)	(4)
Purchased receivables, net	$ 276	$ 73	$ 66	$ 55	$ 82	$ 56	$ 8	$ 18

(a) For ComEd, BGE, Pepco and DPL, reflects the incremental allowance for uncollectible accounts recorded, which is in addition to the purchase discount. For ComEd, the incremental uncollectible accounts expense is recovered through its Purchase of Receivables with Consolidated Billing tariff.

(b) Pepco's electric POR program in Maryland included a discount on purchased receivables ranging from 0% to 2% depending on customer class, and Pepco's electric POR program in the District of Columbia included a discount on purchased receivables ranging from 0% to 6% depending on customer class. DPL's electric POR program in Maryland included a discount on purchased receivables ranging from 0% to 1% depending on customer class.

6. Impairment of Long-Lived Assets (Exelon and Generation)

Long-Lived Assets (Exelon and Generation)

Generation evaluates long-lived assets for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. During the first quarter of 2016, significant changes in Generation's intended use of the Upstream oil and gas assets, developments with nonrecourse debt held by its upstream subsidiary CEU Holdings, LLC (as described in Note 14 — Debt and Credit Agreements of the Exelon 2016 Form 10-K) and continued declines in both production volumes and commodity prices suggested that the carrying value may be impaired. Generation concluded that the estimated undiscounted future cash flows and fair value of its Upstream properties were less than their carrying values. As a result, a pre-tax impairment charge of $119 million was recorded in March 2016 within Operating and maintenance expense in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income. On June 16, 2016, Generation initiated the sales process of its Upstream business by executing a forbearance agreement with the lenders of the nonrecourse debt. An additional pre-tax impairment charge of $15 million was recorded in September 2016 within Operating and maintenance expense in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income due to further declines in fair value. In December 2016, Generation sold substantially all of the Upstream Assets. See Note 4 — Merger, Acquisitions, and Dispositions of the Exelon 2016 Form 10-K for further information.

Like-Kind Exchange Transaction (Exelon)

In June 2000, UII, LLC (formerly Unicom Investments, Inc.) (UII), a wholly owned subsidiary of Exelon Corporation, entered into transactions pursuant to which UII invested in coal-fired generating station leases (Headleases) with the Municipal Electric Authority of Georgia (MEAG). The generating stations were leased back to MEAG as part of the transactions (Leases).

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On March 31, 2016, UII and MEAG finalized an agreement to terminate the MEAG Headleases, the MEAG Leases, and other related agreements prior to their expiration dates. As a result of the lease termination, UII received an early termination payment of $360 million from MEAG and wrote-off the $356 million net investment in the MEAG Headleases and the Leases. The transaction resulted in a pre-tax gain of $4 million which is reflected in Operating and maintenance expense in Exelon's Consolidated Statements of Operations and Comprehensive Income. See Note 11 — Income Taxes for additional information.

7. Early Nuclear Plant Retirements (Exelon and Generation)

Exelon and Generation continue to evaluate the current and expected economic value of each of Generation's nuclear plants. Factors that will continue to affect the economic value of Generation's nuclear plants include, but are not limited to: market power prices, results of capacity auctions, potential legislative and regulatory solutions to ensure nuclear plants are fairly compensated for their carbon-free emissions, and the impact of potential rules from the EPA requiring reduction of carbon and other emissions and the efforts of states to implement those final rules. In 2015 and 2016, Generation identified the Clinton, Quad Cities, Ginna, Nine Mile Point, and Three Mile Island (TMI) nuclear plants as having the greatest risk of early retirement based on economic valuation and other factors. PSEG has also recently made public similar financial challenges facing its New Jersey nuclear plants including Salem, of which Generation owns a 42.59% ownership interest. As previously disclosed, Exelon and Generation have committed to cease operation of the Oyster Creek nuclear plant by the end of 2019.

Based on insufficient capacity auction results and the lack of progress on Illinois energy legislation, on June 2, 2016, Generation announced a decision to shut down the Clinton and Quad Cities nuclear plants on June 1, 2017 and June 1, 2018, respectively. With the passage of the Illinois ZES on December 7, 2016, and subject to prevailing over any related administrative or legal challenges, Generation reversed this decision and revised the expected economic useful lives for both facilities; 2027 for Clinton and 2032 for Quad Cities. Refer to Note 5—Regulatory Matters for additional discussion on the Illinois ZES.

Exelon's and Generation's 2016 results included a net incremental $714 million of total pre-tax expense associated with the initial early retirement decision for Clinton and Quad Cities, as summarized in the table below.

Income statement expense (pre-tax)	Q2 2016	Q3 2016	Q4 2016	YTD 2016
Depreciation and amortization				
Accelerated depreciation [a]	$115	$344	$ 253	$712
Accelerated Nuclear Fuel amortization	9	28	23	60
Operating and maintenance				
One time charges [b]	141	5	(120)	26
ARO accretion, net of contractual offset [c]	—	2	—	2
Contractual offset for ARC depreciation [c]	(14)	(41)	(31)	(86)
Total	$251	$338	$ 125	$714

(a) Reflected incremental accelerated depreciation of plant assets, including any ARC, for the period June 2, 2016, through December 6, 2016.
(b) Primarily included materials and supplies inventory reserve adjustments, employee related costs and construction work-in-progress (CWIP) impairments.
(c) For Quad Cities based on the regulatory agreement with the Illinois Commerce Commission, decommissioning-related activities are offset within Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income.

The offset results in an equal adjustment to the noncurrent payables to ComEd at Generation and an adjustment to the regulatory liabilities at ComEd. Likewise, ComEd has recorded an equal noncurrent affiliate receivable from Generation and corresponding regulatory liability.

In New York, the Ginna, Nine Mile Point, and Generation's recently acquired FitzPatrick nuclear plant also faced significant economic challenges and risk of retirement before the end of each unit's respective operating license period (2029 for Ginna and Nine Mile Point Unit 1, 2046 for Nine Mile Point Unit 2, and 2034 for FitzPatrick). On August 1, 2016, the NYPSC issued an order adopting the CES that, subject to prevailing over any administrative or legal challenges, would allow Ginna, Nine Mile Point, and FitzPatrick to continue to operate at least through the life of the program (March 31, 2029). The assumed useful life for depreciation purposes for each facility is through the end of their current operating licenses. Ginna most recently operated under an RSSA which expired March 31, 2017 and has filed the required notice with the NYPSC of its intent to continue operating beyond the expiry of the RSSA. Refer to Note 4 — Mergers, Acquisitions and Dispositions for additional information on Generation's acquisition of FitzPatrick and Note 5 — Regulatory Matters for additional discussion on the Ginna RSSA and the New York CES.

Assuming the successful implementation of the Illinois ZES and the New York CES and the continued effectiveness of these programs, Generation and CENG, through its ownership of Ginna and Nine Mile Point, no longer consider Clinton, Quad Cities, Ginna or Nine Mile Point to be at heightened risk for early retirement. However, to the extent either the Illinois ZES or the New York CES programs do not operate as expected over their full terms, each of these plants (and now including the newly acquired FitzPatrick) could again be at heightened risk for early retirement, which could have a material impact on Exelon's and Generation's future results of operations, cash flows and financial position.

The TMI nuclear plant did not clear in the May 2016 PJM capacity auction for the 2019-2020 planning year and will not receive capacity revenue for that period, the second consecutive year that TMI failed to clear the PJM base residual capacity auction. The plant is currently committed to operate through May 2019. TMI will be offered into the May 2017 PJM capacity auction for the 2020-2021 planning year, however the plant faces continued economic challenges and Exelon and Generation are exploring all options to return it to profitability, including the potential for a legislative solution in Pennsylvania similar to that passed in Illinois.

The following table provides the balance sheet amounts as of March 31, 2017 for significant assets and liabilities associated with TMI, the plant currently considered by management to be at the greatest risk of early retirement due to current economic valuations and other factors.

(in millions)	TMI
Asset Balances	
Materials and supplies inventory	$ 40
Nuclear fuel inventory, net	72
Completed plant, net	1,000
Construction work in progress	40
Liability Balances	
Asset retirement obligation	(572)
NRC License Renewal Term	2034

The precise timing of an early retirement date for any nuclear plant, and the resulting financial statement impacts, may be affected by a number of factors, including the status of potential regulatory or legislative solutions, results of any transmission system reliability study assessments, the nature of any co-owner

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requirements and stipulations, and decommissioning trust fund requirements, among other factors. However, the earliest retirement date for any plant would usually be the first year in which the unit does not have capacity or other obligations, where applicable, and just prior to its next scheduled nuclear refueling outage.

8. Fair Value of Financial Assets and Liabilities (All Registrants)

Fair Value of Financial Liabilities Recorded at the Carrying Amount

The following tables present the carrying amounts and fair values of the Registrants' short-term liabilities, long-term debt, SNF obligation, and trust preferred securities (long-term debt to financing trusts or junior subordinated debentures) as of March 31, 2017 and December 31, 2016:

Exelon

	March 31, 2017				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 2,048	$ —	$ 2,048	$ —	$ 2,048
Long-term debt (including amounts due within one year) [a]	34,689	1,135	32,562	1,962	35,659
Long-term debt to financing trusts [b]	641	—	—	677	677
SNF obligation	1,136	—	813	—	813

	December 31, 2016				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 1,267	$ —	$ 1,267	$ —	$ 1,267
Long-term debt (including amounts due within one year) [a]	34,005	1,113	31,741	1,959	34,813
Long-term debt to financing trusts [b]	641	—	—	667	667
SNF obligation	1,024	—	732	—	732

Generation

	March 31, 2017				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 717	$ —	$ 717	$ —	$ 717
Long-term debt (including amounts due within one year) [a]	9,979	—	8,200	1,671	9,871
SNF obligation	1,136	—	813	—	813

	December 31, 2016				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 699	$ —	$ 699	$ —	$ 699
Long-term debt (including amounts due within one year) [a]	9,241	—	7,482	1,670	9,152
SNF obligation	1,024	—	732	—	732

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ComEd

	March 31, 2017				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 365	$ —	$ 365	$ —	$ 365
Long-term debt (including amounts due within one year) [a]	7,035	—	7,615	—	7,615
Long-term debt to financing trusts [b]	205	—	—	218	218

	December 31, 2016				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Long-term debt (including amounts due within one year) [a]	$ 7,033	$ —	$7,585	$ —	$7,585
Long-term debt to financing trusts [b]	205	—	—	215	215

PECO

	March 31, 2017				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Long-term debt (including amounts due within one year) [a]	$ 2,580	$ —	$2,806	$ —	$2,806
Long-term debt to financing trusts	184	—	—	193	193

	December 31, 2016				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Long-term debt (including amounts due within one year) [a]	$ 2,580	$ —	$2,794	$ —	$2,794
Long-term debt to financing trusts	184	—	—	192	192

BGE

	March 31, 2017				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 95	$ —	$ 95	$ —	$ 95
Long-term debt (including amounts due within one year) [a]	2,323	—	2,501	—	2,501
Long-term debt to financing trusts [b]	252	—	—	266	266

	December 31, 2016				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 45	$ —	$ 45	$ —	$ 45
Long-term debt (including amounts due within one year) [a]	2,322	—	2,467	—	2,467
Long-term debt to financing trusts [b]	252	—	—	260	260

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

PHI (Successor)

	March 31, 2017				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 167	$ —	$ 167	$ —	$ 167
Long-term debt (including amounts due within one year) [a]	5,860	—	5,510	291	5,801

	December 31, 2016				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 522	$ —	$ 522	$ —	$ 522
Long-term debt (including amounts due within one year) [a]	5,898	—	5,520	289	5,809

Pepco

	March 31, 2017				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 167	$ —	$ 167	$ —	$ 167
Long-term debt (including amounts due within one year) [a]	2,350	—	2,804	9	2,813

	December 31, 2016				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 23	$ —	$ 23	$ —	$ 23
Long-term debt (including amounts due within one year) [a]	2,349	—	2,788	8	2,796

DPL

	March 31, 2017				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Long-term debt (including amounts due within one year) [a]	$ 1,326	$ —	$ 1,374	$ —	$ 1,374

	December 31, 2016				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Long-term debt (including amounts due within one year) [a]	$ 1,340	$ —	$ 1,383	$ —	$ 1,383

ACE

	March 31, 2017				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Long-term debt (including amounts due within one year) [a]	$ 1,145	$ —	$ 989	$ 282	$ 1,271

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	December 31, 2016				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Long-term debt (including amounts due within one year) [(a)]	$ 1,155	$ —	$1,007	$ 280	$1,287

(a) Includes unamortized debt issuance costs which are not fair valued of $199 million, $67 million, $45 million, $15 million, $14 million, $2 million, $29 million, $11 million, and $5 million for Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE, respectively, as of March 31, 2017. Includes unamortized debt issuance costs of $200 million, $64 million, $46 million, $15 million, $15 million, $2 million, $30 million, $11 million, and $6 million for Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE, respectively, as of December 31, 2016.

(b) Includes unamortized debt issuance costs which are not fair valued of $7 million, $1 million, and $6 million for Exelon, ComEd and BGE, respectively, as of March 31, 2017 and December 31, 2016.

Short-Term Liabilities. The short-term liabilities included in the tables above are comprised of dividends payable (included in other current liabilities) (Level 1) and short-term borrowings (Level 2). The Registrants' carrying amounts of the short-term liabilities are representative of fair value because of the short-term nature of these instruments.

Long-Term Debt. The fair value amounts of Exelon's taxable debt securities (Level 2) and private placement taxable debt securities (Level 3) are determined by a valuation model that is based on a conventional discounted cash flow methodology and utilizes assumptions of current market pricing curves. In order to incorporate the credit risk of the Registrants into the discount rates, Exelon obtains pricing (i.e., U.S. Treasury rate plus credit spread) based on trades of existing Exelon debt securities as well as debt securities of other issuers in the utility sector with similar credit ratings in both the primary and secondary market, across the Registrants' debt maturity spectrum. The credit spreads of various tenors obtained from this information are added to the appropriate benchmark U.S. Treasury rates in order to determine the current market yields for the various tenors. The yields are then converted into discount rates of various tenors that are used for discounting the respective cash flows of the same tenor for each bond or note. Due to low trading volume of private placement debt, qualitative factors such as market conditions, low volume of investors and investor demand, this debt is classified as Level 3. The fair value of Exelon's equity units (Level 1) are valued based on publicly traded securities issued by Exelon.

The fair value of Generation's and Pepco's non-government-backed fixed rate nonrecourse debt (Level 3) is based on market and quoted prices for its own and other nonrecourse debt with similar risk profiles. Given the low trading volume in the nonrecourse debt market, the price quotes used to determine fair value will reflect certain qualitative factors, such as market conditions, investor demand, new developments that might significantly impact the project cash flows or off-taker credit, and other circumstances related to the project (e.g., political and regulatory environment). The fair value of Generation's government-backed fixed rate project financing debt (Level 3) is largely based on a discounted cash flow methodology that is similar to the taxable debt securities methodology described above. Due to the lack of market trading data on similar debt, the discount rates are derived based on the original loan interest rate spread to the applicable Treasury rate as well as a current market curve derived from government-backed securities. Variable rate financing debt resets on a monthly or quarterly basis and the carrying value approximates fair value (Level 2). When trading data is available on variable rate financing debt, the fair value is based on market and quoted prices for its own and other nonrecourse debt with similar risk profiles (Level 2). Generation, Pepco, DPL and ACE also have tax-exempt debt (Level 2). Due to low trading volume in this market, qualitative factors, such as market conditions, investor demand, and circumstances related to the issuer (e.g., conduit issuer political and regulatory environment), may be incorporated into the credit spreads that are used to obtain the fair value as described above. Variable rate tax-exempt debt (Level 2) resets on a regular basis and the carrying value approximates fair value.

SNF Obligation . The carrying amount of Generation's SNF obligation (Level 2) is derived from a contract with the DOE to provide for disposal of SNF from Generation's nuclear generating stations. When determining the fair value of the obligation, the future carrying amount of the SNF obligation is calculated by compounding the current book value of the SNF obligation at the 13-week Treasury rate. The compounded obligation amount is discounted back to present value using Generation's discount rate, which is calculated using the same methodology as described above for the taxable debt securities, and an estimated maturity date of 2030. This amount also includes $110 million for the fair value of the one-time fee obligation associated with FitzPatrick as of March 31, 2017. The fair value was determined using a similar methodology, however the New York Power Authority's (NYPA) discount rate is used in place of Generation's given the contractual right to reimbursement from NYPA for the obligation; see Note 4 — Mergers, Acquisitions and Dispositions for additional information on Generation's acquisition of FitzPatrick.

Long-Term Debt to Financing Trusts . Exelon's long-term debt to financing trusts is valued based on publicly traded securities issued by the financing trusts. Due to low trading volume of these securities, qualitative factors, such as market conditions, investor demand, and circumstances related to each issue, this debt is classified as Level 3.

Recurring Fair Value Measurements

Exelon records the fair value of assets and liabilities in accordance with the hierarchy established by the authoritative guidance for fair value measurements. The hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1 — quoted prices (unadjusted) in active markets for identical assets or liabilities that the Registrants have the ability to liquidate as of the reporting date.
- Level 2 — inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.
- Level 3 — unobservable inputs, such as internally developed pricing models or third-party valuations for the asset or liability due to little or no market activity for the asset or liability.

Transfers in and out of levels are recognized as of the end of the reporting period when the transfer occurred. Given derivatives categorized within Level 1 are valued using exchange-based quoted prices within observable periods, transfers between Level 2 and Level 1 were not material. Additionally, there were no material transfers between Level 1 and Level 2 during the three months ended March 31, 2017 for cash equivalents, nuclear decommissioning trust fund investments, pledged assets for Zion Station decommissioning, Rabbi trust investments, and deferred compensation obligations. For derivative contracts, transfers into Level 2 from Level 3 generally occur when the contract tenor becomes more observable and due to changes in market liquidity or assumptions for certain commodity contracts.

Generation and Exelon

In accordance with the applicable guidance on fair value measurement, certain investments that are measured at fair value using the NAV per share as a practical expedient are no longer classified within the fair value hierarchy and are included under "Not subject to leveling" in the table below.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following tables present assets and liabilities measured and recorded at fair value on Exelon's and Generation's Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy as of March 31, 2017 and December 31, 2016:

	Generation					Exelon				
As of March 31, 2017	**Level 1**	**Level 2**	**Level 3**	**Not subject to leveling**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Not subject to leveling**	**Total**
Assets										
Cash equivalents [a]	$ 135	$ —	$ —	$ —	$ 135	$ 342	$ —	$ —	$ —	$ 342
NDT fund investments										
Cash equivalents [b]	160	21	—	—	181	160	21	—	—	181
Equities	4,113	505	1	2,089	6,708	4,113	505	1	2,089	6,708
Fixed income										
Corporate debt	—	1,749	255	—	2,004	—	1,749	255	—	2,004
U.S. Treasury and agencies	1,516	35	—	—	1,551	1,516	35	—	—	1,551
Foreign governments	—	57	—	—	57	—	57	—	—	57
State and municipal debt	—	241	—	—	241	—	241	—	—	241
Other [c]	—	52	—	484	536	—	52	—	484	536
Fixed income subtotal	1,516	2,134	255	484	4,389	1,516	2,134	255	484	4,389
Middle market lending	—	—	427	64	491	—	—	427	64	491
Private equity	—	—	—	158	158	—	—	—	158	158
Real estate	—	—	—	427	427	—	—	—	427	427
NDT fund investments subtotal [d]	5,789	2,660	683	3,222	12,354	5,789	2,660	683	3,222	12,354
Pledged assets for Zion Station decommissioning										
Cash equivalents	21	—	—	—	21	21	—	—	—	21
Equities	—	1	—	—	1	—	1	—	—	1
Fixed income — U.S. Treasury and agencies	8	1	—	—	9	8	1	—	—	9
Middle market lending	—	—	20	44	64	—	—	20	44	64
Pledged assets for Zion Station decommissioning subtotal [e]	29	2	20	44	95	29	2	20	44	95
Rabbi trust investments										
Cash equivalents	7	—	—	—	7	80	—	—	—	80
Mutual funds	20	—	—	—	20	53	—	—	—	53
Fixed income	—	—	—	—	—	—	15	—	—	15
Life insurance contracts	—	20	—	—	20	—	66	20	—	86
Rabbi trust investments subtotal	27	20	—	—	47	133	81	20	—	234
Commodity derivative assets										
Economic hedges	749	2,993	1,631	—	5,373	751	2,993	1,631	—	5,375
Proprietary trading	5	50	25	—	80	5	50	25	—	80
Effect of netting and allocation of collateral [f][g]	(639)	(2,575)	(873)	—	(4,087)	(641)	(2,575)	(873)	—	(4,089)
Commodity derivative assets subtotal	115	468	783	—	1,366	115	468	783	—	1,366
Interest rate and foreign currency derivative assets										
Derivatives designated as hedging instruments	—	—	—	—	—	—	12	—	—	12
Economic hedges	—	22	—	—	22	—	22	—	—	22
Proprietary trading	3	1	—	—	4	3	1	—	—	4
Effect of netting and allocation of collateral	(4)	(14)	—	—	(18)	(4)	(14)	—	—	(18)
Interest rate and foreign currency derivative assets subtotal	(1)	9	—	—	8	(1)	21	—	—	20
Other investments	—	—	40	—	40	—	—	40	—	40
Total assets	6,094	3,159	1,526	3,266	14,045	6,407	3,232	1,546	3,266	14,451

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Generation					Exelon				
As of March 31, 2017	Level 1	Level 2	Level 3	Not subject to leveling	Total	Level 1	Level 2	Level 3	Not subject to leveling	Total
Liabilities										
Commodity derivative liabilities										
Economic hedges	(787)	(2,855)	(1,167)	—	(4,809)	(787)	(2,855)	(1,449)	—	(5,091)
Proprietary trading	(6)	(49)	(22)	—	(77)	(6)	(49)	(22)	—	(77)
Effect of netting and allocation of collateral [f][g]	714	2,846	971	—	4,531	714	2,846	971	—	4,531
Commodity derivative liabilities subtotal	(79)	(58)	(218)	—	(355)	(79)	(58)	(500)	—	(637)
Interest rate and foreign currency derivative liabilities										
Derivatives designated as hedging instruments	—	(1)	—	—	(1)	—	(1)	—	—	(1)
Economic hedges	—	(25)	—	—	(25)	—	(25)	—	—	(25)
Proprietary trading	(3)	—	—	—	(3)	(3)	—	—	—	(3)
Effect of netting and allocation of collateral	4	14	—	—	18	4	14	—	—	18
Interest rate and foreign currency derivative liabilities subtotal	1	(12)	—	—	(11)	1	(12)	—	—	(11)
Deferred compensation obligation	—	(35)	—	—	(35)	—	(135)	—	—	(135)
Total liabilities	(78)	(105)	(218)	—	(401)	(78)	(205)	(500)	—	(783)
Total net assets	$ 6,016	$ 3,054	$ 1,308	$ 3,266	$13,644	$ 6,329	$ 3,027	$ 1,046	$ 3,266	$13,668

	Generation					Exelon				
As of December 31, 2016	Level 1	Level 2	Level 3	Not subject to leveling	Total	Level 1	Level 2	Level 3	Not subject to leveling	Total
Assets										
Cash equivalents [a]	$ 39	$ —	$ —	$ —	$ 39	$ 373	$ —	$ —	$ —	$ 373
NDT fund investments										
Cash equivalents [b]	110	19	—	—	129	110	19	—	—	129
Equities	3,551	452	—	2,011	6,014	3,551	452	—	2,011	6,014
Fixed income										
Corporate debt	—	1,554	250	—	1,804	—	1,554	250	—	1,804
U.S. Treasury and agencies	1,291	29	—	—	1,320	1,291	29	—	—	1,320
Foreign governments	—	37	—	—	37	—	37	—	—	37
State and municipal debt	—	264	—	—	264	—	264	—	—	264
Other [c]	—	59	—	493	552	—	59	—	493	552
Fixed income subtotal	1,291	1,943	250	493	3,977	1,291	1,943	250	493	3,977
Middle market lending	—	—	427	71	498	—	—	427	71	498
Private equity	—	—	—	148	148	—	—	—	148	148
Real estate	—	—	—	326	326	—	—	—	326	326
NDT fund investments subtotal [d]	4,952	2,414	677	3,049	11,092	4,952	2,414	677	3,049	11,092
Pledged assets for Zion Station decommissioning										
Cash equivalents	11	—	—	—	11	11	—	—	—	11
Equities	—	2	—	—	2	—	2	—	—	2
Fixed Income — U.S. Treasury and agencies	16	1	—	—	17	16	1	—	—	17
Middle market lending	—	—	19	64	83	—	—	19	64	83
Pledged assets for Zion Station decommissioning subtotal [e]	27	3	19	64	113	27	3	19	64	113
Rabbi trust investments										
Cash equivalents	2	—	—	—	2	74	—	—	—	74
Mutual funds	19	—	—	—	19	50	—	—	—	50
Fixed income	—	—	—	—	—	—	16	—	—	16
Life insurance contracts	—	18	—	—	18	—	64	20	—	84
Rabbi trust investments subtotal	21	18	—	—	39	124	80	20	—	224

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Generation					Exelon				
As of December 31, 2016	**Level 1**	**Level 2**	**Level 3**	**Not subject to leveling**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Not subject to leveling**	**Total**
Commodity derivative assets										
Economic hedges	1,356	2,505	1,229	—	5,090	1,358	2,505	1,229	—	5,092
Proprietary trading	3	50	23	—	76	3	50	23	—	76
Effect of netting and allocation of collateral (f)(g)	(1,162)	(2,142)	(481)	—	(3,785)	(1,164)	(2,142)	(481)	—	(3,787)
Commodity derivative assets subtotal	197	413	771	—	1,381	197	413	771	—	1,381
Interest rate and foreign currency derivative assets										
Derivatives designated as hedging instruments	—	—	—	—	—	—	16	—	—	16
Economic hedges	—	28	—	—	28	—	28	—	—	28
Proprietary trading	3	2	—	—	5	3	2	—	—	5
Effect of netting and allocation of collateral	(2)	(19)	—	—	(21)	(2)	(19)	—	—	(21)
Interest rate and foreign currency derivative assets subtotal	1	11	—	—	12	1	27	—	—	28
Other investments	—	—	42	—	42	—	—	42	—	42
Total assets	5,237	2,859	1,509	3,113	12,718	5,674	2,937	1,529	3,113	13,253
Liabilities										
Commodity derivative liabilities										
Economic hedges	(1,267)	(2,378)	(794)	—	(4,439)	(1,267)	(2,378)	(1,052)	—	(4,697)
Proprietary trading	(3)	(50)	(26)	—	(79)	(3)	(50)	(26)	—	(79)
Effect of netting and allocation of collateral (f)(g)	1,233	2,339	542	—	4,114	1,233	2,339	542	—	4,114
Commodity derivative liabilities subtotal	(37)	(89)	(278)	—	(404)	(37)	(89)	(536)	—	(662)
Interest rate and foreign currency derivative liabilities										
Derivatives designated as hedging instruments	—	(10)	—	—	(10)	—	(10)	—	—	(10)
Economic hedges	—	(21)	—	—	(21)	—	(21)	—	—	(21)
Proprietary trading	(4)	—	—	—	(4)	(4)	—	—	—	(4)
Effect of netting and allocation of collateral	4	19	—	—	23	4	19	—	—	23
Interest rate and foreign currency derivative liabilities subtotal	—	(12)	—	—	(12)	—	(12)	—	—	(12)
Deferred compensation obligation	—	(34)	—	—	(34)	—	(136)	—	—	(136)
Total liabilities	(37)	(135)	(278)	—	(450)	(37)	(237)	(536)	—	(810)
Total net assets	$ 5,200	$ 2,724	$ 1,231	$ 3,113	$12,268	$ 5,637	$ 2,700	$ 993	$ 3,113	$12,443

(a) Generation excludes cash of $267 million and $252 million at March 31, 2017 and December 31, 2016 and restricted cash of $138 million and $157 million at March 31, 2017 and December 31, 2016. Exelon excludes cash of $381 million and $360 million at March 31, 2017 and December 31, 2016 and restricted cash of $165 million and $180 million at March 31, 2017 and December 31, 2016 and includes long term restricted cash of $25 million at March 31, 2017 and December 31, 2016, which is reported in other deferred debits on the balance sheet.

(b) Includes less than $1 million and $29 million of cash received from outstanding repurchase agreements at March 31, 2017 and December 31, 2016, respectively, and is offset by an obligation to repay upon settlement of the agreement as discussed in (d) below.

(c) Includes derivative instruments of $(1) million and $(2) million, which have a total notional amount of $886 million and $933 million at March 31, 2017 and December 31, 2016, respectively. The notional principal amounts for these instruments provide one measure of the transaction volume outstanding as of the fiscal years ended and do not represent the amount of the company's exposure to credit or market loss.

(d) Excludes net assets (liabilities) of $8 million and $(31) million at March 31, 2017 and December 31, 2016, respectively. These items consist of receivables related to pending securities sales, interest and dividend receivables, repurchase agreement obligations, and payables related to pending securities purchases. The repurchase agreements are generally short-term in nature with durations generally of 30 days or less.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

(e) Excludes net assets of less than $1 million at March 31, 2017 and December 31, 2016. These items consist of receivables related to pending securities sales, interest and dividend receivables, and payables related to pending securities purchases.

(f) Collateral posted/(received) from counterparties totaled $75 million, $271 million and $98 million allocated to Level 1, Level 2 and Level 3 mark-to-market derivatives, respectively, as of March 31, 2017. Collateral posted/(received) from counterparties, net of collateral paid to counterparties, totaled $71 million, $197 million and $61 million allocated to Level 1, Level 2 and Level 3 mark-to-market derivatives, respectively, as of December 31, 2016.

(g) Of the collateral posted/(received), $14 million represents variation margin on the exchanges as of March 31, 2017. Of the collateral posted/(received), $(158) million represents variation margin on the exchanges as of December 31, 2016.

ComEd, PECO and BGE

The following tables present assets and liabilities measured and recorded at fair value on ComEd's, PECO's and BGE's Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy as of March 31, 2017 and December 31, 2016:

	ComEd				PECO				BGE			
As of March 31, 2017	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets												
Cash equivalents [a]	$ —	$ —	$ —	$ —	$ 5	$ —	$ —	$ 5	$ 45	$ —	$ —	$ 45
Rabbi trust investments												
Mutual funds	—	—	—	—	7	—	—	7	5	—	—	5
Life insurance contracts	—	—	—	—	—	10	—	10	—	—	—	—
Rabbi trust investments subtotal	—	—	—	—	7	10	—	17	5	—	—	5
Total assets	—	—	—	—	12	10	—	22	50	—	—	50
Liabilities												
Deferred compensation obligation	—	(8)	—	(8)	—	(11)	—	(11)	—	(4)	—	(4)
Mark-to-market derivative liabilities [b]	—	—	(282)	(282)	—	—	—	—	—	—	—	—
Total liabilities	—	(8)	(282)	(290)	—	(11)	—	(11)	—	(4)	—	(4)
Total net assets (liabilities)	$ —	$ (8)	$(282)	$(290)	$ 12	$ (1)	$ —	$ 11	$ 50	$ (4)	$ —	$ 46

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	ComEd				PECO				BGE			
As of December 31, 2016	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets												
Cash equivalents [a]	$ 20	$ —	$ —	$ 20	$ 45	$ —	$ —	$ 45	$ 36	$ —	$ —	$ 36
Rabbi trust investments												
Mutual funds	—	—	—	—	7	—	—	7	4	—	—	4
Life insurance contracts	—	—	—	—	—	10	—	10	—	—	—	—
Rabbi trust investments subtotal	—	—	—	—	7	10	—	17	4	—	—	4
Total assets	20	—	—	20	52	10	—	62	40	—	—	40
Liabilities												
Deferred compensation obligation	—	(8)	—	(8)	—	(11)	—	(11)	—	(4)	—	(4)
Mark-to-market derivative liabilities [b]	—	—	(258)	(258)	—	—	—	—	—	—	—	—
Total liabilities	—	(8)	(258)	(266)	—	(11)	—	(11)	—	(4)	—	(4)
Total net assets (liabilities)	$ 20	$ (8)	$(258)	$(246)	$ 52	$ (1)	$ —	$ 51	$ 40	$ (4)	$ —	$ 36

(a) ComEd excludes cash of $31 million and $36 million at March 31, 2017 and December 31, 2016 and restricted cash of $3 million and $2 million at March 31, 2017 and December 31, 2016. PECO excludes cash of $27 million and $22 million at March 31, 2017 and December 31, 2016. BGE excludes cash of $11 million and $13 million at March 31, 2017 and December 31, 2016 and includes long term restricted cash of $2 million at March 31, 2017 and December 31, 2016, which is reported in other deferred debits on the balance sheet.

(b) The Level 3 balance consists of the current and noncurrent liability of $19 million and $263 million, respectively, at March 31, 2017, and $19 million and $239 million, respectively, at December 31, 2016, related to floating-to-fixed energy swap contracts with unaffiliated suppliers.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

PHI, Pepco, DPL and ACE

The following tables present assets and liabilities measured and recorded at fair value on PHI's, Pepco's, DPL's and ACE's Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy as of March 31, 2017 and December 31, 2016:

	Successor As of March 31, 2017				*Successor* As of December 31, 2016			
PHI	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets								
Cash equivalents [a]	$ 154	$ —	$ —	$154	$ 217	$ —	$ —	$217
Mark-to-market derivative assets [b]	—	—	—	—	2	—	—	2
Effect of netting and allocation of collateral	—	—	—	—	(2)	—	—	(2)
Mark-to-market derivative assets subtotal	—	—	—	—	—	—	—	—
Rabbi trust investments								
Cash equivalents	74	—	—	74	73	—	—	73
Fixed income	—	15	—	15	—	16	—	16
Life insurance contracts	—	23	20	43	—	22	20	42
Rabbi trust investments subtotal	74	38	20	132	73	38	20	131
Total assets	228	38	20	286	290	38	20	348
Liabilities								
Deferred compensation obligation	—	(25)	—	(25)	—	(28)	—	(28)
Total liabilities	—	(25)	—	(25)	—	(28)	—	(28)
Total net assets	$ 228	$ 13	$ 20	$261	$ 290	$ 10	$ 20	$320

	Pepco				DPL				ACE			
As of March 31, 2017	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets												
Cash equivalents [a]	$ 33	$ —	$ —	$ 33	$ 39	$ —	$ —	$ 39	$ 80	$ —	$ —	$ 80
Rabbi trust investments												
Cash equivalents	43	—	—	43	1	—	—	1	—	—	—	—
Fixed income	—	15	—	15	—	—	—	—	—	—	—	—
Life insurance contracts	—	23	20	43	—	—	—	—	—	—	—	—
Rabbi trust investments subtotal	43	38	20	101	1	—	—	1	—	—	—	—
Total assets	76	38	20	134	40	—	—	40	80	—	—	80
Liabilities												
Deferred compensation obligation	—	(4)	—	(4)	—	(1)	—	(1)	—	—	—	—
Total liabilities	—	(4)	—	(4)	—	(1)	—	(1)	—	—	—	—
Total net assets (liabilities)	$ 76	$ 34	$ 20	$130	$ 40	$ (1)	$ —	$ 39	$ 80	$ —	$ —	$ 80

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Pepco				DPL				ACE			
As of December 31, 2016	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets												
Cash equivalents [(a)]	$ 33	$ —	$ —	$ 33	$ 42	$ —	$ —	$ 42	$ 130	$ —	$ —	$130
Mark-to-market derivative assets [(b)]	—	—	—	—	2	—	—	2	—	—	—	—
Effect of netting and allocation of collateral	—	—	—	—	(2)	—	—	(2)	—	—	—	—
Mark-to-market derivative assets subtotal	—	—	—	—	—	—	—	—	—	—	—	—
Rabbi trust investments												
Cash equivalents	43	—	—	43	—	—	—	—	—	—	—	—
Fixed income	—	16	—	16	—	—	—	—	—	—	—	—
Life insurance contracts	—	22	19	41	—	—	—	—	—	—	—	—
Rabbi trust investments subtotal	43	38	19	100	—	—	—	—	—	—	—	—
Total assets	76	38	19	133	42	—	—	42	130	—	—	130
Liabilities												
Deferred compensation obligation	—	(5)	—	(5)	—	(1)	—	(1)	—	—	—	—
Total liabilities	—	(5)	—	(5)	—	(1)	—	(1)	—	—	—	—
Total net assets (liabilities)	$ 76	$ 33	$ 19	$128	$ 42	$ (1)	$ —	$ 41	$ 130	$ —	$ —	$130

(a) PHI excludes cash of $19 million and $19 million at March 31, 2017 and December 31, 2016 and includes long term restricted cash of $23 million and $23 million at March 31, 2017 and December 31, 2016 which is reported in other deferred debits on the balance sheet. Pepco excludes cash of $8 million and $9 million at March 31, 2017 and December 31, 2016. DPL excludes cash of $5 million and $4 million at March 31, 2017 and December 31, 2016. ACE excludes cash of $4 million and $3 million at March 31, 2017 and December 31, 2016 and includes long term restricted cash of $23 million and $23 million at March 31, 2017 and December 31, 2016 which is reported in other deferred debits on the balance sheet.

(b) Represents natural gas futures purchased by DPL as part of a natural gas hedging program approved by the DPSC.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following tables present the fair value reconciliation of Level 3 assets and liabilities measured at fair value on a recurring basis during the three months ended March 31, 2017 and 2016:

	Generation					ComEd	Successor PHI		Exelon
Three Months Ended March 31, 2017	NDT Fund Investments	Pledged Assets for Zion Station Decommissioning	Mark-to-Market Derivatives	Other Investments	Total Generation	Mark-to-Market Derivatives [a]	Life Insurance Contracts	Eliminated in Consolidation	Total
Balance as of December 31, 2016	$ 677	$ 19	$ 493	$ 42	$ 1,231	$ (258)	$ 20	$ —	$ 993
Total realized / unrealized gains (losses)									
Included in net income	3	—	(43) [b]	1	(39)	—	1	—	(38)
Included in noncurrent payables to affiliates	9	—	—	—	9	—	—	(9)	—
Included in regulatory assets/liabilities	—	—	—	—	—	(24)	—	9	(15)
Change in collateral	—	—	38	—	38	—	—	—	38
Purchases, sales, issuances and settlements									
Purchases	17	1	69	2	89	—	—	—	89
Sales	—	—	(2)	—	(2)	—	—	—	(2)
Issuances	—	—	—	—	—	—	(1)	—	(1)
Settlements	(23)	—	—	—	(23)	—	—	—	(23)
Transfers into Level 3	—	—	(1)	—	(1)	—	—	—	(1)
Transfers out of Level 3	—	—	11	(5)	6	—	—	—	6
Balance as of March 31, 2017	$ 683	$ 20	$ 565	$ 40	$ 1,308	$ (282)	$ 20	$ —	$ 1,046
The amount of total gains (losses) included in income attributed to the change in unrealized gains (losses) related to assets and liabilities as of March 31, 2017	$ 2	$ —	$ 59	$ —	$ 61	$ —	$ 1	$ —	$ 62

(a) Includes $30 million of decreases in fair value and an increase for realized losses due to settlements of $6 million recorded in purchased power expense associated with floating-to-fixed energy swap contracts with unaffiliated suppliers for the three months ended March 31, 2017.
(b) Includes a reduction for the reclassification of $102 million of realized gains due to the settlement of derivative contracts for the three months ended March 31, 2017.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Generation					ComEd	Successor PHI [c]		Exelon
Three Months Ended March 31, 2016	**NDT Fund Investments**	**Pledged Assets for Zion Station Decommissioning**	**Mark-to-Market Derivatives**	**Other Investments**	**Total Generation**	**Mark-to-Market Derivatives [a]**	**Life Insurance Contracts**	**Eliminated in Consolidation**	**Total**
Balance as of December 31, 2015	$ 670	$ 22	$ 1,051	$ 33	$ 1,776	$ (247)	$ —	$ —	$ 1,529
Included due to merger	—	—	—	—	—	—	20	—	20
Total realized / unrealized gains (losses)									
Included in net income	2	—	(6) [b]	—	(4)	—	—	—	(4)
Included in noncurrent payables to affiliates	4	—	—	—	4	—	—	(4)	—
Included in payable for Zion Station decommissioning	—	2	—	—	2	—	—	—	2
Included in regulatory assets	—	—	—	—	—	(18)	—	4	(14)
Change in collateral	—	—	(50)	—	(50)	—	—	—	(50)
Purchases, sales, issuances and settlements									
Purchases	34	1	59	3	97	—	—	—	97
Sales	—	—	(2)	—	(2)	—	—	—	(2)
Settlements	(26)	—	—	—	(26)	—	—	—	(26)
Transfers into Level 3	—	—	2	—	2	—	—	—	2
Transfers out of Level 3	—	—	(7)	—	(7)	—	—	—	(7)
Balance as of March 31, 2016	$ 684	$ 25	$ 1,047	$ 36	$ 1,792	$ (265)	$ 20	$ —	$ 1,547
The amount of total gains (losses) included in income attributed to the change in unrealized gains (losses) related to assets and liabilities as of March 31, 2016	$ 1	$ —	$ 219	$ —	$ 220	$ —	$ —	$ —	$ 220

(a) Includes $25 million of decreases in fair value and an increase for realized losses due to settlements of $7 million recorded in purchased power expense associated with floating-to-fixed energy swap contracts with unaffiliated suppliers for the three months ended March 31, 2016.

(b) Includes a reduction for the reclassification of $225 million of realized gains due to the settlement of derivative contracts recorded in results of operations for the three months ended March 31, 2016.

(c) Successor period represents activity from March 24, 2016 through March 31, 2016. See tables below for PHI's predecessor periods, as well as activity for Pepco for the three months ended March 31, 2017 and 2016.

	Predecessor January 1, 2016 to March 23, 2016	
PHI	**Preferred Stock**	**Life Insurance Contracts**
Beginning Balance	$ 18	$ 19
Total realized / unrealized gains (losses)		
Included in net income	(18)	1
Ending Balance	$ —	$ 20
The amount of total gains (losses) included in income attributed to the change in unrealized gains (losses) related to assets and liabilities for the period	$ —	$ 1

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Pepco	Life Insurance Contracts Three Months Ended March 31, 2017	Life Insurance Contracts Three Months Ended March 31, 2016
Beginning Balance	$ 20	$ 19
Total realized / unrealized gains (losses)		
Included in net income	1	1
Purchases, sales, issuances and settlements		
Issuances	(1)	—
Ending Balance	$ 20	$ 20
The amount of total gains (losses) included in income attributed to the change in unrealized gains (losses) related to assets and liabilities for the period	$ 1	$ 1

The following tables present the income statement classification of the total realized and unrealized gains (losses) included in income for Level 3 assets and liabilities measured at fair value on a recurring basis during the three months ended March 31, 2017 and 2016:

	Generation			*Successor* PHI	Exelon		
	Operating Revenues	Purchased Power and Fuel	Other, net [a]	Other, net [a]	Operating Revenues	Purchased Power and Fuel	Other, net [a]
Total gains (losses) included in net income for the three months ended March 31, 2017	88	(131)	3	1	88	(131)	4
Change in the unrealized gains (losses) relating to assets and liabilities held for the three months ended March 31, 2017	140	(81)	2	1	140	(81)	3

	Generation			Exelon		
	Operating Revenues	Purchased Power and Fuel	Other, net [a]	Operating Revenues	Purchased Power and Fuel	Other, net [a]
Total gains (losses) included in net income for the three months ended March 31, 2016	49	(55)	2	49	(55)	2
Change in the unrealized gains (losses) relating to assets and liabilities held for the three months ended March 31, 2016	254	(35)	1	254	(35)	1

	Predecessor PHI	Pepco	
	January 1, 2016 to March 23, 2016	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
		Other, net	
Total gains (losses)included in net income	$ (17)	$ 1	$ 1
Change in the unrealized gains (losses) relating to assets and liabilities held	1	1	1

(a) Other, net activity consists of realized and unrealized gains (losses) included in income for the NDT funds held by Generation and the life insurance contracts held by PHI and Pepco.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Valuation Techniques Used to Determine Fair Value

The following describes the valuation techniques used to measure the fair value of the assets and liabilities shown in the tables above.

Cash Equivalents (Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE). The Registrants' cash equivalents include investments with maturities of three months or less when purchased. The cash equivalents shown in the fair value tables are comprised of investments in mutual and money market funds. The fair values of the shares of these funds are based on observable market prices and, therefore, have been categorized in Level 1 in the fair value hierarchy.

Preferred Stock Derivative (PHI). In connection with entering into the PHI Merger Agreement, PHI entered into a Subscription Agreement with Exelon dated April 29, 2014, pursuant to which PHI issued to Exelon shares of Preferred stock. The Preferred stock contained embedded features requiring separate accounting consideration to reflect the potential value to PHI that any issued and outstanding Preferred stock could be called and redeemed at a nominal par value upon a termination of the merger agreement under certain circumstances due to the failure to obtain required regulatory approvals. The embedded call and redemption features on the shares of the Preferred stock in the event of such a termination were separately accounted for as derivatives. These Preferred stock derivatives were valued quarterly using quantitative and qualitative factors, including management's assessment of the likelihood of a Regulatory Termination and therefore, were categorized in Level 3 in the fair value hierarchy. As a result of the PHI Merger, the PHI Preferred stock derivative was reduced to zero as of March 23, 2016. The write-off was charged to Other, net on the PHI Consolidated Statement of Operations and Comprehensive Income.

Nuclear Decommissioning Trust Fund Investments and Pledged Assets for Zion Station Decommissioning (Exelon and Generation). The trust fund investments have been established to satisfy Generation's and CENG's nuclear decommissioning obligations as required by the NRC. The NDT funds hold debt and equity securities directly and indirectly through commingled funds and mutual funds, which are included in Equities and Fixed Income. Generation's and CENG's NDT fund investments policies outline investment guidelines for the trusts and limit the trust funds' exposures to investments in highly illiquid markets and other alternative investments. Investments with maturities of three months or less when purchased, including certain short-term fixed income securities are considered cash equivalents and included in the recurring fair value measurements hierarchy as Level 1 or Level 2.

With respect to individually held equity securities, the trustees obtain prices from pricing services, whose prices are generally obtained from direct feeds from market exchanges, which Generation is able to independently corroborate. The fair values of equity securities held directly by the trust funds which are based on quoted prices in active markets are categorized in Level 1. Certain equity securities have been categorized as Level 2 because they are based on evaluated prices that reflect observable market information, such as actual trade information or similar securities. Equity securities held individually are primarily traded on the New York Stock Exchange and NASDAQ-Global Select Market, which contain only actively traded securities due to the volume trading requirements imposed by these exchanges.

For fixed income securities, multiple prices from pricing services are obtained whenever possible, which enables cross-provider validations in addition to checks for unusual daily movements. A primary price source is identified based on asset type, class or issue for each security. With respect to individually held fixed income securities, the trustees monitor prices supplied by pricing services and may use a supplemental price source or change the primary price source of a given security if the portfolio managers challenge an assigned price and the trustees determine that another price source is considered to be preferable. Generation has obtained an

understanding of how these prices are derived, including the nature and observability of the inputs used in deriving such prices. Additionally, Generation selectively corroborates the fair values of securities by comparison to other market-based price sources. U.S. Treasury securities are categorized as Level 1 because they trade in a highly liquid and transparent market. The fair values of fixed income securities, excluding U.S. Treasury securities, are based on evaluated prices that reflect observable market information, such as actual trade information or similar securities, adjusted for observable differences and are categorized in Level 2. The fair values of private placement fixed income securities, which are included in Corporate debt, are determined using a third party valuation that contains significant unobservable inputs and are categorized in Level 3.

Equity and fixed income commingled funds and mutual funds are maintained by investment companies and hold certain investments in accordance with a stated set of fund objectives such as holding short term fixed income securities or tracking the performance of certain equity indices by purchasing equity securities to replicate the capitalization and characteristics of the indices. The values of some of these funds are publicly quoted. For mutual funds which are publicly quoted, the funds are valued based on quoted prices in active markets and have been categorized as Level 1. For commingled funds and mutual funds, which are not publicly quoted, the funds are valued using NAV as a practical expedient for fair value, which is primarily derived from the quoted prices in active markets on the underlying securities, and are not classified within the fair value hierarchy. These investments typically can be redeemed monthly with 30 or less days of notice and without further restrictions.

Derivative instruments consisting primarily of futures and interest rate swaps to manage risk are recorded at fair value. Over the counter derivatives are valued daily based on quoted prices in active markets and trade in open markets, and have been categorized as Level 1. Derivative instruments other than over the counter derivatives are valued based on external price data of comparable securities and have been categorized as Level 2.

Middle market lending are investments in loans or managed funds which lend to private companies. Generation elected the fair value option for its investments in certain limited partnerships that invest in middle market lending managed funds. The fair value of these loans is determined using a combination of valuation models including cost models, market models and income models. Investments in loans are categorized as Level 3 because the fair value of these securities is based largely on inputs that are unobservable and utilize complex valuation models. Managed funds are valued using NAV or its equivalent as a practical expedient, and therefore, are not classified within the fair value hierarchy. Investments in middle market lending typically cannot be redeemed until maturity of the term loan.

Private equity and real estate investments include those in limited partnerships that invest in operating companies and real estate holding companies that are not publicly traded on a stock exchange, such as, leveraged buyouts, growth capital, venture capital, distressed investments, investments in natural resources, and direct investments in pools of real estate properties. The fair value of private equity and real estate investments is determined using NAV or its equivalent as a practical expedient, and therefore, are not classified within the fair value hierarchy. These investments typically cannot be redeemed and are generally liquidated over a period of 8 to 10 years from the initial investment date. Private equity and real estate valuations are reported by the fund manager and are based on the valuation of the underlying investments, which include inputs such as cost, operating results, discounted future cash flows, market based comparable data, and independent appraisals from sources with professional qualifications. These valuation inputs are unobservable.

As of March 31, 2017, Generation has outstanding commitments to invest in middle market lending, private equity investments and real estate investments of approximately $290 million, $120 million, and $107 million, respectively. These commitments will be funded by Generation's existing nuclear decommissioning trust funds.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Concentrations of Credit Risk . Generation evaluated its NDT portfolios for the existence of significant concentrations of credit risk as of March 31, 2017. Types of concentrations that were evaluated include, but are not limited to, investment concentrations in a single entity, type of industry, foreign country, and individual fund. As of March 31, 2017, there were no significant concentrations (generally defined as greater than 10 percent) of risk in Generation's NDT assets.

See Note 12 — Nuclear Decommissioning for further discussion on the NDT fund investments.

Rabbi Trust Investments (Exelon, Generation, PECO, BGE, PHI, Pepco, DPL and ACE). The Rabbi trusts were established to hold assets related to deferred compensation plans existing for certain active and retired members of Exelon's executive management and directors. The Rabbi trusts assets are included in investments in the Registrants' Consolidated Balance Sheets and consist primarily of money market funds, mutual funds, fixed income securities and life insurance policies. The mutual funds are maintained by investment companies and hold certain investments in accordance with a stated set of fund objectives, which are consistent with Exelon's overall investment strategy. Money market funds and mutual funds are publicly quoted and have been categorized as Level 1 given the clear observability of the prices. The fair values of fixed income securities are based on evaluated prices that reflect observable market information, such as actual trade information or similar securities, adjusted for observable differences and are categorized in Level 2. The life insurance policies are valued using the cash surrender value of the policies, net of loans against those policies, which is provided by a third-party. Certain life insurance policies, which consist primarily of mutual funds that are priced based on observable market data, have been categorized as Level 2 because the life insurance policies can be liquidated at the reporting date for the value of the underlying assets. Life insurance policies that are valued using unobservable inputs have been categorized as Level 3.

Mark-to-Market Derivatives (Exelon, Generation, ComEd, PHI and DPL) . Derivative contracts are traded in both exchange-based and non-exchange-based markets. Exchange-based derivatives that are valued using unadjusted quoted prices in active markets are categorized in Level 1 in the fair value hierarchy. Certain derivatives' pricing is verified using indicative price quotations available through brokers or over-the-counter, on-line exchanges and are categorized in Level 2. These price quotations reflect the average of the bid-ask, mid-point prices and are obtained from sources that the Registrants believe provide the most liquid market for the commodity. The price quotations are reviewed and corroborated to ensure the prices are observable and representative of an orderly transaction between market participants. This includes consideration of actual transaction volumes, market delivery points, bid-ask spreads and contract duration. The remainder of derivative contracts are valued using the Black model, an industry standard option valuation model. The Black model takes into account inputs such as contract terms, including maturity, and market parameters, including assumptions of the future prices of energy, interest rates, volatility, credit worthiness and credit spread. For derivatives that trade in liquid markets, such as generic forwards, swaps and options, model inputs are generally observable. Such instruments are categorized in Level 2. The Registrants' derivatives are predominately at liquid trading points. For derivatives that trade in less liquid markets with limited pricing information model inputs generally would include both observable and unobservable inputs. These valuations may include an estimated basis adjustment from an illiquid trading point to a liquid trading point for which active price quotations are available. Such instruments are categorized in Level 3.

Exelon may utilize fixed-to-floating interest rate swaps, which are typically designated as fair value hedges, as a means to achieve its targeted level of variable-rate debt as a percent of total debt. In addition, the Registrants may utilize interest rate derivatives to lock in interest rate levels in anticipation of future financings. These interest rate derivatives are typically designated as cash flow hedges. Exelon determines the current fair value by calculating the net present value of expected payments and receipts under the swap agreement, based on and discounted by the market's expectation of future interest rates. Additional inputs to the net present value

calculation may include the contract terms, counterparty credit risk and other market parameters. As these inputs are based on observable data and valuations of similar instruments, the interest rate swaps are categorized in Level 2 in the fair value hierarchy. See Note 9—Derivative Financial Instruments for further discussion on mark-to-market derivatives.

Deferred Compensation Obligations (Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE). The Registrants' deferred compensation plans allow participants to defer certain cash compensation into a notional investment account. The Registrants include such plans in other current and noncurrent liabilities in their Consolidated Balance Sheets. The value of the Registrants' deferred compensation obligations is based on the market value of the participants' notional investment accounts. The underlying notional investments are comprised primarily of equities, mutual funds, commingled funds, and fixed income securities which are based on directly and indirectly observable market prices. Since the deferred compensation obligations themselves are not exchanged in an active market, they are categorized as Level 2 in the fair value hierarchy.

The value of certain employment agreement obligations (which are included with the Deferred Compensation Obligation in the tables above) are based on a known and certain stream of payments to be made over time and are categorized as Level 2 within the fair value hierarchy.

Additional Information Regarding Level 3 Fair Value Measurements (Exelon, Generation, ComEd, PHI, Pepco and DPL)

Mark-to-Market Derivatives (Exelon, Generation and ComEd). For valuations that include both observable and unobservable inputs, if the unobservable input is determined to be significant to the overall inputs, the entire valuation is categorized in Level 3. This includes derivatives valued using indicative price quotations whose contract tenure extends into unobservable periods. In instances where observable data is unavailable, consideration is given to the assumptions that market participants would use in valuing the asset or liability. This includes assumptions about market risks such as liquidity, volatility and contract duration. Such instruments are categorized in Level 3 as the model inputs generally are not observable. Exelon's RMC approves risk management policies and objectives for risk assessment, control and valuation, counterparty credit approval, and the monitoring and reporting of risk exposures. The RMC is chaired by the chief executive officer and includes the chief risk officer, chief strategy officer, chief executive officer of Exelon Utilities, chief commercial officer, chief financial officer and chief executive officer of Constellation. The RMC reports to the Finance and Risk Committee of the Exelon Board of Directors on the scope of the risk management activities. Forward price curves for the power market utilized by the front office to manage the portfolio, are reviewed and verified by the middle office, and used for financial reporting by the back office. The Registrants consider credit and nonperformance risk in the valuation of derivative contracts categorized in Level 2 and 3, including both historical and current market data in its assessment of credit and nonperformance risk by counterparty. Due to master netting agreements and collateral posting requirements, the impacts of credit and nonperformance risk were not material to the financial statements.

Disclosed below is detail surrounding the Registrants' significant Level 3 valuations. The calculated fair value includes marketability discounts for margining provisions and other attributes. Generation's Level 3 balance generally consists of forward sales and purchases of power and natural gas and certain transmission congestion contracts. Generation utilizes various inputs and factors including market data and assumptions that market participants would use in pricing assets or liabilities as well as assumptions about the risks inherent in the inputs to the valuation technique. The inputs and factors include forward commodity prices, commodity price volatility, contractual volumes, delivery location, interest rates, credit quality of counterparties and credit enhancements.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

For commodity derivatives, the primary input to the valuation models is the forward commodity price curve for each instrument. Forward commodity price curves are derived by risk management for liquid locations and by the traders and portfolio managers for illiquid locations. All locations are reviewed and verified by risk management considering published exchange transaction prices, executed bilateral transactions, broker quotes, and other observable or public data sources. The relevant forward commodity curve used to value each of the derivatives depends on a number of factors, including commodity type, delivery location, and delivery period. Price volatility varies by commodity and location. When appropriate, Generation discounts future cash flows using risk free interest rates with adjustments to reflect the credit quality of each counterparty for assets and Generation's own credit quality for liabilities. The level of observability of a forward commodity price varies generally due to the delivery location and delivery period. Certain delivery locations including PJM West Hub (for power) and Henry Hub (for natural gas) are more liquid and prices are observable for up to three years in the future. The observability period of volatility is generally shorter than the underlying power curve used in option valuations. The forward curve for a less liquid location is estimated by using the forward curve from the liquid location and applying a spread to represent the cost to transport the commodity to the delivery location. This spread does not typically represent a majority of the instrument's market price. As a result, the change in fair value is closely tied to liquid market movements and not a change in the applied spread. The change in fair value associated with a change in the spread is generally immaterial. An average spread calculated across all Level 3 power and gas delivery locations is approximately $2.67 and $0.40 for power and natural gas, respectively. Many of the commodity derivatives are short term in nature and thus a majority of the fair value may be based on observable inputs even though the contract as a whole must be classified as Level 3.

On December 17, 2010, ComEd entered into several 20-year floating to fixed energy swap contracts with unaffiliated suppliers for the procurement of long-term renewable energy and associated RECs. See Note 9 — Derivative Financial Instruments for more information. The fair value of these swaps has been designated as a Level 3 valuation due to the long tenure of the positions and internal modeling assumptions. The modeling assumptions include using natural gas heat rates to project long term forward power curves adjusted by a renewable factor that incorporates time of day and seasonality factors to reflect accurate renewable energy pricing. In addition, marketability reserves are applied to the positions based on the tenor and supplier risk.

The table below discloses the significant inputs to the forward curve used to value these positions.

Type of trade	Fair Value at March 31, 2017	Valuation Technique	Unobservable Input	Range
Mark-to-market derivatives — Economic Hedges (Exelon and Generation) [a] [c]	$ 464	Discounted Cash Flow	Forward power price	$8 — $130
			Forward gas price	$1.92 — $9.87
		Option Model	Volatility percentage	13% — 112%
Mark-to-market derivatives — Proprietary trading (Exelon and Generation) [a] [c]	$ 3	Discounted Cash Flow	Forward power price	$15 — $67
Mark-to-market derivatives (Exelon and ComEd)	$ (282)	Discounted Cash Flow	Forward heat rate [b]	8x — 9x
			Marketability reserve	3% — 8%
			Renewable factor	88% — 121%

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
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(a) The valuation techniques, unobservable inputs and ranges are the same for the asset and liability positions.
(b) Quoted forward natural gas rates are utilized to project the forward power curve for the delivery of energy at specified future dates. The natural gas curve is extrapolated beyond its observable period to the end of the contract's delivery.
(c) The fair values do not include cash collateral posted on level three positions of $98 million as of March 31, 2017.

Type of trade	Fair Value at December 31, 2016	Valuation Technique	Unobservable Input	Range
Mark-to-market derivatives — Economic Hedges (Exelon and Generation) [a][c]	$ 435	Discounted Cash Flow	Forward power price	$11 — $130
			Forward gas price	$1.72 — $9.2
		Option Model	Volatility percentage	8% — 173%
Mark-to-market derivatives — Proprietary trading (Exelon and Generation) [a][c]	$ (3)	Discounted Cash Flow	Forward power price	$19 — $79
Mark-to-market derivatives (Exelon and ComEd)	$ (258)	Discounted Cash Flow	Forward heat rate [b]	8x — 9x
			Marketability reserve	3% — 8%
			Renewable factor	89% — 121%

(a) The valuation techniques, unobservable inputs and ranges are the same for the asset and liability positions.
(b) Quoted forward natural gas rates are utilized to project the forward power curve for the delivery of energy at specified future dates. The natural gas curve is extrapolated beyond its observable period to the end of the contract's delivery.
(c) The fair values do not include cash collateral posted on level three positions of $61 million as of December 31, 2016.

The inputs listed above would have a direct impact on the fair values of the above instruments if they were adjusted. The significant unobservable inputs used in the fair value measurement of Generation's commodity derivatives are forward commodity prices and for options is price volatility. Increases (decreases) in the forward commodity price in isolation would result in significantly higher (lower) fair values for long positions (contracts that give Generation the obligation or option to purchase a commodity), with offsetting impacts to short positions (contracts that give Generation the obligation or right to sell a commodity). Increases (decreases) in volatility would increase (decrease) the value for the holder of the option (writer of the option). Generally, a change in the estimate of forward commodity prices is unrelated to a change in the estimate of volatility of prices. An increase to the reserves listed above would decrease the fair value of the positions. An increase to the heat rate or renewable factors would increase the fair value accordingly. Generally, interrelationships exist between market prices of natural gas and power. As such, an increase in natural gas pricing would potentially have a similar impact on forward power markets.

Nuclear Decommissioning Trust Fund Investments and Pledged Assets for Zion Station Decommissioning (Exelon and Generation). For middle market lending and certain corporate debt securities investments, the fair value is determined using a combination of valuation models including cost models, market models and income models. The valuation estimates are based on discounting the forecasted cash flows, market-based comparable data, credit and liquidity factors, as well as other factors that may impact value. Significant judgment is required

in the application of discounts or premiums applied for factors such as size, marketability, credit risk and relative performance.

Because Generation relies on third-party fund managers to develop the quantitative unobservable inputs without adjustment for the valuations of its Level 3 investments, quantitative information about significant unobservable inputs used in valuing these investments is not reasonably available to Generation. This includes information regarding the sensitivity of the fair values to changes in the unobservable inputs. Generation gains an understanding of the fund managers' inputs and assumptions used in preparing the valuations. Generation performed procedures to assess the reasonableness of the valuations.

Rabbi Trust Investments — Life insurance contracts (Exelon, PHI, Pepco, DPL and ACE). For life insurance policies categorized as Level 3, the fair value is determined based on the cash surrender value of the policy, which contains unobservable inputs and assumptions. Because Exelon relies on its third-party insurance provider to develop the inputs without adjustment for the valuations of its Level 3 investments, quantitative information about significant unobservable inputs used in valuing these investments is not reasonably available to Exelon. Exelon gains an understanding of the types of inputs and assumptions used in preparing the valuations and performs procedures to assess the reasonableness of the valuations.

9. Derivative Financial Instruments (All Registrants)

The Registrants use derivative instruments to manage commodity price risk, foreign currency exchange risk and interest rate risk related to ongoing business operations.

Commodity Price Risk (All Registrants)

To the extent the amount of energy Generation produces differs from the amount of energy it has contracted to sell, Exelon and Generation are exposed to market fluctuations in the prices of electricity, fossil fuels and other commodities. Each of the Registrants employ established policies and procedures to manage their risks associated with market fluctuations in commodity prices by entering into physical and financial derivative contracts, including swaps, futures, forwards, options and short-term and long-term commitments to purchase and sell energy and energy-related products. The Registrants believe these instruments, which are classified as either economic hedges or non-derivatives, mitigate exposure to fluctuations in commodity prices.

Derivative accounting guidance requires that derivative instruments be recognized as either assets or liabilities at fair value, with changes in fair value of the derivative recognized in earnings each period. Other accounting treatments are available through special election and designation, provided they meet specific, restrictive criteria both at the time of designation and on an ongoing basis. These alternative permissible accounting treatments include normal purchase normal sale (NPNS), cash flow hedge and fair value hedge. For Generation, all derivative economic hedges related to commodities are recorded at fair value through earnings for the combined company, referred to as economic hedges in the following tables. The Registrants have applied the NPNS scope exception to certain derivative contracts for the forward sale of generation, power procurement agreements, and natural gas supply agreements. Generation has also entered into bilateral long-term contractual obligations for sales of energy to load-serving entities, including electric utilities, municipalities, electric cooperatives and retail load aggregators, as well as contractual obligations to deliver energy to market participants who primarily focus on the resale of energy products for delivery. These non-derivative contracts are accounted for primarily under the accrual method of accounting. Additionally, Generation is exposed to certain market risks through its proprietary trading activities. The proprietary trading activities are a complement to Generation's energy marketing portfolio but represent a small portion of Generation's overall energy marketing activities.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Economic Hedging. The Registrants are exposed to commodity price risk primarily relating to changes in the market price of electricity, fossil fuels, and other commodities associated with price movements resulting from changes in supply and demand, fuel costs, market liquidity, weather conditions, governmental regulatory and environmental policies, and other factors. Within Exelon, Generation has the most exposure to commodity price risk. As such, Generation uses a variety of derivative and non-derivative instruments to manage the commodity price risk of its electric generation facilities, including power and gas sales, fuel and energy purchases, natural gas transportation and pipeline capacity agreements and other energy-related products marketed and purchased. In order to manage these risks, Generation may enter into fixed-price derivative or non-derivative contracts to hedge the variability in future cash flows from forecasted sales of energy and gas and purchases of fuel and energy. The objectives for entering into such hedges include fixing the price for a portion of anticipated future electricity sales at a level that provides an acceptable return on electric generation operations, fixing the price of a portion of anticipated fuel purchases for the operation of power plants, and fixing the price for a portion of anticipated energy purchases to supply load-serving customers. The portion of forecasted transactions hedged may vary based upon management's policies and hedging objectives, the market, weather conditions, operational and other factors. Generation is also exposed to differences between the locational settlement prices of certain economic hedges and the hedged generating units. This price difference is actively managed through other instruments which include derivative congestion products, whose changes in fair value are recognized in earnings each period, and auction revenue rights, which are accounted for on an accrual basis.

In general, increases and decreases in forward market prices have a positive and negative impact, respectively, on Generation's owned and contracted generation positions that have not been hedged. Generation hedges commodity price risk on a ratable basis over three-year periods. As of March 31, 2017, the proportion of expected generation hedged for the major reportable segments is 97%-100%, 60%-63% and 30%-33% for 2017, 2018 and 2019, respectively. The percentage of expected generation hedged is the amount of equivalent sales divided by the expected generation. Expected generation is the volume of energy that best represents our commodity position in energy markets from owned or contracted generating facilities based upon a simulated dispatch model that makes assumptions regarding future market conditions, which are calibrated to market quotes for power, fuel, load following products, and options. Equivalent sales represent all hedging products, which include economic hedges and certain non-derivative contracts including Generation's sales to ComEd, PECO, and BGE to serve their retail load.

On December 17, 2010, ComEd entered into several 20-year floating-to-fixed energy swap contracts with unaffiliated suppliers for the procurement of long-term renewable energy and associated RECs. Delivery under the contracts began in June 2012. These contracts are designed to lock in a portion of the long-term commodity price risk resulting from the renewable energy resource procurement requirements in the Illinois Settlement Legislation. ComEd has not elected hedge accounting for these derivative financial instruments. ComEd records the fair value of the swap contracts on its balance sheet. Because ComEd receives full cost recovery for energy procurement and related costs from retail customers, the change in fair value each period is recorded by ComEd as a regulatory asset or liability. See Note 3 — Regulatory Matters of the Exelon 2016 Form 10-K for additional information.

PECO has contracts to procure electric supply that were executed through the competitive procurement process outlined in its PAPUC-approved DSP Programs, which are further discussed in Note 5 — Regulatory Matters. Based on Pennsylvania legislation and the DSP Programs permitting PECO to recover its electric supply procurement costs from retail customers with no mark-up, PECO's price risk related to electric supply procurement is limited. PECO locked in fixed prices for a significant portion of its commodity price risk through full requirements contracts. PECO has certain full requirements contracts that are considered derivatives and qualify for the NPNS scope exception under current derivative authoritative guidance.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

PECO's natural gas procurement policy is designed to achieve a reasonable balance of long-term and short-term gas purchases under different pricing approaches in order to achieve system supply reliability at the least cost. PECO's reliability strategy is two-fold. First, PECO must assure that there is sufficient transportation capacity to satisfy delivery requirements. Second, PECO must ensure that a firm source of supply exists to utilize the capacity resources. All of PECO's natural gas supply and asset management agreements that are derivatives either qualify for the NPNS scope exception and have been designated as such, or have no mark-to-market balances because the derivatives are index priced. Additionally, in accordance with the 2016 PAPUC PGC settlement and to reduce the exposure of PECO and its customers to natural gas price volatility, PECO has continued its program to purchase natural gas for both winter and summer supplies using a layered approach of locking-in prices ahead of each season with long-term gas purchase agreements (those with primary terms of at least twelve months). Under the terms of the 2016 PGC settlement, PECO is required to lock in (i.e. economically hedge) the price of a minimum volume of its long-term gas commodity purchases. PECO's gas-hedging program is designed to cover about 25% of planned natural gas purchases in support of projected firm sales. The hedging program for natural gas procurement has no direct impact on PECO's financial position or results of operations as natural gas costs are fully recovered from customers under the PGC.

BGE has contracts to procure SOS electric supply that are executed through a competitive procurement process approved by the MDPSC. The SOS rates charged recover BGE's wholesale power supply costs and include an administrative fee. The administrative fee includes an incremental cost component and a shareholder return component for commercial and industrial rate classes. BGE's price risk related to electric supply procurement is limited. BGE locks in fixed prices for all of its SOS requirements through full requirements contracts. Certain of BGE's full requirements contracts, which are considered derivatives, qualify for the NPNS scope exception under current derivative authoritative guidance. Other BGE full requirements contracts are not derivatives.

BGE provides natural gas to its customers under a MBR mechanism approved by the MDPSC. Under this mechanism, BGE's actual cost of gas is compared to a market index (a measure of the market price of gas in a given period). The difference between BGE's actual cost and the market index is shared equally between shareholders and customers. BGE must also secure fixed price contracts for at least 10%, but not more than 20%, of forecasted system supply requirements for flowing (i.e. non-storage) gas for the November through March period. These fixed-price contracts are not subject to sharing under the MBR mechanism. BGE also ensures it has sufficient pipeline transportation capacity to meet customer requirements. All of BGE's natural gas supply and asset management agreements qualify for the NPNS scope exception and result in physical delivery.

Pepco has contracts to procure SOS electric supply that are executed through a competitive procurement process approved by the MDPSC and DCPSC. The SOS rates charged recover Pepco's wholesale power supply costs and include an administrative fee. The administrative fee includes an incremental cost component and a shareholder return component for residential and commercial rate classes. Pepco's price risk related to electric supply procurement is limited. Pepco locks in fixed prices for all of its SOS requirements through full requirements contracts. Certain of Pepco's full requirements contracts, which are considered derivatives, qualify for the NPNS scope exception under current derivative authoritative guidance. Other Pepco full requirements contracts are not derivatives.

DPL has contracts to procure SOS electric supply that are executed through a competitive procurement process approved by the MDPSC and the DPSC. The SOS rates charged recover DPL's wholesale power supply costs. In Delaware, DPL is also entitled to recover a Reasonable Allowance for Retail Margin (RARM). The RARM includes a fixed annual margin of approximately $2.75 million, plus an incremental cost component and a cash working capital allowance. In Maryland, DPL charges an administrative fee intended to allow it to recover its administrative costs. DPL locks in fixed prices for all of its SOS requirements through full requirements

contracts. DPL's price risk related to electric supply procurement is limited. Certain of DPL's full requirements contracts, which are considered derivatives, qualify for the NPNS scope exception under current derivative authoritative guidance. Other DPL full requirements contracts are not derivatives.

DPL provides natural gas to its customers under an Annual GCR mechanism approved by the DPSC. Under this mechanism, DPL's Annual GCR Filing establishes a future GCR for firm bundled sales customers by using a forecast of demand and commodity costs. The actual costs are trued up versus the forecast on a monthly basis and any shortfall or excess is carried forward as a recovery balance in the next GCR filing. The demand portion of the GCR is based upon DPL's firm transportation and storage contracts. DPL has firm deliverability of swing and seasonal storage; a liquefied natural gas facility and firm transportation capacity to meet customer demand and provide a reserve margin. The commodity portion of the GCR includes a commission approved hedging program which is intended to reduce gas commodity price volatility while limiting the firm natural gas customers' exposure to adverse changes in the market price of natural gas. The hedge program requires that DPL hedge, on a non-discretionary basis, an amount equal to fifty percent (50%) of estimated purchase requirements for each month, including estimated monthly purchases for storage injections. The fifty percent (50%) hedge monthly target is achieved by hedging 1/12th of the 50% target each month beginning 12-months prior to the month in which the physical gas is to be purchased. Currently, DPL uses only exchange traded futures for its gas hedging program, which are considered derivatives, however, it retains the capability to employ other physical and financial hedges if needed. DPL has not elected hedge accounting for these derivative financial instruments. Because of the DPSC-approved fuel adjustment clause for DPL's derivatives, the change in fair value of the derivatives each period, in addition to all premiums paid and other transaction costs incurred as part of the Gas Hedging Program, are fully recoverable and are recorded by DPL as regulatory assets or liabilities. DPL's physical gas purchases are currently all daily, monthly or intra-month transactions. From time to time, DPL will enter into seasonal purchase or sale arrangements, however, there are none currently in the portfolio. Certain of DPL's full requirements contracts, which are considered derivatives, qualify for the NPNS scope exception under current derivative authoritative guidance. Other DPL full requirements contracts are not derivatives.

ACE has contracts to procure BGS electric supply that are executed through a competitive procurement process approved by the NJBPU. The BGS rates charged recover ACE's wholesale power supply costs. ACE does not make any profit or incur any loss on the supply component of the BGS it supplies to customers. ACE's price risk related to electric supply procurement is limited. ACE locks in fixed prices for all of its BGS requirements through full requirements contracts. Certain of ACE's full requirements contracts, which are considered derivatives, qualify for the NPNS scope exception under current derivative authoritative guidance. Other ACE full requirements contracts are not derivatives.

Proprietary Trading. Generation also enters into certain energy-related derivatives for proprietary trading purposes. Proprietary trading includes all contracts entered into with the intent of benefiting from shifts or changes in market prices as opposed to those entered into with the intent of hedging or managing risk. Proprietary trading activities are subject to limits established by Exelon's RMC. The proprietary trading activities, which included settled physical sales volumes of 1,850 GWhs and 1,220 GWhs for the three months ended March 31, 2017 and 2016, respectively, are a complement to Generation's energy marketing portfolio but represent a small portion of Generation's revenue from energy marketing activities. ComEd, PECO, BGE, PHI, Pepco, DPL and ACE do not enter into derivatives for proprietary trading purposes.

Interest Rate and Foreign Exchange Risk (Exelon, Generation, ComEd, PECO, BGE and PHI)

The Registrants use a combination of fixed-rate and variable-rate debt to manage interest rate exposure. The Registrants utilize fixed-to-floating interest rate swaps, which are typically designated as fair value hedges, as a means to manage their interest rate exposure. In addition, the Registrants may utilize interest rate derivatives to

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
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lock in rate levels in anticipation of future financings, which are typically designated as cash flow hedges. These strategies are employed to manage interest rate risks. At March 31, 2017, Exelon had $800 million of notional amounts of fixed-to-floating hedges outstanding, and Exelon and Generation had $657 million of notional amounts of floating-to-fixed hedges outstanding. Assuming the fair value and cash flow interest rate hedges are 100% effective, a hypothetical 50 bps increase in the interest rates associated with unhedged variable-rate debt (excluding Commercial Paper) and fixed-to-floating swaps would result in an approximately $2 million decrease in Exelon Consolidated pre-tax income for the three months ended March 31, 2017. To manage foreign exchange rate exposure associated with international energy purchases in currencies other than U.S. dollars, Generation utilizes foreign currency derivatives, which are typically designated as economic hedges. Below is a summary of the interest rate and foreign exchange hedge balances as of March 31, 2017:

	Generation					Exelon Corporate	Exelon
Description	Derivatives Designated as Hedging Instruments	Economic Hedges	Proprietary Trading [a]	Collateral and Netting [b]	Subtotal	Derivatives Designated as Hedging Instruments	Total
Mark-to-market derivative assets (current assets)	$ —	$ 15	$ 3	$ (13)	$ 5	$ —	$ 5
Mark-to-market derivative assets (noncurrent assets)	—	7	1	(5)	3	12	15
Total mark-to-market derivative assets	—	22	4	(18)	8	12	20
Mark-to-market derivative liabilities (current liabilities)	(1)	(17)	(2)	13	(7)	—	(7)
Mark-to-market derivative liabilities (noncurrent liabilities)	—	(8)	(1)	5	(4)	—	(4)
Total mark-to-market derivative liabilities	(1)	(25)	(3)	18	(11)	—	(11)
Total mark-to-market derivative net assets (liabilities)	$ (1)	$ (3)	$ 1	$ —	$ (3)	$ 12	$ 9

(a) Generation enters into interest rate derivative contracts to economically hedge risk associated with the interest rate component of commodity positions. The characterization of the interest rate derivative contracts between the proprietary trading activity in the above table is driven by the corresponding characterization of the underlying commodity position that gives rise to the interest rate exposure. Generation does not utilize proprietary trading interest rate derivatives with the objective of benefiting from shifts or changes in market interest rates.

(b) Exelon and Generation net all available amounts allowed under the derivative accounting guidance on the balance sheet. These amounts include unrealized derivative transactions with the same counterparty under legally enforceable master netting agreements and cash collateral. In some cases, Exelon and Generation may have other offsetting counterparty exposures subject to a master netting or similar agreement, such as accrued interest, transactions that do not qualify as derivatives, letters of credit and other forms of non-cash collateral. These are not reflected in the table above.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
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The following table provides a summary of the interest rate and foreign exchange hedge balances recorded by the Registrants as of December 31, 2016:

	Generation					Exelon Corporate	Exelon
Description	Derivatives Designated as Hedging Instruments	Economic Hedges	Proprietary Trading [a]	Collateral and Netting [b]	Subtotal	Derivatives Designated as Hedging Instruments	Total
Mark-to-market derivative assets (current assets)	$ —	$ 17	$ 4	$ (13)	$ 8	$ —	$ 8
Mark-to-market derivative assets (noncurrent assets)	—	11	1	(8)	4	16	20
Total mark-to-market derivative assets	—	28	5	(21)	12	16	28
Mark-to-market derivative liabilities (current liabilities)	(7)	(13)	(2)	14	(8)	—	(8)
Mark-to-market derivative liabilities (noncurrent liabilities)	(3)	(8)	(2)	9	(4)	—	(4)
Total mark-to-market derivative liabilities	(10)	(21)	(4)	23	(12)	—	(12)
Total mark-to-market derivative net assets (liabilities)	$ (10)	$ 7	$ 1	$ 2	$ —	$ 16	$ 16

(a) Generation enters into interest rate derivative contracts to economically hedge risk associated with the interest rate component of commodity positions. The characterization of the interest rate derivative contracts between the proprietary trading activity in the above table is driven by the corresponding characterization of the underlying commodity position that gives rise to the interest rate exposure. Generation does not utilize proprietary trading interest rate derivatives with the objective of benefiting from shifts or changes in market interest rates.

(b) Exelon and Generation net all available amounts allowed under the derivative accounting guidance on the balance sheet. These amounts include unrealized derivative transactions with the same counterparty under legally enforceable master netting agreements and cash collateral. In some cases, Exelon and Generation may have other offsetting counterparty exposures subject to a master netting or similar agreement, such as accrued interest, transactions that do not qualify as derivatives, letters of credit and other forms of non-cash collateral. These are not reflected in the table above.

Fair Value Hedges . For derivative instruments that are designated and qualify as fair value hedges, the gain or loss on the derivative as well as the offsetting loss or gain on the hedged item attributable to the hedged risk are recognized in current earnings. Exelon includes the gain or loss on the hedged items and the offsetting loss or gain on the related interest rate swaps in interest expense as follows:

		Three Months Ended March 31,			
	Income Statement Location	2017	2016	2017	2016
		Gain (loss) on Swaps		Gain (loss) on Borrowings	
Exelon	Interest expense	$ (4)	$ 17	$ 8	$ (15)

At March 31, 2017, Exelon had total outstanding fixed-to-floating fair value hedges related to interest rate swaps of $800 million, with a derivative asset of $12 million. At December 31, 2016, Exelon had total outstanding fixed-to-floating fair value hedges related to interest rate swaps of $800 million, with a derivative asset of $16 million. During the three months ended March 31, 2017 and 2016, the impact on the results of operations as a result of ineffectiveness from fair value hedges was a $4 million gain and a $2 million gain, respectively.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
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Cash Flow Hedges . During the first and second quarter of 2016, Exelon entered into $600 million and $100 million of floating-to-fixed forward starting interest rate swaps, respectively, to manage a portion of the interest rate exposure associated with an anticipated debt issuance. The swaps were designated as cash flow hedges. Exelon terminated the swaps during the second quarter of 2016 upon issuance of the debt. Exelon recognized a loss of $3 million related to the swaps and $3 million of AOCI will be amortized into Other, net in Exelon's Consolidated Statement of Operations and Comprehensive Income over the term of the debt. See Note 10 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for additional information.

During the first quarter of 2016, Exelon entered into a $100 million floating-to-fixed forward starting interest rate swaps to manage a portion of the interest rate exposure associated with an anticipated debt issuance. The swap was designated as a cash flow hedge. Exelon terminated the swap during the first quarter of 2016 upon issuance of the debt. Exelon did not recognize a gain or loss as a result of the termination of the swap and an immaterial amount of AOCI will be amortized into Other, net in Exelon's Consolidated Statement of Operations and Comprehensive Income over the term of the debt.

During the first quarter of 2014, EGR, a subsidiary of Generation, entered into floating-to-fixed interest rate swaps to manage a portion of its interest rate exposure in connection with the long-term borrowings. See Note 14 — Debt and Credit Agreements of the Exelon 2016 Form 10-K for additional information regarding the financing. The swaps have a notional amount of $164 million as of March 31, 2017 and expire in 2020. The swaps are designated as cash flow hedges. At March 31, 2017, the subsidiary had a $1 million derivative liability related to the swaps.

During the three months ended March 31, 2017 and 2016, the impact on the results of operations as a result of ineffectiveness from cash flow hedges in continuing designated hedge relationships was immaterial.

Economic Hedges . During the third quarter of 2014, EGTP, a subsidiary of Generation, entered into a floating-to-fixed interest rate swap to manage a portion of its interest rate exposure in connection with the long-term borrowing. See Note 14 — Debt and Credit Agreements of the Exelon 2016 Form 10-K for additional information regarding the financing. The swaps have a notional amount of $494 million as of March 31, 2017 and expire in 2019. The swap was designated as a cash flow hedge in the fourth quarter of 2014. During the first quarter of 2017, the swap was de-designated. At March 31, 2017, the subsidiary had a $7 million derivative liability related to the swap.

During the third quarter of 2011, Sacramento PV Energy, a subsidiary of Generation entered into floating-to-fixed interest rate swaps to manage a portion of its interest rate exposure in connection with the long-term borrowings. See Note 14 — Debt and Credit Agreements of the Exelon 2016 Form 10-K for additional information regarding the financing. During the first quarter of 2016, upon the termination of debt, Generation terminated the swaps. The total notional amount of the swaps were $25 million. No gain or loss was recognized as a result of the termination of the swaps.

During the third quarter of 2012, Constellation Solar Horizons, a subsidiary of Generation, entered into a floating-to-fixed interest rate swap to manage a portion of its interest rate exposure in connection with the long-term borrowings. See Note 14 — Debt and Credit Agreements of the Exelon 2016 Form 10-K for additional information regarding the financing. During the first quarter of 2016, upon the termination of debt, Generation terminated the swap. The total notional amount of the swap was $24 million. No gain or loss was recognized as a result of the termination of the swap.

At March 31, 2017, Generation had immaterial notional amounts of interest rate derivative contracts to economically hedge risk associated with the interest rate component of commodity positions and $73 million in

notional amounts of foreign currency exchange rate swaps that are marked-to-market to manage the exposure associated with international purchases of commodities in currencies other than U.S. dollars.

Fair Value Measurement and Accounting for the Offsetting of Amounts Related to Certain Contracts (Exelon, Generation, ComEd, PECO, BGE, PHI and DPL)

Fair value accounting guidance and disclosures about offsetting assets and liabilities requires the fair value of derivative instruments to be shown in the Notes to the Consolidated Financial Statements on a gross basis, even when the derivative instruments are subject to legally enforceable master netting agreements and qualify for net presentation in the Consolidated Balance Sheet. A master netting agreement is an agreement between two counterparties that may have derivative and non-derivative contracts with each other providing for the net settlement of all referencing contracts via one payment stream, which takes place as the contracts deliver, when collateral is requested or in the event of default. Generation's use of cash collateral is generally unrestricted, unless Generation is downgraded below investment grade (i.e., to BB+ or Ba1). In the table below, Generation's energy related economic hedges and proprietary trading derivatives are shown gross. The impact of the netting of fair value balances with the same counterparty that are subject to legally enforceable master netting agreements, as well as netting of cash collateral, including margin on exchange positions, is aggregated in the collateral and netting column. As of both March 31, 2017 and December 31, 2016, $8 million of cash collateral held was not offset against derivative positions because such collateral was not associated with any energy-related derivatives, were associated with accrual positions, or as of the balance sheet date there were no positions to offset. Excluded from the tables below are economic hedges that qualify for the NPNS scope exception and other non-derivative contracts that are accounted for under the accrual method of accounting.

ComEd's use of cash collateral is generally unrestricted unless ComEd is downgraded below investment grade (i.e., to BB+ or Ba1).

Cash collateral held by PECO and BGE must be deposited in a non affiliate major U.S. commercial bank or foreign bank with a U.S. branch office that meet certain qualifications.

In the table below, DPL's economic hedges are shown gross. The impact of the netting of fair value balances with the same counterparty that are subject to legally enforceable master netting agreements, as well as netting of cash collateral, is aggregated in the collateral and netting column.

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The following table provides a summary of the derivative fair value balances recorded by the Registrants as of March 31, 2017:

	Generation				ComEd	DPL			Successor PHI	Exelon
Derivatives	Economic Hedges	Proprietary Trading	Collateral and Netting (a)(e)	Subtotal (b)	Economic Hedges (c)	Economic Hedges (d)	Collateral and Netting (a)	Subtotal	Subtotal	Total Derivatives
Mark-to-market derivative assets (current assets)	$ 3,398	$ 56	$ (2,612)	$ 842	$ —	$ —	$ —	$ —	$ —	$ 842
Mark-to-market derivative assets (noncurrent assets)	1,975	24	(1,475)	524	—	—	—	—	—	524
Total mark-to-market derivative assets	5,373	80	(4,087)	1,366	—	—	—	—	—	1,366
Mark-to-market derivative liabilities (current liabilities)	(3,029)	(49)	2,876	(202)	(19)	—	—	—	—	(221)
Mark-to-market derivative liabilities (noncurrent liabilities)	(1,780)	(28)	1,655	(153)	(263)	—	—	—	—	(416)
Total mark-to-market derivative liabilities	(4,809)	(77)	4,531	(355)	(282)	—	—	—	—	(637)
Total mark-to-market derivative net assets (liabilities)	$ 564	$ 3	$ 444	$ 1,011	$ (282)	$ —	$ —	$ —	$ —	$ 729

(a) Exelon, Generation, PHI and DPL net all available amounts allowed under the derivative accounting guidance on the balance sheet. These amounts include unrealized derivative transactions with the same counterparty under legally enforceable master netting agreements and cash collateral. In some cases Exelon and Generation may have other offsetting exposures, subject to a master netting or similar agreement, such as trade receivables and payables, transactions that do not qualify as derivatives, letters of credit and other forms of non-cash collateral. These are not reflected in the table above.

(b) Current and noncurrent assets are shown net of collateral of $128 million and $77 million, respectively, and current and noncurrent liabilities are shown net of collateral of $136 million and $103 million, respectively. The total cash collateral posted, net of cash collateral received and offset against mark-to-market assets and liabilities was $444 million at March 31, 2017.

(c) Includes current and noncurrent liabilities relating to floating-to-fixed energy swap contracts with unaffiliated suppliers.

(d) Represents natural gas futures purchased by DPL as part of a natural gas hedging program approved by the DPSC.

(e) Of the collateral posted/(received), $14 million represents variation margin on the exchanges.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following table provides a summary of the derivative fair value balances recorded by the Registrants as of December 31, 2016:

	Generation				ComEd	DPL			Successor PHI	Exelon
Description	Economic Hedges	Proprietary Trading	Collateral and Netting [a][e]	Subtotal [b]	Economic Hedges [c]	Economic Hedges [d]	Collateral and Netting [a]	Subtotal	Subtotal	Total Derivatives
Mark-to-market derivative assets (current assets)	$ 3,623	$ 55	$ (2,769)	$ 909	$ —	$ 2	$ (2)	$ —	$ —	$ 909
Mark-to-market derivative assets (noncurrent assets)	1,467	21	(1,016)	472	—	—	—	—	—	472
Total mark-to-market derivative assets	5,090	76	(3,785)	1,381	—	2	(2)	—	—	1,381
Mark-to-market derivative liabilities (current liabilities)	(3,165)	(54)	2,964	(255)	(19)	—	—	—	—	(274)
Mark-to-market derivative liabilities (noncurrent liabilities)	(1,274)	(25)	1,150	(149)	(239)	—	—	—	—	(388)
Total mark-to-market derivative liabilities	(4,439)	(79)	4,114	(404)	(258)	—	—	—	—	(662)
Total mark-to-market derivative net assets (liabilities)	$ 651	$ (3)	$ 329	$ 977	$ (258)	$ 2	$ (2)	$ —	$ —	$ 719

(a) Exelon, Generation, PHI and DPL net all available amounts allowed under the derivative accounting guidance on the balance sheet. These amounts include unrealized derivative transactions with the same counterparty under legally enforceable master netting agreements and cash collateral. In some cases Exelon and Generation may have other offsetting exposures, subject to a master netting or similar agreement, such as trade receivables and payables, transactions that do not qualify as derivatives, and letters of credit and other forms of non-cash collateral. These are not reflected in the table above.
(b) Current and noncurrent assets are shown net of collateral of $100 million and $72 million, respectively, and current and noncurrent liabilities are shown net of collateral of $95 million and $62 million, respectively. The total cash collateral posted, net of cash collateral received and offset against mark-to-market assets and liabilities was $329 million at December 31, 2016.
(c) Includes current and noncurrent liabilities relating to floating-to-fixed energy swap contracts with unaffiliated suppliers.
(d) Represents natural gas futures purchased by DPL as part of a natural gas hedging program approved by the DPSC.
(e) Of the collateral posted/(received), $(158) million represents variation margin on the exchanges.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Cash Flow Hedges (Exelon and Generation). The tables below provide the activity of OCI related to cash flow hedges for the three months ended March 31, 2017 and 2016, containing information about the changes in the fair value of cash flow hedges and the reclassification from Accumulated OCI into results of operations. The amounts reclassified from OCI, when combined with the impacts of the hedged transactions, result in the ultimate recognition of net revenues or expenses at the contractual price.

		Total Cash Flow Hedge OCI Activity, Net of Income Tax	
		Generation	Exelon
Three Months Ended March 31, 2017	Income Statement Location	Total Cash Flow Hedges	Total Cash Flow Hedges
Accumulated OCI derivative loss at December 31, 2016		$ (19)	$ (17)
Effective portion of changes in fair value		2	2
Reclassifications from AOCI to net income	Interest Expense	4[(a)]	4[(a)]
Accumulated OCI derivative loss at March 31, 2017		$ (13)	$ (11)

		Total Cash Flow Hedge OCI Activity, Net of Income Tax	
		Generation	Exelon
Three Months Ended March 31, 2016	Income Statement Location	Total Cash Flow Hedges	Total Cash Flow Hedges
Accumulated OCI derivative loss at December 31, 2015		$ (21)	$ (19)
Effective portion of changes in fair value		(8)	(10)
Reclassifications from AOCI to net income	Interest Expense	3[(b)]	3[(b)]
Accumulated OCI derivative loss at March 31, 2016		$ (26)	$ (26)

(a) Amount is net of related income tax expense of $3 million for the three months ended March 31, 2017.
(b) Amount is net of related income tax expense of $2 million for the three months ended March 31, 2016.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Economic Hedges (Exelon and Generation). These instruments represent hedges that economically mitigate exposure to fluctuations in commodity prices and include financial options, futures, swaps, physical forward sales and purchases, but for which the fair value or cash flow hedge elections were not made. Additionally, Generation enters into interest rate derivative contracts and foreign exchange currency swaps ("treasury") to manage the exposure related to the interest rate component of commodity positions and international purchases of commodities in currencies other than U.S. Dollars. For the three months ended March 31, 2017 and 2016, the following net pre-tax mark-to-market gains (losses) of certain purchase and sale contracts were reported in Operating revenues or Purchased power and fuel expense, or Interest expense at Exelon and Generation in the Consolidated Statements of Operations and Comprehensive Income and are included in "Net fair value changes related to derivatives" in Exelon's and Generation's Consolidated Statements of Cash Flows. In the tables below, "Change in fair value" represents the change in fair value of the derivative contracts held at the reporting date. The "Reclassification to realized" generally represents the recognized change in fair value that was reclassified from unrealized to realized when the transaction to which the derivative relates occurs.

	Generation			Exelon
Three Months Ended March 31, 2017	**Operating Revenues**	**Purchased Power and Fuel**	**Total**	**Total**
Change in fair value of commodity positions	$ 93	$ (135)	$(42)	$ (42)
Reclassification to realized of commodity positions	(47)	42	(5)	(5)
Net commodity mark-to-market gains (losses)	46	(93)	(47)	(47)
Change in fair value of treasury positions	(1)	—	(1)	(1)
Reclassification to realized of treasury positions	(1)	—	(1)	(1)
Net treasury mark-to-market gains (losses)	(2)	—	(2)	(2)
Net mark-to-market gains (losses)	$ 44	$ (93)	$(49)	$ (49)

	Generation			Exelon
Three Months Ended March 31, 2016	**Operating Revenues**	**Purchased Power and Fuel**	**Total**	**Total**
Change in fair value of commodity positions	$ 279	$ (127)	$152	$ 152
Reclassification to realized of commodity positions	(211)	167	(44)	(44)
Net commodity mark-to-market gains (losses)	68	40	108	108
Change in fair value of treasury positions	(3)	—	(3)	(3)
Reclassification to realized of treasury positions	(2)	—	(2)	(2)
Net treasury mark-to-market gains (losses)	(5)	—	(5)	(5)
Net mark-to-market gains (losses)	$ 63	$ 40	$103	$ 103

Proprietary Trading Activities (Exelon and Generation). For the three months ended March 31, 2017 and 2016, Exelon and Generation recognized the following net unrealized mark-to-market gains (losses), net realized mark-to-market gains (losses) and total net mark-to-market gains (losses) before income taxes relating to mark-to-market activity on commodity derivative instruments entered into for proprietary trading purposes and interest rate and foreign exchange derivative contracts to hedge risk associated with the interest rate and foreign exchange components of underlying commodity positions. Gains and losses associated with proprietary trading are reported as operating revenues in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income and are included in "Net fair value changes related to derivatives" in Exelon's and

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Generation's Consolidated Statements of Cash Flows. In the tables below, "Change in fair value" represents the change in fair value of the derivative contracts held at the reporting date. The "Reclassification to realized" represents the recognized change in fair value that was reclassified to realized due to settlement of the derivative during the period.

	Three Months Ended March 31,	
	2017	2016
Change in fair value of commodity positions	$ —	$ 7
Reclassification to realized of commodity positions	(1)	(3)
Net commodity mark-to-market gains (losses)	(1)	4
Change in fair value of treasury positions	—	(2)
Reclassification to realized of treasury positions	(1)	1
Net treasury mark-to-market gains (losses)	(1)	(1)
Total net mark-to-market gains (losses)	$ (2)	$ 3

Credit Risk (All Registrants)

The Registrants would be exposed to credit-related losses in the event of non-performance by counterparties that enter into derivative instruments. The credit exposure of derivative contracts, before collateral, is represented by the fair value of contracts at the reporting date. For energy-related derivative instruments, Generation enters into enabling agreements that allow for payment netting with its counterparties, which reduces Generation's exposure to counterparty risk by providing for the offset of amounts payable to the counterparty against amounts receivable from the counterparty. Typically, each enabling agreement is for a specific commodity and so, with respect to each individual counterparty, netting is limited to transactions involving that specific commodity product, except where master netting agreements exist with a counterparty that allow for cross product netting. In addition to payment netting language in the enabling agreement, Generation's credit department establishes credit limits, margining thresholds and collateral requirements for each counterparty, which are defined in the derivative contracts. Counterparty credit limits are based on an internal credit review process that considers a variety of factors, including the results of a scoring model, leverage, liquidity, profitability, credit ratings by credit rating agencies and risk management capabilities. To the extent that a counterparty's margining thresholds are exceeded, the counterparty is required to post collateral with Generation as specified in each enabling agreement. Generation's credit department monitors current and forward credit exposure to counterparties and their affiliates, both on an individual and an aggregate basis.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following tables provide information on Generation's credit exposure for all derivative instruments, NPNS and applicable payables and receivables, net of collateral and instruments that are subject to master netting agreements, as of March 31, 2017. The tables further delineate that exposure by credit rating of the counterparties and provide guidance on the concentration of credit risk to individual counterparties. The figures in the tables below exclude credit risk exposure from individual retail counterparties, Nuclear fuel procurement contracts and exposure through RTOs, ISOs, NYMEX, ICE, NASDAQ, NGX and Nodal commodity exchanges. Additionally, the figures in the tables below exclude exposures with affiliates, including net receivables with ComEd, PECO, BGE, Pepco, DPL and ACE of $13 million, $31 million,$24 million, $40 million, $13 million, and $7 million as of March 31, 2017, respectively.

Rating as of March 31, 2017	Total Exposure Before Credit Collateral	Credit Collateral [a]	Net Exposure	Number of Counterparties Greater than 10% of Net Exposure	Net Exposure of Counterparties Greater than 10% of Net Exposure
Investment grade	$ 964	$ 16	$ 948	1	$ 313
Non-investment grade	75	3	72	—	—
No external ratings					
Internally rated — investment grade	324	—	324	—	—
Internally rated — non-investment grade	127	14	113	—	—
Total	$ 1,490	$ 33	$ 1,457	1	$ 313

Net Credit Exposure by Type of Counterparty	As of March 31, 2017
Financial institutions	$ 101
Investor-owned utilities, marketers, power producers	600
Energy cooperatives and municipalities	663
Other	93
Total	$ 1,457

(a) As of March 31, 2017, credit collateral held from counterparties where Generation had credit exposure included $23 million of cash and $10 million of letters of credit. The credit collateral does not include non-liquid collateral.

ComEd's power procurement contracts provide suppliers with a certain amount of unsecured credit. The credit position is based on forward market prices compared to the benchmark prices. The benchmark prices are the forward prices of energy projected through the contract term and are set at the point of supplier bid submittals. If the forward market price of energy exceeds the benchmark price, the suppliers are required to post collateral for the secured credit portion after adjusting for any unpaid deliveries and unsecured credit allowed under the contract. The unsecured credit used by the suppliers represents ComEd's net credit exposure. As of March 31, 2017, ComEd's net credit exposure to suppliers was approximately $1 million.

ComEd is permitted to recover its costs of procuring energy through the Illinois Settlement Legislation. ComEd's counterparty credit risk is mitigated by its ability to recover realized energy costs through customer rates. See Note 3 — Regulatory Matters of the Exelon 2016 Form 10-K for additional information.

PECO's supplier master agreements that govern the terms of its electric supply procurement contracts, which define a supplier's performance assurance requirements, allow a supplier to meet its credit requirements with a certain amount of unsecured credit. The amount of unsecured credit is determined based on the supplier's lowest credit rating from the major credit rating agencies and the supplier's tangible net worth. The credit position is based on the initial market price, which is the forward price of energy on the day a transaction is

executed, compared to the current forward price curve for energy. To the extent that the forward price curve for energy exceeds the initial market price, the supplier is required to post collateral to the extent the credit exposure is greater than the supplier's unsecured credit limit. The unsecured credit used by the suppliers represents PECO's net credit exposure. As of March 31, 2017, PECO had no material net credit exposure to suppliers.

PECO is permitted to recover its costs of procuring electric supply through its PAPUC-approved DSP Program. PECO's counterparty credit risk is mitigated by its ability to recover realized energy costs through customer rates. See Note 5 — Regulatory Matters for additional information.

PECO's natural gas procurement plan is reviewed and approved annually on a prospective basis by the PAPUC. PECO's counterparty credit risk under its natural gas supply and asset management agreements is mitigated by its ability to recover its natural gas costs through the PGC, which allows PECO to adjust rates quarterly to reflect realized natural gas prices. PECO does not obtain collateral from suppliers under its natural gas supply and asset management agreements. As of March 31, 2017, PECO had no material credit exposure under its natural gas supply and asset management agreements with investment grade suppliers.

BGE is permitted to recover its costs of procuring energy through the MDPSC-approved procurement tariffs. BGE's counterparty credit risk is mitigated by its ability to recover realized energy costs through customer rates. See Note 3 — Regulatory Matters of the Exelon 2016 Form 10-K for additional information.

BGE's full requirement wholesale electric power agreements that govern the terms of its electric supply procurement contracts, which define a supplier's performance assurance requirements, allow a supplier, or its guarantor, to meet its credit requirements with a certain amount of unsecured credit. The amount of unsecured credit is determined based on the supplier's lowest credit rating from the major credit rating agencies and the supplier's tangible net worth, subject to an unsecured credit cap. The credit position is based on the initial market price, which is the forward price of energy on the day a transaction is executed, compared to the current forward price curve for energy. To the extent that the forward price curve for energy exceeds the initial market price, the supplier is required to post collateral to the extent the credit exposure is greater than the supplier's unsecured credit limit. The unsecured credit used by the suppliers represents BGE's net credit exposure. The seller's credit exposure is calculated each business day. As of March 31, 2017, BGE had no net credit exposure to suppliers.

BGE's regulated gas business is exposed to market-price risk. This market-price risk is mitigated by BGE's recovery of its costs to procure natural gas through a gas cost adjustment clause approved by the MDPSC. BGE does make off-system sales after BGE has satisfied its customers' demands, which are not covered by the gas cost adjustment clause. At March 31, 2017, BGE had credit exposure of $3 million related to off-system sales which is mitigated by parental guarantees, letters of credit or right to offset clauses within other contracts with those third-party suppliers.

Pepco's, DPL's and ACE's power procurement contracts provide suppliers with a certain amount of unsecured credit. The amount of unsecured credit is determined based on the supplier's lowest credit rating from the major credit rating agencies and the supplier's tangible net worth. The credit position is based on the initial market price, which is the forward price of energy on the day a transaction is executed, compared to the current forward price curve for energy. To the extent that the forward price curve for energy exceeds the initial market price, the supplier is required to post collateral to the extent the credit exposure is greater than the supplier's unsecured credit limit. The unsecured credit used by the suppliers represents Pepco's, DPL's and ACE's net credit exposure. As of March 31, 2017, Pepco's, DPL's and ACE's net credit exposures to suppliers were immaterial.

Pepco is permitted to recover its costs of procuring energy through the MDPSC-approved and DCPSC-approved procurement tariffs. DPL is permitted to recover its costs of procuring energy through the MDPSC-approved and DPSC-approved procurement tariffs. ACE is permitted to recover its costs of procuring energy through the NJBPU-approved procurement tariffs. Pepco's, DPL's and ACE's counterparty credit risks are mitigated by their ability to recover realized energy costs through customer rates. See Note 3 — Regulatory Matters of the Exelon 2016 Form 10-K for additional information.

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(Dollars in millions, except per share data, unless otherwise noted)

DPL's natural gas procurement plan is reviewed and approved annually on a prospective basis by the DPSC. DPL's counterparty credit risk under its natural gas supply and asset management agreements is mitigated by its ability to recover its natural gas costs through the GCR, which allows DPL to adjust rates annually to reflect realized natural gas prices. To the extent that the fair value of the transactions in a net loss position exceeds the unsecured credit threshold, then collateral is required to be posted in an amount equal to the amount by which the unsecured credit threshold is exceeded. Exchange-traded contracts are required to be fully collateralized without regard to the credit rating of the holder. As of March 31, 2017, DPL had no credit exposure under its natural gas supply and asset management agreements with investment grade suppliers.

Collateral and Contingent-Related Features (All Registrants)

As part of the normal course of business, Generation routinely enters into physical or financially settled contracts for the purchase and sale of electric capacity, energy, fuels, emissions allowances and other energy-related products. Certain of Generation's derivative instruments contain provisions that require Generation to post collateral. Generation also enters into commodity transactions on exchanges (i.e., NYMEX, ICE). The exchanges act as the counterparty to each trade. Transactions on the exchanges must adhere to comprehensive collateral and margining requirements. This collateral may be posted in the form of cash or credit support with thresholds contingent upon Generation's credit rating from each of the major credit rating agencies. The collateral and credit support requirements vary by contract and by counterparty. These credit-risk-related contingent features stipulate that if Generation were to be downgraded or lose its investment grade credit rating (based on its senior unsecured debt rating), it would be required to provide additional collateral. This incremental collateral requirement allows for the offsetting of derivative instruments that are assets with the same counterparty, where the contractual right of offset exists under applicable master netting agreements. In the absence of expressly agreed-to provisions that specify the collateral that must be provided, collateral requested will be a function of the facts and circumstances of the situation at the time of the demand. In this case, Generation believes an amount of several months of future payments (i.e., capacity payments) rather than a calculation of fair value is the best estimate for the contingent collateral obligation, which has been factored into the disclosure below.

The aggregate fair value of all derivative instruments with credit-risk-related contingent features in a liability position that are not fully collateralized (excluding transactions on the exchanges that are fully collateralized) is detailed in the table below:

Credit-Risk Related Contingent Feature	March 31, 2017	December 31, 2016
Gross Fair Value of Derivative Contracts Containing this Feature [(a)]	$ (994)	$ (960)
Offsetting Fair Value of In-the-Money Contracts Under Master Netting Arrangements [(b)]	712	627
Net Fair Value of Derivative Contracts Containing This Feature [(c)]	$ (282)	$ (333)

(a) Amount represents the gross fair value of out-of-the-money derivative contracts containing credit-risk related contingent features ignoring the effects of master netting agreements.
(b) Amount represents the offsetting fair value of in-the-money derivative contracts under legally enforceable master netting agreements with the same counterparty, which reduces the amount of any liability for which a Registrant could potentially be required to post collateral.
(c) Amount represents the net fair value of out-of-the-money derivative contracts containing credit-risk related contingent features after considering the mitigating effects of offsetting positions under master netting arrangements and reflects the actual net liability upon which any potential contingent collateral obligations would be based.

Generation had cash collateral posted of $471 million and letters of credit posted of $273 million and cash collateral held of $35 million and letters of credit held of $32 million as of March 31, 2017 for external counterparties with derivative positions. Generation had cash collateral posted of $347 million and letters of credit posted of $284 million and cash collateral held of $24 million and letters of credit held of $28 million at December 31, 2016 for external counterparties with derivative positions. In the event of a credit downgrade below investment grade (i.e., to

BB+ by S&P or Ba1 by Moody's), Generation would have been required to post additional collateral of $1.8 billion and $1.9 billion as of March 31, 2017 and December 31, 2016, respectively. These amounts represent the potential additional collateral required after giving consideration to offsetting derivative and non-derivative positions under master netting agreements.

Generation's and Exelon's interest rate swaps contain provisions that, in the event of a merger, if Generation's debt ratings were to materially weaken, it would be in violation of these provisions, resulting in the ability of the counterparty to terminate the agreement prior to maturity. Collateralization would not be required under any circumstance. Termination of the agreement could result in a settlement payment by Exelon or the counterparty on any interest rate swap in a net liability position. The settlement amount would be equal to the fair value of the swap on the termination date. As of March 31, 2017, Generation's swaps were in a liability position with a fair value of $3 million and Exelon's swaps were in an asset position, with a fair value of $9 million.

See Note 26 — Segment Information of the Exelon 2016 Form 10-K for further information regarding the letters of credit supporting the cash collateral.

Generation entered into supply forward contracts with certain utilities, including PECO and BGE, with one-sided collateral postings only from Generation. If market prices fall below the benchmark price levels in these contracts, the utilities are not required to post collateral. However, when market prices rise above the benchmark price levels, counterparty suppliers, including Generation, are required to post collateral once certain unsecured credit limits are exceeded. Under the terms of ComEd's standard block energy contracts, collateral postings are one-sided from suppliers, including Generation, should exposures between market prices and benchmark prices exceed established unsecured credit limits outlined in the contracts. As of March 31, 2017, ComEd held approximately $1 million in collateral from suppliers in association with energy procurement contracts. Under the terms of ComEd's annual renewable energy contracts, collateral postings are required to cover a fixed value for RECs only. In addition, under the terms of ComEd's long-term renewable energy contracts, collateral postings are required from suppliers for both RECs and energy. The REC portion is a fixed value and the energy portion is one-sided from suppliers should the forward market prices exceed contract prices. As of March 31, 2017, ComEd held approximately $19 million in the form of cash and letters of credit as margin for both the annual and long-term REC obligations. If ComEd lost its investment grade credit rating as of March 31, 2017, it would have been required to post approximately $10 million of collateral to its counterparties. See Note 3 — Regulatory Matters of the Exelon 2016 Form 10-K for additional information.

PECO's natural gas procurement contracts contain provisions that could require PECO to post collateral. This collateral may be posted in the form of cash or credit support with thresholds contingent upon PECO's credit rating from the major credit rating agencies. The collateral and credit support requirements vary by contract and by counterparty. As of March 31, 2017, PECO was not required to post collateral for any of these agreements. If PECO lost its investment grade credit rating as of March 31, 2017, PECO could have been required to post approximately $27 million of collateral to its counterparties.

PECO's supplier master agreements that govern the terms of its DSP Program contracts do not contain provisions that would require PECO to post collateral.

BGE's full requirements wholesale power agreements that govern the terms of its electric supply procurement contracts do not contain provisions that would require BGE to post collateral.

BGE's natural gas procurement contracts contain provisions that could require BGE to post collateral. This collateral may be posted in the form of cash or credit support with thresholds contingent upon BGE's credit rating from the major credit rating agencies. The collateral and credit support requirements vary by contract and by counterparty. As of March 31, 2017, BGE was not required to post collateral for any of these agreements. If

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BGE lost its investment grade credit rating as of March 31, 2017, BGE could have been required to post approximately $47 million of collateral to its counterparties.

Pepco's full requirements wholesale power agreements that govern the terms of its electric supply procurement contracts do not contain provisions that would require Pepco to post collateral.

DPL's full requirements wholesale power agreements that govern the terms of its electric supply procurement contracts do not contain provisions that would require DPL to post collateral.

DPL's natural gas procurement contracts contain provisions that could require DPL to post collateral. To the extent that the fair value of the natural gas derivative transaction in a net loss position exceeds the unsecured credit threshold, then collateral is required to be posted in an amount equal to the amount by which the unsecured credit threshold is exceeded. The DPL obligations are standalone, without the guaranty of PHI. If DPL lost its investment grade credit rating as of March 31, 2017, DPL could have been required to post an additional amount of approximately $11 million of collateral to its natural gas counterparties.

ACE's full requirements wholesale power agreements that govern the terms of its electric supply procurement contracts do not contain provisions that would require ACE to post collateral.

10. Debt and Credit Agreements (All Registrants)

Short-Term Borrowings

Exelon, Pepco, DPL and ACE meet their short-term liquidity requirements primarily through the issuance of commercial paper and short-term notes. ComEd and BGE meet their short-term liquidity requirements primarily through the issuance of commercial paper. Generation and PECO meet their short-term liquidity requirements primarily through the issuance of commercial paper and borrowings from the Exelon intercompany money pool. PHI meets its short-term liquidity requirement primarily through the issuance of short-term notes and the Exelon intercompany money pool.

Commercial Paper

The Registrants had the following amounts of commercial paper borrowings outstanding as of March 31, 2017 and December 31, 2016:

Commercial Paper Borrowings	March 31, 2017	December 31, 2016
Exelon Corporate	$ 204	$ —
Generation	579	620
ComEd	365	—
PECO	—	—
BGE	95	45
PHI Corporate	—	—
Pepco	167	23

Short-Term Loan Agreements

On January 13, 2016, PHI entered into a $500 million term loan agreement, which was amended on March 28, 2016. The net proceeds of the loan were used to repay PHI's outstanding commercial paper, and for

general corporate purposes. Pursuant to the loan agreement, as amended, loans made thereunder bear interest at a variable rate equal to LIBOR plus 1%, and all indebtedness thereunder is unsecured. On March 23, 2017, the aggregate principal amount of all loans, together with any accrued but unpaid interest due under the loan agreement was fully repaid and the loan terminated. On March 23, 2017, Exelon Corporate entered into a similar type term loan for $500 million which expires on March 22, 2018. Pursuant to the loan agreement, loans made thereunder bear interest at a variable rate equal to LIBOR plus 1% and all indebtedness thereunder is unsecured. The loan agreement is reflected in Exelon's Consolidated Balance Sheet within Short-Term borrowings.

Credit Agreements

On January 5, 2016, Generation entered into a credit agreement establishing a $150 million bilateral credit facility, scheduled to mature in January 2019. This facility will solely be utilized by Generation to issue letters of credit. This facility does not back Generation's commercial paper program.

On January 9, 2017, the credit agreement for Generation's $75 million bilateral credit facility was amended and restated to increase the facility size to $100 million and extend the maturity to January 2019. This facility will solely be used by Generation to issue letters of credit.

On April 1, 2016, the credit agreement for CENG's $100 million bilateral credit facility was amended to increase the overall facility size to $200 million. This facility is utilized by CENG to fund working capital and capital projects. The facility does not back Generation's commercial paper program.

On May 26, 2016, Exelon Corporate, Generation, ComEd, PECO and BGE entered into amendments to each of their respective syndicated revolving credit facilities, which extended the maturity of each of the facilities to May 26, 2021. Exelon Corporate also increased the size of its facility from $500 million to $600 million. On May 26, 2016, PHI, Pepco, DPL and ACE entered into an amendment to their Second Amended and Restated Credit Agreement dated as of August 1, 2011, which (i) extended the maturity date of the facility to May 26, 2021, (ii) removed PHI as a borrower under the facility, (iii) decreased the size of the facility from $1.5 billion to $900 million and (iv) converted its financial covenant from a debt to capitalization leverage ratio to an interest coverage ratio.

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Long-Term Debt

Issuance of Long-Term Debt

During the three months ended March 31, 2017, the following long-term debt was issued:

Company	Type	Interest Rate	Maturity	Amount	Use of Proceeds
Generation	Energy Efficiency Project Financing	3.72%	April 30, 2018	$ 1	Funding to install energy conservation measures for the Smithsonian Zoo project
Generation	Energy Efficiency Project Financing	2.61%	September 30, 2018	$ 1	Funding to install energy conservation measures for the Pensacola project
Generation	Energy Efficiency Project Financing	3.90%	January 31, 2018	$ 6	Funding to install energy conservation measures for the Naval Station Great Lakes project
Generation	Albany Green Energy Project Financing	LIBOR + 1.25%	November 17, 2017	$ 13	Albany Green Energy biomass generation development
Generation	Senior Notes	2.95%	January 15, 2020	$ 250	Repay outstanding commercial paper obligations and for general corporate purposes.
Generation	Senior Notes	3.40%	March 15, 2022	$ 500	Repay outstanding commercial paper obligations and for general corporate purposes.
Pepco	Energy Efficiency Project Financing	3.30%	December 15, 2017	$ 1	Funding to install energy conservation measures for the DOE Germantown project

EGTP Nonrecourse Debt

In September 2014, EGTP, an indirect subsidiary of Exelon and Generation, issued $675 million aggregate principal amount of a nonrecourse senior secured term loan. The net proceeds were distributed to Generation for general business purposes. The loan is scheduled to mature on September 18, 2021. The term loan bears interest at a variable rate equal to LIBOR plus 4.75%, subject to a 1% LIBOR floor with interest payable quarterly. As of March 31, 2017, $658 million was outstanding. As part of the agreement, a revolving credit facility was established for the amount of $20 million available through, and scheduled to mature on September 18, 2019. In addition to the financing, EGTP entered into various interest rate swaps with an initial notional amount of approximately $505 million at an interest rate of 2.34% to hedge a portion of the interest rate exposure in connection with this financing, as required by the debt covenants. See Note 9 — Derivative Financial Instruments for additional information regarding interest rate swaps. See Note 20 — Subsequent Events for additional information regarding EGTP and the associated nonrecourse debt.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
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Junior Subordinated Notes

In June 2014, Exelon issued $1.15 billion of junior subordinated notes in the form of 23 million equity units at a stated amount of $50.00 per unit. Each equity unit represented an undivided beneficial ownership interest in Exelon's $1.15 billion of 2.50% junior subordinated notes due in 2024 ("2024 notes") and a forward equity purchase contract. As contemplated in the June 2014 equity unit structure, in April 2017, Exelon completed the remarketing of the 2024 notes into $1.15 billion of 3.497% junior subordinated notes due in 2022 ("Remarketing"). Exelon conducted the Remarketing on behalf of the holders of equity units and did not directly receive any proceeds therefrom. Instead, the former holders of the 2024 notes may use debt remarketing proceeds towards settling the forward equity purchase contract with Exelon on June 1, 2017. Exelon will receive $1.15 billion upon settlement on June 1, 2017, of the forward equity purchase contract. Exelon currently expects the number of equity shares to be issued to range from 26 million to 33 million dependent on Exelon's stock price at the time of settlement pursuant to the equity unit terms. Until settlement of the equity purchase contract, earnings per share dilution resulting from the equity units is being determined under the treasury stock method.

For the three months ended March 31, 2017 and 2016, contract payments of $11 million related to the Contract Payment Obligation were included within Retirements of long-term debt in Exelon's Consolidated Statements of Cash Flows.

11. Income Taxes (All Registrants)

The effective income tax rate from continuing operations varies from the U.S. Federal statutory rate principally due to the following:

	Three Months Ended March 31, 2017								
									Successor
	Exelon	Generation	ComEd	PECO	BGE	Pepco	DPL	ACE	PHI
U.S. Federal statutory rate	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%
Increase (decrease) due to:									
State income taxes, net of Federal income tax benefit	0.9	1.0	4.9	0.1	5.2	4.6	5.3	5.6	4.9
Qualified nuclear decommissioning trust fund income	3.4	7.6	—	—	—	—	—	—	—
Amortization of investment tax credit, including deferred taxes on basis difference	(0.4)	(0.7)	(0.2)	(0.1)	(0.1)	(0.1)	(0.3)	(0.4)	(0.2)
Plant basis differences	(2.4)	—	(0.2)	(13.2)	(0.9)	(5.8)	(1.9)	(3.4)	(3.8)
Production tax credits and other credits	(0.6)	(1.4)	—	—	—	—	—	—	—
Noncontrolling interests	(0.1)	(0.3)	—	—	—	—	—	—	—
Merger expenses [a]	(11.4)	(3.3)	—	—	—	(34.2)	(21.9)	(167.1)	(42.4)
Fitzpatrick bargain purchase gain	(6.6)	(14.5)	—	—	—	—	—	—	—
Other	—	(0.1)	—	0.3	(0.2)	0.5	—	(3.0)	(0.4)
Effective income tax rate	17.8%	23.3%	39.5%	22.1%	39.0%	0.0%	16.2%	(133.3)%	(6.9)%

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
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	Three Months Ended March 31, 2016								Successor March 24, 2016 to March 31, 2016	Predecessor January 1, 2016 to March 23, 2016
	Exelon	Generation	ComEd	PECO	BGE	Pepco (b)	DPL (b)	ACE (b)	PHI (b)	PHI
U.S. Federal statutory rate	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%
Increase (decrease) due to:										
State income taxes, net of Federal income tax benefit (c)	(1.1)	3.7	5.1	1.0	5.2	(2.5)	(2.7)	5.9	5.4	11.9
Qualified nuclear decommissioning trust fund income	5.6	4.2	—	—	—	—	—	—	—	—
Amortization of investment tax credit, including deferred taxes on basis difference	(1.6)	(1.0)	(0.3)	(0.1)	(0.1)	—	0.1	0.2	—	(0.9)
Plant basis differences	(5.5)	—	(0.1)	(9.3)	(0.6)	2.8	0.7	0.6	—	(13.5)
Production tax credits and other credits	(5.1)	(3.9)	—	—	—	—	—	—	—	—
Noncontrolling interests	0.5	0.3	—	—	—	—	—	—	—	—
Merger expenses	33.6	—	—	—	—	(16.5)	(22.1)	(17.0)	(15.1)	11.1
Other	(2.0)	(1.6)	0.4	(0.9)	—	—	0.1	0.1	0.2	3.6
Effective income tax rate	59.4%	36.7%	40.1%	25.7%	39.5%	18.8%	11.1%	24.8%	25.5%	47.2%

(a) Includes a remeasurement of uncertain federal and state income tax positions, see below.
(b) Pepco, DPL and ACE recognized a loss before income taxes for the three months ended March 31, 2016, and PHI recognized a loss before income taxes for the period of March 24, 2016, through March 31, 2016. As a result, positive percentages represent an income tax benefit for the periods presented.
(c) Includes a remeasurement of uncertain state income tax positions for Pepco and DPL.

Accounting for Uncertainty in Income Taxes

The Registrants have the following unrecognized tax benefits as of March 31, 2017 and December 31, 2016:

	Exelon	Generation	ComEd	PECO	BGE	Successor PHI	Pepco	DPL	ACE
March 31, 2017	$ 769	$ 470	$ (12)	$ —	$120	$ 112	$ 59	$21	$ —

	Exelon	Generation	ComEd	PECO	BGE	Successor PHI	Pepco	DPL	ACE
December 31, 2016	$ 916	$ 490	$ (12)	$ —	$120	$ 172	$ 80	$37	$ 22

Exelon established a liability for an uncertain tax position associated with the tax deductibility of certain merger commitments incurred by Exelon in connection with the acquisitions of Constellation in 2012 and PHI in 2016. In the first quarter 2017, as a part of its examination of Exelon's return, the IRS National Office issued guidance concurring with Exelon's position that the merger commitments were deductible. As a result, Exelon, Generation, PHI, Pepco, DPL, and ACE decreased their liability for unrecognized tax benefits by $146 million, $19 million, $59 million, $21 million, $16 million, and $22 million, respectively, as of March 31, 2017, resulting in a benefit to Income taxes on Exelon's, Generation's, PHI's, Pepco's, DPL's and ACE's Consolidated Statements of Operations and Comprehensive Income and corresponding decreases in their effective tax rates.

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Reasonably possible the total amount of unrecognized tax benefits could significantly increase or decrease within 12 months after the reporting date

Like-Kind Exchange

As of March 31, 2017, Exelon and ComEd have approximately $76 million and $(12) million, respectively, of unrecognized state income tax benefits that could significantly decrease and increase within the 12 months after the reporting date due to a final resolution of the like-kind exchange litigation described below. The recognition of these unrecognized tax benefits would decrease Exelon's effective tax rate and increase ComEd's effective tax rate.

Settlement of Income Tax Audits

As of March 31, 2017, Exelon, Generation, BGE, PHI, Pepco, and DPL have approximately $257 million, $57 million, $120 million, $80 million, $59 million, and $21 million of unrecognized federal and state tax benefits that could significantly decrease within the 12 months after the reporting date as a result of completing audits and potential settlements. Of the above unrecognized tax benefits, Exelon and Generation have $50 million that, if recognized, would decrease the effective tax rate. The unrecognized tax benefits related to BGE, DPL, and a portion of Pepco, if recognized, may be included in future regulated base rates and that portion would have no impact to the effective tax rate.

Other Income Tax Matters

Like-Kind Exchange (Exelon and ComEd)

Exelon, through its ComEd subsidiary, took a position on its 1999 income tax return to defer approximately $1.2 billion of tax gain on the sale of ComEd's fossil generating assets. The gain was deferred by reinvesting a portion of the proceeds from the sale in qualifying replacement property under the like-kind exchange provisions of the IRC. The like-kind exchange replacement property purchased by Exelon included interests in three municipal-owned electric generation facilities which were properly leased back to the municipalities.

The IRS disagreed with this position and asserted that the entire gain of approximately $1.2 billion was taxable in 1999. Exelon was unable to reach agreement with the IRS regarding the dispute over the like-kind exchange position. The IRS asserted that the Exelon purchase and leaseback transaction was substantially similar to a leasing transaction, known as a SILO, which the IRS does not respect as the acquisition of an ownership interest in property. A SILO is a "listed transaction" that the IRS has identified as a potentially abusive tax shelter under guidance issued in 2005. Accordingly, the IRS asserted that the sale of the fossil plants followed by the purchase and leaseback of the municipal owned generation facilities did not qualify as a like-kind exchange and the gain on the sale is fully subject to tax. The IRS also asserted a penalty of approximately $90 million for a substantial understatement of tax.

On September 30, 2013, the IRS issued a notice of deficiency to Exelon for the like-kind exchange position. Exelon filed a petition on December 13, 2013 to initiate litigation in the United States Tax Court and the trial took place in August of 2015. Exelon was not required to remit any part of the asserted tax or penalty in order to litigate the issue.

On September 19, 2016, the Tax Court rejected Exelon's position in the case and ruled that Exelon was not entitled to defer gain on the transaction. In addition, contrary to Exelon's evaluation that the penalty was unwarranted, the Tax Court ruled that Exelon is liable for the penalty and interest due on the asserted penalty. Exelon expects to timely appeal this decision to the U.S. Court of Appeals for the Seventh Circuit in 2017.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
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In the first quarter of 2013, Exelon concluded that it was no longer more likely than not that the like-kind exchange position would be sustained and recorded charges to earnings representing the amount of interest expense (after-tax) and incremental state income tax expense that would be payable in the event Exelon is unsuccessful in litigation. Prior to the Tax Court's decision, however, Exelon did not believe it was likely a penalty would be assessed based on applicable case law and the facts of the transaction. As a result, no charge had been recorded for the penalty or for after-tax interest on the penalty. While it has strong arguments on appeal with respect to both the merits and the penalty, Exelon has determined that, pursuant to accounting standards, it is no longer more likely than not to avoid ultimate imposition of the penalty. As a result, in the third quarter of 2016, Exelon and ComEd recorded a charge to earnings of approximately $106 million and $86 million, respectively, of penalty and approximately $94 million and $64 million, respectively, of after-tax interest. Exelon and ComEd recorded the penalty and pre-tax interest due on the asserted penalty to Other, net and Interest expense, net, respectively, on their Consolidated Statements of Operations. Consistent with Exelon's agreement to continue to hold ComEd harmless from any unfavorable impact on its equity, ComEd recorded on its Consolidated Balance Sheets as of September 30, 2016, a $150 million receivable and non-cash equity contributions from Exelon. In addition, while further adjustments may be required, Exelon currently estimates that its income tax expense may decrease by as much as $50 million and ComEd's income tax expense may increase by as much as $20 million resulting from the IRS's completion of its calculation of tax, penalties, and interest in the second quarter of 2017.

In order to appeal the decision, Exelon is required to pay the tax, penalties and interest at the time Exelon files its appeal (expected in the third quarter of 2017). While the final calculation of tax, penalties and interest has not yet been finalized by the IRS, Exelon estimates that a payment of approximately $1.3 billion related to the like-kind exchange will be due, including $300 million from ComEd, in the third quarter of 2017. While Exelon will receive a tax benefit of approximately $350 million associated with the deduction for the interest, Exelon currently has a net operating loss carryforward and thus does not expect to realize the cash benefit until 2018. After taking into account these interest deduction tax benefits, the total estimated net cash outflow for the like-kind exchange is approximately $950 million, of which approximately $300 million is attributable to ComEd after giving consideration to Exelon's agreement to hold ComEd harmless from any unfavorable impacts of after-tax interest or penalty amounts on ComEd's equity. Upon a final appellate decision, which could take up to several years, Exelon expects to receive approximately $80 million related to final interest computations.

Of the above amounts payable, Exelon deposited with the IRS $1.25 billion in October of 2016. The remaining amount will be paid in the third quarter of 2017 at the time Exelon files its appeal of the Tax Court decision. Exelon funded the $1.25 billion deposit with a combination of cash on hand and short-term borrowings. The deposit is reflected as a current asset and the related liabilities for the tax, penalty, and interest are included on Exelon's balance sheet as current obligations.

As of March 31, 2017, ComEd has a total receivable from Exelon pursuant to the hold harmless agreement of $345 million, which is included in Current Receivables from Affiliates on ComEd's Consolidated Balance Sheet. Under the agreement, Exelon will settle this receivable with ComEd no later than the time that the payments related to the like-kind exchange are due to the IRS, currently anticipated in the third quarter of 2017. Exelon will not seek recovery from ComEd customers for any interest or penalty payment amounts associated with the like-kind exchange tax position.

As previously disclosed, in the first quarter of 2014, Exelon entered into an agreement to terminate its investment in one of the three municipal-owned electric generation properties in exchange for a net early termination amount of $335 million. In the first quarter of 2016, Exelon terminated its interests in the remaining two municipal-owned electric generation properties in exchange for $360 million.

Long-Term Marginal State Income Tax Rate (Exelon, Generation and PHI)

Exelon, Generation and PHI periodically review events that may significantly impact how income is apportioned among the states and, therefore, the calculation of their respective deferred state income taxes. Events that may require Exelon, Generation and PHI to update their long-term state tax apportionment include significant changes in tax law and/or significant operational changes. Exelon and PHI's long-term marginal state income tax rate was revised in the first quarter of 2017 as a result of a statutory rate change pursuant to Exelon's marginal state income tax rate policy, resulting in the recording of a deferred state tax benefit for Exelon of $21 million, net of tax.

12. Nuclear Decommissioning (Exelon and Generation)

Nuclear Decommissioning Asset Retirement Obligations

Generation has a legal obligation to decommission its nuclear power plants following the expiration of their operating licenses. To estimate its decommissioning obligation related to its nuclear generating stations for financial accounting and reporting purposes, Generation uses a probability-weighted, discounted cash flow model which, on a unit-by-unit basis, considers multiple outcome scenarios that include significant estimates and assumptions, and are based on decommissioning cost studies, cost escalation rates, probabilistic cash flow models and discount rates. Generation updates its ARO annually, unless circumstances warrant more frequent updates, based on its review of updated cost studies and its annual evaluation of cost escalation factors and probabilities assigned to various scenarios.

The following table provides a rollforward of the nuclear decommissioning ARO reflected on Exelon's and Generation's Consolidated Balance Sheets from December 31, 2016 to March 31, 2017:

Nuclear decommissioning ARO at December 31, 2016 [(a)]	$8,734
Acquisition of FitzPatrick	417
Accretion expense	109
Costs incurred to decommission retired plants	(1)
Nuclear decommissioning ARO at March 31, 2017 [(a)(b)]	$9,259

(a) Includes $11 million and $10 million for the current portion of the ARO at March 31, 2017 and December 31, 2016, respectively, which is included in Other current liabilities on Exelon's and Generation's Consolidated Balance Sheets.
(b) Includes the fair value of the FitzPatrick ARO liability as of March 31, 2017, the date of the acquisition. See Note 4 —Mergers, Acquisitions and Dispositions.

During the three months ended March 31, 2017, Generation's nuclear ARO increased by approximately $525 million. The increase is largely driven by the acquisition of FitzPatrick. The fair value of FitzPatrick's assets and liabilities, including the ARO, was determined based on significant estimates and assumptions that are judgmental in nature. The fair value of the ARO is considered an initial estimate and will be updated with inputs from a third party engineering firm with corresponding adjustments recorded by the end of 2017. For additional details on the acquisition of FitzPatrick, see Note 4 — Mergers, Acquisitions and Dispositions.

Nuclear Decommissioning Trust Fund Investments

NDT funds have been established for each generation station unit to satisfy Generation's nuclear decommissioning obligations. Generally, NDT funds established for a particular unit may not be used to fund the decommissioning obligations of any other unit.

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The NDT funds associated with Generation's nuclear units have been funded with amounts collected from the previous owners and their respective utility customers. PECO is authorized to collect funds, in revenues, for decommissioning the former PECO nuclear plants through regulated rates, and these collections are scheduled through the operating lives of the former PECO plants. The amounts collected from PECO customers are remitted to Generation and deposited into the NDT funds for the unit for which funds are collected. Every five years, PECO files a rate adjustment with the PAPUC that reflects PECO's calculations of the estimated amount needed to decommission each of the former PECO units based on updated fund balances and estimated decommissioning costs. The rate adjustment is used to determine the amount collectible from PECO customers. On March 31, 2017, PECO filed its Nuclear Decommissioning Cost Adjustment (NDCA) with the PAPUC proposing an annual recovery from customers of approximately $4 million which, if approved by the PAPUC, will be effective January 1, 2018. This amount reflects a decrease from the current approved annual collection of approximately $24 million primarily due to the removal of the collections for Limerick Units 1 and 2 as a result of the NRC approving the extension of the operating licenses for an additional 20 years. See Note 16 — Asset Retirement Obligations of Exelon's 2016 Form 10-K, for information regarding the amount collected from PECO ratepayers for decommissioning costs.

At March 31, 2017 and December 31, 2016, Exelon and Generation had NDT fund investments totaling $12,362 million and $11,061 million, respectively. The increase is primarily driven by the acquisition of FitzPatrick.

The following table provides unrealized gains on NDT funds for the three months ended March 31, 2017 and 2016:

	Exelon and Generation	
	Three Months Ended March 31,	
	2017	2016
Net unrealized gains on decommissioning trust funds — Regulatory Agreement Units [(a)]	$ 222	$ 79
Net unrealized gains on decommissioning trust funds — Non-Regulatory Agreement Units [(b)(c)]	166	52

(a) Net unrealized gains related to Generation's NDT funds associated with Regulatory Agreement Units are included in Regulatory liabilities on Exelon's Consolidated Balance Sheets and Noncurrent payables to affiliates on Generation's Consolidated Balance Sheets.
(b) Excludes $(1) million and $2 million of net unrealized gains (losses) related to the Zion Station pledged assets for the three months ended March 31, 2017 and 2016 respectively. Net unrealized gains related to Zion Station pledged assets are included in the Payable for Zion Station decommissioning on Exelon's and Generation's Consolidated Balance Sheets.
(c) Net unrealized gains related to Generation's NDT funds with Non-Regulatory Agreement Units are included within Other, net in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income.

Interest and dividends on NDT fund investments are recognized when earned and are included in Other, net in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income. Interest and dividends earned on the NDT fund investments for the Regulatory Agreement Units are eliminated within Other, net in Exelon's and Generation's Consolidated Statement of Operations and Comprehensive Income.

Refer to Note 3 — Regulatory Matters and Note 27 — Related Party Transactions of the Exelon 2016 Form 10-K for information regarding regulatory liabilities at ComEd and PECO and intercompany balances between Generation, ComEd and PECO reflecting the obligation to refund to customers any decommissioning-related assets in excess of the related decommissioning obligations.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Zion Station Decommissioning

On September 1, 2010, Generation completed an Asset Sale Agreement (ASA) with EnergySolutions Inc. and its wholly owned subsidiaries, EnergySolutions, LLC (EnergySolutions) and ZionSolutions, under which ZionSolutions has assumed responsibility for completing certain decommissioning activities at Zion Station, which is located in Zion, Illinois and ceased operation in 1998. See Note 16 — Asset Retirement Obligations of the Exelon 2016 Form 10-K for information regarding the specific treatment of assets, including NDT funds, and decommissioning liabilities transferred in the transaction.

ZionSolutions is subject to certain restrictions on its ability to request reimbursements from the Zion Station NDT funds as defined within the ASA. Therefore, the transfer of the Zion Station assets did not qualify for asset sale accounting treatment and, as a result, the related NDT funds were reclassified to Pledged assets for Zion Station decommissioning within Generation's and Exelon's Consolidated Balance Sheets and will continue to be measured in the same manner as prior to the completion of the transaction. Additionally, the transferred ARO for decommissioning was replaced with a Payable for Zion Station decommissioning in Generation's and Exelon's Consolidated Balance Sheets. Changes in the value of the Zion Station NDT assets, net of applicable taxes, are recorded as a change in the Payable to ZionSolutions. At no point will the payable to ZionSolutions exceed the project budget of the costs remaining to decommission Zion Station. Generation has retained its obligation for the SNF. Following ZionSolutions' completion of its contractual obligations and transfer of the NRC license to Generation, Generation will store the SNF at Zion Station until it is transferred to the DOE for ultimate disposal, and will complete all remaining decommissioning activities associated with the SNF dry storage facility. Generation has a liability of approximately $112 million which is included within the nuclear decommissioning ARO at March 31, 2017. Generation also has retained NDT assets to fund its obligation to maintain the SNF at Zion Station until transfer to the DOE and to complete all remaining decommissioning activities for the SNF storage facility. Any shortage of funds necessary to maintain the SNF and decommission the SNF storage facility is ultimately required to be funded by Generation. Any Zion Station NDT funds remaining after the completion of all decommissioning activities will be returned to ComEd customers in accordance with the applicable orders. The following table provides the pledged assets and payables to ZionSolutions, and withdrawals by ZionSolutions at March 31, 2017 and December 31, 2016:

	Exelon and Generation	
	March 31, 2017	December 31, 2016
Carrying value of Zion Station pledged assets	$ 95	$ 113
Payable to Zion Solutions [(a)]	88	104
Current portion of payable to Zion Solutions [(b)]	85	90
Cumulative withdrawals by Zion Solutions to pay decommissioning costs [(c)]	895	878

(a) Excludes a liability recorded within Exelon's and Generation's Consolidated Balance Sheets related to the tax obligation on the unrealized activity associated with the Zion Station NDT funds. The NDT funds will be utilized to satisfy the tax obligations as gains and losses are realized.
(b) Included in Other current liabilities within Exelon's and Generation's Consolidated Balance Sheets.
(c) Includes project expenses to decommission Zion Station and estimated tax payments on Zion Station NDT fund earnings.

NRC Minimum Funding Requirements

NRC regulations require that licensees of nuclear generating facilities demonstrate reasonable assurance that funds will be available in specified minimum amounts to decommission the facility at the end of its life.

Generation filed its biennial decommissioning funding status report with the NRC on March 30, 2017 for all units except for Zion Station which is included in a separate report to the NRC submitted by EnergySolutions

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(see Zion Station Decommissioning above). The status report demonstrated adequate decommissioning funding assurance for all units except for Peach Bottom Unit 1. As a former PECO plant, financial assurance for decommissioning Peach Bottom Unit 1 is provided by the NDT fund in addition to collections from PECO ratepayers. As discussed under Nuclear Decommissioning Trust Fund Investments above, the amount collected from PECO ratepayers has been adjusted in the March 31, 2017 filing to the PAPUC which, if approved by the PAPUC, will be effective January 1, 2018.

13. Retirement Benefits (All Registrants)

Exelon sponsors defined benefit pension plans and other postretirement benefit plans for essentially all employees.

Effective March 31, 2017, in connection with the acquisition of FitzPatrick, Exelon established a new qualified pension plan and a new other postretirement employee benefit plan, and recorded benefit plan obligations of $38 million and $11 million, respectively. Refer to Note 4 — Mergers, Acquisitions and Dispositions for additional discussion of the acquisition of FitzPatrick.

Effective March 23, 2016, Exelon became the sponsor of all of PHI's defined benefit pension and other postretirement benefit plans, and assumed PHI's benefit plan obligations and related assets. As a result, PHI's benefit plan net obligation and related regulatory assets were transferred to Exelon.

Defined Benefit Pension and Other Postretirement Benefits

During the first quarter of 2017, Exelon received an updated valuation of its pension and other postretirement benefit obligations to reflect actual census data as of January 1, 2017. This valuation resulted in an increase to the pension obligation of $92 million and an increase to the other postretirement benefit obligation of $57 million. Additionally, accumulated other comprehensive loss increased by approximately $59 million (after tax), regulatory assets increased by approximately $57 million and regulatory liabilities increased by approximately $4 million.

The majority of the 2017 pension benefit cost for Exelon-sponsored plans is calculated using an expected long-term rate of return on plan assets of 7.00% and a discount rate of 4.04%. The majority of the 2017 other postretirement benefit cost is calculated using an expected long-term rate of return on plan assets of 6.58% for funded plans and a discount rate of 4.04%.

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A portion of the net periodic benefit cost for all plans is capitalized within the Consolidated Balance Sheets. The following tables present the components of Exelon's net periodic benefit costs, prior to capitalization, for the three months ended March 31, 2017 and 2016 and PHI's net periodic benefit costs, prior to capitalization, for the predecessor period of January 1, 2016 to March 23, 2016.

	Pension Benefits Three Months Ended March 31,		Other Postretirement Benefits Three Months Ended March 31,	
	2017	2016 [a]	2017	2016 [a]
Components of net periodic benefit cost:				
Service cost	$ 95	$ 78	$ 26	$ 26
Interest cost	210	190	45	43
Expected return on assets	(299)	(263)	(41)	(38)
Amortization of:				
Prior service cost (benefit)	—	3	(47)	(44)
Actuarial loss	152	127	16	14
Net periodic benefit cost	$ 158	$ 135	$ (1)	$ 1

(a) PHI net periodic benefit costs for the period prior to the merger are not included in the table above.

	Predecessor PHI	
	Pension Benefits January 1, 2016 to March 23, 2016	Other Postretirement Benefits January 1, 2016 to March 23, 2016
Components of net periodic benefit cost:		
Service cost	$ 12	$ 1
Interest cost	26	6
Expected return on assets	(30)	(5)
Amortization of:		
Prior service cost (benefit)	—	(3)
Actuarial loss	14	2
Net periodic benefit cost	$ 22	$ 1

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
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The amounts below represent Exelon's, Generation's, ComEd's, PECO's, BGE's, PHI's, Pepco's, DPL's, ACE's, BSC's and PHISCO's allocated portion of the pension and postretirement benefit plan costs, which were included in Property, plant and equipment within the respective Consolidated Balance Sheets and Operating and maintenance expense within the Consolidated Statement of Operations and Comprehensive Income during the three months ended March 31, 2017 and 2016 and PHI's for the predecessor and successor periods of January 1, 2016 to March 23, 2016 and March 24, 2016 to March 31, 2016, respectively.

Pension and Other Postretirement Benefit Costs	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
Exelon	$ 157	$ 136
Generation	54	54
ComEd	44	41
PECO	7	8
BGE	16	16
BSC [(a)]	12	14
Pepco [(b)]	7	8
DPL [(b)]	3	5
ACE [(b)]	3	4
PHISCO [(a)(b)]	11	9

Pension and Other Postretirement Benefit Costs	*Successor* March 24, 2016 to March 31, 2016	*Predecessor* January 1, 2016 to March 23, 2016
PHI	$ 3	$ 23

(a) These amounts primarily represent amounts billed to Exelon's subsidiaries through intercompany allocations. These amounts are not included in the Generation, ComEd, PECO, BGE, PHI, Pepco, DPL or ACE amounts above.

(b) Pepco's, DPL's, ACE's and PHISCO's pension and postretirement benefit costs for the three months ended March 31, 2016 include $7 million, $4 million, $3 million and $9 million, respectively, of costs incurred prior to the closing of Exelon's merger with PHI on March 23, 2016.

Defined Contribution Savings Plans

The Registrants participate in various 401(k) defined contribution savings plans that are sponsored by Exelon. The plans are qualified under applicable sections of the IRC and allow employees to contribute a portion of their pre-tax and/or after-tax income in accordance with specified guidelines. All Registrants match a percentage of the employee contributions up to certain limits. The following table presents the matching contributions to the savings plans during the three months ended March 31, 2017 and 2016:

Savings Plan Matching Contributions	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
Exelon	$ 30	$ 26
Generation	14	12
ComEd	7	6
PECO	2	2
BGE	2	1
BSC [(a)]	2	5
Pepco [(b)]	1	1
DPL [(b)]	1	1
PHISCO [(a)(b)]	1	1

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Savings Plan Matching Contributions	Successor March 24, 2016 to March 31, 2016	Predecessor January 1, 2016 to March 23, 2016
PHI	$ —	$ 3

(a) These amounts primarily represent amounts billed to Exelon and PHI's subsidiaries through intercompany allocations. These costs are not included in the Generation, ComEd, PECO, BGE, Pepco and DPL amounts above.
(b) Pepco's, DPL's and PHISCO's matching contributions for the three months ended March 31, 2016 include $1 million, $1 million and $1 million, respectively, of costs incurred prior to the closing of Exelon's merger with PHI on March 23, 2016, which is not included in Exelon's matching contributions for the three months ended March 31, 2016.

14. Severance (All Registrants)

The Registrants have an ongoing severance plan under which, in general, the longer an employee worked prior to termination the greater the amount of severance benefits. The Registrants record a liability and expense or regulatory asset for severance once terminations are probable of occurrence and the related severance benefits can be reasonably estimated. For severance benefits that are incremental to its ongoing severance plan ("one-time termination benefits"), the Registrants measure the obligation and record the expense at fair value at the communication date if there are no future service requirements, or, if future service is required to receive the termination benefit, ratably over the required service period.

Ongoing Severance Plans

The Registrants provide severance and health and welfare benefits under Exelon's ongoing severance benefit plans to terminated employees in the normal course of business. These benefits are accrued for when the benefits are considered probable and can be reasonably estimated.

For the three months ended March 31, 2017 and 2016, Exelon, Generation, and ComEd recorded the following severance costs (benefits) associated with these ongoing severance benefits within Operating and maintenance expense in their Consolidated Statements of Operations and Comprehensive Income.

Three Months Ended	Exelon	Generation [a]	ComEd [a]
March 31, 2017	$ 4	$ 3	$ 1
March 31, 2016	2	2	—

(a) The amounts above for Generation include $1 million for amounts billed by BSC through intercompany allocations for both the three months ended March 31, 2017 and 2016. Amounts billed by BSC to ComEd were immaterial.

Cost Management Program-Related Severance

In August 2015, Exelon announced a cost management program focused on cost savings at BSC and Generation, including the elimination of approximately 500 positions. These actions are in response to the continuing economic challenges confronting all parts of Exelon's business and industry, necessitating continued focus on cost management through enhanced efficiency and productivity. Exelon expects that approximately 250 corporate support positions in BSC and approximately 250 positions located throughout Generation will be eliminated.

For the three months ended March 31, 2017 and 2016, the Registrants recorded the following severance costs related to the cost management program within Operating and maintenance expense in their Consolidated

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Statements of Operations and Comprehensive Income, pursuant to the authoritative guidance for ongoing severance plans:

	Exelon	Generation	ComEd	PECO	BGE
Three Months Ended					
March 31, 2017 [a]	$ (1)	$ (1)	$ —	$ —	$ —
March 31, 2016 [b]	$ 17	$ 12	$ 3	$ 1	$ 1

(a) Amounts billed by BSC through intercompany allocations for the three months ended March 31, 2017 were immaterial.
(b) The amounts above for Generation, ComEd, PECO and BGE include $7 million, $3 million, $1 million and $1 million, respectively, for amounts billed by BSC through intercompany allocations for the three months ended March 31, 2016.

Severance Costs Related to the PHI Merger

Upon closing the PHI Merger, Exelon recorded a severance accrual for the anticipated employee position reductions as a result of the post-merger integration. Cash payments under the plan began in May 2016 and will continue through 2020.

For the three months ended March 31, 2017, the PHI merger severance costs were immaterial. For the three months ended March 31, 2016, the Registrants recorded the following severance costs associated with the identified job reductions within Operating and maintenance expense in their Consolidated Statements of Operations and Comprehensive Income, pursuant to the authoritative guidance for ongoing severance plans:

	Exelon	Generation	ComEd	PECO	BGE	*Successor* PHI	Pepco	DPL	ACE
Three Months Ended March 31, 2016									
Severance benefits [a]	$ 52	$ 10	$ 2	$ 1	$ 1	$ 37	$ 18	$11	$ 8

(a) The amounts above for Generation, ComEd, PECO, BGE, Pepco, DPL and ACE include $9 million, $2 million, $1 million, $1 million, $18 million, $11 million and $8 million, respectively, for amounts billed by BSC and/or PHISCO through intercompany allocations for the three months ended March 31, 2016.

Severance Liability

Amounts included in the table below represent the severance liability recorded for the severance plans above for employees of each Registrant and exclude amounts included at Exelon and billed through intercompany allocations:

Severance Liability	Exelon	Generation	ComEd	PECO	BGE	*Successor* PHI	Pepco	DPL	ACE
Balance at December 31, 2016	$ 88	$ 36	$ 3	$ —	$ —	$ 29	$ —	$—	$ —
Severance charges [a]	3	1	—	—	—	—	—	—	—
Payments	(10)	(3)	—	—	—	(5)	—	—	—
Balance at March 31, 2017	$ 81	$ 34	$ 3	$ —	$ —	$ 24	$ —	$—	$ —

(a) Includes salary continuance and health and welfare severance benefits.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

15. Changes in Accumulated Other Comprehensive Income (Exelon, Generation, PECO and PHI)

The following tables present changes in accumulated other comprehensive income (loss) (AOCI) by component for the three months ended March 31, 2017 and 2016:

Three Months Ended March 31, 2017	Gains and (losses) on Cash Flow Hedges	Unrealized Gains and (losses) on Marketable Securities	Pension and Non-Pension Postretirement Benefit Plan Items	Foreign Currency Items	AOCI of Equity Investments	Total
Exelon [a]						
Beginning balance	$ (17)	$ 4	$ (2,610)	$ (30)	$ (7)	$(2,660)
OCI before reclassifications	2	1	(59)	1	5	(50)
Amounts reclassified from AOCI [b]	4	—	36	—	—	40
Net current-period OCI	6	1	(23)	1	5	(10)
Ending balance	$ (11)	$ 5	$ (2,633)	$ (29)	$ (2)	$(2,670)
Generation [a]						
Beginning balance	$ (19)	$ 2	$ —	$ (30)	$ (7)	$ (54)
OCI before reclassifications	2	—	—	1	6	9
Amounts reclassified from AOCI [b]	4	—	—	—	—	4
Net current-period OCI	6	—	—	1	6	13
Ending balance	$ (13)	$ 2	$ —	$ (29)	$ (1)	$ (41)
PECO [a]						
Beginning balance	$ —	$ 1	$ —	$ —	$ —	$ 1
OCI before reclassifications	—	—	—	—	—	—
Amounts reclassified from AOCI [b]	—	—	—	—	—	—
Net current-period OCI	—	—	—	—	—	—
Ending balance	$ —	$ 1	$ —	$ —	$ —	$ 1

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Three Months Ended March 31, 2016	Gains and (losses) on Hedging Activity	Unrealized Gains and (losses) on Marketable Securities	Pension and Non-Pension Postretirement Benefit Plan Items	Foreign Currency Items	AOCI of Equity Investments	Total
Exelon [a]						
Beginning balance	$ (19)	$ 3	$ (2,565)	$ (40)	$ (3)	$(2,624)
OCI before reclassifications	(10)	(1)	(1)	6	(3)	(9)
Amounts reclassified from AOCI [b]	3	—	34	—	—	37
Net current-period OCI	(7)	(1)	33	6	(3)	28
Ending balance	$ (26)	$ 2	$ (2,532)	$ (34)	$ (6)	$(2,596)
Generation [a]						
Beginning balance	$ (21)	$ 1	$ —	$ (40)	$ (3)	$ (63)
OCI before reclassifications	(8)	—	—	6	(2)	(4)
Amounts reclassified from AOCI [b]	3	—	—	—	—	3
Net current-period OCI	(5)	—	—	6	(2)	(1)
Ending balance	$ (26)	$ 1	$ —	$ (34)	$ (5)	$ (64)
PECO [a]						
Beginning balance	$ —	$ 1	$ —	$ —	$ —	$ 1
OCI before reclassifications	—	—	—	—	—	—
Amounts reclassified from AOCI [b]	—	—	—	—	—	—
Net current-period OCI	—	—	—	—	—	—
Ending balance	$ —	$ 1	$ —	$ —	$ —	$ 1
PHI Predecessor [a]						
Beginning balance January 1, 2016	$ (8)	$ —	$ (28)	$ —	$ —	$ (36)
OCI before reclassifications	—	—	—	—	—	—
Amounts reclassified from AOCI [b]	—	—	1	—	—	1
Net current-period OCI	—	—	1	—	—	1
Ending balance March 23, 2016 [c]	$ (8)	$ —	$ (27)	$ —	$ —	$ (35)

(a) All amounts are net of tax and noncontrolling interest. Amounts in parenthesis represent a decrease in AOCI.
(b) See next tables for details about these reclassifications.
(c) As a result of the PHI Merger, the PHI predecessor balances at March 23, 2016 were reduced to zero on March 24, 2016 due to purchase accounting adjustments applied to PHI.

ComEd, PECO, BGE, Pepco, DPL and ACE did not have any reclassifications out of AOCI to Net income during the three months ended March 31, 2017 and 2016. The following tables present amounts reclassified out of AOCI to Net income for Exelon, Generation and PHI during the three months ended March 31, 2017 and 2016.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Three Months Ended March 31, 2017

Details about AOCI components	Items reclassified out of AOCI [a] Exelon	Generation	Affected line item in the Statement of Operations and Comprehensive Income
Gains and (losses) on cash flow hedges			
Other cash flow hedges	$ (7)	$ (7)	Interest expense
Total before tax	(7)	(7)	
Tax benefit	3	3	
Net of tax	$ (4)	$ (4)	Comprehensive income
Amortization of pension and other postretirement benefit plan items			
Prior service costs [b]	$ 23	$ —	
Actuarial losses [b]	(81)	—	
Total before tax	(58)	—	
Tax benefit	22	—	
Net of tax	$ (36)	$ —	
Total Reclassifications	$ (40)	$ (4)	Comprehensive income

Three Months Ended March 31, 2016

Details about AOCI components	Items reclassified out of AOCI [a] Exelon	Generation	*Predecessor* PHI	Affected line item in the Statement of Operations and Comprehensive Income
Gains and (losses) on cash flow hedges				
Other cash flow hedges	$ (5)	$ (5)	—	Interest expense
Total before tax	(5)	(5)	—	
Tax expense	2	2	—	
Net of tax	$ (3)	$ (3)	$ —	Comprehensive income
Amortization of pension and other postretirement benefit plan items				
Prior service costs [b]	$ 20	$ —	$ —	
Actuarial losses [b]	(76)	—	(1)	
Total before tax	(56)	—	(1)	
Tax benefit	22	—	—	
Net of tax	$ (34)	$ —	$ (1)	
Total Reclassifications	$ (37)	$ (3)	$ (1)	Comprehensive income

(a) Amounts in parenthesis represent a decrease in net income.
(b) This AOCI component is included in the computation of net periodic pension and OPEB cost (see Note 13 — Retirement Benefits for additional details).

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following table presents income tax expense (benefit) allocated to each component of other comprehensive income (loss) during the three months ended March 31, 2017 and 2016:

	Three Months Ended March 31,	
	2017	2016
Exelon		
Pension and non-pension postretirement benefit plans:		
Prior service benefit reclassified to periodic benefit cost	$ 10	$ 7
Actuarial loss reclassified to periodic benefit cost	(32)	(30)
Pension and non-pension postretirement benefit plans valuation adjustment	—	—
Change in unrealized (loss)/gain on cash flow hedges	(1)	3
Change in unrealized (loss)/gain on equity investments	(4)	2
Change in unrealized (loss)/gain on marketable securities	(1)	1
Total	$ (28)	$ (17)
Generation		
Change in unrealized (loss)/gain on cash flow hedges	$ (1)	$ 2
Change in unrealized (loss)/gain on equity investments	(3)	2
Total	$ (4)	$ 4

	Predecessor
PHI	**January 1, 2016 to March 23, 2016**
Pension and non-pension postretirement benefit plans:	
Actuarial loss reclassified to periodic cost	$ —

16. Earnings Per Share and Equity (Exelon)

Earnings per Share

Diluted earnings per share is calculated by dividing Net income attributable to common shareholders by the weighted average number of shares of common stock outstanding, including shares to be issued upon exercise of stock options, performance share awards and restricted stock outstanding under Exelon's LTIPs considered to be common stock equivalents. The following table sets forth the components of basic and diluted earnings per share and shows the effect of these stock options, performance share awards and restricted stock on the weighted average number of shares outstanding used in calculating diluted earnings per share:

	Three Months Ended March 31,	
	2017	2016
Exelon		
Net income attributable to common shareholders	$ 995	$ 173
Weighted average common shares outstanding — basic	928	923
Assumed exercise and/or distributions of stock-based awards	2	2
Weighted average common shares outstanding — diluted	930	925

The number of stock options not included in the calculation of diluted common shares outstanding due to their antidilutive effect was approximately 9 million and 13 million for the three months ended March 31, 2017

and 2016, respectively. There were no equity units related to the PHI Merger not included in the calculation of diluted common shares outstanding due to their antidilutive effect for the three months ended March 31, 2017. The number of equity units related to the PHI Merger not included in the calculation of diluted common shares outstanding due to their antidilutive effect was 4 million for the three months ended March 31, 2016. Refer to Note 20 — Shareholders' Equity of the Exelon 2016 Form 10-K for further information regarding the equity units.

Under share repurchase programs, 35 million shares of common stock are held as treasury stock with a cost of $2.3 billion as of March 31, 2017. In 2008, Exelon management decided to defer indefinitely any share repurchases.

17. Commitments and Contingencies (*All Registrants*)

The following is an update to the current status of commitments and contingencies set forth in Note 24 of the Exelon 2016 Form 10-K . See Note 4 — Mergers, Acquisitions and Dispositions for further discussion on the PHI Merger commitments.

Commitments

Constellation Merger Commitments (Exelon and Generation)

In February 2012, the MDPSC issued an Order approving the Exelon and Constellation merger. As part of the MDPSC Order, Exelon agreed to provide a package of benefits to BGE customers, the City of Baltimore and the State of Maryland, resulting in an estimated direct investment in the State of Maryland of approximately $1 billion. The direct investment estimate includes $95 million to $120 million relating to the construction of a headquarters building in Baltimore for Generation's competitive energy businesses.

The direct investment commitment also includes $450 million to $550 million relating to Exelon and Generation's development or assistance in the development of 285 — 300 MWs of new generation in Maryland, which is expected to be completed within a period of 10 years. The MDPSC order contemplates various options for complying with the new generation development commitments, including building or acquiring generating assets, making subsidy or compliance payments, or in circumstances in which the generation build is delayed or certain specified provisions are elected, making liquidated damages payments. Exelon and Generation have incurred $456 million towards satisfying the commitment for new generation development in the state of Maryland, with approximately 220 MW of the new generation commencing with commercial operations to date. During the fourth quarter of 2016, given continued declines in projected energy and capacity prices, Generation terminated rights to certain development projects originally intended to meet its remaining 55 MW commitment amount. The commitment will now most likely be satisfied via payment of liquidated damages or execution of a third party PPA, rather than by Generation constructing renewable generating assets. As a result, Exelon and Generation recorded a pre-tax $50 million loss contingency in Operating and maintenance expense in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income for the year ended December 31, 2016.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
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Equity Investment Commitments (Exelon and Generation)

As part of Generation's recent investments in technology development, Generation enters into equity purchase agreements that include commitments to invest additional equity through incremental payments to fund the anticipated needs of the planned operations of the associated companies. As of March 31, 2017, Generation's estimated commitments relating to its equity purchase agreements, including the in-kind services contributions, is anticipated to be as follows:

	Total
2017	$ 9
2018	7
2019	3
Total	$ 19

Commercial Commitments (All Registrants)

The Registrants' commercial commitments as of March 31, 2017 , representing commitments potentially triggered by future events were as follows:

	Exelon	Generation	ComEd	PECO	BGE	Successor PHI	Pepco	DPL	ACE
Letters of credit (non-debt) [a]	$1,527	$ 1,440	$ 14	$ 23	$ 5	$ 1	$ 1	$—	$ —
Surety bonds [b]	1,038	964	5	7	11	16	9	4	3
Financing trust guarantees	628	—	200	178	250	—	—	—	—
Guaranteed lease residual values [c]	19	—	—	—	—	19	5	7	5
Total commercial commitments	$3,212	$ 2,404	$ 219	$208	$266	$ 36	$ 15	$11	$ 8

(a) Letters of credit (non-debt) — Exelon and certain subsidiaries maintain non-debt letters of credit to provide credit support for certain transactions as requested by third parties.
(b) Surety bonds — Guarantees issued related to contract and commercial agreements, excluding bid bonds.
(c) Represents the maximum potential obligation in the event that the fair value of certain leased equipment and fleet vehicles is zero at the end of the maximum lease term. The maximum lease term associated with these assets ranges from 3 to 8 years. The maximum potential obligation at the end of the minimum lease term would be $48 million, $14 million of which is a guarantee by Pepco, $17 million by DPL and $13 million by ACE. The minimum lease term associated with these assets ranges from 1 to 4 years. Historically, payments under the guarantees have not been made and PHI believes the likelihood of payments being required under the guarantees is remote.

Nuclear Insurance (Exelon and Generation)

Generation is subject to liability, property damage and other risks associated with major incidents at any of its nuclear stations, including the CENG nuclear stations. Generation has mitigated its financial exposure to these risks through insurance and other industry risk-sharing provisions.

The Price-Anderson Act was enacted to ensure the availability of funds for public liability claims arising from an incident at any of the U.S. licensed nuclear facilities and also to limit the liability of nuclear reactor owners for such claims from any single incident. As of March 31, 2017 , the current liability limit per incident is

$13.4 billion and is subject to change to account for the effects of inflation and changes in the number of licensed reactors at least once every five years with the last adjustment effective September 10, 2013. In accordance with the Price-Anderson Act, Generation maintains financial protection at levels equal to the amount of liability insurance available from private sources through the purchase of private nuclear energy liability insurance for public liability claims that could arise in the event of an incident. Effective January 1, 2017, the required amount of nuclear energy liability insurance purchased is $450 million for each operating site. Claims exceeding that amount are covered through mandatory participation in a financial protection pool, as required by the Price Anderson-Act, which provides the additional $13.0 billion per incident in funds available for public liability claims. Participation in this secondary financial protection pool requires the operator of each reactor to fund its proportionate share of costs for any single incident that exceeds the primary layer of financial protection. Exelon's share of this secondary layer would be approximately $2.8 billion, including CENG's related liability, however any amounts payable under this secondary layer would be capped at $420 million per year.

In addition, the U.S. Congress could impose revenue-raising measures on the nuclear industry to pay public liability claims exceeding the $13.4 billion limit for a single incident.

As part of the execution of the NOSA on April 1, 2014, Generation executed an Indemnity Agreement pursuant to which Generation agreed to indemnify EDF and its affiliates against third-party claims that may arise from any future nuclear incident (as defined in the Price-Anderson Act) in connection with the CENG nuclear plants or their operations. Exelon guarantees Generation's obligations under this indemnity. See Note 5 —Investment in Constellation Energy Nuclear Group, LLC of the Exelon 2016 Form 10-K for additional information on Generation's operations relating to CENG.

Generation is required each year to report to the NRC the current levels and sources of property insurance that demonstrates Generation possesses sufficient financial resources to stabilize and decontaminate a reactor and reactor station site in the event of an accident. The property insurance maintained for each facility is currently provided through insurance policies purchased from NEIL, an industry mutual insurance company of which Generation is a member.

Premiums paid to NEIL by its members are also subject to a potential assessment for adverse loss experience in the form of a retrospective premium obligation. NEIL has never assessed this retrospective premium since its formation in 1973, and Generation cannot predict the level of future assessments if any. The current maximum aggregate annual retrospective premium obligation for Generation is approximately $373 million. NEIL requires its members to maintain an investment grade credit rating or to ensure collectability of their annual retrospective premium obligation by providing a financial guarantee, letter of credit, deposit premium, or some other means of assurance.

NEIL provides "all risk" property damage, decontamination and premature decommissioning insurance for each station for losses resulting from damage to its nuclear plants, either due to accidents or acts of terrorism. If the decision is made to decommission the facility, a portion of the insurance proceeds will be allocated to a fund, which Generation is required by the NRC to maintain, to provide for decommissioning the facility. In the event of an insured loss, Generation is unable to predict the timing of the availability of insurance proceeds to Generation and the amount of such proceeds that would be available. In the event that one or more acts of terrorism cause accidental property damage within a twelve-month period from the first accidental property damage under one or more policies for all insured plants, the maximum recovery by Exelon will be an aggregate of $3.2 billion plus such additional amounts as the insurer may recover for all such losses from reinsurance, indemnity and any other source, applicable to such losses.

For its insured losses, Generation is self-insured to the extent that losses are within the policy deductible or exceed the amount of insurance maintained. Uninsured losses and other expenses, to the extent not recoverable

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from insurers or the nuclear industry, could also be borne by Generation. Any such losses could have a material adverse effect on Exelon's and Generation's financial condition, results of operations and liquidity.

Environmental Issues ***(All Registrants)***

General. The Registrants' operations have in the past, and may in the future, require substantial expenditures in order to comply with environmental laws. Additionally, under Federal and state environmental laws, the Registrants are generally liable for the costs of remediating environmental contamination of property now or formerly owned by them and of property contaminated by hazardous substances generated by them. The Registrants own or lease a number of real estate parcels, including parcels on which their operations or the operations of others may have resulted in contamination by substances that are considered hazardous under environmental laws. In addition, the Registrants are currently involved in a number of proceedings relating to sites where hazardous substances have been deposited and may be subject to additional proceedings in the future.

ComEd, PECO, BGE and DPL have identified sites where former MGP activities have or may have resulted in actual site contamination. For almost all of these sites, there are additional PRPs that may share responsibility for the ultimate remediation of each location.

- ComEd has identified 42 sites, 18 of which the remediation has been completed and approved by the Illinois EPA or the U.S. EPA and 24 that are currently under some degree of active study and/or remediation. ComEd expects the majority of the remediation at these sites to continue through at least 2021.
- PECO has identified 26 sites, 17 of which have been remediated in accordance with applicable PA DEP regulatory requirements. The remaining 9 sites are currently under some degree of active study and/or remediation. PECO expects the majority of the remediation at these sites to continue through at least 2022.
- BGE has identified 13 former gas manufacturing or purification sites that it currently owns or owned at one time through a predecessor's acquisition. Two gas manufacturing sites require some level of remediation and ongoing monitoring under the direction of the MDE. The required costs at these two sites are not considered material. The first phase of an investigation of an additional gas purification site (Riverside) was completed during the first quarter of 2015 at the direction of the MDE and investigations continue under MDE's direction. For more information, see the discussion of the Riverside site below.
- DPL has identified 2 sites, all of which the remediation has been completed and approved by the MDE or the Delaware Department of Natural Resources and Environmental Control.

ComEd, pursuant to an ICC order, and PECO, pursuant to settlements of natural gas distribution rate cases with the PAPUC, are currently recovering environmental remediation costs of former MGP facility sites through customer rates. ComEd and PECO have recorded regulatory assets for the recovery of these costs. See Note 5 —Regulatory Matters for additional information regarding the associated regulatory assets. BGE is authorized to recover, and is currently recovering, environmental costs for the remediation of the former MGP facility sites from customers; however, while BGE does not have a rider for MGP clean-up costs, BGE has historically received recovery of actual clean-up costs in distribution rates. DPL has historically received recovery of actual clean-up costs in distribution rates.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

As of Three Months Ended March 31, 2017 and December 31, 2016, the Registrants had accrued the following undiscounted amounts for environmental liabilities in Other current liabilities and Other deferred credits and other liabilities within their respective Consolidated Balance Sheets:

March 31, 2017	Total Environmental Investigation and Remediation Reserve	Portion of Total Related to MGP Investigation and Remediation
Exelon	$ 425	$ 319
Generation	71	—
ComEd	288	286
PECO	33	31
BGE	4	2
PHI (Successor)	29	—
Pepco	26	—
DPL	2	—
ACE	1	—

December 31, 2016	Total Environmental Investigation and Remediation Reserve	Portion of Total Related to MGP Investigation and Remediation
Exelon	$ 429	$ 325
Generation	72	—
ComEd	292	291
PECO	33	31
BGE	2	2
PHI (Successor)	30	1
Pepco	27	—
DPL	2	1
ACE	1	—

The historical nature of the MGP sites and the fact that many of the sites have been buried and built over, impacts the ability to determine a precise estimate of the ultimate costs prior to initial sampling and determination of the exact scope and method of remedial activity. Management determines its best estimate of remediation costs using all available information at the time of each study, including probabilistic and deterministic modeling for ComEd and PECO, and the remediation standards currently required by the applicable state environmental agency. Prior to completion of any significant clean up, each site remediation plan is approved by the appropriate state environmental agency.

The Registrants cannot reasonably estimate whether they will incur other significant liabilities for additional investigation and remediation costs at these or additional sites identified by the Registrants, environmental agencies or others, or whether such costs will be recoverable from third parties, including customers.

Water Quality

Benning Road Site NPDES Permit Limit Exceedances . Pepco holds an NPDES permit issued by EPA with a July 19, 2009 effective date, which authorizes discharges from the Benning Road service facility. The 2009 permit for the first time imposed numerical limits on the allowable concentration of certain metals in storm water discharged from the site into the Anacostia River. The permit contemplated that Pepco would meet these limits over time through the use of best management practices (BMPs). The BMPs were effective in reducing metal concentrations in storm water discharges, but were not sufficient to meet all of the numerical limits for all metals.

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The 2009 permit remains in effect pending EPA's action on the Pepco renewal application, including resolution of the stormwater compliance issues. On October 30, 2015, EPA filed a Clean Water Act civil enforcement action against Pepco in federal district court, and in March 2016 the court granted a motion by the Anacostia Riverkeeper to intervene in this case as a plaintiff along with EPA. Since 2009 Pepco has installed runoff mitigation measures and implemented new operating procedures to comply with regulations. In January 2017, the parties agreed to a settlement in the form of a Consent Decree whereby Pepco will pay a civil penalty in the amount of $1.6 million, continue the BMPs to manage stormwater, construct a new stormwater treatment system, and make certain other capital improvements to the stormwater management system. The Consent Decree has been lodged with the Court and has been subject to a 30-day public comment period. Upon completion of its review of public comments, It is expected that the Court will approve the Consent Decree in the second quarter of 2017. Pepco has established appropriate accruals for the liabilities under the Consent Agreement, which is included in the table above.

Solid and Hazardous Waste

Cotter Corporation. The EPA has advised Cotter Corporation (Cotter), a former ComEd subsidiary, that it is potentially liable in connection with radiological contamination at a site known as the West Lake Landfill in Missouri. In 2000, ComEd sold Cotter to an unaffiliated third-party. As part of the sale, ComEd agreed to indemnify Cotter for any liability arising in connection with the West Lake Landfill. In connection with Exelon's 2001 corporate restructuring, this responsibility to indemnify Cotter was transferred to Generation. On May 29, 2008, the EPA issued a Record of Decision approving the remediation option submitted by Cotter and the two other PRPs that required additional landfill cover. The current estimated cost of the landfill cover remediation for the site is approximately $90 million, including escalation, which will be allocated among all PRPs. Generation has accrued what it believes to be an adequate amount to cover its anticipated share of such liability, which is included in the table above. By letter dated January 11, 2010, the EPA requested that the PRPs perform a supplemental feasibility study for a remediation alternative that would involve complete excavation of the radiological contamination. On September 30, 2011, the PRPs submitted the supplemental feasibility study to the EPA for review. Since June 2012, the EPA has requested that the PRPs perform a series of additional analyses and groundwater and soil sampling as part of the supplemental feasibility study, that were completed in December 2016. While the EPA has not yet announced a schedule for selection of the final remedy, the PRPs believe that the EPA announcement of the proposed remedy will not take place until the end of 2017, or possibly the first quarter of 2018. Thereafter, the EPA will select a final remedy and seek to enter into a Consent Decree with the PRPs to effectuate the remedy. Recent investigation has identified a number of other parties who may be PRPs and could be liable to contribute to the final remedy. Further investigation is underway. Generation believes that a partial excavation remedy is reasonably possible, and the partial excavation costs, inclusive of a landfill cover, could range from approximately $225 million to $650 million; such costs would likely be shared by the final group of identified PRPs. Generation believes the likelihood that the EPA would require a complete excavation remedy is remote. The cost of a partial or complete excavation could have a material, unfavorable impact on Generation's and Exelon's future results of operations and cash flows.

During December 2015, the EPA took two actions related to the West Lake Landfill designed to abate what it termed as imminent and dangerous conditions at the landfill. The first involved installation by the PRPs of a non-combustible surface cover to protect against surface fires in areas where radiological materials are believed to have been disposed. Generation has accrued what it believes to be an adequate amount to cover its anticipated liability for this interim action. The second action involved EPA's public statement that it will require the PRPs to construct a barrier wall in an adjacent landfill to prevent a subsurface fire from spreading to those areas of the West Lake Landfill where radiological materials are believed to have been disposed. At this time, EPA has not provided sufficient details related to the basis for and the requirements and design of a barrier wall to enable Generation to determine the likelihood such a remedy will ultimately be implemented, assess the degree to which

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Generation may have liability as a potentially responsible party, or develop a reasonable estimate of the potential incremental costs. It is reasonably possible, however, that resolution of this matter could have a material, unfavorable impact on Generation's and Exelon's future results of operations and cash flows. Finally, one of the other PRPs, the landfill owner and operator of the adjacent landfill, has indicated that it will be making a contribution claim against Cotter for costs that it has incurred to prevent the subsurface fire from spreading to those areas of the West Lake Landfill where radiological materials are believed to have been disposed. At this time, Generation and Exelon do not possess sufficient information to assess this claim and are therefore unable to determine the impact on their future results of operations and cash flows.

On February 2, 2016, the U.S. Senate passed a bill to transfer remediation authority over the West Lake Landfill from the EPA to the U.S. Army Corps of Engineers, under the Formerly Utilized Sites Remedial Action Program (FUSRAP). The legislation was not passed in the U.S. House of Representatives, and would therefore require reintroduction in the Senate for consideration in the current session of Congress. Should such proposed legislation ultimately become law, it would be subject to annual funding appropriations in the U.S. Budget. Remediation under FUSRAP would not alter the liability of the PRPs, but would likely delay the determination of a final remedy and its implementation.

On August 8, 2011, Cotter was notified by the DOJ that Cotter is considered a PRP with respect to the government's clean-up costs for contamination attributable to low level radioactive residues at a former storage and reprocessing facility named Latty Avenue near St. Louis, Missouri. The Latty Avenue site is included in ComEd's indemnification responsibilities discussed above as part of the sale of Cotter. The radioactive residues had been generated initially in connection with the processing of uranium ores as part of the U.S. government's Manhattan Project. Cotter purchased the residues in 1969 for initial processing at the Latty Avenue facility for the subsequent extraction of uranium and metals. In 1976, the NRC found that the Latty Avenue site had radiation levels exceeding NRC criteria for decontamination of land areas. Latty Avenue was investigated and remediated by the United States Army Corps of Engineers pursuant to funding under the FUSRAP. The DOJ has not yet formally advised the PRPs of the amount that it is seeking, but it is believed to be approximately $90 million. The DOJ and the PRPs agreed to toll the statute of limitations until August 2017 so that settlement discussions could proceed. Based on Generation's preliminary review, it appears probable that Generation has liability to Cotter under the indemnification agreement and has established an appropriate accrual for this liability, which is included in the table above.

Commencing in February 2012, a number of lawsuits have been filed in the U.S. District Court for the Eastern District of Missouri. Among the defendants were Exelon, Generation and ComEd, all of which were subsequently dismissed from the case, as well as Cotter, which remains a defendant. The suits allege that individuals living in the North St. Louis area developed some form of cancer or other serious illness due to Cotter's negligent or reckless conduct in processing, transporting, storing, handling and/or disposing of radioactive materials. Plaintiffs are asserting public liability claims under the Price-Anderson Act. Their state law claims for negligence, strict liability, emotional distress, and medical monitoring have been dismissed. The complaints do not contain specific damage claims. In the event of a finding of liability against Cotter, it is reasonably possible that Exelon would be financially responsible due to its indemnification responsibilities of Cotter described above. The court has dismissed a number of lawsuits, and is expected to dismiss additional lawsuits based on a recent ruling. Pre-trial motions and discovery are proceeding in the remaining cases and a pre-trial scheduling order has been filed with the court. At this stage of the litigation, Generation and ComEd cannot estimate a range of loss, if any.

68th Street Dump. In 1999, the EPA proposed to add the 68th Street Dump in Baltimore, Maryland to the Superfund National Priorities List, and notified BGE and 19 others that they are PRPs at the site. In connection with BGE's 2000 corporate restructuring the responsibility for this liability was transferred to Constellation and

as a result of the 2012 Exelon and CEG merger is now Generation's responsibility. In March 2004, the PRPs formed the 68th Street Coalition and entered into consent order negotiations with the U.S. EPA to investigate clean-up options for the site under the Superfund Alternative Sites Program. In May 2006, a settlement among the U.S. EPA and the PRPs with respect to investigation of the site became effective. The settlement requires the PRPs, over the course of several years, to identify contamination at the site and recommend clean-up options. The PRPs submitted their investigation of the range of clean-up options in the first quarter of 2011. Although the investigation and options provided to the U.S. EPA are still subject to U.S. EPA review and selection of a remedy, the range of estimated clean-up costs to be allocated among all of the PRPs is in the range of $50 million to $64 million. On September 30, 2013, EPA issued the Record of Decision identifying its preferred remedial alternative for the site. The estimated cost for the alternative chosen by EPA is consistent with the PRPs estimated range of costs noted above. Based on Generation's preliminary review, it appears probable that Generation has liability and has established an appropriate accrual for its share of the estimated clean-up costs which is included in the table above.

Rossville Ash Site. The Rossville Ash Site is a 32-acre property located in Rosedale, Baltimore County, Maryland, which was used for the placement of fly ash from 1983-2007. The property is owned by Constellation Power Source Generation, LLC (CPSG), a wholly-owned subsidiary of Generation. In 2008, CPSG investigated and remediated the property by entering it into the Maryland Voluntary Cleanup Program (VCP) to address any historic environmental concerns and ready the site for appropriate future redevelopment. The site was accepted into the program in 2010 and is currently going through the process to remediate the site and receive closure from MDE. Exelon currently estimates the cost to close the site to be approximately $4 million which has been fully reserved and included in the table above as of March 31, 2017.

Sauer Dump. On May 30, 2012, BGE was notified by the U.S. EPA that it is considered a PRP at the Sauer Dump Superfund site in Dundalk, Maryland. The U.S. EPA offered BGE and three other PRPs the opportunity to conduct an environmental investigation and present cleanup recommendations at the site. In addition, the U.S. EPA is seeking recovery from the PRPs of $1.7 million for past cleanup and investigation costs at the site. On March 11, 2013, BGE and three other PRPs signed an Administrative Settlement Agreement and Order on Consent with the U.S. EPA which requires the PRPs to conduct a remedial investigation and feasibility study at the site to determine what, if any, are the appropriate and recommended cleanup activities for the site. The ultimate outcome of this proceeding is uncertain. Since the U.S. EPA has not selected a cleanup remedy and the allocation of the cleanup costs among the PRPs has not been determined, an estimate of the range of BGE's reasonably possible loss, if any, cannot be determined. It is possible, however, that resolution of this matter could have a material, unfavorable impact on Exelon's and BGE's future results of operations and cash flows, and an appropriate accrual has been established and is included in the table above.

Riverside. In 2013, the MDE, at the request of EPA, conducted a site inspection and limited environmental sampling of certain portions of the 170 acre Riverside property owned by BGE. The site consists of several different parcels with different current and historical uses. The sampling included soil and groundwater samples for a number of potential environmental contaminants. The sampling confirmed the existence of contaminants consistent with the known historical uses of the various portions of the site. In March 2014, the MDE requested that BGE conduct an investigation which included a site-wide investigation of soils, sediment, groundwater, and surface water to complement the MDE sampling. The field investigation was completed in January 2015, and a final report was provided to MDE in June 2015. In November 2015, MDE provided BGE with its comments and recommendations on the report which require BGE to conduct further investigation and sampling at the site to better delineate the nature and extent of historic contamination, including off-site sediment and soil sampling. MDE did not request any interim remediation at this time and BGE anticipates completing the additional work requested by the end of the second quarter of 2017. BGE has established what it believes is an appropriate reserve based upon the investigation to date. The established reserve is included in the table above. As the

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investigation and potential remediation proceed, it is possible that additional reserves could be established, in amounts that could be material to BGE.

BGE is authorized to recover, and is currently recovering, environmental costs for the remediation of the former MGP facility sites from customers; however, while BGE does not have a rider for MGP clean-up costs, BGE has historically received recovery of actual clean-up costs in distribution rates.

Benning Road Site. In September 2010, PHI received a letter from EPA identifying the Benning Road site as one of six land-based sites potentially contributing to contamination of the lower Anacostia River. A portion of the site was formerly the location of a Pepco Energy Services electric generating facility. That generating facility was deactivated in June 2012 and plant structure demolition was completed in July 2015. The remaining portion of the site consists of a Pepco transmission and distribution service center that remains in operation. In December 2011, the U.S. District Court for the District of Columbia approved a consent decree entered into by Pepco and Pepco Energy Services with the DOEE, which requires Pepco and Pepco Energy Services to conduct a RI/FS for the Benning Road site and an approximately 10 to 15 acre portion of the adjacent Anacostia River. The RI/FS will form the basis for the remedial actions for the Benning Road site and for the Anacostia River sediment associated with the site. The consent decree does not obligate Pepco or Pepco Energy Services to pay for or perform any remediation work, but it is anticipated that DOEE will look to Pepco and Pepco Energy Services to assume responsibility for cleanup of any conditions in the river that are determined to be attributable to past activities at the Benning Road site.

The initial RI field work began in January 2013 and was completed in December 2014. In April 2015, Pepco and Pepco Energy Services submitted a draft RI Report to DOEE. After review, DOEE determined that additional field investigation and data analysis was required to complete the RI process (much of which was beyond the scope of the original DOEE-approved RI work plan). In the meantime, Pepco and Pepco Energy Services revised the draft RI Report to address DOEE's comments and DOEE released the draft RI Report for public review in February 2016. Once the additional RI work has been completed, Pepco and Pepco Energy Services will issue a draft "final" RI report for review and comment by DOEE and the public. Pepco and Pepco Energy Services will then proceed to develop an FS to evaluate possible remedial alternatives for submission to DOEE. The Court has established a schedule for completion of the RI and FS, and approval by the DOEE, by June 2018.

Upon DOEE's approval of the final RI and FS Reports, Pepco and Pepco Energy Services will have satisfied their obligations under the consent decree. At that point, DOEE will prepare a Proposed Plan regarding further response actions. After considering public comment on the Proposed Plan, DOEE will issue a Record of Decision identifying any further response actions determined to be necessary.

PHI, Pepco and Pepco Energy Services have determined that a loss associated with this matter for PHI, Pepco and Pepco Energy Services is probable and an estimated liability for this issue has been accrued, which is included in the table above. As the remedial investigation proceeds and potential remedies are identified, it is possible that additional accruals could be established in amounts that could be material to PHI, Pepco and Pepco Energy Services. Pursuant to Exelon's March 2016 acquisition of PHI, Pepco Energy Services was transferred to Generation. The ultimate resolution of this matter is currently not expected to have any significant financial impact on Generation.

Anacostia River Tidal Reach . Contemporaneous with the Benning RI/FS being performed by Pepco and Pepco Energy Services, DOEE and certain federal agencies have been conducting a separate RI/FS focused on the entire tidal reach of the Anacostia River extending from just north of the Maryland-D.C. boundary line to the confluence of the Anacostia and Potomac Rivers. In March 2016, DOEE released a draft of the river-wide RI

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Report for public review and comment. The river-wide RI incorporated the results of the river sampling performed by Pepco and Pepco Energy Services as part of the Benning RI/FS, as well as similar sampling efforts conducted by owners of other sites adjacent to this segment of the river and supplemental river sampling conducted by DOEE's contractor. DOEE asked Pepco, along with parties responsible for other sites along the river, to participate in a "Consultative Working Group" to provide input into the process for future remedial actions addressing the entire tidal reach of the river and to ensure proper coordination with the other river cleanup efforts currently underway, including cleanup of the river segment adjacent to the Benning Road site resulting from the Benning Road RI/FS. Pepco responded that it will participate in the Consultative Working Group but its participation is not an acceptance of any financial responsibility beyond the work that will be performed at the Benning Road site described above. DOEE has advised the Consultative Working Group that the federal and DOEE authorities are conducting phase 2 of a remedial investigation. DOEE has targeted June 2018 as the date for remedy selection for clean-up of sediments in this section of the river. The Consultative Working Group and the other possible PRPs have provided input into the proposed clean-up process and schedule. At this time, it is not possible to predict the extent of Pepco's participation in the river-wide RI/FS process, and Pepco cannot estimate the reasonably possible range of loss for response costs beyond those associated with the Benning RI/FS component of the river-wide initiative. It is possible, however, that resolution of this matter could have a material, unfavorable impact on Exelon's and Pepco's future results of operations and cash flows.

Conectiv Energy Wholesale Power Generation Sites. In July 2010, PHI sold the wholesale power generation business of Conectiv Energy Holdings, Inc. and substantially all of its subsidiaries (Conectiv Energy) to Calpine Corporation (Calpine). Under New Jersey's Industrial Site Recovery Act (ISRA), the transfer of ownership triggered an obligation on the part of Conectiv Energy to remediate any environmental contamination at each of the nine Conectiv Energy generating facility sites located in New Jersey. Under the terms of the sale, Calpine has assumed responsibility for performing the ISRA-required remediation and for the payment of all related ISRA compliance costs up to $10 million. PHI is obligated to indemnify Calpine for any ISRA compliance remediation costs in excess of $10 million. According to PHI's estimates, the costs of ISRA-required remediation activities at the 9 generating facility sites located in New Jersey are in the range of approximately $7 million to $18 million, and PHI has established an appropriate accrual for its share of the estimated clean-up costs, which is included in the table above. Pursuant to Exelon's March 2016 acquisition of PHI, Conectiv Energy was transferred to Generation, however, the responsibility to indemnify Calpine remained at PHI. The ultimate resolution of this matter is currently not expected to have any significant financial impact on PHI.

Rock Creek Mineral Oil Release. In late August 2015, a Pepco underground transmission line in the District of Columbia suffered a breach, resulting in the release of non-toxic mineral oil surrounding the transmission line into the surrounding soil, and a small amount reached Rock Creek through a storm drain. Pepco notified regulatory authorities, and Pepco and its spill response contractors placed booms in Rock Creek, blocked the storm drain to prevent the release of mineral oil into the creek and commenced remediation of soil around the transmission line and the Rock Creek shoreline. Pepco estimates that approximately 6,100 gallons of mineral oil were released and that its remediation efforts recovered approximately 80% of the amount released. Pepco's remediation efforts are ongoing under the direction of the DOEE, including the requirements of a February 29, 2016 compliance order which requires Pepco to prepare a full incident investigation report and prepare a removal action work plan to remove all impacted soils in the vicinity of the storm drain outfall, and in collaboration with the National Park Service, the Smithsonian Institution/National Zoo and EPA. Pepco's investigation presently indicates that the damage to Pepco's facilities occurred prior to the release of mineral oil when third-party excavators struck the Pepco underground transmission line while installing cable for another utility.

To the extent recovery is available against any party who contributed to this loss, PHI and Pepco will pursue such action. Exelon, PHI and Pepco continue to investigate the cause of the incident, the parties involved, and

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legal responsibility under District of Columbia law, but do not believe that the remediation costs to resolve this matter will have a material adverse effect on their respective financial condition, results of operations or cash flows.

Brandywine Fly Ash Disposal Site. In February 2013, Pepco received a letter from the MDE requesting that Pepco investigate the extent of waste on a Pepco right-of-way that traverses the Brandywine fly ash disposal site in Brandywine, Prince George's County, Maryland, owned by NRG Energy, Inc. (as successor to GenOn MD Ash Management, LLC) (NRG). In July 2013, while reserving its rights and related defenses under a 2000 agreement covering the sale of this site, Pepco indicated its willingness to investigate the extent of, and propose an appropriate closure plan to address, ash on the right-of-way. Pepco submitted a schedule for development of a closure plan to MDE on September 30, 2013 and, by letter dated October 18, 2013, MDE approved the schedule.

Exelon, PHI and Pepco have determined that a loss associated with this matter is probable and have estimated that the costs for implementation of a closure plan and cap on the site are in the range of approximately $3 million to $6 million, for which an appropriate reserve has been established and is included in the table above. Exelon, PHI and Pepco believe that the costs incurred in this matter will be recoverable from NRG under the 2000 sale agreement.

Litigation and Regulatory Matters

Asbestos Personal Injury Claims (Exelon, Generation, ComEd, PECO and BGE)

Exelon, Generation and PECO . Generation maintains a reserve for claims associated with asbestos-related personal injury actions in certain facilities that are currently owned by Generation or were previously owned by ComEd and PECO. The reserve is recorded on an undiscounted basis and excludes the estimated legal costs associated with handling these matters, which could be material.

At March 31, 2017 and December 31, 2016, Generation had reserved approximately $82 million and $83 million, respectively, in total for asbestos-related bodily injury claims. As of March 31, 2017, approximately $23 million of this amount related to 240 open claims presented to Generation, while the remaining $59 million of the reserve is for estimated future asbestos-related bodily injury claims anticipated to arise through 2050, based on actuarial assumptions and analyses, which are updated on an annual basis. On a quarterly basis, Generation monitors actual experience against the number of forecasted claims to be received and expected claim payments and evaluates whether an adjustment to the reserve is necessary.

On November 22, 2013, the Supreme Court of Pennsylvania held that the Pennsylvania Workers Compensation Act does not apply to an employee's disability or death resulting from occupational disease, such as diseases related to asbestos exposure, which manifests more than 300 weeks after the employee's last employment-based exposure, and that therefore the exclusivity provision of the Act does not preclude such employee from suing his or her employer in court. The Supreme Court's ruling reverses previous rulings by the Pennsylvania Superior Court precluding current and former employees from suing their employers in court, despite the fact that the same employee was not eligible for workers compensation benefits for diseases that manifest more than 300 weeks after the employee's last employment-based exposure to asbestos. Since the Pennsylvania Supreme Court's ruling in November 2013, Exelon, Generation, and PECO have experienced an increase in asbestos-related personal injury claims brought by former PECO employees, all of which have been reserved for on a claim by claim basis. Those additional claims are taken into account in projecting estimates of future asbestos-related bodily injury claims.

On November 4, 2015, the Illinois Supreme Court found that the provisions of the Illinois' Workers' Compensation Act and the Workers' Occupational Diseases Act barred an employee from bringing a direct civil

action against an employer for latent diseases, including asbestos-related diseases that fall outside the 25-year limit of the statute of repose. The Illinois Supreme Court's ruling reversed previous rulings by the Illinois Court of Appeals, which initially ruled that the Illinois Worker's Compensation law should not apply in cases where the diagnosis of an asbestos related disease occurred after the 25-year maximum time period for filing a Worker's Compensation claim. Since the Illinois Supreme Court's ruling in November 2015, Exelon, Generation, and ComEd have not experienced a significant increase in asbestos-related personal injury claims brought by former ComEd employees.

There is a reasonable possibility that Exelon may have additional exposure to estimated future asbestos-related bodily injury claims in excess of the amount accrued and the increases could have a material adverse effect on Exelon's, Generation's, ComEd's, PECO and BGE's future results of operations and cash flows.

BGE . Since 1993, BGE and certain Constellation (now Generation) subsidiaries have been involved in several actions concerning asbestos. The actions are based upon the theory of "premises liability," alleging that BGE and Generation knew of and exposed individuals to an asbestos hazard. In addition to BGE and Generation, numerous other parties are defendants in these cases.

To date, most asbestos claims which have been resolved relating to BGE and certain Constellation subsidiaries have been dismissed or resolved without any payment and a small minority of these cases has been resolved for amounts that were not material to BGE or Generation's financial results. Presently, there are an immaterial number of asbestos cases pending against BGE and certain Constellation subsidiaries.

Continuous Power Interruption (Exelon and ComEd)

Section 16-125 of the Illinois Public Utilities Act provides that in the event an electric utility, such as ComEd, experiences a continuous power interruption of four hours or more that affects (in ComEd's case) more than 30,000 customers, the utility may be liable for actual damages suffered by customers as a result of the interruption and may be responsible for reimbursement of local governmental emergency and contingency expenses incurred in connection with the interruption. Recovery of consequential damages is barred. The affected utility may seek from the ICC a waiver of these liabilities when the utility can show that the cause of the interruption was unpreventable damage due to weather events or conditions, customer tampering, or certain other causes enumerated in the law. As of March 31, 2017 and December 31, 2016, ComEd did not have any material liabilities recorded for these storm events.

Baltimore City Franchise Taxes (Exelon and BGE)

The City of Baltimore claims that BGE has maintained electric facilities in the City's public right-of-ways for over one hundred years without the proper franchise rights from the City. BGE has reviewed the City's claim and believes that it lacks merit. BGE has not recorded an accrual for payment of franchise fees for past periods as a range of loss, if any, cannot be reasonably estimated at this time. Franchise fees assessed in future periods may be material to BGE's results of operations and cash flows.

Conduit Lease with City of Baltimore (Exelon and BGE)

On September 23, 2015, the Baltimore City Board of Estimates approved an increase in annual rental fees for access to the Baltimore City underground conduit system effective November 1, 2015, from $12 million to $42 million, subject to an annual increase thereafter based on the Consumer Price Index. BGE subsequently entered into litigation with the City regarding the amount of and basis for establishing the conduit fee. On November 30, 2016, the Baltimore City Board of Estimates approved a settlement agreement entered into

between BGE and the City to resolve the disputes and pending litigation related to BGE's use of and payment for the underground conduit system. As a result of the settlement, the parties have entered into a six-year lease that reduces the annual expense to $25 million in the first three years and caps the annual expense in the last three years to not more than $29 million. BGE recorded a credit to Operating and maintenance expense in the fourth quarter of approximately $28 million for the reversal of the previously higher fees accrued in the current year as well as the settlement of prior year disputed fee true-up amounts.

Deere Wind Energy Assets (Exelon and Generation)

In 2013, Deere & Company ("Deere") filed a lawsuit against Generation in the Delaware Superior Court relating to Generation's acquisition of the Deere wind energy assets. Under the purchase agreement, Deere was entitled to receive earn-out payments if certain specific wind projects already under development in Michigan met certain development and construction milestones following the sale. In the complaint, Deere seeks to recover a $14 million earn-out payment associated with one such project, which was never completed. Generation has filed counterclaims against Deere for breach of contract, with a right of recoupment and set off. On June 2, 2016, the Delaware Superior Court entered summary judgment in favor of Deere. On January 17, 2017, Generation filed an appeal of the Superior Court's summary judgment decision with the Supreme Court of Delaware. Generation has accrued an amount to cover its potential liability.

General (All Registrants)

The Registrants are involved in various other litigation matters that are being defended and handled in the ordinary course of business. The assessment of whether a loss is probable or a reasonable possibility, and whether the loss or a range of loss is estimable, often involves a series of complex judgments about future events. The Registrants maintain accruals for such losses that are probable of being incurred and subject to reasonable estimation. Management is sometimes unable to estimate an amount or range of reasonably possible loss, particularly where (1) the damages sought are indeterminate, (2) the proceedings are in the early stages, or (3) the matters involve novel or unsettled legal theories. In such cases, there is considerable uncertainty regarding the timing or ultimate resolution of such matters, including a possible eventual loss.

Income Taxes ***(Exelon, Generation, ComEd, PECO and BGE)***

See Note 11 — Income Taxes for information regarding the Registrants' income tax refund claims and certain tax positions, including the 1999 sale of fossil generating assets.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

18. Supplemental Financial Information (All Registrants)

Supplemental Statement of Operations Information

The following tables provide additional information about the Registrants' Consolidated Statements of Operations and Comprehensive Income for the three months ended March 31, 2017 and 2016.

	Three Months Ended March 31, 2017								
						Successor			
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Other, Net									
Decommissioning-related activities:									
Net realized income on decommissioning trust funds [a]									
Regulatory agreement units	$ 68	$ 68	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Non-regulatory agreement units	32	32	—	—	—	—	—	—	—
Net unrealized gains on decommissioning trust funds									
Regulatory agreement units	222	222	—	—	—	—	—	—	—
Non-regulatory agreement units	166	166	—	—	—	—	—	—	—
Net unrealized losses on pledged assets									
Zion Station decommissioning	(1)	(1)	—	—	—	—	—	—	—
Regulatory offset to decommissioning trust fund-related activities [b]	(234)	(234)	—	—	—	—	—	—	—
Total decommissioning-related activities	253	253	—	—	—	—	—	—	—
Investment income	2	2	—	—	—	—	—	—	—
Interest income related to uncertain income tax positions	1	—	—	—	—	—	—	—	—
AFUDC — Equity	17	—	2	2	4	9	5	2	2
Other	10	4	2	—	—	4	3	1	—
Other, net	$ 283	$ 259	$ 4	$ 2	$ 4	$ 13	$ 8	$ 3	$ 2

	Three Months Ended March 31, 2016								*Successor* March 24, 2016 to March 31, 2016	*Predecessor* January 1, 2016 to March 23, 2016
	Exelon	Generation	ComEd	PECO	BGE	Pepco	DPL	ACE	PHI	PHI
Other, Net										
Decommissioning-related activities:										
Net realized income on decommissioning trust funds [a]										
Regulatory agreement units	$ 34	$ 34	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Non-regulatory agreement units	21	21	—	—	—	—	—	—	—	—
Net unrealized gains on decommissioning trust funds										
Regulatory agreement units	79	79	—	—	—	—	—	—	—	—
Non-regulatory agreement units	52	52	—	—	—	—	—	—	—	—
Net unrealized gains on pledged assets										
Zion Station decommissioning	2	2	—	—	—	—	—	—	—	—
Regulatory offset to decommissioning trust fund-related activities [b]	(95)	(95)	—	—	—	—	—	—	—	—
Total decommissioning-related activities	93	93	—	—	—	—	—	—	—	—
Investment income	6	1	—	—	1	—	—	—	—	—
Long-term lease income	4	—	—	—	—	—	—	—	—	—
Interest income related to uncertain income tax positions	1	—	—	—	—	1	—	1	—	—
AFUDC—Equity	8	—	2	2	3	4	1	2	1	7
Loss on debt extinguishment	(2)	(2)	—	—	—	—	—	—	—	—
Other	4	1	2	—	—	4	2	1	1	(11)
Other, net	$ 114	$ 93	$ 4	$ 2	$ 4	$ 9	$ 3	$ 4	$ 2	$ (4)

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

(a) Includes investment income and realized gains and losses on sales of investments of the trust funds.
(b) Includes the elimination of NDT fund activity for the Regulatory Agreement Units, including the elimination of net income taxes related to all NDT fund activity for those units. See Note 16 — Asset Retirement Obligations of the Exelon 2016 Form 10-K for additional information regarding the accounting for nuclear decommissioning.

The following utility taxes are included in revenues and expenses for the three months ended March 31, 2017 and 2016. Generation's utility tax expense represents gross receipts tax related to its retail operations, and the utility registrants' utility tax expense represents municipal and state utility taxes and gross receipts taxes related to their operating revenues. The offsetting collection of utility taxes from customers is recorded in revenues on the Registrants' Consolidated Statements of Operations and Comprehensive Income.

	Three Months Ended March 31, 2017								
						Successor			
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Utility taxes	$ 224	$ 32	$ 59	$ 31	$ 26	$ 76	$ 71	$ 5	$ —

	Three Months Ended March 31, 2016								*Successor* March 24, 2016 to March 31, 2016	*Predecessor* January 1, 2016 to March 23, 2016
	Exelon	Generation	ComEd	PECO	BGE	Pepco	DPL	ACE	PHI	PHI
Utility taxes	$ 153	$ 28	$ 59	$ 35	$ 24	$ 79	$ 5	$ —	$ 7	$ 77

Supplemental Cash Flow Information

The following tables provide additional information regarding the Registrants' Consolidated Statements of Cash Flows for the three months ended March 31, 2017 and 2016.

	Three Months Ended March 31, 2017								
						Successor			
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Depreciation, amortization and accretion									
Property, plant and equipment [a]	$ 754	$ 289	$ 190	$ 64	$ 80	$ 112	$ 50	$30	$ 21
Amortization of regulatory assets [a]	128	—	18	7	48	55	32	9	14
Amortization of intangible assets, net [a]	14	13	—	—	—	—	—	—	—
Amortization of energy contract assets and liabilities [b]	2	2	—	—	—	—	—	—	—
Nuclear fuel [c]	264	264	—	—	—	—	—	—	—
ARO accretion [d]	112	110	—	—	—	—	—	—	—
Total depreciation, amortization and accretion	$ 1,274	$ 678	$ 208	$ 71	$ 128	$ 167	$ 82	$39	$ 35

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Three Months Ended March 31, 2016								*Successor* March 24, 2016 to March 31, 2016	*Predecessor* January 1, 2016 to March 23, 2016
	Exelon	Generation	ComEd	PECO	BGE	Pepco	DPL	ACE	PHI	PHI
Depreciation, amortization and accretion										
Property, plant and equipment (a)	$ 606	$ 278	$ 170	$ 60	$ 75	$ 42	$27	$ 20	$ 9	$ 94
Amortization of regulatory assets (a)	65	—	19	7	34	33	12	20	5	58
Amortization of intangible assets, net (a)	14	11	—	—	—	—	—	—	—	—
Amortization of energy contract assets and liabilities (b)	(14)	(14)	—	—	—	—	—	—	—	—
Nuclear fuel (c)	283	283	—	—	—	—	—	—	—	—
ARO accretion (d)	109	109	—	—	—	—	—	—	—	—
Total depreciation, amortization and accretion	$1,063	$ 667	$ 189	$ 67	$109	$ 75	$39	$ 40	$ 14	$ 152

(a) Included in Depreciation and amortization on the Registrants' Consolidated Statements of Operations and Comprehensive Income.
(b) Included in Operating revenues or Purchased power and fuel expense on the Registrants' Consolidated Statements of Operations and Comprehensive Income.
(c) Included in Purchased power and fuel expense on the Registrants' Consolidated Statements of Operations and Comprehensive Income.
(d) Included in Operating and maintenance expense on the Registrants' Consolidated Statements of Operations and Comprehensive Income.

	Three Months Ended March 31, 2017								
	Exelon	Generation	ComEd	PECO	BGE	*Successor* PHI	Pepco	DPL	ACE
Other non-cash operating activities:									
Pension and non-pension postretirement benefit costs	$ 157	$ 54	$ 44	$ 7	$ 16	$ 24	$ 7	$ 3	$ 3
Loss from equity method investments	10	10	—	—	—	—	—	—	—
Provision for uncollectible accounts	34	9	7	17	5	(4)	(5)	(1)	1
Stock-based compensation costs	31	—	—	—	—	—	—	—	—
Other decommissioning-related activity (a)	(84)	(84)	—	—	—	—	—	—	—
Energy-related options (b)	(4)	(4)	—	—	—	—	—	—	—
Amortization of regulatory asset related to debt costs	2	—	1	—	—	1	—	—	—
Amortization of rate stabilization deferral	(14)	—	—	—	7	(21)	(15)	(6)	—
Amortization of debt fair value adjustment	(5)	(3)	—	—	—	(2)	—	—	—
Discrete impacts from EIMA (c)	(24)	—	(24)	—	—	—	—	—	—
Amortization of debt costs	9	4	1	—	—	—	—	—	—
Provision for excess and obsolete inventory	2	1	1	—	—	—	—	—	—
Other	4	3	1	(1)	(4)	(6)	(2)	(3)	(2)
Total other non-cash operating activities	$ 118	$ (10)	$ 31	$ 23	$ 24	$ (8)	$ (15)	$ (7)	$ 2
Non-cash investing and financing activities:									
Change in capital expenditures not paid	$(298)	$ (354)	$ 25	$ —	$ 41	$ (5)	$ (6)	$ 9	$ —
Non-cash financing of capital projects	10	10	—	—	—	—	—	—	—
Dividends on stock compensation	2	—	—	—	—	—	—	—	—

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Three Months Ended March 31, 2016								*Successor* March 24, 2016 to March 31, 2016	*Predecessor* January 1, 2016 to March 23, 2016
	Exelon	Generation	ComEd	PECO	BGE	Pepco	DPL	ACE	PHI	PHI
Other non-cash operating activities:										
Pension and non-pension postretirement benefit costs	$ 136	$ 54	$ 41	$ 8	$ 16	$ 8	$ 5	$ 4	$ 3	$ 23
Loss from equity method investments	3	3	—	—	—	—	—	—	—	—
Provision for uncollectible accounts	41	6	9	16	12	5	5	7	(2)	16
Stock-based compensation costs	44	—	—	—	—	—	—	—	—	3
Other decommissioning-related activity [a]	(55)	(55)	—	—	—	—	—	—	—	—
Energy-related options [b]	(9)	(9)	—	—	—	—	—	—	—	—
Amortization of regulatory asset related to debt costs	1	—	1	—	—	1	—	—	—	1
Amortization of rate stabilization deferral	20	—	—	—	20	1	4	—	—	5
Amortization of debt fair value adjustment	(3)	(3)	—	—	—	—	—	—	—	—
Discrete impacts from EIMA [c]	(14)	—	(14)	—	—	—	—	—	—	—
Amortization of debt costs	8	4	1	1	1	—	—	—	—	—
Provision for excess and obsolete inventory	1	1	—	—	—	1	1	1	—	1
Merger-related commitments [d][e]	503	3	—	—	—	138	100	120	358	—
Severance costs	69	4	—	—	—	—	—	—	52	—
Asset retirement costs	—	—	—	—	—	—	4	2	—	—
Lower of cost or net realizable value inventory adjustment	36	36	—	—	—	—	—	—	—	—
Other	23	7	(6)	(1)	(5)	(1)	(1)	(2)	(1)	(3)
Total other non-cash operating activities	$ 804	$ 51	$ 32	$ 24	$ 44	$ 153	$118	$ 132	$ 410	$ 46
Non-cash investing and financing activities:										
Change in capital expenditures not paid	$ (290)	$ (234)	$ 25	$ (65)	$ (4)	$ 9	$ 8	$ (9)	$ (7)	$ 11
Fair value of net assets contributed to Generation in connection with the PHI Merger, net of cash [d][f]	—	119	—	—	—	—	—	—	—	—
Fair value of net assets distributed to Exelon in connection with the PHI Merger, net of cash [d][f]	—	—	—	—	—	—	—	—	127	—
Fair value of pension obligation transferred in connection with the PHI Merger	—	—	—	—	—	—	—	—	45	—
Assumption of member purchase liability	—	—	—	—	—	—	—	—	29	—
Change in PPE related to ARO update	62	62	—	—	—	—	—	—	—	—
Indemnification of like-kind exchange position [g]	—	—	1	—	—	—	—	—	—	—
Non-cash financing of capital projects	31	31	—	—	—	—	—	—	—	—
Dividends on stock compensation	1	—	—	—	—	—	—	—	—	—

(a) Includes the elimination of NDT fund activity for the Regulatory Agreement Units, including the elimination of operating revenues, ARO accretion, ARC amortization, investment income and income taxes related to all NDT fund activity for these units. See Note 16 — Asset Retirement Obligations of the Exelon 2016 Form 10-K for additional information regarding the accounting for nuclear decommissioning.

(b) Includes option premiums reclassified to realized at the settlement of the underlying contracts and recorded in Operating revenues.

(c) Reflects the change in distribution rates pursuant to EIMA, which allows for the recovery of costs by a utility through a pre-established performance-based formula rate tariff. See Note 5 — Regulatory Matters for more information.

(d) See Note 4 — Mergers, Acquisitions and Dispositions for additional information related to the merger with PHI.

(e) Excludes $5 million of forgiveness of Accounts receivable related to merger commitments recorded in connection with the PHI Merger, the balance is included within Provision for uncollectible accounts.

(f) Immediately following closing of the PHI Merger, the net assets associated with PHI's unregulated business interests were distributed by PHI to Exelon. Exelon contributed a portion of such net assets to Generation.

(g) See Note 11 — Income Taxes for discussion of the like-kind exchange tax position.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Supplemental Balance Sheet Information

The following tables provide additional information about assets and liabilities of the Registrants as of March 31, 2017 and December 31, 2016.

March 31, 2017	Exelon	Generation	ComEd	PECO	BGE	Successor PHI	Pepco	DPL	ACE
Property, plant and equipment:									
Accumulated depreciation and amortization	$19,716[a]	$ 10,801[a]	$4,040	$3,293	$3,311	$ 281	$3,090	$1,195	$1,032
Accounts receivable:									
Allowance for uncollectible accounts	$ 346	$ 97	$ 80	$ 72	$ 35	$ 61	$ 18	$ 20	$ 23

December 31, 2016	Exelon	Generation	ComEd	PECO	BGE	Successor PHI	Pepco	DPL	ACE
Property, plant and equipment:									
Accumulated depreciation and amortization	$19,169[b]	$ 10,562[b]	$3,937	$3,253	$3,254	$ 195	$3,050	$1,175	$1,016
Accounts receivable:									
Allowance for uncollectible accounts	$ 334	$ 91	$ 70	$ 61	$ 32	$ 80	$ 29	$ 24	$ 27

(a) Includes accumulated amortization of nuclear fuel in the reactor core of $3,171 million.
(b) Includes accumulated amortization of nuclear fuel in the reactor core of $3,186 million.

PECO Installment Plan Receivables (Exelon and PECO)

PECO enters into payment agreements with certain delinquent customers, primarily residential, seeking to restore their service, as required by the PAPUC. Customers with past due balances that meet certain income criteria are provided the option to enter into an installment payment plan, some of which have terms greater than one year, to repay past due balances in addition to paying for their ongoing service on a current basis. The receivable balance for these payment agreement receivables is recorded in accounts receivable for the current portion and other deferred debits and other assets for the noncurrent portion. The net receivable balance for installment plans with terms greater than one year was $9 million and $9 million as of March 31, 2017 and December 31, 2016, respectively. The allowance for uncollectible accounts reserve methodology and assessment of the credit quality of the installment plan receivables are consistent with the customer accounts receivable methodology discussed in Note 1 — Significant Accounting Policies of the Exelon 2016 Form 10-K. The allowance for uncollectible accounts balance associated with these receivables at March 31, 2017 of $11 million consists of $0 million, $3 million and $8 million for low risk, medium risk and high risk segments, respectively. The allowance for uncollectible accounts balance at December 31, 2016 of $13 million consists of $1 million, $3 million and $9 million for low risk, medium risk and high risk segments, respectively. The balance of the payment agreement is billed to the customer in equal monthly installments over the term of the agreement. Installment receivables outstanding as of March 31, 2017 and December 31, 2016 include balances not yet presented on the customer bill, accounts currently billed and an immaterial amount of past due receivables. When a customer defaults on its payment agreement, the terms of which are defined by plan type, the entire balance of the agreement becomes due and the balance is reclassified to current customer accounts receivable and reserved for in accordance with the methodology discussed in Note 1 — Significant Accounting Policies of the Exelon 2016 Form 10-K.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

19. Segment Information (All Registrants)

Operating segments for each of the Registrants are determined based on information used by the chief operating decision maker(s) (CODM) in deciding how to evaluate performance and allocate resources at each of the Registrants.

In the first quarter of 2016, following the consummation of the PHI Merger, three new reportable segments were added: Pepco, DPL and ACE. As a result, Exelon has twelve reportable segments, which include ComEd, PECO, BGE, PHI's three reportable segments consisting of Pepco, DPL, and ACE, and Generation's six reportable segments consisting of the Mid-Atlantic, Midwest, New England, New York, ERCOT and all other power regions referred to collectively as "Other Power Regions", which includes activities in the South, West and Canada. ComEd, PECO, BGE, Pepco, DPL and ACE each represent a single reportable segment, and as such, no separate segment information is provided for these Registrants. Exelon, ComEd, PECO, BGE, Pepco, DPL and ACE's CODMs evaluate the performance of and allocate resources to ComEd, PECO, BGE, Pepco, DPL and ACE based on net income and return on equity.

Effective with the consummation of the PHI Merger, PHI's reportable segments have changed based on the information used by the CODM to evaluate performance and allocate resources. PHI's reportable segments consist of Pepco, DPL and ACE. PHI's Predecessor periods' segment information has been recast to conform to the current presentation. The reclassification of the segment information did not impact PHI's reported consolidated revenues or net income. PHI's CODM evaluates the performance of and allocates resources to Pepco, DPL and ACE based on net income and return on equity.

The basis for Generation's reportable segments is the integrated management of its electricity business that is located in different geographic regions, and largely representative of the footprints of ISO/RTO and/or NERC regions, which utilize multiple supply sources to provide electricity through various distribution channels (wholesale and retail). Generation's hedging strategies and risk metrics are also aligned to these same geographic regions. Descriptions of each of Generation's six reportable segments are as follows:

- Mid-Atlantic represents operations in the eastern half of PJM, which includes New Jersey, Maryland, Virginia, West Virginia, Delaware, the District of Columbia and parts of Pennsylvania and North Carolina.
- Midwest represents operations in the western half of PJM, which includes portions of Illinois, Pennsylvania, Indiana, Ohio, Michigan, Kentucky and Tennessee, and the United States footprint of MISO, excluding MISO's Southern Region, which covers all or most of North Dakota, South Dakota, Nebraska, Minnesota, Iowa, Wisconsin, the remaining parts of Illinois, Indiana, Michigan and Ohio not covered by PJM, and parts of Montana, Missouri and Kentucky.
- New England represents the operations within ISO-NE covering the states of Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.
- New York represents operations within ISO-NY, which covers the state of New York in its entirety.
- ERCOT represents operations within Electric Reliability Council of Texas, covering most of the state of Texas.
- Other Power Regions :
  - South represents operations in the FRCC, MISO's Southern Region, and the remaining portions of the SERC not included within MISO or PJM, which includes all or most of Florida, Arkansas, Louisiana, Mississippi, Alabama, Georgia, Tennessee, North Carolina, South Carolina and parts of Missouri, Kentucky and Texas. Generation's South region also includes operations in the SPP,

covering Kansas, Oklahoma, most of Nebraska and parts of New Mexico, Texas, Louisiana, Missouri, Mississippi and Arkansas.

- West represents operations in the WECC, which includes California ISO, and covers the states of California, Oregon, Washington, Arizona, Nevada, Utah, Idaho, Colorado and parts of New Mexico, Wyoming and South Dakota.
- Canada represents operations across the entire country of Canada and includes AESO, OIESO and the Canadian portion of MISO.

The CODMs for Exelon and Generation evaluate the performance of Generation's electric business activities and allocate resources based on revenues net of purchased power and fuel expense (RNF). Generation believes that RNF is a useful measurement of operational performance. RNF is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report. Generation's operating revenues include all sales to third parties and affiliated sales to the Utility Registrants. Purchased power costs include all costs associated with the procurement and supply of electricity including capacity, energy and ancillary services. Fuel expense includes the fuel costs for Generation's owned generation and fuel costs associated with tolling agreements. The results of Generation's other business activities are not regularly reviewed by the CODM and are therefore not classified as operating segments or included in the regional reportable segment amounts. These activities include natural gas, as well as other miscellaneous business activities that are not significant to Generation's overall operating revenues or results of operations. Further, Generation's unrealized mark-to-market gains and losses on economic hedging activities and its amortization of certain intangible assets and liabilities relating to commodity contracts recorded at fair value from mergers and acquisitions are also excluded from the regional reportable segment amounts. Exelon and Generation do not use a measure of total assets in making decisions regarding allocating resources to or assessing the performance of these reportable segments.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

An analysis and reconciliation of the Registrants' reportable segment information to the respective information in the consolidated financial statements for the three months ended March 31, 2017 and 2016 is as follows:

Three Months Ended March 31, 2017 and 2016

					Successor			
	Generation [a]	ComEd	PECO	BGE	PHI [b]	Other [c]	Intersegment Eliminations	Exelon
Operating revenues [d]:								
2017								
Competitive businesses electric revenues	$ 3,720	$ —	$ —	$ —	$ —	$ —	$ (328)	$ 3,392
Competitive businesses natural gas revenues	918	—	—	—	—	—	—	918
Competitive businesses other revenues	250	—	—	—	—	—	—	250
Rate-regulated electric revenues	—	1,298	590	667	1,097	—	(8)	3,644
Rate-regulated natural gas revenues	—	—	206	284	66	—	(3)	553
Shared service and other revenues	—	—	—	—	12	419	(431)	—
2016								
Competitive businesses electric revenues	$ 3,695	$ —	$ —	$ —	$ —	$ —	$ (266)	$ 3,429
Competitive businesses natural gas revenues	822	—	—	—	—	—	—	822
Competitive businesses other revenues	222	—	—	—	—	—	—	222
Rate-regulated electric revenues	—	1,249	644	680	90	—	(6)	2,657
Rate-regulated natural gas revenues	—	—	197	249	3	—	(5)	444
Shared service and other revenues	—	—	—	—	12	405	(418)	(1)
Intersegment revenues [e]:								
2017	$ 328	$ 5	$ 1	$ 5	$ 12	$ 419	$ (770)	$ —
2016	266	5	1	5	12	405	(695)	(1)
Net income (loss):								
2017	$ 409	$ 141	$ 127	$ 125	$ 140	$ 39	$ —	$ 981
2016	257	115	124	101	(309)	(164)	(1)	123
Total assets:								
March 31, 2017	$ 48,609	$28,756	$10,932	$8,821	$21,018	$10,700	$ (11,768)	$117,068
December 31, 2016	46,974	28,335	10,831	8,704	21,025	10,369	(11,334)	114,904

(a) Generation includes the six reportable segments shown below: Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Power Regions. Intersegment revenues for Generation for the three months ended March 31, 2017 include revenue from sales to PECO of $45 million, sales to BGE of $134 million, sales to Pepco of $83 million, sales to DPL of $51 million, and sales to ACE of $9 million in the Mid-Atlantic region, and sales to ComEd of $5 million in the Midwest region. For the three months ended March 31, 2016, intersegment revenues for Generation include revenue from sales to PECO of $79 million and sales to BGE of $173 million in the Mid-Atlantic region, and sales to ComEd of $5 million in the Midwest region. For the Successor period of March 24, 2016 to March 31, 2016, intersegment revenues for Generation include revenue from sales to Pepco of $6 million, sales to DPL of $4 million, and sales to ACE of $1 million in the Mid-Atlantic region.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

(b) Amounts included represent activity for PHI's successor period, March 24, 2016 through March 31, 2016. PHI includes the three reportable segments: Pepco, DPL and ACE. See tables below for PHI's predecessor periods, including Pepco, DPL and ACE, for January 1, 2016 to March 23, 2016 and for the three months ended March 31, 2016.
(c) Other primarily includes Exelon's corporate operations, shared service entities and other financing and investment activities.
(d) Includes gross utility tax receipts from customers. The offsetting remittance of utility taxes to the governing bodies is recorded in expenses on the Registrants' Consolidated Statements of Operations and Comprehensive Income. See Note 18 — Supplemental Financial Information for total utility taxes for the three months ended March 31, 2017 and 2016.
(e) Intersegment revenues exclude sales to unconsolidated affiliates. The intersegment profit associated with Generation's sale of certain products and services by and between Exelon's segments is not eliminated in consolidation due to the recognition of intersegment profit in accordance with regulatory accounting guidance. For Exelon, these amounts are included in Operating revenues in the Consolidated Statements of Operations and Comprehensive Income.

Successor and Predecessor PHI:

	Pepco	DPL	ACE	Other [b]	Intersegment Eliminations	PHI
Operating revenues [a]:						
Three Months Ended March 31, 2017 —Successor						
Rate-regulated electric revenues	$ 530	$ 296	$ 275	$ —	$ (4)	$ 1,097
Rate-regulated natural gas revenues	—	66	—	—	—	66
Shared service and other revenues	—	—	—	12	—	12
March 24, 2016 to March 31, 2016 —Successor						
Rate-regulated electric revenues	$ 40	$ 24	$ 23	$ 3	$ —	$ 90
Rate-regulated natural gas revenues	—	3	—	—	—	3
Shared service and other revenues	—	—	—	12	—	12
January 1, 2016 to March 23, 2016 —Predecessor						
Rate-regulated electric revenues	$ 511	$ 279	$ 268	$ 42	$ (4)	$ 1,096
Rate-regulated natural gas revenues	—	56	—	1	—	57
Shared service and other revenues	—	—	—	—	—	—
Intersegment revenues:						
Three Months Ended March 31, 2017 —Successor	$ 1	$ 2	$ 1	$ 13	$ (5)	$ 12
March 24, 2016 to March 31, 2016 —Successor	—	—	—	12	—	12
January 1, 2016 to March 23, 2016 —Predecessor	1	2	1	—	(4)	—
Net income (loss):						
Three Months Ended March 31, 2017 —Successor	$ 58	$ 57	$ 28	$ (15)	$ 12	$ 140
March 24, 2016 to March 31, 2016 —Successor	(140)	(98)	(105)	22	12	(309)
January 1, 2016 to March 23, 2016 —Predecessor	32	26	5	(44)	—	19
Total assets:						
March 31, 2017 — Successor	$ 7,417	$ 4,191	$ 3,451	$ 10,785	$ (4,826)	$ 21,018
December 31, 2016 — Successor	7,335	4,153	3,457	10,804	(4,724)	21,025

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

(a) Includes gross utility tax receipts from customers. The offsetting remittance of utility taxes to the governing bodies is recorded in expenses on the Registrants' Consolidated Statements of Operations and Comprehensive Income. See Note 18 — Supplemental Financial Information for total utility taxes for the three months ended March 31, 2017 and 2016.
(b) Other primarily includes PHI's corporate operations, shared service entities and other financing and investment activities. For the predecessor periods presented, Other includes the activity of PHI's unregulated businesses which were distributed to Exelon and Generation as a result of the PHI Merger.

Generation total revenues:

	Three Months Ended March 31, 2017			Three Months Ended March 31, 2016		
	Revenues from external customers [a]	Intersegment revenues	Total Revenues	Revenues from external customers [a]	Intersegment revenues	Total Revenues
Mid-Atlantic	$ 1,429	$ (4)	$ 1,425	$ 1,532	$ (12)	$ 1,520
Midwest	1,051	2	1,053	1,089	6	1,095
New England	549	(2)	547	471	(1)	470
New York	310	(3)	307	218	(15)	203
ERCOT	192	(1)	191	163	—	163
Other Power Regions	189	(5)	184	222	1	223
Total Revenues for Reportable Segments	3,720	(13)	3,707	3,695	(21)	3,674
Other [b]	1,168	13	1,181	1,044	21	1,065
Total Generation Consolidated Operating Revenues	$ 4,888	$ —	$ 4,888	$ 4,739	$ —	$ 4,739

(a) Includes all wholesale and retail electric sales to third parties and affiliated sales to the Utility Registrants.
(b) Other represents activities not allocated to a region. See text above for a description of included activities. Includes a $3 million decrease to revenues and a $20 million increase to revenues for the amortization of intangible assets and liabilities related to commodity contracts recorded at fair value for the three months ended March 31, 2017 and 2016, respectively, unrealized mark-to-market gains of $44 million and $63 million for the three months ended March 31, 2017 and 2016, respectively, and elimination of intersegment revenues.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Generation total revenues net of purchased power and fuel expense:

	Three Months Ended March 31, 2017			Three Months Ended March 31, 2016		
	RNF from external customers [a]	Intersegment RNF	Total RNF	RNF from external customers [a]	Intersegment RN	Total RNF
Mid-Atlantic	$ 755	$ 18	$ 773	$ 832	$ 9	$ 841
Midwest	704	11	715	715	3	718
New England	115	(4)	111	86	(5)	81
New York	153	—	153	141	(11)	130
ERCOT	94	(25)	69	81	(20)	61
Other Power Regions	108	(44)	64	86	(10)	76
Total Revenues net of purchased power and fuel expense for Reportable Segments	1,929	(44)	1,885	1,941	(34)	1,907
Other [b]	161	44	205	356	34	390
Total Generation Revenues net of purchased power and fuel expense	$ 2,090	$ —	$2,090	$ 2,297	$ —	$2,297

(a) Includes purchases and sales from/to third parties and affiliated sales to the Utility Registrants.
(b) Other represents activities not allocated to a region. See text above for a description of included activities. Includes a $3 million decrease to RNF and a $19 million increase to RNF for the amortization of intangible assets and liabilities related to commodity contracts for the three months ended March 31, 2017 and 2016, respectively, unrealized mark-to-market losses of $49 million and gains of $103 million for the three months ended March 31, 2017 and 2016, respectively, and the elimination of intersegment revenue net of purchased power and fuel expense.

20. Subsequent Events (Exelon and Generation)

EGTP, a Delaware limited liability company, was formed in 2014 with the purpose of financing a portfolio of assets comprised of two combined-cycle gas turbines (CCGTs) and three peaking/simple cycle facilities consisting of approximately 3.4 GW of generation capacity in ERCOT North and Houston Zones. EGTP is an indirect wholly owned subsidiary of Exelon and Generation. Each of the aforementioned facilities is held through a wholly-owned direct subsidiary of EGTP. EGTP also owns two equity method investments in shared facility companies. EGTP, its direct parent and its wholly owned subsidiaries secure a nonrecourse senior secured term loan facility, a revolving loan facility and certain commodity and interest rate swaps.

EGTP's operating cash flows have been negatively impacted by certain market conditions including, but not limited to: low power prices, higher fuel prices and the seasonality of its cash flows. Despite the declining operating cash flows, EGTP remained in compliance with its covenants related to the project financing through March 31, 2017. On May 2, 2017, EGTP entered into a consent agreement with its lenders to permit EGTP to draw on its revolving credit facility and initiate an orderly sales process to sell the assets of its wholly-owned subsidiaries, the proceeds from which will first be used to pay the administrative costs of administering the sale, the normal and ordinary costs of operating the plants and repayment of the secured debt of EGTP, including the revolving credit facility. As a result, in the second quarter, Exelon and Generation will reclassify certain EGTP's assets and liabilities on Exelon's and Generation's Consolidated Balance Sheets as held for sale at their respective fair values. Exelon and Generation estimate a pre-tax impairment charge upon reclassification ranging from $300 million to $400 million will be recognized in the second quarter of 2017. See Note 10 — Debt and Credit Agreements for details regarding the nonrecourse debt associated with EGTP. The resolution of this matter has no direct effect on any other Exelon or Generation debt or credit facilities.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

(Dollars in millions except per share data, unless otherwise noted)

Exelon

Executive Overview

Exelon, a utility services holding company, operates through the following principal subsidiaries:

- *Generation,* whose integrated business consists of the generation, physical delivery and marketing of power across multiple geographical regions through its customer-facing business, Constellation, which sells electricity and natural gas to both wholesale and retail customers. Generation also sells renewable energy and other energy-related products and services.
- *ComEd,* whose business consists of the purchase and regulated retail sale of electricity and the provision of electricity transmission and distribution services in northern Illinois, including the City of Chicago.
- *PECO,* whose business consists of the purchase and regulated retail sale of electricity and the provision of electricity distribution and transmission services in southeastern Pennsylvania, including the City of Philadelphia, and the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services in the Pennsylvania counties surrounding the City of Philadelphia.
- *BGE,* whose business consists of the purchase and regulated retail sale of electricity and natural gas and the provision of electricity distribution and transmission and natural gas distribution services in central Maryland, including the City of Baltimore.
- *Pepco,* whose business consists of the purchase and regulated retail sale of electricity and the provision of electricity distribution and transmission in the District of Columbia and major portions of Prince George's County and Montgomery County in Maryland.
- *DPL,* whose business consists of the purchase and regulated retail sale of electricity and the provision of electricity distribution and transmission services in portions of Maryland and Delaware, and the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services in northern Delaware.
- *ACE,* whose business consists of the purchase and regulated retail sale of electricity and the provision of electricity transmission and distribution services in southern New Jersey.

Pepco, DPL and ACE are operating companies of PHI, which is a utility services holding company and a wholly owned subsidiary of Exelon.

Exelon has twelve reportable segments consisting of Generation's six reportable segments (Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Power Regions in Generation), ComEd, PECO, BGE and PHI's three utility reportable segments (Pepco, DPL and ACE). See Note 19 — Segment Information of the Combined Notes to Consolidated Financial Statements for additional information regarding Exelon's reportable segments.

Through its business services subsidiary BSC, Exelon provides its operating subsidiaries with a variety of support services at cost. The costs of these services are directly charged or allocated to the applicable operating segments. Additionally, the results of Exelon's corporate operations include costs for corporate governance and interest costs and income from various investment and financing activities.

PHI Service Company, a wholly owned subsidiary of PHI, provides a variety of support services at cost, including legal, accounting, engineering, distribution and transmission planning, asset management, system operations, and power procurement, to PHI and its operating subsidiaries. These services are directly charged or allocated pursuant to service agreements among PHI Service Company and the participating operating subsidiaries.

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Exelon's consolidated financial information includes the results of its eight separate operating subsidiary registrants, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE, which, along with Exelon, are collectively referred to as the Registrants. The following combined Management's Discussion and Analysis of Financial Condition and Results of Operations is separately filed by Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE. However, none of the Registrants makes any representation as to information related solely to any of the other Registrants.

Financial Results of Operations

GAAP Results of Operations

The following table sets forth Exelon's GAAP consolidated results of operations for the three months ended March 31, 2017 compared to the same period in 2016. The 2016 amounts include the operations of PHI, Pepco, DPL and ACE from March 24, 2016 through March 31, 2016. All amounts presented below are before the impact of income taxes, except as noted.

	Three Months Ended March 31,								
	2017							2016	Favorable (Unfavorable) Variance
	Generation	ComEd	PECO	BGE	PHI	Other	Exelon	Exelon (b)	
Operating revenues	$ 4,888	$1,298	$796	$951	$1,175	$(351)	$8,757	$7,573	$ 1,184
Purchased power and fuel expense	2,798	334	287	350	461	(331)	3,899	3,254	(645)
Revenue net of purchased power and fuel expense (a)	2,090	964	509	601	714	(20)	4,858	4,319	539
Other operating expenses									
Operating and maintenance	1,488	370	208	183	256	(45)	2,460	2,835	375
Depreciation and amortization	302	208	71	128	167	20	896	685	(211)
Taxes other than income	143	72	38	62	111	10	436	325	(111)
Total other operating expenses	1,933	650	317	373	534	(15)	3,792	3,845	53
Gain on sales of assets	4	—	—	—	—	—	4	9	(5)
Bargain purchase gain	226	—	—	—	—	—	226	—	226
Operating income (loss)	387	314	192	228	180	(5)	1,296	483	813
Other income and (deductions)									
Interest expense, net	(100)	(85)	(31)	(27)	(62)	(68)	(373)	(287)	(86)
Other, net	259	4	2	4	13	1	283	114	169
Total other income and (deductions)	159	(81)	(29)	(23)	(49)	(67)	(90)	(173)	83
Income (loss) before income taxes	546	233	163	205	131	(72)	1,206	310	896
Income taxes	127	92	36	80	(9)	(111)	215	184	(31)
Equity in losses of unconsolidated affiliates	(10)	—	—	—	—	—	(10)	(3)	(7)
Net income	409	141	127	125	140	39	981	123	858
Net loss attributable to noncontrolling interests and preference stock dividends	(14)	—	—	—	—	—	(14)	(50)	(36)
Net income attributable to common shareholders	$ 423	$ 141	$127	$125	$ 140	$ 39	$ 995	$ 173	$ 822

(a) The Registrants evaluate operating performance using the measure of revenues net of purchased power and fuel expense. The Registrants believe that revenues net of purchased power and fuel expense is a useful measurement because it

provides information that can be used to evaluate their operational performance. Revenues net of purchased power and fuel expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

(b) As a result of the PHI Merger, Exelon includes the consolidated results of PHI, Pepco, DPL and ACE from March 24, 2016 through March 31, 2016.

Three Months Ended March 31, 2017 Compared to Three Months Ended March 31, 2016. Exelon's net income attributable to common shareholders was $995 million for the three months ended March 31, 2017 as compared to $173 million for the three months ended March 31, 2016, and diluted earnings per average common share were $1.07 for the three months ended March 31, 2017 as compared to $0.19 for the three months ended March 31, 2016.

Revenue net of purchased power and fuel expense, which is a non-GAAP measure discussed below, increased by $539 million for the three months ended March 31, 2017 as compared to the same period in 2016. The year-over-year increase in revenue net of purchased power and fuel expense was primarily due to the following favorable factors:

- Increase of $63 million at ComEd primarily due to revenue decoupling impacts, increased capital investment, increased depreciation expense and higher allowed ROE due to an increase in treasury rates;
- Increase of $45 million at BGE primarily due to increased distribution revenue as a result of electric and natural gas rates increases effective in June 2016; and
- Increase of $647 million in revenue net of purchased power and fuel due to the inclusion of PHI's results for the three months ended March 31, 2017 compared to the period March 24, 2016 to March 31, 2016.

The year-over-year increase in revenue net of purchased power and fuel expense was partially offset by the following factors:

- Decrease of $152 million at Generation due to mark-to-market losses of $49 million in 2017 from economic hedging activities as compared to gains of $103 million in 2016; and
- Decrease of $55 million at Generation primarily due to the impacts of declining natural gas prices on Generation's natural gas portfolio, decreased capacity prices and lower realized energy prices, partially offset by the impact of the Ginna Reliability Support Services Agreement and the absence of oil inventory write downs in 2017.

Operating and maintenance expense decreased by $375 million for the three months ended March 31, 2017 as compared to the same period in 2016 primarily due to the following favorable factors:

- Decrease of $141 million at Corporate due to merger commitments of $1 million in 2017 compared to $142 million in 2016;
- Decrease of $109 million at Generation due to long-lived asset impairments of $10 million in 2017 compared to $119 million in 2016;
- Decrease of $34 million at Corporate due to the absence of certain merger and integration costs in 2017 compared to $34 million in 2016;
- Decrease of $12 million at BGE due to lower incremental storm costs in the first quarter of 2017 compared to the first quarter of 2016; and
- Decrease of $425 million at PHI primarily due to the deferral of previously expensed merger-related costs of $6 million for the three months ended March 31, 2017 compared to merger commitment and other merger-related costs of $419 million for the period March 24, 2016 to March 31, 2016.

The year-over-year decrease in operating and maintenance expense was partially offset by the following unfavorable factors:

- Increase in Generation's labor, contracting and materials cost of $95 million primarily due to increased merger and integration costs, the inclusion of Pepco Energy Services results for the three months ended March 31, 2017 compared to the period March 24, 2016 to March 31, 2016 and increased contracting costs related to energy efficiency projects; and
- Increase of $28 million at Generation due to increased nuclear outage costs; and
- Increase of $232 million, exclusive of merger-related costs discussed above, in operating and maintenance expense due to the inclusion of PHI's results for the three months ended March 31, 2017 compared to the period March 24, 2016 to March 31, 2016.

Depreciation and amortization expense increased by $211 million primarily due to increased depreciation expense as a result of ongoing capital expenditures across all operating companies and the inclusion of PHI's results for the three months ended March 31, 2017 compared to the period March 24, 2016 to March 31, 2016.

Taxes other than income increased by $111 million primarily due to increased property and utility taxes as a result of the inclusion of PHI's results for the three months ended March 31, 2017 compared to the period March 24, 2016 to March 31, 2016.

Bargain purchase gain increased by $226 million due to the gain associated with the FitzPatrick acquisition.

Interest expense, net increased by $86 million primarily due to higher outstanding debt and the inclusion of PHI's results for the three months ended March 31, 2017 compared to the period March 24, 2016 to March 31, 2016.

Other, net increased by $169 million primarily due to the change in realized and unrealized gains and losses on NDT funds at Generation.

Exelon's effective income tax rates for the three months ended March 31, 2017 and 2016 were 17.8% and 59.4%, respectively. See Note 11 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

For further detail regarding the financial results for the three months ended March 31, 2017, including explanation of the non-GAAP measure revenue net of purchased power and fuel expense, see the discussions of Results of Operations by Segment below.

Adjusted (non-GAAP) Operating Earnings

Exelon's adjusted (non-GAAP) operating earnings for the three months ended March 31, 2017 were $605 million, or $0.65 per diluted share, compared with adjusted (non-GAAP) operating earnings of $632 million, or $0.68 per diluted share for the same period in 2016. In addition to net income, Exelon evaluates its operating performance using the measure of adjusted (non-GAAP) operating earnings because management believes it represents earnings directly related to the ongoing operations of the business. Adjusted (non-GAAP) operating earnings exclude certain costs, expenses, gains and losses and other specified items. This information is intended to enhance an investor's overall understanding of period-over-period operating results and provide an indication of Exelon's baseline operating performance excluding items that are considered by management to be not directly related to the ongoing operations of the business. In addition, this information is among the primary indicators management uses as a basis for evaluating performance, allocating resources, setting incentive compensation targets and planning and forecasting of future periods. Adjusted (non-GAAP) operating earnings is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

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The following table provides a reconciliation between net income attributable to common shareholders as determined in accordance with GAAP and adjusted (non-GAAP) operating earnings for the three months ended March 31, 2017 as compared to the same period in 2016. The footnotes below the table provide tax expense (benefit) impacts:

	Three Months Ended March 31,			
	2017		2016	
(All amounts after tax)		Earnings per Diluted Share		Earnings per Diluted Share
Net Income Attributable to Common Shareholders	$ 995	$ 1.07	$173	$ 0.19
Mark-to-Market Impact of Economic Hedging Activities [a]	30	0.03	(64)	(0.07)
Unrealized (Gains) Related to NDT Fund Investments [b]	(99)	(0.10)	(31)	(0.03)
Merger and Integration Costs [c]	25	0.03	76	0.08
Merger Commitments [d]	(137)	(0.15)	394	0.42
Long-Lived Asset Impairments [e]	—	—	71	0.07
Amortization of Commodity Contract Intangibles [f]	3	—	(12)	(0.01)
Cost Management Program [g]	4	—	14	0.02
Tax Settlements [h]	(5)	(0.01)	—	—
Reassessment of State Deferred Income Taxes [i]	(20)	(0.02)	—	—
Bargain Purchase Gain [j]	(226)	(0.24)	—	—
CENG Noncontrolling Interests [k]	35	0.04	11	0.01
Adjusted (non-GAAP) Operating Earnings	$ 605	$ 0.65	$632	$ 0.68

(a) Reflects the impact of net losses (gains) for the three months ended March 31, 2017 and 2016 (net of taxes of $19 million and $39 million, respectively), on Generation's economic hedging activities. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional detail related to Generation's hedging activities.

(b) Reflects the impact of net unrealized (gains) losses for the three months ended March 31, 2017 and 2016 (net of taxes of $65 million and $19 million, respectively) on Generation's NDT fund investments for Non-Regulatory Agreement Units. See Note 12 — Nuclear Decommissioning of the Combined Notes to Consolidated Financial Statements for additional detail related to Generation's NDT fund investments.

(c) Reflects certain costs incurred for the PHI acquisition for the three months ended March 31, 2017 and 2016 (net of taxes of $3 million and $26 million, respectively), and the FitzPatrick acquisition for the three months ended March 31, 2017 (net of taxes of $12 million), including professional fees, employee-related expenses, integration activities and upfront credit facilities fees. See Note 4 — Mergers, Acquisitions and Dispositions of the Combined Notes to Consolidated Financial Statements for additional detail related to merger and acquisition costs.

(d) Represents a decrease in reserves for uncertain tax positions related to the deductibility of certain merger commitments associated with the 2012 CEG and 2016 PHI acquisitions for the three months ended March 31, 2017, and costs and adjustments incurred as part of the settlement orders approving the PHI acquisition for the three months ended March 31, 2016 (net of taxes of $114 million). See Note 4 — Mergers, Acquisitions and Dispositions of the Combined Notes to Consolidated Financial Statements for additional detail related to PHI Merger commitments.

(e) Reflects the impairment of Upstream assets at Generation for the three months ended March 31, 2016 (net of taxes of $49 million).

(f) Reflects the non-cash impact for the three months ended March 31, 2017 and 2016 (net of taxes of $2 million and $7 million, respectively), of the amortization of intangible assets, net, primarily related to commodity contracts recorded at fair value for the Integrys acquisition in 2016 and the ConEdison Solutions acquisition in 2017.

(g) Reflects reorganization costs, and in 2016 severance costs, related to a cost management program for the three months ended March 31, 2017 and 2016 (net of taxes of $3 million and $9 million, respectively).

(h) Reflects benefits related to the favorable settlement of certain income tax positions related to PHI's unregulated business interests for the three months ended March 31, 2017.

(i) Reflects the non-cash impact of the remeasurement of state deferred income taxes, primarily as a result of changes in forecasted apportionment related to the PHI acquisition in 2016 and a change in the statutory tax rate in 2017.

(j) Represents the excess of the fair value of assets and liabilities acquired over the purchase price for the FitzPatrick acquisition.

(k) Represents Generation's noncontrolling interest related to CENG exclusion items, primarily related to the impact of unrealized gains and losses on NDT fund investments and mark-to-market activity.

Merger and Acquisition Costs

On March 23, 2016, the Exelon and PHI Merger was completed. On the merger date, PHI shareholders received $27.25 of cash in exchange for each share of PHI common stock. The resulting company retained the Exelon name and is headquartered in Chicago.

As a result of the PHI Merger, Exelon has incurred costs associated with evaluating, structuring and executing the PHI Merger transaction itself, and will continue to incur cost associated with meeting the various commitments set forth by regulators and agreed-upon with other interested parties as part of the merger approval process, and integrating the former PHI businesses into Exelon.

For the three months ended March 31, 2017 and 2016, expense has been recognized for the PHI Merger and FitzPatrick acquisition as follows:

	Pre-tax Expense								
	Three Months Ended March 31, 2017								
Merger, Integration and Acquisition Costs:	**Exelon**	**Generation**	**ComEd**	**PECO**	**BGE**	**PHI**	**Pepco**	**DPL**	**ACE**
Transaction [b]	$ 1	$ 1	$ —	$ —	$ —	$—	$ —	$—	$ —
Other [d]	40	41	—	1	2	(5)	1	(7)	1
Total	$ 41	$ 42	$ —	$ 1	$ 2	$ (5)	$ 1	$ (7)	$ 1

	Pre-tax Expense								
	Three Months Ended March 31, 2016								
Merger and Integration Costs:	**Exelon [a]**	**Generation [a]**	**ComEd**	**PECO**	**BGE**	**PHI [a]**	**Pepco [a]**	**DPL [a]**	**ACE [a]**
Transaction [b]	$ 35	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Employee-Related [c]	71	12	1	1	1	56	27	16	13
Other [d]	(4)	4	(9)	1	1	—	—	—	—
Total	$ 102	$ 16	$ (8)	$ 2	$ 2	$ 56	$ 27	$ 16	$ 13

(a) For Exelon, Generation, PHI, Pepco, DPL, and ACE, includes the operations of the acquired businesses beginning on March 24, 2016.
(b) External, third party costs paid to advisors, consultants, lawyers and other experts to assist in the due diligence and regulatory approval processes and in the closing of transactions.
(c) Costs primarily for employee severance, pension and OPEB expense and retention bonuses.
(d) Costs to integrate PHI processes and systems into Exelon. For the three months ended March 31, 2017, also includes costs to integrate FitzPatrick processes and systems into Exelon. For the three months ended March 31, 2016, also includes the reversal of previously incurred acquisition, integration and financing costs of $9 million incurred at ComEd that have been deferred and recorded as a regulatory asset for anticipated recovery. See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for more information.

As of March 31, 2017, Exelon expects to incur total PHI acquisition and integration related costs of approximately $700 million, excluding merger commitments. Of this amount, including costs incurred from 2014 through March 31, 2017, Exelon and PHI have incurred approximately $640 million. Included in this amount are costs to fund the merger of which $76 million has been expensed, $56 million has been paid and recorded as deferred debt issuance costs and $60 million has been incurred and charged to common stock. The remaining costs will be primarily within Operating and maintenance expense within Exelon's Consolidated Statements of Operations and Comprehensive Income and will also include approximately $25 million for integration costs expected to be capitalized to Property, plant and equipment.

Significant 2017 Transactions and Developments

Acquisition of James A. FitzPatrick Nuclear Generating Station

On March 31, 2017, Generation acquired the 838 MW single-unit James A. FitzPatrick (FitzPatrick) nuclear generating station for a total purchase price of $293 million. In accounting for the acquisition as a business combination, Exelon and Generation recorded an after-tax bargain purchase gain of $226 million which is included within Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income. See Note 4 — Mergers, Acquisitions and Dispositions of the Combined Notes to the Consolidated Financial Statements for additional information regarding the Generation's acquisition of Fitzpatrick and related costs.

Generation Renewables Joint Venture Transaction

On March 31, 2017, ExGen Renewables Holdings, LLC, a wholly-owned subsidiary of Generation, entered into an arrangement to sell 49% of its sole membership interest of ExGen Renewables Partners, LLC, a newly formed owner and operator of approximately 1,296 megawatts of Generation's operating wind and solar electric generating facilities. This portfolio consists of 30 different projects located in 13 states and represents approximately 34.9% of Generation's renewable generation assets and 4.0% of Generation's total generation assets. The purchase price is $400 million, subject to certain working capital and other post-closing adjustments. These proceeds, net of approximately $115 million of income taxes on the sale, will be used by Generation to pay down debt and for general corporate purposes. Upon consummation of the transaction, ExGen Renewables Holdings will be the managing member and have day-to-day control and management over the joint venture and its renewable generation portfolio. Consummation of the transaction is expected in the late second quarter or early third quarter and is subject to various customary closing conditions, including receipt of regulatory approvals from the Federal Energy Regulatory Commission and Public Utility Commission of Texas.

Distribution Formula Rate

On April 13, 2017, ComEd filed its annual distribution formula rate with the ICC pursuant to EIMA. The filing establishes the revenue requirement used to set the rates that will take effect in January 2018 after the ICC's review and approval, which is due by December 2017. The revenue requirement requested is based on 2016 actual costs plus projected 2017 capital additions as well as an annual reconciliation of the revenue requirement in effect in 2016 to the actual costs incurred that year. ComEd's 2017 filing request includes a total increase to the revenue requirement of $96 million, reflecting an increase of $78 million for the initial revenue requirement for 2017 and a increase of $18 million related to the annual reconciliation for 2016. See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for further information related to distribution formula rate updates.

Illinois Future Energy Jobs Act

On December 7, 2016, FEJA was signed into law by the Governor of Illinois. FEJA is effective June 1, 2017, and includes, among other provisions, (1) a ZES providing compensation for certain nuclear-powered generating facilities, (2) an extension of and certain adjustments to ComEd's electric distribution formula rate, (3) new cumulative persisting annual energy efficiency MWh savings goals for ComEd, (4) revisions to the Illinois RPS requirements, (5) provisions for adjustments to or termination of FEJA programs if the average impact on ComEd's customer rates exceeds specified limits, (6) revisions to the existing net metering statute to (i) mandate net metering for community generation projects, and establish billing procedures for subscribers to those projects, (ii) provide immediately for netting at the energy-only rate for nonresidential customers, and (iii) transition from netting at the full retail rate to the energy-only rate for certain residential net metering customers once the net meter customer load equals 5% of total peak demand supplied in the previous year and (7) support for low income rooftop and community solar programs. FEJA establishes new or adjusts existing rate recovery mechanisms for ComEd to recover costs associated with the new or expanded energy efficiency and RPS requirements. Regulatory or legal challenges over the validity of FEJA are possible. See Note 5 — Regulatory Matters of the Combined Notes to the Consolidated Financial Statements for additional

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information regarding FEJA. See Note 7 — Early Nuclear Plant Retirements of the Combined Notes to the Consolidated Financial Statements for the impacts of ZES on Generation's Consolidated Balance Sheets and Consolidated Statements of Operations and Comprehensive Income.

Pepco Maryland Electric Distribution Rates

On March 24, 2017, Pepco filed an application with the MDPSC requesting an increase of $69 million based on a ROE of 10.1%. The application includes a request for an income tax adjustment to reflect full normalization of removal costs associated with pre-1981 property, which accounts for $18 million of the requested increase. Pepco expects a decision in the matter in the fourth quarter of 2017, but cannot predict how much of the requested rate increase the MDPSC will approve or if it will approve the requested income tax adjustment.

DPL Maryland Electric Distribution Rates

On February 15, 2017, the MDPSC approved an increase in DPL electric distribution rates of $38 million based on a ROE of 9.6%. The new rates became effective for services rendered on or after February 15, 2017. The MDPSC also denied DPL's request to continue its Grid Resiliency Program, through which DPL proposed to invest $4.6 million a year for two years to improve priority feeders and install single-phase reclosing fuse technology. The final order did not result in the recognition of any incremental regulatory assets or liabilities during the first quarter of 2017.

DPL Delaware Electric and Natural Gas Distribution Rates

On March 8, 2017, DPL entered into a settlement agreement with the Division of the Public Advocate, Delaware Electric Users Group and the DPSC Staff in its electric distribution rate proceeding, which provides for an increase in DPL electric distribution rates of $31.5 million based on an ROE of 9.7%. The settlement agreement also provides that the rates currently in effect, as approved by the DPSC, effective July 16, 2016 and December 17, 2016, will remain in effect until the date of the final DPSC order and that no refund will be required. As a result, during the first quarter of 2017, DPL established a regulatory asset of $8 million for costs incurred to achieve the merger and reversed a regulatory liability of $1 million for electric revenues that are no longer subject to refund which resulted in an increase in net income of $5 million. DPL currently expects a final order on the settlement agreement during the second quarter of 2017.

On April 6, 2017, DPL entered into a settlement agreement with the Division of the Public Advocate and the DPSC Staff in its natural gas distribution rate proceeding, which provides for an increase in DPL natural gas distribution rates of $4.9 million based on an ROE of 9.7%. The settlement agreement also provides that DPL will refund amounts in excess of the $4.9 million increase collected under the temporary rates effective July 16, 2016 and December 17, 2016, and that the new rates will be effective within thirty days of DPSC approval of the settlement agreement. In the event that the final order reflects the settlement agreement, DPL does not expect the impact to be material to its financial statements. DPL currently expects a final order on the settlement agreement during the second quarter of 2017.

ACE New Jersey Electric Distribution Rates

On March 30, 2017, ACE submitted an application with the NJBPU to increase its electric distribution rates by approximately $70 million (before New Jersey sales and use tax), based upon a requested ROE of 10.1%. The application also requests approval of a rate surcharge mechanism called the "System Renewal Recovery Charge," which would permit accelerated recovery of certain costs associated with reliability and system renewal-related capital investments. ACE currently expects a decision in this matter in the first quarter of 2018, but cannot predict if the NJBPU will approve the application as filed.

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Transmission Formula Rate

The following total increases/(decreases) were included in ComEd's and BGE's electric transmission formula rate filings:

Annual Transmission Filings [a]	2017	
	ComEd	BGE
Initial revenue requirement increase	$ 44	$ 31
Annual reconciliation (decrease) increase	(33)	3
Dedicated facilities decrease [b]	—	(8)
Total revenue requirement increase	$ 11	$ 26
Allowed return on rate base [c]	8.43%	7.47%
Allowed ROE [d]	11.50%	10.50%

(a) All rates are effective June 2017, subject to review by the FERC and other parties, which is due by fourth quarter 2017.
(b) BGE's transmission revenues include a FERC approved dedicated facilities charge to recover the costs of providing transmission service to specifically designated load by BGE.
(c) Represents the weighted average debt and equity return on transmission rate bases.
(d) As part of the FERC-approved settlement of ComEd's 2007 transmission rate case, the rate of return on common equity is 11.50% and the common equity component of the ratio used to calculate the weighted average debt and equity return for the transmission formula rate is currently capped at 55%. As part of the FERC-approved settlement of the ROE complaint against BGE, the rate of return on common equity is 10.50%, inclusive of a 50 basis point incentive adder for being a member of a regional transmission organization.

PECO Transmission Formula Rate

On May 1, 2017, PECO filed a request with FERC seeking approval to update its transmission rates and change the manner in which PECO's transmission rate is determined from a fixed rate to a formula rate. The formula rate would be updated annually to ensure that under this rate customers pay the actual costs of providing transmission services. The formula rate filing includes a requested increase of $22 million to PECO's annual transmission revenues and a requested rate of return on common equity of 11%, inclusive of a 50 basis point adder for being a member of a regional transmission organization. PECO requested that the new transmission rate be effective as of July 2017. PECO cannot predict how much, if any, of a transmission rate increase FERC may approve or when the rate increase may go into effect.

Westinghouse Electric Company LLC Bankruptcy

On March 29, 2017, Westinghouse Electric Company LLC (Westinghouse) and its affiliated debtors filed petitions for relief under Chapter 11 of the Bankruptcy Code in the U.S. Bankruptcy Court for the Southern District of New York. In the petitions and supporting documents, Westinghouse makes clear that its requests for relief center on one business area that is losing money — the construction of nuclear power plants in Georgia and South Carolina. Through the bankruptcy, Westinghouse seeks to reorganize around its profitable core business, which includes nuclear fuel fabrication and related services and other services provided to existing nuclear power plants in the U.S. and around the world. For these reasons, at this time, Generation does not anticipate disruption to the Westinghouse fuel fabrication contracts for Braidwood, Byron, or Ginna or other existing contracts for Generation's nuclear power plants. Generation is monitoring the bankruptcy proceeding to ensure that its rights are protected.

Merger Commitment Unrecognized Tax Benefits

Exelon established a liability for an uncertain tax position associated with the tax deductibility of certain merger commitments incurred by Exelon in connection with the acquisitions of Constellation in 2012 and PHI in

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2016. In the first quarter 2017, as a part of its examination of Exelon's return, the IRS National Office issued guidance concurring with Exelon's position that the merger commitments were deductible. As a result, Exelon, Generation, PHI, Pepco, DPL, and ACE decreased their liability for unrecognized tax benefits by $146 million, $19 million, $59 million, $21 million, $16 million, and $22 million, respectively, as of March 31, 2017, resulting in a benefit to Income taxes on Exelon's, Generation's, PHI's, Pepco's, DPL's and ACE's Consolidated Statements of Operations and Comprehensive Income and corresponding decreases in their effective tax rates.

EGTP Consent Agreement

In September 2014, EGTP, an indirect subsidiary of Exelon and Generation, issued $675 million aggregate principal amount of a nonrecourse senior secured term loan. On May 2, 2017, EGTP entered into a consent agreement with its lenders to permit EGTP to draw on its revolving credit facility and initiate an orderly sales process to sell the assets of its wholly-owned subsidiaries, the proceeds from which will first be used to pay the administrative costs of administering the sale, the normal and ordinary costs of operating the plants and repayment of the secured debt of EGTP, including the revolving credit facility. As a result, in the second quarter, Exelon and Generation will reclassify certain EGTP's assets and liabilities on Exelon's and Generation's Consolidated Balance Sheets as held for sale at their respective fair values. Exelon and Generation estimate a pre-tax impairment charge upon reclassification ranging from $300 million to $400 million will be recognized in the second quarter of 2017. See Note 10 — Debt and Credit Agreements and Note 20 — Subsequent Events for additional information regarding EGTP and the associated nonrecourse debt.

Exelon's Strategy and Outlook for 2017 and Beyond

Exelon's value proposition and competitive advantage come from its scope and its core strengths of operational excellence and financial discipline. Exelon leverages its integrated business model to create value. Exelon's regulated and competitive businesses feature a mix of attributes that, when combined, offer shareholders and customers a unique value proposition:

- Exelon's utilities provide a foundation for steadily growing earnings, which translates to a stable currency in our stock.
- Generation's competitive businesses provide free cash flow to invest primarily in the utilities and in long-term, contracted assets and to reduce debt.

Exelon believes its strategy provides a platform for optimal success in an energy industry experiencing fundamental and sweeping change.

Exelon's utility strategy is to improve reliability and operations and enhance the customer experience, while ensuring ratemaking mechanisms provide the utilities fair financial returns. The Exelon utilities only invest in rate base where it provides a benefit to customers and the community by improving reliability and the service experience or otherwise meeting customer needs. The Exelon utilities make these investments at the lowest reasonable cost to customers. Exelon seeks to leverage its scale and expertise across the utilities platform through enhanced standardization and sharing of resources and best practices to achieve improved operational and financial results. Additionally, the Utility Registrants anticipate making significant future investments in smart meter technology, transmission projects, gas infrastructure, and electric system improvement projects, providing greater reliability and improved service for our customers and a stable return for the company.

Generation's competitive businesses create value for customers by providing innovative energy solutions and reliable, clean and affordable energy. Generation's electricity generation strategy is to pursue opportunities that provide stable revenues and generation to load matching to reduce earnings volatility. Generation leverages its energy generation portfolio to deliver energy to both wholesale and retail customers. Generation's customer-facing activities foster development and delivery of other innovative energy-related products and services for its customers. Generation operates in well-developed energy markets and employs an integrated hedging strategy to manage commodity price volatility. Its generation fleet, including its nuclear plants which consistently operate at

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high capacity factors, also provide geographic and supply source diversity. These factors help Generation mitigate the current challenging conditions in competitive energy markets.

Exelon's financial priorities are to maintain investment grade credit metrics at each of the Registrants, to maintain optimal capital structure and to return value to Exelon's shareholders with an attractive dividend throughout the energy commodity market cycle and through stable earnings growth. Exelon's Board of Directors has approved a dividend policy providing a raise of 2.5% each year for three years, beginning with the June 2016 dividend.

Various market, financial, regulatory, legislative and operational factors could affect the Registrants' success in pursuing their strategies. Exelon continues to assess infrastructure, operational, commercial, policy, and legal solutions to these issues. See ITEM 1A. RISK FACTORS of the Exelon 2016 Form 10-K for additional information regarding market and financial factors.

Continually optimizing the cost structure is a key component of Exelon's financial strategy. Through a recent focused cost management program, the company has committed to reducing operation and maintenance expenses and capital costs by approximately $350 million and $50 million, respectively, of which approximately 35% of run-rate savings was achieved by the end of 2016. Approximately 60% of run-rate savings are expected to be achieved by the end of 2017 and fully realized in 2018. At least 75% of the savings are expected to be related to Generation, with the remaining amount related to the Utility Registrants.

Growth Opportunities

Management continually evaluates growth opportunities aligned with Exelon's businesses, assets and markets, leveraging Exelon's expertise in those areas and offering sustainable returns.

Regulated Energy Businesses **.** The PHI merger provides an opportunity to accelerate Exelon's regulated growth to provide stable cash flows, earnings accretion, and dividend support. Additionally, the Utility Registrants anticipate investing approximately $25 billion over the next five years in electric and natural gas infrastructure improvements and modernization projects, including smart meter and smart grid initiatives, storm hardening, advanced reliability technologies, and transmission projects, which is projected to result in an increase to current rate base of approximately $9 billion by the end of 2021. The Utility Registrants invest in rate base where beneficial to customers and the community by increasing reliability and the service experience or otherwise meeting customer needs. These investments are made at the lowest reasonable cost to customers.

See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information on the Smart Meter and Smart Grid Initiatives and infrastructure development and enhancement programs.

Competitive Energy Businesses **.** Generation continually assesses the optimal structure and composition of its generation assets as well as explores wholesale and retail opportunities within the power and gas sectors. Generation's long-term growth strategy is to prioritize investments in long-term contracted generation across multiple technologies and identify and capitalize on opportunities that provide generation to load matching as a means to provide stable earnings, while identifying emerging technologies where strategic investments provide the option for significant future growth or influence in market development. As of March 31, 2017, Generation has currently approved plans to invest a total of approximately $600 million over the next two years to complete new plant construction currently in progress.

Liquidity Considerations

Each of the Registrants annually evaluates its financing plan, dividend practices and credit line sizing, focusing on maintaining its investment grade ratings while meeting its cash needs to fund capital requirements, retire debt, pay dividends, fund pension and OPEB obligations and invest in new and existing ventures. A broad spectrum of financing alternatives beyond the core financing options can be used to meet its needs and fund growth including monetizing assets in the portfolio via project financing, asset sales, and the use of other

financing structures (e.g., joint ventures, minority partners, etc.). The Registrants expect cash flows to be sufficient to meet operating expenses, financing costs and capital expenditure requirements.

Exelon, Generation, ComEd, PECO, BGE, Pepco, DPL and ACE have unsecured syndicated revolving credit facilities with aggregate bank commitments of $0.6 billion, $5.3 billion, $1 billion, $0.6 billion, $0.6 billion, $0.3 billion, $0.3 billion and $0.3 billion, respectively. Generation also has bilateral credit facilities with aggregate maximum availability of $0.5 billion. See Liquidity and Capital Resources — Credit Matters — Exelon Credit Facilities below.

For further detail regarding the Registrants' liquidity for the three months ended March 31, 2017, see Liquidity and Capital Resources discussion below.

Project Financing

Generation utilizes individual project financings as a means to finance the construction of various generating asset projects. Project financing is based upon a nonrecourse financial structure, in which project debt and equity used to finance the project are paid back from the cash generated by the newly constructed asset once operational. Borrowings under these agreements are secured by the assets and equity of each respective project. The lenders do not have recourse against Exelon or Generation in the event of a default. If a specific project financing entity does not maintain compliance with its specific debt financing covenants, there could be a requirement to accelerate repayment of the associated debt or other project-related borrowings earlier than the stated maturity dates. In these instances, if such repayment was not satisfied, or restructured, the lenders or security holders would generally have rights to foreclose against the project-specific assets and related collateral. The potential requirement to satisfy its associated debt or other borrowings earlier than otherwise anticipated could lead to impairments due to a higher likelihood of disposing of the respective project-specific assets significantly before the end of their useful lives. See Note 10 — Debt and Credit Agreements of the Combined Notes to the Consolidated Financial Statements for additional information on nonrecourse debt.

Other Key Bu siness Drivers and Management Strategies

Utility Rates and Rate Proceedings

The Utility Registrants file rate cases with their regulatory commissions seeking increases or decreases to their electric transmission and distribution, and gas distribution rates to recover their costs and earn a fair return on their investments. The outcomes of these regulatory proceedings impact the Utility Registrants' current and future results of operations, cash flows and financial position. See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for further details on these regulatory proceedings.

Power Markets

Price of Fuels

The use of new technologies to recover natural gas from shale deposits is increasing natural gas supply and reserves, which places downward pressure on natural gas prices and, therefore, on wholesale and retail power prices, which results in a reduction in Exelon's revenues. Forward natural gas prices have declined significantly over the last several years; in part reflecting an increase in supply due to strong natural gas production (due to shale gas development).

Capacity Market Changes in PJM

In the wake of the January 2014 Polar Vortex that blanketed much of the Eastern and Midwestern United States, it became clear that while a major outage event was narrowly avoided, resources in PJM were not providing the level of reliability expected by customers. As a result, on December 12, 2014, PJM filed at FERC a proposal to make significant changes to its current capacity market construct, the Reliability Pricing Model (RPM). PJM's proposed changes generally sought to improve resource performance and reliability largely by

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limiting the excuses for non-performance and by increasing the penalties for performance failures. The proposal permits suppliers to include in capacity market offers additional costs and risk so they can meet these higher performance requirements. While offers are expected to put upward pressure on capacity clearing prices, operational improvements made as a result of PJM's proposal are expected to improve reliability, to reduce energy production costs as a result of more efficient operations and to reduce the need for out of market energy payments to suppliers. Generation participated actively in PJM's stakeholder process through which PJM developed the proposal and also actively participated in the FERC proceeding including filing comments. On June 9, 2015, FERC approved PJM's filing largely as proposed by PJM, including transitional auction rules for delivery years 2016/2017 through 2017/2018. As a result of this and several related orders, PJM hosted its 2018/2019 Base Residual Auction (results posted on August 21, 2015) and its transitional auction for delivery year 2016/2017 (results posted on August 31, 2015) and its transitional auction for delivery years 2017/2018 (results posted on September 9, 2015). On May 10, 2016, FERC largely denied rehearing, and a number of parties appealed to the U.S. Court of Appeals for the DC Circuit for review of the decision. It is too early in the process to predict the appeal outcome.

MISO Capacity Market Results

On April 14, 2015, the Midcontinent Independent System Operator (MISO) released the results of its capacity auction covering the June 2015 through May 2016 delivery year. As a result of the auction, capacity prices for the zone 4 region in downstate Illinois increased to $150 per MW per day beginning in June 2015, an increase from the prior pricing of $16.75 per MW per day that was in effect from June 2014 to May 2015. Generation had an offer that was selected in the auction. However, due to Generation's ratable hedging strategy, the results of the capacity auction have not had a material impact on Exelon's and Generation's consolidated results of operations and cash flows.

Additionally, in late May and June 2015, separate complaints were filed at the FERC by each of the State of Illinois, the Southwest Electric Cooperative, Public Citizens, Inc., and the Illinois Industrial Energy Consumers challenging the results of this MISO capacity auction for the 2015/2016 delivery in MISO delivery zone 4. The complaints allege generally that 1) the results of the capacity auction for zone 4 are not just and reasonable, 2) the results should be suspended, set for hearing and replaced with a new just and reasonable rate, 3) a refund date should be established and that 4) certain alleged behavior by one of the market participants other than Exelon or Generation, be investigated.

On October 1, 2015, FERC announced that it was conducting a non-public investigation (that does not involve Exelon or Generation) into whether market manipulation or other potential violations occurred related to the auction. On December 31, 2015, FERC issued a decision that certain of the rules governing the establishment of capacity prices in downstate Illinois are "not just and reasonable" on a prospective basis. FERC ordered that certain rules be changed prior to the April 2016 auction which set capacity prices for the 2016/2017 planning year. In response to this order, MISO filed certain rule changes with FERC. On March 18, 2016, FERC largely denied rehearing of its December 31, 2015 order. FERC continues to conduct its non-public investigation to determine if the April 2015 auction results were manipulated and, if so, whether refunds are appropriate. FERC did establish May 28, 2015, the day the first complaint was filed, as the date from which refunds (if ordered) would be calculated, and it also made clear that the findings in the December 31, 2015 order do not prejudge the investigation or related proceedings. Generation cannot predict the impact the FERC order may ultimately have on future auction results, capacity pricing or decisions related to the potential early retirement of the Clinton nuclear plant, however, such impacts could be material to Generation's future results of operations and cash flows. See Note 7 — Early Nuclear Plant Retirements of the Combined Notes to the Consolidated Financial Statements for additional information on the impacts of the MISO announcement.

Subsidized Generation

The rate of expansion of subsidized generation, in the markets in which Generation's output is sold can negatively impact wholesale power prices, and in turn, Generation's results of operations.

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Various states have attempted to implement or propose legislation, regulations or other policies to subsidize new generation development which may result in artificially depressed wholesale energy and capacity prices. For example, the New Jersey legislature enacted into law in January 2011, the Long Term Capacity Pilot Program Act (LCAPP). LCAPP provides eligible generators with 15-year fixed contracts for the sale of capacity in the PJM capacity market. Under LCAPP, the local utilities in New Jersey are required to pay (or receive) the difference between the price eligible generators receive in the capacity market and the price guaranteed under the 15-year contract. New Jersey ultimately selected three proposals to participate in LCAPP and build new generation in the state. In addition, on April 12, 2012, the MDPSC issued an order directing the Maryland electric utilities to enter into a 20-year contract for differences (CfD) with CPV Maryland, LLC (CPV), under which CPV was required to construct an approximately 700 MW combined cycle gas turbine in Waldorf, Maryland. The CfD mandated that utilities (including BGE, Pepco and DPL) pay (or receive) the difference between CPV's contract price and the revenues it receives for capacity and energy from clearing the unit in the PJM capacity market.

Exelon and others challenged the constitutionality and other aspects of the New Jersey legislation in federal court. The actions taken by the MDPSC were also challenged in federal court in an action to which Exelon was not a party. The federal trial courts in both the New Jersey and Maryland actions effectively invalidated the actions taken by the New Jersey legislature and the MDPSC, respectively. Each of those decisions was upheld by the U.S. Court of Appeals for the Third Circuit and the U.S. Court of Appeals for the Fourth Circuit, respectively. On April 19, 2016, the U.S. Supreme Court affirmed the decision of the U.S. Court of Appeals for the Fourth Circuit, and subsequently denied certiorari with respect to the appeal from the U.S. Court of Appeals for the Third Circuit, leaving in place that Court's decision. The matter is now considered closed.

As required under their contracts, generator developers who were selected in the New Jersey and Maryland programs (including CPV) offered and cleared in PJM's capacity market auctions. To the extent that the state-required customer subsidies are included under their respective contracts, Exelon believes that these projects may have artificially suppressed capacity prices in PJM in these auctions and may continue to do so in future auctions to the detriment of Exelon. While the court decisions are positive developments, continuation of these state efforts, if successful and unabated by an effective minimum offer price rule (MOPR) for future capacity auctions, could continue to result in artificially depressed wholesale capacity and/or energy prices. Other states could seek to establish programs, which could substantially impact Exelon's position and could have a significant effect on Exelon's financial results of operations, financial position and cash flows.

One such state is Ohio, where state-regulated utility companies FirstEnergy Ohio (FE) and AEP Ohio (AEP) initiated actions at the Public Utilities Commission of Ohio (PUCO) to obtain approval for Riders that would effectively allow these two companies to pass through to all customers in their service territories the differences between their costs and market revenues on PPAs entered into between the utility and its merchant generation affiliate for what was collectively more than 6,000MW of primarily coal-fired generation. Thus, the Riders were similar to the CfDs described above (except that the PPA Riders in Ohio would apply to existing generation facilities whereas the CfDs applied to new generation facilities). While FERC orders on April 27, 2016 largely alleviated the concerns related to the Riders by holding that the PPAs ran afoul of affiliate restrictions on FE and AEP, we continue to closely monitor developments in Ohio.

In addition, Exelon continues to monitor developments in Maryland, New Jersey, and other states and participates in stakeholder and other processes to ensure that similar state subsidies are not developed. Exelon remains active in advocating for competitive markets, while opposing policies that require taxpayers and/ or consumers to subsidize or give preferential treatment to generation providers or technologies that do not provide superior reliability or environmental benefits, or that would threaten the reliability and value of the integrated electricity grid.

Complaints at FERC Seeking to Mitigate Illinois and New York Programs Providing ZECs

PJM and NYISO capacity markets include a Minimum Offer Price Rule (MOPR) that is intended to preclude buyers from exercising buyer market power. If a resource is subjected to a MOPR, its offer is adjusted to remove the revenues it receives through a federal, state or other government-provided financial support

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program — resulting in a higher offer that may not clear the capacity market. Currently, the MOPRs in PJM and NYISO apply only to certain new resources. Exelon has generally opposed policies that required subsidies or give preferential treatment to generation providers or technologies that do not provide superior reliability or environmental benefits, or that would threaten the reliability and value of the integrated electricity grid. Thus, Exelon has supported a MOPR as a means of minimizing the detrimental impact of certain subsidized resources could have on capacity markets (such as the New Jersey (LCAPP) and Maryland (CfD) programs. However, in Exelon's view, MOPRs should not be applied to resources that receive compensation for providing superior reliability or environmental benefits.

On January 9, 2017, the Electric Power Supply Association (EPSA) filed two requests with FERC: one seeking to amend a prior complaint against PJM and another seeking expedited action on a pending NYISO compliance filing in an existing proceeding. Both filings allege that the relevant MOPR should be expanded to also apply to existing resources receiving ZEC compensation under the New York CES and Illinois ZES programs. Exelon has filed protests at FERC in response to each filing, arguing generally that ZEC payments provide compensation for an environmental attribute that is distinct from the energy and capacity sold in the FERC-jurisdictional markets, and therefore, are no different than other renewable support programs like the PTC and RPS that have generally not been subject to a MOPR. However, if successful, for Generation's facilities expected to receive ZEC compensation (Quad Cities, Ginna, Nine Mile Point and FitzPatrick), an expanded MOPR could require exclusion of ZEC compensation when bidding into future capacity auctions such that these facilities would have an increased risk of not clearing in those auctions and thus no longer receiving capacity revenues during the respective ZEC programs. Any such mitigation of these generating resources could have a material effect on Exelon's and Generation's future cash flows and results of operations. The timing of FERC's decision with respect to both proceedings is currently unknown and the outcome of these matters is currently uncertain.

Energy Demand

Modest economic growth partially offset by energy efficiency initiatives is resulting in flat to declining load growth in electricity for the utilities. There is a decrease in projected load for electricity for ComEd, PECO, BGE, and ACE, and an essentially flat projected load for electricity for DPL. ComEd, PECO, BGE, Pepco, ACE and DPL are projecting load volumes to increase (decrease) by (0.1)%, (0.2)%, (2.4)%, (1.4)%, (1.9)%, and 0.0% respectively, in 2017 compared to 2016.

Retail Competition

Generation's retail operations compete for customers in a competitive environment, which affect the margins that Generation can earn and the volumes that it is able to serve. The market experienced high price volatility in the first quarter of 2014 which contributed to bankruptcies and consolidations within the industry during the year. However, forward natural gas and power prices are expected to remain low and thus we expect retail competitors to stay aggressive in their pursuit of market share, and that wholesale generators (including Generation) will continue to use their retail operations to hedge generation output.

Strategic Policy Alignment

As part of its strategic business planning process, Exelon routinely reviews its hedging policy, dividend policy, operating and capital costs, capital spending plans, strength of its balance sheet and credit metrics, and sufficiency of its liquidity position, by performing various stress tests with differing variables, such as commodity price movements, increases in margin-related transactions, changes in hedging practices, and the impacts of hypothetical credit downgrades.

Exelon's board of directors declared first quarter 2017 dividends of $0.3275 per share on Exelon's common stock. The first quarter 2017 dividend was paid on March 10, 2017. The dividend increased from fourth quarter 2016 amount to reflect the Board's decision to raise Exelon's dividend 2.5% each year for the next three years, beginning with the June 2016 dividend.

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Exelon's Board of Directors declared the second quarter 2017 dividends of $0.3275 per share each on Exelon's common stock and is payable on June 9, 2017.

All future quarterly dividends require approval by Exelon's Board of Directors.

Hedging Strategy

Exelon's policy to hedge commodity risk on a ratable basis over three-year periods is intended to reduce the financial impact of market price volatility. Generation is exposed to commodity price risk associated with the unhedged portion of its electricity portfolio. Generation enters into non-derivative and derivative contracts, including financially-settled swaps, futures contracts and swap options, and physical options and physical forward contracts, all with credit-approved counterparties, to hedge this anticipated exposure. Generation has hedges in place that significantly mitigate this risk for 2017 and 2018. However, Generation is exposed to relatively greater commodity price risk in the subsequent years with respect to which a larger portion of its electricity portfolio is currently unhedged. As of March 31, 2017, the percentage of expected generation hedged for the major reportable segments was 97%-100%, 60%-63% and 30%-33% for 2017, 2018, and 2019 respectively. The percentage of expected generation hedged is the amount of equivalent sales divided by the expected generation. Expected generation is the volume of energy that best represents our commodity position in energy markets from owned or contracted generating facilities based upon a simulated dispatch model that makes assumptions regarding future market conditions, which are calibrated to market quotes for power, fuel, load following products, and options. Equivalent sales represent all hedging products, such as wholesale and retail sales of power, options and swaps. Generation has been and will continue to be proactive in using hedging strategies to mitigate commodity price risk in subsequent years as well.

Generation procures oil and natural gas through long-term and short-term contracts and spot-market purchases. Nuclear fuel is obtained predominantly through long-term uranium concentrate supply contracts, contracted conversion services, contracted enrichment services, or a combination thereof, and contracted fuel fabrication services. The supply markets for uranium concentrates and certain nuclear fuel services, coal, oil and natural gas are subject to price fluctuations and availability restrictions. Supply market conditions may make Generation's procurement contracts subject to credit risk related to the potential non-performance of counterparties to deliver the contracted commodity or service at the contracted prices. Approximately 49% of Generation's uranium concentrate requirements from 2017 through 2021 are supplied by three producers. In the event of non-performance by these or other suppliers, Generation believes that replacement uranium concentrate can be obtained, although at prices that may be unfavorable when compared to the prices under the current supply agreements. Non-performance by these counterparties could have a material adverse impact on Exelon's and Generation's results of operations, cash flows and financial position.

The Utility Registrants mitigate commodity price risk through regulatory mechanisms that allow them to recover procurement costs from retail customers.

Tax Matters

Potential Corporate Tax Reform

The results of the November 2016 U.S. elections have introduced greater uncertainty with respect to federal tax policies. President Trump has stated that one of his top priorities is comprehensive tax reform and House Republicans plan to advance their tax reform "blueprint". Tax reform proposals call for a reduction in the corporate federal income tax rate from the current 35% to as low as 15%. Other proposals provide, among other items, for the immediate deduction of capital investment expenditures and full or partial elimination of debt interest expense deductions. It is uncertain whether, to what extent or when these or any other changes in federal tax policies will be enacted or the transition time frame for such changes. Further, for the Utility Registrants,

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regulators may impose rate reductions to provide the benefit of any income tax expense reductions to customers and refund "excess" deferred income taxes previously collected through rates. The amounts and timing of any such rate changes would be subject to the discretion of the rate regulator in each specific jurisdiction. For these reasons, the Registrants cannot predict the impact any potential changes may have on their future results of operations, cash flows or financial position, and such changes could be material.

See Note 11 — Income Taxes of the Combined Notes to the Consolidated Financial Statements for additional information

Environmental Legislative and Regulatory Developments

Exelon was actively involved in the Obama Administration's development and implementation of environmental regulations for the electric industry, in pursuit of its business strategy to provide reliable, clean, affordable and innovative energy products. These efforts have most frequently involved air, water and waste controls for fossil-fueled electric generating units, as set forth in the discussion below. These regulations have had a disproportionate adverse impact on coal-fired power plants, requiring significant expenditures of capital and variable operating and maintenance expense, and have resulted in the retirement of older, marginal facilities. Due to its low emission generation portfolio, Generation has not been significantly affected by these regulations, representing a competitive advantage relative to electric generators that are more reliant on fossil-fuel plants.

Through the issuance of a series of Executive Orders (EO), President Trump has initiated review of a number of EPA and other regulations issued during the Obama Administration, with the expectation that the Administration will seek repeal or significant revision of these rules. Under these EOs, each executive agency is required to evaluate existing regulations and make recommendations regarding repeal, replacement, or modification. The Administration's actions are intended to result in less stringent compliance requirements under air, water, and waste regulations. The exact nature, extent, and timing of the regulatory changes are unknown, as well as the ultimate impact on Exelon's and its subsidiaries results of operations and cash flows.

In particular, the Administration has targeted existing EPA regulations for repeal, including notably the Clean Power Plan, as well as revoking many Executive Orders, reports, and guidance issued by the Obama Administration on the topic of climate change or the regulation of greenhouse gases. The Executive Order also disbanded the Interagency Working Group that developed the social cost of carbon used in rulemakings, and withdrew all technical support documents supporting the calculation. Other regulations that have been specifically identified for review are the Clean Water Act rule relating to jurisdictional waters of the U.S., the Steam Electric Effluent Guidelines relating to waste water discharges from coal-fired power plants, and the 2015 National Ambient Air Quality Standard (NAAQS) for ozone. The review of final rules could extend over several years as formal notice and comment rulemaking process proceeds.

Air Quality

Mercury and Air Toxics Standard Rule (MATS). On December 16, 2011, the EPA signed a final rule to reduce emissions of toxic air pollutants from power plants and signed revisions to the NSPS for electric generating units. The final rule, known as MATS, requires coal-fired electric generation plants to achieve high removal rates of mercury, acid gases and other metals, and to make capital investments in pollution control equipment and incur higher operating expenses. The initial compliance deadline to meet the new standards was April 16, 2015; however, facilities may have been granted an additional one or two year extension in limited cases. Numerous entities challenged MATS in the D.C. Circuit Court, and Exelon intervened in support of the rule. In April 2014, the D.C. Circuit Court issued an opinion upholding MATS in its entirety. On appeal, the U.S. Supreme Court decided in June 2015 that the EPA unreasonably refused to consider costs in determining whether it is appropriate and necessary to regulate hazardous air pollutants emitted by electric utilities. The U.S. Supreme Court, however, did not vacate the rule; rather, it was remanded to the D.C. Circuit Court to take further action

consistent with the U.S. Supreme Court's opinion on this single issue. As such, the MATS rule remains in effect. Exelon will continue to participate in the remanded proceedings before the D.C. Circuit Court as an intervenor in support of the rule.

Water Quality

Section 316(b) of the Clean Water Act requires that cooling water intake structures at electric power plants reflect the best technology available to minimize adverse environmental impacts, and is implemented through state-level NPDES permit programs. All of Generation's power generation facilities with cooling water systems are subject to the regulations. Facilities without closed-cycle recirculating systems (e.g., cooling towers) are potentially most affected by changes to the existing regulations. Those facilities are Calvert Cliffs, Clinton, Dresden, Eddystone, Fairless Hills, Fitzpatrick, Ginna, Gould Street, Handley, Mountain Creek, Mystic 7, Nine Mile Point Unit 1, Oyster Creek, Peach Bottom, Quad Cities, Riverside and Salem. See ITEM 1. — BUSINESS, "Water Quality" of the Exelon 2016 Form 10-K for further discussion.

Solid and Hazardous Waste

In October 2015, the first federal regulation for the disposal of coal combustion residuals (CCR) from power plants became effective. The rule classifies CCR as non-hazardous waste under RCRA. Under the regulation, CCR will continue to be regulated by most states subject to coordination with the federal regulations. Generation has previously recorded accruals consistent with state regulation for its owned coal ash sites, and as such, the regulation is not expected to impact Exelon's and Generation's financial results. Generation does not have sufficient information to reasonably assess the potential likelihood or magnitude of any remediation requirements that may be asserted under the new federal regulations for coal ash disposal sites formerly owned by Generation. For these reasons, Generation is unable to predict whether and to what extent it may ultimately be held responsible for remediation and other costs relating to formerly owned coal ash disposal sites under the new regulations.

See Note 17 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements for further detail related to environmental matters, including the impact of environmental regulation.

Employees

During 2016, BSC and ComEd extended the collective bargaining agreement (CBA) with IBEW Local 15 by three years; with an expiration date of September 30, 2022. Generation extended its CBA with both the IBEW Local 15 (covering the five Midwest nuclear plants) and IBEW Local 51 (Clinton) by three years; with expiration dates of April 30, 2022 and December 15, 2023, respectively. Additionally, Exelon Nuclear Security successfully ratified its CBA with the UGSOA Local 17 at Oyster Creek to an extension of five years, and Exelon Power successfully ratified its CBA with the IBEW Local 614 to a three year extension. In January 2017, an election was held at BGE which resulted in union representation for approximately 1,400 employees. BGE and IBEW Local 410 will begin negotiations for an initial agreement which could result in some modifications to wages, hours and other terms and conditions of employment. No agreement has been finalized to date and management cannot predict the outcome of such negotiations. In April 2017, Exelon Nuclear Security successfully ratified its CBA with the SPFPA Local 238 at Quad Cities to an extension of three years.

Critical Accounting Policies and Estimates

Management of each of the Registrants makes a number of significant estimates, assumptions and judgments in the preparation of its financial statements. See ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — CRITICAL ACCOUNTING POLICIES AND ESTIMATES in Exelon's, Generation's, ComEd's, PECO's, BGE's, PHI's,

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Pepco's, DPL's and ACE's combined 2016 Form 10-K for a discussion of the estimates and judgments necessary in the Registrants' accounting for AROs, goodwill, purchase accounting, unamortized energy assets and liabilities, asset impairments, depreciable lives of property, plant and equipment, defined benefit pension and other postretirement benefits, regulatory accounting, derivative instruments, taxation, contingencies, revenue recognition, and allowance for uncollectible accounts. At March 31, 2017, the Registrants' critical accounting policies and estimates had not changed significantly from December 31, 2016.

Results of Operations By Business Segment

Net Income (Loss) Attributable to Common Shareholders by Registrant

	Three Months Ended March 31,		Favorable (Unfavorable) Variance
	2017	2016 [a]	
Exelon	$ 995	$ 173	$ 822
Generation	423	310	113
ComEd	141	115	26
PECO	127	124	3
BGE	125	98	27
Pepco	58	(108)	166
DPL	57	(72)	129
ACE	28	(100)	128

(a) For Pepco, DPL and ACE, reflects that Registrant's operations for the three months ended March 31, 2016. For Exelon and Generation, includes the operations of the PHI acquired businesses for the period of March 24, 2016 through March 31, 2016.

	Successor		*Predecessor*
	Three Months Ended March 31, 2017	March 24, 2016 to March 31, 2016	January 1, 2016 to March 23, 2016
PHI	$ 140	$ (309)	$ 19

Results of Operations — Generation

	Three Months Ended March 31,		Favorable (Unfavorable) Variance
	2017	2016	
Operating revenues	$ 4,888	$ 4,739	$ 149
Purchased power and fuel expense	2,798	2,442	(356)
Revenues net of purchased power and fuel expense [a]	2,090	2,297	(207)
Other operating expenses			
Operating and maintenance	1,488	1,467	(21)
Depreciation and amortization	302	289	(13)
Taxes other than income	143	126	(17)
Total other operating expenses	1,933	1,882	(51)
Gain on sales of assets	4	—	4
Bargain purchase gain	226	—	226
Operating income	387	415	(28)
Other income and (deductions)			
Interest expense, net	(100)	(97)	(3)
Other, net	259	93	166
Total other income and (deductions)	159	(4)	163

	Three Months Ended March 31,		Favorable (Unfavorable) Variance
	2017	2016	
Income before income taxes	546	411	135
Income taxes	127	151	24
Equity in losses of unconsolidated affiliates	(10)	(3)	(7)
Net income	409	257	152
Net loss attributable to noncontrolling interests	(14)	(53)	(39)
Net income attributable to membership interest	$ 423	$ 310	$ 113

(a) Generation evaluates its operating performance using the measure of revenue net of purchased power and fuel expense. Generation believes that revenue net of purchased power and fuel expense is a useful measurement because it provides information that can be used to evaluate its operational performance. Revenue net of purchased power and fuel expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

Net Income Attributable to Membership Interest

Three Months Ended March 31, 2017 Compared to Three Months Ended March 31, 2016. Generation's net income attributable to membership interest for the three months ended March 31, 2017 increased compared to the same period in 2016, primarily due to a bargain purchase gain associated with the acquisition of FitzPatrick, increased other income, and lower income taxes, partially offset by lower revenue net of purchased power and fuel expense, higher operating and maintenance expense and higher depreciation and amortization expense . The bargain purchase gain relates to the excess of the fair value of assets and liabilities acquired over the purchase price related to the FitzPatrick acquisition. The increase in other income is primarily due to the change in realized and unrealized gains and losses on NDT funds. The decrease in revenues net of purchased power and fuel expense primarily relates to mark-to-market losses in 2017 compared to mark-to-market gains in 2016, the impacts of declining natural gas prices on Generation's natural gas portfolio, decreased capacity prices and lower realized energy prices, partially offset by the impact of the Ginna Reliability Support Services Agreement and the absence of oil inventory write downs in 2017. The increase in operating and maintenance expense is primarily related to an increase in the number of nuclear outage days in 2017.

Revenues Net of Purchased Power and Fuel Expense

The basis for Generation's reportable segments is the integrated management of its electricity business that is located in different geographic regions, and largely representative of the footprints of ISO/RTO and/or NERC regions, which utilize multiple supply sources to provide electricity through various distribution channels (wholesale and retail). Generation's hedging strategies and risk metrics are also aligned with these same geographic regions. Descriptions of each of Generation's six reportable segments are as follows:

- Mid-Atlantic represents operations in the eastern half of PJM, which includes New Jersey, Maryland, Virginia, West Virginia, Delaware, the District of Columbia and parts of Pennsylvania and North Carolina.
- Midwest represents operations in the western half of PJM, which includes portions of Illinois, Pennsylvania, Indiana, Ohio, Michigan, Kentucky and Tennessee, and the United States footprint of MISO, excluding MISO's Southern Region, which covers all or most of North Dakota, South Dakota, Nebraska, Minnesota, Iowa, Wisconsin, the remaining parts of Illinois, Indiana, Michigan and Ohio not covered by PJM, and parts of Montana, Missouri and Kentucky.
- New England represents the operations within ISO-NE covering the states of Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.
- New York represents operations within ISO-NY, which covers the state of New York in its entirety.

- ERCOT represents operations within Electric Reliability Council of Texas, covering most of the state of Texas.
- Other Power Regions :
  - South represents operations in the FRCC, MISO's Southern Region, and the remaining portions of the SERC not included within MISO or PJM, which includes all or most of Florida, Arkansas, Louisiana, Mississippi, Alabama, Georgia, Tennessee, North Carolina, South Carolina and parts of Missouri, Kentucky and Texas. Generation's South region also includes operations in the SPP, covering Kansas, Oklahoma, most of Nebraska and parts of New Mexico, Texas, Louisiana, Missouri, Mississippi and Arkansas.
  - West represents operations in the WECC, which includes California ISO, and covers the states of California, Oregon, Washington, Arizona, Nevada, Utah, Idaho, Colorado, and parts of New Mexico, Wyoming and South Dakota.
  - Canada represents operations across the entire country of Canada and includes AESO, OIESO and the Canadian portion of MISO.

The following business activities are not allocated to a region, and are reported under Other: natural gas, as well as other miscellaneous business activities that are not significant to Generation's overall operating revenues or results of operations. Further, the following activities are not allocated to a region, and are reported in Other: amortization of certain intangible assets relating to commodity contracts recorded at fair value from mergers and acquisitions; accelerated nuclear fuel amortization associated with nuclear decommissioning; and other miscellaneous revenues.

Generation evaluates the operating performance of its electric business activities using the measure of revenue net of purchased power and fuel expense, which is a non-GAAP measurement. Generation's operating revenues include all sales to third parties and affiliated sales to the Utility Registrants. Purchased power costs include all costs associated with the procurement and supply of electricity including capacity, energy and ancillary services. Fuel expense includes the fuel costs for owned generation and fuel costs associated with tolling agreements.

For the three months ended March 31, 2017 and 2016, Generation's revenue net of purchased power and fuel expense by region were as follows:

	Three Months Ended March 31,			
	2017	2016	Variance	% Change
Mid-Atlantic [(a)]	$ 773	$ 841	$ (68)	(8.1)%
Midwest [(b)]	715	718	(3)	(0.4)%
New England	111	81	30	37.0%
New York	153	130	23	17.7%
ERCOT	69	61	8	13.1%
Other Power Regions	64	76	(12)	(15.8)%
Total electric revenue net of purchased power and fuel expense	1,885	1,907	(22)	(1.2)%
Proprietary Trading	—	3	(3)	(100.0)%
Mark-to-market (losses) gains	(49)	103	(152)	(147.6)%
Other [(c)]	254	284	(30)	(10.6)%
Total revenue net of purchased power and fuel expense	$ 2,090	$ 2,297	$ (207)	(9.0)%

(a) Results of transactions with PECO and BGE are included in the Mid-Atlantic region. Results of transactions with Pepco, DPL, and ACE are included in the Mid-Atlantic region beginning on March 24, 2016, the day after the PHI merger was completed.
(b) Results of transactions with ComEd are included in the Midwest region.

(c) Other represents activities not allocated to a region. See text above for a description of included activities. Includes amortization of intangible assets related to commodity contracts recorded at fair value of a $3 million decrease and $19 million increase to revenue net of purchased power and fuel expense for the three months ended March 31, 2017 and 2016, respectively.

Generation's supply sources by region are summarized below:

Supply source (GWh)	Three Months Ended March 31, 2017	2016	Variance	% Change
Nuclear generation				
Mid-Atlantic [a]	16,545	16,208	337	2.1%
Midwest [a]	22,468	23,662	(1,194)	(5.0)%
New York [a]	4,491	4,932	(441)	(8.9)%
Total Nuclear Generation	43,504	44,802	(1,298)	(2.9)%
Fossil and Renewables				
Mid-Atlantic	836	898	(62)	(6.9)%
Midwest	418	449	(31)	(6.9)%
New England	2,077	1,924	153	8.0%
New York	1	1	—	—%
ERCOT	1,370	1,376	(6)	(0.4)%
Other Power Regions	1,423	2,147	(724)	(33.7)%
Total Fossil and Renewables	6,125	6,795	(670)	(9.9)%
Purchased Power				
Mid-Atlantic	3,398	3,755	(357)	(9.5)%
Midwest	388	706	(318)	(45.0)%
New England	5,064	4,155	909	21.9%
New York [b]	28	—	28	N/A
ERCOT	2,655	2,294	361	15.7%
Other Power Regions	2,384	2,600	(216)	(8.3)%
Total Purchased Power	13,917	13,510	407	3.0%
Total Supply/Sales by Region [b]				
Mid-Atlantic [c]	20,779	20,861	(82)	(0.4)%
Midwest [c]	23,274	24,817	(1,543)	(6.2)%
New England	7,141	6,079	1,062	17.5%
New York	4,520	4,933	(413)	(8.4)%
ERCOT	4,025	3,670	355	9.7%
Other Power Regions	3,807	4,747	(940)	(19.8)%
Total Supply/Sales by Region	63,546	65,107	(1,561)	(2.4)%

(a) Includes the proportionate share of output where Generation has an undivided ownership interest in jointly-owned generating plants and includes the total output of plants that are fully consolidated (e.g. CENG).

(b) Excludes physical proprietary trading volumes of 1,850 GWh and 1,220 GWh for the three months ended March 31, 2017 and 2016, respectively.

(c) Includes affiliate sales to PECO and BGE in the Mid-Atlantic region and affiliate sales to ComEd in the Midwest region. As a result of the PHI Merger, includes affiliate sales to Pepco, DPL and ACE in the Mid-Atlantic region beginning on March 24, 2016.

Mid-Atlantic

Three Months Ended March 31, 2017 Compared to Three Months Ended March 31, 2016. The $68 million decrease in revenue net of purchased power and fuel expense in the Mid-Atlantic primarily reflects lower realized energy prices and decreased capacity prices, partially offset by the absence of oil inventory write-downs in 2017.

Midwest

Three Months Ended March 31, 2017 Compared to Three Months Ended March 31, 2016. The $3 million decrease in revenue net of purchased power and fuel expense in the Midwest primarily reflects increased nuclear outage days and decreased capacity prices, partially offset by decreased nuclear fuel prices and higher realized energy prices.

New England

Three Months Ended March 31, 2017 Compared to Three Months Ended March 31, 2016. The $30 million increase in revenue net of purchased power and fuel expense in New England was driven by the absence of oil inventory write-downs in 2017 and increased capacity prices.

New York

Three Months Ended March 31, 2017 Compared to Three Months Ended March 31, 2016. The $23 million increase in revenue net of purchased power and fuel expense in New York was primarily due to the impact of the Ginna Reliability Support Service Agreement, partially offset by increased nuclear outage days.

ERCOT

Three Months Ended March 31, 2017 Compared to Three Months Ended March 31, 2016. The $8 million increase in revenue net of purchased power and fuel expense in ERCOT was primarily due to higher realized energy prices.

Other Power Regions

Three Months Ended March 31, 2017 Compared to Three Months Ended March 31, 2016. The $12 million decrease in revenue net of purchased power and fuel expense in Other Power Regions was primarily due to lower realized energy prices.

Proprietary Trading

Three Months Ended March 31, 2017 Compared to Three Months Ended March 31, 2016. The $3 million decrease in revenue net of purchased power and fuel expense in Proprietary Trading was primarily due to congestion activity.

Mark-to-market

Three Months Ended March 31, 2017 Compared to Three Months Ended March 31, 2016. Mark-to-market losses on economic hedging activities were $49 million for the three months ended March 31, 2017 compared to gains of $103 million for the three months ended March 31, 2016. See Notes 8—Fair Value of Financial Assets and Liabilities and 9 — Derivative Financial Instruments of the Combined Notes to the Consolidated Financial Statements for information on gains and losses associated with mark-to-market derivatives.

Other

Three Months Ended March 31, 2017 Compared to Three Months Ended March 31, 2016. The $30 million decrease in other revenue net of purchased power and fuel was primarily due to the impacts of declining natural

gas prices on Generation's natural gas portfolio and amortization of energy contracts recorded at fair value associated with prior acquisitions, partially offset by revenue related to the inclusion of Pepco Energy Services results in 2017 and revenue related to energy efficiency projects.

Nuclear Fleet Capacity Factor

The following table presents nuclear fleet operating data for the three months ended March 31, 2017 as compared to the same period in 2016, for the Generation-operated plants. The nuclear fleet capacity factor presented in the table is defined as the ratio of the actual output of a plant over a period of time to its output if the plant had operated at full average annual mean capacity for that time period. Generation considers capacity factor to be a useful measure to analyze the nuclear fleet performance between periods. Generation has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, these measures are not a presentation defined under GAAP and may not be comparable to other companies' presentations or be more useful than the GAAP information provided elsewhere in this report.

	Three Months Ended March 31,	
	2017	2016
Nuclear fleet capacity factor [(a)]	94.0%	95.8%

(a) Excludes Salem, which is operated by PSEG Nuclear, LLC. Reflects ownership percentage of stations operated by Exelon.

Three Months Ended March 31, 2017 Compared to Three Months Ended March 31, 2016. The nuclear fleet capacity factor decreased primarily due to more refueling outage days, excluding Salem outages, during the three months ended March 31, 2017 compared to the same period in 2016. For the three months ended March 31, 2017 and 2016, planned refueling outage days totaled 95 and 70, respectively, and non-refueling outage days totaled 8 and 10, respectively.

Operating and Maintenance

The changes in operating and maintenance expense for the three months ended March 31, 2017 as compared to the same period in 2016, consisted of the following:

	Three Months Ended March 31,
	Increase (Decrease)
Labor, other benefits, contracting, materials [(a)]	$ 80
Nuclear refueling outage costs, including the co-owned Salem plants [(b)]	28
Corporate allocations	4
Merger and integration costs [(c)]	27
Merger commitments	(3)
Cost management program [(d)]	(14)
Long-Lived Asset Impairments [(e)]	(109)
Pension and non-pension postretirement benefits expense	(3)
Allowance for uncollectible accounts	3
Accretion expense	6
Other	2
Increase in operating and maintenance expense	$ 21

(a) Primarily reflects the inclusion of Pepco Energy Services results in 2017 and increased contracting costs related to energy efficiency projects.

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(b) Primarily reflects an increase in nuclear outage days in 2017 versus 2016.
(c) Reflects certain costs associated with mergers and acquisitions, including, if and when applicable, professional fees, employee-related expenses, integration activities and upfront credit facilities fees related to the PHI and FitzPatrick acquisitions.
(d) Represents reorganization costs, and in 2016 severance costs, related to a cost management program in 2016 and 2017.
(e) Primarily relates to the impairment of Upstream assets in 2016.

Depreciation and Amortization

Three Months Ended March 31, 2017 Compared to Three Months Ended March 31, 2016. Depreciation and amortization expense increased primarily due to increased nuclear decommissioning amortization and ongoing capital expenditures.

Taxes Other Than Income

Three Months Ended March 31, 2017 Compared to Three Months Ended March 31, 2016. Taxes other than income taxes, which can vary period to period, include non-income municipal and state utility taxes, real estate taxes and payroll taxes. The increase primarily relates to gross receipts and sales and use tax.

Gain on Sales of Assets

Three Months Ended March 31, 2017 Compared to Three Months Ended March 31, 2016. Gain on sales of assets increased primarily as a result of the gain associated with Generation's sale of Conectiv Thermal Systems.

Bargain Purchase Gain

Three Months Ended March 31, 2017 Compared to Three Months Ended March 31, 2016 . Bargain purchase gain increased as a result of the gain associated with Generation's Fitzpatrick acquisition. Refer to Note 4 — Mergers, Acquisitions and Dispositions of the Combined Notes to the Consolidated Financial Statements for additional information.

Interest Expense, net

Three Months Ended March 31, 2017 Compared to Three Months Ended March 31, 2016. Interest expense remained relatively stable.

Other, Net

Three Months Ended March 31, 2017 Compared to Three Months Ended March 31, 2016. Other, net increased primarily due to the change in the realized and unrealized gains and losses related to NDT funds of Non-Regulatory Agreement Units as described in the table below. Other, net also reflects $56 million and $20 million for the three months ended March 31, 2017 and 2016, respectively, related to the contractual elimination of income tax expense (benefit) associated with the NDT funds of the Regulatory Agreement Units. Refer to Note 12 — Nuclear Decommissioning of the Combined Notes to the Consolidated Financial Statements for additional information regarding NDT funds.

The following table provides unrealized and realized gains and losses on the NDT funds of the Non-Regulatory Agreement Units recognized in Other, net for the three months ended March 31, 2017 and 2016:

	Three Months Ended March 31,	
	2017	2016
Net unrealized gains on decommissioning trust funds	$ 166	$ 52
Net realized gains on sale of decommissioning trust funds	9	3

Equity in Losses of Unconsolidated Affiliates

Three Months Ended March 31, 2017 Compared to Three Months Ended March 31, 2016. The equity in losses of unconsolidated affiliates increased as a result of losses on equity investments.

Effective Income Tax Rate

Generation's effective income tax rate was 23.3% and 36.7% for the three months ended March 31, 2017 and 2016, respectively. See Note 11 — Income Taxes of the Combined Notes to the Consolidated Financial Statements for further discussion of the change in the effective income tax rate.

Results of Operations — ComEd

	Three Months Ended March 31,		Favorable (Unfavorable) Variance
	2017	2016	
Operating revenues	$ 1,298	$ 1,249	$ 49
Purchased power expense	334	348	14
Revenues net of purchased power expense [(a)(b)]	964	901	63
Other operating expenses			
Operating and maintenance	370	368	(2)
Depreciation and amortization	208	189	(19)
Taxes other than income	72	75	3
Total other operating expenses	650	632	(18)
Gain on sales of assets	—	5	(5)
Operating income	314	274	40
Other income and (deductions)			
Interest expense, net	(85)	(86)	1
Other, net	4	4	—
Total other income and (deductions)	(81)	(82)	1
Income before income taxes	233	192	41
Income taxes	92	77	(15)
Net income	$ 141	$ 115	$ 26

(a) ComEd evaluates its operating performance using the measure of Revenue net of purchased power expense. ComEd believes that Revenue net of purchased power expense is a useful measurement because it provides information that can be used to evaluate its operational performance. In general, ComEd only earns margin based on the delivery and transmission of electricity. ComEd has included its discussion of Revenue net of purchased power expense below as a complement to the financial information provided in accordance with GAAP. However, Revenue net of purchased power expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

(b) For regulatory recovery mechanisms, including ComEd's electric distribution and transmission formula rates, and riders, revenues increase and decrease i) as fully recoverable costs fluctuate (with no impact on net earnings), and ii) pursuant to changes in rate base, capital structure and ROE (which impact net earnings).

Net Income

Three months ended March 31, 2017 Compared to Three months ended March 31, 2016. ComEd's Net income for the three months ended March 31, 2017 was higher than the same period in 2016, primarily due to increased electric distribution and transmission formula rate earnings (reflecting the effects of increased capital investment and higher allowed electric distribution ROE).

Revenues Net of Purchased Power Expense

There are certain drivers of Operating revenues that are fully offset by their impact on Purchased power expense, such as commodity procurement costs and participation in customer choice programs. ComEd is permitted to recover electricity procurement costs from retail customers without mark-up. Therefore, fluctuations in electricity procurement costs have no impact on Revenue net of purchased power expense. See Note 3 — Regulatory Matters of the Exelon 2016 Form 10-K for additional information on ComEd's electricity procurement process.

All ComEd customers have the choice to purchase electricity from a competitive electric generation supplier. Customer choice programs do not impact ComEd's volume of deliveries, but do affect ComEd's Operating revenues related to supplied energy, which is fully offset in Purchased power expense. Therefore, customer choice programs have no impact on Revenue net of purchased power expense.

Retail deliveries purchased from competitive electric generation suppliers (as a percentage of kWh sales) for the three months ended March 31, 2017 and 2016, consisted of the following:

	Three Months Ended March 31,	
	2017	2016
Electric	71%	73%

Retail customers purchasing electric generation from competitive electric generation suppliers at March 31, 2017 and 2016 consisted of the following:

	March 31, 2017		March 31, 2016	
	Number of customers	% of total retail customers	Number of customers	% of total retail customers
	1,453,000	36%	1,649,700	42%

The changes in ComEd's Revenue net of purchased power expense for the three months ended March 31, 2017, compared to the same period in 2016 consisted of the following:

	Three Months Ended March 31, 2017 Increase (Decrease)
Weather [(a)]	$ 8
Volume [(a)]	(1)
Electric distribution revenue	24
Transmission revenue	17
Regulatory required programs	20
Uncollectible accounts recovery, net	(2)
Pricing and customer mix [(a)]	(3)
Total increase	$ 63

(a) These changes only reflect the 2016 impacts of weather, volume, and pricing and customer mix. As further described below, pursuant to the revenue decoupling provision in FEJA, ComEd began recording an adjustment to revenue in the first quarter of 2017 to eliminate the favorable or unfavorable impacts associated with variations in delivery volumes associated with above or below normal weather, number of customers or usage per customer.

Revenue Decoupling. The demand for electricity is affected by weather conditions. Very warm weather in summer months and very cold weather in other months are referred to as "favorable weather conditions" because these weather conditions result in increased customer usage. Conversely, mild weather reduces demand.

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Under EIMA, ComEd's electric distribution formula rate provided for an adjustment to future billings if its earned ROE fell outside a 50 bps collar of its allowed ROE, which partially eliminated the impacts of weather and load on ComEd's revenue. As allowed under FEJA, ComEd will revise its electric distribution formula rate to eliminate the ROE collar beginning with the reconciliation filed in 2018 for the 2017 calendar year. Elimination of the ROE collar effectively offsets the favorable or unfavorable impacts to Operating revenues associated with variations in delivery volumes associated with above or below normal weather, numbers of customers or usage per customer. ComEd began recognizing the impacts of this change beginning in the first quarter of 2017. As of March 31, 2017, ComEd recorded an increase to Electric distribution revenues of approximately $16 million to eliminate the unfavorable weather and load impacts during the first quarter of 2017.

Heating and cooling degree days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree days for a 30-year period in ComEd's service territory with cooling degree days generally having a more significant impact to ComEd, particularly during the summer months. The changes in heating and cooling degree days in ComEd's service territory for the three months ended March 31, 2017 and 2016, consisted of the following:

Heating and Cooling Degree-Days				% Change	
Three Months Ended March 31,	2017	2016	Normal	2017 vs. 2016	2017 vs. Normal
Heating Degree-Days	2,650	2,900	3,141	(8.6)%	(15.6)%
Cooling Degree-Days	—	—	—	n/a	n/a

Electric Distribution Revenue. EIMA provides for a performance-based formula rate, which requires an annual reconciliation of the revenue requirement in effect to the actual costs that the ICC determines are prudently and reasonably incurred in a given year. Under EIMA, electric distribution revenue varies from year to year based upon fluctuations in the underlying costs, investments being recovered, and allowed ROE. ComEd's allowed ROE is the annual average rate on 30-year treasury notes plus 580 basis points. In addition, ComEd's allowed ROE is subject to reduction if ComEd does not deliver the reliability and customer service benefits to which it has committed over the ten-year life of the investment program. During the three months ended March 31, 2017, electric distribution revenue increased primarily due to revenue decoupling impacts (as described above), increased capital investment, increased Depreciation expense, and higher allowed ROE due to an increase in treasury rates, as compared to the same period in 2016. See Depreciation and amortization expense discussions below, and Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Transmission Revenue. Under a FERC-approved formula, transmission revenue varies from year to year based upon fluctuations in the underlying costs, investments being recovered and the highest daily peak load, which is updated annually in January based on the prior calendar year. Generally, increases/decreases in the highest daily peak load will result in higher/lower transmission revenue. For the three months ended March 31, 2017, ComEd recorded increased transmission revenue due to increased capital investment, higher depreciation expense and increased highest daily peak load as compared to the same period in 2016. See Operating and maintenance expense below and Note 3 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Regulatory Required Programs. This represents the change in Operating revenues collected under approved riders to recover costs incurred for regulatory programs such as ComEd's energy efficiency and demand response and purchased power administrative costs. The riders are designed to provide full and current cost recovery. An equal and offsetting amount has been included in Operating and maintenance expense. See Operating and maintenance expense discussion below for additional information on included programs.

Uncollectible Accounts Recovery, Net. Uncollectible accounts recovery, net represents recoveries under ComEd's uncollectible accounts tariff. See Operating and maintenance expense discussion below for additional information on this tariff.

Other. Other revenue, which can vary period to period, includes rental revenue, revenue related to late payment charges, assistance provided to other utilities through mutual assistance programs, recoveries of environmental costs associated with MGP sites, and recoveries of energy procurement costs.

Operating and Maintenance Expense

	Three Months Ended March 31,		Increase
	2017	2016	(Decrease)
Operating and maintenance expense — baseline	$ 313	$ 331	$ (18)
Operating and maintenance expense — regulatory required programs [(a)]	57	37	20
Total operating and maintenance expense	$ 370	$ 368	$ 2

(a) Operating and maintenance expense for regulatory required programs are costs for various legislative and/or regulatory programs that are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in Operating revenues.

The increase in Operating and maintenance expense for the three months ended March 31, 2017 compared to the same period in 2016, consisted of the following:

	Three Months Ended March 31, 2017 Increase (Decrease)
Baseline	
Labor, other benefits, contracting and materials	$ (6)
Pension and non-pension postretirement benefits expense	1
Storm-related costs	(7)
Uncollectible accounts expense — provision [(a)]	(3)
Uncollectible accounts expense — recovery, net [(a)]	1
BSC costs	1
Other	(5)
	(18)
Regulatory required programs	
Energy efficiency and demand response programs	20
Increase in operating and maintenance expense	$ 2

(a) ComEd is allowed to recover from or refund to customers the difference between the utility's annual uncollectible accounts expense and the amounts collected in rates annually through a rider mechanism. During the three months ended March 31, 2017, ComEd recorded a net decrease in Operating and maintenance expense related to uncollectible accounts due to the timing of regulatory cost recovery. An equal and offsetting decrease has been recognized in Operating revenues for the period presented.

Depreciation and Amortization Expense

The increase in Depreciation and amortization expense during the three months ended March 31, 2017, compared to the same period in 2016, consisted of the following:

	Three Months Ended March 31, 2017 Increase (Decrease)
Depreciation expense [(a)]	$ 16
Regulatory asset amortization	(1)
Other	4
Total increase	$ 19

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(a) Primarily reflects ongoing capital expenditures for the three months ended March 31, 2017.

Taxes Other Than Income

Taxes other than income, which can vary year to year, include municipal and state utility taxes, real estate taxes and payroll taxes. Taxes other than income taxes remained relatively consistent for the three months ended March 31, 2017, compared to the same period in 2016.

Gain on Sales of Assets

The decrease in Gain on sales of assets during the three months ended March 31, 2017, compared to the same period in 2016, is primarily due to the sale of land during March 2016.

Interest Expense, Net

Interest expense, net, remained relatively consistent during the three months ended March 31, 2017, compared to the same period in 2016.

Other, Net

Other, net, remained relatively consistent during the three months ended March 31, 2017, compared to the same period in 2016.

Effective Income Tax Rate

ComEd's effective income tax rate was 39.5% and 40.1% for the three months ended March 31, 2017 and 2016, respectively. See Note 11 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

ComEd Electric Operating Statistics and Revenue Detail

Retail Deliveries to Customers (in GWhs)	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016	% Change	Weather-Normal % Change
Retail Deliveries [(a)]				
Residential	6,241	6,376	(2.1)%	0.3%
Small commercial & industrial	7,709	7,879	(2.2)%	(1.0)%
Large commercial & industrial	6,683	6,756	(1.1)%	(0.3)%
Public authorities & electric railroads	344	361	(4.7)%	(3.4)%
Total retail deliveries	20,977	21,372	(1.8)%	(0.4)%

Number of Electric Customers	As of March 31, 2017	As of March 31, 2016
Residential	3,605,498	3,566,896
Small commercial & industrial	375,617	372,254
Large commercial & industrial	2,000	1,955
Public authorities & electric railroads	4,818	4,821
Total	3,987,933	3,945,926

Electric Revenue	Three Months Ended March 31, 2017	2016	% Change
Retail Sales (a)			
Residential	$ 627	$ 609	3.0%
Small commercial & industrial	335	321	4.4%
Large commercial & industrial	108	107	0.9%
Public authorities & electric railroads	12	12	—%
Total retail	1,082	1,049	3.1%
Other revenue (b)	216	200	8.0%
Total electric revenue (c)	$ 1,298	$ 1,249	3.9%

(a) Reflects delivery revenue and volume from customers purchasing electricity directly from ComEd and customers purchasing electricity from a competitive electric generation supplier, as all customers are assessed delivery charges. For customers purchasing electricity from ComEd, revenue also reflects the cost of energy and transmission.
(b) Other revenue primarily includes transmission revenue from PJM. Other revenue also includes rental revenue, revenue related to late payment charges, revenue from other utilities for mutual assistance programs and recoveries of remediation costs associated with MGP sites.
(c) Includes operating revenues from affiliates totaling $5 million and $5 million for the three months ended March 31, 2017 and 2016, respectively.

Results of Operations — PECO

	Three Months Ended March 31, 2017	2016	Favorable (Unfavorable) Variance
Operating revenues	$ 796	$ 841	$ (45)
Purchased power and fuel expense	287	321	34
Revenues net of purchased power and fuel expense (a)	509	520	(11)
Other operating expenses			
Operating and maintenance	208	215	7
Depreciation and amortization	71	67	(4)
Taxes other than income	38	42	4
Total other operating expenses	317	324	7
Operating income	192	196	(4)
Other income and (deductions)			
Interest expense, net	(31)	(31)	—
Other, net	2	2	—
Total other income and (deductions)	(29)	(29)	—
Income before income taxes	163	167	(4)
Income taxes	36	43	7
Net income	$ 127	$ 124	$ 3

(a) PECO evaluates its operating performance using the measures of revenue net of purchased power expense for electric sales and revenue net of fuel expense for gas sales. PECO believes revenue net of purchased power expense and revenue net of fuel expense are useful measurements of its performance because they provide information that can be used to evaluate its net revenue from operations. PECO has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, revenue net of purchased power expense and revenue net of fuel expense figures are not presentations defined under GAAP and may not be comparable to other companies' presentations or more useful than the GAAP information provided elsewhere in this report.

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Net Income

Three Months Ended March 31, 2017 Compared to Three Months Ended March 31, 2016. PECO's Net income increased from the same period in 2016, primarily due to lower income tax expense as a result of a higher tax repairs deduction.

Revenues Net of Purchased Power and Fuel Expense

Electric and natural gas revenue and purchased power and fuel expense are affected by fluctuations in commodity procurement costs. PECO's electric supply and natural gas cost rates charged to customers are subject to adjustments at least quarterly that are designed to recover or refund the difference between the actual cost of electric supply and natural gas and the amount included in rates in accordance with the PAPUC's GSA and PGC, respectively. Therefore, fluctuations in electric supply and natural gas procurement costs have no impact on electric and natural gas revenue net of purchased power and fuel expense.

Electric and natural gas revenue and purchased power and fuel expense are also affected by fluctuations in participation in the Customer Choice Program. All PECO customers have the choice to purchase electricity and natural gas from competitive electric generation and natural gas suppliers, respectively. The customers' choice of suppliers does not impact the volume of deliveries, but affects revenue collected from customers related to supplied energy and natural gas service. Customer choice program activity has no impact on electric and natural gas revenue net of purchased power and fuel expense.

Retail deliveries purchased from competitive electric generation and natural gas suppliers (as a percentage of kWh and mmcf sales, respectively) for the three months ended March 31, 2017 and 2016, consisted of the following:

	Three Months Ended March 31,	
	2017	2016
Electric	70%	69%
Natural Gas	25%	25%

Retail customers purchasing electric generation and natural gas from competitive electric generation and natural gas suppliers at March 31, 2017 and 2016 consisted of the following:

	March 31, 2017		March 31, 2016	
	Number of customers	% of total retail customers	Number of customers	% of total retail customers
Electric	589,700	36%	570,000	35%
Natural Gas	81,300	16%	80,600	16%

The changes in PECO's Operating revenues net of purchased power and fuel expense for the three months ended March 31, 2017 compared to the same period in 2016 consisted of the following:

	Three Months Ended March 31, 2017		
	Increase (Decrease)		
	Electric	Natural Gas	Total
Weather	$ 2	$ 1	$ 3
Volume	(5)	—	(5)
Pricing	(2)	—	(2)
Regulatory required programs	(9)	—	(9)
Other	3	(1)	2
Total decrease	$ (11)	$ —	$(11)

Weather. The demand for electricity and natural gas is affected by weather conditions. With respect to the electric business, very warm weather in summer months and, with respect to the electric and natural gas businesses, very cold weather in winter months are referred to as "favorable weather conditions" because these weather conditions result in increased deliveries of electricity and natural gas. Conversely, mild weather reduces demand. During the three months ended March 31, 2017 compared to the same period in 2016, Operating revenue net of purchased power and fuel expense was relatively consistent.

Heating and cooling degree days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree days for a 30-year period in PECO's service territory. The changes in heating and cooling degree days in PECO's service territory for the three months ended March 31, 2017 compared to the same periods in 2016 and normal weather consisted of the following:

Heating and Cooling Degree-Days Three Months Ended March 31,	2017	2016	Normal	% Change 2017 vs. 2016	2017 vs. Normal
Heating Degree-Days	2,094	2,137	2,476	(2.0)%	(15.4)%
Cooling Degree-Days	—	5	—	(100.0)%	n/a

Volume. The decrease in Operating revenue net of purchased power expense related to delivery volume, exclusive of the effects of weather, for the three months ended March 31, 2017 compared to the same period in 2016, primarily reflects the impacts of energy efficiency initiatives on customer usage as well as the impacts of an extra day of usage due to the leap year in 2016, partially offset by moderate economic and customer growth. Operating revenue net of purchased fuel expense related to delivery volume, exclusive of the effects of weather, for the three months ended March 31, 2017 compared to the same period in 2016, remained relatively consistent.

Pricing. Operating revenues net of purchased power and fuel expense as a result of pricing for the three months ended March 31, 2017 compared to the same period in 2016 remained relatively consistent.

Regulatory Required Programs. This represents the change in Operating revenue collected under approved riders to recover costs incurred for regulatory programs such as energy efficiency and the GSA. The riders are designed to provide full and current cost recovery as well as a return. The costs of these programs are included in Operating and maintenance expense, Depreciation and amortization expense and Income taxes. Refer to the Operating and maintenance expense discussion below for additional information on included programs.

Other. Other revenue, which can vary period to period, primarily includes wholesale transmission revenue, rental revenue, revenue related to late payment charges and assistance provided to other utilities through mutual assistance programs.

Operating and Maintenance Expense

	Three Months Ended March 31, 2017	2016	Increase (Decrease)
Operating and maintenance expense — baseline	$ 196	$ 195	$ 1
Operating and maintenance expense — regulatory required programs [(a)]	12	20	(8)
Total operating and maintenance expense	$ 208	$ 215	$ (7)

(a) Operating and maintenance expenses for regulatory required programs are costs for various legislative and/or regulatory programs that are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in operating revenue.

The changes in Operating and maintenance expense for the three months ended March 31, 2017 compared to the same period in 2016, consisted of the following:

	Three months ended March 31, 2017 Increase (Decrease)
Baseline	
Labor, other benefits, contracting and materials	$ 3
Storm-related costs	(1)
Pension and non-pension postretirement benefits expense	(1)
BSC costs	(4)
Uncollectible accounts expense	1
Other	3
	1
Regulatory Required Programs	
Energy efficiency	(8)
	(8)
Total decrease	$ (7)

Depreciation and Amortization Expense

The changes in Depreciation and amortization expense for the three months ended March 31, 2017 compared to the same period in 2016, consisted of an increase of $4 million.

Taxes Other Than Income

Taxes other than income, which can vary period to period, include municipal and state utility taxes, real estate taxes and payroll taxes. Taxes other than income decreased for the three months ended March 31, 2017 compared to the same period in 2016 due to a decrease in gross receipts tax driven by decreases in electric revenue, which was impacted primarily by energy efficiency programs.

Interest Expense, Net

Interest expense, net for the three months ended March 31, 2017 remained consistent compared to the same period in 2016.

Other, Net

Other, net for the three months ended March 31, 2017 remained consistent compared to the same period in 2016.

Effective Income Tax Rate

PECO's effective income tax rate was 22.1% and 25.7% for the three months ended March 31, 2017 and 2016, respectively. See Note 11 — Income Taxes of the Combined Notes to the Consolidated Financial Statements for further discussion of the change in effective income tax rate.

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PECO Electric Operating Statistics and Revenue Detail

Retail Deliveries to Customers (in GWhs)	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016	% Change	Weather - Normal % Change
Retail Deliveries [a]				
Residential	3,378	3,415	(1.1)%	(1.5)%
Small commercial & industrial	1,976	2,025	(2.4)%	(3.0)%
Large commercial & industrial	3,626	3,594	0.9%	0.6%
Public authorities & electric railroads	224	227	(1.3)%	(1.3)%
Total retail deliveries	9,204	9,261	(0.6)%	(1.0)%

Number of Electric Customers	As of March 31, 2017	As of March 31, 2016
Residential	1,461,662	1,449,470
Small commercial & industrial	150,580	149,388
Large commercial & industrial	3,100	3,092
Public authorities & electric railroads	9,798	9,807
Total	1,625,140	1,611,757

Electric Revenue	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016	% Change
Retail Sales [a]			
Residential	$ 382	$ 410	(6.8)%
Small commercial & industrial	97	119	(18.5)%
Large commercial & industrial	52	58	(10.3)%
Public authorities & electric railroads	8	8	—%
Total retail	539	595	(9.4)%
Other revenue [b]	51	49	4.1%
Total electric revenue [c]	$ 590	$ 644	(8.4)%

(a) Reflects delivery volumes and revenue from customers purchasing electricity directly from PECO and customers purchasing electricity from a competitive electric generation supplier as all customers are assessed distribution charges. For customers purchasing electricity from PECO, revenue also reflects the cost of energy and transmission.

(b) Other revenue primarily includes transmission revenue from PJM and wholesale electric revenue, in addition to rental income.

(c) Includes operating revenues from affiliates totaling $1 million and $2 million for the three months ended March 31, 2017 and 2016, respectively.

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PECO Natural Gas Operating Statistics and Revenue Detail

Deliveries to Customers (in mmcf)	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016	% Change	Weather - Normal % Change
Retail Delivery				
Retail sales [a]	27,211	27,111	0.4%	(0.4)%
Transportation and other	7,689	7,696	(0.1)%	(0.8)%
Total natural gas deliveries	34,900	34,807	0.3%	(0.4)%

Number of Natural Gas Customers	As of March 31, 2017	As of March 31, 2016
Residential	473,972	468,808
Commercial & industrial	43,709	43,313
Total retail	517,681	512,121
Transportation	775	817
Total	518,456	512,938

Natural Gas Revenue	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016	% Change
Retail Sales			
Retail sales [a]	$ 197	$ 187	5.3%
Transportation and other	9	10	(10.0)%
Total natural gas revenues [b]	$ 206	$ 197	4.6%

(a) Reflects delivery volumes and revenue from customers purchasing natural gas directly from PECO and customers purchasing natural gas from a competitive natural gas supplier as all customers are assessed distribution charges. For customers purchasing natural gas from PECO, revenue also reflects the cost of natural gas.

(b) Includes operating revenues from affiliates totaling less than $1 million for both three months ended March 31, 2017 and 2016.

Results of Operations — BGE

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016	Favorable (Unfavorable) Variance
Operating revenues	$ 951	$ 929	$ 22
Purchased power and fuel expense	350	373	23
Revenues net of purchased power and fuel expense [(a)]	601	556	45
Other operating expenses			
Operating and maintenance	183	202	19
Depreciation and amortization	128	109	(19)
Taxes other than income	62	58	(4)
Total other operating expenses	373	369	(4)
Operating income	228	187	41
Other income and (deductions)			
Interest expense, net	(27)	(24)	(3)
Other, net	4	4	—
Total other income and (deductions)	(23)	(20)	(3)
Income before income taxes	205	167	38
Income taxes	80	66	(14)
Net income	125	101	24
Preference stock dividends	—	3	3
Net income attributable to common shareholder	$ 125	$ 98	$ 27

(a) BGE evaluates its operating performance using the measures of revenue net of purchased power expense for electric sales and revenue net of fuel expense for gas sales. BGE believes revenues net of purchased power and fuel expense are useful measurements of its performance because they provide information that can be used to evaluate its net revenue from operations. BGE has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, revenues net of purchased power and fuel expense figures are not a presentation defined under GAAP and may not be comparable to other companies' presentations or more useful than the GAAP information provided elsewhere in this report.

Net Income Attributable to Common Shareholder

Three Months Ended March 31, 2017 Compared to Three Months Ended March 31, 2016 . BGE's Net income attributable to common shareholder for the three months ended March 31, 2017 was higher than the same period in 2016, primarily due to an increase in Revenues net of purchased power and fuel, predominantly as a result of higher electric and natural gas revenues as a result of the distribution rate orders issued by the MDPSC in June 2016 and July 2016, and lower Operating and maintenance expense mostly due to decreased storm costs. These items were partially offset by an increase in Depreciation and amortization expense primarily related to increased amortization of AMI meters and Income tax expense driven by higher taxable income.

Revenues Net of Purchased Power and Fuel Expense

There are certain drivers to Operating revenues that are offset by their impact on Purchased power and fuel expense, such as commodity procurement costs and programs allowing customers to select a competitive electric or natural gas supplier. Operating revenues and Purchased power and fuel expense are affected by fluctuations in commodity procurement costs. BGE's electric and natural gas rates charged to customers are subject to periodic adjustments that are designed to recover or refund the difference between the actual cost of purchased electric

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power and purchased natural gas and the amount included in rates in accordance with the MDPSC's market-based SOS and gas commodity programs, respectively.

Electric and natural gas revenue and purchased power and fuel expense are also affected by fluctuations in the number of customers electing to use a competitive electric generation or natural gas supplier. All BGE customers have the choice to purchase electricity and natural gas from competitive electric generation and natural gas suppliers, respectively. The customers' choice of suppliers does not impact the volume of deliveries, but does affect revenue collected from customers related to supplied energy and natural gas service.

Retail deliveries purchased from competitive electric generation and natural gas suppliers (as a percentage of kWh and mmcf sales, respectively) for the three months ended March 31, 2017 and 2016 consisted of the following:

	Three Months Ended March 31,	
	2017	2016
Electric	58%	57%
Natural Gas	48%	49%

The number of retail customers purchasing electric generation and natural gas from competitive electric generation and natural gas suppliers at March 31, 2017 and 2016 consisted of the following:

	March 31, 2017		March 31, 2016	
	Number of Customers	% of total retail customers	Number of customers	% of total retail customers
Electric	339,600	27%	341,800	27%
Natural Gas	149,300	22%	153,500	23%

The changes in BGE's operating revenues net of purchased power and fuel expense for the three months ended March 31, 2017, compared to the same period in 2016, consisted of the following:

	Three Months Ended March 31, 2017		
	Increase (Decrease)		
	Electric	Gas	Total
Distribution rate increase	$ 12	$ 26	$ 38
Regulatory required programs	3	1	4
Transmission revenue	(1)	—	(1)
Other, net	3	1	4
Total increase	$ 17	$ 28	$ 45

Distribution Rate Increase. The increase in distribution revenues for the three months ended March 31, 2017, compared to the same period in 2016, was primarily due to the impact of the new electric and natural gas distribution rates charged to customers that became effective in June 2016 in accordance with the MDPSC approved electric and natural gas distribution rate case orders in June 2016 and July 2016. See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Revenue Decoupling. The demand for electricity and natural gas is affected by weather and usage conditions. The MDPSC allows BGE to record a monthly adjustment to its electric and natural gas distribution revenue from all residential customers, commercial electric customers, the majority of large industrial electric customers, and all firm service natural gas customers to eliminate the effect of abnormal weather and usage patterns per customer on BGE's electric and natural gas distribution volumes, thereby recovering a specified

dollar amount of distribution revenue per customer, by customer class, regardless of changes in actual consumption levels. This allows BGE to recognize revenue at MDPSC-approved levels per customer, regardless of what BGE's actual distribution volumes were for a billing period. Therefore, while this revenue is affected by customer growth (i.e., increase in the number of customers), it will not be affected by actual weather or usage conditions (i.e., changes in consumption per customer). BGE bills or credits customers in subsequent months for the difference between approved revenue levels under revenue decoupling and actual customer billings.

Heating and cooling degree days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree days for a 30-year period in BGE's service territory. The changes in heating and cooling degree days in BGE's service territory for the three months ended March 31, 2017 compared to the same period in 2016 consisted of the following:

Heating and Cooling Degree-Days	2017	2016	Normal	% Change	
				2017 vs. 2016	2017 vs. Normal
Three Months Ended March 31,					
Heating Degree-Days	2,063	2,280	2,404	(9.5)%	(14.2)%
Cooling Degree-Days	—	—	—	n/a	n/a

Regulatory Required Programs. This represents the change in revenue collected under approved riders to recover costs incurred for the energy efficiency and demand response programs. The riders are designed to provide full recovery, as well as a return in certain instances. The costs of these programs are included in Operating and maintenance expense, Depreciation and amortization expense and Taxes other than income in BGE's Consolidated Statements of Operations and Comprehensive Income.

Transmission Revenue. Under a FERC approved formula, transmission revenue varies from year to year based upon fluctuations in the underlying costs, investments being recovered and other billing determinants. The transmission revenue stayed relatively consistent during the three months ended March 31, 2017 compared to the same period in 2016. See Operating and Maintenance Expense below and Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Other, Net. Other net revenue, which can vary from period to period, includes commodity electric and gas revenue and other miscellaneous revenue such as service application and late payment fees; partially offset by commodity electric and gas purchased fuel and energy.

Operating and Maintenance Expense

The changes in operating and maintenance expense for the three months ended March 31, 2017 compared to the same period in 2016, consisted of the following:

	Increase (Decrease)
Storm-related costs	$ (12)
Uncollectible accounts expense [(a)]	(7)
City of Baltimore conduit fees	(4)
BSC costs	3
Other	1
Total decrease	$ (19)

(a) Uncollectible accounts decreased primarily due to milder weather and improved customer behavior for the three months ended March 31, 2017 compared to the same period in 2016.

Depreciation and Amortization

The changes in depreciation and amortization expense for the three months ended March 31, 2017 compared to the same period in 2016 consisted of the following:

	Increase (Decrease)
Depreciation expense [(a)]	$ 4
Regulatory asset amortization [(b)]	14
Other	1
Total increase	$ 19

(a) Depreciation expense increased due to ongoing capital expenditures.

(b) Regulatory asset amortization increased for the three months ended March 31, 2017 compared to the same period in 2016 primarily due to an increase in regulatory asset amortization related to energy efficiency programs and the initiation of cost recovery of the AMI programs under the final electric and natural gas distribution rate case order issued by the MDPSC in June 2016. See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Taxes Other Than Income

Taxes other than income, which can vary period to period, include municipal and state utility taxes, real estate taxes and payroll taxes. Taxes other than income for the three months ended March 31, 2017 compared to the same period in 2016 remained relatively consistent.

Interest Expense, Net

Interest expense, net increased during the three months ended March 31, 2017, compared to the same period in 2016 primarily due to the issuance of Notes in August 2016.

Effective Income Tax Rate

BGE's effective income tax rate was 39.0% and 39.5% for the three months ended March 31, 2017 and 2016, respectively. See Note 11 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

BGE Electric Operating Statistics and Revenue Detail

Retail Deliveries to Customers (in GWhs)	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016	% Change	Weather - Normal % Change
Retail Deliveries [(a)]				
Residential	3,127	3,479	(10.1)%	(6.6)%
Small commercial & industrial	748	774	(3.4)%	(3.2)%
Large commercial & industrial	3,268	3,219	1.5%	(1.7)%
Public authorities & electric railroads	68	71	(4.2)%	(4.8)%
Total electric deliveries	7,211	7,543	(4.4)%	(4.1)%

Number of Electric Customers	As of March 31, 2017	As of March 31, 2016
Residential	1,153,688	1,141,814
Small commercial & industrial	113,238	113,034
Large commercial & industrial	12,084	11,932
Public authorities & electric railroads	279	282
Total	1,279,289	1,267,062

Electric Revenue	Three Months Ended March 31, 2017	2016	% Change
Retail Sales (a)			
Residential	$ 405	$ 428	(5.4)%
Small commercial & industrial	72	73	(1.4)%
Large commercial & industrial	113	100	13.0%
Public authorities & electric railroads	7	9	(22.2)%
Total retail	597	610	(2.1)%
Other revenue (b)	70	70	—%
Total electric revenue	$ 667	$ 680	(1.9)%

(a) Reflects delivery volumes and revenue from customers purchasing electricity directly from BGE and customers purchasing electricity from a competitive electric generation supplier as all customers are assessed distribution charges. For customers purchasing electricity from BGE, revenue also reflects the cost of energy and transmission.
(b) Includes operating revenues from affiliates totaling $2 million for the three months ended March 31, 2017 and 2016.

BGE Natural Gas Operating Statistics and Revenue Detail

Deliveries to Customers (in mmcf)	Three Months Ended March 31, 2017	2016	% Change	Weather - Normal % Change
Retail Deliveries (a)				
Retail sales	36,371	38,584	(5.7)%	2.3%
Transportation and other (b)	2,279	2,496	(8.7)%	n/a
Total natural gas deliveries	38,650	41,080	(5.9)%	2.3%

Number of Gas Customers	As of March 31, 2017	2016
Residential	625,642	619,130
Commercial & industrial	44,237	44,224
Total	669,879	663,354

Natural Gas Revenue	Three Months Ended March 31, 2017	2016	% Change
Retail Sales (a)			
Retail sales	$ 269	$ 238	13.0%
Transportation and other (b)	15	11	36.4%
Total natural gas revenues (c)	$ 284	$ 249	14.1%

(a) Reflects delivery volumes and revenue from customers purchasing natural gas directly from BGE and customers purchasing natural gas from a competitive natural gas supplier as all customers are assessed distribution charges. The cost of natural gas is charged to customers purchasing natural gas from BGE.
(b) Transportation and other gas revenue includes off-system revenue of 2,279 mmcfs ($12 million) and 2,496 mmcfs ($9 million) for the three months ended March 31, 2017 and 2016, respectively.
(c) Includes operating revenues from affiliates totaling $3 million for the three months ended March 31, 2017 and 2016.

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Results of Operations — PHI

PHI's results of operations include the results of its three reportable segments, Pepco, DPL and ACE for all periods presented below. For "Predecessor" reporting periods, PHI's results of operations also include the results of PES and PCI. See Note 19 — Segment Information of the Combined Notes to Consolidated Financial Statements for additional information regarding PHI's reportable segments. All material intercompany accounts and transactions have been eliminated in consolidation. A separate specific discussion of the results of operations for Pepco, DPL and ACE is presented elsewhere in this report.

As a result of the PHI Merger, the following consolidated financial results present two separate reporting periods for 2016. The "Predecessor" reporting period represents PHI's results of operations for the period from January 1, 2016 to March 23, 2016. The "Successor" reporting periods represent PHI's results of operations for the three months ended March 31, 2017 and for the period from March 24, 2016 to March 31, 2016. All amounts presented below are before the impact of income taxes, except as noted.

	Successor		*Predecessor*
	Three Months Ended March 31, 2017	**March 24 to March 31, 2016**	**January 1 to March 23, 2016**
Operating revenues	$ 1,175	$ 105	$ 1,153
Purchased power and fuel expense	461	38	497
Revenue net of purchased power and fuel expense [(a)]	714	67	656
Other operating expenses			
Operating and maintenance	256	449	294
Depreciation and amortization	167	14	152
Taxes other than income	111	15	105
Total other operating expenses	534	478	551
Operating income (loss)	180	(411)	105
Other income and (deductions)			
Interest expense, net	(62)	(6)	(65)
Other, net	13	2	(4)
Total other income and (deductions)	(49)	(4)	(69)
Income (loss) before income taxes	131	(415)	36
Income taxes	(9)	(106)	17
Net income (loss)	$ 140	$ (309)	$ 19

(a) PHI evaluates its operating performance using the measure of revenue net of purchased power and fuel expense for electric and natural gas sales. PHI believes revenue net of purchased power and fuel expense is a useful measurement because it provides information that can be used to evaluate its operational performance. PHI has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, Revenue net of purchased power and fuel expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

Successor Period Three Months Ended March 31, 2017

PHI's net income for the Successor period of three months ended March 31, 2017 was $140 million. There were no significant changes in the underlying trends affecting PHI's operations during the Successor period of three months ended March 31, 2017 except for the impact of increases in electric distribution and natural gas rates within revenue net of purchased power expense (Pepco electric distribution rates effective November 2016 in Maryland, DPL electric distribution rates effective February 2017 in Maryland, DPL electric distribution and natural gas rates effective July 2016 and December 2016 in Delaware, and ACE electric distribution rates

effective August 2016 in New Jersey). Lower uncollectible accounts expense and the deferral of merger-related costs to a regulatory asset contributed to lower Operating and maintenance expense. Income taxes were lower due to unrecognized tax benefits of $59 million for uncertain tax positions related to the deductibility of certain merger commitments.

PHI's effective income tax rate for the Successor period of three months ended March 31, 2017 was (6.9)%. See Note 11 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

Successor Period March 24, 2016 to March 31, 2016

PHI's net loss for the Successor period from March 24, 2016 to March 31, 2016 was $309 million . There were no significant changes in the underlying trends affecting PHI's results of operations during the Successor period of March 24, 2016 to March 31, 2016 except for the pre-tax recording of $419 million of non-recurring merger-related costs within Operating and maintenance expense.

PHI's effective income tax rate for the Successor period of March 24, 2016 to March 31, 2016 was 25.5%. See Note 11 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

Predecessor Period January 1, 2016 to March 23, 2016

PHI's net income for the Predecessor period of January 1, 2016 to March 23, 2016 was $19 million . There were no significant changes in the underlying trends affecting PHI's results of operations during the Predecessor period of January 1, 2016 to March 23, 2016 except for the pre-tax recording of $29 million of non-recurring merger-related costs within Operating and maintenance expense and $18 million of preferred stock derivative expense within Other, net.

PHI's effective income tax rate for the Predecessor period of January 1, 2016 to March 23, 2016 was 47.2%. See Note 11 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

Results of Operations — Pepco

	Three Months Ended March 31,		Favorable (Unfavorable) Variance
	2017	2016	
Operating revenues	$ 530	$ 551	$ (21)
Purchased power expense	166	197	31
Revenue net of purchased power expense [a]	364	354	10
Other operating expenses			
Operating and maintenance	113	290	177
Depreciation and amortization	82	75	(7)
Taxes other than income	90	94	4
Total other operating expenses	285	459	174
Operating income (loss)	79	(105)	184
Other income and (deductions)			
Interest expense, net	(29)	(37)	8
Other, net	8	9	(1)
Total other income and (deductions)	(21)	(28)	7
Income (loss) before income taxes	58	(133)	191
Income taxes	—	(25)	(25)
Net income (loss)	$ 58	$ (108)	$ 166

(a) Pepco evaluates its operating performance using the measure of revenue net of purchased power expense for electric sales. Pepco believes revenue net of purchased power expense is a useful measurement because it provides information that can be used to evaluate its operational performance. Pepco has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, Revenue net of purchased power expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

Net Income (Loss)

Three Months Ended March 31, 2017 Compared to Three Months Ended March 31, 2016. Pepco's net income for the three months ended March 31, 2017, was higher than the same period in 2016, primarily due to an increase in revenue net of purchased power expense resulting from higher electric distribution revenues as a result of the distribution rate orders issued by the MDPSC in November 2016, lower Operating and maintenance expense due to merger-related costs recognized in March 2016 and lower uncollectible accounts expense, and a decrease in income tax reserves for uncertain tax positions related to the deductibility of certain merger commitments.

Operating Revenue Net of Purchased Power Expense

Operating revenues include revenue from the distribution and supply of electricity to Pepco's customers within its service territories at regulated rates. Operating revenues also include transmission service revenue that Pepco receives as a transmission owner from PJM at rates regulated by FERC. Transmission rates are updated annually based on a FERC-approved formula methodology.

Electric revenues and purchased power expense are also affected by fluctuations in participation in the Customer Choice Program. All Pepco customers have the choice to purchase electricity from competitive electric generation suppliers. The customers' choice of supplier does not impact the volume of deliveries, but affects revenue collected from customers related to supplied energy service.

Retail deliveries purchased from competitive electric generation suppliers (as a percentage of kWh sales) for the three months ended March 31, 2017, compared to the same period in 2016, consisted of the following:

	Three Months Ended March 31,	
	2017	2016
Electric	64%	65%

Retail customers purchasing electric generation from competitive electric generation suppliers at March 31, 2017 and 2016 consisted of the following:

	March 31, 2017		March 31, 2016	
	Number of customers	% of total retail customers	Number of customers	% of total retail customers
Electric	179,241	21%	173,221	21%

Retail deliveries purchased from competitive electric generation suppliers represented 73% of Pepco's retail kWh sales to the District of Columbia customers and 58% of Pepco's retail kWh sales to Maryland customers for the three months ended March 31, 2017 and 73% of Pepco's retail kWh sales to the District of Columbia customers and 58% of Pepco's retail kWh sales to Maryland customers for the three months ended March 31, 2016.

Operating revenues include transmission enhancement credits that Pepco receives as a transmission owner from PJM in consideration for approved regional transmission expansion plan expenditures.

Operating revenues also include work and services performed on behalf of customers, including other utilities, which is generally not subject to price regulation. Work and services includes mutual assistance to other utilities, highway relocation, rentals of pole attachments, late payment fees and collection fees.

Purchased power expense consists of the cost of electricity purchased by Pepco to fulfill its default electricity supply obligation and, as such, is recoverable from customers in accordance with the terms of public service commission orders.

The changes in Pepco's operating revenues net of purchased power expense for the three months ended March 31, 2017 compared to the same period in 2016 consisted of the following:

	Increase (Decrease)
Volume	$ 4
Pricing — distribution revenues	16
Regulatory required programs	(10)
Transmission revenues	2
Other	(2)
Total increase	$ 10

Revenue Decoupling. Pepco's results historically have been seasonal, generally producing higher revenue and income in the warmest and coldest periods of the year. For retail customers of Pepco in Maryland and in the District of Columbia, revenues are not affected by unseasonably warmer or colder weather because a bill stabilization adjustment (BSA) for retail customers was implemented that provides for a fixed distribution charge per customer. The BSA has the effect of decoupling the distribution revenue recognized in a reporting period from the amount of power delivered during the period. As a result, the only factors that will cause distribution revenue from customers in Maryland and the District of Columbia to fluctuate from period to period are changes in the number of customers and changes in the approved distribution charge per customer. Changes in customer usage (due to weather conditions, energy prices, energy efficiency programs or other reasons) from period to period have no impact on reported distribution revenue for customers to whom the BSA applies.

In accounting for the BSA in Maryland and the District of Columbia, a Revenue Decoupling Adjustment is recorded representing either (i) a positive adjustment equal to the amount by which revenue from Maryland and the District of Columbia retail distribution sales falls short of the revenue that Pepco is entitled to earn based on the approved distribution charge per customer or (ii) a negative adjustment equal to the amount by which revenue from such distribution sales exceeds the revenue that Pepco is entitled to earn based on the approved distribution charge per customer.

Heating and cooling degree days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree days for a 20-year period in Pepco's service territory. The changes in heating and cooling degree days in Pepco's service territory for the three months ended March 31, 2017 compared to the same period in 2016 and normal weather consisted of the following:

				% Change	
Three Months Ended March 31,	2017	2016	Normal	2017 vs. 2016	2017 vs. Normal
Heating Degree-Days	1,748	2,010	2,138	(13.0)%	(18.2)%
Cooling Degree-Days	4	3	3	33.3%	33.3%

Volume. The increase in operating revenue net of purchased power and fuel expense related to delivery volume, exclusive of the effects of weather, for the three months ended March 31, 2017 compared to the same period in 2016, primarily reflects the impact of moderate economic and customer growth.

Pricing — Distribution Revenues. The increase in electric operating revenues net of purchased power expense as a result of pricing for the three months ended March 31, 2017 compared to the same period in 2016 was primarily due to the impact of the new electric distribution rates charged to customers in Maryland that became effective in November 2016. See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Regulatory Required Programs. This represents the change in operating revenues collected under approved riders to recover costs incurred for regulatory programs such as energy efficiency programs. The riders are designed to provide full and current cost recovery as well as a return. The costs of these programs are included in operating and maintenance expense, depreciation and amortization expense and other taxes. Refer to the operating and maintenance expense discussion below for additional information on included programs.

Transmission Revenues. Under a FERC-approved formula, transmission revenue varies from year to year based upon fluctuations in the underlying costs, investments being recovered and other billing adjustments. The increase in revenue net of purchased power expense for the three months ended March 31, 2017 compared to the same period in 2016 is a result of higher rates effective June 1, 2016 related to increases in transmission plant investment and operating expenses, partially offset by lower revenue related to the MAPP abandonment recovery period that ended in March 2016.

Operating and Maintenance Expense

	Three Months Ended March 31,		Increase (Decrease)
	2017	2016	
Operating and maintenance expense — baseline	$ 114	$ 287	$ (173)
Operating and maintenance expense — regulatory required programs [(a)]	(1)	3	(4)
Total operating and maintenance expense	$ 113	$ 290	$ (177)

(a) Operating and maintenance expenses for regulatory required programs are costs for various legislative and/or regulatory programs that are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in Operating revenues.

The changes in operating and maintenance expense for the three months ended March 31, 2017 compared to the same period in 2016, consisted of the following:

	Increase (Decrease)
Baseline	
Labor, other benefits, contracting and materials	$ 5
Storm-related costs	1
Uncollectible accounts expense	(9)
Deferral of merger-related costs to regulatory asset	(1)
BSC and PHISCO allocations [(a)]	(27)
Merger commitments [(b)]	(139)
Other	(3)
	(173)
Regulatory required programs	
Purchased power administrative costs	(4)
Total decrease	$ (177)

(a) Primarily related to merger severance and compensation costs recognized in 2016.
(b) Primarily related to merger-related commitments for customer rate credits and charitable contributions recognized in 2016.

Depreciation and Amortization Expense

The changes in depreciation and amortization expense for the three months ended March 31, 2017 compared to the same period in 2016, consisted of the following:

	Increase (Decrease)
Depreciation expense [(a)]	$ 8
Regulatory asset amortization	(1)
Total increase	$ 7

(a) Depreciation expense increased due to higher depreciation rates in Maryland effective November 2016 and due to ongoing capital expenditures.

Taxes Other Than Income

Taxes other than income for the three months ended March 31, 2017 compared to the same period in 2016 decreased primarily due to lower utility taxes that are collected and passed through by Pepco, partially offset by higher property taxes in Maryland.

Interest Expense, Net

Interest expense, net for the three months ended March 31, 2017 compared to the same period in 2016 decreased primarily due to the recording of interest expense for an uncertain tax position in the first quarter of 2016 and an increase in capitalized AFUDC interest.

Other, Net

Other, net for the three months ended March 31, 2017 compared to the same period in 2016 remained relatively constant.

Effective Income Tax Rate

Pepco's effective income tax rate was 0.0% and 18.8% for the three months ended March 31, 2017 and 2016, respectively. In the first quarter of 2017, Pepco decreased its liability for unrecognized tax benefits by $21 million resulting in a benefit to Income taxes and a corresponding decrease in its effective tax rate. See Note 11—Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the change in effective income tax rates.

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Pepco Electric Operating Statistics and Revenue Detail

Retail Deliveries to Customers (in GWhs)	Three Months Ended March 31, 2017	2016	% Change	Weather - Normal % Change
Retail Deliveries (a)				
Residential	2,000	2,218	(9.8)%	(4.4)%
Small commercial & industrial	326	381	(14.4)%	(12.4)%
Large commercial & industrial	3,485	3,945	(11.7)%	(10.8)%
Public authorities & electric railroads	190	189	0.5%	0.5%
Total retail deliveries	6,001	6,733	(10.9)%	(8.4)%

Number of Electric Customers	As of March 31, 2017	2016
Residential	785,016	769,934
Small commercial & industrial	53,640	53,853
Large commercial & industrial	21,413	20,996
Public authorities & electric railroads	136	126
Total	860,205	844,909

Electric Revenue	Three Months Ended March 31, 2017	2016	% Change
Retail Sales (a)			
Residential	$ 240	$ 255	(5.9)%
Small commercial & industrial	34	37	(8.1)%
Large commercial & industrial	195	200	(2.5)%
Public authorities & electric railroads	8	8	—%
Total retail	477	500	(4.6)%
Other revenue (b)	53	51	3.9%
Total electric revenue (c)	$ 530	$ 551	(3.8)%

(a) Reflects delivery volumes and revenues from customers purchasing electricity directly from Pepco and customers purchasing electricity from a competitive electric generation supplier as all customers are assessed distribution charges. For customers purchasing electricity from Pepco, revenue also reflects the cost of energy and transmission.
(b) Other revenue includes transmission revenue from PJM and wholesale electric revenues.
(c) Includes operating revenues from affiliates totaling $1 million and $1 million for the three months ended March 31, 2017 and 2016, respectively.

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Results of Operations — DPL

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016	Favorable (Unfavorable) Variance
Operating revenues	$ 362	$ 362	$ —
Purchased power and fuel expense	157	176	19
Revenues net of purchased power and fuel expense [(a)]	205	186	19
Other operating expenses			
Operating and maintenance	73	204	131
Depreciation and amortization	39	39	—
Taxes other than income	15	15	—
Total other operating expenses	127	258	131
Operating income (loss)	78	(72)	150
Other income and (deductions)			
Interest expense, net	(13)	(12)	(1)
Other, net	3	3	—
Total other income and (deductions)	(10)	(9)	(1)
Income (loss) before income taxes	68	(81)	149
Income taxes	11	(9)	(20)
Net income (loss)	$ 57	$ (72)	$ 129

(a) DPL evaluates its operating performance using the measure of revenue net of purchased power expense for electric sales and revenue net of fuel expense for natural gas sales. DPL believes revenue net of purchased power expense and revenue net of fuel expense are useful measurements because they provide information that can be used to evaluate its operational performance. DPL has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, Revenue net of purchased power expense and Revenue net of fuel expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

Net Income (Loss)

Three Months Ended March 31, 2017 Compared to Three Months Ended March 31, 2016. DPL's net income for the three months ended March 31, 2017, was higher than the same period in 2016 as a result of an increase in revenue net of purchased power and fuel expense primarily resulting from higher electric distribution and natural gas revenues as a result of the distribution rate orders issued by the DPSC in July 2016 and December 2016 and by the MDPSC in February 2017, lower Operating and maintenance expense due to merger-related costs recognized in March 2016, lower uncollectible accounts expense, and the deferral of merger-related costs to a regulatory asset in 2017, and a decrease in income tax reserves for uncertain tax positions related to the deductibility of certain merger commitments.

Revenues Net of Purchased Power and Fuel Expense

Operating revenues include revenue from the distribution and supply of electricity to DPL's customers within its service territories at regulated rates. Operating revenues also include transmission service revenue that DPL receives as a transmission owner from PJM at rates regulated by FERC. Transmission rates are updated annually based on a FERC-approved formula methodology.

Electric and natural gas revenues and purchased power and fuel expense are also affected by fluctuations in participation in the Customer Choice Program. All DPL customers have the choice to purchase electricity and

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natural gas from competitive electric generation and natural gas suppliers, respectively. The customers' choice of suppliers does not impact the volume of deliveries, but affects revenue collected from customers related to supplied energy and natural gas service.

Retail deliveries purchased from competitive electric generation and natural gas suppliers (as a percentage of kWh and mmcf sales, respectively) for the three months ended March 31, 2017 and 2016, consisted of the following:

	Three Months Ended March 31,	
	2017	2016
Electric	50%	49%
Natural Gas	27%	25%

Retail customers purchasing electric generation and natural gas from competitive electric generation and natural gas suppliers at March 31, 2017 and 2016 consisted of the following:

	March 31, 2017		March 31, 2016	
	Number of customers	% of total retail customers	Number of customers	% of total retail customers
Electric	79,270	15%	77,014	15%
Natural Gas	156	0.1%	158	0.1%

Retail deliveries purchased from competitive electric generation suppliers represented 53% of DPL's retail kWh sales to Delaware customers and 45% of DPL retail kWh sales to Maryland customers for the three months ended March 31, 2017 and 51% to Delaware customers and 44% to Maryland customers for the three months ended March 31, 2016.

Operating revenues include transmission enhancement credits that DPL receives as a transmission owner from PJM in consideration for approved regional transmission expansion plan expenditures.

Operating revenues also include work and services performed on behalf of customers, including other utilities, which is generally not subject to price regulation. Work and services includes mutual assistance to other utilities, highway relocation, rentals of pole attachments, late payment fees and collection fees.

Natural gas operating revenue includes sources that are subject to price regulation (Regulated Gas Revenue) and those that generally are not subject to price regulation (Other Gas Revenue). Regulated gas revenue includes the revenue DPL receives from on-system natural gas delivered sales and the transportation of natural gas for customers within its service territory at regulated rates. Other gas revenue consists of off-system natural gas sales and the short-term release of interstate pipeline transportation and storage capacity not needed to serve customers. Off-system sales are made possible when low demand for natural gas by regulated customers creates excess pipeline capacity.

Purchased power expense consists of the cost of electricity purchased by DPL to fulfill its default electricity supply obligation and, as such, is recoverable from customers in accordance with the terms of public service commission orders. Purchased fuel expense consists of the cost of gas purchased by DPL to fulfill its obligation to regulated gas customers and, as such, is recoverable from customers in accordance with the terms of public service commission orders. It also includes the cost of gas purchased for off-system sales.

The changes in DPL's operating revenues net of purchased power and fuel expense for the three months ended March 31, 2017 compared to the same period in 2016 consisted of the following:

	Increase (Decrease)		
	Electric	Gas	Total
Weather	$ (2)	$ (6)	$ (8)
Volume	(1)	6	5
Pricing — distribution revenues	19	3	22
Regulatory required programs	1	—	1
Transmission revenues	(2)	—	(2)
Other	1	—	1
Total increase	$ 16	$ 3	$ 19

Revenue Decoupling. DPL's results historically have been seasonal, generally producing higher revenue and income in the warmest and coldest periods of the year. For retail customers of DPL in Maryland, revenues are not affected by unseasonably warmer or colder weather because a bill stabilization adjustment (BSA) for retail customers was implemented that provides for a fixed distribution charge per customer. The BSA has the effect of decoupling the distribution revenue recognized in a reporting period from the amount of power delivered during the period. As a result, the only factors that will cause distribution revenue from customers in Maryland to fluctuate from period to period are changes in the number of customers and changes in the approved distribution charge per customer. A modified fixed variable rate design, which would provide for a charge not tied to a customer's volumetric consumption of electricity or natural gas, has been proposed for DPL electricity and natural gas customers in Delaware. Changes in customer usage (due to weather conditions, energy prices, energy efficiency programs or other reasons) from period to period have no impact on reported distribution revenue for customers to whom the BSA applies.

In accounting for the BSA in Maryland, a Revenue Decoupling Adjustment is recorded representing either (i) a positive adjustment equal to the amount by which revenue from Maryland retail distribution sales falls short of the revenue that DPL is entitled to earn based on the approved distribution charge per customer or (ii) a negative adjustment equal to the amount by which revenue from such distribution sales exceeds the revenue that DPL is entitled to earn based on the approved distribution charge per customer.

Weather. The demand for electricity and natural gas in areas not subject to the BSA is affected by weather conditions. With respect to the electric business, very warm weather in summer months and, with respect to the electric and natural gas businesses, very cold weather in winter months are referred to as "favorable weather conditions" because these weather conditions result in increased deliveries of electricity and natural gas. Conversely, mild weather reduces demand. During the three months ended March 31, 2017 compared to the same period in 2016, operating revenue net of purchased power and fuel expense was lower due to the impact of unfavorable winter weather conditions in DPL's service territory.

Heating and cooling degree days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree days for a 20-year period in DPL's electric service territory and a 30-year period in DPL's natural gas service territory. The changes in heating and cooling degree days in DPL's service territory for the three months ended March 31, 2017 compared to the same period in 2016 and normal weather consisted of the following:

Electric Service Territory				% Change	
Three Months Ended March 31,	2017	2016	Normal	2017 vs. 2016	2017 vs. Normal
Heating Degree-Days	2,002	2,247	2,417	(10.9)%	(17.2)%
Cooling Degree-Days	—	3	2	(100.0)%	(100.0)%

Natural Gas Service Territory Three Months Ended March 31,	2017	2016	Normal	% Change 2017 vs. 2016	2017 vs. Normal
Heating Degree-Days	2,031	2,335	2,516	(13.0)%	(19.3)%

Volume. The increase in operating revenue net of purchased power and fuel expense related to delivery volume, exclusive of the effects of weather, for the three months ended March 31, 2017 compared to the same period in 2016, primarily reflects the impact of customer growth and increased natural gas average customer usage.

Pricing — Distribution Revenues. The increase in electric operating revenues net of purchased power expense as a result of pricing for the three months ended March 31, 2017 compared to the same period in 2016 was primarily due to the impact of the new electric distribution and natural gas rates charged to Delaware customers that became effective in July and December 2016 and the impact of new electric distribution rates charged to Maryland customers that became effective in February 2017. See Note 5—Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Regulatory Required Programs. This represents the change in operating revenues collected under approved riders to recover costs incurred for regulatory programs such as energy efficiency programs. The riders are designed to provide full and current cost recovery as well as a return. The costs of these programs are included in operating and maintenance expense, depreciation and amortization expense and income taxes. Refer to the operating and maintenance expense discussion below for additional information on included programs.

Transmission Revenues. Under a FERC-approved formula, transmission revenue varies from year to year based upon fluctuations in the underlying costs, investments being recovered and other billing adjustments. The decrease in revenue net of purchased power expense for the three months ended March 31, 2017 compared to the same period in 2016 is a result of lower revenue related to the MAPP abandonment recovery period that ended in March 2016, partially offset by higher rates effective June 1, 2016 related to increases in transmission plant investment and operating expenses.

Operating and Maintenance Expense

	Three Months Ended March 31,		Increase (Decrease)
	2017	2016	
Operating and maintenance expense — baseline	$ 72	$ 201	$ (129)
Operating and maintenance expense — regulatory required programs [(a)]	1	3	(2)
Total operating and maintenance expense	$ 73	$ 204	$ (131)

(a) Operating and maintenance expenses for regulatory required programs are costs for various legislative and/or regulatory programs that are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in Operating revenues.

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The changes in operating and maintenance expense for the three months ended March 31, 2017 compared to the same period in 2016, consisted of the following:

	Increase (Decrease)
Baseline	
Labor, other benefits, contracting and materials	$ (4)
Storm-related costs	7
Uncollectible accounts expense	(5)
Deferral of merger-related costs to regulatory asset	(9)
Write-off of construction work in progress	3
BSC and PHISCO allocations [(a)]	(16)
Merger commitments [(b)]	(103)
Other	(2)
	(129)
Regulatory required programs	
Purchased power administrative costs	(2)
Total decrease	$ (131)

(a) Primarily related to merger severance and compensation costs recognized in 2016.
(b) Primarily related to merger-related commitments for customer rate credits and charitable contributions recognized in 2016.

Depreciation and Amortization Expense

The changes in depreciation and amortization expense for the three months ended March 31, 2017 compared to the same period in 2016 consisted of the following:

	Increase (Decrease)
Depreciation expense [(a)]	$ 2
Regulatory asset amortization [(b)]	(2)
Total increase	$ —

(a) Depreciation expense increased due to higher depreciation rates in Maryland effective February 2017 and due to ongoing capital expenditures.
(b) Regulatory asset amortization decreased for the three months ended March 31, 2017 compared to the same period in 2016 due to lower amortization of MAPP abandonment costs.

Taxes Other Than Income

Taxes other than income for the three months ended March 31, 2017 compared to the same period in 2016 remained relatively constant.

Interest Expense, Net

Interest expense, net for the three months ended March 31, 2017 compared to the same period in 2016 remained relatively constant.

Other, Net

Other, net for the three months ended March 31, 2017 compared to the same period in 2016 remained relatively constant.

Effective Income Tax Rate

DPL's effective income tax rate was 16.2% and 11.1% for the three months ended March 31, 2017 and 2016, respectively. In the first quarter of 2017, DPL decreased its liability for unrecognized tax benefits by

$16 million resulting in a benefit to Income taxes and a corresponding decrease in its effective tax rate. See Note 11 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

DPL Electric Operating Statistics and Revenue Detail

Retail Deliveries to Customers (in GWhs)	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016	% Change	Weather - Normal % Change
Retail Deliveries (a)				
Residential	1,359	1,428	(4.8)%	(0.3)%
Small commercial & industrial	531	572	(7.2)%	(6.0)%
Large commercial & industrial	1,064	1,078	(1.3)%	(0.6)%
Public authorities & electric railroads	13	14	(7.1)%	(7.1)%
Total retail deliveries	2,967	3,092	(4.0)%	(1.5)%

Number of Electric Customers	As of March 31, 2017	As of March 31, 2016
Residential	457,663	453,670
Small commercial & industrial	60,289	59,860
Large commercial & industrial	1,411	1,418
Public authorities & electric railroads	642	643
Total	520,005	515,591

Electric Revenue	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016	% Change
Retail Sales (a)			
Residential	$ 181	$ 182	(0.5)%
Small commercial & industrial	45	49	(8.2)%
Large commercial & industrial	25	25	—%
Public authorities & electric railroads	4	4	—%
Total retail	255	260	(1.9)%
Other revenue (b)	41	43	(4.7)%
Total electric revenue (c)	$ 296	$ 303	(2.3)%

(a) Reflects delivery volumes and revenues from customers purchasing electricity directly from DPL and customers purchasing electricity from a competitive electric generation supplier as all customers are assessed distribution charges. For customers purchasing electricity from DPL, revenue also reflects the cost of energy and transmission.

(b) Other revenue includes transmission revenue from PJM and wholesale electric revenues.

(c) Includes operating revenues from affiliates totaling $2 million and $2 million for the three months ended March 31, 2017 and 2016, respectively.

DPL Natural Gas Operating Statistics and Revenue Detail

Retail Deliveries to Customers (in mmcf)	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016	% Change	Weather - Normal % Change
Retail Deliveries				
Residential	5,932	6,060	(2.1)%	9.5%
Transportation & other	2,168	1,968	10.2%	13.7%
Total natural gas deliveries	8,100	8,028	0.9%	10.5%

Number of Gas Customers	As of March 31, 2017	2016
Residential	121,362	120,046
Commercial & industrial	9,855	9,772
Transportation & other	156	158
Total	131,373	129,976

Natural Gas Revenue	Three Months Ended March 31, 2017	2016	% Change
Retail Sales (a)			
Retail sales	$ 59	$ 53	11.3%
Transportation & other (b)	7	6	16.7%
Total natural gas revenues	$ 66	$ 59	11.9%

(a) Reflects delivery volumes and revenues from customers purchasing natural gas directly from DPL and customers purchasing natural gas from a competitive natural gas supplier as all customers are assessed distribution charges. For customers purchasing natural gas from DPL, revenue also reflects the cost of natural gas.

(b) Transportation and other revenue includes off-system natural gas sales and the short-term release of interstate pipeline transportation and storage capacity not needed to serve customers.

Results of Operations — ACE

	Three Months Ended March 31, 2017	2016	Favorable (Unfavorable) Variance
Operating revenues	$ 275	$ 291	$ (16)
Purchased power expense	137	158	21
Revenues net of purchased power expense (a)	138	133	5
Other operating expenses			
Operating and maintenance	76	212	136
Depreciation and amortization	35	40	5
Taxes other than income	2	2	—
Total other operating expenses	113	254	141
Operating income (loss)	25	(121)	146
Other income and (deductions)			
Interest expense, net	(15)	(16)	1
Other, net	2	4	(2)
Total other income and (deductions)	(13)	(12)	(1)
Income (loss) before income taxes	12	(133)	145
Income taxes	(16)	(33)	(17)
Net income (loss)	$ 28	$ (100)	$ 128

(a) ACE evaluates its operating performance using the measure of revenue net of purchased power expense for electric sales. ACE believes Revenue net of purchased power expense is a useful measurement of its performance because it provides information that can be used to evaluate its operational performance. ACE has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, Revenue net of purchased power expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

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Net Income (Loss)

Three Months Ended March 31, 2017 Compared to Three Months Ended March 31, 2016. ACE's net income for the three months ended March 31, 2017, was higher than the same period in 2016, primarily due to an increase in operating revenue net of purchased power expense resulting from higher electric distribution revenues as a result of the distribution rate order issued by the NJBPU in August 2016, lower Operating and maintenance expense mostly due to merger-related costs recognized in March 2016 and a decrease in income tax reserves for uncertain tax positions related to the deductibility of certain merger commitments.

Revenues Net of Purchased Power Expense

Operating revenues include revenue from the distribution and supply of electricity to ACE's customers within its service territories at regulated rates. Operating revenues also include transmission service revenue that ACE receives as a transmission owner from PJM at rates regulated by FERC. Transmission rates are updated annually based on a FERC-approved formula methodology.

Electric revenues and purchased power expense are also affected by fluctuations in participation in the Customer Choice Program. All ACE customers have the choice to purchase electricity from competitive electric generation suppliers. The customer's choice of supplier does not impact the volume of deliveries, but affects revenue collected from customers related to supplied energy service.

Retail deliveries purchased from competitive electric generation suppliers (as a percentage of kWh sales) for the three months ended March 31, 2017, compared to the same period in 2016, consisted of the following:

	Three Months Ended March 31,	
	2017	2016
Electric	49%	47%

Retail customers purchasing electric generation from competitive electric generation suppliers at March 31, 2017 and 2016 consisted of the following:

	March 31, 2017		March 31, 2016	
	Number of customers	% of total retail customers	Number of customers	% of total retail customers
Electric	93,896	17%	76,522	14%

Operating revenues include revenue from Transition Bond Charges that ACE receives, and pays to ACE Funding, to fund the principal and interest payments on Transition Bonds, revenue from the resale in the PJM wholesale markets for energy and capacity purchased under contacts with unaffiliated NUGs, and revenue from transmission enhancement credits.

Operating revenues also include work and services performed on behalf of customers, including other utilities, which is generally not subject to price regulation. Work and services includes mutual assistance to other utilities, highway relocation, rentals of pole attachments, late payment fees and collection fees.

Purchased power expense consists of the cost of electricity purchased by ACE to fulfill its default electricity supply obligation and, as such, is recoverable from customers in accordance with the terms of public service commission orders.

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The changes in ACE's operating revenue net of purchased power expense for the three months ended March 31, 2017 compared to the same period in 2016 consisted of the following:

	Increase (Decrease)
Weather	(1)
Volume	(5)
Pricing — distribution revenues	10
Regulatory required programs	(5)
Transmission revenues	7
Other	(1)
Total increase	5

Weather. The demand for electricity is affected by weather conditions. With respect to the electric business, very warm weather in summer months and very cold weather in winter months are referred to as "favorable weather conditions" because these weather conditions result in increased deliveries of electricity. Conversely, mild weather reduces demand. During the three months ended March 31, 2017 compared to the same period in 2016, operating revenue net of purchased power and fuel expense was lower due to the impact of slightly unfavorable winter weather conditions in ACE's service territory.

For retail customers of ACE, distribution revenues are not decoupled from the distribution of electricity by ACE, and thus are subject to variability due to changes in customer consumption. Therefore, changes in customer usage (due to weather conditions, energy prices, energy savings programs or other reasons) from period to period have a direct impact on reported distribution revenue for customers in ACE's service territory.

Heating and cooling degree days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree days for a 20-year period in ACE's service territory. The changes in heating and cooling degree days in ACE's service territory for the three months ended March 31, 2017 compared to the same period in 2016 consisted of the following:

				% Change	
Three Months Ended March 31,	2017	2016	Normal	2017 vs. 2016	2017 vs. Normal
Heating Degree-Days	2,150	2,270	2,488	(5.3)%	(13.6)%
Cooling Degree-Days	—	4	1	(100.0)%	(100.0)%

Volume. The decrease in operating revenue net of purchased power expense related to delivery volume, exclusive of the effects of weather, for the three months ended March 31, 2017 compared to the same period in 2016, primarily reflects lower average customer usage, partially offset by the impact of customer growth.

Pricing — Distribution Revenues. The increase in operating revenue net of purchased power expense for the three months ended March 31, 2017, compared to the same period in 2016, was primarily due to the impact of the new electric distribution base rate charged to customers that became effective in August 2016. See Note 5—Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Regulatory Required Programs. This represents the change in operating revenues collected under approved riders to recover costs incurred for regulatory programs such as energy efficiency programs. The riders are designed to provide full and current cost recovery as well as a return. The costs of these programs are included in operating and maintenance expense, depreciation and amortization expense and income taxes. Refer to the depreciation and amortization expense discussion below for additional information on included programs.

Transmission Revenues. Under a FERC-approved formula, transmission revenue varies from year to year based upon fluctuations in the underlying costs, investments being recovered and other billing adjustments. The increase in revenue net of purchased power expense for the three months ended March 31, 2017 compared to the same period in 2016 is a result of higher rates effective June 1, 2016 related to increases in transmission plant investment and operating expenses,

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Operating and Maintenance Expense

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016	Increase (Decrease)
Operating and maintenance expense — baseline	$ 75	$ 211	$ (136)
Operating and maintenance expense — regulatory required programs [(a)]	1	1	—
Total operating and maintenance expense	$ 76	$ 212	$ (136)

(a) Operating and maintenance expenses for regulatory required programs are costs for various legislative and/or regulatory programs that are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in Operating revenues.

The changes in operating and maintenance expense for the three months ended March 31, 2017 compared to the same period in 2016 consisted of the following:

	Increase (Decrease)
Baseline	
Labor, other benefits, contracting and materials	$ (2)
Storm-related costs	1
BSC and PHISCO allocations [(a)]	(13)
Uncollectible accounts expense	(1)
Merger commitments [(b)]	(120)
Other	(1)
Total decrease	$ (136)

(a) Primarily related to merger severance and compensation costs recognized in 2016.
(b) Primarily related to merger-related commitments for customer rate credits and charitable contributions recognized in 2016.

Depreciation and Amortization Expense

The changes in depreciation and amortization expense for the three months ended March 31, 2017 compared to the same period in 2016 consisted of the following:

	Increase (Decrease)
Depreciation expense [(a)]	$ 1
Regulatory asset amortization [(b)]	(6)
Total decrease	$ (5)

(a) Depreciation expense increased due to ongoing capital expenditures.
(b) Regulatory asset amortization decreased for the three months ended March 31, 2017 compared to the same period in 2016 as a result of lower revenue due to a rate decrease effective October 2016 for the ACE Market Transition charge tax.

Taxes Other Than Income

Taxes other than income for the three months ended March 31, 2017 compared to the same period in 2016, remained relatively constant.

Interest Expense, Net

Interest expense, net for the three months ended March 31, 2017 compared to the same period in 2016 remained relatively constant.

Other, Net

Other, net for the three months ended March 31, 2017 compared to the same period in 2016 decreased primarily due to lower interest income on uncertain tax positions.

Effective Income Tax Rate

ACE's effective income tax rate was (133.3)% and 24.8% for the three months ended March 31, 2017 and 2016, respectively. In the first quarter of 2017, ACE decreased its liability for unrecognized tax benefits by $22 million resulting in a benefit to Income taxes and a corresponding decrease in its effective tax rate. See Note 11 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

ACE Electric Operating Statistics and Revenue Detail

Retail Deliveries to Customers (in GWhs)	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016	% Change	Weather - Normal % Change
Retail Deliveries [a]				
Residential	879	938	(6.3)%	(4.4)%
Small commercial & industrial	283	289	(2.1)%	(1.4)%
Large commercial & industrial	765	820	(6.7)%	(6.9)%
Public authorities & electric railroads	13	15	(13.3)%	(13.3)%
Total retail deliveries	1,940	2,062	(5.9)%	(5.0)%

Number of Electric Customers	As of March 31, 2017	As of March 31, 2016
Residential	485,691	482,718
Small commercial & industrial	60,999	60,858
Large commercial & industrial	3,761	3,828
Public authorities & electric railroads	612	583
Total	551,063	547,987

Electric Revenue	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016	% Change
Retail Sales [a]			
Residential	$ 142	$ 150	(5.3)%
Small commercial & industrial	36	39	(7.7)%
Large commercial & industrial	45	51	(11.8)%
Public authorities & electric railroads	3	3	—%
Total retail	226	243	(7.0)%
Other revenue [b]	49	48	2.1%
Total electric revenue [c]	$ 275	$ 291	(5.5)%

(a) Reflects delivery volumes and revenues from customers purchasing electricity directly from ACE and customers purchasing electricity from a competitive electric generation supplier as all customers are assessed distribution charges. For customers purchasing electricity from ACE, revenue also reflects the cost of energy and transmission.

(b) Other revenue includes transmission revenue from PJM and wholesale electric revenues.

(c) Includes operating revenues from affiliates totaling $1 million and $1 million for the three months ended March 31, 2017 and 2016, respectively.

Liquidity and Capital Resources

Exelon activity presented below includes the activity of PHI, Pepco, DPL and ACE, from the PHI Merger effective date of March 24, 2016 through March 31, 2017. Exelon prior year activity is unadjusted for the effects of the PHI Merger. Due to the application of push-down accounting to the PHI entity, PHI's activity is presented in two separate reporting periods, the legacy PHI activity through March 23, 2016 (Predecessor), and PHI activity for the remainder of the period after the PHI merger date (Successor). For each of Pepco, DPL and ACE the activity presented below include its activity for the three months ended March 31, 2017 and 2016. All results included throughout the liquidity and capital resources section are presented on a GAAP basis.

The Registrants' operating and capital expenditures requirements are provided by internally generated cash flows from operations as well as funds from external sources in the capital markets and through bank borrowings. The Registrants' businesses are capital intensive and require considerable capital resources. Each Registrant's access to external financing on reasonable terms depends on its credit ratings and current overall capital market business conditions, including that of the utility industry in general. If these conditions deteriorate to the extent that the Registrants no longer have access to the capital markets at reasonable terms, the Registrants have access to unsecured revolving credit facilities with aggregate bank commitments of $9 billion. In addition, Generation has $525 million in bilateral facilities with banks which have various expirations between October 2017 and January 2019. The Registrants utilize their credit facilities to support their commercial paper programs, provide for other short-term borrowings and to issue letters of credit. See the "Credit Matters" section below for further discussion. The Registrants expect cash flows to be sufficient to meet operating expenses, financing costs and capital expenditure requirements.

The Registrants primarily use their capital resources, including cash, to fund capital requirements, including construction expenditures, retire debt, pay dividends, fund pension and other postretirement benefit obligations and invest in new and existing ventures. The Registrants spend a significant amount of cash on capital improvements and construction projects that have a long-term return on investment. Additionally, ComEd, PECO, BGE, Pepco, DPL and ACE operate in rate-regulated environments in which the amount of new investment recovery may be delayed or limited and where such recovery takes place over an extended period of time. See Note 10 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for further discussion of the Registrants' debt and credit agreements.

NRC Minimum Funding Requirements

NRC regulations require that licensees of nuclear generating facilities demonstrate reasonable assurance that sufficient funds will be available in certain minimum amounts to decommission the facility. These NRC minimum funding levels are based upon the assumption that decommissioning activities will commence after the end of the current licensed life of each unit. If a unit fails the NRC minimum funding test, then the plant's owners or parent companies would be required to take steps, such as providing financial guarantees through letters of credit or parent company guarantees or making additional cash contributions to the NDT fund to ensure sufficient funds are available. See Note 12 — Nuclear Decommissioning to the Combined Notes to Consolidated Financial Statements for additional information on the NRC minimum funding requirements.

If a nuclear plant were to early retire there is a risk that it will no longer meet the NRC minimum funding requirements due to the earlier commencement of decommissioning activities and a shorter time period over which the NDT fund investments could appreciate in value. A shortfall could require Exelon to post parental guarantees for Generation's share of the obligations. However, the amount of any required guarantees will ultimately depend on the decommissioning approach adopted at each site, the associated level of costs, and the decommissioning trust fund investment performance going forward. Within two years after shutting down a plant, Generation must submit a post-shutdown decommissioning activities report (PSDAR) to the NRC that includes the planned option for decommissioning the site. As discussed in Note 12 — Nuclear Decommissioning, Generation filed its biennial decommissioning funding status report with the NRC on March 31, 2017 and

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demonstrated adequate funding assurance for all nuclear units currently operating, as compared to previous estimates prior to the reversal of the early retirement decision for Clinton and Quad Cities. As of March 31, 2017, TMI passes the NRC minimum funding test based on its current license life. However, in the event of an early retirement of TMI, the most costly estimates could require parental guarantees of up to $35 million.

Upon issuance of any required financial guarantees, each site would be able to utilize the respective NDT funds for radiological decommissioning costs, which represent the majority of the total expected decommissioning costs. However, the NRC must approve an additional exemption in order for the plant's owner(s) to utilize the NDT fund to pay for non-radiological decommissioning costs (i.e. spent fuel management and site restoration costs). If a unit does not receive this exemption, the costs would be borne by the owner(s). While the ultimate amounts may vary greatly and could be reduced by alternate decommissioning scenarios and/or reimbursement of certain costs under the United States Department of Energy reimbursement agreements or future litigation, across the three alternative decommissioning approaches available, if an early retirement decision is made and TMI were to fail the exemption test, Generation could incur spent fuel management and site restoration costs over the next ten years of up to $145 million net of taxes.

Junior Subordinated Notes

In June 2014, Exelon issued $1.15 billion of junior subordinated notes in the form of 23 million equity units at a stated amount of $50.00 per unit. Each equity unit represented an undivided beneficial ownership interest in Exelon's $1.15 billion of 2.50% junior subordinated notes due in 2024 ("2024 notes") and a forward equity purchase contract. As contemplated in the June 2014 equity unit structure, in April 2017, Exelon completed the remarketing of the 2024 notes into $1.15 billion of 3.497% junior subordinated notes due in 2022 ("Remarketing"). Exelon conducted the Remarketing on behalf of the holders of equity units and did not directly receive any proceeds therefrom. Instead, the former holders of the 2024 notes may use debt remarketing proceeds towards settling the forward equity purchase contract with Exelon on June 1, 2017. Exelon will receive $1.15 billion upon settlement on June 1, 2017, of the forward equity purchase contract. Exelon currently expects the number of equity shares to be issued to range from 26 million to 33 million dependent on Exelon's stock price at the time of settlement pursuant to the equity unit terms. Until settlement of the equity purchase contract, earnings per share dilution resulting from the equity units is being determined under the treasury stock method.

For the three months ended March 31, 2017 and 2016, contract payments of $11 million related to the Contract Payment Obligation were included within Retirements of long-term debt in Exelon's Consolidated Statements of Cash Flows.

Cash Flows from Operating Activities

General

Generation's cash flows from operating activities primarily result from the sale of electric energy and energy-related products and services to customers. Generation's future cash flows from operating activities may be affected by future demand for and market prices of energy and its ability to continue to produce and supply power at competitive costs as well as to obtain collections from customers.

The Utility Registrants' cash flows from operating activities primarily result from the transmission and distribution of electricity and, in the case of PECO, BGE, and DPL, gas distribution services. The Utility Registrants' distribution services are provided to an established and diverse base of retail customers. The Utility Registrants' future cash flows may be affected by the economy, weather conditions, future legislative initiatives, future regulatory proceedings with respect to their rates or operations, competitive suppliers, and their ability to achieve operating cost reductions.

See Notes 3 — Regulatory Matters and 24 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements of the Exelon 2016 Form 10-K for further discussion of regulatory and legal proceedings and proposed legislation.

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The following table provides a summary of the major items affecting Exelon's cash flows from operations for the three months ended March 31, 2017 and 2016:

	Three Months Ended March 31,		
	2017	2016 [c]	Variance
Net income	$ 981	$ 123	$ 858
Add (subtract):			
Non-cash operating activities [a]	1,233	1,942	(709)
Pension and non-pension postretirement benefit contributions	(307)	(239)	(68)
Income taxes	50	47	3
Changes in working capital and other noncurrent assets and liabilities [b]	(640)	(623)	(17)
Option premiums (paid) received, net	(6)	17	(23)
Collateral (posted) received, net	(110)	206	(316)
Net cash flows provided by operations	$ 1,201	$ 1,473	$ (272)

(a) Represents, when applicable, depreciation, amortization and accretion, net fair value changes related to derivatives, deferred income taxes, provision for uncollectible accounts, pension and other postretirement benefit expense, equity in earnings and losses of unconsolidated affiliates and investments, decommissioning-related items, stock compensation expense, impairment of long-lived assets, PHI merger commitment and severance charges, and other non-cash charges. See Note 18 — Supplemental Financial Information for further detail on non-cash operating activity.

(b) Changes in working capital and other noncurrent assets and liabilities exclude the changes in commercial paper, income taxes and the current portion of long-term debt.

(c) Includes PHI Consolidated activity from March 24, 2016 to December 31, 2016.

Pension and Other Postretirement Benefits

Management considers various factors when making pension funding decisions, including actuarially determined minimum contribution requirements under ERISA, contributions required to avoid benefit restrictions and at-risk status as defined by the Pension Protection Act of 2006, management of the pension obligation and regulatory implications. On July 6, 2012, President Obama signed into law the Moving Ahead for Progress in the Twenty-first Century Act, which contains a pension funding provision that results in lower pension contributions in the near term while increasing the premiums pension plans pay to the Pension Benefit Guaranty Corporation. On August 8, 2014, this funding relief was extended for five years. On November 2, 2015 the funding relief was extended for an additional three years and premiums pension plans pay to the Pension Benefit Guaranty Corporation were further increased.

OPEB funding generally follows accounting cost; however, Exelon's management has historically considered several factors in determining the level of contributions to its funded other postretirement benefit plans, including liabilities management, levels of benefit claims paid and regulatory implications (amounts deemed prudent to meet regulator expectations and best assure continued recovery).

To the extent interest rates decline significantly or the pension plans do not earn the expected asset return rates, annual pension contribution requirements in future years could increase. Additionally, expected contributions could change if Exelon changes its pension or OPEB funding strategy.

Tax Matters

The Registrants' future cash flows from operating activities may be affected by the following tax matters:

- In order to appeal the Tax Court's like-kind exchange decision, Exelon is required to pay the tax, penalty and interest at the time Exelon files its appeal (expected in the third quarter of 2017). While the final calculation of tax, penalties and interest has not yet been finalized by the IRS, Exelon estimates

that a payment of approximately $1.3 billion related to the like-kind exchange will be due, including $300 million from ComEd, in the third quarter of 2017. While Exelon will receive a tax benefit of approximately $350 million associated with the deduction for the interest, Exelon currently has a net operating loss carryforward and thus does not expect to realize the cash benefit until 2018. Exelon's total estimated cash outflow for the like-kind exchange is approximately $950 million, of which approximately $300 million would be attributable to ComEd after giving consideration to Exelon's agreement to hold ComEd harmless from any unfavorable impacts of the after-tax interest and penalty amounts on ComEd's equity. ComEd will fund the $300 million with a combination of debt and equity in a manner to maintain its current capital structure. Upon a final appellate decision, which could take up to several years, Exelon expects to receive $80 million related to final interest computations.

Of the above amounts payable, Exelon deposited with the IRS $1.25 billion in October of 2016. The remaining amount will be paid in the third quarter of 2017 at the time Exelon files its appeal of the Tax Court decision. Exelon funded the $1.25 billion deposit with a combination of cash on hand and short-term borrowings.

- State and local governments continue to face increasing financial challenges, which may increase the risk of additional income tax levies, property taxes and other taxes or the imposition, extension or permanence of temporary tax levies.

Cash flows from operations for the three months ended March 31, 2017 and 2016 by Registrant were as follows:

	Three Months Ended March 31,	
	2017	2016
Exelon	$ 1,201	$ 1,473
Generation	740	782
ComEd	145	284
PECO	64	138
BGE	168	273
Pepco	29	258
DPL	122	147
ACE	58	246

	Successor		*Predecessor*
	Three Months Ended March 31, 2017	March 24, 2016 to March 31, 2016	January 1, 2016 to March 23, 2016
PHI	$ 194	$ (3)	$ 264

Changes in the Registrants' cash flows from operations were generally consistent with changes in each Registrant's respective results of operations, as adjusted by changes in working capital in the normal course of business, except as discussed below. In addition, significant operating cash flow impacts for the Registrants for the three months ended March 31, 2017 and 2016 were as follows:

Generation

- Depending upon whether Generation is in a net mark-to-market liability or asset position, collateral may be required to be posted with or collected from its counterparties. In addition, the collateral posting and collection requirements differ depending on whether the transactions are on an exchange or in the OTC markets. During the three months ended March 31, 2017 and 2016, Generation had net (payments)/collections of counterparty cash collateral of $(102) million and $198 million, respectively, primarily due to market conditions that resulted in changes to Generation's net mark-to-market position.

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- During the three months ended March 31, 2017 and 2016, Generation had net (payments)/collections of approximately $(6) million and $17 million, respectively, related to purchases and sales of options. The level of option activity in a given period may vary due to several factors, including changes in market conditions as well as changes in hedging strategy.

ComEd

- During three months ended March 31, 2017 and 2016, ComEd posted approximately $8 million and received a return of $7 million of cash collateral with PJM, respectively. ComEd's collateral posted with PJM has increased year over year primarily due to a reduction in ComEd's share of Exelon's unsecured credit with PJM. As of March 31, 2017 and 2016, ComEd had approximately $32 million and $24 million cash collateral posted with PJM, respectively.

For further discussion regarding changes in non-cash operating activities, please refer to Note 18 — Supplemental Financial Information of the Combined Notes to the Financial Statements.

Cash Flows from Investing Activities

Cash flows used in investing activities for the three months ended March 31, 2017 and 2016 by Registrant were as follows:

	Three Months Ended March 31,	
	2017	2016
Exelon	$(2,411)	$(8,548)
Generation	(1,212)	(1,204)
ComEd	(529)	(626)
PECO	(27)	(351)
BGE	(181)	(191)
Pepco	(144)	(136)
DPL	(80)	(81)
ACE	(85)	(100)

	Successor		*Predecessor*
	Three Months Ended March 31, 2017	March 24, 2016 to March 31, 2016	January 1, 2016 to March 23, 2016
PHI	$ (321)	$ (30)	$ (343)

Significant investing cash flow impacts for the Registrants for three months ended March 31, 2017 and 2016 were as follows:

Exelon

- During the three months ended March 31, 2017, Exelon had expenditures of $23 million and $182 million relating to the acquisitions of ConEdison Solutions and the FitzPatrick facility, respectively. During the three months ended March 31, 2016, Exelon had expenditures of $6.6 billion relating to the acquisition of PHI.
- During the three months ended March 31, 2016, Exelon had proceeds of $360 million as a result of early termination of direct financing leases.

Generation

- During the three months ended March 31, 2017, Exelon had expenditures of $23 million and $182 million relating to the acquisitions of ConEdison Solutions and the FitzPatrick facility, respectively.

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Capital Expenditure Spending

Generation

Generation has entered into several agreements to acquire equity interests in privately held and development stage entities which develop energy-related technologies. The agreements contain a series of scheduled investment commitments, including in-kind service contributions. There are approximately $19 million of anticipated expenditures remaining through 2019 to fund anticipated planned capital and operating needs of the associated companies. See Note 24 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements of the Exelon 2016 Form 10-K for further details of Generation's equity interests.

Capital expenditures by Registrant for the three months ended March 31, 2017 and 2016 and projected amounts for the full year 2017 are as follows:

	Projected Full Year 2017 [a]	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
Exelon [c]	$ 8,225	$2,114	$2,202
Generation	2,625	923	1,125
ComEd [b]	2,200	535	639
PECO	775	159	195
BGE	925	166	176
Pepco	600	139	109
DPL	400	82	81
ACE	325	88	101

	Projected Full Year 2017 [a]	Successor: Three Months Ended March 31, 2017	Successor: March 24, 2016 to March 31, 2016	Predecessor: January 1, 2016 to March 23, 2016
PHI [d]	$ 1,400	$ 320	$ 29	$ 273

(a) Total projected capital expenditures do not include adjustments for non-cash activity.
(b) The 2017 projections include approximately $280 million of expected incremental spending pursuant to EIMA, ComEd has committed to invest approximately $2.6 billion over a ten year period, through 2022, to modernize and storm-harden its distribution system and to implement smart grid technology.
(c) Includes corporate operations, BSC, and PHISCO rounded to the nearest $25 million.
(d) Includes PHISCO rounded to the nearest $25 million.

Projected capital expenditures and other investments are subject to periodic review and revision to reflect changes in economic conditions and other factors.

Generation

Approximately 35% and 22% of the projected 2017 capital expenditures at Generation are for the acquisition of nuclear fuel and growth (primarily new plant construction and distributed generation), respectively, with the remaining amounts reflecting additions and upgrades to existing facilities (including material condition improvements during nuclear refueling outages). Generation anticipates that they will fund capital expenditures with internally generated funds and borrowings.

ComEd, PECO, BGE, Pepco, DPL and ACE

Approximately 89% of the projected 2017 capital expenditures at ComEd and 100% of the projected of the projected 2017 capital expenditures at PECO, BGE, Pepco, DPL, and ACE are for continuing projects to

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maintain and improve operations, including enhancing reliability and adding capacity to the transmission and distribution systems such as ComEd's reliability related investments required under EIMA, and the Utility Registrants' construction commitments under PJM's RTEP. In addition to the capital expenditure for continuing projects, ComEd's total expenditures include smart grid/smart meter technology required under EIMA.

The Utility Registrants as transmission owners are subject to NERC compliance requirements. NERC provides guidance to transmission owners regarding assessments of transmission lines. The results of these assessments could require the Utility Registrants to incur incremental capital or operating and maintenance expenditures to ensure their transmission lines meet NERC standards. In 2010, NERC provided guidance to transmission owners that recommended the Utility Registrants perform assessments of their transmission lines. ComEd, PECO and BGE submitted their final bi-annual reports to NERC in January 2014. ComEd, PECO and BGE will be incurring incremental capital expenditures associated with this guidance following the completion of the assessments. Specific projects and expenditures are identified as the assessments are completed. ComEd's, PECO's and BGE's forecasted 2017 capital expenditures above reflect capital spending for remediation to be completed through 2018. Pepco, DPL and ACE have substantially completed their assessments and thus do not expect significant capital expenditures related to this guidance in 2017.

The Utility Registrants anticipate that they will fund their capital expenditures with a combination of internally generated funds and borrowings and additional capital contributions from parent, including ComEd's capital expenditures associated with EIMA as further discussed in Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements.

Cash Flows from Financing Activities

Cash flows provided by (used in) financing activities for the three months ended March 31, 2017 and 2016 by Registrant were as follows:

	Three Months Ended March 31,	
	2017	2016
Exelon	$ 1,184	$ 1,533
Generation	582	368
ComEd	359	296
PECO	(72)	(69)
BGE	1	(86)
Pepco	114	(103)
DPL	(44)	(68)
ACE	(20)	(27)

	Successor		Predecessor
	Three Months Ended March 31, 2017	March 24, 2016 to March 31, 2016	January 1, 2016 to March 23, 2016
PHI	$ 66	$ (135)	$ 372

Debt

See Note 10 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for further details of the Registrants' debt issuances.

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Dividends

Cash dividend payments and distributions during the three months ended March 31, 2017 and 2016 by Registrant were as follows:

	Three Months Ended March 31,	
	2017	2016
Exelon	$ 303	$ 287
Generation	164	55
ComEd	105	91
PECO	72	69
BGE [(a)]	49	48
Pepco	30	39
DPL	30	38
ACE	10	11

	Successor		*Predecessor*
	Three Months Ended March 31, 2017	March 24, 2016 to March 31, 2016	January 1, 2016 to March 23, 2016
PHI	$ 69	$ 108	$ —

(a) Includes dividends paid on BGE's preference stock.

Quarterly dividends declared by the Exelon Board of Directors during the three months ended March 31, 2017 and for the second quarter of 2017 were as follows:

Period	Declaration Date	Shareholder of Record Date	Dividend Payable Date	Cash per Share [(a)]
First Quarter 2017	January 31, 2017	February 15, 2017	March 10, 2017	$0.3275
Second Quarter 2017	April 25, 2017	May 15, 2017	June 9, 2017	$0.3275

(a) Exelon's Board of Directors approved a revised dividend policy. The approved policy will raise the dividend 2.5% each year for the next three years, beginning with the June 2016 dividend and subject to Board approval.

Short-Term Borrowings

Short-term borrowings incurred (repaid) during the three months ended March 31, 2017 and 2016 by Registrant were as follows:

	Three Months Ended March 31,	
	2017	2016
Exelon	$ 781	$ 1,770
Generation	18	1,500
ComEd	365	349
BGE	50	(60)
Pepco	144	(64)
DPL	—	(30)
ACE	—	(5)

	Successor		*Predecessor*
	Three Months Ended March 31, 2017	March 24, 2016 to March 31, 2016	January 1, 2016 to March 23, 2016
PHI	$ (355)	$ (20)	$ 379

Contributions from Parent/Member

Contributions received from Parent/Member for the three months ended March 31, 2017 and 2016 by Registrant were as follows:

	Three Months Ended March 31,	
	2017	2016
Generation	$ —	$ 44
ComEd [(a)(b)]	100	39
BGE [(b)]	—	21

	Successor		Predecessor
	Three Months Ended March 31, 2017	March 24, 2016 to March 31, 2016	January 1, 2016 to March 23, 2016
PHI [(b)]	$ 500	$ —	$ —

(a) Additional contributions from parent or external debt financing may be required as a result of increased capital investment in infrastructure improvements and modernization pursuant to EIMA and transmission upgrades.
(b) Contribution paid by Exelon.

Other

For the three months ended March 31, 2017, other financing activities primarily consist of debt issuance costs. See Note 10 — Debt and Credit Agreements of the Combined Notes to the Consolidated Financial Statements for further details of the Registrants' debt issuances.

Credit Matters

The Registrants fund liquidity needs for capital investment, working capital, energy hedging and other financial commitments through cash flows from continuing operations, public debt offerings, commercial paper markets and large, diversified credit facilities. The credit facilities include $9.5 billion in aggregate total commitments of which $8.0 billion was available as of March 31, 2017, and of which no financial institution has more than 7% of the aggregate commitments for the Registrants. The Registrants had access to the commercial paper market during the first quarter of 2017 to fund their short-term liquidity needs, when necessary. The Registrants routinely review the sufficiency of their liquidity position, including appropriate sizing of credit facility commitments, by performing various stress test scenarios, such as commodity price movements, increases in margin-related transactions, changes in hedging levels and the impacts of hypothetical credit downgrades. The Registrants have continued to closely monitor events in the financial markets and the financial institutions associated with the credit facilities, including monitoring credit ratings and outlooks, credit default swap levels, capital raising and merger activity. See PART I. ITEM 1A. RISK FACTORS of the Exelon 2016 Form 10-K for further information regarding the effects of uncertainty in the capital and credit markets.

The Registrants believe their cash flow from operating activities, access to credit markets and their credit facilities provide sufficient liquidity. If Generation lost its investment grade credit rating as of March 31, 2017, it would have been required to provide incremental collateral of $1.8 billion to meet collateral obligations for derivatives, non-derivatives, normal purchase normal sales contracts and applicable payables and receivables, net of the contractual right of offset under master netting agreements, which is well within its current available credit facility capacities of $4.3 billion.

The following table presents the incremental collateral that each utility registrant would have been required to provide in the event each Utility Registrant lost its investment grade credit rating at March 31, 2017 and available credit facility capacity prior to any incremental collateral at March 31, 2017:

	PJM Credit Policy Collateral	Other Incremental Collateral Required (a)	Available Credit Facility Capacity Prior to Any Incremental Collateral
ComEd	$ 11	$ —	$ 998
PECO	2	27	598
BGE	11	47	598
Pepco	6	—	300
DPL	4	11	300
ACE	—	—	300

(a) Represents incremental collateral related to natural gas procurement contracts.

Exelon Credit Facilities

Exelon, Pepco, DPL and ACE meet their short-term liquidity requirements primarily through the issuance of commercial paper and short-term notes. ComEd and BGE meet their short-term liquidity requirements primarily through the issuance of commercial paper. Generation and PECO meet their short-term liquidity requirements primarily through the issuance of commercial paper and borrowings from the Exelon intercompany money pool. PHI meets its short-term liquidity requirements primarily through the issuance of short-term notes and the Exelon intercompany money pool. The Registrants may use their respective credit facilities for general corporate purposes, including meeting short-term funding requirements and the issuance of letters of credit.

The following table reflects the Registrants' commercial paper programs supported by the revolving credit agreements and bilateral credit agreements at March 31, 2017:

Commercial Paper Programs

Commercial Paper Issuer	Maximum Program Size (a)(b)	Outstanding Commercial Paper at March 31, 2017	Average Interest Rate on Commercial Paper Borrowings for the Three Months Ended March 31, 2017
Exelon Corporate	$ 600	$ 204	1.15%
Generation	5,300	579	1.11%
ComEd	1,000	365	1.07%
PECO	600	—	1.12%
BGE	600	95	1.01%
Pepco	500	167	1.05%
DPL	500	—	—%
ACE	350	—	—%

(a) Excludes $525 million bilateral credit facilities that do not back Generation's commercial paper program.
(b) Excludes additional credit facility agreements for Generation, ComEd, PECO, BGE, Pepco, DPL and ACE with aggregate commitments of $50 million, $34 million, $34 million, $5 million, $2 million, $2 million and $2 million, respectively, arranged with minority and community banks located primarily within utilities' service territories. These facilities expire on October 13, 2017. These facilities are solely utilized to issue letters of credit. As of March 31, 2017, letters of credit issued under these agreements for Generation, ComEd, PECO and BGE totaled $7 million, $12 million, $21 million and $2 million, respectively.

In order to maintain their respective commercial paper programs in the amounts indicated above, each Registrant must have credit facilities in place, at least equal to the amount of its commercial paper program.

While the amount of its commercial paper outstanding does not reduce available capacity under a Registrant's credit facility, a Registrant does not issue commercial paper in an aggregate amount exceeding the then available capacity under its credit facility. At March 31, 2017, the Registrants had the following aggregate bank commitments, credit facility borrowings and available capacity under their respective credit facilities:

Credit Agreements

Borrower	Facility Type	Aggregate Bank Commitment (a)(b)(c)	Facility Draws	Outstanding Letters of Credit	Available Capacity at March 31, 2017	
					Actual	To Support Additional Commercial Paper (d)
Exelon Corporate	Syndicated Revolver	$ 600	$ —	$ 44	$ 556	$ 352
Generation (e)	Syndicated Revolver	5,300	—	1,039	4,261	3,683
Generation	Bilaterals	525	135	329	61	—
ComEd	Syndicated Revolver	1,000	—	2	998	633
PECO	Syndicated Revolver	600	—	2	598	598
BGE	Syndicated Revolver	600	—	3	598	503
Pepco	Syndicated Revolver	300	—	—	300	133
DPL	Syndicated Revolver	300	—	—	300	300
ACE	Syndicated Revolver	300	—	—	300	300

(a) Excludes $129 million of credit facility agreements arranged at minority and community banks at Generation, ComEd, PECO, BGE, Pepco, DPL and ACE. These facilities expire on October 13, 2017. These facilities are solely utilized to issue letters of credit. As of March 31, 2017, letters of credit issued under these agreements for Generation, ComEd, PECO and BGE totaled $7 million, $12 million, $21 million and $2 million, respectively.

(b) Pepco, DPL and ACE's revolving credit facility is subject to available borrowing capacity. The borrowing capacity may be increased or decreased during the term of the facility, except that (i) the sum of the borrowing capacity must equal the total amount of the facility, and (ii) the aggregate amount of credit used at any given time by each of Pepco, DPL or ACE may not exceed $900 million or the maximum amount of short-term debt the company is permitted to have outstanding by its regulatory authorities. The total number of the borrowing reallocations may not exceed eight per year during the term of the facility

(c) Excludes nonrecourse debt letters of credit, see Note 14 — Debt and Credit Agreements in the Exelon 2016 Form 10-K for further information on Continental Wind nonrecourse debt.

(d) Excludes $525 million bilateral credit facilities that do not back Generation's commercial paper program.

(e) Excludes ExGen Texas Power Financing's $4 million of borrowed debt on its revolving credit facility.

As of March 31, 2017, there was $135 million of borrowings under Generation's bilateral credit facilities.

Borrowings under Exelon Corporate's, Generation's, ComEd's, PECO's, BGE's, Pepco's, DPL's, and ACE's revolving credit agreements bear interest at a rate based upon either the prime rate or a LIBOR-based rate, plus an adder based upon the particular Registrant's credit rating. The adders for the prime based borrowings and LIBOR-based borrowings are presented in the following table:

	Exelon	Generation	ComEd	PECO	BGE	Pepco	DPL	ACE
Prime based borrowings	27.5	27.5	7.5	0.0	0.0	7.5	7.5	7.5
LIBOR-based borrowings	127.5	127.5	107.5	90.0	100.0	107.5	107.5	107.5

The maximum adders for prime rate borrowings and LIBOR-based rate borrowings are 90 basis points and 165 basis points, respectively. The credit agreements also require the borrower to pay a facility fee based upon the aggregate commitments. The fee varies depending upon the respective credit ratings of the borrower.

Each revolving credit agreement for Exelon, Generation, ComEd, PECO, BGE, Pepco, DPL and ACE requires the affected borrower to maintain a minimum cash from operations to interest expense ratio for the

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twelve-month period ended on the last day of any quarter. The following table summarizes the minimum thresholds reflected in the credit agreements for the three months ended March 31, 2017:

	Exelon	Generation	ComEd	PECO	BGE	Pepco	DPL	ACE
Credit agreement threshold	2.50 to 1	3.00 to 1	2.00 to 1	2.00 to 1	2.00 to 1	2.00 to 1	2.00 to 1	2.00 to 1

At March 31, 2017, the interest coverage ratios at Exelon, Generation, ComEd, PECO, BGE, Pepco, DPL and ACE were as follows:

	Exelon	Generation	ComEd	PECO	BGE	Pepco	DPL	ACE
Interest coverage ratio	6.64	11.29	7.25	8.84	10.85	6.93	8.69	6.23

An event of default under Exelon, Generation, ComEd, PECO or BGE's indebtedness will not constitute an event of default under any of the others' credit facilities, except that a bankruptcy or other event of default in the payment of principal, premium or indebtedness in principal amount in excess of $100 million in the aggregate by Generation will constitute an event of default under the Exelon Corporate credit facility. An event of default under Pepco, DPL or ACE's indebtedness will not constitute an event of default under any of the others' credit facilities, except that a bankruptcy or other event of default in the payment of principal, premium or indebtedness in principal amount in excess of $50 million in the aggregate will constitute an event of default under the credit facility.

The absence of a material adverse change in Exelon's or PHI's business, property, results of operations or financial condition is not a condition to the availability of credit under the credit agreement. The credit agreement does not include any rating triggers.

Security Ratings

The Registrants' access to the capital markets, including the commercial paper market, and their respective financing costs in those markets, may depend on the securities ratings of the entity that is accessing the capital markets.

The Registrants' borrowings are not subject to default or prepayment as a result of a downgrading of securities, although such a downgrading of a Registrant's securities could increase fees and interest charges under that Registrant's credit agreements.

As part of the normal course of business, the Registrants enter into contracts that contain express provisions or otherwise permit the Registrants and their counterparties to demand adequate assurance of future performance when there are reasonable grounds for doing so. In accordance with the contracts and applicable contracts law, if the Registrants are downgraded by a credit rating agency, it is possible that a counterparty would attempt to rely on such a downgrade as a basis for making a demand for adequate assurance of future performance, which could include the posting of collateral. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information on collateral provisions.

Intercompany Money Pool

To provide an additional short-term borrowing option that will generally be more favorable to the borrowing participants than the cost of external financing, both Exelon and PHI operate intercompany money pools. Maximum amounts contributed to and borrowed from the money pool by participant and the net contribution or borrowing as of March 31, 2017, are presented in the following table:

Exelon Intercompany Money Pool	During the Three Months Ended March 31, 2017		As of March 31, 2017
Contributed (borrowed)	Maximum Contributed	Maximum Borrowed	Contributed (Borrowed)
Exelon Corporate	$ 379	n/a	$ 330
Generation	—	(245)	(54)
PECO	180	—	—
BSC	—	(423)	(317)
PHI Corporate [(a)]	n/a	(47)	(13)
PCI [(a)]	55	—	54

(a) As a result of the merger, PHI Corporate and PCI began to participate in the Exelon Intercompany Money Pool effective March 24, 2016.

PHI Intercompany Money Pool	During the Three Months Ended March 31, 2017		As of March 31, 2017
Contributed (borrowed)	Maximum Contributed	Maximum Borrowed	Contributed (Borrowed)
PHI Corporate	$ 46	$ —	$ 32
Pepco	—	—	—
DPL	—	—	—
ACE	—	—	—
PHISCO	1	(46)	(32)

Investments in Nuclear Decommissioning Trust Funds

Exelon, Generation and CENG maintain trust funds, as required by the NRC, to fund certain costs of decommissioning nuclear plants. The mix of securities in the trust funds is designed to provide returns to be used to fund decommissioning and to offset inflationary increases in decommissioning costs. Generation actively monitors the investment performance of the trust funds and periodically reviews asset allocations in accordance with Generation's NDT fund investment policy. Generation's and CENG's investment policies establish limits on the concentration of holdings in any one company and also in any one industry. See Note 12 — Nuclear Decommissioning of the Combined Notes to Consolidated Financial Statements for further information regarding the trust funds, the NRC's minimum funding requirements and related liquidity ramifications.

Shelf Registration Statements

Exelon, Generation, ComEd, PECO, BGE, Pepco, DPL and ACE have a currently effective combined shelf registration statement unlimited in amount, filed with the SEC, that will expire in August 2019. The ability of each Registrant to sell securities off the shelf registration statement or to access the private placement markets will depend on a number of factors at the time of the proposed sale, including other required regulatory approvals, as applicable, the current financial condition of the Registrant, its securities ratings and market conditions.

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Regulatory Authorizations

Generation, ComEd, PECO, BGE, Pepco, DPL and ACE are required to obtain short-term and long-term financing authority from Federal and State Commissions as follows:

	Short-term Financing Authority [a]			Long-term Financing Authority		
	Commission	Expiration Date	Amount (in millions)	Commission	Expiration Date	Amount (in millions)
ComEd [b]	FERC	December 31, 2017	$ 2,500	ICC	2019	$ 2,383
PECO	FERC	December 31, 2017	1,500	PAPUC	December 31, 2018	1,600
BGE	FERC	December 31, 2017	700	MDPSC	N/A	1,000
Pepco	FERC	June 30, 2018	500	MDPSC / DCPSC	September 25, 2017	550
DPL	FERC	June 30, 2018	500	MDPSC / DPSC	December 31, 2017	125
ACE	NJPU	January 1, 2018	350	NJBPU	December 31, 2017	300

(a) Generation currently has blanket financing authority it received from FERC in connection with its market-based rate authority.
(b) ComEd had $1,565 million available in long-term debt refinancing authority and $818 million available in new money long term debt financing authority from the ICC as of March 31, 2017 and has an expiration date of June 1, 2019 and March 1, 2019, respectively.

Contractual Obligations and Off-Balance Sheet Arrangements

Contractual obligations represent cash obligations that are considered to be firm commitments and commercial commitments triggered by future events. See Note 24 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements in the Exelon 2016 Form 10-K.

Generation, ComEd, PECO, BGE, Pepco, DPL and ACE have obligations related to contracts for the purchase of power and fuel supplies, and ComEd, PECO, and BGE have obligations related to their financing trusts. The power and fuel purchase contracts and the financing trusts have been considered for consolidation in the Registrants' respective financial statements pursuant to the authoritative guidance for VIEs. See Note 1 — Significant Accounting Policies of the Combined Notes to Consolidated Financial Statements for further information.

For an in-depth discussion of the Registrants' contractual obligations and off-balance sheet arrangements, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Contractual Obligations and Off-Balance Sheet Arrangements" in the Exelon 2016 Form 10-K and "Management's Discussion and Analysis of Financial Condition and Results of Operations — Contractual Obligations and Commercial Commitments."

Item 3. Quantitative and Qualitative Disclosures about Market Risk

The Registrants are exposed to market risks associated with adverse changes in commodity prices, counterparty credit, interest rates and equity prices. Exelon's RMC approves risk management policies and objectives for risk assessment, control and valuation, counterparty credit approval, and the monitoring and reporting of risk exposures. The RMC is chaired by the chief executive officer and includes the chief risk officer, chief strategy officer, chief executive officer of Exelon Utilities, chief commercial officer, chief financial officer and chief executive officer of Constellation. The RMC reports to the Finance and Risk Committee of the Exelon Board of Directors on the scope of the risk management activities. The following discussion serves as an update to ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK of Exelon's 2016 Annual Report on Form 10-K incorporated herein by reference.

Commodity Price Risk (All Registrants)

Commodity price risk is associated with price movements resulting from changes in supply and demand, fuel costs, market liquidity, weather conditions, governmental regulatory and environmental policies and other factors. To the extent the amount of energy Exelon generates differs from the amount of energy it has contracted to sell, Exelon has price risk from commodity price movements. Exelon seeks to mitigate its commodity price risk through the sale and purchase of electricity, fossil fuel and other commodities.

Generation

Normal Operations and Hedging Activities. Electricity available from Generation's owned or contracted generation supply in excess of Generation's obligations to customers, including portions of the Utility Registrants' retail load, is sold into the wholesale markets. To reduce price risk caused by market fluctuations, Generation enters into non-derivative contracts as well as derivative contracts, including forwards, futures, swaps and options, with approved counterparties to hedge anticipated exposures. Generation believes these instruments represent economic hedges that mitigate exposure to fluctuations in commodity prices. Generation expects the settlement of the majority of its economic hedges will occur during 2017 through 2019.

In general, increases and decreases in forward market prices have a positive and negative impact, respectively, on Generation's owned and contracted generation positions which have not been hedged. Exelon's hedging program involves the hedging of commodity risk for Exelon's expected generation, typically on a ratable basis over a three-year period. As of March 31, 2017, the proportion of expected generation hedged is 97%-100%, 60%-63% and 30%-33% for 2017, 2018 and 2019, respectively. The percentage of expected generation hedged is the amount of equivalent sales divided by the expected generation. Expected generation is the volume of energy that best represents our commodity position in energy markets from owned or contracted generating facilities based upon a simulated dispatch model that makes assumptions regarding future market conditions, which are calibrated to market quotes for power, fuel, load following products and options. Equivalent sales represent all hedging products, which include economic hedges and certain non-derivative contracts including Generation's sales to the Utility Registrants to serve their retail load.

A portion of Generation's hedging strategy may be accomplished with fuel products based on assumed correlations between power and fuel prices, which routinely change in the market. Market price risk exposure is the risk of a change in the value of unhedged positions. The forecasted market price risk exposure for Generation's entire non-proprietary trading portfolio associated with a $5 reduction in the annual average around-the-clock energy price based on March 31, 2017 market conditions and hedged position would be an increase in pre-tax net income of approximately $15 million for 2017 and decreases of approximately $350 million and $665 million, respectively, for 2018 and 2019. Power price sensitivities are derived by adjusting power price assumptions while keeping all other price inputs constant. Generation expects to actively manage its portfolio to mitigate market price risk exposure for its unhedged position. Actual results could differ depending on the specific timing of, and markets affected by, price changes, as well as future changes in Generation's portfolio.

Proprietary Trading Activities. Generation also enters into certain energy-related derivatives for proprietary trading purposes. Proprietary trading includes all contracts entered into with the intent of benefiting from shifts or changes in market prices as opposed to those entered into with the intent of hedging or managing risk. Proprietary trading activities are subject to limits established by Exelon's RMC. The proprietary trading portfolio is subject to a risk management policy that includes stringent risk management limits, including volume, stop loss and Value-at-Risk (VaR) limits to manage exposure to market risk. Additionally, the Exelon risk management group and Exelon's RMC monitor the financial risks of the proprietary trading activities. The proprietary trading activities, which included physical volumes of 1,850 GWhs and 1,220 GWhs for the three months ended March 31, 2017 and 2016, respectively, are a complement to Generation's energy marketing portfolio, but represent a small portion of Generation's overall revenue from energy marketing activities. Proprietary trading portfolio activity for the three months ended March 31, 2017 resulted in immaterial pre-tax gains due to net mark-to-market losses of $2 million and realized gains of $2 million. Generation uses a 95% confidence interval, assuming standard normal distribution, one day holding period and a one-tailed statistical measure in calculating its VaR. The daily VaR on proprietary trading activity averaged $0.3 million of exposure during the quarter. Generation has not segregated proprietary trading activity within the following discussion because of the relative size of the proprietary trading portfolio in comparison to Generation's total Revenue net of purchase power and fuel expense for the three months ended March 31, 2017 of $2,090 million.

Fuel Procurement. Generation procures natural gas through long-term and short-term contracts and spot-market purchases. Nuclear fuel assemblies are obtained predominantly through long-term uranium concentrate supply contracts, contracted conversion services, contracted enrichment services, or a combination thereof, and contracted fuel fabrication services. The supply markets for uranium concentrates and certain nuclear fuel services are subject to price fluctuations and availability restrictions. Supply market conditions may make Generation's procurement contracts subject to credit risk related to the potential non-performance of counterparties to deliver the contracted commodity or service at the contracted prices. Approximately 49% of Generation's uranium concentrate requirements from 2017 through 2021 are supplied by three producers. In the event of non-performance by these or other suppliers, Generation believes that replacement uranium concentrates can be obtained, although at prices that may be unfavorable when compared to the prices under the current supply agreements. Non-performance by these counterparties could have a material adverse impact on Exelon's and Generation's results of operations, cash flows and financial positions.

ComEd

ComEd entered into 20-year contracts for renewable energy and RECs beginning in June 2012. ComEd is permitted to recover its renewable energy and REC costs from retail customers with no mark-up. The annual commitments represent the maximum settlements with suppliers for renewable energy and RECs under the existing contract terms. Pursuant to the ICC's Order on December 19, 2012, ComEd's commitments under the existing long-term contracts were reduced for the June 2013 through May 2014 procurement period. In addition, the ICC's December 18, 2013 Order approved the reduction of ComEd's commitments under those contracts for the June 2014 through May 2015 procurement period, and the amount of the reduction was approved by the ICC in March 2014. See Note 5 — Regulatory Matters and Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information regarding energy procurement and derivatives. ComEd does not enter into derivatives for speculative or proprietary trading purposes.

PECO

PECO has contracts to procure electric supply that were executed through the competitive procurement process outlined in its PAPUC-approved DSP Programs, which are further discussed in Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements. PECO has certain full requirements contracts which are considered derivatives and qualify for the normal purchases and normal sales scope exception under current derivative authoritative guidance, and as a result are accounted for on an accrual basis of accounting. Under the DSP Programs, PECO is permitted to recover its electric supply procurement costs from retail customers with no mark-up.

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PECO has also entered into derivative natural gas contracts, which either qualify for the normal purchases and normal sales exception or have no mark-to-market balances because the derivatives are index priced, to hedge its long-term price risk in the natural gas market. PECO's hedging program for natural gas procurement has no direct impact on its financial position or results of operations as natural gas costs are fully recovered from customers under the PGC.

PECO does not enter into derivatives for speculative or proprietary trading purposes. For additional information on these contracts, see Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements.

BGE

BGE procures electric supply for default service customers through full requirements contracts pursuant to BGE's MDPSC-approved SOS program. BGE's full requirements contracts that are considered derivatives qualify for the normal purchases and normal sales scope exception under current derivative authoritative guidance, and as a result, are accounted for on an accrual basis of accounting. Under the SOS program, BGE is permitted to recover its electricity procurement costs from retail customers, plus an administrative fee which includes a shareholder return component and an incremental cost component.

BGE has also entered into natural gas contracts, which qualify for the normal purchases and normal sales scope exception, to hedge its price risk in the natural gas market. The hedging program for natural gas procurement has no direct impact on BGE's financial position. However, under BGE's market-based rates incentive mechanism, BGE's actual cost of gas is compared to a market index (a measure of the market price of gas in a given period). The difference between BGE's actual cost and the market index is shared equally between shareholders and customers.

BGE does not enter into derivatives for speculative or proprietary trading purposes. For additional information on these contracts, see Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements.

Pepco

Pepco has contracts to procure SOS electric supply that are executed through a competitive procurement process approved by the MDPSC and DCPSC. The SOS rates charged recover Pepco's wholesale power supply costs and include an administrative fee. The administrative fee includes an incremental cost component and a shareholder return component for residential and commercial rate classes. Pepco's price risk related to electric supply procurement is limited. Pepco locks in fixed prices for all of its SOS requirements through full requirements contracts. Certain of Pepco's full requirements contracts, which are considered derivatives, qualify for the NPNS scope exception under current derivative authoritative guidance. Other Pepco full requirements contracts are not derivatives.

Pepco does not enter into derivatives for speculative or proprietary trading purposes. For additional information on these contracts, see Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements.

DPL

DPL has contracts to procure SOS electric supply that are executed through a competitive procurement process approved by the MDPSC and the DPSC. The SOS rates charged recover DPL's wholesale power supply costs. In Delaware, DPL is also entitled to recover a Reasonable Allowance for Retail Margin (RARM). The RARM includes a fixed annual margin of approximately $2.75 million, plus an incremental cost component and a cash working capital allowance. In Maryland, DPL charges an administrative fee intended to allow it to recover

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its administrative costs. DPL locks in fixed prices for all of its SOS requirements through full requirements contracts. DPL's price risk related to electric supply procurement is limited. Certain of DPL's full requirements contracts, which are considered derivatives, qualify for the NPNS scope exception under current derivative authoritative guidance. Other DPL full requirements contracts are not derivatives.

DPL provides natural gas to its customers under a GCR mechanism approved by the DPSC. The demand portion of the GCR is based upon DPL's firm transportation and storage contracts. DPL has firm deliverability of swing and seasonal storage; a liquefied natural gas facility and firm transportation capacity to meet customer demand and provide a reserve margin. The commodity portion of the GCR includes a commission approved hedging program which is intended to reduce gas commodity price volatility while limiting the firm natural gas customers' exposure to adverse changes in the market price of natural gas.

DPL does not enter into derivatives for speculative or proprietary trading purposes. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information regarding energy procurement and derivatives.

ACE

ACE has contracts to procure BGS electric supply that are executed through a competitive procurement process approved by the NJBPU. The BGS rates charged recover ACE's wholesale power supply costs. ACE does not make any profit or incur any loss on the supply component of the BGS it supplies to customers. ACE's price risk related to electric supply procurement is limited. ACE locks in fixed prices for all of its BGS requirements through full requirements contracts. ACE's full requirements contracts, which are considered derivatives, qualify for the NPNS scope exception under current derivative authoritative guidance. Other ACE full requirements contracts are not derivatives.

ACE does not enter into derivatives for speculative or proprietary trading purposes. For additional information on these contracts, see Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements.

Trading and Non-Trading Marketing Activities. The following detailed presentation of Exelon's, Generation's, ComEd's, PHI's and DPL's trading and non-trading marketing activities is included to address the recommended disclosures by the energy industry's Committee of Chief Risk Officers (CCRO).

The following table provides detail on changes in Exelon's, Generation's, ComEd's, PHI's and DPL's commodity mark-to-market net asset or liability balance sheet position from December 31, 2016 to March 31, 2017. It indicates the drivers behind changes in the balance sheet amounts. This table incorporates the mark-to-market activities that are immediately recorded in earnings. This table excludes all normal purchase and normal sales contracts and does not segregate proprietary trading activity. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information on the balance sheet classification of the mark-to-market energy contract net assets (liabilities) recorded as of March 31, 2017 and December 31, 2016.

	Exelon	Generation	ComEd	PHI	DPL
Total mark-to-market energy contract net assets (liabilities) at December 31, 2016 [a]	$ 719	$ 977	$ (258)	$—	$—
Total change in fair value during 2017 of contracts recorded in results of operations	(42)	(42)	—	—	—
Reclassification to realized of contracts recorded in results of operations	(6)	(6)	—	—	—
Contracts received at acquisition date	—	—	—	—	—
Changes in fair value — recorded through regulatory assets and liabilities [b]	(26)	—	(24)	(2)	(2)
Changes in allocated collateral	117	115	—	2	2
Changes in net option premium paid/(received)	6	6	—	—	—
Option premium amortization	4	4	—	—	—
Upfront payments and amortizations [c]	(43)	(43)	—	—	—
Total mark-to-market energy contract net assets (liabilities) at March 31, 2017 [a]	$ 729	$ 1,011	$ (282)	$—	$—

(a) Amounts are shown net of collateral paid to and received from counterparties.

(b) For ComEd and DPL, the changes in fair value are recorded as a change in regulatory assets or liabilities. As of March 31, 2017, ComEd recorded a regulatory liability of $282 million related to its mark-to-market derivative liabilities with Generation and unaffiliated suppliers. For the three months ended March 31, 2017, ComEd also recorded $30 million of decreases in fair value and an increase for realized losses due to settlements of $6 million recorded in purchased power expense associated with floating-to-fixed energy swap contracts with unaffiliated suppliers.

(c) Includes derivative contracts acquired or sold by Generation through upfront payments or receipts of cash, excluding option premiums, and the associated amortization.

Fair Values. The following tables present maturity and source of fair value for Exelon, Generation and ComEd mark-to-market commodity contract net assets (liabilities). The tables provide two fundamental pieces of information. First, the tables provide the source of fair value used in determining the carrying amount of the Registrants' total mark-to-market net assets (liabilities), net of allocated collateral. Second, the tables show the maturity, by year, of the Registrants' commodity contract net assets (liabilities), net of allocated collateral, giving an indication of when these mark-to-market amounts will settle and either generate or require cash. See Note 8 — Fair Value of Financial Assets and Liabilities of the Combined Notes to Consolidated Financial Statements for additional information regarding fair value measurements and the fair value hierarchy.

Exelon

	Maturities Within						
	2017	2018	2019	2020	2021	2022 and Beyond	Total Fair Value
Normal Operations, Commodity derivative contracts [(a)(b)]:							
Actively quoted prices (Level 1)	$100	$ (8)	$(39)	$(16)	$ (1)	$ —	$ 36
Prices provided by external sources (Level 2)	283	121	8	(3)	1	—	410
Prices based on model or other valuation methods (Level 3) [(c)]	145	224	73	13	(29)	(143)	283
Total	$528	$337	$ 42	$ (6)	$(29)	$ (143)	$ 729

(a) Mark-to-market gains and losses on other economic hedge and trading derivative contracts that are recorded in results of operations.
(b) Amounts are shown net of collateral paid to and received from counterparties (and offset against mark-to-market assets and liabilities) of $444 million at March 31, 2017.
(c) Includes ComEd's net liabilities associated with the floating-to-fixed energy swap contracts with unaffiliated suppliers.

Generation

	Maturities Within						
	2017	2018	2019	2020	2021	2022 and Beyond	Total Fair Value
Normal Operations, Commodity derivative contracts [(a)(b)]:							
Actively quoted prices (Level 1)	$100	$ (8)	$(39)	$(16)	$ (1)	$ —	$ 36
Prices provided by external sources (Level 2)	283	121	8	(3)	1	—	410
Prices based on model or other valuation methods (Level 3)	160	244	94	34	(7)	40	565
Total	$543	$357	$ 63	$ 15	$ (7)	$ 40	$ 1,011

(a) Mark-to-market gains and losses on other economic hedge and trading derivative contracts that are recorded in the results of operations.
(b) Amounts are shown net of collateral paid to and received from counterparties (and offset against mark-to-market assets and liabilities) of $444 million at March 31, 2017.

ComEd

	Maturities Within						
	2017	2018	2019	2020	2021	2022 and Beyond	Total Fair Value
Commodity derivative contracts [(a)]:							
Prices based on model or other valuation methods (Level 3)	$(15)	$(20)	$(21)	$(21)	$(22)	$ (183)	$ (282)

(a) Represents ComEd's net liabilities associated with the floating-to-fixed energy swap contracts with unaffiliated suppliers.

Credit Risk, Collateral and Contingent Related Features (All Registrants)

The Registrants would be exposed to credit-related losses in the event of non-performance by counterparties that enter into derivative instruments. The credit exposure of derivative contracts, before collateral, is represented

by the fair value of contracts at the reporting date. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for a detailed discussion of credit risk, collateral and contingent related features.

Generation

The following tables provide information on Generation's credit exposure for all derivative instruments, normal purchase normal sales agreements, and applicable payables and receivables, net of collateral and instruments that are subject to master netting agreements, as of March 31, 2017. The tables further delineate that exposure by credit rating of the counterparties and provide guidance on the concentration of credit risk to individual counterparties and an indication of the duration of a company's credit risk by credit rating of the counterparties. The figures in the tables below exclude credit risk exposure from individual retail customers, uranium procurement contracts, and exposure through RTOs, ISOs, NYMEX, ICE, NASDAQ, NGX and Nodal commodity exchanges, which are discussed below. Additionally, the figures in the tables below exclude exposures with affiliates, including net receivables with ComEd, PECO, BGE, Pepco, DPL and ACE of $13 million, $31 million, $24 million, $40 million, $13 million, and $7 million as of March 31, 2017, respectively.

Rating as of March 31, 2017	Total Exposure Before Credit Collateral	Credit Collateral [a]	Net Exposure	Number of Counterparties Greater than 10% of Net Exposure	Net Exposure of Counterparties Greater than 10% of Net Exposure
Investment grade	$ 964	$ 16	$ 948	1	$ 313
Non-investment grade	75	3	72	—	—
No external ratings					
Internally rated — investment grade	324	—	324	—	—
Internally rated — non-investment grade	127	14	113	—	—
Total	$ 1,490	$ 33	$ 1,457	1	$ 313

	Maturity of Credit Risk Exposure			
Rating as of March 31, 2017	Less than 2 Years	2-5 Years	Exposure Greater than 5 Years	Total Exposure Before Credit Collateral
Investment grade	$ 753	$ 208	$ 3	$ 964
Non-investment grade	62	13	—	75
No external ratings				
Internally rated — investment grade	253	46	25	324
Internally rated — non-investment grade	93	34	—	127
Total	$ 1,161	$ 301	$ 28	$ 1,490

Net Credit Exposure by Type of Counterparty	As of March 31, 2017
Financial institutions	$ 101
Investor-owned utilities, marketers, power producers	600
Energy cooperatives and municipalities	663
Other	93
Total	$ 1,457

(a) As of March 31, 2017, credit collateral held from counterparties where Generation had credit exposure included $23 million of cash and $10 million of letters of credit.

ComEd, PECO, BGE, PHI, Pepco, DPL and ACE

There have been no significant changes or additions to ComEd's, PECO's, BGE's, PHI's, Pepco's, DPL's or ACE's exposures to credit risk that are described in ITEM 1A. RISK FACTORS of Exelon's 2016 Annual Report on Form 10-K.

See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for information regarding credit exposure to suppliers.

Collateral (All Registrants)

Generation

As part of the normal course of business, Generation routinely enters into physical or financial contracts for the sale and purchase of electricity, natural gas and other commodities. These contracts either contain express provisions or otherwise permit Generation and its counterparties to demand adequate assurance of future performance when there are reasonable grounds for doing so. In accordance with the contracts and applicable law, if Generation is downgraded by a credit rating agency, especially if such downgrade is to a level below investment grade, it is possible that a counterparty would attempt to rely on such a downgrade as a basis for making a demand for adequate assurance of future performance. Depending on Generation's net position with a counterparty, the demand could be for the posting of collateral. In the absence of expressly agreed-to provisions that specify the collateral that must be provided, collateral requested will be a function of the facts and circumstances of the situation at the time of the demand. In this case, Generation believes an amount of several months of future payments (i.e., capacity payments) rather than a calculation of fair value is the best estimate for the contingent collateral obligation, which has been factored into the disclosure below. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for information regarding collateral requirements.

Generation transacts output through bilateral contracts. The bilateral contracts are subject to credit risk, which relates to the ability of counterparties to meet their contractual payment obligations. Any failure to collect these payments from counterparties could have a material impact on Exelon's and Generation's results of operations, cash flows and financial position. As market prices rise above or fall below contracted price levels, Generation is required to post collateral with purchasers; as market prices fall below contracted price levels, counterparties are required to post collateral with Generation. In order to post collateral, Generation depends on access to bank credit facilities, which serve as liquidity sources to fund collateral requirements. See Liquidity and Capital Resources — Credit Matters — Exelon Credit Facilities for additional information.

As of March 31, 2017, Generation had cash collateral of $471 million posted and cash collateral held of $35 million for external counterparties with derivative positions, of which $444 million and an immaterial amount in net cash collateral deposits were offset against energy derivative and interest rate and foreign exchange derivative related to underlying energy contracts, respectively. As of March 31, 2017, $8 million of cash collateral held was not offset against net derivative positions because it was not associated with energy-related derivatives or as of the balance sheet date there were no positions to offset. See Note 17 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements for information regarding the letters of credit supporting the cash collateral.

ComEd

As of March 31, 2017, ComEd held $1 million in collateral from suppliers in association with energy procurement contracts and held approximately $19 million in the form of cash and letters of credit for both annual and long-term renewable energy contracts. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements in this report and Note 3 — Regulatory Matters of the 2016 Exelon Form 10-K for additional information.

PECO

As of March 31, 2017, PECO was not required to post collateral under its energy and natural gas procurement contracts. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information.

BGE

BGE is not required to post collateral under its electric supply contracts nor was it holding collateral under its electric supply procurement contracts as of March 31, 2017. As of March 31, 2017, BGE was not required to post collateral under its natural gas procurement contracts but was holding an immaterial amount of collateral under its natural gas procurement contracts. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information.

Pepco

Pepco is not required to post collateral under its energy procurement contracts. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information.

DPL

DPL is not required to post collateral under its energy procurement contracts. As of March 31, 2017, DPL was not required to post collateral under its natural gas procurement contracts. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information.

ACE

ACE is not required to post collateral under its energy procurement contracts. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information.

RTOs and ISOs (All Registrants)

Generation, ComEd, PECO, BGE, Pepco, DPL and ACE participate in all, or some, of the established wholesale spot energy markets that are administered by PJM, ISO-NE, ISO-NY, CAISO, MISO, SPP, AESO, OIESO and ERCOT. In these areas, power is traded through bilateral agreements between buyers and sellers and on the spot energy markets that are administered by the RTOs or ISOs, as applicable. In areas where there are no spot energy markets, electricity is purchased and sold solely through bilateral agreements. For sales into the spot energy markets administered by an RTO or ISO, the RTO or ISO maintains financial assurance policies that are established and enforced by those administrators. The credit policies of the RTOs and ISOs may, under certain circumstances, require that losses arising from the default of one member on spot energy market transactions be shared by the remaining participants. Non-performance or non-payment by a major counterparty could result in a material adverse impact on the Registrants' results of operations, cash flows and financial positions.

Exchange Traded Transactions (Exelon, Generation, PHI and DPL)

Generation enters into commodity transactions on NYMEX, ICE, NASDAQ, NGX and the Nodal exchange ("the Exchanges"). DPL enters into commodity transactions on ICE. The Exchange clearinghouses act as the counterparty to each trade. Transactions on the Exchanges must adhere to comprehensive collateral and margining requirements. As a result, transactions on the Exchanges are significantly collateralized and have limited counterparty credit risk.

Interest Rate and Foreign Exchange Risk (All Registrants)

The Registrants use a combination of fixed-rate and variable-rate debt to manage interest rate exposure. The Registrants may also utilize fixed-to-floating interest rate swaps, which are typically designated as fair value

hedges, as a means to manage their interest rate exposure. In addition, the Registrants may utilize interest rate derivatives to lock in rate levels in anticipation of future financings, which are typically designated as cash flow hedges. These strategies are employed to manage interest rate risks. At March 31, 2017, Exelon had $800 million of notional amounts of fixed-to-floating hedges outstanding and Exelon and Generation had $657 million of notional amounts of floating-to-fixed hedges outstanding. Assuming the fair value and cash flow interest rate hedges are 100% effective, a hypothetical 50 bps increase in the interest rates associated with unhedged variable-rate debt (excluding Commercial Paper) and fixed-to-floating swaps would result in approximately a $2 million decrease in Exelon Consolidated pre-tax income for the three months ended March 31, 2017. To manage foreign exchange rate exposure associated with international energy purchases in currencies other than U.S. dollars, Generation utilizes foreign currency derivatives, which are typically designated as economic hedges.

Equity Price Risk (Exelon and Generation)

Generation maintains trust funds, as required by the NRC, to fund certain costs of decommissioning its nuclear plants. As of March 31, 2017, Generation's decommissioning trust funds are reflected at fair value on its Consolidated Balance Sheets. The mix of securities in the trust funds is designed to provide returns to be used to fund decommissioning and to compensate Generation for inflationary increases in decommissioning costs; however, the equity securities in the trust funds are exposed to price fluctuations in equity markets, and the value of fixed-rate, fixed-income securities are exposed to changes in interest rates. Generation actively monitors the investment performance of the trust funds and periodically reviews asset allocation in accordance with Generation's NDT fund investment policy. A hypothetical 10% increase in interest rates and decrease in equity prices would result in a $595 million reduction in the fair value of the trust assets. This calculation holds all other variables constant and assumes only the discussed changes in interest rates and equity prices. See ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS for further discussion of equity price risk as a result of the current capital and credit market conditions.

Item 4. Controls and Procedures

During the first quarter of 2017, each of Exelon's, Generation's, ComEd's, PECO's, BGE's, PHI's, Pepco's, DPL's and ACE's management, including its principal executive officer and principal financial officer, evaluated its disclosure controls and procedures related to the recording, processing, summarizing and reporting of information in its periodic reports that it files with the SEC. These disclosure controls and procedures have been designed by all Registrants to ensure that (a) material information relating to that Registrant, including its consolidated subsidiaries, is accumulated and made known to Exelon's management, including its principal executive officer and principal financial officer, by other employees of that Registrant and its subsidiaries as appropriate to allow timely decisions regarding required disclosure, and (b) this information is recorded, processed, summarized, evaluated and reported, as applicable, within the time periods specified in the SEC's rules and forms. Due to the inherent limitations of control systems, not all misstatements may be detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls could be circumvented by the individual acts of some persons or by collusion of two or more people.

Accordingly, as of March 31, 2017, the principal executive officer and principal financial officer of each of Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE concluded that such Registrant's disclosure controls and procedures were effective to accomplish its objectives. All Registrants continually strive to improve their disclosure controls and procedures to enhance the quality of its financial reporting and to maintain dynamic systems that change as conditions warrant.

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PART II — OTHER INFORMATION

Item 1. Legal Proceedings

The Registrants are parties to various lawsuits and regulatory proceedings in the ordinary course of their respective businesses. For information regarding material lawsuits and proceedings, see (a) ITEM 3. LEGAL PROCEEDINGS of Exelon's 2016 Form 10-K and (b) Notes 5 — Regulatory Matters and 17 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements in PART I, ITEM 1. FINANCIAL STATEMENTS of this Report. Such descriptions are incorporated herein by these references.

Item 1A. Risk Factors

Risks Related to Exelon

At March 31, 2017, the Registrants' risk factors were consistent with the risk factors described in the Registrants' combined 2016 Form 10-K in ITEM 1A. RISK FACTORS.

Item 4. Mine Safety Disclosures

All Registrants

Not applicable to the Registrants.

Item 5. Other Information

Exelon and Generation

See Note 10 — Debt and Credit Agreements and Note 20 — Subsequent Events of the Combined Notes to the Consolidated Financial Statements for recent developments related to EGTP.

Item 6. Exhibits

Certain of the following exhibits are incorporated herein by reference under Rule 12b-32 of the Securities and Exchange Act of 1934, as amended. Certain other instruments which would otherwise be required to be listed below have not been so listed because such instruments do not authorize securities in an amount which exceeds 10% of the total assets of the applicable registrant and its subsidiaries on a consolidated basis and the relevant registrant agrees to furnish a copy of any such instrument to the Commission upon request.

Exhibit No.	Description
4.1	Form of Exelon Generation Company, LLC 2.950% senior notes due 2020 (File No. 333-85496, Form 8-K dated March 10, 2017, Exhibit 4.1)
4.2	Form of Exelon Generation Company, LLC 3.400% notes due 2022 (File No. 333-85496, Form 8-K dated March 10, 2017, Exhibit 4.2)
4.3	Second Supplemental Indenture, dated April 3, 2017, between Exelon and The Bank of New York Mellon Trust Company, N.A., as trustee, to that certain Indenture (For Unsecured Subordinated Debt Securities), dated June 17, 2014 (File No. 001-16169, Form 8-K dated April 4, 2017, Exhibit 4.3)
4.4	Form of Exelon Corporation 3.497% junior subordinated notes due 2022 (File No. 001-16169, Form 8-K dated April 4, 2017, Exhibit 4.4)
4.5	One Hundred and Nineteenth Supplemental Indenture, dated April 5, 2017, between DPL and The Bank of New York Mellon, trustee
101.INS	XBRL Instance
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation
101.DEF	XBRL Taxonomy Extension Definition
101.LAB	XBRL Taxonomy Extension Labels
101.PRE	XBRL Taxonomy Extension Presentation

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Certifications Pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities and Exchange Act of 1934 as to the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2017 filed by the following officers for the following companies:

31-1 — Filed by Christopher M. Crane for Exelon Corporation

31-2 — Filed by Jonathan W. Thayer for Exelon Corporation

31-3 — Filed by Kenneth W. Cornew for Exelon Generation Company, LLC

31-4 — Filed by Bryan P. Wright for Exelon Generation Company, LLC

31-5 — Filed by Anne R. Pramaggiore for Commonwealth Edison Company

31-6 — Filed by Joseph R. Trpik, Jr. for Commonwealth Edison Company

31-7 — Filed by Craig L. Adams for PECO Energy Company

31-8 — Filed by Phillip S. Barnett for PECO Energy Company

31-9 — Filed by Calvin G. Butler, Jr. for Baltimore Gas and Electric Company

31-10 — Filed by David M. Vahos for Baltimore Gas and Electric Company

31-11 — Filed by David M. Velazquez for Pepco Holdings LLC

31-12 — Filed by Donna J. Kinzel for Pepco Holdings LLC

31-13 — Filed by David M. Velazquez for Potomac Electric Power Company

31-14 — Filed by Donna J. Kinzel for Potomac Electric Power Company

31-15 — Filed by David M. Velazquez for Delmarva Power & Light Company

31-16 — Filed by Donna J. Kinzel for Delmarva Power & Light Company

31-17 — Filed by David M. Velazquez for Atlantic City Electric Company

31-18 — Filed by Donna J. Kinzel for Atlantic City Electric Company

Certifications Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code (Sarbanes — Oxley Act of 2002) as to the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2017 filed by the following officers for the following companies:

32-1 — Filed by Christopher M. Crane for Exelon Corporation

32-2 — Filed by Jonathan W. Thayer for Exelon Corporation

32-3 — Filed by Kenneth W. Cornew for Exelon Generation Company, LLC

32-4 — Filed by Bryan P. Wright for Exelon Generation Company, LLC

32-5 — Filed by Anne R. Pramaggiore for Commonwealth Edison Company

32-6 — Filed by Joseph R. Trpik, Jr. for Commonwealth Edison Company

32-7 — Filed by Craig L. Adams for PECO Energy Company

32-8 — Filed by Phillip S. Barnett for PECO Energy Company

32-9 — Filed by Calvin G. Butler, Jr. for Baltimore Gas and Electric Company

32-10 — Filed by David M. Vahos for Baltimore Gas and Electric Company

32-11 — Filed by David M. Velazquez for Pepco Holdings LLC

32-12 — Filed by Donna J. Kinzel for Pepco Holdings LLC

32-13 — Filed by David M. Velazquez for Potomac Electric Power Company

32-14 — Filed by Donna J. Kinzel for Potomac Electric Power Company

32-15 — Filed by David M. Velazquez for Delmarva Power & Light Company

32-16 — Filed by Donna J. Kinzel for Delmarva Power & Light Company

32-17 — Filed by David M. Velazquez for Atlantic City Electric Company

32-18 — Filed by Donna J. Kinzel for Atlantic City Electric Company

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SIGNATURES

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

EXELON CORPORATION

/ S / C HRISTOPHER M. C RANE
Christopher M. Crane
President and Chief Executive Officer
(Principal Executive Officer) and Director

/ S / J ONATHAN W. T HAYER
Jonathan W. Thayer
Senior Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

/ S / D UANE M. D ESPARTE
Duane M. DesParte
Senior Vice President and Corporate Controller
(Principal Accounting Officer)

May 3, 2017

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

EXELON GENERATION COMPANY, LLC

/ S / K ENNETH W. C ORNEW
Kenneth W. Cornew
President and Chief Executive Officer
(Principal Executive Officer)

/ S / B RYAN P. W RIGHT
Bryan P. Wright
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

/ S / M ATTHEW N. B AUER
Matthew N. Bauer
Vice President and Controller
(Principal Accounting Officer)

May 3, 2017

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

COMMONWEALTH EDISON COMPANY

/ S / A NNE R. P RAMAGGIORE
Anne R. Pramaggiore
President and Chief Executive Officer
(Principal Executive Officer)

/ S / J OSEPH R. T RPIK , J R .
Joseph R. Trpik, Jr.
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/ S / G ERALD J. K OZEL
Gerald J. Kozel
Vice President and Controller
(Principal Accounting Officer)

May 3, 2017

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Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PECO ENERGY COMPANY

/ S / C RAIG L. A DAMS
Craig L. Adams
President and Chief Executive Officer
(Principal Executive Officer) and Director

/ S / P HILLIP S. B ARNETT
Phillip S. Barnett
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/ S / S COTT A. B AILEY
Scott A. Bailey
Vice President and Controller
(Principal Accounting Officer)

May 3, 2017

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BALTIMORE GAS AND ELECTRIC COMPANY

/ S / C ALVIN G. B UTLER , J R .
Calvin G. Butler, Jr.
Chief Executive Officer
(Principal Executive Officer)

/ S / D AVID M. V AHOS
David M. Vahos
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/ S / A NDREW W. H OLMES
Andrew W. Holmes
Vice President and Controller
(Principal Accounting Officer)

May 3, 2017

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PEPCO HOLDINGS LLC

/ S / D AVID M. V ELAZQUEZ
David M. Velazquez
President and Chief Executive Officer
(Principal Executive Officer)

/ S / D ONNA J. K INZEL
Donna J. Kinzel
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/ S / R OBERT M. A IKEN
Robert M. Aiken
Vice President and Controller
(Principal Accounting Officer)

May 3, 2017

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Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

POTOMAC ELECTRIC POWER COMPANY

/ S / D AVID M. V ELAZQUEZ
David M. Velazquez
President and Chief Executive Officer
(Principal Executive Officer)

/ S / D ONNA J. K INZEL
Donna J. Kinzel
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/ S / R OBERT M. A IKEN
Robert M. Aiken
Vice President and Controller
(Principal Accounting Officer)

May 3, 2017

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DELMARVA POWER & LIGHT COMPANY

/ S / D AVID M. V ELAZQUEZ
David M. Velazquez
President and Chief Executive Officer
(Principal Executive Officer)

/ S / D ONNA J. K INZEL
Donna J. Kinzel
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/ S / R OBERT M. A IKEN
Robert M. Aiken
Vice President and Controller
(Principal Accounting Officer)

May 3, 2017

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ATLANTIC CITY ELECTRIC COMPANY

/ S / D AVID M. V ELAZQUEZ
David M. Velazquez
President and Chief Executive Officer
(Principal Executive Officer)

/ S / D ONNA J. K INZEL
Donna J. Kinzel
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/ S / R OBERT M. A IKEN
Robert M. Aiken
Vice President and Controller
(Principal Accounting Officer)

May 3, 2017

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Exhibit 4.5

This Instrument Prepared By:

/s/Christie D. Cannon

Christie D. Cannon
Delmarva Power & Light Company
Mailstop 92DC42
500 N. Wakefield Drive
Newark, DE 19702-5440

DELMARVA POWER & LIGHT COMPANY

TO

THE BANK OF NEW YORK MELLON,
Trustee.

ONE HUNDRED AND NINETEENTH SUPPLEMENTAL
INDENTURE

Dated as of January 1, 2017
(but executed on the dates shown on the execution page)

S1-SSA-0009 - 22448

This **ONE HUNDRED AND NINETHEENTH SUPPLEMENTAL INDENTURE** , dated as of the first day of January, 2017 (but executed on the dates hereinafter shown), made and entered into by and between DELMARVA POWER & LIGHT COMPANY, a corporation of the State of Delaware and the Commonwealth of Virginia, hereinafter called the Company and THE BANK OF NEW YORK MELLON, a New York banking corporation, hereinafter called the Trustee;

WITNESSETH:

WHEREAS, the Company heretofore executed and delivered its Indenture of Mortgage and Deed of Trust (hereinafter in this One Hundred and Nineteenth Supplemental Indenture called the "Original Indenture"), dated as of October 1, 1943, to The New York Trust Company, a corporation of the State of New York, as Trustee, to which The Bank of New York Mellon is successor Trustee, to secure the First Mortgage Bonds of the Company, unlimited in aggregate principal amount and issuable in series, from time to time, in the manner and subject to the conditions set forth in the Original Indenture granted and conveyed unto the Trustee, upon the trusts, uses and purposes specifically therein set forth, certain real estate, franchises and other property therein described, including property acquired after the date thereof, except as therein otherwise provided; and

WHEREAS, the Original Indenture has been supplemented by one hundred and eighteen supplemental indentures specifically subjecting to the lien of the Original Indenture as though included in the granting clause thereof certain property in said supplemental indentures specifically described and amending and modifying the provisions of the Original Indenture (the Original Indenture, as amended, modified and supplemented by all of the indentures supplemental thereto, including this One Hundred and Nineteenth Supplemental Indenture, is hereinafter in this One Hundred and Nineteenth Supplemental Indenture called the "Indenture"); and

WHEREAS, the execution and delivery of this One Hundred and Nineteenth Supplemental Indenture has been duly authorized by Unanimous Written Consent of the Board of Directors of the Company, and all conditions and requirements necessary to make this One Hundred and Nineteenth Supplemental Indenture a valid, binding and legal instrument in accordance with its terms, for the purposes herein expressed, and the execution and delivery hereof, have been in all respects duly authorized; and

WHEREAS, it is provided in and by the Original Indenture, inter alia, as follows:

> "IT IS HEREBY AGREED by the Company that all the property, rights and franchises acquired by the Company after the date hereof (except any hereinbefore or hereinafter expressly excepted) shall (subject to the provisions of Section 9.01 hereof and to the extent permitted by law) be as fully embraced within the lien hereof as if such property, rights and franchises were now owned by the Company and/or specifically described herein and conveyed hereby;"

and

WHEREAS, the Company has acquired certain other property, real, personal and mixed, which heretofore has not been specifically conveyed to the Trustee;

NOW, THEREFORE, this ONE HUNDRED AND NINETEENTH SUPPLEMENTAL INDENTURE WITNESSETH that for and in consideration of the premises and in pursuance of the provisions of the Indenture, the Company has granted, bargained, sold, released, conveyed, assigned, transferred, mortgaged, pledged, set over and confirmed, and by these presents does grant, bargain, sell, release, convey, assign, transfer, mortgage, pledge, set over and confirm unto the Trustee and to its successors in the trust in the Indenture created, to its and their assigns forever, all the following described properties of the Company, and does confirm that the Company will not cause or consent to a partition, either voluntary or through legal proceedings, of property, whether herein described or heretofore or hereafter acquired, in which its ownership shall be as tenant in common, except as permitted by, and in conformity with, the provisions of the Indenture and particularly of Article IX thereof:

MARYLAND

Cecil County

Property Name	Instrument Date	Deed Records Liber	Deed Records Folio	Tax Map No.
North East Substation Lot 1, 1.30 AC portion of 315 Cecil Avenue, North East MD 21901	06/15/2016	3907	289	Tax Map 0031 Parcel 0915 Lot 1
Blue Ball Substation Purchase of 1.453 Acres Blue Ball Road, Elkton MD	05/03/2016	3881	156	Tax Map 0020 Parcel 0001 Lot 2
Crothers Substation 1 AC, 1553 Biggs Highway, Rising Sun MD 21911	07/28/2016	3926	449	Tax Map 0018 Parcel 0058 Lot 1

MARYLAND

Worcester County

Property Name	Instrument Date	Deed Records Liber	Deed Records Folio	Tax Map No.
2 nd Street Substation 0.11 AC of 107 St. Louis Ave Ocean City, MD 21842	12/08/2016	6905	102	Tax Map 0110 Parcel 3952 Lot 10

MARYLAND
Queen Anne's County

Property Name	Instrument Date	Deed Records Liber	Deed Records Folio	Tax Map No.
Carville Substation 10.8169 AC Twin Meadows Farm Lane Centreville MD 21617	12/22/2016	2625	74	Tax Map 0045 Parcel 0006

Together with all other property, real, personal and mixed, tangible and intangible (except such property as in said Indenture expressly excepted from the lien and operation thereof), acquired by the Company on or prior to December 31, 2016, and not heretofore specifically subjected to the lien of the Indenture.

Also without limitation of the generality of the foregoing, the easements and rights-of-way and other rights in or relating to real estate or the occupancy of the same owned by the Company, and whether used or not used in connection with the Company's operations, which are conveyed to the Company and recorded in the following Real Property Deed Records to which reference is made for a more particular description, to wit:

DELAWARE

New Castle County

Instrument Date	Deed Records	Tax ID No.
12/15/15	20160129-0004536	08-013.10-209, 08-013.10-210 08-013.10-234, 08-013.10-282
01/26/16	20160205-0005759	07-022.00-061
02/03/16	20160217-0007190	11-018.00-017
02/25/16	20160308-0010784	06-128.00-121
01/27/16	20160318-0012518	07-010.00-040
03/05/16	20160322-0013056	06-057.00-008
03/21/16	20160404-0015484	11-022.00-014
03/15/16	20160406-0016102	08-030.00-031
03/17/16	20160406-0016103	14-015.00-258
03/30/16	20160422-0018744	15-026.00-095
02/02/16	20160516-0022909	26-049.10-080, 26-049.10-259
04/25/16	20160505-0021093	13-02100008
04/26/16	20160505-0021094	08-02800003
05/21/16	20160614-0028093	06-081.00-159
07/01/16	20160726-0036710	08-01730039
05/10/16		26-029.30-050, 26-029.30-051 through 26-029.30-057
	20160726-0036709	26-029.30-277
05/21/16	20160726-0036708	26-006.30-097
06/13/16	20160726-0036707	10-033.00-037
04/27/16	20160726-0036706	06-023.00-009
07/15/16	20160805-0039192	08-026.00-011
08/08/16	20160823-0042231	13-023.32-001, 13-023.32-099
07/15/16	20160505-0039191	08-026.00-017
07/05/16	20160805-0039193	15-011.00-172
08/15/16	20160902-0044612	06-045.00-085
05/24/16	20160902-0044613	10-052.00-090
09/01/16	20160922-0048078	06-014.00-159
08/31/16	20160920-0047668	09-029.10-004
08/29/16	20160920-0047669	06-089.00-059
08/29/16	20160920-0047670	06-089.00-060

08/17/16	20160823-0042232	10-018.00-006L0034
09/16/16	20161005-0050302	27-001.00-511
09/01/16	20160922-0048079	06-128.00-120
09/21/16	20160929-0049619	11-042.20-012

Instrument Date	Deed Records	Tax ID No.
10/18/16	20161028-0055866	07-026.00-159
09/28/16	20161028-0055867	08-053.10-052
10/28/16	20161122-0061218	26-043.00-003
11/11/16	20161122-0061219	10-043.00-022
11/15/16	20161202-0063283	15-02.100-178
11/14/16	20161202-0063282	07-026.00-183R
11/14/16	20161216-0066350	10-010.00-018
11/17/16	20161216-0066351	07-017.00-034
11/29/16	20161216-0066352	09-033.00-037

DELAWARE

Sussex County

Instrument Date	Deed Records Book	Deed Records Page	Tax ID No.
12/17/15	4496	308	1-3420.0855.00
11/19/15	4520	224	233-16.00-35.03
11/19/15	4520	221	233-16.00-35.01
02/19/19	4520	234	132-1.00-3.00
03/28/16	4527	89	134-10.00-62.14
03/07/16	4530	24	135-11.00-66.00
			334-20.09-48.00
			334-20.09-48.01
03/17/16	4606	338	334-20.09-49.00
05/01/16	4542	123	233-15.00-52.16
05/05/16	4548	342	533-20.14-70.00
05/18/16	4550	83	230-1.00-5.02
05/25/16	4557	18	331-3.00-164.00
06/10/16	4569	84	532-20.00-12.00
07/12/16	4579	95	132-11.00-41.00
07/22/16	4579	98	532-18.00-11.04
08/01/16	4598	40	531-12.00-92.00
08/10/16	4588	16	332-3.00-56.00
09/09/16	4598	123	1-31-10.19-4.03
09/09/16	4598	132	233-10.00-86.02
08/18/16	4598	130	134-12.00-321.06
08/25/16	4598	128	134-12.00-321.07
08/25/16	4598	126	134-12.00-321.08
09/08/16	4606	333	131-10.15.9.00
09/08/16	4606	335	131-10.00-2.00
09/27/16	4610	124	533-16.15-114.00
10/25/16	4625	262	334-14.17-142.00
07/28/16	4579	100	134-11.00-2.01
11/08/16	4625	271	233-15.00-39.01
11/03/16	4650	262	131-10.11-4.00

Instrument Date	Deed Records Book	Deed Records Page	Tax ID No.
11/01/16	4625	264	334-12.00-168.00
12/06/16	4650	258	533.6.00-52.05
11/28/16	4650	260	230-12.00-46.00

DELAWARE

Kent County

Instrument Date	Deed Records Instrument Number	Tax ID No.
02/11/16	2016-292669	6-00-19900-01-1401-00001
07/18/16	2016-301166	5-1-18106-01-0400-0001
07/20/16	2016-301167	3-00-01500-0-0600-0001
08/05/16	2016-292669	6-00-19300-01-4800-00001
09/13/16	2016-308662	7-00-10300-02-0300-00001

MARYLAND

Caroline County

Instrument Date	Deed Records Book	Deed Records Page	Map	Parcel	Lot
01/26/16	1192	170	100	1165	
04/20/16	1200	396	701	910	1,2,4,5
04/20/16	1202	208	701	810	3
9/20/16	1226	152	61	151	

MARYLAND

Cecil County

Instrument Date	Deed Records Book	Deed Records Page	Map	Parcel
03/06/16	3863	7	29	84
03/12/16	3871	127	32	199
04/20/16	3882	200	14	16
08/28/15	3882	198	37	327
08/28/15	3882	198	327	37
03/14/16	3885	260	43	443
04/20/16	3885	266	314	193
04/04/16	3885	263	26	318
05/16/16	3895	173	310	1450
05/04/16	3903	77	35	200
05/23/16	3903	75	10	23

Instrument Date	Deed Records Book	Deed Records Page	Map	Parcel
05/19/16	3902	98	38	188
06/29/16	3918	50	305	41
05/16/16	3895	173	310	1450
08/19/16	3952	284	21	316
08/19/16	3952	280	21	175
07/11/16	3952	288	42	445
09/15/16	3961	399	43	7
08/09/16	3967	190	801	182
09/28/16	3967	192	7	298,299,300
12/01/16	4000	47	30	143

MARYLAND

Dorchester County

Instrument Date	Deed Records Liber	Deed Records Folio	Map	Parcel
11/15/15	1321	19	400	282
3/28/16	1325	127	19	10
07/28/16	1354	172	51	11
07/12/16	1354	176	51	194
08/25/16	1354	180	6	169

MARYLAND

Kent County

Instrument Date	Deed Records Liber	Deed Records Folio	Map	Parcel
02/23/16	858	58	11	3
04/29/16	865	185	42	153
06/21/16	872	59	15	201
10/10/16	883	399	55	53
11/17/16	888	156	400	257

MARYLAND

Queen Anne's County

Instrument Date	Deed Records Liber	Deed Records Folio	Map	Parcel	Lot
02/07/16	2511	291	45	6	
02/08/16				38,59	
	2513	129	45	60,61,62	
03/01/16	2516	14	51	38	

Instrument Date	Deed Records Liber	Deed Records Folio	Map	Parcel	Lot
04/11/16	2531	17	45	52	
05/03/16	2539	205	5	184	
06/08/16	2561	211	57	155	
06/28/16	2561	208	44C	773	
06/03/16	2561	205	2	72	4
07/08/16	2569	257	73	9	
07/25/16	2569	261	48	59	1-4
08/15/16	2575	73	69	14	
09/13/16	2594	105	44C	774	
08/15/16	2587	124	69	14	
10/12/16	2604	42	68	30	
10/26/16	2611	495	37	41	
10/26/16	2611	495	37	41	

MARYLAND

Somerset County

Instrument Date	Deed Records Liber	Deed Records Folio	Map	Parcel
03/08/16	920	208	38	57
05/17/16	926	370	49	10
06/20/16	928	589	4	26

MARYLAND

Talbot County

Instrument Date	Deed Records Liber	Deed Records Folio	Map	Parcel
01/07/16	2326	378	59	108
02/27/16	2340	348	51	9
04/22/16	2350	140	3	88
04/25/16	2354	74	30	10
01/26/16	2338	231	44	21
09/01/16	2384	503	2	14
09/01/16	2384	507	39	46
09/02/16	2384	511	31	371
09/26/16	2391	381	3	3
09/28/16	2397	165	22	4
08/04/16	2403	271	59	119
10/22/16	2403	275	400	404
09/04/16	2403	271	59	119
10/22/16	2403	275	400	404
10/25/16	2403	40	54	33

MARYLAND

Wicomico County

Instrument Date	Deed Records Liber	Deed Records Folio	Map	Parcel
03/16/16	3985	144	32	176
03/18/16	3985	141	53	135
04/14/16	3993	1	103	360-364 377-381
04/25/16	4006	63	104	1418
06/01/16	4040	495	37	395
06/22/16	4023	385	47	90,91,96,122
06/22/16	4023	367	47	90,91
06/22/16	4023	376	47	90,96,122
06/22/16	4023	361	47	90
07/12/16	4045	347	106	3291
10/06/16	4080	263	39	597
11/14/16	4094	87	51	216
11/23/16	4100	207	119	31
11/29/16	4100	212	57	363
11/21/16	4100	215	58	173
12/06/16	4100	203	31	20
12/06/16	4100	199	32	258
10/31/16	4094	91	42	57

MARYLAND

Worcester County

Instrument Date	Deed Records Liber	Deed Records Folio	Map	Parcel	Lot
02/29/16	6731	110	10	22	
05/04/16	6771	326	26	180	
04/25/16	6785	410	9	385	
06/13/16	6807	288	200	911	
07/11/16	6820	110	73	123	
07/21/16	6821	212	79	215	
08/04/16	6824	164	21	78	
08/30/16	6849	343	21	6	2&3
08/30/16	6849	340	21	6	1
09/12/16	6849	346	25	438,165	
11/16/16	6904	229	73	123	
12/21/16	6915	253-263	20	2	

The following is a schedule of bonds issued under the Eighty-Eighth Supplemental Indenture and Credit Line Deed of Trust, effective as of October 1, 1994, that can be designated as First Mortgage Bonds, Series I, which may also be designated as Secured Medium Term Notes, Series I; and First Mortgage Bonds, Pledged Series I.

First Mortgage Bonds, Series I/Secured Medium Term Notes, Series I

Issuance Date	Tranche	Maturity	Principal
06/19/95	7.71% Bonds	06/01/25	$100,000,000
06/19/95	6.95% Amortizing Bonds	06/01/08	$ 25,800,000
11/25/08	6.40% Bonds	12/01/13	$250,000,000

First Mortgage Bonds, Pledged Series I

Issuance Date	Tranche	Maturity	Principal
10/12/94	1994	10/01/29	$ 33,750,000
			$409,550,000

Total Bonds Issued:

As supplemented and amended by this One Hundred and Nineteenth Supplemental Indenture, the Original Indenture and all indentures supplemental thereto are in all respects ratified and confirmed and the Original Indenture and the aforesaid supplemental indentures and this One Hundred and Nineteenth Supplemental Indenture shall be read, taken and construed as one and the same instrument.

This One Hundred and Nineteenth Supplemental Indenture shall be simultaneously executed in several counterparts, and all such counterparts executed and delivered, each as an original, shall constitute but one and the same instrument.

The recitals of fact contained herein shall be taken as the statements of the Company, and the Trustee assumes no responsibility for the correctness of the same.

The debtor and its mailing address are Delmarva Power & Light Company, Mailstop 92DC42, 500 N. Wakefield Drive, Newark, Delaware 19702-5440. The secured party and its address, from which information concerning the security interest hereunder may be obtained, is The Bank of New York Mellon, 500 Ross Street, 12 th Floor, Pittsburgh, Pennsylvania 15262, Attn: Corporate Trust Administration.

The Company acknowledges that it received a true and correct copy of this One Hundred and Nineteenth Supplemental Indenture.

S1-SSA-0009 - 22461

This One Hundred and Nineteenth Supplemental Indenture is executed and delivered pursuant to the provisions of Section 5.11 and paragraph (a) of Section 17.01 of the Indenture for the purpose of conveying, transferring and assigning to the Trustee and of subjecting to the lien of the Indenture with the same force and effect as though included in the granting clause thereof the above described property so acquired by the Company on or prior to the date of execution, and not heretofore specifically subject to the lien of the Indenture; but nothing contained in this One Hundred and Nineteenth Supplemental Indenture shall be deemed in any manner to affect (except for such purposes) or to impair the provisions, terms and conditions of the Original Indenture, or of any indenture supplemental thereto and the provisions, terms and conditions thereof are hereby expressly confirmed.

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S1-SSA-0009 - 22462

IN WITNESS WHEREOF, the Company has caused this instrument to be signed in its name and behalf by its President, and its corporate seal to be hereunto affixed and attested by its Assistant Secretary and the Trustee has caused this instrument to be signed in its name and behalf by a Vice President and its corporate seal to be hereunto affixed and attested by an authorized officer, effective as of the 1st day of January, 2017.

DELMARVA POWER & LIGHT COMPANY

Date of Execution

April 4, 2017

By /s/ Donna J. Kinzel
Donna J. Kinzel, Senior Vice President

Attest:

/s/ Jeffery E. Snyder [SEAL]
Jeffery E. Snyder, Assistant Secretary

STATE OF DELAWARE)
) SS
COUNTY OF NEW CASTLE)

BE IT REMEMBERED that as of the 4 th day of April, 2017, personally came before me, a notary public for the State of Delaware, Donna J. Kinzel, Senior Vice President of DELMARVA POWER & LIGHT COMPANY, a corporation of the State of Delaware and the Commonwealth of Virginia (the "Company"), party to the foregoing instrument, known to me personally to be such, and acknowledged the instrument to be her own act and deed and the act and deed of the Company; that her signature is in her own proper handwriting; that the seal affixed is the common or corporate seal of the Company; and that her act of signing, sealing, executing and delivering such instrument was duly authorized by resolution of the Board of Directors of the Company.

GIVEN under my hand and official seal the day and year aforesaid.

/s/Patricia H. Lyons [SEAL]
Notary Public, State of Delaware
My commission expires Oct 19, 2020

S1-SSA-0009 - 22463

THE BANK OF NEW YORK MELLON,
as Trustee

Date of Execution

April 5, 2017

By /s/ Laurence J. O'Brien
Laurence J. O'Brien, Vice President

Attest:

/s/ Latoya S. Elvin
Latoya S. Elvin, Vice President

STATE OF NEW JERSEY)
) SS.
COUNTY OF PASSAIC)

BE IT REMEMBERED that on this 5 th day of April, 2017, personally came before me, a Notary Public for the State of New York, Laurence J. O'Brien, Vice President of THE BANK OF NEW YORK MELLON, a New York banking corporation (the "Trustee"), party to the foregoing instrument, known to me personally to be such, and acknowledged the instrument to be his own act and deed and the act and deed of the Trustee; that his signature is his own proper handwriting; that the seal affixed is the common or corporate seal of the Trustee; and that his act of signing, sealing, executing and delivering said instrument was duly authorized by resolution of the Board of Directors of the Trustee.

GIVEN under my hand and official seal the day and year aforesaid.

/s/Rick J. Fierro

RICK J FIERRO
Notary Public
State of New Jersey
My Commission Expires Nov 24, 2019

[SEAL]

CERTIFICATE OF RESIDENCE

THE BANK OF NEW YORK MELLON, successor Trustee to the Trustee within named, hereby certifies that it has a residence at 101 Barclay Street, in the Borough of Manhattan, in The City of New York, in the State of New York.

THE BANK OF NEW YORK MELLON

By /s/ Laurence J. O'Brien
Laurence J. O'Brien, Vice President

Certification

This document was prepared under the supervision of an attorney admitted to practice before the Court of Appeals of Maryland, or by or on behalf of one of the parties named in the within instrument.

/s/ Christie D. Cannon

Christie D. Cannon

Exhibit 31-1

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Christopher M. Crane, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ CHRISTOPHER M. CRANE
President and Chief Executive Officer
(Principal Executive Officer)

Date: May 3, 2017

Exhibit 31-2

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Jonathan W. Thayer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ JONATHAN W. THAYER
Senior Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Date: May 3, 2017

Exhibit 31-3

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Kenneth W. Cornew, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Generation Company, LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ KENNETH W. CORNEW
President and Chief Executive Officer
(Principal Executive Officer)

Date: May 3, 2017

Exhibit 31-4

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Bryan P. Wright, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Generation Company, LLC;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ BRYAN P. WRIGHT
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

Date: May 3, 2017

Exhibit 31-5

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Anne R. Pramaggiore, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Commonwealth Edison Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ ANNE R. PRAMAGGIORE
President and Chief Executive Officer
(Principal Executive Officer)

Date: May 3, 2017

Exhibit 31-6

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Joseph R. Trpik, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Commonwealth Edison Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ JOSEPH R. TRPIK, JR.
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: May 3, 2017

Exhibit 31-7

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Craig L. Adams, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PECO Energy Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ CRAIG L. ADAMS
President and Chief Executive Officer
(Principal Executive Officer)

Date: May 3, 2017

Exhibit 31-8

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Phillip S. Barnett, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PECO Energy Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ PHILLIP S. BARNETT
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: May 3, 2017

Exhibit 31-9

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Calvin G. Butler, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Baltimore Gas and Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ CALVIN G. BUTLER, JR.
Chief Executive Officer
(Principal Executive Officer)

Date: May 3, 2017

Exhibit 31-10

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, David M. Vahos, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Baltimore Gas and Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ DAVID M. VAHOS
Senior Vice President, Chief Financial Officer
and Treasurer
(Principal Financial Officer)

Date: May 3, 2017

Exhibit 31-11

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, David M. Velazquez, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Pepco Holdings LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ DAVID M. VELAZQUEZ
President and Chief Executive Officer
(Principal Executive Officer)

Date: May 3, 2017

Exhibit 31-12

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Donna J. Kinzel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Pepco Holdings LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ DONNA J. KINZEL
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: May 3, 2017

Exhibit 31-13

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, David M. Velazquez, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Potomac Electric Power Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ DAVID M. VELAZQUEZ
President and Chief Executive Officer
(Principal Executive Officer)

Date: May 3, 2017

Exhibit 31-14

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Donna J. Kinzel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Potomac Electric Power Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ DONNA J. KINZEL
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: May 3, 2017

Exhibit 31-15

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, David M. Velazquez, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Delmarva Power & Light Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ DAVID M. VELAZQUEZ
President and Chief Executive Officer
(Principal Executive Officer)

Date: May 3, 2017

Exhibit 31-16

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Donna J. Kinzel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Delmarva Power & Light Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ DONNA J. KINZEL
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: May 3, 2017

Exhibit 31-17

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, David M. Velazquez, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Atlantic City Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ DAVID M. VELAZQUEZ
President and Chief Executive Officer
(Principal Executive Officer)

Date: May 3, 2017

Exhibit 31-18

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Donna J. Kinzel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Atlantic City Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ DONNA J. KINZEL
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: May 3, 2017

Exhibit 32-1

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Corporation for the quarterly period ended March 31, 2017, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Corporation.

/S/ CHRISTOPHER M. CRANE
Christopher M. Crane
President and Chief Executive Officer

Date: May 3, 2017

Exhibit 32-2

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Corporation for the quarterly period ended March 31, 2017, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Corporation.

/S/ JONATHAN W. THAYER

Jonathan W. Thayer
Senior Executive Vice President and Chief Financial Officer

Date: May 3, 2017

Exhibit 32-3

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Generation Company, LLC for the quarterly period ended March 31, 2017, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Generation Company, LLC.

/ S / K ENNETH W. C ORNEW

Kenneth W. Cornew
President and Chief Executive Officer

Date: May 3, 2017

Exhibit 32-4

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Generation Company, LLC for the quarterly period ended March 31, 2017, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Generation Company, LLC.

/S/ BRYAN P. WRIGHT

Bryan P. Wright
Senior Vice President and Chief Financial Officer

Date: May 3, 2017

Exhibit 32-5

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Commonwealth Edison Company for the quarterly period ended March 31, 2017, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Commonwealth Edison Company.

/S/ ANNE R. PRAMAGGIORE

Anne R. Pramaggiore
President and Chief Executive Officer

Date: May 3, 2017

Exhibit 32-6

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Commonwealth Edison Company for the quarterly period ended March 31, 2017, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Commonwealth Edison Company.

/S/ JOSEPH R. TRPIK, JR.

Joseph R. Trpik, Jr.
Senior Vice President, Chief Financial Officer and Treasurer

Date: May 3, 2017

Exhibit 32-7

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of PECO Energy Company for the quarterly period ended March 31, 2017, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of PECO Energy Company.

/ S / C RAIG L. A DAMS

Craig L. Adams
President and Chief Executive Officer

Date: May 3, 2017

Exhibit 32-8

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of PECO Energy Company for the quarterly period ended March 31, 2017, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of PECO Energy Company.

/ S / P HILLIP S. B ARNETT

Phillip S. Barnett
Senior Vice President, Chief Financial Officer and Treasurer

Date: May 3, 2017

Exhibit 32-9

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Baltimore Gas and Electric Company for the quarterly period ended March 31, 2017, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Baltimore Gas and Electric Company.

/S/ CALVIN G. BUTLER, JR.

Calvin G. Butler, Jr.
Chief Executive Officer

Date: May 3, 2017

Exhibit 32-10

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Baltimore Gas and Electric Company for the quarterly period ended March 31, 2017, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Baltimore Gas and Electric Company.

/ S / D AVID M. V AHOS

David M. Vahos
Senior Vice President, Chief Financial Officer and Treasurer

Date: May 3, 2017

Exhibit 32-11

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Pepco Holdings LLC for the quarterly period ended March 31, 2017, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Pepco Holdings LLC.

/ S / D AVID M. V ELAZQUEZ

David M. Velazquez
President and Chief Executive Officer

Date: May 3, 2017

Exhibit 32-12

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Pepco Holdings LLC for the quarterly period ended March 31, 2017, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Pepco Holdings LLC.

/ S / D ONNA J. K INZEL

Donna J. Kinzel
Senior Vice President, Chief Financial Officer and Treasurer

Date: May 3, 2017

Exhibit 32-13

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Potomac Electric Power Company for the quarterly period ended March 31, 2017, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Potomac Electric Power Company.

/ S / D AVID M. V ELAZQUEZ

David M. Velazquez
President and Chief Executive Officer

Date: May 3, 2017

Exhibit 32-14

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Potomac Electric Power Company for the quarterly period ended March 31, 2017, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Potomac Electric Power Company.

/ S / D ONNA J. K INZEL

Donna J. Kinzel
Senior Vice President, Chief Financial Officer and Treasurer

Date: May 3, 2017

Exhibit 32-15

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Delmarva Power & Light Company for the quarterly period ended March 31, 2017, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Delmarva Power & Light Company.

/ S / D AVID M. V ELAZQUEZ

David M. Velazquez
President and Chief Executive Officer

Date: May 3, 2017

Exhibit 32-16

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Delmarva Power & Light Company for the quarterly period ended March 31, 2017, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Delmarva Power & Light Company.

/S/ DONNA J. KINZEL

Donna J. Kinzel
Senior Vice President, Chief Financial Officer and Treasurer

Date: May 3, 2017

Exhibit 32-17

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Atlantic City Electric Company for the quarterly period ended March 31, 2017, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Atlantic City Electric Company.

/ S / D AVID M. V ELAZQUEZ

David M. Velazquez
President and Chief Executive Officer

Date: May 3, 2017

Exhibit 32-18

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Atlantic City Electric Company for the quarterly period ended March 31, 2017, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Atlantic City Electric Company.

/ S / D ONNA J. K INZEL

Donna J. Kinzel
Senior Vice President, Chief Financial Officer and Treasurer

Date: May 3, 2017

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended March 31, 2018

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number	Name of Registrant; State or Other Jurisdiction of Incorporation; Address of Principal Executive Offices; and Telephone Number	IRS Employer Identification Number
1-16169	EXELON CORPORATION (a Pennsylvania corporation) 10 South Dearborn Street P.O. Box 805379 Chicago, Illinois 60680-5379 (800) 483-3220	23-2990190
333-85496	EXELON GENERATION COMPANY, LLC (a Pennsylvania limited liability company) 300 Exelon Way Kennett Square, Pennsylvania 19348-2473 (610) 765-5959	23-3064219
1-1839	COMMONWEALTH EDISON COMPANY (an Illinois corporation) 440 South LaSalle Street Chicago, Illinois 60605-1028 (312) 394-4321	36-0938600
000-16844	PECO ENERGY COMPANY (a Pennsylvania corporation) P.O. Box 8699 2301 Market Street Philadelphia, Pennsylvania 19101-8699 (215) 841-4000	23-0970240
1-1910	BALTIMORE GAS AND ELECTRIC COMPANY (a Maryland corporation) 2 Center Plaza 110 West Fayette Street Baltimore, Maryland 21201-3708 (410) 234-5000	52-0280210
001-31403	PEPCO HOLDINGS LLC (a Delaware limited liability company) 701 Ninth Street, N.W. Washington, District of Columbia 20068 (202) 872-2000	52-2297449
001-01072	POTOMAC ELECTRIC POWER COMPANY (a District of Columbia and Virginia corporation) 701 Ninth Street, N.W. Washington, District of Columbia 20068 (202) 872-2000	53-0127880
001-01405	DELMARVA POWER & LIGHT COMPANY (a Delaware and Virginia corporation) 500 North Wakefield Drive Newark, Delaware 19702 (202) 872-2000	51-0084283
001-03559	ATLANTIC CITY ELECTRIC COMPANY (a New Jersey corporation) 500 North Wakefield Drive Newark, Delaware 19702 (202) 872-2000	21-0398280

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and "emerging growth company" in Rule 12b-2 of the Exchange Act.

	Large Accelerated Filer	Accelerated Filer	Non-accelerated Filer	Smaller Reporting Company	Emerging Growth Company
Exelon Corporation	☒				
Exelon Generation Company, LLC			☒		
Commonwealth Edison Company			☒		
PECO Energy Company			☒		
Baltimore Gas and Electric Company			☒		
Pepco Holdings LLC			☒		
Potomac Electric Power Company			☒		
Delmarva Power & Light Company			☒		
Atlantic City Electric Company			☒		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The number of shares outstanding of each registrant’s common stock as of March 31, 2018 was:

Exelon Corporation Common Stock, without par value	965,381,919
Exelon Generation Company, LLC	not applicable
Commonwealth Edison Company Common Stock, $12.50 par value	127,021,264
PECO Energy Company Common Stock, without par value	170,478,507
Baltimore Gas and Electric Company Common Stock, without par value	1,000
Pepco Holdings LLC	not applicable
Potomac Electric Power Company Common Stock, $0.01 par value	100
Delmarva Power & Light Company Common Stock, $2.25 par value	1,000
Atlantic City Electric Company Common Stock, $3.00 par value	8,546,017

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GLOSSARY OF TERMS AND ABBREVIATIONS

Exelon Corporation and Related Entities

Exelon	Exelon Corporation
Generation	Exelon Generation Company, LLC
ComEd	Commonwealth Edison Company
PECO	PECO Energy Company
BGE	Baltimore Gas and Electric Company
Pepco Holdings or PHI	Pepco Holdings LLC (formerly Pepco Holdings, Inc.)
Pepco	Potomac Electric Power Company
DPL	Delmarva Power & Light Company
ACE	Atlantic City Electric Company
Registrants	Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE, collectively
Utility Registrants	ComEd, PECO, BGE, Pepco, DPL and ACE, collectively
Legacy PHI	PHI, Pepco, DPL and ACE, collectively
ACE Funding or ATF	Atlantic City Electric Transition Funding LLC
Antelope Valley	Antelope Valley Solar Ranch One
BondCo	RSB BondCo LLC
BSC	Exelon Business Services Company, LLC
CENG	Constellation Energy Nuclear Group, LLC
ConEdison Solutions	The competitive retail electricity and natural gas business of Consolidated Edison Solutions, Inc., a subsidiary of Consolidated Edison, Inc.
Constellation	Constellation Energy Group, Inc.
EEDC	Exelon Energy Delievery Company, LLC
EGR IV	ExGen Renewables IV, LLC
EGTP	ExGen Texas Power, LLC
Entergy	Entergy Nuclear FitzPatrick, LLC
Exelon Corporate	Exelon in its corporate capacity as a holding company
Exelon Transmission Company	Exelon Transmission Company, LLC
Exelon Wind	Exelon Wind, LLC and Exelon Generation Acquisition Company, LLC
FitzPatrick	James A. FitzPatrick nuclear generating station
PCI	Potomac Capital Investment Corporation and its subsidiaries
PEC L.P.	PECO Energy Capital, L.P.
PECO Trust III	PECO Capital Trust III
PECO Trust IV	PECO Energy Capital Trust IV
Pepco Energy Services or PES	Pepco Energy Services, Inc. and its subsidiaries
PHI Corporate	PHI in its corporate capacity as a holding company
PHISCO	PHI Service Company
RPG	Renewable Power Generation
SolGen	SolGen, LLC

GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and Abbreviations

TMI	Three Mile Island nuclear facility
UII	Unicom Investments, Inc.
Note "—" of the Exelon 2017 Form 10-K	Reference to specific Combined Note to Consolidated Financial Statements within Exelon's 2017 Annual Report on Form 10-K
AEC	Alternative Energy Credit that is issued for each megawatt hour of generation from a qualified alternative energy source
AESO	Alberta Electric Systems Operator
AFUDC	Allowance for Funds Used During Construction
AGE	Albany Green Energy Project
AMI	Advanced Metering Infrastructure
AMP	Advanced Metering Program
AOCI	Accumulated Other Comprehensive Income
ARC	Asset Retirement Cost
ARO	Asset Retirement Obligation
ARP	Alternative Revenue Program
CAISO	California ISO
CAP	Customer Assistance Program
CCGTs	Combined-Cycle Gas Turbines
CERCLA	Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended
CES	Clean Energy Standard
Clean Air Act	Clean Air Act of 1963, as amended
Clean Water Act	Federal Water Pollution Control Amendments of 1972, as amended
Conectiv	Conectiv, LLC, a wholly owned subsidiary of PHI and the parent of DPL and ACE
Conectiv Energy	Conectiv Energy Holdings, Inc. and substantially all of its subsidiaries, which were sold to Calpine in July 2010
CSAPR	Cross-State Air Pollution Rule
D.C. Circuit Court	United States Court of Appeals for the District of Columbia Circuit
DC PLUG	District of Columbia Power Line Undergrounding Initiative
DCPSC	District of Columbia Public Service Commission
Default Electricity Supply	The supply of electricity by PHI's electric utility subsidiaries at regulated rates to retail customers who do not elect to purchase electricity from a competitive supplier, and which, depending on the jurisdiction, is also known as Standard Offer Service or BGS
DOE	United States Department of Energy
DOJ	United States Department of Justice
DPSC	Delaware Public Service Commission
DRP	Direct Stock Purchase and Dividend Reinvestment Plan

GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and Abbreviations

DSP	Default Service Provider
EDF	Electricite de France SA and its subsidiaries
EE&C	Energy Efficiency and Conservation/Demand Response
EIMA	Energy Infrastructure Modernization Act (Illinois Senate Bill 1652 and Illinois House Bill 3036)
EmPower	A Maryland demand-side management program for Pepco and DPL
EPA	United States Environmental Protection Agency
EPSA	Electric Power Supply Association
ERCOT	Electric Reliability Council of Texas
ERISA	Employee Retirement Income Security Act of 1974, as amended
EROA	Expected Rate of Return on Assets
ESPP	Employee Stock Purchase Plan
FASB	Financial Accounting Standards Board
FEJA	Illinois Public Act 99-0906 or Future Energy Jobs Act
FERC	Federal Energy Regulatory Commission
FRCC	Florida Reliability Coordinating Council
GAAP	Generally Accepted Accounting Principles in the United States
GCR	Gas Cost Rate
GHG	Greenhouse Gas
GSA	Generation Supply Adjustment
GWh	Gigawatt hour
IBEW	International Brotherhood of Electrical Workers
ICC	Illinois Commerce Commission
ICE	Intercontinental Exchange
Illinois EPA	Illinois Environmental Protection Agency
Illinois Settlement Legislation	Legislation enacted in 2007 affecting electric utilities in Illinois
Integrys	Integrys Energy Services, Inc.
IPA	Illinois Power Agency
IRC	Internal Revenue Code
IRS	Internal Revenue Service
ISO	Independent System Operator
ISO-NE	Independent System Operator New England Inc.
ISO-NY	Independent System Operator New York
kV	Kilovolt
kW	Kilowatt
kWh	Kilowatt-hour
LIBOR	London Interbank Offered Rate
LLRW	Low-Level Radioactive Waste

GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and Abbreviations

LT Plan	Long-term renewable resources procurement plan
LTIP	Long-Term Incentive Plan
MAPP	Mid-Atlantic Power Pathway
MATS	U.S. EPA Mercury and Air Toxics Rule
MBR	Market Based Rates Incentive
MDE	Maryland Department of the Environment
MDPSC	Maryland Public Service Commission
MGP	Manufactured Gas Plant
MISO	Midcontinent Independent System Operator, Inc.
mmcf	Million Cubic Feet
Moody's	Moody's Investor Service
MOPR	Minimum Offer Price Rule
MRV	Market-Related Value
MW	Megawatt
MWh	Megawatt hour
n.m.	not meaningful
NAAQS	National Ambient Air Quality Standards
NAV	Net Asset Value
NDT	Nuclear Decommissioning Trust
NEIL	Nuclear Electric Insurance Limited
NERC	North American Electric Reliability Corporation
NGS	Natural Gas Supplier
NJBPU	New Jersey Board of Public Utilities
NJDEP	New Jersey Department of Environmental Protection
Non-Regulatory Agreements Units	Nuclear generating units or portions thereof whose decommissioning-related activities are not subject to contractual elimination under regulatory accounting
NOSA	Nuclear Operating Services Agreement
NPDES	National Pollutant Discharge Elimination System
NRC	Nuclear Regulatory Commission
NSPS	New Source Performance Standards
NUGs	Non-utility generators
NWPA	Nuclear Waste Policy Act of 1982
NYMEX	New York Mercantile Exchange
NYPSC	New York Public Service Commission
OCI	Other Comprehensive Income
OIESO	Ontario Independent Electricity System Operator
OPC	Office of People's Counsel
OPEB	Other Postretirement Employee Benefits
PA DEP	Pennsylvania Department of Environmental Protection

GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and Abbreviations

PAPUC	Pennsylvania Public Utility Commission
PGC	Purchased Gas Cost Clause
PJM	PJM Interconnection, LLC
POLR	Provider of Last Resort
POR	Purchase of Receivables
PPA	Power Purchase Agreement
Price-Anderson Act	Price-Anderson Nuclear Industries Indemnity Act of 1957
Preferred Stock	Originally issued shares of non-voting, non-convertible and non-transferable Series A preferred stock, par value $0.01 per share
PRP	Potentially Responsible Parties
PSEG	Public Service Enterprise Group Incorporated
PV	Photovoltaic
RCRA	Resource Conservation and Recovery Act of 1976, as amended
REC	Renewable Energy Credit which is issued for each megawatt hour of generation from a qualified renewable energy source
Regulatory Agreement Units	Nuclear generating units or portions thereof whose decommissioning-related activities are subject to contractual elimination under regulatory accounting
RES	Retail Electric Suppliers
RFP	Request for Proposal
Rider	Reconcilable Surcharge Recovery Mechanism
RGGI	Regional Greenhouse Gas Initiative
RMC	Risk Management Committee
ROE	Return on equity
RPM	PJM Reliability Pricing Model
RPS	Renewable Energy Portfolio Standards
RSSA	Reliability Support Services Agreement
RTEP	Regional Transmission Expansion Plan
RTO	Regional Transmission Organization
S&P	Standard & Poor's Ratings Services
SEC	United States Securities and Exchange Commission
Senate Bill 1	Maryland Senate Bill 1
SERC	SERC Reliability Corporation (formerly Southeast Electric Reliability Council)
SGIG	Smart Grid Investment Grant from DOE
SILO	Sale-In, Lease-Out
SNF	Spent Nuclear Fuel
SOS	Standard Offer Service
SPFPA	Security, Police and Fire Professionals of America

GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and Abbreviations

SPP	Southwest Power Pool
TCJA	Tax Cuts and Jobs Act
Transition Bond Charge	Revenue ACE receives, and pays to ACE Funding, to fund the principal and interest payments on Transition Bonds and related taxes, expenses and fees
Transition Bonds	Transition Bonds issued by ACE Funding
Upstream	Natural gas exploration and production activities
VIE	Variable Interest Entity
WECC	Western Electric Coordinating Council
ZEC	Zero Emission Credit
ZES	Zero Emission Standard

FILING FORMAT

This combined Form 10-Q is being filed separately by Exelon Corporation, Exelon Generation Company, LLC, Commonwealth Edison Company, PECO Energy Company, Baltimore Gas and Electric Company, Pepco Holdings LLC, Potomac Electric Power Company, Delmarva Power & Light Company and Atlantic City Electric Company (Registrants). Information contained herein relating to any individual Registrant is filed by such Registrant on its own behalf. No Registrant makes any representation as to information relating to any other Registrant.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING INFORMATION

This Report contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, that are subject to risks and uncertainties. The factors that could cause actual results to differ materially from the forward-looking statements made by the Registrants include those factors discussed herein, as well as the items discussed in (1) the Registrants' combined 2017 Annual Report on Form 10-K in (a) ITEM 1A. Risk Factors, (b) ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) ITEM 8. Financial Statements and Supplementary Data: Note 23 , Commitments and Contingencies; (2) this Quarterly Report on Form 10-Q in (a) Part II, Other Information, ITEM 1A. Risk Factors; (b) Part 1, Financial Information, ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) Part I, Financial Information, ITEM 1. Financial Statements: Note 17 , Commitments and Contingencies; and (3) other factors discussed in filings with the SEC by the Registrants. Readers are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of this Report. None of the Registrants undertakes any obligation to publicly release any revision to its forward-looking statements to reflect events or circumstances after the date of this Report.

WHERE TO FIND MORE INFORMATION

The public may read and copy any reports or other information that the Registrants file with the SEC at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. These documents are also available to the public from commercial document retrieval services, the website maintained by the SEC at www.sec.gov and the Registrants' websites at www.exeloncorp.com . Information contained on the Registrants' websites shall not be deemed incorporated into, or to be a part of, this Report.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Table of Contents

EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended March 31,	
(In millions, except per share data)	**2018**	**2017**
Operating revenues		
Competitive businesses revenues	$ 5,113	$ 4,550
Rate-regulated utility revenues	4,570	4,118
Revenues from alternative revenue programs	10	79
Total operating revenues	9,693	8,747
Operating expenses		
Competitive businesses purchased power and fuel	3,289	2,795
Rate-regulated utility purchased power and fuel	1,438	1,104
Operating and maintenance	2,384	2,438
Depreciation and amortization	1,091	896
Taxes other than income	446	436
Total operating expenses	8,648	7,669
Gain on sales of assets and businesses	56	4
Bargain purchase gain	—	226
Operating income	1,101	1,308
Other income and (deductions)		
Interest expense, net	(365)	(363)
Interest expense to affiliates	(6)	(10)
Other, net	(28)	257
Total other income and (deductions)	(399)	(116)
Income before income taxes	702	1,192
Income taxes	59	211
Equity in losses of unconsolidated affiliates	(7)	(10)
Net income	636	971
Net income (loss) attributable to noncontrolling interests	51	(19)
Net income attributable to common shareholders	$ 585	$ 990
Comprehensive income, net of income taxes		
Net income	$ 636	$ 971
Other comprehensive income (loss), net of income taxes		
Pension and non-pension postretirement benefit plans:		
Prior service benefit reclassified to periodic benefit cost	(17)	(13)
Actuarial loss reclassified to periodic benefit cost	61	49
Pension and non-pension postretirement benefit plan valuation adjustment	18	(59)
Unrealized gain on cash flow hedges	8	6
Unrealized gain on investments in unconsolidated affiliates	1	3
Unrealized gain on foreign currency translation	1	1
Unrealized gain on marketable securities	—	1
Other comprehensive income (loss)	72	(12)
Comprehensive income	708	959
Comprehensive income (loss) attributable to noncontrolling interests	52	(21)
Comprehensive income attributable to common shareholders	$ 656	$ 980
Average shares of common stock outstanding:		
Basic	966	928
Diluted	968	930
Earnings per average common share:		
Basic	$ 0.61	$ 1.07
Diluted	$ 0.60	$ 1.06
Dividends declared per common share	$ 0.35	$ 0.33

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EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
Cash flows from operating activities		
Net income	$ 636	$ 971
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation, amortization and accretion, including nuclear fuel and energy contract amortization	1,501	1,274
Impairment of long-lived assets and losses on regulatory assets	—	10
Gain on sales of assets and businesses	(56)	(4)
Bargain purchase gain	—	(226)
Deferred income taxes and amortization of investment tax credits	(14)	185
Net fair value changes related to derivatives	259	47
Net realized and unrealized gains (losses) on nuclear decommissioning trust fund investments	68	(175)
Other non-cash operating activities	240	118
Changes in assets and liabilities:		
Accounts receivable	133	291
Inventories	167	109
Accounts payable and accrued expenses	(451)	(728)
Option premiums paid, net	(27)	(6)
Collateral posted, net	(214)	(110)
Income taxes	86	50
Pension and non-pension postretirement benefit contributions	(331)	(307)
Other assets and liabilities	(495)	(425)
Net cash flows provided by operating activities	1,502	1,074
Cash flows from investing activities		
Capital expenditures	(1,880)	(2,009)
Proceeds from nuclear decommissioning trust fund sales	1,189	1,767
Investment in nuclear decommissioning trust funds	(1,248)	(1,833)
Acquisition of businesses, net	—	(212)
Proceeds from sales of assets and businesses	79	22
Other investing activities	3	(18)
Net cash flows used in investing activities	(1,857)	(2,283)
Cash flows from financing activities		
Changes in short-term borrowings	726	721
Proceeds from short-term borrowings with maturities greater than 90 days	1	560
Repayments on short-term borrowings with maturities greater than 90 days	(1)	(500)
Issuance of long-term debt	1,130	763
Retirement of long-term debt	(1,241)	(65)
Dividends paid on common stock	(333)	(303)
Proceeds from employee stock plans	12	12
Other financing activities	(30)	(4)
Net cash flows provided by financing activities	264	1,184
Decrease in cash, cash equivalents and restricted cash	(91)	(25)
Cash, cash equivalents and restricted cash at beginning of period	1,190	914
Cash, cash equivalents and restricted cash at end of period	$ 1,099	$ 889

See the Combined Notes to Consolidated Financial Statements

EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2018	December 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents	$ 787	$ 898
Restricted cash and cash equivalents	209	207
Accounts receivable, net		
Customer	4,190	4,445
Other	1,103	1,132
Mark-to-market derivative assets	978	976
Unamortized energy contract assets	55	60
Inventories, net		
Fossil fuel and emission allowances	180	340
Materials and supplies	1,291	1,311
Regulatory assets	1,245	1,267
Other	1,495	1,260
Total current assets	11,533	11,896
Property, plant and equipment, net	74,711	74,202
Deferred debits and other assets		
Regulatory assets	8,063	8,021
Nuclear decommissioning trust funds	13,149	13,272
Investments	640	640
Goodwill	6,677	6,677
Mark-to-market derivative assets	527	337
Unamortized energy contract assets	385	395
Other	1,333	1,330
Total deferred debits and other assets	30,774	30,672
Total assets [(a)]	$ 117,018	$ 116,770

See the Combined Notes to Consolidated Financial Statements

EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2018	December 31, 2017
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings	$ 1,654	$ 929
Long-term debt due within one year	1,203	2,088
Accounts payable	3,207	3,532
Accrued expenses	1,569	1,837
Payables to affiliates	5	5
Regulatory liabilities	522	523
Mark-to-market derivative liabilities	415	232
Unamortized energy contract liabilities	202	231
Renewable energy credit obligation	333	352
PHI merger related obligation	87	87
Other	956	982
Total current liabilities	10,153	10,798
Long-term debt	32,905	32,176
Long-term debt to financing trusts	389	389
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	11,344	11,235
Asset retirement obligations	10,126	10,029
Pension obligations	3,433	3,736
Non-pension postretirement benefit obligations	2,114	2,093
Spent nuclear fuel obligation	1,151	1,147
Regulatory liabilities	9,724	9,865
Mark-to-market derivative liabilities	468	409
Unamortized energy contract liabilities	579	609
Other	2,067	2,097
Total deferred credits and other liabilities	41,006	41,220
Total liabilities [(a)]	84,453	84,583
Commitments and contingencies		
Shareholders' equity		
Common stock (No par value, 2,000 shares authorized, 965 shares and 963 shares outstanding at March 31, 2018 and December 31, 2017, respectively)	18,973	18,964
Treasury stock, at cost (2 shares at March 31, 2018 and December 31, 2017)	(123)	(123)
Retained earnings	14,346	14,081
Accumulated other comprehensive loss, net	(2,965)	(3,026)
Total shareholders' equity	30,231	29,896
Noncontrolling interests	2,334	2,291
Total equity	32,565	32,187
Total liabilities and shareholders' equity	$ 117,018	$ 116,770

(a) Exelon's consolidated assets include $9,727 million and $9,597 million at March 31, 2018 and December 31, 2017 , respectively, of certain VIEs that can only be used to settle the liabilities of the VIE. Exelon's consolidated liabilities include $3,556 million and $3,618 million at March 31, 2018 and December 31, 2017 , respectively, of certain VIEs for which the VIE creditors do not have recourse to Exelon. See Note 3 — Variable Interest Entities .

See the Combined Notes to Consolidated Financial Statements

EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

(In millions, shares in thousands)	Issued Shares	Common Stock	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss, net	Noncontrolling Interests	Total Shareholders' Equity
Balance, December 31, 2017	965,168	$ 18,964	$ (123)	$ 14,081	$ (3,026)	$ 2,291	$ 32,187
Net income	—	—	—	585	—	51	636
Long-term incentive plan activity	1,685	(3)	—	—	—	—	(3)
Employee stock purchase plan issuances	361	12	—	—	—	—	12
Changes in equity of noncontrolling interests	—	—	—	—	—	(9)	(9)
Common stock dividends	—	—	—	(334)	—	—	(334)
Other comprehensive income, net of income taxes	—	—	—	—	71	1	72
Impact of adoption of Recognition and Measurement of Financial Assets and Liabilities standard	—	—	—	14	(10)	—	4
Balance, March 31, 2018	967,214	$ 18,973	$ (123)	$ 14,346	$ (2,965)	$ 2,334	$ 32,565

See the Combined Notes to Consolidated Financial Statements

EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended March 31,	
(In millions)	2018	2017
Operating revenues		
Operating revenues	$ 5,114	$ 4,548
Operating revenues from affiliates	398	330
Total operating revenues	5,512	4,878
Operating expenses		
Purchased power and fuel	3,289	2,796
Purchased power and fuel from affiliates	4	2
Operating and maintenance	1,178	1,313
Operating and maintenance from affiliates	161	179
Depreciation and amortization	448	302
Taxes other than income	138	143
Total operating expenses	5,218	4,735
Gain on sales of assets and businesses	53	4
Bargain purchase gain	—	226
Operating income	347	373
Other income and (deductions)		
Interest expense, net	(91)	(90)
Interest expense to affiliates	(10)	(10)
Other, net	(44)	259
Total other income and (deductions)	(145)	159
Income before income taxes	202	532
Income taxes	9	123
Equity in losses of unconsolidated affiliates	(7)	(10)
Net income	186	399
Net income (loss) attributable to noncontrolling interests	50	(19)
Net income attributable to membership interest	$ 136	$ 418
Comprehensive income, net of income taxes		
Net income	$ 186	$ 399
Other comprehensive income (loss), net of income taxes		
Unrealized gain on cash flow hedges	7	6
Unrealized gain on investments in unconsolidated affiliates	1	4
Unrealized (loss) gain on foreign currency translation	(1)	1
Other comprehensive income	7	11
Comprehensive income	193	410
Comprehensive income (loss) attributable to noncontrolling interests	51	(21)
Comprehensive income attributable to membership interest	$ 142	$ 431

See the Combined Notes to Consolidated Financial Statements

EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended March 31,	
(In millions)	**2018**	**2017**
Cash flows from operating activities		
Net income	$ 186	$ 399
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation, amortization and accretion, including nuclear fuel and energy contract amortization	858	678
Impairment of long-lived assets	—	10
Gain on sales of assets and businesses	(53)	(4)
Bargain purchase gain	—	(226)
Deferred income taxes and amortization of investment tax credits	(68)	108
Net fair value changes related to derivatives	264	51
Net realized and unrealized gains on nuclear decommissioning trust fund investments	68	(175)
Other non-cash operating activities	45	(10)
Changes in assets and liabilities:		
Accounts receivable	194	173
Receivables from and payables to affiliates, net	(15)	23
Inventories	122	81
Accounts payable and accrued expenses	(317)	(236)
Option premiums paid, net	(27)	(6)
Collateral posted, net	(214)	(102)
Income taxes	79	(81)
Pension and non-pension postretirement benefit contributions	(125)	(110)
Other assets and liabilities	(142)	(153)
Net cash flows provided by operating activities	855	420
Cash flows from investing activities		
Capital expenditures	(628)	(625)
Proceeds from nuclear decommissioning trust fund sales	1,189	1,767
Investment in nuclear decommissioning trust funds	(1,248)	(1,833)
Acquisition of businesses, net	—	(212)
Proceeds from sales of assets and businesses	79	22
Other investing activities	(7)	(29)
Net cash flows used in investing activities	(615)	(910)
Cash flows from financing activities		
Changes in short-term borrowings	165	(42)
Proceeds from short-term borrowings with maturities greater than 90 days	1	60
Repayments of short-term borrowings with maturities greater than 90 days	(1)	—
Issuance of long-term debt	4	762
Retirement of long-term debt	(29)	(30)
Changes in Exelon intercompany money pool	—	(1)
Distributions to member	(188)	(164)
Other financing activities	(9)	(3)
Net cash flows (used in) provided by financing activities	(57)	582
Increase in cash, cash equivalents and restricted cash	183	92
Cash, cash equivalents and restricted cash at beginning of period	554	448
Cash, cash equivalents and restricted cash at end of period	$ 737	$ 540

See the Combined Notes to Consolidated Financial Statements

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EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2018	December 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents	$ 610	$ 416
Restricted cash and cash equivalents	127	138
Accounts receivable, net		
Customer	2,478	2,697
Other	294	321
Mark-to-market derivative assets	978	976
Receivables from affiliates	153	140
Unamortized energy contract assets	55	60
Inventories, net		
Fossil fuel and emission allowances	151	264
Materials and supplies	916	937
Other	1,122	933
Total current assets	6,884	6,882
Property, plant and equipment, net	24,714	24,906
Deferred debits and other assets		
Nuclear decommissioning trust funds	13,149	13,272
Investments	431	433
Goodwill	47	47
Mark-to-market derivative assets	527	334
Prepaid pension asset	1,571	1,502
Unamortized energy contract assets	385	395
Deferred income taxes	10	16
Other	657	670
Total deferred debits and other assets	16,777	16,669
Total assets [(a)]	$ 48,375	$ 48,457

See the Combined Notes to Consolidated Financial Statements

EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2018	December 31, 2017
LIABILITIES AND EQUITY		
Current liabilities		
Short-term borrowings	$ 166	$ 2
Long-term debt due within one year	373	346
Accounts payable	1,447	1,773
Accrued expenses	951	1,022
Payables to affiliates	114	123
Borrowings from Exelon intercompany money pool	54	54
Mark-to-market derivative liabilities	391	211
Unamortized energy contract liabilities	39	43
Renewable energy credit obligation	333	352
Other	288	265
Total current liabilities	4,156	4,191
Long-term debt	7,685	7,734
Long-term debt to affiliate	907	910
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	3,749	3,811
Asset retirement obligations	9,941	9,844
Non-pension postretirement benefit obligations	911	916
Spent nuclear fuel obligation	1,151	1,147
Payables to affiliates	2,970	3,065
Mark-to-market derivative liabilities	221	174
Unamortized energy contract liabilities	40	48
Other	686	658
Total deferred credits and other liabilities	19,669	19,663
Total liabilities [(a)]	32,417	32,498
Commitments and contingencies		
Equity		
Member's equity		
Membership interest	9,357	9,357
Undistributed earnings	4,303	4,349
Accumulated other comprehensive loss, net	(34)	(37)
Total member's equity	13,626	13,669
Noncontrolling interests	2,332	2,290
Total equity	15,958	15,959
Total liabilities and equity	$ 48,375	$ 48,457

(a) Generation's consolidated assets include $9,688 million and $9,556 million at March 31, 2018 and December 31, 2017 , respectively, of certain VIEs that can only be used to settle the liabilities of the VIE. Generation's consolidated liabilities include $3,461 million and $3,516 million at March 31, 2018 and December 31, 2017 , respectively, of certain VIEs for which the VIE creditors do not have recourse to Generation. See Note 3 — Variable Interest Entities .

See the Combined Notes to Consolidated Financial Statements

EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Unaudited)

	Member's Equity				
(In millions)	Membership Interest	Undistributed Earnings	Accumulated Other Comprehensive Loss, net	Noncontrolling Interests	Total Equity
Balance, December 31, 2017	$ 9,357	$ 4,349	$ (37)	$ 2,290	$ 15,959
Net income	—	136	—	50	186
Changes in equity of noncontrolling interests	—	—	—	(9)	(9)
Distributions to member	—	(188)	—	—	(188)
Other comprehensive income, net of income taxes	—	—	6	1	7
Impact of adoption of Recognition and Measurement of Financial Assets and Liabilities standard	—	6	(3)	—	3
Balance, March 31, 2018	$ 9,357	$ 4,303	$ (34)	$ 2,332	$ 15,958

See the Combined Notes to Consolidated Financial Statements

COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended March 31,	
(In millions)	2018	2017
Operating revenues		
Electric operating revenues	$ 1,493	$ 1,279
Revenues from alternative revenue programs	5	14
Operating revenues from affiliates	14	5
Total operating revenues	1,512	1,298
Operating expenses		
Purchased power	411	329
Purchased power from affiliate	194	5
Operating and maintenance	253	307
Operating and maintenance from affiliate	60	63
Depreciation and amortization	228	208
Taxes other than income	77	72
Total operating expenses	1,223	984
Gain on sales of assets	3	—
Operating income	292	314
Other income and (deductions)		
Interest expense, net	(86)	(82)
Interest expense to affiliates	(3)	(3)
Other, net	8	4
Total other income and (deductions)	(81)	(81)
Income before income taxes	211	233
Income taxes	46	92
Net income	$ 165	$ 141
Comprehensive income	$ 165	$ 141

See the Combined Notes to Consolidated Financial Statements

COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
Cash flows from operating activities		
Net income	$ 165	$ 141
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	228	208
Deferred income taxes and amortization of investment tax credits	50	137
Other non-cash operating activities	46	31
Changes in assets and liabilities:		
Accounts receivable	39	92
Receivables from and payables to affiliates, net	(19)	(16)
Inventories	5	4
Accounts payable and accrued expenses	(158)	(236)
Collateral posted, net	(3)	(7)
Income taxes	(5)	(34)
Pension and non-pension postretirement benefit contributions	(38)	(35)
Other assets and liabilities	(176)	(49)
Net cash flows provided by operating activities	134	236
Cash flows from investing activities		
Capital expenditures	(531)	(626)
Other investing activities	8	7
Net cash flows used in investing activities	(523)	(619)
Cash flows from financing activities		
Changes in short-term borrowings	317	365
Issuance of long-term debt	800	—
Retirement of long-term debt	(700)	—
Contributions from parent	113	100
Dividends paid on common stock	(114)	(105)
Other financing activities	(9)	(1)
Net cash flows provided by financing activities	407	359
Increase (Decrease) in cash, cash equivalents and restricted cash	18	(24)
Cash, cash equivalents and restricted cash at beginning of period	144	58
Cash, cash equivalents and restricted cash at end of period	$ 162	$ 34

See the Combined Notes to Consolidated Financial Statements

COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2018	December 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents	$ 70	$ 76
Restricted cash	9	5
Accounts receivable, net		
Customer	485	559
Other	290	266
Receivables from affiliates	28	13
Inventories, net	146	152
Regulatory assets	226	225
Other	82	68
Total current assets	1,336	1,364
Property, plant and equipment, net	21,010	20,723
Deferred debits and other assets		
Regulatory assets	1,125	1,054
Investments	6	6
Goodwill	2,625	2,625
Receivables from affiliates	2,464	2,528
Prepaid pension asset	1,177	1,188
Other	259	238
Total deferred debits and other assets	7,656	7,639
Total assets	$ 30,002	$ 29,726

See the Combined Notes to Consolidated Financial Statements

COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2018	December 31, 2017
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings	$ 317	$ —
Long-term debt due within one year	440	840
Accounts payable	491	568
Accrued expenses	198	327
Payables to affiliates	70	74
Customer deposits	111	112
Regulatory liabilities	212	249
Mark-to-market derivative liability	24	21
Other	82	103
Total current liabilities	1,945	2,294
Long-term debt	7,254	6,761
Long-term debt to financing trust	205	205
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	3,539	3,469
Asset retirement obligations	111	111
Non-pension postretirement benefits obligations	215	219
Regulatory liabilities	6,212	6,328
Mark-to-market derivative liability	243	235
Other	572	562
Total deferred credits and other liabilities	10,892	10,924
Total liabilities	20,296	20,184
Commitments and contingencies		
Shareholders' equity		
Common stock	1,588	1,588
Other paid-in capital	6,935	6,822
Retained deficit unappropriated	(1,639)	(1,639)
Retained earnings appropriated	2,822	2,771
Total shareholders' equity	9,706	9,542
Total liabilities and shareholders' equity	$ 30,002	$ 29,726

See the Combined Notes to Consolidated Financial Statements

COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

(In millions)	Common Stock	Other Paid-In Capital	Retained Deficit Unappropriated	Retained Earnings Appropriated	Total Shareholders' Equity
Balance, December 31, 2017	$ 1,588	$ 6,822	$ (1,639)	$ 2,771	$ 9,542
Net income	—	—	165	—	165
Appropriation of retained earnings for future dividends	—	—	(165)	165	—
Common stock dividends	—	—	—	(114)	(114)
Contributions from parent	—	113	—	—	113
Balance, March 31, 2018	$ 1,588	$ 6,935	$ (1,639)	$ 2,822	$ 9,706

See the Combined Notes to Consolidated Financial Statements

PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended March 31,	
(In millions)	2018	2017
Operating revenues		
Electric operating revenues	$ 633	$ 589
Natural gas operating revenues	232	206
Revenues from alternative revenue programs	(1)	—
Operating revenues from affiliates	2	1
Total operating revenues	866	796
Operating expenses		
Purchased power	199	156
Purchased fuel	98	86
Purchased power from affiliate	36	45
Operating and maintenance	233	174
Operating and maintenance from affiliates	42	34
Depreciation and amortization	75	71
Taxes other than income	41	38
Total operating expenses	724	604
Operating income	142	192
Other income and (deductions)		
Interest expense, net	(30)	(28)
Interest expense to affiliates	(3)	(3)
Other, net	2	2
Total other income and (deductions)	(31)	(29)
Income before income taxes	111	163
Income taxes	(2)	36
Net income	$ 113	$ 127
Comprehensive income	$ 113	$ 127

See the Combined Notes to Consolidated Financial Statements

PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
Cash flows from operating activities		
Net income	$ 113	$ 127
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	75	71
Deferred income taxes and amortization of investment tax credits	(4)	24
Other non-cash operating activities	21	23
Changes in assets and liabilities:		
Accounts receivable	(51)	(25)
Receivables from and payables to affiliates, net	7	(10)
Inventories	12	19
Accounts payable and accrued expenses	6	(40)
Income taxes	5	25
Pension and non-pension postretirement benefit contributions	(24)	(23)
Other assets and liabilities	(141)	(85)
Net cash flows provided by operating activities	19	106
Cash flows from investing activities		
Capital expenditures	(217)	(201)
Changes in Exelon intercompany money pool	—	131
Other investing activities	2	1
Net cash flows used in investing activities	(215)	(69)
Cash flows from financing activities		
Changes in short-term borrowings	220	—
Issuance of long-term debt	325	—
Retirement of long-term debt	(500)	—
Changes in Exelon intercompany money pool	194	—
Dividends paid on common stock	(287)	(72)
Other financing activities	(5)	—
Net cash flows used in financing activities	(53)	(72)
Decrease in cash, cash equivalents and restricted cash	(249)	(35)
Cash, cash equivalents and restricted cash at beginning of period	275	67
Cash, cash equivalents and restricted cash at end of period	$ 26	$ 32

See the Combined Notes to Consolidated Financial Statements

PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2018	December 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents	$ 21	$ 271
Restricted cash and cash equivalents	5	4
Accounts receivable, net		
Customer	349	327
Other	117	105
Inventories, net		
Fossil fuel	16	31
Materials and supplies	33	30
Prepaid utility taxes	97	8
Regulatory assets	78	29
Other	20	17
Total current assets	736	822
Property, plant and equipment, net	8,176	8,053
Deferred debits and other assets		
Regulatory assets	408	381
Investments	25	25
Receivable from affiliates	505	537
Prepaid pension asset	359	340
Other	9	12
Total deferred debits and other assets	1,306	1,295
Total assets	$ 10,218	$ 10,170

See the Combined Notes to Consolidated Financial Statements

PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2018	December 31, 2017
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Short-term borrowings	$ 220	$ —
Long-term debt due within one year	—	500
Accounts payable	379	370
Accrued expenses	91	114
Payables to affiliates	59	53
Borrowings from Exelon intercompany money pool	194	—
Customer deposits	66	66
Regulatory liabilities	117	141
Other	29	23
Total current liabilities	1,155	1,267
Long-term debt	2,723	2,403
Long-term debt to financing trusts	184	184
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	1,824	1,789
Asset retirement obligations	27	27
Non-pension postretirement benefits obligations	288	288
Regulatory liabilities	529	549
Other	85	86
Total deferred credits and other liabilities	2,753	2,739
Total liabilities	6,815	6,593
Commitments and contingencies		
Shareholder’s equity		
Common stock	2,489	2,489
Retained earnings	914	1,087
Accumulated other comprehensive income, net	—	1
Total shareholder’s equity	3,403	3,577
Total liabilities and shareholder's equity	$ 10,218	$ 10,170

See the Combined Notes to Consolidated Financial Statements

PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
(Unaudited)

(In millions)	Common Stock	Retained Earnings	Accumulated Other Comprehensive Income, net	Total Shareholder's Equity
Balance, December 31, 2017	$ 2,489	$ 1,087	$ 1	$ 3,577
Net income	—	113	—	113
Common stock dividends	—	(287)	—	(287)
Impact of adoption of Recognition and Measurement of Financial Assets and Liabilities standard	—	1	(1)	—
Balance, March 31, 2018	$ 2,489	$ 914	$ —	$ 3,403

See the Combined Notes to Consolidated Financial Statements

BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended March 31,	
(In millions)	2018	2017
Operating revenues		
Electric operating revenues	$ 654	$ 640
Natural gas operating revenues	330	271
Revenues from alternative revenue programs	(13)	35
Operating revenues from affiliates	6	5
Total operating revenues	977	951
Operating expenses		
Purchased power	192	133
Purchased fuel	123	83
Purchased power from affiliate	65	134
Operating and maintenance	184	148
Operating and maintenance from affiliates	37	35
Depreciation and amortization	134	128
Taxes other than income	65	62
Total operating expenses	800	723
Operating income	177	228
Other income and (deductions)		
Interest expense, net	(25)	(23)
Interest expense to affiliates	—	(4)
Other, net	4	4
Total other income and (deductions)	(21)	(23)
Income before income taxes	156	205
Income taxes	28	80
Net income	$ 128	$ 125
Comprehensive income	$ 128	$ 125

See the Combined Notes to Consolidated Financial Statements

BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
Cash flows from operating activities		
Net income	$ 128	$ 125
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	134	128
Deferred income taxes and amortization of investment tax credits	22	72
Other non-cash operating activities	20	24
Changes in assets and liabilities:		
Accounts receivable	(32)	(7)
Receivables from and payables to affiliates, net	—	(7)
Inventories	20	17
Accounts payable and accrued expenses	(9)	(81)
Income taxes	14	33
Pension and non-pension postretirement benefit contributions	(45)	(44)
Other assets and liabilities	61	(52)
Net cash flows provided by operating activities	313	208
Cash flows from investing activities		
Capital expenditures	(224)	(206)
Other investing activities	1	4
Net cash flows used in investing activities	(223)	(202)
Cash flows from financing activities		
Changes in short-term borrowings	(32)	50
Dividends paid on common stock	(52)	(49)
Net cash flows (used in) provided by financing activities	(84)	1
Increase in cash, cash equivalents and restricted cash	6	7
Cash, cash equivalents and restricted cash at beginning of period	18	50
Cash, cash equivalents and restricted cash at end of period	$ 24	$ 57

See the Combined Notes to Consolidated Financial Statements

BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2018	December 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents	$ 22	$ 17
Restricted cash and cash equivalents	2	1
Accounts receivable, net		
Customer	394	375
Other	91	94
Receivables from affiliates	—	1
Inventories, net		
Gas held in storage	12	37
Materials and supplies	45	40
Prepaid utility taxes	35	69
Regulatory assets	149	174
Other	5	3
Total current assets	755	811
Property, plant and equipment, net	7,725	7,602
Deferred debits and other assets		
Regulatory assets	391	397
Investments	5	5
Prepaid pension asset	313	285
Other	6	4
Total deferred debits and other assets	715	691
Total assets	$ 9,195	$ 9,104

See the Combined Notes to Consolidated Financial Statements

BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2018	December 31, 2017
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings	$ 45	$ 77
Accounts payable	253	265
Accrued expenses	162	164
Payables to affiliates	51	52
Customer deposits	118	116
Regulatory liabilities	102	62
Other	26	24
Total current liabilities	757	760
Long-term debt	2,578	2,577
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	1,286	1,244
Asset retirement obligations	22	23
Non-pension postretirement benefits obligations	199	202
Regulatory liabilities	1,083	1,101
Other	53	56
Total deferred credits and other liabilities	2,643	2,626
Total liabilities	5,978	5,963
Commitments and contingencies		
Shareholders' equity		
Common stock	1,605	1,605
Retained earnings	1,612	1,536
Total shareholders' equity	3,217	3,141
Total liabilities and shareholders' equity	$ 9,195	$ 9,104

See the Combined Notes to Consolidated Financial Statements

BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

(In millions)	Common Stock	Retained Earnings	Total Shareholders' Equity
Balance, December 31, 2017	$ 1,605	$ 1,536	$ 3,141
Net income	—	128	128
Common stock dividends	—	(52)	(52)
Balance, March 31, 2018	$ 1,605	$ 1,612	$ 3,217

See the Combined Notes to Consolidated Financial Statements

PEPCO HOLDINGS LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
Operating revenues		
Electric operating revenues	$ 1,151	$ 1,067
Natural gas operating revenues	78	66
Revenues from alternative revenue programs	18	30
Operating revenues from affiliates	4	12
Total operating revenues	1,251	1,175
Operating expenses		
Purchased power	374	288
Purchased fuel	41	29
Purchased power and fuel from affiliates	105	144
Operating and maintenance	271	223
Operating and maintenance from affiliates	38	33
Depreciation, amortization and accretion	183	167
Taxes other than income	113	111
Total operating expenses	1,125	995
Operating income	126	180
Other income and (deductions)		
Interest expense, net	(63)	(62)
Other, net	11	13
Total other income and (deductions)	(52)	(49)
Income before income taxes	74	131
Income taxes	9	(9)
Net income	$ 65	$ 140
Comprehensive income	$ 65	$ 140

See the Combined Notes to Consolidated Financial Statements

PEPCO HOLDINGS LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
Cash flows from operating activities		
Net income	$ 65	$ 140
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	183	167
Deferred income taxes and amortization of investment tax credits	17	13
Other non-cash operating activities	53	(8)
Changes in assets and liabilities:		
Accounts receivable	(9)	68
Receivables from and payables to affiliates, net	10	(8)
Inventories	4	(11)
Accounts payable and accrued expenses	44	(81)
Income taxes	(9)	55
Pension and non-pension postretirement benefit contributions	(55)	(66)
Other assets and liabilities	(24)	(75)
Net cash flows provided by operating activities	279	194
Cash flows from investing activities		
Capital expenditures	(258)	(320)
Other investing activities	—	(3)
Net cash flows used in investing activities	(258)	(323)
Cash flows from financing activities		
Changes in short-term borrowings	57	145
Repayments of short-term borrowings with maturities greater than 90 days	—	(500)
Issuance of long-term debt	—	1
Retirement of long-term debt	(12)	(24)
Distributions to member	(71)	(69)
Contributions from member	—	500
Change in Exelon intercompany money pool	13	13
Net cash flows (used in) provided by financing activities	(13)	66
Increase (Decrease) in cash, cash equivalents and restricted cash	8	(63)
Cash, cash equivalents and restricted cash at beginning of period	95	236
Cash, cash equivalents and restricted cash at end of period	$ 103	$ 173

See the Combined Notes to Consolidated Financial Statements

PEPCO HOLDINGS LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2018	December 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents	$ 43	$ 30
Restricted cash and cash equivalents	40	42
Accounts receivable, net		
Customer	484	486
Other	210	206
Inventories, net		
Gas held in storage	2	7
Materials and supplies	152	151
Regulatory assets	507	554
Other	55	75
Total current assets	1,493	1,551
Property, plant and equipment, net	12,688	12,498
Deferred debits and other assets		
Regulatory assets	2,453	2,493
Investments	132	132
Goodwill	4,005	4,005
Long-term note receivable	4	4
Prepaid pension asset	527	490
Deferred income taxes	4	4
Other	69	70
Total deferred debits and other assets	7,194	7,198
Total assets [(a)]	$ 21,375	$ 21,247

See the Combined Notes to Consolidated Financial Statements

PEPCO HOLDINGS LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2018	December 31, 2017
LIABILITIES AND MEMBER'S EQUITY		
Current liabilities		
Short-term borrowings	$ 407	$ 350
Long-term debt due within one year	385	396
Accounts payable	469	348
Accrued expenses	246	261
Payables to affiliates	100	90
Borrowings from Exelon intercompany money pool	13	—
Unamortized energy contract liabilities	162	188
Customer deposits	114	119
Merger related obligation	42	42
Regulatory liabilities	77	56
Other	52	81
Total current liabilities	2,067	1,931
Long-term debt	5,464	5,478
Deferred credits and other liabilities		
Regulatory liabilities	1,888	1,872
Deferred income taxes and unamortized investment tax credits	2,103	2,070
Asset retirement obligations	16	16
Non-pension postretirement benefit obligations	102	105
Unamortized energy contract liabilities	539	561
Other	377	389
Total deferred credits and other liabilities	5,025	5,013
Total liabilities [(a)]	12,556	12,422
Commitments and contingencies		
Member's equity		
Membership interest	8,835	8,835
Undistributed earnings (losses)	(16)	(10)
Total member's equity	8,819	8,825
Total liabilities and member's equity	$ 21,375	$ 21,247

(a) PHI's consolidated total assets include $39 million and $41 million at March 31, 2018 and December 31, 2017 , respectively, of PHI's consolidated VIE that can only be used to settle the liabilities of the VIE. PHI's consolidated total liabilities include $95 million and $102 million at March 31, 2018 and December 31, 2017 , respectively, of PHI's consolidated VIE for which the VIE creditors do not have recourse to PHI. See Note 3 — Variable Interest Entities .

See the Combined Notes to Consolidated Financial Statements

PEPCO HOLDINGS LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Unaudited)

(In millions)	Membership Interest	Undistributed Earnings (Losses)	Member's Equity
Balance, December 31, 2017	$ 8,835	$ (10)	$ 8,825
Net income	—	65	65
Distribution to member	—	(71)	(71)
Balance, March 31, 2018	$ 8,835	$ (16)	$ 8,819

See the Combined Notes to Consolidated Financial Statements

POTOMAC ELECTRIC POWER COMPANY
STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
Operating revenues		
Electric operating revenues	$ 536	$ 514
Revenues from alternative revenue programs	19	15
Operating revenues from affiliates	2	1
Total operating revenues	557	530
Operating expenses		
Purchased power	130	83
Purchased power from affiliates	52	83
Operating and maintenance	73	101
Operating and maintenance from affiliates	57	12
Depreciation and amortization	96	82
Taxes other than income	93	90
Total operating expenses	501	451
Operating income	56	79
Other income and (deductions)		
Interest expense, net	(31)	(29)
Other, net	8	8
Total other income and (deductions)	(23)	(21)
Income before income taxes	33	58
Income taxes	2	—
Net income	$ 31	$ 58
Comprehensive income	$ 31	$ 58

See the Combined Notes to Consolidated Financial Statements

POTOMAC ELECTRIC POWER COMPANY
STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
Cash flows from operating activities		
Net income	$ 31	$ 58
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	96	82
Deferred income taxes and amortization of investment tax credits	4	5
Other non-cash operating activities	10	(15)
Changes in assets and liabilities:		
Accounts receivable	—	45
Receivables from and payables to affiliates, net	(18)	(6)
Inventories	(2)	(10)
Accounts payable and accrued expenses	36	(49)
Income taxes	(3)	20
Pension and non-pension postretirement benefit contributions	(7)	(64)
Other assets and liabilities	(21)	(37)
Net cash flows provided by operating activities	126	29
Cash flows from investing activities		
Capital expenditures	(127)	(139)
Other investing activities	—	(5)
Net cash flows used in investing activities	(127)	(144)
Cash flows from financing activities		
Changes in short-term borrowings	34	144
Issuance of long-term debt	—	1
Dividends paid on common stock	(25)	(30)
Other financing activities	—	(1)
Net cash flows provided by financing activities	9	114
Increase (decrease) in cash, cash equivalents and restricted cash	8	(1)
Cash, cash equivalents and restricted cash at beginning of period	40	42
Cash, cash equivalents and restricted cash at end of period	$ 48	$ 41

See the Combined Notes to Consolidated Financial Statements

POTOMAC ELECTRIC POWER COMPANY
BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2018	December 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents	$ 15	$ 5
Restricted cash and cash equivalents	33	35
Accounts receivable, net		
Customer	246	250
Other	87	87
Inventories, net	89	87
Regulatory assets	207	213
Other	19	33
Total current assets	696	710
Property, plant and equipment, net	6,095	6,001
Deferred debits and other assets		
Regulatory assets	656	678
Investments	104	102
Prepaid pension asset	323	322
Other	22	19
Total deferred debits and other assets	1,105	1,121
Total assets	$ 7,896	$ 7,832

See the Combined Notes to Consolidated Financial Statements

POTOMAC ELECTRIC POWER COMPANY
BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2018	December 31, 2017
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Short-term borrowings	$ 60	$ 26
Long-term debt due within one year	19	19
Accounts payable	181	139
Accrued expenses	145	137
Payables to affiliates	56	74
Customer deposits	52	54
Regulatory liabilities	7	3
Merger related obligation	42	42
Current portion of DC PLUG obligation	30	28
Other	8	28
Total current liabilities	600	550
Long-term debt	2,521	2,521
Deferred credits and other liabilities		
Regulatory liabilities	838	829
Deferred income taxes and unamortized investment tax credits	1,076	1,063
Non-pension postretirement benefit obligations	34	36
Other	288	300
Total deferred credits and other liabilities	2,236	2,228
Total liabilities	5,357	5,299
Commitments and contingencies		
Shareholder's equity		
Common stock	1,470	1,470
Retained earnings	1,069	1,063
Total shareholder's equity	2,539	2,533
Total liabilities and shareholder's equity	$ 7,896	$ 7,832

See the Combined Notes to Consolidated Financial Statements

POTOMAC ELECTRIC POWER COMPANY
STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
(Unaudited)

(In millions)	Common Stock	Retained Earnings	Total Shareholder's Equity
Balance, December 31, 2017	$ 1,470	$ 1,063	$ 2,533
Net income	—	31	31
Common stock dividends	—	(25)	(25)
Balance, March 31, 2018	$ 1,470	$ 1,069	$ 2,539

See the Combined Notes to Consolidated Financial Statements

DELMARVA POWER & LIGHT COMPANY
STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
Operating revenues		
Electric operating revenues	$ 303	$ 285
Natural gas operating revenues	78	66
Revenues from alternative revenue programs	1	9
Operating revenues from affiliates	2	2
Total operating revenues	384	362
Operating expenses		
Purchased power	90	77
Purchased fuel	41	29
Purchased power from affiliate	46	51
Operating and maintenance	57	66
Operating and maintenance from affiliates	41	7
Depreciation and amortization	45	39
Taxes other than income	15	15
Total operating expenses	335	284
Operating income	49	78
Other income and (deductions)		
Interest expense, net	(13)	(13)
Other, net	2	3
Total other income and (deductions)	(11)	(10)
Income before income taxes	38	68
Income taxes	7	11
Net income	$ 31	$ 57
Comprehensive income	$ 31	$ 57

See the Combined Notes to Consolidated Financial Statements

DELMARVA POWER & LIGHT COMPANY
STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
Cash flows from operating activities		
Net income	$ 31	$ 57
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	45	39
Deferred income taxes and amortization of investment tax credits	10	13
Other non-cash operating activities	19	(7)
Changes in assets and liabilities:		
Accounts receivable	(1)	6
Receivables from and payables to affiliates, net	(16)	1
Inventories	7	1
Accounts payable and accrued expenses	18	14
Income Taxes	(5)	21
Other assets and liabilities	7	(23)
Net cash flows provided by operating activities	115	122
Cash flows from investing activities		
Capital expenditures	(65)	(82)
Other investing activities	—	2
Net cash flows used in investing activities	(65)	(80)
Cash flows from financing activities		
Changes in short-term borrowings	(5)	—
Retirement of long-term debt	(4)	(14)
Dividends paid on common stock	(36)	(30)
Net cash flows used in financing activities	(45)	(44)
Increase (Decrease) in cash, cash equivalents and restricted cash	5	(2)
Cash, cash equivalents and restricted cash at beginning of period	2	46
Cash, cash equivalents and restricted cash at end of period	$ 7	$ 44

See the Combined Notes to Consolidated Financial Statements

DELMARVA POWER & LIGHT COMPANY
BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2018	December 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents	$ 7	$ 2
Accounts receivable, net		
Customer	141	146
Other	43	38
Receivables from affiliates	2	—
Inventories, net		
Gas held in storage	2	7
Materials and supplies	34	36
Regulatory assets	63	69
Other	22	27
Total current assets	314	325
Property, plant and equipment, net	3,620	3,579
Deferred debits and other assets		
Regulatory assets	242	245
Goodwill	8	8
Prepaid pension asset	192	193
Other	7	7
Total deferred debits and other assets	449	453
Total assets	$ 4,383	$ 4,357

See the Combined Notes to Consolidated Financial Statements

DELMARVA POWER & LIGHT COMPANY
BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2018	December 31, 2017
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Short-term borrowings	$ 211	$ 216
Long-term debt due within one year	79	83
Accounts payable	106	82
Accrued expenses	43	35
Payables to affiliates	32	46
Customer deposits	34	35
Regulatory liabilities	48	42
Other	5	8
Total current liabilities	558	547
Long-term debt	1,217	1,217
Deferred credits and other liabilities		
Regulatory liabilities	598	593
Deferred income taxes and unamortized investment tax credits	618	603
Non-pension postretirement benefit obligations	13	14
Other	49	48
Total deferred credits and other liabilities	1,278	1,258
Total liabilities	3,053	3,022
Commitments and contingencies		
Shareholder's equity		
Common stock	764	764
Retained earnings	566	571
Total shareholder's equity	1,330	1,335
Total liabilities and shareholder's equity	$ 4,383	$ 4,357

See the Combined Notes to Consolidated Financial Statements

DELMARVA POWER & LIGHT COMPANY
STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
(Unaudited)

(In millions)	Common Stock	Retained Earnings	Total Shareholder's Equity
Balance, December 31, 2017	$ 764	$ 571	$ 1,335
Net income	—	31	31
Common stock dividends	—	(36)	(36)
Balance, March 31, 2018	$ 764	$ 566	$ 1,330

See the Combined Notes to Consolidated Financial Statements

ATLANTIC CITY ELECTRIC COMPANY AND SUBSIDIARY COMPANY
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
Operating revenues		
Electric operating revenues	$ 311	$ 268
Revenues from alternative revenue programs	(2)	6
Operating revenues from affiliates	1	1
Total operating revenues	310	275
Operating expenses		
Purchased power	155	128
Purchased power from affiliates	6	9
Operating and maintenance	54	69
Operating and maintenance from affiliates	36	7
Depreciation and amortization	33	35
Taxes other than income	3	2
Total operating expenses	287	250
Operating income	23	25
Other income and (deductions)		
Interest expense, net	(16)	(15)
Other, net	1	2
Total other income and (deductions)	(15)	(13)
Income before income taxes	8	12
Income taxes	1	(16)
Net income	$ 7	$ 28
Comprehensive income	$ 7	$ 28

See the Combined Notes to Consolidated Financial Statements

ATLANTIC CITY ELECTRIC COMPANY AND SUBSIDIARY COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
Cash flows from operating activities		
Net income	$ 7	$ 28
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	33	35
Deferred income taxes and amortization of investment tax credits	2	(7)
Other non-cash operating activities	9	2
Changes in assets and liabilities:		
Accounts receivable	(5)	14
Receivables from and payables to affiliates, net	(4)	(5)
Inventories	—	(1)
Accounts payable and accrued expenses	30	(5)
Income taxes	—	3
Pension and non-pension postretirement benefit contributions	(6)	—
Other assets and liabilities	(7)	(6)
Net cash flows provided by operating activities	59	58
Cash flows from investing activities		
Capital expenditures	(63)	(88)
Other investing activities	(1)	1
Net cash flows used in investing activities	(64)	(87)
Cash flows from financing activities		
Changes in short-term borrowings	28	—
Retirement of long-term debt	(8)	(10)
Dividends paid on common stock	(9)	(10)
Net cash flows provided by (used in) financing activities	11	(20)
Increase (Decrease) in cash, cash equivalents and restricted cash	6	(49)
Cash, cash equivalents and restricted cash at beginning of period	31	133
Cash, cash equivalents and restricted cash at end of period	$ 37	$ 84

See the Combined Notes to Consolidated Financial Statements

ATLANTIC CITY ELECTRIC COMPANY AND SUBSIDIARY COMPANY
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2018	December 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents	$ 10	$ 2
Restricted cash and cash equivalents	7	6
Accounts receivable, net		
Customer	97	92
Other	51	56
Receivables from affiliates	1	—
Inventories, net	29	29
Regulatory assets	64	71
Other	4	2
Total current assets	263	258
Property, plant and equipment, net	2,767	2,706
Deferred debits and other assets		
Regulatory assets	377	359
Long-term note receivable	4	4
Prepaid pension asset	76	73
Other	43	45
Total deferred debits and other assets	500	481
Total assets [(a)]	$ 3,530	$ 3,445

See the Combined Notes to Consolidated Financial Statements

ATLANTIC CITY ELECTRIC COMPANY AND SUBSIDIARY COMPANY
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	March 31, 2018	December 31, 2017
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Short-term borrowings	$ 136	$ 108
Long-term debt due within one year	278	281
Accounts payable	166	118
Accrued expenses	41	33
Payables to affiliates	26	29
Customer deposits	28	31
Regulatory liabilities	21	11
Other	7	8
Total current liabilities	703	619
Long-term debt	836	840
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	496	493
Non-pension postretirement benefit obligations	14	14
Regulatory liabilities	416	411
Other	24	25
Total deferred credits and other liabilities	950	943
Total liabilities [(a)]	2,489	2,402
Commitments and contingencies		
Shareholder's equity		
Common stock	912	912
Retained earnings	129	131
Total shareholder's equity	1,041	1,043
Total liabilities and shareholder's equity	$ 3,530	$ 3,445

(a) ACE's consolidated total assets include $27 million and $29 million at March 31, 2018 and December 31, 2017 , respectively, of ACE's consolidated VIE that can only be used to settle the liabilities of the VIE. ACE's consolidated total liabilities include $83 million and $90 million at March 31, 2018 and December 31, 2017 , respectively, of ACE's consolidated VIE for which the VIE creditors do not have recourse to ACE. See Note 3 — Variable Interest Entities .

See the Combined Notes to Consolidated Financial Statements

ATLANTIC CITY ELECTRIC COMPANY AND SUBSIDIARY COMPANY
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
(Unaudited)

(In millions)	Common Stock	Retained Earnings	Total Shareholder's Equity
Balance, December 31, 2017	$ 912	$ 131	$ 1,043
Net income	—	7	7
Common stock dividends	—	(9)	(9)
Balance, March 31, 2018	$ 912	$ 129	$ 1,041

See the Combined Notes to Consolidated Financial Statements

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in millions, except per share data, unless otherwise noted)

Index to Combined Notes To Consolidated Financial Statements

The notes to the consolidated financial statements that follow are a combined presentation. The following list indicates the Registrants to which the footnotes apply:

Applicable Notes

Registrant	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
Exelon Corporation	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.
Exelon Generation Company, LLC	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.		.	.	.
Commonwealth Edison Company	.	.	.		.	.			.	.	.	.		.			.	.	.
PECO Energy Company	.	.	.		.	.			.	.	.	.		.	.		.	.	.
Baltimore Gas and Electric Company	.	.	.		.	.			.	.	.	.		.			.	.	.
Pepco Holdings LLC	.	.	.		.	.			.	.	.	.		.			.	.	.
Potomac Electric Power Company	.	.	.		.	.			.	.	.	.		.			.	.	.
Delmarva Power & Light Company	.	.	.		.	.			.	.	.	.		.			.	.	.
Atlantic City Electric Company	.	.	.		.	.			.	.	.	.		.			.	.	.

1 . Significant Accounting Policies (All Registrants)

Description of Business (All Registrants)

Exelon is a utility services holding company engaged through its principal subsidiaries in the energy generation and energy distribution and transmission businesses.

Name of Registrant	Business	Service Territories
Exelon Generation Company, LLC	Generation, physical delivery and marketing of power across multiple geographical regions through its customer-facing business, Constellation, which sells electricity to both wholesale and retail customers. Generation also sells natural gas, renewable energy and other energy-related products and services.	Six reportable segments: Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Power Regions
Commonwealth Edison Company	Purchase and regulated retail sale of electricity Transmission and distribution of electricity to retail customers	Northern Illinois, including the City of Chicago
PECO Energy Company	Purchase and regulated retail sale of electricity and natural gas Transmission and distribution of electricity and distribution of natural gas to retail customers	Southeastern Pennsylvania, including the City of Philadelphia (electricity) Pennsylvania counties surrounding the City of Philadelphia (natural gas)
Baltimore Gas and Electric Company	Purchase and regulated retail sale of electricity and natural gas Transmission and distribution of electricity and distribution of natural gas to retail customers	Central Maryland, including the City of Baltimore (electricity and natural gas)
Pepco Holdings LLC	Utility services holding company engaged, through its reportable segments Pepco, DPL and ACE	Service Territories of Pepco, DPL and ACE
Potomac Electric Power Company	Purchase and regulated retail sale of electricity Transmission and distribution of electricity to retail customers	District of Columbia, and major portions of Montgomery and Prince George's Counties, Maryland
Delmarva Power & Light Company	Purchase and regulated retail sale of electricity and natural gas Transmission and distribution of electricity and distribution of natural gas to retail customers	Portions of Delaware and Maryland (electricity) Portions of New Castle County, Delaware (natural gas)
Atlantic City Electric Company	Purchase and regulated retail sale of electricity Transmission and distribution of electricity to retail customers	Portions of Southern New Jersey

Basis of Presentation (All Registrants)

Each of the Registrant's Consolidated Financial Statements includes the accounts of its subsidiaries. All intercompany transactions have been eliminated.

The accompanying consolidated financial statements as of March 31, 2018 and 2017 and for the three months then ended are unaudited but, in the opinion of the management of each Registrant include all adjustments that are considered necessary for a fair statement of the Registrants' respective financial statements in accordance with GAAP. All adjustments are of a normal, recurring nature, except as otherwise disclosed. The December 31, 2017 revised Consolidated Balance Sheets were derived from audited financial statements. Financial results for interim periods are not necessarily indicative of results that may be expected for any other interim period or for the fiscal year ending December 31, 2018 . These Combined Notes to Consolidated Financial Statements have been prepared pursuant to the rules and regulations of the SEC for Quarterly Reports on Form 10-Q. Certain information and note disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations.

Prior Period Adjustments and Reclassifications (All Registrants)

In the second quarter of 2017, errors were identified related to the Exelon, Generation, ComEd, PECO and BGE Consolidated Statements of Cash Flows for the three months ended March 31, 2017. These classification errors related to the presentation of changes in Accounts payable and accrued expenses and Accounts receivable within Cash flows provided by operating activities and Capital expenditures and Proceeds from sale of long-lived assets within Cash flows used in investing activities. These errors have been corrected in Exelon's, Generation's, ComEd's, PECO's, and BGE's Consolidated Statements of Cash Flows for the three months ended March 31, 2017 that are presented in this first quarter 2018 Form 10-Q. As revised, the Cash flows provided by operating activities for the three months ended March 31, 2017 are $1,074 million , $420 million , $236 million , $106 million and $208 million for Exelon, Generation, ComEd, PECO and BGE, respectively, an increase (decrease) of $(127) million , $(320) million , $91 million , $42 million and $40 million for Exelon, Generation, ComEd, PECO and BGE, respectively, from the originally reported amounts. As revised, the Cash flows used in investing activities are $2,283 million , $910 million , $619 million , $69 million and $202 million for Exelon, Generation, ComEd, PECO and BGE, respectively, an increase (decrease) of $(127) million , $(320) million , $91 million , $42 million and $40 million for Exelon, Generation, ComEd, PECO and BGE, respectively, from the originally reported amounts. Management concluded that the errors are not material to the previously issued financial statements.

Certain prior year amounts in the Registrants' Consolidated Statements of Operations and Comprehensive Income, Consolidated Statements of Cash Flows, Consolidated Balance Sheets and Consolidated Statements of Changes in Shareholders' Equity have been recasted to reflect new accounting standards issued by the FASB and adopted as of January 1, 2018.

Beginning on January 1, 2018, Exelon adopted the following new accounting standards requiring reclassification or adjustments to previously reported information as follows:

- *Statement of Cash Flows: Classification of Restricted Cash.* The Registrants applied the new guidance using the full retrospective method and, accordingly, have recasted the presentation of restricted cash in their Consolidated Statements of Cash Flows in the prior periods presented. See Note 18 — Supplemental Financial Information for further information.

- *Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income* . Exelon early adopted and retrospectively applied the new guidance to when the effects of the TCJA were recognized and, accordingly, recasted its December 31, 2017 AOCI and retained earnings in its Consolidated Balance Sheet and Consolidated Statement of Changes in Shareholders' Equity. Exelon's accounting policy is to release the stranded tax effects from AOCI related to its pension and OPEB plans under a portfolio (or aggregate) approach as an entire pension or OPEB plan is liquidated or terminated. See Note 2 — New Accounting Standards for further information.

- *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost.* Exelon applied this guidance retrospectively for the presentation of the service and other non-service costs components of net benefit cost and, accordingly, have recasted those amounts, which were not material, in its Consolidated Statement of Operations and Comprehensive Income in prior periods presented. As part of the adoption, Exelon elected the practical expedient that permits an employer to use the amounts disclosed in its pension and other postretirement benefit plan note for the comparative periods as the estimation basis for applying the retrospective presentation requirements. See Note 14 — Retirement Benefits for further information.

- *Revenue from Contracts with Customers* . The Registrants applied the new guidance using the full retrospective method and, accordingly, have recasted certain amounts in their Consolidated

Statements of Operations and Comprehensive Income, Consolidated Statements of Cash Flows, Consolidated Balance Sheets, Consolidated Statements of Changes in Shareholders' Equity and Combined Notes to Consolidated Financial Statements in the prior periods presented. The amounts recasted in the Registrants' Consolidated Statements of Operations and Comprehensive Income are shown in the table below. The amounts recasted in the Registrants' Consolidated Statements of Cash Flows, Consolidated Balance Sheets, Consolidated Statements of Changes in Shareholders' Equity and Combined Notes to Consolidated Financial Statements were not material. See Note 5 — Revenue from Contracts with Customers for further information.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Three Months Ended March 31, 2017	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Operating Revenues - As reported									
Competitive business revenues	$ 4,560	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Rate-regulated utility revenues	4,197	—	—	—	—	—	—	—	—
Operating revenues	—	4,558	—	—	—	—	—	—	—
Electric operating revenues	—	—	1,293	589	665	1,097	529	294	274
Natural gas operating revenues	—	—	—	206	281	66	—	66	—
Operating revenues from affiliates	—	330	5	1	5	12	1	2	1
Total operating revenues	$ 8,757	$ 4,888	$ 1,298	$ 796	$ 951	$ 1,175	$ 530	$ 362	$ 275
Operating Revenues - Adjustments									
Competitive business revenues	$ (10)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Rate-regulated utility revenues	(79)	—	—	—	—	—	—	—	—
Operating revenues	—	(10)	—	—	—	—	—	—	—
Electric operating revenues	—	—	(14)	—	(25)	(30)	(15)	(9)	(6)
Natural gas operating revenues	—	—	—	—	(10)	—	—	—	—
Revenues from alternative revenue programs	79	—	14	—	35	30	15	9	6
Operating revenues from affiliates	—	—	—	—	—	—	—	—	—
Total operating revenues	$ (10)	$ (10)	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Operating Revenues - Retrospective application									
Competitive business revenues	$ 4,550	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Rate-regulated utility revenues	4,118	—	—	—	—	—	—	—	—
Operating revenues	—	4,548	—	—	—	—	—	—	—
Electric operating revenues	—	—	1,279	589	640	1,067	514	285	268
Natural gas operating revenues	—	—	—	206	271	66	—	66	—
Revenues from alternative revenue programs	79	—	14	—	35	30	15	9	6
Operating revenues from affiliates	—	330	5	1	5	12	1	2	1
Total operating revenues	$ 8,747	$ 4,878	$ 1,298	$ 796	$ 951	$ 1,175	$ 530	$ 362	$ 275

Revenues (All Registrants)

Operating Revenues . The Registrants' operating revenues generally consist of revenues from contracts with customers involving the sale and delivery of energy commodities and related products and services, utility revenues from alternative revenue programs (ARP), and realized and unrealized revenues recognized under mark-to-market energy commodity derivative contracts. The Registrants recognize revenue from contracts with customers to depict the transfer of goods or services to customers in an amount that the entities expect to be entitled to in exchange for those goods or services. Generation's primary sources of revenue include competitive sales of power, natural gas, and other energy-related products and services. The Utility Registrants' primary sources of revenue include regulated electric and natural gas tariff sales, distribution and transmission services. At the end of each month, the Registrants accrue an estimate for the unbilled amount of energy delivered or services provided to customers.

ComEd records ARP revenue for its best estimate of the electric distribution, energy efficiency, and transmission revenue impacts resulting from future changes in rates that ComEd believes are probable of approval by the ICC and FERC in accordance with its formula rate mechanisms. BGE, Pepco and DPL record ARP revenue for their best estimate of the electric and natural gas distribution revenue impacts resulting from future changes in rates that they believe are probable of approval by the MDPSC and/or DCPSC in accordance with their revenue decoupling mechanisms. PECO, BGE, Pepco, DPL and ACE record ARP revenue for their best estimate of the transmission revenue impacts resulting from future changes in rates that they believe are probable of approval by FERC in accordance with their formula rate mechanisms. See Note 5 — Revenue from Contracts with Customers and Note 6 — Regulatory Matters for further information.

RTOs and ISOs . In RTO and ISO markets that facilitate the dispatch of energy and energy-related products, the Registrants generally report sales and purchases conducted on a net hourly basis in either revenues or purchased power on their Consolidated Statements of Operations and Comprehensive Income, the classification of which depends on the net hourly sale or purchase position. In addition, capacity revenue and expense classification is based on the net sale or purchase position of the Registrants in the different RTOs and ISOs.

Option Contracts, Swaps and Commodity Derivatives . Certain option contracts and swap arrangements that meet the definition of derivative instruments are recorded at fair value with subsequent changes in fair value recognized as revenue or expense. The classification of revenue or expense is based on the intent of the transaction. For example, gas transactions may be used to hedge the sale of power. This will result in the change in fair value recorded through revenue. To the extent a Utility Registrant receives full cost recovery for energy procurement and related costs from retail customers, it records the fair value of its energy swap contracts with unaffiliated suppliers as well as an offsetting regulatory asset or liability on its Consolidated Balance Sheets. Refer to Note 6 — Regulatory Matters and Note 10 — Derivative Financial Instruments for further information.

Taxes Directly Imposed on Revenue-Producing Transactions. The Registrants collect certain taxes from customers such as sales and gross receipts taxes, along with other taxes, surcharges and fees that are levied by state or local governments on the sale or distribution of natural gas and electricity. Some of these taxes are imposed on the customer, but paid by the Registrants, while others are imposed directly on the Registrants. The Registrants do not recognize revenue or expense in their Consolidated Statements of Operations and Comprehensive Income when these taxes are imposed on the customer, such as sales taxes. However, when these taxes are imposed directly on the Registrants, such as gross receipts taxes or other surcharges or fees, the Registrants recognize revenue for the taxes collected from customers along with an offsetting expense. See Note 18 — Supplemental Financial Information for Generation's, ComEd's, PECO's, BGE's, Pepco's, DPL's and ACE's utility taxes that are presented on a gross basis.

2 . New Accounting Standards (All Registrants)

New Accounting Standards Adopted: In 2018, the Registrants have adopted the following new authoritative accounting guidance issued by the FASB.

Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income (Issued February 2018): Provides an election for a reclassification from AOCI to Retained earnings to eliminate the stranded tax effects resulting from the TCJA. This standard is effective January 1, 2019, with early adoption permitted, and may be applied either in the period of adoption or retrospective to each period in which the effects of the TCJA were recognized. Exelon early adopted this standard during the first quarter 2018 and elected to apply the guidance retrospectively as of December 31, 2017, which resulted in an increase to Exelon's Retained earnings and Accumulated other comprehensive loss of $539 million related to deferred income taxes associated with Exelon's pension and OPEB obligations. There was no impact for Generation, ComEd, PECO, BGE, PHI, Pepco, DPL or ACE.

See Note 1 — Significant Accounting Policies of the Exelon 2017 Form 10-K for information on other new accounting standards issued and adopted as of January 1, 2018.

New Accounting Standards Issued and Not Yet Adopted as of March 31, 2018: The following new authoritative accounting guidance issued by the FASB has not yet been adopted and reflected by the Registrants in their consolidated financial statements as of March 31, 2018. Unless otherwise indicated, the Registrants are currently assessing the impacts such guidance may have (which could be material) on their Consolidated Balance Sheets, Consolidated Statements of Operations and Comprehensive Income, Consolidated Statements of Cash Flows and disclosures, as well as the potential to early adopt where applicable. The Registrants have assessed other FASB issuances of new standards which are not listed below given the current expectation that such standards will not significantly impact the Registrants' financial reporting.

Leases (Issued February 2016): Increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The standard is effective January 1, 2019. Early adoption is permitted, however the Registrants will not early adopt the standard. The issued guidance required a modified retrospective transition approach, which requires lessees and lessors to recognize and measure leases at the beginning of the earliest period presented (January 1, 2017). In January 2018, the FASB proposed amending the standard to give entities another option for transition. The proposed transition method would allow entities to initially apply the requirements of the standard in the period of adoption (January 1, 2019). The Registrants will assess this transition option when the FASB issues the standard.

The new guidance requires lessees to recognize both the right-of-use assets and lease liabilities in the balance sheet for most leases, whereas today only finance lease liabilities (referred to as capital leases) are recognized in the balance sheet. In addition, the definition of a lease has been revised which may result in changes to the classification of an arrangement as a lease. Under the new guidance, an arrangement that conveys the right to control the use of an identified asset by obtaining substantially all of its economic benefits and directing how it is used is a lease, whereas the current definition focuses on the ability to control the use of the asset or to obtain its output. Quantitative and qualitative disclosures related to the amount, timing and judgments of an entity's accounting for leases and the related cash flows are expanded. Disclosure requirements apply to both lessees and lessors, whereas current disclosures relate only to lessees. Significant changes to lease systems, processes and procedures are required to implement the requirements of the new standard. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee have not significantly changed from current GAAP. Lessor accounting is also largely unchanged.

The standard provides a number of transition practical expedients that entities may elect. These include a "package of three" expedients that must be taken together and allow entities to (1) not reassess

whether existing contracts contain leases, (2) carryforward the existing lease classification, and (3) not reassess initial direct costs associated with existing leases. The Registrants expect to elect this practical expedient.

In January 2018, the FASB issued additional guidance which provides another optional transition practical expedient. This practical expedient allows entities to not evaluate land easements under the new guidance at adoption if they were not previously accounted for as leases.

The Registrants have assessed the lease standard and are executing a detailed implementation plan in preparation for adoption on January 1, 2019. Key activities in the implementation plan include:

- Developing a complete lease inventory and abstracting the required data attributes into a lease accounting system that supports the Registrants' lease portfolios and integrates with existing systems.
- Evaluating the transition practical expedients available under the guidance.
- Identifying, assessing and documenting technical accounting issues, policy considerations and financial reporting implications which includes completing a detailed contract assessment for a sample of transactions to determine whether they are leases under the new guidance.
- Identifying and implementing changes to processes and controls to ensure all impacts of the new guidance are effectively addressed.

Impairment of Financial Instruments (Issued June 2016): Provides for a new Current Expected Credit Loss (CECL) impairment model for specified financial instruments including loans, trade receivables, debt securities classified as held-to-maturity investments and net investments in leases recognized by a lessor. Under the new guidance, on initial recognition and at each reporting period, an entity is required to recognize an allowance that reflects the entity's current estimate of credit losses expected to be incurred over the life of the financial instrument. The standard does not make changes to the existing impairment models for non-financial assets such as fixed assets, intangibles and goodwill. The standard will be effective January 1, 2020 (with early adoption as of January 1, 2019 permitted) and requires a modified retrospective transition approach through a cumulative-effect adjustment to retained earnings as of the beginning of the period of adoption.

Goodwill Impairment (Issued January 2017): Simplifies the accounting for goodwill impairment by removing Step 2 of the current test, which requires calculation of a hypothetical purchase price allocation. Under the revised guidance, goodwill impairment will be measured as the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill (currently Step 1 of the two-step impairment test). Entities will continue to have the option to perform a qualitative assessment to determine if a quantitative impairment test is necessary. Exelon, Generation, ComEd, PHI and DPL have goodwill as of March 31, 2018 . This updated guidance is not currently expected to impact the Registrants' financial reporting. The standard is effective January 1, 2020, with early adoption permitted, and must be applied on a prospective basis.

Derivatives and Hedging (Issued September 2017): Allows more financial and nonfinancial hedging strategies to be eligible for hedge accounting. The amendments are intended to more closely align hedge accounting with companies' risk management strategies, simplify the application of hedge accounting, and increase transparency as to the scope and results of hedging programs. There are also amendments related to effectiveness testing and disclosure requirements. The guidance is effective January 1, 2019 and early adoption is permitted with a modified retrospective transition approach. The Registrants are currently assessing this standard but do not currently expect a significant impact given the limited activity for which the Registrants elect hedge accounting and because the Registrants do not anticipate increasing their use of hedge accounting as a result of this standard.

3 . Variable Interest Entities (All Registrants)

A VIE is a legal entity that possesses any of the following characteristics: an insufficient amount of equity at risk to finance its activities, equity owners who do not have the power to direct the significant activities of the entity (or have voting rights that are disproportionate to their ownership interest) or equity owners who do not have the obligation to absorb expected losses or the right to receive the expected residual returns of the entity. Companies are required to consolidate a VIE if they are its primary beneficiary, which is the enterprise that has the power to direct the activities that most significantly affect the entity's economic performance.

At March 31, 2018 and December 31, 2017 , Exelon, Generation, PHI and ACE collectively consolidated five VIEs or VIE groups for which the applicable Registrant was the primary beneficiary (*see Consolidated Variable Interest Entities below)* . As of March 31, 2018 and December 31, 2017 , Exelon and Generation collectively had significant interests in seven other VIEs for which the applicable Registrant does not have the power to direct the entities' activities and, accordingly, was not the primary beneficiary (*see Unconsolidated Variable Interest Entities below)* .

Consolidated Variable Interest Entities

As of March 31, 2018 and December 31, 2017 , Exelon's and Generation's consolidated VIEs consist of:

- energy related companies involved in distributed generation, backup generation and energy development
- renewable energy project companies formed by Generation to build, own and operate renewable power facilities
- certain retail power and gas companies for which Generation is the sole supplier of energy, and
- CENG.

As of March 31, 2018 and December 31, 2017 , Exelon's, PHI's and ACE's consolidated VIE consist of:

- ATF , a special purpose entity formed by ACE for the purpose of securitizing authorized portions of ACE's recoverable stranded costs through the issuance and sale of transition bonds.

As of March 31, 2018 and December 31, 2017 , ComEd, PECO, BGE, Pepco and DPL did not have any material consolidated VIEs.

As of March 31, 2018 and December 31, 2017 , Exelon and Generation provided the following support to their respective consolidated VIEs:

- Generation provides operating and capital funding to the renewable energy project companies and there is limited recourse to Generation related to certain renewable energy project companies.
- Generation provides operating and capital funding to one of the energy related companies involved in backup generation.
- Generation provides approximately $30 million in credit support for the retail power and gas companies for which Generation is the sole supplier of energy.

- Exelon and Generation, where indicated, provide the following support to CENG (see Note 26 — Related Party Transactions of the Exelon 2017 Form 10-K for additional information regarding Generation's and Exelon's transactions with CENG):

  - under power purchase agreements with CENG, Generation purchased or will purchase 50.01% of the available output generated by the CENG nuclear plants not subject to other contractual agreements from January 2015 through the end of the operating life of each respective plant. However, pursuant to amendments dated March 31, 2015, the energy obligations under the Ginna Nuclear Power Plant (Ginna) PPAs were suspended during the term of the Reliability Support Services Agreement (RSSA), through the end of March 31, 2017. With the expiration of the RSSA, the PPA was reinstated beginning April 1, 2017 (see Note 6 — Regulatory Matters for additional details),

  - Generation provided a $400 million loan to CENG. As of March 31, 2018 , the remaining obligation is $337 million , including accrued interest, which reflects the principal payment made in January 2015,

  - Generation executed an Indemnity Agreement pursuant to which Generation agreed to indemnify EDF against third-party claims that may arise from any future nuclear incident (as defined in the Price-Anderson Act) in connection with the CENG nuclear plants or their operations. Exelon guarantees Generation's obligations under this Indemnity Agreement. (See Note 17 — Commitments and Contingencies for more details),

  - Generation and EDF share in the $637 million of contingent payment obligations for the payment of contingent retrospective premium adjustments for the nuclear liability insurance,

  - Exelon has executed an agreement to provide up to $245 million to support the operations of CENG as well as a $165 million guarantee of CENG's cash pooling agreement with its subsidiaries.

As of March 31, 2018 and December 31, 2017 , Exelon, PHI and ACE provided the following support to their respective consolidated VIE:

- In the case of ATF, proceeds from the sale of each series of transition bonds by ATF were transferred to ACE in exchange for the transfer by ACE to ATF of the right to collect a non-bypassable Transition Bond Charge from ACE customers pursuant to bondable stranded costs rate orders issued by the NJBPU in an amount sufficient to fund the principal and interest payments on transition bonds and related taxes, expenses and fees. During the three months ended March 31, 2018 , ACE transferred $8 million to ATF. During the three months ended March 31, 2017 , ACE transferred $19 million to ATF.

For each of the consolidated VIEs, except as otherwise noted:

- the assets of the VIEs are restricted and can only be used to settle obligations of the respective VIE;

- Exelon, Generation, PHI and ACE did not provide any additional material financial support to the VIEs;

- Exelon, Generation, PHI and ACE did not have any material contractual commitments or obligations to provide financial support to the VIEs; and

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- the creditors of the VIEs did not have recourse to Exelon's, Generation's, PHI's or ACE's general credit.

The carrying amounts and classification of the consolidated VIEs' assets and liabilities included in the Registrants' consolidated financial statements at March 31, 2018 and December 31, 2017 are as follows:

	March 31, 2018				December 31, 2017			
	Exelon (a)	Generation	PHI (a)	ACE	Exelon (a)	Generation	PHI (a)	ACE
Current assets	$ 823	$ 812	$ 11	$ 7	$ 662	$ 652	$ 10	$ 6
Noncurrent assets	9,279	9,251	28	20	9,317	9,286	31	23
Total assets	$ 10,102	$ 10,063	$ 39	$ 27	$ 9,979	$ 9,938	$ 41	$ 29
Current liabilities	$ 269	$ 236	$ 33	$ 29	$ 308	$ 272	$ 36	$ 32
Noncurrent liabilities	3,292	3,230	62	54	3,316	3,250	66	58
Total liabilities	$ 3,561	$ 3,466	$ 95	$ 83	$ 3,624	$ 3,522	$ 102	$ 90

(a) Includes certain purchase accounting adjustments not pushed down to the ACE standalone entity.

Assets and Liabilities of Consolidated VIEs

Included within the balances above are assets and liabilities of certain consolidated VIEs for which the assets can only be used to settle obligations of those VIEs, and liabilities that creditors or beneficiaries do not have recourse to the general credit of the Registrants. As of March 31, 2018 and December 31, 2017 , these assets and liabilities primarily consisted of the following:

	March 31, 2018				December 31, 2017			
	Exelon [a]	Generation	PHI [a]	ACE	Exelon [a]	Generation	PHI [a]	ACE
Cash and cash equivalents	$ 280	$ 280	$ —	$ —	$ 126	$ 126	$ —	$ —
Restricted cash	73	66	7	7	64	58	6	6
Accounts receivable, net								
Customer	154	154	—	—	170	170	—	—
Other	29	29	—	—	25	25	—	—
Inventory								
Materials and supplies	202	202	—	—	205	205	—	—
Other current assets	55	51	4	—	45	41	4	—
Total current assets	793	782	11	7	635	625	10	6
Property, plant and equipment, net	6,181	6,181	—	—	6,186	6,186	—	—
Nuclear decommissioning trust funds	2,483	2,483	—	—	2,502	2,502	—	—
Other noncurrent assets	270	242	28	20	274	243	31	23
Total noncurrent assets	8,934	8,906	28	20	8,962	8,931	31	23
Total assets	$ 9,727	$ 9,688	$ 39	$ 27	$ 9,597	$ 9,556	$ 41	$ 29
Long-term debt due within one year	$ 102	$ 70	$ 32	$ 28	$ 102	$ 67	$ 35	$ 31
Accounts payable	93	93	—	—	114	114	—	—
Accrued expenses	52	51	1	1	67	66	1	1
Unamortized energy contract liabilities	17	17	—	—	18	18	—	—
Other current liabilities	5	5	—	—	7	7	—	—
Total current liabilities	269	236	33	29	308	272	36	32
Long-term debt	1,125	1,063	62	54	1,154	1,088	66	58
Asset retirement obligations	2,062	2,062	—	—	2,035	2,035	—	—
Unamortized energy contract liabilities	1	1	—	—	5	5	—	—
Other noncurrent liabilities	99	99	—	—	116	116	—	—
Total noncurrent liabilities	3,287	3,225	62	54	3,310	3,244	66	58
Total liabilities	$ 3,556	$ 3,461	$ 95	$ 83	$ 3,618	$ 3,516	$ 102	$ 90

(a) Includes certain purchase accounting adjustments not pushed down to the ACE standalone entity.

Unconsolidated Variable Interest Entities

Exelon's and Generation's variable interests in unconsolidated VIEs generally include equity investments and energy purchase and sale contracts. For the equity investments, the carrying amount of the investments is reflected on Exelon's and Generation's Consolidated Balance Sheets in Investments. For the energy purchase and sale contracts (commercial agreements), the carrying amount of assets and liabilities in Exelon's and Generation's Consolidated Balance Sheets that relate to their involvement with the VIEs are predominately related to working capital accounts and generally represent

the amounts owed by, or owed to, Exelon and Generation for the deliveries associated with the current billing cycles under the commercial agreements. Further, Exelon and Generation have not provided material debt or equity support, liquidity arrangements or performance guarantees associated with these commercial agreements.

As of March 31, 2018 and December 31, 2017 , Exelon's and Generation's unconsolidated VIEs consist of:

- Energy purchase and sale agreements with VIEs for which Generation has concluded that consolidation is not required.
- Asset sale agreement with ZionSolutions, LLC and EnergySolutions, Inc. in which Generation has a variable interest but has concluded that consolidation is not required.
- Equity investments in distributed energy companies for which Generation has concluded that consolidation is not required.

As of March 31, 2018 and December 31, 2017 , ComEd, PECO, BGE, PHI, Pepco, ACE and DPL did not have any material unconsolidated VIEs.

As of March 31, 2018 and December 31, 2017 , Exelon and Generation had significant unconsolidated variable interests in seven VIEs for which Exelon or Generation, as applicable, was not the primary beneficiary; including certain equity investments and certain commercial agreements. Exelon and Generation only include unconsolidated VIEs that are individually material in the tables below. However, Generation has several individually immaterial VIEs that in aggregate represent a total investment of $9 million . These immaterial VIEs are equity and debt securities in energy development companies. The maximum exposure to loss related to these securities is limited to the $9 million included in Investments on Exelon’s and Generation’s Consolidated Balance Sheets . The risk of a loss was assessed to be remote and, accordingly, Exelon and Generation have not recognized a liability associated with any portion of the maximum exposure to loss.

The following tables present summary information about Exelon's and Generation's significant unconsolidated VIE entities:

March 31, 2018	Commercial Agreement VIEs	Equity Investment VIEs	Total
Total assets [a]	$ 626	$ 501	$ 1,127
Total liabilities [a]	37	225	262
Exelon's ownership interest in VIE [a]	—	246	246
Other ownership interests in VIE [a]	588	30	618
Registrants' maximum exposure to loss:			
Carrying amount of equity method investments	—	246	246
Contract intangible asset	8	—	8
Net assets pledged for Zion Station decommissioning [b]	2	—	2

December 31, 2017	Commercial Agreement VIEs	Equity Investment VIEs	Total
Total assets [a]	$ 625	$ 509	$ 1,134
Total liabilities [a]	37	228	265
Exelon's ownership interest in VIE [a]	—	251	251
Other ownership interests in VIE [a]	588	30	618
Registrants' maximum exposure to loss:			
Carrying amount of equity method investments	—	251	251
Contract intangible asset	8	—	8
Net assets pledged for Zion Station decommissioning [b]	2	—	2

(a) These items represent amounts on the unconsolidated VIE balance sheets, not on Exelon's or Generation's Consolidated Balance Sheets. These items are included to provide information regarding the relative size of the unconsolidated VIEs.

(b) These items represent amounts on Exelon's and Generation's Consolidated Balance Sheets related to the asset sale agreement with ZionSolutions, LLC. The net assets pledged for Zion Station decommissioning includes gross pledged assets of $30 million and $39 million as of March 31, 2018 and December 31, 2017 , respectively; offset by payables to ZionSolutions, LLC of $28 million and $37 million as of March 31, 2018 and December 31, 2017 , respectively. These items are included to provide information regarding the relative size of the ZionSolutions, LLC unconsolidated VIE. See Note 13 — Nuclear Decommissioning for additional details.

For each of the unconsolidated VIEs, Exelon and Generation have assessed the risk of a loss equal to their maximum exposure to be remote and, accordingly, Exelon and Generation have not recognized a liability associated with any portion of the maximum exposure to loss. In addition, there are no material agreements with, or commitments by, third parties that would affect the fair value or risk of their variable interests in these VIEs.

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4 . Mergers, Acquisitions and Dispositions (Exelon and Generation)

Acquisition of Handley Generating Station (Exelon and Generation)

On November 7, 2017, EGTP and all of its wholly owned subsidiaries filed voluntary petitions for relief under Chapter 11 of Title 11 of the United States Code in the United States Bankruptcy Court for the District of Delaware, which resulted in Exelon and Generation deconsolidating EGTP's assets and liabilities from their consolidated financial statements in the fourth quarter of 2017. Concurrently with the Chapter 11 filings, Generation entered into an asset purchase agreement to acquire one of EGTP's generating plants, the Handley Generating Station, subject to a potential adjustment for fuel oil and assumption of certain liabilities. In the Chapter 11 Filings, EGTP requested that the proposed acquisition of the Handley Generating Station be consummated through a court-approved and supervised sales process. The acquisition was approved by the Bankruptcy Court in January 2018 and closed on April 4, 2018 for a purchase price of $62 million . The Chapter 11 bankruptcy proceedings were finalized on April 17, 2018, resulting in the ownership of EGTP assets (other than the Handley Generating Station) being transferred to EGTP's lenders.

Acquisition of James A. FitzPatrick Nuclear Generating Station (Exelon and Generation)

On March 31, 2017, Generation acquired the 842 MW single-unit James A. FitzPatrick (FitzPatrick) nuclear generating station located in Scriba, New York from Entergy Nuclear FitzPatrick LLC (Entergy) for a total purchase price of $289 million , which consisted of a cash purchase price of $110 million and a net cost reimbursement to and on behalf of Entergy of $179 million . As part of the acquisition agreements, Generation provided nuclear fuel and reimbursed Entergy for incremental costs to prepare for and conduct a plant refueling outage; and Generation reimbursed Entergy for incremental costs to operate and maintain the plant for the period after the refueling outage through the acquisition closing date. These reimbursements covered costs that Entergy otherwise would have avoided had it shut down the plant as originally intended in January 2017. The amounts reimbursed by Generation were offset by FitzPatrick's electricity and capacity sales revenues for this same post-outage period. As part of the transaction, Generation received the FitzPatrick NDT fund assets and assumed the obligation to decommission FitzPatrick. The NRC license for FitzPatrick expires in 2034.

The fair values of FitzPatrick’s assets and liabilities were determined based on significant estimates and assumptions that are judgmental in nature, including projected future cash flows (including timing), discount rates reflecting risk inherent in the future cash flows and future power and fuel market prices. The valuations performed in the first quarter of 2017 to determine the fair value of the FitzPatrick assets acquired and liabilities assumed were updated in the third quarter of 2017. The purchase price allocation is now final.

For the three months ended March 31, 2017, an after-tax bargain purchase gain of $226 million is included within Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income and primarily reflects differences in strategies between Generation and Entergy for the intended use and ultimate decommissioning of the plant. During the third quarter of 2017, Exelon and Generation recorded an additional after-tax bargain purchase gain of $7 million for the three months ended September 30, 2017. The total after-tax bargain purchase gain recorded at Exelon and Generation was $233 million for the twelve months ended December 31, 2017. See Note 13 — Nuclear Decommissioning and Note 14 — Retirement Benefits for additional information regarding the FitzPatrick decommissioning ARO and pension and OPEB updates.

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The following table summarizes the acquisition-date fair value of the consideration transferred and the assets and liabilities assumed for the FitzPatrick acquisition by Generation:

Cash paid for purchase price	$	110
Cash paid for net cost reimbursement		125
Nuclear fuel transfer		54
Total consideration transferred	$	289
Identifiable assets acquired and liabilities assumed		
Current assets	$	60
Property, plant and equipment		298
Nuclear decommissioning trust funds		807
Other assets [(a)]		114
Total assets	$	1,279
Current liabilities	$	6
Nuclear decommissioning ARO		444
Pension and OPEB obligations		33
Deferred income taxes		149
Spent nuclear fuel obligation		110
Other liabilities		15
Total liabilities	$	757
Total net identifiable assets, at fair value	$	522
Bargain purchase gain (after-tax)	$	233

(a) Includes a $110 million asset associated with a contractual right to reimbursement from the New York Power Authority (NYPA), a prior owner of FitzPatrick, associated with the DOE one-time fee obligation. See Note 23 - Commitments and Contingencies of the Exelon 2017 Form 10-K for additional background regarding SNF obligations to the DOE.

Exelon and Generation incurred $32 million of merger and integration costs related to FitzPatrick for the three months ended March 31, 2017 , which are included within Operating and maintenance expense in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income. Exelon and Generation did not incur any merger and integration costs related to FitzPatrick for the three months ended March 31, 2018 .

Asset Dispositions

In December 2017, Generation entered into an agreement to sell its interest in an electrical contracting business that primarily installs, maintains and repairs underground and high-voltage cable transmission and distribution systems. As a result, as of December 31, 2017, certain assets and liabilities were classified as held for sale and included in the Other current assets and Other current liabilities balances on Exelon's and Generations' Consolidated Balance Sheet. On February 28, 2018, Generation completed the sale of its interest for $87 million , resulting in a pre-tax gain which is included in Gain on sales of assets and businesses on Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income for the three months ended March 31, 2018 .

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5 . Revenue from Contracts with Customers (All Registrants)

The Registrants recognize revenue from contracts with customers to depict the transfer of goods or services to customers at an amount that the entities expect to be entitled to in exchange for those goods or services. Generation's primary sources of revenue include competitive sales of power, natural gas, and other energy-related products and services. The Utility Registrants' primary sources of revenue include regulated electric and gas tariff sales, distribution and transmission services. The performance obligations associated with these sources of revenue are further discussed below.

Unless otherwise noted, for each of the significant revenue categories and related performance obligations described below, the Registrants have the right to consideration from the customer in an amount that corresponds directly with the value transferred to the customer for the performance completed to date. Therefore, the Registrant's have elected to use the right to invoice practical expedient for the contracts within these revenue categories and generally recognize revenue in the amount for which they have the right to invoice the customer. As a result, there are generally no significant judgments used in determining or allocating the transaction price.

Competitive Power Sales (Exelon and Generation)

Generation sells power and other energy-related commodities to both wholesale and retail customers across multiple geographic regions through its customer-facing business, Constellation. Power sale contracts generally contain various performance obligations including the delivery of power and other energy-related commodities such as capacity, ZECs, RECs or other ancillary services. Revenues related to such contracts are generally recognized over time as the power is generated and simultaneously delivered to the customer. However, revenues related to the sale of any goods or services that are not simultaneously received and consumed by the customer are recognized as the performance obligations are satisfied at a point in time. Payment terms generally require that the customers pay for the power or the energy-related commodity within the month following delivery to the customer and there are generally no significant financing components.

Certain contracts may contain limits on the total amount of revenue we are able to collect over the entire term of the contract. In such cases, the Registrants estimate the total consideration expected to be received over the term of the contract net of the constraint, and allocate the expected consideration to the performance obligations in the contract such that revenue is recognized ratably over the term of the entire contract as the performance obligations are satisfied.

Competitive Natural Gas Sales (Exelon and Generation)

Generation sells natural gas on a full requirements basis or for an agreed upon volume to both commercial and residential customers. The primary performance obligation associated with natural gas sale contracts is the delivery of the natural gas to the customer. Revenues related to the sale of natural gas are recognized over time as the natural gas is delivered to and consumed by the customer. Payment from customers is typically due within the month following delivery of the natural gas to the customer and there are generally no significant financing components.

Other Competitive Products and Services (Exelon and Generation)

Generation also sells other energy-related products and services such as long-term construction and installation of energy efficiency assets and new power generating facilities, primarily to commercial and industrial customers. These contracts generally contain a single performance obligation, which is the construction and/or installation of the asset for the customer. The average contract term for these projects is approximately 18 months. Revenues, and associated costs, are recognized throughout the contract term using an input method to measure progress towards completion. The method recognizes revenue based on the various inputs used to satisfy the performance obligation, such as costs incurred

and total labor hours expended. The total amount of revenue that will be recognized is based on the agreed upon contractually-stated amount. Payments from customers are typically due within 30 or 45 days from the date the invoice is generated and sent to the customer.

Regulated Electric and Gas Tariff Sales (Exelon, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE)

The Utility Registrants sell electricity and electricity distribution services to residential, commercial, industrial and governmental customers through regulated tariff rates approved by their state regulatory commissions. PECO, BGE and DPL also sell natural gas and gas distribution services to residential, commercial, and industrial customers through regulated tariff rates approved by their state regulatory commissions. The performance obligation associated with these tariff sale contracts is the delivery of electricity and/or natural gas. Tariff sales are generally considered daily contracts given that customers can discontinue service at any time. Revenues are generally recognized over time (each day) as the electricity and/or natural gas is delivered to customers. Payment terms generally require that customers pay for the services within the month following delivery of the electricity or natural gas to the customer and there are generally no significant financing components or variable consideration.

Electric and natural gas utility customers have the choice to purchase electricity or natural gas from competitive electric generation and natural gas suppliers. While the Utility Registrants are required under state legislation to bill their customers for the supply and distribution of electricity and/or natural gas, they recognize revenue related only to the distribution services when customers purchase their electricity or natural gas from competitive suppliers.

Regulated Transmission Services (Exelon, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE)

Under FERC's open access transmission policy, the Utility Registrants, as owners of transmission facilities, are required to provide open access to their transmission facilities under filed tariffs at cost-based rates approved by FERC. The Utility Registrants are members of PJM, the regional transmission organization designated by FERC to coordinate the movement of wholesale electricity in PJM's region, which includes portions of the mid-Atlantic and Midwest. In accordance with FERC-approved rules, the Utility Registrants and other transmission owners in the PJM region make their transmission facilities available to PJM, which directs and controls the operation of these transmission facilities and accordingly compensates the Utility Registrants and other transmission owners. The performance obligations associated with the Utility Registrants' contract with PJM include (i) Network Integration Transmission Services (NITS), (ii) scheduling, system control and dispatch services, and (iii) access to the wholesale grid. These performance obligations are satisfied over time, and Utility Registrants utilize output methods to measure the progress towards their completion. Passage of time is used for NITS and access to the wholesale grid and MWhs of energy transported over the wholesale grid is used for scheduling, system control and dispatch services. PJM pays the Utility Registrants for these services on a weekly basis and there are no financing components or variable consideration.

Costs to Obtain or Fulfill a Contract with a Customer (Exelon and Generation)

Generation incurs incremental costs in order to execute certain retail power and gas sales contracts. These costs primarily relate to retail broker fees and sales commissions. Generation has capitalized such contract acquisition costs in the amount of $25 million and $26 million as of March 31, 2018 and December 31, 2017 , respectively, within Other current assets and Other deferred debits in Exelon's and Generation's Consolidated Balance Sheets. These costs are capitalized when incurred and amortized using the straight-line method over the average length of such retail contracts, which is approximately 2 years. Exelon and Generation recognized amortization expense associated with these costs in the amount of $5 million and $9 million for the three months ended March 31, 2018 and 2017 , respectively, within Operating and maintenance expense in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income. Generation does not incur material costs to fulfill contracts

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with customers that are not already capitalized under existing guidance. In addition, the Utility Registrants do not incur any material costs to obtain or fulfill contracts with customers.

Contract Balances (All Registrants)

Contract Assets

Generation records contract assets for the revenue recognized on the construction and installation of energy efficiency assets and new power generating facilities before Generation has an unconditional right to bill for and receive the consideration from the customer. These contract assets are subsequently reclassified to receivables when the right to payment becomes unconditional. Generation records contract assets and contract receivables within Other current assets and Accounts receivable, net - Customer, respectively, within Exelon's and Generation's Consolidated Balance Sheets. The following table provides a rollforward of the contract assets reflected on Exelon's and Generation's Consolidated Balance Sheets from January 1, 2018 to March 31, 2018:

Contract Assets	Exelon and Generation
Balance as of January 1, 2018	$ 283
Increases as a result of changes in the estimate of the stage of completion	28
Amounts reclassified to receivables	(9)
Balance at March 31, 2018	$ 302

The Utility Registrants do not have any contract assets.

Contract Liabilities

Generation records contract liabilities when consideration is received or due prior to the satisfaction of the performance obligations. These contract liabilities primarily relate to upfront consideration received or due for equipment service plans, solar panel leases and the Illinois ZEC program that introduces a cap on the total consideration to be received by Generation. Generation records contract liabilities within Other current liabilities and Other noncurrent liabilities within Exelon's and Generation's Consolidated Balance Sheets. The following table provides a rollforward of the contract liabilities reflected on Exelon's and Generation's Consolidated Balance Sheet from January 1, 2018 to March 31, 2018:

Contract Liabilities	Exelon and Generation
Balance as of January 1, 2018	$ 35
Increases as a result of additional cash received or due	227
Amounts recognized into revenues	(216)
Balance at March 31, 2018	$ 46

The Utility Registrants also record contract liabilities when consideration is received prior to the satisfaction of the performance obligations. As of March 31, 2018 and December 31, 2017 , the Utility Registrants' contract liabilities were immaterial.

Transaction Price Allocated to Remaining Performance Obligations (All Registrants)

The following table shows the amounts of future revenues expected to be recorded in each year for performance obligations that are unsatisfied or partially unsatisfied as of March 31, 2018 . Generation has elected the exemption which permits the exclusion from this disclosure of certain variable contract consideration. As such, the majority of Generation's power and gas sales contracts are excluded from this disclosure as they contain variable volumes and/or variable pricing. Thus, this disclosure only

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includes contracts for which the total consideration is fixed and determinable at contract inception. The average contract term varies by customer type and commodity but ranges from one month to several years.

The majority of the Utility Registrants' tariff sale contracts are generally day-to-day contracts and, therefore, do not contain any future, unsatisfied performance obligations to be included in this disclosure. Further, the Utility Registrants have elected the exemption to not disclose the transaction price allocation to remaining performance obligations for contracts with an original expected duration of one year or less. As such, gas and electric tariff sales contracts and transmission revenue contracts are excluded from this disclosure.

	2019	2020	2021	2022	2023 and thereafter	Total
Exelon	$ 544	$ 264	$ 104	$ 46	$ 128	$ 1,086
Generation	544	264	104	46	128	$ 1,086

Revenue Disaggregation (All Registrants)

The Registrants disaggregate revenue recognized from contracts with customers into categories that depict how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors. See Note 19 — Segment Information for the presentation of the Registrant's revenue disaggregation.

6 . Regulatory Matters (All Registrants)

Except for the matters noted below, the disclosures set forth in Note 3 — Regulatory Matters of the Exelon 2017 Form 10-K reflect, in all material respects, the current status of regulatory and legislative proceedings of the Registrants. The following is an update to that discussion.

Illinois Regulatory Matters

Tax Cuts and Jobs Act (Exelon and ComEd). On January 18, 2018, the ICC approved ComEd's petition filed on January 5, 2018 seeking approval to pass back to customers beginning February 1, 2018 $201 million in tax savings resulting from the enactment of the TCJA through a reduction in electric distribution rates. The amounts being passed back to customers reflect the benefit of lower income tax rates beginning January 1, 2018 and the settlement of a portion of deferred income tax regulatory liabilities established upon enactment of the TCJA. Refer to Note 12 — Income Taxes for more detail on Corporate Tax Reform.

Electric Distribution Formula Rate (Exelon and ComEd). On April 16, 2018, ComEd filed its annual distribution formula rate update with the ICC. The filing establishes the revenue requirement used to set the rates that will take effect in January 2019 after the ICC's review and approval, which is due by December 2018. The revenue requirement requested is based on 2017 actual costs plus projected 2018 capital additions as well as an annual reconciliation of the revenue requirement in effect in 2017 to the actual costs incurred that year. ComEd's 2018 filing request includes a total decrease to the revenue requirement of $23 million , reflecting a decrease of $58 million for the initial revenue requirement for 2018 and an increase of $35 million related to the annual reconciliation for 2017. The revenue requirement for 2018 provides for a weighted average debt and equity return on distribution rate base of 6.52% inclusive of an allowed ROE of 8.69% , reflecting the average rate on 30 -year treasury notes plus 580 basis points. The annual reconciliation for 2017 provided for a weighted average debt and equity return on distribution rate base of 6.52% inclusive of an allowed ROE of 8.69% , reflecting the average rate on 30 -year treasury notes plus 580 basis points. See table below for ComEd's regulatory

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assets associated with its electric distribution formula rate. For additional information on ComEd's distribution formula rate filings see Note 3 — Regulatory Matters of the Exelon 2017 Form 10-K.

During the first quarter 2018, ComEd revised its electric distribution formula rate, as provided for by FEJA, to reduce the ROE collar calculation from plus or minus 50 basis points to 0 basis points beginning with the reconciliation filed in 2018 for the 2017 calendar year. This revision effectively offsets the favorable or unfavorable impacts to ComEd's electric distribution formula rate revenues associated with variations in delivery volumes associated with above or below normal weather, numbers of customers or usage per customer. ComEd began reflecting the impacts of this change in its electric distribution services costs regulatory asset in the first quarter 2017.

Zero Emission Standard (Exelon, Generation and ComEd). Pursuant to FEJA, on January 25, 2018, the ICC announced that Generation's Clinton Unit 1, Quad Cities Unit 1 and Quad Cities Unit 2 nuclear plants were selected as the winning bidders through the IPA's ZEC procurement event. Generation executed the ZEC procurement contracts with Illinois utilities, including ComEd, effective January 26, 2018 and began recognizing revenue. Winning bidders are entitled to compensation for the sale of ZECs retroactive to the June 1, 2017 effective date of FEJA. In the first quarter of 2018, Generation recognized approximately $202 million of revenue, of which $150 million related to ZECs generated from June 1, 2017 through December 31, 2017.

ComEd recovers all costs associated with purchasing ZECs through a rate rider that provides for an annual reconciliation and true-up to actual costs incurred by ComEd to purchase ZECs, with any difference to be credited to or collected from ComEd's retail customers in subsequent periods with interest. ComEd began billing its retail customers under its new ZEC rate rider on June 1, 2017.

On February 14, 2017, two lawsuits were filed in the Northern District of Illinois against the IPA alleging that the state's ZEC program violates certain provisions of the U.S. Constitution. One lawsuit was filed by customers of ComEd, led by the Village of Old Mill Creek, and the other was brought by the EPSA and three other electric suppliers. Both lawsuits argue that the Illinois ZEC program will distort PJM's FERC-approved energy and capacity market auction system of setting wholesale prices, and seek a permanent injunction preventing the implementation of the program. Exelon intervened and filed motions to dismiss in both lawsuits. In addition, on March 31, 2017, plaintiffs in both lawsuits filed motions for preliminary injunction with the court; the court stayed briefing on the motions for preliminary injunction until the resolution of the motions to dismiss. On July 14, 2017, the district court granted the motions to dismiss. On July 17, 2017, the plaintiffs appealed the decision to the Seventh Circuit. Briefs were fully submitted on December 12, 2017, the Court heard oral argument on January 3, 2018. At the argument, the Court asked for supplemental briefing, which was filed on January 26, 2018. On February 21, 2018, the Seventh Circuit issued an order inviting the Solicitor General to express the views of the United States on the matter, however the timing of that response is currently uncertain. Exelon cannot predict the outcome of these lawsuits. It is possible that resolution of these matters could have a material, unfavorable impact on Exelon's and Generation's results of operations, cash flows, and financial positions.

See Note 8 — Early Plant Retirements for additional information regarding the economic challenges facing Generation's Clinton and Quad Cities nuclear plants and the expected benefits of the ZES.

Pennsylvania Regulatory Matters

2018 Pennsylvania Electric Distribution Base Rate Case (Exelon and PECO). On March 29, 2018, PECO filed a request with the PAPUC seeking approval to increase its electric distribution base rates by $82 million beginning January 1, 2019. This requested amount includes the effect of an approximately $71 million reduction as a result of the ongoing annual tax savings beginning January 1, 2019 associated with the TCJA. The requested ROE is 10.95% . PECO expects a decision on its electric

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distribution rate case proceeding in the fourth quarter of 2018 but cannot predict what increase, if any, the PAPUC will approve.

Tax Cuts and Jobs Act (Exelon and PECO). As part of the rate case filing referenced above, PECO is seeking approval to pass back to electric distribution customers $68 million in 2018 TCJA tax savings, which would be an additional offset to the proposed increase to its electric distribution rates. PECO will file with the PAPUC in 2018 seeking approval to pass back to gas distribution customers $4 million in TCJA tax savings beginning January 1, 2019. The amounts being proposed to be passed back to customers reflect the annual benefit of lower income tax rates established upon enactment of the TCJA . PECO cannot predict the amount or timing of the refunds the PAPUC will ultimately approve. See Note 12 — Income Taxes for more detail on Corporate Tax Reform and the table below for regulatory liabilities recognized during 2018 associated with TCJA tax savings that will be passed through future customer rates.

Maryland Regulatory Matters

Tax Cuts and Jobs Act (Exelon, BGE, PHI, Pepco and DPL). On January 12, 2018, the MDPSC issued an order that directed each of BGE, Pepco and DPL to track the impacts of the TCJA beginning January 1, 2018 and file by February 15, 2018 how and when they expect to pass through such impacts to their customers.

On January 31, 2018, the MDPSC approved BGE's petition to pass back to customers $103 million in ongoing annual tax savings resulting from the enactment of the TCJA through a reduction in distribution base rates beginning February 1, 2018, of which $72 million and $31 million were related to electric and natural gas, respectively. The amounts being passed back to customers reflect the ongoing annual benefit of lower income tax rates and the settlement of a portion of deferred income tax regulatory liabilities established upon enactment of the TCJA. It is expected that the MDPSC will address later in 2018 the treatment of BGE's TCJA tax savings for the period January 1, 2018 through February 1, 2018.

On April 20, 2018, Pepco entered into a settlement agreement with several parties to resolve all issues in its pending electric distribution base rate case, including the treatment of the annual ongoing TCJA tax savings as well as the TCJA tax savings from January 1, 2018 through the expected effective date of the rate change. See discussion below for further details.

On February 9, 2018, DPL filed with the MDPSC seeking approval to pass back to customers $13 million in ongoing annual TCJA tax savings through a reduction in electric distribution base rates beginning in 2018. On April 18, 2018, the MDPSC approved a settlement agreement to pass back to customers $14 million in ongoing annual TCJA tax savings through a reduction in electric distribution base rates beginning April 20, 2018. The amounts being passed back to customers reflect the ongoing annual benefit of lower income tax rates and the settlement of a portion of deferred income tax regulatory liabilities established upon enactment of the TCJA. In addition, the MDPSC separately ordered DPL to provide a one-time bill credit to customers of $2 million in June 2018 representing the TCJA tax savings from January 1, 2018 through March 31, 2018.

See Note 12 — Income Taxes for more detail on Corporate Tax Reform and the table below for regulatory liabilities recognized during 2018 associated with TCJA tax savings that will be passed through future customer rates.

2018 Maryland Electric Distribution Base Rates (Exelon, PHI and Pepco). On January 2, 2018, Pepco filed an application with the MDPSC to increase its annual electric distribution base rates by $41 million , reflecting a requested ROE of 10.1% . On February 5, 2018, Pepco filed with the MDPSC an update to its current distribution base rate case to reflect $31 million in ongoing annual TCJA tax savings, thereby reducing the requested annual base rate increase to $11 million . On March 8, 2018, Pepco filed with the MDPSC a subsequent update to its electric distribution base rate case, which further reduced

the requested annual base rate increase to $3 million . On April 20, 2018, Pepco entered into a settlement agreement with several parties to resolve all issues in the rate case and filed the settlement agreement with the MDPSC. The settlement agreement provides for a net decrease to annual electric distribution base rates of $15 million , which includes annual ongoing TCJA tax savings, and reflects a ROE of 9.5% . The parties to the settlement agreement have requested that Pepco's new rates be effective on June 1, 2018. In addition, the settlement agreement separately provides a one-time bill credit to customers of approximately $10 million representing the TCJA tax savings from January 1, 2018 through the expected rate effective date of June 1, 2018. Pepco expects a decision in the matter in the second quarter of 2018.

2017 Maryland Electric Distribution Base Rates (Exelon, PHI and DPL). On July 14, 2017, DPL filed an application with the MDPSC to increase its annual electric distribution base rates by $27 million , which was updated to $19 million on November 16, 2017, reflecting a requested ROE of 10.1% . On December 18, 2017, a settlement agreement was filed with the MDPSC wherein DPL will be granted a base rate increase of $13 million , and a ROE of 9.5% solely for purposes of calculating AFUDC and regulatory asset carrying costs. On February 9, 2018, the MDPSC approved the settlement agreement and the new rates became effective.

Delaware Regulatory Matters

Tax Cuts and Jobs Act (Exelon, PHI and DPL). On January 16, 2018, the DPSC opened a docket indicating that DPL's TCJA tax savings would be addressed in its pending rate cases. See discussion below for more details.

2017 Delaware Electric and Natural Gas Distribution Base Rates (Exelon, PHI and DPL). On August 17, 2017, DPL filed applications with the DPSC to increase its annual electric and natural gas distribution base rates by $24 million and $13 million , respectively, reflecting a requested ROE of 10.1% . DPL filed updated testimony on October 18, 2017, to request a $31 million increase in electric distribution base rates, and updated testimony on November 7, 2017, to request an $11 million increase in natural gas distribution base rates. On October 16, 2017 and November 1, 2017, $2.5 million of the proposed rate increases for electric and natural gas, respectively, were put into effect, subject to refund, based on the final DPSC order. On February 9, 2018, DPL filed with the DPSC updates to its distribution base rate cases to reflect $26 million in ongoing annual TCJA tax savings, of which $19 million and $7 million is related to electric and natural gas, respectively. The proposed distribution base rate increase in each rate case were lowered by those amounts, which reflect the ongoing annual benefit of lower income tax rates and the settlement of a portion of deferred income tax regulatory liabilities established upon enactment of the TCJA. It is expected that the DPSC will address in a future rate proceeding DPL's treatment of the TCJA tax savings for the period February 1, 2018 through the effective date of any final customer rate adjustments in the pending rate proceedings. On March 17, 2018, an additional $3 million of the proposed rate increase in the electric distribution base rate case and $1 million in the natural gas distribution base rate case was put into effect subject to refund based on the final DPSC order. DPL expects decisions on its electric and natural gas distribution base rate proceedings in the third and fourth quarters of 2018, respectively, but cannot predict how much of the requested increases the DPSC will approve.

See Note 12 — Income Taxes for more detail on Corporate Tax Reform and the table below for regulatory liabilities recognized during 2018 associated with TCJA tax savings that will be passed through future customer rates.

District of Columbia Regulatory Matters

Tax Cuts and Jobs Act (Exelon, PHI and Pepco) . On January 23, 2018, the DCPSC opened a rate proceeding directing Pepco to track the impacts of the TCJA beginning January 1, 2018 and file its plan to reduce the current revenue requirement by customer class by February 12, 2018. The DCPSC stated it will address the impact of the TCJA on future rates within Pepco's pending electric distribution base rate case discussed below.

On February 6, 2018, Pepco filed with the DCPSC seeking approval to pass back to customers $39 million in ongoing annual tax savings resulting from the enactment of the TCJA through a reduction to existing electric distribution base rates beginning in 2018. On April 17, 2018, Pepco entered into a settlement agreement with several parties to resolve all issues in its pending electric distribution base rate case, including the treatment of the annual ongoing TCJA tax savings as well as the TCJA tax savings from January 1, 2018 through the expected effective date of the rate change. See discussion below for more details.

2017 District of Columbia Electric Distribution Base Rates (Exelon, PHI and Pepco). On December 19, 2017 (and updated on February 9, 2018), Pepco filed an application with the DCPSC to increase its annual electric distribution base rates by $66 million , reflecting a requested ROE of 10.1% . On April 17, 2018, Pepco entered into a settlement agreement with several parties to resolve both the pending electric distribution base rate case and the $39 million rate reduction request in the TCJA proceeding discussed above, and filed the settlement agreement with the DCPSC. The settlement agreement provides for a net decrease to annual electric distribution rates of $24 million , which includes annual ongoing TCJA tax savings, and a ROE of 9.525% . The parties to the settlement agreement have requested that Pepco’s new rates be effective on July 1, 2018. In addition, the settlement agreement separately provides a one-time bill credit to customers of approximately $19 million representing the TCJA benefits for the period January 1, 2018 through the expected rate effective date of July 1, 2018. Pepco expects a decision in the matter in the second quarter of 2018.

See Note 12 — Income Taxes for more detail on Corporate Tax Reform and the table below for regulatory liabilities recognized during 2018 associated with TCJA tax savings that will be passed through future customer rates.

New Jersey Regulatory Matters

Tax Cuts and Jobs Act (Exelon, PHI and ACE). On January 31, 2018, the NJBPU issued an order mandating that New Jersey utility companies, including ACE, pass any economic benefit from the TCJA to rate payers. The order directed New Jersey utility companies to file by March 2, 2018 proposed tariff sheets reflecting TCJA benefits, with new rates to be implemented in two phases effective April 1, 2018 and July 1, 2018. In addition, the NJBPU directed New Jersey utility companies to file by March 2, 2018 a Petition with the NJBPU outlining how they propose to refund any over-collection associated with revised rates not being in place from January 1, 2018 through March 31, 2018, with interest.

On March 2, 2018, ACE filed with the NJBPU seeking approval to pass back to customers $23 million in ongoing annual TCJA tax savings through a reduction in electric distribution base rates beginning in 2018. The amounts being passed back to customers would reflect the ongoing annual benefit of lower income tax rates and the settlement of a portion of deferred income tax regulatory liabilities established upon enactment of the TCJA. On March 26, 2018, the NJBPU issued an order accepting ACE’s proposed bill reduction. A portion of the annual decrease in electric distribution base rates totaling approximately $13 million was effective as of April 1, 2018, but considered interim, with the proposed final electric distribution base rates, representing the full $23 million decrease to be effective on July 1, 2018. It is expected that the NJBPU will address in a future rate proceeding ACE's treatment of the TCJA tax savings for the period January 1, 2018 through the effective date of any final customer rate adjustments. See Note 12 — Income Taxes for more detail on Corporate Tax Reform and the table below for regulatory

liabilities recognized during 2018 associated with TCJA tax savings that will be passed through future customer rates.

ACE Infrastructure Investment Program Filing (Exelon, PHI and ACE). On February 28, 2018, ACE filed with the NJBPU the company's Infrastructure Investment Program (IIP) proposing to seek recovery through a new rider mechanism a series of investments, totaling $338 million , between 2019-2022 to provide safe and reliable service for its customers. The IIP will allow for more timely recovery of investments made to modernize and enhance ACE's electric system. An NJBPU decision has been requested by the fourth quarter of 2018.

Update and Reconciliation of Certain Under-Recovered Balances (Exelon, PHI and ACE). On February 5, 2018, ACE submitted its 2018 annual petition with the NJBPU seeking to reconcile and update (i) charges related to the recovery of above-market costs associated with ACE's long-term power purchase contracts with the non-utility generators and (ii) costs related to surcharges for the New Jersey Societal Benefit Program (a statewide public interest program that is intended to benefit low income customers and address other public policy goals) and ACE's uncollectible accounts. The net impact of adjusting the charges as proposed is an overall annual rate decrease of approximately $19 million , including New Jersey sales and use tax. The matter is pending at the NJBPU. ACE has requested that the NJBPU place the new rates into effect by June 1, 2018. An NJBPU decision has been requested by the fourth quarter of 2018.

New York Regulatory Matters

New York Clean Energy Standard (Exelon and Generation). On August 1, 2016, the New York Public Service Commission (NYPSC) issued an order establishing the New York CES, a component of which is a Tier 3 ZEC program targeted at preserving the environmental attributes of zero-emissions nuclear-powered generating facilities that meet the criteria demonstrating public necessity as determined by the NYPSC. The ZEC price for the first tranche has been set at $17.48 per MWh of production. Following the first tranche, the price will be updated bi-annually.

On October 19, 2016, a coalition of fossil-generation companies filed a complaint in federal district court against the NYPSC alleging that the ZEC program violates certain provisions of the U.S. Constitution; specifically, that the ZEC program interferes with FERC's jurisdiction over wholesale rates and that it discriminates against out of state competitors. On December 9, 2016, Generation and CENG filed a motion to intervene in the case and to dismiss the lawsuit. The State also filed a motion to dismiss. On July 25, 2017, the court granted both motions to dismiss. On August 24, 2017, plaintiffs appealed the decision to the Second Circuit. Plaintiffs-Appellants' initial brief was filed on October 13, 2017. Briefing in the appeal was completed in December 2017 and oral argument was held on March 12, 2018.

In addition, on November 30, 2016, a group of parties, including certain environmental groups and individuals, filed a Petition in New York State court seeking to invalidate the ZEC program. The Petition, which was amended on January 13, 2017, argued that the NYPSC did not have authority to establish the program, that it violated state environmental law and that it violated certain technical provisions of the State Administrative Procedures Act (SAPA) when adopting the ZEC program. On February 15, 2017, Generation and CENG filed a motion to dismiss the state court action. The NYPSC also filed a motion to dismiss the state court action. On March 24, 2017, the plaintiffs filed a memorandum of law opposing the motions to dismiss, and Generation and CENG filed a reply brief on April 28, 2017. Oral argument was held on June 19, 2017. On January 22, 2018, the court dismissed the environmental claims and the majority of the plaintiffs from the case, but denied the motions to dismiss with respect to the remaining five plaintiffs and claims, without commenting on the merits of the case. The case is now proceeding to summary judgment with the full record. Exelon's and the state's answers and briefs were filed on March 30, 2018. Plaintiffs' responses are due on May 11, 2018.

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Other legal challenges remain possible, the outcomes of which remain uncertain. See Note 8 — Early Plant Retirements for additional information relative to Ginna and Nine Mile Point.

Federal Regulatory Matters

Tax Cuts and Jobs Act and Transmission-Related Income Tax Regulatory Assets (Exelon, ComEd, BGE, PHI, Pepco, DPL and ACE). Pursuant to their respective transmission formula rates, ComEd, BGE, Pepco, DPL and ACE will begin passing back to customers on June 1, 2018, the benefit of lower income tax rates effective January 1, 2018. ComEd's, BGE's, Pepco's, DPL's and ACE's transmission formula rates currently do not provide for the pass back or recovery of income tax-related regulatory liabilities or assets, including those established upon enactment of the TCJA.

On December 13, 2016 (and as amended on March 13, 2017), BGE filed with FERC to begin recovering certain existing and future transmission-related income tax regulatory assets through its transmission formula rate. BGE's existing regulatory assets included (1) amounts that, if BGE's transmission formula rate provided for recovery, would have been previously amortized and (2) amounts that would be amortized and recovered prospectively. On November 16, 2017, FERC issued an order rejecting BGE's proposed revisions to its transmission formula rate to recover these transmission-related income tax regulatory assets. On December 18, 2017, BGE filed for clarification and rehearing of FERC's order, still seeking full recovery of its existing transmission-related income tax regulatory asset amounts.

On February 27, 2018 (and updated on March 26, 2018), BGE submitted a letter to FERC advising that the lower federal corporate income tax rate effective January 1, 2018 provided for in TCJA will be reflected in BGE's annual formula rate update effective June 1, 2018, but that the deferred income tax benefits will not be passed back to customers unless BGE's formula rate is revised to provide for pass back and recovery of transmission-related income tax-related regulatory liabilities and assets.

ComEd, Pepco, DPL and ACE have similar transmission-related income tax regulatory liabilities and assets also requiring FERC approval separate from their transmission formula rate mechanisms. On February 23, 2018, ComEd, Pepco, DPL, and ACE each filed with FERC to revise their transmission formula rate mechanisms to facilitate passing back to customers ongoing annual TCJA tax savings and to permit recovery of transmission-related income tax regulatory assets. The companies requested the revisions be effective as of April 24, 2018. On April 24, 2018, the FERC issued a letter order neither approving or rejecting the filings, but rather indicating that the filings were deficient and requiring the parties to file additional information within 30 days. Similar regulatory assets and liabilities at PECO are not subject to the same FERC transmission rate recovery formula and, thus, are not impacted by BGE's November 16, 2017 FERC order. As discussed below, PECO is currently in settlement discussions regarding its transmission formula rate and expects to pass back TCJA benefits to customers through its annual formula rate update.

Each of BGE, ComEd, Pepco, DPL and ACE believe there is sufficient basis to support full recovery of their existing transmission-related income tax regulatory assets, as evidenced by the further pursuit of full recovery with FERC. However, upon further consideration of the November 16, 2017 FERC order, management of each company concluded that the portion of the total transmission-related income tax regulatory assets that would have been previously amortized and recovered through rates had the transmission formula rate provided for such recovery was no longer probable of recovery. As a result, Exelon, ComEd, BGE, PHI, Pepco, DPL and ACE recorded charges to Income tax expense within their Consolidated Statements of Operations and Comprehensive Income in the fourth quarter 2017, reducing their associated transmission-related income tax regulatory assets.

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If any of the companies are ultimately successful with FERC allowing future recovery of these amounts, the associated regulatory assets will be reestablished, with corresponding decreases to Income tax expense. To the extent all or a portion of the prospective amortization amounts were no longer considered probable of recovery, Exelon, ComEd, BGE, PHI, Pepco, DPL and ACE would record additional charges to Income tax expense, which could be up to approximately $82 million , $41 million , $22 million , $19 million , $9 million , $7 million and $3 million , respectively, as of March 31, 2018 .

The Utility Registrants cannot predict the outcome of these FERC proceedings.

Transmission Formula Rate (Exelon and PECO). On May 1, 2017, PECO filed a request with FERC seeking approval to update its transmission rates and change the manner in which PECO's transmission rate is determined from a fixed rate to a formula rate. The formula rate would be updated annually to ensure that under this rate customers pay the actual costs of providing transmission services. The formula rate filing includes a requested increase of $22 million to PECO's annual transmission revenues and a requested rate of return on common equity of 11% , inclusive of a 50 basis point adder for being a member of a regional transmission organization. PECO requested that the new transmission rate be effective as of July 2017. On June 27, 2017, FERC issued an Order accepting the filing and suspending the proposed rates until December 1, 2017, subject to refund, and set the matter for hearing and settlement judge procedures. PECO cannot predict the final outcome of the settlement or hearing proceedings, or the transmission formula FERC may approve.

DOE Notice of Proposed Rulemaking (Exelon and Generation). On August 23, 2017, the DOE staff released its report on the reliability of the electric grid. One aspect of the wide-ranging report is the DOE's recognition that the electricity markets do not currently value the resiliency provided by baseload generation, such as nuclear plants. On September 28, 2017, the DOE issued a Notice of Proposed Rulemaking (NOPR) that would entitle certain eligible resilient generating units (i.e., those located in organized markets, with a 90-day supply of fuel on site, not already subject to state cost of service regulation and satisfying certain other requirements) to recover fully allocated costs and earn a fair return on equity on their investment. The DOE's NOPR recommended that the FERC take comments for 45 days after publication in the Federal Register and issue a final order 60 days after such publication. On January 8, 2018, the FERC issued an order terminating the rulemaking docket that was initiated to address the proposed rule in the DOE NOPR, concluding the proposed rule did not sufficiently demonstrate there is a resiliency issue and that it proposed a remedy that did not appear to be just, reasonable and nondiscriminatory as required under the Federal Power Act. At the same time, the FERC initiated a new proceeding to consider resiliency challenges to the bulk power system and evaluate whether additional FERC action to address resiliency would be appropriate. The FERC directed each RTO and ISO to respond within 60 days to 24 specific questions about how they assess and mitigate threats to resiliency. Interested parties may submit reply comments through May 9, 2018. Exelon has been and will continue to be an active participant in these proceedings, but cannot predict the final outcome or its potential financial impact, if any, on Exelon or Generation.

Operating License Renewals (Exelon and Generation). On August 29, 2012, Generation submitted a hydroelectric license application to FERC for a 46 -year license for the Conowingo Hydroelectric Project (Conowingo). In connection with Generation's efforts to obtain a water quality certification pursuant to Section 401 of the Clean Water Act (401 certification) with Maryland Department of the Environment (MDE) for Conowingo, Generation continues to work with MDE and other stakeholders to resolve water quality licensing issues, including: (1) water quality, (2) fish habitat, and (3) sediment.

On April 21, 2016, Exelon and the US Fish and Wildlife Service of the US Department of the Interior executed a Settlement Agreement resolving all fish passage issues between the parties. The financial impact of the Settlement Agreement is estimated to be $3 million to $7 million per year, on average, over the 46-year life of the new license, including both capital and operating costs. The actual timing and

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amount of these costs are not currently fixed and may vary significantly from year to year throughout the life of the new license.

On April 27, 2018, MDE issued its 401 certification for Conowingo. As issued, the 401 certification imposes requirements and conditions which could have a material, unfavorable impact on Exelon's and Generation's results of operations, cash flows and financial positions through an increase in capital expenditures and operating costs if implemented. Generation is reviewing the certification and will determine next steps to ensure the long-term viability of the Conowingo Dam.

As of March 31, 2018 , $32 million of direct costs associated with Conowingo licensing efforts have been capitalized. See Note 3 — Regulatory Matters of the Exelon 2017 Form 10-K for additional information on Generation's operating license renewal efforts.

Regulatory Assets and Liabilities (Exelon, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE)

Exelon, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE each prepare their consolidated financial statements in accordance with the authoritative guidance for accounting for certain types of regulation. Under this guidance, regulatory assets represent incurred costs that have been deferred because of their probable future recovery from customers through regulated rates. Regulatory liabilities represent the excess recovery of costs or accrued credits that have been deferred because it is probable such amounts will be returned to customers through future regulated rates or represent billings in advance of expenditures for approved regulatory programs.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following tables provide information about the regulatory assets and liabilities of Exelon, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE as of March 31, 2018 and December 31, 2017 . For additional information on the specific regulatory assets and liabilities, refer to Note 3 — Regulatory Matters of the Exelon 2017 Form 10-K.

March 31, 2018	Exelon	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Regulatory assets								
Pension and other postretirement benefits [a]	$ 3,844	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Deferred income taxes	336	—	327	—	9	9	—	—
AMI programs [c]	621	151	33	208	229	154	75	—
Electric distribution formula rate [d]	256	256	—	—	—	—	—	—
Energy efficiency costs	220	220	—	—	—	—	—	—
Debt costs	108	36	1	11	71	15	7	5
Fair value of long-term debt	745	—	—	—	607	—	—	—
Fair value of PHI's unamortized energy contracts	701	—	—	—	701	—	—	—
Asset retirement obligations	111	75	22	14	—	—	—	—
MGP remediation costs	284	263	21	—	—	—	—	—
Under-recovered uncollectible accounts	69	69	—	—	—	—	—	—
Renewable energy	268	267	—	—	1	—	—	1
Energy and transmission programs [e][f][g][h][i][j]	117	8	43	21	45	7	14	24
Deferred storm costs	46	—	—	—	46	12	5	29
Energy efficiency and demand response programs	559	—	1	269	289	212	77	—
Merger integration costs [k][l][m]	46	—	—	5	41	20	11	10
Under-recovered revenue decoupling [n]	44	—	—	6	38	38	—	—
COPCO acquisition adjustment	5	—	—	—	5	—	5	—
Workers compensation and long-term disability costs	33	—	—	—	33	33	—	—
Vacation accrual	27	—	14	—	13	—	8	5
Securitized stranded costs	71	—	—	—	71	—	—	71
CAP arrearage	12	—	12	—	—	—	—	—
Removal costs	535	—	—	—	535	150	94	292
DC PLUG charge	187	—	—	—	187	187	—	—
Other	63	6	12	6	39	26	9	4
Total regulatory assets	9,308	1,351	486	540	2,960	863	305	441
Less: current portion	1,245	226	78	149	507	207	63	64
Total noncurrent regulatory assets	$ 8,063	$ 1,125	$ 408	$ 391	$ 2,453	$ 656	$ 242	$ 377

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

March 31, 2018	Exelon	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Regulatory liabilities								
Other postretirement benefits	$ 26	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Deferred income taxes [b]	5,189	2,458	—	1,011	1,720	804	506	410
Nuclear decommissioning	2,969	2,464	505	—	—	—	—	—
Removal costs	1,570	1,348	—	92	130	20	110	—
Deferred rent	35	—	—	—	35	—	—	—
Energy efficiency and demand response programs	16	4	11	—	1	—	—	1
DLC program costs	7	—	7	—	—	—	—	—
Electric distribution tax repairs	27	—	27	—	—	—	—	—
Gas distribution tax repairs	8	—	8	—	—	—	—	—
Energy and transmission programs [e][f][g][h][i][j]	153	53	56	22	22	4	6	12
Over-recovered revenue decoupling [n]	14	—	—	11	3	—	3	—
Renewable portfolio standards costs	81	81	—	—	—	—	—	—
Zero emission credit costs	8	8	—	—	—	—	—	—
Over-recovered uncollectible accounts	4	—	—	—	4	—	—	4
Merger integration costs [l]	1	—	—	—	1	—	1	—
TCJA income tax benefit over-recoveries [o]	54	—	10	17	27	14	7	6
Other	84	8	22	32	22	3	13	4
Total regulatory liabilities	10,246	6,424	646	1,185	1,965	845	646	437
Less: current portion	522	212	117	102	77	7	48	21
Total noncurrent regulatory liabilities	$ 9,724	$ 6,212	$ 529	$ 1,083	$ 1,888	$ 838	$ 598	$ 416

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

December 31, 2017	Exelon	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Regulatory assets								
Pension and other postretirement benefits [a]	$ 3,848	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Deferred income taxes	306	—	297	—	9	9	—	—
AMI programs [c]	640	155	36	214	235	158	77	—
Electric distribution formula rate [d]	244	244	—	—	—	—	—	—
Energy efficiency costs	166	166	—	—	—	—	—	—
Debt costs	116	37	1	11	73	15	8	5
Fair value of long-term debt	758	—	—	—	619	—	—	—
Fair value of PHI's unamortized energy contracts	750	—	—	—	750	—	—	—
Asset retirement obligations	109	73	22	14	—	—	—	—
MGP remediation costs	295	273	22	—	—	—	—	—
Under-recovered uncollectible accounts	61	61	—	—	—	—	—	—
Renewable energy	258	256	—	—	2	—	1	1
Energy and transmission programs [e][g][h][i][j]	82	6	1	23	52	11	15	26
Deferred storm costs	27	—	—	—	27	7	5	15
Energy efficiency and demand response programs	596	—	1	285	310	229	81	—
Merger integration costs [k][l][m]	45	—	—	6	39	20	10	9
Under-recovered revenue decoupling [n]	55	—	—	14	41	38	3	—
COPCO acquisition adjustment	5	—	—	—	5	—	5	—
Workers compensation and long-term disability costs	35	—	—	—	35	35	—	—
Vacation accrual	19	—	6	—	13	—	8	5
Securitized stranded costs	79	—	—	—	79	—	—	79
CAP arrearage	8	—	8	—	—	—	—	—
Removal costs	529	—	—	—	529	150	93	286
DC PLUG charge	190	—	—	—	190	190	—	—
Other	67	8	16	4	39	29	8	4
Total regulatory assets	9,288	1,279	410	571	3,047	891	314	430
Less: current portion	1,267	225	29	174	554	213	69	71
Total noncurrent regulatory assets	$ 8,021	$ 1,054	$ 381	$ 397	$ 2,493	$ 678	$ 245	$ 359

December 31, 2017	Exelon	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Regulatory liabilities								
Other postretirement benefits	$ 30	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Deferred income taxes [b]	5,241	2,479	—	1,032	1,730	809	510	411
Nuclear decommissioning	3,064	2,528	536	—	—	—	—	—
Removal costs	1,573	1,338	—	105	130	20	110	—
Deferred rent	36	—	—	—	36	—	—	—
Energy efficiency and demand response programs	23	4	19	—	—	—	—	—
DLC program costs	7	—	7	—	—	—	—	—
Electric distribution tax repairs	35	—	35	—	—	—	—	—
Gas distribution tax repairs	9	—	9	—	—	—	—	—
Energy and transmission programs [e][f][i][j]	111	47	60	—	4	—	1	3
Renewable portfolio standard costs	63	63	—	—	—	—	—	—
Zero emission credit costs	112	112	—	—	—	—	—	—
Over-recovered uncollectible accounts	2	—	—	—	2	—	—	2
Other	82	6	24	26	26	3	14	6
Total regulatory liabilities	10,388	6,577	690	1,163	1,928	832	635	422
Less: current portion	523	249	141	62	56	3	42	11
Total noncurrent regulatory liabilities	$ 9,865	$ 6,328	$ 549	$ 1,101	$ 1,872	$ 829	$ 593	$ 411

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(a) Includes regulatory regulatory assets established at the Constellation and PHI merger dates of $427 million and $934 million , respectively, as of March 31, 2018 and $440 million and $953 million , respectively, as of December 31, 2017 related to the rate regulated portions of the deferred costs associated with legacy Constellation's and PHI's pension and other postretirement benefit plans that are being amortized and recovered over approximately 12 years and 3 to 15 years, respectively (as established at the respective acquisition dates). The Utility Registrants are not earning or paying a return on these amounts.

(b) As of March 31, 2018 , includes transmission-related income tax regulatory liabilities that require FERC approval separate from the transmission formula rate of $479 million , $135 million , $146 million , $147 million and $147 million for ComEd, BGE, Pepco, DPL and ACE, respectively. As of December 31, 2017 , includes transmission-related income tax regulatory liabilities that require FERC approval separate from the transmission formula rate of $484 million , $ 137 million , $147 million , $148 million and $147 million for ComEd, BGE, Pepco, DPL and ACE, respectively.

(c) As of March 31, 2018 , BGE's regulatory asset of $208 million includes $125 million of unamortized incremental deployment costs under the program, $51 million of unamortized costs of the non-AMI meters replaced under the AMI program, and $32 million related to post-test year incremental program deployment costs incurred prior to approval became effective June 2016. As of December 31, 2017 , BGE's regulatory asset of $214 million includes $129 million of unamortized incremental deployment costs under the program, $53 million of unamortized costs of the non-AMI meters replaced under the AMI program, and $32 million related to post-test year incremental program deployment costs incurred prior to approval became effective June 2016. Recovery of the post-test year incremental deployment costs will be addressed in a future base rate proceeding.

(d) As of March 31, 2018 , ComEd's regulatory asset of $256 million was comprised of $195 million for the 2016, 2017 and 2018 annual reconciliations and $61 million related to significant one-time events. As of December 31, 2017 , ComEd's regulatory asset of $244 million was comprised of $186 million for the 2016 and 2017 annual reconciliations and $58 million related to significant one-time events.

(e) As of March 31, 2018 , ComEd's regulatory asset of $8 million represents transmission costs recoverable through its FERC approved formula rate. As of March 31, 2018 , ComEd's regulatory liability of $53 million included $21 million related to over-recovered energy costs and $32 million associated with revenues received for renewable energy requirements. As of December 31, 2017 , ComEd's regulatory asset of $6 million represents transmission costs recoverable through its FERC approved formula rate. As of December 31, 2017 , ComEd's regulatory liability of $47 million included $14 million related to over-recovered energy costs and $33 million associated with revenues received for renewable energy requirements.

(f) As of March 31, 2018 , PECO's regulatory liability of $56 million included $44 million related to over-recovered costs under the DSP program, $3 million related to the over-recovered transmission service charges and $9 million related to over-recovered non-bypassable transmission service charges. As of December 31, 2017 , PECO's regulatory liability of $60 million included $36 million related to over-recovered costs under the DSP program, $12 million related to over-recovered non-bypassable transmission service charges and $12 million related to the over-recovered natural gas costs under the PGC.

(g) As of March 31, 2018 , BGE's regulatory asset of $21 million included $13 million of costs associated with transmission costs recoverable through its FERC approved formula rate, $5 million related to under-recovered electric energy costs and $3 million of abandonment costs to be recovered upon FERC approval. As of March 31, 2018 , BGE's regulatory liability of $22 million related to over-recovered natural gas costs. As of December 31, 2017 , BGE's regulatory asset of $23 million included $7 million of costs associated with transmission costs recoverable through its FERC approved formula rate, $5 million related to under-recovered electric energy costs, $3 million of abandonment costs to be recovered upon FERC approval and $8 million of under-recovered natural gas costs.

(h) As of March 31, 2018 , Pepco's regulatory asset of $7 million included $4 million of transmission costs recoverable through its FERC approved formula rate and $3 million related to under-recovered electric energy costs. As of March 31, 2018 , Pepco's regulatory liability of $4 million related to over-recovered electric energy costs. As of December 31, 2017 , Pepco's regulatory asset of $11 million included $3 million of transmission costs recoverable through its FERC approved formula rate and $8 million of under-recovered electric energy costs.

(i) As of March 31, 2018 , DPL's regulatory asset of $14 million included $11 million of transmission costs recoverable through its FERC approved formula rate and $3 million related to under-recovered electric energy costs. As of March 31, 2018 , DPL's regulatory liability of $6 million related to over-recovered electric energy and gas fuel costs. As of December 31, 2017 , DPL's regulatory asset of $15 million included $8 million of transmission costs recoverable through its FERC approved formula rate and $7 million related to under-recovered electric energy costs. As of December 31, 2017 , DPL's regulatory liability of $1 million related to over-recovered electric energy costs.

(j) As of March 31, 2018 , ACE's regulatory asset of $24 million included $9 million of transmission costs recoverable through its FERC approved formula rate and $15 million of under-recovered electric energy costs. As of March 31, 2018 , ACE's regulatory liability of $12 million related to over-recovered electric energy costs. As of December 31, 2017 , ACE's regulatory asset of $26 million included $11 million of transmission costs recoverable through its FERC approved formula rate and $15 million of under-recovered electric energy costs. As of December 31, 2017 , ACE's regulatory liability of $3 million related to over-recovered electric energy costs.

(k) As of March 31, 2018 and December 31, 2017 , Pepco's regulatory asset of $20 million represents previously incurred PHI integration costs, including $11 million authorized for recovery in Maryland and $9 million expected to be recovered in the District of Columbia service territory.

(l) As of March 31, 2018 , DPL's regulatory asset of $11 million represents previously incurred PHI integration costs, including $4 million authorized for recovery in Maryland, $5 million authorized for recovery in Delaware electric rates and $2 million authorized for recovery in Delaware gas rates. As of March 31, 2018 , DPL's regulatory liability of $1 million represents net synergy savings incurred related to PHI integration costs that are expected to be returned in electric and gas rates in the Delaware service territory. As of December 31, 2017 , DPL's regulatory asset of $10 million represents previously incurred PHI integration costs, including $4 million authorized for recovery in Maryland, $5 million authorized for recovery in Delaware electric rates, and $1 million expected to be recovered in electric and gas rates in the Maryland and Delaware service territories.

(m) As of March 31, 2018 and December 31, 2017 , ACE's regulatory asset of $10 million and $9 million , respectively, represents previously incurred PHI integration costs expected to be recovered in the New Jersey service territory.

(n) Represents the electric and natural gas distribution costs recoverable from customers under BGE's decoupling mechanism. As of March 31, 2018 , BGE had a regulatory asset of $6 million related to under-recovered electric revenue decoupling and a regulatory liability of $11 million related to over-recovered natural gas revenue decoupling. As of December 31, 2017 , BGE had a regulatory asset of $10 million related to under-recovered electric revenue decoupling and $4 million related to under-recovered natural gas revenue decoupling.

(o) Represents over-recoveries related to the change in the federal income tax rate with the enactment of the TCJA. These regulatory liabilities will be amortized as the TCJA income tax benefits are passed back to customers. See Tax Cuts and Jobs Act disclosures above for further details on the regulatory proceedings.

Capitalized Ratemaking Amounts Not Recognized (Exelon, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE)

The following table illustrates our authorized amounts capitalized for ratemaking purposes related to earnings on shareholders' investment that are not recognized for financial reporting purposes on our Consolidated Balance Sheets. These amounts will be recognized as revenues in our Consolidated Statements of Operations and Comprehensive Income in the periods they are billable to our customers.

	Exelon	ComEd [a]	PECO	BGE [b]	PHI	Pepco [c]	DPL [c]	ACE
March 31, 2018	$ 69	$ 7	$ —	$ 52	$ 10	$ 6	$ 4	$ —

	Exelon	ComEd [a]	PECO	BGE [b]	PHI	Pepco [c]	DPL [c]	ACE
December 31, 2017	$ 69	$ 6	$ —	$ 53	$ 10	$ 6	$ 4	$ —

(a) Reflects ComEd's unrecognized equity returns earned for ratemaking purposes on its electric distribution formula rate regulatory assets.

(b) BGE's authorized amounts capitalized for ratemaking purposes primarily relate to earnings on shareholders' investment on its AMI programs.

(c) Pepco's and DPL's authorized amounts capitalized for ratemaking purposes relate to earnings on shareholders' investment on their respective AMI Programs and Energy Efficiency and Demand Response Programs. The earnings on energy efficiency are on Pepco DC and DPL DE programs only.

Purchase of Receivables Programs (Exelon, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE)

ComEd, PECO, BGE, Pepco, DPL and ACE are required, under separate legislation and regulations in Illinois, Pennsylvania, Maryland, District of Columbia and New Jersey, to purchase certain receivables from retail electric and natural gas suppliers that participate in the utilities' consolidated billing. ComEd, BGE, Pepco and DPL purchase receivables at a discount to recover primarily uncollectible accounts expense from the suppliers. PECO is required to purchase receivables at face value and is permitted to recover uncollectible accounts expense, including those from Third Party Suppliers, from customers through distribution rates. ACE purchases receivables at face value. ACE recovers all uncollectible accounts expense, including those from Third Party Suppliers, through the Societal Benefits Charge (SBC) rider, which includes uncollectible accounts expense as a component. The SBC is filed annually with the NJBPU. Exelon, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE do not record unbilled commodity receivables under the POR programs. Purchased billed receivables are classified in Other accounts receivable, net on Exelon's, ComEd's, PECO's, BGE's, PHI's, Pepco's, DPL's and ACE's Consolidated Balance Sheets. The following tables provide information about the purchased receivables of those companies as of March 31, 2018 and December 31, 2017 .

As of March 31, 2018	Exelon	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Purchased receivables	$ 317	$ 88	$ 73	$ 64	$ 92	$ 55	$ 17	$ 20
Allowance for uncollectible accounts [a]	(35)	(16)	(6)	(4)	(9)	(5)	(1)	(3)
Purchased receivables, net	$ 282	$ 72	$ 67	$ 60	$ 83	$ 50	$ 16	$ 17

As of December 31, 2017	Exelon	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Purchased receivables	$ 298	$ 87	$ 70	$ 58	$ 83	$ 56	$ 9	$ 18
Allowance for uncollectible accounts [(a)]	(31)	(14)	(5)	(3)	(9)	(5)	(1)	(3)
Purchased receivables, net	$ 267	$ 73	$ 65	$ 55	$ 74	$ 51	$ 8	$ 15

(a) For ComEd, BGE, Pepco and DPL, reflects the incremental allowance for uncollectible accounts recorded, which is in addition to the purchase discount. For ComEd, the incremental uncollectible accounts expense is recovered through its Purchase of Receivables with Consolidated Billing tariff.

7 . Impairment of Long-Lived Assets (Exelon and Generation)

During the first quarter of 2018, Mystic Unit 9 did not clear in the ISO-NE capacity auction for the 2021 - 2022 planning year. On March 29, 2018, Generation announced it had formally notified ISO-NE of the early retirement of its Mystic Generating Station's Units 7, 8, 9 and the Mystic Jet Unit (Mystic Generating Station assets) absent regulatory reforms. These events suggested that the carrying value of its New England asset group may be impaired. As a result, Generation completed a comprehensive review of the estimated undiscounted future cash flows of the New England asset group and no impairment charge was required. Further developments such as the failure of ISO-NE to adopt interim and long-term solutions for reliability and fuel security could potentially result in future impairments of the New England asset group, which could be material. See Note 8 — Early Plant Retirements for additional information on the early retirement of the Mystic Generating Station assets.

8 . Early Plant Retirements (Exelon and Generation)

Exelon and Generation continue to evaluate the current and expected economic value of each of Generation’s plants. Factors that will continue to affect the economic value of Generation’s plants include, but are not limited to: market power prices, results of capacity auctions, potential legislative and regulatory solutions to ensure plants are fairly compensated for benefits they provide through their carbon-free emissions, reliability, or fuel security, and the impact of potential rules from the EPA requiring reduction of carbon and other emissions and the efforts of states to implement those final rules. The precise timing of an early retirement date for any plant, and the resulting financial statement impacts, may be affected by many factors, including the status of potential regulatory or legislative solutions, results of any transmission system reliability study assessments, the nature of any co-owner requirements and stipulations, and decommissioning trust fund requirements for nuclear plants, among other factors. However, the earliest retirement date for any plant would usually be the first year in which the unit does not have capacity or other obligations, and where applicable, just prior to its next scheduled nuclear refueling outage.

In 2015 and 2016, Generation identified the Clinton and Quad Cities nuclear plants in Illinois, Ginna and Nine Mile Point nuclear plants in New York and Three Mile Island nuclear plant in Pennsylvania as having the greatest risk of early retirement based on economic valuation and other factors.

Assuming the continued effectiveness of the Illinois ZES and the New York CES, Generation and CENG, through its ownership of Ginna and Nine Mile Point, no longer consider Clinton, Quad Cities, Ginna or Nine Mile Point to be at heightened risk for early retirement. However, to the extent either the Illinois ZES or the New York CES programs do not operate as expected over their full terms, each of these plants could again be at heightened risk for early retirement, which could have a material impact on Exelon’s and Generation’s future results of operations, cash flows and financial positions. Refer to Note 6 — Regulatory Matters for additional discussion on the New York CES and the Illinois ZES.

In Pennsylvania, the TMI nuclear plant did not clear in the May 2017 PJM capacity auction for the 2020-2021 planning year, the third consecutive year that TMI failed to clear the PJM base residual

capacity auction. The plant is currently committed to operate through May 2019 and is licensed to operate through 2034. On May 30, 2017, based on these capacity auction results, prolonged periods of low wholesale power prices, and the absence of federal or state policies that place a value on nuclear energy for its ability to produce electricity without air pollution, Exelon announced that Generation will permanently cease generation operations at TMI on or about September 30, 2019. Generation has filed the required market and regulatory notifications to shut down the plant. PJM has subsequently notified Generation that it has not identified any reliability issues and has approved the deactivation of TMI as proposed.

On February 2, 2018, Exelon announced that Generation will permanently cease generation operations at Oyster Creek at the end of its current operating cycle by October 2018. In 2010, Generation announced that Oyster Creek would retire by the end of 2019 as part of an agreement with the State of New Jersey to avoid significant costs associated with the construction of cooling towers to meet the State's then new environmental regulations. Since then, like other nuclear sites, Oyster Creek has continued to face rising operating costs amid a historically low wholesale power price environment. The decision to retire Oyster Creek in 2018 at the end of its current operating cycle involved consideration of several factors, including economic and operating efficiencies, and avoids a refueling outage scheduled for the fall of 2018 that would have required advanced purchasing of fuel fabrication and materials beginning in late February 2018. Generation has filed the required market and regulatory notifications to shut down the plant. PJM has subsequently notified Generation that it has not identified any reliability issues and has approved the deactivation of Oyster Creek as proposed.

As a result of these plant retirement decisions, Exelon and Generation recognized one-time charges in Operating and maintenance expense related to materials and supplies inventory reserve adjustments, employee-related costs and CWIP impairments, among other items. In addition to these one-time charges, annual incremental non-cash charges to earnings stemming from shortening the expected economic useful lives primarily related to accelerated depreciation of plant assets (including any ARC), accelerated amortization of nuclear fuel, and additional ARO accretion expense associated with the changes in decommissioning timing and cost assumptions were also recorded. See Note 13 — Nuclear Decommissioning for additional detail on changes to the nuclear decommissioning ARO balance.

Exelon's and Generation's first quarter 2018 results included a net incremental $178 million of total pre-tax expense associated with the early retirement decisions for TMI and Oyster Creek, as summarized in the table below.

Income statement expense (pre-tax)	Q1 2018
Depreciation and amortization [(a)]	
Accelerated depreciation [(b)]	$ 137
Accelerated nuclear fuel amortization	15
Operating and maintenance [(c)]	26
Total	$ 178

(a) Reflects incremental accelerated depreciation and amortization for TMI for the quarter ended March 31, 2018 , and for Oyster Creek from February 2, 2018 through March 31, 2018 .
(b) Reflects incremental accelerated depreciation of plant assets, including any ARC.
(c) Primarily includes materials and supplies inventory reserve adjustments, employee related costs and CWIP impairments.

Exelon's and Generation's 2017 results included a net incremental $339 million of total pre-tax expense associated with the early retirement decision for TMI, as summarized in the table below.

Income statement expense (pre-tax)	Q2 2017	Q3 2017	Q4 2017	YTD 2017
Depreciation and amortization [(a)]				
Accelerated depreciation [(b)]	$ 35	$ 106	$ 109	$ 250
Accelerated Nuclear Fuel amortization	2	6	4	12
Operating and maintenance [(c)]	71	5	1	77
Total	$ 108	$ 117	$ 114	$ 339

(a) Reflects incremental charges for TMI including incremental accelerated depreciation and amortization from May 30, 2017 through December 31, 2017.
(b) Reflects incremental accelerated depreciation of plant assets, including any ARC.
(c) Primarily includes materials and supplies inventory reserve adjustments, employee related costs and CWIP impairments.

In 2017, PSEG made public similar financial challenges facing its New Jersey nuclear plants including Salem, of which Generation owns a 42.59% ownership interest. Although Salem is committed to operate through May 2021, the plant faces continued economic challenges and PSEG, as the operator of the plant, is exploring all options.

On April 12, 2018, a bill was passed by both Houses of the New Jersey legislature that would establish a ZEC program providing compensation for nuclear plants that demonstrate to the NJBPU that they meet certain requirements, including that they make a significant contribution to air quality in the state and that their revenues are insufficient to cover their costs and risks. The program provides transparency and includes robust customer protections. The New Jersey Governor has up to 45 days to sign the bill, with the bill becoming effective immediately upon signing. The NJBPU then has 180 days from the effective date to establish procedures for implementation of the ZEC program and 330 days from the effective date to determine which nuclear power plants are selected to receive ZECs under the program. Selected nuclear plants will receive ZEC payments for each energy year (12-month period from June 1 through May 31) within 90 days after the completion of such energy year. Exelon and Generation continue to work with stakeholders.

The following table provides the balance sheet amounts as of March 31, 2018 for Generation’s ownership share of the significant assets and liabilities associated with Salem.

	March 31, 2018
Asset Balances	
Materials and supplies inventory	$ 45
Nuclear fuel inventory, net	102
Completed plant, net	618
Construction work in progress	27
Liability Balances	
Asset retirement obligation	(446)
NRC License Renewal Term	2036 (Unit 1)
	2040 (Unit 2)

On March 29, 2018, Generation announced it had formally notified grid operator ISO-NE of its plans to early retire its Mystic Generating Station assets absent regulatory reforms on June 1, 2022, at the

end of the current capacity commitment for Mystic Units 7 & 8. Mystic Unit 9 is currently committed through May 2021. Absent any regulatory reforms to properly value reliability and regional fuel security, these units will not participate in the Forward Capacity Auction (FCA) scheduled for February 2019 for the 2022 - 2023 planning year.

The ISO-NE recently announced that it would take a three-step approach to fuel security. First, ISO-NE will make a filing soon to obtain tariff waivers to allow it to retain Mystic 8 and 9 for fuel security for the 2022 - 2024 planning years. Second, ISO-NE will file tariff revisions to allow it to retain other resources for fuel security in the capacity market if necessary in the future. Third, ISO-NE will work with stakeholders to develop long-term market rule changes to address system resiliency considering significant reliability risks identified in ISO-NE's January 2018 fuel security report. Changes to market rules are necessary because critical units to the region, such as Mystic Units 8 and 9, cannot recover future operating costs, including the cost of procuring fuel. On April 3, 2018, ISO-NE issued a memorandum to the NEPOOL Participants' Committee announcing its intention to seek FERC approval for waiver of certain tariff provisions in order to allow it to retain Mystic Units 8 and 9 for fuel security reasons. On April 4, 2018, Generation issued a letter indicating its willingness to cooperate and submit to full cost-of-service compensation for the Mystic Units 8 and 9, provided that the cost-of-service rate is determined before it commits to any future capacity obligation.

The following table provides the balance sheet amounts as of March 31, 2018 for Generation's significant assets and liabilities associated with the Mystic Generating Station assets.

	March 31, 2018
Asset Balances	
Materials and supplies inventory	$ 26
Fuel inventory	18
Completed plant, net	896
Construction work in progress	4
Prepaid expense [(a)]	9
Liability Balances	
Asset retirement obligation	(5)
Accrued expense [(a)]	(2)

(a) Reflects ending balances only as they relate to Mystic's Long-term Service Agreement.

9 . Fair Value of Financial Assets and Liabilities (All Registrants)

Fair Value of Financial Liabilities Recorded at Amortized Cost

The following tables present the carrying amounts and fair values of the Registrants' short-term liabilities, long-term debt, SNF obligation and trust preferred securities (long-term debt to financing trusts or junior subordinated debentures) as of March 31, 2018 and December 31, 2017 :

Exelon

	March 31, 2018				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities [a]	$ 1,654	$ —	$ 1,654	$ —	$ 1,654
Long-term debt (including amounts due within one year) [b][c]	34,108	—	33,091	1,893	34,984
Long-term debt to financing trusts [d]	389	—	—	421	421
SNF obligation	1,151	—	922	—	922

	December 31, 2017				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities [a]	$ 929	$ —	$ 929	$ —	$ 929
Long-term debt (including amounts due within one year) [b][c]	34,264	—	34,735	1,970	36,705
Long-term debt to financing trusts [d]	389	—	—	431	431
SNF obligation	1,147	—	936	—	936

Generation

	March 31, 2018				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities [a]	$ 166	$ —	$ 166	$ —	$ 166
Long-term debt (including amounts due within one year) [b][c]	8,965	—	7,585	1,610	9,195
SNF obligation	1,151	—	922	—	922

	December 31, 2017				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities [a]	$ 2	$ —	$ 2	$ —	$ 2
Long-term debt (including amounts due within one year) [b][c]	8,990	—	7,839	1,673	9,512
SNF obligation	1,147	—	936	—	936

ComEd

	March 31, 2018				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities [a]	$ 317	$ —	$ 317	$ —	$ 317
Long-term debt (including amounts due within one year) [b][c]	7,694	—	8,061	—	8,061
Long-term debt to financing trusts [d]	205	—	—	222	222

	December 31, 2017				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Long-term debt (including amounts due within one year) [b][c]	$ 7,601	$ —	$ 8,418	$ —	$ 8,418
Long-term debt to financing trusts [d]	205	—	—	227	227

PECO

	March 31, 2018				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities [a]	$ 220	$ —	$ 220	$ —	$ 220
Long-term debt (including amounts due within one year) [b][c]	2,723	—	2,870	—	2,870
Long-term debt to financing trusts [d]	184	—	—	199	199

	December 31, 2017				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Long-term debt (including amounts due within one year) [b][c]	$ 2,903	$ —	$ 3,194	$ —	$ 3,194
Long-term debt to financing trusts [d]	184	—	—	204	204

BGE

	March 31, 2018				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities [a]	$ 45	$ —	$ 45	$ —	$ 45
Long-term debt (including amounts due within one year) [b][c]	$ 2,578	$ —	$ 2,689	$ —	$ 2,689

	December 31, 2017				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities [a]	$ 77	$ —	$ 77	$ —	$ 77
Long-term debt (including amounts due within one year) [b][c]	2,577	—	2,825	—	2,825

PHI

	March 31, 2018				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities [a]	$ 407	$ —	$ 407	$ —	$ 407
Long-term debt (including amounts due within one year) [b][c]	5,849	—	5,423	283	5,706

	December 31, 2017				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities [a]	$ 350	$ —	$ 350	$ —	$ 350
Long-term debt (including amounts due within one year) [b][c]	5,874	—	5,722	297	6,019

Pepco

	March 31, 2018				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities [a]	$ 60	$ —	$ 60	$ —	$ 60
Long-term debt (including amounts due within one year) [b][c]	2,540	—	2,933	9	2,942

	December 31, 2017				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities [a]	$ 26	$ —	$ 26	$ —	$ 26
Long-term debt (including amounts due within one year) [b][c]	2,540	—	3,114	9	3,123

DPL

	March 31, 2018				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities [a]	$ 211	$ —	$ 211	$ —	$ 211
Long-term debt (including amounts due within one year) [b][c]	1,296	—	1,320	—	1,320

	December 31, 2017				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities [a]	$ 216	$ —	$ 216	$ —	$ 216
Long-term debt (including amounts due within one year) [b][c]	1,300	—	1,393	—	1,393

ACE

	March 31, 2018				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities [a]	$ 136	$ —	$ 136	$ —	$ 136
Long-term debt (including amounts due within one year) [b][c]	1,114	—	916	274	1,190

	December 31, 2017				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities [a]	$ 108	$ —	$ 108	$ —	$ 108
Long-term debt (including amounts due within one year) [b][c]	1,121	—	949	288	1,237

(a) Level 1 securities consist of dividends payable (included in other current liabilities). Level 2 securities consist of short term borrowings.
(b) Includes unamortized debt issuance costs which are not fair valued of $213 million , $57 million , $60 million , $20 million , $16 million , $6 million , $32 million , $11 million and $5 million for Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE, respectively, as of March 31, 2018 . Includes unamortized debt issuance costs which are not fair valued of $201 million , $60 million , $52 million , $17 million , $17 million , $6 million , $32 million , $11 million and $5 million for Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE, respectively, as of December 31, 2017 .
(c) Level 2 securities consist of fixed-rate taxable debt securities, fixed-rate tax-exempt debt, variable rate tax-exempt debt and variable rate non-recourse debt. Level 3 securities consist of fixed-rate private placement taxable debt securities, fixed rate nonrecourse debt and government-backed fixed rate non-recourse debt.
(d) Includes unamortized debt issuance costs which are not fair valued of $1 million and $1 million for Exelon and ComEd, respectively, as of March 31, 2018 and December 31, 2017 .

Recurring Fair Value Measurements

Exelon records the fair value of assets and liabilities in accordance with the hierarchy established by the authoritative guidance for fair value measurements. The hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1 — quoted prices (unadjusted) in active markets for identical assets or liabilities that the Registrants have the ability to liquidate as of the reporting date.

- Level 2 — inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.

- Level 3 — unobservable inputs, such as internally developed pricing models or third-party valuations for the asset or liability due to little or no market activity for the asset or liability.

Transfers in and out of levels are recognized as of the end of the reporting period when the transfer occurred. Given derivatives categorized within Level 1 are valued using exchange-based quoted prices within observable periods, transfers between Level 2 and Level 1 were not material. Additionally, there

were no material transfers between Level 1 and Level 2 during the three months ended March 31, 2018 for cash equivalents, nuclear decommissioning trust fund investments, Pledged assets for Zion Station decommissioning, Rabbi trust investments, and Deferred compensation obligations. For derivative contracts, transfers into Level 2 from Level 3 generally occur when the contract tenor becomes more observable and due to changes in market liquidity or assumptions for certain commodity contracts.

Generation and Exelon

In accordance with the applicable guidance on fair value measurement, certain investments that are measured at fair value using the NAV per share as a practical expedient are no longer classified within the fair value hierarchy and are included under "Not subject to leveling" in the table below.

The following tables present assets and liabilities measured and recorded at fair value on Exelon's and Generation's Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy as of March 31, 2018 and December 31, 2017 :

	Generation					Exelon				
As of March 31, 2018	**Level 1**	**Level 2**	**Level 3**	**Not subject to leveling**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Not subject to leveling**	**Total**
Assets										
Cash equivalents [a]	343	—	—	—	343	517	—	—	—	517
NDT fund investments										
Cash equivalents [b]	222	105	—	—	327	222	105	—	—	327
Equities	4,002	983	—	2,119	7,104	4,002	983	—	2,119	7,104
Fixed income										
Corporate debt	—	1,583	240	—	1,823	—	1,583	240	—	1,823
U.S. Treasury and agencies	1,869	88	—	—	1,957	1,869	88	—	—	1,957
Foreign governments	—	86	—	—	86	—	86	—	—	86
State and municipal debt	—	254	—	—	254	—	254	—	—	254
Other [c]	—	39	—	532	571	—	39	—	532	571
Fixed income subtotal	1,869	2,050	240	532	4,691	1,869	2,050	240	532	4,691
Middle market lending	—	—	369	127	496	—	—	369	127	496
Private equity	—	—	—	253	253	—	—	—	253	253
Real estate	—	—	—	488	488	—	—	—	488	488
NDT fund investments subtotal [d]	6,093	3,138	609	3,519	13,359	6,093	3,138	609	3,519	13,359
Pledged assets for Zion Station decommissioning										
Cash equivalents	13	—	—	—	13	13	—	—	—	13

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Generation					Exelon				
As of March 31, 2018	**Level 1**	**Level 2**	**Level 3**	**Not subject to leveling**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Not subject to leveling**	**Total**
Middle market lending	—	—	16	—	16	—	—	16	—	16
Pledged assets for Zion Station decommissioning subtotal (e)	13	—	16	—	29	13	—	16	—	29
Rabbi trust investments										
Cash equivalents	5	—	—	—	5	77	—	—	—	77
Mutual funds	24	—	—	—	24	59	—	—	—	59
Fixed income	—	—	—	—	—	—	10	—	—	10
Life insurance contracts	—	22	—	—	22	—	71	23	—	94
Rabbi trust investments subtotal (f)	29	22	—	—	51	136	81	23	—	240
Commodity derivative assets										
Economic hedges	286	2,923	1,892	—	5,101	286	2,923	1,892	—	5,101
Proprietary trading	—	151	58	—	209	—	151	58	—	209
Effect of netting and allocation of collateral (g) (h)	(335)	(2,589)	(895)	—	(3,819)	(335)	(2,589)	(895)	—	(3,819)
Commodity derivative assets subtotal	(49)	485	1,055	—	1,491	(49)	485	1,055	—	1,491
Interest rate and foreign currency derivative assets										
Derivatives designated as hedging instruments	—	12	—	—	12	—	12	—	—	12
Economic hedges	—	6	—	—	6	—	6	—	—	6
Effect of netting and allocation of collateral	(1)	(3)	—	—	(4)	(1)	(3)	—	—	(4)
Interest rate and foreign currency derivative assets subtotal	(1)	15	—	—	14	(1)	15	—	—	14
Other investments	—	—	36	—	36	—	—	36	—	36
Total assets	6,428	3,660	1,716	3,519	15,323	6,709	3,719	1,739	3,519	15,686
Liabilities										
Commodity derivative liabilities										
Economic hedges	(415)	(3,317)	(1,203)	—	(4,935)	(415)	(3,317)	(1,470)	—	(5,202)
Proprietary trading	—	(164)	(15)	—	(179)	—	(164)	(15)	—	(179)
Effect of netting and allocation of collateral (g) (h)	415	3,007	1,081	—	4,503	415	3,007	1,081	—	4,503
Commodity derivative liabilities subtotal	—	(474)	(137)	—	(611)	—	(474)	(404)	—	(878)
Interest rate and foreign currency derivative liabilities										
Derivatives designated as hedging instruments	—	—	—	—	—	—	(4)	—	—	(4)

	Generation					Exelon				
As of March 31, 2018	**Level 1**	**Level 2**	**Level 3**	**Not subject to leveling**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Not subject to leveling**	**Total**
Economic hedges	(1)	(4)	—	—	(5)	(1)	(4)	—	—	(5)
Effect of netting and allocation of collateral	1	3	—	—	4	1	3	—	—	4
Interest rate and foreign currency derivative liabilities subtotal	—	(1)	—	—	(1)	—	(5)	—	—	(5)
Deferred compensation obligation	—	(35)	—	—	(35)	—	(138)	—	—	(138)
Total liabilities	—	(510)	(137)	—	(647)	—	(617)	(404)	—	(1,021)
Total net assets	$ 6,428	$ 3,150	$ 1,579	$ 3,519	$ 14,676	$ 6,709	$ 3,102	$ 1,335	$ 3,519	$ 14,665

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Generation					Exelon				
As of December 31, 2017	**Level 1**	**Level 2**	**Level 3**	**Not subject to leveling**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Not subject to leveling**	**Total**
Assets										
Cash equivalents [a]	$ 168	$ —	$ —	$ —	$ 168	$ 656	$ —	$ —	$ —	$ 656
NDT fund investments										
Cash equivalents [b]	135	85	—	—	220	135	85	—	—	220
Equities	4,163	915	—	2,176	7,254	4,163	915	—	2,176	7,254
Fixed income										
Corporate debt	—	1,614	251	—	1,865	—	1,614	251	—	1,865
U.S. Treasury and agencies	1,917	52	—	—	1,969	1,917	52	—	—	1,969
Foreign governments	—	82	—	—	82	—	82	—	—	82
State and municipal debt	—	263	—	—	263	—	263	—	—	263
Other [c]	—	47	—	510	557	—	47	—	510	557
Fixed income subtotal	1,917	2,058	251	510	4,736	1,917	2,058	251	510	4,736
Middle market lending	—	—	397	131	528	—	—	397	131	528
Private equity	—	—	—	222	222	—	—	—	222	222
Real estate	—	—	—	471	471	—	—	—	471	471
NDT fund investments subtotal [d]	6,215	3,058	648	3,510	13,431	6,215	3,058	648	3,510	13,431
Pledged assets for Zion Station decommissioning										
Cash equivalents	2	—	—	—	2	2	—	—	—	2
Equities	—	1	—	—	1	—	1	—	—	1
Middle market lending	—	—	12	24	36	—	—	12	24	36
Pledged assets for Zion Station decommissioning subtotal [e]	2	1	12	24	39	2	1	12	24	39
Rabbi trust investments										
Cash equivalents	5	—	—	—	5	77	—	—	—	77
Mutual funds	23	—	—	—	23	58	—	—	—	58
Fixed income	—	—	—	—	—	—	12	—	—	12
Life insurance contracts	—	22	—	—	22	—	71	22	—	93
Rabbi trust investments subtotal [f]	28	22	—	—	50	135	83	22	—	240
Commodity derivative assets										
Economic hedges	557	2,378	1,290	—	4,225	557	2,378	1,290	—	4,225
Proprietary trading	2	31	35	—	68	2	31	35	—	68
Effect of netting and allocation of collateral [g] [h]	(585)	(1,769)	(635)	—	(2,989)	(585)	(1,769)	(635)	—	(2,989)
Commodity derivative assets subtotal	(26)	640	690	—	1,304	(26)	640	690	—	1,304
Interest rate and foreign currency derivative assets										
Derivatives designated as hedging instruments	—	3	—	—	3	—	6	—	—	6
Economic hedges	—	10	—	—	10	—	10	—	—	10

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Generation					Exelon				
As of December 31, 2017	**Level 1**	**Level 2**	**Level 3**	**Not subject to leveling**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Not subject to leveling**	**Total**
Effect of netting and allocation of collateral	(2)	(5)	—	—	(7)	(2)	(5)	—	—	(7)
Interest rate and foreign currency derivative assets subtotal	(2)	8	—	—	6	(2)	11	—	—	9
Other investments	—	—	37	—	37	—	—	37	—	37
Total assets	6,385	3,729	1,387	3,534	15,035	6,980	3,793	1,409	3,534	15,716
Liabilities										
Commodity derivative liabilities										
Economic hedges	(712)	(2,226)	(845)	—	(3,783)	(713)	(2,226)	(1,101)	—	(4,040)
Proprietary trading	(2)	(42)	(9)	—	(53)	(2)	(42)	(9)	—	(53)
Effect of netting and allocation of collateral [g] [h]	650	2,089	716	—	3,455	651	2,089	716	—	3,456
Commodity derivative liabilities subtotal	(64)	(179)	(138)	—	(381)	(64)	(179)	(394)	—	(637)
Interest rate and foreign currency derivative liabilities										
Derivatives designated as hedging instruments	—	(2)	—	—	(2)	—	(2)	—	—	(2)
Economic hedges	(1)	(8)	—	—	(9)	(1)	(8)	—	—	(9)
Effect of netting and allocation of collateral	2	5	—	—	7	2	5	—	—	7
Interest rate and foreign currency derivative liabilities subtotal	1	(5)	—	—	(4)	1	(5)	—	—	(4)
Deferred compensation obligation	—	(38)	—	—	(38)	—	(145)	—	—	(145)
Total liabilities	(63)	(222)	(138)	—	(423)	(63)	(329)	(394)	—	(786)
Total net assets	$ 6,322	$ 3,507	$ 1,249	$ 3,534	$ 14,612	$ 6,917	$ 3,464	$ 1,015	$ 3,534	$ 14,930

(a) Generation excludes cash of $371 million and $259 million at March 31, 2018 and December 31, 2017 and restricted cash of $23 million and $127 million at March 31, 2018 and December 31, 2017 . Exelon excludes cash of $531 million and $389 million at March 31, 2018 and December 31, 2017 and restricted cash of $51 million and $145 million at March 31, 2018 and December 31, 2017 and includes long-term restricted cash of $103 million and $85 million at March 31, 2018 and December 31, 2017 , which is reported in Other deferred debits on the Consolidated Balance Sheets.

(b) Includes $53 million and $77 million of cash received from outstanding repurchase agreements at March 31, 2018 and December 31, 2017 , respectively, and is offset by an obligation to repay upon settlement of the agreement as discussed in (d) below.

(c) Includes derivative instruments of $2 million and less than $1 million , which have a total notional amount of $949 million and $811 million at March 31, 2018 and December 31, 2017 , respectively. The notional principal amounts for these instruments provide one measure of the transaction volume outstanding as of the fiscal years ended and do not represent the amount of the company's exposure to credit or market loss.

(d) Excludes net liabilities of $84 million and $82 million at March 31, 2018 and December 31, 2017 , respectively. These items consist of receivables related to pending securities sales, interest and dividend receivables, repurchase agreement obligations, and payables related to pending securities purchases. The repurchase agreements are generally short-term in nature with durations generally of 30 days or less.

(e) Excludes net assets of $1 million at March 31, 2018 . These items consist of receivables related to pending securities sales, interest and dividend receivables, and payables related to pending securities purchases.

(f) The amount of unrealized gains/(losses) at Generation totaled less than $1 million and $1 million for the three months ended March 31, 2018 and March 31, 2017 , respectively. The amount of unrealized gains/(losses) at Exelon totaled $1 million and $2 million for the three months ended March 31, 2018 and March 31, 2017 , respectively.

(g) Collateral posted/(received) from counterparties totaled $80 million , $418 million and $186 million allocated to Level 1, Level 2 and Level 3 mark-to-market derivatives, respectively, as of March 31, 2018 . Collateral posted/(received) from counterparties, net of collateral paid to counterparties, totaled $65 million , $320 million and $81 million allocated to Level 1, Level 2 and Level 3 mark-to-market derivatives, respectively, as of December 31, 2017 .

(h) Of the collateral posted/(received), $156 million represents variation margin on the exchanges as of March 31, 2018 . Of the collateral posted/(received), $(117) million represents variation margin on the exchanges as of December 31, 2017 .

Exelon and Generation hold investments without readily determinable fair values with carrying amounts of $68 million as of March 31, 2018 . Changes were immaterial in fair value, cumulative adjustments and impairments for the three months ended March 31, 2018 .

ComEd, PECO and BGE

The following tables present assets and liabilities measured and recorded at fair value on ComEd's, PECO's and BGE's Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy as of March 31, 2018 and December 31, 2017 :

	ComEd				PECO				BGE			
As of March 31, 2018	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets												
Cash equivalents [a]	$ 93	$ —	$ —	$ 93	$ 6	$ —	$ —	$ 6	$ —	$ —	$ —	$ —
Rabbi trust investments												
Mutual funds	—	—	—	—	7	—	—	7	6	—	—	6
Life insurance contracts	—	—	—	—	—	10	—	10	—	—	—	—
Rabbi trust investments subtotal [b]	—	—	—	—	7	10	—	17	6	—	—	6
Total assets	93	—	—	93	13	10	—	23	6	—	—	6
Liabilities												
Deferred compensation obligation	—	(8)	—	(8)	—	(11)	—	(11)	—	(4)	—	(4)
Mark-to-market derivative liabilities [c]	—	—	(267)	(267)	—	—	—	—	—	—	—	—
Total liabilities	—	(8)	(267)	(275)	—	(11)	—	(11)	—	(4)	—	(4)
Total net assets (liabilities)	$ 93	$ (8)	$ (267)	$ (182)	$ 13	$ (1)	$ —	$ 12	$ 6	$ (4)	$ —	$ 2

	ComEd				PECO				BGE			
As of December 2017	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets												
Cash equivalents [a]	$ 98	$ —	$ —	$ 98	$ 228	$ —	$ —	$ 228	$ —	$ —	$ —	$ —
Rabbi trust investments												
Mutual funds	—	—	—	—	7	—	—	7	6	—	—	6
Life insurance contracts	—	—	—	—	—	10	—	10	—	—	—	—
Rabbi trust investments subtotal [b]	—	—	—	—	7	10	—	17	6	—	—	6
Total assets	98	—	—	98	235	10	—	245	6	—	—	6
Liabilities												
Deferred compensation obligation	—	(8)	—	(8)	—	(11)	—	(11)	—	(5)	—	(5)
Mark-to-market derivative liabilities [c]	—	—	(256)	(256)	—	—	—	—	—	—	—	—
Total liabilities	—	(8)	(256)	(264)	—	(11)	—	(11)	—	(5)	—	(5)
Total net assets (liabilities)	$ 98	$ (8)	$ (256)	$ (166)	$ 235	$ (1)	$ —	$ 234	$ 6	$ (5)	$ —	$ 1

(a) ComEd excludes cash of $69 million and $45 million at March 31, 2018 and December 31, 2017 and includes long-term restricted cash of $83 million and $62 million at March 31, 2018 and December 31, 2017 , which is reported in Other deferred debits on the Consolidated Balance Sheets. PECO excludes cash of $20 million and $47 million at March 31, 2018 and December 31, 2017 . BGE

excludes cash of $22 million and $17 million at March 31, 2018 and December 31, 2017 and restricted cash of $2 million and $1 million at March 31, 2018 and December 31, 2017 .

(b) The amount of unrealized gains/(losses) at ComEd, PECO and BGE totaled less than $1 million for the three months ended March 31, 2018 and March 31, 2017 , respectively.

(c) The Level 3 balance consists of the current and noncurrent liability of $24 million and $243 million , respectively, at March 31, 2018 , and $21 million and $235 million , respectively, at December 31, 2017 , related to floating-to-fixed energy swap contracts with unaffiliated suppliers.

PHI, Pepco, DPL and ACE

The following tables present assets and liabilities measured and recorded at fair value on PHI's, Pepco's, DPL's and ACE's Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy as of March 31, 2018 and December 31, 2017 :

	As of March 31, 2018				As of December 31, 2017			
PHI	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets								
Cash equivalents [a]	$ 67	$ —	$ —	$ 67	$ 83	$ —	$ —	$ 83
Rabbi trust investments								
Cash equivalents	72	—	—	72	72	—	—	72
Fixed income	—	10	—	10	—	12	—	12
Life insurance contracts	—	23	23	46	—	23	22	45
Rabbi trust investments subtotal [b]	72	33	23	128	72	35	22	129
Total assets	139	33	23	195	155	35	22	212
Liabilities								
Deferred compensation obligation	—	(23)	—	(23)	—	(25)	—	(25)
Mark-to-market derivative liabilities [c]	—	—	—	—	(1)	—	—	(1)
Effect of netting and allocation of collateral	—	—	—	—	1	—	—	1
Mark-to-market derivative liabilities subtotal	—	—	—	—	—	—	—	—
Total liabilities	—	(23)	—	(23)	—	(25)	—	(25)
Total net assets	$ 139	$ 10	$ 23	$ 172	$ 155	$ 10	$ 22	$ 187

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Pepco				DPL				ACE			
As of March 31, 2018	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets												
Cash equivalents [a]	$ 33	$ —	$ —	$ 33	$ —	$ —	$ —	$ —	$ 27	$ —	$ —	$ 27
Rabbi trust investments												
Cash equivalents	44	—	—	44	—	—	—	—	—	—	—	—
Fixed income	—	10	—	10	—	—	—	—	—	—	—	—
Life insurance contracts	—	23	23	46	—	—	—	—	—	—	—	—
Rabbi trust investments subtotal [b]	44	33	23	100	—	—	—	—	—	—	—	—
Total assets	77	33	23	133	—	—	—	—	27	—	—	27
Liabilities												
Deferred compensation obligation	—	(4)	—	(4)	—	(1)	—	(1)	—	—	—	—
Total liabilities	—	(4)	—	(4)	—	(1)	—	(1)	—	—	—	—
Total net assets (liabilities)	$ 77	$ 29	$ 23	$ 129	$ —	$ (1)	$ —	$ (1)	$ 27	$ —	$ —	$ 27

	Pepco				DPL				ACE			
As of December 31, 2017	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets												
Cash equivalents [a]	$ 36	$ —	$ —	$ 36	$ —	$ —	$ —	$ —	$ 29	$ —	$ —	$ 29
Rabbi trust investments												
Cash equivalents	44	—	—	44	—	—	—	—	—	—	—	—
Fixed income	—	12	—	12	—	—	—	—	—	—	—	—
Life insurance contracts	—	23	22	45	—	—	—	—	—	—	—	—
Rabbi trust investments subtotal [b]	44	35	22	101	—	—	—	—	—	—	—	—
Total assets	80	35	22	137	—	—	—	—	29	—	—	29
Liabilities												
Deferred compensation obligation	—	(4)	—	(4)	—	(1)	—	(1)	—	—	—	—
Mark-to-market derivative liabilities [c]	—	—	—	—	(1)	—	—	(1)	—	—	—	—
Effect of netting and allocation of collateral	—	—	—	—	1	—	—	1	—	—	—	—
Mark-to-market derivative liabilities subtotal	—	—	—	—	—	—	—	—	—	—	—	—
Total liabilities	—	(4)	—	(4)	—	(1)	—	(1)	—	—	—	—
Total net assets (liabilities)	$ 80	$ 31	$ 22	$ 133	$ —	$ (1)	$ —	$ (1)	$ 29	$ —	$ —	$ 29

(a) PHI excludes cash of $36 million and $12 million at March 31, 2018 and December 31, 2017 , respectively, and includes long-term restricted cash of $20 million and $23 million at March 31, 2018 and December 31, 2017 , respectively, which is reported in Other deferred debits on the Consolidated Balance Sheets. Pepco excludes cash of $15 million and $4 million at March 31, 2018 and December 31, 2017 , respectively. DPL excludes cash of $7 million and $2 million at March 31, 2018 and December 31, 2017 , respectively. ACE excludes cash of $10 million and $2 million at March 31, 2018 and December 31, 2017 , respectively, and includes long-term restricted cash of $20 million and $23 million at March 31, 2018 and December 31, 2017 , respectively, which is reported in Other deferred debits on the Consolidated Balance Sheets.

(b) The amount of unrealized gains/(losses) at PHI, Pepco, DPL and ACE totaled less than $1 million for the three months ended March 31, 2018 and March 31, 2017 .

(c) Represents natural gas futures purchased by DPL as part of a natural gas hedging program approved by the DPSC.

The following tables present the fair value reconciliation of Level 3 assets and liabilities measured at fair value on a recurring basis during the three months ended March 31, 2018 and 2017 :

	Generation					ComEd	PHI		Exelon
Three Months Ended March 31, 2018	NDT Fund Investments	Pledged Assets for Zion Station Decommissioning	Mark-to-Market Derivatives	Other Investments	Total Generation	Mark-to-Market Derivatives	Life Insurance Contracts [c]	Eliminated in Consolidation	Total
Balance as of December 31, 2017	$ 648	$ 12	$ 552	$ 37	$ 1,249	$ (256)	$ 22	$ —	$ 1,015
Total realized / unrealized gains (losses)									
Included in net income	—	—	184 [a]	1	185	—	1	—	186
Included in noncurrent payables to affiliates	7	—	—	—	7	—	—	(7)	—
Included in payable for Zion Station decommissioning	—	4	—	—	4	—	—	—	4
Included in regulatory assets/liabilities	—	—	—	—	—	(11) [b]	—	7	(4)
Change in collateral	—	—	105	—	105	—	—	—	105
Purchases, sales, issuances and settlements									
Purchases	2	—	88	—	90	—	—	—	90
Sales	—	—	(3)	—	(3)	—	—	—	(3)
Settlements	(48)	—	—	—	(48)	—	—	—	(48)
Transfers into Level 3	—	—	(8)	—	(8)	—	—	—	(8)
Transfers out of Level 3	—	—	—	(2)	(2)	—	—	—	(2)
Balance at March 31, 2018	$ 609	$ 16	$ 918	$ 36	$ 1,579	$ (267)	$ 23	$ —	$ 1,335
The amount of total gains (losses) included in income attributed to the change in unrealized gains (losses) related to assets and liabilities as of March 31, 2018	$ —	$ —	$ 256	$ 1	$ 257	$ —	$ 1	$ —	$ 258

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Generation					ComEd	PHI		Exelon
Three Months Ended March 31, 2017	NDT Fund Investments	Pledged Assets for Zion Station Decommissioning	Mark-to-Market Derivatives	Other Investments	Total Generation	Mark-to-Market Derivatives	Life Insurance Contracts [c]	Eliminated in Consolidation	Total
Balance as of December 31, 2016	$ 677	$ 19	$ 493	$ 42	$ 1,231	$ (258)	$ 20	$ —	$ 993
Total realized / unrealized gains (losses)									
Included in net income	3	—	(43) [a]	1	(39)	—	1	—	(38)
Included in noncurrent payables to affiliates	9	—	—	—	9	—	—	(9)	—
Included in regulatory assets/liabilities	—	—	—	—	—	(24) [b]	—	9	(15)
Change in collateral	—	—	38	—	38	—	—	—	38
Purchases, sales, issuances and settlements									
Purchases	17	1	69	2	89	—	—	—	89
Sales	—	—	(2)	—	(2)	—	—	—	(2)
Issuances	—	—	—	—	—	—	(1)	—	(1)
Settlements	(23)	—	—	—	(23)	—	—	—	(23)
Transfers into Level 3	—	—	(1)	—	(1)	—	—	—	(1)
Transfers out of Level 3	—	—	11	(5)	6	—	—	—	6
Balance as of March 31, 2017	$ 683	$ 20	$ 565	$ 40	$ 1,308	$ (282)	$ 20	$ —	$ 1,046
The amount of total gains (losses) included in income attributed to the change in unrealized gains (losses) related to assets and liabilities as of March 31, 2017	$ 2	$ —	$ 59	$ —	$ 61	$ —	$ 1	$ —	$ 62

(a) Includes a reduction for the reclassification of $72 million and $102 million of realized gains due to the settlement of derivative contracts for the three months ended March 31, 2018 and March 31, 2017 , respectively.
(b) Includes $ 17 million of decreases in fair value and an increase for realized losses due to settlements of $ 6 million recorded in purchased power expense associated with floating-to-fixed energy swap contracts with unaffiliated suppliers for the three months ended March 31, 2018 . Includes $30 million of decreases in fair value and an increase for realized losses due to settlements of $6 million recorded in purchased power expense associated with floating-to-fixed energy swap contracts with unaffiliated suppliers for the three months ended March 31, 2017 .
(c) The amounts represented are life insurance contracts at Pepco.

The following tables present the income statement classification of the total realized and unrealized gains (losses) included in income for Level 3 assets and liabilities measured at fair value on a recurring basis during the three months ended March 31, 2018 and 2017 :

	Generation			PHI	Exelon			
	Operating Revenues	Purchased Power and Fuel	Other, net [a]	Operating and Maintenance	Operating Revenues	Purchased Power and Fuel	Operating and Maintenance	Other, net [a]
Total gains (losses) included in net income for the three months ended March 31, 2018	$ 335	$ (151)	$ 1	$ 1	$ 335	$ (151)	$ 1	$ 1
Change in the unrealized gains (losses) relating to assets and liabilities held for the three months ended March 31, 2018	309	(53)	1	1	309	(53)	1	1

	Generation			PHI	Exelon		
	Operating Revenues	Purchased Power and Fuel	Other, net [a]	Other, net [a]	Operating Revenues	Purchased Power and Fuel	Other, net [a]
Total gains (losses) included in net income for the three months ended March 31, 2017	$ 88	$ (131)	$ 3	$ 1	$ 88	$ (131)	$ 4
Change in the unrealized gains (losses) relating to assets and liabilities held for the three months ended March 31, 2017	140	(81)	2	1	140	(81)	3

(a) Other, net activity consists of realized and unrealized gains (losses) included in income for the NDT funds held by Generation, accrued interest on a convertible promissory note at Generation and the life insurance contracts held by PHI and Pepco.

Valuation Techniques Used to Determine Fair Value

The following describes the valuation techniques used to measure the fair value of the assets and liabilities shown in the tables above.

Cash Equivalents (Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE). The Registrants' cash equivalents include investments with original maturities of three months or less when purchased. The cash equivalents shown in the fair value tables are comprised of investments in mutual and money market funds. The fair values of the shares of these funds are based on observable market prices and, therefore, have been categorized in Level 1 in the fair value hierarchy.

Nuclear Decommissioning Trust Fund Investments and Pledged Assets for Zion Station Decommissioning (Exelon and Generation). The trust fund investments have been established to satisfy Generation's and CENG's nuclear decommissioning obligations as required by the NRC. The NDT funds hold debt and equity securities directly and indirectly through commingled funds and mutual funds, which are included in Equities and Fixed Income. Generation's and CENG's NDT fund investments policies outline investment guidelines for the trusts and limit the trust funds' exposures to investments in highly illiquid markets and other alternative investments. Investments with maturities of three months or less when purchased, including certain short-term fixed income securities are considered cash equivalents and included in the recurring fair value measurements hierarchy as Level 1 or Level 2.

With respect to individually held equity securities, the trustees obtain prices from pricing services, whose prices are generally obtained from direct feeds from market exchanges, which Generation is able to independently corroborate. The fair values of equity securities held directly by the trust funds which are based on quoted prices in active markets are categorized in Level 1. Certain equity securities have been categorized as Level 2 because they are based on evaluated prices that reflect observable market information, such as actual trade information or similar securities. Equity securities held individually are

primarily traded on the New York Stock Exchange and NASDAQ-Global Select Market, which contain only actively traded securities due to the volume trading requirements imposed by these exchanges.

For fixed income securities, multiple prices from pricing services are obtained whenever possible, which enables cross-provider validations in addition to checks for unusual daily movements. A primary price source is identified based on asset type, class or issue for each security. With respect to individually held fixed income securities, the trustees monitor prices supplied by pricing services and may use a supplemental price source or change the primary price source of a given security if the portfolio managers challenge an assigned price and the trustees determine that another price source is considered to be preferable. Generation has obtained an understanding of how these prices are derived, including the nature and observability of the inputs used in deriving such prices. Additionally, Generation selectively corroborates the fair values of securities by comparison to other market-based price sources. U.S. Treasury securities are categorized as Level 1 because they trade in a highly liquid and transparent market. The fair values of fixed income securities, excluding U.S. Treasury securities, are based on evaluated prices that reflect observable market information, such as actual trade information or similar securities, adjusted for observable differences and are categorized in Level 2. The fair values of private placement fixed income securities, which are included in Corporate debt, are determined using a third party valuation that contains significant unobservable inputs and are categorized in Level 3.

Equity and fixed income commingled funds and mutual funds are maintained by investment companies and hold certain investments in accordance with a stated set of fund objectives such as holding short-term fixed income securities or tracking the performance of certain equity indices by purchasing equity securities to replicate the capitalization and characteristics of the indices. The values of some of these funds are publicly quoted. For mutual funds which are publicly quoted, the funds are valued based on quoted prices in active markets and have been categorized as Level 1. For commingled funds and mutual funds, which are not publicly quoted, the funds are valued using NAV as a practical expedient for fair value, which is primarily derived from the quoted prices in active markets on the underlying securities, and are not classified within the fair value hierarchy. These investments typically can be redeemed monthly with 30 or less days of notice and without further restrictions.

Derivative instruments consisting primarily of futures and interest rate swaps to manage risk are recorded at fair value. Over the counter derivatives are valued daily based on quoted prices in active markets and trade in open markets, and have been categorized as Level 1. Derivative instruments other than over the counter derivatives are valued based on external price data of comparable securities and have been categorized as Level 2.

Middle market lending are investments in loans or managed funds which lend to private companies. Generation elected the fair value option for its investments in certain limited partnerships that invest in middle market lending managed funds. The fair value of these loans is determined using a combination of valuation models including cost models, market models and income models. Investments in loans are categorized as Level 3 because the fair value of these securities is based largely on inputs that are unobservable and utilize complex valuation models. Managed funds are valued using NAV or its equivalent as a practical expedient, and therefore, are not classified within the fair value hierarchy. Investments in middle market lending typically cannot be redeemed until maturity of the term loan.

Private equity and real estate investments include those in limited partnerships that invest in operating companies and real estate holding companies that are not publicly traded on a stock exchange, such as, leveraged buyouts, growth capital, venture capital, distressed investments, investments in natural resources, and direct investments in pools of real estate properties. The fair value of private equity and real estate investments is determined using NAV or its equivalent as a practical expedient, and therefore, are not classified within the fair value hierarchy. These investments typically cannot be redeemed and are generally liquidated over a period of 8 to 10 years from the initial investment date. Private equity and real estate valuations are reported by the fund manager and are based on the valuation

of the underlying investments, which include inputs such as cost, operating results, discounted future cash flows, market based comparable data, and independent appraisals from sources with professional qualifications. These valuation inputs are unobservable.

As of March 31, 2018 , Generation has outstanding commitments to invest in equities, fixed income, middle market lending, private equity and real estate investments of approximately $208 million , $65 million , $386 million , $194 million , and $107 million , respectively. These commitments will be funded by Generation's existing nuclear decommissioning trust funds.

Concentrations of Credit Risk . Generation evaluated its NDT portfolios for the existence of significant concentrations of credit risk as of March 31, 2018 . Types of concentrations that were evaluated include, but are not limited to, investment concentrations in a single entity, type of industry, foreign country, and individual fund. As of March 31, 2018 , there were no significant concentrations (generally defined as greater than 10 percent) of risk in Generation's NDT assets.

See Note 13 — Nuclear Decommissioning for further discussion on the NDT fund investments.

Rabbi Trust Investments (Exelon, Generation, PECO, BGE, PHI, Pepco, DPL and ACE). The Rabbi trusts were established to hold assets related to deferred compensation plans existing for certain active and retired members of Exelon's executive management and directors. The Rabbi trusts assets are included in investments in the Registrants' Consolidated Balance Sheets and consist primarily of money market funds, mutual funds, fixed income securities and life insurance policies. The mutual funds are maintained by investment companies and hold certain investments in accordance with a stated set of fund objectives, which are consistent with Exelon's overall investment strategy. Money market funds and mutual funds are publicly quoted and have been categorized as Level 1 given the clear observability of the prices. The fair values of fixed income securities are based on evaluated prices that reflect observable market information, such as actual trade information or similar securities, adjusted for observable differences and are categorized in Level 2. The life insurance policies are valued using the cash surrender value of the policies, net of loans against those policies, which is provided by a third-party. Certain life insurance policies, which consist primarily of mutual funds that are priced based on observable market data, have been categorized as Level 2 because the life insurance policies can be liquidated at the reporting date for the value of the underlying assets. Life insurance policies that are valued using unobservable inputs have been categorized as Level 3.

Mark-to-Market Derivatives (Exelon, Generation, ComEd, PHI and DPL) . Derivative contracts are traded in both exchange-based and non-exchange-based markets. Exchange-based derivatives that are valued using unadjusted quoted prices in active markets are categorized in Level 1 in the fair value hierarchy. Certain derivatives' pricing is verified using indicative price quotations available through brokers or over-the-counter, on-line exchanges and are categorized in Level 2. These price quotations reflect the average of the bid-ask, mid-point prices and are obtained from sources that the Registrants believe provide the most liquid market for the commodity. The price quotations are reviewed and corroborated to ensure the prices are observable and representative of an orderly transaction between market participants. This includes consideration of actual transaction volumes, market delivery points, bid-ask spreads and contract duration. The remainder of derivative contracts are valued using the Black model, an industry standard option valuation model. The Black model takes into account inputs such as contract terms, including maturity, and market parameters, including assumptions of the future prices of energy, interest rates, volatility, credit worthiness and credit spread. For derivatives that trade in liquid markets, such as generic forwards, swaps and options, model inputs are generally observable. Such instruments are categorized in Level 2. The Registrants' derivatives are predominantly at liquid trading points. For derivatives that trade in less liquid markets with limited pricing information model inputs generally would include both observable and unobservable inputs. These valuations may include an estimated basis adjustment from an illiquid trading point to a liquid trading point for which active price quotations are available. Such instruments are categorized in Level 3.

Exelon may utilize fixed-to-floating interest rate swaps, which are typically designated as fair value hedges, as a means to achieve its targeted level of variable-rate debt as a percent of total debt. In addition, the Registrants may utilize interest rate derivatives to lock in interest rate levels in anticipation of future financings. These interest rate derivatives are typically designated as cash flow hedges. Exelon determines the current fair value by calculating the net present value of expected payments and receipts under the swap agreement, based on and discounted by the market's expectation of future interest rates. Additional inputs to the net present value calculation may include the contract terms, counterparty credit risk and other market parameters. As these inputs are based on observable data and valuations of similar instruments, the interest rate swaps are categorized in Level 2 in the fair value hierarchy. See Note 10 — Derivative Financial Instruments for further discussion on mark-to-market derivatives.

Deferred Compensation Obligations (Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE). The Registrants' deferred compensation plans allow participants to defer certain cash compensation into a notional investment account. The Registrants include such plans in other current and noncurrent liabilities in their Consolidated Balance Sheets. The value of the Registrants' deferred compensation obligations is based on the market value of the participants' notional investment accounts. The underlying notional investments are comprised primarily of equities, mutual funds, commingled funds, and fixed income securities which are based on directly and indirectly observable market prices. Since the deferred compensation obligations themselves are not exchanged in an active market, they are categorized as Level 2 in the fair value hierarchy.

The value of certain employment agreement obligations (which are included with the Deferred Compensation Obligation in the tables above) are based on a known and certain stream of payments to be made over time and are categorized as Level 2 within the fair value hierarchy.

Additional Information Regarding Level 3 Fair Value Measurements (Exelon, Generation, ComEd, PHI, Pepco, DPL and ACE)

Nuclear Decommissioning Trust Fund Investments and Pledged Assets for Zion Station Decommissioning (Exelon and Generation). For middle market lending and certain corporate debt securities investments, the fair value is determined using a combination of valuation models including cost models, market models and income models. The valuation estimates are based on discounting the forecasted cash flows, market-based comparable data, credit and liquidity factors, as well as other factors that may impact value. Significant judgment is required in the application of discounts or premiums applied for factors such as size, marketability, credit risk and relative performance.

Because Generation relies on third-party fund managers to develop the quantitative unobservable inputs without adjustment for the valuations of its Level 3 investments, quantitative information about significant unobservable inputs used in valuing these investments is not reasonably available to Generation. This includes information regarding the sensitivity of the fair values to changes in the unobservable inputs. Generation gains an understanding of the fund managers' inputs and assumptions used in preparing the valuations. Generation performed procedures to assess the reasonableness of the valuations.

Rabbi Trust Investments - Life insurance contracts (Exelon, PHI, Pepco, DPL and ACE). For life insurance policies categorized as Level 3, the fair value is determined based on the cash surrender value of the policy, which contains unobservable inputs and assumptions. Because Exelon relies on its third-party insurance provider to develop the inputs without adjustment for the valuations of its Level 3 investments, quantitative information about significant unobservable inputs used in valuing these investments is not reasonably available to Exelon. Exelon gains an understanding of the types of inputs and assumptions used in preparing the valuations and performs procedures to assess the reasonableness of the valuations.

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Mark-to-Market Derivatives (Exelon, Generation and ComEd). For valuations that include both observable and unobservable inputs, if the unobservable input is determined to be significant to the overall inputs, the entire valuation is categorized in Level 3. This includes derivatives valued using indicative price quotations whose contract tenure extends into unobservable periods. In instances where observable data is unavailable, consideration is given to the assumptions that market participants would use in valuing the asset or liability. This includes assumptions about market risks such as liquidity, volatility and contract duration. Such instruments are categorized in Level 3 as the model inputs generally are not observable. Exelon's RMC approves risk management policies and objectives for risk assessment, control and valuation, counterparty credit approval, and the monitoring and reporting of risk exposures. The RMC is chaired by the chief executive officer and includes the chief risk officer, chief strategy officer, chief executive officer of Exelon Utilities, chief commercial officer, chief financial officer and chief executive officer of Constellation. The RMC reports to the Finance and Risk Committee of the Exelon Board of Directors on the scope of the risk management activities. Forward price curves for the power market utilized by the front office to manage the portfolio, are reviewed and verified by the middle office, and used for financial reporting by the back office. The Registrants consider credit and nonperformance risk in the valuation of derivative contracts categorized in Level 2 and 3, including both historical and current market data in its assessment of credit and nonperformance risk by counterparty. Due to master netting agreements and collateral posting requirements, the impacts of credit and nonperformance risk were not material to the financial statements.

Disclosed below is detail surrounding the Registrants' significant Level 3 valuations. The calculated fair value includes marketability discounts for margining provisions and other attributes. Generation's Level 3 balance generally consists of forward sales and purchases of power and natural gas and certain transmission congestion contracts. Generation utilizes various inputs and factors including market data and assumptions that market participants would use in pricing assets or liabilities as well as assumptions about the risks inherent in the inputs to the valuation technique. The inputs and factors include forward commodity prices, commodity price volatility, contractual volumes, delivery location, interest rates, credit quality of counterparties and credit enhancements.

For commodity derivatives, the primary input to the valuation models is the forward commodity price curve for each instrument. Forward commodity price curves are derived by risk management for liquid locations and by the traders and portfolio managers for illiquid locations. All locations are reviewed and verified by risk management considering published exchange transaction prices, executed bilateral transactions, broker quotes, and other observable or public data sources. The relevant forward commodity curve used to value each of the derivatives depends on a number of factors, including commodity type, delivery location, and delivery period. Price volatility varies by commodity and location. When appropriate, Generation discounts future cash flows using risk free interest rates with adjustments to reflect the credit quality of each counterparty for assets and Generation's own credit quality for liabilities. The level of observability of a forward commodity price varies generally due to the delivery location and delivery period. Certain delivery locations including PJM West Hub (for power) and Henry Hub (for natural gas) are more liquid and prices are observable for up to three years in the future. The observability period of volatility is generally shorter than the underlying power curve used in option valuations. The forward curve for a less liquid location is estimated by using the forward curve from the liquid location and applying a spread to represent the cost to transport the commodity to the delivery location. This spread does not typically represent a majority of the instrument's market price. As a result, the change in fair value is closely tied to liquid market movements and not a change in the applied spread. The change in fair value associated with a change in the spread is generally immaterial. An average spread calculated across all Level 3 power and gas delivery locations is approximately $2.99 and $0.46 for power and natural gas, respectively. Many of the commodity derivatives are short-term in nature and thus a majority of the fair value may be based on observable inputs even though the contract as a whole must be classified as Level 3.

On December 17, 2010, ComEd entered into several 20-year floating to fixed energy swap contracts with unaffiliated suppliers for the procurement of long-term renewable energy and associated RECs. See Note 10 — Derivative Financial Instruments for more information. The fair value of these swaps has been designated as a Level 3 valuation due to the long tenure of the positions and internal modeling assumptions. The modeling assumptions include using natural gas heat rates to project long term forward power curves adjusted by a renewable factor that incorporates time of day and seasonality factors to reflect accurate renewable energy pricing. In addition, marketability reserves are applied to the positions based on the tenor and supplier risk.

The table below discloses the significant inputs to the forward curve used to value these positions.

Type of trade	Fair Value at March 31, 2018	Valuation Technique	Unobservable Input	Range		
Mark-to-market derivatives — Economic Hedges (Exelon and Generation) [a][b]	$ 689	Discounted Cash Flow	Forward power price	$1	-	$202
			Forward gas price	$1.12	-	$12.80
		Option Model	Volatility percentage	10%	-	227%
Mark-to-market derivatives — Proprietary trading (Exelon and Generation) [a][b]	$ 43	Discounted Cash Flow	Forward power price	$4	-	$202
Mark-to-market derivatives (Exelon and ComEd)	$ (267)	Discounted Cash Flow	Forward heat rate [c]	9x	-	10x
			Marketability reserve	4%	-	8%
			Renewable factor	87%	-	122%

Type of trade	Fair Value at December 31, 2017	Valuation Technique	Unobservable Input	Range		
Mark-to-market derivatives — Economic Hedges (Exelon and Generation) [a][b]	$ 445	Discounted Cash Flow	Forward power price	$3	-	$124
			Forward gas price	$1.27	-	$12.80
		Option Model	Volatility percentage	11%	-	139%
Mark-to-market derivatives — Proprietary trading (Exelon and Generation) [a][b]	$ 26	Discounted Cash Flow	Forward power price	$14	-	$94
Mark-to-market derivatives (Exelon and ComEd)	$ (256)	Discounted Cash Flow	Forward heat rate [c]	9x	-	10x
			Marketability reserve	4%	-	8%
			Renewable factor	88%	-	120%

(a) The valuation techniques, unobservable inputs and ranges are the same for the asset and liability positions.
(b) The fair values do not include cash collateral posted on level three positions of $186 million and $81 million as of March 31, 2018 and December 31, 2017 , respectively.
(c) Quoted forward natural gas rates are utilized to project the forward power curve for the delivery of energy at specified future dates. The natural gas curve is extrapolated beyond its observable period to the end of the contract's delivery.

The inputs listed above would have a direct impact on the fair values of the above instruments if they were adjusted. The significant unobservable inputs used in the fair value measurement of Generation's commodity derivatives are forward commodity prices and for options is price volatility. Increases (decreases) in the forward commodity price in isolation would result in significantly higher (lower) fair values for long positions (contracts that give Generation the obligation or option to purchase a commodity), with offsetting impacts to short positions (contracts that give Generation the obligation or right to sell a commodity). Increases (decreases) in volatility would increase (decrease) the value for the holder of the option (writer of the option). Generally, a change in the estimate of forward commodity prices is unrelated to a change in the estimate of volatility of prices. An increase to the reserves listed above would decrease the fair value of the positions. An increase to the heat rate or renewable factors would increase the fair value accordingly. Generally, interrelationships exist between market prices of natural gas and power. As such, an increase in natural gas pricing would potentially have a similar impact on forward power markets.

10 . Derivative Financial Instruments (All Registrants)

The Registrants use derivative instruments to manage commodity price risk, interest rate risk and foreign exchange risk related to ongoing business operations.

Commodity Price Risk (All Registrants)

To the extent the amount of energy Generation produces differs from the amount of energy it has contracted to sell, Exelon and Generation are exposed to market fluctuations in the prices of electricity, fossil fuels and other commodities. Each of the Registrants employ established policies and procedures to manage their risks associated with market fluctuations in commodity prices by entering into physical and financial derivative contracts, including swaps, futures, forwards, options and short-term and long-

term commitments to purchase and sell energy and commodity products. The Registrants believe these instruments, which are either determined to be non-derivative or classified as economic hedges, mitigate exposure to fluctuations in commodity prices.

Derivative authoritative guidance requires that derivative instruments be recognized as either assets or liabilities at fair value, with changes in fair value of the derivative recognized in earnings immediately. Other accounting treatments are available through special election and designation, provided they meet specific, restrictive criteria both at the time of designation and on an ongoing basis. These alternative permissible accounting treatments include normal purchase normal sale (NPNS), cash flow hedges and fair value hedges. For Generation, all derivative economic hedges related to commodities are recorded at fair value through earnings for the consolidated company, referred to as economic hedges in the following tables. Additionally, Generation is exposed to certain market risks through its proprietary trading activities. The proprietary trading activities are a complement to Generation's energy marketing portfolio but represent a small portion of Generation's overall energy marketing activities.

Fair value authoritative guidance and disclosures about offsetting assets and liabilities requires the fair value of derivative instruments to be shown in the Combined Notes to Consolidated Financial Statements on a gross basis, even when the derivative instruments are subject to legally enforceable master netting agreements and qualify for net presentation in the Consolidated Balance Sheet. A master netting agreement is an agreement between two counterparties that may have derivative and non-derivative contracts with each other providing for the net settlement of all referencing contracts via one payment stream, which takes place as the contracts deliver, when collateral is requested or in the event of default. Generation's use of cash collateral is generally unrestricted, unless Generation is downgraded below investment grade (i.e., to BB+ or Ba1). In the table below, Generation's energy-related economic hedges and proprietary trading derivatives are shown gross. The impact of the netting of fair value balances with the same counterparty that are subject to legally enforceable master netting agreements, as well as netting of cash collateral, including margin on exchange positions, is aggregated in the collateral and netting column. As of March 31, 2018 and December 31, 2017 , $8 million and $4 million of cash collateral held, respectively, was not offset against derivative positions because such collateral was not associated with any energy-related derivatives, were associated with accrual positions, or had no positions to offset as of the balance sheet date. Excluded from the tables below are economic hedges that qualify for the NPNS scope exception and other non-derivative contracts that are accounted for under the accrual method of accounting.

ComEd's use of cash collateral is generally unrestricted unless ComEd is downgraded below investment grade (i.e., to BB+ or Ba1).

Cash collateral held by PECO and BGE must be deposited in an unaffiliated major U.S. commercial bank or foreign bank with a U.S. branch office that meet certain qualifications.

In the table below, DPL's economic hedges are shown gross. The impact of the netting of fair value balances with the same counterparty that are subject to legally enforceable master netting agreements, as well as netting of cash collateral, including margin on exchange positions, is aggregated in the collateral and netting column.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following table provides a summary of the derivative fair value balances recorded by the Registrants as of March 31, 2018 :

	Generation				ComEd	DPL			Exelon
Derivatives	Economic Hedges	Proprietary Trading	Collateral and Netting [a][e]	Subtotal [b]	Economic Hedges [c]	Economic Hedges [d]	Collateral and Netting [a]	Subtotal	Total Derivatives
Mark-to-market derivative assets (current assets)	$ 3,343	$ 166	$ (2,533)	$ 976	$ —	$ —	$ —	$ —	$ 976
Mark-to-market derivative assets (noncurrent assets)	1,758	43	(1,286)	515	—	—	—	—	515
Total mark-to-market derivative assets	5,101	209	(3,819)	1,491	—	—	—	—	1,491
Mark-to-market derivative liabilities (current liabilities)	(3,185)	(151)	2,945	(391)	(24)	—	—	—	(415)
Mark-to-market derivative liabilities (noncurrent liabilities)	(1,750)	(28)	1,558	(220)	(243)	—	—	—	(463)
Total mark-to-market derivative liabilities	(4,935)	(179)	4,503	(611)	(267)	—	—	—	(878)
Total mark-to-market derivative net assets (liabilities)	$ 166	$ 30	$ 684	$ 880	$ (267)	$ —	$ —	$ —	$ 613

(a) Exelon, Generation and DPL net all available amounts allowed under the derivative authoritative guidance on the balance sheet. These amounts include unrealized derivative transactions with the same counterparty under legally enforceable master netting agreements and cash collateral. In some cases Exelon and Generation may have other offsetting exposures, subject to a master netting or similar agreement, such as trade receivables and payables, transactions that do not qualify as derivatives, letters of credit and other forms of non-cash collateral. These are not reflected in the table above.
(b) Current and noncurrent assets are shown net of collateral of $192 million and $103 million , respectively, and current and noncurrent liabilities are shown net of collateral of $220 million and $169 million , respectively. The total cash collateral posted, net of cash collateral received and offset against mark-to-market assets and liabilities was $684 million at March 31, 2018 .
(c) Includes current and noncurrent liabilities relating to floating-to-fixed energy swap contracts with unaffiliated suppliers.
(d) Represents natural gas futures purchased by DPL as part of a natural gas hedging program approved by the DPSC.
(e) Of the collateral posted/(received), $156 million represents variation margin on the exchanges.

The following table provides a summary of the derivative fair value balances recorded by the Registrants as of December 31, 2017 :

	Generation				ComEd	DPL			Exelon
Description	Economic Hedges	Proprietary Trading	Collateral and Netting [a][e]	Subtotal [b]	Economic Hedges [c]	Economic Hedges [d]	Collateral and Netting [a]	Subtotal	Total Derivatives
Mark-to-market derivative assets (current assets)	$ 3,061	$ 56	$ (2,144)	$ 973	$ —	$ —	$ —	$ —	$ 973
Mark-to-market derivative assets (noncurrent assets)	1,164	12	(845)	331	—	—	—	—	331
Total mark-to-market derivative assets	4,225	68	(2,989)	1,304	—	—	—	—	1,304
Mark-to-market derivative liabilities (current liabilities)	(2,646)	(43)	2,480	(209)	(21)	(1)	1	—	(230)
Mark-to-market derivative liabilities (noncurrent liabilities)	(1,137)	(10)	975	(172)	(235)	—	—	—	(407)
Total mark-to-market derivative liabilities	(3,783)	(53)	3,455	(381)	(256)	(1)	1	—	(637)
Total mark-to-market derivative net assets (liabilities)	$ 442	$ 15	$ 466	$ 923	$ (256)	$ (1)	$ 1	$ —	$ 667

(a) Exelon, Generation and DPL net all available amounts allowed under the derivative authoritative guidance on the balance sheet. These amounts include unrealized derivative transactions with the same counterparty under legally enforceable master netting agreements and cash collateral. In some cases Exelon and Generation may have other offsetting exposures, subject to a master netting or similar agreement, such as trade receivables and payables, transactions that do not qualify as derivatives, and letters of credit and other forms of non-cash collateral. These are not reflected in the table above.
(b) Current and noncurrent assets are shown net of collateral of $169 million and $53 million , respectively, and current and noncurrent liabilities are shown net of collateral of $167 million and $77 million , respectively. The total cash collateral posted, net of cash collateral received and offset against mark-to-market assets and liabilities was $466 million at December 31, 2017 .
(c) Includes current and noncurrent liabilities relating to floating-to-fixed energy swap contracts with unaffiliated suppliers.
(d) Represents natural gas futures purchased by DPL as part of a natural gas hedging program approved by the DPSC.
(e) Of the collateral posted/(received), $(117) million represents variation margin on the exchanges.

Economic Hedges (Commodity Price Risk)

Within Exelon, Generation has the most exposure to commodity price risk. As such, Generation uses a variety of derivative and non-derivative instruments to manage the commodity price risk of its electric generation facilities, including power and gas sales, fuel and power purchases, natural gas transportation and pipeline capacity agreements and other energy-related products marketed and purchased. To manage these risks, Generation may enter into fixed-price derivative or non-derivative contracts to hedge the variability in future cash flows from expected sales of power and gas and purchases of power and fuel. The objectives for executing such hedges include fixing the price for a portion of anticipated future electricity sales at a level that provides an acceptable return. Generation is also exposed to differences between the locational settlement prices of certain economic hedges and the hedged generating units. This price difference is actively managed through other instruments which include derivative congestion products, whose changes in fair value are recognized in earnings each period, and auction revenue rights, which are accounted for on an accrual basis. For the three months ended March 31, 2018 and 2017 , Exelon and Generation recognized the following net pre-tax commodity mark-to-market gains (losses) which are also located in the "Net fair value changes related to derivatives" on the Consolidated Statements of Cash Flows.

	Three Months Ended March 31,	
	2018	2017
Income Statement Location	Gain (Loss)	
Operating revenues	$ (100)	$ 46
Purchased power and fuel	(167)	(93)
Total Exelon and Generation	$ (267)	$ (47)

In general, increases and decreases in forward market prices have a positive and negative impact, respectively, on Generation's owned and contracted generation positions that have not been hedged. Generation hedges commodity price risk on a ratable basis over three-year periods. As of March 31, 2018 , the percentage of expected generation hedged is 91% - 94% , 63% - 66% and 33% - 36% for 2018 , 2019 and 2020 , respectively.

On December 17, 2010, ComEd executed several 20-year floating-to-fixed energy swap contracts with unaffiliated suppliers for the procurement of long-term renewable energy and associated RECs. Delivery under the contracts began in June 2012. These contracts are designed to lock in a portion of the long-term commodity price risk resulting from the renewable energy resource procurement requirements in the Illinois Settlement Legislation. ComEd has not elected hedge accounting for these derivative financial instruments. ComEd records the fair value of the swap contracts on its balance sheet. Because ComEd receives full cost recovery for energy procurement and related costs from retail customers, the change in fair value each period is recorded by ComEd as a regulatory asset or liability. See Note 3 — Regulatory Matters of the Exelon 2017 Form 10-K for additional information.

PECO's natural gas procurement policy is designed to achieve a reasonable balance of long-term and short-term gas purchases under different pricing approaches to achieve system supply reliability at the least cost. PECO's reliability strategy is two-fold. First, PECO must assure that there is sufficient transportation capacity to satisfy delivery requirements. Second, PECO must ensure that a firm source of supply exists to utilize the capacity resources. All of PECO's natural gas supply and asset management agreements that are derivatives either qualify for the NPNS scope exception and have been designated as such, or have no mark-to-market balances because the derivatives are index priced. Additionally, in accordance with the 2016 PAPUC PGC settlement and to reduce the exposure of PECO and its customers to natural gas price volatility, PECO has continued its program to purchase natural gas for both winter and summer supplies using a layered approach of locking-in prices ahead of each season with long-

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term gas purchase agreements (those with primary terms of at least twelve months). Under the terms of the 2016 PGC settlement, PECO is required to lock in (i.e., economically hedge) the price of a minimum volume of its long-term gas commodity purchases. PECO's gas-hedging program is designed to cover about 20% of planned natural gas purchases in support of projected firm sales. The hedging program for natural gas procurement has no direct impact on PECO's results of operations and financial position as natural gas costs are fully recovered from customers under the PGC.

BGE has contracts to procure SOS electric supply that are executed through a competitive procurement process approved by the MDPSC. The SOS rates charged recover BGE's wholesale power supply costs and include an administrative fee. BGE's commodity price risk related to electric supply procurement is limited. BGE locks in fixed prices for all of its SOS requirements through full requirements contracts. Certain of BGE's full requirements contracts, which are considered derivatives, qualify for the NPNS scope exception under current derivative authoritative guidance. Other BGE full requirements contracts are not derivatives.

BGE provides natural gas to its customers under a MBR mechanism approved by the MDPSC. Under this mechanism, BGE's actual cost of gas is compared to a market index (a measure of the market price of gas in a given period). The difference between BGE's actual cost and the market index is shared equally between shareholders and customers. BGE must also secure fixed price contracts for at least 10% , but not more than 20% , of forecasted system supply requirements for flowing (i.e., non-storage) gas for the November through March period. These fixed-price contracts are not subject to sharing under the MBR mechanism. BGE also ensures it has sufficient pipeline transportation capacity to meet customer requirements. BGE's natural gas supply and asset management agreements qualify for the NPNS scope exception and result in physical delivery.

Pepco has contracts to procure SOS electric supply that are executed through a competitive procurement process approved by the MDPSC and DCPSC. The SOS rates charged recover Pepco's wholesale power supply costs and include an administrative fee. The administrative fee includes an incremental cost component and a shareholder return component for residential and commercial rate classes. Pepco's commodity price risk related to electric supply procurement is limited. Pepco locks in fixed prices for its SOS requirements through full requirements contracts. Certain of Pepco's full requirements contracts, which are considered derivatives, qualify for the NPNS scope exception under current derivative authoritative guidance. Other Pepco full requirements contracts are not derivatives.

DPL has contracts to procure SOS electric supply that are executed through a competitive procurement process approved by the MDPSC and the DPSC. The SOS rates charged recover DPL's wholesale power supply costs. In Delaware, DPL is also entitled to recover a Reasonable Allowance for Retail Margin (RARM). The RARM includes a fixed annual margin of approximately $2.75 million , plus an incremental cost component and a cash working capital allowance. In Maryland, DPL charges an administrative fee intended to allow it to recover its administrative costs. DPL locks in fixed prices for its SOS requirements through full requirements contracts. DPL's commodity price risk related to electric supply procurement is limited. Certain of DPL's full requirements contracts, which are considered derivatives, qualify for the NPNS scope exception under current derivative authoritative guidance. Other DPL full requirements contracts are not derivatives.

DPL provides natural gas to its customers under an Annual GCR mechanism approved by the DPSC. Under this mechanism, DPL's Annual GCR Filing establishes a future GCR for firm bundled sales customers by using a forecast of demand and commodity costs. The actual costs are trued up against forecasts on a monthly basis and any shortfall or excess is carried forward as a recovery balance in the next GCR filing. The demand portion of the GCR is based upon DPL's firm transportation and storage contracts. DPL has firm deliverability of swing and seasonal storage; a liquefied natural gas facility and firm transportation capacity to meet customer demand and provide a reserve margin. The commodity portion of the GCR includes a commission approved hedging program which is intended to reduce gas

commodity price volatility while limiting the firm natural gas customers' exposure to adverse changes in the market price of natural gas. The hedge program requires that DPL hedge, on a non-discretionary basis, an amount equal to 50% of estimated purchase requirements for each month, including estimated monthly purchases for storage injections. The 50% hedge monthly target is achieved by hedging 1/12th of the 50% target each month beginning 12-months prior to the month in which the physical gas is to be purchased. Currently, DPL uses only exchange traded futures for its gas hedging program, which are considered derivatives, however, it retains the capability to employ other physical and financial hedges if needed. DPL has not elected hedge accounting for these derivative financial instruments. Because of the DPSC-approved fuel adjustment clause for DPL's derivatives, the change in fair value of the derivatives each period, in addition to all premiums paid and other transaction costs incurred as part of the gas hedging program, are fully recoverable and are recorded by DPL as regulatory assets or liabilities. DPL's physical gas purchases are currently all daily, monthly or intra-month transactions. From time to time, DPL will enter into seasonal purchase or sale arrangements, however, there are none currently in the portfolio. Certain of DPL's full requirements contracts, which are considered derivatives, qualify for the NPNS scope exception under current derivative authoritative guidance. Other DPL full requirements contracts are not derivatives.

ACE has contracts to procure BGS electric supply that are executed through a competitive procurement process approved by the NJBPU. The BGS rates charged recover ACE's wholesale power supply costs. ACE does not make any profit or incur any loss on the supply component of the BGS it supplies to customers. ACE's commodity price risk related to electric supply procurement is limited. ACE locks in fixed prices for all of its BGS requirements through full requirements contracts. Certain of ACE's full requirements contracts, which are considered derivatives, qualify for the NPNS scope exception under current derivative authoritative guidance. Other ACE full requirements contracts are not derivatives.

Proprietary Trading (Commodity Price Risk)

Generation also executes commodity derivatives for proprietary trading purposes. Proprietary trading includes all contracts executed with the intent of benefiting from shifts or changes in market prices as opposed to those executed with the intent of hedging or managing risk. Proprietary trading activities are subject to limits established by Exelon's RMC. The proprietary trading portfolio is subject to a risk management policy that includes stringent risk management limits to manage exposure to market risk. Additionally, the Exelon risk management group and Exelon's RMC monitor the financial risks of the proprietary trading activities. The proprietary trading activities are a complement to Generation's energy marketing portfolio, but represent a small portion of Generation's overall revenue from energy marketing activities. Gains and losses associated with proprietary trading are reported as Operating revenues in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income. For the three months ended March 31, 2018 and 2017 Exelon and Generation recognized the following net pre-tax commodity mark-to-market gains (losses) which are also included in the "Net fair value changes related to derivatives" on the Consolidated Statements of Cash Flows. The Utility Registrants do not execute derivatives for proprietary trading purposes.

	Three Months Ended March 31,	
	2018	2017
Income Statement Location	Gain (Loss)	
Operating revenues	$ 2	$ (1)

Interest Rate and Foreign Exchange Risk (All Registrants)

The Registrants use a combination of fixed-rate and variable-rate debt to manage interest rate exposure. The Registrants utilize fixed-to-floating interest rate swaps, which are typically designated as fair value hedges, to manage their interest rate exposure. In addition, the Registrants may utilize interest

rate derivatives to lock in rate levels, which are typically designated as cash flow hedges to manage interest rate risk. To manage foreign exchange rate exposure associated with international commodity purchases in currencies other than U.S. dollars, Generation utilizes foreign currency derivatives, which are treated as economic hedges. Below is a summary of the interest rate and foreign exchange hedge balances as of March 31, 2018 :

	Generation				Exelon Corporate	Exelon
Description	Derivatives Designated as Hedging Instruments	Economic Hedges	Collateral and Netting [a]	Subtotal	Derivatives Designated as Hedging Instruments	Total
Mark-to-market derivative assets (current assets)	$ —	$ 5	$ (3)	$ 2	$ —	$ 2
Mark-to-market derivative assets (noncurrent assets)	12	1	(1)	12	—	12
Total mark-to-market derivative assets	12	6	(4)	14	—	14
Mark-to-market derivative liabilities (current liabilities)	—	(3)	3	—	—	—
Mark-to-market derivative liabilities (noncurrent liabilities)	—	(2)	1	(1)	(4)	(5)
Total mark-to-market derivative liabilities	—	(5)	4	(1)	(4)	(5)
Total mark-to-market derivative net assets (liabilities)	$ 12	$ 1	$ —	$ 13	$ (4)	$ 9

(a) Exelon and Generation net all available amounts allowed under the derivative authoritative guidance on the balance sheet. These amounts include unrealized derivative transactions with the same counterparty under legally enforceable master netting agreements and cash collateral. In some cases, Exelon and Generation may have other offsetting counterparty exposures subject to a master netting or similar agreement, such as accrued interest, transactions that do not qualify as derivatives, letters of credit and other forms of non-cash collateral, which are not reflected in the table above.

The following table provides a summary of the interest rate and foreign exchange hedge balances recorded by the Registrants as of December 31, 2017 :

	Generation				Exelon Corporate	Exelon
Description	Derivatives Designated as Hedging Instruments	Economic Hedges	Collateral and Netting [a]	Subtotal	Derivatives Designated as Hedging Instruments	Total
Mark-to-market derivative assets (current assets)	$ —	$ 10	$ (7)	$ 3	$ —	$ 3
Mark-to-market derivative assets (noncurrent assets)	3	—	—	3	3	6
Total mark-to-market derivative assets	3	10	(7)	6	3	9
Mark-to-market derivative liabilities (current liabilities)	(2)	(7)	7	(2)	—	(2)
Mark-to-market derivative liabilities (noncurrent liabilities)	—	(2)	—	(2)	—	(2)
Total mark-to-market derivative liabilities	(2)	(9)	7	(4)	—	(4)
Total mark-to-market derivative net assets (liabilities)	$ 1	$ 1	$ —	$ 2	$ 3	$ 5

(a) Exelon and Generation net all available amounts allowed under the derivative authoritative guidance on the balance sheet. These amounts include unrealized derivative transactions with the same counterparty under legally enforceable master netting agreements and cash collateral. In some cases, Exelon and Generation may have other offsetting counterparty exposures subject to a master netting or similar agreement, such as accrued interest, transactions that do not qualify as derivatives, letters of credit and other forms of non-cash collateral, which are not reflected in the table above.

Fair Value Hedges (Interest Rate Risk)

For derivative instruments that qualify and are designated as fair value hedges, the gain or loss on the derivative as well as the offsetting loss or gain on the hedged item attributable to the hedged risk are recognized in earnings immediately. Exelon and Generation include the gain or loss on the hedged items and the offsetting loss or gain on the related interest rate swaps as follows:

		Three Months Ended March 31,			
		2018	2017	2018	2017
	Income Statement Location	Loss on Swaps		Gain on Borrowings	
Exelon	Interest expense	$ (7)	$ (4)	$ 13	$ 8

The table below provides the notional amounts of fixed-to-floating hedges outstanding held by Exelon at March 31, 2018 and December 31, 2017 :

	As of	
	March 31, 2018	December 31, 2017
Fixed-to-floating hedges	$ 800	$ 800

During the three months ended March 31, 2018 and 2017 , the impact on the results of operations as a result of ineffectiveness from fair value hedges was a $6 million gain and a $4 million gain, respectively.

Cash Flow Hedges (Interest Rate Risk)

For derivative instruments that qualify and are designated as cash flow hedges, the gain or loss on the effective portion of the derivative will be deferred in AOCI and reclassified into earnings when the underlying transaction occurs. To mitigate interest rate risk, Exelon and Generation enter into floating-to-fixed interest rate swaps to manage a portion of interest rate exposure associated with debt issuances. The table below provides the notional amounts of floating-to-fixed hedges outstanding held by Exelon and Generation as of March 31, 2018 .

	As of	
	March 31, 2018	December 31, 2017
Floating-to-fixed hedges	$ 636	$ 636

The tables below provide the activity of OCI related to cash flow hedges for the three months ended March 31, 2018 and 2017 , containing information about the changes in the fair value of cash flow hedges and the reclassification from AOCI into results of operations. The amounts reclassified from OCI, when combined with the impacts of the hedged transactions, result in the ultimate recognition of net revenues or expenses at the contractual price.

		Total Cash Flow Hedge OCI Activity, Net of Income Tax	
		Generation	Exelon
Three Months Ended March 31, 2018	Income Statement Location	Total Cash Flow Hedges	Total Cash Flow Hedges
AOCI derivative loss at December 31, 2017		$ (16)	$ (14)
Effective portion of changes in fair value		7	8
AOCI derivative loss at March 31, 2018		$ (9)	$ (6)

		Total Cash Flow Hedge OCI Activity, Net of Income Tax	
		Generation	Exelon
Three Months Ended March 31, 2017	Income Statement Location	Total Cash Flow Hedges	Total Cash Flow Hedges
AOCI derivative loss at December 31, 2016		$ (19)	$ (17)
Effective portion of changes in fair value		2	2
Reclassifications from AOCI to net income	Interest Expense	4 (a)	4 (a)
AOCI derivative loss at March 31, 2017		$ (13)	$ (11)

(a) Amount is net of related income tax expense of $3 million for the three months ended March 31, 2017 .

During the three months ended March 31, 2018 and 2017 , the impact on the results of operations as a result of ineffectiveness from cash flow hedges in continuing designated hedge relationships was immaterial. The estimated amount of existing gains and losses that are reported in AOCI at the reporting date that are expected to be reclassified into earnings within the next twelve months is immaterial.

Economic Hedges (Interest Rate and Foreign Exchange Risk)

Exelon and Generation executes these instruments to mitigate exposure to fluctuations in interest rates or foreign exchange but for which the fair value or cash flow hedge elections were not made. Generation also enters into interest rate derivative contracts and foreign exchange currency swaps

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("treasury") to manage the exposure related to the interest rate component of commodity positions and international purchases of commodities in currencies other than U.S. Dollars.

At March 31, 2018 and December 31, 2017 , Generation had immaterial notional amounts of interest rate derivative contracts to economically hedge risk associated with the interest rate component of commodity positions. The following table provides notional amounts outstanding held by Exelon and Generation at March 31, 2018 and December 31, 2017 related to foreign currency exchange rate swaps that are marked-to-market to manage the exposure associated with international purchases of commodities in currencies other than U.S. dollars.

	As of	
	March 31, 2018	December 31, 2017
Foreign currency exchange rate swaps	$ 87	$ 94

For the three months ended March 31, 2018 and 2017 , Exelon and Generation recognized the following net pre-tax mark-to-market gains (losses) in the Consolidated Statements of Operations and Comprehensive Income and are included in “Net fair value changes related to derivatives” in Exelon’s and Generation’s Consolidated Statements of Cash Flows.

		Three Months Ended March 31,	
		2018	2017
	Income Statement Location	Gain (Loss)	
Generation	Operating Revenues	$ 2	$ (2)
Generation	Purchased Power and Fuel	(1)	—
Total Generation		$ 1	$ (2)

		Three Months Ended March 31,	
		2018	2017
	Income Statement Location	Gain (Loss)	
Exelon	Operating Revenues	$ 2	$ (2)
Exelon	Purchased Power and Fuel	(1)	—
Total Exelon		$ 1	$ (2)

Proprietary Trading (Interest Rate and Foreign Exchange Risk)

Generation also executes derivative contracts for proprietary trading purposes to hedge risk associated with the interest rate and foreign exchange components of underlying commodity positions. Gains and losses associated with proprietary trading are reported as Operating revenues in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income and are included in "Net fair value changes related to derivatives" in Exelon's and Generation's Consolidated Statements of Cash Flows. For the three months ended March 31, 2018 and 2017 Exelon and Generation recognized the following net pre-tax commodity mark-to-market gains (losses).

	Three Months Ended March 31,	
	2018	2017
Income Statement Location	Gain (Loss)	
Operating Revenues	$ —	$ (1)

Credit Risk, Collateral and Contingent-Related Features (All Registrants)

The Registrants would be exposed to credit-related losses in the event of non-performance by counterparties on executed derivative instruments. The credit exposure of derivative contracts, before collateral, is represented by the fair value of contracts at the reporting date. For commodity derivatives, Generation enters into enabling agreements that allow for payment netting with its counterparties, which reduces Generation's exposure to counterparty risk by providing for the offset of amounts payable to the counterparty against amounts receivable from the counterparty. Typically, each enabling agreement is for a specific commodity and so, with respect to each individual counterparty, netting is limited to transactions involving that specific commodity product, except where master netting agreements exist with a counterparty that allow for cross product netting. In addition to payment netting language in the enabling agreement, Generation's credit department establishes credit limits, margining thresholds and collateral requirements for each counterparty, which are defined in the derivative contracts. Counterparty credit limits are based on an internal credit review process that considers a variety of factors, including the results of a scoring model, leverage, liquidity, profitability, credit ratings by credit rating agencies, and risk management capabilities. To the extent that a counterparty's margining thresholds are exceeded, the counterparty is required to post collateral with Generation as specified in each enabling agreement. Generation's credit department monitors current and forward credit exposure to counterparties and their affiliates, both on an individual and an aggregate basis.

The following tables provide information on Generation's credit exposure for all derivative instruments, NPNS and applicable payables and receivables, net of collateral and instruments that are subject to master netting agreements, as of March 31, 2018 . The tables further delineate that exposure by credit rating of the counterparties and provide guidance on the concentration of credit risk to individual counterparties. The figures in the tables below exclude credit risk exposure from individual retail counterparties, nuclear fuel procurement contracts and exposure through RTOs, ISOs, NYMEX, ICE, NASDAQ, NGX and Nodal commodity exchanges. Additionally, the figures in the tables below exclude exposures with affiliates, including net receivables with ComEd, PECO, BGE, Pepco, DPL and ACE of $31 million , $21 million , $25 million , $34 million , $9 million , and $5 million as of March 31, 2018 , respectively.

Rating as of March 31, 2018	Total Exposure Before Credit Collateral	Credit Collateral [a]	Net Exposure	Number of Counterparties Greater than 10% of Net Exposure	Net Exposure of Counterparties Greater than 10% of Net Exposure
Investment grade	$ 986	$ 1	$ 985	2	$ 412
Non-investment grade	112	46	66		
No external ratings					
Internally rated — investment grade	223	—	223		
Internally rated — non-investment grade	100	17	83		
Total	$ 1,421	$ 64	$ 1,357	2	$ 412

Net Credit Exposure by Type of Counterparty	As of March 31, 2018
Financial institutions	$ 189
Investor-owned utilities, marketers, power producers	656
Energy cooperatives and municipalities	438
Other	74
Total	$ 1,357

(a) As of March 31, 2018 , credit collateral held from counterparties where Generation had credit exposure included $41 million of cash and $23 million of letters of credit. The credit collateral does not include non-liquid collateral.

ComEd's power procurement contracts provide suppliers with a certain amount of unsecured credit. The credit position is based on daily, updated forward market prices compared to the benchmark prices. The benchmark prices are the forward prices of energy projected through the contract term and are set at the point of supplier bid submittals. If the forward market price of energy exceeds the benchmark price on a given day, the suppliers are required to post collateral for the secured credit portion after adjusting for any unpaid deliveries and unsecured credit allowed under the contract. The unsecured credit used by the suppliers represents ComEd's net credit exposure. As of March 31, 2018 , ComEd's net credit exposure to suppliers was less than $1 million .

ComEd is permitted to recover its costs of procuring energy through the Illinois Settlement Legislation. ComEd's counterparty credit risk is mitigated by its ability to recover realized energy costs through customer rates. See Note 3 — Regulatory Matters of the Exelon 2017 Form 10-K for additional information.

PECO's unsecured credit used by the suppliers represents PECO's net credit exposure. As of March 31, 2018 , PECO had no material net credit exposure to suppliers.

PECO's natural gas procurement plan is reviewed and approved annually on a prospective basis by the PAPUC. PECO's counterparty credit risk under its natural gas supply and asset management agreements is mitigated by its ability to recover its natural gas costs through the PGC, which allows PECO to adjust rates quarterly to reflect realized natural gas prices. PECO does not obtain collateral from suppliers under its natural gas supply and asset management agreements. As of March 31, 2018 , PECO had no material credit exposure under its natural gas supply and asset management agreements with investment grade suppliers.

BGE is permitted to recover its costs of procuring energy through the MDPSC-approved procurement tariffs. BGE's counterparty credit risk is mitigated by its ability to recover realized energy costs through customer rates. See Note 3 — Regulatory Matters of the Exelon 2017 Form 10-K for additional information.

BGE's full requirement wholesale electric power agreements that govern the terms of its electric supply procurement contracts, which define a supplier's performance assurance requirements, allow a supplier, or its guarantor, to meet its credit requirements with a certain amount of unsecured credit. As of March 31, 2018 , BGE's net credit exposure to suppliers was immaterial.

BGE's regulated gas business is exposed to market-price risk. At March 31, 2018 , BGE had credit exposure of approximately $12 million related to off-system sales which is mitigated by parental guarantees, letters of credit or right to offset clauses within other contracts with those third-party suppliers.

Pepco's, DPL's and ACE's power procurement contracts provide suppliers with a certain amount of unsecured credit. The amount of unsecured credit is determined based on the supplier's lowest credit rating from the major credit rating agencies and the supplier's tangible net worth. The credit position is based on the initial market price, which is the forward price of energy on the day a transaction is executed, compared to the current forward price curve for energy. To the extent that the forward price curve for energy exceeds the initial market price, the supplier is required to post collateral to the extent the credit exposure is greater than the supplier's unsecured credit limit. The unsecured credit used by the suppliers represents Pepco's, DPL's and ACE's net credit exposure. As of March 31, 2018 , Pepco's, DPL's and ACE's net credit exposures to suppliers were immaterial.

Pepco is permitted to recover its costs of procuring energy through the MDPSC-approved and DCPSC-approved procurement tariffs. DPL is permitted to recover its costs of procuring energy through the MDPSC-approved and DPSC-approved procurement tariffs. ACE is permitted to recover its costs of procuring energy through the NJBPU-approved procurement tariffs. Pepco's, DPL's and ACE's counterparty credit risks are mitigated by their ability to recover realized energy costs through customer rates. See Note 3 — Regulatory Matters of the Exelon 2017 Form 10-K for additional information.

DPL's natural gas procurement plan is reviewed and approved annually on a prospective basis by the DPSC. DPL's counterparty credit risk under its natural gas supply and asset management agreements is mitigated by its ability to recover its natural gas costs through the GCR, which allows DPL to adjust rates annually to reflect realized natural gas prices. To the extent that the fair value of the transactions in a net loss position exceeds the unsecured credit threshold, then collateral is required to be posted in an amount equal to the amount by which the unsecured credit threshold is exceeded. Exchange-traded contracts are required to be fully collateralized without regard to the credit rating of the holder. As of March 31, 2018 , DPL had no credit exposure under its natural gas supply and asset management agreements with investment grade suppliers.

Collateral (All Registrants)

As part of the normal course of business, Generation routinely enters into physically or financially settled contracts for the purchase and sale of electric capacity, electricity, fuels, emissions allowances and other energy-related products. Certain of Generation's derivative instruments contain provisions

that require Generation to post collateral. Generation also enters into commodity transactions on exchanges where the exchanges act as the counterparty to each trade. Transactions on the exchanges must adhere to comprehensive collateral and margining requirements. This collateral may be posted in the form of cash or credit support with thresholds contingent upon Generation's credit rating from each of the major credit rating agencies. The collateral and credit support requirements vary by contract and by counterparty. These credit-risk related contingent features stipulate that if Generation were to be downgraded or lose its investment grade credit rating (based on its senior unsecured debt rating), it would be required to provide additional collateral. This incremental collateral requirement allows for the offsetting of derivative instruments that are assets with the same counterparty, where the contractual right of offset exists under applicable master netting agreements. In the absence of expressly agreed-to provisions that specify the collateral that must be provided, collateral requested will be a function of the facts and circumstances of the situation at the time of the demand. In this case, Generation believes an amount of several months of future payments (i.e., capacity payments) rather than a calculation of fair value is the best estimate for the contingent collateral obligation, which has been factored into the disclosure below.

The aggregate fair value of all derivative instruments with credit-risk related contingent features in a liability position that are not fully collateralized (excluding transactions on the exchanges that are fully collateralized) is detailed in the table below:

Credit-Risk Related Contingent Feature	March 31, 2018	December 31, 2017
Gross fair value of derivative contracts containing this feature [(a)]	$ (2,141)	$ (926)
Offsetting fair value of in-the-money contracts under master netting arrangements [(b)]	1,562	577
Net fair value of derivative contracts containing this feature [(c)]	$ (579)	$ (349)

(a) Amount represents the gross fair value of out-of-the-money derivative contracts containing credit-risk related contingent features ignoring the effects of master netting agreements.
(b) Amount represents the offsetting fair value of in-the-money derivative contracts under legally enforceable master netting agreements with the same counterparty, which reduces the amount of any liability for which a Registrant could potentially be required to post collateral.
(c) Amount represents the net fair value of out-of-the-money derivative contracts containing credit-risk related contingent features after considering the mitigating effects of offsetting positions under master netting arrangements and reflects the actual net liability upon which any potential contingent collateral obligations would be based.

Generation had cash collateral posted of $742 million and letters of credit posted of $493 million and cash collateral held of $66 million and letters of credit held of $46 million as of March 31, 2018 for external counterparties with derivative positions. Generation had cash collateral posted of $497 million and letters of credit posted of $293 million and cash collateral held of $35 million and letters of credit held of $33 million at December 31, 2017 for external counterparties with derivative positions. In the event of a credit downgrade below investment grade (i.e., to BB+ by S&P or Ba1 by Moody's), Generation would have been required to post additional collateral of $1.9 billion and $1.8 billion as of March 31, 2018 and December 31, 2017 , respectively. These amounts represent the potential additional collateral required after giving consideration to offsetting derivative and non-derivative positions under master netting agreements.

Generation's and Exelon's interest rate swaps contain provisions that, in the event of a merger, if Generation's debt ratings were to materially weaken, it would be in violation of these provisions, resulting in the ability of the counterparty to terminate the agreement prior to maturity. Collateralization would not be required under any circumstance. Termination of the agreement could result in a settlement payment by Exelon or the counterparty on any interest rate swap in a net liability position. The settlement amount would be equal to the fair value of the swap on the termination date. As of March 31, 2018 , Generation's and Exelon's swaps were in an asset position of $13 million and $9 million , respectively.

See Note 25 — Segment Information of the Exelon 2017 Form 10-K for further information regarding the letters of credit supporting the cash collateral.

Generation entered into supply forward contracts with certain utilities, including PECO and BGE, with one-sided collateral postings only from Generation. If market prices fall below the benchmark price levels in these contracts, the utilities are not required to post collateral. However, when market prices rise above the benchmark price levels, counterparty suppliers, including Generation, are required to post collateral once certain unsecured credit limits are exceeded. Under the terms of ComEd's standard block energy contracts, collateral postings are one-sided from suppliers, including Generation, should exposures between market prices and benchmark prices exceed established unsecured credit limits outlined in the contracts. As of March 31, 2018 , ComEd held approximately $9 million in collateral from suppliers in association with energy procurement contracts. Under the terms of ComEd's REC and ZEC contracts, collateral postings are required to cover a percentage of the REC and ZEC contract value. As of March 31, 2018 , ComEd held approximately $14 million in collateral from suppliers for REC and ZEC contract obligations. Under the terms of ComEd's long-term renewable energy contracts, collateral postings are required from suppliers for both RECs and energy. The REC portion is a fixed value and the energy portion is one-sided from suppliers should the forward market prices exceed contract prices. As of March 31, 2018 , ComEd held approximately $19 million in collateral from suppliers for the long-term renewable energy contracts. If ComEd lost its investment grade credit rating as of March 31, 2018 , it would have been required to post approximately $10 million of collateral to its counterparties. See Note 3 — Regulatory Matters of the Exelon 2017 Form 10-K for additional information.

PECO's natural gas procurement contracts contain provisions that could require PECO to post collateral. This collateral may be posted in the form of cash or credit support with thresholds contingent upon PECO's credit rating from the major credit rating agencies. The collateral and credit support requirements vary by contract and by counterparty. As of March 31, 2018 , PECO was not required to post collateral for any of these agreements. If PECO lost its investment grade credit rating as of March 31, 2018 , PECO could have been required to post approximately $33 million of collateral to its counterparties.

PECO's supplier master agreements that govern the terms of its DSP Program contracts do not contain provisions that would require PECO to post collateral.

BGE's natural gas procurement contracts contain provisions that could require BGE to post collateral. This collateral may be posted in the form of cash or credit support with thresholds contingent upon BGE's credit rating from the major credit rating agencies. The collateral and credit support requirements vary by contract and by counterparty. As of March 31, 2018 , BGE was not required to post collateral for any of these agreements. If BGE lost its investment grade credit rating as of March 31, 2018 , BGE could have been required to post approximately $49 million of collateral to its counterparties.

DPL's natural gas procurement contracts contain provisions that could require DPL to post collateral. To the extent that the fair value of the natural gas derivative transaction in a net loss position exceeds the unsecured credit threshold, then collateral is required to be posted in an amount equal to the amount by which the unsecured credit threshold is exceeded. The DPL obligations are standalone, without the guaranty of PHI. If DPL lost its investment grade credit rating as of March 31, 2018 , DPL could have been required to post an additional amount of approximately $14 million of collateral to its counterparties.

BGE's, Pepco's, DPL's and ACE's full requirements wholesale power agreements that govern the terms of its electric supply procurement contracts do not contain provisions that would require BGE, Pepco, DPL or ACE to post collateral.

11 . Debt and Credit Agreements (All Registrants)

Short-Term Borrowings

Exelon Corporate, ComEd, BGE, Pepco, DPL and ACE meet their short-term liquidity requirements primarily through the issuance of commercial paper. Generation and PECO meet their short-term liquidity requirements primarily through the issuance of commercial paper and borrowings from the Exelon intercompany money pool. PHI Corporate meets its short-term liquidity requirements primarily through the issuance of short-term notes and the Exelon intercompany money pool. The Registrants may use their respective credit facilities for general corporate purposes, including meeting short-term funding requirements and the issuance of letters of credit.

Commercial Paper

The Registrants had the following amounts of commercial paper borrowings outstanding as of March 31, 2018 and December 31, 2017 :

Commercial Paper Borrowings	March 31, 2018	December 31, 2017
Exelon	$ 1,154	$ 427
Generation	165	—
ComEd	317	—
PECO	220	—
BGE	45	77
PHI [(a)]	407	350
Pepco	60	26
DPL	211	216
ACE	136	108

(a) PHI reflects the commercial paper borrowings outstanding of Pepco, DPL and ACE.

Short-Term Loan Agreements

On January 13, 2016, PHI entered into a $500 million term loan agreement, which was amended on March 28, 2016. The net proceeds of the loan were used to repay PHI's outstanding commercial paper and for general corporate purposes. Pursuant to the loan agreement, as amended, loans made thereunder bear interest at a variable rate equal to LIBOR plus 1% , and all indebtedness thereunder is unsecured. On March 23, 2017, the aggregate principal amount of all loans, together with any accrued but unpaid interest due under the loan agreement was fully repaid and the loan terminated. On March 23, 2017, Exelon Corporate entered into a similar type term loan for $500 million which expired March 22, 2018. The loan agreement was renewed on March 22, 2018 and will expire on March 21, 2019. Pursuant to the loan agreement, loans made thereunder bear interest at a variable rate equal to LIBOR plus 1% and all indebtedness thereunder is unsecured. The loan agreement is reflected in Exelon's Consolidated Balance Sheet within Short-Term borrowings.

Credit Agreements

As of March 15, 2018, the credit agreement for Generation's $30 million bilateral credit facility was amended to increase the overall facility size to $95 million . This facility will solely be used by Generation to issue letters of credit.

Long-Term Debt

Issuance of Long-Term Debt

During the three months ended March 31, 2018 , the following long-term debt was issued:

Company	Type	Interest Rate	Maturity	Amount	Use of Proceeds
Generation	Energy Efficiency Project Financing	3.72%	April 30, 2018	$ 1	Funding to install energy conservation measures for the Smithsonian Zoo project.
Generation	Energy Efficiency Project Financing	3.17%	April 30, 2018	$ 1	Funding to install energy conservation measures in Brooklyn, NY.
Generation	Energy Efficiency Project Financing	2.61%	September 30, 2018	$ 2	Funding to install energy conservation measures for the Pensacola project.
ComEd	First Mortgage Bonds, Series 124	4.00%	March 1, 2048	$ 800	Refinance one series of maturing first mortgage bonds, to repay a portion of ComEd's outstanding commercial paper obligations and to fund general corporate purposes.
PECO	First and Refunding Mortgage Bonds	3.90%	March 1, 2048	$ 325	Refinance a portion of maturing mortgage bonds.

12 . Income Taxes (All Registrants)

Corporate Tax Reform (All Registrants)

On December 22, 2017, President Trump signed the TCJA into law. The TCJA makes many significant changes to the Internal Revenue Code, including, but not limited to, (1) reducing the U.S. federal corporate tax rate from 35% to 21% ; (2) creating a 30% limitation on deductible interest expense (not applicable to regulated utilities); (3) allowing 100% expensing for the cost of qualified property (not applicable to regulated utilities); (4) eliminating the domestic production activities deduction; (5) eliminating the corporate alternative minimum tax and changing how existing alternative minimum tax credits can be realized; and (6) changing rules related to uses and limitations of net operating loss carryforwards created in tax years beginning after December 31, 2017. The most significant change that impacts the Registrants is the reduction of the corporate federal income tax rate from 35% to 21% beginning January 1, 2018.

Pursuant to the enactment of the TCJA, the Registrants remeasured their existing deferred income tax balances as of December 31, 2017 to reflect the decrease in the corporate income tax rate from 35% to 21% , which resulted in a material decrease to their net deferred income tax liability balances as shown in the table below. Generation recorded a corresponding net decrease to income tax expense, while the Utility Registrants recorded corresponding regulatory liabilities or assets to the extent such amounts are probable of settlement or recovery through customer rates and an adjustment to income tax expense for all other amounts. The amount and timing of potential settlements of the established net regulatory liabilities will be determined by the Utility Registrants' respective rate regulators, subject to certain IRS "normalization" rules. See Note 6 — Regulatory Matters for further information.

The Registrants have completed their assessment of the majority of the applicable provisions in the TCJA and have recorded the associated impacts as of December 31, 2017. As discussed further below, under SAB 118 issued by the SEC in December 2017, the Registrants have recorded provisional income tax amounts as of December 31, 2017 for changes pursuant to the TCJA related to depreciation for which the impacts could not be finalized upon issuance of the Registrants' financial statements, but for which reasonable estimates could be determined.

For property acquired and placed-in-service after September 27, 2017, the TCJA repeals 50% bonus depreciation for all taxpayers and in addition provides for 100% expensing for taxpayers other than regulated utilities. As a result, Generation will be required to evaluate the contractual terms of its fourth quarter 2017 capital additions and determine if they qualify for 100% expensing under the TCJA as compared to 50% bonus depreciation under prior tax law. Similarly, the Utility Registrants will be required to evaluate the contractual terms of their fourth quarter 2017 capital additions to determine whether they still qualify for the prior tax law's 50% bonus depreciation as compared to no bonus depreciation pursuant to the TCJA.

At Generation, any required changes to the provisional estimates during the measurement period related to the above item would result in an adjustment to current income tax expense at 35% and a corresponding adjustment to deferred income tax expense at 21% and such changes could be material to Generation's future results of operations. At the Utility Registrants, any required changes to the provisional estimates would result in the recording of regulatory assets or liabilities to the extent such amounts are probable of settlement or recovery through customer rates and a net change to income tax expense for any other amounts.

The Registrants expect any final adjustments to the provisional amounts to be recorded by the third quarter of 2018, which could be material to the Registrants' future results of operations or financial positions. The accounting for all other applicable provisions of the TCJA is considered complete based on our current interpretation of the provisions of the TCJA as enacted as of December 31, 2017.

While the Registrants have recorded the impacts of the TCJA based on their interpretation of the provisions as enacted, it is expected that technical corrections or other forms of guidance will be issued during 2018, which could result in material changes to previously finalized provisions. At this time, most states have not provided guidance regarding TCJA impacts and may issue guidance in 2018 which may impact estimates.

The one-time impacts recorded by the Registrants to remeasure their deferred income tax balances at the 21% corporate federal income tax rate as of December 31, 2017 are presented below:

	Exelon [b]	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Net Decrease to Deferred Income Tax Liability Balances	$ 8,624	$ 1,895	$ 2,819	$ 1,407	$ 1,120	$ 1,944	$ 968	$ 540	$ 456

	Exelon	Generation	ComEd	PECO [c]	BGE	PHI	Pepco	DPL	ACE
Net Regulatory Liability Recorded [a]	7,315	N/A	2,818	1,394	1,124	1,979	976	545	458

	Exelon [b]	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Net Deferred Income Tax Benefit/(Expense) Recorded	$ 1,309	$ 1,895	$ 1	$ 13	$ (4)	$ (35)	$ (8)	$ (5)	$ (2)

(a) Reflects the net regulatory liabilities recorded on a pre-tax basis before taking into consideration the income tax benefits associated with the ultimate settlement with customers.
(b) Amounts do not sum across due to deferred tax adjustments recorded at the Exelon Corporation parent company, primarily related to certain employee compensation plans.
(c) Given the regulatory treatment of income tax benefits related to electric and gas distribution repairs, PECO remains in an overall net regulatory asset position as of December 31, 2017 after recording the impacts related to the TCJA. Refer to Note 3 - Regulatory Matters for additional information.

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The net regulatory liabilities above include (1) amounts subject to IRS "normalization" rules that are required to be passed back to customers generally over the remaining useful life of the underlying assets giving rise to the associated deferred income taxes, and (2) amounts for which the timing of settlement with customers is subject to determinations by the rate regulators. The table below sets forth the Registrants' estimated categorization of their net regulatory liabilities as of December 31, 2017. The amounts in the table below are shown on an after-tax basis reflecting future net cash outflows after taking into consideration the income tax benefits associated with the ultimate settlement with customers.

	Exelon	ComEd	PECO [a]	BGE	PHI	PEPCO	DPL	ACE
Subject to IRS Normalization Rules	$ 3,040	$ 1,400	$ 533	$ 459	$ 648	$ 299	$ 195	$ 153
Subject to Rate Regulator Determination	1,694	573	43	324	754	391	194	170
Net Regulatory Liabilities	$ 4,734	$ 1,973	$ 576	$ 783	$ 1,402	$ 690	$ 389	$ 323

(a) Given the regulatory treatment of income tax benefits related to electric and gas distribution repairs, PECO remains in an overall net regulatory asset position as of December 31, 2017 after recording the impacts related to the TCJA. As a result, the amount of customer benefits resulting from the TCJA subject to the discretion of PECO's rate regulators are lower relative to the other Utility Registrants. Refer to Note 3 - Regulatory Matters for additional information.

The net regulatory liability amounts subject to the IRS normalization rules generally relate to property, plant and equipment with remaining useful lives ranging from 30 to 40 years across the Utility Registrants. For the other amounts, rate regulators could require the passing back of amounts to customers over shorter time frames.

Rate Reconciliation

The effective income tax rate from continuing operations varies from the U.S. Federal statutory rate principally due to the following:

	Three Months Ended March 31, 2018								
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
U.S. Federal statutory rate	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%
Increase (decrease) due to:									
State income taxes, net of Federal income tax benefit	4.1	2.4	8.2	(3.9)	6.3	4.6	1.7	6.3	6.6
Qualified nuclear decommissioning trust fund income	(0.4)	(1.3)	—	—	—	—	—	—	—
Amortization of investment tax credit, including deferred taxes on basis difference	(1.3)	(4.3)	(0.2)	(0.1)	(0.1)	(0.2)	(0.1)	(0.2)	(0.3)
Plant basis differences	(2.7)	—	0.1	(14.2)	(0.7)	(2.6)	(3.4)	(1.3)	(2.6)
Production tax credits and other credits	(2.8)	(9.5)	(0.1)	—	—	—	—	—	—
Noncontrolling interests	(0.7)	(2.5)	—	—	—	—	—	—	—
Excess deferred tax amortization	(6.0)	—	(7.5)	(4.8)	(8.6)	(10.6)	(12.8)	(7.9)	(8.7)
Other	(2.8)	(1.3)	0.3	0.2	—	—	(0.3)	0.5	(3.5)
Effective income tax rate	8.4%	4.5%	21.8%	(1.8)%	17.9%	12.2%	6.1%	18.4%	12.5%

	Three Months Ended March 31, 2017 [a]								
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
U.S. Federal statutory rate	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%
Increase (decrease) due to:									
State income taxes, net of Federal income tax benefit	0.9	1.0	4.9	0.1	5.2	4.9	4.6	5.3	5.6
Qualified nuclear decommissioning trust fund income	3.5	7.8	—	—	—	—	—	—	—
Amortization of investment tax credit, including deferred taxes on basis difference	(0.4)	(0.7)	(0.2)	(0.1)	(0.1)	(0.2)	(0.1)	(0.3)	(0.4)
Plant basis differences	(2.4)	—	(0.2)	(13.2)	(0.9)	(3.8)	(5.8)	(1.9)	(3.4)
Production tax credits and other credits	(0.7)	(1.5)	—	—	—	—	—	—	—
Noncontrolling interest	—	0.1	—	—	—	—	—	—	—
Merger expenses [b]	(11.5)	(3.4)	—	—	—	(42.4)	(34.2)	(21.9)	(167.1)
Fitzpatrick bargain purchase gain	(6.6)	(14.8)	—	—	—	—	—	—	—
Other	(0.1)	(0.4)	—	0.3	(0.2)	(0.4)	0.5	—	(3.0)
Effective income tax rate	17.7%	23.1%	39.5%	22.1%	39.0%	(6.9)%	0.0%	16.2%	(133.3)%

(a) Exelon retrospectively adopted the new standard Revenue from Contracts with Customers . The standard was adopted as of January 1, 2018. The effective income tax rates are recast to reflect the impact of the new standard.
(b) Includes a remeasurement of uncertain state income tax positions for Pepco and DPL.

Accounting for Uncertainty in Income Taxes

The Registrants have the following unrecognized tax benefits as of March 31, 2018 and December 31, 2017 :

	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
March 31, 2018	$ 733	$ 464	$ 2	$ —	$ 120	$ 125	$ 59	$ 21	$ 14

	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
December 31, 2017	$ 743	$ 468	$ 2	$ —	$ 120	$ 125	$ 59	$ 21	$ 14

Reasonably possible the total amount of unrecognized tax benefits could significantly increase or decrease within 12 months after the reporting date

Like-Kind Exchange

As of March 31, 2018 , Exelon and ComEd have approximately $ 33 million and $2 million , respectively, of unrecognized federal and state income tax benefits that could significantly decrease within the 12 months after the reporting date due to a final resolution of the like-kind exchange litigation described below. The recognition of these unrecognized tax benefits would decrease Exelon and ComEd's effective tax rate.

Settlement of Income Tax Audits, Refund Claims, and Litigation

As of March 31, 2018 , Exelon, Generation, BGE, PHI, Pepco, DPL, and ACE have approximately $679 million , $ 465 million , $120 million , $ 94 million , $ 59 million , $ 21 million , and $ 14 million of unrecognized federal and state tax benefits that could significantly decrease within the 12 months after the reporting date as a result of completing audits, potential settlements, and the outcomes of pending court cases. Of the above unrecognized tax benefits, Exelon and Generation have $ 458 million that, if recognized, would decrease the effective tax rate. The unrecognized tax benefits related to BGE, Pepco, DPL, and ACE, if recognized, may be included in future regulated base rates and that portion would have no impact to the effective tax rate.

Other Income Tax Matters

Like-Kind Exchange (Exelon and ComEd)

Exelon, through its ComEd subsidiary, took a position on its 1999 income tax return to defer approximately $ 1.2 billion of tax gain on the sale of ComEd’s fossil generating assets. The gain was deferred by reinvesting a portion of the proceeds from the sale in qualifying replacement property under the like-kind exchange provisions of the IRC. The like-kind exchange replacement property purchased by Exelon included interests in three municipal-owned electric generation facilities which were properly leased back to the municipalities. As previously disclosed, Exelon terminated its investment in one of the leases in 2014 and the remaining two leases were terminated in 2016.

The IRS asserted that the Exelon purchase and leaseback transaction was substantially similar to a leasing transaction, known as a SILO, which is a listed transaction that the IRS has identified as a potentially abusive tax shelter. Thus, they disagreed with Exelon's position and asserted that the entire gain of approximately $ 1.2 billion was taxable in 1999. In 2013, the IRS issued a notice of deficiency to Exelon and Exelon filed a petition to initiate litigation in the United States Tax Court. In 2016, the Tax Court held that Exelon was not entitled to defer gain on the transaction. In addition to the tax and interest related to the gain deferral, the Tax Court also ruled that Exelon was liable for $ 90 million in penalties and interest on the penalties. Exelon has fully paid the amounts assessed resulting from the Tax Court decision.

In September 2017, Exelon appealed the Tax Court decision to the U.S. Court of Appeals for the Seventh Circuit and a decision is expected in 2018.

State Income Tax Law Changes

On April 24, 2018, Maryland enacted companion bills, House Bill 1794 and Senate Bill 1090, providing for a phase in of a single sales factor apportionment formula from the current three factor formula for determining an entity's Maryland state income taxes. The single sales factor will be fully phased by 2022.

In the second quarter of 2018, Exelon, Generation, PHI, DPL, and Pepco expect to record an estimated one-time increase to deferred income taxes of approximately $17 million , $5 million , $18 million , $1 million and $17 million , respectively. At PHI, DPL and Pepco, the increase to the Maryland deferred income tax liability will be offset by regulatory assets. Further, the change in tax law is not expected to have a material ongoing impact to Exelon's, Generation's, PHI's, DPL's or Pepco's future results of operations.

13 . Nuclear Decommissioning (Exelon and Generation)

Nuclear Decommissioning Asset Retirement Obligations

Generation has a legal obligation to decommission its nuclear power plants following the expiration of their operating licenses. To estimate its decommissioning obligation related to its nuclear generating stations for financial accounting and reporting purposes, Generation uses a probability-weighted, discounted cash flow model which, on a unit-by-unit basis, considers multiple outcome scenarios that include significant estimates and assumptions, and are based on decommissioning cost studies, cost escalation rates, probabilistic cash flow models and discount rates. Generation updates its ARO annually, unless circumstances warrant more frequent updates, based on its review of updated cost studies and its annual evaluation of cost escalation factors and probabilities assigned to various scenarios.

The following table provides a rollforward of the nuclear decommissioning ARO reflected on Exelon's and Generation's Consolidated Balance Sheets from December 31, 2017 to March 31, 2018 :

Nuclear decommissioning ARO at December 31, 2017 [(a)]	$	9,662
Accretion expense		117
Net increase due to changes in, and timing of, estimated future cash flows		32
Costs incurred related to decommissioning plants		(4)
Nuclear decommissioning ARO at March 31, 2018 [(a)]	$	9,807

(a) Includes $64 million and $13 million for the current portion of the ARO at March 31, 2018 and December 31, 2017 , respectively, which is included in Other current liabilities on Exelon's and Generation's Consolidated Balance Sheets.

During the three months ended March 31, 2018 , Generation's total nuclear ARO increased by approximately $145 million , p rimarily reflecting the accretion of the ARO liability due to the passage of time and the impact of the February 2, 2018 announcement to retire Oyster Creek at the end of its current operating cycle by October 2018. Refer to Note 8 — Early Plant Retirements for additional information regarding the announced early retirement of Oyster Creek.

Nuclear Decommissioning Trust Fund Investments

NDT funds have been established for each generation station unit to satisfy Generation's nuclear decommissioning obligations. Generally, NDT funds established for a particular unit may not be used to fund the decommissioning obligations of any other unit.

The NDT funds associated with Generation's nuclear units have been funded with amounts collected from the previous owners and their respective utility customers. PECO is authorized to collect funds, in revenues, for decommissioning the former PECO nuclear plants through regulated rates, and these collections are scheduled through the operating lives of the former PECO plants. The amounts collected from PECO customers are remitted to Generation and deposited into the NDT funds for the unit for which funds are collected. Every five years, PECO files a rate adjustment with the PAPUC that reflects PECO's calculations of the estimated amount needed to decommission each of the former PECO units based on updated fund balances and estimated decommissioning costs. The rate adjustment is used to determine the amount collectible from PECO customers. The most recent rate adjustment occurred on January 1, 2018, and the effective rates currently yield annual collections of approximately $4 million . The next five-year adjustment is expected to be reflected in rates charged to PECO customers effective January 1, 2023. See Note 15 — Asset Retirement Obligations of Exelon's 2017 Form 10-K, for information regarding the amount collected from PECO ratepayers for decommissioning costs.

Exelon and Generation had NDT fund investments totaling $13,275 million and $13,349 million at March 31, 2018 and December 31, 2017 , respectively.

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The following table provides net unrealized gains (losses) on NDT funds for the three months ended March 31, 2018 and 2017 :

	Exelon and Generation	
	Three Months Ended March 31,	
	2018	2017
Net unrealized gains (losses) on decommissioning trust funds — Regulatory Agreement Units [(a)]	$ (75)	$ 222
Net unrealized gains (losses) on decommissioning trust funds — Non-Regulatory Agreement Units [(b)(c)]	(96)	166

(a) Net unrealized gains (losses) related to Generation's NDT funds associated with Regulatory Agreement Units are included in Regulatory liabilities on Exelon's Consolidated Balance Sheets and Noncurrent payables to affiliates on Generation's Consolidated Balance Sheets.
(b) Excludes $(2) million and $(1) million of net unrealized losses related to the Zion Station pledged assets for the three months ended March 31, 2018 and 2017 , respectively. Net unrealized losses related to Zion Station pledged assets are included in Other current liabilities on Exelon's and Generation's Consolidated Balance Sheets in 2018 and 2017 , respectively.
(c) Net unrealized gains (losses) related to Generation's NDT funds with Non-Regulatory Agreement Units are included in Other, net on Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income.

Interest and dividends on NDT fund investments are recognized when earned and are included in Other, net on Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income. Interest and dividends earned on the NDT fund investments for the Regulatory Agreement Units are eliminated in Other, net on Exelon's and Generation's Consolidated Statement of Operations and Comprehensive Income.

Refer to Note 3 — Regulatory Matters and Note 26 — Related Party Transactions of the Exelon 2017 Form 10-K for information regarding regulatory liabilities at ComEd and PECO and intercompany balances between Generation, ComEd and PECO reflecting the obligation to refund to customers any decommissioning-related assets in excess of the related decommissioning obligations.

Zion Station Decommissioning

On September 1, 2010, Generation completed an Asset Sale Agreement (ASA) with EnergySolutions Inc. and its wholly owned subsidiaries, EnergySolutions, LLC (EnergySolutions) and ZionSolutions, under which ZionSolutions has assumed responsibility for decommissioning Zion Station, which is located in Zion, Illinois and ceased operation in 1998. See Note 15 — Asset Retirement Obligations of the Exelon 2017 Form 10-K for information regarding the specific treatment of assets, including NDT funds, and decommissioning liabilities transferred in the transaction.

ZionSolutions is subject to certain restrictions on its ability to request reimbursements from the Zion Station NDT funds as defined within the ASA. Therefore, the transfer of the Zion Station assets did not qualify for asset sale accounting treatment and, as a result, the related NDT funds were reclassified to Pledged assets for Zion Station decommissioning within Generation's and Exelon's Consolidated Balance Sheets and will continue to be measured in the same manner as prior to the completion of the transaction. Additionally, the transferred ARO for decommissioning was replaced with a Payable for Zion Station decommissioning in Generation's and Exelon's Consolidated Balance Sheets. Changes in the value of the Zion Station NDT assets, net of applicable taxes, are recorded as a change in the payable to ZionSolutions. At no point will the payable to ZionSolutions exceed the project budget of the costs remaining to decommission Zion Station. Generation has retained its obligation for the SNF. Following ZionSolutions' completion of its contractual obligations and transfer of the NRC license to Generation, Generation will store the SNF at Zion Station until it is transferred to the DOE for ultimate disposal, and will complete all remaining decommissioning activities associated with the SNF dry storage facility. Generation has a liability of approximately $115 million which is included within the nuclear

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decommissioning ARO at March 31, 2018 . Generation also has retained NDT assets to fund its obligation to maintain the SNF at Zion Station until transfer to the DOE and to complete all remaining decommissioning activities for the SNF storage facility. Any shortage of funds necessary to maintain the SNF and decommission the SNF storage facility is ultimately required to be funded by Generation. Any Zion Station NDT funds remaining after the completion of all decommissioning activities will be returned to ComEd customers in accordance with the applicable orders. The following table provides the pledged assets and payables to ZionSolutions, and withdrawals by ZionSolutions at March 31, 2018 and December 31, 2017 :

	Exelon and Generation	
	March 31, 2018	December 31, 2017
Carrying value of Zion Station pledged assets [(a)]	$ 30	$ 39
Payable to Zion Solutions [(b)(c)]	28	37
Cumulative withdrawals by Zion Solutions to pay decommissioning costs [(d)]	949	942

(a) Included in Other current assets within Exelon's and Generation's Consolidated Balance sheets.
(b) Excludes a liability recorded within Exelon's and Generation's Consolidated Balance Sheets related to the tax obligation on the unrealized activity associated with the Zion Station NDT funds. The NDT funds will be utilized to satisfy the tax obligations as gains and losses are realized.
(c) Included in Other current liabilities within Exelon's and Generation's Consolidated Balance Sheets.
(d) Includes project expenses to decommission Zion Station and estimated tax payments on Zion Station NDT fund earnings.

NRC Minimum Funding Requirements

NRC regulations require that licensees of nuclear generating facilities demonstrate reasonable assurance that funds will be available in specified minimum amounts to decommission the facility at the end of its life.

Generation filed its biennial decommissioning funding status report with the NRC on March 30, 2017 for all units except for Zion Station which is included in a separate report to the NRC submitted by ZionSolutions (see Zion Station Decommissioning above). The status report demonstrated adequate decommissioning funding assurance for all units except for Peach Bottom Unit 1. As a former PECO plant, financial assurance for decommissioning Peach Bottom Unit 1 is provided by the NDT fund in addition to collections from PECO ratepayers. As discussed under Nuclear Decommissioning Trust Fund Investments above, the amount collected from PECO ratepayers has been adjusted effective January 1, 2018.

On March 28, 2018, Generation submitted its annual decommissioning funding status report with the NRC for shutdown reactors, reactors within five years of shut down except for Zion Station which is included in a separate report to the NRC submitted by EnergySolutions (see Zion Station Decommissioning above), and reactor involved in an acquisition. This report reflected the status of decommissioning funding assurance as of December 31, 2017 and included an update for the acquisition of Fitzpatrick on March 31, 2017, the early retirement of TMI announced on May 30, 2017, an adjustment for the February 2, 2018 announced retirement date of Oyster Creek, and the updated status of Peach Bottom Unit 1 based on the new collections rate described above. As of December 31, 2017 , Generation provided adequate decommissioning funding assurance for all of its shutdown reactors, reactors within five years of shutdown, and reactor involved in an acquisition.

14 . Retirement Benefits (All Registrants)

Exelon sponsors defined benefit pension plans and other postretirement benefit plans for essentially all current employees. Substantially all non-union employees and electing union employees hired on

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or after January 1, 2001 participate in cash balance pension plans. Effective January 1, 2009, substantially all newly-hired union-represented employees participate in cash balance pension plans. Effective February 1, 2018, most newly-hired Generation and BSC non-represented employees are not eligible for pension benefits, and will instead be eligible to receive an enhanced non-discretionary employer contribution in an Exelon defined contribution savings plan. Effective January 1, 2018, most newly-hired non-represented employees are not eligible for OPEB benefits and employees represented by Local 614 are not eligible for retiree health care benefits.

During the first quarter of 2017, in connection with the acquisition of Fitzpatrick, Exelon established a new qualified pension plan and a new OPEB plan, and recorded a provisional obligation for Fitzpatrick employees based on information available at the merger date of $38 million and $11 million , respectively. As permitted by business combinations authoritative guidance, during the third quarter of 2017, Exelon updated those obligations based on a final valuation for Fitzpatrick employees as of the merger date of March 31, 2017. The updated obligations for pension and OPEB were $ 16 million and $ 17 million , respectively. Refer to Note 4 — Mergers, Acquisitions and Dispositions for additional discussion of the acquisition of FitzPatrick.

Defined Benefit Pension and Other Postretirement Benefits

During the first quarter of 2018, Exelon received an updated valuation of its pension and OPEB to reflect actual census data as of January 1, 2018. This valuation resulted in an increase to the pension and OPEB obligations of $23 million and $14 million , respectively. Additionally, accumulated other comprehensive loss decreased by $18 million (after tax) and regulatory assets and liabilities increased by $61 million and $1 million , respectively.

The majority of the 2018 pension benefit cost for Exelon-sponsored plans is calculated using an expected long-term rate of return on plan assets of 7.00% and a discount rate of 3.62% . The majority of the 2018 other postretirement benefit cost is calculated using an expected long-term rate of return on plan assets of 6.60% for funded plans and a discount rate of 3.61% .

A portion of the net periodic benefit cost for all plans is capitalized within the Consolidated Balance Sheets. The following table presents the components of Exelon's net periodic benefit costs, prior to capitalization, for the three months ended March 31, 2018 and 2017 .

	Pension Benefits Three Months Ended March 31,		Other Postretirement Benefits Three Months Ended March 31,	
	2018	2017 (a)	2018	2017 (a)
Components of net periodic benefit cost:				
Service cost	$ 101	$ 95	$ 28	$ 26
Interest cost	201	210	43	45
Expected return on assets	(312)	(299)	(43)	(41)
Amortization of:				
Prior service benefit	—	—	(46)	(47)
Actuarial loss	157	152	16	16
Net periodic benefit cost	$ 147	$ 158	$ (2)	$ (1)

(a) FitzPatrick net benefit costs are included for the period after the acquisition date of March 31, 2017.

The amounts below represent Exelon's, Generation's, ComEd's, PECO's, BGE's, BSC's, PHI's, Pepco's, DPL's, ACE's, and PHISCO's allocated portion of the pension and postretirement benefit plan costs. As a result of new pension guidance effective on January 1, 2018, certain balances have been reclassified on Exelon's Consolidated Statements of Operations and Comprehensive Income for the three months ended March 31, 2017. The amounts below represent the Registrants' as well as BSC's and PHISCO's pension and postretirement benefit plan net periodic benefit costs. For Exelon, the service cost component is included in Operating and maintenance expense and Property, plant and equipment for the three months ended March 31, 2018 and 2017, while the non-service cost components are included in Other, net and Regulatory assets for the three months ended March 31, 2018 and in Other, net and Property, plant and equipment for the three months ended March 31, 2017. For the Registrants other than Exelon, the service cost and non-service cost components are included in Operating and maintenance expense and Property, plant and equipment on their consolidated financial statements for the three months ended March 31, 2018 and 2017.

	Three Months Ended March 31,	
Pension and Other Postretirement Benefit Costs	**2018**	**2017**
Exelon [(a)(b)]	$ 145	$ 157
Generation [(b)]	51	54
ComEd	45	44
PECO	5	7
BGE	15	16
BSC [(c)]	14	12
PHI [(a)(d)]	15	24
Pepco	4	7
DPL	—	3
ACE	3	3
PHISCO [(d)]	8	11

(a) Exelon reflects the consolidated pension and other postretirement benefit costs of Generation, ComEd, PECO, BGE, BSC, and PHI. PHI reflects the consolidated pension and other postretirement benefit costs of Pepco, DPL, ACE, and PHISCO.
(b) FitzPatrick net benefit costs are included for the period after the acquisition date of March 31, 2017.
(c) These amounts primarily represent amounts billed to Exelon's subsidiaries through intercompany allocations. These amounts are not included in the Generation, ComEd, PECO, BGE, PHI, Pepco, DPL or ACE amounts above.
(d) These amounts represent amounts billed to Pepco, DPL and ACE through intercompany allocations. These amounts are not included in Pepco, DPL or ACE amounts above.

Defined Contribution Savings Plans

The Registrants participate in various 401(k) defined contribution savings plans that are sponsored by Exelon. The plans are qualified under applicable sections of the IRC and allow employees to contribute a portion of their pre-tax and/or after-tax income in accordance with specified guidelines. All Registrants match a percentage of the employee contributions up to certain limits. The following table presents the matching contributions to the savings plans during the three months ended March 31, 2018 and 2017 , respectively.

	Three Months Ended March 31,	
Savings Plan Matching Contributions	2018	2017
Exelon [(a)(b)]	$ 32	$ 30
Generation [(b)]	15	14
ComEd	7	7
PECO	2	2
BGE	2	2
BSC [(c)]	3	2
PHI [(a)(d)]	3	3
Pepco	1	1
DPL	1	1
PHISCO [(d)]	1	1

(a) Exelon reflects the consolidated savings plan matching contributions of Generation, ComEd, PECO, BGE, BSC, and PHI. PHI reflects the consolidated savings plan matching contributions of Pepco, DPL, and PHISCO.
(b) FitzPatrick net benefit costs are included for the period after the acquisition date of March 31, 2017.
(c) These amounts primarily represent amounts billed to Exelon's subsidiaries through intercompany allocations. These amounts are not included in the Generation, ComEd, PECO, BGE, PHI, Pepco or DPL amounts above.
(d) These amounts represent amounts billed to Pepco and DPL through intercompany allocations. These amounts are not included in Pepco or DPL amounts above.

15 . Changes in Accumulated Other Comprehensive Income (Exelon, Generation and PECO)

The following tables present changes in accumulated other comprehensive income (loss) (AOCI) by component for the three months ended March 31, 2018 and 2017 :

Three Months Ended March 31, 2018	Gains and (losses) on Cash Flow Hedges	Unrealized Gains and (losses) on Marketable Securities	Pension and Non-Pension Postretirement Benefit Plan Items	Foreign Currency Items	AOCI of Investments in Unconsolidated Affiliates	Total
Exelon [a]						
Beginning balance	$ (14)	$ 10	$ (2,998) [d]	$ (23)	$ (1)	$ (3,026)
OCI before reclassifications	8	—	18	1	—	27
Amounts reclassified from AOCI [b]	—	—	44	—	—	44
Net current-period OCI	8	—	62	1	—	71
Impact of adoption of Recognition and Measurement of Financial Assets and Liabilities standard	—	(10) [c]	—	—	—	(10)
Ending balance	$ (6)	$ —	$ (2,936)	$ (22)	$ (1)	$ (2,965)
Generation [a]						
Beginning balance	$ (16)	$ 3	$ —	$ (23)	$ (1)	$ (37)
OCI before reclassifications	7	—	—	(1)	—	6
Amounts reclassified from AOCI [b]	—	—	—	—	—	—
Net current-period OCI	7	—	—	(1)	—	6
Impact of adoption of Recognition and Measurement of Financial Assets and Liabilities standard	—	(3) [c]	—	—	—	(3)
Ending balance	$ (9)	$ —	$ —	$ (24)	$ (1)	$ (34)
PECO [a]						
Beginning balance	$ —	$ 1	$ —	$ —	$ —	$ 1
OCI before reclassifications	—	—	—	—	—	—
Amounts reclassified from AOCI [b]	—	—	—	—	—	—
Net current-period OCI	—	—	—	—	—	—
Impact of adoption of Recognition and Measurement of Financial Assets and Liabilities standard	—	(1) [c]	—	—	—	(1)
Ending balance	$ —	$ —	$ —	$ —	$ —	$ —

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Three Months Ended March 31, 2017	Gains and (losses) on Cash Flow Hedges	Unrealized Gains and (losses) on Marketable Securities	Pension and Non-Pension Postretirement Benefit Plan Items	Foreign Currency Items	AOCI of Investments in Unconsolidated Affiliates	Total
Exelon [(a)]						
Beginning balance	$ (17)	$ 4	$ (2,610)	$ (30)	$ (7)	$ (2,660)
OCI before reclassifications	2	1	(59)	1	5	(50)
Amounts reclassified from AOCI [(b)]	4	—	36	—	—	40
Net current-period OCI	6	1	(23)	1	5	(10)
Ending balance	$ (11)	$ 5	$ (2,633)	$ (29)	$ (2)	$ (2,670)
Generation [(a)]						
Beginning balance	$ (19)	$ 2	$ —	$ (30)	$ (7)	$ (54)
OCI before reclassifications	2	—	—	1	6	9
Amounts reclassified from AOCI [(b)]	4	—	—	—	—	4
Net current-period OCI	6	—	—	1	6	13
Ending balance	$ (13)	$ 2	$ —	$ (29)	$ (1)	$ (41)
PECO [(a)]						
Beginning balance	$ —	$ 1	$ —	$ —	$ —	$ 1
OCI before reclassifications	—	—	—	—	—	—
Amounts reclassified from AOCI [(b)]	—	—	—	—	—	—
Net current-period OCI	—	—	—	—	—	—
Ending balance	$ —	$ 1	$ —	$ —	$ —	$ 1

(a) All amounts are net of tax and noncontrolling interest. Amounts in parenthesis represent a decrease in AOCI.
(b) See next tables for details about these reclassifications.
(c) Exelon prospectively adopted the new standard Recognition and Measurement of Financial Assets and Liabilities, The standard was adopted as of January 1, 2018, which resulted in an increase to Retained earnings and Accumulated other comprehensive loss of $10 million , $3 million and $1 million for Exelon, Generation and PECO, respectively. The amounts reclassified related to Rabbi Trusts. See Note 2 — New Accounting Standards for additional information.
(d) Exelon early adopted the new standard Reclassification of Certain Tax Effects from AOCI. The standard was adopted retrospectively as of December 31, 2017 , which resulted in an increase to Exelon's Retained earnings and Accumulated other comprehensive loss of $539 million , primarily related to deferred income taxes associated with Exelon's pension and OPEB obligations. See Note 2 — New Accounting Standards for additional information.

ComEd, PECO, BGE, PHI, Pepco, DPL and ACE did not have any reclassifications out of AOCI to Net income during the three months ended March 31, 2018 and 2017 . The following tables present amounts reclassified out of AOCI to Net income for Exelon and Generation during the three months ended March 31, 2018 and 2017 .

Three Months Ended March 31, 2018

Details about AOCI components	Items reclassified out of AOCI [a]	Affected line item in the Statement of Operations and Comprehensive Income
	Exelon	
Amortization of pension and other postretirement benefit plan items		
Prior service costs [b]	$ 23	
Actuarial losses [b]	(83)	
Total before tax	(60)	
Tax benefit	16	
Net of tax	$ (44)	
Total Reclassifications	$ (44)	Comprehensive income

Three Months Ended March 31, 2017

Details about AOCI components	Items reclassified out of AOCI [a]		Affected line item in the Statement of Operations and Comprehensive Income
	Exelon	Generation	
Gains and (losses) on cash flow hedges			
Other cash flow hedges	$ (7)	$ (7)	Interest expense
Total before tax	(7)	(7)	
Tax benefit	3	3	
Net of tax	$ (4)	$ (4)	Comprehensive income
Amortization of pension and other postretirement benefit plan items			
Prior service costs [b]	$ 23	$ —	
Actuarial losses [b]	(81)	—	
Total before tax	(58)	—	
Tax benefit	22	—	
Net of tax	$ (36)	$ —	
Total Reclassifications	$ (40)	$ (4)	Comprehensive income

(a) Amounts in parenthesis represent a decrease in net income.
(b) This AOCI component is included in the computation of net periodic pension and OPEB cost (see Note 14 — Retirement Benefits for additional details).

The following table presents income tax expense (benefit) allocated to each component of other comprehensive income (loss) during the three months ended March 31, 2018 and 2017 :

	Three Months Ended March 31,	
	2018	2017
Exelon		
Pension and non-pension postretirement benefit plans:		
Prior service benefit reclassified to periodic benefit cost	$ 6	$ 10
Actuarial loss reclassified to periodic benefit cost	(22)	(32)
Pension and non-pension postretirement benefit plans valuation adjustment	(7)	—
Change in unrealized (loss) on cash flow hedges	(3)	(1)
Change in unrealized (loss) on investments in unconsolidated affiliates	(1)	(4)
Change in unrealized (loss) on marketable securities	—	(1)
Total	$ (27)	$ (28)
Generation		
Change in unrealized (loss) on cash flow hedges	$ (3)	$ (1)
Change in unrealized (loss) on investments in unconsolidated affiliates	(1)	(3)
Total	$ (4)	$ (4)

16 . Earnings Per Share and Equity (Exelon)

Earnings per Share

Basic earnings per share is computed by dividing net income attributable to common stockholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed by dividing net income attributable to common shareholders by the weighted average number of common shares outstanding, including the effect of issuing common stock assuming (i) stock options are exercised, and (ii) performance share awards and restricted stock awards are fully vested under the treasury stock method.

The following table sets forth the components of basic and diluted earnings per share and shows the effect of these stock options, performance share awards and restricted stock awards on the weighted average number of shares outstanding used in calculating diluted earnings per share:

	Three Months Ended March 31,	
	2018	2017
Exelon		
Net income attributable to common shareholders	$ 585	$ 990
Weighted average common shares outstanding — basic	966	928
Assumed exercise and/or distributions of stock-based awards	2	2
Weighted average common shares outstanding — diluted	968	930

The number of stock options not included in the calculation of diluted common shares outstanding due to their antidilutive effect was approximately 5 million and 9 million for the three months ended March 31, 2018 and 2017 , respectively. There were no equity units related to the PHI Merger not included in

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the calculation of diluted common shares outstanding due to their antidilutive effect for the three months ended March 31, 2018 and 2017 . Refer to Note 19 — Shareholders' Equity of the Exelon 2017 Form 10-K for further information regarding the equity units.

Under share repurchase programs, 2 million shares of common stock are held as treasury stock with a cost of $123 million as of March 31, 2018 .

17 . Commitments and Contingencies (All Registrants)

The following is an update to the current status of commitments and contingencies set forth in Note 23 of the Exelon 2017 Form 10-K. See Note 4 — Mergers, Acquisitions and Dispositions of the Exelon 2017 Form 10-K for further discussion on the PHI Merger commitments.

Commitments

PHI Merger Commitments (Exelon, PHI, Pepco, DPL and ACE)

The merger of Exelon and PHI was approved in Delaware, New Jersey, Maryland and the District of Columbia. Exelon and PHI agreed to certain commitments including where applicable: customer rate credits, funding for energy efficiency and delivery system modernization programs, a green sustainability fund, workforce development initiatives, charitable contributions, renewable generation and other required commitments. In addition, the orders approving the merger in Delaware, New Jersey, and Maryland include a “most favored nation” provision which, generally, requires allocation of merger benefits proportionally across all the jurisdictions.

The following amounts represent total commitment costs for Exelon, PHI, Pepco, DPL and ACE that have been recorded since the acquisition date and the remaining obligations as of March 31, 2018 :

Description	Expected Payment Period	Pepco	DPL	ACE	PHI	Exelon
Rate credits	2016 - 2017	$ 91	$ 67	$ 101	$ 259	$ 259
Energy efficiency	2016 - 2021	—	—	—	—	122
Charitable contributions	2016 - 2026	28	12	10	50	50
Delivery system modernization	Q2 2017	—	—	—	—	22
Green sustainability fund	Q2 2017	—	—	—	—	14
Workforce development	2016 - 2020	—	—	—	—	17
Other		1	5	—	6	29
Total commitments		$ 120	$ 84	$ 111	$ 315	$ 513
Remaining commitments		$ 75	$ 12	$ 8	$ 95	$ 165

In addition, Exelon is committed to develop or to assist in the commercial development of approximately 37 MWs of new generation in Maryland, District of Columbia, and Delaware, 27 MWs of which are expected to be completed by 2018. These investments are expected to total approximately $137 million, are expected to be primarily capital in nature, and will generate future earnings at Exelon and Generation. Investment costs will be recognized as incurred and recorded on Exelon's and Generation's financial statements. Exelon has also committed to purchase 100 MWs of wind energy in PJM, to procure 120 MWs of wind RECs for the purpose of meeting Delaware's renewable portfolio standards, and to maintain and promote energy efficiency and demand response programs in the PHI jurisdictions.

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Pursuant to the various jurisdictions' merger approval conditions, over specified periods Pepco, DPL and ACE are not permitted to reduce employment levels due to involuntary attrition associated with the merger integration process and have made other commitments regarding hiring and relocation of positions.

Constellation Merger Commitments (Exelon and Generation)

In February 2012, the MDPSC issued an Order approving the Exelon and Constellation merger. As part of the MDPSC Order, Exelon agreed to develop or assist in the development of 285 - 300 MWs of new generation. Exelon and Generation have incurred $ 458 million towards satisfying the commitment for new generation development in the State of Maryland, with 220 MW of new generation in operations to date and 10 MW of this commitment satisfied through a liquidated damages payment made in the fourth quarter of 2016. The remaining 55 MW is expected to be satisfied via payment of liquidated damages or execution of a third party PPA, rather than by Generation constructing renewable generating assets. As a result, as of March 31, 2018 Exelon's and Generation's Consolidated Balance Sheets include a $ 50 million liability within Deferred credits and other liabilities for this remaining commitment, to be paid on or before January 15, 2023 unless the period is extended by consent of Exelon and the State. Refer to Note 23 - Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements in the Exelon 2017 Form 10-K for additional information regarding the Constellation Merger Commitments.

Commercial Commitments (All Registrants)

The Registrants' commercial commitments as of March 31, 2018 , representing commitments potentially triggered by future events were as follows:

	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Letters of credit (non-debt) [(a)]	$ 1,586	$ 1,533	$ 2	$ 1	$ 5	$ 1	$ 1	$ —	$ —
Surety bonds [(b)]	1,651	1,463	9	9	10	66	32	4	5
Financing trust guarantees	378	—	200	178	—	—	—	—	—
Guaranteed lease residual values [(c)]	22	—	—	—	—	22	7	9	6
Total commercial commitments	$ 3,637	$ 2,996	$ 211	$ 188	$ 15	$ 89	$ 40	$ 13	$ 11

(a) Letters of credit (non-debt) - Exelon and certain of its subsidiaries maintain non-debt letters of credit to provide credit support for certain transactions as requested by third parties. Includes letters of credits issued under credit facility agreements arranged at minority and community banks and nonrecourse debt letters of credits.
(b) Surety bonds—Guarantees issued related to contract and commercial agreements, excluding bid bonds.
(c) Represents the maximum potential obligation in the event that the fair value of certain leased equipment and fleet vehicles is zero at the end of the maximum lease term. The maximum lease term associated with these assets ranges from 3 to 8 years. The maximum potential obligation at the end of the minimum lease term would be $58 million , $17 million of which is a guarantee by Pepco, $24 million by DPL and $16 million by ACE. The minimum lease term associated with these assets ranges from 1 to 4 years. Historically, payments under the guarantees have not been made and PHI believes the likelihood of payments being required under the guarantees is remote.

Nuclear Insurance (Exelon and Generation)

Generation is subject to liability, property damage and other risks associated with major incidents at any of its nuclear stations. Generation has mitigated its financial exposure to these risks through insurance and other industry risk-sharing provisions.

The Price-Anderson Act was enacted to ensure the availability of funds for public liability claims arising from an incident at any of the U.S. licensed nuclear facilities and also to limit the liability of nuclear

reactor owners for such claims from any single incident. As of March 31, 2018 , the current liability limit per incident is $13.2 billion and is subject to change to account for the effects of inflation and changes in the number of licensed reactors at least once every five years with the last adjustment effective September 10, 2013. In accordance with the Price-Anderson Act, Generation maintains financial protection at levels equal to the amount of liability insurance available from private sources through the purchase of private nuclear energy liability insurance for public liability claims that could arise in the event of an incident. Effective January 1, 2017, the required amount of nuclear energy liability insurance purchased is $450 million for each operating site. Claims exceeding that amount are covered through mandatory participation in a financial protection pool, as required by the Price Anderson-Act, which provides the additional $13.0 billion per incident in funds available for public liability claims. Participation in this secondary financial protection pool requires the operator of each reactor to fund its proportionate share of costs for any single incident that exceeds the primary layer of financial protection. Exelon's share of this secondary layer would be approximately $2.8 billion , however any amounts payable under this secondary layer would be capped at $ 420 million per year.

In addition, the U.S. Congress could impose revenue-raising measures on the nuclear industry to pay public liability claims exceeding the $13.2 billion limit for a single incident.

As part of the execution of the NOSA on April 1, 2014, Generation executed an Indemnity Agreement pursuant to which Generation agreed to indemnify EDF and its affiliates against third-party claims that may arise from any future nuclear incident (as defined in the Price-Anderson Act) in connection with the CENG nuclear plants or their operations. Exelon guarantees Generation's obligations under this indemnity. See Note 2 — Variable Interest Entities of the Exelon 2017 Form 10-K for additional information on Generation's operations relating to CENG.

Generation is required each year to report to the NRC the current levels and sources of property insurance that demonstrates Generation possesses sufficient financial resources to stabilize and decontaminate a reactor and reactor station site in the event of an accident. The property insurance maintained for each facility is currently provided through insurance policies purchased from NEIL, an industry mutual insurance company of which Generation is a member.

NEIL may declare distributions to its members as a result of favorable operating experience. In recent years NEIL has made distributions to its members, but Generation cannot predict the level of future distributions or if they will continue at all. In March 2018, NEIL declared a supplemental distribution. Generation's portion of the supplemental distribution declared by NEIL is estimated to be $31 million and was recorded as a reduction to Operating and maintenance expense within Exelon and Generation's Consolidated Statements of Operations and Comprehensive Income for the three months ended March 31, 2018, with cash expected to be received during the second quarter 2018.

Premiums paid to NEIL by its members are also subject to a potential assessment for adverse loss experience in the form of a retrospective premium obligation. NEIL has never assessed this retrospective premium since its formation in 1973, and Generation cannot predict the level of future assessments if any. The current maximum aggregate annual retrospective premium obligation for Generation is approximately $ 360 million . NEIL requires its members to maintain an investment grade credit rating or to ensure collectability of their annual retrospective premium obligation by providing a financial guarantee, letter of credit, deposit premium, or some other means of assurance.

NEIL provides "all risk" property damage, decontamination and premature decommissioning insurance for each station for losses resulting from damage to its nuclear plants, either due to accidents or acts of terrorism. If the decision is made to decommission the facility, a portion of the insurance proceeds will be allocated to a fund, which Generation is required by the NRC to maintain, to provide for decommissioning the facility. In the event of an insured loss, Generation is unable to predict the timing of the availability of insurance proceeds to Generation and the amount of such proceeds that would be available. In the event that one or more acts of terrorism cause accidental property damage within a

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twelve-month period from the first accidental property damage under one or more policies for all insured plants, the maximum recovery by Exelon will be an aggregate of $3.2 billion plus such additional amounts as the insurer may recover for all such losses from reinsurance, indemnity and any other source, applicable to such losses.

For its insured losses, Generation is self-insured to the extent that losses are within the policy deductible or exceed the amount of insurance maintained. Uninsured losses and other expenses, to the extent not recoverable from insurers or the nuclear industry, could also be borne by Generation. Any such losses could have a material adverse effect on Exelon's and Generation's financial condition, results of operations and cash flows.

Environmental Remediation Matters

General. The Registrants' operations have in the past, and may in the future, require substantial expenditures to comply with environmental laws. Additionally, under Federal and state environmental laws, the Registrants are generally liable for the costs of remediating environmental contamination of property now or formerly owned by them and of property contaminated by hazardous substances generated by them. The Registrants own or lease a number of real estate parcels, including parcels on which their operations or the operations of others may have resulted in contamination by substances that are considered hazardous under environmental laws. In addition, the Registrants are currently involved in a number of proceedings relating to sites where hazardous substances have been deposited and may be subject to additional proceedings in the future. Unless otherwise disclosed, the Registrants cannot reasonably estimate whether they will incur significant liabilities for additional investigation and remediation costs at these or additional sites identified by the Registrants, environmental agencies or others, or whether such costs will be recoverable from third parties, including customers. Additional costs could have a material, unfavorable impact on the Registrants' financial conditions, results of operations and cash flows.

MGP Sites

ComEd, PECO, BGE and DPL have identified sites where former MGP activities have or may have resulted in actual site contamination. For almost all of these sites, there are additional PRPs that may share responsibility for the ultimate remediation of each location.

- ComEd has identified 42 sites, 20 of which have been remediated and approved by the Illinois EPA or the U.S. EPA and 22 that are currently under some degree of active study and/or remediation. ComEd expects the majority of the remediation at these sites to continue through at least 2022.

- PECO has identified 26 sites, 17 of which have been remediated in accordance with applicable PA DEP regulatory requirements and 9 that are currently under some degree of active study and/or remediation. PECO expects the majority of the remediation at these sites to continue through at least 2022.

- BGE has identified 13 former gas manufacturing or purification sites, 9 of which the remediation has been completed and approved by the MDE and 4 that require some level of remediation and/or ongoing activity. BGE has determined that a loss associated with these sites is probable and has recorded an estimated liability, which is included in the table below. However, it is reasonably possible that BGE's cost of remediation for one of its sites could be up to $13 million .

- DPL has identified 3 sites, 2 of which remediation has been completed and approved by the MDE or the Delaware Department of Natural Resources and Environmental Control.

The remaining site is under study and the required cost at the site is not expected to be material.

The historical nature of the MGP sites and the fact that many of the sites have been buried and built over, impacts the ability to determine a precise estimate of the ultimate costs prior to initial sampling and determination of the exact scope and method of remedial activity. Management determines its best estimate of remediation costs using all available information at the time of each study, including probabilistic and deterministic modeling for ComEd and PECO, and the remediation standards currently required by the applicable state environmental agency. Prior to completion of any significant clean up, each site remediation plan is approved by the appropriate state environmental agency.

ComEd, pursuant to an ICC order, and PECO, pursuant to settlements of natural gas distribution rate cases with the PAPUC, are currently recovering environmental remediation costs of former MGP facility sites through customer rates. See Note 6 — Regulatory Matters for additional information regarding the associated regulatory assets. While BGE and DPL do not have riders for MGP clean-up costs, they have historically received recovery of actual clean-up costs in distribution rates.

As of March 31, 2018 and December 31, 2017 , the Registrants had accrued the following undiscounted amounts for environmental liabilities in Other current liabilities and Other deferred credits and other liabilities within their respective Consolidated Balance Sheets:

March 31, 2018	Total environmental investigation and remediation reserve	Portion of total related to MGP investigation and remediation
Exelon	$ 462	$ 313
Generation	117	—
ComEd	283	281
PECO	29	28
BGE	5	4
PHI	28	—
Pepco	26	—
DPL	1	—
ACE	1	—

December 31, 2017	Total environmental investigation and remediation reserve	Portion of total related to MGP investigation and remediation
Exelon	$ 466	$ 315
Generation	117	—
ComEd	285	283
PECO	30	28
BGE	5	4
PHI	29	—
Pepco	27	—
DPL	1	—
ACE	1	—

Solid and Hazardous Waste

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Cotter Corporation. The EPA has advised Cotter Corporation (Cotter), a former ComEd subsidiary, that it is potentially liable in connection with radiological contamination at a site known as the West Lake Landfill in Missouri. In 2000, ComEd sold Cotter to an unaffiliated third-party. As part of the sale, ComEd agreed to indemnify Cotter for any liability arising in connection with the West Lake Landfill. In connection with Exelon's 2001 corporate restructuring, this responsibility to indemnify Cotter was transferred to Generation. On May 29, 2008, the EPA issued a Record of Decision (ROD) approving a landfill cover remediation approach. Generation had previously recorded an estimated liability for its anticipated share of a landfill cover remedy that was estimated to cost approximately $90 million in total. By letter dated January 11, 2010, the EPA requested that the PRPs perform a supplemental feasibility study for a remediation alternative that would involve complete excavation of the radiological contamination. On September 30, 2011, the PRPs submitted the supplemental feasibility study to the EPA for review. Since June 2012, the EPA has requested that the PRPs perform a series of additional analyses and groundwater and soil sampling as part of the supplemental feasibility study. This further analysis was focused on a partial excavation remedial option. The PRPs provided the draft final Remedial Investigation and Feasibility Study (RI/FS) to the EPA in January 2018, which formed the basis for EPA's proposed remedy selection, as further discussed below. There are currently three PRPs participating in the West Lake Landfill remediation proceeding. Investigation by Generation has identified a number of other parties who also may be PRPs and could be liable to contribute to the final remedy. Further investigation is ongoing.

On February 1, 2018, the EPA announced its proposed remedy involving partial excavation of the site with an enhanced landfill cover. The proposed remedy was open for public comment through April 23, 2018 and Generation currently expects that a ROD will be issued during the third quarter of 2018. Thereafter, the EPA will seek to enter into a Consent Decree with the PRPs to effectuate the remedy, which Generation currently expects will occur in late 2018 or early 2019. The estimated cost of the remedy, taking into account the current EPA technical requirements and the total costs expected to be incurred by the PRPs in fully executing the remedy, is approximately $340 million , including cost escalation on an undiscounted basis, which would be allocated among the final group of PRPs. Generation has determined that a loss associated with the EPA's partial excavation and enhanced landfill cover remedy is probable and has recorded a liability included in the table above, that reflects management's best estimate of Cotter's allocable share of the ultimate cost for the entire remediation effort. Given the joint and several nature of this liability, the magnitude of Generation's ultimate liability will depend on the actual costs incurred to implement the ultimate required remediation remedy as well as on the nature and terms of any cost-sharing arrangements with the final group of PRPs. Therefore, it is reasonably possible that the ultimate cost and Generation's associated allocable share could differ significantly once these uncertainties are resolved, which could have a material impact on Exelon's and Generation's future financial conditions, results of operations and cash flows.

On January 16, 2018, the PRPs were advised by the EPA that it will begin an additional investigation and evaluation of groundwater conditions at the West Lake Landfill. The PRPs have been provided with a draft statement of work that will form the basis of an Administrative Settlement Agreement and Order on Consent for the performance by the PRPs of the groundwater RI/FS and reimbursement of EPA's oversight costs. The purposes of this new RI/FS are to define the nature and extent of any groundwater contamination from the West Lake Landfill site, determine the potential risk posed to human health and the environment, and evaluate remedial alternatives. Generation estimates the undiscounted cost for the groundwater RI/FS for West Lake to be approximately $20 million and Generation has recorded a liability included in the table above, that reflects management's best estimate of Cotter's allocable share of the cost among the PRPs. At this time Generation cannot predict the likelihood or the extent to which, if any, remediation activities will be required and cannot estimate a reasonably possible range of loss for response costs beyond those associated with the RI/FS component. It is reasonably possible, however, that resolution of this matter could have a material, unfavorable impact on Exelon's and Generation's future results of operations and cash flows.

During December 2015, the EPA took two actions related to the West Lake Landfill designed to abate what it termed as imminent and dangerous conditions at the landfill. The first involved installation by the PRPs of a non-combustible surface cover to protect against surface fires in areas where radiological materials are believed to have been disposed. Generation has accrued what it believes to be an adequate amount to cover its anticipated liability for this interim action, and the work is expected to be completed in 2018. The second action involved EPA's public statement that it will require the PRPs to construct a barrier wall in an adjacent landfill to prevent a subsurface fire from spreading to those areas of the West Lake Landfill where radiological materials are believed to have been disposed. At this time, Generation believes that the requirement to build a barrier wall is remote in light of other technologies that have been employed by the adjacent landfill owner. Finally, one of the other PRPs, the landfill owner and operator of the adjacent landfill, has indicated that it will be making a contribution claim against Cotter for costs that it has incurred to prevent the subsurface fire from spreading to those areas of the West Lake Landfill where radiological materials are believed to have been disposed. At this time, Exelon and Generation do not possess sufficient information to assess this claim and therefore are unable to estimate a range of loss, if any. As such, no liability has been recorded for the potential contribution claim. It is reasonably possible, however, that resolution of this matter could have a material, unfavorable impact on Exelon’s and Generation's financial conditions, results of operations and cash flows.

On August 8, 2011, Cotter was notified by the DOJ that Cotter is considered a PRP with respect to the government’s clean-up costs for contamination attributable to low level radioactive residues at a former storage and reprocessing facility named Latty Avenue near St. Louis, Missouri. The Latty Avenue site is included in ComEd’s indemnification responsibilities discussed above as part of the sale of Cotter. The radioactive residues had been generated initially in connection with the processing of uranium ores as part of the U.S. Government’s Manhattan Project. Cotter purchased the residues in 1969 for initial processing at the Latty Avenue facility for the subsequent extraction of uranium and metals. In 1976, the NRC found that the Latty Avenue site had radiation levels exceeding NRC criteria for decontamination of land areas. Latty Avenue was investigated and remediated by the United States Army Corps of Engineers pursuant to funding under FUSRAP. The DOJ has not yet formally advised the PRPs of the amount that it is seeking, but it is believed to be approximately $90 million from all PRPs. The DOJ and the PRPs agreed to toll the statute of limitations until August 2018 so that settlement discussions could proceed. Generation has determined that a loss associated with this matter is probable under its indemnification agreement with Cotter and has recorded an estimated liability, which is included in the table above.

Commencing in February 2012, a number of lawsuits have been filed in the U.S. District Court for the Eastern District of Missouri. Among the defendants were Exelon, Generation and ComEd, all of which were subsequently dismissed from the case, as well as Cotter, which remains a defendant. The suits allege that individuals living in the North St. Louis area developed some form of cancer or other serious illness due to Cotter's negligent or reckless conduct in processing, transporting, storing, handling and/or disposing of radioactive materials. Plaintiffs are asserting public liability claims under the Price-Anderson Act. Their state law claims for negligence, strict liability, emotional distress, and medical monitoring have been dismissed. The complaints do not contain specific damage claims. In the event of a finding of liability against Cotter, it is reasonably possible that Generation would be financially responsible due to its indemnification responsibilities of Cotter described above. The court has dismissed a number of the lawsuits as untimely, and that has been upheld on appeal. The parties have engaged in settlement discussions pursuant to court-ordered mediation and it is expected that resolution of this matter will not have a material, unfavorable impact on Exelon’s and Generation's financial conditions, results of operations and cash flows.

Benning Road Site. In September 2010, PHI received a letter from EPA identifying the Benning Road site as one of six land-based sites potentially contributing to contamination of the lower Anacostia River. A portion of the site was formerly the location of a Pepco Energy Services electric generating facility. That generating facility was deactivated in June 2012 and plant structure demolition was

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completed in July 2015. The remaining portion of the site consists of a Pepco transmission and distribution service center that remains in operation. In December 2011, the U.S. District Court for the District of Columbia approved a Consent Decree entered into by Pepco and Pepco Energy Services with the DOEE, which requires Pepco and Pepco Energy Services to conduct a Remediation Investigation (RI)/ Feasibility Study (FS) for the Benning Road site and an approximately 10 to 15-acre portion of the adjacent Anacostia River. The RI/FS will form the basis for the remedial actions for the Benning Road site and for the Anacostia River sediment associated with the site. The Consent Decree does not obligate Pepco or Pepco Energy Services to pay for or perform any remediation work, but it is anticipated that DOEE will look to Pepco and Pepco Energy Services to assume responsibility for cleanup of any conditions in the river that are determined to be attributable to past activities at the Benning Road site. Pursuant to Exelon's March 23, 2016 acquisition of PHI, Pepco Energy Services was transferred to Generation.

Since 2013, Pepco and Pepco Energy Services (now Generation) have been performing RI work and have submitted multiple draft RI reports to the DOEE. Once the RI work is completed, Pepco and Generation will issue a draft “final” RI report for review and comment by DOEE and the public. Pepco and Generation will then proceed to develop an FS to evaluate possible remedial alternatives for submission to DOEE. The Court has established a schedule for completion of the RI and FS, and approval by the DOEE, by May 6, 2019.

Upon DOEE’s approval of the final RI and FS Reports, Pepco and Generation will have satisfied their obligations under the Consent Decree. At that point, DOEE will prepare a Proposed Plan regarding further response actions. After considering public comment on the Proposed Plan, DOEE will issue a Record of Decision identifying any further response actions determined to be necessary.

PHI, Pepco and Generation have determined that a loss associated with this matter is probable and have accrued an estimated liability, which is included in the table above.

Anacostia River Tidal Reach **.** Contemporaneous with the Benning RI/FS being performed by Pepco and Generation, DOEE and certain federal agencies have been conducting a separate RI/FS focused on the entire tidal reach of the Anacostia River extending from just north of the Maryland-D.C. boundary line to the confluence of the Anacostia and Potomac Rivers. In March 2016, DOEE released a draft of the river-wide RI Report for public review and comment. The river-wide RI incorporated the results of the river sampling performed by Pepco and Pepco Energy Services as part of the Benning RI/FS, as well as similar sampling efforts conducted by owners of other sites adjacent to this segment of the river and supplemental river sampling conducted by DOEE’s contractor. DOEE asked Pepco, along with parties responsible for other sites along the river, to participate in a “Consultative Working Group” to provide input into the process for future remedial actions addressing the entire tidal reach of the river and to ensure proper coordination with the other river cleanup efforts currently underway, including cleanup of the river segment adjacent to the Benning Road site resulting from the Benning RI/FS. Pepco responded that it will participate in the Consultative Working Group but its participation is not an acceptance of any financial responsibility beyond the work that will be performed at the Benning Road site described above. DOEE has advised the Consultative Working Group that the federal and DOEE authorities conducted the remedial investigation and a draft of that report was released to the public on April 1, 2018. Written comments will be accepted by the Agencies until May 14, 2018 and a Public Meeting to present the finding of the RI is scheduled for April 24, 2018. Pepco intends to submit comments, participate in the Public Hearing, and continue its outreach efforts as appropriate to the agencies, governmental officials, community organizations and other key stakeholders. A feasibility study of potential remedies is being prepared by the Agencies and is scheduled to be released in the late summer or early fall of this year. DOEE currently is working under a statutorily mandated date to complete the Record of Decision selecting the final remedy for the project by June 30, 2018. However, on January 11, 2018 the DOEE requested at a hearing of the District of Columbia Council Committee of the Environment that this statutory deadline be extended until December 31, 2019 to reflect the time necessary to complete the investigation. A recommendation by the Committee to the DC Council is

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expected in the near future. The District of Columbia Council will make the final determination to extend the deadline. An appropriate liability for Pepco's share of investigation costs has been accrued and is included in the table above. Although Pepco has determined that it is probable that costs for remediation will be incurred , Pepco cannot estimate the reasonably possible range of loss at this time and no liability has been accrued for those future costs. It is anticipated that Pepco will likely be in a better position to estimate that range of loss when the draft Feasibility Study for the Project is released. The timing for that release is currently scheduled for late this summer or early fall.

Conectiv Energy Wholesale Power Generation Sites. In July 2010, PHI sold the wholesale power generation business of Conectiv Energy Holdings, Inc. and substantially all of its subsidiaries (Conectiv Energy) to Calpine Corporation (Calpine). Under New Jersey's Industrial Site Recovery Act (ISRA), the transfer of ownership triggered an obligation on the part of Conectiv Energy to remediate any environmental contamination at each of the nine Conectiv Energy generating facility sites located in New Jersey. Under the terms of the sale, Calpine has assumed responsibility for performing the ISRA-required remediation and for the payment of all related ISRA compliance costs up to $10 million . Predecessor PHI was obligated to indemnify Calpine for any ISRA compliance remediation costs in excess of $10 million . According to PHI's estimates, the costs of ISRA-required remediation activities at the nine generating facility sites located in New Jersey are in the range of approximately $7 million to $18 million , and predecessor PHI recorded an estimated liability for its share of the estimated clean-up costs. Pursuant to Exelon's March 2016 acquisition of PHI, the Conectiv Energy legal entity was transferred to Generation and the liability for Predecessor PHI's share of the estimated clean- up costs was also transferred to Generation and is included in the table above as a liability of Generation. The responsibility to indemnify Calpine is shared by PHI and Generation.

Brandywine Fly Ash Disposal Site. In February 2013, Pepco received a letter from the MDE requesting that Pepco investigate the extent of waste on a Pepco right-of-way that traverses the Brandywine fly ash disposal site in Brandywine, Prince George's County, Maryland, owned by NRG Energy, Inc. (as successor to GenOn MD Ash Management, LLC) (NRG). In July 2013, while reserving its rights and related defenses under a 2000 agreement covering the sale of this site, Pepco indicated its willingness to investigate the extent of, and propose an appropriate closure plan to address, ash on the right-of-way. Pepco submitted a schedule for development of a closure plan to MDE on September 30, 2013 and, by letter dated October 18, 2013, MDE approved the schedule.

Pepco has determined that a loss associated with this matter is probable and has recorded an estimated liability, which is included in the table above. Pepco believes that the costs incurred in this matter may be recoverable from NRG under the 2000 sale agreement, but has not recorded an associated receivable for any potential recovery.

Litigation and Regulatory Matters

PHI Merger

In July 2015, the OPC, Public Citizen, Inc., the Sierra Club and the Chesapeake Climate Action Network (CCAN) filed motions to stay the MDPSC order approving the Exelon and PHI merger. The Circuit Court judge issued an order denying the motions for stay on August 12, 2015. On January 8, 2016, the Circuit Court judge affirmed the MDPSC's order approving the merger and denied the petitions for judicial review filed by the OPC, the Sierra Club, CCAN and Public Citizen, Inc. On January 19, 2016, the OPC filed a notice of appeal to the Maryland Court of Special Appeals, and on January 21, the Sierra Club and CCAN filed notices of appeal. On January 27, 2017, the Maryland Court of Special Appeals affirmed the Circuit Court's judgment that the MDPSC did not err in approving the merger. The OPC and Sierra Club filed petitions seeking further review in the Court of Appeals of Maryland, which is the highest court in Maryland. On June 21, 2017, the Court of Appeals granted discretionary review of the January 27, 2017 decision by the Maryland Court of Special Appeals. The Maryland Court of Appeals will review the OPC argument that the MDPSC did not properly consider the acquisition premium

paid to PHI shareholders under Maryland's merger approval standard and the Sierra Club's argument that the merger would harm the renewable and distributed generation markets. The two lower courts examining these issues rejected these arguments, which Exelon believes are without merit. All briefs have been filed and oral arguments were presented to the court on October 10, 2017.

Asbestos Personal Injury Claims

Exelon and Generation . Generation maintains a reserve for claims associated with asbestos-related personal injury actions in certain facilities that are currently owned by Generation or were previously owned by ComEd and PECO. The estimated liabilities are recorded on an undiscounted basis and exclude the estimated legal costs associated with handling these matters, which could be material.

At March 31, 2018 and December 31, 2017 , Generation had recorded estimated liabilities of approximately $76 million and $78 million , respectively, in total for asbestos-related bodily injury claims. As of March 31, 2018 , approximately $21 million of this amount related to 232 open claims presented to Generation, while the remaining $55 million is for estimated future asbestos-related bodily injury claims anticipated to arise through 2050, based on actuarial assumptions and analyses, which are updated on an annual basis. On a quarterly basis, Generation monitors actual experience against the number of forecasted claims to be received and expected claim payments and evaluates whether adjustments to the estimated liabilities are necessary.

On November 22, 2013, the Supreme Court of Pennsylvania held that the Pennsylvania Workers Compensation Act does not apply to an employee's disability or death resulting from occupational disease, such as diseases related to asbestos exposure, which manifests more than 300 weeks after the employee's last employment-based exposure, and that therefore the exclusivity provision of the Act does not preclude such employee from suing his or her employer in court. The Supreme Court's ruling reverses previous rulings by the Pennsylvania Superior Court precluding current and former employees from suing their employers in court, despite the fact that the same employee was not eligible for workers compensation benefits for diseases that manifest more than 300 weeks after the employee's last employment-based exposure to asbestos. Since the Pennsylvania Supreme Court's ruling in November 2013, Exelon, Generation, and PECO have experienced an increase in asbestos-related personal injury claims brought by former PECO employees, all of which have been accrued for on a claim by claim basis. Those additional claims are taken into account in projecting estimated future asbestos-related bodily injury claims.

On November 4, 2015, the Illinois Supreme Court found that the provisions of the Illinois' Workers' Compensation Act and the Workers' Occupational Diseases Act barred an employee from bringing a direct civil action against an employer for latent diseases, including asbestos-related diseases that fall outside the 25-year limit of the statute of repose. The Illinois Supreme Court's ruling reversed previous rulings by the Illinois Court of Appeals, which initially ruled that the Illinois Worker's Compensation law should not apply in cases where the diagnosis of an asbestos related disease occurred after the 25-year maximum time period for filing a Worker's Compensation claim. As a result of this ruling, Exelon, Generation, and ComEd have not recorded an increase to the asbestos-related bodily injury liability as of March 31, 2018 .

There is a reasonable possibility that Exelon may have additional exposure to estimated future asbestos-related bodily injury claims in excess of the amount accrued and the increases could have a material unfavorable impact on Exelon's, Generation's and PECO's financial conditions, results of operations and cash flows.

City of Everett Tax Increment Financing Agreement (Exelon and Generation)

On April 10, 2017, the City of Everett petitioned the Massachusetts Economic Assistance Coordinating Council (EACC) to revoke the 1999 tax increment financing agreement (TIF Agreement) relating to Mystic 8 & 9 on the grounds that the total investment in Mystic 8 & 9 materially deviates from the investment set forth in the TIF Agreement. On October 31, 2017, a three-member panel of the EACC conducted an administrative hearing on the City's petition. On November 30, 2017, the hearing panel issued a tentative decision denying the City's petition, finding that there was no material misrepresentation that would justify revocation of the TIF Agreement. On December 13, 2017, the tentative decision was adopted by the full EACC. On January 12, 2018, the City filed a complaint in Massachusetts Superior Court requesting, among other things, that the court set aside the EACC's decision, grant the City's request to decertify the Project and the TIF Agreement, and award the City damages for alleged underpaid taxes over the period of the TIF Agreement. Generation vigorously contested the City's claims before the EACC and will continue to do so in the Massachusetts Superior Court proceeding. Generation continues to believe that the City's claim lacks merit. Accordingly, Generation has not recorded a liability for payment resulting from such a revocation, nor can Generation estimate a reasonably possible range of loss, if any, associated with any such revocation. Further, it is reasonably possible that property taxes assessed in future periods, including those following the expiration of the current TIF Agreement in 2019, could be material to Generation's results of operations and cash flows.

General

The Registrants are involved in various other litigation matters that are being defended and handled in the ordinary course of business. The assessment of whether a loss is probable or a reasonable possibility, and whether the loss or a range of loss is estimable, often involves a series of complex judgments about future events. The Registrants maintain accruals for such losses that are probable of being incurred and subject to reasonable estimation. Management is sometimes unable to estimate an amount or range of reasonably possible loss, particularly where (1) the damages sought are indeterminate, (2) the proceedings are in the early stages, or (3) the matters involve novel or unsettled legal theories. In such cases, there is considerable uncertainty regarding the timing or ultimate resolution of such matters, including a possible eventual loss.

Income Taxes

See Note 12 — Income Taxes for information regarding the Registrants' income tax refund claims and certain tax positions, including the 1999 sale of fossil generating assets.

18 . Supplemental Financial Information (All Registrants)

Supplemental Statement of Operations Information

The following tables provide additional information about the Registrants' Consolidated Statements of Operations and Comprehensive Income for the three months ended March 31, 2018 and 2017 .

	Three Months Ended March 31, 2018								
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Other, Net									
Decommissioning-related activities:									
Net realized income on decommissioning trust funds [(a)]									
Regulatory agreement units	$ 46	$ 46	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Non-regulatory agreement units	56	56	—	—	—	—	—	—	—
Net unrealized losses on decommissioning trust funds									
Regulatory agreement units	(75)	(75)	—	—	—	—	—	—	—
Non-regulatory agreement units	(96)	(96)	—	—	—	—	—	—	—
Net unrealized losses on pledged assets									
Zion Station decommissioning	(2)	(2)	—	—	—	—	—	—	—
Regulatory offset to decommissioning trust fund-related activities [(b)]	24	24	—	—	—	—	—	—	—
Total decommissioning-related activities	(47)	(47)	—	—	—	—	—	—	—
Investment income	4	2	—	—	—	—	—	—	—
Interest income related to uncertain income tax positions	2	1	—	—	—	—	—	—	—
AFUDC — Equity	18	—	6	2	4	6	5	1	—
Non-service net periodic benefit cost	(10)	—	—	—	—	—	—	—	—
Other	5	—	2	—	—	5	3	1	1
Other, net	$ (28)	$ (44)	$ 8	$ 2	$ 4	$ 11	$ 8	$ 2	$ 1

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Three Months Ended March 31, 2017								
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Other, Net									
Decommissioning-related activities:									
Net realized income on decommissioning trust funds [a]									
Regulatory agreement units	$ 68	$ 68	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Non-regulatory agreement units	32	32	—	—	—	—	—	—	—
Net unrealized gains on decommissioning trust funds									
Regulatory agreement units	222	222	—	—	—	—	—	—	—
Non-regulatory agreement units	166	166	—	—	—	—	—	—	—
Net unrealized losses on pledged assets									
Zion Station decommissioning	(1)	(1)	—	—	—	—	—	—	—
Regulatory offset to decommissioning trust fund-related activities [b]	(234)	(234)	—	—	—	—	—	—	—
Total decommissioning-related activities	253	253	—	—	—	—	—	—	—
Investment income	2	2	—	—	—	—	—	—	—
Interest income related to uncertain income tax positions	1	—	—	—	—	—	—	—	—
AFUDC — Equity	17	—	2	2	4	9	5	2	2
Non-service net periodic benefit cost	(26)	—	—	—	—	—	—	—	—
Other	10	4	2	—	—	4	3	1	—
Other, net	$ 257	$ 259	$ 4	$ 2	$ 4	$ 13	$ 8	$ 3	$ 2

(a) Includes investment income and realized gains and losses on sales of investments of the trust funds.
(b) Includes the elimination of NDT fund activity for the Regulatory Agreement Units, including the elimination of net income taxes related to all NDT fund activity for those units. See Note 15 — Asset Retirement Obligations of the Exelon 2017 Form 10-K for additional information regarding the accounting for nuclear decommissioning.

The following utility taxes are included in revenues and expenses for the three months ended March 31, 2018 and 2017 . Generation's utility tax expense represents gross receipts tax related to its retail operations, and the Utility Registrants' utility tax expense represents municipal and state utility taxes and gross receipts taxes related to their operating revenues. The offsetting collection of utility taxes from customers is recorded in revenues on the Registrants' Consolidated Statements of Operations and Comprehensive Income.

	Three Months Ended March 31, 2018								
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Utility taxes	$ 235	$ 32	$ 61	$ 33	$ 26	$ 83	$ 77	$ 6	$ —

	Three Months Ended March 31, 2017								
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Utility taxes	$ 224	$ 32	$ 59	$ 31	$ 26	$ 76	$ 71	$ 5	$ —

Supplemental Cash Flow Information

The following tables provide additional information regarding the Registrants' Consolidated Statements of Cash Flows for the three months ended March 31, 2018 and 2017 .

	Three Months Ended March 31, 2018								
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Depreciation, amortization and accretion									
Property, plant and equipment [a]	$ 926	$ 436	$ 201	$ 68	$ 82	$ 117	$ 53	$ 32	$ 23
Amortization of regulatory assets [a]	152	—	27	7	52	66	43	13	10
Amortization of intangible assets, net [a]	13	12	—	—	—	—	—	—	—
Amortization of energy contract assets and liabilities [b]	3	3	—	—	—	—	—	—	—
Nuclear fuel [c]	287	287	—	—	—	—	—	—	—
ARO accretion [d]	120	120	—	—	—	—	—	—	—
Total depreciation, amortization and accretion	$ 1,501	$ 858	$ 228	$ 75	$ 134	$ 183	$ 96	$ 45	$ 33

	Three Months Ended March 31, 2017								
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Depreciation, amortization and accretion									
Property, plant and equipment [a]	$ 754	$ 289	$ 190	$ 64	$ 80	$ 112	$ 50	$ 30	$ 21
Amortization of regulatory assets [a]	128	—	18	7	48	55	32	9	14
Amortization of intangible assets, net [a]	14	13	—	—	—	—	—	—	—
Amortization of energy contract assets and liabilities [b]	2	2	—	—	—	—	—	—	—
Nuclear fuel [c]	264	264	—	—	—	—	—	—	—
ARO accretion [d]	112	110	—	—	—	—	—	—	—
Total depreciation, amortization and accretion	$ 1,274	$ 678	$ 208	$ 71	$ 128	$ 167	$ 82	$ 39	$ 35

(a) Included in Depreciation and amortization on the Registrants' Consolidated Statements of Operations and Comprehensive Income.
(b) Included in Operating revenues or Purchased power and fuel expense on the Registrants' Consolidated Statements of Operations and Comprehensive Income.
(c) Included in Purchased power and fuel expense on the Registrants' Consolidated Statements of Operations and Comprehensive Income.
(d) Included in Operating and maintenance expense on the Registrants' Consolidated Statements of Operations and Comprehensive Income.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Three Months Ended March 31, 2018								
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Other non-cash operating activities:									
Pension and non-pension postretirement benefit costs	$ 145	$ 51	$ 45	$ 5	$ 14	$ 15	$ 4	$ —	$ 3
Loss from equity method investments	7	7	—	—	—	—	—	—	—
Provision for uncollectible accounts	64	11	8	17	8	20	6	8	5
Stock-based compensation costs	29	—	—	—	—	—	—	—	—
Other decommissioning-related activity [(a)]	(31)	(31)	—	—	—	—	—	—	—
Energy-related options [(b)]	(7)	(7)	—	—	—	—	—	—	—
Amortization of regulatory asset related to debt costs	2	—	1	—	—	1	—	—	—
Amortization of rate stabilization deferral	7	—	—	—	—	7	1	6	—
Amortization of debt fair value adjustment	(3)	(3)	—	—	—	—	—	—	—
Discrete impacts from EIMA and FEJA [(c)]	(4)	—	(4)	—	—	—	—	—	—
Amortization of debt costs	9	3	1	—	—	1	—	—	—
Provision for excess and obsolete inventory	13	12	1	—	—	—	—	—	—
Other	9	2	(6)	(1)	(2)	9	(1)	5	1
Total other non-cash operating activities	$ 240	$ 45	$ 46	$ 21	$ 20	$ 53	$ 10	$ 19	$ 9
Non-cash investing and financing activities:									
Increase (decrease) in capital expenditures not paid	$ (177)	$ (131)	$ (48)	$ (25)	$ (11)	$ 61	$ 19	$ 14	$ 27
Increase in PPE related to ARO update	32	32	—	—	—	—	—	—	—
Dividends on stock compensation	1	—	—	—	—	—	—	—	—

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Three Months Ended March 31, 2017								
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Other non-cash operating activities:									
Pension and non-pension postretirement benefit costs	$ 157	$ 54	$ 44	$ 7	$ 16	$ 24	$ 7	$ 3	$ 3
Loss from equity method investments	10	10	—	—	—	—	—	—	—
Provision for uncollectible accounts	34	9	7	17	5	(4)	(5)	(1)	1
Stock-based compensation costs	31	—	—	—	—	—	—	—	—
Other decommissioning-related activity [(a)]	(84)	(84)	—	—	—	—	—	—	—
Energy-related options [(b)]	(4)	(4)	—	—	—	—	—	—	—
Amortization of regulatory asset related to debt costs	2	—	1	—	—	1	—	—	—
Amortization of rate stabilization deferral	(14)	—	—	—	7	(21)	(15)	(6)	—
Amortization of debt fair value adjustment	(5)	(3)	—	—	—	(2)	—	—	—
Discrete impacts from EIMA and FEJA [(c)]	(24)	—	(24)	—	—	—	—	—	—
Amortization of debt costs	9	4	1	—	—	—	—	—	—
Provision for excess and obsolete inventory	2	1	1	—	—	—	—	—	—
Other	4	3	1	(1)	(4)	(6)	(2)	(3)	(2)
Total other non-cash operating activities	$ 118	$ (10)	$ 31	$ 23	$ 24	$ (8)	$ (15)	$ (7)	$ 2
Non-cash investing and financing activities:									
Increase (decrease) in capital expenditures not paid	$ (193)	$ (56)	$ (66)	$ (42)	$ 1	$ (5)	$ (6)	$ 9	$ —
Non-cash financing of capital projects	10	10	—	—	—	—	—	—	—
Dividends on stock compensation	2	—	—	—	—	—	—	—	—

(a) Includes the elimination of NDT fund activity for the Regulatory Agreement Units, including the elimination of operating revenues, ARO accretion, ARC amortization, investment income and income taxes related to all NDT fund activity for these units. See Note 15 — Asset Retirement Obligations of the Exelon 2017 Form 10-K for additional information regarding the accounting for nuclear decommissioning.
(b) Includes option premiums reclassified to realized at the settlement of the underlying contracts and recorded in Operating revenues.
(c) Reflects the change in distribution rates pursuant to EIMA and FEJA, which allows for the recovery of distribution costs by a utility through a pre-established performance-based formula rate tariff. Beginning June 1, 2017, also reflects the change in energy efficiency rates pursuant to FEJA, which allows for the recovery of energy efficiency costs by a utility through a pre-established performance-based formula rate tariff. See Note 6 — Regulatory Matters for more information.

The following tables provide a reconciliation of cash, cash equivalents and restricted cash reported within the Registrants' Consolidated Balance Sheets that sum to the total of the same amounts in their Consolidated Statements of Cash Flows.

March 31, 2018	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Cash and cash equivalents	$ 787	$ 610	$ 70	$ 21	$ 22	$ 43	$ 15	$ 7	$ 10
Restricted cash	209	127	9	5	2	40	33	—	7
Restricted cash included in other long-term assets	103	—	83	—	—	20	—	—	20
Total cash, cash equivalents and restricted cash shown in the statement of cash flows	$ 1,099	$ 737	$ 162	$ 26	$ 24	$ 103	$ 48	$ 7	$ 37

December 31, 2017	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Cash and cash equivalents	$ 898	$ 416	$ 76	$ 271	$ 17	$ 30	$ 5	$ 2	$ 2
Restricted cash	207	138	5	4	1	42	35	—	6
Restricted cash included in other long-term assets	85	—	63	—	—	23	—	—	23
Total cash, cash equivalents and restricted cash shown in the statement of cash flows	$ 1,190	$ 554	$ 144	$ 275	$ 18	$ 95	$ 40	$ 2	$ 31

March 31, 2017	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Cash and cash equivalents	$ 609	$ 400	$ 31	$ 28	$ 11	$ 109	$ 8	$ 44	$ 54
Restricted cash	254	140	3	4	43	41	33	—	7
Restricted cash included in other long-term assets	26	—	—	—	3	23	—	—	23
Total cash, cash equivalents and restricted cash shown in the statement of cash flows	$ 889	$ 540	$ 34	$ 32	$ 57	$ 173	$ 41	$ 44	$ 84

December 31, 2016	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Cash and cash equivalents	$ 635	$ 290	$ 56	$ 63	$ 23	$ 170	$ 9	$ 46	$ 101
Restricted cash	253	158	2	4	24	43	33	—	9
Restricted cash included in other long-term assets	26	—	—	—	3	23	—	—	23
Total cash, cash equivalents and restricted cash shown in the statement of cash flows	$ 914	$ 448	$ 58	$ 67	$ 50	$ 236	$ 42	$ 46	$ 133

For additional information on restricted cash see Note 1 — Significant Accounting Policies of the Exelon 2017 Form 10-K.

Supplemental Balance Sheet Information

The following tables provide additional information about assets and liabilities of the Registrants as of March 31, 2018 and December 31, 2017 .

March 31, 2018	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Property, plant and equipment:									
Accumulated depreciation and amortization	$ 21,905 (a)	$ 11,936 (a)	$ 4,391	$ 3,445	$ 3,471	$ 575	$ 3,224	$ 1,273	$ 1,086
Accounts receivable:									
Allowance for uncollectible accounts	$ 369	$ 115	$ 89	$ 68	$ 31	$ 66	$ 24	$ 22	$ 20

December 31, 2017	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Property, plant and equipment:									
Accumulated depreciation and amortization	$ 21,064 (b)	$ 11,428 (b)	$ 4,269	$ 3,411	$ 3,405	$ 487	$ 3,177	$ 1,247	$ 1,066
Accounts receivable:									
Allowance for uncollectible accounts	$ 322	$ 114	$ 73	$ 56	$ 24	$ 55	$ 21	$ 16	$ 18

(a) Includes accumulated amortization of nuclear fuel in the reactor core of $3,263 million .
(b) Includes accumulated amortization of nuclear fuel in the reactor core of $3,159 million .

PECO Installment Plan Receivables (Exelon and PECO)

PECO enters into payment agreements with certain delinquent customers, primarily residential, seeking to restore their service, as required by the PAPUC. Customers with past due balances that meet certain income criteria are provided the option to enter into an installment payment plan, some of which have terms greater than one year. The receivable balance for these payment agreement receivables is recorded in accounts receivable for the current portion and other deferred debits and other assets for the noncurrent portion. The net receivable balance for installment plans with terms greater than one year was $8 million and $11 million as of March 31, 2018 and December 31, 2017 , respectively. The allowance for uncollectible accounts balance associated with these receivables at March 31, 2018 of $10 million consists of $3 million and $7 million for medium risk and high risk segments, respectively. The allowance for uncollectible accounts balance at December 31, 2017 of $11 million consists of $3 million and $8 million for medium risk and high risk segments, respectively. For further information regarding uncollectible accounts reserve methodology and assessment of the credit quality of the installment plan receivables, refer to Note 1 — Significant Accounting Policies of the Exelon 2017 Form 10-K.

19 . Segment Information (All Registrants)

Operating segments for each of the Registrants are determined based on information used by the chief operating decision maker(s) (CODM) in deciding how to evaluate performance and allocate resources at each of the Registrants.

Exelon has twelve reportable segments, which include ComEd, PECO, BGE, PHI's three reportable segments consisting of Pepco, DPL, and ACE, and Generation's six reportable segments consisting of the Mid-Atlantic, Midwest, New England, New York, ERCOT and all other power regions referred to

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collectively as “Other Power Regions”, which includes activities in the South, West and Canada. ComEd, PECO, BGE, Pepco, DPL and ACE each represent a single reportable segment, and as such, no separate segment information is provided for these Registrants. Exelon, ComEd, PECO, BGE, Pepco, DPL and ACE's CODMs evaluate the performance of and allocate resources to ComEd, PECO, BGE, Pepco, DPL and ACE based on net income and return on equity.

The basis for Generation's reportable segments is the integrated management of its electricity business that is located in different geographic regions, and largely representative of the footprints of ISO/RTO and/or NERC regions, which utilize multiple supply sources to provide electricity through various distribution channels (wholesale and retail). Generation's hedging strategies and risk metrics are also aligned to these same geographic regions. Descriptions of each of Generation’s six reportable segments are as follows:

- Mid-Atlantic represents operations in the eastern half of PJM, which includes New Jersey, Maryland, Virginia, West Virginia, Delaware, the District of Columbia and parts of Pennsylvania and North Carolina.

- Midwest represents operations in the western half of PJM, which includes portions of Illinois, Pennsylvania, Indiana, Ohio, Michigan, Kentucky and Tennessee, and the United States footprint of MISO, excluding MISO’s Southern Region, which covers all or most of North Dakota, South Dakota, Nebraska, Minnesota, Iowa, Wisconsin, the remaining parts of Illinois, Indiana, Michigan and Ohio not covered by PJM, and parts of Montana, Missouri and Kentucky.

- New England represents the operations within ISO-NE covering the states of Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.

- New York represents operations within ISO-NY, which covers the state of New York in its entirety.

- ERCOT represents operations within Electric Reliability Council of Texas, covering most of the state of Texas.

- Other Power Regions :

  - South represents operations in the FRCC, MISO’s Southern Region, and the remaining portions of the SERC not included within MISO or PJM, which includes all or most of Florida, Arkansas, Louisiana, Mississippi, Alabama, Georgia, Tennessee, North Carolina, South Carolina and parts of Missouri, Kentucky and Texas. Generation’s South region also includes operations in the SPP, covering Kansas, Oklahoma, most of Nebraska and parts of New Mexico, Texas, Louisiana, Missouri, Mississippi and Arkansas.

  - West represents operations in the WECC, which includes California ISO, and covers the states of California, Oregon, Washington, Arizona, Nevada, Utah, Idaho, Colorado and parts of New Mexico, Wyoming and South Dakota.

  - Canada represents operations across the entire country of Canada and includes AESO, OIESO and the Canadian portion of MISO.

The CODMs for Exelon and Generation evaluate the performance of Generation’s electric business activities and allocate resources based on revenues net of purchased power and fuel expense (RNF). Generation believes that RNF is a useful measurement of operational performance. RNF is not a presentation defined under GAAP and may not be comparable to other companies’ presentations or deemed more useful than the GAAP information provided elsewhere in this report. Generation’s operating revenues include all sales to third parties and affiliated sales to the Utility Registrants. Purchased power costs include all costs associated with the procurement and supply of electricity including capacity, energy

and ancillary services. Fuel expense includes the fuel costs for Generation's owned generation and fuel costs associated with tolling agreements. The results of Generation's other business activities are not regularly reviewed by the CODM and are therefore not classified as operating segments or included in the regional reportable segment amounts. These activities include natural gas, as well as other miscellaneous business activities that are not significant to Generation's overall operating revenues or results of operations. Further, Generation's unrealized mark-to-market gains and losses on economic hedging activities and its amortization of certain intangible assets and liabilities relating to commodity contracts recorded at fair value from mergers and acquisitions are also excluded from the regional reportable segment amounts. Exelon and Generation do not use a measure of total assets in making decisions regarding allocating resources to or assessing the performance of these reportable segments.

An analysis and reconciliation of the Registrants' reportable segment information to the respective information in the consolidated financial statements for the three months ended March 31, 2018 and 2017 is as follows:

Three Months Ended March 31, 2018 and 2017

	Generation [a]	ComEd	PECO	BGE	PHI	Other [b]	Intersegment Eliminations	Exelon
Operating revenues [c]:								
2018								
Competitive businesses electric revenues	$ 4,509	$ —	$ —	$ —	$ —	$ —	$ (391)	$ 4,118
Competitive businesses natural gas revenues	955	—	—	—	—	—	(8)	947
Competitive businesses other revenues	48	—	—	—	—	—	—	48
Rate-regulated electric revenues	—	1,512	634	658	1,169	—	(18)	3,955
Rate-regulated natural gas revenues	—	—	232	319	78	—	(4)	625
Shared service and other revenues	—	—	—	—	4	451	(455)	—
Total operating revenues	5,512	1,512	866	977	1,251	451	(876)	9,693
2017								
Competitive businesses electric revenues	$ 3,710	$ —	$ —	$ —	$ —	$ —	$ (328)	$ 3,382
Competitive businesses natural gas revenues	918	—	—	—	—	—	—	918
Competitive businesses other revenues	250	—	—	—	—	—	—	250
Rate-regulated electric revenues	—	1,298	590	667	1,097	—	(8)	3,644
Rate-regulated natural gas revenues	—	—	206	284	66	—	(3)	553
Shared service and other revenues	—	—	—	—	12	419	(431)	—
Total operating revenues	4,878	1,298	796	951	1,175	419	(770)	8,747
Shared service and other revenues								
Intersegment revenues [d]:								
2018	$ 400	$ 14	$ 2	$ 6	$ 4	$ 450	$ (876)	$ —
2017	328	5	1	5	12	419	(770)	—
Net income (loss):								
2018	$ 186	$ 165	$ 113	$ 128	$ 65	$ (21)	$ —	$ 636
2017	399	141	127	125	140	39	—	971
Total assets:								
March 31, 2018	$ 48,375	$ 30,002	$ 10,218	$ 9,195	$ 21,375	$ 8,833	$ (10,980)	$ 117,018
December 31, 2017	48,457	29,726	10,170	9,104	21,247	8,618	(10,552)	116,770

(a) Generation includes the six reportable segments shown below: Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Power Regions. Intersegment revenues for Generation for the three months ended March 31, 2018 include revenue from sales to PECO of $37 million , sales to BGE of $65 million , sales to Pepco of $52 million , sales to DPL of $46 million and sales to ACE of $6 million in the Mid-Atlantic region, and sales to ComEd of $194 million in the Midwest region, which eliminate upon consolidation. For the three months ended March 31, 2017 , intersegment revenues for Generation include revenue from sales to PECO of $45 million , sales to BGE of $134 million , sales to Pepco of $83 million , sales to DPL of $51 million and sales to ACE of $9 million in the Mid-Atlantic region, and sales to ComEd of $5 million in the Midwest region, which eliminate upon consolidation.
(b) Other primarily includes Exelon's corporate operations, shared service entities and other financing and investment activities.
(c) Includes gross utility tax receipts from customers. The offsetting remittance of utility taxes to the governing bodies is recorded in expenses on the Registrants' Consolidated Statements of Operations and Comprehensive Income. See Note 18 — Supplemental Financial Information for total utility taxes for the three months ended March 31, 2018 and 2017 .
(d) Intersegment revenues exclude sales to unconsolidated affiliates. The intersegment profit associated with Generation's sale of certain products and services by and between Exelon's segments is not eliminated in consolidation due to the recognition of intersegment profit in accordance with regulatory accounting guidance. For Exelon, these amounts are included in Operating revenues in the Consolidated Statements of Operations and Comprehensive Income.

PHI:

	Pepco	DPL	ACE	Other [b]	Intersegment Eliminations	PHI
Operating revenues [a]:						
Three Months Ended March 31, 2018						
Rate-regulated electric revenues	$ 557	$ 306	$ 310	$ —	$ (4)	$ 1,169
Rate-regulated natural gas revenues	—	78	—	—	—	78
Shared service and other revenues	—	—	—	113	(109)	4
Total operating revenues	557	384	310	113	(113)	1,251
Three Months Ended March 31, 2017						
Rate-regulated electric revenues	$ 530	$ 296	$ 275	$ —	$ (4)	$ 1,097
Rate-regulated natural gas revenues	—	66	—	—	—	66
Shared service and other revenues	—	—	—	12	—	12
Total operating revenues	530	362	275	12	(4)	1,175
Intersegment revenues:						
Three Months Ended March 31, 2018	$ 2	$ 2	$ 1	$ 112	$ (113)	$ 4
Three Months Ended March 31, 2017	1	2	1	13	(5)	12
Net income (loss):						
Three Months Ended March 31, 2018	$ 31	$ 31	$ 7	$ (8)	$ 4	$ 65
Three Months Ended March 31, 2017	58	57	28	(15)	12	140
Total assets:						
March 31, 2018	$ 7,896	$ 4,383	$ 3,530	$ 10,514	$ (4,948)	$ 21,375
December 31, 2017	7,832	4,357	3,445	10,600	(4,987)	21,247

(a) Includes gross utility tax receipts from customers. The offsetting remittance of utility taxes to the governing bodies is recorded in expenses on the Registrants' Consolidated Statements of Operations and Comprehensive Income. See Note 18 — Supplemental Financial Information for total utility taxes for the three months ended March 31, 2018 and 2017 .
(b) Other primarily includes PHI's corporate operations, shared service entities and other financing and investment activities.

The following tables disaggregate the Registrants' revenue recognized from contracts with customers into categories that depict how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors for three months ended March 31, 2018 and 2017 . For Generation, the disaggregation of revenues reflects Generation's two primary products of power sales and natural gas sales, with further disaggregation of power sales provided by geographic region. For the Utility Registrants, the disaggregation of revenues reflects the two primary utility services of rate-regulated electric sales and rate-regulated natural gas sales (where applicable), with further

disaggregation of these tariff sales provided by major customer groups. Exelon's disaggregated revenues are consistent with Generation and the Utility Registrants, but exclude any intercompany revenues.

Competitive Business Revenues (Generation):

	Three Months Ended March 31, 2018				
	Revenues from external parties [a]				
	Contracts with customers	Other [b]	Total	Intersegment Revenues	Total Revenues
Mid-Atlantic	$ 1,355	$ 80	$ 1,435	$ 5	$ 1,440
Midwest	1,273	71	1,344	2	1,346
New England	725	68	793	(1)	792
New York	439	(29)	410	(1)	409
ERCOT	149	59	208	1	209
Other Power Regions	210	109	319	(31)	288
Total Competitive Businesses Electric Revenues	4,151	358	4,509	(25)	4,484
Competitive Businesses Natural Gas Revenues	522	433	955	25	980
Competitive Businesses Other Revenues [c]	134	(86)	48	—	48
Total Generation Consolidated Operating Revenues	$ 4,807	$ 705	$ 5,512	$ —	$ 5,512

	Three Months Ended March 31, 2017				
	Revenues from external customers [a]				
	Contracts with customers	Other [b]	Total	Intersegment revenues	Total Revenues
Mid-Atlantic	$ 1,494	$ (65)	$ 1,429	$ (4)	$ 1,425
Midwest	980	71	1,051	2	1,053
New England	589	(40)	549	(2)	547
New York	303	(3)	300	(3)	297
ERCOT	168	24	192	(1)	191
Other Power Regions	128	61	189	(5)	184
Total Competitive Businesses Electric Revenues	3,662	48	3,710	(13)	3,697
Competitive Businesses Natural Gas Revenues	768	150	918	12	930
Competitive Businesses Other Revenues [c]	206	44	250	1	251
Total Generation Consolidated Operating Revenues	$ 4,636	$ 242	$ 4,878	$ —	$ 4,878

(a) Includes all wholesale and retail electric sales to third parties and affiliated sales to the Utility Registrants.
(b) Includes revenues from derivatives and leases.
(c) Other represents activities not allocated to a region. See text above for a description of included activities. Includes a $3 million decrease to revenues for the amortization of intangible assets and liabilities related to commodity contracts recorded at fair value for the three months ended March 31, 2017 , unrealized mark-to-market losses of $98 million and gains of $44 million for the three months ended March 31, 2018 and 2017 , respectively, and elimination of intersegment revenues.

Revenues net of purchased power and fuel expense (Generation):

	Three Months Ended March 31, 2018			Three Months Ended March 31, 2017		
	RNF from external customers [a]	Intersegment RNF	Total RNF	RNF from external customers [a]	Intersegment RNF	Total RNF
Mid-Atlantic	$ 836	$ 14	$ 850	$ 755	$ 18	$ 773
Midwest	847	13	860	704	11	715
New England	122	(3)	119	115	(4)	111
New York	282	1	283	143	—	143
ERCOT	106	(70)	36	94	(25)	69
Other Power Regions	157	(40)	117	108	(44)	64
Total Revenues net of purchased power and fuel expense for Reportable Segments	2,350	(85)	2,265	1,919	(44)	1,875
Other [b]	(131)	85	(46)	161	44	205
Total Generation Revenues net of purchased power and fuel expense	$ 2,219	$ —	$ 2,219	$ 2,080	$ —	$ 2,080

(a) Includes purchases and sales from/to third parties and affiliated sales to the Utility Registrants.
(b) Other represents activities not allocated to a region. See text above for a description of included activities. Includes a $3 million decrease to RNF for the amortization of intangible assets and liabilities related to commodity contracts for the three months ended March 31, 2017 , unrealized mark-to-market losses of $266 million and $49 million for the three months ended March 31, 2018 and 2017 , respectively, accelerated nuclear fuel amortization associated with announced early plant retirements as discussed in Note 7 - Early Nuclear Plant Retirements of the Combined Notes to Consolidated Financial Statements of $15 million decrease to revenue net of purchased power and fuel expense for the three months ended March 31, 2018 , and the elimination of intersegment revenue net of purchased power and fuel expense.

Electric and Gas Revenue by Customer Class (ComEd, PECO, BGE, PHI, PECO, DPL, ACE):

	Three Months Ended March 31, 2018						
Revenues from contracts with customers	**ComEd**	**PECO**	**BGE**	**PHI**	**Pepco**	**DPL**	**ACE**
Rate-regulated electric revenues							
Residential	$ 717	$ 403	$ 393	$ 610	$ 259	$ 191	$ 160
Small commercial & industrial	385	101	68	115	32	46	37
Large commercial & industrial	152	58	106	259	190	23	46
Public authorities & electric railroads	14	8	7	14	7	4	3
Other [(a)]	230	62	78	156	49	41	66
Total rate-regulated electric revenues [(b)]	$ 1,498	$ 632	$ 652	$ 1,154	$ 537	$ 305	$ 312
Rate-regulated natural gas revenues							
Residential	$ —	$ 161	$ 224	$ 47	$ —	$ 47	$ —
Small commercial & industrial	—	62	34	18	—	18	—
Large commercial & industrial	—	1	47	4	—	4	—
Transportation	—	6	—	5	—	5	—
Other [(c)]	—	2	27	4	—	4	—
Total rate-regulated natural gas revenues [(d)]	$ —	$ 232	$ 332	$ 78	$ —	$ 78	$ —
Total rate-regulated revenues from contracts with customers	$ 1,498	$ 864	$ 984	$ 1,232	$ 537	$ 383	$ 312
Other revenues							
Revenues from alternative revenue programs	5	(1)	(13)	18	19	1	(2)
Other rate-regulated electric revenues [(e)]	9	3	4	1	1	—	—
Other rate-regulated natural gas revenues [(e)]	—	—	2	—	—	—	—
Total other revenues	14	2	(7)	19	20	1	(2)
Total rate-regulated revenues for reportable segments	$ 1,512	$ 866	$ 977	$ 1,251	$ 557	$ 384	$ 310

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Three Months Ended March 31, 2017						
Revenues from contracts with customers	**ComEd**	**PECO**	**BGE**	**PHI**	**Pepco**	**DPL**	**ACE**
Rate-regulated electric revenues							
Residential	$ 611	$ 382	$ 386	$ 554	$ 236	$ 176	$ 142
Small commercial & industrial	328	97	69	114	34	44	36
Large commercial & industrial	107	52	108	257	188	24	45
Public authorities & electric railroads	12	8	7	15	8	4	3
Other [(a)]	218	48	68	126	48	38	43
Total rate-regulated electric revenues [(b)]	$ 1,276	$ 587	$ 638	$ 1,066	$ 514	$ 286	$ 269
Rate-regulated natural gas revenues							
Residential	$ —	$ 142	$ 185	$ 40	$ —	$ 40	$ —
Small commercial & industrial	—	55	30	17	—	17	—
Large commercial & industrial	—	—	44	2	—	2	—
Transportation	—	6	—	5	—	5	—
Other [(c)]	—	3	14	2	—	2	—
Total rate-regulated natural gas revenues [(d)]	$ —	$ 206	$ 273	$ 66	$ —	$ 66	$ —
Total rate-regulated revenues from contracts with customers	$ 1,276	$ 793	$ 911	$ 1,132	$ 514	$ 352	$ 269
Other revenues							
Revenues from alternative revenue programs	14	—	35	30	15	9	6
Other rate-regulated electric revenues [(e)]	8	3	4	2	1	1	—
Other rate-regulated natural gas revenues [(e)]	—	—	1	—	—	—	—
Other revenues [(f)]	—	—	—	11	—	—	—
Total other revenues	22	3	40	43	16	10	6
Total rate-regulated revenues for reportable segments	$ 1,298	$ 796	$ 951	$ 1,175	$ 530	$ 362	$ 275

(a) Includes revenues from transmission revenue from PJM, wholesale electric revenue and mutual assistance revenue.
(b) Includes operating revenues from affiliates of $14 million , $2 million , $2 million , $4 million , $2 million , $2 million , and $1 million at ComEd, PECO, BGE, PHI, Pepco, DPL and ACE, respectively, for the three months ended March 31, 2018 and $5 million , $1 million , $2 million , $1 million , $1 million , $2 million , and $1 million at ComEd, PECO, BGE, PHI, Pepco, DPL and ACE, respectively, for the three months ended March 31, 2017.
(c) Includes revenues from off-system natural gas sales.
(d) Includes operating revenues from affiliates of less than $1 million and $4 million at PECO and BGE, respectively, for the three months ended March 31, 2018 and less than $1 million and $3 million at PECO and BGE, respectively, for the three months ended March 31, 2017 .
(e) Includes late payment charge revenues.
(f) Includes operating revenues from affiliates of $11 million at PHI for the three months ended March 31, 2017 .

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

(Dollars in millions except per share data, unless otherwise noted)

Exelon

Executive Overview

Exelon, a utility services holding company, operates through the following principal subsidiaries:

- *Generation,* whose integrated business consists of the generation, physical delivery and marketing of power across multiple geographical regions through its customer-facing business, Constellation, which sells electricity and natural gas to both wholesale and retail customers. Generation also sells renewable energy and other energy-related products and services.

- *ComEd,* whose business consists of the purchase and regulated retail sale of electricity and the provision of electricity transmission and distribution services in northern Illinois, including the City of Chicago.

- *PECO,* whose business consists of the purchase and regulated retail sale of electricity and the provision of electricity distribution and transmission services in southeastern Pennsylvania, including the City of Philadelphia, and the purchase and regulated retail sale of natural gas and the provision distribution services in the Pennsylvania counties surrounding the City of Philadelphia.

- *BGE,* whose business consists of the purchase and regulated retail sale of electricity and natural gas and the provision of electricity distribution and transmission and gas distribution services in central Maryland, including the City of Baltimore.

- *Pepco,* whose business consists of the purchase and regulated retail sale of electricity and the provision of electricity distribution and transmission in the District of Columbia and major portions of Prince George's County and Montgomery County in Maryland.

- *DPL,* whose business consists of the purchase and regulated retail sale of electricity and the provision of electricity distribution and transmission services in portions of Maryland and Delaware, and the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services in northern Delaware.

- *ACE,* whose business consists of the purchase and regulated retail sale of electricity and the provision of electricity transmission and distribution services in southern New Jersey.

Pepco, DPL and ACE are operating companies of PHI, which is a utility services holding company and a wholly owned subsidiary of Exelon.

Exelon has twelve reportable segments consisting of Generation's six reportable segments (Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Power Regions in Generation), ComEd, PECO, BGE and PHI's three utility reportable segments (Pepco, DPL and ACE). See Note 19 — Segment Information of the Combined Notes to Consolidated Financial Statements for additional information regarding Exelon's reportable segments.

Through its business services subsidiary BSC, Exelon provides its operating subsidiaries with a variety of corporate governance support services including corporate strategy and development, legal, human resources, information technology, finance, real estate, security, corporate communications and

supply at cost. The costs of these services are directly charged or allocated to the applicable operating segments. The services are provided pursuant to service agreements. Additionally, the results of Exelon's corporate operations include interest costs income from various investment and financing activities.

PHISCO, a wholly owned subsidiary of PHI, provides a variety of support services at cost, including legal, accounting, engineering, distribution and transmission planning, asset management, system operations and power procurement, to PHI and its operating subsidiaries. These services are directly charged or allocated pursuant to service agreements among PHISCO and the participating operating subsidiaries.

Exelon's consolidated financial information includes the results of its eight separate operating subsidiary registrants, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE, which, along with Exelon, are collectively referred to as the Registrants. The following combined Management's Discussion and Analysis of Financial Condition and Results of Operations is separately filed by Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE. However, none of the Registrants makes any representation as to information related solely to any of the other Registrants.

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Financial Results of Operations

GAAP Results of Operations

The following tables set forth Exelon's GAAP consolidated results of operations for the three months ended March 31, 2018 compared to the same period in 2017 . All amounts presented below are before the impact of income taxes, except as noted.

	Three Months Ended March 31,								
	2018							2017	Favorable (Unfavorable) Variance
	Generation	ComEd	PECO	BGE	PHI	Other	Exelon	Exelon	
Operating revenues	$ 5,512	$ 1,512	$ 866	$ 977	$ 1,251	$ (425)	$ 9,693	$ 8,747	$ 946
Purchased power and fuel expense	3,293	605	333	380	520	(404)	4,727	3,899	(828)
Revenue net of purchased power and fuel expense [(a)]	2,219	907	533	597	731	(21)	4,966	4,848	118
Other operating expenses									
Operating and maintenance	1,339	313	275	221	309	(73)	2,384	2,438	54
Depreciation and amortization	448	228	75	134	183	23	1,091	896	(195)
Taxes other than income	138	77	41	65	113	12	446	436	(10)
Total other operating expenses	1,925	618	391	420	605	(38)	3,921	3,770	(151)
Gain on sales of assets and businesses	53	3	—	—	—	—	56	4	52
Bargain purchase gain	—	—	—	—	—	—	—	226	(226)
Operating income	347	292	142	177	126	17	1,101	1,308	(207)
Other income and (deductions)									
Interest expense, net	(101)	(89)	(33)	(25)	(63)	(60)	(371)	(373)	2
Other, net	(44)	8	2	4	11	(9)	(28)	257	(285)
Total other income and (deductions)	(145)	(81)	(31)	(21)	(52)	(69)	(399)	(116)	(283)
Income (loss) before income taxes	202	211	111	156	74	(52)	702	1,192	(490)
Income taxes	9	46	(2)	28	9	(31)	59	211	152
Equity in losses of unconsolidated affiliates	(7)	—	—	—	—	—	(7)	(10)	3
Net income	186	165	113	128	65	(21)	636	971	(335)
Net income attributable to noncontrolling interests	50	—	—	—	—	1	51	(19)	(70)
Net income attributable to common shareholders	$ 136	$ 165	$ 113	$ 128	$ 65	$ (22)	$ 585	$ 990	$ (405)

(a) The Registrants evaluate operating performance using the measure of revenues net of purchased power and fuel expense. The Registrants believe that revenues net of purchased power and fuel expense is a useful measurement because it provides information that can be used to evaluate their operational performance. Revenues net of purchased power and fuel expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

Three Months Ended March 31, 2018 Compared to Three Months Ended March 31, 2017 . Exelon's Net income attributable to common shareholders was $585 million for the three months ended March 31, 2018 as compared to $990 million for the three months ended March 31, 2017 , and diluted earnings per average common share were $0.60 for the three months ended March 31, 2018 as compared to $1.06 for the three months ended March 31, 2017 .

Revenue net of purchased power and fuel expense, which is a non-GAAP measure discussed below, increased by $118 million for the three months ended March 31, 2018 as compared to the same period in 2017 . The quarter-over-quarter increase in Revenue net of purchased power and fuel expense was primarily due to the following favorable factors:

- Increase of $390 million at Generation primarily due to impact of the New York CES and Illinois ZES (including the impact of zero emission credits generated in Illinois from June 1, 2017 through December 31, 2017), increased nuclear volumes primarily as a result of the acquisition of FitzPatrick, decreased nuclear outage days, increased capacity prices and the addition of two combined-cycle gas turbines in Texas, partially offset by the conclusion of the Ginna Reliability Support Services Agreement and lower realized energy prices;

- Increase of $44 million at PECO, DPL and ACE primarily due to favorable weather conditions within their respective service territories; and

- Increase of $33 million due to higher mutual assistance revenues across all Utility Registrants, primarily at ComEd.

The quarter-over-quarter increase in Revenue net of purchase power and fuel expense was partially offset by the following unfavorable factors:

- Decrease of $217 million at Generation due to mark-to-market losses of $266 million in 2018 compared to $49 million in 2017; and

- Decrease of $57 million at ComEd primarily due to lower revenues resulting from the change to defer and recover over time energy efficiency costs pursuant to FEJA;

- Decrease of $85 million in electric and gas revenues across all Utility Registrants, primarily reflecting lower revenues resulting from the anticipated pass back of TCJA tax savings through customer rates, partially offset by higher utility earnings due to regulatory rate increases at ComEd, BGE and PHI.

Operating and maintenance expense decreased by $54 million for the three months ended March 31, 2018 as compared to the same period in 2017 primarily due to the following favorable factors:

- Decrease of $57 million at ComEd primarily due to the change to defer and recover over time energy efficiency costs pursuant to FEJA;

- Decrease of $38 million at Generation due to lower merger and integration costs primarily related to the FitzPatrick acquisition;

- Decrease of $33 million at Generation due to lower nuclear refueling outage costs; and

- Decrease of $32 million related to a supplemental NEIL insurance distribution at Generation in the first quarter of 2018.

The quarter-over-quarter decrease in Operating and maintenance expense was partially offset by the following unfavorable factors:

- Increase of $86 million at PECO and BGE due to increased storm costs;
- Increase of $33 million due to higher mutual assistance expenses across all Utility Registrants, primarily at ComEd; and
- Increase of $22 million at PHI due to uncollectible accounts expense.

Depreciation and amortization expense increased by $195 million primarily due to Generation's first quarter 2018 decision to early retire the Oyster Creek nuclear facility and Generation's second quarter 2017 decision to early retire the Three Mile Island nuclear facility, as well increased depreciation expense as a result of ongoing capital expenditures across all operating companies for the three months ended March 31, 2018 as compared to the same period in 2017 .

Taxes other than income remained relatively consistent for the three months ended March 31, 2018 as compared to the same period in 2017 .

Gain on sales of assets and businesses increased by $52 million for the three months ended March 31, 2018 as compared to the same period in 2017 primarily due to Generation's first quarter 2018 sale of its electrical contracting business.

Bargain purchase gain decreased by $226 million due to the gain associated with the FitzPatrick acquisition in first quarter 2017.

Interest expense, net remained relatively consistent for the three months ended March 31, 2018 as compared to the same period in 2017 .

Other, net decreased by $285 million primarily due to net unrealized and realized losses on NDT funds at Generation for the three months ended March 31, 2018 as compared to net unrealized and realized gains on NDT funds for the same period in 2017 .

Exelon's effective income tax rates for the three months ended March 31, 2018 and 2017 were 8.4% and 17.7% , respectively. The decrease in the effective income tax rate for the three months ended March 31, 2018 as compared to the same period in 2017 is primarily related to tax savings due to the lower federal income tax rate as a result of the TCJA at all Registrants, which is offset in Operating revenues at the Utility Registrants for the anticipated pass back of the tax savings through customer rates. See Note 12 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates. See Note 6 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for further details on TCJA's impact on regulatory proceedings.

For further detail regarding the financial results for the three months ended March 31, 2018 , including explanation of the non-GAAP measure Revenue net of purchased power and fuel expense, see the discussions of Results of Operations by Segment below.

Adjusted (non-GAAP) Operating Earnings

Exelon's adjusted (non-GAAP) operating earnings for the three months ended March 31, 2018 were $925 million , or $0.96 per diluted share, compared with adjusted (non-GAAP) operating earnings of $600 million , or $0.64 per diluted share for the same period in 2017 . In addition to net income, Exelon evaluates its operating performance using the measure of adjusted (non-GAAP) operating earnings because management believes it represents earnings directly related to the ongoing operations of the business. Adjusted (non-GAAP) operating earnings exclude certain costs, expenses, gains and losses and other specified items. This information is intended to enhance an investor's overall understanding of period-over-period operating results and provide an indication of Exelon's baseline operating performance excluding items that are considered by management to be not directly related to the ongoing operations of the business. In addition, this information is among the primary indicators management uses as a basis for evaluating performance, allocating resources, setting incentive compensation targets and planning and forecasting of future periods. Adjusted (non-GAAP) operating earnings is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

The following tables provide a reconciliation between net income attributable to common shareholders as determined in accordance with GAAP and adjusted (non-GAAP) operating earnings for the three months ended March 31, 2018 as compared to the same period in 2017 .

	Three Months Ended March 31,			
	2018		2017	
(All amounts in millions after tax)		Earnings per Diluted Share		Earnings per Diluted Share
Net Income Attributable to Common Shareholders	$ 585	$ 0.60	$ 990	$ 1.06
Mark-to-Market Impact of Economic Hedging Activities [(a)] (net of taxes of $69 and $19, respectively)	197	0.20	30	0.03
Unrealized Losses (Gains) Related to NDT Fund Investments [(b)] (net of taxes of $29 and $67, respectively)	66	0.07	(99)	(0.10)
Amortization of Commodity Contract Intangibles [(c)] (net of taxes of $0 and $2, respectively)	—	—	3	—
Merger and Integration Costs [(d)] (net of taxes of $1 and $15, respectively)	3	—	25	0.03
Merger Commitments [(e)] (net of taxes of $0 and $137, respectively)	—	—	(137)	(0.15)
Plant Retirements and Divestitures [(f)] (net of taxes of $32 and $0, respectively)	92	0.10	—	—
Cost Management Program [(g)] (net of taxes of $1 and $3, respectively)	5	0.01	4	—
Bargain Purchase Gain [(h)] (net of taxes of $0)	—	—	(226)	(0.24)
Reassessment of State Deferred Income Taxes [(i)] (entire amount represents tax expense)	—	—	(20)	(0.02)
Tax Settlements [(j)] (net of taxes of $0 and $1, respectively)	—	—	(5)	(0.01)
Noncontrolling Interests [(k)] (net of taxes of $5 and $7, respectively)	(23)	(0.02)	35	0.04
Adjusted (non-GAAP) Operating Earnings	$ 925	$ 0.96	$ 600	$ 0.64

Note:
Unless otherwise noted, the income tax impact of each reconciling item between GAAP Net Income and Adjusted (non-GAAP) Operating Earnings is based on the marginal statutory federal and state income tax rates for each Registrant, taking into account whether the income or expense item is taxable or deductible, respectively, in whole or in part. For all items except the unrealized gains and losses related to NDT fund investments, the marginal statutory income tax rates for 2018 and 2017 ranged from 26.0 percent to 29.0 percent and 39.0 percent to 41.0 percent, respectively. Under IRS regulations, NDT fund investment returns are taxed at differing rates for investments if they are in qualified or non-qualified funds. The tax rates applied to unrealized gains and losses related to NDT fund investments were 40.3 percent and 52.6 percent for the three months ended March 31, 2018 and 2017 , respectively.

(a) Reflects the impact of net gains and losses on Generation's economic hedging activities. See Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional detail related to Generation's hedging activities.
(b) Reflects the impact of net unrealized gains and losses on Generation's NDT fund investments for Non-Regulatory Agreement Units. See Note 13 — Nuclear Decommissioning of the Combined Notes to Consolidated Financial Statements for additional detail related to Generation's NDT fund investments.
(c) Represents the non-cash amortization of intangible assets, net, primarily related to commodity contracts recorded at fair value related to the ConEdison Solutions acquisition.
(d) Primarily reflects certain costs associated with mergers and acquisitions, including, if and when applicable, professional fees, employee-related expenses and integration activities related to the PHI and FitzPatrick acquisitions in 2017, and the PHI acquisition

in 2018. See Note 4 — Mergers, Acquisitions and Dispositions of the Combined Notes to Consolidated Financial Statements for additional detail related to merger and acquisition costs.

(e) Primarily reflects a decrease in reserves for uncertain tax positions related to the deductibility of certain merger commitments associated with the 2012 CEG and 2016 PHI acquisitions.

(f) Primarily reflects accelerated depreciation and amortization expenses and increases to materials and supplies inventory reserves associated with Generation's 2018 decision to early retire the Oyster Creek nuclear facility, as well as the accelerated depreciation and amortization expense associated with Generation's 2017 decision to early retire the Three Mile Island nuclear facility, partially offset by a gain associated with Generation's sale of its electrical contracting business

(g) Represents severance and reorganization costs related to a cost management program.

(h) Represents the excess fair value of assets and liabilities acquired over the purchase price for the FitzPatrick acquisition.

(i) Reflects the change in the District of Columbia statutory tax rate.

(j) Reflects benefits related to the favorable settlement in 2017 of certain income tax positions related to PHI's unregulated business interests.

(k) Represents elimination from Generation's results of the noncontrolling interests related to certain exclusion items, primarily related to the impact of unrealized gains and losses on NDT fund investments at CENG.

Significant 2018 Transactions and Developments

Regulatory Implications of the Tax Cuts and Jobs Act (TCJA)

The Utility Registrants have made filings with their respective State regulators to begin passing back to customers the ongoing annual tax savings resulting from the TCJA. The amounts being proposed to be passed back to customers reflect the annual benefit of lower income tax rates and the settlement of a portion of deferred income tax regulatory liabilities established upon enactment of the TCJA. The Utility Registrants have identified over $500 million in ongoing annual savings to be returned to customers related to TCJA from their distribution utility operations.

ComEd and BGE have received orders approving the pass back of the ongoing annual tax savings of $201 million and $103 million, respectively, beginning February 1, 2018. DPL received an order from the MDPSC approving the pass back of $14 million of ongoing annual tax savings beginning April 20, 2018 and a one-time bill credit to customers of $2 million for TCJA tax savings from January 1, 2018 through March 31, 2018. Pepco has entered into settlement agreements with parties in both Maryland and the District of Columbia providing for the pass back of the ongoing annual tax savings beginning June 1, 2018 and July 1, 2018, respectively, and one-time bill credits to customers for TCJA tax savings from January 1, 2018 through the effective date of the rate changes. PECO's, DPL Delaware's and ACE's filings are still pending and management cannot predict the amount or timing of the refunds their respective regulators will ultimately approve. For PECO, BGE, DPL Delaware and ACE, it is expected that the treatment of the TCJA tax savings through the effective date of any final customer rate adjustments will be addressed in future rate proceedings.

In addition, ComEd, BGE, Pepco, DPL, and ACE each filed with FERC to revise their transmission formula rate mechanisms to facilitate passing back to customers ongoing annual TCJA tax savings and to permit recovery of transmission-related income tax regulatory assets. PECO is currently in settlement discussions regarding its transmission formula rate and expects to pass back TCJA benefits to customers through its annual formula rate update.

PECO, BGE, Pepco, DPL and ACE recognized new regulatory liabilities in the first quarter 2018 reflecting the TCJA tax savings that are anticipated to be passed back to customers in the future. See Note 6 – Regulatory Matters of the Combined Notes to Consolidated Financial Statements for further information.

Early Plant Retirements

On February 2, 2018, Exelon announced that Generation will permanently cease generation operations at Oyster Creek at the end of its current operating cycle by October 2018. Because of the decision to early retire Oyster Creek in 2018, Exelon and Generation recognized certain one-time charges in the first quarter of 2018 related to a materials and supplies inventory reserve adjustment, employee-related costs and construction work-in-progress impairments, among other items.

On May 30, 2017, Generation announced it will permanently cease generation operations at Three Mile Island Generating Station (TMI) on or about September 30, 2019. The plant is currently committed to operate through May 2019.

As a result of the early nuclear plant retirement decisions at Oyster Creek and TMI, Exelon and Generation will also recognize annual incremental non-cash charges to earnings stemming from shortening the expected economic useful lives primarily related to accelerated depreciation of plant assets (including any ARC), accelerated amortization of nuclear fuel, and additional ARO accretion expense associated with the changes in decommissioning timing and cost assumptions were also recorded. The following table summarizes the actual incremental non-cash expense item incurred in 2018 and the estimated amount of incremental non-cash expense items expected to be incurred in 2018 and 2019 due to the early retirement decisions.

	Actual	Projected [a]	
Income statement expense (pre-tax)	Q1 2018	2018	2019
Depreciation and amortization [b]			
Accelerated depreciation [c]	$ 137	$ 550	$ 330
Accelerated nuclear fuel amortization	15	55	5
Operating and maintenance [d]	26	26	—
Total	$ 178	$ 631	$ 335

(a) Actual results may differ based on incremental future capital additions, actual units of production for nuclear fuel amortization, future revised ARO assumptions, etc.
(b) Reflects incremental accelerated depreciation and amortization for TMI for the quarter ended March 31, 2018 , and Oyster Creek from February 2, 2018 through March 31, 2018 .
(c) Reflects incremental accelerated depreciation of plant assets, including any ARC.
(d) Primarily includes materials and supplies inventory reserve adjustments, employee-related costs and CWIP impairments.

On March 29, 2018, based on ISO-NE capacity auction results for the 2021 - 2022 planning year in which Mystic Unit 9 did not clear, Generation announced it had formally notified grid operator ISO-NE of its plans to early retire its Mystic Generating Station assets on June 1, 2022 absent any interim and long-term solutions for reliability and regional fuel security. The ISO-NE recently announced that it would take a three-step approach to fuel security. First, ISO-NE will make a filing soon to obtain tariff waivers to allow it to retain Mystic 8 and 9 for fuel security for the 2022 - 2024 planning years. Second, ISO-NE will file tariff revisions to allow it to retain other resources for fuel security in the capacity market if necessary in the future. Third, ISO-NE will work with stakeholders to develop long-term market rule changes to address system resiliency considering significant reliability risks identified in ISO-NE's January 2018 fuel security report. Changes to market rules are necessary because critical units to the region, such as Mystic Units 8 and 9, cannot recover future operating costs including the cost of procuring fuel. As a result of these developments, Generation completed a comprehensive review of the estimated undiscounted future cash flows of the New England asset group during the first quarter of 2018 and no impairment charge was required. Further developments such as the failure of ISO-NE to adopt interim and long-term solutions for reliability and fuel security could potentially result in future impairments of the New England asset group, which could be material. Refer to Note 7 — Impairment of Long-Lived Assets and Note 8 - Early Plant Retirements of the Combined Notes to Consolidated Financial Statements for additional information.

Illinois ZEC Procurement

Pursuant to FEJA, on January 25, 2018, the ICC announced that Generation's Clinton Unit 1, Quad Cities Unit 1 and Quad Cities Unit 2 nuclear plants were selected as the winning bidders through the IPA's ZEC procurement event. Generation executed the ZEC procurement contracts with Illinois utilities,

including ComEd, effective January 26, 2018 and began recognizing revenue. Winning bidders are entitled to compensation for the sale of ZECs retroactive to the June 1, 2017 effective date of FEJA. In the first quarter of 2018, Generation recognized approximately $202 million of revenue, of which $150 million related to ZECs generated from June 1, 2017 through December 31, 2017.

New Jersey Zero Emission Certificate Program

On April 12, 2018, a bill was passed by both Houses of the New Jersey legislature that would establish a ZEC program providing compensation for nuclear plants that demonstrate to the NJBPU that they meet certain requirements, including that they make a significant contribution to air quality in the state and that their revenues are insufficient to cover their costs and risks. The program provides transparency and includes robust customer protections. The New Jersey Governor has up to 45 days to sign the bill, with the bill becoming effective immediately upon signing. The NJBPU then has 180 days from the effective date to establish procedures for implementation of the ZEC program and 330 days from the effective date to determine which nuclear power plants are selected to receive ZECs under the program. Selected nuclear plants will receive ZEC payments for each energy year (12-month period from June 1 through May 31) within 90 days after the completion of such energy year. Exelon and Generation continue to work with stakeholders.

Westinghouse Electric Company LLC Bankruptcy

On March 29, 2017, Westinghouse Electric Company LLC (Westinghouse) and its affiliated debtors filed petitions for relief under Chapter 11 of the Bankruptcy Code in the U.S. Bankruptcy Court for the Southern District of New York. On January 4, 2018, Westinghouse announced its agreement to be purchased by an affiliate of Brookfield Business Partners, LLC (Brookfield) for approximately $4.6 billion. On March 28, 2018, the Bankruptcy Court entered an Order confirming the Debtor's Second Amended Joint Plan of Reorganization which provides for the transaction with Brookfield. Closing of the transaction is expected to occur in the third quarter of 2018. Exelon has contracts with Westinghouse primarily related to Generation's purchase of nuclear fuel, as well as a variety of services and equipment purchases associated with the operation and maintenance of nuclear generating stations. In conjunction with the confirmation hearing, Exelon had filed a reservation of rights regarding reorganizing Westinghouse's assumption of all Exelon contracts. Exelon has reached an agreement with Brookfield that all Exelon contracts will be assumed by Brookfield on the closing date. Closing of the transaction is subject to numerous conditions, including regulatory approvals.

Utility Rates and Base Rate Proceedings

The Utility Registrants file base rate cases with their regulatory commissions seeking increases or decreases to their electric transmission and distribution, and gas distribution rates to recover their costs and earn a fair return on their investments. The outcomes of these regulatory proceedings impact the Utility Registrants' current and future results of operations, cash flows and financial position.

The following tables show the Utility Registrants' completed and pending distribution base rate case proceedings in 2018. See Note 6 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for information on other regulatory proceedings.

Completed Distribution Base Rate Case Proceedings

Company	Jurisdiction	Approved Revenue Requirement Increase (Decrease) (in millions)	Approved Return on Equity	Completion Date	Rate Effective Date
DPL	Maryland (Electric)	$ 13	9.5%	February 9, 2018	February 9, 2018

Pending Distribution Base Rate Case Proceedings

Company	Jurisdiction	Requested Revenue Requirement Increase (Decrease) (in millions)	Requested Return on Equity	Filing Date	Expected Completion Timing
ComEd	Illinois (Electric)	$ (23)	8.69%	April 16, 2018	Fourth quarter 2018
PECO	Pennsylvania (Electric)	$ 82	10.95%	March 29, 2018	Fourth quarter 2018
Pepco	Maryland (Electric)	$ (15)	9.5%	January 2, 2018 (Updated February 5, 2018, March 8, 2018 and April 20, 2018)	Second quarter 2018
Pepco	District of Columbia (Electric)	$ (24)	9.525%	December 19, 2017 (Updated on February 9, 2018 and April 17, 2018)	Second quarter 2018
DPL	Delaware (Electric)	$ 12	10.1%	August 17, 2017 (Updated on October 18, 2017 and February 9, 2018)	Third quarter 2018
DPL	Delaware (Natural Gas)	$ 4	10.1%	August 17, 2017 (Updated on November 7, 2017 and February 9, 2018)	Fourth quarter 2018

See Note 6 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for further details on these base rate case proceedings.

Winter Storm-Related Costs

During March 2018 there were powerful nor'easter storms that brought a mix of heavy snow, ice and high sustained winds and gusts to the region that interrupted electric service delivery to customers in PECO's, BGE's, Pepco's, DPL's and ACE's service territories. Restoration efforts included significant costs associated with employee overtime, support from other utilities and incremental equipment, contracted tree trimming crews and supplies, which resulted in incremental operating and maintenance expense and incremental capital expenditures in the first quarter of 2018 for PECO, BGE, PHI, Pepco, DPL and ACE. In addition, PHI, Pepco, DPL and ACE recorded regulatory assets for amounts that are probable of recovery through customer rates. The impacts recorded by the Registrants are presented below:

	Customer Outages	(in millions) Incremental Operating & Maintenance	Incremental Capital Expenditures
Exelon	1,724,000	$ 93 [b]	$ 93
PECO	750,000	56	36
BGE	425,000	31	18
PHI [a]	549,000	6 [b]	39
Pepco	179,000	3 [b]	6
DPL	138,000	3 [b]	5
ACE	232,000	— [b]	28

(a) PHI reflects the consolidated customer outages, incremental operating & maintenance and incremental capital expenditures of Pepco, DPL and ACE.
(b) Excludes amounts that were deferred and recognized as regulatory assets at Exelon, PHI, Pepco, DPL and ACE of $22 million , $22 million , $5 million , $1 million and $16 million , respectively.

Exelon's Strategy and Outlook for 2018 and Beyond

Exelon's value proposition and competitive advantage come from its scope and its core strengths of operational excellence and financial discipline. Exelon leverages its integrated business model to create value. Exelon's regulated and competitive businesses feature a mix of attributes that, when combined, offer shareholders and customers a unique value proposition:

- The Utility Registrants provide a foundation for steadily growing earnings, which translates to a stable currency in our stock.
- Generation's competitive businesses provide free cash flow to invest primarily in the utilities and in long-term, contracted assets and to reduce debt.

Exelon believes its strategy provides a platform for optimal success in an energy industry experiencing fundamental and sweeping change.

Exelon's utility strategy is to improve reliability and operations and enhance the customer experience, while ensuring ratemaking mechanisms provide the utilities fair financial returns. The Utility Registrants only invest in rate base where it provides a benefit to customers and the community by improving reliability and the service experience or otherwise meeting customer needs. The Utility Registrants make these investments at the lowest reasonable cost to customers. Exelon seeks to leverage its scale and expertise across the utilities platform through enhanced standardization and sharing of resources and best practices to achieve improved operational and financial results. Additionally, the Utility Registrants anticipate making significant future investments in smart meter technology, transmission projects, gas infrastructure, and electric system improvement projects, providing greater reliability and improved service for our customers and a stable return for the company.

Generation's competitive businesses create value for customers by providing innovative energy solutions and reliable, clean and affordable energy. Generation's electricity generation strategy is to pursue opportunities that provide stable revenues and generation to load matching to reduce earnings volatility. Generation leverages its energy generation portfolio to deliver energy to both wholesale and retail customers. Generation's customer-facing activities foster development and delivery of other innovative energy-related products and services for its customers. Generation operates in well-developed energy markets and employs an integrated hedging strategy to manage commodity price volatility. Its generation fleet, including its nuclear plants which consistently operate at high capacity factors, also

provide geographic and supply source diversity. These factors help Generation mitigate the current challenging conditions in competitive energy markets.

Exelon's financial priorities are to maintain investment grade credit metrics at each of the Registrants, to maintain optimal capital structure and to return value to Exelon's shareholders with an attractive dividend throughout the energy commodity market cycle and through stable earnings growth. Exelon's Board of Directors has approved a dividend policy providing a raise of 5% each year for the period covering 2018 through 2020, beginning with the March 2018 dividend.

Various market, financial, regulatory, legislative and operational factors could affect the Registrants' success in pursuing their strategies. Exelon continues to assess infrastructure, operational, commercial, policy, and legal solutions to these issues. One key issue is ensuring the ability to properly value nuclear generation assets in the market, solutions to which Exelon is actively pursuing in a variety of jurisdictions and venues. See ITEM 1A. RISK FACTORS of the Exelon 2017 Form 10-K for additional information regarding market and financial factors.

Continually optimizing the cost structure is a key component of Exelon's financial strategy. In August 2015, Exelon announced a cost management program focused on cost savings of approximately $400 million at BSC and Generation, of which approximately 60% of run-rate savings was achieved by the end of 2017 with the remainder to be fully realized in 2018. At least 75% of the savings are expected to be related to Generation, with the remaining amount related to the Utility Registrants. Additionally, in November 2017, Exelon announced a new commitment for an additional $250 million of cost savings, primarily at Generation, to be achieved by 2020. These actions are in response to the continuing economic challenges confronting all parts of Exelon's business and industry, necessitating continued focus on cost management through enhanced efficiency and productivity.

Growth Opportunities

Management continually evaluates growth opportunities aligned with Exelon's businesses, assets and markets, leveraging Exelon's expertise in those areas and offering sustainable returns.

Regulated Energy Businesses. The PHI merger provides an opportunity to accelerate Exelon's regulated growth to provide stable cash flows, earnings accretion, and dividend support. Additionally, the Utility Registrants anticipate investing approximately $26 billion over the next five years in electric and natural gas infrastructure improvements and modernization projects, including smart meter and smart grid initiatives, storm hardening, advanced reliability technologies, and transmission projects, which is projected to result in an increase to current rate base of approximately $11 billion by the end of 2022. The Utility Registrants invest in rate base where beneficial to customers and the community by increasing reliability and the service experience or otherwise meeting customer needs. These investments are made at the lowest reasonable cost to customers.

See Note 3 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements Exelon 2017 Form 10-K for additional information on the Smart Meter and Smart Grid Initiatives and infrastructure development and enhancement programs.

Competitive Energy Businesses. Generation continually assesses the optimal structure and composition of its generation assets as well as explores wholesale and retail opportunities within the power and gas sectors. Generation's long-term growth strategy is to ensure appropriate valuation of its generation assets, in part through public policy efforts, identify and capitalize on opportunities that provide generation to load matching as a means to provide stable earnings, and identify emerging technologies where strategic investments provide the option for significant future growth or influence in market development.

Liquidity Considerations

Each of the Registrants annually evaluates its financing plan, dividend practices and credit line sizing, focusing on maintaining its investment grade ratings while meeting its cash needs to fund capital requirements, retire debt, pay dividends, fund pension and OPEB obligations and invest in new and existing ventures. A broad spectrum of financing alternatives beyond the core financing options can be used to meet its needs and fund growth including monetizing assets in the portfolio via project financing, asset sales, and the use of other financing structures (e.g., joint ventures, minority partners, etc.). The Registrants expect cash flows to be sufficient to meet operating expenses, financing costs and capital expenditure requirements.

Exelon Corporate, Generation, ComEd, PECO, BGE, Pepco, DPL and ACE have unsecured syndicated revolving credit facilities with aggregate bank commitments of $0.6 billion , $5.3 billion , $1 billion , $0.6 billion , $0.6 billion , $0.3 billion , $0.3 billion and $0.3 billion , respectively. Generation also has bilateral credit facilities with aggregate maximum availability of $0.5 billion . See Liquidity and Capital Resources - Credit Matters - Exelon Credit Facilities below.

For further detail regarding the Registrants' liquidity for the three months ended March 31, 2018 , see Liquidity and Capital Resources discussion below.

Project Financing

Generation utilizes individual project financings as a means to finance the construction of various generating asset projects. Project financing is based upon a nonrecourse financial structure, in which project debt and equity used to finance the project are paid back from the cash generated by the newly constructed asset once operational. Borrowings under these agreements are secured by the assets and equity of each respective project. The lenders do not have recourse against Exelon or Generation in the event of a default. If a specific project financing entity does not maintain compliance with its specific debt financing covenants, there could be a requirement to accelerate repayment of the associated debt or other project-related borrowings earlier than the stated maturity dates. In these instances, if such repayment was not satisfied, or restructured, the lenders or security holders would generally have rights to foreclose against the project-specific assets and related collateral. The potential requirement to satisfy its associated debt or other borrowings earlier than otherwise anticipated could lead to impairments due to a higher likelihood of disposing of the respective project-specific assets significantly before the end of their useful lives. See Note 11 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for additional information on nonrecourse debt.

Other Key Business Drivers and Management Strategies

Power Markets

Price of Fuels

The use of new technologies to recover natural gas from shale deposits is increasing natural gas supply and reserves, which places downward pressure on natural gas prices and, therefore, on wholesale and retail power prices, which results in a reduction in Exelon’s revenues. Forward natural gas prices have declined significantly over the last several years; in part reflecting an increase in supply due to strong natural gas production (due to shale gas development).

DOE Notice of Proposed Rulemaking

On August 23, 2017, the DOE staff released its report on the reliability of the electric grid. One aspect of the wide-ranging report is the DOE’s recognition that the electricity markets do not currently value the resiliency provided by baseload generation, such as nuclear plants. On September 28, 2017,

the DOE issued a Notice of Proposed Rulemaking (NOPR) that would entitle certain eligible resilient generating units (i.e., those located in organized markets, with a 90-day supply of fuel on site, not already subject to state cost of service regulation and satisfying certain other requirements) to recover fully allocated costs and earn a fair return on equity on their investment. The DOE's NOPR recommended that the FERC take comments for 45 days after publication in the Federal Register and issue a final order 60-days after such publication. On January 8, 2018, the FERC issued an order terminating the rulemaking docket that was initiated to address the proposed rule in the DOE NOPR, concluding the proposed rule did not sufficiently demonstrate there is a resiliency issue and that it proposed a remedy that did not appear to be just, reasonable and nondiscriminatory as required under the Federal Power Act. At the same time, the FERC initiated a new proceeding to consider resiliency challenges to the bulk power system and evaluate whether additional FERC action to address resiliency would be appropriate. The FERC directed each RTO and ISO to respond within 60 days to 24 specific questions about how they assess and mitigate threats to resiliency. Interested parties may submit reply comments through May 9, 2018. Exelon has been and will continue to be an active participant in these proceedings, but cannot predict the final outcome or its potential financial impact, if any, on Exelon or Generation.

PJM Minimum Offer Price Rule Expanded and Repricing Filing

On April 9, 2018, PJM filed a request at FERC seeking approval of its proposed capacity repricing mechanism or, in the alternative, the Minimum Offer Price Rule Expanded (MOPREx) proposal. PJM argues that both proposed approaches are just and reasonable means of resolving the conflict between state policy support for certain resources and the need to provide reasonable prices for non-supported resources because both prevent state-supported resources from suppressing market clearing prices. PJM expresses a preference for the repricing approach as it “honors the state’s legitimate policy choice to promote resources with certain attributes not otherwise valued in the current wholesale market rules; MOPREx does not. Thus, PJM asks FERC to sequentially consider the two proposals; first considering the repricing approach and then considering the MOPREx approach only if FERC cannot accept repricing. The MOPREx alternative, if selected by FERC, could impact Exelon and Generation as this mechanism could undermine the benefit of Illinois’ ZEC program and similar programs that could be developed in other states. Specifically, under PJM’s MOPREx alternative, the MOPR mitigation mechanism would apply to all resources (not just new resources, as is currently done) including ZEC-supported resources, thereby mitigating the effect of state support in offers and rendering it unlikely that ZEC-supported resources will clear the capacity auction. While numerous exceptions would be available under MOPREx, none would be available to ZEC programs. PJM asks for a FERC order by June 29, 2018 and an effective date of June 30, 2018. It is too early to predict the final outcome or its potential financial impact, if any, on Exelon or Generation.

Section 232 Uranium Petition

On January 16, 2018, two Canadian-owned uranium mining companies with operations in the U.S. jointly submitted a petition to the U.S. Department of Commerce (DOC) seeking relief under Section 232 of the Trade Expansion Act of 1962 (as amended) from imports of uranium products, alleging that these imports threaten national security (the Petition). The Trade Expansion Act of 1962 (the Act) was promulgated by Congress to protect essential national security industries whose survival is threatened by imports. As such, the Act authorizes the Secretary of Commerce (the Secretary) to conduct investigations to evaluate the effects of imports of any item on the national security of the U.S. The Petition alleges that the loss of a viable U.S. uranium mining industry would have a significant detrimental impact on the national, energy, and economic security of the U.S. and the ability of the country to sustain an independent nuclear fuel cycle. The relief sought by the petitioners would require U.S. nuclear reactors to purchase at least 25% of their uranium needs from domestic mines over the next 10 years. If the DOC initiates an investigation, the Secretary has 270 days to prepare and submit a report to President Trump, who then has 90 days to act on the Secretary's recommendations. Exelon and Generation cannot currently predict the outcome of this petition. It is reasonably possible that if this

petition were successful the resulting increase in nuclear fuel costs in future periods could have a material, unfavorable impact on Exelon's and Generation's results of operations, cash flows and financial positions.

Energy Demand

Modest economic growth partially offset by energy efficiency initiatives is resulting in flat to declining load growth in electricity for the Utility Registrants. There is an increase in projected load for electricity for PECO, BGE, Pepco and ACE, and a decrease in projected load for electricity at ComEd and DPL. ComEd, PECO, BGE, Pepco, DPL and ACE are projecting load volumes to increase (decrease) by (0.1)% , 0.3% , 1.1% , 2.1% , (1.9)% and 2.9% respectively, in 2018 compared to 2017 .

Retail Competition

Generation's retail operations compete for customers in a competitive environment, which affect the margins that Generation can earn and the volumes that it is able to serve. The market experienced high price volatility in the first quarter of 2014 which contributed to bankruptcies and consolidations within the industry during the year. However, forward natural gas and power prices are expected to remain low and thus we expect retail competitors to stay aggressive in their pursuit of market share, and that wholesale generators (including Generation) will continue to use their retail operations to hedge generation output.

Strategic Policy Alignment

As part of its strategic business planning process, Exelon routinely reviews its hedging policy, dividend policy, operating and capital costs, capital spending plans, strength of its balance sheet and credit metrics, and sufficiency of its liquidity position, by performing various stress tests with differing variables, such as commodity price movements, increases in margin-related transactions, changes in hedging practices and the impacts of hypothetical credit downgrades.

Exelon's board of directors declared first quarter 2018 dividends of $0.345 per share on Exelon's common stock. The first quarter 2018 dividend was paid on March 9, 2018. The dividend increased from the fourth quarter 2017 amount to reflect the Board's decision to raise Exelon's dividend 5% each year for the period covering 2018 through 2020, beginning with the March 2018 dividend.

Exelon's board of directors declared second quarter 2018 dividends of $0.345 per share on Exelon's common stock and is payable on June 8, 2018.

All future quarterly dividends require approval by Exelon's Board of Directors.

Hedging Strategy

Exelon's policy to hedge commodity risk on a ratable basis over three-year periods is intended to reduce the financial impact of market price volatility. Generation is exposed to commodity price risk associated with the unhedged portion of its electricity portfolio. Generation enters into non-derivative and derivative contracts, including financially-settled swaps, futures contracts and swap options, and physical options and physical forward contracts, all with credit-approved counterparties, to hedge this anticipated exposure. Generation has hedges in place that significantly mitigate this risk for 2018 and 2019 . However, Generation is exposed to relatively greater commodity price risk in the subsequent years with respect to which a larger portion of its electricity portfolio is currently unhedged. As of March 31, 2018 , the percentage of expected generation hedged is 91% - 94% , 63% - 66% and 33% - 36% for 2018 , 2019 , and 2020 respectively. The percentage of expected generation hedged is the amount of equivalent sales divided by the expected generation. Expected generation is the volume of energy that best represents our commodity position in energy markets from owned or contracted generating facilities based upon a simulated dispatch model that makes assumptions regarding future market conditions, which are calibrated to market quotes for power, fuel, load following products, and options. Equivalent

sales represent all hedging products, such as wholesale and retail sales of power, options and swaps. Generation has been and will continue to be proactive in using hedging strategies to mitigate commodity price risk in subsequent years as well.

Generation procures oil and natural gas through long-term and short-term contracts and spot-market purchases. Nuclear fuel is obtained predominantly through long-term uranium concentrate supply contracts, contracted conversion services, contracted enrichment services, or a combination thereof, and contracted fuel fabrication services. The supply markets for uranium concentrates and certain nuclear fuel services, coal, oil and natural gas are subject to price fluctuations and availability restrictions. Supply market conditions may make Generation's procurement contracts subject to credit risk related to the potential non-performance of counterparties to deliver the contracted commodity or service at the contracted prices. Approximately 58% of Generation's uranium concentrate requirements from 2018 through 2022 are supplied by three producers. In the event of non-performance by these or other suppliers, Generation believes that replacement uranium concentrate can be obtained, although at prices that may be unfavorable when compared to the prices under the current supply agreements. Non-performance by these counterparties could have a material adverse impact on Exelon's and Generation's results of operations, cash flows and financial positions.

The Utility Registrants mitigate commodity price risk through regulatory mechanisms that allow them to recover procurement costs from retail customers.

Environmental Legislative and Regulatory Developments

Exelon was actively involved in the Obama Administration's development and implementation of environmental regulations for the electric industry, in pursuit of its business strategy to provide reliable, clean, affordable and innovative energy products. These efforts have most frequently involved air, water and waste controls for fossil-fueled electric generating units, as set forth in the discussion below. These regulations have had a disproportionate adverse impact on coal-fired power plants, requiring significant expenditures of capital and variable operating and maintenance expense, and have resulted in the retirement of older, marginal facilities. Due to its low emission generation portfolio, Generation has not been significantly affected by these regulations, representing a competitive advantage relative to electric generators that are more reliant on fossil fuel plants.

Through the issuance of a series of Executive Orders (EO), President Trump has initiated review of a number of EPA and other regulations issued during the Obama Administration, with the expectation that the Administration will seek repeal or significant revision of these rules. Under these EOs, each executive agency is required to evaluate existing regulations and make recommendations regarding repeal, replacement, or modification. The Administration's actions are intended to result in less stringent compliance requirements under air, water, and waste regulations. The exact nature, extent, and timing of the regulatory changes are unknown, as well as the ultimate impact on Exelon's and its subsidiaries results of operations and cash flows.

In particular, the Administration has targeted existing EPA regulations for repeal, including notably the Clean Power Plan, as well as revoking many Executive Orders, reports, and guidance issued by the Obama Administration on the topic of climate change or the regulation of greenhouse gases. The Executive Order also disbanded the Interagency Working Group that developed the social cost of carbon used in rulemakings, and withdrew all technical support documents supporting the calculation. Other regulations that have been specifically identified for review are the Clean Water Act rule relating to jurisdictional waters of the U.S., the Steam Electric Effluent Guidelines relating to waste water discharges from coal-fired power plants, and the 2015 National Ambient Air Quality Standard (NAAQS) for ozone. The review of final rules could extend over several years as formal notice and comment rulemaking process proceeds.

Air Quality

Mercury and Air Toxics Standard Rule (MATS). On December 16, 2011, the EPA signed a final rule to reduce emissions of toxic air pollutants from power plants and signed revisions to the NSPS for electric generating units. The final rule, known as MATS, requires coal-fired electric generation plants to achieve high removal rates of mercury, acid gases and other metals, and to make capital investments in pollution control equipment and incur higher operating expenses. The initial compliance deadline to meet the new standards was April 16, 2015; however, facilities may have been granted an additional one or two-year extension in limited cases. Numerous entities challenged MATS in the D.C. Circuit Court, and Exelon intervened in support of the rule. In April 2014, the D.C. Circuit Court issued an opinion upholding MATS in its entirety. On appeal, the U.S. Supreme Court decided in June 2015 that the EPA unreasonably refused to consider costs in determining whether it is appropriate and necessary to regulate hazardous air pollutants emitted by electric utilities. The U.S. Supreme Court, however, did not vacate the rule; rather, it was remanded to the D.C. Circuit Court to take further action consistent with the U.S. Supreme Court's opinion on this single issue. On April 27, 2017, the D.C. Circuit granted EPA's motion to hold the litigation in abeyance, pending EPA's review of the MATS rule pursuant to President Trump's EO discussed above. Following EPA's review and determination of its course of action for the MATS rule, the parties will have 30 days to file motions on future proceedings. Notwithstanding the Court's order to hold the litigation in abeyance, the MATS rule remains in effect. Exelon will continue to participate in the remanded proceedings before the D.C. Circuit Court as an intervenor in support of the rule.

Clean Power Plan . On April 28, 2017, the D.C. Circuit Court issued orders in separate litigation related to the EPA's actions under the Clean Power Plan (CPP) to amend Clean Air Act Section 111(d) regulation of existing fossil-fired electric generating units and Section 111(b) regulation of new fossil-fired electric generating units. In both cases, the Court has determined to hold the litigation in abeyance pending a determination whether the rule should be remanded to the EPA. On October 10, 2017, EPA issued a proposed rule to repeal the CPP in its entirety, based on a proposed change in the Agency's legal interpretation of Clean Air Act Section 111(d) regarding actions that the Agency can consider when establishing the Best System of Emission Reduction ("BSER") for existing power plants. Under the proposed interpretation, the Agency exceeded its authority under the Clean Air Act by regulating beyond individual sources of GHG emissions. The EPA has also indicated its intent to issue an advance notice of proposed rulemaking to solicit information on systems of emission reduction that are in accord with the Agency's proposed revised legal interpretation; namely, only by regulating emission reductions that can be implemented at and to individual sources.

2015 Ozone National Ambient Air Quality Standards (NAAQS). On April 11, 2017, the D.C. Circuit ordered that the consolidated 2015 ozone NAAQS litigation be held in abeyance pending EPA's further review of the 2015 Rule. EPA did not meet the October 1, 2017 deadline to promulgate initial designations for areas in attainment or non-attainment of the standard. A number of states and environmental organizations have notified the EPA of their intent to file suit to compel EPA to issue the designations.

Climate Change. Exelon supports comprehensive climate change legislation or regulation, including a cap-and-trade program for GHG emissions, which balances the need to protect consumers, business and the economy with the urgent need to reduce national GHG emissions. In the absence of Federal legislation, the EPA is moving forward with the regulation of GHG emissions under the Clean Air Act. In addition, there have been recent developments in the international regulation of GHG emissions pursuant to the United Nations Framework Convention on Climate Change ("UNFCCC" or "Convention"). See ITEM 1. BUSINESS, "Water Quality" of the Exelon 2017 Form 10-K for further discussion.

Water Quality

Section 316(b) requires that the cooling water intake structures at electric power plants reflect the best technology available to minimize adverse environmental impacts, and is implemented through state-

level NPDES permit programs. All of Generation's power generation facilities with cooling water systems are subject to the regulations. Facilities without closed-cycle recirculating systems (e.g., cooling towers) are potentially most affected by recent changes to the regulations. For Generation, those facilities are Calvert Cliffs, Clinton, Dresden, Eddystone, Fairless Hills, FitzPatrick, Ginna, Gould Street, Mountain Creek, Handley, Mystic 7, Nine Mile Point Unit 1, Peach Bottom, Quad Cities, and Salem. See ITEM 1. BUSINESS, "Water Quality" for further discussion.

Solid and Hazardous Waste

In October 2015, the first federal regulation for the disposal of coal combustion residuals (CCR) from power plants became effective. The rule classifies CCR as non-hazardous waste under RCRA. Under the regulation, CCR will continue to be regulated by most states subject to coordination with the federal regulations. Generation has previously recorded accruals consistent with state regulation for its owned coal ash sites, and as such, the regulation is not expected to impact Exelon's and Generation's financial results. Generation does not have sufficient information to reasonably assess the potential likelihood or magnitude of any remediation requirements that may be asserted under the new federal regulations for coal ash disposal sites formerly owned by Generation. For these reasons, Generation is unable to predict whether and to what extent it may ultimately be held responsible for remediation and other costs relating to formerly owned coal ash disposal sites under the new regulations.

See Note 17 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements for further detail related to environmental matters, including the impact of environmental regulation.

Employees

In January 2017, an election was held at BGE which resulted in union representation for approximately 1,394 employees. BGE and IBEW Local 410 are negotiating an initial agreement which could result in some modifications to wages, hours and other terms and conditions of employment. Negotiations have been productive and continue. No agreement has been finalized to date and management cannot predict the outcome of such negotiations. Additionally, prior to commencing negotiations at Braidwood Generating Station with its Security Union, SPFPA Local 228, a rival Union petitioned the NLRB to represent the Security Officers in lieu of the incumbent Union. An election was held and the incumbent Union prevailed. The rival union sought to overturn the election and filed unfair labor practice charges against the incumbent which were denied following an NLRB Regional Hearing. Due to the legal proceedings between the Unions, the existing CBA was extended prior to the NLRB hearing and currently expires in August 2018. Lastly, negotiations for a collective bargaining agreement with Local 501 of Operating Engineers are ongoing with a small unit of employees at Exelon's Hyperion Solutions facility.

Critical Accounting Policies and Estimates

Revenue Recognition (All Registrants)

Sources of Revenue and Determination of Accounting Treatment

The Registrants earn revenues from various business activities including: the sale of power and energy-related products, such as natural gas, capacity, and other commodities in non-regulated markets (wholesale and retail); the sale and delivery of power and natural gas in regulated markets; and the provision of other energy-related non-regulated products and services.

The accounting treatment for revenue recognition is based on the nature of the underlying transaction and applicable authoritative guidance. The Registrants primarily apply the Revenue from

Contracts with Customers, Derivative, and Alternative Revenue Program (ARP) guidance to recognize revenue as discussed in more detail below.

Revenue from Contracts with Customers

Under the Revenue from Contracts with Customers guidance, the Registrants recognize revenues in the period in which the performance obligations within contracts with customers are satisfied, which generally occurs when power, natural gas, and other energy-related commodities are physically delivered to the customer. Transactions of the Registrants within the scope of Revenue from Contracts with Customers generally include non-derivative agreements, contracts that are designated as normal purchases and normal sales (NPNS), sales to utility customers under regulated service tariffs, and spot-market energy commodity sales, including settlements with independent system operators.

The determination of Generation's and the Utility Registrants' retail power and natural gas sales to individual customers is based on systematic readings of customer meters, generally on a monthly basis. At the end of each month, amounts of energy delivered to customers since the date of the last meter reading are estimated, and corresponding unbilled revenue is recorded. The measurement of unbilled revenue is affected by the following factors: daily customer usage measured by generation or gas throughput volume, customer usage by class, losses of energy during delivery to customers and applicable customer rates. Increases or decreases in volumes delivered to the utilities' customers and favorable or unfavorable rate mix due to changes in usage patterns in customer classes in the period could be significant to the calculation of unbilled revenue. In addition, revenues may fluctuate monthly as a result of customers electing to use an alternate supplier, since unbilled commodity revenues are not recorded for these customers. Changes in the timing of meter reading schedules and the number and type of customers scheduled for each meter reading date also impact the measurement of unbilled revenue; however, total operating revenues would remain materially unchanged

See Note 5 — Accounts Receivable of the Exelon 2017 Form 10-K for additional information on unbilled revenue.

See Note 1 — Significant Accounting Policies and Note 5 — Revenue from Contracts with Customers of the Combined Notes to Consolidated Financial Statements for more information on the impacts of the new revenue accounting standard effective for annual reporting periods beginning on or after December 15, 2017.

Derivative Revenues

The Registrants record revenues and expenses using the mark-to-market method of accounting for transactions that are accounted for as derivatives. These derivative transactions primarily relate to commodity price risk management activities. Mark-to-market revenues and expenses include: inception gains or losses on new transactions where the fair value is observable, unrealized gains and losses from changes in the fair value of open contracts, and realized gains and losses.

Alternative Revenue Program Revenues

Certain of the Utility Registrants' ratemaking mechanisms qualify as Alternative Revenue Programs (ARPs) if they (i) are established by a regulatory order and allow for automatic adjustment to future rates, (ii) provide for additional revenues (above those amounts currently reflected in the price of utility service) that are objectively determinable and probable of recovery, and (iii) allow for the collection of those additional revenues within 24 months following the end of the period in which they were recognized. For mechanisms that meet these criteria, which include the Utility Registrants' formula rate and revenue decoupling mechanisms, the Utility Registrants adjust revenue and record an offsetting regulatory asset or liability once the condition or event allowing additional billing or refund has occurred. The ARP revenues presented in the Utility Registrants' Consolidated Statements of Operations and

Comprehensive Income include both: (i) the recognition of “originating” ARP revenues (when the regulator-specified condition or event allowing for additional billing or refund has occurred) and (ii) an equal and offsetting reversal of the “originating” ARP revenues as those amounts are reflected in the price of utility service and recognized as Revenue from Contracts with Customers.

ComEd records ARP revenue for its best estimate of the electric distribution, energy efficiency, and transmission revenue impacts resulting from future changes in rates that ComEd believes are probable of approval by the ICC and FERC in accordance with its formula rate mechanisms. BGE, Pepco, and DPL record ARP revenue for their best estimate of the electric and natural gas distribution revenue impacts resulting from future changes in rates that they believe are probable of approval by the MDPSC and/or DCPSC in accordance with their revenue decoupling mechanisms. PECO, BGE, Pepco, DPL and ACE record ARP revenue for their best estimate of the transmission revenue impacts resulting from future changes in rates that they believe are probable of approval by FERC in accordance with their formula rate mechanisms. Estimates of the current year revenue requirement are based on actual and/or forecasted costs and investments in rate base for the period and the rates of return on common equity and associated regulatory capital structure allowed under the applicable tariff. The estimated reconciliation can be affected by, among other things, variances in costs incurred, investments made, allowed ROE, and actions by regulators or courts.

See Note 6 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for further information.

Management of each of the Registrants makes a number of significant estimates, assumptions and judgments in the preparation of its financial statements. See ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — CRITICAL ACCOUNTING POLICIES AND ESTIMATES in Exelon’s, Generation’s, ComEd’s, PECO’s, BGE’s, PHI's, Pepco's, DPL's and ACE's combined 2017 Form 10-K for a discussion of the estimates and judgments necessary in the Registrants’ accounting for AROs, goodwill, purchase accounting, unamortized energy assets and liabilities, asset impairments, depreciable lives of property, plant and equipment, defined benefit pension and other postretirement benefits, regulatory accounting, derivative instruments, taxation, contingencies, revenue recognition, and allowance for uncollectible accounts. At March 31, 2018 , the Registrants’ critical accounting policies and estimates had not changed significantly from December 31, 2017 .

Results of Operations By Registrant

Net Income Attributable to Common Shareholders by Registrant

	Three Months Ended March 31,		Favorable (Unfavorable) Variance
	2018	2017	
Exelon	$ 585	$ 990	$ (405)
Generation	136	418	(282)
ComEd	165	141	24
PECO	113	127	(14)
BGE	128	125	3
PHI	65	140	(75)
Pepco	31	58	(27)
DPL	31	57	(26)
ACE	7	28	(21)

Results of Operations — Generation

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017	Favorable (Unfavorable) Variance
Operating revenues	$ 5,512	$ 4,878	$ 634
Purchased power and fuel expense	3,293	2,798	(495)
Revenues net of purchased power and fuel expense [(a)]	2,219	2,080	139
Other operating expenses			
Operating and maintenance	1,339	1,492	153
Depreciation and amortization	448	302	(146)
Taxes other than income	138	143	5
Total other operating expenses	1,925	1,937	12
Gain on sales of assets and businesses	53	4	49
Bargain purchase gain	—	226	(226)
Operating income	347	373	(26)
Other income and (deductions)			
Interest expense, net	(101)	(100)	(1)
Other, net	(44)	259	(303)
Total other income and (deductions)	(145)	159	(304)
Income before income taxes	202	532	(330)
Income taxes	9	123	114
Equity in losses of unconsolidated affiliates	(7)	(10)	3
Net income	186	399	(213)
Net income (loss) attributable to noncontrolling interests	50	(19)	(69)
Net income attributable to membership interest	$ 136	$ 418	$ (282)

(a) Generation evaluates its operating performance using the measure of revenue net of purchased power and fuel expense. Generation believes that revenue net of purchased power and fuel expense is a useful measurement because it provides information that can be used to evaluate its operational performance. Revenue net of purchased power and fuel expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

Net Income Attributable to Membership Interest

Three Months Ended March 31, 2018 Compared to Three Months Ended March 31, 2017 . Generation's Net income attributable to membership interest for the three months ended March 31, 2018 decreased compared to the same period in 2017 , primarily due to higher Depreciation and amortization expenses, a Bargain purchase gain in 2017, and lower Other income, partially offset by higher Revenue net of purchased power and fuel expense, lower Operating and maintenance expenses, higher Gain on sales of assets and businesses and lower Income taxes. The increase in Depreciation and amortization is primarily due to accelerated depreciation and amortization expenses associated with Generation's first quarter 2018 decision to early retire the Oyster Creek nuclear facility and Generation's second quarter 2017 decision to early retire TMI. The Bargain purchase gain is due to the acquisition of the FitzPatrick nuclear facility in 2017. The decrease in Other income is primarily due to the change in realized and unrealized gains and losses on NDT funds. The increase in Revenue net of purchased power and fuel expense primarily relates to the impacts of the New York CES and Illinois Zero Emission Standards (including the impact of zero emission credits generated in Illinois from June 1, 2017 through

December 31, 2017), the acquisition of the FitzPatrick nuclear facility and decreased nuclear outage days, and higher capacity prices, partially offset by increased Mark-to-market losses in 2018 compared to 2017, the conclusion of the Ginna Reliability Support Services Agreement and lower realized energy prices, partially offset by the addition of two combined-cycle gas turbines in Texas. The decrease in Operating and maintenance is primarily due to certain costs associated with mergers and acquisitions related to the PHI and FitzPatrick acquisitions, decreased nuclear outage days in 2018, and the impact of a supplemental NEIL distribution, partially offset by increased operating expenses related to the 2017 acquisition of FitzPatrick. The increase in Gain on sales of assets and businesses is primarily due Generation's 2018 sale of its electrical contracting business. The decrease in income taxes is primarily due to tax savings related to TCJA.

Revenues Net of Purchased Power and Fuel Expense

The basis for Generation's reportable segments is the integrated management of its electricity business that is located in different geographic regions, and largely representative of the footprints of ISO/RTO and/or NERC regions, which utilize multiple supply sources to provide electricity through various distribution channels (wholesale and retail). Generation's hedging strategies and risk metrics are also aligned with these same geographic regions. Descriptions of each of Generation's six reportable segments are as follows:

- Mid-Atlantic represents operations in the eastern half of PJM, which includes New Jersey, Maryland, Virginia, West Virginia, Delaware, the District of Columbia and parts of Pennsylvania and North Carolina.

- Midwest represents operations in the western half of PJM, which includes portions of Illinois, Pennsylvania, Indiana, Ohio, Michigan, Kentucky and Tennessee, and the United States footprint of MISO, excluding MISO's Southern Region, which covers all or most of North Dakota, South Dakota, Nebraska, Minnesota, Iowa, Wisconsin, the remaining parts of Illinois, Indiana, Michigan and Ohio not covered by PJM, and parts of Montana, Missouri and Kentucky.

- New England represents the operations within ISO-NE covering the states of Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.

- New York represents operations within ISO-NY, which covers the state of New York in its entirety.

- ERCOT represents operations within Electric Reliability Council of Texas, covering most of the state of Texas.

- Other Power Regions :

  - South represents operations in the FRCC, MISO's Southern Region, and the remaining portions of the SERC not included within MISO or PJM, which includes all or most of Florida, Arkansas, Louisiana, Mississippi, Alabama, Georgia, Tennessee, North Carolina, South Carolina and parts of Missouri, Kentucky and Texas. Generation's South region also includes operations in the SPP, covering Kansas, Oklahoma, most of Nebraska and parts of New Mexico, Texas, Louisiana, Missouri, Mississippi and Arkansas.

  - West represents operations in the WECC, which includes California ISO, and covers the states of California, Oregon, Washington, Arizona, Nevada, Utah, Idaho, Colorado, and parts of New Mexico, Wyoming and South Dakota.

  - Canada represents operations across the entire country of Canada and includes AESO, OIESO and the Canadian portion of MISO.

The following business activities are not allocated to a region, and are reported under Other: natural gas, as well as other miscellaneous business activities that are not significant to Generation's overall operating revenues or results of operations. Further, the following activities are not allocated to a region, and are reported in Other: amortization of certain intangible assets relating to commodity contracts recorded at fair value from mergers and acquisitions; accelerated nuclear fuel amortization associated with nuclear decommissioning; and other miscellaneous revenues.

Generation evaluates the operating performance of its electric business activities using the measure of Revenue net of purchased power and fuel expense, which is a non-GAAP measurement. Generation's operating revenues include all sales to third parties and affiliated sales to the Utility Registrants. Purchased power costs include all costs associated with the procurement and supply of electricity including capacity, energy and ancillary services. Fuel expense includes the fuel costs for owned generation and fuel costs associated with tolling agreements.

For the three months ended March 31, 2018 and 2017 , Generation's Revenue net of purchased power and fuel expense by region were as follows:

	Three Months Ended March 31,			
	2018	2017	Variance	% Change
Mid-Atlantic [(a)]	$ 850	$ 773	$ 77	10.0 %
Midwest [(b)]	860	715	145	20.3 %
New England	119	111	8	7.2 %
New York [(d)]	283	143	140	97.9 %
ERCOT	36	69	(33)	(47.8)%
Other Power Regions	117	64	53	82.8 %
Total electric revenue net of purchased power and fuel expense	2,265	1,875	390	20.8 %
Proprietary Trading	6	—	6	— %
Mark-to-market losses	(266)	(49)	(217)	442.9 %
Other [(c)]	214	254	(40)	(15.7)%
Total revenue net of purchased power and fuel expense	$ 2,219	$ 2,080	$ 139	6.7 %

(a) Results of transactions with PECO and BGE are included in the Mid-Atlantic region. Results of transactions with Pepco, DPL and ACE are included in the Mid-Atlantic region.
(b) Results of transactions with ComEd are included in the Midwest region.
(c) Other represents activities not allocated to a region. See text above for a description of included activities. Includes amortization of intangible assets related to commodity contracts recorded at fair value of a $3 million decrease to revenue net of purchased power and fuel expense for the three months ended March 31, 2017 , and accelerated nuclear fuel amortization associated with announced early plant retirements as discussed in Note 8 — Early Plant Retirements of the Combined Notes to Consolidated Financial Statements of a $15 million decrease to revenue net of purchased power and fuel expense for the three months ended March 31, 2018 .
(d) Includes the ownership of the FitzPatrick nuclear facility from March 31, 2017.

Generation's supply sources by region are summarized below:

Supply source (GWhs)	Three Months Ended March 31, 2018	2017	Variance	% Change
Nuclear generation				
Mid-Atlantic [(a)]	16,229	16,545	(316)	(1.9)%
Midwest	23,597	22,468	1,129	5.0 %
New York [(a)(c)]	7,115	4,491	2,624	58.4 %
Total Nuclear Generation	46,941	43,504	3,437	7.9 %
Fossil and Renewables				
Mid-Atlantic	900	836	64	7.7 %
Midwest	455	418	37	8.9 %
New England	2,035	2,077	(42)	(2.0)%
New York	1	1	—	— %
ERCOT	2,949	1,370	1,579	115.3 %
Other Power Regions	1,993	1,423	570	40.1 %
Total Fossil and Renewables	8,333	6,125	2,208	36.0 %
Purchased Power				
Mid-Atlantic	766	3,398	(2,632)	(77.5)%
Midwest	336	388	(52)	(13.4)%
New England	5,436	5,064	372	7.3 %
New York	—	28	(28)	— %
ERCOT	1,373	2,655	(1,282)	(48.3)%
Other Power Regions	4,134	2,868	1,266	44.1 %
Total Purchased Power	12,045	14,401	(2,356)	(16.4)%
Total Supply/Sales by Region				
Mid-Atlantic [(b)]	17,895	20,779	(2,884)	(13.9)%
Midwest [(b)]	24,388	23,274	1,114	4.8 %
New England	7,471	7,141	330	4.6 %
New York	7,116	4,520	2,596	57.4 %
ERCOT	4,322	4,025	297	7.4 %
Other Power Regions	6,127	4,291	1,836	42.8 %
Total Supply/Sales by Region	67,319	64,030	3,289	5.1 %

(a) Includes the proportionate share of output where Generation has an undivided ownership interest in jointly-owned generating plants and includes the total output of plants that are fully consolidated (e.g. CENG).
(b) Includes affiliate sales to PECO and BGE in the Mid-Atlantic region, affiliate sales to ComEd in the Midwest region and affiliate sales to Pepco, DPL and ACE in the Mid-Atlantic region.
(c) Includes the ownership of the FitzPatrick nuclear facility from March 31, 2017.

Mid-Atlantic

Three Months Ended March 31, 2018 Compared to Three Months Ended March 31, 2017 . The $77 million increase in Revenue net of purchased power and fuel expense in the Mid-Atlantic primarily

reflects higher realized energy prices and increased capacity prices, partially offset by increased nuclear outage days.

Midwest

Three Months Ended March 31, 2018 Compared to Three Months Ended March 31, 2017 . The $145 million increase in Revenue net of purchased power and fuel expense in the Midwest was primarily due to the impact of the Illinois Zero Emission Standard (including the impact of zero emission credits generated in Illinois from June 1, 2017 through December 31, 2017) and decreased nuclear outage days, partially offset by lower realized energy prices.

New England

Three Months Ended March 31, 2018 Compared to Three Months Ended March 31, 2017 . The $8 million increase in Revenue net of purchased power and fuel expense in New England primarily reflects increased capacity prices, partially offset by lower realized energy prices.

New York

Three Months Ended March 31, 2018 Compared to Three Months Ended March 31, 2017 . The $140 million increase in Revenue net of purchased power and fuel expense in New York was primarily due to the impact of the New York CES and the acquisition of FitzPatrick, partially offset by the conclusion of the Ginna Reliability Support Service Agreement and lower realized energy prices.

ERCOT

Three Months Ended March 31, 2018 Compared to Three Months Ended March 31, 2017 . The $33 million decrease in Revenue net of purchased power and fuel expense in ERCOT was primarily due to lower realized energy prices, partially offset by the addition of two combined-cycle gas turbines in Texas.

Other Power Regions

Three Months Ended March 31, 2018 Compared to Three Months Ended March 31, 2017 . The $53 million increase in Revenue net of purchased power and fuel expense in Other Power Regions was primarily due to higher realized energy prices.

Proprietary Trading

Three Months Ended March 31, 2018 Compared to Three Months Ended March 31, 2017 . The $6 million increase in Revenue net of purchased power and fuel expense in Proprietary Trading was primarily due to congestion activity.

Mark-to-market

Three Months Ended March 31, 2018 Compared to Three Months Ended March 31, 2017 . Mark-to-market losses on economic hedging activities were $266 million for the three months ended March 31, 2018 compared to losses of $49 million for the three months ended March 31, 2017 . See Notes 9 — Fair Value of Financial Assets and Liabilities and 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for information on gains and losses associated with mark-to-market derivatives.

Other

Three Months Ended March 31, 2018 Compared to Three Months Ended March 31, 2017 . The $40 million decrease in Revenue net of purchased power and fuel expense in Other was due to the

decline in revenues related to the energy efficiency business and higher accelerated nuclear fuel amortization associated with announced early plant retirements as discussed in Note 8 — Early Plant Retirements of the Combined Notes to Consolidated Financial Statements, partially offset by higher natural gas portfolio optimization.

Nuclear Fleet Capacity Factor

The following table presents nuclear fleet operating data for the three months ended March 31, 2018 as compared to the same period in 2017 , for the Generation-operated plants. The nuclear fleet capacity factor presented in the table is defined as the ratio of the actual output of a plant over a period of time to its output if the plant had operated at full average annual mean capacity for that time period. Generation considers capacity factor to be a useful measure to analyze the nuclear fleet performance between periods. Generation has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, these measures are not a presentation defined under GAAP and may not be comparable to other companies' presentations or be more useful than the GAAP information provided elsewhere in this report.

	Three Months Ended March 31,	
	2018	2017
Nuclear fleet capacity factor [(a)]	96.5%	94.0%
Refueling outage days [(a)]	68	95
Non-refueling outage days [(a)]	6	8

(a) Excludes Salem, which is operated by PSEG Nuclear, LLC. Reflects ownership percentage of stations operated by Exelon. Includes the ownership of the FitzPatrick nuclear facility from March 31, 2017.

Three Months Ended March 31, 2018 Compared to Three Months Ended March 31, 2017 . The nuclear fleet capacity factor increased primarily due to fewer non-refueling and refueling outage days, excluding Salem outages, during the three months ended March 31, 2018 compared to the same period in 2017 .

Operating and Maintenance Expense

The changes in Operating and maintenance expense for the three months ended March 31, 2018 as compared to the same period in 2017 , consisted of the following:

	Three Months Ended March 31, Increase (Decrease) [a]
Labor, other benefits, contracting, materials [b]	$ (51)
Nuclear refueling outage costs, including the co-owned Salem plants [c]	(33)
Corporate allocations	8
Insurance [d]	(32)
Merger and integration costs [e]	(38)
Plant retirements and divestitures [f]	26
Other	(33)
Decrease in Operating and maintenance expense	$ (153)

(a) The financial results include Generation's acquisition of the FitzPatrick nuclear generating station from March 31, 2017.
(b) Primarily reflects decreased spending related to energy efficiency projects.
(c) Primarily reflects a decrease in the number of nuclear outage days for the three months ended March 31, 2018 compared to 2017 .
(d) Primarily reflects the impact of a supplemental NEIL insurance distribution.
(e) Primarily reflects certain costs associated with mergers and acquisitions, including, if and when applicable, professional fees, employee-related expenses and integration activities related to the PHI and FitzPatrick acquisitions in 2017, and the PHI acquisition in 2018.
(f) Primarily reflects accelerated depreciation and amortization expenses and increases to materials and supplies inventory reserves associated with Generation’s 2018 decision to early retire the Oyster Creek nuclear facility, as well as the accelerated depreciation and amortization expense associated with Generation’s 2017 decision to early retire the Three Mile Island nuclear facility, partially offset by a gain associated with Generation's sale of its electrical contracting business.

Depreciation and Amortization Expense

Depreciation and amortization expense for the three months ended March 31, 2018 compared to the same period in 2017 increased primarily due to accelerated depreciation and amortization expenses associated with Generation's first quarter 2018 decision to early retire the Oyster Creek nuclear facility and Generation's second quarter 2017 decision to early retire TMI.

Taxes Other Than Income

Taxes other than income taxes, which can vary period to period, include non-income municipal and state utility taxes, real estate taxes and payroll taxes. Taxes other than income for the three months ended March 31, 2018 compared to the same period in 2017 remained relatively stable.

Gain on Sales of Assets and Businesses

Gain on sales of assets and businesses for the three months ended March 31, 2018 compared to the same period in 2017 increased primarily due to Generation's 2018 sale of its electrical contracting business.

Bargain Purchase Gain

Bargain purchase gain for the three months ended March 31, 2018 compared to the same period in 2017 decreased as a result of the gain associated with the FitzPatrick acquisition in 2017. Refer to Note 4 — Mergers, Acquisitions and Dispositions of the Combined Notes to Consolidated Financial Statements for additional information.

Interest Expense, Net

Interest expense, net for the three months ended March 31, 2018 compared to the same period in 2017 remained relatively stable.

Other, Net

Other, net for the three months ended March 31, 2018 compared to the same period in 2017 decreased primarily due to the change in the realized and unrealized gains and losses related to NDT funds of Non-Regulatory Agreement Units as described in the table below. Other, net also reflects $(7) million and $56 million for the three months ended March 31, 2018 and 2017 , respectively, related to the contractual elimination of income tax expense (benefit) associated with the NDT funds of the Regulatory Agreement Units. Refer to Note 13 — Nuclear Decommissioning of the Combined Notes to Consolidated Financial Statements for additional information regarding NDT funds.

The following table provides unrealized and realized gains and losses on the NDT funds of the Non-Regulatory Agreement Units recognized in Other, net for the three months ended March 31, 2018 and 2017 :

	Three Months Ended March 31,	
	2018	2017
Net unrealized (losses) gains on decommissioning trust funds	$ (96)	$ 166
Net realized gains on sale of decommissioning trust funds	28	9

Equity in Losses of Unconsolidated Affiliates

Equity in losses of unconsolidated affiliates for the three months ended March 31, 2018 compared to the same period in 2017 remained relatively stable.

Effective Income Tax Rate

Generation's effective income tax rate was 4.5% and 23.1% for the three months ended March 31, 2018 and 2017 , respectively. The decrease in the effective income tax rate for the three months ended March 31, 2018 as compared to the same period in 2017 is primarily related to tax savings due to the lower federal income tax rate as a result of the TCJA. See Note 12 — Income Taxes of the Combined Notes to Consolidated Financial Statements for further discussion of the change in the effective income tax rate.

Results of Operations — ComEd

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017	Favorable (Unfavorable) Variance
Operating revenues	$ 1,512	$ 1,298	$ 214
Purchased power expense	605	334	(271)
Revenues net of purchased power expense [(a)(b)]	907	964	(57)
Other operating expenses			
Operating and maintenance	313	370	57
Depreciation and amortization	228	208	(20)
Taxes other than income	77	72	(5)
Total other operating expenses	618	650	32
Gain on sales of assets	3	—	3
Operating income	292	314	(22)
Other income and (deductions)			
Interest expense, net	(89)	(85)	(4)
Other, net	8	4	4
Total other income and (deductions)	(81)	(81)	—
Income before income taxes	211	233	(22)
Income taxes	46	92	46
Net income	$ 165	$ 141	$ 24

(a) ComEd evaluates its operating performance using the measure of Revenue net of purchased power expense. ComEd believes that Revenue net of purchased power expense is a useful measurement because it provides information that can be used to evaluate its operational performance. In general, ComEd only earns margin based on the delivery and transmission of electricity. ComEd has included its discussion of Revenue net of purchased power expense below as a complement to the financial information provided in accordance with GAAP. However, Revenue net of purchased power expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

(b) For regulatory recovery mechanisms, including ComEd's electric distribution and transmission formula rates, and riders, revenues increase and decrease i) as fully recoverable costs fluctuate (with no impact on net earnings), and ii) pursuant to changes in rate base, capital structure and ROE (which impact net earnings).

Net Income

Three Months Ended March 31, 2018 Compared to Three Months Ended March 31, 2017 . ComEd's Net income for the three months ended March 31, 2018 was higher than the same period in 2017 primarily due to higher electric distribution, transmission and energy efficiency formula rate earnings. The TCJA did not impact ComEd's net income for the three months ended March 31, 2018 as the favorable income tax impacts were fully offset by lower revenues resulting from the pass back of the tax savings through customer rates.

Revenues Net of Purchased Power Expense

There are certain drivers of Operating revenues that are fully offset by their impact on Purchased power expense, such as commodity, REC, and ZEC procurement costs and participation in customer choice programs. ComEd is permitted to recover electricity, REC, and ZEC procurement costs from retail customers without mark-up. Therefore, fluctuations in these costs have no impact on Revenue net of purchased power expense. See Note 3 — Regulatory Matters of the Exelon 2017 Form 10-K for additional information on ComEd's electricity procurement process.

All ComEd customers have the choice to purchase electricity from a competitive electric generation supplier. Customer choice programs do not impact ComEd's volume of deliveries, but do affect ComEd's Operating revenues related to supplied energy, which is fully offset in Purchased power expense. Therefore, customer choice programs have no impact on Revenue net of purchased power expense.

Retail deliveries purchased from competitive electric generation suppliers (as a percentage of kWh sales) for the three months ended March 31, 2018 and 2017 , consisted of the following:

	Three Months Ended March 31,	
	2018	2017
Electric	69%	71%

Retail customers purchasing electric generation from competitive electric generation suppliers at March 31, 2018 and 2017 consisted of the following:

	March 31, 2018		March 31, 2017	
	Number of customers	% of total retail customers	Number of customers	% of total retail customers
Electric	1,360,000	34%	1,453,000	36%

The changes in ComEd's Revenue net of purchased power expense for the three months ended March 31, 2018 , compared to the same period in 2017 consisted of the following:

	Three Months Ended March 31,
	Increase (Decrease)
Electric distribution revenue	$ (31)
Transmission revenue	(6)
Energy efficiency revenue [(a)]	8
Regulatory required programs [(a)]	(57)
Uncollectible accounts recovery, net	1
Other	28
Total decrease	$ (57)

(a) Beginning on June 1, 2017, ComEd is deferring energy efficiency costs as a regulatory asset that will be recovered through the energy efficiency formula rate over the weighted average useful life of the related energy efficiency measures.

Revenue Decoupling. The demand for electricity is affected by weather conditions. Under FEJA, ComEd revised its electric distribution rate formula effective January 1, 2017 to eliminate the favorable and unfavorable impacts on Operating revenues associated with variations in delivery volumes associated with above or below normal weather, numbers of customers or usage per customer.

Heating and cooling degree days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree days for a 30-year period in ComEd's service territory with cooling degree days generally having a more significant impact to ComEd, particularly during the summer months. The changes in heating and cooling degree days in ComEd's service territory for the three months ended March 31, 2018 and 2017 , consisted of the following:

Heating and Cooling Degree-Days				% Change	
Three Months Ended March 31,	2018	2017	Normal	2018 vs. 2017	2017 vs. Normal
Heating Degree-Days	3,117	2,650	3,141	17.6%	(0.8)%
Cooling Degree-Days	—	—	—	n/a	n/a

Electric Distribution Revenue. EIMA and FEJA provide for a performance-based formula rate, which requires an annual reconciliation of the revenue requirement in effect to the actual costs that the ICC determines are prudently and reasonably incurred in a given year. Electric distribution revenue varies from year to year based upon fluctuations in the underlying costs, investments being recovered, and allowed ROE. ComEd's allowed ROE is the annual average rate on 30-year treasury notes plus 580 basis points. In addition, ComEd's allowed ROE is subject to reduction if ComEd does not deliver the reliability and customer service benefits to which it has committed over the ten-year life of the investment program. Electric distribution revenue decreased during the three months ended March 31, 2018 , primarily due to the impact of the lower federal income tax rate, partially offset by increased revenues due to higher rate base and increased Depreciation expense as compared to the same period in 2017 . See Depreciation and amortization expense discussions below and Note 6 — Regulatory Matters and Note 12 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information.

Transmission Revenue. Under a FERC-approved formula, transmission revenue varies from year to year based upon fluctuations in the underlying costs, capital investments being recovered and the highest daily peak load, which is updated annually in January based on the prior calendar year. Generally, increases/decreases in the highest daily peak load will result in higher/lower transmission revenue. For the three months ended March 31, 2018 , ComEd recorded decreased transmission revenue primarily due to the decreased peak load, partially offset by increased revenues due to higher rate base and increased Depreciation expense as compared to the same period in 2017 . See Operating and maintenance expense below and Note 6 — Regulatory Matters and Note 12 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information.

Energy Efficiency Revenue. Beginning June 1, 2017, FEJA provides for a performance-based formula rate, which requires an annual reconciliation of the revenue requirement in effect to the actual costs that the ICC determines are prudently and reasonably incurred in a given year. Under FEJA, energy efficiency revenue varies from year to year based upon fluctuations in the underlying costs, investments being recovered, and allowed ROE. ComEd's allowed ROE is the annual average rate on 30-year treasury notes plus 580 basis points. Beginning January 1, 2018, ComEd's allowed ROE is subject to a maximum downward or upward adjustment of 200 basis points if ComEd's cumulative persisting annual MWh savings falls short of or exceeds specified percentage benchmarks of its annual incremental savings goal. See Depreciation and amortization expense discussions below, and Note 6 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Regulatory Required Programs. This represents the change in Operating revenues collected under approved rate riders to recover costs incurred for regulatory programs such as ComEd's purchased power administrative costs and energy efficiency and demand response through June 1, 2017 pursuant

to FEJA. The riders are designed to provide full and current cost recovery. An equal and offsetting amount has been included in Operating and maintenance expense. See Operating and maintenance expense discussion below for additional information on included programs.

Uncollectible Accounts Recovery, Net. Uncollectible accounts recovery, net represents recoveries under ComEd's uncollectible accounts tariff. See Operating and maintenance expense discussion below for additional information on this tariff.

Other. Other revenue, which can vary period to period, includes rental revenue, revenue related to late payment charges, assistance provided to other utilities through mutual assistance programs, recoveries of environmental costs associated with MGP sites, and recoveries of energy procurement costs. The increase in Other revenue for the three months ended March 31, 2018 compared to the same period in 2017 primarily reflects mutual assistance revenues associated with hurricane and winter storm restoration efforts. An equal and offsetting amount has been included in Operating and maintenance expense and Taxes other than income.

Operating and Maintenance Expense

	Three Months Ended March 31,		Increase (Decrease)
	2018	2017	
Operating and maintenance expense — baseline	$ 313	$ 313	$ —
Operating and maintenance expense — regulatory required programs [(a)]	—	57	(57)
Total operating and maintenance expense	$ 313	$ 370	$ (57)

(a) Operating and maintenance expense for regulatory required programs are costs for various legislative and/or regulatory programs that are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in Operating revenues.

The decrease in Operating and maintenance expense for the three months ended March 31, 2018 compared to the same period in 2017 , consisted of the following:

	Three Months Ended March 31, 2018 Increase (Decrease)
Baseline	
Labor, other benefits, contracting and materials [a]	$ 9
Pension and non-pension postretirement benefits expense [a]	1
Storm-related costs	(6)
Uncollectible accounts expense — provision [b]	2
Uncollectible accounts expense — recovery, net [b]	(1)
BSC costs [a]	(3)
Other [a]	(2)
	—
Regulatory required programs	
Energy efficiency and demand response programs [c]	(57)
Decrease in operating and maintenance expense	$ (57)

(a) Includes additional costs associated with mutual assistance programs. An equal and offsetting decrease has been recognized in Operating revenues for the period presented.
(b) ComEd is allowed to recover from or refund to customers the difference between the utility's annual uncollectible accounts expense and the amounts collected in rates annually through a rider mechanism. During the three months ended March 31, 2018 , ComEd recorded a net increase in Operating and maintenance expense related to uncollectible accounts due to the timing of regulatory cost recovery. An equal and offsetting decrease has been recognized in Operating revenues for the period presented.
(c) Beginning on June 1, 2017, ComEd is deferring energy efficiency costs as a regulatory asset that will be recovered through the energy efficiency formula rate over the weighted average useful life of the related energy efficiency measures.

Depreciation and Amortization Expense

The increase in Depreciation and amortization expense during the three months ended March 31, 2018 , compared to the same period in 2017 , consisted of the following:

	Three Months Ended March 31, 2018 Increase (Decrease)
Depreciation expense [a]	$ 11
Regulatory asset amortization [b]	9
Total increase	$ 20

(a) Primarily reflects ongoing capital expenditures for the three months ended March 31, 2018 .
(b) Beginning in June 2017, includes amortization of ComEd's energy efficiency formula rate regulatory asset.

Taxes Other Than Income

Taxes other than income, which can vary year to year, include municipal and state utility taxes, real estate taxes and payroll taxes. Taxes other than income taxes remained relatively consistent for the three months ended March 31, 2018 , compared to the same period in 2017 .

Gain on Sales of Assets

The increase in Gain on sales of assets during the three months ended March 31, 2018 , compared to the same period in 2017 , is due to the sale of land during March 2018.

Interest Expense, Net

Interest expense, net, remained relatively consistent for the three months ended March 31, 2018 , compared to the same period in 2017 .

Other, Net

Other, net, remained relatively consistent for the three months ended March 31, 2018 , compared to the same period in 2017 .

Effective Income Tax Rate

ComEd's effective income tax rate was 21.8% and 39.5% for the three months ended March 31, 2018 and 2017 , respectively. The decrease in the effective income tax rate for the three months ended March 31, 2018 as compared to the same period in 2017 is primarily due to the lower federal income tax rate as a result of the TCJA. See Note 12 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

ComEd Electric Operating Statistics Detail

Retail Deliveries to Customers (in GWhs)	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017	% Change	Weather-Normal % Change
Retail Deliveries [(a)]				
Residential	6,614	6,241	6.0%	1.0 %
Small commercial & industrial	7,843	7,709	1.7%	(0.5)%
Large commercial & industrial	6,837	6,683	2.3%	0.7 %
Public authorities & electric railroads	362	344	5.2%	2.8 %
Total retail deliveries	21,656	20,977	3.2%	0.4 %

Number of Electric Customers	As of March 31, 2018	As of March 31, 2017
Residential	3,633,369	3,605,498
Small commercial & industrial	379,255	375,617
Large commercial & industrial	1,980	2,000
Public authorities & electric railroads	4,781	4,818
Total	4,019,385	3,987,933

(a) Reflects delivery volume from customers purchasing electricity directly from ComEd and customers purchasing electricity from a competitive electric generation supplier, as all customers are assessed delivery charges.

See Note 19 — Segment Information of the Combined Notes to Consolidated Financial Statements for the presentation of ComEd's revenue disaggregation.

Results of Operations — PECO

	Three Months Ended March 31,		Favorable (Unfavorable) Variance
	2018	2017	
Operating revenues	$ 866	$ 796	$ 70
Purchased power and fuel expense	333	287	(46)
Revenues net of purchased power and fuel expense [(a)]	533	509	24
Other operating expenses			
Operating and maintenance	275	208	(67)
Depreciation and amortization	75	71	(4)
Taxes other than income	41	38	(3)
Total other operating expenses	391	317	(74)
Operating income	142	192	(50)
Other income and (deductions)			
Interest expense, net	(33)	(31)	(2)
Other, net	2	2	—
Total other income and (deductions)	(31)	(29)	(2)
Income before income taxes	111	163	(52)
Income taxes	(2)	36	38
Net income	$ 113	$ 127	$ (14)

(a) PECO evaluates its operating performance using the measures of revenue net of purchased power expense for electric sales and revenue net of fuel expense for gas sales. PECO believes revenue net of purchased power expense and revenue net of fuel expense are useful measurements of its performance because they provide information that can be used to evaluate its net revenue from operations. PECO has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, revenue net of purchased power expense and revenue net of fuel expense figures are not presentations defined under GAAP and may not be comparable to other companies' presentations or more useful than the GAAP information provided elsewhere in this report.

Net Income

Three Months Ended March 31, 2018 Compared to Three Months Ended March 31, 2017 . PECO's Net income decreased from the same period in 2017 , primarily due to higher Operating and maintenance expense attributable to increased storm restoration costs as a result of winter storms in March 2018, partially offset by higher Operating revenues net of purchase power and fuel expense attributable to favorable weather. The TCJA did not impact PECO's Net income for the three months ended March 31, 2018 as the favorable income tax impacts were fully offset by lower revenues resulting from the pass back of the tax savings through customer rates.

Revenues Net of Purchased Power and Fuel Expense

Electric and natural gas revenue and purchased power and fuel expense are affected by fluctuations in commodity procurement costs. PECO's electric supply and natural gas cost rates charged to customers are subject to adjustments as specifies in the PAPUC-approved tariffs that are designed to recover or refund the difference between the actual cost of electric supply and natural gas and the amount included in rates in accordance with PECO's GSA and PGC, respectively. Therefore, fluctuations in electric supply and natural gas procurement costs have no impact on electric and natural gas revenue net of purchased power and fuel expense.

Electric and natural gas revenue and purchased power and fuel expense are also affected by fluctuations in participation in the Customer Choice Program. All PECO customers have the choice to purchase electricity and natural gas from competitive electric generation and natural gas suppliers, respectively. The customer's Choice of suppliers does not impact the volume of deliveries, but affects revenue collected from customers related to supplied energy and natural gas service. Customer choice program activity has no impact on electric and natural gas revenues net of purchased power and fuel expense.

Retail deliveries purchased from competitive electric generation and natural gas suppliers (as a percentage of kWh and mmcf sales, respectively) for the three months ended March 31, 2018 and 2017 , consisted of the following:

	Three Months Ended March 31,	
	2018	2017
Electric	67%	70%
Natural Gas	25%	25%

Retail customers purchasing electric generation and natural gas from competitive electric generation and natural gas suppliers at March 31, 2018 and 2017 consisted of the following:

	March 31, 2018		March 31, 2017	
	Number of customers	% of total retail customers	Number of customers	% of total retail customers
Electric	557,700	34%	589,700	36%
Natural Gas	83,800	16%	81,300	16%

The changes in PECO's Operating revenues net of purchased power and fuel expense for the three months ended March 31, 2018 compared to the same period in 2017 consisted of the following:

	Three Months Ended March 31, 2018		
	Increase (Decrease)		
	Electric	Natural Gas	Total
Weather	$ 17	$ 12	$ 29
Volume	—	3	3
Pricing	(7)	(6)	(13)
Regulatory required programs	(2)	—	(2)
Other	9	(2)	7
Total increase	$ 17	$ 7	$ 24

Weather. The demand for electricity and natural gas is affected by weather conditions. With respect to the electric business, very warm weather in summer months and, with respect to the electric and natural gas businesses, very cold weather in winter months are referred to as "favorable weather conditions" because these weather conditions result in increased deliveries of electricity and natural gas. Conversely, mild weather reduces demand. During the three months ended March 31, 2018 compared to the same period in 2017 , Operating revenue net of purchased power and fuel increased due to favorable weather conditions.

Heating and cooling degree days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree days for a 30-year period in PECO's service territory. The changes in heating and cooling degree days in PECO's service territory for the three months ended March 31, 2018 compared to the same periods in 2017 and normal weather consisted of the following:

Heating and Cooling Degree-Days				% Change	
Three Months Ended March 31,	2018	2017	Normal	2018 vs. 2017	2018 vs. Normal
Heating Degree-Days	2,418	2,094	2,444	15.5%	(1.1)%
Cooling Degree-Days	—	—	1	—%	(100.0)%

Volume. Operating revenue net of purchased power related to delivery volume, exclusive of the effects of weather, for the three months ended March 31, 2018 compared to the same period in 2017 , remained relatively consistent. Operating revenue net of fuel expense for the three months ended March 31, 2018 compared to the same period in 2017 increased due to strong customer growth and moderate economic growth.

Pricing. Operating revenues net of purchased power as a result of pricing for the three months ended March 31, 2018 compared to the same period in 2017 decreased primarily due to the pass back through customers rates the tax savings associated with the lower federal income tax rate. See Note 6 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Regulatory Required Programs. This represents the change in Operating revenues collected under approved riders to recover costs incurred for regulatory programs such as smart meter, energy efficiency and the GSA. The riders are designed to provide full and current cost recovery as well as a return. The costs of these programs are included in Operating and maintenance expense, Depreciation and amortization expense and Income taxes. Refer to the Operating and maintenance expense discussion below for additional information on included programs.

Other. Other revenue, which can vary period to period, primarily includes wholesale transmission revenue, rental revenue, revenue related to late payment charges and assistance provided to other utilities through mutual assistance programs.

Operating and Maintenance Expense

	Three Months Ended March 31,		Increase (Decrease)
	2018	2017	
Operating and maintenance expense — baseline	$ 259	$ 196	$ 63
Operating and maintenance expense — regulatory required programs [(a)]	16	12	4
Total operating and maintenance expense	$ 275	$ 208	$ 67

(a) Operating and maintenance expenses for regulatory required programs are costs for various legislative and/or regulatory programs that are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in Operating revenues.

The changes in Operating and maintenance expense for the three months ended March 31, 2018 compared to the same period in 2017 , consisted of the following:

	Three Months Ended March 31, 2018
	Increase (Decrease)
Baseline	
Labor, other benefits, contracting and materials	$ 5
Storm-related costs [(a)]	59
Pension and non-pension postretirement benefits expense	(2)
Other	1
	63
Regulatory Required Programs	
Energy efficiency	4
Total increase	$ 67

(a) Reflects increased costs incurred from the Q1 2018 winter storms.

Depreciation and Amortization Expense

The changes in Depreciation and amortization expense increased primarily due to ongoing capital spend for the three months ended March 31, 2018 compared to the same period in 2017 .

Taxes Other Than Income

Taxes other than income, which can vary period to period, include municipal and state utility taxes, real estate taxes and payroll taxes. Taxes other than income increased for the three months ended March 31, 2018 compared to the same period in 2017 due to an increase in gross receipts tax driven by an increase in electric revenue.

Interest Expense, Net

Interest expense, net for the three months ended March 31, 2018 remained relatively consistent compared to the same period in 2017 .

Other, Net

Other, net for the three months ended March 31, 2018 remained consistent compared to the same period in 2017 .

Effective Income Tax Rate

PECO's effective income tax rate was (1.8)% and 22.1% for the three months ended March 31, 2018 and 2017 , respectively. The decrease in the effective income tax rate for the three months ended March 31, 2018 as compared to the same period in 2017 is primarily due to the lower federal income tax rate as a result of the TCJA. See Note 12 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

PECO Electric Operating Statistics

Retail Deliveries to Customers (in GWhs)	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017	% Change	Weather - Normal % Change
Retail Deliveries [a]				
Residential	3,628	3,378	7.4 %	0.1 %
Small commercial & industrial	2,029	1,976	2.7 %	(1.0)%
Large commercial & industrial	3,703	3,626	2.1 %	2.0 %
Public authorities & electric railroads	197	224	(12.1)%	(12.1)%
Total retail deliveries	9,557	9,204	3.8 %	0.3 %

Number of Electric Customers	As of March 31, 2018	As of March 31, 2017
Residential	1,474,555	1,461,662
Small commercial & industrial	151,947	150,580
Large commercial & industrial	3,113	3,100
Public authorities & electric railroads	9,541	9,798
Total	1,639,156	1,625,140

(a) Reflects delivery volumes from customers purchasing electricity directly from PECO and customers purchasing electricity from a competitive electric generation supplier as all customers are assessed distribution charges.

PECO Natural Gas Operating Statistics

Deliveries to Customers (in mmcf)	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017	% Change	Weather - Normal % Change
Retail Deliveries [a]				
Residential	20,574	18,112	13.6 %	0.9 %
Small commercial & industrial	10,417	9,091	14.6 %	2.8 %
Large commercial & industrial	47	8	487.5 %	460.6 %
Transportation	7,568	7,689	(1.6)%	(7.8)%
Total natural gas deliveries	38,606	34,900	10.6 %	(0.3)%

Number of Natural Gas Customers	As of March 31, 2018	As of March 31, 2017
Residential	478,565	473,972
Small commercial & industrial	44,053	43,705
Large commercial & industrial	4	4
Transportation	768	775
Total	523,390	518,456

(a) Reflects delivery volumes from customers purchasing natural gas directly from PECO and customers purchasing natural gas from a competitive natural gas supplier as all customers are assessed distribution charges.

See Note 19 — Segment Information of the Combined Notes to Consolidated Financial Statements for the presentation of PECO's revenue disaggregation.

Results of Operations — BGE

	Three Months Ended March 31,		Favorable (Unfavorable) Variance
	2018	2017	
Operating revenues	$ 977	$ 951	$ 26
Purchased power and fuel expense	380	350	(30)
Revenues net of purchased power and fuel expense [(a)]	597	601	(4)
Other operating expenses			
Operating and maintenance	221	183	(38)
Depreciation and amortization	134	128	(6)
Taxes other than income	65	62	(3)
Total other operating expenses	420	373	(47)
Operating income	177	228	(51)
Other income and (deductions)			
Interest expense, net	(25)	(27)	2
Other, net	4	4	—
Total other income and (deductions)	(21)	(23)	2
Income before income taxes	156	205	(49)
Income taxes	28	80	52
Net income	$ 128	$ 125	$ 3

(a) BGE evaluates its operating performance using the measures of revenue net of purchased power expense for electric sales and revenue net of fuel expense for gas sales. BGE believes revenues net of purchased power and fuel expense are useful measurements of its performance because they provide information that can be used to evaluate its net revenue from operations. BGE has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, revenues net of purchased power and fuel expense figures are not a presentation defined under GAAP and may not be comparable to other companies' presentations or more useful than the GAAP information provided elsewhere in this report.

Net Income

Three Months Ended March 31, 2018 Compared to Three Months Ended March 31, 2017 . BGE's Net income for the three months ended March 31, 2018 was higher than the same period in 2017 , primarily due to higher transmission revenues, which were partially offset by an increase in Operating and maintenance expense attributable to increased storm restoration costs as a result of winter storms in March 2018. The TCJA did not impact BGE's net income for the three months ended March 31, 2018 as the favorable income tax impacts were predominantly offset by lower revenues resulting from the pass back of the tax savings through customer rates.

Revenues Net of Purchased Power and Fuel Expense

There are certain drivers to Operating revenues that are offset by their impact on Purchased power and fuel expense, such as commodity procurement costs and programs allowing customers to select a competitive electric or natural gas supplier. Operating revenues and Purchased power and fuel expense are affected by fluctuations in commodity procurement costs. BGE's electric and natural gas rates charged to customers are subject to periodic adjustments that are designed to recover or refund the difference between the actual cost of purchased electric power and purchased natural gas and the amount included in rates in accordance with the MDPSC's market-based SOS and gas commodity programs, respectively. Therefore, fluctuations in electric supply and natural gas procurement costs have no impact on Revenues net of purchased power and fuel expense.

Electric and natural gas revenue and purchased power and fuel expense are also affected by fluctuations in the number of customers electing to use a competitive supplier for electricity and/or natural gas. All BGE customers have the choice to purchase electricity and natural gas from competitive suppliers. The customers' choice of suppliers does not impact the volume of deliveries, but does affect revenue collected from customers related to supplied electricity and natural gas.

Retail deliveries purchased from competitive electricity and natural gas suppliers (as a percentage of kWh and mmcf sales, respectively) for the three months ended March 31, 2018 and 2017 consisted of the following:

	Three Months Ended March 31,	
	2018	2017
Electric	57%	58%
Natural Gas	46%	48%

The number of retail customers purchasing electricity and natural gas from competitive suppliers at March 31, 2018 and 2017 consisted of the following:

	March 31, 2018		March 31, 2017	
	Number of Customers	% of total retail customers	Number of customers	% of total retail customers
Electric	340,900	26%	339,600	27%
Natural Gas	150,200	22%	149,300	22%

The changes in BGE’s Operating revenues net of purchased power and fuel expense for the three months ended March 31, 2018 , compared to the same period in 2017 , consisted of the following:

	Three Months Ended March 31, 2018		
	Increase (Decrease)		
	Electric	Gas	Total
Distribution revenue	$ (19)	$ (14)	$ (33)
Regulatory required programs	3	3	6
Transmission revenue	13	—	13
Other, net	5	5	10
Total increase (decrease)	$ 2	$ (6)	$ (4)

Distribution Revenue. The decrease in distribution revenues for the three months ended March 31, 2018 , compared to the same period in 2017 , was primarily due to the impact of reduced distribution rates to reflect the lower federal income tax rate. See Note 6 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Revenue Decoupling. The demand for electricity and natural gas is affected by weather and usage conditions. The MDPSC allows BGE to record a monthly adjustment to its electric and natural gas distribution revenue from all residential customers, commercial electric customers, the majority of large industrial electric customers, and all firm service natural gas customers to eliminate the effect of abnormal weather and usage patterns per customer on BGE's electric and natural gas distribution volumes, thereby recovering a specified dollar amount of distribution revenue per customer, by customer

class, regardless of fluctuations in actual consumption levels. This allows BGE to recognize revenue at MDPSC-approved distribution charges per customer, regardless of what BGE's actual distribution volumes were for a billing period. Therefore, while this revenue is affected by customer growth (i.e., increase in the number of customers), it will not be affected by volatility in actual weather or usage conditions (i.e., changes in consumption per customer). BGE bills or credits customers in subsequent months for the difference between approved revenue levels under revenue decoupling and actual customer billings.

Heating and cooling degree days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree days for a 30-year period in BGE's service territory. The changes in heating and cooling degree days in BGE's service territory for the three months ended March 31, 2018 compared to the same period in 2017 consisted of the following:

Heating and Cooling Degree-Days				% Change	
Three Months Ended March 31,	2018	2017	Normal	2018 vs. 2017	2018 vs. Normal
Heating Degree-Days	2,440	2,063	2,391	18.3%	2.0%
Cooling Degree-Days	—	—	—	n/a	n/a

Regulatory Required Programs. Revenue from regulatory required programs are billings for the costs of various legislative and/or regulatory programs that are recoverable from customers on a full and current basis. These programs are designed to provide full cost recovery, as well as a return in certain instances. The costs of these programs are included in Operating and maintenance expense, Depreciation and amortization expense and Taxes other than income in BGE's Consolidated Statements of Operations and Comprehensive Income.

Transmission Revenue. Under a FERC approved formula, transmission revenue varies from year to year based upon rate adjustments to reflect fluctuations in the underlying costs, capital investments being recovered and other billing determinants. The increase in transmission revenue for the three months ended March 31, 2018 , compared to the same period in 2017 , was primarily due to increases in capital investment and operating and maintenance expense recoveries. See Operating and Maintenance Expense below and Note 6 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Other, Net. Other net revenue, which can vary from period to period, primarily includes late payment fees and other miscellaneous revenue such as service application fees, assistance provided to other utilities through BGE's mutual assistance program and recoveries of electric supply and natural gas procurement costs.

Operating and Maintenance Expense

	Three Months Ended March 31,		Increase (Decrease)
	2018	2017	
Operating and maintenance expense — baseline	$ 207	$ 167	$ 40
Operating and maintenance expense — regulatory required programs [(a)]	14	16	(2)
Total operating and maintenance expense	$ 221	$ 183	$ 38

(a) Operating and maintenance expense for regulatory required programs are costs for various legislative and/or regulatory programs that are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in Operating revenues.

The changes in Operating and maintenance expense for the three months ended March 31, 2018 compared to the same period in 2017 , consisted of the following:

	Three Months Ended March 31, 2018 Increase (Decrease)
Baseline	
Storm-related costs [(a)]	$ 27
Labor, other benefits, contracting and materials	4
Uncollectible accounts expense	3
BSC costs	3
Other	3
	40
Regulatory Required Programs	
Other	(2)
Total increase	$ 38

(a) Reflects increased storm restoration costs incurred from the Q1 2018 winter storms.

Depreciation and Amortization

The changes in Depreciation and amortization expense for the three months ended March 31, 2018 compared to the same period in 2017 consisted of the following:

	Three Months Ended March 31, 2018 Increase (Decrease)
Depreciation expense [(a)]	$ 1
Regulatory asset amortization [(b)]	(3)
Regulatory required programs [(c)]	8
Total increase	$ 6

(a) Depreciation expense increased due to ongoing capital expenditures.
(b) Regulatory asset amortization decreased for the three months ended March 31, 2018 compared to the same period in 2017 primarily due to certain regulatory assets that became fully amortized as of December 31, 2017. See Note 6 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.
(c) Depreciation and amortization expenses for regulatory required programs are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in Operating revenues.

Taxes Other Than Income

Taxes other than income, which can vary period to period, include municipal and state utility taxes, real estate taxes and payroll taxes. Taxes other than income for the three months ended March 31, 2018 , compared to the same period in 2017 , remained relatively consistent.

Interest Expense, Net

Interest expense, net for the three months ended March 31, 2018 , compared to the same period in 2017 , remained relatively consistent.

Other, Net

Other, net for the three months ended March 31, 2018 , compared to the same period in 2017 , remained relatively consistent.

Effective Income Tax Rate

BGE's effective income tax rate was 17.9% and 39.0% for the three months ended March 31, 2018 and 2017 , respectively. The decrease in the effective income tax rate for the three months ended March 31, 2018 as compared to the same period in 2017 is primarily due to the lower federal income tax rate as a result of the TCJA. See Note 12 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

BGE Electric Operating Statistics and Detail

Retail Deliveries to Customers (in GWhs)	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017	% Change	Weather - Normal % Change
Retail Deliveries [(a)]				
Residential	3,580	3,127	14.5 %	3.7%
Small commercial & industrial	784	748	4.8 %	2.2%
Large commercial & industrial	3,356	3,268	2.7 %	0.1%
Public authorities & electric railroads	67	68	(1.5)%	8.4%
Total electric deliveries	7,787	7,211	8.0 %	2.0%

Number of Electric Customers	As of March 31, 2018	As of March 31, 2017
Residential	1,163,887	1,153,688
Small commercial & industrial	113,675	113,238
Large commercial & industrial	12,148	12,084
Public authorities & electric railroads	270	279
Total	1,289,980	1,279,289

(a) Reflects delivery volumes from customers purchasing electricity directly from BGE and customers purchasing electricity from a competitive electric generation supplier as all customers are assessed distribution charges.

BGE Natural Gas Operating Statistics and Detail

Deliveries to Customers (in mmcf)	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017	% Change	Weather - Normal % Change
Retail Deliveries [a]				
Residential	21,775	18,117	20.2%	1.8%
Small commercial & industrial	4,774	3,778	26.4%	6.7%
Large commercial & industrial	15,650	14,476	8.1%	1.0%
Other [b]	5,378	2,279	136.0%	n/a
Total natural gas deliveries	47,577	38,650	23.1%	2.0%

Number of Gas Customers	As of March 31, 2018	As of March 31, 2017
Residential	631,594	625,642
Small commercial & industrial	38,443	37,913
Large commercial & industrial	5,874	6,324
Total	675,911	669,879

(a) Reflects delivery volumes from customers purchasing natural gas directly from BGE and customers purchasing natural gas from a competitive natural gas supplier as all customers are assessed distribution charges.
(b) Other natural gas revenue includes off-system sales of 5,378 mmcfs and 2,279 mmcfs for the three months ended March 31, 2018 and 2017 , respectively.

See Note 19 — Segment Information of the Combined Notes to Consolidated Financial Statements for the presentation of BGE's revenue disaggregation.

Results of Operations — PHI

PHI's results of operations include the results of its three reportable segments, Pepco, DPL and ACE for all periods presented below. All material intercompany accounts and transactions have been eliminated in consolidation. A separate specific discussion of the results of operations for Pepco, DPL and ACE is presented elsewhere in this report.

	Three Months Ended March 31,		Favorable (Unfavorable) Variance
	2018	2017	
Operating revenues	$ 1,251	$ 1,175	$ 76
Purchased power and fuel expense	520	461	(59)
Revenues net of purchased power and fuel expense [(a)]	731	714	17
Other operating expenses			
Operating and maintenance	309	256	(53)
Depreciation and amortization	183	167	(16)
Taxes other than income	113	111	(2)
Total other operating expenses	605	534	(71)
Operating income	126	180	(54)
Other income and (deductions)			
Interest expense, net	(63)	(62)	(1)
Other, net	11	13	(2)
Total other income and (deductions)	(52)	(49)	(3)
Income before income taxes	74	131	(57)
Income taxes	9	(9)	(18)
Net income	$ 65	$ 140	$ (75)

(a) PHI evaluates its operating performance using the measure of revenue net of purchased power and fuel expense for electric and natural gas sales. PHI believes revenue net of purchased power and fuel expense is a useful measurement because it provides information that can be used to evaluate its operational performance. PHI has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, Revenue net of purchased power and fuel expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

Net Income

Three Months Ended March 31, 2018 Compared to Three Months Ended March 31, 2017 . PHI's Net income for the three months ended March 31, 2018 was $65 million compared to $140 million for of three months ended March 31, 2017 . The decrease in Net income reflects an increase in Operating and maintenance expense and an increase in the Depreciation and amortization expense partially offset by the impact of increases in electric distribution base rates and natural gas rates within Revenues net of purchased power and fuel expense. The TCJA did not impact PHI's Net income for the three months ended March 31, 2018 as the favorable income tax impacts were fully offset by lower revenues resulting from the pass back of the tax savings through customer rates.

Revenues Net of Purchased Power and Fuel Expense

Operating revenue net of purchased power and fuel expense, which is a non-GAAP measure discussed above, increased by $17 million for the three months ended March 31, 2018 compared to the same period in 2017 . The increase is primarily attributable to the following factors:

- Increase of $11 million at Pepco primarily related to the impact of the new electric distribution base rates charged to customers in Maryland that became effective in October 2017, the impact of new electric distribution base rates charged to customers in the District of Columbia effective August 2017, and the impact of an increase in the Maryland surcharge rate (which is substantially offset in Taxes other than income), partially offset by the impact of reduced distribution rates to reflect the lower federal income tax rate;

- Increase of $11 million at ACE primarily related to higher average residential and commercial customer usage, favorable weather related sales, and the impact of the new electric distribution base rate charged to customers that became effective in October 2017, partially offset by the impact of reduced distribution rates to reflect the lower federal income tax rate;

- Increase of $2 million at DPL primarily related to favorable weather related sales, partially offset by the impact of reduced distribution base rates to reflect the lower federal income tax rate; and

- Decrease of $8 million at PHI Corporate primarily related to lower affiliate revenues at PHISCO as a result of the completion of integration transition activities.

Operating and Maintenance Expense

Operating and maintenance expense increased by $53 million for the three months ended March 31, 2018 compared to the same period in 2017 . The increase is attributable to the following factors:

- Increase of $25 million at DPL primarily due to a write-off of construction work-in-progress, higher uncollectible accounts expense as a result of higher accounts receivable, and the absence of integration cost deferrals from 2017;

- Increase of $17 million at Pepco primarily due to higher uncollectible accounts expense as a result of higher accounts receivable;

- Increase of $14 million at ACE primarily due to an increase in labor and contracting expense; and

- Decrease of $5 million at PHI Corporate primarily related to lower labor expense at PHISCO as a result of the completion of integration transition activities.

Depreciation and Amortization Expense

Depreciation and amortization expense increased by $16 million primarily due to ongoing capital expenditures at Pepco, DPL, and ACE.

Taxes Other Than Income

Taxes other than income for the three months ended March 31, 2018 compared to the same period in 2017 , remained relatively consistent.

Interest Expense, Net

Interest expense, net for the three months ended March 31, 2018 compared to the same period in 2017 , remained relatively consistent.

Other, Net

Other, net for the three months ended March 31, 2018 compared to the same period in 2017 , remained relatively consistent.

Effective Income Tax Rate

PHI's effective income tax rate was 12.2% and (6.9)% for the three months ended March 31, 2018 and 2017 , respectively. The increase in the effective income tax rate for the three months ended March 31, 2018 as compared to the same period in 2017 is primarily due to the absence of unrecognized tax benefits for Pepco, DPL, and ACE from 2017, partially offset by the lower federal income tax rate as a result of the TCJA. See Note 12 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

Results of Operations - Pepco

	Three Months Ended March 31,		Favorable (Unfavorable) Variance
	2018	2017	
Operating revenues	$ 557	$ 530	$ 27
Purchased power expense	182	166	(16)
Revenues net of purchased power expense [(a)]	375	364	11
Other operating expenses			
Operating and maintenance	130	113	(17)
Depreciation and amortization	96	82	(14)
Taxes other than income	93	90	(3)
Total other operating expenses	319	285	(34)
Operating income	56	79	(23)
Other income and (deductions)			
Interest expense, net	(31)	(29)	(2)
Other, net	8	8	—
Total other income and (deductions)	(23)	(21)	(2)
Income before income taxes	33	58	(25)
Income taxes	2	—	(2)
Net income	$ 31	$ 58	$ (27)

(a) Pepco evaluates its operating performance using the measure of revenue net of purchased power expense for electric sales. Pepco believes revenue net of purchased power expense is a useful measurement because it provides information that can be used to evaluate its operational performance. Pepco has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, Revenue net of purchased power expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

Net Income

Three Months Ended March 31, 2018 Compared to Three Months Ended March 31, 2017 . Pepco's Net income for the three months ended March 31, 2018 , was lower than the same period in 2017 , primarily due to higher Operating and maintenance expense attributable to an increase in Uncollectible accounts expense as a result of higher accounts receivable and higher Depreciation and amortization expense attributable to ongoing capital expenditures, partially offset by higher electric distribution base rates charged to customers in Maryland that became effective in October 2017 and higher electric distribution base rates charged to customers in the District of Columbia that became effective August 2017. The TCJA did not impact Pepco's Net income for the three months ended March 31, 2018 as the favorable tax impacts were fully offset by lower revenues resulting from the pass back of the tax savings through customer rates.

Revenues Net of Purchased Power Expense

Operating revenues include revenue from the distribution and supply of electricity to Pepco's customers within its service territories at regulated rates. Operating revenues also include transmission service revenue that Pepco receives as a transmission owner from PJM at rates regulated by FERC. Transmission rates are updated annually based on a FERC-approved formula methodology. Operating revenues also include work and services performed on behalf of customers, including other utilities,

which is generally not subject to price regulation. Work and services includes mutual assistance to other utilities, highway relocation, rentals of pole attachments, late payment fees and collection fees.

Electric revenues and purchased power expense are also affected by fluctuations in participation in the Customer Choice Program. All Pepco customers have the choice to purchase electricity from competitive electric generation suppliers. The customers' choice of supplier does not impact the volume of deliveries, but affects revenue collected from customers related to supplied energy service.

Retail deliveries purchased from competitive electric generation suppliers (as a percentage of kWh sales) for the three months ended March 31, 2018 compared to the same period in 2017 , consisted of the following:

	Three Months Ended March 31,	
	2018	2017
Electric	62%	64%

Retail customers purchasing electric generation from competitive electric generation suppliers at March 31, 2018 and 2017 consisted of the following:

	March 31, 2018		March 31, 2017	
	Number of customers	% of total retail customers	Number of customers	% of total retail customers
Electric	178,859	20%	179,241	21%

Retail deliveries purchased from competitive electric generation suppliers represented 71% of Pepco's retail kWh sales to the District of Columbia customers and 56% of Pepco's retail kWh sales to Maryland customers for the three months ended March 31, 2018 , respectively and 73% of Pepco's retail kWh sales to the District of Columbia customers and 58% of Pepco's retail kWh sales to Maryland customers for the three months ended March 31, 2017 , respectively.

The changes in Pepco's operating revenues net of purchased power expense for the three months ended March 31, 2018 compared to the same period in 2017 consisted of the following:

	Three Months Ended March 31, 2018
	Increase (Decrease)
Volume	$ 3
Distribution revenue	(1)
Regulatory required programs	14
Transmission revenues	(4)
Other	(1)
Total increase	$ 11

Volume . The increase in operating revenue net of purchased power and fuel expense related to delivery volume, exclusive of the effects of weather, for the three months ended March 31, 2018 compared to the same period in 2017 , primarily reflects the impact of residential customer growth.

Distribution Revenue . The decrease in distribution revenues for the three months ended March 31, 2018 compared to the same period in 2017 was primarily due to the impact of reduced distribution

rates to reflect the lower federal income tax rate partially offset by higher electric distribution base rates charged to customers in Maryland that became effective in October 2017 and higher electric distribution base rates charged to customers in the District of Columbia that became effective August 2017. See Note 6 —Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Revenue Decoupling. Pepco's results historically have been seasonal, generally producing higher revenue and income in the warmest and coldest periods of the year. For retail customers of Pepco in Maryland and in the District of Columbia, revenues are not affected by unseasonably warmer or colder weather because a bill stabilization adjustment (BSA) for retail customers was implemented that provides for a fixed distribution charge per customer. The BSA has the effect of decoupling the distribution revenue recognized in a reporting period from the amount of power delivered during the period. As a result, the only factors that will cause distribution revenue from customers in Maryland and the District of Columbia to fluctuate from period to period are changes in the number of customers and changes in the approved distribution charge per customer. Changes in customer usage (due to weather conditions, energy prices, energy efficiency programs or other reasons) from period to period have no impact on reported distribution revenue for customers to whom the BSA applies.

Heating and cooling degree days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree days for a 20-year period in Pepco's service territory. The changes in heating and cooling degree days in Pepco's service territory for the three months ended March 31, 2018 compared to the same period in 2017 and normal weather consisted of the following:

				% Change	
Three Months Ended March 31,	2018	2017	Normal	2018 vs. 2017	2018 vs. Normal
Heating Degree-Days	2,129	1,748	2,129	21.8%	—%
Cooling Degree-Days	4	4	3	—%	33.3%

Regulatory Required Programs. This represents the change in Operating revenues collected under approved riders to recover costs incurred for regulatory programs such as energy efficiency programs. The riders are designed to provide full and current cost recovery as well as a return. The costs of these programs are included in Operating and maintenance expense, Depreciation and amortization expense and Taxes other than income in Pepco's Consolidated Statements of Operations and Comprehensive Income. Refer to the Operating and maintenance expense and Depreciation and amortization expense discussion below for additional information on included programs. Revenue from regulatory required programs increased for the three months ended March 31, 2018 , compared to the same period in 2017 , due to increases in the Maryland and District of Columbia surcharge rates and sales due to higher volumes (which are substantially offset in Taxes other than income and Depreciation and amortization expense).

Transmission Revenues . Under a FERC-approved formula, transmission revenue varies from year to year based upon fluctuations in the underlying costs, capital investments being recovered, the highest daily peak load and other billing adjustments. The decrease in transmission revenues for the three months ended March 31, 2018 compared to the same period in 2017 is a result of a decrease in network transmission service peak loads.

Other. Other revenue, which can vary period to period, includes rental revenue, revenue related to late payment charges, assistance provided to other utilities through mutual assistance programs, and recoveries of other taxes.

Operating and Maintenance Expense

	Three Months Ended March 31,		Increase (Decrease)
	2018	2017	
Operating and maintenance expense - baseline	$ 132	$ 114	$ 18
Operating and maintenance expense - regulatory required programs [(a)]	(2)	(1)	(1)
Total operating and maintenance expense	$ 130	$ 113	$ 17

(a) Operating and maintenance expenses for regulatory required programs are costs for various legislative and/or regulatory programs that are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in Operating revenues.

The changes in Operating and maintenance expense for the three months ended March 31, 2018 compared to the same period in 2017 , consisted of the following:

	Three Months Ended March 31, 2018
	Increase (Decrease)
Baseline	
Uncollectible accounts expense	11
Labor and contracting	2
BSC and PHISCO costs	3
Other	2
	18
Regulatory required programs	
Purchased power administrative costs	(1)
Total increase	$ 17

Depreciation and Amortization Expense

The changes in Depreciation and amortization expense for the three months ended March 31, 2018 compared to the same period in 2017 , consisted of the following:

	Three Months Ended March 31, 2018
	Increase (Decrease)
Depreciation expense [(a)]	$ 3
Regulatory asset amortization [(b)]	8
Regulatory required programs [(c)]	3
Total increase	$ 14

(a) Depreciation expense increased due to ongoing capital expenditures.
(b) Regulatory asset amortization increased for the three months ended March 31, 2018 compared to the same period in 2017, primarily due to higher amortization of DC PLUG regulatory asset. An equal and offsetting amount has been reflected in Operating revenues.
(c) Depreciation and amortization expenses for regulatory required programs are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in Operating revenues and Operating and maintenance expense.

Taxes Other Than Income

Taxes other than income for the three months ended March 31, 2018 compared to the same period in 2017 , increased due to an increase in the utility taxes that are collected and passed through by Pepco (which is substantially offset in Operating revenues).

Interest Expense, Net

Interest expense, net for the three months ended March 31, 2018 compared to the same period in 2017 , remained relatively consistent.

Other, Net

Other, net for the three months ended March 31, 2018 compared to the same period in 2017 remained relatively consistent.

Effective Income Tax Rate

Pepco's effective income tax rate was 6.1% and 0.0% for the three months ended March 31, 2018 and 2017 , respectively. The increase in the effective income tax rate for the three months ended March 31, 2018 as compared to the same period in 2017 is primarily due to the absence of an unrecognized tax benefit from 2017, partially offset by the lower federal income tax rate as a result of the TCJA. See Note 12 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the change in effective income tax rates.

Pepco Electric Operating Statistics and Detail

	Three Months Ended March 31,			
Retail Deliveries to Customers (in GWhs)	2018	2017	% Change	Weather - Normal % Change
Retail Deliveries [(a)]				
Residential	2,283	2,000	14.2 %	3.5 %
Small commercial & industrial	346	326	6.1 %	1.8 %
Large commercial & industrial	3,670	3,485	5.3 %	3.3 %
Public authorities & electric railroads	176	190	(7.4)%	(7.9)%
Total retail deliveries	6,475	6,001	7.9 %	3.0 %

	As of March 31,	
Number of Electric Customers	2018	2017
Residential	797,105	785,016
Small commercial & industrial	53,602	53,640
Large commercial & industrial	21,718	21,413
Public authorities & electric railroads	146	136
Total	872,571	860,205

(a) Reflects delivery volumes from customers purchasing electricity directly from Pepco and customers purchasing electricity from a competitive electric generation supplier as all customers are assessed distribution charges.

See Note 19 — Segment Information of the Combined Notes to Consolidated Financial Statements for the presentation of Pepco's revenue disaggregation.

Results of Operations - DPL

	Three Months Ended March 31,		Favorable (Unfavorable) Variance
	2018	2017	
Operating revenues	$ 384	$ 362	$ 22
Purchased power and fuel expense	177	157	(20)
Revenues net of purchased power and fuel expense [(a)]	207	205	2
Other operating expenses			
Operating and maintenance	98	73	(25)
Depreciation and amortization	45	39	(6)
Taxes other than income	15	15	—
Total other operating expenses	158	127	(31)
Operating income	49	78	(29)
Other income and (deductions)			
Interest expense, net	(13)	(13)	—
Other, net	2	3	(1)
Total other income and (deductions)	(11)	(10)	(1)
Income before income taxes	38	68	(30)
Income taxes	7	11	4
Net income	$ 31	$ 57	$ (26)

(a) DPL evaluates its operating performance using the measure of revenue net of purchased power expense for electric sales and revenue net of fuel expense for natural gas sales. DPL believes revenue net of purchased power expense and revenue net of fuel expense are useful measurements because they provide information that can be used to evaluate its operational performance. DPL has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, Revenue net of purchased power expense and Revenue net of fuel expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

Net Income

Three Months Ended March 31, 2018 Compared to Three Months Ended March 31, 2017 . DPL's Net income for the three months ended March 31, 2018 , was lower than the same period in 2017 primarily due to higher Operating and maintenance expense attributable to an increase in Uncollectible accounts expense as a result of higher accounts receivable, an absence of integration cost deferrals from 2017 and a write-off of construction work in progress. The TCJA did not impact DPL's Net income for the three months ended March 31, 2018 as the favorable tax impacts were fully offset by lower revenues resulting from the pass back of the tax savings through customer rates.

Revenues Net of Purchased Power and Fuel Expense

Operating revenues include revenue from the distribution and supply of electricity and natural gas to DPL's customers within its service territories at regulated rates. Operating revenues also include transmission service revenue that DPL receives as a transmission owner from PJM at rates regulated by FERC. Transmission rates are updated annually based on a FERC-approved formula methodology. Operating revenues also include work and services performed on behalf of customers, including other utilities, which is generally not subject to price regulation. Work and services includes mutual assistance to other utilities, highway relocation, rentals of pole attachments, late payment fees and collection fees.

Natural gas operating revenue includes sources that are subject to price regulation (Regulated Gas Revenue) and those that generally are not subject to price regulation (Other Gas Revenue). Regulated

gas revenue includes the revenue DPL receives from on-system natural gas delivered sales and the transportation of natural gas for customers within its service territory at regulated rates. Other gas revenue consists of off-system natural gas sales and the short-term release of interstate pipeline transportation and storage capacity not needed to serve customers. Off-system sales are made possible when low demand for natural gas by regulated customers creates excess pipeline capacity.

Electric and natural gas revenues and purchased power and fuel expense are also affected by fluctuations in participation in the Customer Choice Program. All DPL customers have the choice to purchase electricity and natural gas from competitive electric generation and natural gas suppliers, respectively. The customers' choice of suppliers does not impact the volume of deliveries, but affects revenue collected from customers related to supplied energy and natural gas service.

Retail deliveries purchased from competitive electric generation and natural gas suppliers (as a percentage of kWh and mmcf sales, respectively) for the three months ended March 31, 2018 and 2017 , consisted of the following:

	Three Months Ended March 31,	
	2018	2017
Electric	46%	50%
Natural Gas	24%	27%

Retail customers purchasing electric generation and natural gas from competitive electric generation and natural gas suppliers at March 31, 2018 and 2017 consisted of the following:

	March 31, 2018		March 31, 2017	
	Number of customers	% of total retail customers	Number of customers	% of total retail customers
Electric	75,280	14.4%	79,270	15.2%
Natural Gas	155	0.1%	156	0.1%

Retail deliveries purchased from competitive electric generation suppliers represented 48% of DPL’s retail kWh sales to Delaware customers and 41% of DPL's retail kWh sales to Maryland customers for the three months ended March 31, 2018 , respectively and 53% of DPL's retail kWh sales to Delaware customers and 45% of DPL's retail kWh sales to Maryland customers for the three months ended March 31, 2017 , respectively.

The changes in DPL's Operating revenues net of purchased power and fuel expense for the three months ended March 31, 2018 compared to the same period in 2017 consisted of the following:

	Three Months Ended March 31, 2018		
	Increase (Decrease)		
	Electric	Gas	Total
Weather	$ 5	$ 7	$ 12
Volume	2	(1)	1
Distribution revenue	(8)	(5)	(13)
Transmission revenues	1	—	1
Other	1	—	1
Total increase	$ 1	$ 1	$ 2

Revenue Decoupling . DPL's results historically have been seasonal, generally producing higher revenue and income in the warmest and coldest periods of the year. For retail customers of DPL in Maryland, revenues are not affected by unseasonably warmer or colder weather because a bill stabilization adjustment (BSA) for retail customers was implemented that provides for a fixed distribution charge per customer. The BSA has the effect of decoupling the distribution revenue recognized in a reporting period from the amount of power delivered during the period. As a result, the only factors that will cause distribution revenue from customers in Maryland to fluctuate from period to period are changes in the number of customers and changes in the approved distribution charge per customer. A modified fixed variable rate design, which would provide for a charge not tied to a customer's volumetric consumption of electricity or natural gas, has been proposed for DPL electricity and natural gas customers in Delaware. Changes in customer usage (due to weather conditions, energy prices, energy efficiency programs or other reasons) from period to period have no impact on reported distribution revenue for customers to whom the BSA applies.

Weather. The demand for electricity and natural gas in areas not subject to the BSA is affected by weather conditions. With respect to the electric business, very warm weather in summer months and, with respect to the electric and natural gas businesses, very cold weather in winter months are referred to as "favorable weather conditions" because these weather conditions result in increased deliveries of electricity and natural gas. Conversely, mild weather reduces demand. During the three months ended March 31, 2018 compared to the same period in 2017 , operating revenue net of purchased power and fuel expense was higher due to the impact of favorable weather conditions in DPL's service territory.

Heating and cooling degree days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree days for a 20-year period in DPL's electric service territory and a 30-year period in DPL's natural gas service territory. The changes in heating and cooling degree days in DPL's service territory for the three months ended March 31, 2018 compared to the same period in 2017 and normal weather consisted of the following:

Electric Service Territory				% Change	
Three Months Ended March 31,	2018	2017	Normal	2018 vs. 2017	2018 vs. Normal
Heating Degree-Days	2,415	2,094	2,407	15.3%	0.3 %
Cooling Degree-Days	1	—	2	100.0%	(50.0)%

Natural Gas Service Territory				% Change	
Three Months Ended March 31,	2018	2017	Normal	2017 vs. 2016	2017 vs. Normal
Heating Degree-Days	2,504	2,171	2,502	15.3%	0.1%

Volume . The increase in operating revenue net of purchased power and fuel expense related to delivery volume, exclusive of the effects of weather, for the three months ended March 31, 2018 compared to the same period in 2017 , primarily reflects the impact of increased average residential and commercial customer usage.

Distribution Revenue . The decrease in distribution revenues for the three months ended March 31, 2018 compared to the same period in 2017 was primarily due to the impact of reduced distribution rates to reflect the lower federal income tax rate. See Note 6 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Transmission Revenues . Under a FERC-approved formula, transmission revenue varies from year to year based upon fluctuations in the underlying costs, capital investments being recovered, the highest daily peak load and other billing adjustments. The transmission revenues for the three months ended March 31, 2018 compared to the same period in 2017 remained relatively consistent.

Other. Other revenue, which can vary period to period, includes rental revenue, revenue related to late payment charges, assistance provided to other utilities through mutual assistance programs, and recoveries of other taxes.

Operating and Maintenance Expense

	Three Months Ended March 31,		
	2018	2017	Increase (Decrease)
Operating and maintenance expense - baseline	$ 97	$ 72	$ 25
Operating and maintenance expense - regulatory required programs [(a)]	1	1	—
Total operating and maintenance expense	$ 98	$ 73	$ 25

(a) Reflects accumulated integration costs that were deferred as regulatory assets in 2017.

The changes in Operating and maintenance expense for the three months ended March 31, 2018 compared to the same period in 2017 , consisted of the following:

	Three Months Ended March 31, 2018
	Increase (Decrease)
Baseline	
Uncollectible accounts expense	8
Write-off of construction work in progress	7
Merger commitments [(a)]	8
Other	2
Total increase	$ 25

(a) Reflects an absence of integration cost deferrals from 2017.

Depreciation and Amortization Expense

The changes in Depreciation and amortization expense for the three months ended March 31, 2018 compared to the same period in 2017 consisted of the following:

	Three Months Ended March 31, 2018
	Increase (Decrease)
Depreciation expense [(a)]	$ 2
Regulatory asset amortization	4
Total increase	$ 6

(a) Depreciation expense increased due to ongoing capital expenditures.

Taxes Other Than Income

Taxes other than income for the three months ended March 31, 2018 compared to the same period in 2017 remained relatively consistent.

Interest Expense, Net

Interest expense, net for the three months ended March 31, 2018 compared to the same period in 2017 remained relatively consistent.

Other, Net

Other, net for the three months ended March 31, 2018 compared to the same period in 2017 remained relatively consistent.

Effective Income Tax Rate

DPL's effective income tax rate was 18.4% and 16.2% for the three months ended March 31, 2018 and 2017 , respectively. The increase in the effective income tax rate for the three months ended March 31, 2018 as compared to the same period in 2017 is primarily due to the absence of an unrecognized tax benefit from 2017, partially offset by the lower federal income tax rate as a result of the TCJA. See Note 12 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

DPL Electric Operating Statistics and Detail

Retail Deliveries to Customers (in GWhs)	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017	% Change	Weather - Normal % Change
Retail Deliveries [(a)]				
Residential	1,551	1,359	14.1 %	3.5 %
Small commercial & industrial	569	531	7.2 %	3.8 %
Large commercial & industrial	1,079	1,064	1.4 %	(0.2)%
Public authorities & electric railroads	12	13	(7.7)%	(7.7)%
Total retail deliveries	3,211	2,967	8.2 %	2.2 %

Number of Electric Customers	As of March 31, 2018	As of March 31, 2017
Residential	460,863	457,663
Small commercial & industrial	60,962	60,289
Large commercial & industrial	1,383	1,411
Public authorities & electric railroads	625	642
Total	523,833	520,005

(a) Reflects delivery volumes from customers purchasing electricity directly from DPL and customers purchasing electricity from a competitive electric generation supplier as all customers are assessed distribution charges.

DPL Natural Gas Operating Statistics and Detail

Retail Deliveries to Customers (in mmcf)	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017	% Change	Weather - Normal % Change
Retail Deliveries [a]				
Residential	4,485	3,741	19.9%	3.6 %
Small commercial & industrial	1,878	1,686	11.4%	(5.0)%
Large commercial & industrial	516	505	2.2%	2.2 %
Transportation	2,213	2,168	2.1%	(2.0)%
Total natural gas deliveries	9,092	8,100	12.2%	0.3 %

Number of Gas Customers	As of March 31, 2018	As of March 31, 2017
Residential	123,062	121,362
Small commercial & industrial	9,873	9,837
Large commercial & industrial	17	18
Transportation	155	156
Total	133,107	131,373

(a) Reflects delivery volumes from customers purchasing natural gas directly from DPL and customers purchasing natural gas from a competitive natural gas supplier as all customers are assessed distribution charges.

See Note 19 — Segment Information of the Combined Notes to Consolidated Financial Statements for the presentation of DPL's revenue disaggregation.

Results of Operations - ACE

	Three Months Ended March 31,		Favorable (Unfavorable) Variance
	2018	2017	
Operating revenues	$ 310	$ 275	$ 35
Purchased power expense	161	137	(24)
Revenues net of purchased power expense [(a)]	149	138	11
Other operating expenses			
Operating and maintenance	90	76	(14)
Depreciation and amortization	33	35	2
Taxes other than income	3	2	(1)
Total other operating expenses	126	113	(13)
Operating income	23	25	(2)
Other income and (deductions)			
Interest expense, net	(16)	(15)	(1)
Other, net	1	2	(1)
Total other income and (deductions)	(15)	(13)	(2)
Income before income taxes	8	12	(4)
Income taxes	1	(16)	(17)
Net income	$ 7	$ 28	$ (21)

(a) ACE evaluates its operating performance using the measure of revenue net of purchased power expense for electric sales. ACE believes Revenue net of purchased power expense is a useful measurement of its performance because it provides information that can be used to evaluate its operational performance. ACE has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, Revenue net of purchased power expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

Net Income

Three Months Ended March 31, 2018 Compared to Three Months Ended March 31, 2017 . ACE's Net income for the three months ended March 31, 2018 , was lower than the same period in 2017 , primarily due to higher Income tax expense as a result of a decrease in unrecognized tax liabilities during 2017 and an increase in Operating and maintenance expenses attributable to higher labor and contracting expenses, partially offset by an increase in Revenues net of purchased power expense resulting from higher distribution revenues due to higher average residential and commercial customer usage, favorable weather related sales, and the impact of electric distribution base rate increases approved by the NJBPU effective October 2017. The TCJA did not impact ACE's Net income for the three months ended March 31, 2018 as the favorable income tax impacts were fully offset by lower revenues resulting from the pass back of the tax savings through customer rates.

Revenues Net of Purchased Power Expense

Operating revenues include revenue from the distribution and supply of electricity to ACE's customers within its service territories at regulated rates. Operating revenues also include transmission service revenue that ACE receives as a transmission owner from PJM at rates regulated by FERC. Transmission rates are updated annually based on a FERC-approved formula methodology. Operating revenues also include revenue from Transition Bond Charges that ACE receives, and pays to ACE Funding, to fund the principal and interest payments on Transition Bonds, revenue from the resale in

the PJM wholesale markets for energy and capacity purchased under contacts with unaffiliated NUGs, and revenue from transmission enhancement credits. Operating revenues also include work and services performed on behalf of customers, including other utilities, which is generally not subject to price regulation. Work and services includes mutual assistance to other utilities, highway relocation, rentals of pole attachments, late payment fees and collection fees.

Electric revenues and purchased power expense are also affected by fluctuations in participation in the Customer Choice Program. All ACE customers have the choice to purchase electricity from competitive electric generation suppliers. The customer's choice of supplier does not impact the volume of deliveries, but affects revenue collected from customers related to supplied energy service.

Retail deliveries purchased from competitive electric generation suppliers (as a percentage of kWh sales) for the three months ended March 31, 2018 , compared to the same period in 2017 , consisted of the following:

	Three Months Ended March 31,	
	2018	2017
Electric	47%	49%

Retail customers purchasing electric generation from competitive electric generation suppliers at March 31, 2018 and 2017 consisted of the following:

	March 31, 2018		March 31, 2017	
	Number of customers	% of total retail customers	Number of customers	% of total retail customers
Electric	85,462	15%	93,896	17%

The changes in ACE's operating revenue net of purchased power expense for the three months ended March 31, 2018 compared to the same period in 2017 consisted of the following:

	Three Months Ended March 31, 2018
	Increase (Decrease)
Weather	$ 3
Volume	7
Distribution revenue	3
Regulatory required programs	(2)
Transmission revenues	(1)
Other	1
Total increase	$ 11

Weather. The demand for electricity is affected by weather conditions. With respect to the electric business, very warm weather in summer months and very cold weather in winter months are referred to as “favorable weather conditions” because these weather conditions result in increased deliveries of electricity. Conversely, mild weather reduces demand. During the three months ended March 31, 2018 compared to the same period in 2017 , operating revenue net of purchased power and fuel expense was higher due to the impact of favorable weather conditions in ACE's service territory.

For retail customers of ACE, distribution revenues are not decoupled from the distribution of electricity by ACE, and thus are subject to variability due to changes in customer consumption. Therefore, changes in customer usage (due to weather conditions, energy prices, energy savings programs or other reasons) from period to period have a direct impact on reported distribution revenue for customers in ACE's service territory.

Heating and cooling degree days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree days for a 20-year period in ACE’s service territory. The changes in heating and cooling degree days in ACE’s service territory for the three months ended March 31, 2018 compared to the same period in 2017 consisted of the following:

				% Change	
Three Months Ended March 31,	2018	2017	Normal	2018 vs. 2017	2018 vs. Normal
Heating Degree-Days	2,413	2,150	2,474	12.2%	(2.5)%
Cooling Degree-Days	—	—	1	—%	(100.0)%

Volume. During the three months ended March 31, 2018 , compared to the same period in 2017 , the increase in operating revenue net of purchased power expense related to delivery volume, exclusive of the effects of weather, is primarily due to higher average residential and commercial customer usage.

Distribution Revenue. The increase in distribution revenue for the three months ended March 31, 2018 , compared to the same period in 2017 , was primarily due to higher electric distribution base rates charged to customers that became effective in October 2017, partially offset by the impact of reduced distribution rates to reflect the lower federal income tax rate. See Note 6 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Regulatory Required Programs. This represents the change in operating revenues collected under approved riders to recover costs incurred for regulatory programs such as energy efficiency programs. The riders are designed to provide full and current cost recovery as well as a return. The costs of these programs are included in Operating and maintenance expense, Depreciation and amortization expense and Taxes other than income in ACE's Consolidated Statements of Operations and Comprehensive Income. Revenue from regulatory required programs decreased for the three months ended March 31, 2018 , compared to the same period in 2017 , due to a rate decrease effective October 2017 for the ACE Transition Bonds.

Transmission Revenues. Under a FERC-approved formula, transmission revenue varies from year to year based upon fluctuations in the underlying costs, capital investments being recovered, the highest daily peak load and other billing adjustments. The transmission revenue net of purchased power expense remained relatively consistent for the three months ended March 31, 2018 compared to the same period in 2017 .

Other. Other revenue, which can vary period to period, includes rental revenue, revenue related to late payment charges, assistance provided to other utilities through mutual assistance programs, and recoveries of other taxes.

Operating and Maintenance Expense

	Three Months Ended March 31,		Increase (Decrease)
	2018	2017	
Operating and maintenance expense - baseline	$ 87	$ 75	$ 12
Operating and maintenance expense - regulatory required programs [(a)]	3	1	2
Total operating and maintenance expense	$ 90	$ 76	$ 14

(a) Operating and maintenance expenses for regulatory required programs are costs for various legislative and/or regulatory programs that are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in Operating revenues.

The changes in Operating and maintenance expense for the three months ended March 31, 2018 compared to the same period in 2017 consisted of the following:

	Three Months Ended March 31, 2018
	Increase (Decrease)
Baseline	
Labor and contracting	$ 9
Uncollectible accounts expense [(a)]	3
	12
Regulatory required programs	
Purchased power administrative costs	2
Total increase	$ 14

(a) The uncollectible accounts expense is offset in Operating revenues.

Depreciation and Amortization Expense

The changes in Depreciation and amortization expense for the three months ended March 31, 2018 compared to the same period in 2017 consisted of the following:

	Three Months Ended March 31, 2018
	Increase (Decrease)
Depreciation expense [(a)]	$ 1
Regulatory asset amortization	1
Regulatory required programs [(b)]	(4)
Total decrease	$ (2)

(a) Depreciation expense increased due to ongoing capital expenditures.
(b) Regulatory required programs decreased for the three months ended March 31, 2018 compared to the same period in 2017 as a result of lower revenue due to rate decreases effective October 2017 for the ACE Transition Bonds. Depreciation and amortization expenses for regulatory required programs are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in Operating revenues and Operating and maintenance expense.

Taxes Other Than Income

Taxes other than income for the three months ended March 31, 2018 compared to the same period in 2017 , remained relatively consistent.

Interest Expense, Net

Interest expense, net for the three months ended March 31, 2018 compared to the same period in 2017 remained relatively consistent.

Other, Net

Other, net for the three months ended March 31, 2018 compared to the same period in 2017 , remained relatively consistent.

Effective Income Tax Rate

ACE's effective income tax rate was 12.5% and (133.3)% for the three months ended March 31, 2018 and 2017 , respectively. The increase in the effective income tax rate for the three months ended March 31, 2018 as compared to the same period in 2017 is primarily due to the absence of an unrecognized tax benefit from 2017, partially offset by the lower federal income tax rate as a result of the TCJA. See Note 12 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

ACE Electric Operating Statistics and Detail

Retail Deliveries to Customers (in GWhs)	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017	% Change	Weather - Normal % Change
Retail Deliveries [(a)]				
Residential	990	879	12.6%	7.4%
Small commercial & industrial	314	283	11.0%	9.0%
Large commercial & industrial	824	765	7.7%	6.9%
Public authorities & electric railroads	15	13	15.4%	15.4%
Total retail deliveries	2,143	1,940	10.5%	7.5%

Number of Electric Customers	As of March 31, 2018	As of March 31, 2017
Residential	488,495	485,691
Small commercial & industrial	61,059	60,999
Large commercial & industrial	3,611	3,761
Public authorities & electric railroads	643	612
Total	553,808	551,063

(a) Reflects delivery volumes from customers purchasing electricity directly from ACE and customers purchasing electricity from a competitive electric generation supplier as all customers are assessed distribution charges.

See Note 19 — Segment Information of the Combined Notes to Consolidated Financial Statements for the presentation of ACE's revenue disaggregation.

Liquidity and Capital Resources

All results included throughout the liquidity and capital resources section are presented on a GAAP basis.

The Registrants' operating and capital expenditures requirements are provided by internally generated cash flows from operations as well as funds from external sources in the capital markets and through bank borrowings. The Registrants' businesses are capital intensive and require considerable capital resources. Each Registrant's access to external financing on reasonable terms depends on its credit ratings and current overall capital market business conditions, including that of the utility industry in general. If these conditions deteriorate to the extent that the Registrants no longer have access to the capital markets at reasonable terms, the Registrants have access to unsecured revolving credit facilities with aggregate bank commitments of $9 billion . In addition, Generation has $545 million in bilateral facilities with banks which have various expirations between January 2019 and December 2019. The Registrants utilize their credit facilities to support their commercial paper programs, provide for other short-term borrowings and to issue letters of credit. See the "Credit Matters" section below for further discussion. The Registrants expect cash flows to be sufficient to meet operating expenses, financing costs and capital expenditure requirements.

The Registrants primarily use their capital resources, including cash, to fund capital requirements, including construction expenditures, retire debt, pay dividends, fund pension and other postretirement benefit obligations and invest in new and existing ventures. The Registrants spend a significant amount of cash on capital improvements and construction projects that have a long-term return on investment. Additionally, ComEd, PECO, BGE, Pepco, DPL and ACE operate in rate-regulated environments in which the amount of new investment recovery may be delayed or limited and where such recovery takes place over an extended period of time. See Note 11 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for further discussion of the Registrants' debt and credit agreements.

NRC Minimum Funding Requirements

NRC regulations require that licensees of nuclear generating facilities demonstrate reasonable assurance that sufficient funds will be available in certain minimum amounts to decommission the facility. These NRC minimum funding levels are based upon the assumption that decommissioning activities will commence after the end of the current licensed life of each unit. If a unit fails the NRC minimum funding test, then the plant's owners or parent companies would be required to take steps, such as providing financial guarantees through letters of credit or parent company guarantees or making additional cash contributions to the NDT fund to ensure sufficient funds are available. See Note 13 — Nuclear Decommissioning of the Combined Notes to Consolidated Financial Statements for additional information on the NRC minimum funding requirements.

If a nuclear plant were to early retire there is a risk that it will no longer meet the NRC minimum funding requirements due to the earlier commencement of decommissioning activities and a shorter time period over which the NDT fund investments could appreciate in value. A shortfall could require Exelon to post parental guarantees for Generation's share of the obligations. However, the amount of any required guarantees will ultimately depend on the decommissioning approach adopted at each site, the associated level of costs, and the decommissioning trust fund investment performance going forward. Within two years after shutting down a plant, Generation must submit a post-shutdown decommissioning activities report (PSDAR) to the NRC that includes the planned option for decommissioning the site. As discussed in Note 13 — Nuclear Decommissioning of the Combined Notes to Consolidated Financial Statements, Generation filed its annual decommissioning funding status report with the NRC on March 28, 2018 for shutdown reactors and reactors within five years of shut down. As of March 31, 2018 , across the alternative decommissioning approaches available, Exelon would not be required to post a

parental guarantee for TMI or Oyster Creek. In the event PSEG decides to early retire Salem, Generation estimates a parental guarantee of up to $55 million from Exelon could be required for Salem, dependent upon the ultimate decommissioning approach selected .

Upon issuance of any required financial guarantees, each site would be able to utilize the respective NDT funds for radiological decommissioning costs, which represent the majority of the total expected decommissioning costs. However, the NRC must approve an additional exemption in order for the plant's owner(s) to utilize the NDT fund to pay for non-radiological decommissioning costs (i.e., spent fuel management and site restoration costs). If a unit does not receive this exemption, the costs would be borne by the owner(s). While the ultimate amounts may vary greatly and could be reduced by alternate decommissioning scenarios and/or reimbursement of certain costs under the DOE reimbursement agreements or future litigation, across the four alternative decommissioning approaches available, if TMI or Oyster Creek were to fail to obtain the exemption, Generation estimates it could incur spent fuel management and site restoration costs over the next ten years of up to $235 million and $205 million net of taxes, respectively, dependent upon the ultimate decommissioning approach selected. In the event PSEG decides to early retire Salem and Salem were to fail to obtain the exemption, Generation estimates it could incur spent fuel management and site restoration costs over the next ten years of up to $90 million net of taxes.

Cash Flows from Operating Activities

General

Generation's cash flows from operating activities primarily result from the sale of electric energy and energy-related products and services to customers. Generation's future cash flows from operating activities may be affected by future demand for and market prices of energy and its ability to continue to produce and supply power at competitive costs as well as to obtain collections from customers.

The Utility Registrants' cash flows from operating activities primarily result from the transmission and distribution of electricity and, in the case of PECO, BGE and DPL, gas distribution services. The Utility Registrants' distribution services are provided to an established and diverse base of retail customers. The Utility Registrants' future cash flows may be affected by the economy, weather conditions, future legislative initiatives, future regulatory proceedings with respect to their rates or operations, competitive suppliers, and their ability to achieve operating cost reductions.

See Notes 3 — Regulatory Matters and 23 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements of the Exelon 2017 Form 10-K for further discussion of regulatory and legal proceedings and proposed legislation.

The following table provides a summary of the major items affecting Exelon's cash flows from operations for the three months ended March 31, 2018 and 2017 :

	Three Months Ended March 31,		
	2018	2017	Variance
Net income	$ 636	$ 971	$ (335)
Add (subtract):			
Non-cash operating activities [(a)]	1,998	1,229	769
Pension and non-pension postretirement benefit contributions	(331)	(307)	(24)
Income taxes	86	50	36
Changes in working capital and other noncurrent assets and liabilities [(b)]	(646)	(753)	107
Option premiums received (paid), net	(27)	(6)	(21)
Collateral (posted) received, net	(214)	(110)	(104)
Net cash flows provided by operations	$ 1,502	$ 1,074	$ 428

(a) Represents depreciation, amortization and accretion, net fair value changes related to derivatives, deferred income taxes, provision for uncollectible accounts, pension and other postretirement benefit expense, equity in earnings and losses of unconsolidated affiliates and investments, decommissioning-related items, stock compensation expense, impairment of long-lived assets and other non-cash charges. See Note 18 — Supplemental Financial Information of the Combined Notes to Consolidated Financial Statements for further detail on non-cash operating activity.

(b) Changes in working capital and other noncurrent assets and liabilities exclude the changes in commercial paper, income taxes and the current portion of long-term debt.

Pension and Other Postretirement Benefits

Management considers various factors when making pension funding decisions, including actuarially determined minimum contribution requirements under ERISA, contributions required to avoid benefit restrictions and at-risk status as defined by the Pension Protection Act of 2006 (the Act), management of the pension obligation and regulatory implications. The Act requires the attainment of certain funding levels to avoid benefit restrictions (such as an inability to pay lump sums or to accrue benefits prospectively), and at-risk status (which triggers higher minimum contribution requirements and participant notification).

To the extent interest rates decline significantly or the pension and OPEB plans earn less than the expected asset returns, annual pension contribution requirements in future years could increase. Conversely, to the extent interest rates increase significantly or the pension and OPEB plans earn greater than the expected asset returns, annual pension and OPEB contribution requirements in future years could decrease. Additionally, expected contributions could change if Exelon changes its pension or OPEB funding strategy.

On October 3, 2017, the US Department of Treasury and IRS released final regulations updating the mortality tables to be used for defined benefit pension plan funding, as well as the valuation of lump sum and other accelerated distribution options, effective for plan years beginning in 2018. The new mortality tables reflect improved projected life expectancy as compared to the existing table, which is generally expected to increase minimum pension funding requirements, Pension Benefit Guaranty Corporation premiums and the value of lump sum distributions. The IRS permits plan sponsors the option of delaying use of the new mortality tables for determining minimum funding requirements until 2019, which Exelon has utilized. The one-year delay does not apply for use of the mortality tables to determine the present value of lump sum distributions.

The EMA requires CENG to fund the obligation related to pre-transfer service of employees, including the underfunded balance of the pension and other postretirement welfare benefit plans measured as of July 14, 2014 by making periodic payments to Generation. These payments will be made on an agreed payment schedule or upon the occurrence of certain specified events, such as EDF's disposition of a majority of its interest in CENG. However, in the event that EDF exercises its rights under the Put Option, all payments not made as of the put closing date shall accelerate to be paid immediately prior to such closing date. See Note 2 — Variable Interest Entities of the Combined Notes to Consolidated Financial Statements for additional information regarding the investment in CENG.

Tax Matters

The Registrants' future cash flows from operating activities may be affected by the following tax matters:

- Pursuant to the TCJA, beginning in 2018 Generation is expected to have higher operating cash flows in the range of approximately $1.2 billion to $1.6 billion for the period from 2018 to 2021, reflecting the reduction in the corporate federal income tax rate and full expensing of capital investments.

  The TCJA is generally expected to result in lower operating cash flows for the Utility Registrants as a result of the elimination of bonus depreciation and lower customer rates. Increased operating cash flows for the Utility Registrants from lower corporate federal income tax rates is expected to be more than offset over time by lower customer rates resulting from lower income tax expense recoveries and the settlement of deferred income tax net regulatory liabilities established pursuant to the TCJA, partially offset by the impacts of higher rate base. The amount and timing of settlement of the net regulatory liabilities will be determined by the Utility Registrants' respective rate regulators, subject to certain IRS "normalization" rules. The table below sets forth the Registrants' estimated categorization of their net regulatory liabilities as of December 31, 2017. The amounts in the table below are shown on an after-tax basis reflecting future net cash outflows after taking into consideration the income tax benefits associated with the ultimate settlement with customers.

	Exelon	ComEd	PECO [a]	BGE	PHI	PEPCO	DPL	ACE
Subject to IRS Normalization Rules	$3,040	$1,400	$533	$459	$648	$299	$195	$153
Subject to Rate Regulator Determination	1,694	573	43	324	754	391	194	170
Net Regulatory Liabilities	$4,734	$1,973	$576	$783	$1,402	$690	$389	$323

(a) Given the regulatory treatment of income tax benefits related to electric and gas distribution repairs, PECO remains in an overall net regulatory asset position as of December 31, 2017 after recording the impacts related to the TCJA. As a result, the amount of customer benefits resulting from the TCJA subject to the discretion of PECO's rate regulators are lower relative to the other Utility Registrants. Refer to Note 3 - Regulatory Matters for additional information.

Net regulatory liability amounts subject to normalization rules generally may not be passed back to customers any faster than over the remaining useful lives of the underlying assets giving rise to the associated deferred income taxes. Such deferred income taxes generally relate to property, plant and equipment with remaining useful lives ranging from 30 to 40 years across the Utility Registrants. For the remaining amounts, rate regulators could require the passing back of amounts to customers over shorter time frames, which could materially decrease operating cash outflows at each of the Utility Registrants in the near term.

The Utility Registrants expect to fund any such required incremental operating cash outflows using a combination of third party debt financings and equity funding from Exelon in combinations generally consistent with existing capitalization ratio structures. To fund any

additional equity contributions to the Utility Registrants, Exelon would have available to it its typical sources, including, but not limited to, the increased operating cash flows at Generation referenced above, which over time are expected to exceed the incremental equity needs at the Utility Registrants.

The Utility Registrants continue to work with their state regulatory commissions to determine the amount and timing of the passing back of TCJA income tax savings benefits to customers; with filings either made, or expected to be made, at PECO, Pepco, DPL Delaware and ACE, and approved filings at ComEd, BGE and DPL Maryland. The amounts being passed back or proposed to be passed back to customers reflect the benefit of lower income tax expense beginning January 1, 2018 (February 1, 2018 for DPL Delaware), and the settlement of a portion of deferred income tax regulatory liabilities established upon enactment of the TCJA. Refer to Note 3 - Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information on their filings.

In general, most states use federal taxable income as the starting point for computing state corporate income tax. Now that the TCJA has been enacted, state governments are beginning to analyze the impact of the TCJA on their state revenues. Exelon is uncertain regarding what the state governments will do, and there is a possibility that state corporate income taxes could change due to the enactment of the TCJA. In 2018, Exelon will be closely monitoring the states' responses to the TCJA as these could have an impact on Exelon's future cash flows.

See Note 12 — Income Taxes of the Combined Notes to Consolidated Financial Information for further information on the amounts of the net regulatory liabilities subject to determinations by rate regulators.

- State and local governments continue to face increasing financial challenges, which may increase the risk of additional income tax, property taxes and other taxes or the imposition, extension or permanence of temporary tax increases.

Cash flows from operations for the three months ended March 31, 2018 and 2017 by Registrant were as follows:

	Three Months Ended March 31,	
	2018	2017
Exelon	$ 1,502	$ 1,074
Generation	855	420
ComEd	134	236
PECO	19	106
BGE	313	208
PHI	279	194
Pepco	126	29
DPL	115	122
ACE	59	58

Changes in the Registrants' cash flows from operations were generally consistent with changes in each Registrant's respective results of operations, as adjusted by changes in working capital in the

normal course of business, except as discussed below. In addition, significant operating cash flow impacts for the Registrants for the three months ended March 31, 2018 and 2017 were as follows:

Generation

- Depending upon whether Generation is in a net mark-to-market liability or asset position, collateral may be required to be posted with or collected from its counterparties. In addition, the collateral posting and collection requirements differ depending on whether the transactions are on an exchange or in the OTC markets. During the three months ended March 31, 2018 and 2017 , Generation had net payments of counterparty cash collateral of $214 million and $102 million , respectively, primarily due to market conditions that resulted in changes to Generation's net mark-to-market position.

- During the three months ended March 31, 2018 and 2017 , Generation had net payments of approximately $27 million and $6 million , respectively, related to purchases and sales of options. The level of option activity in a given period may vary due to several factors, including changes in market conditions as well as changes in hedging strategy.

ComEd

- During each of the three months ended March 31, 2018 and 2017 , ComEd posted approximately $8 million of cash collateral with PJM, respectively. As of March 31, 2018 and 2017 , ComEd had approximately $59 million and $32 million cash collateral posted with PJM, respectively. ComEd's total collateral posted with PJM has increased year over year primarily due to an increase in ComEd's RPM credit requirements and peak market activity with PJM.

For further discussion regarding changes in non-cash operating activities, please refer to Note 18 — Supplemental Financial Information of the Combined Notes to Consolidated Financial Statements.

Cash Flows from Investing Activities

Cash flows used in investing activities for the three months ended March 31, 2018 and 2017 by Registrant were as follows:

	Three Months Ended March 31,	
	2018	2017
Exelon	$ (1,857)	$ (2,283)
Generation	(615)	(910)
ComEd	(523)	(619)
PECO	(215)	(69)
BGE	(223)	(202)
PHI	(258)	(323)
Pepco	(127)	(144)
DPL	(65)	(80)
ACE	(64)	(87)

Significant investing cash flow impacts for the Registrants for three months ended March 31, 2018 and 2017 were as follows:

Exelon and Generation

- During the three months ended March 31, 2018 , Exelon had proceeds of $79 million relating to the sale of its interest in an electrical contracting business that primarily installs, maintains and repairs underground and high-voltage cable transmission and distribution services.

- During the three months ended March 31, 2017 , Exelon had expenditures of $23 million and $182 million relating to the acquisitions of ConEdison Solutions and the FitzPatrick facility, respectively.

Capital Expenditure Spending

Generation

Generation has entered into several agreements to acquire equity interests in privately held development stage entities which develop energy-related technologies. The agreements contain a series of scheduled investment commitments, including in-kind service contributions. There are anticipated expenditures remaining to fund anticipated planned capital and operating needs of the associated companies.

Capital expenditures by Registrant for the three months ended March 31, 2018 and 2017 and projected amounts for the full year 2018 are as follows:

	Projected Full Year 2018 [a]	Three Months Ended March 31,	
		2018	2017
Exelon [b]	$ 7,875	$ 1,880	$ 2,009
Generation	2,075	628	625
ComEd [c]	2,125	531	626
PECO	850	217	201
BGE	1,000	224	206
PHI [d]	1,525	258	320
Pepco	725	127	139
DPL	400	65	82
ACE	400	63	88

(a) Total projected capital expenditures do not include adjustments for non-cash activity.
(b) Includes corporate operations, BSC, and PHISCO rounded to the nearest $25 million.
(c) The capital expenditures and 2018 projections include approximately $86 million of expected incremental spending pursuant to EIMA, ComEd has committed to invest approximately $2.6 billion over a ten-year period, through 2021, to modernize and storm-harden its distribution system and to implement smart grid technology.
(d) Includes PHISCO rounded to the nearest $25 million.

Projected capital expenditures and other investments are subject to periodic review and revision to reflect changes in economic conditions and other factors.

Generation

Approximately 39% and 11% of the projected 2018 capital expenditures at Generation are for the acquisition of nuclear fuel, and the construction of new natural gas plant and solar facilities, respectively,

with the remaining amounts reflecting investment in renewable energy and additions and upgrades to existing facilities (including material condition improvements during nuclear refueling outages). Generation anticipates that they will fund capital expenditures with internally generated funds and borrowings.

ComEd, PECO, BGE, Pepco, DPL and ACE

Projected 2018 capital expenditures at the Utility Registrants are for continuing projects to maintain and improve operations, including enhancing reliability and adding capacity to the transmission and distribution systems such as ComEd's reliability related investments required under EIMA, and the Utility Registrants' construction commitments under PJM's RTEP.

The Utility Registrants as transmission owners are subject to NERC compliance requirements. NERC provides guidance to transmission owners regarding assessments of transmission lines. The results of these assessments could require the Utility Registrants to incur incremental capital or operating and maintenance expenditures to ensure their transmission lines meet NERC standards. In 2010, NERC provided guidance to transmission owners that recommended the Utility Registrants perform assessments of their transmission lines. ComEd, PECO and BGE submitted their final bi-annual reports to NERC in January 2014. ComEd and PECO will be incurring incremental capital expenditures associated with this guidance following the completion of the assessments. Specific projects and expenditures are identified as the assessments are completed. ComEd's and PECO's forecasted 2018 capital expenditures above reflect capital spending for remediation to be completed through 2019. BGE, Pepco, DPL and ACE have substantially completed their assessments and thus do not expect significant capital expenditures related to this guidance in 2018 .

The Utility Registrants anticipate that they will fund their capital expenditures with a combination of internally generated funds and borrowings and additional capital contributions from parent.

Cash Flows from Financing Activities

Cash flows provided by (used in) financing activities for the three months ended March 31, 2018 and 2017 by Registrant were as follows:

	Three Months Ended March 31,	
	2018	2017
Exelon	$ 264	$ 1,184
Generation	(57)	582
ComEd	407	359
PECO	(53)	(72)
BGE	(84)	1
PHI	(13)	66
Pepco	9	114
DPL	(45)	(44)
ACE	11	(20)

Debt

See Note 11 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for further details of the Registrants' debt issuances.

Dividends

Cash dividend payments and distributions during the three months ended March 31, 2018 and 2017 by Registrant were as follows:

	Three Months Ended March 31,	
	2018	2017
Exelon	$ 333	$ 303
Generation	188	164
ComEd	114	105
PECO	287	72
BGE	52	49
PHI	71	69
Pepco	25	30
DPL	36	30
ACE	9	10

Quarterly dividends declared by the Exelon Board of Directors during the three months ended March 31, 2018 and for the second quarter of 2018 were as follows:

Period	Declaration Date	Shareholder of Record Date	Dividend Payable Date	Cash per Share [(a)]
First Quarter 2018	January 30, 2018	February 15, 2018	March 9, 2018	$ 0.3450
Second Quarter 2018	May 1, 2018	May 15, 2018	June 8, 2018	$ 0.3450

(a) Exelon's Board of Directors approved an updated dividend policy providing an increase of 5% each year for the period covering 2018 through 2020, beginning with the March 2018 dividend.

Short-Term Borrowings

Short-term borrowings incurred (repaid) during the three months ended March 31, 2018 and 2017 by Registrant were as follows:

	Three Months Ended March 31,	
	2018	2017
Exelon	$ 726	$ 781
Generation	165	18
ComEd	317	365
PECO	220	—
BGE	(32)	50
PHI	57	(355)
Pepco	34	144
DPL	(5)	—
ACE	28	—

Contributions from Parent/Member

Contributions received from Parent/Member for the three months ended March 31, 2018 and 2017 by Registrant were as follows:

	Three Months Ended March 31,	
	2018	2017
ComEd [(a)(b)]	$ 113	$ 100
PHI [(b)]	—	500

(a) Additional contributions from parent or external debt financing may be required as a result of increased capital investment in infrastructure improvements and modernization pursuant to EIMA and transmission upgrades.
(b) Contribution paid by Exelon.

Other

For the three months ended March 31, 2018 , other financing activities primarily consist of debt issuance costs. See Note 11 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for further details of the Registrants' debt issuances.

Credit Matters

The Registrants fund liquidity needs for capital investment, working capital, energy hedging and other financial commitments through cash flows from continuing operations, public debt offerings, commercial paper markets and large, diversified credit facilities. The credit facilities include $9.5 billion in aggregate total commitments of which $8.0 billion was available as of March 31, 2018 , and of which no financial institution has more than 7% of the aggregate commitments for the Registrants. The Registrants had access to the commercial paper market during the first quarter of 2018 to fund their short-term liquidity needs, when necessary. The Registrants routinely review the sufficiency of their liquidity position, including appropriate sizing of credit facility commitments, by performing various stress test scenarios, such as commodity price movements, increases in margin-related transactions, changes in hedging levels and the impacts of hypothetical credit downgrades. The Registrants have continued to closely monitor events in the financial markets and the financial institutions associated with the credit facilities, including monitoring credit ratings and outlooks, credit default swap levels, capital raising and merger activity. See PART I. ITEM 1A. RISK FACTORS of the Exelon 2017 Form 10-K for further information regarding the effects of uncertainty in the capital and credit markets.

The Registrants believe their cash flow from operating activities, access to credit markets and their credit facilities provide sufficient liquidity. If Generation lost its investment grade credit rating as of March 31, 2018 , it would have been required to provide incremental collateral of $1.9 billion to meet collateral obligations for derivatives, non-derivatives, normal purchases and normal sales contracts and applicable payables and receivables, net of the contractual right of offset under master netting agreements, which is well within its current available credit facility capacities of $4.4 billion .

The following table presents the incremental collateral that each Utility Registrant would have been required to provide in the event each Utility Registrant lost its investment grade credit rating at March 31, 2018 and available credit facility capacity prior to any incremental collateral at March 31, 2018 :

	PJM Credit Policy Collateral	Other Incremental Collateral Required [a]	Available Credit Facility Capacity Prior to Any Incremental Collateral
ComEd	$ 10	$ —	$ 998
PECO	3	33	599
BGE	10	49	597
Pepco	10	—	299
DPL	4	14	300
ACE	—	—	300

(a) Represents incremental collateral related to natural gas procurement contracts.

Exelon Credit Facilities

Exelon Corporate, ComEd, BGE, Pepco, DPL and ACE meet their short-term liquidity requirements primarily through the issuance of commercial paper. Generation and PECO meet their short-term liquidity requirements primarily through the issuance of commercial paper and borrowings from the intercompany money pool. PHI Corporate meets its short-term liquidity requirements primarily through the issuance of short-term notes and the Exelon intercompany money pool. The Registrants may use their respective credit facilities for general corporate purposes, including meeting short-term funding requirements and the issuance of letters of credit.

The following table reflects the Registrants' commercial paper programs supported by the revolving credit agreements and bilateral credit agreements at March 31, 2018 :

Commercial Paper Programs

Commercial Paper Issuer	Maximum Program Size [a][b]	Outstanding Commercial Paper at March 31, 2018	Average Interest Rate on Commercial Paper Borrowings for the Three Months Ended March 31, 2018
Exelon Corporate	$ 600	$ —	1.85%
Generation	5,300	165	1.93%
ComEd	1,000	317	1.91%
PECO	600	220	2.08%
BGE	600	45	1.86%
Pepco	500	60	2.01%
DPL	500	211	1.88%
ACE	350	136	1.90%

(a) Excludes $545 million bilateral credit facilities that do not back Generation's commercial paper program.
(b) Excludes additional credit facility agreements for Generation, ComEd, PECO, BGE, Pepco, DPL and ACE with aggregate commitments of $49 million , $34 million , $34 million , $5 million , $2 million , $2 million and $2 million , respectively, arranged with minority and community banks located primarily within utilities' service territories. These facilities expire on October 12, 2018. These facilities are solely utilized to issue letters of credit. As of March 31, 2018 , letters of credit issued under these agreements for Generation and BGE totaled $5 million and $2 million , respectively.

In order to maintain their respective commercial paper programs in the amounts indicated above, each Registrant must have credit facilities in place, at least equal to the amount of its commercial paper program. While the amount of outstanding commercial paper does not reduce available capacity under a Registrant's credit facility, a Registrant does not issue commercial paper in an aggregate amount exceeding the then available capacity under its credit facility. At March 31, 2018 , the Registrants had the following aggregate bank commitments, credit facility borrowings and available capacity under their respective credit facilities:

					Available Capacity at March 31, 2018	
Borrower	Facility Type	Aggregate Bank Commitment (a)(b)(c)	Facility Draws	Outstanding Letters of Credit (c)	Actual	To Support Additional Commercial Paper (b)(d)
Exelon Corporate	Syndicated Revolver	$ 600	$ —	$ 45	$ 555	$ 555
Generation	Syndicated Revolver	5,300	—	1,121	4,179	4,014
Generation	Bilaterals	545	—	338	207	—
ComEd	Syndicated Revolver	1,000	—	2	998	681
PECO	Syndicated Revolver	600	—	1	599	379
BGE	Syndicated Revolver	600	—	3	597	552
Pepco	Syndicated Revolver	300	—	1	299	239
DPL	Syndicated Revolver	300	—	—	300	89
ACE	Syndicated Revolver	300	—	—	300	164

(a) Excludes $128 million of credit facility agreements arranged at minority and community banks at Generation, ComEd, PECO, BGE, Pepco, DPL and ACE. These facilities expire on October 12, 2018. These facilities are solely utilized to issue letters of credit. As of March 31, 2018 , letters of credit issued under these agreements for Generation and BGE totaled $5 million and $2 million , respectively.

(b) Pepco, DPL and ACE's revolving credit facility is subject to available borrowing capacity. The borrowing capacity may be increased or decreased during the term of the facility, except that (i) the sum of the borrowing capacity must equal the total amount of the facility, and (ii) the aggregate amount of credit used at any given time by each of Pepco, DPL or ACE may not exceed $900 million or the maximum amount of short-term debt the company is permitted to have outstanding by its regulatory authorities. The total number of the borrowing reallocations may not exceed eight per year during the term of the facility

(c) Excludes nonrecourse debt letters of credit, see Note 13 — Debt and Credit Agreements in the Exelon 2017 Form 10-K for further information.

(d) Excludes $545 million bilateral credit facilities that do not back Generation's commercial paper program.

As of March 31, 2018 , there were no borrowings under Generation's bilateral credit facilities.

Borrowings under Exelon Corporate's, Generation's, ComEd's, PECO's, BGE's, Pepco's, DPL's and ACE's revolving credit agreements bear interest at a rate based upon either the prime rate or a LIBOR-based rate, plus an adder based upon the particular Registrant's credit rating. The adders for the prime based borrowings and LIBOR-based borrowings are presented in the following table:

	Exelon Corporate	Generation	ComEd	PECO	BGE	Pepco	DPL	ACE
Prime based borrowings	27.5	27.5	7.5	0.0	0.0	7.5	7.5	7.5
LIBOR-based borrowings	127.5	127.5	107.5	90.0	100.0	107.5	107.5	107.5

The maximum adders for prime rate borrowings and LIBOR-based rate borrowings are 90 basis points and 165 basis points, respectively. The credit agreements also require the borrower to pay a facility fee based upon the aggregate commitments. The fee varies depending upon the respective credit ratings of the borrower.

Each revolving credit agreement for Exelon Corporate, Generation, ComEd, PECO, BGE, Pepco, DPL and ACE requires the affected borrower to maintain a minimum cash from operations to interest expense ratio for the twelve-month period ended on the last day of any quarter. The following table summarizes the minimum thresholds reflected in the credit agreements for the three months ended March 31, 2018 :

	Exelon Corporate	Generation	ComEd	PECO	BGE	Pepco	DPL	ACE
Credit agreement threshold	2.50 to 1	3.00 to 1	2.00 to 1	2.00 to 1	2.00 to 1	2.00 to 1	2.00 to 1	2.00 to 1

At March 31, 2018 , the interest coverage ratios at the Registrants were as follows:

	Exelon	Generation	ComEd	PECO	BGE	Pepco	DPL	ACE
Interest coverage ratio	6.83	13.07	11.37	8.28	10.21	6.24	8.48	5.65

An event of default under Exelon, Generation, ComEd, PECO or BGE's indebtedness will not constitute an event of default under any of the others' credit facilities, except that a bankruptcy or other event of default in the payment of principal, premium or indebtedness in principal amount in excess of $100 million in the aggregate by Generation will constitute an event of default under the Exelon Corporate credit facility. An event of default under Pepco, DPL or ACE's indebtedness will not constitute an event of default with respect to the other PHI Utilities under the PHI Utilities' combined credit facility.

The absence of a material adverse change in Exelon's or PHI's business, property, results of operations or financial condition is not a condition to the availability of credit under any of the borrowers' credit agreement. None of the credit agreements include any rating triggers.

Security Ratings

The Registrants' access to the capital markets, including the commercial paper market, and their respective financing costs in those markets, may depend on the securities ratings of the entity that is accessing the capital markets.

The Registrants' borrowings are not subject to default or prepayment as a result of a downgrading of securities, although such a downgrading of a Registrant's securities could increase fees and interest charges under that Registrant's credit agreements.

As part of the normal course of business, the Registrants enter into contracts that contain express provisions or otherwise permit the Registrants and their counterparties to demand adequate assurance of future performance when there are reasonable grounds for doing so. In accordance with the contracts and applicable contracts law, if the Registrants are downgraded by a credit rating agency, it is possible that a counterparty would attempt to rely on such a downgrade as a basis for making a demand for adequate assurance of future performance, which could include the posting of collateral. See Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information on collateral provisions.

Intercompany Money Pool

To provide an additional short-term borrowing option that will generally be more favorable to the borrowing participants than the cost of external financing, both Exelon and PHI operate an intercompany money pool. Maximum amounts contributed to and borrowed from the money pool by participant and the net contribution or borrowing as of March 31, 2018 , are presented in the following table:

Exelon Intercompany Money Pool	During the Three Months Ended March 31, 2018		As of March 31, 2018
Contributed (Borrowed)	Maximum Contributed	Maximum Borrowed	Contributed (Borrowed)
Exelon Corporate	$ 551	$ —	$ 494
Generation	38	(389)	(54)
PECO	285	(233)	(194)
BSC	—	(403)	(288)
PHI Corporate	—	(35)	(13)
PCI	55	—	54

PHI Intercompany Money Pool	During the Three Months Ended March 31, 2018		As of March 31, 2018
Contributed (Borrowed)	Maximum Contributed	Maximum Borrowed	Contributed (Borrowed)
PHI Corporate	$ 28	$ —	$ 4
PHISCO	10	(18)	1

Investments in Nuclear Decommissioning Trust Funds

Exelon, Generation and CENG maintain trust funds, as required by the NRC, to fund certain costs of decommissioning nuclear plants. The mix of securities in the trust funds is designed to provide returns to be used to fund decommissioning and to offset inflationary increases in decommissioning costs. Generation actively monitors the investment performance of the trust funds and periodically reviews asset allocations in accordance with Generation's NDT fund investment policy. Generation's and CENG's investment policies establish limits on the concentration of holdings in any one company and also in any one industry. See Note 13 — Nuclear Decommissioning of the Combined Notes to Consolidated Financial Statements for further information regarding the trust funds, the NRC's minimum funding requirements and related liquidity ramifications.

Shelf Registration Statements

Exelon, Generation, ComEd, PECO, BGE, Pepco, DPL and ACE have a currently effective combined shelf registration statement unlimited in amount, filed with the SEC, that will expire in August 2019 . The ability of each Registrant to sell securities off the shelf registration statement or to access the private placement markets will depend on a number of factors at the time of the proposed sale, including

other required regulatory approvals, as applicable, the current financial condition of the Registrant, its securities ratings and market conditions.

Regulatory Authorizations

ComEd, PECO, BGE, Pepco, DPL and ACE are required to obtain short-term and long-term financing authority from Federal and State Commissions as follows:

	Short-term Financing Authority [a]			Long-term Financing Authority [a]		
	Commission	Expiration Date	Amount	Commission	Expiration Date	Amount
ComEd [b]	FERC	December 31, 2019	$ 2,500	ICC	2019	$ 583
PECO	FERC	December 31, 2019	1,500	PAPUC	December 31, 2018	950
BGE	FERC	December 31, 2019	700	MDPSC	N/A	700
Pepco	FERC	December 31, 2019	500	MDPSC / DCPSC	December 31, 2020	600
DPL	FERC	December 31, 2019	500	MDPSC / DPSC	December 31, 2020	350
ACE	NJBPU	December 31, 2019	350	NJBPU	December 31, 2019	350

(a) Generation currently has blanket financing authority it received from FERC in connection with its market-based rate authority.
(b) ComEd had $440 million available in long-term debt refinancing authority and $143 million available in new money long term debt financing authority from the ICC as of March 31, 2018 and has an expiration date of June 1, 2019 and March 1, 2019, respectively. On April 9, 2018, ComEd filed an application for $1.5 billion in new money long-term debt financing authority from the ICC and expects approval by August 1, 2018.

Contractual Obligations and Off-Balance Sheet Arrangements

Contractual obligations represent cash obligations that are considered to be firm commitments and commercial commitments triggered by future events. See Note 23 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements in the Exelon 2017 Form 10-K.

Generation, ComEd, PECO, BGE, Pepco, DPL and ACE have obligations related to contracts for the purchase of power and fuel supplies, and ComEd and PECO have obligations related to their financing trusts. The power and fuel purchase contracts and the financing trusts have been considered for consolidation in the Registrants' respective financial statements pursuant to the authoritative guidance for VIEs. See Note 1 — Significant Accounting Policies of the Combined Notes to Consolidated Financial Statements for further information.

For an in-depth discussion of the Registrants' contractual obligations and off-balance sheet arrangements, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Contractual Obligations and Off-Balance Sheet Arrangements” in the Exelon 2017 Form 10-K.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

The Registrants are exposed to market risks associated with adverse changes in commodity prices, counterparty credit, interest rates and equity prices. Exelon's RMC approves risk management policies and objectives for risk assessment, control and valuation, counterparty credit approval, and the monitoring and reporting of risk exposures. The RMC is chaired by the chief executive officer and includes the chief risk officer, chief strategy officer, chief executive officer of Exelon Utilities, chief commercial officer, chief financial officer and chief executive officer of Constellation. The RMC reports to the Finance and Risk Committee of the Exelon Board of Directors on the scope of the risk management activities. The following discussion serves as an update to ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK of Exelon's 2017 Annual Report on Form 10-K incorporated herein by reference.

Commodity Price Risk (All Registrants)

Commodity price risk is associated with price movements resulting from changes in supply and demand, fuel costs, market liquidity, weather conditions, governmental regulatory and environmental policies and other factors. To the extent the total amount of energy Exelon generates and purchases differs from the amount of energy it has contracted to sell, Exelon is exposed to market fluctuations in commodity prices. Exelon seeks to mitigate its commodity price risk through the sale and purchase of electricity, fossil fuel and other commodities.

Generation

Electricity available from Generation's owned or contracted generation supply in excess of Generation's obligations to customers, including portions of the Utility Registrants' retail load, is sold into the wholesale markets. To reduce commodity price risk caused by market fluctuations, Generation enters into non-derivative contracts as well as derivative contracts, including swaps, futures, forwards and options, with approved counterparties to hedge anticipated exposures. Generation uses derivative instruments as economic hedges to mitigate exposure to fluctuations in commodity prices. Generation expects the settlement of the majority of its economic hedges will occur during 2018 through 2020 .

In general, increases and decreases in forward market prices have a positive and negative impact, respectively, on Generation's owned and contracted generation positions which have not been hedged. Exelon's hedging program involves the hedging of commodity price risk for Exelon's expected generation, typically on a ratable basis over three-year periods. As of March 31, 2018 , the percentage of expected generation hedged is 91% - 94% , 63% - 66% and 33% - 36% for 2018 , 2019 and 2020 , respectively. The percentage of expected generation hedged is the amount of equivalent sales divided by the expected generation. Expected generation is the volume of energy that best represents our commodity position in energy markets from owned or contracted generating facilities based upon a simulated dispatch model that makes assumptions regarding future market conditions, which are calibrated to market quotes for power, fuel, load following products and options. Equivalent sales represent all hedging products, which include economic hedges and certain non-derivative contracts including Generation's sales to the ComEd, PECO and BGE to serve their retail load.

A portion of Generation's hedging strategy may be accomplished with fuel products based on assumed correlations between power and fuel prices, which routinely change in the market. Market price risk exposure is the risk of a change in the value of unhedged positions. The forecasted market price risk exposure for Generation's entire economic hedge portfolio associated with a $5 reduction in the annual average around-the-clock energy price based on March 31, 2018 market conditions and hedged position would be an decrease in pre-tax net income of approximately $44 million , $336 million and $608 million , res pectively, for 2018 , 2019 and 2020 . Power price sensitivities are derived by adjusting power price assumptions while keeping all other price inputs constant. Generation actively manages its portfolio

to mitigate market price risk exposure for its unhedged position. Actual results could differ depending on the specific timing of, and markets affected by, price changes, as well as future changes in Generation's portfolio. See Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information.

Proprietary Trading Activities

Proprietary trading portfolio activity for the three months ended March 31, 2018 resulted in $6 million of pre-tax gains due to net mark-to-market gains of $2 million and realized gains of $4 million . Generation has not segregated proprietary trading activity within the following discussion because of the relative size of the proprietary trading portfolio in comparison to Generation's total Revenue net of purchase power and fuel expense. See Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information.

Fuel Procurement

Generation procures natural gas through long-term and short-term contracts, and spot-market purchases. Nuclear fuel assemblies are obtained predominantly through long-term uranium concentrate supply contracts, contracted conversion services, contracted enrichment services, or a combination thereof, and contracted fuel fabrication services. The supply markets for uranium concentrates and certain nuclear fuel services are subject to price fluctuations and availability restrictions. Supply market conditions may make Generation's procurement contracts subject to credit risk related to the potential non-performance of counterparties to deliver the contracted commodity or service at the contracted prices. Approximately 58% of Generation's uranium concentrate requirements from 2018 through 2022 are supplied by three producers. In the event of non-performance by these or other suppliers, Generation believes that replacement uranium concentrates can be obtained, although at prices that may be unfavorable when compared to the prices under the current supply agreements. Non-performance by these counterparties could have a material adverse impact on Exelon's and Generation's results of operations, cash flows and financial positions.

ComEd

ComEd entered into 20-year contracts for renewable energy and RECs beginning in June 2012. ComEd is permitted to recover its renewable energy and REC costs from retail customers with no mark-up. The annual commitments represent the maximum settlements with suppliers for renewable energy and RECs under the existing contract terms. Pursuant to the ICC's Order on December 19, 2012, ComEd's commitments under the existing long-term contracts were reduced for the June 2013 through May 2014 procurement period. In addition, the ICC's December 18, 2013 Order approved the reduction of ComEd's commitments under those contracts for the June 2014 through May 2015 procurement period, and the amount of the reduction was approved by the ICC in March 2014.

ComEd has block energy contracts to procure electric supply that are executed through a competitive procurement process, which is further discussed in Note 6 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements. The block energy contracts are considered derivatives and qualify for the normal purchases and normal sales scope exception under current derivative authoritative guidance, and as a result are accounted for on an accrual basis of accounting. ComEd does not enter into derivatives for speculative or proprietary trading purposes. For additional information on these contracts, see Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements.

PECO, BGE, Pepco, DPL and ACE

BGE, Pepco, DPL and ACE have certain full requirements contracts, which are considered derivatives and qualify for the normal purchases and normal sales scope exception under current

derivative authoritative guidance, and as a result are accounted for on an accrual basis of accounting. Other full requirements contracts are not derivatives.

PECO, BGE and DPL have also executed derivative natural gas contracts, which either qualify for the normal purchases and normal sales exception or have no mark-to-market balances because the derivatives are index priced, to hedge their long-term price risk in the natural gas market. The hedging programs for natural gas procurement have no direct impact on their results of operations or financial position.

PECO, BGE, Pepco, DPL and ACE do not enter into derivatives for speculative or proprietary trading purposes. For additional information on these contracts, see Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements.

Trading and Non-Trading Marketing Activities

The following tables detail Exelon's, Generation's, ComEd's, PHI's and DPL's trading and non-trading marketing activities is included to address the recommended disclosures by the energy industry's Committee of Chief Risk Officers (CCRO).

The following table provides detail on changes in Exelon's, Generation's, ComEd's, PHI's and DPL's commodity mark-to-market net asset or liability balance sheet position from December 31, 2017 to March 31, 2018 . It indicates the drivers behind changes in the balance sheet amounts. This table incorporates the mark-to-market activities that are immediately recorded in earnings. This table excludes all NPNS contracts and does not segregate proprietary trading activity. See Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information on the balance sheet classification of the mark-to-market energy contract net assets (liabilities) recorded as of March 31, 2018 and December 31, 2017 .

	Exelon	Generation	ComEd	PHI	DPL
Total mark-to-market energy contract net assets (liabilities) at December 31, 2017 [(a)]	$ 667	$ 923	$ (256)	$ —	$ —
Total change in fair value during 2018 of contracts recorded in results of operations	14	14	—	—	—
Reclassification to realized of contracts recorded in results of operations	(279)	(279)	—	—	—
Contracts received at acquisition date	—	—	—	—	—
Changes in fair value — recorded through regulatory assets and liabilities [(b)]	(10)	—	(11)	1	1
Changes in allocated collateral	217	218	—	(1)	(1)
Changes in net option premium paid/(received)	27	27	—	—	—
Option premium amortization	7	7	—	—	—
Upfront payments and amortizations [(c)]	(30)	(30)	—	—	—
Total mark-to-market energy contract net assets (liabilities) at March 31, 2018 [(a)]	$ 613	$ 880	$ (267)	$ —	$ —

(a) Amounts are shown net of collateral paid to and received from counterparties.
(b) For ComEd and DPL, the changes in fair value are recorded as a change in regulatory assets or liabilities. As of March 31, 2018 , ComEd recorded a regulatory liability of $267 million related to its mark-to-market derivative liabilities with Generation and unaffiliated suppliers. For the three months ended March 31, 2018 , ComEd also recorded $ 17 million of decreases in fair value and an increase for realized losses due to settlements of $ 6 million recorded in purchased power expense associated with floating-to-fixed energy swap contracts with unaffiliated suppliers.
(c) Includes derivative contracts acquired or sold by Generation through upfront payments or receipts of cash, excluding option premiums, and the associated amortization.

Fair Values

The following tables present maturity and source of fair value for Exelon, Generation and ComEd mark-to-market commodity contract net assets (liabilities). The tables provide two fundamental pieces of information. First, the tables provide the source of fair value used in determining the carrying amount of the Registrants' total mark-to-market net assets (liabilities), net of allocated collateral. Second, the tables show the maturity, by year, of the Registrants' commodity contract net assets (liabilities), net of allocated collateral, giving an indication of when these mark-to-market amounts will settle and either generate or require cash. See Note 9 — Fair Value of Financial Assets and Liabilities of the Combined Notes to Consolidated Financial Statements for additional information regarding fair value measurements and the fair value hierarchy.

Exelon

	Maturities Within						Total Fair Value
	2018	2019	2020	2021	2022	2023 and Beyond	
Normal Operations, Commodity derivative contracts [(a)(b)]:							
Actively quoted prices (Level 1)	$ (7)	$ (37)	$ (15)	$ 8	$ 2	$ —	$ (49)
Prices provided by external sources (Level 2)	(5)	(11)	23	4	—	—	11
Prices based on model or other valuation methods (Level 3) [(c)]	442	314	51	(13)	(53)	(90)	651
Total	$ 430	$ 266	$ 59	$ (1)	$ (51)	$ (90)	$ 613

(a) Mark-to-market gains and losses on other economic hedge and trading derivative contracts that are recorded in results of operations.
(b) Amounts are shown net of collateral paid to and received from counterparties (and offset against mark-to-market assets and liabilities) of $684 million at March 31, 2018 .
(c) Includes ComEd's net liabilities associated with the floating-to-fixed energy swap contracts with unaffiliated suppliers.

Generation

	Maturities Within						Total Fair Value
	2018	2019	2020	2021	2022	2023 and Beyond	
Normal Operations, Commodity derivative contracts [(a)(b)]:							
Actively quoted prices (Level 1)	$ (7)	$ (37)	$ (15)	$ 8	$ 2	$ —	$ (49)
Prices provided by external sources (Level 2)	(5)	(11)	23	4	—	—	11
Prices based on model or other valuation methods (Level 3)	460	337	73	9	(31)	70	918
Total	$ 448	$ 289	$ 81	$ 21	$ (29)	$ 70	$ 880

(a) Mark-to-market gains and losses on other economic hedge and trading derivative contracts that are recorded in the results of operations.
(b) Amounts are shown net of collateral paid to and received from counterparties (and offset against mark-to-market assets and liabilities) of $684 million at March 31, 2018 .

ComEd

	Maturities Within						
	2018	2019	2020	2021	2022	2023 and Beyond	Total Fair Value
Commodity derivative contracts [(a)]:							
Prices based on model or other valuation methods (Level 3)	$ (18)	$ (23)	$ (22)	$ (22)	$ (22)	$ (160)	$ (267)

(a) Represents ComEd's net liabilities associated with the floating-to-fixed energy swap contracts with unaffiliated suppliers.

Credit Risk, Collateral and Contingent-Related Features (All Registrants)

The Registrants would be exposed to credit-related losses in the event of non-performance by counterparties that execute derivative instruments. The credit exposure of derivative contracts, before collateral, is represented by the fair value of contracts at the reporting date. See Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for a detailed discussion of credit risk, collateral and contingent-related features.

Generation

The following tables provide information on Generation's credit exposure for all derivative instruments, normal purchases and normal sales agreements, and applicable payables and receivables, net of collateral and instruments that are subject to master netting agreements, as of March 31, 2018 . The tables further delineate that exposure by credit rating of the counterparties and provide guidance on the concentration of credit risk to individual counterparties and an indication of the duration of a company's credit risk by credit rating of the counterparties. The figures in the tables below exclude credit risk exposure from individual retail customers, uranium procurement contracts, and exposure through RTOs, ISOs and commodity exchanges, which are discussed below. Additionally, the figures in the tables below exclude exposures with affiliates, including net receivables with ComEd, PECO, BGE, Pepco, DPL and ACE of $31 million , $21 million , $25 million , $34 million , $9 million and $5 million as of March 31, 2018 , respectively.

Rating as of March 31, 2018	Total Exposure Before Credit Collateral	Credit Collateral [(a)]	Net Exposure	Number of Counterparties Greater than 10% of Net Exposure	Net Exposure of Counterparties Greater than 10% of Net Exposure
Investment grade	$ 986	$ 1	$ 985	2	$ 412
Non-investment grade	112	46	66		
No external ratings					
Internally rated — investment grade	223	—	223		
Internally rated — non-investment grade	100	17	83		
Total	$ 1,421	$ 64	$ 1,357	2	$ 412

Rating as of March 31, 2018	Maturity of Credit Risk Exposure			
	Less than 2 Years	2-5 Years	Exposure Greater than 5 Years	Total Exposure Before Credit Collateral
Investment grade	$ 894	$ 92	$ —	$ 986
Non-investment grade	104	8	—	112
No external ratings				
Internally rated — investment grade	161	32	30	223
Internally rated — non-investment grade	93	7	—	100
Total	$ 1,252	$ 139	$ 30	$ 1,421

Net Credit Exposure by Type of Counterparty	As of March 31, 2018
Financial institutions	$ 189
Investor-owned utilities, marketers, power producers	656
Energy cooperatives and municipalities	438
Other	74
Total	$ 1,357

(a) As of March 31, 2018 , credit collateral held from counterparties where Generation had credit exposure included $41 million of cash and $23 million of letters of credit.

The Utility Registrants

There have been no significant changes or additions to the Utility Registrants exposures to credit risk that are described in ITEM 1A. RISK FACTORS of Exelon's 2017 Annual Report on Form 10-K.

See Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for information regarding credit exposure to suppliers.

Collateral (All Registrants)

Generation

As part of the normal course of business, Generation routinely enters into physical or financial contracts for the sale and purchase of electricity, natural gas and other commodities. In accordance with the contracts and applicable law, if Generation is downgraded by a credit rating agency, especially if such downgrade is to a level below investment grade, it is possible that a counterparty would attempt to rely on such a downgrade as a basis for making a demand for adequate assurance of future performance. Depending on Generation's net position with a counterparty, the demand could be for the posting of collateral. In the absence of expressly agreed-to provisions that specify the collateral that must be provided, collateral requested will be a function of the facts and circumstances of the situation at the time of the demand. See Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for information regarding collateral requirements. See Note 17 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements for information regarding the letters of credit supporting the cash collateral.

Generation transacts output through bilateral contracts. The bilateral contracts are subject to credit risk, which relates to the ability of counterparties to meet their contractual payment obligations. Any failure to collect these payments from counterparties could have a material impact on Exelon's and Generation's results of operations, cash flows and financial positions. As market prices rise above or fall below contracted price levels, Generation is required to post collateral with purchasers; as market

prices fall below contracted price levels, counterparties are required to post collateral with Generation. To post collateral, Generation depends on access to bank credit facilities, which serve as liquidity sources to fund collateral requirements. See ITEM 2. Liquidity and Capital Resources — Credit Matters — Exelon Credit Facilities for additional information.

The Utility Registrants

As of March 31, 2018 , ComEd held approximately $9 million in collateral from suppliers in association with energy procurement contracts, approximately $14 million in collateral from suppliers for REC and ZEC contract obligations and approximately $19 million in collateral from suppliers for long-term renewable energy contracts. BGE is not required to post collateral under its electric supply contracts but was holding an immaterial amount of collateral under its electric supply procurement contracts. BGE was not required to post collateral under its natural gas procurement contracts, but was holding an immaterial amount of collateral under its natural gas procurement contracts. PECO, Pepco, DPL and ACE were not required to post collateral under their energy and/or natural gas procurement contracts. See Note 6 — Regulatory Matters and Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information.

RTOs and ISOs (All Registrants)

All Registrants participate in all, or some, of the established wholesale spot energy markets that are administered by PJM, ISO-NE, ISO-NY, CAISO, MISO, SPP, AESO, OIESO and ERCOT. ERCOT is not subject to regulation by FERC but performs a similar function in Texas to that performed by RTOs in markets regulated by FERC. In these areas, power is traded through bilateral agreements between buyers and sellers and on the spot energy markets that are administered by the RTOs or ISOs, as applicable. In areas where there are no spot energy markets, electricity is purchased and sold solely through bilateral agreements. For sales into the spot energy markets administered by an RTO or ISO, the RTO or ISO maintains financial assurance policies that are established and enforced by those administrators. The credit policies of the RTOs and ISOs may, under certain circumstances, require that losses arising from the default of one member on spot energy market transactions be shared by the remaining participants. Non-performance or non-payment by a major counterparty could result in a material adverse impact on the Registrants' results of operations, cash flows and financial positions.

Exchange Traded Transactions (Exelon, Generation, PHI and DPL)

Generation enters into commodity transactions on NYMEX, ICE, NASDAQ, NGX and the Nodal exchange ("the Exchanges"). DPL enters into commodity transactions on ICE. The Exchange clearinghouses act as the counterparty to each trade. Transactions on the Exchanges must adhere to comprehensive collateral and margining requirements. As a result, transactions on the Exchanges are significantly collateralized and have limited counterparty credit risk.

Interest Rate and Foreign Exchange Risk (All Registrants)

The Registrants use a combination of fixed-rate and variable-rate debt to manage interest rate exposure. The Registrants may also utilize fixed-to-floating interest rate swaps, which are typically designated as fair value hedges, to manage their interest rate exposure. In addition, the Registrants may utilize interest rate derivatives to lock in rate levels, which are typically designated as cash flow hedges. These strategies are employed to manage interest rate risks. At March 31, 2018 , Exelon had $800 million of notional amounts of fixed-to-floating hedges outstanding and Exelon and Generation had $636 million of notional amounts of floating-to-fixed hedges outstanding. Assuming the fair value and interest rate hedges are 100% effective, a hypothetical 50 basis point increase in the interest rates associated with unhedged variable-rate debt (excluding Commercial Paper) and fixed-to-floating swaps would result in approximately a $1 million decrease in Exelon Consolidated pre-tax income for the three

months ended March 31, 2018 . To manage foreign exchange rate exposure associated with international energy purchases in currencies other than U.S. dollars, Generation utilizes foreign currency derivatives, which are typically designated as economic hedges. See Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information.

Equity Price Risk (Exelon and Generation)

Exelon and Generation maintain trust funds, as required by the NRC, to fund certain costs of decommissioning its nuclear plants. As of March 31, 2018 , Generation's decommissioning trust funds are reflected at fair value on its Consolidated Balance Sheets. The mix of securities in the trust funds is designed to provide returns to be used to fund decommissioning and to compensate Generation for inflationary increases in decommissioning costs; however, the equity securities in the trust funds are exposed to price fluctuations in equity markets, and the value of fixed-rate, fixed-income securities are exposed to changes in interest rates. Generation actively monitors the investment performance of the trust funds and periodically reviews asset allocation in accordance with Generation's NDT fund investment policy. A hypothetical 10% increase in interest rates and decrease in equity prices would result in a $652 million reduction in the fair value of the trust assets. This calculation holds all other variables constant and assumes only the discussed changes in interest rates and equity prices. See ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS for further discussion of equity price risk as a result of the current capital and credit market conditions.

Item 4. Controls and Procedures

During the first quarter of 2018 , each of Exelon's, Generation's, ComEd's, PECO's, BGE's, PHI's, Pepco's, DPL's and ACE's management, including its principal executive officer and principal financial officer, evaluated its disclosure controls and procedures related to the recording, processing, summarizing and reporting of information in its periodic reports that it files with the SEC. These disclosure controls and procedures have been designed by all Registrants to ensure that (a) material information relating to that Registrant, including its consolidated subsidiaries, is accumulated and made known to Exelon's management, including its principal executive officer and principal financial officer, by other employees of that Registrant and its subsidiaries as appropriate to allow timely decisions regarding required disclosure, and (b) this information is recorded, processed, summarized, evaluated and reported, as applicable, within the time periods specified in the SEC's rules and forms. Due to the inherent limitations of control systems, not all misstatements may be detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls could be circumvented by the individual acts of some persons or by collusion of two or more people.

Accordingly, as of March 31, 2018 , the principal executive officer and principal financial officer of each of Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE concluded that such Registrant's disclosure controls and procedures were effective to accomplish its objectives. All Registrants continually strive to improve their disclosure controls and procedures to enhance the quality of its financial reporting and to maintain dynamic systems that change as conditions warrant.

Beginning January 1, 2018, the Registrants adopted the Revenue from Contracts with Customers standard. Although the guidance had an immaterial impact on the Registrants' Consolidated Statements of Operations and Comprehensive Income, Consolidated Statements of Cash Flows, Consolidated Balance Sheets and Consolidated Statements of Changes in Shareholders' Equity, they did perform implementation controls, including contract reviews, to adopt the new standard, and implemented certain changes to their ongoing revenue recognition processes and control activities, which included enhancements to contract review and valuation processes, new training, and gathering of information for disclosures.

With the exception of the above, there have been no changes in internal control over financial reporting that occurred during the first quarter of 2018 that have materially affected, or are reasonably likely to materially affect, any of Exelon's, Generation's, ComEd's, PECO's, BGE's, PHI's, Pepco's, DPL's and ACE's internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

The Registrants are parties to various lawsuits and regulatory proceedings in the ordinary course of their respective businesses. For information regarding material lawsuits and proceedings, see (a) ITEM 3 . LEGAL PROCEEDINGS of Exelon's 2017 Form 10-K and (b) Notes 6 — Regulatory Matters and 17 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements in PART I, ITEM 1. FINANCIAL STATEMENTS of this Report. Such descriptions are incorporated herein by these references.

Item 1A. Risk Factors

Risks Related to Exelon

At March 31, 2018 , the Registrants' risk factors were consistent with the risk factors described in the Registrants' combined 2017 Form 10-K in ITEM 1A. RISK FACTORS.

Item 4. Mine Safety Disclosures

All Registrants

Not applicable to the Registrants.

Item 6. Exhibits

Certain of the following exhibits are incorporated herein by reference under Rule 12b-32 of the Securities and Exchange Act of 1934, as amended. Certain other instruments which would otherwise be required to be listed below have not been so listed because such instruments do not authorize securities in an amount which exceeds 10% of the total assets of the applicable Registrant and its subsidiaries on a consolidated basis and the relevant Registrant agrees to furnish a copy of any such instrument to the Commission upon request.

Exhibit No.	Description
4.1	Supplemental Indenture dated as of February 6, 2018 from Commonwealth Edison Company to BNY Mellon Trust Company of Illinois, as trustee, and D. G. Donovan, as co-trustee (File No. 001-01839, Form 8-K dated February 20, 2018, Exhibit 4.1)
4.2	One Hundred and Fifteenth Supplemental Indenture dated as of February 1, 2018 from PECO Energy Company to U.S. Bank National Association, as trustee (File No. 000-16844, Form 8-K dated February 23, 2018, Exhibit 4.1)
4.3	One Hundred and Twentieth Supplemental Indenture, dated April 3, 2018, between DPL and The Bank of New York Mellon, as trustee.
10.1	Form of Separation Agreement under Exelon Corporation Senior Management Severance Plan (As Amended and Restated Effective November 1, 2015) * Filed herewith.
101.INS	XBRL Instance
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation
101.DEF	XBRL Taxonomy Extension Definition
101.LAB	XBRL Taxonomy Extension Labels
101.PRE	XBRL Taxonomy Extension Presentation

Certifications Pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities and Exchange Act of 1934 as to the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2018 filed by the following officers for the following companies:

31-1	— Filed by Christopher M. Crane for Exelon Corporation
31-2	— Filed by Jonathan W. Thayer for Exelon Corporation
31-3	— Filed by Kenneth W. Cornew for Exelon Generation Company, LLC
31-4	— Filed by Bryan P. Wright for Exelon Generation Company, LLC
31-5	— Filed by Anne R. Pramaggiore for Commonwealth Edison Company
31-6	— Filed by Joseph R. Trpik, Jr. for Commonwealth Edison Company
31-7	— Filed by Michael A. Innocenzo for PECO Energy Company
31-8	— Filed by Phillip S. Barnett for PECO Energy Company
31-9	— Filed by Calvin G. Butler, Jr. for Baltimore Gas and Electric Company
31-10	— Filed by David M. Vahos for Baltimore Gas and Electric Company
31-11	— Filed by David M. Velazquez for Pepco Holdings LLC
31-12	— Filed by Donna J. Kinzel for Pepco Holdings LLC
31-13	— Filed by David M. Velazquez for Potomac Electric Power Company
31-14	— Filed by Donna J. Kinzel for Potomac Electric Power Company
31-15	— Filed by David M. Velazquez for Delmarva Power & Light Company
31-16	— Filed by Donna J. Kinzel for Delmarva Power & Light Company
31-17	— Filed by David M. Velazquez for Atlantic City Electric Company
31-18	— Filed by Donna J. Kinzel for Atlantic City Electric Company

Certifications Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code (Sarbanes — Oxley Act of 2002) as to the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2018 filed by the following officers for the following companies:

32-1	— Filed by Christopher M. Crane for Exelon Corporation
32-2	— Filed by Jonathan W. Thayer for Exelon Corporation
32-3	— Filed by Kenneth W. Cornew for Exelon Generation Company, LLC
32-4	— Filed by Bryan P. Wright for Exelon Generation Company, LLC
32-5	— Filed by Anne R. Pramaggiore for Commonwealth Edison Company
32-6	— Filed by Joseph R. Trpik, Jr. for Commonwealth Edison Company
32-7	— Filed by Michael A. Innocenzo for PECO Energy Company
32-8	— Filed by Phillip S. Barnett for PECO Energy Company
32-9	— Filed by Calvin G. Butler, Jr. for Baltimore Gas and Electric Company
32-10	— Filed by David M. Vahos for Baltimore Gas and Electric Company
32-11	— Filed by David M. Velazquez for Pepco Holdings LLC
32-12	— Filed by Donna J. Kinzel for Pepco Holdings LLC
32-13	— Filed by David M. Velazquez for Potomac Electric Power Company
32-14	— Filed by Donna J. Kinzel for Potomac Electric Power Company
32-15	— Filed by David M. Velazquez for Delmarva Power & Light Company
32-16	— Filed by Donna J. Kinzel for Delmarva Power & Light Company
32-17	— Filed by David M. Velazquez for Atlantic City Electric Company
32-18	— Filed by Donna J. Kinzel for Atlantic City Electric Company

SIGNATURES

Pursuant to requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

EXELON CORPORATION

/s/ CHRISTOPHER M. CRANE
Christopher M. Crane
President and Chief Executive Officer
(Principal Executive Officer) and Director

/s/ JONATHAN W. THAYER
Jonathan W. Thayer
Senior Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

/s/ FABIAN E. SOUZA
Fabian E. Souza
Senior Vice President and Corporate Controller
(Principal Accounting Officer)

May 2, 2018

Pursuant to requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

EXELON GENERATION COMPANY, LLC

/s/ K ENNETH W. C ORNEW	/s/ B RYAN P. W RIGHT
Kenneth W. Cornew	Bryan P. Wright
President and Chief Executive Officer (Principal Executive Officer)	Senior Vice President and Chief Financial Officer (Principal Financial Officer)
/s/ M ATTHEW N. B AUER	
Matthew N. Bauer	
Vice President and Controller (Principal Accounting Officer)	

May 2, 2018

Pursuant to requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

COMMONWEALTH EDISON COMPANY

/s/ ANNE R. PRAMAGGIORE	/s/ JOSEPH R. TRPIK, JR.
Anne R. Pramaggiore President and Chief Executive Officer (Principal Executive Officer)	Joseph R. Trpik, Jr. Senior Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)
/s/ GERALD J. KOZEL	
Gerald J. Kozel Vice President and Controller (Principal Accounting Officer)	

May 2, 2018

Pursuant to requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PECO ENERGY COMPANY

/s/ M ICHAEL A. I NNOCENZO

Michael A. Innocenzo
President and Chief Executive Officer
(Principal Executive Officer)

/s/ P HILLIP S. B ARNETT

Phillip S. Barnett
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/s/ S COTT A. B AILEY

Scott A. Bailey
Vice President and Controller
(Principal Accounting Officer)

May 2, 2018

S1-SSA-0009 - 22774

Pursuant to requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BALTIMORE GAS AND ELECTRIC COMPANY

/s/ CALVIN G. BUTLER, JR.	/s/ DAVID M. VAHOS
Calvin G. Butler, Jr. Chief Executive Officer (Principal Executive Officer)	David M. Vahos Senior Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)
/s/ ANDREW W. HOLMES	
Andrew W. Holmes Vice President and Controller (Principal Accounting Officer)	

May 2, 2018

Pursuant to requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PEPCO HOLDINGS LLC

/s/ DAVID M. VELAZQUEZ
David M. Velazquez
President and Chief Executive Officer
(Principal Executive Officer)

/s/ DONNA J. KINZEL
Donna J. Kinzel
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/s/ ROBERT M. AIKEN
Robert M. Aiken
Vice President and Controller
(Principal Accounting Officer)

May 2, 2018

Pursuant to requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

POTOMAC ELECTRIC POWER COMPANY

/s/ DAVID M. VELAZQUEZ

David M. Velazquez

President and Chief Executive Officer
(Principal Executive Officer)

/s/ DONNA J. KINZEL

Donna J. Kinzel

Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/s/ ROBERT M. AIKEN

Robert M. Aiken

Vice President and Controller
(Principal Accounting Officer)

May 2, 2018

Pursuant to requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DELMARVA POWER & LIGHT COMPANY

/s/ DAVID M. VELAZQUEZ

David M. Velazquez

President and Chief Executive Officer
(Principal Executive Officer)

/s/ DONNA J. KINZEL

Donna J. Kinzel

Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/s/ ROBERT M. AIKEN

Robert M. Aiken

Vice President and Controller
(Principal Accounting Officer)

May 2, 2018

Pursuant to requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ATLANTIC CITY ELECTRIC COMPANY

/s/ DAVID M. VELAZQUEZ

David M. Velazquez

President and Chief Executive Officer
(Principal Executive Officer)

/s/ DONNA J. KINZEL

Donna J. Kinzel

Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/s/ ROBERT M. AIKEN

Robert M. Aiken

Vice President and Controller
(Principal Accounting Officer)

May 2, 2018

This Instrument Prepared By:

/s/Christie D. Cannon
Christie D. Cannon
Delmarva Power & Light Company
Mailstop 92DC42
500 N. Wakefield Drive
Newark, DE 19702-5440

DELMARVA POWER & LIGHT COMPANY

TO

THE BANK OF NEW YORK MELLON,
Trustee.

ONE HUNDRED AND TWENTIETH SUPPLEMENTAL INDENTURE

Dated as of January 1, 2018
(but executed on the dates shown on the execution page)

S1-SSA-0009 - 22780

This **ONE HUNDRED AND TWENTIETH SUPPLEMENTAL INDENTURE** , dated as of the first day of January, 2018 (but executed on the dates hereinafter shown), made and entered into by and between DELMARVA POWER & LIGHT COMPANY, a corporation of the State of Delaware and the Commonwealth of Virginia, hereinafter called the Company and THE BANK OF NEW YORK MELLON, a New York banking corporation, hereinafter called the Trustee;

WITNESSETH:

WHEREAS, the Company heretofore executed and delivered its Indenture of Mortgage and Deed of Trust (hereinafter in this One Hundred and Twentieth Supplemental Indenture called the "Original Indenture"), dated as of October 1, 1943, to The New York Trust Company, a corporation of the State of New York, as Trustee, to which The Bank of New York Mellon is successor Trustee, to secure the First Mortgage Bonds of the Company, unlimited in aggregate principal amount and issuable in series, from time to time, in the manner and subject to the conditions set forth in the Original Indenture granted and conveyed unto the Trustee, upon the trusts, uses and purposes specifically therein set forth, certain real estate, franchises and other property therein described, including property acquired after the date thereof, except as therein otherwise provided; and

WHEREAS, the Original Indenture has been supplemented by one hundred and eighteen supplemental indentures specifically subjecting to the lien of the Original Indenture as though included in the granting clause thereof certain property in said supplemental indentures specifically described and amending and modifying the provisions of the Original Indenture (the Original Indenture, as amended, modified and supplemented by all of the indentures supplemental thereto, including this One Hundred and Twentieth Supplemental Indenture, is hereinafter in this One Hundred and Twentieth Supplemental Indenture called the "Indenture"); and

WHEREAS, the execution and delivery of this One Hundred and Twentieth Supplemental Indenture has been duly authorized by Unanimous Written Consent of the Board of Directors of the Company, and all conditions and requirements necessary to make this One Hundred and Twentieth Supplemental Indenture a valid, binding and legal instrument in accordance with its terms, for the purposes herein expressed, and the execution and delivery hereof, have been in all respects duly authorized; and

WHEREAS, it is provided in and by the Original Indenture, inter alia, as follows:

> "IT IS HEREBY AGREED by the Company that all the property, rights and franchises acquired by the Company after the date hereof (except any hereinbefore or hereinafter expressly excepted) shall (subject to the provisions of Section 9.01 hereof and to the extent permitted by law) be as fully embraced within the lien hereof as if such property, rights and franchises were now owned by the Company and/or specifically described herein and conveyed hereby;"

and

WHEREAS, the Company has acquired certain other property, real, personal and mixed, which heretofore has not been specifically conveyed to the Trustee;

NOW, THEREFORE, this ONE HUNDRED AND TWENTIETH SUPPLEMENTAL INDENTURE WITNESSETH that for and in consideration of the premises and in pursuance of the provisions of the Indenture, the Company has granted, bargained, sold, released, conveyed, assigned, transferred, mortgaged, pledged, set over and confirmed, and by these presents does grant, bargain, sell, release, convey, assign, transfer, mortgage, pledge, set over and confirm unto the Trustee and to its successors in the trust in the Indenture created, to its and their assigns forever, all the following described properties of the Company, and does confirm that the Company will not cause or consent to a partition, either voluntary or through legal proceedings, of property, whether herein described or heretofore or hereafter acquired, in which its ownership shall be as tenant in common, except as permitted by, and in conformity with, the provisions of the Indenture and particularly of Article IX thereof:

[NONE]

Together with all other property, real, personal and mixed, tangible and intangible (except such property as in said Indenture expressly excepted from the lien and operation thereof), acquired by the Company on or prior to December 31, 2017, and not heretofore specifically subjected to the lien of the Indenture.

Also without limitation of the generality of the foregoing, the easements and rights-of-way and other rights in or relating to real estate or the occupancy of the same owned by the Company, and whether used or not used in connection with the Company's operations, which are conveyed to the Company and recorded in the following Real Property Deed Records to which reference is made for a more particular description, to wit:

DELAWARE
New Castle County

Instrument Date	Deed Records	Tax ID No.
12/16/16	20170112-0002218	13-021.00-018
12/08/16	20170112-0002219	06-034.00-025
12/08/16	20170112-0002220	14-021.00-008
01/11/17	20170214-0008302	15-026.00-023
02/03/17	20170228-0010513	06-046.00-246
02/07/17	20170228-0010512	06-122.00-082
01/17/17	20170222-009512	07-044.30-002
02/24/17	20170328-0015261	14-012.20-124, 14-012.20-001 - 14-012.22-142, 14-012.24-001 - 14-012.24-017
03/03/17	20170328-0015260	13-002.30-062 - 13-002.30-123 , 13-007.10-001 - 13-007.10-078, 13-007.20-010 - 13-007.20-026
04/18/17	20170503-0022037	06-11100038, 0611100165, 0611100165
03/04/17	2170503-0022036	07-01700102
04/11/17	20170503-0022035	10-04300022
04/12/17	20170503-0022034	15-01100027
05/02/17	20170515-0023813	07-02730095, 07-02730106
04/19/17	20170505-0022409	06-100.00-022
05/05/17	20170629-0032581	06-052.00-231
06/22/17	20170629-0032582	09-018.00-081
06/13/17	20170707-0034169	10-010.40-212, 10-010.40-380
06/26/17	20170809-0040602	15-020.00-062
07/18/17	20170809-0040603	08-017.00-002
06/28/17	20170630-0033045	06-100.00-067
07/28/17	20170818-0042308	10-043.00-022
04/27/17	20170818-0042309	06-145.00-050
08/12/17	20170901-0045416	15-026.00-210
8/17/2017	20170901-0045417	08-037.00-067
08/23/17	20170915-0047648	13-012.00-150
Instrument Date	**Deed Records**	**Tax ID No.**
9/5/2017	20170915-0047646	08-037.00-067
08/31/17	201709015-004767	06-024.00-447,06-024.00-448, 06-024.00-251
09/15/17	20171013-0053393	10-015.00-021, 10-015.00-022
09/28/17	20171013-0053394	06-121.00-174
09/26/17	20171013-0053395	08-024.10-064
10/16/17	20171116-0060070	07-005.00-038
10/11/17	20171116-0060068	14-012.00-239
09/05/17	20171116-0060067	26-051.00-009
10/11/17	20171116-0060066	08-008.30-078
10/24/17	20171116-0060065	14-012.21-034
10/18/17	20171116-0060069	23-064.00-061, 23-030.00-158

DELAWARE
Sussex County

Instrument Date	Deed Records		Tax ID No.
	Book	Page	
09/07/16	4625	266	131-10.00-101.00
10/06/16	4650	264	334-12.00-106.01
10/06/16	4650	266	533-4.00-22.00
12/08/16	4650	273	233-10.00-77.00
12/09/16	4650	271	233-10.00-77.01
12/09/16	4650	268	334-14.17-72.00
12/29/16	4650	275	134-12.00-317.01
01/19/17	4707	89	134-12.00-170.00
01/19/17	4730	217	134-12.00-3663.00
01/27/17	4730	219	134-12.300-428
02/10/17	4688	45	331-03.00-128.00
03/05/17	4688	50	532-18.00-14.01
03/28/17	4756	282	530-10.13-2.00, 530-10.13-2.01
03/31/17	4704	103	232-12.00-103.00
04/05/17	4756	286	134-13.00-36.00
04/07/17	4756	288	334-13.19-70.00
04/07/17	4707	91	334-13.20-16.00
04/07/17	4756	291	532-18.00-11.01
04/12/17	4756	298	334-20.10-1.08, 334-20.10-1.01
04/25/17	4756	284	334-13.20-33.01
05/11/17	4756	300	233-16.00-6.02
06/06/17	4756	302	232-12.15-40.00
06/09/17	4756	304	532-23.00-1.02
06/09/17	4756	306	532-23.00-1.03
06/27/17	4756	275	Multiple
07/10/17	4770	271	331-4.00-34.07 331-4.00-34.05

Instrument Date	Deed Records		Tax ID No.
	Book	Page	
7/18/17	4770	266	132-6.00-230.00
10/15/17	4805	41	2-30-700.89.00

DELAWARE
Kent County

Instrument Date	Deed Records		Tax ID No.
	Instrument Number		
02/16/17	8549	81	4-00-03800-01-4202-00001
12/19/16	8549	84	7-00-07200-01-6200-00002
02/23/17	8549	87	9-00-06500-012900-00001
08/05/17	8778	202	8-00-113.00-01-03.04.000
08/26/17	8794	269	9-00-06400-01-5200-00001

MARYLAND
Caroline County

Instrument Date	Deed Records		Map	Parcel
	Book	Page		
08/04/16	1242	44	9	17&62
05/05/16	1242	39	105	2267
08/01/16	1244	132	9	2,18
01/27/17	1244	135	11A	54
02/13/17	1247	373	11A	55
02/13/17	1247	376	11A	57
04/10/17	1255	418	18 & 19	154 & 156
04/11/17	1255	423	18	147
04/06/17	1259	455	303	650
05/23/17	1259	147	18	146
05/08/17	1259	143	303	648

MARYLAND
Cecil County

Instrument Date	Deed Records		Map	Parcel
	Book	Page		
12/12/16	4015	90	31	31
02/14/17	4035	333	315	2462
02/14/17	4035	335	316	2462
05/19/16	4035	339	38	188
5/23/2016	4035	337	10	23
09/02/15	4035	341	30	20
Instrument Date	**Deed Records**		**Map**	**Parcel**
	Book	**Page**		
3/6/2016	4035	343	29	84
04/05/17	4065	443	30	17
04/18/17	4065	446	801	298
01/26/17	4065	449	17	639
03/27/17	4065	451	17	3
05/02/17	4095	442	25	232
05/03/17	4095	444	6	68
05/07/17	4079	146	36	12
05/23/17	4095	438	312	2401
04/05/17	4065	443	30	17
06/08/17	4095	440	24	288
07/21/17	4114	389	36	421
07/12/17	4114	391	401	526
08/04/17	4128	227	14	622
08/17/17	4128	225	19	505
06/29/17	4122	17	9	127
08/03/17	4122	20	19	505
10/31/17	4169	159	25	653
09/16/17	4169	163	21	51
10/10/17	4169	154	31	581
10/13/17	4169	166	25	297
11/01/17	4169	169	31	1326
09/22/17	4150	161	36	153
10/01/17	4150	159	12	201

MARYLAND
Dorchester County

Instrument Date	Deed Records		Map	Parcel
	Liber	Folio		
05/03/17	1403	1	5	35
06/29/17	1410	169	17	10
05/10/17	1410	160	19	72
06/29/17	1410	164	17	10
07/14/17	1416	33	17	10

MARYLAND
Kent County

Instrument Date	Deed Records		Map	Parcel
	Liber	Folio		
02/10/17	896	270	52	16
02/02/17	896	273	201	976
04/25/17	906	68	52	15
05/30/17	909	411	41	3
06/21/17	914	309	6	4
09/07/17	915	47	400	325
07/17/17	915	45	100	1557
08/21/17	916	235	400	326
09/01/17	917	362	27	17
10/22/17	924	342	24	46

MARYLAND
Queen Anne's County

Instrument Date	Deed Records		Map	Parcel	Lot
	Liber	Folio			
10/26/16	2632	56	65	41	2,3,4
07/22/16	2641	393	35H	31	
07/22/16	2641	397	35H	78	
07/22/16	2641	405	35H	173	
07/27/16	2641	401	35H	33	
05/23/16	2641	409	45	14	
08/19/16	2641	413	63	92	
07/11/16	2641	417	63	43	
06/17/16	2641	388	31	38	
01/30/17	2641	495	59	155	
01/31/17	2641	491	35H	79	
01/31/17	2641	498	35H	113	
08/26/16	2641	502	63	34	
06/20/16	2641	506	63	53	
01/05/17	2641	510	51G	1	
02/08/17	2686	89	51	38	1-4
06/27/17	2731	135	24	37	
06/19/17	2731	132	24	151	
08/30/17	2766	64	57	127	1,2
08/25/17	2766	67	40	12	
09/06/17	2766	71	35	120	9
09/06/17	2766	49	35	120	1
09/06/17	2766	52	35	120	5
09/06/17	2766	55	35	120	4
Instrument Date	**Deed Records**		**Map**	**Parcel**	**Lot**
	Liber	**Folio**			
09/06/17	2766	58	35	120	7
09/06/17	2766	61	35	120	8
09/06/17	2766	74	35	130	
09/12/17	2784	72	58F	69	
09/07/17	2784	68	35	120	10
09/28/17	2784	75	57	429	
10/09/17	2805	206	57	60	
10/09/17	2805	203	57	274	2
10/09/17	2805	200	57	274	1

MARYLAND
Somerset County

Instrument Date	Deed Records		Map	Parcel
	Liber	Folio		
03/09/17	946	1	203	1330A
05/16/17	950	355		
08/30/17	958	93	40	104 & 127

MARYLAND
Talbot County

Instrument Date	Deed Records		Map	Parcel
	Liber	Folio		
01/10/17	2419	422	39	105&107
01/23/17	2428	128	39	55
08/10/16	2428	124	31	276
07/15/16	2428	149	31	125
07/14/16	2428	132	31	176
07/05/16	2428	136	31	47
07/05/16	2428	140	31	127
07/08/16	2428	144	31	22,342
02/20/17	2437	130	39	14
02/28/17	2437	134	48	35
02/19/17	2437	122	31	98
02/27/17	2437	138	31	269
03/07/17	2437	142	39	79W
03/14/17	2434	495	58	73
03/14/17	2434	491	58	74
03/14/17	2434	499	48	81
02/13/17	2437	126	39	124
05/15/17	2449	445	53	4
Instrument Date	**Deed Records**		**Map**	**Parcel**
	Liber	**Folio**		
06/05/17	2459	484	39	215
07/13/17	2468	151	44A	102
07/25/17	2471	265	53	64
08/07/17	2475	320	31	65
10/13/17	2494	149	53	53
11/13/17	2505	29	22	307

MARYLAND
Wicomico County

Instrument Date	Deed Records		Map	Parcel
	Liber	Folio		
08/10/17	4220	3	102	220
08/10/17	4220	7	42	114
08/03/12	4143	198	58	41
07/03/17	4143	201	104	1388
02/27/17	4143	205	19	76
03/13/17	4143	195	53	113
03/24/17	4148	121	19	99
03/24/17	4148	125	19	9
03/16/17	4146	397	19	21
03/31/17	4163	271	19	90
03/27/17	4164	73	45	32
04/04/17	4163	266	48	279 & 753
05/02/17	4167	289	31	304
04/27/17	4167	292	19	64
05/05/17	4175	242	48	372
05/16/17	4175	246	39	406
06/10/17	4191	331	49	27
07/12/17	4208	169	104	2594
07/19/17	4208	174	58	
09/07/17	4212	467	51	157
09/25/17	4238	299	115	647
09/20/17	4238	303	141	20
09/19/17	4238	306	50	47
10/12/17	4252	446	49	121

MARYLAND
Worcester County

Instrument Date	Deed Records		Map	Parcel	Lot
	Liber	Folio			
09/29/16	6922	386	9	366	
01/25/17	6938	241	20	142	
02/16/17	6947	479	19	84	2
08/03/17	6962	1	27	570	
01/27/17	6961	489	9	331	
04/09/17	6990	29	10	299	
04/06/17	6990	32	9	176	
04/20/17	6997	33	101	41	
02/23/17	6997	35	10	101	
04/07/17	7024	331	20	47	
05/19/17	7033	272	27	146	
06/08/17	7017	208	27	707	22
06/26/17	7036	127	13	27	
06/30/17	7054	152	56	31	
06/20/17	7059	354	26	299	
07/05/17	7054	157	56	26	
10/16/17	7116	292	116	5161A	

The following is a schedule of bonds issued under the Eighty-Eighth Supplemental Indenture and Credit Line Deed of Trust, effective as of October 1, 1994, that can be designated as First Mortgage Bonds, Series I, which may also be designated as Secured Medium Term Notes, Series I; and First Mortgage Bonds, Pledged Series I.

First Mortgage Bonds, Series I/Secured Medium Term Notes, Series I

Issuance Date	Tranche	Maturity	Principal
06/19/95	7.71% Bonds	06/01/25	$100,000,000
06/19/95	6.95% Amortizing Bonds	06/01/08	$25,800,000
11/25/08	6.40% Bonds	12/01/13	$250,000,000

First Mortgage Bonds, Pledged Series I

Issuance Date	Tranche	Maturity	Principal
10/12/94	1994	10/01/29	$33,750,000
Total Bonds Issued:			$409,550,000

As supplemented and amended by this One Hundred and Twentieth Supplemental Indenture, the Original Indenture and all indentures supplemental thereto are in all respects ratified and confirmed and the Original Indenture and the aforesaid supplemental indentures and this One Hundred and Twentieth Supplemental Indenture shall be read, taken and construed as one and the same instrument.

This One Hundred and Twentieth Supplemental Indenture shall be simultaneously executed in several counterparts, and all such counterparts executed and delivered, each as an original, shall constitute but one and the same instrument.

The recitals of fact contained herein shall be taken as the statements of the Company, and the Trustee assumes no responsibility for the correctness of the same.

The debtor and its mailing address are Delmarva Power & Light Company, Mailstop 92DC42, 500 N. Wakefield Drive, Newark, Delaware 19702-5440. The secured party and its address, from which information concerning the security interest hereunder may be obtained, is The Bank of New York Mellon, 500 Ross Street, 12 th Floor, Pittsburgh, Pennsylvania 15262, Attn: Corporate Trust Administration.

The Company acknowledges that it received a true and correct copy of this One Hundred and Twentieth Supplemental Indenture.

This One Hundred and Twentieth Supplemental Indenture is executed and delivered pursuant to the provisions of Section 5.11 and paragraph (a) of Section 17.01 of the Indenture for the purpose of conveying, transferring and assigning to the Trustee and of subjecting to the lien of the Indenture with the same force and effect as though included in the granting clause thereof the above described property so acquired by the Company on or prior to the date of execution, and not heretofore specifically subject to the lien of the Indenture; but nothing contained in this One Hundred and Twentieth Supplemental Indenture shall be deemed in any manner to affect (except for such purposes) or to impair the provisions, terms and conditions of the Original Indenture, or of any indenture supplemental thereto and the provisions, terms and conditions thereof are hereby expressly confirmed.

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S1-SSA-0009 - 22794

IN WITNESS WHEREOF, the Company has caused this instrument to be signed in its name and behalf by its President, and its corporate seal to be hereunto affixed and attested by its Assistant Secretary and the Trustee has caused this instrument to be signed in its name and behalf by a Vice President and its corporate seal to be hereunto affixed and attested by an authorized officer, effective as of the 1st day of January, 2018.

DELMARVA POWER & LIGHT COMPANY

Date of Execution By /s/Donna J. Kinzel
Donna J. Kinzel, Senior Vice President

March 21, 2018

Attest:

/s/Brian Buck [SEAL]
Brian Buck, Assistant Secretary

STATE OF DELAWARE)
) SS
COUNTY OF NEW CASTLE)

BE IT REMEMBERED that as of the 21st day of March, 2018, personally came before me, a notary public for the State of Delaware, Donna J. Kinzel, Senior Vice President of DELMARVA POWER & LIGHT COMPANY, a corporation of the State of Delaware and the Commonwealth of Virginia (the "Company"), party to the foregoing instrument, known to me personally to be such, and acknowledged the instrument to be her own act and deed and the act and deed of the Company; that her signature is in her own proper handwriting; that the seal affixed is the common or corporate seal of the Company; and that her act of signing, sealing, executing and delivering such instrument was duly authorized by resolution of the Board of Directors of the Company.

GIVEN under my hand and official seal the day and year aforesaid.

/s/Patricia H. Lyons [SEAL]
Notary Public, State of Delaware
My commission expires Oct 19, 2020

THE BANK OF NEW YORK MELLON,
as Trustee

Date of Execution By /s/Laurence J. O'Brien
Laurence J. O'Brien, Vice President

April 3, 2018

Attest:

/s/Latoya S. Elvin
Latoya S. Elvin, Vice President

STATE OF NEW JERSEY)
) SS.
COUNTY OF PASSAIC)

BE IT REMEMBERED that as of this 3rd day of April, 2018, personally came before me, a Notary Public for the State of New Jersey, Laurence J. O'Brien, Vice President of THE BANK OF NEW YORK MELLON, a New York banking corporation (the "Trustee"), party to the foregoing instrument, known to me personally to be such, and acknowledged the instrument to be his own act and deed and the act and deed of the Trustee; that his signature is his own proper handwriting; that the seal affixed is the common or corporate seal of the Trustee; and that his act of signing, sealing, executing and delivering said instrument was duly authorized by resolution of the Board of Directors of the Trustee.

GIVEN under my hand and official seal the day and year aforesaid.

/s/Rick J. Fierro

RICK J FIERRO
Notary Public
State of New Jersey
My Commission Expires Nov 24, 2019

[SEAL]

CERTIFICATE OF RESIDENCE

THE BANK OF NEW YORK MELLON, successor Trustee to the Trustee within named, hereby certifies that it has a residence at 101 Barclay Street, in the Borough of Manhattan, in The City of New York, in the State of New York.

THE BANK OF NEW YORK MELLON

By /s/Laurence J. O'Brien
Laurence J. O'Brien, Vice President

Certification

This document was prepared under the supervision of an attorney admitted to practice before the Court of Appeals of Maryland, or by or on behalf of one of the parties named in the within instrument.

/s/Christie D. Cannon

Christie D. Cannon

SEPARATION AGREEMENT

THIS SEPARATION AGREEMENT (this " *Agreement* ") is entered into as of _____, 20__ between Exelon Corporation (" *Exelon* "), _____ ("Subsidiary", and, collectively with Exelon, the " *Company* ") and _____ (the " *Executive* ").

W I T N E S S E T H:

WHEREAS, the Executive is separating from all positions with the Company and its respective affiliates.

NOW, THEREFORE, in consideration of the mutual promise s and agreements contained herein, the adequacy and sufficiency of which are hereby acknowledged, the Company and the Executive agree as follows:

1. Resignation & Termination of Employment . The Executive's employment will be terminated and Executive hereby resigns, each effective as of the close of business on _____, 20__ (the " *Termination Date* "), from his or her position as _____ and from all other positions as an officer or director of Exelon and its subsidiaries and affiliates. [During the period commencing on the date hereof and ending on the Termination Date, Executive shall cooperate with and assist in the orderly transition of his or her duties, and shall diligently perform such other services reasonably consistent with his or her position as may be requested from time to time. Executive's current base salary and annual incentive target shall remain in effect, and Executive (and his or her eligible dependents) shall also remain eligible to participate in the Company's applicable employee benefit plans, and shall remain subject to and comply with the Company's code of business conduct and other employment policies.]

2. Payment of Accrued Amounts . The Company shall pay to the Executive the portion of his or her annual salary that has accrued but is unpaid as of the Termination Date and an additional amount representing the Executive's accrued but unused vacation days as of the Termination Date, in each case not later than the second payroll date after the Termination Date.

3. Severance Payments . The Company shall pay to the Executive:

(a) cash severance payments in an aggregate amount equal to $_____ which is equal to the product of [2.0 for named executive officers; 1.25 - 2.0 for other officers] times the sum of (i) $_____ (representing the Executive's annual base salary) and (ii) $_____ (representing the Executive's target annual incentive). For named executive officers and other "specified employees" within the meaning of section 409A of the Code, payment shall commence in the form of a lump sum payment of $_____ to be made as of the first payroll date occurring on or after the date that is six months after the Termination Date, followed by substantially equal regular payroll installments of the remainder over a period of [eighteen for named executive officers; twelve to fifteen for other officers] months; for other officers, payment

shall commence not later than 45 days after the Termination Date in substantially equal payroll installments over a period of [15 - 24 months]; and

(b) a pro-rated annual incentive award for [the year in which the Termination Date occurs], the amount of which (if any) shall be determined based on business performance measures in a manner consistent with that applied to active peer executives of Subsidiary (assuming a meaningful impact performance rating) and payable at the time such awards are paid to such executives (but not later than [March 15 of the following year]), and each such payment shall be considered a separate short-term deferral for purposes of section 409A of the Internal Revenue Code (" *Code* ").

4. Tax Withholding . The Company shall deduct from the amounts payable to the Executive pursuant to this Agreement the amount of all required federal, state and local withholding taxes in accordance with the Executive's Form W-4 on file with the Company and all applicable social security and Medicare taxes.

5. Outplacement Assistance and Financial Counseling Services . During the twelve-month period following the Termination Date, the Company shall reimburse the Executive for reasonable fees incurred for services rendered to the Executive by a professional outplacement organization selected by the Executive and reasonably acceptable to the Company to provide individual outplacement services, and Executive shall be eligible to receive financial counseling services consistent with the terms and conditions applicable to active peer executives under Exelon's executive perquisite policy. Executive may apply for external positions via search firms which also recruit executives for the Company.

6. Long Term Incentive Awards . Subject to Executive's timely execution of (and not revoking) the Waiver and Release (as defined in Section 9 below),

(a) Executive shall remain eligible to receive full long-term [performance share awards for generation/business services company executives /or/ performance cash awards for utility executives] under Exelon's long-term incentive program for the performance cycles commencing in the two years preceding the year in which the Termination Date occurs, and a pro-rated award for the performance cycle commencing in the year in which the Termination Date occurs, the respective amounts (if any) of which shall be determined in a manner consistent with that used to determine the amounts of such awards payable to active executives for such respective periods, and all such awards shall be payable at the time or times such respective awards are paid to active executives and each such award shall be considered a separate, short-term deferral for purposes of section 409A of the Code; and

(b) Executive's options to purchase common stock of Exelon granted by the Company shall, to the extent not exercised as of the Termination Date, remain exercisable until the (i) the earlier of the respective expiration dates of such options and the date that is ninety days after the Termination Date with respect to merger options other than those granted in 2012 if the Executive has not attained at least age 50 and completed at least 10 years of service, and (ii) until the respective expiration dates of such options with respect to merger options granted in 2012 and other options if the Executive is at least age 50 and has completed 10 or more years of service; and

(c) the non-vested portions of Executive's [restricted stock unit for generation and business services company executives /or/ restricted cash for utility executives] awards under Exelon's long term incentive program shall become fully vested as of the Termination Date [and, with respect to named executive officers and other "specified employees", payable six months after the Termination Date].

All such awards payable in shares shall be subject to the Company's applicable resale restrictions, if any.

7. Supplemental Executive Retirement Benefits . The Executive shall be eligible for a retirement benefit under the Company's applicable supplemental non-qualified pension plan (the " *SERP* ") in accordance with the terms and conditions thereof, except that in determining such benefit, the Executive shall be subject to the Executive's timely execution of the Waiver and Release, be credited with [24 months for named executive officers; 15 -24 months for other officers] additional service calculated as though he or she received the severance benefits specified in Section 3(a) as regular salary and incentive pay over such period (and limited in its application to the amounts of such payments that exceed the compensation limitations applicable to qualified pension plans under the Code) and any other service previously granted to such Executive. Such benefit shall be paid as provided in Section 8(c).

8. Employee and Other Benefits .

(a) During the period commencing on the Termination Date and ending [24 months for named executive officers; 15 - 24 months for other officers] after the Termination Date (the " *Severance Period* ") and in satisfaction of COBRA continuation coverage during such period with respect to healthcare benefits, (i) the Executive (and his or her participating dependents) shall be eligible to participate in, and shall receive benefits under Exelon's welfare benefit plans (including medical, dental and vision) in which the Executive (and his or her eligible dependents) were participating immediately prior to the Termination Date, and (ii) the Executive shall be eligible to participate in the life insurance programs in which he or she was a participant immediately prior to the Termination Date, in each case on the same basis as if the Executive had remained actively employed during the Severance Period.

(b) Following the Severance Period, if the Executive has attained at least age 50 and has completed at least 10 years of service as of the end of the Severance Period, the Executive (and his or her eligible dependents) shall be eligible for retiree benefits in accordance with and subject to the terms and conditions of the Company's applicable health care plans, as in effect for employees of his or her legacy business unit from time to time (including the Company's right to amend or terminate such plans at any time). Such benefits shall not duplicate any benefits that may then be available to the Executive from any other employer and shall be secondary to Medicare.

(c) The Company shall pay to the Executive, in the time and manner specified in the terms and conditions of such plans and any distribution elections by the Executive in effect thereunder, his or her account balances (if any) under Exelon's applicable deferred compensation plans, as adjusted by any applicable earnings and losses on such account balances, and the Executive's benefit under the supplemental executive retirement plan.

(d) The Executive shall be entitled to purchase the laptop computer furnished by the Company for his or her use, subject to removal of data and programs as determined by the Company. The Executive shall be responsible for payment of expenses incurred after the

Termination Date with respect to the Company-owned cellular phone furnished for his or her use.

(e) If the Executive is entitled to any benefit under any employee benefit plan of the Company that is accrued and vested on the Termination Date and that is not expressly referred to in this Agreement, such benefit shall be provided to the Executive in accordance with the terms of such employee benefit plan.

(f) Notwithstanding Section 8(e) or anything else contained in this Agreement to the contrary, the Executive acknowledges and agrees that he or she is not and shall not be entitled to benefits under any other severance or change in control plan, program, agreement or arrangement, and that the benefits provided under this Agreement shall be the sole and exclusive benefits to which the Executive may become entitled upon his or her termination of employment. In the event the Executive dies prior to executing the Waiver and Release, neither he or she, his or her estate, nor any other person shall be entitled to any further compensation or benefits under this Agreement, unless and until the executor of the Executive's estate (and/or such other heirs or representatives as may be requested by the Company) executes upon Company request and does not revoke such a Waiver and Release.

9. Waiver and Release . Notwithstanding anything herein to the contrary, Executive's right to the payments and benefits under this Agreement shall be contingent upon (a) Executive having executed and delivered to the Company a waiver and general release agreement in the form attached hereto (the " *Waiver and Release* ") not earlier than the Termination Date but in no event more than 21 days [45 days if a group termination] after the Termination Date (the "Consideration Period"), (b) Executive not revoking such release in accordance with the terms of the release and (c) Executive not violating any of Executive's on-going obligations under this Agreement; provided, however, that the Company has the discretion to pay such benefits prior to receipt of the Waiver and Release and/or the expiration of the revocation period; provided further that if Executive does not execute and deliver the Waiver and Release to the Company prior to the expiration of the Consideration Period or if the Executive revokes the Waiver and Release in accordance with its terms, Executive shall pay to the Company within 10 days following the expiration of the Consideration Period or the date such release was revoked, a lump sum payment of all payments received by Executive to date hereunder.

10. Restrictive Covenants . The Executive acknowledges and agrees that he or she is bound by, and subject to, the Non-Solicitation and Confidentiality Agreement dated as of _____ (the "Restrictive Covenants") and the Waiver and Release. The Executive shall comply with, and observe, the Restrictive Covenants including, without limitation, the confidential information, non-solicitation and intellectual property provisions and related covenants contained therein, all of which are hereby incorporated by reference. In the event that Executive has breached any of the Restrictive Covenants or the Waiver and Release or has engaged in conduct during his or her employment with the Company that would constitute grounds for termination for Cause (as defined in the Exelon Corporation Senior Management Severance Plan), benefits under this Agreement shall terminate immediately, and Executive shall reimburse Exelon for any benefits received.

11. Certain Tax Matters .

(a) If it is determined by Exelon's independent auditors that any severance payment, benefit or enhancement provided to the Executive pursuant to the terms of the this Agreement is or will become subject to any excise tax under section 4999 of the Code, or any similar tax payable under any United States federal, state, local, foreign or other law (" *Excise*

Taxes "), then such payment, benefit or enhancement shall be reduced to the largest amount which would not cause any such Excise Tax to by payable be the Executive and not cause a loss of the related income tax deduction by the Company.

(b) The parties intend for this Agreement to comply with section 409A of the Code. In the event the timing of any payment or benefit under this Agreement would result in any tax or penalty under section 409A of the Code, the Company may reasonably adjust the timing of such payment or benefit if doing so will eliminate or materially reduce such tax or penalty and amend this Agreement accordingly. Executive acknowledges that Executive has been advised to consult Executive's personal tax advisor concerning this Agreement, and has not relied on the Company for tax advice.

12. Non-disparagement . The Executive shall not publish, comment upon or disseminate any public statements suggesting or accusing the Company or any of its affiliates, employees, officers, directors or agents of any misconduct or unlawful behavior, or that brings the Company or any of its affiliates or the employees, officers, directors or agents of the Company or any of its affiliates into disrepute, or tarnish any of their images or reputations. The provisions of this Section 12 shall not apply to truthful testimony as a witness, compliance with other legal obligations, assertion of or defense against any claim of breach of this Agreement, or any activity that otherwise may be required or permitted by the lawful order of a court or agency of competent jurisdiction, and shall not require the Executive to make false statements or disclosures.

13. Publicity . Executive shall not issue or cause the publication of any press release or other announcement with respect to the terms or provisions of this Agreement, nor disclose the contents hereof to any third party (other than to members of his or her immediate family or to tax, financial and legal advisors), without obtaining the consent of Exelon, except where such release, announcement or disclosure shall be required by applicable law or administrative regulation or agency or other legal process.

14. Other Employment; Other Plans . The Executive shall not be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any provision of this Agreement. The amounts payable hereunder shall not be reduced by any payments received by the Executive from any other employer; *provided* , *however* , that any continued welfare benefits provided for by Section 8(a) shall not duplicate any benefits that are provided to the Executive and his or her family by such other employer and shall be secondary to any coverage provided by Medicare.

15. Cooperation by the Executive . During the Severance Period, the Executive shall (a) be reasonably available to the Company to respond to requests by them for information pertaining to or relating to matters which may be within the knowledge of the Executive and (b) cooperate with the Company in connection with any existing or future litigation or other proceedings brought by or against the Company, its subsidiaries or affiliates, to the extent Exelon reasonably deems the Executive's cooperation necessary, including truthful testimony in any related proceeding.

16. Successors; Binding Agreement . This Agreement shall inure to the benefit of and be binding upon the Company and its successors, and by the Executive, his or her spouse, personal or legal representatives, executors, administrators and heirs. This Agreement, being personal, may not be assigned by Executive.

17. Governing Law; Validity . This Agreement shall be interpreted, construed and enforced in accordance with the terms of the Exelon Corporation Senior Management Severance Plan, and the applicable provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and section 409A of the Code.

18. Entire Agreement . This Agreement and the Waiver and Release constitute the entire agreement and understanding between the parties with respect to the subject matter hereof and supersede and preempt any other understandings, agreements or representations by or between the parties, written or oral, which may have related in any manner to the subject matter hereof. Executive acknowledges that the Company has made no representations regarding the tax consequences of payments under this Agreement and has had the opportunity to consult Executive's tax advisor.

19. Counterparts . This Agreement may be executed in two counterparts, each of which shall be deemed to be an original and both of which together shall constitute one and the same instrument.

20. Miscellaneous . No provision of this Agreement may be modified or waived unless such modification or waiver is agreed to in writing and executed by the Executive and by a duly authorized officer of the Company. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. Failure by the Executive or the Company to insist upon strict compliance with any provision of this Agreement or to assert any right which the Executive or the Company may have hereunder shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

21. Beneficiary . If the Executive dies prior to receiving all of the amounts payable hereunder (other than amounts payable under any plan referenced in Section 8, which shall be governed by any beneficiary designation in effect thereunder) but after executing the Waiver and Release, such amounts shall be paid, except as may be otherwise expressly provided herein or in the applicable plans, to the beneficiary (*"Beneficiary"*) designated with respect to this Agreement by the Executive in writing to the Vice President, Corporate Compensation of the Company during his or her lifetime, which the Executive may change from time to time by new designation filed in like manner without the consent of any Beneficiary; or if no such Beneficiary is designated, to his or her surviving spouse, and if there be none, to his or her estate.

22. Nonalienation of Benefits . Benefits payable under this Agreement shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, prior to actually being received by the Executive, and any such attempt to dispose of any right to benefits payable hereunder shall be void.

23. Severability . If all or any part of this Agreement is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity shall not serve to invalidate any portion of this Agreement not declared to be unlawful or invalid, except that in the event a determination is made that the Restrictive Covenants as applied to the Executive are invalid or unenforceable in whole or in part, then this Agreement shall be void and the Company shall have no obligation to provide benefits hereunder. Any paragraph or part of a paragraph so declared to be unlawful or invalid shall, if possible, be construed in a manner which will give effect to the terms of such paragraph or part of a paragraph to the fullest extent possible while remaining lawful and valid.

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24. Communications . Nothing in this Agreement or the Waiver and Release shall be construed to prohibit or limit the Executive from filing a charge with, or reporting possible violations of law or regulation to any governmental agency or entity, including but not limited to the National Labor Relations Board, Nuclear Regulatory Commission, U.S. Equal Opportunity Commission, the Department of Labor, the Department of Justice, the Securities Exchange Commission, the Congress, and any agency Inspector General, or making other disclosures that are protected under the whistleblower provisions of applicable law or regulation, or taking any other action protected under section 211 of the Energy Reorganization Act. The Executive does not need the prior authorization of the Company to make any such charges, reports or disclosures, and is not required to notify the Company that Executive has made such charges reports or disclosures, and no such report or disclosure shall be considered a violation of Section 12 of this Agreement or the Waiver and Release. In addition, neither this Agreement nor the Waiver and Release limits the Executive's ability to receive a monetary award from a government-administered whistleblower award program for providing any such reports or disclosures directly to a governmental agency. Executive acknowledges, however, that the Waiver and Release requires Executive to specifically waive all rights to recover any monetary damages from the Company, including but not limited to lost wages and benefits, lost pay, damages for emotional distress, punitive damages, reinstatement, and attorneys' fees and costs.

25. Sections . Except where otherwise indicated by the context, any reference to a "Section" shall be to a Section of this Agreement.

IN WITNESS WHEREOF, Exelon and Subsidiary have caused this Agreement to be executed by their duly authorized officers and the Executive has executed this Agreement as of the day and year first above written.

EXELON CORPORATION

By:_____

Senior Vice President &
Chief Human Resource Officer

SUBSIDIARY

By:_____

Vice President, Human Resources

_____
EXECUTIVE

WAIVER AND RELEASE
UNDER
SEPARATION AGREEMENT

In consideration for the Executive's receiving severance benefits under the Separation Agreement (as defined below), _____ (the "Executive") hereby agrees as follows:

1. Release. Except with respect to the Company's obligations under the Separation Agreement by and between Exelon Corporation, [Executive's employing subsidiary] (collectively, the " *Company* ") and the Executive dated as of _____, 20__ (the " *Separation Agreement* "), the Executive, on behalf of Executive and his or her heirs, executors, assigns, agents, legal representatives and personal representatives, hereby releases, acquits and forever discharges the Company, its agents, subsidiaries, affiliates, and their respective officers, directors, agents, servants, employees, attorneys, shareholders, successors, assigns and affiliates, of and from any and all claims, liabilities, demands, causes of action, costs, expenses, attorneys fees, damages, indemnities and obligations of every kind and nature, in law, equity, or otherwise, known and unknown, foreseen or unforeseen, disclosed and undisclosed, suspected and unsuspected, arising out of or in any way related to agreements, events, acts or conduct at any time prior to the day of execution of this Waiver and Release, including but not limited to any and all such claims and demands directly or indirectly arising out of or in any way connected with the Executive's employment or other service with the Company, or any of its Subsidiaries or affiliates; the Executive's termination of employment and other service with the Company or any of its subsidiaries or affiliates; claims or demands related to salary, bonuses, commissions, stock, stock options, restricted stock or any other ownership interests in the Company or any of its subsidiaries and affiliates, vacation pay, fringe benefits, expense reimbursements, sabbatical benefits, severance, change in control or other separation benefits, or any other form of compensation or equity; and claims pursuant to any federal, state, local law, statute, ordinance, common law or other cause of action including but not limited to, the federal Civil Rights Act of 1964, as amended; the federal Age Discrimination in Employment Act of 1967, as amended; the federal Americans with Disabilities Act of 1990; the Employee Retirement Income Security Act of 1974, as amended, tort law; contract law; wrongful discharge; discrimination; fraud; defamation; harassment; emotional distress; or breach of the covenant of good faith and fair dealing. This Waiver and Release does not apply to (a) the payment of any benefits to which the Executive may be entitled under the terms of a Company-sponsored tax qualified retirement or savings plan or (b) Executive's entitlement to indemnification, and coverage as an insured, with respect to his service as an officer, director, employee or agent in accordance with the terms and conditions of Article VII of the Exelon Corporation Amended and Restated Bylaws.

2. No Inducement . The Executive agrees that no promise or inducement to enter into this Waiver or Release has been offered or made except as set forth in this Waiver and Release and the Separation Agreement, that the Executive is entering into this Waiver and Release without any threat or coercion and without reliance on any statement or representation made on behalf of the Company or any of its subsidiaries or affiliates, or by any person employed by or representing the Company or any of its subsidiaries or affiliates, except for the written provisions and promises contained in this Waiver and Release and the Separation Agreement.

3. **Advice of Counsel; Time to Consider; Revocation . The Executive acknowledges the following:**

(a) The Executive has read this Waiver and Release, and understands its legal and binding effect, including that by signing and not revoking this Waiver and Release the Executive waives and releases any and all claims under the Age Discrimination in Employment Act of 1967, as amended, including but not limited to the Older Workers Benefits Protection Act. The Executive is acting voluntarily and of the Executive's own free will in executing this Waiver and Release.

(b) The Executive has been advised to seek and has had the opportunity to seek legal counsel in connection with this Waiver and Release.

(c) The Executive was given at least [twenty-one (21) / forty-five (45)] days to consider the terms of this Waiver and Release before signing it.

(d) At the time Executive was given this Waiver and Release, Executive was informed that his or her termination was not part of a group separation.

The Executive understands that, if the Executive signs the Waiver and Release, the Executive may revoke it within seven (7) days after signing it, provided that Executive will not receive any severance benefits under the Separation Agreement. The Executive understands that this Waiver and Release will not be effective until after the seven-day period has expired and no consideration will be due the Executive.

4. Severability . If all or any part of this Waiver and Release is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity shall not invalidate any other portion of this Waiver and Release. Any Section or a part of a Section declared to be unlawful or invalid shall, if possible, be construed in a manner which will give effect to the terms of the Section to the fullest extent possible while remaining lawful and valid.

5. Amendment . This Waiver and Release shall not be altered, amended, or modified except by written instrument executed by the Company and the Executive. A waiver of any portion of this Waiver and Release shall not be deemed a waiver of any other portion of this Waiver and Release.

6. Applicable Law . The provisions of this Waiver and Release shall be interpreted and construed in accordance with the laws of the State of Illinois without regard to its choice of law principles.

IN WITNESS WHEREOF, the Executive has executed this Waiver and Release as of the date specified below.

EXECUTIVE

_____

DATE: _____

Exhibit 31-1

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Christopher M. Crane, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ CHRISTOPHER M. CRANE

President and Chief Executive Officer

(Principal Executive Officer)

Date: May 2, 2018

Exhibit 31-2

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Jonathan W. Thayer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ JONATHAN W. THAYER

Senior Executive Vice President and Chief Financial Officer

(Principal Financial Officer)

Date: May 2, 2018

Exhibit 31-3

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Kenneth W. Cornew, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Generation Company, LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ KENNETH W. CORNEW

President and Chief Executive Officer

(Principal Executive Officer)

Date: May 2, 2018

Exhibit 31-4

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Bryan P. Wright, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Generation Company, LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ BRYAN P. WRIGHT

Senior Vice President and Chief Financial Officer

(Principal Financial Officer)

Date: May 2, 2018

Exhibit 31-5

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Anne R. Pramaggiore, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Commonwealth Edison Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ ANNE R. PRAMAGGIORE

President and Chief Executive Officer
(Principal Executive Officer)

Date: May 2, 2018

Exhibit 31-6

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Joseph R. Trpik, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Commonwealth Edison Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ JOSEPH R. TRPIK, JR.

Senior Vice President, Chief Financial Officer and Treasurer

(Principal Financial Officer)

Date: May 2, 2018

Exhibit 31-7

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Michael A. Innocenzo, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PECO Energy Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ MICHAEL A. INNOCENZO

President and Chief Executive Officer

(Principal Executive Officer)

Date: May 2, 2018

Exhibit 31-8

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Phillip S. Barnett, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PECO Energy Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ PHILLIP S. BARNETT

Senior Vice President, Chief Financial Officer
and Treasurer

(Principal Financial Officer)

Date: May 2, 2018

Exhibit 31-9

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Calvin G. Butler, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Baltimore Gas and Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ CALVIN G. BUTLER, JR.

Chief Executive Officer

(Principal Executive Officer)

Date: May 2, 2018

Exhibit 31-10

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, David M. Vahos, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Baltimore Gas and Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ DAVID M. VAHOS

Senior Vice President, Chief Financial Officer
and Treasurer
(Principal Financial Officer)

Date: May 2, 2018

Exhibit 31-11

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, David M. Velazquez, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Pepco Holdings LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ DAVID M. VELAZQUEZ

President and Chief Executive Officer

(Principal Executive Officer)

Date: May 2, 2018

Exhibit 31-12

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Donna J. Kinzel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Pepco Holdings LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ DONNA J. KINZEL

Senior Vice President, Chief Financial Officer and Treasurer

(Principal Financial Officer)

Date: May 2, 2018

Exhibit 31-13

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, David M. Velazquez, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Potomac Electric Power Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ DAVID M. VELAZQUEZ

President and Chief Executive Officer

(Principal Executive Officer)

Date: May 2, 2018

Exhibit 31-14

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Donna J. Kinzel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Potomac Electric Power Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ DONNA J. KINZEL

Senior Vice President, Chief Financial Officer and Treasurer

(Principal Financial Officer)

Date: May 2, 2018

Exhibit 31-15

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, David M. Velazquez, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Delmarva Power & Light Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ DAVID M. VELAZQUEZ

President and Chief Executive Officer

(Principal Executive Officer)

Date: May 2, 2018

Exhibit 31-16

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Donna J. Kinzel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Delmarva Power & Light Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ DONNA J. KINZEL

Senior Vice President, Chief Financial Officer and Treasurer

(Principal Financial Officer)

Date: May 2, 2018

Exhibit 31-17

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, David M. Velazquez, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Atlantic City Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ DAVID M. VELAZQUEZ

President and Chief Executive Officer

(Principal Executive Officer)

Date: May 2, 2018

Exhibit 31-18

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Donna J. Kinzel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Atlantic City Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ DONNA J. KINZEL

Senior Vice President, Chief Financial Officer and Treasurer

(Principal Financial Officer)

Date: May 2, 2018

Exhibit 32-1

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Corporation for the quarterly period ended March 31, 2018 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Corporation.

/s/ CHRISTOPHER M. CRANE

Christopher M. Crane

President and Chief Executive Officer

Date: May 2, 2018

Exhibit 32-2

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Corporation for the quarterly period ended March 31, 2018 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Corporation.

/s/ JONATHAN W. THAYER

Jonathan W. Thayer

Senior Executive Vice President and Chief Financial Officer

Date: May 2, 2018

Exhibit 32-3

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Generation Company, LLC for the quarterly period ended March 31, 2018 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Generation Company, LLC.

/s/ KENNETH W. CORNEW

Kenneth W. Cornew

President and Chief Executive Officer

Date: May 2, 2018

Exhibit 32-4

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Generation Company, LLC for the quarterly period ended March 31, 2018 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Generation Company, LLC.

/s/ BRYAN P. WRIGHT

Bryan P. Wright

Senior Vice President and Chief Financial Officer

Date: May 2, 2018

Exhibit 32-5

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Commonwealth Edison Company for the quarterly period ended March 31, 2018 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Commonwealth Edison Company.

/s/ ANNE R. PRAMAGGIORE

Anne R. Pramaggiore

President and Chief Executive Officer

Date: May 2, 2018

Exhibit 32-6

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Commonwealth Edison Company for the quarterly period ended March 31, 2018 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Commonwealth Edison Company.

/s/ JOSEPH R. TRPIK, JR.

Joseph R. Trpik, Jr.

Senior Vice President, Chief Financial Officer and Treasurer

Date: May 2, 2018

Exhibit 32-7

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of PECO Energy Company for the quarterly period ended March 31, 2018 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of PECO Energy Company.

/s/ MICHAEL A. INNOCENZO

Michael A. Innocenzo

President and Chief Executive Officer

Date: May 2, 2018

Exhibit 32-8

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of PECO Energy Company for the quarterly period ended March 31, 2018 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of PECO Energy Company.

/s/ P HILLIP S. B ARNETT

Phillip S. Barnett

Senior Vice President, Chief Financial Officer and Treasurer

Date: May 2, 2018

Exhibit 32-9

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Baltimore Gas and Electric Company for the quarterly period ended March 31, 2018 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Baltimore Gas and Electric Company.

/s/ CALVIN G. BUTLER, JR.

Calvin G. Butler, Jr.
Chief Executive Officer

Date: May 2, 2018

Exhibit 32-10

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Baltimore Gas and Electric Company for the quarterly period ended March 31, 2018 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Baltimore Gas and Electric Company.

/s/ DAVID M. VAHOS

David M. Vahos

Senior Vice President, Chief Financial Officer and Treasurer

Date: May 2, 2018

Exhibit 32-11

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Pepco Holdings LLC for the quarterly period ended March 31, 2018 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Pepco Holdings LLC.

/s/ D AVID M. V ELAZQUEZ

David M. Velazquez

President and Chief Executive Officer

Date: May 2, 2018

Exhibit 32-12

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Pepco Holdings LLC for the quarterly period ended March 31, 2018 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Pepco Holdings LLC.

/s/ DONNA J. KINZEL

Donna J. Kinzel

Senior Vice President, Chief Financial Officer and Treasurer

Date: May 2, 2018

Exhibit 32-13

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Potomac Electric Power Company for the quarterly period ended March 31, 2018 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Potomac Electric Power Company.

/s/ D AVID M. V ELAZQUEZ

David M. Velazquez

President and Chief Executive Officer

Date: May 2, 2018

Exhibit 32-14

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Potomac Electric Power Company for the quarterly period ended March 31, 2018 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Potomac Electric Power Company .

/s/ DONNA J. KINZEL

Donna J. Kinzel

Senior Vice President, Chief Financial Officer and Treasurer

Date: May 2, 2018

Exhibit 32-15

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Delmarva Power & Light Company for the quarterly period ended March 31, 2018 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Delmarva Power & Light Company.

/s/ DAVID M. VELAZQUEZ

David M. Velazquez

President and Chief Executive Officer

Date: May 2, 2018

Exhibit 32-16

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Delmarva Power & Light Company for the quarterly period ended March 31, 2018 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Delmarva Power & Light Company .

/s/ DONNA J. KINZEL

Donna J. Kinzel

Senior Vice President, Chief Financial Officer and Treasurer

Date: May 2, 2018

Exhibit 32-17

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Atlantic City Electric Company for the quarterly period ended March 31, 2018 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Atlantic City Electric Company.

/s/ D AVID M. V ELAZQUEZ

David M. Velazquez

President and Chief Executive Officer

Date: May 2, 2018

Exhibit 32-18

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Atlantic City Electric Company for the quarterly period ended March 31, 2018 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Atlantic City Electric Company .

/s/ DONNA J. KINZEL

Donna J. Kinzel

Senior Vice President, Chief Financial Officer and Treasurer

Date: May 2, 2018

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended September 30, 2013

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number	Name of Registrant; State of Incorporation; Address of Principal Executive Offices; and Telephone Number	IRS Employer Identification Number
1-16169	EXELON CORPORATION (a Pennsylvania corporation) 10 South Dearborn Street P.O. Box 805379 Chicago, Illinois 60680-5379 (312) 394-7398	23-2990190
333-85496	EXELON GENERATION COMPANY, LLC (a Pennsylvania limited liability company) 300 Exelon Way Kennett Square, Pennsylvania 19348-2473 (610) 765-5959	23-3064219
1-1839	COMMONWEALTH EDISON COMPANY (an Illinois corporation) 440 South LaSalle Street Chicago, Illinois 60605-1028 (312) 394-4321	36-0938600
000-16844	PECO ENERGY COMPANY (a Pennsylvania corporation) P.O. Box 8699 2301 Market Street Philadelphia, Pennsylvania 19101-8699 (215) 841-4000	23-0970240
1-1910	BALTIMORE GAS AND ELECTRIC COMPANY (a Maryland corporation) 2 Center Plaza 110 West Fayette Street Baltimore, Maryland 21201-3708 (410) 234-5000	52-0280210

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

	Large Accelerated Filer	Accelerated Filer	Non-accelerated Filer	Smaller Reporting Company
Exelon Corporation	☒			
Exelon Generation Company, LLC			☒	
Commonwealth Edison Company			☒	
PECO Energy Company			☒	
Baltimore Gas and Electric Company			☒	

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The number of shares outstanding of each registrant's common stock as of September 30, 2013 was:

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Exelon Corporation Common Stock, without par value	856,903,972
Exelon Generation Company, LLC	not applicable
Commonwealth Edison Company Common Stock, $12.50 par value	127,016,855

PECO Energy Company Common Stock, without par value	170,478,507
Baltimore Gas and Electric Company Common Stock, without par value	1,000

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GLOSSARY OF TERMS AND ABBREVIATIONS

Exelon Corporation and Related Entities

Exelon	Exelon Corporation
Generation	Exelon Generation Company, LLC
ComEd	Commonwealth Edison Company
PECO	PECO Energy Company
BGE	Baltimore Gas and Electric Company
BSC	Exelon Business Services Company, LLC
Exelon Corporate	Exelon in its corporate capacity as a holding company
CENG	Constellation Energy Nuclear Group, LLC
Constellation	Constellation Energy Group, Inc.
Exelon Transmission Company	Exelon Transmission Company, LLC
Exelon Wind	Exelon Wind, LLC and Exelon Generation Acquisition Company, LLC
Ventures	Exelon Ventures Company, LLC
AmerGen	AmerGen Energy Company, LLC
BondCo	RSB BondCo LLC
PEC L.P.	PECO Energy Capital, L.P.
PECO Trust III	PECO Capital Trust III
PECO Trust IV	PECO Energy Capital Trust IV
PETT	PECO Energy Transition Trust
Registrants	Exelon, Generation, ComEd, PECO and BGE, collectively

Other Terms and Abbreviations

Note "—" of the Exelon 2012 Form 10-K	Reference to specific Combined Note to Consolidated Financial Statements within Exelon's 2012 Annual Report on Form 10-K
1998 restructuring settlement	PECO's 1998 settlement of its restructuring case mandated by the Competition Act
Act 11	Pennsylvania Act 11 of 2012
Act 129	Pennsylvania Act 129 of 2008
AEC	Alternative Energy Credit that is issued for each megawatt hour of generation from a qualified alternative energy source
AEPS	Pennsylvania Alternative Energy Portfolio Standards
AEPS Act	Pennsylvania Alternative Energy Portfolio Standards Act of 2004, as amended
AESO	Alberta Electric Systems Operator
AFUDC	Allowance for Funds Used During Construction
ALJ	Administrative Law Judge
AMI	Advanced Metering Infrastructure
ARC	Asset Retirement Cost
ARO	Asset Retirement Obligation
ARP	Title IV Acid Rain Program
ARRA of 2009	American Recovery and Reinvestment Act of 2009
Block contracts	Forward Purchase Energy Block Contracts
CAIR	Clean Air Interstate Rule
CAISO	California ISO
CAMR	Federal Clean Air Mercury Rule
CERCLA	Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended
CFL	Compact Fluorescent Light
Clean Air Act	Clean Air Act of 1963, as amended
Clean Water Act	Federal Water Pollution Control Amendments of 1972, as amended
Competition Act	Pennsylvania Electricity Generation Customer Choice and Competition Act of 1996

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GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and Abbreviations

CPI	Consumer Price Index
CPUC	California Public Utilities Commission
CSAPR	Cross-State Air Pollution Rule
CTC	Competitive Transition Charge
DOE	United States Department of Energy
DOJ	United States Department of Justice
DSP	Default Service Provider
DSP Program	Default Service Provider Program
EDF	Electricite de France SA
EE&C	Energy Efficiency and Conservation/Demand Response
EGS	Electric Generation Supplier
EIMA	Energy Infrastructure Modernization Act (Illinois Senate Bill 1652 and Illinois House Bill 3036)
EPA	United States Environmental Protection Agency
ERCOT	Electric Reliability Council of Texas
ERISA	Employee Retirement Income Security Act of 1974, as amended
EROA	Expected Rate of Return on Assets
ESPP	Employee Stock Purchase Plan
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
FRCC	Florida Reliability Coordinating Council
FTC	Federal Trade Commission
GAAP	Generally Accepted Accounting Principles in the United States
GHG	Greenhouse Gas
GRT	Gross Receipts Tax
GSA	Generation Supply Adjustment
GWh	Gigawatt hour
HAP	Hazardous air pollutants
Health Care Reform Acts	Patient Protection and Affordable Care Act and Health Care and Education Reconciliation Act of 2010
IBEW	International Brotherhood of Electrical Workers
ICC	Illinois Commerce Commission
ICE	Intercontinental Exchange
Illinois Act	Illinois Electric Service Customer Choice and Rate Relief Law of 1997
Illinois EPA	Illinois Environmental Protection Agency
Illinois Settlement Legislation	Legislation enacted in 2007 affecting electric utilities in Illinois
IPA	Illinois Power Agency
IRC	Internal Revenue Code
IRS	Internal Revenue Service
ISO	Independent System Operator
ISO-NE	ISO New England Inc.
ISO-NY	ISO New York
kV	Kilovolt
kW	Kilowatt
kWh	Kilowatt-hour
LIBOR	London Interbank Offered Rate
LILO	Lease-In, Lease-Out
LLRW	Low-Level Radioactive Waste
LTIP	Long-Term Incentive Plan
MATS	U.S. EPA Mercury and Air Toxics Rule

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Other Terms and Abbreviations

MBR	Market Based Rates Incentive
MDE	Maryland Department of the Environment
MDPSC	Maryland Public Service Commission
MGP	Manufactured Gas Plant
MISO	Midcontinent Independent System Operator, Inc.
mmcf	Million Cubic Feet
Moody's	Moody's Investor Service
MOPR	Minimum Offer Price Rule
MRV	Market-Related Value
MW	Megawatt
MWh	Megawatt hour
NAAQS	National Ambient Air Quality Standards
n.m.	not meaningful
NAV	Net Asset Value
NDT	Nuclear Decommissioning Trust
NEIL	Nuclear Electric Insurance Limited
NERC	North American Electric Reliability Corporation
NGS	Natural Gas Supplier
NJDEP	New Jersey Department of Environmental Protection
Non-Regulatory Agreements Units	Nuclear generating units or portions thereof whose decommissioning-related activities are not subject to contractual elimination under regulatory accounting
NOV	Notice of Violation
NPDES	National Pollutant Discharge Elimination System
NRC	Nuclear Regulatory Commission
NSPS	New Source Performance Standards
NWPA	Nuclear Waste Policy Act of 1982
NYMEX	New York Mercantile Exchange
OCI	Other Comprehensive Income
OIESO	Ontario Independent Electricity System Operator
OPEB	Other Postretirement Employee Benefits
PA DEP	Pennsylvania Department of Environmental Protection
PAPUC	Pennsylvania Public Utility Commission
PGC	Purchased Gas Cost Clause
PJM	PJM Interconnection, LLC
POLR	Provider of Last Resort
POR	Purchase of Receivables
PPA	Power Purchase Agreement
Price-Anderson Act	Price-Anderson Nuclear Industries Indemnity Act of 1957
PRP	Potentially Responsible Parties
PSEG	Public Service Enterprise Group Incorporated
PURTA	Pennsylvania Public Realty Tax Act
PV	Photovoltaic
RCRA	Resource Conservation and Recovery Act of 1976, as amended
REC	Renewable Energy Credit which is issued for each megawatt hour of generation from a qualified renewable energy source
Regulatory Agreement Units	Nuclear generating units whose decommissioning-related activities are subject to contractual elimination under regulatory accounting
RES	Retail Electric Suppliers
RFP	Request for Proposal
Rider	Reconcilable Surcharge Recovery Mechanism

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Other Terms and Abbreviations

RGGI	Regional Greenhouse Gas Initiative
RMC	Risk Management Committee
RPM	PJM Reliability Pricing Model
RPS	Renewable Energy Portfolio Standards
RTEP	Regional Transmission Expansion Plan
RTO	Regional Transmission Organization
S&P	Standard & Poor's Ratings Services
SEC	United States Securities and Exchange Commission
Senate Bill 1	Maryland Senate Bill 1
SERC	SERC Reliability Corporation (formerly Southeast Electric Reliability Council)
SERP	Supplemental Employee Retirement Plan
SFC	Supplier Forward Contract
SGIG	Smart Grid Investment Grant
SGIP	Smart Grid Initiative Program
SILO	Sale-In, Lease-Out
SMP	Smart Meter Program
SMPIP	Smart Meter Procurement and Installation Plan
SNF	Spent Nuclear Fuel
SOS	Standard Offer Service
SPP	Southwest Power Pool
Tax Relief Act of 2010	Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010
TEG	Termoelectrica del Golfo
TEP	Termoelectrica Penoles
Upstream	Natural gas exploration and production activities
VIE	Variable Interest Entity
WECC	Western Electric Coordinating Council

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FILING FORMAT

This combined Form 10-Q is being filed separately by the Registrants. Information contained herein relating to any individual Registrant is filed by such Registrant on its own behalf. No Registrant makes any representation as to information relating to any other Registrant.

FORWARD-LOOKING STATEMENTS

This Report contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, that are subject to risks and uncertainties. The factors that could cause actual results to differ materially from the forward-looking statements made by Exelon Corporation, Exelon Generation Company, LLC, Commonwealth Edison Company, PECO Energy Company and Baltimore Gas and Electric Company (Registrants) include those factors discussed herein, as well as the items discussed in (1) Exelon's 2012 Annual Report on Form 10-K in (a) ITEM 1A. Risk Factors, (b) ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) ITEM 8. Financial Statements and Supplementary Data: Note 19; (2) this Quarterly Report on Form 10-Q in (a) Part II, Other Information, ITEM 1A. Risk Factors, (b) Part 1, Financial Information, ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) Part I, Financial Information, ITEM 1. Financial Statements: Note 18; and (3) other factors discussed in filings with the SEC by the Registrants. Readers are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of this Report. None of the Registrants undertakes any obligation to publicly release any revision to its forward-looking statements to reflect events or circumstances after the date of this Report.

WHERE TO FIND MORE INFORMATION

The public may read and copy any reports or other information that the Registrants file with the SEC at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. These documents are also available to the public from commercial document retrieval services, the website maintained by the SEC at www.sec.gov and the Registrants' websites at www.exeloncorp.com. Information contained on the Registrants' websites shall not be deemed incorporated into, or to be a part of, this Report.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions, except per share data)	Three Months Ended September 30, 2013	Three Months Ended September 30, 2012	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012
Operating revenues	$ 6,502	$ 6,579	$18,725	$17,235
Operating expenses				
Purchased power and fuel	2,743	3,026	8,143	7,398
Operating and maintenance	1,735	2,170	5,391	5,979
Depreciation and amortization	530	500	1,606	1,376
Taxes other than income	277	290	825	737
Total operating expenses	5,285	5,986	15,965	15,490
Equity in earnings (loss) of unconsolidated affiliates	37	10	7	(69)
Operating income	1,254	603	2,767	1,676
Other income and (deductions)				
Interest expense	(228)	(240)	(1,091)	(678)
Interest expense to affiliates, net	(6)	(6)	(19)	(19)
Other, net	155	101	311	253
Total other income and (deductions)	(79)	(145)	(799)	(444)
Income before income taxes	1,175	458	1,968	1,232
Income taxes	439	161	733	445
Net income	736	297	1,235	787
Net income (loss) attributable to noncontrolling interests, preferred security dividends and redemption and preference stock dividends	(2)	1	11	5
Net income attributable to common shareholders	738	296	1,224	782
Comprehensive income (loss), net of income taxes				
Net income	736	297	1,235	787
Other comprehensive income (loss), net of income taxes				
Pension and non-pension postretirement benefit plans:				
Prior service benefit reclassified to periodic benefit cost	1	—	—	1
Actuarial loss reclassified to periodic cost	49	44	151	126
Transition obligation reclassified to periodic cost	—	—	—	2
Pension and non-pension postretirement benefit plans valuation adjustment	(8)	(67)	69	(78)
Deferred compensation unit valuation adjustment	—	—	10	—
Change in unrealized loss on cash flow hedges	(46)	(88)	(169)	(29)
Change in unrealized income on equity investments	16	17	51	23
Change in unrealized gain (loss) on foreign currency translation	—	2	(5)	—
Change in unrealized loss on marketable securities	—	—	(1)	—
Other comprehensive income (loss)	12	(92)	106	45
Comprehensive income	$ 748	$ 205	$ 1,341	$ 832
Average shares of common stock outstanding:				
Basic	857	854	856	804
Diluted	860	857	860	806
Earnings per average common share:				
Basic	$ 0.86	$ 0.35	$ 1.43	$ 0.97
Diluted	$ 0.86	$ 0.35	$ 1.42	$ 0.97
Dividends per common share	$ 0.31	$ 0.53	$ 1.15	$ 1.58

See the Combined Notes to Consolidated Financial Statements

EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Nine Months Ended September 30, 2013	2012
Cash flows from operating activities		
Net income	$ 1,235	$ 787
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation, amortization, depletion and accretion, including nuclear fuel and energy contract amortization	2,844	2,909
Impairment of assets held for sale	—	278
Deferred income taxes and amortization of investment tax credits	(164)	263
Net fair value changes related to derivatives	(229)	(377)
Net realized and unrealized gains on nuclear decommissioning trust fund investments	(95)	(142)
Other non-cash operating activities	738	1,235
Changes in assets and liabilities:		
Accounts receivable	54	228
Inventories	(103)	12
Accounts payable, accrued expenses and other current liabilities	(243)	(817)
Option premiums paid, net	(38)	(122)
Counterparty collateral (posted) received, net	(73)	408
Income taxes	863	465
Pension and non-pension postretirement benefit contributions	(360)	(131)
Other assets and liabilities	(35)	(422)
Net cash flows provided by operating activities	4,394	4,574
Cash flows from investing activities		
Capital expenditures	(3,887)	(4,162)
Proceeds from nuclear decommissioning trust fund sales	3,344	6,262
Investment in nuclear decommissioning trust funds	(3,518)	(6,422)
Cash and restricted cash acquired from Constellation	—	964
Proceeds from sale of long-lived assets	32	—
Proceeds from sales of investments	20	26
Purchases of investments	(3)	(13)
Change in restricted cash	(23)	(38)
Other investing activities	65	41
Net cash flows used in investing activities	(3,970)	(3,342)
Cash flows from financing activities		
Payment of accounts receivable agreement	(210)	—
Changes in short-term debt	205	(139)
Issuance of long-term debt	2,031	1,558
Retirement of long-term debt	(1,156)	(731)
Redemption of preferred securities	(93)	—
Dividends paid on common stock	(981)	(1,226)
Dividends paid to former Constellation shareholders	—	(51)
Proceeds from employee stock plans	40	61
Other financing activities	(102)	(20)
Net cash flows used in financing activities	(266)	(548)
Increase in cash and cash equivalents	158	684
Cash and cash equivalents at beginning of period	1,486	1,016
Cash and cash equivalents at end of period	$ 1,644	$ 1,700

See the Combined Notes to Consolidated Financial Statements

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EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS

(In millions)	September 30, 2013 (Unaudited)	December 31, 2012
ASSETS		
Current assets		
Cash and cash equivalents	$ 1,600	$ 1,411
Cash and cash equivalents of variable interest entities	44	75
Restricted cash and investments	60	86
Restricted cash and investments of variable interest entities	87	47
Accounts receivable, net		
Customer ($0 and $289 gross accounts receivable pledged as collateral as of September 30, 2013 and December 31, 2012, respectively)	2,584	2,795
Other	1,232	1,141
Accounts receivable, net, variable interest entities	177	292
Mark-to-market derivative assets	730	938
Unamortized energy contract assets	460	886
Inventories, net		
Fossil fuel	288	246
Materials and supplies	821	768
Deferred income taxes	292	131
Regulatory assets	877	764
Other	699	560
Total current assets	9,951	10,140
Property, plant and equipment, net	46,495	45,186
Deferred debits and other assets		
Regulatory assets	6,509	6,497
Nuclear decommissioning trust funds	7,776	7,248
Investments	1,154	1,184
Investments in affiliates	23	22
Investment in CENG	1,939	1,849
Goodwill	2,625	2,625
Mark-to-market derivative assets	779	937
Unamortized energy contracts assets	803	1,073
Pledged assets for Zion Station decommissioning	486	614
Other	1,121	1,186
Total deferred debits and other assets	23,215	23,235
Total assets	$ 79,661	$ 78,561

See the Combined Notes to Consolidated Financial Statements

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EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS

(In millions)	September 30, 2013 (Unaudited)	December 31, 2012
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings	$ 214	$ —
Short-term notes payable — accounts receivable agreement	—	210
Long-term debt due within one year	1,461	975
Long-term debt due within one year of variable interest entities	182	72
Accounts payable	2,369	2,446
Accounts payable of variable interest entities	108	202
Accrued expenses	1,540	1,800
Deferred income taxes	50	58
Regulatory liabilities	314	368
Mark-to-market derivative liabilities	126	352
Unamortized energy contract liabilities	305	455
Other	838	853
Total current liabilities	7,507	7,791
Long-term debt	17,583	17,190
Long-term debt to financing trusts	648	648
Long-term debt of variable interest entities	339	508
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	11,931	11,551
Asset retirement obligations	5,118	5,074
Pension obligations	3,094	3,428
Non-pension postretirement benefit obligations	2,764	2,662
Spent nuclear fuel obligation	1,021	1,020
Regulatory liabilities	4,204	3,981
Mark-to-market derivative liabilities	218	281
Unamortized energy contract liabilities	314	528
Payable for Zion Station decommissioning	339	432
Other	2,514	1,650
Total deferred credits and other liabilities	31,517	30,607
Total liabilities	57,594	56,744
Commitments and contingencies		
Preferred securities of subsidiary	—	87
Shareholders' equity		
Common stock (No par value, 2,000 shares authorized, 857 shares and 855 shares outstanding at September 30, 2013 and December 31, 2012, respectively)	16,716	16,632
Treasury stock, at cost (35 shares at September 30, 2013 and December 31, 2012, respectively)	(2,327)	(2,327)
Retained earnings	10,131	9,893
Accumulated other comprehensive loss, net	(2,661)	(2,767)
Total shareholders' equity	21,859	21,431
BGE preference stock not subject to mandatory redemption	193	193
Noncontrolling interest	15	106
Total equity	22,067	21,730
Total liabilities and shareholders' equity	$ 79,661	$ 78,561

See the Combined Notes to Consolidated Financial Statements

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EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

(In millions, shares in thousands)	Issued Shares	Common Stock	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss, net	Non-controlling Interest	Preferred and Preference Stock	Total Equity
Balance, December 31, 2012	889,525	$16,632	$(2,327)	$ 9,893	$ (2,767)	$ 106	$ 193	$21,730
Net income (loss)	—	—	—	1,224	—	(6)	17	1,235
Long-term incentive plan activity	2,122	84	—	—	—	—	—	84
Common stock dividends	—	—	—	(986)	—	—	—	(986)
Impairment of long-lived assets	—	—	—	—	—	(4)	—	(4)
Consolidated VIE dividend to non-controlling interest	—	—	—	—	—	(63)	—	(63)
Deconsolidation of VIE	—	—	—	—	—	(18)	—	(18)
Redemption of preferred securities	—	—	—	—	—	—	(6)	(6)
Preferred and preference stock dividends	—	—	—	—	—	—	(11)	(11)
Other comprehensive income net of income taxes of $(70)	—	—	—	—	106	—	—	106
Balance, September 30, 2013	891,647	$16,716	$(2,327)	$10,131	$ (2,661)	$ 15	$ 193	$22,067

See the Combined Notes to Consolidated Financial Statements

EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended September 30, 2013	Three Months Ended September 30, 2012	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012
Operating revenues				
Operating revenues	$ 3,871	$ 3,558	$10,729	$ 9,276
Operating revenues from affiliates	384	473	1,129	1,263
Total operating revenues	4,255	4,031	11,858	10,539
Operating expenses				
Purchased power and fuel	2,179	2,122	6,294	5,018
Operating and maintenance	936	1,289	2,943	3,319
Operating and maintenance from affiliates	140	140	434	467
Depreciation and amortization	218	207	643	564
Taxes other than income	98	109	292	272
Total operating expenses	3,571	3,867	10,606	9,640
Equity in earnings (loss) of unconsolidated affiliates	37	10	7	(69)
Operating income	721	174	1,259	830
Other income and (deductions)				
Interest expense	(82)	(85)	(257)	(223)
Other, net	134	83	229	185
Total other income and (deductions)	52	(2)	(28)	(38)
Income before income taxes	773	172	1,231	792
Income taxes	288	85	436	373
Net income	485	87	795	419
Net loss attributable to noncontrolling interests	(5)	(4)	(6)	(6)
Net income attributable to membership interest	490	91	801	425
Comprehensive income (loss), net of income taxes				
Net income	485	87	795	419
Other comprehensive (loss) income, net of income taxes				
Change in unrealized loss on cash flow hedges	(49)	(171)	(316)	(185)
Change in unrealized income on equity investments	16	17	52	23
Change in unrealized income (loss) on foreign currency translation	1	2	(5)	—
Change in unrealized loss on marketable securities	—	—	(1)	(1)
Other comprehensive loss	(32)	(152)	(270)	(163)
Comprehensive income (loss)	$ 453	$ (65)	$ 525	$ 256

See the Combined Notes to Consolidated Financial Statements

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EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Nine Months Ended September 30, 2013	2012
Cash flows from operating activities		
Net income	$ 795	$ 419
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation, amortization, depletion and accretion, including nuclear fuel and energy contract amortization	1,937	2,178
Impairment on assets held for sale	—	278
Deferred income taxes and amortization of investment tax credits	183	69
Net fair value changes related to derivatives	(222)	(345)
Net realized and unrealized gains on nuclear decommissioning trust fund investments	(95)	(142)
Other non-cash operating activities	375	422
Changes in assets and liabilities:		
Accounts receivable	57	189
Receivables from and payables to affiliates, net	2	(58)
Inventories	(81)	34
Accounts payable, accrued expenses and other current liabilities	(162)	(546)
Option premiums paid, net	(38)	(122)
Counterparty collateral (paid) received, net	(123)	315
Income taxes	315	565
Pension and non-pension postretirement benefit contributions	(123)	(48)
Other assets and liabilities	(163)	(195)
Net cash flows provided by operating activities	2,657	3,013
Cash flows from investing activities		
Capital expenditures	(1,995)	(2,602)
Proceeds from nuclear decommissioning trust fund sales	3,344	6,262
Investment in nuclear decommissioning trust funds	(3,518)	(6,422)
Change in restricted cash	(30)	—
Proceeds from sale of long-lived assets	32	—
Cash acquired from Constellation	—	708
Other investing activities	18	(2)
Net cash flows used in investing activities	(2,149)	(2,056)
Cash flows from financing activities		
Issuance of long-term debt	831	957
Retirement of long-term debt	(471)	(138)
Change in short-term debt	12	(41)
Distribution to member	(550)	(1,384)
Other financing activities	(73)	(17)
Net cash flows used in financing activities	(251)	(623)
Increase in cash and cash equivalents	257	334
Cash and cash equivalents at beginning of period	671	496
Cash and cash equivalents at end of period	$ 928	$ 830

See the Combined Notes to Consolidated Financial Statements

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EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS

(In millions)	September 30, 2013 (Unaudited)	December 31, 2012
ASSETS		
Current assets		
Cash and cash equivalents	$ 884	$ 596
Cash and cash equivalents of variable interest entities	44	75
Restricted cash and cash equivalents of variable interest entities	37	16
Accounts receivable, net		
Customer	1,489	1,482
Other	417	472
Accounts receivable, net, variable interest entities	175	292
Mark-to-market derivative assets	730	938
Mark-to-market derivative assets with affiliates	—	226
Receivables from affiliates	107	141
Unamortized energy contract assets	460	886
Inventories, net		
Fossil fuel	169	130
Materials and supplies	661	626
Deferred income taxes	177	—
Other	455	331
Total current assets	5,805	6,211
Property, plant and equipment, net	19,797	19,531
Deferred debits and other assets		
Nuclear decommissioning trust funds	7,776	7,248
Investments	401	420
Investment in CENG	1,939	1,849
Mark-to-market derivative assets	766	924
Prepaid pension asset	1,927	1,975
Pledged assets for Zion Station decommissioning	486	614
Unamortized energy contract assets	803	1,073
Other	798	836
Total deferred debits and other assets	14,896	14,939
Total assets	$ 40,498	$ 40,681

See the Combined Notes to Consolidated Financial Statements

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EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS

(In millions)	September 30, 2013 (Unaudited)	December 31, 2012
LIABILITIES AND EQUITY		
Current liabilities		
Short-term borrowings	$ 21	$ —
Long-term debt due within one year	544	24
Long-term debt due within one year of variable interest entities	104	4
Accounts payable	1,254	1,346
Accounts payable of variable interest entities	108	202
Accrued expenses	925	1,116
Payables to affiliates	162	193
Deferred income taxes	44	128
Mark-to-market derivative liabilities	110	334
Unamortized energy contract liabilities	276	378
Other	348	372
Total current liabilities	3,896	4,097
Long-term debt	5,545	5,245
Long-term debt to affiliate	1,528	2,007
Long-term debt of variable interest entities	88	203
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	5,899	5,398
Asset retirement obligations	4,983	4,938
Non-pension postretirement benefit obligations	843	755
Spent nuclear fuel obligation	1,021	1,020
Payables to affiliates	2,593	2,397
Mark-to-market derivative liabilities	112	232
Unamortized energy contract liabilities	311	516
Payable for Zion Station decommissioning	339	432
Other	789	776
Total deferred credits and other liabilities	16,890	16,464
Total liabilities	27,947	28,016
Commitments and contingencies		
Equity		
Member's equity		
Membership interest	8,872	8,876
Undistributed earnings	3,419	3,168
Accumulated other comprehensive income, net	243	513
Total member's equity	12,534	12,557
Noncontrolling interest	17	108
Total equity	12,551	12,665
Total liabilities and equity	$ 40,498	$ 40,681

See the Combined Notes to Consolidated Financial Statements

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EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Unaudited)

	Member's Equity				
(In millions)	Membership Interest	Undistributed Earnings	Accumulated Other Comprehensive Income, net	Noncontrolling Interest	Total Equity
Balance, December 31, 2012	$ 8,876	$ 3,168	$ 513	$ 108	$12,665
Net income (loss)	—	801	—	(6)	795
Noncontrolling interest acquired	(3)	—	—	—	(3)
Distribution to member	—	(550)	—	—	(550)
Consolidated VIE dividend to non-controlling interest	—	—	—	(63)	(63)
Deconsolidation of VIE	(1)	—	—	(18)	(19)
Impairment of long-lived assets	—	—	—	(4)	(4)
Other comprehensive loss, net of income taxes of $177	—	—	(270)	—	(270)
Balance, September 30, 2013	$ 8,872	$ 3,419	$ 243	$ 17	$12,551

See the Combined Notes to Consolidated Financial Statements

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COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended September 30, 2013	Three Months Ended September 30, 2012	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012
Operating revenues				
Operating revenues	$ 1,155	$ 1,484	$ 3,393	$ 4,152
Operating revenues from affiliates	1	—	2	2
Total operating revenues	1,156	1,484	3,395	4,154
Operating expenses				
Purchased power	158	498	522	1,255
Purchased power from affiliate	143	180	409	631
Operating and maintenance	296	313	907	882
Operating and maintenance from affiliate	37	37	113	118
Depreciation and amortization	164	157	501	458
Taxes other than income	80	81	225	224
Total operating expenses	878	1,266	2,677	3,568
Operating income	278	218	718	586
Other income and (deductions)				
Interest expense	(71)	(71)	(493)	(221)
Interest expense to affiliates, net	(3)	(3)	(10)	(9)
Other, net	7	5	18	12
Total other income and (deductions)	(67)	(69)	(485)	(218)
Income before income taxes	211	149	233	368
Income taxes	85	59	93	149
Net income	126	90	140	219
Other comprehensive income, net of income taxes				
Change in unrealized gain on marketable securities	—	—	—	1
Other comprehensive income	—	—	—	1
Comprehensive income	$ 126	$ 90	$ 140	$ 220

See the Combined Notes to Consolidated Financial Statements

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COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Nine Months Ended September 30, 2013	2012
Cash flows from operating activities		
Net income	$ 140	$ 219
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation, amortization and accretion	501	458
Deferred income taxes and amortization of investment tax credits	(152)	198
Other non-cash operating activities	26	310
Changes in assets and liabilities:		
Accounts receivable	(21)	22
Receivables from and payables to affiliates, net	(32)	(32)
Inventories	(12)	(11)
Accounts payable, accrued expenses and other current liabilities	48	(49)
Counterparty collateral received, net	50	93
Income taxes	262	116
Pension and non-pension postretirement benefit contributions	(120)	(19)
Other assets and liabilities	160	(124)
Net cash flows provided by operating activities	850	1,181
Cash flows from investing activities		
Capital expenditures	(1,074)	(896)
Proceeds from sales of investments	5	26
Purchases of investments	(3)	(13)
Change in restricted cash	(3)	—
Other investing activities	33	12
Net cash flows used in investing activities	(1,042)	(871)
Cash flows from financing activities		
Changes in short-term debt	153	35
Issuance of long-term debt	350	—
Retirement of long-term debt	(252)	(450)
Dividends paid on common stock	(165)	(95)
Other financing activities	(4)	(3)
Net cash flows provided by (used in) financing activities	82	(513)
Decrease in cash and cash equivalents	(110)	(203)
Cash and cash equivalents at beginning of period	144	234
Cash and cash equivalents at end of period	$ 34	$ 31

See the Combined Notes to Consolidated Financial Statements

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COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS

(In millions)	September 30, 2013 (Unaudited)	December 31, 2012
ASSETS		
Current assets		
Cash and cash equivalents	$ 34	$ 144
Restricted cash	3	—
Accounts receivable, net		
Customer	443	539
Other	525	452
Inventories, net	103	91
Deferred income taxes	18	83
Counterparty collateral deposited	3	53
Regulatory assets	335	388
Other	31	25
Total current assets	1,495	1,775
Property, plant and equipment, net	14,444	13,826
Deferred debits and other assets		
Regulatory assets	819	666
Investments	5	8
Investments in affiliates	6	6
Goodwill	2,625	2,625
Receivables from affiliates	2,361	2,039
Prepaid pension asset	1,631	1,661
Other	300	299
Total deferred debits and other assets	7,747	7,304
Total assets	$ 23,686	$ 22,905

See the Combined Notes to Consolidated Financial Statements

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COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS

(In millions)	September 30, 2013 (Unaudited)	December 31, 2012
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings	$ 153	$ —
Long-term debt due within one year	617	252
Accounts payable	474	379
Accrued expenses	238	295
Payables to affiliates	61	97
Customer deposits	133	136
Regulatory liabilities	171	170
Mark-to-market derivative liability	16	18
Mark-to-market derivative liability with affiliate	—	226
Other	84	82
Total current liabilities	1,947	1,655
Long-term debt	5,057	5,315
Long-term debt to financing trust	206	206
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	4,057	4,272
Asset retirement obligations	99	99
Non-pension postretirement benefits obligations	354	273
Regulatory liabilities	3,393	3,229
Mark-to-market derivative liability	106	49
Other	994	484
Total deferred credits and other liabilities	9,003	8,406
Total liabilities	16,213	15,582
Commitments and contingencies		
Shareholders' equity		
Common stock	1,588	1,588
Other paid-in capital	5,189	5,014
Retained earnings	696	721
Total shareholders' equity	7,473	7,323
Total liabilities and shareholders' equity	$ 23,686	$ 22,905

See the Combined Notes to Consolidated Financial Statements

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COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

(In millions)	Common Stock	Other Paid-In Capital	Retained Deficit Unappropriated	Retained Earnings Appropriated	Accumulated Other Comprehensive Income, net	Total Shareholders' Equity
Balance, December 31, 2012	$ 1,588	$5,014	$ (1,639)	$ 2,360	$ —	$ 7,323
Net income	—	—	140	—	—	140
Appropriation of retained earnings for future dividends	—	—	(140)	140	—	—
Common stock dividends	—	—	—	(165)	—	(165)
Parent tax matter indemnification	—	175	—	—	—	175
Balance, September 30, 2013	$ 1,588	$5,189	$ (1,639)	$ 2,335	$ —	$ 7,473

See the Combined Notes to Consolidated Financial Statements

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PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended September 30, 2013	Three Months Ended September 30, 2012	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012
Operating revenues				
Operating revenues	$ 727	$ 805	$ 2,294	$ 2,393
Operating revenues from affiliates	1	1	1	3
Total operating revenues	728	806	2,295	2,396
Operating expenses				
Purchased power and fuel	207	155	632	626
Purchased power from affiliate	82	171	321	407
Operating and maintenance	162	172	480	491
Operating and maintenance from affiliates	24	27	74	83
Depreciation and amortization	57	55	171	161
Taxes other than income	41	48	121	122
Total operating expenses	573	628	1,799	1,890
Operating income	155	178	496	506
Other income and (deductions)				
Interest expense	(26)	(29)	(77)	(85)
Interest expense to affiliates, net	(3)	(3)	(9)	(9)
Other, net	1	2	4	6
Total other income and (deductions)	(28)	(30)	(82)	(88)
Income before income taxes	127	148	414	418
Income taxes	35	25	122	118
Net income	92	123	292	300
Preferred security dividends and redemption	—	1	7	3
Net income attributable to common shareholder	92	122	285	297
Comprehensive income, net of income taxes				
Net income	92	123	292	300
Other comprehensive income, net of income taxes				
Change in unrealized gains on marketable securities	—	—	—	1
Other comprehensive income	—	—	—	1
Comprehensive income	$ 92	$ 123	$ 292	$ 301

See the Combined Notes to Consolidated Financial Statements

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PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Nine Months Ended September 30, 2013	2012
Cash flows from operating activities		
Net income	$ 292	$ 300
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation, amortization and accretion	171	161
Deferred income taxes and amortization of investment tax credits	35	27
Other non-cash operating activities	84	96
Changes in assets and liabilities:		
Accounts receivable	41	36
Receivables from and payables to affiliates, net	(25)	15
Inventories	4	10
Accounts payable, accrued expenses and other current liabilities	9	(75)
Income taxes	66	127
Pension and non-pension postretirement benefit contributions	(10)	(12)
Other assets and liabilities	(47)	(57)
Net cash flows provided by operating activities	620	628
Cash flows from investing activities		
Capital expenditures	(374)	(274)
Changes in intercompany money pool	(1)	5
Change in restricted cash	(1)	2
Other investing activities	8	8
Net cash flows used in investing activities	(368)	(259)
Cash flows from financing activities		
Payment of accounts receivable agreement	(210)	—
Issuance of long-term debt	550	350
Dividends paid on common stock	(248)	(258)
Dividends paid on preferred securities	(1)	(3)
Redemption of preferred securities	(93)	—
Other financing activities	(3)	(4)
Net cash flows (used in) provided by financing activities	(5)	85
Increase in cash and cash equivalents	247	454
Cash and cash equivalents at beginning of period	362	194
Cash and cash equivalents at end of period	$ 609	$ 648

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PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS

(In millions)	September 30, 2013 (Unaudited)	December 31, 2012
ASSETS		
Current assets		
Cash and cash equivalents	$ 609	$ 362
Restricted cash and cash equivalents	1	—
Accounts receivable, net ($0 and $289 gross accounts receivable pledged as collateral as of September 30, 2013 and December 31, 2012, respectively)		
Customer	250	364
Other	116	161
Inventories, net		
Fossil fuel	58	65
Materials and supplies	21	19
Deferred income taxes	48	40
Receivable from Exelon intercompany money pool	1	—
Prepaid utility taxes	38	21
Regulatory assets	22	32
Other	46	30
Total current assets	1,210	1,094
Property, plant and equipment, net	6,270	6,078
Deferred debits and other assets		
Regulatory assets	1,419	1,378
Investments	22	22
Investments in affiliates	8	8
Receivable from affiliates	410	360
Prepaid pension asset	368	373
Other	38	40
Total deferred debits and other assets	2,265	2,181
Total assets	$ 9,745	$ 9,353

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PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS

(In millions)	September 30, 2013 (Unaudited)	December 31, 2012
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term notes payable — accounts receivable agreement	$ —	$ 210
Long-term debt due within one year	300	300
Accounts payable	249	244
Accrued expenses	91	82
Payables to affiliates	51	76
Customer deposits	49	51
Regulatory liabilities	111	169
Other	28	26
Total current liabilities	879	1,158
Long-term debt	2,196	1,647
Long-term debt to financing trusts	184	184
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	2,440	2,331
Asset retirement obligations	29	29
Non-pension postretirement benefits obligations	301	284
Regulatory liabilities	592	538
Other	105	113
Total deferred credits and other liabilities	3,467	3,295
Total liabilities	6,726	6,284
Commitments and contingencies		
Preferred securities	—	87
Shareholder's equity		
Common stock	2,388	2,388
Retained earnings	630	593
Accumulated other comprehensive income, net	1	1
Total shareholder's equity	3,019	2,982
Total liabilities and shareholders' equity	$ 9,745	$ 9,353

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PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

(In millions)	Common Stock	Retained Earnings	Accumulated Other Comprehensive Income, net	Total Shareholders' Equity
Balance, December 31, 2012	$ 2,388	$ 593	$ 1	$ 2,982
Net income	—	292	—	292
Common stock dividends	—	(248)	—	(248)
Preferred security dividends	—	(1)	—	(1)
Redemption of preferred securities	—	(6)	—	(6)
Balance, September 30, 2013	$ 2,388	$ 630	$ 1	$ 3,019

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BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended September 30, 2013	Three Months Ended September 30, 2012	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012
Operating revenues				
Operating revenues	$ 735	$ 716	$ 2,261	$ 2,023
Operating revenues from affiliates	2	4	10	9
Total operating revenues	737	720	2,271	2,032
Operating expenses				
Purchased power and fuel	202	253	703	747
Purchased power from affiliate	144	120	356	296
Operating and maintenance	125	172	391	460
Operating and maintenance from affiliates	21	29	59	97
Depreciation and amortization	78	68	252	218
Taxes other than income	53	48	162	143
Total operating expenses	623	690	1,923	1,961
Operating income	114	30	348	71
Other income and (deductions)				
Interest expense	(29)	(35)	(94)	(110)
Other, net	4	5	13	18
Total other income and (deductions)	(25)	(30)	(81)	(92)
Income (loss) before income taxes	89	—	267	(21)
Income taxes	36	—	107	(7)
Net income (loss)	53	—	160	(14)
Preference stock dividends	3	4	10	10
Net income (loss) attributable to common shareholder	50	(4)	150	(24)
Comprehensive income (loss)	$ 53	$ —	$ 160	$ (14)

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BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Nine Months Ended September 30, 2013	2012
Cash flows from operating activities		
Net (loss) income	$ 160	$ (14)
Adjustments to reconcile net income (loss) to net cash flows provided by operating activities:		
Depreciation, amortization and accretion	252	218
Deferred income taxes and amortization of investment tax credits	105	101
Other non-cash operating activities	105	148
Changes in assets and liabilities:		
Accounts receivable	(28)	—
Receivables from and payables to affiliates, net	(12)	2
Inventories	(15)	21
Accounts payable, accrued expenses and other current liabilities	(5)	4
Income taxes	6	(50)
Pension and non-pension postretirement benefit contributions	(16)	(13)
Other assets and liabilities	(119)	(77)
Net cash flows provided by operating activities	433	340
Cash flows from investing activities		
Capital expenditures	(391)	(419)
Change in restricted cash	(20)	(19)
Other investing activities	2	8
Net cash flows used in investing activities	(409)	(430)
Cash flows from financing activities		
Changes in short-term debt	40	—
Issuance of long-term debt	300	250
Repayment of long-term debt	(433)	(141)
Dividends paid on preference stock	(10)	(10)
Contributions from parent	—	66
Other financing activities	(3)	(3)
Net cash flows (used in) provided by financing activities	(106)	162
Increase (decrease) in cash and cash equivalents	(82)	72
Cash and cash equivalents at beginning of period	89	49
Cash and cash equivalents at end of period	$ 7	$ 121

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BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS

(In millions)	September 30, 2013 (Unaudited)	December 31, 2012
ASSETS		
Current assets		
Cash and cash equivalents	$ 7	$ 89
Restricted cash and cash equivalents of variable interest entity	50	30
Accounts receivable, net		
Customer	404	409
Other	132	111
Income taxes receivable	—	3
Inventories, net		
Gas held in storage	61	51
Materials and supplies	36	31
Deferred income taxes	5	1
Prepaid utility taxes	76	57
Regulatory assets	184	190
Other	7	8
Total current assets	962	980
Property, plant and equipment, net	5,713	5,498
Deferred debits and other assets		
Regulatory assets	509	522
Investments	5	5
Investments in affiliates	8	8
Prepaid pension asset	434	467
Other	26	26
Total deferred debits and other assets	982	1,028
Total assets	$ 7,657	$ 7,506

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BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS

(In millions)	September 30, 2013 (Unaudited)	December 31, 2012
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings	$ 40	$ —
Long-term debt due within one year	—	400
Long-term debt of variable interest entity due within one year	69	67
Accounts payable	184	195
Accrued expenses	127	106
Deferred income taxes	9	—
Payables to affiliates	54	65
Customer deposits	72	71
Regulatory liabilities	31	29
Other	58	47
Total current liabilities	644	980
Long-term debt	1,746	1,446
Long-term debt to financing trust	258	258
Long-term debt of variable interest entity	230	265
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	1,759	1,658
Asset retirement obligations	7	8
Non-pension postretirement benefits obligations	221	229
Regulatory liabilities	218	214
Other	66	90
Total deferred credits and other liabilities	2,271	2,199
Total liabilities	5,149	5,148
Commitments and contingencies		
Shareholders' equity		
Common stock	1,360	1,360
Retained earnings	958	808
Total shareholder's equity	2,318	2,168
Preference stock not subject to mandatory redemption	190	190
Total equity	2,508	2,358
Total liabilities and shareholders' equity	$ 7,657	$ 7,506

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BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

(In millions)	Common Stock	Retained Earnings	Total Shareholders' Equity	Preference stock not subject to mandatory redemption	Total Equity
Balance, December 31, 2012	$ 1,360	$ 808	$ 2,168	$ 190	$ 2,358
Net income	—	160	160	—	160
Preference stock dividends	—	(10)	(10)	—	(10)
Balance, September 30, 2013	$ 1,360	$ 958	$ 2,318	$ 190	$ 2,508

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1. Basis of Presentation (Exelon, Generation, ComEd, PECO and BGE)

Exelon is a utility services holding company engaged through its principal subsidiaries in the energy generation and energy distribution businesses. Prior to March 12, 2012, Exelon's principal, wholly owned subsidiaries included ComEd, PECO and Generation. On March 12, 2012, Constellation merged into Exelon with Exelon continuing as the surviving corporation pursuant to the transactions contemplated by the Agreement and Plan of Merger (the "Merger Agreement"). As a result of the merger transaction, Generation now includes the former Constellation generation and customer supply operations. BGE, formerly Constellation's regulated utility subsidiary, is now a subsidiary of Exelon. Refer to Note 4 — Merger and Acquisitions for further information regarding the merger transaction.

The energy generation business includes:

- *Generation* : Physical delivery and marketing of owned and contracted electric generation capacity and provision of renewable and other energy-related products and services, and natural gas exploration and production activities. Generation has six reportable segments consisting of the Mid-Atlantic, Midwest, New England, New York, ERCOT and Other regions.

The energy delivery businesses include:

- *ComEd* : Purchase and regulated retail sale of electricity and the provision of distribution and transmission services in northern Illinois, including the City of Chicago.
- *PECO* : Purchase and regulated retail sale of electricity and the provision of distribution and transmission services in southeastern Pennsylvania, including the City of Philadelphia, and the purchase and regulated retail sale of natural gas and the provision of distribution services in the Pennsylvania counties surrounding the City of Philadelphia.
- *BGE* : Purchase and regulated retail sale of electricity and the provision of distribution and transmission services in central Maryland, including the City of Baltimore, and the purchase and regulated retail sale of natural gas and the provision of distribution services in central Maryland, including the City of Baltimore.

For financial statement purposes, beginning on March 12, 2012, disclosures that solely relate to Constellation or BGE activities now also apply to Exelon, unless otherwise noted. When appropriate, Exelon, Generation, ComEd, PECO and BGE are named specifically for their related activities and disclosures.

Exelon did not apply push-down accounting to BGE. As a result, BGE continues to maintain its reporting requirements as an SEC registrant. The information disclosed for BGE represents the activity of the standalone entity for the three and nine months ended September 30, 2013 and 2012 and the financial position as of September 30, 2013 and December 31, 2012. However, for Exelon's financial reporting, Exelon is reporting BGE activity for the three and nine months ended September 30, 2013 and from March 12, 2012 through September 30, 2012 and the financial position as of September 30, 2013 and December 31, 2012.

Each of the Registrant's Consolidated Financial Statements includes the accounts of its subsidiaries. All intercompany transactions have been eliminated.

For the nine months ended September 30, 2013, BGE recorded a $2 million correcting adjustment to decrease amortization expense related to regulatory assets that were originally recorded during 2012 and a $4 million correcting adjustment to decrease operating and maintenance expense for an overstatement of BGE's life insurance obligation related to post-employment benefits in prior years. Exelon and BGE have concluded that these correcting adjustments are not material to their respective results of operations or cash flows for the nine

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months ended September 30, 2013 or any prior period presented. Exelon and BGE do not expect these correcting adjustments to have a material impact on their respective results of operations or cash flows for the year ended December 31, 2013.

The accompanying consolidated financial statements as of September 30, 2013 and 2012 and for the three and nine months then ended are unaudited but, in the opinion of the management of each Registrant include all adjustments that are considered necessary for a fair statement of the Registrants' respective financial statements in accordance with GAAP. All adjustments are of a normal, recurring nature, except as otherwise disclosed. The December 31, 2012 Consolidated Balance Sheets were obtained from audited financial statements. Certain prior year amounts in Exelon's and BGE's Consolidated Statements of Cash Flows, Exelon's, Generation's and BGE's Consolidated Statements of Operations and Comprehensive Income and in Exelon's, Generation's, ComEd's, and BGE's Consolidated Balance Sheets have been reclassified between line items for comparative purposes. BGE recorded an adjustment to its Consolidated Statement of Cash Flows for the nine months ended September 30, 2012 to reflect the change in operating cash flows and capital expenditures related to amounts not paid of approximately $17 million. The reclassifications did not materially affect any of the Registrants' net income or cash flows from operating or investing activities. Financial results for interim periods are not necessarily indicative of results that may be expected for any other interim period or for fiscal year ended December 31, 2013. These Combined Notes to Consolidated Financial Statements have been prepared pursuant to the rules and regulations of the SEC for Quarterly Reports on Form 10-Q. Certain information and note disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. These notes should be read in conjunction with the Notes to Combined Consolidated Financial Statements of all Registrants included in ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA of their respective 2012 Form 10-K Reports.

2. New Accounting Pronouncements (Exelon, Generation, ComEd, PECO and BGE)

The following recently issued accounting standards were adopted by or are effective for the Registrants during 2013.

Presentation of Items Reclassified out of Accumulated Other Comprehensive Income

In February 2013, the FASB issued authoritative guidance requiring entities to present either in the notes or parenthetically on the face of the financial statements, reclassifications from each component of accumulated other comprehensive income and the affected income statement line items. Entities only need to disclose the affected income statement line item for components reclassified to net income in their entirety; otherwise, a cross-reference to the related note should be provided. This guidance was effective for the Registrants for periods beginning after December 15, 2012 and was required to be applied prospectively. As this guidance provides only disclosure requirements, the adoption of this standard did not impact the Registrants' results of operations, cash flows or financial positions. See Note 16 — Changes in Accumulated Other Comprehensive Income for the new disclosures.

Disclosures About Offsetting Assets and Liabilities

In December 2011, the FASB issued (and amended in January 2013), authoritative guidance requiring entities to disclose both gross and net information about recognized derivative instruments, including bifurcated embedded derivatives, repurchase and reverse repurchase agreements, and securities borrowing or lending transactions that are offset on the balance sheet or subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are offset on the balance sheet. This guidance was effective for the Registrants for periods beginning on or after January 1, 2013 and is required to be applied retrospectively. This guidance is primarily applicable to certain derivative transactions for Exelon and Generation. As this guidance provides only disclosure requirements, the adoption of this standard did not impact the Registrants' results of operations, cash flows or financial positions. See Note 10 — Derivative Financial Instruments for the new disclosures.

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Inclusion of the Fed Funds Effective Swap Rate as a Benchmark Interest Rate for Hedge Accounting Purposes

In July 2013, the FASB issued authoritative guidance permitting entities to designate the Fed Funds Effective Swap Rate as a U.S. benchmark interest rate for hedge accounting purposes. Prior to the issuance of this guidance, only interest rates on direct treasury obligations of the U.S. government and the LIBOR swap rate were considered benchmark interest rates in the U.S. This guidance was effective immediately and can be applied prospectively for qualifying new or redesignated hedging relationships entered into on or after July 17, 2013. Currently, the Registrants do not use the Fed Funds Effective Swap Rate as a benchmark interest rate, but may in the future.

The following recently issued accounting standards are not yet required to be reflected in the combined financial statements of the Registrants.

Presentation of Unrecognized Tax Benefits When Net Operating Loss Carryforwards, Similar Tax Losses or Tax Credit Carryforwards Exist

In July 2013, the FASB issued authoritative guidance requiring entities to present unrecognized tax benefits as a reduction to deferred tax assets for losses or other tax carryforwards that would be available to offset the uncertain tax positions at the reporting date. Currently, the Registrants present their unrecognized tax benefits as liabilities on a gross basis unless an unrecognized tax benefit is directly associated with a tax position taken in a tax year that results in the recognition of a net operating loss or other tax carryforward for that year. This guidance is effective for the Registrants for periods beginning after December 15, 2013 and is required to be applied prospectively, with retroactive application permitted. The Registrants are currently assessing the impacts this guidance may have on their financial positions and cash flows. The adoption of this standard will not impact the Registrants' results of operations.

3. Variable Interest Entities (Exelon, Generation, ComEd, PECO and BGE)

Under the applicable authoritative guidance, a VIE is a legal entity that possesses any of the following characteristics: an insufficient amount of equity at risk to finance its activities, equity owners who do not have the power to direct the significant activities of the entity (or have voting rights that are disproportionate to their ownership interest), or equity owners who do not have the obligation to absorb expected losses or the right to receive the expected residual returns of the entity. Companies are required to consolidate a VIE if they are its primary beneficiary, which is the enterprise that has the power to direct the activities that most significantly impact the entity's economic performance.

As of September 30, 2013 and December 31, 2012, the Registrants' consolidated four and five VIEs or VIE groups, respectively, for which the Registrants were the primary beneficiary and the Registrants had significant interests in seven and nine other VIEs for which the Registrants do not have the power to direct the entities' activities, respectively, and, accordingly, were not the primary beneficiary.

Consolidated Variable Interest Entities

Exelon, Generation and BGE's consolidated VIEs consist of:

- BondCo, a special purpose bankruptcy remote limited liability company formed by BGE to acquire, hold, and issue and service bonds secured by rate stabilization property;
- a retail gas group formed to enter into a collateralized gas supply agreement with a third-party gas supplier;

- a group of solar project limited liability companies formed to build, own and operate solar power facilities, and,
- several wind project companies designed to develop, construct and operate wind generation facilities.

As of September 30, 2013, ComEd and PECO do not have any consolidated VIEs.

For each of the consolidated VIEs, except as otherwise noted:

- The assets of the VIEs are restricted and can only be used to settle obligations of the respective VIE. In the case of BondCo, BGE is required to remit all payments it receives from all residential customers through non-bypassable, rate stabilization charges to BondCo. During the three and nine months ended September 30, 2013, BGE remitted $24 million and $63 million, respectively, to BondCo. During the three and nine months ended September 30, 2012, BGE remitted $27 million and $62 million, respectively, to BondCo.
- Except for providing capital funding to the solar entities for ongoing construction of the solar power facilities and a $75 million parental guarantee to the third-party gas supplier in support of the retail gas group, during the nine months ended September 30, 2013 and year ended December 31, 2012:
  - Exelon, Generation and BGE did not provide any additional financial support to the VIEs;
  - Exelon, Generation and BGE did not have any contractual commitments or obligations to provide financial support to the VIEs; and
  - the creditors of the VIEs did not have recourse to Exelon's, Generation's or BGE's general credit.

The carrying amounts and classification of the consolidated VIEs' assets and liabilities included in Exelon's, Generation's, and BGE's consolidated financial statements at September 30, 2013 and December 31, 2012 are as follows:

	September 30, 2013			December 31, 2012		
	Exelon(a)(b)	Generation(b)	BGE	Exelon(a)(b)(c)	Generation(b)(c)	BGE
Current assets	$ 391	$ 330	$ 50	$ 550	$ 519	$ 30
Noncurrent assets	1,900	1,877	3	1,802	1,762	—
Total assets	$ 2,291	$ 2,207	$ 53	$ 2,352	$ 2,281	$ 30
Current liabilities	$ 453	$ 366	$ 77	$ 685	$ 613	$ 71
Noncurrent liabilities	859	608	230	837	532	265
Total liabilities	$ 1,312	$ 974	$307	$ 1,522	$ 1,145	$336

(a) Includes certain purchase accounting adjustments not pushed down to the BGE standalone entity.
(b) Includes total liabilities of $53 million as of September 30, 2013 and total assets of $116 million and total liabilities of $62 million as of December 31, 2012 related to deferred and accrued taxes that have been recorded and are not restricted for use by three of the consolidated VIEs.
(c) Includes total assets of $146 million and total liabilities of $42 million as of December 31, 2012 related to a retail power supply company that is no longer a consolidated VIE as of September 30, 2013.

In August 2013, Generation executed an agreement to terminate its energy supply contract with a retail power supply company that was previously a consolidated VIE. Generation did not have an ownership interest in the entity, but was the primary beneficiary through the energy supply contract. As a result of the termination, Generation no longer has a variable interest in the retail power supply company and ceased consolidation of the

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entity during the third quarter of 2013. Upon deconsolidation, there was no gain or loss recognized. The assets, liabilities, and non-controlling interest were removed from Generation's balance sheet and the change in non-controlling interest is also reflected on the Statement of Changes in Shareholders' Equity.

Unconsolidated Variable Interest Entities

Exelon's and Generation's variable interests in unconsolidated VIEs generally include three transaction types: (1) equity method investments, (2) energy purchase and sale contracts, and (3) fuel purchase commitments. For the equity method investments, the carrying amount of the investments is reflected on their Consolidated Balance Sheets in Investments in affiliates. For the energy purchase and sale contracts and the fuel purchase commitments (commercial agreements), the carrying amount of assets and liabilities in Exelon's and Generation's Consolidated Balance Sheets that relate to their involvement with the VIEs are predominately related to working capital accounts and generally represent the amounts owed by, or owed to, Exelon and Generation for the deliveries associated with the current billing cycles under the commercial agreements. Further, Exelon and Generation have not provided material debt or equity support, liquidity arrangements or performance guarantees associated with these commercial agreements.

The Registrants' unconsolidated VIEs consist of:

- Energy purchase and sale agreements with VIEs for which Generation has concluded that consolidation is not required.
- ZionSolutions, LLC asset sale agreement with EnergySolutions, Inc. and certain subsidiaries in which Generation has a variable interest but has concluded that consolidation is not required.
- Fuel purchase commitments where Generation has a variable interest, but the variable interest is not significant and Generation is not the primary beneficiary, thus consolidation is not required.
- ComEd's, PECO's and BGE's retail operations frequently include the purchase of electricity and RECs through procurement contracts of varying durations. None of ComEd, PECO or BGE considers itself the primary beneficiary of any VIEs as a result of these commercial arrangements.
- Investment in energy development projects for which Generation has concluded that consolidation is not required.

As of September 30, 2013 and December 31, 2012, Exelon and Generation had significant unconsolidated variable interests in seven and nine, respectively, VIEs for which they were not the primary beneficiary; including certain equity method investments and certain commercial agreements. The change in the number of unconsolidated variable interests is driven by the completion of certain obligations which cause the entities to no longer be unconsolidated variable interests. The following tables present summary information about the significant unconsolidated VIE entities:

September 30, 2013	Commercial Agreement VIEs	Equity Method Investment VIEs	Total
Total assets(a)	$ 115	$ 366	$481
Total liabilities(a)	3	126	129
Registrants' ownership interest(a)	—	97	97
Other ownership interests(a)	112	143	255
Registrants' maximum exposure to loss:			
Carrying amount of equity method investments	—	78	78
Contract intangible asset	9	—	9
Debt and payment guarantees	—	5	5
Net assets pledged for Zion Station decommissioning(b)	43	—	43

December 31, 2012	Commercial Agreement VIEs	Equity Method Investment VIEs	Total
Total assets(a)	$ 386	$ 354	$740
Total liabilities(a)	219	114	333
Registrants' ownership interest(a)	—	97	97
Other ownership interests(a)	167	143	310
Registrants' maximum exposure to loss:			
Letters of credit	5	—	5
Carrying amount of equity method investments	—	77	77
Contract intangible asset	8	—	8
Debt and payment guarantees	—	5	5
Net assets pledged for Zion Station decommissioning(b)	50	—	50

(a) These items represent amounts on the unconsolidated VIE balance sheets, not on Exelon's or Generation's Consolidated Balance Sheets. These items are included to provide information regarding the relative size of the unconsolidated VIEs.

(b) These items represent amounts on Exelon's and Generation's Consolidated Balance Sheets related to the asset sale agreement with ZionSolutions, LLC. The net assets pledged for Zion Station decommissioning includes gross pledged assets of $486 million and $614 million as of September 30, 2013 and December 31, 2012, respectively; offset by payables to ZionSolutions LLC of $443 million and $564 million as of September 30, 2013 and December 31, 2012, respectively. These items are included to provide information regarding the relative size of the ZionSolutions LLC unconsolidated VIE.

For each unconsolidated VIE, Exelon and Generation assess the risk of a loss equal to their maximum exposure to be remote and, accordingly Exelon and Generation have not recognized a liability associated with any portion of the maximum exposure to loss. In addition, there are no agreements with, or commitments by, third parties that would affect the fair value or risk of their variable interests in these variable interest entities.

4. Merger and Acquisitions

Merger with Constellation (Exelon, Generation, ComEd, PECO and BGE)

Description of Transaction

On March 12, 2012, Exelon completed the merger contemplated by the Merger Agreement among Exelon, Bolt Acquisition Corporation, a wholly owned subsidiary of Exelon (Merger Sub), and Constellation. As a result of that merger, Merger Sub was merged into Constellation (the Initial Merger) and Constellation became a wholly owned subsidiary of Exelon. Following the completion of the Initial Merger, Exelon and Constellation completed a series of internal corporate organizational restructuring transactions. Constellation merged with and into Exelon, with Exelon continuing as the surviving corporation (the Upstream Merger). Simultaneously with the Upstream Merger, Constellation's interest in RF HoldCo LLC, which holds Constellation's interest in BGE, was transferred to Exelon Energy Delivery Company, LLC, a wholly owned subsidiary of Exelon that also owns Exelon's interests in ComEd and PECO. Following the Upstream Merger and the transfer of RF HoldCo LLC, Exelon contributed to Generation certain subsidiaries, including those with generation and customer supply operations that were acquired from Constellation as a result of the Initial Merger and the Upstream Merger.

Regulatory Matters

In February 2012, the MDPSC issued an Order approving the Exelon and Constellation merger. As part of the MDPSC Order, Exelon agreed to provide a package of benefits to BGE customers, the City of Baltimore and the State of Maryland, resulting in an estimated direct investment in the State of Maryland of approximately $1 billion.

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The direct investment estimate includes $95 million to $120 million relating to the construction of a headquarters building in Baltimore for Generation's competitive energy businesses. On March 20, 2013, Generation signed a 20 year lease agreement that is contingent upon the developer obtaining all required approvals, permits and financing for the construction of the building. Once required approvals are received and financing conditions are met, construction will commence and the building is expected to be ready for occupancy in approximately 2 years after building construction commences. The direct investment estimate also includes $625 million for Exelon's and Generation's commitment to develop or assist in development of 285 — 300 MWs of new generation in Maryland, expected to be completed over a period of 10 years. Such costs, which are expected to be primarily capital in nature, will be recognized as incurred. As of September 30, 2013, amounts reflected in the Exelon and Generation consolidated financial statements for these expenditure commitments were immaterial. On July 26, 2013, Generation executed an engineering procurement and construction contract to expand its Perryman, Maryland site with 120MW of new natural gas-fired generation to satisfy certain of these commitments and achievement of commercial operation is expected in 2015. See Note 18 — Commitments and Contingencies for additional information.

The MDPSC Order contemplates various options for complying with the new generation development commitments, including building or acquiring generating assets, making subsidy or compliance payments, or in circumstances in which the generation build is delayed, making liquidated damages payments. Exelon and Generation expect that the majority of these commitments will be satisfied by building or acquiring generating assets and, therefore, will be primarily capital in nature and recognized as incurred. If in the future Exelon determines that it is probable that it will make subsidy, compliance or liquidated damages payments related to the new generation development commitments, Exelon will record a liability at that time. As of September 30, 2013, it is reasonably possible that Exelon will be required to make subsidy or liquidated damages payments of approximately $40 million rather than build one of the generation projects contemplated by the commitments, given that the generation build is dependent upon the passage of legislation and other conditions that Exelon does not control.

Associated with certain of the regulatory approvals required for the merger, on November 30, 2012, a subsidiary of Generation sold three Maryland generating stations and associated assets, Brandon Shores and H.A. Wagner in Anne Arundel County, Maryland, and C.P. Crane in Baltimore County, Maryland, to Raven Power Holdings LLC (Raven Power), a subsidiary of Riverstone Holdings LLC. In 2012, Exelon and Generation recorded a pre-tax loss of $272 million to reflect the difference between the sales price and the carrying value of the generating stations and associated assets. In the first quarter of 2013, Exelon and Generation recorded a pre-tax gain of $8 million to reflect the final settlement of the sales price with Raven Power.

Accounting for the Merger Transaction

The fair value of Constellation's non-regulated business assets acquired and liabilities assumed was determined based on significant estimates and assumptions that are judgmental in nature, including projected future cash flows (including timing); discount rates reflecting risk inherent in the future cash flows; and future market prices. There were also judgments made to determine the expected useful lives assigned to each class of assets acquired and duration of liabilities assumed.

The financial statements of BGE do not include fair value adjustments for assets or liabilities subject to rate-setting provisions for BGE. BGE is subject to the rate-setting authority of FERC and the MDPSC and is accounted for pursuant to the accounting guidance for regulated operations. The rate-setting and cost recovery provisions currently in place for BGE provide revenue derived from costs including a return on investment of assets and liabilities included in rate base. Except for debt, fuel supply contracts and regulatory assets not earning a return, the fair values of BGE's tangible and intangible assets and liabilities subject to these rate-setting

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provisions are assumed to approximate their carrying values and, therefore, do not reflect any net adjustments related to these amounts. For BGE's debt, fuel supply contracts and regulatory assets not earning a return, the difference between fair value and book value of BGE's assets acquired and liabilities assumed is recorded as a regulatory asset and liability at Exelon Corporate as Exelon did not apply push-down accounting to BGE. See Note 1 — Basis of Presentation for additional information on BGE's push-down accounting treatment. Also see Note 5 — Regulatory Matters for additional information on BGE's regulatory assets.

The preliminary valuations performed in the first quarter of 2012 were updated in the second, third and fourth quarters of 2012, with the most significant adjustments to the preliminary valuation amounts having been made to the fair values assigned to the acquired power supply and fuel contracts, unregulated property, plant and equipment and investments in affiliates. There were no significant adjustments to the purchase price allocation in the first quarter of 2013 and the purchase price allocation was final as of March 31, 2013.

The final purchase price allocation of the Merger of Exelon with Constellation and Exelon's contribution of certain subsidiaries of Constellation to Generation was as follows:

Purchase Price Allocation, excluding amortization	Exelon	Generation
Current assets	$ 4,936	$ 3,638
Property, plant and equipment	9,342	4,054
Unamortized energy contracts	3,218	3,218
Other intangibles, trade name and retail relationships	457	457
Investment in affiliates	1,942	1,942
Pension and OPEB regulatory asset	740	—
Other assets	2,265	1,266
Total assets	22,900	14,575
Current liabilities	3,408	2,804
Unamortized energy contracts	1,722	1,512
Long-term debt, including current maturities	5,632	2,972
Noncontrolling interest	90	90
Deferred credits and other liabilities and preferred securities	4,683	1,933
Total liabilities, preferred securities and noncontrolling interest	15,535	9,311
Total purchase price	$ 7,365	$ 5,264

Intangible Assets Recorded

For the power supply and fuel contracts acquired from Constellation, the difference between the contract price and the market price at the date of the merger was recognized as either an intangible asset or liability based on whether the contracts were in or out-of-the-money. The fair value amounts are amortized over the life of the contract in relation to the present value of the underlying cash flows as of the merger date. Amortization expense and income are recorded through purchased power and fuel expense or operating revenues. Exelon and Generation present separately in their Consolidated Balance Sheets the unamortized energy contract assets and liabilities for these contracts. Exelon's and Generation's amortization expense for the three and nine months ended September 30, 2013 amounted to $40 million and $372 million, respectively. Exelon's and Generation's amortization expense for the three months ended September 30, 2012 and for the period March 12, 2012 to September 30, 2012 amounted to $261 million and $794 million, respectively. In addition, Exelon Corporate has established a regulatory asset and an unamortized energy contract liability related to BGE's power supply and fuel contracts. The power supply and fuel contracts regulatory asset amortization was $19 million and $57 million for the three and nine months ended September 30, 2013, respectively, and $36 million and $80 million

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for the three months ended September 30, 2012 and for the period March 12, 2012 to September 30, 2012, respectively. An equally offsetting amortization of the unamortized energy contract liability has been recorded at Exelon Corporate in the Consolidated Statement of Operations.

Exelon's and Generation's amortization expense for the fair value of the Constellation trade name intangible asset for the three and nine months ended September 30, 2013 amounted to $8 million and $20 million, respectively. Exelon's and Generation's straight line amortization expense for the fair value of the Constellation trade name intangible asset for the three months ended September 30, 2012 and the period March 12, 2012 to September 30, 2012 amounted to $6 million and $14 million, respectively. The trade name intangible asset is included in deferred debits and other assets within Exelon's and Generation's Consolidated Balance Sheets.

The intangible assets for the fair value of the retail relationships are amortized as amortization expense on a straight line basis over the useful life of the underlying assets. Exelon's and Generation's straight line amortization expense for the three and nine months ended September 30, 2013 amounted to $8 million and $17 million, respectively. Exelon's and Generation's straight line amortization expense for the three months ended September 30, 2012 and the period March 12, 2012 to September 30, 2012 amounted to $2 million and $9 million, respectively. The retail relationships intangible assets are included in deferred debits and other assets within Exelon's and Generation's Consolidated Balance Sheets.

Exelon's intangible assets and liabilities acquired through the merger with Constellation included in its Consolidated Balance Sheets, along with the future estimated amortization, were as follows as of September 30, 2013:

					Estimated amortization expense					
Description	Weighted Average Amortization (Years)(b)	Gross	Accumulated Amortization	Net	Remainder of 2013	2014	2015	2016	2017	2018 and Beyond
Unamortized energy contracts, net(a)	1.5	$1,499	$ (1,299)	$200	$ 79	$ 75	$18	$(31)	$(21)	$ 80
Trade name	10.0	243	(40)	203	6	24	24	24	24	101
Retail relationships	12.4	214	(31)	183	5	19	18	18	18	105
Total, net		$1,956	$ (1,370)	$586	$ 90	$118	$60	$ 11	$ 21	$ 286

(a) Includes the fair value of BGE's power and gas supply contracts of $32 million for which an offsetting regulatory asset was also recorded.
(b) Weighted average amortization period was calculated as of the date of acquisition.

Impact of Merger

It is impracticable to determine the overall financial statement impact for the Constellation subsidiaries contributed down to Generation following the Upstream Merger for the three and nine months ended September 30, 2012. Upon closing of the merger, the operations of these Constellation subsidiaries were integrated into Generation's operations and are therefore not fully distinguishable after the merger.

The impact of BGE on Exelon's Consolidated Statement of Operations and Comprehensive Income included operating revenues of $720 million and no net income during the three months ended September 30, 2012, and operating revenues of $1,388 million and net loss of $49 million during the nine months ended September 30, 2012.

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During the three months ended September 30, 2013, Exelon, Generation, ComEd, PECO and BGE incurred merger and integration-related costs of $43 million, $32 million, $5 million, $3 million and $2 million, respectively. During the nine months ended September 30, 2013, Exelon, Generation, ComEd, PECO and BGE incurred merger and integration-related costs of $106 million, $75 million, $14 million, $8 million and $5 million, respectively. Of these amounts, Exelon, ComEd and BGE deferred $15 million, $10 million and $5 million, respectively, as a regulatory asset as of September 30, 2013. Additionally, Exelon and BGE established a regulatory asset of $6 million as of September 30, 2013 for previously incurred 2012 merger and integration-related costs.

During the three months ended September 30, 2012, Exelon, Generation, ComEd, PECO and BGE incurred merger and integration-related costs of $95 million, $79 million, $8 million, $3 million and $1 million, respectively. During the nine months ended September 30, 2012, Exelon, Generation, ComEd, PECO and BGE incurred merger and integration-related costs of $729 million, $283 million, $34 million, $13 million and $172 million, respectively. Of these amounts, Exelon, ComEd and BGE deferred $49 million, $30 million and $19 million, respectively, as a regulatory asset as of September 30, 2012.

The costs incurred are classified primarily within Operating and Maintenance Expense in the Registrants' respective Consolidated Statements of Operations and Comprehensive Income, with the exception of the BGE customer rate credit and the credit facility fees, which are included as a reduction to operating revenues and other, net, respectively, for the three and nine months ended September 30, 2012. See Note 18 — Commitments and Contingencies for additional information.

Severance Costs

The Registrants have an ongoing severance plan under which, in general, the longer an employee worked prior to termination the greater the amount of severance benefits. The Registrants record a liability and expense or regulatory asset for severance once terminations are probable of occurrence and the related severance benefits can be reasonably estimated. For severance benefits that are incremental to its ongoing severance plan ("one-time termination benefits"), the Registrants measure the obligation and record the expense at fair value at the communication date if there are no future service requirements, or, if future service is required to receive the termination benefit, ratably over the required service period.

Upon closing the merger with Constellation, Exelon recorded a severance accrual for the anticipated employee position reductions as a result of the post-merger integration. The majority of these positions are corporate and Generation support positions. Since then, Exelon has identified specific employees to be severed pursuant to the merger-related staffing and selection process as well as employees that were previously identified for severance but have since accepted another position within Exelon and are no longer receiving a severance benefit. Exelon adjusts its accrual each quarter to reflect its best estimate of remaining severance costs. In addition, certain employees identified during the staffing and selection process also receive pension and other postretirement benefits that are deemed contractual termination benefits, which the Registrants recorded during the second quarter of 2012.

The amount of severance expense associated with the post-merger integration recognized for the three months ended September 30, 2013 for Exelon and Generation were $3 million and $3 million, respectively. For Generation, $2 million represents amounts billed by BSC through intercompany allocations. The amount of severance expense associated with the post-merger integration recognized for the nine months ended September 30, 2013 for Exelon and Generation were $6 million and $6 million, respectively. For Generation, $5 million represents amounts billed by BSC through intercompany allocations. There was no severance expense associated with post-merger integration recognized for the three and nine months ended September 30, 2013 for ComEd, PECO and BGE. Estimated costs to be incurred after September 30, 2013 are not material.

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For the three and nine months ended September 30, 2012, the Registrants recorded the following severance benefits costs associated with the identified job reductions within operating and maintenance expense in their Consolidated Statements of Operations, except for ComEd and BGE:

Three Months Ended September 30, 2012 Severance Benefits(a)	Exelon	Generation	ComEd(b)	PECO	BGE(c)
Severance charges	$ 8	$ 4	$ 1	$ 1	$ 1
Stock compensation	3	2	1	—	—
Total severance benefits	$ 11	$ 6	$ 2	$ 1	$ 1

Nine Months Ended September 30, 2012 Severance Benefits(a)	Exelon	Generation	ComEd(b)	PECO	BGE(c)
Severance charges	$ 117	$ 68	$ 16	$ 8	$ 18
Stock compensation	6	4	1	—	—
Other charges(d)	7	4	1	—	1
Total severance benefits	$ 130	$ 76	$ 18	$ 8	$ 19

(a) The amounts above include $0 million and $40 million at Generation, $2 million and $16 million at ComEd, $1 million and $8 million at PECO, and $1 million and $7 million at BGE, for amounts billed by BSC through intercompany allocations for the three and nine months ended September 30, 2012, respectively.
(b) ComEd established regulatory assets of $2 million and $18 million for severance benefits costs for the three and nine months ended September 30, 2012, respectively. The majority of these costs are expected to be recovered over a five-year period.
(c) BGE established regulatory assets of $1 million and $19 million for severance benefits costs for the three and nine months ended September 30, 2012, respectively. The majority of these costs are being recovered over a five-year period beginning in March 2013.
(d) Primarily includes life insurance, employer payroll taxes, educational assistance and outplacement services.

Amounts included in the table below represent the severance liability recorded by Exelon, Generation, ComEd, PECO and BGE for employees of those Registrants and exclude amounts billed through intercompany allocations:

Nine Months Ended September 30, 2013 Severance liability	Exelon	Generation	ComEd	PECO	BGE
Balance at December 31, 2012	$ 111	$ 33	$ 1	$ —	$11
Severance charges(a)	5	1	—	—	—
Stock compensation	1	—	—	—	—
Payments	(52)	(20)	—	—	(4)
Balance at September 30, 2013	$ 65	$ 14	$ 1	$ —	$ 7

(a) Includes salary continuance and health and welfare severance benefits. Amounts represent ongoing severance plan benefits.

Cash payments under the plan began in the second quarter of 2012. Substantially all cash payments under the plan are expected to be made by the end of 2016.

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The Registrants provide severance and health and welfare benefits under Exelon's ongoing severance benefit plans to terminated employees in the normal course of business, which are not directly related to the merger with Constellation. These benefits are accrued for when the benefits are considered probable and can be reasonably estimated.

For the three and nine months ended September 30, 2013, the Registrants recorded the following severance costs associated with these ongoing severance benefits within operating and maintenance expense in their Consolidated Statements of Operations:

Severance Benefits(a)	Exelon	Generation	ComEd	PECO	BGE
Severance charges — three months	$ 12	$ 11	$ 1	$ —	$—
Severance charges — nine months	14	12	2	—	—

(a) The amounts above for Generation include $1 million for amounts billed by BSC through intercompany allocations for the three and nine months ended September 30, 2013.

For the three and nine months ended September 30, 2012, the Registrants recorded the following severance costs associated with these ongoing severance benefits within operating and maintenance expense in their Consolidated Statements of Operations:

Severance Benefits(a)	Exelon	Generation	ComEd	PECO	BGE
Severance charges — three months	$ 5	$ 3	$ 1	$ —	$ 1
Severance charges — nine months	11	8	1	—	2

(a) The amounts above for Generation include $1 million for amounts billed by BSC through intercompany allocations for the three and nine months ended September 30, 2012.

The severance liability balances associated with these ongoing severance benefits as of September 30, 2013 and December 31, 2012 are not material.

Pro-forma Impact of the Merger

The following unaudited pro forma financial information reflects the consolidated results of operations of Exelon and Generation as if the merger with Constellation had taken place on January 1, 2011. The unaudited pro forma information was calculated after applying Exelon's and Generation's accounting policies and adjusting Constellation's results to reflect purchase accounting adjustments.

The unaudited pro forma financial information has been presented for illustrative purposes only and is not necessarily indicative of results of operations that would have been achieved had the merger events taken place on the dates indicated, or the future consolidated results of operations of the combined company.

	Three Months Ended September 30, 2012	
	Generation	Exelon
Total Revenues	$ 4,293	$6,841
Net income attributable to Exelon	282	492
Basic Earnings Per Share	n.a.	$ 0.58
Diluted Earnings Per Share	n.a.	0.57

	Nine Months Ended September 30, 2012	
	Generation	Exelon
Total Revenues	$ 12,753	$20,084
Net income attributable to Exelon	805	1,439
Basic Earnings Per Share	n.a.	$ 1.79
Diluted Earnings Per Share	n.a.	1.79

5. Regulatory Matters (Exelon, Generation, ComEd, PECO and BGE)

Regulatory and Legislative Proceedings (Exelon, Generation, ComEd, PECO and BGE)

Except for the matters noted below, the disclosures set forth in Note 3 — Regulatory Matters of the Exelon 2012 Form 10-K appropriately represent, in all material respects, the current status of regulatory and legislative proceedings of the Registrants. The following is an update to that discussion.

Illinois Regulatory Matters

Energy Infrastructure Modernization Act (Exelon and ComEd). Since 2011, ComEd's distribution rates are established through a performance-based rate formula, pursuant to EIMA. EIMA also provides a structure for substantial capital investment by utilities over a ten-year period to modernize Illinois' electric utility infrastructure. Participating utilities are required to file an annual update to the performance-based formula rate tariff on or before May 1, with resulting rates effective in January of the following year. This formula rate update is based on prior year actual costs and current year projected capital additions. The update also reconciles any differences between the revenue requirement(s) in effect for the prior year and actual costs incurred for that year. Throughout each year, ComEd records regulatory assets or regulatory liabilities and corresponding increases or decreases to operating revenues for any differences between the revenue requirement(s) in effect and ComEd's best estimate of the revenue requirement expected to be approved by the ICC for that year's reconciliation. As of September 30, 2013, and December 31, 2012, ComEd had recorded a net regulatory asset associated with the distribution formula rate of $404 million and $209 million, respectively.

During March 2013, the Illinois House and Senate each passed Senate Bill 9 with supermajority votes to clarify the intent of EIMA on three major issues: the use of year-end rather than average rate base and capital structure in the annual reconciliation, the use of ComEd's weighted average cost of capital interest rate to apply to the annual reconciliation and an allowed return on ComEd's pension asset. On May 22, 2013, the Illinois General Assembly overrode the Governor's May 5, 2013 veto of Senate Bill 9, which resulted in the legislation becoming effective immediately. ComEd projects the override of Senate Bill 9 will result in increased operating revenues of approximately $25 million for 2013 and $65 million in 2014. Also, ComEd projects that Senate Bill 9 will accelerate capital expenditures by approximately $40 million and $45 million in 2013 and 2014, respectively .

On May 30, 2013, ComEd updated the distribution formula rate structure to reflect the impacts of Senate Bill 9. On June 5, 2013, the ICC approved the May 30 filing implementing ComEd's formula rate structure change as well as the resulting reduction to the current revenue requirement in effect of $14 million, which was reflected in customer rates effective July 1, 2013.

On May 31, 2013, ComEd updated its April 29, 2013, distribution formula rate filing to reflect the impacts of Senate Bill 9. The May 31, 2013 filing establishes the revenue requirement used to set the rates that will take effect in January 2014 after the ICC's review and approval, which is due by December 25, 2013. The revenue requirement requested is based on 2012 actual costs and projected 2013 capital additions as well as an annual

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reconciliation of the revenue requirement in effect in 2012 to the actual costs incurred for that year. ComEd's current request is a total increase to the revenue requirement including the impacts of Senate Bill 9, of $353 million, reflecting an increase of $162 million for the initial revenue requirement for 2013 and an increase of $191 million for the annual reconciliation for 2012. The revenue requirement provides for a weighted average debt and equity return on distribution rate base of 6.94% inclusive of an allowed return on common equity of 8.72%, reflecting the average rate on 30-year treasury notes plus 580 basis points.

On September 4, 2013, the Attorney General filed a complaint (the Complaint) with the ICC to change the formula rate structure approved by the ICC on June 5, 2013. In the Complaint, the Attorney General proposed the following three changes to the formula: the elimination of the income tax gross-up on the weighted average cost of capital used to calculate interest on the annual reconciliation balance, the netting of associated accumulated deferred income taxes against the annual reconciliation balance in calculating interest, and the use of average rather than year-end rate base for determining any ROE collar adjustment. On October 2, 2013, the ICC opened an investigation (the Investigation) in which it undertook to review the three issues raised in the Complaint and determine if ComEd's current formula rate structure complies with Senate Bill 9. On October 31, 2013, the Attorney General asked to voluntarily withdraw the Complaint. ComEd is unable to predict the outcome of the ICC's Investigation; however, if the ICC were to rule against ComEd on these three issues, the impact could be material to ComEd's results of operations, cash flows, and financial position. ComEd expects the Investigation to be resolved in the fourth quarter of 2013.

On April 1, 2013, ComEd filed annual progress reports on both its AMI Implementation Plan and Infrastructure Investment Plan as required by EIMA. On April 9, 2013, the ICC initiated an investigation to review ComEd's progress on its AMI Implementation Plan. The ICC did not initiate an investigation on ComEd's Infrastructure Investment Plan. On June 5, 2013, the ICC issued an interim order approving ComEd's accelerated AMI deployment plan consistent with the provisions of Senate Bill 9. In September 2013, ComEd began smart grid deployment with 60,000 meters to be installed by the end of 2013. On June 26, 2013, the ICC issued a final order on the overall progress of ComEd's AMI Implementation Plan with no significant findings.

Appeal of 2007 Illinois Electric Distribution Rate Case (Exelon and ComEd). The ICC issued an order in ComEd's 2007 electric distribution rate case (2007 Rate Case) approving a $274 million increase in ComEd's annual delivery services revenue requirement, which became effective in September 2008. In the order, the ICC authorized a 10.3% rate of return on common equity. ComEd and several other parties filed appeals of the rate order with the Illinois Appellate Court (Court). The Court issued a decision on September 30, 2010, ruling against ComEd on the treatment of post-test year accumulated depreciation and the recovery of system modernization costs via a rider (Rider SMP).

The Court held the ICC abused its discretion in not reducing ComEd's rate base to account for an additional 18 months of accumulated depreciation while including post-test year pro forma plant additions through that period (the same position ComEd took in its 2010 electric distribution rate case (2010 Rate Case) discussed below). ComEd continued to bill rates as established under the ICC's order in the 2007 Rate Case until June 1, 2011, when the rates set in the 2010 Rate Case became effective. In August 2011, ComEd filed testimony in the remand proceeding that no refunds should be required. The ICC subsequently initiated a proceeding on remand. On February 23, 2012, the ICC issued an order on remand in the proceeding requiring ComEd to provide a refund of approximately $37 million to customers related to the treatment of post-test year accumulated depreciation issue. On March 26, 2012, ComEd filed a notice of appeal with the Court.

On October 1, 2013, the Court ruled against ComEd on the accumulated depreciation issue. The Court affirmed that ComEd owes a refund to customers of $37 million. As of September 30, 2013, and December 31, 2012, ComEd was fully reserved for this liability. ComEd will not seek rehearing or appeal on this matter and is working with the ICC on the process and timing for a refund to customers.

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2010 Illinois Electric Distribution Rate Case (Exelon and ComEd) . On June 30, 2010, ComEd filed its 2010 Rate Case requesting ICC approval for an increase of $396 million to its annual delivery services revenue requirement. This request was subsequently reduced to $343 million to account for changes in tax law, corrections, acceptance of limited adjustments proposed by certain parties and the amounts expected to be recovered in the AMI pilot program tariff. The request to increase the annual revenue requirement was to allow ComEd to recover the costs of substantial investments made since its last rate filing in 2007. The requested increase also reflected increased costs, most notably pension and OPEB, since ComEd's rates were last determined. The original requested rate of return on common equity was 11.5%. In addition, ComEd requested future recovery of certain amounts that were previously recorded as expense that would allow ComEd to recognize a one-time benefit of up to $40 million (pre-tax). The requested increase also included $22 million for increased uncollectible accounts expense, which would increase the threshold for determining over/under recoveries under ComEd's uncollectible accounts tariff.

On May 24, 2011, the ICC issued an order, which became effective on June 1, 2011. The order approved a $143 million increase to ComEd's annual delivery services revenue requirement and a 10.5% rate of return on common equity. As expected, the ICC followed the Court's ruling in ComEd's 2007 Rate Case on the post-test year accumulated depreciation issue. The order allowed ComEd to establish or reestablish a net amount of approximately $40 million of previously expensed plant balances or new regulatory assets, which was reflected as a reduction in operating and maintenance expense and income tax expense in 2011. The order also affirmed the current regulatory asset for severance costs, which was challenged by an intervener in the 2010 Rate Case. The order was appealed to the Court by several parties on a number of issues. On May 16, 2013, the Court dismissed as moot the appeals of the ICC's order in the 2010 Rate Case as ComEd now recovers distribution costs under EIMA through a pre-established formula rate tariff. See Note 3 of Exelon's 2012 Form 10-K for further details on ComEd's 2007 Rate Case and 2010 Rate Case.

Illinois Procurement Proceedings (Exelon and ComEd). ComEd is permitted to recover its electricity procurement costs from retail customers without mark-up. The IPA's 2013 procurement plan, approved by the ICC, provides for curtailment of the existing long-term contracts for renewable energy and RECs in response to the increased number of ComEd's customers purchasing their energy from competitive electric generation suppliers on their own or through municipal aggregation. In March 2013, ICC staff and the IPA approved ComEd's updated load forecast. Purchases under the existing long-term contracts for energy and the associated RECs were reduced on a pro-rata basis under the terms of those contracts for the June 2013 — May 2014 period to keep the purchases under the statutory rate impact cap. The curtailment's impact on ComEd's financial position and cash flows was immaterial.

On December 19, 2012, the ICC issued an order directing ComEd and Ameren (the Utilities) to enter into sourcing agreements with FutureGen Industrial Alliance, Inc (FutureGen), under which FutureGen will retrofit and repower an existing plant in Morgan County, Illinois to a 166 MW near zero emissions coal-fueled generation plant, with an assumed commercial operation date in 2017. The proposed term of the sourcing agreement is 20 years. The project was approved by the DOE on February 4, 2013. The sourcing agreement was approved by the ICC on June 26, 2013 in a separate proceeding, with the ICC ordering ComEd to execute the sourcing agreement no later than 60 days after the date of the order. The sourcing agreement stipulates that the Utilities will pay FutureGen's contract prices, which are set annually based on a formula rate construct. The contract prices are based on the difference between the costs of the facility and the revenues FutureGen receives from selling capacity and energy from the unit into the MISO or other markets, as well as any other revenue FutureGen receives from the operation of the facility. The order also directs the Utilities to recover (or pass along) these costs from the Utilities' distribution system customers, regardless of whether they purchase electricity from the utility or from competitive electric generation suppliers. On January 22, 2013, ComEd filed an application for rehearing, requesting the ICC reconsider its December 2012 order requiring the Utilities to

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procure the entire output of the FutureGen facility. On January 29, 2013, the ICC denied ComEd's rehearing request. ComEd filed an appeal with the Illinois Appellate Court on February 22, 2013, questioning the legality of requiring ComEd to procure power for retail customers purchasing electricity from competitive electric generation suppliers.

On August 22, 2013, the Utilities executed the contract with FutureGen in accordance with the ICC order. However, in the event the order is reversed as a result of the appeal, ComEd's obligations under the contract should be suspended. Depending on the ultimate outcome of the appeals, the eventual market conditions and the cost of the facility, the sourcing agreement could have a material adverse impact on Exelon's and ComEd's cash flows and financial positions.

See Note 18 — Commitments and Contingencies for additional information on ComEd's energy commitments and ICC's proceedings related to storm waivers.

Pennsylvania Regulatory Matters

Pennsylvania Procurement Proceedings (Exelon and PECO). PECO's first PAPUC approved DSP Program, under which PECO was providing default electric service, had a 29-month-term that ended May 31, 2013. On October 12, 2012, the PAPUC issued its Opinion and Order approving PECO's second DSP Program, which was filed with the PAPUC in January 2012. The program, which has a 24-month term from June 1, 2013 through May 31, 2015, complies with electric generation procurement guidelines set forth in Act 129.

In the second DSP Program, PECO is procuring electric supply for its default electric customers through five competitive procurements. The load for the residential and small and medium commercial classes is served through competitively procured fixed price, full requirements contracts of two years or less. For the large commercial and industrial class load, PECO has competitively procured contracts for full requirements default electric generation with the price for energy in each contract set to be the hourly price of the spot market during the term of delivery. In December 2012 and February 2013, PECO entered into contracts with PAPUC-approved bidders, including Generation, for its residential and small and medium commercial classes that began in June 2013. In September 2013, PECO entered into contracts with PAPUC-approved bidders, including Generation, for its residential and small and medium commercial classes that will begin in December 2013. Charges incurred for electric supply procured through contracts with Generation are included in purchased power from affiliates on PECO's Statement of Operations and Comprehensive Income.

In addition, the second DSP Program includes a number of retail market enhancements recommended by the PAPUC in its previously issued Retail Markets Intermediate Work Plan Order. PECO was also directed to allow its low-income Customer Assistance Program (CAP) customers to purchase their generation supply from EGSs beginning April 2014. On May 1, 2013, PECO filed its CAP Shopping Plan with the PAPUC.

Smart Meter and Smart Grid Investments (Exelon and PECO). Pursuant to Act 129 and the follow-on Implementation Order of 2009, in April 2010, the PAPUC approved PECO's Smart Meter Procurement and Installation Plan (SMPIP), under which PECO will install more than 1.6 million smart meters and an AMI communication network by 2020. The first phase of PECO's SMPIP, which was completed on June 19, 2013, included the installation of an AMI communications network and the deployment of 600,000 smart meters to communicate with that network. On May 31, 2013, PECO and interested parties filed a Joint Petition for Settlement of the universal deployment plan with the PAPUC which was approved without modification on August 15, 2013. The Joint Petition for Settlement supports all material aspects of PECO's universal deployment plan, including cost recovery, excluding certain amounts discussed below. Universal deployment is the second phase of PECO's SMPIP, under which PECO will deploy the remainder of the 1.6 million smart meters on an accelerated basis by the end of 2014. In total, PECO currently expects to spend up to $595 million, excluding the

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cost of the original meters (as further described below), on its smart meter infrastructure and approximately $120 million on smart grid investments through 2014 of which $200 million will be funded by SGIG as discussed below. As of September 30, 2013, PECO has spent $364 million and $111 million on smart meter and smart grid infrastructure, respectively, not including the DOE reimbursements received to date.

Pursuant to the ARRA of 2009, PECO and the DOE entered into a Financial Assistance Agreement to extend PECO $200 million in non-taxable SGIG funds of which $140 million relates to smart meter deployment and $60 million relates to smart grid infrastructure. As part of the agreement, the DOE has a conditional ownership interest in qualifying Federally-funded project property and equipment, which is subordinate to PECO's existing mortgage. The SGIG funds are being used to offset the total impact to ratepayers of the smart meter deployment required by Act 129. As of September 30, 2013, PECO has received $181 million of the $200 million in reimbursements. PECO's outstanding receivable from the DOE for reimbursable costs was $6 million as of September 30, 2013, which has been recorded in Other accounts receivable, net on Exelon's and PECO's Consolidated Balance Sheets.

On August 15, 2012, PECO suspended installation of smart meters for new customers based on a limited number of incidents involving overheating meters. Following its own internal investigation and additional scientific analysis and testing by independent experts completed after September 30, 2012, PECO announced its decision to resume meter deployment work on October 9, 2012. PECO has replaced the previously installed meters with an alternative vendor's meters. PECO is moving forward with the alternative meters during universal deployment and continues to evaluate meters from several vendors and may use more than one meter vendor during universal deployment.

Following PECO's decision, as of October 9, 2012, PECO will no longer use the original smart meters. For the meters that will no longer be used, the accounting guidance requires that any difference between the carrying value and net realizable value be recognized in the current period's earnings, before considering potential regulatory recovery. The cost of the original meters, including installation and removal costs, owned by PECO was approximately $19 million, net of approximately $16 million of reimbursements from the DOE. PECO is seeking full recovery of all incurred costs related to the original deployment of meters. For amounts not recovered from the vendor, PECO will seek regulatory rate recovery in a future filing with the PAPUC. PECO did not seek recovery of original meter costs in the January 2013 universal deployment filing, as resolution with the vendor is still pending. PECO requested and received approval from the DOE that the original meters continue to be allowable costs and that any settlement with the vendor will not be considered project income. In addition, PECO remains eligible for the full $200 million in SGIG funds. In the May 31, 2013 Joint Petition for Settlement of the universal deployment plan, the parties agreed to defer any potential challenges to cost recovery of the original meters as discussed above.

As of September 30, 2013, PECO believes the amounts incurred for the original meters and related installation and removal costs are probable of recovery based on applicable case law and past precedent on reasonably and prudently incurred costs. As a result, a regulatory asset of $17 million, representing the cost of the original meters, net of accumulated depreciation and DOE reimbursements, was recorded on Exelon's and PECO's Consolidated Balance Sheets. On August 15, 2013, PECO entered into an agreement with the vendor, which is anticipated to be part of a larger agreement, and under which PECO transferred the original uninstalled meters to the vendor and will receive approximately $12 million in return, of which $2 million has been received as of September 30, 2013. As a result, during the third quarter of 2013, the $17 million regulatory asset was reduced to $5 million. The agreement does not fully resolve the claim against the vendor for the original meter costs and PECO continues to seek full recovery from the vendor of all incurred costs related to the original deployment of meters. If PECO later determines that the remaining regulatory asset is no longer probable of recovery, PECO would be required to recognize a charge in earnings in the period in which that determination was made.

Energy Efficiency Programs (Exelon and PECO). PECO's PAPUC-approved Phase I EE&C Plan had a four-year term that began on June 1, 2009 and concluded on May 31, 2013. The Phase I Plan set forth how PECO would meet the required reduction targets established by Act 129's EE&C provisions, which included a 3% reduction in electric consumption in PECO's service territory and a 4.5% reduction in PECO's annual system peak demand in the 100 hours of highest demand by May 31, 2013. The peak demand period ended on September 30, 2012 and PECO communicated its compliance with the reduction targets in a preliminary report with the PAPUC on March 1, 2013. The final compliance report is due to the PAPUC by November 15, 2013.

On March 29, 2013, PECO filed a Petition with the PAPUC to change the recovery period of certain Direct Load Control (DLC) Program costs necessary to implement the Phase I Plan. The Petition seeks approval to allow PECO to recover $12 million in equipment, installation and information technology costs for its Residential DLC program with the amounts collected for the Phase I Plan. As the Phase I Plan was implemented at a cost less than originally budgeted, PECO proposed to recover these expenses from its Phase I Energy Efficiency Program Charge over-collection consistent with PAPUC guidance to recover all Phase I costs through Phase I funding. The PAPUC approved PECO's Petition on May 9, 2013. A regulatory liability was established for the DLC program costs that will be amortized as a credit to the income statement to offset the related depreciation expense during the same period.

The PAPUC issued its Phase II EE&C implementation order on August 2, 2012, that provides energy consumption reduction requirements for the second phase of Act 129's EE&C programs, which went into effect on June 1, 2013. The PAPUC deferred a decision on peak demand reduction requirements until late 2013. On February 28, 2013, the PAPUC approved PECO's three-year EE&C Phase II plan that was filed on November 1, 2012, and sets forth how PECO will reduce electric consumption by at least 1,125,852 MWh in its service territory for the period June 1, 2013 through May 31, 2016.

On March 15, 2013, PECO filed a Petition for Approval to amend its EE&C Phase II Plan to continue its DLC demand reduction program for mass market customers from June 1, 2013 to May 31, 2014. PECO proposed to fund the estimated $10 million cost of the one-year program by modifying incentive levels for other Phase II programs. On May 9, 2013, the PAPUC approved PECO's amended EE&C Phase II plan. The costs of DLC program will be recovered through PECO's Energy Efficiency Program Charge along with all other Phase II Plan costs.

Investigation of Pennsylvania Retail Electricity Market (Exelon and PECO). On July 28, 2011, the PAPUC issued an order outlining the next steps in its investigation into the status of competition in Pennsylvania's retail electric market. The PAPUC found that the existing default service model presents substantial impediments to the development of a vibrant retail market in Pennsylvania and directed its Office of Competitive Markets Oversight to evaluate potential intermediate and long-term structural changes to the default service model. On March 1, 2012, the PAPUC issued the final order describing more detailed recommendations to be implemented prior to the expiration of the electric distribution company's current default service plan and providing guidelines for electric distribution companies for development of their next default service plan. On October 12, 2012, the PAPUC approved PECO's second DSP Program, which includes several new programs to continue PECO's support of retail market competition in Pennsylvania in accordance with the order issued by the PAPUC on December 15, 2011. Further, the PAPUC issued a final order on February 14, 2013, outlining its proposed end-state for default service, which included default service pricing for residential and small commercial customers based on three month full requirements contracts, full requirement contracts using hourly spot market pricing for large commercial and industrial default service customers, and the inclusion of CAP customers in the customer choice programs.

Pennsylvania Act 11 of 2012 (Exelon and PECO). On February 13, 2012, Act 11 was signed into law by the Governor. Act 11 seeks to clarify the PAPUC's authority to approve alternative ratemaking mechanisms,

which would allow for the implementation of a distribution system improvement charge (DSIC) in rates designed to recover capital project costs incurred to repair, improve or replace utilities' aging electric and natural gas distribution systems in Pennsylvania. Act 11 also includes a provision that allows utilities to use a fully projected future test year under which the PAPUC may permit the inclusion of projected capital costs in rate base for assets that will be placed in service during the first year that rates are in effect. The PAPUC's implementation order requires a utility to have a Long Term Infrastructure Improvement Plan (LTIIP) which outlines how the utility is planning to increase its investment for repairing, improving, or replacing aging infrastructure, approved by the PAPUC prior to implementing a DSIC. On May 9, 2013, the PAPUC approved PECO's LTIIP for its Gas Operations, which was filed on February 8, 2013.

Maryland Regulatory Matters

Smart Meter and Smart Grid Investments (Exelon and BGE). In August 2010, the MDPSC approved a comprehensive smart grid initiative for BGE that includes the planned installation of 2 million residential and commercial electric and gas smart meters at an expected total cost of $480 million. The MDPSC's approval ordered BGE to defer the associated incremental costs, depreciation and amortization, and an appropriate return, in a regulatory asset until such time as a cost-effective advanced metering system is implemented. As of September 30, 2013 and December 31, 2012, BGE recorded a regulatory asset of $52 million and $31 million, respectively, representing incremental costs, depreciation and amortization, and a debt return on fixed assets related to its AMI program. Additionally, the MDPSC has determined that the cost recovery for the non-AMI meters that BGE retires will be considered in a future depreciation proceeding. The MDPSC continues to evaluate the impacts of a customer opt-out feature in BGE's Smart Grid program. In March 2013, BGE filed a description of the overall additional costs associated with allowing customers to retain their current meter, and for radio frequency (RF)-Free and RF-Minimizing options related to the installation of their smart meters as well as a proposed cost recovery mechanism. The MDPSC held a hearing in August 2013 to consider the filings made by BGE and other Maryland electric utilities. The ultimate resolution related to this feature could affect BGE's ability to demonstrate cost-effectiveness of the advanced metering system. Overall, BGE continues to believe the recovery of smart grid initiative costs in future rates is probable as BGE expects to be able to demonstrate that the program benefits exceed costs. Pursuant to the ARRA of 2009, BGE is a recipient of $200 million in federal funding from the DOE for its smart grid and other related initiatives, which substantially reduces the total cost of these initiatives to BGE's ratepayers. The project to install the smart meters began in late April 2012.

As of September 30, 2013, BGE had received $176 million in reimbursements from the DOE. As of September 30, 2013, BGE's outstanding receivable from the DOE for reimbursable costs was $23 million, which has been recorded in Other accounts receivable, net on Exelon's and BGE's Consolidated Balance Sheets.

New Electric Generation (Exelon, Generation and BGE). On April 12, 2012, the MDPSC issued an order directing BGE and two other Maryland utilities to enter into a contract for differences (CfD) with CPV Maryland, LLC (CPV), under which CPV will construct an approximately 700 MW natural gas-fired combined-cycle generation plant in Waldorf, Maryland, that CPV projected will be in commercial operation by June 1, 2015. The initial term of the proposed contract is 20 years. The CfD mandates that BGE and the other utilities pay (or receive) the difference between CPV's contract prices and the revenues CPV receives for capacity and energy from clearing the unit in the PJM capacity market. The MDPSC's Order requires the three Maryland utilities to enter into a CfD in amounts proportionate to their relative SOS load.

On April 16, 2013, the MDPSC issued an order that required BGE to execute a specific form of contract with CPV, and the parties executed the contract as of June 6, 2013. As of September 30, 2013, there is no impact on Exelon's and BGE's results of operations, cash flows and financial positions. Furthermore, the agreement does not become effective until the resolution of certain items, including all current litigation.

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On April 27, 2012, a civil complaint was filed in the U.S. District Court for the District of Maryland by certain unaffiliated parties that challenges the actions taken by the MDPSC on Federal law grounds. On October 24, 2013, the U.S. District Court issued a judgment order finding that the MDPSC's Order directing BGE and the two other Maryland utilities to enter into a CfD, which assures that CPV receives a guaranteed fixed price regardless of the price set by the federally regulated wholesale market, violates the Supremacy Clause of the United States Constitution.

On May 4, 2012, BGE filed a petition in the Circuit Court for Anne Arundel County, Maryland, seeking judicial review of the MDPSC order under state law. That petition was subsequently transferred to the Circuit Court for Baltimore City and consolidated with similar appeals that have been filed by other interested parties. On October 1, 2013, the Circuit Court Judge issued a Memorandum Opinion and Order finding the decisions of the MDPSC were within its statutory authority under Maryland law. This decision is separate from the judgment in the federal litigation that the MDPSC Order is unconstitutional and the CfD is unenforceable under federal law. The federal judgment, if upheld, would prevent enforcement of the CfD even if the Circuit Court decision stands.

Depending on the ultimate outcome of the pending state and federal litigation, on the eventual market conditions, and on the manner of cost recovery as of the effective date of the agreement, the CfD could have a material impact on Exelon and BGE's results of operations, cash flows and financial positions.

Exelon believes that this and other states' projects may have artificially suppressed capacity prices in PJM and may continue to do so in future auctions to the detriment of Exelon's market driven position. In addition to this litigation, Exelon is working with other market participants to implement market rules that will appropriately limit the market suppressing effect of such state activities.

2012 Maryland Electric and Gas Distribution Rate Case (Exelon and BGE). On July 27, 2012, BGE filed an application for increases to its electric and gas base rates with the MDPSC. On February 22, 2013, the MDPSC issued an order in BGE's 2012 electric and natural gas distribution rate case for increases in annual distribution service revenue of $81 million and $32 million, respectively. The electric distribution rate increase was set using an allowed return on equity of 9.75% and the gas distribution rate increase was set using an allowed return on equity of 9.60%. The approved electric and natural gas distribution rates became effective for services rendered on or after February 23, 2013. As part of the rate order, the MDPSC approved both recovery of and return on merger integration costs incurred during the test year, including severance. As a result, the order affirmed the treatment of $20 million of severance-related costs that BGE had recorded as a regulatory asset in 2012, consistent with prior MDPSC decisions. Additionally, BGE established a new regulatory asset of $8 million related to non-severance merger integration costs, which includes $6 million of costs incurred during 2012. Current MDPSC treatment of these merger integration regulatory assets is to provide recovery over a five year period.

MDPSC Derecho Storm Order (Exelon and BGE). Following the June 2012 Derecho storm which hit the mid-Atlantic region interrupting electrical service to a significant portion of the State of Maryland, the MDPSC issued an order on February 27, 2013 requiring BGE and other Maryland utilities to file several comprehensive reports with short-term and long-term plans to improve reliability and grid resiliency that were due at various times before August 30, 2013.

BGE's May 17, 2013 distribution rate case included a short-term plan to improve reliability as well as a proposal for a surcharge to recover incremental capital expenditures and operating costs associated with the short-term plan. On September 3, 2013, BGE filed a comprehensive long term assessment examining potential

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alternatives for improving the resiliency of the electric grid and a staffing analysis reviewing historical staffing levels as well as forecasting staffing levels necessary under various storm scenarios. BGE currently cannot predict the outcome of these proceedings, which may result in increased capital expenditures and operating costs.

The Maryland Strategic Infrastructure Development and Enhancement Program (Exelon and BGE). In February 2013, the Maryland General Assembly passed legislation intended to accelerate gas infrastructure replacements in Maryland by establishing a mechanism for gas companies to promptly recover reasonable and prudent costs of eligible infrastructure replacement projects separate from base rate proceedings. On May 2, 2013, the Governor of Maryland signed the legislation into law; which took effect June 1, 2013. Under the new law, following a proceeding before the MDPSC and with the MDPSC's approval of the eligible infrastructure replacement projects along with a corresponding surcharge, BGE could begin charging gas customers a monthly surcharge for infrastructure costs incurred after June 1, 2013. The legislation includes caps on the monthly surcharges to residential and non-residential customers, and would require an annual true-up of the surcharge revenues against actual expenditures. Investment levels in excess of the cap would be recoverable in a subsequent gas base rate proceeding at which time all costs for the infrastructure replacement projects would be rolled into gas distribution rates. Irrespective of the cap, BGE is required to file a gas rate case every five years under this legislation. On August 2, 2013, BGE filed its infrastructure replacement plan and associated surcharge. The new surcharge rates are expected to take effect in the first quarter of 2014. BGE currently cannot predict the outcome of this proceeding or how much of the requested planned and related surcharge the MDPSC will approve.

2013 Maryland Electric and Gas Distribution Rate Case (Exelon and BGE). On May 17, 2013, BGE filed an application for increases of $101 million and $30 million to its electric and gas base rates, respectively, with the MDPSC. The requested rates of return on equity in the application are 10.50% and 10.35% for electric and gas distribution, respectively. In addition to these requested rate increases, BGE's application includes a request for recovery of incremental capital expenditures and operating costs associated with BGE's proposed short-term reliability improvement plan in response to a MDPSC order through a surcharge separate from base rates. On August 23, 2013, BGE filed an update to its rate request which altered the requested increase to electric base rates from $101 million to $83 million and the requested increase to gas base rates from $30 million to $24 million. The new electric and gas distribution base rates are expected to take effect in December 2013. BGE currently cannot predict the outcome of this proceeding or how much of the requested increases the MDPSC will approve.

Federal Regulatory Matters

Transmission Formula Rate (Exelon, ComEd and BGE). ComEd's and BGE's transmission rates are each established based on a FERC-approved formula.

ComEd's most recent annual formula rate update filed in April 2013 reflects 2012 actual costs plus forecasted 2013 capital additions. The update resulted in a revenue requirement of $488 million plus a $25 million adjustment related to the reconciliation of 2012 actual costs for a net revenue requirement of $513 million. This compares to the May 2012 updated revenue requirement of $450 million offset by a $5 million reduction related to the reconciliation of 2011 actual costs for a net revenue requirement of $445 million. The increase in the revenue requirement was primarily driven by increased plant investment, higher pension and post-retirement healthcare costs, and higher operating and maintenance costs. The 2013 net revenue requirement became effective June 1, 2013, and is being recovered over the period extending through May 31, 2014. The regulatory asset associated with the true-up is being amortized as the associated amounts are recovered through rates.

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ComEd's updated formula transmission rate currently provides for a weighted average debt and equity return on transmission rate base of 8.70%, a decrease from the 8.91% return previously authorized. The decrease in return was primarily due to lower interest rates on ComEd's long-term debt outstanding. As part of the FERC-approved settlement of ComEd's 2007 transmission rate case, the rate of return on common equity is 11.5% and the common equity component of the ratio used to calculate the weighted average debt and equity return for the formula transmission rate is currently capped at 55%.

BGE's most recent annual formula rate update filed in April 2013 reflects actual 2012 expenses and investments plus forecasted 2013 capital additions. The update resulted in a revenue requirement of $158 million offset by a $1 million reduction related to the reconciliation of 2012 actual costs for a net revenue requirement of $157 million. This compares to the April 2012 updated revenue requirement of $156 million increased by $2 million related to the reconciliation of 2011 actual costs for a net revenue requirement of $158 million. The decrease in the revenue requirement was primarily driven by a lower realized rate of return and reduced rate base, offset partially by higher depreciation and operating and maintenance costs. The 2013 net revenue requirement became effective June 1, 2013, and is being recovered over the period extending through May 31, 2014. The regulatory asset associated with the true-up is being amortized as the associated amounts are recovered through rates.

BGE's updated formula transmission rate currently provides for a weighted average debt and equity return on transmission rate base of 8.35%, a decrease from the 8.43% return previously authorized. The decrease in return was primarily due to a debt issuance in 2012 and lower interest rates on BGE's debt outstanding. As part of the FERC-approved settlement in 2006 of BGE's 2005 transmission rate case, the base rate of return on common equity for BGE's electric transmission business for new transmission projects placed in service on and after January 1, 2006 is 11.3%, inclusive of a 50 basis point incentive for participating in PJM.

FERC Transmission Complaint (Exelon and BGE). On February 27, 2013, consumer advocates and regulators from the District of Columbia, New Jersey, Delaware and Maryland, and the Delaware Electric Municipal Cooperatives (the parties), filed a complaint at FERC against BGE and the Pepco Holdings, Inc. companies relating to their respective transmission formula rates. BGE's formula rate includes a 10.8% base rate of return on common equity for most investments included in its rate base. The parties seek a reduction in the base return on equity to 8.7% and changes to the formula rate process. FERC docketed the matter and set April 3, 2013 as the deadline for interventions, protests and answers. Under FERC rules, the earliest date from which the base return on equity could be adjusted and refunds required is the date of the complaint. On March 19, 2013, BGE filed a motion to dismiss or sever the complaint. As of September 30, 2013, BGE cannot predict the likelihood or a reasonable estimate of the amount of a change, if any, in the allowed base return on equity, or a reasonable estimate of the refund period start date. While BGE cannot predict the outcome of this matter, if FERC orders a reduction of BGE's base return on equity from 10.8% to 8.7%, the estimated annual impact would be a reduction in revenues of approximately $10 million.

PJM Transmission Rate Design and Operating Agreements (Exelon, ComEd, PECO and BGE). PJM Transmission Rate Design specifies the rates for transmission service charged to customers within PJM. Currently, ComEd, PECO and BGE incur costs based on the existing rate design, which charges customers based on the cost of the existing transmission facilities within their load zone and the cost of new transmission facilities based on those who benefit from those facilities. In April 2007, FERC issued an order concluding that PJM's current rate design for existing facilities is just and reasonable and should not be changed. In the same order, FERC held that the costs of new facilities 500 kV and above should be socialized across the entire PJM footprint and that the costs of new facilities less than 500 kV should be allocated to the customers of the new facilities who caused the need for those facilities. After FERC ultimately denied all requests for rehearing on all issues, several

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parties filed petitions in the U.S. Court of Appeals for the Seventh Circuit for review of the decision. On August 6, 2009, that court issued its decision affirming FERC's order with regard to the costs of existing facilities but reversing and remanding to FERC for further consideration its decision with regard to the costs of new facilities 500 kV and above. On March 30, 2012, FERC issued an order on remand affirming the cost allocation in its April 2007 order. On March 22, 2013, FERC issued an order denying rehearing and made it clear that the cost allocation at issue concerns only projects approved prior to February 1, 2013. A number of entities have filed appeals of the FERC orders. ComEd anticipates that all impacts of any rate design changes effective after December 31, 2006, should be recoverable through retail rates and, thus, the rate design changes are not expected to have a material impact on ComEd's results of operations, cash flows or financial position. PECO anticipates that all impacts of any rate design changes should be recoverable through the transmission service charge rider approved in PECO's 2010 electric distribution rate case settlement and, thus, the rate design changes are not expected to have a material impact on PECO's results of operations, cash flows or financial position. To the extent that any rate design changes are retroactive to periods prior to January 1, 2011, there may be an impact on PECO's results of operations. BGE anticipates that all impacts of any rate design changes effective after June 30, 2006 should be recoverable through retail rates and, thus, the rate design changes are not expected to have a material impact on BGE's results of operations, cash flows or financial position.

On October 11, 2012, the PJM Transmission Owners filed with FERC a cost allocation for new transmission facilities asking that the new cost allocation methodology apply to all transmission approved by the PJM Board on or after February 1, 2013. The proposed methodology is a hybrid methodology that would socialize 50% of the costs of new facilities at 500kV and above and double-circuit 345kV lines, and allocate the remaining 50% to direct beneficiaries. For all other facilities, the costs would be allocated to the direct beneficiaries. On March 22, 2013, FERC issued an order accepting the cost allocation with minor exceptions and requiring a compliance filing on those few issues within 120 days of the order. The compliance filing was made on July 22, 2013.

ComEd, PECO and BGE are committed to the construction of transmission facilities under their operating agreements with PJM to maintain system reliability. ComEd, PECO and BGE will work with PJM to continue to evaluate the scope and timing of any required construction projects. There were no significant changes in baseline project commitments for ComEd, PECO and BGE through the third quarter of 2013.

PJM Minimum Offer Price Rule (Exelon and Generation). PJM's capacity market rules include a Minimum Offer Price Rule (MOPR) that is intended to preclude sellers from artificially suppressing the competitive price signals for generation capacity. The proceedings leading to FERC's approval of the MOPR were extensive, and there have been numerous changes to the MOPR and litigation related to it since it was originally implemented. For example, in 2011 the parties disputed numerous elements of the MOPR including: (i) the default price that should apply to bids found subject to the MOPR, (ii) the duration of the MOPR and (iii) the application of the MOPR to self-supplying capacity and state-sponsored capacity. The FERC orders approving that MOPR have been appealed to the United States Court of Appeals for the Third Circuit. A resolution of that appeal is not expected until sometime in late 2013.

In May 2012 (based on the MOPR provisions the FERC approved in 2011), PJM announced the results of its capacity auction covering the delivery year ending May 31, 2016. Several new units with state-sanctioned subsidy contracts cleared in the auction at prices below the MOPR. Potentially, these states could expand such state-sanctioned subsidy programs or other states may seek to establish similar programs. Generation believed that further revisions to that MOPR were necessary to ensure that the potential to artificially reduce capacity auction prices is appropriately limited in PJM. In early December 2012, PJM filed a new MOPR for approval at the FERC, which Exelon believed would be more effective in preventing state-sanctioned subsidy contracts from artificially reducing capacity prices. Generation was actively involved in the process through which those MOPR changes were developed and supported the changes. On May 3, 2013, the FERC issued its order. While the

FERC order accepted certain aspects of the proposal that Exelon supported (such as applying the MOPR to all of PJM and not just certain zones within PJM), the FERC required PJM to retain a key element of its previous MOPR structure, the unit-specific exemption, an element that Exelon had supported removing. Several entities, including two capacity suppliers that Exelon has been working with sought rehearing of that order.

In May 2013 (based on the MOPR provisions the FERC approved earlier that month), PJM announced the results of its capacity auction covering the delivery year ending May 31, 2017. Exelon is working with PJM stakeholders on several proposed changes to the PJM tariff aimed at ensuring that capacity resources (including those with state-sanctioned subsidy contracts) cannot inappropriately affect capacity auction prices in PJM.

Reliability Pricing Model (Exelon, Generation and BGE). PJM's RPM Base Residual Auctions take place approximately 36 months ahead of the scheduled delivery year. The most recent auction for the delivery year ending May 31, 2017 occurred in May 2013.

License Renewals (Exelon and Generation). On June 22, 2011, Generation submitted applications to the NRC to extend the operating licenses of Limerick Units 1 and 2 by 20 years. The current operating licenses for Limerick Units 1 and 2 expire in 2024 and 2029, respectively. In June 2012, the United States Court of Appeals for the DC Circuit vacated the NRC's temporary storage rule on the grounds that the NRC should have conducted a more comprehensive environmental review to support the rule. The temporary storage rule (also referred to as the "waste confidence decision") recognizes that licensees can safely store spent nuclear fuel at nuclear plants for up to 60 years beyond the original and renewed licensed operating life of the plants and that licensing renewal decisions do not require discussion of the environmental impact of spent fuel stored on site. In August 2012, the NRC placed a hold on issuing new or renewed operating licenses that depend on the temporary storage rule until the court's decision is addressed. In September 2012, the NRC directed NRC Staff to revise the temporary storage rule through rulemaking no later than September 6, 2014. Generation does not expect the NRC to issue license renewals until the end of 2014, at the earliest.

On May 29, 2013, Generation submitted applications to the NRC to extend the operating licenses of Byron Units 1 and 2 and Braidwood Units 1 and 2 by 20 years. The current operating licenses for Byron Units 1 and 2 expire in 2024 and 2026, respectively. The current operating licenses for Braidwood Units 1 and 2 expire in 2026 and 2027, respectively. Generation does not expect the NRC to issue license renewals for Byron and Braidwood until 2015 at the earliest.

On August 29, 2012 and August 30, 2012, Generation submitted hydroelectric license applications to the FERC for 46-year licenses for the Conowingo Hydroelectric Project (Conowingo) and the Muddy Run Pumped Storage Facility Project (Muddy Run), respectively. Generation is working with stakeholders to resolve licensing issues, including: (1) water quality, (2) fish passage and habitat, and (3) sediment. On August 29, 2013, Exelon filed a water quality certification application pursuant to Section 401 of the Clean Water Act with PA DEP for Muddy Run, addressing these and other issues. The FERC extended the deadline to December 15, 2013 to file a water quality certification application pursuant to Section 401 of the Clean Water Act with the MDE for Conowingo. The stations are being depreciated over their useful lives, which includes the license renewal period. Although Generation expects that these licenses will be renewed, it cannot predict the conditions that may be imposed. Resolution of these issues may require a substantial increase in capital expenditures or may result in increased operating costs and significantly affect Generation's results of operations or financial position. Based on the latest FERC procedural schedule, the FERC licensing process is not expected to be completed prior to the expiration of Muddy Run's current license on August 31, 2014, and the expiration of Conowingo's license on September 1, 2014. However, the stations would continue to operate under annual licenses until FERC takes action on the 46-year license applications.

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Regulatory Assets and Liabilities (Exelon, ComEd, PECO and BGE)

Exelon, ComEd, PECO and BGE each prepare their consolidated financial statements in accordance with the authoritative guidance for accounting for certain types of regulation. Under this guidance, regulatory assets represent incurred costs that have been deferred because of their probable future recovery from customers through regulated rates. Regulatory liabilities represent the excess recovery of costs or accrued credits that have been deferred because it is probable such amounts will be returned to customers through future regulated rates or represent billings in advance of expenditures for approved regulatory programs.

The following tables provide information about the regulatory assets and liabilities of Exelon, ComEd, PECO and BGE as of September 30, 2013 and December 31, 2012. For additional information on the specific regulatory assets and liabilities, refer to Note 3 — Regulatory Matters of the Exelon 2012 Form 10-K.

September 30, 2013	Exelon		ComEd		PECO		BGE	
	Current	Noncurrent	Current	Noncurrent	Current	Noncurrent	Current	Noncurrent
Regulatory assets								
Pension and other postretirement benefits	$ 308	$ 3,542	$ —	$ —	$ —	$ —	$ —	$ —
Deferred income taxes	12	1,424	3	65	—	1,296	9	63
AMI programs	4	129	4	29	—	48	—	52
AMI meter events	—	5	—	—	—	5	—	—
Under-recovered distribution service costs	129	275	129	275	—	—	—	—
Debt costs	12	60	9	56	3	4	1	9
Fair value of BGE long-term debt(a)	—	225	—	—	—	—	—	—
Fair value of BGE supply contract(b)	29	3	—	—	—	—	—	—
Severance	23	13	19	—	—	—	4	13
Asset retirement obligations	—	93	—	68	—	25	—	—
MGP remediation costs	47	210	40	175	6	34	1	1
RTO start-up costs	2	1	2	1	—	—	—	—
Under-recovered uncollectible accounts	—	31	—	31	—	—	—	—
Renewable energy and associated RECs	16	106	16	106	—	—	—	—
Energy and transmission programs	79	—	79	—	—	—	—	—
Deferred storm costs	3	4	—	—	—	—	3	4
Electric generation-related regulatory asset	13	33	—	—	—	—	13	33
Rate stabilization deferral	68	175	—	—	—	—	68	175
Energy efficiency and demand response programs	75	144	—	—	—	—	75	144
Merger integration costs(c)	1	10	—	—	—	—	1	10
Under-recovered electric revenue decoupling(f)	8	—	—	—	—	—	8	—
Other	48	26	34	13	13	7	1	5
Total regulatory assets	$ 877	$ 6,509	$ 335	$ 819	$ 22	$ 1,419	$ 184	$ 509

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September 30, 2013	Exelon		ComEd		PECO		BGE	
	Current	Noncurrent	Current	Noncurrent	Current	Noncurrent	Current	Noncurrent
Regulatory liabilities								
Nuclear decommissioning	$ —	$ 2,593	$ —	$ 2,184	$ —	$ 409	$ —	$ —
Removal costs	103	1,420	82	1,202	—	—	21	218
Energy efficiency and demand response programs	85	—	49	—	36	—	—	—
DLC Program Costs	1	10	—	—	1	10	—	—
Energy efficiency Phase 2	—	14	—	—	—	14	—	—
Electric distribution tax repairs	20	119	—	—	20	119	—	—
Gas distribution tax repairs	8	40	—	—	8	40	—	—
Energy and transmission programs	41	7	—	7	39(d)	—	2(h)	—
Over-recovered gas and electric universal service fund costs	7	—	—	—	7	—	—	—
Revenue subject to refund(e)	40	—	40	—	—	—	—	—
Over-recovered gas revenue decoupling(f)	8	—	—	—	—	—	8	—
Other	1	1	—	—	—	—	—	—
Total regulatory liabilities	$ 314	$ 4,204	$ 171	$ 3,393	$ 111	$ 592	$ 31	$ 218

December 31, 2012	Exelon		ComEd		PECO		BGE	
	Current	Noncurrent	Current	Noncurrent	Current	Noncurrent	Current	Noncurrent
Regulatory assets								
Pension and other postretirement benefits	$ 304	$ 3,673	$ —	$ —	$ —	$ —	$ —	$ —
Deferred income taxes	14	1,382	5	62	—	1,255	9	65
AMI programs	3	70	3	10	—	29	—	31
AMI meter events	—	17	—	—	—	17	—	—
Under-recovered distribution service costs	18	191	18	191	—	—	—	—
Debt costs	14	68	11	62	3	6	1	9
Fair value of BGE long-term debt(a)	—	256	—	—	—	—	—	—
Fair value of BGE supply contract(b)	77	12	—	—	—	—	—	—
Severance	29	28	25	12	—	—	4	16
Asset retirement obligations	—	90	—	65	—	25	—	—
MGP remediation costs	58	232	51	197	6	33	1	2
RTO start-up costs	3	2	3	2	—	—	—	—
Under-recovered electric universal service fund costs	11	—	—	—	11	—	—	—
Financial swap with Generation	—	—	226	—	—	—	—	—
Renewable energy and associated RECs	18	49	18	49	—	—	—	—
Energy and transmission programs	43	—	14	—	1(g)	—	28(h)	—
DSP Program costs	1	3	—	—	1	3	—	—
DSP II Program costs	1	2	—	—	1	2	—	—
Deferred storm costs	3	6	—	—	—	—	3	6
Electric generation-related regulatory asset	16	40	—	—	—	—	16	40
Rate stabilization deferral	67	225	—	—	—	—	67	225
Energy efficiency and demand response programs	56	126	—	—	—	—	56	126
Under-recovered electric revenue decoupling (f)	5	—	—	—	—	—	5	—
Other	23	25	14	16	9	8	—	2
Total regulatory assets	$ 764	$ 6,497	$ 388	$ 666	$ 32	$ 1,378	$ 190	$ 522

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December 31, 2012	Exelon		ComEd		PECO		BGE	
	Current	Noncurrent	Current	Noncurrent	Current	Noncurrent	Current	Noncurrent
Regulatory liabilities								
Nuclear decommissioning	$ —	$ 2,397	$ —	$ 2,037	$ —	$ 360	$ —	$ —
Removal costs	97	1,406	75	1,192	—	—	22	214
Energy efficiency and demand response programs	131	—	43	—	88	—	—	—
Electric distribution tax repairs	20	132	—	—	20	132	—	—
Gas distribution tax repairs	8	46	—	—	8	46		
Over-recovered uncollectible accounts	6	—	6	—	—	—	—	—
Energy and transmission programs	54	—	6	—	48(d)	—	—	—
Over-recovered gas universal service fund costs	3	—	—	—	3	—	—	—
Over-recovered AEPS costs	2	—	—	—	2	—	—	—
Revenue subject to refund(e)	40	—	40	—	—	—	—	—
Over-recovered gas revenue decoupling (f)	7	—	—	—	—	—	7	—
Total regulatory liabilities	$ 368	$ 3,981	$ 170	$ 3,229	$ 169	$ 538	$ 29	$ 214

(a) Represents the regulatory asset recorded at Exelon Corporate for the difference in the fair value of the long-term debt of BGE as of the merger date. The asset is amortized over the life of the underlying debt. See Note 11 — Debt and Credit Agreements for additional information.
(b) Represents the regulatory asset recorded at Exelon Corporate representing the fair value of BGE's supply contracts as of the close of the merger date. BGE is allowed full recovery of the costs of its electric and gas supply contracts through approved, regulated rates. The asset is amortized over a period of approximately 3 years.
(c) Relates to integration costs to achieve distribution synergies related to the merger transaction.
(d) Includes $18 million related to the DSP program, $13 million related to the over-recovered natural gas costs under the PGC and $8 million related to over-recovered electric transmission costs as of September 30, 2013. As of December 31, 2012, includes $47 million related to the over-recovered electric supply costs under the GSA and $1 million related to the over-recovered natural gas costs under the PGC.
(e) Primarily represents the regulatory liability for revenue subject to refund recorded pursuant to the ICC's order in the 2007 Rate Case. See above for discussion regarding the 2007 Rate Case.
(f) Represents the electric and gas distribution costs recoverable from or refundable to customers under BGE's decoupling mechanism.
(g) Relates to under-recovered transmission costs.
(h) Relates to $2 million of over-recovered natural electric supply costs as of September 30, 2013. As of December 31, 2012, includes $9 million of under-recovered electric supply costs and $19 million of under-recovered natural gas supply costs.

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Purchase of Receivables Programs (Exelon, ComEd, PECO, and BGE)

ComEd, PECO and BGE are required, under separate legislation and regulations in Illinois, Pennsylvania and Maryland, respectively, to purchase certain receivables from retail electric and natural gas suppliers. For retail suppliers participating in the utilities' consolidated billing, ComEd, PECO and BGE must purchase their customer accounts receivables. ComEd and BGE purchase receivables at a discount to primarily recover uncollectible accounts expense from the suppliers. PECO is required to purchase receivables at face value and permitted to recover uncollectible accounts expense from customers through distribution rates. Exelon, ComEd, PECO and BGE do not record unbilled commodity receivables under the POR programs. Purchased billed receivables are classified in Other accounts receivable, net on Exelon's, ComEd's, PECO's and BGE's Consolidated Balance Sheets. The following tables provide information about the purchased receivables of the Registrants as of September 30, 2013 and December 31, 2012.

As of September 30, 2013	Exelon	ComEd	PECO	BGE
Purchased receivables(a)	$ 285	$ 124	$ 78	$83
Allowance for uncollectible accounts(b)	(31)	(18)	(7)	(6)
Purchased receivables, net	$ 254	$ 106	$ 71	$77

As of December 31, 2012	Exelon	ComEd	PECO	BGE
Purchased receivables(a)	$ 191	$ 55	$ 65	$71
Allowance for uncollectible accounts(b)	(21)	(9)	(6)	(6)
Purchased receivables, net	$ 170	$ 46	$ 59	$65

(a) PECO's gas POR program became effective on January 1, 2012 and includes a 1% discount on purchased receivables in order to recover the implementation costs of the program. If the costs are not fully recovered when PECO files its next gas distribution rate case, PECO will propose a mechanism to recover the remaining implementation costs as a distribution charge to low volume transportation customers or apply future discounts on purchased receivables from natural gas suppliers serving those customers.

(b) For ComEd and BGE, reflects the incremental allowance for uncollectible accounts recorded, which is in addition to the purchase discount. For ComEd, the incremental uncollectible accounts expense is recovered through its Purchase of Receivables with Consolidated Billing (PORCB) tariff.

6. Investment in Constellation Energy Nuclear Group, LLC (Exelon and Generation)

As a result of the Constellation merger, Generation owns a 50.01% interest in CENG, a nuclear generation business. Generation's total equity in earnings (losses) on the investment in CENG is as follows:

	Three Months Ended September 30, 2013	Three Months Ended September 30, 2012
Equity investment income	$ 68	$ 58
Amortization of basis difference in CENG	(31)	(57)
Total equity in earnings — CENG	$ 37	$ 1

	Nine Months Ended September 30, 2013	For the Period March 12, through September 30, 2012
Equity investment income (loss)	$ 93	$ 53
Amortization of basis difference in CENG	(88)	(131)
Total equity in earnings (losses) — CENG	$ 5	$ (78)

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As of March 12, 2012, Generation had an initial basis difference of approximately $204 million between the initial carrying value of its investment in CENG and its underlying equity in CENG. This basis difference resulted from the requirement to record the investment in CENG at fair value under purchase accounting while the underlying assets and liabilities within CENG continue to be accounted for on a historical cost basis. Generation is amortizing this basis difference over the respective useful lives of the assets and liabilities of CENG or as those assets and liabilities affect the earnings of CENG.

Based on tax sharing provisions contained in the operating agreement for CENG, Generation may be eligible for distributions from its investment in CENG in excess of its 50.01% ownership interest. Through purchase accounting, Generation has recorded the fair value of expected future distributions. When these distributions are realized, Generation will record a reduction in its investment in CENG. Any distributions in excess of Generation's investment in CENG would be recorded in earnings.

Related Party Transactions (Exelon and Generation)

CENG

Generation has an agreement under which it is purchasing 85% of the output of CENG's nuclear plants that is not sold to third parties under pre-existing firm and unit contingent PPAs through 2014. Beginning on January 1, 2015 and continuing to the end of the life of the respective plants, Generation will purchase on a unit contingent basis 50.01% of the output of CENG's nuclear plants, and EDF will purchase on a unit contingent basis 49.99% of the output.

In addition to the PPA, Generation has a power services agency agreement (PSAA) with the CENG plants, which expires on December 31, 2014. The PSAA is a five-year agreement under which Generation provides scheduling, asset management and billing services to the CENG plants for a specified monthly fee. The charges for services reflect the cost of the services.

In addition to the PSAA, Exelon has a shared services agreement (SSA) with CENG, which expires in 2017. Pursuant to an agreement between Exelon and EDF, the pricing in the SSA for services reflect actual costs determined on the same basis that BSC charges its affiliates for similar services subject to an annual cap for most SSA services provided.

The affect of transactions under these agreements on Exelon's and Generation's Consolidated Financial Statements is summarized below:

Agreement	Income/(Expense) Three Months Ended September 30, 2013	Income/(Expense) Nine Months Ended September 30, 2013	Income Statement Classification	Accounts Receivable/ (Accounts Payable) At September 30, 2013
PPA	$ (269)	$ (748)	Purchased power and fuel	$ (76)
PSAA	1	3	Operating revenues	—
SSA	10	32	Operating revenues	4

Agreement	Income/(Expense) Three Months Ended September 30, 2012	Income/(Expense) For the Period March 12 through September 30, 2012	Income Statement Classification	Accounts Receivable/ (Accounts Payable) At September 30, 2012
PPA	$ (282)	$ (541)	Purchased power and fuel	$ (86)
PSAA	1	2	Operating revenues	—
SSA	14	30	Operating revenues	5

On July 29, 2013, Exelon, Generation and subsidiaries of Generation entered into a Master Agreement with EDF, EDF Inc. (EDFI) (a subsidiary of EDF) and CENG. The Master Agreement contemplates that the parties will execute a series of additional agreements at a closing that will occur following the receipt of regulatory approvals and the satisfaction of other customary closing conditions. Exelon currently expects that the closing will occur late in the first quarter or early in the second quarter of 2014.

At the closing, Generation, CENG and subsidiaries of CENG will execute a Nuclear Operating Services Agreement pursuant to which Generation will operate the CENG nuclear generation fleet owned by CENG subsidiaries and provide corporate and administrative services for the remaining life of the CENG nuclear plants as if they were a part of the Generation nuclear fleet, subject to EDFI's rights as a member of CENG. CENG will reimburse Generation for its direct and allocated costs for such services. The Nuclear Operating Services Agreement will replace the SSA. In addition, at the closing the PSAA will be amended and extended until the complete and permanent cessation of operation of the CENG generation plants.

At closing, Generation will make a $400 million loan to CENG bearing interest at 5.25% per annum, payable out of specified available cash flows of CENG. Immediately following receipt of the proceeds of such loan, CENG will make a $400 million special distribution to EDFI. The parties will also execute a Fourth Amended and Restated Operating Agreement for CENG, pursuant to which, among other things, CENG will commit to make preferred distributions to Generation (after repayment of the $400 million loan) quarterly out of specified available cash flows, until Generation has received aggregate distributions of $400 million plus a return of 8.5% per annum from the date of the special distribution to EDFI.

Generation and EDFI will also enter into a Put Option Agreement at closing pursuant to which EDFI will have the option, exercisable beginning in 2016 and thereafter until June 30, 2022, to sell its 49.99% interest in CENG to Generation for a fair market value price determined by agreement of the parties, or absent agreement, a third party arbitration process. The appraisers determining fair market value of EDF's 49.99% interest in CENG under the Put Option Agreement are instructed to take into account all rights and obligations under the CENG Operating Agreement, including Generation's rights with respect to any unpaid aggregate preferred distributions and the related return, and the value of Generation's rights to other distributions. The beginning of the exercise period will be accelerated if Exelon's affiliates cease to own a majority of CENG and exercise a related right to terminate the Nuclear Operating Services Agreement. In addition, under limited circumstances, the period for exercise of the put option may be extended for 18 months.

Generation will execute an Indemnity Agreement pursuant to which Generation will indemnify EDF and its affiliates against third party claims that may arise from any future nuclear incident (as defined in the Price Anderson Act) in connection with the CENG nuclear plants or their operations. Exelon will guarantee Generation's obligations under this indemnity.

Currently, Exelon and Generation account for its investment in CENG under the equity method of accounting. The transfer of the operating licenses and corresponding operational control to Exelon and Generation will result in Exelon and Generation being required to consolidate the financial position and results of operations of CENG. When that accounting change occurs, Exelon and Generation will derecognize its equity method investment in CENG and will record all assets, liabilities and the non-controlling interest in CENG at fair value on Exelon and Generation's balance sheets. Any difference between the former carrying value and newly recorded fair value at that date will be recognized as a gain or loss upon consolidation, which could be material to Exelon's and Generation's results of operations.

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7. Impairment of Long-Lived Assets (Exelon and Generation)

Long-Lived Assets (Exelon and Generation)

Generation evaluates long-lived assets for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. In the third quarter of 2013, lower projected wind production and a decline in power prices suggested that the carrying value of certain wind projects may be impaired. Generation concluded that the estimated undiscounted future cash flows and fair value of eleven wind projects, primarily located in West Texas and Minnesota, were less than their respective carrying values at September 30, 2013. The fair value analysis was primarily based on the income approach using significant unobservable inputs (Level 3) including revenue and generation forecasts, projected capital and maintenance expenditures and discount rates. As a result, long-lived assets held and used with a carrying amount of approximately $75 million were written down to their fair value of $32 million and a pre-tax impairment charge of $39 million, net of the impairment amount attributable to non-controlling interests for certain of the projects, was recorded during the third quarter in operating and maintenance expense in Exelon's and Generation's Consolidated Statements of Operations.

Nuclear Uprate Program (Exelon and Generation)

Generation is engaged in individual projects as part of a planned power uprate program across its nuclear fleet. When economically viable, the projects take advantage of new production and measurement technologies, new materials and application of expertise gained from a half-century of nuclear power operations. Based on ongoing reviews, the nuclear uprate implementation plan has been adjusted in both the first and second quarters of 2013 to cancel certain projects. During the first quarter of 2013, the Measurement Uncertainty Recapture (MUR) uprate projects at the Dresden and Quad Cities nuclear stations were cancelled as a result of the cost of additional plant modifications identified during final design work which, when combined with then current market conditions, made the projects not economically viable. For these cancelled projects, Generation recorded approximately $21 million of operating and maintenance expense during the first quarter of 2013 to accrue remaining costs and reverse previously capitalized costs. During the second quarter of 2013, market conditions prompted Generation to cancel the previously deferred extended power uprate projects at the LaSalle and Limerick nuclear stations. For these cancelled projects, Generation recorded a pre-tax charge during the second quarter of 2013 to operating and maintenance expense and interest expense of approximately $92 million and $8 million, respectively, to accrue remaining costs and reverse the previously capitalized costs.

Like-Kind Exchange Transaction (Exelon)

Prior to the PECO/Unicom Merger in October 2000, UII, LLC (formerly Unicom Investments, Inc.) (UII), a wholly owned subsidiary of Exelon, entered into a like-kind exchange transaction pursuant to which approximately $1.6 billion was invested in coal-fired generating station leases located in Georgia and Texas with two separate entities unrelated to Exelon. The generating stations were leased back to such entities as part of the transaction. See Note 12 — Income Taxes for further information. For financial accounting purposes, the investments are accounted for as direct financing lease investments. UII holds the leasehold interests in the generating stations in several separate bankruptcy remote, special purpose companies it directly or indirectly wholly owns. The lease agreements provide the lessees with fixed purchase options at the end of the lease terms. If the lessees do not exercise the fixed purchase options, Exelon has the ability to require the lessees to return the leasehold interests or to arrange for a third party to bid on a service contract for a period following the lease term. If Exelon chooses the service contract option, the leasehold interests will be returned to Exelon at the end of the term of the service contract. In any event, Exelon will be subject to residual value risk if the lessees do not exercise the fixed purchase options. This risk is partially mitigated by the fair value of the scheduled payments under the service contract. However, such payments are not guaranteed. Further, the term of the service contract

is less than the expected remaining useful life of the plants and, therefore, Exelon's exposure to residual value risk will not be mitigated by payments under the service contract in this remaining period. In the fourth quarter of 2000, under the terms of the lease agreements, UII received a prepayment of $1.2 billion for all rent, which reduced the investment in the leases. There are no minimum scheduled lease payments to be received over the remaining term of the leases.

Pursuant to the applicable accounting guidance, Exelon is required to review the estimated residual values of its direct financing lease investments at least annually and record an impairment charge if the review indicates an other than temporary decline in the fair value of the residual values below their carrying value. Exelon estimates the fair value of the residual value of its direct financing lease investments under the income approach, which uses a discounted cash flow analysis, which takes into consideration the expected revenues to be generated and costs to be incurred to operate the plants over their remaining useful lives subsequent to the lease end dates. Significant assumptions used in estimating the fair value include fundamental energy and capacity prices, fixed and variable costs, capital expenditure requirements, discount rates, tax rates, and the estimated remaining useful lives of the plants. The estimated fair values also reflect the cash flows associated with the service contract option discussed above given that a market participant would take into consideration all of the terms and conditions contained in the lease agreements.

Based on the review performed in the second quarter of 2013, the estimated residual value of one of Exelon's direct financing leases experienced an other than temporary decline given reduced long-term energy and capacity price expectations. As a result, Exelon recorded a $14 million pre-tax impairment charge in the second quarter of 2013, which was recorded in investments and operating and maintenance in the Consolidated Balance Sheet and the Consolidated Statements of Operations and Comprehensive Income, respectively. Changes in the assumptions described above could potentially result in future impairments of Exelon's direct financing lease investments, which could be material.

As of December 31, 2012, Exelon concluded that the estimated fair values of the residual values at the end of the lease terms exceeded the residual values established at the lease dates.

At September 30, 2013 and December 31, 2012, the components of the net investment in long-term leases were as follows:

	September 30, 2013	December 31, 2012
Estimated residual value of leased assets	$ 1,465	$ 1,492
Less: unearned income	774	807
Net investment in long-term leases	$ 691	$ 685

8. Goodwill (Exelon and ComEd)

Goodwill

Under the authoritative guidance for the accounting for goodwill, ComEd is required to perform an assessment for possible impairment of its goodwill at least annually or more frequently if an event occurs that would more likely than not reduce the fair value of the ComEd reporting unit below its carrying amount. Management concluded the remeasurement of the like-kind exchange position and the charge to ComEd's earnings in the first quarter of 2013 triggered an interim goodwill impairment assessment and, as a result, ComEd tested its goodwill for impairment as of January 31, 2013.

The first step of the interim impairment assessment comparing the estimated fair value of ComEd to its carrying value, including goodwill, indicated no impairment of goodwill; therefore, the second step was not required. Consistent with prior impairment tests, the estimated fair value of ComEd was determined using a weighted combination of a discounted cash flow analysis and a market multiples analysis. The discounted cash flow analysis relies on a single scenario reflecting "base case" or management's best estimate of projected cash flows for ComEd's business. The discounted cash flow analysis used in the interim goodwill impairment assessment reflected Exelon's indemnity to hold ComEd harmless from any unfavorable impacts of the after-tax interest amounts related to the like-kind exchange position on ComEd's equity.

While the interim assessment indicated no impairment of ComEd's goodwill, certain assumptions used to estimate the fair value of ComEd are highly sensitive to changes. Adverse regulatory actions, such as the early termination of EIMA or changes in significant assumptions, including the discount and growth rates, utility sector market performance and transactions, projected operating and capital cash flows from ComEd's business, and the fair value of debt, could potentially result in a future impairment of ComEd's goodwill, which could be material. Based on the results of the interim goodwill test, the estimated fair value of ComEd would have needed to decrease by more than 10 percent for ComEd to fail the first step of the impairment test.

ComEd's 2013 annual goodwill impairment test is being performed as of November 1, 2013.

9. Fair Value of Financial Assets and Liabilities (Exelon, Generation, ComEd, PECO and BGE)

Fair Value of Financial Liabilities Recorded at the Carrying Amount

The following tables present the carrying amounts and fair values of the Registrants' short-term liabilities, long-term debt, SNF obligation, trust preferred securities (long-term debt to financing trusts or junior subordinated debentures), and preferred securities as of September 30, 2013 and December 31, 2012:

Exelon

	September 30, 2013				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 217	$ 3	$ 214	$ —	$ 217
Long-term debt (including amounts due within one year)	19,565	—	19,203	1,065	20,268
Long-term debt to financing trusts	648	—	—	631	631
SNF obligation	1,021	—	782	—	782

	December 31, 2012				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 214	$ 4	$ 210	$ —	$ 214
Long-term debt (including amounts due within one year)	18,745	—	20,244	276	20,520
Long-term debt to financing trusts	648	—	—	664	664
SNF obligation	1,020	—	763	—	763
Preferred securities of subsidiary	87	—	82	—	82

Generation

	September 30, 2013				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 21	$ —	$ 21	$ —	$ 21
Long-term debt (including amounts due within one year)	7,809	—	6,744	1,047	7,791
SNF obligation	1,021	—	782	—	782

	December 31, 2012				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Long-term debt (including amounts due within one year)	$ 7,483	$ —	$7,591	$ 258	$7,849
SNF obligation	1,020	—	763	—	763

ComEd

	September 30, 2013				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 153	$ —	$ 153	$ —	$ 153
Long-term debt (including amounts due within one year)	5,674	—	6,240	17	6,257
Long-term debt to financing trust	206	—	—	195	195

	December 31, 2012				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Long-term debt (including amounts due within one year)	$ 5,567	$ —	$6,530	$ 18	$6,548
Long-term debt to financing trust	206	—	—	212	212

PECO

	September 30, 2013				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Long-term debt (including amounts due within one year)	$ 2,496	$ —	$2,678	$ —	$2,678
Long-term debt to financing trusts	184	—	—	182	182

	December 31, 2012				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 210	$ —	$ 210	$ —	$ 210
Long-term debt (including amounts due within one year)	1,947	—	2,264	—	2,264
Long-term debt to financing trusts	184	—	—	188	188
Preferred securities	87	—	82	—	82

BGE

	September 30, 2013				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 43	$ 3	$ 40	$ —	$ 43
Long-term debt (including amounts due within one year)	2,045	—	2,204	—	2,204
Long-term debt to financing trusts	258	—	—	254	254

	December 31, 2012				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Long-term debt (including amounts due within one year)	$ 2,178	$ —	$2,468	$ —	$2,468
Long-term debt to financing trusts	258	—	—	263	263

Short-Term Liabilities. The short-term liabilities included in the tables above are comprised of short-term borrowings (Level 2), short-term notes payable related to PECO's accounts receivable agreement (Level 2), and dividends payable (included in other current liabilities) (Level 1). The Registrants' carrying amounts of the short-term liabilities are representative of fair value because of the short-term nature of these instruments. See Note 11 — Debt and Credit Agreements for additional information on PECO's accounts receivable agreement.

Long-Term Debt. The fair value amounts of Exelon's taxable debt securities (Level 2) are determined by a valuation model that is based on a conventional discounted cash flow methodology and utilizes assumptions of current market pricing curves. In order to incorporate the credit risk of the Registrants into the discount rates, Exelon obtains pricing (i.e., U.S. Treasury rate plus credit spread) based on trades of existing Exelon debt securities as well as debt securities of other issuers in the electric utility sector with similar credit ratings in both the primary and secondary market, across the Registrants' debt maturity spectrum. The credit spreads of various tenors obtained from this information are added to the appropriate benchmark U.S. Treasury rates in order to determine the current market yields for the various tenors. The yields are then converted into discount rates of various tenors that are used for discounting the respective cash flows of the same tenor for each bond or note.

The fair value of Generation's non-government-backed fixed rate project financing debt (Level 3) is based on market and quoted prices for its own and other project financing debt with similar risk profiles. Given the low trading volume in the project financing debt market, the price quotes used to determine fair value will reflect certain qualitative factors, such as market conditions, investor demand, new developments that might significantly impact the project cash flows or off-taker credit, and other circumstances related to the project (e.g., political and regulatory environment). The fair value of Generation's government-back fixed rate project financing debt (Level 3) is largely based on a discounted cash flow methodology that is similar to the taxable debt securities methodology described above. Due to the lack of market trading data on similar debt, the discount rates are derived based on the original loan interest rate spread to the applicable Treasury rate as well as a current market curve derived from government-backed securities. Variable rate project financing debt resets on a quarterly basis and the carrying value approximates fair value.

The Registrants also have tax-exempt debt (Level 3). Due to low trading volume in this market, qualitative factors, such as market conditions, investor demand, and circumstances related to the issuer (i.e., political and regulatory environment), may be incorporated into the credit spreads that are used to obtain the fair value as described above.

SNF Obligation. The carrying amount of Generation's SNF obligation (Level 2) is derived from a contract with the DOE to provide for disposal of SNF from Generation's nuclear generating stations. When determining

the fair value of the obligation, the future carrying amount of the SNF obligation estimated to be settled in 2025 is calculated by compounding the current book value of the SNF obligation at the 13-week Treasury rate. The compounded obligation amount is discounted back to present value using Generation's discount rate, which is calculated using the same methodology as described above for the taxable debt securities, and an estimated maturity date of 2025.

Long-Term Debt to Financing Trusts. Exelon's long-term debt to financing trusts is valued based on publicly traded securities issued by the financing trusts. Due to low trading volume of these securities, qualitative factors, such as market conditions, investor demand, and circumstances related to each issue, this debt is classified as Level 3.

Preferred Securities. The fair value of these securities is determined based on the last closing price prior to quarter end, less accrued interest. The securities are registered with the SEC and are public. PECO redeemed all outstanding series of preferred securities on May 1, 2013. See Note 17 — Earnings Per Share and Equity for additional information.

Recurring Fair Value Measurements

Exelon records the fair value of assets and liabilities in accordance with the hierarchy established by the authoritative guidance for fair value measurements. The hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1 — quoted prices (unadjusted) in active markets for identical assets or liabilities that the Registrants have the ability to access as of the reporting date. Financial assets and liabilities utilizing Level 1 inputs include active exchange-traded equity securities and funds, certain exchange-based derivatives, and money market funds.
- Level 2 — inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data. Financial assets and liabilities utilizing Level 2 inputs include fixed income securities, derivatives, commingled and mutual investment funds priced at NAV per fund share and fair value hedges.
- Level 3 — unobservable inputs, such as internally developed pricing models or third-party valuations for the asset or liability due to little or no market activity for the asset or liability. Financial assets and liabilities utilizing Level 3 inputs include infrequently traded securities and derivatives, investments priced using an alternative pricing mechanism, and middle market lending using third party valuations.

Exelon

The following tables present assets and liabilities measured and recorded at fair value on Exelon's Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy as of September 30, 2013 and December 31, 2012:

As of September 30, 2013	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents(a)	$ 1	$ —	$ —	$ 1
Nuclear decommissioning trust fund investments				
Cash equivalents	558	—	—	558
Equity				
Individually held	1,600	—	—	1,600
Exchange traded funds	110	—	—	110
Commingled funds	—	2,114	—	2,114
Equity funds subtotal	1,710	2,114	—	3,824
Fixed income				
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	938	—	—	938
Debt securities issued by states of the United States and political subdivisions of the states	—	295	—	295
Debt securities issued by foreign governments	—	84	—	84
Corporate debt securities	—	1,712	—	1,712
Federal agency mortgage-backed securities	—	16	—	16
Commercial mortgage-backed securities (non-agency)	—	41	—	41
Residential mortgage-backed securities (non-agency)	—	7	—	7
Mutual funds	—	29	—	29
Fixed income subtotal	938	2,184	—	3,122
Middle market lending	—	—	245	245
Other debt obligations	—	14	—	14
Nuclear decommissioning trust fund investments subtotal(b)	3,206	4,312	245	7,763
Pledged assets for Zion Station decommissioning				
Cash equivalents	—	25	—	25
Equity				
Individually held	4	—	—	4
Equity funds subtotal	4	—	—	4
Fixed income				
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	89	7	—	96
Debt securities issued by states of the United States and political subdivisions of the states	—	24	—	24
Corporate debt securities	—	217	—	217
Federal agency mortgage-backed securities	—	7	—	7
Fixed income subtotal	89	255	—	344
Middle market lending	—	—	106	106
Pledged assets for Zion Station decommissioning subtotal(c)	93	280	106	479

As of September 30, 2013	Level 1	Level 2	Level 3	Total
Rabbi trust investments				
Cash equivalents	2	—	—	2
Mutual funds(d)(e)	49	—	—	49
Rabbi trust investments subtotal	51	—	—	51
Commodity derivative assets				
Economic hedges	540	2,541	703	3,784
Proprietary trading	666	1,184	174	2,024
Effect of netting and allocation of collateral(f)	(1,251)	(2,785)	(311)	(4,347)
Commodity derivative assets subtotal	(45)	940	566	1,461
Interest rate and foreign currency derivative assets	34	49	—	83
Effect of netting and allocation of collateral	(33)	(2)	—	(35)
Interest rate and foreign currency derivative assets subtotal	1	47	—	48
Other investments	1	—	11	12
Total assets	3,308	5,579	928	9,815
Liabilities				
Commodity derivative liabilities				
Economic hedges	(764)	(1,718)	(363)	(2,845)
Proprietary trading	(686)	(1,135)	(155)	(1,976)
Effect of netting and allocation of collateral(f)	1,359	2,843	291	4,493
Commodity derivative liabilities subtotal(h)	(91)	(10)	(227)	(328)
Interest rate and foreign currency derivative liabilities	(34)	(17)	—	(51)
Effect of netting and allocation of collateral	33	2	—	35
Interest rate and foreign currency derivative liabilities subtotal	(1)	(15)	—	(16)
Deferred compensation obligation	—	(108)	—	(108)
Total liabilities	(92)	(133)	(227)	(452)
Total net assets	$ 3,216	$ 5,446	$ 701	$ 9,363

As of December 31, 2012	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents(a)	$ 995	$ —	$ —	$ 995
Nuclear decommissioning trust fund investments				
Cash equivalents	245	—	—	245
Equity				
Individually held	1,480	—	—	1,480
Commingled funds	—	1,933	—	1,933
Equity funds subtotal	1,480	1,933	—	3,413
Fixed income				
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	1,057	—	—	1,057
Debt securities issued by states of the United States and political subdivisions of the states	—	321	—	321
Debt securities issued by foreign governments	—	93	—	93
Corporate debt securities	—	1,788	—	1,788
Federal agency mortgage-backed securities	—	24	—	24
Commercial mortgage-backed securities (non-agency)	—	45	—	45
Residential mortgage-backed securities (non-agency)	—	11	—	11
Mutual funds	—	23	—	23
Fixed income subtotal	1,057	2,305	—	3,362
Middle market lending	—	—	183	183
Other debt obligations	—	15	—	15
Nuclear decommissioning trust fund investments subtotal(b)	2,782	4,253	183	7,218
Pledged assets for Zion decommissioning				
Cash equivalents	—	23	—	23
Equity				
Individually held	14	—	—	14
Commingled funds	—	9	—	9
Equity funds subtotal	14	9	—	23
Fixed income				
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	118	12	—	130
Debt securities issued by states of the United States and political subdivisions of the states	—	37	—	37
Corporate debt securities	—	249	—	249
Federal agency mortgage-backed securities	—	49	—	49
Commercial mortgage-backed securities (non-agency)	—	6	—	6
Fixed income subtotal	118	353	—	471
Middle market lending	—	—	89	89
Other debt obligations	—	1	—	1
Pledged assets for Zion Station decommissioning subtotal(c)	132	386	89	607
Rabbi trust investments				
Cash equivalents	2	—	—	2
Mutual funds(d)(e)	69	—	—	69
Rabbi trust investments subtotal	71	—	—	71

As of December 31, 2012	Level 1	Level 2	Level 3	Total
Commodity derivative assets				
Economic hedges	861	3,173	641	4,675
Proprietary trading	1,042	2,078	73	3,193
Effect of netting and allocation of collateral(f)	(1,823)	(4,175)	(58)	(6,056)
Commodity derivative assets subtotal(g)	80	1,076	656	1,812
Interest rate and foreign currency derivative assets	—	114	—	114
Effect of netting and allocation of collateral	—	(51)	—	(51)
Interest rate and foreign currency derivative assets subtotal	—	63	—	63
Other Investments	2	—	17	19
Total assets	4,062	5,778	945	10,785
Liabilities				
Commodity derivative liabilities				
Economic hedges	(1,041)	(2,289)	(236)	(3,566)
Proprietary trading	(1,084)	(1,959)	(78)	(3,121)
Effect of netting and allocation of collateral(f)	2,042	4,020	25	6,087
Commodity derivative liabilities subtotal(g)(h)	(83)	(228)	(289)	(600)
Interest rate and foreign currency derivative liabilities	—	(84)	—	(84)
Effect of netting and allocation of collateral	—	51	—	51
Interest rate and foreign currency derivative liabilities subtotal	—	(33)	—	(33)
Deferred compensation obligation	—	(102)	—	(102)
Total liabilities	(83)	(363)	(289)	(735)
Total net assets	$ 3,979	$ 5,415	$ 656	$10,050

(a) Excludes certain cash equivalents considered to be held-to-maturity and not reported at fair value.
(b) Excludes net assets of $13 million and $30 million at September 30, 2013 and December 31, 2012, respectively. These items consist of receivables related to pending securities sales, interest and dividend receivables, and payables related to pending securities purchases.
(c) Excludes net assets of $7 million at both September 30, 2013 and December 31, 2012. These items consist of receivables related to pending securities sales, interest and dividend receivables, and payables related to pending securities purchases.
(d) The mutual funds held by the Rabbi trusts include $49 million related to deferred compensation at September 30, 2013, and $53 million related to deferred compensation and $16 million related to Supplemental Executive Retirement Plan at December 31, 2012. .
(e) Excludes $30 million and $28 million of the cash surrender value of life insurance investments at September 30, 2013 and December 31, 2012, respectively.
(f) Includes collateral postings (received) from counterparties. Collateral posted (received) from counterparties, net of collateral paid to counterparties, totaled $108 million, $58 million and $(20) million allocated to Level 1, Level 2 and Level 3 mark-to-market derivatives, respectively, as of September 30, 2013. Collateral posted (received) from counterparties, net of collateral paid to counterparties, totaled $219 million, $(155) million and $(33) million allocated to Level 1, Level 2 and Level 3 mark-to-market derivatives, respectively, as of December 31, 2012.
(g) The Level 3 balance does not include current assets for Generation and current liabilities for ComEd of $226 million at December 31, 2012, related to the fair value of Generation's financial swap contract with ComEd.
(h) The Level 3 balance includes the current and noncurrent liability of $16 million and $106 million at September 30, 2013, respectively, and $18 million and $49 million at December 31, 2012, respectively, related to floating-to-fixed energy swap contracts with unaffiliated suppliers.

The following table presents the fair value reconciliation of Level 3 assets and liabilities measured at fair value on a recurring basis during the three and nine months ended September 30, 2013 and 2012:

Three Months Ended September 30, 2013	Nuclear Decommissioning Trust Fund Investments	Pledged Assets for Zion Station Decommissioning	Mark-to-Market Derivatives	Other Investments	Total
Balance as of June 30, 2013	$ 240	$ 111	$ 431	$ 11	$793
Total realized / unrealized losses					
Included in net income	—	—	(32)(a)	—	(32)
Included in other comprehensive income	—	—	—	—	—
Included in regulatory assets	(1)	—	(37)	—	(38)
Included in payable for Zion Station decommissioning	—	—	—	—	—
Change in collateral	—	—	(30)	—	(30)
Purchases, sales, issuances and settlements					
Purchases	23	10	8	—	41
Sales	(14)	(15)	—	—	(29)
Settlements	(3)	—	—	—	(3)
Transfers into Level 3	—	—	4	—	4
Transfers out of Level 3	—	—	(5)	—	(5)
Balance as of September 30, 2013	$ 245	$ 106	$ 339	$ 11	$701
The amount of total gains included in income attributed to the change in unrealized gains related to assets and liabilities held for the three months ended September 30, 2013	$ —	$ —	$ 51	$ —	$ 51

Nine Months Ended September 30, 2013	Nuclear Decommissioning Trust Fund Investments	Pledged Assets for Zion Station Decommissioning	Mark-to-Market Derivatives	Other Investments	Total
Balance as of December 31, 2012	$ 183	$ 89	$ 367	$ 17	$656
Total realized / unrealized gains (losses)					
Included in net income	2	—	(1)(a)	—	1
Included in other comprehensive income	—	—	—	—	—
Included in regulatory assets	8	—	(55)(b)	—	(47)
Included in payable for Zion Station decommissioning	—	1	—	—	1
Change in collateral	—	—	13	—	13
Purchases, sales, issuances and settlements					
Purchases	90	43	16	2	151
Sales	(27)	(27)	(8)	(8)	(70)
Settlements	(11)	—	—	—	(11)
Transfers into Level 3	—	—	11	—	11
Transfers out of Level 3	—	—	(4)	—	(4)
Balance as of September 30, 2013	$ 245	$ 106	$ 339	$ 11	$701
The amount of total gains included in income attributed to the change in unrealized gains related to assets and liabilities held for the nine months ended September 30, 2013	$ 1	$ —	$ 159	$ —	$160

(a) Includes the reclassification of $83 million and $160 million of realized losses due to the settlement of derivative contracts recorded in results of operations for the three and nine months ended September 30, 2013.
(b) Excludes decreases in fair value of $11 million and realized losses reclassified due to settlements of $215 million associated with Generation's financial swap contract with ComEd for the nine months ended September 30, 2013. All items eliminate upon consolidation in Exelon's Consolidated Financial Statements.

Three Months Ended September 30, 2012	Nuclear Decommissioning Trust Fund Investments	Pledged Assets for Zion Station Decommissioning	Mark-to-Market Derivatives	Other Investments	Total
Balance as of June 30, 2012	$ 54	$ 59	$ 295	$ 17	$425
Total realized / unrealized gains (losses)					
Included in net income	—	—	(97)(a)	—	(97)
Included in other comprehensive income	—	—	—	—	—
Included in regulatory assets	2	—	41(b)	—	43
Included in payable for Zion Station decommissioning	—	1	—	—	1
Change in collateral	—	—	(15)	—	(15)
Purchases, sales, issuances and settlements					
Purchases	14	4	—	—	18
Sales	—	—	—	—	—
Transfers into Level 3	—	—	—	—	—
Transfers out of Level 3	—	—	—	—	—
Balance as of September 30, 2012	$ 70	$ 64	$ 224	$ 17	$375
The amount of total losses included in income attributed to the change in unrealized losses related to assets and liabilities held for the three months ended September 30, 2012	$ —	$ —	$ (42)	$ —	$ (42)

Nine Months Ended September 30, 2012	Nuclear Decommissioning Trust Fund Investments	Pledged Assets for Zion Decommissioning	Mark-to-Market Derivatives	Other Investments	Total
Balance as of December 31, 2011	$ 13	$ 37	$ 17	$ —	$ 67
Total realized / unrealized gains (losses)					
Included in net income	—	—	(78)(a)	—	(78)
Included in other comprehensive income	—	—	—	—	—
Included in regulatory assets	2	—	36(b)	—	38
Included in payable for Zion Station decommissioning	—	—	—	—	—
Change in collateral	—	—	(7)	—	(7)
Purchases, sales, issuances and settlements					
Purchases	55	36	329(c)	17	437
Sales	—	(9)	—	—	(9)
Transfers into Level 3	—	—	(34)	—	(34)
Transfers out of Level 3	—	—	(39)	—	(39)
Balance as of September 30, 2012	$ 70	$ 64	$ 224	$ 17	$375
The amount of total gains included in income attributed to the change in unrealized gains related to assets and liabilities held for the nine months ended September 30, 2012	$ —	$ —	$ 62	$ —	$ 62

(a) Includes the reclassification of $55 million and $140 million of realized losses due to the settlement of derivative contracts recorded in results of operations for the three and nine months ended September 30, 2012, respectively.
(b) Excludes $35 million of decreases in fair value and $86 million of increases in fair value and $119 million and $427 million of realized losses due to settlements for the three and nine months ended September 30, 2012 of Generation's financial swap contract with ComEd, which eliminates upon consolidation in Exelon's Consolidated Financial Statements.
(c) Includes $310 million of fair value from contracts and $14 million of other investments acquired as a result of the merger.

The following tables present the income statement classification of the total realized and unrealized gains (losses) included in income for Level 3 assets and liabilities measured at fair value on a recurring basis during the three and nine months ended September 30, 2013 and 2012:

	Operating Revenue	Purchased Power and Fuel	Other, net(a)
Total gains (losses) included in income for the three months ended September 30, 2013	$ (39)	$ 7	$ —
Total gains (losses) included in income for the nine months ended September 30, 2013	$ (61)	$ 60	$ 2
Change in the unrealized gains relating to assets and liabilities held for the three months ended September 30, 2013	$ 42	$ 9	$ —
Change in the unrealized gains relating to assets and liabilities held for the nine months ended September 30, 2013	$ 81	$ 78	$ 1

	Operating Revenue	Purchased Power and Fuel	Other, net
Total gains (losses) included in income for the three months ended September 30, 2012	$ (101)	$ 4	$ —
Total losses included in income for the nine months ended September 30, 2012	$ (78)	$ —	$ —
Change in the unrealized gains (losses) relating to assets and liabilities held for the three months ended September 30, 2012	$ (43)	$ 1	$ —
Change in the unrealized gains (losses) relating to assets and liabilities held for the nine months ended September 30, 2012	$ 82	$ (20)	$ —

(a) Other, net activity consists of realized and unrealized gains (losses) included in income for the NDT funds held by Generation.

Generation

The following tables present assets and liabilities measured and recorded at fair value on Generation's Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy as of September 30, 2013 and December 31, 2012:

As of September 30, 2013	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents	$ 674	$ —	$ —	$ 674
Nuclear decommissioning trust fund investments				
Cash equivalents	558	—	—	558
Equity				
Individually held	1,600	—	—	1,600
Exchange traded funds	110	—	—	110
Commingled funds	—	2,114	—	2,114
Equity funds subtotal	1,710	2,114	—	3,824
Fixed income				
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	938	—	—	938
Debt securities issued by states of the United States and political subdivisions of the states	—	295	—	295
Debt securities issued by foreign governments	—	84	—	84
Corporate debt securities	—	1,712	—	1,712
Federal agency mortgage-backed securities	—	16	—	16
Commercial mortgage-backed securities (non-agency)	—	41	—	41
Residential mortgage-backed securities (non-agency)	—	7	—	7
Mutual funds	—	29	—	29
Fixed income subtotal	938	2,184	—	3,122
Middle market lending	—	—	245	245
Other debt obligations	—	14	—	14
Nuclear decommissioning trust fund investments subtotal(b)	3,206	4,312	245	7,763
Pledged assets for Zion Station decommissioning				
Cash equivalents	—	25	—	25
Equity				
Individually held	4	—	—	4
Equity funds subtotal	4	—	—	4
Fixed income				
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	89	7	—	96
Debt securities issued by states of the United States and political subdivisions of the states	—	24	—	24
Corporate debt securities	—	217	—	217
Federal agency mortgage-backed securities	—	7	—	7
Fixed income subtotal	89	255	—	344
Middle market lending	—	—	106	106
Pledged assets for Zion Station decommissioning subtotal(c)	93	280	106	479
Rabbi trust investments				
Mutual funds(d)	12	—	—	12
Rabbi trust investments subtotal	12	—	—	12

As of September 30, 2013	Level 1	Level 2	Level 3	Total
Commodity derivative assets				
Economic hedges	540	2,541	703	3,784
Proprietary trading	666	1,184	174	2,024
Effect of netting and allocation of collateral(e)	(1,251)	(2,785)	(311)	(4,347)
Commodity derivative assets subtotal	(45)	940	566	1,461
Interest rate and foreign currency derivative assets	34	36	—	70
Effect of netting and allocation of collateral	(33)	(2)	—	(35)
Interest rate and foreign currency derivative assets subtotal	1	34	—	35
Other investments	1	—	11	12
Total assets	3,942	5,566	928	10,436
Liabilities				
Commodity derivative liabilities				
Economic hedges	(764)	(1,718)	(241)	(2,723)
Proprietary trading	(686)	(1,135)	(155)	(1,976)
Effect of netting and allocation of collateral(e)	1,359	2,843	291	4,493
Commodity derivative liabilities subtotal	(91)	(10)	(105)	(206)
Interest rate and foreign currency derivative liabilities	(34)	(17)	—	(51)
Effect of netting and allocation of collateral	33	2	—	35
Interest rate and foreign currency derivative liabilities subtotal	(1)	(15)	—	(16)
Deferred compensation obligation	—	(27)	—	(27)
Total liabilities	(92)	(52)	(105)	(249)
Total net assets	$ 3,850	$ 5,514	$ 823	$10,187

As of December 31, 2012	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents(a)	$ 487	$ —	$ —	$ 487
Nuclear decommissioning trust fund investments				
Cash equivalents	245	—	—	245
Equity				
Individually held	1,480	—	—	1,480
Commingled funds	—	1,933	—	1,933
Equity funds subtotal	1,480	1,933	—	3,413
Fixed income				
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	1,057	—	—	1,057
Debt securities issued by states of the United States and political subdivisions of the states	—	321	—	321
Debt securities issued by foreign governments	—	93	—	93
Corporate debt securities	—	1,788	—	1,788
Federal agency mortgage-backed securities	—	24	—	24
Commercial mortgage-backed securities (non-agency)	—	45	—	45
Residential mortgage-backed securities (non-agency)	—	11	—	11
Mutual funds	—	23	—	23
Fixed income subtotal	1,057	2,305	—	3,362
Middle market lending	—	—	183	183
Other debt obligations	—	15	—	15
Nuclear decommissioning trust fund investments subtotal(b)	2,782	4,253	183	7,218

As of December 31, 2012	Level 1	Level 2	Level 3	Total
Pledged assets for Zion Station decommissioning				
Cash equivalents	—	23	—	23
Equity				
Individually held	14	—	—	14
Commingled funds	—	9	—	9
Equity funds subtotal	14	9	—	23
Fixed income				
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	118	12	—	130
Debt securities issued by states of the United States and political subdivisions of the states	—	37	—	37
Corporate debt securities	—	249	—	249
Federal agency mortgage-backed securities	—	49	—	49
Commercial mortgage-backed securities (non-agency)	—	6	—	6
Fixed income subtotal	118	353	—	471
Middle market lending	—	—	89	89
Other debt obligations	—	1	—	1
Pledged assets for Zion Station decommissioning subtotal(c)	132	386	89	607
Rabbi trust investments				
Cash equivalents	1	—	—	1
Mutual funds(d)	13	—	—	13
Rabbi trust investments subtotal	14	—	—	14
Commodity derivative assets				
Economic hedges	861	3,173	867	4,901
Proprietary trading	1,042	2,078	73	3,193
Effect of netting and allocation of collateral(e)	(1,823)	(4,175)	(58)	(6,056)
Commodity and foreign currency assets subtotal(f)	80	1,076	882	2,038
Interest rate and foreign currency derivative assets	—	101	—	101
Effect of netting and allocation of collateral	—	(51)	—	(51)
Interest rate and foreign currency derivative assets subtotal	—	50	—	50
Other investments	2	—	17	19
Total assets	3,497	5,765	1,171	10,433
Liabilities				
Commodity derivative liabilities				
Economic hedges	(1,041)	(2,289)	(169)	(3,499)
Proprietary trading	(1,084)	(1,959)	(78)	(3,121)
Effect of netting and allocation of collateral(e)	2,042	4,020	25	6,087
Commodity derivative liabilities subtotal	(83)	(228)	(222)	(533)
Interest rate derivative liabilities	—	(84)	—	(84)
Effect of netting and allocation of collateral	—	51	—	51
Interest rate and foreign currency derivative liabilities	—	(33)	—	(33)
Deferred compensation obligation	—	(28)	—	(28)
Total liabilities	(83)	(289)	(222)	(594)
Total net assets	$ 3,414	$ 5,476	$ 949	$ 9,839

(a) Excludes certain cash equivalents considered to be held-to-maturity and not reported at fair value.
(b) Excludes net assets of $13 million and $30 million at September 30, 2013 and December 31, 2012, respectively. These items consist of receivables related to pending securities sales, interest and dividend receivables, and payables related to pending securities purchases.
(c) Excludes net assets of $7 at both September 30, 2013 December 31, 2012. These items consist of receivables related to pending securities sales, interest and dividend receivables, and payables related to pending securities purchases.
(d) Excludes $9 million and $8 million of the cash surrender value of life insurance investments at September 30, 2013 and December 31, 2012, respectively.
(e) Includes collateral postings (received) from counterparties. Collateral posted (received) from counterparties, net of collateral paid to counterparties, totaled $108 million, $58 million and $(20) million allocated to Level 1, Level 2 and Level 3 mark-to-market derivatives, respectively, as of September 30, 2013. Collateral posted (received) from counterparties, net of collateral paid to counterparties, totaled $219 million, $(155) million and $(33) million allocated to Level 1, Level 2 and Level 3 mark-to-market derivatives, respectively, as of December 31, 2012.
(f) The level 3 balance includes current assets for Generation of $226 million at December 31, 2012, related to the fair value of Generation's financial swap contract with ComEd, which eliminates upon consolidation in Exelon's Consolidated Financial Statements.

The following tables present the fair value reconciliation of Level 3 assets and liabilities measured at fair value on a recurring basis during the three and nine months ended September 30, 2013 and 2012:

Three Months Ended September 30, 2013	Nuclear Decommissioning Trust Fund Investments	Pledged Assets for Zion Station Decommissioning	Mark-to-Market Derivatives	Other Investments	Total
Balance as of June 30, 2013	$ 240	$ 111	$ 516	$ 11	$878
Total realized / unrealized gains (losses)					
Included in net income	—	—	(32)(a)	—	(32)
Included in noncurrent payables to affiliates	(1)	—	—	—	(1)
Change in collateral	—	—	(30)	—	(30)
Purchases, sales, issuances and settlements					
Purchases	23	10	8	—	41
Sales	(14)	(15)	—	—	(29)
Settlements	(3)	—	—	—	(3)
Transfers into Level 3	—	—	4	—	4
Transfers out of Level 3	—	—	(5)	—	(5)
Balance as of September 30, 2013	$ 245	$ 106	$ 461	$ 11	$823
The amount of total gains included in income attributed to the change in unrealized gains related to assets and liabilities held for the three months ended September 30, 2013	$ —	$ —	$ 51	$ —	$ 51

Nine Months Ended September 30, 2013	Nuclear Decommissioning Trust Fund Investments	Pledged Assets for Zion Station Decommissioning	Mark-to-Market Derivatives	Other Investments	Total
Balance as of December 31, 2012	$ 183	$ 89	$ 660	$ 17	$ 949
Total realized / unrealized gains (losses)					
Included in net income	2	—	(8)(a)(b)	—	(6)
Included in other comprehensive income	—	—	(219)(b)	—	(219)
Included in noncurrent payables to affiliates	8	—	—	—	8
Included in payable for Zion Station decommissioning	—	1	—	—	1
Change in collateral		—	13	—	13
Purchases, sales, issuances and settlements					
Purchases	90	43	16	2	151
Sales	(27)	(27)	(8)	(8)	(70)
Settlements	(11)	—	—	—	(11)
Transfers into Level 3	—	—	11		11
Transfers out of Level 3	—	—	(4)	—	(4)
Balance as of September 30, 2013	$ 245	$ 106	$ 461	$ 11	$ 823
The amount of total gains included in income attributed to the change in unrealized gains related to assets and liabilities held for the nine months ended September 30, 2013	$ 1	$ —	$ 148	$ —	$ 149

(a) Includes the reclassification of $83 million and $156 million of realized losses due to the settlement of derivative contracts recorded in results of operations for the three and nine months ended September 30, 2013, respectively.

(b) Includes $11 million of increases in fair value and realized losses due to settlements of $215 million associated with Generation's financial swap contract with ComEd for the nine months ended September 30, 2013. This position eliminates upon consolidation in Exelon's Consolidated Financial Statements.

Three Months Ended September 30, 2012	Nuclear Decommissioning Trust Fund Investments	Pledged Assets for Zion Station Decommissioning	Mark-to-Market Derivatives	Other Investments	Total
Balance as of June 30, 2012	$ 54	$ 59	$ 912	$ 17	$1,042
Total realized / unrealized gains (losses)					
Included in net income	—	—	(112)(a)	—	(112)
Included in other comprehensive income	—	—	(139)(b)	—	(139)
Included in noncurrent payables to affiliates	2	—	—	—	2
Included in payable for Zion Station decommissioning	—	1	—	—	1
Changes in collateral	—	—	(15)	—	(15)
Purchases, sales, issuances and settlements					
Purchases	14	4	—	—	18
Sales	—	—	—	—	—
Balance as of September 30, 2012	$ 70	$ 64	$ 646	$ 17	$ 797
The amount of total losses included in income attributed to the change in unrealized losses related to assets and liabilities held for the three months ended September 30, 2012	$ —	$ —	$ (77)	$ —	$ (77)

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Nine Months Ended September 30, 2012	Nuclear Decommissioning Trust Fund Investments	Pledged Assets for Zion Station Decommissioning	Mark-to-Market Derivatives	Other Investments	Total
Balance as of December 31, 2011	$ 13	$ 37	$ 817	$ —	$ 867
Total realized / unrealized gains (losses)					
Included in net income	—	—	(109)(a)	—	(109)
Included in other comprehensive income	—	—	(311)(b)	—	(311)
Included in noncurrent payables to affiliates	2	—	—		2
Changes in collateral	—	—	(7)	—	(7)
Purchases, sales, issuances and settlements					—
Purchases	55	36	329(c)	17	437
Sales	—	(9)	—	—	(9)
Transfers into Level 3	—	—	(34)	—	(34)
Transfers out of Level 3	—	—	(39)	—	(39)
Balance as of September 30, 2012	$ 70	$ 64	$ 646	$ 17	$ 797
The amount of total gains included in income attributed to the change in unrealized gains related to assets and liabilities held for the nine months ended September 30, 2012	$ —	$ —	$ 1	$ —	$ 1

(a) Includes the reclassification of $35 million and $110 million of realized losses due to the settlement of derivative contracts recorded in results of operations for the three and nine months ended September 30, 2012, respectively.

(b) Includes $35 million of decreases in fair value and $86 million of increases in fair value and realized losses due to settlements of $119 million and $427 million associated with Generation's financial swap contract with ComEd for the three and nine months ended September 30, 2012, respectively. This position was re-designated as a cash flow hedge prior to the merger date. All prospective changes in fair value and reclassifications of realized amounts are being recorded to income offset by the amortization of the frozen mark in OCI. All items eliminate upon consolidation in Exelon's Consolidated Financial Statements.

(c) Includes $310 million of fair value from contracts and $14 million of other investments acquired as a result of the merger.

The following tables present the income statement classification of the total realized and unrealized gains (losses) included in income for Level 3 assets and liabilities measured at fair value on a recurring basis during the three and nine months ended September 30, 2013 and 2012:

	Operating Revenue	Purchased Power and Fuel	Other, net(a)
Total gains (losses) included in net income for the three months ended September 30, 2013	$ (39)	$ 7	$ —
Total gains (losses) included in net income for the nine months ended September 30, 2013	$ (67)	$ 59	$ 2
Change in the unrealized gains relating to assets and liabilities held for the three months ended September 30, 2013	$ 42	$ 9	$ —
Change in the unrealized gains relating to assets and liabilities held for the nine months ended September 30, 2013	$ 71	$ 77	$ 1

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	Operating Revenue	Purchased Power and Fuel	Other, net
Total gains (losses) included in net income for the three months ended September 30, 2012	$ (116)	$ 4	$ —
Total losses included in net income for the nine months ended September 30, 2012	$ (109)	$ —	$ —
Change in the unrealized gains (losses) relating to assets and liabilities held for the three months ended September 30, 2012	$ (78)	$ 1	$ —
Change in the unrealized gains (losses) relating to assets and liabilities held for the nine months ended September 30, 2012	$ 21	$ (20)	$ —

(a) Other, net activity consists of realized and unrealized gains (losses) included in income for the NDT funds held by Generation.

ComEd

The following tables present assets and liabilities measured and recorded at fair value on ComEd's Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy as of September 30, 2013 and December 31, 2012:

As of September 30, 2013	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents	$ —	$ —	$ —	$ —
Rabbi trust investments				
Mutual funds	5	—	—	5
Rabbi trust investments subtotal	5	—	—	5
Total assets	5	—	—	5
Liabilities				
Deferred compensation obligation	—	(8)	—	(8)
Mark-to-market derivative liabilities(a)	—	—	(122)	(122)
Total liabilities	—	(8)	(122)	(130)
Total net assets (liabilities)	$ 5	$ (8)	$(122)	$(125)

As of December 31, 2012	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents	$ 111	$ —	$ —	$ 111
Rabbi trust investments				
Mutual funds	8	—	—	8
Rabbi trust investments subtotal	8	—	—	8
Total assets	119	—	—	119
Liabilities				
Deferred compensation obligation	—	(8)	—	(8)
Mark-to-market derivative liabilities(a)(b)	—	—	(293)	(293)
Total liabilities	—	(8)	(293)	(301)
Total net assets (liabilities)	$ 119	$ (8)	$(293)	$(182)

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(a) The Level 3 balance includes the current and noncurrent liability of $16 million and $106 million at September 30, 2013, respectively, and $18 million and $49 million at December 31, 2012, respectively, related to floating-to-fixed energy swap contracts with unaffiliated suppliers.
(b) The Level 3 balance includes the current liability of $226 million at December 31, 2012, related to the fair value of ComEd's financial swap contract with Generation which eliminated upon consolidation in Exelon's Consolidated Financial Statements.

The following tables present the fair value reconciliation of Level 3 assets and liabilities measured at fair value on a recurring basis during the three and nine months ended September 30, 2013 and 2012:

Three Months Ended September 30, 2013	Mark-to-Market Derivatives
Balance as of June 30, 2013	$ (85)
Total realized / unrealized gains included in regulatory assets(b)	(37)
Balance as of September 30, 2013	$ (122)

Nine Months Ended September 30, 2013	Mark-to-Market Derivatives
Balance as of December 31, 2012	$ (293)
Total realized / unrealized gains included in regulatory assets(a)(b)	171
Balance as of September 30, 2013	$ (122)

(a) Includes $11 million of decreases in fair value and realized gains due to settlements of $215 million associated with ComEd's financial swap contract with Generation for the nine months ended September 30, 2013. All items eliminate upon consolidation in Exelon's Consolidated Financial Statements.
(b) Includes $37 million and $57 million of increases in the fair value and realized losses due to settlements of $1 million and $5 million recorded in purchased power expense associated with floating-to-fixed energy swap contracts with unaffiliated suppliers for the three and nine months ended September 30, 2013, respectively.

Three Months Ended September 30, 2012	Mark-to-Market Derivatives
Balance as of June 30, 2012	$ (617)
Total realized / unrealized gains included in regulatory assets(a)(b)	195
Balance as of September 30, 2012	$ (422)

Nine Months Ended September 30, 2012	Mark-to-Market Derivatives
Balance as of December 31, 2011	$ (800)
Total realized / unrealized gains included in regulatory assets(a)(b)	378
Balance as of September 30, 2012	$ (422)

(a) Includes $35 million of increases in fair value and $86 million of decreases in fair value and realized gains due to settlements of $119 million and $427 million of associated with ComEd's financial swap contract with Generation for the three and nine months ended September 30, 2012, respectively. All items eliminate upon consolidation in Exelon's Consolidated Financial Statements.
(b) Includes $40 million and $33 million of increases in the fair value and realized losses due to settlements of $1 million and $2 million recorded in purchased power expense associated with floating-to-fixed energy swap contracts with unaffiliated suppliers for the three and nine months ended September 30, 2012, respectively.

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PECO

The following tables present assets and liabilities measured and recorded at fair value on PECO's Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy as of September 30, 2013 and December 31, 2012:

As of September 30, 2013	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents	$ 583	$ —	$ —	$583
Rabbi trust investments				
Mutual funds(a)	9	—	—	9
Rabbi trust investments subtotal	9	—	—	9
Total assets	592	—	—	592
Liabilities				
Deferred compensation obligation	—	(16)	—	(16)
Total liabilities	—	(16)	—	(16)
Total net assets (liabilities)	$ 592	$ (16)	$ —	$576

As of December 31, 2012	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents	$ 346	$ —	$ —	$346
Rabbi trust investments				
Mutual funds(a)	9	—	—	9
Rabbi trust investments subtotal	9	—	—	9
Total assets	355	—	—	355
Liabilities				
Deferred compensation obligation	—	(18)	—	(18)
Total liabilities	—	(18)	—	(18)
Total net assets (liabilities)	$ 355	$ (18)	$ —	$337

(a) Excludes $14 million and $13 million of the cash surrender value of life insurance investments at September 30, 2013 and December 31, 2012, respectively.

PECO had no Level 3 assets or liabilities measured at fair value on a recurring basis during the three and nine months ended September 30, 2013 and 2012.

BGE

The following tables present assets and liabilities measured and recorded at fair value on BGE's Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy as of September 30, 2013 and December 31, 2012:

As of September 30, 2013	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents	$ 53	$ —	$ —	$ 53
Rabbi trust investments				
Mutual funds(a)	5	—	—	5
Rabbi trust investments subtotal	5	—	—	5
Total assets	58	—	—	58
Liabilities				
Deferred compensation obligation	—	(5)	—	(5)
Total liabilities	—	(5)	—	(5)
Total net assets (liabilities)	$ 58	$ (5)	$ —	$ 53

As of December 31, 2012	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents	$ 33	$ —	$ —	$ 33
Rabbi trust investments				
Mutual funds	5	—	—	5
Rabbi trust investments subtotal	5	—	—	5
Total assets	38	—	—	38
Liabilities				
Deferred compensation obligation	—	(5)	—	(5)
Total liabilities	—	(5)	—	(5)
Total net assets (liabilities)	$ 38	$ (5)	$ —	$ 33

BGE had no Level 3 assets or liabilities measured at fair value on a recurring basis during the three and nine months ended September 30, 2013 and 2012.

Valuation Techniques Used to Determine Fair Value

The following describes the valuation techniques used to measure the fair value of the assets and liabilities shown in the tables above.

Cash Equivalents (Exelon, Generation, ComEd, PECO and BGE). The Registrants' cash equivalents include investments with maturities of three months or less when purchased. The cash equivalents shown in the fair value tables are comprised of investments in mutual and money market funds. The fair values of the shares of these funds are based on observable market prices and, therefore, have been categorized in Level 1 in the fair value hierarchy.

Nuclear Decommissioning Trust Fund Investments and Pledged Assets for Zion Station Decommissioning (Exelon and Generation). The trust fund investments have been established to fund Generation's nuclear decommissioning obligations as required by the NRC. The NDT funds hold debt and equity securities directly

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and indirectly through commingled funds. Generation's investment policies place limitations on the types and investment grade ratings of the securities that may be held by the trusts. These policies limit the trust funds' exposures to investments in highly illiquid markets and other alternative investments. Investments with maturities of three months or less when purchased, including certain short-term fixed income securities are considered cash equivalents and included in the recurring fair value measurements hierarchy as Level 1.

With respect to individually held equity securities and exchange traded funds, the trustees obtain prices from pricing services, whose prices are obtained from direct feeds from market exchanges, which Generation is able to independently corroborate. The fair values of equity securities and exchange traded funds, held directly by the trust funds are based on quoted prices in active markets and are categorized in Level 1. Equity securities held individually and exchange traded funds are primarily traded on the New York Stock Exchange and NASDAQ-Global Select Market, which contain only actively traded securities due to the volume trading requirements imposed by these exchanges.

For fixed income securities, multiple prices from pricing services are obtained whenever possible, which enables cross-provider validations in addition to checks for unusual daily movements. A primary price source is identified based on asset type, class or issue for each security. The trustees monitor prices supplied by pricing services and may use a supplemental price source or change the primary price source of a given security if the portfolio managers challenge an assigned price and the trustees determine that another price source is considered to be preferable. Generation has obtained an understanding of how these prices are derived, including the nature and observability of the inputs used in deriving such prices. Additionally, Generation selectively corroborates the fair values of securities by comparison to other market-based price sources. U.S. Treasury securities are categorized as Level 1 because they trade in a highly liquid and transparent market. The fair values of fixed income securities, excluding U.S. Treasury securities, are based on evaluated prices that reflect observable market information, such as actual trade information or similar securities, adjusted for observable differences and are categorized in Level 2.

Equity and fixed income commingled funds and fixed income mutual funds are maintained by investment companies and hold certain investments in accordance with a stated set of fund objectives. The fair values of fixed income commingled and mutual funds held within the trust funds, which generally hold short-term fixed income securities and are not subject to restrictions regarding the purchase or sale of shares, are derived from observable prices. The objectives of the remaining equity commingled funds in which Exelon and Generation invest primarily seek to track the performance of certain equity indices by purchasing equity securities to replicate the capitalization and characteristics of the indices. In general, equity commingled funds are redeemable daily. Equity and fixed income commingled and mutual funds are categorized in Level 2 because the fair value of the funds are based on NAVs per fund share (the unit of account), primarily derived from the quoted prices in active markets on the underlying equity securities. See Note 13 — Nuclear Decommissioning for further discussion on the NDT fund investments.

Middle market lending funds are investments in loans or managed funds which invest in private companies. Generation elected the fair value option for its investments held by certain limited partnerships that invest in middle market lending managed funds. The fair value of these loans is determined using a combination of valuation models including cost models, market models, and income models. Investments in middle market lending are categorized as Level 3 because the fair value of these securities is based largely on inputs that are unobservable and utilize complex valuation models. Investments in middle market lending typically cannot be redeemed until maturity of the term loan.

Rabbi Trust Investments (Exelon, Generation, ComEd, PECO and BGE). The Rabbi trusts were established to hold assets related to deferred compensation plans existing for certain active and retired members of Exelon's executive management and directors. The investments in the Rabbi trusts are included in investments

in the Registrants' Consolidated Balance Sheets. The investments are in fixed-income commingled funds and mutual funds, including short-term investment funds. These funds are maintained by investment companies and hold certain investments in accordance with a stated set of fund objectives, which are consistent with Exelon's overall investment strategy. Fixed-income commingled funds and mutual funds, such as money market funds, are publicly quoted and have been categorized as Level 1 given the clear observability of the prices.

Mark-to-Market Derivatives (Exelon, Generation, and ComEd) . Derivative contracts are traded in both exchange-based and non-exchange-based markets. Exchange-based derivatives that are valued using unadjusted quoted prices in active markets are categorized in Level 1 in the fair value hierarchy. Certain derivatives' pricing is verified using indicative price quotations available through brokers or over-the-counter, on-line exchanges and are categorized in Level 2. These price quotations reflect the average of the bid-ask, mid-point prices and are obtained from sources that the Registrants believe provide the most liquid market for the commodity. The price quotations are reviewed and corroborated to ensure the prices are observable and representative of an orderly transaction between market participants. This includes consideration of actual transaction volumes, market delivery points, bid-ask spreads and contract duration. The remainder of derivative contracts are valued using the Black model, an industry standard option valuation model. The Black model takes into account inputs such as contract terms, including maturity, and market parameters, including assumptions of the future prices of energy, interest rates, volatility, credit worthiness and credit spread. For derivatives that trade in liquid markets, such as generic forwards, swaps and options, model inputs are generally observable. Such instruments are categorized in Level 2. The Registrants' derivatives are predominately at liquid trading points. For derivatives that trade in less liquid markets with limited pricing information model inputs generally would include both observable and unobservable inputs. These valuations may include an estimated basis adjustment from an illiquid trading point to a liquid trading point for which active price quotations are available. Such instruments are categorized in Level 3.

Transfers in and out of levels are recognized as of the end of the reporting period the transfer occurred. Given derivatives categorized within Level 1 are valued using exchange-based quoted prices within observable periods, transfers between Level 2 and Level 1 were not material. Transfers into Level 2 from Level 3 generally occur when the contract tenure becomes more observable. Transfers into Level 3 from Level 2 generally occur due to changes in market liquidity or assumptions for certain commodity contracts.

Exelon may utilize fixed-to-floating interest rate swaps, which are typically designated as fair value hedges, as a means to achieve its targeted level of variable-rate debt as a percent of total debt. In addition, the Registrants may utilize interest rate derivatives to lock in interest rate levels in anticipation of future financings. These interest rate derivatives are typically designated as cash flow hedges. Exelon determines the current fair value by calculating the net present value of expected payments and receipts under the swap agreement, based on and discounted by the market's expectation of future interest rates. Additional inputs to the net present value calculation may include the contract terms, counterparty credit risk and other market parameters. As these inputs are based on observable data and valuations of similar instruments, the interest rate swaps are categorized in Level 2 in the fair value hierarchy. See Note 10 — Derivative Financial Instruments for further discussion on mark-to-market derivatives.

Deferred Compensation Obligations (Exelon, Generation, ComEd, PECO and BGE). The Registrants' deferred compensation plans allow participants to defer certain cash compensation into a notional investment account. The Registrants include such plans in other current and noncurrent liabilities in their Consolidated Balance Sheets. The value of the Registrants' deferred compensation obligations is based on the market value of the participants' notional investment accounts. The notional investments are comprised primarily of mutual funds, which are based on observable market prices. However, since the deferred compensation obligations themselves are not exchanged in an active market, they are categorized in Level 2 in the fair value hierarchy.

Additional Information Regarding Level 3 Fair Value Measurements (Exelon, Generation, ComEd)

Mark-to-Market Derivatives (Exelon, Generation, ComEd). For valuations that include both observable and unobservable inputs, if the unobservable input is determined to be significant to the overall inputs, the entire valuation is categorized in Level 3. This includes derivatives valued using indicative price quotations whose contract tenure extends into unobservable periods. In instances where observable data is unavailable, consideration is given to the assumptions that market participants would use in valuing the asset or liability. This includes assumptions about market risks such as liquidity, volatility and contract duration. Such instruments are categorized in Level 3 as the model inputs generally are not observable. Exelon's RMC approves risk management policies and objectives for risk assessment, control and valuation, counterparty credit approval, and the monitoring and reporting of risk exposures. The RMC is chaired by the chief risk officer and includes the chief financial officer, corporate controller, general counsel, treasurer, vice president of strategy, vice president of audit services and officers representing Exelon's business units. The RMC reports to the Exelon Board of Directors on the scope of the risk management activities and is responsible for approving all valuation procedures at Exelon. Forward price curves for the power market utilized by the front office to manage the portfolio, are reviewed and verified by the middle office, and used for financial reporting by the back office. The Registrants consider credit and nonperformance risk in the valuation of derivative contracts categorized in Level 2 and 3, including both historical and current market data in its assessment of credit and nonperformance risk by counterparty. Due to master netting agreements and collateral posting requirements, the impacts of credit and nonperformance risk were not material to the financial statements.

Disclosed below is detail surrounding the Registrants' significant Level 3 valuations. The calculated fair value includes marketability discounts for margining provisions and notional size. Generation's Level 3 balance generally consists of forward sales and purchases of power and natural gas, coal purchases, certain transmission congestion contracts, and project financing debt. Generation utilizes various inputs and factors including market data and assumptions that market participants would use in pricing assets or liabilities as well as assumptions about the risks inherent in the inputs to the valuation technique. The inputs and factors include forward commodity prices, commodity price volatility, contractual volumes, delivery location, interest rates, credit quality of counterparties and credit enhancements.

For commodity derivatives, the primary input to the valuation models is the forward commodity price curve for each instrument. Forward commodity price curves are derived by risk management for liquid locations and by the traders and portfolio managers for illiquid locations. All locations are reviewed and verified by risk management considering published exchange transaction prices, executed bilateral transactions, broker quotes, and other observable or public data sources. The relevant forward commodity curve used to value each of the derivatives depends on a number of factors, including commodity type, delivery location, and delivery period. Price volatility varies by commodity and location. When appropriate, Generation discounts future cash flows using risk free interest rates with adjustments to reflect the credit quality of each counterparty for assets and Generation's own credit quality for liabilities. The level of observability of a forward commodity price is generally due to the delivery location and delivery period. Certain delivery locations including PJM West Hub (for power) and Henry Hub (for natural gas) are highly liquid and prices are observable for up to three years in the future. The observability period of volatility is generally shorter than the underlying power curve used in option valuations. The forward curve for a less liquid location is estimated by using the forward curve from the liquid location and applying a spread to represent the cost to transport the commodity to the delivery location. This spread does not typically represent a majority of the instrument's market price. As a result, the change in fair value is closely tied to liquid market movements and not a change in the applied spread. The change in fair value associated with a change in the spread is generally immaterial. An average spread calculated across all Level 3 power and gas delivery locations is generally less than $1.96 and $0.18 for power and natural gas, respectively. Many of the commodity derivatives are short term in nature and thus a majority of the fair value

may be based on observable inputs even though the contract as a whole must be classified as Level 3. See ITEM 3. — QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK for information regarding the maturity by year of the Registrant's mark-to-market derivative assets and liabilities.

On December 17, 2010, ComEd entered into several 20-year floating to fixed energy swap contracts with unaffiliated suppliers for the procurement of long-term renewable energy and associated RECs. See Note 10 — Derivative Financial Instruments for more information. The fair value of these swaps has been designated as a Level 3 valuation due to the long tenure of the positions and internal modeling assumptions. The modeling assumptions include using natural gas heat rates to project long term forward power curves adjusted by a renewable factor that incorporates time of day and seasonality factors to reflect accurate renewable energy pricing. In addition, marketability reserves are applied to the positions based on the tenor and supplier risk. The table below discloses the significant inputs to the forward curve used to value these positions.

Type of trade	Fair Value at September 30, 2013(c)	Valuation Technique	Unobservable Input	Range
Mark-to-market derivatives — Economic Hedges (Generation)(a)	$ 462	Discounted Cash Flow	Forward power price	$15 - $103
			Forward gas price	$3.51 - $5.97
		Option Model	Volatility percentage	27% - 107%
Mark-to-market derivatives — Proprietary trading (Generation)(a)	$ 19	Discounted Cash Flow	Forward power price	$14 - $103
		Option Model	Volatility percentage	14% - 28%
Mark-to-market derivatives (ComEd)	$ (122)	Discounted Cash Flow	Forward heat rate(b)	8 - 9
			Marketability reserve	3.5% - 8%
			Renewable factor	84% - 130%

a) The valuation techniques, unobservable inputs and ranges are the same for the asset and liability positions.
b) Quoted forward natural gas rates are utilized to project the forward power curve for the delivery of energy at specified future dates. The natural gas curve is extrapolated beyond its observable period to the end of the contract's delivery.
c) The fair values do not include cash collateral held on level three positions of $20 million as of September 30, 2013.

Type of trade	Fair Value at December 31, 2012(d)	Valuation Technique	Unobservable Input	Range
Mark-to-market derivatives — Economic Hedges (Generation)(a)	$ 473	Discounted Cash Flow	Forward power price	$14 - $79
			Forward gas price	$3.26 - $6.27
		Option Model	Volatility percentage	28% - 132%
Mark-to-market derivatives — Proprietary trading (Generation)(a)	$ (6)	Discounted Cash Flow	Forward power price	$15 - $106
		Option Model	Volatility percentage	16% - 48%
Mark-to-market derivatives — Transactions with Affiliates (Generation and ComEd)(b)	$ 226	Discounted Cash Flow	Marketability reserve	8% - 9%
Mark-to-market derivatives (ComEd)	$ (67)	Discounted Cash Flow	Forward heat rate(c)	8 - 9.5
			Marketability reserve	3.5% - 8.3%
			Renewable factor	81% - 123%

a) The valuation techniques, unobservable inputs and ranges are the same for the asset and liability positions.
b) Includes current assets for Generation and current liabilities for ComEd of $226 million, related to the fair value of the five-year financial swap contract between Generation and ComEd, which eliminates in consolidation.
c) Quoted forward natural gas rates are utilized to project the forward power curve for the delivery of energy at specified future dates. The natural gas curve is extrapolated beyond its observable period to the end of the contract's delivery.
d) The fair values do not include cash collateral held on level three positions of $33 million as of December 31, 2012.

The inputs listed above would have a direct impact on the fair values of the above instruments if they were adjusted. The significant unobservable inputs used in the fair value measurement of Generation's commodity derivatives are forward commodity prices and for options is price volatility. Increases (decreases) in the forward commodity price in isolation would result in significantly higher (lower) fair values for long positions (contracts that give Generation the obligation or option to purchase a commodity), with offsetting impacts to short positions (contracts that give Generation the obligation or right to sell a commodity). Increases (decreases) in volatility would increase (decrease) the value for the holder of the option (writer of the option). Generally, a change in the estimate of forward commodity prices is unrelated to a change in the estimate of volatility of prices. An increase to the reserves listed above would decrease the fair value of the positions. An increase to the heat rate or renewable factors would increase the fair value accordingly. Generally, interrelationships exist between market prices of natural gas and power. As such, an increase in natural gas pricing would potentially have a similar impact on forward power markets.

Nuclear Decommissioning Trust Fund Investments and Pledged Assets for Zion Station Decommissioning (Exelon and Generation). For middle market lending, the fair value of these loans is determined using a combination of valuations models including cost models, market models and income models. The valuation estimates are based on valuations of comparable companies, discounting the forecasted cash flows of the portfolio company, estimating the liquidation or collateral value of the portfolio company or its assets, considering offers from third parties to buy the portfolio company, its historical and projected financial results, as

well as other factors that may impact value. Significant judgment is required in the applications of discounts or premiums applied to the prices of comparable companies for factors such as size, marketability and relative performance.

Because Generation relies on third-party fund managers to develop the quantitative unobservable inputs without adjustment for the valuations of its' middle market lending, quantitative information about significant unobservable inputs used in valuing these investments is not reasonably available to Generation. This includes information regarding the sensitivity of the fair values to changes in the unobservable inputs. Generation gains an understanding of the fund managers' inputs and assumptions used in preparing the valuations. Generation performed procedures to assess the reasonableness of the valuations. For a sample of its' middle market lending, Generation reviewed independent valuations and reviewed the assumptions in the detailed pricing models used by the fund managers.

As of September 30, 2013, Generation has outstanding commitments to invest in middle market lending of approximately $192 million. These commitments will be funded by Generation's existing nuclear decommissioning trust funds.

10. Derivative Financial Instruments (Exelon, Generation, ComEd, PECO and BGE)

The Registrants are exposed to certain risks related to ongoing business operations. The primary risks managed by using derivative instruments are commodity price risk and interest rate risk.

Commodity Price Risk (Exelon, Generation, ComEd, PECO and BGE)

To the extent the amount of energy Exelon generates differs from the amount of energy it has contracted to sell, the Registrants are exposed to market fluctuations in the prices of electricity, fossil fuels and other commodities. The Registrants employ established policies and procedures to manage their risks associated with market fluctuations by entering into physical and financial derivative contracts, including swaps, futures, forwards, options and short-term and long-term commitments to purchase and sell energy and energy-related products. The Registrants believe these instruments, which are classified as either economic hedges or non-derivatives, mitigate exposure to fluctuations in commodity prices.

Derivative accounting guidance requires that derivative instruments be recognized as either assets or liabilities at fair value, with changes in fair value of the derivative recognized in earnings each period. Other accounting treatments are available through special election and designation, provided they meet specific, restrictive criteria both at the time of designation and on an ongoing basis. These alternative permissible accounting treatments include normal purchase normal sale (NPNS), cash flow hedge, and fair value hedge. For commodity transactions, effective with the date of merger with Constellation, Generation no longer utilizes the special election provided for by the cash flow hedge designation and de-designated all of its existing cash flow hedges prior to the merger. Because the underlying forecasted transactions remain at least reasonably possible, the fair value of the effective portion of these cash flow hedges was frozen in accumulated OCI and reclassified to results of operations when the forecasted purchase or sale of the energy commodity occurs, or becomes probable of not occurring. None of Constellation's designated cash flow hedges for commodity transactions prior to the merger were re-designated as cash flow hedges. The effect of this decision is that all derivative economic hedges for commodities are recorded at fair value through earnings for the combined company, referred to as economic hedges in the following tables. The Registrants have applied the NPNS scope exception to certain derivative contracts for the forward sale of generation, power procurement agreements, and natural gas supply agreements. Non-derivative contracts for access to additional generation and certain sales to load-serving entities are accounted for primarily under the accrual method of accounting, which is further discussed in Note 19 — Commitments and Contingencies of the Exelon 2012 Form 10-K. Additionally, Generation is

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exposed to certain market risks through its proprietary trading activities. The proprietary trading activities are a complement to Generation's energy marketing portfolio but represent a small portion of Generation's overall energy marketing activities.

Economic Hedging. The Registrants are exposed to commodity price risk primarily relating to changes in the market price of electricity, fossil fuels, and other commodities associated with price movements resulting from changes in supply and demand, fuel costs, market liquidity, weather conditions, governmental regulatory and environmental policies, and other factors. Within Exelon, Generation has the most exposure to commodity price risk. Generation uses a variety of derivative and non-derivative instruments to manage the commodity price risk of its electric generation facilities, including power sales, fuel and energy purchases, natural gas transportation and pipeline capacity agreements and other energy-related products marketed and purchased. In order to manage these risks, Generation may enter into fixed-price derivative or non-derivative contracts to hedge the variability in future cash flows from forecasted sales of energy and purchases of fuel and energy. The objectives for entering into such hedges include fixing the price for a portion of anticipated future electricity sales at a level that provides an acceptable return on electric generation operations, fixing the price of a portion of anticipated fuel purchases for the operation of power plants, and fixing the price for a portion of anticipated energy purchases to supply load-serving customers. The portion of forecasted transactions hedged may vary based upon management's policies and hedging objectives, the market, weather conditions, operational and other factors. Generation is also exposed to differences between the locational settlement prices of certain economic hedges and the hedged generating units. This price difference is actively managed through other instruments which include derivative congestion products, whose changes in fair value are recognized in earnings each period, and auction revenue rights, which are accounted for on an accrual basis.

In general, increases and decreases in forward market prices have a positive and negative impact, respectively, on Generation's owned and contracted generation positions that have not been hedged. Generation hedges commodity price risk on a ratable basis over three-year periods. As of September 30, 2013, the percentage of expected generation hedged for the major reportable segments was 97%-100%, 84%-87%, and 48%-51% for 2013, 2014, and 2015, respectively. The percentage of expected generation hedged is the amount of equivalent sales divided by the expected generation. Expected generation represents the amount of energy estimated to be generated or purchased through owned or contracted capacity. Equivalent sales represent all hedging products, which include economic hedges and certain non-derivative contracts including, Generation's sales to ComEd, PECO and BGE to serve their retail load.

In order to fulfill a requirement of the Illinois Settlement Legislation, Generation and ComEd entered into a five-year financial swap contract that expired May 31, 2013. The financial swap was designed to hedge spot market purchases, which, along with ComEd's remaining energy procurement contracts, met its load service requirements. The terms of the financial swap contract required Generation to pay the around-the-clock market price for a portion of ComEd's electricity supply requirement, while ComEd paid a fixed price.

As the contract expired May 31, 2013, all realized impacts have been included in Generation's and ComEd's results of operations. In Exelon's consolidated financial statements, all financial statement effects of the financial swap recorded by Generation and ComEd are eliminated.

In addition, the physical contracts that Generation has entered into with ComEd and that ComEd has entered into with Generation and other suppliers as part of the ComEd power procurement process, which are further discussed in Note 3 — Regulatory Matters of the Exelon 2012 Form 10-K qualify and are accounted for under the NPNS exception. Based on the Illinois Settlement Legislation and ICC-approved procurement methodologies permitting ComEd to recover its electricity procurement costs from retail customers with no mark-up, ComEd's price risk related to power procurement is limited.

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On December 17, 2010, ComEd entered into several 20-year floating-to-fixed energy swap contracts with unaffiliated suppliers for the procurement of long-term renewable energy and associated RECs. Delivery under the contracts began in June 2012. Pursuant to the ICC's Order on December 19, 2012, ComEd's commitments under the existing long-term contracts for energy and associate RECs were reduced in the first quarter of 2013. These contracts are designed to lock in a portion of the long-term commodity price risk resulting from the renewable energy resource procurement requirements in the Illinois Settlement Legislation. ComEd has not elected hedge accounting for these derivative financial instruments. ComEd records the fair value of the swap contracts on its balance sheet. Because ComEd receives full cost recovery for energy procurement and related costs from retail customers, the change in fair value each period is recorded by ComEd as a regulatory asset or liability. See Note 5 — Regulatory Matters for additional information.

PECO has contracts to procure electric supply that were executed through the competitive procurement process outlined in its PAPUC-approved DSP Programs, which are further discussed in Note 5 — Regulatory Matters. Based on Pennsylvania legislation and the DSP Programs permitting PECO to recover its electric supply procurement costs from retail customers with no mark-up, PECO's price risk related to electric supply procurement is limited. PECO locked in fixed prices for a significant portion of its commodity price risk through full requirements contracts and block contracts. PECO has certain full requirements contracts and block contracts that are considered derivatives and qualify for the NPNS scope exception under current derivative authoritative guidance.

PECO's natural gas procurement policy is designed to achieve a reasonable balance of long-term and short-term gas purchases under different pricing approaches in order to achieve system supply reliability at the least cost. PECO's reliability strategy is two-fold. First, PECO must assure that there is sufficient transportation capacity to satisfy delivery requirements. Second, PECO must ensure that a firm source of supply exists to utilize the capacity resources. All of PECO's natural gas supply and asset management agreements that are derivatives either qualify for the NPNS scope exception and have been designated as such, or have no mark-to-market balances because the derivatives are index priced. Additionally, in accordance with the 2013 PAPUC PGC settlement and to reduce the exposure of PECO and its customers to natural gas price volatility, PECO has continued its program to purchase natural gas for both winter and summer supplies using a layered approach of locking-in prices ahead of each season with long-term gas purchase agreements (those with primary terms of at least twelve months). Under the terms of the 2013 PGC settlement, PECO is required to lock in (i.e., economically hedge) the price of a minimum volume of its long-term gas commodity purchases. PECO's gas-hedging program is designed to cover about 30% of planned natural gas purchases in support of projected firm sales. The hedging program for natural gas procurement has no direct impact on PECO's financial position or results of operations as natural gas costs are fully recovered from customers under the PGC.

BGE has contracts to procure SOS electric supply that are executed through a competitive procurement process approved by the MDPSC. The SOS rates charged recover BGE's wholesale power supply costs and include an administrative fee. The administrative fee includes an incremental cost component and a shareholder return component for commercial and industrial rate classes. BGE's price risk related to electric supply procurement is limited. BGE locks in fixed prices for all of its SOS requirements through full requirements contracts. Certain of BGE's full requirements contracts, which are considered derivatives, qualify for the NPNS scope exception under current derivative authoritative guidance. Other BGE full requirements contracts are not derivatives.

BGE provides natural gas to its customers under a MBR mechanism approved by the MDPSC. Under this mechanism, BGE's actual cost of gas is compared to a market index (a measure of the market price of gas in a given period). The difference between BGE's actual cost and the market index is shared equally between shareholders and customers. BGE must also secure fixed price contracts for at least 10%, but not more than 20%,

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of forecasted system supply requirements for flowing (i.e., non-storage) gas for the November through March period. These fixed-price contracts are not subject to sharing under the MBR mechanism. BGE also ensures it has sufficient pipeline transportation capacity to meet customer requirements. All of BGE's natural gas supply and asset management agreements qualify for the NPNS exception and result in physical delivery.

Proprietary Trading. Generation also enters into certain energy-related derivatives for proprietary trading purposes. Proprietary trading includes all contracts entered into with the intent of benefiting from shifts or changes in market prices as opposed to those entered into with the intent of hedging or managing risk. Proprietary trading activities are subject to limits established by Exelon's RMC. The proprietary trading activities, which included settled physical sales volumes of 2,499 GWhs and 6,066 GWhs for the three and nine months ended September 30, 2013, respectively, and 4,352 GWhs and 9,981 GWhs for the three and nine months ended September 30, 2012, respectively, are a complement to Generation's energy marketing portfolio but represent a small portion of Generation's revenue from energy marketing activities. ComEd, PECO and BGE do not enter into derivatives for proprietary trading purposes.

Interest Rate and Foreign Exchange Risk (Exelon, Generation, ComEd, PECO and BGE)

The Registrants use a combination of fixed-rate and variable-rate debt to manage interest rate exposure. The Registrants may also utilize fixed-to-floating interest rate swaps, which are typically designated as fair value hedges, as a means to manage their interest rate exposure. In addition, the Registrants may utilize interest rate derivatives to lock in rate levels in anticipation of future financings, which are typically designated as cash flow hedges. These strategies are employed to manage interest rate risks. At September 30, 2013, Exelon had $1,250 million of notional amounts of fixed-to-floating hedges outstanding and $213 million of notional amounts of floating-to-fixed hedges outstanding. Assuming the fair value and cash flow interest rate hedges are 100% effective, a hypothetical 50 bps increase in the interest rates associated with unhedged variable-rate debt (excluding Commercial Paper) and fixed-to-floating swaps would result in approximately a $1 million decrease in Exelon Consolidated pre-tax income for the nine months ended September 30, 2013. To manage foreign exchange rate exposure associated with international energy purchases in currencies other than U.S. dollars, Generation utilizes foreign currency derivatives, which are typically designated as economic hedges. Below is a summary of the interest rate and foreign currency hedges as of September 30, 2013.

	Generation					Other	Exelon
Description	Derivatives Designated as Hedging Instruments	Economic Hedges	Proprietary Trading (a)	Collateral and Netting (b)	Subtotal	Derivatives Designated as Hedging Instruments	Total
Mark-to-market derivative assets (Current Assets)	$ —	$ 3	$ 18	$ (19)	$ 2	$ —	$ 2
Mark-to-market derivative assets (Noncurrent Assets)	27	5	17	(16)	33	13	46
Total mark-to-market derivative assets	$ 27	$ 8	$ 35	$ (35)	$ 35	$ 13	$ 48
Mark-to-market derivative liabilities (Current Liabilities)	$ (1)	$ (1)	$ (19)	$ 19	$ (2)	$ —	$ (2)
Mark-to-market derivative liabilities (Noncurrent liabilities)	(14)	—	(16)	16	(14)	—	(14)
Total mark-to-market derivative liabilities	$ (15)	$ (1)	$ (35)	$ 35	$ (16)	$ —	$ (16)
Total mark-to-market derivative net assets (liabilities)	$ 12	$ 7	$ —	$ —	$ 19	$ 13	$ 32

(a) Generation enters into interest rate derivative contracts to economically hedge risk associated with the interest rate component of commodity positions. The characterization of the interest rate derivative contracts between the proprietary trading activity in the above table is driven by the corresponding characterization of the underlying commodity position that gives rise to the interest rate exposure. Generation does not utilize interest rate derivatives with the objective of benefiting from shifts or changes in market interest rates.
(b) Represents the netting of fair value balances with the same counterparty and any associated cash collateral.

The following table provides a summary of the interest rate hedge balances recorded by the Registrants as of December 31, 2012:

	Generation					Other	Exelon
Description	Derivatives Designated as Hedging Instruments	Economic Hedges	Proprietary Trading (a)	Collateral and Netting (b)	Subtotal	Derivatives Designated as Hedging Instruments	Total
Mark-to-market derivative assets (Current Assets)	$ —	$ 3	$ 20	$ (19)	$ 4	$ —	$ 4
Mark-to-market derivative assets (Noncurrent Assets)	38	8	32	(32)	46	13	59
Total mark-to-market derivative assets	$ 38	$ 11	$ 52	$ (51)	$ 50	$ 13	$ 63
Mark-to-market derivative liabilities (Current Liabilities)	$ (1)	$ (1)	$ (19)	$ 19	$ (2)	$ —	$ (2)
Mark-to-market derivative liabilities (Noncurrent liabilities)	(31)	—	(32)	32	(31)	—	(31)
Total mark-to-market derivative liabilities	(32)	(1)	(51)	51	(33)	—	(33)
Total mark-to-market derivative net assets (liabilities)	$ 6	$ 10	$ 1	$ —	$ 17	$ 13	$ 30

(a) Generation enters into interest rate derivative contracts to economically hedge risk associated with the interest rate component of commodity positions. The characterization of the interest rate derivative contracts between the proprietary trading activity in the above table is driven by the corresponding characterization of the underlying commodity position that gives rise to the interest rate exposure. Generation does not utilize interest rate derivatives with the objective of benefiting from shifts or changes in market interest rates.
(b) Represents the netting of fair value balances with the same counterparty and any associated cash collateral.

Fair Value Hedges . For derivative instruments that are designated and qualify as fair value hedges, the gain or loss on the derivative as well as the offsetting loss or gain on the hedged item attributable to the hedged risk are recognized in current earnings. Exelon includes the gain or loss on the hedged items and the offsetting loss or gain on the related interest rate swaps in interest expense as follows:

Three Months Ended September 30, 2013				Nine Months Ended September 30, 2013			
Gain (Loss) on Swaps		Gain (Loss) on Borrowings		Gain (Loss) on Swaps		Gain (Loss) on Borrowings	
Generation(a)	Exelon	Generation	Exelon	Generation(a)	Exelon	Generation	Exelon
$(4)	$ 4	$ (1)	$ (5)	$ (13)	$ 1	$ —	$ (2)

Three Months Ended September 30, 2012				Nine Months Ended September 30, 2012			
Gain (Loss) on Swaps		Gain (Loss) on Borrowings		Gain (Loss) on Swaps		Gain (Loss) on Borrowings	
Generation	Exelon	Generation	Exelon	Generation	Exelon	Generation	Exelon
$(1)	$ —	$ (3)	$ —	$ (3)	$ (2)	$ (6)	$ 2

(a) For the three and nine months ended September 30, 2013, the loss on Generation swaps included $4 million and $12 million, respectively, realized in earnings, with an immaterial amount excluded from hedge effectiveness testing.

During the third quarter of 2013, Exelon entered into $450 million of notional amounts of fixed-to-floating fair value hedges related to interest rate swaps, which expire in 2020. At September 30, 2013, Exelon and Generation had total outstanding fixed-to-floating fair value hedges related to interest rate swaps of $1,100 million and $550 million, with unrealized gains of $40 million and $27 million, respectively. At December 31, 2012, Exelon and Generation had outstanding fixed-to-floating fair value hedges related to interest rate swaps of $650 million and $550 million that expire in 2015, with unrealized gains of $49 million and $38 million, respectively. During the nine months ended September 30, 2013 and 2012, the impact on the results of operations as a result of ineffectiveness from fair value hedges was a $1 million gain and immaterial, respectively.

Cash Flow Hedges . In anticipation of the Continental Wind, LLC non-recourse project financing that was completed on September 30, 2013, Exelon entered into forward starting interest rate swaps that were designated as cash flow hedges to hedge the change in benchmark interest rates. Upon settlement of the swaps, a $26 million effective gain in OCI was deferred and will be amortized into interest expense over the life of the debt. See Note 11 — Debt and Credit Agreements for additional information on the project financing.

In connection with the DOE guaranteed loan for the Antelope Valley acquisition, as discussed in Note 11 — Debt and Credit Agreements, Generation entered into a floating-to-fixed forward starting interest rate swap with a notional amount of $485 million and a mandatory early termination date of April 5, 2014. The swap hedges approximately 75% of Generation's future interest rate exposure associated with the financing and was designated as a cash flow hedge. As such, the effective portion of the hedge is recorded in other comprehensive income within Generation's Consolidated Balance Sheets, with any ineffectiveness recorded in Generation's Consolidated Statements of Operations and Comprehensive Income. Net gains (or losses) from settlement of the hedges, to the extent effective, are amortized as an adjustment to the interest expense over the term of the DOE guaranteed loan.

Every time Generation draws down on the loan, an offsetting hedge (fixed-to-floating) is executed and a portion of the cash flow hedge, with a notional amount equal to the offsetting hedge, is de-designated and the related gains or losses going forward are reflected in earnings, which are largely offset by the losses or gains in the offsetting hedge.

Antelope Valley received its first loan advance on April 5, 2012, and a series of additional advances subsequently. Generation has entered into a series of fixed-to-floating interest rate swaps with an aggregated notional amount of $328 million, approximately 75% of the loan advance amount to offset portions of the original interest rate hedge, which are not designated as cash flow hedges. The remaining cash flow hedge has a notional amount of $156 million. At September 30, 2013, Generation's mark-to-market non-current derivative liability relating to the interest rate swaps in connection with the loan agreement to fund Antelope Valley was $13 million.

During the third quarter of 2011, a subsidiary of Constellation entered into floating-to-fixed interest rate swaps to manage a portion of the interest rate exposure for anticipated long-term borrowings to finance Sacramento PV Energy. The swaps have a total notional amount of $29 million as of September 30, 2013 and expire in 2027. After the closing of the merger with Constellation, the swaps were re-designated as cash flow hedges. At September 30, 2013, the subsidiary had a $2 million non-current derivative liability related to these swaps.

During the third quarter of 2012, a subsidiary of Exelon Generation entered into a floating-to-fixed interest rate swap to manage a portion of the interest rate exposure of anticipated long-term borrowings to finance Constellation Solar Horizons. The swap has a notional amount of $28 million as of September 30, 2013 and expires in 2030. This swap is designated as a cash flow hedge. At September 30, 2013, the subsidiary had a $2 million non-current derivative asset related to the swap.

During the nine months ended September 30, 2013 and 2012, the impact on the results of operations as a result of ineffectiveness from cash flow hedges was immaterial.

Economic Hedges . At September 30, 2013, Generation had $134 million in notional amounts of interest rate derivative contracts to economically hedge risk associated with the interest rate component of commodity positions and $38 million in notional amounts of foreign currency exchange rate swaps that are marked-to-market to manage the exposure associated with international purchases of commodities in currencies other than U.S. dollars.

At September 30, 2013, Exelon and Generation had $150 million in notional amounts of fixed-to-floating interest rate swaps that are marked-to-market, with unrealized gains of $3 million. These swaps, which were acquired as part of the merger with Constellation, expire in 2014. During the nine months ended September 30, 2013 and the period from March 12 to September 30, 2012, the impact on the results of operations was immaterial.

Fair Value Measurement and Accounting for the Offsetting of Amounts Related to Certain Contracts (Exelon, Generation, ComEd, PECO and BGE)

Fair value accounting guidance and disclosures about offsetting assets and liabilities requires the fair value of derivative instruments to be shown in the Notes to the Consolidated Financial Statements on a gross basis, even when the derivative instruments are subject to legally enforceable master netting agreements and qualify for net presentation in the Consolidated Balance Sheet. A master netting agreement is an agreement between two counterparties that may have derivative and non-derivative contracts with each other providing for the net settlement of all referencing contracts via one payment stream, which takes place either as the contracts deliver, when collateral is requested or in the event of default. Generation's use of cash collateral is generally unrestricted unless Generation is downgraded below investment grade (i.e. to BB+ or Ba1). In the table below, Generation's energy related economic hedges and proprietary trading derivatives are shown gross and the impact of the netting of fair value balances with the same counterparty that are subject to legally enforceable master netting agreements, as well as netting of cash collateral, is aggregated in the collateral and netting column. As of September 30, 2013 and December 31, 2012, $5 million of cash collateral posted and $3 million of cash collateral received, respectively, was not offset against derivative positions because such collateral was not associated with any energy-related derivatives or as of the balance sheet date there were no positions to offset. Excluded from the tables below are economic hedges that qualify for the NPNS scope exception and other non-derivative contracts that are accounted for under the accrual method of accounting.

ComEd's use of cash collateral is generally unrestricted unless ComEd is downgraded below investment grade (i.e. to BB+ or Ba1).

Cash collateral held by PECO and BGE must be deposited in a non affiliate major U.S. commercial bank or foreign bank with a U.S. branch office that meet certain qualifications.

The following table provides a summary of the derivative fair value balances recorded by the Registrants as of September 30, 2013:

	Generation				ComEd	Exelon
Derivatives	Economic Hedges	Proprietary Trading	Collateral and Netting(a)	Subtotal (b)	Economic Hedges (c)	Total Derivatives
Mark-to-market derivative assets (current assets)	$ 2,244	$ 1,577	$ (3,093)	$ 728	$ —	$ 728
Mark-to-market derivative assets (noncurrent assets)	1,540	447	(1,254)	733	—	733
Total mark-to-market derivative assets	$ 3,784	$ 2,024	$ (4,347)	$1,461	$ —	$ 1,461
Mark-to-market derivative liabilities (current liabilities)	$(1,812)	$ (1,538)	$ 3,242	$ (108)	$ (16)	$ (124)
Mark-to-market derivative liabilities (noncurrent liabilities)	(911)	(438)	1,251	(98)	(106)	(204)
Total mark-to-market derivative liabilities	$(2,723)	$ (1,976)	$ 4,493	$ (206)	$ (122)	$ (328)
Total mark-to-market derivative net assets (liabilities)	$ 1,061	$ 48	$ 146	$1,255	$ (122)	$ 1,133

(a) Exelon and Generation net all available amounts allowed under the derivative accounting guidance on the balance sheet. These amounts include unrealized derivative transactions with the same counterparty under legally enforceable master netting agreements and cash collateral. In some cases Exelon and Generation may have other offsetting exposures, subject to a master netting or similar agreement, such as trade receivables and payables, transactions that do not qualify as derivatives, letters of credit and other forms of non-cash collateral. These are not reflected in the table above.

(b) Current and noncurrent assets are shown net of collateral of $86 million and $8 million, respectively, and current and noncurrent liabilities are shown net of collateral of $(235) million and $(5) million, respectively. The total cash collateral posted, net of cash collateral received and offset against mark-to-market assets and liabilities was $146 million at September 30, 2013.

(c) Includes current and noncurrent liabilities relating to floating-to-fixed energy swap contracts with unaffiliated suppliers.

The following table provides a summary of the derivative fair value balances recorded by the Registrants as of December 31, 2012:

	Generation				ComEd		Exelon
Derivatives	Economic Hedges(a)	Proprietary Trading	Collateral and Netting(b)	Subtotal (c)	Economic Hedges (a)(d)	Intercompany Eliminations (a)	Total Derivatives
Mark-to-market derivative assets (current assets)	$ 2,883	$ 2,469	$ (4,418)	$ 934	$ —	$ —	$ 934
Mark-to-market derivative assets with affiliate (current assets)	226	—	—	226	—	(226)	—
Mark-to-market derivative assets (noncurrent assets)	1,792	724	(1,638)	878	—	—	878
Mark-to-market							
Total mark-to-market derivative assets	$ 4,901	$ 3,193	$ (6,056)	$2,038	$ —	$ (226)	$ 1,812
Mark-to-market derivative liabilities (current liabilities)	$ (2,419)	$ (2,432)	$ 4,519	$ (332)	$ (18)	$ —	$ (350)
Mark-to-market derivative liability with affiliate (current liabilities)	—	—	—	—	(226)	226	—
Mark-to-market derivative liabilities (noncurrent liabilities)	(1,080)	(689)	1,568	(201)	(49)	—	(250)
Mark-to-market							
Total mark-to-market derivative liabilities	$ (3,499)	$ (3,121)	$ 6,087	$ (533)	$ (293)	$ 226	$ (600)
Total mark-to-market derivative net assets (liabilities)	$ 1,402	$ 72	$ 31	$1,505	$ (293)	$ —	$ 1,212

(a) Includes current and noncurrent assets for Generation and current and noncurrent liabilities for ComEd of $226 million related to the fair value of the five-year financial swap contract between Generation and ComEd, as described above. For Generation excludes $28 million of noncurrent liability relating to an interest rate swap in connection with a loan agreement to fund Antelope Valley as discussed above.

(b) Exelon and Generation net all available amounts allowed under the derivative accounting guidance on the balance sheet. These amounts include unrealized derivative transactions with the same counterparty under legally enforceable master netting agreements and cash collateral. In some cases Exelon and Generation may have other offsetting exposures, subject to a master netting or similar agreement, such as trade receivables and payables, transactions that do not qualify as derivatives, and letters of credit. These are not reflected in the table above.

(c) Current and noncurrent assets are shown net of collateral of $113 million and $201 million, respectively, and current and noncurrent liabilities are shown net of collateral of $ (214) million and $ (131) million, respectively. The total cash collateral received, net of cash collateral posted and offset against mark-to-market assets and liabilities was $31 million at December 31, 2012.

(d) Includes current and noncurrent liabilities relating to floating-to-fixed energy swap contracts with unaffiliated suppliers.

Cash Flow Hedges (Exelon, Generation and ComEd). As discussed previously, effective prior to the merger with Constellation, Generation de-designated all of its cash flow hedges relating to commodity price risk. Because the underlying forecasted transactions remain at least reasonably possible, the fair value of the effective portion of these cash flow hedges was frozen in accumulated OCI and is reclassified to results of operations when the forecasted purchase or sale of the energy commodity occurs, or becomes probable of not occurring. Generation began recording prospective changes in the fair value of these instruments through current earnings

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from the date of de-designation. Approximately $271 million of these net pre-tax unrealized gains within accumulated OCI are expected to be reclassified from accumulated OCI during the next twelve months by Generation. Generation expects the settlement of the majority of its cash flow hedges will occur during 2013 through 2014.

Exelon discontinues hedge accounting prospectively when it determines that the derivative is no longer effective in offsetting changes in the cash flows of a hedged item or when it is no longer probable that the forecasted transaction will occur. For the three months ended September 30, 2013 and 2012, amounts reclassified into earnings as a result of the discontinuance of cash flow hedges were immaterial.

The tables below provide the activity of accumulated OCI related to cash flow hedges for the three and nine months ended September 30, 2013 and 2012, containing information about the changes in the fair value of cash flow hedges and the reclassification from accumulated OCI into results of operations. The amounts reclassified from accumulated OCI, when combined with the impacts of the actual physical power sales, result in the ultimate recognition of net revenues at the contracted price.

		Total Cash Flow Hedge OCI Activity, Net of Income Tax	
		Generation	Exelon
Three Months Ended September 30, 2013	Income Statement Location	Energy-Related Hedges	Total Cash Flow Hedges
Accumulated OCI derivative gain at June 30, 2013		$ 255(a)	$ 245
Effective portion of changes in fair value		—	2(b)
Reclassifications from accumulated OCI to net income	Operating Revenues	(51)	(48)
Accumulated OCI derivative gain at September 30, 2013		$ 204(a)	$ 199

(a) Excludes $11 million of losses, net of taxes, related to interest rate swaps and treasury rate locks as of September 30, 2013 and June 30, 2013.
(b) Includes $2 million of gains, net of taxes, related to the effective portion of changes in fair value of interest rate swaps and treasury rate locks.

		Total Cash Flow Hedge OCI Activity, Net of Income Tax	
		Generation	Exelon
Nine Months Ended September 30, 2013	Income Statement Location	Energy-Related Hedges	Total Cash Flow Hedges
Accumulated OCI derivative gain at December 31, 2012		$ 532(a)(c)	$ 368
Effective portion of changes in fair value		—	25(d)
Reclassifications from accumulated OCI to net income	Operating Revenues	(328)(b)	(194)
Accumulated OCI derivative gain at September 30, 2013		$ 204(c)	$ 199

(a) Includes $133 million of gains, net of taxes, related to the fair value of the five-year financial swap contract with ComEd, as of December 31, 2012.
(b) Includes $133 million of losses, net of taxes, reclassified from accumulated OCI to recognize gains in net income related to the settlements of the five-year financial swap contract with ComEd.

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(c) Excludes $11 million of losses and $20 million of losses, net of taxes, related to interest rate swaps and treasury locks as of September 30, 2013 and December 31, 2012, respectively.
(d) Includes $25 million of losses, net of taxes, related to the effective portion of changes in fair value of interest rate swaps and treasury rate locks.

		Total Cash Flow Hedge OCI Activity, Net of Income Tax	
		Generation	Exelon
Three Months Ended September 30, 2012	Income Statement Location	Energy-Related Hedges	Total Cash Flow Hedges
Accumulated OCI derivative gain at June 30, 2012		$ 923(a)(c)	$ 547
Effective portion of changes in fair value		—(e)	—(d)
Reclassifications from accumulated OCI to net income	Operating Revenues	(171)(b)	(88)
Accumulated OCI derivative gain at September 30, 2012		$ 752(a)(c)	$ 459

(a) Includes $232 million and $315 million of gains, net of taxes, related to the fair value of the five-year financial swap contract with ComEd as of September 30, 2012 and June 30, 2012, respectively.
(b) Includes a $83 million of losses, net of taxes, reclassified from accumulated OCI to recognize gains in net income related to the settlements of the five-year financial swap contract with ComEd.
(c) Excludes $22 million of losses and $22 million of gains, net of taxes, related to interest rate swaps and treasury rate locks for the three months ended September 30, 2012 and June 30, 2012 respectively.
(d) Includes $0 million of losses, net of taxes, at Generation related to the effective portion of changes in fair value of interest rate swaps and treasury rate locks.
(e) Due to de-designation of all commodity cash flow positions prior to the merger date, there are no changes in fair value.

		Total Cash Flow Hedge OCI Activity, Net of Income Tax	
		Generation	Exelon
Nine Months Ended September 30, 2012	Income Statement Location	Energy-Related Hedges	Total Cash Flow Hedges
Accumulated OCI derivative gain at December 31, 2011		$ 925(a)(c)	$ 488
Effective portion of changes in fair value		432(e)	301(d)
Reclassifications from accumulated OCI to net income	Operating Revenues	(608)(b)	(333)
Ineffective portion recognized in income	Operating Revenues	3	3
Accumulated OCI derivative gain at September 30, 2012		$ 752(a)(c)	$ 459

(a) Includes $232 million and $420 million of gains, net of taxes, related to the fair value of the five-year financial swap contract with ComEd, as of September 30, 2012 and December 31, 2011.
(b) Includes $276 million of losses, net of taxes, reclassified from accumulated OCI to recognize gains in net income related to the settlements of the five-year financial swap contract with ComEd.
(c) Excludes $22 million of losses and $10 million of losses, net of taxes, related to interest rate swaps and treasury rate locks for the nine months ended September 30, 2012 and year ended December 31, 2011, respectively.
(d) Includes $12 million of losses, net of taxes, related to the effective portion of changes in fair value of interest rate swaps and treasury rate locks.
(e) Includes $88 million of gains, net of taxes, related to the effective portion of changes in fair value of the five-year financial swap contract with ComEd through the date of de-designation prior to the merger.

During the three and nine months ended September 30, 2013 and 2012, Generation's former energy related cash flow hedge activity impact to pre-tax earnings based on the reclassification adjustment from accumulated OCI to earnings was a $84 million and a $543 million pre-tax gain and $283 million and $1,005 million pre-tax gain, respectively. Given that the cash flow hedges had primarily consisted of forward power sales and power swaps and did not include power and gas options or sales, the ineffectiveness of Generation's cash flow hedges was primarily the result of differences between the locational settlement prices of the cash flow hedges and the hedged generating units. Changes in cash flow hedge ineffectiveness, were losses of $5 million for the nine months ended September 30, 2012.

Exelon's former energy-related cash flow hedge activity impact to pre-tax earnings based on the reclassification adjustment from accumulated OCI to earnings was a $84 million and $324 million pre-tax gain for the three and nine months ended September 30, 2013, respectively, and a $145 million and $548 million pre-tax gain for the three and nine months ended September 30, 2012, respectively. Changes in cash flow hedge ineffectiveness was losses of $5 million for the nine months ended September 30, 2012. Neither Exelon nor Generation will incur changes in cash flow hedge ineffectiveness in future periods as all energy-related cash flow hedge positions were de-designated prior to the merger date.

Economic Hedges (Exelon and Generation). These instruments represent hedges that economically mitigate exposure to fluctuations in commodity prices and include financial options, futures, swaps, and physical forward sales and purchases but for which the fair value or cash flow hedge elections were not made. For the three and nine months ended September 30, 2013 and 2012, the following net pre-tax mark-to-market gains (losses) of certain purchase and sale contracts were reported in operating revenues or purchased power and fuel expense at Exelon and Generation in the Consolidated Statements of Operations and Comprehensive Income and are included in "Net fair value changes related to derivatives" in Exelon's and Generation's Consolidated Statements of Cash Flows. In the tables below, "Change in fair value" represents the change in fair value of the derivative contracts held at the reporting date. The "Reclassification to realized at settlement" represents the recognized change in fair value that was reclassified to realized due to settlement of the derivative during the period.

	Generation			Intercompany Eliminations	Exelon
Three Months Ended September 30, 2013	Operating Revenues	Purchased Power and Fuel	Total	Operating Revenues(a)	Total
Change in fair value	$ 175	$ 5	$180	$ —	$ 180
Reclassification to realized at settlement	41	25	66	—	66
Net mark-to-market gains	$ 216	$ 30	$246	$ —	$ 246

	Generation			Intercompany Eliminations	Exelon
Nine Months Ended September 30, 2013	Operating Revenues	Purchased Power and Fuel	Total	Operating Revenues(a)	Total
Change in fair value	$ 149	$ 74	$223	$ (6)	$ 217
Reclassification to realized at settlement	(15)	63	48	13	61
Net mark-to-market gains	$ 134	$ 137	$271	$ 7	$ 278

	Generation			Intercompany Eliminations	Exelon
Three Months Ended September 30, 2012	Operating Revenues	Purchased Power and Fuel	Total	Operating Revenues(a)	Total
Change in fair value	$ (255)	$ 129	$(126)	$ 35	$ (91)
Reclassification to realized at settlement	20	122	142	(19)	123
Net mark-to-market gains (losses)	$ (235)	$ 251	$ 16	$ 16	$ 32

	Generation			Intercompany Eliminations	Exelon
Nine Months Ended September 30, 2012	Operating Revenues	Purchased Power and Fuel	Total	Operating Revenues(a)	Total
Change in fair value	$ (85)	$ 121	$ 36	$ 62	$ 98
Reclassification to realized at settlement	(81)	326	245	(29)	216
Net mark-to-market gains (losses)	$ (166)	$ 447	$281	$ 33	$ 314

(a) Prior to the merger, the five-year financial swap contract between Generation and ComEd was de-designated. As a result, all prospective changes in fair value are recorded to operating revenues and eliminated in consolidation.

Proprietary Trading Activities (Exelon and Generation). For the three and nine months ended September 30, 2013 and 2012, Exelon and Generation recognized the following net unrealized mark-to-market gains (losses), net realized mark-to-market gains (losses) and total net mark-to-market gains (losses) (before income taxes) relating to mark-to-market activity on derivative instruments entered into for proprietary trading purposes. Gains and losses associated with proprietary trading are reported as operating revenue in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income and are included in "Net fair value changes related to derivatives" in Exelon's and Generation's Consolidated Statements of Cash Flows. In the tables below, "Change in fair value" represents the change in fair value of the derivative contracts held at the reporting date. The "Reclassification to realized at settlement" represents the recognized change in fair value that was reclassified to realized due to settlement of the derivative during the period.

	Location on Income Statement	Three Months Ended September 30,		Nine Months Ended September 30,	
		2013	2012	2013	2012
Change in fair value	Operating Revenue	$ —	$ (2)	$ 1	$ 12
Reclassification to realized at settlement	Operating Revenue	(40)	25	(36)	57
Net mark-to-market gains (losses)	Operating Revenue	$ (40)	$ 23	$ (35)	$ 69

Credit Risk (Exelon, Generation, ComEd, PECO and BGE)

The Registrants would be exposed to credit-related losses in the event of non-performance by counterparties that enter into derivative instruments. The credit exposure of derivative contracts, before collateral, is represented by the fair value of contracts at the reporting date. For energy-related derivative instruments, Generation enters into enabling agreements that allow for payment netting with its counterparties, which reduces Generation's exposure to counterparty risk by providing for the offset of amounts payable to the counterparty against amounts receivable from the counterparty. Typically, each enabling agreement is for a specific commodity and so, with respect to each individual counterparty, netting is limited to transactions involving that specific commodity product, except where master netting agreements exist with a counterparty that allow for cross product netting. In addition to payment netting language in the enabling agreement, Generation's credit department establishes

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credit limits, margining thresholds and collateral requirements for each counterparty, which are defined in the derivative contracts. Counterparty credit limits are based on an internal credit review process that considers a variety of factors, including the results of a scoring model, leverage, liquidity, profitability, credit ratings by credit rating agencies, and risk management capabilities. To the extent that a counterparty's margining thresholds are exceeded, the counterparty is required to post collateral with Generation as specified in each enabling agreement. Generation's credit department monitors current and forward credit exposure to counterparties and their affiliates, both on an individual and an aggregate basis.

The following tables provide information on Generation's credit exposure for all derivative instruments, NPNS, and applicable payables and receivables, net of collateral and instruments that are subject to master netting agreements, as of September 30, 2013. The tables further delineate that exposure by credit rating of the counterparties and provide guidance on the concentration of credit risk to individual counterparties. The figures in the tables below do not include credit risk exposure from uranium procurement contracts or exposure through RTOs, ISOs, NYMEX, ICE and Nodal commodity exchanges, further discussed in ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK. Additionally, the figures in the tables below do not include exposures with affiliates, including net receivables with ComEd, PECO and BGE of $33 million, $30 million and $39 million, respectively.

				Number of Counterparties	Net Exposure of Counterparties
Rating as of September 30, 2013	Total Exposure Before Credit Collateral	Credit Collateral	Net Exposure	Greater than 10% of Net Exposure	Greater than 10% of Net Exposure
Investment grade	$ 1,767	$ 191	$ 1,576	1	$ 478
Non-investment grade	16	9	7	—	—
No external ratings					
Internally rated — investment grade	472	6	466	1	238
Internally rated — non-investment grade	18	1	17	—	—
Total	$ 2,273	$ 207	$ 2,066	2	$ 716

Net Credit Exposure by Type of Counterparty	As of September 30, 2013
Investor-owned utilities, marketers and power producers	$ 743
Energy cooperatives and municipalities	916
Financial institutions	355
Other	52
Total	$ 2,066

ComEd's power procurement contracts provide suppliers with a certain amount of unsecured credit. The credit position is based on forward market prices compared to the benchmark prices. The benchmark prices are the forward prices of energy projected through the contract term and are set at the point of supplier bid submittals. If the forward market price of energy exceeds the benchmark price, the suppliers are required to post collateral for the secured credit portion after adjusting for any unpaid deliveries and unsecured credit allowed under the contract. The unsecured credit used by the suppliers represents ComEd's net credit exposure. As of September 30, 2013, ComEd's credit exposure to suppliers was immaterial.

ComEd is permitted to recover its costs of procuring energy through the Illinois Settlement Legislation. ComEd's counterparty credit risk is mitigated by its ability to recover realized energy costs through customer rates. See Note 5 — Regulatory Matters for additional information.

PECO's supplier master agreements that govern the terms of its electric supply procurement contracts, which define a supplier's performance assurance requirements, allow a supplier to meet its credit requirements with a certain amount of unsecured credit. The amount of unsecured credit is determined based on the supplier's lowest credit rating from the major credit rating agencies and the supplier's tangible net worth. The credit position is based on the initial market price, which is the forward price of energy on the day a transaction is executed, compared to the current forward price curve for energy. To the extent that the forward price curve for energy exceeds the initial market price, the supplier is required to post collateral to the extent the credit exposure is greater than the supplier's unsecured credit limit. As of September 30, 2013, PECO had no net credit exposure with suppliers.

PECO is permitted to recover its costs of procuring electric supply through its PAPUC-approved DSP Program. PECO's counterparty credit risk is mitigated by its ability to recover realized energy costs through customer rates. See Note 5 — Regulatory Matters for further information.

PECO's natural gas procurement plan is reviewed and approved annually on a prospective basis by the PAPUC. PECO's counterparty credit risk under its natural gas supply and asset management agreements is mitigated by its ability to recover its natural gas costs through the PGC, which allows PECO to adjust rates quarterly to reflect realized natural gas prices. PECO does not obtain collateral from suppliers under its natural gas supply and asset management agreements. As of September 30, 2013, PECO had credit exposure of $9 million under its natural gas supply and asset management agreements with investment grade suppliers.

BGE is permitted to recover its costs of procuring energy through the MDPSC-approved procurement tariffs. BGE's counterparty credit risk is mitigated by its ability to recover realized energy costs through customer rates. See Note 5 — Regulatory Matters for further information.

BGE's full requirement wholesale electric power agreements that govern the terms of its electric supply procurement contracts, which define a supplier's performance assurance requirements, allow a supplier, or its guarantor, to meet its credit requirements with a certain amount of unsecured credit. The amount of unsecured credit is determined based on the supplier's lowest credit rating from the major credit rating agencies and the supplier's tangible net worth, subject to an unsecured credit cap. The credit position is based on the initial market price, which is the forward price of energy on the day a transaction is executed, compared to the current forward price curve for energy. To the extent that the forward price curve for energy exceeds the initial market price, the supplier is required to post collateral to the extent the credit exposure is greater than the supplier's unsecured credit limit. The seller's credit exposure is calculated each business day. As of September 30, 2013, BGE had no net credit exposure to suppliers.

BGE's regulated gas business is exposed to market-price risk. This market-price risk is mitigated by BGE's recovery of its costs to procure natural gas through a gas cost adjustment clause approved by the MDPSC. BGE does make off-system sales after BGE has satisfied its customers' demands, which are not covered by the gas cost adjustment clause. At September 30, 2013, BGE had credit exposure of $1 million related to off-system sales which is mitigated by parental guarantees, letters of credit, or right to offset clauses within other contracts with those third party suppliers.

Collateral and Contingent-Related Features (Exelon, Generation, ComEd, PECO and BGE)

As part of the normal course of business, Generation routinely enters into physical or financially settled contracts for the purchase and sale of electric capacity, energy, fuels, emissions allowances and other energy-related products. Certain of Generation's derivative instruments contain provisions that require Generation to post collateral. Generation also enters into commodity transactions on exchanges (i.e., NYMEX, ICE). The exchanges act as the counterparty to each trade. Transactions on the exchanges must adhere to comprehensive

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collateral and margining requirements. This collateral may be posted in the form of cash or credit support with thresholds contingent upon Generation's credit rating from each of the major credit rating agencies. The collateral and credit support requirements vary by contract and by counterparty. These credit-risk-related contingent features stipulate that if Generation were to be downgraded or lose its investment grade credit rating (based on its senior unsecured debt rating), it would be required to provide additional collateral. This incremental collateral requirement allows for the offsetting of derivative instruments that are assets with the same counterparty, where the contractual right of offset exists under applicable master netting agreements. In the absence of expressly agreed-to provisions that specify the collateral that must be provided, collateral requested will be a function of the facts and circumstances of the situation at the time of the demand. In this case, Generation believes an amount of several months of future payments (i.e., capacity payments) rather than a calculation of fair value is the best estimate for the contingent collateral obligation, which has been factored into the disclosure below.

The aggregate fair value of all derivative instruments with credit-risk related contingent features in a liability position that are not fully collateralized (excluding transactions on the exchanges that are fully collateralized) is detailed in the table below:

Credit-Risk Related Contingent Feature		September 30, 2013
Gross Fair Value of Derivative Contracts Containing this Feature(a)	Offsetting Fair Value of In-the-Money Contracts Under Master Netting Arrangements(b)	Net Fair Value of Derivative Contracts Containing This Feature(c)
$ (961)	$790	$ (171)

Credit-Risk Related Contingent Feature		December 31, 2012
Gross Fair Value of Derivative Contracts Containing this Feature(a)	Offsetting Fair Value of In-the-Money Contracts Under Master Netting Arrangements(b)	Net Fair Value of Derivative Contracts Containing This Feature(c)
$ (1,849)	$1,426	$ (423)

(a) Amount represents the gross fair value of out-of-the-money derivative contracts containing credit-risk related contingent features ignoring the effects of master netting agreements.
(b) Amount represents the offsetting fair value of in-the-money derivative contracts under legally enforceable master netting agreements with the same counterparty, which reduces the amount of any liability for which a Registrant could potentially be required to post collateral.
(c) Amount represents the net fair value of out-of-the-money derivative contracts containing credit-risk related contingent features after considering the mitigating effects of offsetting positions under master netting arrangements and reflects the actual net liability upon which any potential contingent collateral obligations would be based.

Generation had cash collateral posted of $353 million and letters of credit posted of $326 million and cash collateral held of $202 million and letters of credit held of $32 million as of September 30, 2013 and cash collateral posted of $527 million and letters of credit posted of $563 million and cash collateral held of $499 million and letters of credit held of $45 million at December 31, 2012 for counterparties with derivative positions. In the event of a credit downgrade below investment grade (i.e., to BB+ or Ba1), Generation could be required to post additional collateral of $1.8 billion as of September 30, 2013 and $2.0 billion as of December 31, 2012. These amounts represent the potential additional collateral required after giving consideration to offsetting derivative and non-derivative positions under master netting agreements.

Generation's and Exelon's interest rate swaps contain provisions that, in the event of a merger, if Generation's debt ratings were to materially weaken, it would be in violation of these provisions, resulting in the ability of the counterparty to terminate the agreement prior to maturity. Collateralization would not be required under any circumstance. Termination of the agreement could result in a settlement payment by Exelon or the

counterparty on any interest rate swap in a net liability position. The settlement amount would be equal to the fair value of the swap on the termination date. As of September 30, 2013, Generation's and Exelon's swaps were in an asset position, with a fair value of $19 million and $32 million, respectively.

See Note 21 — Segment Information of the Exelon 2012 Form 10-K for further information regarding the letters of credit supporting the cash collateral.

Generation entered into SFCs with certain utilities, including PECO and BGE, with one-sided collateral postings only from Generation. If market prices fall below the benchmark price levels in these contracts, the utilities are not required to post collateral. However, when market prices rise above the benchmark price levels, counterparty suppliers, including Generation, are required to post collateral once certain unsecured credit limits are exceeded. Under the terms of ComEd's standard block energy contracts, collateral postings are one-sided from suppliers, including Generation, should exposures between market prices and benchmark prices exceed established unsecured credit limits outlined in the contracts. As of September 30, 2013, ComEd held immaterial amounts of collateral from suppliers in association with energy procurement contracts. Under the terms of ComEd's annual renewable energy contracts, collateral postings are required to cover a fixed value for RECs only. In addition, under the terms of ComEd's long-term renewable energy contracts, collateral postings are required from suppliers for both RECs and energy. The REC portion is a fixed value and the energy portion is one-sided from suppliers should the forward market prices exceed contract prices. As of September 30, 2013, ComEd held approximately $19 million in the form of cash and letters of credit as margin for both the annual and long-term REC obligations. See Note 3 — Regulatory Matters of the Exelon 2012 Form 10-K for further information.

PECO's natural gas procurement contracts contain provisions that could require PECO to post collateral. This collateral may be posted in the form of cash or credit support with thresholds contingent upon PECO's credit rating from the major credit rating agencies. The collateral and credit support requirements vary by contract and by counterparty. As of September 30, 2013, PECO was not required to post collateral for any of these agreements. If PECO lost its investment grade credit rating as of September 30, 2013, PECO could have been required to post approximately $30 million of collateral to its counterparties.

PECO's supplier master agreements that govern the terms of its DSP Program contracts do not contain provisions that would require PECO to post collateral.

BGE's full requirements wholesale power agreements that govern the terms of its electric supply procurement contracts do not contain provisions that would require BGE to post collateral.

BGE's natural gas procurement contracts contain provisions that could require BGE to post collateral. This collateral may be posted in the form of cash or credit support with thresholds contingent upon BGE's credit rating from the major credit rating agencies. The collateral and credit support requirements vary by contract and by counterparty. As of September 30, 2013, BGE was not required to post collateral for any of these agreements. If BGE lost its investment grade credit rating as of September 30, 2013, BGE could have been required to post approximately $41 million of collateral to its counterparties.

11. Debt and Credit Agreements (Exelon, Generation, ComEd, PECO and BGE)

Short-Term Borrowings

Exelon, ComEd and BGE meet their short-term liquidity requirements primarily through the issuance of commercial paper. Generation and PECO meet their short-term liquidity requirements primarily through the issuance of commercial paper and borrowings from the intercompany money pool.

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The Registrants had the following amounts of commercial paper borrowings outstanding as of September 30, 2013 and December 31, 2012:

Commercial Paper Borrowings	September 30, 2013	December 31, 2012
Exelon Corporate	$ —	$ —
Generation	—	—
ComEd	153	—
PECO	—	—
BGE	40	—

Credit Facilities

Exelon had bank lines of credit under committed credit facilities at September 30, 2013 for short-term financial needs, as follows:

Type of Credit Facility	Amount(a) (In billions)	Expiration Dates	Capacity Type
Exelon Corporate			
Syndicated Revolver	$ 0.5	August 2018	Letters of credit and cash
Generation			
Syndicated Revolver	5.3	August 2018	Letters of credit and cash
Bilateral	0.3	December 2015 and March 2016	Letters of credit and cash
Bilateral	0.1	January 2015	Letters of credit
ComEd			
Syndicated Revolver	1.0	March 2018	Letters of credit and cash
PECO			
Syndicated Revolver	0.6	August 2018	Letters of credit and cash
BGE			
Syndicated Revolver	0.6	August 2018	Letters of credit and cash
Total	$ 8.4		

(a) Excludes additional credit facility agreements for Generation, ComEd, PECO and BGE with aggregate commitments of $50 million, $34 million, $34 million and $5 million, respectively, arranged with minority and community banks located primarily within ComEd's, PECO's and BGE's service territories. These facilities expire on October 18, 2014 and are solely utilized to issue letters of credit. As of September 30, 2013, letters of credit issued under these agreements for Generation, ComEd, PECO and BGE totaled $24 million, $26 million, $21 million and $1 million, respectively.

As of September 30, 2013, there were no borrowings under the Registrants' credit facilities.

On January 23, 2013, Generation entered into a two year $75 million bilateral letter of credit facility with a bank. The credit agreement expires in January 2015. This facility will solely be utilized by Generation to issue letters of credit.

On March 14, 2013, ComEd extended its unsecured revolving credit facility with aggregate bank commitments of $1.0 billion. Under this facility, ComEd may issue letters of credit in the aggregate amount of up to $500 million. The credit agreement expires on March 28, 2018, and ComEd may request another one-year extension of that term. The credit facility also allows ComEd to request increases in the aggregate commitments of up to an additional $500 million. Any such extension or increases are subject to the approval of the lenders party to the credit agreement in their sole discretion. Costs incurred to extend the facility for ComEd were not material.

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On August 10, 2013, Exelon Corporate, Generation, PECO and BGE amended and extended their respective unsecured syndicated revolving credit facilities, with aggregate bank commitments of $500 million, $5.3 billion, $600 million and $600 million, respectively. The new covenants are substantially consistent with existing covenants. Costs incurred to amend and extend the facilities for Exelon Corporate, Generation, PECO and BGE were not material.

Effective August 10, 2013, Exelon and ComEd entered into amendments to each of their respective revolving credit facilities (the Amendments). The Amendments relate to the IRS's challenge to the position taken by Exelon on its 1999 federal income tax return with respect to the sale of ComEd's fossil generating assets in a like-kind exchange tax position. The Amendments are intended to exclude the non-cash impact of the like-kind exchange tax position from the calculation of the interest coverage ratio under each of Exelon and ComEd's respective credit facilities. See Note 12 — Income Taxes for additional information.

Borrowings under Exelon Corporate's, Generation's, ComEd's, PECO's and BGE's credit agreements bear interest at a rate based upon either the prime rate or a LIBOR-based rate, plus an adder based upon the particular registrant's credit rating. Exelon Corporate, Generation, ComEd, PECO and BGE have adders of 27.5, 27.5, 27.5, 0.0 and 7.5 basis points for prime based borrowings and 127.5, 127.5, 127.5, 100.0 and 107.5 basis points for LIBOR-based borrowings. The maximum adders for prime rate borrowings and LIBOR-based rate borrowings are 65 basis points and 165 basis points, respectively. The credit agreements also require the borrower to pay a facility fee based upon the aggregate commitments under the agreement. The fee varies depending upon the respective credit ratings of the borrower.

On October 18, 2013, Generation, ComEd, PECO and BGE replaced their respective minority and community bank credit facility agreements in the amounts of $50 million, $34 million, $34 million and $5 million, respectively. These facilities, which expire in October 2014, are solely utilized to issue letters of credit.

Long-Term Debt

Issuance of Long-Term Debt

During the nine months ended September 30, 2013, the following long-term debt was issued:

Company	Type	Interest Rate	Maturity	Amount	Use of Proceeds
Generation	Upstream Gas Lending Agreement	2.210 - 2.440%	July 22, 2016	$ 5	Used to fund Upstream gas activities
Generation	DOE Project Financing	2.535 - 3.353%	January 5, 2037	$ 204	Funding for Antelope Valley Solar Development
Generation	Energy Efficiency Project Financing	4.400%	August 31, 2014	$ 9	Funding to install energy conservation measures in Beckley, West Virginia
Generation	Continental Wind Senior Secured Notes	6.000%	February 28, 2033	$ 613	Used for general corporate purposes
ComEd	First Mortgage Bonds	4.600%	August 15, 2043	$ 350	Used to repay outstanding commercial paper obligations and for general corporate purposes

Company	Type	Interest Rate	Maturity	Amount	Use of Proceeds
PECO	First and Refunding Mortgage Bonds	1.200%	October 15, 2016	$ 300	Used to pay at maturity first and refunding mortgage bonds due October 15, 2013 and other general corporate purposes
PECO	First and Refunding Mortgage Bonds	4.800%	October 15, 2043	$ 250	Used to pay at maturity first and refunding mortgage bonds due October 15, 2013 and other general corporate purposes
BGE	Senior Notes	3.350%	July 1, 2023	$ 300	Used to partially refinance Notes due July 1, 2013 and for general corporate purposes

During the nine months ended September 30, 2012, the following long-term debt was issued:

Company	Type	Interest Rate	Maturity	Amount	Use of Proceeds
Generation	Senior Notes	4.250%	June 15, 2022	$ 523	Used for general corporate purposes and issued in connection with the Exchange Offer
Generation	Senior Notes	5.600%	June 15, 2042	$ 788	Used for general corporate purposes and issued in connection with the Exchange Offer
Generation	CEU Credit Agreement	1.990%	June 16, 2016	$ 43	Used to fund upstream gas activities
Generation	DOE Project Financing	2.330 - 3.092%	January 5, 2037	$ 100	Funding for Antelope Valley Solar Development
Generation	Clean Horizons	2.500%	June 7, 2030	$ 38	Funding for Maryland solar development
PECO	First and Refunding Mortgage Bonds	2.375%	September 15, 2022	$ 350	Used to pay at maturity First Mortgage Bonds due October 1, 2012 and for general corporate purposes
BGE	Notes	2.800%	August 15, 2032	$ 250	Used to repay total outstanding commercial paper and for general corporate purposes

Retirement of Current and Long-Term Debt

During the nine months ended September 30, 2013, the following long-term debt was retired:

Company	Type	Interest Rate	Maturity	Amount
Generation	Kennett Square Capital Lease	7.830%	September 20, 2020	$ 2
Generation	Solar Revolver	1.930 - 1.950%	July 7, 2014	$ 18
Generation	Clean Horizons	2.563%	September 7, 2030	$ 1
Generation(a)	Series A Junior Subordinated Debentures	8.625%	June 15, 2063	$ 450
ComEd	First Mortgage Bonds Series 92	7.625%	April 15, 2013	$ 125
ComEd	First Mortgage Bonds Series 94	7.500%	July 1, 2013	$ 127
BGE	Senior Notes	6.125%	July 1, 2013	$ 400
BGE	Rate Stabilization Bonds	5.720%	April 1, 2017	$ 33

(a) Represents debt obligations assumed by Exelon as part of the merger on March 12, 2012 that became callable at face value on June 15, 2013. Exelon and subsidiaries of Generation (former Constellation subsidiaries) assumed intercompany loan agreements that mirror the terms and amounts of the third-party debt obligations of Exelon, resulting in intercompany notes payable as of December 31, 2012 included in long-term debt to affiliate on Generation's Consolidated Balance Sheets and notes receivable from affiliates at Exelon Corporate, which are eliminated in consolidation on Exelon's Consolidated Balance Sheets. The third-party debt obligations were reported in Long-term Debt on Exelon's Consolidated Balance Sheets as of December 31, 2012. The debentures were redeemed and the intercompany loan agreements repaid on June 15, 2013.

On October 1, 2013, BGE retired $34 million aggregate principal of its 5.720% Rate Stabilization Bonds due April 1, 2017.

On October 15, 2013, PECO retired $300 million aggregate principal of its 5.600% First and Refunding Mortgage Bonds due October 15, 2013.

During the nine months ended September 30, 2012, the following long-term debt was retired:

Company	Type	Interest Rate	Maturity	Amount
ComEd	First Mortgage Bond Series 98	6.15%	March 15, 2012	$ 450
BGE	Rate Stabilization Bonds	5.68%	April 1, 2017	$ 31
BGE	Medium Term Notes	6.73 - 6.75%	June 15, 2012	$ 110
Generation	Kennett Square Capital Lease	7.83%	September 20, 2020	$ 2
Generation	Armstrong Co. tax-exempt	5.00%	December 1, 2042	$ 46
Generation	MEDCO Tax-Exempt Bonds	Various	April 1, 2024	$ 75
Generation	Solar Revolver	2.49%	July 7, 2014	$ 13
Generation	CEU Credit Agreement	2.27%	July 16, 2016	$ 3
Exelon	Senior Notes	7.60%	April 1, 2032	$ 442
Exelon	Medium Term Notes	7.30%	June 1, 2012	$ 2

Accounts Receivable Agreement

PECO was party to an agreement with a financial institution under which it transferred an undivided interest, adjusted daily, in its accounts receivable designated under the agreement in exchange for proceeds of $210 million, which was classified as a short-term note payable on Exelon's and PECO's Consolidated Balance Sheets as of December 31, 2012. The agreement terminated on August 30, 2013 and PECO paid down the outstanding principal of $210 million. The financial institution no longer has an undivided interest in the

accounts receivable designated under the agreement. As of December 31, 2012, the financial institution's undivided interest in Exelon's and PECO's gross accounts receivable was equivalent to $289 million, which represented the financial institution's interest in PECO's eligible receivables as calculated under the terms of the agreement. The agreement required PECO to maintain eligible receivables at least equivalent to the financial institution's undivided interest.

Willis Tower Capital Lease

In the second quarter of 2013, ComEd entered into a 20-year capital lease for transmission distribution space at Willis Tower in Chicago, Illinois. ComEd recorded $8 million on its Consolidated Balance Sheets within property plant and equipment and long-term debt at the inception of the lease. ComEd will make lease payments of less than $1 million annually in 2013-2017 and approximately $7 million thereafter.

Non-Recourse Debt

The following are descriptions of activity that occurred for the nine months ended September 30, 2013 of certain indebtedness of Exelon's project subsidiaries. The indebtedness described below is specific to certain generating facilities pledged as collateral with a net book value of approximately $1.8 billion at September 30, 2013, and all associated project financing liabilities are non-recourse to Exelon and Generation.

Continental Wind

On September 30, 2013, Continental Wind, LLC (Continental Wind), an indirect subsidiary of Exelon and Generation, completed the issuance and sale of $613 million aggregate principal amount of Continental Wind's 6.00% senior secured notes due February 28, 2033. Continental Wind owns and operates a portfolio of wind farms in Idaho, Kansas, Michigan, Oregon, New Mexico and Texas with a total net capacity of 667 MW. The net proceeds were distributed to Generation for its general business purposes. In connection with this non-recourse project financing, Exelon terminated existing interest rate swaps with a total notional amount of $350 million during the third quarter of 2013, and realized a total gain of $26 million upon termination. The gain on the interest rate swaps was recorded within OCI and will reduce the effective interest rate over the life of the debt for Exelon. See Note 10 — Derivative Financial Instruments for additional information on the interest rate swaps.

In addition, Continental Wind entered into a $131 million letter of credit facility and $10 million working capital revolver facility. Continental Wind has issued letters of credit to satisfy certain of the credit support and security obligations of itself. As of September 30, 2013, the Continental Wind letter of credit facility had $90 million in letters of credit outstanding related to the project.

Antelope Valley Project Development Debt Agreement

The DOE Loan Programs Office issued a guarantee for up to $646 million for a non-recourse loan from the Federal Financing Bank to support the financing of the construction of the Antelope Valley facility. The project is expected to be completed the first half of 2014.

In addition, Generation has issued letters of credit to support its equity investment in the project. As of September 30, 2013, Generation has reduced the letters of credit outstanding related to the project to $327 million. The letters of credit balance is expected to decline over time as scheduled equity contributions for the project are made.

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12. Income Taxes (Exelon, Generation, ComEd, PECO and BGE)

The effective income tax rate from continuing operations varies from the U.S. Federal statutory rate principally due to the following:

For the Three Months Ended September 30, 2013	Exelon	Generation	ComEd	PECO	BGE
U.S. Federal statutory rate	35.0%	35.0%	35.0%	35.0%	35.0%
Increase (decrease) due to:					
State income taxes, net of Federal income tax benefit	3.0	2.6	5.4	(0.3)	5.6
Qualified nuclear decommissioning trust fund income	3.5	5.3	—	—	—
Tax exempt income	(0.2)	(0.3)	—	—	—
Health care reform legislation	0.1	—	0.4	—	0.2
Amortization of investment tax credit, net deferred taxes	(1.5)	(2.1)	(0.4)	(0.1)	(0.3)
Plant basis differences	(0.8)	—	(0.4)	(6.9)	0.1
Production tax credits and other credits	(2.2)	(3.3)	—	—	—
Other	0.5	0.1	0.3	(0.1)	(0.2)
Effective income tax rate	37.4%	37.3%	40.3%	27.6%	40.4%

For the Nine Months Ended September 30, 2013	Exelon	Generation	ComEd	PECO	BGE
U.S. Federal statutory rate	35.0%	35.0%	35.0%	35.0%	35.0%
Increase (decrease) due to:					
State income taxes, net of Federal income tax benefit	5.3	1.8	5.2	1.9	5.6
Qualified nuclear decommissioning trust fund income	3.2	5.1	—	—	—
Tax exempt income	(0.2)	(0.3)	—	—	—
Health care reform legislation	0.1	—	0.9	—	0.2
Amortization of investment tax credit, net deferred taxes	(2.3)	(3.4)	(0.8)	(0.1)	(0.3)
Plant basis differences	(1.7)	—	(1.2)	(7.3)	(0.4)
Production tax credits and other credits	(2.4)	(3.9)	—	—	—
Other	0.2	1.1	0.8	—	—
Effective income tax rate	37.2%	35.4%	39.9%	29.5%	40.1%

For the Three Months Ended September 30, 2012	Exelon(a)	Generation(a)	ComEd	PECO	BGE(b)
U.S. Federal statutory rate	35.0%	35.0%	35.0%	35.0%	—%
Increase (decrease) due to:					
State income taxes, net of Federal income tax benefit	5.6	5.9	5.0	3.0	—
Qualified nuclear decommissioning trust fund income	7.8	21.5	—	—	—
Domestic production activities deduction	0.3	0.8	—	—	—
Tax exempt income	(0.2)	(0.5)	—	—	—
Health care reform legislation	—	—	0.6	—	—
Amortization of investment tax credit, net deferred taxes	(4.8)	(13.0)	(0.5)	(0.3)	—
Plant basis differences	(4.7)	—	(0.5)	(21.0)	—
Production tax credits and other credits	(2.5)	(7.4)	—	—	—
Fines and Penalties	(0.1)	—	—	—	—
Other(d)	(1.2)	7.1	—	0.2	—
Effective income tax rate	35.2%	49.4%	39.6%	16.9%	—%

For the Nine Months Ended September 30, 2012	Exelon(a)	Generation(a)	ComEd	PECO	BGE(b)
U.S. Federal statutory rate	35.0%	35.0%	35.0%	35.0%	35.0%
Increase (decrease) due to:					
State income taxes, net of Federal income tax benefit	(4.7)	2.5	5.4	3.2	2.3
Qualified nuclear decommissioning trust fund income	6.9	10.9	—	—	—
Tax exempt income	(0.3)	(0.5)	—	—	—
Health care reform legislation	0.2	—	0.6	—	(4.6)
Amortization of investment tax credit, net deferred taxes	(2.3)	(3.3)	(0.5)	(0.3)	2.9
Plant basis differences	(2.2)	—	(0.2)	(9.7)	7.2
Production tax credits and other credits	(2.6)	(4.3)	—	—	—
Fines and Penalties	3.8	6.0	—	—	—
Merger expenses (c)	3.6	—	—	—	(14.0)
Other	(1.3)	0.8	0.2	—	4.5
Effective income tax rate	36.1%	47.1%	40.5%	28.2%	33.3%

(a) Exelon activity for the three and nine months ended September 30, 2012 includes the results of Constellation and BGE for March 12, 2012 — September 30, 2012. Generation activity for the three and nine months ended September 30, 2012 includes the results of Constellation for March 12, 2012 — September 30, 2012.

(b) BGE activity represents the activity for the three and nine months ended September 30, 2012. BGE activity for the three months ended September 30, 2012 resulted in zero pre-tax income and zero income taxes. BGE recognized a loss before income taxes for the nine months ended September 30, 2012. As a result, positive percentages represent an income tax benefit for BGE for the nine months ended September 30, 2012.

(c) Prior to the close of the merger, the Registrants recorded the applicable taxes on merger transaction costs assuming the merger would not be completed. Upon closing of the merger, the Registrants reversed such taxes for those merger transaction costs that were determined to be non tax-deductible upon successful completion of a merger.

(d) For the three months ended September 30, 2012, Generation's effective tax rate was affected by the resolution of uncertain Federal tax positions (5.3%), the finalization of prior year tax return calculations 4.2%, changes in the forecasted activity attributable to noncontrolling interests 4.1%, and other 4.1%.

Accounting for Uncertainty in Income Taxes

Exelon, Generation, ComEd, PECO, and BGE have $2,164 million, $1,406 million, $327 million, $44 million, and $0 million, of unrecognized tax benefits as of September 30, 2013, respectively, and $1,024 million, $876 million, $67 million, $44 million, and $0 million, of unrecognized tax benefits as of December 31, 2012, respectively. The unrecognized tax benefits as of September 30, 2013 reflect an increase at Exelon and ComEd attributable to the like-kind exchange position discussed below. Furthermore, Exelon's and Generation's unrecognized tax benefits were increased by $446 million in the second quarter in anticipation of filing a refund claim with respect to legacy Constellation taxable years.

Reasonably possible the total amount of unrecognized tax benefits could significantly increase or decrease within 12 months after the reporting date

Settlement of Income Tax Audits

As of September 30, 2013, Exelon and Generation have approximately $160 million of federal and state unrecognized tax benefits that could significantly increase or decrease within the 12 months after the reporting date as a result of completing federal and state audits and expected statute of limitation expirations that if recognized would decrease the effective tax rate.

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Nuclear Decommissioning Liabilities (Exelon and Generation)

AmerGen filed income tax refund claims taking the position that nuclear decommissioning liabilities assumed as part of its acquisition of nuclear power plants are taken into account in determining the tax basis in the assets it acquired. The additional basis results primarily in reduced capital gains or increased capital losses on the sale of assets in nonqualified decommissioning funds and increased tax depreciation and amortization deductions. The IRS disagrees with this position and has disallowed the claims. In November 2008, Generation received a final determination from the Appeals division of the IRS (IRS Appeals) disallowing AmerGen's refund claims. Generation filed a complaint in the United States Court of Federal Claims on February 20, 2009 to contest this determination. During the first and second quarters of 2013, AmerGen and the DOJ completed and filed cross motions for summary judgment. On September 17, 2013, the Court granted the government's motion denying AmerGen's claims for refund. Exelon is currently considering an appeal of the decision to the United States Court of Appeals for the Federal Circuit.

Due to the possibility of final resolution through an appellate decision, Generation continues to believe that it is reasonably possible that the total amount of unrecognized tax benefits may significantly decrease in the next twelve months.

Other Income Tax Matters

Involuntary Conversion, Like-Kind Exchange and Competitive Transition Charges

1999 Sale of Fossil Generating Assets (Exelon and ComEd) . Exelon, through its ComEd subsidiary, took two positions on its 1999 income tax return to defer approximately $2.8 billion of tax gain on the sale of ComEd's fossil generating assets. Exelon deferred approximately $1.6 billion of the gain under the involuntary conversion provisions of the IRC. Exelon believed that it was economically compelled to dispose of ComEd's fossil generating plants as a result of the Illinois Act and that the proceeds from the sale of the fossil plants were properly reinvested in qualifying replacement property such that the gain could be deferred over the lives of the replacement property under the involuntary conversion provisions. The remaining approximately $1.2 billion of the gain was deferred by reinvesting the proceeds from the sale in qualifying replacement property under the like-kind exchange provisions of the IRC. The like-kind exchange replacement property purchased by Exelon included interests in three municipal-owned electric generation facilities which were properly leased back to the municipalities. The IRS disagreed with both positions and asserted that the entire gain of approximately $2.8 billion was taxable in 1999.

Competitive Transition Charges (Exelon, ComEd, and PECO) . Exelon contended that the Illinois Act and the Competition Act resulted in the taking of certain of ComEd's and PECO's assets used in their respective businesses of providing electricity services in their defined service areas. Exelon filed refund claims with the IRS taking the position that CTCs collected during ComEd's and PECO's transition periods represent compensation for that taking and, accordingly, were excludible from taxable income as proceeds from an involuntary conversion. The tax basis of property acquired with the funds provided by the CTCs would be reduced such that the benefits of the position are temporary in nature. The IRS disallowed the refund claims for the 1999-2001 tax years.

Status of Involuntary Conversion and CTC Positions. In the second quarter of 2010, the IRS offered to settle the disagreement over the involuntary conversion and CTC positions. Exelon concluded, based on that offer, that it had sufficient new information that a remeasurement of the involuntary conversion and CTC positions was required in accordance with applicable accounting standards. As a result of the required remeasurement, Exelon recorded $65 million (after-tax) of interest expense, of which $36 million (after-tax) and $22 million (after-tax) were recorded at ComEd and PECO, respectively. ComEd also recorded a current tax

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expense of $70 million offset with a tax benefit recorded at Generation of $70 million. In the third quarter of 2010, Exelon and the IRS reached a nonbinding, preliminary agreement to settle Exelon's involuntary conversion on terms consistent with the settlement offer received in the second quarter. As a result of the preliminary agreement, Exelon and ComEd eliminated any liability for unrecognized tax benefits and established a current tax payable to the IRS. Exelon paid $302 million in late 2010 in advance of the final settlement and the assessment. In November 2012, the IRS and Exelon finalized and executed definitive agreements to resolve Exelon's involuntary conversion and CTC positions.

Status of Like-Kind Exchange Position. Exelon has been unable to reach agreement with the IRS regarding the dispute over the like kind exchange position. The IRS has asserted that the Exelon purchase and leaseback transaction is substantially similar to a leasing transaction, known as a SILO, which the IRS does not respect as the acquisition of an ownership interest in property. A SILO is a "listed transaction" that the IRS has identified as a potentially abusive tax shelter under guidance issued in 2005. Accordingly, the IRS has asserted that the sale of the fossil plants followed by the purchase and leaseback of the municipal owned generation facilities does not qualify as a like-kind exchange and the gain on the sale is fully subject to tax. The IRS has also asserted a penalty of approximately $87 million for a substantial understatement of tax.

Exelon disagrees with the IRS and continues to believe that its like-kind exchange transaction is not the same as or substantially similar to a SILO. Although Exelon has been and remains willing to settle the disagreement on terms commensurate with the hazards of litigation, Exelon does not believe a settlement is possible. Because Exelon believed, as of December 31, 2012, that it was more-likely-than-not that Exelon would prevail in litigation, Exelon and ComEd had no liability for unrecognized tax benefits with respect to the like kind exchange position.

On January 9, 2013, the U.S. Court of Appeals for the Federal Circuit reversed the U.S. Court of Federal Claims and reached a decision for the government in Consolidated Edison v. United States. The Court disallowed Consolidated Edison's deductions stemming from its participation in a LILO transaction that the IRS also has characterized as a tax shelter.

In accordance with applicable accounting standards, Exelon is required to assess whether it is more-likely-than-not that it will prevail in litigation. Exelon continues to believe that its transaction is not a SILO and that it has a strong case on the merits. However, in light of the Consolidated Edison decision and Exelon's current determination that settlement is unlikely, Exelon has concluded that subsequent to December 31, 2012, it is no longer more-likely-than-not that its position will be sustained. As a result, in the first quarter of 2013 Exelon recorded a non-cash charge to earnings of approximately $265 million, which represents the amount of interest expense (after-tax) and incremental state income tax expense for periods through March 31, 2013 that would be payable in the event that Exelon is unsuccessful in litigation. Of this amount, approximately $170 million was recorded at ComEd. Exelon intends to hold ComEd harmless from any unfavorable impacts of the after-tax interest amounts on ComEd's equity. As such, ComEd recorded on its consolidated balance sheet as of March 31, 2013, a $172 million receivable and non-cash equity contributions from Exelon. Exelon and ComEd will continue to accrue interest on the uncertain tax position, and the charges arising from future interest accruals are not expected to be material to the annual operating earnings of Exelon or ComEd. In addition, ComEd will continue to record a receivable and non-cash equity contribution from Exelon in amounts equal to the additional interest recorded by ComEd on the uncertain tax position. Exelon continues to believe that it is unlikely that the $87 million penalty assertion will ultimately be sustained and therefore no liability for the penalty has been recorded.

On September 30, 2013, the Internal Revenue Service issued a notice of deficiency to Exelon for the like-kind exchange position. Exelon will initiate litigation by December 29, 2013 in the United States Tax Court and

is not required to remit any part of the asserted tax or penalty in order to litigate the issue. The litigation could take three to five years including appeals, if necessary. Decisions in the Tax Court are not controlled by the Federal Circuit's decision in Consolidated Edison.

As of September 30, 2013, in the event of a fully successful IRS challenge to Exelon's like-kind exchange position, the potential tax and after-tax interest, exclusive of penalties, that could become currently payable may be as much as $840 million, of which approximately $305 million would be attributable to ComEd after consideration of Exelon's agreement to hold ComEd harmless, and the balance at Exelon. Litigation could take several years such that the estimated cash and interest impacts would likely change by a material amount.

Accounting for Final Tangible Property Regulations (Exelon, Generation, ComEd, PECO, and BGE)

On September 19, 2013, the Treasury Department and the IRS published final regulations regarding the tax treatment of costs incurred to acquire, produce, or improve tangible property. The Registrants are currently assessing the financial impact of this guidance and do not expect it to have a material impact. Any changes in method of accounting required to conform to the final regulations will be made for the Registrant's 2014 taxable year.

Accounting for Generation Repairs (Exelon and Generation)

On April 30, 2013, the IRS issued guidance that will facilitate the determination of the appropriate tax treatment of costs incurred to repair electric generation assets. Exelon and Generation are currently assessing its impact and expect to file a request for change in method of tax accounting for repair costs beginning with its 2014 taxable year.

13. Nuclear Decommissioning (Exelon and Generation)

Nuclear Decommissioning Asset Retirement Obligations

Generation has a legal obligation to decommission its nuclear power plants following the expiration of their operating licenses. To estimate its decommissioning obligation related to its nuclear generating stations for financial accounting and reporting purposes, Generation uses a probability-weighted, discounted cash flow model which, on a unit-by-unit basis, considers multiple outcome scenarios that include significant estimates and assumptions, and are based on decommissioning cost studies, cost escalation rates, probabilistic cash flow models and discount rates. Generation generally updates its ARO annually during the third quarter, unless circumstances warrant more frequent updates, based on its review of updated cost studies and its annual evaluation of cost escalation factors and probabilities assigned to various scenarios.

The following table provides a rollforward of the nuclear decommissioning ARO reflected on Exelon's and Generation's Consolidated Balance Sheets from December 31, 2012 to September 30, 2013:

Nuclear decommissioning ARO at December 31, 2012(a)	$4,741
Accretion expense	194
Net decrease due to changes in, and timing of, estimated cash flows	(141)
Costs incurred to decommission retired plants	(2)
Nuclear decommissioning ARO at September 30, 2013(a)	$4,792

(a) Includes $10 million as the current portion of the ARO at September 30, 2013 and December 31, 2012, respectively, which is included in Other current liabilities on Exelon's and Generation's Consolidated Balance Sheets.

During the nine months ended September 30, 2013, Generation's ARO increased by approximately $51 million. The increase is largely driven by an increase in the estimated costs to decommission the Limerick and Three Mile Island nuclear units resulting from the completion of updated decommissioning costs studies received during 2013 and an increase for accretion of the obligation. These increases in the ARO were offset by decreases to the ARO due to changes in long-term escalation rates, primarily for labor and energy costs, as well as changes in the timing of the future nominal cash flows coupled with the fact that cash flows affected by this change in timing are re-measured and discounted at current CARFRs, which have increased from the prior year. The decrease in the ARO due to the changes in, and timing of, estimated cash flows were entirely offset by decreases in Property, plant and equipment within Exelon's and Generation's Consolidated Balance Sheets.

During the nine months ended September 30, 2012, Generation's ARO increased by $916 million. The increase in the ARO was largely driven by four factors: i) changes in the timing of the future nominal cash flows resulting from an assumed five year deferral to 2025 of the acceptance date of spent nuclear fuel by the DOE coupled with the fact that; ii) cash flows affected by this change in timing are re-measured and discounted at current CARFRs, which had dramatically decreased given the lower interest rate environment; iii) an increase in the estimated costs to decommission the Quad Cities and Dresden nuclear units resulting from the completion of updated decommissioning costs studies received during 2012; and iv) accretion of the obligation. The increase in the ARO due to the changes in, and timing of, estimated cash flows resulted in $10 million of expense, which is included in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income.

Nuclear Decommissioning Trust Fund Investments

NDT funds have been established for each generating station unit to satisfy Generation's nuclear decommissioning obligations. Generally, NDT funds established for a particular unit may not be used to fund the decommissioning obligations of another unit.

The NDT funds associated with the former ComEd, former PECO and former AmerGen units have been funded with amounts collected from ComEd customers, PECO customers and the previous owners of the former AmerGen plants, respectively. Based on an ICC order, ComEd ceased collecting amounts from its customers to pay for decommissioning costs. PECO is authorized to collect funds, in revenues, for decommissioning the former PECO nuclear plants through regulated rates, and these collections are scheduled through the operating lives of the plants. The amounts collected from PECO customers are remitted to Generation and deposited into the NDT funds for the unit for which funds are collected. Every five years, PECO files a rate adjustment with the PAPUC that reflects PECO's calculations of the estimated amount needed to decommission each of the former PECO units based on updated fund balances and estimated decommissioning costs. The rate adjustment is used to determine the amount collectible from PECO customers. The most recent rate adjustment occurred on January 1, 2013, and the effective rates currently yield annual collections of approximately $24 million. The next five-year adjustment is expected to be reflected in rates charged to PECO customers effective January 1, 2018. With respect to the former AmerGen units, Generation does not collect any amounts, nor is there any mechanism by which Generation can seek to collect additional amounts, from customers. Apart from the contributions made to the NDT funds from amounts collected from ComEd and PECO customers, Generation has not made contributions to the NDT funds.

Any shortfall of funds necessary for decommissioning, determined for each generating station unit, is ultimately required to be funded by Generation, with the exception of a shortfall for the current decommissioning activities at Zion Station, where certain decommissioning activities have been transferred to a third party (see Zion Station Decommissioning below). Generation has recourse to collect additional amounts from PECO customers related to a shortfall of NDT funds for the former PECO units, subject to certain limitations and thresholds, as prescribed by an order from the PAPUC. Generally, PECO will not be allowed to collect amounts associated with the first $50 million of any shortfall of trust funds, on an aggregate basis for all former PECO units, compared to

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decommissioning obligations, as well as 5% of any additional shortfalls. The initial $50 million and up to 5% of any additional shortfalls would be borne by Generation. No recourse exists to collect additional amounts from ComEd customers for the former ComEd units or from the previous owners of the former AmerGen units. With respect to the former ComEd and PECO units, any funds remaining in the NDTs after all decommissioning has been completed are required to be refunded to ComEd's or PECO's customers, subject to certain limitations that allow sharing of excess funds with Generation related to the former PECO units. With respect to the former AmerGen units, Generation retains any funds remaining in the funds after decommissioning.

At September 30, 2013 and December 31, 2012, Exelon and Generation had NDT fund investments totaling $7,776 million and $7,248 million, respectively. The following table provides unrealized gains (losses) on NDT funds for the three and nine months ended September 30, 2013 and 2012:

	Exelon and Generation			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Net unrealized gains on decommissioning trust funds — Regulatory Agreement Units (a)	$ 103	$ 202	$ 196	$ 352
Net unrealized gains on decommissioning trust funds — Non-Regulatory Agreement Units(b)(c)	46	71	70	101

(a) Net unrealized gains related to Generation's NDT funds associated with Regulatory Agreement Units are included in Regulatory liabilities on Exelon's Consolidated Balance Sheets and Noncurrent payables to affiliates on Generation's Consolidated Balance Sheets.
(b) Excludes $9 million of net unrealized losses and $22 million of net unrealized gains related to the Zion Station pledged assets for the three months ended September 30, 2013 and 2012, respectively, and $5 million of net unrealized losses and $60 million of net unrealized gains related to the Zion Station pledged assets for the nine months ended September 30, 2013 and 2012, respectively. Net unrealized gains (losses) related to Zion Station pledged assets are included in the Payable for Zion Station decommissioning on Exelon's and Generation's Consolidated Balance Sheets.
(c) Net unrealized gains related to Generation's NDT funds associated with Non-Regulatory Agreement Units are included within Other, net in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income.

Interest and dividends on NDT fund investments are recognized when earned and are included in Other, net in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income. Interest and dividends earned on the NDT fund investments for the Regulatory Agreement Units are eliminated within Other, net in Exelon's and Generation's Consolidated Statement of Operations and Comprehensive Income.

See Note 3 — Regulatory Matters and Note 22 — Related Party Transactions of the Exelon 2012 Form 10-K for information regarding regulatory liabilities at ComEd and PECO and intercompany balances between Generation, ComEd and PECO reflecting the obligation to refund to customers any decommissioning-related assets in excess of the related decommissioning obligations.

Zion Station Decommissioning. On September 1, 2010, Generation completed an Asset Sale Agreement (ASA) with EnergySolutions Inc. and its wholly owned subsidiaries, EnergySolutions, LLC (EnergySolutions) and ZionSolutions under which ZionSolutions has assumed responsibility for decommissioning Zion Station, which is located in Zion, Illinois and ceased operation in 1998. On January 7, 2013, EnergySolutions announced that it had entered a definitive acquisition agreement to be acquired by another Company. Generation reviewed the acquisition as it relates to the ASA to decommission Zion Station. Based on that review, Generation determined that the acquisition will not adversely impact decommissioning activities under the ASA. See Note 13 — Asset Retirement Obligations of the Exelon 2012 Form 10-K for information regarding the specific treatment of assets, including NDT funds, and decommissioning liabilities transferred in the transaction.

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On July 14, 2011, three people filed a purported class action lawsuit in the United States District Court for the Northern District of Illinois naming ZionSolutions and Bank of New York Mellon as defendants and seeking, among other things, an accounting for use of NDT funds, an injunction against the use of NDT funds, the appointment of a trustee for the NDT funds, and the return of NDT funds to customers of ComEd to the extent legally entitled thereto. If the plaintiffs prevail on the merits of their claims, some or all of the NDT funds may no longer be available to ZionSolutions for decommissioning Zion Station, in which case, the contractual arrangement would require ZionSolutions to utilize a line of credit to complete the decommissioning. In addition, the appointment of a NDT fund trustee in this matter could impact Generation's future decommissioning activities at other stations by setting a precedent for the appointment of trustees for NDT funds. On July 20, 2012, ZionSolutions and Bank of New York Mellon filed a motion to dismiss the amended complaint for failing to state a claim. On July 29, 2013, United States District Court for the Northern District of Illinois dismissed the amended complaint. On August 26, 2013, the plaintiffs filed a notice of appeal with the United States Court of Appeals for the Seventh Circuit. The parties will submit briefs in support of their positions, following which the Court of Appeals will typically schedule oral argument.

ZionSolutions is subject to certain restrictions on its ability to request reimbursements from the Zion Station NDT funds as defined within the ASA. Therefore, the transfer of the Zion Station assets did not qualify for asset sale accounting treatment and, as a result, the related NDT funds were reclassified to pledged assets for Zion Station decommissioning within Generation's and Exelon's Consolidated Balance Sheets and will continue to be measured in the same manner as prior to the completion of the transaction. Additionally, the transferred ARO for decommissioning was replaced with a payable to ZionSolutions in Generation's and Exelon's Consolidated Balance Sheets. Changes in the value of the Zion Station NDT assets, net of applicable taxes, will be recorded as a change in the payable to ZionSolutions. At no point will the payable to ZionSolutions exceed the project budget of the costs remaining to decommission Zion Station. Generation has retained its obligation to the SNF following ZionSolutions completion of its contractual obligations, to transfer the SNF at Zion Station to the DOE for ultimate disposal, and to complete all remaining decommissioning activities associated with the SNF storage facility. Generation has a liability of approximately $81 million, which is included within the nuclear decommissioning ARO at September 30, 2013. Generation also has retained NDT assets to fund its obligation to maintain and transfer the SNF at Zion Station and to complete all remaining decommissioning activities for the SNF storage facility. Any shortage of funds necessary to maintain the SNF and decommission the SNF storage facility is ultimately required to be funded by Generation. Any Zion Station NDT funds remaining after the completion of all decommissioning activities will be returned to ComEd customers in accordance with the applicable orders. The following table provides the pledged assets and payable to ZionSolutions, and withdrawals by ZionSolutions at September 30, 2013 and December 31, 2012:

	Exelon and Generation	
	September 30, 2013	December 31, 2012
Carrying value of Zion Station pledged assets	$ 486	$ 614
Payable to Zion Solutions(a)	443	564
Current portion of payable to Zion Solutions(b)	104	132
Withdrawals by Zion Solutions to pay decommissioning costs(c)	458	335

(a) Excludes a liability recorded within Exelon's and Generation's Consolidated Balance Sheets related to the tax obligation on the unrealized activity associated with the Zion Station NDT Funds. The NDT Funds will be utilized to satisfy the tax obligations as gains and losses are realized.
(b) Included in Other current liabilities within Exelon's and Generation's Consolidated Balance Sheets.
(c) Cumulative withdrawals since September 1, 2010.

NRC Minimum Funding Requirements . NRC regulations require that licensees of nuclear generating facilities demonstrate reasonable assurance that funds will be available in specified minimum amounts to decommission the facility at the end of its life. On April 1, 2013, Generation submitted its NRC-required biennial decommissioning funding status report as of December 31, 2012. As of December 31, 2012, Generation provided adequate funding assurance for all of its units, including Limerick Unit 1, where Generation has in place a $115 million parent guarantee to cover the NRC minimum funding assurance requirements. On October 2, 2013, the NRC issued summary findings from the NRC Staff's review of the 2013 decommissioning funding status reports for all 104 operating reactors, including the Generation operating units. Based on that review, the NRC Staff determined that Generation provided decommissioning funding assurance under the NRC regulations for all of its operating units, including Limerick Unit 1.

On January 31, 2013, Generation received a letter from the NRC indicating that the NRC has identified potential "apparent violations" of its regulations because of alleged inaccuracies in the Decommissioning Funding Status reports for 2005, 2006, 2007, and 2009. The NRC asserted that Generation's status reports deliberately reflected cost estimates for decommissioning its nuclear plants that were less than what the NRC says are the minimum amounts required by NRC regulations. Generation met with the NRC on April 30, 2013 for a pre-decisional enforcement conference to provide additional information to explain why Generation believes that it complied with the regulatory requirements and did not deliberately or otherwise provide incomplete or inaccurate information in its decommissioning funding status reports. While Generation does not believe that any sanction is appropriate, the ultimate outcome of this proceeding including the amount of a potential fine or sanction, if any, is uncertain. The January 31, 2013 letter from the NRC does not take issue with Generation's current funding status, and as reflected in Generation's April 1, 2013 decommissioning funding status report referenced above, Generation continues to provide adequate funding assurance for each of its units. In the normal course of NRC review, Generation has received a series of data requests that are unrelated to the potential apparent violations and the pre-decisional enforcement conference. Generation continues to cooperate with the NRC and provide the requested information. Generation does not have a definite date on which it will receive a response from the NRC. Although the government shutdown may delay receipt of a response from the NRC, Generation anticipates that the NRC will issue its findings this year.

In addition, on June 24, 2013, Exelon received a subpoena from the SEC requesting that Exelon provide the SEC with certain documents generally relating to Exelon and Generation's reporting and funding of the future decommissioning of Exelon's nuclear power plants. Exelon and Generation are cooperating with the SEC and providing the requested documents.

14. Retirement Benefits (Exelon, Generation, ComEd, PECO and BGE)

Exelon sponsors defined benefit pension plans and other postretirement benefit plans for essentially all Generation, ComEd, PECO, BGE and BSC employees.

Defined Benefit Pension and Other Postretirement Benefits

During the first quarter of 2013, Exelon received an updated valuation of its legacy pension and other postretirement benefit obligations to reflect actual census data as of January 1, 2013. This valuation resulted in an increase to the pension obligation of $8 million and a decrease to the other postretirement benefit obligation of $39 million. Additionally, accumulated other comprehensive loss decreased by approximately $75 million (after tax) and regulatory assets increased by approximately $93 million. During the second quarter of 2013, Exelon received the updated valuation for the legacy Constellation pension and other postretirement obligations to reflect actual census data as of January 1, 2013. This valuation resulted in an increase to the pension obligation of $23

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million and a decrease to the other postretirement benefit obligation of $12 million. Additionally, accumulated other comprehensive loss increased by approximately $2 million (after tax) and regulatory assets increased by approximately $14 million.

The following tables present the components of Exelon's net periodic benefit costs for the three and nine months ended September 30, 2013 and 2012. The 2013 pension benefit cost for all plans is calculated using an expected long-term rate of return on plan assets of 7.50% and a discount rate of 3.92%. The 2013 other postretirement benefit cost is calculated using an expected long-term rate of return on plan assets of 6.45% for funded plans and a discount rate of 4.00% for all plans. Certain other postretirement benefit plans are not funded. A portion of the net periodic benefit cost is capitalized within the Consolidated Balance Sheets.

	Pension Benefits Three Months Ended September 30,		Other Postretirement Benefits Three Months Ended September 30,	
	2013	2012	2013	2012
Service cost	$ 79	$ 76	$ 41	$ 38
Interest cost	163	181	48	53
Expected return on assets	(253)	(258)	(33)	(28)
Amortization of:				
Transition obligation	—	—	—	2
Prior service cost (benefit)	3	5	(4)	(3)
Actuarial loss	140	117	20	19
Settlement charges	9	9	—	—
Curtailment gain	—	—	—	(5)
Net periodic benefit cost	$ 141	$ 130	$ 72	$ 76

	Pension Benefits Nine Months Ended September 30,		Other Postretirement Benefits Nine Months Ended September 30,	
	2013	2012	2013	2012
Service cost	$ 238	$ 211	$ 122	$ 114
Interest cost	488	524	145	157
Expected return on assets	(761)	(742)	(99)	(86)
Amortization of:				
Transition obligation	—	—	—	8
Prior service cost (benefit)	10	12	(14)	(10)
Actuarial loss	421	338	62	58
Settlement charges	9	9	—	—
Contractual termination benefit cost(a)	—	14	—	6
Curtailment gain	—	—	—	(7)
Net periodic benefit cost	$ 405	$ 366	$ 216	$ 240

(a) ComEd and BGE established regulatory assets of $1 million and $4 million, respectively, for their portion of the second quarter 2012 contractual termination benefit charge.

The amounts below were included in Capital expenditures and Operating and maintenance expense during the three and nine months ended September 30, 2013 and 2012, for Generation's, ComEd's, PECO's, BGE's and BSC's allocated portion of the pension and postretirement benefit plan costs.

	Three Months Ended September 30,		Nine Months Ended September 30,	
Pension and Other Postretirement Benefit Costs	**2013**	**2012**	**2013**	**2012**
Generation	$ 87	$ 85	$ 259	$ 259
ComEd	77	75	231	212
PECO	11	12	32	38
BGE(a)(b)	14	14	41	46
BSC(c)	24	20	58	63

(a) BGE's pension and postretirement benefit costs for the nine months ended September 30, 2012 include $12 million of costs incurred prior to the closing of Exelon's merger with Constellation on March 12, 2012. These amounts are not included in Exelon's net periodic benefit costs for the nine months ended September 30, 2012 shown in the first table of the Defined Benefit Pension and Other Postretirement Benefits section above.

(b) BGE's pension and other postretirement benefit costs for the three and nine months ended September 30, 2012 includes a $3 million contractual termination benefit charge, which was recorded as a regulatory asset as of September 30, 2012.

(c) These amounts primarily represent amounts billed to Exelon's subsidiaries through intercompany allocations. These amounts are not included in the Generation, ComEd, PECO or BGE amounts above. As of September 30, 2012, ComEd and BGE each recorded a regulatory asset of $1 million related to their BSC-billed portion of the second quarter 2012 contractual termination benefit charge.

Management considers various factors when making pension funding decisions, including actuarially determined minimum contribution requirements under ERISA, contributions required to avoid benefit restrictions and at-risk status as defined by the Pension Protection Act of 2006, management of the pension obligation and regulatory implications. Exelon has contributed $255 million to its qualified pension plans in 2013, of which Generation, ComEd, PECO and BGE contributed $113 million, $115 million, $11 million and $0 million, respectively. Unlike the qualified pension plans, Exelon's non-qualified pension plans are not funded. Exelon expects to make non-qualified pension plan benefit payments of $82 million in 2013, of which Generation, ComEd, PECO, and BGE will make payments of $7 million, $1 million, $0 million, and $2 million, respectively.

Unlike qualified pension plans, other postretirement plans are not subject to statutory minimum contribution requirements. Exelon's management has historically considered several factors in determining the level of contributions to its other postretirement benefit plans, including levels of benefit claims paid and regulatory implications (amounts deemed prudent to meet regulator expectations and best assure continued recovery). In 2013, Exelon anticipates funding its other postretirement benefit plans based on the funding considerations discussed above, with the exception of those plans previously sponsored by Constellation and AmerGen, which remain unfunded. Exelon expects to make other postretirement benefit plan contributions, including benefit payments related to unfunded plans, of approximately $276 million in 2013, of which Generation, ComEd, PECO, and BGE expect to contribute $108 million, $112 million, $21 million, and $17 million, respectively.

Plan Assets

Investment Strategy. On a regular basis, Exelon evaluates its investment strategy to ensure that plan assets will be sufficient to pay plan benefits when due. As part of this ongoing evaluation, Exelon may make changes to its targeted asset allocation and investment strategy.

Exelon has developed and implemented a liability hedging investment strategy for its qualified pension plans that has reduced the volatility of its pension assets relative to its pension liabilities. Exelon is likely to

continue to gradually increase the liability hedging portfolio as the funded status of its plans improves. The overall objective is to achieve attractive risk-adjusted returns that will balance the liquidity requirements of the plans' liabilities while striving to minimize the risk of significant losses. This investment strategy would tend to result in a lower expected rate of return on plan assets in future years. Trust assets for Exelon's other postretirement plans are managed in a diversified investment strategy that prioritizes maximizing liquidity and returns while minimizing asset volatility.

Defined Contribution Savings Plans

The Registrants participate in various 401(k) defined contribution savings plans that are sponsored by Exelon. The plans are qualified under applicable sections of the IRC and allow employees to contribute a portion of their pre-tax income in accordance with specified guidelines. All Registrants match a percentage of the employee contributions up to certain limits. The following table presents the matching contributions to the savings plans during the three and nine months ended September 30, 2013 and 2012:

	Three Months Ended September 30,		Nine Months Ended September 30,	
Savings Plan Matching Contributions	**2013**	**2012**	**2013**	**2012**
Exelon	$ 18	$ 19	$ 61	$ 55
Generation	8	9	29	25
ComEd	6	5	16	14
PECO	2	2	6	5
BGE(a)	1	1	5	5
BSC(b)	1	2	5	6

(a) BGE's matching contributions for the nine months ended September 30, 2012 include $1 million of costs incurred prior to the closing of Exelon's merger with Constellation on March 12, 2012, which is not included in Exelon's matching contributions for the nine months ended September 30, 2012.

(b) These amounts primarily represent amounts billed to Exelon's subsidiaries through intercompany allocations. These costs are not included in the Generation, ComEd, PECO or BGE amounts above.

15. Stock-Based Compensation Plans (Exelon, Generation, ComEd, PECO and BGE)

Exelon grants stock-based awards through its LTIP, which primarily includes stock options, restricted stock units and performance share awards. At September 30, 2013, there were approximately 16 million shares authorized for issuance under the LTIP. For the three and nine months ended September 30, 2013 and 2012, exercised and distributed stock-based awards were primarily issued from authorized but unissued common stock shares.

The Compensation Committee of Exelon's Board of Directors changed the mix of awards granted under the LTIP in 2013 by eliminating stock options in favor of the use of full value shares, consisting of performance shares and restricted stock. The performance share awards granted in 2013 will vest at the end of a three-year performance period. The performance share awards granted in 2012 and earlier had a one-year performance period and vested ratably over three years. To address the reduction in annual award opportunity resulting from the transition to a three-year performance period, the Compensation Committee also approved a one-time grant of performance share transition awards in 2013, which will vest one-third after one year, with the remaining balance vesting over a two-year performance period.

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The following table presents the stock-based compensation expense included in Exelon's Consolidated Statements of Operations and Comprehensive Income for the three and nine months ended September 30, 2013 and 2012:

	Three Months Ended September 30,		Nine Months Ended September 30,	
Components of Stock-Based Compensation Expense	2013	2012	2013	2012
Performance share awards	$ 12	$ 5	$ 41	$ 32
Stock options	1	2	3	13
Restricted stock units	13	12	49	41
Other stock-based awards	1	1	4	3
Total stock-based compensation expense included in operating and maintenance expense	27	20	97	89
Income tax benefit	(10)	(8)	(37)	(34)
Total after-tax stock-based compensation expense	$ 17	$ 12	$ 60	$ 55

The following table presents stock-based compensation expense (pre-tax) for the three and nine months ended September 30, 2013 and 2012:

	Three Months Ended September 30,		Nine Months Ended September 30,	
Subsidiaries	2013	2012	2013	2012
Generation	$ 10	$ 9	$ 38	$ 33
ComEd	3	2	7	9
PECO	1	1	4	4
BGE(a)	1	1	5	4
BSC(b)	12	7	43	39
Total(c)	$ 27	$ 20	$ 97	$ 89

(a) BGE's stock-based compensation expense (pre-tax) for the nine months ended September 30, 2012 excludes $2 million of cost incurred in 2012 prior to the closing of Exelon's merger with Constellation on March 12, 2012. This amount is not included in Exelon's stock-based compensation expense for the nine months ended September 30, 2012 shown in the tables titled Components of Stock-Based Compensation Expense and Subsidiaries above.

(b) These amounts primarily represent amounts billed to Exelon's subsidiaries through intercompany allocations. These amounts are not included in the Generation, ComEd, PECO and BGE amounts above.

(c) The stock-based compensation expense (pre-tax) for the three and nine months ended September 30, 2013 reflects the impact of changes to the retirement eligibility requirements for employees participating in the LTIP. In addition, the stock-based compensation expense at ComEd reflects the adoption of the ComEd Key Manager Long-Term Performance Program in 2013 for certain employees, which is not considered stock-based compensation expense under the applicable authoritative guidance. In 2012, these employees participated in the Exelon Restricted Stock Award Program.

There were no significant stock-based compensation costs capitalized during the three and nine months ended September 30, 2013 and 2012.

Stock Options

Non-qualified stock options are granted under the LTIP with exercise prices equal to the fair market value of the underlying stock at the date of grant. Generally, the stock options vest ratably over a four-year vesting period and expire ten years from the date of grant.

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There were no stock options granted in 2013. The Compensation Committee eliminated stock option grants by changing the mix of long-term incentives for senior vice presidents (SVPs) and higher officers from 75% performance shares and 25% stock options to 67% performance shares and 33% restricted stock units ("RSUs").

At September 30, 2013, $3 million of total unrecognized compensation costs related to nonvested stock options are expected to be recognized over the remaining weighted-average period of 1.8 years.

Restricted Stock Units

Restricted stock units are granted under the LTIP with the majority being settled in a specific number of shares of common stock after the service condition has been met. The corresponding cost of services is measured based on the grant date fair value of the restricted stock unit issued. The requisite service period for restricted stock units is generally three to five years. However, certain restricted stock unit awards become fully vested upon the employee reaching retirement-eligibility.

At September 30, 2013 and December 31, 2012, Exelon had obligations related to outstanding restricted stock units not yet settled of $67 million and $58 million, respectively, which are included in common stock in Exelon's Consolidated Balance Sheets. As of September 30, 2013 and December 31, 2012, Exelon had no obligations related to outstanding restricted stock units that will be settled in cash. During the three months ended September 30, 2013 and 2012, Exelon settled restricted stock units with a fair value totaling $3 million and $4 million, respectively. During the nine months ended September 30, 2013 and 2012, Exelon settled restricted stock units with a fair value totaling $26 million and $23 million, respectively. At September 30, 2013, $69 million of total unrecognized compensation costs related to nonvested restricted stock units are expected to be recognized over the remaining weighted-average period of 2.2 years.

Performance Share and Performance Share Transition Awards

Performance share awards are granted under the LTIP with the 2013 performance share awards being settled 50% in common stock and 50% in cash at the end of the three-year performance period except for awards granted to executive vice presidents and higher officers that may be settled 100% in cash if certain ownership requirements are satisfied. The 2012 performance share awards are being settled 50% in common stock and 50% in cash over the three-year vesting term with executive vice presidents and higher officers receiving 100% cash if certain ownership requirements are satisfied. The performance shares granted prior to 2012 generally vest and settle over a three-year period with the holders receiving shares of common stock and/or cash annually during the vesting period.

The one-time 2013 performance share transition awards, which provide an opportunity to earn an award contingent on company performance, will be settled 50% in common stock and 50% in cash, except for awards granted to executive vice presidents and higher officers that may be settled 100% in cash if certain ownership requirements are satisfied. One-third of the award vests and is payable after a one-year performance period while the remaining two-thirds vests and is payable after a two-year performance period.

The payout of the 2013 performance share awards and one-time performance share transition awards are based on the Company's performance against specific operational and financial goals set annually during the respective performance periods. As a result, the 2013 performance share awards have been divided into equal tranches for the purpose of expense recognition as though the respective award were multiple awards; with each tranche representing a corresponding fiscal year. The one-time performance share transition awards have also been divided into multiple tranches for the purpose of expense recognition. One tranche reflects the one-third of the awards that vests and are payable after a one-year period. The two-thirds of the one-time performance share

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transition awards that are subject to a two-year performance period have also been divided into equal tranches; with each tranche representing a corresponding fiscal year. The grant date for each tranche of the 2013 performance share and one-time performance share transition awards is the date in which the performance goals for that fiscal year are approved and communicated, which typically occurs at the corresponding January Compensation Committee meeting.

The 2013 performance share awards and one-time performance share transition awards are recorded at fair value at the grant dates for each tranche, with the estimated grant date fair value based on the expected payout of the award, which may range from 50% to 150% of the payout target. The 2013 performance share awards also include a total shareholder return modifier (TSR) that may increase or decrease the award up to 25% and an individual performance modifier (IPM) that can decrease the award by up to 50% or increase the award by up to 10% for senior vice presidents and higher officers or up to 20% for vice presidents. The one-time performance share transition award is not affected by either TSR or the IPM.

The common stock portion of the performance share and one-time performance share transition awards is considered an equity award being valued based on Exelon's stock price on the grant date. The cash portion of the awards is considered a liability award which is remeasured each reporting period based on Exelon's current stock price. As the value of the common stock and cash portions of the awards are based on Exelon's stock price during the performance period, coupled with changes in the total shareholder return modifier and expected payout of the award, the compensation costs are subject to volatility until payout is established.

The 2012 performance share awards are recorded at fair value at the date of grant with the estimated grant date fair value based on the expected payout of the award, which may range from 75% to 125% of the payout target. The common stock portion is considered an equity award with the 75% payout floor being valued based on Exelon's stock price on the grant date. The cash portion of the award is considered a liability award with the 75% payout floor being remeasured each reporting period based on Exelon's current stock price. The expected payout in excess of the 75% floor for the equity and liability portions are remeasured each reporting period based on Exelon's current stock price and changes in the expected payout of the award; therefore these portions of the award are subject to volatility until the payout is established.

For nonretirement-eligible employees, stock-based compensation costs are recognized over the vesting period of three years using the graded-vesting method. For performance share and one-time performance share transition awards granted to retirement-eligible employees, the value of the performance shares in recognized ratably over the vesting period, which is the year of grant.

At September 30, 2013 and December 31, 2012, Exelon had obligations related to outstanding performance shares not yet settled of $63 million and $53 million, respectively. During the three months ended September 30, 2013 and 2012, Exelon settled performance shares with a fair value totaling $3 million and $3 million, respectively, of which $3 million and $0 million was paid in cash, respectively. During the nine months ended September 30, 2013 and 2012, Exelon settled performance shares with a fair value totaling $25 million and $22 million, respectively, of which $12 million and $3 million was paid in cash, respectively. As of September 30, 2013, $32 million of total unrecognized compensation costs related to nonvested performance shares are expected to be recognized over the remaining weighted-average period of 2.3 years. In addition, as of September 30, 2013, $19 million of total unrecognized compensation costs related to nonvested one-time performance share transition awards are expected to be recognized over the remaining weighted-average period of 1.3 years.

16. Changes in Accumulated Other Comprehensive Income (Exelon, Generation, and PECO)

The following table presents changes in accumulated other comprehensive income (loss) (AOCI) by component for nine months ended September 30, 2013:

	Gains and (Losses) on Cash Flow Hedges	Unrealized Gains and (Losses) on Marketable Securities	Pension and Non-Pension Postretirement Benefit Plan items	Foreign Currency Items	AOCI of Equity Investments	Total
Exelon(a)						
Beginning balance	$ 368	$ —	$ (3,137)	$ —	$ 2	$(2,767)
OCI before reclassifications	25	(1)	73	(5)	46	138
Amounts reclassified from AOCI(b)	(194)	—	157	—	5	(32)
Net current-period OCI	(169)	(1)	230	(5)	51	106
Ending balance	$ 199	$ (1)	$ (2,907)	$ (5)	$ 53	$(2,661)
Generation(a)						
Beginning balance	$ 512	$ —	$ —	$ —	$ 1	$ 513
OCI before reclassifications	12	(1)	—	(5)	47	53
Amounts reclassified from AOCI(b)	(328)	—	—	—	5	(323)
Net current-period OCI	(316)	(1)	—	(5)	52	(270)
Ending balance	$ 196	$ (1)	$ —	$ (5)	$ 53	$ 243
PECO(a)						
Beginning balance	$ —	$ 1	$ —	$ —	$ —	$ 1
OCI before reclassifications	—	—	—	—	—	—
Amounts reclassified from AOCI(b)	—	—	—	—	—	—
Net current-period OCI	—	—	—	—	—	—
Ending balance	$ —	$ 1	$ —	$ —	$ —	$ 1

(a) All amounts are net of tax. Amounts in parenthesis represent a decrease in accumulated other comprehensive income.
(b) See next table for details about these reclassifications.

ComEd, PECO, and BGE did not have any reclassifications out of AOCI to Net Income during the three and nine months ended September 30, 2013. The following table presents amounts reclassified out of AOCI to Net Income for Exelon and Generation during the three and nine months ended September 30, 2013:

Three Months Ended September 30, 2013

Details about AOCI components	Items reclassified out of AOCI(a)		Affected line item in the statement where Net Income is presented
	Exelon	Generation	
Gains and (losses) on cash flow hedges			
Energy related hedges	$ 84	$ 84	Operating revenues
Other cash flow hedges	(1)	(1)	Interest expense
	83	83	Total before tax
	(35)	(33)	Tax (expense)
	$ 48	$ 50	Net of tax
Amortization of pension and other postretirement benefit plan items			
Actuarial losses	(92)	—	(b)
Deferred compensation unit plan	(1)	—	(c)
	(93)	—	Total before tax
	37	—	Tax benefit
	$ (56)	$ —	Net of tax
Total Reclassifications for the period	$ (8)	$ 50	Net of Tax

Nine Months Ended September 30, 2013

Details about AOCI components	Items reclassified out of AOCI(a) Exelon	Generation	Affected line item in the statement where Net Income is presented
Gains and (losses) on cash flow hedges			
Energy related hedges	$ 324	$ 543	Operating revenues
Other cash flow hedges	(2)	—	Interest expense
	322	543	Total before tax
	(128)	(215)	Tax (expense)
	$ 194	$ 328	Net of tax
Amortization of pension and other postretirement benefit plan items			
Prior service costs	$ (1)	$ —	(b)
Actuarial losses	(257)	—	(b)
Deferred compensation unit plan	(1)	—	(c)
	(259)	—	Total before tax
	102	—	Tax benefit
	$ (157)	$ —	Net of tax
Equity investments			
Capital activity	$ (8)	$ (8)	Equity in losses of unconsolidated affiliates
	(8)	(8)	Total before tax
	3	3	Tax benefit
	$ (5)	$ (5)	Net of tax
Total Reclassifications for the period	$ 32	$ 323	Net of Tax

(a) All amounts are net of tax. Amounts in parenthesis represent a decrease in net income.
(b) This accumulated other comprehensive income component is included in the computation of net periodic pension and OPEB cost (see note 14 for additional details).
(c) Amortization of deferred compensation unit is allocated to capital and operating and maintenance expense.

The following table presents income tax expense (benefit) allocated to each component of other comprehensive income (loss) during the three and nine months ended September 30, 2013 and 2012:

	Three Months Ended September 30, 2013	Three Months Ended September 30, 2012	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012
Exelon				
Pension and non-pension postretirement benefit plans:				
Prior service benefit reclassified to periodic benefit cost	$ —	$ 1	$ —	$ 2
Actuarial loss reclassified to periodic cost	33	28	97	82
Transition obligation reclassified to periodic cost	—	1	—	2
Pension and non-pension postretirement benefit plans valuation adjustment	(6)	(43)	44	(51)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Deferred compensation unit valuation adjustment	—	—	6	—
Change in unrealized loss on cash flow hedges	(35)	(57)	(109)	36
Change in unrealized income on equity investments	9	11	32	15
Change in unrealized loss on marketable securities	—	—	—	1
Total	$ 1	$ (59)	$ 70	$ 87
Generation				
Change in unrealized loss on cash flow hedges	$ (36)	$ (113)	$ (209)	$ (122)
Change in unrealized income on equity investments	9	11	32	15
Total	$ (27)	$ (102)	$ (177)	$ (107)

17. Earnings Per Share and Equity (Exelon and PECO)

Earnings per Share (Exelon)

Diluted earnings per share is calculated by dividing Net income attributable to common shareholders by the weighted average number of shares of common stock outstanding, including shares to be issued upon exercise of stock options, performance share awards and restricted stock outstanding under Exelon's LTIPs considered to be common stock equivalents. The following table sets forth the components of basic and diluted earnings per share and shows the effect of these stock options, performance share awards and restricted stock on the weighted average number of shares outstanding (in millions) used in calculating diluted earnings per share:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Net income attributable to common shareholders	$ 738	$ 296	$ 1,224	$ 782
Average common shares outstanding — basic	857	854	856	804
Assumed exercise of stock options, performance share awards and restricted stock	3	3	4	2
Average common shares outstanding — diluted	860	857	860	806

The number of stock options not included in the calculation of diluted common shares outstanding due to their antidilutive effect was approximately 20 million for the three and nine months ended September 30, 2013 and 18 million and 13 million for the three and nine months ended September 30, 2012, respectively.

Under share repurchase programs, 35 million shares of common stock are held as treasury stock with a cost of $2.3 billion as of September 30, 2013. In 2008, Exelon management decided to defer indefinitely any share repurchases.

Preferred Securities Redemption (Exelon and PECO)

On March 25, 2013, PECO announced that it issued a notice of redemption for all of its outstanding preferred securities with a redemption date of May 1, 2013. PECO had $87 million of cumulative preferred securities that were redeemable at its option at any time for the redemption price established when each series of securities were issued. The redemption premium of $6 million is treated as a reduction to Net income to arrive at Net income attributable to common shareholders utilized in the calculation of the earnings per share for Exelon. As a result of the redemption, PECO is now indirectly, wholly-owned by Exelon.

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18. Commitments and Contingencies (Exelon, Generation, ComEd, PECO and BGE)

The following is an update to the current status of commitments and contingencies set forth in Note 19 of the Exelon 2012 Form 10-K.

Commitments

Energy Commitments

As of September 30, 2013, Generation's commitments relating to purchases from unaffiliated utilities and others of energy, capacity and transmission rights, are as indicated in the following table:

	Net Capacity Purchases (a)	REC Purchases(b)	Transmission Rights Purchases(c)	Purchased Energy from CENG	Total
2013	$ 86	$ 17	$ 7	$ 186	$ 296
2014	396	124	26	745	1,291
2015	368	97	13	—	478
2016	285	57	2	—	344
2017	223	16	2	—	241
Thereafter	526	5	34	—	565
Total	$ 1,884	$ 316	$ 84	$ 931	$3,215

(a) Net capacity purchases include PPAs and other capacity contracts including those that are accounted for as operating leases. Amounts presented in the commitments represent Generation's expected payments under these arrangements at September 30, 2013, net of fixed capacity payments expected to be received by Generation under contracts to resell such acquired capacity to third parties under long-term capacity sale contracts. These capacity payments represent the fixed, or pre-determined, payment for output from contracted generation facilities. Output in this context generally includes products such as energy, capacity, and various ancillary services associated with generating facilities. Expected payments include certain capacity charges which are contingent on plant availability.

(b) Power-related purchases include firm REC purchase agreements. The table excludes renewable energy purchases that are contingent in nature.

(c) Transmission rights purchases include estimated commitments for additional transmission rights that will be required to fulfill firm sales contracts.

In connection with Constellation's comprehensive agreement with EDF in October 2010, Constellation's and EDF's existing power purchase agreements with CENG were modified to be unit-contingent through the end of their original term in 2014. Under these agreements, CENG has the ability to fix the energy price on a forward basis by entering into monthly energy hedge transactions for a portion of the future sale, while any unhedged portions will be provided at market prices by default. Additionally, beginning in 2015 and continuing to the end of the life of the respective plants, Generation agreed to purchase 50.01% of the available output of CENG's nuclear plants at market prices. Generation discloses in the table above commitments to purchase from CENG at fixed prices. All commitments to purchase at market prices, which include all purchases subsequent to December 31, 2014, are excluded from the table. Generation continues to own a 50.01% membership interest in CENG that is accounted for as an equity method investment. See Note 6 — Investment in Constellation Energy Nuclear Group, LLC for more details on this arrangement.

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ComEd's, PECO's and BGE's electric supply procurement, curtailment services, REC and AEC purchase commitments as of September 30, 2013 are as follows:

		Expiration within					
	Total	2013	2014	2015	2016	2017	2018 and beyond
ComEd							
Electric supply procurement(a)	$ 878	$142	$323	$136	$137	$140	$ —
Renewable energy and RECs(b)	1,604	20	67	74	76	77	1,290
PECO							
Electric supply procurement(c)	886	211	584	91	—	—	—
AECs	15	1	2	2	2	2	6
BGE							
Electric supply procurement(d)	1,122	227	669	226	—	—	—
Curtailment services(e)	147	13	46	41	34	13	—

(a) ComEd entered into various contracts for the procurement of electricity that started to expire in 2012, and will continue to expire through 2017. ComEd is permitted to recover its electric supply procurement costs from retail customers with no mark-up. See Note 5 — Regulatory Matters for additional information.
(b) ComEd entered into 20-year contracts for renewable energy and RECs beginning June 2012. ComEd is permitted to recover its renewable energy and REC costs from retail customers with no mark-up. Pursuant to the ICC's Order on December 19, 2012, ComEd's commitments under the existing long-term contracts for energy and associated RECs were reduced in the first quarter of 2013. See Note 5 — Regulatory Matters for additional information.
(c) PECO entered into various contracts for the procurement of electric supply to serve its default service customers that expire between 2013 and 2015. PECO is permitted to recover its electric supply procurement costs from default service customers with no mark-up in accordance with its PAPUC-approved DSP Programs. See Note 5 — Regulatory Matters for additional information.
(d) BGE entered into various contracts for the procurement of electricity that expire between 2013 and 2015. The cost of power under these contracts is recoverable under MDPSC approved fuel clauses. See Note 5 — Regulatory Matters for additional information.
(e) BGE has entered into various contracts with curtailment services providers related to transactions in PJM's capacity market. See Note 5 — Regulatory Matters for additional information.

Fuel Purchase Obligations

In addition to the energy commitments described above, Generation has commitments to purchase fuel supplies for nuclear and fossil generation (and with respect to coal, commitments to sell coal). PECO and BGE have commitments to purchase natural gas, related to transportation, storage capacity and services to serve customers in their gas distribution service territory. As of September 30, 2013, these net commitments were as follows:

		Expiration within					
	Total	2013	2014	2015	2016	2017	2018 and beyond
Generation	$7,901	$339	$1,199	$1,233	$1,021	$1,050	$ 3,059
PECO	477	54	128	100	78	36	81
BGE	603	46	123	52	51	50	281

Other Purchase Obligations

The Registrants' other purchase obligations as of September 30, 2013, which primarily represent commitments for services, materials and information technology, are as follows:

		Expiration within					
	Total	2013	2014	2015	2016	2017	2018 and beyond
Exelon	$269	$ 33	$ 38	$ 32	$31	$31	$ 104
Generation	628	133	178	127	40	38	112
ComEd(a)	82	7	41	5	5	5	19
PECO(a)	54	19	25	1	1	1	7
BGE(a)	25	2	21	2	—	—	—

(a) Purchase obligations include commitments related to smart meter installation. See Note 5 — Regulatory Matters for additional information.

Construction Commitments

Generation has committed to the construction of a solar PV facility in Los Angeles County, California. The first portion of the project began operations in December 2012, with six additional blocks coming online in 2013 and an expectation of full commercial operation in the first half of 2014. Generation's estimated remaining commitment for the project is $180 million.

On July 3, 2013, Generation executed a Turbine Supply Agreement to expand its Beebe wind project in Michigan. The estimated remaining commitment under the contract is $52 million and achievement of commercial operations is expected in 2014.

On July 26, 2013, Generation executed an engineering procurement and construction contract to expand its Perryman, Maryland generation site with 120MW of new natural gas-fired generation to satisfy certain merger commitments. The estimated remaining commitment under the contract is $80 million and achievement of commercial operation is expected in 2015. See Note 4 — Mergers and Acquisitions for additional information on commitments to develop or assist in development of new generation in Maryland resulting from the merger.

Refer to Note 3 — Regulatory Matters of the Exelon 2012 Form 10-K for information on investment programs associated with regulatory mandates, such as ComEd's Infrastructure Investment Plan under EIMA, PECO's Smart Meter Procurement and Installation Plan and BGE's comprehensive smart grid initiative.

Constellation Merger Commitments

In December 2011, Exelon and Constellation reached a settlement with the State of Maryland and the City of Baltimore and other interested parties in connection with the regulatory proceedings related to the merger that was pending before the MDPSC. As part of this settlement and the application for approval of the merger by MDPSC, Exelon agreed to provide a package of benefits to BGE customers, the City of Baltimore and the State of Maryland, resulting in an estimated direct investment in the State of Maryland of more than $1 billion.

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On February 17, 2012, the MDPSC approved the merger with conditions. Many of the conditions were reflective of the settlement agreements described above. The following costs were recognized after the closing of the merger and are included in Exelon's, Generation's and BGE's Consolidated Statements of Operations and Comprehensive Income for the year ended December 31, 2012. See Note 4 — Merger and Acquisitions of the Exelon 2012 Form 10-K for additional information on the merger.

Description	Payment Period	BGE	Generation	Exelon	Statement of Operations Location
BGE rate credit of $100 per residential customer(a)	Q2 2012	$113	$ —	$ 113	Revenues
Customer investment fund to invest in energy efficiency and low-income energy assistance to BGE customers	2012 to 2014	—	—	113.5	O&M Expense
Contribution for renewable energy, energy efficiency or related projects in Baltimore	2012 to 2014	—	—	2	O&M Expense
Charitable contributions at $7 million per year for 10 years	2012 to 2021	28	35	70	O&M Expense
State funding for offshore wind development projects	Q2 2012	—	—	32	O&M Expense
Miscellaneous tax benefits	Q2 2012	(2)	—	(2)	Taxes Other Than Income
Total		$139	$ 35	$328.5	

(a) Exelon made a $66 million equity contribution to BGE in the second quarter of 2012 to fund the after-tax amount of the rate credit as directed in the MDPSC order approving the merger transaction.

Contingencies

Commercial Commitments

The Registrants' commercial commitments as of September 30, 2013, representing commitments potentially triggered by future events were as follows:

	Exelon	Generation	ComEd	PECO	BGE
Letters of credit (non-debt)(a)	$1,514	$ 1,463	$ 26	$ 22	$ 1
Guarantees	4,908(b)	1,271(c)	209(d)	181(e)	252(f)
Nuclear insurance premiums(g)	3,096	3,096	—	—	—
Total commercial commitments	$9,518	$ 5,830	$ 235	$203	$253

(a) Non-debt letters of credit maintained to provide credit support for certain transactions as requested by third parties.
(b) Primarily reflects parental guarantees issued on behalf of Generation to allow the flexibility needed to conduct business with counterparties without having to post other forms of collateral. Also reflects guarantees issued to ensure performance under specific contracts, preferred securities of financing trusts, property leases, indemnifications, NRC minimum funding assurance requirements and $211 million on behalf of CENG nuclear generating facilities for credit support and miscellaneous guarantees. The estimated net exposure for obligations under commercial transactions covered by these guarantees was $0.6 billion at September 30, 2013, which represents the total amount Exelon could be required to fund based on September 30, 2013 market prices.
(c) Primarily reflects guarantees issued to ensure performance under energy marketing and other specific contracts and $211 million on behalf of CENG nuclear generating facilities for credit support. The estimated net exposure for obligations

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under commercial transactions covered by these guarantees was $0.2 billion at September 30, 2013, which represents the total amount Generation could be required to fund based on September 30, 2013 market prices.

(d) Primarily reflects full and unconditional guarantees of $200 million Trust Preferred Securities of ComEd Financing III, which is a 100% owned finance subsidiary of ComEd.

(e) Primarily reflects full and unconditional guarantees of $178 million Trust Preferred Securities of PECO Trust III and IV, which are 100% owned finance subsidiaries of PECO.

(f) Primarily reflects full and unconditional guarantees of $250 million Trust Preferred Securities of BGE Capital Trust II, which is a 100% owned finance subsidiary of BGE.

(g) Represents the maximum amount that Generation would be required to pay for retrospective premiums in the event of nuclear disaster at any domestic site under the Secondary Financial Protection pool as required under the Price-Anderson Act as well as the current aggregate annual retrospective premium obligation that could be imposed by NEIL. See the Nuclear Insurance section within this note for additional details on Generation's nuclear insurance premiums.

Nuclear Insurance (Exelon and Generation)

The Price-Anderson Act was enacted to ensure the availability of funds for public liability claims arising from an incident at any of the U.S. licensed nuclear facilities and also to limit the liability of nuclear reactor owners for such claims from any single incident. As of September 30, 2013, the current liability limit per incident was $13.6 billion and is subject to change to account for the effects of inflation and changes in the number of licensed reactors. An inflation adjustment must be made at least once every 5 years and the last inflation adjustment was made effective September 10, 2013. In accordance with the Price-Anderson Act, Generation maintains financial protection at levels equal to the amount of liability insurance available from private sources through the purchase of private nuclear energy liability insurance for public liability claims that could arise in the event of an incident. As of September 30, 2013, the amount of nuclear energy liability insurance purchased is $375 million for each operating site. Additionally, the Price-Anderson Act requires a second layer of protection through the mandatory participation in a retrospective rating plan for power reactors (currently 104 reactors) resulting in an additional $13.2 billion in funds available for public liability claims. Participation in this secondary financial protection pool requires the operator of each reactor to fund its proportionate share of costs for any single incident that exceeds the primary layer of financial protection. Under the Price-Anderson Act, the maximum assessment in the event of an incident for each nuclear operator, per reactor, per incident (including a 5% surcharge), is $127.3 million, payable at no more than $19 million per reactor per incident per year. Exelon's maximum liability per incident is approximately $2.8 billion. In addition, the U.S. Congress could impose revenue-raising measures on the nuclear industry to pay public liability claims exceeding the $13.6 billion limit for a single incident.

Additionally, Generation is also required each year to report to the NRC the current levels and sources of property insurance that demonstrates Generation possesses sufficient financial resources to stabilize and decontaminate a reactor and reactor station site in the event of an accident. The property insurance maintained for each facility is currently provided through insurance policies purchased from NEIL, an industry mutual insurance company of which Generation is a member. Premiums paid to NEIL by its members are subject to assessment for adverse loss experience (the retrospective premium obligation). The maximum combined retrospective premium amount that Generation could be required to pay due to participation in the Price-Anderson Act retrospective rating plan for power reactors and the NEIL retrospective premium obligation is $3.1 billion, which is included above in the Commercial Commitments table. See the Nuclear Insurance section within Note 19 — Commitments and Contingencies of the Exelon 2012 Form 10-K for additional details on Generation's nuclear insurance premiums.

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Indemnifications Related to Sale of Sithe (Exelon and Generation)

On January 31, 2005, subsidiaries of Generation completed a series of transactions that resulted in Generation's sale of its investment in Sithe. Specifically, subsidiaries of Generation consummated the acquisition of Reservoir Capital Group's 50% interest in Sithe and subsequently sold 100% of Sithe to Dynegy, Inc. (Dynegy).

The estimated maximum possible exposure to Exelon related to the guarantees provided as part of the sales transaction to Dynegy was approximately $200 million at September 30, 2013. Generation believes that it is remote that it will be required to make any additional payments under the guarantee, and currently has no recorded liabilities associated with this guarantee. Generation expects that the exposure covered by this guarantee will expire in 2014. The guarantee is included above in the Commercial Commitments table under guarantees.

Indemnifications Related to Sale of TEG and TEP (Exelon and Generation)

On February 9, 2007, Tamuin International Inc. (TII), a wholly owned subsidiary of Generation, sold its 49.5% ownership interests in TEG and TEP to a subsidiary of AES Corporation for $95 million in cash plus certain purchase price adjustments. In connection with the transaction, Generation entered into a guarantee agreement under which Generation guaranteed the timely payment of TII's obligations to the subsidiary of AES Corporation pursuant to the terms of the purchase and sale agreement relating to the sale of TII's ownership interests. Generation was required to perform in the event that TII did not pay any obligation covered by the guarantee that was not otherwise subject to a dispute resolution process. Portions of the exposures covered by this guarantee expired in 2008, and the remaining guarantee expired in the third quarter of 2013. Generation was not required to make payments under the guarantee, and therefore, has no further obligation related to this guarantee as of September 30, 2013.

Environmental Issues

General. The Registrants' operations have in the past, and may in the future, require substantial expenditures in order to comply with environmental laws. Additionally, under Federal and state environmental laws, the Registrants are generally liable for the costs of remediating environmental contamination of property now or formerly owned by them and of property contaminated by hazardous substances generated by them. The Registrants own or lease a number of real estate parcels, including parcels on which their operations or the operations of others may have resulted in contamination by substances that are considered hazardous under environmental laws. In addition, the Registrants are currently involved in a number of proceedings relating to sites where hazardous substances have been deposited and may be subject to additional proceedings in the future.

ComEd, PECO and BGE have identified sites where former MGP activities have or may have resulted in actual site contamination. For almost all of these sites, ComEd, PECO or BGE is one of several PRPs that may be responsible for ultimate remediation of each location.

- ComEd has identified 42 sites, 16 of which have been approved for cleanup by the Illinois EPA or the U.S. EPA and 26 that are currently under some degree of active study and/or remediation. ComEd expects the majority of the remediation at these sites to continue through at least 2016.
- PECO has identified 26 sites, 16 of which have been approved for cleanup by the PA DEP and 10 that are currently under some degree of active study and/or remediation. PECO expects the majority of the remediation at these sites to continue through at least 2020.
- BGE has identified 13 former gas manufacturing or purification sites that it currently owns or owned at one time through a predecessor's acquisition. Two gas manufacturing sites require some level of

remediation and ongoing monitoring under the direction of the MDE. The required costs at these two sites are not considered material. One gas purification site is in the initial stages of investigation at the direction of the MDE.

ComEd, pursuant to an ICC order, and PECO, pursuant to settlements of natural gas distribution rate cases with the PAPUC, are currently recovering environmental remediation costs of former MGP facility sites through customer rates. BGE is authorized to and is currently recovering environmental costs for the remediation of former MGP facility sites from customers; however, while BGE does not have a rider for MGP clean-up costs, BGE has historically received recovery of actual clean-up costs in distribution rates. ComEd, PECO and BGE have recorded regulatory assets for the recovery of these costs. During the third quarter of 2013, ComEd and PECO completed an annual study of their future estimated MGP remediation requirements. The results of these studies indicated that additional remediation would be required at certain sites; accordingly, ComEd and PECO increased their reserves and regulatory assets by less than $1 million and $6 million, respectively. See Note 5 — Regulatory Matters for additional information regarding the associated regulatory assets.

As of September 30, 2013 and December 31, 2012, the Registrants had accrued the following undiscounted amounts for environmental liabilities in other current liabilities and other deferred credits and other liabilities within their respective Consolidated Balance Sheets:

September 30, 2013	Total Environmental Investigation and Remediation Reserve	Portion of Total Related to MGP Investigation and Remediation
Exelon	$ 345	$ 280
Generation	56	—
ComEd	237	232
PECO	51	48
BGE	1	—

December 31, 2012	Total Environmental Investigation and Remediation Reserve	Portion of Total Related to MGP Investigation and Remediation
Exelon	$ 351	$ 298
Generation	42	—
ComEd	261	254
PECO	47	44
BGE	1	—

The Registrants cannot reasonably estimate whether they will incur other significant liabilities for additional investigation and remediation costs at these or additional sites identified by the Registrants, environmental agencies or others, or whether such costs will be recoverable from third parties, including customers.

Water Quality

Section 316(b) of the Clean Water Act. Section 316(b) requires that the cooling water intake structures at electric power plants reflect the best technology available to minimize adverse environmental impacts, and is implemented through state-level NPDES permit programs. All of Generation's and CENG's power generation facilities with cooling water systems are subject to the regulations. Facilities without closed-cycle recirculating systems (e.g., cooling towers) are potentially most affected. For Generation, those facilities are Clinton, Dresden, Eddystone, Fairless Hills, Gould Street, Handley, Mountain Creek, Mystic 7, Oyster Creek, Peach Bottom, Quad Cities, Riverside, Salem and Schuylkill. For CENG, those facilities are Calvert Cliffs, Nine Mile Point Unit 1 and R.E. Ginna.

On March 28, 2011, the U.S. EPA issued the proposed regulation under Section 316(b). The proposal does not require closed-cycle cooling (e.g., cooling towers) as the best technology available to address impingement and entrainment. The proposal provides the state permitting agency with discretion to determine the best technology available to limit entrainment (drawing aquatic life into the plants cooling system) mortality, including application of a cost-benefit test and the consideration of a number of site-specific factors. After consideration of these factors, the state permitting agency may require closed cycle cooling, an alternate technology, or determine that the current technology is the best available. The proposed rule also imposes limits on impingement (trapping aquatic life on screens) mortality, which likely will be accomplished by the installation of screens or another technology at the intake. Exelon filed comments on the proposed regulation on August 18, 2011, stating its support for a number of its provisions (e.g., cooling towers not required as best technology available, and the use of site-specific and cost benefit analysis) while also noting a number of technical provisions that require revision to take into account existing unit operations and practices within the industry.

In June 2012, the U.S. EPA published two Notices of Data Availability (NODA) seeking public comment on alternate compliance technologies for impingement and the use of a public opinion survey to calculate the so-called “non-use” benefits of the rule. Exelon filed comments for each NODA, supporting the additional flexibility afforded by the impingement NODA, and opposing the NODA relating to calculation of non-use benefits due to its inaccurate and unreliable methodologies that would artificially inflate the benefits of proposed technologies that would otherwise not be cost-effective. On June 27, 2013, the U.S. EPA agreed to amend the court approved Settlement Agreement to extend the deadline to issue a final rule until November 4, 2013; on October 30, 2013 the Agency invoked the *force majeure* provision of the Settlement Agreement to extend the final rule deadline until November 20, 2013 due to the early October 2013 federal government shutdown. Until the rule is finalized, the state permitting agencies will continue to apply their best professional judgment to address impingement and entrainment.

Salem and Other Power Generation Facilities. In June 2001, the NJDEP issued a renewed NPDES permit for Salem, allowing for the continued operation of Salem with its existing cooling water system. NJDEP advised PSEG, in July 2004 that it strongly recommended reducing cooling water intake flow commensurate with closed-cycle cooling as a compliance option for Salem. PSEG submitted an application for a renewal of the permit on February 1, 2006. In the permit renewal application, PSEG analyzed closed-cycle cooling and other options and demonstrated that the continuation of the Estuary Enhancement Program, an extensive environmental restoration program at Salem, is the best technology to meet the Section 316(b) requirements. PSEG continues to operate Salem under the approved June 2001 NPDES permit while the NPDES permit renewal application is being reviewed. If the final permit or Section 316(b) regulations ultimately requires the retrofitting of Salem’s cooling water intake structure to reduce cooling water intake flow commensurate with closed-cycle cooling, Exelon’s and Generation’s share of the total cost of the retrofit and any resulting interim replacement power would likely be in excess of $430 million, based on a 2006 estimate, and would result in increased depreciation expense related to the retrofit investment.

It is unknown at this time whether the NJDEP permit programs will require closed-cycle cooling at Salem. In addition, the economic viability of Generation’s other power generation facilities, as well as CENG’s, without closed-cycle cooling water systems will be called into question by any requirement to construct cooling towers. Should the final rule not require the installation of cooling towers, and retain the flexibility afforded the state permitting agencies in applying a cost benefit test and to consider site-specific factors, the impact of the rule would be minimized even though the costs of compliance could be material to Generation and CENG.

Given the uncertainties associated with the requirements that will be contained in the final rule, Generation cannot predict the eventual outcome or estimate the effect that compliance with any resulting Section 316(b) or interim state requirements will have on the operation of its and CENG's generating facilities and its future results of operations, cash flows and financial position.

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Groundwater Contamination. In October 2007, a subsidiary of Constellation entered into a consent decree with the MDE relating to groundwater contamination at a third-party facility that was licensed to accept fly ash, a byproduct generated by coal-fired plants. The consent decree required the payment of a $1 million penalty, remediation of groundwater contamination resulting from the ash placement operations at the site, replacement of drinking water supplies in the vicinity of the site, and monitoring of groundwater conditions. Prior to the Merger, Constellation recorded in its Consolidated Balance Sheets total liabilities of approximately $30 million to comply with the consent decree with an additional $3 million recognized through purchase accounting. During the three months ended September 30, 2013, Generation increased its reserve by $2 million based on an update of future estimated remediation costs. The remaining liability as of September 30, 2013, is approximately $15 million. In addition, a private party has asserted claims relating to groundwater contamination. Generation believes that these claims are without merit and is vigorously contesting them. As of September 30, 2013, Generation believes that it is remote that it will be required to make payments under these private party claims.

Air Quality

Cross State Air Pollution Rule (CSAPR). On July 11, 2008, the U.S. Court of Appeals for the District of Columbia Circuit (D.C. Circuit Court) vacated the CAIR, which had been promulgated by the U.S. EPA to reduce power plant emissions of SO_2 and NO_x. The D.C. Circuit Court later remanded the CAIR to the U.S. EPA, without invalidating the entire rulemaking, so that the U.S. EPA could correct CAIR in accordance with the D.C. Circuit Court's July 11, 2008 opinion. On July 7, 2011, the U.S. EPA published the final rule, known as the CSAPR. The CSAPR requires 28 states in the eastern half of the United States to significantly improve air quality by reducing power plant emissions that cross state lines and contribute to ground-level ozone and fine particle pollution in other states.

Numerous entities challenged the CSAPR in the D.C. Circuit Court, and some requested a stay of the rule pending the Court's consideration of the matter on the merits. On December 30, 2011, the Court granted a stay of the CSAPR, and directed the U.S. EPA to continue the administration of CAIR in the interim. On August 21, 2012, a three-judge panel of the D.C. Circuit Court held that the U.S. EPA has exceeded its authority in certain material aspects of the CSAPR and vacated the rule and remanded it to the U.S. EPA for further rulemaking consistent with its decision. The Court also ordered that CAIR remain in effect pending finalization of CSAPR on remand. On January 24, 2013, the Court denied petitions for reconsideration of the ruling by the three-judge panel. In June 2013, the U.S. Supreme Court granted the U.S. EPA's petition to review the D.C. Circuit Court's CSAPR decision. Oral argument has been scheduled for December 10, 2013.

Under the CSAPR, generation units were to receive allowances based on historic heat input and intrastate, and limited interstate, trading of allowances was permitted. The CSAPR restricted entirely the use of pre-2012 allowances. Existing SO_2 allowances under the ARP would remain available for use under ARP. As of September 30, 2013, Generation had $64 million of emission allowances carried at the lower of weighted average cost or market.

EPA Mercury and Air Toxics Standards (MATS). The MATS rule became final on April 16, 2012. The MATS rule reduces emissions of toxic air pollutants, and finalized the new source performance standards for fossil fuel-fired electric utility steam generating units (EGUs). The MATS rule requires coal-fired EGUs to achieve high removal rates of mercury, acid gases and other metals from air emissions. To achieve these standards, coal units with no pollution control equipment installed (uncontrolled coal units) will have to make capital investments and incur higher operating expenses. It is expected that smaller, older, uncontrolled coal units will retire rather than make these investments. Coal units with existing controls that do not meet the required standards may need to upgrade existing controls or add new controls to comply. In addition, the new standards will require oil units to achieve high removal rates of metals. Owners of oil units not currently meeting the proposed emission standards

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may choose to convert the units to light oils or natural gas, install control technologies or retire the units. The MATS rule requires generating stations to meet the new standards three years after the rule takes effect, April 16, 2015, with specific guidelines for an additional one or two years in limited cases. Numerous entities have challenged MATS in the D.C. Circuit Court, and Exelon was granted permission by the Court to intervene in support of the rule. A decision by the Court will not occur until 2014. The outcome of the appeal, and its impact on power plant operators' investment and retirement decisions, is uncertain.

Exelon, along with the other co-owners of Conemaugh Generating Station are moving forward with plans to improve the existing scrubbers and install Selective Catalytic Reduction (SCR) controls to meet the mercury removal requirements of MATS.

In addition, as of September 30, 2013, Exelon had a $691 million net investment in coal-fired plants in Georgia and Texas subject to long-term leases extending through 2028-2032. While Exelon currently estimates the value of these plants at the end of the lease term will be in excess of the recorded residual lease values, after the impairment recorded in the second quarter of 2013, final applications of the CSAPR and MATS regulations could negatively impact the end-of-lease term values of these assets, which could result in a future impairment loss that could be material. See Note 7 — Impairment of Long-Lived Assets for additional information.

National Ambient Air Quality Standards (NAAQS). The U.S. EPA previously announced that it would complete a review of all NAAQS by 2014. Oral argument in the litigation (*State of Miss. v. EPA*) of the final 2008 ozone standard occurred in the D.C. Circuit Court in November 2012 and a final Court decision was issued on July 23, 2013 with the 2008 primary ozone standard upheld, but the secondary standard remanded to EPA for reconsideration. Concurrent with litigation of the 2008 ozone standard, the U.S. EPA continues its regular, periodic review of the ozone NAAQS and is expected to propose revisions in the fall of 2014, with preliminary indications that the U.S. EPA will likely propose a tightened standard. It is unclear at this point in time whether the U.S. EPA will be able to respond to the Court remand of the secondary 2008 ozone standard on a timeframe that would be any quicker than that of the U.S. EPA's current, periodic review schedule. In December 2012, the U.S. EPA issued its final revisions to the Agency's particulate matter (PM) NAAQS. In its final rule, the U.S. EPA lowered the annual PM2.5 standard, but declined to issue a new secondary NAAQS to improve urban visibility. The U.S. EPA indicated in its final rule that by 2020 it expects most areas of the country will be in attainment of the new PM2.5 NAAQS based on currently expected regulations, such as the MATS regulation. It is unclear if the vacatur of the CSAPR, one of the regulations that the U.S. EPA is relying on to assist with future PM reduction, would alter the U.S. EPA's view since either CAIR or a finalized CSAPR regulation would be in effect leading up to 2020. In March 2013, a number of industry coalitions filed a joint lawsuit challenging the new PM2.5 standard. Also during early 2013, the D.C. Circuit remanded several rules for implementation of earlier PM2.5 NAAQS to the U.S. EPA for revision of certain aspects of the rules, with a requirement that the U.S. EPA re-promulgate regulations in conformance with the correct subparts of the Clean Air Act.

In addition to these NAAQS, the U.S. EPA also finalized nonattainment designations for certain areas in the United States for the 2010 one-hour SO_2 standard on August 5, 2013, and indicated that additional nonattainment areas will be designated in a future rulemaking. EPA will require states to submit state implementation plans (SIPs) for nonattainment areas by April 2015. With regard to Texas and Maryland, no nonattainment areas were identified in EPA's final designation rule. With regard to Illinois and Pennsylvania, several counties, or portions of counties, in each state were identified as nonattainment. The U.S. EPA will follow the approach outlined in a February 2013 EPA strategy document that establishes a process and timeline for the Agency to address additional designations in states' counties under a future rulemaking. Nonattainment county compliance with the one-hour SO_2 standard is required by October 2018. While significant SO2 reductions will occur as a result of MATS compliance in 2015, Exelon is unable to predict the requirements of pending states' SIPs to further reduce SO_2 emissions in support of attainment of the one hour SO_2 standard.

Notices and Finding of Violations and Midwest Generation Bankruptcy. In December 1999, ComEd sold several generating stations to Midwest Generation, LLC (Midwest Generation), a subsidiary of Edison Mission Energy (EME). Under the terms of the sale agreement, Midwest Generation and EME assumed responsibility for environmental liabilities associated with the ownership, occupancy, use and operation of the stations, including responsibility for compliance by the stations with environmental laws before their purchase by Midwest Generation. Midwest Generation and EME additionally agreed to indemnify and hold ComEd and its affiliates harmless from claims, fines, penalties, liabilities and expenses arising from third party claims against ComEd resulting from or arising out of the environmental liabilities assumed by Midwest Generation and EME under the terms of the agreement governing the sale. In connection with Exelon's 2001 corporate restructuring, Generation assumed ComEd's rights and obligations with respect to its former generation business, including its rights and obligations under the sale agreement with Midwest Generation and EME.

On August 6, 2007, ComEd received a NOV addressed to it and Midwest Generation from the U.S. EPA, alleging, in relevant part, that ComEd and Midwest Generation violated and are continuing to violate provisions of the Clean Air Act as a result of the modification and/or operation of six electric generation stations located in northern Illinois that have been owned and operated by Midwest Generation since their purchase from ComEd in 1999. In August 2009, the United States and the State of Illinois filed a complaint against Midwest Generation with the U.S. District Court for the Northern District of Illinois initiating enforcement proceedings with respect to most of the alleged Clean Air Act violations set forth in the NOV. Neither ComEd nor Exelon was named as a defendant in this original complaint. In March 2010, the District Court granted Midwest Generation's partial motion to dismiss all but one of the claims against Midwest Generation. The District Court held that Midwest Generation cannot be liable for any alleged violations relating to construction that occurred prior to Midwest Generation's ownership of the stations. In May 2010, the government plaintiffs filed an amended complaint against Midwest Generation asserting claims substantially similar to those in the original complaint, and added ComEd and EME as defendants. The amended complaint seeks injunctive relief and civil penalties against all defendants, although not all of the claims specifically pertain to ComEd. On March 16, 2011, the District Court granted ComEd's motion to dismiss the May 2010 complaint in its entirety as it relates to ComEd. On January 3, 2012, upon leave of the District Court, the government parties appealed the dismissal of ComEd to the U.S. Circuit Court of Appeals for the Seventh Circuit. On July 8, 2013, the Circuit Court affirmed the District Court's dismissal of the complaint against ComEd. On September 19, 2013, the Circuit Court denied the petition for a rehearing filed by the governmental parties. Exelon, Generation and ComEd have concluded that, in light of the Circuit Court decision, the likelihood of loss is remote. Therefore, no reserve has been established.

On December 17, 2012 (Petition Date), EME and certain of its subsidiaries, including Midwest Generation, filed for protection under Chapter 11 of the U.S. Bankruptcy Code.

The Bankruptcy Court approved the rejection of a coal rail car lease under which Midwest Generation had agreed to reimburse ComEd for all obligations. The rejection left Generation as the party responsible to make remaining payments under the lease. In January 2013, Generation made the final $10 million payment due under the lease agreement which had been reserved for at December 31, 2012. As a result of the bankruptcy filing, Exelon and Generation have recorded liabilities as of September 30, 2013 of $3 million for estimated payments for asbestos personal injury claims filed pre-Petition Date. Exelon and Generation currently expect Midwest Generation or its successor will remain responsible for asbestos personal injury claims filed post-Petition Date, and as such have recorded no liability for such amounts. Requirements for Generation to ultimately satisfy such claims could have a material adverse impact on Exelon's and Generation's future results of operations. During the second quarter of 2013, ComEd filed proofs of claim of $21 million with the Bankruptcy Court for amounts owed by EME and Midwest Generation for the coal rail car lease, ComEd utility payments and certain legal costs. As of September 30, 2013, Exelon and ComEd have not recorded a receivable for the filed proofs of claim because recovery of such amount cannot be assured at this point in the bankruptcy. Exelon and ComEd will not record financial benefits associated with claim recoveries until realized.

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As of the Petition Date, Generation had wholesale power transactions with Edison Mission Marketing and Trading, an affiliate of Midwest Generation not included in the bankruptcy proceeding. Generation expects these transactions to be fully settled in the normal course.

Certain environmental laws and regulations subject current and prior owners of properties or generators of hazardous substances at such properties to liability for remediation costs of environmental contamination. As a prior owner of the generating stations, ComEd (and Generation, through its agreement in the 2001 restructuring to assume ComEd's rights and obligations associated with its former generation business) could face liability (along with any other potentially responsible parties) for environmental conditions requiring remediation, with the determination of the allocation among the parties subject to many uncertain factors, including the impact of Midwest Generation's bankruptcy. Additionally, the obligations of EME and Midwest Generation to ComEd under the sale agreement, including the environmental indemnity, may be discharged in the bankruptcy proceeding. In such circumstances, ComEd (and Generation, through ComEd) may only have an unsecured claim against EME and Midwest Generation for the environmental remediation costs that would have otherwise been obligations of EME and Midwest Generation under the sale agreement. This unsecured claim may yield a fractional, or possibly no, recovery for ComEd and Generation.

On October 18, 2013, NRG Energy entered into an agreement to buy EME's portfolio of generation. EME may continue to solicit alternative transaction proposals from third parties through December 6, 2013. Any such transaction would require the approval of the U.S. Bankruptcy Court. ComEd and Generation are currently evaluating the terms of the agreements to determine the impact they could have on the bankruptcy proceedings and ComEd's and Generation's claims.

ComEd and Generation continue to monitor the bankruptcy proceedings and available public information as to potential environmental exposures regarding the Midwest Generation plant sites. Midwest Generation publicly disclosed in its quarter ending June 30, 2013 Form 10-Q that (i) it has accrued a probable amount of approximately $8 million for estimated environmental investigation and remediation costs under CERCLA, or similar laws, for the investigation and remediation of contaminated property at four Midwest Generation plant sites, (ii) it has identified stations for which a reasonable estimate for investigation and/ or remediation cannot be made and (iii) it and the Illinois EPA entered into Compliance Commitment Agreements outlining specified environmental remediation measures and groundwater monitoring activities to be undertaken at its Crawford, Powerton, Joliet, Will County and Waukegan generating stations. At this time, however, ComEd and Generation do not have sufficient information to reasonably assess the potential likelihood or magnitude of any such exposures. Further, Midwest Generation's bankruptcy process will likely extend into mid-2014, and unless there is a successful transaction involving NRG Energy, the outcome is uncertain, including whether the facilities will continue to operate and the identity or financial wherewithal of potential future plant owners. For these reasons, ComEd and Generation are unable to predict whether and to what extent they may ultimately be held responsible for remediation and other costs relating to the generating stations, and no liability has been recorded as of September 30, 2013. Any liability imposed on ComEd or Generation for environmental matters relating to the generating stations could have a material adverse impact on their future results of operations and cash flows.

Solid and Hazardous Waste

Cotter Corporation. The U.S. EPA has advised Cotter Corporation (Cotter), a former ComEd subsidiary, that it is potentially liable in connection with radiological contamination at a site known as the West Lake Landfill in Missouri. On February 18, 2000, ComEd sold Cotter to an unaffiliated third party. As part of the sale, ComEd agreed to indemnify Cotter for any liability arising in connection with the West Lake Landfill. In connection with Exelon's 2001 corporate restructuring, this responsibility to indemnify Cotter was transferred to Generation. On May 29, 2008, the U.S. EPA issued a Record of Decision approving the remediation option submitted by Cotter and the two other PRPs that required additional landfill cover. The current estimated cost of

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the anticipated landfill cover remediation for the site is approximately $42 million, which will be allocated among all PRPs. Generation has accrued what it believes to be an adequate amount to cover its anticipated share of such liability. By letter dated January 11, 2010, the U.S. EPA requested that the PRPs perform a supplemental feasibility study for a remediation alternative that would involve complete excavation of the radiological contamination. On September 30, 2011, the PRPs submitted the final supplemental feasibility study to the U.S. EPA for review. In June 2012, the U.S. EPA requested that the PRPs perform additional analysis and groundwater sampling as part of the supplemental feasibility study that could take up to one year to complete, and subsequently requested additional analysis sampling and modeling to be conducted in 2013 and 2014. In light of these additional requests, it is unknown when the U.S EPA will propose a remedy for public comment. Thereafter the U.S. EPA will select a final remedy and enter into a Consent Decree with the PRPs to effectuate the remedy. A complete excavation remedy would be significantly more expensive than the previously selected additional cover remedy; however, Generation believes the likelihood that the U.S. EPA would require a complete excavation remedy is remote.

On August 8, 2011, Cotter was notified by the DOJ that Cotter is considered a PRP with respect to the government's clean-up costs for contamination attributable to low level radioactive residues at a former storage and reprocessing facility named Latty Avenue near St. Louis, Missouri. The Latty Avenue site is included in ComEd's indemnification responsibilities discussed above as part of the sale of Cotter. The radioactive residues had been generated initially in connection with the processing of uranium ores as part of the U.S. government's Manhattan Project. Cotter purchased the residues in 1969 for initial processing at the Latty Avenue facility for the subsequent extraction of uranium and metals. In 1976, the NRC found that the Latty Avenue site had radiation levels exceeding NRC criteria for decontamination of land areas. Latty Avenue was investigated and remediated by the United States Army Corps of Engineers pursuant to funding under the Formerly Utilized Sites Remedial Action Program. The DOJ has not yet formally advised the PRPs of the amount that it is seeking, but it is believed to be approximately $90 million. The DOJ and the PRPs agreed to toll the statute of limitations until August 2014 so that settlement discussions could proceed. Based on Exelon's preliminary review, it appears probable that Exelon has liability to Cotter under the indemnification agreement and has established an appropriate accrual for this liability.

On February 28, 2012, and April 12, 2012, two lawsuits were filed in the U.S. District Court for the Eastern District of Missouri against 15 and 14 defendants, respectively, including Exelon, Generation and ComEd (the "Exelon defendants") and Cotter. The suits allege that individuals living in the North St. Louis area developed some form of cancer due to the defendants' negligent or reckless conduct in processing, transporting, storing, handling and/or disposing of radioactive materials. Plaintiffs have asserted claims for negligence, strict liability, emotional distress, medical monitoring, and violations of the Price–Anderson Act. The complaints do not contain specific damage claims. On May 30, 2012, the plaintiffs filed voluntary motions to dismiss the Exelon defendants from both lawsuits which were subsequently granted. On October 23, 2012, a third lawsuit was filed in the same court on behalf of three additional plaintiffs against Cotter and seven other defendants, but not Exelon. On April 19, 2013, a fourth lawsuit was filed in the same court on behalf of two additional plaintiffs against Cotter and seven other defendants, but not Exelon. On June 18, 2013, a fifth lawsuit was filed in the same court on behalf of one plaintiff against eight defendants, including Cotter but not Exelon. On July 31, 2013, a sixth lawsuit was filed in the same court on behalf of two plaintiffs against Cotter and four other defendants, but not Exelon. The allegations in these latter four complaints mirror the initially filed lawsuits. In the event of a finding of liability, it is reasonably possible that Exelon would be considered liable due to its indemnification responsibilities of Cotter described above. On March 27, 2013, the U.S. District Court dismissed all state common law actions brought under the initial two lawsuits; and also found that the plaintiffs had not properly brought the actions under the Price–Anderson Act. On July 8, 2013, the plaintiffs filed amended complaints under the Price–Anderson Act. Cotter moved to dismiss the amended complaints and has motions currently pending before the court. At this stage of the litigation, Exelon cannot estimate a range of loss, if any.

68 th Street Dump. In 1999, the U.S. EPA proposed to add the 68th Street Dump in Baltimore, Maryland to the Superfund National Priorities List, and notified BGE and 19 others that they are PRPs at the site. In March 2004, BGE and other PRPs formed the 68th Street Coalition and entered into consent order negotiations with the U.S. EPA to investigate clean-up options for the site under the Superfund Alternative Sites Program. In May 2006, a settlement among the U.S. EPA and 19 of the PRPs, including BGE, with respect to investigation of the site became effective. The settlement requires the PRPs, over the course of several years, to identify contamination at the site and recommend clean-up options. The potentially responsible parties submitted their investigation of the range of clean-up options in the first quarter of 2011. Although the investigation and options provided to the U.S. EPA are still subject to U.S. EPA review and selection of a remedy, the range of estimated clean-up costs to be allocated among all of the PRPs is in the range of $50 million to $64 million. On September 30, 2013, EPA issued its Record of Decision specifying the remedies to be implemented at the site based on the information and recommendations of the PRP investigation. The costs to implement these remedies are still expected to be in the range of $50 million to $64 million. The U.S. EPA is expected to make a final selection of one of the alternatives in 2013. Based on Exelon's preliminary review, it appears probable that Exelon has liability and has established an appropriate accrual for its share of the estimated clean-up costs. BGE is indemnified by a wholly owned subsidiary of Generation for most of the costs related to this settlement and clean-up of the site.

Rossville Ash Site. The Rossville Ash Site is a 32-acre property located in Rosedale, Baltimore County, MD. which was used for the placement of fly ash from 1983-2007. The property is owned by Constellation Power Source Generation, Inc.(CPSG). In 2008, CPSG investigated and remediated the property by entering it into the MD Voluntary Cleanup Program (VCP) to address any historic environmental concerns and ready the site for appropriate future redevelopment. The site was accepted into the program in 2010 and is currently going through the process to remediate the site and receive closure from MDE. We currently estimate the cost to close the site to be approximately $6 million.

Sauer Dump. On May 30, 2012, BGE was notified by the U.S. EPA that it is considered a PRP at the Sauer Dump Superfund site in Dundalk, MD. The U.S. EPA offered BGE and three other PRPs the opportunity to conduct an environmental investigation and present cleanup recommendations at the site. In addition, the U.S. EPA is seeking recovery from the PRPs of $1.7 million for past cleanup and investigation costs at the site. On March 11, 2013, BGE and three other PRP's signed an Administrative Settlement Agreement and Order on Consent with the U.S. EPA which requires the PRP's to conduct a Remedial Investigation and Feasibility Study at the site to determine what, if any, are the appropriate and recommended cleanup activities for the site. The ultimate outcome of this proceeding is uncertain. Since the U.S. EPA has not selected a cleanup remedy and the allocation of the cleanup costs among the PRPs has not been determined, an estimate of the range of BGE's reasonably possible loss, if any, cannot be determined.

Climate Change Regulation. Exelon is subject to climate change regulation or legislation at the Federal, regional and state levels. In 2007, the U.S. Supreme Court ruled that GHG emissions are pollutants subject to regulation under the new motor vehicle provisions of the Clean Air Act. Consequently, on December 7, 2009, the U.S. EPA issued an endangerment finding under Section 202 of the Clean Air Act regarding GHGs from new motor vehicles and on April 1, 2010 issued final regulations limiting GHG emissions from cars and light trucks effective on January 2, 2011. While such regulations do not specifically address stationary sources, such as a generating plant, it is the U.S. EPA's position that the regulation of GHGs under the mobile source provisions of the Clean Air Act has triggered the permitting requirements under the Prevention of Significant Deterioration (PSD) and Title V operating permit sections of the Clean Air Act for new and modified stationary sources effective January 2, 2011. Therefore, on May 13, 2010, the U.S. EPA issued final regulations (the Tailoring Rule) relating to these provisions of the Clean Air Act for major stationary sources of GHG emissions that apply to new sources that emit greater than 100,000 tons per year, on a CO_2 equivalent basis, and to modifications to

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existing sources that result in emissions increases greater than 75,000 tons per year on a CO_2 equivalent basis. These thresholds became effective January 2, 2011, apply for six years and will be reviewed by the U.S. EPA for future applicability thereafter. On July 2, 2012 the U.S. EPA declined to lower GHG permit thresholds in its final "Step 3" Tailoring Rule update. The U.S. EPA will review permit thresholds again in a 2015 rulemaking process. On June 26, 2012, the United States Court of Appeals for the District of Columbia, in a *per curium* decision, dismissed industry and state petitions challenging the U.S. EPA's "Tailpipe Rule" for cars and light duty trucks, the endangerment finding for GHG's from stationary sources, and the Tailoring Rule. On October 15, 2013 the U.S. Supreme Court granted industry petitions to review one aspect of the PSD permitting regulations. Under the PSD regulations, new and modified major stationary sources could be required to install best available control technology, to be determined on a case by case basis. Generation could be significantly affected by the regulations if it were to build new plants or modify existing plants.

On June 25, 2013, President Obama announced "The President's Climate Action Plan," a summary of executive branch actions intended to: reduce carbon emissions; prepare the United States for the impacts of climate change; and lead international efforts to combat global climate change and prepare for its impacts. Concurrent with the announcement of the Administration's plan, the President also issued a Memorandum for the Administrator of the Environmental Protection Agency that focused on power generation sector carbon reductions under the Section 111 New Source Performance Standards (NSPS) section of the federal Clean Air Act. The memorandum directs the EPA Administrator to issue two sets of proposed rulemakings with regard to power plant carbon emissions under Section 111 of the Clean Air Act.

The first rulemaking, under Section 111(b) of the Clean Air Act is to focus on establishing carbon regulations for new fossil-fuel power plants. This rulemaking was proposed on September 20, 2013 and is to be finalized "in a timely fashion." In the proposed rule EPA sets separate standards for fossil-fuel fired utility boilers and natural gas fired stationary combustion turbines.

The second rulemaking, under Section 111(d) of the Clean Air Act is to focus on modified, reconstructed and existing fossil power plants. The rulemaking is to be proposed no later than June 1, 2014, be finalized no later than June 1, 2015, and require that states submit to EPA their implementation plans no later than June 30, 2016. In developing this rulemaking, EPA is directed to consider a number of factors, including options to reduce costs, options to ensure the continued use of a range of energy sources and technologies, options that are consistent with reliable and affordable power, and options that allow for the use of market-based instruments, performance standards and other regulatory flexibilities.

To the extent that the final Section 111(d) rule results in emission reductions from fossil fuel fired plants, and thereby imposes some form of direct or indirect price of carbon in competitive electricity markets, Exelon's overall low carbon generation portfolio results could benefit.

Litigation and Regulatory Matters

Except to the extent noted below, the circumstances set forth in Note 19 of the Exelon 2012 Form 10-K describe, in all material respects, the current status of litigation matters. The following is an update to that discussion.

Asbestos Personal Injury Claims (Exelon, Generation and BGE)

Exelon and Generation . Generation maintains a reserve for claims associated with asbestos-related personal injury actions in certain facilities that are currently owned by Generation or were previously owned by ComEd and PECO. The reserve is recorded on an undiscounted basis and excludes the estimated legal costs associated with handling these matters, which could be material.

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At September 30, 2013 and December 31, 2012, Generation had reserved approximately $65 million and $63 million, respectively, in total for asbestos-related bodily injury claims. As of September 30, 2013, approximately $17 million of this amount related to 211 open claims presented to Generation, while the remaining $48 million of the reserve is for estimated future asbestos-related bodily injury claims anticipated to arise through 2050, based on actuarial assumptions and analyses, which are updated on an annual basis. On a quarterly basis, Generation monitors actual experience against the number of forecasted claims to be received and expected claim payments and evaluates whether an adjustment to the reserve is necessary.

BGE . Since 1993, BGE and certain Constellation subsidiaries (now Generation) have been involved in several actions concerning asbestos. The actions are based upon the theory of "premises liability," alleging that BGE and certain Constellation subsidiaries knew of and exposed individuals to an asbestos hazard. In addition to BGE and certain Constellation subsidiaries, numerous other parties are defendants in these cases.

Approximately 480 individuals who were never employees of BGE or certain Constellation subsidiaries have pending claims each seeking several million dollars in compensatory and punitive damages. Cross-claims and third-party claims brought by other defendants may also be filed against BGE and certain Constellation subsidiaries in these actions. To date, most asbestos claims which have been resolved have been dismissed or resolved without any payment by BGE or certain Constellation subsidiaries and a small minority of these cases has been resolved for amounts that were not material to BGE or Generation’s financial results.

Discovery begins in these cases after they are placed on the trial docket. At present, only two of the pending cases are set for trial. Given the limited discovery in these cases, BGE and Generation do not know the specific facts that are necessary to provide an estimate of the reasonably possible loss relating to these claims; as such, no accrual has been made and a range of loss is not estimable. The specific facts not known include:

- the identity of the facilities at which the plaintiffs allegedly worked as contractors;
- the names of the plaintiffs’ employers;
- the dates on which and the places where the exposure allegedly occurred; and
- the facts and circumstances relating to the alleged exposure.

Insurance and hold harmless agreements from contractors who employed the plaintiffs may cover a portion of any awards in the actions.

Continuous Power Interruption (ComEd)

Section 16-125 of the Illinois Public Utilities Act provides that in the event an electric utility, such as ComEd, experiences a continuous power interruption of four hours or more that affects (in ComEd’s case) more than 30,000 customers, the utility may be liable for actual damages suffered by customers as a result of the interruption and may be responsible for reimbursement of local governmental emergency and contingency expenses incurred in connection with the interruption. Recovery of consequential damages is barred. The affected utility may seek from the ICC a waiver of these liabilities when the utility can show that the cause of the interruption was unpreventable damage due to weather events or conditions, customer tampering, or certain other causes enumerated in the law.

On August 18, 2011, ComEd sought from the ICC a determination that ComEd is not liable for damage compensation to customers in connection with the July 11, 2011 storm system that produced multiple power interruptions that in the aggregate affected more than 900,000 customers in ComEd’s service territory, as well as for five other storm systems that affected ComEd’s customers during June and July 2011 (Summer 2011 Storm Docket). In addition, on September 29, 2011, ComEd sought from the ICC a determination that it was not liable for damage compensation related to the February 1, 2011 blizzard (February 2011 Blizzard Docket).

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On June 5, 2013, the ICC approved a complete waiver of liability for five of the six summer storms and the February 2011 blizzard. However, the ICC held that for the July 11, 2011 storm, 34,559 interruptions were preventable and therefore no waiver should apply. As required by the ICC's Order, ComEd will notify relevant customers that they may be entitled to seek reimbursement of incurred costs in accordance with a claims procedure established under ICC rules and regulations. In addition, the ICC found that ComEd did not systematically fail in its duty to provide adequate, reliable and safe service. As a result, the ICC rejected the Illinois Attorney General's request for the ICC to open an investigation into ComEd's infrastructure and storm hardening investments.

Following the ICC's June 26, 2013 denial of ComEd's request for rehearing, on June 27, 2013 ComEd filed an appeal of both the summer and winter storm dockets with the Illinois Appellate Court regarding the ICC's interpretation of Section 16-125 of the Illinois Public Utilities Act. ComEd cannot predict the outcome of appeals.

As a result of the ICC's June 5, 2013 ruling, ComEd established a liability which was not material, for potential reimbursements for actual damages incurred by the 34,559 customers covered by the ICC's June 5, 2013 Order. The liability recorded represents the low end of a range of potential losses given that no amount within the range represents a better estimate. ComEd's ultimate liability will be based on actual claims eligible for reimbursement as well as the outcome of the appeal. Although reimbursements for actual damages will differ from the estimated accrual recorded, at this time ComEd does not expect the difference to be material to ComEd's results of operations or cash flows.

ComEd has not recorded an accrual for reimbursement of local governmental emergency and contingency expenses as a range of loss, if any, cannot be reasonably estimated at this time, but may be material to ComEd's results of operations and cash flows.

Securities Class Action (Exelon)

Three federal securities class action lawsuits were filed in the United States District Courts for the Southern District of New York and the District of Maryland between September 2008 and November 2008 against Constellation. The cases were filed on behalf of a proposed class of persons who acquired publicly traded securities, including the Series A Junior Subordinated Debentures (Debentures), of Constellation between January 30, 2008 and September 16, 2008, and who acquired Debentures in an offering completed in June 2008. The securities class actions generally allege that Constellation, a number of its former officers or directors, and the underwriters violated the securities laws by issuing a false and misleading registration statement and prospectus in connection with Constellation's June 27, 2008 offering of the Debentures. The securities class actions also allege that Constellation issued false or misleading statements or was aware of material undisclosed information which contradicted public statements, including in connection with its announcements of financial results for 2007, the fourth quarter of 2007, the first quarter of 2008 and the second quarter of 2008 and the filing of its first quarter 2008 Form 10-Q. The securities class actions sought, among other things, certification of the cases as class actions, compensatory damages, reasonable costs and expenses, including counsel fees, and rescission damages.

The Southern District of New York granted the defendants' motion to transfer the two securities class actions filed in Maryland to the District of Maryland, and the actions have since been transferred for coordination with the securities class action filed there. On May 9, 2013, the federal court in Maryland preliminarily approved the settlement of Constellation's 2008 Securities Class Action for a payment of $4 million, which will be paid by Constellation's insurer. Notice of the settlement was provided to class members in June 2013 and the court approved the final settlement on November 4, 2013. This settlement will resolve all of Constellation's litigation arising from the 2008 Securities Class Action lawsuit.

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Baltimore City Franchise Taxes (BGE)

The City of Baltimore claims that BGE has maintained electric facilities in the City's public right-of-ways for over one hundred years without the proper franchise rights from the City. BGE is currently reviewing the merits of this claim. The Company has not recorded an accrual for payment of franchise fees for past periods as a range of loss, if any, cannot be reasonably estimated at this time. Franchise fees assessed in future periods may be material to BGE's results of operations and cash flows.

General (Exelon, Generation, ComEd, PECO and BGE)

The Registrants are involved in various other litigation matters that are being defended and handled in the ordinary course of business. The assessment of whether a loss is probable or a reasonable possibility, and whether the loss or a range of loss is estimable, often involves a series of complex judgments about future events. The Registrants maintain accruals for losses that are probable of being incurred and subject to reasonable estimation. Management is sometimes unable to estimate an amount or range of reasonably possible loss, particularly where (1) the damages sought are indeterminate, (2) the proceedings are in the early stages, or (3) the matters involve novel or unsettled legal theories. In such cases, there is considerable uncertainty regarding the timing or ultimate resolution of such matters, including a possible eventual loss.

Income Taxes (Exelon, Generation, ComEd, PECO and BGE)

See Note 12 — Income Taxes for information regarding the Registrants' income tax refund claims and certain tax positions, including the 1999 sale of fossil generating assets.

19. Supplemental Financial Information (Exelon, Generation, ComEd, PECO and BGE)

Supplemental Statement of Operations Information

The following tables provide additional information about the Registrants' Consolidated Statements of Operations and Comprehensive Income for the three and nine months ended September 30, 2013 and 2012:

Three Months Ended September 30, 2013	Exelon	Generation	ComEd	PECO	BGE
Other, Net					
Decommissioning-related activities:					
Net realized income on decommissioning trust funds(a)					
Regulatory agreement units	$ 138	$ 138	$ —	$ —	$—
Non-regulatory agreement units	35	35	—	—	—
Net unrealized gains on decommissioning trust funds					
Regulatory agreement units	103	103	—	—	—
Non-regulatory agreement units	46	46	—	—	—
Net unrealized losses on pledged assets					
Zion Station decommissioning	(9)	(9)	—	—	—
Regulatory offset to decommissioning trust fund-related activities(b)	(189)	(189)	—	—	—
Total decommissioning-related activities	124	124	—	—	—
Investment income	1	—	—	—	2(c)
Long-term lease income	7	—	—	—	—
AFUDC — Equity	4	—	2	1	1
Other	19	10	5	—	1
Other, net	$ 155	$ 134	$ 7	$ 1	$ 4

Nine Months Ended September 30, 2013	Exelon	Generation	ComEd	PECO	BGE
Other, Net					
Decommissioning-related activities:					
Net realized income on decommissioning trust funds(a)					
Regulatory agreement units	$ 221	$ 221	$ —	$ —	$—
Non-regulatory agreement units	65	65	—	—	—
Net unrealized gains on decommissioning trust funds					
Regulatory agreement units	196	196	—	—	—
Non-regulatory agreement units	70	70	—	—	—
Net unrealized losses on pledged assets					
Zion Station decommissioning	(5)	(5)	—	—	—
Regulatory offset to decommissioning trust fund-related activities(b)	(338)	(338)	—	—	—
Total decommissioning-related activities	209	209	—	—	—
Investment income (expense)	6	(1)	—	(1)	7(c)
Long-term lease income	20	—	—	—	—
Interest income related to uncertain income tax positions	24	3	—	1	—
AFUDC — Equity	16	—	8	3	5
Other	36	18	10	1	1
Other, net	$ 311	$ 229	$ 18	$ 4	$13

Three Months Ended September 30, 2012	Exelon	Generation	ComEd	PECO	BGE
Other, Net					
Decommissioning-related activities:					
Net realized income on decommissioning trust funds(a)					
Regulatory agreement units	$ 33	$ 33	$ —	$ —	$—
Non-regulatory agreement units	10	10	—	—	—
Net unrealized gains on decommissioning trust funds					
Regulatory agreement units	202	202	—	—	—
Non-regulatory agreement units	71	71	—	—	—
Net unrealized gains on pledged assets					
Zion Station decommissioning	22	22	—	—	—
Regulatory offset to decommissioning trust fund-related activities(b)	(208)	(208)	—	—	—
Total decommissioning-related activities	130	130	—	—	—
Investment income	5	1	—	—	3
Long-term lease income	7	—	—	—	—
Interest income related to uncertain income tax positions	—	1	1	—	—
Credit facility termination fees	(43)	(43)	—	—	—
AFUDC — Equity	4	—	1	1	2
Other	(2)	(6)	3	1	—
Other, net	$ 101	$ 83	$ 5	$ 2	$ 5

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Nine Months Ended September 30, 2012	Exelon	Generation	ComEd	PECO	BGE
Other, Net					
Decommissioning-related activities:					
Net realized income on decommissioning trust funds(a)					
Regulatory agreement units	$ 143	$ 143	$ —	$ —	$—
Non-regulatory agreement units	77	77	—	—	—
Net unrealized gains on decommissioning trust funds					
Regulatory agreement units	352	352	—	—	—
Non-regulatory agreement units	101	101	—	—	—
Net unrealized gains on pledged assets					
Zion Station decommissioning	60	60	—	—	—
Regulatory offset to decommissioning trust fund-related activities(b)	(453)	(453)	—	—	—
Total decommissioning-related activities	280	280	—	—	—
Investment income	15	2	1	2	9
Long-term lease income	22	—	—	—	—
Interest income related to uncertain income tax positions	14	1	1	—	—
Credit facility termination fees	(85)	(85)	—	—	—
AFUDC — Equity	11	—	2	3	8
Other	(4)	(13)	8	1	1
Other, net	$ 253	$ 185	$ 12	$ 6	$18

(a) Includes investment income and realized gains and losses on sales of investments of the trust funds.
(b) Includes the elimination of NDT fund-related activity for the Regulatory Agreement Units, including the elimination of net income taxes related to all NDT fund activity for those units. See Note 13 — Asset Retirement Obligations of the Exelon 2012 Form 10-K for additional information regarding the accounting for nuclear decommissioning.
(c) Relates to the cash return on BGE's rate stabilization deferral. See Note 5 — Regulatory Matters for additional information regarding the rate stabilization deferral.

Supplemental Cash Flow Information

The following tables provide additional information regarding the Registrants' Consolidated Statements of Cash Flows for the nine months ended September 30, 2013 and 2012:

Nine Months Ended September 30, 2013	Exelon	Generation	ComEd	PECO	BGE
Depreciation, amortization, accretion and depletion					
Property, plant and equipment	$1,420	$ 610	$ 413	$164	$194
Regulatory assets	153	—	88	7	58
Amortization of intangible assets, net	33	33	—	—	—
Amortization of energy contract assets and liabilities(a)	342	398	—	—	—
Nuclear fuel(a)	689	689	—	—	—
ARO accretion(b)	207	207	—	—	—
Total depreciation, amortization, accretion and depletion	$2,844	$ 1,937	$ 501	$171	$252

Nine Months Ended September 30, 2012	Exelon	Generation	ComEd	PECO	BGE
Depreciation, amortization, accretion and depletion					
Property, plant and equipment	$1,263	$ 540	$ 396	$154	$184
Regulatory assets	89	—	62	7	34
Amortization of intangible assets, net	24	24	—	—	—
Amortization of energy contract assets and liabilities(a)	731	812	—	—	—
Nuclear fuel(a)	628	628	—	—	—
ARO accretion(b)	174	174	—	—	—
Total depreciation, amortization, accretion and depletion	$2,909	$ 2,178	$ 458	$161	$218

(a) Included in revenues or fuel expense, or operating revenues on the Registrants' Consolidated Statements of Operations and Comprehensive Income.
(b) Included in operating and maintenance expense on the Registrants' Consolidated Statements of Operations.

Nine Months Ended September 30, 2013	Exelon	Generation	ComEd	PECO	BGE
Other non-cash operating activities:					
Pension and non-pension postretirement benefit costs	$ 621	$ 259	$ 231	$ 32	$ 41
Loss in equity method investments	(7)	(7)	—	—	—
Provision for uncollectible accounts	83	16	(6)	48	25
Stock-based compensation costs	99	—	—	—	—
Other decommissioning-related activity(a)	(110)	(110)	—	—	—
Energy-related options(b)	87	87	—	—	—
Amortization of regulatory asset related to debt costs	9	—	7	2	—
Amortization of rate stabilization deferral	49	—	—	—	49
Amortization of debt fair value adjustment	(28)	(28)	—	—	—
Discrete impacts from EIMA(c)	(206)	—	(206)	—	—
Amortization of debt costs	13	7	3	2	1
Merger integration costs(d)	(6)	—	—	—	(6)
Impairment of investments in direct financing leases(e)	14	—	—	—	—
Increase in inventory reserve	7	7	—	—	—
Impairment charges(f)	149	149	—	—	—
Other	(36)	(5)	(3)	—	(5)
Total other non-cash operating activities	$ 738	$ 375	$ 26	$ 84	$ 105
Changes in other assets and liabilities:					
Under/over-recovered energy and transmission costs	$ (47)	$ —	$ (63)	$ (10)	$ 26
Other regulatory assets and liabilities	(50)	—	(35)	—	(85)
Settlement of interest rate swaps(j)	26	—	—	—	—
Other current assets	(169)	(123)	(3)	(31)	(35)
Other noncurrent assets and liabilities	205	(40)	261(g)	(6)	(25)
Total changes in other assets and liabilities	$ (35)	$ (163)	$ 160	$ (47)	$(119)
Non-cash investing and financing activities:					
Consolidated VIE dividend to non-controlling interest	$ 63	$ 63	$ —	$ —	$ —
Indemnification of like-kind exchange position(h)	—	—	175	—	—
Total non-cash investing and financing activities:	$ 63	$ 63	$ 175	$ —	$ —

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Nine Months Ended September 30, 2012	Exelon	Generation	ComEd	PECO	BGE
Other non-cash operating activities:					
Pension and non-pension postretirement benefit costs	$ 606	$ 259	$ 212	$ 38	$ 44
Provision for uncollectible accounts	120	14	38	46	28
Stock-based compensation costs	75	—	—	—	—
Other decommissioning-related activity(a)	(108)	(108)	—	—	—
Energy-related options(b)	119	119	—	—	—
Amortization of regulatory asset related to debt costs	13	—	10	2	1
Amortization of rate stabilization deferral	39	—	—	—	49
Amortization of debt fair value adjustment	(49)	(23)	—	—	—
Discrete impacts from EIMA(c)	43	—	43	—	—
Merger-related commitments(i)	179	35	—	—	28
Severance cost	120	34	—	1	—
Loss in equity method investments	69	69	—	—	—
Other	9	23	7	9	(2)
Total other non-cash operating activities	$1,235	$ 422	$ 310	$ 96	$148
Changes in other assets and liabilities:					
Under/over-recovered energy and transmission costs	$ 20	$ —	$ 21	$ (3)	$ 21
Other regulatory assets and liabilities	(454)	—	(65)	7	(80)
Other current assets	52	(85)	(8)	(56)	(25)
Other noncurrent assets and liabilities	(40)	(110)	(72)	(5)	7
Total changes in other assets and liabilities	$ (422)	$ (195)	$ (124)	$ (57)	$ (77)
Non-cash investing and financing activities:					
Merger with Constellation, common stock issued	$7,365	$ 5,258	$ —	$ —	$ —

(a) Includes the elimination of NDT fund-related activity for the Regulatory Agreement Units, including the elimination of operating revenues, ARO accretion, ARC amortization, investment income and income taxes related to all NDT fund activity for these units. See Note 13 of the Exelon 2012 Form 10-K for additional information regarding the accounting for nuclear decommissioning.
(b) Includes option premiums reclassified to realized at the settlement of the underlying contracts and recorded to results of operations.
(c) Reflects the change in distribution rates pursuant to EIMA, which allows for the recovery of costs by a utility through a pre-established performance-based formula rate tariff. See Note 5 — Regulatory Matters for more information.
(d) Relates to integration costs to achieve distribution synergies related to the merger transaction. See Note 5 — Regulatory Matters for more information.
(e) Relates to an other than temporary decline in the estimated residual value of one of Exelon's direct financing leases. See Note 7 — Impairment of Long-Lived Assets for more information.
(f) Relates to the cancellation of uprate projects and write down of certain wind projects at Generation. See Note 7 — Impairment of Long-Lived Assets for additional information.
(g) Relates primarily to interest payable related to like-kind exchange tax position. See Note 12 — Income Taxes for discussion of the like-kind exchange tax position.
(h) See Note 12 — Income Taxes for discussion of the like-kind exchange tax position.
(i) See Note 4 — Mergers and Acquisitions for more information on merger-related commitments.
(i) Relates to settlement of forward starting interest rate swaps that Exelon entered into in anticipation of the Continental Wind, LLC non-recourse project financing that was completed on September 30, 2013. See Note 10 — Derivative Financial Instruments for more information on interest rate swaps.

DOE Smart Grid Investment Grant (Exelon, PECO and BGE). For the nine months ended September 30, 2013, Exelon, PECO and BGE have included in the Capital expenditures line item under investing activities of

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the cash flow statement capital expenditures of $68 million, $22 million and $46 million, respectively, and reimbursements of $64 million, $30 million and $34 million, respectively, related to PECO's and BGE's DOE SGIG programs. For the nine months ended September 30, 2012, Exelon, PECO and BGE have included in the Capital expenditures line item under investing activities of the cash flow statement capital expenditures of $75 million, $45 million and $30 million, respectively, and reimbursements of $85 million, $55 million and $30 million, respectively, related to PECO's and BGE's DOE SGIG programs. See Note 5 - Regulatory Matters for additional information regarding the DOE SGIG.

Supplemental Balance Sheet Information

The following tables provide additional information about assets and liabilities of the Registrants as of September 30, 2013 and December 31, 2012.

September 30, 2013	Exelon	Generation	ComEd	PECO	BGE
Property, plant and equipment:					
Accumulated depreciation and amortization	$13,366(a)	$ 6,848(a)	$3,107	$2,914	$2,658
Accounts receivable:					
Allowance for uncollectible accounts	302	72	73	119	38

December 31, 2012	Exelon	Generation	ComEd	PECO	BGE
Property, plant and equipment:					
Accumulated depreciation and amortization	$12,184(b)	$ 6,014(b)	$2,998	$2,797	$2,595
Accounts receivable:					
Allowance for uncollectible accounts	293	84	70	99	40

(a) Includes accumulated amortization of nuclear fuel in the reactor core of $2,365 million.
(b) Includes accumulated amortization of nuclear fuel in the reactor core of $2,078 million.

PECO Installment Plan Receivables (Exelon and PECO)

PECO enters into payment agreements with certain delinquent customers, primarily residential, seeking to restore their service, as required by the PAPUC. Customers with past due balances that meet certain income criteria are provided the option to enter into an installment payment plan, some of which have terms greater than one year, to repay past due balances in addition to paying for their ongoing service on a current basis. The receivable balance for these payment agreement receivables is recorded in accounts receivable for the current portion and other deferred debits and other assets for the noncurrent portion. The net receivable balance for installment plans with terms greater than one year was $22 million as of September 30, 2013 and $18 million as of December 31, 2012. The allowance for uncollectible accounts reserve methodology and assessment of the credit quality of the installment plan receivables are consistent with the customer accounts receivable methodology discussed in Note 1 — Significant Account Policies of the Exelon 2012 Form 10-K. The allowance for uncollectible accounts balance associated with these receivables at September 30, 2013 of $22 million consists of $1 million, $4 million and $17 million for low risk, medium risk and high risk segments, respectively. The allowance for uncollectible accounts balance at December 31, 2012 of $15 million consists of $1 million, $3 million and $11 million for low risk, medium risk and high risk segments, respectively. The balance of the payment agreement is billed to the customer in equal monthly installments over the term of the agreement. Installment receivables outstanding as of September 30, 2013 and December 31, 2012 include balances not yet presented on the customer bill, accounts currently billed and an immaterial amount of past due receivables. When a customer defaults on its payment agreement, the terms of which are defined by plan type, the entire balance of the agreement becomes due and the balance is reclassified to current customer accounts receivable and reserved for in accordance with the methodology discussed in Note 1 – Significant Accounting Policies of the Exelon 2012 Form 10-K.

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20. Segment Information (Exelon, Generation, ComEd, PECO and BGE)

Exelon has nine reportable segments, ComEd, PECO, BGE and Generation's six power marketing reportable segments consisting of the Mid-Atlantic, Midwest, New England, New York, ERCOT and all other regions not considered individually significant referred to collectively as "Other Regions"; including the South, West and Canada. Generation's expanded number of reportable segments is the result of the acquisition of Constellation on March 12, 2012. ComEd, PECO and BGE each represent a single reportable segment; as such, no separate segment information is provided for these Registrants. Exelon evaluates the performance of ComEd, PECO and BGE based on net income.

The foundation of Generation's six reportable segments is based on the geographic location of its assets, and is largely representative of the footprints of an ISO / RTO and/or NERC region. Descriptions of each of Generation's six reportable segments are as follows:

- Mid-Atlantic represents operations in the eastern half of PJM, which includes Pennsylvania, New Jersey, Maryland, Virginia, West Virginia, Delaware, the District of Columbia and parts of North Carolina.
- Midwest represents operations in the western half of PJM, which includes portions of Illinois, Indiana, Ohio, Michigan, Kentucky and Tennessee, and the entire United States footprint of MISO, which covers all or most of North Dakota, South Dakota, Nebraska, Minnesota, Iowa, Wisconsin, the remaining parts of Illinois, Indiana, Michigan and Ohio not covered by PJM, and parts of Montana, Missouri and Kentucky.
- New England represents the operations within ISO-NE covering the states of Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.
- New York represents operations within ISO-NY, which covers the state of New York in its entirety.
- ERCOT represents operations within Electric Reliability Council of Texas, covering most of the state of Texas.
- Other Regions not considered individually significant:
  - South represents operations in the FRCC and the remaining portions of the SERC not included within MISO or PJM, which includes all or most of Florida, Arkansas, Louisiana, Mississippi, Alabama, Georgia, Tennessee, North Carolina, South Carolina and parts of Missouri, Kentucky and Texas. Generation's South region also includes operations in the SPP, covering Kansas, Oklahoma, most of Nebraska and parts of New Mexico, Texas, Louisiana, Missouri, Mississippi and Arkansas.
  - West represents operations in the WECC, which includes California ISO, and covers the states of California, Oregon, Washington, Arizona, Nevada, Utah, Idaho, Colorado, and parts of New Mexico, Wyoming and South Dakota.
  - Canada represents operations across the entire country of Canada and includes the AESO, OIESO and the Canadian portion of MISO.

Exelon and Generation evaluate the performance of Generation's power marketing activities based on revenue net of purchased power and fuel expense. Generation believes that revenue net of purchased power and fuel expense is a useful measurement of operational performance. Revenue net of purchased power and fuel expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report. Generation's operating revenues include all sales to third parties and affiliated sales to ComEd, PECO and BGE. Purchased power costs include all costs associated with the procurement and supply of electricity including capacity, energy and ancillary services. Fuel

expense includes the fuel costs for Generation's own generation and fuel costs associated with tolling agreements. Generation's other business activities, including retail and wholesale gas, upstream natural gas, proprietary trading, energy efficiency and demand response, heating, cooling, and cogeneration facilities, and home improvements, sales of electric and gas appliances, servicing of heating, air conditioning, plumbing, electrical, and indoor quality systems, and investments in energy-related proprietary technology are not allocated to regions. Further, Generation's compensation under the reliability-must-run rate schedule, results of operations from the Brandon Shores, Wagner, and C.P. Crane Maryland generating stations, and other miscellaneous revenues, mark-to-market impact of economic hedging activities, and amortization of certain intangible assets relating to commodity contracts recorded at fair value as a result of the merger are also not allocated to a region.

An analysis and reconciliation of the Registrants' reportable segment information to the respective information in the consolidated financial statements for the three and nine months ended September 30, 2013 and 2012 is as follows:

Three Months Ended September 30, 2013 and 2012

	Generation(a)	ComEd	PECO	BGE	Other(b)	Intersegment Eliminations	Exelon
Total revenues(c):							
2013	$ 4,255	$ 1,156	$ 728	$ 737	$ 294	$ (668)	$ 6,502
2012	4,031	1,484	806	720	336	(798)	6,579
Intersegment revenues(d):							
2013	$ 373	$ 1	$ 1	$ 2	$ 294	$ (669)	$ 2
2012	459	—	1	4	337	(798)	3
Net income (loss):							
2013	$ 485	$ 126	$ 92	$ 53	$ (20)	$ —	$ 736
2012	87	90	123	—	(3)	—	297
Total assets:							
September 30, 2013	$ 40,498	$23,686	$9,745	$7,657	$ 9,563	$ (11,488)	$79,661
December 31, 2012	40,681	22,905	9,353	7,506	10,432	(12,316)	78,561

(a) Generation includes the six power marketing reportable segments shown below: Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Regions. Intersegment revenues for Generation for the three months ended September 30, 2013 include revenue from sales to PECO of $82 million and sales to BGE of $144 million in the Mid-Atlantic region, and sales to ComEd of $143 million in the Midwest. For the three months ended September 30, 2012 intersegment revenues for Generation include revenue from sales to PECO of $171 million and sales to BGE of $120 million in the Mid-Atlantic region, and sales to ComEd of $180 million in the Midwest region, net of $15 million related to the unrealized mark-to-market losses related to the ComEd swap, which eliminate upon consolidation.

(b) Other primarily includes Exelon's corporate operations, shared service entities and other financing and investment activities.

(c) For the three months ended September 30, 2013 and 2012, utility taxes of $21 million and $28 million, respectively, are included in revenues and expenses for Generation. For the three months ended September 30, 2013 and 2012, utility taxes of $65 million and $67 million, respectively, are included in revenues and expenses for ComEd. For the three months ended September 30, 2013 and 2012, utility taxes of $33 million and $40 million, respectively, are included in revenues and expenses for PECO. For the three months ended September 30, 2013 and 2012, utility taxes of $20 million and $20 million, respectively, are included in revenues and expenses for BGE.

(d) Intersegment revenues exclude sales to unconsolidated affiliate entities. The intersegment profit associated with the sale of certain products and services by and between Exelon's segments is not eliminated in consolidation due to the recognition of intersegment profit in accordance with regulatory accounting guidance. For Exelon, these amounts are included in operating revenues in the Consolidated Statements of Operations.

Generation total revenues (three months ended):

	2013			2012		
	Revenues from external customers(a)	Intersegment revenues	Total Revenues	Revenues from external customers(a)	Intersegment revenues	Total Revenues
Mid-Atlantic	$ 1,381	$ 10	$ 1,391	$ 1,428	$ (11)	$ 1,417
Midwest	1,018	(5)	1,013	1,193	7	1,200
New England	341	(1)	340	390	1	391
New York	198	(14)	184	183	2	185
ERCOT	430	(3)	427	532	1	533
Other Regions(b)	278	(7)	271	317	12	329
Total Revenues for Reportable Segments	3,646	(20)	3,626	4,043	12	4,055
Other(c)	609	20	629	(12)	(12)	(24)
Total Generation Consolidated Operating Revenues	$ 4,255	$ —	$ 4,255	$ 4,031	$ —	$ 4,031

(a) Includes all electric sales to third parties and affiliated sales to ComEd, PECO and BGE.
(b) Other regions include the South, West and Canada, which are not considered individually significant.
(c) Other represents activities not allocated to a region. See text above for a description of included activities. Also includes amortization of intangible assets related to commodity contracts recorded at fair value of $125 million and $404 million, for the three months ended September 30, 2013 and 2012, respectively, and elimination of intersegment revenues.

Generation total revenues net of purchased power and fuel expense (three months ended):

	2013			2012		
	RNF from external customers(a)	Intersegment RNF	Total RNF	RNF from external customers(a)	Intersegment RNF	Total RNF
Mid-Atlantic	$ 857	$ 7	$ 864	$ 919	$ (11)	$ 908
Midwest	606	(5)	601	723	7	730
New England	52	10	62	80	1	81
New York	29	(38)	(9)	11	2	13
ERCOT	222	(78)	144	158	—	158
Other Regions(b)	116	(75)	41	30	12	42
Total Revenues net of purchased power and fuel expense for Reportable Segments	1,882	(179)	1,703	1,921	11	1,932
Other(c)	194	179	373	(12)	(11)	(23)
Total Generation Revenues net of purchased power and fuel expense	$ 2,076	$ —	$2,076	$ 1,909	$ —	$1,909

(a) Includes purchases and sales from third parties and affiliated sales to ComEd, PECO and BGE.
(b) Other regions includes the South, West and Canada, which are not considered individually significant.
(c) Other represents activities not allocated to a region. See text above for a description of included activities. Also includes amortization of intangible assets related to commodity contracts recorded at fair value of $44 million and $257 million for the three months ended September 30, 2013 and 2012, respectively.

Nine Months Ended September 30, 2013 and 2012

	Generation(a)	ComEd	PECO	BGE(b)	Other(c)	Intersegment Eliminations	Exelon
Total revenues(d):							
2013	$ 11,858	$3,395	$2,295	$2,271	$ 909	$ (2,003)	$18,725
2012	10,539	4,154	2,396	1,388	1,049	(2,291)	17,235
Intersegment revenues(e):							
2013	$ 1,083	$ 2	$ 1	$ 10	$ 909	$ (2,003)	$ 2
2012	1,233	2	3	7	1,050	(2,291)	4
Net income (loss):							
2013	$ 795	$ 140	$ 292	$ 160	$ (152)	$ —	$ 1,235
2012	419	219	300	(50)	(101)	—	787

(a) Generation includes the six power marketing reportable segments shown below: Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Regions. Intersegment revenues for Generation for the nine months ended September 30, 2013 include revenue from sales to PECO of $321 million and sales to BGE of $356 million in the Mid-Atlantic region, and sales to ComEd of $409 million in the Midwest region, net of $7 million related to the unrealized mark-to-market losses related to the ComEd swap, which eliminate upon consolidation. For the nine months ended September 30, 2012 intersegment revenues for Generation include revenue from sales to PECO of $407 million in the Mid-Atlantic region and sales to BGE of $223 million in the Mid-Atlantic region, and sales to ComEd of $631 million in the Midwest region, net of $30 million related to the unrealized mark-to-market losses related to the ComEd swap, which eliminate upon consolidation.

(b) Amounts represent activity recorded at BGE from March 12, 2012, the closing date of the merger, through September 30, 2012.

(c) Other primarily includes Exelon's corporate operations, shared service entities and other financing and investment activities.

(d) For the nine months ended September 30, 2013 and 2012, utility taxes of $60 million and $60 million, respectively, are included in revenues and expenses for Generation. For the nine months ended September 30, 2013 and 2012, utility taxes of $182 million and $182 million, respectively, are included in revenues and expenses for ComEd. For the nine months ended September 30, 2013 and 2012, utility taxes of $97 million and $108 million, respectively, are included in revenues and expenses for PECO. For the nine months ended September 30, 2013 and period of March 12, 2012 through September 30, 2012, utility taxes of $62 million and $42 million, respectively, are included in revenues and expenses for BGE.

(e) Intersegment revenues exclude sales to unconsolidated affiliate entities. The intersegment profit associated with the sale of certain products and services by and between Exelon's segments is not eliminated in consolidation due to the recognition of intersegment profit in accordance with regulatory accounting guidance. For Exelon, these amounts are included in operating revenues in the Consolidated Statements of Operations.

Generation total revenues (nine months ended):

	2013			2012		
	Revenues from external customers(a)	Intersegment revenues	Total Revenues	Revenues from external customers(a)	Intersegment revenues	Total Revenues
Mid-Atlantic	$ 3,932	$ 11	$ 3,943	$ 3,832	$ (43)	$ 3,789
Midwest	3,274	(3)	3,271	3,600	19	3,619
New England	942	(9)	933	776	36	812
New York	547	(20)	527	394	(22)	372
ERCOT	1,042	(8)	1,034	1,073	1	1,074
Other Regions(b)	708	29	737	611	40	651
Total Revenues for Reportable Segments	10,445	—	10,445	10,286	31	10,317
Other(c)	1,413	—	1,413	253	(31)	222
Total Generation Consolidated Operating Revenues	$ 11,858	$ —	$11,858	$ 10,539	$ —	$10,539

(a) Includes all wholesale and retail electric sales from third parties and affiliated sales to ComEd, PECO and BGE.
(b) Other regions include the South, West and Canada, which are not considered individually significant.
(c) Other represents activities not allocated to a region. See text above for a description of included activities. Also includes amortization of intangible assets related to commodity contracts recorded at fair value at the merger date of $603 million and $1,089 million, for the nine months ended September 30, 2013 and 2012, respectively, and elimination of intersegment revenues.

Generation total revenues net of purchased power and fuel expense (nine months ended):

	2013			2012		
	RNF from external customers(a)	Intersegment RNF	Total RNF	RNF from external customers(a)	Intersegment RNF	Total RNF
Mid-Atlantic	$ 2,477	$ (2)	$2,475	$ 2,605	$ (44)	$2,561
Midwest	2,002	(1)	2,001	2,291	19	2,310
New England	156	(14)	142	144	36	180
New York	14	(31)	(17)	82	(22)	60
ERCOT	477	(120)	357	311	1	312
Other Regions(b)	238	(91)	147	49	41	90
Total Revenues net of purchased power and fuel expense for Reportable Segments	5,364	(259)	5,105	5,482	31	5,513
Other(c)	200	259	459	39	(31)	8
Total Generation Revenues net of purchased power and fuel expense	$ 5,564	$ —	$5,564	$ 5,521	$ —	$5,521

(a) Includes purchases and sales from third parties and affiliated sales to ComEd, PECO and BGE.
(b) Other regions includes the South, West and Canada, which are not considered individually significant.
(c) Other represents activities not allocated to a region. See text above for a description of included activities. Also includes amortization of intangible assets related to commodity contracts recorded at fair value at the merger date of $386 million and $793 million, for the nine months ended September 30, 2013 and 2012, respectively.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

(Dollars in millions except per share data, unless otherwise noted)

Exelon Corporation

General

Exelon, a utility services holding company, operates through the following principal subsidiaries:

- *Generation*, one of the largest competitive electric generation companies in the United States as measured by owned and contracted MW, physically delivers and markets power across multiple geographic regions through its customer-facing business, Constellation. Generation operates as an integrated business, leveraging its owned and contracted electric generation capacity to market and sell power to wholesale and retail supply customers. Generation's customers include distribution utilities, municipalities, cooperatives, financial institutions, and commercial, industrial, governmental, and residential customers in competitive markets. Generation also sells natural gas and renewable and other energy-related offerings, and engages in natural gas exploration and production activities.
- *ComEd*, whose business consists of the purchase and regulated retail sale of electricity and the provision of distribution and transmission services in northern Illinois, including the City of Chicago.
- *PECO*, whose business consists of the purchase and regulated retail sale of electricity and the provision of distribution and transmission services in southeastern Pennsylvania, including the City of Philadelphia, and the purchase and regulated retail sale of natural gas and the provision of distribution services in the Pennsylvania counties surrounding the City of Philadelphia.
- *BGE*, whose business consists of the purchase and regulated retail sale of electricity and the provision of distribution and transmission services in central Maryland, including the City of Baltimore, and the purchase and regulated retail sale of natural gas and the provision of distribution services in central Maryland, including the City of Baltimore.

Exelon has nine reportable segments consisting of Generation's six power marketing reportable segments (Mid-Atlantic, Midwest, New England, New York, ERCOT and other regions in Generation), ComEd, PECO and BGE. See Note 20 — Segment Information of the Combined Notes to Consolidated Financial Statements for additional information regarding Exelon's reportable segments.

Through its business services subsidiary BSC, Exelon provides its operating subsidiaries with a variety of support services at cost. The costs of these services are directly charged or allocated to the applicable operating segments. Additionally, the results of Exelon's corporate operations include costs for corporate governance and interest costs and income from various investment and financing activities.

Exelon's consolidated financial information includes the results of its four separate operating subsidiary registrants, Generation, ComEd, PECO and BGE, which, along with Exelon, are collectively referred to as the Registrants. The following combined Management's Discussion and Analysis of Financial Condition and Results of Operations is separately filed by Exelon, Generation, ComEd, PECO and BGE. However, none of the Registrants makes any representation as to information related solely to any of the other Registrants.

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Executive Overview

Financial Results. The following consolidated financial results reflect the results of Exelon for the three and nine months ended September 30, 2013 compared to the corresponding periods in 2012. The financial results for the nine months ended September 30, 2012 only include the operations of Constellation and BGE from March 12, 2012, the date of the merger with Constellation, through September 30, 2012. All amounts presented below are before the impact of income taxes, except as noted.

	Three Months Ended September 30,							Favorable (Unfavorable) Variance
	2013						2012	
	Generation	ComEd	PECO	BGE	Other	Exelon	Exelon	
Operating revenues	$ 4,255	$1,156	$728	$737	$(374)	$6,502	$6,579	$ (77)
Purchased power and fuel	2,179	301	289	346	(372)	2,743	3,026	283
Revenue net of purchased power and fuel(a)	2,076	855	439	391	(2)	3,759	3,553	206
Other operating expenses								
Operating and maintenance	1,076	333	186	146	(6)	1,735	2,170	435
Depreciation and amortization	218	164	57	78	13	530	500	(30)
Taxes other than income	98	80	41	53	5	277	290	13
Total other operating expenses	1,392	577	284	277	12	2,542	2,960	418
Equity in earnings of unconsolidated affiliates	37	—	—	—	—	37	10	27
Operating income (loss)	721	278	155	114	(14)	1,254	603	651
Other income and (deductions)								
Interest expense, net	(82)	(74)	(29)	(29)	(20)	(234)	(246)	12
Other, net	134	7	1	4	9	155	101	54
Total other income and (deductions)	52	(67)	(28)	(25)	(11)	(79)	(145)	66
Income (loss) before income taxes	773	211	127	89	(25)	1,175	458	717
Income taxes	288	85	35	36	(5)	439	161	(278)
Net income (loss)	485	126	92	53	(20)	736	297	439
Net (loss) income attributable to noncontrolling interests, preferred security dividends and redemption and preference stock dividends	(5)	—	—	3	—	(2)	1	3
Net income (loss) attributable to common shareholders	$ 490	$ 126	$ 92	$ 50	$ (20)	$ 738	$ 296	$ 442

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	Nine Months Ended September 30,							Favorable (Unfavorable) Variance
	2013						2012	
	Generation	ComEd	PECO	BGE	Other	Exelon	Exelon	
Operating revenues	$ 11,858	$3,395	$2,295	$2,271	$(1,094)	$18,725	$17,235	$ 1,490
Purchased power and fuel	6,294	931	953	1,059	(1,094)	8,143	7,398	(745)
Revenue net of purchased power and fuel(a)	5,564	2,464	1,342	1,212	—	10,582	9,837	745
Other operating expenses								
Operating and maintenance	3,377	1,020	554	450	(10)	5,391	5,979	588
Depreciation and amortization	643	501	171	252	39	1,606	1,376	(230)
Taxes other than income	292	225	121	162	25	825	737	(88)
Total other operating expenses	4,312	1,746	846	864	54	7,822	8,092	270
Equity in earnings (loss) of unconsolidated affiliates	7	—	—	—	—	7	(69)	76
Operating income (loss)	1,259	718	496	348	(54)	2,767	1,676	1,091
Other income and (deductions)								
Interest expense, net	(257)	(503)	(86)	(94)	(170)	(1,110)	(697)	(413)
Other, net	229	18	4	13	47	311	253	58
Total other income and (deductions)	(28)	(485)	(82)	(81)	(123)	(799)	(444)	(355)
Income (loss) before income taxes	1,231	233	414	267	(177)	1,968	1,232	736
Income taxes	436	93	122	107	(25)	733	445	(288)
Net income (loss)	795	140	292	160	(152)	1,235	787	448
Net (loss) income attributable to noncontrolling interests, preferred security dividends and redemption and preference stock dividends	(6)	—	7	10	—	11	5	(6)
Net income (loss) attributable to common shareholders	$ 801	$ 140	$ 285	$ 150	$ (152)	$ 1,224	$ 782	$ 442

(a) The Registrants' evaluate operating performance using the measure of revenue net of purchased power and fuel expense. The Registrants' believe that revenue net of purchased power and fuel expense is a useful measurement because it provides information that can be used to evaluate its operational performance. Revenue net of purchased power and fuel expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

Three Months Ended September 30, 2013 Compared to Three Months Ended September 30, 2012. Exelon's net income attributable to common shareholders was $738 million for the three months ended September 30, 2013 as compared to net income attributable to common shareholders of $296 million for the three months ended September 30, 2012, and diluted earnings per average common share were $0.86 for the three months ended September 30, 2013 as compared to $0.35 for the three months ended September 30, 2012.

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Operating revenue net of purchased power and fuel expense, which is a non-GAAP measure discussed below, increased by $206 million for the three months ended September 30, 2013 as compared to the same period in 2012. The year-over-year increase in operating revenue net of purchased power and fuel expense was primarily due to the following favorable factors:

- Increase in Generation's mark-to-market gains from economic hedging activities of $229 million, higher capacity revenue of $124 million, and a decrease in Generation's amortization expense for the acquired energy contracts recorded at fair value at the merger date of $213 million;
- Increase in ComEd's revenue net of purchased power expense of $49 million primarily due to increased distribution revenue due to increased costs and capital investment and higher allowed ROE pursuant to the formula rate under EIMA and the enactment of Senate Bill 9; and
- Increase in BGE's revenue net of purchased power and fuel expense of $44 million primarily due to the impact of the new electric and natural gas distribution rates charged to customers that became effective February 23, 2013 in accordance with the 2012 MDPSC approved electric and natural gas distribution rate case order, and increased cost recovery for energy efficiency and demand response programs.

The year-over-year increase in operating revenue net of purchased power and fuel expense was partially offset by the following unfavorable factors:

- Decrease in Generation's electric revenue net of purchased power and fuel expense of $355 million primarily due to lower realized energy prices, lower load volume, and increased nuclear fuel expense, partially offset by increased nuclear volumes and lower energy supply costs as a result of the integration of the energy generation and load serving businesses following the merger;
- Decrease in PECO's revenue net of purchased power and fuel expense of $41 million primarily due to decreased cost recovery for energy efficiency and demand response programs; and
- Reduced margin at Generation of $44 million in 2013 associated with the Maryland Clean Coal assets that were sold in November 2012.

Operating and maintenance expense decreased by $435 million for the three months ended September 30, 2013 as compared to the same period in 2012 primarily due to the following favorable factors:

- Decrease in operating and maintenance expense associated with the generating assets retired or divested during 2012 of $337 million; and
- Decrease in labor, contracting and materials costs of $36 million primarily due to realized merger synergy savings at Exelon's corporate operations and shared service entities and at Generation, partially offset by the impact of inflation across all operating companies; and
- Decrease in uncollectible accounts expense of $28 million at ComEd resulting from the timing of regulatory cost recovery and customers purchasing electricity from competitive electric generation suppliers.

The year-over-year decrease in operating and maintenance expense was partially offset by the following unfavorable factors:

- Long-lived asset impairment and related charges of $46 million in the third quarter of 2013, primarily related to certain wind generating assets at Generation; and
- Increased merger and integration costs of $32 million at Constellation.

Depreciation and amortization expense increased by $30 million primarily due to ongoing capital expenditures across the operating companies, wind and solar facilities placed into service in the second half of 2012 and in 2013 at Generation, and higher costs for energy efficiency and demand response programs at BGE.

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Equity in earnings of unconsolidated affiliates increased by $27 million primarily due to higher net income from Generation's equity investment in CENG in the third quarter of 2013 compared to the same period in 2012 and lower amortization of the basis difference of Generation's ownership interest in CENG recorded at fair value in connection with the merger.

Exelon's effective income tax rates for the three months ended September 30, 2013 and 2012 were 37.4% and 35.2%, respectively. See Note 12 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

Nine Months Ended September 30, 2013 Compared to Nine Months Ended September 30, 2012. Exelon's net income attributable to common shareholders was $1,224 million for the nine months ended September 30, 2013 as compared to net income attributable to common shareholders of $782 million for the nine months ended September 30, 2012, and diluted earnings per average common share were $1.42 for the nine months ended September 30, 2013 as compared to $0.97 for the nine months ended September 30, 2012.

Operating revenue net of purchased power and fuel expense, which is a non-GAAP measure discussed below, increased by $745 million for the nine months ended September 30, 2013 as compared to the same period in 2012. The year-over-year increase in operating revenue net of purchased power and fuel expense was primarily due to the following favorable factors:

- Increase in BGE's revenue net of purchased power and fuel expense of $223 million, primarily as a result of the inclusion of BGE's results for the full period in 2013, accrual of the residential customer rate credit that was a condition of the MDPSC's approval of Exelon's merger with Constellation in 2012, and the impact of the new electric and natural gas distribution rates charged to customers that became effective February 23, 2013 in accordance with the 2012 MDPSC approved electric and natural gas distribution rate case order;
- Increase in Generation's net margin of $174 million on other activities, including proprietary trading, retail gas, energy efficiency, energy management and demand response, upstream natural gas and the design and construction of customer sited solar facilities, primarily due to the addition of Constellation;
- Decrease in Generation's amortization expense for the acquired energy contracts recorded at fair value at the merger date of $407 million; and
- Increase in ComEd's revenue net of purchased power expense of $196 million primarily due to the discrete impacts of the ICC's May 2012 Order in ComEd's 2011 formula rate proceeding under EIMA, increased distribution revenue as a result of increased costs and capital investment and higher allowed ROE pursuant to the formula rate under EIMA and the enactment of Senate Bill 9;

The year-over-year increase in operating revenue net of purchased power and fuel expense was partially offset by the following unfavorable factors:

- Decrease in PECO's revenue net of purchased power and fuel expense of $21 million primarily due to the decrease in effective rates due to increased usage per customer across all customer classes, decreased cost recovery for energy efficiency and demand response programs, a decrease in gross receipts tax revenue, and the customer refund in 2013 of the tax cash benefit related to gas property distribution repairs;
- Decrease in Generation's electric revenue net of purchased power and fuel expense of $408 million primarily due to lower realized energy prices, lower load volume and increased nuclear fuel expense, partially offset by higher capacity revenue, increased nuclear volumes, and lower energy supply costs as a result of the integration of the energy generation and load serving businesses following the merger; and
- Reduced margin at Generation of $125 million in 2013 associated with the Maryland Clean Coal assets that were sold in November 2012 and lost compensation on the reliability-must-run program with PJM for retired fossil generating assets that expired on May 31, 2012.

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Operating and maintenance expense decreased by $588 million for the nine months ended September 30, 2013 as compared to the same period in 2012 primarily due to the following favorable factors:

- Decrease in operating and maintenance expense associated with the generating assets retired or divested during 2012 of $392 million;
- Costs incurred in March 2012 of $216 million and $195 million as part of the Maryland order approving the merger and a settlement with the FERC, respectively;
- Decrease in Constellation merger and integration costs of $150 million in 2013; and
- Decrease in uncollectible accounts expense of $43 million at ComEd resulting from the timing of regulatory cost recovery and customers purchasing electricity from competitive electric generation suppliers.

The year-over-year decrease in operating and maintenance expense was partially offset by the following unfavorable factors:

- Increase in labor, other benefits, contracting and materials costs of $224 million and an increase in pension and non-pension postretirement benefit expenses of $25 million, primarily due to the addition of BGE and Constellation for the full period in 2013; and
- Long-lived asset impairments and related charges of $172 million in 2013, primarily related to Generation's cancellation of nuclear uprate projects and the impairment of certain wind generating assets.

Depreciation and amortization expense increased by $230 million primarily due to higher plant balances resulting from the addition of BGE's and Constellation's plant balances in 2012, ongoing capital expenditures across the operating companies, the completion of wind and solar facilities placed into service in the second half of 2012 and in 2013 at Generation, and increased regulatory asset amortization related to higher MGP remediation expenditures and higher costs for energy efficiency and demand response programs at ComEd and BGE, respectively.

The favorable increase in Equity in earnings/loss of unconsolidated affiliates of $76 million was primarily due to higher net income from Generation's equity investment in CENG in 2013 compared to the same period in 2012 and lower amortization of the basis difference of Generation's ownership interest in CENG recorded at fair value in connection with the merger.

Interest expense increased by $413 million primarily due to an increase in interest expense at ComEd related to the remeasurement of Exelon's like-kind exchange tax position in the first quarter of 2013, an increase in debt obligations as a result of the merger and an increase in debt issued at Generation in June 2012.

Exelon's effective income tax rates for the nine months ended September 30, 2013 and September 30, 2012 were 37.2% and 36.1%, respectively. See Note 12 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

For further detail regarding the financial results for the three and nine months ended September 30, 2013, including explanation of the non-GAAP measure revenue net of purchased power and fuel expense, see the discussions of Results of Operations by Segment below.

Adjusted (non-GAAP) Operating Earnings. Exelon's adjusted (non-GAAP) operating earnings for the three months ended September 30, 2013 were $667 million, or $0.78 per diluted share, compared with adjusted (non-GAAP) operating earnings of $658 million, or $0.77 per diluted share, for the same period in 2012. Exelon's adjusted (non-GAAP) operating earnings for the nine months ended September 30, 2013 were $1,722 million, or $2.00 per diluted share, compared with adjusted (non-GAAP) operating earnings of $1,783 million, or $2.21 per diluted share, for the same period in 2012. In addition to net income attributable to common

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

The following table provides a reconciliation between net income attributable to common shareholders as determined in accordance with GAAP and adjusted (non-GAAP) operating earnings for the three and nine months ended September 30, 2013 as compared to the same period in 2012:

	Three Months Ended September 30,			
	2013		2012	
(All amounts after tax)		Earnings per Diluted Share		Earnings per Diluted Share
Net Income Attributable to Common Shareholders	$ 738	$ 0.86	$296	$ 0.35
Mark-to-Market Impact of Economic Hedging Activities(a)	(148)	(0.17)	(19)	(0.02)
Unrealized Losses Related to NDT Fund Investments(b)	(24)	(0.03)	(38)	(0.04)
Plant Retirement and Divestitures(c)	—	—	193	0.22
Constellation Merger and Integration Costs(d)	26	0.03	36	0.04
Amortization of Commodity Contract Intangibles(e)	41	0.05	187	0.21
Amortization of the Fair Value of Certain Debt(f)	—	—	(3)	—
Long-Lived Asset Impairment(h)	28	0.03	—	—
Asset Retirement Obligation(i)	6	0.01	6	0.01
Adjusted (non-GAAP) Operating Earnings	$ 667	$ 0.78	$658	$ 0.77

	Nine Months Ended September 30,			
	2013		2012	
(All amounts after tax)		Earnings per Diluted Share		Earnings per Diluted Share
Net Income Attributable to Common Shareholders	$1,224	$ 1.42	$ 782	$ 0.97
Mark-to-Market Impact of Economic Hedging Activities(a)	(168)	(0.21)	(185)	(0.23)
Unrealized Gains Related to NDT Fund Investments(b)	(37)	(0.04)	(54)	(0.07)
Plant Retirement and Divestitures(c)	(13)	(0.01)	200	0.25
Constellation Merger and Integration Costs(d)	66	0.08	211	0.26
Amortization of Commodity Contract Intangibles(e)	273	0.32	545	0.68
Amortization of the Fair Value of Certain Debt(f)	(7)	(0.01)	(7)	(0.01)
Non-Cash Remeasurement of State Deferred Income Taxes(g)	—	—	(117)	(0.15)
Long-Lived Asset Impairment(h)	111	0.13	—	—
Asset Retirement Obligation(i)	6	0.01	6	0.01
Remeasurement of Like-Kind Exchange Tax Position(j)	267	0.31	—	—
Other Acquisition Costs(k)	—	—	3	—
Maryland Commitments(l)	—	—	227	0.28
FERC Settlement(m)	—	—	172	0.22
Adjusted (non-GAAP) Operating Earnings	$1,722	$ 2.00	$1,783	$ 2.21

(a) Reflects the impact of gains for the three and nine months ended September 30, 2013 (net of taxes of $(99) million and $(112) million, respectively) and for the three and nine months ended September 30, 2012 (net of taxes of $(12) million

and $(121) million, respectively), on Generation's economic hedging activities. See Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional detail related to Generation's hedging activities.

(b) Reflects the impact of unrealized (gains) losses for the three and nine months ended September 30, 2013 (net of taxes of $(39) million and $(66) million, respectively) and for the three and nine months ended September 30, 2012 (net of taxes of $(76) million and $(122) million, respectively) on Generation's NDT fund investments for Non-Regulatory Agreement Units. See Note 13 — Nuclear Decommissioning of the Combined Notes to Consolidated Financial Statements for additional detail related to Generation's NDT fund investments.

(c) Reflects the impacts associated with the sale or retirement of generating stations for the nine months ended September 30, 2013 (net of taxes of $5 million) and for the three and nine months ended September 30, 2012 (net of taxes of $120 million and $123 million, respectively). See "Results of Operations — Generation" for additional detail related to the generating station retirements.

(d) Reflects certain costs incurred for the three and nine months ended September 30, 2013 (net of taxes of $16 million and $19 million, respectively) and for the three and nine months ended September 30, 2012 (net of taxes of $52 million and $133 million, respectively) associated with the Constellation merger, employee-related expenses (e.g. severance, retirement, relocation and retention bonuses) integration initiatives and certain pre-acquisition contingencies, partially offset in 2013 by a one-time benefit pursuant to the BGE 2012 electric and gas distribution rate case order for the recovery of previously incurred integration costs. See Note 4 — Merger and Acquisitions of the Combined Notes to Consolidated Financial Statements for additional information.

(e) Reflects the non-cash impact for the three and nine months ended September 30, 2013 and 2012 (net of taxes of $26 million and $174 million, respectively) and for the three and nine months ended September 30, 2012 (net of taxes of $121 million and $355 million, respectively) of the amortization of intangible assets, net, related to commodity contracts recorded at fair value at the Constellation merger date. See Note 4 — Merger and Acquisitions of the Combined Notes to Consolidated Financial Statements for additional information.

(f) Reflects the non-cash amortization of certain debt for the nine months ended September 30, 2013 (net of taxes $(5) million) and for the three and nine months ended September 30, 2012 (net of taxes of $(2) million and $(4) million, respectively) recorded at fair value at the merger date which was retired in the second quarter of 2013. See Note 4 — Merger and Acquisitions of the Combined Notes to Consolidated Financial Statements for additional information.

(g) Reflects the non-cash impacts of the remeasurement of state deferred income taxes as a result of the Constellation merger. See Note 12 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information.

(h) Reflects 2013 impairment and related charges to earnings for the three and nine months ended September 30, 2013 (net of taxes of $18 million and $70 million, respectively) primarily related to Generation's cancellation of nuclear uprate projects and the impairment of certain wind generating assets.

(i) Reflects the impacts of an increase in Generation's asset retirement obligation for retired fossil plants for the three and nine months ended September 30, 2013 (net of taxes of $4 million). Reflects the impacts of an increase in Generation's decommissioning obligation for spent nuclear fuel at retired nuclear units for the three and nine months ended 2012 (net of taxes of $4 million).

(j) Reflects a non-cash charge to earnings for the nine months ended September 30, 2013 (net of taxes of $102 million) resulting from the first quarter 2013 remeasurement of a like-kind exchange tax position taken on ComEd's 1999 sale of fossil generating assets. See Note 12 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information.

(k) Reflects certain costs incurred for the nine months ended September 30, 2012 (net of taxes of $2 million) associated with various acquisitions.

(l) Reflects costs incurred for the three months ended September 30, 2012 associated with the Constellation merger (net of taxes of $101 million) as part of the Maryland order approving the merger transaction. See Note 4 — Merger and Acquisitions of the Combined Notes to Consolidated Financial Statements for additional information.

(m) Reflects costs incurred for the nine months ended September 30, 2012 (net of taxes of $23 million) as part of a settlement with the FERC to resolve a dispute related to Constellation's pre-merger hedging and risk management transactions. See Note 18 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements for additional information.

As discussed above, Exelon has incurred and will continue to incur costs associated with the Constellation merger including, meeting the various commitments set forth by regulators and agreed-upon with other interested parties as part of the merger approval process, and integrating the former Constellation businesses into Exelon.

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For the three and nine months ended September 30, 2013, expense has been recognized for costs incurred to achieve the merger as follows:

	Pre-tax Expense				
	Three Months Ended September 30, 2013				
Merger and Integration Costs:	**Generation(a)**	**ComEd**	**PECO**	**BGE(a)**	**Exelon(a)**
Employee-Related(b)	$ 20	$ 2	$ 2	$ 1	$ 27
Other(c)	12	—	1	1(d)	13
Total	$ 32	$ 2	$ 3	$ 2	$ 40

	Pre-tax Expense				
	Nine Months Ended September 30, 2013				
Merger and Integration Costs:	**Generation(a)**	**ComEd**	**PECO**	**BGE(a)**	**Exelon(a)**
Employee-Related(b)	$ 32	$ 2	$ 3	$ 1	$ 41
Other(c)	42	—	5	(4)	45
Total	$ 74	$ 2	$ 8	$ (3)	$ 86

	Pre-tax Expense				
	Three Months Ended September 30, 2012				
Merger and Integration Costs:	**Generation(a)**	**ComEd**	**PECO**	**BGE(a)**	**Exelon(a)**
Employee-Related(b)	$ 12	$ —	$ 2	$ —	$ 15
Other(c)	67	—	1	1(d)	72
Total	$ 79	$ —	$ 3	$ 1	$ 87

	Pre-tax Expense				
	Nine Months Ended September 30, 2012				
Merger and Integration Costs:	**Generation(a)**	**ComEd**	**PECO**	**BGE(a)**	**Exelon(a)**
Transaction(e)	$ —	$ —	$ —	$ —	$ 52
Maryland Commitments	35	—	—	139	328
Employee-Related(b)	98	—	9	—	116
Other(c)	150	2	4	5	175
Total	$ 283	$ 2	$ 13	$ 144	$ 671

(a) For Exelon, Generation and BGE, includes the operations of the acquired businesses for the nine months ended September 30, 2013 and from the date of the merger, March 12, 2012, through September 30, 2012.

(b) Costs primarily for employee severance, pension and OPEB expense and retention bonuses. ComEd established regulatory assets of $0 million and $4 million during the three months ended September 30, 2013 and September 30, 2012 and $1 million and $20 million during the nine months ended September 30, 2013 and September 30, 2012, respectively. For ComEd, the majority of these costs are expected to be recovered over a five-year period. ComEd and BGE established a regulatory asset of $22 million and $22 million, respectively, during the nine months ended September 30, 2012, for severance benefit costs and the majority of these costs will be recovered over a five-year period. These costs are not included in the table above.

(c) Costs to integrate Constellation processes and systems into Exelon and to terminate certain Constellation debt agreements. ComEd established a regulatory asset of $2 million and $3 million during the three months ended September 30, 2013 and 2012 and $9 million and $10 million during the nine months ended September 30, 2013 and September 30, 2012, respectively, for certain other merger and integration costs, which are not included in the table above. BGE established a regulatory asset of $2 million during the nine months September 30, 2013 for certain other merger integration costs, which are not included in the table above.

(d) BGE established a regulatory asset of $6 million at September 30, 2013 for certain 2012 other merger integration costs as part of the 2013 electric and gas distribution rate case order.

(e) External, third-party costs paid to advisors, consultants, lawyers and other experts to assist in the due diligence and regulatory approval processes and in the closing of the transaction.

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As of September 30, 2013, Exelon projects incurring total additional merger-related expenses, primarily in 2013, of $56 million.

Pursuant to the conditions set forth by the MDPSC in its approval of the merger transaction, Exelon committed to provide a package of benefits to BGE customers, and make certain investments in the City of Baltimore and the State of Maryland, resulting in an estimated direct investment in the State of Maryland of approximately $1 billion. The direct investment estimate includes $95 million to $120 million for the requirement to cause construction of a headquarters building in Baltimore for Generation's competitive energy businesses. On March 20, 2013, Generation signed a twenty-year lease agreement that is contingent upon the developer obtaining financing for the construction of the building. Once required approvals are received and financing conditions are met, construction of the building will commence and is expected to be ready for occupancy in 2 years. The direct investment estimate also includes $625 million in expenditures relating to the development of 285-300 MW of new electric generation facilities in Maryland (expected to be completed over the next ten years).

Exelon's Strategy and Outlook for the remainder of 2013 and Beyond

Exelon's value proposition and competitive advantage come from its scope and scale across the energy value chain and its core strengths of operational excellence and financial discipline.

On March 12, 2012, the Exelon and Constellation merger was completed. The merger creates incremental strategic value by matching Exelon's clean generation fleet with Constellation's leading customer-facing platform, as well as creating economies of scale through expansion across the energy value chain. Exelon supports customer switching to alternative electric generation suppliers and the addition of Constellation's competitive retail operations provides another outlet for Exelon to grow its business in competitive markets.

Generation's electricity generation strategy is to pursue opportunities that provide generation to load matching and that diversify the generation fleet by expanding Generation's regional and technological footprint. Generation leverages its energy generation portfolio to ensure delivery of energy to both wholesale and retail customers under long-term and short-term contracts, and in spot markets. Generation's customer facing activities foster development and delivery of other innovative energy-related products and services for its customers. Generation's presence in well-developed energy markets, its integrated hedging strategy mitigating short-term market volatility, and its low cost nuclear generating fleet operating consistently at high capacity factors, position it well to succeed in competitive energy markets.

Exelon's utility strategy is to improve reliability and operations and enhance the customer experience, while ensuring ratemaking mechanisms provide the utilities fair financial returns. Exelon seeks to leverage its scale and expertise across the utilities platform through enhanced standardization and sharing of best practices to achieve improved operational and financial results.

Exelon's financial priorities are to maintain investment grade credit metrics at each of Exelon, Generation, ComEd, PECO and BGE, and to return value to Exelon's shareholders with a sustainable dividend throughout the energy commodity market cycle and through earnings growth from attractive investment opportunities.

In pursuing its strategies, Exelon has exposure to various market and financial risks, including the risk of price fluctuations in the power markets. Power prices are a function of supply and demand, which in turn are driven by factors such as (1) the price of fuels, in particular, the prices of natural gas and coal, which drive the market prices that Generation can obtain for the output of its power plants' output, (2) the rate of expansion of subsidized low carbon generation in the markets in which Generation's output is sold, (3) the effects on energy demand of factors such as weather, economic conditions and implementation of energy efficiency and demand response programs, and (4) the impacts of increased competition in the retail channel.

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Power Markets

Price of Fuels. The use of new technologies to recover natural gas from shale deposits is increasing natural gas supply and reserves, which places downward pressure on natural gas prices and, therefore, on wholesale and retail power prices, which results in a reduction in Exelon's revenues. Since the third quarter of 2011, forward natural gas prices for 2013 and 2014 have declined significantly; in part reflecting an increase in supply due to strong natural gas production (due to shale gas development).

Subsidized Generation . The rate of expansion of subsidized low carbon generation such as wind and solar energy in the markets in which Generation's output is sold can negatively impact wholesale power prices, and in turn, Generation's results of operations.

Various states have implemented or proposed legislation, regulations or other policies to subsidize new generation development which may result in artificially depressed wholesale energy and capacity prices. For example, on April 12, 2012, the MDPSC issued an order directing the Maryland electric utilities to enter into a 20-year contract for differences (CfD) with CPV Maryland, LLC (CPV), under which CPV will construct an approximately 700 MW combined cycle gas turbine in Waldorf, Maryland, that it projected will be in commercial operation by June 1, 2015. CPV has subsequently extended that date. The CfD mandates that utilities (including BGE) pay (or receive) the difference between CPV's contract price and the revenues it receives for capacity and energy from clearing the unit in the PJM capacity market.

Similar to Maryland, in January 2011, New Jersey passed legislation that provides guaranteed cost recovery through a fixed-price contract, referred to as a "SOCA," for the development of up to 2,000 MWs of new base load or mid-merit generation, so long as it clears in PJM's capacity market. Three generation developers were chosen for the New Jersey SOCA, for which contracts were executed in 2011 by the state's utilities under protest. Similarly, in Illinois, legislation has been debated for over four years that passed in the Senate and is currently being considered in the House which would require consumers to subsidize the development of an Integrated Gasification Combined Cycle plant by purchasing its electricity through 30 year power purchase agreements at prices significantly above market prices. A new version was recently introduced in the current Illinois General Assembly but its prospects are unclear at this time.

Exelon and others filed a complaint in federal district court challenging the constitutionality and other aspects of the New Jersey legislation. Similarly, Exelon and others are also challenging the selection of the three generation developers in New Jersey state court proceedings and the MDPSC actions in Maryland state court. On October 25, 2013, the U.S. District Court in New Jersey judgment order finding that the New Jersey legislation violates the Supremacy Clause of the United States Constitution and the New Jersey SOCA contract is unenforceable. Similarly, on October 24, 2013, the U.S. District Court in Maryland issued a judgment order finding that the MDPSC's Order directing Baltimore Gas and Electric Company and two other Maryland electric distribution companies to enter into a CfD violates the Supremacy Clause of the United States Constitution, as described in Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements. In addition, on October 1, 2013, a Maryland State Circuit Court upheld the MDPSC Orders as being within the MDPSC's statutory authority under Maryland state law. This decision is separate from the judgment in the federal litigation that the MDPSC Order is unconstitutional and the CfD unenforceable under federal law. The federal judgment, if upheld, would prevent enforcement of the CfD even if the Circuit Court decision stands. It is anticipated that the non-prevailing parties in all three proceedings will file appeals. Finally, on October 23, 2013, the New Jersey state court dismissed the New Jersey state proceeding without prejudice, subject to the final outcome of the New Jersey federal litigation.

As required under their contracts, two of the New Jersey generator developers and one in Maryland offered and cleared in PJM's capacity market auctions held in May 2012 and 2013. In addition, CPV has announced its intention to move forward with construction of its New Jersey plant, with or without the challenged state subsidy. Given the state-required customer subsidy provided under their respective contracts, Exelon believes that these projects may have artificially suppressed capacity prices in PJM in these auctions and may continue to

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do so in future auctions to the detriment of Exelon's market driven position. While the U.S. District Court decisions in Maryland and New Jersey are positive developments, continuation of these state efforts, if successful and unabated by an effective minimum offer price rule (MOPR), could continue to result in artificially depressed wholesale capacity and/or energy prices. Other states could seek to establish programs, which could substantially impact Exelon's market driven position and could have a significant effect on Exelon's financial results of operations, financial position and cash flows.

PJM's capacity market rules include a MOPR, which is intended to preclude sellers from artificially suppressing the competitive price signals for generation capacity. However, as described above, Exelon does not believe that the existing MOPR will work effectively with respect to generator developers who have a state-sponsored subsidy and has concerns with certain other aspects of PJM's rules related to the capacity auction. Accordingly, Exelon is working with other market stakeholders on several proposed changes to the PJM tariff aimed at ensuring that capacity resources (including those with state-sponsored subsidy contracts) cannot inappropriately affect capacity auction prices in PJM.

See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information on the Maryland Order.

Energy Demand. The continued tepid economic environment and growing energy efficiency initiatives have limited the demand for electricity across the Exelon utilities. ComEd is projecting load volumes for 2013 to slightly decrease from 2012, while PECO and BGE are projecting an increase (decrease) of 0.2% and (1.2%), respectively, in 2013 compared to 2012.

Retail Competition. Generation's retail operations compete for customers in a competitive environment, which affect the margins that Generation can earn and the volumes that it is able to serve. Recently, sustained low forward natural gas and power prices and low market volatility have caused retail competitors to aggressively pursue market share, and wholesale generators (including Generation) to use their retail operations to hedge generation output. These factors have adversely affected overall gross margins and profitability in Generation's retail operations.

Strategic Policy Alignment

Exelon routinely reviews its hedging policy, dividend policy, operating and capital costs, capital spending plans, strength of its balance sheet and credit metrics, and sufficiency of its liquidity position, by performing various stress tests with differing variables, such as commodity price movements, increases in margin-related transactions, changes in hedging practices, and the impacts of hypothetical credit downgrades.

Exelon's Board of Directors declared the first quarter 2013 dividend of $0.525 per share, and in response to low forward energy prices and weaker financial expectations, among other factors, Exelon's Board of Directors approved a revised dividend policy going forward. The first quarter dividend was paid on March 8, 2013 to shareholders of record on February 19, 2013 and was based on Exelon's previous dividend of $2.10 per share on an annualized basis. The second, third and fourth quarter dividends are based on Exelon's new dividend policy of $0.31 per share quarterly dividend ($1.24 per share on an annualized basis). All future quarterly dividends require approval by Exelon's Board of Directors.

Decisions regarding the future of economically challenged generating assets will be based primarily on the economics of continued operation of the individual plants. Retirement of plants could materially affect Exelon's and Generation's results of operations, financial position, and cash flows through, among other things, potential impairment charges, accelerated depreciation and decommissioning expenses over the plants remaining useful lives, and ongoing reductions to operating revenues, operating and maintenance expenses, and capital expenditures.

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Hedging Strategy

Exelon's policy to hedge commodity risk on a ratable basis over three-year periods is intended to reduce the financial impact of market price volatility. Generation is exposed to commodity price risk associated with the unhedged portion of its electricity portfolio. Generation enters into non-derivative and derivative contracts, including financially settled swaps, futures contracts and swap options, and physical options and physical forward contracts, all with credit-approved counterparties, to hedge this anticipated exposure. Generation has hedges in place that significantly mitigate this risk for 2013 and 2014. However, Generation is exposed to relatively greater commodity price risk in the subsequent years with respect to which a larger portion of its electricity portfolio is currently unhedged. As of September 30, 2013, the percentage of expected generation hedged for the major reportable segments was 97%-100%, 84%-87% and 48%-51% for 2013, 2014, and 2015, respectively. The percentage of expected generation hedged is the amount of equivalent sales divided by the expected generation. Expected generation represents the amount of energy estimated to be generated or purchased through owned or contracted capacity. Equivalent sales represent all hedging products, which include economic hedges and certain non-derivative contracts, including Generation's sales of energy to ComEd, PECO and BGE relating to their respective retail load obligations. Generation has been and will continue to be proactive in using hedging strategies to mitigate commodity price risk in subsequent years as well.

Generation procures coal, oil and natural gas through long-term and short-term contracts and spot-market purchases. Nuclear fuel is obtained predominantly through long-term uranium concentrate supply contracts, contracted conversion services, contracted enrichment services and contracted fuel fabrication services. The supply markets for uranium concentrates and certain nuclear fuel services, coal, oil and natural gas are subject to price fluctuations and availability restrictions. Supply market conditions may make Generation's procurement contracts subject to credit risk related to the potential non-performance of counterparties to deliver the contracted commodity or service at the contracted prices. Approximately 60% of Generation's uranium concentrate requirements from 2013 through 2017 are supplied by three producers. In the event of non-performance by these or other suppliers, Generation believes that replacement uranium concentrates can be obtained, although at prices that may be unfavorable when compared to the prices under the current supply agreements. Non-performance by these counterparties could have a material adverse impact on Exelon's and Generation's results of operations, cash flows and financial position. ComEd, PECO and BGE mitigate such exposure through regulatory mechanisms that allow them to recover procurement costs from retail customers.

Growth Opportunities

Exelon is currently pursuing growth in both the utility and generation businesses focused primarily on smart meter and smart grid initiatives at the utilities and on renewables development and the nuclear uprate program at Generation. The utilities also anticipate making significant future investments in infrastructure modernization and improvement initiatives. Management continually evaluates growth opportunities aligned with Exelon's existing businesses in electric and gas distribution, electric transmission, generation, customer supply of electric and natural gas products and services, and natural gas exploration and production activities, leveraging Exelon's expertise in those areas.

Smart Meter and Smart Grid Initiatives.

ComEd's Smart Meter and Smart Grid Investments. ComEd plans to invest approximately $1.3 billion on smart meters and smart grid under EIMA, including $1.0 billion through the AMI Deployment Plan. On June 5, 2013, the ICC issued an interim order approving ComEd's accelerated AMI deployment plan consistent with the provisions of Senate Bill 9. The deployment plan provides for the installation of 4 million electric smart meters, of which 60,000 meters are to be installed by the end of 2013.

PECO's Smart Meter and Smart Grid Investments. In 2010, the PAPUC approved PECO's Smart Meter Procurement and Installation Plan, under which PECO will install more than 1.6 million smart meters. PECO plans to spend up to a total of $595 million and $120 million on its smart meter and smart grid infrastructure, respectively, of which $200 million will be funded by SGIG.

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BGE Smart Grid Initiative. In August 2010, the MDPSC approved a comprehensive smart grid initiative for BGE which includes the planned installation of 2 million electric and gas smart meters at an expected total cost of approximately $480 million, before considering the $200 million SGIG for smart grid and other related initiatives.

See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information on the Smart Meter and Smart Grid Initiatives.

Generation Renewable Development . On September 30, 2011, Exelon announced the completion of its acquisition of all of the interests in Antelope Valley, a 230-MW solar photovoltaic (PV) project under development in northern Los Angeles County, California, from First Solar, Inc., which is developing, building, operating, and maintaining the project. The first portion of the project began operations in December 2012, with six additional blocks coming online in 2013. Exelon has been informed by First Solar of issues relating to delays in the certification of certain components relating to the final two blocks of the project, which will delay commercial operation of these two blocks until the first half of 2014. The delay will not have a material financial effect on Exelon. Exelon expects the project to be in full commercial operation in the first half of 2014. The acquisition supports the Exelon commitment to renewable energy as part of Exelon 2020. The project has a 25-year PPA, approved by the CPUC, with Pacific Gas & Electric Company for the full output of the plant. Upon completion, the facility will add 230 MWs to Generation's renewable generation fleet. Total capitalized costs for the facility are expected to be approximately $1.1 billion. Total capitalized costs incurred through September 30, 2013 were approximately $964 million. In addition, Generation constructed and placed into service 400MWs of additional wind generation in 2012 at a cost of $710 million and another 46MW will be added to Generation's wind portfolio in 2014 with the expansion of its Beebe project in Michigan, the output of which will be fully contracted under a 20-year PPA.

Nuclear Uprate Program. Generation is engaged in individual projects as part of a planned power uprate program across its nuclear fleet. When economically viable, the projects take advantage of new production and measurement technologies, new materials and application of expertise gained from a half-century of nuclear power operations. Based on ongoing reviews, the nuclear uprate implementation plan has been adjusted in both the first and second quarters of 2013 to cancel certain projects. During the first quarter of 2013, the Measurement Uncertainty Recapture uprate projects at the Dresden and Quad Cities nuclear stations were cancelled as a result of the cost of additional plant modifications identified during final design work which, when combined with then current market conditions, made the projects not economically viable. For these cancelled projects, Generation recorded approximately $21 million of operating and maintenance expense during the first quarter of 2013 to accrue remaining costs and reverse the previously capitalized costs. During the second quarter of 2013, market conditions prompted Generation to cancel the previously deferred extended power uprate projects at the LaSalle and Limerick nuclear stations. For these cancelled projects, Generation recorded a pre-tax charge during the second quarter of 2013 to operating and maintenance expense and interest expense of approximately $92 million and $8 million, respectively, to accrue remaining costs and reverse the previously capitalized costs.

Under the nuclear uprate program, Generation has placed into service projects representing 314 MWs of new nuclear generation at a cost of $891 million, which has been capitalized to property, plant and equipment on Exelon's and Generation's consolidated balance sheets. At September 30, 2013, Generation has capitalized $220 million to construction work in progress within property, plant and equipment for nuclear uprate projects expected to be placed in service by the end of 2016, consisting of 202 MWs of new nuclear generation, that are in the installation phase across four nuclear stations; Peach Bottom in Pennsylvania and Byron, Braidwood and Dresden in Illinois. The remaining spend associated with these projects is expected to be approximately $350 million through the end of 2016. Generation believes that it is probable that these projects will be completed. If a project is expected to not be completed as planned, previously capitalized costs will be reversed through earnings as a charge to operating and maintenance expense and interest.

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Liquidity

Each of the Registrants annually evaluates its financing plan, dividend practices and credit line sizing, focusing on maintaining its investment grade ratings while meeting its cash needs to fund capital requirements, retire debt, pay dividends, fund pension and other postretirement benefit obligations and invest in new and existing ventures. The Registrants expect cash flows to be sufficient to meet operating expenses, financing costs and capital expenditure requirements.

Exelon, Generation, ComEd, PECO and BGE have unsecured syndicated revolving credit facilities with aggregate bank commitments of $0.5 billion, $5.3 billion, $1.0 billion, $0.6 billion and $0.6 billion, respectively. Generation also has bilateral credit facilities with aggregate maximum availability of $0.4 billion.

Exposure to Worldwide Financial Markets. Exelon has exposure to worldwide financial markets. The ongoing European debt crisis has contributed to the instability in global credit markets. Further disruptions in the European markets could reduce or restrict the Registrants' ability to secure sufficient liquidity or secure liquidity at reasonable terms. As of September 30, 2013, approximately 30%, or $2.5 billion, of the Registrants' aggregate total commitments were with European banks. The credit facilities include $8.4 billion in aggregate total commitments of which $6.8 billion was available as of September 30, 2013. There were no borrowings under the Registrants' credit facilities as of September 30, 2013. See Note 11 — Debt and Credit Agreements of the Combined Notes to the Consolidated Financial Statements for additional information on the credit facilities.

Tax Matters

Exelon has exposure related to various uncertain tax positions which Exelon manages through planning and implementation of tax planning strategies. See Note 12 of the Combined Notes to Consolidated Financial Statements for additional information.

Environmental Legislative and Regulatory Developments.

Exelon supports the promulgation of certain environmental regulations by the U.S. EPA, including air, water and waste controls for electric generating units. See discussion below for further details. The air and waste regulations will have a disproportionate adverse impact on fossil-fuel power plants, requiring significant expenditures of capital and variable operating and maintenance expense, and will likely result in the retirement of older, marginal facilities. Due to their low emission generation portfolios, Generation and CENG will not be significantly directly affected by these regulations, representing a competitive advantage relative to electric generators that are more reliant on fossil-fuel plants. Various bills have been introduced in the U.S. Congress that would prohibit or impede the U.S. EPA's rulemaking efforts. The timing of the consideration of such legislation is unknown.

Air Quality. In recent years, the U.S. EPA has been implementing a series of increasingly stringent regulations under the Clean Air Act relating to NAAQS for conventional air pollutants (e.g., NO_x, SO_2 and particulate matter) as well as stricter technology requirements to control HAPs (e.g., acid gases, mercury and other heavy metals) from electric generation units. The U.S. EPA continues to review and update its NAAQS with a tightened particulate matter NAAQS issued in December 2012 and a review of the current 2008 ozone NAAQS that is expected to result in a proposed revision of the ozone NAAQS sometime in fall 2014. These updates will potentially result in more stringent emissions limits on fossil-fuel electric generating stations. There continues to be opposition among fossil-fuel generation owners to the potential stringency and timing of these air regulations.

In July 2011, the U.S. EPA published CSAPR and in June 2012, it issued final technical corrections. CSAPR requires 28 upwind states in the eastern half of the United States to significantly improve air quality by reducing power plant emissions that cross state lines and contribute to ground-level ozone and fine particle pollution in downwind states. On August 21, 2012, a three-judge panel of the D.C. Circuit Court held that the

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U.S. EPA had exceeded its authority in certain material aspects with respect to CSAPR and vacated the rule and remanded it to the U.S. EPA for further rulemaking consistent with its decision. The Court also ordered that CAIR remain in effect pending finalization of CSAPR on remand. Until the U.S. EPA re-issues CSAPR, Exelon cannot determine the impacts of the rule, including any that would impact power prices. In June 2013, the U.S. Supreme Court granted the U.S. EPA's petition to review the D.C. Circuit Court's CSAPR decision. Oral argument has been scheduled for December 10, 2013.

On December 16, 2011, the U.S. EPA signed a final rule to reduce emissions of toxic air pollutants from power plants and signed revisions to the NSPS for electric generating units. The final rule, known as MATS, requires coal-fired electric generation plants to achieve high removal rates of mercury, acid gases and other metals. To achieve these standards, coal units with no pollution control equipment installed (uncontrolled coal units) will have to make capital investments and incur higher operating expenses. It is expected that owners of smaller, older, uncontrolled coal units will retire the units rather than make these investments. Coal units with existing controls that do not meet the MATS rule may need to upgrade existing controls or add new controls to comply. Owners of oil units not currently meeting the proposed emission standards may choose to convert the units to light oils or natural gas, install control technologies, or retire the units. Numerous entities have challenged MATS in the D.C. Circuit Court, and Exelon was granted permission by the Court to intervene in support of the rule. A decision by the Court will not occur until 2014. The outcome of the appeal, and its impact on power plant operators' investment and retirement decisions, is uncertain.

The cumulative impact of these air regulations could be to require power plant operators to expend significant capital to install pollution control technologies, including wet flue gas desulfurization technology for SO_2 and acid gases, and selective catalytic reduction technology for NO_x. Exelon, along with the other co-owners of Conemaugh Generating Station are moving forward with plans to improve the existing scrubbers and install Selective Catalytic Reduction (SCR) controls to meet the mercury removal requirements of MATS by January 1, 2015. In addition, Keystone already has SCR and Flue-gas desulfurization (FGD) controls in place.

On January 15, 2013, EPA issued a final rule for NSPS and National Emissions Standards for Hazardous Air Pollutants (NESHAP) for reciprocating internal combustion engines (RICE NESHAP/NSPS). The final rule allows diesel backup generators to operate for up to 100 hours annually under certain emergency circumstances without meeting emissions limitations, but requires units that operate over 15 hours to burn low sulfur fuel and report key engine information. The final rule eliminates after May 2014 the 50 hour exemption for peak shaving and other non-emergency demand response that was included in the proposed rule and, therefore, is not expected to result in additional megawatts of demand response to be bid into the PJM capacity auction.

In the absence of Federal legislation, the U.S. EPA is also moving forward with the regulation of GHG emissions under the Clean Air Act, including permitting requirements under the Prevention of Significant Deterioration (PSD) and Title V operating permit sections of the Clean Air Act for new and modified stationary sources that became effective January 2, 2011. Under the PSD regulations, new and modified major stationary sources could be required to install best available control technology, to be determined on a case-by-case basis. Pursuant to the President's Climate Action Plan, the U.S. EPA re-proposed regulations for the GHG emissions from new fossil fueled power plants on September 20, 2013. The U.S. EPA is also expected to propose by June 2014 GHG emission regulations for existing stationary sources under Section 111(d) of the Clean Air Act, and to issue final regulations by June 2015. While the nature and impact of the final regulations is not yet known, to the extent that the rule results in emission reductions from fossil fuel fired plants, imposing some form of direct or indirect price of carbon in competitive electricity markets, Exelon's overall low carbon generation portfolio results would benefit.

Water Quality. Section 316(b) of the Clean Water Act requires that cooling water intake structures at electric power plants reflect the best technology available to minimize adverse environmental impacts, and is implemented through state-level NPDES permit programs. On March 28, 2011, the U.S. EPA issued a proposed rule, and is required under a Settlement Agreement to issue a final rule by November 4, 2013; on October 30, 2013 the Agency invoked the *force majeure* provision of the Settlement Agreement to extend the final rule

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deadline until November 20, 2013 due to the early October 2013 federal government shutdown. The proposed rule does not require closed cycle cooling (e.g., cooling towers) as the best technology available, and also provides some flexibility in the use of cost-benefit considerations and site-specific factors. The proposed rule affords the state permitting agency wide discretion to determine the best technology available, which, depending on the site characteristics, could include closed cycle cooling, advanced screen technology at the intake, or retention of the current technology.

It is unknown at this time whether the final regulations will require closed-cycle cooling. The economic viability of Generation's facilities without closed-cycle cooling water systems will be called into question by any requirement to construct cooling towers. Should the final rule not require the installation of cooling towers, and retain the flexibility afforded the state permitting agencies in applying a cost — benefit test and to consider site-specific factors, the impact of the rule would be minimized even though the costs of compliance could be material to Generation.

Hazardous and Solid Waste. Under proposed U.S. EPA rules issued on June 21, 2010, coal combustion residuals (CCR) would be regulated for the first time under the RCRA. The U.S. EPA is considering several options, including classification of CCR either as a hazardous or non-hazardous waste, under RCRA. Under either option, the U.S. EPA's intention is the ultimate elimination of surface impoundments as a waste treatment process. For plants affected by the proposed rules, this would result in significant capital expenditures and variable operating and maintenance expenditures to convert to dry handling and disposal systems and installation of new waste water treatment facilities. Generation's plants that would be affected by the proposed rules are Keystone and Conemaugh in Pennsylvania, which have on-site landfills that meet the requirements of Pennsylvania solid waste regulations for non-hazardous waste disposal. However, until the final rule is adopted, the impact on these facilities is unknown. The U.S. EPA has not announced a target date for finalization of the CCR rules; however, on October 29, 2013 EPA was issued a court order to submit a proposed schedule within 60 days for completing the CCR rulemaking.

See Note 18 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements for further detail related to environmental matters, including the impact of environmental regulation.

Other Regulatory and Legislative Actions

Japan Earthquake and Tsunami and the Nuclear Industry's Response. On March 11, 2011, Japan experienced a 9.0 magnitude earthquake and ensuing tsunami that seriously damaged the nuclear units at the Fukushima Daiichi Nuclear Power Station, which are operated by Tokyo Electric Power Co.

Generation believes its nuclear generating facilities do not have the same operating risks as the Fukushima Daiichi plant because they meet the NRC's requirement that specifies all plants must be able to withstand the most severe natural phenomena historically reported for each plant's surrounding area, with a significant margin for uncertainty. In addition, Generation's plants are not located in significant earthquake zones or in regions where tsunamis are a threat. Generation believes its nuclear generating facilities are able to shut down safely and keep the fuel cooled through multiple redundant systems specifically designed to maintain electric power when electricity is lost from the grid. Further, Generation's nuclear generating facilities also undergo frequent scenario drills to ensure the proper function of the redundant safety protocols.

Since the events in Japan took place, Generation has continued to work with regulators and nuclear industry organizations to understand the events in Japan and apply lessons learned. Early on, the nuclear industry took a number of specific steps to respond, including actions requested by the Institute of Nuclear Power Operations (INPO) to perform tests that verified Generation's emergency equipment is available and functional, conduct walk-downs on its procedures related to critical safety equipment, confirm event response procedures and readiness to protect the spent fuel pool, and verify current qualifications of operators and support staff needed to implement the procedures. Generation has been addressing additional actions requested by INPO for improving and maintaining core and spent fuel pool cooling during an extended loss of power for at least 24 hours.

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In July 2011, an NRC Task Force formed in the aftermath of the Fukushima Daiichi events issued a report of its review of the accident, including recommendations for future regulatory action by the NRC to be taken in the near and longer term. The Task Force's report concluded that nuclear reactors in the United States are operating safely and do not present an imminent risk to public health and safety. The Task Force's report did not recommend any changes to the existing nuclear licensing process in the United States or changes in the storage of spent nuclear fuel within the plant's spent nuclear fuel pools. During the fourth quarter of 2011, the NRC staff issued its recommendations for prioritizing and implementing the Task Force recommendations and an implementation schedule which was approved by the NRC subject to a number of conditions. The NRC staff confirmed the Task Force's conclusions that none of the findings arising from the Task Force review presented an imminent risk to public health and safety.

In March 2012, the NRC authorized its staff to issue three immediately effective orders (Tier 1 orders) to commercial reactor licensees operating in the United States for compliance no later than December 31, 2016. In addition, in November 2012, the NRC staff recommended to the NRC the installation of engineered containment filtered venting systems for boiling-water reactors (BWR) with Mark I and Mark II containment structures. In summary, through the initial and/or subsequent orders and the NRC approved implementation guidance, the Tier I orders currently: (1) require licensees to provide sufficient onsite portable equipment and resources to maintain or restore cooling capabilities for the core and spent fuel pool and to maintain containment integrity until offsite equipment is available and have offsite equipment and resources available to sustain cooling functions indefinitely; (2) provide requirements for vents for BWR's with Mark I and Mark II containments to remain functional during severe accident conditions including the ability to vent the containment following core damage; and (3) require licensees to install instrumentation to provide a reliable indication of water level in the spent fuel pool. Finally, the NRC has directed the NRC staff to produce a technical evaluation to support rulemaking that considers filtering and performance-based strategies as options for BWR's with Mark I and Mark II containments. The NRC staff must then develop a final rule by March 2017.

Additionally, in March 2012, the NRC had issued a detailed information request to every operating commercial nuclear power plant in the United States. The information requested requires: (1) use of the current NRC guidance to reevaluate current seismic and flood risk hazards against the design basis and provide a plan of actions to address vulnerabilities, including risks exceeding the design basis; (2) performance of walk downs to ensure the ability to respond to seismic and external flooding events and provide a corrective action plan to the NRC to address deficiencies; and (3) assessment of the means to provide power for communications equipment during a severe natural event and identify staffing required to implement the emergency plan for an event affecting all units with an extended loss of alternating current power and impeded access to the site. The nuclear industry proposed an augmented approach to the seismic hazard analysis to accommodate industry wide availability of qualified technical resources needed to perform the required analysis. The NRC approved this augmented approach.

Generation has assessed the impacts of the Tier 1 orders and information requests and will continue monitoring the additional recommendations under review by the NRC staff, both from an operational and a financial impact standpoint. A comprehensive review of the NRC Tier 1 orders and information requests, as well as preliminary engineering assumptions and analysis, indicate that the financial impact of compliance for the period from 2013 through 2018 is expected to be between approximately $375 million and $400 million of capital and $50 million of operating expense, respectively, as previously anticipated in Generation's planning projections. As Generation completes the design and installation planning for its actions, Generation will update these estimates. Further, Generation estimates incremental costs of $15 to $20 million per unit at eleven Mark I and II units for the installation of filtered vents, if ultimately required by the NRC. Generation's current assessments are specific to the Tier 1 recommendations as the NRC has not taken specific action with respect to the Tier 2 and Tier 3 recommendations. Exelon and Generation are unable to conclude at this time to what extent any actions to comply with the requirements of Tier 2 and Tier 3 will impact their future financial position, results of operations, and cash flows. Generation will continue to engage in nuclear industry assessments and actions and stakeholder input. See Item 1A. Risk Factors of the Exelon 2012 Form 10-K, for further discussion of the risk factors.

Financial Reform Legislation. The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) was enacted in July 2010. While the Dodd-Frank Act is focused primarily on the regulation and oversight of financial institutions, it also provides for a new regulatory regime for over-the-counter swaps (Swaps), including mandatory clearing, exchange trading, margin requirements, and other transparency requirements. The Dodd-Frank Act, however, also preserves the ability of end users in the energy industry to hedge their risks. In April 2012, the CFTC issued its rule defining swap dealers and major swap participants. Exelon has determined that it will conduct its commercial business in a manner that does not require registration as a swap dealer or major swap participant. Notwithstanding, there are additional rulemakings that have not yet been issued, including the capital and margin rules, which will further define the scope of the regulations and provide clarity as to the impact on the Registrants' business, as well as to potential new opportunities. Depending on these final rules, the Registrants could be subject to significant new obligations.

The proposed regulations addressing collateral and capital requirements and exchange margin cash postings, when final, could require Generation to increase collateral requirements or cash postings in lieu of letters of credit currently issued to collateralize Swaps. Exelon had previously estimated that it could be required to make up to $1 billion of additional collateral postings under its bilateral credit lines. Given the swap dealer and the major swap participant definitions will not apply to Generation, the actual amount of collateral postings that will be required may be lower than Exelon's previous expectations due to the following factors: (a) the majority of Generation's physical wholesale portfolio does not meet the final CFTC Swap definition; (b) there will be minimal incremental costs associated with Generation's positions that are currently cleared and subject to exchange margin; and (c) Generation will not be a swap dealer or major swap participant and proposed capital requirements applicable to these entities will not apply to Generation.

The actual level of collateral required will depend on many factors, including but not limited to market conditions, the outcome of final margin rules for Swaps, the extent of Generation's trading activity in Swaps, and its credit ratings. Nonetheless, Generation has adequate credit facilities and flexibility in its hedging program to meet its anticipated collateral requirements estimated based on conservative assumptions.

In addition, the new regulations will impose new and ongoing compliance and infrastructure costs on Generation, which may amount to several million dollars per year.

Exelon and Generation continue to monitor the rulemaking procedures and cannot predict the ultimate outcome that the financial reform legislation will have on their results of operations, cash flows or financial position.

ComEd, PECO and BGE could also be subject to various Dodd-Frank Act requirements to the extent they enter into Swap transactions. However, at this time, management of ComEd, PECO and BGE do not expect to be materially affected by this legislation.

Energy Infrastructure Modernization Act . Since 2011, ComEd's distribution rates are established through a performance-based rate formula, pursuant to EIMA. EIMA also provides a structure for substantial capital investment by utilities over a ten-year period to modernize Illinois' electric utility infrastructure. In addition, as long as ComEd is subject to EIMA, ComEd will fund customer assistance programs for low-income customers, which amounts will not be recoverable through rates.

ComEd files an annual reconciliation of the revenue requirement in effect in a given year to reflect the actual costs that the ICC determines are prudently and reasonably incurred for such year. Under the terms of EIMA, ComEd's target rate of return on common equity is subject to reduction if ComEd does not deliver the reliability and customer service benefits, as defined, it has committed to over the ten-year life of the investment program.

During March 2013, the Illinois House and Senate each passed Senate Bill 9 with supermajority votes to clarify the intent of EIMA on three major issues: average vs. year-end rate base and capital structure, return on pension asset, and a weighted average cost of capital interest rate on the prior year reconciliation. On May 22,

2013, the Illinois General Assembly overrode the Governor's May 5, 2013 veto of Senate Bill 9, which resulted in the legislation becoming effective immediately. The ICC issued a rate order on June 5, 2013 approving ComEd's May 30, 2013 filing to update 2013 rates reflecting Senate Bill 9 impacts. In addition, the ICC issued an interim order approving ComEd's accelerated meter deployment plan. ComEd projects the override of Senate Bill 9 will result in increased operating revenues of approximately $25 million for 2013 and $65 million in 2014, respectively. Also, ComEd projects that Senate Bill 9 will accelerate capital expenditures by approximately $40 million and $45 million in 2013 and 2014, respectively .

On September 4, 2013, the Attorney General filed a complaint (the Complaint) with the ICC to change the formula rate structure approved by the ICC on June 5, 2013. In the Complaint, the Attorney General proposed the following three changes to the formula: the elimination of the income tax gross-up on the weighted average cost of capital used to calculate interest on the annual reconciliation balance, the netting of associated accumulated deferred income taxes against the annual reconciliation balance in calculating interest, and the use of average rather than year-end rate base for determining any ROE collar adjustment. On October 2, 2013, the ICC opened an investigation (the Investigation) in which it undertook to review the three issues raised in the Complaint and determine if ComEd's current formula rate structure complies with Senate Bill 9. On October 31, 2013, the Attorney General asked to voluntarily withdraw the Complaint. ComEd is unable to predict the outcome of the Investigation; however, if the ICC were to rule against ComEd on these three issues, the impact could be material to ComEd's results of operations, cash flows, and financial position. ComEd expects the Investigation to be resolved in the fourth quarter of 2013.

See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

FERC Ameren Order. In July 2012, FERC issued an order indicating that Ameren Corporation (Ameren) had improperly included acquisition premiums/goodwill in its transmission formula rate, particularly in its capital structure and in the application of AFUDC. FERC also directed Ameren to make refunds for the implied increase in rates in prior years. Ameren has filed for rehearing regarding the July 2012 FERC order. ComEd believes that the FERC order authorizing its transmission formula rate is distinguishable from the circumstances that led to the July 2012 FERC order in the Ameren case. However, if ComEd were required to exclude acquisition premiums/goodwill from its transmission formula rate, the impact could be material to ComEd's results of operations and cash flows.

FERC Order No. 1000 Compliance. In FERC Order No. 1000, the FERC required public utility transmission providers to enhance their transmission planning procedures and their cost allocation methods applicable to certain new regional and interregional transmission projects. As part of the changes to the transmission planning procedures, the FERC required removal from all FERC-approved tariffs and agreements a right of first refusal to build certain new transmission facilities. In compliance with the regional transmission planning requirements of Order No. 1000, PJM as the transmission provider submitted a compliance filing to FERC on October 25, 2012. On the same day, certain of the PJM transmission owners including ComEd, PECO and BGE (collectively, the PJM Transmission Owners) submitted a filing asserting that their contractual rights embodied in the PJM governing documents continue to justify their right of first refusal to construct new reliability (and related) transmission projects and that the FERC should not be allowed to override such rights absent a showing that it is in the public interest to do so under the FERC's " *Mobile-Sierra* " standard of review. This is a heightened standard of review which the PJM Transmission Owners argued could not be satisfied based on the facts applicable to them. On March 22, 2013, FERC issued an order on the PJM Compliance Filing and the filing of these PJM Transmission Owners (1) rejecting the arguments of such PJM Transmission Owners that the PJM governing documents were entitled to review under the *Mobile-Sierra* standard, (2) accepting most of the PJM filing, removing the right-of-first refusal from the PJM tariffs; and (3) directing PJM to remove certain exceptions that it included in its compliance filing that FERC found did not comply with Order No. 1000. FERC's order could enable third parties to seek to build certain regional transmission projects that had previously been reserved for the PJM Transmission Owners, potentially reducing ComEd's, PECO's and BGE's financial

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return on new investments in energy transmission facilities. Numerous parties sought rehearing of the FERC's March 22, 2013 order, including the PJM Transmission Owners who sought rehearing of the FERC's rejection of their Mobile-Sierra and related arguments. The compliance filing was made on July 22, 2013.

FERC Transmission Complaint. On February 27, 2013, consumer advocates and regulators from the District of Columbia, New Jersey, Delaware and Maryland, and the Delaware Electric Municipal Cooperatives (the parties), filed a complaint at FERC against BGE and the Pepco Holdings, Inc. companies relating to their respective transmission formula rates. As of September 30, 2013, BGE cannot predict the likelihood or a reasonable estimate of the amount of a change, if any, in the allowed base return on equity, or a reasonable estimate of the refund period start date. While BGE cannot predict the outcome of this matter, if FERC orders a reduction of BGE's base return on equity to 8.7%, the annual impact would be a reduction in revenues of approximately $10 million.

See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

The Maryland Strategic Infrastructure Development and Enhancement Program. In February 2013, the Maryland General Assembly passed legislation intended to accelerate gas infrastructure replacements in Maryland by establishing a mechanism for gas companies to promptly recover reasonable and prudent costs of eligible infrastructure replacement projects separate from base rate proceedings. Under the new law, following a proceeding before the MDPSC and with the MDPSC's approval of the eligible infrastructure replacement projects along with a corresponding surcharge, BGE could begin charging gas customers a monthly surcharge for infrastructure costs incurred after June 1, 2013. On August 2, 2013, BGE filed its infrastructure replacement plan and associated surcharge. The new surcharge rates are expected to take effect in the first quarter of 2014. BGE cannot predict the outcome of this proceeding or how much of the requested plan and related surcharge the MDPSC will approve.

See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

2013 Maryland Electric and Gas Distribution Rate Case. On May 17, 2013, BGE filed an application for increases of $101 million and $30 million to its electric and gas base rates, respectively with the MDPSC. The requested rates of return on equity in the application are 10.50% and 10.35% for electric and gas distribution, respectively. On August 23, 2013, BGE filed an update to its rate request which altered the requested electric increase from $101 million to $83 million and the requested gas increase from $30 million to $24 million. The new electric and gas distribution base rates are expected to take effect in December 2013. BGE cannot predict the outcome of this proceeding or how much of the requested increases the MDPSC will approve.

See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Critical Accounting Policies and Estimates

Management of each of the Registrants makes a number of significant estimates, assumptions and judgments in the preparation of its financial statements. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies and Estimates" in the Exelon's, Generation's, ComEd's, PECO's and BGE's combined 2012 Form 10-K for a discussion of the estimates and judgments necessary in the Registrants' accounting for AROs, purchase accounting, asset impairments, depreciable lives of property, plant and equipment, defined benefit pension and other postretirement benefits, regulatory accounting, derivative instruments, taxation, contingencies and revenue recognition. At September 30, 2013, the Registrants' critical accounting policies and estimates had not changed significantly from December 31, 2012.

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Results of Operations

Net Income (Loss) Attributable to Common Shareholders by Registrant

	Three Months Ended September 30,		Favorable (Unfavorable) Variance	Nine Months Ended September 30,		Favorable (Unfavorable) Variance
	2013	2012		2013	2012(a)	
Exelon	$ 738	$ 296	$ 442	$ 1,224	$ 782	$ 442
Generation	490	91	399	801	425	376
ComEd	126	90	36	140	219	(79)
PECO	92	122	(30)	285	297	(12)
BGE	50	(4)	54	150	(24)	174

(a) For BGE, reflects BGE's operations for the nine months ended September 30, 2012. For Exelon and Generation, includes the operations of the acquired businesses from, March 12, 2012, the date of the merger, through September 30, 2012.

Results of Operations — Generation

	Three Months Ended September 30,		Favorable (Unfavorable) Variance	Nine Months Ended September 30,		Favorable (Unfavorable) Variance
	2013	2012		2013	2012(a)	
Operating revenues	$ 4,255	$ 4,031	$ 224	$11,858	$ 10,539	$ 1,319
Purchased power and fuel expense	2,179	2,122	(57)	6,294	5,018	(1,276)
Revenue net of purchased power and fuel(b)	2,076	1,909	167	5,564	5,521	43
Other operating expenses						
Operating and maintenance	1,076	1,429	353	3,377	3,786	409
Depreciation and amortization	218	207	(11)	643	564	(79)
Taxes other than income	98	109	11	292	272	(20)
Total other operating expenses	1,392	1,745	353	4,312	4,622	310
Equity in earnings (losses) of unconsolidated affiliates	37	10	27	7	(69)	76
Operating income	721	174	547	1,259	830	429
Other income and (deductions)						
Interest expense	(82)	(85)	3	(257)	(223)	(34)
Other, net	134	83	51	229	185	44
Total other income and (deductions)	52	(2)	54	(28)	(38)	10
Income before income taxes	773	172	601	1,231	792	439
Income taxes	288	85	(203)	436	373	(63)
Net income	485	87	398	795	419	376
Net loss attributable to noncontrolling interests	(5)	(4)	1	(6)	(6)	—
Net income attributable to membership interest	$ 490	$ 91	$ 399	$ 801	$ 425	$ 376

(a) Includes the operations of the acquired businesses from March 12, 2012, the date of the merger, through June 30, 2012.

(b) Generation evaluates its operating performance using the measure of revenue net of purchased power and fuel expense. Generation believes that revenue net of purchased power and fuel expense is a useful measurement because it provides information that can be used to evaluate its operational performance. Revenue net of purchased power and fuel expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

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Net Income

Three Months Ended September 30, 2013 Compared to Three Months Ended September 30, 2012 . Generation's net income attributable to membership interest increased compared to the same period in 2012 due to higher revenues, net of purchased power and fuel expense, decreases in transaction costs and employee-related costs associated with the merger, and higher earnings from Generation's interest in CENG; partially offset by the impairment of certain generating assets in 2013, and higher depreciation expense. The increase in revenues, net of purchased power and fuel expense was primarily due to increased capacity prices, mark-to-market gains and higher nuclear volume partially offset by lower realized energy prices and higher nuclear fuel cost in 2013.

Nine Months Ended September 30, 2013 Compared to Nine Months Ended September 30, 2012. Generation's net income attributable to membership interest increased compared to the same period in 2012 due to higher revenue, net of purchased power and fuel, lower operating and maintenance expense and higher earnings from Generation's interest in CENG; partially offset by impairment of certain generating assets, higher depreciation expense, higher property taxes, higher interest expense, and unfavorable NDT fund performance. The increase in revenues, net of purchased power and fuel expense was primarily due to increased capacity prices and higher nuclear volume partially offset by lower realized energy prices, higher nuclear fuel cost and lower mark-to-market gains in 2013. The decrease in operating and maintenance was largely due to 2012 costs associated with a settlement with FERC in March 2012 and decreases in transaction costs and employee-related costs associated with the merger.

Revenue Net of Purchased Power and Fuel Expense

Generation's six reportable segments are based on the geographic location of its assets, and are largely representative of the footprints of an ISO / RTO and/or NERC region. Descriptions of each of Generation's six reportable segments are as follows:

- Mid-Atlantic represents operations in the eastern half of PJM, which includes Pennsylvania, New Jersey, Maryland, Virginia, West Virginia, Delaware, the District of Columbia and parts of North Carolina.
- Midwest represents operations in the western half of PJM, which includes portions of Illinois, Indiana, Ohio, Michigan, Kentucky and Tennessee, and the entire United States footprint of MISO, which covers all or most of North Dakota, South Dakota, Nebraska, Minnesota, Iowa, Wisconsin, the remaining parts of Illinois, Indiana, Michigan and Ohio not covered by PJM, and parts of Montana, Missouri and Kentucky.
- New England represents the operations within ISO-NE covering the states of Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.
- New York represents operations within New York ISO, which covers the state of New York in its entirety.
- ERCOT represents operations within Electric Reliability Council of Texas, covering most of the state of Texas.
- Other Regions not considered individually significant:
  - South represents operations in the FRCC and the remaining portions of the SERC not included within MISO or PJM, which includes all or most of Florida, Arkansas, Louisiana, Mississippi, Alabama, Georgia, Tennessee, North Carolina, South Carolina and parts of Missouri, Kentucky and Texas. Generation's South region also includes operations in the SPP, covering Kansas, Oklahoma, most of Nebraska and parts of New Mexico, Texas, Louisiana, Missouri, Mississippi and Arkansas.
  - West represents operations in the WECC, which includes California ISO, and covers the states of California, Oregon, Washington, Arizona, Nevada, Utah, Idaho, Colorado, and parts of New Mexico, Wyoming and South Dakota.
  - Canada represents operations across the entire country of Canada and includes the AESO, OIESO and the Canadian portion of MISO.

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The following business activities are not allocated to a region, and are reported under Other: retail and wholesale gas, investments in natural gas exploration and production activities, proprietary trading, energy efficiency and demand response, heating, cooling, and cogeneration facilities, and home improvements, sales of electric and gas appliances, servicing of heating, air conditioning, plumbing, electrical, and indoor quality systems and investments in energy-related proprietary technology. Further, the following activities are not allocated to a region, and are reported in Other: compensation under the reliability-must-run rate schedule; results of operations from the Maryland Clean-Coal assets sold in the fourth quarter of 2012; unrealized mark-to-market impact of economic hedging activities; amortization of certain intangible assets relating to commodity contracts recorded at fair value as a result of the merger; and other miscellaneous revenues.

Generation evaluates the operating performance of its power marketing activities using the measure of revenue net of purchased power and fuel expense which is a non-GAAP measurement. Generation's operating revenues include all sales to third parties and affiliated sales to ComEd, PECO and BGE. Purchased power costs include all costs associated with the procurement and supply of electricity including capacity, energy and ancillary services. Fuel expense includes the fuel costs for internally generated energy and fuel costs associated with tolling agreements.

For the three and nine months ended September 30, 2013 and 2012, Generation's revenue net of purchased power and fuel expense by region were as follows:

	Three Months Ended September 30,			
	2013	2012	Variance	% Change
Mid-Atlantic(b)	$ 864	$ 908	$ (44)	(4.8%)
Midwest(c)	601	729	(128)	(17.6%)
New England	62	81	(19)	(23.5%)
New York	(9)	13	(22)	n.m.
ERCOT	144	159	(15)	(9.4%)
Other Regions(d)	41	42	(1)	(2.4%)
Total electric revenue net of purchased power and fuel expense	$ 1,703	$ 1,932	$ (229)	(11.9%)
Proprietary Trading	1	(1)	2	n.m.
Mark-to-market gains	246	17	229	n.m.
Other(e)	126	(39)	165	n.m.
Total revenue net of purchased power and fuel expense	$ 2,076	$ 1,909	$ 167	8.8%

	Nine Months Ended September 30,			
	2013	2012(a)	Variance	% Change
Mid-Atlantic(b)	$ 2,475	$ 2,561	$ (86)	(3.4%)
Midwest(c)	2,001	2,310	(309)	(13.4%)
New England	142	180	(38)	(21.1%)
New York	(17)	60	(77)	(128.3%)
ERCOT	357	312	45	14.4%
Other Regions(d)	147	90	57	63.3%
Total electric revenue net of purchased power and fuel expense	$ 5,105	$ 5,513	$ (408)	(7.4%)
Proprietary Trading	13	10	3	30.0%
Mark-to-market gains	271	276	(5)	(1.8%)
Other(e)	175	(278)	453	n.m.
Total revenue net of purchased power and fuel expense	$ 5,564	$ 5,521	$ 43	0.8%

(a) Includes results for Constellation beginning on March 12, 2012, the date the merger was completed.
(b) Results of transactions with PECO and BGE are included in the Mid-Atlantic region.

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(c) Results of transactions with ComEd are included in the Midwest region.
(d) Other Regions includes South, West and Canada, which are not considered individually significant.
(e) Other represents activities not allocated to a region. See text above for a description of included activities. Also includes amortization of intangible assets related to commodity contracts recorded at fair value at the merger date of $44 million and $386 million pre-tax for the three and nine months ended September 30, 2013, and $257 million and $793 million pre-tax for the three and nine months ended September 30, 2012.

Generation's supply sources by region are summarized below:

Supply source (GWh)	Three Months Ended September 30, 2013	2012	Variance	% Change
Nuclear generation(b)				
Mid-Atlantic	12,424	11,449	975	8.5%
Midwest	23,741	23,132	609	2.6%
Total Nuclear Generation	36,165	34,581	1,584	4.6%
Fossil and Renewables(b)				
Mid-Atlantic(b)(d)	2,808	2,547	261	10.2%
Midwest	217	171	46	26.9%
New England	3,609	3,953	(344)	(8.7%)
New York	—	—	—	—
ERCOT	2,522	2,410	112	4.6%
Other Regions(e)	1,913	1,813	100	5.5%
Total Fossil and Renewables	11,069	10,894	175	1.6%
Purchased power				
Mid-Atlantic(c)	4,289	6,811	(2,522)	(37.0%)
Midwest	707	3,035	(2,328)	(76.7%)
New England	2,178	1,961	217	11.1%
New York(c)	3,565	4,026	(461)	(11.5%)
ERCOT	3,803	7,741	(3,938)	(50.9%)
Other Regions(e)	3,244	5,372	(2,128)	(39.6%)
Total Purchased Power	17,786	28,946	(11,160)	(38.6%)
Total supply/sales by region(f)				
Mid-Atlantic(g)	19,521	20,807	(1,286)	(6.2%)
Midwest(h)	24,665	26,338	(1,673)	(6.4%)
New England	5,787	5,914	(127)	(2.1%)
New York	3,565	4,026	(461)	(11.5%)
ERCOT	6,325	10,151	(3,826)	(37.7%)
Other Regions(e)	5,157	7,185	(2,028)	(28.2%)
Total supply/sales by region	65,020	74,421	(9,401)	(12.6%)

Supply source (GWh)	Nine Months Ended September 30, 2013	2012(a)	Variance	% Change
Nuclear generation(b)				
Mid-Atlantic	36,980	35,790	1,190	3.3%
Midwest	69,817	69,190	627	0.9%
Total Nuclear Generation	106,797	104,980	1,817	1.7%

Supply source (GWh)	Nine Months Ended September 30, 2013	2012(a)	Variance	% Change
Fossil and Renewables(b)				
Mid-Atlantic(b)(d)	8,764	6,654	2,110	31.7%
Midwest	1,116	671	445	66.3%
New England	9,133	7,597	1,536	20.2%
New York	—	—	—	—
ERCOT	4,872	5,427	(555)	(10.2%)
Other Regions(e)	5,598	4,555	1,043	22.9%
Total Fossil and Renewables	29,483	24,904	4,579	18.4%
Purchased power				
Mid-Atlantic(c)	10,138	16,498	(6,360)	(38.6%)
Midwest	3,910	7,145	(3,235)	(45.3%)
New England	5,050	6,966	(1,916)	(27.5%)
New York(c)	10,149	7,779	2,370	30.5%
ERCOT	12,271	17,259	(4,988)	(28.9%)
Other Regions(e)	11,945	13,153	(1,208)	(9.2%)
Total Purchased Power	53,463	68,800	(15,337)	(22.3%)
Total supply/sales by region(f)				
Mid-Atlantic(g)	55,882	58,942	(3,060)	(5.2%)
Midwest(h)	74,843	77,006	(2,163)	(2.8%)
New England	14,183	14,563	(380)	(2.6%)
New York	10,149	7,779	2,370	30.5%
ERCOT	17,143	22,686	(5,543)	(24.4%)
Other Regions(e)	17,543	17,708	(165)	(0.9%)
Total supply/sales by region	189,743	198,684	(8,941)	(4.5%)

(a) Includes results for Constellation beginning on March 12, 2012, the date the merger was completed.
(b) Includes the proportionate share of output where Generation has an undivided ownership interest in jointly owned generating plants and does not include ownership through equity method investments (e.g., CENG).
(c) Purchased power for the three months and nine months ended September 30, 2013 includes physical volumes of 3,138 GWh and 8,840 GWh in the Mid-Atlantic and 3,147 GWh and 9,113 GWh in New York as a result of the PPA with CENG. Purchased power for the three months and nine months ended September 30, 2012 includes physical volumes of 3,126 GWh and 6,670 GWh in the Mid-Atlantic and 2,997 GWh and 6,536 GWh in New York as a result of the PPA with CENG.
(d) Excludes 2012 activity related to generation under the reliability-must-run rate schedule (YTD only) and generation of Brandon Shores, H.A. Wagner, and C.P. Crane, the generating facilities divested in the fourth quarter of 2012 as a result of the Exelon and Constellation merger.
(e) Other Regions includes South, West and Canada, which are not considered individually significant.
(f) Excludes physical proprietary trading volumes of 2,499 GWh and 4,352 GWh for the three months ended September 30, 2013 and 2012, respectively, and 6,066 GWh and 9,981 GWh for the nine months ended September 30, 2013 and 2012, respectively.
(g) Includes sales to PECO through the competitive procurement process of 1,034 GWh and 2,350 GWh for the three months ended September 30, 2013 and 2012, respectively, and 4,196 GWh and 5,837 GWh for the nine months ended September 30, 2013 and 2012, respectively. Includes sales to BGE of 1,530 GWh and 1,075 GWh for the three months ended September 30, 2013 and 2012, respectively, and 4,386 GWh and 2,410 GWh for the nine months ended September 30, 2013 and 2012, respectively.
(h) Includes sales to ComEd under the RFP procurement of 3,720 GWh and 1,077 GWh for the three months ended September 30, 2013 and 2012, respectively, and 4,732 GWh and 4,152 GWh for the nine months ended September 30, 2013 and 2012, respectively.

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The following table presents electric revenue net of purchased power and fuel expense per MWh of electricity sold during the three and nine months ended September 30, 2013 as compared to the three and nine months ended September 30, 2012.

	Three Months Ended September 30,		
$/MWh	2013	2012	% Change
Mid-Atlantic(b)	$ 44.26	$ 43.64	1.4%
Midwest(c)	24.37	27.68	(12.0%)
New England	10.71	13.70	(21.8%)
New York	(2.52)	3.23	(178.2%)
ERCOT	22.77	15.66	45.4%
Other Regions(d)	7.95	5.85	35.9%
Electric revenue net of purchased power and fuel expense per MWh(e)(f)	26.19	25.96	0.9%

	Nine Months Ended September 30,		
$/MWh(a)	2013	2012(a)	% Change
Mid-Atlantic(b)	$ 44.29	$ 43.48	1.9%
Midwest(c)	26.74	30.00	(10.9%)
New England	10.01	12.22	(18.1%)
New York	(1.68)	7.71	(121.7%)
ERCOT	20.82	13.75	51.5%
Other Regions(d)	8.38	5.08	64.9%
Electric revenue net of purchased power and fuel expense per MWh(e)(f)	26.90	27.75	(3.0%)

(a) Includes financial results for Constellation beginning on March 12, 2012, the date the merger was completed.

(b) Includes sales to PECO of $82 million (1,034 GWh) and $171 million (2,350 GWh) for the three months ended September 30, 2013 and 2012 respectively. Includes sales to PECO of $321 million (4,196 GWh) and $407 million (5,837 GWh) for the nine months ended September 30, 2013 and 2012 respectively. Includes sales to BGE of $144 million (1,530 GWh) and $120 million (1,075 GWh) for the three months ended September 30, 2013 and 2012, respectively. Includes sales to BGE of $356 million (4,386 GWh) and $223 million (2,410 GWh) for the nine months ended September 30, 2013 and 2012, respectively. Excludes compensation under the reliability-must-run rate schedule (YTD only) and the financial results of Brandon Shores, H.A. Wagner, and C.P. Crane, the generating facilities divested in the fourth quarter of 2012 as a result of the merger.

(c) Includes sales to ComEd of $143 million (3,720 GWh) and $47 million (1,077 GWh) and settlements of the ComEd swap of $0 million and $133 million for the three months ended September 30, 2013 and 2012, respectively. Includes sales to ComEd of $180 million (4,732 GWh) and $162 million (4,152 GWh) and settlements of the ComEd swap of $229 million and $469 million for the nine months ended September 30, 2013 and 2012, respectively

(d) Other Regions includes South, West and Canada, which are not considered individually significant.

(e) Revenue net of purchased power and fuel expense per MWh represents the average margin per MWh of electricity sold during the three and nine months ended September 30, 2013 and 2012 and excludes the mark-to-market impact of Generation's economic hedging activities.

(f) Excludes Generation's other business activities not allocated to a region, including retail and wholesale gas, upstream natural gas, proprietary trading, energy efficiency, energy management and demand response. Also excludes Generation's compensation under the reliability-must-run rate schedule (YTD only), the financial results of Brandon Shores, H.A. Wagner, and C.P. Crane, the generating facilities divested in Q4 2012 as a result of the merger, and amortization of certain intangible assets relating to commodity contracts recorded at fair value as a result of the Exelon and Constellation merger of $44 million and $257 million, for the three months ended September 30, 2013 and 2012, respectively, and $386 million and $793 million, for the nine months ended September 30, 2013 and 2012, respectively.

Mid-Atlantic

Three Months Ended September 30, 2013 Compared to Three Months Ended September 30, 2012 . The decrease in revenue net of purchased power and fuel expense in the Mid-Atlantic of $44 million was primarily

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due to lower realized energy prices and increased nuclear fuel expense, partially offset by higher capacity revenues, higher nuclear volumes, and lower energy supply costs as a result of increased integration of Generation's energy generation and load businesses.

Nine Months Ended September 30, 2013 Compared to Nine Months Ended September 30, 2012. The decrease in revenue net of purchased power and fuel expense in the Mid-Atlantic of $86 million was primarily due to lower realized energy prices and increased nuclear fuel expense, partially offset by higher capacity revenues, higher nuclear volumes, and lower energy supply costs as a result of increased integration of Generation's energy generation and load businesses, as well as the addition of Constellation in 2012.

Midwest

Three Months Ended September 30, 2013 Compared to Three Months Ended September 30, 2012 . The decrease in revenue net of purchased power and fuel expense in the Midwest of $128 million was primarily due to lower realized energy prices and increased nuclear fuel expense, partially offset by higher capacity revenues, higher nuclear volumes and lower energy supply costs as a result of increased integration of Generation's energy generation and load businesses.

Nine Months Ended September 30, 2013 Compared to Nine Months Ended September 30, 2012. The decrease in revenue net of purchased power and fuel expense in the Midwest of $309 million was primarily due to lower realized energy prices, lower capacity revenues, and increased nuclear fuel expense, partially offset by higher nuclear volumes and lower energy supply costs as a result of increased integration of Generation's energy generation and load businesses, as well as the addition of Constellation in 2012.

New England

Three Months Ended September 30, 2013 Compared to Three Months Ended September 30, 2012 . The $19 million decrease in revenue net of purchased power and fuel expense in New England was primarily due to lower realized energy prices, in addition to lower fossil generation due to increased fuel cost.

Nine Months Ended September 30, 2013 Compared to Nine Months Ended September 30, 2012. The $38 million decrease in revenue net of purchased power and fuel expense in New England was primarily due to lower realized energy prices, in addition to lower fossil generation due to increased fuel cost, partially offset by the addition of Constellation in 2012. Prior to the merger, New England was not a significant contributor to revenue net of purchased power and fuel expense at Generation.

New York

Three Months Ended September 30, 2013 Compared to Three Months Ended September 30, 2012 . The $22 million decrease in revenue net of purchased power and fuel expense in New York was primarily due to decreased realized energy prices, in addition to lower retail and wholesale load margins.

Nine Months Ended September 30, 2013 Compared to Nine Months Ended September 30, 2012. The $77 million decrease in revenue net of purchased power and fuel expense in New York was primarily due to decreased realized energy prices, partially offset by the addition of Constellation in 2012. Prior to the merger, New York was not a significant contributor to revenue net of purchased power and fuel expense at Generation.

ERCOT

Three Months Ended September 30, 2013 Compared to Three Months Ended September 30, 2012 . The $15 million decrease in revenue net of purchased power and fuel expense in ERCOT was primarily due to the termination of an energy supply contract with a retail power supply company that was previously a consolidated

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variable interest entity. As a result of the termination, Generation no longer has a variable interest in the retail supply company and ceased consolidation of the entity during the third quarter of 2013. In addition to the de-consolidation of the variable interest entity there was a decrease in load served offset by increased realized energy prices.

Nine Months Ended September 30, 2013 Compared to Nine Months Ended September 30, 2012. The $45 million increase in revenue net of purchased power and fuel expense in ERCOT was primarily due to the addition of Constellation in 2012, in addition to increased realized energy prices, partially offset by the de-consolidation of the variable interest entity and decreased load served.

Other Regions

Three Months Ended September 30, 2013 Compared to Three Months Ended September 30, 2012. The $1 million decrease in revenue net of purchased power and fuel expense in Other Regions was primarily due to decreased load served, partially offset by the increased integration of Generation's energy generation and load businesses.

Nine Months Ended September 30, 2013 Compared to Nine Months Ended September 30, 2012. The $57 million increase in revenue net of purchased power and fuel expense in Other Regions was primarily due to the addition of Constellation in 2012, in addition to increased integration of Generation's energy generation and load businesses, partially offset by decreased load served.

Mark-to-market

Three Months Ended September 30, 2013 Compared to Three Months Ended September 30, 2012 . Generation is exposed to market risks associated with changes in commodity prices and enters into economic hedges to mitigate exposure to these fluctuations. Mark-to-market gains on economic hedging activities were $246 million for the three months ended September 30, 2013 compared to gains of $17 million for the three months ended September 30, 2012. See Notes 9 — Fair Value of Financial Assets and Liabilities and 10 — Derivative Financial Instruments of the Combined Notes to the Consolidated Financial Statements for information on gains and losses associated with mark-to-market derivatives.

Nine Months Ended September 30, 2013 Compared to Nine Months Ended September 30, 2012 . Generation is exposed to market risks associated with changes in commodity prices and enters into economic hedges to mitigate exposure to these fluctuations. Mark-to-market gains on economic hedging activities were $271 million for the nine months ended September 30, 2013 compared to gains of $276 million for the nine months ended September 30, 2012. See Notes 9 — Fair Value of Financial Assets and Liabilities and 10 — Derivative Financial Instruments of the Combined Notes to the Consolidated Financial Statements for information on gains and losses associated with mark-to-market derivatives.

Other

Three Months Ended September 30, 2013 Compared to Three Months Ended September 30, 2012 . The $165 million increase in other revenue net of purchased power and fuel was primarily due to the decrease in amortization of the acquired energy contracts recorded at fair value at the merger date. In addition, other revenue net of purchased power and fuel for 2012 includes the results of Brandon Shores, H.A. Wagner and C.P. Crane, the generating facilities divested in the fourth quarter 2012 as a result of the Exelon and Constellation merger. See Note 4 — Merger and Acquisitions of the Combined Notes to Consolidated Financial Statements for information regarding contract intangibles and assets planned for divestiture as a result of the Constellation merger.

Nine Months Ended September 30, 2013 Compared to Nine Months Ended September 30, 2012 . The $453 million increase in other revenue net of purchased power and fuel was primarily due to the decrease of the

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amortization of the acquired energy contracts recorded at fair value at the merger date, in addition to the addition of Constellation in 2012, which includes wholesale and retail gas, energy efficiency, energy management and demand response, upstream natural gas and the design and construction of renewable energy facilities. In addition, other revenue net of purchased power and fuel for 2012 includes the results of Brandon Shores, H.A. Wagner and C.P. Crane, the generating facilities divested in the fourth quarter 2012 as a result of the Exelon and Constellation merger. These positive factors were partially offset by a decrease in the compensation under the reliability-must-run rate tariff schedules for such facilities. See Note 4 — Merger and Acquisitions of the Combined Notes to Consolidated Financial Statements for information regarding contract intangibles and assets planned for divestiture as a result of the Constellation merger.

Nuclear Fleet Capacity Factor and Production Costs

The following table presents nuclear fleet operating data for the three and nine months ended September 30, 2013 as compared to the same periods in September 30, 2012, for the Generation-operated plants. The nuclear fleet capacity factor presented in the table is defined as the ratio of the actual output of a plant over a period of time to its output if the plant had operated at full average annual mean capacity for that time period. Nuclear fleet production cost is defined as the costs to produce one MWh of energy, including fuel, materials, labor, contracting and other miscellaneous costs, but excludes depreciation and certain other non-production related overhead costs. Generation considers capacity factor and production costs useful measures comparatively to analyze the nuclear fleet performance between periods. Generation has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, these measures are not a presentation defined under GAAP and may not be comparable to other companies' presentations or be more useful than the GAAP information provided elsewhere in this report.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Nuclear fleet capacity factor(a)	94.8 %	90.7 %	94.7 %	92.6 %
Nuclear fleet production cost per MWh(a)	$18.87	$19.04	$19.14	$19.19

(a) Reflects ownership percentage of stations operated by Exelon. Excludes Salem, which is operated by PSEG Nuclear, LLC, and Exelon's ownership in jointly owned generating plants through equity method investments (e.g. CENG).

Three Months Ended September 30, 2013 Compared to Three Months Ended September 30, 2012. The nuclear fleet capacity factor increased primarily due to fewer non-refueling outage days, excluding Salem outages, during the three months ended September 30, 2013 compared to the same period in 2012. For the three months ended September 30, 2013 and 2012, non-refueling outage days totaled 5 and 40, respectively. During the same periods, refueling outage days totaled 43 and 43, respectively. Higher number of net MWhs generated resulted in a lower production cost per MWh for the three months ended September 30, 2013 as compared to the same period in 2012.

Nine Months Ended September 30, 2013 Compared to Nine Months Ended September 30, 2012. The nuclear fleet capacity factor increased primarily due to fewer refueling outage days and non-refueling outage days, excluding Salem outages, during the nine months ended September 30, 2013 compared to the same period in 2012. For the nine months ended September 30, 2013 and 2012, non-refueling outage days totaled 42 and 72, respectively. During the same periods, refueling outage days totaled 139 and 161, respectively. Higher number of net MWhs generated resulted in a lower production cost per MWh for the nine months ended September 30, 2013 as compared to the same period in 2012.

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Operating and Maintenance Expense

The changes in operating and maintenance expense for the three and nine months ended September 30, 2013 compared to the same period in 2012, consisted of the following:

	Three Months Ended September 30, Increase (Decrease)	Nine Months Ended September 30, Increase (Decrease)
FERC settlement(a)	$ —	$ (195)
Labor, other benefits, contracting and materials	(34)	117
Impairment and related charges of certain generating assets	46	159
Constellation merger and integration costs	5	(66)
Maryland commitments	—	(35)
Corporate allocations(b)	(22)	(9)
Pension and non-pension postretirement benefits expense	8	15
Nuclear refueling outage costs, including the co-owned Salem plant(c)	6	9
Bodily injury costs(d)	—	(12)
Plant retirements and divestitures(e)	(337)	(393)
Bad debt expense	(11)	12
Other	(14)	(11)
Decrease in operating and maintenance expense	$ (353)	$ (409)

(a) Reflects costs incurred as part of a March 2012 settlement with the FERC to resolve a dispute related to Constellation's prior period hedging and risk management transactions.
(b) The decrease in cost allocations during the three months ended September 30, 2013 primarily reflects merger synergy savings for Exelon's corporate operations and shared service entities, partially offset during nine months ended September 30, 2013 by the impact of an increased share of corporate allocated costs due to the merger.
(c) Reflects the impact of decreased planned refueling outage days, partially offset by increased nuclear fueling outage costs related to Generation's ownership interest in Salem for nine months ended September 30, 2013 compared to same period in 2012.
(d) Reflects decreased asbestos-related bodily injury expense for nine months ended September 30, 2013 compared to same period in 2012.
(e) Reflects the operating and maintenance expense associated with the generating assets retired or divested during 2012.

Depreciation and Amortization

Three Months Ended September 30, 2013 Compared to Three Months Ended September 30, 2012.

The increase in depreciation and amortization was primarily due to higher plant balances resulting from capital additions, increased nuclear fuel amortization costs, and wind and solar facilities placed into service in the second half of 2012 and in the first half of 2013.

Nine Months Ended September 30, 2013 Compared to Nine Months Ended September 30, 2012.

The increase in depreciation and amortization was primarily due to higher plant balances resulting from the addition of Constellation's plant balances for full year to date 2013. The increase in depreciation and amortization expense was also due capital additions, increased nuclear fuel amortization costs, and wind and solar facilities placed into service in the second half of 2012 and in the first half of 2013.

Taxes Other Than Income

The decrease in taxes other than income for the three and nine months ended September 30, 2013 as compared to the three and nine months ended September 30, 2012 was primarily due to lower gross receipts tax. The increase in taxes other than income for the nine months ended September 30, 2013 compared to nine months ended September 30, 2012 was primarily due to addition of Constellation's financial results in 2012.

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Equity in Earnings (Loss) of Unconsolidated Affiliates

The favorable increase in Equity in earnings/loss of unconsolidated affiliates for the three and nine months ended September 30, 2013 was primarily due to higher net income from Generation's equity investment in CENG in 2013 compared to same period in 2012 and lower amortization of the basis difference of Generation's ownership interest in CENG recorded at fair value in connection with the Merger.

Interest Expense

Three Months Ended September 30, 2013 Compared to Three Months Ended September 30, 2012.

Interest expense for three months ended September 30, 2013 compared to same period in 2012 remained relatively level.

Nine Months Ended September 30, 2013 Compared to Nine Months Ended September 30, 2012.

The increase in interest expense was primarily due to the increase in long-term debt as a result of the merger and the reversal of previously capitalized interest expense related to power uprate projects that were cancelled during second quarter of 2013.

Other, Net

Three Months Ended September 30, 2013 Compared to Three Months Ended September 30, 2012. Other, net primarily reflects the change in the net unrealized gains (losses) related to the NDT funds of the Non-Regulatory Agreement Units as described in the table below. Other, net also reflects $43 million of credit facility termination fees recorded in 2012.

Nine Months Ended September 30, 2013 Compared to Nine Months Ended September 30, 2012. Other, net primarily reflects the change in the net unrealized gains (losses) related to the NDT funds of the Non-Regulatory Agreement Units as described in the table below. Other, net also reflects $73 million and $100 million of income in 2013 and 2012, respectively, related to the contractual elimination of income tax expense associated with the NDT funds of the Regulatory Agreement Units and $85 million of credit facility termination fees recorded in 2012

The following table provides unrealized and realized gains and losses on the NDT funds of the Non-Regulatory Agreement Units recognized in Other, net for the three and nine months ended September 30, 2013 and 2012:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Net unrealized gains on decommissioning trust funds	$ 46	$ 71	$ 70	$ 101
Net realized gains on sale of decommissioning trust funds	$ 22	$ 1	$ 25	$ 41

Effective Income Tax Rate

The effective income tax rate was 37.3% and 35.4% for the three and three months ended September 30, 2013, respectively, compared to 49.4% and 47.1% for the same periods during 2012. See Note 12 of the Combined Notes to the Consolidated Financial Statements for further discussion of the change in the effective income tax rate.

Results of Operations — ComEd

	Three Months Ended September 30, 2013	Three Months Ended September 30, 2012	Favorable (Unfavorable) Variance	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012	Favorable (Unfavorable) Variance
Operating revenues	$ 1,156	$ 1,484	$ (328)	$3,395	$4,154	$ (759)
Purchased power expense	301	678	377	931	1,886	955
Revenue net of purchased power expense(a)	855	806	49	2,464	2,268	196
Other operating expenses						
Operating and maintenance	333	350	17	1,020	1,000	(20)
Depreciation and amortization	164	157	(7)	501	458	(43)
Taxes other than income	80	81	1	225	224	(1)
Total other operating expenses	577	588	11	1,746	1,682	(64)
Operating income	278	218	60	718	586	132
Other income and (deductions)						
Interest expense, net	(74)	(74)	—	(503)	(230)	(273)
Other, net	7	5	2	18	12	6
Total other income and (deductions)	(67)	(69)	2	(485)	(218)	(267)
Income before income taxes	211	149	62	233	368	(135)
Income taxes	85	59	(26)	93	149	56
Net income	$ 126	$ 90	$ 36	$ 140	$ 219	$ (79)

(a) ComEd evaluates its operating performance using the measure of revenue net of purchased power expense. ComEd believes that revenue net of purchased power expense is a useful measurement because it provides information that can be used to evaluate its operational performance. In general, ComEd only earns margin based on the delivery and transmission of electricity. ComEd has included its discussion of revenue net of purchased power expense below as a complement to the financial information provided in accordance with GAAP. However, revenue net of purchased power expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

Net Income

Three Months Ended September 30, 2013, Compared to Three Months Ended September 30, 2012. ComEd's net income for the three months ended September 30, 2013, was higher than the same period in 2012, primarily due to increased distribution revenue as a result of increased capital investment and higher allowed ROE pursuant to the formula rate under EIMA and the enactment of Senate Bill 9. These increases were partially offset by unfavorable weather conditions during the third quarter of 2013.

Nine Months Ended September 30, 2013, Compared to Nine Months Ended September 30, 2012. ComEd's net income for the nine months ended September 30, 2013, was lower than the same period in 2012, primarily due to the remeasurement of Exelon's like-kind exchange tax position in the first quarter of 2013 and unfavorable weather conditions through the third quarter of 2013. These decreases were partially offset by the discrete impacts of the ICC's May 2012 Order in ComEd's 2011 formula rate proceeding under EIMA, increased distribution revenue as a result of increased capital investment and higher allowed ROE pursuant to the formula rate under EIMA and the enactment of Senate Bill 9. See Note 5 — Regulatory Matters and Note 12 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information.

Operating Revenues Net of Purchased Power Expense

There are certain drivers of revenue that are fully offset by their impact on purchased power expense, such as commodity procurement costs and customer choice programs. ComEd is permitted to recover electricity

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procurement costs from retail customers without mark-up. Therefore, fluctuations in electricity procurement costs have no impact on revenue net of purchased power expense. See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information on ComEd's electricity procurement process.

Electric revenues and purchased power expense are affected by fluctuations in customers' purchases from competitive electric generation suppliers. All ComEd customers have the choice to purchase electricity from a competitive electric generation supplier. The customers' choice of retail electric supplier does not impact ComEd's volume of deliveries, but does affect ComEd's energy revenue. The number of retail customers purchasing electricity from competitive electric generation suppliers was 2,621,356 and 1,453,061 at September 30, 2013, and 2012, respectively, representing 68% and 38% of total retail customers, respectively. Retail energy purchased from competitive electric generation suppliers represented 81% and 79% of ComEd's retail kWh sales for the three months and nine months ended September 30, 2013, respectively, as compared to 64% and 62% for the three and nine months ended September 30, 2012, respectively. During 2012, the City of Chicago and approximately 240 Illinois municipalities, including governmental entities such as townships and counties, approved referenda regarding electric supply aggregation. The referenda allowed governmental officials to identify and sign contracts with competitive electric generation suppliers on behalf of the eligible retail customers in the community, while also allowing customers to opt-out of the municipal aggregation program. As of September 30, 2013, there are approximately 330 municipalities that have approved a municipal aggregation referendum in the ComEd service territory. As a result, approximately 70% of residential usage as of September 30, 2013 is being supplied by competitive electric generation suppliers, and ComEd estimates that over 80% of that usage resulted from municipal aggregation activities. ComEd anticipates that as municipalities continue to implement aggregation programs throughout 2013, and as non-municipal aggregation switching continues to increase, slightly less than three-quarters of total residential usage will be supplied by competitive electric generation suppliers by the end of 2013.

The changes in ComEd's revenue net of purchased power expense for the three months and nine months ended September 30, 2013, compared to the same periods in 2012 consisted of the following:

	Three Months Ended September 30, Increase (Decrease)	Nine Months Ended September 30, Increase (Decrease)
Weather	$ (27)	$ (31)
Volume	(4)	(3)
Electric distribution revenues	66	143
Discrete impacts of the 2012 Distribution Rate Case Order	—	88
Senate Bill 9	10	20
Transmission revenues	11	14
Regulatory required programs	6	7
Uncollectible accounts recovery, net	(28)	(43)
Other	15	1
Total increase	$ 49	$ 196

Weather. The demand for electricity is affected by weather conditions. Very warm weather in summer months and very cold weather in other months are considered "favorable weather conditions" because these weather conditions result in increased customer usage. Conversely, mild weather reduces demand. For the three and nine months ended September 30, 2013, the increase in revenue net of purchased power expense was offset by unfavorable weather conditions as a result of the mild weather through the third quarter of 2013, compared to the same period in 2012.

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Heating and cooling degree days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree days for a 30-year period in ComEd's service territory, with cooling degree days generally having a more significant impact to ComEd, particularly during the summer months. The changes in heating and cooling degree days in ComEd's service territory for the three months and nine months ended September 30, 2013 and 2012, consisted of the following:

				% Change	
Heating and Cooling Degree-Days	**2013**	**2012**	**Normal**	**From 2012**	**From Normal**
Three Months Ended September 30,					
Heating Degree-Days	79	107	119	(26.2)%	(33.6)%
Cooling Degree-Days	668	859	613	(22.2)%	9.0 %
Nine Months Ended September 30,					
Heating Degree-Days	4,116	3,035	4,048	35.6 %	1.7 %
Cooling Degree-Days	908	1,321	831	(31.3)%	9.3 %

Volume. Revenue net of purchased power expense decreased as a result of lower delivery volume, exclusive of the effects of weather, for the three and nine months ended September 30, 2013, reflecting decreased average usage per residential customer as compared to the same period in 2012.

Electric Distribution Revenues. EIMA provides for a performance-based formula rate tariff, which requires an annual reconciliation of the revenue requirement in effect to the actual costs that the ICC determines are prudently and reasonably incurred in a given year. During the three and nine months ended September 30, 2013, ComEd recorded increased revenue net of purchased power expense of $66 million and $143 million, respectively, associated with the 2011 through 2013 reconciliations. These amounts exclude the discrete impacts of the May 2012 Distribution Rate Case Order and the enactment of Senate Bill 9 in May 2013, discussed separately below. See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Discrete Impacts of the 2012 Distribution Rate Case Order. On May 30, 2012, the ICC issued its final Order related to ComEd's 2011 formula rate proceeding under EIMA, which resulted in a reduction to revenue net of purchased power expense of $0 million and $88 million for the three and nine months ended September 30, 2012. See Note 3 — Regulatory Matters of the Exelon 2012 Form 10-K for further information.

Senate Bill 9. On May 22, 2013, the Illinois General Assembly overrode the Governor's May 5, 2013 veto of Senate Bill 9, which became effective immediately. Revenue net of purchased power expense increased by $10 million and $20 million for the three and nine months ended September 30, 2013, as a result of the enactment of Senate Bill 9. See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Transmission Revenues. ComEd's transmission rates are established based on a FERC-approved formula. ComEd's most recent annual formula rate update, filed in April 2013, reflects 2012 actual costs plus forecasted 2013 capital additions. Transmission revenue net of purchased power expense vary from year to year based upon fluctuations in the underlying costs, investments being recovered and other billing determinants, such as the highest daily peak load from the previous calendar year. See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Regulatory Required Programs. Revenues related to regulatory required programs are the recoveries from customers for costs of various legislative and/or regulatory programs on a full and current basis through approved regulated rates. Programs include ComEd's energy efficiency and demand response and purchased power administrative costs. An equal and offsetting amount has been reflected in operating and maintenance expense during the periods presented. See the operating and maintenance expense discussion below for additional information on included programs.

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Uncollectible Accounts Recovery, Net. Represents recoveries under ComEd's uncollectible accounts tariff. See the operating and maintenance expense discussion below for additional information on this tariff.

Other. Other revenues increased during the three and nine months ended September 30, 2013, compared to the same periods in 2012. Other revenues, which can vary period to period, include rental revenues, revenues related to late payment charges, assistance provided to other utilities through mutual assistance programs and recoveries of environmental costs associated with MGP sites.

Operating and Maintenance Expense

	Three Months Ended September 30,		Increase (Decrease)	Nine Months Ended September 30,		Increase (Decrease)
	2013	2012		2013	2012	
Operating and maintenance expense — baseline	$ 299	$ 322	$ (23)	$ 892	$ 879	$ 13
Operating and maintenance expense — regulatory required programs(a)	34	28	6	128	121	7
Total operating and maintenance expense	$ 333	$ 350	$ (17)	$ 1,020	$ 1,000	$ 20

(a) Operating and maintenance expenses for regulatory required programs are costs for various legislative and/or regulatory programs that are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in operating revenues.

The changes in operating and maintenance expense for the three and nine months ended September 30, 2013 compared to the same periods in 2012, consisted of the following:

	Three Months Ended September 30, Increase (Decrease)	Nine Months Ended September 30, Increase (Decrease)
Baseline		
Labor, other benefits, contracting and materials(a)	$ 16	$ 42
Pension and non-pension postretirement benefits expense	(7)	3
Storm-related costs(b)	(9)	—
Uncollectible accounts expense — provision(c)	(4)	(13)
Uncollectible accounts expense — recovery, net(c)	(24)	(30)
Other	5	11
	(23)	13
Regulatory required programs		
Energy efficiency and demand response programs	6	7
	6	7
Increase (Decrease) in operating and maintenance expense	$ (17)	$ 20

(a) The increase includes contracting costs resulting from new projects associated with EIMA. See Note 5 — Regulatory Matters of the Combined Notes to Financial Statements for additional information regarding EIMA.
(b) Under EIMA, ComEd may recover costs associated with certain one-time events, such as large storms, over a five-year period. During the third quarter of 2012, ComEd recorded a net reduction in operating and maintenance expense for costs related to significant third quarter 2012 storms.
(c) ComEd is allowed to recover from or refund to customers the difference between the utility's annual uncollectible accounts expense and the amounts collected in rates annually through a rider mechanism. In 2013, ComEd recorded a net reduction in operating and maintenance expense related to uncollectible accounts due to the timing of regulatory cost recovery and customers purchasing electricity from competitive electric generation suppliers as a result of municipal aggregation.

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Depreciation and Amortization

Depreciation and amortization expense increased during the three and nine months ended September 30, 2013, compared to the same periods in 2012, primarily due to ongoing capital expenditures and increased regulatory asset amortization related to higher MGP remediation expenditures. An equal and offsetting amount for the amortization expense related to the MGP remediation expenditures is reflected in operating revenues during the periods presented.

Taxes Other Than Income

Taxes other than income taxes remained relatively flat for the three and nine months ended September 30, 2013, compared to the same periods in 2012. Taxes other than income taxes, which can vary period to period, include municipal and state utility taxes, real estate taxes and payroll taxes.

Interest Expense, Net

The changes in Interest Expense, net for the three and nine months ended September 30, 2013, compared to the same period in 2012, consisted of the following:

	Three Months Ended September 30, Increase (Decrease)	Nine Months Ended September 30, Increase (Decrease)
Interest expense related to uncertain tax positions(a)	$ 1	$ 278
Interest expense on debt (including financing trusts)	—	(1)
Other	(1)	(4)
Increase in interest expense, net	$ —	$ 273

(a) Primarily reflects the remeasurement of Exelon's like-kind exchange tax position in the first quarter of 2013. See Note 12 — Income Taxes of the Combined Notes to Financial Statements for additional information.

Effective Income Tax Rate

The effective income tax rate was 40.3% for the three months ended September 30, 2013 compared to 39.6% for the same period during 2012. The effective income tax rate was 39.9% for the nine months ended September 30, 2013 compared to 40.5% for the same period during 2012. See Note 12 — Income Taxes of the Combined Notes to Consolidated Financial Statements for further discussion of the change in the effective income tax rate.

ComEd Electric Operating Statistics and Revenue Detail

Retail Deliveries to Customers (in GWhs)	Three Months Ended September 30, 2013	Three Months Ended September 30, 2012	% Change	Weather-Normal % Change
Retail Delivery and Sales(a)				
Residential	8,188	9,265	(11.6)%	(2.4)%
Small commercial & industrial	8,680	8,939	(2.9)%	(0.1)%
Large commercial & industrial	7,381	7,506	(1.7)%	(0.2)%
Public authorities & electric railroads	329	314	4.8%	9.1%
Total Retail Deliveries	24,578	26,024	(5.6)%	(0.8)%

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Retail Deliveries to Customers (in GWhs)	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012	% Change	Weather-Normal % Change
Retail Delivery and Sales(a)				
Residential	21,154	22,345	(5.3)%	(0.7)%
Small commercial & industrial	24,385	24,742	(1.4)%	(0.4)%
Large commercial & industrial	20,932	21,048	(0.6)%	(0.4)%
Public authorities & electric railroads	997	932	7.0%	10.5%
Total Retail Deliveries	67,468	69,067	(2.3)%	(0.4)%

Number of Electric Customers	As of September 30, 2013	As of September 30, 2012
Residential	3,465,635	3,450,364
Small commercial & industrial	366,216	365,245
Large commercial & industrial	1,978	1,986
Public authorities & electric railroads	4,860	4,795
Total	3,838,689	3,822,390

Electric Revenue	Three Months Ended September 30, 2013	Three Months Ended September 30, 2012	% Change	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012	% Change
Retail Delivery and Sales(a)						
Residential	$ 529	$ 876	(39.6)%	$ 1,589	$ 2,372	(33.0)%
Small commercial & industrial	322	344	(6.4)%	945	997	(5.2)%
Large commercial & industrial	112	102	9.8%	327	296	10.5%
Public authorities & electric railroads	12	11	9.1%	35	32	9.4%
Total Retail	975	1,333	(26.9)%	2,896	3,697	(21.7)%
Other Revenue(b)	181	151	19.9%	499	457	9.2%
Total Electric Revenues	$ 1,156	$ 1,484	(22.1)%	$ 3,395	$ 4,154	(18.3)%

(a) Reflects delivery revenues and volumes from customers purchasing electricity directly from ComEd and customers purchasing electricity from a competitive electric generation supplier, as all customers are assessed delivery charges. For customers purchasing electricity from ComEd, revenue also reflects the cost of energy and transmission.

(b) Other revenue primarily includes transmission revenue from PJM. Other items include rental revenues, revenues related to late payment charges, assistance provided to other utilities through mutual assistance programs, and recoveries of environmental costs associated with MGP sites.

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Results of Operations — PECO

	Three Months Ended September 30,		Favorable (Unfavorable) Variance	Nine Months Ended September 30,		Favorable (Unfavorable) Variance
	2013	2012		2013	2012	
Operating revenues	$ 728	$ 806	$ (78)	$ 2,295	$ 2,396	$ (101)
Purchased power and fuel	289	326	37	953	1,033	80
Revenue net of purchased power and fuel (a)	439	480	(41)	1,342	1,363	(21)
Other operating expenses						
Operating and maintenance	186	199	13	554	574	20
Depreciation and amortization	57	55	(2)	171	161	(10)
Taxes other than income	41	48	7	121	122	1
Total other operating expenses	284	302	18	846	857	11
Operating income	155	178	(23)	496	506	(10)
Other income and (deductions)						
Interest expense, net	(29)	(32)	3	(86)	(94)	8
Other, net	1	2	(1)	4	6	(2)
Total other income and (deductions)	(28)	(30)	2	(82)	(88)	6
Income before income taxes	127	148	(21)	414	418	(4)
Income taxes	35	25	(10)	122	118	(4)
Net income	92	123	(31)	292	300	(8)
Preferred security dividends and redemption	—	1	(1)	7	3	4
Net income attributable to common shareholders	$ 92	$ 122	$ (30)	$ 285	$ 297	$ (12)

(a) PECO evaluates its operating performance using the measures of revenue net of purchased power expense for electric sales and revenue net of fuel expense for gas sales. PECO believes revenue net of purchased power expense and revenue net of fuel expense are useful measurements of its performance because they provide information that can be used to evaluate its net revenue from operations. PECO has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, revenue net of purchased power expense and revenue net of fuel expense figures are not a presentation defined under GAAP and may not be comparable to other companies' presentations or more useful than the GAAP information provided elsewhere in this report.

Net Income attributable to common shareholders

Three Months Ended September 30, 2013 Compared to Three Months Ended September 30, 2012 . The decrease in net income attributable to common shareholders was driven primarily by lower operating revenue net of purchased power and fuel expense and an increase to income tax expense, partially offset by lower operating and maintenance expense.

Nine Months Ended September 30, 2013 Compared to Nine Months Ended September 30, 2012. The decrease in net income attributable to common shareholders was driven primarily by lower operating revenue net of purchased power and fuel expense and an increase in depreciation and amortization expense, partially offset by lower operating and maintenance expenses.

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Operating Revenues, Purchased Power and Fuel Expense

Electric and gas revenues and purchased power and fuel expense are affected by fluctuations in commodity procurement costs. PECO's electric supply and natural gas cost rates charged to customers are subject to adjustments at least quarterly that are designed to recover or refund the difference between the actual cost of electric supply and natural gas and the amount included in rates in accordance with the PAPUC's GSA and PGC, respectively. Therefore, fluctuations in electric supply and natural gas procurement costs have no impact on electric and gas revenue net of purchased power and fuel expense.

Electric and gas revenues and purchased power and fuel expense are also affected by fluctuations in participation in the Customer Choice Program. All PECO customers have the choice to purchase electricity and gas from competitive electric generation and natural gas suppliers, respectively. The customer's choice of suppliers does not impact the volume of deliveries, but affects revenue collected from customers related to supplied energy and natural gas service. Customer choice program activity has no impact on electric and gas revenue net of purchased power and fuel expense. The number of retail customers purchasing electricity from a competitive electric generation supplier was 518,061 and 464,800 at September 30, 2013 and 2012, respectively. Retail deliveries purchased from competitive electric generation suppliers represented 69% and 68% of PECO's retail kWh sales for the three and nine months ended September 30, 2013, respectively, compared to 65% for the three and nine months ended September 30, 2012. The number of retail customers purchasing natural gas from a competitive natural gas supplier was 60,390 and 48,600 at September 30, 2013 and 2012, respectively. Retail deliveries purchased from competitive natural gas suppliers represented 23% and 19% of PECO's mmcf sales for the three and nine months ended September 30, 2013, respectively, compared to 69% and 47% for the three and nine months ended September 30, 2012.

The changes in PECO’s operating revenues net of purchased power and fuel expense for the three months ended September 30, 2013 compared to the same period in 2012 consisted of the following:

	Increase (Decrease)		
	Electric	Gas	Total
Weather	$ (20)	$—	$(20)
Volume	—	—	—
Pricing	—	—	—
Regulatory required programs	(15)	—	(15)
Gross Receipts Tax	(1)	—	(1)
Other	(4)	(1)	(5)
Total decrease	$ (40)	$ (1)	$(41)

The changes in PECO’s operating revenues net of purchased power and fuel expense for the nine months ended September 30, 2013 compared to the same period in 2012 consisted of the following:

	Increase (Decrease)		
	Electric	Gas	Total
Weather	$ (4)	$27	$ 23
Volume	(3)	(3)	(6)
Pricing	(9)	—	(9)
Regulatory required programs	(10)	—	(10)
Gross Receipts Tax	(7)	—	(7)
Other	(7)	(5)	(12)
Total (decrease) increase	$ (40)	$19	$(21)

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Weather

The demand for electricity and gas is affected by weather conditions. With respect to the electric business, very warm weather in summer months and, with respect to the electric and gas businesses, very cold weather in winter months are referred to as “favorable weather conditions” because these weather conditions result in increased deliveries of electricity and gas. Conversely, mild weather reduces demand. During the three months ended September 30, 2013 compared to the same period in 2012, electric operating revenues net of purchased power were lower due to the impact of unfavorable weather conditions in PECO’s service territory.

During the nine months ended September 30, 2013 compared to the same period in 2012, operating revenues net of purchased power and fuel expense were higher due to the impact of favorable 2013 winter weather conditions in PECO's service territory.

Heating and cooling degree days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree days for a 30-year period in PECO's service territory. The changes in heating and cooling degree days in PECO’s service territory for the three and nine months ended September 30, 2013 compared to the same periods in 2012 and normal weather consisted of the following:

				% Change	
Heating and Cooling Degree-Days	**2013**	**2012**	**Normal**	**From 2012**	**From Normal**
Three Months Ended September 30,					
Heating Degree-Days	36	14	35	157.1%	2.9%
Cooling Degree-Days	928	1,138	934	(18.5)%	(0.6)%
Nine Months Ended September 30,					
Heating Degree-Days	2,897	2,265	2,974	27.9%	(2.6)%
Cooling Degree-Days	1,346	1,572	1,282	(14.4)%	5.0%

Volume

Electric operating revenues net of purchased power expense related to delivery volume, exclusive of the effects of weather, for the three months ended September 30, 2013 remained relatively level compared to the same period in 2012. The decrease in electric operating revenues net of purchased power expense related to delivery volume, exclusive of the effects of weather, for the nine months ended September 30, 2013 compared to the same period in 2012 reflected the impact of energy efficiency initiatives on customer usages partially offset by the oil refineries returning to full production in 2013.

Pricing

Nine Months Ended September 30, 2013 Compared to Nine Months Ended September 30, 2012. The decrease in electric operating revenues net of purchased power expense as a result of pricing is primarily attributable to lower overall effective rates due to increased usage per customer across all customer classes.

Regulatory Required Programs

This represents the change in operating revenues collected under approved riders to recover costs incurred for regulatory programs such as smart meter, energy efficiency and the GSA. The riders are designed to provide full and current cost recovery as well as a return. The offsetting costs of these programs are included in operating and maintenance expense, depreciation and amortization expense and income taxes. See the operating and maintenance expense discussion below for additional information on included programs.

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Gross Receipts Tax

GRT is an excise tax on total revenue. As a result of decreases in operating revenues for the three and nine months ended September 30, 2013 compared to the same periods in 2012, GRT decreased. Equal and offsetting decreases in GRT have been reflected in Taxes Other Than Income.

Other

The decrease in other electric revenues net of purchased power expense for the three and nine months ended September 30, 2013 compared to the same periods in 2012 reflected a decrease in wholesale transmission revenue earned by PECO due to higher peak loads in the previous years.

Operating and Maintenance Expense

	Three Months Ended September 30,		Increase (Decrease)	Nine Months Ended September 30,		Increase (Decrease)
	2013	2012		2013	2012	
Operating and Maintenance Expense — Baseline	$ 169	$ 170	$ (1)	$ 497	$ 505	$ (8)
Operating and Maintenance Expense — Regulatory Required Programs(a)	17	29	(12)	57	69	(12)
Total Operating and Maintenance Expense	$ 186	$ 199	$ (13)	$ 554	$ 574	$ (20)

(a) Operating and maintenance expenses for regulatory required programs are costs for various legislative and/or regulatory programs that are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in operating revenues.

The changes in operating and maintenance expense for the three and nine months ended September 30, 2013 compared to the same periods in 2012, consisted of the following:

	Three Months Ended September 30, Increase (Decrease)	Nine Months Ended September 30, Increase (Decrease)
Baseline		
Labor, other benefits, contracting and materials	$ (1)	$ 7
Storm-related costs	(3)	(2)
Injuries and Damages	3	(1)
Pension and non-pension postretirement benefits expense	(3)	(9)
Constellation merger and integration costs	—	(5)
Other	3	2
	(1)	(8)
Regulatory Required Programs		
Smart Meter	1	1
Energy Efficiency	(13)	(13)
	(12)	(12)
Increase (Decrease) in operating and maintenance expense	$ (13)	$ (20)

Depreciation and Amortization Expense

The increase in depreciation and amortization expense for the three and nine months ended September 30, 2013 compared to the same periods in 2012 was primarily due to ongoing capital expenditures as well as increased depreciation and amortization expense related to the smart meter AMI infrastructure. An equal and offsetting amount for the depreciation and amortization expense related to the smart meter AMI communications network has been reflected in operating revenues during the periods represented.

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Taxes Other Than Income

The decrease in taxes other than income for the three months ended September 30, 2013 compared to the same period in 2012 was primarily due to decreased GRT collections as a result of lower operating revenues. An equal and offsetting decrease in GRT has been reflected in operating revenues during the current period.

Taxes other than income for the nine months ended September 30, 2013 compared to the same period in 2012 remained relatively level.

Interest Expense, Net

The decrease in interest expense, net for the three and nine months ended September 30, 2013 compared to the same periods in 2012 was primarily due to lower interest expense as a result of refinancing debt at lower interest rates during the second half of 2012.

Other, Net

The change in Other, net for the three and nine months ended September 30, 2013 remained relatively level compared to the same period in 2012.

Effective Income Tax Rate

PECO's effective income tax rate was 27.6% and 16.9% for the three months ended September 30, 2013 and 2012, respectively. The increase in the effective income tax rate is primarily due to the impact of the tax benefit recognized in 2012 related to the gas repairs deduction claimed on the 2011 tax return.

The effective income tax rate was 29.5% and 28.2% for the nine months ended September 30, 2013 and 2012, respectively. The increase in the effective tax rate reflects the impact of the tax benefit recognized in 2012 related to the gas repairs deduction claimed on the 2011 tax return with an offset of the gas repairs bill credit amortization which commenced in 2013. See Note 12 — Income Taxes of the Combined Notes to the Consolidated Financial Statements for further discussion of the change in effective income tax rate.

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PECO Electric Operating Statistics and Revenue Detail

Retail Deliveries to Customers (in GWhs)	Three Months Ended September 30, 2013	Three Months Ended September 30, 2012	% Change	Weather-Normal % Change	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012	% Change	Weather-Normal % Change
Retail Delivery and Sales(a)								
Residential	3,781	4,059	(6.8)%	0.3%	10,134	10,154	(0.2)%	0.0%
Small commercial & industrial	2,142	2,245	(4.6)%	(1.5)%	6,111	6,155	(0.7)%	(1.8)%
Large commercial & industrial	4,207	4,165	1.0%	2.9%	11,637	11,545	0.8%	2.2%
Public authorities & electric railroads	219	240	(8.8)%	(8.8)%	712	714	(0.3)%	(0.3)%
Total Electric Retail Deliveries	10,349	10,709	(3.4)%	0.8%	28,594	28,568	0.1%	0.4%

Number of Electric Customers	As of September 30, 2013	As of September 30, 2012
Residential	1,419,837	1,416,894
Small commercial & industrial	148,843	148,829
Large commercial & industrial	3,114	3,103
Public authorities & electric railroads	9,666	9,666
Total	1,581,460	1,578,492

Electric Revenue	Three Months Ended September 30, 2013	Three Months Ended September 30, 2012	% Change	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012	% Change
Retail Delivery and Sales(a)						
Residential	$ 448	$ 497	(9.9)%	$ 1,197	$ 1,297	(7.7)%
Small commercial & industrial	109	120	(9.2)%	324	357	(9.2)%
Large commercial & industrial	53	66	(19.7)%	173	179	(3.4)%
Public authorities & electric railroads	7	8	(12.5)%	23	24	(4.2)%
Total Retail	617	691	(10.7)%	1,717	1,857	(7.5)%
Other Revenue(b)	55	61	(9.8)%	163	171	(4.7)%
Total Electric Revenues	$ 672	$ 752	(10.6)%	$ 1,880	$ 2,028	(7.3)%

(a) Reflects delivery volumes and revenues from customers purchasing electricity directly from PECO and customers purchasing electricity from a competitive electric generation supplier as all customers are assessed distribution charges. For customers purchasing electricity from PECO, revenue also reflects the cost of energy and transmission.

(b) Other revenue includes transmission revenue from PJM and wholesale electric revenues.

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PECO Gas Operating Statistics and Revenue Detail

Deliveries to Customers (in mmcf)	Three Months Ended September 30, 2013	Three Months Ended September 30, 2012	% Change	Weather-Normal % Change	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012	% Change	Weather-Normal % Change
Retail Delivery and Sales								
Retail sales(a)	3,531	3,646	(3.2)%	(3.1)%	38,888	32,301	20.4%	(0.5)%
Transportation and other	6,041	5,796	4.2%	2.4%	20,880	19,397	7.6%	2.3%
Total Gas Deliveries	9,572	9,442	1.4%	0.2%	59,768	51,698	15.6%	0.5%

Number of Gas Customers	As of September 30, 2013	As of September 30, 2012
Residential	455,809	452,624
Commercial & industrial	41,591	41,338
Total Retail	497,400	493,962
Transportation	909	900
Total	498,309	494,862

Gas Revenue	Three Months Ended September 30, 2013	Three Months Ended September 30, 2012	% Change	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012	% Change
Retail Delivery and Sales						
Retail sales(a)	$ 48	$ 49	(2.0)%	$ 386	$ 344	12.2%
Transportation and other	8	5	60.0%	29	24	20.8%
Total Gas Revenues	$ 56	$ 54	3.7%	$ 415	$ 368	12.8%

(a) Reflects delivery volumes and revenues from customers purchasing natural gas directly from PECO and customers purchasing natural gas from a competitive natural gas supplier as all customers are assessed distribution charges. For customers purchasing natural gas from PECO, revenue also reflects the cost of natural gas.

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Results of Operations — BGE

	Three Months Ended September 30, 2013	Three Months Ended September 30, 2012	Favorable (Unfavorable) Variance	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012	Favorable (Unfavorable) Variance
Operating revenues	$ 737	$ 720	$ 17	$2,271	$2,032	$ 239
Purchased power and fuel	346	373	27	1,059	1,043	(16)
Revenue net of purchased power and fuel(a)	391	347	44	1,212	989	223
Other operating expenses						
Operating and maintenance	146	201	55	450	557	107
Depreciation and amortization	78	68	(10)	252	218	(34)
Taxes other than income	53	48	(5)	162	143	(19)
Total other operating expenses	277	317	40	864	918	54
Operating income	114	30	84	348	71	277
Other income and (deductions)						
Interest expense, net	(29)	(35)	6	(94)	(110)	16
Other, net	4	5	(1)	13	18	(5)
Total other income and (deductions)	(25)	(30)	5	(81)	(92)	11
Income (loss) before income taxes	89	—	89	267	(21)	288
Income taxes	36	—	(36)	107	(7)	(114)
Net income (loss)	53	—	53	160	(14)	174
Preference stock dividends	3	4	(1)	10	10	—
Net income (loss) attributable to common shareholder	$ 50	$ (4)	$ 54	$ 150	$ (24)	$ 174

(a) BGE evaluates its operating performance using the measures of revenue net of purchased power expense for electric sales and revenue net of fuel expense for gas sales. BGE believes revenue net of purchased power and fuel expense are useful measurements of its performance because they provide information that can be used to evaluate its net revenue from operations. BGE has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, revenue net of purchased power and fuel expense figures are not a presentation defined under GAAP and may not be comparable to other companies' presentations or more useful than the GAAP information provided elsewhere in this report.

Net income (loss) attributable to common shareholders

Three Months Ended September 30, 2013, Compared to Three Months Ended 2012. BGE's net income attributable to common shareholders for the three months ended September 30, 2013, was higher than the same period in 2012, primarily due to higher electric and gas distribution rates, effective February 23, 2013, pursuant to the MDPSC order in BGE's 2012 rate case and lower storm-related costs in 2013.

Nine Months Ended September 30, 2013, Compared to Nine Months Ended 2012. BGE's net income attributable to common shareholders for the nine months ended September 30, 2013, was higher than the same period in 2012, primarily due to decreased operating revenue net of purchased power and fuel expense in 2012 related to the accrual of the residential customer rate credit and decreased operating and maintenance expense related to the 2012 accrual of its portion of charitable contributions which, were conditions of the MDPSC's approval of Exelon's merger with Constellation. The increase in net income attributable to common shareholders was also driven by higher electric and gas distribution rates pursuant to the MDPSC order in BGE's 2012 rate case and lower storm-related costs in 2013.

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Operating Revenues, Purchased Power and Fuel Expense

There are certain drivers to operating revenue that are offset by their impact on purchased power expense and fuel expense, such as commodity procurement costs and programs allowing customers to select a competitive electric or natural gas supplier. Electric and gas revenues and purchased power and fuel expense are affected by fluctuations in commodity procurement costs. BGE's electric and natural gas rates charged to customers are subject to periodic adjustments that are designed to recover or refund the difference between the actual cost of purchased electric power and purchased natural gas and the amount included in rates in accordance with the MDPSC's market-based SOS and gas commodity programs, respectively.

The number of customers electing to select a competitive electric generation supplier affects electric SOS revenues and purchased power expense. The number of customers electing to select a competitive natural gas supplier affects gas cost adjustment revenues and purchased natural gas expense. All BGE customers have the choice to purchase energy from a competitive electric generation supplier. This customer choice of electric generation suppliers does not impact the volume of deliveries, but affects revenue collected from customers related to SOS. The number of retail customers purchasing electricity from a competitive electric generation supplier was 395,200 and 347,200 at September 30, 2013 and 2012, respectively, representing 32% and 28% of total retail customers, respectively. Retail deliveries purchased from competitive electric generation suppliers represented 62% and 61% of BGE's retail kWh sales for the three and nine months ended September 30, 2013, respectively compared to 59% and 60% for the three and nine months ended September 30, 2012, respectively. The number of retail customers purchasing natural gas from a competitive natural gas supplier was 167,700 and 132,800 at September 30, 2013 and 2012, respectively, representing 26% and 20% of total retail customers, respectively. Retail deliveries purchased from competitive natural gas suppliers represented 74% and 55% of BGE's retail mmcf sales for the three and nine months ended September 30, 2013, respectively, compared to 74% and 58% for the three and nine months ended September 30, 2012, respectively.

The changes in BGE's operating revenues net of purchased power and fuel expense for the three months ended September 30, 2013 compared to the same period in 2012, consisted of the following:

	Increase (Decrease)		
	Electric	Gas	Total
Pricing	$ 25	$ 2	$ 27
Regulatory required programs	9	1	10
Other	6	1	7
Total increase	$ 40	$ 4	$ 44

The changes in BGE's operating revenues net of purchased power and fuel expense for the nine months ended September 30, 2013 compared to the same period in 2012 consisted of the following:

	Increase (Decrease)		
	Electric	Gas	Total
Residential customer rate credit(a)	$ 82	$31	$113
Pricing	49	11	60
Regulatory required programs	27	5	32
Other	15	3	18
Total increase	$ 173	$50	$223

(a) In accordance with the MDPSC order approving Exelon's merger with Constellation, the residential customer rate credit is not recoverable from BGE's customers. Exelon made a $66 million equity contribution to BGE in the second quarter of 2012 to fund the after-tax amount of the rate credit as directed in the MDPSC order approving the merger transaction.

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Revenue Decoupling. The demand for electricity and gas is affected by weather and usage conditions. The MDPSC has allowed BGE to record a monthly adjustment to its electric and gas distribution revenues from all residential customers, commercial electric customers, the majority of large industrial electric customers, and all firm service gas customers to eliminate the effect of abnormal weather and usage patterns per customer on BGE's electric and gas distribution volumes, thereby recovering a specified dollar amount of distribution revenues per customer, by customer class, regardless of changes in consumption levels. This means BGE recognizes revenues at MDPSC-approved levels per customer, regardless of what actual distribution volumes were for a billing period. Therefore, while these revenues are affected by customer growth, they will not be affected by actual weather or usage conditions. BGE bills or credits customers in subsequent months for the difference between approved revenue levels under revenue decoupling and actual customer billings.

Heating degree days are quantitative indices that reflect the demand for energy needed to heat a home or business. Normal weather is determined based on historical average heating and cooling degree days for a 30-year period in BGE's service territory. The changes in heating degree days in BGE's service territory for the three and nine months ended September 30, 2013 compared to the same period in 2012 consisted of the following:

				% Change	
Heating and Cooling Degree-Days	**2013**	**2012**	**Normal**	**From 2012**	**From Normal**
Three Months Ended September 30,					
Heating Degree-Days	111	69	82	60.9%	35.4%
Cooling Degree-Days	567	698	588	(18.8)%	(3.6)%
Nine Months Ended September 30,					
Heating Degree-Days	3,054	2,344	2,983	30.3%	2.4%
Cooling Degree-Days	830	997	838	(16.8)%	(1.0)%

Residential Customer Rate Credit. The increase in operating revenues net of purchased power and fuel compared to the same period in 2012 was due to the residential customer rate credit provided in 2012 as a result of the MDPSC's order approving Exelon's merger with Constellation.

Pricing. The increase in operating revenues net of purchased power and fuel expense as a result of pricing for the three and nine months ended September 30, 2013 compared to the same period in 2012 primarily reflected the impact of the new electric and natural gas distribution rates charged to customers that became effective February 23, 2013 in accordance with the 2012 MDPSC approved electric and natural gas distribution rate case order. See Note 5 — Regulatory Matters of the Combined Notes to the Consolidated Financial Statements for further information.

Regulatory Required Programs. This represents the change in revenues collected under approved riders to recover costs incurred for the energy efficiency and demand response programs as well as administrative and commercial and industrial customer bad debt costs for SOS. The riders are designed to provide full recovery, as well as a return in certain instances. The costs of these programs are included in operating and maintenance expense, depreciation and amortization expense and taxes other than income taxes. The increase in revenues during the three and nine months ended September 30, 2013 compared to the same period in 2012 was primarily due to the recovery of higher energy efficiency program costs.

Other. Other revenues increased during the three and nine months ended September 30, 2013 compared to the same period in 2012. Other revenues, which can vary from period to period, include miscellaneous revenues such as base distribution revenues, which increased due to a favorable change in the customer mix.

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Operating and Maintenance Expense

The changes in operating and maintenance expense for the three and nine months ended September 30, 2013 compared to the same periods in 2012, consisted of the following:

	Three Months Ended September 30, Increase (Decrease)	Nine Months Ended September 30, Increase (Decrease)
Charitable contributions accrual(a)	$ —	$ (28)
Merger costs(b)	1	(21)
Corporate Allocations	(8)	(8)
Storm-related costs	(42)	(37)
Labor, other benefits, contracting and materials	(12)	(8)
Other	6	(5)
Decrease in operating and maintenance expense	$ (55)	$ (107)

(a) In accordance with the MDPSC order approving Exelon's merger with Constellation, the charitable contribution accrual is not recoverable from BGE's customers.

(b) BGE established a regulatory asset of $6 million at March 31, 2013 for certain 2012 other merger integration costs as part of the 2013 electric and gas distribution rate case order.

Depreciation and Amortization

The increases in depreciation and amortization expense for the three and nine months ended September 30, 2013 compared to the same periods in 2012 were primarily due to higher amortization expense related to energy efficiency and demand response programs, which are fully offset in revenues above, and higher property, plant and equipment balances resulting from ongoing capital expenditures.

Taxes Other Than Income

The increases in taxes other than income for the three and nine months ended September 30, 2013 compared to the same periods in 2012 were primarily due to an increase in payroll taxes and increased GRT collections.

Interest Expense, Net

The decreases in interest expense, net for the three and nine months ended September 30, 2013 compared to the same periods in 2012 were primarily due to the interest recorded in 2012 on prior year tax liabilities and lower effective interest rates as a result of refinancing debt at a lower interest rate in 2013.

Other, Net

The decrease in other, net for the three and nine months ended September 30, 2013 compared to the same periods in 2012 was primarily due to decreased AFUDC-Equity and investment income. See Note 19 — Supplemental Financial Information of the Combined Notes to Consolidated Financial Statements for further details of the components of other, net.

Effective Income Tax Rate

BGE's effective income tax rate was 40.4% and 0.0% for the three months ended September 30, 2013 and 2012, respectively, and 40.1% and 33.3% for the nine months ended September 30, 2013 and 2012, respectively. See Note 12 — Income Taxes of the Combined Notes to Consolidated Financial Statements for further discussion of the change in effective income tax rate.

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BGE Electric Operating Statistics and Revenue Detail

Retail Deliveries to Customers (in GWhs)	Three Months Ended September 30, 2013	Three Months Ended September 30, 2012	% Change	Weather-Normal % Change	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012	% Change	Weather-Normal % Change
Retail Delivery and Sales(a)								
Residential	3,557	3,830	(7.1)%	n.m	9,849	9,693	1.6%	n.m
Small commercial & industrial	808	881	(8.3)%	n.m	2,301	2,316	(0.6)%	n.m
Large commercial & industrial	3,882	3,996	(2.9)%	n.m	11,046	11,578	(4.6)%	n.m
Public authorities & electric railroads	78	91	(14.3)%	n.m	239	249	(4.0)%	n.m
Total Electric Retail Deliveries	8,325	8,798	(5.4)%	n.m	23,435	23,836	(1.7)%	n.m

Number of Electric Customers	As of September 30, 2013	As of September 30, 2012
Residential	1,119,209	1,115,764
Small commercial & industrial	112,988	113,312
Large commercial & industrial	11,634	11,566
Public authorities & electric railroads	293	319
Total	1,244,124	1,240,961

Electric Revenue	Three Months Ended September 30, 2013	Three Months Ended September 30, 2012	% Change	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012	% Change
Retail Delivery and Sales(a)						
Residential	$ 390	$ 400	(2.5)%	$ 1,056	$ 960	10.0%
Small commercial & industrial	72	70	2.9%	197	194	1.5%
Large commercial & industrial	116	106	9.4%	333	302	10.3%
Public authorities & electric railroads	8	7	14.3%	23	22	4.5%
Total Retail	586	583	0.5%	1,609	1,478	8.9%
Other Revenue	78	64	21.9%	203	176	15.3%
Total Electric Revenues	$ 664	$ 647	2.6%	$ 1,812	$ 1,654	9.6%

(a) Reflects delivery revenues and volumes from customers purchasing electricity directly from BGE and customers purchasing electricity from a competitive electric generation suppliers as all customers are assessed delivery charges. For customers purchasing electricity from BGE, revenue also reflects the cost of energy and transmission.

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BGE Gas Operating Statistics and Revenue Detail

Deliveries to Customers (in mmcf)	Three Months Ended September 30, 2013	Three Months Ended September 30, 2012	% Change	Weather-Normal % Change	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012	% Change	Weather-Normal % Change
Retail Delivery and Sales(b)								
Retail sales	10,642	11,147	(4.5)%	n.m.	65,854	60,613	8.6%	n.m.
Transportation and other	933	2,311	(59.6)%	n.m.	8,128	12,606	(35.5)%	n.m.
Total Gas Deliveries	11,575	13,458	(14.0)%	n.m.	73,982	73,219	1.0%	n.m.

Number of Gas Customers	As of September 30, 2013	As of September 30, 2012
Residential	612,065	610,353
Commercial & industrial	44,028	43,978
Total	656,093	654,331

Gas Revenue	Three Months Ended September 30, 2013	Three Months Ended September 30, 2012	% Change	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012	% Change
Retail Delivery and Sales						
Retail sales	$ 66	$ 63	4.8%	$ 412	$ 334	23.4%
Transportation and other(b)	7	10	(30.0)%	47	44	6.8%
Total Gas Revenues	$ 73	$ 73	0.0%	$ 459	$ 378	21.4%

(b) Transportation and other gas revenue includes off-system revenue of 933 mmcfs ($5 million) and 2,311 mmcfs ($8 million) for the three months ended September 30, 2013 and 2012, respectively, and 8,128 mmcfs ($37 million) and 12,606 mmcfs ($37 million) for the nine months ended September 30, 2013 and 2012, respectively.

Liquidity and Capital Resources

Exelon's and Generation's prior year activity presented below includes the activity of Constellation, and BGE in the case of Exelon, from the merger effective date of March 12, 2012 through September 30, 2012. BGE prior year activity presented below includes its activity for the nine months ended September 30, 2012.

The Registrants' operating and capital expenditures requirements are provided by internally generated cash flows from operations as well as funds from external sources in the capital markets and through bank borrowings. The Registrants' businesses are capital intensive and require considerable capital resources. Each Registrant's access to external financing on reasonable terms depends on its credit ratings and current overall capital market business conditions, including that of the utility industry in general. If these conditions deteriorate to the extent that the Registrants no longer have access to the capital markets at reasonable terms, Exelon, Generation, ComEd, PECO and BGE have access to unsecured revolving credit facilities with aggregate bank commitments of $0.5 billion, $5.3 billion, $1.0 billion, $0.6 billion and $0.6 billion, respectively. The Registrants' revolving credit facilities expire in 2018. In addition, Generation has $0.4 billion in bilateral facilities with banks. The bilateral facilities at Generation have expirations in January 2015, December 2015 and March 2016. The Registrants utilize

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their credit facilities to support their commercial paper programs, provide for other short-term borrowings and issue letters of credit. See the "Credit Matters" section below for further discussion. The Registrants expect cash flows to be sufficient to meet operating expenses, financing costs and capital expenditure requirements.

The Registrants primarily use their capital resources, including cash, to fund capital requirements, including construction expenditures, retire debt, pay dividends, fund pension and other postretirement benefit obligations and invest in new and existing ventures. The Registrants spend a significant amount of cash on capital improvements and construction projects that have a long-term return on investment. Additionally, ComEd, PECO and BGE operate in rate-regulated environments in which the amount of new investment recovery may be delayed or limited and where such recovery takes place over an extended period of time. See Note 11 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for further discussion of the Registrants' debt and credit agreements.

Cash Flows from Operating Activities

General

Generation's cash flows from operating activities primarily result from the sale of electric energy and energy-related products and services to customers. Generation's future cash flows from operating activities may be affected by future demand for and market prices of energy and its ability to continue to produce and supply power at competitive costs as well as to obtain collections from customers.

ComEd's, PECO's and BGE's cash flows from operating activities primarily result from the transmission and distribution of electricity and, in the case of PECO and BGE, gas distribution services. ComEd's, PECO's and BGE's distribution services are provided to an established and diverse base of retail customers. ComEd's, PECO's and BGE's future cash flows may be affected by the economy, weather conditions, future legislative initiatives, future regulatory proceedings with respect to their rates or operations, competitive suppliers, and their ability to achieve operating cost reductions.

See Notes 5 — Regulatory Matters and 18 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements for further discussion of regulatory and legal proceedings and proposed legislation.

Pension and Other Postretirement Benefits

Management considers various factors when making pension funding decisions, including actuarially determined minimum contribution requirements under ERISA, contributions required to avoid benefit restrictions and at-risk status as defined by the Pension Protection Act of 2006, management of the pension obligation and regulatory implications. On July 6, 2012, President Obama signed into law the Moving Ahead for Progress in the Twenty-first Century Act, which contains a pension funding provision that results in lower pension contributions in the near term while increasing the premiums pension plans pay to the Pension Benefit Guaranty Corporation. Certain provisions of the law were applied in 2012 while others take effect in 2013. The estimated impacts of the law are reflected in the projected pension contributions below.

Exelon has contributed $255 million to its qualified pension plans in 2013, of which Generation, ComEd, PECO and BGE contributed $113 million, $115 million, $11 million and $0 million, respectively. Unlike the qualified pension plans, Exelon's non-qualified pension plans are not funded. Exelon expects to make non-qualified pension plan benefit payments of $82 million in 2013, of which Generation, ComEd, PECO, and BGE will make payments of $7 million, $1 million, $0 million, and $2 million, respectively.

To the extent interest rates decline significantly or the pension plans do not earn the expected asset return rates, annual pension contribution requirements in future years could increase, especially in years 2017 and beyond. Additionally, the contributions above could change if Exelon changes its pension funding strategy.

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Unlike qualified pension plans, other postretirement plans are not subject to regulatory minimum contribution requirements. Exelon's management considers several factors in determining the level of contributions to its other postretirement benefit plans, including levels of benefit claims paid and regulatory implications (amounts deemed prudent to meet regulator expectations and best assure continued recovery). In 2013, Exelon anticipates funding its other postretirement benefit plans based on the funding considerations discussed above, with the exception of those plans previously sponsored by Constellation and AmerGen, which remain unfunded. Exelon expects to make other postretirement benefit plan contributions, including benefit payments related to unfunded plans, of approximately $276 million in 2013, of which Generation, ComEd, PECO, and BGE expect to contribute $108 million, $112 million, $21 million, and $17 million, respectively.

Tax Matters

The Registrants' future cash flows from operating activities may be affected by the following tax matters:

- Exelon expects to receive a Federal refund of approximately $345 million between 2013 and 2014 which will be paid to ComEd, PECO, BGE and Generation of approximately $320 million, $10 million, $20 million, and $25 million, respectively.
- Given the current economic environment, state and local governments are facing increasing financial challenges, which may increase the risk of additional income tax levies, property taxes and other taxes.

The following table provides a summary of the major items affecting Exelon's cash flows from operations for the nine months ended September 30, 2013 and 2012:

	Nine Months Ended September 30,		
	2013	2012	Variance
Net income	$1,235	$ 787	$ 448
Add (subtract):			
Non-cash operating activities(a)	3,094	4,166	(1,072)
Pension and other postretirement benefit contributions	(360)	(131)	(229)
Income taxes	863	465	398
Changes in working capital and other noncurrent assets and liabilities(b)	(327)	(999)	672
Option premiums paid, net	(38)	(122)	84
Counterparty collateral (posted) received, net	(73)	408	(481)
Net cash flows provided by operations	$4,394	$4,574	$ (180)

(a) Represents depreciation, amortization and accretion, impairment of long-lived assets, mark-to-market gains and losses on derivative transactions, deferred income taxes, provision for uncollectible accounts, pension and other postretirement benefit expense, equity in losses of unconsolidated affiliates and investments, decommissioning-related items, stock compensation expense and other non-cash charges.

(b) Changes in working capital and other noncurrent assets and liabilities exclude the changes in commercial paper, income taxes and the current portion of long-term debt.

Cash flows provided by operations for the nine months ended September 30, 2013 and 2012 by Registrant were as follows:

	Nine Months Ended September 30,	
	2013	2012
Exelon	$ 4,394	$ 4,574
Generation	2,657	3,013
ComEd	850	1,181
PECO	620	628
BGE	433	340

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Changes in Exelon's, Generation's, ComEd's, PECO's and BGE's cash flows from operations were generally consistent with changes in each Registrant's respective results of operations, as adjusted by changes in working capital in the normal course of business. In addition, significant operating cash flow impacts for the Registrants for the nine months ended September 30, 2013 and 2012 were as follows:

Generation

- During the nine months ended September 30, 2013 and 2012, Generation had net (payments) receipts of counterparty collateral of $(123) million and $315 million, respectively. Net (payments) receipts during the nine months ended September 30, 2013 and 2012 were primarily due to market conditions that resulted in changes to Generation's net mark-to-market position. Depending upon whether Generation is in a net mark-to-market liability or asset position, collateral may be required to be posted with or collected from its counterparties. This collateral may be in various forms, such as cash, which may be obtained through the issuance of commercial paper, or letters of credit.
- During the nine months ended September 30, 2013 and 2012, Generation had net payments of approximately $(38) million and $(122) million, respectively, related to purchases and sales of options. The level of option activity in a given period may vary due to several factors, including changes in market conditions as well as changes in hedging strategy.

ComEd

- During the nine months ended September 30, 2013 and 2012, ComEd's net payables to Generation for energy purchases related to its supplier forward contract, ICC-approved RFP contracts and financial swap contract settlements decreased by $22 million and $17 million, respectively. During the nine months ended September 30, 2013 and 2012, ComEd's payables to other energy suppliers for energy purchases increased (decreased) by $69 million and $(14) million, respectively.
- During the nine months ended September 30, 2013 and 2012, $50 million and $90 million, respectively, of incremental cash collateral posted with PJM was returned to ComEd. On September 4, 2012, all $120 million of ComEd cash collateral posted with PJM was replaced with a Letter of Credit. The net incremental change to collateral posted at PJM for the nine months ended September 30, 2012 was an increase of $30 million. The Letter of Credit was replaced with $53 million cash in November 2012. ComEd's collateral posted with PJM has decreased due to lower PJM billings resulting from lower load being served by ComEd due to increased switching activity primarily driven by municipal aggregation. As of September 30, 2013 and 2012, ComEd had $3 million and $120 million, respectively, of collateral posted with PJM.

PECO

- During the nine months ended September 30, 2013 and 2012, PECO's payables to Generation for energy purchases decreased by $26 million and increased by $14 million, respectively, and payables to other electric and gas suppliers for energy purchases increased by $22 million and decreased by $30 million, respectively.

BGE

- During the nine months ended September 30, 2013 and 2012, BGE's payables to Generation for energy purchases increased by $9 million and $3 million, respectively, and payables to other electric and gas suppliers for energy purchases decreased by $16 million and decreased by $27 million, respectively.

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Cash Flows from Investing Activities

Cash flows used in investing activities for the nine months ended September 30, 2013 and 2012 by Registrant were as follows:

	Nine Months Ended September 30,	
	2013	2012
Exelon	$(3,970)	$(3,342)
Generation	(2,149)	(2,056)
ComEd	(1,042)	(871)
PECO	(368)	(259)
BGE	(409)	(430)

Capital expenditures by Registrant for the nine months ended September 30, 2013 and 2012 and projected amounts for the full year 2013 are as follows:

	Projected Full Year 2013(d)	Nine Months Ended September 30,	
		2013	2012
Exelon	$ 5,450	$ 3,887	$ 4,162
Generation(a)	2,725	1,995	2,602
ComEd(b)	1,450	1,074	896
PECO	550	374	274
BGE	625	391	419
Other(c)	100	53	38

(a) Includes nuclear fuel.
(b) The projected capital expenditures include approximately $263 million of expected incremental spending pursuant to EIMA, which ComEd has committed to invest approximately $2.6 billion over a ten year period to modernize and storm-harden its distribution system and to implement smart grid technology.
(c) Other primarily consists of corporate operations and BSC.
(d) Total projected capital expenditures do not include adjustments for non-cash activity.

Projected capital expenditures and other investments are subject to periodic review and revision to reflect changes in economic conditions and other factors.

Generation

Approximately 37% and 19% of the projected 2013 capital expenditures at Generation are for the acquisition of nuclear fuel and investments in renewable energy generation, including Antelope Valley construction costs, respectively, with the remaining amounts reflecting additions and upgrades to existing facilities (including material condition improvements during nuclear refueling outages). Also included in the projected 2013 capital expenditures are a portion of the costs of a series of planned power uprates across Generation's nuclear fleet, adjusted during the second quarter of 2013 to reflect the cancellation of certain nuclear power uprate projects during 2013. See "EXELON CORPORATION — Executive Overview," for more information on nuclear uprates.

ComEd, PECO and BGE

Approximately 90%, 88% and 79% of the projected 2013 capital expenditures at ComEd, PECO and BGE, respectively, are for continuing projects to maintain and improve operations, including enhancing reliability and adding capacity to the transmission and distribution systems such as ComEd's reliability related investments required under EIMA, and ComEd's, PECO's and BGE's construction commitments under PJM's RTEP.

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ComEd's capital expenditures include smart grid/smart meter technology required under EIMA and for PECO and BGE, capital expenditures related to their respective smart meter program and SGIG project, net of DOE expected reimbursements. The remaining amounts are for capital additions to support new business and customer growth.

In 2010, NERC provided guidance to transmission owners that recommends ComEd, PECO and BGE perform assessments of all their transmission lines, with the highest priority lines assessed by December 31, 2011, medium priority lines by December 31, 2012, and the lowest priority lines by December 31, 2013. In compliance with this guidance, ComEd, PECO and BGE submitted their most recent bi-annual reports to NERC in July 2013. ComEd, PECO and BGE will be incurring incremental capital expenditures associated with this guidance following the completion of the assessments. Specific projects and expenditures are identified as the assessments are completed. ComEd's, PECO's and BGE's forecasted 2013 capital expenditures above reflect capital spending for remediation to be completed in 2013.

ComEd, PECO and BGE anticipate that they will fund their capital expenditures with internally generated funds and borrowings, including ComEd's capital expenditures associated with EIMA as further discussed in Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements.

Cash Flows from Financing Activities

Cash flows provided by (used in) financing activities for the nine months ended September 30, 2013 and 2012 by Registrant were as follows:

	Nine Months Ended September 30,	
	2013	2012
Exelon	$ (266)	$ (548)
Generation	(251)	(623)
ComEd	82	(513)
PECO	(5)	85
BGE	(106)	162

Debt

See Note 11 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for further details of the Registrants' debt issuances and retirements.

Dividends

Cash dividend payments and distributions during the nine months ended September 30, 2013 and 2012 by Registrant were as follows:

	Nine Months Ended September 30,	
	2013	2012
Exelon	$ 981	$ 1,226
Generation	550	1,384
ComEd	165	95
PECO	249	261
BGE(a)	10	10

(a) Relates to dividends paid on BGE's preference stock.

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Revised Dividend Policy

On February 6, 2013, the Exelon Board of Directors approved a revised dividend policy which contemplates a regular $0.31 per share quarterly dividend on Exelon's common stock payable beginning in the second quarter of 2013 (or $1.24 per share on an annualized basis), subject to quarterly declarations by the Exelon Board of Directors.

First Quarter 2013 Dividend

On February 6, 2013, the Exelon Board of Directors declared a regular quarterly dividend, paid on March 8, 2013 of $0.525 per share on Exelon's common stock.

Second Quarter 2013 Dividend

On April 23, 2013, the Exelon Board of Directors declared a regular quarterly dividend, paid on June 10, 2013 of $0.310 per share on Exelon's common stock.

Third Quarter 2013 Dividend

On July 23, 2013, the Exelon Board of Directors declared a regular quarterly dividend, paid on September 10, 2013 of $0.310 per share on Exelon's common stock.

Fourth Quarter 2013 Dividend

On October 22, 2013, the Exelon Board of Directors declared a regular quarterly dividend, payable on December 10, 2013 of $0.310 per share on Exelon's common stock

Short-Term Borrowings

During the nine months ended September 30, 2013, ComEd issued $153 million of commercial paper, BGE issued $40 million of commercial paper and Generation issued $21 million in short-term notes payable. During the nine months ended September 30, 2012, Exelon issued $146 million of commercial paper, ComEd issued $35 million of commercial paper and Generation repaid $25 million in short-term notes payable.

Contributions from Parent/Member

During the nine months ended September 30, 2013, there were no contributions from Parent/Member (Exelon). During the nine months ended September 30, 2012, Exelon contributed $66 million to BGE to fund the after-tax amount of the residential customer rate credit as directed in the MDPSC order approving the merger transaction.

Other

For the nine months ended September 30, 2013, other financing activities primarily consisted of expenses paid related to the replacement of the Registrants' credit facilities. See Note 11 of the Combined Notes to Consolidated Financial Statements for additional information.

Credit Matters

The Registrants fund liquidity needs for capital investment, working capital, energy hedging and other financial commitments through cash flows from continuing operations, public debt offerings, commercial paper markets and large, diversified credit facilities. The credit facilities include $8.4 billion in aggregate total

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commitments of which $6.8 billion was available as of September 30, 2013, and of which no financial institution has more than 8% of the aggregate commitments. Exelon, Generation, ComEd, PECO and BGE had access to the commercial paper market during the third quarter of 2013 to fund their short-term liquidity needs, when necessary. The Registrants routinely review the sufficiency of their liquidity position, including appropriate sizing of credit facility commitments, by performing various stress test scenarios, such as commodity price movements, increases in margin-related transactions, changes in hedging levels and the impacts of hypothetical credit downgrades. The Registrants have continued to closely monitor events in the financial markets and the financial institutions associated with the credit facilities, including monitoring credit ratings and outlooks, credit default swap levels, capital raising and merger activity. See PART I. ITEM 1A. RISK FACTORS of Exelon's 2012 Annual Report on Form 10-K for further information regarding the effects of uncertainty in the capital and credit markets or significant bank failures.

The Registrants believe their cash flow from operating activities, access to credit markets and their credit facilities provide sufficient liquidity. If Generation lost its investment grade credit rating as of September 30, 2013, it would have been required to provide incremental collateral of $1.8 billion of collateral obligations for derivatives, non-derivatives, normal purchase normal sales contracts and applicable payables and receivables, net of the contractual right of offset under master netting agreements, which is well within its current available credit facility capacities of $4.3 billion. If ComEd lost its investment grade credit rating as of September 30, 2013, it would have been required to provide incremental collateral of $18 million, which is well within its current available credit facility capacity of $847 million, which takes into account commercial paper borrowings as of September 30, 2013. If PECO lost its investment grade credit rating as of September 30, 2013, it would be required to provide collateral of $3 million pursuant to PJM's credit policy and could have been required to provide collateral of $30 million related to its natural gas procurement contracts, which, in the aggregate, are well within PECO's current available credit facility capacity of $599 million. If BGE lost its investment grade credit rating as of September 30, 2013, it would have been required to provide collateral of $2 million pursuant to PJM's credit policy and could have been required to provide collateral of $41 million related to its natural gas procurement contracts, which, in the aggregate, are well within BGE's current available credit facility capacity of $560 million.

Exelon Credit Facilities

Exelon, ComEd and BGE meet their short-term liquidity requirements primarily through the issuance of commercial paper. Generation and PECO meet their short-term liquidity requirements primarily through the issuance of commercial paper and borrowings from the intercompany money pool. The Registrants may use their respective credit facilities for general corporate purposes, including meeting short-term funding requirements and the issuance of letters of credit. See Note 11 — Debt and Credit Agreements of the Combined Notes to the Consolidated Financial Statements for further information regarding the Registrants' credit facilities.

The following table reflects the Registrants' commercial paper programs supported by the revolving credit agreements and bilateral credit agreements at September 30, 2013:

Commercial Paper Programs

Commercial Paper Issuer	Maximum Program Size	Outstanding Commercial Paper at September 30, 2013	Average Interest Rate on Commercial Paper Borrowings for the Nine Months Ended September 30, 2013
Exelon Corporate	$ 500	$ —	0.27%
Generation	5,600	—	0.32%
ComEd	1,000	153	0.39%
PECO	600	—	—
BGE	600	40	0.27%

In order to maintain their respective commercial paper programs in the amounts indicated above, each Registrant must have credit facilities in place, at least equal to the amount of its commercial paper program. While the amount of its commercial paper outstanding does not reduce available capacity under a Registrant's credit agreement, a Registrant does not issue commercial paper in an aggregate amount exceeding the available capacity under its credit agreement.

Credit Agreements

Borrower	Facility Type	Aggregate Bank Commitment(a)	Facility Draws	Outstanding Letters of Credit	Available Capacity at September 30, 2013	
					Actual	To Support Additional Commercial Paper
Exelon Corporate	Syndicated Revolver	$ 500	$ —	$ 2	$ 498	$ 498
Generation	Syndicated Revolver	5,300	—	968	4,332	4,332
Generation	Bilaterals	375	—	374	1	1
ComEd	Syndicated Revolver	1,000	—	—	1,000	847
PECO	Syndicated Revolver	600	—	1	599	599
BGE	Syndicated Revolver	600	—	—	600	560

(a) Excludes $123 million of credit facility agreements arranged with minority and community banks at Generation, ComEd, PECO and BGE. These facilities expire on October 18, 2014, and are solely utilized to issue letters of credit. See Note 11 of the Combined Notes to the Consolidated Financial Statements for further information.

On January 23, 2013, Generation entered into a two year $75 million bilateral letter of credit facility with a bank. The credit agreement expires in January 2015. This facility will solely be utilized by Generation to issue letters of credit.

On March 14, 2013, ComEd extended its unsecured revolving credit facility with aggregate bank commitments of $1.0 billion. Under this facility, ComEd may issue letters of credit in the aggregate amount of up to $500 million. The credit agreement expires on March 28, 2018, and ComEd may request another one-year extension of that term. The credit facility also allows ComEd to request increases in the aggregate commitments of up to an additional $500 million. Any such extension or increases are subject to the approval of the lenders party to the credit agreement in their sole discretion. Costs incurred to extend the facility for ComEd were not material.

On August 10, 2013, Exelon Corporate, Generation, PECO and BGE amended and extended their respective unsecured syndicated revolving credit facilities, with aggregate bank commitments of $500 million, $5.3 billion, $600 million and $600 million, respectively. The new covenants are substantially consistent with existing covenants. Costs incurred to amend and extend the facilities for Exelon Corporate, Generation, PECO and BGE were not material.

Effective August 10, 2013, Exelon and ComEd entered into amendments to each of their respective revolving credit facilities (the Amendments). The Amendments relate to the IRS's challenge to the position taken by Exelon on its 1999 federal income tax return with respect to the sale of ComEd's fossil generating assets in a like-kind exchange tax position. The Amendments are intended to exclude the non-cash impact of the like-kind exchange tax position from the calculation of the interest coverage ratio under each of Exelon and ComEd's respective credit facilities. See Note 12 — Income Taxes for additional information.

Borrowings under Exelon Corporate's, Generation's, ComEd's, PECO's and BGE's credit agreements bear interest at a rate based upon either the prime rate or a LIBOR-based rate, plus an adder based upon the registrants credit rating. Exelon Corporate, Generation, ComEd, PECO and BGE have adders of 27.5, 27.5, 27.5, 0.0 and 7.5

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basis points for prime based borrowings and 127.5, 127.5, 127.5, 100.0 and 107.5 basis points for LIBOR-based borrowings. The maximum adders for prime rate borrowings and LIBOR-based rate borrowings are 65 basis points and 165 basis points, respectively. The credit agreements also require the borrower to pay a facility fee based upon the aggregate commitments under the agreement. The fee varies depending upon the respective credit ratings of the borrower.

On October 18, 2013, Generation, ComEd, PECO and BGE replaced their respective minority and community bank credit facility agreements in the amounts of $50 million, $34 million, $34 million and $5 million, respectively. These facilities, which expire in October 2014, are solely utilized to issue letters of credit.

Each revolving credit agreement for Exelon, Generation, ComEd, PECO and BGE requires the affected borrower to maintain a minimum cash from operations to interest expense ratio for the twelve-month period ended on the last day of any quarter. The following table summarizes the minimum thresholds reflected in the credit agreements for the nine months ended September 30, 2013:

	Exelon	Generation	ComEd	PECO	BGE
Credit agreement threshold	2.50 to 1	3.00 to 1	2.00 to 1	2.00 to 1	2.00 to 1

At September 30, 2013, the interest coverage ratios at the Registrants were as follows:

	Exelon	Generation	ComEd	PECO	BGE
Interest coverage ratio	5.90	13.18	5.04	8.49	7.00

An event of default under any Registrant's credit facility will not constitute an event of default under any of the other Registrants' credit facilities, except that a bankruptcy or other event of default in the payment of principal, premium or indebtedness in principal amount in excess of $100 million in the aggregate by Generation under its credit facility will constitute an event of default under the Exelon corporate credit facility.

Security Ratings

The Registrants' access to the capital markets, including the commercial paper market, and their respective financing costs in those markets, may depend on the securities ratings of the entity that is accessing the capital markets.

The Registrants' borrowings are not subject to default or prepayment as a result of a downgrading of securities, although such a downgrading of a Registrant's securities could increase fees and interest charges under that Registrant's credit agreements.

As part of the normal course of business, the Registrants enter into contracts that contain express provisions or otherwise permit the Registrants and their counterparties to demand adequate assurance of future performance when there are reasonable grounds for doing so. In accordance with the contracts and applicable contracts law, if the Registrants are downgraded by a credit rating agency, it is possible that a counterparty would attempt to rely on such a downgrade as a basis for making a demand for adequate assurance of future performance, which could include the posting of collateral. See Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information on collateral provisions.

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Intercompany Money Pool

To provide an additional short-term borrowing option that will generally be more favorable to the borrowing participants than the cost of external financing, Exelon operates an intercompany money pool. Maximum amounts contributed to and borrowed from the money pool by participant during the nine months ended September 30, 2013, in addition to the net contribution or borrowing as of September 30, 2013, are presented in the following table:

Contributed (borrowed) as of September 30, 2013	Maximum Contributed	Maximum Borrowed	Contributed (Borrowed)
Generation	$ —	$ 435	$ —
PECO	304	—	1
BSC	—	229	(218)
Exelon Corporate	237	N/A	217

Investments in Nuclear Decommissioning Trust Funds

Exelon and Generation maintain trust funds, as required by the NRC, to fund certain costs of decommissioning Generation's nuclear plants. The mix of securities in the trust funds is designed to provide returns to be used to fund decommissioning and to offset inflationary increases in decommissioning costs. Generation actively monitors the investment performance of the trust funds and periodically reviews asset allocations in accordance with Generation's NDT fund investment policy. Generation's investment policy establishes limits on the concentration of holdings in any one company and also in any one industry. See Note 13 — Nuclear Decommissioning of the Combined Notes to Consolidated Financial Statements for further information regarding the trust funds, the NRC's minimum funding requirements and related liquidity ramifications.

Shelf Registration Statements

On May 29, 2012, the Registrants filed a combined shelf registration statement unlimited in amount, with the SEC, which became immediately effective and remained effective as of September 30, 2013. The ability of each Registrant to sell securities off the shelf registration statement or to access the private placement markets will depend on a number of factors at the time of the proposed sale, including other required regulatory approvals, as applicable, the current financial condition of the Registrant, its securities ratings and market conditions.

Regulatory Authorizations

On March 1, 2013, ComEd received $470 million in long-term debt new money authority from the ICC and on February 27, 2012, ComEd received $1.3 billion in long-term debt refinancing authority from the ICC. As of September 30, 2013, ComEd had $1.3 billion available in long-term debt refinancing authority and $218 million available in new money long-term debt financing authority from the ICC. As of September 30, 2013, PECO had $1.4 billion available in long-term debt financing authority from the PAPUC. As of September 30, 2013, BGE had $850 million available in long-term financing authority from MDPSC.

As of September 30, 2013, ComEd and PECO had short-term financing authority from FERC, which expires on December 31, 2013, of $2.5 billion and $1.5 billion, respectively. BGE had short-term financing authority from FERC, which expires December 31, 2014, of $0.7 billion. Generation currently has blanket financing authority it received from FERC in connection with its market-based rate authority. On October 29, 2013, ComEd and PECO filed applications with FERC for renewal of its short-term financing authority through December 31, 2015. On October 31, 2013, BGE filed an application with FERC for renewal of its short-term financing authority through December 31, 2015. ComEd, PECO and BGE expect approval of the application before the end of the year.

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Contractual Obligations and Off-Balance Sheet Arrangements

Contractual obligations represent cash obligations that are considered to be firm commitments and commercial commitments triggered by future events. See Note 18 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements for discussion of the Registrants' commitments.

Generation, ComEd, PECO and BGE have obligations related to contracts for the purchase of power and fuel supplies, and ComEd, PECO and BGE have obligations related to their financing trusts. The power and fuel purchase contracts and the financing trusts have been considered for consolidation in the Registrants' respective financial statements pursuant to the authoritative guidance for VIEs. See Note 1 — Basis of Presentation of the Combined Notes to Consolidated Financial Statements for further information.

For an in-depth discussion of the Registrant's contractual obligations and off-balance sheet arrangements, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Contractual Obligations and Off-Balance Sheet Arrangements" in the Exelon 2012 Form 10-K.

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Item 3. Quantitative and Qualitative Disclosures about Market Risk

The Registrants are exposed to market risks associated with adverse changes in commodity prices, counterparty credit, interest rates and equity prices. Exelon's RMC approves risk management policies and objectives for risk assessment, control and valuation, counterparty credit approval, and the monitoring and reporting of risk exposures. The RMC is chaired by the chief risk officer and includes the chief executive officer, chief financial officer, corporate controller, general counsel, treasurer, vice president of strategy, vice president of audit services and officers representing Exelon's business units. The RMC reports to the Risk Oversight Committee of the Exelon Board of Directors on the scope of the risk management activities. The following discussion serves as an update to ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK of the Registrants' 2012 Annual Report on Form 10-K incorporated herein by reference.

Commodity Price Risk (Exelon, Generation, ComEd, PECO and BGE)

Commodity price risk is associated with price movements resulting from changes in supply and demand, fuel costs, market liquidity, weather conditions, governmental regulatory and environmental policies, and other factors. To the extent the amount of energy Exelon generates differs from the amount of energy it has contracted to sell, Exelon has price risk from commodity price movements. Exelon seeks to mitigate its commodity price risk through the sale and purchase of electricity, fossil fuel, and other commodities.

Generation

Normal Operations and Hedging Activities. Electricity available from Generation's owned or contracted generation supply in excess of Generation's obligations to customers, including portions of ComEd's, PECO's and BGE's retail load, is sold into the wholesale markets. To reduce price risk caused by market fluctuations, Generation enters into non-derivative contracts as well as derivative contracts, including forwards, futures, swaps, and options, with approved counterparties to hedge anticipated exposures. Generation believes these instruments represent economic hedges that mitigate exposure to fluctuations in commodity prices. Generation expects the settlement of the majority of its economic hedges will occur during 2013 through 2015. Generation's energy contracts are accounted for under the accounting guidance for derivatives as further discussed in Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements.

In general, increases and decreases in forward market prices have a positive and negative impact, respectively, on Generation's owned and contracted generation positions which have not been hedged. Generation hedges commodity risk on a ratable basis over the three years leading to the spot market. As of September 30, 2013, the percentage of expected generation hedged for the major reportable segments was 97%-100%, 84%-87% and 48%-51% for 2013, 2014 and 2015, respectively. The percentage of expected generation hedged is the amount of equivalent sales divided by the expected generation. Expected generation represents the amount of energy estimated to be generated or purchased through owned or contracted capacity. Equivalent sales represent all hedging products, which include economic hedges and certain non-derivative contracts including sales to ComEd, PECO and BGE to serve their retail load.

A portion of Generation's hedging strategy may be accomplished with fuel products based on assumed correlations between power and fuel prices, which routinely change in the market. Market price risk exposure is the risk of a change in the value of unhedged positions. The forecasted market price risk exposure for Generation's entire non-trading portfolio associated with a $5 reduction in the annual average around-the-clock energy price based on September 30, 2013 market conditions and hedged position would be an immaterial change in pre-tax income for 2013 and a decrease in pre-tax net income of approximately $150 million and $630 million, respectively, for 2014 and 2015. Power price sensitivities are derived by adjusting power price assumptions while keeping all other price inputs constant. Generation expects to actively manage its portfolio to mitigate market price risk exposure for its unhedged position. Actual results could differ depending on the specific timing of, and markets affected by, price changes, as well as future changes in Generation's portfolio.

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Proprietary Trading Activities. Generation also enters into certain energy-related derivatives for proprietary trading purposes. Proprietary trading includes all contracts entered into with the intent of benefiting from shifts or changes in market prices as opposed to those entered into with the intent of hedging or managing risk. Proprietary trading activities are subject to limits established by Exelon's RMC. The proprietary trading portfolio is subject to a risk management policy that includes stringent risk management limits, including volume, stop loss and Value-at-Risk (VaR) limits to manage exposure to market risk. Additionally, the Exelon risk management group and Exelon's RMC monitor the financial risks of the proprietary trading activities. The proprietary trading activities, which included physical volumes of 2,499 GWhs and 6,066 GWhs for the three and nine months ended September 30, 2013, respectively, and 4,352 GWhs and 9,981 GWhs for the three and nine months ended September 30, 2012, respectively, are a complement to Generation's energy marketing portfolio, but represent a small portion of Generation's overall revenue from energy marketing activities. Trading portfolio activity for the nine months ended September 30, 2013 resulted in pre-tax gains of $13 million due to net mark-to-market losses of $35 million and realized gains of $48 million. Generation uses a 95% confidence interval, assuming standard normal distribution, one day holding period, one-tailed statistical measure in calculating its VaR. The daily VaR on proprietary trading activity averaged $ 1.4 million of exposure during the quarter. Generation has not segregated proprietary trading activity within the following discussion because of the relative size of the proprietary trading portfolio in comparison to Generation's total gross margin from continuing operations for the nine months ended September 30, 2013 of $5,564 million.

Fuel Procurement. Generation procures coal and natural gas through long-term and short-term contracts, and spot-market purchases. Nuclear fuel assemblies are obtained primarily through long-term contracts for uranium concentrates, and long-term contracts for conversion services, enrichment services and fuel fabrication services. The supply markets for coal, natural gas, uranium concentrates and certain nuclear fuel services are subject to price fluctuations and availability restrictions. Supply market conditions may make Generation's procurement contracts subject to credit risk related to the potential non-performance of counterparties to deliver the contracted commodity or service at the contracted prices. Approximately 60% of Generation's uranium concentrate requirements from 2013 through 2017 are supplied by three producers. In the event of non-performance by these or other suppliers, Generation believes that replacement uranium concentrates can be obtained, although at prices that may be unfavorable when compared to the prices under the current supply agreements. Non-performance by these counterparties could have a material impact on Exelon's and Generation's results of operations, cash flows and financial positions. See Note 18 – Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements for additional information regarding uranium and coal supply agreement matters.

ComEd

The financial swap contract between Generation and ComEd was deemed prudent by the Illinois Settlement Legislation, thereby ensuring that ComEd would be entitled to receive full cost recovery in rates. The change in fair value each period was recorded by ComEd with an offset to a regulatory asset or liability. This financial swap contract between Generation and ComEd expired on May 31, 2013. All realized impacts have been included in Generation's and ComEd's results of operations.

ComEd's RFP contracts are deemed to be derivatives that qualify for the normal purchases and normal sales exception under derivative accounting guidance. ComEd does not enter into derivatives for speculative or trading purposes. ComEd is permitted full recovery of its RFP contracts from retail customers with no mark-up.

On December 17, 2010, ComEd entered into several 20-year floating-to-fixed energy swap contracts with unaffiliated suppliers regarding the procurement of long-term renewable energy and associated RECs. Because ComEd receives full cost recovery for energy procurement and related costs from retail customers, the change in fair value each period is recorded by ComEd as a regulatory asset or liability. See Notes 5 and 10 of the Combined Notes to Consolidated Financial Statements for additional information regarding energy procurement and derivatives.

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PECO

PECO has contracts to procure electric supply that were executed through the competitive procurement process outlined in its PAPUC-approved DSP Programs, which are further discussed in Note 5 — Regulatory Matters of the Combined Notes to the Consolidated Financial Statements. PECO has certain full requirements contracts and block contracts that are considered derivatives and qualify for the normal purchases and normal sales scope exception under current derivative authoritative guidance. Under the DSP Programs, PECO is permitted to recover its electric supply procurement costs from retail customers with no mark-up.

PECO has also entered into derivative natural gas contracts, which either qualify for the normal purchases and normal sales exception or have no mark-to-market balances because the derivatives are index priced, to hedge its long-term price risk in the natural gas market. PECO's hedging program for natural gas procurement has no direct impact on its financial position or results of operations as natural gas costs are fully recovered from customers under the PGC.

PECO does not enter into derivatives for speculative or proprietary trading purposes. For additional information on these contracts, see Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements.

BGE

BGE procures electric supply for default service customers through full requirements contracts pursuant to BGE's MDPSC-approved SOS program. BGE's full requirements contracts that are considered derivatives qualify for the normal purchases and normal sales scope exception under current derivative authoritative guidance. Under the SOS program, BGE is permitted to recover its electricity procurement costs from retail customers, plus an administrative fee which includes a shareholder return component and an incremental cost component. However, through December 2016, BGE provides all residential electric customers a credit for the residential shareholder return component of the administrative charge.

BGE has also entered into derivative natural gas contracts, which qualify for the normal purchases and normal sales scope exception, to hedge its price risk in the natural gas market. The hedging program for natural gas procurement has no direct impact on BGE's financial position. However, under BGE's market-based rates incentive mechanism, BGE's actual cost of gas is compared to a market index (a measure of the market price of gas in a given period). The difference between BGE's actual cost and the market index is shared equally between shareholders and customers.

BGE does not enter into derivatives for speculative or proprietary trading purposes. For additional information on these contracts, see Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements.

Trading and Non-Trading Marketing Activities. The following detailed presentation of Exelon's, Generation's, ComEd's and PECO's trading and non-trading marketing activities is included to address the recommended disclosures by the energy industry's Committee of Chief Risk Officers (CCRO).

The following table provides detail on changes in Exelon's, Generation's and ComEd's mark-to-market net asset or liability balance sheet position from December 31, 2012 to September 30, 2013. It indicates the drivers behind changes in the balance sheet amounts. This table incorporates the mark-to-market activities that are immediately recorded in earnings as well as the settlements from OCI to earnings and changes in fair value for the cash flow hedging activities that are recorded in accumulated OCI on the Consolidated Balance Sheets. This table excludes all normal purchase and normal sales contracts and does not segregate proprietary trading activity. See Note 10 — Derivative Financial Instruments of the Combined Notes to the Consolidated Financial

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Statements for additional information on the balance sheet classification of the mark-to-market energy contract net assets (liabilities) recorded as of September 30, 2013 and December 31, 2012.

	Generation	ComEd	Intercompany Eliminations(b)	Exelon
Total mark-to-market energy contract net assets (liabilities) at December 31, 2012(a)	$ 1,505	$ (293)	$ —	$1,212
Total change in fair value during 2013 of contracts recorded in result of operations	224	—	(6)	218
Reclassification to realized at settlement of contracts recorded in results of operations	12	—	13	25
Reclassification to realized at settlement from accumulated OCI(c)	(543)	—	219	(324)
Changes in fair value — energy derivatives(d)	—	171	(226)	(55)
Changes in allocated collateral	115	—	—	115
Changes in net option premium paid/(received)	38	—	—	38
Option premium amortization(e)	(87)	—	—	(87)
Other balance sheet reclassifications	(9)	—	—	(9)
Total mark-to-market energy contract net assets (liabilities) at September 30, 2013(a)	$ 1,255	$ (122)	$ —	$1,133

(a) Amounts are shown net of collateral paid to and received from counterparties.
(b) Amounts related to five-year financial swap between Generation and ComEd are eliminated in consolidation.
(c) For Generation, includes $ 219 million of losses from reclassifications from accumulated OCI to recognize gains in net income related to settlement of the five-year financial swap contract with ComEd for the nine months ended September 30, 2013.
(d) For ComEd, the changes in fair value are recorded as a change in regulatory assets or liabilities. As of September 30, 2013, ComEd recorded a $122 million regulatory asset related to its mark-to-market derivative liabilities with Generation and unaffiliated suppliers. As of September 30, 2013, this included $11 million of decreases in fair value and $215 million for reclassifications from regulatory asset to recognize cost in purchased power expense due to settlements of ComEd's five-year financial swap with Generation. As of September 30, 2013, ComEd also recorded $57 million of increases in fair value and $4 million of realized losses due to settlements associated with floating-to-fixed energy swap contracts with unaffiliated suppliers.
(e) Includes $87 million of amounts reclassified to realized at the settlement of contracts recorded to results of operations related to option premiums due to the settlement of the underlying transactions for the nine months ended September 30, 2013.

Fair Values. The following tables present maturity and source of fair value for Exelon, Generation and ComEd mark-to-market commodity contract net assets (liabilities). The tables provide two fundamental pieces of information. First, the tables provide the source of fair value used in determining the carrying amount of the Registrants' total mark-to-market net assets (liabilities), net of allocated collateral. Second, the tables show the maturity, by year, of the Registrants' commodity contract net assets (liabilities), net of allocated collateral, giving an indication of when these mark-to-market amounts will settle and either generate or require cash. See Note 9 — Fair Value of Financial Assets and Liabilities of the Combined Notes to Consolidated Financial Statements for additional information regarding fair value measurements and the fair value hierarchy.

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Exelon

	Maturities Within						
	2013	2014	2015	2016	2017	2018 and Beyond	Total Fair Value
Normal Operations, Commodity derivative contracts(a)(b):							
Actively quoted prices (Level 1)	$ (34)	$ (84)	$ (32)	$ 15	$—	$ (1)	$ (136)
Prices provided by external sources (Level 2)	176	524	195	35	—	—	930
Prices based on model or other valuation methods (Level 3)(c)	(7)	215	116	66	30	(81)	339
Total	$135	$655	$279	$116	$30	$ (82)	$ 1,133

(a) Mark-to-market gains and losses on economic hedge and trading derivative contracts that are recorded in the results of operations.
(b) Amounts are shown net of collateral paid to and received from counterparties (and offset against mark-to-market assets and liabilities) of $146 million at September 30, 2013.
(c) Includes ComEd's net assets (liabilities) associated with the floating-to-fixed energy swap contracts with unaffiliated suppliers.

Generation

	Maturities Within						
	2013	2014	2015	2016	2017	2018 and Beyond	Total Fair Value
Normal Operations, Commodity derivative contracts(a)(b):							
Actively quoted prices (Level 1)	$ (34)	$ (84)	$ (32)	$ 15	$—	$ (1)	$ (136)
Prices provided by external sources (Level 2)	176	524	195	35	—	—	930
Prices based on model or other valuation methods (Level 3)	(2)	232	134	83	46	(32)	461
Total	$140	$672	$297	$133	$46	$ (33)	$ 1,255

(a) Mark-to-market gains and losses on economic hedge and trading derivative contracts that are recorded in the results of operations.
(b) Amounts are shown net of collateral paid to and received from counterparties (and offset against mark-to-market assets and liabilities) of $146 million at September 30, 2013.

ComEd

	Maturities Within						
	2013	2014	2015	2016	2017	2018 and beyond	Total Fair Value
Prices based on model or other valuation methods(a)	$ (5)	$(17)	$(18)	$(17)	$(16)	$ (49)	$ (122)

(a) Represents ComEd's net liabilities associated with the floating-to-fixed energy swap contracts with unaffiliated suppliers.

Credit Risk, Collateral, and Contingent Related Features (Exelon, Generation, ComEd, PECO and BGE)

The Registrants would be exposed to credit-related losses in the event of non-performance by counterparties that enter into derivative instruments. The credit exposure of derivative contracts, before collateral, is represented by the fair value of contracts at the reporting date. See Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for a detail discussion of credit risk, collateral, and contingent related features.

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Generation

The following tables provide information on Generation's credit exposure for all derivative instruments, normal purchase normal sales agreements, and applicable payables and receivables, net of collateral and instruments that are subject to master netting agreements, as of September 30, 2013. The tables further delineate that exposure by credit rating of the counterparties and provide guidance on the concentration of credit risk to individual counterparties and an indication of the duration of a company's credit risk by credit rating of the counterparties. The figures in the tables below do not include credit risk exposure from uranium procurement contracts or exposure through RTOs, ISOs, NYMEX, ICE and Nodal commodity exchanges, which are discussed below. Additionally, the figures in the tables below do not include exposures with affiliates, including net receivables with ComEd, PECO and BGE of $33 million, $30 million and $39 million, respectively. See Note 22 — Related Party Transactions of the Exelon 2012 Form 10-K for further information.

Rating as of September 30, 2013	Total Exposure Before Credit Collateral	Credit Collateral(a)	Net Exposure	Number of Counterparties Greater than 10% of Net Exposure	Net Exposure of Counterparties Greater than 10% of Net Exposure
Investment grade	$ 1,767	$ 191	$ 1,576	1	$ 478
Non-investment grade	16	9	7	—	—
No external ratings					
Internally rated — investment grade	472	6	466	1	238
Internally rated — non-investment grade	18	1	17	—	—
Total	$ 2,273	$ 207	$ 2,066	2	$ 716

	Maturity of Credit Risk Exposure			
Rating as of September 30, 2013	Less than 2 Years	2-5 Years	Exposure Greater than 5 Years	Total Exposure Before Credit Collateral
Investment grade	$ 1,268	$ 355	$ 144	$ 1,767
Non-investment grade	14	2	—	16
No external ratings				
Internally rated — investment grade	312	154	6	472
Internally rated — non-investment grade	18	—	—	18
Total	$ 1,612	$ 511	$ 150	$ 2,273

Net Credit Exposure by Type of Counterparty	As of September 30, 2013
Investor-owned utilities, marketers and power producers	$ 743
Energy cooperatives and municipalities	916
Financial institutions	355
Other	52
Total	$ 2,066

(a) As of September 30, 2013, credit collateral held from counterparties where Generation had credit exposure included $180 million of cash and $27 million of letters of credit.

ComEd

There have been no significant changes or additions to ComEd's exposures to credit risk that are described in ITEM 1A. RISK FACTORS of Exelon's 2012 Annual Report on Form 10-K.

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See Note 10 of the Combined Notes to Consolidated Financial Statements for information regarding credit exposure to suppliers.

PECO

There have been no significant changes or additions to PECO's exposures to credit risk as described in ITEM 1A. RISK FACTORS of Exelon's 2012 Annual Report on Form 10-K.

See Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for information regarding credit exposure to suppliers.

BGE

There have been no significant changes or additions to BGE's exposures to credit risk as described in ITEM 1A. RISK FACTORS of Exelon's 2012 Annual Report on Form 10-K.

See Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for information regarding credit exposure to suppliers.

Collateral (Exelon, Generation, ComEd, PECO and BGE)

Generation

As part of the normal course of business, Generation routinely enters into physical or financial contracts for the sale and purchase of electricity, fossil fuel and other commodities. These contracts either contain express provisions or otherwise permit Generation and its counterparties to demand adequate assurance of future performance when there are reasonable grounds for doing so. In accordance with the contracts and applicable law, if Generation is downgraded by a credit rating agency, especially if such downgrade is to a level below investment grade, it is possible that a counterparty would attempt to rely on such a downgrade as a basis for making a demand for adequate assurance of future performance. Depending on Generation's net position with a counterparty, the demand could be for the posting of collateral. In the absence of expressly agreed-to provisions that specify the collateral that must be provided, collateral requested will be a function of the facts and circumstances of the situation at the time of the demand. In this case, Generation believes an amount of several months of future payments (i.e. capacity payments) rather than a calculation of fair value is the best estimate for the contingent collateral obligation, which has been factored into the disclosure below. See Note 10 of the Combined Notes to Consolidated Financial Statements for information regarding collateral requirements.

Generation sells output through bilateral contracts. The bilateral contracts are subject to credit risk, which relates to the ability of counterparties to meet their contractual payment obligations. Any failure to collect these payments from counterparties could have a material impact on Exelon's and Generation's results of operations, cash flows and financial position. As market prices rise above contracted price levels, Generation is required to post collateral with purchasers; as market prices fall below contracted price levels, counterparties are required to post collateral with Generation. In order to post collateral, Generation depends on access to bank credit facilities, which serve as liquidity sources to fund collateral requirements. See Note 11 of the Combined Notes to Consolidated Financial Statements for additional information.

As of September 30, 2013, Generation had cash collateral posted of $353 million and cash collateral held of $202 million for counterparties with derivative positions, of which $146 million in net cash collateral deposits was offset against mark-to-market assets and liabilities. As of September 30, 2013, $5 million of cash collateral posted was not offset against net derivative positions because it was not associated with energy-related derivatives or as of the balance sheet date there were no positions to offset. See Note 18 of the Combined Notes to Consolidated Financial Statements for information regarding the letters of credit supporting the cash collateral.

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ComEd

As of September 30, 2013, ComEd held immaterial amounts of cash and letters of credit for the purpose of collateral from suppliers in association with energy procurement contracts and held approximately $19 million in the form of cash and letters of credit for both annual and long-term renewable energy contracts. See Notes 5 — Regulatory Matters and 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for further information.

PECO

As of September 30, 2013, PECO was not required to post collateral under its energy and natural gas procurement contracts. See Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for further information.

BGE

BGE is not required to post collateral under its electric supply contracts. As of September 30, 2013, BGE was not required to post collateral under its natural gas procurement contracts, nor was it holding collateral under its electric supply and natural gas procurement contracts. See Note 10 of the Combined Notes to Consolidated Financial Statements for further information.

RTOs and ISOs (Exelon, Generation, ComEd, PECO and BGE)

Generation, ComEd, PECO and BGE participate in all, or some, of the established, real-time energy markets that are administered by PJM, ISO-NE, ISO-NY, CAISO, MISO, SPP, AESO, OIESO and ERCOT. In these areas, power is traded through bilateral agreements between buyers and sellers and on the spot markets that are operated by the RTOs or ISOs, as applicable. In areas where there is no spot market, electricity is purchased and sold solely through bilateral agreements. For sales into the spot markets administered by an RTO or ISO, the RTO or ISO maintains financial assurance policies that are established and enforced by those administrators. The credit policies of the RTOs and ISOs may, under certain circumstances, require that losses arising from the default of one member on spot market transactions be shared by the remaining participants. Non-performance or non-payment by a major counterparty could result in a material adverse impact on the Registrants' results of operations, cash flows and financial positions.

Exchange Traded Transactions (Exelon and Generation)

Generation enters into commodity transactions on NYMEX, ICE and the Nodal exchange. The NYMEX, ICE and Nodal exchange clearinghouses act as the counterparty to each trade. Transactions on the NYMEX, ICE and Nodal exchange must adhere to comprehensive collateral and margining requirements. As a result, transactions on NYMEX, ICE and Nodal exchange are significantly collateralized and have limited counterparty credit risk.

Long-Term Leases (Exelon)

Exelon's consolidated balance sheets, as of September 30, 2013, included a $691 million net investment in coal-fired plants in Georgia and Texas subject to long-term leases. This investment represents the estimated residual value of leased assets at the end of the respective lease terms of $1,465 million, less unearned income of $774 million. The lease agreements provide the lessees with fixed purchase options at the end of the lease terms. If the lessees do not exercise the fixed purchase options, Exelon has the ability to require the lessees to return the leasehold interests or to arrange for a third party to bid on a service contract for a period following the lease term. If Exelon chooses the service contract option, the leasehold interests will be returned to Exelon at the end of the term of the service contract. In any event, Exelon will be subject to residual value risk if the lessees do not exercise the fixed purchase options. This risk is partially mitigated by the fair value of the scheduled payments

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under the service contract. However, such payments are not guaranteed. Further, the term of the service contract is less than the expected remaining useful life of the plants and, therefore, Exelon's exposure to residual value risk will not be mitigated by payments under the service contract in this remaining period. Lessee performance under the lease agreements is supported by collateral and credit enhancement measures. Management regularly evaluates the creditworthiness of Exelon's counterparties to these long-term leases. Exelon monitors the continuing credit quality of the credit enhancement party.

Pursuant to the applicable accounting guidance, Exelon is required to review the estimated residual values of its direct financing lease investments at least annually and, if the review indicates a fair value below the carrying value and the decline is determined to be other than temporary, must record an impairment charge in the period the estimate changed. Based on the review performed in the second quarter of 2013, the estimated residual value of one of Exelon's direct financing leases experienced an other than temporary decline resulting in a $14 million pre-tax impairment charge in the second quarter of 2013. See Note 7 of the Combined Notes to Consolidated Financial Statements for further information.

Interest Rate Risk (Exelon, Generation, ComEd, PECO and BGE)

The Registrants use a combination of fixed-rate and variable-rate debt to manage interest rate exposure. The Registrants may also utilize fixed-to-floating interest rate swaps, which are typically designated as fair value hedges, as a means to manage their interest rate exposure. In addition, the Registrants may utilize interest rate derivatives to lock in rate levels in anticipation of future financings, which are typically designated as cash flow hedges. These strategies are employed to manage interest rate risks. At September 30, 2013, Exelon had $1,250 million of notional amounts of fixed-to-floating hedges outstanding and $213 million of notional amounts of floating-to-fixed hedges outstanding. Assuming the fair value and cash flow interest rate hedges are 100% effective, a hypothetical 50 bps increase in the interest rates associated with unhedged variable-rate debt (excluding Commercial Paper) and fixed-to-floating swaps would result in less than $1 million decrease in Exelon Consolidated pre-tax income for the nine months ended September 30, 2013.

Equity Price Risk (Exelon and Generation)

Exelon and Generation maintain trust funds, as required by the NRC, to fund certain costs of decommissioning Generation's nuclear plants. As of September 30, 2013, Generation's decommissioning trust funds are reflected at fair value on its Consolidated Balance Sheets. The mix of securities in the trust funds is designed to provide returns to be used to fund decommissioning and to compensate Generation for inflationary increases in decommissioning costs; however, the equity securities in the trust funds are exposed to price fluctuations in equity markets, and the value of fixed-rate, fixed-income securities are exposed to changes in interest rates. Generation actively monitors the investment performance of the trust funds and periodically reviews asset allocation in accordance with Generation's NDT fund investment policy. A hypothetical 10% increase in interest rates and decrease in equity prices would result in a $444 million reduction in the fair value of the trust assets. This calculation holds all other variables constant and assumes only the discussed changes in interest rates and equity prices. See ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS for further discussion of equity price risk as a result of the current capital and credit market conditions.

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Item 4. Controls and Procedures

During the third quarter of 2013, each of Exelon's, Generation's, ComEd's, PECO's and BGE's management, including its principal executive officer and principal financial officer, evaluated its disclosure controls and procedures related to the recording, processing, summarizing and reporting of information in its periodic reports that it files with the SEC. These disclosure controls and procedures have been designed by all Registrants to ensure that (a) material information relating to that Registrant, including its consolidated subsidiaries, is accumulated and made known to Exelon's management, including its principal executive officer and principal financial officer, by other employees of that Registrant and its subsidiaries as appropriate to allow timely decisions regarding required disclosure, and (b) this information is recorded, processed, summarized, evaluated and reported, as applicable, within the time periods specified in the SEC's rules and forms. Due to the inherent limitations of control systems, not all misstatements may be detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls could be circumvented by the individual acts of some persons or by collusion of two or more people.

Accordingly, as of September 30, 2013, the principal executive officer and principal financial officer of each of Exelon, Generation, ComEd, PECO and BGE concluded that such Registrant's disclosure controls and procedures were effective to accomplish its objectives. All Registrants continually strive to improve its disclosure controls and procedures to enhance the quality of its financial reporting and to maintain dynamic systems that change as conditions warrant. There have been no changes in internal control over financial reporting that occurred during the third quarter of 2013 that have materially affected, or are reasonably likely to materially affect, any of Exelon's, Generation's, ComEd's, PECO's and BGE's internal control over financial reporting.

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PART II — OTHER INFORMATION

Item 1. Legal Proceedings

The Registrants are parties to various lawsuits and regulatory proceedings in the ordinary course of their respective businesses. For information regarding material lawsuits and proceedings, see (a) ITEM 3. LEGAL PROCEEDINGS of Exelon's 2012 Form 10-K and (b) Notes 4, 5 and 18 of the Combined Notes to Consolidated Financial Statements in PART I, ITEM 1. FINANCIAL STATEMENTS of this Report. Such descriptions are incorporated herein by these references.

Item 1A. Risk Factors

Risks Related to Exelon

At September 30, 2013, the Registrants' risk factors were consistent with the risk factors described in Exelon's 2012 on Form 10-K.

Item 4. Mine Safety Disclosures

Exelon, Generation, ComEd, PECO and BGE

Not applicable to the Registrants.

Item 6. Exhibits

Certain of the following exhibits are incorporated herein by reference under Rule 12b-32 of the Securities and Exchange Act of 1934, as amended. Certain other instruments which would otherwise be required to be listed below have not been so listed because such instruments do not authorize securities in an amount which exceeds 10% of the total assets of the applicable registrant and its subsidiaries on a consolidated basis and the relevant registrant agrees to furnish a copy of any such instrument to the Commission upon request.

Exhibit No.	Description
4.1	Supplemental Indenture dated as of August 1, 2013 from Commonwealth Edison Company to BNY Mellon Trust Company of Illinois, as trustee, and D.G. Donovan, as co-trustee, relating to the issuance of $350 million of First Mortgage 4.60% Bonds, Series 114, due August 15, 2043 (File No. 001-1839, Form 8-K dated August 19, 2013, Exhibit No. 4.1)
4.2	One Hundred and Ninth Supplemental Indenture dated as of September 15, 2013 from PECO Energy Company to U.S. Bank National Association, as trustee, relating to the issuance of $300 million of First and Refunding Mortgage Bonds, 1.200% Series due October 15, 2016 (File No. 000-16844, Form 8-K dated September 23, 2013, Exhibit 4.1)
4.3	One Hundred and Tenth Supplemental Indenture dated as of September 15, 2013 from PECO Energy Company to U.S. Bank National Association, as trustee, relating to the issuance of $250 million of First and Refunding Mortgage Bonds, 4.800% Series due October 15, 2043 (File No. 000-16844, Form 8-K dated September 23, 2013, Exhibit 4.2)
4.4	Indenture, dated as of September 30, 2013, among Continental Wind, LLC, the guarantors party thereto and Wilmington Trust, National Association, as trustee (File No. 333-85496, Form 8-K dated September 30, 2013, Exhibit No. 4.1)
4.5	Form of 6.000% Senior Secured Notes due 2033 (File No. 333-85496, Form 8-K dated September 30, 2013, Exhibit No. 4.2)

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Exhibit No.	Description
10.1	Amendment No. 3 to Credit Agreement dated as of March 23, 2011 among Exelon Corporation, as Borrower, the various financial institutions named therein, as Lenders, and JPMorgan Chase Bank, N.A., as Administrative Agent (File No. 001-16169, Form 8-K dated August 10, 2013, Exhibit No. 99-1)
10.2	Amendment No. 1 to Credit Agreement dated as of March 28, 2012 among Commonwealth Edison Company, as Borrower, the various financial institutions named therein, as Lenders, and JPMorgan Chase Bank, N.A., as Administrative Agent (File No. 001-1839, Form 8-K dated August 10, 2013, Exhibit No. 99-2)
101.INS	XBRL Instance
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation
101.DEF	XBRL Taxonomy Extension Definition
101.LAB	XBRL Taxonomy Extension Labels
101.PRE	XBRL Taxonomy Extension Presentation

Certifications Pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities and Exchange Act of 1934 as to the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2013 filed by the following officers for the following companies:

31-1 — Filed by Christopher M. Crane for Exelon Corporation

31-2 — Filed by Jonathan W. Thayer for Exelon Corporation

31-3 — Filed by Kenneth W. Cornew for Exelon Generation Company, LLC

31-4 — Filed by Bryan P. Wright for Exelon Generation Company, LLC

31-5 — Filed by Anne R. Pramaggiore for Commonwealth Edison Company

31-6 — Filed by Joseph R. Trpik, Jr. for Commonwealth Edison Company

31-7 — Filed by Craig L. Adams for PECO Energy Company

31-8 — Filed by Phillip S. Barnett for PECO Energy Company

31-9 — Filed by Kenneth W. DeFontes, Jr. for Baltimore Gas and Electric Company

31-10 — Filed by Carim V. Khouzami for Baltimore Gas and Electric Company

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Certifications Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code (Sarbanes — Oxley Act of 2002) as to the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2013 filed by the following officers for the following companies:

32-1 — Filed by Christopher M. Crane for Exelon Corporation

32-2 — Filed by Jonathan W. Thayer for Exelon Corporation

32-3 — Filed by Kenneth W. Cornew for Exelon Generation Company, LLC

32-4 — Filed by Bryan P. Wright for Exelon Generation Company, LLC

32-5 — Filed by Anne R. Pramaggiore for Commonwealth Edison Company

32-6 — Filed by Joseph R. Trpik, Jr. for Commonwealth Edison Company

32-7 — Filed by Craig L. Adams for PECO Energy Company

32-8 — Filed by Phillip S. Barnett for PECO Energy Company

32-9 — Filed by Kenneth W. DeFontes, Jr. for Baltimore Gas and Electric Company

32-10 — Filed by Carim V. Khouzami for Baltimore Gas and Electric Company

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SIGNATURES

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

EXELON CORPORATION

/s/ CHRISTOPHER M. CRANE
Christopher M. Crane
President and Chief Executive Officer
(Principal Executive Officer)

/s/ JONATHAN W. THAYER
Jonathan W. Thayer
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

/s/ DUANE M. DESPARTE
Duane M. DesParte
Senior Vice President and Corporate Controller
(Principal Accounting Officer)

November 6, 2013

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

EXELON GENERATION COMPANY, LLC

/s/ KENNETH W. CORNEW
Kenneth W. Cornew
President and Chief Executive Officer
(Principal Executive Officer)

/s/ BRYAN P. WRIGHT
Bryan P. Wright
Chief Financial Officer
(Principal Financial Officer)

/s/ ROBERT M. AIKEN
Robert M. Aiken
Chief Accounting Officer
(Principal Accounting Officer)

November 6, 2013

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

COMMONWEALTH EDISON COMPANY

/s/ ANNE R. PRAMAGGIORE
Anne R. Pramaggiore
President and Chief Executive Officer
(Principal Executive Officer)

/s/ JOSEPH R. TRPIK, JR.
Joseph R. Trpik, Jr.
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/s/ GERALD J. KOZEL
Gerald J. Kozel
Vice President and Controller
(Principal Accounting Officer)

November 6, 2013

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Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PECO ENERGY COMPANY

/s/ Craig L. Adams
Craig L. Adams
President and Chief Executive Officer
(Principal Executive Officer)

/s/ Phillip S. Barnett
Phillip S. Barnett
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/s/ Scott A. Bailey
Scott A. Bailey
Vice President and Controller
(Principal Accounting Officer)

November 6, 2013

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BALTIMORE GAS AND ELECTRIC COMPANY

/s/ Kenneth W. DeFontes, Jr.
Kenneth W. DeFontes, Jr.
President and Chief Executive Officer
(Principal Executive Officer)

/s/ Carim V. Khouzami
Carim V. Khouzami
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/s/ David M. Vahos
David M. Vahos
Vice President and Controller
(Principal Accounting Officer)

November 6, 2013

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Exhibit 31-1

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Christopher M. Crane, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ CHRISTOPHER M. CRANE
President and Chief Executive Officer
(Principal Executive Officer)

Date: November 6, 2013

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Exhibit 31-2

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Jonathan W. Thayer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ JONATHAN W. THAYER
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Date: November 6, 2013

Exhibit 31-3

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Kenneth W. Cornew, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Generation Company, LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ KENNETH W. CORNEW
President and Chief Executive Officer
(Principal Executive Officer)

Date: November 6, 2013

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Exhibit 31-4

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Bryan P. Wright, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Generation Company, LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ BRYAN P. WRIGHT
Chief Financial Officer
(Principal Financial Officer)

Date: November 6, 2013

Exhibit 31-5

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Anne R. Pramaggiore, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Commonwealth Edison Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ ANNE R. PRAMAGGIORE
President and Chief Executive Officer
(Principal Executive Officer)

Date: November 6, 2013

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CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Joseph R. Trpik, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Commonwealth Edison Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ JOSEPH R. TRPIK, JR.
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: November 6, 2013

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Craig L. Adams, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PECO Energy Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ CRAIG L. ADAMS
President and Chief Executive Officer
(Principal Executive Officer)

Date: November 6, 2013

Exhibit 31-8

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Phillip S. Barnett, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PECO Energy Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ PHILLIP S. BARNETT
Senior Vice President, Chief Financial Officer
and Treasurer
(Principal Financial Officer)

Date: November 6, 2013

S1-SSA-0009 - 23090

Exhibit 31-9

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Kenneth W. DeFontes, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Baltimore Gas and Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ KENNETH W. DEFONTES, JR.
President and Chief Executive Officer
(Principal Executive Officer)

Date: November 6, 2013

S1-SSA-0009 - 23091

Exhibit 31-10

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Carim V. Khouzami, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Baltimore Gas and Electric Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ CARIM V. KHOUZAMI
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: November 6, 2013

S1-SSA-0009 - 23092

Exhibit 32-1

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Corporation for the quarterly period ended September 30, 2013, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Corporation.

/s/ CHRISTOPHER M. CRANE
Christopher M. Crane
President and Chief Executive Officer

Date: November 6, 2013

S1-SSA-0009 - 23093

Exhibit 32-2

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Corporation for the quarterly period ended September 30, 2013, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Corporation.

/s/ JONATHAN W. THAYER
Jonathan W. Thayer
Executive Vice President and Chief Financial Officer

Date: November 6, 2013

S1-SSA-0009 - 23094

Exhibit 32-3

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Generation Company, LLC for the quarterly period ended September 30, 2013, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Generation Company, LLC.

/s/ KENNETH W. CORNEW
Kenneth W. Cornew
President and Chief Executive Officer

Date: November 6, 2013

S1-SSA-0009 - 23095

Exhibit 32-4

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Generation Company, LLC for the quarterly period ended September 30, 2013, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Generation Company, LLC.

/s/ BRYAN P. WRIGHT
Bryan P. Wright
Chief Financial Officer

Date: November 6, 2013

S1-SSA-0009 - 23096

Exhibit 32-5

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Commonwealth Edison Company for the quarterly period ended September 30, 2013, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Commonwealth Edison Company.

/s/ ANNE R. PRAMAGGIORE
Anne R. Pramaggiore
President and Chief Executive Officer

Date: November 6, 2013

S1-SSA-0009 - 23097

Exhibit 32-6

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Commonwealth Edison Company for the quarterly period ended September 30, 2013, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Commonwealth Edison Company.

/s/ JOSEPH R. TRPIK, JR.
Joseph R. Trpik, Jr.
Senior Vice President, Chief Financial Officer and Treasurer

Date: November 6, 2013

S1-SSA-0009 - 23098

Exhibit 32-7

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of PECO Energy Company for the quarterly period ended September 30, 2013, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of PECO Energy Company.

/s/ CRAIG L. ADAMS
Craig L. Adams
President and Chief Executive Officer

Date: November 6, 2013

S1-SSA-0009 - 23099

Exhibit 32-8

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of PECO Energy Company for the quarterly period ended September 30, 2013, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of PECO Energy Company.

/s/ PHILLIP S. BARNETT
Phillip S. Barnett
Senior Vice President, Chief Financial Officer and Treasurer

Date: November 6, 2013

S1-SSA-0009 - 23100

Exhibit 32-9

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Baltimore Gas and Electric Company for the quarterly period ended September 30, 2013, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Baltimore Gas and Electric Company.

/s/ KENNETH W. DEFONTES, JR.
Kenneth W. DeFontes, Jr.
President and Chief Executive Officer

Date: November 6, 2013

S1-SSA-0009 - 23101

Exhibit 32-10

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Baltimore Gas and Electric Company for the quarterly period ended September 30, 2013, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Baltimore Gas and Electric Company.

/s/ CARIM V. KHOUZAMI
Carim V. Khouzami
Senior Vice President, Chief Financial Officer and Treasurer

Date: November 6, 2013

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended September 30, 2014

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number	Name of Registrant; State of Incorporation; Address of Principal Executive Offices; and Telephone Number	IRS Employer Identification Number
1-16169	EXELON CORPORATION (a Pennsylvania corporation) 10 South Dearborn Street P.O. Box 805379 Chicago, Illinois 60680-5379 (312) 394-7398	23-2990190
333-85496	EXELON GENERATION COMPANY, LLC (a Pennsylvania limited liability company) 300 Exelon Way Kennett Square, Pennsylvania 19348-2473 (610) 765-5959	23-3064219
1-1839	COMMONWEALTH EDISON COMPANY (an Illinois corporation) 440 South LaSalle Street Chicago, Illinois 60605-1028 (312) 394-4321	36-0938600
000-16844	PECO ENERGY COMPANY (a Pennsylvania corporation) P.O. Box 8699 2301 Market Street Philadelphia, Pennsylvania 19101-8699 (215) 841-4000	23-0970240
1-1910	BALTIMORE GAS AND ELECTRIC COMPANY (a Maryland corporation) 2 Center Plaza 110 West Fayette Street Baltimore, Maryland 21201-3708 (410) 234-5000	52-0280210

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

	Large Accelerated Filer	Accelerated Filer	Non-accelerated Filer	Smaller Reporting Company
Exelon Corporation	☒			
Exelon Generation Company, LLC			☒	
Commonwealth Edison Company			☒	
PECO Energy Company			☒	
Baltimore Gas and Electric Company			☒	

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

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The number of shares outstanding of each registrant's common stock as of September 30, 2014 was:

Exelon Corporation Common Stock, without par value	859,464,772
Exelon Generation Company, LLC	not applicable

Commonwealth Edison Company Common Stock, $12.50 par value	127,016,934
PECO Energy Company Common Stock, without par value	170,478,507
Baltimore Gas and Electric Company Common Stock, without par value	1,000

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GLOSSARY OF TERMS AND ABBREVIATIONS

Exelon Corporation and Related Entities

Exelon	Exelon Corporation
Generation	Exelon Generation Company, LLC
ComEd	Commonwealth Edison Company
PECO	PECO Energy Company
BGE	Baltimore Gas and Electric Company
BSC	Exelon Business Services Company, LLC
Exelon Corporate	Exelon in its corporate capacity as a holding company
CENG	Constellation Energy Nuclear Group, LLC
Constellation	Constellation Energy Group, Inc.
Antelope Valley	Antelope Valley Solar Ranch One
Exelon Transmission Company	Exelon Transmission Company, LLC
Exelon Wind	Exelon Wind, LLC and Exelon Generation Acquisition Company, LLC
Ventures	Exelon Ventures Company, LLC
AmerGen	AmerGen Energy Company, LLC
BondCo	RSB BondCo LLC
PEC L.P.	PECO Energy Capital, L.P.
PECO Trust III	PECO Capital Trust III
PECO Trust IV	PECO Energy Capital Trust IV
PETT	PECO Energy Transition Trust
Registrants	Exelon, Generation, ComEd, PECO and BGE, collectively

GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and Abbreviations

Note "—" of the Exelon 2013 Form 10-K	Reference to specific Combined Note to Consolidated Financial Statements within Exelon's 2013 Annual Report on Form 10-K
1998 restructuring settlement	PECO's 1998 settlement of its restructuring case mandated by the Competition Act
Act 11	Pennsylvania Act 11 of 2012
Act 129	Pennsylvania Act 129 of 2008
AEC	Alternative Energy Credit that is issued for each megawatt hour of generation from a qualified alternative energy source
AEPS	Pennsylvania Alternative Energy Portfolio Standards
AEPS Act	Pennsylvania Alternative Energy Portfolio Standards Act of 2004, as amended
AESO	Alberta Electric Systems Operator
AFUDC	Allowance for Funds Used During Construction
ALJ	Administrative Law Judge
AMI	Advanced Metering Infrastructure
AMP	Advanced Metering Program
ARC	Asset Retirement Cost
ARO	Asset Retirement Obligation
ARP	Title IV Acid Rain Program
ARRA of 2009	American Recovery and Reinvestment Act of 2009
Block contracts	Forward Purchase Energy Block Contracts
CAIR	Clean Air Interstate Rule
CAISO	California ISO
CAMR	Federal Clean Air Mercury Rule

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GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and Abbreviations	
CERCLA	Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended
CFL	Compact Fluorescent Light
Clean Air Act	Clean Air Act of 1963, as amended
Clean Water Act	Federal Water Pollution Control Amendments of 1972, as amended
Competition Act	Pennsylvania Electricity Generation Customer Choice and Competition Act of 1996
CPI	Consumer Price Index
CPUC	California Public Utilities Commission
CSAPR	Cross-State Air Pollution Rule
CTC	Competitive Transition Charge
D.C. Circuit Court	United States Court of Appeals for the District of Columbia Circuit
DOE	United States Department of Energy
DOJ	United States Department of Justice
DSP	Default Service Provider
DSP Program	Default Service Provider Program
EDF	Electricite de France SA
EE&C	Energy Efficiency and Conservation/Demand Response
EGS	Electric Generation Supplier
EGTP	ExGen Texas Power, LLC
EIMA	Energy Infrastructure Modernization Act (Illinois Senate Bill 1652 and Illinois House Bill 3036)
EPA	United States Environmental Protection Agency
ERCOT	Electric Reliability Council of Texas
ERISA	Employee Retirement Income Security Act of 1974, as amended
EROA	Expected Rate of Return on Assets
ESPP	Employee Stock Purchase Plan
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
FRCC	Florida Reliability Coordinating Council
FTC	Federal Trade Commission
GAAP	Generally Accepted Accounting Principles in the United States
GHG	Greenhouse Gas
GRT	Gross Receipts Tax
GSA	Generation Supply Adjustment
GWh	Gigawatt hour
HAP	Hazardous air pollutants
Health Care Reform Acts	Patient Protection and Affordable Care Act and Health Care and Education Reconciliation Act of 2010
IBEW	International Brotherhood of Electrical Workers
ICC	Illinois Commerce Commission
ICE	Intercontinental Exchange
Illinois Act	Illinois Electric Service Customer Choice and Rate Relief Law of 1997
Illinois EPA	Illinois Environmental Protection Agency
Illinois Settlement Legislation	Legislation enacted in 2007 affecting electric utilities in Illinois
IPA	Illinois Power Agency
IRC	Internal Revenue Code
IRS	Internal Revenue Service
ISO	Independent System Operator

GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and Abbreviations	
ISO-NE	ISO New England Inc.
ISO-NY	ISO New York
kV	Kilovolt
kW	Kilowatt
kWh	Kilowatt-hour
LIBOR	London Interbank Offered Rate
LILO	Lease-In, Lease-Out
LLRW	Low-Level Radioactive Waste
LTIP	Long-Term Incentive Plan
MATS	U.S. EPA Mercury and Air Toxics Rule
MBR	Market Based Rates Incentive
MDE	Maryland Department of the Environment
MDPSC	Maryland Public Service Commission
MGP	Manufactured Gas Plant
MISO	Midcontinent Independent System Operator, Inc.
mmcf	Million Cubic Feet
Moody's	Moody's Investor Service
MOPR	Minimum Offer Price Rule
MRV	Market-Related Value
MW	Megawatt
MWh	Megawatt hour
NAAQS	National Ambient Air Quality Standards
n.m.	not meaningful
NAV	Net Asset Value
NDT	Nuclear Decommissioning Trust
NEIL	Nuclear Electric Insurance Limited
NERC	North American Electric Reliability Corporation
NGS	Natural Gas Supplier
NJDEP	New Jersey Department of Environmental Protection
Non-Regulatory Agreements Units	Nuclear generating units or portions thereof whose decommissioning-related activities are not subject to contractual elimination under regulatory accounting
NOV	Notice of Violation
NPDES	National Pollutant Discharge Elimination System
NRC	Nuclear Regulatory Commission
NSPS	New Source Performance Standards
NWPA	Nuclear Waste Policy Act of 1982
NYMEX	New York Mercantile Exchange
OCI	Other Comprehensive Income
OIESO	Ontario Independent Electricity System Operator
OPEB	Other Postretirement Employee Benefits
PA DEP	Pennsylvania Department of Environmental Protection
PAPUC	Pennsylvania Public Utility Commission
PGC	Purchased Gas Cost Clause
PHI	Pepco Holdings, Inc.
PJM	PJM Interconnection, LLC
POLR	Provider of Last Resort
POR	Purchase of Receivables
PPA	Power Purchase Agreement

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GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and Abbreviations	
Price-Anderson Act	Price-Anderson Nuclear Industries Indemnity Act of 1957
PRP	Potentially Responsible Parties
PSEG	Public Service Enterprise Group Incorporated
PURTA	Pennsylvania Public Realty Tax Act
PV	Photovoltaic
RCRA	Resource Conservation and Recovery Act of 1976, as amended
REC	Renewable Energy Credit which is issued for each megawatt hour of generation from a qualified renewable energy source
Regulatory Agreement Units	Nuclear generating units whose decommissioning-related activities are subject to contractual elimination under regulatory accounting
RES	Retail Electric Suppliers
RFP	Request for Proposal
Rider	Reconcilable Surcharge Recovery Mechanism
RGGI	Regional Greenhouse Gas Initiative
RMC	Risk Management Committee
RPM	PJM Reliability Pricing Model
RPS	Renewable Energy Portfolio Standards
RTEP	Regional Transmission Expansion Plan
RTO	Regional Transmission Organization
S&P	Standard & Poor's Ratings Services
SEC	United States Securities and Exchange Commission
Senate Bill 1	Maryland Senate Bill 1
SERC	SERC Reliability Corporation (formerly Southeast Electric Reliability Council)
SERP	Supplemental Employee Retirement Plan
SGIG	Smart Grid Investment Grant
SGIP	Smart Grid Initiative Program
SILO	Sale-In, Lease-Out
SMPIP	Smart Meter Procurement and Installation Plan
SNF	Spent Nuclear Fuel
SOS	Standard Offer Service
SPP	Southwest Power Pool
Tax Relief Act of 2010	Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010
Upstream	Natural gas exploration and production activities
VIE	Variable Interest Entity
WECC	Western Electric Coordinating Council

FILING FORMAT

This combined Form 10-Q is being filed separately by Exelon Corporation, Exelon Generation Company, LLC, Commonwealth Edison Company, PECO Energy Company and Baltimore Gas and Electric Company (Registrants). Information contained herein relating to any individual Registrant is filed by such Registrant on its own behalf. No Registrant makes any representation as to information relating to any other Registrant.

FORWARD-LOOKING STATEMENTS

This Report contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that are subject to risks and uncertainties. The factors that could cause actual results to differ materially from the forward-looking statements made by the Registrants include those factors discussed herein, as well as the items discussed in (1) Exelon's 2013 Annual Report on Form 10-K in (a) ITEM 1A. Risk Factors, (b) ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) ITEM 8. Financial Statements and Supplementary Data: Note 22; (2) this Quarterly Report on Form 10-Q in (a) Part II, Other Information, ITEM 1A. Risk Factors, (b) Part 1, Financial Information, ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) Part I, Financial Information, ITEM 1. Financial Statements: Note 18; and (3) other factors discussed in filings with the SEC by the Registrants. Readers are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of this Report. None of the Registrants undertakes any obligation to publicly release any revision to its forward-looking statements to reflect events or circumstances after the date of this Report.

WHERE TO FIND MORE INFORMATION

The public may read and copy any reports or other information that the Registrants file with the SEC at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. These documents are also available to the public from commercial document retrieval services, the website maintained by the SEC at www.sec.gov and the Registrants' websites at www.exeloncorp.com. Information contained on the Registrants' websites shall not be deemed incorporated into, or to be a part of, this Report.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions, except per share data)	Three Months Ended September 30, 2014	Three Months Ended September 30, 2013	Nine Months Ended September 30, 2014	Nine Months Ended September 30, 2013
Operating revenues	$ 6,912	$ 6,502	$20,173	$18,725
Operating expenses				
Purchased power and fuel	2,591	2,404	8,943	7,199
Purchased power and fuel from affiliates	57	339	456	944
Operating and maintenance	1,982	1,735	6,005	5,391
Depreciation and amortization	577	530	1,732	1,606
Taxes other than income	306	277	887	825
Total operating expenses	5,513	5,285	18,023	15,965
Equity in earnings (loss) of unconsolidated affiliates	1	37	(20)	7
Gain on consolidation of CENG	—	—	261	—
Operating income	1,400	1,254	2,391	2,767
Other income and (deductions)				
Interest expense, net	(247)	(228)	(691)	(1,091)
Interest expense to affiliates, net	(11)	(6)	(31)	(19)
Other, net	354	155	702	311
Total other income and (deductions)	96	(79)	(20)	(799)
Income before income taxes	1,496	1,175	2,371	1,968
Income taxes	422	439	646	733
Net income	1,074	736	1,725	1,235
Net income (loss) attributable to noncontrolling interest, preferred security dividends and redemption and preference stock dividends	81	(2)	121	11
Net income attributable to common shareholders	993	738	1,604	1,224
Comprehensive income, net of income taxes				
Net income	1,074	736	1,725	1,235
Other comprehensive income (loss), net of income taxes				
Pension and non-pension postretirement benefit plans:				
Prior service (benefit) cost reclassified to periodic benefit cost	(11)	1	(18)	—
Actuarial loss reclassified to periodic cost	38	49	109	151
Pension and non-pension postretirement benefit plans valuation adjustment	(8)	(8)	240	69
Deferred compensation unit valuation adjustment	—	—	—	10
Unrealized (loss) on cash flow hedges	(19)	(46)	(92)	(169)
Unrealized gain (loss) on equity investments	(3)	16	8	51
Unrealized (loss) on foreign currency translation	(5)	—	(6)	(5)
Unrealized (loss) on marketable securities	(3)	—	(2)	(1)
Reversal of CENG equity method AOCI	—	—	(116)	—
Other comprehensive income (loss)	(11)	12	123	106
Comprehensive income	$ 1,063	$ 748	$ 1,848	$ 1,341
Average shares of common stock outstanding:				
Basic	861	857	860	856
Diluted	863	860	863	860
Earnings per average common share:				
Basic	$ 1.15	$ 0.86	$ 1.87	$ 1.43
Diluted	$ 1.15	$ 0.86	$ 1.86	$ 1.42
Dividends per common share	$ 0.31	$ 0.31	$ 0.93	$ 1.15

See the Combined Notes to Consolidated Financial Statements

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EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Nine Months Ended September 30, 2014	2013
Cash flows from operating activities		
Net income	$ 1,725	$ 1,235
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation, amortization, depletion and accretion, including nuclear fuel and energy contract amortization	2,856	2,844
Impairment of long-lived assets	162	171
Gain on consolidation of CENG	(268)	—
Gain on sale of assets	(356)	(17)
Deferred income taxes and amortization of investment tax credits	459	(164)
Net fair value changes related to derivatives	522	(229)
Net realized and unrealized gains on nuclear decommissioning trust fund investments	(141)	(95)
Other non-cash operating activities	698	584
Changes in assets and liabilities:		
Accounts receivable	198	54
Inventories	(316)	(103)
Accounts payable, accrued expenses and other current liabilities	(322)	(243)
Option premiums received (paid), net	21	(38)
Counterparty collateral posted, net	(615)	(73)
Income taxes	72	863
Pension and non-pension postretirement benefit contributions	(516)	(360)
Other assets and liabilities	(536)	(35)
Net cash flows provided by operating activities	3,643	4,394
Cash flows from investing activities		
Capital expenditures	(4,114)	(3,887)
Proceeds from nuclear decommissioning trust fund sales	5,464	3,344
Investment in nuclear decommissioning trust funds	(5,550)	(3,518)
Acquisition of businesses	(67)	—
Proceeds from sale of long-lived assets	660	32
Proceeds from termination of direct financing lease investment	335	—
Proceeds from sale of investments	7	20
Purchases of investments	(3)	(3)
Cash consolidated from CENG	129	—
Change in restricted cash	(151)	(23)
Other investing activities	(86)	65
Net cash flows used in investing activities	(3,376)	(3,970)
Cash flows from financing activities		
Payment of accounts receivable agreement	—	(210)
Changes in short-term borrowings	236	205
Issuance of long-term debt	3,212	2,031
Retirement of long-term debt	(1,214)	(1,156)
Redemption of preferred securities	—	(93)
Distributions to noncontrolling interest of consolidated VIE	(415)	—
Dividends paid on common stock	(799)	(981)
Proceeds from employee stock plans	25	40
Other financing activities	(158)	(102)
Net cash flows provided by (used in) financing activities	887	(266)
Increase in cash and cash equivalents	1,154	158
Cash and cash equivalents at beginning of period	1,609	1,486
Cash and cash equivalents at end of period	$ 2,763	$ 1,644

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EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2014 (Unaudited)	December 31, 2013
ASSETS		
Current assets		
Cash and cash equivalents	$ 2,763	$ 1,609
Restricted cash and cash equivalents	318	167
Accounts receivable, net		
Customer	2,815	2,981
Other	898	1,175
Mark-to-market derivative assets	744	727
Unamortized energy contract assets	225	374
Inventories, net		
Fossil fuel	546	276
Materials and supplies	1,045	829
Deferred income taxes	38	573
Regulatory assets	774	760
Assets held for sale	649	14
Other	1,022	652
Total current assets	11,837	10,137
Property, plant and equipment, net	51,630	47,330
Deferred debits and other assets		
Regulatory assets	5,589	5,910
Nuclear decommissioning trust funds	10,349	8,071
Investments	562	1,165
Investments in affiliates	26	22
Investment in CENG	—	1,925
Goodwill	2,672	2,625
Mark-to-market derivative assets	524	607
Unamortized energy contracts assets	571	710
Pledged assets for Zion Station decommissioning	365	458
Other	1,139	964
Total deferred debits and other assets	21,797	22,457
Total assets [(a)]	$ 85,264	$ 79,924

See the Combined Notes to Consolidated Financial Statements

EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2014 (Unaudited)	December 31, 2013
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings	$ 562	$ 341
Long-term debt due within one year	2,064	1,509
Accounts payable	2,502	2,484
Accrued expenses	1,462	1,633
Payables to affiliates	22	116
Deferred income taxes	26	40
Regulatory liabilities	364	327
Mark-to-market derivative liabilities	249	159
Unamortized energy contract liabilities	195	261
Other	985	858
Total current liabilities	8,431	7,728
Long-term debt	19,200	17,623
Long-term debt to financing trusts	648	648
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	13,181	12,905
Asset retirement obligations	7,003	5,194
Pension obligations	1,809	1,876
Non-pension postretirement benefit obligations	1,459	2,190
Spent nuclear fuel obligation	1,021	1,021
Regulatory liabilities	4,593	4,388
Mark-to-market derivative liabilities	291	300
Unamortized energy contract liabilities	214	266
Payable for Zion Station decommissioning	260	305
Other	2,104	2,540
Total deferred credits and other liabilities	31,935	30,985
Total liabilities [(a)]	60,214	56,984
Commitments and contingencies		
Shareholders' equity		
Common stock (No par value, 2,000 shares authorized, 859 shares and 857 shares outstanding at September 30, 2014 and December 31, 2013, respectively)	16,679	16,741
Treasury stock, at cost (35 shares at both September 30, 2014 and December 31, 2013)	(2,327)	(2,327)
Retained earnings	11,160	10,358
Accumulated other comprehensive loss, net	(1,917)	(2,040)
Total shareholders' equity	23,595	22,732
BGE preference stock not subject to mandatory redemption	193	193
Noncontrolling interest	1,262	15
Total equity	25,050	22,940
Total liabilities and shareholders' equity	$ 85,264	$ 79,924

(a) Exelon's consolidated assets include $7,773 million and $1,755 million at September 30, 2014 and December 31, 2013, respectively, of certain VIEs that can only be used to settle the liabilities of the VIE. Exelon's consolidated liabilities include $2,594 million and $658 million at September 30, 2014 and December 31, 2013, respectively, of certain VIEs for which the VIE creditors do not have recourse to Exelon. See Note 3 — Variable Interest Entities.

See the Combined Notes to Consolidated Financial Statements

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EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

(In millions, shares in thousands)	Issued Shares	Common Stock	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss, net	Noncontrolling Interest	Preferred and Preference Stock	Total Equity
Balance, December 31, 2013	892,034	$16,741	$(2,327)	$10,358	$ (2,040)	$ 15	$ 193	$22,940
Net income	—	—	—	1,604	—	111	10	1,725
Long-term incentive plan activity	1,439	49	—	—	—	—	—	49
Employee stock purchase plan issuances	735	25	—	—	—	—	—	25
Tax benefit on stock compensation	—	(7)	—	—	—	—	—	(7)
Acquisition of noncontrolling interest	—	—	—	—	—	3	—	3
Common stock dividends	—	—	—	(802)	—	—	—	(802)
Preferred and preference stock dividends	—	—	—	—	—	—	(10)	(10)
Fair value of financing contract payments	—	(131)	—	—	—	—	—	(131)
Noncontrolling interest established upon consolidation of CENG	—	—	—	—	—	1,548	—	1,548
Transfer of CENG pension and non-pension post retirement benefit obligations	—	2	—	—	—	—	—	2
Consolidated VIE dividend to noncontrolling interest	—	—	—	—	—	(415)	—	(415)
Reversal of CENG equity method AOCI, net of income taxes of $77	—	—	—	—	(116)	—	—	(116)
Other comprehensive income net of income taxes of $(154)	—	—	—	—	239	—	—	239
Balance, September 30, 2014	894,208	$16,679	$(2,327)	$11,160	$ (1,917)	$ 1,262	$ 193	$25,050

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EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended September 30, 2014	Three Months Ended September 30, 2013	Nine Months Ended September 30, 2014	Nine Months Ended September 30, 2013
Operating revenues				
Operating revenues	$ 4,300	$ 3,871	$11,944	$10,729
Operating revenues from affiliates	112	384	647	1,129
Total operating revenues	4,412	4,255	12,591	11,858
Operating expenses				
Purchased power and fuel	1,821	1,837	6,595	5,341
Purchased power and fuel from affiliates	59	342	476	953
Operating and maintenance	1,114	936	3,308	2,943
Operating and maintenance from affiliates	152	140	457	434
Depreciation and amortization	253	218	719	643
Taxes other than income	127	98	350	292
Total operating expenses	3,526	3,571	11,905	10,606
Equity in earnings (losses) of unconsolidated affiliates	1	37	(20)	7
Gain on consolidation of CENG	—	—	261	—
Operating income	887	721	927	1,259
Other income and (deductions)				
Interest expense	(77)	(69)	(224)	(210)
Interest expense to affiliates, net	(12)	(13)	(37)	(47)
Other, net	342	134	661	229
Total other income and (deductions)	253	52	400	(28)
Income before income taxes	1,140	773	1,327	1,231
Income taxes	291	288	290	436
Net income	849	485	1,037	795
Net income (loss) attributable to noncontrolling interests	78	(5)	111	(6)
Net income attributable to membership interest	771	490	926	801
Comprehensive income, net of income taxes				
Net income	849	485	1,037	795
Other comprehensive income (loss), net of income taxes				
Unrealized loss on cash flow hedges	(16)	(49)	(86)	(316)
Unrealized gain (loss) on equity investments	(3)	16	8	52
Unrealized gain (loss) on foreign currency translation	(5)	1	(6)	(5)
Unrealized loss on marketable securities	(2)	—	(3)	(1)
Reversal of CENG equity method AOCI	—	—	(116)	—
Other comprehensive loss	(26)	(32)	(203)	(270)
Comprehensive income	$ 823	$ 453	$ 834	$ 525

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EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Nine Months Ended September 30, 2014	2013
Cash flows from operating activities		
Net income	$ 1,037	$ 795
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation, amortization, depletion and accretion, including nuclear fuel and energy contract amortization	1,853	1,937
Impairment of long-lived assets	138	157
Gain on consolidation of CENG	(268)	—
Gain on sale of assets	(355)	(13)
Deferred income taxes and amortization of investment tax credits	154	183
Net fair value changes related to derivatives	509	(222)
Net realized and unrealized gains on nuclear decommissioning trust fund investments	(141)	(95)
Other non-cash operating activities	251	231
Changes in assets and liabilities:		
Accounts receivable	153	57
Receivables from and payables to affiliates, net	72	2
Inventories	(286)	(81)
Accounts payable, accrued expenses and other current liabilities	(311)	(162)
Option premiums received (paid), net	21	(38)
Counterparty collateral paid, net	(634)	(123)
Income taxes	172	315
Pension and non-pension postretirement benefit contributions	(214)	(123)
Other assets and liabilities	(367)	(163)
Net cash flows provided by operating activities	1,784	2,657
Cash flows from investing activities		
Capital expenditures	(1,961)	(1,995)
Proceeds from nuclear decommissioning trust fund sales	5,464	3,344
Investment in nuclear decommissioning trust funds	(5,550)	(3,518)
Acquisition of businesses	(67)	—
Proceeds from sale of long-lived assets	660	32
Change in restricted cash	(116)	(30)
Changes in Exelon intercompany money pool	44	—
Cash consolidated from CENG	129	—
Other investing activities	(34)	18
Net cash flows used in investing activities	(1,431)	(2,149)
Cash flows from financing activities		
Change in short-term borrowings	7	12
Issuance of long-term debt	1,112	831
Retirement of long-term debt	(552)	(471)
Distribution to member	(440)	(550)
Distributions to noncontrolling interest of consolidated VIE	(415)	—
Contribution from member	55	—
Other financing activities	(67)	(73)
Net cash flows used in financing activities	(300)	(251)
Increase in cash and cash equivalents	53	257
Cash and cash equivalents at beginning of period	1,258	671
Cash and cash equivalents at end of period	$ 1,311	$ 928

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EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2014 (Unaudited)	December 31, 2013
ASSETS		
Current assets		
Cash and cash equivalents	$ 1,311	$ 1,258
Restricted cash and cash equivalents	187	71
Accounts receivable, net		
Customer	1,705	1,689
Other	325	353
Mark-to-market derivative assets	744	727
Receivables from affiliates	56	108
Receivable from Exelon intercompany money pool	—	44
Unamortized energy contract assets	225	374
Inventories, net		
Fossil fuel	426	164
Materials and supplies	865	671
Deferred income taxes	144	475
Assets held for sale	649	14
Other	821	491
Total current assets	7,458	6,439
Property, plant and equipment, net	23,143	20,111
Deferred debits and other assets		
Nuclear decommissioning trust funds	10,349	8,071
Investments	154	400
Investment in CENG	—	1,925
Goodwill	47	—
Mark-to-market derivative assets	507	600
Prepaid pension asset	1,711	1,873
Pledged assets for Zion Station decommissioning	365	458
Unamortized energy contract assets	571	710
Other	714	645
Total deferred debits and other assets	14,418	14,682
Total assets [(a)]	$ 45,019	$ 41,232

See the Combined Notes to Consolidated Financial Statements

EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2014 (Unaudited)	December 31, 2013
LIABILITIES AND EQUITY		
Current liabilities		
Short-term borrowings	$ 14	$ 22
Long-term debt due within one year	73	561
Long-term debt to affiliates due within one year	560	—
Accounts payable	1,318	1,322
Accrued expenses	840	976
Payables to affiliates	124	181
Deferred income taxes	1	25
Mark-to-market derivative liabilities	235	142
Unamortized energy contract liabilities	192	249
Other	478	389
Total current liabilities	3,835	3,867
Long-term debt	6,741	5,645
Long-term debt to affiliate	946	1,523
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	6,202	6,295
Asset retirement obligations	6,853	5,047
Non-pension postretirement benefit obligations	949	850
Spent nuclear fuel obligation	1,021	1,021
Payables to affiliates	2,850	2,740
Mark-to-market derivative liabilities	104	120
Unamortized energy contract liabilities	214	266
Payable for Zion Station decommissioning	260	305
Other	718	811
Total deferred credits and other liabilities	19,171	17,455
Total liabilities [(a)]	30,693	28,490
Commitments and contingencies		
Equity		
Member's equity		
Membership interest	8,953	8,898
Undistributed earnings	4,099	3,613
Accumulated other comprehensive income, net	11	214
Total member's equity	13,063	12,725
Noncontrolling interest	1,263	17
Total equity	14,326	12,742
Total liabilities and equity	$ 45,019	$ 41,232

(a) Generation's consolidated assets include $7,703 million and $1,695 million at September 30, 2014 and December 31, 2013, respectively, of certain VIEs that can only be used to settle the liabilities of the VIE. Generation's consolidated liabilities include $2,338 million and $362 million at September 30, 2014 and December 31, 2013, respectively, of certain VIEs for which the VIE creditors do not have recourse to Generation. See Note 3 — Variable Interest Entities.

See the Combined Notes to Consolidated Financial Statements

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EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Unaudited)

	Member's Equity				
(In millions)	Membership Interest	Undistributed Earnings	Accumulated Other Comprehensive Income, net	Noncontrolling Interest	Total Equity
Balance, December 31, 2013	$ 8,898	$ 3,613	$ 214	$ 17	$12,742
Net income	—	926	—	111	1,037
Acquisition of noncontrolling interest	—	—	—	2	2
Allocation of tax benefit from member	55	—	—	—	55
Distribution to member	—	(440)	—	—	(440)
Noncontrolling interest established upon consolidation of CENG	—	—	—	1,548	1,548
Consolidated VIE dividend to noncontrolling interest	—	—	—	(415)	(415)
Reversal of CENG equity method AOCI, net of income taxes of $77	—	—	(116)	—	(116)
Other comprehensive loss, net of income taxes of $53	—	—	(87)	—	(87)
Balance, September 30, 2014	$ 8,953	$ 4,099	$ 11	$ 1,263	$14,326

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COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended September 30, 2014	Three Months Ended September 30, 2013	Nine Months Ended September 30, 2014	Nine Months Ended September 30, 2013
Operating revenues				
Operating revenues	$ 1,221	$ 1,155	$ 3,482	$ 3,393
Operating revenues from affiliates	1	1	2	2
Total operating revenues	1,222	1,156	3,484	3,395
Operating expenses				
Purchased power	325	158	741	522
Purchased power from affiliate	1	143	174	409
Operating and maintenance	320	296	923	907
Operating and maintenance from affiliate	39	37	117	113
Depreciation and amortization	174	164	521	501
Taxes other than income	76	80	225	225
Total operating expenses	935	878	2,701	2,677
Operating income	287	278	783	718
Other income and (deductions)				
Interest expense	(78)	(71)	(231)	(493)
Interest expense to affiliates, net	(3)	(3)	(10)	(10)
Other, net	4	7	14	18
Total other income and (deductions)	(77)	(67)	(227)	(485)
Income before income taxes	210	211	556	233
Income taxes	84	85	221	93
Net income	$ 126	$ 126	$ 335	$ 140
Comprehensive income	$ 126	$ 126	$ 335	$ 140

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COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Nine Months Ended September 30, 2014	2013
Cash flows from operating activities		
Net income	$ 335	$ 140
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation, amortization and accretion	521	501
Deferred income taxes and amortization of investment tax credits	154	(152)
Other non-cash operating activities	116	26
Changes in assets and liabilities:		
Accounts receivable	(109)	(21)
Receivables from and payables to affiliates, net	(55)	(32)
Inventories	(12)	(12)
Accounts payable, accrued expenses and other current liabilities	59	48
Income taxes	15	262
Pension and non-pension postretirement benefit contributions	(237)	(120)
Other assets and liabilities	62	210
Net cash flows provided by operating activities	849	850
Cash flows from investing activities		
Capital expenditures	(1,173)	(1,074)
Proceeds from sales of investments	7	5
Purchases of investments	(3)	(3)
Change in restricted cash	(2)	(3)
Other investing activities	23	33
Net cash flows used in investing activities	(1,148)	(1,042)
Cash flows from financing activities		
Changes in short-term borrowings	344	153
Issuance of long-term debt	650	350
Retirement of long-term debt	(617)	(252)
Contributions from parent	168	—
Dividends paid on common stock	(230)	(165)
Other financing activities	(8)	(4)
Net cash flows provided by financing activities	307	82
Increase (Decrease) in cash and cash equivalents	8	(110)
Cash and cash equivalents at beginning of period	36	144
Cash and cash equivalents at end of period	$ 44	$ 34

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COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2014 (Unaudited)	December 31, 2013
ASSETS		
Current assets		
Cash and cash equivalents	$ 44	$ 36
Restricted cash	4	2
Accounts receivable, net		
Customer	486	451
Other	455	581
Receivables from affiliates	3	3
Inventories, net	121	109
Regulatory assets	330	329
Other	37	29
Total current assets	1,480	1,540
Property, plant and equipment, net	15,389	14,666
Deferred debits and other assets		
Regulatory assets	928	933
Investments	—	5
Investments in affiliates	6	6
Goodwill	2,625	2,625
Receivables from affiliates	2,551	2,469
Prepaid pension asset	1,588	1,583
Other	278	291
Total deferred debits and other assets	7,976	7,912
Total assets	$ 24,845	$ 24,118

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COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2014 (Unaudited)	December 31, 2013
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings	$ 528	$ 184
Long-term debt due within one year	260	617
Accounts payable	571	449
Accrued expenses	254	307
Payables to affiliates	28	83
Customer deposits	128	133
Regulatory liabilities	187	170
Deferred income taxes	117	16
Mark-to-market derivative liability	14	17
Other	73	72
Total current liabilities	2,160	2,048
Long-term debt	5,448	5,058
Long-term debt to financing trust	206	206
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	4,170	4,116
Asset retirement obligations	103	99
Non-pension postretirement benefits obligations	278	381
Regulatory liabilities	3,643	3,512
Mark-to-market derivative liability	164	176
Other	868	994
Total deferred credits and other liabilities	9,226	9,278
Total liabilities	17,040	16,590
Commitments and contingencies		
Shareholders' equity		
Common stock	1,588	1,588
Other paid-in capital	5,362	5,190
Retained earnings	855	750
Total shareholders' equity	7,805	7,528
Total liabilities and shareholders' equity	$ 24,845	$ 24,118

See the Combined Notes to Consolidated Financial Statements

COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

(In millions)	Common Stock	Other Paid-In Capital	Retained Deficit Unappropriated	Retained Earnings Appropriated	Total Shareholders' Equity
Balance, December 31, 2013	$ 1,588	$ 5,190	$ (1,639)	$ 2,389	$ 7,528
Net income	—	—	335	—	335
Appropriation of retained earnings for future dividends	—	—	(335)	335	—
Common stock dividends	—	—	—	(230)	(230)
Contribution from parent	—	168	—	—	168
Parent tax matter indemnification	—	4	—	—	4
Balance, September 30, 2014	$ 1,588	$ 5,362	$ (1,639)	$ 2,494	$ 7,805

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PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2014	2013	2014	2013
Operating revenues				
Operating revenues	$ 693	$ 727	$ 2,342	$ 2,294
Operating revenues from affiliates	—	1	1	1
Total operating revenues	693	728	2,343	2,295
Operating expenses				
Purchased power and fuel	228	207	798	632
Purchased power from affiliate	27	82	162	321
Operating and maintenance	181	162	597	480
Operating and maintenance from affiliates	23	24	71	74
Depreciation and amortization	59	57	176	171
Taxes other than income	42	41	122	121
Total operating expenses	560	573	1,926	1,799
Operating income	133	155	417	496
Other income and (deductions)				
Interest expense	(26)	(26)	(76)	(77)
Interest expense to affiliates, net	(3)	(3)	(9)	(9)
Other, net	2	1	5	4
Total other income and (deductions)	(27)	(28)	(80)	(82)
Income before income taxes	106	127	337	414
Income taxes	25	35	82	122
Net income	81	92	255	292
Preferred security dividends and redemption	—	—	—	7
Net income attributable to common shareholder	$ 81	$ 92	$ 255	$ 285
Comprehensive income	$ 81	$ 92	$ 255	$ 292

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PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Nine Months Ended September 30, 2014	2013
Cash flows from operating activities		
Net income	$ 255	$ 292
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation, amortization and accretion	176	171
Deferred income taxes and amortization of investment tax credits	7	35
Other non-cash operating activities	70	84
Changes in assets and liabilities:		
Accounts receivable	63	41
Receivables from and payables to affiliates, net	(20)	(25)
Inventories	5	4
Accounts payable, accrued expenses and other current liabilities	19	9
Income taxes	16	66
Pension and non-pension postretirement benefit contributions	(12)	(10)
Other assets and liabilities	(75)	(47)
Net cash flows provided by operating activities	504	620
Cash flows from investing activities		
Capital expenditures	(461)	(374)
Changes in intercompany money pool	—	(1)
Change in restricted cash	—	(1)
Other investing activities	9	8
Net cash flows used in investing activities	(452)	(368)
Cash flows from financing activities		
Payment of accounts receivable agreement	—	(210)
Issuance of long-term debt	300	550
Contributions from parent	24	—
Dividends paid on common stock	(240)	(248)
Dividends paid on preferred securities	—	(1)
Redemption of preferred securities	—	(93)
Other financing activities	(7)	(3)
Net cash flows provided by (used in) financing activities	77	(5)
Increase in cash and cash equivalents	129	247
Cash and cash equivalents at beginning of period	217	362
Cash and cash equivalents at end of period	$ 346	$ 609

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PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2014 (Unaudited)	December 31, 2013
ASSETS		
Current assets		
Cash and cash equivalents	$ 346	$ 217
Restricted cash and cash equivalents	2	2
Accounts receivable, net		
Customer	258	360
Other	105	103
Receivables from affiliates	3	4
Inventories, net		
Fossil fuel	52	60
Materials and supplies	24	21
Deferred income taxes	83	83
Prepaid utility taxes	44	3
Regulatory assets	21	17
Other	44	36
Total current assets	982	906
Property, plant and equipment, net	6,648	6,384
Deferred debits and other assets		
Regulatory assets	1,520	1,448
Investments	23	23
Investments in affiliates	8	8
Receivable from affiliates	479	447
Prepaid pension asset	352	363
Other	39	38
Total deferred debits and other assets	2,421	2,327
Total assets	$ 10,051	$ 9,617

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PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2014 (Unaudited)	December 31, 2013
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Long-term debt due within one year	$ 250	$ 250
Accounts payable	303	285
Accrued expenses	121	106
Payables to affiliates	38	58
Customer deposits	53	49
Regulatory liabilities	79	106
Other	26	37
Total current liabilities	870	891
Long-term debt	2,246	1,947
Long-term debt to financing trusts	184	184
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	2,574	2,487
Asset retirement obligations	30	29
Non-pension postretirement benefits obligations	291	286
Regulatory liabilities	655	629
Other	97	99
Total deferred credits and other liabilities	3,647	3,530
Total liabilities	6,947	6,552
Commitments and contingencies		
Shareholder's equity		
Common stock	2,439	2,415
Retained earnings	664	649
Accumulated other comprehensive income, net	1	1
Total shareholder's equity	3,104	3,065
Total liabilities and shareholder's equity	$ 10,051	$ 9,617

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PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
(Unaudited)

(In millions)	Common Stock	Retained Earnings	Accumulated Other Comprehensive Income, net	Total Shareholder's Equity
Balance, December 31, 2013	$ 2,415	$ 649	$ 1	$ 3,065
Net income	—	255	—	255
Common stock dividends	—	(240)	—	(240)
Allocation of tax benefit from parent	$ 24	$ —	$ —	$ 24
Balance, September 30, 2014	$ 2,439	$ 664	$ 1	$ 3,104

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BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2014	2013	2014	2013
Operating revenues				
Operating revenues	$ 694	$ 735	$ 2,383	$ 2,261
Operating revenues from affiliates	3	2	21	10
Total operating revenues	697	737	2,404	2,271
Operating expenses				
Purchased power and fuel	216	202	808	703
Purchased power from affiliate	81	144	286	356
Operating and maintenance	142	125	468	391
Operating and maintenance from affiliates	23	21	73	59
Depreciation and amortization	78	78	275	252
Taxes other than income	55	53	168	162
Total operating expenses	595	623	2,078	1,923
Operating income	102	114	326	348
Other income and (deductions)				
Interest expense	(22)	(25)	(69)	(82)
Interest expense to affiliates, net	(4)	(4)	(12)	(12)
Other, net	4	4	14	13
Total other income and (deductions)	(22)	(25)	(67)	(81)
Income before income taxes	80	89	259	267
Income taxes	31	36	103	107
Net income	49	53	156	160
Preference stock dividends	3	3	10	10
Net income attributable to common shareholder	$ 46	$ 50	$ 146	$ 150
Comprehensive income	$ 49	$ 53	$ 156	$ 160

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BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Nine Months Ended September 30, 2014	2013
Cash flows from operating activities		
Net income	$ 156	$ 160
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation, amortization and accretion	275	252
Deferred income taxes and amortization of investment tax credits	57	105
Other non-cash operating activities	129	105
Changes in assets and liabilities:		
Accounts receivable	101	(28)
Receivables from and payables to affiliates, net	(11)	(12)
Inventories	(21)	(15)
Accounts payable, accrued expenses and other current liabilities	(50)	(5)
Counterparty collateral received, net	16	—
Income taxes	53	6
Pension and non-pension postretirement benefit contributions	(13)	(16)
Other assets and liabilities	(67)	(119)
Net cash flows provided by operating activities	625	433
Cash flows from investing activities		
Capital expenditures	(458)	(391)
Change in restricted cash	(37)	(20)
Other investing activities	15	2
Net cash flows used in investing activities	(480)	(409)
Cash flows from financing activities		
Changes in short-term borrowings	(115)	40
Issuance of long-term debt	—	300
Retirement of long-term debt	(35)	(433)
Dividends paid on preference stock	(10)	(10)
Other financing activities	11	(3)
Net cash flows used in financing activities	(149)	(106)
Decrease in cash and cash equivalents	(4)	(82)
Cash and cash equivalents at beginning of period	31	89
Cash and cash equivalents at end of period	$ 27	$ 7

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BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2014 (Unaudited)	December 31, 2013
ASSETS		
Current assets		
Cash and cash equivalents	$ 27	$ 31
Restricted cash and cash equivalents	65	28
Accounts receivable, net		
Customer	366	480
Other	90	114
Income taxes receivable	—	30
Inventories, net		
Gas held in storage	68	53
Materials and supplies	34	28
Deferred income taxes	5	2
Prepaid utility taxes	2	57
Regulatory assets	206	181
Other	6	7
Total current assets	869	1,011
Property, plant and equipment, net	6,126	5,864
Deferred debits and other assets		
Regulatory assets	500	524
Investments	4	5
Investments in affiliates	8	8
Prepaid pension asset	382	423
Other	26	26
Total deferred debits and other assets	920	986
Total assets [a]	$ 7,915	$ 7,861

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BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2014 (Unaudited)	December 31, 2013
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings	$ 20	$ 135
Long-term debt due within one year	72	70
Accounts payable	207	270
Accrued expenses	167	111
Deferred income taxes	52	27
Payables to affiliates	56	55
Customer deposits	93	76
Regulatory liabilities	45	48
Other	45	35
Total current liabilities	757	827
Long-term debt	1,904	1,941
Long-term debt to financing trust	258	258
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	1,805	1,773
Asset retirement obligations	18	19
Non-pension postretirement benefits obligations	213	217
Regulatory liabilities	199	204
Other	60	67
Total deferred credits and other liabilities	2,295	2,280
Total liabilities [(a)]	5,214	5,306
Commitments and contingencies		
Shareholders' equity		
Common stock	1,360	1,360
Retained earnings	1,151	1,005
Total shareholder's equity	2,511	2,365
Preference stock not subject to mandatory redemption	190	190
Total equity	2,701	2,555
Total liabilities and shareholders' equity	$ 7,915	$ 7,861

(a) BGE's consolidated assets include $50 million and $31 million at September 30, 2014 and December 31, 2013, respectively, of BGE's consolidated VIE that can only be used to settle the liabilities of the VIE. BGE's consolidated liabilities include $237 million and $269 million at September 30, 2014 and December 31, 2013, respectively, of BGE's consolidated VIE for which the VIE creditors do not have recourse to BGE. See Note 3 — Variable Interest Entities.

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BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

(In millions)	Common Stock	Retained Earnings	Total Shareholders' Equity	Preference stock not subject to mandatory redemption	Total Equity
Balance, December 31, 2013	$ 1,360	$ 1,005	$ 2,365	$ 190	$ 2,555
Net income	—	156	156	—	156
Preference stock dividends	—	(10)	(10)	—	(10)
Balance, September 30, 2014	$ 1,360	$ 1,151	$ 2,511	$ 190	$ 2,701

See the Combined Notes to Consolidated Financial Statements

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in millions, except per share data, unless otherwise noted)

1. Basis of Presentation (Exelon, Generation, ComEd, PECO and BGE)

Exelon is a utility services holding company engaged through its principal subsidiaries in the energy generation and energy distribution businesses. On April 1, 2014, Generation assumed the operating licenses and corresponding operational control of CENG's nuclear fleet. As a result, Exelon and Generation consolidated CENG's financial position and results of operations into their businesses. Prior to April 1, 2014, Exelon and Generation accounted for CENG as an equity method investment. Refer to Note 6 — Investment in Constellation Energy Nuclear Group, LLC for further information regarding the integration transaction.

The energy generation business includes:

- *Generation* : Physical delivery and marketing of owned and contracted electric generation capacity and provision of renewable and other energy-related products and services, and natural gas exploration and production activities. Generation has six reportable segments consisting of the Mid-Atlantic, Midwest, New England, New York, ERCOT and Other regions.

The energy delivery businesses include:

- *ComEd* : Purchase and regulated retail sale of electricity and the provision of distribution and transmission services in northern Illinois, including the City of Chicago.
- *PECO* : Purchase and regulated retail sale of electricity and the provision of distribution and transmission services in southeastern Pennsylvania, including the City of Philadelphia, and the purchase and regulated retail sale of natural gas and the provision of distribution services in the Pennsylvania counties surrounding the City of Philadelphia.
- *BGE* : Purchase and regulated retail sale of electricity and the provision of distribution and transmission services in central Maryland, including the City of Baltimore, and the purchase and regulated retail sale of natural gas and the provision of distribution services in central Maryland, including the City of Baltimore.

Each of the Registrant's Consolidated Financial Statements includes the accounts of its subsidiaries. All intercompany transactions have been eliminated.

Certain prior year amounts in ComEd's and PECO's Consolidated Balance Sheets have been reclassified between line items for comparative purposes. The reclassifications did not affect any of the Registrants' net income or cash flows from operating activities.

Certain prior year amounts in the Exelon, Generation and BGE Consolidated Statement of Operations have been reclassified between line items for correction of prior period classification errors. Exelon corrected the presentation of Purchased power and fuel from affiliates of $339 million and $944 million on its Statements of Operations and Comprehensive Income for the three and nine months ended September 30, 2013, respectively. Generation corrected the presentation of Purchased power and fuel from affiliates of $342 million and $953 million on its Statements of Operations and Comprehensive Income for the three and nine months ended September 30, 2013, respectively. Generation also corrected the presentation of Interest expense to affiliates, net of $13 million and $47 million on its Statement of Operations and Comprehensive Income for the three and nine months ended September 30, 2013, respectively. BGE corrected its presentation of Interest expense to affiliates, net of $4 million and $12 million on the Statement of Operations and Comprehensive Income for the three and nine months ended September 30, 2013, respectively.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The accompanying consolidated financial statements as of September 30, 2014 and 2013 and for the nine months then ended are unaudited but, in the opinion of the management of each Registrant include all adjustments that are considered necessary for a fair statement of the Registrants' respective financial statements in accordance with GAAP. All adjustments are of a normal, recurring nature, except as otherwise disclosed. The December 31, 2013 Consolidated Balance Sheets were obtained from audited financial statements. Financial results for interim periods are not necessarily indicative of results that may be expected for any other interim period or for the fiscal year ending December 31, 2014. These Combined Notes to Consolidated Financial Statements have been prepared pursuant to the rules and regulations of the SEC for Quarterly Reports on Form 10-Q. Certain information and note disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. These notes should be read in conjunction with the Notes to Combined Consolidated Financial Statements of all Registrants included in ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA of their respective 2013 Form 10-K Reports.

2. New Accounting Pronouncements (Exelon, Generation, ComEd, PECO and BGE)

The following recently issued accounting standards were adopted by or are effective for the Registrants during 2014.

Presentation of Unrecognized Tax Benefits When Net Operating Loss Carryforwards, Similar Tax Losses or Tax Credit Carryforwards Exist

In July 2013, the FASB issued authoritative guidance requiring entities to present unrecognized tax benefits as a reduction to deferred tax assets for losses or other tax carryforwards that would be available to offset the uncertain tax positions at the reporting date. This guidance was effective for the Registrants for periods beginning after December 15, 2013 and was required to be applied prospectively. The adoption of this standard had an immaterial effect on the presentation of deferred tax assets at Exelon and Generation and no effect on ComEd, PECO and BGE. There was no effect on the Registrants' results of operations or cash flows.

The following recently issued accounting standards are not yet required to be reflected in the combined financial statements of the Registrants.

Revenue from Contracts with Customers

In May 2014, the FASB issued authoritative guidance that changes the criteria for recognizing revenue from a contract with a customer. The new guidance replaces existing guidance on revenue recognition, including most industry specific guidance, with a five step model for recognizing and measuring revenue from contracts with customers. The objective of the new standard is to provide a single, comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, across industries and across capital markets. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The guidance also requires a number of disclosures regarding the nature, amount, timing and uncertainty of revenue and the related cash flows. The guidance is effective for the Registrants for the first interim period within annual reporting periods beginning on or after December 15, 2016. Early adoption is not permitted. The guidance can be applied retrospectively to each prior reporting period presented (full retrospective method) or retrospectively with a cumulative effect adjustment to retained earnings for initial application of the guidance at the date of initial adoption (modified retrospective method). The Registrants are currently assessing the impacts this guidance may have on their financial positions, results of operations, cash flows and disclosures as well as the transition method that they will use to adopt the guidance.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

3. Variable Interest Entities (Exelon, Generation, ComEd, PECO and BGE)

Under the applicable authoritative guidance, a VIE is a legal entity that possesses any of the following characteristics: an insufficient amount of equity at risk to finance its activities, equity owners who do not have the power to direct the significant activities of the entity (or have voting rights that are disproportionate to their ownership interest), or equity owners who do not have the obligation to absorb expected losses or the right to receive the expected residual returns of the entity. Companies are required to consolidate a VIE if they are its primary beneficiary, which is the enterprise that has the power to direct the activities that most significantly affect the entity's economic performance.

At September 30, 2014 and December 31, 2013, Exelon, Generation, and BGE collectively consolidated six and four VIEs or VIE groups, respectively, for which the applicable Registrant was the primary beneficiary *(see Consolidated Variable Interest Entities below)* . As of September 30, 2014 and December 31, 2013, the Registrants had significant interests in eight other VIEs for which the Registrants do not have the power to direct the entities' activities and, accordingly, were not the primary beneficiary.

Through March 31, 2014, CENG was operated as a joint venture with EDF Inc. (EDFI) (a subsidiary of EDF) and was governed by a board of ten directors, five of which were appointed by Generation and five by EDF. CENG was designed to operate under joint and equal control of Generation and EDFI through the Board of Directors, subject to the Chairman of the Board's final decision making authority on certain special matters; therefore, CENG was not subject to VIE guidance. Accordingly, Generation's 50.01% interest in CENG was accounted for as an equity method investment. On April 1, 2014, Generation, CENG, and subsidiaries of CENG executed the Nuclear Operating Services Agreement (NOSA) pursuant to which Generation now conducts all activities associated with the operations of the CENG fleet and provides corporate and administrative services to CENG and the CENG fleet for the remaining life of the CENG nuclear plants as if they were a part of the Generation nuclear fleet, subject to the CENG member rights of EDFI. As a result of executing the NOSA, CENG now qualifies as a VIE due to the disproportionate relationship between Generation's 50.01% equity ownership interest and its role in conducting the operational activities of CENG and the CENG fleet conveyed through the NOSA. Further, since Generation is conducting the operational activities of CENG and the CENG fleet, Generation qualifies as the primary beneficiary of CENG and, therefore, is required to consolidate the financial position and results of operations of CENG. On April 1, 2014, Exelon and Generation derecognized Generation's equity method investment in CENG and reflected all assets, liabilities, and the EDFI noncontrolling interest in CENG at fair value on the consolidated balance sheets of Exelon and Generation, resulting in the recognition of a $261 million gain in their respective consolidated statements of operations and comprehensive income for the nine months ended September 30, 2014. For additional information on this transaction refer to Note 6 — Investment in Constellation Energy Nuclear Group, LLC.

In March 2014, Generation began consolidating retail power VIEs for which Generation is the primary beneficiary as a result of energy supply contracts that give Generation the power to direct the activities that most significantly affect the economic performance of the entities. Generation does not have an equity ownership interest in these entities. These entities are included in Generation's consolidated financial statements, and the consolidation of the VIEs does not have a material impact on Generation's financial results or financial condition.

Consolidated Variable Interest Entities

Exelon, Generation and BGE's consolidated VIEs consist of:

- BondCo, a special purpose bankruptcy remote limited liability company formed by BGE to acquire, hold, and issue and service bonds secured by rate stabilization property,

- a retail gas group formed by Generation to enter into a collateralized gas supply agreement with a third-party gas supplier,
- a group of solar project limited liability companies formed by Generation to build, own and operate solar power facilities,
- several wind project companies designed by Generation to develop, construct and operate wind generation facilities,
- certain retail power companies for which Generation is the sole supplier of energy, and
- CENG.

As of September 30, 2014 and December 31, 2013, ComEd and PECO do not have any material consolidated VIEs.

As of September 30, 2014 and December 31, 2013, Exelon, Generation, and BGE provided the following support to their respective consolidated VIEs:

- In the case of BondCo, BGE is required to remit all payments it receives from all residential customers through non-bypassable, rate stabilization charges to BondCo. During the three and nine months ended September 30, 2014, BGE remitted $21 million and $63 million, respectively, to BondCo. During the three and nine months ended September 30, 2013, BGE remitted $24 million and $63 million, respectively, to BondCo.
- Generation provides operating and capital funding to the solar entities for ongoing construction, operations and maintenance of the solar power facilities and provides limited recourse related to the Antelope Valley project.
- Generation and Exelon, where indicated, provide the following support to CENG (see Note 25 — Related Party Transactions of the Exelon 2013 Form 10-K and Note 6 — Investment in Constellation Energy Nuclear Group, LLC for additional information regarding Generation and Exelon's transactions with CENG):
  - under the NOSA, Generation conducts all activities related to the operation of the CENG nuclear generation fleet owned by CENG subsidiaries (the CENG fleet) and provides corporate and administrative services for the remaining life and decommissioning of the CENG nuclear plants as if they were a part of the Generation nuclear fleet, subject to the CENG member rights of EDFI,
  - under the Power Services Agency Agreement (PSAA), Generation provides scheduling, asset management, and billing services to the CENG fleet for the remaining operating life of the CENG nuclear plants,
  - under power purchase agreements with CENG, Generation will purchase 85% of the available output generated by the CENG nuclear plants for the remainder of 2014 and 50.01% from 2015 through the end of the operating life of each respective plant,
  - Generation provided a $400 million loan to CENG (see Note 6 — Investment in Constellation Energy Nuclear Group, LLC for more details),
  - Generation executed an Indemnity Agreement pursuant to which Generation agreed to indemnify EDF and its affiliates against third-party claims that may arise from any future nuclear incident (as defined in the Price Anderson Act) in connection with the CENG nuclear plants or their operations. Exelon guarantees Generation's obligations under this Indemnity Agreement. (See Note 18 — Commitments and Contingencies for more details),

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- in connection with CENG's severance obligations, Generation has agreed to reimburse CENG for a total of approximately $6 million of the severance benefits paid or to be paid in 2013 through 2016. As of September 30, 2014, the remaining obligation is approximately $4 million,
- Generation and EDFI share in the $637 million of contingent payment obligations for the payment of contingent retrospective premium adjustments for the nuclear liability insurance (see Note 18 — Commitments and Contingencies for more details),
- Generation provides a guarantee of approximately $7 million associated with hazardous waste management facilities and underground storage tanks. In addition, EDFI executed a reimbursement agreement that provides reimbursement to Exelon for 49.99% of any amounts paid by Generation under this guarantee,
- Generation and EDFI are the members-insured with Nuclear Electric Insurance Limited and have assigned the loss benefits under the insurance and the NEIL premium costs to CENG and guarantee the obligations of CENG under these insurance programs in proportion to their respective member interests (see Note 18 — Commitments and Contingencies for more details), and
- Exelon has executed an agreement to provide up to $245 million to support the operations of CENG as well as a $165 million guarantee of CENG's cash pooling agreement with its subsidiaries.

- Generation provides approximately $4 million in credit support for the retail power companies for which Generation is the sole supplier of energy, and
- Generation provides a $75 million parental guarantee to the third-party gas supplier in support of its retail gas group.

For each of the consolidated VIEs, except as otherwise noted:

- The assets of the VIEs are restricted and can only be used to settle obligations of the respective VIE;
- Exelon, Generation and BGE did not provide any additional material financial support to the VIEs;
- Exelon, Generation and BGE did not have any material contractual commitments or obligations to provide financial support to the VIEs; and
- the creditors of the VIEs did not have recourse to Exelon's, Generation's or BGE's general credit.

The carrying amounts and classification of the consolidated VIEs' assets and liabilities included in Exelon's, Generation's, and BGE's consolidated financial statements at September 30, 2014 and December 31, 2013 are as follows:

	September 30, 2014			December 31, 2013		
	Exelon [(a)(b)]	Generation [(b)]	BGE	Exelon [(a)]	Generation	BGE
Current assets	$ 1,071	$ 1,018	$ 47	$ 484	$ 446	$ 28
Noncurrent assets	7,384	7,367	3	1,905	1,884	3
Total assets	$ 8,455	$ 8,385	$ 50	$ 2,389	$ 2,330	$ 31
Current liabilities	$ 545	$ 460	$ 79	$ 566	$ 481	$ 74
Noncurrent liabilities	2,671	2,499	158	774	562	195
Total liabilities	$ 3,216	$ 2,959	$237	$ 1,340	$ 1,043	$269

(a) Includes certain purchase accounting adjustments not pushed down to the BGE standalone entity.
(b) Includes total assets of $6.0 billion and total liabilities of $2.0 billion due to the consolidation of CENG beginning April 1, 2014. See Note 6 — Investment in Constellation Energy Nuclear Group, LLC for additional information.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
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Included within the balances above are assets and liabilities of certain consolidated VIEs for which the assets can only be used to settle obligations of those VIEs, and liabilities that creditors, or beneficiaries, do not have recourse to the general credit of the Registrants. As of September 30, 2014 and December 31, 2013, these assets and liabilities primarily consisted of the following:

	September 30, 2014			December 31, 2013		
	Exelon	Generation	BGE	Exelon	Generation	BGE
Cash and cash equivalents	$ 372	$ 372	$ —	$ 62	$ 62	$ —
Restricted cash	142	95	47	80	52	28
Accounts receivable, net						
Customer	213	213	—	260	260	—
Other	53	53	—	—	—	—
Mark-to-market derivatives assets	40	40	—	21	21	—
Inventory						
Materials and supplies	171	171	—	—	—	—
Other current assets	53	47	—	34	23	—
Total current assets	1,044	991	47	457	418	28
Property, plant and equipment, net	4,517	4,517	—	1,171	1,171	—
Nuclear decommissioning trust funds	2,034	2,034	—	—	—	—
Goodwill	46	46	—	—	—	—
Other noncurrent assets	132	115	3	127	106	3
Total noncurrent assets	6,729	6,712	3	1,298	1,277	3
Total assets	$7,773	$ 7,703	$ 50	$1,755	$ 1,695	$ 31
Short-term borrowings	$ 1	$ 1	$ —	$ —	$ —	$ —
Long-term debt due within one year	83	5	72	85	5	70
Accounts payable	264	264	—	170	170	—
Accrued expenses	78	72	7	26	22	4
Mark-to-market derivative liabilities	18	18	—	29	29	—
Other current liabilities	53	53	—	10	10	—
Total current liabilities	497	413	79	320	236	74
Long-term debt	256	84	158	298	86	195
Asset retirement obligations	1,654	1,654	—	—	—	—
Pension obligation [(a)]	8	8	—	—	—	—
Other noncurrent liabilities	179	179	—	40	40	—
Noncurrent liabilities	2,097	1,925	158	338	126	195
Total liabilities	$2,594	$ 2,338	$237	$ 658	$ 362	$269

(a) Includes the CNEG retail gas' pension obligation, which is presented as a net asset balance within the Prepaid Pension asset line item on Generation's balance sheet. See Note — 13 - Retirement Benefits for additional details.

Unconsolidated Variable Interest Entities

Exelon's and Generation's variable interests in unconsolidated VIEs generally include equity investments and energy purchase and sale contracts. For the equity investments, the carrying amount of the investments is reflected on Exelon's and Generation's Consolidated Balance Sheets in Investments in affiliates, Investments, and Other assets. For the energy purchase and sale contracts and the fuel purchase commitments (commercial

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
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agreements), the carrying amount of assets and liabilities in Exelon's and Generation's Consolidated Balance Sheets that relate to their involvement with the VIEs are predominately related to working capital accounts and generally represent the amounts owed by, or owed to, Exelon and Generation for the deliveries associated with the current billing cycles under the commercial agreements. Further, Exelon and Generation have not provided material debt or equity support, liquidity arrangements or performance guarantees associated with these commercial agreements.

The Registrants' unconsolidated VIEs consist of:

- Energy purchase and sale agreements with VIEs for which Generation has concluded that consolidation is not required.
- ZionSolutions, LLC asset sale agreement with EnergySolutions, Inc. and certain subsidiaries in which Generation has a variable interest but has concluded that consolidation is not required.
- Equity investments in energy development projects and energy generating facilities for which Generation has concluded that consolidation is not required.

As of September 30, 2014 and December 31, 2013, Exelon and Generation had significant unconsolidated variable interests in eight VIEs for which Exelon or Generation, as applicable, was not the primary beneficiary; including certain equity method investments and certain commercial agreements. The number of unconsolidated VIEs did not change overall; however, during the nine months ended September 30, 2014 Generation made an investment in a new unconsolidated VIE and executed an energy purchase and sale agreement with a new unconsolidated VIE, offset by the sale of Generation's ownership interest in two unconsolidated VIEs. The following tables present summary information about Exelon and Generation's significant unconsolidated VIE entities:

September 30, 2014	Commercial Agreement VIEs	Equity Investment VIEs	Total
Total assets [a]	$ 115	$ 307	$422
Total liabilities [a]	2	115	117
Exelon's ownership interest in VIE [a]	—	62	62
Other ownership interests in VIE [a]	113	130	243
Registrants' maximum exposure to loss:			
Carrying amount of equity method investments	—	66	66
Contract intangible asset	9	—	9
Debt and payment guarantees	—	3	3
Net assets pledged for Zion Station decommissioning [b]	31	—	31

December 31, 2013	Commercial Agreement VIEs	Equity Investment VIEs	Total
Total assets [a]	$ 128	$ 332	$460
Total liabilities [a]	17	123	140
Exelon's ownership interest in VIE [a]	—	86	86
Other ownership interests in VIE [a]	111	123	234
Registrants' maximum exposure to loss:			
Carrying amount of equity method investments	7	67	74
Contract intangible asset	9	—	9
Debt and payment guarantees	—	5	5
Net assets pledged for Zion Station decommissioning [b]	44	—	44

(a) These items represent amounts on the unconsolidated VIE balance sheets, not on Exelon's or Generation's Consolidated Balance Sheets. These items are included to provide information regarding the relative size of the unconsolidated VIEs.
(b) These items represent amounts on Exelon's and Generation's Consolidated Balance Sheets related to the asset sale agreement with ZionSolutions, LLC. The net assets pledged for Zion Station decommissioning includes gross pledged assets of $365 million and $458 million as of September 30, 2014 and December 31, 2013, respectively; offset by payables to ZionSolutions LLC of $334 million and $414 million as of September 30, 2014 and December 31, 2013, respectively. These items are included to provide information regarding the relative size of the ZionSolutions LLC unconsolidated VIE.

For each of the unconsolidated VIEs, Exelon and Generation assess the risk of a loss equal to their maximum exposure to be remote and, accordingly, Exelon and Generation have not recognized a liability associated with any portion of the maximum exposure to loss. In addition, there are no material agreements with, or commitments by, third parties that would affect the fair value or risk of their variable interests in these VIEs.

4. Mergers, Acquisitions and Dispositions

Proposed Merger with Pepco Holdings, Inc. (Exelon)

Description of Transaction

On April 29, 2014, Exelon and Pepco Holdings, Inc. (PHI) signed an agreement and plan of merger (as subsequently amended and restated as of July 18, 2014, the Merger Agreement) to combine the two companies in an all cash transaction. The resulting company will retain the Exelon name and be headquartered in Chicago. Under the Merger Agreement, PHI's shareholders will receive $27.25 of cash in exchange for each share of PHI common stock. In connection with the Merger Agreement, Exelon entered into a subscription agreement under which it purchased $90 million of a new class of nonvoting, nonconvertible and nontransferable preferred securities of PHI, in the second quarter of 2014, with additional investments of $18 million to be made quarterly up to a maximum aggregate investment of $180 million. PHI has the right to redeem the preferred securities at its option for the purchase price paid plus accrued dividends, if any. The $108 million of PHI preferred securities are included in Other non-current assets on Exelon's Consolidated Balance Sheet as of September 30, 2014. Exelon expects total cash required to fund the acquisition of common stock and preferred securities plus other related acquisition costs to total approximately $7.2 billion.

On September 23, 2014, PHI stockholders overwhelmingly approved the merger of PHI and Exelon. Completion of the transaction is also conditioned upon approval by the FERC and the public service commissions of the District of Columbia, Delaware, New Jersey and Virginia. Under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (HSR Act), the transaction cannot be completed until Exelon has made required notifications and given certain information and materials to the Antitrust Division of the DOJ and until specified waiting period requirements have expired. In addition, the transfer of certain PHI communications licenses requires approval by the Federal Communication Commission.

During the second quarter of 2014, Exelon and PHI ("Joint Applicants") filed approval applications with the FERC and the public service commissions of the District of Columbia, Delaware, New Jersey and Virginia. On August 19, 2014, the Joint Applicants filed their approval application in Maryland. The Joint Applicants also filed notifications with the DOJ in compliance with the requirements of the HSR Act. Exelon's notification was voluntarily withdrawn and refiled in the third quarter.

On October 7, 2014, the Virginia State Corporation Commission issued its Order, granting approval to transfer control of Delmarva Power & Light Company and Potomac Electric Power Company to Exelon. FERC approval is expected in the fourth quarter of 2014, while procedural schedules have been set in the remaining state commission proceedings and final approval decisions are expected in the first half of 2015.

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On October 9, 2014, PHI and Exelon each received a request for additional information from the DOJ. The request has the effect of extending the DOJ review period until 30 days after PHI and Exelon each has certified that it has substantially complied with the request. Exelon and PHI will continue to work cooperatively with the DOJ as it conducts its review of the proposed merger.

Exelon and PHI continue to expect to complete the merger in the second or third quarter of 2015.

Exelon has been named in suits filed in the Delaware Chancery Court alleging that individual directors of PHI breached their fiduciary duties by entering into the proposed merger transaction and Exelon aided and abetted the individual directors' breaches. The suits seek to enjoin PHI from completing the merger or seek rescission of the merger if completed. In addition, they also seek unspecified damages and costs. In September 2014, the parties reached a proposed settlement which is subject to court approval. Final court approval of the proposed settlement is not expected to occur until the second quarter of 2015, at the earliest. Exelon has also been named in a federal court case with similar claims and is in the process of negotiating a settlement. Exelon intends to vigorously defend these suits. Exelon does not believe these suits will impact the completion of the transaction, and they are not expected to have a material impact on Exelon's results of operations.

Through September 30, 2014, Exelon has incurred approximately $57 million of expense associated with the transaction, primarily related to acquisition and integration costs. As part of the applications for approval of the merger, Exelon and PHI have proposed a package of benefits to the PHI utilities' respective customers, which would result in a direct investment of more than $100 million. The Merger Agreement also provides for termination rights on behalf of both parties. Under certain circumstances, if the Merger Agreement is terminated, PHI may be required to pay Exelon a termination fee ranging from $259 million to $293 million plus certain expenses. If the Merger Agreement does not close due to a regulatory failure, Exelon may be required to pay PHI a termination fee equal to the amount of purchased nonvoting preferred securities of PHI described above, as a result of PHI redeeming the outstanding nonvoting preferred securities for no consideration other than the nominal par value of the stock.

Merger Financing

Exelon intends to fund the all-cash transaction using a combination of approximately $3.5 billion of debt, up to $1.0 billion in cash from asset sales primarily at Generation, and the remainder through issuance of equity (including mandatory convertible securities). On June 11, 2014, Exelon marketed an equity offering of 57.5 million shares of its common stock at a public offering price of $35 per share in connection with forward sales agreements and $1.2 billion of junior subordinated notes in the form of 23 million equity units. In addition, Exelon signed a 364-day $7.2 billion senior unsecured bridge credit facility to support the contemplated transaction and provide flexibility for timing of permanent financing, which has subsequently been reduced to a $3.9 billion facility as a result of the equity issuances and applicable asset divestitures. See Note 10 — Debt and Credit Agreements and Note 16 — Common Stock for more information.

Integrys Energy Group, Inc. (Exelon and Generation)

On July 29, 2014, Generation entered into a Stock Purchase Agreement (the Purchase Agreement) with Integrys Energy Group, Inc. (Integrys). Pursuant to the Purchase Agreement, Integrys agreed to sell its competitive retail electric and natural gas businesses through a sale of all of the stock of its wholly-owned subsidiary, Integrys Energy Services, Inc. (IES), to Generation for an all cash purchase price of $60 million plus adjusted net working capital at the time of the closing. IES's adjusted net working capital balance was approximately $260 million as of September 30, 2014. Pursuant to the Purchase Agreement, Generation has agreed to use its commercially reasonable efforts to replace the guarantees and other credit support currently

being provided by Integrys for IES in support of the ongoing competitive retail businesses and to reimburse Integrys for any payments arising pursuant to such arrangements continuing for any post-closing period. The generation and solar asset businesses of IES are excluded from the transaction.

The transaction is expected to close November 1, 2014. The closing of the transaction is subject to certain conditions, including, among others, approval by the FERC and expiration or termination of the applicable waiting period under the HSR Act. The FERC approved the sale of IES to Exelon on September 16, 2014; additionally, the DOJ granted early termination of the HSR Act waiting period effective October 10, 2014. Either party may terminate the Purchase Agreement if the transaction has not been consummated within 6 months after the date of the Purchase Agreement. The Purchase Agreement also includes various representations, warranties, covenants, indemnification and other provisions customary for a transaction of this nature. The total costs directly related to the closing of the transaction are not expected to have a material impact on the financial results of Exelon and Generation.

Asset Divestitures (Exelon and Generation)

As of September 30, 2014, Generation had entered into agreements with various counterparties to divest certain generating assets with total expected pre-tax proceeds of $1.3 billion (approximately $975 million after-tax) which are expected to be used primarily to finance a portion of the acquisition of PHI. The net book value of these assets was approximately $900 million.

On August 8, 2014 Generation closed on the sale of its 67% economic equity interest in the 417 MW Safe Harbor Water Power Corporation hydroelectric facility on the Susquehanna River in Pennsylvania for a purchase price of approximately $615 million. Generation recorded a pre-tax gain on the sale of approximately $329 million within Other, net on Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income.

During the third quarter of 2014, Generation also entered into purchase and sale agreements with separate counterparties to divest the following long-lived assets:

Station	Net Generation Capacity	Location	Operating Segment
Fore River	726 MW	North Weymouth, MA	New England
West Valley	185 MW	Salt Lake City, UT	Other
Quail Run	488 MW	Odessa, TX	ERCOT

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The assets and liabilities of the three power plants are reported as Assets held for sale and within Other current liabilities on Exelon's and Generation's Consolidated Balance Sheets. The table below presents the major classes of assets and liabilities held for sale at September 30, 2014.

	September 30, 2014
Assets:	
Property, plant and equipment, net [(a)]	$ 617
Inventory	31
Current assets	1
Total assets held for sale	$ 649
Liabilities:	
Accounts payable	$ 1
Accrued expenses	4
Other current liabilities	13
Total liabilities held for sale [(b)]	$ 18

(a) The total aggregate book value of property, plant and equipment is net of a $50 million pre-tax impairment loss recorded within Operating and maintenance expense on Exelon's and Generation's Statements of Operations and Comprehensive Income. See Note 7 — Impairment of Long-Lived Assets for further information.
(b) Included within Other current liabilities on Exelon's and Generation's Consolidated Balance Sheets.

The transactions, which are subject to customary closing conditions and regulatory approvals, are expected to be completed by the end of the first quarter of 2015.

5. Regulatory Matters (Exelon, Generation, ComEd, PECO and BGE)

Regulatory and Legislative Proceedings (Exelon, Generation, ComEd, PECO and BGE)

Except for the matters noted below, the disclosures set forth in Note 3 — Regulatory Matters of the Exelon 2013 Form 10-K appropriately represent, in all material respects, the current status of regulatory and legislative proceedings of the Registrants. The following is an update to that discussion.

Illinois Regulatory Matters

Energy Infrastructure Modernization Act (Exelon and ComEd). Since 2011, ComEd's distribution rates are established through a performance-based rate formula, pursuant to EIMA. Participating utilities are required to file an annual update to the performance-based formula rate tariff on or before May 1, with resulting rates effective in January of the following year. This annual formula rate update is based on prior year actual costs and current year projected capital additions. The update also reconciles any differences between the revenue requirement(s) in effect for the prior year and actual costs incurred for that year. ComEd's earned rate of return on common equity is required to be within plus or minus 50 basis points ("the collar") of the target rate of return determined as the annual average rate on 30-year treasury notes plus 580 basis points. Therefore, the collar limits favorable and unfavorable impacts of weather and load on distribution revenue. In addition, ComEd's target rate of return on common equity is subject to reduction if ComEd does not deliver the reliability and customer service benefits, as defined, it has committed to over the ten-year life of the investment program. ComEd records regulatory assets or regulatory liabilities and corresponding increases or decreases to operating revenues for any differences between the revenue requirement(s) in effect and ComEd's best estimate of the revenue requirement expected to be approved by the ICC for that year's reconciliation. As of September 30, 2014, and December 31,

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2013, ComEd had recorded a net regulatory asset associated with the distribution formula rate of $466 million and $463 million, respectively. The regulatory asset associated with the distribution true-up will be amortized as the associated amounts are recovered through rates.

On April 16, 2014, ComEd filed its annual distribution formula rate update with the ICC. The filing establishes the revenue requirement used to set the rates that will take effect in January 2015 after the ICC's review and approval, which is due by December 2014. The revenue requirement requested is based on 2013 actual costs plus projected 2014 capital additions as well as an annual reconciliation of the revenue requirement in effect in 2013 to the actual costs incurred that year. ComEd's 2014 filing request includes a total increase to the net revenue requirement of $269 million, reflecting an increase of $174 million for the initial revenue requirement for 2014 and an increase of $95 million related to the annual reconciliation for 2013. The revenue requirement for 2014 provides for a weighted average debt and equity return on distribution rate base of 7.06% inclusive of an allowed return on common equity of 9.25%, reflecting the average rate on 30-year treasury notes plus 580 basis points. The annual reconciliation for 2013 provided for a weighted average debt and equity return on distribution rate base of 7.04% inclusive of an allowed return on common equity of 9.20%, reflecting the average rate on 30-year treasury notes plus 580 basis points less a performance metrics penalty of 5 basis points.

On October 15, 2014, the ALJ issued its proposed order in ComEd's current distribution formula rate proceeding, recommending an increase to the net revenue requirement of $239 million as compared to ComEd's request of $269 million discussed above. The $30 million reduction, a portion of which may be recoverable through other recovery mechanisms, consisted of a decrease of $20 million for the initial revenue requirement for 2014 and a decrease of $10 million related to the annual reconciliation for 2013. The ALJs proposed order has no independent legal effect as the ICC must vote on a final order by mid December 2014, which may materially vary from the findings and conclusions in the proposed order. If the ICC provides significant changes to ComEd's filed revenue requirement request, it could have a material impact on ComEd's current and future results of operations and cash flows.

EIMA also provides a structure for substantial capital investment by utilities over a ten-year period to modernize Illinois' electric utility infrastructure. Participating utilities are required to file an annual update on their AMI implementation progress. On April 1, 2014, ComEd filed an annual progress report on its AMI Implementation Plan with the ICC. The ICC ruled that no investigation would be opened in regards to that April filing. In March 2014, ComEd filed a petition with the ICC for approval to accelerate the deployment of AMI meters. On June 11, 2014, the ICC approved ComEd's accelerated deployment plan which allows for the installation of more than four million smart meters throughout ComEd's service territory by 2018, three years in advance of the originally scheduled 2021 completion date. To date, nearly 500,000 smart meters have been installed in the Chicago area.

Appeal of the 2012 Formula Rate Tariff (Exelon and ComEd) . On April 30, 2012, ComEd filed its annual distribution formula rate update. The filing established the revenue requirement used to set the rates that were effective in January 2013. On December 20, 2012, the ICC issued its final order, which increased the revenue requirement by $73 million. The $73 million reflected an increase of $80 million for the initial revenue requirement for 2012 and a decrease of $7 million for the annual reconciliation for 2011. The rate increase was set using an allowed return on capital of 7.54% (inclusive of an allowed return on common equity of 9.81%). The rates took effect in January 2013. ComEd and intervenors requested a rehearing on specific issues, which was denied by the ICC. ComEd and intervenors also filed appeals with the Illinois Appellate Court.

On June 30, 2014, the Illinois Appellate Court issued its opinion, finding against ComEd on two issues and for ComEd on a third issue. The two issues (billing determinants and the use of certain allocators) were the same issues previously rejected by the Court in the Appeal of Initial Formula Rate Tariff (see Appeal of Initial

Formula Rate Tariff discussed below). The Court re-affirmed the ICC's order and rejected ComEd's arguments. However, on the third issue (rate case expenses), the Court allowed for the possibility of future recovery. The Court's opinion has no accounting impact as ComEd recorded the distribution formula regulatory asset consistent with the ICC's final Order.

Appeal of Initial Formula Rate Tariff (Exelon and ComEd) . On March 26, 2014, the Illinois Appellate Court issued an opinion with respect to ComEd's appeal of the ICC's order relating to ComEd's initial formula rate tariff. The most significant financial issues under appeal related to ICC findings that were counter to the formula rate legislation and were clarified by subsequent legislation (Senate Bill 9). Therefore, only a subset of the issues originally appealed remained. The Court found against ComEd on each of the remaining issues: compensation related adjustments, billing determinants and the use of certain allocators. The Court's opinion has no accounting impact as ComEd recorded the distribution formula regulatory asset consistent with the ICC's final Order.

ComEd has asked the Illinois Supreme Court to hear the issue of allocation between State and Federal regulatory jurisdictions. On June 4, 2014, ComEd filed a Petition for Leave to Appeal with the Illinois Supreme Court solely on the issue of allocation between FERC and ICC jurisdictional costs. On July 2, 2014, the ICC filed its Answer to the Petition, arguing that Supreme Court review is not necessary or appropriate. Under the procedural rules of the Illinois Supreme Court, ComEd is not allowed to reply to the ICC filing. There is no set time by which the Court must rule on the Petition. ComEd cannot predict whether the Court will grant the appeal, or if it does, the ultimate outcome.

Appeal of 2007 Illinois Electric Distribution Rate Case (Exelon and ComEd). The ICC issued an order in ComEd's 2007 electric distribution rate case (2007 Rate Case) approving a $274 million increase in ComEd's annual delivery services revenue requirement, which became effective in September 2008. In the order, the ICC authorized a 10.3% rate of return on common equity. ComEd and several other parties filed appeals of the rate order with the Illinois Appellate Court (Court). The Court issued a decision on September 30, 2010, ruling against ComEd on the treatment of post-test year accumulated depreciation and the recovery of system modernization costs via a rider (Rider SMP).

The court held the ICC abused its discretion in not reducing ComEd's rate base to account for an additional 18 months of accumulated depreciation while including post-test year pro forma plant additions through that period. ComEd continued to bill rates as established under the ICC's order in the 2007 Rate Case until June 1, 2011 when the rates set in the 2010 electric distribution rate case became effective. In subsequent ICC proceedings, the ICC issued an order requiring ComEd to provide a refund of approximately $37 million to customers related to the treatment of post-test year accumulated depreciation issue. On March 26, 2012, ComEd filed a notice of appeal with the Court.

However, on September 27, 2013, the Court ruled against ComEd on the accumulated depreciation issue and affirmed that ComEd owes a refund to customers of approximately $37 million, including interest. On September 18, 2014, the ICC issued an order which modified the timing of the refund, now to occur in November 2014, rather than the eight month period previously approved. The refund will be included with the Rider AMP refund discussed below. Former ComEd customers also are eligible for a refund. As of September 30, 2014, and December 31, 2013, ComEd had fully reserved for this liability.

Advanced Metering Program Proceeding (Exelon and ComEd). As part of ComEd's 2007 Rate Case, the ICC approved recovery of costs associated with ComEd's Rider SMP for the limited purpose of implementing a pilot program for AMI. In October 2009, the ICC approved ComEd's AMI pilot program and associated rider

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(Rider AMP). ComEd collected approximately $24 million under Rider AMP and had no collections under Rider SMP through September 30, 2014. In ComEd's 2010 electric distribution rate case, the ICC approved ComEd's transfer of certain other costs from recovery under Rider AMP to recovery through electric distribution rates.

Several parties, including the Illinois Attorney General, appealed the ICC's orders on Rider SMP and Rider AMP. The Illinois Appellate Court reversed the ICC's approval of the cost recovery provisions of Rider SMP and Rider AMP on September 30, 2010 and March 19, 2012, respectively. In both cases, the Court ruled that the ICC's approval of the rider constituted single-issue ratemaking. ComEd filed Petitions for Leave to Appeal to the Illinois Supreme Court, which were denied.

In October 2013, the ICC opened an investigation on Rider AMP to determine if a refund is required and if so, to determine the appropriate refund amount. The ALJ presiding over the investigation requested each party provide a pre-trial memorandum describing their positions, which were submitted on April 10, 2014. The ICC Staff and the Illinois Attorney General proposed a refund of $14.6 million, representing the amount they claim was collected under Rider AMP since September 30, 2010, the date the Illinois Appellate Court reversed the ICC's approval of the cost recovery provisions of Rider SMP. ComEd believes no refund is appropriate and that any refund obligation associated with Rider AMP should be prospective from no earlier than the date of the Illinois Appellate Court's order on Rider AMP, or March 19, 2012, which would represent a refund of approximately $0.4 million. During the second quarter of 2014, ComEd reached a tentative agreement to jointly resolve the disputed refund claim. On September 18, 2014, the ICC approved a refund of $9.5 million plus interest to be issued to current customers in November 2014. Former ComEd customers also are eligible for a refund. As of September 30, 2014, ComEd had fully reserved for this liability.

Grand Prairie Gateway Transmission Line (ComEd). On December 2, 2013, ComEd filed a request to obtain the ICC's approval to construct a 60-mile, overhead 345kV transmission line that traverses Ogle, DeKalb, Kane and DuPage Counties in Northern Illinois. On May 28, 2014, in a separate proceeding, FERC issued an order granting ComEd's request to include 100% of the capital costs recorded to construction work in progress during construction of the line in ComEd's transmission rate base. If the project is cancelled or abandoned for reasons beyond ComEd's control, FERC approved the ability for ComEd to recover 100% of its prudent costs incurred after May 21, 2014 and 50% of its costs incurred prior to May 21, 2014 in ComEd's transmission rate base. On October 22, 2014, the ICC issued an order approving ComEd's Grand Prairie Gateway Project over the objection of numerous landowners and the City of Elgin. Those parties now have 30 days to request that the ICC reconsider its decision and subsequently file an appeal with the Illinois Appellate Court. ComEd expects to begin construction of the line in the second quarter of 2015 with an in service date expected in the second quarter of 2017.

Illinois Procurement Proceedings (Exelon, Generation and ComEd). ComEd is permitted to recover its electricity procurement costs from retail customers without mark-up. Since June 2009, as a result of the Illinois Settlement Legislation, the IPA designs, and the ICC approves, an electricity supply portfolio for ComEd and the IPA administers a competitive process under which ComEd procures its electricity supply from various suppliers, including Generation. On December 18, 2013, the ICC approved the IPA's procurement plan covering the period June 2014 through May 2019.

The Illinois Settlement Legislation requires ComEd to purchase an increasing percentage of the electricity for customer deliveries from renewable energy resources. Purchases by customers of electricity from competitive generation suppliers, whether as a result of the customers' own actions or as a result of municipal aggregation, are not included in this calculation and have the effect of reducing ComEd's purchase obligation. ComEd entered into several 20-year contracts with unaffiliated suppliers in December 2010 regarding the procurement of long-term renewable energy and associated RECs in order to meet its obligations under the state's RPS. Under the

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Illinois Settlement Legislation, all associated costs are recoverable from customers. The ICC did not require the acquisition of additional renewable resources for the period June 2014 through May 2015 due to ComEd expecting to exceed the renewable cost cap established by the Illinois Settlement Legislation.

The IPA's 2014-2019 plan provides for two separate energy procurements during 2014 to address potential fluctuations in energy demand due to customer switching between ComEd and competitive electric generation suppliers. The ICC also approved the IPA's expansion of energy efficiency programs for both ComEd and Ameren. As of September 30, 2014, ComEd has completed both of the scheduled 2014 energy procurements, which cover a portion of its energy requirements through the periods ending May 31, 2015, 2016 and 2017. See Note 18 — Commitments and Contingencies for additional information on ComEd's energy commitments.

FutureGen Industrial Alliance, Inc (Exelon and ComEd). During 2013, the ICC approved and directed ComEd and Ameren to enter into a 20-year sourcing agreement with FutureGen Industrial Alliance, Inc. (FutureGen), under which FutureGen will retrofit and repower an existing plant in Morgan County, Illinois to a 166 MW near zero emissions coal-fueled generation plant, with an assumed commercial operation date in 2017. The sourcing agreement provides that ComEd and Ameren will pay FutureGen's contract prices, which are set annually pursuant to a formula rate. The contract prices are based on the difference between the costs of the facility and the revenues FutureGen receives from selling capacity and energy from the unit into the MISO or other markets, as well as any other revenue FutureGen receives from the operation of the facility. The order also directs ComEd and Ameren to recover these costs from their electric distribution customers through the use of a tariff, regardless of whether they purchase electricity from ComEd or Ameren, or from competitive electric generation suppliers.

In February 2013, ComEd filed an appeal with the Illinois Appellate Court questioning the legality of requiring ComEd to procure power for retail customers purchasing electricity from competitive electric generation suppliers. On July 22, 2014, the Illinois Appellate Court issued its ruling re-affirming the ICC's order requiring ComEd to enter into the sourcing agreement with FutureGen and allowing the use of a tariff to recover its costs. ComEd decided not to appeal the Illinois Appellate Court's decision to the Illinois Supreme Court. However, the competitive electric generation suppliers have reserved their right to appeal the Illinois Appellate Court's decision.

ComEd executed the sourcing agreement with FutureGen in accordance with the ICC's order. In addition, ComEd filed a petition with the ICC seeking approval of the tariff allowing for the recovery of its costs associated with the FutureGen contract from all of its electric distribution customers, which was approved by the ICC on September 30, 2014. Depending on eventual market conditions and the cost of the facility, the sourcing agreement could have a material adverse impact on Exelon's and ComEd's cash flows and financial positions.

Pennsylvania Regulatory Matters

Pennsylvania Procurement Proceedings (Exelon and PECO). On October 12, 2012, the PAPUC issued its Opinion and Order approving PECO's second DSP Program, which was filed with the PAPUC in January 2012. The program, which has a 24-month term from June 1, 2013 through May 31, 2015, complies with electric generation procurement guidelines set forth in Act 129.

In the second DSP Program, PECO is procuring electric supply for its default electric customers through five competitive procurements. The load for the residential and small and medium commercial classes is served through competitively procured fixed price, full requirements contracts of two years or less. For the large commercial and industrial class load, PECO has competitively procured contracts for full requirements default electric generation with the price for energy in each contract set to be the hourly price of the spot market during

the term of delivery. In December 2012 and February 2013, PECO entered into contracts with PAPUC-approved bidders, including Generation, for its residential class and its small and medium commercial classes that began in June 2013. In September 2013, PECO entered into contracts with PAPUC-approved bidders, including Generation, for its residential class and its small and medium commercial classes that began in December 2013. In January 2014, PECO entered into contracts with PAPUC-approved bidders, including Generation, for its residential class and its and small, medium, and large commercial classes that began in June 2014. In September 2014, PECO entered into contracts with PAPUC-approved bidders, including Generation, for its final competitive procurements of electric supply for its residential class and its small and medium commercial classes commencing December 2014. Charges incurred for electric supply procured through contracts with Generation are included in purchased power from affiliates on PECO's Statement of Operations and Comprehensive Income.

In addition, the second DSP Program includes a number of retail market enhancements recommended by the PAPUC in its previously issued Retail Markets Intermediate Work Plan Order. PECO was also directed to submit a plan to allow its low-income Customer Assistance Program (CAP) customers to purchase their generation supply from EGSs beginning April 2014. On May 1, 2013, PECO filed its CAP Shopping Plan with the PAPUC. By Order entered on January 24, 2014, the PAPUC approved PECO's plan, with modifications, to make CAP shopping available beginning April 15, 2014. On March 20, 2014, low-income advocacy groups filed an appeal and emergency request for a stay with the Pennsylvania Commonwealth Court, claiming that the PAPUC-ordered CAP Shopping plan does not contain sufficient protections for low-income customers. On March 28, 2014, the Commonwealth Court issued the requested stay, pending a full review of the appeal. Pending the Commonwealth Court's review, PECO will not implement CAP Shopping. The Commonwealth Court's decision is expected in early 2015.

On March 10, 2014, PECO filed its third DSP Program with the PAPUC. The program has a 24-month term from June 1, 2015 through May 31, 2017, and complies with electric generation procurement guidelines set forth in Act 129. On August 28, 2014, PECO filed a Joint Petition for Partial Settlement, which affirmed PECO's procurement plan for Residential and Small Commercial customers and reserved two issues for litigation: certain non-bypassable transmission charges and the default service product for Medium Commercial customers (including hourly pricing). On September 30, 2014, the ALJ issued a Recommended Decision to the PAPUC that PECO's third DSP Program be approved, as modified by the Joint Petition for Partial Settlement, but also recommending that the Large C&I class should be excluded from the recommended non-bypassable charge for non-market-based charges. A final ruling from the PAPUC is expected by December 2014.

Smart Meter and Smart Grid Investments (Exelon and PECO). Pursuant to Act 129 and the follow-on Implementation Order of 2009, in April 2010, the PAPUC approved PECO's Smart Meter Procurement and Installation Plan (SMPIP), under which PECO will install more than 1.6 million smart meters and an AMI communication network by 2020. The first phase of PECO's SMPIP, which was completed on June 19, 2013, included the installation of an AMI communications network and the deployment of 600,000 smart meters to communicate with that network. On May 31, 2013, PECO and interested parties filed a Joint Petition for Settlement of the universal deployment plan with the PAPUC which was approved without modification on August 15, 2013. The Joint Petition for Settlement supports all material aspects of PECO's universal deployment plan, including cost recovery, excluding certain amounts discussed below. Universal deployment is the second phase of PECO's SMPIP, under which PECO will deploy substantially all of the 1.6 million smart meters on an accelerated basis by the end of 2014. In total, PECO currently expects to spend up to $595 million, excluding the cost of the original meters (as further described below), on its smart meter infrastructure and approximately $120 million on smart grid investments through 2014 of which $200 million will be funded by SGIG as discussed below. As of September 30, 2014, PECO has spent $516 million and $119 million on smart meter and smart grid infrastructure, respectively, not including the DOE reimbursements received to date.

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(Dollars in millions, except per share data, unless otherwise noted)

Pursuant to the ARRA of 2009, PECO and the DOE entered into a Financial Assistance Agreement to extend PECO $200 million in non-taxable SGIG funds of which $140 million relates to smart meter deployment and $60 million relates to smart grid infrastructure. As part of the agreement, the DOE has a conditional ownership interest in qualifying Federally-funded project property and equipment, which is subordinate to PECO's existing mortgage. The SGIG funds are being used to offset the total impact to ratepayers of the smart meter deployment required by Act 129. As of September 30, 2014, PECO has received substantially all of the $200 million, including $4 million for sub-recipients, in reimbursements. On October 15, 2014, the DOE issued a Close Out of Post-Award Project Cost Verification Audit, in which it was determined that PECO fully met its required cost share, and the audit was closed with no further action required.

On August 15, 2012, PECO suspended installation of smart meters for new customers based on a limited number of incidents involving overheating meters. Following its own internal investigation and additional scientific analysis and testing by independent experts completed after September 30, 2012, PECO announced its decision to resume meter deployment work on October 9, 2012. PECO has replaced the previously installed meters with an alternative vendor's meters. PECO is moving forward with the alternative meters during universal deployment and continues to evaluate meters from several vendors and may use more than one meter vendor during universal deployment.

Following PECO's decision, as of October 9, 2012, PECO will no longer use the original smart meters. For the meters that will no longer be used, the accounting guidance requires that any difference between the carrying value and net realizable value be recognized in the current period's earnings, before considering potential regulatory recovery. The cost of the original meters, including installation and removal costs, owned by PECO was approximately $17 million, net of approximately $16 million of reimbursements from the DOE and approximately $2 million of depreciation. PECO requested and received approval from the DOE that the original meters continued to be allowable costs and that any settlement with the vendor would not be considered project income. In addition, PECO remains eligible for the full $200 million in SGIG funds. On August 15, 2013, PECO entered into an agreement with the original vendor, which was part of the final agreement discussed below, under which PECO transferred the original uninstalled meters to the vendor and received $12 million in return. On January 23, 2014, PECO entered a final agreement with the vendor pursuant to which PECO will be reimbursed for amounts incurred for the original meters and related installation and removal costs, via cash payments and rebates on future purchases of licenses, goods and services primarily through 2017. PECO previously had intended to seek regulatory rate recovery in a future filing with the PAPUC of amounts not recovered from the vendor. As PECO believed such costs were probable of rate recovery based on applicable case law and past precedent on reasonably and prudently incurred costs, a regulatory asset was established at the time of the removals. As of December 31, 2013, $5 million was recorded on Exelon's and PECO's Consolidated Balance Sheets. Pursuant to the January 23, 2014, vendor agreement, PECO reclassified the regulatory asset balance as a receivable, which was fully collected as of September 30, 2014, with no gain or loss impacts on future results of operations. On March 14, 2014, PECO filed its quarterly smart meter recovery surcharge with the PAPUC, which included PECO's proposed treatment of the final agreement with the vendor. On March 27, 2014, the PAPUC approved the surcharge as proposed by PECO.

Energy Efficiency Programs (Exelon and PECO). PECO's PAPUC-approved Phase I EE&C Plan had a four-year term that began on June 1, 2009 and concluded on May 31, 2013. The Phase I Plan set forth how PECO would meet the required reduction targets established by Act 129's EE&C provisions, which included a 3% reduction in electric consumption in PECO's service territory and a 4.5% reduction in PECO's annual system peak demand in the 100 hours of highest demand by May 31, 2013.

PECO filed its final compliance report on Phase 1 targets with the PAPUC on November 15, 2013. On March 20, 2014, the PAPUC issued its final report stating that PECO was in full compliance with all Phase I targets.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
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On November 14, 2013, the PAPUC issued a Tentative Order on Act 129 demand reduction programs which seeks comments on a proposed demand response program methodology for future Act 129 demand reduction programs as well as demand response potential and wholesale prices suppression studies. In its February 20, 2014 Final Order, the PAPUC stated that it does not expect to make a decision as to whether it will prescribe additional demand response obligations until 2015. Any decision reached would affect PECO's EE&C Plan subsequent to its Phase II Plan.

On February 28, 2014, PECO filed a Petition for Approval to amend its EE&C Phase II Plan to continue its DLC demand reduction program for mass market customers from June 1, 2014 to May 31, 2016. PECO proposed to fund the estimated $10 million annual costs of the program by modifying incentive levels for other Phase II programs. The costs of the DLC program will be recovered through PECO's Energy Efficiency Program Charge along with other Phase II Plan costs. In an April 23, 2014 Tentative Order, the PAPUC granted PECO's Petition. The Order became final on May 5, 2014.

Pennsylvania Retail Electricity Market (Exelon and PECO). The extreme weather experienced in early 2014 resulted in increased commodity costs causing certain shopping customers to receive unexpectedly high utility bills. In response to a significant number of customer complaints throughout Pennsylvania, on April 3, 2014, the PAPUC unanimously voted to adopt two rulemaking orders to address the issue. The first rulemaking order requires electric generation suppliers to provide more consumer education regarding their contract. The second rulemaking order requires electric distribution companies to enable customers to switch suppliers within three business days (known as accelerated switching). The improved customer education and accelerated switching are to be in place within 30 days and six months of approval of the orders, respectively. The Independent Regulatory Review Commission granted approval of the orders on May 22, 2014. The orders became final on June 14, 2014. PECO is in process of implementing compliance with the order.

Maryland Regulatory Matters

2014 Maryland Electric and Gas Distribution Rate Case (Exelon and BGE). On July 2, 2014, BGE filed an application for increases of $118 million and $68 million to its electric and gas base rates, respectively, with the MDPSC. The requested rates of return on equity in the application were 10.65% and 10.55% for electric and gas distribution, respectively. On September 15, 2014, BGE filed an update to its rate request which altered the requested increase to electric base rates from $118 million to $99 million. The requested increase to gas base rates did not change.

On October 17, 2014, BGE filed with the MDPSC a unanimous settlement agreement (the Settlement Agreement) reached with all parties to the case under which it would receive an increase of $22 million in electric base rates and an increase of $38 million in gas base rates. The Settlement Agreement establishes new depreciation rates which have the effect of decreasing annual depreciation expense by approximately $20 million, primarily for electric. The Settlement Agreement remains subject to MDPSC approval. If approved by the MDPSC, rates would go into effect no sooner than December 15, 2014, and no later than late January 2015. BGE is uncertain if the MDPSC will unconditionally approve the Settlement Agreement or if further proceedings will be required.

2013 Maryland Electric and Gas Distribution Rate Case (Exelon and BGE). On May 17, 2013, BGE filed an application for increases of $101 million and $30 million to its electric and gas base rates, respectively, with the MDPSC. The requested rates of return on equity in the application were 10.50% and 10.35% for electric and gas distribution, respectively. In addition to these requested rate increases, BGE's application also included a request for recovery of incremental capital expenditures and operating costs associated with BGE's proposed short-term reliability improvement plan (the "ERI initiative") in response to a MDPSC order through a surcharge

separate from base rates. On August 23, 2013, BGE filed an update to its rate request which altered the requested increase to electric base rates from $101 million to $83 million and the requested increase to gas base rates from $30 million to $24 million. On December 13, 2013, the MDPSC issued an order in BGE's 2013 electric and natural gas distribution rate case for increases in annual distribution service revenue of $34 million and $12 million, respectively. The electric distribution rate increase was set using an allowed return on equity of 9.75% and the gas distribution rate increase was set using an allowed return on equity of 9.60%. The approved electric and natural gas distribution rates became effective for services rendered on or after December 13, 2013. As part of its December 13, 2013 decision granting BGE increases for its gas and electric distribution rates, the MDPSC also authorized BGE to recover through a surcharge mechanism costs associated with five ERI initiative programs designed to accelerate electric reliability improvements. Such a decision, however, was premised upon the condition that the MDPSC approve specific projects scheduled for each year of the five-year program in advance of cost recovery through the surcharge mechanism. On March 31, 2014, after reviewing comments filed by the parties and conducting a hearing on the matter, the MDPSC approved all but one project proposed for completion in 2014 as part of the ERI initiative. As a result of the MDPSC's decision, BGE estimates 2014 capital and operating and maintenance costs associated with the ERI initiative of $14.8 million and a revenue requirement of $1.4 million. The ERI initiative surcharge became effective June 1, 2014. BGE is required to file an update on the 2014 work plan and reliability performance information for the specific projects, along with its work plan and cost estimates for 2015, on or before November 1, 2014.

In January 2014, the residential consumer advocate in Maryland filed an appeal to the order issued by the MDPSC on December 13, 2013 in BGE's 2013 electric and gas distribution rate cases. The residential consumer advocate filed its related legal memorandum on August 22, 2014, challenging the MDPSC's approval of the ERI initiative surcharge. BGE submitted a response to the appeal on October 15, 2014, and a hearing has been scheduled for November 17, 2014. BGE cannot predict the outcome of this appeal.

Smart Meter and Smart Grid Investments (Exelon and BGE). In August 2010, the MDPSC approved a comprehensive smart grid initiative for BGE that includes the planned installation of 2 million residential and commercial electric and gas smart meters at an expected total cost of $480 million of which $200 million has been recovered through a grant from the DOE. The MDPSC's approval ordered BGE to defer the associated incremental costs, depreciation and amortization, and an appropriate return, in a regulatory asset until such time as a cost-effective advanced metering system is implemented. As of September 30, 2014 and December 31, 2013, BGE recorded a regulatory asset of $111 million and $66 million, respectively, representing incremental costs, depreciation and amortization, and a debt return on fixed assets related to its AMI program. As part of the settlement in BGE's 2014 electric and gas distribution rate case discussed above, the cost of the retired non-AMI meters will be amortized over 10 years. However, as discussed above, the settlement is still subject to MDPSC approval.

On February 26, 2014, the MDPSC issued an Order authorizing BGE to impose a $75 upfront fee and an $11 recurring fee to customers electing to opt-out of smart meter replacement, effective the later of the first full billing cycle following July 1, 2014, or the AMI installation date in a customer's community. The fees authorized by the order will be reviewed after an initial 12 to 18 month period. As of September 30, 2014, BGE is awaiting the MDPSC's decision regarding BGE's proposal to automatically enroll unresponsive customers into the opt-out program. The proposal, if approved, would allow BGE to begin charging these customers opt-out fees. The ultimate impact of opt-out could affect BGE's ability to demonstrate cost-effectiveness of the advanced metering system.

Overall, BGE continues to believe the recovery of smart grid initiative costs in future rates is probable as BGE expects to be able to demonstrate that the program benefits exceed costs.

The Maryland Strategic Infrastructure Development and Enhancement Program (Exelon and BGE) . In February 2013, the Maryland General Assembly passed legislation intended to accelerate gas infrastructure replacements in Maryland by establishing a mechanism for gas companies to recover promptly reasonable and

prudent costs of eligible infrastructure replacement projects separate from base rate proceedings. On May 2, 2013, the Governor of Maryland signed the legislation into law, which took effect June 1, 2013. Under the new law, following a proceeding before the MDPSC and with the MDPSC's approval of the eligible infrastructure replacement projects along with a corresponding surcharge, BGE could begin charging gas customers a monthly surcharge for infrastructure costs incurred after June 1, 2013. The legislation includes caps on the monthly surcharges to residential and non-residential customers, and would require an annual true-up of the surcharge revenues against actual expenditures. Investment levels in excess of the cap would be recoverable in a subsequent gas base rate proceeding at which time all costs for the infrastructure replacement projects would be included in gas distribution rates. Irrespective of the cap, BGE is required to file a gas rate case every five years under this legislation. On August 2, 2013, BGE filed its infrastructure replacement plan and associated surcharge. On January 29, 2014, the MDPSC issued a decision conditionally approving the first five years of BGE's plan and surcharge. On March 26, 2014, the Maryland PSC approved as filed BGE's proposed 2014 project list, tariff and associated surcharge amounts, with a surcharge that became effective April 1, 2014. BGE will defer the difference between the surcharge revenues and program costs as a regulated asset or liability, which was immaterial to BGE and Exelon as of September 30, 2014.

In February 2014, the residential consumer advocate in Maryland filed an appeal with the Baltimore City Circuit Court to the decision issued by the MDPSC on BGE's infrastructure replacement plan. The residential consumer advocate filed its related legal memorandum on July 7, 2014, claiming that the MDPSC did not apply the appropriate consideration in approving BGE's infrastructure replacement plan and associated surcharge. BGE submitted a response to the appeal on August 6, 2014. On September 5, 2014, the Baltimore City Circuit Court affirmed the MDPSC decision on BGE's infrastructure replacement plan and associated surcharge. On October 10, 2014, the residential consumer advocate noticed its appeal to the Maryland Court of Special Appeals from the judgment entered by the Baltimore City Circuit Court.

Federal Regulatory Matters

Transmission Formula Rate (Exelon, ComEd and BGE). ComEd's and BGE's transmission rates are each established based on a FERC-approved formula. ComEd and BGE record regulatory assets or regulatory liabilities and corresponding increases or decreases to operating revenues for any differences between the revenue requirement in effect and ComEd's and BGE's best estimate of the revenue requirement expected to be approved by the FERC for that year's reconciliation. As of September 30, 2014 and December 31, 2013, ComEd had recorded a net regulatory asset associated with the transmission formula rate of $19 million and $17 million, respectively. BGE recorded a net regulatory asset associated with the transmission formula rate of $3 million at September 30, 2014, and a net regulatory liability which was not material as of December 31, 2013. The regulatory asset associated with the transmission true-up will be amortized as the associated amounts are recovered through rates.

On April 16, 2014, ComEd filed its annual formula rate update with the FERC. The filing establishes the revenue requirement used to set rates that took effect in June 2014, subject to review by the FERC and other parties, which is due by November 2014. The revenue requirement is based on 2013 actual costs plus forecasted 2014 capital additions as well as an annual reconciliation of the revenue requirement in effect starting in June 2013 to the actual cost incurred in 2013. The update resulted in a revenue requirement of $524 million plus an $11 million adjustment related to the reconciliation of 2013 actual costs for a total revenue requirement of $535 million. This compares to the 2013 revenue requirement of $488 million plus a $25 million adjustment related to the reconciliation of 2012 actual costs for a total revenue requirement of $513 million. The increase in the revenue requirement was primarily driven by increased capital investment and higher operating and maintenance costs.

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ComEd's updated formula transmission rate currently provides for a weighted average debt and equity return on transmission rate base of 8.62%, which is inclusive of an allowed return on common equity of 11.50%, a decrease from the 8.70% average debt and equity return previously authorized. As part of the FERC-approved settlement of ComEd's 2007 transmission rate case, the rate of return on common equity is 11.50% and the common equity component of the ratio used to calculate the weighted average debt and equity return for the transmission formula rate is currently capped at 55%.

On April 28, 2014, BGE filed its annual formula rate update with the FERC. The filing established the revenue requirement used to set rates that took effect in June 2014, subject to review by the FERC and other parties, which is due by October 2014. The revenue requirement is based on 2013 actual costs plus forecasted 2014 capital additions as well as an annual reconciliation of the revenue requirement in effect starting in June 2013 to the actual cost incurred in 2013. The update resulted in a revenue requirement of $167 million plus a $4 million adjustment related to the reconciliation of 2013 actual costs for a total revenue requirement of $171 million. This compares to the 2013 revenue requirement of $158 million offset by a $1 million reduction related to the reconciliation of 2012 actual costs for a net revenue requirement of $157 million. The increase in the revenue requirement is primarily driven by higher depreciation expense and an increased level of return on investment associated with a higher equity ratio and increased rate base.

BGE's updated formula transmission rate currently provides for a weighted average debt and equity return on transmission rate base of 8.53%, an increase from the 8.35% average debt and equity return previously authorized. As part of the FERC-approved settlement of BGE's 2005 transmission rate case in 2006, the rate of return on common equity for BGE's electric transmission business for new transmission projects placed in service on and after January 1, 2006 is 11.3%, which is inclusive of a 50 basis point incentive for participating in PJM.

FERC Transmission Complaint (Exelon and BGE). On February 27, 2013, consumer advocates and regulators from the District of Columbia, New Jersey, Delaware and Maryland, and the Delaware Electric Municipal Cooperatives (the parties), filed a complaint at FERC against BGE and the PHI companies relating to their respective transmission formula rates. BGE's formula rate includes a 10.8% base rate of return on common equity (ROE) for most investments included in its rate base and 11.3% for the remaining transmission investment (the latter of which is conditioned upon crediting the first 50 basis points of any incentive ROE adders). The parties seek a reduction in the base return on equity to 8.7% and changes to the formula rate process. FERC docketed the matter and set April 3, 2013 as the deadline for interventions, protests and answers. Under FERC rules, the revenues subject to refund are limited to a fifteen month period, and the earliest date from which the base return on equity could be adjusted and refunds required is the date of the complaint. On March 19, 2013, BGE filed a motion to dismiss or sever the complaint. On June 19, 2014, FERC issued an order in another case involving New England Transmission Owners (NETOs), changing its methodology to determine ROE rates for public utilities. The result was a reduction in the NETO's ROE from 11.14% to 10.57%, with a possible further adjustment in either direction based on additional paper hearing submissions. On July 21, 2014, the NETOs filed a Request for Rehearing and Clarification with FERC of the June 19, 2014 order. Among other things, the NETOs assert that the 11.14% is reasonable based on the new methodology. Following the paper submissions, FERC again approved a base ROE of 10.57% on October 16, 2014.

On August 21, 2014, FERC issued an order in the BGE and PHI companies' proceeding, which established hearing and settlement judge procedures for the complaint, and set a refund effective date of February 27, 2013. BGE, the PHI companies and the parties began settlement discussions under the guidance of a FERC administrative law judge on September 23, 2014 and the discussions are expected to continue at least through November. While it is too early in the process to predict the outcome of the settlement discussions, if the parties cannot resolve their differences, the matter will proceed to hearing.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Based on the current status of the settlement discussions, BGE believes it is probable that BGE's base ROE rate will be adjusted, and that a refund to customers of transmission revenue for the maximum fifteen month period will be required. However, BGE is unable to estimate the most likely refund amount at this time, and has therefore established a reserve, which is not material, representing the low end of a reasonably possible estimated range of loss. If FERC were to order a reduction of BGE's base return on equity to 8.7% as sought in the original complaint (while retaining the 50 basis points of any incentives that were credited to the base return on equity for certain new transmission investment), the result would be a refund to customers of approximately $13 million, as well as an estimated ongoing annual reduction in revenues of approximately $10 million.

PJM Transmission Rate Design and Operating Agreements (Exelon, ComEd, PECO and BGE). PJM Transmission Rate Design specifies the rates for transmission service charged to customers within PJM. Currently, ComEd, PECO and BGE incur costs based on the existing rate design, which charges customers based on the cost of the existing transmission facilities within their load zone and the cost of new transmission facilities based on those who benefit from those facilities. In April 2007, FERC issued an order concluding that PJM's current rate design for existing facilities is just and reasonable and should not be changed. In the same order, FERC held that the costs of new facilities 500 kV and above should be socialized across the entire PJM footprint and that the costs of new facilities less than 500 kV should be allocated to the customers of the new facilities who caused the need for those facilities. After FERC ultimately denied all requests for rehearing on all issues, several parties filed petitions in the U.S. Court of Appeals for the Seventh Circuit for review of the decision. On August 6, 2009, that court issued its decision affirming FERC's order with regard to the costs of existing facilities but reversing and remanding to FERC for further consideration its decision with regard to the costs of new facilities 500 kV and above. On March 30, 2012, FERC issued an order on remand affirming the cost allocation in its April 2007 order. On March 22, 2013, FERC issued an order denying rehearing and made it clear that the cost allocation at issue concerns only projects approved prior to February 1, 2013. A number of entities have filed appeals of the FERC orders. On June 25, 2014, the U.S. Court of Appeals for the Seventh Circuit issued a decision once again remanding to FERC the cost allocation of new facilities 500 kV and above. ComEd anticipates that all impacts of any rate design changes effective after December 31, 2006, should be recoverable through retail rates and, thus, the rate design changes are not expected to have a material impact on ComEd's results of operations, cash flows or financial position. PECO anticipates that all impacts of any rate design changes should be recoverable through the transmission service charge rider approved in PECO's 2010 electric distribution rate case settlement and, thus, the rate design changes are not expected to have a material impact on PECO's results of operations, cash flows or financial position. To the extent any rate design changes are retroactive to periods prior to January 1, 2011, there may be an impact on PECO's results of operations. BGE anticipates that all impacts of any rate design changes effective after the implementation of its standard offer service programs in Maryland should be recoverable through retail rates and, thus, the rate design changes are not expected to have a material impact on BGE's results of operations, cash flows or financial position.

PJM Minimum Offer Price Rule (Exelon and Generation). PJM's capacity market rules include a Minimum Offer Price Rule (MOPR) that is intended to preclude sellers from artificially suppressing the competitive price signals for generation capacity. The FERC orders approving the MOPR were upheld by the United States Court of Appeals for the Third Circuit in February 2014.

Exelon continues to work with PJM stakeholders and through the FERC process to implement several proposed changes to the PJM tariff aimed at ensuring that capacity resources (including those with state-sanctioned subsidy contracts and capacity market speculators) cannot inappropriately affect capacity auction prices in PJM.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Demand Response Resource Order (Exelon, Generation, ComEd, PECO, BGE). On May 23, 2014, the D.C. Circuit Court issued an opinion vacating the FERC Order No. 745 ("D.C. Circuit Decision"). Order No. 745 established uniform compensation levels for demand response resources that participate in the day ahead and real-time wholesale energy markets. Under Order No. 745, buyers in ISO and RTO markets were required to pay demand response resources the full Locational Marginal Price when the demand response replaced a generation resource and was cost-effective.

In addition to invalidating the compensation structure established by Order No. 745, the D.C. Circuit Court, in broad language, explained that demand response is part of the retail market and FERC is restricted from regulating retail markets. The full implication of the D.C. Circuit Decision for both energy and capacity markets regulated by FERC is not yet known and will depend on how FERC and the RTOs and ISOs implement the decision. FERC and several other parties sought rehearing of the D.C. Circuit Decision, which was denied in September 2014. In addition, on September 22, 2014, FERC and another party sought to stay the issuance of the D.C. Circuit Court's mandate so that FERC may determine whether to appeal the decision to the U.S. Supreme Court. Therefore, FERC will not be required to implement the D.C. Circuit Decision until a determination is made on the stay request. FERC and other parties will have until December 2014 to appeal the decision to the U.S. Supreme Court. FERC or other parties may also petition the U.S. Supreme Court to review the decision of the D.C. Circuit Court. In addition, contemporaneously with the D.C. Circuit Court's decision on May 23, 2014, First Energy filed a complaint at FERC asking FERC to direct PJM to remove all PJM Tariff provisions that allow or require PJM to compensate demand response providers as a form of supply in the PJM capacity market effective May 23, 2014. FirstEnergy also asked FERC to declare the results of PJM's May 2014 Base Residual Auction for the 2017/2018 Delivery Year, void and illegal to the extent that demand response resources cleared that auction. FERC's response to the FirstEnergy complaint and its response to address the D.C. Circuit Court's decision in all markets could preclude demand response resources from receiving any future capacity market revenues and also subject such resources to refund obligations. In addition, there is uncertainty as to how FERC might treat already settled capacity market auctions as well as future auctions, both for demand response resources and generation resources. FERC could grant all or a portion of the relief requested by FirstEnergy and may grant relief retroactively or only prospectively. Due to these uncertainties, the Registrants are unable to predict the outcome of these proceedings, and the final outcome is not expected for several months. Nonetheless, the final decision and its implementation by FERC and the RTOs and ISOs, could be material to Exelon, Generation, ComEd, PECO and BGE's results of operations and cash flows.

Reliability Pricing Model (Exelon, Generation and BGE). PJM's RPM Base Residual Auctions take place approximately 36 months ahead of the scheduled delivery year. The most recent auction for the delivery year ending May 31, 2018 occurred in May 2014.

New England Capacity Market Results (Exelon and Generation). Each year, ISO New England, Inc. (ISO-NE) files the results of its annual capacity auction at the FERC which is required to include documentation regarding the competitiveness of the auction. Consistent with this requirement, on February 28, 2014, ISO-NE filed the results of its eighth capacity auction (covering the June 1, 2017 through May 30, 2018 delivery period). On June 27, 2014, the FERC issued a letter to ISO-NE noting that ISO-NE's February 28, 2014 filing was deficient and that ISO-NE must file additional information before the FERC can process the filing. ISO-NE filed the information on July 17, 2014, and the ISO-NE's filings became effective by operation of law pursuant to a notice issued by the FERC's secretary on September 16, 2014. It is not clear whether any party will seek rehearing or appeal of that notice or whether any such rehearing or appeal would be effective as there is no action by the Commission to be considered. Nonetheless, while we think any change in the auction results to be unlikely, Exelon and Generation cannot predict with certainty what further action, if any, FERC or a court may take concerning the results of that auction, but any FERC or court action could be material to Exelon's and Generation's expected revenues from the capacity auction.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

License Renewals (Exelon and Generation). In June 2012, the United States Court of Appeals for the DC Circuit vacated the NRC's temporary storage rule on the grounds that the NRC should have conducted a more comprehensive environmental review to support the rule. The temporary storage rule (also referred to as the "waste confidence decision") recognizes that licensees can safely store spent nuclear fuel at nuclear plants for up to 60 years beyond the original and renewed licensed operating life of the plants and that licensing renewal decisions do not require discussion of the environmental impact of spent fuel stored on site. In August 2012, the NRC placed a hold on issuing new or renewed operating licenses that depend on the temporary storage rule until the court's decision is addressed. On August 26, 2014, the NRC Commissioners removed the hold on final licensing decisions and approved the issuance of a revised rule codifying the NRC's generic determinations regarding the environmental impacts of continued storage of spent nuclear fuel beyond a reactor's licensed operating life. The rule was issued September 19, 2014.

On October 20, 2014, the NRC approved Generation's request to extend the operating licenses of Limerick Units 1 and 2 by 20 years. The extended operating licenses for Limerick Units 1 and 2 will expire in 2044 and 2049, respectively.

On May 29, 2013, Generation submitted applications to the NRC to extend the operating licenses of Byron Units 1 and 2 and Braidwood Units 1 and 2 by 20 years. The current operating licenses for Byron Units 1 and 2 expire in 2024 and 2026, respectively. The current operating licenses for Braidwood Units 1 and 2 expire in 2026 and 2027, respectively. Generation does not expect the NRC to issue license renewals for Byron and Braidwood until 2015 at the earliest.

On August 29, 2012 and August 30, 2012, Generation submitted hydroelectric license applications to the FERC for 46-year licenses for the Conowingo Hydroelectric Project (Conowingo) and the Muddy Run Pumped Storage Facility Project (Muddy Run), respectively.

Generation is working with stakeholders to resolve water quality licensing issues with the MDE for Conowingo, including: (1) water quality, (2) fish passage and habitat, and (3) sediment. On January 30, 2014, Exelon filed a water quality certification application pursuant to Section 401 of the CWA with MDE for Conowingo, addressing these and other issues, although Generation cannot currently predict the conditions that ultimately may be imposed. Resolution of these issues relating to Conowingo may have a material effect on Generation's results of operations and financial position through an increase in capital expenditures and operating costs.

On June 3, 2014, PA DEP issued its water quality certificate for Muddy Run, which is a necessary step in the FERC licensing process and included certain commitments made by Generation. The financial impact associated with these commitments is estimated to be in the range of $25 million to $35 million, and will include both capital expenditures and operating expenses, primarily relating to fish passage and habitat improvement projects. On July 3, 2014, PPL Holtwood, LLC, the owner of the next upstream dam from Muddy Run, filed an appeal of PA DEP's issuance of its water quality certificate. Exelon is working with PA DEP and PPL to resolve PPL's concerns.

Based on the FERC procedural schedule, the FERC licensing process was not scheduled to be completed prior to the expiration of Muddy Run's current license on August 31, 2014, and the expiration of Conowingo's license on September 1, 2014. FERC is required to issue annual licenses for the facilities until the new licenses are issued. On September 10, 2014, FERC issued annual licenses for Conowingo and Muddy Run, effective as of the expiration of the current licenses. If FERC does not issue new licenses prior to the expiration of annual licenses, the annual licenses will renew automatically. The stations are currently being depreciated over their estimated useful lives, which includes the license renewal period. As of September 30, 2014, $38 million of direct costs associated with licensing efforts have been capitalized.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Regulatory Assets and Liabilities (Exelon, ComEd, PECO and BGE)

Exelon, ComEd, PECO and BGE each prepare their consolidated financial statements in accordance with the authoritative guidance for accounting for certain types of regulation. Under this guidance, regulatory assets represent incurred costs that have been deferred because of their probable future recovery from customers through regulated rates. Regulatory liabilities represent the excess recovery of costs or accrued credits that have been deferred because it is probable such amounts will be returned to customers through future regulated rates or represent billings in advance of expenditures for approved regulatory programs.

The following tables provide information about the regulatory assets and liabilities of Exelon, ComEd, PECO and BGE as of September 30, 2014 and December 31, 2013. For additional information on the specific regulatory assets and liabilities, refer to Note 3 — Regulatory Matters of the Exelon 2013 Form 10-K.

September 30, 2014	Exelon		ComEd		PECO		BGE	
	Current	Noncurrent	Current	Noncurrent	Current	Noncurrent	Current	Noncurrent
Regulatory assets								
Pension and other postretirement benefits	$ 208	$ 2,455	$ —	$ —	$ —	$ —	$ —	$ —
Deferred income taxes	7	1,517	1	67	—	1,377	6	73
AMI programs	9	254	9	69	—	74	—	111
Under-recovered distribution service costs	243	223	243	223	—	—	—	—
Debt costs	9	50	7	48	2	2	1	8
Fair value of BGE long-term debt [a]	6	192	—	—	—	—	—	—
Fair value of BGE supply contract [b]	3	—	—	—	—	—	—	—
Severance	4	9	—	—	—	—	4	9
Asset retirement obligations	1	111	1	73	—	26	—	12
MGP remediation costs	39	220	32	186	6	33	1	1
RTO start-up costs	1	—	1	—	—	—	—	—
Under-recovered uncollectible accounts	—	70	—	70	—	—	—	—
Renewable energy	14	164	14	164	—	—	—	—
Energy and transmission programs	22	5	19	—	—	—	3[f]	5
Deferred storm costs	3	—	—	—	—	—	3	—
Electric generation-related regulatory asset	12	21	—	—	—	—	12	21
Rate stabilization deferral	75	101	—	—	—	—	75	101
Energy efficiency and demand response programs	84	151	—	—	—	—	84	151
Merger integration costs	2	7	—	—	—	—	2	7
Conservation voltage reduction	1	1	—	—	—	—	1	1
Under-recovered revenue decoupling [e]	14	—	—	—	—	—	14	—
Other	17	38	3	28	13	8	—	—
Total regulatory assets	$ 774	$ 5,589	$ 330	$ 928	$ 21	$ 1,520	$ 206	$ 500

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

September 30, 2014	Exelon		ComEd		PECO		BGE	
	Current	Noncurrent	Current	Noncurrent	Current	Noncurrent	Current	Noncurrent
Regulatory liabilities								
Other postretirement benefits	$ 53	$ 96	$ —	$ —	$ —	$ —	$ —	$ —
Nuclear decommissioning	—	2,850	—	2,371	—	479	—	—
Removal costs	110	1,455	86	1,257	—	—	24	198
Energy efficiency and demand response programs	28	2	28	—	—	2	—	—
DLC Program Costs	—	10	—	—	—	10	—	—
Energy efficiency Phase 2	—	32	—	—	—	32	—	—
Electric distribution tax repairs	20	100	—	—	20	100	—	—
Gas distribution tax repairs	8	32	—	—	8	32	—	—
Energy and transmission programs	73	13	26	13	44[c]	—	3[f]	—
Over-recovered gas and electric universal service fund costs	4	—	—	—	4	—	—	—
Revenue subject to refund [d]	47	—	47	—	—	—	—	—
Over-recovered revenue decoupling [e]	16	—	—	—	—	—	16	—
Other	5	3	—	2	3	—	2	1
Total regulatory liabilities	$ 364	$ 4,593	$ 187	$ 3,643	$ 79	$ 655	$ 45	$ 199

December 31, 2013	Exelon		ComEd		PECO		BGE	
	Current	Noncurrent	Current	Noncurrent	Current	Noncurrent	Current	Noncurrent
Regulatory assets								
Pension and other postretirement benefits	$ 221	$ 2,794	$ —	$ —	$ —	$ —	$ —	$ —
Deferred income taxes	10	1,459	2	65	—	1,317	8	77
AMI programs	5	159	5	35	—	58	—	66
AMI meter events	—	5	—	—	—	5	—	—
Under-recovered distribution service costs	178	285	178	285	—	—	—	—
Debt costs	12	56	9	53	3	3	1	8
Fair value of BGE long-term debt [a]	—	219	—	—	—	—	—	—
Fair value of BGE supply contract [b]	12	—	—	—	—	—	—	—
Severance	16	12	12	—	—	—	4	12
Asset retirement obligations	1	102	1	67	—	25	—	10
MGP remediation costs	40	212	33	178	6	33	1	1
RTO start-up costs	2	—	2	—	—	—	—	—
Under-recovered uncollectible accounts	—	48	—	48	—	—	—	—
Renewable energy	17	176	17	176	—	—	—	—
Energy and transmission programs	53	—	52	—	—	—	1[f]	—
Deferred storm costs	3	3	—	—	—	—	3	3
Electric generation-related regulatory asset	13	30	—	—	—	—	13	30
Rate stabilization deferral	71	154	—	—	—	—	71	154
Energy efficiency and demand response programs	73	148	—	—	—	—	73	148
Merger integration costs	2	9	—	—	—	—	2	9
Other	31	39	18	26	8	7	4	6
Total regulatory assets	$ 760	$ 5,910	$ 329	$ 933	$ 17	$ 1,448	$ 181	$ 524

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

December 31, 2013	Exelon		ComEd		PECO		BGE	
	Current	Noncurrent	Current	Noncurrent	Current	Noncurrent	Current	Noncurrent
Regulatory liabilities								
Other postretirement benefits	$ 2	$ 43	$ —	$ —	$ —	$ —	$ —	$ —
Nuclear decommissioning	—	2,740	—	2,293	—	447	—	—
Removal costs	99	1,423	78	1,219	—	—	21	204
Energy efficiency and demand response programs	53	—	45	—	8	—	—	—
DLC Program Costs	1	10	—	—	1	10	—	—
Energy efficiency phase II	—	21	—	—	—	21	—	—
Electric distribution tax repairs	20	114	—	—	20	114	—	—
Gas distribution tax repairs	8	37	—	—	8	37		
Energy and transmission programs	78	—	9	—	58[c]	—	11[f]	—
Over-recovered gas and electric universal service fund costs	8	—	—	—	8	—	—	—
Revenue subject to refund [d]	38	—	38	—	—	—	—	—
Over-recovered revenue decoupling [e]	16	—	—	—	—	—	16	—
Other	4	—	—	—	3	—	—	—
Total regulatory liabilities	$ 327	$ 4,388	$ 170	$ 3,512	$ 106	$ 629	$ 48	$ 204

(a) Represents the regulatory asset recorded at Exelon Corporate for the difference in the fair value of the long-term debt of BGE as of the merger date. The asset is amortized over the life of the underlying debt.

(b) Represents the regulatory asset recorded at Exelon Corporate representing the fair value of BGE's supply contracts as of the close of the merger date. BGE is allowed full recovery of the costs of its electric and gas supply contracts through approved, regulated rates. The asset is amortized over a period of approximately 3 years.

(c) Includes $28 million related to the DSP program, $11 million related to the over-recovered natural gas costs under the PGC and $5 million related to over-recovered electric transmission costs as of September 30, 2014. As of December 31, 2013, includes $34 million related to the DSP program, $8 million related to the over-recovered electric transmission costs and $16 million related to the over-recovered natural gas costs under the PGC.

(d) Primarily represents the regulatory liability for revenue subject to refund recorded pursuant to the ICC's order in the 2007 Rate Case. See Note 3 — Regulatory Matters of the Exelon 2013 Form 10-K. for further information.

(e) Represents the electric and gas distribution costs recoverable from customers under BGE's decoupling mechanism. As of September 30, 2014, BGE had a regulatory asset of $14 million related to under-recovered electric revenue decoupling and a regulatory liability of $16 million related to over-recovered natural gas revenue decoupling. As of December 31, 2013, BGE had a regulatory liability of $7 million related to over-recovered electric revenue decoupling and $9 million related to over-recovered natural gas revenue decoupling.

(f) Relates to $3 million associated with the transmission formula rate and $3 million of over-recovered natural gas supply costs as of September 30, 2014. As of December 31, 2013, includes $1 million of under-recovered electric supply costs and $11 million of over-recovered natural gas supply costs.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Purchase of Receivables Programs (Exelon, ComEd, PECO, and BGE)

ComEd, PECO and BGE are required, under separate legislation and regulations in Illinois, Pennsylvania and Maryland, respectively, to purchase certain receivables from retail electric and natural gas suppliers. For retail suppliers participating in the utilities' consolidated billing, ComEd, PECO and BGE must purchase their customer accounts receivables. ComEd and BGE purchase receivables at a discount to primarily recover uncollectible accounts expense from the suppliers. PECO is required to purchase receivables at face value and permitted to recover uncollectible accounts expense from customers through distribution rates. Exelon, ComEd, PECO and BGE do not record unbilled commodity receivables under the POR programs. Purchased billed receivables are classified in Other accounts receivable, net on Exelon's, ComEd's, PECO's and BGE's Consolidated Balance Sheets. The following tables provide information about the purchased receivables of the Registrants as of September 30, 2014 and December 31, 2013.

As of September 30, 2014	Exelon	ComEd	PECO	BGE
Purchased receivables [a]	$ 306	$ 152	$ 78	$76
Allowance for uncollectible accounts [b]	(36)	(21)	(8)	(7)
Purchased receivables, net	$ 270	$ 131	$ 70	$69

As of December 31, 2013	Exelon	ComEd	PECO	BGE
Purchased receivables [a]	$ 263	$ 105	$ 72	$86
Allowance for uncollectible accounts [b]	(30)	(16)	(7)	(7)
Purchased receivables, net	$ 233	$ 89	$ 65	$79

(a) PECO's gas POR program became effective on January 1, 2012 and includes a 1% discount on purchased receivables in order to recover the implementation costs of the program. If the costs are not fully recovered when PECO files its next gas distribution rate case, PECO will propose a mechanism to recover the remaining implementation costs as a distribution charge to low volume transportation customers or apply future discounts on purchased receivables from natural gas suppliers serving those customers.

(b) For ComEd and BGE, reflects the incremental allowance for uncollectible accounts recorded, which is in addition to the purchase discount. For ComEd, the incremental uncollectible accounts expense is recovered through its Purchase of Receivables with Consolidated Billing (PORCB) tariff.

6. Investment in Constellation Energy Nuclear Group, LLC (Exelon and Generation)

As a result of the Constellation merger, Generation owns a 50.01% interest in CENG, a nuclear generation business. Generation has historically had various agreements with CENG to purchase power and to provide certain services. For further information regarding these agreements, see Note 25 — Related Party Transactions of the Exelon 2013 Form 10-K.

On April 1, 2014, Generation, CENG, and subsidiaries of CENG entered into a Nuclear Operating Services Agreement (NOSA) pursuant to which Generation will operate the CENG nuclear generation fleet owned by CENG subsidiaries and provide corporate and administrative services for the remaining life and decommissioning of the CENG nuclear plants as if they were a part of the Generation nuclear fleet, subject to EDF, Inc.'s (EDFI) rights as a member of CENG (the Integration Transaction). CENG will reimburse Generation for its direct and allocated costs for such services. As part of the arrangement, Nine Mile Point Nuclear Station, LLC, a subsidiary of CENG, also assigned to Generation its obligations as Operator of Nine Mile Point Unit 2 under an operating agreement with the co-owner. In addition, on April 1, 2014, the Power Services Agency Agreement (PSAA) was amended and extended until the permanent cessation of power generation by the CENG generation plants.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

In addition, on April 1, 2014, Generation made a $400 million loan to CENG, bearing interest at 5.25% per annum and payable out of specified available cash flows of CENG and, in any event, payable upon the settlement of the Put Option Agreement discussed below (if the put option is exercised) or payable upon the maturity date of April 1, 2034, whichever occurs first. Immediately following receipt of the proceeds of such loan, CENG made a $400 million special distribution to EDFI.

Exelon, Generation, and subsidiaries of Generation, EDFI and its parent (E.D.F. International S.A.S.), and CENG also executed a Fourth Amended and Restated Operating Agreement for CENG (Operating Agreement) on April 1, 2014, pursuant to which, among other things, CENG committed to make preferred distributions to Generation (after repayment of the $400 million loan and associated interest) quarterly out of specified available cash flows until Generation has received aggregate distributions of $400 million plus a return of 8.5% per annum from April 1, 2014 (Preferred Distribution Rights).

Generation and EDFI also entered into a Put Option Agreement on April 1, 2014, pursuant to which EDFI has the option, exercisable beginning on January 1, 2016 and thereafter until June 30, 2022, to sell its 49.99% interest in CENG to Generation for a fair market value price determined by agreement of the parties, or absent agreement, a third-party arbitration process. The appraisers determining fair market value of EDF's 49.99% interest in CENG under the Put Option Agreement are instructed to take into account all rights and obligations under the CENG Operating Agreement, including Generation's rights with respect to any unpaid aggregate preferred distributions and the related return, and the value of Generation's rights to other distributions. The beginning of the exercise period will be accelerated if Exelon's affiliates cease to own a majority of CENG and exercise a related right to terminate the NOSA. In addition, under limited circumstances, the period for exercise of the put option may be extended for 18 months.

On April 1, 2014, Generation also executed an Indemnity Agreement pursuant to which Generation indemnified EDF and its affiliates against third-party claims that may arise from any future nuclear incident (as defined in the Price Anderson Act) in connection with the CENG nuclear plants or their operations. Exelon guarantees Generation's obligations under this indemnity.

In addition, on April 1, 2014, Generation, EDFI, CENG and Nine Mile Point Nuclear Station, LLC entered into an Employee Matters Agreement (EMA) that provides for the transfer of CENG employees to Generation or one of its affiliates (the Generation Parties) and Exelon's assumption of sponsorship of the employee benefit plans (including certain incentive, health and welfare, and postemployment benefit plans, among others) and their related trust funds as of July 14, 2014. The EMA also generally requires CENG to fund obligations related to pre-transfer service of employees, including the underfunded balance of the pension and other postretirement welfare benefit plans measured as of July 14, 2014 by making periodic payments to Generation. These payments will be made on an agreed payment schedule or upon the occurrence of certain specified events, such as EDF's disposition of a majority of its interest in CENG.

As a condition to obtaining regulatory approval for the NOSA and related transactions from the NRC, Exelon executed a support agreement pursuant to which Exelon may be required under specified circumstances to provide up to $245 million of financial support to the CENG plants (Exelon Support Agreement). The Exelon Support Agreement supersedes a previous support agreement under which Generation had agreed to provide up to $205 million of financial support for CENG. In addition, Exelon executed a guarantee pursuant to which Exelon may be required under specified circumstances to provide up to $165 million in additional financial support for CENG. A previous support agreement executed by an affiliate of EDF remains in effect under which the EDF affiliate may be required to provide up to approximately $145 million of financial support for CENG under specified circumstances. The agreements were executed as of April 1, 2014 when the NRC licenses were transferred to Generation. No liability has been recognized by Exelon for the Exelon Support Agreement or the guarantee.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Prior to April 1, 2014, Exelon and Generation accounted for their investment in CENG under the equity method of accounting. From January 1, 2014, through March 31, 2014, Generation recorded $19 million of equity in losses of unconsolidated affiliates related to its investment in CENG and recorded $17 million of revenues from CENG. For the three and nine months ended September 30, 2013, Generation recorded $37 million and $5 million, respectively, of equity in earnings of unconsolidated affiliates related to its investment in CENG and $12 million and $45 million, respectively, of revenues from CENG. The book value of Generation's investment in CENG prior to the consolidation was $1.9 billion, and the book value of the AOCI related to CENG prior to consolidation was $116 million, net of taxes of $77 million.

As a result of the consolidation of CENG, there are several transactions included in Exelon's and Generation's Consolidated Financial Statements between CENG and EDF that are considered related party transactions to Generation. As further described in Note 25 — Related Party Transactions of the Exelon 2013 Form 10-K, EDF and Generation have a PPA with CENG under which they purchase 15% and 85%, respectively, of the nuclear output owned by CENG that is not sold to third parties under pre-existing PPAs. Beginning January 1, 2015 and continuing through the life of the respective plants, EDF and Generation will purchase 49.99% and 50.01%, respectively, of the nuclear output owned by CENG. Beginning April 1, 2014, sales to Generation are eliminated in consolidation. For the three and nine months ended September 30, 2014, Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income include sales to EDF of $52 million and $90 million, respectively. See discussion above and Note 3 — Variable Interest Entities for additional information regarding other related party transactions, between CENG and EDF included within Exelon and Generation's financial statements.

See Note 3 — Variable Interest Entities for additional information about the Registrants VIEs.

Accounting for the Consolidation of CENG

The transfer of the nuclear operating licenses and the execution of the NOSA on April 1, 2014, resulted in the derecognition of the equity method investment in CENG and the recording of all assets, liabilities and EDF's noncontrolling interest in CENG at fair value on Exelon's and Generation's Consolidated Balance Sheets. As a result of the consolidation, Exelon and Generation recorded a net gain of $261 million within their respective Consolidated Statements of Operations and Comprehensive Income. This gain consists of approximately $136 million related to the step up to fair value basis of Generation's ownership interest in CENG, and approximately $132 million related to the settlement of pre-existing transactions between CENG and Generation. The net gain on the consolidation of CENG of $261 million is net of a $7 million payment to EDF.

The fair value of CENG's assets and liabilities recorded in consolidation was determined based on significant estimates and assumptions that are judgmental in nature, including projected future cash flows (including timing); discount rates reflecting risk inherent in the future cash flows; and future market prices. There were also judgments made to determine the expected useful lives assigned to each class of assets acquired and duration of liabilities assumed.

The valuations necessary to assess the fair values of certain assets and liabilities are considered preliminary as a result of the short time period between the execution of the NOSA and the end of the second quarter of 2014. The estimates of the fair value of assets and liabilities may be modified up to one year from April 1, 2014, as more information is obtained about the fair value of assets and liabilities. The principal items that are expected to be revised include the asset retirement obligation liabilities and related asset retirement costs. These items are expected to be updated with inputs from a third party engineering firm with corresponding adjustments recorded by the end of 2014. See Note 12 — Nuclear Decommissioning for discussion of the impacts of adjustments recorded during the third quarter of 2014 related to updated estimates of the CENG asset retirement obligation

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(Dollars in millions, except per share data, unless otherwise noted)

liabilities. In the period of such revisions, these and any other material changes to the fair value assessments could result in adjustments to the amounts recorded upon consolidation, including the overall gain recorded by Generation. In addition, any asset or liability adjustments impacting depreciation and/or accretion expense recorded after the consolidation date would impact Generation's post-consolidation results of operations.

Generation recorded the assets and liabilities of CENG at fair value as of April 1, 2014. The following assets and liabilities of CENG were recorded within Generation's Consolidated Balance Sheets as of the date of integration:

Preliminary Fair Values	Exelon and Generation
Current assets	$ 499
Nuclear decommissioning trust fund	1,955
Property, plant and equipment	2,941
Nuclear fuel	482
Other assets	10
Total assets	5,887
Current liabilities	237
Asset retirement obligation	1,684
Pension and other employee benefit obligations	281
Unamortized energy contract liabilities	171
Other liabilities	114
Total liabilities	2,487
Total net assets	$ 3,400

Generation also recorded the fair value of the noncontrolling interest on its Consolidated Balance Sheets of approximately $1.5 billion, net of the fair value of $152 million for certain specified additional distribution rights under the Operating Agreement. In addition, the noncontrolling interest was further reduced by the $400 million special cash distribution to EDF.

Due to the Preferred Distribution Rights that Generation has on CENG's available cash, the earnings attributable to the noncontrolling interest on the Statements of Operations and Comprehensive Income as well as the corresponding adjustment to Non-controlling interest on the Consolidated Balance Sheets will not be in proportion to Generation's and EDF's equity ownership interests. Rather, the attribution will consider Generation's Preferred Distribution Rights and allocate net income based on each owner's rights to CENG's net assets. For the three and nine months ended September 30, 2014, Generation reduced by $4 million and $8 million, respectively, the amount of Net income attributable to noncontrolling interests on Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income. As a result of the consolidation, Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income includes CENG's incremental operating revenues of $58 million and $155 million and CENG's net income, prior to any intercompany eliminations and any adjustments for noncontrolling interest, of $171 million and $248 million during the three and nine months ended September 30, 2014, respectively.

Exelon and Generation both incurred integration-related costs of $4 million and $22 million during the three and nine months ended September 30, 2014. The costs incurred are classified primarily within Operating and Maintenance Expense in Exelon's and Generation's respective Consolidated Statements of Operations and Comprehensive Income for the three and nine months ended September 30, 2014.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

See Note 14 — Severance for integration-related severance costs related to CENG incurred by Exelon and Generation during the three and nine months ended September 30, 2014.

7. Impairment of Long-Lived Assets (Exelon and Generation)

Long-Lived Assets (Exelon and Generation)

Generation evaluates long-lived assets for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. In the second quarter of 2014, updates to the long-term fundamental energy prices, which included a thorough evaluation of key assumptions including gas prices, load growth, plant retirements and renewable growth, suggested that the carrying value of certain merchant wind assets may be impaired. Generation concluded that the estimated undiscounted future cash flows and fair value of twelve wind projects, primarily located in West Texas, were less than their respective carrying values at May 31, 2014. As a result, long-lived assets held and used with a carrying amount of approximately $151 million were written down to their fair value of $65 million and a pre-tax impairment charge of $86 million was recorded during the second quarter of 2014 in Operating and maintenance expense in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income.

In the third quarter of 2013, lower projected wind production and a decline in power prices suggested that the carrying value of certain wind projects may be impaired. Generation concluded that the estimated undiscounted future cash flows and fair value of eleven wind projects, primarily located in West Texas and Minnesota, were less than their respective carrying values at September 30, 2013. As a result, long-lived assets held and used with a carrying amount of approximately $75 million were written down to their fair value of $32 million and a pre-tax impairment charge of $39 million, net of the impairment amount attributable to noncontrolling interests for certain of the projects, was recorded during the third quarter of 2013 in Operating and maintenance expense in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income.

The fair value analysis in both quarters was primarily based on the income approach using significant unobservable inputs (Level 3) including revenue and generation forecasts, projected capital and maintenance expenditures and discount rates. Changes in the assumptions described above could potentially result in future impairments of Exelon's long-lived assets, which could be material.

During the third quarter of 2014, certain non-nuclear generating assets were identified as assets held for sale on Exelon's and Generation's Consolidated Balance Sheets. When long-lived assets are held for sale, an impairment loss is recognized to the extent that the asset's carrying value exceeds its estimated fair value less costs to sell. At September 30, 2014, in connection with the approved asset sales agreements, a $50 million pre-tax impairment loss was recorded within Operating and maintenance expense on Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income. See Note 4 — Mergers, Acquisitions, and Dispositions for further information on assets held for sale.

Nuclear Uprate Program (Exelon and Generation)

Generation is engaged in individual projects as part of a planned power uprate program across its nuclear fleet. When economically viable, the projects take advantage of new production and measurement technologies, new materials and application of expertise gained from a half-century of nuclear power operations. Based on ongoing reviews, the nuclear uprate implementation plan was adjusted in both the first and second quarters of 2013 to cancel certain projects. During the first quarter of 2013, the Measurement Uncertainty Recapture (MUR) uprate projects at the Dresden and Quad Cities nuclear stations were cancelled as a result of the cost of additional plant modifications identified during final design work which, when combined with then current market conditions, made the projects not economically viable. For these cancelled projects, Generation recorded

approximately $21 million to Operating and maintenance expense during the first quarter of 2013 to accrue remaining costs and reverse previously capitalized costs. During the second quarter of 2013, market conditions prompted Generation to cancel the previously deferred extended power uprate projects at the LaSalle and Limerick nuclear stations. For these cancelled projects, Generation recorded a pre-tax charge during the second quarter of 2013 to Operating and maintenance expense and Interest expense of approximately $92 million and $8 million, respectively, to accrue remaining costs and reverse the previously capitalized costs.

Like-Kind Exchange Transaction (Exelon)

Prior to the PECO/Unicom Merger in October 2000, UII, LLC (formerly Unicom Investments, Inc.) (UII), a wholly owned subsidiary of Exelon, entered into a like-kind exchange transaction pursuant to which approximately $1.6 billion was invested in coal-fired generating station leases located in Georgia and Texas with two separate entities unrelated to Exelon. The generating stations were leased back to such entities as part of the transaction. See Note 11 — Income Taxes for further information. For financial accounting purposes, the investments are accounted for as direct financing lease investments. UII holds the leasehold interests in the generating stations in several separate bankruptcy remote, special purpose companies it directly or indirectly wholly owns. The lease agreements provide the lessees with fixed purchase options at the end of the lease terms. If the lessees do not exercise the fixed purchase options, Exelon has the ability to operate the stations and keep or market the power itself or require the lessees to arrange for a third-party to bid on a service contract for a period following the lease term. In any event, Exelon will be subject to residual value risk if the lessees do not exercise the fixed purchase options. This risk is partially mitigated by the fair value of the scheduled payments under the service contract. However, such payments are not guaranteed. Further, the term of the service contract is less than the expected remaining useful life of the plants and, therefore, Exelon's exposure to residual value risk will not be mitigated by payments under the service contract in this remaining period. In the fourth quarter of 2000, under the terms of the lease agreements, UII received a prepayment of $1.2 billion for all rent, which reduced the investment in the leases. There are no minimum scheduled lease payments to be received over the remaining term of the leases.

On February 26, 2014, UII and the City Public Service Board of San Antonio, Texas (CPS) finalized an agreement to terminate the lease on the generating station located in Texas prior to its expiration date. As a result of the lease termination, UII received a net early termination amount of $335 million from CPS and wrote off the net investment in the CPS long-term lease of $336 million in Investments in the Consolidated Balance Sheet in the first quarter of 2014 resulting in a pre-tax loss of $1 million being reflected in Operating and maintenance expense in the Consolidated Statement of Operations and Comprehensive Income in the first quarter of 2014.

Pursuant to the applicable accounting guidance, Exelon is required to review the estimated residual values of its direct financing lease investments at least annually and record an impairment charge if the review indicates an other than temporary decline in the fair value of the residual values below their carrying values. Exelon estimates the fair value of the residual values of its direct financing lease investments under the income approach, which uses a discounted cash flow analysis, which takes into consideration significant unobservable inputs (Level 3) including the expected revenues to be generated and costs to be incurred to operate the plants over their remaining useful lives subsequent to the lease end dates. Significant assumptions used in estimating the fair value include fundamental energy and capacity prices, fixed and variable costs, capital expenditure requirements, discount rates, tax rates, and the estimated remaining useful lives of the plants. The estimated fair values also reflect the cash flows associated with the service contract option discussed above given that a market participant would take into consideration all of the terms and conditions contained in the lease agreements.

Based on the annual reviews performed in the second quarter of 2014 and 2013, the estimated residual value of Exelon's direct financing leases for the Georgia generating stations experienced other than temporary declines

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given reduced long-term energy and capacity price expectations. As a result, Exelon recorded a $24 million and $14 million pre-tax impairment charge in the second quarter of 2014 and 2013, respectively, for these stations. These impairment charges were recorded in Investments and Operating and maintenance expense in Exelon's Consolidated Balance Sheet and the Consolidated Statement of Operations and Comprehensive Income, respectively. Changes in the assumptions described above could potentially result in future impairments of Exelon's direct financing lease investments, which could be material.

At September 30, 2014 and December 31, 2013, the components of the net investment in long-term leases were as follows:

	September 30, 2014	December 31, 2013
Estimated residual value of leased assets	$ 685	$ 1,465
Less: unearned income	328	767
Net investment in long-term leases	$ 357	$ 698

8. Fair Value of Financial Assets and Liabilities (Exelon, Generation, ComEd, PECO and BGE)

Fair Value of Financial Liabilities Recorded at the Carrying Amount

The following tables present the carrying amounts and fair values of the Registrants' short-term liabilities, long-term debt, SNF obligation, and trust preferred securities (long-term debt to financing trusts or junior subordinated debentures) as of September 30, 2014 and December 31, 2013:

Exelon

	September 30, 2014				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 565	$ 3	$ 562	$ —	$ 565
Long-term debt (including amounts due within one year)	21,264	1,168	20,278	1,297	22,743
Long-term debt to financing trusts	648	—	—	677	677
SNF obligation	1,021	—	849	—	849

	December 31, 2013				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 344	$ 3	$ 341	$ —	$ 344
Long-term debt (including amounts due within one year)	19,132	—	18,672	1,079	19,751
Long-term debt to financing trusts	648	—	—	631	631
SNF obligation	1,021	—	790	—	790

Generation

	September 30, 2014				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 14	$ —	$ 14	$ —	$ 14
Long-term debt (including amounts due within one year)	8,320	—	7,543	1,297	8,840
SNF obligation	1,021	—	849	—	849

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	December 31, 2013				
	Carrying	Fair Value			
	Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 22	$ —	$ 22	$ —	$ 22
Long-term debt (including amounts due within one year)	7,729	—	6,586	1,062	7,648
SNF obligation	1,021	—	790	—	790

ComEd

	September 30, 2014				
	Carrying	Fair Value			
	Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 528	$ —	$ 528	$ —	$ 528
Long-term debt (including amounts due within one year)	5,708	—	6,422	—	6,422
Long-term debt to financing trust	206	—	—	214	214

	December 31, 2013				
	Carrying	Fair Value			
	Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 184	$ —	$ 184	$ —	$ 184
Long-term debt (including amounts due within one year)	5,675	—	6,238	17	6,255
Long-term debt to financing trust	206	—	—	202	202

PECO

	September 30, 2014				
	Carrying	Fair Value			
	Amount	Level 1	Level 2	Level 3	Total
Long-term debt (including amounts due within one year)	$ 2,496	$ —	$2,720	$ —	$2,720
Long-term debt to financing trusts	184	—	—	204	204

	December 31, 2013				
	Carrying	Fair Value			
	Amount	Level 1	Level 2	Level 3	Total
Long-term debt (including amounts due within one year)	$ 2,197	$ —	$2,358	$ —	$2,358
Long-term debt to financing trusts	184	—	—	180	180

BGE

	September 30, 2014				
	Carrying	Fair Value			
	Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 23	$ 3	$ 20	$ —	$ 23
Long-term debt (including amounts due within one year)	1,976	—	2,196	—	2,196
Long-term debt to financing trusts	258	—	—	259	259

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	December 31, 2013				
	Carrying	Fair Value			
	Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 138	$ 3	$ 135	$ —	$ 138
Long-term debt (including amounts due within one year)	2,011	—	2,148	—	2,148
Long-term debt to financing trusts	258	—	—	249	249

Short-Term Liabilities. The short-term liabilities included in the tables above are comprised of short-term borrowings (Level 2) and dividends payable (included in other current liabilities) (Level 1). The Registrants' carrying amounts of the short-term liabilities are representative of fair value because of the short-term nature of these instruments.

Long-Term Debt. The fair value amounts of Exelon's taxable debt securities (Level 2) are determined by a valuation model that is based on a conventional discounted cash flow methodology and utilizes assumptions of current market pricing curves. In order to incorporate the credit risk of the Registrants into the discount rates, Exelon obtains pricing (i.e., U.S. Treasury rate plus credit spread) based on trades of existing Exelon debt securities as well as debt securities of other issuers in the electric utility sector with similar credit ratings in both the primary and secondary market, across the Registrants' debt maturity spectrum. The credit spreads of various tenors obtained from this information are added to the appropriate benchmark U.S. Treasury rates in order to determine the current market yields for the various tenors. The yields are then converted into discount rates of various tenors that are used for discounting the respective cash flows of the same tenor for each bond or note. The fair value of Exelon's equity units (Level 1) are valued based on publicly traded securities issued by Exelon.

The fair value of Generation's non-government-backed fixed rate project financing debt (Level 3) is based on market and quoted prices for its own and other project financing debt with similar risk profiles. Given the low trading volume in the project financing debt market, the price quotes used to determine fair value will reflect certain qualitative factors, such as market conditions, investor demand, new developments that might significantly impact the project cash flows or off-taker credit, and other circumstances related to the project (e.g., political and regulatory environment). The fair value of Generation's government-backed fixed rate project financing debt (Level 3) is largely based on a discounted cash flow methodology that is similar to the taxable debt securities methodology described above. Due to the lack of market trading data on similar debt, the discount rates are derived based on the original loan interest rate spread to the applicable Treasury rate as well as a current market curve derived from government-backed securities. Variable rate project financing debt resets on a quarterly basis and the carrying value approximates fair value (Level 2).

SNF Obligation. The carrying amount of Generation's SNF obligation (Level 2) is derived from a contract with the DOE to provide for disposal of SNF from Generation's nuclear generating stations. When determining the fair value of the obligation, the future carrying amount of the SNF obligation estimated to be settled in 2025 is calculated by compounding the current book value of the SNF obligation at the 13-week Treasury rate. The compounded obligation amount is discounted back to present value using Generation's discount rate, which is calculated using the same methodology as described above for the taxable debt securities, and an estimated maturity date of 2025.

Long-Term Debt to Financing Trusts. Exelon's long-term debt to financing trusts is valued based on publicly traded securities issued by the financing trusts. Due to low trading volume of these securities, qualitative factors, such as market conditions, investor demand, and circumstances related to each issue, this debt is classified as Level 3.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Recurring Fair Value Measurements

Exelon records the fair value of assets and liabilities in accordance with the hierarchy established by the authoritative guidance for fair value measurements. The hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1 — quoted prices (unadjusted) in active markets for identical assets or liabilities that the Registrants have the ability to access as of the reporting date. Financial assets and liabilities utilizing Level 1 inputs include active exchange-traded corporate units, equity securities and funds, certain exchange-based derivatives, and money market funds.
- Level 2 — inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data. Financial assets and liabilities utilizing Level 2 inputs include fixed income securities, derivatives, commingled and mutual investment funds priced at NAV per fund share and fair value hedges.
- Level 3 — unobservable inputs, such as internally developed pricing models or third-party valuations for the asset or liability due to little or no market activity for the asset or liability. Financial assets and liabilities utilizing Level 3 inputs include infrequently traded securities and derivatives, and investments priced using an alternative pricing mechanism or third party valuation.

Transfers in and out of levels are recognized as of the end of the reporting period the transfer occurred. Given derivatives categorized within Level 1 are valued using exchange-based quoted prices within observable periods, transfers between Level 2 and Level 1 were not material. Transfers into Level 2 from Level 3 generally occur when the contract tenure becomes more observable. Transfers into Level 3 from Level 2 generally occur due to changes in market liquidity or assumptions for certain commodity contracts. There were no transfers between Level 1 and Level 2 during the nine months ended September 30, 2014 for cash equivalents, nuclear decommissioning trust fund investments, pledged assets for Zion Station decommissioning, Rabbi trust investments, and deferred compensation obligations.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Exelon and Generation

The following tables present assets and liabilities measured and recorded at fair value on Exelon's and Generation's Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy as of September 30, 2014 and December 31, 2013:

	Generation				Exelon			
As of September 30, 2014	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets								
Cash equivalents [a]	$ 944	$ —	$ —	$ 944	$ 1,876	$ —	$ —	$ 1,876
Nuclear decommissioning trust fund investments								
Cash equivalents	261	62	—	323	261	62	—	323
Equity								
Individually held	2,569	—	—	2,569	2,569	—	—	2,569
Exchange traded funds	170	—	—	170	170	—	—	170
Commingled funds	—	2,365	—	2,365	—	2,365	—	2,365
Equity funds subtotal	2,739	2,365	—	5,104	2,739	2,365	—	5,104
Balanced funds — commingled funds	—	273	—	273	—	273	—	273
Fixed income								
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	967	—	—	967	967	—	—	967
Debt securities issued by states of the United States and political subdivisions of the states	—	429	—	429	—	429	—	429
Debt securities issued by foreign governments	—	105	—	105	—	105	—	105
Corporate debt securities	—	2,001	235	2,236	—	2,001	235	2,236
Federal agency mortgage-backed securities	—	79	—	79	—	79	—	79
Commercial mortgage-backed securities (non-agency)	—	39	—	39	—	39	—	39
Residential mortgage-backed securities (non-agency)	—	3	—	3	—	3	—	3
Mutual funds	—	21	—	21	—	21	—	21
Commingled funds	—	328	—	328	—	328	—	328
Fixed income subtotal	967	3,005	235	4,207	967	3,005	235	4,207
Middle market lending	—	—	354	354	—	—	354	354
Private Equity	—	—	54	54	—	—	54	54
Other debt obligations	—	19	—	19	—	19	—	19
Real Estate	—	—	1	1	—	—	1	1
Nuclear decommissioning trust fund investments subtotal [b]	3,967	5,724	644	10,335	3,967	5,724	644	10,335
Pledged assets for Zion Station decommissioning								
Cash equivalents	—	12	—	12	—	12	—	12
Equity								
Individually held	5	2	—	7	5	2	—	7
Equity funds subtotal	5	2	—	7	5	2	—	7
Fixed income								
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	13	2	—	15	13	2	—	15
Debt securities issued by states of the United States and political subdivisions of the states	—	19	—	19	—	19	—	19
Corporate debt securities	—	138	—	138	—	138	—	138
Commingled funds	—	4	—	4	—	4	—	4
Fixed income subtotal	13	163	—	176	13	163	—	176
Middle market lending	—	—	166	166	—	—	166	166
Pledged assets for Zion Station decommissioning subtotal [c]	18	177	166	361	18	177	166	361
Rabbi trust investments [e]								
Mutual funds [d]	15	—	—	15	46	—	—	46
Rabbi trust investments subtotal	15	—	—	15	46	—	—	46
Commodity derivative assets								
Economic hedges	396	2,523	1,683	4,602	396	2,523	1,683	4,602
Proprietary trading	129	537	214	880	129	537	214	880
Effect of netting and allocation of collateral [f]	(563)	(2,472)	(1,213)	(4,248)	(563)	(2,472)	(1,213)	(4,248)
Commodity derivative assets subtotal	(38)	588	684	1,234	(38)	588	684	1,234

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Generation				Exelon			
As of September 30, 2014	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Interest rate and foreign currency derivative assets								
Derivatives designated as hedging instruments	—	13	—	13	—	25	—	25
Economic hedges	—	7	—	7	—	12	—	12
Proprietary trading	18	3	—	21	18	3	—	21
Effect of netting and allocation of collateral	(19)	(5)	—	(24)	(19)	(5)	—	(24)
Interest rate and foreign currency derivative assets subtotal	(1)	18	—	17	(1)	35	—	34
Other investments	13	—	3	16	13	—	3	16
Total assets	4,918	6,507	1,497	12,922	5,881	6,524	1,497	13,902
Liabilities								
Commodity derivative liabilities								
Economic hedges	(458)	(2,194)	(1,494)	(4,146)	(458)	(2,194)	(1,672)	(4,324)
Proprietary trading	(133)	(555)	(203)	(891)	(133)	(555)	(203)	(891)
Effect of netting and allocation of collateral [f]	591	2,672	1,444	4,707	591	2,672	1,444	4,707
Commodity derivative liabilities subtotal	—	(77)	(253)	(330)	—	(77)	(431)	(508)
Interest rate and foreign currency derivative liabilities								
Derivatives designated as hedging instruments	—	(2)	—	(2)	—	(12)	—	(12)
Economic hedges	—	(9)	—	(9)	—	(22)	—	(22)
Proprietary trading	(17)	(3)	—	(20)	(17)	(3)	—	(20)
Effect of netting and allocation of collateral	17	5	—	22	17	5	—	22
Interest rate and foreign currency derivative liabilities subtotal	—	(9)	—	(9)	—	(32)	—	(32)
Deferred compensation obligation	—	(29)	—	(29)	—	(105)	—	(105)
Total liabilities	—	(115)	(253)	(368)	—	(214)	(431)	(645)
Total net assets	$ 4,918	$ 6,392	$ 1,244	$12,554	$ 5,881	$ 6,310	$ 1,066	$13,257

	Generation				Exelon			
As of December 31, 2013	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets								
Cash equivalents [a]	$ 1,006	$ —	$ —	$1,006	$ 1,230	$ —	$ —	$1,230
Nuclear decommissioning trust fund investments								
Cash equivalents	459	—	—	459	459	—	—	459
Equity								
Individually held	1,776	—	—	1,776	1,776	—	—	1,776
Exchange traded funds	115	—	—	115	115	—	—	115
Commingled funds	—	2,271	—	2,271	—	2,271	—	2,271
Equity funds subtotal	1,891	2,271	—	4,162	1,891	2,271	—	4,162
Fixed income								
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	882	—	—	882	882	—	—	882
Debt securities issued by states of the United States and political subdivisions of the states	—	294	—	294	—	294	—	294
Debt securities issued by foreign governments	—	87	—	87	—	87	—	87
Corporate debt securities	—	1,753	31	1,784	—	1,753	31	1,784
Federal agency mortgage-backed securities	—	10	—	10	—	10	—	10
Commercial mortgage-backed securities (non-agency)	—	40	—	40	—	40	—	40
Residential mortgage-backed securities (non-agency)	—	7	—	7	—	7	—	7
Mutual funds	—	18	—	18	—	18	—	18
Fixed income subtotal	882	2,209	31	3,122	882	2,209	31	3,122
Middle market lending	—	—	314	314	—	—	314	314
Private Equity	—	—	5	5	—	—	5	5
Other debt obligations	—	14	—	14	—	14	—	14
Nuclear decommissioning trust fund investments subtotal [b]	3,232	4,494	350	8,076	3,232	4,494	350	8,076
Pledged assets for Zion Station decommissioning								
Cash equivalents	—	26	—	26	—	26	—	26
Equity								
Individually held	16	—	—	16	16	—	—	16
Equity funds subtotal	16	—	—	16	16	—	—	16

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Generation				Exelon			
As of December 31, 2013	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Fixed income								
Debt securities issued by the U.S. Treasury and other U.S. government corporations and agencies	45	4	—	49	45	4	—	49
Debt securities issued by states of the United States and political subdivisions of the states	—	20	—	20	—	20	—	20
Corporate debt securities	—	227	—	227	—	227	—	227
Fixed income subtotal	45	251	—	296	45	251	—	296
Middle market lending	—	—	112	112	—	—	112	112
Other debt obligations	—	1	—	1	—	1	—	1
Pledged assets for Zion Station decommissioning subtotal [c]	61	278	112	451	61	278	112	451
Rabbi trust investments [e]								
Cash equivalents	—	—	—	—	2	—	—	2
Mutual funds [d]	13	—	—	13	54	—	—	54
Rabbi trust investments subtotal	13	—	—	13	56	—	—	56
Commodity derivative assets								
Economic hedges	493	2,582	885	3,960	493	2,582	885	3,960
Proprietary trading	324	1,315	122	1,761	324	1,315	122	1,761
Effect of netting and allocation of collateral [f]	(863)	(3,131)	(430)	(4,424)	(863)	(3,131)	(430)	(4,424)
Commodity derivative assets subtotal	(46)	766	577	1,297	(46)	766	577	1,297
Interest rate and foreign currency derivative assets	30	32	—	62	30	39	—	69
Effect of netting and allocation of collateral	(30)	(2)	—	(32)	(30)	(2)	—	(32)
Interest rate and foreign currency derivative assets subtotal	—	30	—	30	—	37	—	37
Other investments	—	—	15	15	—	—	15	15
Total assets	4,266	5,568	1,054	10,888	4,533	5,575	1,054	11,162
Liabilities								
Commodity derivative liabilities								
Economic hedges	(540)	(1,890)	(397)	(2,827)	(540)	(1,890)	(590)	(3,020)
Proprietary trading	(328)	(1,256)	(119)	(1,703)	(328)	(1,256)	(119)	(1,703)
Effect of netting and allocation of collateral [f]	869	3,007	404	4,280	869	3,007	404	4,280
Commodity derivative liabilities subtotal	1	(139)	(112)	(250)	1	(139)	(305)	(443)
Interest rate and foreign currency derivative liabilities	(31)	(13)	—	(44)	(31)	(17)	—	(48)
Effect of netting and allocation of collateral	31	1	—	32	31	1	—	32
Interest rate and foreign currency derivative liabilities subtotal	—	(12)	—	(12)	—	(16)	—	(16)
Deferred compensation obligation	—	(29)	—	(29)	—	(114)	—	(114)
Total liabilities	1	(180)	(112)	(291)	1	(269)	(305)	(573)
Total net assets	$ 4,267	$ 5,388	$ 942	$10,597	$ 4,534	$ 5,306	$ 749	$10,589

(a) Excludes certain cash equivalents considered to be held-to-maturity and not reported at fair value.
(b) Excludes net assets (liabilities) of $14 million and $(5) million at September 30, 2014 and December 31, 2013, respectively. These items consist of receivables related to pending securities sales, interest and dividend receivables, and payables related to pending securities purchases.
(c) Excludes net assets of $4 million and $7 million at September 30, 2014 and December 31, 2013, respectively. These items consist of receivables related to pending securities sales, interest and dividend receivables, and payables related to pending securities purchases.
(d) The mutual funds held by the Rabbi trusts at Exelon include $45 million related to deferred compensation and $1 million related to Supplemental Executive Retirement Plan at September 30, 2014, and $53 million related to deferred compensation and $1 million related to Supplemental Executive Retirement Plan at December 31, 2013.
(e) Excludes $11 million and $35 million of cash surrender value of life insurance investment at September 30, 2014 and $10 million and $32 million of cash surrender value of life insurance investment at December 31, 2013 at Generation and Exelon, respectively.
(f) Includes collateral postings (received) from counterparties. Collateral posted (received) from counterparties for commodity positions, net of collateral paid to counterparties, totaled $28 million, $200 million and $231 million allocated to Level 1, Level 2 and Level 3 mark-to-market derivatives, respectively, as of September 30, 2014. Collateral posted (received) from counterparties, net of collateral paid to counterparties, totaled $6 million, $(124) million and $(26) million allocated to Level 1, Level 2 and Level 3 mark-to-market derivatives, respectively, as of December 31, 2013.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

ComEd, PECO and BGE

The following tables present assets and liabilities measured and recorded at fair value on the ComEd, PECO and BGE Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy as of September 30, 2014 and December 31, 2013:

	ComEd				PECO				BGE			
As of September 30, 2014	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets												
Cash equivalents	$ —	$ —	$ —	$ —	$ 304	$ —	$ —	$304	$ 5	$ —	$ —	$ 5
Rabbi trust investments												
Mutual funds [a]	—	—	—	—	9	—	—	9	5	—	—	5
Rabbi trust investments subtotal	—	—	—	—	9	—	—	9	5	—	—	5
Total assets	—	—	—	—	313	—	—	313	10	—	—	10
Liabilities												
Deferred compensation obligation	—	(8)	—	(8)	—	(15)	—	(15)	—	(5)	—	(5)
Mark-to-market derivative liabilities [b]	—	—	(178)	(178)	—	—	—	—	—	—	—	—
Total liabilities	—	(8)	(178)	(186)	—	(15)	—	(15)	—	(5)	—	(5)
Total net assets (liabilities)	$ —	$ (8)	$(178)	$(186)	$ 313	$ (15)	$ —	$298	$ 10	$ (5)	$ —	$ 5

	ComEd				PECO				BGE			
As of December 31, 2013	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets												
Cash equivalents	$ —	$ —	$ —	$ —	$ 175	$ —	$ —	$175	$ 31	$ —	$ —	$ 31
Rabbi trust investments												
Mutual funds [a]	5	—	—	5	9	—	—	9	6	—	—	6
Rabbi trust investments subtotal	5	—	—	5	9	—	—	9	6	—	—	6
Total assets	5	—	—	5	184	—	—	184	37	—	—	37
Liabilities												
Deferred compensation obligation	—	(8)	—	(8)	—	(17)	—	(17)	—	(6)	—	(6)
Mark-to-market derivative liabilities [b]	—	—	(193)	(193)	—	—	—	—	—	—	—	—
Total liabilities	—	(8)	(193)	(201)	—	(17)	—	(17)	—	(6)	—	(6)
Total net assets (liabilities)	$ 5	$ (8)	$(193)	$(196)	$ 184	$ (17)	$ —	$167	$ 37	$ (6)	$ —	$ 31

(a) At PECO, excludes $14 million of the cash surrender value of life insurance investments at both September 30, 2014 and December 31, 2013.

(b) The Level 3 balance includes the current and noncurrent liability of $14 million and $164 million at September 30, 2014, respectively, and $17 million and $176 million at December 31, 2013, respectively, related to floating-to-fixed energy swap contracts with unaffiliated suppliers.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following table presents the fair value reconciliation of Level 3 assets and liabilities measured at fair value on a recurring basis during the three and nine months ended September 30, 2014 and 2013:

	Generation					ComEd	Exelon
Three Months Ended September 30, 2014	**Nuclear Decommissioning Trust Fund Investments**	**Pledged Assets for Zion Station Decommissioning**	**Mark-to-Market Derivatives**	**Other Investments**	**Total Generation**	**Mark-to-Market Derivatives [b]**	**Total**
Balance as of June 30, 2014	$ 592	$ 133	$ 242	$ 10	$ 977	$ (134)	$ 843
Total realized / unrealized gains (losses)							
Included in net income	1	—	76[a]	—	77	—	77
Included in noncurrent payables to affiliates	3	—	—	—	3	—	3
Included in payable for Zion Station decommissioning	—	(2)	—	—	(2)	—	(2)
Included in regulatory assets	—	—	—	—	—	(44)	(44)
Change in collateral	—	—	79	—	79	—	79
Purchases, sales, issuances and settlements							
Purchases	83	53	12	—	148	—	148
Sales	(8)	(18)	—	(7)	(33)	—	(33)
Settlements	(27)	—	—	—	(27)	—	(27)
Transfers into Level 3	—	—	21	—	21	—	21
Transfers out of Level 3	—	—	1	—	1	—	1
Balance as of September 30, 2014	$ 644	$ 166	$ 431	$ 3	$ 1,244	$ (178)	$ 1,066
The amount of total gains included in income attributed to the change in unrealized gains related to assets and liabilities held for the three months ended September 30, 2014	$ 1	$ —	$ 163	$ —	$ 164	$ —	$ 164

	Generation					ComEd	Exelon
Nine Months Ended September 30, 2014	**Nuclear Decommissioning Trust Fund Investments**	**Pledged Assets for Zion Station Decommissioning**	**Mark-to-Market Derivatives**	**Other Investments**	**Total Generation**	**Mark-to-Market Derivatives [b]**	**Total**
Balance as of December 31, 2013	$ 350	$ 112	$ 465	$ 15	$ 942	$ (193)	$ 749
Total realized / unrealized gains (losses)							
Included in net income	5	—	(284) [a]	—	(279)	—	(279)
Included in noncurrent payables to affiliates	14	—	—	—	14	—	14
Included in payable for Zion Station decommissioning	—	2	—	—	2	—	2
Included in regulatory assets	—	—	—	—	—	15	15
Change in collateral	—	—	257	—	257	—	257
Purchases, sales, issuances and settlements							
Purchases	331	95	27	2	455	—	455
Sales	(10)	(43)	(6)	(7)	(66)	—	(66)
Settlements	(46)	—	—	—	(46)	—	(46)
Transfers into Level 3	—	—	(9)	—	(9)	—	(9)
Transfers out of Level 3	—	—	(19)	(7)	(26)	—	(26)
Balance as of September 30, 2014	$ 644	$ 166	$ 431	$ 3	$ 1,244	$ (178)	$ 1,066
The amount of total gains (losses) included in income attributed to the change in unrealized gains (losses) related to assets and liabilities held for the nine months ended September 30, 2014	$ 3	$ —	$ (264)	$ —	$ (261)	$ —	$ (261)

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

(a) Includes an increase for the reclassification of $87 million and $20 million of realized losses due to the settlement of derivative contracts recorded in results of operations for the three and nine months ended September 30, 2014, respectively.

(b) Includes $45 million of increases and $19 million of decreases in fair value and realized losses due to settlements of $1 million and realized gains due to settlements of $4 million recorded in purchased power expense associated with floating-to-fixed energy swap contracts with unaffiliated suppliers for the three and nine months ended September 30, 2014, respectively.

	Generation					ComEd	Exelon
Three Months Ended September 30, 2013	**Nuclear Decommissioning Trust Fund Investments**	**Pledged Assets for Zion Station Decommissioning**	**Mark-to-Market Derivatives**	**Other Investments**	**Total Generation**	**Mark-to-Market Derivatives [c]**	**Total**
Balance as of June 30, 2013	$ 240	$ 111	$ 516	$ 11	$ 878	$ (85)	$ 793
Total realized / unrealized gains (losses)							
Included in net income	—	—	(32) [a]	—	(32)	—	(32)
Included in noncurrent payables to affiliates	(1)	—	—	—	(1)	—	(1)
Included in payable for Zion Station decommissioning	—	—	—	—	—	—	—
Included in regulatory assets	—	—	—	—	—	(37)	(37)
Change in collateral	—	—	(30)	—	(30)	—	(30)
Purchases, sales, issuances and settlements							
Purchases	23	10	8	—	41	—	41
Sales	(14)	(15)	—	—	(29)	—	(29)
Settlements	(3)	—	—	—	(3)	—	(3)
Transfers into Level 3	—	—	4	—	4	—	4
Transfers out of Level 3	—	—	(5)	—	(5)	—	(5)
Balance as of September 30, 2013	$ 245	$ 106	$ 461	$ 11	$ 823	$ (122)	$ 701
The amount of total gains included in income attributed to the change in unrealized gains related to assets and liabilities held for the three months ended September 30, 2013	$ —	$ —	$ 51	$ —	$ 51	$ —	$ 51

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Generation					ComEd	Exelon
Nine Months Ended September 30, 2013	Nuclear Decommissioning Trust Fund Investments	Pledged Assets for Zion Station Decommissioning	Mark-to-Market Derivatives	Other Investments	Total Generation	Mark-to-Market Derivatives [c][d]	Total
Balance as of December 31, 2012	$ 183	$ 89	$ 660	$ 17	$ 949	$ (293)	$ 656
Total realized / unrealized gains (losses)							
Included in net income	2	—	(8) [a][b]	—	(6)	—	(6)
Included in other comprehensive income	—	—	(219) [b]	—	(219)	—	(219)
Included in noncurrent payables to affiliates	8	—	—	—	8	226	234
Included in payable for Zion Station decommissioning	—	1	—	—	1	—	1
Included in regulatory assets	—	—	—	—	—	(55)	(55)
Change in collateral	—	—	13	—	13	—	13
Purchases, sales, issuances and settlements							
Purchases	90	43	16	2	151	—	151
Sales	(27)	(27)	(8)	(8)	(70)	—	(70)
Settlements	(11)	—	—	—	(11)	—	(11)
Transfers into Level 3	—	—	11	—	11	—	11
Transfers out of Level 3	—	—	(4)	—	(4)	—	(4)
Balance as of September 30, 2013	$ 245	$ 106	$ 461	$ 11	$ 823	$ (122)	$ 701
The amount of total gains included in income attributed to the change in unrealized gains related to assets and liabilities held for the nine months ended September 30, 2013	$ 1	$ —	$ 148	$ —	$ 149	$ 11	$ 160

(a) Includes the reclassification of $83 million and $156 million of realized losses due to the settlement of derivative contracts recorded in results of operations for the three and nine months ended September 30, 2013, respectively.

(b) Includes $11 million of increases in fair value and realized gains due to settlements of $215 million associated with Generation's financial swap contract with ComEd for the nine months ended September 30, 2013. This position eliminates upon consolidation in Exelon's Consolidated Financial Statements.

(c) Includes $11 million of decreases in fair value and realized gains due to settlements of $215 million associated with Generation's financial swap contract with ComEd for the nine months ended September 30, 2013. This position eliminates upon consolidation in Exelon's Consolidated Financial Statements.

(d) Includes $37 million and $57 million of increases in fair value and realized losses due to settlements of $1 million and $5 million recorded in purchased power expense associated with floating-to-fixed energy swap contracts with unaffiliated suppliers for the three and nine months ended September 30, 2013, respectively.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following tables present the income statement classification of the total realized and unrealized gains (losses) included in income for Level 3 assets and liabilities measured at fair value on a recurring basis during the three and nine months ended September 30, 2014 and 2013:

	Generation			Exelon		
	Operating Revenues	Purchased Power and Fuel	Other, net [a]	Operating Revenues	Purchased Power and Fuel	Other, net [a]
Total gains (losses) included in net income for the three months ended September 30, 2014	$ 70	$ 6	$ 1	$ 70	$ 6	$ 1
Total gains (losses) included in net income for the nine months ended September 30, 2014	(260)	(24)	5	(260)	(24)	5
Change in the unrealized gains (losses) relating to assets and liabilities held for the three months ended September 30, 2014	142	21	1	142	21	1
Change in the unrealized gains (losses) relating to assets and liabilities held for the nine months ended September 30, 2014	(293)	29	3	(293)	29	3

	Generation			Exelon		
	Operating Revenues	Purchased Power and Fuel	Other, net [a]	Operating Revenues	Purchased Power and Fuel	Other, net [a]
Total gains (losses) included in net income for the three months ended September 30, 2013	$ (39)	$ 7	$ —	$ (39)	$ 7	$ —
Total gains (losses) included in net income for the nine months ended September 30, 2013	(67)	59	2	(61)	60	2
Change in the unrealized gains (losses) relating to assets and liabilities held for the three months ended September 30, 2013	42	9	—	42	9	—
Change in the unrealized gains (losses) relating to assets and liabilities held for the nine months ended September 30, 2013	71	77	1	81	78	1

(a) Other, net activity consists of realized and unrealized gains (losses) included in income for the NDT funds held by Generation.

Valuation Techniques Used to Determine Fair Value

The following describes the valuation techniques used to measure the fair value of the assets and liabilities shown in the tables above.

Cash Equivalents (Exelon, Generation, ComEd, PECO and BGE) . The Registrants' cash equivalents include investments with maturities of three months or less when purchased. The cash equivalents shown in the fair value tables are comprised of investments in mutual and money market funds. The fair values of the shares of these funds are based on observable market prices and, therefore, have been categorized in Level 1 in the fair value hierarchy.

Nuclear Decommissioning Trust Fund Investments and Pledged Assets for Zion Station Decommissioning (Exelon and Generation). The trust fund investments have been established to satisfy Generation's and CENG's nuclear decommissioning obligations as required by the NRC. The NDT funds hold debt and equity

securities directly and indirectly through commingled funds. Generation's and CENG's investment policies place limitations on the types and investment grade ratings of the securities that may be held by the trusts. These policies limit the trust funds' exposures to investments in highly illiquid markets and other alternative investments. Investments with maturities of three months or less when purchased, including certain short-term fixed income securities are considered cash equivalents and included in the recurring fair value measurements hierarchy as Level 1 or Level 2.

With respect to individually held equity securities, the trustees obtain prices from pricing services, whose prices are obtained from direct feeds from market exchanges, which Generation is able to independently corroborate. The fair values of equity securities held directly by the trust funds are based on quoted prices in active markets and are categorized in Level 1. Equity securities held individually are primarily traded on the New York Stock Exchange and NASDAQ-Global Select Market, which contain only actively traded securities due to the volume trading requirements imposed by these exchanges.

For fixed income securities, multiple prices from pricing services are obtained whenever possible, which enables cross-provider validations in addition to checks for unusual daily movements. A primary price source is identified based on asset type, class or issue for each security. The trustees monitor prices supplied by pricing services and may use a supplemental price source or change the primary price source of a given security if the portfolio managers challenge an assigned price and the trustees determine that another price source is considered to be preferable. Generation has obtained an understanding of how these prices are derived, including the nature and observability of the inputs used in deriving such prices. Additionally, Generation selectively corroborates the fair values of securities by comparison to other market-based price sources. U.S. Treasury securities are categorized as Level 1 because they trade in a highly liquid and transparent market. The fair values of fixed income securities, excluding U.S. Treasury securities, are based on evaluated prices that reflect observable market information, such as actual trade information or similar securities, adjusted for observable differences and are categorized in Level 2. The fair values of private placement fixed income securities are determined using a third party valuation that contains significant unobservable inputs and are categorized in Level 3.

Equity, balanced and fixed income commingled funds and fixed income mutual funds are maintained by investment companies and hold certain investments in accordance with a stated set of fund objectives. The fair values of fixed income commingled and mutual funds held within the trust funds, which generally hold short-term fixed income securities and are not subject to restrictions regarding the purchase or sale of shares, are derived from observable prices. The objectives of the remaining equity commingled funds in which Exelon, Generation, and CENG invest primarily seek to track the performance of certain equity indices by purchasing equity securities to replicate the capitalization and characteristics of the indices. Commingled and mutual funds are categorized in Level 2 because the fair value of the funds are based on NAVs per fund share (the unit of account), primarily derived from the quoted prices in active markets on the underlying equity securities. See Note 12 — Nuclear Decommissioning for further discussion on the NDT fund investments.

Middle market lending are investments in loans or managed funds which invest in private companies. Generation elected the fair value option for its investments in certain limited partnerships that invest in middle market lending managed funds. The fair value of these loans is determined using a combination of valuation models including cost models, market models, and income models. Investments in middle market lending are categorized as Level 3 because the fair value of these securities is based largely on inputs that are unobservable and utilize complex valuation models. Investments in middle market lending typically cannot be redeemed until maturity of the term loan.

As of September 30, 2014, Generation has outstanding commitments to invest in middle market lending, corporate debt securities, private equity investments, and real estate investments of approximately $344 million. These commitments will be funded by Generation's existing nuclear decommissioning trust funds.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Rabbi Trust Investments (Exelon, Generation, ComEd, PECO and BGE). The Rabbi trusts were established to hold assets related to deferred compensation plans existing for certain active and retired members of Exelon's executive management and directors. The investments in the Rabbi trusts are included in investments in the Registrants' Consolidated Balance Sheets and consist primarily of mutual funds. These funds are maintained by investment companies and hold certain investments in accordance with a stated set of fund objectives, which are consistent with Exelon's overall investment strategy. Mutual funds are publicly quoted and have been categorized as Level 1 given the clear observability of the prices.

Mark-to-Market Derivatives (Exelon, Generation, and ComEd) . Derivative contracts are traded in both exchange-based and non-exchange-based markets. Exchange-based derivatives that are valued using unadjusted quoted prices in active markets are categorized in Level 1 in the fair value hierarchy. Certain derivatives' pricing is verified using indicative price quotations available through brokers or over-the-counter, on-line exchanges and are categorized in Level 2. These price quotations reflect the average of the bid-ask, mid-point prices and are obtained from sources that the Registrants believe provide the most liquid market for the commodity. The price quotations are reviewed and corroborated to ensure the prices are observable and representative of an orderly transaction between market participants. This includes consideration of actual transaction volumes, market delivery points, bid-ask spreads and contract duration. The remainder of derivative contracts are valued using the Black model, an industry standard option valuation model. The Black model takes into account inputs such as contract terms, including maturity, and market parameters, including assumptions of the future prices of energy, interest rates, volatility, credit worthiness and credit spread. For derivatives that trade in liquid markets, such as generic forwards, swaps and options, model inputs are generally observable. Such instruments are categorized in Level 2. The Registrants' derivatives are predominately at liquid trading points. For derivatives that trade in less liquid markets with limited pricing information, model inputs generally would include both observable and unobservable inputs. These valuations may include an estimated basis adjustment from an illiquid trading point to a liquid trading point for which active price quotations are available. Such instruments are categorized in Level 3.

Exelon may utilize fixed-to-floating interest rate swaps, which are typically designated as fair value hedges, as a means to achieve its targeted level of variable-rate debt as a percent of total debt. In addition, the Registrants may utilize interest rate derivatives to lock in interest rate levels in anticipation of future financings. These interest rate derivatives are typically designated as cash flow hedges. Exelon determines the current fair value by calculating the net present value of expected payments and receipts under the swap agreement, based on and discounted by the market's expectation of future interest rates. Additional inputs to the net present value calculation may include the contract terms, counterparty credit risk and other market parameters. As these inputs are based on observable data and valuations of similar instruments, the interest rate swaps are categorized in Level 2 in the fair value hierarchy. See Note 9 — Derivative Financial Instruments for further discussion on mark-to-market derivatives.

Deferred Compensation Obligations (Exelon, Generation, ComEd, PECO and BGE). The Registrants' deferred compensation plans allow participants to defer certain cash compensation into a notional investment account. The Registrants include such plans in other current and noncurrent liabilities in their Consolidated Balance Sheets. The value of the Registrants' deferred compensation obligations is based on the market value of the participants' notional investment accounts. The notional investments are comprised primarily of mutual funds, which are based on observable market prices. However, since the deferred compensation obligations themselves are not exchanged in an active market, they are categorized as Level 2 in the fair value hierarchy.

Additional Information Regarding Level 3 Fair Value Measurements (Exelon, Generation, ComEd)

Mark-to-Market Derivatives (Exelon, Generation, ComEd). For valuations that include both observable and unobservable inputs, if the unobservable input is determined to be significant to the overall inputs, the entire

valuation is categorized in Level 3. This includes derivatives valued using indicative price quotations whose contract tenure extends into unobservable periods. In instances where observable data is unavailable, consideration is given to the assumptions that market participants would use in valuing the asset or liability. This includes assumptions about market risks such as liquidity, volatility and contract duration. Such instruments are categorized in Level 3 as the model inputs generally are not observable. Exelon's RMC approves risk management policies and objectives for risk assessment, control and valuation, counterparty credit approval, and the monitoring and reporting of risk exposures. The RMC is chaired by the chief risk officer and includes the chief financial officer, corporate controller, general counsel, treasurer, vice president of strategy, vice president of audit services and officers representing Exelon's business units. The RMC reports to the Exelon Board of Directors on the scope of the risk management activities and is responsible for approving all valuation procedures at Exelon. Forward price curves for the power market utilized by the front office to manage the portfolio, are reviewed and verified by the middle office, and used for financial reporting by the back office. The Registrants consider credit and nonperformance risk in the valuation of derivative contracts categorized in Level 2 and 3, including both historical and current market data in its assessment of credit and nonperformance risk by counterparty. Due to master netting agreements and collateral posting requirements, the impacts of credit and nonperformance risk were not material to the financial statements.

Disclosed below is detail surrounding the Registrants' significant Level 3 valuations. The calculated fair value includes marketability discounts for margining provisions and other attributes. Generation's Level 3 balance generally consists of forward sales and purchases of power and natural gas, coal purchases, certain transmission congestion contracts, and project financing debt. Generation utilizes various inputs and factors including market data and assumptions that market participants would use in pricing assets or liabilities as well as assumptions about the risks inherent in the inputs to the valuation technique. The inputs and factors include forward commodity prices, commodity price volatility, contractual volumes, delivery location, interest rates, credit quality of counterparties and credit enhancements.

For commodity derivatives, the primary input to the valuation models is the forward commodity price curve for each instrument. Forward commodity price curves are derived by risk management for liquid locations and by the traders and portfolio managers for illiquid locations. All locations are reviewed and verified by risk management considering published exchange transaction prices, executed bilateral transactions, broker quotes, and other observable or public data sources. The relevant forward commodity curve used to value each of the derivatives depends on a number of factors, including commodity type, delivery location, and delivery period. Price volatility varies by commodity and location. When appropriate, Generation discounts future cash flows using risk free interest rates with adjustments to reflect the credit quality of each counterparty for assets and Generation's own credit quality for liabilities. The level of observability of a forward commodity price varies generally due to the delivery location and delivery period. Certain delivery locations including PJM West Hub (for power) and Henry Hub (for natural gas) are more liquid and prices are observable for up to three years in the future. The observability period of volatility is generally shorter than the underlying power curve used in option valuations. The forward curve for a less liquid location is estimated by using the forward curve from the liquid location and applying a spread to represent the cost to transport the commodity to the delivery location. This spread does not typically represent a majority of the instrument's market price. As a result, the change in fair value is closely tied to liquid market movements and not a change in the applied spread. The change in fair value associated with a change in the spread is generally immaterial. An average spread calculated across all Level 3 power and gas delivery locations is approximately $3.57 and $0.45 for power and natural gas, respectively. Many of the commodity derivatives are short term in nature and thus a majority of the fair value may be based on observable inputs even though the contract as a whole must be classified as Level 3. See ITEM 3. — QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK for information regarding the maturity by year of the Registrant's mark-to-market derivative assets and liabilities.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

On December 17, 2010, ComEd entered into several 20-year floating to fixed energy swap contracts with unaffiliated suppliers for the procurement of long-term renewable energy and associated RECs. See Note 9 —Derivative Financial Instruments for more information. The fair value of these swaps has been designated as a Level 3 valuation due to the long tenure of the positions and internal modeling assumptions. The modeling assumptions include using natural gas heat rates to project long term forward power curves adjusted by a renewable factor that incorporates time of day and seasonality factors to reflect accurate renewable energy pricing. In addition, marketability reserves are applied to the positions based on the tenor and supplier risk. The table below discloses the significant inputs to the forward curve used to value these positions.

Type of trade	Fair Value at September 30, 2014	Valuation Technique	Unobservable Input	Range
Mark-to-market derivatives — Economic Hedges (Generation) [a][c]	$ 189	Discounted Cash Flow	Forward power price	$13 - $194 [d]
			Forward gas price	$2.54 - $22.15 [d]
		Option Model	Volatility percentage	8% - 154%
Mark-to-market derivatives — Proprietary trading (Generation) [a][c]	$ 11	Discounted Cash Flow	Forward power price	$14 - $191 [d]
		Option Model	Volatility percentage	8% - 154%
Mark-to-market derivatives (ComEd)	$ (178)	Discounted Cash Flow	Forward heat rate [b]	8x - 9x
			Marketability reserve	3.5% - 8%
			Renewable factor	86% - 126%

(a) The valuation techniques, unobservable inputs and ranges are the same for the asset and liability positions.
(b) Quoted forward natural gas rates are utilized to project the forward power curve for the delivery of energy at specified future dates. The natural gas curve is extrapolated beyond its observable period to the end of the contract's delivery.
(c) The fair values do not include cash collateral held on level three positions of $231 million as of September 30, 2014.
(d) The upper ends of the ranges are driven by the winter power and gas prices in the New England region. Without the New England region, the upper ends of the ranges for power and gas economic hedges would be approximately $146 and $10.62, respectively, and would be approximately $104 for power proprietary trading.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Type of trade	Fair Value at December 31, 2013	Valuation Technique	Unobservable Input	Range
Mark-to-market derivatives — Economic Hedges (Generation) [a][c]	$ 488	Discounted Cash Flow	Forward power price	$8 - $176 [d]
			Forward gas price	$2.98 - $16.63 [d]
		Option Model	Volatility percentage	15% - 142%
Mark-to-market derivatives — Proprietary trading (Generation) [a][c]	$ 3	Discounted Cash Flow	Forward power price	$10 - $176 [d]
		Option Model	Volatility percentage	14% - 19%
Mark-to-market derivatives (ComEd)	$ (193)	Discounted Cash Flow	Forward heat rate [b]	8x - 9x
			Marketability reserve	3.5% - 8%
			Renewable factor	84% - 128%

(a) The valuation techniques, unobservable inputs and ranges are the same for the asset and liability positions.
(b) Quoted forward natural gas rates are utilized to project the forward power curve for the delivery of energy at specified future dates. The natural gas curve is extrapolated beyond its observable period to the end of the contract's delivery.
(c) The fair values do not include cash collateral held on level three positions of $26 million as of December 31, 2013
(d) The upper ends of the ranges are driven by the winter power and gas prices in the New England region. Without the New England region, the upper ends of the ranges for power and gas would be approximately $100 and $5.70, respectively.

The inputs listed above would have a direct impact on the fair values of the above instruments if they were adjusted. The significant unobservable inputs used in the fair value measurement of Generation's commodity derivatives are forward commodity prices and for options is price volatility. Increases (decreases) in the forward commodity price in isolation would result in significantly higher (lower) fair values for long positions (contracts that give Generation the obligation or option to purchase a commodity), with offsetting impacts to short positions (contracts that give Generation the obligation or right to sell a commodity). Increases (decreases) in volatility would increase (decrease) the value for the holder of the option (writer of the option). Generally, a change in the estimate of forward commodity prices is unrelated to a change in the estimate of volatility of prices. An increase to the reserves listed above would decrease the fair value of the positions. An increase to the heat rate or renewable factors would increase the fair value accordingly. Generally, interrelationships exist between market prices of natural gas and power. As such, an increase in natural gas pricing would potentially have a similar impact on forward power markets.

Nuclear Decommissioning Trust Fund Investments and Pledged Assets for Zion Station Decommissioning (Exelon and Generation). For middle market lending, certain corporate debt securities, and private equity investments, the fair value is determined using a combination of valuation models including cost models, market models and income models. The valuation estimates are based on valuations of comparable companies, discounting the forecasted cash flows of the portfolio company, estimating the liquidation or collateral value of the portfolio company or its assets, considering offers from third parties to buy the portfolio company, its historical and projected financial results, as well as other factors that may impact value. Significant judgment is required in the application of discounts or premiums applied to the prices of comparable companies for factors such as size, marketability, credit risk and relative performance.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Because Generation relies on third-party fund managers to develop the quantitative unobservable inputs without adjustment for the valuations of its' Level 3 investments, quantitative information about significant unobservable inputs used in valuing these investments is not reasonably available to Generation. This includes information regarding the sensitivity of the fair values to changes in the unobservable inputs. Generation gains an understanding of the fund managers' inputs and assumptions used in preparing the valuations. Generation performed procedures to assess the reasonableness of the valuations. For a sample of its' Level 3 investments, Generation reviewed independent valuations and reviewed the assumptions in the detailed pricing models used by the fund managers.

9. Derivative Financial Instruments (Exelon, Generation, ComEd, PECO and BGE)

The Registrants use derivative instruments to manage commodity price risk and interest rate risk related to ongoing business operations.

Commodity Price Risk (Exelon, Generation, ComEd, PECO and BGE)

To the extent the amount of energy Exelon generates differs from the amount of energy it has contracted to sell, the Registrants are exposed to market fluctuations in the prices of electricity, fossil fuels and other commodities. The Registrants employ established policies and procedures to manage their risks associated with market fluctuations by entering into physical and financial derivative contracts, including swaps, futures, forwards, options and short-term and long-term commitments to purchase and sell energy and energy-related products. The Registrants believe these instruments, which are classified as either economic hedges or non-derivatives, mitigate exposure to fluctuations in commodity prices.

Derivative accounting guidance requires that derivative instruments be recognized as either assets or liabilities at fair value, with changes in fair value of the derivative recognized in earnings each period. Other accounting treatments are available through special election and designation, provided they meet specific, restrictive criteria both at the time of designation and on an ongoing basis. These alternative permissible accounting treatments include normal purchase normal sale (NPNS), cash flow hedge, and fair value hedge. For commodity transactions, effective with the date of merger with Constellation, Generation no longer utilizes the special election provided for by the cash flow hedge designation and de-designated all of its existing cash flow hedges prior to the merger. Because the underlying forecasted transactions remain at least reasonably possible, the fair value of the effective portion of these cash flow hedges was frozen in accumulated OCI and reclassified to results of operations when the forecasted purchase or sale of the energy commodity occurs, or becomes probable of not occurring. None of Constellation's designated cash flow hedges for commodity transactions prior to the merger were re-designated as cash flow hedges. The effect of this decision is that all derivative economic hedges for commodities are recorded at fair value through earnings for the combined company, referred to as economic hedges in the following tables. The Registrants have applied the NPNS scope exception to certain derivative contracts for the forward sale of generation, power procurement agreements, and natural gas supply agreements. Non-derivative contracts for access to additional generation and certain sales to load-serving entities are accounted for primarily under the accrual method of accounting, which is further discussed in Note 22 — Commitments and Contingencies of the Exelon 2013 Form 10-K. Additionally, Generation is exposed to certain market risks through its proprietary trading activities. The proprietary trading activities are a complement to Generation's energy marketing portfolio but represent a small portion of Generation's overall energy marketing activities.

Economic Hedging. The Registrants are exposed to commodity price risk primarily relating to changes in the market price of electricity, fossil fuels, and other commodities associated with price movements resulting from changes in supply and demand, fuel costs, market liquidity, weather conditions, governmental regulatory and environmental policies, and other factors. Within Exelon, Generation has the most exposure to commodity

price risk. As such, Generation uses a variety of derivative and non-derivative instruments to manage the commodity price risk of its electric generation facilities, including power and gas sales, fuel and energy purchases, natural gas transportation and pipeline capacity agreements and other energy-related products marketed and purchased. In order to manage these risks, Generation may enter into fixed-price derivative or non-derivative contracts to hedge the variability in future cash flows from forecasted sales of energy and gas and purchases of fuel and energy. The objectives for entering into such hedges include fixing the price for a portion of anticipated future electricity sales at a level that provides an acceptable return on electric generation operations, fixing the price of a portion of anticipated fuel purchases for the operation of power plants, and fixing the price for a portion of anticipated energy purchases to supply load-serving customers. The portion of forecasted transactions hedged may vary based upon management's policies and hedging objectives, the market, weather conditions, operational and other factors. Generation is also exposed to differences between the locational settlement prices of certain economic hedges and the hedged generating units. This price difference is actively managed through other instruments which include derivative congestion products, whose changes in fair value are recognized in earnings each period, and auction revenue rights, which are accounted for on an accrual basis.

In general, increases and decreases in forward market prices have a positive and negative impact, respectively, on Generation's owned and contracted generation positions that have not been hedged. Exelon's hedging program involves the hedging of commodity risk for Exelon's expected generation, typically on a ratable basis over a three-year period. This strategy has not changed as a result of recent and pending asset divestitures. As of September 30, 2014, the proportion of expected generation hedged is 98%-101%, 86%-89%, and 55%-58% for 2014, 2015, and 2016, respectively. The percentage of expected generation hedged is the amount of equivalent sales divided by the expected generation. Expected generation is the volume of energy that best represents our financial exposure through owned or contracted capacity and reflects the divestiture impact of Fore River, Quail Run, and West Valley; but does not reflect the divestiture impact of Generation's interest in Keystone and Conemaugh. See Note 4 – Mergers, Acquisitions and Dispositions and Note 21 – Subsequent Event for more detail regarding the divestitures. Equivalent sales represent all hedging products, which include economic hedges and certain non-derivative contracts including Generation's sales to ComEd, PECO and BGE to serve their retail load.

On December 17, 2010, ComEd entered into several 20-year floating-to-fixed energy swap contracts with unaffiliated suppliers for the procurement of long-term renewable energy and associated RECs. Delivery under the contracts began in June 2012. Pursuant to the ICC's Order on December 19, 2012, ComEd's commitments under the existing long-term contracts for energy and associated RECs were reduced for the June 2013 through May 2014 procurement period. In addition, the ICC's December 18, 2013 Order approved the reduction of ComEd's commitments under those contracts for the June 2014 through May 2015 procurement period, and the amount of the reduction was approved in March 2014. These contracts are designed to lock in a portion of the long-term commodity price risk resulting from the renewable energy resource procurement requirements in the Illinois Settlement Legislation. ComEd has not elected hedge accounting for these derivative financial instruments. ComEd records the fair value of the swap contracts on its balance sheet. Because ComEd receives full cost recovery for energy procurement and related costs from retail customers, the change in fair value each period is recorded by ComEd as a regulatory asset or liability. See Note 3 — Regulatory Matters of the Exelon 2013 Form 10-K for additional information.

PECO has contracts to procure electric supply that were executed through the competitive procurement process outlined in its PAPUC-approved DSP Programs, which are further discussed in Note 5 — Regulatory Matters. Based on Pennsylvania legislation and the DSP Programs permitting PECO to recover its electric supply procurement costs from retail customers with no mark-up, PECO's price risk related to electric supply procurement is limited. PECO locked in fixed prices for a significant portion of its commodity price risk through

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full requirements contracts and block contracts. PECO has certain full requirements contracts and block contracts that are considered derivatives and qualify for the NPNS scope exception under current derivative authoritative guidance.

PECO's natural gas procurement policy is designed to achieve a reasonable balance of long-term and short-term gas purchases under different pricing approaches in order to achieve system supply reliability at the least cost. PECO's reliability strategy is two-fold. First, PECO must assure that there is sufficient transportation capacity to satisfy delivery requirements. Second, PECO must ensure that a firm source of supply exists to utilize the capacity resources. All of PECO's natural gas supply and asset management agreements that are derivatives either qualify for the NPNS scope exception and have been designated as such, or have no mark-to-market balances because the derivatives are index priced. Additionally, in accordance with the 2014 PAPUC PGC settlement and to reduce the exposure of PECO and its customers to natural gas price volatility, PECO has continued its program to purchase natural gas for both winter and summer supplies using a layered approach of locking-in prices ahead of each season with long-term gas purchase agreements (those with primary terms of at least twelve months). Under the terms of the 2014 PGC settlement, PECO is required to lock in (i.e., economically hedge) the price of a minimum volume of its long-term gas commodity purchases. PECO's gas-hedging program is designed to cover about 30% of planned natural gas purchases in support of projected firm sales. The hedging program for natural gas procurement has no direct impact on PECO's financial position or results of operations as natural gas costs are fully recovered from customers under the PGC.

BGE has contracts to procure SOS electric supply that are executed through a competitive procurement process approved by the MDPSC. The SOS rates charged recover BGE's wholesale power supply costs and include an administrative fee. The administrative fee includes an incremental cost component and a shareholder return component for commercial and industrial rate classes. BGE's price risk related to electric supply procurement is limited. BGE locks in fixed prices for all of its SOS requirements through full requirements contracts. Certain of BGE's full requirements contracts, which are considered derivatives, qualify for the NPNS scope exception under current derivative authoritative guidance. Other BGE full requirements contracts are not derivatives.

BGE provides natural gas to its customers under a MBR mechanism approved by the MDPSC. Under this mechanism, BGE's actual cost of gas is compared to a market index (a measure of the market price of gas in a given period). The difference between BGE's actual cost and the market index is shared equally between shareholders and customers. BGE must also secure fixed price contracts for at least 10%, but not more than 20%, of forecasted system supply requirements for flowing (i.e., non-storage) gas for the November through March period. These fixed-price contracts are not subject to sharing under the MBR mechanism. BGE also ensures it has sufficient pipeline transportation capacity to meet customer requirements. All of BGE's natural gas supply and asset management agreements qualify for the NPNS scope exception and result in physical delivery.

Proprietary Trading. Generation also enters into certain energy-related derivatives for proprietary trading purposes. Proprietary trading includes all contracts entered into with the intent of benefiting from shifts or changes in market prices as opposed to those entered into with the intent of hedging or managing risk. Proprietary trading activities are subject to limits established by Exelon's RMC. The proprietary trading activities, which included settled physical sales volumes of 3,006 GWhs and 8,129 GWhs for the three and nine months ended September 30, 2014, respectively, and 2,499 GWhs and 6,066 GWhs for the three and nine months ended September 30, 2013, respectively, are a complement to Generation's energy marketing portfolio but represent a small portion of Generation's revenue from energy marketing activities. ComEd, PECO and BGE do not enter into derivatives for proprietary trading purposes.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Interest Rate and Foreign Exchange Risk (Exelon, Generation, ComEd, PECO and BGE)

The Registrants use a combination of fixed-rate and variable-rate debt to manage interest rate exposure. The Registrants may also utilize fixed-to-floating interest rate swaps, which are typically designated as fair value hedges, as a means to manage their interest rate exposure. In addition, the Registrants may utilize interest rate derivatives to lock in rate levels in anticipation of future financings, which are typically designated as cash flow hedges. These strategies are employed to manage interest rate risks. At September 30, 2014, Exelon and Generation had $1,600 million and $700 million of notional amounts of fixed-to-floating hedges outstanding, respectively, and $2,431 million and $781 million of notional amounts of floating-to-fixed hedges outstanding, respectively. Assuming the fair value and cash flow interest rate hedges are 100% effective, a hypothetical 50 bps increase in the interest rates associated with unhedged variable-rate debt (excluding Commercial Paper) and fixed-to-floating swaps would result in approximately a $7 million decrease in Exelon Consolidated pre-tax income for the nine months ended September 30, 2014. To manage foreign exchange rate exposure associated with international energy purchases in currencies other than U.S. dollars, Generation utilizes foreign currency derivatives, which are typically designated as economic hedges. Below is a summary of the interest rate and foreign currency hedges as of September 30, 2014.

	Generation					Other		Exelon
Description	Derivatives Designated as Hedging Instruments	Economic Hedges	Proprietary Trading [a]	Collateral and Netting [b]	Subtotal	Derivatives Designated as Hedging Instruments	Economic Hedges	Total
Mark-to-market derivative assets (current assets)	$ —	$ 4	$ 14	$ (14)	$ 4	$ —	$ —	$ 4
Mark-to-market derivative assets (noncurrent assets)	13	3	7	(10)	13	12	5	30
Total mark-to-market derivative assets	13	7	21	(24)	17	12	5	34
Mark-to-market derivative liabilities (current liabilities)	(1)	(7)	(11)	13	(6)	—	—	(6)
Mark-to-market derivative liabilities (noncurrent liabilities)	(1)	(2)	(9)	9	(3)	(10)	(13)	(26)
Total mark-to-market derivative liabilities	(2)	(9)	(20)	22	(9)	(10)	(13)	(32)
Total mark-to-market derivative net assets (liabilities)	$ 11	$ (2)	$ 1	$ (2)	$ 8	$ 2	$ (8)	$ 2

(a) Generation enters into interest rate derivative contracts to economically hedge risk associated with the interest rate component of commodity positions. The characterization of the interest rate derivative contracts between the proprietary trading activity in the above table is driven by the corresponding characterization of the underlying commodity position that gives rise to the interest rate exposure. Generation does not utilize proprietary trading interest rate derivatives with the objective of benefiting from shifts or changes in market interest rates.

(b) Represents the netting of fair value balances with the same counterparty and any associated cash collateral.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following table provides a summary of the interest rate and foreign exchange hedge balances recorded by the Registrants as of December 31, 2013:

	Generation					Other	Exelon
Description	Derivatives Designated as Hedging Instruments	Economic Hedges	Proprietary Trading [a]	Collateral and Netting [b]	Subtotal	Derivatives Designated as Hedging Instruments	Total
Mark-to-market derivative assets (current assets)	$ —	$ 3	$ 15	$ (19)	$ (1)	$ —	$ (1)
Mark-to-market derivative assets (noncurrent assets)	26	3	15	(13)	31	7	38
Total mark-to-market derivative assets	26	6	30	(32)	30	7	37
Mark-to-market derivative liabilities (current liabilities)	(1)	(1)	(18)	19	(1)	—	(1)
Mark-to-market derivative liabilities (noncurrent liabilities)	(10)	(1)	(13)	13	(11)	(4)	(15)
Total mark-to-market derivative liabilities	(11)	(2)	(31)	32	(12)	(4)	(16)
Total mark-to-market derivative net assets (liabilities)	$ 15	$ 4	$ (1)	$ —	$ 18	$ 3	$ 21

(a) Generation enters into interest rate derivative contracts to economically hedge risk associated with the interest rate component of commodity positions. The characterization of the interest rate derivative contracts between the proprietary trading activity in the above table is driven by the corresponding characterization of the underlying commodity position that gives rise to the interest rate exposure. Generation does not utilize proprietary trading interest rate derivatives with the objective of benefiting from shifts or changes in market interest rates.
(b) Represents the netting of fair value balances with the same counterparty and any associated cash collateral.

Fair Value Hedges . For derivative instruments that are designated and qualify as fair value hedges, the gain or loss on the derivative as well as the offsetting loss or gain on the hedged item attributable to the hedged risk are recognized in current earnings. Exelon includes the gain or loss on the hedged items and the offsetting loss or gain on the related interest rate swaps in interest expense as follows:

		Three Months Ended September 30,			
	Income Statement Location	2014	2013	2014	2013
		Gain (Loss) on Swaps		Gain (Loss) on Borrowings	
Generation	Interest expense [a]	$ (4)	$ (4)	$ 1	$ (1)
Exelon	Interest expense	(8)	—	(6)	(6)

		Nine Months Ended September 30,			
	Income Statement Location	2014	2013	2014	2013
		Gain (Loss) on Swaps		Gain (Loss) on Borrowings	
Generation	Interest expense [a]	$ (12)	$ (13)	$ 1	$ —
Exelon	Interest expense	(3)	(12)	6	(2)

(a) For the three and nine months ended September 30, 2014, the loss on Generation swaps included $4 million and $12 million realized in earnings, respectively, with $2 million excluded from hedge effectiveness testing. For the three and nine months ended September 30, 2013, the loss on Generation swaps included $4 million and $12 million realized in earnings, respectively, with an immaterial amount excluded from hedge effectiveness testing.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

During the first nine months of 2014, Exelon entered into $100 million and $75 million of notional amounts of fixed-to-floating fair value hedges related to interest rate swaps, which expire in 2019 and 2020, respectively. At September 30, 2014, Exelon and Generation had total outstanding fixed-to-floating fair value hedges related to interest rate swaps of $1,450 million and $550 million, with a derivative asset of $24 million and $12 million, respectively. At December 31, 2013, Exelon and Generation had outstanding fixed-to-floating fair value hedges related to interest rate swaps of $1,275 million and $550 million, with a derivative asset of $26 million and $23 million, respectively. During the three and nine months ended September 30, 2014, the impact on the results of operations as a result of ineffectiveness from fair value hedges was a $6 million and a $14 million gain, respectively. During the three and nine months ended September 30, 2013, the impact on the results of operations as a result of ineffectiveness from fair value hedges was immaterial.

Cash Flow Hedges . In connection with the DOE guaranteed loan for the Antelope Valley project financings, as discussed in Note 13 — Debt and Credit Agreements of the Exelon 2013 Form 10-K, Generation entered into a floating-to-fixed forward starting interest rate swap with an initial notional amount of $485 million and a mandatory early termination date by September 30, 2014. The interest rate swap was designated as a cash flow hedge, and as a result, unrealized losses of approximately $21 million have been recorded to Accumulated other comprehensive income, net on Exelon's and Generation's Consolidated Balance Sheets. During the third quarter of 2014, the interest rate swap was terminated consistent with the agreements. The unrealized loss of $21 million will be amortized into Interest expense on Exelon's and Generation's Consolidated Statement of Operations and Comprehensive Income over the term of the DOE loan.

During the third quarter of 2011, a subsidiary of Constellation entered into floating-to-fixed interest rate swaps to manage a portion of the interest rate exposure for anticipated long-term borrowings to finance Sacramento PV Energy. The swaps have a total notional amount of $28 million as of September 30, 2014 and expire in 2027. After the closing of the merger with Constellation, the swaps were re-designated as cash flow hedges. At September 30, 2014, the subsidiary had a $2 million derivative liability related to these swaps.

During the third quarter of 2012, a subsidiary of Exelon Generation entered into a floating-to-fixed interest rate swap to manage a portion of the interest rate exposure of anticipated long-term borrowings to finance Constellation Solar Horizons. The swap has a notional amount of $26 million as of September 30, 2014 and expires in 2030. This swap is designated as a cash flow hedge. At September 30, 2014, the subsidiary had a $1 million derivative asset related to the swap.

During the first quarter of 2014, a subsidiary of Exelon Generation entered into floating-to-fixed interest rate swaps to manage a portion of the interest rate exposure with long-term borrowings to finance ExGen Renewables I, LLC. See Note 10 — Debt and Credit Agreements for additional information regarding the financing. The swaps have a notional amount of $222 million as of September 30, 2014 and expire in 2020. The swaps are designated as cash flow hedges. At September 30, 2014, the subsidiary had a $1 million derivative liability related to the swaps.

During the first nine months of 2014, Exelon entered into $400 million of floating-to-fixed interest rate swaps to refinance existing debt. The swaps are designated as cash flow hedges. At September 30, 2014, Exelon had a $10 million derivative liability related to the swaps.

During the three and nine months ended September 30, 2014 and 2013, the impact on the results of operations as a result of ineffectiveness from cash flow hedges was immaterial.

Economic Hedges . During the first nine months of 2014, Exelon entered into $1,250 million of floating-to-fixed forward starting interest rate swaps to manage interest rate risks associated with anticipated future debt issuance related to the proposed merger with PHI. At September 30, 2014, Exelon had a $9 million derivative liability related to the swaps.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

During the third quarter of 2014, a subsidiary of Exelon Generation entered into a floating-to-fixed interest rate swap to manage a portion of the interest rate exposure in connection with the long-term borrowings to finance ExGen Texas Power, LLC. See Note 10 — Debt and Credit Agreements for additional information regarding the financing. The swaps have a notional amount of $505 million as of September 30, 2014 and expire in 2019. At September 30, 2014, the subsidiary had a $3 million derivative liability related to the swaps.

At September 30, 2014, Exelon and Generation had $150 million in notional amounts of fixed-to-floating interest rate swaps that are marked-to-market. At September 30, 2014, Exelon and Generation had an immaterial derivative asset related to the swaps.

At September 30, 2014, Generation had $97 million in notional amounts of interest rate derivative contracts to economically hedge risk associated with the interest rate component of commodity positions and $322 million in notional amounts of foreign currency exchange rate swaps that are marked-to-market to manage the exposure associated with international purchases of commodities in currencies other than U.S. dollars.

Fair Value Measurement and Accounting for the Offsetting of Amounts Related to Certain Contracts (Exelon, Generation, ComEd, PECO and BGE)

Fair value accounting guidance and disclosures about offsetting assets and liabilities requires the fair value of derivative instruments to be shown in the Notes to the Consolidated Financial Statements on a gross basis, even when the derivative instruments are subject to legally enforceable master netting agreements and qualify for net presentation in the Consolidated Balance Sheet. A master netting agreement is an agreement between two counterparties that may have derivative and non-derivative contracts with each other providing for the net settlement of all referencing contracts via one payment stream, which takes place as the contracts deliver, when collateral is requested or in the event of default. Generation's use of cash collateral is generally unrestricted unless Generation is downgraded below investment grade (i.e., to BB+ or Ba1). In the table below, Generation's energy related economic hedges and proprietary trading derivatives are shown gross and the impact of the netting of fair value balances with the same counterparty that are subject to legally enforceable master netting agreements, as well as netting of cash collateral, is aggregated in the collateral and netting column. As of September 30, 2014 and December 31, 2013, $43 million and $10 million of cash collateral posted, respectively, was not offset against derivative positions because such collateral was not associated with any energy-related derivatives, were associated with accrual positions, or as of the balance sheet date there were no positions to offset. Excluded from the tables below are economic hedges that qualify for the NPNS scope exception and other non-derivative contracts that are accounted for under the accrual method of accounting.

ComEd's use of cash collateral is generally unrestricted unless ComEd is downgraded below investment grade (i.e., to BB+ or Ba1).

Cash collateral held by PECO and BGE must be deposited in a non affiliate major U.S. commercial bank or foreign bank with a U.S. branch office that meet certain qualifications.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following table provides a summary of the derivative fair value balances recorded by the Registrants as of September 30, 2014:

	Generation				ComEd	Exelon
Derivatives	Economic Hedges	Proprietary Trading	Collateral and Netting [a]	Subtotal [b]	Economic Hedges [c]	Total Derivatives
Mark-to-market derivative assets (current assets)	$ 3,230	$ 752	$ (3,242)	$ 740	$ —	$ 740
Mark-to-market derivative assets (noncurrent assets)	1,372	128	(1,006)	494	—	494
Total mark-to-market derivative assets	4,602	880	(4,248)	1,234	—	1,234
Mark-to-market derivative liabilities (current liabilities)	(3,017)	(755)	3,543	(229)	(14)	(243)
Mark-to-market derivative liabilities (noncurrent liabilities)	(1,129)	(136)	1,164	(101)	(164)	(265)
Total mark-to-market derivative liabilities	(4,146)	(891)	4,707	(330)	(178)	(508)
Total mark-to-market derivative net assets (liabilities)	$ 456	$ (11)	$ 459	$ 904	$ (178)	$ 726

(a) Exelon and Generation net all available amounts allowed under the derivative accounting guidance on the balance sheet. These amounts include unrealized derivative transactions with the same counterparty under legally enforceable master netting agreements and cash collateral. In some cases Exelon and Generation may have other offsetting exposures, subject to a master netting or similar agreement, such as trade receivables and payables, transactions that do not qualify as derivatives, letters of credit and other forms of non-cash collateral. These are not reflected in the table above.

(b) Current and noncurrent assets are shown net of collateral of $(96) million and $(50) million, respectively, and current and noncurrent liabilities are shown net of collateral of $(205) million and $(108) million, respectively. The total cash collateral posted, net of cash collateral received and offset against mark-to-market assets and liabilities was $459 million at September 30, 2014.

(c) Includes current and noncurrent liabilities relating to floating-to-fixed energy swap contracts with unaffiliated suppliers.

The following table provides a summary of the derivative fair value balances recorded by the Registrants as of December 31, 2013:

	Generation				ComEd	Exelon
Description	Economic Hedges	Proprietary Trading	Collateral and Netting [a]	Subtotal [b]	Economic Hedges [c]	Total Derivatives
Mark-to-market derivative assets (current assets)	$ 2,616	$ 1,476	$ (3,364)	$ 728	$ —	$ 728
Mark-to-market derivative assets (noncurrent assets)	1,344	285	(1,060)	569	—	569
Total mark-to-market derivative assets	3,960	1,761	(4,424)	1,297	—	1,297
Mark-to-market derivative liabilities (current liabilities)	(2,023)	(1,410)	3,292	(141)	(17)	(158)
Mark-to-market derivative liabilities (noncurrent liabilities)	(804)	(293)	988	(109)	(176)	(285)
Total mark-to-market derivative liabilities	(2,827)	(1,703)	4,280	(250)	(193)	(443)
Total mark-to-market derivative net assets (liabilities)	$ 1,133	$ 58	$ (144)	$ 1,047	$ (193)	$ 854

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

(a) Exelon and Generation net all available amounts allowed under the derivative accounting guidance on the balance sheet. These amounts include unrealized derivative transactions with the same counterparty under legally enforceable master netting agreements and cash collateral. In some cases Exelon and Generation may have other offsetting exposures, subject to a master netting or similar agreement, such as trade receivables and payables, transactions that do not qualify as derivatives, and letters of credit. These are not reflected in the table above.
(b) Current and noncurrent assets are shown net of collateral of $84 million and $72 million, respectively, and current and noncurrent liabilities are shown net of collateral of $(12) million and $0 million, respectively. The total cash collateral posted, net of cash collateral received and offset against mark-to-market assets and liabilities was $144 million at December 31, 2013.
(c) Includes current and noncurrent liabilities relating to floating-to-fixed energy swap contracts with unaffiliated suppliers.

Cash Flow Hedges (Exelon and Generation). As discussed previously, effective prior to the merger with Constellation, Generation de-designated all of its cash flow hedges relating to commodity price risk. Because the underlying forecasted transactions remain at least reasonably possible, the fair value of the effective portion of these cash flow hedges was frozen in accumulated OCI and is reclassified to results of operations when the forecasted purchase or sale of the energy commodity occurs, or becomes probable of not occurring. Generation began recording prospective changes in the fair value of these instruments through current earnings from the date of de-designation. Approximately $67 million of these net pre-tax unrealized gains within accumulated OCI are expected to be reclassified from accumulated OCI during the next twelve months by Generation. Generation expects the settlement of the majority of its cash flow hedges will occur during 2014.

The tables below provide the activity of accumulated OCI related to cash flow hedges for the three months ended September 30, 2014 and 2013, containing information about the changes in the fair value of cash flow hedges and the reclassification from accumulated OCI into results of operations. The amounts reclassified from accumulated OCI, when combined with the impacts of the actual physical power sales, result in the ultimate recognition of net revenues at the contracted price.

		Total Cash Flow Hedge OCI Activity, Net of Income Tax	
		Generation	Exelon
Three Months Ended September 30, 2014	Income Statement Location	Energy-Related Hedges	Total Cash Flow Hedges
Accumulated OCI derivative gain at June 30, 2014		$ 57[a]	$ 47
Effective portion of changes in fair value		—	(3)
Reclassifications from accumulated OCI to net income	Operating Revenues	(16) [b]	(16)
Accumulated OCI derivative gain at September 30, 2014		$ 41[a]	$ 28

(a) Excludes $13 million of losses, net of taxes, related to interest rate swaps and treasury rate locks as of September 30, 2014 and June 30, 2014.
(b) Amount is net of related income tax expense of $12 million for the three months ended September 30, 2014.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

		Total Cash Flow Hedge OCI Activity, Net of Income Tax	
		Generation	Exelon
Nine Months Ended September 30, 2014	Income Statement Location	Energy-Related Hedges	Total Cash Flow Hedges
Accumulated OCI derivative gain at December 31, 2013		$ 119[a]	$ 120
Effective portion of changes in fair value		—	(14)
Reclassifications from accumulated OCI to net income	Operating Revenues	(78) [b]	(78)
Accumulated OCI derivative gain at September 30, 2014		$ 41[a]	$ 28

(a) Excludes $13 million of losses and $5 million of losses, net of taxes, related to interest rate swaps and treasury locks as of September 30, 2014 and December 31, 2013, respectively.
(b) Amount is net of related income tax expense of $52 million for the nine months ended September 30, 2014.

		Total Cash Flow Hedge OCI Activity, Net of Income Tax	
		Generation	Exelon
Three Months Ended September 30, 2013	Income Statement Location	Energy-Related Hedges	Total Cash Flow Hedges
Accumulated OCI derivative gain at June 30, 2013		$ 255[a]	$ 245
Effective portion of changes in fair value		—	2[b]
Reclassifications from accumulated OCI to net income	Operating Revenues	(51) [c]	(48)
Accumulated OCI derivative gain at September 30, 2013		$ 204[a]	$ 199

(a) Excludes $11 million of losses, net of taxes, related to interest rate swaps and treasury rate locks as of September 30, 2013 and June 30, 2013.
(b) Includes $2 million of gains, net of taxes, related to the effective portion of changes in fair value of interest rate swaps and treasury rate locks at Generation for the three months ended September 30, 2013.
(c) Amount is net of related income tax expense of $33 million for the three months ended September 30, 2013.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

		Total Cash Flow Hedge OCI Activity, Net of Income Tax	
		Generation	Exelon
Nine Months Ended September 30, 2013	Income Statement Location	Energy-Related Hedges	Total Cash Flow Hedges
Accumulated OCI derivative gain at December 31, 2012		$ 532[a][c]	$ 368
Effective portion of changes in fair value		—	25[d]
Reclassifications from accumulated OCI to net income	Operating Revenues	(328) [b][e]	(194)
Accumulated OCI derivative gain at September 30, 2013		$ 204[c]	$ 199

(a) Includes $133 million of gains, net of taxes, related to the fair value of the five-year financial swap contract with ComEd, as of December 31, 2012.
(b) Includes $133 million of losses, net of taxes, reclassified from accumulated OCI to recognize gains in net income related to the settlements of the five-year financial swap contract with ComEd.
(c) Excludes $11 million of losses and $20 million of losses, net of taxes, related to interest rate swaps and treasury rate locks as of September 30, 2013 and December 31, 2012, respectively.
(d) Includes $25 million of losses, net of taxes, related to the effective portion of changes in fair value of interest rate swaps and treasury rate locks.
(e) Amount is net of related income tax expense of $215 million for the nine months ended September 30, 2013.

During the three and nine months ended September 30, 2014 and 2013, Generation's former energy related cash flow hedge activity impact to pre-tax earnings based on the reclassification adjustment from accumulated OCI to earnings was a $28 million and a $130 million pre-tax gain and a $84 million and a $543 million pre-tax gain, respectively. Given that the cash flow hedges had primarily consisted of forward power sales and power swaps and did not include power and gas options or sales, the ineffectiveness of Generation's cash flow hedges was primarily the result of differences between the locational settlement prices of the cash flow hedges and the hedged generating units.

The effect of Exelon's former energy-related cash flow hedge activity on pre-tax earnings based on the reclassification adjustment from accumulated OCI to earnings was a $28 million and $130 million pre-tax gain for the three and nine months ended September 30, 2014, and a $84 million and $324 million pre-tax gain for the three and nine months ended September 30, 2013. Neither Exelon nor Generation will incur changes in cash flow hedge ineffectiveness in future periods as all energy-related cash flow hedge positions were de-designated prior to the merger date.

Economic Hedges (Exelon and Generation). These instruments represent hedges that economically mitigate exposure to fluctuations in commodity prices and include financial options, futures, swaps, physical forward sales and purchases, but for which the fair value or cash flow hedge elections were not made. Additionally, Generation enters into interest rate derivative contracts and foreign exchange currency swaps ("treasury") to manage the exposure related to the interest rate component of commodity positions and international purchases of commodities in currencies other than U.S. Dollars. Exelon entered into floating-to-fixed forward starting interest rate swaps to manage interest rate risks associated with anticipated future debt issuance related to the proposed merger with PHI. For the three and nine months ended September 30, 2014 and 2013, the following pre-tax mark-to-market gains (losses) of certain purchase and sale contracts were reported in operating revenues, purchased, power and fuel expense, or interest expense. For the three and nine months ended September 30, 2014 and 2013, the following pre-tax mark-to-market gains (losses) of certain purchase and sale

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
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contracts were reported in operating revenues or purchased power and fuel expense at Exelon and Generation in the Consolidated Statements of Operations and Comprehensive Income and are included in "Net fair value changes related to derivatives" in Exelon's and Generation's Consolidated Statements of Cash Flows. In the tables below, "Change in fair value" represents the change in fair value of the derivative contracts held at the reporting date. The "Reclassification to realized at settlement" represents the recognized change in fair value that was reclassified to realized due to settlement of the derivative during the period.

	Generation				Intercompany Eliminations	HoldCo	Exelon
Three Months Ended September 30, 2014	Operating Revenues	Purchased Power and Fuel	Interest Expense	Total	Operating Revenues [a]	Interest Expense	Total
Change in fair value of commodity positions	$ 181	$ 19	$ —	$200	$ —	$ —	$ 200
Reclassification to realized at settlement of commodity positions	86	(23)	—	$ 63	—	—	63
Net commodity mark-to-market gains (losses)	267	(4)	—	263	—	—	263
Change in fair value of treasury positions	5	—	(3)	2	—	(8)	(6)
Reclassification to realized at settlement of treasury positions	(1)	—	—	(1)	—	—	(1)
Net treasury mark-to-market gains (losses)	4	—	(3)	1	—	(8)	(7)
Net mark-to-market gains (losses)	$ 271	$ (4)	$ (3)	$264	$ —	$ (8)	$ 256

	Generation				Intercompany Eliminations	HoldCo	Exelon
Nine Months Ended September 30, 2014	Operating Revenues	Purchased Power and Fuel	Interest Expense	Total	Operating Revenues [a]	Interest Expense	Total
Change in fair value of commodity positions	$ (795)	$ 302	$ —	$(493)	$ —	$ —	$(493)
Reclassification to realized at settlement of commodity positions	224	(207)	—	17	—	—	17
Net commodity mark-to-market gains (losses)	(571)	95	—	(476)	—	—	(476)
Change in fair value of treasury positions	1	—	(5)	(4)	—	(8)	(12)
Reclassification to realized at settlement of treasury positions	(2)	—	—	(2)	—	—	(2)
Net treasury mark-to-market gains (losses)	(1)	—	(5)	(6)	—	(8)	(14)
Net mark-to-market gains (losses)	$ (572)	$ 95	$ (5)	$(482)	$ —	$ (8)	$(490)

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Generation				Intercompany Eliminations	HoldCo	Exelon
Three Months Ended September 30, 2013	Operating Revenues	Purchased Power and Fuel	Interest Expense	Total	Operating Revenues [a]	Interest Expense	Total
Change in fair value of commodity positions	$ 175	$ 5	$ —	$180	$ —	$ —	$ 180
Reclassification to realized at settlement of commodity positions	41	25	—	66	—	—	66
Net commodity mark-to-market gains (losses)	216	30	—	246	—	—	246
Change in fair value of treasury positions	—	—	—	—	—	—	—
Reclassification to realized at settlement of treasury positions	—	—	—	—	—	—	—
Net treasury mark-to-market gains (losses)	—	—	—	—	—	—	—
Net mark-to-market gains (losses)	$ 216	$ 30	$ —	$246	$ —	$ —	$ 246

	Generation				Intercompany Eliminations	HoldCo	Exelon
Nine Months Ended September 30, 2013	Operating Revenues	Purchased Power and Fuel	Interest Expense	Total	Operating Revenues [a]	Interest Expense	Total
Change in fair value of commodity positions	$ 149	$ 74	$ —	$223	$ (6)	$ —	$ 217
Reclassification to realized at settlement of commodity positions	(15)	63	—	48	13	—	61
Net commodity mark-to-market gains (losses)	134	137	—	271	7	—	278
Change in fair value of treasury positions	—	—	(3)	(3)	—	—	(3)
Reclassification to realized at settlement of treasury positions	—	—	—	—	—	—	—
Net treasury mark-to-market gains (losses)	—	—	(3)	(3)	—	—	(3)
Net mark-to-market gains (losses)	$ 134	$ 137	$ (3)	$268	$ 7	$ —	$ 275

(a) Prior to the merger, the five-year financial swap contract between Generation and ComEd was de-designated. As a result, all prospective changes in fair value were recorded to operating revenues and eliminated in consolidation.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
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Proprietary Trading Activities (Exelon and Generation). For the three and nine months ended September 30, 2014 and 2013, Exelon and Generation recognized the following net unrealized mark-to-market gains (losses), net realized mark-to-market gains (losses) and total net mark-to-market gains (losses) (before income taxes) relating to mark-to-market activity on commodity derivative instruments entered into for proprietary trading purposes and interest rate derivative contracts to hedge risk associated with the interest rate component of underlying commodity positions. Gains and losses associated with proprietary trading are reported as operating revenue in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income and are included in "Net fair value changes related to derivatives" in Exelon's and Generation's Consolidated Statements of Cash Flows. In the tables below, "Change in fair value" represents the change in fair value of the derivative contracts held at the reporting date. The "Reclassification to realized at settlement" represents the recognized change in fair value that was reclassified to realized due to settlement of the derivative during the period.

	Location on Income Statement	Three Months Ended September 30,		Nine Months Ended September 30,	
		2014	2013	2014	2013
Change in fair value of commodity positions	Operating Revenues	$ (2)	$ —	$ (2)	$ 1
Reclassification to realized at settlement of commodity positions	Operating Revenues	(10)	(39)	(17)	(34)
Net commodity mark-to-market gains (losses)	Operating Revenues	(12)	(39)	(19)	(33)
Change in fair value of treasury positions	Operating Revenues	1	—	—	—
Reclassification to realized at settlement of treasury positions	Operating Revenues	—	(1)	1	(2)
Net treasury mark-to-market gains (losses)	Operating Revenues	1	(1)	1	(2)
Net mark-to-market gains (losses)	Operating Revenues	$ (11)	$ (40)	$ (18)	$ (35)

Credit Risk (Exelon, Generation, ComEd, PECO and BGE)

The Registrants would be exposed to credit-related losses in the event of non-performance by counterparties that enter into derivative instruments. The credit exposure of derivative contracts, before collateral, is represented by the fair value of contracts at the reporting date. For energy-related derivative instruments, Generation enters into enabling agreements that allow for payment netting with its counterparties, which reduces Generation's exposure to counterparty risk by providing for the offset of amounts payable to the counterparty against amounts receivable from the counterparty. Typically, each enabling agreement is for a specific commodity and so, with respect to each individual counterparty, netting is limited to transactions involving that specific commodity product, except where master netting agreements exist with a counterparty that allow for cross product netting. In addition to payment netting language in the enabling agreement, Generation's credit department establishes credit limits, margining thresholds and collateral requirements for each counterparty, which are defined in the derivative contracts. Counterparty credit limits are based on an internal credit review process that considers a variety of factors, including the results of a scoring model, leverage, liquidity, profitability, credit ratings by credit rating agencies, and risk management capabilities. To the extent that a counterparty's margining thresholds are exceeded, the counterparty is required to post collateral with Generation as specified in each enabling agreement. Generation's credit department monitors current and forward credit exposure to counterparties and their affiliates, both on an individual and an aggregate basis.

The following tables provide information on Generation's credit exposure for all derivative instruments, NPNS, and applicable payables and receivables, net of collateral and instruments that are subject to master netting agreements, as of September 30, 2014. The tables further delineate that exposure by credit rating of the

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
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counterparties and provide guidance on the concentration of credit risk to individual counterparties. The figures in the tables below excludes credit risk exposure from individual retail counterparties, uranium procurement contracts, and exposure through RTOs, ISOs, NYMEX, ICE and Nodal commodity exchanges, further discussed in ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK. Additionally, the figures in the tables below exclude exposures with affiliates, including net receivables with ComEd, PECO and BGE of $11 million, $21 million and $34 million, respectively.

Rating as of September 30, 2014	Total Exposure Before Credit Collateral	Credit Collateral [a]	Net Exposure	Number of Counterparties Greater than 10% of Net Exposure	Net Exposure of Counterparties Greater than 10% of Net Exposure
Investment grade	$ 1,240	$ 88	$ 1,152	1	$ 423
Non-investment grade	23	7	16	—	—
No external ratings					
Internally rated — investment grade	302	—	302	1	180
Internally rated — non-investment grade	26	3	23	—	—
Total	$ 1,591	$ 98	$ 1,493	2	$ 603

Net Credit Exposure by Type of Counterparty	As of September 30, 2014
Financial institutions	$ 264
Investor-owned utilities, marketers, power producers	470
Energy cooperatives and municipalities	749
Other	10
Total	$ 1,493

(a) As of September 30, 2014, credit collateral held from counterparties where Generation had credit exposure included $94 million of cash and $4 million of letters of credit.

ComEd's power procurement contracts provide suppliers with a certain amount of unsecured credit. The credit position is based on forward market prices compared to the benchmark prices. The benchmark prices are the forward prices of energy projected through the contract term and are set at the point of supplier bid submittal. If the forward market price of energy exceeds the benchmark price, the suppliers are required to post collateral for the secured credit portion after adjusting for any unpaid deliveries and unsecured credit allowed under the contract. The unsecured credit used by the suppliers represents ComEd's net credit exposure. As of September 30, 2014, ComEd's net credit exposure to suppliers was immaterial.

ComEd is permitted to recover its costs of procuring energy through the Illinois Settlement Legislation. ComEd's counterparty credit risk is mitigated by its ability to recover realized energy costs through customer rates. See Note 3 — Regulatory Matters of the Exelon 2013 Form 10-K for additional information.

PECO's supplier master agreements that govern the terms of its electric supply procurement contracts, which define a supplier's performance assurance requirements, allow a supplier to meet its credit requirements with a certain amount of unsecured credit. The amount of unsecured credit is determined based on the supplier's lowest credit rating from the major credit rating agencies and the supplier's tangible net worth. The credit position is based on the initial market price, which is the forward price of energy on the day a transaction is executed, compared to the current forward price curve for energy. To the extent that the forward price curve for energy exceeds the initial market price, the supplier is required to post collateral to the extent the credit exposure

is greater than the supplier's unsecured credit limit. The unsecured credit used by the suppliers represents PECO's net credit exposure. As of September 30, 2014, PECO had no net credit exposure with suppliers.

PECO is permitted to recover its costs of procuring electric supply through its PAPUC-approved DSP Program. PECO's counterparty credit risk is mitigated by its ability to recover realized energy costs through customer rates. See Note 5 — Regulatory Matters for additional information.

PECO's natural gas procurement plan is reviewed and approved annually on a prospective basis by the PAPUC. PECO's counterparty credit risk under its natural gas supply and asset management agreements is mitigated by its ability to recover its natural gas costs through the PGC, which allows PECO to adjust rates quarterly to reflect realized natural gas prices. PECO does not obtain collateral from suppliers under its natural gas supply and asset management agreements. As of September 30, 2014, PECO had credit exposure of $6 million under its natural gas supply and asset management agreements with investment grade suppliers.

BGE is permitted to recover its costs of procuring energy through the MDPSC-approved procurement tariffs. BGE's counterparty credit risk is mitigated by its ability to recover realized energy costs through customer rates. See Note 5 — Regulatory Matters for additional information.

BGE's full requirement wholesale electric power agreements that govern the terms of its electric supply procurement contracts, which define a supplier's performance assurance requirements, allow a supplier, or its guarantor, to meet its credit requirements with a certain amount of unsecured credit. The amount of unsecured credit is determined based on the supplier's lowest credit rating from the major credit rating agencies and the supplier's tangible net worth, subject to an unsecured credit cap. The credit position is based on the initial market price, which is the forward price of energy on the day a transaction is executed, compared to the current forward price curve for energy. To the extent that the forward price curve for energy exceeds the initial market price, the supplier is required to post collateral to the extent the credit exposure is greater than the supplier's unsecured credit limit. The unsecured credit used by the suppliers represents BGE's net credit exposure. The seller's credit exposure is calculated each business day. As of September 30, 2014, BGE had a net credit exposure of $23 million to suppliers.

BGE's regulated gas business is exposed to market-price risk. This market-price risk is mitigated by BGE's recovery of its costs to procure natural gas through a gas cost adjustment clause approved by the MDPSC. BGE does make off-system sales after BGE has satisfied its customers' demands, which are not covered by the gas cost adjustment clause. At September 30, 2014, BGE's credit exposure related to off-system sales was immaterial.

Collateral and Contingent-Related Features (Exelon, Generation, ComEd, PECO and BGE)

As part of the normal course of business, Generation routinely enters into physical or financially settled contracts for the purchase and sale of electric capacity, energy, fuels, emissions allowances and other energy-related products. Certain of Generation's derivative instruments contain provisions that require Generation to post collateral. Generation also enters into commodity transactions on exchanges (i.e., NYMEX, ICE). The exchanges act as the counterparty to each trade. Transactions on the exchanges must adhere to comprehensive collateral and margining requirements. This collateral may be posted in the form of cash or credit support with thresholds contingent upon Generation's credit rating from each of the major credit rating agencies. The collateral and credit support requirements vary by contract and by counterparty. These credit-risk-related contingent features stipulate that if Generation were to be downgraded or lose its investment grade credit rating (based on its senior unsecured debt rating), it would be required to provide additional collateral. This incremental collateral requirement allows for the offsetting of derivative instruments that are assets with the same

counterparty, where the contractual right of offset exists under applicable master netting agreements. In the absence of expressly agreed-to provisions that specify the collateral that must be provided, collateral requested will be a function of the facts and circumstances of the situation at the time of the demand. In this case, Generation believes an amount of several months of future payments (i.e., capacity payments) rather than a calculation of fair value is the best estimate for the contingent collateral obligation, which has been factored into the disclosure below.

The aggregate fair value of all derivative instruments with credit-risk-related contingent features in a liability position that are not fully collateralized (excluding transactions on the exchanges that are fully collateralized) is detailed in the table below:

Credit-Risk Related Contingent Feature	September 30, 2014	December 31, 2013
Gross Fair Value of Derivative Contracts Containing this Feature [a]	$ (997)	$ (1,056)
Offsetting Fair Value of In-the-Money Contracts Under Master Netting Arrangements [b]	694	846
Net Fair Value of Derivative Contracts Containing This Feature [c]	$ (303)	$ (210)

(a) Amount represents the gross fair value of out-of-the-money derivative contracts containing credit-risk related contingent features ignoring the effects of master netting agreements.
(b) Amount represents the offsetting fair value of in-the-money derivative contracts under legally enforceable master netting agreements with the same counterparty, which reduces the amount of any liability for which a Registrant could potentially be required to post collateral.
(c) Amount represents the net fair value of out-of-the-money derivative contracts containing credit-risk related contingent features after considering the mitigating effects of offsetting positions under master netting arrangements and reflects the actual net liability upon which any potential contingent collateral obligations would be based.

Generation had cash collateral posted of $669 million and letters of credit posted of $389 million and cash collateral held of $169 million and letters of credit held of $12 million as of September 30, 2014 for counterparties with derivative positions. Generation had cash collateral posted of $72 million and letters of credit posted of $364 million and cash collateral held of $206 million and letters of credit held of $34 million at December 31, 2013 for counterparties with derivative positions. In the event of a credit downgrade below investment grade (i.e., to BB+ by S&P or Ba1 by Moody's), Generation would have been required to post additional collateral of $2.1 billion and $2.0 billion as of September 30, 2014 and December 31, 2013, respectively. These amounts represent the potential additional collateral required after giving consideration to offsetting derivative and non-derivative positions under master netting agreements.

Generation's and Exelon's interest rate swaps contain provisions that, in the event of a merger, if Generation's debt ratings were to materially weaken, it would be in violation of these provisions, resulting in the ability of the counterparty to terminate the agreement prior to maturity. Collateralization would not be required under any circumstance. Termination of the agreement could result in a settlement payment by Exelon or the counterparty on any interest rate swap in a net liability position. The settlement amount would be equal to the fair value of the swap on the termination date. As of September 30, 2014, Generation's and Exelon's swaps were in an asset position, with a fair value of $8 million and $2 million, respectively.

See Note 24 — Segment Information of the Exelon 2013 Form 10-K for further information regarding the letters of credit supporting the cash collateral.

Generation entered into supply forward contracts with certain utilities, including PECO and BGE, with one-sided collateral postings only from Generation. If market prices fall below the benchmark price levels in these

contracts, the utilities are not required to post collateral. However, when market prices rise above the benchmark price levels, counterparty suppliers, including Generation, are required to post collateral once certain unsecured credit limits are exceeded. Under the terms of ComEd's standard block energy contracts, collateral postings are one-sided from suppliers, including Generation, should exposures between market prices and benchmark prices exceed established unsecured credit limits outlined in the contracts. As of September 30, 2014, ComEd held approximately $2 million from suppliers for the purpose of collateral from suppliers in association with energy procurement contracts. Under the terms of ComEd's annual renewable energy contracts, collateral postings are required to cover a fixed value for RECs only. In addition, under the terms of ComEd's long-term renewable energy contracts, collateral postings are required from suppliers for both RECs and energy. The REC portion is a fixed value and the energy portion is one-sided from suppliers should the forward market prices exceed contract prices. As of September 30, 2014, ComEd held approximately $19 million in the form of cash and letters of credit as margin for both the annual and long-term REC obligations. See Note 3 — Regulatory Matters of the Exelon 2013 Form 10-K for additional information.

PECO's natural gas procurement contracts contain provisions that could require PECO to post collateral. This collateral may be posted in the form of cash or credit support with thresholds contingent upon PECO's credit rating from the major credit rating agencies. The collateral and credit support requirements vary by contract and by counterparty. As of September 30, 2014, PECO was not required to post collateral for any of these agreements. If PECO lost its investment grade credit rating as of September 30, 2014, PECO could have been required to post approximately $25 million of collateral to its counterparties.

PECO's supplier master agreements that govern the terms of its DSP Program contracts do not contain provisions that would require PECO to post collateral.

BGE's full requirements wholesale power agreements that govern the terms of its electric supply procurement contracts do not contain provisions that would require BGE to post collateral.

BGE's natural gas procurement contracts contain provisions that could require BGE to post collateral. This collateral may be posted in the form of cash or credit support with thresholds contingent upon BGE's credit rating from the major credit rating agencies. The collateral and credit support requirements vary by contract and by counterparty. As of September 30, 2014, BGE was not required to post collateral for any of these agreements. If BGE lost its investment grade credit rating as of September 30, 2014, BGE could have been required to post approximately $47 million of collateral to its counterparties.

10. Debt and Credit Agreements (Exelon, Generation, ComEd, PECO and BGE)

Short-Term Borrowings

Exelon, ComEd and BGE meet their short-term liquidity requirements primarily through the issuance of commercial paper. Generation and PECO meet their short-term liquidity requirements primarily through the issuance of commercial paper and borrowings from the intercompany money pool.

The Registrants had the following amounts of commercial paper borrowings outstanding as of September 30, 2014 and December 31, 2013:

Commercial Paper Borrowings	September 30, 2014	December 31, 2013
Exelon Corporate	$ —	$ —
Generation	—	—
ComEd	528	184
PECO	—	—
BGE	20	135

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Credit Facilities

Exelon had bank lines of credit under committed credit facilities at September 30, 2014 for short-term financial needs, as follows:

Type of Credit Facility	Amount [a] (In billions)	Expiration Dates	Capacity Type
Exelon Corporate			
Syndicated Revolver [b]	$ 0.5	May 2019	Letters of credit and cash
Generation			
Syndicated Revolver	5.1	May 2019	Letters of credit and cash
Syndicated Revolver	0.2	August 2018	Letters of credit and cash
Bilateral	0.3	December 2015 and March 2016	Letters of credit and cash
Bilateral	0.1	January 2015	Letters of credit
Bilateral	0.1	October 2014	Letters of credit and cash
ComEd			
Syndicated Revolver	1.0	March 2019	Letters of credit and cash
PECO			
Syndicated Revolver [b]	0.6	May 2019	Letters of credit and cash
BGE			
Syndicated Revolver [b]	0.6	May 2019	Letters of credit and cash
Total	$ 8.5		

(a) Excludes additional credit facility agreements for Generation, ComEd, PECO and BGE with aggregate commitments of $50 million, $34 million, $34 million and $5 million, respectively, arranged with minority and community banks located primarily within ComEd's, PECO's and BGE's service territories. These facilities expired on October 17, 2014 and were renewed at the same amount through October 16, 2015. These facilities are solely utilized to issue letters of credit. As of September 30, 2014, letters of credit issued under these agreements for Generation, ComEd, PECO and BGE totaled $9 million, $18 million, $21 million and $1 million, respectively. Also, excludes the unsecured bridge credit facility of $3.9 billion to support the PHI transaction discussed below, as well as, applicable asset divestitures.

(b) Includes credit facilities for Exelon Corporate, PECO and BGE with aggregate commitments of $22 million, $27 million and $27 million, respectively, that expire in August 2018.

As of September 30, 2014, there were no borrowings under the Registrants' credit facilities.

On March 28, 2014, ComEd extended for an additional year the expiration date of its unsecured revolving credit facility with aggregate bank commitments of $1.0 billion. Under this facility, ComEd may issue letters of credit in the aggregate amount of up to $500 million. The credit agreement expires on March 28, 2019. The credit facility also allows ComEd to request increases in the aggregate commitments of up to an additional $500 million. Any increases are subject to the approval of the lenders party to the credit agreement in their sole discretion. Costs incurred to extend the facility for ComEd were not material.

On October 24, 2014, a $100 million bilateral CENG credit facility was amended and extended for an additional year. This facility has been utilized by CENG to fund working capital and capital projects and obtain letters of credit.

On May 30, 2014, each of Exelon Corporate, Generation, PECO and BGE extended the expiration date of its unsecured revolving credit facility with aggregate bank commitments of $500 million, $5.3 billion, $600 million, $600 million, respectively into May 2019, with the exception of a cumulative amount of $315 million in commitments, which expire in August 2018. Costs incurred to extend the facilities were not material.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Borrowings under Exelon Corporate's, Generation's, ComEd's, PECO's and BGE's credit agreements bear interest at a rate based upon either the prime rate or a LIBOR-based rate, plus an adder based upon the particular Registrant's credit rating. Exelon Corporate, Generation, ComEd, PECO and BGE have adders of 27.5, 27.5,7.5, 0.0 and 0.0 basis points for prime based borrowings and 127.5, 127.5, 107.5, 90.0 and 100.0 basis points for LIBOR-based borrowings. The maximum adders for prime rate borrowings and LIBOR-based rate borrowings are 65 basis points and 165 basis points, respectively. The credit agreements also require the borrower to pay a facility fee based upon the aggregate commitments under the agreement. The fee varies depending upon the respective credit ratings of the borrower.

Credit Agreements

In May 2014, concurrently and in connection with entering into the agreement to acquire PHI, Exelon entered into a credit facility to which the lenders committed to provide Exelon a 364-day senior unsecured bridge credit facility of $7.2 billion to support the contemplated transaction and provide flexibility for timing of permanent financing. The bridge credit facility was subsequently reduced to $3.9 billion as a result of the June 2014 equity issuances discussed below, as well as, applicable asset divestitures. During the three and nine months ended September 30, 2014, Exelon recorded $11 million and $20 million to interest expense in connection with the bridge facility, respectively. It is not currently expected that Exelon will be required to draw upon this credit facility.

Long-Term Debt

Issuance of Long-Term Debt

During the nine months ended September 30, 2014, the following long-term debt was issued:

Company	Type	Interest Rate	Maturity	Amount	Use of Proceeds
Exelon	Junior Subordinated Notes	2.500%	June 1, 2024	$1,150	Used to finance a portion of the acquisition of PHI and for general corporate purposes
Generation	Nuclear Fuel Purchase Contract	3.350%	June 30, 2018	$ 38	Used for procurement of uranium
Generation	ExGen Renewables I Project Financing [a]	LIBOR + 4.250%	February 6, 2021	$ 300	Used for general corporate purposes
Generation	ExGen Texas Power Project Financing [a]	LIBOR + 4.750%	September 18, 2021	$ 675	Used for general corporate purposes
Generation	Energy Efficiency Project Financing	4.120%	December 31, 2015	$ 12	Funding to install energy conservation measures in Washington, DC
Generation	AVSR DOE Project Financing	3.056% - 3.143%	January 5, 2037	$ 125	Used for Antelope Valley solar development
Generation	Nuclear Fuel Purchase Contract	3.250%	June 30, 2018	$ 32	Used for procurement of uranium
ComEd	First Mortgage Bonds Series 115	2.150%	January 15, 2019	$ 300	Used to refinance existing mortgage bonds
ComEd	First Mortgage Bonds Series 116	4.700%	January 15, 2044	$ 350	Used to refinance existing mortgage bonds
PECO	First and Refunding Mortgage Bonds	4.150%	October 1, 2044	$ 300	Used to refinance existing mortgage bonds and general corporate purposes

(a) See ExGen Renewables I Project Financing and ExGen Texas Power Project Financing discussed below.

Junior Subordinated Notes

In June 2014, Exelon issued $1.15 billion of junior subordinated notes in the form of 23 million equity units at a stated amount of $50.00 per unit. Net proceeds from the issuance were $1.11 billion, net of a $35 million underwriter fee. The net proceeds are expected to be used to finance a portion of the acquisition of PHI and for general corporate purposes.

Each equity unit represents an undivided beneficial ownership interest in Exelon's 2.50% junior subordinated notes due in 2024 and a forward equity purchase contract which settles in 2017. The junior subordinated notes are expected to be remarketed in 2017. In connection with the remarketing, Exelon may modify the maturity date of the notes to a date earlier than June 1, 2024 but not earlier than June 1, 2020, remove redemption provisions of the notes, or change the interest rate on the notes, including changing the interest rate from fixed to floating. Investors that participate in the remarketing receive the remarketing proceeds and may use those funds to either settle the equity forward upon settlement date or invest in the remarketed debt and use other funds for the share purchase. Exelon intends to use the remarketing proceeds to repay debt issued or for other corporate purposes as soon as practical following such settlements. If the remarketing fails, holders of the notes will have the right to put their notes to Exelon for an amount equal to the principal amount of notes held by such holder plus accrued interest. The equity units carry a total annual distribution rate of 6.5%, which is comprised of a quarterly coupon rate of interest of 2.5% and a quarterly contract payment of 4.0% (contract payments).

Each purchase contract obligates the holder to purchase, and Exelon to sell, for $50.00 a number of shares of Exelon's common stock in accordance with the conversion ratios set forth below:

- If the market price equals or exceeds $43.7484, then 1.1429 shares.
- If the market price is less than $43.7484 but greater than $35.00, a number of shares of common stock having a value, based on the market price, equal to $50.00
- If the market price is less than or equal to $35.00, then 1.4286 shares.

A holder's ownership interest in the notes is pledged to Exelon to secure the holder's obligation under the related forward equity purchase contract. If a holder of the forward equity purchase contract chooses at any time to no longer be a holder of the notes, such holder's obligation under the purchase contract must be secured by a U.S. Treasury security.

At the time of issuance, the $1.15 billion of junior subordinated notes were recorded within Long-term debt on Exelon's Consolidated Balance Sheet. Additionally, at the time of issuance, the present value of the contract payments of $131 million were recorded to Long-term debt, representing the obligation to make contract payments, with an offsetting reduction to Common stock. The obligation for the contract payments will be accreted to interest expense over the 3 year period ending in 2017 in Exelon's Consolidated Statement of Operations and Comprehensive Income. The Long-term debt recorded for the contract payments is considered a non-cash financing transaction that was excluded from Exelon's Consolidated Statements of Cash Flows. Until settlement of the equity purchase contract, earnings per share dilution resulting from the equity unit issuance will be determined under the treasury stock method.

Non-Recourse Debt

The following describes certain indebtedness that was incurred by Generation's project company subsidiaries during the nine months ended September 30, 2014. The indebtedness described below is a component

of the total $2.7 billion net book value of certain generating facilities pledged as collateral as of September 30, 2014. All associated project financing liabilities are non-recourse to Exelon and Generation.

ExGen Renewables Energy I, LLC

On February 6, 2014, ExGen Renewables I, LLC (EGR), an indirect subsidiary of Exelon and Generation, borrowed $300 million aggregate principal amount pursuant to a non-recourse senior secured loan, due February 6, 2021. The loan bears interest at a variable rate equal to LIBOR plus 4.25%, subject to a 1% LIBOR floor. EGR indirectly owns Continental Wind LLC (Continental Wind). In addition to the financing, EGR entered into interest rate swaps with a notional amount of $240 million at an interest rate of 2.03% to manage a portion of the interest rate exposure in connection with the financing, see Note 9 — Derivative Financial Instruments for additional information regarding interest rate swaps.

ExGen Texas Power, LLC

On September 18, 2014, ExGen Texas Power, LLC (EGTP), an indirect subsidiary of Exelon and Generation, borrowed $675 million aggregate principal amount pursuant to a non-recourse senior secured term loan, scheduled to mature on September 18, 2021. The term loan bears interest at a variable rate equal to LIBOR plus 4.75%, subject to a 1% LIBOR floor. As part of the agreement, a revolving credit facility was established for the amount of $20 million available through (and scheduled to mature on) September 18, 2019. In addition to the financing, EGTP entered into a floating-to-fixed interest rate swap with an initial notional amount of approximately $505 million at an interest rate of 2.34% to manage a portion of the interest rate exposure in connection with this financing. See Note 9 — Derivative Financial Instruments for additional information regarding interest rate swaps.

During the nine months ended September 30, 2013, the following long-term debt was issued:

Company	Type	Interest Rate	Maturity	Amount	Use of Proceeds
Generation	Upstream Gas Lending Agreement	2.210 - 2.440%	July 22, 2016	$ 5	Used to fund Upstream gas activities
Generation	AVSR DOE Project Financing	2.535 - 3.353%	January 5, 2037	$ 204	Funding for Antelope Valley Solar Development
Generation	Energy Efficiency Project Financing	4.400%	August 31, 2014	$ 9	Funding to install energy conservation measures in Beckley, West Virginia
Generation	Continental Wind Senior Secured Notes	6.000%	February 28, 2033	$ 613	Used for general corporate purposes
ComEd	First Mortgage Bonds Series 114	4.600%	August 15, 2043	$ 350	Used to repay outstanding commercial paper obligations and for general corporate purposes
PECO	First and Refunding Mortgage Bonds	1.200%	October 15, 2016	$ 300	Used to pay at maturity first and refunding mortgage bonds due October 15, 2013 and other general corporate purposes
PECO	First and Refunding Mortgage Bonds	4.800%	October 15, 2043	$ 250	Used to pay at maturity first and refunding mortgage bonds due October 15, 2013 and other general corporate purposes
BGE	Senior Notes	3.350%	July 1, 2023	$ 300	Used to partially refinance Notes due July 1, 2013 and for general corporate purposes

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Retirement and Redemptions of Current and Long-Term Debt

During the nine months ended September 30, 2014, the following long-term debt was retired and/or redeemed:

Company	Type	Interest Rate	Maturity	Amount
Generation	2003 Senior Notes	5.35%	January 15, 2014	$ 500
Generation	Pollution Control Loan	4.10%	July 1, 2014	$ 20
Generation	Continental Wind Project Financing	6.00%	February 28, 2033	$ 20
Generation	Kennett Square Capital Lease	7.83%	September 20, 2020	$ 2
Generation	ExGen Renewables I Project Financing	3mL + 4.25%	February 6, 2021	$ 3
Generation	AVSR DOE Project Financing	2.33% - 3.55%	January 5, 2037	$ 4
Generation	Clean Horizons Solar	2.56%	September 7, 2030	$ 1
Generation	Sacramento Solar Project Financing	2.56%	December 31, 2030	$ 1
Generation	Energy Efficiency Project Financing	4.40%	August 31, 2014	$ 9
ComEd	Mortgage Bonds Series 110	1.63%	January 15, 2014	$ 600
ComEd	Pollution Control Series 1994C	5.85%	January 15, 2014	$ 17
BGE	Rate Stabilization Bonds	5.72%	April 1, 2017	$ 35

On October 1, 2014, PECO retired $250 million aggregate principal of its 5.000% First and Refunding Mortgage Bonds due October 1, 2014.

On October 6, 2014, Generation paid down $11 million of principal and interest of its 3.056% - 3.143% AVSR Solar loan.

During the nine months ended September 30, 2013, the following long-term debt was retired and/or redeemed:

Company	Type	Interest Rate	Maturity	Amount
Generation	Kennett Square Capital Lease	7.830%	September 20, 2020	$ 2
Generation	Solar Revolver	1.930 - 1.950%	July 7, 2014	$ 18
Generation	Clean Horizons Solar Project Financing	2.563%	September 7, 2030	$ 1
Generation [(a)]	Series A Junior Subordinated Debentures	8.625%	June 15, 2063	$ 450
ComEd	First Mortgage Bonds Series 92	7.625%	April 15, 2013	$ 125
ComEd	First Mortgage Bonds Series 94	7.500%	July 1, 2013	$ 127
BGE	Senior Notes	6.125%	July 1, 2013	$ 400
BGE	Rate Stabilization Bonds	5.720%	April 1, 2017	$ 33

(a) Represents debt obligations assumed by Exelon as part of the Constellation merger on March 12, 2012 that became callable at face value on June 15, 2013. Exelon and subsidiaries of Generation (former Constellation subsidiaries) assumed intercompany loan agreements that mirror the terms and amounts of the third-party debt obligations of Exelon, which are eliminated in consolidation on Exelon's Consolidated Balance Sheets. The debentures were redeemed and the intercompany loan agreements repaid on June 15, 2013.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

11. Income Taxes (Exelon, Generation, ComEd, PECO and BGE)

The effective income tax rate from continuing operations varies from the U.S. Federal statutory rate principally due to the following:

For the Three Months Ended September 30, 2014	Exelon	Generation	ComEd	PECO	BGE
U.S. Federal statutory rate	35.0%	35.0%	35.0%	35.0%	35.0%
Increase (decrease) due to:					
State income taxes, net of Federal income tax benefit	1.1	0.7	5.0	0.1	4.6
Qualified nuclear decommissioning trust fund income	(0.3)	(0.4)	—	—	—
Domestic production activities deduction	(2.4)	(3.2)	—	—	—
Health care reform legislation	—	—	0.2	—	0.2
Amortization of investment tax credit, net deferred taxes	(1.0)	(1.2)	(0.3)	(0.1)	(0.3)
Plant basis differences	(0.8)	—	—	(11.3)	0.5
Production tax credits and other credits	(1.9)	(2.4)	—	—	—
Noncontrolling interest	(1.2)	(1.6)	—	—	—
Other	(0.3)	(1.4)	0.1	(0.1)	(1.2)
Effective income tax rate	28.2%	25.5%	40.0%	23.6%	38.8%

For the Nine Months Ended September 30, 2014	Exelon	Generation	ComEd	PECO	BGE
U.S. Federal statutory rate	35.0%	35.0%	35.0%	35.0%	35.0%
Increase (decrease) due to:					
State income taxes, net of Federal income tax benefit	0.5	(1.4)	5.0	0.3	4.9
Qualified nuclear decommissioning trust fund income	2.0	3.6	—	—	—
Domestic production activities deduction	(2.7)	(4.8)	—	—	—
Health care reform legislation	0.1	—	0.2	—	0.2
Amortization of investment tax credit, net deferred taxes	(1.1)	(1.7)	(0.3)	(0.1)	(0.3)
Plant basis differences	(1.6)	—	(0.3)	(11.0)	0.5
Production tax credits and other credits	(2.1)	(3.7)	—	—	—
Noncontrolling interest	(1.4)	(2.6)	—	—	—
Other	(1.5)	(2.5)	0.1	0.1	(0.5)
Effective income tax rate	27.2%	21.9%	39.7%	24.3%	39.8%

For the Three Months Ended September 30, 2013	Exelon	Generation	ComEd	PECO	BGE
U.S. Federal statutory rate	35.0%	35.0%	35.0%	35.0%	35.0%
Increase (decrease) due to:					
State income taxes, net of Federal income tax benefit	3.0	2.6	5.4	(0.3)	5.6
Qualified nuclear decommissioning trust fund income	3.5	5.3	—	—	—
Tax exempt income	(0.2)	(0.3)	—	—	—
Health care reform legislation	0.1	—	0.4	—	0.2
Amortization of investment tax credit, net deferred taxes	(1.5)	(2.1)	(0.4)	(0.1)	(0.3)
Plant basis differences	(0.8)	—	(0.4)	(6.9)	0.1
Production tax credits and other credits	(2.2)	(3.3)	—	—	—
Other	0.5	0.1	0.3	(0.1)	(0.2)
Effective income tax rate	37.4%	37.3%	40.3%	27.6%	40.4%

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

For the Nine Months Ended September 30, 2013	Exelon	Generation	ComEd	PECO	BGE
U.S. Federal statutory rate	35.0%	35.0%	35.0%	35.0%	35.0%
Increase (decrease) due to:					
State income taxes, net of Federal income tax benefit	5.3	1.8	5.2	1.9	5.6
Qualified nuclear decommissioning trust fund income	3.2	5.1	—	—	—
Tax exempt income	(0.2)	(0.3)	—	—	—
Health care reform legislation	0.1	—	0.9	—	0.2
Amortization of investment tax credit, net deferred taxes	(2.3)	(3.4)	(0.8)	(0.1)	(0.3)
Plant basis differences	(1.7)	—	(1.2)	(7.3)	(0.4)
Production tax credits and other credits	(2.4)	(3.9)	—	—	—
Other	0.2	1.1	0.8	—	—
Effective income tax rate	37.2%	35.4%	39.9%	29.5%	40.1%

Accounting for Uncertainty in Income Taxes

Exelon, Generation, ComEd, PECO, and BGE have $1,808 million, $1,342 million, $151 million, $44 million, and $0 million, of unrecognized tax benefits as of September 30, 2014, respectively, and $2,175 million, $1,415 million, $324 million, $44 million, and $0 million, of unrecognized tax benefits as of December 31, 2013, respectively. The unrecognized tax benefits as of September 30, 2014 reflect a decrease at Exelon and ComEd primarily attributable to the like-kind exchange and the lease termination position discussed below and a decrease at Generation primarily due to the expiration of both federal and state statutes of limitation in September 2014.

Reasonably possible the total amount of unrecognized tax benefits could significantly increase or decrease within 12 months after the reporting date

Nuclear Decommissioning Liabilities (Exelon and Generation)

AmerGen filed income tax refund claims taking the position that nuclear decommissioning liabilities assumed as part of its acquisition of nuclear power plants are taken into account in determining the tax basis in the assets it acquired. The additional basis results primarily in reduced capital gains or increased capital losses on the sale of assets in nonqualified decommissioning funds and increased tax depreciation and amortization deductions. The IRS disagrees with this position and has disallowed the claims. In November 2008, Generation received a final determination from the Appeals division of the IRS (IRS Appeals) disallowing AmerGen's refund claims. Generation filed a complaint in the United States Court of Federal Claims on February 20, 2009 to contest this determination. During the first and second quarters of 2013, AmerGen and the DOJ completed and filed cross motions for summary judgment. On September 17, 2013, the Court granted the government's motion denying AmerGen's claims for refund. In the first quarter of 2014, Exelon filed an appeal of the decision to the United States Court of Appeals for the Federal Circuit.

Due to the possibility of final resolution through an appellate decision, Generation continues to believe that it is reasonably possible that the total amount of unrecognized tax benefits may significantly decrease in the next 12 months.

Settlement of Income Tax Audits

As of September 30, 2014, Exelon and Generation have approximately $180 million of unrecognized state tax benefits that could significantly decrease within the 12 months after the reporting date as a result of completing federal and state audits and expected statute of limitation expirations that if recognized would

decrease the effective tax rate. In September 2014, uncertain income tax positions were effectively settled due to the expiration of both federal and state statutes of limitation resulting in a reduction to unrecognized tax benefit of $75 million at Generation. Through the end of the third quarter, the effective settlement of unrecognized tax benefits has resulted in reduced tax expense of $90 million at Generation.

Other Income Tax Matters

Like-Kind Exchange

Exelon, through its ComEd subsidiary, took a position on its 1999 income tax return to defer approximately $1.2 billion of tax gain on the sale of ComEd's fossil generating assets. The gain was deferred by reinvesting a portion of the proceeds from the sale in qualifying replacement property under the like-kind exchange provisions of the IRC. The like-kind exchange replacement property purchased by Exelon included interests in three municipal-owned electric generation facilities which were properly leased back to the municipalities. The IRS disagreed with this position and asserted that the entire gain of approximately $1.2 billion was taxable in 1999.

Exelon has been unable to reach agreement with the IRS regarding the dispute over the like-kind exchange position. The IRS has asserted that the Exelon purchase and leaseback transaction is substantially similar to a leasing transaction, known as a SILO, which the IRS does not respect as the acquisition of an ownership interest in property. A SILO is a "listed transaction" that the IRS has identified as a potentially abusive tax shelter under guidance issued in 2005. Accordingly, the IRS has asserted that the sale of the fossil plants followed by the purchase and leaseback of the municipal owned generation facilities does not qualify as a like-kind exchange and the gain on the sale is fully subject to tax. The IRS has also asserted a penalty of approximately $87 million for a substantial understatement of tax.

Exelon disagrees with the IRS and continues to believe that its like-kind exchange transaction is not the same as or substantially similar to a SILO. Although Exelon has been and remains willing to settle the disagreement on terms commensurate with the hazards of litigation, Exelon does not believe a settlement is possible. Because Exelon believed, as of December 31, 2012, that it was more-likely-than-not that Exelon would prevail in litigation, Exelon and ComEd had no liability for unrecognized tax benefits with respect to the like-kind exchange position.

On January 9, 2013, the U.S. Court of Appeals for the Federal Circuit reversed the U.S. Court of Federal Claims and reached a decision for the government in Consolidated Edison v. United States. The Court disallowed Consolidated Edison's deductions stemming from its participation in a LILO transaction that the IRS also has characterized as a tax shelter.

In accordance with applicable accounting standards, Exelon is required to assess whether it is more-likely-than-not that it will prevail in litigation. Exelon continues to believe that its transaction is not a SILO and that it has a strong case on the merits. However, in light of the Consolidated Edison decision and Exelon's current determination that settlement is unlikely, Exelon has concluded that subsequent to December 31, 2012, it is no longer more-likely-than-not that its position will be sustained. As a result, in the first quarter of 2013 Exelon recorded a non-cash charge to earnings of approximately $265 million, which represents the amount of interest expense (after-tax) and incremental state income tax expense for periods through March 31, 2013 that would be payable in the event that Exelon is unsuccessful in litigation. Of this amount, approximately $170 million was recorded at ComEd. Exelon intends to hold ComEd harmless from any unfavorable impacts of the after-tax interest amounts on ComEd's equity. As such, ComEd recorded on its consolidated balance sheet as of March 31, 2013, a $172 million receivable and non-cash equity contributions from Exelon. Exelon and ComEd will continue to accrue interest on the unpaid tax liabilities related to the uncertain tax position, and the charges

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arising from future interest accruals are not expected to be material to the annual operating earnings of Exelon or ComEd. In addition, ComEd will continue to record non-cash equity contributions from Exelon in the amount of the net after-tax interest charges attributable to ComEd in connection with the like-kind exchange position. Exelon continues to believe that it is unlikely that the IRS's assertion of penalties will ultimately be sustained and therefore no liability for the penalty has been recorded.

On September 30, 2013, the IRS issued a notice of deficiency to Exelon for the like-kind exchange position. Exelon filed a petition on December 13, 2013 to initiate litigation in the United States Tax Court. Exelon was not required to remit any part of the asserted tax or penalty in order to litigate the issue. The litigation could take three to five years including appeals, if necessary. Decisions in the Tax Court are not controlled by the Federal Circuit's decision in Consolidated Edison.

In the event of a fully successful IRS challenge to Exelon's like-kind exchange position, the potential tax and after-tax interest, exclusive of penalties, that could become currently payable as of September 30, 2014 may be as much as $800 million, of which approximately $310 million would be attributable to ComEd after consideration of Exelon's agreement to hold ComEd harmless, and the balance at Exelon. Litigation could take several years such that the estimated cash and interest impacts would likely change by a material amount.

In the first quarter of 2014, Exelon entered into an agreement to terminate its investment in one of the three municipal-owned electric generation properties in exchange for a net early termination amount of $335 million. The termination will result in a 2014 tax payment of approximately $285 million by Exelon, including approximately $155 million by ComEd representing the remaining gain deferred pursuant to the like-kind exchange transaction. In the event of a fully successful IRS challenge to Exelon's like-kind exchange position, Exelon will be required to pay the full amount of tax and after-tax interest discussed in the preceding paragraph but will ultimately be entitled to a refund of the 2014 tax payment. See Note 7 — Impairment of Long-Lived Assets for further details.

Accounting for Generation Repairs (Exelon and Generation)

On April 30, 2013, the IRS issued Revenue Procedure 2013-24 providing guidance for determining the appropriate tax treatment of costs incurred to repair electric generation assets. Generation will change its method of accounting for deducting repairs in accordance with this guidance beginning with its 2014 tax year. Generation has estimated that adoption of the new method will result in a non-recurring cash tax detriment of approximately $100 - $120 million.

12. Nuclear Decommissioning (Exelon and Generation)

Nuclear Decommissioning Asset Retirement Obligations

Generation has a legal obligation to decommission its nuclear power plants following the expiration of their operating licenses. To estimate its decommissioning obligation related to its nuclear generating stations for financial accounting and reporting purposes, Generation uses a probability-weighted, discounted cash flow model which, on a unit-by-unit basis, considers multiple outcome scenarios that include significant estimates and assumptions, and are based on decommissioning cost studies, cost escalation rates, probabilistic cash flow models and discount rates. Generation generally updates its ARO annually during the third quarter, unless circumstances warrant more frequent updates, based on its review of updated cost studies and its annual evaluation of cost escalation factors and probabilities assigned to various scenarios.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
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The following table provides a rollforward of the nuclear decommissioning ARO reflected on Exelon's and Generation's Consolidated Balance Sheets from December 31, 2013 to September 30, 2014:

Nuclear decommissioning ARO at December 31, 2013 [(a)]	$4,855
Consolidation of CENG [(b)]	1,684
Accretion expense	243
Net decrease due to changes in, and timing of, estimated cash flows	(125)
Costs incurred to decommission retired plants	(5)
Nuclear decommissioning ARO at September 30, 2014 [(a)]	$6,652

(a) Includes $9 million as the current portion of the ARO at September 30, 2014 and December 31, 2013 which is included in Other current liabilities on Exelon's and Generation's Consolidated Balance Sheets.
(b) Includes the fair value of the CENG ARO liability as of April 1, 2014, the date of consolidation. See Note 6 — Investment in Constellation Energy Nuclear Group, LLC for additional information.

During the nine months ended September 30, 2014, Generation's ARO increased by approximately $1.8 billion. The increase is largely driven by the recording of an ARO on Exelon's and Generation's Consolidated Balance Sheets at fair value upon consolidation of CENG during the second quarter (see Note 6 — Investment in Constellation Energy Nuclear Group, LLC). The fair value of the ARO was considered an initial estimate requiring updates through the use of a third party engineering firm with corresponding adjustments expected to be recorded by the end of 2014. The ARO valuations for the Calvert Cliffs and Nine Mile Point nuclear units were updated during the third quarter of 2014 resulting in a $17 million reduction to the originally recorded ARO. The ARO valuation for the Ginna nuclear unit will be updated during the fourth quarter of 2014 once cost studies are completed. The ARO was also adjusted in the third quarter of 2014 to reflect the impacts of a reduction in estimated escalation rates, primarily for labor and energy costs, offset in part by an increase in the estimated costs to decommission the Byron and Braidwood nuclear units resulting from the completion of updated decommissioning costs studies received during 2014 as part of the annual assessment. The decrease in the ARO due to the changes in, and timing of, estimated cash flows were primarily offset within Property, plant and equipment on Exelon's and Generation's Consolidated Balance Sheets. Approximately $16 million of the reduction in the ARO resulted in a credit to income, which is included in Operating and maintenance expense within Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income.

During the nine months ended September 30, 2013, Generation's ARO increased by approximately $51 million. The increase is largely driven by an increase in the estimated costs to decommission the Limerick and Three Mile Island nuclear units resulting from the completion of updated decommissioning costs studies received during 2013 and an increase for accretion of the obligation. These increases in the ARO were offset by decreases to the ARO due to changes in long-term escalation rates, primarily for labor and energy costs, as well as changes in the timing of the future nominal cash flows coupled with the fact that cash flows affected by this change in timing are re-measured and discounted at current CARFRs, which have increased from the prior year. The decrease in the ARO due to the changes in, and timing of, estimated cash flows were entirely offset by decreases in Property, plant and equipment within Exelon's and Generation's Consolidated Balance Sheets.

Nuclear Decommissioning Trust Fund Investments

NDT funds have been established for each generating station unit to satisfy Generation's nuclear decommissioning obligations. Generally, NDT funds established for a particular unit may not be used to fund the decommissioning obligations of any other unit.

The NDT funds associated with the former ComEd, former PECO, former AmerGen and the CENG units have been funded with amounts collected from ComEd customers, PECO customers, and the previous owners of

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the former AmerGen and the CENG plants, respectively. Based on an ICC order, ComEd ceased collecting amounts from its customers to pay for decommissioning costs. PECO is authorized to collect funds, in revenues, for decommissioning the former PECO nuclear plants through regulated rates, and these collections are scheduled through the operating lives of the former PECO plants. The amounts collected from PECO customers are remitted to Generation and deposited into the NDT funds for the unit for which funds are collected. Every five years, PECO files a rate adjustment with the PAPUC that reflects PECO's calculations of the estimated amount needed to decommission each of the former PECO units based on updated fund balances and estimated decommissioning costs. The rate adjustment is used to determine the amount collectible from PECO customers. The most recent rate adjustment occurred on January 1, 2013, and the effective rates currently yield annual collections of approximately $24 million. The next five-year adjustment is expected to be reflected in rates charged to PECO customers effective January 1, 2018. With respect to the former AmerGen and CENG units, Generation does not collect any amounts, nor is there any mechanism by which Generation can seek to collect additional amounts, from customers. Apart from the contributions made to the NDT funds from amounts previously collected from ComEd and currently collected from PECO customers, Generation has not made contributions to the NDT funds.

Any shortfall of funds necessary for decommissioning, determined for each generating station unit, is ultimately required to be funded by Generation, with the exception of a shortfall for the current decommissioning activities at Zion Station, where certain decommissioning activities have been transferred to a third party (see Zion Station Decommissioning below) and the CENG units, where any shortfall is required to be funded by both Generation and EDF. Generation, through PECO, has recourse to collect additional amounts from PECO customers related to a shortfall of NDT funds for the former PECO units, subject to certain limitations and thresholds, as prescribed by an order from the PAPUC. Generally, PECO, and likewise Generation, will not be allowed to collect amounts associated with the first $50 million of any shortfall of trust funds, on an aggregate basis for all former PECO units, compared to decommissioning obligations, as well as 5% of any additional shortfalls. The initial $50 million and up to 5% of any additional shortfalls would be borne by Generation. No recourse exists to collect additional amounts from ComEd customers for the former ComEd units or from the previous owners of the former AmerGen and CENG units. With respect to the former ComEd and PECO units, any funds remaining in the NDTs after all decommissioning has been completed are required to be refunded to ComEd's or PECO's customers, subject to certain limitations that allow sharing of excess funds with Generation related to the former PECO units. With respect to the former AmerGen units and CENG units, Generation retains any funds remaining after decommissioning. However, in connection with CENG's acquisition of the Nine Mile Point and Ginna plants and settlements with certain regulatory agencies, CENG is subject to certain conditions pertaining to nuclear decommissioning trust funds that, if met, could possibly result in obligations to make payments to certain third parties (clawbacks). For Nine Mile Point and Ginna, the clawback provisions are triggered only in the event that the required decommissioning activities are discontinued or not started or completed in a timely manner. In the event that the clawback provisions are triggered for Nine Mile Point, then, depending upon the triggering event, an amount equal to 50% of the total amount withdrawn from the funds for non-decommissioning activities or 50% of any excess funds in the trust funds above the amounts required for decommissioning (including spent fuel management and decommissioning) is to be paid to the Nine Mile Point sellers. In the event that the clawback provisions are triggered for Ginna, then an amount equal to any estimated cost savings realized by not completing any of the required decommissioning activities is to be paid to the Ginna sellers. Generation expects to comply with applicable regulations and timely commence and complete all required decommissioning activities.

At September 30, 2014 and December 31, 2013, Exelon and Generation had NDT fund investments totaling $10,349 million and $8,071 million, respectively.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
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The following table provides unrealized gains (losses) on NDT funds for the three and nine months ended September 30, 2014 and 2013:

	Exelon and Generation			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Net unrealized gains (losses) on decommissioning trust funds — Regulatory Agreement Units [a]	$ (107)	$ 103	$ 126	$ 196
Net unrealized gains (losses) on decommissioning trust funds — Non-Regulatory Agreement Units [b][c]	(41)	46	100	70

(a) Net unrealized gains (losses) related to Generation's NDT funds associated with Regulatory Agreement Units are included in Regulatory liabilities on Exelon's Consolidated Balance Sheets and Noncurrent payables to affiliates on Generation's Consolidated Balance Sheets.
(b) Excludes $7 million of net unrealized gains and $9 million of net unrealized losses related to the Zion Station pledged assets for the three months ended September 30, 2014 and 2013, respectively, and $27 million of net unrealized gains and $5 million of net unrealized losses related to the Zion Station pledged assets for the nine months ended September 30, 2014 and 2013, respectively. Net unrealized gains (losses) related to Zion Station pledged assets are included in the Payable for Zion Station decommissioning on Exelon's and Generation's Consolidated Balance Sheets.
(c) Net unrealized gains (losses) related to Generation's NDT funds with Non-Regulatory Agreement Units are included within Other, net in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income.

Interest and dividends on NDT fund investments are recognized when earned and are included in Other, net in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income. Interest and dividends earned on the NDT fund investments for the Regulatory Agreement Units are eliminated within Other, net in Exelon's and Generation's Consolidated Statement of Operations and Comprehensive Income.

See Note 3 — Regulatory Matters and Note 25 — Related Party Transactions of the Exelon 2013 Form 10-K for information regarding regulatory liabilities at ComEd and PECO and intercompany balances between Generation, ComEd and PECO reflecting the obligation to refund to customers any decommissioning-related assets in excess of the related decommissioning obligations.

Zion Station Decommissioning. On September 1, 2010, Generation completed an Asset Sale Agreement (ASA) with EnergySolutions Inc. and its wholly owned subsidiaries, EnergySolutions, LLC (EnergySolutions) and ZionSolutions, under which ZionSolutions has assumed responsibility for decommissioning Zion Station, which is located in Zion, Illinois and ceased operation in 1998. See Note 15 — Asset Retirement Obligations of the Exelon 2013 Form 10-K for information regarding the specific treatment of assets, including NDT funds, and decommissioning liabilities transferred in the transaction.

ZionSolutions is subject to certain restrictions on its ability to request reimbursements from the Zion Station NDT funds as defined within the ASA. Therefore, the transfer of the Zion Station assets did not qualify for asset sale accounting treatment and, as a result, the related NDT funds were reclassified to Pledged assets for Zion Station decommissioning within Generation's and Exelon's Consolidated Balance Sheets and will continue to be measured in the same manner as prior to the completion of the transaction. Additionally, the transferred ARO for decommissioning was replaced with a Payable for Zion Station decommissioning in Generation's and Exelon's Consolidated Balance Sheets. Changes in the value of the Zion Station NDT assets, net of applicable taxes, will be recorded as a change in the Payable to ZionSolutions. At no point will the payable to ZionSolutions exceed the project budget of the costs remaining to decommission Zion Station. Generation has retained its obligation for the SNF. Following ZionSolutions' completion of its contractual obligations, Generation will store the SNF at Zion Station until it is transferred to the DOE for ultimate disposal and will complete all remaining

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decommissioning activities associated with the SNF dry storage facility. Generation has a liability of approximately $85 million, which is included within the nuclear decommissioning ARO at September 30, 2014. Generation also has retained NDT assets to fund its obligation to maintain and transfer the SNF at Zion Station and to complete all remaining decommissioning activities for the SNF storage facility. Any shortage of funds necessary to maintain the SNF and decommission the SNF storage facility is ultimately required to be funded by Generation. Any Zion Station NDT funds remaining after the completion of all decommissioning activities will be returned to ComEd customers in accordance with the applicable orders. The following table provides the pledged assets and payable to ZionSolutions, and withdrawals by ZionSolutions at September 30, 2014 and December 31, 2013:

	Exelon and Generation	
	September 30, 2014	December 31, 2013
Carrying value of Zion Station pledged assets	$ 365	$ 458
Payable to Zion Solutions [(a)]	334	414
Current portion of payable to Zion Solutions [(b)]	74	109
Withdrawals by Zion Solutions to pay decommissioning costs [(c)]	618	498

(a) Excludes a liability recorded within Exelon's and Generation's Consolidated Balance Sheets related to the tax obligation on the unrealized activity associated with the Zion Station NDT Funds. The NDT Funds will be utilized to satisfy the tax obligations as gains and losses are realized.
(b) Included in Other current liabilities within Exelon's and Generation's Consolidated Balance Sheets.
(c) Cumulative withdrawals since September 1, 2010.

NRC Minimum Funding Requirements . NRC regulations require that licensees of nuclear generating facilities demonstrate reasonable assurance that funds will be available in specified minimum amounts to decommission the facility at the end of its life. On April 1, 2013, Generation submitted its NRC-required biennial decommissioning funding status report as of December 31, 2012. As of December 31, 2012, Generation provided adequate funding assurance for all of its units, including Limerick Unit 1, where Generation has in place a $115 million parent guarantee to cover the NRC minimum funding assurance requirements. On October 2, 2013, the NRC issued summary findings from the NRC Staff's review of the 2013 decommissioning funding status reports for all 104 operating reactors, including the Generation operating units. Based on that review, the NRC Staff determined that Generation provided decommissioning funding assurance under the NRC regulations for all of its operating units, including Limerick Unit 1. On March 26, 2014, in accordance with a NRC requirement with respect to units involved in a merger or acquisition, CENG submitted its NRC-required decommissioning funding status report as of December 31, 2013 and no additional financial assurance was required.

On March 31, 2014, Generation submitted its NRC required annual decommissioning funding report as of December 31, 2013 for shutdown reactors. This submittal also included the required updated financial tests for the Limerick Unit 1 parent guarantee. There was no change to the amount of the parent guarantee, or the funding status of these reactors. Adequate decommissioning funding assurance is in place for all reactors owned by Generation. On October 20, 2014, the NRC issued a 20 year renewal of the Limerick Units 1 and 2 operating licenses. With the additional 20 years of operating life for Limerick Unit 1, the parent guarantee is no longer required to provide adequate funding assurance. Generation intends to send to the NRC a notice of cancellation, which is required 120 days prior to cancellation.

On January 31, 2013, Generation received a letter from the NRC indicating that the NRC has identified potential "apparent violations" of its regulations because of alleged inaccuracies in the Decommissioning Funding Status reports for 2005, 2006, 2007, and 2009. The NRC asserted that Generation's status reports deliberately reflected cost estimates for decommissioning its nuclear plants that were less than what the NRC

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says are the minimum amounts required by NRC regulations. The January 31, 2013 letter from the NRC does not take issue with Generation's current funding status, and as reflected in Generation's April 1, 2013 decommissioning funding status report referenced above, Generation continues to provide adequate funding assurance for each of its units. Generation met with the NRC on April 30, 2013 for a pre-decisional enforcement conference to provide additional information to explain why Generation believes that it complied with the regulatory requirements and did not deliberately or otherwise provide incomplete or inaccurate information in its decommissioning funding status reports. On May 1, 2014, the NRC issued its final determination. Although the NRC determined that these historical status reports did not provide complete and accurate information, the violation of the regulatory requirements was not a deliberate violation. The NRC noted the low safety significance and Generation's corrective actions to satisfy the NRC Staff's expectations and issued a Severity Level IV violation, with no monetary penalty. A Severity Level IV violation is the lowest level of violation.

In addition, on June 24, 2013, Exelon received a subpoena from the SEC requesting that Exelon provide the SEC with certain documents generally relating to Exelon and Generation's reporting and funding of the future decommissioning of Generation's nuclear power plants. Exelon and Generation have cooperated with the SEC and provided the requested documents. On February 13, 2014, Exelon received a letter from the SEC confirming that it had concluded its investigation and that no further action was anticipated based on information provided by Exelon.

13. Retirement Benefits (Exelon, Generation, ComEd, PECO and BGE)

Exelon sponsors defined benefit pension plans and other postretirement benefit plans for essentially all Generation, ComEd, PECO, BGE and BSC employees.

As a result of the consolidation of CENG into Generation on April 1, 2014, the obligations associated with CENG's pension and other postretirement plans are reflected in the disclosures below based on an April 1, 2014 valuation adjusted for subsequent activity. The plans include essentially all former employees at CENG. Exelon assumed sponsorship of the CENG pension and other postretirement benefit plans on July 14, 2014. CENG will fund the underfunded balances of the pension and other post retirement benefit plans measured at July 14, 2014 on an agreed payment schedule or upon the occurrence of certain specified events, such as EDF's disposition of a majority of its interest in CENG. Payments received from CENG related to the funded plans will be contributed to the appropriate benefit trusts.

Defined Benefit Pension and Other Postretirement Benefits

During the first quarter of 2014, Exelon received an updated valuation of several of its pension and other postretirement benefit obligations to reflect actual census data as of January 1, 2014. This valuation resulted in an increase to the pension obligation of $35 million and an increase to the other postretirement benefit obligation of $12 million. Additionally, accumulated other comprehensive loss increased by approximately $12 million (after tax), regulatory assets increased by approximately $34 million, and regulatory liabilities increased by approximately $5 million. During the second quarter of 2014, Exelon received an updated valuation for the remainder of its pension and other postretirement benefit obligations to reflect actual census data as of January 1, 2014. This valuation resulted in an increase to the pension obligation of $13 million and an increase to the other postretirement benefit obligation of $3 million. Additionally, accumulated other comprehensive loss increased by approximately $1 million (after tax) and regulatory assets increased by approximately $15 million.

In April 2014, Exelon announced plan design changes for certain other postretirement benefit plans, which required an interim remeasurement of the benefit obligation for those plans using assumptions as of April 30, 2014, including updated discount rates and asset values. The remeasurement resulted in a decrease in the net

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periodic benefit costs for other postretirement benefits of approximately $149 million for the period May 2014 through December 2014 as compared to the net periodic benefit costs that were anticipated based on the January 1, 2014 valuation. The remeasurement resulted in a decrease in Exelon's non-pension postretirement benefit obligations, regulatory assets, and accumulated other comprehensive loss of approximately $790 million, $240 million, and $259 million (after tax), respectively, and an increase in regulatory liabilities of approximately $125 million.

The following tables present the components of Exelon's net periodic benefit costs for the three and nine months ended September 30, 2014 and 2013. The majority of the 2014 pension benefit cost for Exelon-sponsored plans is calculated using an expected long-term rate of return on plan assets of 7.00% and a discount rate of 4.80%. The majority of the 2014 other postretirement benefit cost is calculated using an expected long-term rate of return on plan assets of 6.59% for funded plans and a discount rate of 4.90% for all plans. Certain of the other postretirement benefit plans were remeasured as of April 30, 2014 using an expected long-term rate of return on plan assets of 6.59% and a discount rate of 4.30%. Costs for the three and nine months ended September 30, 2014 reflect the impact of this remeasurement. On July 14, 2014 Exelon became the sponsor of the pension and other postretirement plans formerly sponsored by CENG. The components of cost for the CENG plans are included in the table below for the period from April 1, 2014 to September 30, 2014 and reflect the valuation performed on April 1, 2014. The 2014 pension benefit cost for these plans is calculated using an expected long-term rate of return on plan assets of 7.75% and discount rates ranging from 3.60% - 4.30%. The 2014 other postretirement benefit cost is calculated using a discount rate of 4.55%. A portion of the net periodic benefit cost is capitalized within the Consolidated Balance Sheets.

	Pension Benefits Three Months Ended September 30,		Other Postretirement Benefits Three Months Ended September 30,	
	2014 (a)	2013 (a)	2014 (a)	2013 (a)
Service cost	$ 74	$ 79	$ 27	$ 41
Interest cost	189	163	42	48
Expected return on assets	(251)	(253)	(39)	(33)
Amortization of:				
Prior service cost (benefit)	3	3	(44)	(4)
Actuarial loss	106	140	15	20
Settlement charges	—	9	—	—
Net periodic benefit cost	$ 121	$ 141	$ 1	$ 72

	Pension Benefits Nine Months Ended September 30,		Other Postretirement Benefits Nine Months Ended September 30,	
	2014 (b)	2013 (b)	2014 (b)	2013 (b)
Service cost	$ 218	$ 238	$ 90	$122
Interest cost	561	488	144	145
Expected return on assets	(743)	(761)	(115)	(99)
Amortization of:				
Prior service cost (benefit)	10	10	(79)	(14)
Actuarial loss	316	421	35	62
Settlement charges	—	9	—	—
Net periodic benefit cost	$ 362	$ 405	$ 75	$216

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(a) For the three months ended September 30, 2014, the cost for pension benefits and other postretirement benefits related to CENG were $2 million and $3 million, respectively. CENG is not included in the 2013 amounts.
(b) For the period April 1, 2014 to September 30, 2014, the cost for pension benefits and other postretirement benefits related to CENG were $5 million and $6 million, respectively. CENG is not included in the 2013 amounts.

The amounts below represent Generation's, ComEd's, PECO's, BGE's and BSC's allocated portion of the pension and postretirement benefit plan costs, which were included in Capital expenditures and Operating and maintenance expense during the three and nine months ended September 30, 2014 and 2013.

	Three Months Ended September 30,		Nine Months Ended September 30,	
Pension and Other Postretirement Benefit Costs	**2014**	**2013**	**2014**	**2013**
Generation [(a)]	$ 54	$ 87	$ 193	$ 259
ComEd	33	77	129	231
PECO	7	11	28	32
BGE	17	14	50	41
BSC [(b)]	11	24	37	58

(a) For the three months ended September 30, 2014, the cost for pension benefits and other postretirement benefits related to CENG were $2 million and $3 million, respectively. For the period April 1, 2014 to September 30, 2014, the cost for pension benefits and other postretirement benefits related to CENG were $5 million and $6 million, respectively. CENG is not included in the 2013 amounts.
(b) These amounts primarily represent amounts billed to Exelon's subsidiaries through intercompany allocations. These amounts are not included in the Generation, ComEd, PECO or BGE amounts above.

Management considers various factors when making pension funding decisions, including actuarially determined minimum contribution requirements under ERISA, contributions required to avoid benefit restrictions and at-risk status as defined by the Pension Protection Act of 2006, management of the pension obligation and regulatory implications. Exelon expects to make qualified pension plan contributions of $308 million to its qualified pension plans in 2014, of which Generation, ComEd, PECO and BGE will contribute $160 million, $119 million, $11 million and $0 million, respectively. Exelon's and Generation's expected qualified pension plan contributions above include $53 million and $51 million, respectively, related to the CENG plans for the period April 1, 2014 to December 31, 2014, of which $43 million will be funded by CENG as agreed to in the EMA. Unlike the qualified pension plans, Exelon's non-qualified pension plans are not funded. Exelon expects to make non-qualified pension plan benefit payments of $18 million in 2014, of which Generation, ComEd, PECO and BGE will make payments of $9 million, $1 million, $0 million and $1 million, respectively. Exelon's and Generation's expected non-qualified pension plan benefit payments above include $3 million related to the CENG plans for the period April 1, to December 31, 2014.

Unlike qualified pension plans, other postretirement benefit plans are not subject to statutory minimum contribution requirements and certain plans are not funded. Exelon's management has historically considered several factors in determining the level of contributions to its funded other postretirement benefit plans, including levels of benefit claims paid and regulatory implications (amounts deemed prudent to meet regulator expectations and best assure continued rate recovery). Exelon expects to make other postretirement benefit plan contributions, including benefit payments related to unfunded plans and reflecting the impact of recent plan design changes, of approximately $290 million in 2014, of which Generation, ComEd, PECO and BGE expect to contribute $128 million, $121 million, $4 million and $18 million, respectively. Exelon's and Generation's expected other postretirement benefit plan payments above include $5 million related to the CENG plans for the period April 1, 2014 to December 31, 2014.

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Plan Assets

Investment Strategy. On a regular basis, Exelon evaluates its investment strategy to ensure that plan assets will be sufficient to pay plan benefits when due. As part of this ongoing evaluation, Exelon may make changes to its targeted asset allocation and investment strategy.

Exelon has developed and implemented a liability hedging investment strategy for its qualified pension plans that has reduced the volatility of its pension assets relative to its pension liabilities. Exelon may increase or decrease the liability hedging portfolio as the funded status of its plans changes. The overall objective is to achieve long term investment returns that, taking into account projected contributions and liquidity requirements, provide sufficient assets to meet current and future benefit obligations while maintaining acceptable levels of funding status volatility. Trust assets for Exelon's other postretirement plans are managed in a diversified investment strategy that prioritizes maximizing liquidity and returns while minimizing asset volatility.

Defined Contribution Savings Plans

The Registrants participate in various 401(k) defined contribution savings plans that are sponsored by Exelon. The plans are qualified under applicable sections of the IRC and allow employees to contribute a portion of their pre-tax income in accordance with specified guidelines. All Registrants match a percentage of the employee contributions up to certain limits. The following table presents the matching contributions to the savings plans during the three and nine months ended September 30, 2014 and 2013:

	Three Months Ended September 30,		Nine Months Ended September 30,	
Savings Plan Matching Contributions	**2014**	**2013**	**2014**	**2013**
Exelon [(a)]	$ 34	$ 18	$ 82	$ 61
Generation [(a)]	17	8	41	29
ComEd	8	6	20	16
PECO	2	2	6	6
BGE	3	1	7	5
BSC [(b)]	4	1	8	5

(a) Includes $1 million related to CENG for the three months ended September 30, 2014 and for the period from April 1, 2014 to September, 30 2014. CENG is not included in the 2013 amounts.
(b) These amounts primarily represent amounts billed to Exelon's subsidiaries through intercompany allocations. These costs are not included in the Generation, ComEd, PECO or BGE amounts above.

14. Severance (Exelon, Generation, ComEd, PECO and BGE)

The Registrants have an ongoing severance plan under which, in general, the longer an employee worked prior to termination the greater the amount of severance benefits. The Registrants record a liability and expense or regulatory asset for severance once terminations are probable of occurrence and the related severance benefits can be reasonably estimated. For severance benefits that are incremental to its ongoing severance plan ("one-time termination benefits"), the Registrants measure the obligation and record the expense at fair value at the communication date if there are no future service requirements, or, if future service is required to receive the termination benefit, ratably over the required service period.

CENG Integration-Related Severance

In connection with the Master Agreement, Generation and CENG recorded a severance accrual in the fourth quarter of 2013 for the anticipated employee position reductions as a result of the integration. The majority of

these positions are corporate and support positions at CENG. On April 1, 2014, the date the NOSA was executed, Generation consolidated the CENG severance liability pursuant to the Master Agreement. Generation adjusts its accrual each quarter to reflect its best estimate of remaining severance costs. The estimated amount of severance payments associated with this plan is expected to be approximately $27 million. As of September 30, 2014, management recorded its best estimate of severance benefits, which could be adjusted through the completion of the integration process if additional employee position reductions are identified or if employees resign prior to their agreed upon service termination date. Estimated costs to be incurred after September 30, 2014 are not material.

Amounts included in the table below represent the severance liability recorded by Exelon and Generation related to the CENG integration:

Nine Months Ended September 30, 2014 Severance Liability	Exelon and Generation
Balance at December 31, 2013	$ 2
Integration of CENG [(a)]	19
Severance charges	2
Payments	(7)
Balance at September 30, 2014	$ 16

(a) Includes the fair value of the CENG integration-related obligation as of April 1, 2014, the date of consolidation. Note this does not include $4 million of severance charges that were paid out prior to consolidation. See Note 6 — Investment in Constellation Energy Nuclear Group, LLC for additional information.

Cash payments under the severance plan began by CENG in the first quarter of 2014. Substantially all cash payments under the plan are expected to be made by the end of 2015.

Constellation Merger-Related Severance

Upon closing the merger with Constellation, Exelon recorded a severance accrual for the anticipated employee position reductions as a result of the post-merger integration. The majority of these positions are corporate and Generation support positions. Since then, Exelon has identified specific employees to be severed pursuant to the merger-related staffing and selection process as well as employees that were previously identified for severance but have since accepted another position within Exelon and are no longer receiving a severance benefit.

The amount of severance expense associated with the post-merger integration recognized for the three and nine months ended September 30, 2014 and 2013 is not material. Estimated costs to be incurred after September 30, 2014 are not material.

Amounts included in the table below represent the severance liability recorded by Exelon, Generation, ComEd, PECO and BGE for employees of those Registrants and exclude amounts billed through intercompany allocations:

Nine Months Ended September 30, 2014 Severance Liability	Exelon	Generation	ComEd	PECO	BGE
Balance at December 31, 2013	$ 53	$ 10	$ —	$ —	$ 6
Payments	(36)	(5)	—	—	(4)
Balance at September 30, 2014	$ 17	$ 5	$ —	$ —	$ 2

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Substantially all cash payments under the plan are expected to be made by the end of 2016.

Ongoing Severance Plans

The Registrants provide severance and health and welfare benefits under Exelon's ongoing severance benefit plans to terminated employees in the normal course of business, which are not directly related to the merger with Constellation or with the integration of CENG. These benefits are accrued for when the benefits are considered probable and can be reasonably estimated.

For the three and nine months ended September 30, 2014 and 2013, the Registrants recorded the following severance costs associated with these ongoing severance benefits within Operating and maintenance expense in their Consolidated Statements of Operations and Comprehensive Income:

Three Months Ended	Exelon	Generation	ComEd	PECO	BGE
September 30, 2014	$ (2)	$ (2)	$ —	$ —	$—
September 30, 2013	$ 12	$ 11	$ 1	$ —	$—

Nine Months Ended	Exelon	Generation	ComEd	PECO	BGE
September 30, 2014	$ 4	$ 3	$ 1	$ —	$—
September 30, 2013	$ 14	$ 12	$ 2	$ —	$—

The severance liability balances associated with these ongoing severance benefits as of September 30, 2014 and December 31, 2013 are not material.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

15. Changes in Accumulated Other Comprehensive Income (Exelon, Generation, and PECO)

The following tables present changes in accumulated other comprehensive income (loss) (AOCI) by component for the nine months ended September 30, 2014 and 2013:

Nine Months Ended September 30, 2014	Gains and (Losses) on Cash Flow Hedges	Unrealized Gains and (Losses) on Marketable Securities	Pension and Non-Pension Postretirement Benefit Plan Items	Foreign Currency Items	AOCI of Equity Investments	Total
Exelon [a]						
Beginning balance	$ 120	$ 2	$ (2,260)	$ (10)	$ 108	$(2,040)
OCI before reclassifications	(14)	(2)	240	(6)	11	229
Amounts reclassified from AOCI [b]	(78)	—	91	—	(119)	(106)
Net current-period OCI	(92)	(2)	331	(6)	(108)	123
Ending balance	$ 28	$ —	$ (1,929)	$ (16)	$ —	$(1,917)
Generation [a]						
Beginning balance	$ 114	$ 2	$ —	$ (10)	$ 108	$ 214
OCI before reclassifications	(8)	(3)	—	(6)	11	(6)
Amounts reclassified from AOCI [b]	(78)	—	—	—	(119)	(197)
Net current-period OCI	(86)	(3)	—	(6)	(108)	(203)
Ending balance	$ 28	$ (1)	$ —	$ (16)	$ —	$ 11
PECO [a]						
Beginning balance	$ —	$ 1	$ —	$ —	$ —	$ 1
OCI before reclassifications	—	—	—	—	—	—
Amounts reclassified from AOCI [b]	—	—	—	—	—	—
Net current-period OCI	—	—	—	—	—	—
Ending balance	$ —	$ 1	$ —	$ —	$ —	$ 1

(a) All amounts are net of tax. Amounts in parenthesis represent a decrease in accumulated other comprehensive income.
(b) See tables following changes in accumulated other comprehensive income tables for details about these reclassifications.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Nine Months Ended September 30, 2013	Gains and (Losses) on Cash Flow Hedges	Unrealized Gains and (Losses) on Marketable Securities	Pension and Non-Pension Postretirement Benefit Plan Items	Foreign Currency Items	AOCI of Equity Investments	Total
Exelon [a]						
Beginning balance	$ 368	$ —	$ (3,137)	$ —	$ 2	$(2,767)
OCI before reclassifications	25	(1)	73	(5)	46	138
Amounts reclassified from AOCI [b]	(194)	—	157	—	5	(32)
Net current-period OCI	(169)	(1)	230	(5)	51	106
Ending balance	$ 199	$ (1)	$ (2,907)	$ (5)	$ 53	$(2,661)
Generation [a]						
Beginning balance	$ 512	$ —	$ —	$ —	$ 1	$ 513
OCI before reclassifications	12	(1)	—	(5)	47	53
Amounts reclassified from AOCI [b]	(328)	—	—	—	5	(323)
Net current-period OCI	(316)	(1)	—	(5)	52	(270)
Ending balance	$ 196	$ (1)	$ —	$ (5)	$ 53	$ 243
PECO [a]						
Beginning balance	$ —	$ 1	$ —	$ —	$ —	$ 1
OCI before reclassifications	—	—	—	—	—	—
Amounts reclassified from AOCI [b]	—	—	—	—	—	—
Net current-period OCI	—	—	—	—	—	—
Ending balance	$ —	$ 1	$ —	$ —	$ —	$ 1

(a) All amounts are net of tax. Amounts in parenthesis represent a decrease in accumulated other comprehensive income.
(b) See tables following changes in accumulated other comprehensive income tables for details about these reclassifications.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

ComEd, PECO, and BGE did not have any reclassifications out of AOCI to net income during the three and nine months ended September 30, 2014 and 2013. The following tables present amounts reclassified out of AOCI to Net Income for Exelon and Generation during the three and nine months ended September 30, 2014 and 2013.

Three Months Ended September 30, 2014

Details about AOCI components	Items reclassified out of AOCI [a] Exelon	Generation	Affected line item in the statement where Net Income is presented
Gains on cash flow hedges			
Energy related hedges	$ 28	$ 28	Operating revenues
	28	28	Total before tax
	(12)	(12)	Tax (expense)
	$ 16	$ 16	Net of tax
Amortization of pension and other postretirement benefit plan items			
Prior service costs	$ 19	$ —	(b)
Actuarial losses	(61)	—	(b)
	(42)	—	Total before tax
	16	—	Tax benefit
	$ (26)	$ —	Net of tax
Equity investments			
Sale of equity method investment	$ 5	$ 5	Other, net
	5	5	Total before tax
	(2)	(2)	Tax (expense)
	$ 3	$ 3	Net of tax
Total Reclassifications for the period	$ (7)	$ 19	Net of Tax

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Nine Months Ended September 30, 2014

Details about AOCI components	Items reclassified out of AOCI [a] Exelon	Generation	Affected line item in the statement where Net Income is presented
Gains on cash flow hedges			
Energy related hedges	$ 130	$ 130	Operating revenues
	130	130	Total before tax
	(52)	(52)	Tax (expense)
	$ 78	$ 78	Net of tax
Amortization of pension and other postretirement benefit plan items			
Prior service costs	$ 29	$ —	[b]
Actuarial losses	(178)	—	[b]
	(149)	—	Total before tax
	58	—	Tax benefit
	$ (91)	$ —	Net of tax
Equity investments			
Sale of equity method investment	$ 5	$ 5	Other, net
Reversal of CENG equity method AOCI	193	193	Gain on consolidation of CENG
	198	198	Total before tax
	(79)	(79)	Tax (expense)
	$ 119	$ 119	Net of tax
Total reclassifications for the period	$ 106	$ 197	Net of Tax

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Three Months Ended September 30, 2013

Details about AOCI components	Items reclassified out of AOCI [a] Exelon	Generation	Affected line item in the statement where Net Income is presented
Gains on cash flow hedges			
Energy related hedges	$ 84	$ 84	Operating revenues
Other cash flow hedges	(1)	(1)	Interest expense
	83	83	Total before tax
	(35)	(33)	Tax (expense)
	$ 48	$ 50	Net of tax
Amortization of pension and other postretirement benefit plan items			
Actuarial losses	$ (92)	$ —	(b)
Deferred compensation unit plan	(1)	—	(c)
	(93)	—	Total before tax
	37	—	Tax benefit
	$ (56)	$ —	Net of tax
Equity investments			
Capital Activity	$ —	$ —	Equity in losses of unconsolidated affiliates
	—	—	Total before tax
	—	—	Tax benefit
	$ —	$ —	Net of tax
Total Reclassifications for the period	$ (8)	$ 50	Net of Tax

Nine Months Ended September 30, 2013

Details about AOCI components	Items reclassified out of AOCI [a] Exelon	Generation	Affected line item in the statement where Net Income is presented
Gains on cash flow hedges			
Energy related hedges	$ 324	$ 543	Operating revenues
Other cash flow hedges	(2)	—	Interest (expense) or benefit
	322	543	Total before tax
	(128)	(215)	Tax (expense)
	$ 194	$ 328	Net of tax
Amortization of pension and other postretirement benefit plan items			
Prior service costs	$ (1)	$ —	(b)
Actuarial losses	(257)	—	(b)
Deferred compensation unit plan	(1)	—	(c)
	(259)	—	Total before tax
	102	—	Tax benefit
	$ (157)	$ —	Net of tax
Equity investments			
Capital Activity	$ (8)	$ (8)	Equity in losses of unconsolidated affiliates
	(8)	(8)	Total before tax
	3	3	Tax benefit
	$ (5)	$ (5)	Net of tax
Total Reclassifications for the period	$ 32	$ 323	Net of Tax

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

(a) All amounts are net of tax. Amounts in parenthesis represent a decrease in net income.
(b) This accumulated other comprehensive income component is included in the computation of net periodic pension and OPEB cost (see Note 13 — Retirement Benefits for additional details).
(c) Amortization of deferred compensation unit is allocated to capital and operating and maintenance expense.

The following table presents income tax expense (benefit) allocated to each component of other comprehensive income (loss) during the three and nine months ended September 30, 2014 and 2013:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Exelon				
Pension and non-pension postretirement benefit plans:				
Prior service benefit reclassified to periodic benefit cost	$ 8	$ —	11	$ —
Actuarial gain (loss) reclassified to periodic cost	(24)	33	(69)	97
Pension and non-pension postretirement benefit plans valuation adjustment	5	(6)	(153)	44
Change in unrealized gain (loss) on cash flow hedges	15	(35)	62	(109)
Change in unrealized income on equity investments	3	9	73	32
Deferred compensation unit valuation adjustment	—	—	—	6
Change in unrealized loss on marketable securities	1	—	(1)	—
Total	$ 8	$ 1	$ (77)	$ 70
Generation				
Change in unrealized gain (loss) on cash flow hedges	$ 13	$ (36)	$ 57	$ (209)
Change in unrealized income on equity investments	3	9	73	32
Change in marketable securities	1	—	(1)	—
Total	$ 17	$ (27)	$ 129	$ (177)

16. Common Stock (Exelon, Generation, ComEd, PECO and BGE)

Equity Securities Offering

In June 2014, Exelon marketed an equity offering of 57.5 million shares of its common stock at a public offering price of $35 per share. In connection with such offering, Exelon entered into forward sale agreements requiring Exelon to, at its election, prior to October 29, 2015; i) physically settle the transaction through the issuance of 57.5 million shares of its common stock in exchange for net proceeds at the forward price specified in the agreements of between approximately $1.85 billion and $1.95 billion, after consideration of underwriters discount of approximately $60 million and subject to certain adjustments as provided in the forward sales agreement, or ii) net settle the transaction either through the payment of cash or shares of its common stock based on the then current market value of the shares minus the value of the shares at the forward price, net of the underwriters discount and the daily accretion rate. No amounts have or will be recorded in Exelon's consolidated financial statements with respect to the equity offering until settlement of the forward sale agreements occurs. If Exelon elected to net share settle the contract as of September 30, 2014, Exelon would not have been required to issue shares, as the average share price during the quarter was below the forward price of $33.58 per share. If Exelon elects to cash settle the contract, the transaction costs will be recorded as a charge to earnings in the period in which it becomes probable that Exelon will cash settle. Otherwise, all transaction costs will be reflected as a reduction to the value of the common stock issued in Exelon's Consolidated Balance Sheet. The net proceeds

received upon settlement are expected to be used to finance a portion of the acquisition of PHI and for general corporate purposes. Until settlement, earnings per share dilution resulting from the forward sales agreement, if any, will be determined under the treasury stock method.

Concurrent with the forward equity transaction, Exelon also issued $1.15 billion of junior subordinated notes in the form of 23 million equity units. See Note 10 — Debt and Credit Agreements for further information on the equity units.

17. Earnings Per Share and Equity (Exelon)

Earnings per Share (Exelon)

Diluted earnings per share is calculated by dividing Net income attributable to common shareholders by the weighted average number of shares of common stock outstanding adjusted to include the potentially dilutive effect of stock options, performance share awards and restricted stock outstanding under Exelon's LTIPs. The following table sets forth the components of basic and diluted earnings per share and shows the effect of these stock options, performance share awards and restricted stock on the weighted average number of shares outstanding (in millions) used in calculating diluted earnings per share:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Net income attributable to common shareholders	$ 993	$ 738	$ 1,604	$ 1,224
Average common shares outstanding — basic	861	857	860	856
Potentially dilutive effect of stock options, performance share awards and restricted stock	2	3	3	4
Average common shares outstanding — diluted	863	860	863	860

The number of stock options not included in the calculation of diluted common shares outstanding due to their antidilutive effect was approximately 16 million for the three and nine months ended September 30, 2014 and 20 million for the three and nine months ended September 30, 2013. The number of equity units related to the PHI merger not included in the calculation of diluted common shares outstanding due to their antidilutive effect was approximately 2 million for the three months ended September 30, 2014 and 1 million since issuance. The number of forward units related to the PHI merger not included in the calculation of diluted common shares outstanding due to their antidilutive effect was approximately 2 million for the three months ended September 30, 2014 and less than 1 million since issuance.

Under share repurchase programs, 35 million shares of common stock are held as treasury stock with a cost of $2.3 billion as of September 30, 2014. In 2008, Exelon management decided to defer indefinitely any share repurchases.

Preferred Securities Redemption (Exelon and PECO)

On March 25, 2013, PECO announced that it issued a notice of redemption for all of its outstanding preferred securities with a redemption date of May 1, 2013. PECO had $87 million of cumulative preferred securities that were redeemable at its option at any time for the redemption price established when each series of securities were issued. The redemption premium of $6 million is treated as a reduction to Net income to arrive at Net income attributable to common shareholders utilized in the calculation of the earnings per share for Exelon. As a result of the redemption, PECO is now indirectly, wholly-owned by Exelon.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

18. Commitments and Contingencies (Exelon, Generation, ComEd, PECO and BGE)

The following is an update to the current status of commitments and contingencies set forth in Note 22 of the Exelon 2013 Form 10-K.

Commitments

Energy Commitments

As of September 30, 2014, Generation's commitments relating to its purchases from unaffiliated utilities and others of energy, capacity, transmission rights and RECs, are as indicated in the following table:

	Net Capacity Purchases [a]	REC Purchases [b]	Transmission Rights Purchases [c]	Total
2014	$ 91	$ 7	$ 6	$ 104
2015	396	162	20	578
2016	269	166	15	450
2017	208	80	15	303
2018	98	15	16	129
Thereafter	389	4	51	444
Total	$ 1,451	$ 434	$ 123	$2,008

(a) Net capacity purchases include PPAs and other capacity contracts including those that are accounted for as operating leases. Amounts presented in the commitments represent Generation's expected payments under these arrangements at September 30, 2014, net of fixed capacity payments expected to be received ("capacity offsets") by Generation under contracts to resell such acquired capacity to third parties under long-term capacity sale contracts. As of September 30, 2014, capacity offsets were $23 million, $132, million $133 million, $136, million, $137 million, and $729 million for years 2014, 2015, 2016, 2017, 2018, and thereafter, respectively. Expected payments include certain fixed capacity charges which may be reduced based on plant availability.
(b) The table excludes renewable energy purchases that are contingent in nature.
(c) Transmission rights purchases include estimated commitments for additional transmission rights that will be required to fulfill firm sales contracts.

ComEd's, PECO's and BGE's electric supply procurement, curtailment services, REC and AEC purchase commitments, as applicable, as of September 30, 2014 are as follows:

		Expiration within					
	Total	2014	2015	2016	2017	2018	2019 and beyond
ComEd							
Electric supply procurement [a]	$ 731	$111	$329	$151	$140	$—	$ —
Renewable energy and RECs [b]	1,538	22	73	76	77	78	1,212
PECO							
Electric supply procurement [c]	498	193	305	—	—	—	—
AECs [d]	13	1	2	2	2	2	4
BGE							
Electric supply procurement [e]	1,055	198	621	236	—	—	—
Curtailment services [f]	125	10	40	34	29	12	—

(a) ComEd entered into various contracts for the procurement of electricity that started to expire in 2012, and will continue to expire through 2017. ComEd is permitted to recover its electric supply procurement costs from retail customers with no

mark-up. As of September 30, 2014, ComEd has completed the ICC-approved procurement process for a portion of its energy requirements through the periods ending May 31, 2015, 2016 and 2017.

(b) Primarily related to ComEd 20-year contracts for renewable energy and RECs that began in June 2012. ComEd is permitted to recover its renewable energy and REC costs from retail customers with no mark-up. The commitments represent the maximum settlements with suppliers for renewable energy and RECs under the existing contract terms.

(c) PECO entered into various contracts for the procurement of electric supply to serve its default service customers that expire between 2014 and 2015. PECO is permitted to recover its electric supply procurement costs from default service customers with no mark-up in accordance with its PAPUC-approved DSP Programs. See Note 5 — Regulatory Matters for additional information.

(d) PECO is subject to requirements related to the use of alternative energy resources established by the AEPS Act. See Note 5 — Regulatory Matters for additional information.

(e) BGE entered into various contracts for the procurement of electricity that expire between 2014 through 2016. The cost of power under these contracts is recoverable under MDPSC approved fuel clauses. See Note 5 — Regulatory Matters for additional information.

(f) BGE has entered into various contracts with curtailment services providers related to transactions in PJM's capacity market. See Note 5 — Regulatory Matters for additional information.

Fuel Purchase Obligations

In addition to the energy commitments described above, Generation has commitments to purchase fuel supplies for nuclear and fossil generation. Beginning with the second quarter of 2014, all of CENG's nuclear fuel commitments are disclosed within the Generation line below, since CENG is now fully consolidated by Generation. PECO and BGE have commitments to purchase natural gas related to transportation, storage capacity and services to serve customers in their gas distribution service territory. As of September 30, 2014, these net commitments were as follows:

		Expiration within					
	Total	2014	2015	2016	2017	2018	2019 and beyond
Generation	$9,636	$351	$1,512	$1,226	$1,271	$1,003	$ 4,273
PECO	387	57	120	94	35	15	66
BGE	624	40	115	81	64	53	271

Other Purchase Obligations

The Registrants' other purchase obligations as of September 30, 2014, which primarily represent commitments for services, materials and information technology, are as follows:

		Expiration within					
	Total	2014	2015	2016	2017	2018	2019 and beyond
Exelon	$917	$103	$324	$180	$151	$36	$ 123
Generation [(a)(b)]	493	80	182	57	43	30	101
ComEd [(c)]	92	13	38	16	5	5	15
PECO [(c)]	29	7	11	2	1	1	7
BGE [(c)]	302	2	93	105	102	—	—

(a) Purchase obligations do not include commitments related to construction contracts. See Construction Commitments section below for additional information.

(b) Purchase obligations include commitments related to assets-held-for-sale. See Note 4 — Mergers, Acquisitions and Dispositions for additional information.

(c) Purchase obligations include commitments related to smart meter installation. See Note 5 — Regulatory Matters for additional information.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Construction Commitments

Generation's ongoing investments in renewables development, new natural gas and biomass generation construction illustrates Generation's growth strategy to provide for diversification opportunities while leveraging its expertise and strengths.

Generation completed the construction of the Antelope Valley solar PV facility in Los Angeles County, California, which became fully operational in the first half of 2014. Generation has no further remaining construction commitments for the project.

On July 3, 2013, Generation executed a Turbine Supply Agreement to expand its Beebe wind project in Michigan. The estimated remaining commitment under the contract is $6 million and achievement of commercial operations is expected in the fourth quarter of 2014.

On July 26, 2013, Generation executed an engineering procurement and construction contract to expand its Perryman, Maryland generation site with 120 MW of new natural gas-fired generation. The estimated remaining commitment under the contract is $75 million and achievement of commercial operations is expected in 2015. This project will satisfy a portion of Exelon's commitment to Maryland. See Constellation Merger Commitment below for further information.

On December 27, 2013, Generation executed a Turbine Supply Agreement for construction of the 40 MW Fourmile Wind project in western Maryland. The estimated remaining commitment under the contract is $7 million and achievement of commercial operations is expected in the fourth quarter 2014. This project will satisfy a portion of Exelon's 125 MW Tier I land-based renewables commitment made to Maryland. See Constellation Merger Commitment below for further information.

During the third quarter of 2014, Generation executed equipment procurement contracts associated with the construction of new combined-cycle gas turbine units in Texas. The estimated commitment under these contracts is $334 million and achievement of commercial operations is expected in 2017.

Refer to Note 3 — Regulatory Matters of the Exelon 2013 Form 10-K for information on investment programs associated with regulatory mandates, such as ComEd's Infrastructure Investment Plan under EIMA, PECO's Smart Meter Procurement and Installation Plan and BGE's comprehensive smart grid initiative.

Constellation Merger Commitments

In February 2012, the MDPSC issued an Order approving the Exelon and Constellation merger. As part of the MDPSC Order, Exelon agreed to provide a package of benefits to BGE customers, the City of Baltimore and the State of Maryland, resulting in an estimated direct investment in the State of Maryland of approximately $1 billion.

The direct investment estimate includes $95 million to $120 million relating to the construction of a headquarters building in Baltimore for Generation's competitive energy businesses. On March 20, 2013, Generation signed a 20 year lease agreement that was contingent upon the developer obtaining all required approvals, permits and financing for the construction of a building in Baltimore, Maryland. The operating lease became effective during the second quarter of 2014 when these outstanding contingencies were met by the developer. Generation's total commitments under the lease agreement are $0 related to 2014 and 2015, and $10 million, $12 million, $13 million, and $290 million related to 2016, 2017, 2018, and 2019 and thereafter.

The direct investment commitment also includes $600 million to $650 million relating to Exelon and Generation's development or assistance in the development of 285 — 300 MWs of new generation in Maryland,

which is expected to be completed over a period of 10 years. The MDPSC Order contemplates various options for complying with the new generation development commitments, including building or acquiring generating assets, making subsidy or compliance payments, or in circumstances in which the generation build is delayed or certain specified provisions are elected, making liquidated damages payments. Exelon and Generation expect that the majority of these commitments will be satisfied by building or acquiring generating assets and, therefore, will be primarily capital in nature and recognized as incurred. However, during the third quarter of 2014 the conditions associated with one of the generation development commitments have changed such that Exelon and Generation now believe that the most likely outcome will involve making subsidy payments and/or liquidated damages payments rather than constructing the specified generating plant. As a result, Exelon and Generation have recorded a pre-tax $44 million loss contingency related to this generation development commitment which is included in Operating and maintenance expense in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income. While this $44 million loss contingency represents Generation's best estimate of the future obligation, it is reasonably possible that Exelon and Generation could ultimately be required to make cumulative subsidy payments of up to a maximum of approximately $105 million over a 20-year period dependent on actual generating output from a successfully constructed generating plant. See Note 4 — Mergers and Acquisitions of the Exelon 2013 Form 10-K for additional information regarding the Constellation merger commitments.

Equity Investment Commitments

As part of Generation's recent investments in technology development, Generation has entered into equity purchase agreements which include commitments to purchase additional equity through incremental payments. The additional equity is provided by the agreements to fund the anticipated needs of the planned operations of the associated companies. The commitment includes approximately $20 million of in-kind services. As of September 30, 2014, Generation's estimated commitment relating to its equity purchase agreements, including the in-kind services contributions, is anticipated to be as follows:

	Total
2014	$ 27
2015	86
2016	34
2017	20
2018	15
Total	$182

Contingencies

Commercial Commitments

The Registrants' commercial commitments as of September 30, 2014, representing commitments potentially triggered by future events were as follows:

	Exelon	Generation	ComEd	PECO	BGE
Letters of credit (non-debt) [a]	$1,021	$ 973	$ 20	$ 22	$ 1
Guarantees	4,902[b]	1,604[c]	206[d]	181[e]	259[f]
Nuclear insurance premiums [g]	3,559	3,559	—	—	—
Underwriters discount [h]	60	—	—	—	—
Total commercial commitments	$9,542	$ 6,136	$ 226	$203	$260

(a) Non-debt letters of credit maintained to provide credit support for certain transactions as requested by third parties.

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(Dollars in millions, except per share data, unless otherwise noted)

(b) Primarily reflects parental guarantees issued on behalf of Generation to allow the flexibility needed to conduct business with counterparties without having to post other forms of collateral. Also reflects guarantees issued to ensure performance under specific contracts, preferred securities of financing trusts, property leases, indemnifications, NRC minimum funding assurance requirements and miscellaneous guarantees. The estimated net exposure for obligations under commercial transactions covered by these guarantees was $467 million at September 30, 2014, which represents the total amount Exelon could be required to fund based on September 30, 2014 market prices.
(c) Primarily reflects guarantees issued to ensure performance under energy marketing and other specific contracts. The estimated net exposure for obligations under commercial transactions covered by these guarantees was $205 million at September 30, 2014, which represents the total amount Generation could be required to fund based on September 30, 2014 market prices.
(d) Primarily reflects full and unconditional guarantees of $200 million Trust Preferred Securities of ComEd Financing III, which is a 100% owned finance subsidiary of ComEd.
(e) Primarily reflects full and unconditional guarantees of $178 million Trust Preferred Securities of PECO Trust III and IV, which are 100% owned finance subsidiaries of PECO.
(f) Primarily reflects full and unconditional guarantees of $250 million Trust Preferred Securities of BGE Capital Trust II, which is a 100% owned finance subsidiary of BGE.
(g) Represents the maximum amount that Generation would be required to pay for retrospective premiums in the event of nuclear disaster at any domestic site, including CENG sites, under the Secondary Financial Protection pool as required under the Price-Anderson Act as well as the current aggregate annual retrospective premium obligation that could be imposed by NEIL. See the Nuclear Insurance section within this note for additional details on Generation's nuclear insurance premiums.
(h) Represents the underwriters discount for Exelon's forward equity transaction. See Note 16 — Common Stock of the Combined Notes to Consolidated Financial Statements for further details of the equity securities offering.

Nuclear Insurance (Exelon and Generation)

Generation is subject to liability, property damage and other risks associated with major incidents at any of its nuclear stations, including the CENG nuclear stations. Generation has reduced its financial exposure to these risks through insurance and other industry risk-sharing provisions.

The Price-Anderson Act was enacted to ensure the availability of funds for public liability claims arising from an incident at any of the U.S. licensed nuclear facilities and also to limit the liability of nuclear reactor owners for such claims from any single incident. As of September 30, 2014, the current liability limit per incident was $13.6 billion and is subject to change to account for the effects of inflation and changes in the number of licensed reactors. An inflation adjustment must be made at least once every 5 years and the last inflation adjustment was made effective September 10, 2013. In accordance with the Price-Anderson Act, Generation maintains financial protection at levels equal to the amount of liability insurance available from private sources through the purchase of private nuclear energy liability insurance for public liability claims that could arise in the event of an incident. As of September 30, 2014, the amount of nuclear energy liability insurance purchased is $375 million for each operating site. Additionally, the Price-Anderson Act requires a second layer of protection through the mandatory participation in a retrospective rating plan for power reactors (currently 104 reactors) resulting in an additional $13.2 billion in funds available for public liability claims. Participation in this secondary financial protection pool requires the operator of each reactor to fund its proportionate share of costs for any single incident that exceeds the primary layer of financial protection. Under the Price-Anderson Act, the maximum assessment in the event of an incident for each nuclear operator, per reactor, per incident (including a 5% surcharge), is $127.3 million, payable at no more than $19 million per reactor per incident per year. Exelon's maximum liability per incident is approximately $2.7 billion, including CENG's related liability.

In addition, the U.S. Congress could impose revenue-raising measures on the nuclear industry to pay public liability claims exceeding the $13.6 billion limit for a single incident.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
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Generation is also required each year to report to the NRC the current levels and sources of property insurance that demonstrates Generation possesses sufficient financial resources to stabilize and decontaminate a reactor and reactor station site in the event of an accident. The property insurance maintained for each facility is currently provided through insurance policies purchased from NEIL, an industry mutual insurance company of which Generation is a member. Premiums paid to NEIL by its members are subject to assessment for adverse loss experience (the retrospective premium obligation). The maximum combined retrospective premium amount that Generation could be required to pay due to participation in the Price-Anderson Act retrospective rating plan for power reactors and the NEIL retrospective premium obligation is $3.6 billion, including CENG's obligation, which is included above in the Commercial Commitments table. See the Nuclear Insurance section within Note 22 — Commitments and Contingencies of the Exelon 2013 Form 10-K for additional details on Generation's nuclear insurance premiums.

As part of the execution of the NOSA on April 1, 2014, Generation executed an Indemnity Agreement pursuant to which Generation agreed to indemnify EDF and its affiliates against third-party claims that may arise from any future nuclear incident (as defined in the Price Anderson Act) in connection with the CENG nuclear plants or their operations. Exelon guarantees Generation's obligations under this indemnity. See Note 6 — Investment in Constellation Energy Nuclear Group, LLC for additional information on Generation's operations relating to CENG.

Spent Nuclear Fuel Obligation (Exelon and Generation)

Under the NWPA, the DOE is responsible for the development of a geologic repository for and the disposal of SNF and high-level radioactive waste. As required by the NWPA, Generation is a party to contracts with the DOE (Standard Contracts) to provide for disposal of SNF from Generation's nuclear generating stations. In accordance with the NWPA and the Standard Contracts, Generation pays the DOE one mill ($0.001) per kWh of net nuclear generation for the cost of SNF disposal. This fee may be adjusted prospectively in order to ensure full cost recovery. The NWPA and the Standard Contracts required the DOE to begin taking possession of SNF generated by nuclear generating units by no later than January 31, 1998. The DOE, however, failed to meet that deadline and its performance will be delayed significantly. On November 19, 2013, the D.C. Circuit Court ordered the DOE to submit to Congress a proposal to reduce the current SNF disposal fee to zero, unless and until there is a viable disposal program. On January 3, 2014, the DOE filed a petition for rehearing which was denied by the D.C. Circuit Court on March 18, 2014. Also, on January 3, 2014, the DOE submitted a proposal to Congress to reduce the current SNF disposal fee to zero. On May 9, 2014, the DOE notified Generation that the SNF disposal fee will remain in effect through May 15, 2014, after which time the fee will be set to zero. For the nine months ended September 30, 2014, and for the year ended December 31, 2013, Generation incurred expense of $49 million and $136 million respectively, in SNF disposal fees, recorded in Purchased power and fuel expense within Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income, including Exelon's share of Salem and net of co-owner reimbursements (not including such fees incurred by CENG). Until such time as a new fee structure is in effect, Exelon and Generation will not accrue any further costs related to SNF disposal fees.

Indemnifications Related to Sale of Sithe (Exelon and Generation)

On January 31, 2005, subsidiaries of Generation completed a series of transactions that resulted in Generation's sale of its investment in Sithe. Specifically, subsidiaries of Generation consummated the acquisition of Reservoir Capital Group's 50% interest in Sithe and subsequently sold 100% of Sithe to Dynegy, Inc. (Dynegy).

The estimated maximum possible exposure to Exelon related to the guarantees provided as part of the sales transaction to Dynegy was approximately $200 million at December 31, 2013. The guarantee expired January 31, 2014. Generation was not required to make payments under the guarantee, and, therefore, has no further obligation related to this guarantee.

Repurchase of Land Related to Master Agreement Closing (Exelon and Generation)

As a result of the closing of the transactions contemplated by the Master Agreement, EDF has the option to sell back to CENG the land adjacent to the Calvert Cliffs site, together with the rights associated with the land, at its fair market value. The option is exercisable for a period of five years, from April 1, 2014.

Environmental Issues

General. The Registrants' operations have in the past, and may in the future, require substantial expenditures in order to comply with environmental laws. Additionally, under Federal and state environmental laws, the Registrants are generally liable for the costs of remediating environmental contamination of property now or formerly owned by them and of property contaminated by hazardous substances generated by them. The Registrants own or lease a number of real estate parcels, including parcels on which their operations or the operations of others may have resulted in contamination by substances that are considered hazardous under environmental laws. In addition, the Registrants are currently involved in a number of proceedings relating to sites where hazardous substances have been deposited and may be subject to additional proceedings in the future.

ComEd, PECO and BGE have identified sites where former MGP activities have or may have resulted in actual site contamination. For almost all of these sites, there are additional PRPs that may share responsibility for the ultimate remediation of each location.

- ComEd has identified 42 sites, 17 of which the remediation has been completed and approved by the Illinois EPA or the U.S. EPA and 25 that are currently under some degree of active study and/or remediation. ComEd expects the majority of the remediation at these sites to continue through at least 2019.
- PECO has identified 26 sites, 16 of which have been remediated in accordance with applicable PA DEP regulatory requirements. The remaining 10 sites are currently under some degree of active study and/or remediation. PECO expects the majority of the remediation at these sites to continue through at least 2021.
- BGE has identified 13 former gas manufacturing or purification sites that it currently owns or owned at one time through a predecessor's acquisition. Two gas manufacturing sites require some level of remediation and ongoing monitoring under the direction of the MDE. The required costs at these two sites are not considered material. One gas purification site is in the initial stages of investigation at the direction of the MDE. At this time, BGE is unable to estimate the results of this investigation.

ComEd, pursuant to an ICC order, and PECO, pursuant to settlements of natural gas distribution rate cases with the PAPUC, are currently recovering environmental remediation costs of former MGP facility sites through customer rates. BGE is authorized to recover, and is currently recovering, environmental costs for the remediation of former MGP facility sites from customers; however, while BGE does not have a rider for MGP clean-up costs, BGE has historically received recovery of actual clean-up costs in distribution rates. ComEd, PECO and BGE have recorded regulatory assets for the recovery of these costs. See Note 5 — Regulatory Matters for additional information regarding the associated regulatory assets.

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As of September 30, 2014 and December 31, 2013, the Registrants had accrued the following undiscounted amounts for environmental liabilities in other current liabilities and other deferred credits and other liabilities within their respective Consolidated Balance Sheets:

September 30, 2014	Total Environmental Investigation and Remediation Reserve	Portion of Total Related to MGP Investigation and Remediation
Exelon	$ 342	$ 280
Generation	55	—
ComEd	241	237
PECO	45	43
BGE	1	—

December 31, 2013	Total Environmental Investigation and Remediation Reserve	Portion of Total Related to MGP Investigation and Remediation
Exelon	$ 338	$ 273
Generation	56	—
ComEd	234	229
PECO	47	44
BGE	1	—

The historical nature of the MGP sites and the fact that many of the sites have been buried and built over, impacts the ability to determine a precise estimate of the ultimate costs prior to initial sampling and determination of the exact scope and method of remedial activity. Management determines its best estimate of remediation costs based on probabilistic and deterministic modeling using all available information at the time of each study and the remediation standards currently required by the applicable state environmental agency. Prior to completion of any significant clean up, each site remediation plan is approved by the appropriate state environmental agency.

During the third quarter of 2014, ComEd and PECO completed an annual study of their future estimated MGP remediation requirements. The results of these studies indicated that additional remediation would be required at certain sites. Accordingly ComEd and PECO increased their environmental liabilities and related regulatory assets by $26 million and $4 million, respectively, primarily reflecting refined assumptions regarding clean-up techniques and scopes based on additional experience and analysis as site clean-up and investigation activities progress.

BGE has established a reserve for the active sites that is not material. Given that the former gas purification site is in the early stages of investigation and the extent of contamination is not currently known, BGE is unable to estimate actual remediation costs, which may be material to BGE's results of operations, cash flows, and financial position.

The Registrants cannot reasonably estimate whether they will incur other significant liabilities for additional investigation and remediation costs at these or additional sites identified by the Registrants, environmental agencies or others, or whether such costs will be recoverable from third parties, including customers.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
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Water Quality

Section 316(b) of the Clean Water Act. Section 316(b) requires that the cooling water intake structures at electric power plants reflect the best technology available to minimize adverse environmental impacts, and is implemented through state-level NPDES permit programs. All of Generation's and CENG's power generation facilities with cooling water systems are subject to the regulations. Facilities without closed-cycle recirculating systems (e.g., cooling towers) are potentially most affected by changes to the existing regulations. For Generation, those facilities are Clinton, Dresden, Eddystone, Fairless Hills, Gould Street, Handley, Mountain Creek, Mystic 7, Oyster Creek, Peach Bottom, Quad Cities, Riverside, Salem and Schuylkill. For CENG, those facilities are Calvert Cliffs, Nine Mile Point Unit 1 and R.E. Ginna.

On October 14, 2014, the U.S. EPA's final Section 316(b) rule became effective. The rule requires that a series of studies and analyses be performed to determine the best technology available, followed by an implementation period. The timing of the various requirements for each facility is related to the status of its current NPDES permit and the subsequent renewal period. There is no fixed compliance schedule, as this is left to the discretion of the state permitting director.

The rule does not require closed-cycle cooling (e.g., cooling towers) as the best technology available to address impingement and entrainment of aquatic life at a facility's cooling water intake structure. The rule provides the state permitting director with significant discretion to determine the best technology available to limit entrainment (drawing aquatic life into the plants cooling system) mortality, including application of a cost-benefit test and the consideration of a number of site-specific factors. After consideration of these factors, the state permitting agency may require closed cycle cooling, an alternate technology, or determine that the current technology is the best available. The rule also provides a number of flexible compliance options to reduce impingement (trapping aquatic life on screens) mortality, which likely will be accomplished by the installation of screens or other technology at the intake. A number of concerns raised by the electric generation industry about the proposed rule were resolved favorably in the final rule.

New York Facilities. In July 2011, the New York Department of Environmental Conservation (DEC) issued a policy regarding the best available technology for cooling water intake structures. Through its policy, the DEC established closed-cycle cooling or its equivalent as the performance goal for all existing facilities, but also provided that the DEC will select a feasible technology whose costs are not wholly disproportionate to the environmental benefits to be gained and allows for a site-specific determination where the entrainment performance goal cannot be achieved. Each of CENG's New York facilities has filed for its SPDES permit renewal in 2014 and the renewal applications are not yet effective.

Salem and Other Power Generation Facilities. In June 2001, the NJDEP issued a renewed NPDES permit for Salem, allowing for the continued operation of Salem with its existing cooling water system. NJDEP advised PSEG, in July 2004, that it strongly recommended reducing cooling water intake flow commensurate with closed-cycle cooling as a compliance option for Salem. PSEG submitted an application for a renewal of the permit on February 1, 2006. In the permit renewal application, PSEG analyzed closed-cycle cooling and other options and demonstrated that the continuation of the Estuary Enhancement Program, an extensive environmental restoration program at Salem, is the best technology to meet the Section 316(b) requirements. PSEG continues to operate Salem under the approved June 2001 NPDES permit while the NPDES permit renewal application is being reviewed. If the final permit or Section 316(b) regulations ultimately requires the retrofitting of Salem's cooling water intake structure to reduce cooling water intake flow commensurate with closed-cycle cooling, Exelon's and Generation's share of the total cost of the retrofit and any resulting interim replacement power would likely be in excess of $430 million, based on a 2006 estimate, and would result in increased depreciation expense related to the retrofit investment. However, it is unknown at this time whether implementation of the final EPA rule will result in a requirement to install closed cycle cooling at Salem.

Until the compliance requirements are determined by the applicable state permitting director on a site-specific basis for each plant, Generation cannot estimate the effect that compliance with the rule will have on the operation of its and CENG's generating facilities and its future results of operations, cash flows and financial position. Should a state permitting director determine that a facility must install cooling towers to comply with the rule, that facility's economic viability would be called into question. However, the likely impact of the rule has been significantly decreased since the final rule does not mandate cooling towers as a national standard, and the state permitting director is required to apply a cost-benefit test and can take into consideration site-specific factors.

Groundwater Contamination. In October 2007, a subsidiary of Constellation entered into a consent decree with the MDE relating to groundwater contamination at a third-party facility that was licensed to accept fly ash, a byproduct generated by coal-fired plants. The consent decree required the payment of a $1 million penalty, remediation of groundwater contamination resulting from the ash placement operations at the site, replacement of drinking water supplies in the vicinity of the site, and monitoring of groundwater conditions. As of September 30, 2014, and December 31, 2013, Generation's remaining groundwater contamination reserve was $14 million and $14 million respectively. In addition, a private party asserted claims relating to groundwater contamination. In February 2014, Generation settled these private party claims for an amount that was not material to the financial condition of Generation.

Air Quality

Cross State Air Pollution Rule (CSAPR). On July 11, 2008, the U.S. Court of Appeals for the District of Columbia Circuit (D.C. Circuit Court) vacated the CAIR, which had been promulgated by the U.S. EPA to reduce power plant emissions of SO2 and NOx. The D.C. Circuit Court later remanded the CAIR to the U.S. EPA, without invalidating the entire rulemaking, so that the U.S. EPA could correct CAIR in accordance with the D.C. Circuit Court's July 11, 2008 opinion. On July 7, 2011, the U.S. EPA published the final rule, known as the CSAPR. The CSAPR requires 28 states in the eastern half of the United States to significantly improve air quality by reducing power plant emissions that cross state lines and contribute to ground-level ozone and fine particle pollution in other states.

Numerous entities challenged the CSAPR in the D.C. Circuit Court, and some requested a stay of the rule pending the Court's consideration of the matter on the merits. On December 30, 2011, the Court granted a stay of the CSAPR, and directed the U.S. EPA to continue the administration of CAIR in the interim. On August 21, 2012, a three-judge panel of the D.C. Circuit Court held that the U.S. EPA has exceeded its authority in certain material aspects of the CSAPR and vacated the rule and remanded it to the U.S. EPA for further rulemaking consistent with its decision. The Court also ordered that CAIR remain in effect pending finalization of CSAPR on remand. The Court's order was appealed to the U.S. Supreme Court, and on April 29, 2014, the U.S. Supreme Court reversed the D.C. Circuit Court decision and upheld CSAPR, and remanded the case to the D.C. Circuit Court to resolve the remaining implementation issues. On June 26, 2014, the U.S. EPA filed a motion with the D.C. Circuit Court seeking to have the stay of the CSAPR lifted, and proposed a three-year tolling of the effective dates under the rule so that the first phase of emission budgets would be implemented on January 1, 2015. The U.S. EPA believes that this would allow sufficient time to complete the remaining aspects of the rulemaking before the implementation of the more stringent second phase of emission budgets that, under the tolling proposal, would begin on January 1, 2017.

The CSAPR restricts entirely the use of pre-2012 allowances. Existing SO2 allowances under the ARP would remain available for use. As of September 30, 2014, Generation had $66 million of emission allowances carried at the lower of weighted average cost or market.

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(Dollars in millions, except per share data, unless otherwise noted)

EPA Mercury and Air Toxics Standards (MATS). The MATS rule became final on April 16, 2012. The MATS rule reduces emissions of toxic air pollutants, and finalized the new source performance standards for fossil fuel-fired electric utility steam generating units (EGUs). The MATS rule requires coal-fired EGUs to achieve high removal rates of mercury, acid gases and other metals from air emissions. To achieve these standards, coal units with no pollution control equipment installed (uncontrolled coal units) will have to make capital investments and incur higher operating expenses. It is expected that smaller, older, uncontrolled coal units will retire rather than make these investments. Coal units with existing controls that do not meet the required standards may need to upgrade existing controls or add new controls to comply. In addition, the new standards will require oil units to achieve high removal rates of metals. Owners of oil units not currently meeting the proposed emission standards may choose to convert the units to light oils or natural gas, install control technologies or retire the units. The MATS rule requires generating stations to meet the new standards three years after the rule takes effect, April 16, 2015, with specific guidelines for an additional one or two years in limited cases. Numerous entities challenged MATS in the D.C. Circuit Court, and Exelon intervened in support of the rule. On April 15, 2014, the D.C Circuit Court issued an opinion upholding MATS in its entirety. On July 14, 2014, three petitions for certiorari were filed with the U.S. Supreme Court seeking review of the D.C. Circuit Court decision upholding MATS.

Exelon, along with the other co-owners of Conemaugh Generating Station, have improved the existing scrubbers and installed Selective Catalytic Reduction (SCR) controls at that station to meet the requirements of MATS.

In addition, as of September 30, 2014, Exelon had a $357 million net investment in coal-fired plants in Georgia subject to long-term leases extending through 2028 and 2030. While Exelon currently estimates the value of these plants at the end of the lease term will be in excess of the recorded residual lease values, after the impairments recorded in the second quarter of 2013 and 2014, final applications of the CSAPR and MATS regulations could negatively impact the end-of-lease term values of these assets, which could result in a future impairment loss that could be material. See Note 7 — Impairment of Long-Lived Assets for additional information.

National Ambient Air Quality Standards (NAAQS). The U.S. EPA previously announced that it would complete a review of all NAAQS by 2014. Oral argument in the litigation (*State of Miss. v. EPA*) of the final 2008 ozone standard occurred in the D.C. Circuit Court in November 2012 and a final Court decision was issued on July 23, 2013 with the 2008 primary ozone standard upheld, but the secondary standard remanded to EPA for reconsideration. On October 6, 2014, the Supreme Court declined to hear an industry petition for certiorari related to the EPA's 2008 primary ozone standard. Concurrent with litigation of the 2008 ozone standard, the U.S. EPA continued its regular, periodic review of the ozone NAAQS and is expected to propose revisions by December 1, 2014, with preliminary indications that the U.S. EPA will likely propose a tightened standard based on the June 2014 recommendations of the EPA's Clean Air Act Scientific Advisory Committee (CASAC) to the Administrator and the August 2014 Agency staff *Policy Assessment for the Review of the Ozone National Ambient Air Quality Standards* . In December 2012, the U.S. EPA issued its final revisions to the Agency's particulate matter (PM) NAAQS. In its final rule, the U.S. EPA lowered the annual PM2.5 standard, but declined to issue a new secondary NAAQS to improve urban visibility. The U.S. EPA indicated in its final rule that by 2020 it expects most areas of the country will be in attainment of the new PM2.5 NAAQS based on currently expected regulations, such as the MATS regulation. On March 15, 2013, a number of industry coalitions filed a joint lawsuit challenging the new PM2.5 standard; on May 9, 2014 the D.C. Circuit Court denied these petitions for review.

In addition to these NAAQS, the U.S. EPA also finalized nonattainment designations for certain areas in the United States for the 2010 one-hour SO2 standard on August 5, 2013, and indicated that additional nonattainment

areas will be designated in a future rulemaking. U.S. EPA will require states to submit state implementation plans (SIPs) for nonattainment areas by March 25, 2015. With regard to Texas and Maryland, no nonattainment areas were identified in EPA's final designation rule. With regard to Illinois and Pennsylvania, several counties, or portions of counties, in each state were identified as nonattainment. Since the 2010 one-hour SO2 standard was finalized, EPA has issued a series of guidance documents, and proposed a Data Requirement Rule that will be finalized in the summer of 2015 related to requirements for states related to the application of air quality monitoring and modeling in state implementation plans. Nonattainment county compliance with the one-hour SO2 standard is required by March 25, 2018. While significant SO2 reductions will occur as a result of MATS compliance in 2015, Exelon is unable to predict the requirements of pending states' SIPs to further reduce SO2 emissions in support of attainment of the one hour SO2 standard.

Notices and Finding of Violations and Midwest Generation Bankruptcy. In December 1999, ComEd sold several generating stations to Midwest Generation, LLC (Midwest Generation), a subsidiary of Edison Mission Energy (EME). Under the terms of the sale agreement, Midwest Generation and EME assumed responsibility for environmental liabilities associated with the ownership, occupancy, use and operation of the stations, including responsibility for compliance by the stations with environmental laws before their purchase by Midwest Generation. Midwest Generation and EME additionally agreed to indemnify and hold ComEd and its affiliates harmless from claims, fines, penalties, liabilities and expenses arising from third party claims against ComEd resulting from or arising out of the environmental liabilities assumed by Midwest Generation and EME under the terms of the agreement governing the sale. In connection with Exelon's 2001 corporate restructuring, Generation assumed ComEd's rights and obligations with respect to its former generation business, including its rights and obligations under the sale agreement with Midwest Generation and EME.

Under a supplemental agreement reached in 2003, Midwest Generation agreed to reimburse ComEd and Generation for 50% of the specific asbestos claims pending as of February 2003 and related expenses less recovery of insurance costs and agreed to a sharing arrangement for liabilities and expenses associated with future asbestos-related claims as specified in the agreement.

On December 17, 2012 (Petition Date), EME and certain of its subsidiaries, including Midwest Generation, filed for protection under Chapter 11 of the U.S. Bankruptcy Code.

In 2012, the Bankruptcy Court approved the rejection of an agency agreement related to a coal rail car lease under which Midwest Generation had agreed to reimburse ComEd for all obligations incurred under the coal rail car lease. The rejection left Generation as the party responsible for making all remaining payments under the lease and performing all other obligations thereunder. In January 2013, Generation made the final $10 million payment due under the lease agreement which had been accrued at December 31, 2012.

On March 11, 2014, the Bankruptcy Court for the Northern District of Illinois entered its Order Confirming Debtors' Joint Chapter 11 Plan of Reorganization. On April 1, 2014 (Effective Date), NRG Energy purchased EME's portfolio of generation, including Midwest Generation and the Joint Chapter 11 Plan of Reorganization (Plan) became effective. As part of the Plan, the sale agreement, including the environmental indemnity, and the asbestos cost-sharing agreement were rejected. Creditors were provided 30 days from the Effective Date to file rejection damages claims associated with contracts rejected under the Plan.

During the second quarter of 2013, Exelon filed proofs of claim for approximately $21 million with the Bankruptcy Court for amounts owed by EME and Midwest Generation for the coal rail car lease, ComEd utility payments and certain legal costs. Further, Exelon filed an environmental claim with an unspecified amount that listed the indemnifications that were in place pre-Petition Date and other factors associated with the remediation and a claim under the asbestos cost-sharing agreement with an unspecified amount. As of September 30, 2014, Exelon has not recorded a receivable for the filed proofs of claim because recovery of any amount cannot be assured at this point in the bankruptcy. Exelon will not record claim recoveries unless and until they are realized.

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Certain environmental laws and regulations subject current and prior owners of properties or generators of hazardous substances at such properties to liability for remediation costs of environmental contamination. As a prior owner of the generating stations, ComEd (and Generation, through its agreement in Exelon's 2001 corporate restructuring to assume ComEd's rights and obligations associated with its former generation business) could face liability (along with any other potentially responsible parties) for environmental conditions at the stations requiring remediation, with the determination of the allocation among the parties subject to many uncertain factors. ComEd and Generation have reviewed available public information as to potential environmental exposures regarding the Midwest Generation station sites. Midwest Generation publicly disclosed in its March 31, 2014 Form 10-Q that (i) it has accrued a probable amount of approximately $9 million for estimated environmental investigation and remediation costs under CERCLA, or similar laws, for the investigation and remediation of contaminated property at two Midwest Generation plant sites, (ii) it has identified stations for which a reasonable estimate for investigation and/ or remediation cannot be made and (iii) it and the Illinois EPA entered into Compliance Commitment Agreements outlining specified environmental remediation measures and groundwater monitoring activities to be undertaken at its Crawford, Powerton, Joliet, Will County and Waukegan generating stations. At this time, however, ComEd and Generation do not have sufficient information to allow a reasonable assessment of the potential likelihood or magnitude of any remediation requirements that may be asserted. For these reasons, ComEd and Generation are unable to predict whether and to what extent they may ultimately be held responsible for remediation and other costs relating to the generating stations and as a result no liability has been recorded as of September 30, 2014. Any liability imposed on ComEd or Generation for environmental matters relating to the generating stations could have a material adverse impact on their future results of operations and cash flows.

Generation increased its reserve for asbestos-related bodily injury claims at December 31, 2013 by $25 million, as a result of Midwest Generation listing such agreement in a January 2014 bankruptcy reorganization plan supplement as an agreement to be rejected in connection with the Plan. As discussed above, the rejection became effective as part of the Plan. Subsequently, Generation increased its reserve by $15 million pursuant to the second quarter 2014 actuarial study of such claims, of which an estimated $6 million pertains to Midwest Generation's share. Midwest Generation publicly disclosed in its March 31, 2014 Form 10-Q, its last public filing prior to its deregistration, that it had $53 million recorded related to asbestos bodily injury claims under the contractual indemnity with ComEd. Exelon and Generation may be entitled to damages associated with the rejection of the agreement. These amounts are considered to be contingent gains and would not be recognized until realized.

Solid and Hazardous Waste

Cotter Corporation. The U.S. EPA has advised Cotter Corporation (Cotter), a former ComEd subsidiary, that it is potentially liable in connection with radiological contamination at a site known as the West Lake Landfill in Missouri. On February 18, 2000, ComEd sold Cotter to an unaffiliated third party. As part of the sale, ComEd agreed to indemnify Cotter for any liability arising in connection with the West Lake Landfill. In connection with Exelon's 2001 corporate restructuring, this responsibility to indemnify Cotter was transferred to Generation. On May 29, 2008, the U.S. EPA issued a Record of Decision approving the remediation option submitted by Cotter and the two other PRPs that required additional landfill cover. The current estimated cost of the anticipated landfill cover remediation for the site is approximately $42 million, which will be allocated among all PRPs. Generation has accrued what it believes to be an adequate amount to cover its anticipated share of such liability. By letter dated January 11, 2010, the U.S. EPA requested that the PRPs perform a supplemental feasibility study for a remediation alternative that would involve complete excavation of the radiological contamination. On September 30, 2011, the PRPs submitted the final supplemental feasibility study to the U.S. EPA for review. In June 2012, the U.S. EPA requested that the PRPs perform additional analysis and groundwater sampling as part of the supplemental feasibility study, and subsequently requested additional

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analysis sampling and modeling that will be conducted throughout 2014 and into 2015. In light of these additional requests, it is unknown when the U.S EPA will propose a remedy for public comment, but will likely be sometime in 2015 at the earliest. Thereafter the U.S. EPA will select a final remedy and enter into a Consent Decree with the PRPs to effectuate the remedy. A complete excavation remedy would be significantly more expensive than the previously selected additional cover remedy; however, Generation believes the likelihood that the U.S. EPA would require a complete excavation remedy is remote.

On August 8, 2011, Cotter was notified by the DOJ that Cotter is considered a PRP with respect to the government's clean-up costs for contamination attributable to low level radioactive residues at a former storage and reprocessing facility named Latty Avenue near St. Louis, Missouri. The Latty Avenue site is included in ComEd's indemnification responsibilities discussed above as part of the sale of Cotter. The radioactive residues had been generated initially in connection with the processing of uranium ores as part of the U.S. government's Manhattan Project. Cotter purchased the residues in 1969 for initial processing at the Latty Avenue facility for the subsequent extraction of uranium and metals. In 1976, the NRC found that the Latty Avenue site had radiation levels exceeding NRC criteria for decontamination of land areas. Latty Avenue was investigated and remediated by the United States Army Corps of Engineers pursuant to funding under the Formerly Utilized Sites Remedial Action Program. The DOJ has not yet formally advised the PRPs of the amount that it is seeking, but it is believed to be approximately $90 million. The DOJ and the PRPs agreed to toll the statute of limitations until August 2015 so that settlement discussions could proceed. Based on Generation's preliminary review, it appears probable that Generation has liability to Cotter under the indemnification agreement and has established an appropriate accrual for this liability.

On February 28, 2012, and April 12, 2012, two lawsuits were filed in the U.S. District Court for the Eastern District of Missouri against 15 and 14 defendants, respectively, including Exelon, Generation and ComEd (the Exelon defendants) and Cotter. The suits allege that individuals living in the North St. Louis area developed some form of cancer due to the Exelon defendants' negligent or reckless conduct in processing, transporting, storing, handling and/or disposing of radioactive materials. Plaintiffs have asserted claims for negligence, strict liability, emotional distress, medical monitoring, and violations of the Price-Anderson Act. The complaints do not contain specific damage claims. On May 30, 2012, the plaintiffs filed voluntary motions to dismiss the Exelon defendants from both lawsuits which were subsequently granted. Since May 30, 2012, several related lawsuits have been filed in the same court on behalf of various plaintiffs against Cotter and other defendants, but not Exelon. The allegations in these related lawsuits mirror the initially filed lawsuits. In the event of a finding of liability, it is reasonably possible that Exelon would be considered liable due to its indemnification responsibilities of Cotter described above. On March 27, 2013, the U.S. District Court dismissed all state common law actions brought under the initial two lawsuits; and also found that the plaintiffs had not properly brought the actions under the Price-Anderson Act. On July 8, 2013, the plaintiffs filed amended complaints under the Price-Anderson Act. Cotter moved to dismiss the amended complaints and has motions currently pending before the court. At this stage of the litigation, Exelon, Generation, and ComEd cannot estimate a range of loss, if any.

On April 11, 2014, a class action complaint was filed in the U.S. District Court for the Eastern District of Missouri against Cotter and six additional defendants. The complaint alleges that individuals living in the North St. Louis area within a three-mile radius of the West Lake Landfill suffered damage to property or loss of use of property due to the defendants' negligent handling of radioactive materials. On August 22, 2014, the plaintiffs voluntarily dismissed the case without prejudice.

68th Street Dump. In 1999, the U.S. EPA proposed to add the 68th Street Dump in Baltimore, Maryland to the Superfund National Priorities List, and notified BGE and 19 others that they are PRPs at the site. In March 2004, BGE and other PRPs formed the 68th Street Coalition and entered into consent order negotiations with the

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U.S. EPA to investigate clean-up options for the site under the Superfund Alternative Sites Program. In May 2006, a settlement among the U.S. EPA and 19 of the PRPs, including BGE, with respect to investigation of the site became effective. The settlement requires the PRPs, over the course of several years, to identify contamination at the site and recommend clean-up options. The PRP's submitted their investigation of the range of clean-up options in the first quarter of 2011. Although the investigation and options provided to the U.S. EPA are still subject to U.S. EPA review and selection of a remedy, the range of estimated clean-up costs to be allocated among all of the PRPs is in the range of $50 million to $64 million. On September 30, 2013, U.S. EPA issued the Record of Decision identifying its preferred remedial alternative for the site. The estimated cost for the alternative chosen by U.S. EPA is consistent with the PRPs estimated range of costs noted above. Based on Generation's preliminary review, it appears probable that Generation has liability and has established an appropriate accrual for its share of the estimated clean-up costs. A wholly owned subsidiary of Generation has agreed to indemnify BGE for most of the costs related to this settlement and clean-up of the site.

Rossville Ash Site. The Rossville Ash Site is a 32-acre property located in Rosedale, Baltimore County, Maryland, which was used for the placement of fly ash from 1983-2007. The property is owned by Constellation Power Source Generation, LLC (CPSG). In 2008, CPSG investigated and remediated the property by entering it into the Maryland Voluntary Cleanup Program (VCP) to address any historic environmental concerns and ready the site for appropriate future redevelopment. The site was accepted into the program in 2010 and is currently going through the process to remediate the site and receive closure from MDE. Exelon currently estimates the cost to close the site to be approximately $6 million, which has been fully reserved as of September 30, 2014.

Sauer Dump. On May 30, 2012, BGE was notified by the U.S. EPA that it is considered a PRP at the Sauer Dump Superfund site in Dundalk, Maryland. The U.S. EPA offered BGE and three other PRPs the opportunity to conduct an environmental investigation and present cleanup recommendations at the site. In addition, the U.S. EPA is seeking recovery from the PRPs of $1.7 million for past cleanup and investigation costs at the site. On March 11, 2013, BGE and three other PRP's signed an Administrative Settlement Agreement and Order on Consent with the U.S. EPA which requires the PRP's to conduct a Remedial Investigation and Feasibility Study at the site to determine what, if any, are the appropriate and recommended cleanup activities for the site. The ultimate outcome of this proceeding is uncertain. Since the U.S. EPA has not selected a cleanup remedy and the allocation of the cleanup costs among the PRPs has not been determined, an estimate of the range of BGE's reasonably possible loss, if any, cannot be determined.

Climate Change Regulation. Exelon is subject to climate change regulation or legislation at the Federal, regional and state levels. In 2007, the U.S. Supreme Court ruled that GHG emissions are pollutants subject to regulation under the new motor vehicle provisions of the Clean Air Act. Consequently, on December 7, 2009, the U.S. EPA issued an endangerment finding under Section 202 of the Clean Air Act regarding GHGs from new motor vehicles and on April 1, 2010 issued final regulations limiting GHG emissions from cars and light trucks effective on January 2, 2011. While such regulations do not specifically address stationary sources, such as a generating plant, it is the U.S. EPA's position that the regulation of GHGs under the mobile source provisions of the Clean Air Act has triggered the permitting requirements under the Prevention of Significant Deterioration (PSD) and Title V operating permit sections of the Clean Air Act for new and modified stationary sources effective January 2, 2011. Therefore, on May 13, 2010, the U.S. EPA issued final regulations (the Tailoring Rule) relating to these provisions of the Clean Air Act for major stationary sources of GHG emissions that apply to new sources that emit greater than 100,000 tons per year, on a CO2 equivalent basis, and to modifications to existing sources that result in emissions increases greater than 75,000 tons per year on a CO2 equivalent basis. These thresholds became effective January 2, 2011, apply for six years and will be reviewed by the U.S. EPA for future applicability thereafter. On July 2, 2012 the U.S. EPA declined to lower GHG permit thresholds in its final "Step 3" Tailoring Rule update. The U.S. EPA will review permit thresholds again in a 2015 rulemaking process. On June 26, 2012, the United States Court of Appeals for the District of Columbia, in a *per curium* decision,

dismissed industry and state petitions challenging the U.S. EPA's "Tailpipe Rule" for cars and light duty trucks, the endangerment finding for GHG's from stationary sources, and the Tailoring Rule. On October 15, 2013, the U.S. Supreme Court granted industry petitions to review one aspect of the PSD permitting regulations. Under the PSD regulations, new and modified major stationary sources could be required to install best available control technology, to be determined on a case by case basis. On June 23, 2014, the U.S. Supreme Court issued an opinion that rejected the U.S. EPA's expansive interpretation of sources that must be subject to GHG regulation. However, the opinion did uphold the U.S. EPA's determination that it could regulate GHG emissions from those sources that are already subject to the PSD rules. As such, large fossil fuel power plants will be subject to regulation of GHGs under the PSD permitting program, with the specific emission limits applied on a case-by-case basis. Therefore, Generation could be significantly affected by the regulations if it were to build new plants or modify existing plants.

On June 25, 2013, President Obama announced "The President's Climate Action Plan," a summary of executive branch actions intended to: reduce carbon emissions; prepare the United States for the impacts of climate change; and lead international efforts to combat global climate change and prepare for its impacts. Concurrent with the announcement of the Administration's plan, the President also issued a Memorandum for the Administrator of the Environmental Protection Agency that focused on power generation sector carbon reductions under the Section 111 New Source Performance Standards (NSPS) section of the federal Clean Air Act. The memorandum directs the U.S. EPA Administrator to issue two sets of proposed rulemakings with regard to power plant carbon emissions under Section 111 of the Clean Air Act.

The first rulemaking, under Section 111(b) of the Clean Air Act, focuses on establishing carbon regulations for new fossil-fuel power plants. This rulemaking was proposed on September 20, 2013 and is to be finalized "in a timely fashion." In the proposed rule, U.S. EPA sets separate standards for fossil-fuel fired utility boilers and natural gas fired stationary combustion turbines.

The second rulemaking, under Section 111(d) of the Clean Air Act, focuses on modified, reconstructed and existing fossil power plants. The proposed rule was published in the Federal Register on June 18, 2014 and is open for public comment until December 1, 2014. The Climate Action Plan calls for the rule to be finalized no later than June 1, 2015, and requires that states submit to U.S. EPA their implementation plans no later than June 30, 2016. The proposed rule establishes emission reduction targets for each state and provides flexibility for each state to determine how to achieve its required reductions, including heat rate improvements at coal-fired power plants, fuel switching from coal to gas, renewable generation and new nuclear facilities, demand side energy efficiency, and the use of market-based instruments.

To the extent that the final Section 111(d) rule results in emission reductions from fossil fuel fired plants, and thereby imposes some form of direct or indirect price of carbon in competitive electricity markets, Exelon's overall low carbon generation portfolio results could benefit.

Litigation and Regulatory Matters

Except to the extent noted below, the circumstances set forth in Note 22 of the Exelon 2013 Form 10-K describe, in all material respects, the current status of litigation matters. The following is an update to that discussion.

Asbestos Personal Injury Claims (Exelon, Generation, PECO and BGE)

Exelon and Generation. Generation maintains a reserve for claims associated with asbestos-related personal injury actions in certain facilities that are currently owned by Generation or were previously owned by ComEd and PECO. The reserve is recorded on an undiscounted basis and excludes the estimated legal costs associated with handling these matters, which could be material.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

At September 30, 2014 and December 31, 2013, Generation had reserved approximately $103 million and $90 million, respectively, in total for asbestos-related bodily injury claims. As of September 30, 2014, approximately $22 million of this amount related to 265 open claims presented to Generation, while the remaining $81 million of the reserve is for estimated future asbestos-related bodily injury claims anticipated to arise through 2050, based on actuarial assumptions and analyses, which are updated on an annual basis. On a quarterly basis, Generation monitors actual experience against the number of forecasted claims to be received and expected claim payments and evaluates whether an adjustment to the reserve is necessary. During the second quarter of 2014, Generation increased its reserve by approximately $15 million, primarily due to increased actual and projected number and severity of claims.

On November 22, 2013, the Supreme Court of Pennsylvania held that the Pennsylvania Workers Compensation Act does not apply to an employee's disability or death resulting from occupational disease, such as diseases related to asbestos exposure, which manifests more than 300 weeks after the employee's last employment-based exposure, and that therefore the exclusivity provision of the Act does not preclude such employee from suing his or her employer in court. The Supreme Court's ruling reverses previous rulings by the Pennsylvania Superior Court precluding current and former employees from suing their employers in court, despite the fact that the same employee was not eligible for workers compensation benefits for diseases that manifest more than 300 weeks after the employee's last employment-based exposure to asbestos. Currently, Exelon, Generation and PECO are unable to predict whether and to what extent they may experience additional claims in the future as a result of this ruling; as such no increase to the asbestos-related bodily injury liability has been recorded as of September 30, 2014. Increased claims activity resulting from this ruling could have a material adverse effect on Exelon's, Generation's and PECO's future results of operations and cash flows.

BGE. Since 1993, BGE and certain Constellation (now Generation) subsidiaries have been involved in several actions concerning asbestos. The actions are based upon the theory of "premises liability," alleging that BGE and Generation knew of and exposed individuals to an asbestos hazard. In addition to BGE and Generation, numerous other parties are defendants in these cases.

Approximately 486 individuals who were never employees of BGE or certain Constellation subsidiaries have pending claims each seeking several million dollars in compensatory and punitive damages. Cross-claims and third-party claims brought by other defendants may also be filed against BGE and certain Constellation subsidiaries in these actions. To date, most asbestos claims which have been resolved have been dismissed or resolved without any payment by BGE or certain Constellation subsidiaries and a small minority of these cases has been resolved for amounts that were not material to BGE or Generation's financial results.

Discovery begins in these cases after they are placed on the trial docket. At present, only two of the pending cases are set for trial. Given the limited discovery in these cases, BGE and Generation do not know the specific facts that are necessary to provide an estimate of the reasonably possible loss relating to these claims; as such, no accrual has been made and a range of loss is not estimable. The specific facts not known include:

- the identity of the facilities at which the plaintiffs allegedly worked as contractors;
- the names of the plaintiffs' employers;
- the dates on which and the places where the exposure allegedly occurred; and
- the facts and circumstances relating to the alleged exposure.

Insurance and hold harmless agreements from contractors who employed the plaintiffs may cover a portion of any awards in the actions.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Continuous Power Interruption (ComEd)

Section 16-125 of the Illinois Public Utilities Act provides that in the event an electric utility, such as ComEd, experiences a continuous power interruption of four hours or more that affects (in ComEd's case) more than 30,000 customers, the utility may be liable for actual damages suffered by customers as a result of the interruption and may be responsible for reimbursement of local governmental emergency and contingency expenses incurred in connection with the interruption. Recovery of consequential damages is barred. The affected utility may seek from the ICC a waiver of these liabilities when the utility can show that the cause of the interruption was unpreventable damage due to weather events or conditions, customer tampering, or certain other causes enumerated in the law.

On August 18, 2011, ComEd sought from the ICC a determination that ComEd is not liable for damage compensation to customers in connection with the July 11, 2011 storm system that produced multiple power interruptions that in the aggregate affected more than 900,000 customers in ComEd's service territory, as well as for five other storm systems that affected ComEd's customers during June and July 2011 (Summer 2011 Storm Docket). In addition, on September 29, 2011, ComEd sought from the ICC a determination that it was not liable for damage compensation related to the February 1, 2011 blizzard (February 2011 Blizzard Docket).

On June 5, 2013, the ICC approved a complete waiver of liability for five of the six summer storms and the February 2011 blizzard. The ICC held that for the July 11, 2011 storm, 34,559 interruptions were preventable and therefore no waiver should apply. As required by the ICC's Order, ComEd notified relevant customers that they may be entitled to seek reimbursement of incurred costs in accordance with a claims procedure established under ICC rules and regulations. In addition, the ICC found that ComEd did not systematically fail in its duty to provide adequate, reliable and safe service. As a result, the ICC rejected the Illinois Attorney General's request for the ICC to open an investigation into ComEd's infrastructure and storm hardening investments.

Following the ICC's June 26, 2013 denial of ComEd's request for rehearing, on June 27, 2013 ComEd filed an appeal of both the summer and winter storm dockets with the Illinois Appellate Court regarding the ICC's interpretation of Section 16-125 of the Illinois Public Utilities Act. On July 31, 2014, the Illinois Appellate Court reaffirmed the ICC's decision in the appeal of the Summer 2011 Storm Docket and dismissed the appeal of the February 2011 Blizzard Docket. The Illinois Appellate Court's opinion has no accounting impact as ComEd previously established a liability in connection with the June 5, 2013 ICC ruling discussed below. ComEd has asked the Illinois Supreme Court to hear the matter. There is no set time in which the Court must decide whether it will take the case.

As a result of the ICC's June 5, 2013 ruling, ComEd established a liability, which was not material, for potential reimbursements for actual damages incurred by the 34,559 customers covered by the ICC's June 5, 2013 Order. The liability recorded represents the low end of a range of potential losses given that no amount within the range represents a better estimate. ComEd's ultimate liability will be based on actual claims eligible for reimbursement as well as the outcome of the appeal. Although reimbursements for actual damages will differ from the estimated accrual recorded, at this time ComEd does not expect the difference to be material to ComEd's results of operations or cash flows.

ComEd has not recorded an accrual for reimbursement of local governmental emergency and contingency expenses as a range of loss, if any, cannot be reasonably estimated at this time, but may be material to ComEd's results of operations and cash flows.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Telephone Consumer Protection Act Lawsuit (ComEd)

On November 19, 2013, a class action complaint was filed in the Northern District of Illinois on behalf of a single individual and a presumptive class that would include all customers that ComEd enrolled in its Outage Alert text message program. The complaint alleges that ComEd violated the Telephone Consumer Protection Act ("TCPA") by sending approximately 1.2 million text messages to customers without first obtaining their consent to receive such messages. The complaint seeks certification of a class along with statutory damages, attorneys' fees, and an order prohibiting ComEd from sending additional text messages. Such statutory damages could range from $500 to $1,500 per text. ComEd intends to contest the allegations of this suit. In February 2014, ComEd filed a motion to dismiss this class action complaint, which was denied in June 2014. As of September 30, 2014, ComEd has a reserve, which is not material, representing its best estimate of probable loss associated with this class action complaint. As ComEd is unable to predict the ultimate outcome of this proceeding, actual damages may differ from the estimated amount recorded, which may be material to ComEd's results of operations, cash flows, and financial position.

Baltimore City Franchise Taxes (BGE)

The City of Baltimore claims that BGE has maintained electric facilities in the City's public right-of-ways for over one hundred years without the proper franchise rights from the City. BGE has reviewed the City's claim and believes that it lacks merit. BGE has not recorded an accrual for payment of franchise fees for past periods as a range of loss, if any, cannot be reasonably estimated at this time. Franchise fees assessed in future periods may be material to BGE's results of operations and cash flows.

General (Exelon, Generation, ComEd, PECO and BGE)

The Registrants are involved in various other litigation matters that are being defended and handled in the ordinary course of business. The assessment of whether a loss is probable or a reasonable possibility, and whether the loss or a range of loss is estimable, often involves a series of complex judgments about future events. The Registrants maintain accruals for such losses that are probable of being incurred and subject to reasonable estimation. Management is sometimes unable to estimate an amount or range of reasonably possible loss, particularly where (1) the damages sought are indeterminate, (2) the proceedings are in the early stages, or (3) the matters involve novel or unsettled legal theories. In such cases, there is considerable uncertainty regarding the timing or ultimate resolution of such matters, including a possible eventual loss.

Income Taxes (Exelon, Generation, ComEd, PECO and BGE)

See Note 11 — Income Taxes for information regarding the Registrants' income tax refund claims and certain tax positions, including the 1999 sale of fossil generating assets.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

19. Supplemental Financial Information (Exelon, Generation, ComEd, PECO and BGE)

Supplemental Statement of Operations Information

The following tables provide additional information about the Registrants' Consolidated Statements of Operations and Comprehensive Income for the three and nine months ended September 30, 2014 and 2013:

Three Months Ended September 30, 2014	Exelon	Generation	ComEd	PECO	BGE
Other, Net					
Decommissioning-related activities:					
Net realized income on decommissioning trust funds [a]					
Regulatory agreement units	$ 55	$ 55	$ —	$ —	$—
Non-regulatory agreement units	39	39	—	—	—
Net unrealized losses on decommissioning trust funds					
Regulatory agreement units	(107)	(107)	—	—	—
Non-regulatory agreement units	(41)	(41)	—	—	—
Net unrealized gains on pledged assets					
Zion Station decommissioning	7	7	—	—	—
Regulatory offset to decommissioning trust fund-related activities [b]	29	29	—	—	—
Total decommissioning-related activities	(18)	(18)	—	—	—
Investment income	—	—	—	—	1[c]
Long-term lease income	4	—	—	—	—
Interest income related to uncertain income tax positions	25	27	—	—	—
AFUDC — Equity	5	—	—	2	3
Gain on sale of assets	338	338	—	—	—
Other	—	(5)	4	—	—
Other, net	$ 354	$ 342	$ 4	$ 2	$ 4

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Nine Months Ended September 30, 2014	Exelon	Generation	ComEd	PECO	BGE
Other, Net					
Decommissioning-related activities:					
Net realized income on decommissioning trust funds [a]					
Regulatory agreement units	$ 167	$ 167	$ —	$ —	$—
Non-regulatory agreement units	102	102	—	—	—
Net unrealized gains on decommissioning trust funds					
Regulatory agreement units	126	126	—	—	—
Non-regulatory agreement units	100	100	—	—	—
Net unrealized gains on pledged assets					
Zion Station decommissioning	27	27	—	—	—
Regulatory offset to decommissioning trust fund-related activities [b]	(270)	(270)	—	—	—
Total decommissioning-related activities	252	252	—	—	—
Investment income (expense)	1	1	—	(1)	5[c]
Long-term lease income	20	—	—	—	—
Interest income related to uncertain income tax positions	41	53	—	—	—
AFUDC — Equity	17	—	3	5	9
Gain on sale of assets	356	355	1	—	—
Other	15	—	10	1	—
Other, net	$ 702	$ 661	$ 14	$ 5	$14

Three Months Ended September 30, 2013	Exelon	Generation	ComEd	PECO	BGE
Other, Net					
Decommissioning-related activities:					
Net realized income on decommissioning trust funds [a]					
Regulatory agreement units	$ 138	$ 138	$ —	$ —	$—
Non-regulatory agreement units	35	35	—	—	—
Net unrealized gains on decommissioning trust funds					
Regulatory agreement units	103	103	—	—	—
Non-regulatory agreement units	46	46	—	—	—
Net unrealized losses on pledged assets					
Zion Station decommissioning	(9)	(9)	—	—	—
Regulatory offset to decommissioning trust fund-related activities [b]	(189)	(189)	—	—	—
Total decommissioning-related activities	124	124	—	—	—
Investment income	1	—	—	—	2[c]
Long-term lease income	7	—	—	—	—
AFUDC — Equity	4	—	2	1	1
Gain on sale of assets	10	8	2	—	—
Other	9	2	3	—	1
Other, net	$ 155	$ 134	$ 7	$ 1	$ 4

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Nine Months Ended September 30, 2013	Exelon	Generation	ComEd	PECO	BGE
Other, Net					
Decommissioning-related activities:					
Net realized income on decommissioning trust funds [a]					
Regulatory agreement units	$ 221	$ 221	$ —	$ —	$—
Non-regulatory agreement units	65	65	—	—	—
Net unrealized gains on decommissioning trust funds					
Regulatory agreement units	196	196	—	—	—
Non-regulatory agreement units	70	70	—	—	—
Net unrealized losses on pledged assets					
Zion Station decommissioning	(5)	(5)	—	—	—
Regulatory offset to decommissioning trust fund-related activities [b]	(338)	(338)	—	—	—
Total decommissioning-related activities	209	209	—	—	—
Investment income (expense)	6	(1)	—	(1)	7[c]
Long-term lease income	20	—	—	—	—
Interest income related to uncertain income tax positions	24	3	—	1	—
AFUDC — Equity	16	—	8	3	5
Gain on sale of assets	17	13	2	—	—
Other	19	5	8	1	1
Other, net	$ 311	$ 229	$ 18	$ 4	$13

(a) Includes investment income and realized gains and losses on sales of investments of the trust funds.
(b) Includes the elimination of NDT fund activity for the Regulatory Agreement Units, including the elimination of net income taxes related to all NDT fund activity for those units. See Note 15 — Asset Retirement Obligations of the Exelon 2013 Form 10-K for additional information regarding the accounting for nuclear decommissioning.
(c) Relates to the cash return on BGE's rate stabilization deferral. See Note 5 — Regulatory Matters for additional information regarding the rate stabilization deferral.

Supplemental Cash Flow Information

The following tables provide additional information regarding the Registrants' Consolidated Statements of Cash Flows for the nine months ended September 30, 2014 and 2013:

Nine Months Ended September 30, 2014	Exelon	Generation	ComEd	PECO	BGE
Depreciation, amortization, accretion and depletion					
Property, plant and equipment	$1,549	$ 686	$ 438	$169	$215
Regulatory assets	150	—	83	7	60
Amortization of intangible assets, net	33	33	—	—	—
Amortization of energy contract assets and liabilities [a]	83	93	—	—	—
Nuclear fuel [b]	790	790	—	—	—
ARO accretion [c]	251	251	—	—	—
Total depreciation, amortization, accretion and depletion	$2,856	$ 1,853	$ 521	$176	$275

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Nine Months Ended September 30, 2013	Exelon	Generation	ComEd	PECO	BGE
Depreciation, amortization, accretion and depletion					
Property, plant and equipment	$1,420	$ 610	$ 413	$164	$194
Regulatory assets	153	—	88	7	58
Amortization of intangible assets, net	33	33	—	—	—
Amortization of energy contract assets and liabilities [a]	342	398	—	—	—
Nuclear fuel [b]	689	689	—	—	—
ARO accretion [c]	207	207	—	—	—
Total depreciation, amortization, accretion and depletion	$2,844	$ 1,937	$ 501	$171	$252

(a) Included in Operating revenues or Purchased power and fuel expense on the Registrants' Consolidated Statements of Operations and Comprehensive Income.
(b) Included in Purchased power and fuel expense on the Registrants' Consolidated Statements of Operations and Comprehensive Income.
(c) Included in Operating and maintenance expense on the Registrants' Consolidated Statements of Operations and Comprehensive Income.

Nine Months Ended September 30, 2014	Exelon	Generation	ComEd	PECO	BGE
Other non-cash operating activities:					
Pension and non-pension postretirement benefit costs	$ 437	$ 193	$ 129	$ 28	$ 50
Loss from equity method investments	20	20	—	—	—
Provision for uncollectible accounts	96	10	9	39	38
Stock-based compensation costs	111	—	—	—	—
Other decommissioning-related activity [a]	(102)	(102)	—	—	—
Energy-related options [b]	92	92	—	—	—
Amortization of regulatory asset related to debt costs	8	—	6	2	—
Amortization of rate stabilization deferral	50	—	—	—	50
Amortization of debt fair value adjustment	(45)	(17)	—	—	—
Discrete impacts of EIMA [c]	(32)	—	(32)	—	—
Amortization of debt costs	36	9	4	2	2
Merger commitments [d]	44	44	—	—	—
Other	(17)	2	—	(1)	(11)
Total other non-cash operating activities	$ 698	$ 251	$ 116	$ 70	$129
Changes in other assets and liabilities:					
Under/over-recovered energy and transmission costs	$ 53	$ —	$ 63	$ (14)	$ 6
Other regulatory assets and liabilities	(63)	—	(14)	(14)	(89)
Cash deposits [f]	(280)	(280)	—	—	—
Other current assets	(78)	24	(9)	(48) [h]	25
Other noncurrent assets and liabilities	(168)	(111)	22	1	(9)
Total changes in other assets and liabilities	$ (536)	$ (367)	$ 62	$ (75)	$ (67)
Non-cash investing and financing activities:					
Fair value of net assets recorded upon CENG consolidation [j]	$(3,400)	$ (3,400)	$ —	$ —	$ —
Issuance of equity units [k]	131	—	—	—	—
Uranium procurement [l]	70	70	—	—	—
Indemnification of like-kind exchange position [m]	—	—	4	—	—
Total non-cash investing and financing activities:	$(3,199)	$ (3,330)	$ 4	$ —	$ —

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Nine Months Ended September 30, 2013	Exelon	Generation	ComEd	PECO	BGE
Other non-cash operating activities:					
Pension and non-pension postretirement benefit costs	$ 621	$ 259	$ 231	$ 32	$ 41
Gain from equity method investments	(7)	(7)	—	—	—
Provision for uncollectible accounts	83	16	(6)	48	25
Stock-based compensation costs	99	—	—	—	—
Other decommissioning-related activity [a]	(110)	(110)	—	—	—
Energy-related options [b]	87	87	—	—	—
Amortization of regulatory asset related to debt costs	9	—	7	2	—
Amortization of rate stabilization deferral	49	—	—	—	49
Amortization of debt fair value adjustment	(28)	(28)	—	—	—
Discrete impacts from EIMA [c]	(206)	—	(206)	—	—
Amortization of debt costs	13	7	3	2	1
Merger integration costs [e]	(6)	—	—	—	(6)
Increase in inventory reserve	7	7	—	—	—
Other	(27)	—	(3)	—	(5)
Total other non-cash operating activities	$ 584	$ 231	$ 26	$ 84	$ 105
Changes in other assets and liabilities:					
Under/over-recovered energy and transmission costs	$ (47)	$ —	$ (63)	$ (10)	$ 26
Other regulatory assets and liabilities	(50)	—	(35)	—	(85)
Settlement of interest rate swaps [g]	26	—	—	—	—
Other current assets	(169)	(123)	47	(31) [h]	(35)
Other noncurrent assets and liabilities	205	(40)	261[i]	(6)	(25)
Total changes in other assets and liabilities	$ (35)	$ (163)	$ 210	$ (47)	$(119)
Non-cash investing and financing activities:					
Consolidated VIE dividend to noncontrolling interest	$ 63	$ 63	$ —	$ —	$ —
Indemnification of like-kind exchange position [m]	—	—	175	—	—
Total non-cash investing and financing activities	$ 63	$ 63	$ 175	$ —	$ —

(a) Includes the elimination of NDT fund activity for the Regulatory Agreement Units, including the elimination of operating revenues, ARO accretion, ARC amortization, investment income and income taxes related to all NDT fund activity for these units. See Note 15 — Asset Retirement Obligations of the Exelon 2013 Form 10-K for additional information regarding the accounting for nuclear decommissioning.
(b) Includes option premiums reclassified to realized at the settlement of the underlying contracts and recorded to results of operations.
(c) Reflects the change in distribution rates pursuant to EIMA, which allows for the recovery of costs by a utility through a pre-established performance-based formula rate tariff. See Note 5 — Regulatory Matters for more information.
(d) Reflects the establishment of a reserve related to a MDPSC merger commitment for generation development. See Note 18 — Commitments and Contingencies for additional information.
(e) Relates to integration costs to achieve distribution synergies related to the Constellation merger transaction that were reclassified to a regulatory asset. See Note 5 — Regulatory Matters for more information.
(f) Relates primarily to cash deposits made to ISO's/RTO's.
(g) Relates to settlement of forward starting interest rate swaps that Exelon entered into in anticipation of Continental Wind, LLC non-recourse project financing that was completed on September 30, 2013. See Note 9 — Derivative Financial Instruments for more information on interest rate swaps.
(h) Relates primarily to prepaid utility taxes.
(i) Relates primarily to interest payable related to like-kind exchange tax position. See Note 11 — Income Taxes for discussion of the like-kind exchange tax position.
(j) See Note 6 — Investment in Constellation Energy Nuclear Group, LLC for additional information.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

(k) Relates to the present value of the contract payments for the equity units issued by Exelon. See Note 16 — Common Stock for additional information.
(l) Relates to the nuclear fuel procurement contracts for the purchase of fixed quantities of uranium, which was delivered to Generation on June 30, 2014 and September 24, 2014. Generation is required to make payments starting June 30, 2016, with the final payment being due no later than June 30, 2018.
(m) See Note 11 — Income Taxes for discussion of the like-kind exchange tax position.

DOE Smart Grid Investment Grant (Exelon, BGE and PECO). For the nine months ended September 30, 2014, PECO has included in the capital expenditures line item under investing activities of the cash flow statement capital expenditures of $2 million and reimbursements of $5 million related to PECO's DOE SGIG programs. For the nine months ended September 30, 2013, Exelon, PECO and BGE have included in the capital expenditures line item under investing activities of the cash flow statement capital expenditures of $68 million, $22 million and $46 million, respectively, and reimbursements of $64 million, $30 million and $34 million, respectively, related to PECO's and BGE's DOE SGIG programs. See Note 5 — Regulatory Matters for additional information regarding the DOE SGIG.

Supplemental Balance Sheet Information

The following tables provide additional information about assets and liabilities of the Registrants as of September 30, 2014 and December 31, 2013.

September 30, 2014	Exelon	Generation	ComEd	PECO	BGE
Property, plant and equipment:					
Accumulated depreciation and amortization	$14,932[a]	$ 7,868[a]	$3,370	$2,972	$2,825
Accounts receivable:					
Allowance for uncollectible accounts	$ 291	$ 55	$ 80	$ 115	$ 41

December 31, 2013	Exelon	Generation	ComEd	PECO	BGE
Property, plant and equipment:					
Accumulated depreciation and amortization	$13,713[b]	$ 7,034[b]	$3,184	$2,935	$2,702
Accounts receivable:					
Allowance for uncollectible accounts	$ 272	$ 57	$ 62	$ 107	$ 46

(a) Includes accumulated amortization of nuclear fuel in the reactor core of $2,729 million.
(b) Includes accumulated amortization of nuclear fuel in the reactor core of $2,371 million.

PECO Installment Plan Receivables (Exelon and PECO)

PECO enters into payment agreements with certain delinquent customers, primarily residential, seeking to restore their service, as required by the PAPUC. Customers with past due balances that meet certain income criteria are provided the option to enter into an installment payment plan, some of which have terms greater than one year, to repay past due balances in addition to paying for their ongoing service on a current basis. The receivable balance for these payment agreement receivables is recorded in accounts receivable for the current portion and other deferred debits and other assets for the noncurrent portion. The net receivable balance for installment plans with terms greater than one year was $19 million as of September 30, 2014 and December 31, 2013. The allowance for uncollectible accounts reserve methodology and assessment of the credit quality of the installment plan receivables are consistent with the customer accounts receivable methodology discussed in Note 1 — Significant Accounting Policies of the Exelon 2013 Form 10-K. The allowance for uncollectible accounts balance associated with these receivables at September 30, 2014 of $19 million consists of $1 million, $4 million and $14 million for low risk, medium risk and high risk segments, respectively. The allowance for uncollectible accounts balance at December 31, 2013 of $18 million consists of $1 million, $4 million and $13 million for low risk, medium risk and high risk segments, respectively. The balance of the payment agreement is billed to the

customer in equal monthly installments over the term of the agreement. Installment receivables outstanding as of September 30, 2014 and December 31, 2013 include balances not yet presented on the customer bill, accounts currently billed and an immaterial amount of past due receivables. When a customer defaults on its payment agreement, the terms of which are defined by plan type, the entire balance of the agreement becomes due and the balance is reclassified to current customer accounts receivable and reserved for in accordance with the methodology discussed in Note 1 — Significant Accounting Policies of the Exelon 2013 Form 10-K.

20. Segment Information (Exelon, Generation, ComEd, PECO and BGE)

Operating segments for each of the Registrants are determined based on information used by the chief operating decision maker(s) (CODM) in deciding how to evaluate performance and allocate resources at each of the Registrants.

Exelon has nine reportable segments, ComEd, PECO, BGE and Generation's six power marketing reportable segments consisting of the Mid-Atlantic, Midwest, New England, New York, ERCOT and all other regions not considered individually significant and referred to collectively as "Other Regions"; including the South, West and Canada. ComEd, PECO and BGE each represent a single reportable segment; as such, no separate segment information is provided for these Registrants. Exelon's CODM evaluates the performance of and allocates resources to ComEd, PECO and BGE based on net income and return on equity.

The CODMs for ComEd, PECO, and BGE evaluate performance and allocate resources for their respective companies based on net income and return on equity for ComEd, PECO, and BGE each as single integrated businesses.

The foundation of Generation's six reportable segments is based on the geographic location of its assets, and is largely representative of the footprints of an ISO / RTO and/or NERC region. Descriptions of each of Generation's six reportable segments are as follows:

- Mid-Atlantic represents operations in the eastern half of PJM, which includes Pennsylvania, New Jersey, Maryland, Virginia, West Virginia, Delaware, the District of Columbia and parts of North Carolina.
- Midwest represents operations in the western half of PJM, which includes portions of Illinois, Indiana, Ohio, Michigan, Kentucky and Tennessee, and the United States footprint of MISO excluding MISO's Southern Region, which covers all or most of North Dakota, South Dakota, Nebraska, Minnesota, Iowa, Wisconsin, the remaining parts of Illinois, Indiana, Michigan and Ohio not covered by PJM, and parts of Montana, Missouri and Kentucky.
- New England represents the operations within ISO-NE covering the states of Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.
- New York represents operations within ISO-NY, which covers the state of New York in its entirety.
- ERCOT represents operations within Electric Reliability Council of Texas, covering most of the state of Texas.
- Other Regions not considered individually significant:
  - South represents operations in the FRCC, MISO's Southern Region, and the remaining portions of the SERC not included within MISO or PJM, which includes all or most of Florida, Arkansas, Louisiana, Mississippi, Alabama, Georgia, Tennessee, North Carolina, South Carolina and parts of Missouri, Kentucky and Texas. Generation's South region also includes operations in the SPP, covering Kansas, Oklahoma, most of Nebraska and parts of New Mexico, Texas, Louisiana, Missouri, Mississippi and Arkansas.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

- West represents operations in the WECC, which includes California ISO, and covers the states of California, Oregon, Washington, Arizona, Nevada, Utah, Idaho, Colorado, and parts of New Mexico, Wyoming and South Dakota.
- Canada represents operations across the entire country of Canada and includes the AESO, OIESO and the Canadian portion of MISO.

The CODMs for Exelon and Generation evaluate the performance of Generation's power marketing activities and allocate resources based on revenue net of purchased power and fuel expense. Generation believes that revenue net of purchased power and fuel expense is a useful measurement of operational performance. Revenue net of purchased power and fuel expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report. Generation's operating revenues include all sales to third parties and sales to its affiliates, ComEd, PECO and BGE. Purchased power costs include all costs associated with the procurement and supply of electricity including capacity, energy and ancillary services. Fuel expense includes the fuel costs for Generation's own generation and fuel costs associated with tolling agreements. Generation's other business activities, including retail and wholesale gas, upstream natural gas, proprietary trading, distributed energy, heating, cooling, and cogeneration facilities, and home improvements, sales of electric and gas appliances, servicing of heating, air conditioning, plumbing, electrical, and indoor quality systems, and investments in energy-related proprietary technology are not allocated to regions. Further, Generation's other miscellaneous revenues, unrealized mark-to-market impact of economic hedging activities, and amortization of certain intangible assets relating to commodity contracts recorded at fair value as a result of the merger with Constellation and the consolidation of CENG are also not allocated to a region.

An analysis and reconciliation of the Registrants' reportable segment information to the respective information in the consolidated financial statements for the three months ended September 30, 2014 and 2013 is as follows:

Three Months Ended September 30, 2014 and 2013

	Generation [a]	ComEd	PECO	BGE	Other [b]	Intersegment Eliminations	Exelon
Total revenues [c]:							
2014	$ 4,412	$ 1,222	$ 693	$ 697	$ 305	$ (417)	$ 6,912
2013	4,255	1,156	728	737	294	(668)	6,502
Intersegment revenues [d]:							
2014	$ 112	$ 1	$ —	$ 3	$ 302	$ (418)	$ —
2013	373	1	1	2	294	(669)	2
Net income (loss):							
2014	$ 849	$ 126	$ 81	$ 49	$ (31)	$ —	$ 1,074
2013	485	126	92	53	(20)	—	736
Total assets:							
September 30, 2014	$ 45,019	$24,845	$10,051	$7,915	$ 8,713	$ (11,279)	$85,264
December 31, 2013	41,232	24,118	9,617	7,861	8,317	(11,221)	79,924

(a) Generation includes the six power marketing reportable segments shown below: Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Regions. Intersegment revenues for Generation for the three months ended September 30, 2014 include revenue from sales to PECO of $28 million and sales to BGE of $83 million in the Mid-Atlantic region, and sales to ComEd of $1 million in the Midwest region. For the three months ended September 30, 2013, intersegment revenues for Generation include revenue from sales to PECO of $82 million and sales to BGE of $144 million in the Mid-Atlantic region, and sales to ComEd of $143 million in the Midwest region.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

(b) Other primarily includes Exelon's corporate operations, shared service entities and other financing and investment activities.
(c) For the three months ended September 30, 2014 and 2013, utility taxes of $22 million and $21 million, respectively, are included in revenues and expenses for Generation. For the three months ended September 30, 2014 and 2013, utility taxes of $61 million and $65 million, respectively, are included in revenues and expenses for ComEd. For the three months ended September 30, 2014 and 2013, utility taxes of $34 million and $33 million, respectively, are included in revenues and expenses for PECO. For the three months ended September 30, 2014 and 2013, utility taxes of $21 million and $20 million, respectively, are included in revenues and expenses for BGE.
(d) Intersegment revenues exclude sales to unconsolidated affiliates. The intersegment profit associated with Generation's sale of certain products and services by and between Exelon's segments is not eliminated in consolidation due to the recognition of intersegment profit in accordance with regulatory accounting guidance. For Exelon, these amounts are included in Operating revenues in the Consolidated Statements of Operations and Comprehensive Income.

Generation total revenues (three months ended September 30,):

	2014			2013		
	Revenues from external customers [a]	Intersegment revenues	Total Revenues	Revenues from external customers [a]	Intersegment revenues	Total Revenues
Mid-Atlantic	$ 1,285	$ 4	$ 1,289	$ 1,381	$ 10	$ 1,391
Midwest	1,062	(1)	1,061	1,018	(5)	1,013
New England	272	—	272	341	(1)	340
New York	230	2	232	198	(14)	184
ERCOT	303	(1)	302	430	(3)	427
Other Regions [b]	381	(6)	375	278	(7)	271
Total Revenues for Reportable Segments	3,533	(2)	3,531	3,646	(20)	3,626
Other [c]	879	2	881	609	20	629
Total Generation Consolidated Operating Revenues	$ 4,412	$ —	$ 4,412	$ 4,255	$ —	$ 4,255

(a) Includes all electric sales to third parties and affiliated sales to ComEd, PECO and BGE.
(b) Other regions include the South, West and Canada, which are not considered individually significant.
(c) Other represents activities not allocated to a region. See text above for a description of included activities. Also includes amortization of intangible assets related to commodity contracts recorded at fair value at the date of merger with Constellation and the consolidation of CENG in purchase accounting of $22 million decrease to revenues and $125 million decrease to revenues for the three months ended September 30, 2014 and 2013, respectively, and the elimination of intersegment revenues.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Generation total revenues net of purchased power and fuel expense (three months ended September 30,):

	2014			2013		
	RNF from external customers [a]	Intersegment RNF	Total RNF	RNF from external customers [a]	Intersegment RNF	Total RNF
Mid-Atlantic	$ 921	$ 14	$ 935	$ 857	$ 7	$ 864
Midwest	722	(6)	716	606	(5)	601
New England	120	(30)	90	52	10	62
New York	176	10	186	29	(38)	(9)
ERCOT	186	(77)	109	222	(78)	144
Other Regions [b]	157	(89)	68	116	(75)	41
Total Revenues net of purchased power and fuel for Reportable Segments	2,282	(178)	2,104	1,882	(179)	1,703
Other [c]	250	178	428	194	179	373
Total Generation Revenues net of purchased power and fuel expense	$ 2,532	$ —	$ 2,532	$ 2,076	$ —	$ 2,076

(a) Includes purchases and sales from third parties and affiliated sales to ComEd, PECO and BGE.
(b) Other regions include the South, West and Canada, which are not considered individually significant.
(c) Other represents activities not allocated to a region. See text above for a description of included activities. Also includes amortization of intangible assets related to commodity contracts recorded at fair value at the date of merger with Constellation and the consolidation of CENG in purchase accounting of $15 million increase to RNF and $44 million decrease to RNF for the three months ended September 30, 2014 and 2013, respectively, and the elimination of intersegment revenues.

Nine Months Ended September 30, 2014 and 2013

	Generation [a][b]	ComEd	PECO	BGE	Other [c]	Intersegment Eliminations	Exelon
Total revenues [d]:							
2014	$ 12,591	$3,484	$2,343	$2,404	$ 924	$ (1,573)	$20,173
2013	11,858	3,395	2,295	2,271	909	(2,003)	18,725
Intersegment revenues [e]:							
2014	$ 630	$ 2	$ 1	$ 21	$ 920	$ (1,574)	$ —
2013	1,083	2	1	10	909	(2,003)	2
Net income (loss):							
2014	$ 1,037	$ 335	$ 255	$ 156	$ (58)	$ —	$ 1,725
2013	795	140	292	160	(152)	—	1,235

(a) Generation includes the six power marketing reportable segments shown below: Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Regions. Intersegment revenues for Generation for the nine months ended September 30, 2014 include revenue from sales to PECO of $165 million and sales to BGE of $290 million in the Mid-Atlantic region, and sales to ComEd of $175 million in the Midwest. For the nine months ended September 30, 2013, intersegment revenues for Generation include revenue from sales to PECO of $321 million and sales to BGE of $356 million in the Mid-Atlantic region, and sales to ComEd of $409 million in the Midwest region, net of $7 million related to the unrealized mark-to-market losses related to the ComEd swap, which eliminate upon consolidation.
(b) Amounts include activity recorded at CENG from April 1, 2014, the date of integration, through September 30, 2014.
(c) Other primarily includes Exelon's corporate operations, shared service entities and other financing and investment activities.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

(d) For the nine months ended September 30, 2014 and 2013, utility taxes of $67 million and $60 million, respectively, are included in revenues and expenses for Generation. For the nine months ended September 30, 2014 and 2013, utility taxes of $180 million and $182 million, respectively, are included in revenues and expenses for ComEd. For the nine months ended September 30, 2014 and 2013, utility taxes of $99 million and $97 million, respectively, are included in revenues and expenses for PECO. For the nine months ended September 30, 2014 and 2013, utility taxes of $64 million and $62 million, respectively, are included in revenues and expenses for BGE.

(e) Intersegment revenues exclude sales to unconsolidated affiliates. The intersegment profit associated with the Generation's sale of certain products and services by and between Exelon's segments is not eliminated in consolidation due to the recognition of intersegment profit in accordance with regulatory accounting guidance. For Exelon, these amounts are included in Operating revenues in the Consolidated Statements of Operations and Comprehensive Income.

Generation total revenues (nine months ended September 30,)

	2014			2013		
	Revenues from external customers [a]	Intersegment revenues	Total Revenues	Revenues from external customers [a]	Intersegment revenues	Total Revenues
Mid-Atlantic [b]	$ 3,998	$ (14)	$ 3,984	$ 3,932	$ 11	$ 3,943
Midwest	3,302	11	3,313	3,274	(3)	3,271
New England	1,028	5	1,033	942	(9)	933
New York [b]	614	(1)	613	547	(20)	527
ERCOT	743	(2)	741	1,042	(8)	1,034
Other Regions [c]	1,027	(4)	1,023	708	29	737
Total Revenues for Reportable Segments	10,712	(5)	10,707	10,445	—	10,445
Other [d]	1,879	5	1,884	1,413	—	1,413
Total Generation Consolidated Operating Revenues	$ 12,591	$ —	$12,591	$ 11,858	$ —	$11,858

(a) Includes all wholesale and retail electric sales to third parties and affiliated sales to ComEd, PECO and BGE.
(b) Amounts include activity recorded at CENG from April 1, 2014, the date of integration, through September 30, 2014.
(c) Other regions include the South, West and Canada, which are not considered individually significant.
(d) Other represents activities not allocated to a region. See text above for a description of included activities. Also includes amortization of intangible assets related to commodity contracts recorded at fair value at the date of merger with Constellation and the consolidation of CENG in purchase accounting of $203 million decrease to revenues and $603 million decrease to revenues, for the nine months ended September 30, 2014 and 2013, respectively, and elimination of intersegment revenues.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Generation total revenues net of purchased power and fuel expense (nine months ended September 30,):

	2014			2013		
	RNF from external customers [a]	Intersegment RNF	Total RNF	RNF from external customers [a]	Intersegment RNF	Total RNF
Mid-Atlantic [b]	$ 2,610	$ (60)	$2,550	$ 2,477	$ (2)	$2,475
Midwest	1,856	21	1,877	2,002	(1)	2,001
New England	362	(72)	290	156	(14)	142
New York [b]	289	24	313	14	(31)	(17)
ERCOT	457	(207)	250	477	(120)	357
Other Regions [c]	465	(216)	249	238	(91)	147
Total Revenues net of purchased power and fuel expense for Reportable Segments	6,039	(510)	5,529	5,364	(259)	5,105
Other [d]	(519)	510	(9)	200	259	459
Total Generation Revenues net of purchased power and fuel expense	$ 5,520	$ —	$5,520	$ 5,564	$ —	$5,564

(a) Includes purchases and sales from third parties and affiliated sales to ComEd, PECO and BGE.
(b) Amounts include activity recorded at CENG from April 1, 2014, the date of integration, through September 30, 2014.
(c) Other regions include the South, West and Canada, which are not considered individually significant.
(d) Other represents activities not allocated to a region. See text above for a description of included activities. Also includes amortization of intangible assets related to commodity contracts recorded at fair value at the date of merger with Constellation and the consolidation of CENG in purchase accounting of $78 million decrease to RNF and $386 million decrease to RNF for the nine months ended September 30, 2014 and 2013, respectively, and the elimination of intersegment revenues.

21. Subsequent Event (Exelon and Generation)

On October 24, 2014, Generation entered into a sale agreement to divest its proportional ownership interests in the Keystone and Conemaugh generating facilities and related fuel supply entities in Pennsylvania for total sales proceeds of approximately $475 million, including approximately $60 million of working capital. The transaction, which is subject to customary closing conditions and approvals, is expected to be completed in the fourth quarter of 2014 or first quarter of 2015. The sales price, less costs to complete the sale, is less than the carrying value of the net assets. As a result, Exelon and Generation anticipate recording a pre-tax impairment loss ranging from approximately $350 million to $400 million during the fourth quarter of 2014, which will be recorded within Operating and maintenance expense on Exelon's and Generation's Statement of Operations and Comprehensive Income. The estimated net after-tax cash proceeds of $418 million, excluding estimated working capital, are expected to be used to finance a portion of the acquisition of PHI and for general corporate purposes.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

(Dollars in millions except per share data, unless otherwise noted)

Exelon Corporation

General

Exelon, a utility services holding company, operates through the following principal subsidiaries:

- *Generation*, whose integrated business consists of owned, contracted and investments in electric generating facilities managed through customer supply of electric and natural gas products and services, including renewable energy products, risk management services and natural gas exploration and production activities.
  - As a result of the Constellation merger, Generation owns a 50.01% interest in CENG. On April 1, 2014, Generation assumed the operating licenses and corresponding operational control of CENG's nuclear fleet. As a result, Exelon and Generation consolidate CENG's financial position and results of operations into their businesses.
- *ComEd*, whose business consists of the purchase and regulated retail sale of electricity and the provision of distribution and transmission services in northern Illinois, including the City of Chicago.
- *PECO*, whose business consists of the purchase and regulated retail sale of electricity and the provision of distribution and transmission services in southeastern Pennsylvania, including the City of Philadelphia, and the purchase and regulated retail sale of natural gas and the provision of distribution services in the Pennsylvania counties surrounding the City of Philadelphia.
- *BGE*, whose business consists of the purchase and regulated retail sale of electricity and the provision of distribution and transmission services in central Maryland, including the City of Baltimore, and the purchase and regulated retail sale of natural gas and the provision of distribution services in central Maryland, including the City of Baltimore.

Exelon has nine reportable segments consisting of Generation's six power marketing reportable segments (Mid-Atlantic, Midwest, New England, New York, ERCOT and other regions in Generation), ComEd, PECO and BGE. See Note 20 — Segment Information of the Combined Notes to Consolidated Financial Statements for additional information regarding Exelon's reportable segments.

Through its business services subsidiary BSC, Exelon provides its operating subsidiaries with a variety of support services at cost. The costs of these services are directly charged or allocated to the applicable operating segments. Additionally, the results of Exelon's corporate operations include costs for corporate governance and interest costs and income from various investment and financing activities.

Exelon's consolidated financial information includes the results of its four separate operating subsidiary registrants, Generation, ComEd, PECO and BGE, which, along with Exelon, are collectively referred to as the Registrants. The following combined Management's Discussion and Analysis of Financial Condition and Results of Operations is separately filed by Exelon, Generation, ComEd, PECO and BGE. However, none of the Registrants makes any representation as to information related solely to any of the other Registrants.

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Executive Overview

Financial Results. The following consolidated financial results reflect the results of Exelon for the three and nine months ended September 30, 2014 compared to the same period in 2013. All amounts presented below are before the impact of income taxes, except as noted.

	Three Months Ended September 30, 2014							Favorable (Unfavorable) Variance
	2014						2013	
	Generation [a]	ComEd	PECO	BGE	Other	Exelon	Exelon	
Operating revenues	$ 4,412	$1,222	$693	$697	$(112)	$6,912	$6,502	$ 410
Purchased power and fuel	1,880	326	255	297	(110)	2,648	2,743	95
Revenue net of purchased power and fuel [b]	2,532	896	438	400	(2)	4,264	3,759	505
Other operating expenses								
Operating and maintenance	1,266	359	204	165	(12)	1,982	1,735	(247)
Depreciation and amortization	253	174	59	78	13	577	530	(47)
Taxes other than income	127	76	42	55	6	306	277	(29)
Total other operating expenses	1,646	609	305	298	7	2,865	2,542	(323)
Equity in earnings of unconsolidated affiliates	1	—	—	—	—	1	37	(36)
Operating income (loss)	887	287	133	102	(9)	1,400	1,254	146
Other income and (deductions)								
Interest expense, net	(89)	(81)	(29)	(26)	(33)	(258)	(234)	(24)
Other, net	342	4	2	4	2	354	155	199
Total other income and (deductions)	253	(77)	(27)	(22)	(31)	96	(79)	175
Income (loss) before income taxes	1,140	210	106	80	(40)	1,496	1,175	321
Income taxes (benefit)	291	84	25	31	(9)	422	439	17
Net income (loss)	849	126	81	49	(31)	1,074	736	338
Net income (loss) attributable to noncontrolling interests, preferred security dividends and redemption and preference stock dividends	78	—	—	3	—	81	(2)	(83)
Net income (loss) attributable to common shareholders	$ 771	$ 126	$ 81	$ 46	$ (31)	$ 993	$ 738	$ 255

	Nine Months Ended September 30,							Favorable (Unfavorable) Variance
	2014						2013	
	Generation [a]	ComEd	PECO	BGE	Other	Exelon	Exelon	
Operating revenues	$ 12,591	$3,484	$2,343	$2,404	$(649)	$20,173	$18,725	$ 1,448
Purchased power and fuel	7,071	915	960	1,094	(641)	9,399	8,143	(1,256)
Revenue net of purchased power and fuel [b]	5,520	2,569	1,383	1,310	(8)	10,774	10,582	192
Other operating expenses								
Operating and maintenance	3,765	1,040	668	541	(9)	6,005	5,391	(614)
Depreciation and amortization	719	521	176	275	41	1,732	1,606	(126)
Taxes other than income	350	225	122	168	22	887	825	(62)
Total other operating expenses	4,834	1,786	966	984	54	8,624	7,822	(802)
Equity in earnings (loss) of unconsolidated affiliates	(20)	—	—	—	—	(20)	7	(27)
Gain on consolidation of CENG	261	—	—	—	—	261	—	261
Operating income (loss)	927	783	417	326	(62)	2,391	2,767	(376)
Other income and (deductions)								
Interest expense, net	(261)	(241)	(85)	(81)	(54)	(722)	(1,110)	388
Other, net	661	14	5	14	8	702	311	391
Total other income and (deductions)	400	(227)	(80)	(67)	(46)	(20)	(799)	779
Income (loss) before income taxes	1,327	556	337	259	(108)	2,371	1,968	403
Income taxes	290	221	82	103	(50)	646	733	87
Net income (loss)	1,037	335	255	156	(58)	1,725	1,235	490
Net income attributable to noncontrolling interests, preferred security dividends and redemption and preference stock dividends	111	—	—	10	—	121	11	(110)
Net income (loss) attributable to common shareholders	$ 926	$ 335	$ 255	$ 146	$ (58)	$ 1,604	$ 1,224	$ 380

(a) Includes the operations of CENG from April 1, 2014 through September 30, 2014.

(b) The Registrants' evaluate operating performance using the measure of revenue net of purchased power and fuel expense. The Registrants' believe that revenue net of purchased power and fuel expense is a useful measurement because it provides information that can be used to evaluate its operational performance. Revenue net of purchased power and fuel expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

Three Months Ended September 30, 2014 Compared to Three Months Ended September 30, 2013. Exelon's net income attributable to common shareholders was $993 million for the three months ended September 30, 2014 as compared to $738 million for the three months ended September 30, 2013, and diluted earnings per average common share were $1.15 for the three months ended September 30, 2014 as compared to $0.86 for the three months ended September 30, 2013.

Operating revenue net of purchased power and fuel expense, which is a non-GAAP measure discussed below, increased by $505 million for the three months ended September 30, 2014 as compared to the same period in 2013. The quarter-over-quarter increase in operating revenue net of purchased power and fuel expense was primarily due to the following favorable factors:

- Increase in Generation's revenue net of purchased power and fuel expense of $401 million primarily due to the inclusion of CENG's results for the quarter ended September 30, 2014, favorable portfolio management optimization activities, and a decrease in fuel cost related to the cancellation of the DOE spent nuclear fuel disposal fee, partially offset by a decrease in generation volumes (excluding CENG);
- Increase in Generation's revenue net of purchased power and fuel expense of $21 million due to mark-to-market gains from economic hedging activities of $267 million and $246 million in 2014 and 2013, respectively;
- Decrease in Generation's amortization expense of $59 million for the acquired energy contracts recorded at fair value at the date of the merger with Constellation and the integration with CENG, partially offset by the absence of various joint venture fees due to the integration of CENG;
- Increase in ComEd's revenue net of purchased power expense of $41 million primarily due to higher distribution and transmission revenue from increased capital investments; and
- Increase in BGE's revenue net of purchased power and fuel expense of $9 million primarily due to increased distribution revenue pursuant to increased rates effective in December 2013.

The quarter-over-quarter increase in operating revenue net of purchased power and fuel expense was partially offset by unfavorable weather conditions at ComEd and PECO.

Operating and maintenance expense increased by $247 million for the three months ended September 30, 2014 as compared to the same period in 2013 primarily due to the following unfavorable factors:

- Increase in Generation's labor, contracting and materials costs of $152 million primarily due to the inclusion of CENG's results for the quarter ended September 30, 2014 and increased contracting costs at Generation as a result of increased non-refueling outage days, as well as an increase of $44 million resulting from the loss contingency recorded due to Constellation merger commitments;
- Long lived asset impairments at Generation of $50 million in 2014 compared to $46 million in 2013;
- Increase at ComEd of $26 million primarily related to increased spend on energy efficiency programs and increased uncollectible accounts expense;
- An increase in storm costs at PECO and BGE of $17 million and $8 million, respectively; and
- Increase in contracting costs associated with maintenance related activities at BGE of $13 million.

The quarter-over-quarter increase in operating and maintenance expense was partially offset by the following favorable factors:

- A decrease in pension and non-pension postretirement benefits expense of $49 million as a result of cost savings primarily at Exelon, Generation, and ComEd for plan design changes for certain OPEB plans, and the favorable impact of higher actuarially assumed pension and OPEB discount rates for 2014, partially offset by the inclusion of CENG's results for the third quarter of 2014; and
- A decrease in nuclear refueling outage costs of $9 million primarily due to a decrease in the number of refueling outage days at Generation during 2014.

Depreciation and amortization expense increased by $47 million primarily due to the inclusion of CENG's results for the quarter ended September 30, 2014 and increased capital expenditures across all operating companies.

Taxes other than income increased by $29 million primarily due to the inclusion of CENG's results for the quarter ended September 30, 2014.

Equity in earnings of unconsolidated affiliates decreased by $36 million primarily due to CENG's operating results being fully consolidated beginning April 1, 2014 and, as a result, are not reflected as equity method earnings in the third quarter of 2014.

Other, net increased by $199 million primarily as a result of the gain recorded on the sale of Generation's ownership interest in generating stations, partially offset by the change in the realized and unrealized gains and losses on NDT funds of the Non-Regulatory Agreement Units.

Exelon's effective income tax rates for the three months ended September 30, 2014 and 2013 were 28.2% and 37.4%, respectively. See Note 11 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

Net income (loss) attributable to noncontrolling interests, preferred security dividends and redemption and preference stock dividends increased $83 million primarily due to the inclusion of CENG's results for the third quarter 2014 not owned by Generation as a result of the consolidation of CENG on April 1, 2014.

Nine Months Ended September 30, 2014 Compared to Nine Months Ended September 30, 2013. Exelon's net income attributable to common shareholders was $1,604 million for the nine months ended September 30, 2014 as compared to $1,224 million for the nine months ended September 30, 2013, and diluted earnings per average common share were $1.86 for the nine months ended September 30, 2014 as compared to $1.42 for the nine months ended September 30, 2013.

Operating revenue net of purchased power and fuel expense, which is a non-GAAP measure discussed below, increased by $192 million for the nine months ended September 30, 2014 as compared to the same period in 2013. The year-over-year increase in operating revenue net of purchased power and fuel expense was primarily due to the following favorable factors:

- Increase in Generation's revenue net of purchased power and fuel expense of $424 million due to inclusion of CENG's results beginning April 1, 2014, increased capacity prices related to the Reliability Pricing Model (RPM) for the PJM Interconnection, LLC (PJM) market, and a decrease in fuel cost related to the cancellation of the DOE spent nuclear fuel disposal fee, partially offset by a decrease in generation volumes (excluding CENG), lower realized energy prices, and higher procurement costs for replacement power and increased fossil fuel expense due to extreme cold weather during the first quarter 2014;
- Decrease in Generation's amortization expense of $308 million for the acquired energy contracts recorded at fair value at the date of the merger with Constellation and the integration with CENG, partially offset by the absence of various joint venture fees due to the integration of CENG;
- Increase in ComEd's revenue net of purchased power expense of $105 million primarily due to increased distribution and transmission revenue resulting from increased capital investment and increased cost recovery associated with energy efficiency programs in 2014;
- Increase in PECO's revenue net of purchased power and fuel expense of $41 million primarily due to increased cost recovery from regulatory programs; and
- Increase in BGE's revenue net of purchased power and fuel expense of $98 million primarily due to increased distribution revenue as a result of the 2013 electric and natural gas distribution rate case orders issued by the Maryland PSC, increased cost recovery for energy efficiency and demand response programs, and increased transmission revenue due to higher rates that took effect in June 2014.

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The year-over-year increase in operating revenue net of purchased power and fuel expense was partially offset by a decrease in Generation's revenue net of purchased power and fuel expense of $748 million due to mark-to-market losses of $477 million in 2014 from economic hedging activities compared to mark-to-market gains of $271 million in 2013.

Operating and maintenance expense increased by $614 million for the nine months ended September 30, 2014 as compared to the same period in 2013 primarily due to the following unfavorable factors:

- Increase in Generation's labor, contracting and materials costs of $289 million primarily due to the inclusion of CENG's results beginning April 1, 2014, an increase of $44 million resulting from the loss contingency recorded due to Constellation merger commitments, an increase in nuclear refueling outage costs of $43 million primarily due to an increase in the number of refueling outage days, and an increase of $16 million in the reserve for future asbestos-related bodily injury claims;
- Increase at ComEd of $20 million primarily relating to increased maintenance activities, increased contracting costs associated with EIMA Smart Meter Project assistance, increased spend on energy efficiency programs, and increased uncollectible accounts expense;
- An increase in storm costs at PECO and BGE of $101 million and $21 million, respectively; and
- Increased maintenance activities and uncollectible accounts expense at BGE of $10 million.

The year-over-year increase in operating and maintenance expense was partially offset by the following favorable factors:

- A decrease in pension and non-pension postretirement benefits expense of $123 million as a result of cost savings primarily at Exelon, Generation, and ComEd for plan design changes for certain OPEB plans, and the favorable impact of higher actuarially assumed pension and OPEB discount rates for 2014, partially offset by the inclusion of CENG's results beginning April 1, 2014; and
- Long-lived asset impairments of $162 million in 2014 compared to $171 million in 2013.

Depreciation and amortization expense increased by $126 million primarily as a result of the inclusion of CENG's results beginning April 1, 2014, increased depreciation expense across the operating companies for ongoing capital expenditures, and higher costs related to energy efficiency and demand response program expenditures at BGE.

Taxes other than income increased by $62 million primarily due to the inclusion of CENG's results beginning April 1, 2014.

Equity in earnings of unconsolidated affiliates decreased by $27 million primarily due to CENG's operating results being fully consolidated beginning April 1, 2014 and, as a result, are not reflected as equity method earnings.

A $261 million gain was recorded upon consolidation of CENG resulting from the difference in the fair value of CENG's net assets as of April 1, 2014 and the equity method investment previously recorded on Generation's and Exelon's books and the settlement of pre-existing transactions between Generation and CENG.

Interest expense decreased by $388 million primarily as a result of a decrease in interest expense at ComEd related to the remeasurement of Exelon's like-kind exchange tax position in the first quarter of 2013.

Other, net increased by $391 million primarily as a result of the gain recorded on the sale of Generation's ownership interest in generating stations, favorable settlements in 2014 of certain income tax positions on Constellation's 2009-2012 tax returns, and the change in realized and unrealized gains and losses on NDT funds.

Exelon's effective income tax rates for the nine months ended September 30, 2014 and 2013 were 27.2% and 37.2%, respectively. See Note 11 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

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Net income (loss) attributable to noncontrolling interests, preferred security dividends and redemption and preference stock dividends increased $110 million primarily due to the inclusion of CENG's results not owned by Generation as a result of the consolidation of CENG on April 1, 2014.

For further detail regarding the financial results for the three and nine months ended September 30, 2014, including explanation of the non-GAAP measure revenue net of purchased power and fuel expense, see the discussions of Results of Operations by Segment below.

Adjusted (non-GAAP) Operating Earnings. Exelon's adjusted (non-GAAP) operating earnings for the three months ended September 30, 2014 were $676 million, or $0.78 per diluted share, compared with adjusted (non-GAAP) operating earnings of $667 million, or $0.78 per diluted share for the same period in 2013. Exelon's adjusted (non-GAAP) operating earnings for the nine months ended September 30, 2014 were $1,646 million, or $1.91 per diluted share, compared with adjusted (non-GAAP) operating earnings of $1,722 million, or $2.00 per diluted share for the same period in 2013. In addition to net income attributable to common shareholders, Exelon evaluates its operating performance using the measure of adjusted (non-GAAP) operating earnings because management believes it represents earnings directly related to the ongoing operations of the business. Adjusted (non-GAAP) operating earnings exclude certain costs, expenses, gains and losses and other specified items. This information is intended to enhance an investor's overall understanding of year-to-year operating results and provide an indication of Exelon's baseline operating performance. In addition, this information is among the primary indicators management uses as a basis for evaluating performance, allocating resources, setting incentive compensation targets and planning and forecasting of future periods. Adjusted (non-GAAP) operating earnings is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

The following table provides a reconciliation between net income attributable to common shareholders as determined in accordance with GAAP and adjusted (non-GAAP) operating earnings for the three and nine months ended September 30, 2014 as compared to the same period in 2013. The footnotes below the table provide tax expense (benefit) impacts:

	Three Months Ended September 30,			
	2014		2013	
(All amounts after tax)		Earnings per Diluted Share		Earnings per Diluted Share
Net Income Attributable to Common Shareholders	$ 993	$ 1.15	$ 738	$ 0.86
Mark-to-Market Impact of Economic Hedging Activities [a]	(158)	(0.18)	(148)	(0.17)
Unrealized (Gains) Losses Related to NDT Fund Investments [b]	22	0.03	(24)	(0.03)
Asset Retirement Obligation [c]	(13)	(0.02)	6	0.01
Plant Retirements and Divestitures [d]	(197)	(0.23)	—	—
Long-Lived Asset Impairment [e]	30	0.03	28	0.03
Merger and Integration Costs [f]	64	0.07	26	0.03
Amortization of Commodity Contract Intangibles [g]	(12)	(0.01)	41	0.05
Tax Settlements [h]	(66)	(0.08)	—	—
Noncontrolling Interest [i]	13	0.02	—	—
Adjusted (non-GAAP) Operating Earnings	$ 676	$ 0.78	$ 667	$ 0.78

(All amounts after tax)	Nine Months Ended September 30, 2014	Earnings per Diluted Share	2013	Earnings per Diluted Share
Net Income Attributable to Common Shareholders	$1,604	$ 1.86	$1,224	$ 1.42
Mark-to-Market Impact of Economic Hedging Activities [a]	293	0.34	(168)	(0.21)
Unrealized Gains Related to NDT Fund Investments [b]	(62)	(0.07)	(37)	(0.04)
Asset Retirement Obligation [c]	(13)	(0.02)	6	0.01
Plant Retirements and Divestitures [d]	(197)	(0.23)	(13)	(0.01)
Long-Lived Asset Impairment [e]	98	0.11	111	0.13
Gain on CENG Integration [j]	(159)	(0.18)	—	—
Merger and Integration Costs [f]	105	0.12	66	0.08
Amortization of Commodity Contract Intangibles [g]	42	0.06	273	0.32
Tax Settlements [h]	(101)	(0.12)	—	—
Noncontrolling Interest [i]	36	0.04	—	—
Remeasurement of Like-Kind Exchange Tax Position [k]	—	—	267	0.31
Amortization of the Fair Value of Certain Debt [l]	—	—	(7)	(0.01)
Adjusted (non-GAAP) Operating Earnings	$1,646	$ 1.91	$1,722	$ 2.00

(a) Reflects the impact of losses (gains) for the three months ended September 30, 2014 and September 30, 2013 (net of taxes of $(105) million and $(99) million, respectively), and nine months ended September 30, 2014 and September 30, 2013 (net of taxes of $188 million and $(112) million, respectively), on Generation's economic hedging activities. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional detail related to Generation's hedging activities.

(b) Reflects the impact of unrealized gains (losses) for the three months ended September 30, 2014 and September 30, 2013 (net of taxes of $25 million and $(39) million, respectively), and nine months ended September 30, 2014 and September 30, 2013 (net of taxes of $(22) million and $(66) million, respectively), on Generation's NDT fund investments for Non-Regulatory Agreement Units. See Note 12 — Nuclear Decommissioning of the Combined Notes to Consolidated Financial Statements for additional detail related to Generation's NDT fund investments.

(c) Reflects the impacts of a decrease in Generation's decommissioning obligation for the three and nine months ended September 30, 2014 (net of taxes of $(4) million). Reflects the impacts of the increase in Generation's asset retirement obligation for retired fossil plants for the three and nine months ended September 30, 2013 (net of taxes of $4 million).

(d) Reflects the impact associated with the sale or retirement of Generation's ownership interest in generating stations for the three and nine months ended September 30, 2014 and nine months ended September 30, 2013 (net of taxes of $132 million in 2014, and $5 million in 2013).

(e) Reflects the 2014 charge to earnings for the three and nine months ended September 30, 2014 primarily related to the impairment of certain wind generating assets in the second quarter and certain assets held for sale in the third quarter (net of taxes of $20 million and $62 million, respectively). For the three and nine months ended September 30, 2013, reflects a charge to earnings (net of taxes of $18 million and $70 million, respectively) related to Generation's cancellation of previously capitalized nuclear uprate projects in the second and third quarter and the impairment of certain wind generating assets in the third quarter.

(f) Reflects certain costs incurred for the three months ended September 30, 2014 and September 30, 2013 (net of taxes of $24 million and $16 million, respectively) and for the nine months ended September 30, 2014 and September 30, 2013 (net of taxes of $34 million and $19 million, respectively), associated with the Constellation merger, PHI acquisition, and, at Generation, the CENG integration, including professional fees, employee-related expenses, integration activities, upfront credit facilities fees, merger commitments, and certain pre-acquisition contingencies.

(g) Reflects the non-cash impact for the three months ended September 30, 2014 and 2013 (net of taxes of $(2) million and $26 million, respectively), and nine months ended September 30, 2014 and September 30, 2013 (net of taxes of $44 million and $174 million, respectively), of the amortization of intangible assets, net, related to commodity contracts recorded at fair value at the Constellation merger date and at the CENG integration date.

(h) Reflects a benefit for the three and nine months ended September 30, 2014, related to the favorable settlement in 2014 of certain income tax positions on Constellation's 2009-2012 tax returns (net of tax of $52 million and $70 million, respectively).

(i) Represents adjustments to account for the CENG interest not owned by Generation, where applicable.

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(j) Reflects the non-cash gain recorded upon consolidation of CENG in accordance with the execution of the NOSA on April 1, 2014 (net of taxes of $103 million for the nine months ended September 30, 2014).
(k) Reflects a non-cash charge to earnings for the nine months ended September 30, 2013 (net of taxes of $102 million) resulting from the first quarter 2013 remeasurement of a like-kind exchange tax position taken on ComEd's 1999 sale of fossil generating assets. See Note 11 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information.
(l) Reflects the non-cash amortization of certain debt for the nine months ended September 30, 2013 (net of taxes of $(5) million) recorded at fair value at the merger date which was retired in the second quarter of 2013. See Note 4 — Mergers, Acquisitions and Dispositions of the Combined Notes to Consolidated Financial Statements for additional information.

As discussed above, Exelon has incurred and will continue to incur costs associated with the Constellation merger, CENG transaction and PHI acquisition including employee-related expenses (e.g. severance, retirement, relocation and retention bonuses), integration initiatives, and certain pre-acquisition contingencies.

For the three and nine months ended September 30, 2014 and 2013, expense has been recognized for costs incurred to achieve the Constellation merger, CENG transaction and PHI acquisition as follows:

	Pre-tax Expense				
	Three Months Ended September 30, 2014				
Merger, Integration and Acquisition Costs:	**Generation**	**ComEd**	**PECO**	**BGE**	**Exelon**
Employee-Related [a]	$ —	$ —	$ —	$—	$ —
Other [b]	62	—	—	—	88
Total	$ 62	$ —	$ —	$—	$ 88

	Pre-tax Expense				
	Three Months Ended September 30, 2013				
Merger and Integration Costs:	**Generation**	**ComEd**	**PECO**	**BGE**	**Exelon**
Employee-Related [a]	$ 20	$ 2	$ 2	$ 1	$ 27
Other [b]	12	—	1	1[c]	13
Total	$ 32	$ 2	$ 3	$ 2	$ 40

	Pre-tax Expense				
	Nine Months Ended September 30, 2014				
Merger, Integration and Acquisition Costs:	**Generation**	**ComEd**	**PECO**	**BGE**	**Exelon**
Employee-Related [a]	$ 5	$ —	$ —	$—	$ 5
Other [b]	87	—	—	—	133
Total	$ 92	$ —	$ —	$—	$ 138

	Pre-tax Expense				
	Nine Months Ended September 30, 2013				
Merger and Integration Costs:	**Generation**	**ComEd**	**PECO**	**BGE**	**Exelon**
Employee-Related [a]	$ 32	$ 2	$ 3	$ 1	$ 41
Other [b]	42	—	5	(4)	45
Total	$ 74	$ 2	$ 8	$ (3)	$ 86

(a) Costs primarily for employee severance, pension and OPEB expense, and retention bonuses. ComEd established a regulatory asset of $1 million during the nine months ended September 30, 2013. The majority of these costs are expected to be recovered over a five-year period. These costs are not included in the table above.
(b) Costs to integrate CENG and Constellation processes and systems into Exelon, costs to terminate certain Constellation debt agreements, and costs related to certain merger commitments and pre-acquisition contingencies. For the three

months ended September 30, 2014, includes professional fees and upfront credit facility fees incurred to acquire PHI. ComEd established a regulatory asset of $2 million and $9 million during the three and nine months ended September 30, 2013, for certain other merger and integration costs, which are not included in the table above. BGE established a regulatory asset of $2 million during the nine months ended September 30, 2013 for certain other merger integration costs, which are not included in the table above.

(c) BGE established a regulatory asset of $6 million at September 30, 2013 for certain 2012 other merger transaction costs as part of the 2013 electric and gas distribution rate case order which are not included in the table above.

As of September 30, 2014, Exelon projects incurring total PHI acquisition and integration related costs over the next five years of approximately $650 million, of which approximately $100 million is expected to be capitalized to Property, plant and equipment. Exelon expects to incur total additional CENG integration related costs of $21 million, primarily in 2014.

Pursuant to the conditions set forth by the MDPSC in its approval of the Exelon and Constellation merger transaction, Exelon committed to provide a package of benefits to BGE customers, and make certain investments in the City of Baltimore and the State of Maryland, resulting in an estimated direct investment in the State of Maryland of approximately $1 billion. The direct investment estimate includes $95 million to $120 million for the requirement to cause construction of a headquarters building in Baltimore for Generation's competitive energy businesses. On March 20, 2013, Generation signed a twenty-year lease agreement that was contingent upon the developer obtaining all required approvals, permits and financing for the construction of a building in Baltimore, Maryland. The operating lease became effective during the second quarter of 2014 when these outstanding contingencies were met by the developer. Construction began late in the second quarter of 2014 and the building is expected to be ready for occupancy 2 years from the start of construction. See Note 18 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements for further information related to the lease commitments.

Exelon's Strategy and Outlook for the remainder of 2014 and Beyond

Exelon's value proposition and competitive advantage come from its scope and scale across the energy value chain and its core strengths of operational excellence and financial discipline.

Generation's electricity generation strategy is to pursue opportunities that provide generation to load matching and that diversify the generation fleet by expanding Generation's regional and technological footprint. Generation leverages its energy generation portfolio to ensure delivery of energy to both wholesale and retail customers under long-term and short-term contracts, and in wholesale power markets. Generation's customer facing activities foster development and delivery of other innovative energy-related products and services for its customers. Generation operates in well-developed energy markets and employs an integrated hedging strategy to manage commodity price volatility. Its generation fleet, including its nuclear plants which consistently operate at high capacity factors, also provide geographic and supply source diversity. These factors help Generation mitigate the current challenging conditions in competitive energy markets.

Exelon's utility strategy is to improve reliability and operations and enhance the customer experience, while ensuring ratemaking mechanisms provide the utilities fair financial returns. Exelon seeks to leverage its scale and expertise across the utilities platform through enhanced standardization and sharing of best practices to achieve improved operational and financial results. Combined, the utilities plan to invest approximately $16 billion over the next five years in smart meter technology, transmission projects, gas infrastructure, and electric system improvement projects, providing greater reliability and improved service for our customers and a stable return for the company.

Exelon's financial priorities are to maintain investment grade credit metrics at each of Exelon, Generation, ComEd, PECO and BGE, and to return value to Exelon's shareholders with a sustainable dividend throughout the energy commodity market cycle and through earnings growth from attractive investment opportunities.

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In pursuing its strategies, Exelon has exposure to various market and financial risks, including the risk of price fluctuations in the power markets. Power prices are a function of supply and demand, which in turn are driven by factors such as (1) the price of fuels, in particular, the prices of natural gas and coal, which drive the market prices that Generation can obtain for the output of its power plants, (2) the rate of expansion of subsidized low-carbon generation in the markets in which Generation's output is sold, (3) the effects on energy demand due to factors such as weather, economic conditions and implementation of energy efficiency and demand response programs, and (4) the impacts of increased competition in the retail channel. Exelon continues to assess infrastructure, operational, commercial, policy, and legal solutions to these market pricing issues.

Proposed Merger with Pepco Holdings, Inc. (Exelon)

On April 29, 2014, Exelon and Pepco Holdings, Inc. (PHI) signed an agreement and plan of merger (as subsequently amended and restated as of July 18, 2014, the Merger Agreement) to combine the two companies in an all cash transaction. The resulting company will retain the Exelon name and be headquartered in Chicago. Under the Merger Agreement, PHI's shareholders will receive $27.25 of cash in exchange for each share of PHI common stock. Exelon intends to fund the all-cash transaction using a combination of approximately $3.5 billion of debt, up to $1 billion cash from asset sales primarily at Generation, and the remainder through issuance of equity (including mandatory convertible securities). In addition, Exelon entered into a 364-day $7.2 billion senior unsecured bridge credit facility to support the contemplated transaction and provide flexibility for timing of permanent financing, which has subsequently been reduced to $3.9 billion as a result of the equity issuances and applicable asset divestitures. In connection with the Merger Agreement, Exelon entered into a subscription agreement under which it purchased $90 million of a new class of nonvoting, nonconvertible and nontransferable preferred securities in PHI, in the second quarter of 2014, with additional investments of $18 million to be made quarterly up to a maximum aggregate investment of $180 million. As of September 30, 2014, Exelon has purchased $108 million of PHI preferred securities.

On September 23, 2014, PHI stockholders overwhelmingly approved the merger of PHI and Exelon. Completion of the transaction is conditioned upon approval by the FERC and the public service commissions of the District of Columbia, Delaware, New Jersey and Virginia. Under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (HSR Act), the transaction cannot be completed until Exelon has made required notifications and given certain information and materials to the Antitrust Division of the United States Department of Justice (DOJ) and until specified waiting period requirements have expired. In addition, the transfer of certain PHI communications licenses requires approval by the Federal Communications Commission.

During the second quarter of 2014, Exelon and PHI ("Joint Applicants") filed approval applications with the FERC and the public service commissions of the District of Columbia, Delaware, New Jersey and Virginia. On August 19, 2014, the Joint Applicants filed their approval application in Maryland. The Joint Applicants also filed notifications with the DOJ in compliance with the requirements of the HSR Act. Exelon's notification was voluntarily withdrawn and refiled in the third quarter.

On October 7, 2014, the Virginia State Corporation Commission issued its Order, granting approval to transfer control of Delmarva Power & Light Company and Potomac Electric Power Company to Exelon. FERC approval is expected in the fourth quarter of 2014, while procedural schedules have been set in the remaining state commission proceedings and final approval decisions are expected in the first half of 2015.

On October 9, 2014, PHI and Exelon each received a request for additional information from the DOJ. The request has the effect of extending the DOJ review period until 30 days after PHI and Exelon each has certified that it has substantially complied with the request. Exelon and PHI will continue to work cooperatively with the DOJ as it conducts its review of the proposed merger.

Exelon and PHI continue to expect to complete the merger in the second or third quarter of 2015.

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Through September 30, 2014, Exelon has incurred approximately $57 million of expense associated with the transaction, primarily related to acquisition and integration costs. As part of the applications for approval of the merger, Exelon and PHI have proposed a package of benefits to the PHI utilities' customers, which would result in a direct investment of more than $100 million. The Merger Agreement also provides for termination rights on behalf of both parties. Under certain circumstances, if the Merger Agreement is terminated, PHI may be required to pay Exelon a termination fee ranging from $259 million to $293 million plus certain expenses. If the Merger Agreement does not close due to a regulatory failure, Exelon may be required to pay PHI a termination fee equal to the amount of purchased nonvoting preferred securities (described above), by means of PHI redeeming the outstanding nonvoting preferred securities for no consideration other than the nominal par value of the stock.

Exelon has listed various potential risks relating to the pending merger with PHI (see Item 1A. Risk Factors), including difficulties that may be encountered in satisfying the conditions to completion of the merger and the potential for developments that might have an adverse effect on Exelon and the ability to realize the expected benefits of the merger. Exelon is taking steps to manage these risks and expects that the merger can be completed on a basis favorable to the company's shareholders and customers. Accordingly, Exelon anticipates closing the transaction in the second or third quarter of 2015. Refer to Note 4 — Mergers, Acquisitions and Dispositions for additional information on the merger transaction.

Integrys Energy Group, Inc. (Exelon and Generation)

On July 29, 2014, Generation entered into a Stock Purchase Agreement (the Purchase Agreement) with Integrys Energy Group, Inc. (Integrys). Pursuant to the Purchase Agreement, Integrys agreed to sell its competitive retail electric and natural gas businesses through a sale of all of the stock of its wholly-owned subsidiary, Integrys Energy Services, Inc. (IES), to Generation for an all cash purchase price of $60 million plus adjusted net working capital at the time of the closing. IES's adjusted net working capital balance was approximately $260 million as of September 30, 2014. Pursuant to the Purchase Agreement, Generation has agreed to use its commercially reasonable efforts to replace the guarantees and other credit support currently being provided by Integrys for IES in support of the ongoing competitive retail businesses and to reimburse Integrys for any payments arising pursuant to such arrangements continuing for any post-closing period. The generation and solar asset businesses of IES are excluded from the transaction.

The transaction is expected to close November 1, 2014. The closing of the transaction is subject to certain conditions, including, among others, approval by the FERC and expiration or termination of the applicable waiting period under the HSR Act. The FERC approved the sale of IES to Exelon on September 16, 2014; additionally, the DOJ granted early termination of the HSR Act waiting period effective October 10, 2014. Either party may terminate the Purchase Agreement if the transaction has not been consummated by the 6 month anniversary of the date of the Purchase Agreement. The Purchase Agreement also includes various representations, warranties, covenants, indemnification and other provisions customary for a transaction of this nature. The total costs directly related to the closing of the transaction are not expected to have a material impact on the financial results of Exelon and Generation.

Power Markets

Price of Fuels. The use of new technologies to recover natural gas from shale deposits is increasing natural gas supply and reserves, which places downward pressure on natural gas prices and, therefore, on wholesale and retail power prices, which results in a reduction in Exelon's revenues. Forward natural gas prices have declined significantly over the last several years.

Subsidized Generation . The rate of expansion of subsidized generation, including low-carbon generation such as wind and solar energy, in the markets in which Generation's output is sold can negatively impact wholesale power prices, and in turn, Exelon's and Generation's results of operations.

Various states have attempted to implement or propose legislation, regulations or other policies to subsidize new generation development which may result in artificially depressed wholesale energy and capacity prices. For example, the New Jersey legislature enacted the Long Term Capacity Pilot Program Act (LCAPP) in 2011. LCAPP is designed to provide eligible generators with 15-year fixed contracts for the sale of capacity in the PJM capacity market, with the local utilities in New Jersey being required to pay (or receive) the difference between the price those eligible generators receive in the capacity market and the price guaranteed under the 15-year contract. New Jersey ultimately selected three proposals to participate in LCAPP and build new generation in the state.

Exelon and others filed a complaint in federal district court challenging the constitutionality and other aspects of the New Jersey legislation. Similarly, Exelon and others also challenged the selection of the three generation developers. On October 25, 2013, the U.S. District Court in New Jersey issued a judgment order finding that the New Jersey legislation violates the Supremacy Clause of the United States Constitution and the New Jersey (SOCA) contract is unenforceable. The non-prevailing parties sought appeals in federal appellate court in the New Jersey proceeding. On September 11, 2014, the U.S. Court of Appeals for the Third Circuit affirmed the District Court. On October 23, 2013, the New Jersey state court dismissed the New Jersey state proceeding without prejudice, subject to the final outcome of the New Jersey federal litigation. Similarly, on October 24, 2013, the U.S. District Court in Maryland issued a judgment order finding that the MDPSC's Order directing BGE and two other Maryland electric distribution companies to enter into a CfD violates the Supremacy Clause of the United States Constitution, as described in Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements. However, on October 1, 2013, a Maryland State Circuit Court upheld the MDPSC Orders as being within the MDPSC's statutory authority under Maryland state law. This decision is separate from the judgment in the federal litigation that the MDPSC Order is unconstitutional and the CfD unenforceable under federal law. The federal judgment was affirmed on June 2, 2014, by the U.S. Court of Appeals for the Fourth Circuit, and Exelon believes this judgment would prevent enforcement of the CfD even if the Maryland State Circuit Court decision stands. CPV filed for en banc review of the Fourth Circuit decision but its request was denied. We believe that CPV and the MDPSC may seek review by the U.S. Supreme Court of the Fourth Circuit and Third Circuit decisions. CPV, one of the sellers under both a New Jersey and a Maryland contract, filed its two contracts at the FERC which the FERC rejected on August 5, 2014.

As required under their now invalid contracts, generator developers who were selected in the New Jersey and Maryland programs (including CPV) offered and cleared in PJM's capacity market auctions held in May 2012, 2013, and 2014. In addition, CPV has announced its intention to move forward with construction of its New Jersey plant, with or without the challenged state subsidy. Nonetheless, to the extent that the state-required customer subsidies are included under their respective contracts, Exelon believes that these projects may have artificially suppressed capacity prices in PJM in these auctions. While the U.S. Court of Appeals decisions in New Jersey and Maryland are positive developments, continuation of these and similar state efforts, if successful and unabated by an effective minimum offer price rule (MOPR) for future capacity auctions, could continue to result in artificially depressed wholesale capacity and/or energy prices. Other states could seek to establish programs, which could materially adversely affect Exelon's and Generation's market driven position and could have a significant effect on Exelon's and Generation's results of operations, financial position and cash flows.

Accordingly, Exelon continues to work with other market stakeholders and where appropriate through the FERC process to ensure that capacity resources (including those with state-sponsored subsidy contracts and capacity market speculators) cannot inappropriately affect capacity auction prices in PJM.

See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information on the Maryland Order.

Exelon remains active in advocating for competitive markets, while opposing policies that require taxpayers and/or consumers to subsidize or give preferential treatment to specific generation providers or technologies, or that would threaten the reliability and value of the integrated electricity grid.

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Energy Demand. Modest economic growth partially offset by energy efficiency initiatives is resulting in positive growth for electricity for ComEd and PECO, and a decrease in projected load for electricity for BGE. ComEd, PECO and BGE are projecting load volumes to increase (decrease) by 0.7%, 0.3% and (1.2)%, respectively, in 2014 compared to 2013.

Retail Competition. Generation's retail operations compete for customers in a competitive environment, which affect the margins that Generation can earn and the volumes that it is able to serve. Recently, sustained low forward natural gas and power prices and low market volatility have caused retail competitors to aggressively pursue market share, and wholesale generators (including Generation) to use their retail operations to hedge generation output. These factors have adversely affected overall gross margins and profitability in Generation's retail operations.

Strategic Policy Alignment

Exelon routinely reviews its hedging policy, dividend policy, operating and capital costs, capital spending plans, strength of its balance sheet and credit metrics, and sufficiency of its liquidity position, by performing various stress tests with differing variables, such as commodity price movements, increases in margin-related transactions, changes in hedging practices, and the impacts of hypothetical credit downgrades.

Exelon's board of directors declared the third quarter 2014 dividend of $0.31 per share on Exelon's common stock. The third quarter dividend was paid on September 10, 2014 to shareholders of record on August 15, 2014. All future quarterly dividends require approval by Exelon's board of directors.

Exelon and Generation evaluate the economic viability of each of their generating units on an ongoing basis. Decisions regarding the future of economically challenged generating assets will be based primarily on the economics of continued operation of the individual plants. If Exelon and Generation do not see a path to sustainable profitability in any of their plants, Exelon and Generation will take steps to retire those plants to avoid sustained losses. Retirement of plants could materially affect Exelon's and Generation's results of operations, financial position, and cash flows through, among other things, potential impairment charges, accelerated depreciation and decommissioning expenses over the plants remaining useful lives, and ongoing reductions to operating revenues, operating and maintenance expenses, and capital expenditures.

Hedging Strategy

Exelon's policy to hedge commodity risk on a ratable basis over three-year periods is intended to reduce the financial impact of market price volatility. Generation is exposed to commodity price risk associated with the unhedged portion of its electricity portfolio. Generation enters into non-derivative and derivative contracts, including financially-settled swaps, futures contracts and swap options, and physical options and physical forward contracts, all with credit-approved counterparties, to hedge this anticipated exposure. Generation has hedges in place that significantly mitigate this risk for 2014 and 2015. This strategy has not changed as a result of recent and pending asset divestitures. However, Generation is exposed to relatively greater commodity price risk in the subsequent years with respect to which a larger portion of its electricity portfolio is currently unhedged. As of September 30, 2014, the proportion of expected generation hedged is 98%-101%, 86%-89%, and 55%-58% for 2014, 2015, and 2016, respectively. The percentage of expected generation hedged is the amount of equivalent sales divided by the expected generation. Expected generation is the volume of energy that best represents our financial exposure through owned or contracted capacity and reflects the divestiture impact of Fore River, Quail Run, and West Valley; but does not reflect the divestiture impact of Generation's interest in Keystone and Conemaugh. See Note 4 — Mergers, Acquisitions and Dispositions and Note 21 — Subsequent Event for more detail regarding the divestitures. Equivalent sales represent all hedging products, which include economic hedges and certain non-derivative contracts including Generation's sales to ComEd, PECO and BGE to serve their retail load. Generation has been and will continue to be proactive in using hedging strategies to mitigate commodity price risk in subsequent years as well.

Generation procures coal, oil and natural gas through long-term and short-term contracts and spot-market purchases. Nuclear fuel is obtained predominantly through long-term uranium concentrate supply contracts, contracted conversion services, contracted enrichment services and contracted fuel fabrication services. The supply markets for uranium concentrates and certain nuclear fuel services, coal, oil and natural gas are subject to price fluctuations and availability restrictions. Supply market conditions may make Generation's procurement contracts subject to credit risk related to the potential non-performance of counterparties to deliver the contracted commodity or service at the contracted prices. Approximately 60% of Generation's uranium concentrate requirements from 2014 through 2018 are supplied by three producers. In the event of non-performance by these or other suppliers, Generation believes that replacement uranium concentrates can be obtained, although at prices that may be unfavorable when compared to the prices under the current supply agreements. Non-performance by these counterparties could have a material adverse impact on Exelon's and Generation's results of operations, cash flows and financial position.

ComEd, PECO and BGE mitigate such exposure through regulatory mechanisms that allow them to recover procurement costs from retail customers.

Growth Opportunities

With an emphasis on innovation and entrepreneurship, Exelon seeks to grow in existing and new markets and establish new businesses in response to, or ahead of, emerging trends. Exelon is currently pursuing growth in both the utility and competitive energy businesses. Management continually evaluates growth opportunities aligned with Exelon's businesses, competencies, assets and markets, leveraging Exelon's expertise in those areas. The proposed acquisition of PHI provides an opportunity to accelerate its regulated growth and provide stable cash flows, earnings accretion, and dividend stability. Additionally, ComEd's, PECO's and BGE's growth efforts are primarily focused on smart meter and smart grid initiatives and they also anticipate making significant future investments in infrastructure modernization and advanced reliability technologies. Generation continues to pursue growth in its existing businesses and markets and further diversification across the competitive energy value chain. Generation's proposed acquisition of Integrys Energy Services, Inc. allows it to expand its retail footprint further in an industry that continues to mature and consolidate and provides hedging and diversification benefits to its existing portfolio. Generation's ongoing investments in the nuclear uprate program, renewables development, new natural gas and biomass generation construction, and our recent investments in technology development illustrates Generation's growth strategy to provide for diversification opportunities while leveraging its expertise and strengths.

Smart Meter and Smart Grid Initiatives.

ComEd's Smart Meter and Smart Grid Investments. ComEd plans to invest approximately $1.3 billion on smart meters and smart grid under EIMA, including $1.0 billion through the AMI Deployment Plan. On June 11, 2014, the ICC approved ComEd's request to accelerate the deployment, which allows for the installation of more than four million smart meters throughout ComEd's service territory by 2018, three years in advance of the originally scheduled 2021 completion date. To date, nearly 500,000 smart meters have been installed in the Chicago area by ComEd.

PECO's Smart Meter and Smart Grid Investments. In 2010, the PAPUC approved PECO's Smart Meter Procurement and Installation Plan, under which PECO will install more than 1.6 million smart meters. PECO plans to spend up to a total of $595 million and $120 million on its smart meter infrastructure and smart grid investments, respectively, of which $200 million has been funded by SGIG.

BGE Smart Grid Initiative. In August 2010, the MDPSC approved a comprehensive smart grid initiative for BGE which includes the planned installation of 2 million electric and gas smart meters at an expected total cost of approximately $480 million, before considering the $200 million SGIG for smart grid and other related initiatives.

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See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information on the Smart Meter and Smart Grid Initiatives.

Generation Renewable Development . On September 30, 2011, Exelon announced the completion of its acquisition of all of the interests in Antelope Valley, a 230-MW solar PV project then under development in northern Los Angeles County, California, from First Solar, Inc. The facility became fully operational in 2014. The acquisition supports the Exelon commitment to renewable energy as part of Exelon 2020. The project has a 25-year PPA with Pacific Gas & Electric Company for the full output of the plant, which has been approved by the CPUC. Total capitalized costs incurred through September 30, 2014 were approximately $1.0 billion. In addition, Generation constructed and placed into service 400 MWs of additional wind generation in 2012 at a cost of $710 million and another 90 MW will be added to Generation's wind portfolio in 2014 with the 50 MW expansion of the Beebe project in Michigan, the output of which is fully contracted under two 20-year PPAs, and the construction of the 40 MW Fourmile Wind project in Maryland to partially satisfy the Exelon-Constellation merger commitments to the State of Maryland.

Nuclear Uprate Program. Generation is engaged in individual projects as part of a planned power uprate program across its nuclear fleet. When economically viable, the projects take advantage of new production and measurement technologies, new materials and application of expertise gained from a half-century of nuclear power operations. Under the nuclear uprate program, Generation has placed into service projects representing 393 MWs of new nuclear generation at a cost of $1.0 billion, which has been capitalized to property, plant and equipment on Exelon's and Generation's consolidated balance sheets. At September 30, 2014, Generation has capitalized $218 million to construction work in progress within property, plant and equipment for nuclear uprate projects expected to be placed in service by the end of 2016, consisting of 139 MWs of new nuclear generation, that are in the installation phase at two nuclear stations: Peach Bottom in Pennsylvania and Dresden in Illinois. The remaining spend associated with these projects is expected to be approximately $200 million through the end of 2016. Generation believes that it is probable that these projects will be completed. If a project is expected not to be completed as planned, previously capitalized costs will be reversed through earnings as a charge to operating and maintenance expense and interest. See Note 7 — Impairment of Long-Lived Assets of the Combined Notes to Consolidated Financial Statements for further information.

Liquidity

Each of the Registrants annually evaluates its financing plan, dividend practices and credit line sizing, focusing on maintaining its investment grade ratings while meeting its cash needs to fund capital requirements, retire debt, pay dividends, fund pension and other postretirement benefit obligations and invest in new and existing ventures. The Registrants expect cash flows to be sufficient to meet operating expenses, financing costs and capital expenditure requirements.

Exelon, Generation, ComEd, PECO and BGE have unsecured syndicated revolving credit facilities with aggregate bank commitments of $0.5 billion, $5.3 billion, $1.0 billion, $0.6 billion and $0.6 billion, respectively. Generation also has bilateral credit facilities with aggregate maximum availability of $0.5 billion. See Liquidity and Capital Resources — Credit Matters — Exelon Credit Facilities below.

Exposure to Worldwide Financial Markets. Exelon has exposure to worldwide financial markets including European banks. Disruptions in the European markets could reduce or restrict the Registrants' ability to secure sufficient liquidity or secure liquidity at reasonable terms. As of September 30, 2014, approximately 29%, or $2.5 billion, of the Registrants' aggregate total commitments were with European banks. The credit facilities include $8.5 billion in aggregate total commitments of which $7.5 billion was available as of September 30, 2014, due to outstanding letters of credit and commercial paper. There were no borrowings under the Registrants' credit facilities as of September 30, 2014. See Note 10 — Debt and Credit Agreements of the Combined Notes to the Consolidated Financial Statements for additional information on the credit facilities.

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Tax Matters

See Note 11 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information.

Environmental Legislative and Regulatory Developments.

Exelon supports the promulgation of certain environmental regulations by the U.S. EPA, including air, water and waste controls for electric generating units. See discussion below for further details. The air and waste regulations will have a disproportionate adverse impact on fossil-fuel power plants, requiring significant expenditures of capital and variable operating and maintenance expense, and will likely result in the retirement of older, marginal facilities. Due to their low emission generation portfolios, Generation and CENG will not be significantly directly affected by these regulations, representing a competitive advantage relative to electric generators that are more reliant on fossil-fuel plants. Various bills have been introduced in the U.S. Congress that would prohibit or impede the U.S. EPA's rulemaking efforts. The timing of the consideration of such legislation is unknown.

Air Quality. In recent years, the U.S. EPA has been implementing a series of increasingly stringent regulations under the Clean Air Act relating to NAAQS for conventional air pollutants (e.g., NOx, SO2 and particulate matter) as well as stricter technology requirements to control HAPs (e.g., acid gases, mercury and other heavy metals) from electric generation units. The U.S. EPA continues to review and update its NAAQS with a tightened particulate matter NAAQS issued in December 2012 and a review of the current 2008 ozone NAAQS that is expected to result in a proposed revision of the ozone NAAQS sometime in fall 2014. These updates will potentially result in more stringent emissions limits on fossil-fuel electric generating stations. There continues to be opposition among fossil-fuel generation owners to the potential stringency and timing of these air regulations.

In July 2011, the U.S. EPA published CSAPR and in June 2012, it issued final technical corrections. CSAPR requires 28 upwind states in the eastern half of the United States to significantly improve air quality by reducing power plant emissions that cross state lines and contribute to ground-level ozone and fine particle pollution in downwind states. On August 21, 2012, a three-judge panel of the D.C. Circuit Court held that the U.S. EPA had exceeded its authority in certain material aspects with respect to CSAPR and vacated the rule and remanded it to the U.S. EPA for further rulemaking consistent with its decision. The Court also ordered that CAIR remain in effect pending finalization of CSAPR on remand. Until the U.S. EPA re-issues CSAPR, Exelon cannot determine the impacts of the rule, including any that would impact power prices. In June 2013, the U.S. Supreme Court granted the U.S. EPA's petition to review the D.C. Circuit Court's CSAPR decision, and on April 29, 2014, the U.S. Supreme reversed the D.C. Circuit Court decision and upheld CSAPR, and remanded the case to the D.C. Circuit Court to resolve the remaining implementation issues. On June 26, 2014, the U.S. EPA filed a motion with the D.C. Circuit Court seeking to have the stay of the CSAPR lifted, and proposed a three-year tolling of the effective dates under the rule so that the first phase of emission budgets would be implemented on January 1, 2015. The U.S. EPA believes that this would allow sufficient time to complete the remaining aspects of the rulemaking before the implementation of the more stringent second phase of emission budgets that, under the tolling proposal, would begin on January 1, 2017.

On December 16, 2011, the U.S. EPA signed a final rule to reduce emissions of toxic air pollutants from power plants and signed revisions to the NSPS for electric generating units. The final rule, known as MATS, requires coal-fired electric generation plants to achieve high removal rates of mercury, acid gases and other metals. To achieve these standards, coal units with no pollution control equipment installed (uncontrolled coal units) will have to make capital investments and incur higher operating expenses. It is expected that owners of smaller, older, uncontrolled coal units will retire the units rather than make these investments. Coal units with existing controls that do not meet the MATS rule may need to upgrade existing controls or add new controls to comply. Owners of oil units not currently meeting the proposed emission standards may choose to convert the

units to light oils or natural gas, install control technologies, or retire the units. Numerous entities challenged MATS in the D.C. Circuit Court, and Exelon intervened in support of the rule. On April 15, 2014, the D.C. Circuit Court issued an opinion upholding MATS in its entirety. On July 14, 2014, three petitions for certiorari were filed with the U.S. Supreme Court seeking review of the D.C. Circuit Court decision upholding MATS.

The cumulative impact of these air regulations could be to require power plant operators to expend significant capital to install pollution control technologies, including wet flue gas desulfurization technology for SO2 and acid gases, and selective catalytic reduction technology for NOx. Generation, along with the other co-owners of Conemaugh Generating Station have improved the existing scrubbers and installed Selective Catalytic Reduction (SCR) controls to meet the requirements of MATS. In addition, Keystone already has SCR and flue-gas desulfurization (FGD) controls in place.

On January 15, 2013, EPA issued a final rule for NSPS and National Emissions Standards for Hazardous Air Pollutants (NESHAP) for reciprocating internal combustion engines (RICE NESHAP/NSPS). The final rule allows diesel backup generators to operate for up to 100 hours annually under certain emergency circumstances without meeting emissions limitations, but requires units that operate over 15 hours to burn low sulfur fuel and report key engine information. The final rule eliminates after May 2014 the 50 hour exemption for peak shaving and other non-emergency demand response that was included in the proposed rule and, therefore, is not expected to result in additional megawatts of demand response to be bid into the PJM capacity auction.

In the absence of Federal legislation, the U.S. EPA is also moving forward with the regulation of GHG emissions under the Clean Air Act. The U.S. EPA is addressing the issue of carbon dioxide (CO2) emissions regulation for new and existing electric generating units through the New Source Performance Standards (NSPS) under Section 111 of the Clean Air Act. Pursuant to President Obama's June 25, 2013 memorandum to U.S. EPA, the Agency re-proposed a Section 111(b) regulation for new units in September 2013 that may result in material costs of compliance for CO2 emissions for new fossil-fuel electric generating units, particularly coal-fired units. The Climate Action Plan also required the U.S. EPA to propose by June 2014 GHG emission regulations for existing stationary sources under Section 111(d) of the Clean Air Act, and to issue final regulations by June 2015. That proposed rule was published in the Federal Register on June 16, 2014, and is open for public comment until December 1, 2014. The proposed rule establishes emission reduction targets for each state and provides flexibility for each state to determine how to achieve its required reductions, including heat rate improvements at coal-fired power plants, fuel switching from coal to gas, renewable generation and new nuclear facilities, demand side energy efficiency, and the use of market-based instruments. While the nature and impact of the final regulations is not yet known, to the extent that the rule results in emission reductions from fossil fuel fired plants, imposing some form of direct or indirect price of carbon in competitive electricity markets, Exelon's overall low-carbon generation portfolio results would benefit.

Exelon supports comprehensive climate change legislation or regulation, including a cap-and-trade program for GHG emissions, which balances the need to protect consumers, business and the economy with the urgent need to reduce national GHG emissions.

Water Quality. Section 316(b) of the Clean Water Act requires that cooling water intake structures at electric power plants reflect the best technology available to minimize adverse environmental impacts, and is implemented through state-level NPDES permit programs. On October 14, 2014, the U.S. EPA's final Section 316(b) rule became effective. The rule requires that a series of studies and analyses be performed at each facility to determine the best technology available, followed by an implementation period. The timing of the various requirements for each facility is related to the status of its current NPDES permit and the subsequent renewal period. There is no fixed compliance schedule, as this is left to the discretion of the state permitting director.

Until the compliance requirements are determined by the applicable state permitting director on a site-specific basis for each plant, the impact of compliance with the final rule is unknown. Should a state permitting

director determine that a facility is required to install cooling towers to comply with the rule, that facility's economic viability would be called into question. However, the likely impact of the rule has been significantly decreased since the final rule does not mandate cooling towers as a national standard, and the state permitting director is required to apply a cost-benefit test and take into consideration site-specific factors.

Hazardous and Solid Waste. Under proposed U.S. EPA rules issued on June 21, 2010, coal combustion residuals (CCR) would be regulated for the first time under the RCRA. The U.S. EPA is considering several options, including classification of CCR either as a hazardous or non-hazardous waste, under RCRA. Under either option, the U.S. EPA's intention is the ultimate elimination of surface impoundments as a waste treatment process. For plants affected by the proposed rules, this would result in significant capital expenditures and variable operating and maintenance expenditures to convert to dry handling and disposal systems and installation of new waste water treatment facilities. Generation's plants that would be affected by the proposed rules are the Keystone and Conemaugh generating stations in Pennsylvania, which have on-site landfills that meet the requirements of Pennsylvania solid waste regulations for non-hazardous waste disposal. However, until the final rule is adopted, the impact on these facilities is unknown. The U.S. EPA has entered into a Consent Decree which requires that a final rule be issued by December 19, 2014.

See Note 18 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements for further detail related to environmental matters, including the impact of environmental regulation.

Other Regulatory and Legislative Actions

Japan Earthquake and Tsunami and the Industry's Response. On March 11, 2011, Japan experienced a 9.0 magnitude earthquake and ensuing tsunami that seriously damaged the nuclear units at the Fukushima Daiichi Nuclear Power Station, which are operated by Tokyo Electric Power Co.

In July 2011, an NRC Task Force formed in the aftermath of the Fukushima Daiichi events issued a report of its review of the accident, including tiered recommendations for future regulatory action by the NRC to be taken in the near and longer term. The Task Force's report concluded that nuclear reactors in the United States are operating safely and do not present an imminent risk to public health and safety. The NRC and its staff have issued orders and implementation guidance for commercial reactor licensees operating in the United States. The NRC and its staff are continuing to evaluate additional requirements. Generation has assessed the impacts of the Tier 1 orders and information requests and will continue monitoring the additional recommendations under review by the NRC staff, both from an operational and a financial impact standpoint. A comprehensive review of the NRC Tier 1 orders and information requests, as well as preliminary engineering assumptions and analysis, indicate that the financial impact of compliance for Generation, net of expected co-owner reimbursements, for the period from 2014 through 2018 is expected to be between approximately $450 million and $475 million of capital (including approximately $100 million for the CENG plants) and $75 million of operating expense (including approximately $25 million for the CENG plants). As Generation completes the design and installation planning for its actions, Generation will update these estimates. Further, Generation estimates incremental costs of $15 to $20 million per unit at thirteen Mark I and II units (including two CENG units) for the installation of filters on vents, if ultimately required by the NRC. Generation's current assessments are specific to the Tier 1 recommendations as the NRC has not taken specific action with respect to the Tier 2 and Tier 3 recommendations. Exelon and Generation are unable to conclude at this time to what extent any actions to comply with the requirements of Tier 2 and Tier 3 will impact their future financial position, results of operations, and cash flows. Generation will continue to engage in nuclear industry assessments and actions and stakeholder input. See Item 1A. Risk Factors and Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Executive Overview of the Exelon 2013 Form 10-K, for additional information.

Financial Reform Legislation. The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) was enacted in July 2010. Although the Dodd-Frank Act is focused primarily on the regulation

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and oversight of financial institutions, it also provides for a new regulatory regime for over-the-counter swaps (Swaps), including mandatory clearing for certain categories of Swaps, incentives to shift swap activity to exchange trading, margin and capital requirements, and other obligations designed to promote transparency. The Dodd-Frank Act, however, also preserves the ability of end users in the energy industry to hedge their risks without being subject to mandatory clearing. Exelon is conducting its commercial business in a manner that does not require registration as a swap dealer or major swap participant. There are additional rulemakings, however, including the capital and margin rules, which will potentially have an impact on the Registrants' business. Depending on the substance of these final rules, the Registrants could be subject to additional new obligations.

In particular, the proposed regulations addressing collateral and capital requirements and exchange margin cash postings, when final, could require Generation to have increased collateral requirements or cash postings. Generation had previously estimated that it could be required to make up to $1 billion of additional collateral postings under its bilateral credit lines.

Nonetheless, given that Generation is not a swap dealer or major swap participant and the majority of its wholesale portfolio is not comprised of Swaps, the actual amount of additional collateral postings that might be required as a direct result of Dodd-Frank could be lower than Exelon's previous expectations. The actual level of collateral required at any time will depend also on many other factors, including but not limited to market conditions, the extent of its trading activity in Swaps, and Generation's credit ratings. In addition, there will be minimal incremental costs associated with Generation's positions that are currently cleared and subject to exchange margin. Finally, as an end-user, Generation will not be subject to any of the proposed capital requirements that will apply to swap dealers and major swap participants.

Nonetheless, to the extent collateral costs increase as a result of the Dodd-Frank Act, Generation has adequate credit facilities and flexibility in its hedging program to meet any increase, including an increase of $1 billion.

Exelon and Generation continue to monitor the rulemaking procedures and cannot predict the ultimate outcome that the financial reform legislation will have on their results of operations, cash flows or financial position.

ComEd, PECO and BGE could also be subject to some additional Dodd-Frank Act requirements to the extent they were to enter into Swap transactions. However, at this time, management of ComEd, PECO and BGE continue to expect that their companies will not be materially affected by this legislation.

Energy Infrastructure Modernization Act. Since 2011, ComEd's distribution rates are established through a performance-based rate formula, pursuant to EIMA. Participating utilities are required to file an annual update to the performance-based formula rate tariff on or before May 1, with resulting rates effective in January of the following year. This annual formula rate update is based on prior year actual costs and current year projected capital additions. The update also reconciles any differences between the revenue requirement(s) in effect for the prior year and actual costs incurred for that year. In addition, ComEd's earned rate of return on common equity is required to be within plus or minus 50 basis points ("the collar") of the target rate of return determined as the annual average rate on 30-year treasury notes plus 580 basis points. Therefore, the collar limits favorable and unfavorable impacts of weather and load on distribution revenue. Throughout each year, ComEd records regulatory assets or regulatory liabilities and corresponding increases or decreases to operating revenues for any differences between the revenue requirement(s) in effect and ComEd's best estimate of the revenue requirement expected to be approved by the ICC for that year's reconciliation.

Formula Rate Tariff and Annual Reconciliation. On April 16, 2014, ComEd filed its annual distribution formula rate update with the ICC. The filing establishes the revenue requirement used to set the rates that will take effect in January 2015 after the ICC's review and approval, which is due by December 2014. The revenue requirement requested is based on 2013 actual costs plus projected 2014 capital additions as well as an annual

reconciliation of the revenue requirement in effect in 2013 to the actual costs incurred that year. ComEd's 2014 filing request includes a total increase to the net revenue requirement of $269 million, reflecting an increase of $174 million for the initial revenue requirement for 2014 and an increase of $95 million related to the annual reconciliation for 2013. The revenue requirement for 2014 provides for a weighted average debt and equity return on distribution rate base of 7.06% inclusive of an allowed return on common equity of 9.25%, reflecting the average rate on 30-year treasury notes plus 580 basis points. The annual reconciliation for 2013 provided for a weighted average debt and equity return on distribution rate base of 7.04% inclusive of an allowed return on common equity of 9.20%, reflecting the average rate on 30-year treasury notes plus 580 basis points less a performance metrics penalty of 5 basis points.

On October 15, 2014, the ALJ issued its proposed order in ComEd's current distribution formula rate proceeding, recommending an increase to the net revenue requirement of $239 million as compared to ComEd's request of $269 million discussed above. The $30 million reduction, a portion of which may be recoverable through other recovery mechanisms, consisted of a decrease of $20 million for the initial revenue requirement for 2014 and a decrease of $10 million related to the annual reconciliation for 2013. The ALJs proposed order has no independent legal effect as the ICC must vote on a final order by mid December 2014, which may materially vary from the findings and conclusions in the proposed order. If the ICC provides significant changes to ComEd's filed revenue requirement request, it could have a material impact on ComEd's results of operations and cash flows.

FERC Ameren Order. In July 2012, FERC issued an order to Ameren Corporation (Ameren) finding that Ameren had improperly included acquisition premiums/ goodwill in its transmission formula rate, particularly in its capital structure and in the application of AFUDC. FERC also directed Ameren to make refunds for the implied increase in rates in prior years. Ameren filed for rehearing of the July 2012 order, which was denied in June 2014. FERC and Ameren are in the process of determining the amount of any potential refund. ComEd believes that the FERC order authorizing its transmission formula rate is distinguishable from the circumstances that led to the July 2012 FERC order in the Ameren case. However, if ComEd were required to exclude acquisition premiums/ goodwill from its transmission formula rate, the impact could be material to ComEd's results of operations and cash flows.

FERC Order No. 1000 Compliance (ComEd, PECO and BGE). In FERC Order No. 1000, the FERC required public utility transmission providers to enhance their transmission planning procedures and their cost allocation methods applicable to certain new regional and interregional transmission projects. As part of the changes to the transmission planning procedures, the FERC required removal from all FERC-approved tariffs and agreements of a right of first refusal to build certain new transmission facilities. In compliance with the regional transmission planning requirements of Order No. 1000, PJM as the transmission provider submitted a compliance filing to FERC on October 25, 2012. On the same day, certain of the PJM transmission owners, including ComEd, PECO and BGE (collectively, the PJM Transmission Owners), submitted a filing asserting that their contractual rights embodied in the PJM governing documents continue to justify their right of first refusal to construct new reliability (and related) transmission projects and that the FERC should not be allowed to override such rights absent a showing that it is in the public interest to do so under the FERC's " *Mobile-Sierra* " standard of review. This is a heightened standard of review which the PJM Transmission Owners argued could not be satisfied based on the facts applicable to them. On March 22, 2013, FERC issued an order on the PJM Compliance Filing and the filing of these PJM Transmission Owners (1) rejecting the arguments of those PJM Transmission Owners that changes to the PJM governing documents were entitled to review under the *Mobile-Sierra* standard, (2) accepting most of the PJM filing, removing the right-of-first refusal from the PJM tariffs, and (3) directing PJM to remove certain exceptions that it included in its compliance filing that FERC found did not comply with Order No. 1000. FERC's order could enable third parties to seek to build certain regional transmission projects that had previously been reserved for the PJM Transmission Owners, potentially reducing ComEd's, PECO's and BGE's opportunities to obtain a financial return with respect to new investments in energy transmission facilities. Numerous parties sought rehearing of the FERC's March 22, 2013 order, including the PJM Transmission Owners who sought rehearing of the FERC's rejection of their Mobile-Sierra and related arguments. PJM's compliance filing was made on July 22, 2013. On

May 15, 2014, FERC denied the rehearing requests except with respect to one issue on when PJM could consider state and local laws in evaluating projects. FERC generally accepted the July 22, 2013, Compliance Filing but required several minor additional changes. FirstEnergy and at least one other party filed an appeal of the May 15, 2014, Order upholding PJM's right of first refusal language in the DC Circuit. Exelon has intervened in the FirstEnergy appeal. Several parties have filed requests for rehearing or clarification concerning the changes set forth in the May 15, 2014 Order.

FERC Transmission Complaint. On February 27, 2013, consumer advocates and regulators from the District of Columbia, New Jersey, Delaware and Maryland, and the Delaware Electric Municipal Cooperatives (the parties), filed a complaint at FERC against BGE and the PHI companies relating to their respective transmission formula rates. BGE's formula rate includes a 10.8% base rate of return on common equity (ROE) for most investments included in its rate base and 11.3% for the remaining transmission investment (the latter of which is conditioned upon crediting the first 50 basis points of any incentive ROE adders). The parties seek a reduction in the base return on equity to 8.7% and changes to the formula rate process. FERC docketed the matter and set April 3, 2013 as the deadline for interventions, protests and answers. Under FERC rules, the revenues subject to refund are limited to a fifteen month period, and the earliest date from which the base return on equity could be adjusted and refunds required is the date of the complaint. On March 19, 2013, BGE filed a motion to dismiss or sever the complaint. On June 19, 2014, FERC issued an order in another case involving New England Transmission Owners (NETOs), changing its methodology to determine ROE rates for public utilities. The result was a reduction in the ROE from 11.14% to 10.57% for the NETOs, with a possible further adjustment in either direction based on additional paper hearing submissions. On July 21, 2014, the NETOs filed a Request for Rehearing and Clarification with FERC of the June 19, 2014 order. Among other things, the NETOs request on rehearing that the 11.14% is reasonable based on the new methodology. Following the paper hearing submissions, FERC again approved a base ROE of 10.57% on October 16, 2014.

On August 21, 2014, FERC issued an order which established hearing and settlement judge procedures for the complaint, and set a refund effective date of February 27, 2013. BGE, the PHI companies and the parties began settlement discussions under the guidance of a FERC administrative law judge on September 23, 2014 and the discussions are expected to continue at least through November. While it is too early in the process to predict the outcome of the settlement discussions, if the parties cannot resolve their differences, the matter will proceed to hearing.

Based on the current status of the settlement discussions, BGE believes it is probable that BGE's base ROE rate will be adjusted, and that a refund to customers of transmission revenue for the maximum fifteen month period will be required. However, BGE is unable to estimate the most likely refund amount at this time, and has therefore established a reserve, which is not material, representing the low end of a reasonably possible estimated range of loss. If FERC were to order a reduction of BGE's base return on equity to 8.7% as sought in the original complaint (while retaining the 50 basis points of any incentives that were credited to the base return on equity for certain new transmission investment), the result would be a refund to customers of approximately $13 million, as well as estimated ongoing annual reduction in revenues of approximately $10 million. See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

The Maryland Strategic Infrastructure Development and Enhancement Program. In February 2013, the Maryland General Assembly passed legislation intended to accelerate gas infrastructure replacements in Maryland by establishing a mechanism for gas companies to promptly recover reasonable and prudent costs of eligible infrastructure replacement projects separate from base rate proceedings. Under the new law, following a proceeding before the MDPSC and with the MDPSC's approval of the eligible infrastructure replacement projects along with a corresponding surcharge, BGE could begin charging gas customers a monthly surcharge for infrastructure costs incurred after June 1, 2013. On August 2, 2013, BGE filed its infrastructure replacement plan and associated surcharge. On March 26, 2014, the MDPSC approved as filed BGE's proposed 2014 project list, tariff and associated surcharge amounts, with a surcharge becoming effective April 1, 2014. In February 2014, the residential consumer advocate in Maryland filed an appeal with the Baltimore City Circuit Court to the

decision issued by the MDPSC on BGE's infrastructure replacement plan. The residential consumer advocate filed its related legal memorandum on July 7, 2014, claiming that the MDPSC did not apply the appropriate consideration in approving BGE's infrastructure replacement plan and associated surcharge. BGE submitted a response to the appeal on August 6, 2014. On September 5, 2014, the Baltimore City Circuit Court affirmed the MDPSC decision on BGE's infrastructure replacement plan and associated surcharge. On October 10, 2014, the residential consumer advocate noticed its appeal to the Maryland Court of Special Appeals from the judgment entered by the Baltimore City Circuit Court. See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Employees

IBEW Local 15's collective bargaining agreements (CBAs) were set to expire in 2013 but were extended by agreement to February 28, 2014. A tentative agreement was reached prior to the expiration and on March 31, 2014, two CBA's with IBEW Local 15 (which represents approximately 5,250 of Exelon's employees) were ratified. The CBA's, one with ComEd and BSC and the other with Generation, extend through September 30, 2019 and April 30, 2019, respectively.

Critical Accounting Policies and Estimates

Management of each of the Registrants makes a number of significant estimates, assumptions and judgments in the preparation of its financial statements. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies and Estimates" in Exelon's, Generation's, ComEd's, PECO's and BGE's combined 2013 Form 10-K for a discussion of the estimates and judgments necessary in the Registrants' accounting for AROs, purchase accounting, asset impairments, depreciable lives of property, plant and equipment, defined benefit pension and other postretirement benefits, regulatory accounting, derivative instruments, taxation, contingencies and revenue recognition. At September 30, 2014, the Registrants' critical accounting policies and estimates had not changed significantly from December 31, 2013. Exelon and Generation considered the impact of consolidating CENG on the previously disclosed ARO sensitivities and determined that inclusion of CENG balances in these critical accounting estimates impacts the previously disclosed sensitivities generally by 20 to 35 percent which is proportional to the overall increase in the ARO liability from the consolidation of CENG. The ARO sensitivities will be updated in the December 31, 2014 Form 10-K to include the impacts of the CENG consolidation.

Results of Operations

Net Income Attributable to Common Shareholders by Registrant

	Three Months Ended September 30,		Favorable (Unfavorable) Variance	Nine Months Ended September 30,		Favorable (Unfavorable) Variance
	2014	2013		2014	2013	
Exelon	$ 993	$ 738	$ 255	$ 1,604	$ 1,224	$ 380
Generation	771	490	281	926	801	125
ComEd	126	126	—	335	140	195
PECO	81	92	(11)	255	285	(30)
BGE	46	50	(4)	146	150	(4)

Results of Operations — Generation

	Three Months Ended September 30,		Favorable (Unfavorable) Variance	Nine Months Ended September 30,		Favorable (Unfavorable) Variance
	2014 [a]	2013		2014 [a]	2013	
Operating revenues	$ 4,412	$ 4,255	$ 157	$ 12,591	$11,858	$ 733
Purchased power and fuel expense	1,880	2,179	299	7,071	6,294	(777)
Revenue net of purchased power and fuel [b]	2,532	2,076	456	5,520	5,564	(44)
Other operating expenses						
Operating and maintenance	1,266	1,076	(190)	3,765	3,377	(388)
Depreciation and amortization	253	218	(35)	719	643	(76)
Taxes other than income	127	98	(29)	350	292	(58)
Total other operating expenses	1,646	1,392	(254)	4,834	4,312	(522)
Equity in earnings (losses) of unconsolidated affiliates	1	37	(36)	(20)	7	(27)
Gain on consolidation of CENG	—	—	—	261	—	261
Operating income	887	721	166	927	1,259	(332)
Other income and (deductions)						
Interest expense	(89)	(82)	(7)	(261)	(257)	(4)
Other, net	342	134	208	661	229	432
Total other income and (deductions)	253	52	201	400	(28)	428
Income before income taxes	1,140	773	367	1,327	1,231	96
Income taxes	291	288	(3)	290	436	146
Net income	849	485	364	1,037	795	242
Net income (loss) attributable to noncontrolling interests	78	(5)	(83)	111	(6)	(117)
Net income attributable to membership interest	$ 771	$ 490	$ 281	$ 926	$ 801	$ 125

(a) Includes the operations of CENG from April 1, 2014, through September 30, 2014.

(b) Generation evaluates its operating performance using the measure of revenue net of purchased power and fuel expense. Generation believes that revenue net of purchased power and fuel expense is a useful measurement because it provides information that can be used to evaluate its operational performance. Revenue net of purchased power and fuel expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

Net Income Attributable to Membership Interest

Three Months Ended September 30, 2014 Compared to Three Months Ended September 30, 2013. Generation's net income attributable to membership interest for the three months ended September 30, 2014 increased compared to the same period in 2013 primarily due to higher revenue net of purchased power and fuel expense and an increase in other income, partially offset by increased operating and maintenance expense. The increase in revenue net of purchased power and fuel expense primarily relates to the inclusion of CENG's results on a fully consolidated basis beginning April 1, 2014 and favorable portfolio management optimization activities, partially offset by a decrease in generation volumes, excluding CENG. The increase in operating and maintenance expense is primarily related to the inclusion of CENG's results on a fully consolidated basis beginning April 1, 2014, the loss contingency recorded due to Constellation merger commitments, and increased contracting costs as a result of increased non-refueling outage days. The increase in other income is primarily due to the gain recorded on the sale of Generation's ownership interest in generating stations.

Nine Months Ended September 30, 2014 Compared to Nine Months Ended September 30, 2013. Generation's net income attributable to membership interest for the nine months ended September 30, 2014 increased compared to the same period in 2013 primarily due to the gain recognized as a result of the consolidation of CENG and an increase in other income partially offset by decreased revenue net of purchased power and fuel expense and increased operating and maintenance expense. The decrease in revenue net of purchased power and fuel expense primarily relates to mark-to-market losses from economic hedging activities, lower realized energy prices, higher procurement costs for replacement power, increased fossil fuel expense due to extreme cold weather during the first quarter of 2014 and, excluding CENG, a decrease in generation volumes, partially offset by the consolidation of CENG, higher capacity revenues, and a decrease in amortization expense for the acquired energy contracts recorded at fair value at the merger date with Constellation and the consolidation of CENG. The increase in operating and maintenance expense is primarily related to the inclusion of CENG's results on a fully consolidated basis beginning April 1, 2014, the loss contingency recorded due to Constellation merger commitments, and an increase in refueling outage days in 2014. The increase in other income is primarily due to the gain recorded on the sale of Generation's ownership interest in generating stations and an increase in realized and unrealized NDT fund gains.

Revenue Net of Purchased Power and Fuel Expense

The foundation of Generation's six reportable segments is based on the geographic location of its assets, and are largely representative of the footprints of an ISO / RTO and/or NERC region. Descriptions of each of Generation's six reportable segments are as follows:

- Mid-Atlantic represents operations in the eastern half of PJM, which includes Pennsylvania, New Jersey, Maryland, Virginia, West Virginia, Delaware, the District of Columbia and parts of North Carolina.
- Midwest represents operations in the western half of PJM, which includes portions of Illinois, Indiana, Ohio, Michigan, Kentucky and Tennessee, and the United States footprint of MISO excluding MISO's Southern Region, which covers all or most of North Dakota, South Dakota, Nebraska, Minnesota, Iowa, Wisconsin, the remaining parts of Illinois, Indiana, Michigan and Ohio not covered by PJM, and parts of Montana, Missouri and Kentucky.
- New England represents the operations within ISO-NE covering the states of Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.
- New York represents operations within New York ISO, which covers the state of New York in its entirety.
- ERCOT represents operations within Electric Reliability Council of Texas, covering most of the state of Texas.
- Other Regions not considered individually significant:
  - South represents operations in the FRCC, MISO's Southern Region, and the remaining portions of the SERC not included within MISO or PJM, which includes all or most of Florida, Arkansas, Louisiana, Mississippi, Alabama, Georgia, Tennessee, North Carolina, South Carolina and parts of Missouri, Kentucky and Texas. Generation's South region also includes operations in the SPP, covering Kansas, Oklahoma, most of Nebraska and parts of New Mexico, Texas, Louisiana, Missouri, Mississippi and Arkansas.
  - West represents operations in the WECC, which includes California ISO, and covers the states of California, Oregon, Washington, Arizona, Nevada, Utah, Idaho, Colorado, and parts of New Mexico, Wyoming and South Dakota.
  - Canada represents operations across the entire country of Canada and includes the AESO, OIESO and the Canadian portion of MISO.

The following business activities are not allocated to a region, and are reported under Other: retail and wholesale gas, investments in natural gas exploration and production activities, proprietary trading, distributed energy, heating, cooling, and cogeneration facilities, and home improvements, sales of electric and gas appliances, servicing of heating, air conditioning, plumbing, electrical, and indoor quality systems and investments in energy-related proprietary technology. Further, the following activities are not allocated to a region, and are reported in Other: unrealized mark-to-market impact of economic hedging activities; amortization of certain intangible assets relating to commodity contracts recorded at fair value as a result of the merger with Constellation and the consolidation of CENG; and other miscellaneous revenues.

Generation evaluates the operating performance of its power marketing activities using the measure of revenue net of purchased power and fuel expense which is a non-GAAP measurement. Generation's operating revenues include all sales to third parties and affiliated sales to ComEd, PECO and BGE. Purchased power costs include all costs associated with the procurement and supply of electricity including capacity, energy and ancillary services. Fuel expense includes the fuel costs for internally generated energy and fuel costs associated with tolling agreements.

For the three and nine months ended September 30, 2014 and 2013, Generation's revenue net of purchased power and fuel expense by region were as follows:

	Three Months Ended September 30,			
	2014 [a]	2013	Variance	% Change
Mid-Atlantic [b]	$ 935	$ 864	$ 71	8.2%
Midwest [c]	716	601	115	19.1%
New England	90	62	28	45.2%
New York	186	(9)	195	n.m.
ERCOT	109	144	(35)	(24.3)%
Other Regions [d]	68	41	27	65.9%
Total electric revenue net of purchased power and fuel expense	2,104	1,703	401	23.5%
Proprietary Trading	23	1	22	n.m.
Mark-to-market gains	267	246	21	8.5%
Other [e]	138	126	12	9.5%
Total revenue net of purchased power and fuel expense	$ 2,532	$ 2,076	$ 456	22.0%

	Nine Months Ended September 30,			
	2014 [a]	2013	Variance	% Change
Mid-Atlantic [b]	$ 2,550	$ 2,475	$ 75	3.0%
Midwest [c]	1,877	2,001	(124)	(6.2)%
New England	290	142	148	104.2%
New York	313	(17)	330	n.m.
ERCOT	250	357	(107)	(30.0)%
Other Regions [d]	249	147	102	69.4%
Total electric revenue net of purchased power and fuel expense	5,529	5,105	424	8.3%
Proprietary Trading	43	13	30	n.m.
Mark-to-market gains (losses)	(477)	271	(748)	n.m.
Other [e]	425	175	250	142.9%
Total revenue net of purchased power and fuel expense	$ 5,520	$ 5,564	$ (44)	(0.8)%

(a) Includes the operations of CENG from April 1, 2014 through September 30, 2014.
(b) Results of transactions with PECO and BGE are included in the Mid-Atlantic region.

(c) Results of transactions with ComEd are included in the Midwest region.
(d) Other Regions include South, West and Canada, which are not considered individually significant.
(e) Other represents activities not allocated to a region. See text above for a description of included activities. Also includes amortization of intangible assets related to commodity contracts recorded at fair value at the date of the merger with Constellation and the consolidation of CENG in purchase accounting of $15 million increase and $78 million decrease to revenue net of purchased power and fuel expense for the three and nine months ended September 30, 2014, and $44 million decrease and $386 million decrease to revenue net of purchased power and fuel expense for the three and nine months ended September 30, 2013.

Generation's supply sources by region are summarized below:

	Three Months Ended September 30,			
Supply source (GWh)	2014	2013	Variance	% Change
Nuclear generation				
Mid-Atlantic [a]	15,993	12,424	3,569	28.7%
Midwest	24,379	23,741	638	2.7%
New York [a]	4,891	—	4,891	n.m.
Total nuclear generation	45,263	36,165	9,098	25.2%
Fossil and renewables [a]				
Mid-Atlantic	2,385	2,808	(423)	(15.1)%
Midwest	212	217	(5)	(2.3)%
New England	1,789	3,609	(1,820)	(50.4)%
New York	1	—	1	n.m.
ERCOT	2,331	2,522	(191)	(7.6)%
Other Regions [c]	2,285	1,913	372	19.4%
Total fossil and renewables	9,003	11,069	(2,066)	(18.7)%
Purchased power				
Mid-Atlantic [b]	1,110	4,289	(3,179)	(74.1)%
Midwest	260	707	(447)	(63.2)%
New England	3,231	2,178	1,053	48.3%
New York [b]	—	3,565	(3,565)	(100.0)%
ERCOT	2,184	3,803	(1,619)	(42.6)%
Other Regions [c]	4,397	3,244	1,153	35.5%
Total purchased power	11,182	17,786	(6,604)	(37.1)%
Total supply/sales by region [d]				
Mid-Atlantic [e]	19,488	19,521	(33)	(0.2)%
Midwest [e]	24,851	24,665	186	0.8%
New England	5,020	5,787	(767)	(13.3)%
New York	4,892	3,565	1,327	37.2%
ERCOT	4,515	6,325	(1,810)	(28.6)%
Other Regions [c]	6,682	5,157	1,525	29.6%
Total supply/sales by region	65,448	65,020	428	0.7%

Supply source (GWh)	Nine Months Ended September 30, 2014	2013	Variance	% Change
Nuclear generation				
Mid-Atlantic [a]	43,042	36,980	6,062	16.4%
Midwest	70,223	69,817	406	0.6%
New York [a]	8,657	—	8,657	n.m.
Total nuclear generation	121,922	106,797	15,125	14.2%
Fossil and renewables [a]				
Mid-Atlantic	8,758	8,764	(6)	(0.1)%
Midwest	948	1,116	(168)	(15.1)%
New England	4,822	9,133	(4,311)	(47.2)%
New York	3	—	3	n.m.
ERCOT	5,541	4,872	669	13.7%
Other Regions [c]	5,954	5,598	356	6.4%
Total fossil and renewables	26,026	29,483	(3,457)	(11.7)%
Purchased power				
Mid-Atlantic [b]	5,152	10,138	(4,986)	(49.2)%
Midwest	1,491	3,910	(2,419)	(61.9)%
New England	7,591	5,050	2,541	50.3%
New York [b]	2,857	10,149	(7,292)	(71.8)%
ERCOT	8,142	12,271	(4,129)	(33.6)%
Other Regions [c]	11,406	11,945	(539)	(4.5)%
Total purchased power	36,639	53,463	(16,824)	(31.5)%
Total supply/sales by region [d]				
Mid-Atlantic [e]	56,952	55,882	1,070	1.9%
Midwest [e]	72,662	74,843	(2,181)	(2.9)%
New England	12,413	14,183	(1,770)	(12.5)%
New York	11,517	10,149	1,368	13.5%
ERCOT	13,683	17,143	(3,460)	(20.2)%
Other Regions [c]	17,360	17,543	(183)	(1.0)%
Total supply/sales by region	184,587	189,743	(5,156)	(2.7)%

(a) Includes the proportionate share of output where Generation has an undivided ownership interest in jointly-owned generating plants and includes the total output of plants that are fully consolidated (e.g. CENG). Nuclear generation for the three months and nine months ended September 30, 2014 includes physical volumes of 3,726 GWh and 7,507 GWh in Mid-Atlantic and 4,891 GWh and 8,657 GWh in New York for CENG.

(b) Purchased power for the three months and nine months ended September 30, 2014 includes physical volumes of 0 GWh and 2,489 GWh in the Mid-Atlantic and 0 GWh and 2,857 GWh in New York as a result of the PPA with CENG. Purchased power for the three months and nine months ended September 30, 2013 includes physical volumes of 3,138 GWh and 8,840 GWh in the Mid-Atlantic and 3,147 GWh and 9,113 GWh in New York as a result of the PPA with CENG. As of the integration date of April 1, 2014, CENG volumes are included in nuclear generation.

(c) Other Regions include South, West and Canada, which are not considered individually significant.

(d) Excludes physical proprietary trading volumes of 3,006 GWh and 2,499 GWh for the three months ended September 30, 2014 and 2013, respectively, and 8,129 GWh and 6,066 GWh for the nine months ended September 30, 2014 and 2013, respectively.

(e) Includes affiliate sales to PECO and BGE in the Mid-Atlantic region and affiliate sales to ComEd in the Midwest region.

Mid-Atlantic

Three Months Ended September 30, 2014 Compared to Three Months Ended September 30, 2013 . The $71 million increase in revenue net of purchased power and fuel expense in the Mid-Atlantic was primarily due to the consolidation of CENG, favorable portfolio management optimization activities, and the cancellation of the DOE spent nuclear fuel disposal fee, partially offset by lower capacity revenues and lower generation volumes, excluding CENG.

Nine Months Ended September 30, 2014 Compared to Nine Months Ended September 30, 2013. The $75 million increase in revenue net of purchased power and fuel expense in the Mid-Atlantic was primarily due to the consolidation of CENG, the cancellation of the DOE spent nuclear fuel disposal fees, higher capacity revenues, and favorable portfolio management optimization activities, partially offset by higher procurement costs for replacement power, an increase in generation fuel prices, and lower generation volumes, excluding CENG.

Midwest

Three Months Ended September 30, 2014 Compared to Three Months Ended September 30, 2013 . The $115 million increase in revenue net of purchased power and fuel expense in the Midwest was primarily due to higher capacity revenues and the cancellation of the DOE spent nuclear fuel disposal fee, partially offset by lower realized energy prices.

Nine Months Ended September 30, 2014 Compared to Nine Months Ended September 30, 2013 . The $124 million decrease in revenue net of purchased power and fuel expense in the Midwest was primarily due to lower realized energy prices, partially offset by increased capacity revenue and the cancellation of the DOE spent nuclear fuel disposal fee.

New England

Three Months Ended September 30, 2014 Compared to Three Months Ended September 30, 2013 . The $28 million increase in revenue net of purchased power and fuel expense in New England was primarily due to higher realized energy prices and favorable impacts from the restructuring of a fuel supply contract, partially offset by lower generation volume.

Nine Months Ended September 30, 2014 Compared to Nine Months Ended September 30, 2013 . The $148 million increase in revenue net of purchased power and fuel expense in New England was driven by higher realized energy prices and favorable impacts from the restructuring of a fuel supply contract, partially offset by lower generation volume.

New York

Three Months Ended September 30, 2014 Compared to Three Months Ended September 30, 2013 . The $195 million increase in revenue net of purchased power and fuel expense in New York was primarily due to the consolidation of CENG.

Nine Months Ended September 30, 2014 Compared to Nine Months Ended September 30, 2013. The $330 million increase in revenue net of purchased power and fuel expense in New York was primarily due to the consolidation of CENG.

ERCOT

Three Months Ended September 30, 2014 Compared to Three Months Ended September 30, 2013 . The $35 million decrease in revenue net of purchased power and fuel expense in ERCOT was primarily due to lower realized energy prices and the termination of an energy supply contract with a retail power supply company that was previously a consolidated variable interest entity. As a result of the termination, Generation no longer has a variable interest in the retail supply company and ceased consolidation of the entity during the third quarter of 2013.

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Nine Months Ended September 30, 2014 Compared to Nine Months Ended September 30, 2013 . The $107 million decrease in revenue net of purchased power and fuel expense in ERCOT was primarily due to increased generation fuel costs, higher procurement costs for replacement power in the second quarter of 2014, and the termination of an energy supply contract with a retail power supply company that was previously a consolidated variable interest entity. As a result of the termination, Generation no longer has a variable interest in the retail supply company and ceased consolidation of the entity during the third quarter of 2013. The decreases were partially offset by higher generation volume in the first quarter of 2014.

Other Regions

Three Months Ended September 30, 2014 Compared to Three Months Ended September 30, 2013 . The $27 million increase in revenue net of purchased power and fuel expense in Other Regions was primarily due to higher generation volumes and higher realized energy prices, partially offset by increased generation fuel costs.

Nine Months Ended September 30, 2014 Compared to Nine Months Ended September 30, 2013 . The $102 million increase in revenue net of purchased power and fuel expense in Other Regions was primarily due to higher generation volumes and higher realized energy prices, partially offset by increased generation fuel costs.

Mark-to-market

Three Months Ended September 30, 2014 Compared to Three Months Ended September 30, 2013. Generation is exposed to market risks associated with changes in commodity prices and enters into economic hedges to mitigate exposure to these fluctuations. Mark-to-market gains on economic hedging activities were $267 million for the three months ended September 30, 2014 compared to gains of $246 million for the three months ended September 30, 2013. See Notes 8 — Fair Value of Financial Assets and Liabilities and 9 — Derivative Financial Instruments of the Combined Notes to the Consolidated Financial Statements for information on gains and losses associated with mark-to-market derivatives.

Nine Months Ended September 30, 2014 Compared to Nine Months Ended September 30, 2013 . Generation is exposed to market risks associated with changes in commodity prices and enters into economic hedges to mitigate exposure to these fluctuations. Mark-to-market losses on economic hedging activities were $477 million for the nine months ended September 30, 2014 compared to gains of $271 million for the nine months ended September 30, 2013. See Notes 8 — Fair Value of Financial Assets and Liabilities and 9 — Derivative Financial Instruments of the Combined Notes to the Consolidated Financial Statements for information on gains and losses associated with mark-to-market derivatives.

Other

Three Months Ended September 30, 2014 Compared to Three Months Ended September 30, 2013 . The $12 million increase in other revenue net of purchased power and fuel expense was driven by the reduction of amortization of the acquired energy contracts recorded at the date of merger with Constellation and the consolidation of CENG, partially offset by the absence of various joint venture fees due to the integration of CENG.

Nine Months Ended September 30, 2014 Compared to Nine Months Ended September 30, 2013 . The $250 million increase in other revenue net of purchased power and fuel was driven by the reduction of amortization of the acquired energy contracts recorded at fair value at the date of merger with Constellation and the consolidation of CENG, partially offset by the absence of various joint venture fees due to the integration of CENG.

Nuclear Fleet Capacity Factor and Production Costs

The following table presents nuclear fleet operating data for the three and nine months ended September 30, 2014 as compared to the same periods in 2013, for the Generation-operated plants. The nuclear fleet capacity factor presented in the table is defined as the ratio of the actual output of a plant over a period of time to its output if the plant had operated at full average annual mean capacity for that time period. Nuclear fleet production cost is defined as the costs to produce one MWh of energy, including fuel, materials, labor, contracting and other miscellaneous costs, but excludes depreciation and certain other non-production related overhead costs. Generation considers capacity factor and production costs useful measures comparatively to analyze the nuclear fleet performance between periods. Generation has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, these measures are not a presentation defined under GAAP and may not be comparable to other companies' presentations or be more useful than the GAAP information provided elsewhere in this report.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Nuclear fleet capacity factor [(a)]	96.5%	94.8%	94.1%	94.7%
Nuclear fleet production cost per MWh [(a)]	$ 17.99	$ 18.87	$19.58	$19.14

(a) Excludes Salem, which is operated by PSEG Nuclear, LLC. Reflects ownership percentage of stations operated by Exelon. As of April 1, 2014, CENG is included at ownership.

Three Months Ended September 30, 2014 Compared to Three Months Ended September 30, 2013 . The nuclear fleet capacity factor increased primarily due fewer refueling outage days, excluding Salem outages during the three months ended September 30, 2014 compared to the same period in 2013. For the three months ended September 30, 2014 and 2013, refueling outage days totaled 18 and 43, respectively. During the same periods, non-refueling outage days totaled 20 and 5, respectively. For the three months ended September 30, 2014 as compared to the same period in 2013, production costs per MWh were lower due to the elimination of the SNF disposal fee in 2014, partially offset by the inclusion of the ownership share of CENG in 2014.

Nine Months Ended September 30, 2014 Compared to Nine Months Ended September 30, 2013 . The nuclear fleet capacity factor decreased primarily due to more refueling and non-refueling outage days, excluding Salem outages, during the nine months ended September 30, 2014 compared to the same period in 2013. For the nine months ended September 30, 2014 and 2013, refueling outage days totaled 178 and 139, respectively. During the same periods, non-refueling outage days totaled 84 and 42, respectively. For the nine months ended September 30, 2014 as compared to the same period in 2013, production costs per MWh were higher due to higher refueling and non-refueling days and due to the inclusion of the ownership share of CENG, partially offset by the elimination of the SNF disposal fee in 2014.

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Operating and Maintenance

The changes in operating and maintenance expense for the three and nine months ended September 30, 2014 compared to the same period in 2013, consisted of the following:

	Three Months Ended September 30, Increase (Decrease) [a]	Nine Months Ended September 30, Increase (Decrease) [a]
Labor, other benefits, contracting, materials	$ 152	$ 289
Accretion expense	28	56
Nuclear refueling outage costs, including the co-owned Salem plants [b]	(9)	43
Regulatory fees and assessment	16	34
Increase in asbestos reserve	—	16
Pension and non-pension postretirement benefits expense	(22)	(56)
Merger and integration costs	29	17
Impairment of long-lived assets [c]	4	(23)
Other	(8)	12
Increase in operating and maintenance expense	$ 190	$ 388

(a) Includes the operations of CENG, from April 1, 2014 through September 30, 2014.
(b) Reflects the impact of refueling outage days in 2014.
(c) Reflects the impact of the charge to earnings related to the cancellation of previously capitalized nuclear uprate projects in 2013 and the impairment of certain wind generating assets in 2013 and 2014 and certain assets held for sale in 2014.

Depreciation and Amortization

The increase in depreciation and amortization expense for the three and nine months ended September 30, 2014 compared to the three and nine months ended September 30, 2013 was primarily due the inclusion of CENG's results beginning April 1, 2014 and an increase in ongoing capital expenditures.

Taxes Other Than Income

The increase in taxes other than income for the three and nine months ended September 30, 2014 as compared to the three and nine months ended September 30, 2013 was primarily due to the inclusion of CENG's results beginning April 1, 2014 and an increase in payroll taxes and real estate taxes.

Equity in Losses of Unconsolidated Affiliates

The unfavorable decrease in equity in losses of unconsolidated affiliates for the three and nine months ended September 30, 2014 as compared to the three and nine months ended September 30, 2013 was due to the decrease in non-cash amortization of the fair value basis difference recorded at the Constellation merger date, offset by equity in losses in CENG in 2013. CENG's operating results were fully consolidated beginning April 1, 2014 and, as a result, are not reflected as equity method earnings in the second and third quarters of 2014.

Interest Expense

Three Months Ended September 30, 2014 Compared to Three Months Ended September 30, 2013 . Interest expense for three months ended September 30, 2014 compared to same period in 2013 remained relatively level.

N *ine Months Ended September 30, 2014 Compared to Nine Months Ended September 30, 2013* . Interest expense for nine months ended September 30, 2014 compared to same period in 2013 remained relatively level.

Other, Net

The increase in other, net for the three and nine months ended September 30, 2014 compared to the same periods in 2013 primarily reflects the gain recorded on the sale of Generation's equity interest in the 417 MW Safe Harbor Water Power Corporation during the third quarter of 2014. Refer to Note 4 — Mergers, Acquisitions and Dispositions for additional information related to the sale of Generation's ownership interests in generating units. The increase in other, net also reflects the change in the realized and unrealized gains and losses related to the NDT funds of its Non-Regulatory Agreement Units as described in the table below. Other, net also reflects $(16) million and $43 million for the three months ended September 30, 2014 and 2013, respectively, and $50 million and $73 million for the nine months ended September 30, 2014 and 2013, respectively, related to the contractual elimination of income tax expense (benefit) associated with the NDT funds of the Regulatory Agreement Units. Refer to Note 12 — Nuclear Decommissioning for additional information regarding NDT funds.

The following table provides unrealized and realized gains (losses) on the NDT funds of the Non-Regulatory Agreement Units recognized in other, net for the three and nine months ended September 30, 2014 and 2013:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014 [(a)]	2013	2014 [(a)]	2013
Net unrealized gains (losses) on decommissioning trust funds	$ (41)	$ 46	$ 100	$ 70
Net realized gains on sale of decommissioning trust funds	17	22	42	25

(a) Includes results of CENG from April 1, 2014 through September 30, 2014.

Effective Income Tax Rate

The effective income tax rate was 25.5% and 21.9% for the three and nine months ended September 30, 2014, respectively, compared to 37.3% and 35.4% for the same periods during 2013. See Note 11 — Income Taxes of the Combined Notes to the Consolidated Financial Statements for further discussion of the change in the effective income tax rate.

Results of Operations — ComEd

	Three Months Ended September 30,		Favorable (Unfavorable)	Nine Months Ended September 30,		Favorable (Unfavorable)
	2014	2013	Variance	2014	2013	Variance
Operating revenues	$ 1,222	$ 1,156	$ 66	$3,484	$3,395	$ 89
Purchased power expense	326	301	(25)	915	931	16
Revenue net of purchased power expense [(a)]	896	855	41	2,569	2,464	105
Other operating expenses						
Operating and maintenance	359	333	(26)	1,040	1,020	(20)
Depreciation and amortization	174	164	(10)	521	501	(20)
Taxes other than income	76	80	4	225	225	—
Total other operating expenses	609	577	(32)	1,786	1,746	(40)
Operating income	287	278	9	783	718	65
Other income and (deductions)						
Interest expense, net	(81)	(74)	(7)	(241)	(503)	262
Other, net	4	7	(3)	14	18	(4)
Total other income and (deductions)	(77)	(67)	(10)	(227)	(485)	258
Income before income taxes	210	211	(1)	556	233	323
Income taxes	84	85	1	221	93	(128)
Net income	$ 126	$ 126	$ —	$ 335	$ 140	$ 195

(a) ComEd evaluates its operating performance using the measure of revenue net of purchased power expense. ComEd believes that revenue net of purchased power expense is a useful measurement because it provides information that can be used to evaluate its operational performance. In general, ComEd only earns margin based on the delivery and transmission of electricity. ComEd has included its discussion of revenue net of purchased power expense below as a complement to the financial information provided in accordance with GAAP. However, revenue net of purchased power expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

Net Income

Three Months Ended September 30, 2014 Compared to Three Months Ended September 30, 2013. ComEd's net income for the three months ended September 30, 2014 was relatively consistent to the same period in 2013, primarily due to increased distribution and transmission revenues resulting from increased capital investment, offset by unfavorable weather.

Nine months ended September 30, 2014 Compared to Nine months ended September 30, 2013. ComEd's net income for the nine months ended September 30, 2014 was higher than the same period in 2013, primarily due to the interest expense and related income tax effects of the remeasurement of Exelon's like-kind exchange tax position in the first quarter of 2013, as well as increased distribution and transmission revenue resulting from increased capital investment. See Note 11 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information on the like-kind exchange tax position.

Operating Revenues Net of Purchased Power Expense

There are certain drivers of revenue that are fully offset by their impact on purchased power expense, such as commodity procurement costs and participation in customer choice programs. ComEd is permitted to recover electricity procurement costs from retail customers without mark-up. Therefore, fluctuations in electricity

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procurement costs have no impact on revenue net of purchased power expense. See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information on ComEd's electricity procurement process.

All ComEd customers have the choice to purchase electricity from a competitive electric generation supplier. Customer choice programs do not impact ComEd's volume of deliveries, but do affect ComEd's operating revenue related to supplied energy, which is fully offset in purchased power expense. Therefore, customer choice programs have no impact on revenue net of purchased power expense.

The number of retail customers participating in customer choice programs was 2,422,850 and 2,621,356 at September 30, 2014, and 2013, respectively, representing 63% and 68% of total retail customers, respectively. Retail energy purchased from competitive electric generation suppliers represented 79% and 80% of ComEd's retail kWh sales for the three and nine ended September 30, 2014, respectively, as compared to 81% and 64% for the three and nine months ended September 30, 2013, respectively.

The changes in ComEd's revenue net of purchased power expense for the three and nine ended September 30, 2014, compared to the same periods in 2013 consisted of the following:

	Three Months Ended September 30, Increase (Decrease)	Nine Months Ended September 30, Increase (Decrease)
Weather	$ (27)	$ (11)
Volume	1	7
Electric distribution revenues	15	56
Transmission revenues	19	21
Regulatory required programs	11	39
Uncollectible accounts recovery, net	27	15
Pricing and customer mix	3	6
Revenue subject to refund	—	(9)
Other	(8)	(19)
Increase in revenue net of purchased power expense	$ 41	$ 105

Weather. The demand for electricity is affected by weather conditions. Very warm weather in summer months and very cold weather in other months are referred to as "favorable weather conditions" because these weather conditions result in increased customer usage. Conversely, mild weather reduces demand. For the three and nine months ended September 30, 2014 compared to the same period in 2013, operating revenues net of purchased power expense were lower due to unfavorable 2014 summer weather conditions in ComEd's service territory.

Heating and cooling degree days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree days for a 30-year period in ComEd's service territory with cooling degree days generally having a more significant impact to ComEd, particularly during the summer months. The changes in heating and cooling degree days in ComEd's service territory for the three and nine months ended September 30, 2014, and 2013, consisted of the following:

				% Change	
Heating and Cooling Degree-Days	2014	2013	Normal	From 2013	From Normal
Three Months Ended September 30,					
Heating Degree-Days	111	79	119	40.5%	(6.7)%
Cooling Degree-Days	537	668	613	(19.6)%	(12.4)%
Nine Months Ended September 30,					
Heating Degree-Days	4,680	4,116	4,048	13.7%	15.6%
Cooling Degree-Days	796	908	831	(12.3)%	(4.2)%

Volume. Revenue net of purchased power expense increased as a result of higher delivery volume, exclusive of the effects of weather, reflecting increased average usage per residential customer as compared to the same nine month period in 2013.

Electric Distribution Revenue. EIMA provides for a performance-based rate formula, which requires an annual reconciliation of the revenue requirement in effect to the actual costs that the ICC determines are prudently and reasonably incurred in a given year. Distribution revenue varies from year to year based on fluctuations in the underlying costs, investments being recovered and other billing determinants. In addition, ComEd's earned rate of return on common equity is required to be within plus or minus 580 basis points ("the collar") of the target rate of return determined as the annual average rate on 30-year treasury notes plus 9 basis points. Therefore, the collar limits favorable and unfavorable impacts of weather and load on distribution revenue. During the three and nine months ended September 30, 2014, ComEd recorded increased electric distribution revenue primarily due to increased capital investment and increased cost recovery associated with energy efficiency programs. The increase was partially offset due to the one-time reduction for expenses associated with OPEB plan design changes. See Operating and Maintenance Expense below, and Note 5 — Regulatory Matters and Note 13 — Retirement Benefits of the Combined Notes to Consolidated Financial Statements for additional information on ComEd's rate formula pursuant to EIMA and the OPEB plan design changes.

Transmission Revenues. ComEd's transmission rates are established based on a FERC-approved formula. ComEd's most recent annual formula rate update, filed in April 2014, reflects 2013 actual costs plus forecasted 2014 capital additions. Transmission revenue net of purchased power expense vary from year to year based upon fluctuations in the underlying costs, investments being recovered and other billing determinants, such as the highest daily peak load from the previous calendar year. For the three and nine months ended September 30, 2014, ComEd recorded increased transmission revenues due to increased capital investment. See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Regulatory Required Programs. Revenues related to regulatory required programs represents the recoveries from customers for costs of various legislative and regulatory programs on a full and current basis through approved regulated rates. Programs include ComEd's energy efficiency and demand response and purchased power administrative costs. An equal and offsetting amount has been reflected in operating and maintenance expense during the periods presented.

Uncollectible Accounts Recovery, Net. Represents recoveries under ComEd's uncollectible accounts tariff. See the operating and maintenance expense discussion below for additional information on this tariff.

Pricing and Customer Mix. The increase in revenue net of purchased power as a result of pricing and customer mix is primarily attributable to higher overall effective rates due to decreased usage across all major customer classes and change in customer mix for the three and nine months ended September 30, 2014, as compared to the same periods in 2013.

Revenue Subject to Refund. ComEd records revenues subject to refund based upon its best estimate of customer collections that may be required to be refunded. For the nine months ended September 30, 2014 ComEd recorded $9 million of revenue subject to refund associated with Rider AMP. See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Other. Other revenue, which can vary period to period, includes rental revenue, revenue related to late payment charges, revenue from other utilities for mutual assistance programs and recoveries of environmental costs associated with MGP sites, for which an equal and offsetting amount is reflected in depreciation and amortization expense during the periods presented.

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Operating and Maintenance Expense

	Three Months Ended September 30,		Increase (Decrease)	Nine Months Ended September 30,		Increase (Decrease)
	2014	2013		2014	2013	
Operating and maintenance expense — baseline	$ 314	$ 299	$ 15	$ 873	$ 892	$ (19)
Operating and maintenance expense — regulatory required programs [(a)]	45	34	$ 11	167	128	$ 39
Total operating and maintenance expense	$ 359	$ 333	$ 26	$ 1,040	$ 1,020	$ 20

(a) Operating and maintenance expenses for regulatory required programs are costs for various legislative and/or regulatory programs that are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in operating revenues.

The changes in operating and maintenance expense for the three and nine months ended September 30, 2014 compared to the same periods in 2013, consisted of the following:

	Three Months Ended September 30, Increase (Decrease)	Nine Months Ended September 30, Increase (Decrease)
Baseline		
Labor, other benefits, contracting and materials	$ 19	$ 34
Pension and non-pension postretirement benefits expense	(24)	(61)
Storm-related costs	(5)	(11)
Uncollectible accounts expense — provision [(a)]	4	6
Uncollectible accounts expense — recovery, net [(a)]	23	9
Other	(2)	4
	15	(19)
Regulatory required programs		
Energy efficiency and demand response programs	11	39
	11	39
Increase in operating and maintenance expense	$ 26	$ 20

(a) ComEd is allowed to recover from or refund to customers the difference between the utility's annual uncollectible accounts expense and the amounts collected in rates annually through a rider mechanism. During the three and nine months ended September 30, 2014, ComEd recorded a net increase in operating and maintenance expense related to uncollectible accounts due to the timing of regulatory cost recovery and customers purchasing electricity from competitive electric generation suppliers as a result of municipal aggregation. An equal and offsetting increase has been recognized in operating revenues for the periods presented.

Depreciation and Amortization

Depreciation and amortization expense increased during the three and nine months ended September 30, 2014, compared to the same periods in 2013, primarily due to ongoing capital expenditures and decreased regulatory asset amortization related to lower MGP remediation expenditures. An equal and offsetting amount for the amortization expense related to the MGP remediation expenditures is reflected in operating revenues during the periods presented.

Taxes Other Than Income

Taxes other than income taxes, which can vary period to period, include municipal and state utility taxes, real estate taxes and payroll taxes. Taxes other than income taxes remained relatively flat for the three and nine months ended September 30, 2014, compared to the same periods in 2013.

Interest Expense, Net

The changes in interest expense, net for the three and nine months ended September 30, 2014, compared to the same period in 2013, consisted of the following:

	Three Months Ended September 30, Increase (Decrease)	Nine Months Ended September 30, Increase (Decrease)
Interest expense related to uncertain tax positions [(a)]	$ 1	$ (274)
Interest expense on debt (including financing trusts)	6	12
Increase in interest expense, net	$ 7	$ (262)

(a) Primarily reflects the remeasurement of Exelon's like-kind exchange tax position in the first quarter of 2013. See Note 11 — Income Taxes of the Combined Notes to the Consolidated Financial Statements for additional information.

Effective Income Tax Rate

The effective income tax rate was 40.0% for the three months ended September 30, 2014 compared to 40.3% for the same period during 2013. The effective income tax rate was 39.7% for the nine months ended September 30, 2014 compared to 39.9% for the same period during 2013. See Note 11 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

ComEd Electric Operating Statistics and Revenue Detail

Retail Deliveries to Customers (in GWhs)	Three Months Ended September 30, 2014	2013	% Change	Weather-Normal % Change
Retail Deliveries [a]				
Residential	7,332	8,188	(10.5)%	1.3%
Small commercial & industrial	8,366	8,680	(3.6)%	(0.6)%
Large commercial & industrial	7,245	7,381	(1.8)%	—%
Public authorities & electric railroads	301	329	(8.5)%	(8.3)%
Total Retail Deliveries	23,244	24,578	(5.4)%	0.1%

Retail Deliveries to Customers (in GWhs)	Nine Months Ended September 30, 2014	2013	% Change	Weather-Normal % Change
Retail Deliveries [a]				
Residential	20,920	21,154	(1.1)%	1.4%
Small commercial & industrial	24,456	24,385	0.3%	0.1%
Large commercial & industrial	21,109	20,932	0.8%	0.6%
Public authorities & electric railroads	1,001	997	0.4%	(1.3)%
Total Retail Deliveries	67,486	67,468	—%	0.6%

Number of Electric Customers	As of September 30, 2014	2013
Residential	3,486,438	3,465,635
Small commercial & industrial	367,446	366,216
Large commercial & industrial	1,992	1,978
Public authorities & electric railroads	4,821	4,860
Total	3,860,697	3,838,689

Electric Revenue	Three Months Ended September 30, 2014	2013	% Change	Nine Months Ended September 30, 2014	2013	% Change
Retail Sales [a]						
Residential	$ 566	$ 529	7.0%	$ 1,572	$1,589	(1.1)%
Small commercial & industrial	349	322	8.4%	1,033	945	9.3%
Large commercial & industrial	115	112	2.7%	343	327	4.9%
Public authorities & electric railroads	10	12	(16.7)%	35	35	—%
Total Retail	1,040	975	6.7%	2,983	2,896	3.0%
Other Revenue [b]	182	181	0.6%	501	499	0.4%
Total Electric Revenues	$ 1,222	$ 1,156	5.7%	$ 3,484	$3,395	2.6%

(a) Reflects delivery revenues and volumes from customers purchasing electricity directly from ComEd and customers purchasing electricity from a competitive electric generation supplier, as all customers are assessed delivery charges. For customers purchasing electricity from ComEd, revenue also reflects the cost of energy and transmission.

(b) Other revenue primarily includes transmission revenue from PJM. Other items include rental revenue, revenue related to late payment charges, revenue from other utilities for mutual assistance programs and recoveries of environmental costs associated with MGP sites.

Results of Operations — PECO

	Three Months Ended September 30,		Favorable (Unfavorable)	Nine Months Ended September 30,		Favorable (Unfavorable)
	2014	2013	Variance	2014	2013	Variance
Operating revenues	$ 693	$ 728	$ (35)	$ 2,343	$ 2,295	$ 48
Purchased power and fuel	255	289	34	960	953	(7)
Revenue net of purchased power and fuel [(a)]	438	439	(1)	1,383	1,342	41
Other operating expenses						
Operating and maintenance	204	186	(18)	668	554	(114)
Depreciation and amortization	59	57	(2)	176	171	(5)
Taxes other than income	42	41	(1)	122	121	(1)
Total other operating expenses	305	284	(21)	966	846	(120)
Operating income	133	155	(22)	417	496	(79)
Other income and (deductions)						
Interest expense, net	(29)	(29)	—	(85)	(86)	1
Other, net	2	1	1	5	4	1
Total other income and (deductions)	(27)	(28)	1	(80)	(82)	2
Income before income taxes	106	127	(21)	337	414	(77)
Income taxes	25	35	10	82	122	40
Net income	81	92	(11)	255	292	(37)
Preferred security dividends and redemption	—	—	—	—	7	7
Net income attributable to common shareholders	$ 81	$ 92	$ (11)	$ 255	$ 285	$ (30)

(a) PECO evaluates its operating performance using the measures of revenue net of purchased power expense for electric sales and revenue net of fuel expense for gas sales. PECO believes revenue net of purchased power expense and revenue net of fuel expense are useful measurements of its performance because they provide information that can be used to evaluate its net revenue from operations. PECO has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, revenue net of purchased power expense and revenue net of fuel expense figures are not a presentation defined under GAAP and may not be comparable to other companies' presentations or more useful than the GAAP information provided elsewhere in this report.

Net Income attributable to common shareholders

Three Months Ended September 30, 2014 Compared to Three Months Ended September 30, 2013. The decrease in net income attributable to common shareholders was driven primarily by unfavorable weather included in Revenue, net of purchased power and fuel and an increase in operating and maintenance expense, due to an increase in storm costs, partially offset by a reduction in income tax expense.

Nine Months Ended September 30, 2014 Compared to Nine Months Ended September 30, 2013. The decrease in net income attributable to common shareholders was driven primarily by an increase in operating and maintenance expense partially offset by an increase in operating revenues net of purchase power and fuel expense, a reduction in income tax expense and a reduction of PECO's redemption costs as a result of the redemption of all of PECO's outstanding preferred securities on May 1, 2013.

Operating Revenues, Purchased Power and Fuel Expense

Electric and gas revenues and purchased power and fuel expense are affected by fluctuations in commodity procurement costs. PECO's electric supply and natural gas cost rates charged to customers are subject to adjustments at least quarterly that are designed to recover or refund the difference between the actual cost of electric supply and natural gas and the amount included in rates in accordance with the PAPUC's GSA and PGC, respectively. Therefore, fluctuations in electric supply and natural gas procurement costs have no impact on electric and gas revenue net of purchased power and fuel expense.

Electric and gas revenues and purchased power and fuel expense are also affected by fluctuations in participation in the Customer Choice Program. All PECO customers have the choice to purchase electricity and gas from competitive electric generation and natural gas suppliers, respectively. The customer's choice of suppliers does not impact the volume of deliveries, but affects revenue collected from customers related to supplied energy and natural gas service. Customer choice program activity has no impact on electric and gas revenue net of purchased power and fuel expense. The number of retail customers purchasing electricity from a competitive electric generation supplier was 537,000 and 518,000 at September 30, 2014 and 2013, respectively. Retail deliveries purchased from competitive electric generation suppliers represented 70% of PECO's retail kWh sales for both the three and nine months ended September 30, 2014, compared to 69% and 68% for the three and nine months ended September 30, 2013, respectively. The number of retail customers purchasing natural gas from a competitive natural gas supplier was 76,200 and 60,400 at September 30, 2014 and 2013, respectively. Retail deliveries purchased from competitive natural gas suppliers represented 27% and 22% of PECO's mmcf sales for the three and nine months ended September 30, 2014, respectively, compared to 23% and 19% for the three and nine months ended September 30, 2013.

The changes in PECO's operating revenues net of purchased power and fuel expense for the three and nine months ended September 30, 2014 compared to the same period in 2013 consisted of the following:

	Three Months Ended September 30, Increase (Decrease)			Nine Months Ended September 30, Increase (Decrease)		
	Electric	Gas	Total	Electric	Gas	Total
Weather	$ (16)	$ (1)	$(17)	$ (7)	$16	$ 9
Volume	1	1	2	8	3	11
Pricing	2	1	3	(4)	(2)	(6)
Regulatory required programs	13	—	13	26	—	26
Other	(2)	—	(2)	1	—	1
Total increase (decrease)	$ (2)	$ 1	$ (1)	$ 24	$17	$ 41

Weather. The demand for electricity and gas is affected by weather conditions. With respect to the electric business, very warm weather in summer months and, with respect to the electric and gas businesses, very cold weather in winter months are referred to as "favorable weather conditions" because these weather conditions result in increased deliveries of electricity and gas. Conversely, mild weather reduces demand. During the three months ended September 30, 2014 compared to the same period in 2013, operating revenues net of purchased power and fuel expense were lower due to unfavorable summer weather conditions in PECO's service territory.

During the nine months ended September 30, 2014 compared to the same period in 2013, operating revenues net of purchased power and fuel expense were higher due to the impact of favorable 2014 winter weather conditions, partially offset by unfavorable 2014 summer weather conditions in PECO's service territory.

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Heating and cooling degree days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree days for a 30-year period in PECO's service territory. The changes in heating and cooling degree days in PECO's service territory for the three and nine months ended September 30, 2014 compared to the same periods in 2013 and normal weather consisted of the following:

Heating and Cooling Degree-Days	2014	2013	Normal	% Change From 2013	% Change From Normal
Three Months Ended September 30,					
Heating Degree-Days	14	36	35	(61.1)%	(60.0)%
Cooling Degree-Days	911	928	934	(1.8)%	(2.5)%
Nine Months Ended September 30,					
Heating Degree-Days	3,251	2,897	2,974	12.2%	9.3%
Cooling Degree-Days	1,286	1,346	1,282	(4.5)%	0.3%

Volume. The increase in operating revenues net of purchased power and fuel expense related to delivery volume, exclusive of the effects of weather, for the three and nine months ended September 30, 2014 compared to the same period in 2013, primarily reflects the impact of moderate economic and customer growth and a shift in the volume profile across classes from lower priced classes to higher priced classes, partially offset by energy efficiency initiatives on customer usages.

Pricing. The increase in operating revenues net of purchased power and fuel expense as a result of pricing for the three months ended September 30, 2014 compared to the same period in 2013 is primarily attributable to higher overall effective rates due to decreased electric usage across all customer classes.

The decrease in operating revenues net of purchased power and fuel expense as a result of pricing for the nine months ended September 30, 2014 compared to the same period in 2013 is primarily attributable to lower overall effective rates due to increased usage in the residential customer class.

Regulatory Required Programs. This represents the change in operating revenues collected under approved riders to recover costs incurred for regulatory programs such as smart meter, energy efficiency and the GSA. The riders are designed to provide full and current cost recovery as well as a return. The costs of these programs are included in operating and maintenance expense, depreciation and amortization expense and income taxes. Refer to the operating and maintenance expense discussion below for additional information on included programs.

Operating and Maintenance Expense

	Three Months Ended September 30, 2014	Three Months Ended September 30, 2013	Increase (Decrease)	Nine Months Ended September 30, 2014	Nine Months Ended September 30, 2013	Increase (Decrease)
Operating and Maintenance Expense — Baseline	$ 178	$ 170	$ 8	$ 592	$ 498	$ 94
Operating and Maintenance Expense — Regulatory Required Programs [(a)]	26	16	10	76	56	20
Total Operating and Maintenance Expense	$ 204	$ 186	$ 18	$ 668	$ 554	$ 114

(a) Operating and maintenance expenses for regulatory required programs are costs for various legislative and/or regulatory programs that are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in operating revenues.

The changes in operating and maintenance expense for the three and nine months ended September 30, 2014 compared to the same periods in 2013, consisted of the following:

	Three Months Ended September 30, Increase (Decrease)	Nine Months Ended September 30, Increase (Decrease)
Baseline		
Labor, other benefits, contracting and materials	$ 3	$ 7
Storm-related costs	17	101[(a)]
Pension and non-pension postretirement benefits expense	(2)	(3)
Constellation merger and integration costs	(2)	(8)
Uncollectible Accounts Expense	(10)	(9)
Other	2	6
	8	94
Regulatory Required Programs		
Smart Meter	1	8
Energy Efficiency	8	12
Other	1	—
	10	20
Increase in operating and maintenance expense	$ 18	$ 114

(a) Total storm-related costs include approximately $85 million of incremental storm costs, including the February 5, 2014 ice storm and the significant July storms.

Depreciation and Amortization Expense

The increase in depreciation and amortization expense for the three and nine months ended September 30, 2014 compared to the same periods in 2013 was primarily due to ongoing capital expenditures.

Taxes Other Than Income

Taxes other than income for the three and nine months ended September 30, 2014 compared to the same period in 2013 remained relatively constant.

Interest Expense, Net

Interest expense, net for the three and nine months ended September 30, 2014 compared to the same periods in 2013 remained relatively constant.

Other, Net

Other, net for the three and nine months ended September 30, 2014 remained relatively level compared to the same period in 2013.

Effective Income Tax Rate

PECO's effective income tax rate was 23.6% and 27.6% for the three months ended September 30, 2014 and 2013, respectively.

The effective income tax rate was 24.3% and 29.5% for the nine months ended September 30, 2014 and 2013, respectively. See Note 11 — Income Taxes of the Combined Notes to the Consolidated Financial Statements for further discussion of the change in effective income tax rate.

PECO Electric Operating Statistics and Revenue Detail

Retail Deliveries to Customers (in GWhs)	Three Months Ended September 30, 2014	Three Months Ended September 30, 2013	% Change	Weather-Normal % Change	Nine Months Ended September 30, 2014	Nine Months Ended September 30, 2013	% Change	Weather-Normal % Change
Retail Deliveries [a]								
Residential	3,551	3,781	(6.1)%	0.9%	10,200	10,134	0.7%	1.3%
Small commercial & industrial	2,096	2,142	(2.2)%	0.3%	6,098	6,111	(0.2)%	0.2%
Large commercial & industrial	4,086	4,207	(2.9)%	(1.4)%	11,604	11,637	(0.3)%	—%
Public authorities & electric railroads	241	219	10.0%	10.0%	722	712	1.4%	1.4%
Total Retail Deliveries	9,974	10,349	(3.6)%	—%	28,624	28,594	0.1%	0.5%

Number of Electric Customers	As of September 30, 2014	As of September 30, 2013
Residential	1,429,293	1,419,837
Small commercial & industrial	149,172	148,843
Large commercial & industrial	3,103	3,114
Public authorities & electric railroads	9,737	9,666
Total	1,591,305	1,581,460

Electric Revenue	Three Months Ended September 30, 2014	Three Months Ended September 30, 2013	% Change	Nine Months Ended September 30, 2014	Nine Months Ended September 30, 2013	% Change
Retail Sales [a]						
Residential	$ 413	$ 448	(7.8)%	$ 1,195	$ 1,197	(0.2)%
Small commercial & industrial	107	109	(1.8)%	319	324	(1.5)%
Large commercial & industrial	52	53	(1.9)%	169	173	(2.3)%
Public authorities & electric railroads	7	7	—%	23	23	—%
Total Retail	579	617	(6.2)%	1,706	1,717	(0.6)%
Other Revenue [b]	55	55	—%	165	163	1.4%
Total Electric Revenues	$ 634	$ 672	(5.7)%	$ 1,871	$ 1,880	(0.5)%

(a) Reflects delivery volumes and revenues from customers purchasing electricity directly from PECO and customers purchasing electricity from a competitive electric generation supplier as all customers are assessed distribution charges. For customers purchasing electricity from PECO, revenue also reflects the cost of energy and transmission.

(b) Other revenue includes transmission revenue from PJM and wholesale electric revenues.

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PECO Gas Operating Statistics and Revenue Detail

Deliveries to Customers (in mmcf)	Three Months Ended September 30, 2014	Three Months Ended September 30, 2013	% Change	Weather-Normal % Change	Nine Months Ended September 30, 2014	Nine Months Ended September 30, 2013	% Change	Weather-Normal % Change
Retail Delivery								
Retail sales [a]	3,893	3,531	10.2%	10.4%	44,487	38,888	14.4%	2.2%
Transportation and other	5,750	6,041	(4.8)%	6.1%	20,124	20,880	(3.6)%	(1.6)%
Total Gas Deliveries	9,643	9,572	0.7%	7.8%	64,611	59,768	8.1%	0.9%

Number of Gas Customers	As of September 30, 2014	As of September 30, 2013
Residential	459,678	455,809
Commercial & industrial	42,008	41,591
Total Retail	501,686	497,400
Transportation	866	909
Total	502,552	498,309

Gas Revenue	Three Months Ended September 30, 2014	Three Months Ended September 30, 2013	% Change	Nine Months Ended September 30, 2014	Nine Months Ended September 30, 2013	% Change
Retail Sales						
Retail sales [a]	$ 54	$ 48	12.5%	$ 444	$ 386	15.1%
Transportation and other	5	8	(37.5)%	28	29	(3.4)%
Total Gas Revenues	$ 59	$ 56	5.4%	$ 472	$ 415	13.7%

(a) Reflects delivery volumes and revenues from customers purchasing natural gas directly from PECO and customers purchasing natural gas from a competitive natural gas supplier as all customers are assessed distribution charges. For customers purchasing natural gas from PECO, revenue also reflects the cost of natural gas.

Results of Operations — BGE

	Three Months Ended September 30, 2014	Three Months Ended September 30, 2013	Favorable (Unfavorable) Variance	Nine Months Ended September 30, 2014	Nine Months Ended September 30, 2013	Favorable (Unfavorable) Variance
Operating revenues	$ 697	$ 737	$ (40)	$2,404	$2,271	$ 133
Purchased power and fuel	297	346	49	1,094	1,059	(35)
Revenue net of purchased power and fuel [(a)]	400	391	9	1,310	1,212	98
Other operating expenses						
Operating and maintenance	165	146	(19)	541	450	(91)
Depreciation and amortization	78	78	—	275	252	(23)
Taxes other than income	55	53	(2)	168	162	(6)
Total other operating expenses	298	277	(21)	984	864	(120)
Operating income	102	114	(12)	326	348	(22)
Other income and (deductions)						
Interest expense, net	(26)	(29)	3	(81)	(94)	13
Other, net	4	4	—	14	13	1
Total other income and (deductions)	(22)	(25)	3	(67)	(81)	14
Income before income taxes	80	89	(9)	259	267	(8)
Income taxes	31	36	5	103	107	4
Net income	49	53	(4)	156	160	(4)
Preference stock dividends	3	3	—	10	10	—
Net income attributable to common shareholder	$ 46	$ 50	$ (4)	$ 146	$ 150	$ (4)

(a) BGE evaluates its operating performance using the measure of revenue net of purchased power expense for electric sales and revenue net of fuel expense for gas sales. BGE believes revenue net of purchased power and fuel expense are useful measurements of its performance because they provide information that can be used to evaluate its net revenue from operations. BGE has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, revenue net of purchased power and fuel expense figures are not a presentation defined under GAAP and may not be comparable to other companies' presentations or more useful than the GAAP information provided elsewhere in this report.

Net Income attributable to common shareholders

Three Months Ended September 30, 2014, Compared to Three Months Ended September 30, 2013 . BGE's net income attributable to common shareholders for the three months ended September 30, 2014, was lower than the same period in 2013, primarily due to an increase in operating and maintenance expense, partially offset by an increase in revenue net of purchased power and fuel expense as a result of the December 2013 electric and gas distribution rate order issued by the MDPSC.

Nine Months Ended September 30, 2014, Compared to Nine Months Ended September 30, 2013 . BGE's net income attributable to common shareholders for the nine months ended September 30, 2014, was lower than the same period in 2013, primarily due to increases in operating and maintenance expense and depreciation expense, partially offset by an increase in revenue net of purchased power and fuel expense as a result of the 2013 electric and gas distribution rate orders issued by the MDPSC.

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Operating Revenues, Purchased Power and Fuel Expense

There are certain drivers to operating revenue that are offset by their impact on purchased power expense and fuel expense, such as commodity procurement costs and programs allowing customers to select a competitive electric or natural gas supplier. Electric and gas revenues and purchased power and fuel expense are affected by fluctuations in commodity procurement costs. BGE's electric and natural gas rates charged to customers are subject to periodic adjustments that are designed to recover or refund the difference between the actual cost of purchased electric power and purchased natural gas and the amount included in rates in accordance with the MDPSC's market-based SOS and gas commodity programs, respectively.

The number of customers electing to select a competitive electric generation supplier affects electric SOS revenues and purchased power expense. The number of customers electing to select a competitive natural gas supplier affects gas cost adjustment revenues and purchased natural gas expense. All BGE customers have the choice to purchase energy from a competitive electric generation supplier. This customer choice of electric generation suppliers does not impact the volume of deliveries, but affects revenue collected from customers related to SOS. The number of retail customers purchasing electricity from a competitive electric generation supplier was 369,300 and 395,200 at September 30, 2014 and 2013, respectively, representing 30% and 32% of total retail customers at September 30, 2014 and 2013, respectively. Retail deliveries purchased from competitive electric generation suppliers represented 60% of BGE's retail kWh sales for the three and nine months ended September 30, 2014, respectively, compared to 62% and 61% for the three and nine months ended September 30, 2013, respectively. The number of retail customers purchasing natural gas from a competitive natural gas supplier was 161,500 and 167,700 at September 30, 2014 and 2013, respectively, representing 25% and 26% of total retail customers at September 30, 2014 and 2013, respectively. Retail deliveries purchased from competitive natural gas suppliers represented 73% and 55% of BGE's retail mmcf sales for the three and nine months ended September 30, 2014, respectively, compared to 74% and 55% for the three and nine months ended September 30, 2013, respectively.

The changes in BGE's operating revenues net of purchased power and fuel expense for the three and nine months ended September 30, 2014, compared to the same period in 2013, consisted of the following:

	Three Months Ended September 30,			Nine Months Ended September 30,		
	Increase (Decrease)			Increase (Decrease)		
	Electric	Gas	Total	Electric	Gas	Total
Distribution rate increase	$ 12	$ 1	$ 13	$ 47	$21	$ 68
Regulatory required programs	(3)	—	(3)	14	(1)	13
Commodity margin	4	1	5	6	9	15
Transmission revenues	2	—	2	10	—	10
Other	(7)	(1)	(8)	(10)	2	(8)
Total increase	$ 8	$ 1	$ 9	$ 67	$31	$ 98

Revenue Decoupling. The demand for electricity and gas is affected by weather and usage conditions. The MDPSC has allowed BGE to record a monthly adjustment to its electric and gas distribution revenues from all residential customers, commercial electric customers, the majority of large industrial electric customers, and all firm service gas customers to eliminate the effect of abnormal weather and usage patterns per customer on BGE's electric and gas distribution volumes, thereby recovering a specified dollar amount of distribution revenues per customer, by customer class, regardless of changes in consumption levels. This means BGE recognizes revenues at MDPSC-approved levels per customer, regardless of what actual distribution volumes were for a billing period. Therefore, while these revenues are affected by customer growth, they will not be affected by actual weather or usage conditions. BGE bills or credits customers in subsequent months for the difference between approved revenue levels under revenue decoupling and actual customer billings.

Heating degree days are quantitative indices that reflect the demand for energy needed to heat a home or business. Normal weather is determined based on historical average heating and cooling degree days for a 30-year period in BGE's service territory. The changes in heating degree days in BGE's service territory for the three and nine months ended September 30, 2014 compared to the same period in 2013 consisted of the following:

				% Change	
Heating and Cooling Degree-Days	**2014**	**2013**	**Normal**	**From 2013**	**From Normal**
Three Months Ended September 30,					
Heating Degree-Days	82	111	81	(26.1)%	1.2%
Cooling Degree-Days	484	567	596	(14.6)%	(18.8)%
Nine Months Ended September 30,					
Heating Degree-Days	3,439	3,054	2,981	12.6%	15.4%
Cooling Degree-Days	717	830	851	(13.6)%	(15.7)%

Distribution Rate Increase. The increase in distribution rates for the three and nine months ended September 30, 2014, compared to the same periods in 2013, was primarily due to the impact of the new electric and natural gas distribution rates charged to customers that became effective in 2013 in accordance with the MDPSC approved electric and natural gas distribution rate case orders. See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Regulatory Required Programs. This represents the change in revenues collected under approved riders to recover costs incurred for the energy efficiency and demand response programs as well as administrative and commercial and industrial customer bad debt costs for SOS. The riders are designed to provide full recovery, as well as a return in certain instances. The costs of these programs are included in operating and maintenance expense, depreciation and amortization expense and taxes other than income taxes. Revenues related to regulatory required programs remained relatively consistent for the three months ended September 30, 2014 compared to the same period in 2013. The increase in revenues related to regulatory required programs for the nine months ended September 30, 2014 compared to the same period in 2013 was primarily due to the recovery of higher energy efficiency program costs.

Commodity Margin. The increase in commodity margin under BGE's market-based rate incentive mechanism for the three and nine months ended September 30, 2014, compared to the same periods in 2013 was primarily due to the higher gas margins earned by BGE due to the extreme cold weather during the first quarter under BGE's MBR mechanism and higher electric margins earned by BGE due to lower commodity prices in 2014. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information.

Transmission Revenues. The increase in transmission rates for the three and nine months ended September 30, 2014, compared to the same periods in 2013, was primarily due to the impact of the new transmission rates charged to customers that became effective in June 2014. See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Other. Other revenues, which can vary from period to period, include miscellaneous revenues such as service application and late payment fees. Other revenues decreased during the three months ended September 30, 2014 compared to the same period in 2013, and remained relatively consistent for the nine months ended September 30, 2014 compared to the same period in 2013.

Operating and Maintenance Expense

The changes in operating and maintenance expense for the three and nine months ended September 30, 2014 compared to the same periods in 2013, consisted of the following:

	Three Months Ended September 30, Increase (Decrease)	Nine Months Ended September 30, Increase (Decrease)
Labor, other benefits, contracting and materials	$ 13	$ 35
Pension and non-pension postretirement benefits expense	2	6
Storm-related costs	8	21
Uncollectible accounts expense	(3)	10
Other	(1)	19
Increase in operating and maintenance expense	$ 19	$ 91

Depreciation and Amortization

The increase in depreciation and amortization expense for the three and nine months ended September 30, 2014 compared to the same periods in 2013 was primarily due to higher amortization expense related to energy efficiency and demand response programs, which are fully offset in revenues above, and higher property, plant and equipment balances resulting from ongoing capital expenditures.

Taxes Other Than Income

The increase in taxes other than income for the three and nine months ended September 30, 2014 compared to the same periods in 2013 was primarily due to increased gross receipts tax as a result of higher revenues.

Interest Expense, Net

The decrease in interest expense, net for the three and nine months ended September 30, 2014 compared to the same periods in 2013 was primarily due to favorable interest rates in 2014 on long-term debt balances.

Effective Income Tax Rate

BGE's effective income tax rate was 38.8% and 40.4% for the three months ended September 30, 2014 and 2013, respectively, and 39.8% and 40.1% for the nine months ended September 30, 2014 and 2013, respectively. See Note 11 — Income Taxes of the Combined Notes to Consolidated Financial Statements for further discussion of the change in effective income tax rate.

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BGE Electric Operating Statistics and Revenue Detail

Retail Deliveries to Customers (in GWhs)	Three Months Ended September 30, 2014	Three Months Ended September 30, 2013	% Change	Weather-Normal % Change	Nine Months Ended September 30, 2014	Nine Months Ended September 30, 2013	% Change	Weather-Normal % Change
Retail Deliveries [(a)]								
Residential	3,291	3,557	(7.5)%	n.m.	10,023	9,849	1.8%	n.m.
Small commercial & industrial	805	808	(0.4)%	n.m.	2,343	2,301	1.8%	n.m.
Large commercial & industrial	3,818	3,882	(1.6)%	n.m.	10,880	11,046	(1.5)%	n.m.
Public authorities & electric railroads	79	78	1.3%	n.m.	236	239	(1.3)%	n.m.
Total Electric Deliveries	7,993	8,325	(4.0)%	n.m.	23,482	23,435	0.2%	n.m.

Number of Electric Customers	As of September 30, 2014	As of September 30, 2013
Residential	1,123,644	1,119,209
Small commercial & industrial	112,580	112,988
Large commercial & industrial	11,707	11,634
Public authorities & electric railroads	290	293
Total	1,248,221	1,244,124

Electric Revenue	Three Months Ended September 30, 2014	Three Months Ended September 30, 2013	% Change	Nine Months Ended September 30, 2014	Nine Months Ended September 30, 2013	% Change
Retail Sales [(a)]						
Residential	$ 348	$ 390	(10.8)%	$ 1,077	$ 1,056	2.0%
Small commercial & industrial	72	72	—%	208	197	5.6%
Large commercial & industrial	134	116	15.5%	377	333	13.2%
Public authorities & electric railroads	8	8	—%	24	23	4.3%
Total Retail	562	586	(4.1)%	1,686	1,609	4.8%
Other Revenue	69	78	(11.5)%	207	203	2.0%
Total Electric Revenues	$ 631	$ 664	(5.0)%	$ 1,893	$ 1,812	4.5%

(a) Reflects delivery volumes and revenues from customers purchasing electricity directly from BGE and customers purchasing electricity from a competitive electric generation supplier as all customers are assessed distribution charges. For customers purchasing electricity from BGE, revenue also reflects the cost of energy and transmission.

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BGE Gas Operating Statistics and Revenue Detail

Deliveries to Customers (in mmcf)	Three Months Ended September 30, 2014	Three Months Ended September 30, 2013	% Change	Weather-Normal % Change	Nine Months Ended September 30, 2014	Nine Months Ended September 30, 2013	% Change	Weather-Normal % Change
Retail Deliveries [b]								
Retail sales	10,257	10,642	(3.6)%	n.m.	71,479	65,854	8.5%	n.m.
Transportation and other	304	933	(67.4)%	n.m.	7,508	8,128	(7.6)%	n.m.
Total Gas Deliveries	10,561	11,575	(8.8)%	n.m.	78,987	73,982	6.8%	n.m.

Number of Gas Customers	As of September 30, 2014	As of September 30, 2013
Residential	610,750	612,065
Commercial & industrial	43,963	44,028
Total	654,713	656,093

Gas Revenue	Three Months Ended September 30, 2014	Three Months Ended September 30, 2013	% Change	Nine Months Ended September 30, 2014	Nine Months Ended September 30, 2013	% Change
Retail Sales [b]						
Retail sales	$ 62	$ 66	(6.1)%	$ 439	$ 412	6.6%
Transportation and other [c]	4	7	(42.9)%	72	47	53.2%
Total Gas Revenues	$ 66	$ 73	(9.6)%	$ 511	$ 459	11.3%

(b) Reflects delivery volumes and revenues from customers purchasing natural gas directly from BGE and customers purchasing natural gas from a competitive natural gas supplier as all customers are assessed distribution charges. The cost of natural gas is charged to customers purchasing natural gas from BGE.

(c) Transportation and other gas revenue includes off-system revenue of 304 mmcfs ($2 million) and 933 mmcfs ($5 million) for the three months ended September 30, 2014 and 2013, respectively, and 7,508 mmcfs ($60 million) and 8,128 mmcfs ($37 million) for the nine months ended September 30, 2014 and 2013, respectively.

Liquidity and Capital Resources

Exelon's and Generation's current year activity presented below includes the activity of CENG from the integration date effective April 1, 2014 through September 30, 2014. All results included throughout the liquidity and capital resources section are presented on a GAAP basis.

The Registrants' operating and capital expenditures requirements are provided by internally generated cash flows from operations as well as funds from external sources in the capital markets and through bank borrowings. The Registrants' businesses are capital intensive and require considerable capital resources. Each Registrant's access to external financing on reasonable terms depends on its credit ratings and current overall capital market business conditions, including that of the utility industry in general. If these conditions deteriorate to the extent that the Registrants no longer have access to the capital markets at reasonable terms, Exelon Corporate, Generation, ComEd, PECO and BGE have access to unsecured revolving credit facilities with aggregate bank commitments of $0.5 billion, $5.3 billion, $1.0 billion, $0.6 billion and $0.6 billion, respectively. Exelon Corporate, Generation, ComEd, PECO and BGE's revolving credit facilities expire in 2019. In addition, Generation has $0.5 billion in bilateral credit facilities. Generation's bilateral credit facilities have expirations in October 2014, January 2015, December 2015 and March 2016. The Registrants utilize their credit facilities to support their commercial paper programs, provide for other short-term borrowings and issue letters of credit. See the "Credit Matters" section below for further discussion. The Registrants expect cash flows to be sufficient to meet operating expenses, financing costs and capital expenditure requirements.

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The Registrants primarily use their capital resources, including cash, to fund capital requirements, including construction expenditures, retire debt, pay dividends, fund pension and other postretirement benefit obligations and invest in new and existing ventures. The Registrants spend a significant amount of cash on capital improvements and construction projects that have a long-term return on investment. Additionally, ComEd, PECO and BGE operate in rate-regulated environments in which the amount of new investment recovery may be delayed or limited and where such recovery takes place over an extended period of time. See Note 10 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for further discussion of the Registrants' debt and credit agreements.

Cash Flows from Operating Activities

General

Generation's cash flows from operating activities primarily result from the sale of electric energy and energy-related products and services to customers. Generation's future cash flows from operating activities may be affected by future demand for and market prices of energy and its ability to continue to produce and supply power at competitive costs as well as to obtain collections from customers.

ComEd's, PECO's and BGE's cash flows from operating activities primarily result from the transmission and distribution of electricity and, in the case of PECO and BGE, gas distribution services. ComEd's, PECO's and BGE's distribution services are provided to an established and diverse base of retail customers. ComEd's, PECO's and BGE's future cash flows may be affected by the economy, weather conditions, future legislative initiatives, future regulatory proceedings with respect to their rates or operations, competitive suppliers, and their ability to achieve operating cost reductions.

See Notes 5 — Regulatory Matters and 18 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements for further discussion of regulatory and legal proceedings and proposed legislation.

Pension and Other Postretirement Benefits

Management considers various factors when making pension funding decisions, including actuarially determined minimum contribution requirements under ERISA, contributions required to avoid benefit restrictions and at-risk status as defined by the Pension Protection Act of 2006, management of the pension obligation and regulatory implications. On July 6, 2012, President Obama signed into law the Moving Ahead for Progress in the Twenty-first Century Act, which contains a pension funding provision that results in lower pension contributions in the near term while increasing the premiums pension plans pay to the Pension Benefit Guaranty Corporation. Certain provisions of the law were applied in 2012 while the others took effect in 2013. On August 8, 2014, this funding relief was extended for five years. The estimated impacts of the law are reflected in the projected pension contributions below.

Exelon expects to make qualified pension plan contributions of $308 million to its qualified pension plans in 2014, of which Generation, ComEd, PECO and BGE will contribute $160 million, $119 million, $11 million and $0 million, respectively. Exelon assumed sponsorship of the CENG pension and other postretirement benefit plans on July 14, 2014. CENG will fund the underfunded balances of the pension and other postretirement benefit plans measured at July 14, 2014. CENG's obligation for the qualified pension plans will be funded over a four year period beginning in 2014. CENG's obligation for the non-qualified pension and other postretirement benefit plans will be funded in June 2022 or upon the occurrence of certain specified events, such as EDF's disposition of a majority of its interest in CENG. Exelon's and Generation's expected qualified pension plan contributions above include $53 million and $51 million, respectively, related to the CENG plans for the period April 1, 2014 to December 31, 2014 (the period for which CENG is consolidated), of which CENG will contribute $43 million.

Exelon's non-qualified pension plans are not funded. Exelon expects to make non-qualified pension plan benefit payments of $18 million in 2014, of which Generation, ComEd, PECO and BGE will make payments of $9 million, $1 million, $0 million, and $1 million, respectively. Exelon's and Generation's expected non-qualified pension plan benefit payments above include $3 million related to the CENG plans for the period April 1, 2014 to December 31, 2014.

To the extent interest rates decline significantly or the pension plans do not earn the expected asset return rates, annual pension contribution requirements in future years could increase, especially in years 2017 and beyond. Additionally, the contributions above could change if Exelon changes its pension funding strategy.

Unlike qualified pension plans, other postretirement benefit plans are not subject to statutory minimum contribution requirements and certain plans are not funded. Exelon's management has historically considered several factors in determining the level of contributions to its funded other postretirement benefit plans, including levels of benefit claims paid and regulatory implications (amounts deemed prudent to meet regulator expectations and best assure continued recovery). Exelon expects to make other postretirement benefit plan contributions, including benefit payments related to unfunded plans, of approximately $290 million in 2014, of which Generation, ComEd, PECO and BGE expect to contribute $128 million, $121 million, $4 million, and $18 million, respectively. Exelon's and Generation's expected other postretirement benefit plan payments above include $5 million related to CENG plans for the period April 1, 2014 to December 31, 2014 and contemplate reductions related to recent plan design changes.

In October 2014, the Society of Actuaries issued a revised mortality table for use by actuaries, insurance companies, governments, benefit plan sponsors and others in setting assumptions regarding life expectancy in the United States for purposes of estimating pension and OPEB obligations, costs and required contribution amounts. The newly issued mortality tables indicate substantial life expectancy improvements since the last study published in 2000 (RP 2000). Adoption of the new mortality table would result in significantly increased future pension and OPEB plan obligations, costs and required contribution amounts for many plan sponsors, including Exelon. Exelon is currently evaluating the new table and potential impacts to the December 31, 2014 valuation and future expected pension and OPEB plan contributions. The IRS has indicated the RP 2000 should be used for ERISA funding calculations impacting qualified pension plans in 2014 and 2015, meaning the earliest a new table would be required for determining those funding requirements is January 1, 2016.

Tax Matters

The Registrants' future cash flows from operating activities may be affected by the following tax matters:

- Exelon, Generation, ComEd, PECO and BGE expect to receive tax refunds of approximately $360 million, $60 million, $320 million, $10 million and $20 million, respectively, between 2014 and 2015.
- State and local governments continue to face increasing financial challenges, which may increase the risk of additional income tax levies, property taxes and other taxes or the imposition, extension or permanence of temporary tax levies.
- In the first quarter of 2014, Exelon entered into an agreement to terminate its investment in one of the three municipal-owned electric generation properties in exchange for a net early termination amount of $335 million. The termination will result in a 2014 tax payment of approximately $285 million by Exelon and its subsidiaries in 2014, including approximately $155 million by ComEd. Exelon intends to fund its portion of the tax payment using a portion of the net early termination amount. ComEd intends to fund its portion of the tax payment using a combination of debt and equity contributions from Exelon to substantially maintain its existing capital structure. See Note 11 — Income Taxes of the Combined Notes to the Consolidated Financial Statements for additional information.
- Under the Taxpayer Relief Act of 2012, 50% bonus depreciation expired on December 31, 2013. In the second quarter of 2014, the Senate Finance Committee passed a two year extension of 50% bonus

depreciation for 2014 and 2015. Further, on July 11, 2014, the House of Representatives passed H.R. 4718 permanently extending 50% bonus depreciation beginning with the 2014 tax year. If ultimately enacted for 2014 and 2015, 50% bonus depreciation legislation would generate incremental cash of approximately $1,075 million, $500 million, $375 million, $100 million, and $100 million, for Exelon, Generation, ComEd, PECO, and BGE, respectively, primarily in 2015. The cash generated is an acceleration of tax benefits that Registrants would have received over the normal tax depreciable life of the qualifying property. Additionally, the extension of 50% bonus depreciation would result in a decrease to Generation's Domestic Production Activities Deduction, reducing cash tax benefits and increasing income tax expense by approximately $35 million and $25 million for 2014 and 2015, respectively. The potential extension of 50% bonus depreciation is not expected to result in a material impact on ComEd's, PECO's, or BGE's results of operations.

The following table provides a summary of the major items affecting Exelon's cash flows from operations for the nine months ended September 30, 2014 and 2013:

	Nine Months Ended September 30,		
	2014	2013	Variance
Net income	$ 1,725	$ 1,235	$ 490
Add (subtract):			
Non-cash operating activities [(a)]	4,200	3,094	1,106
Gain on consolidation of CENG	(268)	—	(268)
Pension and other postretirement benefit contributions	(516)	(360)	(156)
Income taxes	72	863	(791)
Changes in working capital and other noncurrent assets and liabilities [(b)]	(976)	(327)	(649)
Option premiums received (paid), net	21	(38)	59
Counterparty collateral posted, net	(615)	(73)	(542)
Net cash flows provided by operations	$ 3,643	$ 4,394	$ (751)

(a) Represents depreciation, amortization and accretion, impairment of long-lived assets, mark-to-market gains and losses on derivative transactions, deferred income taxes, provision for uncollectible accounts, pension and other postretirement benefit expense, equity in losses of unconsolidated affiliates and investments, decommissioning-related items, stock compensation expense and other non-cash charges.

(b) Changes in working capital and other noncurrent assets and liabilities exclude the changes in commercial paper, income taxes and the current portion of long-term debt.

Cash flows provided by operations for the nine months ended September 30, 2014 and 2013 by Registrant were as follows:

	Nine Months Ended September 30,	
	2014	2013
Exelon	$ 3,643	$ 4,394
Generation	1,784	2,657
ComEd	849	850
PECO	504	620
BGE	625	433

Changes in Exelon's, Generation's, ComEd's, PECO's and BGE's cash flows provided by operations were generally consistent with changes in each Registrant's respective results of operations, as adjusted by changes in working capital in the normal course of business. In addition, significant operating cash flow impacts for the Registrants for the nine months ended September 30, 2014 and 2013 were as follows:

Generation

- During the nine months ended September 30, 2014 and 2013, Generation had net payments of counterparty collateral of $634 million and $123 million, respectively. Net payments during the nine months ended September 30, 2014 and 2013 were primarily due to market conditions that resulted in changes to Generation's net mark-to-market position and initial margin requirements on the exchanges. Depending upon whether Generation is in a net mark-to-market liability or asset position, collateral may be required to be posted with or collected from its counterparties. This collateral may be in various forms, such as cash, which may be obtained through the issuance of commercial paper, or letters of credit.
- During the nine months ended September 30, 2014 and 2013, Generation had net collections (payments) of approximately $21 million and $(38) million, respectively, related to purchases and sales of options. The level of option activity in a given period may vary due to several factors, including changes in market conditions as well as changes in hedging strategy.

ComEd

- During the nine months ended September 30, 2014 and 2013, ComEd's payables for Generation energy purchases decreased by $(28) million and $(22) million, respectively, and payables to other energy suppliers for energy purchases increased by $58 million and $69 million, respectively.

PECO

- During the nine months ended September 30, 2014 and 2013, PECO's payables to Generation for energy purchases decreased by $(17) million and $(25) million, respectively, and payables to other electric and gas suppliers for energy purchases (decreased)/increased by $(12) million and $22 million, respectively.

BGE

- During the nine months ended September 30, 2014 and 2013, BGE's payables to Generation for energy purchases increased by $7 million and $9 million, respectively, and payables to other electric and gas suppliers for energy purchases decreased by $(27) million and $(25) million, respectively.

Cash Flows from Investing Activities

Cash flows used in investing activities for the nine months ended September 30, 2014 and 2013 by Registrant were as follows:

	Nine Months Ended September 30,	
	2014	2013
Exelon	$(3,376)	$(3,970)
Generation	(1,431)	(2,149)
ComEd	(1,148)	(1,042)
PECO	(452)	(368)
BGE	(480)	(409)

On February 26, 2014, UII and the CPS finalized an agreement to terminate the lease on the generating station located in Texas prior to its expiration date. As a result of the lease termination, UII received a net early termination amount of $335 million from CPS which is reflected in Exelon's cash flows from investing activities above. See Note 7 — Impairment of Long-Lived Assets for further information.

Generation

As a result of consolidating CENG during the second quarter of 2014, Generation recorded $129 million of cash from CENG, reflected in Generation's cash flows from investing activities above. See Note 6 — Investment in Constellation Energy Nuclear Group, LLC for further information.

Generation closed on the sale of its 67% equity interest in the 417 MW Safe Harbor Water Power Corporation hydroelectric facility on the Susquehanna River in Pennsylvania for a purchase price of approximately $615 million during the third quarter of 2014. The proceeds from the sale are reflected in Generation's cash flows from investing activities above. See Note 4 — Mergers, Acquisitions and Dispositions for further information.

During the third quarter of 2014, Generation established $65 million in restricted cash as part of the EGTP project financing which is reflected in Generation's cash flows from investing activities above. See Note 10 — Debt and Credit Agreements for more information.

Generation has entered into several agreements to acquire equity interests in privately held and development stage entities which develop energy-related technology. The agreements include a series of scheduled investment commitments, including in-kind services contributions, totaling approximately $182 million through 2018 to fund anticipated planned capital and operating needs of the associated companies.

Generation has also executed construction and services contracts to build new combined-cycle gas turbine units in Texas and Maryland and a new biomass-fueled cogeneration facility in Georgia. The total estimated expenditures for these projects are approximately $1.7 billion and achievement of commercial operations is expected in 2017 for all these projects.

Capital expenditures by Registrant for the nine months ended September 30, 2014 and 2013 and projected amounts for the full year 2014 are as follows:

	Projected Full Year	Nine Months Ended September 30,	
	2014 [d]	2014	2013
Exelon	$ 5,925	$ 4,114	$ 3,887
Generation [a]	2,775	1,961	1,995
ComEd [b]	1,750	1,173	1,074
PECO	650	461	374
BGE	625	458	391
Other [c]	125	61	53

(a) Includes nuclear fuel.
(b) The projected capital expenditures include approximately $442 million of expected incremental spending pursuant to EIMA, ComEd has committed to invest approximately $2.6 billion over a ten year period to modernize and storm-harden its distribution system and to implement smart grid technology.
(c) Other primarily consists of corporate operations and BSC.
(d) Total projected capital expenditures do not include adjustments for non-cash activity.

Projected capital expenditures and other investments are subject to periodic review and revision to reflect changes in economic conditions and other factors.

In 2014, Exelon and its affiliates initiated a comprehensive project to ensure corporate-wide compliance with Version 5 of the North American Electric Reliability Corporation (NERC) Critical Infrastructure Protection Standards (CIP V.5) which will become effective on April 1, 2016. Generation, ComEd, PECO and BGE will be incurring incremental capital expenditures in 2014 through 2016 associated with the CIP V.5 compliance implementation project.

Generation

Approximately 36% and 10% of the projected 2014 capital expenditures at Generation are for the acquisition of nuclear fuel and investments in renewable energy generation, including Antelope Valley and wind construction costs, respectively, with the remaining amounts reflecting additions and upgrades to existing facilities (including material condition improvements during nuclear refueling outages).

ComEd, PECO and BGE

Approximately 84%, 77% and 88% of the projected 2014 capital expenditures at ComEd, PECO and BGE, respectively, are for continuing projects to maintain and improve operations, including enhancing reliability and adding capacity to the transmission and distribution systems such as ComEd's reliability related investments required under EIMA, and ComEd's, PECO's and BGE's construction commitments under PJM's RTEP. In addition to the capital expenditure for continuing projects, ComEd's total capital expenditures include smart grid/smart meter technology required under EIMA and for PECO and BGE, total capital expenditures related to their respective smart meter program and SGIG project.

In 2010, NERC provided guidance to transmission owners that recommends ComEd, PECO and BGE perform assessments of all their transmission lines. In compliance with this guidance, ComEd, PECO and BGE submitted their final bi-annual reports to NERC in January 2014. ComEd, PECO and BGE will be incurring incremental capital expenditures associated with this guidance following the completion of the assessments. Specific projects and expenditures are identified as the assessments are completed. ComEd's, PECO's and BGE's forecasted 2014 capital expenditures above reflect capital spending in 2014 for remediation to be completed through 2017.

ComEd, PECO and BGE anticipate that they will fund their capital expenditures with internally generated funds and borrowings, including ComEd's capital expenditures associated with EIMA as further discussed in Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements.

Cash Flows from Financing Activities

Cash flows provided by (used in) financing activities for the nine months ended September 30, 2014 and 2013 by Registrant were as follows:

	Nine Months Ended September 30,	
	2014	2013
Exelon [(a)]	$ 887	$ (266)
Generation [(a)]	(300)	(251)
ComEd	307	82
PECO	77	(5)
BGE	(149)	(106)

(a) Includes $415 million of distributions to EDF.

Debt

See Note 10 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for further details of the Registrants' debt issuances and retirements.

Dividends

Cash dividend payments and distributions during the nine months ended September 30, 2014 and 2013 by Registrant were as follows:

	Nine Months Ended September 30,	
	2014	2013
Exelon [(a)]	$ 1,214	$ 981
Generation [(a)]	855	550
ComEd	230	165
PECO	240	249
BGE [(b)]	10	10

(a) Includes $415 million of distributions to EDF.
(b) Relates to dividends paid on BGE's preference stock.

First Quarter 2014 Dividend

On January 28, 2014, the Exelon Board of Directors declared a first quarter 2014 regular quarterly dividend of $0.31 per share on Exelon's common stock payable on March 10, 2014, to shareholders of record of Exelon at the end of the day on February 14, 2014.

Second Quarter 2014 Dividend

On May 6, 2014, the Exelon Board of Directors declared a second quarter 2014 regular quarterly dividend of $0.31 per share on Exelon's common stock payable on June 10, 2014, to shareholders of record of Exelon at the end of the day on May 16, 2014.

Third Quarter 2014 Dividend

On July 29, 2014, the Exelon Board of Directors declared a third quarter 2014 regular quarterly dividend of $0.31 per share on Exelon's common stock payable on September 10, 2014 to shareholders of record of Exelon at the end of the day on August 15, 2014.

Fourth Quarter 2014 Dividend

On October 21, 2014, the Exelon Board of Directors declared a fourth quarter 2014 regular quarterly dividend of $0.31 per share on Exelon's common stock payable on December 10, 2014 to shareholders of record of Exelon at the end of the day on November 14, 2014.

Short-Term Borrowings

During the nine months ended September 30, 2014, ComEd and BGE issued(repaid) $344 million and $(115) million of commercial paper, respectively, and Generation repaid $8 million in short-term notes payable. During the nine months ended September 30, 2013, ComEd issued $153 million of commercial paper, BGE issued $40 million of commercial paper and Generation issued $21 million in short-term notes payable.

Contributions from Parent/Member

During the nine months ended September 30, 2014, Generation, ComEd and PECO received $55 million, $168 million and $24 million from Parent (Exelon), respectively. During the nine months ended September 30, 2013, there were no contributions from Parent/Member (Exelon).

Distributions from Parent/Member

On April 1, 2014, Generation loaned $400 million to CENG, the proceeds of which were used to make a distribution to EDFI of $400 million. See Note 6 for additional information on the integration of CENG.

Other

For the nine months ended September 30, 2014, other financing activities primarily consisted of financing costs associated with the acquisition of PHI, other project financing and various debt issuance costs. See Notes 4, 10 and 16 for additional information.

Credit Matters

The Registrants fund liquidity needs for capital investment, working capital, energy hedging and other financial commitments through cash flows from continuing operations, public debt offerings, commercial paper markets and large, diversified credit facilities. The credit facilities include $8.5 billion in aggregate total commitments of which $7.5 billion was available as of September 30, 2014, and of which no financial institution has more than 8% of the aggregate commitments. Exelon, Generation, ComEd, PECO and BGE had access to the commercial paper market during the third quarter of 2014 to fund their short-term liquidity needs, when necessary. The Registrants routinely review the sufficiency of their liquidity position, including appropriate sizing of credit facility commitments, by performing various stress test scenarios, such as commodity price movements, increases in margin-related transactions, changes in hedging levels and the impacts of hypothetical credit downgrades. The Registrants have continued to closely monitor events in the financial markets and the financial institutions associated with the credit facilities, including monitoring credit ratings and outlooks, credit default swap levels, capital raising and merger activity. See Part I. Item 1A. Risk Factors of Exelon's 2013 Form 10-K for further information regarding the effects of uncertainty in the capital and credit markets.

The Registrants believe their cash flow from operating activities, access to credit markets and their credit facilities provide sufficient liquidity. If Generation lost its investment grade credit rating as of September 30, 2014, it would have been required to provide incremental collateral of $2.1 billion to meet collateral obligations for derivatives, non-derivatives, normal purchase normal sales contracts and applicable payables and receivables, net of the contractual right of offset under master netting agreements, which is well within its current available credit facility capacities of $4.7 billion. If ComEd lost its investment grade credit rating as of September 30, 2014, it would have been required to provide incremental collateral of $17 million, which is well within its current available credit facility capacity of $470 million, which takes into account commercial paper borrowings as of September 30, 2014. If PECO lost its investment grade credit rating as of September 30, 2014, it would not be required to provide collateral pursuant to PJM's credit policy and would have been required to provide collateral of $25 million related to its natural gas procurement contracts, which, in the aggregate, are well within PECO's current available credit facility capacity of $599 million. If BGE lost its investment grade credit rating as of September 30, 2014, it would have been required to provide collateral of $2 million pursuant to PJM's credit policy and would have been required to provide collateral of $47 million related to its natural gas procurement contracts, which, in the aggregate, are well within BGE's current available credit facility capacity of $580 million.

Exelon Credit Facilities

Exelon, ComEd and BGE meet their short-term liquidity requirements primarily through the issuance of commercial paper. Generation and PECO meet their short-term liquidity requirements primarily through the

issuance of commercial paper and borrowings from the intercompany money pool. The Registrants may use their respective credit facilities for general corporate purposes, including meeting short-term funding requirements and the issuance of letters of credit. See Note 10 — Debt and Credit Agreements of the Combined Notes to the Consolidated Financial Statements for further information regarding the Registrants' credit facilities.

The following table reflects the Registrants' commercial paper programs supported by the revolving credit agreements and bilateral credit agreements at September 30, 2014:

Commercial Paper Programs

Commercial Paper Issuer	Maximum Program Size	Outstanding Commercial Paper at September 30, 2014	Average Interest Rate on Commercial Paper Borrowings for the nine months ended September 30, 2014
Exelon Corporate	$ 500	$ —	—%
Generation	5,600	—	0.32%
ComEd	1,000	528	0.32%
PECO	600	—	—%
BGE	600	20	0.27%

In order to maintain their respective commercial paper programs in the amounts indicated above, each Registrant must have credit facilities in place, at least equal to the amount of its commercial paper program. While the amount of its commercial paper outstanding does not reduce available capacity under a Registrant's credit agreement, a Registrant does not issue commercial paper in an aggregate amount exceeding the available capacity under its credit agreement.

Credit Agreements

Borrower	Facility Type	Aggregate Bank Commitment [a]	Facility Draws	Outstanding Letters of Credit	Available Capacity at September 30, 2014	
					Actual	To Support Additional Commercial Paper
Exelon Corporate	Syndicated Revolver	$ 500	$ —	$ 6	$ 494	$ 494
Generation	Syndicated Revolver	5,300	—	557	4,743	4,743
Generation	Bilaterals	375	—	362	13	13
CENG	Bilaterals	100	—	—	100	—
ComEd	Syndicated Revolver	1,000	—	2	998	470
PECO	Syndicated Revolver	600	—	1	599	599
BGE	Syndicated Revolver	600	—	—	600	580

(a) Excludes $123 million of credit facility agreements arranged with minority and community banks at Generation, ComEd, PECO and BGE. These facilities expired on October 17, 2014 and were renewed at the same amount through October 16, 2015. These facilities are solely utilized to issue letters of credit. See Note 10 — Debt and Credit Agreements of the Combined Notes to the Consolidated Financial Statements for further information.

As of September 30, 2014, there were no borrowings under the Registrants' credit facilities.

On March 28, 2014, ComEd extended its unsecured revolving credit facility with aggregate bank commitments of $1.0 billion. Under this facility, ComEd may issue letters of credit in the aggregate amount of up to $500 million. The credit agreement expires on March 28, 2019. The credit facility also allows ComEd to request increases in the aggregate commitments of up to an additional $500 million. Any increases are subject to the approval of the lenders party to the credit agreement in their sole discretion. Costs incurred to extend the facility for ComEd were not material.

On October 24, 2014, a $100 million bilateral CENG credit facility was amended and extended for an additional year. This facility has been utilized by CENG to fund working capital and capital projects and obtain letters of credit.

On May 30, 2014, each of Exelon Corporate, Generation, PECO and BGE extended the expiration date of its unsecured revolving credit facility with aggregate bank commitments of $500 million, $5.3 billion, $600 million, $600 million, respectively into May 2019, with the exception of a cumulative amount of $315 million which expires in August 2018. Costs incurred to extend the facilities were not material.

Borrowings under Exelon Corporate's, Generation's, ComEd's, PECO's and BGE's credit facilities bear interest at a rate based upon either the prime rate or a LIBOR-based rate, plus an adder based upon each registrant's credit rating. Exelon Corporate, Generation, ComEd, PECO and BGE have adders of 27.5, 27.5, 7.5, 0.0 and 0.0 basis points, respectively, for prime based borrowings and 127.5, 127.5, 107.5, 90.0 and 100.0 basis points, respectively, for LIBOR-based borrowings. The maximum adders for prime rate borrowings and LIBOR-based rate borrowings are 65 basis points and 165 basis points, respectively. The credit agreements also require the borrower to pay a facility fee based upon the aggregate commitments under the agreement. The fee varies depending upon the respective credit ratings of the borrower.

Each revolving credit agreement for Exelon, Generation, ComEd, PECO and BGE requires the affected borrower to maintain a minimum cash from operations to interest expense ratio for the twelve-month period ended on the last day of any quarter. The following table summarizes the minimum thresholds reflected in the credit agreements for the nine months ended September 30, 2014:

	Exelon	Generation	ComEd	PECO	BGE
Credit agreement threshold	2.50 to 1	3.00 to 1	2.00 to 1	2.00 to 1	2.00 to 1

At September 30, 2014, the interest coverage ratios at the Registrants were as follows:

	Exelon	Generation	ComEd	PECO	BGE
Interest coverage ratio	10.23	11.92	6.14	7.65	8.66

An event of default under any Registrant's indebtedness will not constitute an event of default under any of the other Registrants' credit facilities, except that a bankruptcy or other event of default in the payment of principal, premium or indebtedness in principal amount in excess of $100 million in the aggregate by Generation will constitute an event of default under the Exelon Corporate credit facility.

Security Ratings

The Registrants' access to the capital markets, including the commercial paper market, and their respective financing costs in those markets, may depend on the securities ratings of the entity that is accessing the capital markets.

The Registrants' borrowings are not subject to default or prepayment as a result of a downgrading of securities, although such a downgrading of a Registrant's securities could increase fees and interest charges under that Registrant's credit agreements.

As part of the normal course of business, the Registrants enter into contracts that contain express provisions or otherwise permit the Registrants and their counterparties to demand adequate assurance of future performance when there are reasonable grounds for doing so. In accordance with the contracts and applicable contracts law, if the Registrants are downgraded by a credit rating agency, it is possible that a counterparty would attempt to rely on such a downgrade as a basis for making a demand for adequate assurance of future performance, which could include the posting of collateral. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information on collateral provisions.

Intercompany Money Pool

To provide an additional short-term borrowing option that will generally be more favorable to the borrowing participants than the cost of external financing, Exelon operates an intercompany money pool. Maximum amounts contributed to and borrowed from the money pool by participant and the net contribution or borrowing as of September 30, 2014, are presented in the following table:

	Three Months Ended September 30, 2014		As of September 30, 2014
Contributed (borrowed)	Maximum Contributed	Maximum Borrowed	Contributed (Borrowed)
Generation	$ —	$ 573	$ —
PECO	—	—	—
BSC	—	360	(273)
Exelon Corporate	780	N/A	273

Investments in Nuclear Decommissioning Trust Funds

Exelon, Generation and CENG maintain trust funds, as required by the NRC, to fund certain costs of decommissioning nuclear plants. The mix of securities in the trust funds is designed to provide returns to be used to fund decommissioning and to offset inflationary increases in decommissioning costs. Generation actively monitors the investment performance of the trust funds and periodically reviews asset allocations in accordance with Generation's NDT fund investment policy. Generation's and CENG's investment policies establish limits on the concentration of holdings in any one company and also in any one industry. See Note 12 —Nuclear Decommissioning of the Combined Notes to Consolidated Financial Statements for further information regarding the trust funds, the NRC's minimum funding requirements and related liquidity ramifications.

Shelf Registration Statements

The Registrants have a currently effective combined shelf registration statement unlimited in amount, filed with the SEC, that will expire in May 2017. The ability of each Registrant to sell securities off the shelf registration statement or to access the private placement markets will depend on a number of factors at the time of the proposed sale, including other required regulatory approvals, as applicable, the current financial condition of the Registrant, its securities ratings and market conditions.

Regulatory Authorizations

As of September 30, 2014, ComEd had $702 million available in long-term debt refinancing authority and $1.2 billion available in new money long-term debt financing authority from the ICC. As of September 30, 2014, PECO had $1.1 billion available in long-term debt financing authority from the PAPUC. As of September 30, 2014, BGE had $1.4 billion available in long-term financing authority from MDPSC.

As of September 30, 2014, ComEd, PECO and BGE had short-term financing authority from FERC, which expires on December 31, 2015, of $2.5 billion, $2.5 billion, and $0.7 billion, respectively. Generation currently has blanket financing authority from FERC, which was granted in connection with its market-based rate authority.

Contractual Obligations and Off-Balance Sheet Arrangements

Contractual obligations represent cash obligations that are considered to be firm commitments and commercial commitments triggered by future events. See Note 18 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements for discussion of the Registrants' commitments.

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Generation, ComEd, PECO and BGE have obligations related to contracts for the purchase of power and fuel supplies, and ComEd, PECO and BGE have obligations related to their financing trusts. The power and fuel purchase contracts and the financing trusts have been considered for consolidation in the Registrants' respective financial statements pursuant to the authoritative guidance for VIEs. See Note 1 — Basis of Presentation of the Combined Notes to Consolidated Financial Statements for further information.

For an in-depth discussion of the Registrant's contractual obligations and off-balance sheet arrangements, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Contractual Obligations and Off-Balance Sheet Arrangements" in the Exelon 2013 Form 10-K.

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Item 3. Quantitative and Qualitative Disclosures about Market Risk

The Registrants are exposed to market risks associated with adverse changes in commodity prices, counterparty credit, interest rates and equity prices. Exelon's RMC approves risk management policies and objectives for risk assessment, control and valuation, counterparty credit approval, and the monitoring and reporting of risk exposures. The RMC is chaired by the chief enterprise risk officer and includes the chief executive officer, chief financial officer, chief commercial risk officer, corporate controller, general counsel, treasurer, vice president of strategy, vice president of audit services and officers representing Exelon's business units. The RMC reports to the Risk Oversight Committee of the Exelon Board of Directors on the scope of the risk management activities. The following discussion serves as an update to ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK of the Registrants' 2013 Annual Report on Form 10-K incorporated herein by reference.

Commodity Price Risk (Exelon, Generation, ComEd, PECO and BGE)

Commodity price risk is associated with price movements resulting from changes in supply and demand, fuel costs, market liquidity, weather conditions, governmental regulatory and environmental policies, and other factors. To the extent the amount of energy Exelon generates differs from the amount of energy it has contracted to sell, Exelon has price risk from commodity price movements. Exelon seeks to mitigate its commodity price risk through the sale and purchase of electricity, fossil fuel, and other commodities.

Generation

Normal Operations and Hedging Activities. Electricity available from Generation's owned or contracted generation supply in excess of Generation's obligations to customers, including portions of ComEd's, PECO's and BGE's retail load, is sold into the wholesale markets. To reduce price risk caused by market fluctuations, Generation enters into non-derivative contracts as well as derivative contracts, including forwards, futures, swaps, and options, with approved counterparties to hedge anticipated exposures. Generation believes these instruments represent economic hedges that mitigate exposure to fluctuations in commodity prices. Generation expects the settlement of the majority of its economic hedges will occur during 2014 through 2016.

In general, increases and decreases in forward market prices have a positive and negative impact, respectively, on Generation's owned and contracted generation positions that have not been hedged. Exelon's hedging program involves the hedging of commodity risk for Exelon's expected generation, typically on a ratable basis over a three-year period. This strategy has not changed as a result of recent and pending asset divestitures. As of September 30, 2014, the proportion of expected generation hedged is 98%-101%, 86%-89%, and 55%-58% for 2014, 2015, and 2016, respectively. The percentage of expected generation hedged is the amount of equivalent sales divided by the expected generation. Expected generation is the volume of energy that best represents our financial exposure through owned or contracted capacity and reflects the divestiture impact of Fore River, Quail Run, and West Valley; but does not reflect the divestiture impact of Generation's interest in Keystone and Conemaugh. See Note 4 – Mergers, Acquisitions and Dispositions and Note 21 – Subsequent Event for more detail regarding the divestitures. Equivalent sales represent all hedging products, which include economic hedges and certain non-derivative contracts including Generation's sales to ComEd, PECO and BGE to serve their retail load.

A portion of Generation's hedging strategy may be accomplished with fuel products based on assumed correlations between power and fuel prices, which routinely change in the market. Market price risk exposure is the risk of a change in the value of unhedged positions. The forecasted market price risk exposure for Generation's entire non-trading portfolio associated with a $5 reduction in the annual average around-the-clock energy price based on September 30, 2014 market conditions and hedged position would be an immaterial increase in pre-tax net income for 2014 and a decrease in pre-tax net income of approximately $120 million and

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$470 million,respectively, for 2015 and 2016. Power price sensitivities are derived by adjusting power price assumptions while keeping all other price inputs constant. Generation expects to actively manage its portfolio to mitigate market price risk exposure for its unhedged position. Actual results could differ depending on the specific timing of, and markets affected by, price changes, as well as future changes in Generation's portfolio.

Proprietary Trading Activities. Generation also enters into certain energy-related derivatives for proprietary trading purposes. Proprietary trading includes all contracts entered into with the intent of benefiting from shifts or changes in market prices as opposed to those entered into with the intent of hedging or managing risk. Proprietary trading activities are subject to limits established by Exelon's RMC. The proprietary trading portfolio is subject to a risk management policy that includes stringent risk management limits, including volume, stop loss and Value-at-Risk (VaR) limits to manage exposure to market risk. Additionally, the Exelon risk management group and Exelon's RMC monitor the financial risks of the proprietary trading activities. The proprietary trading activities, which included physical volumes of 3,006 GWhs and 8,129 GWhs for the three and nine months ended September 30, 2014, respectively, and 2,499 GWhs and 6,066 GWhs for the three and nine months ended September 30, 2013, respectively, are a complement to Generation's energy marketing portfolio, but represent a small portion of Generation's overall revenue from energy marketing activities. Trading portfolio activity for the nine months ended September 30, 2014 resulted in pre-tax gains of $43 million due to net mark-to-market losses of $18 million and realized gains of $61 million. Generation uses a 95% confidence interval, assuming standard normal distribution, one day holding period, and a one-tailed statistical measure in calculating its VaR. The daily VaR on proprietary trading activity averaged $0.3 million of exposure during the quarter. Generation has not segregated proprietary trading activity within the following discussion because of the relative size of the proprietary trading portfolio in comparison to Generation's total revenues net of purchased power and fuel expense from continuing operations for the nine months ended September 30, 2014 of $5,520 million.

Fuel Procurement. Generation procures coal and natural gas through long-term and short-term contracts, and spot-market purchases. Nuclear fuel assemblies are obtained primarily through long-term contracts for uranium concentrates, and long-term contracts for conversion services, enrichment services and fuel fabrication services. The supply markets for coal, natural gas, uranium concentrates and certain nuclear fuel services are subject to price fluctuations and availability restrictions. Supply market conditions may make Generation's procurement contracts subject to credit risk related to the potential non-performance of counterparties to deliver the contracted commodity or service at the contracted prices. Approximately 60% of Generation's uranium concentrate requirements from 2014 through 2018 are supplied by three producers. In the event of non-performance by these or other suppliers, Generation believes that replacement uranium concentrates can be obtained, although at prices that may be unfavorable when compared to the prices under the current supply agreements. Non-performance by these counterparties could have a material impact on Exelon's and Generation's results of operations, cash flows and financial positions. See Note 18 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements for additional information regarding uranium and coal supply agreement matters.

ComEd

ComEd entered into 20-year contracts for renewable energy and RECs beginning in June 2012. ComEd is permitted to recover its renewable energy and REC costs from retail customers with no mark-up. The annual commitments represent the maximum settlements with suppliers for renewable energy and RECs under the existing contract terms. Pursuant to the ICC's Order on December 19, 2012, ComEd's commitments under the existing long-term contracts were reduced for the June 2013 through May 2014 procurement period. In addition, the ICC's December 18, 2013 Order approved the reduction of ComEd's commitments under those contracts for the June 2014 through May 2015 procurement period, and the amount of the reduction was approved by the ICC in March 2014. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements in this report and Note 3 — Regulatory Matters of the Exelon 2013 Form 10-K for additional information regarding energy procurement and derivatives.

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PECO

PECO has contracts to procure electric supply that were executed through the competitive procurement process outlined in its PAPUC-approved DSP Programs, which are further discussed in Note 5 — Regulatory Matters of the Combined Notes to the Consolidated Financial Statements. PECO has certain full requirements contracts and block contracts which are considered derivatives and qualify for the normal purchases and normal sales scope exception under current derivative authoritative guidance, and as a result are accounted for on an accrual basis of accounting. Under the DSP Programs, PECO is permitted to recover its electric supply procurement costs from retail customers with no mark-up.

PECO has also entered into derivative natural gas contracts, which either qualify for the normal purchases and normal sales exception or have no mark-to-market balances because the derivatives are index priced, to hedge its long-term price risk in the natural gas market. PECO's hedging program for natural gas procurement has no direct impact on its financial position or results of operations as natural gas costs are fully recovered from customers under the PGC.

PECO does not enter into derivatives for speculative or proprietary trading purposes. For additional information on these contracts, see Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements.

BGE

BGE procures electric supply for default service customers through full requirements contracts pursuant to BGE's MDPSC-approved SOS program. BGE's full requirements contracts that are considered derivatives qualify for the normal purchases and normal sales scope exception under current derivative authoritative guidance, and as a result, are accounted for on an accrual basis of accounting. Under the SOS program, BGE is permitted to recover its electricity procurement costs from retail customers, plus an administrative fee which includes a shareholder return component and an incremental cost component. However, through December 2016, BGE provides all residential electric customers a credit for the residential shareholder return component of the administrative charge.

BGE has also entered into derivative natural gas contracts, which qualify for the normal purchases and normal sales scope exception, to hedge its price risk in the natural gas market. The hedging program for natural gas procurement has no direct impact on BGE's financial position. However, under BGE's market-based rates incentive mechanism, BGE's actual cost of gas is compared to a market index (a measure of the market price of gas in a given period). The difference between BGE's actual cost and the market index is shared equally between shareholders and customers.

BGE does not enter into derivatives for speculative or proprietary trading purposes. For additional information on these contracts, see Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements.

Trading and Non-Trading Marketing Activities. The following detailed presentation of Exelon's, Generation's and ComEd's trading and non-trading marketing activities is included to address the recommended disclosures by the energy industry's Committee of Chief Risk Officers (CCRO).

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The following table provides detail on changes in Exelon's, Generation's and ComEd's commodity mark-to-market net asset or liability balance sheet position from December 31, 2013 to September 30, 2014. It indicates the drivers behind changes in the balance sheet amounts. This table incorporates the mark-to-market activities that are immediately recorded in earnings as well as the settlements from OCI to earnings and changes in fair value for the cash flow hedging activities that are recorded in accumulated OCI on the Consolidated Balance Sheets. This table excludes all normal purchase and normal sales contracts and does not segregate proprietary trading activity. See Note 9 — Derivative Financial Instruments of the Combined Notes to the Consolidated Financial Statements for additional information on the balance sheet classification of the mark-to-market energy contract net assets (liabilities) recorded as of September 30, 2014 and December 31, 2013.

	Generation	ComEd	Exelon
Total mark-to-market energy contract net assets (liabilities) at December 31, 2013 [a]	$ 1,047	$ (193)	$ 854
Total change in fair value during 2014 of contracts recorded in results of operations	(495)	—	(495)
Reclassification to realized at settlement of contracts recorded in results of operations	—	—	—
Reclassification to realized at settlement from accumulated OCI	(130)	—	(130)
Changes in fair value — energy derivatives [b]	—	15	15
Changes in allocated collateral	603	—	603
Changes in net option premium paid/(received)	(21)	—	(21)
Option premium amortization	(92)	—	(92)
Other balance sheet reclassifications	(8)	—	(8)
Total mark-to-market energy contract net assets (liabilities) at September 30, 2014 [a]	$ 904	$ (178)	$ 726

(a) Amounts are shown net of collateral paid to and received from counterparties.
(b) For ComEd, the changes in fair value are recorded as a change in regulatory assets or liabilities. As of September 30, 2014, ComEd recorded a $178 million regulatory asset related to its mark-to-market derivative liabilities with unaffiliated suppliers. As of September 30, 2014, ComEd also recorded $19 million of decreases in fair value and $4 million of realized gains due to settlements associated with floating-to-fixed energy swap contracts with unaffiliated suppliers.

Fair Values. The following tables present maturity and source of fair value for Exelon, Generation and ComEd mark-to-market commodity contract net assets (liabilities). The tables provide two fundamental pieces of information. First, the tables provide the source of fair value used in determining the carrying amount of the Registrants' total mark-to-market net assets (liabilities), net of allocated collateral. Second, the tables show the maturity, by year, of the Registrants' commodity contract net assets (liabilities), net of allocated collateral, giving an indication of when these mark-to-market amounts will settle and either generate or require cash. See Note 8 — Fair Value of Financial Assets and Liabilities of the Combined Notes to Consolidated Financial Statements for additional information regarding fair value measurements and the fair value hierarchy.

Exelon

	Maturities Within						
	2014	2015	2016	2017	2018	2019 and Beyond	Total Fair Value
Normal Operations, Commodity derivative contracts [a][b]							
Actively quoted prices (Level 1)	$ (18)	$ (33)	$ 14	$ (1)	$ —	$ —	$ (38)
Prices provided by external sources (Level 2)	167	293	59	(3)	—	(5)	511
Prices based on model or other valuation methods (Level 3) [c]	(24)	197	93	91	(10)	(94)	253
Total	$125	$457	$166	$87	$(10)	$ (99)	$ 726

(a) Mark-to-market gains and losses on other economic hedge and trading derivative contracts that are recorded in results of operations.
(b) Amounts are shown net of collateral paid to and received from counterparties (and offset against mark-to-market assets and liabilities) of $459 million at September 30, 2014.
(c) Includes ComEd's net assets (liabilities) associated with the floating-to-fixed energy swap contracts with unaffiliated suppliers.

Generation

	Maturities Within						
	2014	2015	2016	2017	2018	2019 and Beyond	Total Fair Value
Normal Operations, Commodity derivative contracts [a][b]							
Actively quoted prices (Level 1)	$ (18)	$ (33)	$ 14	$ (1)	$—	$ —	$ (38)
Prices provided by external sources (Level 2)	167	293	59	(3)	—	(5)	511
Prices based on model or other valuation methods (Level 3)	(18)	212	109	106	5	17	431
Total	$131	$472	$182	$102	$ 5	$ 12	$ 904

(a) Mark-to-market gains and losses on other economic hedge and trading derivative contracts that are recorded in the results of operations.
(b) Amounts are shown net of collateral paid to and received from counterparties (and offset against mark-to-market assets and liabilities) of $459 million at September 30, 2014.

ComEd

	Maturities Within						
	2014	2015	2016	2017	2018	2019 and beyond	Total Fair Value
Prices based on model or other valuation methods [a]	$ (6)	$(15)	$(16)	$(15)	$(15)	$ (111)	$ (178)

(a) Represents ComEd's net liabilities associated with the floating-to-fixed energy swap contracts with unaffiliated suppliers.

Credit Risk, Collateral, and Contingent Related Features (Exelon, Generation, ComEd, PECO and BGE)

The Registrants would be exposed to credit-related losses in the event of non-performance by counterparties that enter into derivative instruments. The credit exposure of derivative contracts, before collateral, is represented by the fair value of contracts at the reporting date. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for a detailed discussion of credit risk, collateral, and contingent related features.

Generation

The following tables provide information on Generation's credit exposure for all derivative instruments, normal purchase normal sales agreements, and applicable payables and receivables, net of collateral and instruments that are subject to master netting agreements, as of September 30, 2014. The tables further delineate that exposure by credit rating of the counterparties and provide guidance on the concentration of credit risk to individual counterparties and an indication of the duration of a company's credit risk by credit rating of the counterparties. The figures in the tables below exclude credit risk exposure from individual retail customers, uranium procurement contracts, and exposure through RTOs, ISOs, NYMEX, ICE and Nodal commodity exchanges, which are discussed below. Additionally, the figures in the tables below exclude exposures with affiliates, including net receivables with ComEd, PECO and BGE of $11 million, $21 million and $34 million, respectively. See Note 25 — Related Party Transactions of the Exelon 2013 Form 10-K for additional information.

Rating as of September 30, 2014	Total Exposure Before Credit Collateral	Credit Collateral [a]	Net Exposure	Number of Counterparties Greater than 10% of Net Exposure	Net Exposure of Counterparties Greater than 10% of Net Exposure
Investment grade	$ 1,240	$ 88	$ 1,152	1	$ 423
Non-investment grade	23	7	16	—	—
No external ratings					
Internally rated — investment grade	302	—	302	1	180
Internally rated — non-investment grade	26	3	23	—	—
Total	$ 1,591	$ 98	$ 1,493	2	$ 603

	Maturity of Credit Risk Exposure			
Rating as of September 30, 2014	Less than 2 Years	2-5 Years	Exposure Greater than 5 Years	Total Exposure Before Credit Collateral
Investment grade	$ 816	$ 355	$ 69	$ 1,240
Non-investment grade	16	7	—	23
No external ratings				
Internally rated — investment grade	218	87	(3)	302
Internally rated — non-investment grade	26	—	—	26
Total	$ 1,076	$ 449	$ 66	$ 1,591

Net Credit Exposure by Type of Counterparty	As of September 30, 2014
Financial institutions	$ 264
Investor-owned utilities, marketers, power producers	470
Energy cooperatives and municipalities	749
Other	10
Total	$ 1,493

(a) As of September 30, 2014, credit collateral held from counterparties where Generation had credit exposure included $94 million of cash and $4 million of letters of credit.

ComEd

There have been no significant changes or additions to ComEd's exposures to credit risk that are described in ITEM 1A. RISK FACTORS of Exelon's 2013 Annual Report on Form 10-K.

See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for information regarding credit exposure to suppliers.

PECO

There have been no significant changes or additions to PECO's exposures to credit risk as described in ITEM 1A. RISK FACTORS of Exelon's 2013 Annual Report on Form 10-K.

See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for information regarding credit exposure to suppliers.

BGE

There have been no significant changes or additions to BGE's exposures to credit risk as described in ITEM 1A. RISK FACTORS of Exelon's 2013 Annual Report on Form 10-K.

See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for information regarding credit exposure to suppliers.

Collateral (Exelon, Generation, ComEd, PECO and BGE)

Generation

As part of the normal course of business, Generation routinely enters into physical or financial contracts for the sale and purchase of electricity, fossil fuel and other commodities. These contracts either contain express provisions or otherwise permit Generation and its counterparties to demand adequate assurance of future performance when there are reasonable grounds for doing so. In accordance with the contracts and applicable law, if Generation is downgraded by a credit rating agency, especially if such downgrade is to a level below investment grade, it is possible that a counterparty would attempt to rely on such a downgrade as a basis for making a demand for adequate assurance of future performance. Depending on Generation's net position with a counterparty, the demand could be for the posting of collateral. In the absence of expressly agreed-to provisions that specify the collateral that must be provided, collateral requested will be a function of the facts and circumstances of the situation at the time of the demand. In this case, Generation believes an amount of several months of future payments (i.e. capacity payments) rather than a calculation of fair value is the best estimate for the contingent collateral obligation, which has been factored into the disclosure below. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for information regarding collateral requirements.

Generation sells output through bilateral contracts. The bilateral contracts are subject to credit risk, which relates to the ability of counterparties to meet their contractual payment obligations. Any failure to collect these payments from counterparties could have a material impact on Exelon's and Generation's results of operations, cash flows and financial position. As market prices rise above contracted price levels, Generation is required to post collateral with purchasers; as market prices fall below contracted price levels, counterparties are required to post collateral with Generation. In order to post collateral, Generation depends on access to bank credit facilities, which serve as liquidity sources to fund collateral requirements. See Note 10 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for additional information.

As of September 30, 2014, Generation had cash collateral of $669 million posted and cash collateral held of $169 million for counterparties with derivative positions, of which $459 million in net cash collateral deposits and $2 million in net cash collateral receipts were offset against energy mark-to-market and interest rate and foreign exchange derivative assets and liabilities related to underlying energy contracts, respectively. As of September 30, 2014, $43 million of cash collateral posted was not offset against net derivative positions because it was not associated with energy-related derivatives, were associated with accrual positions, or as of the balance sheet date there were no positions to offset. See Note 18 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements for information regarding the letters of credit supporting the cash collateral.

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ComEd

As of September 30, 2014, ComEd held approximately $2 million of collateral from suppliers in association with energy procurement contracts and held approximately $19 million in the form of cash and letters of credit for both annual and long-term renewable energy contracts. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements in this report and Note 3 — Regulatory Matters of the 2013 Exelon Form 10-K for additional information.

PECO

As of September 30, 2014, PECO was not required to post collateral under its energy and natural gas procurement contracts. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information.

BGE

BGE is not required to post collateral under its electric supply contracts. As of September 30, 2014, BGE was not required to post collateral under its natural gas procurement contracts. However, BGE did hold approximately $16 million of collateral from suppliers for electric supply procurement contracts as of September 30, 2014. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information.

RTOs and ISOs (Exelon, Generation, ComEd, PECO and BGE)

Generation, ComEd, PECO and BGE participate in all, or some, of the established, real-time energy markets that are administered by PJM, ISO-NE, ISO-NY, CAISO, MISO, SPP, AESO, OIESO and ERCOT. In these areas, power is traded through bilateral agreements between buyers and sellers and on the spot markets that are operated by the RTOs or ISOs, as applicable. In areas where there is no spot market, electricity is purchased and sold solely through bilateral agreements. For sales into the spot markets administered by an RTO or ISO, the RTO or ISO maintains financial assurance policies that are established and enforced by those administrators. The credit policies of the RTOs and ISOs may, under certain circumstances, require that losses arising from the default of one member on spot market transactions be shared by the remaining participants. Non-performance or non-payment by a major counterparty could result in a material adverse impact on the Registrants' results of operations, cash flows and financial positions.

Exchange Traded Transactions (Exelon and Generation)

Generation enters into commodity transactions on NYMEX, ICE and the Nodal exchange. The NYMEX, ICE and Nodal exchange clearinghouses act as the counterparty to each trade. Transactions on the NYMEX, ICE and Nodal exchange must adhere to comprehensive collateral and margining requirements. As a result, transactions on NYMEX, ICE and Nodal exchange are significantly collateralized and have limited counterparty credit risk.

Long-Term Leases (Exelon)

Exelon's Consolidated Balance Sheet, as of September 30, 2014, included a $357 million net investment in coal-fired plants in Georgia subject to long-term leases. This investment represents the estimated residual value of leased assets at the end of the respective lease terms of $685 million, less unearned income of $328 million. The lease agreements provide the lessees with fixed purchase options at the end of the lease terms. If the lessee does not exercise the fixed purchase options, Exelon has the ability to operate the stations and keep or market the power itself or require the lessee to arrange for a third party to bid on a service contract for a period following the lease term. Exelon will be subject to residual value risk if the lessee does not exercise the fixed purchase options.

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This risk is partially mitigated by the fair value of the scheduled payments under the service contract. However, such payments are not guaranteed. Further, the term of the service contract is less than the expected remaining useful life of the plants and, therefore, Exelon's exposure to residual value risk will not be mitigated by payments under the service contract in this remaining period. Lessee performance under the lease agreements is supported by collateral and credit enhancement measures. Management regularly evaluates the creditworthiness of Exelon's counterparties to these long-term leases. Exelon monitors the continuing credit quality of the credit enhancement party.

Exelon's Consolidated Balance Sheet, as of December 31, 2013, also included a net investment in a coal-fired plant in Texas subject to a long-term lease. In February 2014, Exelon and the City Public Service Board of San Antonio, Texas (CPS) finalized an agreement to terminate the leases prior to their expiration dates. As a result of the lease termination, Exelon received a net early termination amount of $335 million from CPS and wrote off the net investment in the CPS long-term lease of $336 million; resulting in a pre-tax loss of $1 million. See Note 11 — Income Taxes for the impact of the lease termination on income taxes.

Interest Rate and Foreign Exchange Risk (Exelon, Generation, ComEd, PECO and BGE)

The Registrants use a combination of fixed-rate and variable-rate debt to manage interest rate exposure. The Registrants may also utilize fixed-to-floating interest rate swaps, which are typically designated as fair value hedges, as a means to manage their interest rate exposure. In addition, the Registrants may utilize interest rate derivatives to lock in rate levels in anticipation of future financings, which are typically designated as cash flow hedges. These strategies are employed to manage interest rate risks. At September 30, 2014, Exelon and Generation had $1,600 million and $700 million of notional amounts of fixed-to-floating hedges outstanding, respectively, and $2,431 million and $781 million of notional amounts of floating-to-fixed hedges outstanding, respectively. Assuming the fair value and cash flow interest rate hedges are 100% effective, a hypothetical 50 bps increase in the interest rates associated with unhedged variable-rate debt (excluding Commercial Paper) and fixed-to-floating swaps would result in approximately a $7 million decrease in Exelon Consolidated pre-tax income for the nine months ended September 30, 2014. To manage foreign exchange rate exposure associated with international energy purchases in currencies other than U.S. dollars, Generation utilizes foreign currency derivatives, which are typically designated as economic hedges.

Equity Price Risk (Exelon and Generation)

Exelon and Generation maintain trust funds, as required by the NRC, to fund certain costs of decommissioning Generation's nuclear plants. As of September 30, 2014, Generation's decommissioning trust funds are reflected at fair value on its Consolidated Balance Sheets. The mix of securities in the trust funds is designed to provide returns to be used to fund decommissioning and to compensate Generation for inflationary increases in decommissioning costs; however, the equity securities in the trust funds are exposed to price fluctuations in equity markets, and the value of fixed-rate, fixed-income securities are exposed to changes in interest rates. Generation actively monitors the investment performance of the trust funds and periodically reviews asset allocation in accordance with Generation's NDT fund investment policy. A hypothetical 10% increase in interest rates and decrease in equity prices would result in a $599 million reduction in the fair value of the trust assets. This calculation holds all other variables constant and assumes only the discussed changes in interest rates and equity prices. See ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS for further discussion of equity price risk as a result of the current capital and credit market conditions.

Item 4. Controls and Procedures

During the third quarter of 2014, each of Exelon's, Generation's, ComEd's, PECO's and BGE's management, including its principal executive officer and principal financial officer, evaluated its disclosure controls and procedures related to the recording, processing, summarizing and reporting of information in its periodic reports that it files with the SEC. These disclosure controls and procedures have been designed by all Registrants to ensure that (a) material information relating to that Registrant, including its consolidated subsidiaries, is accumulated and made known to Exelon's management, including its principal executive officer and principal financial officer, by other employees of that Registrant and its subsidiaries as appropriate to allow timely decisions regarding required disclosure, and (b) this information is recorded, processed, summarized, evaluated and reported, as applicable, within the time periods specified in the SEC's rules and forms. Due to the inherent limitations of control systems, not all misstatements may be detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls could be circumvented by the individual acts of some persons or by collusion of two or more people.

Accordingly, as of September 30, 2014, the principal executive officer and principal financial officer of each of Exelon, Generation, ComEd, PECO and BGE concluded that such Registrant's disclosure controls and procedures were effective to accomplish its objectives. All Registrants continually strive to improve its disclosure controls and procedures to enhance the quality of its financial reporting and to maintain dynamic systems that change as conditions warrant. There have been no changes in internal control over financial reporting that occurred during the third quarter of 2014 that have materially affected, or are reasonably likely to materially affect, any of Exelon's, Generation's, ComEd's, PECO's and BGE's internal control over financial reporting.

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PART II — OTHER INFORMATION

Item 1 Legal Proceedings

The Registrants are parties to various lawsuits and regulatory proceedings in the ordinary course of their respective businesses. For information regarding material lawsuits and proceedings, see (a) ITEM 3. LEGAL PROCEEDINGS of Exelon's 2013 Form 10-K and (b) Notes 5 and 18 of the Combined Notes to Consolidated Financial Statements in PART I, ITEM 1. FINANCIAL STATEMENTS of this Report. Such descriptions are incorporated herein by these references.

Item 1A Risk Factors

Risks Related to Exelon

In addition to the risk factors described in Part I, Item 1A. Risk Factors in Exelon's 2013 Form 10-K, Exelon faces the following additional risks.

Risks Related to the Pending Merger with PHI

Exelon and PHI may encounter difficulties in satisfying the conditions for the completion of the Merger and the Merger may not be completed within the expected time frame or at all.

Consummation of the Merger is subject to the satisfaction or waiver of specified closing conditions, including (1) the approval of the Merger by the holders of a majority of the outstanding shares of the PHI common stock, (2) the receipt of regulatory approvals required to consummate the Merger, (3) the expiration or termination of the applicable waiting period under the HSR Act and (4) other customary closing conditions, including (a) the accuracy of each party's representations and warranties (subject to customary materiality qualifiers) and (b) each party's compliance with its obligations and covenants contained in the Merger Agreement. In addition, the obligation of Exelon to consummate the Merger is subject to the required regulatory approvals not, individually or in the aggregate, imposing terms, conditions, obligations or commitments that constitute a burdensome condition (as defined in the Merger Agreement)

Satisfying the conditions to completion of the Merger may take longer, and could cost more, than Exelon expects. Any delay in completing the Merger or any additional conditions imposed in order to complete the Merger may materially adversely affect the synergies and other benefits that Exelon expects to achieve from the Merger and the integration of the companies' respective businesses.

In addition, conditions to the completion of the Merger may fail to be satisfied. Exelon or PHI may terminate the Merger Agreement if the Merger is not completed by July 29, 2015 except that, under certain circumstances, the date may be extended by Exelon or PHI to October 29, 2015.

The Merger is subject to the receipt of consent or approval from governmental entities that could delay the completion of the Merger or impose conditions that could have a material adverse effect on the combined company or that could cause abandonment of the Merger.

Completion of the Merger is conditioned upon the receipt of consents, orders, approvals or clearances, to the extent required, from the FERC, the FCC, the District of Columbia Public Service Commission, and the public utility commissions or similar entities in certain states in which the companies operate, including the Delaware Public Service Commission, MDPSC, the New Jersey Board of Public Utilities and the Virginia Department of Public Utilities. The Merger is also subject to review by the DOJ Antitrust Division, under the HSR Act, and the expiration or earlier termination of the waiting period (and any extension of the waiting period) applicable to the Merger is a condition to closing the Merger. As of September 30, 2014, Exelon and PHI have made all of the required regulatory filings and the Merger remains subject to the approval or review of each of the regulatory agencies mentioned above.

Exelon and PHI have proposed conditions for approval in some of the regulatory filings that have been made and may subsequently propose or agree to further conditions, even if such conditions could have an adverse effect on Exelon, PHI or the combined company.

Exelon cannot provide assurance that all required regulatory consents or approvals will be obtained or that these consents or approvals will not contain terms, conditions or restrictions that would be detrimental to the combined company after the completion of the Merger. The Merger Agreement generally permits Exelon to terminate the Merger Agreement if the final terms of any of the required regulatory consents or approvals include burdensome conditions (as defined in the Merger Agreement). Any substantial delay in obtaining satisfactory approvals, receipt of proceeds from asset divestitures in an amount substantially lower than anticipated or the imposition of any terms or conditions in connection with such approvals could cause a material reduction in the expected benefits of the Merger.

Failure to obtain regulatory approval may result in Exelon's payment of a reverse termination fee.

If the Merger Agreement is terminated under certain circumstances due to the failure to obtain regulatory approvals or the breach by Exelon of its obligations in respect of obtaining regulatory approvals, Exelon will be required to pay PHI a reverse termination fee of up to $180 million, by means of PHI redeeming the outstanding nonvoting preferred securities purchased by Exelon for no consideration other than the nominal par value of the stock.

Failure to complete the Merger could negatively affect the share price and the future business and financial results of Exelon.

Completion of the Merger is not assured and is subject to risks, including the risks that approval of the transaction by governmental agencies will not be obtained or that certain other closing conditions will not be satisfied. If the Merger is not completed, the ongoing businesses of Exelon may be adversely affected and Exelon will be subject to several risks, including:

- having to pay certain significant costs relating to the Merger without receiving the benefits of the Merger, including, in certain circumstances, a termination fee of up to $180 million payable by Exelon to PHI under some circumstances; and
- the share price of Exelon may decline if and to the extent that the current market prices reflect an assumption by the market that the Merger will be completed.

Exelon and PHI have and will incur significant transaction and Merger-related costs in connection with the Merger.

Exelon and PHI expect to incur a number of non-recurring costs associated with combining the operations of the two companies. Most of these costs will be transaction costs, including fees paid to financial and legal advisors related to the Merger and related financing arrangements, and employment-related costs, including change-in- control related payments made to certain PHI executives. In addition, if the closing of the Merger is materially delayed, Exelon may be required to pay financing costs without having realized any benefits from the Merger during the period of delay. Exelon will also incur transaction fees and costs related to formulating integration plans. Additional unanticipated costs may be incurred in the integration of the two companies' businesses. Although Exelon expects that the elimination of costs, as well as the realization of other efficiencies related to the integration of the businesses, will exceed incremental transaction and Merger-related costs over time, this net benefit may not be achieved in the near term, or at all.

Exelon may not realize the expected benefits of the Merger because of integration difficulties and other challenges.

The success of the PHI acquisition will depend, in part, on Exelon's ability to realize all or some of the anticipated benefits from integrating PHI's business with Exelon's existing businesses. The integration process may be complex, costly and time-consuming. The challenges associated with integrating the operations of PHI's business include, among others:

- delay in implementation of our business plan for the combined business;
- unanticipated issues or costs in integrating financial, information technology, communications and other systems;
- possible inconsistencies in standards, controls, procedures and policies, and compensation structures between PHI' s structure and our structure;
- unanticipated changes in applicable laws and regulations;
- difficulties in retention of key employees;
- operating risks inherent in PHI's business and our business; and
- unexpected regulatory requirements.

Exelon and PHI will be subject to various uncertainties while the Merger is pending that may adversely affect their ability to attract and retain key employees, and potentially affect the company's financial results.

Uncertainty about the effect of the Merger on employees, suppliers and customers may have an adverse effect on Exelon and/or PHI. These uncertainties may impair Exelon's and/or PHI's ability to attract, retain and motivate key personnel until the Merger is completed and for a period of time thereafter, as employees and prospective employees may experience uncertainty about their future roles with the combined company. In addition, current and prospective Exelon and PHI employees may determine that they do not desire to work for the combined company for a variety of possible reasons.

The Merger may divert attention of management at Exelon and PHI, which could detract from efforts to meet business goals.

The pursuit of the Merger and the preparation for the integration may place a burden on management and internal resources. Any significant diversion of management attention away from ongoing business concerns and any difficulties encountered in the transition and integration process could affect Exelon's and/or PHI's financial results. The process of integrating the operations of PHI may require a disproportionate amount of resources and management attention. Exelon's future operations and cash flows will depend to a significant degree upon Exelon's ability to operate PHI efficiently, achieve the strategic operating objectives for the business and realize cost savings and synergies. Exelon's management team may encounter unforeseen difficulties in managing the integration. In order to successfully integrate PHI, Exelon's management team will need to focus on realizing anticipated synergies and cost savings on a timely basis while maintaining the efficiency of operations. Any substantial diversion of management attention could affect Exelon's ability to achieve operational, financial and strategic objectives.

We are obligated to complete the Merger whether or not we have obtained the required financing.

Exelon intends to fund the cash consideration in the Merger using a combination of approximately $3.5 billion of debt, up to $1.0 billion in cash from asset sales, and the remainder through issuance of equity (including mandatory convertible securities). Exelon has executed a $2.0 billion equity offering of 57.5 million shares of common stock in connection with forward sales agreements and $1.2 billion of junior subordinated notes in the form of 23 million equity units. In addition, Exelon signed a 364-day $7.2 billion senior unsecured

bridge credit facility to provide financing for the Merger pending the arrangement of permanent financing, which has subsequently been reduced to a $3.9 billion facility as a result of the equity issuances and applicable asset divestitures. The unsecured bridge credit facility is subject to various conditions contained in the agreement and the issuance of long-term debt and sales of assets to finance the Merger will be subject to future market conditions.

The combined company's assets, liabilities or results of operations could be adversely affected by unknown or unexpected events, conditions or actions that might occur at PHI prior to the closing of the Merger.

The PHI assets, liabilities, business, financial condition, cash flows, operating results and prospects to be acquired or assumed by Exelon by reason of the merger could be adversely affected before or after the Merger closing as a result of previously unknown events or conditions occurring or existing before the Merger closing. Adverse changes in PHI's business or operations could occur or arise as a result of actions by PHI, legal or regulatory developments including the emergence or unfavorable resolution of pre-acquisition loss contingencies, deteriorating general business, market, industry or economic conditions, and other factors both within and beyond the control of PHI. A significant decline in the value of PHI assets to be acquired by Exelon or a significant increase in PHI liabilities to be assumed by Exelon could adversely affect the combined company's future business, financial condition, cash flows, operating results and prospects.

Exelon may record goodwill that could become impaired and adversely affect its operating results.

In accordance with GAAP, the Merger will be accounted for as an acquisition of PHI common stock by Exelon and will follow the acquisition method of accounting for business combinations. The assets and liabilities of PHI will be consolidated with those of Exelon. The excess of the purchase price over the fair values of PHI's assets and liabilities, if any, will be recorded as goodwill.

The amount of goodwill, which could be material, will be allocated to the appropriate reporting units of the combined company. Exelon is required to assess goodwill for impairment at least annually by comparing the fair value of reporting units to the carrying value of those reporting units. To the extent the carrying value of any of those reporting units is greater than the fair value, a second step comparing the implied fair value of goodwill to the carrying amount would be required to determine if the goodwill is impaired. Such a potential impairment could result in a material charge that would have a material impact on Exelon's future operating results and consolidated balance sheet.

Legal proceedings in connection with the Merger, the outcomes of which are uncertain, could delay or prevent the completion of the Merger.

One of the conditions to the closing of the Merger is that no judgment (whether preliminary, temporary or permanent) or other order by any court or other governmental entity shall be in effect that restrains, enjoins or otherwise prohibits or makes illegal the consummation of the Merger.

PHI and its directors have been named as defendants in purported class action lawsuits filed on behalf of named plaintiffs and other public stockholders challenging the proposed Merger and seeking, among other things, to enjoin the defendants from consummating the Merger on the agreed-upon terms. Exelon has been named as a defendant in these lawsuits. Exelon has also been named in a federal court case with similar claims. In September 2014, the parties reached a proposed settlement which is subject to court approval. Final court approval of the proposed settlement is not expected to occur until the second quarter of 2015, at the earliest.

If a plaintiff in this or any other litigation that may be filed in the future is successful in obtaining an injunction prohibiting the parties from completing the Merger on the terms contemplated by the Merger Agreement, the injunction may prevent the completion of the Merger in the expected time frame or altogether. If completion of the Merger is prevented or delayed, it could result in substantial costs to Exelon. In addition, Exelon could incur significant costs in connection with the lawsuits, including costs associated with the indemnification of PHI's directors and officers.

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Private parties who may believe they are adversely affected by the Merger and individual states may bring legal actions under the antitrust laws in certain circumstances or intervene in regulatory proceedings. Although Exelon and PHI believe the completion of the Merger will not conflict with any antitrust law, there can be no assurance that a challenge to the Merger on antitrust grounds will not be made or, if a challenge is made, what the result will be. Under the Merger Agreement, Exelon and PHI have agreed to use their reasonable best efforts to obtain all regulatory clearances necessary to complete the Merger as promptly as practicable. In addition, in order to complete the Merger, Exelon and PHI may be required to comply with conditions, terms, obligations or restrictions imposed by regulatory agencies and any such conditions, terms, obligations or restrictions may have the effect of delaying completion of the Merger, imposing additional material costs on or materially limiting Exelon's revenues after the completion of the Merger, or otherwise reducing the anticipated benefits from the Merger. In addition, any such conditions, terms, obligations or restrictions could result in the delay or abandonment of the Merger.

The Merger may be completed on terms different from those contained in the Merger Agreement.

Prior to the completion of the Merger, Exelon and PHI may, by their mutual agreement, amend or alter the terms of the Merger Agreement, including with respect to, among other things, the Merger consideration to be received by PHI stockholders or any covenants or agreements with respect to the parties' respective operations pending completion of the Merger. In addition, Exelon may choose to waive requirements of the Merger Agreement, including some conditions to closing of the Merger. Any such amendments, alterations or waivers may have negative consequences to Exelon.

Item 4 Mine Safety Disclosures

Exelon, Generation, ComEd, PECO and BGE

Not applicable to the Registrants.

Item 6 Exhibits

Certain of the following exhibits are incorporated herein by reference under Rule 12b-32 of the Securities and Exchange Act of 1934, as amended. Certain other instruments which would otherwise be required to be listed below have not been so listed because such instruments do not authorize securities in an amount which exceeds 10% of the total assets of the applicable registrant and its subsidiaries on a consolidated basis and the relevant registrant agrees to furnish a copy of any such instrument to the Commission upon request.

Exhibit No.	Description
1.1	Underwriting Agreement dated September 8, 2014 among PECO, Mitsubishi UFJ Securities (USA), Inc., Mizuho Securities USA Inc. and RBS Securities Inc., as representatives of the several underwriters named therein. (File No. 000-16844, Form 8-K dated September 15, 2014, Exhibit 1.1)
4.1	One Hundred and Eleventh Supplemental Indenture dated as of September 1, 2014 from PECO to U.S. Bank National Association, as trustee. (File No. 000-16844, Form 8-K dated September 15, 2014, Exhibit 4.1)
10.1	Credit Agreement, dated as of September 18, 2014, among ExGen Texas Power, LLC, ExGen Texas Power Holdings, LLC, Wolf Hollow I Power, LLC, Colorado Bend I Power, LLC, Laporte Power, LLC, Handley Power, LLC and Mountain Creek Power, LLC, the lenders party thereto from time to time, Bank of America, N.A., as administrative agent and collateral agent, and Wilmington Trust, National Association, as depositary agent. (File No. 1-16169, Form 8-K dated September 18, 2014, Exhibit 10.1)

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Exhibit No.	Description
101.INS	XBRL Instance
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation
101.DEF	XBRL Taxonomy Extension Definition
101.LAB	XBRL Taxonomy Extension Labels
101.PRE	XBRL Taxonomy Extension Presentation

Certifications Pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities and Exchange Act of 1934 as to the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2014 filed by the following officers for the following companies:

31-1 — Filed by Christopher M. Crane for Exelon Corporation

31-2 — Filed by Jonathan W. Thayer for Exelon Corporation

31-3 — Filed by Kenneth W. Cornew for Exelon Generation Company, LLC

31-4 — Filed by Bryan P. Wright for Exelon Generation Company, LLC

31-5 — Filed by Anne R. Pramaggiore for Commonwealth Edison Company

31-6 — Filed by Joseph R. Trpik, Jr. for Commonwealth Edison Company

31-7 — Filed by Craig L. Adams for PECO Energy Company

31-8 — Filed by Phillip S. Barnett for PECO Energy Company

31-9 — Filed by Calvin G. Butler, Jr. for Baltimore Gas and Electric Company

31-10 — Filed by David M. Vahos for Baltimore Gas and Electric Company

Certifications Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code (Sarbanes — Oxley Act of 2002) as to the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2014 filed by the following officers for the following companies:

32-1 — Filed by Christopher M. Crane for Exelon Corporation

32-2 — Filed by Jonathan W. Thayer for Exelon Corporation

32-3 — Filed by Kenneth W. Cornew for Exelon Generation Company, LLC

32-4 — Filed by Bryan P. Wright for Exelon Generation Company, LLC

32-5 — Filed by Anne R. Pramaggiore for Commonwealth Edison Company

32-6 — Filed by Joseph R. Trpik, Jr. for Commonwealth Edison Company

32-7 — Filed by Craig L. Adams for PECO Energy Company

32-8 — Filed by Phillip S. Barnett for PECO Energy Company

32-9 — Filed by Calvin G. Butler, Jr. for Baltimore Gas and Electric Company

32-10 — Filed by David M. Vahos for Baltimore Gas and Electric Company

SIGNATURES

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

EXELON CORPORATION

/s/ Christopher M. Crane
Christopher M. Crane
President and Chief Executive Officer
(Principal Executive Officer)

/s/ Jonathan W. Thayer
Jonathan W. Thayer
Senior Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

/s/ Duane M. DesParte
Duane M. DesParte
Senior Vice President and Corporate Controller
(Principal Accounting Officer)

October 29, 2014

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

EXELON GENERATION COMPANY, LLC

/s/ Kenneth W. Cornew
Kenneth W. Cornew
President and Chief Executive Officer
(Principal Executive Officer)

/s/ Bryan P. Wright
Bryan P. Wright
Chief Financial Officer
(Principal Financial Officer)

/s/ Robert M. Aiken
Robert M. Aiken
Chief Accounting Officer
(Principal Accounting Officer)

October 29, 2014

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

COMMONWEALTH EDISON COMPANY

/s/ ANNE R. PRAMAGGIORE
Anne R. Pramaggiore
President and Chief Executive Officer
(Principal Executive Officer)

/s/ JOSEPH R. TRPIK, JR.
Joseph R. Trpik, Jr.
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/s/ GERALD J. KOZEL
Gerald J. Kozel
Vice President and Controller
(Principal Accounting Officer)

October 29, 2014

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PECO ENERGY COMPANY

/s/ CRAIG L. ADAMS
Craig L. Adams
President and Chief Executive Officer
(Principal Executive Officer)

/s/ PHILLIP S. BARNETT
Phillip S. Barnett
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/s/ SCOTT A. BAILEY
Scott A. Bailey
Vice President and Controller
(Principal Accounting Officer)

October 29, 2014

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BALTIMORE GAS AND ELECTRIC COMPANY

/s/ CALVIN G. BUTLER, JR.
Calvin G. Butler, Jr.
Chief Executive Officer
(Principal Executive Officer)

/s/ DAVID M. VAHOS
David M. Vahos
Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/s/ MATTHEW N. BAUER
Matthew N. Bauer
Vice President and Controller
(Principal Accounting Officer)

October 29, 2014

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Exhibit 31-1

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Christopher M. Crane, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ CHRISTOPHER M. CRANE
President and Chief Executive Officer
(Principal Executive Officer)

Date: October 29, 2014

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Exhibit 31-2

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Jonathan W. Thayer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ JONATHAN W. THAYER
Senior Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

Date: October 29, 2014

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Exhibit 31-3

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Kenneth W. Cornew, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Generation Company, LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ KENNETH W. CORNEW
President and Chief Executive Officer
(Principal Executive Officer)

Date: October 29, 2014

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Exhibit 31-4

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Bryan P. Wright, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Generation Company, LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ BRYAN P. WRIGHT
Chief Financial Officer
(Principal Financial Officer)

Date: October 29, 2014

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Exhibit 31-5

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Anne R. Pramaggiore, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Commonwealth Edison Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ ANNE R. PRAMAGGIORE
President and Chief Executive Officer
(Principal Executive Officer)

Date: October 29, 2014

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Exhibit 31-6

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Joseph R. Trpik, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Commonwealth Edison Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ JOSEPH R. TRPIK, JR.
Senior Vice President, Chief Financial Officer
and Treasurer
(Principal Financial Officer)

Date: October 29, 2014

S1-SSA-0009 - 23349

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Craig L. Adams, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PECO Energy Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ CRAIG L. ADAMS
President and Chief Executive Officer
(Principal Executive Officer)

Date: October 29, 2014

Exhibit 31-8

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Phillip S. Barnett, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PECO Energy Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ PHILLIP S. BARNETT
Senior Vice President, Chief Financial Officer
and Treasurer
(Principal Financial Officer)

Date: October 29, 2014

S1-SSA-0009 - 23351

Exhibit 31-9

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Calvin G. Butler, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Baltimore Gas and Electric Company;
2. I have reviewed this quarterly report on Form 10-Q of Baltimore Gas and Electric Company;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ CALVIN G. BUTLER, JR.
Chief Executive Officer
(Principal Executive Officer)

Date: October 29, 2014

S1-SSA-0009 - 23352

Exhibit 31-10

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, David M. Vahos, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Baltimore Gas and Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ DAVID M. VAHOS
Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: October 29, 2014

Exhibit 32-1

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Corporation for the quarterly period ended September 30, 2014, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Corporation.

/s/ CHRISTOPHER M. CRANE
Christopher M. Crane
President and Chief Executive Officer

Date: October 29, 2014

S1-SSA-0009 - 23354

Exhibit 32-2

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Corporation for the quarterly period ended September 30, 2014, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Corporation.

/s/ JONATHAN W. THAYER

Jonathan W. Thayer
Senior Executive Vice President and Chief Financial Officer

Date: October 29, 2014

S1-SSA-0009 - 23355

Exhibit 32-3

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Generation Company, LLC for the quarterly period ended September 30, 2014, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Generation Company, LLC.

/s/ Kenneth W. Cornew
Kenneth W. Cornew
President and Chief Executive Officer

Date: October 29, 2014

S1-SSA-0009 - 23356

Exhibit 32-4

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Generation Company, LLC for the quarterly period ended September 30, 2014, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Generation Company, LLC.

/s/ BRYAN P. WRIGHT
Bryan P. Wright
Chief Financial Officer

Date: October 29, 2014

S1-SSA-0009 - 23357

Exhibit 32-5

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Commonwealth Edison Company for the quarterly period ended September 30, 2014, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Commonwealth Edison Company.

/s/ ANNE R. PRAMAGGIORE
Anne R. Pramaggiore
President and Chief Executive Officer

Date: October 29, 2014

S1-SSA-0009 - 23358

Exhibit 32-6

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Commonwealth Edison Company for the quarterly period ended September 30, 2014, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Commonwealth Edison Company.

/s/ JOSEPH R. TRPIK, JR.

Joseph R. Trpik, Jr.
Senior Vice President, Chief Financial Officer and Treasurer

Date: October 29, 2014

S1-SSA-0009 - 23359

Exhibit 32-7

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of PECO Energy Company for the quarterly period ended September 30, 2014, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of PECO Energy Company.

/s/ CRAIG L. ADAMS
Craig L. Adams
President and Chief Executive Officer

Date: October 29, 2014

S1-SSA-0009 - 23360

Exhibit 32-8

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of PECO Energy Company for the quarterly period ended September 30, 2014, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of PECO Energy Company.

/s/ PHILLIP S. BARNETT

Phillip S. Barnett
Senior Vice President, Chief Financial Officer and Treasurer

Date: October 29, 2014

S1-SSA-0009 - 23361

Exhibit 32-9

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Baltimore Gas and Electric Company for the quarterly period ended September 30, 2014, that (i) the report fully complies with the requirements of section 13(a) or 15 (d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Baltimore Gas and Electric Company.

/s/ CALVIN G. BUTLER, JR.
Calvin G. Butler, Jr.
Chief Executive Officer

Date: October 29, 2014

S1-SSA-0009 - 23362

Exhibit 32-10

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Baltimore Gas and Electric Company for the quarterly period ended September 30, 2014, that (i) the report fully complies with the requirements of section 13(a) or 15 (d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Baltimore Gas and Electric Company.

/s/ DAVID M. VAHOS
David M. Vahos
Vice President, Chief Financial Officer and Treasurer

Date: October 29, 2014

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended September 30, 2015

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number	Name of Registrant; State of Incorporation; Address of Principal Executive Offices; and Telephone Number	IRS Employer Identification Number
1-16169	EXELON CORPORATION (a Pennsylvania corporation) 10 South Dearborn Street P.O. Box 805379 Chicago, Illinois 60680-5379 (800) 483-3220	23-2990190
333-85496	EXELON GENERATION COMPANY, LLC (a Pennsylvania limited liability company) 300 Exelon Way Kennett Square, Pennsylvania 19348-2473 (610) 765-5959	23-3064219
1-1839	COMMONWEALTH EDISON COMPANY (an Illinois corporation) 440 South LaSalle Street Chicago, Illinois 60605-1028 (312) 394-4321	36-0938600
000-16844	PECO ENERGY COMPANY (a Pennsylvania corporation) P.O. Box 8699 2301 Market Street Philadelphia, Pennsylvania 19101-8699 (215) 841-4000	23-0970240
1-1910	BALTIMORE GAS AND ELECTRIC COMPANY (a Maryland corporation) 2 Center Plaza 110 West Fayette Street Baltimore, Maryland 21201-3708 (410) 234-5000	52-0280210

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

	Large Accelerated Filer	Accelerated Filer	Non-accelerated Filer	Smaller Reporting Company
Exelon Corporation	☒			
Exelon Generation Company, LLC			☒	
Commonwealth Edison Company			☒	
PECO Energy Company			☒	
Baltimore Gas and Electric Company			☒	

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The number of shares outstanding of each registrant's common stock as of September 30, 2015 was:

Exelon Corporation Common Stock, without par value	919,564,380
Exelon Generation Company, LLC	not applicable
Commonwealth Edison Company Common Stock, $12.50 par value	127,016,973
PECO Energy Company Common Stock, without par value	170,478,507

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Baltimore Gas and Electric Company Common Stock, without par value	1,000

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GLOSSARY OF TERMS AND ABBREVIATIONS

Exelon Corporation and Related Entities

Exelon	Exelon Corporation
Generation	Exelon Generation Company, LLC
ComEd	Commonwealth Edison Company
PECO	PECO Energy Company
BGE	Baltimore Gas and Electric Company
BSC	Exelon Business Services Company, LLC
Exelon Corporate	Exelon's holding company
CENG	Constellation Energy Nuclear Group, LLC
Constellation	Constellation Energy Group, Inc.
Antelope Valley, AVSR	Antelope Valley Solar Ranch One
Exelon Transmission Company	Exelon Transmission Company, LLC
Exelon Wind	Exelon Wind, LLC and Exelon Generation Acquisition Company, LLC
Ventures	Exelon Ventures Company, LLC
AmerGen	AmerGen Energy Company, LLC
BondCo	RSB BondCo LLC
ComEd Financing III	ComEd Financing III
PEC L.P.	PECO Energy Capital, L.P.
PECO Trust III	PECO Energy Capital Trust III
PECO Trust IV	PECO Energy Capital Trust IV
BGE Trust II	BGE Capital Trust II
PETT	PECO Energy Transition Trust
Registrants	Exelon, Generation, ComEd, PECO and BGE, collectively

Other Terms and Abbreviations

Note "—" of the Exelon 2014 Form 10-K	Reference to a specific Combined Note to Consolidated Financial Statements within Exelon's 2014 Annual Report on Form 10-K
1998 restructuring settlement	PECO's 1998 settlement of its restructuring case mandated by the Competition Act
Act 11	Pennsylvania Act 11 of 2012
Act 129	Pennsylvania Act 129 of 2008
AEC	Alternative Energy Credit that is issued for each megawatt hour of generation from a qualified alternative energy source
AEPS	Pennsylvania Alternative Energy Portfolio Standards
AEPS Act	Pennsylvania Alternative Energy Portfolio Standards Act of 2004, as amended
AESO	Alberta Electric Systems Operator
AFUDC	Allowance for Funds Used During Construction
ALJ	Administrative Law Judge
AMI	Advanced Metering Infrastructure
AMP	Advanced Metering Program
ARC	Asset Retirement Cost
ARO	Asset Retirement Obligation
ARP	Title IV Acid Rain Program
ARRA of 2009	American Recovery and Reinvestment Act of 2009
Block contracts	Forward Purchase Energy Block Contracts
CAIR	Clean Air Interstate Rule
CAISO	California ISO
CAMR	Federal Clean Air Mercury Rule

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GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and Abbreviations	
CERCLA	Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended
CFL	Compact Fluorescent Light
Clean Air Act	Clean Air Act of 1963, as amended
Clean Water Act	Federal Water Pollution Control Amendments of 1972, as amended
Competition Act	Pennsylvania Electricity Generation Customer Choice and Competition Act of 1996
CPI	Consumer Price Index
CPUC	California Public Utilities Commission
CSAPR	Cross-State Air Pollution Rule
CTC	Competitive Transition Charge
DC Circuit Court	United States Court of Appeals for the District of Columbia Circuit
DOE	United States Department of Energy
DOJ	United States Department of Justice
DSP	Default Service Provider
DSP Program	Default Service Provider Program
EDF	Electricite de France SA
EE&C	Energy Efficiency and Conservation/Demand Response
EGR	ExGen Renewables I, LLC
EGS	Electric Generation Supplier
EGTP	ExGen Texas Power, LLC
EIMA	Illinois Energy Infrastructure Modernization Act
EPA	United States Environmental Protection Agency
ERCOT	Electric Reliability Council of Texas
ERISA	Employee Retirement Income Security Act of 1974, as amended
EROA	Expected Rate of Return on Assets
ESPP	Employee Stock Purchase Plan
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
FRCC	Florida Reliability Coordinating Council
FTC	Federal Trade Commission
GAAP	Generally Accepted Accounting Principles in the United States
GDP	Gross Domestic Product
GHG	Greenhouse Gas
GRT	Gross Receipts Tax
GSA	Generation Supply Adjustment
GWh	Gigawatt hour
HAP	Hazardous air pollutants
Health Care Reform Acts	Patient Protection and Affordable Care Act and Health Care and Education Reconciliation Act of 2010
IBEW	International Brotherhood of Electrical Workers
ICC	Illinois Commerce Commission
ICE	Intercontinental Exchange
Illinois Act	Illinois Electric Service Customer Choice and Rate Relief Law of 1997
Illinois EPA	Illinois Environmental Protection Agency
Illinois Settlement Legislation	Legislation enacted in 2007 affecting electric utilities in Illinois
Integrys	Integrys Energy Services, Inc.
IPA	Illinois Power Agency
IRC	Internal Revenue Code

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GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and Abbreviations	
IRS	Internal Revenue Service
ISO	Independent System Operator
ISO-NE	ISO New England Inc.
ISO-NY	New York Independent System Operator
kV	Kilovolt
kW	Kilowatt
kWh	Kilowatt-hour
LIBOR	London Interbank Offered Rate
LILO	Lease-In, Lease-Out
LLRW	Low-Level Radioactive Waste
LTIP	Long-Term Incentive Plan
MATS	U.S. EPA Mercury and Air Toxics Standard Rule
MBR	Market Based Rates Incentive
MDE	Maryland Department of the Environment
MDPSC	Maryland Public Service Commission
MGP	Manufactured Gas Plant
MISO	Midcontinent Independent System Operator, Inc.
mmcf	Million Cubic Feet
Moody's	Moody's Investor Service
MOPR	Minimum Offer Price Rule
MRV	Market-Related Value
MW	Megawatt
MWh	Megawatt hour
NAAQS	National Ambient Air Quality Standards
n.m.	not meaningful
NAV	Net Asset Value
NDT	Nuclear Decommissioning Trust
NEIL	Nuclear Electric Insurance Limited
NERC	North American Electric Reliability Corporation
NGS	Natural Gas Supplier
NJDEP	New Jersey Department of Environmental Protection
Non-Regulatory Agreements Units	Nuclear generating units or portions thereof whose decommissioning-related activities are not subject to contractual elimination under regulatory accounting including the CENG units (Calvert Cliffs, Nine Mile Point, and R.E. Ginna), Clinton, Oyster Creek, Three Mile Island, Zion (a former ComEd unit), and portions of Peach Bottom (a former PECO unit)
NOSA	Nuclear Operating Services Agreement
NOV	Notice of Violation
NPDES	National Pollutant Discharge Elimination System
NRC	Nuclear Regulatory Commission
NSPS	New Source Performance Standards
NWPA	Nuclear Waste Policy Act of 1982
NYMEX	New York Mercantile Exchange
OCI	Other Comprehensive Income
OIESO	Ontario Independent Electricity System Operator
OPEB	Other Postretirement Employee Benefits
PA DEP	Pennsylvania Department of Environmental Protection
PAPUC	Pennsylvania Public Utility Commission
PGC	Purchased Gas Cost Clause

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GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and Abbreviations	
PHI	Pepco Holdings, Inc.
PJM	PJM Interconnection, LLC
POLR	Provider of Last Resort
POR	Purchase of Receivables
PPA	Power Purchase Agreement
PPL	PPL Holtwood, LLC
Price-Anderson Act	Price-Anderson Nuclear Industries Indemnity Act of 1957
PRP	Potentially Responsible Parties
PSEG	Public Service Enterprise Group Incorporated
PURTA	Pennsylvania Public Realty Tax Act
PV	Photovoltaic
RCRA	Resource Conservation and Recovery Act of 1976, as amended
REC	Renewable Energy Credit which is issued for each megawatt hour of generation from a qualified renewable energy source
Regulatory Agreement Units	Nuclear generating units whose decommissioning-related activities are subject to contractual elimination under regulatory accounting including the former ComEd units (Braidwood, Bryon, Dresden, LaSalle, Quad Cities) and the former PECO units (Limerick, Peach Bottom, Salem)
RES	Retail Electric Suppliers
RFP	Request for Proposal
Rider	Reconcilable Surcharge Recovery Mechanism
RGGI	Regional Greenhouse Gas Initiative
RMC	Risk Management Committee
ROE	Return on Common Equity
RPM	PJM Reliability Pricing Model
RPS	Renewable Energy Portfolio Standards
RTEP	Regional Transmission Expansion Plan
RTO	Regional Transmission Organization
S&P	Standard & Poor's Ratings Services
SEC	United States Securities and Exchange Commission
Senate Bill 1	Maryland Senate Bill 1
SERC	SERC Reliability Corporation (formerly Southeast Electric Reliability Council)
SERP	Supplemental Employee Retirement Plan
SGIG	Smart Grid Investment Grant
SGIP	Smart Grid Initiative Program
SILO	Sale-In, Lease-Out
SMP	Smart Meter Program
SMPIP	Smart Meter Procurement and Installation Plan
SNF	Spent Nuclear Fuel
SOA	Society of Actuaries
SOS	Standard Offer Service
SPP	Southwest Power Pool
Tax Relief Act of 2010	Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010
Upstream	Natural gas and oil exploration and production activities
VIE	Variable Interest Entity
WECC	Western Electric Coordinating Council

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FILING FORMAT

This combined Form 10-Q is being filed separately by Exelon Corporation, Exelon Generation Company, LLC, Commonwealth Edison Company, PECO Energy Company and Baltimore Gas and Electric Company (Registrants). Information contained herein relating to any individual Registrant is filed by such Registrant on its own behalf. No Registrant makes any representation as to information relating to any other Registrant.

FORWARD-LOOKING STATEMENTS

This Report contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that are subject to risks and uncertainties. The factors that could cause actual results to differ materially from the forward-looking statements made by the Registrants include those factors discussed herein, as well as the items discussed in (1) Exelon's 2014 Annual Report on Form 10-K in (a) ITEM 1A. Risk Factors, (b) ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) ITEM 8. Financial Statements and Supplementary Data: Note 22; (2) this Quarterly Report on Form 10-Q in (a) Part II, Other Information, ITEM 1A. Risk Factors, (b) Part 1, Financial Information, ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) Part I, Financial Information, ITEM 1. Financial Statements: Note 19; and (3) other factors discussed in filings with the SEC by the Registrants. Readers are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of this Report. None of the Registrants undertakes any obligation to publicly release any revision to its forward-looking statements to reflect events or circumstances after the date of this Report.

WHERE TO FIND MORE INFORMATION

The public may read and copy any reports or other information that the Registrants file with the SEC at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. These documents are also available to the public from commercial document retrieval services, the website maintained by the SEC at www.sec.gov and the Registrants' websites at www.exeloncorp.com. Information contained on the Registrants' websites shall not be deemed incorporated into, or to be a part of, this Report.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions, except per share data)	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014
Operating revenues	$ 7,401	$ 6,912	$22,746	$20,173
Operating expenses				
Purchased power and fuel	3,291	2,591	10,210	8,943
Purchased power and fuel from affiliates	—	57	—	456
Operating and maintenance	1,996	1,982	6,119	6,005
Depreciation and amortization	606	577	1,818	1,732
Taxes other than income	310	306	908	887
Total operating expenses	6,203	5,513	19,055	18,023
Equity in losses of unconsolidated affiliates	—	—	—	(20)
Gain on sales of assets	2	339	10	356
Gain on consolidation and acquisition of businesses	—	—	—	261
Operating income	1,200	1,738	3,701	2,747
Other income and (deductions)				
Interest expense, net	(243)	(247)	(724)	(691)
Interest expense to affiliates	(10)	(11)	(31)	(31)
Other, net	(244)	16	(179)	346
Total other income and (deductions)	(497)	(242)	(934)	(376)
Income before income taxes	703	1,496	2,767	2,371
Income taxes	115	422	805	646
Equity in losses of unconsolidated affiliates	(1)	—	(3)	—
Net income	587	1,074	1,959	1,725
Net income (loss) attributable to noncontrolling interest and preference stock dividends	(42)	81	—	121
Net income attributable to common shareholders	$ 629	$ 993	$ 1,959	$ 1,604
Comprehensive income, net of income taxes				
Net income	$ 587	$ 1,074	$ 1,959	$ 1,725
Other comprehensive income (loss), net of income taxes				
Pension and non-pension postretirement benefit plans:				
Prior service benefit reclassified to periodic benefit cost	(11)	(11)	(35)	(18)
Actuarial loss reclassified to periodic cost	55	38	165	109
Pension and non-pension postretirement benefit plans valuation adjustment	—	(8)	(29)	240
Unrealized gain (loss) on cash flow hedges	(3)	(19)	4	(92)
Unrealized gain (loss) on equity investments	—	(3)	—	8
Unrealized gain (loss) on foreign currency translation	(8)	(5)	(17)	(6)
Unrealized loss on marketable securities	(1)	(3)	—	(2)
Reversal of CENG equity method AOCI	—	—	—	(116)
Other comprehensive income (loss)	32	(11)	88	123
Comprehensive income	$ 619	$ 1,063	$ 2,047	$ 1,848
Average shares of common stock outstanding:				
Basic	913	861	879	860
Diluted	915	863	883	863
Earnings per average common share:				
Basic	$ 0.69	$ 1.15	$ 2.23	$ 1.87
Diluted	$ 0.69	$ 1.15	$ 2.22	$ 1.86
Dividends per common share	$ 0.31	$ 0.31	$ 0.93	$ 0.93

Combined Notes to Consolidated Financial Statements

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EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Nine Months Ended September 30, 2015	2014
Cash flows from operating activities		
Net income	$ 1,959	$ 1,725
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation, amortization, depletion and accretion, including nuclear fuel and energy contract amortization	2,930	2,856
Impairment of long-lived assets	25	162
Gain on consolidation and acquisition of businesses	—	(268)
Gain on sales of assets	(10)	(356)
Deferred income taxes and amortization of investment tax credits	241	459
Net fair value changes related to derivatives	(363)	522
Net realized and unrealized (gains) losses on nuclear decommissioning trust fund investments	221	(141)
Other non-cash operating activities	856	698
Changes in assets and liabilities:		
Accounts receivable	175	198
Inventories	65	(316)
Accounts payable, accrued expenses and other current liabilities	(147)	(322)
Option premiums received, net	27	21
Counterparty collateral received (posted), net	305	(615)
Income taxes	300	72
Pension and non-pension postretirement benefit contributions	(430)	(516)
Other assets and liabilities	(480)	(536)
Net cash flows provided by operating activities	5,674	3,643
Cash flows from investing activities		
Capital expenditures	(5,443)	(4,114)
Proceeds from nuclear decommissioning trust fund sales	4,551	5,464
Investment in nuclear decommissioning trust funds	(4,737)	(5,550)
Acquisition of businesses	(28)	(67)
Proceeds from sale of long-lived assets	145	660
Proceeds from termination of direct financing lease investment	—	335
Proceeds from sales of investments	—	7
Cash and restricted cash acquired from consolidations and acquisitions	—	129
Change in restricted cash	(70)	(151)
Other investing activities	(107)	(89)
Net cash flows used in investing activities	(5,689)	(3,376)
Cash flows from financing activities		
Changes in short-term borrowings	230	236
Issuance of long-term debt	5,909	3,212
Retirement of long-term debt	(1,745)	(1,214)
Issuance of common stock	1,868	—
Distributions to noncontrolling interest of consolidated VIE	—	(415)
Dividends paid on common stock	(819)	(799)
Proceeds from employee stock plans	24	25
Other financing activities	(65)	(158)
Net cash flows provided by financing activities	5,402	887
Increase in cash and cash equivalents	5,387	1,154
Cash and cash equivalents at beginning of period	1,878	1,609
Cash and cash equivalents at end of period	$ 7,265	$ 2,763

See the Combined Notes to Consolidated Financial Statements

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EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2015 (Unaudited)	December 31, 2014
ASSETS		
Current assets		
Cash and cash equivalents	$ 7,265	$ 1,878
Restricted cash and cash equivalents	341	271
Accounts receivable, net		
Customer	3,215	3,482
Other	1,107	1,227
Mark-to-market derivative assets	1,116	1,279
Unamortized energy contract assets	135	254
Inventories, net		
Fossil fuel and emission allowances	442	579
Materials and supplies	1,074	1,024
Deferred income taxes	211	244
Regulatory assets	779	847
Assets held for sale	4	147
Other	1,178	865
Total current assets	16,867	12,097
Property, plant and equipment, net	55,814	52,087
Deferred debits and other assets		
Regulatory assets	6,000	6,076
Nuclear decommissioning trust funds	10,103	10,537
Investments	620	544
Goodwill	2,672	2,672
Mark-to-market derivative assets	801	773
Deferred income taxes	2	—
Unamortized energy contracts assets	513	549
Pledged assets for Zion Station decommissioning	237	319
Other	1,499	1,160
Total deferred debits and other assets	22,447	22,630
Total assets [(a)]	$ 95,128	$ 86,814

See the Combined Notes to Consolidated Financial Statements

EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2015 (Unaudited)	December 31, 2014
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings	$ 675	$ 460
Long-term debt due within one year	897	1,802
Accounts payable	2,987	3,048
Accrued expenses	1,576	1,539
Payables to affiliates	8	8
Regulatory liabilities	365	310
Mark-to-market derivative liabilities	204	234
Unamortized energy contract liabilities	118	238
Other	1,017	1,123
Total current liabilities	7,847	8,762
Long-term debt	24,541	19,362
Long-term debt to financing trusts	648	648
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	13,480	13,019
Asset retirement obligations	8,405	7,295
Pension obligations	3,014	3,366
Non-pension postretirement benefit obligations	1,877	1,742
Spent nuclear fuel obligation	1,021	1,021
Regulatory liabilities	4,180	4,550
Mark-to-market derivative liabilities	360	403
Unamortized energy contract liabilities	136	211
Payable for Zion Station decommissioning	99	155
Other	2,231	2,147
Total deferred credits and other liabilities	34,803	33,909
Total liabilities (a)	67,839	62,681
Commitments and contingencies		
Shareholders' equity		
Common stock (No par value, 2,000 shares authorized, 920 shares and 860 shares outstanding at September 30, 2015 and December 31, 2014, respectively)	18,647	16,709
Treasury stock, at cost (35 shares at both September 30, 2015 and December 31, 2014)	(2,327)	(2,327)
Retained earnings	12,046	10,910
Accumulated other comprehensive loss, net	(2,596)	(2,684)
Total shareholders' equity	25,770	22,608
BGE preference stock not subject to mandatory redemption	193	193
Noncontrolling interest	1,326	1,332
Total equity	27,289	24,133
Total liabilities and shareholders' equity	$ 95,128	$ 86,814

(a) Exelon's consolidated assets include $8,190 million and $8,160 million at September 30, 2015 and December 31, 2014, respectively, of certain VIEs that can only be used to settle the liabilities of the VIE. Exelon's consolidated liabilities include $3,242 million and $2,723 million at September 30, 2015 and December 31, 2014, respectively, of certain VIEs for which the VIE creditors do not have recourse to Exelon. See Note 3 — Variable Interest Entities.

See the Combined Notes to Consolidated Financial Statements

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EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

(In millions, shares in thousands)	Issued Shares	Common Stock	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss, net	Noncontrolling Interest	Preference Stock	Total Equity
Balance, December 31, 2014	894,568	$16,709	$(2,327)	$10,910	$ (2,684)	$ 1,332	$ 193	$24,133
Net income	—	—	—	1,959	—	(10)	10	1,959
Long-term incentive plan activity	1,394	47	—	—	—	—	—	47
Employee stock purchase plan issuances	1,083	24	—	—	—	—	—	24
Issuance of common stock	57,500	1,868	—	—	—	—	—	1,868
Tax benefit on stock compensation	—	(1)	—	—	—	—	—	(1)
Changes in equity of noncontrolling interest	—	—	—	—	—	4	—	4
Common stock dividends	—	—	—	(823)	—	—	—	(823)
Preference stock dividends	—	—	—	—	—	—	(10)	(10)
Other comprehensive income, net of income taxes	—	—	—	—	88	—	—	88
Balance, September 30, 2015	954,545	$18,647	$(2,327)	$12,046	$ (2,596)	$ 1,326	$ 193	$27,289

See the Combined Notes to Consolidated Financial Statements

EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014
Operating revenues				
Operating revenues	$ 4,562	$ 4,300	$14,270	$11,944
Operating revenues from affiliates	206	112	571	647
Total operating revenues	4,768	4,412	14,841	12,591
Operating expenses				
Purchased power and fuel	2,516	1,821	7,789	6,595
Purchased power and fuel from affiliates	3	59	11	476
Operating and maintenance	1,088	1,114	3,399	3,308
Operating and maintenance from affiliates	153	152	461	457
Depreciation and amortization	264	253	774	719
Taxes other than income	123	127	369	350
Total operating expenses	4,147	3,526	12,803	11,905
Equity in earnings (losses) of unconsolidated affiliates	—	1	—	(20)
Gain on sales of assets	1	338	7	355
Gain on consolidation and acquisition of businesses	—	—	—	261
Operating income	622	1,225	2,045	1,282
Other income and (deductions)				
Interest expense	(56)	(77)	(236)	(224)
Interest expense to affiliates, net	(12)	(12)	(33)	(37)
Other, net	(257)	4	(193)	306
Total other income and (deductions)	(325)	(85)	(462)	45
Income before income taxes	297	1,140	1,583	1,327
Income taxes	(36)	291	371	290
Equity in losses of unconsolidated affiliates	(1)	—	(4)	—
Net income	332	849	1,208	1,037
Net income (loss) attributable to noncontrolling interests	(45)	78	(10)	111
Net income attributable to membership interest	$ 377	$ 771	$ 1,218	$ 926
Comprehensive income, net of income taxes				
Net income	$ 332	$ 849	$ 1,208	$ 1,037
Other comprehensive income (loss), net of income taxes				
Unrealized loss on cash flow hedges	(3)	(16)	(7)	(86)
Unrealized gain (loss) on equity investments	—	(3)	—	8
Unrealized loss on foreign currency translation	(8)	(5)	(17)	(6)
Unrealized loss on marketable securities	(2)	(2)	—	(3)
Reversal of CENG equity method AOCI	—	—	—	(116)
Other comprehensive loss	(13)	(26)	(24)	(203)
Comprehensive income	$ 319	$ 823	$ 1,184	$ 834

See the Combined Notes to Consolidated Financial Statements

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EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Nine Months Ended September 30, 2015	2014
Cash flows from operating activities		
Net income	$ 1,208	$ 1,037
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation, amortization, depletion and accretion, including nuclear fuel and energy contract amortization	1,887	1,853
Impairment of long-lived assets	1	138
Gain on consolidation and acquisitions of businesses	—	(268)
Gain on sales of assets	(7)	(355)
Deferred income taxes and amortization of investment tax credits	21	154
Net fair value changes related to derivatives	(252)	509
Net realized and unrealized (gains) losses on nuclear decommissioning trust fund investments	221	(141)
Other non-cash operating activities	227	251
Changes in assets and liabilities:		
Accounts receivable	252	153
Receivables from and payables to affiliates, net	16	72
Inventories	69	(286)
Accounts payable, accrued expenses and other current liabilities	(156)	(311)
Option premiums received, net	27	21
Counterparty collateral received (posted), net	376	(634)
Income taxes	(70)	172
Pension and non-pension postretirement benefit contributions	(189)	(214)
Other assets and liabilities	(425)	(367)
Net cash flows provided by operating activities	3,206	1,784
Cash flows from investing activities		
Capital expenditures	(2,774)	(1,961)
Proceeds from nuclear decommissioning trust fund sales	4,551	5,464
Investment in nuclear decommissioning trust funds	(4,737)	(5,550)
Acquisition of businesses	(28)	(67)
Proceeds from sale of long-lived assets	144	660
Change in restricted cash	(84)	(116)
Changes in Exelon intercompany money pool	—	44
Cash and restricted cash acquired from consolidations and acquisitions	—	129
Other investing activities	(92)	(34)
Net cash flows used in investing activities	(3,020)	(1,431)
Cash flows from financing activities		
Change in short-term borrowings	—	7
Issuance of long-term debt	1,307	1,112
Retirement of long-term debt	(64)	(552)
Retirement of long-term debt to affiliate	(550)	—
Changes in Exelon intercompany money pool	1,205	—
Distribution to member	(2,368)	(440)
Distributions to noncontrolling interest of consolidated VIE	—	(415)
Contribution from member	55	55
Other financing activities	(6)	(67)
Net cash flows used in financing activities	(421)	(300)
Increase (decrease) in cash and cash equivalents	(235)	53
Cash and cash equivalents at beginning of period	780	1,258
Cash and cash equivalents at end of period	$ 545	$ 1,311

See the Combined Notes to Consolidated Financial Statements

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EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2015 (Unaudited)	December 31, 2014
ASSETS		
Current assets		
Cash and cash equivalents	$ 545	$ 780
Restricted cash and cash equivalents	242	158
Accounts receivable, net		
Customer	2,056	2,295
Other	487	318
Mark-to-market derivative assets	1,116	1,276
Receivables from affiliates	84	113
Unamortized energy contract assets	135	254
Inventories, net		
Fossil fuel and emission allowances	357	465
Materials and supplies	863	847
Deferred income taxes	201	327
Assets held for sale	4	147
Other	960	658
Total current assets	7,050	7,638
Property, plant and equipment, net	24,982	22,945
Deferred debits and other assets		
Nuclear decommissioning trust funds	10,103	10,537
Investments	197	104
Goodwill	47	47
Mark-to-market derivative assets	764	771
Prepaid pension asset	1,703	1,704
Pledged assets for Zion Station decommissioning	237	319
Unamortized energy contract assets	513	549
Deferred income taxes	2	3
Other	881	731
Total deferred debits and other assets	14,447	14,765
Total assets [(a)]	$ 46,479	$ 45,348

See the Combined Notes to Consolidated Financial Statements

EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2015 (Unaudited)	December 31, 2014
LIABILITIES AND EQUITY		
Current liabilities		
Short-term borrowings	$ 21	$ 36
Long-term debt due within one year	97	58
Long-term debt to affiliates due within one year	—	556
Accounts payable	1,676	1,759
Accrued expenses	835	886
Payables to affiliates	106	107
Borrowings from Exelon intercompany money pool	1,205	—
Mark-to-market derivative liabilities	182	214
Unamortized energy contract liabilities	118	238
Other	546	605
Total current liabilities	4,786	4,459
Long-term debt	7,964	6,709
Long-term debt to affiliate	935	943
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	6,030	6,034
Asset retirement obligations	8,254	7,146
Non-pension postretirement benefit obligations	926	915
Spent nuclear fuel obligation	1,021	1,021
Payables to affiliates	2,538	2,880
Mark-to-market derivative liabilities	139	105
Unamortized energy contract liabilities	136	211
Payable for Zion Station decommissioning	99	155
Other	727	719
Total deferred credits and other liabilities	19,870	19,186
Total liabilities [(a)]	33,555	31,297
Commitments and contingencies		
Equity		
Member's equity		
Membership interest	9,006	8,951
Undistributed earnings	2,653	3,803
Accumulated other comprehensive loss, net	(60)	(36)
Total member's equity	11,599	12,718
Noncontrolling interest	1,325	1,333
Total equity	12,924	14,051
Total liabilities and equity	$ 46,479	$ 45,348

(a) Generation's consolidated assets include $8,130 million and $8,119 million at September 30, 2015 and December 31, 2014, respectively, of certain VIEs that can only be used to settle the liabilities of the VIE. Generation's consolidated liabilities include $3,070 million and $2,507 million at September 30, 2015 and December 31, 2014, respectively, of certain VIEs for which the VIE creditors do not have recourse to Generation. See Note 3 — Variable Interest Entities.

See the Combined Notes to Consolidated Financial Statements

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EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Unaudited)

	Member's Equity				
(In millions)	Membership Interest	Undistributed Earnings	Accumulated Other Comprehensive Loss, net	Noncontrolling Interest	Total Equity
Balance, December 31, 2014	$ 8,951	$ 3,803	$ (36)	$ 1,333	$14,051
Net income	—	1,218	—	(10)	1,208
Changes in equity of noncontrolling interest	—	—	—	2	2
Allocation of tax benefit from member	55	—	—	—	55
Distribution to member	—	(2,368)	—	—	(2,368)
Other comprehensive loss, net of income taxes	—	—	(24)	—	(24)
Balance, September 30, 2015	$ 9,006	$ 2,653	$ (60)	$ 1,325	$12,924

See the Combined Notes to Consolidated Financial Statements

COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014
Operating revenues				
Operating revenues	$ 1,375	$ 1,221	$3,706	$ 3,482
Operating revenues from affiliates	1	1	3	2
Total operating revenues	1,376	1,222	3,709	3,484
Operating expenses				
Purchased power	388	325	974	741
Purchased power from affiliate	2	1	17	174
Operating and maintenance	353	320	1,023	923
Operating and maintenance from affiliate	51	39	143	117
Depreciation and amortization	176	174	528	521
Taxes other than income	79	76	225	225
Total operating expenses	1,049	935	2,910	2,701
Operating income	327	287	799	783
Other income and (deductions)				
Interest expense, net	(80)	(78)	(238)	(231)
Interest expense to affiliates	(3)	(3)	(10)	(10)
Other, net	4	4	14	14
Total other income and (deductions)	(79)	(77)	(234)	(227)
Income before income taxes	248	210	565	556
Income taxes	99	84	226	221
Net income	149	126	339	335
Comprehensive income	$ 149	$ 126	$ 339	$ 335

See the Combined Notes to Consolidated Financial Statements

COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Nine Months Ended September 30, 2015	2014
Cash flows from operating activities		
Net income	$ 339	$ 335
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation, amortization and accretion	528	521
Deferred income taxes and amortization of investment tax credits	107	154
Other non-cash operating activities	312	116
Changes in assets and liabilities:		
Accounts receivable	(114)	(109)
Receivables from and payables to affiliates, net	(23)	(55)
Inventories	(23)	(12)
Accounts payable, accrued expenses and other current liabilities	(20)	59
Income taxes	389	15
Pension and non-pension postretirement benefit contributions	(142)	(237)
Other assets and liabilities	(7)	62
Net cash flows provided by operating activities	1,346	849
Cash flows from investing activities		
Capital expenditures	(1,670)	(1,173)
Proceeds from sales of investments	—	7
Change in restricted cash	2	(2)
Other investing activities	22	20
Net cash flows used in investing activities	(1,646)	(1,148)
Cash flows from financing activities		
Changes in short-term borrowings	300	344
Issuance of long-term debt	400	650
Retirement of long-term debt	(260)	(617)
Contributions from parent	75	168
Dividends paid on common stock	(226)	(230)
Other financing activities	(4)	(8)
Net cash flows provided by financing activities	285	307
Increase (decrease) in cash and cash equivalents	(15)	8
Cash and cash equivalents at beginning of period	66	36
Cash and cash equivalents at end of period	$ 51	$ 44

See the Combined Notes to Consolidated Financial Statements

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COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2015 (Unaudited)	December 31, 2014
ASSETS		
Current assets		
Cash and cash equivalents	$ 51	$ 66
Restricted cash	2	4
Accounts receivable, net		
Customer	557	477
Other	334	648
Receivables from affiliates	14	14
Inventories, net	148	125
Regulatory assets	232	349
Other	84	40
Total current assets	1,422	1,723
Property, plant and equipment, net	17,001	15,793
Deferred debits and other assets		
Regulatory assets	913	852
Goodwill	2,625	2,625
Receivables from affiliates	2,336	2,571
Prepaid pension asset	1,537	1,551
Other	295	277
Total deferred debits and other assets	7,706	7,876
Total assets	$ 26,129	$ 25,392

See the Combined Notes to Consolidated Financial Statements

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COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2015 (Unaudited)	December 31, 2014
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings	$ 604	$ 304
Long-term debt due within one year	665	260
Accounts payable	693	598
Accrued expenses	337	331
Payables to affiliates	60	84
Customer deposits	130	128
Regulatory liabilities	144	125
Deferred income taxes	—	63
Mark-to-market derivative liability	22	20
Other	68	73
Total current liabilities	2,723	1,986
Long-term debt	5,435	5,698
Long-term debt to financing trust	206	206
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	4,677	4,498
Asset retirement obligations	110	103
Non-pension postretirement benefits obligations	262	263
Regulatory liabilities	3,441	3,655
Mark-to-market derivative liability	221	187
Other	954	889
Total deferred credits and other liabilities	9,665	9,595
Total liabilities	18,029	17,485
Commitments and contingencies		
Shareholders' equity		
Common stock	1,588	1,588
Other paid-in capital	5,548	5,468
Retained earnings	964	851
Total shareholders' equity	8,100	7,907
Total liabilities and shareholders' equity	$ 26,129	$ 25,392

See the Combined Notes to Consolidated Financial Statements

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COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

(In millions)	Common Stock	Other Paid-In Capital	Retained Deficit Unappropriated	Retained Earnings Appropriated	Total Shareholders' Equity
Balance, December 31, 2014	$ 1,588	$ 5,468	$ (1,639)	$ 2,490	$ 7,907
Net income	—	—	339	—	339
Appropriation of retained earnings for future dividends	—	—	(339)	339	—
Common stock dividends	—	—	—	(226)	(226)
Contribution from parent	—	75	—	—	75
Parent tax matter indemnification	—	5	—	—	5
Balance, September 30, 2015	$ 1,588	$ 5,548	$ (1,639)	$ 2,603	$ 8,100

See the Combined Notes to Consolidated Financial Statements

PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014
Operating revenues				
Operating revenues	$ 739	$ 693	$ 2,385	$ 2,342
Operating revenues from affiliates	1	—	1	1
Total operating revenues	740	693	2,386	2,343
Operating expenses				
Purchased power and fuel	217	228	782	798
Purchased power from affiliate	61	27	171	162
Operating and maintenance	166	181	529	597
Operating and maintenance from affiliates	30	23	80	71
Depreciation and amortization	68	59	198	176
Taxes other than income	44	42	125	122
Total operating expenses	586	560	1,885	1,926
Gain on sale of assets	—	—	1	—
Operating income	154	133	502	417
Other income and (deductions)				
Interest expense, net	(25)	(26)	(75)	(76)
Interest expense to affiliates	(3)	(3)	(9)	(9)
Other, net	1	2	3	5
Total other income and (deductions)	(27)	(27)	(81)	(80)
Income before income taxes	127	106	421	337
Income taxes	37	25	122	82
Net income attributable to common shareholder	90	81	299	255
Comprehensive income	$ 90	$ 81	$ 299	$ 255

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PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Nine Months Ended September 30, 2015	2014
Cash flows from operating activities		
Net income	$ 299	$ 255
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation, amortization and accretion	198	176
Deferred income taxes and amortization of investment tax credits	11	7
Other non-cash operating activities	69	70
Changes in assets and liabilities:		
Accounts receivable	(15)	63
Receivables from and payables to affiliates, net	—	(20)
Inventories	8	5
Accounts payable, accrued expenses and other current liabilities	(17)	19
Income taxes	69	16
Pension and non-pension postretirement benefit contributions	(37)	(12)
Other assets and liabilities	(18)	(75)
Net cash flows provided by operating activities	567	504
Cash flows from investing activities		
Capital expenditures	(435)	(461)
Change in restricted cash	(1)	—
Other investing activities	11	9
Net cash flows used in investing activities	(425)	(452)
Cash flows from financing activities		
Issuance of long-term debt	—	300
Contributions from parent	16	24
Change in Exelon intercompany money pool	55	—
Dividends paid on common stock	(209)	(240)
Other financing activities	(2)	(7)
Net cash flows provided by (used in) financing activities	(140)	77
Increase in cash and cash equivalents	2	129
Cash and cash equivalents at beginning of period	30	217
Cash and cash equivalents at end of period	$ 32	$ 346

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PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2015 (Unaudited)	December 31, 2014
ASSETS		
Current assets		
Cash and cash equivalents	$ 32	$ 30
Restricted cash and cash equivalents	3	2
Accounts receivable, net		
Customer	283	320
Other	122	141
Receivables from affiliates	4	3
Inventories, net		
Fossil fuel	43	57
Materials and supplies	28	22
Deferred income taxes	69	69
Prepaid utility taxes	42	10
Regulatory assets	32	29
Other	25	31
Total current assets	683	714
Property, plant and equipment, net	7,027	6,801
Deferred debits and other assets		
Regulatory assets	1,557	1,529
Investments	28	31
Receivable from affiliates	388	490
Prepaid pension asset	353	344
Other	36	34
Total deferred debits and other assets	2,362	2,428
Total assets	$ 10,072	$ 9,943

See the Combined Notes to Consolidated Financial Statements

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PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2015 (Unaudited)	December 31, 2014
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 298	$ 337
Accrued expenses	123	91
Payables to affiliates	53	52
Borrowings from Exelon intercompany money pool	55	—
Customer deposits	56	52
Regulatory liabilities	104	90
Other	30	31
Total current liabilities	719	653
Long-term debt	2,246	2,246
Long-term debt to financing trusts	184	184
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	2,752	2,671
Asset retirement obligations	26	29
Non-pension postretirement benefits obligations	288	287
Regulatory liabilities	536	657
Other	94	95
Total deferred credits and other liabilities	3,696	3,739
Total liabilities	6,845	6,822
Commitments and contingencies		
Shareholder's equity		
Common stock	2,455	2,439
Retained earnings	771	681
Accumulated other comprehensive income, net	1	1
Total shareholder's equity	3,227	3,121
Total liabilities and shareholder's equity	$ 10,072	$ 9,943

See the Combined Notes to Consolidated Financial Statements

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PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
(Unaudited)

(In millions)	Common Stock	Retained Earnings	Accumulated Other Comprehensive Income, net	Total Equity
Balance, December 31, 2014	$ 2,439	$ 681	$ 1	$3,121
Net income	—	299	—	299
Allocation of tax benefit from parent	16	—	—	16
Common stock dividends	—	(209)	—	(209)
Balance, September 30, 2015	$ 2,455	$ 771	$ 1	$3,227

See the Combined Notes to Consolidated Financial Statements

BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2015	2014	2015	2014
Operating revenue				
Operating revenue	$ 722	$ 694	$ 2,378	$ 2,383
Operating revenue from affiliates	3	3	10	21
Total operating revenues	725	697	2,388	2,404
Operating expenses				
Purchased power and fuel	170	216	664	808
Purchased power from affiliate	141	81	373	286
Operating and maintenance	138	142	412	468
Operating and maintenance from affiliates	31	23	87	73
Depreciation and amortization	79	78	271	275
Taxes other than income	57	55	169	168
Total operating expenses	616	595	1,976	2,078
Gain on sale of assets	1	—	1	—
Operating income	110	102	413	326
Other income and (deductions)				
Interest expense, net	(21)	(22)	(62)	(69)
Interest expense to affiliates	(4)	(4)	(11)	(12)
Other, net	4	4	13	14
Total other income and (deductions)	(21)	(22)	(60)	(67)
Income before income taxes	89	80	353	259
Income taxes	35	31	141	103
Net income	54	49	212	156
Preference stock dividends	3	3	10	10
Net income attributable to common shareholder	51	46	202	146
Comprehensive income	$ 54	$ 49	$ 212	$ 156

See the Combined Notes to Consolidated Financial Statements

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BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Nine Months Ended September 30, 2015	2014
Cash flows from operating activities		
Net income	$ 212	$ 156
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation, amortization and accretion	271	275
Deferred income taxes and amortization of investment tax credits	79	57
Other non-cash operating activities	111	129
Changes in assets and liabilities:		
Accounts receivable	62	101
Receivables from and payables to affiliates, net	(8)	(11)
Inventories	10	(21)
Accounts payable, accrued expenses and other current liabilities	49	(50)
Counterparty collateral (posted) received, net	(27)	16
Income taxes	(6)	53
Pension and non-pension postretirement benefit contributions	(14)	(13)
Other assets and liabilities	(43)	(67)
Net cash flows provided by operating activities	696	625
Cash flows from investing activities		
Capital expenditures	(506)	(458)
Change in restricted cash	2	(37)
Other investing activities	13	15
Net cash flows used in investing activities	(491)	(480)
Cash flows from financing activities		
Changes in short-term borrowings	(70)	(115)
Retirement of long-term debt	(37)	(35)
Contributions from parent	6	—
Dividends paid on preference stock	(10)	(10)
Dividends paid on common stock	(116)	—
Other financing activities	(15)	11
Net cash flows used in financing activities	(242)	(149)
Decrease in cash and cash equivalents	(37)	(4)
Cash and cash equivalents at beginning of period	64	31
Cash and cash equivalents at end of period	$ 27	$ 27

See the Combined Notes to Consolidated Financial Statements

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BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2015 (Unaudited)	December 31, 2014
ASSETS		
Current assets		
Cash and cash equivalents	$ 27	$ 64
Restricted cash and cash equivalents	48	50
Accounts receivable, net		
Customer	318	390
Other	77	82
Receivables from affiliates	1	—
Inventories, net		
Gas held in storage	42	57
Materials and supplies	35	30
Deferred income taxes	8	6
Prepaid utility taxes	4	59
Regulatory assets	257	214
Other	5	5
Total current assets	822	957
Property, plant and equipment, net	6,459	6,204
Deferred debits and other assets		
Regulatory assets	485	510
Investments	12	12
Prepaid pension asset	331	370
Other	25	25
Total deferred debits and other assets	853	917
Total assets [a]	$ 8,134	$ 8,078

See the Combined Notes to Consolidated Financial Statements

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BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2015 (Unaudited)	December 31, 2014
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings	$ 50	$ 120
Long-term debt due within one year	77	75
Accounts payable	201	215
Accrued expenses	159	131
Deferred income taxes	63	52
Payables to affiliates	47	66
Customer deposits	99	92
Regulatory liabilities	69	44
Other	32	51
Total current liabilities	797	846
Long-term debt	1,828	1,867
Long-term debt to financing trust	258	258
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	1,937	1,865
Asset retirement obligations	15	17
Non-pension postretirement benefits obligations	209	212
Regulatory liabilities	186	200
Other	59	60
Total deferred credits and other liabilities	2,406	2,354
Total liabilities [(a)]	5,289	5,325
Commitments and contingencies		
Shareholders' equity		
Common stock	1,366	1,360
Retained earnings	1,289	1,203
Total shareholders' equity	2,655	2,563
Preference stock not subject to mandatory redemption	190	190
Total equity	2,845	2,753
Total liabilities and shareholders' equity	$ 8,134	$ 8,078

(a) BGE's consolidated assets include $49 million and $24 million at September 30, 2015 and December 31, 2014, respectively, of BGE's consolidated VIE that can only be used to settle the liabilities of the VIE. BGE's consolidated liabilities include $162 million and $197 million at September 30, 2015 and December 31, 2014, respectively, of BGE's consolidated VIE for which the VIE creditors do not have recourse to BGE. See Note 3 — Variable Interest Entities.

See the Combined Notes to Consolidated Financial Statements

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BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

(In millions)	Common Stock	Retained Earnings	Total Shareholders' Equity	Preference Stock Not Subject to Mandatory Redemption	Total Equity
Balance, December 31, 2014	$ 1,360	$ 1,203	$ 2,563	$ 190	$ 2,753
Net income	—	212	212	—	212
Allocation of tax benefit from parent	6	—	6	—	6
Preference stock dividends	—	(10)	(10)	—	(10)
Common stock dividends	—	(116)	(116)	—	(116)
Balance, September 30, 2015	$ 1,366	$ 1,289	$ 2,655	$ 190	$ 2,845

See the Combined Notes to Consolidated Financial Statements

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in millions, except per share data, unless otherwise noted)

Index to Combined Notes to Consolidated Financial Statements

The notes to the consolidated financial statements that follow are a combined presentation. The following list indicates the registrants to which the footnotes apply:

Applicable Notes

Registrant	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
Exelon Corporation	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.
Exelon Generation Company, LLC	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.			.		.
Commonwealth Edison Company	.	.	.		.				.	.	.	.		.	.				.		.
PECO Energy Company	.	.	.		.				.	.	.	.		.	.	.			.		.
Baltimore Gas And Electric Company	.	.	.		.				.	.	.	.		.	.				.		.

1. Basis of Presentation (Exelon, Generation, ComEd, PECO and BGE)

Exelon is a utility services holding company engaged through its principal subsidiaries in the energy generation and energy distribution businesses.

The energy generation business includes:

- *Generation* : Physical delivery and marketing of owned and contracted electric generation capacity and provision of renewable and other energy-related products and services, and natural gas exploration and production activities. Generation has six reportable segments consisting of the Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Power Regions.

The energy delivery businesses include:

- *ComEd* : Purchase and regulated retail sale of electricity and the provision of distribution and transmission services in northern Illinois, including the City of Chicago.
- *PECO* : Purchase and regulated retail sale of electricity and the provision of distribution and transmission services in southeastern Pennsylvania, including the City of Philadelphia, and the purchase and regulated retail sale of natural gas and the provision of distribution services in the Pennsylvania counties surrounding the City of Philadelphia.
- *BGE* : Purchase and regulated retail sale of electricity and the provision of distribution and transmission services in central Maryland, including the City of Baltimore, and the purchase and regulated retail sale of natural gas and the provision of distribution services in central Maryland, including the City of Baltimore.

Each of the Registrant's consolidated financial statements includes the accounts of its subsidiaries. All intercompany transactions have been eliminated. As a result of the Registrants' 2014 divestiture of certain unconsolidated affiliates considered integral to their operations and the consolidation of CENG during 2014, all Equity in earnings (losses) from unconsolidated affiliates have been presented below Income taxes in the Registrants' Consolidated Statements of Operations and Comprehensive Income starting in the first quarter of 2015.

For the three months ended September 30, 2015, Generation recorded a $52 million (pre-tax) correcting adjustment to decrease mark-to-market income level 3 derivative contract valuations, of which $12 million (pre-tax) was originally recorded during 2014 and $40 million (pre-tax) was originally recorded during the first

and second quarter of 2015. Exelon and Generation have concluded that this correcting adjustment is not material to their respective results of operations for the three and nine months ended September 30, 2015 or cash flows for the nine months ended September 30, 2015 or any prior period presented. Exelon and Generation do not expect this correcting adjustment to have a material impact on their respective results of operations or cash flows for the year ended December 31, 2015.

The accompanying consolidated financial statements as of September 30, 2015 and 2014 and for the nine months then ended are unaudited but, in the opinion of the management of each Registrant include all adjustments that are considered necessary for a fair statement of the Registrants' respective financial statements in accordance with GAAP. All adjustments are of a normal, recurring nature, except as otherwise disclosed. The December 31, 2014 Consolidated Balance Sheets were obtained from audited financial statements. Financial results for interim periods are not necessarily indicative of results that may be expected for any other interim period or for the fiscal year ending December 31, 2015. These Combined Notes to Consolidated Financial Statements have been prepared pursuant to the rules and regulations of the SEC for Quarterly Reports on Form 10-Q. Certain information and note disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. These notes should be read in conjunction with the Combined Notes to Consolidated Financial Statements of all Registrants included in ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA of their respective 2014 Form 10-K Reports.

2. New Accounting Pronouncements (Exelon, Generation, ComEd, PECO and BGE)

The following recently issued accounting standard was effective for the Registrants during 2015.

Application of Normal Purchases Normal Sales Exception to Power Contracts in Nodal Energy Markets

In August 2015, the FASB issued authoritative guidance addressing the ability of entities to elect the normal purchase normal sales (NPNS) scope exception when the contract for the purchase or sale of electricity on a forward basis is delivered to a nodal energy market or transmitted through a nodal energy market. The NPNS scope exception allows entities to treat certain contracts that qualify as derivatives as contracts that do not require recognition at fair value. The guidance specifies that the use of locational marginal pricing by an independent system operator in such transactions does not constitute net settlement of a contract for the purchase or sale of electricity, even in scenarios in which legal title to the associated electricity is conveyed to the independent system operator during transmission. Consequently, the use of locational marginal pricing by the independent system operator does not cause that contract to fail to meet the physical delivery criterion of the NPNS scope exception. If the physical delivery criterion is met, along with all of the other criteria of the NPNS scope exception, an entity may elect to designate that contract as NPNS. The guidance is effective upon issuance and should be applied prospectively. The adoption of this guidance had no impact on the Registrants' financial positions, results of operations, cash flows and disclosures.

The following recently issued accounting standards are not yet required to be reflected in the combined financial statements of the Registrants.

Simplifying the Accounting for Measurement-Period Adjustments

In September 2015, the FASB issued authoritative guidance that requires an acquirer in a business combination to recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined and to record, in the same period's financial statements, the effect on earnings of changes in depreciation, amortization, or other income effects, if any, as a result of the change to the provisional amounts, calculated as if the accounting had been completed at

the acquisition date. The guidance is effective for periods beginning after December 15, 2015. The guidance is required to be applied prospectively to adjustments to provisional amounts that occur after the effective date with earlier application permitted for financial statements that have not been issued. The Registrants expect to early adopt the standard in the fourth quarter of 2015. The adoption of this guidance will have no impact on the Registrants' financial positions, results of operations, cash flows and disclosures.

Simplifying the Measurement of Inventory

In July 2015, the FASB issued authoritative guidance that requires inventory to be measured at the lower of cost or net realizable value. The new guidance defines net realizable value as the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. This definition is consistent with existing authoritative guidance. Current guidance requires inventory to be measured at the lower of cost or market where market could be replacement cost, net realizable value or net realizable value less an approximately normal profit margin. The guidance is effective for periods beginning after December 15, 2016 with early adoption permitted. The guidance is required to be applied prospectively. The Registrants are currently assessing the impacts this guidance may have on their financial positions, results of operations, cash flows and disclosures as well as the potential to early adopt the guidance.

Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share

In May 2015, FASB issued authoritative guidance that removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. Investments measured at net asset value per share using the practical expedient will be presented as a reconciling item between the fair value hierarchy disclosure and the investment line item on the statement of financial position. The guidance also removes the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practical expedient. Rather, those disclosures are limited to investments for which the entity has elected to measure the fair value using the practical expedient. The guidance is effective for the Registrants for fiscal years beginning after December 15, 2015 with early adoption permitted. The guidance is required to be applied retrospectively to all prior periods presented. The Registrants are currently assessing the impacts this guidance may have on their disclosures as well as the potential to early adopt the guidance. There will be no impact to their financial position, results of operations or cash flows.

Customer's Accounting for Fees Paid in a Cloud Computing Arrangement

In April 2015, the FASB issued authoritative guidance that clarifies the circumstances under which a cloud computing customer would account for the arrangement as a license of internal-use software. A cloud computing arrangement would include a software license if (1) the customer has a contractual right to take possession of the software at any time during the hosting period without significant penalty and (2) it is feasible for the customer to either run the software on its own hardware or contract with another party unrelated to the vendor to host the software. If the arrangement does not contain a software license, it would be accounted for as a service contract. The guidance is effective for the Registrants for fiscal years beginning after December 15, 2015. Early adoption is permitted. The guidance can be applied retrospectively to each prior reporting period presented or prospectively to arrangements entered into, or materially modified, after the effective date. The Registrants do not expect that this guidance will have a significant impact on their financial positions, results of operations, cash flows and disclosures. The Registrants expect to apply the standard prospectively to arrangements entered into, or materially modified, after the standard becomes effective for the Registrants on January 1, 2016. The Registrants do not plan to early adopt the standard.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Simplifying the Presentation of Debt Issuance Costs

In April 2015, the FASB issued authoritative guidance that changes the presentation of debt issuance costs in financial statements. The new guidance requires entities to present such costs in the balance sheet as a direct reduction to the related debt liability rather than as a deferred cost (i.e., an asset) as required by current guidance. The new standard does not change the recognition or measurement of debt issuance costs. The guidance is effective for the Registrants for fiscal years beginning after December 15, 2015. Early adoption is permitted for financial statements that have not been previously issued. The guidance is required to be applied retrospectively to all prior periods presented. The Registrants are currently assessing the impact this guidance may have on their financial positions and disclosures. The standard will not impact the results of operations and cash flows of the Registrants. The Registrants expect to complete their assessment by the fourth quarter of 2015 and early adopt the standard at that time.

In August 2015, the FASB issued clarifying authoritative guidance for debt issuance costs incurred in connection with line-of-credit arrangements as such costs were not addressed within the guidance simplifying the presentation of debt issuance costs issued in April 2015. The guidance clarifies that an entity can defer and present debt issuance costs as an asset and subsequently amortize the deferred debt issuance costs ratably over the term of the line-of-credit arrangement. The adoption of this guidance will have no impact on the Registrants' financial positions, results of operations, cash flows and disclosures.

Amendments to the Consolidation Analysis

In February 2015, the FASB issued authoritative guidance that amends the consolidation analysis for variable interest entities (VIEs) as well as voting interest entities. The new guidance primarily (1) changes the assessment of limited partnerships as VIEs, (2) amends the effect that fees paid to a decision maker or service provider have on the VIE analysis, (3) amends how variable interests held by a reporting entity's related parties and de facto agents impact its consolidation conclusion, (4) clarifies how to determine whether equity holders (as a group) have power over an entity and (5) provides a scope exception for registered and similar unregistered money market funds. The guidance is effective for the Registrants for the first interim period beginning on or after December 15, 2015. Early adoption is permitted. The guidance can be applied retrospectively to each prior reporting period presented (full retrospective method) or retrospectively with a cumulative effect adjustment to retained earnings for initial application of the guidance at the date of adoption (modified retrospective method). The Registrants are currently assessing the impact this guidance may have on their financial positions, results of operations, cash flows and disclosures as well as the transition method that they will use to adopt the guidance. The Registrants do not plan to early adopt the standard.

Revenue from Contracts with Customers

In May 2014, the FASB issued authoritative guidance that changes the criteria for recognizing revenue from a contract with a customer. The new guidance replaces existing guidance on revenue recognition, including most industry specific guidance, with a five step model for recognizing and measuring revenue from contracts with customers. The objective of the new standard is to provide a single, comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, across industries and across capital markets. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The guidance also requires a number of disclosures regarding the nature, amount, timing and uncertainty of revenue and the related cash flows. The guidance can be applied retrospectively to each prior reporting period presented (full retrospective method) or retrospectively with a cumulative effect adjustment to retained earnings for initial application of the guidance at the date of initial adoption (modified retrospective

method). The Registrants are currently assessing the impacts this guidance may have on their financial positions, results of operations, cash flows and disclosures as well as the transition method that they will use to adopt the guidance. In August 2015, the FASB issued an amendment to provide a one year deferral of the effective date to annual reporting periods beginning on or after December 15, 2017, as well as an option to early adopt the standard for annual periods beginning on or after December 15, 2016. The Registrants do not plan to early adopt the standard.

3. Variable Interest Entities (Exelon, Generation, ComEd, PECO and BGE)

A VIE is a legal entity that possesses any of the following characteristics: an insufficient amount of equity at risk to finance its activities, equity owners who do not have the power to direct the significant activities of the entity (or have voting rights that are disproportionate to their ownership interest), or equity owners who do not have the obligation to absorb expected losses or the right to receive the expected residual returns of the entity. Companies are required to consolidate a VIE if they are its primary beneficiary, which is the enterprise that has the power to direct the activities that most significantly affect the entity's economic performance.

At September 30, 2015 and December 31, 2014, Exelon, Generation, and BGE collectively consolidated seven and six VIEs or VIE groups, respectively, for which the applicable Registrant was the primary beneficiary *(see Consolidated Variable Interest Entities below)* . As of September 30, 2015 and December 31, 2014, the Registrants had significant interests in eight and six other VIEs, respectively, for which the Registrants do not have the power to direct the entities' activities and, accordingly, were not the primary beneficiary (see Unconsolidated Variable Interest Entities below).

During the second quarter of 2015 Generation added a new group of consolidated VIEs named "a group of companies formed by Generation to build, own, and operate other generating facilities." The new group is comprised of a biomass fueled, combined heat and power facility and a backup generator company for which Generation is the primary beneficiary. Generation provides parental guarantees for up to $275 million in support of the payment obligations related to the Engineering, Procurement and Construction contract for Albany Green Energy, LLC (see Note 11 — Debt and Credit Agreements for additional details).

Consolidated Variable Interest Entities

Exelon, Generation and BGE's consolidated VIEs consist of:

- BondCo, a special purpose bankruptcy remote limited liability company formed by BGE to acquire, hold, issue and service bonds secured by rate stabilization property,
- a retail gas group formed by Generation to enter into a collateralized gas supply agreement with a third-party gas supplier
- a group of solar project limited liability companies formed by Generation to build, own and operate solar power facilities,
- several wind project companies designed by Generation to develop, construct and operate wind generation facilities,
- a group of companies formed by Generation to build, own and operate other generating facilities,
- certain retail power and gas companies for which Generation is the sole supplier of energy, and
- CENG.

As of September 30, 2015 and December 31, 2014, ComEd and PECO do not have any material consolidated VIEs.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

As of September 30, 2015 and December 31, 2014, Exelon, Generation, and BGE provided the following support to their respective consolidated VIEs:

- In the case of BondCo, BGE is required to remit all payments it receives from all residential customers through non-bypassable, rate stabilization charges to BondCo. During the three and nine months ended September 30, 2015, BGE remitted $21 million and $63 million to BondCo, respectively. During the three and nine months ended September 30, 2014, BGE remitted $21 million and $63 million to BondCo, respectively.
- Generation provides operating and capital funding to the solar and wind entities for ongoing construction, operations and maintenance of the solar and wind power facilities and there is limited recourse to Generation related to the Antelope Valley project.
- Generation and Exelon, where indicated, provide the following support to CENG (see Note 6 — Investment in Constellation Energy Nuclear Group, LLC, and Note 25 — Related Party Transactions, of the Exelon 2014 Form 10-K for additional information regarding Generation's and Exelon's transactions with CENG):
  - under the NOSA, Generation conducts all activities related to the operation of the CENG nuclear generation fleet owned by CENG subsidiaries (the CENG fleet) and provides corporate and administrative services for the remaining life and decommissioning of the CENG nuclear plants as if they were a part of the Generation nuclear fleet, subject to the CENG member rights of EDF Inc. (EDFI) (a subsidiary of EDF),
  - under the Power Services Agency Agreement (PSAA), Generation provides scheduling, asset management, and billing services to the CENG fleet for the remaining operating life of the CENG nuclear plants,
  - under power purchase agreements with CENG, Generation will purchase 50.01% of the available output generated by the CENG nuclear plants not subject to other contractual agreements from January 2015 through the end of the operating life of each respective plant. However, pursuant to amendments dated March 31, 2015, the energy obligations under the Ginna Nuclear Power Plant (Ginna) PPAs have been suspended during the term of the expected Reliability Support Services Agreement (RSSA). Ginna originally entered into an agreement with Rochester Gas and Electric Corporation (RG&E) on February 13, 2015; however, final terms and conditions are currently under negotiation. The obligations under the RSSA are expected to commence retroactive back to April 1, 2015 and run through March 31, 2017 (see Note 5 — Regulatory Matters for additional details),
  - Generation provided a $400 million loan to CENG. As of September 30, 2015, the remaining obligation is $296 million including accrued interest, which reflects the principal payment made in January 2015 (see Note 5 — Investment in Constellation Energy Nuclear Group, LLC of the Exelon 2014 Form 10-K for additional details),
  - Generation executed an Indemnity Agreement pursuant to which Generation agreed to indemnify EDF and its affiliates against third-party claims that may arise from any future nuclear incident (as defined in the Price-Anderson Act) in connection with the CENG nuclear plants or their operations. Exelon guarantees Generation's obligations under this Indemnity Agreement. (See Note 19 — Commitments and Contingencies for more details),
  - in connection with CENG's severance obligations, Generation has agreed to reimburse CENG for a total of approximately $6 million of the severance benefits paid or to be paid in 2014 through 2016. As of September 30, 2015, the remaining obligation is approximately $1 million,

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

- Generation and EDFI share in the $637 million of contingent payment obligations for the payment of contingent retrospective premium adjustments for the nuclear liability insurance (see Note 19 — Commitments and Contingencies for more details),
- Generation provides a guarantee of approximately $7 million associated with hazardous waste management facilities and underground storage tanks. In addition, EDFI executed a reimbursement agreement that provides reimbursement to Exelon for 49.99% of any amounts paid by Generation under this guarantee,
- Generation and EDFI are the members-insured with Nuclear Electric Insurance Limited (NEIL) and have assigned the loss benefits under the insurance and the NEIL premium costs to CENG and guarantee the obligations of CENG under these insurance programs in proportion to their respective member interests (see Note 19 — Commitments and Contingencies for more details), and
- Exelon has executed an agreement to provide up to $245 million to support the operations of CENG as well as a $165 million guarantee of CENG's cash pooling agreement with its subsidiaries.

- Generation provides approximately $11 million in credit support for the retail power and gas companies for which Generation is the sole supplier of energy, and
- Generation provides a $75 million parental guarantee to the third-party gas supplier in support of its retail gas group.

For each of the consolidated VIEs, except as otherwise noted:

- the assets of the VIEs are restricted and can only be used to settle obligations of the respective VIE;
- Exelon, Generation and BGE did not provide any additional material financial support to the VIEs;
- Exelon, Generation and BGE did not have any material contractual commitments or obligations to provide financial support to the VIEs; and
- the creditors of the VIEs did not have recourse to Exelon's, Generation's or BGE's general credit.

The carrying amounts and classification of the consolidated VIEs' assets and liabilities included in Exelon's, Generation's, and BGE's consolidated financial statements at September 30, 2015 and December 31, 2014 are as follows:

	September 30, 2015			December 31, 2014		
	Exelon [a]	Generation	BGE	Exelon [a]	Generation	BGE
Current assets	$ 1,108	$ 1,057	$ 46	$ 1,271	$ 1,242	$ 21
Noncurrent assets	7,736	7,728	3	7,580	7,566	3
Total assets	$ 8,844	$ 8,785	$ 49	$ 8,851	$ 8,808	$ 24
Current liabilities	$ 494	$ 408	$ 81	$ 611	$ 526	$ 77
Noncurrent liabilities	2,859	2,773	81	2,730	2,600	120
Total liabilities	$ 3,353	$ 3,181	$162	$ 3,341	$ 3,126	$197

(a) Includes certain purchase accounting adjustments not pushed down to the BGE standalone entity.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Assets and Liabilities of Consolidated VIEs

Included within the balances above are assets and liabilities of certain consolidated VIEs for which the assets can only be used to settle obligations of those VIEs, and liabilities that creditors, or beneficiaries, do not have recourse to the general credit of the Registrants. As of September 30, 2015 and December 31, 2014, these assets and liabilities primarily consisted of the following:

	September 30, 2015			December 31, 2014		
	Exelon	Generation	BGE	Exelon	Generation	BGE
Cash and cash equivalents	$ 330	$ 330	$ —	$ 392	$ 392	$ —
Restricted cash	193	146	46	117	96	21
Accounts receivable, net						
Customer	186	186	—	297	297	—
Other	32	32	—	57	57	—
Mark-to-market derivatives assets	116	116	—	171	171	—
Inventory						
Materials and supplies	180	180	—	172	172	—
Other current assets	48	43	—	33	26	—
Total current assets	1,085	1,033	46	1,239	1,211	21
Property, plant and equipment, net	4,932	4,932	—	4,638	4,638	—
Nuclear decommissioning trust funds	1,973	1,973	—	2,097	2,097	—
Goodwill	47	47	—	47	47	—
Mark-to-market derivatives assets	53	53	—	44	44	—
Other noncurrent assets	100	92	3	95	82	3
Total noncurrent assets	7,105	7,097	3	6,921	6,908	3
Total assets	$8,190	$ 8,130	$ 49	$8,160	$ 8,119	$ 24
Long-term debt due within one year	$ 108	$ 26	$ 77	$ 87	$ 5	$ 75
Accounts payable	266	266	—	292	292	—
Accrued expenses	92	88	4	111	108	2
Mark-to-market derivative liabilities	—	—	—	24	24	—
Unamortized energy contract liabilities	10	10	—	22	22	—
Other current liabilities	15	15	—	25	25	—
Total current liabilities	491	405	81	561	476	77
Long-term debt	729	643	81	212	81	120
Asset retirement obligations	1,906	1,906	—	1,763	1,763	—
Pension obligation [(a)]	9	9	—	9	9	—
Unamortized energy contract liabilities	42	42	—	51	51	—
Other noncurrent liabilities	65	65	—	127	127	—
Noncurrent liabilities	2,751	2,665	81	2,162	2,031	120
Total liabilities	$3,242	$ 3,070	$162	$2,723	$ 2,507	$197

(a) Includes CNEG retail gas pension obligation, which is presented as a net asset balance within the Prepaid Pension asset line item on Generation's balance sheet. See Note 14 — Retirement Benefits for additional details.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Unconsolidated Variable Interest Entities

Exelon's and Generation's variable interests in unconsolidated VIEs generally include equity investments and energy purchase and sale contracts. For the equity investments, the carrying amount of the investments is reflected on Exelon's and Generation's Consolidated Balance Sheets in Investments. For the energy purchase and sale contracts and the fuel purchase commitments (commercial agreements), the carrying amount of assets and liabilities in Exelon's and Generation's Consolidated Balance Sheets that relate to their involvement with the VIEs are predominately related to working capital accounts and generally represent the amounts owed by, or owed to, Exelon and Generation for the deliveries associated with the current billing cycles under the commercial agreements. Further, Exelon and Generation have not provided material debt or equity support, liquidity arrangements or performance guarantees associated with these commercial agreements.

The Registrants' unconsolidated VIEs consist of:

- Energy purchase and sale agreements with VIEs for which Generation has concluded that consolidation is not required.
- Asset sale agreement with ZionSolutions, LLC and EnergySolutions, Inc. in which Generation has a variable interest but has concluded that consolidation is not required.
- Equity investments in energy development projects, distributed energy companies, and energy generating facilities for which Generation has concluded that consolidation is not required.

As of September 30, 2015 and December 31, 2014, Exelon and Generation had significant unconsolidated variable interests in eight and six VIEs, respectively, for which Exelon or Generation, as applicable, was not the primary beneficiary; including certain equity investments and certain commercial agreements. The increase in the number of unconsolidated VIEs is due to the execution of an energy purchase and sale agreement with a new unconsolidated VIE and an equity investment in a new unconsolidated VIE.

In June 2015, 2015 ESA Investco, LLC, a wholly owned subsidiary of Generation, entered into an arrangement to purchase a 90% equity interest and 99% of the tax attributes of a distributed energy company. Equity will be contributed incrementally over an eighteen month period and will total approximately $250 million (see Note 19 — Commitments and Contingencies for additional details). Generation provides a parental guarantee of up to $275 million in support of 2015 ESA Investco, LLC's obligation to make equity contributions to the VIE. The investment was evaluated and it was determined to be a VIE for which Generation is not the primary beneficiary. Separate from the equity investment, Generation provided $27 million in cash to the other (10%) equity holder in the distributed energy company in exchange for a convertible promissory note. In July 2014, Generation entered into another arrangement with the same equity holder for the purchase of a 90% equity interest and 90% of the tax attributes of another distributed energy company. Generation's total equity commitment in this arrangement was $91 million and is paid incrementally over an approximate two year period (see Note 19 — Commitments and Contingencies for additional details). This arrangement did not meet the definition of a VIE and is recorded as an equity method investment. Both distributed energy companies are considered related parties.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following tables present summary information about Exelon and Generation's significant unconsolidated VIE entities:

September 30, 2015	Commercial Agreement VIEs	Equity Investment VIEs	Total
Total assets [a]	$ 253	$ 131	$384
Total liabilities [a]	10	66	76
Exelon's ownership interest in VIE [a]	—	19	19
Other ownership interests in VIE [a]	243	46	289
Registrants' maximum exposure to loss:			
Carrying amount of equity method investments	—	27	27
Contract intangible asset	9	—	9
Debt and payment guarantees	—	3	3
Net assets pledged for Zion Station decommissioning [b]	20	—	20

December 31, 2014	Commercial Agreement VIEs	Equity Investment VIEs	Total
Total assets [a]	$ 114	$ 91	$205
Total liabilities [a]	3	49	52
Exelon's ownership interest in VIE [a]	—	9	9
Other ownership interests in VIE [a]	111	33	144
Registrants' maximum exposure to loss:			
Carrying amount of equity method investments	—	13	13
Contract intangible asset	9	—	9
Debt and payment guarantees	—	3	3
Net assets pledged for Zion Station decommissioning [b]	27	—	27

(a) These items represent amounts on the unconsolidated VIE balance sheets, not on Exelon's or Generation's Consolidated Balance Sheets. These items are included to provide information regarding the relative size of the unconsolidated VIEs. Exelon corrected an error in the December 31, 2014 balances within Commercial Agreement VIEs for an overstatement of Total assets, Total liabilities and Other ownership interests in VIE of $392 million, $234 million and $158 million, respectively. The error is not considered material to any prior period.

(b) These items represent amounts on Exelon's and Generation's Consolidated Balance Sheets related to the asset sale agreement with ZionSolutions, LLC. The net assets pledged for Zion Station decommissioning include, gross pledged assets of $237 million and $319 million as of September 30, 2015 and December 31, 2014, respectively; offset by payables to ZionSolutions, LLC of $217 million and $292 million as of September 30, 2015 and December 31, 2014, respectively. These items are included to provide information regarding the relative size of the ZionSolutions, LLC unconsolidated VIE.

For each of the unconsolidated VIEs, Exelon and Generation has assessed the risk of a loss equal to their maximum exposure to be remote and, accordingly, Exelon and Generation have not recognized a liability associated with any portion of the maximum exposure to loss. In addition, there are no material agreements with, or commitments by, third parties that would affect the fair value or risk of their variable interests in these VIEs.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

4. Mergers, Acquisitions, and Dispositions (Exelon and Generation)

Proposed Merger with Pepco Holdings, Inc. (Exelon)

Description of Transaction

On April 29, 2014, Exelon and Pepco Holdings, Inc. (PHI) signed an agreement and plan of merger (as subsequently amended and restated as of July 18, 2014, the Merger Agreement) to combine the two companies in an all cash transaction. The resulting company will retain the Exelon name and be headquartered in Chicago. Under the Merger Agreement, PHI's shareholders will receive $27.25 of cash in exchange for each share of PHI common stock. Based on the outstanding shares of PHI's common stock as of September 30, 2015, PHI shareholders would receive $6.9 billion in total cash. In addition, in connection with the Merger Agreement, Exelon entered into a subscription agreement under which it has purchased $180 million of a class of nonvoting, nonconvertible and nontransferable preferred securities of PHI. The preferred securities are included in Other non-current assets on Exelon's Consolidated Balance Sheet. PHI has the right to redeem the preferred securities at its option for the purchase price paid plus accrued dividends, if any.

On September 9, 2014, Exelon and PHI filed a Notification and Report Form with DOJ under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (HSR Act). The HSR Act waiting period expired on December 22, 2014, and the HSR Act no longer precludes completion of the merger. Although the DOJ allowed the waiting period under the HSR Act to expire without taking any action with respect to the merger, the DOJ has not advised Exelon or PHI that it has concluded its investigation. Under the HSR Act, if the merger is not completed before December 23, 2015, Exelon and PHI are required to file again under the HSR Act and observe the required waiting period, which is 30 days from the new filing (and longer if the DOJ requests additional information), unless the DOJ terminates the waiting period earlier. Exelon and PHI intend to withdraw our pending HSR application and refile under the HSR Act on November 2, 2015. This will trigger a new 30-day waiting period. Unless a request for additional information is issued by DOJ during that waiting period, the waiting period will expire on December 2, 2015, and the parties will be free to close on or after December 2.

To date, the PHI stockholders, the Virginia State Corporation Commission, the New Jersey Board of Public Utilities (NJBPU), the Delaware Public Service Commission (DPSC), the Maryland Public Service Commission (MDPSC) and the FERC have approved the merger of PHI and Exelon. The Federal Communications Commission has also approved the transfer of certain PHI communications licenses.

On February 11, 2015, the NJBPU approved the proposed merger and the previously filed settlement signed and filed by Exelon, PHI, Atlantic City Electric (ACE), NJBPU staff, and the Independent Energy Coalition. The settlement provides a package of benefits to ACE customers and the state of New Jersey. This package of benefits includes the establishment of customer rate credit programs, with an aggregate value of $62 million for ACE customers and energy efficiency programs that will provide savings for ACE customers of $15 million. The March 6, 2015, order by the NJBPU approving the merger required that the consummation of the merger must take place no later than November 1, 2015 unless otherwise extended by the Board. On October 15, 2015, the NJBPU extended the November 1, 2015 date to June 30, 2016.

On February 13, 2015, Exelon and PHI announced that they had reached a settlement agreement in the proceeding before the DPSC to review the proposed merger. The settlement, which was amended on April 7, 2015, was signed and filed by Exelon, PHI, Delmarva Power & Light Company (DPL), the DPSC Staff, the Delaware Public Advocate, the Delaware Department of Natural Resources and Environment Control, the Delaware Sustainable Energy Utility, the Mid-Atlantic Renewable Energy Coalition and the Clean Air Council. As part of this settlement, Exelon and PHI proposed a package of benefits to DPL customers and the state of Delaware including the establishment of customer rate credits of $40 million for DPL customers in Delaware, $2

million of funding for energy efficiency programs for DPL low income customers, and $2 million of funding for workforce development. On June 2, 2015, the DPSC issued an order accepting the settlement and approving the merger between Exelon and PHI.

On March 17, 2015, Exelon and PHI announced that they had reached settlements with multiple parties in the Maryland proceeding to review the proposed merger after filing a Request for Adoption of Settlements with the MDPSC. The settlements were signed and filed by Exelon, PHI, Montgomery County, Prince George's County, The Alliance for Solar Choice, the National Consumer Law Center, National Housing Trust, the Maryland Affordable Housing Coalition, the Housing Association of Nonprofit Developers, and a consortium of recreational trail advocacy organizations led by the Mid-Atlantic Off-Road Enthusiasts. On May 15, 2015, the MDPSC approved the merger after modifying a number of the conditions in the settlements, resulting in total rate credits of $66 million, funding for energy efficiency programs of $43.2 million, a Green Sustainability Fund of $14.4 million, 20 MWs of renewable generation development, ring-fencing, financial reporting conditions and increased penalties related to reliability commitments. On May 18, 2015, Exelon and PHI accepted and committed to fulfill the conditions.

On June 11, 2015, the Maryland Office of People's Counsel (OPC), the Sierra Club, and the Chesapeake Climate Action Network filed Petitions for Judicial Review of the MDPSC's approval of the merger with the Circuit Court for Queen Anne's County. On June 23, 2015, Public Citizen, Inc. filed its Petition for Judicial Review with the Circuit Court for Queen Anne's County. On July 10, 2015, Exelon and PHI filed a response in opposition to the Petitions for Review.

On July 21, 2015, the OPC filed a motion to stay the MDPSC order approving the merger and to set a schedule for discovery and presentation of new evidence. On July 29, 2015, Public Citizen, Inc. filed a response supporting OPC's motion to stay, and on July 31, 2015 the Sierra Club and the Chesapeake Climate Action Network filed a joint motion to stay. In July and August, Exelon, PHI, the MDPSC, Prince George's County and Montgomery County filed responses opposing the motions to stay. The presiding judge issued an order denying the motions for stay on August 12, 2015. A hearing on the underlying Petitions for Review is scheduled for December 8, 2015.

On August 27, 2015, the District of Columbia Public Service Commission (DCPSC) issued an Opinion and Order denying approval of the merger, asserting that the merger was not in the public's interest. Exelon and PHI filed an Application for Reconsideration with the DCPSC on September 28, 2015. On October 6, 2015, Exelon, PHI, the District of Columbia Government, the Office of Peoples Counsel, the District of Columbia Water and Sewer Authority, the National Consumer Law Center, National Housing Trust and National Housing Trust — Enterprise Preservation Corporation, and the Apartment and Office Building Association of Metropolitan Washington (collectively, Settling Parties) entered into a Nonunanimous Full Settlement Agreement and Stipulation (Settlement Agreement) with respect to the merger. Exelon and PHI subsequently filed a motion of joint applicants requesting the DCPSC to reopen the approval application to allow for consideration of the Settlement Agreement and granting additional requested relief. The new package of benefits totals $78 million and includes commitments to provide relief of residential customer base rate increases of $26 million, one-time direct bill credits of $14 million, low-income energy assistance of $16 million, improved reliability, a cleaner and greener D.C. through funding energy efficiency programs and development of renewable energy, and investment in local jobs and the local economy through workforce development of $5 million. It also guarantees charitable contributions totaling $19 million over 10 years.

On October 28, 2015, the DCPSC at a public meeting agreed to reopen the approval application to allow for consideration of the Settlement Agreement and set a procedural schedule which would allow for completion of the merger in the first quarter of 2016. If the DCPSC does not approve the Settlement Agreement within the 150 day period after it was filed, either Exelon or PHI may terminate the Settlement Agreement.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The settlements reached and commission orders received to date in Delaware, Maryland and New Jersey include a "most favored nation" provision which, generally speaking, requires allocation of merger benefits proportionately across all the jurisdictions. When applying the most favored nation provision to the settlement terms and other conditions established in the merger approvals received to date, and as proposed in the Settlement Agreement filed with the DCPSC, Exelon and PHI currently estimate direct benefits of $430 million or more on a net present value basis (excluding charitable contributions and renewable generation commitments) will be provided, including rate credits, funding for energy efficiency programs, sustainability funds and other required commitments. Exelon and PHI anticipate substantially all of such amounts will be charged to earnings at the time of merger close and will be paid by the end of 2017. An additional $50 million will be charged to earnings for charitable contributions, which are required to be paid over a period of 10 years. Commitments to develop renewable generation, which are expected to be primarily capital in nature, will be recognized as incurred. Upon completion of the merger, the actual nature, amount, timing and financial reporting treatment for these commitments may be materially different from the current projection.

Exelon has been named in suits filed in the Delaware Chancery Court alleging that individual directors of PHI breached their fiduciary duties by entering into the proposed merger transaction and Exelon aided and abetted the individual directors' breaches. The suits seek to enjoin PHI from completing the merger or seek rescission of the merger if completed. In addition, they also seek unspecified damages and costs. Exelon was also named in a federal court suit making similar claims. In September 2014, the parties reached a proposed settlement that would resolve all claims, which is subject to court approval. Final court approval of the proposed settlement is not anticipated until approximately 90 days after merger close. Exelon does not believe these suits will impact the completion of the transaction, and they are not expected to have a material impact on Exelon's results of operations.

Including 2014 and through September 30, 2015, Exelon has incurred approximately $226 million of expense associated with the proposed merger. Of the total costs incurred, $110 million is primarily related to acquisition and integration costs and $116 million is for costs incurred to finance the transaction. The financing costs include a net loss of $64 million related to the settlement of forward-starting interest-rate swaps. These swaps were terminated in connection with the $4.2 billion issuance of debt; refer to Note 10 — Derivative Financial Instruments and Note 11 — Debt and Credit Agreements for more information. The financing costs exclude costs to issue debt and equity.

During the three months ended September 30, 2015, Exelon, Generation, ComEd, PECO and BGE incurred acquisition and integration costs, including financing costs, of $21 million, $9 million, $3 million, $2 million and $2 million, respectively. During the nine months ended September 30, 2015, Exelon, Generation, ComEd, PECO and BGE incurred acquisition and integration costs of $47 million, $24 million, $10 million, $4 million and $5 million, respectively.

During the three months ended September 30, 2014, Exelon, Generation, ComEd, PECO and BGE incurred acquisition and integration costs, including financing costs, of $32 million, $3 million, $1 million, $1 million and $1 million, respectively. During the nine months ended September 30, 2014, Exelon, Generation, ComEd, PECO and BGE incurred acquisition and integration costs of $57 million, $4 million, $1 million,$1 million and $1 million, respectively.

The costs incurred are classified primarily within Operating and maintenance expense in the Registrants' respective Consolidated Statement of Operations and Comprehensive Income, with the exception of the financing costs, which are included within Interest expense.

The Merger Agreement also provides for termination rights for both parties. Exelon and PHI have entered into a Letter Agreement related to the Settlement Agreement which has the practical effect of suspending their rights to terminate the Merger Agreement until November 20, 2015 if no schedule has been set by the DCPSC allowing for approval of the settlement by March 4, 2016, or until March 4, 2016, if a schedule is set for approval by March 4, 2016, but approval does not occur by that date. Under certain circumstances, if the Merger Agreement is terminated, PHI may be required to pay Exelon a termination fee ranging from $259 million to $293 million plus certain expenses. If the Merger Agreement is terminated due to a regulatory failure, Exelon may be required to pay PHI a termination fee equal to $180 million (the amount of purchased nonvoting preferred securities of PHI described above), through the redemption by PHI of the outstanding nonvoting preferred securities for no consideration other than the nominal par value of the stock, plus reimbursement of PHIs documented out-of-pocket expenses up to a maximum of $40 million.

Merger Financing

As of September 30, 2015, through the issuance of $5.4 billion of debt (including $1.15 billion of junior subordinated notes in the form of 23 million equity units), the issuance of $1.9 billion of common stock, and cash proceeds of $1.8 billion from asset sales primarily at Generation (after-tax proceeds of approximately $1.4 billion), Exelon has sufficient cash to fund the all-cash purchase price, acquisition and integration related costs, and merger commitments. See Note 11 — Debt and Credit Agreements and Note 17 — Common Stock for further information on the debt and equity issuances. See Note 4 — Merger and Acquisitions of the Exelon 2014 Form 10-K for further information on the asset sales.

Asset Divestitures (Exelon and Generation)

On January 21, 2015, Generation closed on the sale of the Quail Run generating facility. Generation has sold generating assets for total pre-tax proceeds of $1.8 billion (after-tax proceeds of $1.4 billion), including Quail Run and Safe Harbor, which are expected to be used primarily to finance a portion of the acquisition and related costs and expenses of PHI.

On August 8, 2014 Generation closed on the sale of its 67% economic equity interest in the 417 MW Safe Harbor Water Power Corporation hydroelectric facility on the Susquehanna River in Pennsylvania for a purchase price of approximately $615 million. Generation recorded a pre-tax gain on the sale of approximately $329 million within Gain on sales of assets on Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income.

5. Regulatory Matters (Exelon, Generation, ComEd, PECO and BGE)

Regulatory and Legislative Proceedings (Exelon, Generation, ComEd, PECO and BGE)

Except for the matters noted below, the disclosures set forth in Note 3 — Regulatory Matters of the Exelon 2014 Form 10-K appropriately represent, in all material respects, the current status of regulatory and legislative proceedings of the Registrants. The following is an update to that discussion.

Illinois Regulatory Matters

Energy Infrastructure Modernization Act (Exelon and ComEd). Since 2011, ComEd's distribution rates are established through a performance-based rate formula, pursuant to EIMA. EIMA also provides a structure for substantial capital investment by utilities to modernize Illinois' electric utility infrastructure. EIMA was scheduled to sunset, ending ComEd's performance based rate formula and investment commitment, at December 31, 2017, unless approved to continue through 2022 by the Illinois General Assembly. On April 3, 2015, the Governor signed legislation extending the EIMA sunset from 2017 to 2019.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Participating utilities are required to file an annual update to the performance-based formula rate tariff on or before May 1, with resulting rates effective in January of the following year. This annual formula rate update is based on prior year actual costs and current year projected capital additions. The update also reconciles any differences between the revenue requirement(s) in effect for the prior year and actual costs incurred for that year. Throughout each year, ComEd records regulatory assets or regulatory liabilities and corresponding increases or decreases to operating revenues for any differences between the revenue requirement(s) in effect and ComEd's best estimate of the revenue requirement expected to be approved by the ICC for that year's reconciliation. As of September 30, 2015, and December 31, 2014, ComEd had recorded a net regulatory asset associated with the distribution formula rate of $240 million and $371 million, respectively. The regulatory asset associated with distribution true-up is amortized to Operating revenues as the associated amounts are recovered through rates.

On April 15, 2015, ComEd filed its annual distribution formula rate with the ICC. The filing establishes the revenue requirement used to set the rates that will take effect in January 2016 after the ICC's review and approval, which is due by December 2015. The revenue requirement requested is based on 2014 actual costs plus projected 2015 capital additions as well as an annual reconciliation of the revenue requirement in effect in 2014 to the actual costs incurred that year. ComEd's 2015 filing request includes a total decrease to the revenue requirement of $50 million, reflecting an increase of $92 million for the initial revenue requirement for 2016 and a decrease of $142 million related to the annual reconciliation for 2014. The revenue requirement for 2016 provides for a weighted average debt and equity return on distribution rate base of 7.05% inclusive of an allowed ROE of 9.14%, reflecting the average rate on 30-year treasury notes plus 580 basis points. The annual reconciliation for 2014 provided for a weighted average debt and equity return on distribution rate base of 7.02% inclusive of an allowed ROE of 9.09%, reflecting the average rate on 30-year treasury notes plus 580 basis points less a performance metrics penalty of 5 basis points.

On October 19, 2015, the ALJ issued its proposed order in ComEd's current distribution formula rate proceeding, recommending a total decrease to the revenue requirement of $68 million as compared to ComEd's requested decrease of $50 million discussed above. The $18 million reduction consisted of a $8 million decrease to the initial 2016 revenue requirement and a decrease of $10 million related to the 2014 annual reconciliation. The ALJs proposed order has no independent legal effect as the ICC must vote on a final order by mid December 2015, which may materially vary from the findings and conclusions in the proposed order. If the ICC provides significant changes to ComEd's filed revenue requirement request, it could have a material impact on ComEd's current and future results of operations and cash flows.

Participating utilities are also required to file an annual update on their AMI implementation progress. On April 1, 2015, ComEd filed an annual progress report on its AMI Implementation Plan with the ICC, which allows for the installation of more than 4 million smart meters throughout ComEd's service territory by 2018. To date, over 1.6 million smart meters have been installed in the Chicago area.

Grand Prairie Gateway Transmission Line (Exelon and ComEd). On December 2, 2013, ComEd filed a request to obtain the ICC's approval to construct a 60-mile overhead 345kV transmission line that traverses Ogle, DeKalb, Kane and DuPage Counties in Northern Illinois. On May 28, 2014, in a separate proceeding, FERC issued an order granting ComEd's request to include 100% of the capital costs recorded to construction work in progress during construction of the line in ComEd's transmission rate base. If the project is cancelled or abandoned for reasons beyond ComEd's control, FERC approved the ability for ComEd to recover 100% of its prudent costs incurred after May 21, 2014 and 50% of its costs incurred prior to May 21, 2014 in ComEd's transmission rate base. The costs incurred for the project prior to May 21, 2014 were immaterial. On October 22, 2014, the ICC issued an order approving ComEd's Grand Prairie Gateway Project over the objection of numerous landowners and the City of Elgin. On January 15, 2015, the City of Elgin and other parties filed a Notice of Appeal in the Illinois Appellate Court. On April 8, 2015, the ICC issued a rehearing order denying the

proposals filed by certain landowners to consider an alternate route for a three-mile segment of the transmission line. The rehearing order affirmed the route approved within the ICC's October 22, 2014 order. On July 8, 2015, the ICC approved ComEd's request for eminent domain to involuntarily acquire easements across 28 land parcels. On September 28, 2015, ComEd filed a petition with the ICC to acquire an additional eight parcels through eminent domain. ComEd began construction of the line during the second quarter of 2015 with an in-service date expected in the second quarter of 2017.

Pennsylvania Regulatory Matters

2015 Pennsylvania Electric Distribution Rate Case (Exelon and PECO). On March 27, 2015, PECO filed a petition with the PAPUC requesting an increase of $190 million to its annual service revenues for electric delivery, which requested an ROE of 10.95%. On September 10, 2015, PECO and interested parties filed with the PAPUC a petition for joint settlement for an increase of $127 million in annual distribution service revenue. No overall ROE was specified in the settlement. On October 28, 2015, the ALJ issued a Recommended Decision to the PAPUC that the joint settlement be approved. A final ruling from the PAPUC is expected by December 2015, and if approved, the new electric delivery rates will take effect on January 1, 2016.

Pennsylvania Procurement Proceedings (Exelon and PECO). On October 12, 2012, the PAPUC issued its Opinion and Order approving PECO's second DSP Program, which was filed with the PAPUC in January 2012. The program, which had a 24-month term from June 1, 2013 through May 31, 2015, complies with electric generation procurement guidelines set forth in Act 129. In the second DSP Program, PECO entered into contracts with PAPUC-approved bidders, including Generation, to procure electric supply for its default electric customers through five competitive procurements.

In addition, the second DSP Program included a number of retail market enhancements recommended by the PAPUC in its previously issued Retail Markets Intermediate Work Plan Order. PECO was also directed to submit a plan to allow its low-income Customer Assistance Program (CAP) customers to purchase their generation supply from EGSs beginning in April 2014. In May 2013, PECO filed its CAP Shopping Plan with the PAPUC. By Order entered on January 24, 2014, the PAPUC approved PECO's plan, with modifications, to make CAP shopping available beginning April 15, 2014. On March 20, 2014, the Office of Consumer Advocate (OCA) and low-income advocacy groups filed an appeal and emergency request for a stay with the Pennsylvania Commonwealth Court (the Court), claiming that the PAPUC-ordered CAP Shopping plan does not contain sufficient protections for low-income customers. On July 14, 2015, the Court issued opinions on the OCA and low-income advocacy group appeal. Specifically, the Court remanded the issue to the PAPUC with instructions that it approve a rule revision to the PECO CAP Shopping Plan that would prohibit CAP customers from entering into contracts with an EGS that would impose early cancellation/termination fees. PECO does not have information at this time as to what action it may be required to take following remand to the PAPUC.

On December 4, 2014, the PAPUC approved PECO's third DSP Program. The program has a 24-month term from June 1, 2015 through May 31, 2017, and complies with electric generation procurement guidelines set forth in Act 129. Under the program, PECO is procuring electric supply through four competitive procurements for fixed price full requirements contracts of two years or less for the residential classes and small and medium commercial classes and spot market price full requirement contracts for the large commercial and industrial class load. As of September 30, 2015, PECO entered into contracts with PAPUC-approved bidders, including Generation, resulting from the first two of its four scheduled procurements. Charges incurred for electric supply procured through contracts with Generation are included in purchased power from affiliates on PECO's Statement of Operations and Comprehensive Income.

On March 12, 2015, PECO settled the CAP Design with the Office of Consumer Advocates (OCA) and Low Income Advocates, and filed the proposed plan with the PAPUC on March 20, 2015. The program design

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changes the rate structure of PECO's CAP to make the bills more affordable to customers enrolled in the assistance program. The CAP discounts continue to be recovered through PECO's universal service fund cost. On July 8, 2015, the CAP Design was approved by the PAPUC. PECO plans to implement the program changes in October 2016.

Smart Meter and Smart Grid Investments (Exelon and PECO). In April 2010, pursuant to Act 129 and the follow-on Implementation Order of 2009, the PAPUC approved PECO's Smart Meter Procurement and Installation Plan (SMPIP). PECO is currently in the second phase of the SMPIP, under which PECO will deploy substantially all remaining smart meters, for a total of 1.7 million smart meters, on an accelerated basis by the end of 2015. In total, PECO currently expects to spend up to $591 million, excluding the cost of the original meters, on its smart meter infrastructure and approximately $155 million on smart grid investments through final deployment of which $200 million was primarily funded by SGIG. As of September 30, 2015, PECO has spent $579 million and $155 million on smart meter and smart grid infrastructure, respectively, not including the DOE reimbursements received.

For further information on the SGIG and Smart Meter and Smart Grid program, see Note 3 — Regulatory Matters of the Exelon 2014 Form 10-K.

Pennsylvania Act 11 of 2012 (Exelon and PECO). In February 2012, Act 11 was signed into law, which seeks to clarify the PAPUC's authority to approve alternative ratemaking mechanisms, allowing for the implementation of a distribution system improvement charge (DSIC) in rates designed to recover capital project costs incurred to repair, improve or replace utilities' aging electric and natural gas distribution systems in Pennsylvania. Prior to recovering costs pursuant to a DSIC, the PAPUC's implementation order requires a utility to have a Long Term Infrastructure Improvement Plan (LTIIP) approved by the Commission, which outlines how the utility is planning to increase its investment for repairing, improving, or replacing aging infrastructure.

On May 7, 2015, the PAPUC approved PECO's modified natural gas LTIIP. In accordance with the approved LTIIP, PECO plans to spend $534 million through 2022 to further accelerate the replacement of existing gas mains and to relocate meters from indoors to outside in accordance with recent PAPUC rulemaking. In addition, on March 20, 2015, PECO filed a petition with the PAPUC for approval of its gas DSIC mechanism for recovery of gas LTIIP expenditures. On September 11, 2015, the PAPUC entered its Opinion and Order approving PECO's petition for a gas DSIC.

On March 27, 2015, PECO filed a petition with the PAPUC for approval of its proposed electric DSIC and LTIIP. In accordance with the LTIIP (System 2020 plan), PECO plans to spend $275 million over the next five years to modernize and storm-harden its electric distribution system, making it more weather resistant and less vulnerable to damage. The DSIC will allow PECO the opportunity to recover the costs, subject to certain criteria, incurred to repair, improve or replace its electric distribution property between rate cases. On October 22, 2015, the PAPUC entered its Opinion and Order approving PECO's proposed petition for its electric LTIIP and DSIC.

Maryland Regulatory Matters

2013 Maryland Electric and Gas Distribution Rate Case (Exelon and BGE). On May 17, 2013, and as amended on August 23, 2013, BGE filed for electric and gas base increases with the MDPSC, ultimately requesting increases of $83 million and $24 million, respectively. In addition to these requested rate increases, BGE's application included a request for recovery of incremental capital expenditures and operating costs associated with BGE's proposed short-term reliability improvement plan (the ERI initiative) in response to a MDPSC order through a surcharge separate from base rates.

On December 13, 2013, the MDPSC issued an order in BGE's 2013 electric and natural gas distribution rate case for increases in annual distribution service revenue of $34 million and $12 million, respectively, and an allowed return on equity of 9.75% and 9.60%, respectively. Rates became effective for services rendered on or

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after December 13, 2013. The MDPSC also authorized BGE to recover through a surcharge mechanism costs associated with five ERI initiative programs designed to accelerate electric reliability improvements premised upon the condition that the MDPSC approve specific projects in advance of cost recovery. On March 31, 2014, after reviewing comments filed by the parties and conducting a hearing on the matter, the MDPSC approved all but one project proposed for completion in 2014 as part of the ERI initiative. The ERI initiative surcharge became effective June 1, 2014. On November 3, 2014, BGE filed a surcharge update including a true-up of cost estimates included in the 2014 surcharge, along with its work plan and cost estimates for 2015, to be included in the 2015 surcharge. At its December 17, 2014 weekly Administrative Meeting, the MDPSC approved BGE's 2014 annual report, 2015 work plan and the 2015 surcharge.

In January 2014, the residential consumer advocate in Maryland filed an appeal to the order issued by the MDPSC on December 13, 2013 in BGE's 2013 electric and gas distribution rate cases. The residential consumer advocate filed its related legal memorandum on August 22, 2014, challenging the MDPSC's approval of the ERI initiative surcharge. BGE submitted a response to the appeal on October 15, 2014, and a hearing was held on November 17, 2014. BGE cannot predict the outcome of this appeal. If the residential consumer advocate's appeal is successful, BGE could recover ERI expenditures through other regulatory mechanisms.

Smart Meter and Smart Grid Investments (Exelon and BGE). In August 2010, the MDPSC approved a comprehensive smart grid initiative for BGE that included the planned installation of 2 million residential and commercial electric and gas smart meters at an expected total cost of $480 million of which $200 million was funded by SGIG. The MDPSC's approval ordered BGE to defer the associated incremental costs, depreciation and amortization, and an appropriate return, in a regulatory asset until such time as a cost-effective advanced metering system is implemented. As of September 30, 2015 and December 31, 2014, BGE recorded a regulatory asset of $179 million and $128 million, respectively, representing incremental costs, depreciation and amortization, and a debt return on fixed assets related to its AMI program. As part of the settlement in BGE's 2014 electric and gas distribution rate case, the cost of the retired non-AMI meters will be amortized over 10 years.

The Maryland Strategic Infrastructure Development and Enhancement Program (Exelon and BGE) . In February 2013, the Maryland General Assembly passed legislation intended to accelerate gas infrastructure replacements in Maryland by establishing a mechanism for gas companies to recover promptly reasonable and prudent costs of eligible infrastructure replacement projects separate from base rate proceedings. On May 2, 2013, the Governor of Maryland signed the legislation into law; which took effect June 1, 2013. Under the new law, following a proceeding before the MDPSC and with the MDPSC's approval of the eligible infrastructure replacement projects along with a corresponding surcharge, BGE could begin charging gas customers a monthly surcharge for infrastructure costs incurred after June 1, 2013. The legislation includes caps on the monthly surcharges to residential and non-residential customers, and would require an annual true-up of the surcharge revenues against actual expenditures. Investment levels in excess of the cap would be recoverable in a subsequent gas base rate proceeding at which time all costs for the infrastructure replacement projects would be rolled into gas distribution rates. Irrespective of the cap, BGE is required to file a gas rate case every five years under this legislation. On August 2, 2013, BGE filed its infrastructure replacement plan and associated surcharge. On January 29, 2014, the MDPSC issued a decision conditionally approving the first five years of BGE's plan and surcharge. On March 26, 2014, the MDPSC approved as filed BGE's proposed 2014 project list, tariff and associated surcharge amounts, with a surcharge that became effective April 1, 2014. On November 17, 2014, BGE filed a surcharge update to be effective January 1, 2015 including a true-up of cost estimates included in the 2014 surcharge, along with its 2015 project list and projected capital estimates of $78 million to be included in the 2015 surcharge calculation. At its December 17, 2014 weekly Administrative Meeting, the MDPSC approved BGE's 2015 project list and the proposed surcharge for 2015, which included the true-up of the 2014 charge. As of September 30, 2015, BGE recorded a regulatory liability of $1 million, representing the difference between the surcharge revenues and program costs.

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In February 2014, the residential consumer advocate in Maryland filed an appeal with the Baltimore City Circuit Court to the decision issued by the MDPSC on BGE's infrastructure replacement plan. On September 5, 2014, the Baltimore City Circuit Court affirmed the MDPSC decision on BGE's infrastructure replacement plan and associated surcharge. On October 10, 2014, the residential consumer advocate noticed its appeal to the Maryland Court of Special Appeals from the judgment entered by the Baltimore City Circuit Court. During the third quarter of 2015, the residential consumer advocate, MDPSC and BGE filed briefs. The Court of Special Appeals has set oral argument in this matter for November 3, 2015. BGE cannot predict the outcome of this appeal. However, if the consumer advocates appeal is successful, BGE could seek recovery of infrastructure replacement costs through other regulatory mechanisms.

New York Regulatory Matters

Ginna Nuclear Power Plant Reliability Support Services Agreement (Exelon and Generation). Ginna Nuclear Power Plant's (Ginna) prior period fixed-price PPA contract with Rochester Gas & Electric Company (RG&E) expired in June 2014. In light of the expiration of the agreement, Ginna advised the New York Public Service Commission (NYPSC) and ISO-NY that in absence of a reliability need, Ginna management would make a recommendation, subject to approval by the CENG board, that Ginna be retired as soon as practicable. A formal study conducted by the ISO-NY and RG&E concluded that the Ginna nuclear plant needs to remain in operation to maintain the reliability of the transmission grid in the Rochester region through 2018 when planned transmission system upgrades are expected to be completed. In November 2014, in response to a petition filed by Ginna, the NYPSC directed Ginna and RG&E to negotiate a Reliability Support Services Agreement (RSSA). On February 13, 2015, regulatory filings, including RSSA terms negotiated between Ginna and RG&E, to support the continued operation of Ginna for reliability purposes were made with the NYPSC and with FERC for their approval. Although the RSSA contract is still subject to regulatory approvals, on April 1, 2015, Ginna began delivering power and capacity into ISO-NY consistent with the provisions of the proposed RSSA contract. In the event that Ginna continues to operate beyond the RSSA term, Ginna would be required to make a specified refund payment to RG&E. The FERC issued an order on April 14, 2015, directing Ginna to make a compliance filing to ensure that the RSSA does not allow Ginna to receive revenues above its full cost-of-service and rejecting any extension of the RSSA beyond its initial term, rather requiring any extension be subject to the rules currently being developed by ISO-NY. The FERC order also set the RSSA for hearing and settlement procedures. In response to the FERC's April 14, 2015 order, on May 14, 2015, Ginna submitted a compliance filing to FERC containing proposed revisions to the RSSA addressing FERC's requirements and maintaining the April 1, 2015 proposed effective date. On July 13, 2015, FERC accepted Ginna's compliance filing effective April 1, 2015. The FERC accepted Ginna's proposal for market revenue sharing subject to a cap effective April 1, 2015, and rejected requests for rehearing by parties on a number of matters related to jurisdiction, the reliability need, RSSA term, and possible price suppression. In late August, Ginna reached a settlement in principle with interested parties modifying certain terms and conditions in the originally negotiated agreement. The proposed RSSA under the settlement preserves the value of the contract originally negotiated with RG&E, but shortens the term to March 31, 2017 and requires RG&E to complete a new transmission reliability study to determine if an interim reliability solution is required beyond March 31, 2017. The reliability study is expected to be completed by the end of 2015. If there continues to be a reliability need beyond March 31, 2017, RG&E has the right until June 30, 2016 to select Ginna as an ongoing reliability solution. If Ginna is not selected for continued reliability service and does not plan to retire shortly after RSSA expiration, Ginna is required to file a notice with the NYPSC no later than September 30, 2016. The settlement was filed at the NYPSC and at FERC on October 21, 2015 and remains subject to review and approval by both agencies, which do not expect to be completed until the first quarter of 2016.

Until final regulatory approvals are received, Generation will recognize revenue based on market prices for energy and capacity delivered by Ginna into ISO-NY. Upon receiving regulatory approvals, under the RSSA

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contract terms, Generation would record an adjustment to recognize revenue based on the final approved pricing contained in the contract as of the April 1, 2015 effective date. While the RSSA is expected to receive regulatory approvals and, therefore, permit Ginna to continue operating through the RSSA term, there is still a risk that, for economic reasons, including adjustments to the revenue Ginna would be entitled to under the RSSA, Ginna could be retired before the end of its operating license period. In absence of such an agreement and in the event the plant is retired before the current license term ends in 2029, Exelon's and Generation's results of operations could be adversely affected by increased depreciation rates, impairment charges, severance costs, and accelerated future decommissioning costs, among other items. However, it is not expected that such impacts would be material to Exelon's or Generation's results of operations.

Federal Regulatory Matters

Transmission Formula Rate (Exelon, ComEd and BGE). ComEd's and BGE's transmission rates are each established based on a FERC-approved formula. ComEd and BGE are required to file an annual update to the FERC-approved formula on or before May 15, with the resulting rates effective on June 1 of the same year. The annual formula rate update is based on prior year actual costs and current year projected capital additions. The update also reconciles any differences between the revenue requirement in effect beginning June 1 of the prior year and actual costs incurred for that year. ComEd and BGE record regulatory assets or regulatory liabilities and corresponding increases or decreases to operating revenues for any differences between the revenue requirement in effect and ComEd's and BGE's best estimate of the revenue requirement expected to be approved by the FERC for that year's reconciliation. As of September 30, 2015 and December 31, 2014, ComEd had recorded a net regulatory asset associated with the transmission formula rate of $26 million and $21 million, respectively. As of September 30, 2015 and December 31, 2014, BGE recorded a net regulatory asset associated with the transmission formula rate of $5 million and $1 million, respectively. The regulatory asset associated with the transmission true-up is amortized to Operating revenues as the associated amounts are recovered through rates.

On April 15, 2015 (and revised on May 19), ComEd filed its annual transmission formula rate update with the FERC. The filing establishes the revenue requirement used to set rates that took effect in June 2015, subject to review by the FERC and other parties, which is due by fourth quarter 2015. ComEd's 2015 annual update includes a total increase to the revenue requirement of $86 million, reflecting an increase of $68 million for the initial revenue requirement and an increase of $18 million related to the annual reconciliation. The revenue requirement provides for a weighted average debt and equity return on transmission rate base of 8.61%, inclusive of an allowed ROE of 11.50%, a decrease from the 8.62% average debt and equity return previously authorized.

In April 2015, BGE filed its annual transmission formula rate update with the FERC. The filing establishes the revenue requirement used to set rates that took effect in June 2015, subject to review by other parties, which is due by October 2015. BGE's 2015 annual update includes a total increase to the revenue requirement of $10 million, reflecting an increase of $13 million for the initial revenue requirement and a decrease of $3 million related to the annual reconciliation. The revenue requirement provides for a weighted average debt and equity return on transmission rate base of 8.46%, inclusive of an allowed ROE of 11.30%, a decrease from the 8.53% average debt and equity return previously authorized.

FERC Transmission Complaint (Exelon and BGE). On February 27, 2013, consumer advocates and regulators from the District of Columbia, New Jersey, Delaware and Maryland, and the Delaware Electric Municipal Cooperatives (the parties), filed a complaint at FERC against BGE and PHI companies relating to their respective transmission formula rates. BGE's formula rate includes a 10.8% base rate of ROE and a 50 basis point incentive for participating in PJM (the latter of which is conditioned upon crediting the first 50 basis points of any incentive ROE adders). The parties seek a reduction in the base ROE to 8.7% and changes to the formula

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rate process. FERC docketed the matter and set April 3, 2013 as the deadline for interventions, protests and answers. Under FERC rules, the revenues subject to refund are limited to a fifteen month period and the earliest date from which the base ROE could be adjusted and refunds required is the date of the complaint. On March 19, 2013, BGE filed a motion to dismiss or sever the complaint.

On August 21, 2014, FERC issued an order in the BGE and PHI companies' proceeding, which established hearing and settlement judge procedures for the complaint, and set a refund effective date of February 27, 2013. BGE, the PHI companies and the parties began settlement discussions under the guidance of a FERC administrative law judge on September 23, 2014. On November 24, 2014, the Settlement Judge informed FERC and the Chief Judge that the parties had reached an impasse and determined that a settlement was not possible. On November 26, 2014, the Chief Judge issued an order terminating the settlement proceeding, designating a presiding judge at the hearings and directing that an initial decision be issued by November 25, 2015.

On December 8, 2014, various state agencies in Delaware, Maryland, New Jersey, and D.C. filed a second complaint against BGE regarding the base ROE of the transmission business seeking a reduction from 10.8% to 8.8%. The filing of the second complaint creates a second refund window. By order issued on February 9, 2015, FERC established a hearing on the second complaint with the complainants' requested refund effective date of December 8, 2014. On February 20, 2015, the Chief Judge issued an order consolidating the two complaint proceedings and established an Initial Decision issuance deadline of February 29, 2016. On March 2, 2015, the Presiding Administrative Law Judge issued an order establishing a procedural schedule for the consolidated proceedings that provides for the hearing to commence on October 20, 2015. On September 14, 2015, the complainants and respondents filed a joint motion to suspend the hearing schedule because they have reached a settlement in principle to resolve the ROE issue. On September 15, 2015, the Chief Administrative Law Judge issued an order granting the motion, and setting October 15, 2015 as the date for the moving parties to either file a settlement or file a status report detailing the timetable for filing a settlement which was subsequently extended to October 30, 2015.

On October 30, 2015, the parties filed a status report stating their intent to either file a settlement or file another status report during the fourth quarter of 2015.

Based on the current status of the complaint filings, BGE believes it is probable that BGE's base ROE rate will be adjusted, and that a refund to customers of transmission revenue for the two maximum fifteen month periods will be required. BGE has established a reserve, which management believes is adequate for what it considers to be the most likely outcome. The estimated annual ongoing reduction in revenues if FERC approves the ROEs as originally requested by the parties in their initial filings is approximately $11 million. If FERC were to order a reduction of BGE's base ROE to 8.7% and 8.8% as sought in the first and second complaints, respectively (while retaining the 50 basis points of any incentives that were credited to the base ROE for certain new transmission investment), the result would be a refund to customers of approximately $13 million and $14 million, for the first and second fifteen month refund windows, respectively, for a total refund to customers of approximately $27 million.

PJM Transmission Rate Design and Operating Agreements (Exelon, ComEd, PECO and BGE). PJM Transmission Rate Design specifies the rates for transmission service charged to customers within PJM. Currently, ComEd, PECO and BGE incur costs based on the existing rate design, which charges customers based on the cost of the existing transmission facilities within their load zone and the cost of new transmission facilities based on those who benefit from those facilities. In April 2007, FERC issued an order concluding that PJM's current rate design for existing facilities is just and reasonable and should not be changed. In the same order, FERC held that the costs of new facilities 500 kV and above should be socialized across the entire PJM footprint and that the costs of new facilities less than 500 kV should be allocated to the customers of the new facilities who caused the need for those facilities. A number of parties appealed to the U.S. Court of Appeals for the Seventh Circuit.

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In August 2009, the court issued its decision affirming the FERC's order with regard to the existing facilities, but remanded to FERC the issue of the cost allocation associated with the new facilities 500 kV and above (Cost Allocation Issue) for further consideration by the FERC. On remand, FERC reaffirmed its earlier decision to socialize the costs of new facilities 500 kV and above. A number of parties filed appeals of these orders. In June 2014, the court again remanded the Cost Allocation Issue to FERC. On December 18, 2014, FERC issued an order setting an evidentiary hearing and settlement proceeding regarding the Cost Allocation Issue. The hearing only concerns new facilities approved by the PJM Board prior to February 1, 2013. As of September 30, 2015, settlement discussions are continuing.

Because a new cost allocation had been adopted for projects approved by the PJM Board on or after February 1, 2013, this latest remand only involves the cost allocation for facilities 500 kV and above approved prior to that date. ComEd anticipates that all impacts of any rate design changes effective after December 31, 2006, should be recoverable through retail rates and, thus, the rate design changes are not expected to have a material impact on ComEd's results of operations, cash flows or financial position. PECO anticipates that all impacts of any rate design changes should be recoverable through the transmission service charge rider approved in PECO's 2010 electric distribution rate case settlement and, thus, the rate design changes are not expected to have a material impact on PECO's results of operations, cash flows or financial position. To the extent any rate design changes are retroactive to periods prior to January 1, 2011, there may be an impact on PECO's results of operations. BGE anticipates that all impacts of any rate design changes effective after the implementation of its standard offer service programs in Maryland should be recoverable through retail rates and, thus, the rate design changes are not expected to have a material impact on BGE's results of operations, cash flows or financial position.

Demand Response Resource Order (Exelon, Generation, ComEd, PECO, BGE). On May 23, 2014, the D.C. Circuit Court issued an opinion vacating the FERC Order No. 745 (D.C. Circuit Decision). Order No. 745 established uniform compensation levels for demand response resources that participate in the day ahead and real-time wholesale energy markets. Under Order No. 745, buyers in ISO and RTO markets were required to pay demand response resources the full Locational Marginal Price when the demand response replaced a generation resource and was cost-effective.

In addition to invalidating the compensation structure established by Order No. 745, the D.C. Circuit Court, in broad language, explained that demand response is part of the retail market and FERC is restricted from regulating retail markets. After the D.C. Circuit denied rehearing in September 2014, the FERC sought to appeal the decision to the U.S. Supreme Court in January 2015. The U.S. Supreme Court agreed to consider the appeal. Oral argument was held at the U.S. Supreme Court on October 14, 2015. A decision is expected to be issued by the U.S. Supreme Court before the end of the term ending on June 30, 2016.

In addition, contemporaneously with the D.C. Circuit Court's decision on May 23, 2014, FirstEnergy filed a complaint at the FERC asking the FERC to direct PJM to remove all PJM Tariff provisions that allow or require PJM to compensate demand response providers as a form of supply in the PJM capacity market effective May 23, 2014. FirstEnergy also asked the FERC to declare the results of PJM's May 2014 Base Residual Auction for the 2017/2018 Delivery Year, void and illegal to the extent that demand response resources cleared that auction. On November 14, 2014, the New England Power Generators Association, Inc. (NEPGA) filed a similar complaint at the FERC asking the FERC to disqualify demand response from the upcoming capacity auction in New England and to revise the New England tariff to remove demand response from participation in the capacity market. The FERC's response to the FirstEnergy complaint and the NEPGA complaint and its response to address the D.C. Circuit Court's decision in all markets could preclude demand response resources from receiving any future capacity market revenues and also subject such resources to refund obligations depending on how the U.S. Supreme Court resolves the matter. In addition, there is uncertainty as to how the FERC might treat already settled capacity market auctions as well as future auctions, both for demand response resources and generation resources, again depending on the U.S. Supreme Court resolution. Due to these uncertainties, the Registrants are

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unable to predict the outcome of these proceedings, and the final outcome is not expected for several months. Nonetheless, the final decision and its implementation by FERC and the RTOs and ISOs, could be material to Exelon, Generation, ComEd, PECO and BGE's results of operations and cash flows.

New England Capacity Market Results (Exelon and Generation). Each year, ISO New England, Inc. (ISO-NE) files the results of its annual capacity auction at the FERC which is required to include documentation regarding the competitiveness of the auction. Consistent with this requirement, on February 27, 2015, ISO-NE filed the results of its ninth capacity auction (covering the June 1, 2018 through May 31, 2019 delivery period). On June 18, 2015, the FERC accepted the results of the ninth capacity auction. On July 20, 2015, a union representing utility workers sought rehearing of that decision. While it is unlikely that the FERC would alter its decision on rehearing, Exelon and Generation cannot predict with certainty what future actions the FERC may take concerning the results of the auction. Adverse action by the FERC could ultimately be material to Exelon's and Generation's expected revenues from the auction.

On February 28, 2014, ISO-NE filed the results of its eighth capacity auction (covering the June 1, 2017 through May 31, 2018 delivery period). On June 27, 2014, the FERC issued a letter to ISO-NE noting that ISO-NE's February 28, 2014 filing was deficient and that ISO-NE must file additional information before the FERC can process the filing. ISO-NE filed the information on July 17, 2014, and the ISO-NE's filings became effective by operation of law pursuant to a notice issued by the secretary of FERC on September 16, 2014. Several parties sought rehearing of the secretary's notice which was effectively denied in October 2014 and have since appealed the matter to the D.C. Circuit Court. On April 7, 2015 the D.C. Circuit Court issued an order referring the matter to a merits panel where issues raised by parties challenging the FERC decision will be heard as well as FERC's Motion to Dismiss the challenges. It is not clear whether the court will decide ultimately on the merits of the case or whether it will dismiss the case as FERC urges based on the fact that there is no action by the FERC to be considered. Nonetheless, while any change in the auction results is thought to be unlikely, Exelon and Generation cannot predict with certainty what further action the court may take concerning the results of that auction, but any court action could be material to Exelon's and Generation's expected revenues from the capacity auction.

License Renewals (Exelon and Generation). On August 29, 2012 and August 30, 2012, Generation submitted hydroelectric license applications to FERC for 46-year licenses for the Conowingo Hydroelectric Project (Conowingo) and the Muddy Run Pumped Storage Project (Muddy Run), respectively.

Generation is working with stakeholders to resolve water quality licensing issues with the MDE for Conowingo, including: (1) water quality, (2) fish passage and habitat, and (3) sediment. On January 30, 2014, Generation filed a water quality certification application pursuant to Section 401 of the CWA with MDE for Conowingo, addressing these and other issues, although Generation cannot currently predict the conditions that ultimately may be imposed. MDE indicated that it believed it did not have sufficient information to process Generation's application. As a result, on December 5, 2014, Generation withdrew its pending application for a water quality certification. FERC policy requires that an applicant resubmit its request for a water quality certification within 90 days of the date of withdrawal. Accordingly, on March 3, 2015, Generation refiled its application for a water quality certification. In addition, Generation has entered into an agreement with MDE to work with state agencies in Maryland, the U.S. Army Corps of Engineers, the U.S. Geological Survey, the University of Maryland Center for Environmental Science and the U.S. Environmental Protection Agency Chesapeake Bay Program to design, conduct and fund an additional multi-year sediment study. Generation has agreed to contribute up to $3.5 million to fund the additional study. On August 7, 2015, US Fish and Wildlife Service (USFWS) submitted its modified fishway prescription to FERC in the Conowingo licensing proceedings. On September 11, 2015, Exelon filed a request for an administrative hearing and proposed an alternative prescription to challenge USFWS's preliminary prescription. Resolution of these issues relating to Conowingo may have a material effect on Exelon's and Generation's results of operations and financial position through an increase in capital expenditures and operating costs.

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On June 3, 2014, and subsequently modified December 9, 2014, the PA DEP issued its water quality certificate for Muddy Run, which is a necessary step in the FERC licensing process and included certain commitments made by Generation. On March 2, 2015, Generation and USFWS submitted to FERC an executed settlement agreement resolving all outstanding issues related to Muddy Run. The financial impact associated with these commitments is estimated to be in the range of $25 million to $35 million, and will include both capital expenditures and operating expenses, primarily relating to fish passage and habitat improvement projects.

The FERC licenses for Muddy Run and Conowingo expired on August 31, 2014 and September 1, 2014 respectively. Under the Federal Power Act, FERC is required to issue annual licenses for the facilities until the new licenses are issued. On September 10, 2014, FERC issued annual licenses for Conowingo and Muddy Run, effective as of the expiration of the previous licenses. If FERC does not issue new licenses prior to the expiration of annual licenses, the annual licenses will renew automatically. On March 11, 2015, FERC issued the final Environmental Impact Statement for Muddy Run and Conowingo.

The stations are currently being depreciated over their estimated useful lives, which includes the license renewal period. As of September 30, 2015, $43 million of direct costs associated with licensing efforts have been capitalized.

Regulatory Assets and Liabilities (Exelon, ComEd, PECO and BGE)

Exelon, ComEd, PECO and BGE each prepare their consolidated financial statements in accordance with the authoritative guidance for accounting for certain types of regulation. Under this guidance, regulatory assets represent incurred costs that have been deferred because of their probable future recovery from customers through regulated rates. Regulatory liabilities represent the excess recovery of costs or accrued credits that have been deferred because it is probable such amounts will be returned to customers through future regulated rates or represent billings in advance of expenditures for approved regulatory programs.

The following tables provide information about the regulatory assets and liabilities of Exelon, ComEd, PECO and BGE as of September 30, 2015 and December 31, 2014. For additional information on the specific regulatory assets and liabilities, refer to Note 3 — Regulatory Matters of the Exelon 2014 Form 10-K.

September 30, 2015	Exelon	ComEd	PECO	BGE
Regulatory assets				
Pension and other postretirement benefits	$3,138	$ —	$ —	$ —
Deferred income taxes	1,589	66	1,446	77
AMI programs	373	130	64	179
Under-recovered distribution service costs [a]	240	240	—	—
Debt costs	50	48	2	8
Fair value of BGE long-term debt	170	—	—	—
Severance	10	—	—	10
Asset retirement obligations	106	66	22	18
MGP remediation costs [g]	289	256	32	1
Under-recovered uncollectible accounts	54	54	—	—
Renewable energy	243	243	—	—
Energy and transmission programs [b][c]	67	33	—	34
Deferred storm costs [g]	2	—	—	2
Electric generation-related regulatory asset [g]	23	—	—	23
Rate stabilization deferral	101	—	—	101
Energy efficiency and demand response programs	271	—	—	271
Merger integration costs	6	—	—	6
Conservation voltage reduction	1	—	—	1

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

September 30, 2015	Exelon	ComEd	PECO	BGE
Under-recovered revenue decoupling (f)	7	—	—	7
Other	39	9	23	4
Total regulatory assets	6,779	1,145	1,589	742
Less: current portion	779	232	32	257
Total noncurrent regulatory assets	$6,000	$ 913	$1,557	$485

September 30, 2015	Exelon	ComEd	PECO	BGE
Regulatory liabilities				
Other postretirement benefits	$ 65	$ —	$ —	$ —
Nuclear decommissioning	2,538	2,150	388	—
Removal costs	1,545	1,342	—	203
Energy efficiency and demand response programs (d)	46	44	2	—
DLC Program Costs	9	—	9	—
Energy efficiency phase II	38	—	38	—
Electric distribution tax repairs	97	—	97	—
Gas distribution tax repairs	30	—	30	—
Energy and transmission programs (b)(c)(e)	134	46	70	18
Over-recovered electric universal service fund costs	3	—	3	—
Over-recovered revenue decoupling (f)	27	—	—	27
Other	13	3	3	7
Total regulatory liabilities	4,545	3,585	640	255
Less: current portion	365	144	104	69
Total noncurrent regulatory liabilities	$4,180	$3,441	$536	$186

December 31, 2014	Exelon	ComEd	PECO	BGE
Regulatory assets				
Pension and other postretirement benefits	$3,256	$ —	$ —	$ —
Deferred income taxes	1,542	64	1,400	78
AMI programs	296	91	77	128
Under-recovered distribution service costs (a)	371	371	—	—
Debt costs	57	53	4	9
Fair value of BGE long-term debt	190	—	—	—
Severance	12	—	—	12
Asset retirement obligations	116	74	26	16
MGP remediation costs	257	219	37	1
Under-recovered uncollectible accounts	67	67	—	—
Renewable energy	207	207	—	—
Energy and transmission programs (b)(c)	48	33	—	15
Deferred storm costs	3	—	—	3
Electric generation-related regulatory asset	30	—	—	30
Rate stabilization deferral	160	—	—	160
Energy efficiency and demand response programs	248	—	—	248
Merger integration costs	8	—	—	8
Conservation voltage reduction	2	—	—	2
Under recovered electric revenue decoupling (f)	7	—	—	7
Other	46	22	14	7
Total regulatory assets	6,923	1,201	1,558	724
Less: current portion	847	349	29	214
Total noncurrent regulatory assets	$6,076	$ 852	$1,529	$510

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

December 31, 2014	Exelon	ComEd	PECO	BGE
Regulatory liabilities				
Other postretirement benefits	$ 88	$ —	$ —	$ —
Nuclear decommissioning	2,879	2,389	490	—
Removal costs	1,566	1,343	—	223
Energy efficiency and demand response programs (d)	27	25	2	—
DLC Program Costs	10	—	10	—
Energy efficiency phase II	32	—	32	—
Electric distribution tax repairs	102	—	102	—
Gas distribution tax repairs	49	—	49	—
Energy and transmission programs (b)(c)(e)	84	19	58	7
Over-recovered electric universal service fund costs	2	—	2	—
Revenue subject to refund	3	3	—	—
Over-recovered revenue decoupling (f)	12	—	—	12
Other	6	1	2	2
Total regulatory liabilities	4,860	3,780	747	244
Less: current portion	310	125	90	44
Total noncurrent regulatory liabilities	$4,550	$3,655	$657	$200

(a) As of September 30, 2015, ComEd's regulatory asset of $240 million was comprised of $184 million for the applicable annual reconciliations and $56 million related to significant one-time events including $43 million of deferred storm costs and $13 million of Constellation merger and integration related costs. As of December 31, 2014, ComEd's regulatory asset of $371 million was comprised of $286 million for the applicable annual reconciliations and $85 million related to significant one-time events, including $66 million of deferred storm costs and $19 million of Constellation merger and integration related costs. See Note 4 — Mergers, Acquisitions, and Dispositions of the Exelon 2014 Form 10-K for further information.

(b) As of September 30, 2015, ComEd's regulatory asset of $33 million included $26 million associated with transmission costs recoverable through its FERC approved formulate rate, and $7 million of Constellation merger and integration costs to be recovered upon FERC approval. As of September 30, 2015, ComEd's regulatory liability of $46 million included $24 million related to over-recovered energy costs for hourly customers and $22 million associated with revenues received for renewable energy requirements. As of December 31, 2014, ComEd's regulatory asset of $33 million included $4 million related to under-recovered energy costs for non-hourly customers, $22 million associated with transmission costs recoverable through its FERC approved formulate rate, and $7 million of Constellation merger and integration costs to be recovered upon FERC approval. As of December 31, 2014, ComEd's regulatory liability of $19 million included $3 million related to over-recovered energy costs for hourly customers and $16 million associated with revenues received for renewable energy requirements.

(c) As of September 30, 2015, BGE's regulatory asset of $34 million included $5 million associated with transmission costs recoverable through its FERC approved formula rate and $29 million related to under-recovered electric energy costs. As of September 30, 2015, BGE's regulatory liability of $18 million related to $9 million of over-recovered natural gas supply costs and $14 million of over-recovered energy costs, offset by $4 million of Constellation merger and integration costs and $1 million of abandonment costs to be recovered upon FERC approval. As of December 31, 2014, BGE's regulatory asset of $15 million included $10 million related to under-recovered electric energy costs, $4 million of Constellation merger and integration costs and $1 million of abandonment costs to be recovered upon FERC approval. As of December 31, 2014, BGE's regulatory liability of $7 million related to over-recovered natural gas supply costs.

(d) ComEd recovers the costs of its ICC-approved Energy Efficiency and Demand Response plan through a rider. Effective with a change to its rider in August 2015, ComEd will recover or refund any under or over-recoveries through the end of the Plan's fiscal year on May 31 over a twelve-month period beginning on June 1 of the following calendar year. Previously, ComEd's recovery or refund of under or over-recoveries through the end of the Plan's fiscal year on May 31 was over a nine-month period beginning on September 1 of the same calendar year.

(e) As of September 30, 2015, PECO's regulatory liability of $70 million included $33 million related to the DSP program, $31 million related to the over-recovered natural gas costs under the PGC and $6 million related to over-recovered electric transmission costs. As of December 31, 2014, PECO's regulatory liability of $58 million included $39 million related to the DSP program, $16 million related to the over-recovered natural gas costs under the PGC and $3 million related to the over-recovered electric transmission costs.

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(f) Represents the electric and gas distribution costs recoverable from customers under BGE's decoupling mechanism. As of September 30, 2015, BGE had a regulatory asset of $7 million related to under-recovered electric revenue decoupling and a regulatory liability of $27 million related to over-recovered natural gas revenue decoupling. As of December 31, 2014, BGE had a regulatory asset of $7 million related to under-recovered electric revenue decoupling and a regulatory liability of $12 million related to over-recovered natural gas revenue decoupling.

(g) In accordance with the MDPSC approved 2014 electric and natural gas distribution rate case orders, the recovery periods for these regulatory assets were revised, effective in January 2015.

Purchase of Receivables Programs (Exelon, ComEd, PECO, and BGE)

ComEd, PECO and BGE are required, under separate legislation and regulations in Illinois, Pennsylvania and Maryland, respectively, to purchase certain receivables from retail electric and natural gas suppliers that participate in the utilities' consolidated billing. ComEd and BGE purchase receivables at a discount to recover primarily uncollectible accounts expense from the suppliers. PECO is required to purchase receivables at face value and permitted to recover uncollectible accounts expense from customers through its distribution rates. Exelon, ComEd, PECO and BGE do not record unbilled commodity receivables under the POR programs. Purchased billed receivables are classified in Other accounts receivable, net on Exelon's, ComEd's, PECO's and BGE's Consolidated Balance Sheets. The following tables provide information about the purchased receivables of the Registrants as of September 30, 2015 and December 31, 2014.

As of September 30, 2015	Exelon	ComEd	PECO	BGE
Purchased receivables [a]	$ 296	$ 137	$ 90	$ 69
Allowance for uncollectible accounts [b]	(40)	(22)	(8)	(10)
Purchased receivables, net	$ 256	$ 115	$ 82	$ 59

As of December 31, 2014	Exelon	ComEd	PECO	BGE
Purchased receivables [a]	$ 290	$ 139	$ 76	$ 75
Allowance for uncollectible accounts [b]	(42)	(21)	(8)	(13)
Purchased receivables, net	$ 248	$ 118	$ 68	$ 62

(a) PECO's gas POR program became effective on January 1, 2012 and includes a 1% discount on purchased receivables in order to recover the implementation costs of the program. The implementation costs were fully recovered and the 1% discount was reset to 0%, effective July 2015.

(b) For ComEd and BGE, reflects the incremental allowance for uncollectible accounts recorded, which is in addition to the purchase discount. For ComEd, the incremental uncollectible accounts expense is recovered through its Purchase of Receivables with Consolidated Billing tariff.

6. Investment in Constellation Energy Nuclear Group, LLC (Exelon and Generation)

As a result of the Constellation merger, Generation owns a 50.01% interest in CENG, a nuclear generation business. Generation has historically had various agreements with CENG to purchase power and to provide certain services. For further information regarding these agreements, see Note 25 — Related Party Transactions of the Exelon 2014 Form 10-K.

As a result of the consolidation of CENG on April 1, 2014, there are several additional transactions included in Exelon's and Generation's consolidated financial statements between CENG and Exelon's affiliates that are considered related party transactions to Generation. As further described in Note 25 — Related Party Transactions of the Exelon 2014 Form 10-K, EDF and Generation had a PPA with CENG under which they purchased 15% and 85%, respectively, of the nuclear output owned by CENG that was not sold to third parties

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under pre-existing PPAs through December 31, 2014. Beginning January 1, 2015 and continuing through the life of the respective plants, EDF and Generation will purchase 49.99% and 50.01%, respectively, of the nuclear output owned by CENG not subject to other contractual agreements. Beginning April 1, 2014, CENG's sales to Generation have been eliminated in consolidation. For the three and nine months ended September 30, 2015, Generation had sales to EDF of $108 million and $395 million, respectively. See Note 3 — Variable Interest Entities for additional information regarding other transactions between CENG and EDF included within Exelon's and Generation's consolidated financial statements and for additional information about the Registrant's VIEs.

Accounting for the Consolidation of CENG

Prior to April 1, 2014, Exelon and Generation accounted for their investment in CENG under the equity method of accounting. From January 1, 2014, through March 31, 2014, Generation recorded $19 million of equity in earnings of unconsolidated affiliates related to its investment in CENG and $17 million of revenues from CENG. The book value of Generation's investment in CENG prior to the consolidation was $1.9 billion, and the book value of the AOCI related to CENG prior to consolidation was $116 million, net of taxes of $77 million.

The transfer of the nuclear operating licenses and the execution of the NOSA on April 1, 2014 resulted in the derecognition of the equity method investment in CENG and the recording of all assets, liabilities and EDF's noncontrolling interest in CENG at fair value on Exelon's and Generation's Consolidated Balance Sheets.

Generation and EDFI also entered into a Put Option Agreement on April 1, 2014, pursuant to which EDFI has the option, exercisable beginning on January 1, 2016 and thereafter until June 30, 2022, to sell its 49.99% interest in CENG to Generation for a fair market value price determined by agreement of the parties, or absent agreement, a third-party arbitration process. The appraisers determining fair market value of EDF's 49.99% interest in CENG under the Put Option Agreement are instructed to take into account all rights and obligations under the CENG Operating Agreement, including Generation's rights with respect to any unpaid aggregate preferred distributions and the related return and the value of Generation's rights to other distributions. The beginning of the exercise period will be accelerated if Exelon's affiliates cease to own a majority of CENG and exercise a related right to terminate the NOSA. In addition, under limited circumstances, the period for exercise of the put option may be extended for 18 months.

Due to the Preferred Distribution Rights that Generation has on CENG's available cash, the earnings attributable to the noncontrolling interest on the Consolidated Statements of Operations and Comprehensive Income as well as the corresponding adjustment to Noncontrolling interest on the Consolidated Balance Sheets will not be in proportion to Generation's and EDF's equity ownership interests. Rather, the attribution considers Generation's Preferred Distribution Rights and allocates net income based on each owner's rights to CENG's net assets. For the three and nine months ended September 30, 2015, Generation reduced by $5 million and $13 million, respectively, the amount of Net income attributable to noncontrolling interests on Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income. As a result of the consolidation, Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income includes CENG's incremental operating revenues of $110 million and $416 million and CENG's net income (loss), prior to any intercompany eliminations and any adjustments for noncontrolling interest, of $(75) million and $18 million during the three and nine months ended September 30, 2015, respectively.

7. Impairment of Long-Lived Assets (Exelon and Generation)

Long-Lived Assets (Exelon and Generation)

Generation evaluates long-lived assets for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. In the second quarter of each year, Generation updates

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the long-term fundamental energy prices, which includes a thorough evaluation of key assumptions including gas prices, load growth, environmental policy, plant retirements and renewable growth.

In 2015, the year over year change in fundamentals did not indicate any impairments. In 2014, the year over year change in fundamentals suggested that the carrying value of certain merchant wind assets may be impaired. Generation concluded that the estimated undiscounted future cash flows and fair value of twelve wind projects, primarily located in West Texas, were less than their respective carrying values at May 31, 2014. As a result, long-lived assets held and used with a carrying amount of approximately $151 million were written down to their fair value of $65 million and a pre-tax impairment charge of $86 million was recorded during the second quarter of 2014 in Operating and maintenance expense in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income.

The fair value analysis was primarily based on the income approach using significant unobservable inputs (Level 3) including revenue and generation forecasts, projected capital and maintenance expenditures and discount rates. Changes in the assumptions described above could potentially result in future impairments of Exelon's long-lived assets, which could be material.

During the third quarter of 2014, certain non-nuclear generating assets were identified as assets held for sale on Exelon's and Generation's Consolidated Balance Sheets. When long-lived assets are held for sale, an impairment loss is recognized to the extent that the asset's carrying value exceeds its estimated fair value less costs to sell. At September 30, 2014, in connection with the approved asset sales agreements, a $50 million pre-tax impairment loss was recorded within Operating and maintenance expense on Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income.

Like-Kind Exchange Transaction (Exelon)

Prior to the PECO/Unicom Merger in October 2000, UII, LLC (formerly Unicom Investments, Inc.) (UII), a wholly owned subsidiary of Exelon, entered into a like-kind exchange transaction pursuant to which approximately $1.6 billion was invested in coal-fired generating station leases located in Georgia and Texas with two separate entities unrelated to Exelon. The generating stations were leased back to such entities as part of the transaction. See Note 12 — Income Taxes for further information. The leases for the generating stations located in Texas were terminated in 2014. For financial accounting purposes, the investments are accounted for as direct financing lease investments. UII holds the leasehold interests in the generating stations in several separate bankruptcy remote, special purpose companies it directly or indirectly wholly owns. The lease agreements provide the lessees with fixed purchase options at the end of the lease terms. If the lessees do not exercise the fixed purchase options, Exelon has the ability to operate the stations and keep or market the power itself or require the lessees to arrange for a third-party to bid on a service contract for a period following the lease term. In any event, Exelon will be subject to residual value risk if the lessees do not exercise the fixed purchase options. This risk is partially mitigated by the fair value of the scheduled payments under the service contract. However, such payments are not guaranteed. Further, the term of the service contract is less than the expected remaining useful life of the plants and, therefore, Exelon's exposure to residual value risk will not be mitigated by payments under the service contract in this remaining period. In the fourth quarter of 2000, under the terms of the lease agreements, UII received a prepayment of $1.2 billion for all rent, which reduced the investment in the leases. There are no minimum scheduled lease payments to be received over the remaining term of the leases.

Pursuant to the applicable accounting guidance, Exelon is required to review the estimated residual values of its direct financing lease investments at least annually and record an impairment charge if the review indicates an other than temporary decline in the fair value of the residual values below their carrying values. Exelon estimates the fair value of the residual values of its direct financing lease investments under the income approach,

which uses a discounted cash flow analysis, which takes into consideration significant unobservable inputs (Level 3) including the expected revenues to be generated and costs to be incurred to operate the plants over their remaining useful lives subsequent to the lease end dates. Significant assumptions used in estimating the fair value include fundamental energy and capacity prices, fixed and variable costs, capital expenditure requirements, discount rates, tax rates, and the estimated remaining useful lives of the plants. The estimated fair values also reflect the cash flows associated with the service contract option discussed above given that a market participant would take into consideration all of the terms and conditions contained in the lease agreements.

Based on the annual reviews performed in the second quarters of 2015 and 2014, the estimated residual value of Exelon's direct financing leases for the Georgia generating stations experienced other than temporary declines given increases in estimated long-term operating and maintenance costs in the 2015 annual review and reduced long-term energy and capacity price expectations in the 2014 annual review. As a result, Exelon recorded $24 million pre-tax impairment charges in each of the second quarters of 2015 and 2014 for these stations. These impairment charges were recorded in Investments and Operating and maintenance expense in Exelon's Consolidated Balance Sheets and the Consolidated Statements of Operations and Comprehensive Income, respectively. Changes in the assumptions described above could potentially result in future impairments of Exelon's direct financing lease investments, which could be material.

At September 30, 2015 and December 31, 2014, the components of the net investment in long-term leases were as follows:

	September 30, 2015	December 31, 2014
Estimated residual value of leased assets	$ 639	$ 685
Less: unearned income	291	324
Net investment in long-term leases	$ 348	$ 361

8. Implications of Potential Early Plant Retirements (Exelon and Generation)

Exelon and Generation continue to evaluate the current and expected economic value of each of Generation's nuclear plants. Factors that will continue to affect the economic value of Generation's nuclear plants include, but are not limited to: market power prices, results of capacity auctions, potential legislative solutions in Illinois such as the proposed Low Carbon Portfolio Standard (LCPS) legislation, the impact of final rules from the U.S. EPA requiring reduction of carbon and other emissions and the efforts of the states to implement those final rules, and the outcome of the Ginna RSSA hearing and settlement procedures and the resulting contractual terms and conditions. On September 10, 2015, after considering the results of the recent PJM capacity auctions, Exelon and Generation decided to defer for one year any decisions about the future operations of its Quad Cities and Byron nuclear plants and will offer both plants in the 2019/2020 auction in May 2016. As a result of clearing the other PJM capacity auction in September 2015 for the 2017/2018 transitional capacity auction, Exelon and Generation will continue to operate its Quad Cities nuclear power plant through at least May 2018. The Byron plant is already obligated to operate through May 2019. In addition, on October 29, 2015, Exelon and Generation decided to defer any decision about the future operations of its Clinton nuclear plant for one year and plan to bid the plant into the MISO capacity auction for the 2016/2017 planning year in March 2016. MISO's announcement on October 27, 2015 acknowledging the need for market design changes in southern Illinois was a key factor in Exelon's and Generation's decision to defer for an additional year, among other factors such as positive results from the Illinois Power Agency's capacity procurement for 2016 and the long-term impact of the EPA's Clean Power Plan. The Clinton plant is currently obligated to operate through May 2016. Exelon and Generation previously committed to cease operation of the Oyster Creek nuclear plant by the end of 2019. Exelon and Generation have not made any decisions regarding potential nuclear plant closures at other sites at this time.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

As a result of a decision to early retire one or more other nuclear plants, certain changes in accounting treatment would be triggered and Exelon's and Generation's results of operations and cash flows could be materially affected by a number of items including, among other items: accelerated depreciation expense, impairment charges related to inventory that cannot be used at other nuclear units and cancellation of in-flight capital projects, accelerated amortization of plant specific nuclear fuel costs, severance costs, accelerated asset retirement obligation expense related to future decommissioning activities, and additional funding of decommissioning costs. In addition, any early plant retirement would also result in reduced operating costs, lower fuel expense, and lower capital expenditures in the periods beyond shutdown. While there are a number of Generation's nuclear plants that are at risk of early retirement, the following table provides the balance sheet amounts as of September 30, 2015 for significant assets and liabilities associated with the three nuclear plants currently considered by management to be at the greatest risk of early retirement due to their current economic valuations and other factors:

(in millions)	Quad Cities	Clinton	Ginna	Total
Asset Balances				
Materials and supplies inventory	$ 49	$ 56	$ 30	$ 135
Nuclear fuel inventory, net	186	122	65	373
Completed plant, net	1,027	582	111	1,720
Construction work in progress	29	8	23	60
Liability Balances				
Asset retirement obligation	(696)	(396)	(637)	(1,729)
NRC License Renewal Term	2032	2046[(a)]	2029	

(a) Assumes Clinton seeks and receives a 20-year operating license renewal extension.

In the event a decision is made to early retire one or more nuclear plants, the precise timing of the retirement date, and resulting financial statement impact, is uncertain and would be influenced by a number of factors such as the results of any transmission system reliability study assessments, the nature of any co-owner requirements and stipulations, and decommissioning trust fund requirements, among other factors. However, the earliest retirement date for any plant would usually be the first year in which the unit does not have capacity obligations and just prior to its next scheduled nuclear refueling outage date in that year.

9. Fair Value of Financial Assets and Liabilities (Exelon, Generation, ComEd, PECO and BGE)

Fair Value of Financial Liabilities Recorded at the Carrying Amount

The following tables present the carrying amounts and fair values of the Registrants' short-term liabilities, long-term debt, SNF obligation, and trust preferred securities (long-term debt to financing trusts or junior subordinated debentures) as of September 30, 2015 and December 31, 2014:

Exelon

	September 30, 2015				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 678	$ 3	$ 675	$ —	$ 678
Long-term debt (including amounts due within one year)	25,438	1,004	24,181	1,335	26,520
Long-term debt to financing trusts	648	—	—	663	663
SNF obligation	1,021	—	820	—	820

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	December 31, 2014				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 463	$ 3	$ 448	$ 12	$ 463
Long-term debt (including amounts due within one year)	21,164	1,208	20,417	1,311	22,936
Long-term debt to financing trusts	648	—	—	648	648
SNF obligation	1,021	—	833	—	833

Generation

	September 30, 2015				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 21	$ —	$ 21	$ —	$ 21
Long-term debt (including amounts due within one year)	8,996	—	7,978	1,335	9,313
SNF obligation	1,021	—	820	—	820

	December 31, 2014				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 36	$ —	$ 24	$ 12	$ 36
Long-term debt (including amounts due within one year)	8,266	—	7,511	1,311	8,822
SNF obligation	1,021	—	833	—	833

ComEd

	September 30, 2015				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 604	$ —	$ 604	$ —	$ 604
Long-term debt (including amounts due within one year)	6,100	—	6,731	—	6,731
Long-term debt to financing trust	206	—	—	206	206

	December 31, 2014				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 304	$ —	$ 304	$ —	$ 304
Long-term debt (including amounts due within one year)	5,958	—	6,788	—	6,788
Long-term debt to financing trust	206	—	—	213	213

PECO

	September 30, 2015				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Long-term debt (including amounts due within one year)	$ 2,246	$ —	$2,472	$ —	$2,472
Long-term debt to financing trusts	184	—	—	196	196

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	December 31, 2014				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Long-term debt (including amounts due within one year)	$ 2,246	$ —	$2,537	$ —	$2,537
Long-term debt to financing trusts	184	—	—	199	199

BGE

	September 30, 2015				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 53	$ 3	$ 50	$ —	$ 53
Long-term debt (including amounts due within one year)	1,905	—	2,118	—	2,118
Long-term debt to financing trusts	258	—	—	261	261

	December 31, 2014				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 123	$ 3	$ 120	$ —	$ 123
Long-term debt (including amounts due within one year)	1,942	—	2,178	—	2,178
Long-term debt to financing trusts	258	—	—	236	236

Short-Term Liabilities. The short-term liabilities included in the tables above are comprised of dividends payable (included in other current liabilities) (Level 1), short-term borrowings (Level 2) and third party financing (Level 3). The Registrants' carrying amounts of the short-term liabilities are representative of fair value because of the short-term nature of these instruments.

Long-Term Debt. The fair value amounts of Exelon's taxable debt securities (Level 2) are determined by a valuation model that is based on a conventional discounted cash flow methodology and utilizes assumptions of current market pricing curves. In order to incorporate the credit risk of the Registrants into the discount rates, Exelon obtains pricing (i.e., U.S. Treasury rate plus credit spread) based on trades of existing Exelon debt securities as well as debt securities of other issuers in the electric utility sector with similar credit ratings in both the primary and secondary market, across the Registrants' debt maturity spectrum. The credit spreads of various tenors obtained from this information are added to the appropriate benchmark U.S. Treasury rates in order to determine the current market yields for the various tenors. The yields are then converted into discount rates of various tenors that are used for discounting the respective cash flows of the same tenor for each bond or note. The fair value of Exelon's equity units (Level 1) are valued based on publicly traded securities issued by Exelon.

The fair value of Generation's non-government-backed fixed rate project financing debt, including nuclear fuel procurement contracts, (Level 3) is based on market and quoted prices for its own and other project financing debt with similar risk profiles. Given the low trading volume in the project financing debt market, the price quotes used to determine fair value will reflect certain qualitative factors, such as market conditions, investor demand, new developments that might significantly impact the project cash flows or off-taker credit, and other circumstances related to the project (e.g., political and regulatory environment). The fair value of Generation's government-backed fixed rate project financing debt (Level 3) is largely based on a discounted cash flow methodology that is similar to the taxable debt securities methodology described above. Due to the lack of market trading data on similar debt, the discount rates are derived based on the original loan interest rate spread to the applicable Treasury rate as well as a current market curve derived from government-backed securities. Variable rate project financing debt resets on a quarterly basis and

the carrying value approximates fair value (Level 2). Generation also has tax-exempt debt (Level 2). Due to low trading volume in this market, qualitative factors, such as market conditions, investor demand, and circumstances related to the issuer (e.g., conduit issuer political and regulatory environment), may be incorporated into the credit spreads that are used to obtain the fair value as described above.

SNF Obligation. The carrying amount of Generation's SNF obligation (Level 2) is derived from a contract with the DOE to provide for disposal of SNF from Generation's nuclear generating stations. When determining the fair value of the obligation, the future carrying amount of the SNF obligation estimated to be settled in 2025 is calculated by compounding the current book value of the SNF obligation at the 13-week Treasury rate. The compounded obligation amount is discounted back to present value using Generation's discount rate, which is calculated using the same methodology as described above for the taxable debt securities, and an estimated maturity date of 2025.

Long-Term Debt to Financing Trusts. Exelon's long-term debt to financing trusts is valued based on publicly traded securities issued by the financing trusts. Due to low trading volume of these securities, qualitative factors, such as market conditions, investor demand, and circumstances related to each issue, this debt is classified as Level 3.

Recurring Fair Value Measurements

Exelon records the fair value of assets and liabilities in accordance with the hierarchy established by the authoritative guidance for fair value measurements. The hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1 — quoted prices (unadjusted) in active markets for identical assets or liabilities that the Registrants have the ability to liquidate as of the reporting date.
- Level 2 — inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.
- Level 3 — unobservable inputs, such as internally developed pricing models or third-party valuations for the asset or liability due to little or no market activity for the asset or liability.

Transfers in and out of levels are recognized as of the end of the reporting period when the transfer occurred. Given derivatives categorized within Level 1 are valued using exchange-based quoted prices within observable periods, transfers between Level 2 and Level 1 were not material. Transfers into Level 2 from Level 3 generally occur when the contract tenure becomes more observable. Transfers into Level 3 from Level 2 generally occur due to changes in market liquidity or assumptions for certain commodity contracts. There were no transfers between Level 1 and Level 2 during the nine months ended September 30, 2015 for cash equivalents, nuclear decommissioning trust fund investments, pledged assets for Zion Station decommissioning, Rabbi trust investments, and deferred compensation obligations.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Exelon and Generation

The following tables present assets and liabilities measured and recorded at fair value on Exelon's and Generation's Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy as of September 30, 2015 and December 31, 2014:

	Generation				Exelon			
As of September 30, 2015	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets								
Cash equivalents [a]	$ 225	$ —	$ —	$ 225	$ 6,545	$ —	$ —	$ 6,545
Nuclear decommissioning trust fund investments								
Cash equivalents	301	67	—	368	301	67	—	368
Equity								
Domestic	2,274	1,829	—	4,103	2,274	1,829	—	4,103
Foreign	598	—	—	598	598	—	—	598
Equity funds subtotal	2,872	1,829	—	4,701	2,872	1,829	—	4,701
Fixed income								
Corporate debt	—	1,831	245	2,076	—	1,831	245	2,076
U.S. Treasury and agencies	1,142	—	—	1,142	1,142	—	—	1,142
Foreign governments	—	77	—	77	—	77	—	77
State and municipal debt	—	407	—	407	—	407	—	407
Other	—	468	—	468	—	468	—	468
Fixed income subtotal	1,142	2,783	245	4,170	1,142	2,783	245	4,170
Middle market lending	—	—	423	423	—	—	423	423
Private equity	—	—	116	116	—	—	116	116
Real estate	—	—	30	30	—	—	30	30
Other	—	329	—	329	—	329	—	329
Nuclear decommissioning trust fund investments subtotal [b]	4,315	5,008	814	10,137	4,315	5,008	814	10,137
Pledged assets for Zion Station decommissioning								
Cash equivalents	—	11	—	11	—	11	—	11
Equities	5	1	—	6	5	1	—	6
Fixed income								
U.S. Treasury and agencies	5	2	—	7	5	2	—	7
Corporate debt	—	57	—	57	—	57	—	57
State and municipal debt	—	10	—	10	—	10	—	10
Other	—	1	—	1	—	1	—	1
Fixed income subtotal	5	70	—	75	5	70	—	75
Middle market lending	—	—	144	144	—	—	144	144
Pledged assets for Zion Station decommissioning subtotal [c]	10	82	144	236	10	82	144	236
Rabbi trust investments in mutual funds [d][e]	16	—	—	16	46	—	—	46
Commodity derivative assets								
Economic hedges	1,625	2,561	2,144	6,330	1,625	2,561	2,144	6,330
Proprietary trading	85	140	38	263	85	140	38	263
Effect of netting and allocation of collateral [f]	(1,865)	(2,037)	(835)	(4,737)	(1,865)	(2,037)	(835)	(4,737)
Commodity derivative assets subtotal	(155)	664	1,347	1,856	(155)	664	1,347	1,856
Interest rate and foreign currency derivative assets								
Derivatives designated as hedging instruments	—	—	—	—	—	37	—	37
Economic hedges	—	21	—	21	—	21	—	21
Proprietary trading	14	3	—	17	14	3	—	17
Effect of netting and allocation of collateral	(8)	(6)	—	(14)	(8)	(6)	—	(14)
Interest rate and foreign currency derivative assets subtotal	6	18	—	24	6	55	—	61

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Generation				Exelon			
As of September 30, 2015	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Other investments	—	—	32	32	—	—	32	32
Total assets	4,417	5,772	2,337	12,526	10,767	5,809	2,337	18,913
Liabilities								
Commodity derivative liabilities								
Economic hedges	(2,120)	(2,478)	(1,209)	(5,807)	(2,120)	(2,478)	(1,452)	(6,050)
Proprietary trading	(79)	(140)	(44)	(263)	(79)	(140)	(44)	(263)
Effect of netting and allocation of collateral [f]	2,218	2,472	1,080	5,770	2,218	2,472	1,080	5,770
Commodity derivative liabilities subtotal	19	(146)	(173)	(300)	19	(146)	(416)	(543)
Interest rate and foreign currency derivative liabilities								
Derivatives designated as hedging instruments	—	(21)	—	(21)	—	(21)	—	(21)
Economic hedges	—	(6)	—	(6)	—	(6)	—	(6)
Proprietary trading	(15)	—	—	(15)	(15)	—	—	(15)
Effect of netting and allocation of collateral	15	6	—	21	15	6	—	21
Interest rate and foreign currency derivative liabilities subtotal	—	(21)	—	(21)	—	(21)	—	(21)
Deferred compensation obligation	—	(29)	—	(29)	—	(95)	—	(95)
Total liabilities	19	(196)	(173)	(350)	19	(262)	(416)	(659)
Total net assets	$ 4,436	$ 5,576	$ 2,164	$12,176	$10,786	$ 5,547	$ 1,921	$18,254

	Generation				Exelon			
As of December 31, 2014	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets								
Cash equivalents [a]	$ 405	$ —	$ —	$ 405	$ 1,119	$ —	$ —	$ 1,119
Nuclear decommissioning trust fund investments								
Cash equivalents	208	37	—	245	208	37	—	245
Equity								
Domestic	2,423	2,207	—	4,630	2,423	2,207	—	4,630
Foreign	612	—	—	612	612	—	—	612
Equity funds subtotal	3,035	2,207	—	5,242	3,035	2,207	—	5,242
Fixed income								
Corporate debt	—	2,023	239	2,262	—	2,023	239	2,262
U.S. Treasury and agencies	996	—	—	996	996	—	—	996
Foreign governments	—	95	—	95	—	95	—	95
State and municipal debt	—	438	—	438	—	438	—	438
Other	—	511	—	511	—	511	—	511
Fixed income subtotal	996	3,067	239	4,302	996	3,067	239	4,302
Middle market lending	—	—	366	366	—	—	366	366
Private equity	—	—	83	83	—	—	83	83
Real estate	—	—	3	3	—	—	3	3
Other	—	301	—	301	—	301	—	301
Nuclear decommissioning trust fund investments subtotal [b]	4,239	5,612	691	10,542	4,239	5,612	691	10,542
Pledged assets for Zion Station decommissioning								
Cash equivalents	—	15	—	15	—	15	—	15
Equities	6	1	—	7	6	1	—	7
Fixed income								
U.S. Treasury and agencies	5	3	—	8	5	3	—	8
Corporate debt	—	89	—	89	—	89	—	89
State and municipal debt	—	10	—	10	—	10	—	10
Other	—	3	—	3	—	3	—	3
Fixed income subtotal	5	105	—	110	5	105	—	110
Middle market lending	—	—	184	184	—	—	184	184

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Generation				Exelon			
As of December 31, 2014	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Pledged assets for Zion Station decommissioning subtotal [c]	11	121	184	316	11	121	184	316
Rabbi trust investments [d]								
Cash equivalents	—	—	—	—	1	—	—	1
Mutual funds [e]	16	—	—	16	46	—	—	46
Rabbi trust investments subtotal	16	—	—	16	47	—	—	47
Commodity derivative assets								
Economic hedges	1,667	3,465	1,681	6,813	1,667	3,465	1,681	6,813
Proprietary trading	201	284	27	512	201	284	27	512
Effect of netting and allocation of collateral [f]	(1,982)	(2,757)	(557)	(5,296)	(1,982)	(2,757)	(557)	(5,296)
Commodity derivative assets subtotal	(114)	992	1,151	2,029	(114)	992	1,151	2,029
Interest rate and foreign currency derivative assets								
Derivatives designated as hedging instruments	—	8	—	8	—	31	—	31
Economic hedges	—	12	—	12	—	13	—	13
Proprietary trading	18	9	—	27	18	9	—	27
Effect of netting and allocation of collateral	(17)	(12)	—	(29)	(17)	(31)	—	(48)
Interest rate and foreign currency derivative assets subtotal	1	17	—	18	1	22	—	23
Other investments	—	—	3	3	2	—	3	5
Total assets	4,558	6,742	2,029	13,329	5,305	6,747	2,029	14,081
Liabilities								
Commodity derivative liabilities								
Economic hedges	(2,241)	(3,458)	(788)	(6,487)	(2,241)	(3,458)	(995)	(6,694)
Proprietary trading	(195)	(295)	(42)	(532)	(195)	(295)	(42)	(532)
Effect of netting and allocation of collateral [f]	2,416	3,557	729	6,702	2,416	3,557	729	6,702
Commodity derivative liabilities subtotal	(20)	(196)	(101)	(317)	(20)	(196)	(308)	(524)
Interest rate and foreign currency derivative liabilities								
Derivatives designated as hedging instruments	—	(12)	—	(12)	—	(41)	—	(41)
Economic hedges	—	(2)	—	(2)	—	(103)	—	(103)
Proprietary trading	(14)	(9)	—	(23)	(14)	(9)	—	(23)
Effect of netting and allocation of collateral	25	10	—	35	25	29	—	54
Interest rate and foreign currency derivative liabilities subtotal	11	(13)	—	(2)	11	(124)	—	(113)
Deferred compensation obligation	—	(31)	—	(31)	—	(107)	—	(107)
Total liabilities	(9)	(240)	(101)	(350)	(9)	(427)	(308)	(744)
Total net assets	$ 4,549	$ 6,502	$ 1,928	$12,979	$ 5,296	$ 6,320	$ 1,721	$13,337

(a) Excludes certain cash equivalents considered to be held-to-maturity and not reported at fair value.

(b) Excludes net liabilities of $(34) million and $(5) million at September 30, 2015 and December 31, 2014, respectively. These items consist of net receivables related to pending securities sales, interest and dividend receivables, and payables related to pending securities purchases.

(c) Excludes net assets of $1 million and $3 million at September 30, 2015 and December 31, 2014, respectively. These items consist of net receivables related to pending securities sales, interest and dividend receivables, and payables related to pending securities purchases.

(d) Excludes $34 million and $35 million of cash surrender value of life insurance investment at September 30, 2015 and December 31, 2014, respectively, at Exelon Consolidated. Excludes $12 million and $11 million and of cash surrender value of life insurance investment at September 30, 2015 and December 31, 2014, respectively, at Generation.

(e) The mutual funds held by the Rabbi trusts at Exelon include $45 million related to deferred compensation and $1 million related to Supplemental Executive Retirement Plan at September 30, 2015, and $45 million related to deferred compensation and $1 million related to Supplemental Executive Retirement Plan at December 31, 2014.

(f) Collateral posted to/(received from) counterparties totaled $353 million, $435 million and $245 million allocated to Level 1, Level 2 and Level 3 commodity mark-to-market derivatives, respectively, as of September 30, 2015. Collateral posted to/(received from) counterparties totaled $434 million, $800 million and $172 million allocated to Level 1, Level 2 and Level 3 commodity mark-to-market derivatives, respectively, as of December 31, 2014.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

ComEd, PECO and BGE

The following tables present assets and liabilities measured and recorded at fair value on the utility Registrants' Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy as of September 30, 2015 and December 31, 2014:

	ComEd				PECO				BGE			
As of September 30, 2015	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets												
Cash equivalents	$ —	$ —	$ —	$ —	$ 4	$ —	$ —	$ 4	$ 68	$ —	$ —	$ 68
Rabbi trust investments in mutual funds [a]	—	—	—	—	8	—	—	8	5	—	—	5
Total assets	—	—	—	—	12	—	—	12	73	—	—	73
Liabilities												
Deferred compensation obligation	—	(7)	—	(7)	—	(11)	—	(11)	—	(4)	—	(4)
Mark-to-market derivative liabilities [b]	—	—	(243)	(243)	—	—	—	—	—	—	—	—
Total liabilities	—	(7)	(243)	(250)	—	(11)	—	(11)	—	(4)	—	(4)
Total net assets (liabilities)	$ —	$ (7)	$(243)	$(250)	$ 12	$ (11)	$ —	$ 1	$ 73	$ (4)	$ —	$ 69

	ComEd				PECO				BGE			
As of December 31, 2014	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets												
Cash equivalents	$ 25	$ —	$ —	$ 25	$ 12	$ —	$ —	$ 12	$ 103	$ —	$ —	$103
Rabbi trust investments in mutual funds [a]	—	—	—	—	9	—	—	9	5	—	—	$ 5
Total assets	25	—	—	25	21	—	—	21	108	—	—	108
Liabilities												
Deferred compensation obligation	—	(8)	—	(8)	—	(15)	—	(15)	—	(5)	—	(5)
Mark-to-market derivative liabilities [b]	—	—	(207)	(207)	—	—	—	—	—	—	—	—
Total liabilities	—	(8)	(207)	(215)	—	(15)	—	(15)	—	(5)	—	(5)
Total net assets (liabilities)	$ 25	$ (8)	$(207)	$(190)	$ 21	$ (15)	$ —	$ 6	$ 108	$ (5)	$ —	$103

(a) At PECO, excludes $12 million and $14 million of the cash surrender value of life insurance investments at September 30, 2015 and December 31, 2014, respectively.

(b) The Level 3 balance includes the current and noncurrent liability of $22 million and $221 million at September 30, 2015, respectively, and $20 million and $187 million at December 31, 2014, respectively, related to floating-to-fixed energy swap contracts with unaffiliated suppliers.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following table presents the fair value reconciliation of Level 3 assets and liabilities measured at fair value on a recurring basis during the three and nine months ended September 30, 2015 and 2014:

	Generation					ComEd		Exelon
Three Months Ended September 30, 2015	**Nuclear Decommissioning Trust Fund Investments**	**Pledged Assets for Zion Station Decommissioning**	**Mark-to-Market Derivatives**	**Other Investments**	**Total Generation**	**Mark-to-Market Derivatives [b]**	**Eliminated in Consolidation**	**Total**
Balance as of June 30, 2015	$ 786	$ 156	$ 1,021	$ 30	$ 1,993	$ (223)	$ —	$ 1,770
Total realized / unrealized gains (losses)								
Included in net income	—	—	(48) [a]	—	(48)	—	—	(48)
Included in noncurrent payables to affiliates	5	—	—	—	5	—	(5)	—
Included in payable for Zion Station decommissioning	—	1	—	—	1	—	—	1
Included in regulatory assets	—	—	—	—	—	(20)	5	(15)
Change in collateral	—	—	90	—	90	—	—	90
Purchases, sales, issuances and settlements								
Purchases	40	5	50	2	97	—	—	97
Sales	—	(18)	(5)	—	(23)	—	—	(23)
Settlements	(17)	—	—	—	(17)	—	—	(17)
Transfers into Level 3	—	—	69	—	69	—	—	69
Transfers out of Level 3	—	—	(3)	—	(3)	—	—	(3)
Balance as of September 30, 2015	$ 814	$ 144	$ 1,174	$ 32	$ 2,164	$ (243)	$ —	$ 1,921
The amount of total gains (losses) included in income attributed to the change in unrealized gains (losses) related to assets and liabilities held for the three months ended September 30, 2015	$ (1)	$ —	$ 181	$ —	$ 180	$ —	$ —	$ 180

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Generation					ComEd		Exelon
Nine Months Ended September 30, 2015	Nuclear Decommissioning Trust Fund Investments	Pledged Assets for Zion Station Decommissioning	Mark-to-Market Derivatives	Other Investments	Total Generation	Mark-to-Market Derivatives [b]	Eliminated in Consolidation	Total
Balance as of December 31, 2014	$ 691	$ 184	$ 1,050	$ 3	$ 1,928	$ (207)	$ —	$ 1,721
Total realized / unrealized gains (losses)								
Included in net income	4	—	(87) [a]	—	(83)	—	—	(83)
Included in noncurrent payables to affiliates	20	—	—	—	20	—	(20)	—
Included in payable for Zion Station decommissioning	—	2	—	—	2	—	—	2
Included in regulatory assets	—	—	—	—	—	(36)	20	(16)
Change in collateral	—	—	72	—	72	—	—	72
Purchases, sales, issuances and settlements								
Purchases	186	16	107	29	338	—	—	338
Sales	(8)	(58)	(10)	—	(76)	—	—	(76)
Settlements	(83)	—	—	—	(83)	—	—	(83)
Transfers into Level 3	4	—	80	—	84	—	—	84
Transfers out of Level 3	—	—	(38)	—	(38)	—	—	(38)
Balance as of September 30, 2015	$ 814	$ 144	$ 1,174	$ 32	$ 2,164	$ (243)	$ —	$ 1,921
The amount of total gains included in income attributed to the change in unrealized gains related to assets and liabilities held for the nine months ended September 30, 2015	$ 4	$ —	$ 536	$ —	$ 540	$ —	$ —	$ 540

(a) Includes a reduction for the reclassification of $229 million and $623 million of realized gains due to the settlement of derivative contracts for the three and nine months ended September 30, 2015, respectively.

(b) Includes $19 million of decreases in fair value and a reduction for realized gains due to settlements of $1 million recorded in purchased power expense associated with floating-to-fixed energy swap contracts with unaffiliated suppliers for the three months ended September 30, 2015. Includes $44 million of decreases in fair value and an increase for realized losses due to settlements of $8 million for the nine months ended September 30, 2015.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Generation					ComEd		Exelon
Three Months Ended September 30, 2014	Nuclear Decommissioning Trust Fund Investments	Pledged Assets for Zion Station Decommissioning	Mark-to-Market Derivatives	Other Investments	Total Generation	Mark-to-Market Derivatives [b]	Eliminated in Consolidation	Total
Balance as of June 30, 2014	$ 592	$ 133	$ 242	$ 10	$ 977	$ (134)	$ —	$ 843
Total realized / unrealized gains (losses)								
Included in net income	1	—	76 [a]	—	77	—	—	77
Included in noncurrent payables to affiliates	3	—	—	—	3	—	(3)	—
Included in payable for Zion Station decommissioning	—	(2)	—	—	(2)	—	—	(2)
Included in regulatory assets	—	—	—	—	—	(44)	3	(41)
Change in collateral	—	—	79	—	79	—	—	79
Purchases, sales, issuances and settlements								
Purchases	83	53	12	—	148	—	—	148
Sales	(8)	(18)	—	(7)	(33)	—	—	(33)
Settlements	(27)	—	—	—	(27)	—	—	(27)
Transfers into Level 3	—	—	21	—	21	—	—	21
Transfers out of Level 3	—	—	1	—	1	—	—	1
Balance as of September 30, 2014	$ 644	$ 166	$ 431	$ 3	$ 1,244	$ (178)	$ —	$ 1,066
The amount of total gains included in income attributed to the change in unrealized gains related to assets and liabilities held for the three months ended September 30, 2014	$ 1	$ —	$ 163	$ —	$ 164	$ —	$ —	$ 164

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Generation					ComEd		Exelon
Nine Months Ended September 30, 2014	Nuclear Decommissioning Trust Fund Investments	Pledged Assets for Zion Station Decommissioning	Mark-to-Market Derivatives	Other Investments	Total Generation	Mark-to-Market Derivatives [b]	Eliminated in Consolidation	Total
Balance as of December 31, 2013	$ 350	$ 112	$ 465	$ 15	$ 942	$ (193)	$ —	$ 749
Total realized / unrealized gains (losses)								
Included in net income	5	—	(284) [a]	—	(279)	—	—	$ (279)
Included in noncurrent payables to affiliates	14	—	—	—	14	—	(14)	$ —
Included in payable for Zion Station decommissioning	—	2	—	—	2	—	—	$ 2
Included in regulatory assets	—	—	—	—	—	15	14	$ 29
Change in collateral	—	—	257	—	257	—	—	$ 257
Purchases, sales, issuances and settlements								
Purchases	331	95	27	2	455	—	—	$ 455
Sales	(10)	(43)	(6)	(7)	(66)	—	—	$ (66)
Settlements	(46)	—	—	—	(46)	—	—	$ (46)
Transfers into Level 3	—	—	(9)	—	(9)	—	—	$ (9)
Transfers out of Level 3	—	—	(19)	(7)	(26)	—	—	$ (26)
Balance as of September 30, 2014	$ 644	$ 166	$ 431	$ 3	$ 1,244	$ (178)	$ —	$ 1,066
The amount of total gains (losses) included in income attributed to the change in unrealized gains (losses) related to assets and liabilities held for the nine months ended September 30, 2014	$ 3	$ —	$ (264)	$ —	$ (261)	$ —	$ —	$ (261)

(a) Includes a reduction for the reclassification of $87 million and $20 million of realized gains due to the settlement of derivative contracts for the three and nine months ended September 30, 2014.

(b) Includes $45 million of decreases in fair value and an increase for realized losses due to settlements of $1 million recorded in purchased power expense associated with floating-to-fixed energy swap contracts with unaffiliated suppliers for the three months ended September 30, 2014. Includes $19 million of increases in fair value and a reduction for realized gains due to settlements of $4 million for the nine months ended September 30, 2014.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following tables present the income statement classification of the total realized and unrealized gains (losses) included in income for Level 3 assets and liabilities measured at fair value on a recurring basis during the three and nine months ended September 30, 2015 and 2014:

	Generation			Exelon		
	Operating Revenues	Purchased Power and Fuel	Other, net [a]	Operating Revenues	Purchased Power and Fuel	Other, net [a]
Total gains (losses) included in net income for the three months ended September 30, 2015	$ (4)	$ (44)	$ —	$ (4)	$ (44)	$ —
Total gains (losses) included in net income for the nine months ended September 30, 2015	(31)	(56)	4	(31)	(56)	4
Change in the unrealized gains (losses) relating to assets and liabilities held for the three months ended September 30, 2015	198	(17)	(1)	198	(17)	(1)
Change in the unrealized gains (losses) relating to assets and liabilities held for the nine months ended September 30, 2015	538	(2)	4	538	(2)	4

	Generation			Exelon		
	Operating Revenues	Purchased Power and Fuel	Other, net [a]	Operating Revenues	Purchased Power and Fuel	Other, net [a]
Total gains (losses) included in net income for the three months ended September 30, 2014	$ 70	$ 6	$ 1	$ 70	$ 6	$ 1
Total gains (losses) included in net income for the nine months ended September 30, 2014	(260)	(24)	5	(260)	(24)	5
Change in the unrealized gains (losses) relating to assets and liabilities held for the three months ended September 30, 2014	142	21	1	142	21	1
Change in the unrealized gains (losses) relating to assets and liabilities held for the nine months ended September 30, 2014	(293)	29	3	(293)	29	3

(a) Other, net activity consists of realized and unrealized gains (losses) included in income for the NDT funds held by Generation.

Valuation Techniques Used to Determine Fair Value

The following describes the valuation techniques used to measure the fair value of the assets and liabilities shown in the tables above.

Cash Equivalents (Exelon, Generation, ComEd, PECO and BGE). The Registrants' cash equivalents include investments with maturities of three months or less when purchased. The cash equivalents shown in the

fair value tables are comprised of investments in mutual and money market funds. The fair values of the shares of these funds are based on observable market prices and, therefore, have been categorized in Level 1 in the fair value hierarchy.

Nuclear Decommissioning Trust Fund Investments and Pledged Assets for Zion Station Decommissioning (Exelon and Generation). The trust fund investments have been established to satisfy Generation's and CENG's nuclear decommissioning obligations as required by the NRC. The NDT funds hold debt and equity securities directly and indirectly through commingled funds and mutual funds, which are included in Equities, Fixed Income and Other. Generation's and CENG's NDT fund investments policies outline investment guidelines for the trusts and limit the trust funds' exposures to investments in highly illiquid markets and other alternative investments. Investments with maturities of three months or less when purchased, including certain short-term fixed income securities are considered cash equivalents and included in the recurring fair value measurements hierarchy as Level 1 or Level 2.

With respect to individually held equity securities, which are included in Domestic or Foreign equities, the trustees obtain prices from pricing services, whose prices are obtained from direct feeds from market exchanges, which Generation is able to independently corroborate. The fair values of equity securities held directly by the trust funds are based on quoted prices in active markets and are categorized in Level 1. Equity securities held individually are primarily traded on the New York Stock Exchange and NASDAQ-Global Select Market, which contain only actively traded securities due to the volume trading requirements imposed by these exchanges.

For fixed income securities, multiple prices from pricing services are obtained whenever possible, which enables cross-provider validations in addition to checks for unusual daily movements. A primary price source is identified based on asset type, class or issue for each security. The trustees monitor prices supplied by pricing services and may use a supplemental price source or change the primary price source of a given security if the portfolio managers challenge an assigned price and the trustees determine that another price source is considered to be preferable. Generation has obtained an understanding of how these prices are derived, including the nature and observability of the inputs used in deriving such prices. Additionally, Generation selectively corroborates the fair values of securities by comparison to other market-based price sources. U.S. Treasury securities are categorized as Level 1 because they trade in a highly liquid and transparent market. The fair values of fixed income securities, excluding U.S. Treasury securities, are based on evaluated prices that reflect observable market information, such as actual trade information or similar securities, adjusted for observable differences and are categorized in Level 2. The fair values of private placement fixed income securities, which are included in Corporate debt, are determined using a third party valuation that contains significant unobservable inputs and are categorized in Level 3.

Equity, balanced and fixed income commingled funds and fixed income mutual funds are maintained by investment companies and hold certain investments in accordance with a stated set of fund objectives. The fair values of fixed income commingled and mutual funds held within the trust funds, which generally hold fixed income securities and are not subject to restrictions regarding the purchase or sale of shares, are derived from observable prices. The objectives of the remaining equity commingled funds in which Exelon, Generation, and CENG invest primarily seek to track the performance of certain equity indices by purchasing equity securities to replicate the capitalization and characteristics of the indices. Commingled and mutual funds are categorized in Level 2 because the fair value of the funds are based on NAVs per fund share (the unit of account), primarily derived from the quoted prices in active markets on the underlying equity securities.

Middle market lending are investments in loans or managed funds which lend to private companies. Generation elected the fair value option for its investments in certain limited partnerships that invest in middle market lending managed funds. The fair value of these loans is determined using a combination of valuation

models including cost models, market models, and income models. Investments in middle market lending are categorized as Level 3 because the fair value of these securities is based largely on inputs that are unobservable and utilize complex valuation models. Investments in middle market lending typically cannot be redeemed until maturity of the term loan.

Private equity investments include investments in operating companies that are not publicly traded on a stock exchange. Private equity valuations are reported by the fund manager and are based on the valuation of the underlying investments, which include inputs such as cost, operating results, discounted future cash flows and market based comparable data. Since these valuation inputs are not highly observable, private equity investments have been categorized as Level 3.

As of September 30, 2015, Generation has outstanding commitments to invest in middle market lending, corporate debt securities, private equity investments, and real estate investments of approximately $286 million. These commitments will be funded by Generation's existing nuclear decommissioning trust funds.

See Note 12 — Nuclear Decommissioning for further discussion on the NDT fund investments.

Rabbi Trust Investments (Exelon, Generation, ComEd, PECO and BGE). The Rabbi trusts were established to hold assets related to deferred compensation plans existing for certain active and retired members of Exelon's executive management and directors. The Rabbi trusts assets are included in investments in the Registrants' Consolidated Balance Sheets and consist primarily of mutual funds and life insurance policies. The mutual funds are maintained by investment companies and hold certain investments in accordance with a stated set of fund objectives, which are consistent with Exelon's overall investment strategy. Mutual funds are publicly quoted and have been categorized as Level 1 given the clear observability of the prices. The life insurance policies are valued using the cash surrender value of the policies, which is provided by a third party. The cash surrender value inputs are not observable.

Mark-to-Market Derivatives (Exelon, Generation, and ComEd) . Derivative contracts are traded in both exchange-based and non-exchange-based markets. Exchange-based derivatives that are valued using unadjusted quoted prices in active markets are categorized in Level 1 in the fair value hierarchy. Certain derivatives' pricing is verified using indicative price quotations available through brokers or over-the-counter, on-line exchanges and are categorized in Level 2. These price quotations reflect the average of the bid-ask, mid-point prices and are obtained from sources that the Registrants believe provide the most liquid market for the commodity. The price quotations are reviewed and corroborated to ensure the prices are observable and representative of an orderly transaction between market participants. This includes consideration of actual transaction volumes, market delivery points, bid-ask spreads and contract duration. The remainder of derivative contracts are valued using the Black model, an industry standard option valuation model. The Black model takes into account inputs such as contract terms, including maturity, and market parameters, including assumptions of the future prices of energy, interest rates, volatility, credit worthiness and credit spread. For derivatives that trade in liquid markets, such as generic forwards, swaps and options, model inputs are generally observable. Such instruments are categorized in Level 2. The Registrants' derivatives are predominately at liquid trading points. For derivatives that trade in less liquid markets with limited pricing information model inputs generally would include both observable and unobservable inputs. These valuations may include an estimated basis adjustment from an illiquid trading point to a liquid trading point for which active price quotations are available. Such instruments are categorized in Level 3.

Exelon may utilize fixed-to-floating interest rate swaps, which are typically designated as fair value hedges, as a means to achieve its targeted level of variable-rate debt as a percent of total debt. In addition, the Registrants may utilize interest rate derivatives to lock in interest rate levels in anticipation of future financings. These

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interest rate derivatives are typically designated as cash flow hedges. Exelon determines the current fair value by calculating the net present value of expected payments and receipts under the swap agreement, based on and discounted by the market's expectation of future interest rates. Additional inputs to the net present value calculation may include the contract terms, counterparty credit risk and other market parameters. As these inputs are based on observable data and valuations of similar instruments, the interest rate swaps are categorized in Level 2 in the fair value hierarchy. See Note 10 — Derivative Financial Instruments for further discussion on mark-to-market derivatives.

Deferred Compensation Obligations (Exelon, Generation, ComEd, PECO and BGE). The Registrants' deferred compensation plans allow participants to defer certain cash compensation into a notional investment account. The Registrants include such plans in other current and noncurrent liabilities in their Consolidated Balance Sheets. The value of the Registrants' deferred compensation obligations is based on the market value of the participants' notional investment accounts. The underlying notional investments are comprised primarily of equities, mutual funds, commingled funds, and fixed income securities which are based on directly and indirectly observable market prices. Since the deferred compensation obligations themselves are not exchanged in an active market, they are categorized as Level 2 in the fair value hierarchy.

Additional Information Regarding Level 3 Fair Value Measurements (Exelon, Generation, ComEd)

Mark-to-Market Derivatives (Exelon, Generation, ComEd). For valuations that include both observable and unobservable inputs, if the unobservable input is determined to be significant to the overall inputs, the entire valuation is categorized in Level 3. This includes derivatives valued using indicative price quotations whose contract tenure extends into unobservable periods. In instances where observable data is unavailable, consideration is given to the assumptions that market participants would use in valuing the asset or liability. This includes assumptions about market risks such as liquidity, volatility and contract duration. Such instruments are categorized in Level 3 as the model inputs generally are not observable. Exelon's RMC approves risk management policies and objectives for risk assessment, control and valuation, counterparty credit approval, and the monitoring and reporting of risk exposures. The RMC is chaired by the chief executive officer and includes the chief risk officer, chief strategy officer, chief executive officer of Exelon Utilities, chief commercial officer, chief financial officer and chief executive officer of Constellation. The RMC reports to the Finance and Risk Committee of the Exelon Board of Directors on the scope of the risk management activities. Forward price curves for the power market utilized by the front office to manage the portfolio, are reviewed and verified by the middle office, and used for financial reporting by the back office. The Registrants consider credit and nonperformance risk in the valuation of derivative contracts categorized in Level 2 and 3, including both historical and current market data in its assessment of credit and nonperformance risk by counterparty. Due to master netting agreements and collateral posting requirements, the impacts of credit and nonperformance risk were not material to the financial statements.

Disclosed below is detail surrounding the Registrants' significant Level 3 valuations. The calculated fair value includes marketability discounts for margining provisions and other attributes. Generation's Level 3 balance generally consists of forward sales and purchases of power and natural gas, coal purchases and certain transmission congestion contracts. Generation utilizes various inputs and factors including market data and assumptions that market participants would use in pricing assets or liabilities as well as assumptions about the risks inherent in the inputs to the valuation technique. The inputs and factors include forward commodity prices, commodity price volatility, contractual volumes, delivery location, interest rates, credit quality of counterparties and credit enhancements.

For commodity derivatives, the primary input to the valuation models is the forward commodity price curve for each instrument. Forward commodity price curves are derived by risk management for liquid locations and by the traders and portfolio managers for illiquid locations. All locations are reviewed and verified by risk management considering published exchange transaction prices, executed bilateral transactions, broker quotes,

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and other observable or public data sources. The relevant forward commodity curve used to value each of the derivatives depends on a number of factors, including commodity type, delivery location, and delivery period. Price volatility varies by commodity and location. When appropriate, Generation discounts future cash flows using risk free interest rates with adjustments to reflect the credit quality of each counterparty for assets and Generation's own credit quality for liabilities. The level of observability of a forward commodity price varies generally due to the delivery location and delivery period. Certain delivery locations including PJM West Hub (for power) and Henry Hub (for natural gas) are more liquid and prices are observable for up to three years in the future. The observability period of volatility is generally shorter than the underlying power curve used in option valuations. The forward curve for a less liquid location is estimated by using the forward curve from the liquid location and applying a spread to represent the cost to transport the commodity to the delivery location. This spread does not typically represent a majority of the instrument's market price. As a result, the change in fair value is closely tied to liquid market movements and not a change in the applied spread. The change in fair value associated with a change in the spread is generally immaterial. An average spread calculated across all Level 3 power and gas delivery locations is approximately $3.30 and $0.32 for power and natural gas, respectively. Many of the commodity derivatives are short term in nature and thus a majority of the fair value may be based on observable inputs even though the contract as a whole must be classified as Level 3. See ITEM 3. — QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK for information regarding the maturity by year of the Registrant's mark-to-market derivative assets and liabilities.

On December 17, 2010, ComEd entered into several 20-year floating to fixed energy swap contracts with unaffiliated suppliers for the procurement of long-term renewable energy and associated RECs. See Note 10 —Derivative Financial Instruments for more information. The fair value of these swaps has been designated as a Level 3 valuation due to the long tenure of the positions and internal modeling assumptions. The modeling assumptions include using natural gas heat rates to project long term forward power curves adjusted by a renewable factor that incorporates time of day and seasonality factors to reflect accurate renewable energy pricing. In addition, marketability reserves are applied to the positions based on the tenor and supplier risk.

The table below discloses the significant inputs to the forward curve used to value these positions.

Type of trade	Fair Value at September 30, 2015	Valuation Technique	Unobservable Input	Range
Mark-to-market derivatives — Economic hedges (Generation) [a][c]	$ 935	Discounted Cash Flow	Forward power price	$11 - $96 [d]
			Forward gas price	$1.49 - $9.86 [d]
		Option Model	Volatility percentage	7% - 130%
Mark-to-market derivatives — Proprietary trading (Generation) [a][c]	$ (6)	Discounted Cash Flow	Forward power price	$13 - $89 [d]
Mark-to-market derivatives (ComEd)	$ (243)	Discounted Cash Flow	Forward heat rate [b]	9x - 10x
			Marketability reserve	3.5% - 7%
			Renewable factor	85% - 126%

(a) The valuation techniques, unobservable inputs and ranges are the same for the asset and liability positions.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

(b) Quoted forward natural gas rates are utilized to project the forward power curve for the delivery of energy at specified future dates. The natural gas curve is extrapolated beyond its observable period to the end of the contract's delivery.
(c) The fair values do not include cash collateral posted on level three positions of $245 million as of September 30, 2015.
(d) The New England region was not a significant driver for the upper end of the ranges for power and gas as of September 30, 2015.

Type of trade	Fair Value at December 31, 2014	Valuation Technique	Unobservable Input	Range
Mark-to-market derivatives — Economic hedges (Generation) [a][c]	$ 893	Discounted Cash Flow	Forward power price	$15 - $120 [d]
			Forward gas price	$1.52 - $14.02 [d]
		Option Model	Volatility percentage	8% - 257%
Mark-to-market derivatives — Proprietary trading (Generation) [a][c]	$ (15)	Discounted Cash Flow	Forward power price	$15 - $117 [d]
Mark-to-market derivatives (ComEd)	$ (207)	Discounted Cash Flow	Forward heat rate [b]	8x - 9x
			Marketability reserve	3.5% - 8%
			Renewable factor	86% - 126%

(a) The valuation techniques, unobservable inputs and ranges are the same for the asset and liability positions.
(b) Quoted forward natural gas rates are utilized to project the forward power curve for the delivery of energy at specified future dates. The natural gas curve is extrapolated beyond its observable period to the end of the contract's delivery.
(c) The fair values do not include cash collateral posted on level three positions of $172 million as of December 31, 2014.
(d) The upper ends of the ranges are driven by the winter power and gas prices in the New England region. Without the New England region, the upper ends of the ranges for power and gas would be approximately $97 and $8.14, respectively, and would be approximately $76 for power proprietary trading.

The inputs listed above would have a direct impact on the fair values of the above instruments if they were adjusted. The significant unobservable inputs used in the fair value measurement of Generation's commodity derivatives are forward commodity prices and for options is price volatility. Increases (decreases) in the forward commodity price in isolation would result in significantly higher (lower) fair values for long positions (contracts that give Generation the obligation or option to purchase a commodity), with offsetting impacts to short positions (contracts that give Generation the obligation or right to sell a commodity). Increases (decreases) in volatility would increase (decrease) the value for the holder of the option (writer of the option). Generally, a change in the estimate of forward commodity prices is unrelated to a change in the estimate of volatility of prices. An increase to the reserves listed above would decrease the fair value of the positions. An increase to the heat rate or renewable factors would increase the fair value accordingly. Generally, interrelationships exist between market prices of natural gas and power. As such, an increase in natural gas pricing would potentially have a similar impact on forward power markets.

Nuclear Decommissioning Trust Fund Investments and Pledged Assets for Zion Station Decommissioning (Exelon and Generation). For middle market lending, certain corporate debt securities, and private equity investments, the fair value is determined using a combination of valuation models including cost models, market models and income models. The valuation estimates are based on valuations of comparable companies,

discounting the forecasted cash flows of the portfolio company, estimating the liquidation or collateral value of the portfolio company or its assets, considering offers from third parties to buy the portfolio company, its historical and projected financial results, as well as other factors that may impact value. Significant judgment is required in the application of discounts or premiums applied to the prices of comparable companies for factors such as size, marketability, credit risk and relative performance.

Because Generation relies on third-party fund managers to develop the quantitative unobservable inputs without adjustment for the valuations of its Level 3 investments, quantitative information about significant unobservable inputs used in valuing these investments is not reasonably available to Generation. This includes information regarding the sensitivity of the fair values to changes in the unobservable inputs. Generation gains an understanding of the fund managers' inputs and assumptions used in preparing the valuations. Generation performed procedures to assess the reasonableness of the valuations. For a sample of its Level 3 investments, Generation reviewed independent valuations and reviewed the assumptions in the detailed pricing models used by the fund managers.

10. Derivative Financial Instruments (Exelon, Generation, ComEd, PECO and BGE)

The Registrants use derivative instruments to manage commodity price risk, foreign currency exchange rate risk, and interest rate risk related to ongoing business operations.

Commodity Price Risk (Exelon, Generation, ComEd, PECO and BGE)

To the extent the amount of energy Generation produces differs from the amount of energy it has contracted to sell, Exelon and Generation are exposed to market fluctuations in the prices of electricity, fossil fuels and other commodities. Each of the Registrants employ established policies and procedures to manage their risks associated with market fluctuations in commodity prices by entering into physical and financial derivative contracts, including swaps, futures, forwards, options and short-term and long-term commitments to purchase and sell energy and energy-related products. The Registrants believe these instruments, which are classified as either economic hedges or non-derivatives, mitigate exposure to fluctuations in commodity prices.

Derivative accounting guidance requires that derivative instruments be recognized as either assets or liabilities at fair value, with changes in fair value of the derivative recognized in earnings each period. Other accounting treatments are available through special election and designation, provided they meet specific, restrictive criteria both at the time of designation and on an ongoing basis. These alternative permissible accounting treatments include normal purchase normal sale (NPNS), cash flow hedge, and fair value hedge. For commodity transactions, Generation no longer utilizes the special election provided for by the cash flow hedge designation and de-designated all of its existing cash flow hedges prior to the Constellation merger. Because the underlying forecasted transactions remained probable, the fair value of the effective portion of these cash flow hedges was frozen in Accumulated OCI and was reclassified to results of operations when the forecasted purchase or sale of the energy commodity occurred. The effect of this decision is that all derivative economic hedges related to commodities are recorded at fair value through earnings for the combined company, referred to as economic hedges in the following tables. The Registrants have applied the NPNS scope exception to certain derivative contracts for the forward sale of generation, power procurement agreements, and natural gas supply agreements. Non-derivative contracts for access to additional generation and certain sales to load-serving entities are accounted for primarily under the accrual method of accounting, which is further discussed in Note 22 — Commitments and Contingencies of the Exelon 2014 Form 10-K. Additionally, Generation is exposed to certain market risks through its proprietary trading activities. The proprietary trading activities are a complement to Generation's energy marketing portfolio but represent a small portion of Generation's overall energy marketing activities.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Economic Hedging. The Registrants are exposed to commodity price risk primarily relating to changes in the market price of electricity, fossil fuels, and other commodities associated with price movements resulting from changes in supply and demand, fuel costs, market liquidity, weather conditions, governmental regulatory and environmental policies, and other factors. Within Exelon, Generation has the most exposure to commodity price risk. As such, Generation uses a variety of derivative and non-derivative instruments to manage the commodity price risk of its electric generation facilities, including power and gas sales, fuel and energy purchases, natural gas transportation and pipeline capacity agreements and other energy-related products marketed and purchased. In order to manage these risks, Generation may enter into fixed-price derivative or non-derivative contracts to hedge the variability in future cash flows from forecasted sales of energy and gas and purchases of fuel and energy. The objectives for entering into such hedges include fixing the price for a portion of anticipated future electricity sales at a level that provides an acceptable return on electric generation operations, fixing the price of a portion of anticipated fuel purchases for the operation of power plants, and fixing the price for a portion of anticipated energy purchases to supply load-serving customers. The portion of forecasted transactions hedged may vary based upon management's policies and hedging objectives, the market, weather conditions, operational and other factors. Generation is also exposed to differences between the locational settlement prices of certain economic hedges and the hedged generating units. This price difference is actively managed through other instruments which include derivative congestion products, whose changes in fair value are recognized in earnings each period, and auction revenue rights, which are accounted for on an accrual basis.

In general, increases and decreases in forward market prices have a positive and negative impact, respectively, on Generation's owned and contracted generation positions that have not been hedged. Generation hedges commodity price risk on a ratable basis over three-year periods. As of September 30, 2015, the proportion of expected generation hedged for the major reportable segments was 97%-100%, 81%-84%, and 51%-54% for 2015, 2016, and 2017, respectively. The percentage of expected generation hedged is the amount of equivalent sales divided by the expected generation. Expected generation is the volume of energy that best represents our commodity position in energy markets from owned or contracted for capacity based upon a simulated dispatch model that makes assumptions regarding future market conditions, which are calibrated to market quotes for power, fuel, load following products, and options. Equivalent sales represent all hedging products, which include economic hedges and certain non-derivative contracts including Generation's sales to ComEd, PECO and BGE to serve their retail load.

On December 17, 2010, ComEd entered into several 20-year floating-to-fixed energy swap contracts with unaffiliated suppliers for the procurement of long-term renewable energy and associated RECs. Delivery under the contracts began in June 2012. Pursuant to the ICC's Order on December 19, 2012, ComEd's commitments under the existing long-term contracts for energy and associated RECs were reduced for the June 2013 through May 2014 procurement period. In addition, the ICC's December 18, 2013 Order approved the reduction of ComEd's commitments under those contracts for the June 2014 through May 2015 procurement period, and the amount of the reductions was approved in March 2014. These contracts are designed to lock in a portion of the long-term commodity price risk resulting from the renewable energy resource procurement requirements in the Illinois Settlement Legislation. ComEd has not elected hedge accounting for these derivative financial instruments. ComEd records the fair value of the swap contracts on its balance sheet. Because ComEd receives full cost recovery for energy procurement and related costs from retail customers, the change in fair value each period is recorded by ComEd as a regulatory asset or liability. See Note 3 — Regulatory Matters of the Exelon 2014 Form 10-K for additional information.

PECO has contracts to procure electric supply that were executed through the competitive procurement process outlined in its PAPUC-approved DSP Programs, which are further discussed in Note 5 — Regulatory Matters. Based on Pennsylvania legislation and the DSP Programs permitting PECO to recover its electric supply

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procurement costs from retail customers with no mark-up, PECO's price risk related to electric supply procurement is limited. PECO locked in fixed prices for a significant portion of its commodity price risk through full requirements contracts and block contracts. PECO has certain full requirements contracts and block contracts that are considered derivatives and qualify for the NPNS scope exception under current derivative authoritative guidance.

PECO's natural gas procurement policy is designed to achieve a reasonable balance of long-term and short-term gas purchases under different pricing approaches in order to achieve system supply reliability at the least cost. PECO's reliability strategy is two-fold. First, PECO must assure that there is sufficient transportation capacity to satisfy delivery requirements. Second, PECO must ensure that a firm source of supply exists to utilize the capacity resources. All of PECO's natural gas supply and asset management agreements that are derivatives either qualify for the NPNS scope exception and have been designated as such, or have no mark-to-market balances because the derivatives are index priced. Additionally, in accordance with the 2015 PAPUC PGC settlement and to reduce the exposure of PECO and its customers to natural gas price volatility, PECO has continued its program to purchase natural gas for both winter and summer supplies using a layered approach of locking-in prices ahead of each season with long-term gas purchase agreements (those with primary terms of at least twelve months). Under the terms of the 2015 PGC settlement, PECO is required to lock in (i.e., economically hedge) the price of a minimum volume of its long-term gas commodity purchases. PECO's gas-hedging program is designed to cover about 30% of planned natural gas purchases in support of projected firm sales. The hedging program for natural gas procurement has no direct impact on PECO's financial position or results of operations as natural gas costs are fully recovered from customers under the PGC.

BGE has contracts to procure SOS electric supply that are executed through a competitive procurement process approved by the MDPSC. The SOS rates charged recover BGE's wholesale power supply costs and include an administrative fee. The administrative fee includes an incremental cost component and a shareholder return component for commercial and industrial rate classes. BGE's price risk related to electric supply procurement is limited. BGE locks in fixed prices for all of its SOS requirements through full requirements contracts. Certain of BGE's full requirements contracts, which are considered derivatives, qualify for the NPNS scope exception under current derivative authoritative guidance. Other BGE full requirements contracts are not derivatives.

BGE provides natural gas to its customers under a MBR mechanism approved by the MDPSC. Under this mechanism, BGE's actual cost of gas is compared to a market index (a measure of the market price of gas in a given period). The difference between BGE's actual cost and the market index is shared equally between shareholders and customers. BGE must also secure fixed price contracts for at least 10%, but not more than 20%, of forecasted system supply requirements for flowing (i.e., non-storage) gas for the November through March period. These fixed-price contracts are not subject to sharing under the MBR mechanism. BGE also ensures it has sufficient pipeline transportation capacity to meet customer requirements. All of BGE's natural gas supply and asset management agreements qualify for the NPNS scope exception and result in physical delivery.

Proprietary Trading. Generation also enters into certain energy-related derivatives for proprietary trading purposes. Proprietary trading includes all contracts entered into with the intent of benefiting from shifts or changes in market prices as opposed to those entered into with the intent of hedging or managing risk. Proprietary trading activities are subject to limits established by Exelon's RMC. The proprietary trading activities, which included settled physical sales volumes of 1,913 GWhs and 5,378 GWhs for the three and nine months ended September 30, 2015, respectively, and 3,006 GWhs and 8,129 GWhs for the three and nine months ended September 30, 2014, respectively, are a complement to Generation's energy marketing portfolio but represent a small portion of Generation's revenue from energy marketing activities. ComEd, PECO and BGE do not enter into derivatives for proprietary trading purposes.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Interest Rate and Foreign Exchange Risk (Exelon, Generation, ComEd, PECO and BGE)

The Registrants use a combination of fixed-rate and variable-rate debt to manage interest rate exposure. The Registrants utilize fixed-to-floating interest rate swaps, which are typically designated as fair value hedges, as a means to manage their interest rate exposure. In addition, the Registrants may utilize interest rate derivatives to lock in rate levels in anticipation of future financings, which are typically designated as cash flow hedges. These strategies are employed to manage interest rate risks. At September 30, 2015, Exelon had $800 million of notional amounts of fixed-to-floating hedges outstanding and Exelon and Generation had $752 million of notional amounts of floating-to-fixed hedges outstanding. Assuming the fair value and cash flow interest rate hedges are 100% effective, a hypothetical 50 bps increase in the interest rates associated with unhedged variable-rate debt (excluding Commercial Paper) and fixed-to-floating swaps would result in an approximately $3 million decrease in Exelon Consolidated pre-tax income for the nine months ended September 30, 2015. To manage foreign exchange rate exposure associated with international energy purchases in currencies other than U.S. dollars, Generation utilizes foreign currency derivatives, which are typically designated as economic hedges. Below is a summary of the interest rate and foreign currency hedges as of September 30, 2015.

	Generation					Other				Exelon
Description	Derivatives Designated as Hedging Instruments	Economic Hedges	Proprietary Trading [a]	Collateral and Netting [b]	Subtotal	Derivatives Designated as Hedging Instruments	Economic Hedges	Collateral and Netting [b]	Subtotal	Total
Mark-to-market derivative assets (current assets)	$ —	$ 11	$ 10	$ (12)	$ 9	$ —	$ —	$ —	$ —	$ 9
Mark-to-market derivative assets (noncurrent assets)	—	10	7	(2)	15	37	—	—	37	52
Total mark-to-market derivative assets	—	21	17	(14)	24	37	—	—	37	61
Mark-to-market derivative liabilities (current liabilities)	(9)	(6)	(10)	16	(9)	—	—	—	—	(9)
Mark-to-market derivative liabilities (noncurrent liabilities)	(12)	—	(5)	5	(12)	—	—	—	—	(12)
Total mark-to-market derivative liabilities	(21)	(6)	(15)	21	(21)	—	—	—	—	(21)
Total mark-to-market derivative net assets (liabilities)	$ (21)	$ 15	$ 2	$ 7	$ 3	$ 37	$ —	$ —	$ 37	$ 40

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

(a) Generation enters into interest rate derivative contracts to economically hedge risk associated with the interest rate component of commodity positions. The characterization of the interest rate derivative contracts within the proprietary trading activity in the above table is driven by the corresponding characterization of the underlying commodity position that gives rise to the interest rate exposure. Generation does not utilize proprietary trading interest rate derivatives with the objective of benefiting from shifts or changes in market interest rates.

(b) Exelon and Generation net all available amounts allowed under the derivative accounting guidance on the balance sheet. These amounts include unrealized derivative transactions with the same counterparty under legally enforceable master netting agreements and cash collateral. In some cases Exelon and Generation may have other offsetting exposures, subject to a master netting or similar agreement, such as accrued interest, transactions that do not qualify as derivatives, letters of credit and other forms of non-cash collateral. These are not reflected in the table above.

The following table provides a summary of the interest rate and foreign exchange hedge balances recorded by the Registrants as of December 31, 2014:

	Generation					Other				Exelon
Description	Derivatives Designated as Hedging Instruments	Economic Hedges	Proprietary Trading [a]	Collateral and Netting [b]	Subtotal	Derivatives Designated as Hedging Instruments	Economic Hedges	Collateral and Netting [b]	Subtotal	Total
Mark-to-market derivative assets (current assets)	$ 7	$ 7	$ 20	$ (22)	$ 12	$ 3	$ —	$ —	$ 3	$ 15
Mark-to-market derivative assets (noncurrent assets)	1	5	7	(7)	6	20	1	(19)	2	8
Total mark-to-market derivative assets	8	12	27	(29)	18	23	1	(19)	5	23
Mark-to-market derivative liabilities (current liabilities)	(8)	(2)	(14)	25	1	—	—	—	—	1
Mark-to-market derivative liabilities (noncurrent liabilities)	(4)	—	(9)	10	(3)	(29)	(101)	19	(111)	(114)
Total mark-to-market derivative liabilities	(12)	(2)	(23)	35	(2)	(29)	(101)	19	(111)	(113)
Total mark-to-market derivative net assets (liabilities)	$ (4)	$ 10	$ 4	$ 6	$ 16	$ (6)	$ (100)	$ —	$ (106)	$ (90)

(a) Generation enters into interest rate derivative contracts to economically hedge risk associated with the interest rate component of commodity positions. The characterization of the interest rate derivative contracts within the proprietary trading activity in the above table is driven by the corresponding characterization of the underlying commodity position that gives rise to the interest rate exposure. Generation does not utilize proprietary trading interest rate derivatives with the objective of benefiting from shifts or changes in market interest rates.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

(b) Exelon and Generation net all available amounts allowed under the derivative accounting guidance on the balance sheet. These amounts include unrealized derivative transactions with the same counterparty under legally enforceable master netting agreements and cash collateral. In some cases Exelon and Generation may have other offsetting exposures, subject to a master netting or similar agreement, such as accrued interest, transactions that do not qualify as derivatives, letters of credit and other forms of non-cash collateral. These are not reflected in the table above.

Fair Value Hedges . For derivative instruments that are designated and qualify as fair value hedges, the gain or loss on the derivative as well as the offsetting loss or gain on the hedged item attributable to the hedged risk are recognized in current earnings. Exelon includes the gain or loss on the hedged items and the offsetting loss or gain on the related interest rate swaps in interest expense as follows:

	Income Statement Location	Three Months Ended September 30,			
		2015	2014	2015	2014
		Gain (Loss) on Swaps		Gain (Loss) on Borrowings	
Generation	Interest expense [a]	$ —	$ (4)	$ —	$ 1
Exelon	Interest expense	16	(8)	13	(6)

	Income Statement Location	Nine Months Ended September 30,			
		2015	2014	2015	2014
		Gain (Loss) on Swaps		Gain (Loss) on Borrowings	
Generation	Interest expense [a]	$ (1)	$ (12)	$ —	$ 1
Exelon	Interest expense	13	(3)	8	6

(a) For the three and nine months ended September 30, 2015, the loss on Generation swaps included $0 million and $1 million realized in earnings, respectively, with an immaterial amount excluded from hedge effectiveness testing. For the three and nine months ended September 30, 2014, the loss on Generation swaps included $4 million and $12 million realized in earnings, respectively, with an $2 million amount excluded from hedge effectiveness testing.

At September 30, 2015, Exelon had total outstanding fixed-to-floating fair value hedges related to interest rate swaps of $800 million, with a derivative asset of $37 million. At December 31, 2014, Exelon and Generation had outstanding fixed-to-floating fair value hedges related to interest rate swaps of $1,450 million and $550 million, with a derivative asset of $29 million and $7 million, respectively. During the three and nine months ended September 30, 2015, the impact on the results of operations as a result of the ineffectiveness from fair value hedges was a $3 million and $11 million gain, respectively. During the three and nine months ended September 30, 2014, the impact on the results of operations as a result of the ineffectiveness from fair value hedges was a $6 million and $14 million gain, respectively.

Cash Flow Hedges . During 2014, Exelon entered into $400 million of floating-to-fixed forward starting interest rate swaps to manage a portion of the interest rate exposure associated with the anticipated refinancing of existing debt. The swaps are designated as cash flow hedges. In January 2015, in connection with Generation's $750 million issuance of five-year Senior Unsecured Notes, Exelon terminated these swaps. As the original forecasted transactions were a series of future interest payments over a ten year period, a portion of the anticipated interest payments are probable not to occur. As a result, $26 million of anticipated payments were reclassified from Accumulated OCI to Other, net in Exelon's Consolidated Statement of Operations and Comprehensive Income.

During the third quarter of 2014, ExGen Texas Power, LLC, a subsidiary of Generation, entered into a floating-to-fixed interest rate swap to manage a portion of its interest rate exposure in connection with a long-term borrowing. See Note 13 — Debt and Credit Agreements of the Exelon 2014 Form 10-K for additional information regarding the financing. The swaps have a notional amount of $501 million as of September 30,

2015 and expire in 2019. The swap was designated as a cash flow hedge in the fourth quarter of 2014. At September 30, 2015, the subsidiary had a $16 million derivative liability related to the swap.

During the first quarter of 2014, ExGen Renewables I, LLC, a subsidiary of Exelon Generation, entered into floating-to-fixed interest rate swaps to manage a portion its interest rate exposure in connection with long-term borrowings. See Note 13 — Debt and Credit Agreements of the Exelon 2014 Form 10-K for additional information regarding the financing. The swaps have a notional amount of $200 million as of September 30, 2015 and expire in 2020. The swaps are designated as cash flow hedges. At September 30, 2015, the subsidiary had a $4 million derivative liability related to the swaps.

During the three and nine months ended September 30, 2015 and 2014, the impact on the results of operations as a result of ineffectiveness from cash flow hedges in continuing designated hedge relationships were immaterial.

Economic Hedges . During the third quarter of 2011, Sacramento PV Energy, a subsidiary of Generation entered into floating-to-fixed interest rate swaps to manage a portion of its interest rate exposure in connection with the long-term borrowings. See Note 13 — Debt and Credit Agreements of the Exelon 2014 Form 10-K for additional information regarding the financing. The swaps have a total notional amount of $26 million as of September 30, 2015 and expire in 2027. After the closing of the Constellation merger, the swaps were re-designated as cash flow hedges. During the first quarter of 2015, the swaps were de-designated as the forecasted transaction was no longer probable of occurring. All future changes in fair value are reflected in Interest expense. At September 30, 2015, the subsidiary had a $3 million derivative liability related to these swaps, which included an immaterial amount that was amortized to Interest expense after de-designation.

During the third quarter of 2012, Constellation Solar Horizon, a subsidiary of Exelon Generation, entered into a floating-to-fixed interest rate swap to manage a portion of its interest rate exposure in connection with the long-term borrowings. See Note 13 — Debt and Credit Agreements of the Exelon 2014 Form 10-K for additional information regarding the financing. The swap has a notional amount of $25 million as of September 30, 2015 and expires in 2030. This swap was designated as a cash flow hedge. During the first quarter of 2015, the swaps were de-designated as the forecasted transaction was no longer probable of occurring. All future changes in fair value are reflected in Interest expense. At September 30, 2015, the subsidiary had an immaterial derivative liability related to the swap.

During the second quarter 2015, upon the issuance of debt, Exelon terminated $2,400 million of floating-to-fixed forward starting interest rate swaps. As a result of the termination of the swaps, Exelon realized a $64 million loss during the second quarter of 2015.

At September 30, 2015, Generation had immaterial notional amounts of interest rate derivative contracts to economically hedge risk associated with the interest rate component of commodity positions and $99 million in notional amounts of foreign currency exchange rate swaps that are marked-to-market to manage the exposure associated with international purchases of commodities in currencies other than U.S. dollars.

Fair Value Measurement and Accounting for the Offsetting of Amounts Related to Certain Contracts (Exelon, Generation, ComEd, PECO and BGE)

Fair value accounting guidance and disclosures about offsetting assets and liabilities requires the fair value of derivative instruments to be shown in the Notes to the Consolidated Financial Statements on a gross basis, even when the derivative instruments are subject to legally enforceable master netting agreements and qualify for net presentation in the Consolidated Balance Sheet. A master netting agreement is an agreement between two

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counterparties that may have derivative and non-derivative contracts with each other providing for the net settlement of all referencing contracts via one payment stream, which takes place as the contracts deliver, when collateral is requested or in the event of default. Generation's use of cash collateral is generally unrestricted, unless Generation is downgraded below investment grade (i.e., to BB+ or Ba1). In the table below, Generation's energy related economic hedges and proprietary trading derivatives are shown gross. The impact of the netting of fair value balances with the same counterparty that are subject to legally enforceable master netting agreements, as well as netting of cash collateral, including initial margin on exchange positions, is aggregated in the collateral and netting column. As of September 30, 2015 and December 31, 2014, $4 million and $8 million of cash collateral posted, respectively, was not offset against derivative positions because such collateral was not associated with any energy-related derivatives, were associated with accrual positions, or as of the balance sheet date there were no positions to offset. Excluded from the tables below are economic hedges that qualify for the NPNS scope exception and other non-derivative contracts that are accounted for under the accrual method of accounting.

ComEd's use of cash collateral is generally unrestricted, unless ComEd is downgraded below investment grade (i.e., to BB+ or Ba1).

Cash collateral held by PECO and BGE must be deposited in a non-affiliate major U.S. commercial bank or foreign bank with a U.S. branch office that meet certain qualifications.

The following table provides a summary of the derivative fair value balances recorded by the Registrants as of September 30, 2015:

	Generation				ComEd	Exelon
Derivatives	Economic Hedges	Proprietary Trading	Collateral and Netting (a)	Subtotal (b)	Economic Hedges (c)	Total Derivatives
Mark-to-market derivative assets (current assets)	$ 3,958	$ 221	$ (3,072)	$ 1,107	$ —	$ 1,107
Mark-to-market derivative assets (noncurrent assets)	2,372	42	(1,665)	749	—	749
Total mark-to-market derivative assets	6,330	263	(4,737)	1,856	—	1,856
Mark-to-market derivative liabilities (current liabilities)	(3,719)	(213)	3,759	(173)	(22)	(195)
Mark-to-market derivative liabilities (noncurrent liabilities)	(2,088)	(50)	2,011	(127)	(221)	(348)
Total mark-to-market derivative liabilities	(5,807)	(263)	5,770	(300)	(243)	(543)
Total mark-to-market derivative net assets (liabilities)	$ 523	$ —	$ 1,033	$ 1,556	$ (243)	$ 1,313

(a) Exelon and Generation net all available amounts allowed under the derivative accounting guidance on the balance sheet. These amounts include unrealized derivative transactions with the same counterparty under legally enforceable master netting agreements and cash collateral. In some cases Exelon and Generation may have other offsetting exposures, subject to a master netting or similar agreement, such as trade receivables and payables, transactions that do not qualify as derivatives, letters of credit and other forms of non-cash collateral. These are not reflected in the table above.

(b) Current and noncurrent assets are shown net of collateral of $281 million and $150 million, respectively, and current and noncurrent liabilities are shown net of collateral of $405 million and $197 million, respectively. The total cash collateral posted, net of cash collateral received and offset against mark-to-market assets and liabilities was $1,033 million at September 30, 2015.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

(c) Includes current and noncurrent liabilities relating to floating-to-fixed energy swap contracts with unaffiliated suppliers.

The following table provides a summary of the derivative fair value balances recorded by the Registrants as of December 31, 2014:

	Generation				ComEd	Exelon
Description	Economic Hedges	Proprietary Trading	Collateral and Netting (a)	Subtotal (b)	Economic Hedges (c)	Total Derivatives
Mark-to-market derivative assets (current assets)	$ 4,992	$ 456	$ (4,184)	$ 1,264	$ —	$ 1,264
Mark-to-market derivative assets (noncurrent assets)	1,821	56	(1,112)	765	—	765
Total mark-to-market derivative assets	6,813	512	(5,296)	2,029	—	2,029
Mark-to-market derivative liabilities (current liabilities)	(4,947)	(468)	5,200	(215)	(20)	(235)
Mark-to-market derivative liabilities (noncurrent liabilities)	(1,540)	(64)	1,502	(102)	(187)	(289)
Total mark-to-market derivative liabilities	(6,487)	(532)	6,702	(317)	(207)	(524)
Total mark-to-market derivative net assets (liabilities)	$ 326	$ (20)	$ 1,406	$ 1,712	$ (207)	$ 1,505

(a) Exelon and Generation net all available amounts allowed under the derivative accounting guidance on the balance sheet. These amounts include unrealized derivative transactions with the same counterparty under legally enforceable master netting agreements and cash collateral. In some cases Exelon and Generation may have other offsetting exposures, subject to a master netting or similar agreement, such as trade receivables and payables, transactions that do not qualify as derivatives, and letters of credit. These are not reflected in the table above.

(b) Current and noncurrent assets are shown net of collateral of $416 million and $171 million, respectively, and current and noncurrent liabilities are shown net of collateral of $599 million and $220 million, respectively. The total cash collateral posted, net of cash collateral received and offset against mark-to-market assets and liabilities was $1,406 million at December 31, 2014.

(c) Includes current and noncurrent liabilities relating to floating-to-fixed energy swap contracts with unaffiliated suppliers.

Cash Flow Hedges (Exelon, Generation and ComEd). As discussed previously, effective prior to the Constellation merger, Generation de-designated all of its cash flow hedges relating to commodity price risk. Because the underlying forecasted transactions remain at least reasonably probable, the fair value of the effective portion of these cash flow hedges was frozen in Accumulated OCI and is reclassified to results of operations when the forecasted purchase or sale of the energy commodity occurs, or becomes probable of not occurring. Generation began recording prospective changes in the fair value of these instruments through current earnings from the date of de-designation. As of September 30, 2015, no unrealized balance remains in accumulated OCI to be reclassified by Generation.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The tables below provide the activity of accumulated OCI related to cash flow hedges for the three and nine months ended September 30, 2015 and 2014, containing information about the changes in the fair value of cash flow hedges and the reclassification from accumulated OCI into results of operations. The amounts reclassified from accumulated OCI, when combined with the impacts of the hedged transactions, result in the ultimate recognition of net revenues or expenses at the contractual price.

		Total Cash Flow Hedge OCI Activity, Net of Income Tax	
		Generation	Exelon
Three Months Ended September 30, 2015	Income Statement Location	Total Cash Flow Hedges	Total Cash Flow Hedges
Accumulated OCI derivative gain at June 30, 2015		$ (21)	$ (19)
Effective portion of changes in fair value		(7)	(8)
Reclassifications from accumulated OCI to net income	Interest Expense	3	3
Accumulated OCI derivative gain at September 30, 2015		$ (25)	$ (24)

		Total Cash Flow Hedge OCI Activity, Net of Income Tax	
		Generation	Exelon
Nine Months Ended September 30, 2015	Income Statement Location	Total Cash Flow Hedges	Total Cash Flow Hedges
Accumulated OCI derivative gain at December 31, 2014		$ (18)	$ (28)
Effective portion of changes in fair value		(13)	(18)
Reclassifications from accumulated OCI to net income	Other, net	—	16[(a)]
Reclassifications from accumulated OCI to net income	Interest Expense	8	8
Reclassifications from accumulated OCI to net income	Operating Revenues	(2)	(2)
Accumulated OCI derivative gain at September 30, 2015		$ (25)	$ (24)

(a) Amount is net of related income tax expense of $10 million for the nine months ended September 30, 2015.

		Total Cash Flow Hedge OCI Activity, Net of Income Tax	
		Generation	Exelon
Three Months Ended September 30, 2014	Income Statement Location	Total Cash Flow Hedges	Total Cash Flow Hedges
Accumulated OCI derivative gain at June 30, 2014		$ 45[(a)]	$ 47
Effective portion of changes in fair value		—	(3)
Reclassifications from accumulated OCI to net income	Operating Revenues	(16) [(b)]	(16)
Accumulated OCI derivative gain at September 30, 2014		$ 29[(a)]	$ 28

(a) Excludes $13 million of losses, net of taxes, related to interest rate swaps and treasury rate locks as of September 30, 2014 and June 30, 2014.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
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(b) Amount is net of related income tax expense of $12 million for the three months ended September 30, 2014.

		Total Cash Flow Hedge OCI Activity, Net of Income Tax	
		Generation	Exelon
Nine Months Ended September 30, 2014	Income Statement Location	Total Cash Flow Hedges	Total Cash Flow Hedges
Accumulated OCI derivative gain at December 31, 2013		$ 116[a]	$ 120
Effective portion of changes in fair value		(9)	(14)
Reclassifications from accumulated OCI to net income	Operating Revenues	(78) [b]	(78)
Accumulated OCI derivative gain at September 30, 2014		$ 29[a]	$ 28

(a) Excludes $13 million of losses and $5 million of losses, net of taxes, related to interest rate swaps and treasury locks as of September 30, 2014 and December 31, 2013, respectively.
(b) Amount is net of related income tax expense of $52 million for the nine months ended September 30, 2014.

The effect of Exelon's and Generation's former energy-related cash flow hedge activity on pre-tax earnings based on the reclassification adjustment from accumulated OCI to earnings was a $2 million pre-tax gain for the nine months ended September 30, 2015. There were no gains recognized for the three months ended September 30, 2015. For the three and nine months ended September 30, 2014, Exelon and Generation recognized a $28 million and $130 million pre-tax gain, respectively. Neither Exelon nor Generation will incur changes in cash flow hedge ineffectiveness in future periods relating to energy-related hedges positions as all were de-designated prior to the merger date.

Economic Hedges (Exelon and Generation). These instruments represent hedges that economically mitigate exposure to fluctuations in commodity prices and include financial options, futures, swaps, physical forward sales and purchases, but for which the fair value or cash flow hedge elections were not made. Additionally, Generation enters into interest rate derivative contracts and foreign exchange currency swaps ("treasury") to manage the exposure related to the interest rate component of commodity positions and international purchases of commodities in currencies other than U.S. Dollars. Exelon entered into floating-to-fixed forward starting interest rate swaps to manage interest rate risks associated with anticipated future debt issuance related to the proposed PHI acquisition. For the three and nine months ended September 30, 2015 and 2014, the following pre-tax mark-to-market gains (losses) of certain purchase and sale contracts were reported in Operating revenues or Purchased power and fuel expense, or Interest expense at Exelon and Generation in the Consolidated Statements of Operations and Comprehensive Income and are included in "Net fair value changes related to derivatives" in Exelon's and Generation's Consolidated Statements of Cash Flows. In the tables below, "Change in fair value" represents the change in fair value of the derivative contracts held at the reporting date. The "Reclassification to realized at settlement" represents the recognized change in fair value that was reclassified to realized due to settlement of the derivative during the period.

	Generation				HoldCo	Exelon
Three Months Ended September 30, 2015	Operating Revenues	Purchased Power and Fuel	Interest Expense	Total	Interest Expense	Total
Change in fair value of commodity positions	$ 136	$ (178)	$ —	$(42)	$ —	$ (42)
Reclassification to realized at settlement of commodity positions	(143)	46	—	(97)	—	(97)

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
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	Generation				HoldCo	Exelon
Three Months Ended September 30, 2015	**Operating Revenues**	**Purchased Power and Fuel**	**Interest Expense**	**Total**	**Interest Expense**	**Total**
Net commodity mark-to-market gains (losses)	(7)	(132)	—	(139)	—	(139)
Change in fair value of treasury positions	2	—	—	2	—	2
Reclassification to realized at settlement of treasury positions	(2)	—	—	(2)	—	(2)
Net treasury mark-to-market gains (losses)	—	—	—	—	—	—
Net mark-to-market gains (losses)	$ (7)	$ (132)	$ —	$(139)	$ —	$(139)

	Generation				HoldCo	Exelon
Nine Months Ended September 30, 2015	**Operating Revenues**	**Purchased Power and Fuel**	**Interest Expense**	**Total**	**Interest Expense**	**Total**
Change in fair value of commodity positions	$ 513	$ (163)	$ —	$ 350	$ —	$ 350
Reclassification to realized at settlement of commodity positions	(347)	249	—	(98)	—	(98)
Net commodity mark-to-market gains (losses)	166	86	—	252	—	252
Change in fair value of treasury positions	12	—	—	12	36	48
Reclassification to realized at settlement of treasury positions	(6)	—	—	(6)	64	58
Net treasury mark-to-market gains (losses)	6	—	—	6	100	106
Net mark-to-market gains (losses)	$ 172	$ 86	$ —	$ 258	$ 100	$ 358

	Generation				HoldCo	Exelon
Three Months Ended September 30, 2014	**Operating Revenues**	**Purchased Power and Fuel**	**Interest Expense**	**Total**	**Interest Expense**	**Total**
Change in fair value of commodity positions	$ 181	$ 19	$ —	$ 200	$ —	$ 200
Reclassification to realized at settlement of commodity positions	86	(23)	—	63	—	63
Net commodity mark-to-market gains (losses)	267	(4)	—	263	—	263
Change in fair value of treasury positions	5	—	(3)	2	(8)	(6)
Reclassification to realized at settlement of treasury positions	(1)	—	—	(1)	—	(1)
Net treasury mark-to-market gains (losses)	4	—	(3)	1	(8)	(7)
Net mark-to-market gains (losses)	$ 271	$ (4)	$ (3)	$ 264	$ (8)	$ 256

	Generation				HoldCo	Exelon
Nine Months Ended September 30, 2014	**Operating Revenues**	**Purchased Power and Fuel**	**Interest Expense**	**Total**	**Interest Expense**	**Total**
Change in fair value of commodity positions	$ (795)	$ 302	$ —	$(493)	$ —	$(493)
Reclassification to realized at settlement of commodity positions	224	(207)	—	17	—	$ 17

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
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Nine Months Ended September 30, 2014	Operating Revenues	Purchased Power and Fuel	Interest Expense	Total	Interest Expense	Total
Net commodity mark-to-market gains (losses)	(571)	95	—	(476)	—	(476)
Change in fair value of treasury positions	1	—	(5)	(4)	(8)	(12)
Reclassification to realized at settlement of treasury positions	(2)	—	—	(2)	—	(2)
Net treasury mark-to-market gains (losses)	(1)	—	(5)	(6)	(8)	(14)
Net mark-to-market gains (losses)	$ (572)	$ 95	$ (5)	$(482)	$ (8)	$(490)

Proprietary Trading Activities (Exelon and Generation). For the three and nine months ended September 30, 2015 and 2014, Exelon and Generation recognized the following net unrealized mark-to-market gains (losses), net realized mark-to-market gains (losses) and total net mark-to-market gains (losses) (before income taxes) relating to mark-to-market activity on commodity derivative instruments entered into for proprietary trading purposes and interest rate derivative contracts to hedge risk associated with the interest rate component of underlying commodity positions. Gains and losses associated with proprietary trading are reported as operating revenue in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income and are included in "Net fair value changes related to derivatives" in Exelon's and Generation's Consolidated Statements of Cash Flows. In the tables below, "Change in fair value" represents the change in fair value of the derivative contracts held at the reporting date. The "Reclassification to realized at settlement" represents the recognized change in fair value that was reclassified to realized due to settlement of the derivative during the period.

	Location on Income Statement	Three Months Ended September 30,		Nine Months Ended September 30,	
		2015	2014	2015	2014
Change in fair value of commodity positions	Operating Revenues	$ (4)	$ (2)	$ 5	$ (2)
Reclassification to realized at settlement of commodity positions	Operating Revenues	(2)	(10)	(8)	(17)
Net commodity mark-to-market gains (losses)	Operating Revenues	(6)	(12)	(3)	(19)
Change in fair value of treasury positions	Operating Revenues	3	1	7	—
Reclassification to realized at settlement of treasury positions	Operating Revenues	(3)	—	(9)	1
Net treasury mark-to-market gains (losses)	Operating Revenues	—	1	(2)	1
Total Net mark-to-market gains (losses)	Operating Revenues	$ (6)	$ (11)	$ (5)	$ (18)

Credit Risk (Exelon, Generation, ComEd, PECO and BGE)

The Registrants would be exposed to credit-related losses in the event of non-performance by counterparties that enter into derivative instruments. The credit exposure of derivative contracts, before collateral, is represented by the fair value of contracts at the reporting date. For energy-related derivative instruments, Generation enters into enabling agreements that allow for payment netting with its counterparties, which reduces Generation's exposure to counterparty risk by providing for the offset of amounts payable to the counterparty against amounts receivable from the counterparty. Typically, each enabling agreement is for a specific commodity and so, with respect to each individual counterparty, netting is limited to transactions involving that specific commodity product, except where master netting agreements exist with a counterparty that allow for cross product netting. In

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addition to payment netting language in the enabling agreement, Generation's credit department establishes credit limits, margining thresholds and collateral requirements for each counterparty, which are defined in the derivative contracts. Counterparty credit limits are based on an internal credit review process that considers a variety of factors, including the results of a scoring model, leverage, liquidity, profitability, credit ratings by credit rating agencies, and risk management capabilities. To the extent that a counterparty's margining thresholds are exceeded, the counterparty is required to post collateral with Generation as specified in each enabling agreement. Generation's credit department monitors current and forward credit exposure to counterparties and their affiliates, both on an individual and an aggregate basis.

The following tables provide information on Generation's credit exposure for all derivative instruments, NPNS, and applicable payables and receivables, net of collateral and instruments that are subject to master netting agreements, as of September 30, 2015. The tables further delineate that exposure by credit rating of the counterparties and provide guidance on the concentration of credit risk to individual counterparties. The figures in the table below exclude credit risk exposure from individual retail counterparties, Nuclear fuel procurement contracts, and exposure through RTOs, ISOs, NYMEX, ICE and Nodal commodity exchanges, further discussed in ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK. Additionally, the figures in the tables below exclude exposures with affiliates, including net receivables with ComEd, PECO and BGE of $24 million, $33 million and $27 million, as of September 30, 2015, respectively.

Rating as of September 30, 2015	Total Exposure Before Credit Collateral	Credit Collateral [a]	Net Exposure	Number of Counterparties Greater than 10% of Net Exposure	Net Exposure of Counterparties Greater than 10% of Net Exposure
Investment grade	$ 1,463	$ 18	$ 1,445	1	$ 444
Non-investment grade	55	15	40	—	—
No external ratings					
Internally rated — investment grade	535	—	535	—	—
Internally rated — non-investment grade	53	5	48	—	—
Total	$ 2,106	$ 38	$ 2,068	1	$ 444

Net Credit Exposure by Type of Counterparty	As of September 30, 2015
Financial institutions	$ 260
Investor-owned utilities, marketers, power producers	867
Energy cooperatives and municipalities	908
Other	33
Total	$ 2,068

(a) As of September 30, 2015, credit collateral held from counterparties where Generation had credit exposure included $13 million of cash and $25 million of letters of credit.

ComEd's power procurement contracts provide suppliers with a certain amount of unsecured credit. The credit position is based on forward market prices compared to the benchmark prices. The benchmark prices are the forward prices of energy projected through the contract term and are set at the point of supplier bid submittals. If the forward market price of energy exceeds the benchmark price, the suppliers are required to post collateral for the secured credit portion after adjusting for any unpaid deliveries and unsecured credit allowed under the contract. The unsecured credit used by the suppliers represents ComEd's net credit exposure. As of September 30, 2015, ComEd's net credit exposure to suppliers was immaterial.

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ComEd is permitted to recover its costs of procuring energy through the Illinois Settlement Legislation. ComEd's counterparty credit risk is mitigated by its ability to recover realized energy costs through customer rates. See Note 3 — Regulatory Matters of the Exelon 2014 Form 10-K for additional information.

PECO's supplier master agreements that govern the terms of its electric supply procurement contracts, which define a supplier's performance assurance requirements, allow a supplier to meet its credit requirements with a certain amount of unsecured credit. The amount of unsecured credit is determined based on the supplier's lowest credit rating from the major credit rating agencies and the supplier's tangible net worth. The credit position is based on the initial market price, which is the forward price of energy on the day a transaction is executed, compared to the current forward price curve for energy. To the extent that the forward price curve for energy exceeds the initial market price, the supplier is required to post collateral to the extent the credit exposure is greater than the supplier's unsecured credit limit. The unsecured credit used by the suppliers represents PECO's net credit exposure. As of September 30, 2015, PECO had no net credit exposure to suppliers.

PECO is permitted to recover its costs of procuring electric supply through its PAPUC-approved DSP Program. PECO's counterparty credit risk is mitigated by its ability to recover realized energy costs through customer rates. See Note 5 — Regulatory Matters for additional information.

PECO's natural gas procurement plan is reviewed and approved annually on a prospective basis by the PAPUC. PECO's counterparty credit risk under its natural gas supply and asset management agreements is mitigated by its ability to recover its natural gas costs through the PGC, which allows PECO to adjust rates quarterly to reflect realized natural gas prices. PECO does not obtain collateral from suppliers under its natural gas supply and asset management agreements. As of September 30, 2015, PECO had no credit exposure under its natural gas supply and asset management agreements with investment grade suppliers.

BGE is permitted to recover its costs of procuring energy through the MDPSC-approved procurement tariffs. BGE's counterparty credit risk is mitigated by its ability to recover realized energy costs through customer rates. See Note 5 — Regulatory Matters for additional information.

BGE's full requirement wholesale electric power agreements that govern the terms of its electric supply procurement contracts, which define a supplier's performance assurance requirements, allow a supplier, or its guarantor, to meet its credit requirements with a certain amount of unsecured credit. The amount of unsecured credit is determined based on the supplier's lowest credit rating from the major credit rating agencies and the supplier's tangible net worth, subject to an unsecured credit cap. The credit position is based on the initial market price, which is the forward price of energy on the day a transaction is executed, compared to the current forward price curve for energy. To the extent that the forward price curve for energy exceeds the initial market price, the supplier is required to post collateral to the extent the credit exposure is greater than the supplier's unsecured credit limit. The unsecured credit used by the suppliers represents BGE's net credit exposure. The seller's credit exposure is calculated each business day. As of September 30, 2015, BGE had no net credit exposure to suppliers.

BGE's regulated gas business is exposed to market-price risk. This market-price risk is mitigated by BGE's recovery of its costs to procure natural gas through a gas cost adjustment clause approved by the MDPSC. BGE does make off-system sales after BGE has satisfied its customers' demands, which are not covered by the gas cost adjustment clause. At September 30, 2015, BGE had credit exposure of less than $1 million related to off-system sales which is mitigated by parental guarantees, letters of credit, or right to offset clauses within other contracts with those third-party suppliers.

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Collateral and Contingent-Related Features (Exelon, Generation, ComEd, PECO and BGE)

As part of the normal course of business, Generation routinely enters into physical or financially settled contracts for the purchase and sale of electric capacity, energy, fuels, emissions allowances and other energy-related products. Certain of Generation's derivative instruments contain provisions that require Generation to post collateral. Generation also enters into commodity transactions on exchanges (i.e. NYMEX, ICE). The exchanges act as the counterparty to each trade. Transactions on the exchanges must adhere to comprehensive collateral and margining requirements. This collateral may be posted in the form of cash or credit support with thresholds contingent upon Generation's credit rating from each of the major credit rating agencies. The collateral and credit support requirements vary by contract and by counterparty. These credit-risk-related contingent features stipulate that if Generation were to be downgraded or lose its investment grade credit rating (based on its senior unsecured debt rating), it would be required to provide additional collateral. This incremental collateral requirement allows for the offsetting of derivative instruments that are assets with the same counterparty, where the contractual right of offset exists under applicable master netting agreements. In the absence of expressly agreed-to provisions that specify the collateral that must be provided, collateral requested will be a function of the facts and circumstances of the situation at the time of the demand. In this case, Generation believes an amount of several months of future payments (i.e., capacity payments) rather than a calculation of fair value is the best estimate for the contingent collateral obligation, which has been factored into the disclosure below.

The aggregate fair value of all derivative instruments with credit-risk-related contingent features in a liability position that are not fully collateralized (excluding transactions on the exchanges that are fully collateralized) is detailed in the table below:

Credit-Risk Related Contingent Feature	September 30, 2015	December 31, 2014
Gross Fair Value of Derivative Contracts Containing this Feature [(a)]	$ (1,533)	$ (1,433)
Offsetting Fair Value of In-the-Money Contracts Under Master Netting Arrangements [(b)]	1,302	1,140
Net Fair Value of Derivative Contracts Containing This Feature [(c)]	$ (231)	$ (293)

(a) Amount represents the gross fair value of out-of-the-money derivative contracts containing credit-risk related contingent features ignoring the effects of master netting agreements.
(b) Amount represents the offsetting fair value of in-the-money derivative contracts under legally enforceable master netting agreements with the same counterparty, which reduces the amount of any liability for which a Registrant could potentially be required to post collateral.
(c) Amount represents the net fair value of out-of-the-money derivative contracts containing credit-risk related contingent features after considering the mitigating effects of offsetting positions under master netting arrangements and reflects the actual net liability upon which any potential contingent collateral obligations would be based.

Generation had cash collateral posted of $1,065 million and letters of credit posted of $474 million and cash collateral held of $21 million and letters of credit held of $40 million as of September 30, 2015 for external counterparties. Generation had cash collateral posted of $1,497 million and letters of credit posted of $672 million and cash collateral held of $77 million and letters of credit held of $24 million at December 31, 2014 for external counterparties. In the event of a credit downgrade below investment grade (i.e., to BB+ by S&P or Ba1 by Moody's), Generation would have been required to post additional collateral of $2.1 billion and $2.4 billion as of September 30, 2015 and December 31, 2014, respectively. These amounts represent the potential additional collateral required after giving consideration to offsetting derivative and non-derivative positions under master netting agreements.

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Generation's and Exelon's interest rate swaps contain provisions that, in the event of a merger, if Generation's debt ratings were to materially weaken, it would be in violation of these provisions, resulting in the ability of the counterparty to terminate the agreement prior to maturity. Collateralization would not be required under any circumstance. Termination of the agreement could result in a settlement payment by Exelon or the counterparty on any interest rate swap in a net liability position. The settlement amount would be equal to the fair value of the swap on the termination date. As of September 30, 2015, Generation and Exelon's swaps were in an asset position with a fair value of $3 million and $40 million, respectively.

See Note 24 — Segment Information of the Exelon 2014 Form 10-K for further information regarding the letters of credit supporting the cash collateral.

Generation entered into supply forward contracts with certain utilities, including PECO and BGE, with one-sided collateral postings only from Generation. If market prices fall below the benchmark price levels in these contracts, the utilities are not required to post collateral. However, when market prices rise above the benchmark price levels, counterparty suppliers, including Generation, are required to post collateral once certain unsecured credit limits are exceeded. Under the terms of ComEd's standard block energy contracts, collateral postings are one-sided from suppliers, including Generation, should exposures between market prices and benchmark prices exceed established unsecured credit limits outlined in the contracts. As of September 30, 2015, ComEd held no collateral from suppliers in association with energy procurement contracts. Under the terms of ComEd's annual renewable energy contracts, collateral postings are required to cover a fixed value for RECs only. In addition, under the terms of ComEd's long-term renewable energy contracts, collateral postings are required from suppliers for both RECs and energy. The REC portion is a fixed value and the energy portion is one-sided from suppliers should the forward market prices exceed contract prices. As of September 30, 2015, ComEd held approximately $19 million in the form of cash and letters of credit as margin for both the annual and long-term REC obligations. See Note 3 — Regulatory Matters of the Exelon 2014 Form 10-K for additional information.

PECO's natural gas procurement contracts contain provisions that could require PECO to post collateral. This collateral may be posted in the form of cash or credit support with thresholds contingent upon PECO's credit rating from the major credit rating agencies. The collateral and credit support requirements vary by contract and by counterparty. As of September 30, 2015, PECO was not required to post collateral for any of these agreements. If PECO lost its investment grade credit rating as of September 30, 2015, PECO could have been required to post approximately $18 million of collateral to its counterparties.

PECO's supplier master agreements that govern the terms of its DSP Program contracts do not contain provisions that would require PECO to post collateral.

BGE's full requirements wholesale power agreements that govern the terms of its electric supply procurement contracts do not contain provisions that would require BGE to post collateral.

BGE's natural gas procurement contracts contain provisions that could require BGE to post collateral. This collateral may be posted in the form of cash or credit support with thresholds contingent upon BGE's credit rating from the major credit rating agencies. The collateral and credit support requirements vary by contract and by counterparty. As of September 30, 2015, BGE was not required to post collateral for any of these agreements. If BGE lost its investment grade credit rating as of September 30, 2015, BGE could have been required to post approximately $28 million of collateral to its counterparties.

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11. Debt and Credit Agreements (Exelon, Generation, ComEd, PECO and BGE)

Short-Term Borrowings

Exelon, ComEd and BGE meet their short-term liquidity requirements primarily through the issuance of commercial paper. Generation and PECO meet their short-term liquidity requirements primarily through the issuance of commercial paper and borrowings from the intercompany money pool.

The Registrants had the following amounts of commercial paper borrowings outstanding as of September 30, 2015 and December 31, 2014:

Commercial Paper Borrowings	September 30, 2015	December 31, 2014
Exelon Corporate	$ —	$ —
Generation	—	—
ComEd	604	304
PECO	—	—
BGE	50	120

Credit Facilities

Exelon had bank lines of credit under committed credit facilities at September 30, 2015 for short-term financial needs, as follows:

Type of Credit Facility	Amount [a] (In billions)	Expiration Dates	Capacity Type
Exelon Corporate			
Syndicated Revolver [b]	$ 0.5	May 2019	Letters of credit and cash
Generation			
Syndicated Revolver	5.1	May 2019	Letters of credit and cash
Syndicated Revolver	0.2	August 2018	Letters of credit and cash
Bilateral	0.3	December 2015 and March 2016	Letters of credit and cash
Bilateral	0.1	January 2017	Letters of credit
Bilateral	0.1	October 2015	Letters of credit and cash
ComEd			
Syndicated Revolver	1.0	March 2019	Letters of credit and cash
PECO			
Syndicated Revolver [b]	0.6	May 2019	Letters of credit and cash
BGE			
Syndicated Revolver [b]	0.6	May 2019	Letters of credit and cash
Total	$ 8.5		

(a) Excludes additional credit facility agreements for Generation, ComEd, PECO and BGE with aggregate commitments of $50 million, $34 million, $34 million and $5 million, respectively, arranged with minority and community banks located primarily within ComEd's, PECO's and BGE's service territories. These facilities expire d on October 16, 2015 and were renewed at the same amount through October 14, 2016. These facilities are solely utilized to issue letters of credit. As of September 30, 2015, letters of credit issued under these agreements for Generation, ComEd, PECO and BGE totaled $7 million, $16 million, $21 million and $1 million, respectively.

(b) Syndicated revolvers include credit facility commitments of $22 million, $27 million and $27 million for Exelon Corporate, PECO and BGE, respectively, which expire in August 2018.

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As of September 30, 2015, there were no borrowings under the Registrants' credit facilities.

On October 23, 2015, a $100 million bilateral CENG credit facility was amended and extended for an additional two years. This facility has been utilized by CENG to fund working capital and capital projects. This facility does not back Generation's commercial paper program.

Borrowings under Exelon Corporate's, Generation's, ComEd's, PECO's and BGE's credit agreements bear interest at a rate based upon either the prime rate or a LIBOR-based rate, plus an adder based upon the particular Registrant's credit rating. Exelon Corporate, Generation, ComEd, PECO and BGE have adders of 27.5, 27.5, 7.5, 0.0 and 0.0 basis points for prime based borrowings and 127.5, 127.5, 107.5, 90.0 and 100.0 basis points for LIBOR-based borrowings. The maximum adders for prime rate borrowings and LIBOR-based rate borrowings are 65 basis points and 165 basis points, respectively. The credit agreements also require the borrower to pay a facility fee based upon the aggregate commitments under the agreement. The fee varies depending upon the respective credit ratings of the borrower.

Long-Term Debt

Issuance of Long-Term Debt

During the nine months ended September 30, 2015, the following long-term debt was issued:

Company	Type	Interest Rate	Maturity	Amount	Use of Proceeds
Exelon Corporate	Senior Unsecured Notes(a)	1.55%	June 9, 2017	$ 550	Finance a portion of the pending acquisition of PHI and related costs and expenses, and for general corporate purposes
Exelon Corporate	Senior Unsecured Notes(a)	2.85%	June 15, 2020	$ 900	Finance a portion of the pending acquisition of PHI and related costs and expenses, and for general corporate purposes
Exelon Corporate	Senior Unsecured Notes (a)	3.95%	June 15, 2025	$ 1,250	Finance a portion of the pending acquisition of PHI and related costs and expenses, and for general corporate purposes
Exelon Corporate	Senior Unsecured Notes (a)	4.95%	June 15, 2035	$ 500	Finance a portion of the pending acquisition of PHI and related costs and expenses, and for general corporate purposes
Exelon Corporate	Senior Unsecured Notes (a)	5.10%	June 15, 2045	$ 1,000	Finance a portion of the pending acquisition of PHI and related costs and expenses, and for general corporate purposes
Exelon Corporate	Long Term Software License Agreement	3.95%	May 1, 2024	$ 111	Procurement of software licenses
Generation	Senior Unsecured Notes (b)	2.95%	January 15, 2020	$ 750	Fund the optional redemption of Exelon's $550 million, 4.550% Senior Notes and for general corporate purposes
Generation	AVSR DOE Nonrecourse Debt	2.29 - 2.96%	January 5, 2037	$ 39	Antelope Valley solar development

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Company	Type	Interest Rate	Maturity	Amount	Use of Proceeds
Generation	Energy Efficiency Project Financing	3.71%	October 1, 2035	$ 42	Funding to install energy conservation measures in Coleman, Florida
Generation	Energy Efficiency Project Financing	3.55%	November 15, 2016	$ 19	Funding to install energy conservation measures in Frederick, Maryland
Generation	Tax Exempt Pollution Control Revenue Bonds (c)	2.50 - 2.70%	2019 - 2020	$ 435	General corporate purposes
Generation	Albany Green Energy Project Financing	LIBOR + 1.25%	November 17, 2017	$ 74	Albany Green Energy biomass generation development
ComEd	Mortgage Bonds Series 118	3.70%	March 1, 2045	$ 400	Refinance maturing mortgage bonds, repay a portion of ComEd's outstanding commercial paper obligations and for general corporate purposes

(a) In connection with the issuance of PHI acquisition financing, Exelon terminated its interest rate swaps that had been designated as cash flow hedges. See Note 10 — Derivative Financial Instruments for further information.
(b) In connection with the issuance of Senior Unsecured Notes, Exelon terminated floating-to-fixed interest rate swaps that had been designated as cash flow hedges. See Note 10 — Derivative Financial Instruments for further information on the swap termination.
(c) The Tax Exempt Pollution Control Revenue Bonds have a mandatory put date that ranges from March 1, 2019—September 1, 2020.

On October 5, 2015, PECO issued $350 million aggregate principal amount of its First and Refunding Mortgage Bonds, 3.15% Series, maturing on October 15, 2025. The proceeds will be used for general corporate purposes.

Merger Financing

In May 2014, concurrently and in connection with entering into the agreement to acquire PHI, Exelon entered into a credit facility to which the lenders committed to provide Exelon a 364-day senior unsecured bridge credit facility of $7.2 billion to support the contemplated transaction and provide flexibility for timing of permanent financing. In June 2015, the remaining $3.2 billion bridge credit facility was terminated as a result of Exelon's issuance of $4.2 billion of long-term debt to fund a portion of the purchase price and related costs and expenses of the merger between Exelon and PHI and for general corporate purposes.

In connection with the $4.2 billion issuance of Senior Unsecured Notes in 2015, the tranches due in 2025, 2035 and 2045 must be redeemed at the principal amount plus a 1% premium of principal upon the earlier of (1) December 31, 2015, if the PHI acquisition is not consummated on or prior to such date, or (2) the date on which the Merger Agreement relating to the PHI acquisition is terminated. Exelon also has the option to redeem those notes earlier at a 1% premium of principal, if Exelon determines that the merger will not be completed before December 31, 2015.

On October 29, 2015, Exelon commenced a private exchange offer (Exchange Offer) to certain eligible holders whereby, for those that take part, the outstanding notes in the 2025, 2035 and 2045 tranches will be exchanged for new notes. The new notes will have substantially the same terms as the outstanding notes, except the outside date with regard to the special redemption provisions is June 30, 2016, rather than December 31, 2015, and under certain circumstances, can be further extended to August 31, 2016. The Exchange Offer's early participation period terminates on November 13, 2015 and its expiration date is November 30, 2015, unless extended. Following the completion of the Exchange Offer, any remaining notes not exchanged are expected to be redeemed pursuant to the terms of such remaining notes. Upon redemption, Exelon will accelerate amortization of previously capitalized debt issuance costs on such notes. As of September 30, 2015, the total unamortized debt issuance costs for the 2025, 2035 and 2045 notes is $22 million.

Albany Green Energy Project Financing (AGE)

Generation owns 90% of Albany Green Energy, LLC (AGE), which is a consolidated variable interest entity (see Note 3—Variable Interest Entities for additional information). In the second quarter of 2015, AGE closed the construction financing and executed an Engineering, Procurement and Construction (EPC) contract to construct a biomass-fueled, combined heat and power facility in Albany, GA. The financing will accumulate and accrue interest throughout construction and is due upon substantial completion of the facility, but no later than November 17, 2017.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

During the nine months ended September 30, 2014, the following long-term debt was issued:

Company	Type	Interest Rate	Maturity	Amount	Use of Proceeds
Exelon	Junior Subordinated Notes	2.50%	June 1, 2024	$ 1,150	Finance a portion of the acquisition of PHI and for general corporate purposes
Generation	Nuclear Fuel Purchase Contract	3.25 - 3.35%	June 30, 2018	$ 70	Procurement of uranium
Generation	ExGen Renewables I Nonrecourse Debt	LIBOR + 4.25%	February 6, 2021	$ 300	General corporate purposes
Generation	ExGen Texas Power Nonrecourse Debt	LIBOR + 4.75%	September 18, 2021	$ 675	General corporate purposes
Generation	Energy Efficiency Project Financing	4.12%	December 31, 2015	$ 12	Funding to install energy conservation measures in Washington, DC
Generation	AVSR DOE Nonrecourse Debt	3.06 - 3.14%	January 5, 2037	$ 125	Antelope Valley solar development
ComEd	First Mortgage Bonds Series 115	2.15%	January 15, 2019	$ 300	Refinance maturing mortgage bonds and general corporate purposes
ComEd	First Mortgage Bonds Series 116	4.70%	January 15, 2044	$ 350	Refinance maturing mortgage bonds and general corporate purposes
PECO	First and Refunding Mortgage Bonds	4.15%	October 1, 2044	$ 300	Refinance existing mortgage bonds and general corporate purposes

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Retirement and Redemptions of Current and Long-Term Debt

During the nine months ended September 30, 2015, the following long-term debt was retired and/or redeemed:

Company	Type	Interest Rate	Maturity	Amount
Exelon Corporate(a)	Senior Unsecured Notes	4.55%	June 15, 2015	$ 550
Exelon Corporate	Senior Notes	4.90%	June 15, 2015	$ 800
Exelon Corporate	Long Term Software License Agreement	3.95%	May 1, 2024	$ 1
Generation(a)	Senior Unsecured Notes	4.55%	June 15, 2015	$ 550
Generation	CEU Upstream Nonrecourse Debt	LIBOR + 2.25%	January 14, 2019	$ 9
Generation	AVSR DOE Nonrecourse Debt	2.29%-3.56%	January 5, 2037	$ 12
Generation	Kennett Square Capital Lease	7.83%	September 20, 2020	$ 3
Generation	Continental Wind Nonrecourse Debt	6.00%	February 28, 2033	$ 20
Generation	ExGen Texas Power Nonrecourse Debt	LIBOR + 4.75%	September 8, 2021	$ 5
Generation	ExGen Renewables I Nonrecourse Debt	LIBOR + 4.25%	February 6, 2021	$ 14
Generation	Constellation Solar Horizons Nonrecourse Debt	2.56%	September 7, 2030	$ 1
Generation	Sacramento PV Energy Nonrecourse Debt	2.58%	December 31, 2030	$ 1
ComEd	FMB Series 101	4.70%	April 15, 2015	$ 260
BGE	Rate Stabilization Bonds	5.72%	April 1, 2016	$ 37

(a) As part of the 2012 Constellation merger, Exelon and subsidiaries of Generation assumed intercompany loan agreements that mirrored the terms and amounts of external obligations held by Exelon, resulting in intercompany notes payable at Generation and Exelon Corporate.

On October 5, 2015, Generation paid down $10 million of principal of its 2.29-3.56% AVSR DOE Nonrecourse debt.

On October 15, 2015, Generation paid down $10 million of principal of its LIBOR + 4.25% ExGen Renewables I Nonrecourse debt.

During the nine months ended September 30, 2014, the following long-term debt was retired and/or redeemed:

Company	Type	Interest Rate	Maturity	Amount
Generation	Senior Unsecured Notes	5.35%	January 15, 2014	$ 500
Generation	Pollution Control Notes	4.10%	July 1, 2014	$ 20
Generation	Continental Wind Nonrecourse Debt	6.00%	February 28, 2033	$ 20
Generation	Kennett Square Capital Lease	7.83%	September 20, 2020	$ 2
Generation	ExGen Renewables I Nonrecourse Debt	3mL + 4.25%	February 6, 2021	$ 3
Generation	AVSR DOE Nonrecourse Debt	2.33% - 3.55%	January 5, 2037	$ 4
Generation	Clean Horizons Solar Nonrecourse Debt	2.56%	September 7, 2030	$ 1
Generation	Sacramento Solar Nonrecourse Debt	2.56%	December 31, 2030	$ 1
Generation	Energy Efficiency Project Financing	4.40%	August 31, 2014	$ 9
ComEd	Mortgage Bonds Series 110	1.63%	January 15, 2014	$ 600
ComEd	Pollution Control Series 1994C	5.85%	January 15, 2014	$ 17
BGE	Rate Stabilization Bonds	5.72%	April 1, 2016	$ 35

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Junior Subordinated Notes

In June 2014, Exelon issued $1.15 billion of junior subordinated notes in the form of 23 million equity units at a stated amount of $50.00 per unit. Net proceeds from the issuance were $1.11 billion, net of a $35 million underwriter fee. The net proceeds are being used to finance a portion of the acquisition and related costs and expenses for PHI and for general corporate purposes. Each equity unit represents an undivided beneficial ownership interest in Exelon's 2.50% junior subordinated notes due in 2024 and a forward equity purchase contract which settles in 2017. The junior subordinated notes are expected to be remarketed in 2017.

At the time of issuance, Exelon determined that the forward equity purchase contract had no value and therefore the entire $1.15 billion of junior subordinated notes were allocated to debt and recorded within Long-term debt on Exelon's Consolidated Balance Sheet. Additionally, at the time of issuance, the present value of the contract payments of $131 million ("Contract Payment Obligation") were recorded to Long-term debt, representing the obligation to make contract payments, with an offsetting reduction to Common stock. The obligation for the contract payments will be accreted to interest expense over the 3 year period ending in 2017 in Exelon's Consolidated Statement of Operations and Comprehensive Income. During 2015, contract payments of $33 million related to the Contract Payment Obligation were included within Retirements of long-term debt in Exelon's Consolidated Statements of Cash Flows. During 2014, the Contract Payment Obligation was considered a non-cash financing transaction that was excluded from Exelon's Consolidated Statements of Cash Flows. Until settlement of the equity purchase contract, earnings per share dilution resulting from the equity unit issuance will be determined under the treasury stock method.

For further information about the terms of the remarketing of the junior subordinated notes, see Note 13 — Debt and Credit Agreements and Note 23 — Supplemental Financial Information of the Exelon 2014 Form 10-K.

12. Income Taxes (Exelon, Generation, ComEd, PECO and BGE)

The effective income tax rate from continuing operations varies from the U.S. Federal statutory rate principally due to the following:

For the Three Months Ended September 30, 2015	Exelon	Generation	ComEd	PECO	BGE
U.S. Federal statutory rate	35.0%	35.0%	35.0%	35.0%	35.0%
Increase (decrease) due to:					
State income taxes, net of Federal income tax benefit	2.7	2.1	5.0	1.2	5.3
Qualified nuclear decommissioning trust fund income	(5.4)	(12.5)	—	—	—
Domestic production activities deduction	(4.9)	(11.6)	—	—	—
Health care reform legislation	—	—	—	—	0.2
Amortization of investment tax credit, net deferred taxes	(2.3)	(5.2)	(0.3)	(0.1)	(0.2)
Plant basis differences	(1.4)	—	(0.1)	(7.0)	(0.6)
Production tax credits and other credits	(3.8)	(9.0)	—	—	—
Noncontrolling interest	1.7	3.9	—	—	—
Statute of limitations expiration	(6.4)	(15.2)	—	—	—
Other	1.2	0.4	0.3	—	(0.4)
Effective income tax rate	16.4%	(12.1)%	39.9%	29.1%	39.3%

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

For the Nine Months Ended September 30, 2015	Exelon	Generation	ComEd	PECO	BGE
U.S. Federal statutory rate	35.0%	35.0%	35.0%	35.0%	35.0%
Increase (decrease) due to:					
State income taxes, net of Federal income tax benefit	3.1	2.8	5.2	1.2	5.3
Qualified nuclear decommissioning trust fund income	(0.9)	(1.6)	—	—	—
Domestic production activities deduction	(2.8)	(4.9)	—	—	—
Health care reform legislation	—	—	—	—	0.2
Amortization of investment tax credit, net deferred taxes	(1.2)	(1.9)	(0.3)	(0.1)	(0.1)
Plant basis differences	(1.2)	—	(0.1)	(7.3)	(0.4)
Production tax credits and other credits	(2.2)	(3.8)	—	—	—
Noncontrolling interest	—	0.1	—	—	—
Statute of limitations expiration	(1.6)	(2.9)	—	—	—
Other	0.9	0.6	0.2	0.2	(0.1)
Effective income tax rate	29.1%	23.4%	40.0%	29.0%	39.9%

For the Three Months Ended September 30, 2014	Exelon	Generation	ComEd	PECO	BGE
U.S. Federal statutory rate	35.0%	35.0%	35.0%	35.0%	35.0%
Increase (decrease) due to:					
State income taxes, net of Federal income tax benefit	3.4	3.7	5.0	0.1	4.6
Qualified nuclear decommissioning trust fund income	(0.3)	(0.4)	—	—	—
Domestic production activities deduction	(2.4)	(3.2)	—	—	—
Health care reform legislation	—	—	0.2	—	0.2
Amortization of investment tax credit, net deferred taxes	(1.0)	(1.2)	(0.3)	(0.1)	(0.3)
Plant basis differences	(0.8)	—	—	(11.3)	0.5
Production tax credits and other credits	(1.9)	(2.4)	—	—	—
Noncontrolling interest	(1.2)	(1.6)	—	—	—
Statute of limitations expiration	(3.8)	(5.0)	—	—	—
Other	1.2	0.6	0.1	(0.1)	(1.2)
Effective income tax rate	28.2%	25.5%	40.0%	23.6%	38.8%

For the Nine Months Ended September 30, 2014	Exelon	Generation	ComEd	PECO	BGE
U.S. Federal statutory rate	35.0%	35.0%	35.0%	35.0%	35.0%
Increase (decrease) due to:					
State income taxes, net of Federal income tax benefit	2.0	1.2	5.0	0.3	4.9
Qualified nuclear decommissioning trust fund income	2.0	3.6	—	—	—
Domestic production activities deduction	(2.7)	(4.8)	—	—	—
Health care reform legislation	0.1	—	0.2	—	0.2
Amortization of investment tax credit, net deferred taxes	(1.1)	(1.7)	(0.3)	(0.1)	(0.3)
Plant basis differences	(1.6)	—	(0.3)	(11.0)	0.5
Production tax credits and other credits	(2.1)	(3.7)	—	—	—
Noncontrolling interest	(1.4)	(2.6)	—	—	—
Statute of limitations expiration	(2.5)	(4.4)	—	—	—
Other	(0.5)	(0.7)	0.1	0.1	(0.5)
Effective income tax rate	27.2%	21.9%	39.7%	24.3%	39.8%

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Accounting for Uncertainty in Income Taxes

Exelon, Generation, ComEd, PECO, and BGE have $1,204 million, $660 million, $144 million, $0 million, and $120 million, of unrecognized tax benefits as of September 30, 2015, respectively, and $1,829 million, $1,357 million, $149 million, $44 million, and $0 million, of unrecognized tax benefits as of December 31, 2014, respectively. The unrecognized tax benefits as of September 30, 2015 reflect a decrease at Exelon, Generation, and PECO primarily attributable to the disallowed AmerGen claims discussed below and the resolution of state income tax positions at Generation. The unrecognized tax benefits as of September 30, 2015 reflect an increase at BGE and Generation attributable to a state income tax opportunity. A portion of the benefits associated with uncertain tax positions for utilities, if recognized, may be included in future base rates.

Nuclear Decommissioning Liabilities

AmerGen filed income tax refund claims taking the position that nuclear decommissioning liabilities assumed as part of its acquisition of nuclear power plants are taken into account in determining the tax basis in the assets it acquired. The additional basis results primarily in reduced capital gains or increased capital losses on the sale of assets in nonqualified decommissioning funds and increased tax depreciation and amortization deductions. The IRS disagrees with this position and disallowed AmerGen's claims. In early 2009, Generation filed a complaint in the United States Court of Federal Claims to contest this determination. On September 17, 2013, the Court granted the government's motion denying AmerGen's claims for refund. In the first quarter of 2014, Exelon filed an appeal of the decision to the United States Court of Appeals for the Federal Circuit. On March 11, 2015, the Federal Circuit affirmed the lower court's decision to deny AmerGen's claims for refund. Exelon will not be pursuing further appeals with respect to this issue and, as a result, reduced Generation and PECO's unrecognized tax benefits by $661 million and $43 million, respectively, in the first quarter of 2015. This change in unrecognized tax benefits had no impact on Exelon, Generation, or PECO's effective tax rate.

Reasonably possible the total amount of unrecognized tax benefits could significantly increase or decrease within 12 months after the reporting date

Like-Kind Exchange

As of September 30, 2015, Exelon and ComEd have approximately $394 million and $144 million of unrecognized tax benefits that could significantly decrease within the 12 months after the reporting date as a result of a decision in the like-kind exchange litigation described below. Exelon and ComEd have unrecognized tax benefits that, if recognized, would decrease Exelon's effective tax rate by $71 million and increase ComEd's effective tax rate by $11 million.

Settlement of Income Tax Audits

As of September 30, 2015, Exelon, Generation, and BGE have approximately $261 million, $141 million, and $120 million of unrecognized state tax benefits that could significantly decrease within the 12 months after the reporting date as a result of completing audits, potential settlements, and expected statute of limitation expirations. Of the above unrecognized tax benefits, Exelon and Generation have $141 million that, if recognized, would decrease the effective tax rate. The unrecognized tax benefit related to BGE, if recognized, may be included in future base rates and that portion would have no impact to the effective tax rate.

Other Income Tax Matters

Like-Kind Exchange

Exelon, through its ComEd subsidiary, took a position on its 1999 income tax return to defer approximately $1.2 billion of tax gain on the sale of ComEd's fossil generating assets. The gain was deferred by reinvesting a

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portion of the proceeds from the sale in qualifying replacement property under the like-kind exchange provisions of the IRC. The like-kind exchange replacement property purchased by Exelon included interests in three municipal-owned electric generation facilities which were properly leased back to the municipalities. The IRS disagreed with this position and asserted that the entire gain of approximately $1.2 billion was taxable in 1999.

Exelon has been unable to reach agreement with the IRS regarding the dispute over the like-kind exchange position. The IRS has asserted that the Exelon purchase and leaseback transaction is substantially similar to a leasing transaction, known as a SILO, which the IRS does not respect as the acquisition of an ownership interest in property. A SILO is a “listed transaction” that the IRS has identified as a potentially abusive tax shelter under guidance issued in 2005. Accordingly, the IRS has asserted that the sale of the fossil plants followed by the purchase and leaseback of the municipal owned generation facilities does not qualify as a like-kind exchange and the gain on the sale is fully subject to tax. The IRS has also asserted a penalty of approximately $90 million for a substantial understatement of tax.

Exelon disagrees with the IRS and continues to believe that its like-kind exchange transaction is not the same as or substantially similar to a SILO. Although Exelon has been and remains willing to settle the disagreement on terms commensurate with the hazards of litigation, Exelon does not believe a settlement is possible. Because Exelon believed, as of December 31, 2012, that it was more-likely-than-not that Exelon would prevail in litigation, Exelon and ComEd had no liability for unrecognized tax benefits with respect to the like-kind exchange position.

On January 9, 2013, the U.S. Court of Appeals for the Federal Circuit reversed the U.S. Court of Federal Claims and reached a decision for the government in Consolidated Edison v. United States. The Court disallowed Consolidated Edison’s deductions stemming from its participation in a LILO transaction that the IRS also has characterized as a tax shelter.

In accordance with applicable accounting standards, Exelon is required to assess whether it is more-likely-than-not that it will prevail in litigation. Exelon continues to believe that its transaction is not a SILO and that it has a strong case on the merits. However, in light of the Consolidated Edison decision and Exelon’s current determination that settlement is unlikely, Exelon has concluded that subsequent to December 31, 2012, it is no longer more-likely-than-not that its position will be sustained. As a result, in the first quarter of 2013 Exelon recorded a non-cash charge to earnings of approximately $265 million, which represents the amount of interest expense (after-tax) and incremental state income tax expense for periods through March 31, 2013 that would be payable in the event that Exelon is unsuccessful in litigation. Of this amount, approximately $170 million was recorded at ComEd. Exelon intends to hold ComEd harmless from any unfavorable impacts of the after-tax interest amounts on ComEd’s equity. As such, ComEd recorded on its consolidated balance sheet as of March 31, 2013, a $172 million receivable and non-cash equity contributions from Exelon. Exelon and ComEd will continue to accrue interest on the unpaid tax liabilities related to the uncertain tax position, and the charges arising from future interest accruals are not expected to be material to the annual operating earnings of Exelon or ComEd. In addition, ComEd will continue to record non-cash equity contributions from Exelon in the amount of the net after-tax interest charges attributable to ComEd in connection with the like-kind exchange position. Exelon continues to believe that it is unlikely that the IRS’s assertion of penalties will ultimately be sustained and therefore no liability for the penalty has been recorded.

On September 30, 2013, the IRS issued a notice of deficiency to Exelon for the like-kind exchange position. Exelon filed a petition on December 13, 2013 to initiate litigation in the United States Tax Court and the trial took place in August of 2015. Exelon was not required to remit any part of the asserted tax or penalty in order to litigate the issue. While the Tax Court could reach its decision as early as 2016, the litigation could take three to five years if appeals are necessary. Decisions in the Tax Court are not controlled by the Federal Circuit’s decision in Consolidated Edison.

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In the first quarter of 2014, Exelon entered into an agreement to terminate its investment in one of the three municipal-owned electric generation properties in exchange for a net early termination amount of $335 million. In connection with the termination, Exelon will deposit $260 million with the IRS for its 2014 tax year, including $135 million by ComEd representing the remaining gain deferred pursuant to the like-kind exchange transaction. The deposit can be redesignated to any tax year, if necessary, and may be used to satisfy any amounts owed as a result of the litigation.

In the event of a fully successful IRS challenge to Exelon's like-kind exchange position, the potential tax and after-tax interest, net of the deposit discussed above and exclusive of penalties, that could become currently payable as of September 30, 2015 may be as much as $560 million, of which approximately $165 million would be attributable to ComEd after consideration of Exelon's agreement to hold ComEd harmless. Interest will continue to accrue until such time as payment is made. An appeal of an adverse decision in the Tax Court would necessitate either the posting of a bond or the payment of the tax and interest for the tax years before the court. A final appellate decision could take several years.

13. Nuclear Decommissioning (Exelon and Generation)

Nuclear Decommissioning Asset Retirement Obligations

Generation has a legal obligation to decommission its nuclear power plants following the expiration of their operating licenses. To estimate its decommissioning obligation related to its nuclear generating stations for financial accounting and reporting purposes, Generation uses a probability-weighted, discounted cash flow model which, on a unit-by-unit basis, considers multiple outcome scenarios that include significant estimates and assumptions, and are based on decommissioning cost studies, cost escalation rates, probabilistic cash flow models and discount rates. Generation generally updates its ARO annually during the third quarter, unless circumstances warrant more frequent updates, based on its review of updated cost studies and its annual evaluation of cost escalation factors and probabilities assigned to various scenarios.

The following table provides a rollforward of the nuclear decommissioning ARO reflected on Exelon's and Generation's Consolidated Balance Sheets from December 31, 2014 to September 30, 2015:

Nuclear decommissioning ARO at December 31, 2014 [(a)]	$6,961
Net increase due to changes in, and timing of, estimated future cash flows	831
Accretion expense	283
Costs incurred to decommission retired plants	(2)
Nuclear decommissioning ARO at September 30, 2015 [(a)]	$8,073

(a) Includes $7 million and $8 million as the current portion of the ARO at September 30, 2015 and December 31, 2014 respectively, which is included in Other current liabilities on Exelon's and Generation's Consolidated Balance Sheets.

During the nine months ended September 30, 2015, Generation's total nuclear ARO increased by approximately $1.1 billion, reflecting impacts of ARO updates completed during the first and third quarters of 2015 to reflect changes in amounts and timing of estimated decommissioning cash flows and impacts of year-to-date accretion of the ARO liability due to the passage of time.

In the first quarter of 2015, the ARO liability was increased by $55 million to reflect a purchase accounting adjustment to the fair value of the CENG ARO liability as of April 1, 2014, the date of the consolidation of CENG. See Note 6 — Investment in Constellation Energy Nuclear Group, LLC for additional information. The third quarter 2015 annual update further increased the ARO liability by a net $775 million, which was primarily

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driven by an increase of approximately $550 million for costs expected to be incurred for required site security during the decommissioning periods in which SNF remains onsite and until major reactor components and buildings have been dismantled and removed. This projected increase is based on emerging industry experience at nuclear sites in the planning or early stage of decommissioning indicating greater than originally expected numbers of security personnel required to be on site during these decommissioning periods. Generation will continue to monitor emerging security cost trends, including potential strategies to limit such costs by, for example, optimizing the transfer of SNF when DOE starts taking possession of SNF or increasing the use of dry SNF storage, and will adjust the ARO liability accordingly. The third quarter 2015 adjustment to the ARO includes an increase of $285 million for the impacts of a change implemented in the 2015 annual assessment of Generation's SNF storage and disposal cost estimation methodology to better align the projected timing of SNF transfers to the DOE with assumed plant shutdown dates. The third quarter 2015 net increase to the ARO further reflects higher assumed probabilities of early retirements of certain economically challenged nuclear plants (See Note 8 — Implications of Potential Early Plant Retirements for additional information) and net increases in the estimated costs for Peach Bottom and Salem nuclear units pursuant to updated decommissioning cost studies received during 2015; partially offset by reductions in estimated cost escalation rates, primarily for labor and energy costs.

The financial statement impact related to the increase in the ARO due to the changes in, and timing of, estimated cash flows primarily resulted in a corresponding increase in Property, plant and equipment on Exelon's and Generation's Consolidated Balance Sheets. Approximately $8 million of the third quarter adjustment resulted in a credit to income, which is included in Operating and maintenance expense within Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income.

During the nine months ended September 30, 2014, Generation's ARO increased by approximately $1.8 billion. The increase is largely driven by the recording of an ARO on Exelon's and Generation's Consolidated Balance Sheets at fair value, including subsequent purchase accounting adjustments, upon consolidation of CENG during the second quarter (see Note 6 — Investment in Constellation Energy Nuclear Group, LLC). The change in the ARO was also driven by an increase in the estimated costs to decommission the Byron and Braidwood nuclear units pursuant to updated decommissioning costs studies received during the third quarter 2014 as part of the annual assessment. These increases in the ARO were partially offset by decreases in the ARO due to reductions in estimated escalation rates, primarily for labor and energy costs. The increase in the ARO due to the changes in, and timing of, estimated cash flows primarily resulted in a corresponding increase in Property, plant and equipment on Exelon's and Generation's Consolidated Balance Sheets. Approximately $16 million of the change in the ARO resulted in a credit to income, which is included in Operating and maintenance expense within Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income.

Nuclear Decommissioning Trust Fund Investments

At September 30, 2015 and December 31, 2014, Exelon and Generation had NDT fund investments totaling $10,103 million and $10,537 million, respectively.

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(Dollars in millions, except per share data, unless otherwise noted)

The following table provides unrealized gains (losses) on NDT funds for the three and nine months ended September 30, 2015 and 2014:

	Exelon and Generation			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net unrealized gains (losses) on decommissioning trust funds — Regulatory Agreement Units [a]	$ (301)	$ (107)	$ (385)	$ 126
Net unrealized gains (losses) on decommissioning trust funds — Non-Regulatory Agreement Units [b][c]	(218)	(41)	(274)	100

(a) Net unrealized gains (losses) related to Generation's NDT funds associated with Regulatory Agreement Units are included in Regulatory liabilities on Exelon's Consolidated Balance Sheets and Noncurrent payables to affiliates on Generation's Consolidated Balance Sheets.
(b) Excludes $7 million of net unrealized gains related to the Zion Station pledged assets for the three months ended September 30, 2014 and $9 million and $27 million of net unrealized gains related to the Zion Station pledged assets for the nine months ended September 30, 2015 and 2014, respectively. Net unrealized gains related to Zion Station pledged assets are included in the Payable for Zion Station decommissioning on Exelon's and Generation's Consolidated Balance Sheets.
(c) Net unrealized gains (losses) related to Generation's NDT funds with Non-Regulatory Agreement Units are included within Other, net in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income.

Interest and dividends on NDT fund investments are recognized when earned and are included in Other, net in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income. Interest and dividends earned on the NDT fund investments for the Regulatory Agreement Units are eliminated within Other, net in Exelon's and Generation's Consolidated Statement of Operations and Comprehensive Income.

Refer to Note 3 — Regulatory Matters and Note 25 — Related Party Transactions of the Exelon 2014 Form 10-K for information regarding regulatory liabilities at ComEd and PECO and intercompany balances between Generation, ComEd and PECO reflecting the obligation to refund to customers any decommissioning-related assets in excess of the related decommissioning obligations.

Zion Station Decommissioning

On September 1, 2010, Generation completed an Asset Sale Agreement (ASA) with EnergySolutions Inc. and its wholly owned subsidiaries, EnergySolutions, LLC (EnergySolutions) and ZionSolutions, under which ZionSolutions has assumed responsibility for completing certain decommissioning activities at Zion Station, which is located in Zion, Illinois and ceased operation in 1998. See Note 15 — Asset Retirement Obligations of the Exelon 2014 Form 10-K for information regarding the specific treatment of assets, including NDT funds, and decommissioning liabilities transferred in the transaction.

ZionSolutions is subject to certain restrictions on its ability to request reimbursements from the Zion Station NDT funds as defined within the ASA. Therefore, the transfer of the Zion Station assets did not qualify for asset sale accounting treatment and, as a result, the related NDT funds were reclassified to Pledged assets for Zion Station decommissioning within Generation's and Exelon's Consolidated Balance Sheets and will continue to be measured in the same manner as prior to the completion of the transaction. Additionally, the transferred ARO for decommissioning was replaced with a Payable for Zion Station decommissioning in Generation's and Exelon's Consolidated Balance Sheets. Changes in the value of the Zion Station NDT assets, net of applicable taxes, are

recorded as a change in the Payable to ZionSolutions. At no point will the payable to ZionSolutions exceed the project budget of the costs remaining to decommission Zion Station. Generation has retained its obligation for the SNF. Following ZionSolutions' completion of its contractual obligations and transfer of the NRC license to Generation, Generation will store the SNF at Zion Station until it is transferred to the DOE for ultimate disposal, and will complete all remaining decommissioning activities associated with the SNF dry storage facility. Generation has a liability of approximately $82 million, which is included within the nuclear decommissioning ARO at September 30, 2015. Generation also has retained NDT assets to fund its obligation to maintain the SNF at Zion Station until transfer to the DOE and to complete all remaining decommissioning activities for the SNF storage facility. Any shortage of funds necessary to maintain the SNF and decommission the SNF storage facility is ultimately required to be funded by Generation. Any Zion Station NDT funds remaining after the completion of all decommissioning activities will be returned to ComEd customers in accordance with the applicable orders. The following table provides the pledged assets and payables to ZionSolutions and withdrawals by ZionSolutions at September 30, 2015 and December 31, 2014:

	Exelon and Generation	
	September 30, 2015	December 31, 2014
Carrying value of Zion Station pledged assets	$ 237	$ 319
Payable to Zion Solutions [(a)]	217	292
Current portion of payable to Zion Solutions [(b)]	118	137
Cumulative withdrawals by Zion Solutions to pay decommissioning and other costs [(c)]	757	666

(a) Excludes a liability recorded within Exelon's and Generation's Consolidated Balance Sheets related to the tax obligation on the unrealized activity associated with the Zion Station NDT Funds. The NDT Funds will be utilized to satisfy the tax obligations as gains and losses are realized.
(b) Included in Other current liabilities within Exelon's and Generation's Consolidated Balance Sheets.
(c) Includes project expenses to decommission Zion Station and estimated tax payments on Zion Station NDT Fund earnings.

NRC Minimum Funding Requirements

NRC regulations require that licensees of nuclear generating facilities demonstrate reasonable assurance that funds will be available in specified minimum amounts to decommission the facility at the end of its life. Generation filed its biennial decommissioning funding status report with the NRC on March 31, 2015. This report reflects the status of decommissioning funding assurance as of December 31, 2014. Due to increased cost estimates received in the second half of 2014, Braidwood Unit 1, Braidwood Unit 2, and Byron Unit 2 did not meet the NRC's minimum funding assurance criteria as of December 31, 2014. NRC guidance provides licensees with two years or by the time of submitting the next biennial report (on or before March 31, 2017) to resolve funding assurance shortfalls. During this period, Generation will monitor funding assurance and new developments, including the impact of a 20-year license renewal for Braidwood and Byron, to assess the status of funding assurance and to take steps, if necessary, to address any funding shortfall on these funds on or before March 31, 2017. The increased security costs discussed above will be taken into consideration, as appropriate and in accordance with the regulatory requirements, in Generation's future decommissioning funding status reports submitted to the NRC. Generation does not expect the increased costs to change Generation's NRC minimum funding assurance status.

14. Retirement Benefits (Exelon, Generation, ComEd, PECO and BGE)

Exelon sponsors defined benefit pension plans and other postretirement benefit plans for essentially all Generation, ComEd, PECO, BGE and BSC employees.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Defined Benefit Pension and Other Postretirement Benefits

During the first quarter of 2015, Exelon received an updated valuation of its pension and other postretirement benefit obligations to reflect actual census data as of January 1, 2015. This valuation resulted in an increase to the pension obligation of $45 million and an increase to the other postretirement benefit obligation of $57 million. Additionally, accumulated other comprehensive loss increased by approximately $27 million (after tax), regulatory assets increased by approximately $48 million, and regulatory liabilities decreased by approximately $11 million.

The majority of the 2015 pension benefit cost for Exelon-sponsored plans is calculated using an expected long-term rate of return on plan assets of 7.00% and a discount rate of 3.94%. The majority of the 2015 other postretirement benefit cost is calculated using an expected long-term rate of return on plan assets of 6.46% for funded plans and a discount rate of 3.92%. A portion of the net periodic benefit cost is capitalized within the Consolidated Balance Sheets. The following tables present the components of Exelon's net periodic benefit costs, prior to any capitalization, for the three and nine months ended September 30, 2015 and 2014.

	Pension Benefits Three Months Ended September 30,		Other Postretirement Benefits Three Months Ended September 30,	
	2015 (a)	2014 (a)	2015 (a)	2014 (a)
Service cost	$ 82	$ 74	$ 30	$ 27
Interest cost	178	189	42	42
Expected return on assets	(257)	(251)	(38)	(39)
Amortization of:				
Prior service cost (benefit)	3	3	(43)	(44)
Actuarial loss	142	106	20	15
Net periodic benefit cost	$ 148	$ 121	$ 11	$ 1

	Pension Benefits Nine Months Ended September 30,		Other Postretirement Benefits Nine Months Ended September 30,	
	2015 (b)	2014 (b)	2015 (b)	2014 (b)
Service cost	$ 245	$ 218	$ 89	$ 90
Interest cost	533	561	125	144
Expected return on assets	(770)	(743)	(113)	(115)
Amortization of:				
Prior service cost (benefit)	10	10	(130)	(79)
Actuarial loss	427	316	60	35
Net periodic benefit cost	$ 445	$ 362	$ 31	$ 75

(a) For the three months ended September 30, 2015, the cost for pension benefits and other postretirement benefits related to CENG were $2 million and $3 million, respectively. For the three months ended September 30, 2014, the cost for pension benefits and other postretirement benefits related to CENG were $2 million and $3 million, respectively. CENG amounts are included in the tables above.

(b) For the nine months ended September 30, 2015, the cost for pension benefits and other postretirement benefits related to CENG were $8 million and $8 million, respectively. For the period of April 1, 2014 to September 30, 2014, the cost for pension benefits and other postretirement benefits related to CENG were $5 million and $6 million, respectively. CENG amounts are included in the tables above.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The amounts below represent Generation's, ComEd's, PECO's, BGE's and BSC's allocated portion of the pension and postretirement benefit plan costs, which were included in Property, plant and equipment within the respective Consolidated Balance Sheets and Operating and maintenance expense within the Consolidated Statement of Operations and Comprehensive Income during the three and nine months ended September 30, 2015 and 2014.

	Three Months Ended September 30,		Nine Months Ended September 30,	
Pension and Other Postretirement Benefit Costs	2015	2014	2015	2014
Generation [a]	$ 67	$ 54	$ 200	$ 193
ComEd	52	33	155	129
PECO	10	7	29	28
BGE	16	17	49	50
BSC [b]	14	11	43	37

(a) For the three and nine months ended September 30, 2015, the costs related to CENG were $5 million and $16 million, respectively. For the three months ended September 30, 2014, the costs related to CENG were $5 million. For the period of April 1, 2014 to September 30, 2014, the costs related to CENG were $11 million. CENG amounts are included in the table above.
(b) These amounts primarily represent amounts billed to Exelon's subsidiaries through intercompany allocations. These amounts are not included in the Generation, ComEd, PECO or BGE amounts above.

Defined Contribution Savings Plans

The Registrants participate in various 401(k) defined contribution savings plans that are sponsored by Exelon. The plans are qualified under applicable sections of the IRC and allow employees to contribute a portion of their pre-tax income in accordance with specified guidelines. All Registrants match a percentage of the employee contributions up to certain limits. The following table presents the matching contributions to the savings plans during the three and nine months ended September 30, 2015 and 2014:

	Three Months Ended September 30,		Nine Months Ended September 30,	
Savings Plan Matching Contributions	2015	2014	2015	2014
Exelon [a]	$ 51	$ 34	$ 111	$ 82
Generation [a]	27	17	60	41
ComEd	10	8	23	20
PECO	3	2	7	6
BGE	5	3	10	7
BSC [b]	6	4	11	8

(a) Includes $4 million and $8 million, respectively, related to CENG for the three and nine months ended September 30, 2015. Includes $1 million related to CENG for the three months ended September 30, 2014 and for the period from April 1, 2014 to September 30, 2014.
(b) These amounts primarily represent amounts billed to Exelon's subsidiaries through intercompany allocations. These costs are not included in the Generation, ComEd, PECO or BGE amounts above.

15. Severance (Exelon, Generation, ComEd, PECO and BGE)

The Registrants have an ongoing severance plan under which, in general, the longer an employee worked prior to termination the greater the amount of severance benefits. The Registrants record a liability and expense or regulatory asset for severance once terminations are probable of occurrence and the related severance benefits can be reasonably estimated. For severance benefits that are incremental to its ongoing severance plan ("one-time

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termination benefits"), the Registrants measure the obligation and record the expense at fair value at the communication date if there are no future service requirements, or, if future service is required to receive the termination benefit, ratably over the required service period.

Ongoing Severance Plans

The Registrants provide severance, health and welfare benefits under Exelon's ongoing severance benefit plans to terminated employees in the normal course of business. These benefits are accrued for when the benefits are considered probable and can be reasonably estimated.

For the three and nine months ended September 30, 2015 and 2014, the Registrants recorded the following severance costs (benefits) associated with these ongoing severance benefits within Operating and maintenance expense in their Consolidated Statements of Operations and Comprehensive Income:

	Exelon	Generation	ComEd	PECO	BGE
Three Months Ended					
September 30, 2015	$ (3)	$ (3)	$ —	$ —	$ —
September 30, 2014	(2)	(2)	—	—	—
Nine Months Ended					
September 30, 2015	$ 18	$ 17	$ 1	$ —	$ —
September 30, 2014	4	3	1	—	—

The severance liability balances associated with these ongoing severance benefits as of September 30, 2015 and December 31, 2014 are not material.

16. Changes in Accumulated Other Comprehensive Income (Exelon, Generation, and PECO)

The following tables present changes in accumulated other comprehensive income (loss) (AOCI) by component for the nine months ended September 30, 2015 and 2014:

Nine Months Ended September 30, 2015	Gains and (Losses) on Hedging Activity	Unrealized Gains and (Losses) on Marketable Securities	Pension and Non-Pension Postretirement Benefit Plan Items	Foreign Currency Items	AOCI of Equity Investments	Total
Exelon [a]						
Beginning balance	$ (28)	$ 3	$ (2,640)	$ (19)	$ —	$(2,684)
OCI before reclassifications	(18)	—	(29)	(17)	—	(64)
Amounts reclassified from AOCI [b]	22	—	130	—	—	152
Net current-period OCI	4	—	101	(17)	—	88
Ending balance	$ (24)	$ 3	$ (2,539)	$ (36)	$ —	$(2,596)
Generation [a]						
Beginning balance	$ (18)	$ 1	$ —	$ (19)	$ —	$ (36)
OCI before reclassifications	(13)	—	—	(17)	—	(30)
Amounts reclassified from AOCI [b]	6	—	—	—	—	6
Net current-period OCI	(7)	—	—	(17)	—	(24)
Ending balance	$ (25)	$ 1	$ —	$ (36)	$ —	$ (60)

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Nine Months Ended September 30, 2015	Gains and (Losses) on Hedging Activity	Unrealized Gains and (Losses) on Marketable Securities	Pension and Non-Pension Postretirement Benefit Plan Items	Foreign Currency Items	AOCI of Equity Investments	Total
PECO [a]						
Beginning balance	$ —	$ 1	$ —	$ —	$ —	$ 1
OCI before reclassifications	—	—	—	—	—	—
Amounts reclassified from AOCI [b]	—	—	—	—	—	—
Net current-period OCI	—	—	—	—	—	—
Ending balance	$ —	$ 1	$ —	$ —	$ —	$ 1

(a) All amounts are net of tax. Amounts in parentheses represent a decrease in accumulated other comprehensive income.
(b) See tables following changes in accumulated other comprehensive income tables for details about these reclassifications.

Nine Months Ended September 30, 2014	Gains and (Losses) on Hedging Activity	Unrealized Gains and (Losses) on Marketable Securities	Pension and Non-Pension Postretirement Benefit Plan Items	Foreign Currency Items	AOCI of Equity Investments	Total
Exelon [a]						
Beginning balance	$ 120	$ 2	$ (2,260)	$ (10)	$ 108	$(2,040)
OCI before reclassifications	(14)	(2)	240	(6)	11	229
Amounts reclassified from AOCI [b]	(78)	—	91	—	(119)	(106)
Net current-period OCI	(92)	(2)	331	(6)	(108)	123
Ending balance	$ 28	$ —	$ (1,929)	$ (16)	$ —	$(1,917)
Generation [a]						
Beginning balance	$ 114	$ 2	$ —	$ (10)	$ 108	$ 214
OCI before reclassifications	(8)	(3)	—	(6)	11	(6)
Amounts reclassified from AOCI [b]	(78)	—	—	—	(119)	(197)
Net current-period OCI	(86)	(3)	—	(6)	(108)	(203)
Ending balance	$ 28	$ (1)	$ —	$ (16)	$ —	$ 11
PECO [a]						
Beginning balance	$ —	$ 1	$ —	$ —	$ —	$ 1
OCI before reclassifications	—	—	—	—	—	—
Amounts reclassified from AOCI [b]	—	—	—	—	—	—
Net current-period OCI	—	—	—	—	—	—
Ending balance	$ —	$ 1	$ —	$ —	$ —	$ 1

(a) All amounts are net of tax. Amounts in parentheses represent a decrease in accumulated other comprehensive income.
(b) See tables following changes in accumulated other comprehensive income tables for details about these reclassifications.

ComEd, PECO, and BGE did not have any reclassifications out of AOCI to Net income during the three and nine months ended September 30, 2015 and 2014. The following tables present amounts reclassified out of AOCI to Net income for Exelon and Generation during the three and nine months ended September 30, 2015 and 2014.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Three Months Ended September 30, 2015

Details about AOCI components	Items reclassified out of AOCI [a]		Affected line item in the Statements of Operations and Comprehensive Income
	Exelon	Generation	
Gains (losses) on hedging activity			
Other cash flow hedges	$ (4)	$ (4)	Interest expense
	(4)	(4)	Total before tax
	1	1	Tax benefit
	$ (3)	$ (3)	Net of tax
Amortization of pension and other postretirement benefit plan items			
Prior service costs [b]	$ 19	$ —	
Actuarial losses [b]	(90)	—	
	(71)	—	Total before tax
	28	—	Tax benefit
	$ (43)	$ —	Net of tax
Total Reclassifications for the period	$ (46)	$ (3)	Net of Tax

Nine Months Ended September 30, 2015

Details about AOCI components	Items reclassified out of AOCI [a]		Affected line item in the Statements of Operations and Comprehensive Income
	Exelon	Generation	
Gains (losses) on hedging activity			
Terminated interest rate swaps [c]	$ (26)	$ —	Other, net
Energy related hedges	2	2	Operating revenues
Other cash flow hedges	(11)	(11)	Interest expense
	(35)	(9)	Total before tax
	13	3	Tax benefit
	$ (22)	$ (6)	Net of tax
Amortization of pension and other postretirement benefit plan items			
Prior service costs [b]	$ 57	$ —	
Actuarial losses [b]	(270)	—	
	(213)	—	Total before tax
	83	—	Tax benefit
	$ (130)	$ —	Net of tax
Total Reclassifications for the period	$ (152)	$ (6)	Net of Tax

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Three months ended September 30, 2014

Details about AOCI components	Items reclassified out of AOCI [a] Exelon	Generation	Affected line item in the Statements of Operations and Comprehensive Income
Gains on hedging activity			
Energy related hedges	$ 28	$ 28	Operating revenues
	28	28	Total before tax
	(12)	(12)	Tax (expense)
	$ 16	$ 16	Net of tax
Amortization of pension and other postretirement benefit plan items			
Prior service costs [b]	$ 19	$ —	
Actuarial losses [b]	(61)	—	
	(42)	—	Total before tax
	16	—	Tax benefit
	$ (26)	$ —	Net of tax
Equity investments			
Reversal of CENG equity method AOCI	$ 5	$ 5	Gain on consolidation of CENG
	5	5	Total before tax
	(2)	(2)	Tax benefit
	$ 3	$ 3	Net of tax
Total reclassifications for the period	$ (7)	$ 19	Net of Tax

Nine Months Ended September 30, 2014

Details about AOCI components	Items reclassified out of AOCI [a] Exelon	Generation	Affected line item in the Statements of Operations and Comprehensive Income
Gains on hedging activity			
Energy related hedges	$ 130	$ 130	Operating revenues
	130	130	Total before tax
	(52)	(52)	Tax (expense)
	$ 78	$ 78	Net of tax
Amortization of pension and other postretirement benefit plan items			
Prior service costs [b]	$ 29	$ —	
Actuarial losses [b]	(178)	—	
	(149)	—	Total before tax
	58	—	Tax benefit
	$ (91)	$ —	Net of tax

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Details about AOCI components	Items reclassified out of AOCI [a]		Affected line item in the Statements of Operations and Comprehensive Income
	Exelon	Generation	
Equity investments			
Sale of equity method investment	$ 5	$ 5	Gain on consolidation of CENG
Reversal of CENG equity method AOCI	193	193	Gain on consolidation of CENG
	198	198	Total before tax
	(79)	(79)	Tax benefit
	$ 119	$ 119	Net of tax
Total reclassifications for the period	$ 106	$ 197	Net of Tax

(a) All amounts are net of tax. Amounts in parentheses represent a decrease in net income.
(b) This accumulated other comprehensive income component is included in the computation of net periodic pension and OPEB cost (see Note 14 — Retirement Benefits for additional details).
(c) In January 2015, in connection with Generation's $750 million issuance of five-year Senior Unsecured Notes, Exelon terminated certain floating-to-fixed interest rate swaps. As the original forecasted transactions were a series of future interest payments over a ten year period, a portion of the anticipated interest payments are probable not to occur. As a result, $26 million of anticipated payments were reclassified from Accumulated OCI to Other, net in Exelon's Consolidated Statement of Operations and Comprehensive Income.

The following table presents income tax expense (benefit) allocated to each component of other comprehensive income (loss) during the three and nine months ended September 30, 2015 and 2014:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Exelon				
Pension and non-pension postretirement benefit plans:				
Prior service benefit reclassified to periodic benefit cost	$ 8	$ 8	$ 22	$ 11
Actuarial loss reclassified to periodic cost	(35)	(24)	(105)	(69)
Pension and non-pension postretirement benefit plans valuation adjustment	—	5	17	(153)
Change in unrealized (gain) loss on cash flow hedges	3	15	(3)	62
Change in unrealized income on equity investments	—	3	—	73
Change in unrealized loss on marketable securities	—	1	—	(1)
Total	$ (24)	$ 8	$ (69)	$ (77)
Generation				
Change in unrealized loss on cash flow hedges	$ 3	$ 13	$ 4	$ 57
Change in unrealized income on equity investments	—	3	—	73
Change in marketable securities	—	1	—	(1)
Total	$ 3	$ 17	$ 4	$ 129

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

17. Common Stock (Exelon)

Equity Securities Offering

In June 2014, Exelon marketed an equity offering of 57.5 million shares of its common stock at a public offering price of $35 per share and entered into forward sale agreements with two counterparties. In July 2015, Exelon settled the forward sale agreements by the issuance of 57.5 million shares of Exelon common stock. Exelon received net cash proceeds of $1.87 billion, which was calculated based on a forward price of $32.48 per share as specified in the forward sale agreements. Use of net proceeds will be to fund the pending acquisition of PHI and related costs and expenses, and for general corporate purposes.

The forward sale agreements are classified as equity transactions. As a result, no amounts were recorded in the consolidated financial statements until the July 2015 settlement of the forward sale agreements. However, prior to the July 2015 settlement, incremental shares, if any, were included within the calculation of diluted EPS using the treasury stock method. For further information on the transaction, refer to Note 19—Common Stock of the Exelon 2014 Form 10-K.

Concurrent with the June 2014 forward equity transaction, Exelon also issued $1.15 billion of junior subordinated notes in the form of 23 million equity units. See Note 11 — Debt and Credit Agreements for further information on the equity units.

18. Earnings Per Share and Equity (Exelon)

Earnings per Share (Exelon)

Diluted earnings per share is calculated by dividing Net income attributable to common shareholders by the weighted average number of shares of common stock outstanding adjusted to include the potentially dilutive effect of stock options, performance share awards and restricted stock outstanding under Exelon's LTIPs. The following table sets forth the components of basic and diluted earnings per share and shows the effect of these stock options, performance share awards and restricted stock on the weighted average number of shares outstanding (in millions) used in calculating diluted earnings per share:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Net income attributable to common shareholders	$ 629	$ 993	$ 1,959	$ 1,604
Average common shares outstanding — basic	913	861	879	860
Potentially dilutive effect of stock options, performance share awards and restricted stock	2	2	4	3
Average common shares outstanding — diluted	915	863	883	863

The number of stock options not included in the calculation of diluted common shares outstanding due to their antidilutive effect was approximately 14 million for the three and nine months ended September 30, 2015 and 16 million for the three and nine months ended September 30, 2014. The number of equity units related to the PHI merger not included in the calculation of diluted common shares outstanding due to their antidilutive effect was 4 million and 2 million for the three and nine months ended September 30, 2015, respectively, and 2 million for the three months ended September 30, 2014 and 1 million for the nine months ended September 30, 2014. Additionally, there were no forward units related to the PHI merger not included in the calculation of diluted common shares outstanding due to their antidilutive effect for the three and nine

months ended September 30, 2015, and approximately 2 million not included for the three months ended September 30, 2014 and 1 million not included for the nine months ended September 30, 2014. Refer to Note 17 — Common Stock for further information regarding the equity units and equity forward units.

Under share repurchase programs, 35 million shares of common stock are held as treasury stock with a cost of $2.3 billion as of September 30, 2015. In 2008, Exelon management decided to defer indefinitely any share repurchases.

19. Commitments and Contingencies (Exelon, Generation, ComEd, PECO and BGE)

The following is an update to the current status of commitments and contingencies set forth in Note 22 of the Exelon 2014 Form 10-K.

Commitments

Constellation Merger Commitments

In February 2012, the MDPSC issued an Order approving the Exelon and Constellation merger. As part of the MDPSC Order, Exelon agreed to provide a package of benefits to BGE customers, the City of Baltimore and the State of Maryland, resulting in an estimated direct investment in the State of Maryland of approximately $1 billion.

The direct investment estimate includes $95 million to $120 million relating to the construction of a headquarters building in Baltimore for Generation's competitive energy businesses. On March 20, 2013, Generation signed a 20 year lease agreement for office space that was contingent upon the developer obtaining all required approvals, permits and financing for the construction of a building in Baltimore, Maryland. The operating lease became effective during the second quarter of 2014 when these outstanding contingencies were met by the developer. Generation's total commitments under the lease agreement are $0 million, $5 million, $12 million, $13 million, $13 million, and $285 million, related to 2015, 2016, 2017, 2018, 2019 and thereafter.

The direct investment commitment also includes $575 million to $650 million relating to Exelon and Generation's development or assistance in the development of 275 — 300 MWs of new generation in Maryland, which is expected to be completed within a period of 10 years. Exelon and Generation have incurred $353 million towards satisfying the commitment for new generation development in the state of Maryland, with approximately 160 MW of the new generation commencing with commercial operations to date. The MDPSC order contemplates various options for complying with the new generation development commitments, including building or acquiring generating assets, making subsidy or compliance payments, or in circumstances in which the generation build is delayed or certain specified provisions are elected, making liquidated damages payments. Exelon and Generation expect that the majority of these commitments will be satisfied by building or acquiring generating assets and, therefore, will be primarily capital in nature and recognized as incurred. However, during the third quarter of 2014, the conditions associated with one of the generation development commitments changed such that Exelon and Generation now believe that the most likely outcome will involve making subsidy payments and/or liquidated damages payments rather than constructing the specified generating plant. As a result, Exelon and Generation recorded a pre-tax $44 million loss contingency related to this generation development commitment which is included in Operating and maintenance expense in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income for the nine and three months ended September 30, 2014. While this $44 million loss contingency represents Generation's best estimate of the future obligation, it is reasonably possible that Exelon and Generation could ultimately be required to make cumulative subsidy payments of up to a maximum of approximately $105 million over a 20-year period dependent on actual

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generating output from a successfully constructed generating plant. See Note 4 — Mergers, Acquisitions, and Dispositions of the Exelon 2014 Form 10-K for additional information regarding the Constellation merger commitments.

Equity Investment Commitments

As part of Generation's investments in technology development, Generation enters into equity purchase agreements that include commitments to invest additional equity through incremental payments to fund the anticipated needs of the planned operations of the associated companies. The commitment includes approximately $20 million of in-kind services. As of September 30, 2015, Generation's estimated commitment relating to its equity purchase agreements, including in-kind services contributions, is anticipated to be as follows:

	Total
2015	$ 38
2016	276
2017	23
2018	7
2019	2
Total	$346

Contingencies

Commercial Commitments

The Registrants' commercial commitments as of September 30, 2015, representing commitments potentially triggered by future events were as follows:

	Exelon	Generation	ComEd	PECO	BGE
Letters of credit (non-debt) [a]	$1,078	$ 1,011	$ 18	$ 22	$ 1
Guarantees	5,823[b]	3,159[c]	205[d]	188[e]	263[f]
Nuclear insurance premiums [g]	3,057	3,057	—	—	—
Total commercial commitments	$9,958	$ 7,227	$ 223	$210	$264

(a) Non-debt letters of credit maintained to provide credit support for certain transactions as requested by third parties.
(b) Primarily reflects parental guarantees issued on behalf of Generation to allow the flexibility needed to conduct business with counterparties without having to post other forms of collateral. Also reflects guarantees issued to ensure performance under specific contracts, preferred securities of financing trusts, property leases, indemnifications, NRC minimum funding assurance requirements and miscellaneous guarantees. The estimated net exposure for obligations under commercial transactions covered by these guarantees was $650 million at September 30, 2015, which represents the total amount Exelon could be required to fund based on September 30, 2015 market prices.
(c) Primarily reflects guarantees issued to ensure performance under energy marketing and other specific contracts. The estimated net exposure for obligations under commercial transactions covered by these guarantees was $475 million at September 30, 2015, which represents the total amount Generation could be required to fund based on September 30, 2015 market prices.
(d) Primarily reflects full and unconditional guarantees of $200 million Trust Preferred Securities of ComEd Financing III, which is a 100% owned finance subsidiary of ComEd.
(e) Primarily reflects full and unconditional guarantees of $178 million Trust Preferred Securities of PECO Trust III and IV, which are 100% owned finance subsidiaries of PECO.

(f) Primarily reflects full and unconditional guarantees of $250 million Trust Preferred Securities of BGE Capital Trust II, which is a 100% owned finance subsidiary of BGE.

(g) Represents the maximum amount that Generation would be required to pay for retrospective premiums in the event of nuclear disaster at any domestic site, including CENG sites, under the Secondary Financial Protection pool as required under the Price-Anderson Act as well as the current aggregate annual retrospective premium obligation that could be imposed by NEIL. See the Nuclear Insurance section within this note for additional details on Generation's nuclear insurance premiums.

Nuclear Insurance (Exelon and Generation)

Generation is subject to liability, property damage and other risks associated with major incidents at any of its nuclear stations, including the CENG nuclear stations. Generation has mitigated its financial exposure to these risks through insurance and other industry risk-sharing provisions.

The Price-Anderson Act was enacted to ensure the availability of funds for public liability claims arising from an incident at any of the U.S. licensed nuclear facilities and also to limit the liability of nuclear reactor owners for such claims from any single incident. As of September 30, 2015, the current liability limit per incident was $13.4 billion and is subject to change to account for the effects of inflation and changes in the number of licensed reactors. An inflation adjustment must be made at least once every 5 years and the last inflation adjustment was made effective September 10, 2013. In accordance with the Price-Anderson Act, Generation maintains financial protection at levels equal to the amount of liability insurance available from private sources through the purchase of private nuclear energy liability insurance for public liability claims that could arise in the event of an incident. As of September 30, 2015, the amount of nuclear energy liability insurance purchased is $375 million for each operating site. Additionally, the Price-Anderson Act requires a second layer of protection through the mandatory participation in a retrospective rating plan for power reactors (currently 102 reactors) resulting in an additional $12.9 billion in funds available for public liability claims. Participation in this secondary financial protection pool requires the operator of each reactor to fund its proportionate share of costs for any single incident that exceeds the primary layer of financial protection. Under the Price-Anderson Act, the maximum assessment in the event of an incident for each nuclear operator, per reactor, per incident (including a 5% surcharge), is $127.3 million, payable at no more than $19 million per reactor per incident per year. Exelon's maximum liability per incident is approximately $2.7 billion, including CENG's related liability.

In addition, the U.S. Congress could impose revenue-raising measures on the nuclear industry to pay public liability claims exceeding the $13.4 billion limit for a single incident.

As part of the execution of the NOSA on April 1, 2014, Generation executed an Indemnity Agreement pursuant to which Generation agreed to indemnify EDF and its affiliates against third-party claims that may arise from any future nuclear incident (as defined in the Price Anderson Act) in connection with the CENG nuclear plants or their operations. Exelon guarantees Generation's obligations under this indemnity. See Note 6 — Investment in Constellation Energy Nuclear Group, LLC for additional information on Generation's operations relating to CENG.

Generation is required each year to report to the NRC the current levels and sources of property insurance that demonstrates Generation possesses sufficient financial resources to stabilize and decontaminate a reactor and reactor station site in the event of an accident. The property insurance maintained for each facility is currently provided through insurance policies purchased from NEIL, an industry mutual insurance company of which Generation is a member.

NEIL provides "all risk" property damage, decontamination and premature decommissioning insurance for each station for losses resulting from damage to its nuclear plants, either due to accidents or acts of terrorism. If the decision is made to decommission the facility, a portion of the insurance proceeds will be allocated to a fund, which Generation is required by the NRC to maintain, to provide for decommissioning the facility. In the event of an insured loss, Generation is unable to predict the timing of the availability of insurance proceeds to Generation and the amount of such proceeds that would be available. In the event that one or more acts of terrorism cause accidental property damage within a twelve-month period from the first accidental property damage under one or more policies for all insured plants, the maximum recovery for all losses by all insureds will be an aggregate of $3.2 billion plus such additional amounts as the insurer may recover for all such losses from reinsurance, indemnity and any other source, applicable to such losses.

For its insured losses, Generation is self-insured to the extent that losses are within the policy deductible or exceed the amount of insurance maintained. Uninsured losses and other expenses, to the extent not recoverable from insurers or the nuclear industry, could also be borne by Generation. Any such losses could have a material adverse effect on Exelon's and Generation's financial condition, results of operations and liquidity.

Environmental Issues

General. The Registrants' operations have in the past, and may in the future, require substantial expenditures in order to comply with environmental laws. Additionally, under Federal and state environmental laws, the Registrants are generally liable for the costs of remediating environmental contamination of property now or formerly owned by them and of property contaminated by hazardous substances generated by them. The Registrants own or lease a number of real estate parcels, including parcels on which their operations or the operations of others may have resulted in contamination by substances that are considered hazardous under environmental laws. In addition, the Registrants are currently involved in a number of proceedings relating to sites where hazardous substances have been deposited and may be subject to additional proceedings in the future.

ComEd, PECO and BGE have identified sites where former MGP activities have or may have resulted in actual site contamination. For almost all of these sites, there are additional PRPs that may share responsibility for the ultimate remediation of each location.

- ComEd has identified 42 sites, 17 of which the remediation has been completed and approved by the Illinois EPA or the U.S. EPA and 25 that are currently under some degree of active study and/or remediation. ComEd expects the majority of the remediation at these sites to continue through at least 2020.
- PECO has identified 26 sites, 16 of which have been remediated in accordance with applicable PA DEP regulatory requirements. The remaining 10 sites are currently under some degree of active study and/or remediation. PECO expects the majority of the remediation at these sites to continue through at least 2021.
- BGE has identified 13 former gas manufacturing or purification sites that it currently owns or owned at one time through a predecessor's acquisition. Two gas manufacturing sites require some level of remediation and ongoing monitoring under the direction of the MDE. The required costs at these two sites are not considered material. An investigation of an additional gas purification site was completed during the first quarter of 2015 at the direction of the MDE. For more information, see the discussion of the Riverside site below.

ComEd, pursuant to an ICC order, and PECO, pursuant to settlements of natural gas distribution rate cases with the PAPUC, are currently recovering environmental remediation costs of former MGP facility sites through customer rates. ComEd and PECO have recorded regulatory assets for the recovery of these costs. See Note 5 —

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Regulatory Matters for additional information regarding the associated regulatory assets. BGE is authorized to recover, and is currently recovering, environmental costs for the remediation of the former MGP facility sites from customers; however, while BGE does not have a rider for MGP clean-up costs, BGE has historically received recovery of actual clean-up costs in distribution rates.

As of September 30, 2015 and December 31, 2014, the Registrants had accrued the following undiscounted amounts for environmental liabilities in Other current liabilities and Other deferred credits and other liabilities within their respective Consolidated Balance Sheets:

September 30, 2015	Total Environmental Investigation and Remediation Reserve	Portion of Total Related to MGP Investigation and Remediation
Exelon	$ 376	$ 309
Generation	63	—
ComEd	269	268
PECO	41	39
BGE	3	2

December 31, 2014	Total Environmental Investigation and Remediation Reserve	Portion of Total Related to MGP Investigation and Remediation
Exelon	$ 347	$ 277
Generation	63	—
ComEd	238	235
PECO	45	42
BGE	1	—

The historical nature of the MGP sites and the fact that many of the sites have been buried and built over, impacts the ability to determine a precise estimate of the ultimate costs prior to initial sampling and determination of the exact scope and method of remedial activity. Management determines its best estimate of remediation costs using all available information at the time of each study, including probabilistic and deterministic modeling for ComEd and PECO, and the remediation standards currently required by the applicable state environmental agency. Prior to completion of any significant clean up, each site remediation plan is approved by the appropriate state environmental agency.

During the third quarter of 2015, ComEd and PECO completed an annual study of their future estimated MGP remediation requirements. For ComEd, the results of the study resulted in a $50 million increase to ComEd's environmental liabilities and related regulatory assets. The increase at ComEd was primarily driven by refined assumptions and scopes based on further experience and analysis, including one site where a new option is being considered for a facility under which contamination exists and certain sites where another PRP leads the remediation efforts and ComEd shares responsibility. For PECO, the results of the study resulted in a $1 million decrease to PECO's environmental liabilities and related regulatory assets.

The Registrants cannot reasonably estimate whether they will incur other significant liabilities for additional investigation and remediation costs at these or additional sites identified by the Registrants, environmental agencies or others, or whether such costs will be recoverable from third parties, including customers.

Water Quality

Groundwater Contamination. In October 2007, a subsidiary of Constellation entered into a consent decree with the MDE relating to groundwater contamination at a third-party facility that was licensed to accept

fly ash, a byproduct generated by coal-fired plants. The consent decree required the payment of a $1 million penalty, remediation of groundwater contamination resulting from the ash placement operations at the site, replacement of drinking water supplies in the vicinity of the site, and monitoring of groundwater conditions. Generation's remaining groundwater contamination reserve was $12 million at September 30, 2015 and $13 million at December 31, 2014.

Air Quality

Notices and Finding of Violations and Midwest Generation Bankruptcy. In December 1999, ComEd sold several generating stations to Midwest Generation, LLC (Midwest Generation), a subsidiary of Edison Mission Energy (EME). Under the terms of the sale agreement, Midwest Generation and EME assumed responsibility for environmental liabilities associated with the ownership, occupancy, use and operation of the stations, including responsibility for compliance by the stations with environmental laws before their purchase by Midwest Generation. Midwest Generation and EME additionally agreed to indemnify and hold ComEd and its affiliates harmless from claims, fines, penalties, liabilities and expenses arising from third party claims against ComEd resulting from or arising out of the environmental liabilities assumed by Midwest Generation and EME under the terms of the agreement governing the sale. In connection with Exelon's 2001 corporate restructuring, Generation assumed ComEd's rights and obligations with respect to its former generation business, including its rights and obligations under the sale agreement with Midwest Generation and EME.

Under a supplemental agreement reached in 2003, Midwest Generation agreed to reimburse ComEd and Generation for 50% of the specific asbestos claims pending as of February 2003 and related expenses less recovery of insurance costs and agreed to a sharing arrangement for liabilities and expenses associated with future asbestos-related claims as specified in the agreement.

On December 17, 2012 (Petition Date), EME and certain of its subsidiaries, including Midwest Generation, filed for protection under Chapter 11 of the U.S. Bankruptcy Code.

In 2012, the Bankruptcy Court approved the rejection of an agency agreement related to a coal rail car lease under which Midwest Generation had agreed to reimburse ComEd for all obligations incurred under the coal rail car lease. The rejection left Generation as the party responsible for making all remaining payments under the lease and performing all other obligations thereunder. A settlement was reached in January 2015, to resolve the claims related to the coal rail car lease for approximately $14 million and Exelon recorded a gain upon receipt of the funds, within Operating and maintenance expense in Exelon and Generation's Consolidated Statement of Operations and Comprehensive Income. No further action is expected related to the rail car lease.

On March 11, 2014, the Bankruptcy Court for the Northern District of Illinois entered its Order Confirming Debtors' Joint Chapter 11 Plan of Reorganization. On April 1, 2014 (Effective Date), NRG Energy purchased EME's portfolio of generation, including Midwest Generation and the Joint Chapter 11 Plan of Reorganization (Plan) became effective. As part of the Plan, the sale agreement, including the environmental indemnity, and the asbestos cost-sharing agreement were rejected.

Generation increased its reserve for asbestos-related bodily injury claims pertaining to Midwest Generations' share of liability as a result of the rejection of the asbestos cost sharing agreement in the bankruptcy proceedings. Exelon and Generation may be entitled to damages associated with the rejection of the agreement and a claim has been filed by Exelon for such damages. These amounts are considered to be contingent gains and would not be recognized until realized.

As a prior owner of the generating stations, ComEd (and Generation, through its agreement in Exelon's 2001 corporate restructuring to assume ComEd's rights and obligations associated with its former generation

business) could face liability (along with any other potentially responsible parties) for environmental conditions at the stations requiring remediation, with the determination of the allocation among the parties subject to many uncertain factors. ComEd and Generation are unable to predict whether and to what extent they may ultimately be held responsible for remediation and other costs relating to the generating stations and as a result no liability has been recorded as of September 30, 2015. Any liability imposed on ComEd or Generation for environmental matters relating to the generating stations could have a material adverse impact on their future results of operations and cash flows.

Solid and Hazardous Waste

Cotter Corporation. The U.S. EPA has advised Cotter Corporation (Cotter), a former ComEd subsidiary, that it is potentially liable in connection with radiological contamination at a site known as the West Lake Landfill in Missouri. On February 18, 2000, ComEd sold Cotter to an unaffiliated third- party. As part of the sale, ComEd agreed to indemnify Cotter for any liability arising in connection with the West Lake Landfill. In connection with Exelon's 2001 corporate restructuring, this responsibility to indemnify Cotter was transferred to Generation. On May 29, 2008, the U.S. EPA issued a Record of Decision approving the remediation option submitted by Cotter and the two other PRPs that required additional landfill cover. By letter dated January 11, 2010, the U.S. EPA requested that the PRPs perform a supplemental feasibility study for a remediation alternative that would involve complete excavation of the radiological contamination. On September 30, 2011, the PRPs submitted the final supplemental feasibility study to the U.S. EPA for review. Since June 2012, the U.S. EPA has requested that the PRPs perform a series of additional analyses and groundwater and soil sampling as part of the supplemental feasibility study, that are now scheduled to be conducted through 2016. In light of these additional requests, it is unknown when the U.S EPA will propose a remedy for public comment, but will likely be sometime in 2017 at the earliest. Thereafter the U.S. EPA will select a final remedy and enter into a Consent Decree with the PRPs to effectuate the remedy. A complete excavation remedy would be significantly more expensive than the previously selected additional cover remedy; however, Generation believes the likelihood that the U.S. EPA would require a complete excavation remedy is remote. The U.S. EPA is also reviewing a partial excavation remedy; however, until the current sampling is concluded there is no basis to determine the likelihood and estimate of a partial excavation remedy. The current estimated cost of the landfill cover remediation for the site is approximately $60 million, which will be allocated among all PRPs. Recent investigation has identified a number of other parties who may be PRPs and could be liable to contribute to the final remedy. Further investigation is underway. Generation has accrued what it believes to be an adequate amount to cover its anticipated share of such liability.

On August 8, 2011, Cotter was notified by the DOJ that Cotter is considered a PRP with respect to the government's clean-up costs for contamination attributable to low level radioactive residues at a former storage and reprocessing facility named Latty Avenue near St. Louis, Missouri. The Latty Avenue site is included in ComEd's indemnification responsibilities discussed above as part of the sale of Cotter. The radioactive residues had been generated initially in connection with the processing of uranium ores as part of the U.S. government's Manhattan Project. Cotter purchased the residues in 1969 for initial processing at the Latty Avenue facility for the subsequent extraction of uranium and metals. In 1976, the NRC found that the Latty Avenue site had radiation levels exceeding NRC criteria for decontamination of land areas. Latty Avenue was investigated and remediated by the United States Army Corps of Engineers pursuant to funding under the Formerly Utilized Sites Remedial Action Program. The DOJ has not yet formally advised the PRPs of the amount that it is seeking, but it is believed to be approximately $90 million. The DOJ and the PRPs agreed to toll the statute of limitations until August 2016 so that settlement discussions could proceed. Based on Generation's preliminary review, it appears probable that Generation has liability to Cotter under the indemnification agreement and has established an appropriate accrual for this liability.

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Commencing in February 2012, 36 lawsuits have been filed in the U.S. District Court for the Eastern District of Missouri. Among the defendants were Exelon (subsequently dismissed from the case), Generation and ComEd (the Exelon defendants) and Cotter. The suits allege that individuals living in the North St. Louis area developed some form of cancer due to the Exelon defendants' negligent or reckless conduct in processing, transporting, storing, handling and/or disposing of radioactive materials. Plaintiffs have asserted claims for negligence, strict liability, emotional distress, medical monitoring, and violations of the Price-Anderson Act. The complaints do not contain specific damage claims. In the event of a finding of liability, it is reasonably possible that Exelon would be considered liable due to its indemnification responsibilities of Cotter described above. The court has dismissed the lawsuits filed by 30 of the plaintiffs. Pre-trial motions and discovery are proceeding in the remaining cases and a proposed pre-trial scheduling order has been filed with the court. At this stage of the litigation, Generation and ComEd cannot estimate a range of loss, if any.

68 th Street Dump. In 1999, the U.S. EPA proposed to add the 68th Street Dump in Baltimore, Maryland to the Superfund National Priorities List, and notified BGE and 19 others that they are PRPs at the site. In March 2004, BGE and other PRPs formed the 68th Street Coalition and entered into consent order negotiations with the U.S. EPA to investigate clean-up options for the site under the Superfund Alternative Sites Program. In May 2006, a settlement among the U.S. EPA and 19 of the PRPs, including BGE, with respect to investigation of the site became effective. The settlement requires the PRPs, over the course of several years, to identify contamination at the site and recommend clean-up options. The PRPs submitted their investigation of the range of clean-up options in the first quarter of 2011. Although the investigation and options provided to the U.S. EPA are still subject to U.S. EPA review and selection of a remedy, the range of estimated clean-up costs to be allocated among all of the PRPs is in the range of $50 million to $64 million. On September 30, 2013, U.S. EPA issued the Record of Decision identifying its preferred remedial alternative for the site. The estimated cost for the alternative chosen by U.S. EPA is consistent with the PRPs estimated range of costs noted above. Based on Generation's preliminary review, it appears probable that Generation has liability and has established an appropriate accrual for its share of the estimated clean-up costs. A wholly owned subsidiary of Generation has agreed to indemnify BGE for most of the costs related to this settlement and clean-up of the site.

Rossville Ash Site. The Rossville Ash Site is a 32-acre property located in Rosedale, Baltimore County, Maryland, which was used for the placement of fly ash from 1983-2007. The property is owned by Constellation Power Source Generation, LLC (CPSG). In 2008, CPSG investigated and remediated the property by entering it into the Maryland Voluntary Cleanup Program (VCP) to address any historic environmental concerns and ready the site for appropriate future redevelopment. The site was accepted into the program in 2010 and is currently going through the process to remediate the site and receive closure from MDE. Exelon currently estimates the cost to close the site to be approximately $9 million, which has been fully reserved as of September 30, 2015.

Sauer Dump. On May 30, 2012, BGE was notified by the U.S. EPA that it is considered a PRP at the Sauer Dump Superfund site in Dundalk, Maryland. The U.S. EPA offered BGE and three other PRPs the opportunity to conduct an environmental investigation and present cleanup recommendations at the site. In addition, the U.S. EPA is seeking recovery from the PRPs of $1.7 million for past cleanup and investigation costs at the site. On March 11, 2013, BGE and three other PRP's signed an Administrative Settlement Agreement and Order on Consent with the U.S. EPA which requires the PRP's to conduct a Remedial Investigation and Feasibility Study at the site to determine what, if any, are the appropriate and recommended cleanup activities for the site. The ultimate outcome of this proceeding is uncertain. Since the U.S. EPA has not selected a cleanup remedy and the allocation of the cleanup costs among the PRPs has not been determined, an estimate of the range of BGE's reasonably possible loss, if any, cannot be determined.

Riverside . In 2013, the Maryland Department of the Environment (MDE), at the request of U.S. EPA, conducted a site inspection and limited environmental sampling of certain portions of the 170 acre Riverside property owned by BGE. The site consists of several different parcels with different current and historical uses.

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The sampling included soil and groundwater samples for a number of potential environmental contaminants. The sampling confirmed the existence of contaminants consistent with the known historical uses of the various portions of the site. In March 2014, the MDE requested that BGE conduct an investigation of three specific areas of the site, and a site-wide investigation of soils, sediment, groundwater, and surface water to complement the MDE sampling. The field investigation was completed in January 2015, and a final report was provided to MDE on June 2, 2015. Upon completion of the investigation the MDE will determine if the site requires further action and/or remediation. Based upon the investigation to date, BGE has established what it believes is an appropriate reserve. As the investigation and potential remediation proceed, it is possible that additional reserves could be established, in amounts that could be material to BGE.

Litigation and Regulatory Matters

Except to the extent noted below, the circumstances set forth in Note 22 of the Exelon 2014 Form 10-K describe, in all material respects, the current status of litigation matters. The following is an update to that discussion.

Asbestos Personal Injury Claims (Exelon, Generation, PECO and BGE)

Exelon and Generation . Generation maintains a reserve for claims associated with asbestos-related personal injury actions in certain facilities that are currently owned by Generation or were previously owned by ComEd and PECO. The reserve is recorded on an undiscounted basis and excludes the estimated legal costs associated with handling these matters, which could be material.

At September 30, 2015 and December 31, 2014, Generation had reserved approximately $95 million and $100 million, respectively, in total for asbestos-related bodily injury claims. As of September 30, 2015, approximately $20 million of this amount related to 217 open claims presented to Generation, while the remaining $75 million of the reserve is for estimated future asbestos-related bodily injury claims anticipated to arise through 2050, based on actuarial assumptions and analyses, which are updated on an annual basis. On a quarterly basis, Generation monitors actual experience against the number of forecasted claims to be received and expected claim payments and evaluates whether an adjustment to the reserve is necessary.

On November 22, 2013, the Supreme Court of Pennsylvania held that the Pennsylvania Workers Compensation Act does not apply to an employee's disability or death resulting from occupational disease, such as diseases related to asbestos exposure, which manifests more than 300 weeks after the employee's last employment-based exposure, and that therefore the exclusivity provision of the Act does not preclude such employee from suing his or her employer in court. The Supreme Court's ruling reverses previous rulings by the Pennsylvania Superior Court precluding current and former employees from suing their employers in court, despite the fact that the same employee was not eligible for workers compensation benefits for diseases that manifest more than 300 weeks after the employee's last employment-based exposure to asbestos. Since the Pennsylvania Supreme Court's ruling in November 2013 , Exelon, Generation, and PECO have experienced an increase in asbestos-related personal injury claims brought by former PECO employees, all of which have been reserved against on a claim by claim basis. Those additional claims are taken into account in projecting estimated future asbestos-related bodily injury claims.

On June 27, 2014, the Illinois Court of Appeals ruled that the Illinois Worker's Compensation law should not apply in cases where the diagnosis of an asbestos related disease occurred after the 25-year maximum time period for filing a Worker's Compensation claim. This decision is now on appeal to the Illinois Supreme Court. If confirmed on

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appeal, former employees could file suit against Exelon, Generation, and ComEd, similar to the way former employees are filing suit against Exelon in Pennsylvania. Currently, Exelon, Generation, and ComEd are unable to predict whether and to what extent they may experience additional claims in the future as a result of this ruling; as such, no increase to the asbestos-related bodily injury liability has been recorded as of September 30, 2015.

There is a reasonable possibility that Exelon may have additional exposure to estimated future asbestos-related bodily injury claims in excess of the amount accrued and the increases could have a material adverse effect on Exelon's, Generation's, PECO's and ComEd's future results of operations and cash flows.

BGE . Since 1993, BGE and certain Constellation (now Generation) subsidiaries have been involved in several actions concerning asbestos. The actions are based upon the theory of "premises liability," alleging that BGE and Generation knew of and exposed individuals to an asbestos hazard. In addition to BGE and Generation, numerous other parties are defendants in these cases.

Approximately 468 individuals who were never employees of BGE or certain Constellation subsidiaries have pending claims each seeking several million dollars in compensatory and punitive damages. Cross-claims and third-party claims brought by other defendants may also be filed against BGE and certain Constellation subsidiaries in these actions. To date, most asbestos claims which have been resolved have been dismissed or resolved without any payment by BGE or certain Constellation subsidiaries and a small minority of these cases has been resolved for amounts that were not material to BGE or Generation's financial results.

Discovery begins in these cases after they are placed on the trial docket. At present, only two of the pending cases are set for trial. Given the limited discovery in these cases, BGE and Generation do not know the specific facts that are necessary to provide an estimate of the reasonably possible loss relating to these claims; as such, no accrual has been made and a range of loss is not estimable. The specific facts not known include:

- the identity of the facilities at which the plaintiffs allegedly worked as contractors;
- the names of the plaintiffs' employers;
- the dates on which and the places where the exposure allegedly occurred; and
- the facts and circumstances relating to the alleged exposure.

Insurance and hold harmless agreements from contractors who employed the plaintiffs may cover a portion of any awards in the actions.

Continuous Power Interruption (ComEd)

Section 16-125 of the Illinois Public Utilities Act provides that in the event an electric utility, such as ComEd, experiences a continuous power interruption of four hours or more that affects (in ComEd's case) more than 30,000 customers, the utility may be liable for actual damages suffered by customers as a result of the interruption and may be responsible for reimbursement of local governmental emergency and contingency expenses incurred in connection with the interruption. Recovery of consequential damages is barred. The affected utility may seek from the ICC a waiver of these liabilities when the utility can show that the cause of the interruption was unpreventable damage due to weather events or conditions, customer tampering, or certain other causes enumerated in the law.

On August 18, 2011, ComEd sought from the ICC a determination that ComEd is not liable for damage compensation to customers in connection with the July 11, 2011 storm system that produced multiple power interruptions that in the aggregate affected more than 900,000 customers in ComEd's service territory, as well as for five other storm systems that affected ComEd's customers during June and July 2011 (Summer 2011 Storm Docket). In addition, on September 29, 2011, ComEd sought from the ICC a determination that it was not liable for damage compensation related to the February 1, 2011 blizzard (February 2011 Blizzard Docket).

On June 5, 2013, the ICC approved a complete waiver of liability for five of the six summer storms and the February 2011 blizzard. The ICC held that for the July 11, 2011 storm, 34,559 interruptions were preventable and therefore no waiver should apply. As required by the ICC's Order, ComEd notified relevant customers that they may be entitled to seek reimbursement of incurred costs in accordance with a claims procedure established under ICC rules and regulations. On July 31, 2014, the Illinois Appellate Court reaffirmed the ICC's decision in ComEd's appeal of the Summer 2011 Storm Docket and dismissed ComEd's appeal of the February 2011 Blizzard Docket. The Illinois Supreme Court denied ComEd's request to hear the matter. The ICC's order is now final and claims from impacted customers and municipalities are now eligible for review and reimbursement. ComEd is processing claims received to date.

In the second quarter of 2013, ComEd established a liability, which is not material, for potential reimbursements for actual damages incurred by the 34,559 customers covered by the ICC's June 5, 2013 Order. The liability recorded represents the low end of a range of potential losses given that no amount within the range represents a better estimate. ComEd's ultimate liability will be based on actual claims eligible for reimbursement. Although reimbursements for actual damages will differ from the estimated accrual recorded, at this time ComEd does not expect the difference to be material to ComEd's results of operations or cash flows.

ComEd has not recorded an accrual for reimbursement of local governmental emergency and contingency expenses as a range of loss, if any, cannot be reasonably estimated at this time, but may be material to ComEd's results of operations and cash flows.

Telephone Consumer Protection Act Lawsuit (ComEd)

On November 19, 2013, a class action complaint was filed in the Northern District of Illinois on behalf of a single individual and a presumptive class that would include all customers that ComEd enrolled in its Outage Alert text message program. The complaint alleges that ComEd violated the Telephone Consumer Protection Act (TCPA) by sending approximately 1.2 million text messages to customers without first obtaining their consent to receive such messages. The complaint seeks certification of a class along with statutory damages, attorneys' fees, and an order prohibiting ComEd from sending additional text messages. Such statutory damages could range from $500 to $1,500 per text. In February 2014, ComEd filed a motion to dismiss this class action complaint, which was denied in June 2014. On February 19, 2015, ComEd and the plaintiff agreed in principle to settle the suit for $5 million, which ComEd has recorded as a liability as of September 30, 2015. On September 11, 2015, the court granted final approval of the settlement. ComEd deposited funds for the settlement directly into an escrow account in September 2015, with payments to the class expected to commence in the fourth quarter 2015.

Baltimore City Franchise Taxes (BGE)

The City of Baltimore claims that BGE has maintained electric facilities in the City's public right-of-ways for over one hundred years without the proper franchise rights from the City. BGE has reviewed the City's claim and believes that it lacks merit. BGE has not recorded an accrual for payment of franchise fees for past periods as a range of loss, if any, cannot be reasonably estimated at this time. Franchise fees assessed in future periods may be material to BGE's results of operations and cash flows.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

General (Exelon, Generation, ComEd, PECO and BGE)

The Registrants are involved in various other litigation matters that are being defended and handled in the ordinary course of business. The assessment of whether a loss is probable or a reasonable possibility, and whether the loss or a range of loss is estimable, often involves a series of complex judgments about future events. The Registrants maintain accruals for such losses that are probable of being incurred and subject to reasonable estimation. Management is sometimes unable to estimate an amount or range of reasonably possible loss, particularly where (1) the damages sought are indeterminate, (2) the proceedings are in the early stages, or (3) the matters involve novel or unsettled legal theories. In such cases, there is considerable uncertainty regarding the timing or ultimate resolution of such matters, including a possible eventual loss.

Income Taxes (Exelon, Generation, ComEd, PECO and BGE)

See Note 12 — Income Taxes for information regarding the Registrants' income tax refund claims and certain tax positions, including the 1999 sale of fossil generating assets.

20. Supplemental Financial Information (Exelon, Generation, ComEd, PECO and BGE)

Supplemental Statement of Operations Information

The following tables provide additional information about the Registrants' Consolidated Statements of Operations and Comprehensive Income for the three and nine months ended September 30, 2015 and 2014:

Three Months Ended September 30, 2015	Exelon	Generation	ComEd	PECO	BGE
Other, Net					
Decommissioning-related activities:					
Net realized income on decommissioning trust funds [a]					
Regulatory agreement units	$ 39	$ 39	$ —	$ —	$ —
Non-regulatory agreement units	18	18	—	—	—
Net unrealized losses on decommissioning trust funds					
Regulatory agreement units	(301)	(301)	—	—	—
Non-regulatory agreement units	(218)	(218)	—	—	—
Regulatory offset to decommissioning trust fund-related activities [b]	207	207	—	—	—
Total decommissioning-related activities	(255)	(255)	—	—	—
Investment income (expense)	4	1	—	(1)	1[c]
Long-term lease income	4	—	—	—	—
AFUDC — Equity	6	—	1	1	4
Other	(3)	(3)	3	1	(1)
Other, net	$(244)	$ (257)	$ 4	$ 1	$ 4

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Nine Months Ended September 30, 2015	Exelon	Generation	ComEd	PECO	BGE
Other, Net					
Decommissioning-related activities:					
Net realized income on decommissioning trust funds [a]					
Regulatory agreement units	$ 203	$ 203	$ —	$ —	$ —
Non-regulatory agreement units	122	122	—	—	—
Net unrealized losses on decommissioning trust funds					
Regulatory agreement units	(385)	(385)	—	—	—
Non-regulatory agreement units	(274)	(274)	—	—	—
Net unrealized gains on pledged assets					
Zion Station decommissioning	9	9	—	—	—
Regulatory offset to decommissioning trust fund-related activities [b]	129	129	—	—	—
Total decommissioning-related activities	(196)	(196)	—	—	—
Investment income (expense)	6	1	—	(1)	3 [c]
Long-term lease income	12	—	—	—	—
Interest income related to uncertain income tax positions	—	1	—	—	—
AFUDC — Equity	16	—	2	4	10
Terminated interest rate swaps [d]	(26)	—	—	—	—
Other	9	1	12	—	—
Other, net	$(179)	$ (193)	$ 14	$ 3	$ 13

Three Months Ended September 30, 2014	Exelon	Generation	ComEd	PECO	BGE
Other, Net					
Decommissioning-related activities:					
Net realized income on decommissioning trust funds [a]					
Regulatory agreement units	$ 55	$ 55	$ —	$ —	$ —
Non-regulatory agreement units	39	39	—	—	—
Net unrealized losses on decommissioning trust funds					
Regulatory agreement units	(107)	(107)	—	—	—
Non-regulatory agreement units	(41)	(41)	—	—	—
Net unrealized gains on pledged assets					
Zion Station decommissioning	7	7	—	—	—
Regulatory offset to decommissioning trust fund-related activities [b]	29	29	—	—	—
Total decommissioning-related activities	(18)	(18)	—	—	—
Investment income (expense)	—	—	—	—	1 [c]
Long-term lease income	4	—	—	—	—
Interest income related to uncertain income tax positions	25	27			
AFUDC — Equity	5	—	—	2	3
Other	—	(5)	4	—	—
Other, net	$ 16	$ 4	$ 4	$ 2	$ 4

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Nine Months Ended September 30, 2014	Exelon	Generation	ComEd	PECO	BGE
Other, Net					
Decommissioning-related activities:					
Net realized income on decommissioning trust funds [a]					
Regulatory agreement units	$ 167	$ 167	$ —	$ —	$ —
Non-regulatory agreement units	102	102	—	—	—
Net unrealized gains on decommissioning trust funds					
Regulatory agreement units	126	126	—	—	—
Non-regulatory agreement units	100	100	—	—	—
Net unrealized gains on pledged assets					
Zion Station decommissioning	27	27	—	—	—
Regulatory offset to decommissioning trust fund-related activities [b]	(270)	(270)	—	—	—
Total decommissioning-related activities	252	252	—	—	—
Investment income (expense)	1	1	—	(1)	5 [c]
Long-term lease income	20	—	—	—	—
Interest income related to uncertain income tax positions	41	53	—	—	—
AFUDC — Equity	17	—	3	5	9
Other	15	—	11	1	—
Other, net	$ 346	$ 306	$ 14	$ 5	$ 14

(a) Includes investment income and realized gains and losses on sales of investments of the trust funds.
(b) Includes the elimination of NDT fund activity for the Regulatory Agreement Units, including the elimination of net income taxes related to all NDT fund activity for those units. See Note 15 — Asset Retirement Obligations of the Exelon 2014 Form 10-K for additional information regarding the accounting for nuclear decommissioning.
(c) Relates to the cash return on BGE's rate stabilization deferral. See Note 3 — Regulatory Matters of the Exelon 2014 Form 10-K for additional information regarding the rate stabilization deferral.
(d) In January 2015, in connection with Generation's $750 million issuance of five-year Senior Unsecured Notes, Exelon terminated certain floating-to-fixed interest rate swaps. As the original forecasted transactions were a series of future interest payments over a ten year period, a portion of the anticipated interest payments are probable not to occur. As a result, $26 million of anticipated payments were reclassified from Accumulated OCI to Other, net in Exelon's Consolidated Statement of Operations and Comprehensive Income.

Supplemental Cash Flow Information

The following tables provide additional information regarding the Registrants' Consolidated Statements of Cash Flows for the nine months ended September 30, 2015 and 2014:

Nine Months Ended September 30, 2015	Exelon	Generation	ComEd	PECO	BGE
Depreciation, amortization, accretion and depletion					
Property, plant and equipment	$1,648	$ 739	$ 471	$ 179	$216
Regulatory assets	131	—	57	19	55
Amortization of intangible assets, net	39	35	—	—	—
Amortization of energy contract assets and liabilities [a]	(20)	(19)	—	—	—
Nuclear fuel [b]	841	841	—	—	—
ARO accretion [c]	291	291	—	—	—
Total depreciation, amortization, accretion and depletion	$2,930	$ 1,887	$ 528	$ 198	$271

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Nine Months Ended September 30, 2014	Exelon	Generation	ComEd	PECO	BGE
Depreciation, amortization, accretion and depletion					
Property, plant and equipment	$1,549	$ 686	$ 438	$ 169	$215
Regulatory assets	150	—	83	7	60
Amortization of intangible assets, net	33	33	—	—	—
Amortization of energy contract assets and liabilities (a)	83	93	—	—	—
Nuclear fuel (b)	790	790	—	—	—
ARO accretion (c)	251	251	—	—	—
Total depreciation, amortization, accretion and depletion	$2,856	$ 1,853	$ 521	$ 176	$275

(a) Included in Operating revenues or Purchased power and fuel expense on the Registrants' Consolidated Statements of Operations and Comprehensive Income.
(b) Included in Purchased power and fuel expense on the Registrants' Consolidated Statements of Operations and Comprehensive Income.
(c) Included in Operating and maintenance expense on the Registrants' Consolidated Statements of Operations and Comprehensive Income.

Nine Months Ended September 30, 2015	Exelon	Generation	ComEd	PECO	BGE
Other non-cash operating activities:					
Pension and non-pension postretirement benefit costs	$ 476	$ 200	$ 155	$ 29	$ 49
Loss from equity method investments	3	4	—	—	—
Provision for uncollectible accounts	114	15	46	37	15
Stock-based compensation costs	102	—	—	—	—
Other decommissioning-related activity (a)	(31)	(31)	—	—	—
Energy-related options (b)	18	18	—	—	—
Amortization of rate stabilization deferral	60	—	—	—	60
Amortization of debt fair value adjustment	(34)	(9)	—	—	—
Discrete impacts of EIMA (c)	101	—	101	—	—
Amortization of debt costs	43	12	3	2	2
Increase in inventory reserve	7	8	—	—	—
Lower of cost or market inventory adjustment	15	15	—	—	—
Other	(18)	(5)	7	1	(15)
Total other non-cash operating activities	$ 856	$ 227	$ 312	$ 69	$ 111
Changes in other assets and liabilities:					
Under/over-recovered energy and transmission costs	$ 47	$ —	$ 27	$ 12	$ 8
Other regulatory assets and liabilities	(12)	—	29	(4)	(106)
Cash deposits (d)	(190)	(190)	—	—	—
Other current assets	(132)	(143)	2	(23) (e)	55
Other noncurrent assets and liabilities	(193)	(92)	(65)	(3)	—
Total changes in other assets and liabilities	$(480)	$ (425)	$ (7)	$ (18)	$ (43)
Non-cash investing and financing activities:					
Change in PPE related to the ARO update	$ 811	$ 811	$ —	$ —	$ —
Change in capital expenditures not paid	59(j)	48(j)	62	(23)	(14)
Non-cash financing of capital projects	52	52	—	—	—
Indemnification of like-kind exchange position (f)	—	—	5	—	—
Long-term software licensing agreement (g)	95	—	—	—	—

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Nine Months Ended September 30, 2014	Exelon	Generation	ComEd	PECO	BGE
Other non-cash operating activities:					
Pension and non-pension postretirement benefit costs	$ 437	$ 193	$ 129	$ 28	$ 50
Equity method investments	20	20	—	—	—
Provision for uncollectible accounts	96	10	9	39	38
Stock-based compensation costs	111	—	—	—	—
Other decommissioning-related activity [a]	(102)	(102)	—	—	—
Energy-related options [b]	92	92	—	—	—
Amortization of regulatory asset related to debt costs	8	—	—	—	—
Amortization of rate stabilization deferral	50	—	—	—	50
Amortization of debt fair value adjustment	(45)	(17)	—	—	—
Discrete impacts from EIMA [c]	(32)	—	(32)	—	—
Amortization of debt costs	36	9	4	2	2
Merger-related commitments	44	44	—	—	—
Other	(17)	2	6	1	(11)
Total other non-cash operating activities	$ 698	$ 251	$ 116	$ 70	$129
Changes in other assets and liabilities:					
Under/over-recovered energy and transmission costs	$ 53	$ —	$ 63	$ (14)	$ 6
Other regulatory assets and liabilities	(63)	—	(14)	(14)	(89)
Cash deposits [d]	(280)	(280)	—	—	—
Other current assets	(78)	24	(9)	(48) [e]	25
Other noncurrent assets and liabilities	(168)	(111)	22	1	(9)
Total changes in other assets and liabilities	$ (536)	$ (367)	$ 62	$ (75)	$ (67)
Non-cash investing and financing activities:					
Fair value of net assets recorded upon CENG consolidation	$3,400	$ 3,400	$ —	$ —	$ —
Change in PPE related to the ARO update	(91)	(91)			
Change in capital expenditures not paid	(73) [j]	(100) [j]	13	(13)	31
Issuance of equity units [h]	131	—	—	—	—
Uranium procurement [i]	70	70	—	—	—
Indemnification of like-kind exchange position [f]	—	—	4	—	—

(a) Includes the elimination of NDT fund activity for the Regulatory Agreement Units, including the elimination of operating revenues, ARO accretion, ARC amortization, investment income and income taxes related to all NDT fund activity for these units. See Note 15 — Asset Retirement Obligations of the Exelon 2014 Form 10-K for additional information regarding the accounting for nuclear decommissioning.
(b) Includes option premiums reclassified to realized at the settlement of the underlying contracts and recorded to results of operations.
(c) Reflects the change in distribution rates pursuant to EIMA, which allows for the recovery of costs by a utility through a pre-established performance-based formula rate tariff. See Note 5 — Regulatory Matters for more information.
(d) Relates primarily to cash deposits made to ISOs/RTOs.
(e) Relates primarily to prepaid utility taxes.
(f) See Note 12 — Income Taxes for discussion of the like-kind exchange tax position.
(g) Relates to a long-term software license agreement entered into on May 31, 2015. Exelon is required to make payments starting August of 2015 through May of 2024. See Note 11 —Debt and Credit Agreements for additional information.
(h) Relates to the present value of the contract payments for the equity units issued by Exelon. See Note 17—Common Stock for additional information.
(i) Relates to the nuclear fuel procurement contracts for the purchase of fixed quantities of uranium, which was delivered to Generation on June 30, 2014 and September 24, 2014. Generation is required to make payments starting June 30, 2016, with the final payment being due no later than June 30, 2018.
(j) Includes $22 million of changes in capital expenditures not paid between December 31, 2014 and September 30, 2015 and $175 million between December 31, 2013 and September 30, 2014 related to Antelope Valley.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

DOE Smart Grid Investment Grant (Exelon and PECO). For the nine months ended September 30, 2014, PECO has included in the capital expenditures line item under investing activities of the cash flow statement capital expenditures of $2 million and reimbursements of $5 million related to PECO's DOE SGIG programs. For the nine months ended September 30, 2015 PECO had no capital expenditures or reimbursements, as the DOE SGIG program was completed during 2014. See Note 3 — Regulatory Matters of the Exelon 2014 Form 10-K for additional information regarding the DOE SGIG.

Supplemental Balance Sheet Information

The following tables provide additional information about assets of the Registrants as of September 30, 2015 and December 31, 2014.

September 30, 2015	Exelon	Generation	ComEd	PECO	BGE
Property, plant and equipment:					
Accumulated depreciation and amortization	$16,185[a]	$ 8,659[a]	$3,614	$3,058	$2,962
Accounts receivable:					
Allowance for uncollectible accounts	329[c]	70	100	98[c]	61

December 31, 2014	Exelon	Generation	ComEd	PECO	BGE
Property, plant and equipment:					
Accumulated depreciation and amortization	$14,742[b]	$ 7,612[b]	$3,432	$2,917	$2,868
Accounts receivable:					
Allowance for uncollectible accounts	311[c]	60	84	100[c]	67

(a) Includes accumulated amortization of nuclear fuel in the reactor core of $3,093 million.
(b) Includes accumulated amortization of nuclear fuel in the reactor core of $2,673 million.
(c) Excludes the non-current allowance for uncollectible accounts related to PECO's installment plan receivables described below of $9 million and $7 million at September 30, 2015 and December 31, 2014, respectively.

PECO Installment Plan Receivables (Exelon and PECO)

PECO enters into payment agreements with certain delinquent customers, primarily residential, seeking to restore their service, as required by the PAPUC. Customers with past due balances that meet certain income criteria are provided the option to enter into an installment payment plan, some of which have terms greater than one year, to repay past due balances in addition to paying for their ongoing service on a current basis. The receivable balance for these payment agreement receivables is recorded in accounts receivable for the current portion and other deferred debits and other assets for the noncurrent portion. The net receivable balance for installment plans with terms greater than one year was $15 million as of September 30, 2015 and December 31, 2014 each. The allowance for uncollectible accounts reserve methodology and assessment of the credit quality of the installment plan receivables are consistent with the customer accounts receivable methodology discussed in Note 1 — Significant Accounting Policies of the Exelon 2014 Form 10-K. The allowance for uncollectible accounts balance associated with these receivables at September 30, 2015 of $17 million consists of $1 million, $4 million and $12 million for low risk, medium risk and high risk segments, respectively. The allowance for uncollectible accounts balance at December 31, 2014 of $15 million consists of $1 million, $3 million and $11 million for low risk, medium risk and high risk segments, respectively. The balance of the payment agreement is billed to the customer in equal monthly installments over the term of the agreement. Installment receivables outstanding as of September 30, 2015 and December 31, 2014 include balances not yet presented on the customer bill, accounts currently billed and an immaterial amount of past due receivables. When a customer defaults on its payment agreement, the terms of which are defined by plan type, the entire balance of the agreement becomes due and the balance is reclassified to current customer accounts receivable and reserved for in accordance with the methodology discussed in Note 1 — Significant Accounting Policies of the Exelon 2014 Form 10-K.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

21. Segment Information (Exelon, Generation, ComEd, PECO and BGE)

Operating segments for each of the Registrants are determined based on information used by the chief operating decision maker(s) (CODM) in deciding how to evaluate performance and allocate resources at each of the Registrants.

Exelon has nine reportable segments, which include ComEd, PECO, BGE and Generation's six power marketing reportable segments, consisting of the Mid-Atlantic, Midwest, New England, New York, ERCOT and all other power regions referred to collectively as "Other Power Regions", which includes activities in the South, West and Canada. ComEd, PECO and BGE each represent a single reportable segment, and as such, no separate segment information is provided for these Registrants. Exelon, ComEd, PECO and BGE's CODMs evaluate the performance of and allocate resources to ComEd, PECO and BGE based on net income and return on equity.

The basis for Generation's reportable segments is the integrated management of its electricity business that is located in different geographic regions, and largely representative of the footprints of ISO/RTO and/or NERC regions, which utilize multiple supply sources to provide electricity through various distribution channels (wholesale and retail). Generation's hedging strategies and risk metrics are also aligned to these same geographic regions. Descriptions of each of Generation's six reportable segments are as follows:

- Mid-Atlantic represents operations in the eastern half of PJM, which includes New Jersey, Maryland, Virginia, West Virginia, Delaware, the District of Columbia and parts of Pennsylvania and North Carolina.
- Midwest represents operations in the western half of PJM, which includes portions of Illinois, Pennsylvania, Indiana, Ohio, Michigan, Kentucky and Tennessee, and the United States footprint of MISO, excluding MISO's Southern Region, which covers all or most of North Dakota, South Dakota, Nebraska, Minnesota, Iowa, Wisconsin, the remaining parts of Illinois, Indiana, Michigan and Ohio not covered by PJM, and parts of Montana, Missouri and Kentucky.
- New England represents the operations within ISO-NE covering the states of Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.
- New York represents operations within ISO-NY, which covers the state of New York in its entirety.
- ERCOT represents operations within Electric Reliability Council of Texas, covering most of the state of Texas.
- Other Power Regions :
  - South represents operations in the FRCC, MISO's Southern Region, and the remaining portions of the SERC not included within MISO or PJM, which includes all or most of Florida, Arkansas, Louisiana, Mississippi, Alabama, Georgia, Tennessee, North Carolina, South Carolina and parts of Missouri, Kentucky and Texas. Generation's South region also includes operations in the SPP, covering Kansas, Oklahoma, most of Nebraska and parts of New Mexico, Texas, Louisiana, Missouri, Mississippi and Arkansas.
  - West represents operations in the WECC, which includes California ISO, and covers the states of California, Oregon, Washington, Arizona, Nevada, Utah, Idaho, Colorado, and parts of New Mexico, Wyoming and South Dakota.
  - Canada represents operations across the entire country of Canada and includes AESO, OIESO and the Canadian portion of MISO.

The CODMs for Exelon and Generation evaluate the performance of Generation's power marketing activities and allocate resources based on revenue net of purchased power and fuel expense (RNF). Generation

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

believes that RNF is a useful measurement of operational performance. RNF is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report. Generation's operating revenues include all sales to third parties and affiliated sales to ComEd, PECO, and BGE. Purchased power costs include all costs associated with the procurement and supply of electricity including capacity, energy and ancillary services. Fuel expense includes the fuel costs for Generation's owned generation and fuel costs associated with tolling agreements. The results of Generation's other business activities are not regularly reviewed by the CODM and are therefore not classified as operating segments or included in the regional reportable segment amounts. These activities include natural gas, as well as other miscellaneous business activities that are not significant to Generation's overall operating revenues or results of operations. Further, Generation's unrealized mark-to-market gains and losses on economic hedging activities and its amortization of certain intangible assets and liabilities relating to commodity contracts recorded at fair value from mergers and acquisitions are also not included in the regional reportable segment amounts. Exelon and Generation do not use a measure of total assets in making decisions regarding allocating resources to or assessing the performance of these reportable segments.

An analysis and reconciliation of the Registrants' reportable segment information to the respective information in the consolidated financial statements is as follows:

Three Months Ended September 30, 2015 and 2014

	Generation [a]	ComEd	PECO	BGE	Other [b]	Intersegment Eliminations	Exelon
Total revenues [c]:							
2015	$ 4,768	$ 1,376	$ 740	$ 725	$ 348	$ (556)	$ 7,401
2014	4,412	1,222	693	697	305	(417)	6,912
Intersegment revenues [d]:							
2015	$ 205	$ 1	$ 1	$ 3	$ 347	$ (555)	$ 2
2014	112	1	—	3	302	(418)	—
Net income (loss):							
2015	$ 332	$ 149	$ 90	$ 54	$ (36)	$ (2)	$ 587
2014	849	126	81	49	(31)	—	1,074
Total assets:							
September 30, 2015	$ 46,479	$26,129	$10,072	$8,134	$16,256	$ (11,942)	$95,128
December 31, 2014	45,348	25,392	9,943	8,078	9,794	(11,741)	86,814

(a) Generation includes the six power marketing reportable segments shown below: Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Power Regions. Intersegment revenues for Generation for the three months ended September 30, 2015 include revenue from sales to PECO of $61 million and sales to BGE of $141 million in the Mid-Atlantic region, and sales to ComEd of $2 million in the Midwest. For the three months ended September 30, 2014, intersegment revenues for Generation include revenue from sales to PECO of $28 million and sales to BGE of $83 million in the Mid-Atlantic region, and sales to ComEd of $1 million in the Midwest region.

(b) Other primarily includes Exelon's corporate operations, shared service entities and other financing and investment activities.

(c) For the three months ended September 30, 2015 and 2014, utility taxes of $28 million and $22 million, respectively, are included in revenues and expenses for Generation. For the three months ended September 30, 2015 and 2014, utility taxes of $63 million and $61 million, respectively, are included in revenues and expenses for ComEd. For the three months ended September 30, 2015 and 2014, utility taxes of $37 million and $34 million, respectively, are included in revenues and expenses for PECO. For the three months ended September 30, 2015 and 2014, utility taxes of $23 million and $21 million, respectively, are included in revenues and expenses for BGE.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

(d) Intersegment revenues exclude sales to unconsolidated affiliates. The intersegment profit associated with Generation's sale of certain products and services by and between Exelon's segments is not eliminated in consolidation due to the recognition of intersegment profit in accordance with regulatory accounting guidance. For Exelon, these amounts are included in Operating revenues in the Consolidated Statements of Operations and Comprehensive Income.

Generation total revenues:

	Three Months Ended September 30, 2015			Three Months Ended September 30, 2014		
	Revenues from External Customers (a)	Intersegment Revenues	Total Revenues	Revenues from External Customers (a)	Intersegment Revenues	Total Revenues
Mid-Atlantic	$ 1,622	$ 10	$ 1,632	$ 1,285	$ 4	$ 1,289
Midwest	1,150	1	1,151	1,062	(1)	1,061
New England	519	1	520	272	—	272
New York	254	(4)	250	230	2	232
ERCOT	317	(1)	316	303	(1)	302
Other Power Regions (b)	383	(7)	376	381	(6)	375
Total Revenues for Reportable Segments	4,245	—	4,245	3,533	(2)	3,531
Other (c)	523	—	523	879	2	881
Total Generation Consolidated Operating Revenues	$ 4,768	$ —	$ 4,768	$ 4,412	$ —	$ 4,412

(a) Includes all electric sales to third parties and affiliated sales to ComEd, PECO and BGE.
(b) Other Power Regions includes the South, West and Canada.
(c) Other represents activities not allocated to a region. See text above for a description of included activities. Also includes a $3 million decrease to revenues and a $22 million decrease to revenues for the amortization of intangible assets related to commodity contracts for the three months ended September 30, 2015 and 2014, respectively, unrealized mark-to-market losses of $7 million and gains of $271 million for the three months ended September 30, 2015 and 2014, respectively, and the elimination of intersegment revenues.

Generation total revenues net of purchased power and fuel expense:

	Three Months Ended September 30, 2015			Three Months Ended September 30, 2014		
	RNF from External Customers (a)	Intersegment RNF	Total RNF	RNF from External Customers (a)	Intersegment RNF	Total RNF
Mid-Atlantic	$ 974	$ 17	$ 991	$ 921	$ 14	$ 935
Midwest	752	—	752	722	(6)	716
New England	145	(12)	133	120	(30)	90
New York	159	8	167	176	10	186
ERCOT	166	(55)	111	186	(77)	109
Other Power Regions (b)	167	(84)	83	157	(89)	68
Total Revenues net of purchased power and fuel for Reportable Segments	2,363	(126)	2,237	2,282	(178)	2,104
Other (c)	(114)	126	12	250	178	428
Total Generation Revenues net of purchased power and fuel expense	$ 2,249	$ —	$2,249	$ 2,532	$ —	$2,532

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

(a) Includes purchases and sales from third parties and affiliated sales to ComEd, PECO and BGE.
(b) Other Power Regions includes the South, West and Canada.
(c) Other represents activities not allocated to a region. See text above for a description of included activities. Also includes a $4 million decrease to RNF and a $15 million increase to RNF for the amortization of intangible assets related to commodity contracts for the three months ended September 30, 2015 and 2014, respectively, unrealized mark-to-market losses of $139 million and gains of $267 million for the three months ended September 30, 2015 and 2014, respectively, and the elimination of intersegment revenues.

Nine Months Ended September 30, 2015 and 2014

	Generation (a)	ComEd	PECO	BGE	Other (b)	Intersegment Eliminations	Exelon
Total revenues (c):							
2015	$ 14,841	$3,709	$2,386	$2,388	$1,007	$ (1,585)	$22,746
2014	12,591	3,484	2,343	2,404	924	(1,573)	20,173
Intersegment revenues (d):							
2015	$ 567	$ 3	$ 1	$ 10	$1,003	$ (1,581)	$ 3
2014	630	2	1	21	920	(1,574)	—
Net income (loss):							
2015	$ 1,208	$ 339	$ 299	$ 212	$ (96)	$ (3)	$ 1,959
2014	1,037	335	255	156	(58)	—	1,725

(a) Generation includes the six power marketing reportable segments shown below: Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Power Regions. Intersegment revenues for Generation for the nine months ended September 30, 2015 include revenue from sales to PECO of $173 million and sales to BGE of $376 million in the Mid-Atlantic region, and sales to ComEd of $17 million in the Midwest. For the nine months ended September 30, 2014, intersegment revenues for Generation include revenue from sales to PECO of $165 million and sales to BGE of $290 million in the Mid-Atlantic region, and sales to ComEd of $175 million in the Midwest region.
(b) Other primarily includes Exelon's corporate operations, shared service entities and other financing and investment activities.
(c) For the nine months ended September 30, 2015 and 2014, utility taxes of $79 million and $67 million, respectively, are included in revenues and expenses for Generation. For the nine months ended September 30, 2015 and 2014, utility taxes of $180 million and $180 million, respectively, are included in revenues and expenses for ComEd. For the nine months ended September 30, 2015 and 2014, utility taxes of $104 million and $99 million, respectively, are included in revenues and expenses for PECO. For the nine months ended September 30, 2015 and 2014, utility taxes of $67 million and $64 million, respectively, are included in revenues and expenses for BGE.
(d) Intersegment revenues exclude sales to unconsolidated affiliates. The intersegment profit associated with Generation's sale of certain products and services by and between Exelon's segments is not eliminated in consolidation due to the recognition of intersegment profit in accordance with regulatory accounting guidance. For Exelon, these amounts are included in Operating revenues in the Consolidated Statements of Operations and Comprehensive Income.

Generation total revenues:

	Nine Months Ended September 30, 2015			Nine Months Ended September 30, 2014		
	Revenues from External Customers (b)	Intersegment Revenues	Total Revenues	Revenues from External Customers (b)	Intersegment Revenues	Total Revenues
Mid-Atlantic (a)	$ 4,475	$ 16	$ 4,491	$ 3,998	$ (14)	$ 3,984
Midwest	3,630	3	3,633	3,302	11	3,313
New England	1,743	3	1,746	1,028	5	1,033
New York (a)	786	(8)	778	614	(1)	613
ERCOT	691	(4)	687	743	(2)	741
Other Power Regions (c)	891	(11)	880	1,027	(4)	1,023

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Nine Months Ended September 30, 2015			Nine Months Ended September 30, 2014		
	Revenues from External Customers [b]	Intersegment Revenues	Total Revenues	Revenues from External Customers [b]	Intersegment Revenues	Total Revenues
Total Revenues for Reportable Segments	12,216	(1)	12,215	10,712	(5)	10,707
Other [d]	2,625	1	2,626	1,879	5	1,884
Total Generation Consolidated Operating Revenues	$ 14,841	$ —	$14,841	$ 12,591	$ —	$12,591

(a) On April 1, 2014, Generation assumed operational control of CENG's nuclear fleet. As a result, beginning on April 1, 2014, CENG's revenues are included on a fully consolidated basis.
(b) Includes all wholesale and retail electric sales to third parties and affiliated sales to ComEd, PECO and BGE.
(c) Other Power Regions includes the South, West and Canada.
(d) Other represents activities not allocated to a region. See text above for a description of included activities. Also includes a $19 million increase to revenues and a $203 million decrease to revenues for the amortization of intangible assets related to commodity contracts for the nine months ended September 30, 2015 and 2014, respectively, unrealized mark-to-market gains of $171 million and losses of $572 million for the nine months ended September 30, 2015 and 2014, respectively, and elimination of intersegment revenues.

Generation total revenues net of purchased power and fuel expense:

	Nine Months Ended September 30, 2015			Nine Months Ended September 30, 2014		
	RNF from External Customers [b]	Intersegment RNF	Total RNF	RNF from External Customers [b]	Intersegment RNF	Total RNF
Mid-Atlantic [a]	$ 2,633	$ 30	$2,663	$ 2,610	$ (60)	$2,550
Midwest	2,198	(3)	2,195	1,856	21	1,877
New England	416	(37)	379	362	(72)	290
New York [a]	471	27	498	289	24	313
ERCOT	344	(109)	235	457	(207)	250
Other Power Regions [c]	403	(210)	193	465	(216)	249
Total Revenues net of purchased power and fuel expense for Reportable Segments	6,465	(302)	6,163	6,039	(510)	5,529
Other [d]	576	302	878	(519)	510	(9)
Total Generation Revenues net of purchased power and fuel expense	$ 7,041	$ —	$7,041	$ 5,520	$ —	$5,520

(a) On April 1, 2014, Generation assumed operational control of CENG's nuclear fleet. As a result, starting on April 1, 2014, CENG's revenue net of purchased power and fuel expense are included on a fully consolidated basis.
(b) Includes purchases and sales from third parties and affiliated sales to ComEd, PECO and BGE.
(c) Other Power Regions includes the South, West and Canada.
(d) Other represents activities not allocated to a region. See text above for a description of included activities. Also includes a $20 million increase to RNF and a $78 million decrease to RNF for the amortization of intangible assets related to commodity contracts for the nine months ended September 30, 2015 and 2014, respectively, unrealized mark-to-market gains of $258 million and losses of $477 million for the nine months ended September 30, 2015 and 2014, respectively, and the elimination of intersegment revenue net of purchased power and fuel expense.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

(Dollars in millions except per share data, unless otherwise noted)

Exelon Corporation

General

Exelon, a utility services holding company, operates through the following principal subsidiaries:

- *Generation,* whose integrated business consists of the generation, physical delivery and marketing of power across multiple geographical regions through its customer-facing business, Constellation, which sells electricity and natural gas to both wholesale and retail customers. Generation also sells renewable energy and other energy-related products and services, and engages in natural gas and oil exploration and production activities (Upstream).
    - As a result of the Constellation merger, Generation owns a 50.01% interest in CENG. During 2014, Generation assumed the operating licenses and corresponding operational control of CENG's nuclear fleet. As a result, Exelon and Generation fully consolidated CENG's financial position and results of operations into their financial statements since April 1, 2014.
- *ComEd,* whose business consists of the purchase and regulated retail sale of electricity and the provision of electricity transmission and distribution services in northern Illinois, including the City of Chicago.
- *PECO,* whose business consists of the purchase and regulated retail sale of electricity and the provision of electricity distribution and transmission services in southeastern Pennsylvania, including the City of Philadelphia, and the purchase and regulated retail sale of natural gas and the provision of distribution services in the Pennsylvania counties surrounding the City of Philadelphia.
- *BGE,* whose business consists of the purchase and regulated retail sale of electricity and natural gas and the provision of electricity distribution and transmission and gas distribution services in central Maryland, including the City of Baltimore.

Exelon has nine reportable segments consisting of Generation's six power marketing reportable segments (Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Power Regions in Generation), ComEd, PECO and BGE. See Note 21 — Segment Information of the Combined Notes to Consolidated Financial Statements for additional information regarding Exelon's reportable segments.

Through its business services subsidiary BSC, Exelon provides its operating subsidiaries with a variety of support services at cost. The costs of these services are directly charged or allocated to the applicable operating segments. Additionally, the results of Exelon's corporate operations include costs for corporate governance and interest costs and income from various investment and financing activities.

Exelon's consolidated financial information includes the results of its four separate operating subsidiary registrants, Generation, ComEd, PECO and BGE, which, along with Exelon, are collectively referred to as the Registrants. The following combined Management's Discussion and Analysis of Financial Condition and Results of Operations is separately filed by Exelon, Generation, ComEd, PECO and BGE. However, none of the Registrants makes any representation as to information related solely to any of the other Registrants.

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Executive Overview

Financial Results. The following consolidated financial results reflect the results of Exelon for the three and nine months ended September 30, 2015 compared to the same period in 2014. All amounts presented below are before the impact of income taxes, except as noted.

	Three Months Ended September 30,							Favorable (Unfavorable) Variance
	2015						2014	
	Generation [a]	ComEd [c]	PECO [c]	BGE [c]	Other	Exelon [a]	Exelon	
Operating revenues	$ 4,768	$ 1,376	$ 740	$ 725	$(208)	$ 7,401	$6,912	$ 489
Purchased power and fuel	2,519	390	278	311	(207)	3,291	2,648	(643)
Revenue net of purchased power and fuel [b]	2,249	986	462	414	(1)	4,110	4,264	(154)
Other operating expenses								
Operating and maintenance	1,241	404	196	169	(14)	1,996	1,982	(14)
Depreciation and amortization	264	176	68	79	19	606	577	(29)
Taxes other than income	123	79	44	57	7	310	306	(4)
Total other operating expenses	1,628	659	308	305	12	2,912	2,865	(47)
Equity in earnings of unconsolidated affiliates	—	—	—	—	—	—	1	(1)
Gain on sales of assets	1	—	—	1	—	2	338	(336)
Operating income (loss)	622	327	154	110	(13)	1,200	1,738	(538)
Other income and (deductions)								
Interest expense, net	(68)	(83)	(28)	(25)	(49)	(253)	(258)	5
Other, net	(257)	4	1	4	4	(244)	16	(260)
Total other income and (deductions)	(325)	(79)	(27)	(21)	(45)	(497)	(242)	(255)
Income before income taxes	297	248	127	89	(58)	703	1,496	(793)
Income taxes	(36)	99	37	35	(20)	115	422	307
Equity in losses of unconsolidated affiliates	(1)	—	—	—	—	(1)	—	(1)
Net income (loss)	332	149	90	54	(38)	587	1,074	(487)
Net income (loss) attributable to noncontrolling interests, preferred security dividends and redemption and preference stock dividends	(45)	—	—	3	—	(42)	81	123
Net income (loss) attributable to common shareholders	$ 377	$ 149	$ 90	$ 51	$ (38)	$ 629	$ 993	$ (364)

	Nine Months Ended September 30,							Favorable (Unfavorable) Variance
	2015						2014	
	Generation [a]	ComEd [c]	PECO [c]	BGE [c]	Other	Exelon [a]	Exelon	
Operating revenues	$ 14,841	$ 3,709	$ 2,386	$2,388	$(578)	$22,746	$20,173	$ 2,573
Purchased power and fuel	7,800	991	953	1,037	(571)	10,210	9,399	(811)
Revenue net of purchased power and fuel [b]	7,041	2,718	1,433	1,351	(7)	12,536	10,774	1,762
Other operating expenses								
Operating and maintenance	3,860	1,166	609	499	(15)	6,119	6,005	(114)
Depreciation and amortization	774	528	198	271	47	1,818	1,732	(86)
Taxes other than income	369	225	125	169	20	908	887	(21)
Total other operating expenses	5,003	1,919	932	939	52	8,845	8,624	(221)
Equity in losses of unconsolidated affiliates	—	—	—	—	—	—	(20)	20
Gain on sales of assets	7	—	1	1	1	10	356	(346)
Gain on consolidation and acquisition of businesses	—	—	—	—	—	—	261	(261)
Operating income (loss)	2,045	799	502	413	(58)	3,701	2,747	954
Other income and (deductions)								
Interest expense, net	(269)	(248)	(84)	(73)	(81)	(755)	(722)	(33)
Other, net	(193)	14	3	13	(16)	(179)	346	(525)
Total other income and (deductions)	(462)	(234)	(81)	(60)	(97)	(934)	(376)	(558)
Income (loss) before income taxes	1,583	565	421	353	(155)	2,767	2,371	396
Income taxes	371	226	122	141	(55)	805	646	(159)
Equity in earnings (loss) of unconsolidated affiliates	(4)	—	—	—	1	(3)	—	(3)
Net income (loss)	1,208	339	299	212	(99)	1,959	1,725	234
Net income attributable to noncontrolling interests, preferred security dividends and redemption and preference stock dividends	(10)	—	—	10	—	—	121	121
Net income (loss) attributable to common shareholders	$ 1,218	$ 339	$ 299	$ 202	$ (99)	$ 1,959	$ 1,604	$ 355

(a) On April 1, 2014, Generation assumed operational control of CENG's nuclear fleet. As a result, the 2015 financial results include CENG's results of operations on a fully consolidated basis.

(b) The Registrants' evaluate operating performance using the measure of revenue net of purchased power and fuel expense. The Registrants' believe that revenue net of purchased power and fuel expense is a useful measurement because it provides information that can be used to evaluate its operational performance. Revenue net of purchased power and fuel expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

(c) For regulatory recovery mechanisms, including ComEd's distribution formula rate, ComEd and BGE's transmission formula rates, and riders across all utilities, revenues increase and decrease i) as fully recoverable costs fluctuate (with no impact on net earnings), and ii) pursuant to changes in rate base, capital structure and ROE (which impact net earnings).

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Three Months Ended September 30, 2015 Compared to Three Months Ended September 30, 2014. Exelon's net income attributable to common shareholders was $629 million for the three months ended September 30, 2015 as compared to $993 million for the three months ended September 30, 2014, and diluted earnings per average common share were $0.69 for the three months ended September 30, 2015 as compared to $1.15 for the three months ended September 30, 2014.

Operating revenue net of purchased power and fuel expense, which is a non-GAAP measure discussed below, decreased by $154 million for the three months ended September 30, 2015 as compared to the same period in 2014. The quarter-over-quarter decrease in operating revenue net of purchased power and fuel expense was primarily due to the following unfavorable factors:

- Decrease of $406 million at Generation due to mark-to-market losses of $139 million in 2015 from economic hedging activities as compared to $267 million in mark-to-market gains in 2014;
- Decrease of $19 million at Generation related to amortization of energy contracts recorded at fair value during prior acquisitions;

The quarter-over-quarter decrease in revenue net of purchased power and fuel expense was partially offset by the following favorable factors:

- Increase of $142 million at Generation primarily due the benefit of lower cost to serve load, the inclusion of Integrys' results in 2015, and increased load served; partially offset by lower margins and capacity revenues resulting from the absence of generating assets sold in 2014;
- Increase of $90 million at ComEd primarily due to increased electric distribution and transmission formula rate revenue resulting from increased capital investments and an increase in fully recoverable costs and favorable weather, partially offset by lower electric distribution ROE due to a decrease in treasury rates;
- Increase of $24 million at PECO primarily due to favorable weather; and
- Increase of $14 million at BGE primarily due to increased distribution revenue as a result of the December 2014 electric and natural gas distribution rate case order issued by the Maryland PSC and an increase in fully recoverable costs.

Operating and maintenance expense increased by $14 million for the three months ended September 30, 2015 as compared to the same period in 2014 primarily due to the following favorable factors:

- Increase in Generation's labor, contracting and materials costs of $45 million;
- An increase in pension and non-pension postretirement benefits expense of $19 million as a result the unfavorable impact of lower assumed pension and OPEB discount rates for 2015 and an increase in the life expectancy assumption for plan participants in 2015; and
- Increased fully recoverable energy efficiency program costs at ComEd of $21 million.

The quarter-over-quarter increase in operating and maintenance expense was partially offset by the following favorable factors:

- Long-lived asset impairments of $49 million in 2014; and
- Merger and integration costs of $46 million in 2015 as compared to $70 million in 2014.

Depreciation and amortization expense increased by $29 million primarily related to ongoing capital expenditures across all registrants.

Taxes other than income remained relatively flat quarter-over-quarter.

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Gain on sales of assets decreased by $336 million primarily due to the gain on sale of Safe Harbor Water Corporation recorded in 2014.

Interest expense decreased by $5 million primarily as a result of the favorable settlement in 2015 of an income tax position on Constellation's pre-acquisition tax returns at Generation, partially offset by higher outstanding debt at Generation and Corporate.

Other, net decreased by $260 million primarily as a result of the change in realized and unrealized gains and losses on NDT fund investments at Generation.

Equity in losses of unconsolidated affiliates remained relatively flat quarter-over-quarter.

Exelon's effective income tax rates for the three months ended September 30, 2015 and 2014 were 16.4% and 28.2%, respectively. See Note 12 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

For further detail regarding the financial results for the three months ended September 30, 2015, including explanation of the non-GAAP measure of revenue net of purchased power and fuel expense, see the discussions of Results of Operations by Segment below.

Nine Months Ended September 30, 2015 Compared to Nine Months Ended September 30, 2014. Exelon's net income attributable to common shareholders was $1,959 million for the nine months ended September 30, 2015 as compared to $1,604 million for the nine months ended September 30, 2014, and diluted earnings per average common share were $2.22 for the nine months ended September 30, 2015 as compared to $1.86 for the nine months ended September 30, 2014.

Operating revenue net of purchased power and fuel expense, which is a non-GAAP measure discussed below, increased by $1,762 million for the nine months ended September 30, 2015 as compared to the same period in 2014. The year-over-year increase in operating revenue net of purchased power and fuel expense was primarily due to the following favorable factors:

- Increase of $692 million at Generation primarily due to the inclusion of CENG's results on a fully consolidated basis in 2015, a reduction in the number of nuclear outage days in 2015, the inclusion of Integrys' results in 2015, the benefit of lower cost to serve load (which includes the absence of higher procurement costs for replacement power due to extreme cold weather in the first quarter of 2014), the cancellation of the DOE spent nuclear fuel disposal fee, increased capacity prices, favorability from portfolio management optimization activities, and increased load served, partially offset by lower margins and capacity revenues resulting from the absence of generating assets sold in 2014, lower realized energy prices and the absence of fuel optimization opportunities realized in 2014 in the South;
- Increase of $98 million at Generation related to amortization of contracts recorded at fair value during prior acquisitions;
- Increase of $735 million at Generation due to mark-to-market gains of $258 million in 2015 from economic hedging activities as compared to $477 million in mark-to-market losses in 2014;
- Increase of $149 million at ComEd primarily due to increased electric distribution and transmission formula rate revenues due to increased capital investments and an increase in fully recoverable costs, partially offset by lower electric distribution ROE due to a decrease in treasury rates;
- Increase of $50 million at PECO primarily due to favorable weather and volume; and
- Increase of $41 million at BGE primarily due to increased distribution revenue as a result of the December 2014 electric and natural gas distribution rate case order issued by the Maryland PSC.

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Operating and maintenance expense increased by $114 million for the nine months ended September 30, 2015 as compared to the same period in 2014 primarily due to the following unfavorable factors:

- Increase in Generation's labor, contracting and materials costs of $202 million primarily due to the inclusion of CENG's results on a fully consolidated basis in 2015;
- An increase in the costs associated with number of planned nuclear refueling outage days, including Salem and the CENG plants, at Generation of $8 million.
- An increase in pension and non-pension postretirement benefits expense of $26 million as a result the unfavorable impact of lower assumed pension and OPEB discount rates for 2015 and an increase in the life expectancy assumption for plan participants in 2015, partially offset by cost savings from plan design changes for certain OPEB plans effective April 2014 and forward;
- Increase in labor, contracting and materials of $38 million at ComEd due to increased contracting costs related to preventative maintenance and other projects; and
- Increased fully recoverable costs associated with uncollectible accounts at ComEd of $37 million.

The year-over-year increase in operating and maintenance expense was partially offset by the following favorable factors:

- Long-lived asset impairments of $24 million in 2015 compared to $162 million in 2014;
- Decreased storm costs at PECO and BGE of $78 million and $23 million, respectively;
- Decreased uncollectible accounts expense at BGE of $23 million; and
- A benefit in 2015 of $14 million for the favorable settlement of a long-term railcar lease agreement pursuant to the Midwest Generation bankruptcy.

Depreciation and amortization expense increased by $86 million primarily as a result of the inclusion of CENG's results on a fully consolidated basis in 2015 at Generation and ongoing capital expenditures across all registrants.

Taxes other than income increased by $21 million primarily due to the inclusion of CENG's results on a fully consolidated basis in 2015.

Equity in earnings of unconsolidated affiliates increased by $17 million primarily due to CENG's operating results being fully consolidated beginning April 1, 2014 and, as a result, are not reflected as equity method losses in 2015.

Gains on sales of assets decreased by $346 million primarily due to the gain on sale of Safe Harbor Water Corporation recorded in 2014.

Gain on consolidation and acquisition of businesses decreased by $261 million due to the gain recorded upon the consolidation of CENG in 2014, resulting from the difference in the fair value of CENG's net assets as of April 2014, and the equity method investment previously recorded on Generation's and Exelon's books and the settlement of pre-existing transactions between Generation and CENG.

Interest expense increased by $33 million primarily as a result of higher outstanding debt at Generation and Exelon Corporate, and financing agreements related to the pending PHI merger at Exelon Corporate, partially offset by mark-to-market gains recorded in 2015 on forward-starting interest rate swaps related to the financing of the pending PHI merger recorded at Exelon Corporate as compared to losses recorded in 2014 and the favorable settlement in 2015 of an income tax position on Constellation's pre-acquisition tax returns at Generation.

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Other, net decreased by $525 million primarily as a result of the change in realized and unrealized gains and losses on NDT fund investments at Generation, favorable settlements in 2014 of certain income tax positions on Constellation's pre-acquisition tax returns and a loss of $26 million on the termination of forward-starting interest rate swaps in 2015 at Exelon Corporate.

Exelon's effective income tax rates for the nine months ended September 30, 2015 and 2014 were 29.1% and 27.2%, respectively. See Note 12 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

For further detail regarding the financial results for the nine months ended September 30, 2015, including explanation of the non-GAAP measure revenue net of purchased power and fuel expense, see the discussions of Results of Operations by Segment below.

Adjusted (non-GAAP) Operating Earnings. Exelon's adjusted (non-GAAP) operating earnings for the three months ended September 30, 2015 were $757 million, or $0.83 per diluted share, compared with adjusted (non-GAAP) operating earnings of $676 million, or $0.78 per diluted share for the same period in 2014. Exelon's adjusted (non-GAAP) operating earnings for the nine months ended September 30, 2015 were $1,880 million, or $2.13 per diluted share, compared with adjusted (non-GAAP) operating earnings of $1,646 million, or $1.91 per diluted share for the same period in 2014. In addition to net income attributable to common shareholders, Exelon evaluates its operating performance using the measure of adjusted (non-GAAP) operating earnings because management believes it represents earnings directly related to the ongoing operations of the business. Adjusted (non-GAAP) operating earnings exclude certain costs, expenses, gains and losses and other specified items. This information is intended to enhance an investor's overall understanding of year-to-year operating results and provide an indication of Exelon's baseline operating performance. In addition, this information is among the primary indicators management uses as a basis for evaluating performance, allocating resources, setting incentive compensation targets and planning and forecasting of future periods. Adjusted (non-GAAP) operating earnings is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

The following table provides a reconciliation between net income attributable to common shareholders as determined in accordance with GAAP and adjusted (non-GAAP) operating earnings for the three and nine months ended September 30, 2015 as compared to the same period in 2014. The footnotes below the table provide tax expense (benefit) impacts:

	Three Months Ended September 30,			
	2015		2014	
(All amounts after tax)		Earnings per Diluted Share		Earnings per Diluted Share
Net Income Attributable to Common Shareholders	$629	$ 0.69	$ 993	$ 1.15
Mark-to-Market Impact of Economic Hedging Activities [a]	85	0.09	(158)	(0.18)
Unrealized Losses Related to NDT Fund Investments [b]	133	0.15	22	0.03
Asset Retirement Obligation [c]	(6)	(0.01)	(13)	(0.02)
Plant Retirements and Divestitures [d]	—	—	(197)	(0.23)
Long-Lived Asset Impairment [e]	—	—	30	0.03
Merger and Integration Costs [f]	12	0.02	58	0.06
Amortization of Commodity Contract Intangibles [g]	2	—	(12)	(0.01)
Mark-to-Market Impact of PHI Merger Related Interest Rate Swaps [h]	—	—	6	0.01
Tax Settlements [i]	(52)	(0.06)	(66)	(0.08)
CENG Noncontrolling Interest [j]	(46)	(0.05)	13	0.02
Adjusted (non-GAAP) Operating Earnings	$757	$ 0.83	$ 676	$ 0.78

(All amounts after tax)	Nine Months Ended September 30, 2015	Earnings per Diluted Share	2014	Earnings per Diluted Share
Net Income Attributable to Common Shareholders	$1,959	$ 2.22	$1,604	$ 1.86
Mark-to-Market Impact of Economic Hedging Activities [a]	(158)	(0.18)	293	0.34
Unrealized (Gains) Losses Related to NDT Fund Investments [b]	164	0.19	(62)	(0.07)
Asset Retirement Obligation [c]	(6)	(0.01)	(13)	(0.02)
Plant Retirements and Divestitures [d]	—	—	(197)	(0.23)
Impairment of Long Lived Assets [e]	15	0.02	98	0.11
Merger and Integration Costs [f]	50	0.06	99	0.11
Amortization of Commodity Contract Intangibles [g]	(13)	(0.01)	42	0.06
Mark-to-Market Impact of PHI Merger Related Interest Rate Swaps [h]	(21)	(0.03)	6	0.01
Tax Settlements [i]	(52)	(0.06)	(101)	(0.12)
Gain on CENG Integration [k]	—	—	(159)	(0.18)
Midwest Generation Bankruptcy Recoveries [l]	(6)	(0.01)	—	—
CENG Noncontrolling Interest [j]	(52)	(0.06)	36	0.04
Adjusted (non-GAAP) Operating Earnings	$1,880	$ 2.13	$1,646	$ 1.91

(a) Reflects the impact of (gains) losses for the three months ended September 30, 2015 and September 30, 2014 (net of taxes of $54 million and $105 million, respectively) and the nine months ended September 30, 2015 and September 30, 2014 (net of taxes of $101 million and $188 million, respectively) on Generation's economic hedging activities. See Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional detail related to Generation's hedging activities.

(b) Reflects the impact of unrealized (gains) losses for Non-Regulatory Agreement Units and the contractual offset for taxes related to Regulatory Agreement Units and Pledged Assets for the three months ended September 30, 2015 and September 30, 2014 (net of taxes of $148 million and $25 million, respectively) and the nine months ended September 30, 2015 and September 30, 2014 (net of taxes of $193 million and $22 million, respectively) on Generation's NDT fund investments. See Note 13 — Nuclear Decommissioning of the Combined Notes to Consolidated Financial Statements for additional detail related to Generation's NDT fund investments.

(c) Reflects the impacts of a non-cash benefit pursuant to the annual update of Generation's decommissioning obligation for the three and nine months ended September 30, 2015 and September 30, 2014 (net of taxes of $4 million for all periods).

(d) Reflects the impact associated with the sale or retirement of Generation's ownership interest in generating stations for the three and nine months ended September 30, 2014 (net of taxes of $132 million).

(e) Reflects the 2015 charge to earnings for the nine months ended September 30, 2015 related to the impairment of investment in long-term leases (net of taxes of $9 million) and 2014 charges to earnings for the three and nine months ended September 30, 2014 related to the impairment of certain wind generating assets, certain generating assets held for sale, and investment in long-term leases (net of taxes of $20 million and $18 million, respectively).

(f) Reflects certain costs incurred for the three months ended September 30, 2015 and September 30, 2014 (net of taxes of $9 million and $20 million, respectively) and the nine months ended September 30, 2015 and September 30, 2014 (net of taxes of $32 million and $30 million, respectively) associated with the Constellation merger, pending PHI acquisition, and, at Generation, the CENG integration, including professional fees, employee-related expenses, integration activities, upfront credit facilities fees, merger commitments, and certain pre-acquisition contingencies.

(g) Reflects the non-cash impact for the three months ended September 30, 2015 and September 30, 2014 (net of taxes of $2 million and $2 million, respectively) and the nine months ended September 30, 2015 and September 30, 2014 (net of taxes of $7 million and $44 million, respectively) of the amortization of intangible assets, net, related to commodity contracts recorded at fair value at the Constellation merger and the Integrys acquisition.

(h) Reflects the impact of losses (gains) on forward-starting interest rate swaps at Exelon Corporate related to financing of the pending PHI acquisition for the nine months ended September 30, 2015 (net of taxes of $14 million) and the three and nine months ended September 30, 2014 (net of taxes of $4 million for both periods) .

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(i) Reflects a benefit related to the favorable settlement of certain income tax positions on Constellation's pre-acquisition tax returns for the three months ended September 30, 2015 and September 30, 2014 (inclusive of taxes of $41 million and $52 million, respectively) and the nine months ended September 30, 2015 and September 30, 2014 (inclusive of taxes of $41 million and $70 million, respectively).

(j) Represents Generation's non-controlling interest related to CENG exclusion items, primarily related to the impact of unrealized gains and losses on NDT fund investments in 2015, and in 2014 the impact of unrealized gains and losses on NDT fund investments, certain merger and acquisition costs, and non-cash amortization of intangible assets, net, related to commodity contracts.

(k) Reflects the non-cash gain recorded upon consolidation of CENG in accordance with the execution of the NOSA on April 1, 2014 for the nine months ended September 30, 2014 (net of taxes of $103 million).

(l) Reflects a benefit related to the favorable settlement of a long term lease agreement pursuant to the Midwest Generation bankruptcy for the nine months ended September 30, 2015 (net of taxes of $4 million).

As discussed above, Exelon has incurred costs associated with the Constellation merger, CENG integration, Integrys acquisition and pending PHI acquisition including employee-related expenses (e.g. severance, retirement, relocation and retention bonuses), integration initiatives, and certain pre-acquisition contingencies.

For the three and nine months ended September 30, 2015 and 2014, expense has been recognized for costs incurred to achieve the Constellation merger, CENG integration and the Integrys and pending PHI acquisitions as follows:

	Pre-tax Expense				
	Three Months Ended September 30, 2015				
Merger, Integration and Acquisition Costs:	**Generation**	**ComEd**	**PECO**	**BGE**	**Exelon**
Transaction (a)	$ —	$ —	$ —	$ —	$ 5
Other (b)	10	3	1	2	17
Total	$ 10	$ 3	$ 1	$ 2	$ 22

	Pre-tax Expense				
	Three Months Ended September 30, 2014				
Merger and Integration Costs:	**Generation**	**ComEd**	**PECO**	**BGE**	**Exelon**
Financing (c)	$ —	$ —	$ —	$ —	$ 11
Regulatory Commitments (d)	44	—	—	—	44
Other (b)	18	—	—	—	23
Total	$ 62	$ —	$ —	$ —	$ 78

	Pre-tax Expense				
	Nine Months Ended September 30, 2015				
Merger, Integration and Acquisition Costs:	**Generation**	**ComEd**	**PECO**	**BGE**	**Exelon**
Transaction (a)	$ —	$ —	$ —	$ —	$ 14
Financing (c)	—	—	—	—	21
Other (b)	30	9	4	4	49
Total	$ 30	$ 9	$ 4	$ 4	$ 84

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Merger and Integration Costs:	Pre-tax Expense Nine Months Ended September 30, 2014				
	Generation	ComEd	PECO	BGE	Exelon
Financing [c]	$ —	$ —	$ —	$ —	$ 20
Regulatory Commitments [d]	44	—	—	—	44
Employee-Related [e]	5	—	—	—	5
Other [b]	43	—	—	—	60
Total	$ 92	$ —	$ —	$ —	$ 129

(a) External, third party costs paid to advisors, consultants, lawyers and other experts to assist in the due diligence and regulatory approval processes and in the closing of transactions.
(b) Costs to integrate CENG and Constellation processes and systems into Exelon and to terminate certain Constellation debt agreements. For the three and nine months ended September 30, 2015, also includes professional fees primarily related to integration for the proposed PHI acquisition.
(c) Reflects (benefits) costs recorded at Exelon related to the financing of the PHI merger, including upfront credit facility fees. Excludes mark-to-market activity on forward-starting interest rate swaps.
(d) Reflects costs incurred at Generation for a Constellation merger commitment.
(e) Costs primarily for employee severance, pension and OPEB expense and retention bonuses.

As of September 30, 2015, Exelon projects incurring total PHI acquisition and integration related costs over the next five years of approximately $635 million, excluding the amounts Exelon and PHI are committed, if approved, to provide to the PHI utility's respective customers. Included in this amount are costs to fund the acquisition of which $66 million has been paid and recorded as deferred debt issuance costs and $60 million has been incurred and charged to common stock. Also included is approximately $100 million for integration costs expected to be capitalized to Property, plant and equipment. Including 2014 and through September 30, 2015, Exelon has incurred approximately $226 million of expense associated with the proposed merger. The remaining costs will be primarily within Operating and maintenance expense within Exelon's Consolidated Statements of Operations and Comprehensive Income.

Pursuant to the conditions set forth by the MDPSC in its approval of the Exelon and Constellation merger transaction, Exelon committed to provide a package of benefits to BGE customers, and make certain investments in the City of Baltimore and the State of Maryland, resulting in an estimated direct investment in the State of Maryland of approximately $1 billion. The direct investment estimate includes $95 million to $120 million for the requirement to cause construction of a headquarters building in Baltimore for Generation's competitive energy businesses. On March 20, 2013, Generation signed a 20-year lease agreement for office space that was contingent upon the developer obtaining all required approvals, permits and financing for the construction of a building in Baltimore, Maryland. The operating lease became effective during the second quarter of 2014 when these outstanding contingencies were met by the developer. Construction began late in the second quarter of 2014 and the building is expected to be ready for occupancy by the end of 2016. See Note 19 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements for further information related to the lease commitments.

Exelon's Strategy and Outlook for the remainder of 2015 and Beyond

Exelon's value proposition and competitive advantage come from its scope and scale across the energy value chain and its core strengths of operational excellence and financial discipline. Exelon's strategy is to leverage its integrated business model to create value and diversify its business. Exelon's competitive and regulated businesses feature a mix of attributes that, when combined, offer shareholders and customers a unique value proposition:

- Generation's competitive businesses provide commodity exposure and a platform to diversify into adjacent markets, while providing residual dividend support.
- Exelon's utilities provide a foundation for stable earnings and dividend support, which translates to a stable currency in our stock.

Exelon believes its strategy provides a platform for optimal success in an energy industry experiencing fundamental and sweeping change.

Generation's competitive businesses create value for customers by providing innovative solutions and reliable, clean and affordable energy. Generation's electricity generation strategy is to pursue opportunities that provide generation to load matching and that diversify the generation fleet to reduce earnings volatility. Generation leverages its energy generation portfolio to deliver energy to both wholesale and retail customers. Generation's customer facing activities foster development and delivery of other innovative energy-related products and services for its customers. Generation operates in well-developed energy markets and employs an integrated hedging strategy to manage commodity price volatility. Its generation fleet, including its nuclear plants which consistently operate at high capacity factors, also provide geographic and supply source diversity. These factors help Generation mitigate the current challenging conditions in competitive energy markets.

Exelon's utility strategy is to improve reliability and operations and enhance the customer experience, while ensuring ratemaking mechanisms provide the utilities fair financial returns. The Exelon utilities only invest in rate base where it provides a net benefit to customers and the community by increasing reliability and the service experience or otherwise meeting customer needs. The Exelon utilities make these investments prudently and at the lowest reasonable cost to customers. Exelon seeks to leverage its scale and expertise across the utilities platform through enhanced standardization and sharing of best practices to achieve improved operational and financial results. Additionally, ComEd, PECO and BGE anticipate making significant future investments in smart meter technology, transmission projects, gas infrastructure, and electric system improvement projects, providing greater reliability and improved service for our customers and a stable return for the company.

Exelon's financial priorities are to maintain investment grade credit metrics at each of Exelon, Generation, ComEd, PECO and BGE, and to return value to Exelon's shareholders with a sustainable dividend throughout the energy commodity market cycle and through earnings growth from attractive investment opportunities.

Various market, financial, and other factors could affect the Registrants' success in pursuing their strategies. Exelon continues to assess infrastructure, operational, commercial, policy, and legal solutions to these issues. See ITEM 1A. RISK FACTORS of the Exelon 2014 Form 10-K for additional information regarding market and financial factors.

Proposed Merger with Pepco Holdings, Inc. (Exelon)

On April 29, 2014, Exelon and Pepco Holdings, Inc. (PHI) signed an agreement and plan of merger (as subsequently amended and restated as of July 18, 2014, the Merger Agreement) to combine the two companies in an all cash transaction. The resulting company will retain the Exelon name and be headquartered in Chicago. Under the Merger Agreement, PHI's shareholders will receive $27.25 of cash in exchange for each share of PHI common stock. Based on the outstanding shares of PHI's common stock as of September 30, 2015, PHI shareholders would receive $6.9 billion in total cash. In addition, in connection with the Merger Agreement, Exelon entered into a subscription agreement under which it has purchased $180 million of a class of nonvoting, nonconvertible and nontransferable preferred securities of PHI. The preferred securities are included in Other non-current assets on Exelon's Consolidated Balance Sheet. PHI has the right to redeem the preferred securities at its option for the purchase price paid plus accrued dividends, if any.

On September 9, 2014, Exelon and PHI filed a Notification and Report Form with DOJ under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (HSR Act). The HSR Act waiting period expired on December 22, 2014, and the HSR Act no longer precludes completion of the merger. Although the DOJ allowed the waiting period under the HSR Act to expire without taking any action with respect to the merger, the DOJ has not advised Exelon or PHI that it has concluded its investigation. Under the HSR Act, if the merger is not completed before December 23, 2015, Exelon and PHI are required to file again under the HSR Act and observe the required waiting periods, which is a minimum of 30 days from the new filing (and longer if the DOJ requests additional information), unless the DOJ terminates the waiting period earlier. Exelon and PHI may refile under the HSR Act in advance of December 23, 2015.

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To date, the PHI stockholders, the Virginia State Corporation Commission, the New Jersey Board of Public Utilities (NJBPU), the Delaware Public Service Commission (DPSC), the Maryland Public Service Commission (MDPSC) and the FERC have approved the merger of PHI and Exelon. The Federal Communications Commission has also approved the transfer of certain PHI communications licenses.

On February 11, 2015, the NJBPU approved the proposed merger and the previously filed settlement signed and filed by Exelon, PHI, Atlantic City Electric (ACE), NJBPU staff, and the Independent Energy Coalition. The settlement provides a package of benefits to ACE customers and the state of New Jersey. This package of benefits includes the establishment of customer rate credit programs, with an aggregate value of $62 million for ACE customers and energy efficiency programs that will provide savings for ACE customers of $15 million. The March 6, 2015, order by the NJBPU approving the merger required that the consummation of the merger must take place no later than November 1, 2015 unless otherwise extended by the Board. On October 15, 2015, the NJBPU extended the November 1, 2015 date to June 30, 2016.

On February 13, 2015, Exelon and PHI announced that they had reached a settlement agreement in the proceeding before the DPSC to review the proposed merger. The settlement, which was amended on April 7, 2015, was signed and filed by Exelon, PHI, Delmarva Power & Light Company (DPL), the DPSC Staff, the Delaware Public Advocate, the Delaware Department of Natural Resources and Environment Control, the Delaware Sustainable Energy Utility, the Mid-Atlantic Renewable Energy Coalition and the Clean Air Council. As part of this settlement, Exelon and PHI proposed a package of benefits to DPL customers and the state of Delaware including the establishment of customer rate credits of $40 million for DPL customers in Delaware, $2 million of funding for energy efficiency programs for DPL low income customers, and $2 million of funding for workforce development. On June 2, 2015, the DPSC issued an order accepting the settlement and approving the merger between Exelon and PHI.

On March 17, 2015, Exelon and PHI announced that they had reached settlements with multiple parties in the Maryland proceeding to review the proposed merger after filing a Request for Adoption of Settlements with the MDPSC. The settlements were signed and filed by Exelon, PHI, Montgomery County, Prince George's County, The Alliance for Solar Choice, the National Consumer Law Center, National Housing Trust, the Maryland Affordable Housing Coalition, the Housing Association of Nonprofit Developers, and a consortium of recreational trail advocacy organizations led by the Mid-Atlantic Off-Road Enthusiasts. On May 15, 2015, the MDPSC approved the merger after modifying a number of the conditions in the settlements, resulting in total rate credits of $66 million, funding for energy efficiency programs of $43.2 million, a Green Sustainability Fund of $14.4 million, 20 MWs of renewable generation development, ring-fencing, financial reporting conditions and increased penalties related to reliability commitments. On May 18, 2015, Exelon and PHI accepted and committed to fulfill the conditions.

On June 11, 2015, the Maryland Office of People's Counsel (OPC), the Sierra Club, and the Chesapeake Climate Action Network filed Petitions for Judicial Review of the MDPSC's approval of the merger with the Circuit Court for Queen Anne's County. On June 23, 2015, Public Citizen, Inc. filed its Petition for Judicial Review with the Circuit Court for Queen Anne's County. On July 10, 2015, Exelon and PHI filed a response in opposition to the Petitions for Review.

On July 21, 2015, the OPC filed a motion to stay the MDPSC order approving the merger and to set a schedule for discovery and presentation of new evidence. On July 29, 2015, Public Citizen, Inc. filed a response supporting OPC's motion to stay, and on July 31, 2015 the Sierra Club and the Chesapeake Climate Action Network filed a joint motion to stay. In July and August, Exelon, PHI, the MDPSC, Prince George's County and Montgomery County filed responses opposing the motions to stay. The presiding judge issued an order denying the motions for stay on August 12, 2015. A hearing on the underlying Petitions for Review is scheduled for December 8, 2015.

On August 27, 2015, the District of Columbia Public Service Commission (DCPSC) issued an Opinion and Order denying approval of the merger, asserting that the merger was not in the public's interest. Exelon and PHI

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filed an Application for Reconsideration with the DCPSC on September 28, 2015. On October 6, 2015, Exelon, PHI, the District of Columbia Government, the Office of Peoples Counsel, the District of Columbia Water and Sewer Authority, the National Consumer Law Center, National Housing Trust and National Housing Trust — Enterprise Preservation Corporation, and the Apartment and Office Building Association of Metropolitan Washington (collectively, Settling Parties) entered into a Nonunanimous Full Settlement Agreement and Stipulation (Settlement Agreement) with respect to the merger. Exelon and PHI subsequently filed a motion of joint applicants requesting the DCPSC to reopen the approval application to allow for consideration of the Settlement Agreement and granting additional requested relief. The new package of benefits totals $78 million and includes commitments to provide relief of residential customer base rate increases of $26 million, one-time direct bill credits of $14 million, low-income energy assistance of $16 million, improved reliability, a cleaner and greener D.C. through funding energy efficiency programs and development of renewable energy, and investment in local jobs and the local economy through workforce development of $5 million. It also guarantees charitable contributions totaling $19 million over 10 years.

On October 28, 2015, the DCPSC at a public meeting agreed to reopen the approval application to allow for consideration of the Settlement Agreement and set a procedural schedule which would allow for completion of the merger in the first quarter of 2016. If the DCPSC does not approve the Settlement Agreement within the 150 day period after it was filed, either Exelon or PHI may terminate the Settlement Agreement.

The settlements reached and commission orders received to date in Delaware, Maryland and New Jersey include a “most favored nation” provision which, generally speaking, requires allocation of merger benefits proportionately across all the jurisdictions. When applying the most favored nation provision to the settlement terms and other conditions established in the merger approvals received to date, and as proposed in the Settlement Agreement filed with the DCPSC, Exelon and PHI currently estimate direct benefits of $430 million or more on a net present value basis (excluding charitable contributions and renewable generation commitments) will be provided, including rate credits, funding for energy efficiency programs, sustainability funds and other required commitments. Exelon and PHI anticipate substantially all of such amounts will be charged to earnings at the time of merger close and will be paid by the end of 2017. An additional $50 million will be charged to earnings for charitable contributions, which are required to be paid over a period of 10 years. Commitments to develop renewable generation, which are expected to be primarily capital in nature, will be recognized as incurred. Upon completion of the merger, the actual nature, amount, timing and financial reporting treatment for these commitments may be materially different from the current projection.

Exelon has been named in suits filed in the Delaware Chancery Court alleging that individual directors of PHI breached their fiduciary duties by entering into the proposed merger transaction and Exelon aided and abetted the individual directors’ breaches. The suits seek to enjoin PHI from completing the merger or seek rescission of the merger if completed. In addition, they also seek unspecified damages and costs. Exelon was also named in a federal court suit making similar claims. In September 2014, the parties reached a proposed settlement that would resolve all claims, which is subject to court approval. Final court approval of the proposed settlement is not anticipated until approximately 90 days after merger close. Exelon does not believe these suits will impact the completion of the transaction, and they are not expected to have a material impact on Exelon’s results of operations.

Including 2014 and through September 30, 2015, Exelon has incurred approximately $226 million of expense associated with the proposed merger. Of the total costs incurred, $110 million is primarily related to acquisition and integration costs and $116 million is for costs incurred to finance the transaction. The financing costs include a net loss of $64 million related to the settlement of forward-starting interest-rate swaps. These swaps were terminated in connection with the $4.2 billion issuance of debt; refer to Note 10—Derivative Financial Instruments and Note 11— Debt and Credit Agreements for more information. The financing costs exclude costs to issue debt and equity.

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During the three months ended September 30, 2015, Exelon, Generation, ComEd, PECO and BGE incurred acquisition and integration costs, including financing costs, of $21 million, $9 million, $3 million, $2 million and $2 million, respectively. During the nine months ended September 30, 2015, Exelon, Generation, ComEd, PECO and BGE incurred acquisition and integration costs of $47 million, $24 million, $10 million, $4 million and $5 million, respectively.

During the three months ended September 30, 2014, Exelon, Generation, ComEd, PECO and BGE incurred acquisition and integration costs, including financing costs, of $32 million, $3 million, $1 million, $1 million and $1 million, respectively. During the nine months ended September 30, 2014, Exelon, Generation, ComEd, PECO and BGE incurred acquisition and integration costs of $57 million, $4 million, $1 million,$1 million and $1 million, respectively.

The costs incurred are classified primarily within Operating and maintenance expense in the Registrants' respective Consolidated Statement of Operations and Comprehensive Income, with the exception of the financing costs, which are included within Interest expense.

The Merger Agreement also provides for termination rights for both parties. Exelon and PHI have entered into a Letter Agreement related to the Settlement Agreement which has the practical effect of suspending their rights to terminate the Merger Agreement until November 20, 2015 if no schedule has been set by the DCPSC allowing for approval of the settlement by March 4, 2016, or until March 4, 2016, if a schedule is set for approval by March 4, 2016, but approval does not occur by that date. Under certain circumstances, if the Merger Agreement is terminated, PHI may be required to pay Exelon a termination fee ranging from $259 million to $293 million plus certain expenses. If the Merger Agreement is terminated due to a regulatory failure, Exelon may be required to pay PHI a termination fee equal to $180 million (the amount of purchased nonvoting preferred securities of PHI described above), through the redemption by PHI of the outstanding nonvoting preferred securities for no consideration other than the nominal par value of the stock, plus reimbursement of PHIs documented out-of-pocket expenses up to a maximum of $40 million.

Merger Financing

As of September 30, 2015, through the issuance of $5.4 billion of debt (including $1.15 billion of junior subordinated notes in the form of 23 million equity units), the issuance of $1.9 billion of common stock, and cash proceeds of $1.8 billion from asset sales primarily at Generation (after-tax proceeds of approximately $1.4 billion), Exelon has sufficient cash to fund the all-cash purchase price, acquisition and integration related costs, and merger commitments. See Note 11—Debt and Credit Agreements and Note 17—Common Stock for further information on the debt and equity issuances. See Note 4—Merger and Acquisitions of the Exelon 2014 Form 10-K for further information on the asset sales.

Exelon has listed various potential risks relating to the pending merger with PHI (see ITEM 1A. RISK FACTORS of the Exelon 2014 Form 10-K), including difficulties that may be encountered in satisfying the conditions to completion of the merger and the potential for developments that might have an adverse effect on Exelon and the ability to realize the expected benefits of the merger. Exelon is taking steps to manage these risks and expects that the merger can be completed on a basis favorable to the company's shareholders and customers. Refer to Note 4 — Mergers, Acquisitions, and Dispositions of the Combined Notes to Consolidated Financial Statements for additional information on the merger transaction.

Implications of Potential Early Plant Retirements

Exelon and Generation continue to evaluate the current and expected economic value of each of Generation's nuclear plants. Factors that will continue to affect the economic value of Generation's nuclear plants include, but are not limited to: market power prices, results of capacity auctions, potential legislative solutions in Illinois such as the proposed Low Carbon Portfolio Standard (LCPS) legislation, the impact of final

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rules from the U.S. EPA requiring reduction of carbon and other emissions and the efforts of the states to implement those final rules, and the outcome of the Ginna RSSA hearing and settlement procedures and the resulting contractual terms and conditions. On September 10, 2015, after considering the results of the recent PJM capacity auctions, Exelon and Generation decided to defer for one year any decisions about the future operations of its Quad Cities and Byron nuclear plants and will offer both plants in the 2019/2020 auction in May 2016. As a result of clearing the other PJM capacity auction in September 2015 for the 2017/2018 transitional capacity auction, Exelon and Generation will continue to operate its Quad Cities nuclear power plant through at least May 2018. The Byron plant is already obligated to operate through May 2019. In addition, on October 29, 2015, Exelon and Generation decided to defer any decision about the future operations of its Clinton nuclear plant for one year and plan to bid the plant into the MISO capacity auction for the 2016/2017 planning year in March 2016. MISO's announcement on October 27, 2015 acknowledging the need for market design changes in southern Illinois was a key factor in Exelon's and Generation's decision to defer for an additional year, among other factors such as positive results from the Illinois Power Agency's capacity procurement for 2016 and the long-term impact of the EPA's Clean Power Plan. The Clinton plant is currently obligated to operate through May 2016. Exelon and Generation previously committed to cease operation of the Oyster Creek nuclear plant by the end of 2019. Exelon and Generation have not made any decisions regarding potential nuclear plant closures at other sites at this time.

As a result of a decision to early retire one or more other nuclear plants, certain changes in accounting treatment would be triggered and Exelon's and Generation's results of operations and cash flows could be materially affected by a number of items including, among other items: accelerated depreciation expense, impairment charges related to inventory that cannot be used at other nuclear units and cancellation of in-flight capital projects, accelerated amortization of plant specific nuclear fuel costs, severance costs, accelerated asset retirement obligation expense related to future decommissioning activities, and additional funding of decommissioning costs. In addition, any early plant retirement would also result in reduced operating costs, lower fuel expense, and lower capital expenditures in the periods beyond shutdown. While there are a number of Generation's nuclear plants that are at risk of early retirement, the following table provides the balance sheet amounts as of September 30, 2015 for significant assets and liabilities associated with the three nuclear plants currently considered by management to be at the greatest risk of early retirement due to their current economic valuations and other factors:

(in millions)	Quad Cities	Clinton	Ginna	Total
Asset Balances				
Materials and supplies inventory	$ 49	$ 56	$ 30	$ 135
Nuclear fuel inventory, net	186	122	65	373
Completed plant, net	1,027	582	111	1,720
Construction work in progress	29	8	23	60
Liability Balances				
Asset retirement obligation	(696)	(396)	(637)	(1,729)
NRC License Renewal Term	2032	2046[a]	2029	

(a) Assumes Clinton seeks and receives a 20-year operating license renewal extension.

In the event a decision is made to early retire one or more nuclear plants, the precise timing of the retirement date, and resulting financial statement impact, is uncertain and would be influenced by a number of factors such as the results of any transmission system reliability study assessments, the nature of any co-owner requirements and stipulations, and decommissioning trust fund requirements, among other factors. However, the earliest retirement date for any plant would usually be the first year in which the unit does not have capacity obligations and just prior to its next scheduled nuclear refueling outage date in that year.

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Power Markets

Price of Fuels. The use of new technologies to recover natural gas from shale deposits is increasing natural gas supply and reserves, which places downward pressure on natural gas prices and, therefore, on wholesale and retail power prices, which results in a reduction in Exelon's revenues. Forward natural gas prices have declined significantly over the last several years; in part reflecting an increase in supply due to strong natural gas production (due to shale gas development).

Capacity Market Changes in PJM. In the wake of the January 2014 Polar Vortex that blanketed much of the Eastern and Midwestern United States, it became clear that while a major outage event was narrowly avoided, resources in PJM were not providing the level of reliability expected by customers. As a result, on December 12, 2014, PJM filed at FERC a proposal to make significant changes to its current capacity market construct, the Reliability Pricing Model (RPM). PJM's proposed changes generally sought to improve resource performance and reliability largely by limiting the excuses for non-performance and by increasing the penalties for performance failures. The proposal permits suppliers to include in capacity market offers additional costs and risk so they can meet these higher performance requirements. While offers are expected to put upward pressure on capacity clearing prices, operational improvements made as a result of PJM's proposal are expected to improve reliability, to reduce energy production costs as a result of more efficient operations and to reduce the need for out of market energy payments to suppliers. Generation participated actively in PJM's stakeholder process through which PJM developed the proposal and also actively participated in the FERC proceeding including filing comments. On March 31, 2015, the FERC issued a Deficiency Order seeking further details regarding various aspects of the proposed reforms, but focused on the proposed default offer cap. In response, PJM acquiesced to modifications suggested by the Market Monitor addressing concerns about the default offer cap. On June 9, 2015, FERC approved PJM's filing largely as proposed by PJM, including transitional auction rules for delivery years 2016/2017 through 2017/2018. PJM also sought approval from the FERC to delay the 2018/2019 RPM Base Residual Auction that would otherwise have been conducted in May, 2015. On April 24, 2015, the FERC issued an order allowing the delay. As a result of these orders, PJM hosted its 2018/2019 Base Residual Auction (results posted on August 21, 2015) and its transitional auction for delivery year 2016/2017 (results posted on August 31, 2015) and its transitional auction for delivery years 2017/2018 (results posted on September 9, 2015).

MISO Capacity Market Results. On April 14, 2015, the Midcontinent Independent System Operator (MISO) released the results of its capacity auction covering the June 2015 through May 2016 delivery year. As a result of the auction, capacity prices for the zone 4 region in downstate Illinois increased to $150 MW per day beginning in June 2015, an increase from the prior pricing of $16.75 MW per day that was in effect from June 2014 to May 2015. However, due to Generation's ratable hedging strategy, the results of the capacity auction are not expected to have a material impact on Exelon's and Generation's consolidated results of operations and cash flows.

In late May 2015, a separate complaint was filed at the FERC by each of the State of Illinois, the Southwest Electric Cooperative and Public Citizens, Inc., challenging the results of this MISO capacity auction for the 2015/2016 delivery in MISO delivery zone 4. The complaints allege generally that the results of the capacity auction for zone 4 are not just and reasonable, the results should be suspended, set for hearing and replaced with a new just and reasonable rate, a refund date should be established and that certain alleged behavior by one of the market participants be investigated. Generation had an offer that was selected in the auction. On October 1, 2015, the FERC announced that it was conducting a non-public investigation (that does not involve Exelon) into whether market manipulation of other potential violations occurred related to the auction. On October 20, 2015, the FERC held a technical conference to obtain further information related to the complaints. While it is too early to predict the outcome of the complaint proceeding, Generation's auction results could be impacted by its outcome.

Additionally, MISO acknowledged the need for capacity market design changes in the zone 4 region by posting an issues statement on October 27, 2015. MISO stated that reforms to its capacity market process may be

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required to drive future investment and that it plans to engage stakeholders to consider such reforms. See Note 8—Implications of Potential Early Plant Retirements for additional information on the impacts of the MISO announcement.

Subsidized Generation . The rate of expansion of subsidized generation, including low-carbon generation such as wind and solar energy, in the markets in which Generation's output is sold can negatively impact wholesale power prices, and in turn, Generation's results of operations.

Various states have attempted to implement or propose legislation, regulations or other policies to subsidize new generation development which may result in artificially depressed wholesale energy and capacity prices. For example, the New Jersey legislature enacted into law in January 2011, the Long Term Capacity Pilot Program Act (LCAPP). LCAPP provides eligible generators with 15-year fixed contracts for the sale of capacity in the PJM capacity market. Under LCAPP, the local utilities in New Jersey are required to pay (or receive) the difference between the price eligible generators receive in the capacity market and the price guaranteed under the 15-year contract. New Jersey ultimately selected three proposals to participate in LCAPP and build new generation in the state. In addition, on April 12, 2012, the MDPSC issued an order directing the Maryland electric utilities to enter into a 20-year contract for differences (CfD) with CPV Maryland, LLC (CPV), under which CPV will construct an approximately 700 MW combined cycle gas turbine in Waldorf, Maryland, that it projected would be in commercial operation by June 1, 2015. CPV subsequently sought to extend that date. The CfD mandated that utilities (including BGE) pay (or receive) the difference between CPV's contract price and the revenues it receives for capacity and energy from clearing the unit in the PJM capacity market.

Exelon and others have challenged the constitutionality and other aspects of the New Jersey legislation and the actions taken by the MDPSC in state and federal courts. Ultimately, the Exelon parties prevailed in obtaining orders from the U.S. Court of Appeals for the Third Circuit and the U.S. Court of Appeals for the Fourth Circuit effectively undoing the actions taken by the New Jersey legislature and the MDPSC, respectively. However, the U.S. Supreme Court has agreed to review the matter, and while the Court of Appeals decisions are helpful, there remains risk the Supreme Court will overrule the lower Courts.

As required under their contracts, generator developers who were selected in the New Jersey and Maryland programs (including CPV) offered and cleared in PJM's capacity market auctions. In addition, CPV has announced its intention to move forward with construction of its New Jersey and Maryland plants, with or without the challenged state subsidy. Nonetheless to the extent that the state-required customer subsidies are included under their respective contracts, Exelon believes that these projects may have artificially suppressed capacity prices in PJM in these auctions and may continue to do so in future auctions to the detriment of Exelon's market driven position. While the court decisions in New Jersey and Maryland are positive developments, continuation of these state efforts, if successful and unabated by an effective minimum offer price rule (MOPR) for future capacity auctions, could continue to result in artificially depressed wholesale capacity and/or energy prices. Other states could seek to establish programs, which could substantially impact Exelon's market driven position and could have a significant effect on Exelon's financial results of operations, financial position and cash flows. Exelon continues to monitor developments and participate in stakeholder and other processes to ensure that similar state subsidies are not developed. In addition, Exelon remains active in advocating for competitive markets, while opposing policies that require taxpayers and/ or consumers to subsidize or give preferential treatment to specific generation providers or technologies, or that would threaten the reliability and value of the integrated electricity grid.

Energy Demand. Modest economic growth partially offset by energy efficiency initiatives is resulting in positive growth for electricity for BGE, no growth for PECO; and a decrease in projected load for electricity for ComEd. BGE, PECO and ComEd are projecting load volumes to increase (decrease) by 0.5%, 0.0% and (0.7)%, respectively, in 2015 compared to 2014.

Retail Competition. Generation's retail operations compete for customers in a competitive environment, which affect the margins that Generation can earn and the volumes that it is able to serve. The market

experienced high price volatility in the first quarter of 2014 which contributed to bankruptcies and consolidations within the industry during the year. However, forward natural gas and power prices are expected to remain low and thus we expect retail competitors to stay aggressive in their pursuit of market share, and that wholesale generators (including Generation) will continue to use their retail operations to hedge generation output.

Strategic Policy Alignment

Exelon routinely reviews its hedging policy, dividend policy, operating and capital costs, capital spending plans, strength of its balance sheet and credit metrics, and sufficiency of its liquidity position, by performing various stress tests with differing variables, such as commodity price movements, increases in margin-related transactions, changes in hedging practices, and the impacts of hypothetical credit downgrades.

Exelon's board of directors declared first, second, third and fourth quarter 2015 dividends of $0.31 per share each on Exelon's common stock. The dividends for the first, second and third quarter were paid on March 10, 2015, June 10, 2015 and September 10, 2015. The fourth quarter dividend is payable on December 10, 2015.

All future quarterly dividends require approval by Exelon's board of directors.

Hedging Strategy

Exelon's policy to hedge commodity risk on a ratable basis over three-year periods is intended to reduce the financial impact of market price volatility. Generation is exposed to commodity price risk associated with the unhedged portion of its electricity portfolio. Generation enters into non-derivative and derivative contracts, including financially-settled swaps, futures contracts and swap options, and physical options and physical forward contracts, all with credit-approved counterparties, to hedge this anticipated exposure. Generation has hedges in place that significantly mitigate this risk for 2015 and 2016. However, Generation is exposed to relatively greater commodity price risk in the subsequent years with respect to which a larger portion of its electricity portfolio is currently unhedged. As of September 30, 2015, the percentage of expected generation hedged for the major reportable segments is 97%-100%, 81%-84% and 51%-54% for 2015, 2016, and 2017, respectively. The percentage of expected generation hedged is the amount of equivalent sales divided by the expected generation. Expected generation is the volume of energy that best represents our commodity position in energy markets from owned or contracted for capacity based upon a simulated dispatch model that makes assumptions regarding future market conditions, which are calibrated to market quotes for power, fuel, load following products, and options. Equivalent sales represent all hedging products, such as wholesale and retail sales of power, options and swaps. Generation has been and will continue to be proactive in using hedging strategies to mitigate commodity price risk in subsequent years as well.

Generation procures oil and natural gas through long-term and short-term contracts and spot-market purchases. Nuclear fuel is obtained predominantly through long-term uranium concentrate supply contracts, contracted conversion services, contracted enrichment services, or a combination thereof, and contracted fuel fabrication services. The supply markets for uranium concentrates and certain nuclear fuel services, coal, oil and natural gas are subject to price fluctuations and availability restrictions. Supply market conditions may make Generation's procurement contracts subject to credit risk related to the potential non-performance of counterparties to deliver the contracted commodity or service at the contracted prices. Approximately 50% of Generation's uranium requirements from 2015 through 2019 are supplied by three producers. In the event of non-performance by these or other suppliers, Generation believes that replacement uranium can be obtained, although at prices that may be unfavorable when compared to the prices under the current supply agreements. Non-performance by these counterparties could have a material adverse impact on Exelon's and Generation's results of operations, cash flows and financial position.

ComEd, PECO and BGE mitigate commodity price risk through regulatory mechanisms that allow them to recover procurement costs from retail customers.

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Growth Opportunities

Exelon is currently pursuing growth in both the utility and competitive energy businesses. Management continually evaluates growth opportunities aligned with Exelon's businesses, assets and markets, leveraging Exelon's expertise in those areas. By identifying and capitalizing on emerging trends, Exelon plans to invest in new innovative technologies to compete with a new breed of energy players, with the expectation of leveraging those technologies to improve productivity and efficiencies within our existing businesses.

Regulated Energy Businesses

The proposed acquisition of PHI provides an opportunity to accelerate Exelon's regulated growth and provide stable cash flows, earnings accretion, and dividend stability. Additionally, ComEd, PECO and BGE anticipate investing approximately $16 billion over the next five years in electric and natural gas infrastructure improvements and modernization projects, including smart meter and smart grid initiatives, storm hardening, advanced reliability technologies, and transmission projects, which is projected to result in an increase to current rate base of approximately $9 billion by the end of 2019. ComEd, PECO and BGE invest in rate base where beneficial to customers and the community by increasing reliability and the service experience or otherwise meeting customer needs. These investments are made prudently and at the lowest reasonable cost to customers.

See Note 5—Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information on the Smart Meter and Smart Grid Initiatives and infrastructure development and enhancement programs.

Competitive Energy Businesses

Generation pursues growth in areas that take advantage of our existing core competencies. Generation continually assesses the optimal structure and composition of our generation assets as well as explore retail opportunities. Generation identifies emerging technologies where investments provide the option for significant future growth or influence in market development. As of September 30, 2015, Generation has currently approved plans to invest a total of $2.3 billion in 2015 (full year) through 2019 on capital growth projects (primarily new plant construction and distributed generation). Additional growth opportunities continue to arise across the energy value chain.

Leveraging its competencies,

- Generation's 2014 acquisition of Integrys and Proliance retail energy marketing businesses allows Generation to expand its electric and gas retail footprint further in an industry sector that continues to mature and consolidate and provides hedging and diversification benefits to its existing portfolio.
- Generation continues to prioritize investment opportunities in contracted generation across multiple technologies, including renewables.
- Generation has a growing business in distributed generation that capitalizes on the trend toward a decentralized system and an increasing customer preference for clean energy.
- The overall growth in natural gas supply is a key trend we expect to be sustained over the long term. Our upstream, midstream and LNG businesses will enable us to participate in that trend.

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Liquidity

Each of the Registrants annually evaluates its financing plan, dividend practices and credit line sizing, focusing on maintaining its investment grade ratings while meeting its cash needs to fund capital requirements, retire debt, pay dividends, fund pension and OPEB obligations and invest in new and existing ventures. A broad spectrum of financing alternatives beyond the core financing options can be used to meet Exelon and Generation's needs and fund growth including monetizing assets in the portfolio via project financing, asset sales, and the use of other financing structures (e.g., joint ventures, minority partners, etc.). The Registrants expect cash flows to be sufficient to meet operating expenses, financing costs and capital expenditure requirements.

Exelon, Generation, ComEd, PECO and BGE have unsecured syndicated revolving credit facilities with aggregate bank commitments of $0.5 billion, $5.3 billion, $1.0 billion, $0.6 billion and $0.6 billion, respectively. Generation also has bilateral credit facilities with aggregate maximum availability of $0.5 billion. See Liquidity and Capital Resources — Credit Matters — Exelon Credit Facilities below.

Exposure to Worldwide Financial Markets. Exelon has exposure to worldwide financial markets including European banks. Disruptions in the European markets could reduce or restrict the Registrants' ability to secure sufficient liquidity or secure liquidity at reasonable terms. As of September 30, 2015, approximately 29%, or $2.5 billion, of the Registrants' aggregate total commitments were with European banks. The credit facilities include $8.5 billion in aggregate total commitments of which $6.8 billion was available as of September 30, 2015, due to outstanding letters of credit and commercial paper. There were no borrowings under the Registrants' credit facilities as of September 30, 2015. See Note 11 — Debt and Credit Agreements of the Combined Notes to the Consolidated Financial Statements for additional information on the credit facilities.

Tax Matters

See Note 12 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information.

Environmental Legislative and Regulatory Developments.

Exelon supports the promulgation of certain environmental regulations by the U.S. EPA, including air, water and waste controls for electric generating units. See discussion below for further details. The air and waste regulations will have a disproportionate adverse impact on fossil-fuel power plants, requiring significant expenditures of capital and variable operating and maintenance expense, and will likely result in the retirement of older, marginal facilities. Due to their low emission generation portfolios, Generation and CENG will not be significantly directly affected by these regulations, representing a competitive advantage relative to electric generators that are more reliant on fossil-fuel plants. Various bills have been introduced in the U.S. Congress that would prohibit or impede the U.S. EPA's rulemaking efforts. The timing of the consideration of such legislation is unknown.

Air Quality. In recent years, the U.S. EPA has been implementing a series of increasingly stringent regulations under the Clean Air Act relating to NAAQS for conventional air pollutants (e.g., NOx, SO2 and particulate matter) as well as stricter technology requirements to control HAPs (e.g., acid gases, mercury and other heavy metals) from electric generation units. The U.S. EPA continues to review and update its NAAQS with a tightened particulate matter NAAQS issued in December 2012 and a tightened ozone NAAQS issued on October 1, 2015. These recently finalized NAAQS updates will potentially result in more stringent emissions limits on fossil-fuel electric generating stations as states develop compliance plans and the U.S. EPA considers future regulation updates to address interstate air pollution.

In July 2011, the U.S. EPA published CSAPR and in June 2012, it issued final technical corrections. CSAPR requires 28 upwind states in the eastern half of the United States to significantly improve air quality by

reducing power plant emissions that cross state lines and contribute to ground- level ozone and fine particle pollution in downwind states. On August 21, 2012, the D.C. Circuit Court held that the EPA had exceeded its authority in certain material aspects with respect to CSAPR and vacated the rule and remanded it to the U.S. EPA for further rulemaking consistent with its decision. The Court also ordered that CAIR remain in effect pending finalization of CSAPR on remand. On April 29, 2014, the U.S. Supreme Court reversed the D.C. Circuit Court decision and upheld CSAPR, and remanded the case to the D.C. Circuit Court to resolve the remaining implementation issues. On November 21, 2014, the U.S. EPA issued an Interim Final Rule in which the Agency announced that it was tolling the effective dates for the CSAPR. The first phase of the CSAPR program started on January 1, 2015, with the second phase starting January 1, 2017. On November 21, 2014 the Agency proposed CSAPR allowance allocations to generating units for the first five years of the program, 2015- 2020. These allowances were identical to those previously set forth in prior CSAPR rules. On remand the D.C. Circuit Court is reviewing the residual CSAPR challenges not addressed by the U.S. Supreme Court decision. On May 26, 2015, the D.C. Circuit Court issued its opinion on one of the residual CSAPR challenges and denied petitions to review EPA's Kansas SIP disapproval, finding that the EPA had acted within the bounds of its delegated authority when it originally disapproved Kansas' proposed state implementation plans (SIP). On July 28, 2015 the D.C. Circuit Court released its opinion regarding the remaining challenges following the Supreme Court's 2014 decision. In the opinion, the D.C. Circuit found that the original 2014 emission budgets challenged by petitioners were invalid and remanded them to EPA without vacatur. Note that the "2014" budgets were tolled to the 2017 compliance periods by EPA to address time lost during the litigation process. The budgets remanded include: the SO2 budgets for Texas, Alabama, Georgia, and South Carolina; and the NOx emissions budgets for Florida, Maryland, New Jersey, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Texas, Virginia and West Virginia. Additionally, the court rejected claims to several broader challenges to CSAPR and denied the petitions with respect to those issues. EPA is currently evaluating its options with regard to reconsideration of these budgets.

In addition, on September 29, 2015, U.S. EPA sent to the Office of Management and Budget a draft of its proposed Interstate Transport Rule update to address the 2008 ozone NAAQS.

On December 16, 2011, the U.S. EPA signed a final rule to reduce emissions of toxic air pollutants from power plants and signed revisions to the NSPS for electric generating units. The final rule, known as MATS, requires coal-fired electric generation plants to achieve high removal rates of mercury, acid gases and other metals. To achieve these standards, coal units with no pollution control equipment installed (uncontrolled coal units) will have to make capital investments and incur higher operating expenses. It is expected that owners of smaller, older, uncontrolled coal units will retire the units rather than make these investments, and a number of retirements have already occurred. Coal units with existing controls that do not meet the MATS rule may need to upgrade existing controls or add new controls to comply. Owners of oil units not currently meeting the proposed emission standards may choose to convert the units to light oils or natural gas, install control technologies, or retire the units. Numerous entities challenged MATS in the D.C. Circuit Court, and Exelon intervened in support of the rule. On April 15, 2014, the D.C. Circuit Court issued an opinion upholding MATS in its entirety.

In November 2014, the U.S. Supreme Court granted a petition for review of the MATS Rule filed by 20 states and a coalition of coal-fired electric generators. On June 28, 2015, the Supreme Court decided that the U.S. EPA unreasonably refused to consider costs in determining whether it is appropriate and necessary to regulate hazardous air pollutants emitted by electric utilities. The Court, however, did not vacate the rule; rather, it was remanded to the D.C. Circuit Court of Appeals to take further action consistent with the Supreme Court's opinion. As such, the rule remains in effect as of April 16, 2015; however, facilities may be granted an additional one or two year extension in limited cases. While it is possible that the D.C. Circuit Court will vacate or stay the rule, Exelon believes that the Supreme Court's concerns can be quickly addressed without vacating the rule and affecting the compliance schedule. Exelon will continue to participate in the remanded proceedings before the Circuit Court as an intervenor in support of the rule.

The U.S. EPA continued its regular, periodic review of the NAAQS standards, most recently issuing a revised ground-level ozone standard on October 1, 2015. The new 70 parts per billion (ppb) 8-hour average

standard represents a reduction from the 2008 ozone standard of 75 ppb. States will be required to submit area designations in October 2016, with final designations promulgated by EPA in 2017. Attainment dates range from 2020 through 2037. EPA projects that 241 counties exceeded the 70 ppb standard in 2015 and that only 14 counties (excluding California) will exceed the standard in 2025 as a result of the full suite of EPA emission regulations that have been, or will be, implemented by that time.

With regard to the 2008 ozone NAAQS, EPA issued findings on June 30, 2015, that 24 states, including Illinois, Massachusetts and Pennsylvania, have failed to submit complete "good neighbor" SIPs to demonstrate how each state will address its air pollution impacts on downwind states. These findings establish a 2-year deadline for EPA to either approve a SIP or finalize a Federal Implementation Plain (FIP) that addresses the "good neighbor" requirement of the Clean Air Act. On September 29, 2015, U.S. EPA sent to the Office of Management and Budget a draft of its proposed Interstate Transport Rule update to address the 2008 ozone NAAQS. In December 2012, the U.S. EPA issued its final revisions to the Agency's particulate matter (PM) NAAQS. In its final rule, the U.S. EPA lowered the annual PM2.5 standard, but declined to issue a new secondary NAAQS to improve urban visibility. The U.S. EPA indicated in its final rule that by 2020 it expects most areas of the country will be in attainment of the new PM2.5 NAAQS based on currently expected regulations, such as the MATS regulation.

In addition to these NAAQS, the U.S. EPA also finalized nonattainment designations for certain areas in the United States for the 2010 one-hour SO2 standard on August 5, 2013, and indicated that additional nonattainment areas will be designated in a future rulemaking. U.S. EPA required states to submit SIP for nonattainment areas by March 25, 2015. With regard to Texas and Maryland, no nonattainment areas were identified in EPA's final designation rule. With regard to Illinois and Pennsylvania, several counties, or portions of counties, in each state were identified as nonattainment. Since the 2010 one-hour SO2 standard was finalized, EPA has issued a series of guidance documents that relate to requirements for states to include air quality monitoring and modeling in state implementation plans. Nonattainment county compliance with the one-hour SO2 standard is required by March 25, 2018. On August 10, 2015, EPA issued its final "Data Requirements Rule" that lays out EPA's plan for designating currently undesignated areas that heretofore have not been designated due primarily to a lack of available monitoring data. Under this plan, all currently undesignated areas receiving a designation no later than 2020; included in the consent decree is a requirement that all large emission plants achieve emissions of less than 2,000 tons per year by 2017. While significant SO2 reductions will occur as a result of MATS compliance in 2015, Exelon is unable to predict the requirements of pending states' SIPs to further reduce SO2 emissions in support of attainment of the one hour SO2 standard.

The cumulative impact of these air regulations could be to require fossil fuel-fired power plant operators to expend significant capital to install pollution control technologies, including wet flue gas desulfurization technology for SO2 and acid gases, and selective catalytic reduction technology for NOx.

As of September 30, 2015, Exelon had a $348 million net investment in coal-fired plants in Georgia subject to long-term leases extending through 2028 and 2030. While Exelon currently estimates the value of these plants at the end of the lease term will be in excess of the recorded residual lease values, after reflecting impairments recorded in 2013, 2014, and 2015, final applications of the CSAPR and MATS regulations could negatively impact the end-of-lease term values of these assets, which could result in a future impairment loss that could be material.

On January 15, 2013, EPA issued a final rule for NSPS and National Emissions Standards for Hazardous Air Pollutants (NESHAP) for reciprocating internal combustion engines (RICE NESHAP/ NSPS). The final rule allowed diesel backup generators to operate for up to 100 hours annually under certain emergency circumstances without meeting emissions limitations, but required units that operate over 15 hours to burn low sulfur fuel and report key engine information. The final rule eliminated, after May 2014, the 50 hour exemption for peak shaving and other non-emergency demand response that was included in the proposed rule and, therefore, was not expected to result in additional megawatts of demand response to be bid into the PJM capacity auction. On

May 1, 2015, the D.C. Circuit Court reversed the 100 hour exemption contained in the 2013 RICE NESHAP final rule and remanded this issue back to EPA, leaving the remaining portions of the 2013 RICE NESHAP rule in effect. In a motion filed on July 15, 2015, EPA and respondent intervenors supporting EPA asked the D.C. Circuit Court to stay the Court's mandate with regard to the 100 hour exemption until May 1, 2016, or in the alternate, until at least August 31, 2015 on the claimed basis of the need to consider electric grid reliability and allow affected engines to install pollution control equipment if they intend to continue participation in demand response programs. On July 21, 2015, the D.C. Circuit Court responded to a separate motion with the clarification that the 100 hour exemption vacatur did not affect the 100 hour exemption with regard to units performing maintenance checks and readiness testing.

Exelon supports comprehensive climate change legislation or regulation, including a cap-and-trade program for GHG emissions, which balances the need to protect consumers, business and the economy with the urgent need to reduce national GHG emissions. In the absence of Federal legislation, the U.S. EPA is moving forward with the regulation of GHG emissions under the Clean Air Act. On June 25, 2013, President Obama announced "The President's Climate Action Plan," a summary of executive branch actions intended to: reduce carbon emissions; prepare the United States for the impacts of climate change; and lead international efforts to combat global climate change and prepare for its impacts. Concurrent with the announcement of the Administration's plan, the President also issued a Memorandum for the Administrator of the Environmental Protection Agency that focused on power generation sector carbon reductions under the Section 111 New Source Performance Standards (NSPS) section of the federal Clean Air Act. The memorandum directs the U.S. EPA Administrator to issue two sets of proposed rulemakings with regard to power plant carbon emissions for new and existing units under Section 111 of the Clean Air Act. On August 3, 2015, the U.S. EPA finalized the Clean Power Plan rule for existing generation units. The rule was published in the Federal Register on October 23, 2015, and will become effective on December 22, 2015. The rule sets GHG emission reduction targets for each state, with reductions beginning in 2022, and the target achieved by 2030. States must submit an implementation plan to the U.S. EPA by September 2016, unless granted an extension of up to two years. States are granted latitude to select from a number of compliance options, which are designed to achieve the reductions in the most cost-effective manner. While the ultimate impact of the Clean Power Plan rule is expected to be favorable, Exelon and Generation cannot at this time predict to what extent the states' actions to comply with the Clean Power Plan's emission reduction targets will impact their future financial position, results of operations and cash flows.

Upon publication in the Federal Register a number of parties, including states, members of the electric industry and industry associations, filed suit in the U.S. Court of Appeals for the District of Columbia Circuit challenging the rule and seeking a stay of the rule pending the outcome of litigation.

Water Quality. Section 316(b) of the Clean Water Act requires that cooling water intake structures at electric power plants reflect the best technology available to minimize adverse environmental impacts, and is implemented through state-level NPDES permit programs. All of Generation's and CENG's power generation facilities with cooling water systems are subject to the regulations. Facilities without closed-cycle recirculating systems (e.g., cooling towers) are potentially most affected by changes to the existing regulations. For Generation, those facilities are Clinton, Dresden, Eddystone, Fairless Hills, Gould Street, Handley, Mountain Creek, Mystic 7, Oyster Creek, Peach Bottom, Quad Cities, Riverside, Salem and Schuylkill. For CENG, those facilities are Calvert Cliffs, Nine Mile Point Unit 1 and R.E. Ginna. On October 14, 2014, the U.S. EPA's final Section 316(b) rule became effective. The rule requires that a series of studies and analyses be performed at each facility to determine the best technology available, followed by an implementation period. The timing of the various requirements for each facility is related to the status of its current NPDES permit and the subsequent renewal period. There is no fixed compliance schedule, as this is left to the discretion of the state permitting director.

Until the compliance requirements are determined by the applicable state permitting director on a site-specific basis for each plant, the impact of compliance with the final rule is unknown. Should a state permitting director determine that a facility is required to install cooling towers to comply with the rule, that facility's

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economic viability would be called into question. However, the likely impact of the rule has been significantly decreased since the final rule does not mandate cooling towers as a national standard, and the state permitting director is required to apply a cost-benefit test and take into consideration site-specific factors.

On June 30, 2015, NJDEP issued a draft NPDES permit for Salem. The draft permit does not require installation of cooling towers and allows Salem to continue to operate utilizing the existing once-through cooling water system. The draft permit is subject to a public notice and comment period after which the NJDEP may make revisions before issuing the final permit expected during the first half of 2016.

Hazardous and Solid Waste. On December 19, 2014, the U.S. EPA issued the first federal regulation for the disposal of coal combustion residuals (CCR) from power plants, including the classification of CCR as non-hazardous waste under RCRA. The EPA ruling was published in the Federal Register on April 17, 2015, and became effective 180 days after publication. Under the regulation, CCR will continue to be regulated by most states subject to coordination with the federal regulations. Generation has previously recorded reserves consistent with state regulation for its owned coal ash sites, and as such, the regulation is not expected to impact Exelon's and Generation's financial results. Generation does not have sufficient information to reasonably assess the potential likelihood or magnitude of any remediation requirements that may be asserted under the new federal regulations for coal ash disposal sites formerly owned by Generation. For these reasons, Generation is unable to predict whether and to what extent it may ultimately be held responsible for remediation and other costs relating to formerly owned coal ash disposal sites under the new regulations.

See Note 19 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements for further detail related to environmental matters.

Other Regulatory and Legislative Actions

NRC Task Force Insights from the Fukushima Daiichi Accident (Exelon and Generation). In July 2011, an NRC Task Force formed in the aftermath of the March 11, 2011, 9.0 magnitude earthquake and ensuing tsunami, that seriously damaged the nuclear units at the Fukushima Daiichi Nuclear Power Station, issued a report of its review of the accident, including tiered recommendations for future regulatory action by the NRC to be taken in the near and longer term. The Task Force's report concluded that nuclear reactors in the United States are operating safely and do not present an imminent risk to public health and safety. The NRC and its staff have issued orders and implementation guidance for commercial reactor licensees operating in the United States. The NRC and its staff are continuing to evaluate additional requirements. Generation has assessed the impacts of the Tier 1 orders and information requests and will continue monitoring the additional recommendations under review by the NRC staff, both from an operational and a financial impact standpoint. A comprehensive review of the NRC Tier 1 orders and information requests, as well as preliminary engineering assumptions and analysis, indicate that the financial impact of compliance for Generation, net of expected co-owner reimbursements, for the period from 2015 through 2019 is expected to be between approximately $350 million and $375 million of capital (which includes approximately $75 million for the CENG plants) and $50 million of operating expense (which includes approximately $5 million for the CENG plants). Generation has included in the capital estimate approximately $30 million for severe accident water addition and severe accident water management strategies at thirteen Mark I and II units (including two CENG units). On August 19, 2015, the NRC voted to stop pursuing the possibility of requiring drywell vents and standalone filters on vents. The severe accident water management strategies effectively eliminate the need for installation of drywell vents and standalone filters on vents. As Generation completes the design and installation planning for its actions, Generation will update these estimates. Generation's current assessments are specific to the Tier 1 recommendations as the NRC has not taken specific action with respect to the Tier 2 and Tier 3 recommendations. Exelon and Generation are unable to conclude at this time to what extent any actions to comply with the requirements of Tier 2 and Tier 3 will impact their future financial position, results of operations, and cash flows. Generation will continue to engage in nuclear industry assessments and actions and stakeholder input. See Item 1A. Risk Factors and Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Executive Overview of the Exelon 2014 Form 10-K, for additional information.

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Financial Reform Legislation (Exelon, Generation, ComEd, PECO and BGE). The Dodd-Frank Wall Street Reform and Consumer Protection Act (the Act) was enacted in July 2010. The part of the Act that applies to Exelon is Title VII, which is known as the Dodd-Frank Wall Street Transparency and Accountability Act (Dodd-Frank). Dodd-Frank requires the creation of a new regulatory regime for over-the-counter swaps (Swaps), including mandatory clearing for certain categories of Swaps, incentives to shift Swap activity to exchange trading, margin and capital requirements, and other obligations designed to promote transparency. For non security-based Swaps including commodity Swaps, Dodd-Frank empowers the Commodity Futures Trading Commission (CFTC) to promulgate regulations implementing the law's objectives. The primary aim of Dodd-Frank is to regulate the key intermediaries in the Swaps market, which entities are either swap dealers (SDs), major swap participants (MSPs), and certain other financial entities, but the law also applies to a lesser degree to end-users of Swaps. On January 12, 2015, President Obama signed into law a bill that exempts from margin requirements Swaps used by end-users to hedge or mitigate commercial risk. Moreover, the CFTC's Dodd-Frank regulations preserve the ability of end users in the energy industry to hedge their risks using Swaps without being subject to mandatory clearing, and excepts or exempts end-users from many of the other substantive regulations. Accordingly, as an end-user, Generation is conducting its commercial business in a manner that does not require registration with the CFTC as an SD or MSP. Generation does not anticipate transacting in the future in a manner in which it would become a SD or MSP.

There are, however, some rulemakings that have not yet been finalized, including the capital and margin rules for (non-cleared) Swaps. Generation does not expect these rules to directly impact its collateral requirements. However, depending on the substance of these final rules in addition to certain international regulatory requirements still under development and that are similar to Dodd-Frank, Generation's Swap counterparties could be subject to additional and potentially significant capitalization requirements. These regulations could motivate the SDs and MSPs to increase collateral requirements or cash postings from their counterparties, including Generation.

Generation continues to monitor the rulemaking proceedings with respect to the capital and margin rules, but cannot predict to what extent, if any, further refinements to Dodd-Frank requirements may impact its cash flows or financial position, but such impacts could be material.

ComEd, PECO and BGE could also be subject to some Dodd-Frank requirements to the extent they were to enter into Swaps. However, at this time, management of ComEd, PECO and BGE continue to expect that their companies will not be materially affected by Dodd-Frank.

Illinois Low Carbon Portfolio Standard (Exelon, Generation and ComEd). In March 2015, the Low Carbon Portfolio Standard (LCPS) was introduced in the Illinois General Assembly. The legislation would require ComEd and Ameren to purchase low carbon energy credits to match 70 percent of the electricity used on the distribution system. The LCPS is a technology-neutral solution, so all generators of zero or low carbon energy would be able to compete in the procurement process, including wind, solar, hydro, clean coal and nuclear. Costs associated with purchasing the low carbon energy credits would be collected from customers. The LCPS proposal includes consumer protection such as a price cap that would limit the impact to a 2.015% percent increase based off 2009 monthly bills, or about $2 per month for the average residential electricity customer. The legislation also includes a separate customer rebate provision that would provide a direct bill credit to customers in the event wholesale prices exceed a specified level. The proposed legislation is pending and Exelon and Generation continue to work with stakeholders.

Legislation to Maximize Smart Grid Investments and to Promote a Cleaner and Greener Illinois (Exelon and ComEd). In March 2015, legislation was introduced in the Illinois General Assembly that would (1) build on ComEd's investment in the Smart Grid to reinforce the resiliency and security of the electrical grid to withstand unexpected challenges, (2) expand energy efficiency programs to reduce energy waste and increase customer savings, (3) further integrate clean renewable energy onto the power system, and (4) introduce a new demand-based rate design for residential customers that would allow for a more equitable sharing of smart grid

costs among customers. The legislation also provides for additional funding for customer assistance programs for low-income customers. The proposed legislation is pending and ComEd continues to work with stakeholders.

Distribution Formula Rate Update Filing (Exelon and ComEd). On April 15, 2015, ComEd filed its annual distribution formula rate with the ICC, reflecting a decreased revenue requirement of $50 million, including an increase of $92 million for the initial revenue requirement and a decrease of $142 million related to the annual reconciliation for 2014. On October 19, 2015, the ALJ issued its proposed order in ComEd's current distribution formula rate proceeding, recommending a total decrease to the revenue requirement of $68 million as compared to ComEd's requested decrease of $50 million. The filing establishes the revenue requirement used to set the rates that will take effect in January 2016 after the ICC's review and approval, which is due by December 2015. See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for further information related to distribution formula update.

2015 Pennsylvania Electric Distribution Rate Case (Exelon and PECO). On March 27, 2015, PECO filed a petition with the PAPUC requesting an increase of $190 million to its annual service revenues for electric delivery, which requested an ROE of 10.95%. On September 10, 2015, PECO and interested parties filed with the PAPUC a petition for joint settlement for an increase of $127 million in annual distribution service revenue. No overall ROE was specified in the settlement. On October 28, 2015, the ALJ issued a Recommended Decision to the PAPUC that the joint settlement be approved. A final ruling from the PAPUC is expected by December 2015, and if approved, the new electric delivery rates will take effect on January 1, 2016.

Transmission Formula Rate Update Filing (Exelon, ComEd and BGE). On April 15, 2015 (and revised on May 19, 2015), ComEd filed its annual transmission formula rate update with the FERC, reflecting an increased revenue requirement of $86 million, including an increase of $68 million for the initial revenue requirement and an increase of $18 million related to the annual reconciliation for 2014. The filing establishes the revenue requirement used to set rates that took effect in June 2015, subject to review by the FERC and other parties, which is due by fourth quarter 2015. See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for further information related to transmission formula update.

In April 2015, BGE filed its annual transmission formula rate update with the FERC, reflecting an increased revenue requirement of $10 million, including an increase of $13 million for the initial revenue requirement and a decrease of $3 million related to the annual reconciliation for 2014. The filing establishes the revenue requirement used to set rates that took effect in June 2015, subject to review by other parties, which is due by October 2015. See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for further information related to the transmission formula update.

Grand Prairie Gateway Transmission Line (Exelon and ComEd). On December 2, 2013, ComEd filed a request to obtain the ICC's approval to construct a 60-mile overhead 345kV transmission line that traverses Ogle, DeKalb, Kane and DuPage Counties in Northern Illinois. On May 28, 2014, in a separate proceeding, FERC issued an order granting ComEd's request to include 100% of the capital costs recorded to construction work in progress during construction of the line in ComEd's transmission rate base. If the project is cancelled or abandoned for reasons beyond ComEd's control, FERC approved the ability for ComEd to recover 100% of its prudent costs incurred after May 21, 2014 and 50% of its costs incurred prior to May 21, 2014 in ComEd's transmission rate base. The costs incurred for the project prior to May 21, 2014 were immaterial. On October 22, 2014, the ICC issued an order approving ComEd's Grand Prairie Gateway Project over the objection of numerous landowners and the City of Elgin. On January 15, 2015, the City of Elgin and other parties filed a Notice of Appeal in the Illinois Appellate Court. On April 8, 2015, the ICC issued a rehearing order denying the proposals filed by certain landowners to consider an alternate route for a three-mile segment of the transmission line. The rehearing order affirmed the route approved within the ICC's October 22, 2014 order. On July 8, 2015, the ICC approved ComEd's request for eminent domain to involuntarily acquire easements across 28 land parcels. On September 28, 2015, ComEd filed a petition with the ICC to acquire an additional eight parcels through eminent domain. ComEd began construction of the line during the second quarter of 2015 with an in-service date expected in the second quarter of 2017.

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FERC Ameren Order (Exelon and ComEd). In July 2012, FERC issued an order to Ameren Corporation (Ameren) finding that Ameren had improperly included acquisition premiums/goodwill in its transmission formula rate, particularly in its capital structure and in the application of AFUDC. FERC also directed Ameren to make refunds for the implied increase in rates in prior years. Ameren filed for rehearing of the July 2012 order, which was denied in June 2014. On July 20, 2015, FERC approved a settlement between Ameren and its customers to resolve the matter. ComEd believes that the FERC settlement authorizing its transmission formula rate is distinguishable from the circumstances that led to the July 2012 FERC order in the Ameren case. However, if ComEd were required to exclude acquisition premiums/goodwill from its transmission formula rate, the impact could be material to ComEd's results of operations and cash flows.

FERC Order No. 1000 Compliance (ComEd, PECO and BGE). In FERC Order No. 1000, the FERC required public utility transmission providers to enhance their transmission planning procedures and their cost allocation methods applicable to certain new regional and interregional transmission projects. As part of the changes to the transmission planning procedures, the FERC required removal from all FERC-approved tariffs and agreements of a right of first refusal to build certain new transmission facilities. On October 25, 2012, certain of the PJM transmission owners, including ComEd, PECO and BGE (collectively, the PJM Transmission Owners), submitted a filing asserting that their contractual rights embodied in the PJM governing documents continue to justify their right of first refusal to construct new reliability (and related) transmission projects and that the FERC should not be allowed to override such rights absent a showing that it is in the public interest to do so under the FERC's " *Mobile-Sierra* " standard of review. This is a heightened standard of review which the PJM Transmission Owners argued could not be satisfied based on the facts applicable to them. On March 22, 2013, FERC issued an order that, among other things, rejected the arguments of the PJM Transmission Owners that changes to the PJM governing documents were entitled to review under the *Mobile-Sierra* standard. The FERC's March 22, 2013 order could enable third parties to seek to build certain regional transmission projects that had previously been reserved for the PJM Transmission Owners, potentially reducing ComEd, PECO and BGE's financial return on new investments in energy transmission facilities.

Numerous parties sought rehearing of the FERC's March 22, 2013 order, including the PJM Transmission Owners. On May 15, 2014, FERC denied the PJM Transmission Owner rehearing request. Several parties filed an appeal of the FERC's May 15, 2014, Order upholding PJM's right of first refusal language in the D.C. Circuit. The ultimate outcome of this proceeding cannot be predicted at this time, however, could be material to Exelon, ComEd, PECO and BGE's results of operations and cash flows.

FERC Transmission Complaint (Exelon and BGE). On February 27, 2013, consumer advocates and regulators from the District of Columbia, New Jersey, Delaware and Maryland, and the Delaware Electric Municipal Cooperatives (the parties), filed a complaint at FERC against BGE and the PHI companies relating to their respective transmission formula rates. BGE's formula rate includes a 10.8% base ROE and a 50 basis point incentive for participating in PJM (the latter of which is conditioned upon crediting the first 50 basis points of any incentive ROE adders). The parties seek a reduction in the base ROE to 8.7% and changes to the formula rate process. FERC docketed the matter and set April 3, 2013 as the deadline for interventions, protests and answers. Under FERC rules, the revenues subject to refund are limited to a fifteen month period and the earliest date from which the base ROE could be adjusted and refunds required is the date of the complaint. On March 19, 2013, BGE filed a motion to dismiss or sever the complaint.

On August 21, 2014, FERC issued an order in the BGE and PHI companies' proceeding, which established hearing and settlement judge procedures for the complaint, and set a refund effective date of February 27, 2013. BGE, the PHI companies and the parties began settlement discussions under the guidance of a FERC administrative law judge on September 23, 2014. On November 24, 2014, the Settlement Judge informed FERC and the Chief Judge that the parties had reached an impasse and determined that a settlement was not possible. On November 26, 2014, the Chief Judge issued an order terminating the settlement proceeding, designating a presiding judge at the hearings and directing that an initial decision be issued by November 25, 2015.

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On December 8, 2014, various state agencies in Delaware, Maryland, New Jersey, and D.C. filed a second complaint against BGE regarding the base ROE of the transmission business seeking a reduction from 10.8% to 8.8%. The filing of the second complaint creates a second refund window. By order issued on February 9, 2015, FERC established a hearing on the second complaint with the complainants' requested refund effective date of December 8, 2014. On February 20, 2015, the Chief Judge issued an order consolidating the two complaint proceedings and established an Initial Decision issuance deadline of February 29, 2016. On March 2, 2015, the Presiding Administrative Law Judge issued an order establishing a procedural schedule for the consolidated proceedings that provides for the hearing to commence on October 20, 2015. On September 14, 2015, the complainants and respondents filed a joint motion to suspend the hearing schedule because they have reached a settlement in principle to resolve the ROE issue. On September 15, 2015, the Chief Administrative Law Judge issued an order granting the motion, and setting October 15, 2015 as the date for the moving parties to either file a settlement or file a status report detailing the timetable for filing a settlement, which was subsequently extended to October 30, 2015. On October 30, 2015, the parties filed a status report stating their intent to either file a settlement or file another status report during the fourth quarter of 2015.

Based on the current status of the complaint filings, BGE believes it is probable that BGE's base ROE rate will be adjusted, and that a refund to customers of transmission revenue for the two maximum fifteen month periods will be required. BGE has established a reserve, which management believes is adequate for what it considers to be the most likely outcome. The estimated annual ongoing reduction in revenues if FERC approved the ROEs as originally requested by the parties in their initial filings is approximately $11 million. If FERC were to order a reduction of BGE's base ROE to 8.7% and 8.8% as sought in the first and second complaints, respectively (while retaining the 50 basis points of any incentives that were credited to the base ROE for certain new transmission investment), the result would be a refund to customers of approximately $13 million and $14 million for the first and second fifteen month refund windows, respectively, for a total refund to customers of $27 million. See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

The Maryland Strategic Infrastructure Development and Enhancement Program (Exelon and BGE). In February 2013, the Maryland General Assembly passed legislation intended to accelerate gas infrastructure replacements in Maryland by establishing a mechanism for gas companies to promptly recover reasonable and prudent costs of eligible infrastructure replacement projects separate from base rate proceedings. On May 2, 2013, the Governor of Maryland signed the legislation into law; which took effect June 1, 2013. Under the new law, following a proceeding before the MDPSC and with the MDPSC's approval of the eligible infrastructure replacement projects along with a corresponding surcharge, BGE could begin charging gas customers a monthly surcharge for infrastructure costs incurred after June 1, 2013. The legislation includes caps on the monthly surcharges to residential and non-residential customers, and would require an annual true-up of the surcharge revenues against actual expenditures. Investment levels in excess of the cap would be recoverable in a subsequent gas base rate proceeding at which time all costs for the infrastructure replacement projects would be rolled into gas distribution rates. Irrespective of the cap, BGE is required to file a gas rate case every five years under this legislation. On August 2, 2013, BGE filed its infrastructure replacement plan and associated surcharge. On January 29, 2014, the MDPSC issued a decision conditionally approving the first five years of BGE's plan and surcharge. On March 26, 2014, the MDPSC approved as filed BGE's proposed 2014 project list, tariff and associated surcharge amounts, with a surcharge that became effective April 1, 2014. On November 17, 2014, BGE filed a surcharge update to be effective January 1, 2015 including a true-up of costs estimates included in the 2014 surcharge, along with its 2015 project list and projected capital estimates of $78 million to be included in the 2015 surcharge calculation. At its December 17, 2014 weekly Administrative Meeting, the MDPSC approved BGE's 2015 project list and the proposed surcharge for 2015, which included the true-up of the 2014 surcharge. As of September 30, 2015, BGE recorded a regulatory asset of $1 million, representing the difference between the surcharge revenues and program costs.

In February 2014, the residential consumer advocate in Maryland filed an appeal with the Baltimore City Circuit Court to the decision issued by the MDPSC on BGE's infrastructure replacement plan. On September 5,

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2014, the Baltimore City Circuit Court affirmed the MDPSC decision on BGE's infrastructure replacement plan and associated surcharge. On October 10, 2014, the residential consumer advocate noticed its appeal to the Maryland Court of Special Appeals from the judgment entered by the Baltimore City Circuit Court. During the third quarter of 2015, the residential consumer advocate, MDPSC, and BGE filed briefs. The Court of Special Appeals has set oral argument in this matter for November 3, 2015. BGE cannot predict the outcome of this appeal. However, if the consumer advocates appeal is successful, BGE could seek recovery of infrastructure replacement costs through other regulatory mechanisms. See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

PJM Minimum Offer Price Rule (Exelon and Generation). PJM's capacity market rules include a Minimum Offer Price Rule (MOPR) that is intended to preclude sellers from artificially suppressing the competitive price signals for generation capacity. The FERC orders approving the MOPR were upheld by the United States Court of Appeals for the Third Circuit in February 2014.

Exelon continues to work with PJM stakeholders and through the FERC process to implement several proposed changes to the PJM tariff aimed at ensuring that capacity resources (including those with state-sanctioned subsidy contracts and capacity market speculators) cannot inappropriately affect capacity auction prices in PJM.

Employees

During 2015, Generation successfully ratified the collective bargaining agreement (CBA) between the IBEW and Clinton Power Station through 2021, the CBA with that Security Officer union at Braidwood, Byron and Three Mile Island through 2018, 2019, and 2021, respectively. In addition, two union contracts at Mystic 7 and Mystic 8/9 were successfully negotiated and ratified through 2021.

Negotiations for a first contract of the ComEd Distribution Testing Technicians (DT), a group of 49 technicians represented by IBEW Local 15, was successfully ratified. After a two-year transition period ending December 31, 2017, the DT group will cease to exist and most of the existing duties will be absorbed by existing represented work group positions within the current ComEd IBEW Local 15 CBA, which will expire on September 30, 2019.

Critical Accounting Policies and Estimates

Management of each of the Registrants makes a number of significant estimates, assumptions and judgments in the preparation of its financial statements. See ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — CRITICAL ACCOUNTING POLICIES AND ESTIMATES in Exelon's, Generation's, ComEd's, PECO's and BGE's combined 2014 Form 10-K for a discussion of the estimates and judgments necessary in the Registrants' accounting for AROs, goodwill, purchase accounting, unamortized energy assets and liabilities, asset impairments, depreciable lives of property, plant and equipment, defined benefit pension and other postretirement benefits, regulatory accounting, derivative instruments, taxation, contingencies, revenue recognition, and allowance for uncollectible accounts. At September 30, 2015, the Registrants' critical accounting policies and estimates had not changed significantly from December 31, 2014.

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Results of Operations

Net Income Attributable to Common Shareholders by Registrant

	Three Months Ended September 30,		Favorable (Unfavorable) Variance	Nine Months Ended September 30,		Favorable (Unfavorable) Variance
	2015 (a)	2014		2015 (a)	2014	
Exelon	$ 629	$ 993	$ (364)	$ 1,959	$ 1,604	$ 355
Generation	377	771	(394)	1,218	926	292
ComEd	149	126	23	339	335	4
PECO	90	81	9	299	255	44
BGE	51	46	5	202	146	56

(a) On April 1, 2014, Generation assumed operational control of CENG's nuclear fleet. As a result, beginning April 1, 2014, the financial results include CENG's results of operations on a fully consolidated basis.

Results of Operations — Generation

	Three Months Ended September 30,		Favorable (Unfavorable) Variance	Nine Months Ended September 30,		Favorable (Unfavorable) Variance
	2015	2014		2015	2014 (a)	
Operating revenues	$ 4,768	$ 4,412	$ 356	$14,841	$12,591	$ 2,250
Purchased power and fuel expense	2,519	1,880	(639)	7,800	7,071	(729)
Revenue net of purchased power and fuel (b)	2,249	2,532	(283)	7,041	5,520	1,521
Other operating expenses						
Operating and maintenance	1,241	1,266	25	3,860	3,765	(95)
Depreciation and amortization	264	253	(11)	774	719	(55)
Taxes other than income	123	127	4	369	350	(19)
Total other operating expenses	1,628	1,646	18	5,003	4,834	(169)
Equity in earnings (losses) of unconsolidated affiliates	—	1	(1)	—	(20)	20
Gain on sales of assets	1	338	(337)	7	355	(348)
Gain on consolidation and acquisition of businesses	—	—	—	—	261	(261)
Operating income	622	1,225	(603)	2,045	1,282	763
Other income and (deductions)						
Interest expense	(68)	(89)	21	(269)	(261)	(8)
Other, net	(257)	4	(261)	(193)	306	(499)
Total other income and (deductions)	(325)	(85)	(240)	(462)	45	(507)
Income before income taxes	297	1,140	(843)	1,583	1,327	256
Income taxes (benefit)	(36)	291	327	371	290	(81)
Equity in losses of unconsolidated affiliates	(1)	—	(1)	(4)	—	(4)
Net income	332	849	(517)	1,208	1,037	171
Net income (loss) attributable to noncontrolling interests	(45)	78	123	(10)	111	121
Net income attributable to membership interest	$ 377	$ 771	$ (394)	$ 1,218	$ 926	$ 292

(a) On April 1, 2014, Generation assumed operational control of CENG's nuclear fleet. As a result, beginning on April 1, 2014, the financial results include CENG's results of operations on a fully consolidated basis.

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(b) Generation evaluates its operating performance using the measure of revenue net of purchased power and fuel expense. Generation believes that revenue net of purchased power and fuel expense is a useful measurement because it provides information that can be used to evaluate its operational performance. Revenue net of purchased power and fuel expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

Net Income Attributable to Membership Interest

Three Months Ended September 30, 2015 Compared to Three Months Ended September 30, 2014. Generation's net income attributable to membership interest for the three months ended September 30, 2015 decreased compared to the same period in 2014 primarily due to lower revenue net of purchased power and fuel expense, lower gains on sales of assets and decreased other income, partially offset by decreased operating and maintenance and income tax expense. The decrease in revenue net of purchased power and fuel expense relates to mark-to-market losses in 2015 compared to mark-to-market gains in 2014 and lower margins and capacity revenues resulting from the absence of generating units sold in 2014, partially offset by the benefit of lower cost to serve load, the inclusion of Integrys' results in 2015, and increased load served. The decrease in gains on sales of assets is primarily due to the absence in 2015 of the gain on sale of Safe Harbor Water Power Corporation recorded in 2014. The decrease in other income is primarily due to the change in realized and unrealized gains and losses on NDT funds. The decrease in operating and maintenance expense is primarily related to a reduction in merger and integration costs in 2015 and the absence of impairment charges for certain generating assets held for sale recorded in 2014, partially offset by increased contracting costs primarily due to growth development projects at Generation. The decrease in income taxes is primarily due to the absence of the gain on the sale of Safe Harbor Water Power Corporation recorded in 2014 and an increase in the domestic production activities deduction.

Nine Months Ended September 30, 2015 Compared to Nine Months Ended September 30, 2014. Generation's net income attributable to membership interest for the nine months ended September 30, 2015 increased compared to the same period in 2014 primarily due to higher revenue net of purchased power and fuel expense, partially offset by an increase in operating and maintenance expense, decreased gains on sales of assets, the 2014 gain recognized as a result of the consolidation of CENG, decreased other income and increased income taxes. The increase in revenue net of purchased power and fuel expense relates to the inclusion of CENG's results on a fully consolidated basis in 2015, a reduction in the number of nuclear outage days in 2015, the inclusion of Integrys' results in 2015, the benefit of lower cost to serve load (which includes the absence of higher procurement costs for replacement power due to extreme cold weather in the first quarter of 2014), the cancellation of the DOE spent nuclear fuel disposal fee, increased capacity prices, favorability from portfolio management optimization activities, increased load served and mark-to-market gains in 2015 compared to mark-to-market losses in 2014, partially offset by lower margins and capacity revenues resulting from the 2014 sales of generating assets, lower realized energy prices and the absence of fuel optimization opportunities realized in 2014 in the South. The increase in operating and maintenance expense is primarily related to the inclusion of CENG's results on a fully consolidated basis in 2015, partially offset by the absence of impairment charges for wind generating assets and certain assets held for sale recorded in 2014. The decrease in gains on sales of assets is primarily due to the absence in 2015 of the gain on sale of Safe Harbor Water Power Corporation in 2014. The decrease in other income is primarily due to the change in realized and unrealized gains and losses on NDT funds. The increase in income taxes is primarily due to mark-to-market gains recorded in 2015 compared to market-to-market losses recorded in 2014, partially offset by the gain on the consolidation of CENG in 2014 and an increase in the domestic production activities deduction.

Revenue Net of Purchased Power and Fuel Expense

The basis for Generation's reportable segments is the integrated management of its electricity business that is located in different geographic regions, and largely representative of the footprints of ISO/RTO and/or NERC regions, which utilize multiple supply sources to provide electricity through various distribution channels

(wholesale and retail). Generation's hedging strategies and risk metrics are also aligned with these same geographic regions. Descriptions of each of Generation's six reportable segments are as follows:

- Mid-Atlantic represents operations in the eastern half of PJM, which includes New Jersey, Maryland, Virginia, West Virginia, Delaware, the District of Columbia and parts of Pennsylvania and North Carolina.
- Midwest represents operations in the western half of PJM, which includes portions of Illinois, Pennsylvania, Indiana, Ohio, Michigan, Kentucky and Tennessee, and the United States footprint of MISO, excluding MISO's Southern Region, which covers all or most of North Dakota, South Dakota, Nebraska, Minnesota, Iowa, Wisconsin, the remaining parts of Illinois, Indiana, Michigan and Ohio not covered by PJM, and parts of Montana, Missouri and Kentucky.
- New England represents the operations within ISO-NE covering the states of Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.
- New York represents operations within ISO-NY, which covers the state of New York in its entirety.
- ERCOT represents operations within Electric Reliability Council of Texas, covering most of the state of Texas.
- Other Power Regions :
    - South represents operations in the FRCC, MISO's Southern Region, and the remaining portions of the SERC not included within MISO or PJM, which includes all or most of Florida, Arkansas, Louisiana, Mississippi, Alabama, Georgia, Tennessee, North Carolina, South Carolina and parts of Missouri, Kentucky and Texas. Generation's South region also includes operations in the SPP, covering Kansas, Oklahoma, most of Nebraska and parts of New Mexico, Texas, Louisiana, Missouri, Mississippi and Arkansas.
    - West represents operations in the WECC, which includes California ISO, and covers the states of California, Oregon, Washington, Arizona, Nevada, Utah, Idaho, Colorado, and parts of New Mexico, Wyoming and South Dakota.
    - Canada represents operations across the entire country of Canada and includes AESO, OIESO and the Canadian portion of MISO.

The following business activities are not allocated to a region, and are reported in the table below in Other: natural gas, as well as other miscellaneous business activities that are not significant to Generation's overall operating revenues or results of operations. Further, the following activities are not allocated to a region, and are reported in the table below in Other: unrealized mark-to-market impact of economic hedging activities, amortization of certain intangible assets relating to commodity contracts recorded at fair value from mergers and acquisitions and other miscellaneous revenues.

Generation evaluates the operating performance of its power marketing activities using the measure of revenue net of purchased power and fuel expense, which is a non-GAAP measurement. Generation's operating revenues include all sales to third parties and affiliated sales to ComEd, PECO and BGE. Purchased power costs include all costs associated with the procurement and supply of electricity including capacity, energy and ancillary services. Fuel expense includes the fuel costs for owned generation and fuel costs associated with tolling agreements.

For the three and nine months ended September 30, 2015 and 2014, Generation's revenue net of purchased power and fuel expense by region were as follows:

	Three Months Ended September 30,			
	2015	2014	Variance	% Change
Mid-Atlantic [b]	$ 991	$ 935	$ 56	6.0%
Midwest [c]	752	716	36	5.0%
New England	133	90	43	47.8%
New York	167	186	(19)	(10.2)%
ERCOT	111	109	2	1.8%
Other Power Regions [d]	83	68	15	22.1%
Total electric revenue net of purchased power and fuel expense	2,237	2,104	133	6.3%
Proprietary trading	—	23	(23)	(100.0)%
Mark-to-market gains (losses)	(139)	267	(406)	(152.1)%
Other [e]	151	138	13	9.4%
Total revenue net of purchased power and fuel expense	$ 2,249	$ 2,532	$ (283)	(11.2)%

	Nine Months Ended September 30,			
	2015	2014	Variance	% Change
Mid-Atlantic [a][b][f]	$ 2,663	$ 2,550	$ 113	4.4%
Midwest [c]	2,195	1,877	318	16.9%
New England	379	290	89	30.7%
New York [a][f]	498	313	185	59.1%
ERCOT	235	250	(15)	(6.0)%
Other Power Regions [d]	193	249	(56)	(22.5)%
Total electric revenue net of purchased power and fuel expense	6,163	5,529	634	11.5%
Proprietary trading	3	43	(40)	(93.0)%
Mark-to-market gains (losses)	258	(477)	735	154.1%
Other [e]	617	425	192	45.2%
Total revenue net of purchased power and fuel expense	$ 7,041	$ 5,520	$ 1,521	27.6%

(a) On April 1, 2014, Generation assumed operational control of CENG's nuclear fleet. As a result, beginning April 1, 2014, the financial results include CENG's results on a fully consolidated basis.
(b) Results of transactions with PECO and BGE are included in the Mid-Atlantic region.
(c) Results of transactions with ComEd are included in the Midwest region.
(d) Other Power Regions includes South, West and Canada.
(e) Other represents activities not allocated to a region. See text above for a description of included activities. Also includes a $4 million decrease to RNF and a $20 million increase to RNF for the amortization of intangible assets related to commodity contracts for the three and nine months ended September 30, 2015, respectively, and $15 million increase to RNF and $78 million decrease to RNF for the amortization of intangible assets related to commodity contracts for the three and nine months ended September 30, 2014, respectively.
(f) Includes $113 million and $169 million of purchased power from CENG prior to its consolidation on April 1, 2014 in the Mid-Atlantic and New York regions, respectively, for the nine months ended September 30, 2014.

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Generation's supply sources by region are summarized below:

Supply Source (GWh)	Three Months Ended September 30, 2015	2014	Variance	% Change
Nuclear Generation				
Mid-Atlantic [a]	16,446	15,993	453	2.8%
Midwest	23,927	24,379	(452)	(1.9)%
New York [a]	4,807	4,891	(84)	(1.7)%
Total Nuclear Generation	45,180	45,263	(83)	(0.2)%
Fossil and Renewables [a]				
Mid-Atlantic	719	2,385	(1,666)	(69.9)%
Midwest	262	212	50	23.6%
New England	1,840	1,789	51	2.9%
New York	1	1	—	—%
ERCOT	2,306	2,331	(25)	(1.1)%
Other Power Regions [c]	1,945	2,285	(340)	(14.9)%
Total Fossil and Renewables	7,073	9,003	(1,930)	(21.4)%
Purchased Power				
Mid-Atlantic	3,511	1,110	2,401	n.m.
Midwest	515	260	255	98.1%
New England	5,787	3,231	2,556	79.1%
ERCOT	2,422	2,184	238	10.9%
Other Power Regions [c]	5,189	4,397	792	18.0%
Total Purchased Power	17,424	11,182	6,242	55.8%
Total Supply/Sales by Region [d]				
Mid-Atlantic [e]	20,676	19,488	1,188	6.1%
Midwest [e]	24,704	24,851	(147)	(0.6)%
New England	7,627	5,020	2,607	51.9%
New York	4,808	4,892	(84)	(1.7)%
ERCOT	4,728	4,515	213	4.7%
Other Power Regions [c]	7,134	6,682	452	6.8%
Total Supply/Sales by Region	69,677	65,448	4,229	6.5%

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Supply Source (GWh)	Nine Months Ended September 30, 2015	2014	Variance	% Change
Nuclear Generation				
Mid-Atlantic [a]	47,783	43,042	4,741	11.0%
Midwest	69,802	70,223	(421)	(0.6)%
New York [a]	14,057	8,657	5,400	62.4%
Total Nuclear Generation	131,642	121,922	9,720	8.0%
Fossil and Renewables [a]				
Mid-Atlantic	2,028	8,758	(6,730)	(76.8)%
Midwest	1,057	948	109	11.5%
New England	2,575	4,822	(2,247)	(46.6)%
New York	3	3	—	—%
ERCOT	4,600	5,541	(941)	(17.0)%
Other Power Regions [c]	6,014	5,954	60	1.0%
Total Fossil and Renewables	16,277	26,026	(9,749)	(37.5)%
Purchased Power				
Mid-Atlantic [b]	6,719	5,152	1,567	30.4%
Midwest	1,511	1,491	20	1.3%
New England	17,937	7,591	10,346	136.3%
New York [b]	—	2,857	(2,857)	(100.0)%
ERCOT	7,569	6,685	884	13.2%
Other Power Regions [c]	12,666	11,406	1,260	11.0%
Total Purchased Power	46,402	35,182	11,220	31.9%
Total Supply/Sales by Region [d]				
Mid-Atlantic [e]	56,530	56,952	(422)	(0.7)%
Midwest [e]	72,370	72,662	(292)	(0.4)%
New England	20,512	12,413	8,099	65.2%
New York	14,060	11,517	2,543	22.1%
ERCOT	12,169	12,226	(57)	(0.5)%
Other Power Regions [c]	18,680	17,360	1,320	7.6%
Total Supply/Sales by Region	194,321	183,130	11,191	6.1%

(a) Includes the proportionate share of output where Generation has an undivided ownership interest in jointly-owned generating plants and includes the total output of plants that are fully consolidated (e.g. CENG). Nuclear generation for the three and nine months ended September 30, 2015 includes physical volumes of 3,808 GWh and 10,835 GWh in the Mid-Atlantic region and 4,807 GWh and 14,057 GWh in the New York region for CENG. Nuclear generation for the three and nine months ended September 30, 2014 includes physical volumes of 3,726 GWh and 7,507 GWh in the Mid-Atlantic region and 4,891 GWh and 8,657 GWh in the New York region for CENG. Prior to the integration date of April 1, 2014, CENG volumes were included in purchased power.

(b) Purchased power for the nine months ended September 30, 2014 includes physical volumes of 2,489 GWh in the Mid-Atlantic and 2,857 GWh in the New York regions as a result of the PPA with CENG. As of the integration date of April 1, 2014, CENG volumes are included in nuclear generation.

(c) Other Power Regions includes South, West and Canada.

(d) Excludes physical proprietary trading volumes of 1,913 GWh and 3,006 GWh for the three months ended September 30, 2015 and 2014, respectively, and 5,378 GWh and 8,129 GWh for nine months ended September 30, 2015 and 2014, respectively.

(e) Includes affiliate sales to PECO and BGE in the Mid-Atlantic region and affiliate sales to ComEd in the Midwest region.

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Mid-Atlantic

Three Months Ended September 30, 2015 Compared to Three Months Ended September 30, 2014. The $56 million increase in revenue net of purchased power and fuel expense in the Mid-Atlantic was primarily due to the benefit of lower cost to serve load, increased load volumes served, higher nuclear volumes, and higher capacity revenues, partially offset by lower generation volumes due to the sale of various generating assets.

Nine Months Ended September 30, 2015 Compared to Nine Months Ended September 30, 2014. The $113 million increase in revenue net of purchased power and fuel expense in the Mid-Atlantic was primarily due to the inclusion of CENG's results on a fully consolidated basis in 2015, benefit of lower cost to serve load (which includes the absence of higher procurement costs for replacement power due to extreme cold weather in the first quarter of 2014), increased load volumes served, higher nuclear volumes, the cancellation of the DOE spent nuclear fuel disposal fee, and favorability from portfolio management optimization activities, partially offset by lower capacity revenues, and lower generation volumes due to the sale of generating assets.

Midwest

Three Months Ended September 30, 2015 Compared to Three Months Ended September 30, 2014. The $36 million increase in revenue net of purchased power and fuel expense in the Midwest was primarily due to the benefit of lower cost to serve load, increased load volumes served, the inclusion of Integrys' results in 2015, and higher capacity revenues, partially offset by lower nuclear volumes.

Nine Months Ended September 30, 2015 Compared to Nine Months Ended September 30, 2014. The $318 million increase in revenue net of purchased power and fuel expense in the Midwest was primarily due to higher capacity revenues, the benefit of lower cost to serve load, increased load volumes served, the inclusion of Integrys' results in 2015, the cancellation of the DOE spent nuclear fuel disposal fee, and favorability from portfolio management optimization activities, partially offset by lower nuclear volumes.

New England

Three Months Ended September 30, 2015 Compared to Three Months Ended September 30, 2014. The $43 million increase in revenue net of purchased power and fuel expense in New England was primarily due to the benefit of lower cost to serve load, increased load volumes served, and the inclusion of Integrys' results in 2015, partially offset by lower generation volumes due to the sale of a generating asset.

Nine Months Ended September 30, 2015 Compared to Nine Months Ended September 30, 2014. The $89 million increase in revenue net of purchased power and fuel expense in New England was primarily due to the benefit of lower cost to serve load, increased load volumes served and the inclusion of Integrys' results in 2015, partially offset by lower generation volumes due to the sale of a generating asset.

New York

Three Months Ended September 30, 2015 Compared to Three Months Ended September 30, 2014. The $19 million decrease in revenue net of purchased power and fuel expense in New York was primarily due to lower capacity revenues, lower realized energy prices, and lower nuclear volumes.

Nine Months Ended September 30, 2015 Compared to Nine Months Ended September 30, 2014. The $185 million increase in revenue net of purchased power and fuel expense in New York was primarily due to the inclusion of CENG's results on a fully consolidated basis in 2015 and higher nuclear volumes, partially offset by lower realized energy prices and lower capacity revenues.

ERCOT

Three Months Ended September 30, 2015 Compared to Three Months Ended September 30, 2014. The $2 million increase in revenue net of purchased power and fuel expense in ERCOT was primarily due to lower fuel costs, partially offset by lower realized energy prices.

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Nine Months Ended September 30, 2015 Compared to Nine Months Ended September 30, 2014. The $15 million decrease in revenue net of purchased power and fuel expense in ERCOT was primarily due to lower realized energy prices and lower generation volumes due to the sale of a generating asset, partially offset by the absence of higher procurement costs for replacement power in 2014 and lower fuel costs.

Other Power Regions

Three Months Ended September 30, 2015 Compared to Three Months Ended September 30, 2014. The $15 million increase in revenue net of purchased power and fuel expense in Other Power Regions was primarily due to higher generation volumes from power purchase agreements and lower fuel costs, partially offset by lower realized energy prices.

Nine Months Ended September 30, 2015 Compared to Nine Months Ended September 30, 2014. The $56 million decrease in revenue net of purchased power and fuel expense in Other Power Regions was primarily due to lower realized energy prices and the absence of the 2014 fuel optimization opportunities, partially offset by higher generation volumes from power purchase agreements and lower fuel costs.

Proprietary trading

Three Months Ended September 30, 2015 Compared to Three Months Ended September 30, 2014. The $23 million decrease in revenue net of purchased power and fuel expense in Proprietary trading was primarily due to the absence of gains on congestion trading products.

Nine Months Ended September 30, 2015 Compared to Nine Months Ended September 30, 2014. The $40 million decrease in revenue net of purchased power and fuel expense in Proprietary trading was primarily due to the absence of gains on congestion trading products.

Mark-to-market

Three Months Ended September 30, 2015 Compared to Three Months Ended September 30, 2014. Generation is exposed to market risks associated with changes in commodity prices and enters into economic hedges to mitigate exposure to these fluctuations. Mark-to-market losses on economic hedging activities were $139 million for the three months ended September 30, 2015 compared to gains of $267 million for the three months ended September 30, 2014. See Notes 9 — Fair Value of Financial Assets and Liabilities and 10 — Derivative Financial Instruments of the Combined Notes to the Consolidated Financial Statements for information on gains and losses associated with mark-to-market derivatives.

Nine Months Ended September 30, 2015 Compared to Nine Months Ended September 30, 2014. Generation is exposed to market risks associated with changes in commodity prices and enters into economic hedges to mitigate exposure to these fluctuations. Mark-to-market gains on economic hedging activities were $258 million for the nine months ended September 30, 2015 compared to losses of $477 million for the nine months ended September 30, 2014. See Notes 9 — Fair Value of Financial Assets and Liabilities and 10 — Derivative Financial Instruments of the Combined Notes to the Consolidated Financial Statements for information on gains and losses associated with mark-to-market derivatives.

Other

Three Months Ended September 30, 2015 Compared to Three Months Ended September 30, 2014. The $13 million increase in other revenue net of purchased power and fuel expense was primarily driven by the amortization of contracts recorded at fair value during prior acquisitions, and the addition of Integrys.

Nine Months Ended September 30, 2015 Compared to Nine Months Ended September 30, 2014. The $192 million increase in other revenue net of purchased power and fuel expense was primarily driven by the amortization of contracts recorded at fair value during prior acquisitions, and the addition of Integrys.

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Nuclear Fleet Capacity Factor and Production Costs

The following table presents nuclear fleet operating data for the three and nine months ended September 30, 2015 as compared to the same periods in 2014, for the Generation-operated plants. The nuclear fleet capacity factor presented in the table is defined as the ratio of the actual output of a plant over a period of time to its output if the plant had operated at full average annual mean capacity for that time period. Nuclear fleet production cost is defined as the costs to produce one MWh of energy, including fuel, materials, labor, contracting and other miscellaneous costs, but excludes depreciation, required capital investment, benefits costs associated with labor, insurance, property taxes, unit contingent costs, suspended DOE nuclear waste storage fees, and certain other non-production related overhead costs. Generation considers capacity factor and production costs useful measures comparatively to analyze the nuclear fleet performance between periods. Generation has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, these measures are not a presentation defined under GAAP and may not be comparable to other companies' presentations or be more useful than the GAAP information provided elsewhere in this report.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Nuclear fleet capacity factor [(a)]	95.5%	96.5%	93.8%	94.1%
Nuclear fleet production cost per MWh [(a)]	$18.26	$17.99	$19.44	$19.58

(a) Excludes Salem, which is operated by PSEG Nuclear, LLC. Reflects ownership percentage of stations operated by Exelon. On April 1, 2014, Generation assumed operational control of CENG's nuclear fleet, and as a result, beginning on April 1, 2014, the financial results include CENG's results of operations on a fully consolidated basis.

Three Months Ended September 30, 2015 Compared to Three Months Ended September 30, 2014. The nuclear fleet capacity factor, which excludes Salem, decreased primarily due to a higher number of refueling outages days during the three months ended September 30, 2015 compared to the same period in 2014, partially offset by a lower number of non-refueling outage days. For the three months ended September 30, 2015 and 2014, refueling outage days totaled 27 and 18, respectively. During the same periods, non-refueling outage days totaled 11 and 20, respectively. Production costs per MWh were higher for the three months ended September 30, 2015 as compared to the same period in 2014 due to a lower fleet capacity factor.

Nine Months Ended September 30, 2015 Compared to Nine Months Ended September 30, 2014. The nuclear fleet capacity factor, which excludes Salem, decreased primarily due to a higher number of refueling outage days and non-outage energy losses during the nine months ended September 30, 2015 compared to the same period in 2014, partially offset by a lower number of unplanned outage days. For the nine months ended September 30, 2015 and 2014, refueling outage days totaled 187 (of which 51 were related to CENG plants) and 178 (of which 52 were related to CENG plants), respectively. During the same periods, non-refueling outage days totaled 61 (of which 12 were related to CENG) and 84 (of which 5 were related to CENG), respectively. Production costs per MWh were lower for the nine months ended September 30, 2015 as compared to the same period in 2014, due to the elimination of the spent nuclear fuel disposal fee in 2014, partially offset by the inclusion of CENG.

Operating and Maintenance

The changes in operating and maintenance expense for the three and nine months ended September 30, 2015 compared to the same periods in 2014, consisted of the following:

	Three Months Ended September 30, Increase (Decrease)	Nine Months Ended September 30, Increase (Decrease) [a]
Labor, other benefits, contracting, materials	$ 45	$ 202
Corporate allocations [b]	6	17
Materials and supplies related expenses	10	10
Asset retirement obligation update [c]	8	8
Pension and non-pension postretirement benefits expense	6	10
Nuclear refueling outage costs, including the co-owned Salem plants	2	8
Regulatory fees and assessment	2	12
Midwest Generation bankruptcy recoveries	—	(14)
Accretion expense [d]	(2)	21
Merger and integration costs	(46)	(56)
Impairment of long-lived assets [e]	(47)	(135)
Other	(9)	12
Increase (decrease) in operating and maintenance expense	$ (25)	$ 95

(a) On April 1, 2014, Generation assumed operational control of CENG's nuclear fleet. As a result, beginning on April 1, 2014, the financial results include CENG's results of operations on a fully consolidated basis.
(b) Reflects an increased share of corporate allocated costs.
(c) Reflects the impact of the annual update of Generation's nuclear decommissioning obligation for Non-Regulatory Agreement Units.
(d) Includes the elimination of activity for the Regulatory Agreement Units, including the elimination of revenue and depreciation for those units. See Note 15—Asset Retirement Obligations of the Exelon 2014 Form 10-K for additional information regarding the accounting for nuclear decommissioning.
(e) Reflects the impact of a 2014 charge to earnings related to the impairment of wind generating assets and certain generation assets held for sale.

Depreciation and Amortization

Three Months Ended September 30, 2015 Compared to Three Months Ended September 30, 2014. Depreciation and amortization expense for the three months ended September 30, 2015 compared to the three months ended September 30, 2014 remained relatively consistent.

Nine Months Ended September 30, 2015 Compared to Nine Months Ended September 30, 2014. The increase in depreciation and amortization expense for the nine months ended September 30, 2015 compared to the nine months ended September 30, 2014 is primarily due the inclusion of CENG's results on a fully consolidated basis in 2015.

Taxes Other Than Income

Three Months Ended September 30, 2015 Compared to Three Months Ended September 30, 2014. Taxes other than income taxes, which can vary period to period, include non-income municipal and state utility taxes, real estate taxes and payroll taxes. Taxes other than income for the three months ended September 30, 2015 compared to the three months ended September 30, 2014 remained relatively level.

Nine Months Ended September 30, 2015 Compared to Nine Months Ended September 30, 2014. Taxes other than income taxes, which can vary period to period, include non-income municipal and state utility taxes, real estate taxes and payroll taxes. The increase in taxes other than income for the nine months ended September 30, 2015 compared to the nine months ended September 30, 2014 is primarily due the inclusion of CENG's results on a fully consolidated basis in 2015.

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Equity in Losses of Unconsolidated Affiliates

Three Months Ended September 30, 2015 Compared to Three Months Ended September 30, 2014. Equity in losses of unconsolidated affiliates for the three months ended September 30, 2015 compared to the three months ended September 30, 2014 remained relatively consistent.

Nine Months Ended September 30, 2015 Compared to Nine Months Ended September 30, 2014. The decrease in equity in losses of unconsolidated affiliates for the nine months ended September 30, 2015 compared to the nine months ended September 30, 2014 is primarily due to CENG's operating results being fully consolidated beginning April 1, 2014 and, as a result, are not reflected as equity method losses in 2015.

Gain on Sales of Assets

The unfavorable change in gain on sales of assets for the three and nine months ended September 30, 2015 compared to the three and nine months ended September 30, 2014 is primarily due to the gain on sale of Safe Harbor Water Power Corporation, which was recorded in 2014.

Interest Expense

Three Months Ended September 30, 2015 Compared to Three Months Ended September 30, 2014. The decrease in interest expense for the three months ended September 30, 2015 compared to the three months ended September 30, 2014 is primarily related to the favorable settlement in 2015 of an income tax position on Constellation's pre-acquisition tax returns, partially offset by increased interest expense due to higher outstanding debt.

Nine Months Ended September 30, 2015 Compared to Nine Months Ended September 30, 2014. The increase in interest expense for the three months ended September 30, 2015 compared to the three months ended September 30, 2014 is primarily related to higher outstanding debt, partially offset by the favorable settlement in 2015 of an income tax position on Constellation's pre-acquisition tax returns.

Other, Net

The decrease in Other, net for the three and nine months ended September 30, 2015 compared to the three and nine months ended September 30, 2014 primarily reflects the change in the realized and unrealized gains and losses related to the NDT funds of its Non-Regulatory Agreement Units as described in the table below. Other, net also reflects $(55) million and $(16) million for the three months ended September 30, 2015 and 2014, respectively, and $(44) million and $50 million for the nine months ended September 30, 2015 and 2014, respectively, related to the contractual elimination of income tax expense (benefit) associated with the NDT funds of the Regulatory Agreement Units. Refer to Note 13 — Nuclear Decommissioning for additional information regarding NDT funds. For the three and nine months ended September 30, 2015, the change in Other, net also included a benefit recorded in 2014 for the favorable settlement of certain income tax positions on Constellation's pre-acquisition tax returns.

The following table provides unrealized and realized gains (losses) on the NDT funds of the Non-Regulatory Agreement Units recognized in Other, net for the three and nine months ended September 30, 2015 and 2014:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015 [a]	2014
Net unrealized gains (losses) on decommissioning trust funds	$ (218)	$ (41)	$ (274)	$ 100
Net realized gains (losses) on sale of decommissioning trust funds	(3)	17	53	42

(a) On April 1, 2014, Generation assumed operational control of CENG's nuclear fleet. As a result, the 2015 financial results include CENG's results of operations on a fully consolidated basis.

Effective Income Tax Rate

The effective income tax rate was (12.1)% and 23.4% for the three and nine months ended September 30, 2015, respectively, compared to 25.5% and 21.9% for the same periods during 2014. See Note 12 — Income Taxes of the Combined Notes to the Consolidated Financial Statements for further discussion of the change in the effective income tax rate.

Results of Operations — ComEd

	Three Months Ended September 30,		Favorable (Unfavorable) Variance	Nine Months Ended September 30,		Favorable (Unfavorable) Variance
	2015	2014		2015	2014	
Operating revenue	$ 1,376	$ 1,222	$ 154	$3,709	$ 3,484	$ 225
Purchased power expense	390	326	(64)	991	915	(76)
Revenue net of purchased power expense [(a)(b)]	986	896	90	2,718	2,569	149
Other operating expenses						
Operating and maintenance	404	359	(45)	1,166	1,040	(126)
Depreciation and amortization	176	174	(2)	528	521	(7)
Taxes other than income	79	76	(3)	225	225	—
Total other operating expenses	659	609	(50)	1,919	1,786	(133)
Operating income	327	287	40	799	783	16
Other income and (deductions)						
Interest expense, net	(83)	(81)	(2)	(248)	(241)	(7)
Other, net	4	4	—	14	14	—
Total other income and (deductions)	(79)	(77)	(2)	(234)	(227)	(7)
Income before income taxes	248	210	38	565	556	9
Income taxes	99	84	(15)	226	221	(5)
Net income	$ 149	$ 126	$ 23	$ 339	$ 335	$ 4

(a) ComEd evaluates its operating performance using the measure of Revenue net of purchased power expense. ComEd believes that Revenue net of purchased power expense is a useful measurement because it provides information that can be used to evaluate its operational performance. In general, ComEd only earns margin based on the delivery and transmission of electricity. ComEd has included its discussion of Revenue net of purchased power expense below as a complement to the financial information provided in accordance with GAAP. However, Revenue net of purchased power expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

(b) For regulatory recovery mechanisms, including ComEd's distribution and transmission formula rates, and riders, revenues increase and decrease i) as fully recoverable costs fluctuate (with no impact on net earnings), and ii) pursuant to changes in rate base, capital structure and ROE (which impact net earnings).

Net Income

Three Months Ended September 30, 2015 Compared to Three Months Ended September 30, 2014. ComEd's net income for the three months ended September 30, 2015 was higher than the same period in 2014, primarily due to favorable weather and increased electric distribution and transmission formula rate revenues (reflecting the impacts of increased capital investment, partially offset by lower allowed electric distribution ROE).

Nine Months Ended September 30, 2015 Compared to Nine Months Ended September 30, 2014. ComEd's net income for the nine months ended September 30, 2015 was higher than the same period in 2014, primarily due to increased electric distribution and transmission formula rate revenues (reflecting the impacts of increased capital investment, partially offset by lower allowed ROE).

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Operating Revenue Net of Purchased Power Expense

There are certain drivers of Operating revenue that are fully offset by their impact on Purchased power expense, such as commodity procurement costs and participation in customer choice programs. ComEd is permitted to recover electricity procurement costs from retail customers without mark-up. Therefore, fluctuations in electricity procurement costs have no impact on revenue net of purchased power expense. See Note 3 — Regulatory Matters of the Exelon 2014 Form 10-K for additional information on ComEd's electricity procurement process.

All ComEd customers have the choice to purchase electricity from a competitive electric generation supplier. Customer choice programs do not impact ComEd's volume of deliveries, but do affect ComEd's Operating revenue related to supplied energy, which is fully offset in Purchased power expense. Therefore, customer choice programs have no impact on Revenue net of purchased power expense.

Retail deliveries purchased from competitive electric generation suppliers (as a percentage of kWh sales) for the three and nine months ended September 30, 2015, compared to the same period in 2014, consisted of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Electric	75%	79%	77%	80%

Retail customers purchasing electric generation from competitive electric generation suppliers at September 30, 2015 and 2014 consisted of the following:

	September 30, 2015		September 30, 2014	
	Number of customers	% of total retail customers	Number of customers	% of total retail customers
Electric	1,664,600	43%	2,422,900	63%

The City of Chicago previously participated in ComEd's customer choice program and purchased electricity from Constellation (formerly Integrys). As of September 2015, the City of Chicago no longer participates in the customer choice program and began purchasing its electricity from ComEd. It is anticipated that by the end of the fourth quarter 2015 approximately 43% of retail customers and 72% of kWh sales in the ComEd service territory will be supplied by competitive retail electric suppliers, reflecting the City of Chicago switching back to ComEd. ComEd's Operating revenue has increased as a result of the City of Chicago switching, but is fully offset in Purchased power expense.

The changes in ComEd's Revenue net of purchased power expense for the three and nine months ended September 30, 2015, compared to the same periods in 2014 consisted of the following:

	Three Months Ended September 30, Increase (Decrease)	Nine Months Ended September 30, Increase (Decrease)
Weather	$ 17	$ (2)
Volume	(1)	(14)
Electric distribution revenue	36	80
Transmission revenue	11	24
Regulatory required programs	21	2
Uncollectible accounts recovery, net	(6)	37
Pricing and customer mix	12	13
Revenue subject to refund	—	9
Increase in revenue net of purchased power expense	$ 90	$ 149

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Weather. The demand for electricity is affected by weather conditions. Very warm weather in summer months and very cold weather in other months are referred to as "favorable weather conditions" because these weather conditions result in increased customer usage. Conversely, mild weather reduces demand. For the three months ended September 30, 2015, favorable weather conditions increased Operating revenue net of purchased power expense when compared to the same period in 2014.

For the nine months ended September 30, 2015, unfavorable weather conditions reduced Operating revenue net of purchased power expense when compared to the same period in 2014.

Heating and cooling degree days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree days for a 30-year period in ComEd's service territory with cooling degree days generally having a more significant impact to ComEd, particularly during the summer months. The changes in heating and cooling degree days in ComEd's service territory for the three and nine months ended September 30, 2015, and 2014, consisted of the following:

Heating and Cooling Degree-Days				% Change	
Three Months Ended September 30,	2015	2014	Normal	From 2014	From Normal
Heating Degree-Days	55	111	119	(50.5)%	(53.8)%
Cooling Degree-Days	634	537	613	18.1%	3.4%
Nine Months Ended September 30,					
Heating Degree-Days	4,373	4,680	4,048	(6.6)%	8.0%
Cooling Degree-Days	805	796	831	1.1%	(3.1)%

Volume. Revenue net of purchased power expense decreased as a result of lower delivery volume, exclusive of the effects of weather, reflecting decreased average usage per customer as compared to the same three and nine months periods in 2014.

Electric Distribution Revenue. EIMA provides for a performance-based rate formula, which requires an annual reconciliation of the revenue requirement in effect to the actual costs that the ICC determines are prudently and reasonably incurred in a given year. Under EIMA, electric distribution revenue varies from year to year based on fluctuations in the underlying costs, investments being recovered, allowed ROE, and other billing determinants. ComEd's allowed ROE is the annual average rate of 30-year treasury notes plus 580 basis points, subject to a collar of plus or minus 50 basis points. Therefore, the collar limits favorable and unfavorable impacts of weather and load on distribution revenue. During the three and nine months ended September 30, 2015, ComEd recorded increased electric distribution revenue primarily due to increased capital investment, partially offset by lower allowed ROE due to a decrease in treasury rates. See Operating and Maintenance Expense below, and Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information on ComEd's rate formula pursuant to EIMA.

Transmission Revenue. Under a FERC-approved formula, transmission revenue varies from year to year based on fluctuations in the underlying costs, investments being recovered and other billing determinants, such as the highest daily peak load from the previous calendar year. For the three and nine months ended September 30, 2015, ComEd recorded increased transmission revenue primarily due to increased capital investment. See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Regulatory Required Programs. This represents the change in Operating revenue collected under approved riders to recover costs incurred for regulatory programs such as ComEd's energy efficiency and demand response and purchased power administrative costs. The riders are designed to provide full and current cost recovery. An equal and offsetting amount has been included in Operating and maintenance expense. Refer to the Operating and maintenance expense discussion below for additional information on included programs.

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Uncollectible Accounts Recovery, Net. Uncollectible accounts recovery, net represents recoveries under ComEd's uncollectible accounts tariff. See the Operating and maintenance expense discussion below for additional information on this tariff.

Pricing and Customer Mix. The increase in Revenue net of purchased power as a result of pricing and customer mix is primarily attributable to higher overall effective rates due to decreased usage across all major customer classes and change in customer mix for the three and nine months ended September 30, 2015, as compared to the same periods in 2014.

Revenue Subject to Refund . ComEd records revenue subject to refund based upon its best estimate of customer collections that may be required to be refunded. Revenue net of purchase power was higher for the nine months ended September 30, 2015 due to the one-time revenue refund associated with Rider AMP recorded in the second quarter of 2014. See Note 3—Regulatory Matters of the Exelon 2014 Form 10-K for additional information regarding Rider AMP.

Operating and Maintenance Expense

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2015	2014	Increase	2015	2014	Increase
Operating and maintenance expense — baseline	$ 338	$ 314	$ 24	$ 1,005	$ 881	$ 124
Operating and maintenance expense — regulatory required programs [(a)]	66	45	21	161	159	2
Total operating and maintenance expense	$ 404	$ 359	$ 45	$ 1,166	$ 1,040	$ 126

(a) Operating and maintenance expenses for regulatory required programs are costs for various legislative and/or regulatory programs that are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in operating revenue.

The changes in operating and maintenance expense for the three and nine months ended September 30, 2015 compared to the same periods in 2014, consisted of the following:

	Three Months Ended September 30, Increase (Decrease)	Nine Months Ended September 30, Increase
Baseline		
Labor, other benefits, contracting and materials [(a)]	$ 2	$ 38
Pension and non-pension postretirement benefits expense	9	8
Storm-related costs	6	12
Uncollectible accounts expense — provision [(b)]	(2)	3
Uncollectible accounts expense — recovery, net [(b)]	(4)	34
Other [(c)]	13	29
	24	124
Regulatory required programs		
Energy efficiency and demand response programs	21	2
	21	2
Increase in operating and maintenance expense	$ 45	$ 126

(a) Primarily reflects increased contracting costs related to preventative maintenance and other projects for the three and nine months ended September 30, 2015.

(b) ComEd is allowed to recover from or refund to customers the difference between the utility's annual uncollectible accounts expense and the amounts collected in rates annually through a rider mechanism. During the three and nine months ended September 30, 2015, ComEd recorded a net reduction and increase, respectively, in operating and maintenance expense related to uncollectible accounts due to the timing of regulatory cost recovery. An equal and offsetting amount has been recognized in operating revenue for the periods presented.

(c) Primarily reflects increased IT support services costs from BSC.

Depreciation and Amortization

Depreciation and amortization expense for the three months ended September 30, 2015, compared to the same period in 2014, remained relatively consistent.

Depreciation and amortization expense increased for the nine months ended September 30, 2015, compared to the same period in 2014 primarily due to increased capital expenditures, partially offset by decreased amortization as a result of ComEd's severance regulatory assets fully amortizing during the second quarter of 2014.

Taxes Other Than Income

Taxes other than income taxes, which can vary period to period, include municipal and state utility taxes, real estate taxes and payroll taxes. Taxes other than income taxes remained relatively flat during the three and nine months ended September 30, 2015, compared to the same periods in 2014.

Interest Expense, Net

The changes in interest expense, net for the three and nine months ended September 30, 2015, compared to the same periods in 2014, consisted of the following:

	Three Months Ended September 30, Increase (Decrease)	Nine Months Ended September 30, Increase (Decrease)
Interest expense related to uncertain tax positions	$ 1	$ —
Interest expense on debt (including financing trusts) [(a)]	3	9
Other	(2)	(2)
Increase in interest expense, net	$ 2	$ 7

(a) Primarily reflects an increase in interest expense due to the issuance of First Mortgage Bonds on November 10, 2014 and March 2, 2015. See Note 11 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for additional information on ComEd's debt obligations.

Effective Income Tax Rate

ComEd's effective income tax rate was 39.9% and 40.0% for the three months ended September 30, 2015 and 2014, respectively. ComEd's effective income tax rate was 40.0% and 39.7% for the nine months ended September 30, 2015 and 2014, respectively. See Note 12 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

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ComEd Electric Operating Statistics and Revenue Detail

Retail Deliveries to Customers (in GWhs)	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014	% Change	Weather-Normal % Change	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014	% Change	Weather-Normal % Change
Retail Deliveries [a]								
Residential	7,919	7,332	8.0%	(0.6)%	20,602	20,920	(1.5)%	(1.8)%
Small commercial & industrial	8,579	8,366	2.5%	0.3%	24,305	24,456	(0.6)%	(0.4)%
Large commercial & industrial	7,250	7,245	0.1%	(1.3)%	20,807	21,109	(1.4)%	(1.3)%
Public authorities & electric railroads	295	301	(2.0)%	(2.1)%	964	1,001	(3.7)%	(3.1)%
Total retail deliveries	24,043	23,244	3.4%	(0.5)%	66,678	67,486	(1.2)%	(1.2)%

Number of Electric Customers	As of September 30, 2015	As of September 30, 2014
Residential	3,524,253	3,486,438
Small commercial & industrial	369,151	367,446
Large commercial & industrial	1,996	1,992
Public authorities & electric railroads	4,826	4,821
Total	3,900,226	3,860,697

Electric Revenue	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014	% Change	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014	% Change
Retail Sales [a]						
Residential	$ 690	$ 566	21.9%	$ 1,785	$ 1,572	13.5%
Small commercial & industrial	361	349	3.4%	1,029	1,033	(0.4)%
Large commercial & industrial	121	115	5.2%	339	343	(1.2)%
Public authorities & electric railroads	10	10	—%	33	35	(5.7)%
Total retail	1,182	1,040	13.7%	3,186	2,983	6.8%
Other revenue [b]	194	182	6.6%	523	501	4.4%
Total electric revenue	$ 1,376	$ 1,222	12.6%	$ 3,709	$ 3,484	6.5%

(a) Reflects delivery revenue and volumes from customers purchasing electricity directly from ComEd and customers purchasing electricity from a competitive electric generation supplier, as all customers are assessed delivery charges. For customers purchasing electricity from ComEd, revenue also reflects the cost of energy and transmission.

(b) Other revenue primarily includes transmission revenue from PJM. Other items include rental revenue, revenue related to late payment charges, revenue from other utilities for mutual assistance programs and recoveries of environmental costs associated with MGP sites.

Results of Operations — PECO

	Three Months Ended September 30,		Favorable (Unfavorable) Variance	Nine Months Ended September 30,		Favorable (Unfavorable) Variance
	2015	2014		2015	2014	
Operating revenue	$ 740	$ 693	$ 47	$ 2,386	$ 2,343	$ 43
Purchased power and fuel	278	255	(23)	953	960	7
Revenue net of purchased power and fuel expense [(a)]	462	438	24	1,433	1,383	50
Other operating expenses						
Operating and maintenance	196	204	8	609	668	59
Depreciation and amortization	68	59	(9)	198	176	(22)
Taxes other than income	44	42	(2)	125	122	(3)
Total other operating expenses	308	305	(3)	932	966	34
Gain on sale of assets	—	—	—	1	—	1
Operating income	154	133	21	502	417	85
Other income and (deductions)						
Interest expense, net	(28)	(29)	1	(84)	(85)	1
Other, net	1	2	(1)	3	5	(2)
Total other income and (deductions)	(27)	(27)	—	(81)	(80)	(1)
Income before income taxes	127	106	21	421	337	84
Income taxes	37	25	(12)	122	82	(40)
Net income attributable to common shareholder	$ 90	$ 81	$ 9	$ 299	$ 255	$ 44

(a) PECO evaluates its operating performance using the measures of revenue net of purchased power expense for electric sales and revenue net of fuel expense for gas sales. PECO believes revenue net of purchased power expense and revenue net of fuel expense are useful measurements of its performance because they provide information that can be used to evaluate its net revenue from operations. PECO has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, revenue net of purchased power expense and revenue net of fuel expense figures are not a presentation defined under GAAP and may not be comparable to other companies' presentations or more useful than the GAAP information provided elsewhere in this report.

Net Income Attributable to Common Shareholder

Three Months Ended September 30, 2015 Compared to Three Months Ended September 30, 2014. PECO's net income attributable to common shareholder for the three months ended September 30, 2015 was higher than the same period in 2014, primarily due to favorable weather.

Nine Months Ended September 30, 2015 Compared to Nine Months Ended September 30, 2014. PECO's net income attributable to common shareholder for the nine months ended September 30, 2015 was higher than the same period in 2014, primarily due to favorable weather and a decrease in operating and maintenance expense due to a decrease in storm costs.

Operating Revenue Net of Purchased Power and Fuel Expense

Electric and gas revenue and purchased power and fuel expense are affected by fluctuations in commodity procurement costs. PECO's electric supply and natural gas cost rates charged to customers are subject to adjustments as specified in the PAPUC-approved tariffs that are designed to recover or refund the difference between the actual cost of electric supply and natural gas and the amount included in rates in accordance with

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PECO's GSA and PGC, respectively. Therefore, fluctuations in electric supply and natural gas procurement costs have no impact on electric and gas revenue net of purchased power and fuel expense.

Electric and gas revenue and purchased power and fuel expense are also affected by fluctuations in participation in the Customer Choice Program. All PECO customers have the choice to purchase electricity and gas from competitive electric generation and natural gas suppliers, respectively. The customer's choice of suppliers does not impact the volume of deliveries, but affects revenue collected from customers related to supplied energy and natural gas service. Customer choice program activity has no impact on electric and gas revenue net of purchased power and fuel expense.

Retail deliveries purchased from competitive electric generation and natural gas suppliers (as a percentage of kWh and mmcf sales, respectively) for the three and nine months ended September 30, 2015 and 2014, consisted of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Electric	69%	70%	69%	70%
Natural Gas	31%	27%	24%	22%

Retail customers purchasing electric generation and natural gas from competitive electric generation and natural gas suppliers at September 30, 2015 and 2014 consisted of the following:

	September 30, 2015		September 30, 2014	
	Number of customers	% of total retail customers	Number of customers	% of total retail customers
Electric	558,300	35%	537,000	34%
Natural Gas	81,100	16%	76,200	15%

The changes in PECO's operating revenue net of purchased power and fuel expense for the three and nine months ended September 30, 2015 compared to the same period in 2014 consisted of the following:

	Three Months Ended September 30, Increase (Decrease)			Nine Months Ended September 30, Increase (Decrease)		
	Electric	Gas	Total	Electric	Gas	Total
Weather	$ 32	$—	$ 32	$ 52	$ 1	$ 53
Volume	(1)	—	(1)	3	5	8
Pricing	(7)	—	(7)	(8)	2	(6)
Regulatory required programs	1	—	1	4	—	4
Other	(1)	—	(1)	(10)	1	(9)
Total increase	$ 24	$—	$ 24	$ 41	$ 9	$ 50

Weather. The demand for electricity and gas is affected by weather conditions. With respect to the electric business, very warm weather in summer months and, with respect to the electric and gas businesses, very cold weather in winter months are referred to as "favorable weather conditions" because these weather conditions result in increased deliveries of electricity and gas. Conversely, mild weather reduces demand. During the three and nine months ended September 30, 2015 compared to the same periods in 2014, operating revenue net of purchased power and fuel expense was higher primarily due to the impact of favorable weather conditions in PECO's service territory.

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Heating and cooling degree days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree days for a 30-year period in PECO's service territory. The changes in heating and cooling degree days in PECO's service territory for the three and nine months ended September 30, 2015 compared to the same period in 2014 and normal weather consisted of the following:

Heating and Cooling Degree-Days	2015	2014	Normal	% Change From 2014	% Change From Normal
Three Months Ended September 30,					
Heating Degree-Days	—	14	38	(100.0)%	(100.0)%
Cooling Degree-Days	1,186	911	929	30.2%	27.7%
Nine Months Ended September 30,					
Heating Degree-Days	3,264	3,251	2,981	0.4%	9.5%
Cooling Degree-Days	1,699	1,286	1,278	32.1%	32.9%

Volume. The increase in gas operating revenue net of fuel expense related to delivery volume, exclusive of the effects of weather, for the nine months ended September 30, 2015 compared to the same period in 2014, primarily reflects the impact of moderate economic and customer growth partially offset by energy efficiency initiatives on customer usages.

The increase in electric operating revenue net of purchased power expense related to delivery volume for the nine months ended September 30, 2015, is primarily related to the shift in the volume profile across classes from lower priced classes to higher priced classes.

Pricing. The decrease in electric operating revenues net of purchased power and fuel expense for the three and nine months ended September 30, 2015 compared to the same periods in 2014 is primarily attributable to lower overall effective rates due to increased usage across all major customer classes.

Regulatory Required Programs. This represents the change in operating revenue collected under approved riders to recover costs incurred for regulatory programs such as smart meter, energy efficiency and the GSA. The riders are designed to provide full and current cost recovery as well as a return. The costs of these programs are included in Operating and maintenance expense, Depreciation and amortization expense and Income taxes. Refer to the Operating and maintenance expense discussion below for additional information on included programs.

Other. Other revenue for electric primarily reflects the impact of lower wholesale transmission revenue for the three and nine months ended September 30, 2015 compared to the same periods in 2014. Wholesale transmission revenue is impacted by the previous year's peak demand, which was lower in 2014 than in 2013.

Operating and Maintenance Expense

	Three Months Ended September 30,		Increase (Decrease)	Nine Months Ended September 30,		Increase (Decrease)
	2015	2014		2015	2014	
Operating and maintenance expense — baseline	$ 170	$ 178	$ (8)	$ 528	$ 592	$ (64)
Operating and maintenance expense — regulatory required programs [(a)]	26	26	—	81	76	5
Total operating and maintenance expense	$ 196	$ 204	$ (8)	$ 609	$ 668	$ (59)

(a) Operating and maintenance expenses for regulatory required programs are costs for various legislative and/or regulatory programs that are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in operating revenue.

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The changes in operating and maintenance expense for the three and nine months ended September 30, 2015 compared to the same period in 2014, consisted of the following:

	Three Months Ended September 30, 2015 Increase (Decrease)	Nine Months Ended September 30, 2015 Increase (Decrease)
Baseline		
Labor, other benefits, contracting and materials	$ (2)	$ (1)
Storm-related costs	(18) [a]	(78) [b]
Pension and non-pension postretirement benefits expense	1	2
Merger and integration costs	1	4
Uncollectible accounts expense	2	(3)
Other	8	12
	(8)	(64)
Regulatory required programs		
Smart meter	(2)	(3)
Energy efficiency	2	8
Other	—	—
	—	5
Increase (Decrease) in operating and maintenance expense	$ (8)	$ (59)

(a) Reflects a reduction of $17 million in incremental storm costs in the third quarter of 2015 as a result of the significant 2014 storms.

(b) Reflects a reduction of $68 million in incremental storm costs during 2015 primarily as a result of the February 5, 2014 ice storm.

Depreciation and Amortization Expense

The increase in depreciation and amortization expense for the three and nine months ended September 30, 2015 compared to the same periods in 2014 primarily reflects ongoing capital expenditures.

Taxes Other Than Income

Taxes other than income for the three and nine months ended September 30, 2015 compared to the same periods in 2014 remained relatively consistent.

Interest Expense, Net

Interest expense, net for the three and nine months ended September 30, 2015 compared to the same periods in 2014 remained relatively consistent.

Other, Net

Other, net for the three and nine months ended September 30, 2015 compared to the same periods in 2014 remained relatively consistent.

Effective Income Tax Rate

PECO's effective income tax rate was 29.1% and 23.6% for the three months ended September 30, 2015 and 2014, respectively. PECO's effective income tax rate was 29.0% and 24.3% for the nine months ended September 30, 2015 and 2014, respectively. See Note 12—Income Taxes of the Combined Notes to the Consolidated Financial Statements for further discussion of the change in effective income tax rate.

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PECO Electric Operating Statistics and Revenue Detail

Retail Deliveries to Customers (in GWhs)	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014	% Change	Weather - Normal % Change	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014	% Change	Weather - Normal % Change
Retail Deliveries [a]								
Residential	3,940	3,551	11.0%	(2.3)%	10,929	10,200	7.1%	(0.4)%
Small commercial & industrial	2,219	2,096	5.9%	1.0%	6,306	6,098	3.4%	0.6%
Large commercial & industrial	4,227	4,086	3.5%	0.7%	11,744	11,604	1.2%	(0.1)%
Public authorities & electric railroads	224	241	(7.1)%	(7.1)%	667	722	(7.6)%	(7.6)%
Total retail deliveries	10,610	9,974	6.4%	(0.5)%	29,646	28,624	3.6%	(0.2)%

Number of Electric Customers	As of September 30, 2015	As of September 30, 2014
Residential	1,439,951	1,429,293
Small commercial & industrial	148,920	149,172
Large commercial & industrial	3,093	3,103
Public authorities & electric railroads	9,801	9,737
Total	1,601,765	1,591,305

Electric Revenue	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014	% Change	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014	% Change
Retail Sales [a]						
Residential	$ 461	$ 413	11.6%	$ 1,276	$ 1,195	6.8%
Small commercial & industrial	113	107	5.6%	330	319	3.4%
Large commercial & industrial	58	52	11.5%	166	169	(1.8)%
Public authorities & electric railroads	8	7	14.3%	23	23	—%
Total retail	640	579	10.5%	1,795	1,706	5.2%
Other revenue [b]	51	55	(7.3)%	155	165	(6.1)%
Total electric revenue	$ 691	$ 634	9.0%	$ 1,950	$ 1,871	4.2%

(a) Reflects delivery volumes and revenue from customers purchasing electricity directly from PECO and customers purchasing electricity from a competitive electric generation supplier as all customers are assessed distribution charges. For customers purchasing electricity from PECO, revenue also reflects the cost of energy and transmission.

(b) Other revenue includes transmission revenue from PJM and wholesale electric revenue.

PECO Gas Operating Statistics and Revenue Detail

Deliveries to Customers (in mmcf)	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014	% Change	Weather - Normal % Change	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014	% Change	Weather - Normal % Change
Retail Delivery								
Retail sales [a]	3,639	3,893	(6.5)%	(3.2)%	45,734	44,487	2.8%	3.2%
Transportation and other	7,457	5,750	29.7%	17.5%	21,585	20,124	7.3%	2.9%
Total gas deliveries	11,096	9,643	15.1%	9.3%	67,319	64,611	4.2%	3.1%

Number of Gas Customers	As of September 30, 2015	As of September 30, 2014
Residential	465,023	459,678
Commercial & industrial	42,544	42,008
Total retail	507,567	501,686
Transportation	837	866
Total	508,404	502,552

Gas Revenue	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014	% Change	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014	% Change
Retail Sales						
Retail sales [a]	$ 42	$ 54	(22.2)%	$ 410	$ 444	(7.7)%
Transportation and other	7	5	40.0%	26	28	(7.1)%
Total gas revenue	$ 49	$ 59	(16.9)%	$ 436	$ 472	(7.6)%

(a) Reflects delivery volumes and revenue from customers purchasing natural gas directly from PECO and customers purchasing natural gas from a competitive natural gas supplier as all customers are assessed distribution charges. For customers purchasing natural gas from PECO, revenue also reflects the cost of natural gas.

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Results of Operations — BGE

	Three Months Ended September 30,		Favorable (Unfavorable) Variance	Nine Months Ended September 30,		Favorable (Unfavorable) Variance
	2015	2014		2015	2014	
Operating revenue	$ 725	$ 697	$ 28	$ 2,388	$ 2,404	$ (16)
Purchased power and fuel	311	297	(14)	1,037	1,094	57
Revenue net of purchased power and fuel [(a)]	414	400	14	1,351	1,310	41
Other operating expenses						
Operating and maintenance	169	165	(4)	499	541	42
Depreciation and amortization	79	78	(1)	271	275	4
Taxes other than income	57	55	(2)	169	168	(1)
Total other operating expenses	305	298	(7)	939	984	45
Gain on sale	1	—	1	1	—	1
Operating income	110	102	8	413	326	87
Other income and (deductions)						
Interest expense, net	(25)	(26)	1	(73)	(81)	8
Other, net	4	4	—	13	14	(1)
Total other income and (deductions)	(21)	(22)	1	(60)	(67)	7
Income before income taxes	89	80	9	353	259	94
Income taxes	35	31	(4)	141	103	(38)
Net income	54	49	5	212	156	56
Preference stock dividends	3	3	—	10	10	—
Net income attributable to common shareholder	$ 51	$ 46	$ 5	$ 202	$ 146	$ 56

(a) BGE evaluates its operating performance using the measure of revenue net of purchased power expense for electric sales and revenue net of fuel expense for gas sales. BGE believes revenue net of purchased power and fuel expense are useful measurements of its performance because they provide information that can be used to evaluate its net revenue from operations. BGE has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, revenue net of purchased power and fuel expense figures are not a presentation defined under GAAP and may not be comparable to other companies' presentations or more useful than the GAAP information provided elsewhere in this report.

Net Income attributable to common shareholder

Three Months Ended September 30, 2015, Compared to Three Months Ended September 30, 2014 . BGE's net income attributable to common shareholder for the three months ended September 30, 2015 was higher than the same period in 2014, primarily due to an increase in revenue net of purchased power and fuel expense as a result of the December 2014 electric and gas distribution rate order issued by the MDPSC and lower storm costs in the BGE service territory, which is included in operating and maintenance expense.

Nine Months Ended September 30, 2015, Compared to Nine Months Ended September 30, 2014 . BGE's net income attributable to common shareholder for the nine months ended September 30, 2015 was higher than the same period in 2014, primarily due to an increase in revenue net of purchased power and fuel expense as a result of the December 2014 electric and gas distribution rate order issued by the MDPSC and a reduction in bad debt expense and lower storm costs in the BGE service territory, which are included in operating and maintenance expense.

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Operating Revenue Net of Purchased Power and Fuel Expense

There are certain drivers to operating revenue that are offset by their impact on purchased power expense and fuel expense, such as commodity procurement costs and programs allowing customers to select a competitive electric or natural gas supplier. Electric and gas revenue and purchased power and fuel expense are affected by fluctuations in commodity procurement costs. BGE's electric and natural gas rates charged to customers are subject to periodic adjustments that are designed to recover or refund the difference between the actual cost of purchased electric power and purchased natural gas and the amount included in rates in accordance with the MDPSC's market-based SOS and gas commodity programs, respectively.

The number of customers electing to select a competitive electric generation supplier affects electric SOS revenue and purchased power expense. The number of customers electing to select a competitive natural gas supplier affects gas cost adjustment revenue and purchased natural gas expense. All BGE customers have the choice to purchase energy from a competitive electric generation supplier. This customer choice of electric generation suppliers does not impact the volume of deliveries, but affects revenue collected from customers related to SOS.

Retail deliveries purchased from competitive electric generation and natural gas suppliers (as a percentage of kWh and mmcf sales, respectively) for the three and nine months ended September 30, 2015, compared to the same period in 2014, consisted of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Electric	60%	60%	59%	60%
Natural Gas	76%	73%	54%	55%

Retail customers purchasing electric generation and natural gas from competitive electric generation and natural gas suppliers at September 30, 2015 and 2014 consisted of the following:

	September 30, 2015		September 30, 2014	
	Number of customers	% of total retail customers	Number of customers	% of total retail customers
Electric	346,400	28%	369,300	30%
Natural Gas	154,900	24%	161,500	25%

The changes in BGE's operating revenue net of purchased power and fuel expense for the three and nine months ended September 30, 2015, compared to the same period in 2014, consisted of the following:

	Three Months Ended September 30, Increase (Decrease)			Nine Months Ended September 30, Increase (Decrease)		
	Electric	Gas	Total	Electric	Gas	Total
Distribution rate increase	$ 2	$ 4	$ 6	$ 12	$ 25	$ 37
Regulatory required programs	7	—	7	8	2	10
Other	(1)	2	1	(4)	(2)	(6)
Total increase	$ 8	$ 6	$ 14	$ 16	$ 25	$ 41

Revenue Decoupling. The demand for electricity and gas is affected by weather and usage conditions. The MDPSC has allowed BGE to record a monthly adjustment to its electric and gas distribution revenue from all residential customers, commercial electric customers, the majority of large industrial electric customers, and all firm service gas customers to eliminate the effect of abnormal weather and usage patterns per customer on BGE's electric and gas distribution volumes, thereby recovering a specified dollar amount of distribution revenue

per customer, by customer class, regardless of changes in consumption levels. This means BGE recognizes revenue at MDPSC-approved levels per customer, regardless of what actual distribution volumes were for a billing period. Therefore, while these revenues are affected by customer growth, they will not be affected by actual weather or usage conditions. BGE bills or credits customers in subsequent months for the difference between approved revenue levels under revenue decoupling and actual customer billings.

Heating degree days are quantitative indices that reflect the demand for energy needed to heat a home or business. Normal weather is determined based on historical average heating and cooling degree days for a 30-year period in BGE's service territory. The changes in heating degree days in BGE's service territory for the three and nine months ended September 30, 2015 compared to the same period in 2014 consisted of the following:

Heating and Cooling Degree-Days	2015	2014	Normal	% Change	
Three Months Ended September 30,				From 2014	From Normal
Heating Degree-Days	46	82	81	(43.9)%	(43.2)%
Cooling Degree-Days	592	484	593	22.3%	(0.2)%
Nine Months Ended September 30,					
Heating Degree-Days	3,418	3,439	2,985	(0.6)%	14.5%
Cooling Degree-Days	909	717	849	26.8%	7.1%

Distribution Rate Increase. The increase in distribution rates for the three and nine months ended September 30, 2015, compared to the same period in 2014, was primarily due to the impact of the new electric and natural gas distribution rates charged to customers that became effective in December 2014 in accordance with the MDPSC approved electric and natural gas distribution rate case orders. See Note 3 — Regulatory Matters of the Exelon 2014 Form 10-K for additional information.

Regulatory Required Programs. This represents the change in revenue collected under approved riders to recover costs incurred for the energy efficiency and demand response programs as well as administrative and commercial and industrial customer bad debt costs for SOS. The riders are designed to provide full recovery, as well as a return in certain instances. The costs of these programs are included in Operating and maintenance expense, Depreciation and amortization expense and Taxes other than income in BGE's Consolidated Statements of Operations and Comprehensive Income.

Other. Other revenue, which can vary from period to period, includes miscellaneous revenue such as service application and late payment fees.

Operating and Maintenance Expense

The changes in operating and maintenance expense for the three and nine months ended September 30, 2015 compared to the same period in 2014, consisted of the following:

	Three Months Ended September 30, Increase (Decrease)	Nine Months Ended September 30, Increase (Decrease)
Labor, other benefits, contracting and materials	$ 4	$ —
Storm-related costs	(5)	(23)
Uncollectible accounts expense	(3)	(23)
Other	8	4
Increase (Decrease) in operating and maintenance expense	$ 4	$ (42)

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Conduit Lease with City of Baltimore

On September 23, 2015, the Baltimore City Board of Estimates approved an increase in rental fees for access to the Baltimore City conduit system to be effective November 1, 2015, which will result in an increase to operating and maintenance expense of $30 million in 2016 subject to an annual increase based on the Consumer Price Index. BGE will seek recovery of this incremental expense in its next base rate case proceeding. On October 16, 2015, BGE filed a lawsuit against the City in the Circuit Court for Baltimore City to protect its customers from any improper use by the City of the conduit fee revenues and to place constraints on the City's ability to set the conduit fee in the future.

Depreciation and Amortization

Depreciation and amortization expense for the three months ended September 30, 2015 compared to the same period in 2014 remained relatively consistent.

Depreciation and amortization expense decreased for the nine months ended September 30, 2015 compared to the same period in 2014 primarily due to a reduction in regulatory asset amortization related to demand response programs and revised recovery periods for certain regulatory assets that became effective in January 2015 in accordance with the MDPSC approved 2014 electric and natural gas distribution rate case orders.

Taxes Other Than Income

Taxes other than income taxes, which can vary period to period, include municipal and state utility taxes, real estate taxes and payroll taxes. Taxes other than income for the three and nine months ended September 30, 2015 compared to the same periods in 2014 remained relatively consistent.

Interest Expense, Net

The decrease in interest expense, net for the three and nine months ended September 30, 2015, compared to the same periods in 2014, consisted of the following:

	Three Months Ended September 30, Increase (Decrease)	Nine Months Ended September 30, Increase (Decrease)
Interest expense on debt (including financing trusts)	$ (1)	$ (3)
Interest expense related to capitalization of interest / AFUDC	(1)	(2)
Interest expense related to uncertain tax positions	—	(1)
Other	1	(2)
Increase (Decrease) in interest expense, net	$ (1)	$ (8)

Effective Income Tax Rate

BGE's effective income tax rate was 39.3% and 38.8% for the three months ended September 30, 2015 and 2014, respectively, and 39.9% and 39.8% for the nine months ended September 30, 2015 and 2014, respectively. See Note 12 — Income Taxes of the Combined Notes to Consolidated Financial Statements for further discussion of the change in effective income tax rate.

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BGE Electric Operating Statistics and Revenue Detail

Retail Deliveries to Customers (in GWhs)	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014	% Change	Weather - Normal % Change	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014	% Change	Weather - Normal % Change
Retail Deliveries [a]								
Residential	3,458	3,291	5.1%	n.m.	10,266	10,023	2.4%	n.m.
Small commercial & industrial	788	805	(2.1)%	n.m.	2,413	2,343	3.0%	n.m.
Large commercial & industrial	3,829	3,818	0.3%	n.m.	10,735	10,880	(1.3)%	n.m.
Public authorities & electric railroads	75	79	(5.1)%	n.m.	224	236	(5.1)%	n.m.
Total electric deliveries	8,150	7,993	2.0%	n.m.	23,638	23,482	0.7%	n.m.

Number of Electric Customers	As of September 30, 2015	As of September 30, 2014
Residential	1,132,836	1,123,644
Small commercial & industrial	112,888	112,580
Large commercial & industrial	11,863	11,707
Public authorities & electric railroads	286	290
Total	1,257,873	1,248,221

Electric Revenue	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014	% Change	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014	% Change
Retail Sales [a]						
Residential	$ 379	$ 348	8.9%	$ 1,131	$ 1,077	5.0%
Small commercial & industrial	70	72	(2.8)%	208	208	—%
Large commercial & industrial	122	134	(9.0)%	351	377	(6.9)%
Public authorities & electric railroads	9	8	12.5%	24	24	—%
Total retail	580	562	3.2%	1,714	1,686	1.7%
Other revenue	75	69	8.7%	194	207	(6.3)%
Total electric revenue	$ 655	$ 631	3.8%	$ 1,908	$ 1,893	0.8%

(a) Reflects delivery volumes and revenue from customers purchasing electricity directly from BGE and customers purchasing electricity from a competitive electric generation supplier as all customers are assessed distribution charges. For customers purchasing electricity from BGE, revenue also reflects the cost of energy and transmission.

BGE Gas Operating Statistics and Revenue Detail

Deliveries to Customers (in mmcf)	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014	% Change	Weather - Normal % Change	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014	% Change	Weather - Normal % Change
Retail Deliveries [b]								
Retail sales	11,719	10,257	14.3%	n.m.	72,481	71,479	1.4%	n.m.
Transportation and other	612	304	101.3%	n.m.	4,521	7,508	(39.8)%	n.m.
Total gas deliveries	12,331	10,561	16.8%	n.m.	77,002	78,987	(2.5)%	n.m.

Number of Gas Customers	As of September 30, 2015	As of September 30, 2014
Residential	613,571	610,750
Commercial & industrial	43,885	43,963
Total	657,456	654,713

Gas Revenue	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014	% Change	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014	% Change
Retail Sales [b]						
Retail sales	$ 66	$ 62	6.5%	$ 450	$ 439	2.5%
Transportation and other [c]	4	4	—%	30	72	(58.3)%
Total gas revenue	$ 70	$ 66	6.1%	$ 480	$ 511	(6.1)%

(b) Reflects delivery volumes and revenue from customers purchasing natural gas directly from BGE and customers purchasing natural gas from a competitive natural gas supplier as all customers are assessed distribution charges. The cost of natural gas is charged to customers purchasing natural gas from BGE.

(c) Transportation and other gas revenue includes off-system revenue of 612 mmcfs ($3 million) and 304 mmcfs ($2 million) for the three months ended September 30, 2015 and 2014, respectively and 4,521 mmcfs ($28 million) and 7,508 mmcfs ($60 million) for the nine months ended September 30, 2015 and 2014, respectively.

Liquidity and Capital Resources

Exelon's and Generation's prior year activity presented below includes the activity of CENG from the integration date effective April 1, 2014 through December 31, 2014. All results included throughout the liquidity and capital resources section are presented on a GAAP basis.

The Registrants' operating and capital expenditures requirements are provided by internally generated cash flows from operations as well as funds from external sources in the capital markets and through bank borrowings. The Registrants' businesses are capital intensive and require considerable capital resources. Each Registrant's access to external financing on reasonable terms depends on its credit ratings and current overall capital market business conditions, including that of the utility industry in general. If these conditions deteriorate to the extent that the Registrants no longer have access to the capital markets at reasonable terms, Exelon Corporate, Generation, ComEd, PECO and BGE have access to syndicated unsecured revolving credit facilities with aggregate bank commitments of $0.5 billion, $5.3 billion, $1.0 billion, $0.6 billion and $0.6 billion, respectively. Exelon Corporate, Generation, ComEd, PECO and BGE's syndicated revolving credit facilities expire in 2018 and 2019. In addition, Generation has $0.5 billion in bilateral credit facilities with banks which have various expiration dates between December 2015 and October 2017. The Registrants utilize their credit facilities to support their commercial paper programs, provide for other short-term borrowings and issue letters of credit. See the "Credit Matters" section below for further discussion. The Registrants expect cash flows to be sufficient to meet operating expenses, financing costs and capital expenditure requirements.

The Registrants primarily use their capital resources, including cash, to fund capital requirements, including construction expenditures, retire debt, pay dividends, fund pension and other postretirement benefit obligations and invest in new and existing ventures. The Registrants spend a significant amount of cash on capital improvements and construction projects that have a long-term return on investment. Additionally, ComEd, PECO and BGE operate in rate-regulated environments in which the amount of new investment recovery may be delayed or limited and where such recovery takes place over an extended period of time. See Note 11 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for further discussion of the Registrants' debt and credit agreements.

Cash Flows from Operating Activities

General

Generation's cash flows from operating activities primarily result from the sale of electric energy and energy-related products and services to customers. Generation's future cash flows from operating activities may be affected by future demand for and market prices of energy and its ability to continue to produce and supply power at competitive costs as well as to obtain collections from customers.

ComEd's, PECO's and BGE's cash flows from operating activities primarily result from the transmission and distribution of electricity and, in the case of PECO and BGE, gas distribution services. ComEd's, PECO's and BGE's distribution services are provided to an established and diverse base of retail customers. ComEd's, PECO's and BGE's future cash flows may be affected by the economy, weather conditions, future legislative initiatives, future regulatory proceedings with respect to their rates or operations, competitive suppliers, and their ability to achieve operating cost reductions.

See Note 3 — Regulatory Matters and Note 22 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements of the Exelon 2014 Form 10-K for further discussion of regulatory and legal proceedings and proposed legislation.

Pension and Other Postretirement Benefits

Management considers various factors when making pension funding decisions, including actuarially determined minimum contribution requirements under ERISA, contributions required to avoid benefit restrictions and at-risk status as defined by the Pension Protection Act of 2006, and management of the net pension obligation and regulatory implications. On July 6, 2012, President Obama signed into law the Moving Ahead for Progress in the Twenty-first Century Act, which contains a pension funding provision that results in lower pension contributions in the near term while increasing the premiums pension plans pay to the Pension Benefit Guaranty Corporation. Certain provisions of the law were applied in 2012 while the others took effect in 2013. On August 8, 2014, this funding relief was extended for five years. The estimated impacts of the law are reflected in Exelon's projected pension contributions.

To the extent interest rates decline significantly or the pension plans do not earn the expected asset return rates, annual pension contribution requirements in future years could increase, especially in years 2018 and beyond. Additionally, expected contributions could change if Exelon changes its pension funding strategy.

Tax Matters

The Registrants' future cash flows from operating activities may be affected by the following tax matters:

- In the event of a fully successful IRS challenge to Exelon's like-kind exchange position, the potential tax and after-tax interest, exclusive of penalties, that could become currently payable as of September 30, 2015 may be as much as $820 million, of which approximately $300 million would be attributable to ComEd after consideration of Exelon's agreement to hold ComEd harmless. Exelon

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expects to deposit approximately $260 million related to the termination of Exelon's investment in one of the three like-kind exchange properties within the next twelve months. Interest will continue to accrue until such time as payment is made. An appeal of an adverse decision in the Tax Court would necessitate either the posting of a bond or the payment of the tax and interest for the tax years before the court. A final appellate decision could take several years.

- Exelon, Generation, and ComEd expect to receive tax refunds of approximately $430 million, $195 million, and $265 million, respectively, in 2015. PECO expects to make tax payments of approximately $7 million related to IRS positions settling in 2015.
- State and local governments continue to face increasing financial challenges, which may increase the risk of additional income tax levies, property taxes and other taxes or the imposition, extension or permanence of temporary tax levies.

The following table provides a summary of the major items affecting Exelon's cash flows from operations for the nine months ended September 30, 2015 and 2014:

	Nine Months Ended September 30,		
	2015(c)	2014	Variance
Net income	$1,959	$1,725	$ 234
Add (subtract):			
Non-cash operating activities [(a)]	3,900	4,200	(300)
Gain on consolidation and acquisitions of businesses	—	(268)	268
Pension and other postretirement benefit contributions	(430)	(516)	86
Income taxes	300	72	228
Changes in working capital and other noncurrent assets and liabilities [(b)]	(387)	(976)	589
Option premiums received, net	27	21	6
Counterparty collateral received (posted), net	305	(615)	920
Net cash flows provided by operations	$5,674	$3,643	$ 2,031

(a) Represents depreciation, amortization and accretion, impairment of long-lived assets, mark-to-market gains and losses on derivative transactions, deferred income taxes, provision for uncollectible accounts, pension and other postretirement benefit expense, equity in losses of unconsolidated affiliates and investments, decommissioning-related items, stock compensation expense and other non-cash charges.

(b) Changes in working capital and other noncurrent assets and liabilities exclude the changes in commercial paper, income taxes and the current portion of long-term debt.

(c) On April 1, 2014, Generation assumed operational control of CENG's nuclear fleet. As a result, the 2015 activity includes CENG on a fully consolidated basis.

Cash flows from operations for the nine months ended September 30, 2015 and 2014 by Registrant were as follows:

	Nine Months Ended September 30,	
	2015	2014
Exelon [(a)]	$5,674	$3,643
Generation [(a)]	3,206	1,784
ComEd	1,346	849
PECO	567	504
BGE	696	625

(a) On April 1, 2014, Generation assumed operational control of CENG's nuclear fleet. As a result, the 2015 activity includes CENG on a fully consolidated basis.

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Changes in Exelon's, Generation's, ComEd's, PECO's and BGE's cash flows from operations were generally consistent with changes in each Registrant's respective results of operations, as adjusted by changes in working capital in the normal course of business, except as discussed below. In addition, significant operating cash flow impacts for the Registrants for the nine months ended September 30, 2015 and 2014 were as follows:

Generation

- Depending upon whether Generation is in a net mark-to-market liability or asset position, collateral may be required to be posted with or collected from its counterparties. In addition, the collateral posting and collection requirements differ depending on whether the transactions are on the exchange or in the OTC markets. During the nine months ended September 30, 2015 and 2014, Generation had net collections/(payments) of counterparty collateral of $376 million and $(634) million, respectively, primarily due to market conditions that resulted in changes to Generation's net mark-to-market position.
- During the nine months ended September 30, 2015 and 2014, Generation had net collections of approximately $27 million and $21 million, respectively, related to purchases and sales of options. The level of option activity in a given period may vary due to several factors, including changes in market conditions as well as changes in hedging strategy.

ComEd

- During the nine months ended September 30, 2015 and 2014, ComEd's payables for Generation energy purchases decreased by $(20) million and $(38) million, respectively, and payables to other energy suppliers for energy purchases increased by $5 million and $58 million, respectively.
- During the nine months ended September 30, 2015 and 2014, ComEd posted $41 million and $1 million of cash collateral to PJM, respectively. ComEd's collateral posted with PJM has increased year over year primarily due to higher RPM credit requirements and higher PJM billings resulting from increased load being served by ComEd as a result of City of Chicago customers switching back to ComEd.

PECO

- During the nine months ended September 30, 2015 and 2014, PECO's payables to Generation for energy purchases increased/(decreased) by $4 million and $(17) million, respectively, and payables to other electric and gas suppliers for energy purchases decreased by $(21) million and $(12) million, respectively.

BGE

- During the nine months ended September 30, 2015 and 2014, BGE's payables to Generation for energy purchases increased/(decreased) by $(13) million and $7 million, respectively, and payables to other electric and gas suppliers for energy purchases decreased by $(25) million and $(27) million, respectively.

Cash Flows from Investing Activities

Cash flows used in investing activities for the nine months ended September 30, 2015 and 2014 by Registrant were as follows:

	Nine Months Ended September 30,	
	2015	2014
Exelon [(a)]	$(5,689)	$(3,376)
Generation [(a)]	(3,020)	(1,431)
ComEd	(1,646)	(1,148)
PECO	(425)	(452)
BGE	(491)	(480)

(a) On April 1, 2014, Generation assumed operational control of CENG's nuclear fleet. As a result, the 2015 activity includes CENG on a fully consolidated basis.

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Generation

Generation has entered into several agreements to acquire equity interests in privately held development stage entities which develop energy-related technologies. The agreements contain a series of scheduled investment commitments, including in-kind service contributions. There are approximately $346 million of anticipated expenditures remaining through 2019 to fund anticipated planned capital and operating needs of the associated companies.

Generation has executed, or expects to execute, several construction and services contracts. As of September 30, 2015, the total estimated remaining construction expenditures for these projects are approximately $1.3 billion and achievement of commercial operations is expected between 2015 and 2018 for all these projects.

Capital expenditures by Registrant for the nine months ended September 30, 2015 and 2014 and projected amounts for the full year 2015 are as follows:

	Projected Full Year 2015 [e]	Nine Months Ended September 30,	
		2015	2014
Exelon [a]	$ 7,600	$5,443	$4,114
Generation [a][b]	3,850	2,774	1,961
ComEd [c]	2,425	1,670	1,173
PECO	600	435	461
BGE	675	506	458
Other [d]	50	58	61

(a) On April 1, 2014, Generation assumed operational control of CENG's nuclear fleet. As a result, CENG is included on a fully consolidated basis in the 2015 results above.
(b) Generation's capital expenditures for the projected full year 2015 includes nuclear fuel of $1.3 billion and growth expenditures of $1.2 billion.
(c) The projected capital expenditures include approximately $665 million of expected incremental spending pursuant to EIMA, ComEd has committed to invest approximately $2.6 billion over a ten year period to modernize and storm-harden its distribution system and to implement smart grid technology.
(d) Other primarily consists of corporate operations and BSC.
(e) Total projected capital expenditures do not include adjustments for non-cash activity.

Projected capital expenditures and other investments are subject to periodic review and revision to reflect changes in economic conditions and other factors.

In 2014, Exelon and its affiliates initiated a comprehensive project to ensure corporate-wide compliance with Version 5 of the North American Electric Reliability Corporation (NERC) Critical Infrastructure Protection Standards (CIP V.5) which will become effective on April 1, 2016. Generation, ComEd, PECO and BGE will be incurring incremental capital expenditures through 2016 associated with the CIP V.5 compliance implementation project.

Generation

Approximately 35% and 5% of the projected 2015 capital expenditures at Generation are for the acquisition of nuclear fuel and investments in renewable energy and natural gas generation, respectively, with the remaining amounts reflecting additions and upgrades to existing facilities (including material condition improvements during nuclear refueling outages). Generation anticipates that they will fund capital expenditures with internally generated funds and borrowings.

ComEd, PECO and BGE

Approximately 84%, 91% and 95% of the projected 2015 capital expenditures at ComEd, PECO and BGE, respectively, are for continuing projects to maintain and improve operations, including enhancing reliability and

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adding capacity to the transmission and distribution systems such as ComEd's reliability related investments required under EIMA, and ComEd's, PECO's and BGE's construction commitments under PJM's RTEP. In addition to the capital expenditure for continuing projects, ComEd's total expenditures include smart grid/smart meter technology required under EIMA and for PECO and BGE, total capital expenditures related to their respective smart meter program.

In 2010, NERC provided guidance to transmission owners that recommends ComEd, PECO and BGE perform assessments of all their transmission lines. In compliance with this guidance, ComEd, PECO and BGE submitted their final bi-annual reports to NERC in January 2014. ComEd, PECO and BGE will be incurring incremental capital expenditures associated with this guidance following the completion of the assessments. Specific projects and expenditures are identified as the assessments are completed. ComEd's, PECO's and BGE's forecasted 2015 capital expenditures above reflect capital spending in 2015 for remediation to be completed through 2017.

ComEd, PECO and BGE anticipate that they will fund their capital expenditures with internally generated funds and borrowings, including ComEd's capital expenditures associated with EIMA as further discussed in Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements.

Cash Flows from Financing Activities

Cash flows provided by (used in) financing activities for the nine months ended September 30, 2015 and 2014 by Registrant were as follows:

	Nine Months Ended September 30,	
	2015	2014
Exelon [(a)]	$ 5,402	$ 887
Generation [(a)]	(421)	(300)
ComEd	285	307
PECO	(140)	77
BGE	(242)	(149)

(a) On April 1, 2014, Generation assumed operational control of CENG's nuclear fleet. As a result, the 2015 activity includes CENG on a fully consolidated basis.

PHI Merger Financing

As of September 30, 2015, through the issuance of $5.4 billion of debt (including $1.15 billion of junior subordinated notes in the form of 23 million equity units), the issuance of $1.9 billion of common stock, and cash proceeds of $1.8 billion from asset sales primarily at Generation (after-tax proceeds of approximately $1.4 billion), Exelon has sufficient cash to fund the all-cash purchase price, acquisition and integration related costs, and merger commitments. See Note 11—Debt and Credit Agreements and Note 17—Common Stock for further information on the debt and equity issuances. See Note 4—Merger and Acquisitions of the Exelon 2014 Form 10-K for further information on the asset sales.

Debt

See Note 11 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for further details of the Registrants' debt issuances and retirements.

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Dividends

Cash dividend payments and distributions during the nine months ended September 30, 2015 and 2014 by Registrant were as follows:

	Nine Months Ended September 30,	
	2015	2014
Exelon [(a)]	$ 819	$1,214
Generation [(a)]	2,368	855
ComEd	226	230
PECO	209	240
BGE [(b)]	126	10

(a) On April 1, 2014, Generation assumed operational control of CENG's nuclear fleet. As a result, the 2015 activity includes CENG on a fully consolidated basis.
(b) Includes dividends paid on BGE's preference stock.

First Quarter 2015 Dividend

On January 27, 2015, the Exelon Board of Directors declared a first quarter 2015 regular quarterly dividend of $0.31 per share on Exelon's common stock payable on March 10, 2015, to shareholders of record of Exelon at the end of the day on February 13, 2015.

Second Quarter 2015 Dividend

On April 28, 2015, the Exelon Board of Directors declared a second quarter 2015 regular quarterly dividend of $0.31 per share on Exelon's common stock payable on June 10, 2015, to shareholders of record of Exelon at the end of the day on May 15, 2015.

Third Quarter 2015 Dividend

On July 28, 2015, the Exelon Board of Directors declared a third quarter 2015 regular quarterly dividend of $0.31 per share on Exelon's common stock payable on September 10, 2015, to shareholders of record of Exelon at the end of the day on August 14, 2015.

Fourth Quarter 2015 Dividend

On October 27, 2015, the Exelon Board of Directors declared a third quarter 2015 regular quarterly dividend of $0.31 per share on Exelon's common stock payable on December 10, 2015, to shareholders of record of Exelon at the end of the day on November 13, 2015.

Short-Term Borrowings

During the nine months ended September 30, 2015, ComEd and BGE issued (repaid) $300 million and $(70) million of commercial paper, respectively, and Generation issued $15 million in short-term notes payable. During the nine months ended September 30, 2014, ComEd and BGE issued (repaid) $344 million and $(115) million of commercial paper, respectively, and Generation repaid $8 million in short-term notes payable.

Contributions from Parent/Member

During the nine months ended September 30, 2015, Generation, ComEd, PECO and BGE received $55 million, $75 million, $16 million, and $6 million from Parent (Exelon), respectively. During the nine months ended September 30, 2014, Generation, ComEd and PECO received $55 million, $168 million and $24 million from Parent (Exelon), respectively.

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Other

For the nine months ended September 30, 2015, other financing activities primarily consists of debt issuance costs. See Note 11 — Debt and Credit Agreements of the Combined Notes to the Consolidated Financial Statements for additional information.

Credit Matters

The Registrants fund liquidity needs for capital investment, working capital, energy hedging and other financial commitments through cash flows from continuing operations, public debt offerings, commercial paper markets and large, diversified credit facilities. The credit facilities include $8.5 billion in aggregate total commitments of which $6.8 billion was available as of September 30, 2015, and of which no financial institution has more than 8% of the aggregate commitments. Exelon, Generation, ComEd, PECO and BGE had access to the commercial paper market during the third quarter of 2015 to fund their short-term liquidity needs, when necessary. The Registrants routinely review the sufficiency of their liquidity position, including appropriate sizing of credit facility commitments, by performing various stress test scenarios, such as commodity price movements, increases in margin-related transactions, changes in hedging levels and the impacts of hypothetical credit downgrades. The Registrants have continued to closely monitor events in the financial markets and the financial institutions associated with the credit facilities, including monitoring credit ratings and outlooks, credit default swap levels, capital raising and merger activity. See Part I. Item 1A. Risk Factors of Exelon's 2014 Form 10-K for further information regarding the effects of uncertainty in the capital and credit markets.

The Registrants believe their cash flow from operating activities, access to credit markets and their credit facilities provide sufficient liquidity. If Generation, ComEd, PECO or BGE lost its investment grade credit rating as of September 30, 2015, it would have been required to provide incremental collateral as follows:

	Incremental Collateral Required (in millions)	Available Credit Facility Capacity Prior to Any Incremental Collateral (in millions)
Generation [(a)]	$ 2,100	$ 4,841
ComEd	17	394
PECO [(b)]	18	599
BGE [(c)]	34	550

(a) Collateral obligations for derivatives, nonderivatives, normal purchase normal sales contracts and applicable payables and receivables, net of contractual right of offset under master netting agreements.
(b) Related to PECO's natural gas procurement contracts. No collateral would be required pursuant to PJM's credit policy.
(c) $6 million pursuant to PJM's credit policy and collateral of $28 million related to BGE's natural gas procurement contracts.

Exelon Credit Facilities

Exelon, ComEd and BGE meet their short-term liquidity requirements primarily through the issuance of commercial paper. Generation and PECO meet their short-term liquidity requirements primarily through the issuance of commercial paper and borrowings from the intercompany money pool. The Registrants may use their respective credit facilities for general corporate purposes, including meeting short-term funding requirements and the issuance of letters of credit. See Note 11 — Debt and Credit Agreements of the Combined Notes to the Consolidated Financial Statements for further information regarding the Registrants' credit facilities.

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The following table reflects the Registrants' commercial paper programs supported by the revolving credit agreements and bilateral credit agreements at September 30, 2015:

Commercial Paper Programs

Commercial Paper Issuer	Maximum Program Size	Outstanding Commercial Paper at September 30, 2015	Average Interest Rate on Commercial Paper Borrowings for the nine months ended September 30, 2015
Exelon Corporate	$ 500	$ —	—%
Generation	5,600	—	0.49%
ComEd	1,000	604	0.52%
PECO	600	—	—%
BGE	600	50	0.45%

In order to maintain their respective commercial paper programs in the amounts indicated above, each Registrant must have credit facilities in place, at least equal to the amount of its commercial paper program. While the amount of its commercial paper outstanding does not reduce available capacity under a Registrant's credit agreement, a Registrant does not issue commercial paper in an aggregate amount exceeding the available capacity under its credit agreement.

Credit Agreements

Borrower	Facility Type	Aggregate Bank Commitment(a)	Facility Draws	Outstanding Letters of Credit (b)	Available Capacity at September 30, 2015	
					Actual	To Support Additional Commercial Paper (c)
Exelon Corporate	Syndicated Revolver	$ 500	$ —	$ 26	$ 474	$ 474
Generation (d)	Syndicated Revolver	5,300	—	599	4,701	4,701
Generation	Bilaterals	500	—	360	140	54
ComEd	Syndicated Revolver	1,000	—	2	998	394
PECO	Syndicated Revolver	600	—	1	599	599
BGE	Syndicated Revolver	600	—	—	600	550

(a) Excludes $123 million of credit facility agreements arranged with minority and community banks at Generation, ComEd, PECO and BGE. These facilities expire d on October 16, 2015 and were renewed at the same amount through October 14, 2016. These facilities are solely utilized to issue letters of credit. See Note 11 — Debt and Credit Agreements of the Combined Notes to the Consolidated Financial Statements for further information.
(b) Excludes nonrecourse debt letters of credit, see Note 13 — Debt and Credit Agreements in the Exelon 2014 Form 10-K for further information on Continental Wind nonrecourse debt.
(c) Excludes $200 million bilateral credit facilities that do not back Generation's commercial paper program.
(d) Excludes ExGen Texas Power Financing's $15.5 million of borrowed debt on its revolving credit facility.

As of September 30, 2015, there were no borrowings under the Registrants' credit facilities.

On October 23, 2015, a $100 million bilateral CENG credit facility was amended and extended for an additional two years. This facility has been utilized by CENG to fund working capital and capital projects. This facility does not back Generation's commercial paper program.

Borrowings under Exelon Corporate's, Generation's, ComEd's, PECO's and BGE's credit facilities bear interest at a rate based upon either the prime rate or a LIBOR-based rate, plus an adder based upon each Registrant's credit rating. Exelon Corporate, Generation, ComEd, PECO and BGE have adders of 27.5, 27.5, 7.5,

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0.0 and 0.0 basis points, respectively, for prime based borrowings and 127.5, 127.5, 107.5, 90.0 and 100.0 basis points, respectively, for LIBOR-based borrowings. The maximum adders for prime rate borrowings and LIBOR-based rate borrowings are 65 basis points and 165 basis points, respectively. The credit agreements also require the borrower to pay a facility fee based upon the aggregate commitments under the agreement. The fee varies depending upon the respective credit ratings of the borrower.

Each revolving credit agreement for Exelon, Generation, ComEd, PECO and BGE requires the affected borrower to maintain a minimum cash from operations to interest expense ratio for the twelve-month period ended on the last day of any quarter. The following table summarizes the minimum thresholds reflected in the credit agreements for the nine months ended September 30, 2015:

	Exelon	Generation	ComEd	PECO	BGE
Credit agreement threshold	2.50 to 1	3.00 to 1	2.00 to 1	2.00 to 1	2.00 to 1

At September 30, 2015, the interest coverage ratios at the Registrants were as follows:

	Exelon	Generation	ComEd	PECO	BGE
Interest coverage ratio	8.99	12.42	7.40	9.49	10.34

An event of default under any Registrant's indebtedness will not constitute an event of default under any of the other Registrants' credit facilities, except that a bankruptcy or other event of default in the payment of principal, premium or indebtedness in principal amount in excess of $100 million in the aggregate by Generation will constitute an event of default under the Exelon Corporate credit facility.

Security Ratings

The Registrants' access to the capital markets, including the commercial paper market, and their respective financing costs in those markets, may depend on the securities ratings of the entity that is accessing the capital markets.

The Registrants' borrowings are not subject to default or prepayment as a result of a downgrading of securities, although such a downgrading of a Registrant's securities could increase fees and interest charges under that Registrant's credit agreements.

As part of the normal course of business, the Registrants enter into contracts that contain express provisions or otherwise permit the Registrants and their counterparties to demand adequate assurance of future performance when there are reasonable grounds for doing so. In accordance with the contracts and applicable contracts law, if the Registrants are downgraded by a credit rating agency, it is possible that a counterparty would attempt to rely on such a downgrade as a basis for making a demand for adequate assurance of future performance, which could include the posting of collateral. See "Credit Matters" above and Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information on collateral provisions.

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Intercompany Money Pool

To provide an additional short-term borrowing option that will generally be more favorable to the borrowing participants than the cost of external financing, Exelon operates an intercompany money pool. Maximum amounts contributed to and borrowed from the money pool by participant and the net contribution or borrowing as of September 30, 2015, are presented in the following table:

	Three Months Ended September 30, 2015		As of September 30, 2015
Participant	Maximum Contributed	Maximum Borrowed	Contributed (Borrowed)
Generation	$ —	$ 1,310	$ (1,205)
PECO	—	81	(55)
BSC	—	356	(295)
Exelon Corporate	1,579	N/A	1,555

Investments in Nuclear Decommissioning Trust Funds

Exelon Generation and CENG maintain trust funds, as required by the NRC, to fund certain costs of decommissioning nuclear plants. The mix of securities in the trust funds is designed to provide returns to be used to fund decommissioning and to offset inflationary increases in decommissioning costs. Generation actively monitors the investment performance of the trust funds and periodically reviews asset allocations in accordance with Generation's and CENG's NDT fund investment policies which outline investment guidelines for the trusts. See Note 13 — Nuclear Decommissioning of the Combined Notes to Consolidated Financial Statements for further information regarding the trust funds, the NRC's minimum funding requirements and related liquidity ramifications.

Shelf Registration Statements

The Registrants have a currently effective combined shelf registration statement unlimited in amount, filed with the SEC, that will expire in May 2017. The ability of each Registrant to sell securities off the shelf registration statement or to access the private placement markets will depend on a number of factors at the time of the proposed sale, including other required regulatory approvals, as applicable, the current financial condition of the Registrant, its securities ratings and market conditions.

Regulatory Authorizations

As of September 30, 2015, ComEd had $442 million available in long-term debt refinancing authority and $803 million available in new money long-term debt financing authority from the ICC. As of September 30, 2015, PECO had $1.1 billion available in long-term debt financing authority from the PAPUC. As of September 30, 2015, BGE had $1.4 billion available in long-term financing authority from MDPSC.

As of September 30, 2015, ComEd, PECO and BGE had short-term financing authority from FERC, which expires on December 31, 2015, of $2.5 billion, $2.5 billion, and $700 million, respectively. Generation currently has blanket financing authority from FERC, which was granted in connection with its market-based rate authority.

Contractual Obligations and Off-Balance Sheet Arrangements

Contractual obligations represent cash obligations that are considered to be firm commitments and commercial commitments triggered by future events. See Note 19 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements for discussion of the Registrants' commitments.

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Generation, ComEd, PECO and BGE have obligations related to contracts for the purchase of power and fuel supplies, and ComEd, PECO and BGE have obligations related to their financing trusts. The power and fuel purchase contracts and the financing trusts have been considered for consolidation in the Registrants' respective financial statements pursuant to the authoritative guidance for VIEs. See Note 1 — Basis of Presentation of the Combined Notes to Consolidated Financial Statements for further information.

For an in-depth discussion of the Registrant's contractual obligations and off-balance sheet arrangements, see Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Contractual Obligations and Off-Balance Sheet Arrangements in the Exelon 2014 Form 10-K.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

The Registrants are exposed to market risks associated with adverse changes in commodity prices, counterparty credit, interest rates and equity prices. Exelon's RMC approves risk management policies and objectives for risk assessment, control and valuation, counterparty credit approval, and the monitoring and reporting of risk exposures. The RMC is chaired by the chief executive officer and includes the chief risk officer, chief strategy officer, chief executive officer of Exelon Utilities, chief commercial officer, chief financial officer and chief executive officer of Constellation. The RMC reports to the Finance and Risk Committee of the Exelon Board of Directors on the scope of the risk management activities. The following discussion serves as an update to ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK of the Registrants' 2014 Annual Report on Form 10-K incorporated herein by reference.

Commodity Price Risk (Exelon, Generation, ComEd, PECO and BGE)

Commodity price risk is associated with price movements resulting from changes in supply and demand, fuel costs, market liquidity, weather conditions, governmental regulatory and environmental policies, and other factors. To the extent the amount of energy Exelon generates differs from the amount of energy it has contracted to sell, Exelon has price risk from commodity price movements. Exelon seeks to mitigate its commodity price risk through the sale and purchase of electricity, fossil fuel, and other commodities.

Generation

Normal Operations and Hedging Activities. Electricity available from Generation's owned or contracted generation supply in excess of Generation's obligations to customers, including portions of ComEd's, PECO's and BGE's retail load, is sold into the wholesale markets. To reduce price risk caused by market fluctuations, Generation enters into non-derivative contracts as well as derivative contracts, including forwards, futures, swaps, and options, with approved counterparties to hedge anticipated exposures. Generation believes these instruments represent economic hedges that mitigate exposure to fluctuations in commodity prices. Generation expects the settlement of the majority of its economic hedges will occur during 2015 through 2017.

In general, increases and decreases in forward market prices have a positive and negative impact, respectively, on Generation's owned and contracted generation positions that have not been hedged. Exelon's hedging program involves the hedging of commodity risk for Exelon's expected generation, typically on a ratable basis over a three-year period. As of September 30, 2015, the proportion of expected generation hedged is 97%-100%, 81%-84% and 51%-54% for 2015, 2016 and 2017, respectively. The percentage of expected generation hedged is the amount of equivalent sales divided by the expected generation. Expected generation is the volume of energy that best represents our commodity position in energy markets from owned or contracted for capacity based upon a simulated dispatch model that makes assumptions regarding future market conditions, which are calibrated to market quotes for power, fuel, load following products, and options. Equivalent sales represent all hedging products, which include economic hedges and certain non-derivative contracts including Generation's sales to ComEd, PECO and BGE to serve their retail load. See Note 4 — Mergers, Acquisitions, and Dispositions of the combined Notes to Consolidated Financial Statement for more detail regarding divestitures.

A portion of Generation's hedging strategy may be accomplished with fuel products based on assumed correlations between power and fuel prices, which routinely change in the market. Market price risk exposure is the risk of a change in the value of unhedged positions. The forecasted market price risk exposure for Generation's entire non-proprietary trading portfolio associated with a $5 reduction in the annual average around-the-clock energy price based on September 30, 2015 market conditions and hedged position would be a $10 million increase in pre-tax net income for 2015 and a decrease in pre-tax net income of approximately $140 million and $500 million, respectively, for 2016 and 2017. Power price sensitivities are derived by adjusting power price assumptions while keeping all other price inputs constant. Generation expects to actively manage its portfolio to mitigate market price risk exposure for its unhedged position. Actual results could differ depending on the specific timing of, and markets affected by, price changes, as well as future changes in Generation's portfolio.

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Proprietary Trading Activities. Generation also enters into certain energy-related derivatives for proprietary trading purposes. Proprietary trading includes all contracts entered into with the intent of benefiting from shifts or changes in market prices as opposed to those entered into with the intent of hedging or managing risk. Proprietary trading activities are subject to limits established by Exelon's RMC. The proprietary trading portfolio is subject to a risk management policy that includes stringent risk management limits, including volume, stop loss and Value-at-Risk (VaR) limits to manage exposure to market risk. Additionally, the Exelon risk management group and Exelon's RMC monitor the financial risks of the proprietary trading activities. The proprietary trading activities, which included physical volumes of 1,913 GWhs and 5,378 GWhs for the three and nine months ended September 30, 2015, respectively, and 3,006 GWhs and 8,129 GWhs for the three and nine months ended September 30, 2014, respectively, are a complement to Generation's energy marketing portfolio, but represent a small portion of Generation's overall revenue from energy marketing activities. Proprietary trading portfolio activity for the nine months ended September 30, 2015 resulted in pre-tax gains of $3 million due to net mark-to-market losses of $5 million and realized gains of $8 million. Generation uses a 95% confidence interval, assuming standard normal distribution, one day holding period, and a one-tailed statistical measure in calculating its VaR. The daily VaR on proprietary trading activity averaged $0.2 million of exposure during the quarter. Generation has not segregated proprietary trading activity within the following discussion because of the relative size of the proprietary trading portfolio in comparison to Generation's total Revenues net of purchased power and fuel expense from continuing operations for the nine months ended September 30, 2015 of $7,041 million.

Fuel Procurement. Generation procures oil and natural gas through long-term and short-term contracts and spot-market purchases. Nuclear fuel is obtained predominantly through long-term uranium concentrate supply contracts, contracted conversion services, contracted enrichment services, or a combination thereof, and contracted fuel fabrication services. The supply markets for uranium concentrates and certain nuclear fuel services, coal, oil and natural gas are subject to price fluctuations and availability restrictions. Supply market conditions may make Generation's procurement contracts subject to credit risk related to the potential non-performance of counterparties to deliver the contracted commodity or service at the contracted prices. Approximately 50% of Generation's uranium requirements from 2015 through 2019 are supplied by three producers. In the event of non-performance by these or other suppliers, Generation believes that replacement uranium can be obtained, although at prices that may be unfavorable when compared to the prices under the current supply agreements. Non-performance by these counterparties could have a material adverse impact on Exelon's and Generation's results of operations, cash flows and financial position. See Note 19 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements for additional information regarding uranium and coal supply agreement matters.

ComEd

ComEd entered into 20-year contracts for renewable energy and RECs beginning in June 2012. ComEd is permitted to recover its renewable energy and REC costs from retail customers with no mark-up. The annual commitments represent the maximum settlements with suppliers for renewable energy and RECs under the existing contract terms. Pursuant to the ICC's Order on December 19, 2012, ComEd's commitments under the existing long-term contracts were reduced for the June 2013 through May 2014 procurement period. In addition, the ICC's December 18, 2013 Order approved the reduction of ComEd's commitments under those contracts for the June 2014 through May 2015 procurement period, and the amount of the reduction was approved by the ICC in March 2014. See Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements in this report and Note 3 — Regulatory Matters of the Exelon 2014 Form 10-K for additional information regarding energy procurement and derivatives.

PECO

PECO has contracts to procure electric supply that were executed through the competitive procurement process outlined in its PAPUC-approved DSP Programs, which are further discussed in Note 5 — Regulatory Matters of the Combined Notes to the Consolidated Financial Statements. PECO has certain full requirements

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contracts and block contracts which are considered derivatives and qualify for the normal purchases and normal sales scope exception under current derivative authoritative guidance, and as a result are accounted for on an accrual basis of accounting. Under the DSP Programs, PECO is permitted to recover its electric supply procurement costs from retail customers with no mark-up.

PECO has also entered into derivative natural gas contracts, which either qualify for the normal purchases and normal sales exception or have no mark-to-market balances because the derivatives are index priced, to hedge its long-term price risk in the natural gas market. PECO's hedging program for natural gas procurement has no direct impact on its financial position or results of operations as natural gas costs are fully recovered from customers under the PGC.

PECO does not enter into derivatives for speculative or proprietary trading purposes. For additional information on these contracts, see Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements.

BGE

BGE procures electric supply for default service customers through full requirements contracts pursuant to BGE's MDPSC-approved SOS program. BGE's full requirements contracts that are considered derivatives qualify for the normal purchases and normal sales scope exception under current derivative authoritative guidance, and as a result, are accounted for on an accrual basis of accounting. Under the SOS program, BGE is permitted to recover its electricity procurement costs from retail customers, plus an administrative fee which includes a shareholder return component and an incremental cost component. However, through December 2016, BGE provides all residential electric customers a credit for the residential shareholder return component of the administrative charge.

BGE has also entered into derivative natural gas contracts, which qualify for the normal purchases and normal sales scope exception, to hedge its price risk in the natural gas market. The hedging program for natural gas procurement has no direct impact on BGE's financial position. However, under BGE's market-based rates incentive mechanism, BGE's actual cost of gas is compared to a market index (a measure of the market price of gas in a given period). The difference between BGE's actual cost and the market index is shared equally between shareholders and customers.

BGE does not enter into derivatives for speculative or proprietary trading purposes. For additional information on these contracts, see Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements.

Trading and Non-Trading Marketing Activities. The following detailed presentation of Exelon's, Generation's and ComEd's trading and non-trading marketing activities is included to address the recommended disclosures by the energy industry's Committee of Chief Risk Officers (CCRO).

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The following table provides detail on changes in Exelon's, Generation's and ComEd's commodity mark-to-market net asset or liability balance sheet position from December 31, 2014 to September 30, 2015. It indicates the drivers behind changes in the balance sheet amounts. This table incorporates the mark-to-market activities that are immediately recorded in earnings as well as the settlements from OCI to earnings and changes in fair value for the cash flow hedging activities that are recorded in accumulated OCI on the Consolidated Balance Sheets. This table excludes all normal purchase and normal sales contracts and does not segregate proprietary trading activity. See Note 10 — Derivative Financial Instruments of the Combined Notes to the Consolidated Financial Statements for additional information on the balance sheet classification of the mark-to-market energy contract net assets (liabilities) recorded as of September 30, 2015 and December 31, 2014.

	Generation	ComEd	Exelon
Total mark-to-market energy contract net assets (liabilities) at December 31, 2014 [(a)]	$ 1,712	$ (207)	$ 1,505
Total change in fair value during 2015 of contracts recorded in results of operations	355	—	355
Reclassification to realized at settlement of contracts recorded in results of operations	(106)	—	(106)
Reclassification to realized at settlement from accumulated OCI	(2)	—	(2)
Changes in fair value — energy derivatives [(b)]	—	(36)	(36)
Changes in allocated collateral	(373)	—	(373)
Changes in net option premium paid/(received)	(27)	—	(27)
Option premium amortization	(18)	—	(18)
Other balance sheet reclassifications [(c)]	15	—	15
Total mark-to-market energy contract net assets (liabilities) at September 30, 2015 [(a)]	$ 1,556	$ (243)	$ 1,313

(a) Amounts are shown net of cash collateral paid to and received from counterparties.
(b) For ComEd, the changes in fair value are recorded as a change in regulatory assets or liabilities. As of September 30, 2015, ComEd recorded a $243 million regulatory asset related to its mark-to-market derivative liabilities with unaffiliated suppliers. As of September 30, 2015, ComEd also recorded $44 million of decreases in fair value and $8 million of realized losses due to settlements associated with floating-to-fixed energy swap contracts with unaffiliated suppliers.
(c) Other balance sheet reclassifications include derivative contracts acquired or sold by Generation through upfront payments or receipts of cash, excluding option premiums.

Fair Values. The following tables present maturity and source of fair value for Exelon, Generation and ComEd mark-to-market commodity contract net assets (liabilities). The tables provide two fundamental pieces of information. First, the tables provide the source of fair value used in determining the carrying amount of the Registrants' total mark-to-market net assets (liabilities), net of allocated collateral. Second, the tables show the maturity, by year, of the Registrants' commodity contract net assets (liabilities), net of allocated collateral, giving an indication of when these mark-to-market amounts will settle and either generate or require cash. See Note 9 — Fair Value of Financial Assets and Liabilities of the Combined Notes to Consolidated Financial Statements for additional information regarding fair value measurements and the fair value hierarchy.

Exelon

	Maturities Within						
	2015	2016	2017	2018	2019	2020 and Beyond	Total Fair Value
Normal operations, commodity derivative contracts [(a)(b)]							
Actively quoted prices (Level 1)	$ (48)	$ (43)	$ 7	$(23)	$(21)	$ (8)	$ (136)
Prices provided by external sources (Level 2)	203	298	26	7	(10)	(6)	518
Prices based on model or other valuation methods (Level 3) [(c)]	120	539	327	52	(27)	(80)	931
Total	$275	$794	$360	$ 36	$(58)	$ (94)	$ 1,313

(a) Mark-to-market gains and losses on other economic hedge and trading derivative contracts that are recorded in results of operations.
(b) Amounts are shown net of cash collateral paid to and received from counterparties (and offset against mark-to-market assets and liabilities) of $1,033 million at September 30, 2015.
(c) Includes ComEd's net assets (liabilities) associated with the floating-to-fixed energy swap contracts with unaffiliated suppliers.

Generation

	Maturities Within						
	2015	2016	2017	2018	2019	2020 and Beyond	Total Fair Value
Normal operations, commodity derivative contracts [(a)(b)]							
Actively quoted prices (Level 1)	$ (48)	$ (43)	$ 7	$(23)	$(21)	$ (8)	$ (136)
Prices provided by external sources (Level 2)	203	298	26	7	(10)	(6)	518
Prices based on model or other valuation methods (Level 3)	128	560	348	74	(6)	70	1,174
Total	$283	$815	$381	$ 58	$ (37)	$ 56	$ 1,556

(a) Mark-to-market gains and losses on other economic hedge and trading derivative contracts that are recorded in the results of operations.
(b) Amounts are shown net of cash collateral paid to and received from counterparties (and offset against mark-to-market assets and liabilities) of $1,033 million at September 30, 2015.

ComEd

	Maturities Within						
	2015	2016	2017	2018	2019	2020 and Beyond	Total Fair Value
Prices based on model or other valuation methods [(a)] (Level 3)	$ (8)	$(21)	$(21)	$(22)	$(21)	$ (150)	$ (243)

(a) Represents ComEd's net liabilities associated with the floating-to-fixed energy swap contracts with unaffiliated suppliers.

Credit Risk, Collateral, and Contingent Related Features (Exelon, Generation, ComEd, PECO and BGE)

The Registrants would be exposed to credit-related losses in the event of non-performance by counterparties that enter into derivative instruments. The credit exposure of derivative contracts, before collateral, is represented by the fair value of contracts at the reporting date. See Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for a detailed discussion of credit risk, collateral, and contingent related features.

Generation

The following tables provide information on Generation's credit exposure for all derivative instruments, normal purchase normal sales agreements, and applicable payables and receivables, net of collateral and instruments that are subject to master netting agreements, as of September 30, 2015. The tables further delineate that exposure by credit rating of the counterparties and provide guidance on the concentration of credit risk to individual counterparties and an indication of the duration of a company's credit risk by credit rating of the counterparties. The figures in the tables below exclude credit risk exposure from individual retail customers, uranium procurement contracts, and exposure through RTOs, ISOs, NYMEX, ICE and Nodal commodity exchanges, which are discussed below. Additionally, the figures in the tables below exclude exposures with affiliates, including net receivables with ComEd, PECO and BGE of $24 million, $33 million and $27 million, respectively. See Note 25 — Related Party Transactions of the Exelon 2014 Form 10-K for additional information.

Rating as of September 30, 2015	Total Exposure Before Credit Collateral	Credit Collateral(a)	Net Exposure	Number of Counterparties Greater than 10% of Net Exposure	Net Exposure of Counterparties Greater than 10% of Net Exposure
Investment grade	$ 1,463	$ 18	$ 1,445	1	$ 444
Non-investment grade	55	15	40	—	—
No external ratings					
Internally rated — investment grade	535	—	535	—	—
Internally rated — non-investment grade	53	5	48	—	—
Total	$ 2,106	$ 38	$ 2,068	1	$ 444

	Maturity of Credit Risk Exposure			
Rating as of September 30, 2015	Less than 2 Years	2-5 Years	Exposure Greater than 5 Years	Total Exposure Before Credit Collateral
Investment grade	$ 1,028	$ 414	$ 21	$ 1,463
Non-investment grade	38	13	4	55
No external ratings				
Internally rated — investment grade	436	71	28	535
Internally rated — non-investment grade	50	3	—	53
Total	$ 1,552	$ 501	$ 53	$ 2,106

Net Credit Exposure by Type of Counterparty	As of September 30, 2015
Financial institutions	$ 260
Investor-owned utilities, marketers, power producers	867
Energy cooperatives and municipalities	908
Other	33
Total	$ 2,068

(a) As of September 30, 2015, credit collateral held from counterparties where Generation had credit exposure included $13 million of cash and $25 million of letters of credit.

ComEd

There have been no significant changes or additions to ComEd's exposures to credit risk that are described in ITEM 1A. RISK FACTORS of Exelon's 2014 Annual Report on Form 10-K.

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See Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for information regarding credit exposure to suppliers.

PECO

There have been no significant changes or additions to PECO's exposures to credit risk as described in ITEM 1A. RISK FACTORS of Exelon's 2014 Annual Report on Form 10-K.

See Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for information regarding credit exposure to suppliers.

BGE

There have been no significant changes or additions to BGE's exposures to credit risk as described in ITEM 1A. RISK FACTORS of Exelon's 2014 Annual Report on Form 10-K.

See Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for information regarding credit exposure to suppliers.

Collateral (Exelon, Generation, ComEd, PECO and BGE)

Generation

As part of the normal course of business, Generation routinely enters into physical or financial contracts for the sale and purchase of electricity, fossil fuel and other commodities. These contracts either contain express provisions or otherwise permit Generation and its counterparties to demand adequate assurance of future performance when there are reasonable grounds for doing so. In accordance with the contracts and applicable law, if Generation is downgraded by a credit rating agency, especially if such downgrade is to a level below investment grade, it is possible that a counterparty would attempt to rely on such a downgrade as a basis for making a demand for adequate assurance of future performance. Depending on Generation's net position with a counterparty, the demand could be for the posting of collateral. In the absence of expressly agreed-to provisions that specify the collateral that must be provided, collateral requested will be a function of the facts and circumstances of the situation at the time of the demand. In this case, Generation believes an amount of several months of future payments (i.e. capacity payments) rather than a calculation of fair value is the best estimate for the contingent collateral obligation, which has been factored into the disclosure below. See Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for information regarding collateral requirements.

Generation transacts output through bilateral contracts. The bilateral contracts are subject to credit risk, which relates to the ability of counterparties to meet their contractual payment obligations. Any failure to collect these payments from counterparties could have a material impact on Exelon's and Generation's results of operations, cash flows and financial position. As market prices rise above contracted price levels, Generation is required to post collateral with purchasers; as market prices fall below contracted price levels, counterparties are required to post collateral with Generation. In order to post collateral, Generation depends on access to bank credit facilities, which serve as liquidity sources to fund collateral requirements. See Note 11 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for additional information.

As of September 30, 2015, Generation had cash collateral of $1,065 million posted and cash collateral held of $21 million for external counterparties, of which $1,033 million and $7 million in net cash collateral posted were offset against commodity mark-to-market and interest rate and foreign exchange derivative assets and liabilities related to underlying commodity contracts, respectively. As of September 30, 2015, $4 million of cash collateral posted was not offset against net derivative positions because it was not associated with commodity-related derivatives, were associated with accrual positions, or as of the balance sheet date there were no positions to offset. See Note 19 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements for information regarding the letters of credit supporting the cash collateral.

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ComEd

As of September 30, 2015, ComEd held no collateral from suppliers in association with energy procurement contracts and held approximately $19 million in the form of cash and letters of credit for both annual and long-term renewable energy contracts. See Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements in this report and Note 3 — Regulatory Matters of the 2014 Exelon Form 10-K for additional information.

PECO

As of September 30, 2015, PECO was not required to post collateral under its energy and natural gas procurement contracts. See Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information.

BGE

BGE is not required to post collateral under its electric supply contracts. As of September 30, 2015, BGE was not required to post collateral under its natural gas procurement contracts. See Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information.

RTOs and ISOs (Exelon, Generation, ComEd, PECO and BGE)

Generation, ComEd, PECO and BGE participate in all, or some, of the established, real-time energy markets that are administered by PJM, ISO-NE, ISO-NY, CAISO, MISO, SPP, AESO, OIESO and ERCOT. In these areas, power is traded through bilateral agreements between buyers and sellers and on the spot markets that are operated by the RTOs or ISOs, as applicable. In areas where there is no spot market, electricity is purchased and sold solely through bilateral agreements. For sales into the spot markets administered by an RTO or ISO, the RTO or ISO maintains financial assurance policies that are established and enforced by those administrators. The credit policies of the RTOs and ISOs may, under certain circumstances, require that losses arising from the default of one member on spot market transactions be shared by the remaining participants. Non-performance or non-payment by a major counterparty could result in a material adverse impact on the Registrants' results of operations, cash flows and financial positions.

Exchange Traded Transactions (Exelon and Generation)

Generation enters into commodity transactions on NYMEX, ICE and the Nodal exchange. The NYMEX, ICE and Nodal exchange clearinghouses act as the counterparty to each trade. Transactions on the NYMEX, ICE and Nodal exchange must adhere to comprehensive collateral and margining requirements. As a result, transactions on NYMEX, ICE and Nodal exchange are significantly collateralized and have limited counterparty credit risk.

Long-Term Leases (Exelon)

Exelon's Consolidated Balance Sheet, as of September 30, 2015, included a $348 million net investment in coal-fired plants in Georgia subject to long-term leases. This investment represents the estimated residual value of leased assets at the end of the respective lease terms of $639 million, less unearned income of $291 million. As of December 31, 2014, Exelon's Consolidated Balance sheet included a $361 million net investment in coal-fired plants in Georgia subject to long-term leases, which represented the estimated residual value of leased assets at the end of the respective lease terms of $685 million, less unearned income of $324 million. The lease agreements provide the lessees with fixed purchase options at the end of the lease terms. If the lessee does not exercise the fixed purchase options, Exelon has the ability to operate the stations and keep or market the power itself or require the lessee to arrange for a third party to bid on a service contract for a period following the lease term. Exelon will be subject to residual value risk if the lessee does not exercise the fixed purchase options. This risk is partially mitigated by the fair value of the scheduled payments under the service contract. However, such

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payments are not guaranteed. Further, the term of the service contract is less than the expected remaining useful life of the plants and, therefore, Exelon's exposure to residual value risk will not be mitigated by payments under the service contract in this remaining period. Lessee performance under the lease agreements is supported by collateral and credit enhancement measures. Management regularly evaluates the creditworthiness of Exelon's counterparties to these long-term leases. Exelon monitors the continuing credit quality of the credit enhancement party.

Interest Rate and Foreign Exchange Risk (Exelon, Generation, ComEd, PECO and BGE)

The Registrants use a combination of fixed-rate and variable-rate debt to manage interest rate exposure. The Registrants may also utilize fixed-to-floating interest rate swaps, which are typically designated as fair value hedges, as a means to manage their interest rate exposure. In addition, the Registrants may utilize interest rate derivatives to lock in rate levels in anticipation of future financings, which are typically designated as cash flow hedges. These strategies are employed to manage interest rate risks. At September 30, 2015, Exelon had $800 million of notional amounts of fixed-to-floating hedges outstanding and Exelon and Generation had $752 million of notional amounts of floating-to-fixed hedges outstanding, respectively. Assuming the fair value and cash flow interest rate hedges are 100% effective, a hypothetical 50 bps increase in the interest rates associated with unhedged variable-rate debt (excluding Commercial Paper) and fixed-to-floating swaps would result in approximately a $3 million decrease in Exelon Consolidated pre-tax income for the nine months ended September 30, 2015. To manage foreign exchange rate exposure associated with international energy purchases in currencies other than U.S. dollars, Generation utilizes foreign currency derivatives, which are typically designated as economic hedges.

Equity Price Risk (Exelon and Generation)

Exelon and Generation maintain trust funds, as required by the NRC, to fund certain costs of decommissioning Generation's nuclear plants. As of September 30, 2015, Generation's decommissioning trust funds are reflected at fair value on its Consolidated Balance Sheets. The mix of securities in the trust funds is designed to provide returns to be used to fund decommissioning and to compensate Generation for inflationary increases in decommissioning costs; however, the equity securities in the trust funds are exposed to price fluctuations in equity markets, and the value of fixed-rate, fixed-income securities are exposed to changes in interest rates. Generation actively monitors the investment performance of the trust funds and periodically reviews asset allocation in accordance with Generation's NDT fund investment policy. A hypothetical 10% increase in interest rates and decrease in equity prices would result in a $434 million reduction in the fair value of the trust assets. This calculation holds all other variables constant and assumes only the discussed changes in interest rates and equity prices. See ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations for further discussion of equity price risk as a result of the current capital and credit market conditions.

Item 4. Controls and Procedures

During the third quarter of 2015, each Registrant's management, including its principal executive officer and principal financial officer, evaluated the effectiveness of that Registrant's disclosure controls and procedures related to the recording, processing, summarizing and reporting of information in its periodic reports that it files with the SEC. These disclosure controls and procedures have been designed by each Registrant to ensure that (a) information relating to that Registrant, including its consolidated subsidiaries, that is required to be included in filings under the Securities Exchange Act of 1934, is accumulated and made known to that Registrant's management, including its principal executive officer and principal financial officer, by other employees of that Registrant and its subsidiaries as appropriate to allow timely decisions regarding required disclosure, and (b) this information is recorded, processed, summarized, evaluated and reported, as applicable, within the time periods specified in the SEC's rules and forms. Due to the inherent limitations of control systems, not all misstatements may be detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls could be circumvented by the individual acts of some persons or by collusion of two or more people.

Consistent with guidance issued by the Securities and Exchange Commission that an assessment of internal controls over financial reporting of a recently acquired business may be omitted from management's evaluation of disclosure controls and procedures, management is excluding an assessment of such internal controls of Integrys, which was acquired on November 1, 2014, from its evaluation of the effectiveness of Exelon's and Generation's disclosure controls and procedures. The total assets related to Integrys are approximately 0.58% and 1.19%, respectively, of Exelon's and Generation's related consolidated balance sheet amounts as of September 30, 2015. The total revenues related to Integrys are 6.65% and 10.32%, respectively, of Exelon's and Generation's related consolidated statements of operations and comprehensive income amounts for the three months ended September 30, 2015. The total revenues related to Integrys are 7.40% and 11.35%, respectively, of Exelon's and Generation's related consolidated statements of operations and comprehensive income amounts for the nine months ended September 30, 2015.

Accordingly, as of September 30, 2015, the principal executive officer and principal financial officer of each Registrant concluded that such Registrant's disclosure controls and procedures were effective to accomplish its objectives. All Registrants continually strive to improve its disclosure controls and procedures to enhance the quality of its financial reporting and to maintain dynamic systems that change as conditions warrant. There have been no changes in internal control over financial reporting that occurred during the third quarter of 2015 that have materially affected, or are reasonably likely to materially affect, any of the Registrant's internal control over financial reporting.

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PART II — OTHER INFORMATION

Item 1 Legal Proceedings

The Registrants are parties to various lawsuits and regulatory proceedings in the ordinary course of their respective businesses. For information regarding material lawsuits and proceedings, see (a) ITEM 3. LEGAL PROCEEDINGS of Exelon's 2014 Form 10-K and (b) Note 5 — Regulatory Matters and Note 19 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements in PART I, ITEM 1. FINANCIAL STATEMENTS of this Report. Such descriptions are incorporated herein by these references.

Item 1A Risk Factors

Risks Related to Exelon

At September 30, 2015, the Registrant's risk factors were consistent with the risk factors described in Exelon's 2014 Form 10-K.

Item 4 Mine Safety Disclosures

Exelon, Generation, ComEd, PECO and BGE

Not applicable to the Registrants.

Item 6 Exhibits

Certain of the following exhibits are incorporated herein by reference under Rule 12b-32 of the Securities and Exchange Act of 1934, as amended. Certain other instruments which would otherwise be required to be listed below have not been so listed because such instruments do not authorize securities in an amount which exceeds 10% of the total assets of the applicable Registrant and its subsidiaries on a consolidated basis and the relevant Registrant agrees to furnish a copy of any such instrument to the Commission upon request.

Exhibit No.	Description
4.1	One Hundred and Twelfth Supplemental Indenture dated as of September 15, 2015 from PECO to U.S. Bank National Association, as trustee (File no. 000-16844, Form 8-K dated October 5, 2015, Exhibit 4.1)
101.INS	XBRL Instance
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation
101.DEF	XBRL Taxonomy Extension Definition
101.LAB	XBRL Taxonomy Extension Labels
101.PRE	XBRL Taxonomy Extension Presentation

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Certifications Pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities and Exchange Act of 1934 as to the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2015 filed by the following officers for the following companies:

31-1 — Filed by Christopher M. Crane for Exelon Corporation

31-2 — Filed by Jonathan W. Thayer for Exelon Corporation

31-3 — Filed by Kenneth W. Cornew for Exelon Generation Company, LLC

31-4 — Filed by Bryan P. Wright for Exelon Generation Company, LLC

31-5 — Filed by Anne R. Pramaggiore for Commonwealth Edison Company

31-6 — Filed by Joseph R. Trpik, Jr. for Commonwealth Edison Company

31-7 — Filed by Craig L. Adams for PECO Energy Company

31-8 — Filed by Phillip S. Barnett for PECO Energy Company

31-9 — Filed by Calvin G. Butler, Jr. for Baltimore Gas and Electric Company

31-10 — Filed by David M. Vahos for Baltimore Gas and Electric Company

Certifications Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code (Sarbanes — Oxley Act of 2002) as to the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2015 filed by the following officers for the following companies:

32-1 — Filed by Christopher M. Crane for Exelon Corporation

32-2 — Filed by Jonathan W. Thayer for Exelon Corporation

32-3 — Filed by Kenneth W. Cornew for Exelon Generation Company, LLC

32-4 — Filed by Bryan P. Wright for Exelon Generation Company, LLC

32-5 — Filed by Anne R. Pramaggiore for Commonwealth Edison Company

32-6 — Filed by Joseph R. Trpik, Jr. for Commonwealth Edison Company

32-7 — Filed by Craig L. Adams for PECO Energy Company

32-8 — Filed by Phillip S. Barnett for PECO Energy Company

32-9 — Filed by Calvin G. Butler, Jr. for Baltimore Gas and Electric Company

32-10 — Filed by David M. Vahos for Baltimore Gas and Electric Company

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SIGNATURES

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

EXELON CORPORATION

/s/ CHRISTOPHER M. CRANE
Christopher M. Crane
President and Chief Executive Officer
(Principal Executive Officer) and Director

/s/ JONATHAN W. THAYER
Jonathan W. Thayer
Senior Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

/s/ DUANE M. DESPARTE
Duane M. DesParte
Senior Vice President and Corporate Controller
(Principal Accounting Officer)

October 30, 2015

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

EXELON GENERATION COMPANY, LLC

/s/ KENNETH W. CORNEW
Kenneth W. Cornew
President and Chief Executive Officer
(Principal Executive Officer)

/s/ BRYAN P. WRIGHT
Bryan P. Wright
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

/s/ ROBERT M. AIKEN
Robert M. Aiken
Chief Accounting Officer
(Principal Accounting Officer)

October 30, 2015

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

COMMONWEALTH EDISON COMPANY

/s/ ANNE R. PRAMAGGIORE
Anne R. Pramaggiore
President and Chief Executive Officer
(Principal Executive Officer)

/s/ JOSEPH R. TRPIK, JR.
Joseph R. Trpik, Jr.
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/s/ GERALD J. KOZEL
Gerald J. Kozel
Vice President and Controller
(Principal Accounting Officer)

October 30, 2015

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PECO ENERGY COMPANY

/s/ CRAIG L. ADAMS
Craig L. Adams
President and Chief Executive Officer
(Principal Executive Officer)

/s/ PHILLIP S. BARNETT
Phillip S. Barnett
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/s/ SCOTT A. BAILEY
Scott A. Bailey
Vice President and Controller
(Principal Accounting Officer)

October 30, 2015

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BALTIMORE GAS AND ELECTRIC COMPANY

/s/ CALVIN G. BUTLER, JR.
Calvin G. Butler, Jr.
Chief Executive Officer
(Principal Executive Officer)

/s/ DAVID M. VAHOS
David M. Vahos
Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/s/ MATTHEW N. BAUER
Matthew N. Bauer
Vice President and Controller
(Principal Accounting Officer)

October 30, 2015

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Exhibit 31-1

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Christopher M. Crane, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ CHRISTOPHER M. CRANE
President and Chief Executive Officer
(Principal Executive Officer)

Date: October 30, 2015

Exhibit 31-2

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Jonathan W. Thayer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ JONATHAN W. THAYER
Senior Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Date: October 30, 2015

Exhibit 31-3

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Kenneth W. Cornew, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Generation Company, LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ KENNETH W. CORNEW
President and Chief Executive Officer
(Principal Executive Officer)

Date: October 30, 2015

Exhibit 31-4

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Bryan P. Wright, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Generation Company, LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ BRYAN P. WRIGHT
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

Date: October 30, 2015

Exhibit 31-5

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Anne R. Pramaggiore, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Commonwealth Edison Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ ANNE R. PRAMAGGIORE
President and Chief Executive Officer
(Principal Executive Officer)

Date: October 30, 2015

Exhibit 31-6

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Joseph R. Trpik, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Commonwealth Edison Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ JOSEPH R. TRPIK, JR.
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: October 30, 2015

Exhibit 31-7

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Craig L. Adams, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PECO Energy Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ CRAIG L. ADAMS
President and Chief Executive Officer
(Principal Executive Officer)

Date: October 30, 2015

Exhibit 31-8

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Phillip S. Barnett, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PECO Energy Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ PHILLIP S. BARNETT
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: October 30, 2015

Exhibit 31-9

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Calvin G. Butler, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Baltimore Gas and Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ CALVIN G. BUTLER, JR.
Chief Executive Officer
(Principal Executive Officer)

Date: October 30, 2015

Exhibit 31-10

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, David M. Vahos, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Baltimore Gas and Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ DAVID M. VAHOS
Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: October 30, 2015

Exhibit 32-1

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Corporation for the quarterly period ended September 30, 2015, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Corporation.

/s/ CHRISTOPHER M. CRANE

Christopher M. Crane
President and Chief Executive Officer

Date: October 30, 2015

Exhibit 32-2

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Corporation for the quarterly period ended September 30, 2015, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Corporation.

/s/ JONATHAN W. THAYER

Jonathan W. Thayer
Senior Executive Vice President and Chief Financial Officer

Date: October 30, 2015

Exhibit 32-3

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Generation Company, LLC for the quarterly period ended September 30, 2015, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Generation Company, LLC.

/s/ KENNETH W. CORNEW

Kenneth W. Cornew
President and Chief Executive Officer

Date: October 30, 2015

Exhibit 32-4

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Generation Company, LLC for the quarterly period ended September 30, 2015, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Generation Company, LLC.

/s/ BRYAN P. WRIGHT

Bryan P. Wright
Senior Vice President and Chief Financial Officer

Date: October 30, 2015

Exhibit 32-5

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Commonwealth Edison Company for the quarterly period ended September 30, 2015, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Commonwealth Edison Company.

/s/ ANNE R. PRAMAGGIORE

Anne R. Pramaggiore
President and Chief Executive Officer

Date: October 30, 2015

Exhibit 32-6

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Commonwealth Edison Company for the quarterly period ended September 30, 2015, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Commonwealth Edison Company.

/s/ JOSEPH R. TRPIK, JR.

Joseph R. Trpik, Jr.
Senior Vice President, Chief Financial Officer and Treasurer

Date: October 30, 2015

Exhibit 32-7

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of PECO Energy Company for the quarterly period ended September 30, 2015, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of PECO Energy Company.

/s/ CRAIG L. ADAMS

Craig L. Adams
President and Chief Executive Officer

Date: October 30, 2015

Exhibit 32-8

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of PECO Energy Company for the quarterly period ended September 30, 2015, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of PECO Energy Company.

/s/ P HILLIP S. B ARNETT

Phillip S. Barnett
Senior Vice President, Chief Financial Officer and Treasurer

Date: October 30, 2015

Exhibit 32-9

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Baltimore Gas and Electric Company for the quarterly period ended September 30, 2015, that (i) the report fully complies with the requirements of section 13(a) or 15 (d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Baltimore Gas and Electric Company.

/s/ CALVIN G. BUTLER, JR.
Calvin G. Butler, Jr.
Chief Executive Officer

Date: October 30, 2015

Exhibit 32-10

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Baltimore Gas and Electric Company for the quarterly period ended September 30, 2015, that (i) the report fully complies with the requirements of section 13(a) or 15 (d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Baltimore Gas and Electric Company.

/s/ D AVID M. V AHOS

David M. Vahos
Vice President, Chief Financial Officer and Treasurer

Date: October 30, 2015

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended September 30, 2016

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number	Name of Registrant; State or Other Jurisdiction of Incorporation; Address of Principal Executive Offices; and Telephone Number	IRS Employer Identification Number
1-16169	EXELON CORPORATION (a Pennsylvania corporation) 10 South Dearborn Street P.O. Box 805379 Chicago, Illinois 60680-5379 (800) 483-3220	23-2990190
333-85496	EXELON GENERATION COMPANY, LLC (a Pennsylvania limited liability company) 300 Exelon Way Kennett Square, Pennsylvania 19348-2473 (610) 765-5959	23-3064219
1-1839	COMMONWEALTH EDISON COMPANY (an Illinois corporation) 440 South LaSalle Street Chicago, Illinois 60605-1028 (312) 394-4321	36-0938600
000-16844	PECO ENERGY COMPANY (a Pennsylvania corporation) P.O. Box 8699 2301 Market Street Philadelphia, Pennsylvania 19101-8699 (215) 841-4000	23-0970240
1-1910	BALTIMORE GAS AND ELECTRIC COMPANY (a Maryland corporation) 2 Center Plaza 110 West Fayette Street Baltimore, Maryland 21201-3708 (410) 234-5000	52-0280210
001-31403	PEPCO HOLDINGS LLC (a Delaware limited liability company) 701 Ninth Street, N.W. Washington, District of Columbia 20068 (202) 872-2000	52-2297449
001-01072	POTOMAC ELECTRIC POWER COMPANY (a District of Columbia and Virginia corporation) 701 Ninth Street, N.W. Washington, District of Columbia 20068 (202) 872-2000	53-0127880
001-01405	DELMARVA POWER & LIGHT COMPANY (a Delaware and Virginia corporation) 500 North Wakefield Drive Newark, Delaware 19702 (202) 872-2000	51-0084283
001-03559	ATLANTIC CITY ELECTRIC COMPANY (a New Jersey corporation) 500 North Wakefield Drive Newark, Delaware 19702 (202) 872-2000	21-0398280

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

	Large Accelerated Filer	Accelerated Filer	Non-accelerated Filer	Smaller Reporting Company
Exelon Corporation	☒			
Exelon Generation Company, LLC			☒	
Commonwealth Edison Company			☒	
PECO Energy Company			☒	
Baltimore Gas and Electric Company			☒	
Pepco Holdings LLC	☒			
Potomac Electric Power Company			☒	
Delmarva Power & Light Company			☒	
Atlantic City Electric Company			☒	

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The number of shares outstanding of each registrant's common stock as of September 30, 2016 was:

Exelon Corporation Common Stock, without par value	923,270,314
Exelon Generation Company, LLC	not applicable
Commonwealth Edison Company Common Stock, $12.50 par value	127,017,143
PECO Energy Company Common Stock, without par value	170,478,507
Baltimore Gas and Electric Company Common Stock, without par value	1,000
Pepco Holdings LLC	not applicable
Potomac Electric Power Company Common Stock, $.01 par value	100
Delmarva Power & Light Company Common Stock, $2.25 par value	1,000
Atlantic City Electric Company Common Stock, $3.00 par value	8,546,017

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GLOSSARY OF TERMS AND ABBREVIATIONS

Exelon Corporation and Related Entities

Exelon	Exelon Corporation
Generation	Exelon Generation Company, LLC
ComEd	Commonwealth Edison Company
PECO	PECO Energy Company
BGE	Baltimore Gas and Electric Company
Pepco Holdings or PHI	Pepco Holdings LLC (formerly Pepco Holdings, Inc.)
Pepco	Potomac Electric Power Company
Pepco Energy Services or PES	Pepco Energy Services, Inc. and its subsidiaries
PCI	Potomac Capital Investment Corporation and its subsidiaries
DPL	Delmarva Power & Light Company
ACE	Atlantic City Electric Company
ACE Funding or ATF	Atlantic City Electric Transition Funding LLC
BSC	Exelon Business Services Company, LLC
PHISCO	PHI Service Company
Exelon Corporate	Exelon in its corporate capacity as a holding company
PHI Corporate	PHI in its corporate capacity as a holding company
CENG	Constellation Energy Nuclear Group, LLC
Constellation	Constellation Energy Group, Inc.
Antelope Valley	Antelope Valley Solar Ranch One
Exelon Transmission Company	Exelon Transmission Company, LLC
Exelon Wind	Exelon Wind, LLC and Exelon Generation Acquisition Company, LLC
Ventures	Exelon Ventures Company, LLC
AmerGen	AmerGen Energy Company, LLC
BondCo	RSB BondCo LLC
PEC L.P.	PECO Energy Capital, L.P.
PECO Trust III	PECO Capital Trust III
PECO Trust IV	PECO Energy Capital Trust IV
PETT	PECO Energy Transition Trust
Registrants	Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE, collectively
Utility Registrants	ComEd, PECO, BGE, Pepco, DPL and ACE, collectively
Legacy PHI	PHI, Pepco, DPL and ACE, collectively
ConEdison Solutions	The competitive retail electricity and natural gas business of Consolidated Edison Solutions, Inc., a subsidiary of Consolidated Edison, Inc.

Other Terms and Abbreviations

Note "—" of the Exelon 2015 Form 10-K	Reference to specific Combined Note to Consolidated Financial Statements within Exelon's 2015 Annual Report on Form 10-K
Note "—" of the PHI 2015 Form 10-K	Reference to specific Note to Consolidated Financial Statements within Legacy PHI's 2015 Annual Report on Form 10-K
1998 restructuring settlement	PECO's 1998 settlement of its restructuring case mandated by the Competition Act
Act 11	Pennsylvania Act 11 of 2012
Act 129	Pennsylvania Act 129 of 2008
AEC	Alternative Energy Credit that is issued for each megawatt hour of generation from a qualified alternative energy source
AEPS	Pennsylvania Alternative Energy Portfolio Standards
AEPS Act	Pennsylvania Alternative Energy Portfolio Standards Act of 2004, as amended

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GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and Abbreviations	
AESO	Alberta Electric Systems Operator
AFUDC	Allowance for Funds Used During Construction
ALJ	Administrative Law Judge
AMI	Advanced Metering Infrastructure
AMP	Advanced Metering Program
ARC	Asset Retirement Cost
ARO	Asset Retirement Obligation
ARP	Title IV Acid Rain Program
ARRA of 2009	American Recovery and Reinvestment Act of 2009
ASC	Accounting Standards Codification
BGS	Basic Generation Service (the supply of electricity by ACE to retail customers in New Jersey who have not elected to purchase electricity from a competitive supplier)
Block contracts	Forward Purchase Energy Block Contracts
CAIR	Clean Air Interstate Rule
CAISO	California ISO
CAMR	Federal Clean Air Mercury Rule
CERCLA	Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended
CFL	Compact Fluorescent Light
Clean Air Act	Clean Air Act of 1963, as amended
Clean Water Act	Federal Water Pollution Control Amendments of 1972, as amended
Competition Act	Pennsylvania Electricity Generation Customer Choice and Competition Act of 1996
Conectiv	Conectiv, LLC, a wholly owned subsidiary of PHI and the parent of DPL and ACE
Conectiv Energy	Conectiv Energy Holdings, Inc. and substantially all of its subsidiaries, which were sold to Calpine in July 2010
Contract EDCs	Pepco, DPL and BGE, the Maryland utilities required by the MDPSC to enter into a contract for new generation
CPI	Consumer Price Index
CPUC	California Public Utilities Commission
CSAPR	Cross-State Air Pollution Rule
CTA	Consolidated tax adjustment
CTC	Competitive Transition Charge
D.C. Circuit Court	United States Court of Appeals for the District of Columbia Circuit
DCPSC	District of Columbia Public Service Commission
DC PLUG	District of Columbia Power Line Undergrounding
Default Electricity Supply	The supply of electricity by PHI's electric utility subsidiaries at regulated rates to retail customers who do not elect to purchase electricity from a competitive supplier, and which, depending on the jurisdiction, is also known as Standard Offer Service or BGS
Default Electricity Supply Revenue	Revenue primarily from Default Electricity Supply
DOE	United States Department of Energy
DOJ	United States Department of Justice
DPSC	Delaware Public Service Commission
DRP	Direct Stock Purchase and Dividend Reinvestment Plan
DSP	Default Service Provider

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GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and Abbreviations	
DSP Program	Default Service Provider Program
EDCs	Electric distribution companies
EDF	Electricite de France SA and its subsidiaries
EE&C	Energy Efficiency and Conservation/Demand Response
EGS	Electric Generation Supplier
EGTP	ExGen Texas Power, LLC
EIMA	Energy Infrastructure Modernization Act (Illinois Senate Bill 1652 and Illinois House Bill 3036)
EmPower Maryland	A Maryland demand-side management program for Pepco and DPL
EPA	United States Environmental Protection Agency
ERCOT	Electric Reliability Council of Texas
ERISA	Employee Retirement Income Security Act of 1974, as amended
EROA	Expected Rate of Return on Assets
ESPP	Employee Stock Purchase Plan
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
FRCC	Florida Reliability Coordinating Council
FTC	Federal Trade Commission
GAAP	Generally Accepted Accounting Principles in the United States
GCR	Gas Cost Rate
GHG	Greenhouse Gas
GRT	Gross Receipts Tax
GSA	Generation Supply Adjustment
GWh	Gigawatt hour
HAP	Hazardous air pollutants
Health Care Reform Acts	Patient Protection and Affordable Care Act and Health Care and Education Reconciliation Act of 2010
HSR Act	The Hart-Scott-Rodino Antitrust Improvements Act of 1976
IBEW	International Brotherhood of Electrical Workers
ICC	Illinois Commerce Commission
ICE	Intercontinental Exchange
Illinois Act	Illinois Electric Service Customer Choice and Rate Relief Law of 1997
Illinois EPA	Illinois Environmental Protection Agency
Illinois Settlement Legislation	Legislation enacted in 2007 affecting electric utilities in Illinois
Integrys	Integrys Energy Services, Inc.
IPA	Illinois Power Agency
IRC	Internal Revenue Code
IRS	Internal Revenue Service
ISO	Independent System Operator
ISO-NE	ISO New England Inc.
ISO-NY	ISO New York
kV	Kilovolt
kW	Kilowatt
kWh	Kilowatt-hour
LIBOR	London Interbank Offered Rate
LILO	Lease-In, Lease-Out
LLRW	Low-Level Radioactive Waste
LTIP	Long-Term Incentive Plan
MAPP	Mid-Atlantic Power Pathway

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GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and Abbreviations	
MATS	U.S. EPA Mercury and Air Toxics Rule
MBR	Market Based Rates Incentive
MDE	Maryland Department of the Environment
MDPSC	Maryland Public Service Commission
MGP	Manufactured Gas Plant
MISO	Midcontinent Independent System Operator, Inc.
mmcf	Million Cubic Feet
Moody's	Moody's Investor Service
MOPR	Minimum Offer Price Rule
MRV	Market-Related Value
MW	Megawatt
MWh	Megawatt hour
NAAQS	National Ambient Air Quality Standards
n.m.	not meaningful
NAV	Net Asset Value
NDT	Nuclear Decommissioning Trust
NEIL	Nuclear Electric Insurance Limited
NERC	North American Electric Reliability Corporation
NGS	Natural Gas Supplier
NJBPU	New Jersey Board of Public Utilities
NJDEP	New Jersey Department of Environmental Protection
Non-Regulatory Agreements Units	Nuclear generating units or portions thereof whose decommissioning-related activities are not subject to contractual elimination under regulatory accounting
NOSA	Nuclear Operating Services Agreement
NOV	Notice of Violation
NPDES	National Pollutant Discharge Elimination System
NRC	Nuclear Regulatory Commission
NSPS	New Source Performance Standards
NUGs	Non-utility generators
NWPA	Nuclear Waste Policy Act of 1982
NYMEX	New York Mercantile Exchange
OCI	Other Comprehensive Income
OIESO	Ontario Independent Electricity System Operator
OPC	Office of People's Counsel
OPEB	Other Postretirement Employee Benefits
PA DEP	Pennsylvania Department of Environmental Protection
PAPUC	Pennsylvania Public Utility Commission
PGC	Purchased Gas Cost Clause
PHI Retirement Plan	PHI's noncontributory retirement plan
PJM	PJM Interconnection, LLC
POLR	Provider of Last Resort
POR	Purchase of Receivables
PPA	Power Purchase Agreement
Price-Anderson Act	Price-Anderson Nuclear Industries Indemnity Act of 1957
Preferred Stock	Originally issued shares of non-voting, non-convertible and non-transferable Series A preferred stock, par value $0.01 per share
PRP	Potentially Responsible Parties
PSEG	Public Service Enterprise Group Incorporated

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GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and Abbreviations	
PURTA	Pennsylvania Public Realty Tax Act
PV	Photovoltaic
RCRA	Resource Conservation and Recovery Act of 1976, as amended
REC	Renewable Energy Credit which is issued for each megawatt hour of generation from a qualified renewable energy source
Regulatory Agreement Units	Nuclear generating units or portions thereof whose decommissioning-related activities are subject to contractual elimination under regulatory accounting
RES	Retail Electric Suppliers
RFP	Request for Proposal
Rider	Reconcilable Surcharge Recovery Mechanism
RGGI	Regional Greenhouse Gas Initiative
RMC	Risk Management Committee
ROE	Return on equity
RPM	PJM Reliability Pricing Model
RPS	Renewable Energy Portfolio Standards
RSSA	Reliability Support Services Agreement
RTEP	Regional Transmission Expansion Plan
RTO	Regional Transmission Organization
S&P	Standard & Poor's Ratings Services
SEC	United States Securities and Exchange Commission
Senate Bill 1	Maryland Senate Bill 1
SERC	SERC Reliability Corporation (formerly Southeast Electric Reliability Council)
SERP	Supplemental Employee Retirement Plan
SGIG	Smart Grid Investment Grant from DOE
SGIP	Smart Grid Initiative Program
SILO	Sale-In, Lease-Out
SMPIP	Smart Meter Procurement and Installation Plan
SNF	Spent Nuclear Fuel
SOCAs	Standard Offer Capacity Agreements required to be entered into by ACE pursuant to a New Jersey law enacted to promote the construction of qualified electric generation facilities in New Jersey
SOS	Standard Offer Service
SPP	Southwest Power Pool
Tax Relief Act of 2010	Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010
Transition Bond Charge	Revenue ACE receives, and pays to ACE Funding, to fund the principal and interest payments on Transition Bonds and related taxes, expenses and fees
Transition Bonds	Transition Bonds issued by ACE Funding
Upstream	Natural gas exploration and production activities
VIE	Variable Interest Entity
WECC	Western Electric Coordinating Council

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FILING FORMAT

This combined Form 10-Q is being filed separately by Exelon Corporation, Exelon Generation Company, LLC, Commonwealth Edison Company, PECO Energy Company, Baltimore Gas and Electric Company, Pepco Holdings LLC, Potomac Electric Power Company, Delmarva Power & Light Company, and Atlantic City Electric Company (Registrants). Information contained herein relating to any individual Registrant is filed by such Registrant on its own behalf. No Registrant makes any representation as to information relating to any other Registrant.

FORWARD-LOOKING STATEMENTS

This Report contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that are subject to risks and uncertainties. The factors that could cause actual results to differ materially from the forward-looking statements made by the Registrants include those factors discussed herein, as well as the items discussed in (1) Exelon's 2015 Annual Report on Form 10-K in (a) ITEM 1A. Risk Factors, (b) ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) ITEM 8. Financial Statements and Supplementary Data: Note 23; (2) PHI's 2015 Annual Report on Form 10-K in (a) ITEM 1A. Risk Factors, (b) ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) ITEM 8. Financial Statements and Supplementary Data: Note 16; (3) this Quarterly Report on Form 10-Q in (a) Part II, Other Information, ITEM 1A. Risk Factors, (b) Part 1, Financial Information, ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) Part I, Financial Information, ITEM 1. Financial Statements: Note 18; and (4) other factors discussed in filings with the SEC by the Registrants. Readers are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of this Report. None of the Registrants undertakes any obligation to publicly release any revision to its forward-looking statements to reflect events or circumstances after the date of this Report.

WHERE TO FIND MORE INFORMATION

The public may read and copy any reports or other information that the Registrants file with the SEC at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. These documents are also available to the public from commercial document retrieval services, the website maintained by the SEC at www.sec.gov and the Registrants' websites at www.exeloncorp.com. Information contained on the Registrants' websites shall not be deemed incorporated into, or to be a part of, this Report.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions, except per share data)	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
Operating revenues				
Competitive businesses revenues	$ 4,535	$ 4,564	$12,243	$14,278
Rate-regulated utility revenues	4,467	2,837	11,243	8,468
Total operating revenues	9,002	7,401	23,486	22,746
Operating expenses				
Competitive businesses purchased power and fuel	2,584	2,515	6,599	7,789
Rate-regulated utility purchased power and fuel	1,170	776	2,863	2,421
Operating and maintenance	2,338	1,996	7,677	6,119
Depreciation and amortization	1,195	606	2,821	1,818
Taxes other than income	449	310	1,168	908
Total operating expenses	7,736	6,203	21,128	19,055
Gain on sales of assets	1	2	41	10
Operating income	1,267	1,200	2,399	3,701
Other income and (deductions)				
Interest expense, net	(506)	(243)	(1,148)	(724)
Interest expense to affiliates	(10)	(10)	(31)	(31)
Other, net	120	(244)	377	(179)
Total other income and (deductions)	(396)	(497)	(802)	(934)
Income before income taxes	871	703	1,597	2,767
Income taxes	340	115	625	805
Equity in losses of unconsolidated affiliates	(5)	(1)	(16)	(3)
Net income	526	587	956	1,959
Net income (loss) attributable to noncontrolling interests and preference stock dividends	36	(42)	26	—
Net income attributable to common shareholders	$ 490	$ 629	$ 930	$ 1,959
Comprehensive income, net of income taxes				
Net income	$ 526	$ 587	$ 956	$ 1,959
Other comprehensive income (loss), net of income taxes				
Pension and non-pension postretirement benefit plans:				
Prior service benefit reclassified to periodic benefit cost	(12)	(11)	(35)	(35)
Actuarial loss reclassified to periodic benefit cost	47	55	140	165
Pension and non-pension postretirement benefit plan valuation adjustment	—	—	(3)	(29)
Unrealized gain (loss) on cash flow hedges	3	(3)	(4)	4
Unrealized loss on equity investments	(4)	—	(10)	—
Unrealized gain (loss) on foreign currency translation	2	(8)	8	(17)
Unrealized loss on marketable securities	—	(1)	—	—
Other comprehensive income	36	32	96	88
Comprehensive income	562	619	1,052	2,047
Comprehensive income (loss) attributable to noncontrolling interests and preference stock dividends	31	(42)	21	—
Comprehensive income attributable to common shareholders	$ 531	$ 661	$ 1,031	$ 2,047
Average shares of common stock outstanding:				
Basic	925	913	924	879
Diluted	927	915	926	883
Earnings per average common share:				
Basic	$ 0.53	$ 0.69	$ 1.01	$ 2.23
Diluted	$ 0.53	$ 0.69	$ 1.00	$ 2.22
Dividends declared per common share	$ 0.32	$ 0.31	$ 0.95	$ 0.93

See the Combined Notes to Consolidated Financial Statements

EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Nine Months Ended September 30, 2016	2015
Cash flows from operating activities		
Net income	$ 956	$ 1,959
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation, amortization, depletion and accretion, including nuclear fuel and energy contract amortization	4,009	2,930
Impairment of long-lived assets and losses on regulatory assets	274	25
Gain on sales of assets	(41)	(10)
Deferred income taxes and amortization of investment tax credits	623	241
Net fair value changes related to derivatives	100	(363)
Net realized and unrealized (gains) losses on nuclear decommissioning trust fund investments	(243)	221
Other non-cash operating activities	1,224	856
Changes in assets and liabilities:		
Accounts receivable	(296)	175
Inventories	21	65
Accounts payable and accrued expenses	296	(115)
Option premiums (paid) received, net	(24)	27
Collateral received, net	757	115
Income taxes	527	300
Pension and non-pension postretirement benefit contributions	(283)	(430)
Other assets and liabilities	(537)	(322)
Net cash flows provided by operating activities	7,363	5,674
Cash flows from investing activities		
Capital expenditures	(6,368)	(5,443)
Proceeds from nuclear decommissioning trust fund sales	7,914	4,551
Investment in nuclear decommissioning trust funds	(8,093)	(4,737)
Acquisition of businesses, net of cash acquired	(6,896)	(28)
Proceeds from sales of long-lived assets	49	145
Proceeds from termination of direct financing lease investment	360	—
Change in restricted cash	(75)	(70)
Other investing activities	(110)	(107)
Net cash flows used in investing activities	(13,219)	(5,689)
Cash flows from financing activities		
Changes in short-term borrowings	(1,014)	230
Proceeds from short-term borrowings with maturities greater than 90 days	195	—
Repayments on short-term borrowings with maturities greater than 90 days	(452)	—
Issuance of long-term debt	4,488	5,909
Retirement of long-term debt	(944)	(1,745)
Restricted proceeds from issuance of long-term debt	(30)	—
Issuance of common stock	—	1,868
Redemption of preference stock	(190)	—
Dividends paid on common stock	(873)	(819)
Proceeds from employee stock plans	36	24
Other financing activities	35	(65)
Net cash flows provided by financing activities	1,251	5,402
(Decrease) Increase in cash and cash equivalents	(4,605)	5,387
Cash and cash equivalents at beginning of period	6,502	1,878
Cash and cash equivalents at end of period	$ 1,897	$ 7,265

See the Combined Notes to Consolidated Financial Statements

EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2016 (Unaudited)	December 31, 2015
ASSETS		
Current assets		
Cash and cash equivalents	$ 1,897	$ 6,502
Restricted cash and cash equivalents	321	205
Accounts receivable, net		
Customer	4,061	3,187
Other	1,013	912
Mark-to-market derivative assets	754	1,365
Unamortized energy contract assets	126	86
Inventories, net		
Fossil fuel and emission allowances	374	462
Materials and supplies	1,188	1,104
Regulatory assets	1,410	759
Other	1,064	752
Total current assets	12,208	15,334
Property, plant and equipment, net	71,214	57,439
Deferred debits and other assets		
Regulatory assets	10,022	6,065
Nuclear decommissioning trust funds	11,076	10,342
Investments	592	639
Goodwill	6,672	2,672
Mark-to-market derivative assets	669	758
Unamortized energy contract assets	473	484
Pledged assets for Zion Station decommissioning	135	206
Other	1,474	1,445
Total deferred debits and other assets	31,113	22,611
Total assets [(a)]	$ 114,535	$ 95,384

See the Combined Notes to Consolidated Financial Statements

EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2016 (Unaudited)	December 31, 2015
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings	$ 567	$ 533
Long-term debt due within one year	2,512	1,500
Accounts payable	3,044	2,883
Accrued expenses	3,236	2,376
Payables to affiliates	8	8
Regulatory liabilities	548	369
Mark-to-market derivative liabilities	222	205
Unamortized energy contract liabilities	452	100
Renewable energy credit obligation	356	302
PHI merger related obligation	145	—
Other	1,068	842
Total current liabilities	12,158	9,118
Long-term debt	32,330	23,645
Long-term debt to financing trusts	642	641
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	18,115	13,776
Asset retirement obligations	9,348	8,585
Pension obligations	3,765	3,385
Non-pension postretirement benefit obligations	1,921	1,618
Spent nuclear fuel obligation	1,023	1,021
Regulatory liabilities	4,437	4,201
Mark-to-market derivative liabilities	422	374
Unamortized energy contract liabilities	927	117
Payable for Zion Station decommissioning	33	90
Other	1,928	1,491
Total deferred credits and other liabilities	41,919	34,658
Total liabilities [(a)]	87,049	68,062
Commitments and contingencies		
Contingently redeemable noncontrolling interests	26	28
Shareholders' equity		
Common stock (No par value, 2000 shares authorized, 923 shares and 920 shares outstanding at September 30, 2016 and December 31, 2015, respectively)	18,756	18,676
Treasury stock, at cost (35 shares at September 30, 2016 and December 31, 2015, respectively)	(2,327)	(2,327)
Retained earnings	12,121	12,068
Accumulated other comprehensive loss, net	(2,523)	(2,624)
Total shareholders' equity	26,027	25,793
BGE preference stock not subject to mandatory redemption	—	193
Noncontrolling interests	1,433	1,308
Total equity	27,460	27,294
Total liabilities and shareholders' equity	$ 114,535	$ 95,384

(a) Exelon's consolidated assets include $8,514 million and $8,268 million at September 30, 2016 and December 31, 2015, respectively, of certain VIEs that can only be used to settle the liabilities of the VIE. Exelon's consolidated liabilities include $3,438 million and $3,264 million at September 30, 2016 and December 31, 2015, respectively, of certain VIEs for which the VIE creditors do not have recourse to Exelon. See Note 3 — Variable Interest Entities.

See the Combined Notes to Consolidated Financial Statements

EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

(In millions, shares in thousands)	Issued Shares	Common Stock	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss, net	Noncontrolling Interests	Preference Stock	Total Shareholders' Equity
Balance, December 31, 2015	954,668	$18,676	$(2,327)	$12,068	$ (2,624)	$ 1,308	$ 193	$ 27,294
Net income	—	—	—	930	—	18	8	956
Long-term incentive plan activity	2,422	61	—	—	—	—	—	61
Employee stock purchase plan issuances	924	36	—	—	—	—	—	36
Tax benefit on stock compensation	—	(17)	—	—	—	—	—	(17)
Changes in equity of noncontrolling interests	—	—	—	—	—	5	—	5
Adjustment of contingently redeemable noncontrolling interest due to release of contingency	—	—	—	—	—	107	—	107
Common stock dividends	—	—	—	(877)	—	—	—	(877)
Redemption of preference stock	—	—	—	—	—	—	(193)	(193)
Preference stock dividends	—	—	—	—	—	—	(8)	(8)
Other comprehensive income (loss), net of income taxes	—	—	—	—	101	(5)	—	96
Balance, September 30, 2016	958,014	$18,756	$(2,327)	$12,121	$ (2,523)	$ 1,433	$ —	$ 27,460

See the Combined Notes to Consolidated Financial Statements

EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
Operating revenues				
Operating revenues	$ 4,533	$ 4,562	$12,234	$14,270
Operating revenues from affiliates	502	206	1,129	571
Total operating revenues	5,035	4,768	13,363	14,841
Operating expenses				
Purchased power and fuel	2,584	2,516	6,599	7,789
Purchased power and fuel from affiliates	5	3	10	11
Operating and maintenance	1,189	1,088	3,855	3,399
Operating and maintenance from affiliates	147	153	478	461
Depreciation and amortization	632	264	1,329	774
Taxes other than income	136	123	380	369
Total operating expenses	4,693	4,147	12,651	12,803
Gain on sales of assets	—	1	31	7
Operating income	342	622	743	2,045
Other income and (deductions)				
Interest expense, net	(67)	(56)	(243)	(236)
Interest expense to affiliates	(10)	(12)	(30)	(33)
Other, net	185	(257)	395	(193)
Total other income and (deductions)	108	(325)	122	(462)
Income before income taxes	450	297	865	1,583
Income taxes	173	(36)	293	371
Equity in losses of unconsolidated affiliates	(6)	(1)	(16)	(4)
Net income	271	332	556	1,208
Net income (loss) attributable to noncontrolling interests	35	(45)	18	(10)
Net income attributable to membership interest	$ 236	$ 377	$ 538	$ 1,218
Comprehensive income, net of income taxes				
Net income	$ 271	$ 332	$ 556	$ 1,208
Other comprehensive income (loss), net of income taxes				
Unrealized gain (loss) on cash flow hedges	1	(3)	(3)	(7)
Unrealized loss on equity investments	—	—	(4)	—
Unrealized gain (loss) on foreign currency translation	2	(8)	8	(17)
Unrealized gain (loss) on marketable securities	1	(2)	1	—
Other comprehensive income (loss)	4	(13)	2	(24)
Comprehensive income	275	319	558	1,184
Comprehensive income (loss) attributable to noncontrolling interests	30	(45)	13	(10)
Comprehensive income attributable to membership interest	$ 245	$ 364	$ 545	$ 1,194

See the Combined Notes to Consolidated Financial Statements

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EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Nine Months Ended September 30, 2016	2015
Cash flows from operating activities		
Net income	$ 556	$ 1,208
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation, amortization, depletion and accretion, including nuclear fuel and energy contract amortization	2,516	1,887
Impairment of long-lived assets	209	1
Gain on sales of assets	(31)	(7)
Deferred income taxes and amortization of investment tax credits	(133)	21
Net fair value changes related to derivatives	112	(252)
Net realized and unrealized (gains) losses on nuclear decommissioning trust fund investments	(243)	221
Other non-cash operating activities	129	227
Changes in assets and liabilities:		
Accounts receivable	26	252
Receivables from and payables to affiliates, net	(56)	16
Inventories	18	69
Accounts payable and accrued expenses	9	(146)
Option premiums (paid) received, net	(24)	27
Collateral received, net	759	186
Income taxes	202	(70)
Pension and non-pension postretirement benefit contributions	(122)	(189)
Other assets and liabilities	(204)	(245)
Net cash flows provided by operating activities	3,723	3,206
Cash flows from investing activities		
Capital expenditures	(2,651)	(2,774)
Proceeds from nuclear decommissioning trust fund sales	7,914	4,551
Investment in nuclear decommissioning trust funds	(8,093)	(4,737)
Acquisition of businesses	(255)	(28)
Proceeds from sale of long-lived assets	30	144
Change in restricted cash	(39)	(84)
Other investing activities	(184)	(92)
Net cash flows used in investing activities	(3,278)	(3,020)
Cash flows from financing activities		
Proceeds from short-term borrowings with maturities greater than 90 days	195	—
Repayments of short-term borrowings with maturities greater than 90 days	(152)	—
Issuance of long-term debt	338	1,307
Retirement of long-term debt	(164)	(64)
Retirement of long-term debt to affiliate	—	(550)
Changes in Exelon intercompany money pool	(785)	1,205
Distribution to member	(167)	(2,368)
Contribution from member	142	55
Other financing activities	92	(6)
Net cash flows used in financing activities	(501)	(421)
Decrease in cash and cash equivalents	(56)	(235)
Cash and cash equivalents at beginning of period	431	780
Cash and cash equivalents at end of period	$ 375	$ 545

See the Combined Notes to Consolidated Financial Statements

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EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2016 (Unaudited)	December 31, 2015
ASSETS		
Current assets		
Cash and cash equivalents	$ 375	$ 431
Restricted cash and cash equivalents	162	123
Accounts receivable, net		
Customer	2,318	2,095
Other	301	360
Mark-to-market derivative assets	754	1,365
Receivables from affiliates	170	83
Unamortized energy contract assets	126	86
Inventories, net		
Fossil fuel and emission allowances	292	384
Materials and supplies	849	880
Other	788	535
Total current assets	6,135	6,342
Property, plant and equipment, net	26,374	25,843
Deferred debits and other assets		
Nuclear decommissioning trust funds	11,076	10,342
Investments	381	210
Goodwill	47	47
Mark-to-market derivative assets	630	733
Prepaid pension asset	1,621	1,689
Pledged assets for Zion Station decommissioning	135	206
Unamortized energy contract assets	472	484
Deferred income taxes	5	6
Other	692	627
Total deferred debits and other assets	15,059	14,344
Total assets [(a)]	$ 47,568	$ 46,529

See the Combined Notes to Consolidated Financial Statements

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EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2016 (Unaudited)	December 31, 2015
LIABILITIES AND EQUITY		
Current liabilities		
Short-term borrowings	$ 40	$ 29
Long-term debt due within one year	254	90
Accounts payable	1,465	1,583
Accrued expenses	942	935
Payables to affiliates	118	104
Borrowings from Exelon intercompany money pool	461	1,252
Mark-to-market derivative liabilities	203	182
Unamortized energy contract liabilities	76	100
Renewable energy credit obligation	356	302
Other	392	356
Total current liabilities	4,307	4,933
Long-term debt	8,077	7,936
Long-term debt to affiliate	924	933
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	5,684	5,845
Asset retirement obligations	9,160	8,431
Non-pension postretirement benefit obligations	932	924
Spent nuclear fuel obligation	1,023	1,021
Payables to affiliates	2,704	2,577
Mark-to-market derivative liabilities	197	150
Unamortized energy contract liabilities	97	117
Payable for Zion Station decommissioning	33	90
Other	691	602
Total deferred credits and other liabilities	20,521	19,757
Total liabilities [a]	33,829	33,559
Commitments and contingencies		
Contingently redeemable noncontrolling interests	26	28
Equity		
Member's equity		
Membership interest	9,265	8,997
Undistributed earnings	3,072	2,701
Accumulated other comprehensive loss, net	(56)	(63)
Total member's equity	12,281	11,635
Noncontrolling interests	1,432	1,307
Total equity	13,713	12,942
Total liabilities and equity	$ 47,568	$ 46,529

(a) Generation's consolidated assets include $8,415 million and $8,235 million at September 30, 2016 and December 31, 2015, respectively, of certain VIEs that can only be used to settle the liabilities of the VIE. Generation's consolidated liabilities include $3,196 million and $3,135 million at September 30, 2016 and December 31, 2015, respectively, of certain VIEs for which the VIE creditors do not have recourse to Generation. See Note 3 — Variable Interest Entities.

See the Combined Notes to Consolidated Financial Statements

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EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Unaudited)

	Member's Equity				
(In millions)	Membership Interest	Undistributed Earnings	Accumulated Other Comprehensive Loss, net	Noncontrolling Interests	Total Equity
Balance, December 31, 2015	$ 8,997	$ 2,701	$ (63)	$ 1,307	$ 12,942
Net income	—	538	—	18	556
Changes in equity of noncontrolling interests	—	—	—	5	5
Adjustment of contingently redeemable noncontrolling interests due to release of contingency	—	—	—	107	107
Allocation of tax benefit from member	98	—	—	—	98
Contribution from member	170	—	—	—	170
Distribution to member	—	(167)	—	—	(167)
Other comprehensive income (loss), net of income taxes	—	—	7	(5)	2
Balance, September 30, 2016	$ 9,265	$ 3,072	$ (56)	$ 1,432	$ 13,713

See the Combined Notes to Consolidated Financial Statements

COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
Operating revenues				
Electric operating revenues	$ 1,493	$ 1,375	$ 4,019	$ 3,706
Operating revenues from affiliates	4	1	12	3
Total operating revenues	1,497	1,376	4,031	3,709
Operating expenses				
Purchased power	435	388	1,104	974
Purchased power from affiliate	19	2	37	17
Operating and maintenance	327	353	950	1,023
Operating and maintenance from affiliate	50	51	163	143
Depreciation and amortization	196	176	574	528
Taxes other than income	82	79	222	225
Total operating expenses	1,109	1,049	3,050	2,910
Gain on sale of assets	1	—	6	—
Operating income	389	327	987	799
Other income and (deductions)				
Interest expense, net	(194)	(80)	(364)	(238)
Interest expense to affiliates	(3)	(3)	(10)	(10)
Other, net	(80)	4	(72)	14
Total other income and (deductions)	(277)	(79)	(446)	(234)
Income before income taxes	112	248	541	565
Income taxes	75	99	244	226
Net income	$ 37	$ 149	$ 297	$ 339
Comprehensive income	$ 37	$ 149	$ 297	$ 339

See the Combined Notes to Consolidated Financial Statements

COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Nine Months Ended September 30, 2016	2015
Cash flows from operating activities		
Net income	$ 297	$ 339
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation, amortization and accretion	574	528
Deferred income taxes and amortization of investment tax credits	398	107
Other non-cash operating activities	122	312
Changes in assets and liabilities:		
Accounts receivable	(55)	(114)
Receivables from and payables to affiliates, net	(9)	(23)
Inventories	4	(23)
Accounts payable and accrued expenses	145	(18)
Collateral posted, net	(2)	(43)
Income taxes	206	389
Pension and non-pension postretirement benefit contributions	(35)	(142)
Other assets and liabilities	104	34
Net cash flows provided by operating activities	1,749	1,346
Cash flows from investing activities		
Capital expenditures	(1,950)	(1,670)
Change in restricted cash	—	2
Other investing activities	31	22
Net cash flows used in investing activities	(1,919)	(1,646)
Cash flows from financing activities		
Changes in short-term borrowings	(284)	300
Issuance of long-term debt	1,200	400
Retirement of long-term debt	(665)	(260)
Contributions from parent	188	75
Dividends paid on common stock	(275)	(226)
Other financing activities	(17)	(4)
Net cash flows provided by financing activities	147	285
Decrease in cash and cash equivalents	(23)	(15)
Cash and cash equivalents at beginning of period	67	66
Cash and cash equivalents at end of period	$ 44	$ 51

See the Combined Notes to Consolidated Financial Statements

S1-SSA-0009 - 23634

COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2016 (Unaudited)	December 31, 2015
ASSETS		
Current assets		
Cash and cash equivalents	$ 44	$ 67
Restricted cash	2	2
Accounts receivable, net		
Customer	546	533
Other	259	272
Receivables from affiliates	359	199
Inventories, net	156	164
Regulatory assets	205	218
Other	63	63
Total current assets	1,634	1,518
Property, plant and equipment, net	18,811	17,502
Deferred debits and other assets		
Regulatory assets	987	895
Investments	6	6
Goodwill	2,625	2,625
Receivables from affiliates	2,238	2,172
Prepaid pension asset	1,387	1,490
Other	332	324
Total deferred debits and other assets	7,575	7,512
Total assets	$ 28,020	$ 26,532

See the Combined Notes to Consolidated Financial Statements

S1-SSA-0009 - 23635

COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2016 (Unaudited)	December 31, 2015
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings	$ 10	$ 294
Long-term debt due within one year	425	665
Accounts payable	625	660
Accrued expenses	1,045	706
Payables to affiliates	57	62
Customer deposits	126	131
Regulatory liabilities	204	155
Mark-to-market derivative liability	19	23
Other	78	70
Total current liabilities	2,589	2,766
Long-term debt	6,606	5,844
Long-term debt to financing trust	205	205
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	5,320	4,914
Asset retirement obligations	118	111
Non-pension postretirement benefits obligations	244	259
Regulatory liabilities	3,577	3,459
Mark-to-market derivative liability	225	224
Other	526	507
Total deferred credits and other liabilities	10,010	9,474
Total liabilities	19,410	18,289
Commitments and contingencies		
Shareholders' equity		
Common stock	1,588	1,588
Other paid-in capital	6,022	5,677
Retained earnings	1,000	978
Total shareholders' equity	8,610	8,243
Total liabilities and shareholders' equity	$ 28,020	$ 26,532

See the Combined Notes to Consolidated Financial Statements

S1-SSA-0009 - 23636

COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

(In millions)	Common Stock	Other Paid-In Capital	Retained Deficit Unappropriated	Retained Earnings Appropriated	Total Shareholders' Equity
Balance, December 31, 2015	$ 1,588	$5,677	$ (1,639)	$ 2,617	$ 8,243
Net income	—	—	297	—	297
Appropriation of retained earnings for future dividends	—	—	(297)	297	—
Common stock dividends	—	—	—	(275)	(275)
Contribution from parent	—	188	—	—	188
Parent tax matter indemnification	—	157	—	—	157
Balance, September 30, 2016	$ 1,588	$6,022	$ (1,639)	$ 2,639	$ 8,610

See the Combined Notes to Consolidated Financial Statements

PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
Operating revenues				
Electric operating revenues	$ 738	$ 691	$ 1,966	$ 1,950
Natural gas operating revenues	48	48	322	435
Operating revenues from affiliates	2	1	5	1
Total operating revenues	788	740	2,293	2,386
Operating expenses				
Purchased power	171	207	466	584
Purchased fuel	10	10	110	198
Purchased power from affiliate	91	61	233	171
Operating and maintenance	168	166	501	529
Operating and maintenance from affiliates	31	30	103	80
Depreciation and amortization	67	68	201	198
Taxes other than income	46	44	126	125
Total operating expenses	584	586	1,740	1,885
Gain on sales of assets	—	—	—	1
Operating income	204	154	553	502
Other income and (deductions)				
Interest expense, net	(27)	(25)	(83)	(75)
Interest expense to affiliates	(3)	(3)	(9)	(9)
Other, net	2	1	6	3
Total other income and (deductions)	(28)	(27)	(86)	(81)
Income before income taxes	176	127	467	421
Income taxes	54	37	121	122
Net income attributable to common shareholder	$ 122	$ 90	$ 346	$ 299
Comprehensive income	$ 122	$ 90	$ 346	$ 299

See the Combined Notes to Consolidated Financial Statements

S1-SSA-0009 - 23638

PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Nine Months Ended September 30, 2016	2015
Cash flows from operating activities		
Net income	$ 346	$ 299
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation, amortization and accretion	201	198
Deferred income taxes and amortization of investment tax credits	69	11
Other non-cash operating activities	49	69
Changes in assets and liabilities:		
Accounts receivable	(50)	(15)
Receivables from and payables to affiliates, net	9	—
Inventories	5	8
Accounts payable and accrued expenses	(12)	(19)
Income taxes	43	69
Pension and non-pension postretirement benefit contributions	(29)	(37)
Other assets and liabilities	(49)	(16)
Net cash flows provided by operating activities	582	567
Cash flows from investing activities		
Capital expenditures	(448)	(435)
Change in restricted cash	—	(1)
Other investing activities	10	11
Net cash flows used in investing activities	(438)	(425)
Cash flows from financing activities		
Issuance of long-term debt	300	—
Restricted proceeds from issuance of long-term debt	(30)	—
Changes in Exelon intercompany money pool	—	55
Contributions from parent	18	16
Dividends paid on common stock	(208)	(209)
Other financing activities	(3)	(2)
Net cash flows provided by (used in) financing activities	77	(140)
Increase in cash and cash equivalents	221	2
Cash and cash equivalents at beginning of period	295	30
Cash and cash equivalents at end of period	$ 516	$ 32

See the Combined Notes to Consolidated Financial Statements

S1-SSA-0009 - 23639

PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2016 (Unaudited)	December 31, 2015
ASSETS		
Current assets		
Cash and cash equivalents	$ 516	$ 295
Restricted cash and cash equivalents	33	3
Accounts receivable, net		
Customer	271	258
Other	132	146
Receivables from affiliates	3	2
Inventories, net		
Fossil fuel	38	43
Materials and supplies	26	26
Prepaid utility taxes	43	11
Regulatory assets	37	34
Other	22	24
Total current assets	1,121	842
Property, plant and equipment, net	7,400	7,141
Deferred debits and other assets		
Regulatory assets	1,651	1,583
Investments	26	28
Receivable from affiliates	466	405
Prepaid pension asset	353	347
Other	24	21
Total deferred debits and other assets	2,520	2,384
Total assets	$ 11,041	$ 10,367

See the Combined Notes to Consolidated Financial Statements

S1-SSA-0009 - 23640

PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2016 (Unaudited)	December 31, 2015
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Long-term debt due within one year	$ 300	$ 300
Accounts payable	282	281
Accrued expenses	108	109
Payables to affiliates	64	55
Customer deposits	60	58
Regulatory liabilities	128	112
Other	26	29
Total current liabilities	968	944
Long-term debt	2,579	2,280
Long-term debt to financing trusts	184	184
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	2,964	2,792
Asset retirement obligations	28	27
Non-pension postretirement benefits obligations	288	287
Regulatory liabilities	551	527
Other	87	90
Total deferred credits and other liabilities	3,918	3,723
Total liabilities	7,649	7,131
Commitments and contingencies		
Shareholder's equity		
Common stock	2,473	2,455
Retained earnings	918	780
Accumulated other comprehensive income, net	1	1
Total shareholder's equity	3,392	3,236
Total liabilities and shareholder's equity	$ 11,041	$ 10,367

See the Combined Notes to Consolidated Financial Statements

S1-SSA-0009 - 23641

PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
(Unaudited)

(In millions)	Common Stock	Retained Earnings	Accumulated Other Comprehensive Income, net	Total Shareholder's Equity
Balance, December 31, 2015	$ 2,455	$ 780	$ 1	$ 3,236
Net income	—	346	—	346
Common stock dividends	—	(208)	—	(208)
Allocation of tax benefit from parent	18	—	—	18
Balance, September 30, 2016	$ 2,473	$ 918	$ 1	$ 3,392

See the Combined Notes to Consolidated Financial Statements

BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
Operating revenues				
Electric operating revenues	$ 733	$ 656	$ 1,993	$ 1,910
Natural gas operating revenues	72	66	412	468
Operating revenues from affiliates	7	3	16	10
Total operating revenues	812	725	2,421	2,388
Operating expenses				
Purchased power	164	159	399	497
Purchased fuel	14	11	109	167
Purchased power from affiliate	182	141	486	373
Operating and maintenance	150	138	494	412
Operating and maintenance from affiliates	28	31	94	87
Depreciation and amortization	101	79	307	271
Taxes other than income	58	57	172	169
Total operating expenses	697	616	2,061	1,976
Gain on sale of assets	—	1	—	1
Operating income	115	110	360	413
Other income and (deductions)				
Interest expense, net	(24)	(21)	(64)	(62)
Interest expense to affiliates	(4)	(4)	(12)	(11)
Other, net	5	4	16	13
Total other income and (deductions)	(23)	(21)	(60)	(60)
Income before income taxes	92	89	300	353
Income taxes	36	35	109	141
Net income	56	54	191	212
Preference stock dividends	2	3	8	10
Net income attributable to common shareholder	$ 54	$ 51	$ 183	$ 202
Comprehensive income	$ 56	$ 54	$ 191	$ 212
Comprehensive income attributable to preference stock dividends	2	3	8	10
Comprehensive income attributable to common shareholder	$ 54	$ 51	$ 183	$ 202

See the Combined Notes to Consolidated Financial Statements

S1-SSA-0009 - 23643

BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Nine Months Ended September 30, 2016	2015
Cash flows from operating activities		
Net income	$ 191	$ 212
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation, amortization and accretion	307	271
Impairment of long-lived assets and losses on regulatory assets	52	—
Deferred income taxes and amortization of investment tax credits	54	79
Other non-cash operating activities	109	111
Changes in assets and liabilities:		
Accounts receivable	(50)	62
Receivables from and payables to affiliates, net	(10)	(8)
Inventories	(7)	10
Accounts payable and accrued expenses	43	34
Collateral posted, net	—	(27)
Income taxes	19	(6)
Pension and non-pension postretirement benefit contributions	(46)	(14)
Other assets and liabilities	(2)	(28)
Net cash flows provided by operating activities	660	696
Cash flows from investing activities		
Capital expenditures	(611)	(506)
Change in restricted cash	(22)	2
Other investing activities	19	13
Net cash flows used in investing activities	(614)	(491)
Cash flows from financing activities		
Changes in short-term borrowings	(210)	(70)
Issuance of long-term debt	850	—
Retirement of long-term debt	(39)	(37)
Redemption of preference stock	(190)	—
Dividends paid on preference stock	(8)	(10)
Dividends paid on common stock	(134)	(116)
Contributions from parent	28	6
Other financing activities	(11)	(15)
Net cash flows provided by (used in) financing activities	286	(242)
Increase (Decrease) in cash and cash equivalents	332	(37)
Cash and cash equivalents at beginning of period	9	64
Cash and cash equivalents at end of period	$ 341	$ 27

See the Combined Notes to Consolidated Financial Statements

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BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2016 (Unaudited)	December 31, 2015
ASSETS		
Current assets		
Cash and cash equivalents	$ 341	$ 9
Restricted cash and cash equivalents	46	24
Accounts receivable, net		
Customer	332	300
Other	100	112
Inventories, net		
Gas held in storage	37	36
Materials and supplies	39	33
Prepaid utility taxes	—	61
Regulatory assets	214	267
Other	5	3
Total current assets	1,114	845
Property, plant and equipment, net	6,904	6,597
Deferred debits and other assets		
Regulatory assets	508	514
Investments	12	12
Prepaid pension asset	310	319
Other	9	8
Total deferred debits and other assets	839	853
Total assets [a]	$ 8,857	$ 8,295

See the Combined Notes to Consolidated Financial Statements

S1-SSA-0009 - 23645

BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2016 (Unaudited)	December 31, 2015
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings	$ —	$ 210
Long-term debt due within one year	381	378
Accounts payable	239	209
Accrued expenses	144	110
Payables to affiliates	42	52
Customer deposits	108	102
Regulatory liabilities	54	38
Other	35	35
Total current liabilities	1,003	1,134
Long-term debt	2,281	1,480
Long-term debt to financing trust	252	252
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	2,149	2,081
Asset retirement obligations	21	17
Non-pension postretirement benefits obligations	204	209
Regulatory liabilities	118	184
Other	72	61
Total deferred credits and other liabilities	2,564	2,552
Total liabilities [(a)]	6,100	5,418
Commitments and contingencies		
Shareholders' equity		
Common stock	1,388	1,367
Retained earnings	1,369	1,320
Total shareholders' equity	2,757	2,687
Preference stock not subject to mandatory redemption	—	190
Total equity	2,757	2,877
Total liabilities and shareholders' equity	$ 8,857	$ 8,295

(a) BGE's consolidated assets include $47 million and $26 million at September 30, 2016 and December 31, 2015, respectively, of BGE's consolidated VIE that can only be used to settle the liabilities of the VIE. BGE's consolidated liabilities include $83 million and $122 million at September 30, 2016 and December 31, 2015, respectively, of BGE's consolidated VIE for which the VIE creditors do not have recourse to BGE. See Note 3 — Variable Interest Entities.

See the Combined Notes to Consolidated Financial Statements

S1-SSA-0009 - 23646

BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

(In millions)	Common Stock	Retained Earnings	Total Shareholders' Equity	Preference Stock Not Subject To Mandatory Redemption	Total Equity
Balance, December 31, 2015	$ 1,367	$ 1,320	$ 2,687	$ 190	$ 2,877
Net income	—	191	191	—	191
Preference stock dividends	—	(8)	(8)	—	(8)
Common stock dividends	—	(134)	(134)	—	(134)
Distribution to parent	(7)	—	(7)	—	(7)
Contribution from parent	28	—	28	—	28
Redemption of preference stock	—	—	—	(190)	(190)
Balance, September 30, 2016	$ 1,388	$ 1,369	$ 2,757	$ —	$ 2,757

See the Combined Notes to Consolidated Financial Statements

S1-SSA-0009 - 23647

PEPCO HOLDINGS LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	*Successor* Three Months Ended September 30, 2016	*Predecessor* Three Months Ended September 30, 2015	*Successor* March 24 to September 30, 2016	*Predecessor* January 1 to March 23, 2016	*Predecessor* Nine Months Ended September 30, 2015
Operating revenues					
Electric operating revenues	$ 1,366	$ 1,317	$ 2,485	$ 1,096	$ 3,680
Natural gas operating revenues	17	19	46	57	129
Operating revenues from affiliates	11	—	34	—	—
Total operating revenues	1,394	1,336	2,565	1,153	3,809
Operating expenses					
Purchased power	370	570	658	471	1,575
Purchased fuel	6	9	17	26	71
Purchased power and fuel from affiliates	207	—	362	—	—
Operating and maintenance	200	287	870	294	875
Operating and maintenance from affiliates	26	—	51	—	—
Depreciation, amortization and accretion	182	166	355	152	474
Taxes other than income	124	120	248	105	349
Total operating expenses	1,115	1,152	2,561	1,048	3,344
Operating income	279	184	4	105	465
Other income and (deductions)					
Interest expense, net	(64)	(71)	(135)	(65)	(211)
Other, net	19	27	31	(4)	48
Total other income and (deductions)	(45)	(44)	(104)	(69)	(163)
Income (loss) before income taxes	234	140	(100)	36	302
Income taxes	68	49	(9)	17	105
Net income (loss) attributable to membership interest/common shareholders	$ 166	$ 91	$ (91)	$ 19	$ 197
Comprehensive income (loss), net of income taxes					
Net income (loss)	$ 166	$ 91	$ (91)	$ 19	$ 197
Other comprehensive income, net of income taxes					
Pension and non-pension postretirement benefit plans:					
Actuarial loss reclassified to periodic cost	—	—	—	1	4
Unrealized loss on cash flow hedges	—	1	—	—	1
Other comprehensive income	—	1	—	1	5
Comprehensive income (loss)	$ 166	$ 92	$ (91)	$ 20	$ 202

See the Combined Notes to Consolidated Financial Statements

PEPCO HOLDINGS LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Successor March 24 to September 30, 2016	Predecessor January 1 to March 23, 2016	Predecessor Nine Months Ended September 30, 2015
Cash flows from operating activities			
Net (loss) income	$ (91)	$ 19	$ 197
Adjustments to reconcile net (loss) income to net cash flows provided by operating activities:			
Depreciation, amortization and accretion	355	152	474
Deferred income taxes and amortization of investment tax credits	237	19	107
Net fair value changes related to derivatives	—	18	(15)
Other non-cash operating activities	441	46	143
Changes in assets and liabilities:			
Accounts receivable	(94)	(28)	(211)
Receivables from and payables to affiliates, net	39	—	—
Inventories	—	(4)	(5)
Accounts payable and accrued expenses	(23)	42	23
Collateral received, net	—	1	—
Income taxes	(57)	12	12
Pension and non-pension postretirement benefit contributions	(13)	(4)	(12)
Other assets and liabilities	(248)	(9)	(112)
Net cash flows provided by operating activities	546	264	601
Cash flows from investing activities			
Capital expenditures	(624)	(273)	(855)
Proceeds from sales of long-lived assets	19	—	—
Changes in restricted cash	(39)	3	6
Purchases of investments	—	(68)	—
Other investing activities	13	(5)	14
Net cash flows used in investing activities	(631)	(343)	(835)
Cash flows from financing activities			
Changes in short-term borrowings	(520)	(121)	99
Proceeds from short-term borrowings with maturities greater than 90 days	—	500	300
Repayments of short-term borrowings with maturities greater than 90 days	(300)	—	—
Issuance of long-term debt	2	—	408
Retirement of long-term debt	(29)	(11)	(163)
Issuance of preferred stock	—	—	54
Dividends paid on common stock	—	—	(206)
Common stock issued for the Direct Stock Purchase and Dividend Reinvestment Plan and employee-related compensation	—	2	23
Distribution to member	(174)	—	—
Contribution from member	1,088	—	—
Change in Exelon intercompany money pool	1	—	—
Other financing activities	(3)	2	(24)
Net cash flows provided by financing activities	65	372	491
(Decrease) Increase in cash and cash equivalents	(20)	293	257
Cash and cash equivalents at beginning of period	319	26	15
Cash and cash equivalents at end of period	$ 299	$ 319	$ 272

See the Combined Notes to Consolidated Financial Statements

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PEPCO HOLDINGS LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	*Successor* September 30, 2016	*Predecessor* December 31, 2015
ASSETS		
Current assets		
Cash and cash equivalents	$ 299	$ 26
Restricted cash and cash equivalents	49	14
Accounts receivable, net		
Customer	595	581
Other	345	319
Mark-to-market derivative asset	—	18
Inventories, net		
Gas held in storage	8	9
Materials and supplies	118	122
Regulatory assets	650	305
Other	54	80
Total current assets	2,118	1,474
Property, plant and equipment, net	11,311	10,864
Deferred debits and other assets		
Regulatory assets	2,945	2,277
Investments	132	80
Goodwill	4,000	1,406
Long-term note receivable	4	4
Prepaid pension asset	470	—
Deferred income taxes	7	14
Other	76	69
Total deferred debits and other assets	7,634	3,850
Total assets [a]	$ 21,063	$ 16,188

See the Combined Notes to Consolidated Financial Statements

PEPCO HOLDINGS LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	*Successor* September 30, 2016	*Predecessor* December 31, 2015
LIABILITIES AND EQUITY		
Current liabilities		
Short-term borrowings	$ 517	$ 958
Long-term debt due within one year	545	456
Accounts payable	335	404
Accrued expenses	325	266
Payables to affiliates	90	—
Unamortized energy contract liabilities	376	—
Borrowings from Exelon intercompany money pool	7	—
Customer deposits	125	107
Merger related obligation	90	—
Regulatory liabilities	101	66
Other	36	70
Total current liabilities	2,547	2,327
Long-term debt	5,499	4,823
Deferred credits and other liabilities		
Regulatory liabilities	167	147
Deferred income taxes and unamortized investment tax credits	3,746	3,406
Asset retirement obligations	14	8
Pension obligations	—	466
Non-pension postretirement benefit obligations	139	215
Unamortized energy contract liabilities	830	—
Other	234	200
Total deferred credits and other liabilities	5,130	4,442
Total liabilities (a)	13,176	11,592
Commitments and contingencies		
Preferred stock (b)	—	183
Member's equity/Shareholders' equity		
Membership interest/Common stock (c)	7,978	3,832
Undistributed (losses)/Retained earnings	(91)	617
Accumulated other comprehensive loss, net	—	(36)
Total member's equity/shareholders' equity	7,887	4,413
Total liabilities and member's equity/shareholders' equity	$ 21,063	$ 16,188

(a) PHI's consolidated total assets include $51 million and $30 million at September 30, 2016 and December 31, 2015, respectively, of PHI's consolidated VIE that can only be used to settle the liabilities of the VIE. PHI's consolidated total liabilities include $156 million and $172 million at September 30, 2016 and December 31, 2015, respectively, of PHI's consolidated VIE for which the VIE creditors do not have recourse to PHI. See Note 3 — Variable Interest Entities.

(b) At December 31, 2015, PHI had 18,000 shares of Series A preferred stock outstanding, par value $0.01 per share.

(c) At December 31, 2015, PHI's (predecessor) shareholders' equity included $3,829 million of other paid-in capital and $3 million of common stock. At December 31, 2015, PHI had 400,000,000 shares of common stock authorized and 254,289,261 shares of common stock outstanding, par value $0.01 per share.

See the Combined Notes to Consolidated Financial Statements

PEPCO HOLDINGS LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Unaudited)

(In millions)	Common Stock/ Membership Interest [a]	Retained Earnings/ Undistributed Losses	Accumulated Other Comprehensive Loss, net	Total Shareholders'/ Member's Equity
Predecessor				
Balance at December 31, 2015	$ 3,832	$ 617	$ (36)	$ 4,413
Net income	—	19	—	19
Original issue shares, net	3	—	—	3
Net activity related to stock-based awards	3	—	—	3
Other comprehensive income, net of income taxes	—	—	1	1
Balance at March 23, 2016	$ 3,838	$ 636	$ (35)	$ 4,439
Successor				
Balance at March 24, 2016 [b]	$ 7,200	$ —	$ —	$ 7,200
Net loss	—	(91)	—	(91)
Distribution to member [c]	(301)	—	—	(301)
Contribution from member	1,088	—	—	1,088
Distribution of net retirement benefit obligation to member	53	—	—	53
Assumption of member liabilities [d]	(62)	—	—	(62)
Balance at September 30, 2016	$ 7,978	$ (91)	$ —	$ 7,887

(a) At March 23, 2016 and December 31, 2015, PHI's (predecessor) shareholders' equity included $3,835 million and $3,829 million of other paid-in capital, and $3 million and $3 million of common stock, respectively.

(b) The March 24, 2016, beginning balance differs from the PHI Merger total purchase price by $59 million related to an acquisition accounting adjustment recorded at Exelon Corporate to reflect unitary state income tax consequences of the merger.

(c) Distribution to member includes $235 million of net assets associated with PHI's unregulated business interests and $66 million of cash, each of which were distributed by PHI to Exelon.

(d) The liabilities assumed include $29 million for PHI stock-based compensation awards and $33 million for a merger related obligation, each assumed by PHI from Exelon. See Note 4 — Mergers, Acquisitions and Dispositions.

See the Combined Notes to Consolidated Financial Statements

POTOMAC ELECTRIC POWER COMPANY
STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
Operating revenues				
Electric operating revenues	$ 634	$ 591	$ 1,692	$ 1,637
Operating revenues from affiliates	1	1	3	4
Total operating revenues	635	592	1,695	1,641
Operating expenses				
Purchased power	84	200	340	573
Purchased power from affiliates	129	—	223	—
Operating and maintenance	100	110	488	324
Operating and maintenance from affiliates	9	1	20	3
Depreciation and amortization	76	66	221	191
Taxes other than income	105	100	287	289
Total operating expenses	503	477	1,579	1,380
Gain on sale of assets	—	—	8	—
Operating income	132	115	124	261
Other income and (deductions)				
Interest expense, net	(30)	(31)	(98)	(92)
Other, net	12	8	28	21
Total other income and (deductions)	(18)	(23)	(70)	(71)
Income before income taxes	114	92	54	190
Income taxes	35	32	34	62
Net income attributable to common shareholder	$ 79	$ 60	$ 20	$ 128
Comprehensive income	$ 79	$ 60	$ 20	$ 128

See the Combined Notes to Financial Statements

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POTOMAC ELECTRIC POWER COMPANY
STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Nine Months Ended September 30, 2016	2015
Cash flows from operating activities		
Net income	$ 20	$ 128
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	221	191
Deferred income taxes and amortization of investment tax credits	96	70
Other non-cash operating activities	168	42
Changes in assets and liabilities:		
Accounts receivable	(105)	(113)
Receivables from and payables to affiliates, net	44	2
Inventories	3	(5)
Accounts payable and accrued expenses	7	(1)
Income taxes	139	—
Pension and non-pension postretirement benefit contributions	(6)	(7)
Other assets and liabilities	(83)	(94)
Net cash flows provided by operating activities	504	213
Cash flows from investing activities		
Capital expenditures	(392)	(374)
Proceeds from sale of long-lived asset	12	—
Purchases of investments	(32)	—
Changes in restricted cash	(31)	3
Other investing activities	8	14
Net cash flows used in investing activities	(435)	(357)
Cash flows from financing activities		
Changes in short-term borrowings	(64)	(56)
Issuance of long-term debt	2	208
Retirement of long-term debt	(5)	(17)
Dividends paid on common stock	(92)	(91)
Contribution from parent	187	112
Other financing activities	—	(8)
Net cash flows provided by financing activities	28	148
Increase in cash and cash equivalents	97	4
Cash and cash equivalents at beginning of period	5	6
Cash and cash equivalents at end of period	$ 102	$ 10

See the Combined Notes to Financial Statements

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POTOMAC ELECTRIC POWER COMPANY
BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2016	December 31, 2015
ASSETS		
Current assets		
Cash and cash equivalents	$ 102	$ 5
Restricted cash and cash equivalents	33	2
Accounts receivable, net		
Customer	292	230
Other	148	261
Inventories, net	63	67
Regulatory assets	122	140
Other	4	21
Total current assets	764	726
Property, plant and equipment, net	5,409	5,162
Deferred debits and other assets		
Regulatory assets	676	661
Investments	100	68
Prepaid pension asset	266	287
Other	4	4
Total deferred debits and other assets	1,046	1,020
Total assets	$ 7,219	$ 6,908

See the Combined Notes to Financial Statements

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POTOMAC ELECTRIC POWER COMPANY
BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2016	December 31, 2015
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Short-term borrowings	$ —	$ 64
Long-term debt due within one year	12	11
Accounts payable	139	145
Accrued expenses	145	119
Payables to affiliates	74	30
Customer deposits	53	46
Regulatory liabilities	20	15
Merger related obligation	63	—
Other	14	25
Total current liabilities	520	455
Long-term debt	2,338	2,340
Deferred credits and other liabilities		
Regulatory liabilities	24	29
Deferred income taxes and unamortized investment tax credits	1,845	1,723
Non-pension postretirement benefit obligations	46	49
Other	124	72
Total deferred credits and other liabilities	2,039	1,873
Total liabilities	4,897	4,668
Commitments and contingencies		
Shareholder's equity		
Common stock	1,309	1,122
Retained earnings	1,013	1,118
Total shareholder's equity	2,322	2,240
Total liabilities and shareholder's equity	$ 7,219	$ 6,908

See the Combined Notes to Financial Statements

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POTOMAC ELECTRIC POWER COMPANY
STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
(Unaudited)

(In millions)	Common Stock	Retained Earnings	Total Shareholder's Equity
Balance, December 31, 2015	$ 1,122	$ 1,118	$ 2,240
Net Income	—	20	20
Common stock dividends	—	(125)	(125)
Contribution from parent	187	—	187
Balance, September 30, 2016	$ 1,309	$ 1,013	$ 2,322

See the Combined Notes to Financial Statements

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DELMARVA POWER & LIGHT COMPANY
STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
Operating revenues				
Electric operating revenues	$ 312	$ 294	$ 866	$ 871
Natural gas operating revenues	17	19	102	129
Operating revenues from affiliates	2	1	6	4
Total operating revenues	331	314	974	1,004
Operating expenses				
Purchased power	81	143	297	435
Purchased fuel	6	8	41	65
Purchased power from affiliate	63	—	110	—
Operating and maintenance	50	77	327	233
Operating and maintenance from affiliates	5	—	11	1
Depreciation, amortization and accretion	44	40	120	113
Taxes other than income	14	14	42	39
Total operating expenses	263	282	948	886
Gain on sale of asset	4	—	4	—
Operating income	72	32	30	118
Other income and (deductions)				
Interest expense, net	(12)	(12)	(37)	(37)
Other, net	3	4	9	8
Total other income and (deductions)	(9)	(8)	(28)	(29)
Income before income taxes	63	24	2	89
Income taxes	19	9	18	34
Net income (loss) attributable to common shareholder	$ 44	$ 15	$ (16)	$ 55
Comprehensive income (loss)	$ 44	$ 15	$ (16)	$ 55

See the Combined Notes to Financial Statements

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DELMARVA POWER & LIGHT COMPANY
STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Nine Months Ended September 30, 2016	2015
Cash flows from operating activities		
Net (loss) income	$ (16)	$ 55
Adjustments to reconcile net (loss) income to net cash flows provided by operating activities:		
Depreciation, amortization and accretion	120	113
Deferred income taxes and amortization of investment tax credits	69	40
Other non-cash operating activities	99	31
Changes in assets and liabilities:		
Accounts receivable	8	(33)
Receivables from and payables to affiliates, net	12	5
Inventories	—	4
Accounts payable and accrued expenses	(8)	(5)
Collateral received	1	—
Income taxes	52	—
Other assets and liabilities	(70)	(22)
Net cash flows provided by operating activities	267	188
Cash flows from investing activities		
Capital expenditures	(260)	(246)
Proceeds from sale of long-lived asset	4	—
Changes in restricted cash	—	5
Other investing activities	2	1
Net cash flows used in investing activities	(254)	(240)
Cash flows from financing activities		
Changes in short-term borrowings	(88)	(40)
Issuance of long-term debt	—	200
Retirement of long-term debt	—	(100)
Dividends paid on common stock	(39)	(80)
Contribution from parent	113	75
Other financing activities	—	(2)
Net cash flows (used in) provided by financing activities	(14)	53
(Decrease) Increase in cash and cash equivalents	(1)	1
Cash and cash equivalents at beginning of period	5	4
Cash and cash equivalents at end of period	$ 4	$ 5

See the Combined Notes to Financial Statements

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DELMARVA POWER & LIGHT COMPANY
BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2016	December 31, 2015
ASSETS		
Current assets		
Cash and cash equivalents	$ 4	$ 5
Accounts receivable, net		
Customer	134	154
Other	44	96
Inventories, net		
Gas held in storage	8	8
Materials and supplies	32	32
Regulatory assets	62	72
Other	17	21
Total current assets	301	388
Property, plant and equipment, net	3,222	3,070
Deferred debits and other assets		
Regulatory assets	297	299
Goodwill	8	8
Prepaid pension asset	188	202
Other	7	2
Total deferred debits and other assets	500	511
Total assets	$ 4,023	$ 3,969

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DELMARVA POWER & LIGHT COMPANY
BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2016	December 31, 2015
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Short-term borrowings	$ 17	$ 105
Long-term debt due within one year	218	204
Accounts payable	74	109
Accrued expenses	47	31
Payables to affiliates	34	20
Customer deposits	37	31
Regulatory liabilities	46	49
Merger related obligation	12	—
Other	10	15
Total current liabilities	495	564
Long-term debt	1,047	1,061
Deferred credits and other liabilities		
Regulatory liabilities	100	111
Deferred income taxes and unamortized investment tax credits	1,016	945
Non-pension postretirement benefit obligations	19	19
Other	51	32
Total deferred credits and other liabilities	1,186	1,107
Total liabilities	2,728	2,732
Commitments and contingencies		
Shareholder's equity		
Common stock	725	612
Retained earnings	570	625
Total shareholder's equity	1,295	1,237
Total liabilities and shareholder's equity	$ 4,023	$ 3,969

See the Combined Notes to Financial Statements

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DELMARVA POWER & LIGHT COMPANY
STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
(Unaudited)

(In millions)	Common Stock	Retained Earnings	Total Shareholder's Equity
Balance, December 31, 2015	$ 612	$ 625	$ 1,237
Net loss	—	(16)	(16)
Common stock dividends	—	(39)	(39)
Contribution from parent	113	—	113
Balance, September 30, 2016	$ 725	$ 570	$ 1,295

See the Combined Notes to Financial Statements

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ATLANTIC CITY ELECTRIC COMPANY AND SUBSIDIARY COMPANY
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
Operating revenues				
Electric operating revenues	$ 420	$ 385	$ 979	$ 1,001
Operating revenues from affiliates	1	1	3	2
Total operating revenues	421	386	982	1,003
Operating expenses				
Purchased power	206	214	491	552
Purchased power from affiliates	15	—	29	—
Operating and maintenance	62	69	336	205
Operating and maintenance from affiliates	5	1	10	2
Depreciation, amortization and accretion	49	49	130	135
Taxes other than income	1	2	6	5
Total operating expenses	338	335	1,002	899
Gain on sale of assets	—	—	1	—
Operating income (loss)	83	51	(19)	104
Other income and (deductions)				
Interest expense, net	(15)	(16)	(47)	(48)
Other, net	2	1	8	4
Total other income and (deductions)	(13)	(15)	(39)	(44)
Income (loss) before income taxes	70	36	(58)	60
Income taxes	23	14	(8)	23
Net income (loss) attributable to common shareholder	$ 47	$ 22	$ (50)	$ 37
Comprehensive income (loss)	$ 47	$ 22	$ (50)	$ 37

See the Combined Notes to Consolidated Financial Statements

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ATLANTIC CITY ELECTRIC COMPANY AND SUBSIDIARY COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Nine Months Ended September 30, 2016	2015
Cash flows from operating activities		
Net (loss) income	$ (50)	$ 37
Adjustments to reconcile net (loss) income to net cash flows provided by operating activities:		
Depreciation, amortization and accretion	130	135
Deferred income taxes and amortization of investment tax credits	14	13
Other non-cash operating activities	138	27
Changes in assets and liabilities:		
Accounts receivable	(32)	(87)
Receivables from and payables to affiliates, net	9	1
Inventories	(1)	(1)
Accounts payable and accrued expenses	10	35
Income taxes	184	10
Other assets and liabilities	(87)	8
Net cash flows provided by operating activities	315	178
Cash flows from investing activities		
Capital expenditures	(227)	(212)
Proceeds from sale of long-lived asset	2	—
Changes in restricted cash	(4)	(6)
Other investing activities	2	2
Net cash flows used in investing activities	(227)	(216)
Cash flows from financing activities		
Changes in short-term borrowings	(5)	98
Retirement of long-term debt	(35)	(46)
Dividends paid on common stock	(24)	(12)
Contribution from parent	139	—
Other financing activities	(1)	—
Net cash flows provided by financing activities	74	40
Increase in cash and cash equivalents	162	2
Cash and cash equivalents at beginning of period	3	2
Cash and cash equivalents at end of period	$ 165	$ 4

See the Combined Notes to Consolidated Financial Statements

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ATLANTIC CITY ELECTRIC COMPANY AND SUBSIDIARY COMPANY
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2016	December 31, 2015
ASSETS		
Current assets		
Cash and cash equivalents	$ 165	$ 3
Restricted cash and cash equivalents	15	12
Accounts receivable, net		
Customer	168	156
Other	46	242
Receivables from affiliates	2	—
Inventories, net	22	23
Prepaid utility taxes	10	—
Regulatory assets	89	98
Other	3	12
Total current assets	520	546
Property, plant and equipment, net	2,456	2,322
Deferred debits and other assets		
Regulatory assets	412	414
Long-term note receivable	4	4
Prepaid pension asset	73	82
Other	42	19
Total deferred debits and other assets	531	519
Total assets [a]	$ 3,507	$ 3,387

See the Combined Notes to Consolidated Financial Statements

ATLANTIC CITY ELECTRIC COMPANY AND SUBSIDIARY COMPANY
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2016	December 31, 2015
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Short-term borrowings	$ —	$ 5
Long-term debt due within one year	38	48
Accounts payable	110	96
Accrued expenses	72	70
Payables to affiliates	27	16
Customer deposits	35	30
Regulatory liabilities	35	18
Merger related obligation	14	—
Other	7	14
Total current liabilities	338	297
Long-term debt	1,129	1,153
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	908	885
Non-pension postretirement benefit obligations	35	33
Regulatory liabilities	1	7
Other	31	12
Total deferred credits and other liabilities	975	937
Total liabilities [(a)]	2,442	2,387
Commitments and contingencies		
Shareholder's equity		
Common stock	912	773
Retained earnings	153	227
Total shareholder's equity	1,065	1,000
Total liabilities and shareholder's equity	$ 3,507	$ 3,387

(a) ACE's consolidated total assets include $34 million and $30 million at September 30, 2016 and December 31, 2015, respectively, of ACE's consolidated VIE that can only be used to settle the liabilities of the VIE. ACE's consolidated total liabilities include $139 million and $172 million at September 30, 2016 and December 31, 2015, respectively, of ACE's consolidated VIE for which the VIE creditors do not have recourse to ACE. See Note 3 — Variable Interest Entities.

See the Combined Notes to Consolidated Financial Statements

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ATLANTIC CITY ELECTRIC COMPANY AND SUBSIDIARY COMPANY
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
(Unaudited)

(In millions)	Common Stock	Retained Earnings	Total Shareholder's Equity
Balance, December 31, 2015	$ 773	$ 227	$ 1,000
Net loss	—	(50)	(50)
Common stock dividends	—	(24)	(24)
Contribution from parent	139	—	139
Balance, September 30, 2016	$ 912	$ 153	$ 1,065

See the Combined Notes to Consolidated Financial Statements

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in millions, except per share data, unless otherwise noted)

Index to Combined Notes To Consolidated Financial Statements

The notes to the consolidated financial statements that follow are a combined presentation. The following list indicates the Registrants to which the footnotes apply:

Applicable Notes

Registrant	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Exelon Corporation	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.
Exelon Generation Company, LLC	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.		.	.	.
Commonwealth Edison Company	.	.	.		.			.	.	.	.		.	.				.	.	.
PECO Energy Company	.	.	.		.			.	.	.	.		.	.	.			.	.	.
Baltimore Gas and Electric Company	.	.	.		.			.	.	.	.		.	.			.	.	.	.
Pepco Holdings LLC	.	.	.	.	.			.	.	.	.		.	.	.	.		.	.	.
Potomac Electric Power Company	.	.	.	.	.			.	.	.	.		.	.				.	.	.
Delmarva Power & Light Company	.	.	.		.			.	.	.	.		.	.				.	.	.
Atlantic City Electric Company	.	.	.		.			.	.	.	.		.	.				.	.	.

1. Significant Accounting Policies (All Registrants)

Description of Business (All Registrants)

Exelon is a utility services holding company engaged through its principal subsidiaries in the energy generation and energy distribution and transmission businesses. Prior to March 23, 2016, Exelon's principal, wholly owned subsidiaries included Generation, ComEd, PECO and BGE. On March 23, 2016, in conjunction with the Amended and Restated Agreement and Plan of Merger (the PHI Merger Agreement), Purple Acquisition Corp, a wholly owned subsidiary of Exelon, merged with and into PHI, with PHI continuing as the surviving entity as a wholly owned subsidiary of Exelon. PHI is a utility services holding company engaged through its principal wholly owned subsidiaries, Pepco, DPL and ACE, in the energy distribution and transmission businesses. Refer to Note 4 — Mergers, Acquisitions and Dispositions for further information regarding the merger transaction.

The energy generation business includes:

- *Generation* : Generation, physical delivery and marketing of power across multiple geographical regions through its customer-facing business, Constellation, which sells electricity and natural gas to both wholesale and retail customers. Generation also sells renewable energy and other energy-related products and services. Generation has six reportable segments consisting of the Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Power Regions.

The energy delivery businesses include:

- *ComEd* : Purchase and regulated retail sale of electricity and the provision of electric distribution and transmission services in northern Illinois, including the City of Chicago.
- *PECO* : Purchase and regulated retail sale of electricity and the provision of electric distribution and transmission services in southeastern Pennsylvania, including the City of Philadelphia, and the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services in the Pennsylvania counties surrounding the City of Philadelphia.
- *BGE* : Purchase and regulated retail sale of electricity and the provision of electric distribution and transmission services in central Maryland, including the City of Baltimore, and the purchase and

regulated retail sale of natural gas and the provision of natural gas distribution services in central Maryland, including the City of Baltimore.

- *Pepco* : Purchase and regulated retail sale of electricity and the provision of electric distribution and transmission services in the District of Columbia and major portions of Prince George's County and Montgomery County in Maryland.
- *DPL* : Purchase and regulated retail sale of electricity and the provision of electric distribution and transmission services in portions of Maryland and Delaware, and the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services in northern Delaware.
- *ACE* : Purchase and regulated retail sale of electricity and the provision of electric distribution and transmission services in southern New Jersey.

Basis of Presentation (All Registrants)

Pursuant to the acquisition of PHI, Exelon's financial reporting reflects PHI's consolidated financial results subsequent to the March 23, 2016, acquisition date. Exelon has accounted for the merger transaction applying the acquisition method of accounting, which requires the assets acquired and liabilities assumed by Exelon to be reported in Exelon's financial statements at fair value, with any excess of the purchase price over the fair value of net assets acquired reported as goodwill. Exelon has pushed-down the application of the acquisition method of accounting to the consolidated financial statements of PHI such that the assets and liabilities of PHI are similarly recorded at their respective fair values, and goodwill has been established as of the acquisition date. Accordingly, the consolidated financial statements of PHI for periods before and after the March 23, 2016, acquisition date reflect different bases of accounting, and the financial positions and the results of operations of the predecessor and successor periods are not comparable. The acquisition method of accounting has not been pushed down to PHI's wholly-owned subsidiary utility registrants, Pepco, DPL and ACE.

For financial statement purposes, beginning on March 24, 2016, disclosures that had solely related to PHI, Pepco, DPL or ACE activities now also apply to Exelon, unless otherwise noted. When appropriate, Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE are named specifically for their related activities and disclosures.

Certain prior year amounts in the Consolidated Statements of Operations and Comprehensive Income, Consolidated Balance Sheets and Consolidated Statements of Cash Flows of PHI, Pepco, DPL and ACE have been reclassified to conform the presentation of these amounts to the current period presentation in Exelon's financial statements. Most significantly for PHI, Pepco, DPL and ACE, current regulatory assets and liabilities have been presented separately from the non-current portions in each respective Consolidated Balance Sheet where recovery or refund is expected within the next 12 months. Additionally, for PHI, Pepco, DPL and ACE, the removal cost within Accumulated depreciation was reclassified to the Regulatory liability or Regulatory asset account to align with Exelon's presentation. The reclassifications were not considered errors for PHI, Pepco, DPL or ACE.

In its December 31, 2015 Form 10-K, Exelon revised the presentation on the Consolidated Statements of Operations and Comprehensive Income for PECO and BGE to reflect separately operating revenues from the sale of electricity and operating revenues from the sale of natural gas, as well as to reflect separately purchased power expense and purchased fuel expense within the operating expenses section of the Consolidated Statement of Operations and Comprehensive Income. Further, Exelon revised the presentation from Total operating revenues to "Rate-regulated utility revenues" and "Competitive businesses revenues" on the face of Exelon's Consolidated Statement of Operations and Comprehensive Income for all periods presented. Similarly, Exelon has separately

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presented Rate-regulated utility purchased power and fuel expense and Competitive businesses purchased power and fuel expense on the face of Exelon's Consolidated Statement of Operations and Comprehensive Income for all periods presented. The reclassifications described herein were made for presentation purposes and did not affect any of the Registrants' total operating revenues or net income.

ACE Basic Generation Service Recovery Mechanism

ACE has a recovery mechanism for purchased power costs associated with BGS. ACE records a deferred energy supply costs regulatory asset or regulatory liability for under or over-recovered costs that are expected to be recovered from or refunded to ACE customers, respectively. In the first quarter of 2016, ACE changed its method of accounting for determining under or over-recovered costs in this recovery mechanism to include unbilled revenues in the determination of under or over-recovered costs. ACE believes this change is preferable as it better reflects the economic impacts of dollar-for-dollar cost recovery mechanisms. ACE applied the change retrospectively. The impact of the change was a $12 million reduction to ACE's opening Retained earnings as of January 1, 2014 with a corresponding reduction to Regulatory assets. The impact of the change on Net income attributable to common shareholder was an increase of $8 million and $9 million for the three and nine months ended September 30, 2015, respectively.

Classification of Interest on Uncertain Tax Positions

In the first quarter of 2016, PHI, Pepco, DPL and ACE changed their accounting principle for classification of interest on uncertain tax positions. PHI, Pepco, DPL and ACE have reclassified interest on uncertain tax positions as interest expense from income tax expense in the Consolidated Statements of Operations and Comprehensive Income. GAAP does not address the preferability of one acceptable method of accounting over the other for the classification of interest on uncertain tax positions. However, PHI, Pepco, DPL, and ACE believe this change is preferable for comparability of their financial statements with the financial statements of the other Registrants in the combined filing, for consistency with FERC classification, and for a more appropriate representation of the effective tax rate as they manage the settlement of uncertain tax positions and interest expense separately. PHI, Pepco, DPL, and ACE applied the change retrospectively. The reclassification in the Consolidated Statements of Operations and Comprehensive Income for the nine months ended September 30, 2015 is $1 million for PHI and less than $1 million for Pepco, DPL and ACE. The reclassification amount is more significant for the year ended December 31, 2015.

Each of the Registrant's Consolidated Financial Statements includes the accounts of its subsidiaries. All intercompany transactions have been eliminated.

The accompanying consolidated financial statements as of September 30, 2016 and 2015 and for the three and nine months then ended are unaudited but, in the opinion of the management of each Registrant include all adjustments that are considered necessary for a fair statement of the Registrants' respective financial statements in accordance with GAAP. All adjustments are of a normal, recurring nature, except as otherwise disclosed. The December 31, 2015 Consolidated Balance Sheets were obtained from audited financial statements. Financial results for interim periods are not necessarily indicative of results that may be expected for any other interim period or for the fiscal year ending December 31, 2016. These Combined Notes to Consolidated Financial Statements have been prepared pursuant to the rules and regulations of the SEC for Quarterly Reports on Form 10-Q. Certain information and note disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations.

2. New Accounting Pronouncements (All Registrants)

Exelon has identified the following new accounting standards that have been recently adopted.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share

In May 2015, the FASB issued authoritative guidance that removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. Investments measured at net asset value per share using the practical expedient will be presented as a reconciling item between the fair value hierarchy disclosure and the investment line item on the Balance Sheet. The guidance also simplified the disclosure requirements for investments valued using the practical expedient. The guidance is effective for the Registrants for fiscal years beginning after December 15, 2015. The Registrants adopted the standard in the first quarter of 2016, and applied the guidance retrospectively to all prior periods presented. The adoption of this guidance had no impact on the Registrants' Consolidated Balance Sheets, Consolidated Statements of Operations and Comprehensive Income and Consolidated Statements of Cash Flows. See Note 8 — Fair Value of Financial Assets and Liabilities for the disclosure impacts.

Customer's Accounting for Fees Paid in a Cloud Computing Arrangement

In April 2015, the FASB issued authoritative guidance that clarifies the circumstances under which a cloud computing customer would account for the arrangement as a license of internal-use software. A cloud computing arrangement would include a software license if (1) the customer has a contractual right to take possession of the software at any time during the hosting period without significant penalty and (2) it is feasible for the customer to either operate the software on its own hardware or contract with another party unrelated to the vendor to host the software. If the arrangement does not contain a software license, it would be accounted for as a service contract. The Registrants prospectively adopted the standard in the first quarter of 2016. The adoption of this guidance had no impact on the Registrants' Consolidated Balance Sheets, Consolidated Statements of Operations and Comprehensive Income, Consolidated Statements of Cash Flows and disclosures.

Amendments to the Consolidation Analysis

In February 2015, the FASB issued authoritative guidance that amends the consolidation analysis for variable interest entities (VIEs) as well as voting interest entities. The new guidance primarily (1) changes the VIE assessment of limited partnerships, (2) amends the effect that fees paid to a decision maker or service provider have on the VIE analysis, (3) amends how variable interests held by a reporting entity's related parties and de facto agents impact its consolidation conclusion, (4) clarifies how to determine whether equity holders (as a group) have power over an entity, and (5) provides a scope exception for registered and similar unregistered money market funds. The guidance became effective for the Registrants January 1, 2016. The Registrants adopted the standard in the first quarter of 2016. The Registrants have evaluated the standard and have not identified any changes to consolidation conclusions as a result of the new guidance, but have identified additional entities that are now considered VIEs. See Note 3 — Variable Interest Entities for the disclosure impacts.

The following issued accounting standards are not yet required to be reflected in the consolidated financial statements of the Registrants.

Revenue from Contracts with Customers

In May 2014, the FASB issued authoritative guidance that changes the criteria for recognizing revenue from a contract with a customer. The new standard replaces existing guidance on revenue recognition, including most industry specific guidance, with a five step model for recognizing and measuring revenue from contracts with customers. The objective of the new standard is to provide a single, comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, across industries and across capital markets. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or

services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The guidance also requires a number of disclosures regarding the nature, amount, timing and uncertainty of revenue and the related cash flows. The guidance can be applied retrospectively to each prior reporting period presented (full retrospective method) or retrospectively with a cumulative effect adjustment to retained earnings for initial application of the guidance at the date of initial adoption (modified retrospective method). The Registrants are currently assessing the impacts this guidance may have on their Consolidated Balance Sheets, Consolidated Statements of Operations and Comprehensive Income, Consolidated Statements of Cash Flows and disclosures as well as the transition method that they will use to adopt the guidance. Exelon is considering the impacts of the new guidance on its ability to recognize revenue for certain contracts where collectability is in question, its accounting for contributions in aid of construction, bundled sales contracts and contracts with pricing provisions that may require it to recognize revenue at prices other than the contract price (e.g., straight line or estimated future market prices). In addition, the Registrants will be required to capitalize costs to acquire new contracts, whereas Exelon currently expenses those costs as incurred. The guidance is effective for annual reporting periods beginning on or after December 15, 2017, with the option to early adopt the standard for annual periods beginning on or after December 15, 2016. The Registrants do not plan to early adopt the standard. In March 2016, the FASB issued a final amendment to clarify the implementation guidance for principal versus agent considerations and in April 2016 issued a final amendment to clarify the guidance related to identifying performance obligations and the accounting for licenses of intellectual property. The Registrants do not expect significant impacts based on these updates. In May 2016, the FASB issued a final amendment regarding narrow scope improvements and practical expedients. The Registrants are currently assessing the impact of this update.

Leases

In February 2016, the FASB issued authoritative guidance to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The guidance requires lessees to recognize both the right-of-use assets and lease liabilities in the balance sheet for most leases, whereas today only financing type lease liabilities (capital leases) are recognized in the balance sheet. This is expected to require significant changes to systems, processes and procedures in order to recognize and measure leases recorded on the balance sheet that are currently classified as operating leases. In addition, the definition of a lease has been revised in regards to when an arrangement conveys the right to control the use of the identified asset under the arrangement which may result in changes to the classification of an arrangement as a lease. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee have not significantly changed from current GAAP. The accounting applied by a lessor is largely unchanged from that applied under current GAAP. The standard is effective for fiscal years beginning after December 15, 2018 with early adoption permitted. Lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The Registrants are currently assessing the impacts this guidance may have on their Consolidated Balance Sheets, Consolidated Statements of Operations and Comprehensive Income, Consolidated Statements of Cash Flows and disclosures as well as the potential to early adopt the guidance.

Intra-Entity Transfers of Assets Other Than Inventory

In October 2016, the FASB issued authoritative guidance which instructs entities to recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs (compared to current GAAP which prohibits the recognition of current and deferred income taxes for an intra-entity asset transfer until the asset has been sold to an outside party). The standard is effective for fiscal years beginning after December 15, 2017 with early adoption permitted. The guidance is required to be applied on a modified retrospective basis through a cumulative-effect adjustment directly to retained earnings as of the beginning of the

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period of adoption. The Registrants are currently assessing the impacts this guidance may have on their Consolidated Balance Sheets, Consolidated Statements of Operations and Comprehensive Income, Consolidated Statements of Cash Flows and disclosures as well as the potential to early adopt the guidance.

Classification of Certain Cash Receipts and Cash Payments

In August 2016, the FASB issued authoritative guidance intended to add or clarify guidance on the classification of certain cash receipts and payments on the statement of cash flows. The new guidance addresses cash flows related to the following: debt prepayment or extinguishment costs, settlement of zero-coupon bonds, contingent consideration payments made after a business combination, proceeds from the settlement of insurance claims, proceeds from the settlement of corporate-owned life insurance policies and bank-owned life insurance policies, distributions received from equity method investees, beneficial interest in securitization transactions, and the application of the predominance principle to separately identifiable cash flows. The standard is effective January 1, 2018, with early adoption permitted. The guidance must be applied on a retrospective basis. The Registrants are currently assessing the impacts this guidance may have on their Consolidated Statements of Cash Flows.

Impairment of Financial Instruments

In June 2016, the FASB issued authoritative guidance that adds an impairment model to U.S. GAAP called the Current Expected Credit Loss (CECL) model for financial instruments within the scope of the guidance, which includes loans, trade receivables, debt securities classified as held-to-maturity and net investments in leases recognized by a lessor. Under the new guidance, on initial recognition and at each reporting period, an entity would be required to recognize an allowance that reflects the entity's current estimate of credit losses expected to be incurred over the life of the financial instrument. An entity must consider all available relevant information when estimating expected credit losses. Historical charge-off rates may be used as a starting point for determining expected credit losses; however, the entity must also evaluate how conditions that existed during the historical charge-off period may differ from its current expectations and accordingly revise its estimate of expected credit losses. The standard does not make changes to the existing impairment models for non-financial assets such as fixed assets, intangibles and goodwill. The standard will be effective January 1, 2020. The Registrants are currently assessing the impacts this guidance may have on their Consolidated Balance Sheets, Consolidated Statements of Operations and Comprehensive Income, Consolidated Statements of Cash Flows and disclosures.

Improvements to Employee Share-Based Payment Accounting

In March 2016, the FASB issued authoritative guidance intended to simplify various aspects to how share-based payment awards to employees are accounted for and presented in the financial statements. The new guidance eliminates additional paid-in capital pools and requires excess tax benefits and tax deficiencies to be recorded in the Statement of Operations and Comprehensive Income. The standard is effective for fiscal years beginning after December 15, 2016 with early adoption permitted if all provisions are adopted within the same period. The guidance is required to be applied on either a prospective, modified retrospective, or retrospective basis depending on the provisions applied. The Registrants do not expect that this guidance will have a significant impact on their Consolidated Balance Sheets, Consolidated Statements of Operations and Comprehensive Income, Consolidated Statements of Cash Flows and disclosures. The Registrants are currently assessing the potential to early adopt the guidance.

Simplifying the Transition to the Equity Method of Accounting

In March 2016, the FASB issued authoritative guidance eliminating the requirement to retroactively adopt the equity method of accounting as a result of an increase in the level ownership or degree of influence of an

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existing investment. The guidance now requires an investor to add the cost of acquiring the additional interest in the investee to the current basis of the investor's previously held interest and adopt the equity method of accounting as of the date the investment becomes qualified for the equity method of accounting. The standard is effective for fiscal years beginning after December 15, 2016 with early adoption permitted. The Registrants do not expect that this guidance will have a significant impact on their Consolidated Balance Sheets, Consolidated Statements of Operations and Comprehensive Income, Consolidated Statements of Cash Flows and disclosures. The Registrants are currently assessing the potential to early adopt the guidance.

Effect of Derivative Contract Novations on Existing Hedge Accounting Relationships

In March 2016, the FASB issued authoritative guidance which clarifies that a change in the counterparty of a derivative contract does not, in and of itself, require dedesignation of that hedge accounting relationship as long as all of the other hedge accounting criteria are met. The standard is effective for fiscal years beginning after December 15, 2016 with early adoption permitted. Entities have the option to adopt this standard on a prospective basis to new derivative contract novations or on a modified retrospective basis. The Registrants do not expect that this guidance will have a significant impact on their Consolidated Balance Sheets, Consolidated Statements of Operations and Comprehensive Income, Consolidated Statements of Cash Flows and disclosures. The Registrants are currently assessing the transition method and the potential to early adopt the guidance.

Contingent Put and Call Options in Debt Instruments

In March 2016, the FASB issued authoritative guidance which simplifies the embedded derivative analysis for debt instruments containing contingent call or put options by removing the requirement to assess whether a contingent event is related to interest rates or credit risks. The guidance clarifies that a contingent put or call option embedded in a debt instrument would be evaluated for possible separate accounting as a derivative instrument without regard to the nature of the exercise contingency. The standard is effective for fiscal years beginning after December 15, 2016 with early adoption permitted. The guidance is required to be applied on a modified retrospective basis to all existing and future debt instruments. The Registrants do not expect that this guidance will have a significant impact on Consolidated Balance Sheets, Consolidated Statements of Operations and Comprehensive Income, Consolidated Statements of Cash Flows and disclosures and are currently assessing the potential to early adopt the guidance.

Recognition and Measurement of Financial Assets and Financial Liabilities

In January 2016, the FASB issued authoritative guidance which (i) requires all investments in equity securities, including other ownership interests such as partnerships, unincorporated joint ventures and limited liability companies, to be carried at fair value through net income, (ii) requires an incremental recognition and disclosure requirement related to the presentation of fair value changes of financial liabilities for which the fair value option has been elected, (iii) amends several disclosure requirements, including the methods and significant assumptions used to estimate fair value or a description of the changes in the methods and assumptions used to estimate fair value, and (iv) requires disclosure of the fair value of financial assets and liabilities measured at amortized cost at the amount that would be received to sell the asset or paid to transfer the liability. The standard is effective for fiscal years beginning after December 15, 2017 with early adoption permitted. The guidance is required to be applied retrospectively with a cumulative effect adjustment to retained earnings for initial application of the guidance at the date of adoption (modified retrospective method). The Registrants are currently assessing the impacts this guidance may have on their Consolidated Balance Sheets, Consolidated Statements of Operations and Comprehensive Income, Consolidated Statements of Cash Flows and disclosures as well as the potential to early adopt the guidance.

Simplifying the Measurement of Inventory

In July 2015, the FASB issued authoritative guidance that requires inventory to be measured at the lower of cost or net realizable value. The new guidance defines net realizable value as the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. This definition is consistent with existing authoritative guidance. Current guidance requires inventory to be measured at the lower of cost or market where market could be replacement cost, net realizable value or net realizable value less an approximately normal profit margin. The guidance is effective for periods beginning after December 15, 2016 with early adoption permitted. The guidance is required to be applied prospectively. The Registrants do not expect that this guidance will have a significant impact on their Consolidated Balance Sheets, Consolidated Statements of Operations and Comprehensive Income, Consolidated Statements of Cash Flows and disclosures. The Registrants are currently assessing the potential to early adopt the guidance.

3. Variable Interest Entities (All Registrants)

A VIE is a legal entity that possesses any of the following characteristics: an insufficient amount of equity at risk to finance its activities, equity owners who do not have the power to direct the significant activities of the entity (or have voting rights that are disproportionate to their ownership interest), or equity owners who do not have the obligation to absorb expected losses or the right to receive the expected residual returns of the entity. Companies are required to consolidate a VIE if they are its primary beneficiary, which is the enterprise that has the power to direct the activities that most significantly affect the entity's economic performance.

At September 30, 2016, Exelon, Generation, BGE, PHI and ACE collectively consolidated nine VIEs or VIE groups for which the applicable Registrant was the primary beneficiary. At December 31, 2015, Exelon, Generation and BGE collectively had seven consolidated VIEs or VIE groups and PHI and ACE collectively had one consolidated VIE (*see Consolidated Variable Interest Entities below)* . As of September 30, 2016 and December 31, 2015, Exelon and Generation collectively had significant interests in nine and eight other VIEs, respectively, for which the applicable Registrant does not have the power to direct the entities' activities and, accordingly, was not the primary beneficiary *(see Unconsolidated Variable Interest Entities below)* .

Consolidated Variable Interest Entities

In June 2015, 2015 ESA Investco, LLC, then a wholly owned subsidiary of Generation, entered into an arrangement to purchase a 90% equity interest and 99% of the tax attributes of another distributed energy company. In November 2015, Generation sold 69% of its equity interest in 2015 ESA Investco, LLC to a tax equity investor. Generation and the tax equity investor will contribute up to a total of $250 million of equity incrementally from inception through December 2016 in proportion to their ownership interests, which equates up to approximately $172 million for the tax equity investor and up to $78 million for Generation (see Note 18 — Commitments and Contingencies for more details). The investment in the distributed energy company was evaluated, and it was determined to be a VIE for which Generation is not the primary beneficiary (see additional details in the Unconsolidated Variable Interest Entities section below). As of December 31, 2015, Generation consolidated 2015 ESA Investco, LLC under the voting interest model. However, pursuant to the new consolidation guidance effective as of January 1, 2016 for the Registrants, 2015 ESA Investco, LLC meets the definition of a VIE because the company has a similar structure to a limited partnership and the limited partners do not have kick out rights with respect to the general partner. (For additional details related to the new consolidation guidance, see Note 2 — New Accounting Pronouncements.) Under VIE guidance, Generation is the primary beneficiary; therefore, the entity continues to be consolidated.

Exelon's, Generation's, BGE's, PHI's and ACE's consolidated VIEs consist of:

- A retail gas group formed by Generation to enter into a collateralized gas supply agreement with a third-party gas supplier,

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- a group of solar project limited liability companies formed by Generation to build, own and operate solar power facilities,
- several wind project companies designed by Generation to develop, construct and operate wind generation facilities,
- a group of companies formed by Generation to build, own and operate other generating facilities,
- certain retail power and gas companies for which Generation is the sole supplier of energy,
- CENG,
- 2015 ESA Investco, LLC,
- BondCo, a special purpose bankruptcy remote limited liability company formed by BGE to acquire, hold, issue and service bonds secured by rate stabilization property, and
- ATF, a special purpose entity formed by ACE for the purpose of securitizing authorized portions of ACE's recoverable stranded costs through the issuance and sale of transition bonds.

As of September 30, 2016 and December 31, 2015, ComEd, PECO, Pepco and DPL did not have any material consolidated VIEs.

As of September 30, 2016 and December 31, 2015, Exelon, Generation, BGE, PHI and ACE provided the following support to their respective consolidated VIEs:

- Generation provides operating and capital funding to the solar and wind entities for ongoing construction, operations and maintenance of the solar and wind power facilities and there is limited recourse to Generation related to certain solar and wind entities.
- Generation and Exelon, where indicated, provide the following support to CENG (see Note 5 —Investment in Constellation Energy Nuclear Group, LLC and Note 26 — Related Party Transactions of the Exelon 2015 Form 10-K for additional information regarding Generation's and Exelon's transactions with CENG):
  - under the NOSA, Generation conducts all activities related to the operation of the CENG nuclear generation fleet owned by CENG subsidiaries (the CENG fleet) and provides corporate and administrative services for the remaining life and decommissioning of the CENG nuclear plants as if they were a part of the Generation nuclear fleet, subject to the CENG member rights of EDF,
  - under the Power Services Agency Agreement (PSAA), Generation provides scheduling, asset management, and billing services to the CENG fleet for the remaining operating life of the CENG nuclear plants,
  - under power purchase agreements with CENG, Generation purchased or will purchase 50.01% of the available output generated by the CENG nuclear plants not subject to other contractual agreements from January 2015 through the end of the operating life of each respective plant. However, pursuant to amendments dated March 31, 2015, the energy obligations under the Ginna Nuclear Power Plant (Ginna) PPAs have been suspended during the term of the Reliability Support Services Agreement (RSSA) (see Note 5 — Regulatory Matters for additional details),
  - Generation provided a $400 million loan to CENG. As of September 30, 2016, the remaining obligation is $312 million, including accrued interest, which reflects the principal payment made in January 2015,

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  - Generation executed an Indemnity Agreement pursuant to which Generation agreed to indemnify EDF against third-party claims that may arise from any future nuclear incident (as defined in the Price-Anderson Act) in connection with the CENG nuclear plants or their operations. Exelon guarantees Generation's obligations under this Indemnity Agreement. (See Note 18 —Commitments and Contingencies for more details),
  - in connection with CENG's severance obligations, Generation has agreed to reimburse CENG for a total of approximately $6 million of the severance benefits paid or to be paid in 2014 through 2016. As of September 30, 2016, there was no remaining obligation,
  - Generation and EDF share in the $637 million of contingent payment obligations for the payment of contingent retrospective premium adjustments for the nuclear liability insurance,
  - Generation provides a guarantee of approximately $8 million associated with hazardous waste management facilities and underground storage tanks. In addition, EDF executed a reimbursement agreement that provides reimbursement to Exelon for 49.99% of any amounts paid by Generation under this guarantee,
  - Generation and EDF are the members-insured with Nuclear Electric Insurance Limited and have assigned the loss benefits under the insurance and the NEIL premium costs to CENG and guarantee the obligations of CENG under these insurance programs in proportion to their respective member interests (see Note 18 — Commitments and Contingencies for more details), and
  - Exelon has executed an agreement to provide up to $245 million to support the operations of CENG as well as a $165 million guarantee of CENG's cash pooling agreement with its subsidiaries.
- Generation provides approximately $16 million in credit support for the retail power and gas companies for which Generation is the sole supplier of energy.
- Generation provides a $75 million parental guarantee to a third-party gas supplier and provides limited recourse to other third-party gas suppliers and customers in support of its retail gas group.
- Generation provides operating and capital funding to the other generating facilities for ongoing construction, operations and maintenance and provides a parental guarantee of up to $275 million in support of the payment obligations related to the Engineering, Procurement and Construction contract in support of one of its other generating facilities.
- In the case of BondCo, BGE is required to remit all payments it receives from all residential customers through non-bypassable, rate stabilization charges to BondCo. During the three and nine months ended September 30, 2016, BGE remitted $27 million and $64 million to BondCo, respectively. During the three and nine months ended September 30, 2015, BGE remitted $21 million and $63 million to BondCo, respectively.
- In the case of ATF, proceeds from the sale of each series of transition bonds by ATF were transferred to ACE in exchange for the transfer by ACE to ATF of the right to collect a non-bypassable Transition Bond Charge from ACE customers pursuant to bondable stranded costs rate orders issued by the NJBPU in an amount sufficient to fund the principal and interest payments on transition bonds and related taxes, expenses and fees. During the three and nine months ended September 30, 2016, ACE transferred $20 million and $47 million to ATF, respectively. During the three and nine months ended September 30, 2015, ACE transferred $18 million and $45 million to ATF, respectively.

For each of the consolidated VIEs, except as otherwise noted:

- the assets of the VIEs are restricted and can only be used to settle obligations of the respective VIE;

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

- Exelon, Generation, BGE, PHI and ACE did not provide any additional material financial support to the VIEs;
- Exelon, Generation, BGE, PHI and ACE did not have any material contractual commitments or obligations to provide financial support to the VIEs; and
- the creditors of the VIEs did not have recourse to Exelon's, Generation's, BGE's, PHI's or ACE's general credit.

The carrying amounts and classification of the consolidated VIEs' assets and liabilities included in the Registrants' consolidated financial statements at September 30, 2016 and December 31, 2015 are as follows:

	September 30, 2016					December 31, 2015				
				Successor					*Predecessor*	
	Exelon [a][b]	Generation	BGE	PHI [b]	ACE	Exelon [a]	Generation	BGE	PHI	ACE
Current assets	$ 914	$ 849	$ 44	$ 20	$ 15	$ 909	$ 881	$ 23	$ 12	$ 12
Noncurrent assets	8,235	8,201	3	31	19	8,009	8,004	3	18	18
Total assets	$ 9,149	$ 9,050	$ 47	$ 51	$ 34	$ 8,918	$ 8,885	$ 26	$ 30	$ 30
Current liabilities	$ 569	$ 439	$ 84	45	$ 40	$ 473	$ 387	$ 81	$ 48	$ 48
Noncurrent liabilities	3,090	2,979	—	111	99	2,927	2,884	41	124	124
Total liabilities	$ 3,659	$ 3,418	$ 84	$ 156	$ 139	$ 3,400	$ 3,271	$ 122	$ 172	$ 172

(a) Includes certain purchase accounting adjustments not pushed down to the BGE standalone entity.
(b) Includes certain purchase accounting adjustments not pushed down to the ACE standalone entity.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Assets and Liabilities of Consolidated VIEs

Included within the balances above are assets and liabilities of certain consolidated VIEs for which the assets can only be used to settle obligations of those VIEs, and liabilities that creditors, or beneficiaries, do not have recourse to the general credit of the Registrants. As of September 30, 2016 and December 31, 2015, these assets and liabilities primarily consisted of the following:

	September 30, 2016					December 31, 2015				
	Exelon (a)(b)	Generation	BGE	Successor PHI (b)	ACE	Exelon (a)	Generation	BGE	Predecessor PHI	ACE
Cash and cash equivalents	$ 160	$ 160	$ —	$ —	$ —	$ 164	$ 164	$ —	$ —	$ —
Restricted cash	101	43	44	15	15	100	77	23	12	12
Accounts receivable, net										
Customer	264	264	—	—	—	219	219	—	—	—
Other	42	42	—	—	—	43	43	—	—	—
Mark-to-market derivatives assets	49	49	—	—	—	140	140	—	—	—
Inventory										
Materials and supplies	192	192	—	—	—	181	181	—	—	—
Other current assets	58	51	—	5	—	35	30	—	—	—
Total current assets	866	801	44	20	15	882	854	23	12	12
Property, plant and equipment, net	5,139	5,139	—	—	—	5,160	5,160	—	—	—
Nuclear decommissioning trust funds	2,173	2,173	—	—	—	2,036	2,036	—	—	—
Goodwill	47	47	—	—	—	47	47	—	—	—
Mark-to-market derivatives assets	32	32	—	—	—	53	53	—	—	—
Other noncurrent assets	257	223	3	31	19	90	85	3	18	18
Total noncurrent assets	7,648	7,614	3	31	19	7,386	7,381	3	18	18
Total assets	$ 8,514	$ 8,415	$ 47	$ 51	$ 34	$ 8,268	$ 8,235	$ 26	$ 30	$ 30
Long-term debt due within one year	$ 191	$ 64	$ 81	$ 43	$ 38	$ 111	$ 27	$ 79	$ 46	$ 46
Accounts payable	201	201	—	—	—	216	216	—	—	—
Accrued expenses	102	98	2	2	2	115	113	2	2	2
Mark-to-market derivative liabilities	24	24	—	—	—	5	5	—	—	—
Unamortized energy contract liabilities	14	14	—	—	—	12	12	—	—	—
Other current liabilities	34	34	—	—	—	13	13	—	—	—
Total current liabilities	566	435	83	45	40	472	386	81	48	48
Long-term debt	661	550	—	111	99	666	623	41	124	124
Asset retirement obligations	2,070	2,070	—	—	—	1,999	1,999	—	—	—
Pension obligation [c]	9	9	—	—	—	9	9	—	—	—
Unamortized energy contract liabilities	26	26	—	—	—	39	39	—	—	—
Other noncurrent liabilities	106	106	—	—	—	79	79	—	—	—
Total noncurrent liabilities	2,872	2,761	—	111	99	2,792	2,749	41	124	124
Total liabilities	$ 3,438	$ 3,196	$ 83	$ 156	$ 139	$ 3,264	$ 3,135	$ 122	$ 172	$ 172

(a) Includes certain purchase accounting adjustments not pushed down to the BGE standalone entity.
(b) Includes certain purchase accounting adjustments not pushed down to the ACE standalone entity.
(c) Includes the CNEG retail gas pension obligation, which is presented as a net asset balance within the Prepaid pension asset line item on Generation's balance sheet. See Note 13 — Retirement Benefits for additional details.

Unconsolidated Variable Interest Entities

Exelon's and Generation's variable interests in unconsolidated VIEs generally include equity investments and energy purchase and sale contracts. For the equity investments, the carrying amount of the investments is reflected on Exelon's and Generation's Consolidated Balance Sheets in Investments. For the energy purchase and sale contracts (commercial agreements), the carrying amount of assets and liabilities in Exelon's and Generation's Consolidated Balance Sheets that relate to their involvement with the VIEs are predominately related to working capital accounts and generally represent the amounts owed by, or owed to, Exelon and Generation for the deliveries associated with the current billing cycles under the commercial agreements. Further, Exelon and Generation have not provided material debt or equity support, liquidity arrangements or performance guarantees associated with these commercial agreements.

The Registrants' unconsolidated VIEs consist of:

- Energy purchase and sale agreements with VIEs for which Generation has concluded that consolidation is not required.
- Asset sale agreement with ZionSolutions, LLC and EnergySolutions, Inc. in which Generation has a variable interest but has concluded that consolidation is not required.
- Equity investments in energy development companies, distributed energy companies, and energy generating facilities for which Generation has concluded that consolidation is not required.

As of September 30, 2016 and December 31, 2015, Exelon and Generation had significant unconsolidated variable interests in nine and eight VIEs, respectively for which Exelon or Generation, as applicable, was not the primary beneficiary; including certain equity investments and certain commercial agreements. Exelon and Generation only include unconsolidated VIEs that are individually material in the tables below. However, Generation has several individually immaterial VIEs that in aggregate represent a total investment of $20 million. These immaterial VIEs are equity and debt securities in energy development companies. The maximum exposure to loss related to these securities is limited to the $20 million included in Investments on Exelon's and Generation's Consolidated Balance Sheets. The risk of a loss was assessed to be remote and, accordingly, Exelon and Generation have not recognized a liability associated with any portion of the maximum exposure to loss.

In July 2014, Generation entered into an arrangement to purchase a 90% equity interest and 90% of the tax attributes of a distributed energy company. Generation's total equity commitment in this arrangement was $91 million and was paid incrementally over an approximate two year period (see Note 18 — Commitments and Contingencies for additional details). This arrangement did not meet the definition of a VIE and was recorded as an equity method investment. However, pursuant to the new consolidation guidance effective as of January 1, 2016 for the Registrants, the distributed energy company meets the definition of a VIE because the company has a similar structure to a limited partnership and the limited partners do not have kick out rights of the general partner. (For additional details related to the new consolidation guidance, see Note 2 — New Accounting Pronouncements.) Generation is not the primary beneficiary; therefore, the investment continues to be recorded using the equity method.

In June 2015, 2015 ESA Investco, LLC, then a wholly owned subsidiary of Generation, entered into an arrangement to purchase a 90% equity interest and 99% of the tax attributes of a distributed energy company,

which is an unconsolidated VIE. Separate from the equity investment, Generation provided $27 million in cash to the other (10%) equity holder in the distributed energy company in exchange for a convertible promissory note. In November 2015, Generation sold 69% of its equity interest in 2015 ESA Investco, LLC to a tax equity investor. Generation and the tax equity investor will contribute up to a total of $250 million of equity incrementally from inception through December 2016 in proportion of their ownership interests, which equates up to approximately $172 million for the tax equity investor and up to $78 million for Generation (see Note 18 — Commitments and Contingencies for additional details). Generation and the tax equity investor provide a parental guarantee of up to $275 million in proportion to their ownership interests in support of 2015 ESA Investco, LLC's obligation to make equity contributions to the distributed energy company, which is an unconsolidated VIE. The investment in the distributed energy company was evaluated and it was determined to be a VIE for which Generation is not the primary beneficiary. See additional details in the Consolidated Variable Interest Entities section above.

The following tables present summary information about Exelon and Generation's significant unconsolidated VIE entities:

September 30, 2016	Commercial Agreement VIEs	Equity Investment VIEs	Total
Total assets [a]	$ 586	$ 531	$1,117
Total liabilities [a]	181	308	489
Exelon's ownership interest in VIE [a]	—	193	193
Other ownership interests in VIE [a]	405	34	439
Registrants' maximum exposure to loss:			
Carrying amount of equity method investments	—	225	225
Contract intangible asset	9	—	9
Debt and payment guarantees	—	3	3
Net assets pledged for Zion Station decommissioning [b]	11	—	11

December 31, 2015	Commercial Agreement VIEs	Equity Investment VIEs	Total
Total assets [a]	$ 263	$ 164	$427
Total liabilities [a]	22	125	147
Exelon's ownership interest in VIE [a]	—	11	11
Other ownership interests in VIE [a]	241	28	269
Registrants' maximum exposure to loss:			
Carrying amount of equity method investments	—	21	21
Contract intangible asset	9	—	9
Debt and payment guarantees	—	3	3
Net assets pledged for Zion Station decommissioning [b]	17	—	17

(a) These items represent amounts on the unconsolidated VIE balance sheets, not on Exelon's or Generation's Consolidated Balance Sheets. These items are included to provide information regarding the relative size of the unconsolidated VIEs.

(b) These items represent amounts on Exelon's and Generation's Consolidated Balance Sheets related to the asset sale agreement with ZionSolutions, LLC. The net assets pledged for Zion Station decommissioning includes gross pledged assets of $135 million and $206 million as of September 30, 2016 and December 31, 2015, respectively; offset by payables to ZionSolutions LLC of $124 million and $189 million as of September 30, 2016 and December 31, 2015, respectively. These items are included to provide information regarding the relative size of the ZionSolutions LLC unconsolidated VIE.

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For each of the unconsolidated VIEs, Exelon and Generation has assessed the risk of a loss equal to their maximum exposure to be remote and, accordingly, Exelon and Generation have not recognized a liability associated with any portion of the maximum exposure to loss. In addition, there are no material agreements with, or commitments by, third parties that would affect the fair value or risk of their variable interests in these VIEs.

4. Mergers, Acquisitions and Dispositions (Exelon, Generation, PHI and Pepco)

Merger with Pepco Holdings, Inc. (Exelon)

Description of Transaction

On March 23, 2016, Exelon completed the merger contemplated by the Merger Agreement among Exelon, Purple Acquisition Corp., a wholly owned subsidiary of Exelon (Merger Sub) and Pepco Holdings, Inc. (PHI). As a result of that merger, Merger Sub was merged into PHI (the PHI Merger) with PHI surviving as a wholly owned subsidiary of Exelon and Exelon Energy Delivery Company, LLC (EEDC), a wholly owned subsidiary of Exelon which also owns Exelon's interests in ComEd, PECO and BGE (through a special purpose subsidiary in the case of BGE). Following the completion of the PHI Merger, Exelon and PHI completed a series of internal corporate organization restructuring transactions resulting in the transfer of PHI's unregulated business interests to Exelon and Generation and the transfer of PHI, Pepco, DPL and ACE to a special purpose subsidiary of EEDC.

Regulatory Matters

Approval of the merger in Delaware, New Jersey, Maryland and the District of Columbia was conditioned upon Exelon and PHI agreeing to certain commitments including where applicable: customer rate credits, funding for energy efficiency and delivery system modernization programs, a green sustainability fund, workforce development initiatives, charitable contributions, renewable generation and other required commitments. In addition, the orders approving the merger in Delaware, New Jersey, and Maryland include a "most favored nation" provision which, generally speaking, requires allocation of merger benefits proportionally across all the jurisdictions. In the first quarter of 2016, Exelon estimated and recorded total nominal cost commitments of $508 million, excluding renewable generation commitments (approximately $444 million on a net present value basis, excluding renewable generation commitments and charitable contributions).

During the third and fourth quarters of 2016, Exelon and PHI filed proposals in Delaware and New Jersey and continued negotiations in Maryland for amounts and allocations reflecting the application of the most favored nation provision, resulting in total nominal cost of commitments of $513 million, excluding renewable generation commitments (with no change in the $444 million net present value basis amount, excluding renewable generation commitments and charitable contributions). A similar filing will be required in Maryland. These filings, which reflect agreements reached with certain parties to the merger proceedings in the jurisdictions, are subject to regulatory review and approval in each jurisdiction. The Delaware Commission approved the amounts and allocations in September and October 2016 and an order from the New Jersey BPU is expected in the fourth quarter of 2016. No changes in commitment cost levels are required in the District of Columbia.

The proposed settlements included certain changes in the amount and mix of previously reported, expected commitment types, resulting in adjustments to the estimated commitment costs recorded by Exelon Corporate and by the individual PHI utility reporting entities such that more commitments are expected to be obligations of Exelon Corporate for energy efficiency, workforce development and other programs as opposed to obligations of PHI, Pepco, DPL and ACE for additional customer rate credits. Specifically, for the three months ended September 30, 2016, Exelon Corporate recorded an increase of $55 million and PHI, Pepco, DPL and ACE recorded decreases of $50 million, $13 million, $27 million and $10 million, respectively, in Operating and maintenance expense.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following amounts were recognized as total commitment costs in Operating and maintenance expense in Exelon's, PHI's, Pepco's, DPL's and ACE's Consolidated Statements of Operations and Comprehensive Income for the nine months ended September 30, 2016 and PHI's successor period:

Description	Expected Payment Period	Pepco [a]	DPL [a]	ACE [a]	*Successor* PHI [a]	Exelon [a]
Rate credits	2016 — 2017	$ 91	$ 58	$ 101	$ 250	$ 250
Energy efficiency	2016 — 2021	—	—	—	—	120
Charitable contributions	2016 — 2026	28	12	10	50	50
Delivery system modernization	Q2 2016	—	—	—	—	22
Green sustainability fund	Q2 2016	—	—	—	—	14
Workforce development	2016 — 2020	—	—	—	—	24
Other		7	7	—	14	33
Total		$ 126	$ 77	$ 111	$ 314	$ 513

(a) Included within the individual line items is the most favored nation provision estimate of $6 million, $5 million $38 million, $49 million, and $134 million at Pepco, DPL, ACE, PHI and Exelon, respectively.

Pursuant to the orders approving the merger, Exelon made $73 million, $46 million and $49 million of equity contributions to Pepco, DPL and ACE, respectively, in the second quarter of 2016 to fund the after-tax amounts of the customer bill credit and the customer base rate credit commitments.

In addition, Exelon is committed to develop or to assist in the commercial development of approximately 37 MWs of new generation in Maryland, District of Columbia, and Delaware, 27 MWs of which are expected to be completed by 2018. These investments are expected to total approximately $137 million, are expected to be primarily capital in nature, and will generate future earnings at Exelon and Generation. The actual cost of investment in new generation may differ depending on the result of final negotiations and application of the most favored nation provision. Investment costs will be recognized as incurred and recorded on Exelon's and Generation's financial statements. Exelon has also committed to purchase 100 MWs of wind energy in PJM, to procure 120 MWs of wind RECs for the purpose of meeting Delaware's renewable portfolio standards, and to maintain and promote energy efficiency and demand response programs in the PHI jurisdictions.

Pursuant to the various jurisdictions' merger approval conditions, over specified periods Pepco, DPL and ACE are not permitted to reduce employment levels due to involuntary attrition associated with the merger integration process and have made other commitments regarding hiring and relocation of positions.

Exelon was previously named in suits filed in the Delaware Chancery Court alleging that individual directors of PHI breached their fiduciary duties by entering into the merger transaction, and that Exelon aided and abetted the individual directors' breaches. The suits sought rescission of the merger and unspecified damages and costs. On June 1, 2016, the parties executed a settlement to resolve all claims, subject to the approval of the Delaware Court. A hearing had been scheduled for September 8, 2016 in the Delaware Court to consider whether to approve the settlement. However, on August 19, 2016, the plaintiffs advised Exelon that they had determined to dismiss the case in its entirety and with prejudice. On August 24, 2016, the Delaware Court issued an order approving the dismissal.

In July 2015, the OPC, Public Citizen, Inc., the Sierra Club and the Chesapeake Climate Action Network (CCAN) filed motions to stay the MDPSC order approving the merger and in July and August, Exelon, PHI, the MDPSC, Prince George's County and Montgomery County filed responses opposing the motions to stay. The judge issued an order denying the motions for stay on August 12, 2015. On January 8, 2016, the Circuit Court

judge affirmed the MDPSC's order approving the merger and denied the petitions for judicial review filed by the OPC, the Sierra Club, CCAN and Public Citizen, Inc. On January 19, 2016, the OPC filed a notice of appeal to the Maryland Court of Special Appeals, and on January 21, the Sierra Club and CCAN filed a notice of appeal. Exelon believes the matters are without merit. These appeals are not expected to be resolved any earlier than the first quarter of 2017.

Between March 25, 2016 and April 22, 2016, various parties filed motions with the DCPSC to reconsider its March 23, 2016 order approving the merger. On June 17, 2016, the DCPSC denied all motions. In August 2016, the District of Columbia Office of People's Counsel, the District of Columbia Government, and Public Citizen jointly with DC Sun each filed petitions for judicial review of the DCPSC's March 23, 2016 order with the District of Columbia Court of Appeals. On September 9, 2016, the Court consolidated the appeals. Although the Court has not yet issued a scheduling order, a decision on this matter is not expected until the second or third quarter of 2017. Exelon believes the matters are without merit.

Accounting for the Merger Transaction

The total purchase price consideration of approximately $7.1 billion for the PHI Merger consisted of cash paid to PHI shareholders, cash paid for PHI preferred securities and cash paid for PHI stock-based compensation equity awards as follows:

(In millions of dollars, except per share data)	Total Consideration
Cash paid to PHI shareholders at $27.25 per share (254 million shares outstanding at March 23, 2016)	$ 6,933
Cash paid for PHI preferred stock [(a)]	180
Cash paid for PHI stock-based compensation equity awards [(b)]	29
Total purchase price	$ 7,142

(a) As of December 31, 2015, the preferred stock was included in Other non-current assets on Exelon's Consolidated Balance Sheets.
(b) PHI's unvested time-based restricted stock units and performance-based restricted stock units issued prior to April 29, 2014 were immediately vested and paid in cash upon the close of the merger. PHI's remaining unvested time-based restricted stock units as of the close of the merger were cancelled. There were no remaining unvested performance-based restricted stock units as of the close of the merger.

PHI shareholders received $27.25 of cash in exchange for each share of PHI common stock outstanding as of the effective date of the merger. In connection with the Merger Agreement, Exelon entered into a Subscription Agreement under which it purchased $180 million of a new class of nonvoting, nonconvertible and nontransferable preferred securities of PHI prior to December 31, 2015. On March 23, 2016, the preferred securities were cancelled for no consideration to Exelon, and accordingly, the $180 million cash consideration previously paid to acquire the preferred securities was treated as purchase price consideration.

The valuations performed in the first quarter of 2016 to assess the fair value of certain assets acquired and liabilities assumed were considered preliminary as a result of the short time period between the closing of the merger and the end of the first quarter of 2016. Accounting guidance provides that the allocation of the purchase price may be modified up to one year from the date of the merger as more information is obtained about the fair value of assets acquired and liabilities assumed; however, Exelon expects to finalize these amounts by the end of 2016. During the second and third quarters, certain modifications were made to preliminary valuation amounts for acquired property, plant and equipment, unamortized energy contracts, current liabilities, long-term debt,

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deferred income taxes and pension and OPEB liability resulting in a $16 million net decrease to goodwill. The preliminary amounts recognized are subject to further revision to the extent that additional information is obtained about the facts and circumstances that existed as of the acquisition date. Any changes to the fair value assessments may affect the purchase price allocation and could potentially impact goodwill.

Exelon applied push-down accounting to PHI, and accordingly, the PHI assets acquired and liabilities assumed were recorded at their estimated fair values on Exelon's and PHI's Consolidated Balance Sheets as of March 23, 2016, as follows:

Preliminary Purchase Price Allocation	
Current assets	$ 1,441
Property, plant and equipment	11,088
Regulatory assets	5,015
Other assets	248
Goodwill	4,000
Total assets	$21,792
Current liabilities	$ 2,752
Unamortized energy contracts	1,515
Regulatory liabilities	297
Long-term debt, including current maturities	5,636
Deferred income taxes	3,442
Pension and OPEB liability	821
Other liabilities	187
Total liabilities	$14,650
Total purchase price	$ 7,142

On its successor financial statements, PHI has recorded, beginning March 24, 2016, Membership interest equity of $7.2 billion, which is greater than the total $7.1 billion purchase price, reflecting the impact of a $59 million deferred tax liability recorded only at Exelon Corporate to reflect unitary state income tax consequences of the merger.

The excess of the purchase price over the estimated fair value of the assets acquired and the liabilities assumed totaled $4.0 billion, which was recognized as goodwill by PHI and Exelon at the acquisition date, reflecting the value associated with enhancing Exelon's regulated utility portfolio of businesses, including the ability to leverage experience and best practices across the utilities and the opportunities for synergies. For purposes of future required impairment assessments, the goodwill has been preliminarily assigned to PHI's reportable units Pepco, DPL and ACE in the amounts of $1.7 billion, $1.1 billion and $1.2 billion, respectively. None of this goodwill is expected to be tax deductible.

Immediately following closing of the merger, $235 million of net assets included in the table above associated with PHI's unregulated business interests were distributed by PHI to Exelon. Exelon contributed $163 million of such net assets to Generation.

The fair values of PHI's assets and liabilities were determined based on significant estimates and assumptions that are judgmental in nature, including projected future cash flows (including timing), discount rates reflecting risk inherent in the future cash flows, future market prices and impacts of utility rate regulation. There were also judgments made to determine the expected useful lives assigned to each class of assets acquired.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Exelon's and PHI's carrying amount of goodwill for the nine months ended September 30, 2016 was as follows:

	PHI	Exelon [a]
Beginning balance, December 31, 2015	$ —	$ 2,672
Goodwill from business combination	4,016	4,016
Measurement period adjustments	(16)	(16)
Ending balance, September 30, 2016	$4,000	$ 6,672

(a) As of September 30, 2016, there were no changes to the carrying amount of goodwill for ComEd, see Note 11 —Intangible Assets of the Exelon 2015 Form 10-K for further information.

Through its wholly-owned rate regulated utility subsidiaries, most of PHI's assets and liabilities are subject to cost-of-service rate regulation. Under such regulation, rates charged to customers are established by a regulator to provide for recovery of costs and a fair return on invested capital, or rate base, generally measured at historical cost. In applying the acquisition method of accounting, for regulated assets and liabilities included in rate base or otherwise earning a return (primarily property, plant and equipment and regulatory assets earning a return), no fair value adjustments were recorded as historical cost is viewed as a reasonable proxy for fair value.

Fair value adjustments were applied to the historical cost bases of other assets and liabilities subject to rate regulation but not earning a return (including debt instruments and pension and OPEB obligations). In these instances, a corresponding offsetting regulatory asset or liability was also established, as the underlying utility asset and liability amounts are recoverable from or refundable to customers at historical cost (and not at fair value) through the rate setting process. Similar treatment was applied for fair value adjustments to record intangible assets and liabilities, such as for electricity and gas energy supply contracts as further described below. Regulatory assets and liabilities established to offset fair value adjustments are amortized in amounts and over time frames consistent with the realization or settlement of the fair value adjustments, with no impact on reported net income. See Note 5 — Regulatory Matters for additional information regarding the fair value of regulatory assets and liabilities established by Exelon and PHI.

Fair value adjustments were recorded at Exelon and PHI for the difference between the contract price and the market price of electricity and gas energy supply contracts of PHI's wholly-owned rate regulated utility subsidiaries. These adjustments are intangible assets and liabilities classified as unamortized energy contracts on Exelon's and PHI's Consolidated Balance Sheets as of September 30, 2016. The difference between the contract price and the market price at the acquisition date of the Merger was recognized for each contract as either an intangible asset or liability. In total, Exelon and PHI recorded a net $1.5 billion liability reflecting out-of-the-money contracts. The valuation of the acquired intangible assets and liabilities was estimated by applying either the market approach or the income approach depending on the nature of the underlying contract. The market approach was utilized when prices and other relevant information generated by market transactions involving comparable transactions were available. Otherwise the income approach, which is based upon discounted projected future cash flows associated with the underlying contracts, was utilized. In certain instances, the valuations were based upon certain unobservable inputs, which are considered Level 3 inputs, pursuant to applicable accounting guidance. Key estimates and inputs include forecasted power prices and the discount rate. The unamortized energy contract fair value adjustment amounts and the corresponding offsetting regulatory asset and liability amounts are amortized through Purchase power and fuel expense or Operating revenues, as applicable, over the life of the applicable contract in relation to the present value of the underlying cash flows as of the merger date.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

As mentioned, under cost-of-service rate regulation, rates charged to customers are established by a regulator to provide for recovery of costs and a fair return on invested capital, or rate base, generally measured at historical cost. Historical cost information therefore is the most relevant presentation for the financial statements of PHI's rate regulated utility subsidiary registrants, Pepco, DPL and ACE. As such, Exelon and PHI did not push-down the application of acquisition accounting to PHI's utility registrants, and therefore the financial statements of Pepco, DPL and ACE do not reflect the revaluation of any assets and liabilities.

The current impact of PHI, including its unregulated businesses, on Exelon's Consolidated Statements of Operations and Comprehensive Income includes Operating revenues of $1.4 billion and Net income of $169 million during the three months ended September 30, 2016, and Operating revenues of $2.7 billion and Net loss of $(92) million during the nine months ended September 30, 2016.

For the three and nine months ended September 30, 2016 and 2015, the Registrants have recognized costs to achieve the PHI acquisition as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
Acquisition, Integration and Financing Costs [a]	2016	2015	2016	2015
Exelon [b]	$ 20	$ 22	$ 123	$ 84
Generation	9	10	29	30
ComEd [c]	—	3	(6)	9
PECO	1	1	3	4
BGE [c]	1	2	(3)	4
Pepco [c]	3	1	26	3
DPL [c]	2	—	18	2
ACE	2	—	17	1

	Successor	*Predecessor*	*Successor*	*Predecessor*	
Acquisition, Integration and Financing Costs [a]	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	March 24 to September 30, 2016	January 1 to March 23, 2016	Nine Months Ended September 30, 2015
PHI [c]	$ 7	$ 3	$ 63	$ 29	$ 16

(a) The costs incurred are classified primarily within Operating and maintenance expense in the Registrants' respective Consolidated Statements of Operations and Comprehensive Income, with the exception of the financing costs, which are included within Interest expense. Costs do not include merger commitments discussed above.
(b) Reflects costs (benefits) recorded at Exelon related to financing, including mark-to-market activity on forward-starting interest rate swaps.
(c) For the nine months ended September 30, 2016, includes the reversal of previously incurred acquisition, integration and financing costs of $8 million, $6 million, $10 million, $3 million and $13 million incurred at ComEd, BGE, Pepco, DPL and PHI, respectively, that have been deferred and recorded as a regulatory asset for anticipated recovery. See Note 5 —Regulatory Matters for more information.

Pro-forma Impact of the Merger

The following unaudited pro forma financial information reflects the consolidated results of operations of Exelon as if the merger with PHI had taken place on January 1, 2015. The unaudited pro forma information was calculated after applying Exelon's accounting policies and adjusting PHI's results to reflect purchase accounting adjustments.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The unaudited pro forma financial information has been presented for illustrative purposes only and is not necessarily indicative of results of operations that would have been achieved had the merger events taken place on the dates indicated, or the future consolidated results of operations of the combined company.

	Three Months Ended September 30,		Nine Months Ended September 30,		Year Ended December 31,
	2016 [a]	2015 [b]	2016 [a]	2015 [b]	2015 [c]
Total operating revenues	$ 9,002	$ 8,545	$ 24,468	$ 26,129	$ 33,823
Net income attributable to common shareholders	501	746	1,346	2,169	2,618
Basic earnings per share	$ 0.54	$ 0.81	$ 1.46	$ 2.36	$ 2.85
Diluted earnings per share	0.54	0.81	1.45	2.35	2.84

(a) The amounts above include adjustments for non-recurring costs directly related to the merger of $20 million and $660 million for the three and nine months ended September 30, 2016, respectively, and intercompany revenue of $171 million for the nine months ended September 30, 2016.
(b) The amounts above include adjustments for non-recurring costs directly related to the merger of $25 million and $100 million and intercompany revenue of $192 million and $426 million for the three and nine months ended September 30, 2015, respectively.
(c) The amounts above include adjustments for non-recurring costs directly related to the merger of $92 million and intercompany revenue of $559 million for the year ended December 31, 2015.

Acquisition of ConEdison Solutions (Exelon and Generation)

On September 1, 2016, Generation acquired the competitive retail electricity and natural gas business of Consolidated Edison Solutions, Inc. (ConEdison Solutions), a subsidiary of Consolidated Edison, Inc. for a purchase price of $257 million including net working capital of $204 million. The renewable energy, sustainable services and energy efficiency businesses of ConEdison Solutions are excluded from the transaction. As of September 30, 2016, Generation had remitted $235 million to ConEdison Solutions and the remaining balance of $22 million, which is included in Other current liabilities on Exelon's and Generation's Consolidated Balance Sheets, will be paid during the first quarter of 2017.

The following table summarizes the acquisition-date fair value of the consideration transferred and the assets and liabilities assumed for the ConEdison Solutions acquisition by Generation as of September 1, 2016:

Total consideration transferred	$257
Identifiable assets acquired and liabilities assumed	
Working capital assets	$204
Property, plant and equipment	2
Mark-to-market derivative assets	6
Unamortized energy contract assets	100
Customer relationships	9
Other assets	1
Total assets	$322
Mark-to-market derivative liabilities	$ (65)
Total liabilities	$ (65)
Total net identifiable assets, at fair value	$257

The purchase price equaled the estimated fair value of the net assets acquired and the liabilities assumed and, therefore, no goodwill or bargain purchase was recorded as of September 30, 2016. The purchase accounting is preliminary, and, although not expected, may be further adjusted from what is shown above. Accounting guidance provides that the allocation of the purchase price may be modified up to one year from the date of the acquisition as more information is obtained about the fair value of assets acquired and liabilities assumed; however, Generation expects to finalize these amounts by the first quarter of 2017.

The fair values of ConEdison Solutions' assets and liabilities were determined based on significant estimates and assumptions that are judgmental in nature, including projected future cash flows (including timing), discount rates reflecting risk inherent in the future cash flows and future power and fuel market prices.

It is impracticable to determine the post-close impact of ConEdison Solutions as the operations of ConEdison Solutions have been integrated into Generation's operations and are therefore not distinguishable after the acquisition.

Proposed Acquisition of James A. FitzPatrick Nuclear Generating Station (Exelon and Generation)

On August 8, 2016, Generation executed a series of agreements with Entergy Nuclear FitzPatrick LLC (Entergy) to acquire the 838MW single-unit James A. FitzPatrick (FitzPatrick) nuclear generating station located in Scriba, New York for a cash purchase price of $110 million. As part of the transaction, Generation would receive the FitzPatrick NDT fund assets and assume the obligation to decommission FitzPatrick. Closing of the transaction is currently anticipated to occur in the second quarter of 2017 and is dependent upon regulatory approval by FERC, NRC and the New York Public Service Commission (NYPSC). The transaction is also subject to the notification and reporting requirements of the HSR Act (which has been completed) and other customary closing conditions. The NRC license for FitzPatrick expires in 2034. Entergy had previously announced plans in November 2015 to early retire FitzPatrick at the end of the current fuel cycle in January 2017. Under the terms of the agreements, Generation will reimburse Entergy for approximately $200 million to $250 million of incremental costs to prepare for and conduct the plant refueling outage as well as to operate and maintain the plant after the refueling outage, scheduled to end in February 2017, through the closing date. These are costs which otherwise would have been avoided by FitzPatrick's planned permanent shutdown in January 2017. Generation will be entitled to all revenues from FitzPatrick's electricity and capacity sales for the period commencing upon completion of the refueling outage through the acquisition closing date. The agreements provide for certain termination rights, including the right of either party to terminate if the transaction has not been consummated within 12 months due to failure to obtain the required regulatory approvals.

On October 11, 2016, Public Citizen, Inc. filed a protest with FERC challenging Generation and Entergy's application to FERC for the transfer of ownership of FitzPatrick. No other party to the proceeding has filed any protests or comments. Generation and Entergy had requested FERC to approve the FitzPatrick transaction by November 18, 2016, however FERC is under no obligation to do so. The timing of FERC's decision on Generation and Entergy's application and the outcome of this protest are currently uncertain. Refer to Note 5 —Regulatory Matters for additional information on the New York CES and ZEC program.

The transaction is expected to be accounted for as a business combination. For accounting and financial reporting purposes, the costs for which Generation reimburses Entergy as well as the revenue received from FitzPatrick prior to the closing of the transaction will be treated as part of the purchase price consideration. Generation will record the fair value of the assets acquired and liabilities assumed as of the acquisition date. To the extent the purchase price is greater than the fair value of the net assets acquired, goodwill will be recorded. To the extent the fair value of the net assets acquired is greater than the purchase price, a bargain purchase gain will be recorded.

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As of September 30, 2016, Generation has paid a non-refundable deposit of $10 million and reimbursed Entergy for $9 million in costs all of which have been classified with Other noncurrent assets on Exelon's and Generation's Consolidated Balance Sheets. These amounts are also reflected within Acquisition of businesses on Exelon's and Generation's Consolidated Statements of Cash Flows.

Asset Divestitures (Exelon, Generation, PHI and Pepco)

On April 21, 2016, Generation completed the sale of the retired New Boston generating site, located in Boston, Massachusetts, resulting in a pre-tax gain of approximately $32 million.

On May 2, 2016, Pepco completed the sale of the New York Avenue land parcel, located in Washington, D.C., resulting in a pre-tax gain of approximately $8 million at Pepco. Due to the fair value adjustments recorded at Exelon and PHI as part of purchase accounting, no gain was recorded in the Exelon and PHI Consolidated Statements of Operations and Comprehensive Income.

On June 16, 2016, Generation initiated the sales process of its Upstream business by executing a forbearance agreement with the lenders of the nonrecourse debt. See Note 10 — Debt and Credit Agreements for more information. As of September 30, 2016, $46 million of Property, plant and equipment and $5 million of Asset retirement obligation are classified as held for sale within Other current assets and Other current liabilities, respectively, on Exelon's and Generation's Consolidated Balance Sheets. In October 2016, Generation entered into an agreement to sell a portion of the Upstream assets which is expected to close before December 31, 2016.

In July 2016, DPL completed the sale of a 9 acre land parcel located on South Madison Street in Wilmington, DE, resulting in a pre-tax gain of approximately $4 million. Due to the fair value adjustments recorded at Exelon and PHI as part of purchase accounting, no gain was recorded in the Exelon and PHI Consolidated Statements of Operations and Comprehensive Income.

5. Regulatory Matters (All Registrants)

Except for the matters noted below, the disclosures set forth in Note 3 — Regulatory Matters of the Exelon 2015 Form 10-K and Note 7 — Regulatory Matters of the PHI 2015 Form 10-K appropriately represent, in all material respects, the current status of regulatory and legislative proceedings of the Registrants. The following is an update to that discussion.

Illinois Regulatory Matters

Distribution Formula Rate (Exelon and ComEd). On April 13, 2016, ComEd filed its annual distribution formula rate with the ICC pursuant to EIMA. The filing establishes the revenue requirement used to set the rates that will take effect in January 2017 after the ICC's review and approval, which is due by December 2016. The revenue requirement requested is based on 2015 actual costs plus projected 2016 capital additions as well as an annual reconciliation of the revenue requirement in effect in 2015 to the actual costs incurred that year. ComEd's 2016 filing request includes a total increase to the revenue requirement of $138 million, reflecting an increase of $139 million for the initial revenue requirement for 2017 and a decrease of $1 million related to the annual reconciliation for 2015. The revenue requirement for 2017 provides for a weighted average debt and equity return on distribution rate base of 6.71% inclusive of an allowed ROE of 8.64%, reflecting the average rate on 30-year treasury notes plus 580 basis points. The annual reconciliation for 2015 provided for a weighted average debt and equity return on distribution rate base of 6.69% inclusive of an allowed ROE of 8.59%, reflecting the average rate on 30-year treasury notes plus 580 basis points less a performance metrics penalty of 5 basis points. See table below for ComEd's regulatory assets associated with its distribution formula rate. For additional information on ComEd's distribution formula rate filings see Note 3 — Regulatory Matters of the Exelon 2015 Form 10-K.

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Grand Prairie Gateway Transmission Line (Exelon and ComEd). On December 2, 2013, ComEd filed a request to obtain the ICC's approval to construct a 60-mile overhead 345kV transmission line that traverses Ogle, DeKalb, Kane and DuPage Counties in Northern Illinois. On October 22, 2014, the ICC issued an Order approving ComEd's request. The City of Elgin and certain other parties each filed an appeal of the ICC Order in the Illinois Appellate Court for the Second District. ComEd then reached a settlement of the appeal filed by all parties except Elgin. On March 31, 2016, the Illinois Appellate Court issued its opinion affirming the ICC's grant of a certificate to ComEd to construct and operate the line. Elgin did not seek further review of the Illinois Appellate Court decision. On May 28, 2014, in a separate proceeding, FERC issued an order granting ComEd's request to include 100% of the capital costs recorded to construction work in progress during construction of the line in ComEd's transmission rate base. If the project is cancelled or abandoned for reasons beyond ComEd's control, FERC approved the ability for ComEd to recover 100% of its prudent costs incurred after May 21, 2014 and 50% of its costs incurred prior to May 21, 2014 in ComEd's transmission rate base. The costs incurred for the project prior to May 21, 2014 were immaterial. ComEd has acquired the necessary land rights across the project route through voluntary transactions. ComEd began construction of the line during 2015 with an expected in-service date of 2017.

FutureGen Industrial Alliance, Inc (Exelon and ComEd). During 2013, the ICC approved, and directed ComEd and Ameren (the Utilities) to enter into 20-year sourcing agreements with FutureGen Industrial Alliance, Inc (FutureGen), under which FutureGen will retrofit and repower an existing plant in Morgan County, Illinois to a 166 MW near zero emissions coal-fueled generation plant, with an assumed commercial operation date in 2017. The order also directs ComEd and Ameren to recover these costs from their electric distribution customers through the use of a tariff, regardless of whether they purchase electricity from ComEd or Ameren, or from competitive electric generation suppliers.

In February 2013, ComEd filed an appeal with the Illinois Appellate Court questioning the legality of requiring ComEd to procure power for retail customers purchasing electricity from competitive electric generation suppliers. On July 22, 2014, the Illinois Appellate Court issued its ruling re-affirming the ICC's order requiring ComEd to enter into the sourcing agreement with FutureGen and allowing the use of a tariff to recover its costs. ComEd decided not to appeal the Illinois Appellate Court's decision to the Illinois Supreme Court. However, the competitive electric generation suppliers and several large consumers petitioned for leave to appeal the Illinois Appellate Court's decision. On November 26, 2014, the Illinois Supreme Court granted the petition. ComEd executed the sourcing agreement with FutureGen in accordance with the ICC's order. In addition, ComEd filed a petition with the ICC seeking approval of the tariff allowing for the recovery of its costs associated with the FutureGen contract from all of its electric distribution customers, which was approved by the ICC on September 30, 2014.

In February 2015, the DOE suspended funding for the cost development of FutureGen. On January 13, 2016, FutureGen informed the Illinois Supreme Court that it had ceased all development efforts on the FutureGen project. Accordingly, FutureGen requested that the court dismiss the proceeding as moot. In February 2016, FutureGen terminated its sourcing agreement with ComEd. On May 19, 2016, the Illinois Supreme Court dismissed the matter as moot. As a result, ComEd is under no further obligation under this agreement.

Pennsylvania Regulatory Matters

Pennsylvania Procurement Proceedings (Exelon and PECO). Through PECO's first two PAPUC approved DSP Programs, PECO procured electric supply for its default electric customers through PAPUC approved competitive procurements. DSP I and DSP II expired on May 31, 2013 and May 31, 2015, respectively.

The second DSP Program included a number of retail market enhancements recommended by the PAPUC in its previously issued Retail Markets Intermediate Work Plan Order. PECO was also directed to submit a plan to

allow its low-income CAP customers to purchase their generation supply from EGSs beginning in April 2014. In May 2013, PECO filed its CAP Shopping Plan with the PAPUC. By an Order entered on January 24, 2014, the PAPUC approved PECO's plan, with modifications, to make CAP shopping available beginning April 15, 2014. On March 20, 2014, the Office of Consumer Advocate (OCA) and low-income advocacy groups filed an appeal and emergency request for a stay with the Pennsylvania Commonwealth Court (Court), claiming that the PAPUC-ordered CAP Shopping plan does not contain sufficient protections for low-income customers. On July 14, 2015, the Court issued opinions on the OCA and low-income advocacy group appeal. Specifically, the Court remanded the issue to the PAPUC with instructions that it approve a rule revision to the PECO CAP Shopping Plan that would prohibit CAP customers from entering into contracts with an EGS that would impose early cancellation/termination fees. The PAPUC, as well as the low-income advocates and the Office of Consumer Advocate, appealed the Court's decision. On April 5, 2016, the Pennsylvania Supreme Court declined to accept the appeals. On May 11, 2016, the PAPUC issued a Secretarial Letter requiring PECO to propose a rule revision to the PECO CAP Shopping Plan consistent with the Court's decision. On July 19, 2016, PECO filed a letter stating its intent to revise its Plan by September 1, 2016 to incorporate the rule revision. On September 1, 2016, PECO filed its proposed rule revision that is consistent with the Court's opinion with a proposed effective date of April 14, 2017.

On December 4, 2014, the PAPUC approved PECO's third DSP Program. The program has a 24-month term from June 1, 2015 through May 31, 2017, and complies with electric generation procurement guidelines set forth in Act 129. Under the program, PECO procured electric supply through four competitive procurements for fixed price full requirements contracts of two years or less for the residential classes and small and medium commercial classes and spot market price full requirement contracts for the large commercial and industrial class load. Beginning in June 2016, the medium commercial class (101-500 kW) moved to spot market pricing. In September 2016, PECO entered into contracts with PAPUC-approved bidders, including Generation, resulting from the final of its four scheduled procurements. Charges incurred for electric supply procured through contracts with Generation are included in purchased power from affiliates on PECO's Consolidated Statement of Operations and Comprehensive Income.

On March 17, 2016, PECO filed its fourth DSP Program with the PAPUC proposing a 24-month term from June 1, 2017 through May 31, 2019, in compliance with electric generation procurement guidelines set forth in Act 129. On October 4, 2016, the Administrative Law Judge recommended that PECO's previously filed partial settlement be approved without modification. The settlement would extend the program period through May 2021 and consolidate the Medium Commercial and Large Commercial classes of default service customers into a Consolidated Large Commercial Class proposed by the Company. The issue of PECO's implementation of CAP Shopping was reserved for briefing, and the Administrative Law Judge determined that issue was not a part of the DSP IV case. A decision by the PAPUC is expected in December 2016.

For further information on the Pennsylvania procurement proceedings, see Note 3 — Regulatory Matters of the Exelon 2015 Form 10-K.

Energy Efficiency Programs (Exelon and PECO). On June 19, 2015, the PAPUC issued its Phase III EE&C implementation order that provides energy consumption reduction requirements for the third phase of Act 129's EE&C program with a five-year term from June 1, 2016 through May 31, 2021.

Pursuant to the Phase III implementation order, PECO filed its five-year EE&C Phase III Plan with the PAPUC on November 30, 2015. The Plan sets forth how PECO will reduce electric consumption by at least 1,962,659 MWh, with a goal of 2,100,875 MWh in its service territory for the period June 1, 2016 through May 31, 2021. The PAPUC approved PECO's EE&C Phase III Plan, with requested clarifications, on May 19, 2016.

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For further information on energy efficiency programs, see Note 3 — Regulatory Matters of the Exelon 2015 Form 10-K.

Maryland Regulatory Matters

2016 Maryland Electric Distribution Rate Case (Exelon, PHI and Pepco). On April 19, 2016, Pepco filed an application with the MDPSC requesting an increase of $127 million to its electric distribution base rates, which was later updated to $103 million, based on a requested ROE of 10.6%. The application is inclusive of a request seeking recovery of Pepco's regulatory assets associated with its AMI program over a five-year period supported by evidence demonstrating that the benefits of the AMI program exceed the costs on a present value basis. Any adjustments to rates approved by the MDPSC are expected to take effect in November 2016. In addition to the proposed rate increase, Pepco is proposing to continue its Grid Resiliency Program initially approved in July 2013 in connection with Pepco's electric distribution rate case filed in November 2012. Under the Grid Resiliency Program, Pepco is authorized to receive recovery of specific investments as the assets are placed in service through the Grid Resiliency Charge. In connection with the Grid Resiliency Program, Pepco proposes to accelerate improvement to priority feeders and install single-phase reclosing fuse technology by investing $16 million a year for two years for a total of $32 million. Pepco cannot predict how much of the requested rate increase the MDPSC will approve or if it will approve a continuation of Pepco's Grid Resiliency Program proposal.

2016 Maryland Electric Distribution Base Rates (Exelon, PHI and DPL). On July 20, 2016, DPL filed an application with the MDPSC requesting an increase of $66 million to its electric distribution base rates, which was later updated to $57 million, based on a requested ROE of 10.6%. The application is inclusive of a request seeking recovery of DPL's regulatory assets associated with its AMI program over a five-year period supported by evidence demonstrating that the benefits of the AMI program exceed the costs on a present value basis. Any adjustments to rates approved by the MDPSC are expected to take effect in February 2017. DPL cannot predict how much of the requested increase the MDPSC will approve. In addition to the proposed rate increase, DPL is proposing to continue its Grid Resiliency Program initially approved in September 2013 in connection with DPL's electric distribution rate case filed in February 2013. Under the Grid Resiliency Program, DPL is authorized to receive recovery of specific investments as the assets are placed in service through the Grid Resiliency Charge. In connection with the Grid Resiliency Program, DPL proposes to accelerate improvement to priority feeders and install single-phase reclosing fuse technology by investing $4.6 million a year for two years for a total of $9.2 million. DPL cannot predict whether the MDPSC will approve a continuation of DPL's Grid Resiliency Program proposal.

2015 Maryland Electric and Natural Gas Distribution Rate Case (Exelon and BGE). On November 6, 2015, and as amended through the course of the proceeding, BGE filed for electric and natural gas base rate increases with the MDPSC, ultimately requesting annual increases of $116 million and $78 million respectively, of which $104 million and $37 million, were related to recovery of electric and natural gas smart grid initiative costs, respectively. BGE also proposed to recover an annual increase of approximately $30 million for Baltimore City underground conduit fees through a surcharge.

On June 3, 2016, the MDPSC issued an order in which the MDPSC found compelling evidence to conclude that BGE's smart grid initiative overall was cost beneficial to customers. However, the June 3 order contained several cost disallowances and adjustments, including not allowing BGE to defer or recover through a surcharge the $30 million increase in annual Baltimore City underground conduit fees. On June 30, 2016, BGE filed a petition for rehearing of the June 3 order requesting that the MDPSC modify its order to reverse certain decisions including the decision associated with the Baltimore City underground conduit fees. OPC also subsequently filed for a petition for rehearing of the June 3 order.

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On July 29, 2016, the MDPSC issued an order on the petitions for rehearing that reversed certain of its prior cost disallowances and adjustments related to the smart grid initiative. Through the combination of the orders, the MDPSC authorized electric and natural gas rate increases of $44 million and $48 million, respectively, and an allowed ROE for the electric and natural gas distribution businesses of 9.75% and 9.65%, respectively. The new electric and natural gas base rates took effect for service rendered on or after June 4, 2016. However, MDPSC's July 29 order on the petition on rehearing still did not allow BGE to defer or recover through a surcharge the increase in Baltimore City underground conduit fees.

On August 26, 2016, BGE filed an appeal of the MDPSC's orders with the Circuit Court for Baltimore County. On August 29, 2016, the residential consumer advocate also filed an appeal of the MDPSC's order but with the Circuit Court for Baltimore City. BGE cannot predict the outcomes of these appeals. Refer to the Smart Meter and Smart Grid Investment disclosure below for further details on the impact of the ultimate disallowances contained in the orders to BGE.

Smart Meter and Smart Grid Investments (Exelon and BGE). In August 2010, the MDPSC approved a comprehensive smart grid initiative for BGE that included the planned installation of 2 million residential and commercial electric and natural gas smart meters at an expected total cost of $480 million of which $200 million was funded by SGIG. The MDPSC's approval ordered BGE to defer the associated incremental costs, depreciation and amortization, and an appropriate return, in a regulatory asset until such time as a cost-effective advanced metering system is implemented. As of September 30, 2016 and December 31, 2015, the balance of BGE's regulatory asset was $235 million and $196 million, respectively, representing incremental program deployment costs. The current quarter balance of $235 million consists of three major components, including $148 million of unamortized incremental deployment costs of the AMI program, $55 million of unamortized costs of the non-AMI meters replaced under the program, and $32 million related to post-test year incremental program deployment costs incurred prior to approval became effective June 2016. The balance as of September 30, 2016 reflects the impact of the cost disallowances and adjustments discussed below. The incremental deployment costs for the AMI program and the non-AMI meter components of the regulatory asset are being recovered through rates and amortized to expense over a 10 year period, while the post-test year incremental program deployment costs have not yet been approved for recovery by the MDPSC. A return on the regulatory asset is currently included in rates, except for the $55 million portion representing the unamortized cost of the retired non-AMI meters and a $32 million portion related to post-test year incremental program deployment costs.

As part of the 2015 electric and natural gas distribution rate case filed on November 6, 2015, BGE sought recovery of its smart grid initiative costs, supported by evidence demonstrating that BGE had, in fact, implemented a cost-beneficial advanced metering system. On June 3, 2016, the MDPSC issued an order concluding that the smart grid initiative overall is cost beneficial to its customers. However, the June 3 order contained several cost disallowances and adjustments including disallowances of certain program and meter installation costs and denial of recovery of any return on unrecovered costs for non-AMI meters replaced under the program. On June 30, 2016, BGE filed a petition for rehearing of the June 3 order requesting that the MDPSC modify its order to reverse certain decisions and change certain of the cost disallowances and adjustments to enable BGE to defer those costs for recovery through future electric and natural gas rates. OPC also subsequently filed for a petition for rehearing of the June 3 order. On July 29, 2016, the MDPSC issued an order on the petitions for rehearing that reversed certain of its prior cost disallowances and adjustments related to the smart grid initiative. On August 26, 2016, BGE filed an appeal of the MDPSC's orders with the Circuit Court for Baltimore County. On August 29, 2016, the residential consumer advocate also filed an appeal of the MDPSC's order but with the Circuit Court for Baltimore City. BGE cannot predict the outcomes of these appeals.

As a combined result of the MDPSC orders, BGE recorded a $52 million charge to Operating and maintenance expense in Exelon's and BGE's Consolidated Statements of Operations and Comprehensive Income

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reducing certain regulatory assets and other long-lived assets. Pursuant to the combined MDPSC orders, BGE also reclassified $55 million of non-AMI plant costs from Property, plant and equipment, net to Regulatory assets on Exelon's and BGE's Consolidated Balance Sheets as of September 30, 2016. For further information, see Note 3 — Regulatory Matters of the Exelon 2015 Form 10-K.

2013 Maryland Electric and Natural Gas Distribution Rate Case (Exelon and BGE). On May 17, 2013, and as amended on August 23, 2013, BGE filed for electric and natural gas base increases with the MDPSC. In addition to these requested rate increases, BGE's application also included a request for recovery of incremental capital expenditures and operating costs associated with BGE's proposed short-term reliability improvement plan (the ERI initiative) in response to a MDPSC order through a surcharge separate from base rates.

On December 13, 2013, the MDPSC issued an order authorizing BGE to recover through a surcharge mechanism costs associated with five ERI initiative programs designed to accelerate electric reliability improvements premised upon the condition that the MDPSC approve specific projects in advance of cost recovery. As of September 30, 2016, BGE has received approval of its updated surcharge filings three times for rates to be effective in 2014, 2015 and 2016.

In January 2014, the residential consumer advocate in Maryland filed an appeal to the order issued by the MDPSC on December 13, 2013 in BGE's 2013 electric and natural gas distribution rate cases. The residential consumer advocate filed its related legal memorandum on August 22, 2014, challenging the MDPSC's approval of the ERI initiative surcharge. BGE submitted a response to the appeal on October 15, 2014, and a hearing was held on November 17, 2014. On October 26, 2015, the Circuit Court for Baltimore City issued an order affirming the MDPSC decision. However, on November 23, 2015, the residential consumer advocate filed an appeal of the Circuit Court's decision with the Maryland Court of Special Appeals. On March 7, 2016, the consumer advocate withdrew its appeal and no further action is expected.

MDPSC New Generation Contract Requirement (Exelon, Generation, BGE, PHI, Pepco and DPL). On April 12, 2012, the MDPSC issued an order that requires BGE, Pepco and DPL (collectively, the Contract EDCs) to negotiate and enter into a contract with the winning bidder of a competitive bidding process to build one new power plant in the range of 650 to 700 MWs beginning in 2015, in amounts proportional to their relative SOS loads. Under the terms of the order, the winning bidder was to construct a 661 MW natural gas-fired combined cycle generation plant in Waldorf, Maryland, with an expected commercial operation date of June 1, 2015, and each of the Contract EDCs was to recover its costs associated with the contract through surcharges on its respective SOS customers.

In response to a complaint filed by a group of generating companies in the PJM region, on September 30, 2013, the U.S. District Court for the District of Maryland issued a ruling that the MDPSC's April 2012 order violated the Supremacy Clause of the U.S. Constitution by attempting to regulate wholesale prices. In contrast, on October 1, 2013, in response to appeals filed by the Contract EDCs and other parties, the Maryland Circuit Court for Baltimore City upheld the MDPSC's orders requiring the Contract EDCs to enter into the contracts.

On October 24, 2013, the Federal district court issued an order ruling that the contracts are illegal and unenforceable. In November 2013 both the winning bidder and the MDPSC appealed the Federal district court decision to the U.S. Court of Appeals for the Fourth Circuit, which affirmed the lower Federal court ruling. On November 26, 2014, both the winning bidder and the MDPSC petitioned the U.S. Supreme Court to consider hearing an appeal of the Fourth Circuit decision. On October 19, 2015, the U.S. Supreme Court agreed to review the decision. On April 19, 2016, the U.S. Supreme Court unanimously affirmed the Fourth Circuit's ruling upholding the Federal district court's decision.

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The decision of the Maryland Circuit Court was appealed to the Maryland Court of Special Appeals and was stayed pending decision by the U.S. Supreme Court. On August 1, 2016, the Contract EDCs submitted a filing requesting that the MDPSC take notice of the U.S. Supreme Court's decision, and notifying the MDPSC that the Contract EDCs will dismiss their appeal pending at the Maryland Court of Special Appeals. On September 14, 2016, the Maryland Court of Special Appeals dismissed the pending appeal and the matter is considered closed.

Delaware Regulatory Matters

2016 Electric and Natural Gas Distribution Base Rates (Exelon, PHI and DPL). On May 17, 2016, DPL filed an application with the DPSC to increase its annual electric and natural gas distribution base rates by $63 million and $22 million, respectively, based on a requested ROE of 10.6%. While the DPSC is not required to issue a decision on the application within a specified period of time, Delaware law allowed DPL to put into effect $2.5 million of the rate increase two months after filing the applications which were effective July 16, 2016. It also allows the entire requested rate increase seven months after filing, subject to a cap and a refund obligation based on the final DPSC order. DPL cannot predict how much of the requested increase the DPSC will approve.

District of Columbia Regulatory Matters

2016 Electric Distribution Base Rates (Exelon, PHI and Pepco). On June 30, 2016, Pepco filed an application with the DCPSC to increase its annual electric distribution base rates by $86 million, which was updated to $82 million on October 14, 2016, based on a requested ROE of 10.6%. The DCPSC has issued a procedural schedule indicating a final decision will be issued by July 25, 2017. Any adjustments to its rates approved by the DCPSC are expected to take effect soon thereafter. Pepco cannot predict how much of the requested increase the DCPSC will approve.

On April 18, 2016, a party to a separate DCPSC proceeding filed a motion to suspend Pepco's bill stabilization adjustment (BSA), which decouples distribution revenues from utility customers from the amount of electricity delivered. On September 9, 2016, the DCPSC denied the party's motion and determined that the appropriate forum in which to determine whether the BSA continues to be just and reasonable is in Pepco's rate case proceeding. In addition, the DCPSC stated that it was putting Pepco on notice that all funds collected for the BSA from January 2015 to the issuance of a decision in the rate case proceeding are subject to refund should the DCPSC determine that such funds were not justly or reasonably collected. On October 7, 2016, Pepco filed for reconsideration of this order and requested clarification that the order was not final and that the BSA matter would be decided in the base rate case. Pepco also argued that, if the order were considered final, the DCPSC reconsider its ruling that funds collected from the BSA can be retroactively refunded. Pepco cannot predict the outcome of this matter or the impact of a refund if ordered by the DCPSC.

District of Columbia Power Line Undergrounding Initiative (Exelon, PHI and Pepco). In May 2014, the Council of the District of Columbia enacted the Electric Company Infrastructure Improvement Financing Act of 2014 (the Improvement Financing Act), which provided enabling legislation for the District of Columbia Power Line Undergrounding (DC PLUG) initiative which would selectively place underground some of the District of Columbia's most outage-prone power lines.

The Improvement Financing Act provides that: (i) Pepco is to fund approximately $500 million of the estimated cost to complete the DC PLUG initiative, recovering those costs through a volumetric surcharge on the electric bills of Pepco District of Columbia customers; (ii) $375 million of the DC PLUG initiative cost is to be financed by the District of Columbia's issuance of securitized bonds, which bonds will be repaid through a volumetric surcharge (the DDOT surcharge) on the electric bills of Pepco District of Columbia customers that Pepco will remit to the District of Columbia; and (iii) the remaining costs up to $125 million are to be covered by

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the existing capital projects program of the District of Columbia Department of Transportation (DDOT). Pepco will not earn a return on or a return of the cost of the assets funded with the proceeds of the securitized bonds or assets that are constructed by DDOT under its capital projects program, but ownership and responsibility for the operation and maintenance of such assets will be transferred to Pepco for a nominal amount.

In June 2014, Pepco and DDOT filed a Triennial Plan related to the construction of selected underground feeders in the District of Columbia. In August 2014, Pepco filed an application for the issuance of a financing order to provide for the issuance of the District's bonds. In March 2016, the DCPSC's orders approving the Triennial Plan and the application for financing were upheld upon the resolution of appeals that had been filed with the District of Columbia Court of Appeals. In compliance with the Improvement Financing Act, on September 30, 2016, Pepco and DDOT filed a Second Triennial Plan. Recognizing the delays to the First Triennial Plan, Pepco and DDOT requested that the DCPSC hold the Second Triennial Plan in abeyance.

In June 2015, an agency of the federal government served by Pepco asserted that the DDOT surcharge constitutes a tax on end users from which the federal government is immune. PHI is currently evaluating the assertion and the resolution of this matter will likely further delay implementation of the DC PLUG initiative.

New Jersey Regulatory Matters

2016 Electric Distribution Base Rates (Exelon, PHI and ACE). On August 24, 2016, the NJBPU issued an order approving a stipulation of settlement among ACE, the New Jersey Division of Rate Counsel, NJBPU Staff and Unimin Corporation, and an increase of $45 million (before New Jersey sales and use tax) to its electric distribution base rates, with the new rates effective immediately. The stipulation of settlement provided that a determination on PowerAhead would be separated into a phase II of the rate proceeding and decided at a later date and the parties would seek to resolve the matter by the end of 2016, although resolution will most likely occur in the first quarter of 2017. PowerAhead includes capital investments to advance modernization of the electric grid through energy efficiency, increased distributed generation, and resiliency, focused on improving the distribution system's ability to withstand major storm events. ACE cannot predict if the NJBPU will approve the PowerAhead initiative.

Update and Reconciliation of Certain Under-Recovered Balances (Exelon, PHI and ACE). *O* n February 1, 2016, ACE submitted its 2016 annual petition with the NJBPU seeking to reconcile and update (i) charges related to the recovery of above-market costs associated with ACE's long-term power purchase contracts with the NUGs and (ii) costs related to surcharges for the New Jersey Societal Benefit Program (a statewide public interest program that is intended to benefit low income customers and address other public policy goals) and ACE's uncollectible accounts.

The net impact of adjusting the charges as proposed is an overall annual rate increase of $9 million (revised to $19 million in April 2016, based upon an update for actuals through March 2016), including New Jersey sales and use tax. The matter is pending at the NJBPU.

New York Regulatory Matters

New York Clean Energy Standard (Exelon, Generation). On August 1, 2016, the New York Public Service Commission (NYPSC) issued an order establishing the Clean Energy Standard (CES), a component of which includes creation of a Tier 3 Zero Emission Credit (ZEC) program targeted at preserving the environmental attributes of zero-emissions nuclear-powered generating facilities that meet the criteria demonstrating public necessity as determined by the NYPSC. The New York State Energy Research and Development Authority (NYSERDA) will centrally procure the ZECs from eligible plants through a 12-year contract, to be administered in six two-year tranches, extending from April 1, 2017 through March 31, 2029. ZEC payments will be made to the eligible resources based upon the number of MWh produced, subject to

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specified caps and minimum performance requirements. The price to be paid for the ZECs under each tranche will be administratively determined using a formula based on the social cost of carbon as determined by the federal government. The ZEC price for the first tranche has been set at $17.48 per MWh of production. Following the first tranche, the price will be updated bi-annually. Each Load Serving Entity (LSE) shall be required to purchase an amount of ZECs equivalent to its load ratio share of the total electric energy in the New York Control Area. Cost recovery from ratepayers shall be incorporated into the commodity charges on customer bills. The CES initially identifies the three plants eligible for the ZEC program to include, for now, the FitzPatrick, Ginna, and Nine Mile Point nuclear facilities. The program specifically provides that Nine Mile Point Units 1 & 2 qualify jointly as a single facility and if either unit permanently ceases operations then both units will no longer qualify for ZEC payments for the remainder of the program. As issued, the order provides that the duration of the program beyond the first tranche is conditional upon a buyer purchasing the FitzPatrick facility and taking title prior to September 1, 2018; however, Generation and CENG requested clarification, or in the alternative limited rehearing, that this condition is applicable to the FitzPatrick facility only and has no bearing on the 12-year duration of the program for Ginna or Nine Mile Point. To date, several parties have filed with the NYPSC requests for rehearing or reconsideration of the CES and on October 19, 2016, a coalition of fossil generation companies filed a complaint in federal district court against the NYPSC alleging that the ZEC program violates certain provisions of the U.S. Constitution; specifically that the ZEC program interferes with FERC's jurisdiction over wholesale rates and that it discriminates against out of state competitors. Generation and CENG will seek to intervene in the case and to dismiss the lawsuit. Other legal challenges remain possible and the outcomes of each of these challenges are currently uncertain. Negotiations with NYSERDA regarding contracts for the sale of ZECs from Ginna, Nine Mile Point and FitzPatrick are ongoing, and Generation expects that NYSERDA will enter into final agreements during the fourth quarter of 2016. See Note 7 — Early Nuclear Plant Retirements for additional information relative to Ginna and Nine Mile Point. See Note 4 — Mergers, Acquisitions and Dispositions for additional information on Generation's proposed acquisition of FitzPatrick.

Ginna Nuclear Power Plant Reliability Support Services Agreement (Exelon and Generation). In November 2014, in response to a petition filed by Ginna Nuclear Power Plant (Ginna) regarding the possible retirement of Ginna, the NYPSC directed Ginna and Rochester Gas & Electric Company (RG&E) to negotiate a Reliability Support Services Agreement (RSSA) to support the continued operation of Ginna to maintain the reliability of the RG&E transmission grid for a specified period of time. During 2015 and 2016, Ginna and RG&E made filings with the NYPSC and FERC for their approval of the proposed RSSA. Although the RSSA was still subject to regulatory approvals, on April 1, 2015, Ginna began delivering the power and capacity from the Ginna plant into the ISO-NY consistent with the technical provisions of the RSSA.

On March 22, 2016, Ginna submitted a compliance filing with FERC with revisions to the RSSA requested by FERC. On April 8, 2016, FERC accepted the compliance filing and on April 20, 2016, the NYPSC accepted the revised RSSA. Because all regulatory approvals for the RSSA have now been received, Generation began recognizing revenue based on the final approved pricing contained in the RSSA. Generation also recognized a one-time revenue adjustment in April 2016 of approximately $101 million representing the net cumulative previously unrecognized amount of revenue retroactive from the April 1, 2015 effective date through March 31, 2016. A 49.99% portion of the one-time adjustment will be removed from Generation's results as a result of the noncontrolling interests in CENG.

The RSSA approved by the regulatory authorities has a term expiring on March 31, 2017, subject to possible extension in the event that RG&E needs additional time to complete transmission upgrades to address reliability concerns. In March 2016, RG&E notified Ginna that RG&E expects to complete the transmission upgrades prior to the RSSA expiration in March 2017 and will not need Ginna as an ongoing reliability solution after that date.

The approved RSSA requires Ginna to continue operating through the RSSA term. If Ginna does not plan to retire shortly after the expiration of the RSSA, Ginna is required to file a notice to that effect with the NYPSC no

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later than September 30, 2016. Under the terms of the RSSA, if Ginna continues to operate after June 14, 2017, Ginna would be required to make certain refund payments up to a maximum of $20 million to RG&E related to capital expenditures. On September 30, 2016, Ginna filed the required notice with the NYPSC of its intent to continue operating beyond the March 31, 2017 expiry of the RSSA, conditioned upon successful execution of an agreement between Ginna and NYSERDA for the sale of ZECs under the CES. As a result, Ginna has reserved the right to withdraw this notification and cease commercial operations if the ZEC program is terminated, suspended, or stayed prior to commencement of the program on April 1, 2017 or if for any reason a contract with NYSERDA in a form and substance satisfactory to Generation and CENG is not executed for Ginna, Nine Mile Point, or FitzPatrick. Negotiations with NYSERDA are ongoing and contract execution is currently targeted for completion in the fourth quarter of 2016.

There remains an increased risk that, for economic reasons, Ginna could be retired before the end of its operating license period in 2029. In the event the plant were to be retired before the current license term ends in 2029, Exelon's and Generation's results of operations could be adversely affected by the accelerated future decommissioning costs, severance costs, increased depreciation rates, and impairment charges, among other items. See Note 7-Early Nuclear Plant Retirements for further information regarding the impacts of a decision to early retire one or more nuclear plants.

Federal Regulatory Matters

Transmission Formula Rate (Exelon, ComEd, BGE, PHI, Pepco, DPL and ACE). ComEd's, BGE's, Pepco's, DPL's and ACE's transmission rates are each established based on a FERC-approved formula. ComEd, BGE, Pepco, DPL, and ACE are required to file an annual update to the FERC-approved formula on or before May 15, with the resulting rates effective on June 1 of the same year. The annual formula rate update is based on prior year actual costs and current year projected capital additions. The update also reconciles any differences between the revenue requirement in effect beginning June 1 of the prior year and actual costs incurred for that year. ComEd, BGE, Pepco, DPL, and ACE record regulatory assets or regulatory liabilities and corresponding increases or decreases to operating revenues for any differences between the revenue requirement in effect and ComEd's, BGE's, Pepco's, DPL's and ACE's best estimate of the revenue requirement expected to be filed with the FERC for that year's reconciliation. The regulatory asset associated with transmission true-up is amortized to Operating revenues within their Consolidated Statements of Operations of Comprehensive Income as the associated amounts are recovered through rates.

The following total increases/(decreases) were included in ComEd's, BGE's, Pepco's, DPL's and ACE's electric transmission formula rate filings:

	2016				
Annual Transmission Filings [a]	ComEd	BGE	Pepco	DPL	ACE
Initial revenue requirement increase	$ 90	$ 12	$ 2	$ 8	$ 8
Annual reconciliation (decrease) increase	4	3	(10)	(10)	(14)
Dedicated facilities (decrease) increase [b]	—	13	—	—	—
MAPP abandonment recovery decrease [c]	—	—	(15)	(12)	—
Total revenue requirement increase (decrease)	$ 94	$ 28	$ (23)	$ (14)	$ (6)
Allowed return on rate base [d]	8.47%	8.09%	7.88%	7.21%	7.83%
Previously authorized allowed return on rate base [d]	8.61%	8.46%	8.36%	7.80%	8.51%
Allowed ROE [e]	11.50%	10.50%	10.50%	10.50%	10.50%

(a) All rates are effective June 2016.

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(b) BGE's transmission revenues include a FERC approved dedicated facilities charge to recover the costs of providing transmission service to specifically designated load by BGE.
(c) In 2012, PJM terminated the MAPP transmission line construction project planned for the Pepco and DPL service territories. Pursuant to a FERC approved settlement agreement, the abandonment costs associated with MAPP were being recovered in transmission rates over a three-year period that ended in May 2016.
(d) Refers to the weighted average debt and equity return on transmission rate bases.
(e) As part of the FERC-approved settlement of ComEd's 2007 transmission rate case, the rate of return on common equity is 11.50% and the common equity component of the ratio used to calculate the weighted average debt and equity return for the transmission formula rate is currently capped at 55%. As part of the FERC-approved settlement of the ROE complaint against BGE, Pepco, DPL and ACE, the rate of return on common equity is 10.50%, inclusive of a 50 basis point incentive adder for being a member of a regional transmission organization.

For additional information regarding ComEd and BGE's transmission formula rate filings see Note 3 —Regulatory Matters of the Exelon 2015 Form 10-K. For additional information regarding Pepco, DPL and ACE's transmission formula rate filings see Note 7 — Regulatory Matters of the PHI 2015 Form 10-K.

PJM Transmission Rate Design and Operating Agreements (Exelon, Generation, ComEd, PECO, BGE, Pepco, DPL and ACE). PJM Transmission Rate Design specifies the rates for transmission service charged to customers within PJM. Currently, ComEd, PECO, BGE, Pepco, DPL and ACE incur costs based on the existing rate design, which charges customers based on the cost of the existing transmission facilities within their load zone and the cost of new transmission facilities based on those who benefit from those facilities. In April 2007, FERC issued an order concluding that PJM's current rate design for existing facilities is just and reasonable and should not be changed. In the same order, FERC held that the costs of new facilities 500 kV and above should be socialized across the entire PJM footprint and that the costs of new facilities less than 500 kV should be allocated to the customers of the new facilities who caused the need for those facilities. A number of parties appealed to the U.S. Court of Appeals for the Seventh Circuit for review of the decision.

In August 2009, the court issued its decision affirming the FERC's order with regard to the existing facilities, but remanded to FERC the issue of the cost allocation associated with the new facilities 500 kV and above (Cost Allocation Issue) for further consideration by the FERC. On remand, FERC reaffirmed its earlier decision to socialize the costs of new facilities 500 kV and above. A number of parties filed appeals of these orders. In June 2014, the court again remanded the Cost Allocation Issue to FERC. On December 18, 2014, FERC issued an order setting an evidentiary hearing and settlement proceeding regarding the Cost Allocation Issue. On June 15, 2016, a number of parties, including Exelon and the Utility Registrants filed an Offer of Settlement with FERC. Each state that is a party in this proceeding either signed, or will not oppose, the settlement. On July 5, 2016, a number of merchant transmission owners and load servicing entities opposed the Settlement in whole or in part. As of September 30, 2016, the Settlement is awaiting FERC's action. If the Settlement is approved, effective January 1, 2016, for the costs of the 500 kV facilities approved by the PJM Board on or after February 1, 2013, 50% will be socialized across PJM and 50% will be allocated according to an engineering formula that calculates the flows on the transmission facilities. The Settlement includes provisions for monthly credits or charges that are expected to be mostly refunded or recovered through customer rates over a 10-year period based on negotiated numbers for charges prior to January 1, 2016.

Exelon expects that the Settlement will not have a material impact on the results of operations, cash flows and financial position of Generation, ComEd, PECO, BGE, Pepco, DPL or ACE. The Settlement is subject to approval by FERC.

Operating License Renewals (Exelon and Generation). Generation has 40-year operating licenses from the NRC for each of its nuclear units. The operating license renewal process takes approximately four to five years from the commencement of the renewal process until completion of the NRC's review.

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On December 9, 2014, Generation submitted an application to the NRC to extend the current operating licenses of LaSalle Units 1 and 2 by 20 years. On October 19, 2016, the NRC approved Generation's request to extend the operating licenses of LaSalle Unit 1 and 2 by 20 years to 2042 and 2043, respectively.

On August 29, 2012, Generation submitted a hydroelectric license application to FERC for a 46-year license for the Conowingo Hydroelectric Project (Conowingo). In connection with Generation's efforts to obtain a water quality certification pursuant to Section 401 of the Clean Water Act with Maryland Department of the Environment (MDE) for Conowingo, Generation continues to work with MDE and other stakeholders to resolve water quality licensing issues, including: (1) water quality, (2) fish habitat, and (3) sediment. In addition, Generation continues to work with MDE and other Federal and Maryland state agencies to conduct and fund an additional sediment and nutrient monitoring study.

On August 7, 2015, US Fish and Wildlife Service of the US Department of the Interior (Interior) submitted its modified fishway prescription to FERC in the Conowingo licensing proceedings. On September 11, 2015, Exelon filed a request for an administrative hearing and proposed an alternative prescription to challenge Interior's preliminary prescription. On April 21, 2016, Exelon and Interior executed a Settlement Agreement resolving all fish passage issues between the parties. Accordingly, on April 22, 2016, Exelon withdrew its Request for a Trial-Type Hearing and Alternative Prescription. The financial impact of the Settlement Agreement is estimated to be $3 million to $7 million per year, on average, over the 46-year life of the new license, including both capital and operating costs. The actual timing and amount of these costs are not currently fixed and may vary significantly from year to year throughout the life of the new license. Resolution of the remaining issues relating to Conowingo involving various stakeholders may have a material effect on Exelon's and Generation's results of operations and financial position through an increase in capital expenditures and operating costs. As of September 30, 2016, $27 million of direct costs associated with the Conowingo licensing effort have been capitalized. See Note 3 — Regulatory Matters of the Exelon 2015 Form 10-K for additional information on Generation's operating license renewal efforts.

Regulatory Assets and Liabilities (Exelon, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE)

Exelon, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE each prepare their consolidated financial statements in accordance with the authoritative guidance for accounting for certain types of regulation. Under this guidance, regulatory assets represent incurred costs that have been deferred because of their probable future recovery from customers through regulated rates. Regulatory liabilities represent the excess recovery of costs or accrued credits that have been deferred because it is probable such amounts will be returned to customers through future regulated rates or represent billings in advance of expenditures for approved regulatory programs.

As a result of applying the acquisition method of accounting and pushing it down to the consolidated financial statements of PHI, certain regulatory assets and liabilities were established at Exelon and PHI to offset the impacts of fair valuing the acquired assets and liabilities assumed which are subject to regulatory recovery. In total, Exelon and PHI recorded a net $2.4 billion regulatory asset reflecting adjustments recorded as a result of the acquisition method of accounting. See Note 4 — Mergers, Acquisitions and Dispositions for additional information.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following tables provide information about the regulatory assets and liabilities of Exelon, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE as of September 30, 2016 and December 31, 2015. For additional information on the specific regulatory assets and liabilities, refer to Note 3 — Regulatory Matters of the Exelon 2015 Form 10-K and Note 7 — Regulatory Matters of the PHI 2015 Form 10-K.

September 30, 2016	Exelon	ComEd	PECO	BGE	*Successor* PHI	Pepco	DPL	ACE
Regulatory assets								
Pension and other postretirement benefits [a]	$ 4,096	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Deferred income taxes [b]	1,973	73	1,555	94	251	162	38	51
AMI programs [c]	704	160	53	235	256	171	85	—
Under-recovered distribution service costs [d]	232	232	—	—	—	—	—	—
Debt costs [e]	126	43	1	7	82	18	9	6
Fair value of long-term debt [f]	828	—	—	—	684	—	—	—
Fair value of PHI's unamortized energy contracts [g]	1,206	—	—	—	1,206	—	—	—
Severance	6	—	—	6	—	—	—	—
Asset retirement obligations	108	74	22	11	1	1	—	—
MGP remediation costs	295	267	27	1	—	—	—	—
Under-recovered uncollectible accounts	58	58	—	—	—	—	—	—
Renewable energy	246	244	—	—	2	—	—	2
Energy and transmission programs [h][i][j][k][l]	74	31	—	25	18	1	8	9
Deferred storm costs	39	—	—	1	38	14	5	19
Electric generation-related regulatory asset	13	—	—	13	—	—	—	—
Rate stabilization deferral	25	—	—	25	—	—	—	—
Energy efficiency and demand response programs	642	—	1	289	352	254	98	—
Merger integration costs [m][n]	23	—	—	10	13	10	3	—
Under-recovered revenue decoupling [o][p]	9	—	—	—	9	7	2	—
COPCO acquisition adjustment	9	—	—	—	9	—	9	—
Recoverable Workers compensation and long-term disability cost	30	—	—	—	30	30	—	—
Vacation accrual	37	—	13	—	24	—	14	10
Securitized stranded costs	153	—	—	—	153	—	—	153
CAP arrearage	7	—	7	—	—	—	—	—
Removal costs	448	—	—	—	448	119	84	246
Other	45	10	9	5	19	11	4	5
Total regulatory assets	11,432	1,192	1,688	722	3,595	798	359	501
Less: current portion	1,410	205	37	214	650	122	62	89
Total non-current regulatory assets	$10,022	$ 987	$1,651	$508	$ 2,945	$676	$297	$412

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

September 30, 2016	Exelon	ComEd	PECO	BGE	Successor PHI	Pepco	DPL	ACE
Regulatory liabilities								
Other postretirement benefits	$ 85	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Nuclear decommissioning	2,704	2,238	466	—	—	—	—	—
Removal costs	1,627	1,333	—	151	143	20	123	—
Deferred rent (q)	40	—	—	—	40	—	—	—
Energy efficiency and demand response programs	175	135	40	—	—	—	—	—
DLC program costs	8	—	8	—	—	—	—	—
Electric distribution tax repairs	79	—	79	—	—	—	—	—
Gas distribution tax repairs	21	—	21	—	—	—	—	—
Energy and transmission programs (h)(i)(r)(j)(k)(l)	171	72	59	—	40	17	11	12
Over-recovered revenue decoupling (o)	5	—	—	5	—	—	—	—
Other	70	3	6	16	45	7	12	24
Total regulatory liabilities	4,985	3,781	679	172	268	44	146	36
Less: current portion	548	204	128	54	101	20	46	35
Total non-current regulatory liabilities	$4,437	$3,577	$551	$118	$ 167	$ 24	$100	$ 1

December 31, 2015	Exelon	ComEd	PECO	BGE	Predecessor PHI	Pepco	DPL	ACE
Regulatory assets								
Pension and other postretirement benefits	$3,156	$ —	$ —	$ —	$ 910	$ —	$ —	$ —
Deferred income taxes (b)	1,616	64	1,473	79	214	137	36	41
AMI programs	399	140	63	196	267	180	87	—
Under-recovered distribution service costs (d)	189	189	—	—	—	—	—	—
Debt costs	47	46	1	8	36	19	10	7
Fair value of long-term debt (f)	162	—	—	—	—	—	—	—
Severance	9	—	—	9	—	—	—	—
Asset retirement obligations	108	67	22	19	1	1	—	—
MGP remediation costs	286	255	30	1	—	—	—	—
Under-recovered uncollectible accounts	52	52	—	—	—	—	—	—
Renewable energy	247	247	—	—	6	—	1	5
Energy and transmission programs (h)(i)(r)(j)(k)(l)	84	43	1	40	33	9	11	13
Deferred storm costs	2	—	—	2	43	19	6	18
Electric generation-related regulatory asset	20	—	—	20	—	—	—	—
Rate stabilization deferral	87	—	—	87	—	—	—	—
Energy efficiency and demand response programs	279	—	1	278	401	289	111	1
Merger integration costs	6	—	—	6	—	—	—	—
Conservation voltage reduction	3	—	—	3	—	—	—	—
Under-recovered revenue decoupling (o)(p)	30	—	—	30	14	10	4	—
COPCO acquisition adjustment	—	—	—	—	—	—	13	—
Workers compensation and long-term disability costs	—	—	—	—	31	31	—	—
Vacation accrual	6	—	6	—	23	—	14	9
Securitized stranded costs	—	—	—	—	202	—	—	202
CAP arrearage	7	—	7	—	—	—	—	—
Removal costs	—	—	—	—	369	92	69	208
Other	29	10	13	3	32	14	9	8
Total regulatory assets	6,824	1,113	1,617	781	2,582	801	371	512
Less: current portion	759	218	34	267	305	140	72	98
Total non-current regulatory assets	$6,065	$ 895	$1,583	$514	$ 2,277	$661	$299	$414

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

December 31, 2015	Exelon	ComEd	PECO	BGE	Predecessor PHI	Pepco	DPL	ACE
Regulatory liabilities								
Other postretirement benefits	$ 94	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Nuclear decommissioning	2,577	2,172	405	—	—	—	—	—
Removal costs	1,527	1,332	—	195	150	21	129	—
Energy efficiency and demand response programs	92	52	40	—	1	—	—	1
DLC program costs	9	—	9	—	—	—	—	—
Electric distribution tax repairs	95	—	95	—	—	—	—	—
Gas distribution tax repairs	28	—	28	—	—	—	—	—
Energy and transmission programs (h)(i)(r)(j)(k)(l)	131	53	60	18	27	16	19	8
Over-recovered revenue decoupling (o)	1	—	—	1	—	—	—	—
Other	16	5	2	8	35	7	12	16
Total regulatory liabilities	4,570	3,614	639	222	213	44	160	25
Less: current portion	369	155	112	38	66	15	49	18
Total non-current regulatory liabilities	$4,201	$3,459	$527	$184	$ 147	$ 29	$111	$ 7

(a) As of September 30, 2016, the pension and other postretirement benefits regulatory asset at Exelon includes regulatory assets of $1,087 million established at the date of the PHI Merger related to unrecognized costs that are probable of regulatory recovery. The regulatory assets are amortized over periods from 3 to 15 years, depending on the underlying component. Pepco, DPL and ACE are currently recovering these costs through base rates. Pepco, DPL and ACE are not earning a return on the recovery of these costs in base rates.

(b) As of September 30, 2016, includes transmission-related regulatory assets that require FERC approval separate from the transmission formula rate of $19 million, $32 million, $29 million, $20 million and $18 million for ComEd, BGE, Pepco, DPL and ACE, respectively. As of December 31, 2015, includes transmission-related regulatory assets that require FERC approval separate from the transmission formula rate of $15 million, $16 million, $36 million, $18 million and $15 million for ComEd, BGE, Pepco, DPL and ACE, respectively.

(c) Represents AMI costs associated with the installation of smart meters and the early retirement of legacy meters throughout the service territories for ComEd, PECO, BGE, Pepco and DPL. An AMI program has not been approved by the NJBPU for ACE in New Jersey. DPL and Pepco have received approval for recovery of deferred AMI program costs from the DCPSC and DPSC in the Delaware and DC service territories, and have requested recovery in pending distribution rate cases with the MDPSC for the Maryland service territories. As of September 30, 2016, the portion of deferred AMI program costs pending approval from the MDPSC is $32 million for BGE, $134 million for Pepco and $40 million for DPL, of which $75 million for Pepco and $14 million for DPL relates to retired legacy meters which are not earning a return and $3 million of post-test year costs for Pepco which are not earning a return.

(d) As of September 30, 2016, ComEd's regulatory asset of $232 million was comprised of $178 million for the 2014 —2016 annual reconciliations and $54 million related to significant one-time events including $24 million of deferred storm costs, $11 million of Constellation and PHI merger and integration related costs and $19 million of smart meter related costs. As of December 31, 2015, ComEd's regulatory asset of $189 million was comprised of $142 million for the 2014 and 2015 annual reconciliations and $47 million related to significant one-time events, including $36 million of deferred storm costs and $11 million of Constellation merger and integration related costs. See Note 4 — Merger, Acquisitions, and Dispositions of the Exelon 2015 Form 10-K for further information.

(e) Includes at Exelon and PHI the regulatory asset recorded at PHI for debt costs that are recoverable through the ratemaking process at Pepco, DPL, and ACE which were eliminated at Exelon and PHI as part of acquisition accounting.

(f) Includes the unamortized regulatory assets recorded for the difference between carrying value and fair value of long-term debt of BGE as of the Constellation merger date and at Exelon and PHI for the difference between carrying value and fair value of long-term debt of Pepco, DPL and ACE as of the PHI Merger date.

(g) Represents the regulatory asset recorded at Exelon and PHI offsetting the fair value adjustments related to Pepco's, DPL's and ACE's electricity and natural gas energy supply contracts recorded at PHI as of the PHI Merger date. Pepco, DPL and ACE are allowed full recovery of the costs of these contracts through their respective rate making processes.

(h) As of September 30, 2016, ComEd's regulatory asset of $31 million included $24 million associated with transmission costs recoverable through its FERC approved formula rate and $7 million of Constellation merger and integration costs

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to be recovered upon FERC approval. As of September 30, 2016, ComEd's regulatory liability of $72 million included $43 million related to over-recovered energy costs and $29 million associated with revenues received for renewable energy requirements. As of December 31, 2015, ComEd's regulatory asset of $43 million included $5 million related to under-recovered energy costs, $31 million associated with transmission costs recoverable through its FERC approved formula rate, and $7 million of Constellation merger and integration costs to be recovered upon FERC approval. As of December 31, 2015, ComEd's regulatory liability of $53 million included $29 million related to over-recovered energy costs and $24 million associated with revenues received for renewable energy requirements.

(i) As of September 30, 2016, BGE's regulatory asset of $25 million included $3 million of costs associated with transmission costs recoverable through its FERC approved formula rate, $19 million related to under-recovered electric energy costs, $3 million of abandonment costs to be recovered upon FERC approval, and $1 million related to under-recovered natural gas costs. As of December 31, 2015, BGE's regulatory asset of $40 million included $12 million of costs associated with transmission costs recoverable through its FERC approved formula rate and $28 million related to under-recovered electric energy costs. As of December 31, 2015, BGE's regulatory liability of $18 million related to $14 million of over-recovered transmission costs and $5 million of over-recovered natural gas costs, offset by $1 million of abandonment costs to be recovered upon FERC approval.

(j) As of September 30, 2016, Pepco's regulatory asset of $1 million related to under-recovered electric energy costs. As of September 30, 2016, Pepco's regulatory liability of $17 million included $9 million of over-recovered transmission costs and $8 million of over-recovered electric energy costs. As of December 31, 2015, Pepco's regulatory asset of $9 million included $5 million of transmission costs recoverable through its FERC approved formula rate and $4 million of recoverable abandonment costs. As of December 31, 2015, Pepco's regulatory liability of $16 million included $14 million of over-recovered transmission costs and $2 million of over-recovered electric energy costs.

(k) As of September 30, 2016, DPL's regulatory asset of $8 million included $1 million of transmission costs recoverable through its FERC approved formula rate and $7 million of under-recovered electric energy costs. As of September 30, 2016, DPL's regulatory liability of $11 million included $6 million of over-recovered electric energy costs and $5 million of over-recovered transmission costs. As of December 31, 2015, DPL's regulatory asset of $11 million included $7 million of transmission costs recoverable through its FERC approved formula rate, $3 million of recoverable abandonment costs, and $1 million of under-recovered electric energy costs. As of December 31, 2015, DPL's regulatory liability of $19 million included $4 million related to the over-recovered natural gas costs under the GCR mechanism, $4 million of over-recovered electric energy costs, and $11 million of over-recovered transmission costs.

(l) As of September 30, 2016, ACE's regulatory asset of $9 million included $4 million of transmission costs recoverable through its FERC approved formula rate and $5 million of under-recovered electric energy costs. As of September 30, 2016, ACE's regulatory liability of $12 million included $7 million of over-recovered transmission costs and $5 million of over-recovered electric energy costs. As of December 31, 2015, ACE's regulatory asset of $13 million included $2 million of transmission costs recoverable through its FERC approved formula rate and $11 million of under-recovered electric energy costs. As of December 31, 2015, ACE's regulatory liability of $8 million related to over-recovered transmission costs.

(m) As of September 30, 2016, BGE's regulatory asset of $10 million included $6 million of previously incurred PHI acquisition costs as authorized by the June 2016 rate case order.

(n) Represents previously incurred PHI acquisition costs expected to be recovered in distribution rates in the Maryland service territories of Pepco and DPL.

(o) Represents the electric and natural gas distribution costs recoverable from customers under BGE's decoupling mechanism. As of September 30, 2016, BGE had a regulatory liability of $5 million related to over-recovered natural gas revenue decoupling and $0 million related to over-recovered electric revenue decoupling. As of December 31, 2015, BGE had a regulatory asset of $30 million related to under-recovered electric revenue decoupling and a regulatory liability of $1 million related to over-recovered natural gas revenue decoupling.

(p) Represents the electric distribution costs recoverable from customers under Pepco's Maryland and District of Columbia decoupling mechanisms and DPL's Maryland decoupling mechanism.

(q) Represents the regulatory liability recorded at Exelon and PHI for deferred rent related to a lease that is recoverable through the ratemaking process at Pepco, DPL and ACE.

(r) As of September 30, 2016, PECO's regulatory liability of $59 million included $30 million related to over-recovered costs under the DSP program, $13 million related to the over-recovered natural gas costs under the PGC, $10 million related to over-recovered non-bypassable transmission service charges and $6 million related to over-recovered electric transmission costs. As of December 31, 2015, PECO's regulatory asset of $1 million related to under-recovered non-

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bypassable transmission service charges. As of December 31, 2015, PECO's regulatory liability of $60 million included $35 million related to over-recovered costs under the DSP program, $22 million related to the over-recovered natural gas costs under the PGC and $3 million related to the over-recovered electric transmission costs.

Purchase of Receivables Programs (Exelon, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE)

ComEd, PECO, BGE, Pepco, DPL and ACE are required, under separate legislation and regulations in Illinois, Pennsylvania, Maryland, District of Columbia and New Jersey, to purchase certain receivables from retail electric and natural gas suppliers that participate in the utilities' consolidated billing. ComEd, BGE, Pepco and DPL purchase receivables at a discount to recover primarily uncollectible accounts expense from the suppliers. PECO is required to purchase receivables at face value and is permitted to recover uncollectible accounts expense, including those from Third Party Suppliers, from customers through distribution rates. ACE purchases receivables at face value. ACE recovers all uncollectible accounts expense, including those from Third Party Suppliers, through the Societal Benefits Charge (SBC) rider, which includes uncollectible accounts expense as a component. The SBC is filed annually with the NJBPU. Exelon, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE do not record unbilled commodity receivables under the POR programs. Purchased billed receivables are classified in Other accounts receivable, net on Exelon's, ComEd's, PECO's, BGE's, PHI's, Pepco's, DPL's and ACE's Consolidated Balance Sheets. The following tables provide information about the purchased receivables of those companies as of September 30, 2016 and December 31, 2015.

					Successor			
As of September 30, 2016	**Exelon**	**ComEd**	**PECO**	**BGE**	**PHI**	**Pepco**	**DPL**	**ACE**
Purchased receivables [c]	$ 396	$ 123	$ 90	$ 66	$ 117	$ 79	$12	$ 26
Allowance for uncollectible accounts [a]	(36)	(17)	(7)	(6)	(6)	(4)	—	(2)
Purchased receivables, net	$ 360	$ 106	$ 83	$ 60	$ 111	$ 75	$12	$ 24

					Predecessor			
As of December 31, 2015	**Exelon**	**ComEd**	**PECO**	**BGE**	**PHI**	**Pepco**	**DPL**	**ACE**
Purchased receivables [b][c]	$ 229	$ 103	$ 67	$ 59	$ 100	$ 70	$11	$ 19
Allowance for uncollectible accounts [a]	(31)	(16)	(7)	(8)	(6)	(4)	—	(2)
Purchased receivables, net	$ 198	$ 87	$ 60	$ 51	$ 94	$ 66	$11	$ 17

(a) For ComEd, BGE, Pepco and DPL, reflects the incremental allowance for uncollectible accounts recorded, which is in addition to the purchase discount. For ComEd, the incremental uncollectible accounts expense is recovered through its Purchase of Receivables with Consolidated Billing tariff.
(b) PECO's natural gas POR program became effective on January 1, 2012 and included a 1% discount on purchased receivables in order to recover the implementation costs of the program. The implementation costs were fully recovered and the 1% discount was reset to 0%, effective July 2015.
(c) Pepco's electric POR program in Maryland included a discount on purchased receivables ranging from 0% to 2% depending on customer class, and Pepco's electric POR program in the District of Columbia included a discount on purchased receivables ranging from 0% to 6% depending on customer class. DPL's electric POR program in Maryland included a discount on purchased receivables ranging from 0% to 1% depending on customer class.

6. Impairment of Long-Lived Assets (Exelon and Generation)

Long-Lived Assets (Exelon and Generation)

During the first quarter of 2016, significant changes in Generation's intended use of the Upstream oil and gas assets, developments with nonrecourse debt held by its upstream subsidiary CEU Holdings, LLC (as described in Note 10 — Debt and Credit Agreements) and continued declines in both production volumes and commodity prices suggested that the carrying value may be impaired. Generation concluded that the estimated

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undiscounted future cash flows and fair value of its Upstream properties were less than their carrying values. As a result, a pre-tax impairment charge of $119 million was recorded in March 2016 within Operating and maintenance expense in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income. On June 16, 2016, Generation initiated the sales process of its Upstream business by executing a forbearance agreement with the lenders of the nonrecourse debt, see Note 10 — Debt and Credit Agreements for additional information. As a result, the Upstream assets and liabilities are classified as held for sale on Exelon's and Generation's Consolidated Balance Sheets at September 30, 2016. See Note 4 — Mergers, Acquisitions and Dispositions for additional information. An additional pre-tax impairment charge of $15 million was recorded in September 2016 within Operating and maintenance expense in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income due to further declines in fair value.

Further declines in commodity prices or further developments with Generation's intended use or disposition of the assets could potentially result in future impairments of the Upstream assets.

Generation evaluates long-lived assets for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. In the second quarter of 2016, updates to the Company's long-term view of energy and capacity prices suggested that the carrying value of a group of merchant wind assets, located in West Texas, may be impaired. Upon review, the estimated undiscounted future cash flows and fair value of the group were less than their carrying value. The fair value analysis was based on the income approach using significant unobservable inputs (Level 3) including revenue and generation forecasts, projected capital and maintenance expenditures and discount rates. As a result of the fair value analysis, long-lived merchant wind assets held and used with a carrying amount of approximately $60 million were written down to their fair value of $24 million and a pre-tax impairment charge of $36 million was recorded during the second quarter in Operating and maintenance expense in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income.

Also in the second quarter of 2016, updates to the Company's long-term view, as described above, in conjunction with the retirement announcements of the Quad Cities and Clinton nuclear plants in Illinois suggested that the carrying value of our Midwest asset group may be impaired. Generation completed a comprehensive review of the estimated undiscounted future cash flows of the Midwest asset group and no impairment charge was required.

Like-Kind Exchange Transaction (Exelon)

In June 2000, UII, LLC (formerly Unicom Investments, Inc.) (UII), a wholly owned subsidiary of Exelon Corporation, entered into transactions pursuant to which UII invested in coal-fired generating station leases (Headleases) with the Municipal Electric Authority of Georgia (MEAG). The generating stations were leased back to MEAG as part of the transactions (Leases).

On March 31, 2016, UII and MEAG finalized an agreement to terminate the MEAG Headleases, the MEAG Leases, and other related agreements prior to their expiration dates. As a result of the lease termination, UII received an early termination payment of $360 million from MEAG and wrote-off the $356 million net investment in the MEAG Headleases and the Leases. The transaction resulted in a pre-tax gain of $4 million which is reflected in Operating and maintenance expense in Exelon's Consolidated Statements of Operations and Comprehensive Income. See Note 11 — Income Taxes for additional information.

7. Early Nuclear Plant Retirements (Exelon and Generation)

Exelon and Generation continue to evaluate the current and expected economic value of each of Generation's nuclear plants. Factors that will continue to affect the economic value of Generation's nuclear plants include, but are not limited to: market power prices, results of capacity auctions, potential legislative and

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regulatory solutions to ensure nuclear plants are fairly compensated for their carbon-free emissions, and the impact of final rules from the EPA requiring reduction of carbon and other emissions and the efforts of states to implement those final rules.

In 2015, Generation identified the Quad Cities, Clinton and Ginna nuclear plants as having the greatest risk of early retirement based on economic valuation and other factors. At that time, Exelon and Generation deferred retirement decisions on Clinton and Quad Cities until 2016 in order to participate in the 2016-2017 MISO primary reliability auction and the 2019-2020 PJM capacity auctions held in April and May 2016, respectively, as well as to provide Illinois policy makers with additional time to consider needed reforms and for MISO to consider market design changes to ensure long-term power system reliability in southern Illinois.

In April 2016, Clinton cleared the MISO primary reliability auction as a price taker for the 2016-2017 planning year. The resulting capacity price is insufficient to cover cash operating costs and a risk-adjusted rate of return to shareholders. In May 2016, Quad Cities did not clear in the PJM capacity auction for the 2019-2020 planning year and will not receive capacity revenue for that period.

Based on these capacity auction results, and given the lack of progress on Illinois energy legislation and MISO market reforms, on June 2, 2016 Generation announced it will move forward to shut down the Clinton and Quad Cities nuclear plants on June 1, 2017 and June 1, 2018, respectively. The current Nuclear Regulatory Commission (NRC) licenses for Clinton and Quad Cities expire in 2026 and 2032, respectively. Generation is proceeding with the market and regulatory notifications that must be made to shut down the plants, including notification to the NRC on June 20, 2016, and filing of a deactivation notice with PJM for Quad Cities on July 6, 2016. Generation will formally notify MISO of its plans to close Clinton later this year.

In 2016, as a result of the plant retirement decision for Clinton and Quad Cities, Exelon and Generation recognized one-time charges in Operating and maintenance expense of $146 million related to materials and supplies inventory reserve adjustments, employee-related costs and construction work-in-progress (CWIP) impairments, among other items. In addition to these one-time charges, there will be ongoing annual incremental non-cash charges to earnings stemming from shortening the expected economic useful life of Clinton and Quad Cities primarily related to accelerated depreciation of plant assets (including any asset retirement costs (ARC)), accelerated amortization of nuclear fuel, and additional asset retirement obligation (ARO) accretion expense associated with the changes in decommissioning timing and cost assumptions. Through September 30, 2016, Exelon's and Generation's results include an incremental $443 million of pre-tax expense for these items as summarized in the table below. Please refer to Note 12 — Nuclear Decommissioning for additional detail on changes to the Nuclear decommissioning ARO balances resulting from the early retirement of Clinton and Quad Cities.

Income statement expense (pre-tax)	September 30, 2016
Depreciation and Amortization	
Accelerated depreciation [(a)]	$ 459
Accelerated nuclear fuel amortization	37
Operating and Maintenance	
Increase ARO accretion, net of contractual offset [(b)]	2
Contractual offset for ARC depreciation [(b)]	(55)
Total	$ 443

(a) Reflects incremental accelerated depreciation of plant assets, including any ARC.

(b) For Quad Cities based on the regulatory agreement with the Illinois Commerce Commission, decommissioning-related activities are offset within Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income. The offset results in an equal adjustment to the noncurrent payables to ComEd at Generation and an adjustment to the regulatory liabilities at ComEd. Likewise, ComEd has recorded an equal noncurrent affiliate receivable from Generation and corresponding regulatory liability.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The Three Mile Island (TMI) nuclear plant also did not clear in the May 2016 PJM capacity auction for the 2019-2020 planning year and will not receive capacity revenue for that period. This is the second consecutive year that TMI failed to clear the capacity auction. Although the plant is committed to operate through May 2019, the plant faces continued economic challenges and Exelon and Generation are exploring all options to return it to profitability. While a portion of the Byron nuclear plant's capacity did not clear the PJM 2019-2020 planning year capacity auction, the plant is committed to run through May 2020. The company's other nuclear plants in PJM cleared in the auction, except Oyster Creek, which did not participate in the auction given Exelon's and Generation's previous commitment to cease operation of the Oyster Creek nuclear plant by the end of 2019.

In New York, the Ginna and Nine Mile Point nuclear plants continue to face significant economic challenges and risk of retirement before the end of each unit's respective operating license period (2029 for Ginna and Nine Mile Point Unit 1, and 2046 for Nine Mile Point Unit 2). On August 1, 2016, NYPSC issued an order adopting the Clean Energy Standard (CES), which would provide payments to Ginna and Nine Mile Point for the environmental attributes of their production. Subject to Ginna and Nine Mile Point entering into a satisfactory contract with the NYSERDA, as required under the CES, and subject to prevailing over any administrative or legal challenges, the CES will allow Ginna and Nine Mile Point to continue to operate at least through the life of the program (March 31, 2029). The approved RSSA currently requires Ginna to continue operating through the RSSA term expiring in March 2017. If Ginna does not plan to retire shortly after the expiration of the RSSA, notification to that effect was required to be filed with the NYPSC no later than September 30, 2016. On September 30, 2016, Ginna filed the required notice with the NYPSC of its intent to continue operating beyond the March 31, 2017 expiry of the RSSA, conditioned upon successful execution of an agreement between Ginna and NYSERDA for the sale of ZECs under the CES. Negotiations with NYSERDA are ongoing and contract execution is currently targeted for completion in the fourth quarter of 2016. Refer to Note 5 — Regulatory Matters for additional discussion on the Ginna RSSA and the New York CES.

The following table provides the balance sheet amounts as of September 30, 2016 for significant assets and liabilities associated with the three nuclear plants currently considered by management to be at the greatest risk of early retirement due to current economic valuations and other factors.

(in millions)	TMI	Ginna	NMP
Asset Balances			
Materials and supplies inventory	$ 39	$ 31	$ 70
Nuclear fuel inventory, net	93	41	214
Completed plant, net	956	124	1,151
Construction work in progress	38	13	53
Liability Balances			
Asset retirement obligation	(492)	(667)	(780)
NRC License Renewal Term	2034	2029	2029 (unit 1)
			2046 (unit 2)

Assuming the successful implementation of the CES and its continued effectiveness, Generation and CENG would no longer consider Ginna and Nine Mile Point to be at heightened risk of early retirement; however, absent the CES for the full expected duration they will remain at heightened risk. The precise timing of an early retirement date for any of these plants, and the resulting financial statement impacts, may be affected by a number of factors, including the status of potential regulatory or legislative solutions, results of any transmission system reliability study assessments, the nature of any co-owner requirements and stipulations, and decommissioning trust fund requirements, among other factors. However, the earliest retirement date for any plant would usually be the first year in which the unit does not have capacity obligations, where applicable, and just prior to its next scheduled nuclear refueling outage.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

8. FairValue of Financial Assets and Liabilities (All Registrants)

Fair Value of Financial Liabilities Recorded at the Carrying Amount

The following tables present the carrying amounts and fair values of the Registrants' short-term liabilities, long-term debt, SNF obligation, trust preferred securities (long-term debt to financing trusts or junior subordinated debentures) and preferred stock as of September 30, 2016 and December 31, 2015:

Exelon

	September 30, 2016				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 567	$ —	$ 567	$ —	$ 567
Long-term debt (including amounts due within one year) [a]	34,842	1,075	34,272	2,279	37,626
Long-term debt to financing trusts [b]	642	—	—	692	692
SNF obligation	1,023	—	856	—	856

	December 31, 2015				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 536	$ 3	$ 533	$ —	$ 536
Long-term debt (including amounts due within one year) [a]	25,145	931	23,644	1,349	25,924
Long-term debt to financing trusts [b]	641	—	—	673	673
SNF obligation	1,021	—	818	—	818

Generation

	September 30, 2016				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 40	$ —	$ 40	$ —	$ 40
Long-term debt (including amounts due within one year) [a]	9,255	—	8,015	1,684	9,699
SNF obligation	1,023	—	856	—	856

	December 31, 2015				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 29	$ —	$ 29	$ —	$ 29
Long-term debt (including amounts due within one year) [a]	8,959	—	7,767	1,349	9,116
SNF obligation	1,021	—	818	—	818

ComEd

	September 30, 2016				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 10	$ —	$ 10	$ —	$ 10
Long-term debt (including amounts due within one year) [a]	7,031	—	8,081	—	8,081
Long-term debt to financing trusts [b]	205	—	—	218	218

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	December 31, 2015				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 294	$ —	$ 294	$ —	$ 294
Long-term debt (including amounts due within one year) [a]	6,509	—	7,069	—	7,069
Long-term debt to financing trusts [b]	205	—	—	213	213

PECO

	September 30, 2016				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Long-term debt (including amounts due within one year) [a]	$ 2,879	$ —	$3,266	$ —	$3,266
Long-term debt to financing trusts	184	—	—	207	207

	December 31, 2015				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Long-term debt (including amounts due within one year) [a]	$ 2,580	$ —	$2,786	$ —	$2,786
Long-term debt to financing trusts	184	—	—	195	195

BGE

	September 30, 2016				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Long-term debt (including amounts due within one year) [a]	$ 2,662	$ —	$2,966	$ —	$2,966
Long-term debt to financing trusts [b]	252	—	—	267	267

	December 31, 2015				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 213	$ 3	$ 210	$ —	$ 213
Long-term debt (including amounts due within one year) [a]	1,858	—	2,044	—	2,044
Long-term debt to financing trusts [b]	252	—	—	264	264

PHI

	September 30, 2016				
Successor	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 517	$ —	$ 517	$ —	$ 517
Long-term debt (including amounts due within one year)	6,044	—	5,698	594	6,292

	December 31, 2015				
Predecessor	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 958	$ —	$ 958	$ —	$ 958
Long-term debt (including amounts due within one year) [a]	5,279	—	5,231	586	5,817
Preferred stock	183	—	—	183	183

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Pepco

	September 30, 2016				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Long-term debt (including amounts due within one year) [a]	$ 2,350	$ —	$3,000	$ 2	$3,002

	December 31, 2015				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 64	$ —	$ 64	$ —	$ 64
Long-term debt (including amounts due within one year) [a]	2,351	—	2,673	—	2,673

DPL

	September 30, 2016				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 17	$ —	$ 17	$ —	$ 17
Long-term debt (including amounts due within one year) [a]	1,265	—	1,277	101	1,378

	December 31, 2015				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 105	$ —	$ 105	$ —	$ 105
Long-term debt (including amounts due within one year) [a]	1,265	—	1,185	103	1,288

ACE

	September 30, 2016				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Long-term debt (including amounts due within one year) [a]	$ 1,167	$ —	$1,058	$ 299	$1,357

	December 31, 2015				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 5	$ —	$ 5	$ —	$ 5
Long-term debt (including amounts due within one year) [a]	1,201	—	1,044	280	1,324

(a) Includes unamortized debt issuance costs which are not fair valued of $204 million, $68 million, $47 million, $16 million, $15 million, $30 million, $10 million, and $6 million for Exelon, Generation, ComEd, PECO, BGE, Pepco, DPL and ACE, respectively, as of September 30, 2016. Includes unamortized debt issuance costs of $180 million, $70 million, $38 million, $15 million, $9 million, $49 million, $31 million, $10 million, and $6 million for Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE, respectively, as of December 31, 2015.

(b) Includes unamortized debt issuance costs which are not fair valued of $7 million, $1 million, and $6 million for Exelon, ComEd and BGE, respectively, as of September 30, 2016 and December 31, 2015.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Short-Term Liabilities. The short-term liabilities included in the tables above are comprised of dividends payable (included in other current liabilities) (Level 1) and short-term borrowings (Level 2). The Registrants' carrying amounts of the short-term liabilities are representative of fair value because of the short-term nature of these instruments.

Long-Term Debt. The fair value amounts of Exelon's taxable debt securities (Level 2) and private placement taxable debt securities (Level 3) are determined by a valuation model that is based on a conventional discounted cash flow methodology and utilizes assumptions of current market pricing curves. In order to incorporate the credit risk of the Registrants into the discount rates, Exelon obtains pricing (i.e., U.S. Treasury rate plus credit spread) based on trades of existing Exelon debt securities as well as debt securities of other issuers in the electric utility sector with similar credit ratings in both the primary and secondary market, across the Registrants' debt maturity spectrum. The credit spreads of various tenors obtained from this information are added to the appropriate benchmark U.S. Treasury rates in order to determine the current market yields for the various tenors. The yields are then converted into discount rates of various tenors that are used for discounting the respective cash flows of the same tenor for each bond or note. Due to low trading volume of private placement debt, qualitative factors such as market conditions, low volume of investors and investor demand, this debt is classified as Level 3. The fair value of Exelon's equity units (Level 1) are valued based on publicly traded securities issued by Exelon.

The fair value of Generation's and PHI's non-government-backed fixed rate nonrecourse debt (Level 3) is based on market and quoted prices for its own and other nonrecourse debt with similar risk profiles. Given the low trading volume in the nonrecourse debt market, the price quotes used to determine fair value will reflect certain qualitative factors, such as market conditions, investor demand, new developments that might significantly impact the project cash flows or off-taker credit, and other circumstances related to the project (e.g., political and regulatory environment). The fair value of Generation's government-backed fixed rate project financing debt (Level 3) is largely based on a discounted cash flow methodology that is similar to the taxable debt securities methodology described above. Due to the lack of market trading data on similar debt, the discount rates are derived based on the original loan interest rate spread to the applicable Treasury rate as well as a current market curve derived from government-backed securities. Variable rate project financing debt resets on a monthly or quarterly basis and the carrying value approximates fair value (Level 2). When trading data is available on variable rate project financing debt, the fair value is based on market and quoted prices for its own and other nonrecourse debt with similar risk profiles (Level 2). Generation, Pepco, DPL and ACE also have tax-exempt debt (Level 2). Due to low trading volume in this market, qualitative factors, such as market conditions, investor demand, and circumstances related to the issuer (e.g., conduit issuer political and regulatory environment), may be incorporated into the credit spreads that are used to obtain the fair value as described above. Variable rate tax-exempt debt (Level 2) resets on a regular basis and the carrying value approximates fair value.

SNF Obligation . The carrying amount of Generation's SNF obligation (Level 2) is derived from a contract with the DOE to provide for disposal of SNF from Generation's nuclear generating stations. When determining the fair value of the obligation, the future carrying amount of the SNF obligation estimated to be settled in 2025 is calculated by compounding the current book value of the SNF obligation at the 13-week Treasury rate. The compounded obligation amount is discounted back to present value using Generation's discount rate, which is calculated using the same methodology as described above for the taxable debt securities, and an estimated maturity date of 2025.

Long-Term Debt to Financing Trusts . Exelon's long-term debt to financing trusts is valued based on publicly traded securities issued by the financing trusts. Due to low trading volume of these securities, qualitative factors, such as market conditions, investor demand, and circumstances related to each issue, this debt is classified as Level 3.

Preferred Stock . The fair value of these securities is determined based on the carrying value of the shares per the Subscription Agreement between PHI and Exelon. See Note 16 — Mezzanine Equity for further details.

Recurring Fair Value Measurements

Exelon records the fair value of assets and liabilities in accordance with the hierarchy established by the authoritative guidance for fair value measurements. The hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1 — quoted prices (unadjusted) in active markets for identical assets or liabilities that the Registrants have the ability to liquidate as of the reporting date.
- Level 2 — inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.
- Level 3 — unobservable inputs, such as internally developed pricing models or third-party valuations for the asset or liability due to little or no market activity for the asset or liability.

Transfers in and out of levels are recognized as of the end of the reporting period when the transfer occurred. Given derivatives categorized within Level 1 are valued using exchange-based quoted prices within observable periods, transfers between Level 2 and Level 1 were not material. Additionally, there were no significant transfers between Level 1 and Level 2 during the nine months ended September 30, 2016 for cash equivalents, nuclear decommissioning trust fund investments, pledged assets for Zion Station decommissioning, Rabbi trust investments, and deferred compensation obligations. For derivative contracts, transfers into Level 2 from Level 3 generally occur when the contract tenor becomes more observable and due to changes in market liquidity or assumptions for certain commodity contracts.

Generation and Exelon

In accordance with the applicable guidance on fair value measurement, certain investments that are measured at fair value using the NAV per share as a practical expedient are no longer classified within the fair value hierarchy and are included under “Not subject to leveling” in the table below. See Note 2 — New Accounting Pronouncements for additional information.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following tables present assets and liabilities measured and recorded at fair value on Exelon's and Generation's Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy as of September 30, 2016 and December 31, 2015:

	Generation					Exelon				
As of September 30, 2016	**Level 1**	**Level 2**	**Level 3**	**Not subject to leveling**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Not subject to leveling**	**Total**
Assets										
Cash equivalents [a]	$ 94	$ —	$ —	$ —	$ 94	$ 1,645	$ —	$ —	$ —	$ 1,645
NDT fund investments										
Cash equivalents [b]	163	20	—	—	183	163	20	—	—	183
Equities	3,566	335	—	1,992	5,893	3,566	335	—	1,992	5,893
Fixed income										
Corporate debt	—	1,629	257	—	1,886	—	1,629	257	—	1,886
U.S. Treasury and agencies	1,363	33	—	—	1,396	1,363	33	—	—	1,396
Foreign governments	—	50	—	—	50	—	50	—	—	50
State and municipal debt	—	268	—	—	268	—	268	—	—	268
Other [c]	—	56	—	510	566	—	56	—	510	566
Fixed income subtotal	1,363	2,036	257	510	4,166	1,363	2,036	257	510	4,166
Middle market lending	—	—	436	23	459	—	—	436	23	459
Private equity	—	—	—	138	138	—	—	—	138	138
Real estate	—	—	—	306	306	—	—	—	306	306
NDT fund investments subtotal [d]	5,092	2,391	693	2,969	11,145	5,092	2,391	693	2,969	11,145
Pledged assets for Zion Station decommissioning										
Cash equivalents	14	—	—	—	14	14	—	—	—	14
Equities	—	1	—	—	1	—	1	—	—	1
Fixed income										
U.S. Treasury and agencies	28	2	—	—	30	28	2	—	—	30
Corporate debt	—	3	—	—	3	—	3	—	—	3
Fixed income subtotal	28	5	—	—	33	28	5	—	—	33
Middle market lending	—	—	19	68	87	—	—	19	68	87
Pledged assets for Zion Station decommissioning subtotal [e]	42	6	19	68	135	42	6	19	68	135
Rabbi trust investments										
Cash equivalents	10	—	—	—	10	83	—	—	—	83
Mutual funds	19	—	—	—	19	50	—	—	—	50
Fixed income	—	—	—	—	—	—	14	—	—	14
Life insurance contracts	—	18	—	—	18	—	64	21	—	85
Rabbi trust investments subtotal	29	18	—	—	47	133	78	21	—	232
Commodity derivative assets										
Economic hedges	883	2,790	1,948	—	5,621	884	2,790	1,948	—	5,622
Proprietary trading	11	51	36	—	98	11	51	36	—	98
Effect of netting and allocation of collateral [f]	(927)	(2,527)	(896)	—	(4,350)	(928)	(2,527)	(896)	—	(4,351)
Commodity derivative assets subtotal	(33)	314	1,088	—	1,369	(33)	314	1,088	—	1,369
Interest rate and foreign currency derivative assets										
Derivatives designated as hedging instruments	—	—	—	—	—	—	39	—	—	39
Economic hedges	—	28	—	—	28	—	28	—	—	28
Proprietary trading	7	1	—	—	8	7	1	—	—	8
Effect of netting and allocation of collateral	(4)	(17)	—	—	(21)	(4)	(17)	—	—	(21)
Interest rate and foreign currency derivative assets subtotal	3	12	—	—	15	3	51	—	—	54
Other investments	—	—	42	—	42	—	—	42	—	42
Total assets	5,227	2,741	1,842	3,037	12,847	6,882	2,840	1,863	3,037	14,622

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Generation					Exelon				
As of September 30, 2016	Level 1	Level 2	Level 3	Not subject to leveling	Total	Level 1	Level 2	Level 3	Not subject to leveling	Total
Liabilities										
Commodity derivative liabilities										
Economic hedges	(1,037)	(2,917)	(1,160)	—	(5,114)	(1,037)	(2,917)	(1,404)	—	(5,358)
Proprietary trading	(10)	(53)	(39)	—	(102)	(10)	(53)	(39)	—	(102)
Effect of netting and allocation of collateral [f]	1,012	2,777	1,046	—	4,835	1,012	2,777	1,046	—	4,835
Commodity derivative liabilities subtotal	(35)	(193)	(153)	—	(381)	(35)	(193)	(397)	—	(625)
Interest rate and foreign currency derivative liabilities										
Derivatives designated as hedging instruments	—	(18)	—	—	(18)	—	(18)	—	—	(18)
Economic hedges	—	(19)	—	—	(19)	—	(19)	—	—	(19)
Proprietary trading	(6)	—	—	—	(6)	(6)	—	—	—	(6)
Effect of netting and allocation of collateral	8	16	—	—	24	8	16	—	—	24
Interest rate and foreign currency derivative liabilities subtotal	2	(21)	—	—	(19)	2	(21)	—	—	(19)
Deferred compensation obligation	—	(32)	—	—	(32)	—	(131)	—	—	(131)
Total liabilities	(33)	(246)	(153)	—	(432)	(33)	(345)	(397)	—	(775)
Total net assets	$ 5,194	$ 2,495	$ 1,689	$ 3,037	$12,415	$ 6,849	$ 2,495	$ 1,466	$ 3,037	$13,847

	Generation					Exelon				
As of December 31, 2015	Level 1	Level 2	Level 3	Not subject to leveling	Total	Level 1	Level 2	Level 3	Not subject to leveling	Total
Assets										
Cash equivalents [a]	$ 104	$ —	$ —	$ —	$ 104	$ 5,766	$ —	$ —	$ —	$ 5,766
NDT fund investments										
Cash equivalents [b]	219	92	—	—	311	219	92	—	—	311
Equities	3,008	—	—	1,894	4,902	3,008	—	—	1,894	4,902
Fixed income										
Corporate debt	—	1,824	242	—	2,066	—	1,824	242	—	2,066
U.S. Treasury and agencies	1,323	15	—	—	1,338	1,323	15	—	—	1,338
Foreign governments	—	61	—	—	61	—	61	—	—	61
State and municipal debt	—	326	—	—	326	—	326	—	—	326
Other [c]	—	147	—	390	537	—	147	—	390	537
Fixed income subtotal	1,323	2,373	242	390	4,328	1,323	2,373	242	390	4,328
Middle market lending	—	—	428	—	428	—	—	428	—	428
Private equity	—	—	—	125	125	—	—	—	125	125
Real estate	—	—	—	35	35	—	—	—	35	35
Other	—	—	—	216	216	—	—	—	216	216
NDT fund investments subtotal [d]	4,550	2,465	670	2,660	10,345	4,550	2,465	670	2,660	10,345
Pledged assets for Zion Station decommissioning										
Cash equivalents	—	17	—	—	17	—	17	—	—	17
Equities	1	5	—	—	6	1	5	—	—	6
Fixed income										
U.S. Treasury and agencies	6	2	—	—	8	6	2	—	—	8
Corporate debt	—	46	—	—	46	—	46	—	—	46
Other	—	1	—	—	1	—	1	—	—	1
Fixed income subtotal	6	49	—	—	55	6	49	—	—	55
Middle market lending	—	—	22	105	127	—	—	22	105	127
Pledged assets for Zion Station decommissioning subtotal [e]	7	71	22	105	205	7	71	22	105	205

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Generation					Exelon				
As of December 31, 2015	Level 1	Level 2	Level 3	Not subject to leveling	Total	Level 1	Level 2	Level 3	Not subject to leveling	Total
Rabbi trust investments										
Mutual funds	17	—	—	—	17	48	—	—	—	48
Life insurance contracts	—	13	—	—	13	—	36	—	—	36
Rabbi trust investments subtotal	17	13	—	—	30	48	36	—	—	84
Commodity derivative assets										
Economic hedges	1,922	3,467	1,707	—	7,096	1,922	3,467	1,707	—	7,096
Proprietary trading	36	64	30	—	130	36	64	30	—	130
Effect of netting and allocation of collateral (f)	(1,964)	(2,629)	(564)	—	(5,157)	(1,964)	(2,629)	(564)	—	(5,157)
Commodity derivative assets subtotal	(6)	902	1,173	—	2,069	(6)	902	1,173	—	2,069
Interest rate and foreign currency derivative assets										
Derivatives designated as hedging instruments	—	—	—	—	—	—	25	—	—	25
Economic hedges	—	20	—	—	20	—	20	—	—	20
Proprietary trading	10	5	—	—	15	10	5	—	—	15
Effect of netting and allocation of collateral	(3)	(3)	—	—	(6)	(3)	(3)	—	—	(6)
Interest rate and foreign currency derivative assets subtotal	7	22	—	—	29	7	47	—	—	54
Other investments	—	—	33	—	33	—	—	33	—	33
Total assets	4,679	3,473	1,898	2,765	12,815	10,372	3,521	1,898	2,765	18,556
Liabilities										
Commodity derivative liabilities										
Economic hedges	(2,382)	(3,348)	(850)	—	(6,580)	(2,382)	(3,348)	(1,097)	—	(6,827)
Proprietary trading	(33)	(57)	(37)	—	(127)	(33)	(57)	(37)	—	(127)
Effect of netting and allocation of collateral (f)	2,440	3,186	765	—	6,391	2,440	3,186	765	—	6,391
Commodity derivative liabilities subtotal	25	(219)	(122)	—	(316)	25	(219)	(369)	—	(563)
Interest rate and foreign currency derivative liabilities										
Derivatives designated as hedging instruments	—	(16)	—	—	(16)	—	(16)	—	—	(16)
Economic hedges	—	(3)	—	—	(3)	—	(3)	—	—	(3)
Proprietary trading	(12)	—	—	—	(12)	(12)	—	—	—	(12)
Effect of netting and allocation of collateral	12	3	—	—	15	12	3	—	—	15
Interest rate and foreign currency derivative liabilities subtotal	—	(16)	—	—	(16)	—	(16)	—	—	(16)
Deferred compensation obligation	—	(30)	—	—	(30)	—	(99)	—	—	(99)
Total liabilities	25	(265)	(122)	—	(362)	25	(334)	(369)	—	(678)
Total net assets	$ 4,704	$ 3,208	$ 1,776	$ 2,765	$12,453	$10,397	$ 3,187	$ 1,529	$ 2,765	$17,878

(a) Generation excludes cash of $282 million and $329 million at September 30, 2016 and December 31, 2015 and restricted cash of $161 million and $121 million at September 30, 2016 and December 31, 2015. Exelon excludes cash of $398 million and $763 million at September 30, 2016 and December 31, 2015 and restricted cash of $197 million and $178 million at September 30, 2016 and December 31, 2015 and includes long term restricted cash of $22 million at September 30, 2016, which is reported in other deferred debits on the balance sheet.

(b) Includes $64 million and $52 million of cash received from outstanding repurchase agreements at September 30, 2016 and December 31, 2015, respectively, and is offset by an obligation to repay upon settlement of the agreement as discussed in (d) below.

(c) Includes derivative instruments of $(10) million and $(8) million, which have a total notional amount of $1,073 million and $1,236 million at September 30, 2016 and December 31, 2015, respectively. The notional principal amounts for these instruments provide one measure of the transaction volume outstanding as of the periods ended and do not represent the amount of the company's exposure to credit or market loss.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

(d) Excludes net liabilities of $(69) million and $(3) million at September 30, 2016 and December 31, 2015, respectively. These items consist of receivables related to pending securities sales, interest and dividend receivables, repurchase agreement obligations, and payables related to pending securities purchases. The repurchase agreements are generally short-term in nature with durations generally of 30 days or less.

(e) Excludes net assets of less than $1 million and $1 million at September 30, 2016 and December 31, 2015, respectively. These items consist of receivables related to pending securities sales, interest and dividend receivables, and payables related to pending securities purchases.

(f) Collateral posted to/(received) from counterparties totaled $85 million, $250 million and $150 million allocated to Level 1, Level 2 and Level 3 mark-to-market derivatives, respectively, as of September 30, 2016. Collateral posted (received) from counterparties, net of collateral paid to counterparties, totaled $476 million, $557 million and $201 million allocated to Level 1, Level 2 and Level 3 mark-to-market derivatives, respectively, as of December 31, 2015.

ComEd, PECO and BGE

The following tables present assets and liabilities measured and recorded at fair value on ComEd's, PECO's and BGE's Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy as of September 30, 2016 and December 31, 2015:

	ComEd				PECO				BGE			
As of September 30, 2016	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets												
Cash equivalents [a]	$ —	$ —	$ —	$ —	$ 521	$ —	$ —	$521	$ 375	$ —	$ —	$375
Rabbi trust investments												
Mutual funds	—	—	—	—	7	—	—	7	4	—	—	4
Life insurance contracts	—	—	—	—	—	11	—	11	—	—	—	—
Rabbi trust investments subtotal	—	—	—	—	7	11	—	18	4	—	—	4
Total assets	—	—	—	—	528	11	—	539	379	—	—	379
Liabilities												
Deferred compensation obligation	—	(8)	—	(8)	—	(10)	—	(10)	—	(4)	—	(4)
Mark-to-market derivative liabilities [b]	—	—	(244)	(244)	—	—	—	—	—	—	—	—
Total liabilities	—	(8)	(244)	(252)	—	(10)	—	(10)	—	(4)	—	(4)
Total net assets (liabilities)	$ —	$ (8)	$(244)	$(252)	$ 528	$ 1	$ —	$529	$ 379	$ (4)	$ —	$375

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	ComEd				PECO				BGE			
As of December 31, 2015	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets												
Cash equivalents [a]	$ 29	$ —	$ —	$ 29	$ 271	$ —	$ —	$271	$ 25	$ —	$ —	$ 25
Rabbi trust investments												
Mutual funds	—	—	—	—	8	—	—	8	4	—	—	4
Life insurance contracts	—	—	—	—	—	12	—	12	—	—	—	—
Rabbi trust investments subtotal	—	—	—	—	8	12	—	20	4	—	—	4
Total assets	29	—	—	29	279	12	—	291	29	—	—	29
Liabilities												
Deferred compensation obligation	—	(8)	—	(8)	—	(12)	—	(12)	—	(4)	—	(4)
Mark-to-market derivative liabilities [b]	—	—	(247)	(247)	—	—	—	—	—	—	—	—
Total liabilities	—	(8)	(247)	(255)	—	(12)	—	(12)	—	(4)	—	(4)
Total net assets (liabilities)	$ 29	$ (8)	$(247)	$(226)	$ 279	$ —	$ —	$279	$ 29	$ (4)	$ —	$ 25

(a) ComEd excludes cash of $44 million and $38 million at September 30, 2016 and December 31, 2015 and restricted cash of $2 million and $2 million at September 30, 2016 and December 31, 2015. PECO excludes cash of $27 million and $27 million at September 30, 2016 and December 31, 2015 and $1 million of restricted cash at September 30, 2016. BGE excludes cash of $13 million and $6 million at September 30, 2016 and December 31, 2015 and restricted cash of $2 million and $2 million at September 30, 2016 and December 31, 2015 and includes long term restricted cash of $3 million at September 30, 2016, which is reported in other deferred debits on the balance sheet.

(b) The Level 3 balance consists of the current and noncurrent liability of $19 million and $225 million, respectively, at September 30, 2016, and $23 million and $224 million, respectively, at December 31, 2015, related to floating-to-fixed energy swap contracts with unaffiliated suppliers.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

PHI, Pepco, DPL and ACE

The following tables present assets and liabilities measured and recorded at fair value on PHI's, Pepco's, DPL's and ACE's Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy as of September 30, 2016 and December 31, 2015:

	Successor As of September 30, 2016				*Predecessor* As of December 31, 2015			
PHI	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets								
Cash equivalents [a]	$ 347	$ —	$ —	$347	$ 42	$ —	$ —	$ 42
Mark-to-market derivative assets [b][c]	1	—	—	1	—	—	18	18
Effect of netting and allocation of collateral	(1)	—	—	(1)	—	—	—	—
Mark-to-market derivative assets subtotal	—	—	—	—	—	—	18	18
Rabbi trust investments								
Cash equivalents	73	—	—	73	12	—	—	12
Fixed income	—	14	—	14	—	15	—	15
Life insurance contracts	—	22	21	43	—	27	19	46
Rabbi trust investments subtotal	73	36	21	130	12	42	19	73
Total assets	420	36	21	477	54	42	37	133
Liabilities								
Deferred compensation obligation	—	(28)	—	(28)	—	(30)	—	(30)
Mark-to-market derivative liabilities [b]	—	—	—	—	(2)	—	—	(2)
Effect of netting and allocation of collateral	—	—	—	—	2	—	—	2
Mark-to-market derivative liabilities subtotal	—	—	—	—	—	—	—	—
Total liabilities	—	(28)	—	(28)	—	(30)	—	(30)
Total net assets	$ 420	$ 8	$ 21	$449	$ 54	$ 12	$ 37	$103

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Pepco				DPL				ACE			
As of September 30, 2016	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets												
Cash equivalents (a)	$ 127	$ —	$ —	$127	$ —	$ —	$ —	$ —	$ 194	$ —	$ —	$194
Mark-to-market derivative assets (b)	—	—	—	—	1	—	—	1	—	—	—	—
Effect of netting and allocation of collateral	—	—	—	—	(1)	—	—	(1)	—	—	—	—
Mark-to-market derivative assets subtotal	—	—	—	—	—	—	—	—	—	—	—	—
Rabbi trust investments												
Cash equivalents	43	—	—	43	—	—	—	—	—	—	—	—
Fixed income	—	14	—	14	—	—	—	—	—	—	—	—
Life insurance contracts	—	22	21	43	—	—	—	—	—	—	—	—
Rabbi trust investments subtotal	43	36	21	100	—	—	—	—	—	—	—	—
Total assets	170	36	21	227	—	—	—	—	194	—	—	194
Liabilities												
Deferred compensation obligation	—	(5)	—	(5)	—	(1)	—	(1)	—	—	—	—
Total liabilities	—	(5)	—	(5)	—	(1)	—	(1)	—	—	—	—
Total net assets (liabilities)	$ 170	$ 31	$ 21	$222	$ —	$ (1)	$ —	$ (1)	$ 194	$ —	$ —	$194

	Pepco				DPL				ACE			
As of December 31, 2015	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets												
Cash equivalents	$ 2	$ —	$ —	$ 2	$ —	$ —	$ —	$ —	$ 30	$ —	$ —	$ 30
Rabbi trust investments												
Cash equivalents	11	—	—	11	—	—	—	—	—	—	—	—
Fixed income	—	15	—	15	—	—	—	—	—	—	—	—
Life insurance contracts	—	23	19	42	—	—	—	—	—	—	—	—
Rabbi trust investments subtotal	11	38	19	68	—	—	—	—	—	—	—	—
Total assets	13	38	19	70	—	—	—	—	30	—	—	30
Liabilities												
Deferred compensation obligation	—	(6)	—	(6)	—	(1)	—	(1)	—	—	—	—
Mark-to-market derivative liabilities (b)	—	—	—	—	(2)	—	—	(2)	—	—	—	—
Effect of netting and allocation of collateral	—	—	—	—	2	—	—	2	—	—	—	—
Mark-to-market derivative liabilities subtotal	—	—	—	—	—	—	—	—	—	—	—	—
Total liabilities	—	(6)	—	(6)	—	(1)	—	(1)	—	—	—	—
Total net assets (liabilities)	$ 13	$ 32	$ 19	$ 64	$ —	$ (1)	$ —	$ (1)	$ 30	$ —	$ —	$ 30

(a) PHI excludes cash of $20 million and $16 million at September 30, 2016 and December 31, 2015 and includes long term restricted cash of $19 million and $18 million at September 30, 2016 and December 31, 2015 which is reported in other deferred debits on the balance sheet. Pepco excludes cash of $8 million and $5 million at September 30, 2016 and December 31, 2015. DPL excludes cash of $4 million and $5 million at September 30, 2016 and December 31, 2015. ACE excludes cash of $5 million and $3 million at September 30, 2016 and December 31, 2015 and includes long term restricted cash of $19 million and $18 million at September 30, 2016 and December 31, 2015 which is reported in other deferred debits on the balance sheet.

(b) Represents natural gas futures purchased by DPL as part of a natural gas hedging program approved by the DPSC.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

(c) Prior to the PHI Merger, PHI recorded derivative assets for the embedded call and redemption features on the shares of Preferred Stock outstanding as of December 31, 2015. See Note 16 — Mezzanine Equity for additional information. As a result of the PHI Merger, the PHI preferred stock derivative was reduced to zero as of March 23, 2016.

The following tables present the fair value reconciliation of Level 3 assets and liabilities measured at fair value on a recurring basis during the three and nine months ended September 30, 2016 and 2015:

	Generation					ComEd	*Successor* PHI		Exelon
Three Months Ended September 30, 2016	**NDT Fund Investments**	**Pledged Assets for Zion Station Decommissioning**	**Mark-to-Market Derivatives**	**Other Investments**	**Total Generation**	**Mark-to-Market Derivatives (a)**	**Life Insurance Contracts**	**Eliminated in Consolidation**	**Total**
Balance as of June 30, 2016	$ 715	$ 25	$ 609	$ 37	$ 1,386	$ (221)	$ 20	$ —	$ 1,185
Total realized / unrealized gains (losses)									
Included in net income	(4)	—	95 (b)	1	92	—	1	—	93
Included in noncurrent payables to affiliates	6	—	—	—	6	—	—	(6)	—
Included in payable for Zion Station decommissioning	—	(1)	—	—	(1)	—	—	—	(1)
Included in regulatory assets	—	—	—	—	—	(23)	—	6	(17)
Change in collateral	—	—	31	—	31	—	—	—	31
Purchases, sales, issuances and settlements									
Purchases	4	—	207 (d)	3	214	—	—	—	214
Sales	—	(5)	(2)	—	(7)	—	—	—	(7)
Issuances	—	—	—	—	—	—	—	—	—
Settlements	(28)	—	—	—	(28)	—	—	—	(28)
Transfers into Level 3	—	—	(1)	1	—	—	—	—	—
Transfers out of Level 3	—	—	(4)	—	(4)	—	—	—	(4)
Balance at September 30, 2016	$ 693	$ 19	$ 935	$ 42	$ 1,689	$ (244)	$ 21	$ —	$ 1,466
The amount of total gains (losses) included in income attributed to the change in unrealized gains (losses) related to assets and liabilities as of September 30, 2016	$ 3	$ —	$ 285	$ —	$ 288	$ —	$ —	$ —	$ 288

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Generation					ComEd	*Successor* PHI [c]		Exelon
Nine Months Ended September 30, 2016	**NDT Fund Investments**	**Pledged Assets for Zion Station Decommissioning**	**Mark-to-Market Derivatives**	**Other Investments**	**Total Generation**	**Mark-to-Market Derivatives [a]**	**Life Insurance Contracts**	**Eliminated in Consolidation**	**Total**
Balance as of December 31, 2015	$ 670	$ 22	$ 1,051	$ 33	$ 1,776	$ (247)	$ —	$ —	$ 1,529
Included due to merger	—	—	—	—	—	—	20	—	20
Total realized / unrealized gains (losses)									
Included in net income	2	—	(339) [b]	1	(336)	—	2	—	(334)
Included in noncurrent payables to affiliates	18	—	—	—	18	—	—	(18)	—
Included in payable for Zion Station decommissioning	—	1	—	—	1	—	—	—	1
Included in regulatory assets/liabilities	—	—	—	—	—	3	—	18	21
Change in collateral	—	—	(51)	—	(51)	—	—	—	(51)
Purchases, sales, issuances and settlements									
Purchases	123	1	289 [d]	7	420	—	—	—	420
Sales	(1)	(5)	(5)	—	(11)	—	—	—	(11)
Issuances	—	—	—	—	—	—	(1)	—	(1)
Settlements	(119)	—	—	—	(119)	—	—	—	(119)
Transfers into Level 3	—	—	1	1	2	—	—	—	2
Transfers out of Level 3	—	—	(11)	—	(11)	—	—	—	(11)
Balance as of September 30, 2016	$ 693	$ 19	$ 935	$ 42	$ 1,689	$ (244)	$ 21	$ —	$ 1,466
The amount of total gains (losses) included in income attributed to the change in unrealized gains (losses) related to assets and liabilities as of September 30, 2016	$ 7	$ —	$ 240	$ —	$ 247	$ —	$ 1	$ —	$ 248

(a) Includes $25 million of decreases in fair value and realized losses due to settlements of $2 million recorded in purchased power expense associated with floating-to-fixed energy swap contracts with unaffiliated suppliers for the three months ended September 30, 2016. Includes $10 million of decreases in fair value and realized losses due to settlements of $13 million for the nine months ended September 30, 2016.

(b) Includes a reduction for the reclassification of $190 million and $579 million of realized gains due to the settlement of derivative contracts recorded in results of operations for the three and nine months ended September 30, 2016, respectively.

(c) Successor period represents activity from March 24, 2016 through September 30, 2016. See tables below for PHI's predecessor periods, as well as activity for Pepco and DPL for the three and nine months ended September 30, 2016.

(d) Includes $168 million of fair value from contracts acquired as a result of portfolio acquisitions.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Generation					ComEd		Exelon
Three Months Ended September 30, 2015	NDT Fund Investments	Pledged Assets for Zion Station Decommissioning	Mark-to-Market Derivatives	Other Investments	Total Generation	Mark-to-Market Derivatives [a]	Eliminated in Consolidation	Total
Balance as of June 30, 2015	$ 667	$ 41	$ 1,021	$ 30	$ 1,759	$ (223)	$ —	$ 1,536
Total realized / unrealized gains (losses)					—			
Included in net income	—	—	(48) [b]	—	(48)	—	—	(48)
Included in noncurrent payables to affiliates	—	—	—	—	—	—	—	—
Included in payable for Zion Station decommissioning	—	1	—	—	1	—	—	1
Included in regulatory assets	—	—	—	—	—	(20)	—	(20)
Change in collateral	—	—	90	—	90	—	—	90
Purchases, sales, issuances and settlements								
Purchases	15	—	50	2	67	—	—	67
Sales	—	(13)	(5)	—	(18)	—	—	(18)
Settlements	(13)	—	—	—	(13)	—	—	(13)
Transfers into Level 3	—	—	69	—	69	—	—	69
Transfers out of Level 3	—	—	(3)	—	(3)	—	—	(3)
Balance as of September 30, 2015	$ 669	$ 29	$ 1,174	$ 32	$ 1,904	$ (243)	$ —	$ 1,661
The amount of total gains (losses) included in income attributed to the change in unrealized gains (losses) related to assets and liabilities as of September 30, 2015	$ (1)	$ —	$ 181	$ —	$ 180	$ —	$ —	$ 180

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Generation					ComEd		Exelon
Nine Months Ended September 30, 2015	NDT Fund Investments	Pledged Assets for Zion Station Decommissioning	Mark-to-Market Derivatives	Other Investments	Total Generation	Mark-to-Market Derivatives [a]	Eliminated in Consolidation	Total
Balance as of December 31, 2014	$ 605	$ 50	$ 1,050	$ 3	$ 1,708	$ (207)	$ —	$ 1,501
Total realized / unrealized gains (losses)								
Included in net income	4	—	(87) [b]	—	(83)	—	—	(83)
Included in noncurrent payables to affiliates	17	—	—	—	17	—	(17)	—
Included in payable for Zion Station decommissioning	—	2	—	—	2	—	—	2
Included in regulatory assets	—	—	—	—	—	(36)	17	(19)
Change in collateral	—	—	72	—	72	—	—	72
Purchases, sales, issuances and settlements								
Purchases	122	1	107	29	259	—	—	259
Sales	(8)	(24)	(10)	—	(42)	—	—	(42)
Settlements	(75)	—	—	—	(75)	—	—	(75)
Transfers into Level 3	4	—	80	—	84	—	—	84
Transfers out of Level 3	—	—	(38)	—	(38)	—	—	(38)
Balance as of September 30, 2015	$ 669	$ 29	$ 1,174	$ 32	$ 1,904	$ (243)	$ —	$ 1,661
The amount of total gains (losses) included in income attributed to the change in unrealized gains (losses) related to assets and liabilities as of September 30, 2015	$ 2	$ —	$ 536	$ —	$ 538	$ —	$ —	$ 538

(a) Includes $19 million of decreases in fair value and a reduction for realized gains due to settlements of $1 million recorded in purchased power expense associated with floating-to-fixed energy swap contracts with unaffiliated suppliers for the three months ended September 30, 2015. Includes $44 million of decreases in fair value and an increase for realized losses due to settlements of $8 million for the nine months ended September 30, 2015.

(b) Includes a reduction for the reclassification of $229 million and $623 million of realized gains due to the settlement of derivative contracts recorded in results of operations for the three and nine months ended September 30, 2015, respectively.

	Successor Three Months Ended September 30, 2016	*Predecessor* Three Months Ended September 30, 2015	
PHI	Life Insurance Contracts	Preferred Stock	Life Insurance Contracts
Beginning Balance	$ 20	$ 3	$ 20
Total realized / unrealized gains (losses)			
Included in net income	1	15	1
Purchases, sales, issuances and settlements			
Issuances	—	—	(2)
Settlements	—	—	—
Ending Balance	$ 21	$ 18	$ 19
The amount of total gains (losses) included in income attributed to the change in unrealized gains (losses) related to assets and liabilities for the period	$ —	$ 15	$ —

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

PHI	*Successor* March 24, 2016 to September 30, 2016	*Predecessor* January 1, 2016 to March 23, 2016		*Predecessor* Nine Months Ended September 30, 2015	
	Life Insurance Contracts	Preferred Stock	Life Insurance Contracts	Preferred Stock	Life Insurance Contracts
Beginning Balance	$ 20	$ 18	$ 19	$ 3	$ 19
Total realized / unrealized gains (losses)					
Included in net income	2	(18)	1	15	4
Purchases, sales, issuances and settlements					
Issuances	(1)	—	—	—	(3)
Settlements	—	—	—	—	(1)
Ending Balance	$ 21	$ —	$ 20	$ 18	$ 19
The amount of total gains (losses) included in income attributed to the change in unrealized gains (losses) related to assets and liabilities for the period	$ 1	$ —	$ 1	$ 15	$ 2

	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015
	Pepco	Pepco
	Life Insurance Contracts	Life Insurance Contracts
Beginning Balance	$ 20	$ 20
Total realized / unrealized gains (losses)		
Included in net income	1	1
Purchases, sales, issuances and settlements		
Issuances	—	(3)
Settlements	—	—
Ending Balance	$ 21	$ 18
The amount of total gains (losses) included in income attributed to the change in unrealized gains (losses) related to assets and liabilities for the period	$ —	$ —

	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015	
	Pepco	Pepco	DPL
	Life Insurance Contracts	Life Insurance Contracts	Life Insurance Contracts
Beginning Balance	$ 19	$ 18	$ 1
Total realized / unrealized gains (losses)			
Included in net income	3	4	—
Purchases, sales, issuances and settlements			
Issuances	(1)	(4)	—
Settlements	—	—	(1)
Ending Balance	$ 21	$ 18	$ —
The amount of total gains (losses) included in income attributed to the change in unrealized gains (losses) related to assets and liabilities for the period	$ 2	$ 2	$ —

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following tables present the income statement classification of the total realized and unrealized gains (losses) included in income for Level 3 assets and liabilities measured at fair value on a recurring basis during the three and nine months ended September 30, 2016 and 2015:

	Generation			Exelon		
	Operating Revenues	Purchased Power and Fuel	Other, net [a]	Operating Revenues	Purchased Power and Fuel	Other, net [a]
Total gains (losses) included in net income for the three months ended September 30, 2016	$ 180	$ (85)	$ (4)	$ 180	$ (85)	$ (3)
Total gains (losses) included in net income for the nine months ended September 30, 2016	(232)	(107)	2	(232)	(107)	4
Change in the unrealized gains (losses) relating to assets and liabilities held for the three months ended September 30, 2016	323	(38)	3	323	(38)	3
Change in the unrealized gains (losses) relating to assets and liabilities held for the nine months ended September 30, 2016	303	(63)	7	303	(63)	8

	Generation			Exelon		
	Operating Revenues	Purchased Power and Fuel	Other, net [a]	Operating Revenues	Purchased Power and Fuel	Other, net [a]
Total gains (losses) included in net income for the three months ended September 30, 2015	$ (4)	$ (44)	$ —	$ (4)	$ (44)	$ —
Total gains (losses) included in net income for the nine months ended September 30, 2015	(31)	(56)	4	(31)	(56)	4
Change in the unrealized gains (losses) relating to assets and liabilities held for the three months ended September 30, 2015	198	(17)	(1)	198	(17)	(1)
Change in the unrealized gains (losses) relating to assets and liabilities held for the nine months ended September 30, 2015	538	(2)	2	538	(2)	2

	Successor PHI	*Predecessor* PHI	Pepco	
	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015
	Other, net	Other, net	Other, net	
Total gains (losses) included in net income	$ 1	$ 16	$ 1	$ 1
Change in the unrealized gains (losses) relating to assets and liabilities held	—	15	—	—

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Successor PHI	*Predecessor* PHI		Pepco	
	March 24, 2016 to September 30, 2016	January 1, 2016 to March 23, 2016	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
	Other, net	Other, net		Other, net	
Total gains (losses) included in net income	$ 2	$ (17)	$ 19	$ 3	$ 4
Change in the unrealized gains (losses) relating to assets and liabilities held	1	1	17	2	2

(a) Other, net activity consists of realized and unrealized gains (losses) included in income for the NDT funds held by Generation and the life insurance contracts held by Pepco.

Valuation Techniques Used to Determine Fair Value

The following describes the valuation techniques used to measure the fair value of the assets and liabilities shown in the tables above.

Cash Equivalents (Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE). The Registrants' cash equivalents include investments with maturities of three months or less when purchased. The cash equivalents shown in the fair value tables are comprised of investments in mutual and money market funds. The fair values of the shares of these funds are based on observable market prices and, therefore, have been categorized in Level 1 in the fair value hierarchy.

Preferred Stock Derivative (PHI). In connection with entering into the PHI Merger Agreement, as further described in Note 16 — Mezzanine Equity, PHI entered into a Subscription Agreement with Exelon dated April 29, 2014, pursuant to which PHI issued to Exelon shares of Preferred stock. The Preferred stock contained embedded features requiring separate accounting consideration to reflect the potential value to PHI that any issued and outstanding Preferred stock could be called and redeemed at a nominal par value upon a termination of the merger agreement under certain circumstances due to the failure to obtain required regulatory approvals. The embedded call and redemption features on the shares of the Preferred stock in the event of such a termination were separately accounted for as derivatives. These Preferred stock derivatives were valued quarterly using quantitative and qualitative factors, including management's assessment of the likelihood of a Regulatory Termination and therefore, were categorized in Level 3 in the fair value hierarchy. As a result of the PHI Merger, the PHI Preferred stock derivative was reduced to zero as of March 23, 2016. The write-off was charged to Other, net on the PHI Consolidated Statement of Operations and Comprehensive Income.

Nuclear Decommissioning Trust Fund Investments and Pledged Assets for Zion Station Decommissioning (Exelon and Generation). The trust fund investments have been established to satisfy Generation's and CENG's nuclear decommissioning obligations as required by the NRC. The NDT funds hold debt and equity securities directly and indirectly through commingled funds and mutual funds, which are included in Equities, Fixed Income and Other. Generation's and CENG's NDT fund investments policies outline investment guidelines for the trusts and limit the trust funds' exposures to investments in highly illiquid markets and other alternative investments. Investments with maturities of three months or less when purchased, including certain short-term fixed income securities are considered cash equivalents and included in the recurring fair value measurements hierarchy as Level 1 or Level 2.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

With respect to individually held equity securities, the trustees obtain prices from pricing services, whose prices are generally obtained from direct feeds from market exchanges, which Generation is able to independently corroborate. The fair values of equity securities held directly by the trust funds which are based on quoted prices in active markets are categorized in Level 1. Certain equity securities have been categorized as Level 2 because they are based on evaluated prices that reflect observable market information, such as actual trade information or similar securities. Equity securities held individually are primarily traded on the New York Stock Exchange and NASDAQ-Global Select Market, which contain only actively traded securities due to the volume trading requirements imposed by these exchanges.

For fixed income securities, multiple prices from pricing services are obtained whenever possible, which enables cross-provider validations in addition to checks for unusual daily movements. A primary price source is identified based on asset type, class or issue for each security. With respect to individually held fixed income securities, the trustees monitor prices supplied by pricing services and may use a supplemental price source or change the primary price source of a given security if the portfolio managers challenge an assigned price and the trustees determine that another price source is considered to be preferable. Generation has obtained an understanding of how these prices are derived, including the nature and observability of the inputs used in deriving such prices. Additionally, Generation selectively corroborates the fair values of securities by comparison to other market-based price sources. U.S. Treasury securities are categorized as Level 1 because they trade in a highly liquid and transparent market. The fair values of fixed income securities, excluding U.S. Treasury securities, are based on evaluated prices that reflect observable market information, such as actual trade information or similar securities, adjusted for observable differences and are categorized in Level 2. The fair values of private placement fixed income securities, which are included in Corporate debt, are determined using a third party valuation that contains significant unobservable inputs and are categorized in Level 3.

Equity and fixed income commingled funds and mutual funds are maintained by investment companies and hold certain investments in accordance with a stated set of fund objectives such as holding short term fixed income securities or tracking the performance of certain equity indices by purchasing equity securities to replicate the capitalization and characteristics of the indices. The values of some of these funds are publicly quoted. For mutual funds which are publicly quoted, the funds are valued based on quoted prices in active markets and have been categorized as Level 1. For commingled funds and mutual funds, which are not publicly quoted, the funds are valued using NAV as a practical expedient for fair value, which is primarily derived from the quoted prices in active markets on the underlying securities, and are not classified within the fair value hierarchy. These investments typically can be redeemed monthly with 30 or less days of notice and without further restrictions.

Derivative instruments consisting primarily of interest rate swaps to manage risk are recorded at fair value. Derivative instruments are valued based on external price data of comparable securities and have been categorized as Level 2.

Middle market lending are investments in loans or managed funds which lend to private companies. Generation elected the fair value option for its investments in certain limited partnerships that invest in middle market lending managed funds. The fair value of these loans is determined using a combination of valuation models including cost models, market models and income models. Investments in loans are categorized as Level 3 because the fair value of these securities is based largely on inputs that are unobservable and utilize complex valuation models. Managed funds are valued using NAV or its equivalent as a practical expedient, and therefore, are not classified within the fair value hierarchy. Investments in middle market lending typically cannot be redeemed until maturity of the term loan.

Private equity and real estate investments include those in limited partnerships that invest in operating companies and real estate holding companies that are not publicly traded on a stock exchange, such as, leveraged

buyouts, growth capital, venture capital, distressed investments, investments in natural resources, and direct investments in pools of real estate properties. The fair value of private equity and real estate investments is determined using NAV or its equivalent as a practical expedient, and therefore, are not classified within the fair value hierarchy. These investments typically cannot be redeemed and are generally liquidated over a period of 8 to 10 years from the initial investment date. Private equity and real estate valuations are reported by the fund manager and are based on the valuation of the underlying investments, which include inputs such as cost, operating results, discounted future cash flows, market based comparable data, and independent appraisals from sources with professional qualifications. These valuation inputs are not highly observable.

As of September 30, 2016, Generation has outstanding commitments to invest in middle market lending, private equity investments and real estate investments of approximately $170 million, $73 million, and $220 million, respectively. These commitments will be funded by Generation's existing nuclear decommissioning trust funds.

Concentrations of Credit Risk . Generation evaluated its NDT portfolios for the existence of significant concentrations of credit risk as of September 30, 2016. Types of concentrations that were evaluated include, but are not limited to, investment concentrations in a single entity, type of industry, foreign country, and individual fund. As of September 30, 2016, there were no significant concentrations (generally defined as greater than 10 percent) of risk in Generation's NDT assets.

See Note 12 — Nuclear Decommissioning for further discussion on the NDT fund investments.

Rabbi Trust Investments (Exelon, Generation, PECO, BGE, PHI, Pepco, DPL and ACE). The Rabbi trusts were established to hold assets related to deferred compensation plans existing for certain active and retired members of Exelon's executive management and directors. The Rabbi trusts assets are included in investments in the Registrants' Consolidated Balance Sheets and consist primarily of money market funds, mutual funds, fixed income securities and life insurance policies. The mutual funds are maintained by investment companies and hold certain investments in accordance with a stated set of fund objectives, which are consistent with Exelon's overall investment strategy. Money market funds and mutual funds are publicly quoted and have been categorized as Level 1 given the clear observability of the prices. The fair values of fixed income securities are based on evaluated prices that reflect observable market information, such as actual trade information or similar securities, adjusted for observable differences and are categorized in Level 2. The life insurance policies are valued using the cash surrender value of the policies, net of loans against those policies, which is provided by a third-party. Certain life insurance policies, which consist primarily of mutual funds that are priced based on observable market data, have been categorized as Level 2 because the life insurance policies can be liquidated at the reporting date for the value of the underlying assets. Life insurance policies that are valued using unobservable inputs have been categorized as Level 3.

Mark-to-Market Derivatives (Exelon, Generation, ComEd, PHI and DPL) . Derivative contracts are traded in both exchange-based and non-exchange-based markets. Exchange-based derivatives that are valued using unadjusted quoted prices in active markets are categorized in Level 1 in the fair value hierarchy. Certain derivatives' pricing is verified using indicative price quotations available through brokers or over-the-counter, on-line exchanges and are categorized in Level 2. These price quotations reflect the average of the bid-ask, mid-point prices and are obtained from sources that the Registrants believe provide the most liquid market for the commodity. The price quotations are reviewed and corroborated to ensure the prices are observable and representative of an orderly transaction between market participants. This includes consideration of actual transaction volumes, market delivery points, bid-ask spreads and contract duration. The remainder of derivative contracts are valued using the Black model, an industry standard option valuation model. The Black model takes into account inputs such as contract terms, including maturity, and market parameters, including assumptions of

the future prices of energy, interest rates, volatility, credit worthiness and credit spread. For derivatives that trade in liquid markets, such as generic forwards, swaps and options, model inputs are generally observable. Such instruments are categorized in Level 2. The Registrants' derivatives are predominately at liquid trading points. For derivatives that trade in less liquid markets with limited pricing information model inputs generally would include both observable and unobservable inputs. These valuations may include an estimated basis adjustment from an illiquid trading point to a liquid trading point for which active price quotations are available. Such instruments are categorized in Level 3.

Exelon may utilize fixed-to-floating interest rate swaps, which are typically designated as fair value hedges, as a means to achieve its targeted level of variable-rate debt as a percent of total debt. In addition, the Registrants may utilize interest rate derivatives to lock in interest rate levels in anticipation of future financings. These interest rate derivatives are typically designated as cash flow hedges. Exelon determines the current fair value by calculating the net present value of expected payments and receipts under the swap agreement, based on and discounted by the market's expectation of future interest rates. Additional inputs to the net present value calculation may include the contract terms, counterparty credit risk and other market parameters. As these inputs are based on observable data and valuations of similar instruments, the interest rate swaps are categorized in Level 2 in the fair value hierarchy. See Note 9 — Derivative Financial Instruments for further discussion on mark-to-market derivatives.

Deferred Compensation Obligations (Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE). The Registrants' deferred compensation plans allow participants to defer certain cash compensation into a notional investment account. The Registrants include such plans in other current and noncurrent liabilities in their Consolidated Balance Sheets. The value of the Registrants' deferred compensation obligations is based on the market value of the participants' notional investment accounts. The underlying notional investments are comprised primarily of equities, mutual funds, commingled funds, and fixed income securities which are based on directly and indirectly observable market prices. Since the deferred compensation obligations themselves are not exchanged in an active market, they are categorized as Level 2 in the fair value hierarchy.

The value of certain employment agreement obligations (which are included with the Deferred Compensation Obligation in the tables above) are based on a known and certain stream of payments to be made over time and are categorized as Level 2 within the fair value hierarchy.

Additional Information Regarding Level 3 Fair Value Measurements (Exelon, Generation, ComEd, PHI, Pepco and DPL)

Mark-to-Market Derivatives (Exelon, Generation and ComEd). For valuations that include both observable and unobservable inputs, if the unobservable input is determined to be significant to the overall inputs, the entire valuation is categorized in Level 3. This includes derivatives valued using indicative price quotations whose contract tenure extends into unobservable periods. In instances where observable data is unavailable, consideration is given to the assumptions that market participants would use in valuing the asset or liability. This includes assumptions about market risks such as liquidity, volatility and contract duration. Such instruments are categorized in Level 3 as the model inputs generally are not observable. Exelon's RMC approves risk management policies and objectives for risk assessment, control and valuation, counterparty credit approval, and the monitoring and reporting of risk exposures. The RMC is chaired by the chief executive officer and includes the chief risk officer, chief strategy officer, chief executive officer of Exelon Utilities, chief commercial officer, chief financial officer and chief executive officer of Constellation. The RMC reports to the Finance and Risk Committee of the Exelon Board of Directors on the scope of the risk management activities. Forward price curves for the power market utilized by the front office to manage the portfolio, are reviewed and verified by the middle office, and used for financial reporting by the back office. The Registrants consider credit and

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nonperformance risk in the valuation of derivative contracts categorized in Level 2 and 3, including both historical and current market data in its assessment of credit and nonperformance risk by counterparty. Due to master netting agreements and collateral posting requirements, the impacts of credit and nonperformance risk were not material to the financial statements.

Disclosed below is detail surrounding the Registrants' significant Level 3 valuations. The calculated fair value includes marketability discounts for margining provisions and other attributes. Generation's Level 3 balance generally consists of forward sales and purchases of power and natural gas and certain transmission congestion contracts. Generation utilizes various inputs and factors including market data and assumptions that market participants would use in pricing assets or liabilities as well as assumptions about the risks inherent in the inputs to the valuation technique. The inputs and factors include forward commodity prices, commodity price volatility, contractual volumes, delivery location, interest rates, credit quality of counterparties and credit enhancements.

For commodity derivatives, the primary input to the valuation models is the forward commodity price curve for each instrument. Forward commodity price curves are derived by risk management for liquid locations and by the traders and portfolio managers for illiquid locations. All locations are reviewed and verified by risk management considering published exchange transaction prices, executed bilateral transactions, broker quotes, and other observable or public data sources. The relevant forward commodity curve used to value each of the derivatives depends on a number of factors, including commodity type, delivery location, and delivery period. Price volatility varies by commodity and location. When appropriate, Generation discounts future cash flows using risk free interest rates with adjustments to reflect the credit quality of each counterparty for assets and Generation's own credit quality for liabilities. The level of observability of a forward commodity price varies generally due to the delivery location and delivery period. Certain delivery locations including PJM West Hub (for power) and Henry Hub (for natural gas) are more liquid and prices are observable for up to three years in the future. The observability period of volatility is generally shorter than the underlying power curve used in option valuations. The forward curve for a less liquid location is estimated by using the forward curve from the liquid location and applying a spread to represent the cost to transport the commodity to the delivery location. This spread does not typically represent a majority of the instrument's market price. As a result, the change in fair value is closely tied to liquid market movements and not a change in the applied spread. The change in fair value associated with a change in the spread is generally immaterial. An average spread calculated across all Level 3 power and gas delivery locations is approximately $2.81 and $0.36 for power and natural gas, respectively. Many of the commodity derivatives are short term in nature and thus a majority of the fair value may be based on observable inputs even though the contract as a whole must be classified as Level 3. See ITEM 3. —QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK for information regarding the maturity by year of the Registrants' mark-to-market derivative assets and liabilities.

On December 17, 2010, ComEd entered into several 20-year floating to fixed energy swap contracts with unaffiliated suppliers for the procurement of long-term renewable energy and associated RECs. See Note 9 —Derivative Financial Instruments for more information. The fair value of these swaps has been designated as a Level 3 valuation due to the long tenure of the positions and internal modeling assumptions. The modeling assumptions include using natural gas heat rates to project long term forward power curves adjusted by a renewable factor that incorporates time of day and seasonality factors to reflect accurate renewable energy pricing. In addition, marketability reserves are applied to the positions based on the tenor and supplier risk.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The table below discloses the significant inputs to the forward curve used to value these positions.

Type of trade	Fair Value at September 30, 2016	Valuation Technique	Unobservable Input	Range
Mark-to-market derivatives — Economic Hedges (Exelon and Generation) [a][c]	$ 788	Discounted Cash Flow	Forward power price	$6 — $130
			Forward gas price	$1.24 — $9.53
		Option Model	Volatility percentage	5% — 115%
Mark-to-market derivatives — Proprietary trading (Exelon and Generation) [a][c]	$ (3)	Discounted Cash Flow	Forward power price	$15 — $68
Mark-to-market derivatives (Exelon and ComEd)	$ (244)	Discounted Cash Flow	Forward heat rate [b]	8x — 9x
			Marketability reserve	3% — 8%
			Renewable factor	86% — 121%

(a) The valuation techniques, unobservable inputs and ranges are the same for the asset and liability positions.
(b) Quoted forward natural gas rates are utilized to project the forward power curve for the delivery of energy at specified future dates. The natural gas curve is extrapolated beyond its observable period to the end of the contract's delivery.
(c) The fair values do not include cash collateral posted on level three positions of $150 million as of September 30, 2016.

Type of trade	Fair Value at December 31, 2015	Valuation Technique	Unobservable Input	Range
Mark-to-market derivatives — Economic Hedges (Exelon and Generation) [a][c]	$ 857	Discounted Cash Flow	Forward power price	$11 — $88
			Forward gas price	$1.18 — $8.95
		Option Model	Volatility percentage	5% — 152%
Mark-to-market derivatives — Proprietary trading (Exelon and Generation) [a][c]	$ (7)	Discounted Cash Flow	Forward power price	$13 — $78
Mark-to-market derivatives (Exelon and ComEd)	$ (247)	Discounted Cash Flow	Forward heat rate [b]	9x — 10x
			Marketability reserve	3.5% — 7%
			Renewable factor	87% — 128%

(a) The valuation techniques, unobservable inputs and ranges are the same for the asset and liability positions.
(b) Quoted forward natural gas rates are utilized to project the forward power curve for the delivery of energy at specified future dates. The natural gas curve is extrapolated beyond its observable period to the end of the contract's delivery.
(c) The fair values do not include cash collateral posted on level three positions of $201 million as of December 31, 2015.

The inputs listed above would have a direct impact on the fair values of the above instruments if they were adjusted. The significant unobservable inputs used in the fair value measurement of Generation's commodity derivatives are forward commodity prices and for options is price volatility. Increases (decreases) in the forward commodity price in isolation would result in significantly higher (lower) fair values for long positions (contracts that give Generation the obligation or option to purchase a commodity), with offsetting impacts to short positions (contracts that give Generation the obligation or right to sell a commodity). Increases (decreases) in volatility would increase (decrease) the value for the holder of the option (writer of the option). Generally, a change in the estimate of forward commodity prices is unrelated to a change in the estimate of volatility of prices. An increase to the reserves listed above would decrease the fair value of the positions. An increase to the heat rate or renewable factors would increase the fair value accordingly. Generally, interrelationships exist between market prices of natural gas and power. As such, an increase in natural gas pricing would potentially have a similar impact on forward power markets.

Nuclear Decommissioning Trust Fund Investments and Pledged Assets for Zion Station Decommissioning (Exelon and Generation). For middle market lending and certain corporate debt securities investments, the fair value is determined using a combination of valuation models including cost models, market models and income models. The valuation estimates are based on valuations of comparable companies, discounting the forecasted cash flows of the portfolio company, estimating the liquidation or collateral value of the portfolio company or its assets, considering offers from third parties to buy the portfolio company, its historical and projected financial results, as well as other factors that may impact value. Significant judgment is required in the application of discounts or premiums applied to the prices of comparable companies for factors such as size, marketability, credit risk and relative performance.

Because Generation relies on third-party fund managers to develop the quantitative unobservable inputs without adjustment for the valuations of its Level 3 investments, quantitative information about significant unobservable inputs used in valuing these investments is not reasonably available to Generation. This includes information regarding the sensitivity of the fair values to changes in the unobservable inputs. Generation gains an understanding of the fund managers' inputs and assumptions used in preparing the valuations. Generation performed procedures to assess the reasonableness of the valuations. For a sample of its Level 3 investments, Generation reviewed independent valuations and reviewed the assumptions in the detailed pricing models used by the fund managers.

Rabbi Trust Investments — Life insurance contracts (Exelon, PHI, Pepco, DPL and ACE). For life insurance policies categorized as Level 3, the fair value is determined based on the cash surrender value of the policy, which contains unobservable inputs and assumptions. Because Exelon relies on its third-party insurance provider to develop the inputs without adjustment for the valuations of its Level 3 investments, quantitative information about significant unobservable inputs used in valuing these investments is not reasonably available to Exelon. Exelon gains an understanding of the types of inputs and assumptions used in preparing the valuations and performs procedures to assess the reasonableness of the valuations.

9. DerivativeFinancial Instruments (All Registrants)

The Registrants use derivative instruments to manage commodity price risk, foreign currency exchange risk and interest rate risk related to ongoing business operations.

Commodity Price Risk (All Registrants)

To the extent the amount of energy Generation produces differs from the amount of energy it has contracted to sell, Exelon and Generation are exposed to market fluctuations in the prices of electricity, fossil fuels and other commodities. Each of the Registrants employ established policies and procedures to manage their risks

associated with market fluctuations in commodity prices by entering into physical and financial derivative contracts, including swaps, futures, forwards, options and short-term and long-term commitments to purchase and sell energy and energy-related products. The Registrants believe these instruments, which are classified as either economic hedges or non-derivatives, mitigate exposure to fluctuations in commodity prices.

Derivative accounting guidance requires that derivative instruments be recognized as either assets or liabilities at fair value, with changes in fair value of the derivative recognized in earnings each period. Other accounting treatments are available through special election and designation, provided they meet specific, restrictive criteria both at the time of designation and on an ongoing basis. These alternative permissible accounting treatments include normal purchase normal sale (NPNS), cash flow hedge and fair value hedge. For Generation, all derivative economic hedges related to commodities are recorded at fair value through earnings for the combined company, referred to as economic hedges in the following tables. The Registrants have applied the NPNS scope exception to certain derivative contracts for the forward sale of generation, power procurement agreements and natural gas supply agreements. Generation has also entered into bilateral long-term contractual obligations for sales of energy to load-serving entities, including electric utilities, municipalities, electric cooperatives and retail load aggregators, as well as contractual obligations to deliver energy to market participants who primarily focus on the resale of energy products for delivery. These non-derivative contracts are accounted for primarily under the accrual method of accounting. Additionally, Generation is exposed to certain market risks through its proprietary trading activities. The proprietary trading activities are a complement to Generation's energy marketing portfolio but represent a small portion of Generation's overall energy marketing activities.

Economic Hedging. The Registrants are exposed to commodity price risk primarily relating to changes in the market price of electricity, fossil fuels and other commodities associated with price movements resulting from changes in supply and demand, fuel costs, market liquidity, weather conditions, governmental regulatory and environmental policies and other factors. Within Exelon, Generation has the most exposure to commodity price risk. As such, Generation uses a variety of derivative and non-derivative instruments to manage the commodity price risk of its electric generation facilities, including power and gas sales, fuel and energy purchases, natural gas transportation and pipeline capacity agreements and other energy-related products marketed and purchased. In order to manage these risks, Generation may enter into fixed-price derivative or non-derivative contracts to hedge the variability in future cash flows from forecasted sales of energy and gas and purchases of fuel and energy. The objectives for entering into such hedges include fixing the price for a portion of anticipated future electricity sales at a level that provides an acceptable return on electric generation operations, fixing the price of a portion of anticipated fuel purchases for the operation of power plants, and fixing the price for a portion of anticipated energy purchases to supply load-serving customers. The portion of forecasted transactions hedged may vary based upon management's policies and hedging objectives, the market, weather conditions, operational and other factors. Generation is also exposed to differences between the locational settlement prices of certain economic hedges and the hedged generating units. This price difference is actively managed through other instruments which include derivative congestion products, whose changes in fair value are recognized in earnings each period, and auction revenue rights, which are accounted for on an accrual basis.

In general, increases and decreases in forward market prices have a positive and negative impact, respectively, on Generation's owned and contracted generation positions that have not been hedged. Generation hedges commodity price risk on a ratable basis over three-year periods. As of September 30, 2016, the proportion of expected generation hedged for the major reportable segments is 98%-101%, 85%-88% and 54%-57% for 2016, 2017 and 2018, respectively. The percentage of expected generation hedged is the amount of equivalent sales divided by the expected generation. Expected generation is the volume of energy that best represents our commodity position in energy markets from owned or contracted for capacity based upon a simulated dispatch model that makes assumptions regarding future market conditions, which are calibrated to market quotes for

power, fuel, load following products, and options. Equivalent sales represent all hedging products, which include economic hedges and certain non-derivative contracts including Generation's sales to the Utility Registrants to serve their retail load.

On December 17, 2010, ComEd entered into several 20-year floating-to-fixed energy swap contracts with unaffiliated suppliers for the procurement of long-term renewable energy and associated RECs. Delivery under the contracts began in June 2012. These contracts are designed to lock in a portion of the long-term commodity price risk resulting from the renewable energy resource procurement requirements in the Illinois Settlement Legislation. ComEd has not elected hedge accounting for these derivative financial instruments. ComEd records the fair value of the swap contracts on its balance sheet. Because ComEd receives full cost recovery for energy procurement and related costs from retail customers, the change in fair value each period is recorded by ComEd as a regulatory asset or liability. See Note 3 — Regulatory Matters of the Exelon 2015 Form 10-K for additional information.

PECO has contracts to procure electric supply that were executed through the competitive procurement process outlined in its PAPUC-approved DSP Programs, which are further discussed in Note 5 — Regulatory Matters. Based on Pennsylvania legislation and the DSP Programs permitting PECO to recover its electric supply procurement costs from retail customers with no mark-up, PECO's price risk related to electric supply procurement is limited. PECO locked in fixed prices for a significant portion of its commodity price risk through full requirements contracts. PECO has certain full requirements contracts that are considered derivatives and qualify for the NPNS scope exception under current derivative authoritative guidance.

PECO's natural gas procurement policy is designed to achieve a reasonable balance of long-term and short-term gas purchases under different pricing approaches in order to achieve system supply reliability at the least cost. PECO's reliability strategy is two-fold. First, PECO must assure that there is sufficient transportation capacity to satisfy delivery requirements. Second, PECO must ensure that a firm source of supply exists to utilize the capacity resources. All of PECO's natural gas supply and asset management agreements that are derivatives either qualify for the NPNS scope exception and have been designated as such, or have no mark-to-market balances because the derivatives are index priced. Additionally, in accordance with the 2016 PAPUC PGC settlement and to reduce the exposure of PECO and its customers to natural gas price volatility, PECO has continued its program to purchase natural gas for both winter and summer supplies using a layered approach of locking-in prices ahead of each season with long-term gas purchase agreements (those with primary terms of at least twelve months). Under the terms of the 2016 PGC settlement, PECO is required to lock in (i.e. economically hedge) the price of a minimum volume of its long-term gas commodity purchases. PECO's gas-hedging program is designed to cover about 25% of planned natural gas purchases in support of projected firm sales. The hedging program for natural gas procurement has no direct impact on PECO's financial position or results of operations as natural gas costs are fully recovered from customers under the PGC.

BGE has contracts to procure SOS electric supply that are executed through a competitive procurement process approved by the MDPSC. The SOS rates charged recover BGE's wholesale power supply costs and include an administrative fee. The administrative fee includes an incremental cost component and a shareholder return component for commercial and industrial rate classes. BGE's price risk related to electric supply procurement is limited. BGE locks in fixed prices for all of its SOS requirements through full requirements contracts. Certain of BGE's full requirements contracts, which are considered derivatives, qualify for the NPNS scope exception under current derivative authoritative guidance. Other BGE full requirements contracts are not derivatives.

BGE provides natural gas to its customers under a MBR mechanism approved by the MDPSC. Under this mechanism, BGE's actual cost of gas is compared to a market index (a measure of the market price of gas in a given period). The difference between BGE's actual cost and the market index is shared equally between

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shareholders and customers. BGE must also secure fixed price contracts for at least 10%, but not more than 20%, of forecasted system supply requirements for flowing (i.e. non-storage) gas for the November through March period. These fixed-price contracts are not subject to sharing under the MBR mechanism. BGE also ensures it has sufficient pipeline transportation capacity to meet customer requirements. All of BGE's natural gas supply and asset management agreements qualify for the NPNS scope exception and result in physical delivery.

Pepco has contracts to procure SOS electric supply that are executed through a competitive procurement process approved by the MDPSC and DCPSC. The SOS rates charged recover Pepco's wholesale power supply costs and include an administrative fee. The administrative fee includes an incremental cost component and a shareholder return component for residential and commercial rate classes. Pepco's price risk related to electric supply procurement is limited. Pepco locks in fixed prices for all of its SOS requirements through full requirements contracts. Certain of Pepco's full requirements contracts, which are considered derivatives, qualify for the NPNS scope exception under current derivative authoritative guidance. Other Pepco full requirements contracts are not derivatives.

DPL has contracts to procure SOS electric supply that are executed through a competitive procurement process approved by the MDPSC and the DPSC. The SOS rates charged recover DPL's wholesale power supply costs. In Delaware, DPL is also entitled to recover a Reasonable Allowance for Retail Margin (RARM). The RARM includes a fixed annual margin of approximately $2.75 million, plus an incremental cost component and a cash working capital allowance. In Maryland, DPL charges an administrative fee intended to allow it to recover its administrative costs. DPL locks in fixed prices for all of its SOS requirements through full requirements contracts. DPL's price risk related to electric supply procurement is limited. Certain of DPL's full requirements contracts, which are considered derivatives, qualify for the NPNS scope exception under current derivative authoritative guidance. Other DPL full requirements contracts are not derivatives.

DPL provides natural gas to its customers under an Annual GCR mechanism approved by the DPSC. Under this mechanism, DPL's Annual GCR Filing establishes a future GCR for firm bundled sales customers by using a forecast of demand and commodity costs. The actual costs are trued up versus the forecast on a monthly basis and any shortfall or excess is carried forward as a recovery balance in the next GCR filing. The demand portion of the GCR is based upon DPL's firm transportation and storage contracts. DPL has firm deliverability of swing and seasonal storage; a liquefied natural gas facility and firm transportation capacity to meet customer demand and provide a reserve margin. The commodity portion of the GCR includes a commission approved hedging program which is intended to reduce gas commodity price volatility while limiting the firm natural gas customers' exposure to adverse changes in the market price of natural gas. The hedge program requires that DPL hedge, on a non-discretionary basis, an amount equal to fifty percent (50%) of estimated purchase requirements for each month, including estimated monthly purchases for storage injections. The fifty percent (50%) hedge monthly target is achieved by hedging 1/12th of the 50% target each month beginning 12-months prior to the month in which the physical gas is to be purchased. Currently, DPL uses only exchange traded futures for its Gas Hedging Program, which are considered derivatives, however, it retains the capability to employ other physical and financial hedges if needed. DPL has not elected hedge accounting for these derivative financial instruments. Because of the DPSC-approved fuel adjustment clause for DPL's derivatives, the change in fair value of the derivatives each period, in addition to all premiums paid and other transaction costs incurred as part of the Gas Hedging Program, are fully recoverable and are recorded by DPL as regulatory assets or liabilities. DPL's physical gas purchases are currently all daily, monthly or intra-month transactions. From time to time, DPL will enter into seasonal purchase or sale arrangements, however, there are none currently in the portfolio. Certain of DPL's full requirements contracts, which are considered derivatives, qualify for the NPNS scope exception under current derivative authoritative guidance. Other DPL full requirements contracts are not derivatives.

ACE has contracts to procure BGS electric supply that are executed through a competitive procurement process approved by the NJBPU. The BGS rates charged recover ACE's wholesale power supply costs. ACE

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does not make any profit or incur any loss on the supply component of the BGS it supplies to customers. ACE's price risk related to electric supply procurement is limited. ACE locks in fixed prices for all of its BGS requirements through full requirements contracts. Certain of ACE's full requirements contracts, which are considered derivatives, qualify for the NPNS scope exception under current derivative authoritative guidance. Other ACE full requirements contracts are not derivatives.

Proprietary Trading. Generation also enters into certain energy-related derivatives for proprietary trading purposes. Proprietary trading includes all contracts entered into with the intent of benefiting from shifts or changes in market prices as opposed to those entered into with the intent of hedging or managing risk. Proprietary trading activities are subject to limits established by Exelon's RMC. The proprietary trading activities, which included settled physical sales volumes of 1,506 GWhs and 4,015 GWhs for the three and nine months ended September 30, 2016, respectively, and 1,913 GWhs and 5,378 GWhs for the three and nine months ended September 30, 2015, respectively, are a complement to Generation's energy marketing portfolio but represent a small portion of Generation's revenue from energy marketing activities. ComEd, PECO, BGE, PHI, Pepco, DPL and ACE do not enter into derivatives for proprietary trading purposes.

Interest Rate and Foreign Exchange Risk (Exelon, Generation, ComEd, PECO, BGE and PHI)

The Registrants use a combination of fixed-rate and variable-rate debt to manage interest rate exposure. The Registrants utilize fixed-to-floating interest rate swaps, which are typically designated as fair value hedges, as a means to manage their interest rate exposure. In addition, the Registrants may utilize interest rate derivatives to lock in rate levels in anticipation of future financings, which are typically designated as cash flow hedges. These strategies are employed to manage interest rate risks. At September 30, 2016, Exelon had $800 million of notional amounts of fixed-to-floating hedges outstanding, and Exelon and Generation had $672 million of notional amounts of floating-to-fixed hedges outstanding. Assuming the fair value and cash flow interest rate hedges are 100% effective, a hypothetical 50 bps increase in the interest rates associated with unhedged variable-rate debt (excluding Commercial Paper) and fixed-to-floating swaps would result in an approximately $5 million decrease in Exelon Consolidated pre-tax income for the nine months ended September 30, 2016. To manage foreign exchange rate exposure associated with international energy purchases in currencies other than U.S. dollars, Generation utilizes foreign currency derivatives, which are typically designated as economic hedges. Below is a summary of the interest rate and foreign exchange hedge balances as of September 30, 2016.

	Generation					Exelon Corporate	Exelon
Description	Derivatives Designated as Hedging Instruments	Economic Hedges	Proprietary Trading [a]	Collateral and Netting [b]	Subtotal	Derivatives Designated as Hedging Instruments	Total
Mark-to-market derivative assets (current assets)	$ —	$ 15	$ 4	$ (10)	$ 9	$ —	$ 9
Mark-to-market derivative assets (noncurrent assets)	—	13	4	(11)	6	39	45
Total mark-to-market derivative assets	—	28	8	(21)	15	39	54
Mark-to-market derivative liabilities (current liabilities)	(8)	(10)	(3)	12	(9)	—	(9)
Mark-to-market derivative liabilities (noncurrent liabilities)	(10)	(9)	(3)	12	(10)	—	(10)
Total mark-to-market derivative liabilities	(18)	(19)	(6)	24	(19)	—	(19)
Total mark-to-market derivative net assets (liabilities)	$ (18)	$ 9	$ 2	$ 3	$ (4)	$ 39	$ 35

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

(a) Generation enters into interest rate derivative contracts to economically hedge risk associated with the interest rate component of commodity positions. The characterization of the interest rate derivative contracts between the proprietary trading activity in the above table is driven by the corresponding characterization of the underlying commodity position that gives rise to the interest rate exposure. Generation does not utilize proprietary trading interest rate derivatives with the objective of benefiting from shifts or changes in market interest rates.

(b) Exelon and Generation net all available amounts allowed under the derivative accounting guidance on the balance sheet. These amounts include unrealized derivative transactions with the same counterparty under legally enforceable master netting agreements and cash collateral. In some cases Exelon and Generation may have other offsetting exposures, subject to a master netting or similar agreement, such as accrued interest, transactions that do not qualify as derivatives, letters of credit and other forms of non-cash collateral. These are not reflected in the table above.

The following table provides a summary of the interest rate and foreign exchange hedge balances recorded by the Registrants as of December 31, 2015:

	Generation					Exelon Corporate	Exelon
Description	Derivatives Designated as Hedging Instruments	Economic Hedges	Proprietary Trading [a]	Collateral and Netting [b]	Subtotal	Derivatives Designated as Hedging Instruments	Total
Mark-to-market derivative assets (current assets)	$ —	$ 10	$ 10	$ (5)	$ 15	$ —	$ 15
Mark-to-market derivative assets (noncurrent assets)	—	10	5	(1)	14	25	39
Total mark-to-market derivative assets	—	20	15	(6)	29	25	54
Mark-to-market derivative liabilities (current liabilities)	(8)	(2)	(9)	11	(8)	—	(8)
Mark-to-market derivative liabilities (noncurrent liabilities)	(8)	(1)	(3)	4	(8)	—	(8)
Total mark-to-market derivative liabilities	(16)	(3)	(12)	15	(16)	—	(16)
Total mark-to-market derivative net assets (liabilities)	$ (16)	$ 17	$ 3	$ 9	$ 13	$ 25	$ 38

(a) Generation enters into interest rate derivative contracts to economically hedge risk associated with the interest rate component of commodity positions. The characterization of the interest rate derivative contracts between the proprietary trading activity in the above table is driven by the corresponding characterization of the underlying commodity position that gives rise to the interest rate exposure. Generation does not utilize proprietary trading interest rate derivatives with the objective of benefiting from shifts or changes in market interest rates.

(b) Exelon and Generation net all available amounts allowed under the derivative accounting guidance on the balance sheet. These amounts include unrealized derivative transactions with the same counterparty under legally enforceable master netting agreements and cash collateral. In some cases Exelon and Generation may have other offsetting exposures, subject to a master netting or similar agreement, such as accrued interest, transactions that do not qualify as derivatives, letters of credit and other forms of non-cash collateral. These are not reflected in the table above.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Fair Value Hedges . For derivative instruments that are designated and qualify as fair value hedges, the gain or loss on the derivative as well as the offsetting loss or gain on the hedged item attributable to the hedged risk are recognized in current earnings. Exelon includes the gain or loss on the hedged items and the offsetting loss or gain on the related interest rate swaps in interest expense as follows:

		Three Months Ended September 30,			
	Income Statement Location	2016	2015	2016	2015
		Gain (loss) on Swaps		Gain (loss) on Borrowings	
Exelon	Interest expense	$ (8)	$ 16	$ 14	$ (13)

		Nine Months Ended September 30,			
	Income Statement Location	2016	2015	2016	2015
		Gain (loss) on Swaps		Gain (loss) on Borrowings	
Generation	Interest expense [(a)]	$ —	$ (1)	$ —	$ —
Exelon	Interest expense	15	15	(3)	(4)

(a) For the nine months ended September 30, 2015, the loss on Generation swaps included $1 million realized in earnings with an immaterial amount excluded from hedge effectiveness testing.

At September 30, 2016, Exelon had total outstanding fixed-to-floating fair value hedges related to interest rate swaps of $800 million, with a derivative asset of $39 million. At December 31, 2015, Exelon had total outstanding fixed-to-floating fair value hedges related to interest rate swaps of $800 million, with a derivative asset of $25 million. During the three and nine months ended September 30, 2016, the impact on the results of operations as a result of ineffectiveness from fair value hedges was a $6 million and a $12 million gain, respectively.

Cash Flow Hedges . During the second quarter of 2016, Exelon entered into $90 million of floating-to-fixed forward starting interest rate swaps to manage a portion of the interest rate exposure associated with an anticipated debt issuance. The swaps were designated as cash flow hedges. Exelon terminated the swaps during the third quarter of 2016 upon issuance of the debt. Exelon did not recognize a gain or loss as a result of the termination.

During the first and second quarter of 2016, Exelon entered into $600 million and $100 million of floating-to-fixed forward starting interest rate swaps, respectively, to manage a portion of the interest rate exposure associated with the anticipated issuance of debt. The swaps were designated as cash flow hedges. Exelon terminated the swaps during the second quarter of 2016 upon issuance of the debt. Exelon recognized a loss of $3 million related to the swaps and $3 million of AOCI will be amortized into Other, net in Exelon's Consolidated Statement of Operations and Comprehensive Income over the term of the debt. See Note 10 — Debt and Credit Agreements for additional information.

During the first quarter of 2016, Exelon entered into $100 million of floating-to-fixed forward starting interest rate swap to manage a portion of the interest rate exposure associated with an anticipated debt issuance. The swap was designated as a cash flow hedge. Exelon terminated the swap during the first quarter of 2016 upon issuance of the debt. Exelon did not recognize a gain or loss as a result of the termination of the swap and an immaterial amount of AOCI will be amortized into Other, net in Exelon's Consolidated Statement of Operations and Comprehensive Income over the term of the debt.

During the third quarter of 2014, ExGen Texas Power, LLC, a subsidiary of Generation, entered into a floating-to-fixed interest rate swap to manage a portion of its interest rate exposure in connection with the long-term borrowing. See Note 14 — Debt and Credit Agreements of the Exelon 2015 Form 10-K for additional

information regarding the financing. The swaps have a notional amount of $496 million as of September 30, 2016 and expire in 2019. The swap was designated as a cash flow hedge in the fourth quarter of 2014. At September 30, 2016, the subsidiary had a $15 million derivative liability related to the swap.

During the first quarter of 2014, ExGen Renewables I, LLC, a subsidiary of Generation, entered into floating-to-fixed interest rate swaps to manage a portion of its interest rate exposure in connection with the long-term borrowings. See Note 14 — Debt and Credit Agreements of the Exelon 2015 Form 10-K for additional information regarding the financing. The swaps have a notional amount of $176 million as of September 30, 2016 and expire in 2020. The swaps are designated as cash flow hedges. At September 30, 2016, the subsidiary had a $3 million derivative liability related to the swaps.

During the second quarter of 2002, PHI entered into treasury rate lock transactions in anticipation of the issuance of several series of fixed-rate debt commencing in August 2002 to manage a portion of its interest rate exposure. Upon issuance of the fixed-rate debt in August 2002, the treasury rate locks were terminated at a loss and the loss was deferred in AOCI. As a result of the PHI Merger, the remaining unamortized deferred loss recorded in AOCI was adjusted to zero through application of purchase accounting.

During the three and nine months ended September 30, 2016 and 2015, the impact on the results of operations as a result of ineffectiveness from cash flow hedges in continuing designated hedge relationships was immaterial.

Economic Hedges . During the third quarter of 2011, Sacramento PV Energy, a subsidiary of Generation entered into floating-to-fixed interest rate swaps to manage a portion of its interest rate exposure in connection with the long-term borrowings. See Note 14 — Debt and Credit Agreements of the Exelon 2015 Form 10-K for additional information regarding the financing. During the first quarter of 2016, upon the issuance of debt, Generation terminated the swaps. The total notional amount of the swaps were $25 million. No gain or loss was recognized as a result of the termination of the swaps.

During the third quarter of 2012, Constellation Solar Horizons, a subsidiary of Generation, entered into a floating-to-fixed interest rate swap to manage a portion of its interest rate exposure in connection with the long-term borrowings. See Note 14 — Debt and Credit Agreements of the Exelon 2015 Form 10-K for additional information regarding the financing. During the first quarter of 2016, upon the issuance of debt, Generation terminated the swap. The total notional amount of the swap was $24 million. No gain or loss was recognized as a result of the termination of the swap.

During the second quarter 2015, upon the issuance of debt, Exelon terminated $2,400 million of floating-to-fixed forward starting interest rate swaps. As a result of the termination of the swaps, Exelon realized a $64 million loss during the second quarter of 2015.

At September 30, 2016, Generation had no notional amounts of interest rate derivative contracts to economically hedge risk associated with the interest rate component of commodity positions and $85 million in notional amounts of foreign currency exchange rate swaps that are marked-to-market to manage the exposure associated with international commodity transactions in currencies other than U.S. dollars.

Fair Value Measurement and Accounting for the Offsetting of Amounts Related to Certain Contracts (Exelon, Generation, ComEd, PECO, BGE, PHI and DPL)

Fair value accounting guidance and disclosures about offsetting assets and liabilities requires the fair value of derivative instruments to be shown in the Notes to the Consolidated Financial Statements on a gross basis, even when the derivative instruments are subject to legally enforceable master netting agreements and qualify for

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net presentation in the Consolidated Balance Sheet. A master netting agreement is an agreement between two counterparties that may have derivative and non-derivative contracts with each other providing for the net settlement of all referencing contracts via one payment stream, which takes place as the contracts deliver, when collateral is requested or in the event of default. Generation's use of cash collateral is generally unrestricted, unless Generation is downgraded below investment grade (i.e. to BB+ or Ba1). In the table below, Generation's energy related economic hedges and proprietary trading derivatives are shown gross. The impact of the netting of fair value balances with the same counterparty that are subject to legally enforceable master netting agreements, as well as netting of cash collateral, including initial margin on exchange positions, is aggregated in the collateral and netting column. As of September 30, 2016 and December 31, 2015, $5 million and $3 million of cash collateral held and posted, respectively, was not offset against derivative positions because such collateral was not associated with any energy-related derivatives, were associated with accrual positions, or as of the balance sheet date there were no positions to offset. Excluded from the tables below are economic hedges that qualify for the NPNS scope exception and other non-derivative contracts that are accounted for under the accrual method of accounting.

ComEd's use of cash collateral is generally unrestricted unless ComEd is downgraded below investment grade (i.e. to BB+ or Ba1).

Cash collateral held by PECO and BGE must be deposited in a non affiliate major U.S. commercial bank or foreign bank with a U.S. branch office that meet certain qualifications.

In the table below, DPL's economic hedges are shown gross. The impact of the netting of fair value balances with the same counterparty that are subject to legally enforceable master netting agreements, as well as netting of cash collateral, is aggregated in the collateral and netting column.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following table provides a summary of the derivative fair value balances recorded by the Registrants as of September 30, 2016:

	Generation				ComEd	DPL			*Successor* PHI	Exelon
Derivatives	Economic Hedges	Proprietary Trading	Collateral and Netting (a)	Subtotal (b)	Economic Hedges (c)	Economic Hedges (d)	Collateral and Netting (a)	Subtotal	Subtotal	Total Derivatives
Mark-to-market derivative assets (current assets)	$ 3,482	$ 67	$ (2,804)	$ 745	$ —	$ 1	$ (1)	$ —	$ —	$ 745
Mark-to-market derivative assets (noncurrent assets)	2,139	31	(1,546)	624	—	—	—	—	—	624
Total mark-to-market derivative assets	5,621	98	(4,350)	1,369	—	1	(1)	—	—	1,369
Mark-to-market derivative liabilities (current liabilities)	(3,229)	(61)	3,096	(194)	(19)	—	—	—	—	(213)
Mark-to-market derivative liabilities (noncurrent liabilities)	(1,885)	(41)	1,739	(187)	(225)	—	—	—	—	(412)
Total mark-to-market derivative liabilities	(5,114)	(102)	4,835	(381)	(244)	—	—	—	—	(625)
Total mark-to-market derivative net assets (liabilities)	$ 507	$ (4)	$ 485	$ 988	$ (244)	$ 1	$ (1)	$ —	$ —	$ 744

(a) Exelon, Generation, PHI and DPL net all available amounts allowed under the derivative accounting guidance on the balance sheet. These amounts include unrealized derivative transactions with the same counterparty under legally enforceable master netting agreements and cash collateral. In some cases Exelon and Generation may have other offsetting exposures, subject to a master netting or similar agreement, such as trade receivables and payables, transactions that do not qualify as derivatives, letters of credit and other forms of non-cash collateral. These are not reflected in the table above.

(b) Current and noncurrent assets are shown net of collateral of $135 million and $84 million, respectively, and current and noncurrent liabilities are shown net of collateral of $156 million and $110 million, respectively. The total cash collateral posted, net of cash collateral received and offset against mark-to-market assets and liabilities was $485 million at September 30, 2016.

(c) Includes current and noncurrent liabilities relating to floating-to-fixed energy swap contracts with unaffiliated suppliers.

(d) Represents natural gas futures purchased by DPL as part of a natural gas hedging program approved by the DPSC.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following table provides a summary of the derivative fair value balances recorded by the Registrants as of December 31, 2015:

	Generation				ComEd	Exelon	DPL			PHI Corporate	*Predecessor* PHI
Description	Economic Hedges	Proprietary Trading	Collateral and Netting (a)	Subtotal (b)	Economic Hedges (c)	Total Derivatives	Economic Hedges (e)	Collateral and Netting (a)	Subtotal	Other (d)	Total Derivatives
Mark-to-market derivative assets (current assets)	$ 5,236	$ 108	$ (3,994)	$ 1,350	$ —	$ 1,350	$ —	$ —	$ —	$ 18	$ 18
Mark-to-market derivative assets (noncurrent assets)	1,860	22	(1,163)	719	—	719	—	—	—	—	—
Total mark-to-market derivative assets	7,096	130	(5,157)	2,069	—	2,069	—	—	—	18	18
Mark-to-market derivative liabilities (current liabilities)	(4,907)	(94)	4,827	(174)	(23)	(197)	(2)	2	—	—	—
Mark-to-market derivative liabilities (noncurrent liabilities)	(1,673)	(33)	1,564	(142)	(224)	(366)	—	—	—	—	—
Total mark-to-market derivative liabilities	(6,580)	(127)	6,391	(316)	(247)	(563)	(2)	2	—	—	—
Total mark-to-market derivative net assets (liabilities)	$ 516	$ 3	$ 1,234	$ 1,753	$ (247)	$ 1,506	$ (2)	$ 2	$ —	$ 18	$ 18

(a) Exelon, Generation, PHI and DPL net all available amounts allowed under the derivative accounting guidance on the balance sheet. These amounts include unrealized derivative transactions with the same counterparty under legally enforceable master netting agreements and cash collateral. In some cases Exelon and Generation may have other offsetting exposures, subject to a master netting or similar agreement, such as trade receivables and payables, transactions that do not qualify as derivatives, and letters of credit and other forms of non-cash collateral. These are not reflected in the table above.

(b) Current and noncurrent assets are shown net of collateral of $352 million and $180 million, respectively, and current and noncurrent liabilities are shown net of collateral of $480 million and $222 million, respectively. The total cash collateral posted, net of cash collateral received and offset against mark-to-market assets and liabilities was $1,234 million at December 31, 2015.

(c) Includes current and noncurrent liabilities relating to floating-to-fixed energy swap contracts with unaffiliated suppliers.

(d) Prior to the PHI Merger, PHI recorded derivative assets for the embedded call and redemption features on the shares of Preferred Stock outstanding as of December 31, 2015. See Note 16 — Mezzanine Equity for additional information. As a result of the PHI Merger, the PHI preferred stock derivative was reduced to zero as of March 23, 2016.

(e) Represents natural gas futures purchased by DPL as part of a natural gas hedging program approved by the DPSC.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Cash Flow Hedges (Exelon and Generation). The tables below provide the activity of AOCI related to cash flow hedges for the nine months ended September 30, 2016 and 2015, containing information about the changes in the fair value of cash flow hedges and the reclassification from AOCI into results of operations. The amounts reclassified from AOCI, when combined with the impacts of the hedged transactions, result in the ultimate recognition of net revenues or expenses at the contractual price.

		Total Cash Flow Hedge OCI Activity, Net of Income Tax	
		Generation	Exelon
Three Months Ended September 30, 2016	Income Statement Location	Total Cash Flow Hedges	Total Cash Flow Hedges
AOCI derivative loss at June 30, 2016		$ (25)	$ (26)
Effective portion of changes in fair value		1	3
AOCI derivative loss at September 30, 2016		$ (24)	$ (23)

		Total Cash Flow Hedge OCI Activity, Net of Income Tax	
		Generation	Exelon
Nine Months Ended September 30, 2016	Income Statement Location	Total Cash Flow Hedges	Total Cash Flow Hedges
Accumulated OCI derivative loss at December 31, 2015		$ (21)	$ (19)
Effective portion of changes in fair value		—	(1)
Reclassifications from AOCI to net income	Interest Expense	(3) [a]	(3) [a]
Accumulated OCI derivative loss at September 30, 2016		$ (24)	$ (23)

		Total Cash Flow Hedge OCI Activity, Net of Income Tax	
		Generation	Exelon
Three Months Ended September 30, 2015	Income Statement Location	Total Cash Flow Hedges	Total Cash Flow Hedges
AOCI derivative loss at June 30, 2015		(21)	$ (19)
Effective portion of changes in fair value		(7)	(8)
Reclassifications from AOCI to net income	Interest Expense	3	3
AOCI derivative loss at September 30, 2015		$ (25)	$ (24)

		Total Cash Flow Hedge OCI Activity, Net of Income Tax	
		Generation	Exelon
Nine Months Ended September 30, 2015	Income Statement Location	Total Cash Flow Hedges	Total Cash Flow Hedges
Accumulated OCI derivative loss at December 31, 2014		$ (18)	$ (28)
Effective portion of changes in fair value		(13)	(18)
Reclassifications from AOCI to net income	Other, net	—	16[b]
Reclassifications from AOCI to net income	Interest Expense	8	8
Reclassifications from AOCI to net income	Operating Revenues	(2)	(2)
Accumulated OCI derivative loss at September 30, 2015		$ (25)	$ (24)

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

(a) Amount is net of related income tax expense of $2 million for the nine months ended September 30, 2016.
(b) Amount is net of related income tax expense of $10 million for the nine months ended September 30, 2015.

The effect of Exelon's and Generation's former energy-related cash flow hedge activity on pre-tax earnings based on the reclassification adjustment from AOCI to earnings was a $2 million pre-tax gain for the nine months ended September 30, 2015. There were no gains recognized for the three months ended September 30, 2015. Neither Exelon nor Generation will incur changes in cash flow hedge ineffectiveness in future periods relating to energy-related hedges positions as all were de-designated prior to the Constellation merger date.

Economic Hedges (Exelon and Generation). These instruments represent hedges that economically mitigate exposure to fluctuations in commodity prices and include financial options, futures, swaps, physical forward sales and purchases, but for which the fair value or cash flow hedge elections were not made. Additionally, Generation enters into interest rate derivative contracts and foreign exchange currency swaps ("treasury") to manage the exposure related to the interest rate component of commodity positions and international purchases of commodities in currencies other than U.S. Dollars. For the three and nine months ended September 30, 2016 and 2015, the following net pre-tax mark-to-market gains (losses) of certain purchase and sale contracts were reported in Operating revenues or Purchased power and fuel expense, or Interest expense at Exelon and Generation in the Consolidated Statements of Operations and Comprehensive Income and are included in "Net fair value changes related to derivatives" in Exelon's and Generation's Consolidated Statements of Cash Flows. In the tables below, "Change in fair value" represents the change in fair value of the derivative contracts held at the reporting date. The "Reclassification to realized at settlement" represents the recognized change in fair value that was reclassified to realized due to settlement of the derivative during the period.

	Generation			Exelon
Three Months Ended September 30, 2016	**Operating Revenues**	**Purchased Power and Fuel**	**Total**	**Total**
Change in fair value of commodity positions	$ 280	$ (73)	$ 207	$ 207
Reclassification to realized at settlement of commodity positions	(92)	(26)	(118)	(118)
Net commodity mark-to-market gains (losses)	188	(99)	89	89
Change in fair value of treasury positions	1	—	1	1
Reclassification to realized at settlement of treasury positions	(2)	—	(2)	(2)
Net treasury mark-to-market gains (losses)	(1)	—	(1)	(1)
Net mark-to-market gains (losses)	$ 187	$ (99)	$ 88	$ 88

	Generation			Exelon
Nine Months Ended September 30, 2016	**Operating Revenues**	**Purchased Power and Fuel**	**Total**	**Total**
Change in fair value of commodity positions	$ 127	$ 36	$ 163	$ 163
Reclassification to realized at settlement of commodity positions	(484)	217	(267)	(267)
Net commodity mark-to-market gains (losses)	(357)	253	(104)	(104)
Change in fair value of treasury positions	(3)	—	(3)	(3)
Reclassification to realized at settlement of treasury positions	(6)	—	(6)	(6)
Net treasury mark-to-market gains (losses)	(9)	—	(9)	(9)
Net mark-to-market gains (losses)	$ (366)	$ 253	$(113)	$(113)

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Generation			Exelon Corporate	Exelon
Three Months Ended September 30, 2015	**Operating Revenues**	**Purchased Power and Fuel**	**Total**	**Interest Expense**	**Total**
Change in fair value of commodity positions	$ 136	$ (178)	$ (42)	$ —	$ (42)
Reclassification to realized at settlement of commodity positions	(143)	46	(97)		(97)
Net commodity mark-to-market gains (losses)	(7)	(132)	(139)	—	(139)
Change in fair value of treasury positions	2	—	2	—	2
Reclassification to realized at settlement of treasury positions	(2)	—	(2)	—	(2)
Net treasury mark-to-market gains (losses)	—	—	—	—	—
Net mark-to-market gains (losses)	$ (7)	$ (132)	$(139)	$ —	$(139)

	Generation			Exelon Corporate	Exelon
Nine Months Ended September 30, 2015	**Operating Revenues**	**Purchased Power and Fuel**	**Total**	**Interest Expense**	**Total**
Change in fair value of commodity positions	$ 513	$ (163)	$350	$ —	$ 350
Reclassification to realized at settlement of commodity positions	(347)	249	(98)	—	(98)
Net commodity mark-to-market gains (losses)	166	86	252	—	252
Change in fair value of treasury positions	12	—	12	36	48
Reclassification to realized at settlement of treasury positions	(6)	—	(6)	64	58
Net treasury mark-to-market gains (losses)	6	—	6	100	106
Net mark-to-market gains (losses)	$ 172	$ 86	$258	$ 100	$ 358

Proprietary Trading Activities (Exelon and Generation). For the three and nine months ended September 30, 2016 and 2015, Exelon and Generation recognized the following net unrealized mark-to-market gains (losses), net realized mark-to-market gains (losses) and total net mark-to-market gains (losses) before income taxes relating to mark-to-market activity on commodity derivative instruments entered into for proprietary trading purposes and interest rate and foreign exchange derivative contracts to hedge risk associated with the interest rate and foreign exchange components of underlying commodity positions. Gains and losses associated with proprietary trading are reported as operating revenue in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income and are included in "Net fair value changes related to derivatives" in Exelon's and Generation's Consolidated Statements of Cash Flows. In the tables below, "Change in fair value" represents the change in fair value of the derivative contracts held at the reporting date. The "Reclassification to realized at settlement" represents the recognized change in fair value that was reclassified to realized due to settlement of the derivative during the period.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Change in fair value of commodity positions	$ 4	$ (4)	$ 18	$ 5
Reclassification to realized at settlement of commodity positions	(6)	(2)	(17)	(8)
Net commodity mark-to-market gains (losses)	(2)	(6)	1	(3)
Change in fair value of treasury positions	—	3	(2)	7
Reclassification to realized at settlement of treasury positions	1	(3)	2	(9)
Net treasury mark-to-market gains (losses)	1	—	—	(2)
Total net mark-to-market gains (losses)	$ (1)	$ (6)	$ 1	$ (5)

Credit Risk (All Registrants)

The Registrants would be exposed to credit-related losses in the event of non-performance by counterparties that enter into derivative instruments. The credit exposure of derivative contracts, before collateral, is represented by the fair value of contracts at the reporting date. For energy-related derivative instruments, Generation enters into enabling agreements that allow for payment netting with its counterparties, which reduces Generation's exposure to counterparty risk by providing for the offset of amounts payable to the counterparty against amounts receivable from the counterparty. Typically, each enabling agreement is for a specific commodity and so, with respect to each individual counterparty, netting is limited to transactions involving that specific commodity product, except where master netting agreements exist with a counterparty that allow for cross product netting. In addition to payment netting language in the enabling agreement, Generation's credit department establishes credit limits, margining thresholds and collateral requirements for each counterparty, which are defined in the derivative contracts. Counterparty credit limits are based on an internal credit review process that considers a variety of factors, including the results of a scoring model, leverage, liquidity, profitability, credit ratings by credit rating agencies and risk management capabilities. To the extent that a counterparty's margining thresholds are exceeded, the counterparty is required to post collateral with Generation as specified in each enabling agreement. Generation's credit department monitors current and forward credit exposure to counterparties and their affiliates, both on an individual and an aggregate basis.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following tables provide information on Generation's credit exposure for all derivative instruments, NPNS and applicable payables and receivables, net of collateral and instruments that are subject to master netting agreements, as of September 30, 2016. The tables further delineate that exposure by credit rating of the counterparties and provide guidance on the concentration of credit risk to individual counterparties. The figures in the tables below exclude credit risk exposure from individual retail counterparties, Nuclear fuel procurement contracts and exposure through RTOs, ISOs, NYMEX, ICE and Nodal commodity exchanges, further discussed in ITEM 3. — QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK. Additionally, the figures in the tables below exclude exposures with affiliates, including net receivables with ComEd, PECO, BGE, Pepco, DPL and ACE of $24 million, $45 million, $22 million, $47 million, $12 million, and $10 million as of September 30, 2016, respectively.

Rating as of September 30, 2016	Total Exposure Before Credit Collateral	Credit Collateral [a]	Net Exposure	Number of Counterparties Greater than 10% of Net Exposure	Net Exposure of Counterparties Greater than 10% of Net Exposure
Investment grade	$ 1,017	$ 4	$ 1,013	1	$ 355
Non-investment grade	175	22	153	—	—
No external ratings					
Internally rated — investment grade	423	3	420	—	—
Internally rated — non-investment grade	61	3	58	—	—
Total	$ 1,676	$ 32	$ 1,644	1	$ 355

Net Credit Exposure by Type of Counterparty	As of September 30, 2016
Financial institutions	$ 117
Investor-owned utilities, marketers, power producers	757
Energy cooperatives and municipalities	712
Other	58
Total	$ 1,644

(a) As of September 30, 2016, credit collateral held from counterparties where Generation had credit exposure included $10 million of cash and $22 million of letters of credit. The credit collateral does not include non-liquid collateral.

ComEd's power procurement contracts provide suppliers with a certain amount of unsecured credit. The credit position is based on forward market prices compared to the benchmark prices. The benchmark prices are the forward prices of energy projected through the contract term and are set at the point of supplier bid submittals. If the forward market price of energy exceeds the benchmark price, the suppliers are required to post collateral for the secured credit portion after adjusting for any unpaid deliveries and unsecured credit allowed under the contract. The unsecured credit used by the suppliers represents ComEd's net credit exposure. As of September 30, 2016, ComEd's net credit exposure to suppliers was approximately $1 million.

ComEd is permitted to recover its costs of procuring energy through the Illinois Settlement Legislation. ComEd's counterparty credit risk is mitigated by its ability to recover realized energy costs through customer rates. See Note 3 — Regulatory Matters of the Exelon 2015 Form 10-K for additional information.

PECO's supplier master agreements that govern the terms of its electric supply procurement contracts, which define a supplier's performance assurance requirements, allow a supplier to meet its credit requirements

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with a certain amount of unsecured credit. The amount of unsecured credit is determined based on the supplier's lowest credit rating from the major credit rating agencies and the supplier's tangible net worth. The credit position is based on the initial market price, which is the forward price of energy on the day a transaction is executed, compared to the current forward price curve for energy. To the extent that the forward price curve for energy exceeds the initial market price, the supplier is required to post collateral to the extent the credit exposure is greater than the supplier's unsecured credit limit. The unsecured credit used by the suppliers represents PECO's net credit exposure. As of September 30, 2016, PECO had no net credit exposure to suppliers.

PECO is permitted to recover its costs of procuring electric supply through its PAPUC-approved DSP Program. PECO's counterparty credit risk is mitigated by its ability to recover realized energy costs through customer rates. See Note 5 — Regulatory Matters for additional information.

PECO's natural gas procurement plan is reviewed and approved annually on a prospective basis by the PAPUC. PECO's counterparty credit risk under its natural gas supply and asset management agreements is mitigated by its ability to recover its natural gas costs through the PGC, which allows PECO to adjust rates quarterly to reflect realized natural gas prices. PECO does not obtain collateral from suppliers under its natural gas supply and asset management agreements. As of September 30, 2016, PECO had no material credit exposure under its natural gas supply and asset management agreements with investment grade suppliers.

BGE is permitted to recover its costs of procuring energy through the MDPSC-approved procurement tariffs. BGE's counterparty credit risk is mitigated by its ability to recover realized energy costs through customer rates. See Note 3 — Regulatory Matters of the Exelon 2015 Form 10-K for additional information.

BGE's full requirement wholesale electric power agreements that govern the terms of its electric supply procurement contracts, which define a supplier's performance assurance requirements, allow a supplier, or its guarantor, to meet its credit requirements with a certain amount of unsecured credit. The amount of unsecured credit is determined based on the supplier's lowest credit rating from the major credit rating agencies and the supplier's tangible net worth, subject to an unsecured credit cap. The credit position is based on the initial market price, which is the forward price of energy on the day a transaction is executed, compared to the current forward price curve for energy. To the extent that the forward price curve for energy exceeds the initial market price, the supplier is required to post collateral to the extent the credit exposure is greater than the supplier's unsecured credit limit. The unsecured credit used by the suppliers represents BGE's net credit exposure. The seller's credit exposure is calculated each business day. As of September 30, 2016, BGE had no net credit exposure to suppliers.

BGE's regulated gas business is exposed to market-price risk. This market-price risk is mitigated by BGE's recovery of its costs to procure natural gas through a gas cost adjustment clause approved by the MDPSC. BGE does make off-system sales after BGE has satisfied its customers' demands, which are not covered by the gas cost adjustment clause. At September 30, 2016, BGE had credit exposure of less than $1 million related to off-system sales which is mitigated by parental guarantees, letters of credit or right to offset clauses within other contracts with those third-party suppliers.

Pepco's, DPL's and ACE's power procurement contracts provide suppliers with a certain amount of unsecured credit. The amount of unsecured credit is determined based on the supplier's lowest credit rating from the major credit rating agencies and the supplier's tangible net worth. The credit position is based on the initial market price, which is the forward price of energy on the day a transaction is executed, compared to the current forward price curve for energy. To the extent that the forward price curve for energy exceeds the initial market price, the supplier is required to post collateral to the extent the credit exposure is greater than the supplier's unsecured credit limit. The unsecured credit used by the suppliers represents Pepco's, DPL's and ACE's net credit exposure. As of September 30, 2016, Pepco's, DPL's and ACE's net credit exposures to suppliers were immaterial.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Pepco is permitted to recover its costs of procuring energy through the MDPSC-approved and DCPSC-approved procurement tariffs. DPL is permitted to recover its costs of procuring energy through the MDPSC-approved and DPSC-approved procurement tariffs. ACE is permitted to recover its costs of procuring energy through the NJBPU-approved procurement tariffs. Pepco's, DPL's and ACE's counterparty credit risks are mitigated by their ability to recover realized energy costs through customer rates. See Note 6 — Regulatory Matters of the PHI 2015 Form 10-K for additional information.

DPL's natural gas procurement plan is reviewed and approved annually on a prospective basis by the DPSC. DPL's counterparty credit risk under its natural gas supply and asset management agreements is mitigated by its ability to recover its natural gas costs through the GCR, which allows DPL to adjust rates annually to reflect realized natural gas prices. To the extent that the fair value of the transactions in a net loss position exceeds the unsecured credit threshold, then collateral is required to be posted in an amount equal to the amount by which the unsecured credit threshold is exceeded. Exchange-traded contracts are required to be fully collateralized without regard to the credit rating of the holder. As of September 30, 2016, DPL had no credit exposure under its natural gas supply and asset management agreements with investment grade suppliers.

Collateral and Contingent-Related Features (All Registrants)

As part of the normal course of business, Generation routinely enters into physical or financially settled contracts for the purchase and sale of electric capacity, energy, fuels, emissions allowances and other energy-related products. Certain of Generation's derivative instruments contain provisions that require Generation to post collateral. Generation also enters into commodity transactions on exchanges (i.e. NYMEX, ICE). The exchanges act as the counterparty to each trade. Transactions on the exchanges must adhere to comprehensive collateral and margining requirements. This collateral may be posted in the form of cash or credit support with thresholds contingent upon Generation's credit rating from each of the major credit rating agencies. The collateral and credit support requirements vary by contract and by counterparty. These credit-risk-related contingent features stipulate that if Generation were to be downgraded or lose its investment grade credit rating (based on its senior unsecured debt rating), it would be required to provide additional collateral. This incremental collateral requirement allows for the offsetting of derivative instruments that are assets with the same counterparty, where the contractual right of offset exists under applicable master netting agreements. In the absence of expressly agreed-to provisions that specify the collateral that must be provided, collateral requested will be a function of the facts and circumstances of the situation at the time of the demand. In this case, Generation believes an amount of several months of future payments (i.e. capacity payments) rather than a calculation of fair value is the best estimate for the contingent collateral obligation, which has been factored into the disclosure below.

The aggregate fair value of all derivative instruments with credit-risk-related contingent features in a liability position that are not fully collateralized (excluding transactions on the exchanges that are fully collateralized) is detailed in the table below:

Credit-Risk Related Contingent Feature	September 30, 2016	December 31, 2015
Gross Fair Value of Derivative Contracts Containing this Feature [(a)]	$ (975)	$ (932)
Offsetting Fair Value of In-the-Money Contracts Under Master Netting Arrangements [(b)]	664	684
Net Fair Value of Derivative Contracts Containing This Feature [(c)]	$ (311)	$ (248)

(a) Amount represents the gross fair value of out-of-the-money derivative contracts containing credit-risk related contingent features ignoring the effects of master netting agreements.

(b) Amount represents the offsetting fair value of in-the-money derivative contracts under legally enforceable master netting agreements with the same counterparty, which reduces the amount of any liability for which a Registrant could potentially be required to post collateral.
(c) Amount represents the net fair value of out-of-the-money derivative contracts containing credit-risk related contingent features after considering the mitigating effects of offsetting positions under master netting arrangements and reflects the actual net liability upon which any potential contingent collateral obligations would be based.

Generation had cash collateral posted of $501 million and letters of credit posted of $420 million and cash collateral held of $18 million and letters of credit held of $22 million as of September 30, 2016 for external counterparties with derivative positions. Generation had cash collateral posted of $1,267 million and letters of credit posted of $497 million and cash collateral held of $21 million and letters of credit held of $78 million at December 31, 2015 for external counterparties with derivative positions. In the event of a credit downgrade below investment grade (i.e. to BB+ by S&P or Ba1 by Moody's), Generation would have been required to post additional collateral of $1.9 billion and $2.0 billion as of September 30, 2016 and December 31, 2015, respectively. These amounts represent the potential additional collateral required after giving consideration to offsetting derivative and non-derivative positions under master netting agreements.

Generation's and Exelon's interest rate swaps contain provisions that, in the event of a merger, if Generation's debt ratings were to materially weaken, it would be in violation of these provisions, resulting in the ability of the counterparty to terminate the agreement prior to maturity. Collateralization would not be required under any circumstance. Termination of the agreement could result in a settlement payment by Exelon or the counterparty on any interest rate swap in a net liability position. The settlement amount would be equal to the fair value of the swap on the termination date. As of September 30, 2016, Generation's swaps were in a liability position with a fair value of $4 million and Exelon's swaps were in an asset position, with a fair value of $35 million.

See Note 25 — Segment Information of the Exelon 2015 Form 10-K for further information regarding the letters of credit supporting the cash collateral.

Generation entered into supply forward contracts with certain utilities, including PECO and BGE, with one-sided collateral postings only from Generation. If market prices fall below the benchmark price levels in these contracts, the utilities are not required to post collateral. However, when market prices rise above the benchmark price levels, counterparty suppliers, including Generation, are required to post collateral once certain unsecured credit limits are exceeded. Under the terms of ComEd's standard block energy contracts, collateral postings are one-sided from suppliers, including Generation, should exposures between market prices and benchmark prices exceed established unsecured credit limits outlined in the contracts. As of September 30, 2016, ComEd held $3 million in collateral from suppliers in association with energy procurement contracts. Under the terms of ComEd's annual renewable energy contracts, collateral postings are required to cover a fixed value for RECs only. In addition, under the terms of ComEd's long-term renewable energy contracts, collateral postings are required from suppliers for both RECs and energy. The REC portion is a fixed value and the energy portion is one-sided from suppliers should the forward market prices exceed contract prices. As of September 30, 2016, ComEd held approximately $19 million in the form of cash and letters of credit as margin for both the annual and long-term REC obligations. If ComEd lost its investment grade credit rating as of September 30, 2016, it would have been required to post approximately $17 million of collateral to its counterparties. See Note 3 — Regulatory Matters of the Exelon 2015 Form 10-K for additional information.

PECO's natural gas procurement contracts contain provisions that could require PECO to post collateral. This collateral may be posted in the form of cash or credit support with thresholds contingent upon PECO's credit rating from the major credit rating agencies. The collateral and credit support requirements vary by contract and by counterparty. As of September 30, 2016, PECO was not required to post collateral for any of

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these agreements. If PECO lost its investment grade credit rating as of September 30, 2016, PECO could have been required to post approximately $25 million of collateral to its counterparties.

PECO's supplier master agreements that govern the terms of its DSP Program contracts do not contain provisions that would require PECO to post collateral.

BGE's full requirements wholesale power agreements that govern the terms of its electric supply procurement contracts do not contain provisions that would require BGE to post collateral.

BGE's natural gas procurement contracts contain provisions that could require BGE to post collateral. This collateral may be posted in the form of cash or credit support with thresholds contingent upon BGE's credit rating from the major credit rating agencies. The collateral and credit support requirements vary by contract and by counterparty. As of September 30, 2016, BGE was not required to post collateral for any of these agreements. If BGE lost its investment grade credit rating as of September 30, 2016, BGE could have been required to post approximately $29 million of collateral to its counterparties.

Pepco's full requirements wholesale power agreements that govern the terms of its electric supply procurement contracts do not contain provisions that would require Pepco to post collateral.

DPL's full requirements wholesale power agreements that govern the terms of its electric supply procurement contracts do not contain provisions that would require DPL to post collateral.

DPL's natural gas procurement contracts contain provisions that could require DPL to post collateral. To the extent that the fair value of the natural gas derivative transaction in a net loss position exceeds the unsecured credit threshold, then collateral is required to be posted in an amount equal to the amount by which the unsecured credit threshold is exceeded. The DPL obligations are standalone, without the guaranty of PHI. If DPL lost its investment grade credit rating as of September 30, 2016, DPL could have been required to post an additional amount of approximately $9 million of collateral to its natural gas counterparties.

ACE's full requirements wholesale power agreements that govern the terms of its electric supply procurement contracts do not contain provisions that would require ACE to post collateral.

10. Debtand Credit Agreements (All Registrants)

Short-Term Borrowings

Exelon, ComEd, and BGE meet their short-term liquidity requirements primarily through the issuance of commercial paper. Generation and PECO meet their short-term liquidity requirements primarily through the issuance of commercial paper and borrowings from the Exelon intercompany money pool. PHI meets its short-term liquidity requirement primarily through the issuance of short-term notes and the Exelon intercompany money pool. Pepco, DPL and ACE meet their short-term liquidity requirements primarily through the issuance of commercial paper and short-term notes.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Commercial Paper

The Registrants had the following amounts of commercial paper borrowings outstanding as of September 30, 2016 and December 31, 2015:

Commercial Paper Borrowings	September 30, 2016	December 31, 2015
ComEd	$ 10	$ 294
BGE	—	210
PHI Corporate	—	484
Pepco	—	64
DPL	17	105
ACE	—	5

Short-Term Loan Agreements

On July 30, 2015, PHI entered into a $300 million term loan agreement. The net proceeds of the loan were used to repay PHI's outstanding commercial paper and for general corporate purposes. Pursuant to the loan agreement, loans made thereunder bear interest at a variable rate equal to LIBOR plus 0.95%, and all indebtedness thereunder is unsecured. On April 4, 2016, PHI repaid $300 million of its term loan in full.

On January 13, 2016, PHI entered into a $500 million term loan agreement, which was amended on March 28, 2016. The net proceeds of the loan were used to repay PHI's outstanding commercial paper, and for general corporate purposes. Pursuant to the loan agreement, as amended, loans made thereunder bear interest at a variable rate equal to LIBOR plus 1%, and all indebtedness thereunder is unsecured, and the aggregate principal amount of all loans, together with any accrued but unpaid interest due under the loan agreement, must be repaid in full on or before March 27, 2017. The loan agreement is reflected in Exelon's and PHI's Consolidated Balance Sheets within Short-term borrowings.

On February 22, 2016, Generation and EDF entered into separate member revolving promissory notes with CENG to finance short-term working capital needs. The notes are scheduled to mature on January 31, 2017 and bear interest at a variable rate equal to LIBOR plus 1.75%. On July 25, 2016, CENG paid off the outstanding balances under each note.

Credit Agreements

On January 5, 2016, Generation entered into a credit agreement establishing a $150 million bilateral credit facility, scheduled to mature in January of 2019. This facility will solely be utilized by Generation to issue letters of credit. This facility does not back Generation's commercial paper program.

On April 1, 2016, the credit agreement for CENG's $100 million bilateral credit facility was amended to increase the overall facility size to $200 million. This facility is utilized by CENG to fund working capital and capital projects. The facility does not back Generation's commercial paper program.

On May 26, 2016, Exelon Corporate, Generation, ComEd, PECO and BGE entered into amendments to each of their respective syndicated revolving credit facilities, which extended the maturity of each of the facilities to May 26, 2021. Exelon Corporate also increased the size of its facility from $500 million to $600 million. On May 26, 2016, PHI, Pepco, DPL and ACE entered into an amendment to their Second Amended and Restated Credit Agreement dated as of August 1, 2011, which (i) extended the maturity date of the facility to May 26, 2021, (ii) removed PHI as a borrower under the facility, (iii) decreased the size of the facility from $1.5 billion to $900 million and (iv) aligned its financial covenant from debt to capitalization leverage ratio to interest coverage ratio.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Variable Rate Demand Bonds

As of September 30, 2016 and December 31, 2015, $105 million in variable rate demand bonds issued by DPL were outstanding and are included in the Long-term debt due within one year on Exelon's, PHI's and DPL's Consolidated Balance Sheets. See Note 10 — Debt of the PHI 2015 Form 10-K for additional information.

Long-Term Debt

Issuance of Long-Term Debt

During the nine months ended September 30, 2016, the following long-term debt was issued:

Company	Type	Interest Rate	Maturity	Amount	Use of Proceeds
Exelon Corporate	Senior Unsecured Notes	2.45%	April 15, 2021	$300	Repay commercial paper issued by PHI and for general corporate purposes
Exelon Corporate	Senior Unsecured Notes	3.40%	April 15, 2026	$750	Repay commercial paper issued by PHI and for general corporate purposes
Exelon Corporate	Senior Unsecured Notes	4.45%	April 15, 2046	$750	Repay commercial paper issued by PHI and for general corporate purposes
Generation	Renewable Power Generation Nonrecourse Debt	4.11%	March 31, 2035	$150	Paydown long term debt obligations at Sacramento PV Energy and Constellation Solar Horizons and for general corporate purposes
Generation	Albany Green Energy Project Financing	LIBOR + 1.25%	November 17, 2017	$ 86	Albany Green Energy biomass generation development
Generation	Energy Efficiency Project Financing	3.17%	December 31, 2017	$ 16	Funding to install energy conservation measures in Brooklyn, NY
Generation	Energy Efficiency Project Financing	3.42%	January 31, 2018	$ 13	Funding to install energy conservation measures for the Naval Station Great Lakes project
ComEd	First Mortgage Bonds, Series 120	2.55%	June 15, 2026	$500	Refinance maturing mortgage bonds, repay a portion of ComEd's outstanding commercial paper obligations and for general corporate purposes

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
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Company	Type	Interest Rate	Maturity	Amount	Use of Proceeds
ComEd	First Mortgage Bonds, Series 121	3.65%	June 15, 2046	$700	Refinance maturing mortgage bonds, repay a portion of ComEd's outstanding commercial paper obligations and for general corporate purposes
Generation	Energy Efficiency Project Financing	3.52%	April 30, 2018	$ 11	Funding to install energy conservation measures for the Smithsonian Zoo project
Pepco	Energy Efficiency Project Financing	3.30%	December 15, 2017	$ 2	Funding to install energy conservation measures for the DOE Germantown project
BGE	Notes	2.40%	August 15, 2026	$350	Redeem the $190M of outstanding preference shares and for general corporate purposes
BGE	Notes	3.50%	August 15, 2046	$500	Redeem the $190M of outstanding preference shares and for general corporate purposes
PECO [(a)]	First Mortgage Bonds	1.70%	September 15, 2021	$300	Refinance maturing mortgage bonds
Generation	SolGen Nonrecourse Debt	3.93%	September 30, 2036	$150	General corporate purposes
Generation	ExGen Texas Power Nonrecourse Debt	LIBOR + 4.25%	September 18, 2019	$ 4	General corporate purposes for EGTP

(a) Includes restricted proceeds of $30 million shown in the Restricted proceeds from issuance of long-term debt on Exelon's and PECO's Cash Flow Statements and Restricted cash and cash equivalents on Exelon's and PECO's Consolidated Balance Sheets. The restricted proceeds were used as a portion of the payment on the maturing mortgage bonds due October 15, 2016, and as of that date, the restriction is no longer in place.

CEU Upstream Nonrecourse Debt

In July 2011, CEU Holdings, LLC, a wholly owned subsidiary of Generation, entered into a 5-year reserve based lending agreement (RBL) associated with certain Upstream oil and gas properties that it owns. The lenders do not have recourse against Exelon or Generation in the event of default pursuant to the RBL. Borrowings under this arrangement are secured by the assets and equity of CEU Holdings. The commitment level can be decreased if the assets no longer support the current borrowing base, which may result in repayment of a portion or all of the outstanding balance, or potential foreclosure of the assets. The commitment can be increased up to $500 million if the assets support a higher borrowing base and CEU Holdings is able to obtain additional commitments from lenders. Calculations of the borrowing base are impacted by projected production and commodity prices. The facility was amended and extended on January 14, 2014 through January 2019. As of December 31, 2015, $68 million was outstanding under the facility with interest payable monthly at a variable rate equal to LIBOR plus 2.50% and the borrowing base committed under the facility was $85 million. The outstanding balance was classified as Long-term debt on Exelon's and Generation's Consolidated Balance Sheets.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
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In February 2016, as part of their semi-annual borrowing base re-determination testing, the RBL lenders notified CEU Holdings that the RBL borrowing base was decreased to $45 million, resulting in a "borrowing base deficiency" under the RBL of $23 million. Given the decline in value of the Upstream assets resulting from lower commodity prices, CEU Holdings chose not to provide the lenders with a formal plan for curing the borrowing base deficiency by March 31, 2016, as was required by the RBL. The lenders have sent CEU Holdings a notice of event of default and demand for cure. On March 31, 2016, $7 million of the debt was repaid using CEU Holding's cash, resulting in an outstanding debt balance of $61 million with interest payable monthly at a variable rate equal to LIBOR plus 2.75% and a borrowing base deficiency under the RBL of $16 million. At March 31, 2016, the outstanding debt balance of $61 million was classified within Long-term debt due within one year on Exelon's and Generation's Consolidated Balance Sheets.

On June 16, 2016, CEU Holdings executed a forbearance agreement with the lenders which included terms stipulating roles and responsibilities governing a sales process, approval of the sale of the assets to be at the discretion of the lenders, and a sales timetable, with ultimate execution of the sales agreement expected to occur by December 31, 2016. Upon disposition of the assets and the satisfaction of certain other conditions, CEU Holdings will be released of its obligations regardless of the amount of asset sale proceeds received. The ultimate resolution of this matter has no direct effect on any Exelon or Generation credit facilities or other debt of an Exelon entity. See Note 14 — Debt and Credit Agreements of the Exelon 2015 Form 10-K, Note 5 — Mergers, Acquisitions and Dispositions and Note 6 — Impairment of Long-Lived Assets for additional information.

11. IncomeTaxes (All Registrants)

The effective income tax rate from continuing operations varies from the U.S. Federal statutory rate principally due to the following:

	Three Months Ended September 30, 2016								
						Successor			
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
U.S. Federal statutory rate	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%
Increase (decrease) due to:									
State income taxes, net of Federal income tax benefit	3.8	2.6	7.3	2.4	5.2	5.6	5.6	5.2	6.1
Qualified nuclear decommissioning trust fund income	4.0	7.8	—	—	—	—	—	—	—
Domestic production activities deduction	—	—	—	—	—	—	—	—	—
Health care reform legislation	—	—	—	—	—	—	—	—	—
Amortization of investment tax credit, net deferred taxes	(0.9)	(1.6)	(0.6)	(0.1)	(0.2)	(0.1)	—	(0.2)	(0.1)
Plant basis differences	(3.0)	—	(1.9)	(6.7)	(0.5)	(5.0)	(6.7)	(1.3)	(4.6)
Production tax credits and other credits	(2.9)	(5.7)	(0.1)	—	—	—	—	—	—
Noncontrolling interests	0.2	0.5	—	—	—	—	—	—	—
Statute of limitations expiration	(0.1)	0.3	—	—	—	—	—	—	—
Penalties	4.3	—	27.2	—	—	—	—	—	—
Merger expenses	(0.6)	—	—	—	—	(5.7)	(2.3)	(8.6)	(2.9)
Other	(0.8)	(0.5)	0.1	0.1	(0.4)	(0.7)	(0.9)	0.1	(0.6)
Effective income tax rate	39.0%	38.4%	67.0%	30.7%	39.1%	29.1%	30.7%	30.2%	32.9%

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
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	Three Months Ended September 30, 2015								
						Predecessor			
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
U.S. Federal statutory rate	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%
Increase (decrease) due to:									
State income taxes, net of Federal income tax benefit	2.7	2.1	5.0	1.2	5.3	6.2	4.8	7.4	5.4
Qualified nuclear decommissioning trust fund income	(5.4)	(12.5)	—	—	—	—	—	—	—
Domestic production activities deduction	(4.9)	(11.6)	—	—	—	—	—	—	—
Health care reform legislation	—	—	—	—	0.2	—	—	—	—
Amortization of investment tax credit, net deferred taxes	(2.3)	(5.2)	(0.3)	(0.1)	(0.2)	(0.2)	(0.1)	(0.6)	(0.3)
Plant basis differences	(1.4)	—	(0.1)	(7.0)	(0.6)	(3.7)	(3.5)	(3.5)	(3.1)
Production tax credits and other credits	(3.8)	(9.0)	—	—	—	(1.2)	—	—	—
Noncontrolling interests	1.7	3.9	—	—	—	—	—	—	—
Statute of limitations expiration	(6.4)	(15.2)	—	—	—	—	—	—	—
Other	1.2	0.4	0.3	—	(0.4)	(1.1)	(1.4)	(0.8)	1.9
Effective income tax rate	16.4%	(12.1)%	39.9%	29.1%	39.3%	35.0%	34.8%	37.5%	38.9%

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Nine Months Ended September 30, 2016								Successor March 24, 2016 to September 30, 2016	Predecessor January 1, 2016 to March 23, 2016
	Exelon	Generation	ComEd	PECO	BGE	Pepco	DPL [a]	ACE [a]	PHI [a]	PHI
U.S. Federal statutory rate	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%
Increase (decrease) due to:										
State income taxes, net of Federal income tax benefit [b]	2.5	2.6	5.4	1.3	4.8	23.0	310.5	5.5	4.4	11.9
Qualified nuclear decommissioning trust fund income	4.8	8.8	—	—	—	—	—	—	—	—
Domestic production activities deduction	—	—	—	—	—	—	—	—	—	—
Health care reform legislation	—	—	—	—	—	—	—	—	—	—
Amortization of investment tax credit, including deferred taxes on basis difference	(1.3)	(2.0)	(0.3)	(0.1)	(0.2)	(0.2)	(17.9)	0.5	0.5	(0.9)
Plant basis differences	(4.5)	—	(0.6)	(8.8)	(3.3)	(29.0)	(98.6)	7.8	17.5	(13.5)
Production tax credits and other credits	(4.1)	(7.6)	—	—	—	—	—	—	—	—
Noncontrolling interests	0.5	0.9	—	—	—	—	—	—	—	—
Statute of limitations expiration	(0.5)	(1.7)	—	—	—	—	—	—	—	
Penalties	2.3	—	5.6	—	—	—	—	—	—	
Merger expenses	6.2	—	—	—	—	36.7	635.9	(35.4)	(49.8)	11.1
Other [c]	(1.8)	(2.1)	—	(1.5)	—	(2.5)	35.1	0.4	1.4	3.6
Effective income tax rate	39.1%	33.9%	45.1%	25.9%	36.3%	63.0%	900.0%	13.8%	9.0%	47.2%

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Nine Months Ended September 30, 2015								
						Predecessor			
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
U.S. Federal statutory rate	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%
Increase (decrease) due to:									
State income taxes, net of Federal income tax benefit	3.1	2.8	5.2	1.2	5.3	7.1	4.6	6.1	5.5
Qualified nuclear decommissioning trust fund income	(0.9)	(1.6)	—	—	—	—	—	—	—
Domestic production activities deduction	(2.8)	(4.9)	—	—	—	—	—	—	—
Health care reform legislation	—	—	—	—	0.2	—	—	—	—
Amortization of investment tax credit, including deferred taxes on basis difference	(1.2)	(1.9)	(0.3)	(0.1)	(0.1)	(0.3)	(0.1)	(0.4)	(0.5)
Plant basis differences	(1.2)	—	(0.1)	(7.3)	(0.4)	(5.0)	(6.2)	(2.0)	(2.5)
Production tax credits and other credits	(2.2)	(3.8)	—	—	—	(1.9)	—	—	—
Noncontrolling interests	—	0.1	—	—	—	—	—	—	—
Statute of limitations expiration	(1.6)	(2.9)	—	—	—	—	—	—	—
Other	0.9	0.6	0.2	0.2	(0.1)	(0.1)	(0.7)	(0.5)	0.8
Effective income tax rate	29.1%	23.4%	40.0%	29.0%	39.9%	34.8%	32.6%	38.2%	38.3%

(a) DPL and ACE recognized a loss before income taxes for the nine months ended September 30, 2016, and PHI recognized a loss before income taxes for the period of March 24, 2016, through September 30, 2016. As a result, positive percentages represent an income tax benefit for the periods presented.
(b) Includes a remeasurement of uncertain state income tax positions for Pepco and DPL.
(c) At PECO, includes a cumulative adjustment related to an anticipated gas repairs tax return accounting method change.

Accounting for Uncertainty in Income Taxes

The Registrants have the following unrecognized tax benefits as of September 30, 2016 and December 31, 2015:

						Successor			
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
September 30, 2016	$ 937	$ 516	$ (12)	$ —	$120	$ 157	$ 79	$34	$ 22

						Predecessor			
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
December 31, 2015	$1,101	$ 534	$ 142	$ —	$120	$ 22	$ 8	$ 3	$ —

Exelon and ComEd's unrecognized tax benefits changed by $328 million and $154 million, respectively, as of September 30, 2016 as a result of the lease termination on the like-kind exchange position discussed below. In addition, as a result of the merger, an assessment and remeasurement of certain federal and state uncertain income tax positions resulted in an increase in unrecognized tax benefits at Exelon, PHI, Pepco, DPL and ACE of $164 million, $135 million, $71 million, $31 million and $22 million, respectively.

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Reasonably possible the total amount of unrecognized tax benefits could significantly increase or decrease within 12 months after the reporting date

Settlement of Income Tax Audits and Litigation

As of September 30, 2016, Exelon, Generation, BGE, PHI, Pepco, and DPL have approximately $251 million, $52 million, $120 million, $79 million, $59 million, and $20 million of unrecognized federal and state tax benefits that could significantly decrease within the 12 months after the reporting date as a result of completing audits and potential settlements. Of the above unrecognized tax benefits, Exelon and Generation have $52 million that, if recognized, would decrease the effective tax rate. The unrecognized tax benefits related to BGE, DPL, and a portion of Pepco, if recognized, may be included in future regulated base rates and that portion would have no impact to the effective tax rate.

Other Income Tax Matters

Like-Kind Exchange (Exelon and ComEd)

Exelon, through its ComEd subsidiary, took a position on its 1999 income tax return to defer approximately $1.2 billion of tax gain on the sale of ComEd's fossil generating assets. The gain was deferred by reinvesting a portion of the proceeds from the sale in qualifying replacement property under the like-kind exchange provisions of the IRC. The like-kind exchange replacement property purchased by Exelon included interests in three municipal-owned electric generation facilities which were properly leased back to the municipalities.

The IRS disagreed with this position and asserted that the entire gain of approximately $1.2 billion was taxable in 1999. Exelon was unable to reach agreement with the IRS regarding the dispute over the like-kind exchange position. The IRS asserted that the Exelon purchase and leaseback transaction was substantially similar to a leasing transaction, known as a SILO, which the IRS does not respect as the acquisition of an ownership interest in property. A SILO is a "listed transaction" that the IRS has identified as a potentially abusive tax shelter under guidance issued in 2005. Accordingly, the IRS asserted that the sale of the fossil plants followed by the purchase and leaseback of the municipal owned generation facilities did not qualify as a like-kind exchange and the gain on the sale is fully subject to tax. The IRS also asserted a penalty of approximately $90 million for a substantial understatement of tax.

In accordance with applicable accounting standards, Exelon was required to assess whether it was more-likely-than-not that to prevail in litigation. In light of the outcome of another case involving a listed transaction and Exelon's determination that settlement was unlikely, Exelon concluded that subsequent to December 31, 2012, it was no longer more-likely-than-not that its position would be sustained. As a result, in the first quarter of 2013 Exelon recorded a non-cash charge to earnings of approximately $265 million, which represented the amount of interest expense (after-tax) and incremental state income tax expense for periods through March 31, 2013, that would be payable in the event that Exelon is unsuccessful in litigation. Of this amount, approximately $172 million was recorded at ComEd. Exelon has agreed to hold ComEd harmless from any unfavorable impacts on ComEd's equity of the after-tax interest or penalty amounts. As a result, ComEd recorded on its consolidated balance sheet as of March 31, 2013, a $172 million receivable and non-cash equity contributions from Exelon. Based on applicable case law and the facts of the transaction, Exelon did not believe it was likely a penalty would be assessed. Accordingly, no charge was recorded for the penalty asserted nor for after-tax interest that could be due on the asserted penalty.

On September 30, 2013, the IRS issued a notice of deficiency to Exelon for the like-kind exchange position. Exelon filed a petition on December 13, 2013 to initiate litigation in the United States Tax Court and the trial took place in August of 2015. Exelon was not required to remit any part of the asserted tax or penalty in order to litigate the issue.

On September 19, 2016, the Tax Court rejected Exelon's position in the case and ruled that Exelon was not entitled to defer gain on the transaction. In addition, contrary to Exelon's evaluation that the penalty was unwarranted, the Tax Court ruled that Exelon is liable for the penalty and interest due on the asserted penalty. In early 2017, Exelon expects to timely appeal this decision to the U.S. Court of Appeals for the Seventh Circuit.

While it has strong arguments on appeal with respect to both the merits and the penalty, Exelon has determined that, pursuant to accounting standards, it is no longer more-likely-than-not to avoid the penalty. As a result, in the third quarter of 2016, Exelon recorded a charge to earnings for the penalty and the after-tax interest due on the asserted penalty of approximately $200 million, of which approximately $150 million was recorded at ComEd. Exelon and ComEd recorded the penalty and interest due on the asserted penalty to Other, net and Interest expense, net, respectively, on their Consolidated Statements of Operations. Consistent with Exelon's agreement to continue to hold ComEd harmless from any unfavorable impact on its equity, ComEd recorded on its consolidated balance sheet as of September 30, 2016, a $150 million receivable and non-cash equity contributions from Exelon.

In order to appeal the decision, Exelon is required to pay the tax, penalties and interest at the time Exelon files its appeal (expected early 2017). While the final calculation of tax, penalties and interest has not yet been finalized by the IRS, Exelon estimates that a payment of approximately $1.4 billion related to the like-kind exchange will be due, including $300 million from ComEd, in the first quarter of 2017. While Exelon will receive a tax benefit of $400 million associated with the deduction for the interest, Exelon currently has a net operating loss carryforward and thus does not expect to realize the cash benefit until 2018. After taking into account these interest deduction tax benefits, the total estimated net cash outflow for the like-kind exchange is $1 billion, of which approximately $300 million is attributable to ComEd after giving consideration to Exelon's agreement to hold ComEd harmless from any unfavorable impacts of after-tax interest or penalty amounts on ComEd's equity. Upon a final appellate decision, which could take up to several years, Exelon expects to receive $80 million related to final interest computations.

As of September 30, 2016, ComEd has a total receivable from Exelon pursuant to the hold harmless agreement of $345 million, which is included in Current Receivables from Affiliates on ComEd's Consolidated Balance Sheet. Under the agreement, Exelon will settle this receivable with ComEd no later than the time that the payments related to the like-kind exchange are due to the IRS, currently anticipated in first quarter 2017. Exelon will not seek recovery from ComEd customers for any interest or penalty amounts associated with the like-kind exchange tax position.

As previously disclosed, in the first quarter of 2014, Exelon entered into an agreement to terminate its investment in one of the three municipal-owned electric generation properties in exchange for a net early termination amount of $335 million. On March 31, 2016, Exelon entered into an agreement to terminate its interests in the remaining two municipal-owned electric generation properties in exchange for $360 million.

Long-Term State Tax Apportionment (Exelon, Generation and PHI)

Exelon, Generation and PHI periodically review events that may significantly impact how income is apportioned among the states and, therefore, the calculation of their respective deferred state income taxes. Events that may require Exelon, Generation and PHI to update their long-term state tax apportionment include significant changes in tax law and/or significant operational changes, such as the merger with PHI. As a result of the merger, Exelon and Generation reevaluated their long-term state tax apportionment for all states where they have state income tax obligations, which include Delaware, Illinois, Maryland, New Jersey, Pennsylvania, and Washington D.C., as well as other states. The total effect of revising the long-term state tax apportionment

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resulted in the recording of deferred state tax benefit in the amount of $1 million and a state tax expense of $6 million, net of tax, for Exelon and Generation, respectively. Further, Exelon and PHI recorded deferred state tax liabilities of $59 million and $8 million, net of tax, respectively, as part of purchase accounting during the first quarter of 2016.

12. NuclearDecommissioning (Exelon and Generation)

Nuclear Decommissioning Asset Retirement Obligations

Generation has a legal obligation to decommission its nuclear power plants following the expiration of their operating licenses. To estimate its decommissioning obligation related to its nuclear generating stations for financial accounting and reporting purposes, Generation uses a probability-weighted, discounted cash flow model which, on a unit-by-unit basis, considers multiple outcome scenarios that include significant estimates and assumptions, and are based on decommissioning cost studies, cost escalation rates, probabilistic cash flow models and discount rates. Generation updates its ARO annually, unless circumstances warrant more frequent updates, based on its review of updated cost studies and its annual evaluation of cost escalation factors and probabilities assigned to various scenarios.

The following table provides a rollforward of the nuclear decommissioning ARO reflected on Exelon's and Generation's Consolidated Balance Sheets from December 31, 2015 to September 30, 2016:

Nuclear decommissioning ARO at December 31, 2015 [(a)]	$8,246
Accretion expense	325
Net increase due to changes in, and timing of, estimated cash flows	444
Costs incurred to decommission retired plants	(6)
Nuclear decommissioning ARO at September 30, 2016 [(a)]	$9,009

(a) Includes $44 million and $7 million for the current portion of the ARO at September 30, 2016 and December 31, 2015, respectively, which is included in Other current liabilities on Exelon's and Generation's Consolidated Balance Sheets.

During the nine months ended September 30, 2016, Generation's nuclear ARO increased by approximately $763 million, reflecting impacts of ARO updates completed during the first and second quarters of 2016 to reflect changes in amounts and timing of estimated decommissioning cash flows and impacts of year-to-date accretion of the ARO liability due to the passage of time.

In 2016, the ARO liability increased by $444 million primarily driven by an increase of $384 million associated with the June 2, 2016 announcement to early retire the Clinton and Quad Cities nuclear units on June 1, 2017 and June 1, 2018, respectively, as well as an increase of $60 million primarily due to an increase in the estimated costs to decommission the Oyster Creek nuclear unit as a result of the completion of an updated decommissioning cost study. Refer to Note 7 — Early Nuclear Plant Retirements for additional information regarding the announced early retirements of Clinton and Quad Cities. The increase in the ARO liability for Clinton and Quad Cities incorporates the early shutdown dates (including fleet-wide impacts of spent nuclear fuel removal and storage costs), increases in the assumed probabilities of longer term decommissioning scenarios, and reflects an increase in the estimated costs to decommission based on updated decommissioning cost studies reflecting the early retirement of these units.

The financial statement impact related to the increase in the ARO liability due to the changes in, and timing of, estimated cash flows resulted in a corresponding increase in Property, plant and equipment on Exelon's and Generation's Consolidated Balance Sheets. The majority of the increase in cost will be amortized over the remaining useful lives of the Clinton, Quad Cities and Oyster Creek nuclear plants, which are set to retire in 2017, 2018 and 2019, respectively.

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Nuclear Decommissioning Trust Fund Investments

At September 30, 2016 and December 31, 2015, Exelon and Generation had NDT fund investments totaling $11,076 million and $10,342 million, respectively.

The following table provides unrealized gains on NDT funds for the three and nine months ended September 30, 2016 and 2015:

	Exelon and Generation		Exelon and Generation	
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Net unrealized gains (losses) on decommissioning trust funds —Regulatory Agreement Units [(a)]	$ 155	$ (301)	$ 286	$ (385)
Net unrealized gains (losses) on decommissioning trust funds —Non-Regulatory Agreement Units [(b)(c)]	116	(218)	216	(274)

(a) Net unrealized gains related to Generation's NDT funds associated with Regulatory Agreement Units are included in Regulatory liabilities on Exelon's Consolidated Balance Sheets and Noncurrent payables to affiliates on Generation's Consolidated Balance Sheets.
(b) Excludes $(5) million of net unrealized gain related to the Zion Station pledged assets for the three months ended September 30, 2016. Excludes $(2) million and $9 million of net unrealized gain related to the Zion Station pledged assets for the nine months ended September 30, 2016 and 2015, respectively. Net unrealized gains related to Zion Station pledged assets are included in the Payable for Zion Station decommissioning on Exelon's and Generation's Consolidated Balance Sheets.
(c) Net unrealized gains related to Generation's NDT funds with Non-Regulatory Agreement Units are included within Other, net in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income.

Interest and dividends on NDT fund investments are recognized when earned and are included in Other, net in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income. Interest and dividends earned on the NDT fund investments for the Regulatory Agreement Units are eliminated within Other, net in Exelon's and Generation's Consolidated Statement of Operations and Comprehensive Income.

Refer to Note 3 — Regulatory Matters and Note 26 — Related Party Transactions of the Exelon 2015 Form 10-K for information regarding regulatory liabilities at ComEd and PECO and intercompany balances between Generation, ComEd and PECO reflecting the obligation to refund to customers any decommissioning-related assets in excess of the related decommissioning obligations.

Zion Station Decommissioning

On September 1, 2010, Generation completed an Asset Sale Agreement (ASA) with EnergySolutions Inc. and its wholly owned subsidiaries, EnergySolutions, LLC (EnergySolutions) and ZionSolutions, under which ZionSolutions has assumed responsibility for completing certain decommissioning activities at Zion Station, which is located in Zion, Illinois and ceased operation in 1998. See Note 16 — Asset Retirement Obligations of the Exelon 2015 Form 10-K for information regarding the specific treatment of assets, including NDT funds, and decommissioning liabilities transferred in the transaction.

ZionSolutions is subject to certain restrictions on its ability to request reimbursements from the Zion Station NDT funds as defined within the ASA. Therefore, the transfer of the Zion Station assets did not qualify for asset sale accounting treatment and, as a result, the related NDT funds were reclassified to Pledged assets for Zion

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Station decommissioning within Generation's and Exelon's Consolidated Balance Sheets and will continue to be measured in the same manner as prior to the completion of the transaction. Additionally, the transferred ARO for decommissioning was replaced with a Payable for Zion Station decommissioning in Generation's and Exelon's Consolidated Balance Sheets. Changes in the value of the Zion Station NDT assets, net of applicable taxes, are recorded as a change in the Payable to ZionSolutions. At no point will the payable to ZionSolutions exceed the project budget of the costs remaining to decommission Zion Station. Generation has retained its obligation for the SNF. Following ZionSolutions' completion of its contractual obligations and transfer of the NRC license to Generation, Generation will store the SNF at Zion Station until it is transferred to the DOE for ultimate disposal, and will complete all remaining decommissioning activities associated with the SNF dry storage facility. Generation has a liability of approximately $87 million which is included within the nuclear decommissioning ARO at September 30, 2016. Generation also has retained NDT assets to fund its obligation to maintain the SNF at Zion Station until transfer to the DOE and to complete all remaining decommissioning activities for the SNF storage facility. Any shortage of funds necessary to maintain the SNF and decommission the SNF storage facility is ultimately required to be funded by Generation. Any Zion Station NDT funds remaining after the completion of all decommissioning activities will be returned to ComEd customers in accordance with the applicable orders. The following table provides the pledged assets and payables to ZionSolutions, and withdrawals by ZionSolutions at September 30, 2016 and December 31, 2015:

	Exelon and Generation	
	September 30, 2016	December 31, 2015
Carrying value of Zion Station pledged assets	$ 135	$ 206
Payable to Zion Solutions [(a)]	124	189
Current portion of payable to Zion Solutions [(b)]	91	99
Cumulative withdrawals by Zion Solutions to pay decommissioning costs [(c)]	855	786

(a) Excludes a liability recorded within Exelon's and Generation's Consolidated Balance Sheets related to the tax obligation on the unrealized activity associated with the Zion Station NDT funds. The NDT funds will be utilized to satisfy the tax obligations as gains and losses are realized.
(b) Included in Other current liabilities within Exelon's and Generation's Consolidated Balance Sheets.
(c) Includes project expenses to decommission Zion Station and estimated tax payments on Zion Station NDT fund earnings.

NRC Minimum Funding Requirements

NRC regulations require that licensees of nuclear generating facilities demonstrate reasonable assurance that funds will be available in specified minimum amounts to decommission the facility at the end of its life.

Generation filed its biennial decommissioning funding status report with the NRC on March 31, 2015. This report reflects the status of decommissioning funding assurance as of December 31, 2014. Due to increased cost estimates received in the second half of 2014, Braidwood Units 1 and 2, and Byron Unit 2 did not meet the NRC's minimum funding assurance criteria as of December 31, 2014. NRC guidance provides licensees with two years or by the time of submitting the next biennial report (on or before March 31, 2017) to resolve funding assurance shortfalls. On February 4, 2016, Generation submitted to the NRC an updated decommissioning funding status report for Braidwood Units 1 and 2, and Byron Unit 2. This updated report reflected the recently approved license renewals for these units, and showed that the shortfall identified in the March 31, 2015 report has now been resolved and that Generation has provided adequate decommissioning funding assurance for each unit.

On March 31, 2016, Generation submitted its NRC required annual decommissioning funding status report as of December 31, 2015 for reactors that have been shut down or are within five years of shut down except for

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Zion Station which is included in a separate report to the NRC submitted by EnergySolutions (see Zion Station Decommissioning above). As of December 31, 2015, Generation provided adequate decommissioning funding assurance for all of its reactors that have been shut down or are within five years of shut down except for Peach Bottom Unit 1. As a former PECO plant, financial assurance for decommissioning Peach Bottom Unit 1 is provided by the NDT fund in addition to collections from PECO ratepayers. As discussed in Note 16 — Asset Retirement Obligations of Exelon's 2015 Form 10-K, the amount collected from PECO ratepayers will be adjusted in the next filing to the PAPUC with new rates effective January 1, 2018.

Generation will file its next decommissioning funding status report with the NRC by March 31, 2017. This report will reflect the status of decommissioning funding assurance as of December 31, 2016 and will reflect the impacts of the announced early retirements of Clinton and Quad Cities. A shortfall could require Exelon to post parental guarantees for Generation's share of the funding assurance. However, the amount of any required guarantees will ultimately depend on the decommissioning approach adopted at each site, the associated level of costs, and the decommissioning trust fund investment performance going forward.

13. Retirement Benefits (All Registrants)

Exelon sponsors defined benefit pension plans and other postretirement benefit plans for essentially all employees.

Effective March 23, 2016, Exelon became the sponsor of all of PHI's defined benefit pension and other postretirement benefit plans, and assumed PHI's benefit plan obligations and related assets. As a result, PHI's benefit plan net obligation and related regulatory assets were transferred to Exelon. The legacy PHI pension and other postretirement benefit plans were initially remeasured on February 29, 2016 as a result of the short time between the merger close and the end of the first quarter of 2016, using current assumptions, including the discount rate. Exelon updated these amounts in June 2016 to reflect assumptions at March 31, 2016. The updated valuation resulted in a $25 million reduction in the net obligation.

Defined Benefit Pension and Other Postretirement Benefits

During the first quarter of 2016, Exelon received an updated valuation of its legacy pension and other postretirement benefit obligations to reflect actual census data as of January 1, 2016. This valuation resulted in an increase to the pension obligation of $35 million and a decrease to the other postretirement benefit obligation of $8 million. Additionally, accumulated other comprehensive loss increased by approximately $2 million (after tax), regulatory assets increased by approximately $27 million, and regulatory liabilities increased by approximately $3 million.

The majority of the 2016 pension benefit cost for legacy Exelon-sponsored plans is calculated using an expected long-term rate of return on plan assets of 7.00% and a discount rate of 4.29%. The majority of the 2016 other postretirement benefit cost is calculated using an expected long-term rate of return on plan assets of 6.71% for funded plans and a discount rate of 4.29%.

The 2016 pension benefit costs for the legacy PHI plans are calculated using an expected long-term rate of return on plan assets of 6.50% and a discount rate of 3.96% for the majority of the pension plans. The 2016 other postretirement benefit cost is calculated using an expected long-term rate of return on plan assets of 6.75% and a discount rate of 3.80%.

A portion of the net periodic benefit cost for all plans is capitalized within the Consolidated Balance Sheets. The following table presents the components of Exelon's net periodic benefit costs, prior to capitalization, for the three and nine months ended September 30, 2016 and 2015.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Pension Benefits Three Months Ended September 30,		Other Postretirement Benefits Three Months Ended September 30,	
	2016	2015	2016	2015
Components of net periodic benefit cost:				
Service cost	$ 92	$ 82	$ 27	$ 30
Interest cost	215	178	47	42
Expected return on assets	(293)	(257)	(42)	(38)
Amortization of:				
Prior service cost (benefit)	3	3	(48)	(43)
Actuarial loss	142	142	18	20
Net periodic benefit cost	$ 159	$ 148	$ 2	$ 11

	Pension Benefits Nine Months Ended September 30,		Other Postretirement Benefits Nine Months Ended September 30,	
	2016 (a)	2015	2016 (a)	2015
Components of net periodic benefit cost:				
Service cost	$ 262	$ 245	$ 80	$ 89
Interest cost	616	533	138	125
Expected return on assets	(847)	(770)	(121)	(113)
Amortization of:				
Prior service cost (benefit)	10	10	(138)	(130)
Actuarial loss	411	427	47	60
Net periodic benefit cost	$ 452	$ 445	$ 6	$ 31

(a) PHI net periodic benefit costs for the period prior to the merger are not included in the table above.

	Predecessor PHI					
	Pension Benefits			Other Postretirement Benefits		
	January 1, 2016 to March 23, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2015	January 1, 2016 to March 23, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2015
Components of net periodic benefit cost:						
Service cost	$ 12	$ 15	$ 43	$ 1	$ 2	$ 5
Interest cost	26	28	82	6	6	18
Expected return on assets	(30)	(35)	(105)	(5)	(6)	(17)
Amortization of:						
Prior service cost (benefit)	—	—	1	(3)	(3)	(9)
Actuarial loss	14	16	49	2	2	6
Net periodic benefit cost	$ 22	$ 24	$ 70	$ 1	$ 1	$ 3

The amounts below represent Exelon's, Generation's, ComEd's, PECO's, BGE's, PHI's, Pepco's, DPL's, ACE's, BSC's and PHISCO's allocated portion of the pension and postretirement benefit plan costs, which were included in Property, plant and equipment within the respective Consolidated Balance Sheets and Operating and maintenance expense within the Consolidated Statement of Operations and Comprehensive Income during the three and nine months ended September 30, 2016 and 2015.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Pension and Other Postretirement Benefit Costs	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
Exelon	$ 161	$ 159	$ 458	$ 476
Generation	54	67	163	200
ComEd	41	52	124	155
PECO	8	10	25	29
BGE	17	16	51	49
BSC (a)	13	14	37	43
Pepco (b)	8	7	24	22
DPL (b)	4	3	13	11
ACE (b)	4	3	11	11
PHISCO (a)(b)	12	12	33	29

Pension and Other Postretirement Benefit Costs	*Successor* Three Months Ended September 30, 2016	*Predecessor* Three Months Ended September 30, 2015	*Successor* March 24, 2016 to September 30, 2016	*Predecessor* January 1, 2016 to March 23, 2016	*Predecessor* Nine Months Ended September 30, 2015
PHI	$ 28	$ 25	$ 58	$ 23	$ 73

(a) These amounts primarily represent amounts billed to Exelon's subsidiaries through intercompany allocations. These amounts are not included in the Generation, ComEd, PECO, BGE, PHI, Pepco, DPL or ACE amounts above.

(b) Pepco's, DPL's, ACE's and PHISCO's pension and postretirement benefit costs for the nine months ended September 30, 2016 include $7 million, $4 million, $3 million and $9 million, respectively, of costs incurred prior to the closing of Exelon's merger with PHI on March 23, 2016.

Defined Contribution Savings Plans

The Registrants participate in various 401(k) defined contribution savings plans that are sponsored by Exelon. The plans are qualified under applicable sections of the IRC and allow employees to contribute a portion of their pre-tax and/or after-tax income in accordance with specified guidelines. All Registrants match a percentage of the employee contributions up to certain limits. The following table presents the matching contributions to the savings plans during the three and nine months ended September 30, 2016 and 2015:

Savings Plan Matching Contributions	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
Exelon	$ 51	$ 51	$ 107	$ 111
Generation	31	27	56	60
ComEd	10	10	23	23
PECO	3	3	7	7
BGE	2	5	5	10
BSC (a)	2	6	9	11
Pepco (b)	—	—	2	2
DPL (b)	1	1	2	2
ACE (b)	—	—	1	1
PHISCO (a)(b)	2	2	5	5

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Savings Plan Matching Contributions	Successor Three Months Ended September 30, 2016	Predecessor Three Months Ended September 30, 2015	Successor March 24, 2016 to September 30, 2016	Predecessor January 1, 2016 to March 23, 2016	Predecessor Nine Months Ended September 30, 2015
PHI	$ 3	$ 3	$ 7	$ 3	$ 10

(a) These amounts primarily represent amounts billed to Exelon and PHI's subsidiaries through intercompany allocations. These costs are not included in the Generation, ComEd, PECO, BGE, Pepco and DPL amounts above.

(b) Pepco's, DPL's and PHISCO's matching contributions for the nine months ended September 30, 2016 include $1 million, $1 million, and $1 million, respectively, of costs incurred prior to the closing of Exelon's merger with PHI on March 23, 2016, which is not included in Exelon's matching contributions for the nine months ended September 30, 2016.

14. (All Registrants)

Severance

The Registrants have an ongoing severance plan under which, in general, the longer an employee worked prior to termination the greater the amount of severance benefits. The Registrants record a liability and expense or regulatory asset for severance once terminations are probable of occurrence and the related severance benefits can be reasonably estimated. For severance benefits that are incremental to its ongoing severance plan ("one-time termination benefits"), the Registrants measure the obligation and record the expense at fair value at the communication date if there are no future service requirements, or, if future service is required to receive the termination benefit, ratably over the required service period.

Ongoing Severance Plans

The Registrants provide severance and health and welfare benefits under Exelon's ongoing severance benefit plans to terminated employees in the normal course of business. These benefits are accrued for when the benefits are considered probable and can be reasonably estimated.

For the three and nine months ended September 30, 2016 and 2015, Exelon, Generation, ComEd and PHI recorded the following severance costs (benefits) associated with these ongoing severance benefits within Operating and maintenance expense in their Consolidated Statements of Operations and Comprehensive Income.

	Exelon	Generation [a]	ComEd [a]	Successor PHI
Three Months Ended				
September 30, 2016	$ 8	$ 7	$ —	$ 1
September 30, 2015	(3)	(3)	—	—
Nine Months Ended				
September 30, 2016	$ 12	$ 10	$ 1	$ 1
September 30, 2015	18	17	1	—

(a) The amounts above for Generation include less than $1 million for amounts billed by BSC through intercompany allocations for both the three months ended September 30, 2016 and 2015, and $2 million for both the nine months ended September 30, 2016 and 2015. The amounts above for ComEd include $1 million billed by BSC through intercompany allocations for both the nine months ended September 30, 2016 and 2015. The amounts above for PHI include $1 million billed by BSC through intercompany allocations for the three and nine months ended September 30, 2016.

Early Plant Retirement-Related Severance

As a result of the Clinton and Quad Cities plant retirement decision, Exelon and Generation will incur certain employee-related costs, including severance benefit costs. Severance benefits will be provided to

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impacted union and non-union employees, to the extent that those employees are not redeployed to other locations. The final amount of severance cost will ultimately depend on the specific employees severed.

For the three and nine months ended September 30, 2016, the Registrants recorded the following severance costs (benefits) related to the early plant retirements within Operating and maintenance expense in their Consolidated Statements of Operations and Comprehensive Income, pursuant to the authoritative guidance for ongoing severance plans:

	Exelon	Generation [a]
Three Months Ended		
September 30, 2016	$ (2)	$ (2)
Nine Months Ended		
September 30, 2016	$ 44	$ 44

(a) The amounts above for Generation include $2 million for amounts billed by BSC through intercompany allocations for the nine months ended September 30, 2016.

Cost Management Program-Related Severance

In August 2015, Exelon announced a cost management program focused on cost savings at BSC and Generation, including the elimination of approximately 500 positions. These actions are in response to the continuing economic challenges confronting all parts of Exelon's business and industry, necessitating continued focus on cost management through enhanced efficiency and productivity. Exelon expects that approximately 250 corporate support positions in BSC and approximately 250 positions located throughout Generation will be eliminated.

Upon Senior Management approval of the cost management targets and initiatives in the first quarter of 2016, Exelon recorded severance benefit costs of $17 million associated with the anticipated position reductions. Additional severance benefit costs recorded in the third quarter were $1 million for Generation and Exelon. The final amount of the charge will ultimately depend on the specific employees severed.

For the nine months ended September 30, 2016, the Registrants recorded the following severance costs related to the cost management program within Operating and maintenance expense in their Consolidated Statements of Operations and Comprehensive Income, pursuant to the authoritative guidance for ongoing severance plans:

	Exelon	Generation	ComEd	PECO	BGE
Nine Months Ended September 30, 2016					
Severance benefits [a]	$ 18	$ 13	$ 3	$ 1	$ 1

(a) The amounts above for Generation, ComEd, PECO and BGE include $7 million, $3 million, $1 million and $1 million, respectively, for amounts billed by BSC through intercompany allocations for the nine months ended September 30, 2016.

Severance Costs Related to the PHI Merger

Upon closing the PHI Merger, Exelon recorded a severance accrual for the anticipated employee position reductions as a result of the post-merger integration. Cash payments under the plan began in May 2016 and will continue through 2020.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

For the three months ended September 30, 2016, the PHI merger severance costs were immaterial. For the nine months ended September 30, 2016, the Registrants recorded the following severance costs associated with the identified job reductions within Operating and maintenance expense in their Consolidated Statements of Operations and Comprehensive Income, pursuant to the authoritative guidance for ongoing severance plans:

	Exelon	Generation	ComEd	PECO	BGE	Successor PHI	Pepco [b]	DPL [c]	ACE
Nine Months Ended September 30, 2016									
Severance benefits [a]	$ 55	$ 9	$ 2	$ 1	$ 1	$ 42	$ 20	$ 12	$ 10

(a) The amounts above for Generation, ComEd, PECO, BGE, Pepco, DPL and ACE include amounts billed by BSC and/or PHISCO through intercompany allocations of $8 million, $2 million, $1 million, $1 million, $19 million, $11 million and $10 million for the nine months ended September 30, 2016.
(b) Pepco established a regulatory asset of $10 million as of September 30, 2016, primarily for severance benefit costs related to the PHI merger.
(c) DPL established a regulatory asset of $3 million as of September 30, 2016, primarily for severance benefit costs related to the PHI merger.

Severance Liability

Amounts included in the table below represent the severance liability recorded for the severance plans above for employees of each Registrant and exclude amounts included at Exelon and billed through intercompany allocations:

Severance Liability	Exelon	Generation	ComEd	PECO	BGE	Successor PHI	Pepco	DPL	ACE
Balance at December 31, 2015	$ 35	$ 23	$ 3	$ —	$ 1	$ —	$ —	$—	$ —
Severance charges [a][b]	136	63	1	—	—	53	1	1	—
Payments	(39)	(7)	(1)	—	(1)	(25)	(1)	(1)	—
Balance at September 30, 2016	$ 132	$ 79	$ 3	$ —	$ —	$ 28	$ —	$—	$ —

(a) Includes salary continuance and health and welfare severance benefits. Amounts primarily represent benefits provided for the PHI post-merger integration, the Clinton and Quad Cities early plant retirements and the cost management program.
(b) Represents activity from March 24, 2016 to September 30, 2016 for PHI, Pepco, DPL and ACE.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
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15. in Accumulated Other Comprehensive Income (Exelon, Generation, PECO and PHI)
Changes

The following tables present changes in accumulated other comprehensive income (loss) (AOCI) by component for the nine months ended September 30, 2016 and 2015:

Nine Months Ended September 30, 2016	Gains and (losses) on Cash Flow Hedges	Unrealized Gains and (losses) on Marketable Securities	Pension and Non-Pension Postretirement Benefit Plan Items	Foreign Currency Items	AOCI of Equity Investments	Total
Exelon [a]						
Beginning balance	$ (19)	$ 3	$ (2,565)	$ (40)	$ (3)	$(2,624)
OCI before reclassifications	(1)	—	(2)	3	(5)	(5)
Amounts reclassified from AOCI [b]	(3)	—	104	5	—	106
Net current-period OCI	(4)	—	102	8	(5)	101
Ending balance	$ (23)	$ 3	$ (2,463)	$ (32)	$ (8)	$(2,523)
Generation [a]						
Beginning balance	$ (21)	$ 1	$ —	$ (40)	$ (3)	$ (63)
OCI before reclassifications	—	1	—	3	1	5
Amounts reclassified from AOCI [b]	(3)	—	—	5	—	2
Net current-period OCI	(3)	1	—	8	1	7
Ending balance	$ (24)	$ 2	$ —	$ (32)	$ (2)	$ (56)
PECO [a]						
Beginning balance	$ —	$ 1	$ —	$ —	$ —	$ 1
OCI before reclassifications	—	—	—	—	—	—
Amounts reclassified from AOCI [b]	—	—	—	—	—	—
Net current-period OCI	—	—	—	—	—	—
Ending balance	$ —	$ 1	$ —	$ —	$ —	$ 1
PHI Predecessor [a]						
Beginning balance January 1, 2016	$ (8)	$ —	$ (28)	$ —	$ —	$ (36)
OCI before reclassifications	—	—	—	—	—	—
Amounts reclassified from AOCI [b]	—	—	1	—	—	1
Net current-period OCI	—	—	1	—	—	1
Ending balance March 23, 2016 [c]	$ (8)	$ —	$ (27)	$ —	$ —	$ (35)

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Nine Months Ended September 30, 2015	Gains and (losses) on Hedging Activity	Unrealized Gains and (losses) on Marketable Securities	Pension and Non-Pension Postretirement Benefit Plan Items	Foreign Currency Items	AOCI of Equity Investments	Total
Exelon [a]						
Beginning balance	$ (28)	$ 3	$ (2,640)	$ (19)	$ —	$(2,684)
OCI before reclassifications	(18)	—	(29)	(17)	—	(64)
Amounts reclassified from AOCI [b]	22	—	130	—	—	152
Net current-period OCI	4	—	101	(17)	—	88
Ending balance	$ (24)	$ 3	$ (2,539)	$ (36)	$ —	$(2,596)
Generation [a]						
Beginning balance	$ (18)	$ 1	$ —	$ (19)	$ —	$ (36)
OCI before reclassifications	(13)	—	—	(17)	—	(30)
Amounts reclassified from AOCI [b]	6	—	—	—	—	6
Net current-period OCI	(7)	—	—	(17)	—	(24)
Ending balance	$ (25)	$ 1	$ —	$ (36)	$ —	$ (60)
PECO [a]						
Beginning balance	$ —	$ 1	$ —	$ —	$ —	$ 1
OCI before reclassifications	—	—	—	—	—	—
Amounts reclassified from AOCI [b]	—	—	—	—	—	—
Net current-period OCI	—	—	—	—	—	—
Ending balance	$ —	$ 1	$ —	$ —	$ —	$ 1
PHI Predecessor [a]						
Beginning balance	$ (9)	$ —	$ (37)	$ —	$ —	$ (46)
OCI before reclassifications	—	—	—	—	—	—
Amounts reclassified from AOCI [b]	1	—	4	—	—	5
Net current-period OCI	1	—	4	—	—	5
Ending balance	$ (8)	$ —	$ (33)	$ —	$ —	$ (41)

(a) All amounts are net of tax and noncontrolling interest. Amounts in parenthesis represent a decrease in AOCI.
(b) See next tables for details about these reclassifications.
(c) As a result of the PHI Merger, the PHI predecessor balances at March 23, 2016 were reduced to zero on March 24, 2016 due to purchase accounting adjustments applied to PHI.

ComEd, PECO, BGE, Pepco, DPL and ACE did not have any reclassifications out of AOCI to Net income during the three and nine months ended September 30, 2016 and 2015. The following tables present amounts reclassified out of AOCI to Net income for Exelon, Generation and PHI during the three and nine months ended September 30, 2016 and 2015.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Three Months Ended September 30, 2016

Details about AOCI components	Items reclassified out of AOCI [a]		Affected line item in the Statement of Operations and Comprehensive Income
	Exelon	Generation	
Amortization of pension and other postretirement benefit plan items			
Prior service costs [b]	$ 19	$ —	
Actuarial losses [b]	(76)	—	
Total before tax	(57)	—	
Tax benefit	22	—	
Net of tax	$ (35)	$ —	
Gains (losses) on foreign currency translation			
Other	$ (5)	$ (5)	Other income and (deductions)
Total before tax	(5)	(5)	
Tax expense	—	—	
Net of tax	$ (5)	$ (5)	
Total Reclassifications for the period	$ (40)	$ (5)	Comprehensive income

Nine Months Ended September 30, 2016

Details about AOCI components	Items reclassified out of AOCI [a]			Affected line item in the Statement of Operations and Comprehensive Income
	Exelon	Generation	*Predecessor* January 1, 2016 to March 23, 2016 PHI	
Gains and (losses) on cash flow hedges				
Other cash flow hedges	$ 5	$ 5	$ —	Interest expense
Total before tax	5	5	—	
Tax expense	(2)	(2)	—	
Net of tax	$ 3	$ 3	$ —	Comprehensive income
Amortization of pension and other postretirement benefit plan items				
Prior service costs [b]	$ 57	$ —	$ —	
Actuarial losses [b]	(227)	—	(1)	
Total before tax	(170)	—	(1)	
Tax benefit	66	—	—	
Net of tax	$(104)	$ —	$ (1)	
Gains (losses) on foreign currency translation				
Other	$ (5)	$ (5)	$ —	Other income and (deductions)
Total before tax	(5)	(5)	—	
Tax expense	—	—	—	
Net of tax	$ (5)	$ (5)	$ —	
Total Reclassifications	$(106)	$ (2)	$ (1)	Comprehensive income

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Three Months Ended September 30, 2015

Details about AOCI components	Items reclassified out of AOCI [a]			Affected line item in the Statement of Operations and Comprehensive Income
	Exelon	Generation	*Predecessor* PHI	
Gains and (losses) on cash flow hedges				
Other cash flow hedges	$ (4)	$ (4)	$ (1)	Interest expense
Total before tax	(4)	(4)	(1)	
Tax expense	1	1	—	
Net of tax	$ (3)	$ (3)	$ (1)	Comprehensive income
Amortization of pension and other postretirement benefit plan items				
Prior service costs [b]	$ 19	$ —	$ —	
Actuarial losses [b]	(90)	—	(2)	
Total before tax	(71)	—	(2)	
Tax expense	28	—	2	
Net of tax	$ (43)	$ —	$ —	
Total Reclassifications for the period	$ (46)	$ (3)	$ (1)	Comprehensive income

Nine Months Ended September 30, 2015

Details about AOCI components	Items reclassified out of AOCI [a]			Affected line item in the Statement of Operations and Comprehensive Income
	Exelon	Generation	*Predecessor* PHI	
Gains and (losses) on cash flow hedges				
Terminated interest rate swaps	$ (26)	$ —	$ —	Other, net
Energy related hedges	2	2	—	Operating revenues
Other cash flow hedges	(11)	(11)	(1)	Interest expense
Total before tax	(35)	(9)	(1)	
Tax benefit	13	3	—	
Net of tax	$ (22)	$ (6)	$ (1)	Comprehensive income
Amortization of pension and other postretirement benefit plan items				
Prior service costs [b]	$ 57	$ —	$ —	
Actuarial losses [b]	(270)	—	(7)	
Total before tax	(213)	—	(7)	
Tax benefit	83	—	3	
Net of tax	$(130)	$ —	$ (4)	
Total Reclassifications	$(152)	$ (6)	$ (5)	Comprehensive income

(a) Amounts in parenthesis represent a decrease in net income.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

(b) This AOCI component is included in the computation of net periodic pension and OPEB cost (see Note 13 — Retirement Benefits for additional details).

The following table presents income tax expense (benefit) allocated to each component of other comprehensive income (loss) during the three and nine months ended September 30, 2016 and 2015:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Exelon				
Pension and non-pension postretirement benefit plans:				
Prior service benefit reclassified to periodic benefit cost	$ 7	$ 8	$ 22	$ 22
Actuarial loss reclassified to periodic cost	(29)	(35)	(88)	(105)
Pension and non-pension postretirement benefit plans valuation adjustment	1	—	1	17
Change in unrealized gain/(loss) on cash flow hedges	(1)	3	3	(3)
Change in unrealized loss on equity investments	—	—	3	—
Change in unrealized gain on marketable securities	(1)	—	(1)	—
Total	$ (23)	$ (24)	$ (60)	$ (69)
Generation				
Change in unrealized gain/(loss) on cash flow hedges	$ (2)	$ 3	$ 1	$ 4
Change in unrealized loss on equity investments	—	—	3	—
Change in unrealized gain on marketable securities	—	—	—	—
Total	$ (2)	$ 3	$ 4	$ 4

		Predecessor	
PHI	Three Months Ended September 30, 2015	January 1, 2016 to March 23, 2016	Nine Months Ended September 30, 2015
Pension and non-pension postretirement benefit plans:			
Actuarial loss reclassified to periodic cost	$ (2)	$ —	$ (3)

16. Mezzanine Equity (Exelon, Generation and PHI)

Contingently Redeemable Noncontrolling Interests (Exelon and Generation)

In November 2015, 2015 ESA Investco, LLC, a wholly owned subsidiary of Generation, entered into an arrangement to sell a portion of its equity to a tax equity investor. Pursuant to the operating agreement, in certain circumstances the equity contributed by the noncontrolling interests holder could be contingently redeemable. These circumstances are outside of the control of Generation and the noncontrolling interests holder resulting in a portion of the noncontrolling interests being considered contingently redeemable and thus presented in mezzanine equity on the consolidated balance sheet.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following table summarizes the changes in the contingently redeemable noncontrolling interests for the nine months ended September 30, 2016:

Balance at December 31, 2015	$ 28
Cash received from noncontrolling interests	105
Release of contingency	(107)
Balance at September 30, 2016	$ 26

Preferred Stock (PHI)

In connection with the PHI Merger Agreement, Exelon purchased 18,000 originally issued shares of PHI preferred stock for a purchase price of $180 million. PHI excluded the preferred stock from equity at December 31, 2015 since the preferred stock contained conditions for redemption that were not solely within the control of PHI. Management determined that the preferred stock contained embedded features requiring separate accounting consideration to reflect the potential value to PHI that any issued and outstanding preferred stock could be called and redeemed at a nominal par value upon a termination of the merger agreement under certain circumstances due to the failure to obtain required regulatory approvals. The embedded call and redemption features on the shares of the preferred stock in the event of such a termination were separately accounted for as derivatives. As of December 31, 2015, the fair value of the derivative related to the preferred stock was estimated to be $18 million based on PHI's updated assessment and was included in Current assets with a corresponding increase in Preferred stock on PHI's Consolidated Balance Sheets. Immediately prior to the merger date, PHI updated its assessment of the fair value of the derivative and reduced the fair value to zero, recording the $18 million decrease in fair value as a reduction of Other, within PHI's predecessor period, January 1, 2016 to March 23, 2016, Consolidated Statements of Operations and Comprehensive Income.

On March 23, 2016, the preferred stock was cancelled and the $180 million cash consideration previously received by PHI to issue the preferred stock was treated as additional merger purchase price consideration.

17. EarningsPer Share and Equity (Exelon and BGE)

Earnings per Share (Exelon)

Diluted earnings per share is calculated by dividing Net income attributable to common shareholders by the weighted average number of shares of common stock outstanding, including shares to be issued upon exercise of stock options, performance share awards and restricted stock outstanding under Exelon's LTIPs considered to be common stock equivalents. The following table sets forth the components of basic and diluted earnings per share and shows the effect of these stock options, performance share awards and restricted stock on the weighted average number of shares outstanding used in calculating diluted earnings per share:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Exelon				
Net income attributable to common shareholders	$ 490	$ 629	$ 930	$ 1,959
Weighted average common shares outstanding — basic	925	913	924	879
Assumed exercise and/or distributions of stock-based awards	2	2	2	4
Weighted average common shares outstanding — diluted	927	915	926	883

The number of stock options not included in the calculation of diluted common shares outstanding due to their antidilutive effect was approximately 11 million and 12 million for the three and nine months ended September 30, 2016, respectively and 14 million for three and nine months ended September 30, 2015. The number of equity units related to the PHI Merger not included in the calculation of diluted common shares outstanding due to their antidilutive effect was less than 1 million for the three and nine months ended September 30, 2016, respectively, and 4 million and 2 million for the three and nine months ended September 30, 2015, respectively. Refer to Note 19 — Shareholder's Equity of the Exelon 2015 Form 10-K for further information regarding the equity units.

Under share repurchase programs, 35 million shares of common stock are held as treasury stock with a cost of $2.3 billion as of September 30, 2016. In 2008, Exelon management decided to defer indefinitely any share repurchases.

Preference Stock Redemption (BGE)

BGE had $190 million of cumulative preference stock that was redeemable at its option at any time after October 1, 2015 for the redemption price of $100 per share, plus accrued and unpaid dividends. On July 3, 2016, BGE redeemed all 400,000 shares of its outstanding 7.125% Cumulative Preference Stock, 1993 Series and all 600,000 shares of its outstanding 6.99% Cumulative Preference Stock, 1995 Series for $100 million, plus accrued and unpaid dividends. On September 18, 2016, BGE redeemed the remaining 500,000 shares of its outstanding 6.970% Cumulative Preference Stock, 1993 Series and the remaining 400,000 shares of its outstanding 6.70% Cumulative Preference Stock, 1993 Series for $90 million, plus accrued and unpaid dividends.

18. Commitments and Contingencies (*All Registrants*)

The following is an update to the current status of commitments and contingencies set forth in Note 23 of the Exelon 2015 Form 10-K and Note 16 of the PHI 2015 Form 10-K. See Note 4 — Mergers, Acquisitions and Dispositions for further discussion on the PHI Merger commitments.

Commitments

Constellation Merger Commitments (Exelon and Generation)

In February 2012, the MDPSC issued an Order approving the Exelon and Constellation merger. As part of the MDPSC Order, Exelon agreed to provide a package of benefits to BGE customers, the City of Baltimore and the State of Maryland, resulting in an estimated direct investment in the State of Maryland of approximately $1 billion. The direct investment estimate includes $95 million to $120 million relating to the construction of a headquarters building in Baltimore for Generation's competitive energy businesses.

The direct investment commitment also includes $450 million to $550 million relating to Exelon and Generation's development or assistance in the development of 275 — 300 MWs of new generation in Maryland, which is expected to be completed over a period of 10 years. As of September 30, 2016, Exelon and Generation have incurred $404 million towards satisfying the commitment for new generation development in the state of Maryland, with approximately 220 MW of the new generation commencing with commercial operations to date. The MDPSC Order contemplates various options for complying with the new generation development commitments, including building or acquiring generating assets, making subsidy or compliance payments, or in circumstances in which the generation build is delayed or certain specified provisions are elected, making liquidated damages payments. Exelon and Generation expect that the majority of these commitments will be satisfied by building or acquiring generating assets and, therefore, will be primarily capital in nature and recognized as incurred. However, during the third quarter of 2014, the conditions associated with one of the

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generation development commitments changed such that Exelon and Generation believe that the most likely outcome will involve making subsidy payments and/or liquidated damages payments rather than constructing the specified generating plant. As a result, Exelon and Generation recorded a pre-tax $44 million loss contingency related to this generation development commitment. While this $44 million loss contingency represents Generation's best estimate of the future obligation, it is reasonably possible that Exelon and Generation could ultimately be required to make cumulative subsidy payments of up to a maximum of approximately $105 million over a 20-year period dependent on actual generating output from a successfully constructed generating plant.

Equity Investment Commitments (Exelon and Generation)

Generation has entered into equity purchase agreements that include commitments to invest additional equity through incremental payments to fund the anticipated needs of the planned operations of the associated companies. The commitments include approximately $20 million of in-kind services and 100% of 2015 ESA Investco, LLC's equity commitment since 2015 ESA Investco, LLC is consolidated by Generation (see Note 3 —Variable Interest Entities for additional details). As of September 30, 2016, Generation's estimated commitments relating to its equity purchase agreements, including the in-kind services contributions, is anticipated to be as follows:

	Total
2016 (a)	$ 79
2017	25
2018	4
Total	$108

(a) The noncontrolling interests holder of 2015 ESA Investco, LLC will contribute up to $31 million in support of a portion of the remaining equity commitment.

Commercial Commitments (All Registrants)

The Registrants' commercial commitments as of September 30, 2016, representing commitments potentially triggered by future events were as follows:

	Exelon	Generation	ComEd	PECO	BGE	Successor PHI	Pepco	DPL	ACE
Letters of credit (non-debt) (a)	$1,720	$ 1,650	$ 16	$ 23	$ 2	$ 1	$ —	$—	$ 1
Surety bonds (b)	1,084	984	10	9	11	16	9	4	3
Financing trust guarantees	628	—	200	178	250	—	—	—	—
Nuclear insurance premiums (c)	3,045	3,045	—	—	—	—	—	—	—
Guaranteed lease residual values (d)	20	—	—	—	—	20	6	7	5
Total commercial commitments	$6,497	$ 5,679	$ 226	$210	$263	$ 37	$ 15	$11	$ 9

(a) Letters of credit (non-debt) — Exelon and certain subsidiaries maintain non-debt letters of credit to provide credit support for certain transactions as requested by third parties.
(b) Surety bonds — Guarantees issued related to contract and commercial agreements, excluding bid bonds.
(c) Nuclear insurance premiums — Represents the maximum amount that Generation would be required to pay for retrospective premiums in the event of nuclear disaster at any domestic site, including CENG sites, under the Secondary Financial Protection pool as required under the Price-Anderson Act as well as the current aggregate annual retrospective premium obligation that could be imposed by NEIL. See the Nuclear Insurance section within this note for additional details on Generation's nuclear insurance premiums.

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(d) Represents the maximum potential obligation in the event that the fair value of certain leased equipment and fleet vehicles is zero at the end of the maximum lease term. The maximum lease term associated with these assets ranges from 3 to 8 years. The maximum potential obligation at the end of the minimum lease term would be $50 million, $13 million of which is a guarantee by Pepco, $17 million by DPL and $13 million by ACE. The minimum lease term associated with these assets ranges from 1 to 4 years. Historically, payments under the guarantees have not been made and PHI believes the likelihood of payments being required under the guarantees is remote.

Nuclear Insurance (Exelon and Generation)

Generation is subject to liability, property damage and other risks associated with major incidents at any of its nuclear stations, including the CENG nuclear stations. Generation has mitigated its financial exposure to these risks through insurance and other industry risk-sharing provisions.

The Price-Anderson Act was enacted to ensure the availability of funds for public liability claims arising from an incident at any of the U.S. licensed nuclear facilities and also to limit the liability of nuclear reactor owners for such claims from any single incident. As of September 30, 2016, the current liability limit per incident is $13.4 billion and is subject to change to account for the effects of inflation and changes in the number of licensed reactors. An inflation adjustment must be made at least once every 5 years and the last inflation adjustment was made effective September 10, 2013. In accordance with the Price-Anderson Act, Generation maintains financial protection at levels equal to the amount of liability insurance available from private sources through the purchase of private nuclear energy liability insurance for public liability claims that could arise in the event of an incident. As of September 30, 2016, the amount of nuclear energy liability insurance purchased is $375 million for each operating site. Additionally, the Price-Anderson Act requires a second layer of protection through the mandatory participation in a retrospective rating plan for power reactors (currently 102 reactors) resulting in an additional $13.0 billion in funds available for public liability claims. Participation in this secondary financial protection pool requires the operator of each reactor to fund its proportionate share of costs for any single incident that exceeds the primary layer of financial protection. Under the Price-Anderson Act, the maximum assessment in the event of an incident for each nuclear operator, per reactor, per incident (including a 5% surcharge), is $127.3 million, payable at no more than $19 million per reactor per incident per year. Exelon's maximum liability per incident is approximately $2.7 billion, including CENG's related liability.

In addition, the U.S. Congress could impose revenue-raising measures on the nuclear industry to pay public liability claims exceeding the $13.4 billion limit for a single incident.

As part of the execution of the NOSA on April 1, 2014, Generation executed an Indemnity Agreement pursuant to which Generation agreed to indemnify EDF and its affiliates against third-party claims that may arise from any future nuclear incident (as defined in the Price-Anderson Act) in connection with the CENG nuclear plants or their operations. Exelon guarantees Generation's obligations under this indemnity. See Note 5 —Investment in Constellation Energy Nuclear Group, LLC of the Exelon 2015 Form 10-K for additional information on Generation's operations relating to CENG.

Generation is required each year to report to the NRC the current levels and sources of property insurance that demonstrates Generation possesses sufficient financial resources to stabilize and decontaminate a reactor and reactor station site in the event of an accident. The property insurance maintained for each facility is currently provided through insurance policies purchased from NEIL, an industry mutual insurance company of which Generation is a member.

NEIL provides "all risk" property damage, decontamination and premature decommissioning insurance for each station for losses resulting from damage to its nuclear plants, either due to accidents or acts of terrorism. If the decision is made to decommission the facility, a portion of the insurance proceeds will be allocated to a fund,

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which Generation is required by the NRC to maintain, to provide for decommissioning the facility. In the event of an insured loss, Generation is unable to predict the timing of the availability of insurance proceeds to Generation and the amount of such proceeds that would be available. In the event that one or more acts of terrorism cause accidental property damage within a twelve-month period from the first accidental property damage under one or more policies for all insured plants, the maximum recovery for all losses by all insureds will be an aggregate of $3.2 billion plus such additional amounts as the insurer may recover for all such losses from reinsurance, indemnity and any other source, applicable to such losses.

For its insured losses, Generation is self-insured to the extent that losses are within the policy deductible or exceed the amount of insurance maintained. Uninsured losses and other expenses, to the extent not recoverable from insurers or the nuclear industry, could also be borne by Generation. Any such losses could have a material adverse effect on Exelon's and Generation's financial condition, results of operations and liquidity.

Environmental Issues *(All Registrants)*

General. The Registrants' operations have in the past, and may in the future, require substantial expenditures in order to comply with environmental laws. Additionally, under Federal and state environmental laws, the Registrants are generally liable for the costs of remediating environmental contamination of property now or formerly owned by them and of property contaminated by hazardous substances generated by them. The Registrants own or lease a number of real estate parcels, including parcels on which their operations or the operations of others may have resulted in contamination by substances that are considered hazardous under environmental laws. In addition, the Registrants are currently involved in a number of proceedings relating to sites where hazardous substances have been deposited and may be subject to additional proceedings in the future.

ComEd, PECO, BGE and DPL have identified sites where former MGP activities have or may have resulted in actual site contamination. For almost all of these sites, there are additional PRPs that may share responsibility for the ultimate remediation of each location.

- ComEd has identified 42 sites, 17 of which the remediation has been completed and approved by the Illinois EPA or the U.S. EPA and 25 that are currently under some degree of active study and/or remediation. ComEd expects the majority of the remediation at these sites to continue through at least 2021.
- PECO has identified 26 sites, 16 of which have been remediated in accordance with applicable PA DEP regulatory requirements. The remaining 10 sites are currently under some degree of active study and/or remediation. PECO expects the majority of the remediation at these sites to continue through at least 2022.
- BGE has identified 13 former gas manufacturing or purification sites that it currently owns or owned at one time through a predecessor's acquisition. Two gas manufacturing sites require some level of remediation and ongoing monitoring under the direction of the MDE. The required costs at these two sites are not considered material. One former gas purification site is currently under investigation at the direction of the MDE. For more information, see the discussion of the Riverside site below.
- DPL has identified 2 sites, all of which the remediation has been completed and approved by the MDE or the Delaware Department of Natural Resources and Environmental Control.

ComEd, pursuant to an ICC order, and PECO, pursuant to settlements of natural gas distribution rate cases with the PAPUC, are currently recovering environmental remediation costs of former MGP facility sites through customer rates. ComEd and PECO have recorded regulatory assets for the recovery of these costs. See Note 5 —Regulatory Matters for additional information regarding the associated regulatory assets. BGE is authorized to recover, and is currently recovering, environmental costs for the remediation of the former MGP facility sites

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from customers; however, while BGE does not have a rider for MGP clean-up costs, BGE has historically received recovery of actual clean-up costs in distribution rates. DPL has historically received recovery of actual clean-up costs in distribution rates.

As of September 30, 2016 and December 31, 2015, the Registrants had accrued the following undiscounted amounts for environmental liabilities in Other current liabilities and Other deferred credits and other liabilities within their respective Consolidated Balance Sheets:

September 30, 2016	Total Environmental Investigation and Remediation Reserve	Portion of Total Related to MGP Investigation and Remediation [(a)]
Exelon	$ 427	$ 318
Generation	76	—
ComEd	283	281
PECO	36	34
BGE	2	2
PHI (Successor)	30	1
Pepco	27	—
DPL	2	1
ACE	1	—

December 31, 2015	Total Environmental Investigation and Remediation Reserve	Portion of Total Related to MGP Investigation and Remediation [(a)]
Exelon	$ 369	$ 301
Generation	63	—
ComEd	266	264
PECO	37	35
BGE	3	2
PHI (Predecessor)	33	1
Pepco	24	—
DPL	3	1
ACE	1	—

(a) For BGE, includes reserve for Riverside, a gas purification site. See discussion below for additional information.

The historical nature of the MGP sites and the fact that many of the sites have been buried and built over, impacts the ability to determine a precise estimate of the ultimate costs prior to initial sampling and determination of the exact scope and method of remedial activity. Management determines its best estimate of remediation costs using all available information at the time of each study, including probabilistic and deterministic modeling for ComEd and PECO, and the remediation standards currently required by the applicable state environmental agency. Prior to completion of any significant clean up, each site remediation plan is approved by the appropriate state environmental agency.

During the third quarter of 2016, ComEd and PECO completed an annual study of their future estimated MGP remediation requirements. The results of the study resulted in a $7 million and $2 million increase to environmental liabilities and related regulatory assets for ComEd and PECO, respectively.

The Registrants cannot reasonably estimate whether they will incur other significant liabilities for additional investigation and remediation costs at these or additional sites identified by the Registrants, environmental agencies or others, or whether such costs will be recoverable from third parties, including customers.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
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Water Quality

Groundwater Contamination. In October 2007, a subsidiary of Constellation entered into a consent decree with the MDE relating to groundwater contamination at a third-party facility that was licensed to accept fly ash, a byproduct generated by coal-fired plants. The consent decree required the payment of a $1 million penalty, remediation of groundwater contamination resulting from the ash placement operations at the site, replacement of drinking water supplies in the vicinity of the site, and monitoring of groundwater conditions. Generation's remaining groundwater contamination reserve was approximately $13 million at September 30, 2016 and $12 million at December 31, 2015.

Benning Road Site NPDES Permit Limit Exceedances . Pepco holds an NPDES permit issued by EPA with a July 19, 2009 effective date, which authorizes discharges from the Benning Road site, including the Pepco Energy Services generating facility previously located on the site that was deactivated in 2012 and subsequently demolished. The 2009 permit for the first time imposed numerical limits on the allowable concentration of certain metals in storm water discharged from the site into the Anacostia River as determined by EPA to be necessary to meet the applicable District of Columbia surface water quality standards. The permit contemplated that Pepco would meet these limits over time through the use of best management practices (BMPs). As of December 2012, Pepco completed the implementation of the first two phases of BMPs identified in a plan approved by EPA (consisting principally of installing metal absorbing filters to capture contaminants at storm water inlets, removing stored equipment from areas exposed to the weather, covering and painting exposed metal pipes, and covering and cleaning dumpsters). These measures were effective in reducing metal concentrations in storm water discharges, but were not sufficient to meet all of the numerical limits for metals. Most of the quarterly monitoring results since the issuance of the permit have shown exceedances of the limits for copper and zinc, as well as occasional exceedances for iron and lead.

The NPDES permit was due to expire on June 19, 2014. Pepco submitted a permit renewal application on December 17, 2013. In November 2014, EPA advised Pepco that it will not renew the permit until the Benning Road site has come into compliance with the existing permit limits. The current permit remains in effect pending EPA's action on the renewal application. In December 2014, Pepco submitted a plan to EPA to implement the third phase of BMPs recommended in the original permit compliance plan with the objective of achieving full compliance with the permit limits for metals by the end of 2015 and Pepco immediately began to implement the additional BMPs in accordance with the plan. On September 1, 2015, Pepco submitted a report to EPA on the status of implementation of the third phase of BMPs. As of that date, Pepco had fully implemented most of the elements of the Phase 3 plan, including installation of upgraded storm water inlet controls (filters and booms), enhanced inspection and maintenance of inlets, removal of materials and equipment from exposure to storm water, and removal of accumulated sediments from the underground storm drains. The sampling results from the third quarter of 2015 showed compliance with all of the permit limits. However, more recent sampling results continued to show modest exceedances for copper and zinc. As confirmed by this latest sampling, because the permit limits are low and site conditions are subject to variation, Pepco has concluded that some form of storm water treatment prior to discharge will be necessary to ensure ongoing compliance with all permit limits and has begun the process of evaluating treatment options. The nature and scope of the necessary treatment system, and the amount of the associated capital expenditures, will not be known until Pepco has completed the evaluation and design process.

Pepco has been engaged in discussions with representatives from EPA and the DOJ regarding permit compliance. On October 30, 2015, EPA filed a Clean Water Act civil enforcement action against Pepco in federal district court. Pepco expects that this enforcement action will be resolved through a consent decree that will (i) establish further requirements to achieve compliance with the permit limits, including the design and installation of an appropriate storm water treatment system as noted above, and (ii) include civil penalties for past noncompliance. Pepco has established what it believes is an appropriate reserve for potential penalties which is

included in the table above. Pepco does not expect the amount of such penalties above the financial reserve to have a material adverse effect on Exelon's, PHI's and Pepco's consolidated financial condition, results of operations or cash flows.

Pepco and EPA are currently in discussions regarding the terms of the contemplated consent decree, and it is anticipated that the parties will finalize the consent decree before the end of 2016. In response to a joint motion by the parties, the court has extended the deadline for Pepco to answer the complaint to November 15, 2016, to give the parties time to work towards agreement on the terms of a consent decree. The parties contemplate seeking a further extension if necessary to complete their negotiations. Once executed by the parties, the consent decree will be filed with the court for review and approval following a period for public comment.

On March 14, 2016, the court granted a motion by the Anacostia Riverkeeper to intervene in this case as a plaintiff along with EPA. As an intervenor, the Anacostia Riverkeeper will be entitled to file a brief commenting on the proposed consent decree and to appeal any decision by the court to approve the consent decree over the Anacostia Riverkeeper's objection, but its participation is not expected to materially affect the progress or outcome of the consent decree negotiations.

Solid and Hazardous Waste

Cotter Corporation. The EPA has advised Cotter Corporation (Cotter), a former ComEd subsidiary, that it is potentially liable in connection with radiological contamination at a site known as the West Lake Landfill in Missouri. On February 18, 2000, ComEd sold Cotter to an unaffiliated third-party. As part of the sale, ComEd agreed to indemnify Cotter for any liability arising in connection with the West Lake Landfill. In connection with Exelon's 2001 corporate restructuring, this responsibility to indemnify Cotter was transferred to Generation. On May 29, 2008, the EPA issued a Record of Decision approving the remediation option submitted by Cotter and the two other PRPs that required additional landfill cover. The current estimated cost of the landfill cover remediation for the site is approximately $90 million, which will be allocated among all PRPs. Generation has accrued what it believes to be an adequate amount to cover its anticipated share of such liability. By letter dated January 11, 2010, the EPA requested that the PRPs perform a supplemental feasibility study for a remediation alternative that would involve complete excavation of the radiological contamination. On September 30, 2011, the PRPs submitted the supplemental feasibility study to the EPA for review. Since June 2012, the EPA has requested that the PRPs perform a series of additional analyses and groundwater and soil sampling as part of the supplemental feasibility study, that are now scheduled to be completed in the fall of 2016 to enable the EPA to propose a remedy for public comment by the end of 2016. While the EPA has not yet formally announced a change in the schedule, the PRPs believe that the final supplemental feasibility study will not be completed until year-end 2016 and the EPA announcement of the proposed remedy will take place in the third quarter of 2017. Thereafter, the EPA will select a final remedy and enter into a Consent Decree with the PRPs to effectuate the remedy. Recent investigation has identified a number of other parties who may be PRPs and could be liable to contribute to the final remedy. Further investigation is underway. Generation believes that a partial excavation remedy is reasonably possible, but does not currently have a basis to establish a reasonable estimate of the range of costs. Generation believes the likelihood that the EPA would require a complete excavation remedy is remote. The cost of a partial or complete excavation could have a material, unfavorable impact on Generation's and Exelon's future results of operations and cash flows.

During December 2015, the EPA took two actions related to the West Lake Landfill designed to abate what it termed as imminent and dangerous conditions at the landfill. The first involved installation by the PRPs of a non-combustible surface cover to protect against surface fires in areas where radiological materials are believed to have been disposed. Generation has accrued what it believes to be an adequate amount to cover its anticipated liability for this interim action. The second action involved EPA's public statement that it will require the PRPs to construct a barrier wall in an adjacent landfill to prevent a subsurface fire from spreading to those areas of the

West Lake Landfill where radiological materials are believed to have been disposed. At this time, EPA has not provided sufficient details related to the basis for and the requirements and design of a barrier wall to enable Generation to determine the likelihood such a remedy will ultimately be implemented, assess the degree to which Generation may have liability as a potentially responsible party, or develop a reasonable estimate of the potential incremental costs. It is reasonably possible, however, that resolution of this matter could have a material, unfavorable impact on Generation's and Exelon's future results of operations and cash flows. Finally, one of the other PRP's, the landfill owner and operator of the adjacent landfill, has indicated that it will be making a contribution claim against Cotter for costs that it has incurred to prevent the subsurface fire from spreading to those areas of the West Lake Landfill where radiological materials are believed to have been disposed. At this time, Generation and Exelon do not possess sufficient information to assess this claim and are therefore unable to determine the impact on their future results of operations and cash flows.

On February 2, 2016, the U.S. Senate passed a bill to transfer remediation authority over the West Lake Landfill from the EPA to the U.S. Army Corps of Engineers, under the Formerly Utilized Sites Remedial Action Program (FUSRAP). Such legislation would become final upon passage in the U.S. House of Representatives and the signature of the President, and be subject to annual funding appropriations in the U.S. Budget. Remediation under FUSRAP would not alter the liability of the PRPs, but could delay the determination of a final remedy and its implementation.

On August 8, 2011, Cotter was notified by the DOJ that Cotter is considered a PRP with respect to the government's clean-up costs for contamination attributable to low level radioactive residues at a former storage and reprocessing facility named Latty Avenue near St. Louis, Missouri. The Latty Avenue site is included in ComEd's indemnification responsibilities discussed above as part of the sale of Cotter. The radioactive residues had been generated initially in connection with the processing of uranium ores as part of the U.S. government's Manhattan Project. Cotter purchased the residues in 1969 for initial processing at the Latty Avenue facility for the subsequent extraction of uranium and metals. In 1976, the NRC found that the Latty Avenue site had radiation levels exceeding NRC criteria for decontamination of land areas. Latty Avenue was investigated and remediated by the United States Army Corps of Engineers pursuant to funding under the FUSRAP. The DOJ has not yet formally advised the PRPs of the amount that it is seeking, but it is believed to be approximately $90 million. The DOJ and the PRPs agreed to toll the statute of limitations until August 2017 so that settlement discussions could proceed. Based on Generation's preliminary review, it appears probable that Generation has liability to Cotter under the indemnification agreement and has established an appropriate accrual for this liability.

Commencing in February 2012, 63 lawsuits have been filed in the U.S. District Court for the Eastern District of Missouri. Among the defendants were Exelon, Generation and ComEd, all of which were subsequently dismissed from the case, and Cotter, which remains a defendant. The suits allege that individuals living in the North St. Louis area developed some form of cancer due to Cotter's negligent or reckless conduct in processing, transporting, storing, handling and/or disposing of radioactive materials. Plaintiffs have asserted claims for negligence, strict liability, emotional distress, medical monitoring, and violations of the Price-Anderson Act. The complaints do not contain specific damage claims. In the event of a finding of liability, it is reasonably possible that Exelon would be considered liable due to its indemnification responsibilities of Cotter described above. The court has dismissed the lawsuits filed by 30 of the plaintiffs. Pre-trial motions and discovery are proceeding in the remaining cases and a pre-trial scheduling order has been filed with the court. At this stage of the litigation, Generation and ComEd cannot estimate a range of loss, if any.

68th Street Dump. In 1999, the EPA proposed to add the 68th Street Dump in Baltimore, Maryland to the Superfund National Priorities List, and notified BGE and 19 others that they are PRPs at the site. In March 2004, BGE and other PRPs formed the 68th Street Coalition and entered into consent order negotiations with the EPA

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to investigate clean-up options for the site under the Superfund Alternative Sites Program. In May 2006, a settlement among the EPA and 19 of the PRPs, including BGE, with respect to investigation of the site became effective. The settlement requires the PRPs, over the course of several years, to identify contamination at the site and recommend clean-up options. The PRPs submitted their investigation of the range of clean-up options in the first quarter of 2011. Although the investigation and options provided to the EPA are still subject to EPA review and selection of a remedy, the range of estimated clean-up costs to be allocated among all of the PRPs is in the range of $50 million to $64 million. On September 30, 2013, EPA issued the Record of Decision identifying its preferred remedial alternative for the site. The estimated cost for the alternative chosen by EPA is consistent with the PRPs estimated range of costs noted above. A wholly owned subsidiary of Generation has agreed to indemnify BGE for most of the costs related to this settlement and clean-up of the site. Based on Generation's preliminary review, it appears probable that Generation has liability and has established an appropriate accrual which are included in the table above for its share of the estimated clean-up costs.

Rossville Ash Site. The Rossville Ash Site is a 32-acre property located in Rosedale, Baltimore County, Maryland, which was used for the placement of fly ash from 1983-2007. The property is owned by Constellation Power Source Generation, LLC (CPSG). In 2008, CPSG investigated and remediated the property by entering it into the Maryland Voluntary Cleanup Program (VCP) to address any historic environmental concerns and ready the site for appropriate future redevelopment. The site was accepted into the program in 2010 and is currently going through the process to remediate the site and receive closure from MDE. Generation currently estimates the remaining cost to close the site to be approximately $6 million which has been fully reserved and included in the table above as of September 30, 2016.

Sauer Dump. On May 30, 2012, BGE was notified by the EPA that it is considered a PRP at the Sauer Dump Superfund site in Dundalk, Maryland. The EPA offered BGE and three other PRPs the opportunity to conduct an environmental investigation and present cleanup recommendations at the site. In addition, the EPA is seeking recovery from the PRPs of $1.7 million for past cleanup and investigation costs at the site. On March 11, 2013, BGE and three other PRP's signed an Administrative Settlement Agreement and Order on Consent with the EPA which requires the PRP's to conduct a remedial investigation (RI) and feasibility study (FS) at the site to determine what, if any, are the appropriate and recommended cleanup activities for the site. The ultimate outcome of this proceeding is uncertain. Since the EPA has not selected a cleanup remedy and the allocation of the cleanup costs among the PRPs has not been determined, BGE cannot estimate the range of loss.

Riverside. In 2013, the MDE, at the request of EPA, conducted a site inspection and limited environmental sampling of certain portions of the 170 acre Riverside property owned by BGE. The site consists of several different parcels with different current and historical uses. The sampling included soil and groundwater samples for a number of potential environmental contaminants. The sampling confirmed the existence of contaminants consistent with the known historical uses of the various portions of the site. In March 2014, the MDE requested that BGE conduct an investigation which included a site-wide investigation of soils, sediment, groundwater, and surface water to complement the MDE sampling. The field investigation was completed in January 2015, and a final report was provided to MDE on June 2, 2015. On November 3, 2015, MDE provided BGE with its comments and recommendations on the report which require BGE to conduct further investigation and sampling at the site to better delineate the nature and extent of historic contamination, including off-site sediment and soil sampling. MDE did not request any interim remediation at this time and BGE anticipates completing the additional work requested by the end of the first quarter of 2017. BGE has established what it believes is an appropriate reserve based upon the investigation to date. The established reserve is included in the table above. As the investigation and potential remediation proceed, it is possible that additional reserves could be established, in amounts that could be material to BGE.

Benning Road Site. In September 2010, PHI received a letter from EPA identifying the Benning Road site as one of six land-based sites potentially contributing to contamination of the lower Anacostia River. A portion

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of the site was formerly the location of a Pepco Energy Services electric generating facility. That generating facility was deactivated in June 2012 and plant structure demolition was completed in July 2015. The remaining portion of the site consists of a Pepco transmission and distribution service center that remains in operation. The principal contaminants allegedly of concern are polychlorinated biphenyls and polycyclic aromatic hydrocarbons. In December 2011, the U.S. District Court for the District of Columbia approved a consent decree entered into by Pepco and Pepco Energy Services with the DOEE, which requires Pepco and Pepco Energy Services to conduct a RI/FS for the Benning Road site and an approximately 10 to 15 acre portion of the adjacent Anacostia River. The RI/FS will form the basis for the remedial actions for the Benning Road site and for the Anacostia River sediment associated with the site. The consent decree does not obligate Pepco or Pepco Energy Services to pay for or perform any remediation work, but it is anticipated that DOEE will look to Pepco and Pepco Energy Services to assume responsibility for cleanup of any conditions in the river that are determined to be attributable to past activities at the Benning Road site.

The initial RI field work began in January 2013 and was completed in December 2014. In addition, in conjunction with the power plant demolition activities, Pepco and Pepco Energy Services collected soil samples adjacent to and beneath the concrete basins for the dismantled cooling towers for the generating facility. This sampling showed localized areas of soil contamination associated with the cooling tower basins, and, beginning in the third quarter of 2016, Pepco and Pepco Energy Services expect to implement a plan approved by DOEE to remove contaminated soil in conjunction with the demolition and removal of the concrete basins. On April 30, 2015, Pepco and Pepco Energy Services submitted a draft RI Report to DOEE. After review, DOEE determined that additional field investigation and data analysis is required to complete the RI process (much of which is beyond the scope of the original DOEE-approved RI work plan). In the meantime, Pepco and Pepco Energy Services revised the draft RI Report to address DOEE's comments and DOEE released the draft RI Report for public review on February 29, 2016. The additional field investigation and data analysis will proceed later in 2016 according to a schedule to be developed by Pepco and Pepco Energy Services and approved by DOEE. Once the additional RI work has been completed, Pepco and Pepco Energy Services will issue a draft "final" RI report for review and comment by DOEE and the public. Pepco and Pepco Energy Services will then proceed with an FS to evaluate possible remedial alternatives. This effort also may include a treatability study to evaluate the effectiveness of potential remedial options. Once the FS evaluation has been completed, Pepco and Pepco Energy Services will prepare and submit a draft FS Report for review and comment by DOEE and the public. Thereafter, Pepco and Pepco Energy Services will revise the draft FS Report as appropriate to address comments received and will submit a final FS Report to DOEE.

Upon DOEE's approval of the final remedial investigation and feasibility study Reports, Pepco and Pepco Energy Services will have satisfied their obligations under the consent decree. At that point, DOEE will prepare a Proposed Plan regarding further response actions based on the results of the remedial investigation and feasibility study. After considering public comment on the Proposed Plan, DOEE will issue a Record of Decision identifying any further response actions determined to be necessary.

PHI, Pepco and Pepco Energy Services have determined that a loss associated with this matter for PHI, Pepco and Pepco Energy Services is probable and an estimated liability for this issue has been accrued, which is included in the table above. As the remedial investigation proceeds and potential remedies are identified, it is possible that additional reserves could be established in amounts that could be material to PHI, Pepco and Pepco Energy Services. Pursuant to Exelon's March 2016 acquisition of PHI, Pepco Energy Services was transferred to Generation. The ultimate resolution of this matter is currently not expected to have any significant financial impact on Generation.

Anacostia River Tidal Reach. Contemporaneous with the Benning RI/FS being performed by Pepco and Pepco Energy Services, DOEE and certain federal agencies have been conducting a separate RI/FS focused on the entire tidal reach of the Anacostia River extending from just north of the Maryland-D.C. boundary line to the

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confluence of the Anacostia and Potomac Rivers. On March 18, 2016, DOEE released a draft of the river-wide RI Report for public review and comment. The river-wide RI incorporated the results of the river sampling performed by Pepco and Pepco Energy Services as part of the Benning RI/FS, as well as similar sampling efforts conducted by owners of other sites adjacent to this segment of the river and supplemental river sampling conducted by DOEE's contractor. DOEE asked Pepco, along with parties responsible for other sites along the river, to participate in a "Consultative Working Group" to provide input into the process for future remedial actions addressing the entire tidal reach of the river and to ensure proper coordination with the other river cleanup efforts currently underway, including cleanup of the river segment adjacent to the Benning Road site resulting from the Benning Road RI/FS. Pepco responded that it will participate in the Consultative Working Group but its participation is not an acceptance of any financial responsibility beyond the work that will be performed at the Benning Road site described above. On September 13, 2016 PHI attended the first Consultative Working Group meeting along with several other possible private and governmental PRP's. At the meeting it was disclosed that the federal and DOEE authorities were conducting phase 2 of a remedial investigation, DOEE has targeted June 2018 as the date for remedy selection for clean-up of sediments in this section of the river. The Consultative Working Group and the other possible PRPs raised a number of issues with the proposed clean-up process and schedule. Several follow up meetings have been scheduled. At this time, it is not possible to predict the extent of Pepco's participation in the river-wide RI/FS process, or its potential exposure for response costs beyond those associated with the Benning RI/FS component of the river-wide initiative.

Conectiv Energy Wholesale Power Generation Sites. In July 2010, PHI sold the wholesale power generation business of Conectiv Energy Holdings, Inc. and substantially all of its subsidiaries (Conectiv Energy) to Calpine Corporation (Calpine). Under New Jersey's Industrial Site Recovery Act (ISRA), the transfer of ownership triggered an obligation on the part of Conectiv Energy to remediate any environmental contamination at each of the nine Conectiv Energy generating facility sites located in New Jersey. Under the terms of the sale, Calpine has assumed responsibility for performing the ISRA-required remediation and for the payment of all related ISRA compliance costs up to $10 million. PHI is obligated to indemnify Calpine for any ISRA compliance remediation costs in excess of $10 million. According to PHI's estimates, the costs of ISRA-required remediation activities at the 9 generating facility sites located in New Jersey are in the range of approximately $7 million to $18 million, and PHI has established an appropriate accrual for its share of the estimated clean-up costs, which is included in the table above.

Rock Creek Mineral Oil Release. In late August 2015, a Pepco underground transmission line in the District of Columbia suffered a breach, resulting in the release of non-toxic mineral oil surrounding the transmission line into the surrounding soil, and a small amount reached Rock Creek through a storm drain. Pepco notified regulatory authorities, and Pepco and its spill response contractors placed booms in Rock Creek, blocked the storm drain to prevent the release of mineral oil into the creek and commenced remediation of soil around the transmission line and the Rock Creek shoreline. Pepco estimates that approximately 6,100 gallons of mineral oil were released and that its remediation efforts recovered approximately 80% of the amount released. Pepco's remediation efforts are ongoing under the direction of the DOEE, including the requirements of a February 29, 2016 compliance order which requires Pepco to prepare a full incident investigation report and prepare a removal action work plan to remove all impacted soils in the vicinity of the storm drain outfall, and in collaboration with the National Park Service, the Smithsonian Institution/National Zoo and EPA. Pepco's investigation presently indicates that the damage to Pepco's facilities occurred prior to the release of mineral oil when third-party excavators struck the Pepco underground transmission line while installing cable for another utility.

To the extent recovery is available against any party who contributed to this loss, PHI and Pepco will pursue such action. Exelon, PHI and Pepco continue to investigate the cause of the incident, the parties involved, and legal responsibility under District of Columbia law, but do not believe that the remediation costs to resolve this matter will have a material adverse effect on their respective financial condition, results of operations or cash flows.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Peck Iron and Metal Site. EPA informed Pepco in a May 2009 letter that Pepco may be a PRP under CERCLA with respect to the cleanup of the Peck Iron and Metal site in Portsmouth, Virginia, and for costs EPA has incurred in cleaning up the site. The EPA letter states that Peck Iron and Metal purchased, processed, stored and shipped metal scrap from military bases, governmental agencies and businesses and that the Peck Iron and Metal scrap operations resulted in the improper storage and disposal of hazardous substances. EPA bases its allegation on its belief that Pepco was a customer at the site. Pepco has advised EPA by letter that its records show no evidence of any sale of scrap metal by Pepco to the site. Even if EPA has such records and such sales did occur, Pepco believes that any such scrap metal sales may be entitled to the recyclable material exemption from CERCLA liability. In September 2011, EPA initiated a RI/FS for the site using Federal funds. Pepco cannot at this time estimate an amount or range of reasonably possible loss associated with this RI/FS, any remediation activities to be performed at the site or any other costs that EPA might seek to impose on Pepco.

Brandywine Fly Ash Disposal Site. In February 2013, Pepco received a letter from the MDE requesting that Pepco investigate the extent of waste on a Pepco right-of-way that traverses the Brandywine fly ash disposal site in Brandywine, Prince George's County, Maryland, owned by NRG Energy, Inc. (as successor to GenOn MD Ash Management, LLC) (NRG). In July 2013, while reserving its rights and related defenses under a 2000 agreement covering the sale of this site, Pepco indicated its willingness to investigate the extent of, and propose an appropriate closure plan to address, ash on the right-of-way. Pepco submitted a schedule for development of a closure plan to MDE on September 30, 2013 and, by letter dated October 18, 2013, MDE approved the schedule.

Exelon, PHI and Pepco have determined that a loss associated with this matter is probable and have estimated that the costs for implementation of a closure plan and cap on the site are in the range of approximately $3 million to $6 million. Exelon, PHI and Pepco believe that the costs incurred in this matter will be recoverable from NRG under the 2000 sale agreement.

Litigation and Regulatory Matters

Asbestos Personal Injury Claims (Exelon, Generation, ComEd, PECO and BGE)

Exelon, Generation and PECO . Generation maintains a reserve for claims associated with asbestos-related personal injury actions in certain facilities that are currently owned by Generation or were previously owned by ComEd and PECO. The reserve is recorded on an undiscounted basis and excludes the estimated legal costs associated with handling these matters, which could be material.

At September 30, 2016 and December 31, 2015, Generation had reserved approximately $83 million and $95 million, respectively, in total for asbestos-related bodily injury claims. As of September 30, 2016, approximately $22 million of this amount related to 237 open claims presented to Generation, while the remaining $61 million of the reserve is for estimated future asbestos-related bodily injury claims anticipated to arise through 2050, based on actuarial assumptions and analyses, which are updated on an annual basis. On a quarterly basis, Generation monitors actual experience against the number of forecasted claims to be received and expected claim payments and evaluates whether an adjustment to the reserve is necessary. During the nine months ended September 30, 2016, Generation decreased its reserve by approximately $8 million, primarily attributable to a continued decline in expected claims activity.

On November 22, 2013, the Supreme Court of Pennsylvania held that the Pennsylvania Workers Compensation Act does not apply to an employee's disability or death resulting from occupational disease, such as diseases related to asbestos exposure, which manifests more than 300 weeks after the employee's last employment-based exposure, and that therefore the exclusivity provision of the Act does not preclude such employee from suing his or her employer in court. The Supreme Court's ruling reverses previous rulings by the Pennsylvania Superior Court precluding current and former employees from suing their employers in court,

despite the fact that the same employee was not eligible for workers compensation benefits for diseases that manifest more than 300 weeks after the employee's last employment-based exposure to asbestos. Since the Pennsylvania Supreme Court's ruling in November 2013, Exelon, Generation, and PECO have experienced an increase in asbestos-related personal injury claims brought by former PECO employees, all of which have been reserved for on a claim by claim basis. Those additional claims are taken into account in projecting estimates of future asbestos-related bodily injury claims.

On November 4, 2015, the Illinois Supreme Court found that the provisions of the Illinois' Workers' Compensation Act and the Workers' Occupational Diseases Act barred an employee from bringing a direct civil action against an employer for latent diseases, including asbestos-related diseases that fall outside the 25-year limit of the statute of repose. The Illinois Supreme Court's ruling reversed previous rulings by the Illinois Court of Appeals, which initially ruled that the Illinois Worker's Compensation law should not apply in cases where the diagnosis of an asbestos related disease occurred after the 25-year maximum time period for filing a Worker's Compensation claim. Since the Illinois Supreme Court's ruling in November 2015, Exelon, Generation, and ComEd have not experienced a significant increase in asbestos-related personal injury claims brought by former ComEd employees.

There is a reasonable possibility that Exelon may have additional exposure to estimated future asbestos-related bodily injury claims in excess of the amount accrued and the increases could have a material adverse effect on Exelon's, Generation's, ComEd's, PECO and BGE's future results of operations and cash flows.

BGE . Since 1993, BGE and certain Constellation (now Generation) subsidiaries have been involved in several actions concerning asbestos. The actions are based upon the theory of "premises liability," alleging that BGE and Generation knew of and exposed individuals to an asbestos hazard. In addition to BGE and Generation, numerous other parties are defendants in these cases.

Approximately 456 individuals who were never employees of BGE or certain Constellation subsidiaries have pending claims each seeking several million dollars in compensatory and punitive damages. Cross-claims and third-party claims brought by other defendants may also be filed against BGE and certain Constellation subsidiaries in these actions. To date, most asbestos claims which have been resolved have been dismissed or resolved without any payment by BGE or certain Constellation subsidiaries and a small minority of these cases has been resolved for amounts that were not material to BGE or Generation's financial results.

Discovery begins in these cases after they are placed on the trial docket. Given the limited discovery in these cases, BGE and Generation do not know the specific facts that are necessary to provide an estimate of the reasonably possible loss relating to these claims; as such, no accrual has been made and a range of loss is not estimable. The specific facts not known include:

- the identity of the facilities at which the plaintiffs allegedly worked as contractors;
- the names of the plaintiffs' employers;
- the dates on which and the places where the exposure allegedly occurred; and
- the facts and circumstances relating to the alleged exposure.

Insurance and hold harmless agreements from contractors who employed the plaintiffs may cover a portion of any awards in the actions.

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Continuous Power Interruption (Exelon and ComEd)

Section 16-125 of the Illinois Public Utilities Act provides that in the event an electric utility, such as ComEd, experiences a continuous power interruption of four hours or more that affects (in ComEd's case) more than 30,000 customers, the utility may be liable for actual damages suffered by customers as a result of the interruption and may be responsible for reimbursement of local governmental emergency and contingency expenses incurred in connection with the interruption. Recovery of consequential damages is barred. The affected utility may seek from the ICC a waiver of these liabilities when the utility can show that the cause of the interruption was unpreventable damage due to weather events or conditions, customer tampering, or certain other causes enumerated in the law. As of September 30, 2016 and December 31, 2015, ComEd did not have any material liabilities recorded for these storm events.

Baltimore City Franchise Taxes (Exelon and BGE)

The City of Baltimore claims that BGE has maintained electric facilities in the City's public right-of-ways for over one hundred years without the proper franchise rights from the City. BGE has reviewed the City's claim and believes that it lacks merit. BGE has not recorded an accrual for payment of franchise fees for past periods as a range of loss, if any, cannot be reasonably estimated at this time. Franchise fees assessed in future periods may be material to BGE's results of operations and cash flows.

Deere Wind Energy Assets (Exelon and Generation)

In 2013, Deere & Company ("Deere") filed a lawsuit against Generation in the Delaware Superior Court relating to Generation's acquisition of the Deere wind energy assets. Under the purchase agreement, Deere was entitled to receive earn-out payments if certain specific wind projects already under development in Michigan met certain development and construction milestones following the sale. In the complaint, Deere seeks to recover a $14 million earn-out payment associated with one such project, which was never completed. Generation has filed counterclaims against Deere for breach of contract, with a right of recoupment and set off. On June 2, 2016, the Delaware Superior Court entered summary judgment in favor of Deere. Generation is reviewing the decision and determining whether to appeal to the Delaware Supreme Court. Generation has accrued an amount to cover its potential liability.

General (All Registrants)

The Registrants are involved in various other litigation matters that are being defended and handled in the ordinary course of business. The assessment of whether a loss is probable or a reasonable possibility, and whether the loss or a range of loss is estimable, often involves a series of complex judgments about future events. The Registrants maintain accruals for such losses that are probable of being incurred and subject to reasonable estimation. Management is sometimes unable to estimate an amount or range of reasonably possible loss, particularly where (1) the damages sought are indeterminate, (2) the proceedings are in the early stages, or (3) the matters involve novel or unsettled legal theories. In such cases, there is considerable uncertainty regarding the timing or ultimate resolution of such matters, including a possible eventual loss.

Income Taxes *(Exelon, Generation, ComEd, PECO and BGE)*

See Note 11 — Income Taxes for information regarding the Registrants' income tax refund claims and certain tax positions, including the 1999 sale of fossil generating assets.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

19. Supplemental Financial Information (All Registrants)

Supplemental Statement of Operations Information

The following tables provide additional information about the Registrants' Consolidated Statements of Operations and Comprehensive Income for the three and nine months ended September 30, 2016 and 2015:

	Three Months Ended September 30, 2016								
						Successor			
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Other, Net									
Decommissioning-related activities:									
Net realized income on decommissioning trust funds [a]									
Regulatory agreement units	$ 57	$ 57	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Non-regulatory agreement units	35	35	—	—	—	—	—	—	—
Net unrealized gains on decommissioning trust funds									
Regulatory agreement units	155	155	—	—	—	—	—	—	—
Non-regulatory agreement units	116	116	—	—	—	—	—	—	—
Net unrealized losses on pledged assets									
Zion Station decommissioning	(5)	(5)	—	—	—	—	—	—	—
Regulatory offset to decommissioning trust fund-related activities [b]	(168)	(168)	—	—	—	—	—	—	—
Total decommissioning-related activities	190	190	—	—	—	—	—	—	—
Investment income	2	1	—	(1)	—	—	—	—	—
Interest income related to uncertain income tax positions	8	—	—	—	—	—	—	—	—
Penalty related to uncertain income tax positions [c]	(106)	—	(86)	—	—	—	—	—	—
AFUDC — Equity	19	—	5	2	5	7	5	1	1
Other	7	(6)	1	1	—	12	7	2	1
Other, net	$ 120	$ 185	$ (80)	$ 2	$ 5	$ 19	$ 12	$ 3	$ 2

	Nine Months Ended September 30, 2016								*Successor* March 24, 2016 to September 30, 2016	*Predecessor* January 1, 2016 to March 23, 2016
	Exelon	Generation	ComEd	PECO	BGE	Pepco	DPL	ACE	PHI	PHI
Other, Net										
Decommissioning-related activities:										
Net realized income on decommissioning trust funds [a]										
Regulatory agreement units	$ 181	$ 181	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Non-regulatory agreement units	95	95	—	—	—	—	—	—	—	—
Net unrealized gains on decommissioning trust funds										
Regulatory agreement units	286	286	—	—	—	—	—	—	—	—
Non-regulatory agreement units	216	216	—	—	—	—	—	—	—	—
Net unrealized losses on pledged assets										
Zion Station decommissioning	(2)	(2)	—	—	—	—	—	—	—	—
Regulatory offset to decommissioning trust fund-related activities [b]	(380)	(380)	—	—	—	—	—	—	—	—
Total decommissioning-related activities	396	396	—	—	—	—	—	—	—	—
Investment income (expense)	14	6	—	(1)	2[d]	—	—	—	1	—
Long-term lease income	4	—	—	—	—	—	—	—	—	—
Interest income related to uncertain income tax positions	13	—	—	—	—	1	—	1	—	—
Penalty income related to uncertain income tax positions [c]	(106)	—	(86)	—	—	—	—	—	—	—
AFUDC — Equity	43	—	8	6	14	14	3	5	15	7
Loss on debt extinguishment	(3)	(2)	—	—	—	—	—	—	—	—
Other	16	(5)	6	1	—	13	6	2	15	(11)
Other, net	$ 377	$ 395	$ (72)	$ 6	$ 16	$ 28	$ 9	$ 8	$ 31	$ (4)

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Three Months Ended September 30, 2015								
						Predecessor			
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Other, Net									
Decommissioning-related activities:									
Net realized income on decommissioning trust funds [a]									
Regulatory agreement units	$ 39	$ 39	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Non-regulatory agreement units	18	18	—	—	—	—	—	—	—
Net unrealized losses on decommissioning trust funds									
Regulatory agreement units	(301)	(301)	—	—	—	—	—	—	—
Non-regulatory agreement units	(218)	(218)	—	—	—	—	—	—	—
Regulatory offset to decommissioning trust fund-related activities [b]	207	207	—	—	—	—	—	—	—
Total decommissioning-related activities	(255)	(255)	—	—	—	—	—	—	—
Investment income (expense)	4	1	—	(1)	1[d]	—	—	—	—
Long-term lease income	4	—	—	—	—	—	—	—	—
AFUDC — Equity	6	—	1	1	4	2	3	—	—
Other	(3)	(3)	3	1	(1)	25	5	4	1
Other, net	$ (244)	$ (257)	$ 4	$ 1	$ 4	$ 27	$ 8	$ 4	$ 1

	Nine Months Ended September 30, 2015								
						Predecessor			
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Other, Net									
Decommissioning-related activities:									
Net realized income on decommissioning trust funds [a]									
Regulatory agreement units	$ 203	$ 203	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Non-regulatory agreement units	122	122	—	—	—	—	—	—	—
Net unrealized losses on decommissioning trust funds									
Regulatory agreement units	(385)	(385)	—	—	—	—	—	—	—
Non-regulatory agreement units	(274)	(274)	—	—	—	—	—	—	—
Net unrealized gains on pledged assets									
Zion Station decommissioning	9	9		—	—	—	—	—	—
Regulatory offset to decommissioning trust fund-related activities [b]	129	129	—	—	—	—	—	—	—
Total decommissioning-related activities	(196)	(196)	—	—	—	—	—	—	—
Investment income (expense)	6	1	—	(1)	3[d]	—	—	—	—
Long-term lease income	12	—	—	—	—	—	—	—	—
Interest income related to uncertain income tax positions	—	1	—	—	—	—	—	—	1
AFUDC — Equity	16	—	2	4	10	11	9	1	1
Terminated interest rate swaps [e]	(26)	—	—	—	—	—	—	—	—
Other	9	1	12	—	—	37	12	7	2
Other, net	$ (179)	$ (193)	$ 14	$ 3	$ 13	$ 48	$ 21	$ 8	$ 4

(a) Includes investment income and realized gains and losses on sales of investments of the trust funds.
(b) Includes the elimination of NDT fund activity for the Regulatory Agreement Units, including the elimination of net income taxes related to all NDT fund activity for those units. See Note 16 — Asset Retirement Obligations of the Exelon 2015 Form 10-K for additional information regarding the accounting for nuclear decommissioning.
(c) See Note 11 — Income Taxes for discussion of the penalty related to the Tax Court's decision on Exelon's like-kind exchange tax position.
(d) Relates to the cash return on BGE's rate stabilization deferral. See Note 3 — Regulatory Matters of the Exelon 2015 Form 10-K for additional information regarding the rate stabilization deferral.
(e) In January 2015, in connection with Generation's $750 million issuance of five-year Senior Unsecured Notes, Exelon terminated certain floating-to-fixed interest rate swaps. As the original forecasted transactions were a series of future interest payments over a ten year period, a portion of the anticipated interest payments were probable not to occur. As a result, $26 million of anticipated payments were reclassified from AOCI to Other, net in Exelon's Consolidated Statement of Operations and Comprehensive Income.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following utility taxes are included in revenues and expenses for the three and nine months ended September 30, 2016 and 2015. Generation's utility tax expense represents gross receipts tax related to its retail operations and the utility registrants' utility tax expense represents municipal and state utility taxes and gross receipts taxes related to their operating revenues. The offsetting collection of utility taxes from customers is recorded in revenues on the Registrants' Consolidated Statements of Operations and Comprehensive Income.

	Three Months Ended September 30, 2016								
						Successor			
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Utility taxes	$ 255	$ 35	$ 67	$ 40	$ 21	$ 92	$ 87	$ 5	$ —

	Nine Months Ended September 30, 2016								*Successor* March 24, 2016 to September 30, 2016	*Predecessor* January 1, 2016 to March 23, 2016
	Exelon	Generation	ComEd	PECO	BGE	Pepco	DPL	ACE	PHI	PHI
Utility taxes	$ 624	$ 90	$ 186	$ 106	$ 66	$ 240	$ 14	$ —	$ 176	$ 78

	Three Months Ended September 30, 2015								
						Predecessor			
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Utility taxes	$ 151	$ 28	$ 63	$ 37	$ 23	$ 86	$ 82	$ 4	$ —

	Nine Months Ended September 30, 2015								
						Predecessor			
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Utility taxes	$ 430	$ 79	$ 180	$ 104	$ 67	$ 253	$ 239	$ 14	$ —

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Supplemental Cash Flow Information

The following tables provide additional information regarding the Registrants' Consolidated Statements of Cash Flows for the nine months ended September 30, 2016 and 2015:

	Nine Months Ended September 30, 2016								*Successor* March 24, 2016 to September 30, 2016	*Predecessor* January 1, 2016 to March 23, 2016
	Exelon	Generation	ComEd	PECO	BGE	Pepco	DPL	ACE	PHI	PHI
Depreciation, amortization, accretion and depletion										
Property, plant and equipment [a]	$2,490	$ 1,297	$ 524	$181	$223	$128	$ 82	$ 61	$ 215	$ 94
Amortization of regulatory assets [a]	293	—	49	20	84	93	38	69	140	58
Amortization of intangible assets, net [a]	38	32	—	—	—	—	—	—	—	—
Amortization of energy contract assets and liabilities [b]	(7)	(7)	—	—	—	—	—	—	—	—
Nuclear fuel [c]	862	862	—	—	—	—	—	—	—	—
ARO accretion [d]	333	332	1	—	—	—	—	—	—	—
Total depreciation, amortization, accretion and depletion	$4,009	$ 2,516	$ 574	$201	$307	$221	$120	$130	$ 355	$ 152

	Nine Months Ended September 30, 2015								
	Exelon	Generation	ComEd	PECO	BGE	*Predecessor* PHI	Pepco	DPL	ACE
Depreciation, amortization, accretion and depletion									
Property, plant and equipment [a]	$1,648	$ 739	$ 471	$179	$216	$ 292	$122	$ 76	$ 57
Amortization of regulatory assets [a]	131	—	57	19	55	182	69	37	78
Amortization of intangible assets, net [a]	39	35	—	—	—	—	—	—	—
Amortization of energy contract assets and liabilities [b]	(20)	(19)	—	—	—	—	—	—	—
Nuclear fuel [c]	841	841	—	—	—	—	—	—	—
ARO accretion [d]	291	291	—	—	—	—	—	—	—
Total depreciation, amortization, accretion and depletion	$2,930	$ 1,887	$ 528	$198	$271	$ 474	$191	$113	$135

(a) Included in Depreciation and amortization on the Registrants' Consolidated Statements of Operations and Comprehensive Income.
(b) Included in Operating revenues or Purchased power and fuel expense on the Registrants' Consolidated Statements of Operations and Comprehensive Income.
(c) Included in Purchased power and fuel expense on the Registrants' Consolidated Statements of Operations and Comprehensive Income.
(d) Included in Operating and maintenance expense on the Registrants' Consolidated Statements of Operations and Comprehensive Income.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Nine Months Ended September 30, 2016								*Successor* March 24, 2016 to September 30, 2016	*Predecessor* January 1, 2016 to March 23, 2016
	Exelon	Generation	ComEd	PECO	BGE	Pepco	DPL	ACE	PHI	PHI
Other non-cash operating activities:										
Pension and non-pension postretirement benefit costs	$ 458	$ 163	$ 124	$ 25	$ 50	$ 24	$ 13	$ 11	$ 58	$ 23
Loss from equity method investments	15	16	—	—	—	—	—	—	—	—
Provision for uncollectible accounts	107	14	31	24	12	15	12	18	27	16
Stock-based compensation costs	88	—	—	—	—	—	—	—	—	3
Other decommissioning-related activity [a]	(237)	(237)	—	—	—	—	—	—	—	—
Energy-related options [b]	(20)	(20)	—	—	—	—	—	—	—	—
Amortization of regulatory asset related to debt costs	7	—	3	1	—	2	—	1	2	1
Amortization of rate stabilization deferral	62	—	—	—	62	3	3	—	—	5
Amortization of debt fair value adjustment	(9)	(9)	—	—	—	—	—	—	—	—
Discrete impacts from EIMA [c]	(36)	—	(36)	—	—	—	—	—	—	—
Amortization of debt costs	26	12	(3)	2	3	—	—	—	—	—
Provision for excess and obsolete inventory	74	70	4	—	—	1	1	1	—	1
Merger-related commitments [d][e]	508	3	—	—	—	125	73	110	308	—
Severance costs	130	57	—	—	—	—	—	—	53	—
Asset retirement costs	—	—	—	—	—	—	5	2	—	—
Lower of cost or market inventory adjustment	36	36	—	—	—	—	—	—	—	—
Other	15	24	(1)	(3)	(18)	(2)	(8)	(5)	(7)	(3)
Total other non-cash operating activities	$ 1,224	$ 129	$ 122	$ 49	$ 109	$ 168	$ 99	$ 138	$ 441	$ 46
Non-cash investing and financing activities:										
Change in capital expenditures not paid	$ (338)	$ (289)	$ (42)	$ (4)	$ 17	$ 15	$ (10)	$ 2	$ (5)	$ 11
Fair value of net assets contributed to Generation in connection with the PHI merger, net of cash [d][f]	—	119	—	—	—	—	—	—	—	—
Fair value of net assets distributed to Exelon in connection with the PHI Merger, net of cash [d][f]	—	—	—	—	—	—	—	—	129	—
Fair value of pension obligation transferred in connection with the PHI Merger	—	—	—	—	—	—	—	—	53	—
Assumption of member purchase liability	—	—	—	—	—	—	—	—	29	—
Assumption of merger commitment liability	—	—	—	—	—	33	—	—	33	—
Change in PPE related to ARO update	476	476	—	—	—	—	—	—	—	—
Indemnification of like-kind exchange position [g]	—	—	157	—	—	—	—	—	—	—
Non-cash financing of capital projects	84	84	—	—	—	—	—	—	—	—

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Nine Months Ended September 30, 2015								
						Predecessor			
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Other non-cash operating activities:									
Pension and non-pension postretirement benefit costs	$ 476	$ 200	$ 155	$ 29	$ 49	$ 73	$ 22	$11	$ 11
Loss from equity method investments	3	4	—	—	—	—	—	—	—
Provision for uncollectible accounts	114	15	46	37	15	49	15	18	15
Stock-based compensation costs	102	—	—	—	—	9	—	—	—
Other decommissioning-related activity (a)	(31)	(31)	—	—	—	—	—	—	—
Energy-related options (b)	18	18	—	—	—	—	—	—	—
Amortization of regulatory asset related to debt costs	—	—	—	—	—	4	2	—	—
Amortization of rate stabilization deferral	60	—	—	—	60	3	3	1	—
Amortization of debt fair value adjustment	(34)	(9)	—	—	—	—	—	—	—
Discrete impacts from EIMA (c)	101	—	101	—	—	—	—	—	—
Amortization of debt costs	43	12	3	2	2	1	—	—	—
Provision for excess and obsolete inventory	7	8	—	—	—	1	—	—	—
Lower of cost or market inventory adjustment	15	15	—	—	—	—	—	—	—
Other	(18)	(5)	7	1	(15)	3	—	1	1
Total other non-cash operating activities	$ 856	$ 227	$ 312	$ 69	$111	$ 143	$ 42	$31	$ 27
Non-cash investing and financing activities:									
Change in capital expenditures not paid	$ 59	$ 48	$ 62	$ (23)	$ (14)	$ (3)	$ (1)	$ 2	$ —
Nuclear fuel procurement (d)	—	—	—	—	—	—	—	—	—
Change in PPE related to ARO update	811	811	—	—	—	—	—	—	—
Indemnification of like-kind exchange position (g)	—	—	5	—	—	—	—	—	—
Non-cash financing of capital projects	52	52	—	—	—	—	—	—	—
Long-term software licensing agreement (f)	95	—	—	—	—	—	—	—	—

(a) Includes the elimination of NDT fund activity for the Regulatory Agreement Units, including the elimination of operating revenues, ARO accretion, ARC amortization, investment income and income taxes related to all NDT fund activity for these units. See Note 16 — Asset Retirement Obligations of the Exelon 2015 Form 10-K for additional information regarding the accounting for nuclear decommissioning.
(b) Includes option premiums reclassified to realized at the settlement of the underlying contracts and recorded in Operating revenues.
(c) Reflects the change in distribution rates pursuant to EIMA, which allows for the recovery of costs by a utility through a pre-established performance-based formula rate tariff. See Note 5 — Regulatory Matters for more information.
(d) See Note 4 — Mergers, Acquisitions and Dispositions for additional information related to the merger with PHI.
(e) Excludes $5 million of forgiveness of Accounts receivable related to merger commitments recorded in connection with the PHI Merger, the balance is included within Provision for uncollectible accounts.
(f) Immediately following closing of the PHI Merger, the net assets associated with PHI's unregulated business interests were distributed by PHI to Exelon. Exelon contributed a portion of such net assets to Generation.
(g) See Note 11 — Income Taxes for discussion of the like-kind exchange tax position.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Supplemental Balance Sheet Information

The following tables provide additional information about assets and liabilities of the Registrants as of September 30, 2016 and December 31, 2015:

September 30, 2016	Exelon	Generation	ComEd	PECO	BGE	Successor PHI	Pepco	DPL	ACE
Property, plant and equipment:									
Accumulated depreciation and amortization	$18,354[a]	$ 10,004[a]	$3,841	$3,213	$3,198	$ 146	$3,026	$1,171	$1,008
Accounts receivable:									
Allowance for uncollectible accounts	$ 330	$ 85	$ 82	$ 78	$ 39	$ 46	$ 15	$ 14	$ 17

December 31, 2015	Exelon	Generation	ComEd	PECO	BGE	Predecessor PHI	Pepco	DPL	ACE
Property, plant and equipment:									
Accumulated depreciation and amortization	$16,375[b]	$ 8,639[b]	$3,710	$3,101	$3,016	$ 5,341	$2,929	$1,139	$ 968
Accounts receivable:									
Allowance for uncollectible accounts	$ 284	$ 77	$ 75	$ 83	$ 49	$ 56	$ 17	$ 17	$ 17

(a) Includes accumulated amortization of nuclear fuel in the reactor core of $3,198 million.
(b) Includes accumulated amortization of nuclear fuel in the reactor core of $2,861 million.

PECO Installment Plan Receivables (Exelon and PECO)

PECO enters into payment agreements with certain delinquent customers, primarily residential, seeking to restore their service, as required by the PAPUC. Customers with past due balances that meet certain income criteria are provided the option to enter into an installment payment plan, some of which have terms greater than one year, to repay past due balances in addition to paying for their ongoing service on a current basis. The receivable balance for these payment agreement receivables is recorded in accounts receivable for the current portion and other deferred debits and other assets for the noncurrent portion. The net receivable balance for installment plans with terms greater than one year was $16 million and $15 million as of September 30, 2016 and December 31, 2015, respectively. The allowance for uncollectible accounts reserve methodology and assessment of the credit quality of the installment plan receivables are consistent with the customer accounts receivable methodology discussed in Note 1 — Significant Accounting Policies of the Exelon 2015 Form 10-K. The allowance for uncollectible accounts balance associated with these receivables at September 30, 2016 of $14 million consists of $0 million, $3 million and $11 million for low risk, medium risk and high risk segments, respectively. The allowance for uncollectible accounts balance at December 31, 2015 of $15 million consists of $1 million, $3 million and $11 million for low risk, medium risk and high risk segments, respectively. The balance of the payment agreement is billed to the customer in equal monthly installments over the term of the agreement. Installment receivables outstanding as of September 30, 2016 and December 31, 2015 include balances not yet presented on the customer bill, accounts currently billed and an immaterial amount of past due receivables. When a customer defaults on its payment agreement, the terms of which are defined by plan type, the entire balance of the agreement becomes due and the balance is reclassified to current customer accounts receivable and reserved for in accordance with the methodology discussed in Note 1 — Significant Accounting Policies of the Exelon 2015 Form 10-K.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

20. Segment Information (All Registrants)

Operating segments for each of the Registrants are determined based on information used by the chief operating decision maker(s) (CODM) in deciding how to evaluate performance and allocate resources at each of the Registrants.

In the first quarter of 2016, following the consummation of the PHI Merger, three new reportable segments were added: Pepco, DPL and ACE. As a result, Exelon has twelve reportable segments, which include ComEd, PECO, BGE, PHI's three reportable segments consisting of Pepco, DPL, and ACE, and Generation's six power marketing reportable segments consisting of the Mid-Atlantic, Midwest, New England, New York, ERCOT and all other power regions referred to collectively as "Other Power Regions", which includes activities in the South, West and Canada. ComEd, PECO, BGE, Pepco, DPL and ACE each represent a single reportable segment, and as such, no separate segment information is provided for these Registrants. Exelon, ComEd, PECO, BGE, Pepco, DPL and ACE's CODMs evaluate the performance of and allocate resources to ComEd, PECO, BGE, Pepco, DPL and ACE based on net income and return on equity.

Effective with the consummation of the PHI Merger, PHI's reportable segments have changed based on the information used by the CODM to evaluate performance and allocate resources. PHI's reportable segments consist of Pepco, DPL and ACE. PHI's Predecessor periods' segment information has been recast to conform to the current presentation. The reclassification of the segment information did not impact PHI's reported consolidated revenues or net income. PHI's CODM evaluates the performance of and allocates resources to Pepco, DPL and ACE based on net income and return on equity.

The basis for Generation's reportable segments is the integrated management of its electricity business that is located in different geographic regions, and largely representative of the footprints of ISO/RTO and/or NERC regions, which utilize multiple supply sources to provide electricity through various distribution channels (wholesale and retail). Generation's hedging strategies and risk metrics are also aligned to these same geographic regions. Descriptions of each of Generation's six reportable segments are as follows:

- Mid-Atlantic represents operations in the eastern half of PJM, which includes New Jersey, Maryland, Virginia, West Virginia, Delaware, the District of Columbia and parts of Pennsylvania and North Carolina.
- Midwest represents operations in the western half of PJM, which includes portions of Illinois, Pennsylvania, Indiana, Ohio, Michigan, Kentucky and Tennessee, and the United States footprint of MISO, excluding MISO's Southern Region, which covers all or most of North Dakota, South Dakota, Nebraska, Minnesota, Iowa, Wisconsin, the remaining parts of Illinois, Indiana, Michigan and Ohio not covered by PJM, and parts of Montana, Missouri and Kentucky.
- New England represents the operations within ISO-NE covering the states of Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.
- New York represents operations within ISO-NY, which covers the state of New York in its entirety.
- ERCOT represents operations within Electric Reliability Council of Texas, covering most of the state of Texas.
- Other Power Regions :
  - South represents operations in the FRCC, MISO's Southern Region, and the remaining portions of the SERC not included within MISO or PJM, which includes all or most of Florida, Arkansas, Louisiana, Mississippi, Alabama, Georgia, Tennessee, North Carolina, South Carolina and parts of Missouri, Kentucky and Texas. Generation's South region also includes operations in the SPP, covering Kansas, Oklahoma, most of Nebraska and parts of New Mexico, Texas, Louisiana, Missouri, Mississippi and Arkansas.

- West represents operations in the WECC, which includes California ISO, and covers the states of California, Oregon, Washington, Arizona, Nevada, Utah, Idaho, Colorado and parts of New Mexico, Wyoming and South Dakota.
- Canada represents operations across the entire country of Canada and includes AESO, OIESO and the Canadian portion of MISO.

The CODMs for Exelon and Generation evaluate the performance of Generation's power marketing activities and allocate resources based on revenue net of purchased power and fuel expense (RNF). Generation believes that RNF is a useful measurement of operational performance. RNF is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report. Generation's operating revenues include all sales to third parties and affiliated sales to the Utility Registrants. Purchased power costs include all costs associated with the procurement and supply of electricity including capacity, energy and ancillary services. Fuel expense includes the fuel costs for Generation's owned generation and fuel costs associated with tolling agreements. The results of Generation's other business activities are not regularly reviewed by the CODM and are therefore not classified as operating segments or included in the regional reportable segment amounts. These activities include natural gas, as well as other miscellaneous business activities that are not significant to Generation's overall operating revenues or results of operations. Further, Generation's unrealized mark-to-market gains and losses on economic hedging activities and its amortization of certain intangible assets and liabilities relating to commodity contracts recorded at fair value from mergers and acquisitions are also not included in the regional reportable segment amounts. Exelon and Generation do not use a measure of total assets in making decisions regarding allocating resources to or assessing the performance of these reportable segments.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

An analysis and reconciliation of the Registrants' reportable segment information to the respective information in the consolidated financial statements for the three and nine months ended September 30, 2016 and 2015 is as follows:

Three Months Ended September 30, 2016 and 2015

	Generation [a]	ComEd	PECO	BGE	Successor PHI [b]	Other [c]	Intersegment Eliminations	Exelon
Operating revenues [d]:								
2016								
Competitive businesses electric revenues	$ 4,322	$ —	$ —	$ —	$ —	$ —	$ (499)	$ 3,823
Competitive businesses natural gas revenues	326	—	—	—	—	—	—	326
Competitive businesses other revenues	387	—	—	—	—	—	(1)	386
Rate-regulated electric revenues	—	1,497	740	735	1,366	—	(8)	4,330
Rate-regulated natural gas revenues	—	—	48	77	17	—	(5)	137
Shared service and other revenues	—	—	—	—	11	362	(373)	—
2015								
Competitive businesses electric revenues	$ 4,299	$ —	$ —	$ —	$ —	$ —	$ (204)	$ 4,095
Competitive businesses natural gas revenues	347	—	—	—	—	—	—	347
Competitive businesses other revenues	122	—	—	—	—	—	—	122
Rate-regulated electric revenues	—	1,376	691	655	—	—	(1)	2,721
Rate-regulated natural gas revenues	—	—	49	70	—	—	(3)	116
Shared service and other revenues	—	—	—	—	—	348	(348)	—
Intersegment revenues [e]:								
2016	$ 500	$ 4	$ 2	$ 7	$ 11	$ 362	$ (885)	$ 1
2015	205	1	1	3	—	347	(555)	2
Net income (loss):								
2016	$ 271	$ 37	$ 122	$ 56	$ 166	$ (125)	$ (1)	$ 526
2015	332	149	90	54	—	(36)	(2)	587
Total assets:								
September 30, 2016	$ 47,568	$28,020	$11,041	$8,857	$21,063	$ 9,883	$ (11,897)	$114,535
December 31, 2015	46,529	26,532	10,367	8,295	—	15,389	(11,728)	95,384

(a) Generation includes the six power marketing reportable segments shown below: Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Power Regions. Intersegment revenues for Generation for the three months ended September 30, 2016 include revenue from sales to PECO of $91 million and sales to BGE of $183 million in the Mid-Atlantic region, and sales to ComEd of $20 million in the Midwest region. For the three months ended September 30, 2015, intersegment revenues for Generation include revenue from sales to PECO of $61 million and sales to BGE of $141 million in the Mid-Atlantic region, and sales to ComEd of $2 million in the Midwest region. For the Successor period of three months ended September 30, 2016, intersegment revenues for Generation include revenue from sales to Pepco of $128 million, sales to DPL of $63 million, and sales to ACE of $15 million in the Mid-Atlantic region.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

(b) Amounts included represent activity for PHI's successor period, three months ended September 30, 2016. PHI includes the three reportable segments: Pepco, DPL and ACE. See tables below for PHI's predecessor periods, including Pepco, DPL and ACE, for January 1, 2016 to March 23, 2016 and for the nine months ended September 30, 2015.
(c) Other primarily includes Exelon's corporate operations, shared service entities and other financing and investment activities.
(d) Includes gross utility tax receipts from customers. The offsetting remittance of utility taxes to the governing bodies is recorded in expenses on the Registrants' Consolidated Statements of Operations and Comprehensive Income. See Note 19 — Supplemental Financial Information for total utility taxes for the three months ended September 30, 2016 and 2015.
(e) Intersegment revenues exclude sales to unconsolidated affiliates. The intersegment profit associated with Generation's sale of certain products and services by and between Exelon's segments is not eliminated in consolidation due to the recognition of intersegment profit in accordance with regulatory accounting guidance. For Exelon, these amounts are included in Operating revenues in the Consolidated Statements of Operations and Comprehensive Income.

Generation total revenues:

	Three Months Ended September 30, 2016			Three Months Ended September 30, 2015		
	Revenues from external customers (a)	Intersegment revenues	Total Revenues	Revenues from external customers (a)(c)	Intersegment revenues (c)	Total Revenues (c)
Mid-Atlantic	$ 1,813	$ (13)	$ 1,800	$ 1,640	$ (8)	$ 1,632
Midwest	1,163	1	1,164	1,152	(1)	1,151
New England	455	(4)	451	520	—	520
New York	331	(8)	323	254	(4)	250
ERCOT	289	6	295	317	(1)	316
Other Power Regions	271	(33)	238	416	(40)	376
Total Revenues for Reportable Segments	4,322	(51)	4,271	4,299	(54)	4,245
Other (b)	713	51	764	469	54	523
Total Generation Consolidated Operating Revenues	$ 5,035	$ —	$ 5,035	$ 4,768	$ —	$ 4,768

(a) Includes all wholesale and retail electric sales to third parties and affiliated sales to the Utility Registrants.
(b) Other represents activities not allocated to a region. See text above for a description of included activities. Includes a $21 million decrease and $3 million decrease to revenues for the amortization of intangible assets and liabilities related to commodity contracts recorded at fair value for the three months ended September 30, 2016 and 2015, respectively, unrealized mark-to-market gains of $187 million and losses of $7 million for the three months ended September 30, 2016 and 2015, respectively, and elimination of intersegment revenues.
(c) Exelon corrected an error in the September 30, 2015 balances within Intersegment Revenue and Revenue from external customers for an overstatement of $54 million of Intersegment Revenue for Reportable Segments for the three months ended September 30, 2015, an understatement of Revenue from external customers for Reportable Segments of $54 million for the three months ended September 30, 2015, an understatement of $54 million of Intersegment Revenue for Other for the three months ended September 30, 2015, and an overstatement of Revenue from external customers for Other of $54 million for the three months ended September 30, 2015. This error is not considered material to any prior period, and there is no impact to Total Revenues.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Generation total revenues net of purchased power and fuel expense:

	Three Months Ended September 30, 2016			Three Months Ended September 30, 2015		
	RNF from external customers [a]	Intersegment RNF	Total RNF	RNF from external customers [a][c]	Intersegment RNF [c]	Total RNF [c]
Mid-Atlantic	$ 881	$ 6	$ 887	$ 979	$ 18	$ 997
Midwest	782	(1)	781	760	(4)	756
New England	170	(10)	160	148	(15)	133
New York	195	(1)	194	157	13	170
ERCOT	144	(51)	93	166	(55)	111
Other Power Regions	143	(66)	77	154	(71)	83
Total Revenues net of purchased power and fuel for Reportable Segments	2,315	(123)	2,192	2,364	(114)	2,250
Other [b]	131	123	254	(115)	114	(1)
Total Generation Revenues net of purchased power and fuel expense	$ 2,446	$ —	$2,446	$ 2,249	$ —	$2,249

(a) Includes purchases and sales from/to third parties and affiliated sales to the Utility Registrants.

(b) Other represents activities not allocated to a region. See text above for a description of included activities. Includes a $22 million decrease and a $4 million decrease to RNF for the amortization of intangible assets and liabilities related to commodity contracts for the three months ended September 30, 2016 and 2015, respectively, unrealized mark-to-market gains of $88 million and losses of $139 million for the three months ended September 30, 2016 and 2015, respectively, accelerated nuclear fuel amortization associated with nuclear decommissioning as discussed in Note 7 — Early Nuclear Plant Retirements of the Combined Notes to Consolidated Financial Statements of $28 million for the three months ended September 30, 2016, and the elimination of intersegment revenue net of purchased power and fuel expense.

(c) Exelon corrected an error in the September 30, 2015 balances within Intersegment RNF and RNF from external customers for an understatement of $12 million of Intersegment RNF for Reportable Segments for the three months ended September 30, 2015, and an overstatement of $12 million of Intersegment RNF for Other for the three months ended September 30, 2015. This also included an understatement of total RNF for Reportable Segments and an overstatement of total RNF for Other of $13 million for the three months ended September 30, 2015. The error is not considered material to any prior period, and there is no net impact to Generation Total RNF for 2015.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Successor and Predecessor PHI:

	Pepco	DPL	ACE	Other [b]	Intersegment Eliminations	PHI
Operating revenues [a] :						
Three months ended September 30, 2016 — Successor						
Rate-regulated electric revenues	$ 635	$ 314	$ 421	$ —	$ (4)	$ 1,366
Rate-regulated natural gas revenues	—	17	—	—		17
Shared service and other revenues	—	—	—	11	—	11
Three months ended September 30, 2015 — Predecessor						
Rate-regulated electric revenues	$ 592	$ 295	$ 386	$ 44	$ —	$ 1,317
Rate-regulated natural gas revenues	—	19	—	—	—	19
Shared service and other revenues	—	—	—	—	—	—
Intersegment revenues [e] :						
Three months ended September 30, 2016 — Successor	$ 1	$ 2	$ 1	$ 11	$ (4)	$ 11
Three months ended September 30, 2015 — Predecessor	1	1	1	—	(3)	—
Net income (loss):						
Three months ended September 30, 2016 — Successor	$ 79	$ 44	$ 47	$ (15)	$ 11	$ 166
Three months ended September 30, 2015 — Predecessor	60	15	22	(6)	—	91
Total assets:						
September 30, 2016 — Successor	$7,219	$4,023	$3,507	$11,057	$ (4,743)	$21,063
December 31, 2015 — Predecessor	6,908	3,969	3,387	7,162	(5,238)	16,188

(a) Includes gross utility tax receipts from customers. The offsetting remittance of utility taxes to the governing bodies is recorded in expenses on the Registrants' Consolidated Statements of Operations and Comprehensive Income. See Note 19 — Supplemental Financial Information for total utility taxes for the three months ended September 30, 2016 and 2015.

(b) Other primarily includes PHI's corporate operations, shared service entities and other financing and investment activities. For the predecessor periods presented, Other includes the activity of PHI's unregulated businesses which were distributed to Exelon and Generation as a result of the PHI Merger.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Nine Months Ended September 30, 2016 and 2015

	Generation [a]	ComEd	PECO	BGE	Successor PHI [b]	Other [c]	Intersegment Eliminations	Exelon
Operating revenues [d]:								
2016								
Competitive businesses electric revenues	$ 11,677	$ —	$ —	$ —	$ —	$ —	$ (1,118)	$10,559
Competitive businesses natural gas revenues	1,515	—	—	—	—	—	—	1,515
Competitive businesses other revenues	171	—	—	—	—	—	(2)	169
Rate-regulated electric revenues	—	4,031	1,971	1,998	2,485	—	(24)	10,461
Rate-regulated natural gas revenues	—	—	322	423	46	—	(10)	781
Shared service and other revenues	—	—	—	—	34	1,166	(1,199)	1
2015								
Competitive businesses electric revenues	$ 12,360	$ —	$ —	$ —	$ —	$ —	$ (564)	$11,796
Competitive businesses natural gas revenues	1,901	—	—	—	—	—	—	1,901
Competitive businesses other revenues	580	—	—	—	—	—	1	581
Rate-regulated electric revenues	—	3,709	1,950	1,908	—	—	(3)	7,564
Rate-regulated natural gas revenues	—	—	436	480	—	—	(12)	904
Shared service and other revenues	—	—	—	—	—	1,007	(1,007)	—
Intersegment revenues [e]:								
2016	$ 1,121	$ 12	$ 5	$ 16	$ 34	$ 1,166	$ (2,351)	$ 3
2015	567	3	1	10	—	1,003	(1,581)	3
Net income (loss):								
2016	$ 556	$ 297	$ 346	$ 191	$ (91)	$ (340)	$ (3)	$ 956
2015	1,208	339	299	212	—	(96)	(3)	1,959

(a) Generation includes the six power marketing reportable segments shown below: Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Power Regions. Intersegment revenues for Generation for the nine months ended September 30, 2016 include revenue from sales to PECO of $234 million and sales to BGE of $489 million in the Mid-Atlantic region, and sales to ComEd of $38 million in the Midwest region. For the nine months ended September 30, 2015, intersegment revenues for Generation include revenue from sales to PECO of $173 million and sales to BGE of $376 million in the Mid-Atlantic region, and sales to ComEd of $17 million in the Midwest region. For the Successor period of March 24, 2016 to September 30, 2016, intersegment revenues for Generation include revenue from sales to Pepco of $223 million, sales to DPL of $109 million, and sales to ACE of $28 million in the Mid-Atlantic region.

(b) Amounts included represent activity for PHI's successor period, March 24, 2016 through September 30, 2016. PHI includes the three reportable segments: Pepco, DPL and ACE. See tables below for PHI's predecessor periods, including Pepco, DPL and ACE, for January 1, 2016 to March 23, 2016 and for the nine months ended September 30, 2015.

(c) Other primarily includes Exelon's corporate operations, shared service entities and other financing and investment activities.

(d) Includes gross utility tax receipts from customers. The offsetting remittance of utility taxes to the governing bodies is recorded in expenses on the Registrants' Consolidated Statements of Operations and Comprehensive Income. See Note 19 — Supplemental Financial Information for total utility taxes for the nine months ended September 30, 2016 and 2015.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

(e) Intersegment revenues exclude sales to unconsolidated affiliates. The intersegment profit associated with Generation's sale of certain products and services by and between Exelon's segments is not eliminated in consolidation due to the recognition of intersegment profit in accordance with regulatory accounting guidance. For Exelon, these amounts are included in Operating revenues in the Consolidated Statements of Operations and Comprehensive Income.

Generation total revenues:

	Nine Months Ended September 30, 2016			Nine Months Ended September 30, 2015		
	Revenues from external customers [a]	Intersegment revenues	Total Revenues	Revenues from external customers [a][c]	Intersegment revenues [c]	Total Revenues [c]
Mid-Atlantic	$ 4,776	$ (40)	$ 4,736	$ 4,560	$ (69)	$ 4,491
Midwest	3,330	13	3,343	3,634	(1)	3,633
New England	1,278	(6)	1,272	1,752	(6)	1,746
New York	906	(33)	873	783	(5)	778
ERCOT	659	6	665	691	(4)	687
Other Power Regions	728	(42)	686	940	(60)	880
Total Revenues for Reportable Segments	11,677	(102)	11,575	12,360	(145)	12,215
Other [b]	1,686	102	1,788	2,481	145	2,626
Total Generation Consolidated Operating Revenues	$ 13,363	$ —	$ 13,363	$ 14,841	$ —	$ 14,841

(a) Includes all wholesale and retail electric sales to third parties and affiliated sales to the Utility Registrants.

(b) Other represents activities not allocated to a region. See text above for a description of included activities. Includes a $10 million decrease to revenues and a $19 million increase to revenues for the amortization of intangible assets and liabilities related to commodity contracts recorded at fair value for the nine months ended September 30, 2016 and 2015, respectively, unrealized mark-to-market losses of $366 million and gains of $171 million for the nine months ended September 30, 2016 and 2015, respectively, and elimination of intersegment revenues.

(c) Exelon corrected an error in the September 30, 2015 balances within Intersegment Revenue and Revenue from external customers for an overstatement of $144 million of Intersegment Revenue for Reportable Segments for the nine months ended September 30, 2015, an understatement of Revenue from external customers for Reportable Segments of $144 million for the nine months ended September 30, 2015, an understatement of $144 million of Intersegment Revenue for Other for the nine months ended September 30, 2015, and an overstatement of Revenue from external customers for Other of $144 million for the nine months ended September 30, 2015. This error is not considered material to any prior period, and there is no impact to Total Revenues.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Generation total revenues net of purchased power and fuel expense:

	Nine Months Ended September 30, 2016			Nine Months Ended September 30, 2015		
	RNF from external customers [a]	Intersegment RNF	Total RNF	RNF from external customers [a][c]	Intersegment RNF [c]	Total RNF [c]
Mid-Atlantic	$ 2,541	$ 15	$2,556	$ 2,679	$ (2)	$2,677
Midwest	2,225	4	2,229	2,220	(15)	2,205
New England	373	(23)	350	425	(46)	379
New York	607	(15)	592	462	40	502
ERCOT	335	(104)	231	344	(109)	235
Other Power Regions	357	(104)	253	341	(148)	193
Total Revenues net of purchased power and fuel expense for Reportable Segments	6,438	(227)	6,211	6,471	(280)	6,191
Other [b]	316	227	543	570	280	850
Total Generation Revenues net of purchased power and fuel expense	$ 6,754	$ —	$6,754	$ 7,041	$ —	$7,041

(a) Includes purchases and sales from/to third parties and affiliated sales to the Utility Registrants.

(b) Other represents activities not allocated to a region. See text above for a description of included activities. Includes a $15 million decrease to RNF and a $20 million increase to RNF for the amortization of intangible assets and liabilities related to commodity contracts for the nine months ended September 30, 2016 and 2015, respectively, unrealized mark-to-market losses of $113 million and gains of $258 million for the nine months ended September 30, 2016 and 2015, respectively, accelerated nuclear fuel amortization associated with nuclear decommissioning as discussed in Note 7 — Early Nuclear Plant Retirements of the Combined Notes to Consolidated Financial Statements of $38 million for the nine months ended September 30, 2016, and the elimination of intersegment revenue net of purchased power and fuel expense.

(c) Exelon corrected an error in the September 30, 2015 balances within Intersegment RNF and RNF from external customers for an understatement of $22 million of Intersegment RNF for Reportable Segments for the nine months ended September 30, 2015, an understatement of RNF from external customers for Reportable Segments of $6 million for the nine months ended September 30, 2015, an overstatement of $22 million of Intersegment RNF for Other for the nine months ended September 30, 2015, and an overstatement of RNF from external customers for Other of $6 million for the nine months ended September 30, 2015. This also included an understatement of total RNF for Reportable Segments and an overstatement of total RNF for Other of $28 million for the nine months ended September 30, 2015. The error is not considered material to any prior period, and there is no net impact to Generation Total RNF for 2015.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Successor and Predecessor PHI:

	Pepco	DPL	ACE	Other [b]	Intersegment Eliminations	PHI
Operating revenues [a]:						
March 24, 2016 to September 30, 2016 — Successor						
Rate-regulated electric revenues	$1,184	$593	$ 714	$ 3	$ (9)	$2,485
Rate-regulated natural gas revenues	—	46	—	—	—	46
Shared service and other revenues	—	—	—	34	—	34
January 1, 2016 to March 23, 2016 — Predecessor						
Rate-regulated electric revenues	$ 511	$279	$ 268	$ 42	$ (4)	$1,096
Rate-regulated natural gas revenues	—	56	—	1	—	57
Shared service and other revenues	—	—	—	—	—	—
Nine months ended September 30, 2015 — Predecessor						
Rate-regulated electric revenues	$1,641	$875	$1,003	$ 161	$ —	$3,680
Rate-regulated natural gas revenues	—	129	—	—	—	129
Shared service and other revenues	—	—	—	—	—	—
Intersegment revenues:						
March 24, 2016 to September 30, 2016 — Successor	$ 2	$ 4	$ 2	$ 35	$ (9)	$ 34
January 1, 2016 to March 23, 2016 — Predecessor	1	2	1	—	(4)	—
Nine months ended September 30, 2015 — Predecessor	4	4	2	—	(10)	—
Net income (loss):						
March 24, 2016 to September 30, 2016 — Successor	$ (12)	$ (42)	$ (55)	$ (16)	$ 34	$ (91)
January 1, 2016 to March 23, 2016 — Predecessor	32	26	5	(44)	—	19
Nine months ended September 30, 2015 — Predecessor	128	55	37	(23)	—	197

(a) Includes gross utility tax receipts from customers. The offsetting remittance of utility taxes to the governing bodies is recorded in expenses on the Registrants' Consolidated Statements of Operations and Comprehensive Income. See Note 19 — Supplemental Financial Information for total utility taxes for the nine months ended September 30, 2016 and 2015.

(b) Other primarily includes PHI's corporate operations, shared service entities and other financing and investment activities. For the predecessor periods presented, Other includes the activity of PHI's unregulated businesses which were distributed to Exelon and Generation as a result of the PHI Merger.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

(Dollars in millions except per share data, unless otherwise noted)

Exelon Corporation

General

Exelon, a utility services holding company, operates through the following principal subsidiaries:

- *Generation,* whose integrated business consists of the generation, physical delivery and marketing of power across multiple geographical regions through its customer-facing business, Constellation, which sells electricity and natural gas to both wholesale and retail customers. Generation also sells renewable energy and other energy-related products and services.
- *ComEd* , whose business consists of the purchase and regulated retail sale of electricity and the provision of electricity transmission and distribution services in northern Illinois, including the City of Chicago.
- *PECO,* whose business consists of the purchase and regulated retail sale of electricity and the provision of electricity distribution and transmission services in southeastern Pennsylvania, including the City of Philadelphia, and the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services in the Pennsylvania counties surrounding the City of Philadelphia.
- *BGE,* whose business consists of the purchase and regulated retail sale of electricity and natural gas and the provision of electricity distribution and transmission and natural gas distribution services in central Maryland, including the City of Baltimore.
- *Pepco,* whose business consists of the purchase and regulated retail sale of electricity and the provision of electricity distribution and transmission in the District of Columbia and major portions of Prince George's County and Montgomery County in Maryland.
- *DPL,* whose business consists of the purchase and regulated retail sale of electricity and the provision of electricity distribution and transmission services in portions of Maryland and Delaware, and the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services in northern Delaware.
- *ACE,* whose business consists of the purchase and regulated retail sale of electricity and the provision of electricity transmission and distribution services in southern New Jersey.

Exelon has twelve reportable segments consisting of Generation's six power marketing reportable segments (Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Power Regions in Generation), ComEd, PECO, BGE and PHI's three utility reportable segments (Pepco, DPL and ACE). See Note 20—Segment Information of the Combined Notes to Consolidated Financial Statements for additional information regarding Exelon's reportable segments.

Through its business services subsidiary BSC, Exelon provides its operating subsidiaries with a variety of support services at cost. The costs of these services are directly charged or allocated to the applicable operating segments. Additionally, the results of Exelon's corporate operations include costs for corporate governance and interest costs and income from various investment and financing activities.

Exelon's consolidated financial information includes the results of its eight separate operating subsidiary registrants, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE, which, along with Exelon, are collectively referred to as the Registrants. The following combined Management's Discussion and Analysis of Financial Condition and Results of Operations is separately filed by Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE. However, none of the Registrants makes any representation as to information related solely to any of the other Registrants.

Executive Overview

Financial Results

The following tables set forth the consolidated financial results of Exelon for the three and nine months ended September 30, 2016 compared to the same periods in 2015. The 2016 financial results only include the operations of PHI, Pepco, DPL and ACE from March 24, 2016 through September 30, 2016. All amounts presented below are before the impact of income taxes, except as noted.

	Three Months Ended September 30,								Favorable (Unfavorable) Variance
	2016							2015	
	Generation	ComEd	PECO	BGE	PHI [b]	Other	Exelon	Exelon	
Operating revenues	$ 5,035	$1,497	$788	$812	$1,394	$(524)	$9,002	$7,401	$ 1,601
Purchased power and fuel	2,589	454	272	360	583	(504)	3,754	3,291	(463)
Revenue net of purchased power and fuel [a]	2,446	1,043	516	452	811	(20)	5,248	4,110	1,138
Other operating expenses									
Operating and maintenance	1,336	377	199	178	226	22	2,338	1,996	(342)
Depreciation and amortization	632	196	67	101	182	17	1,195	606	(589)
Taxes other than income	136	82	46	58	124	3	449	310	(139)
Total other operating expenses	2,104	655	312	337	532	42	3,982	2,912	(1,070)
Gain on sales of assets	—	1	—	—	—	—	1	2	(1)
Operating income (loss)	342	389	204	115	279	(62)	1,267	1,200	67
Other income and (deductions)									
Interest expense, net	(77)	(197)	(30)	(28)	(64)	(120)	(516)	(253)	(263)
Other, net	185	(80)	2	5	19	(11)	120	(244)	364
Total other income and (deductions)	108	(277)	(28)	(23)	(45)	(131)	(396)	(497)	101
Income (loss) before income taxes	450	112	176	92	234	(193)	871	703	168
Income taxes	173	75	54	36	68	(66)	340	115	(225)
Equity in (losses) earnings of unconsolidated affiliates	(6)	—	—	—	—	1	(5)	(1)	(4)
Net income (loss)	271	37	122	56	166	(126)	526	587	(61)
Net income (loss) attributable to noncontrolling interests and preference stock dividends	35	—	—	2	—	(1)	36	(42)	(78)
Net income (loss) attributable to common shareholders	$ 236	$ 37	$122	$ 54	$ 166	$(125)	$ 490	$ 629	$ (139)

(a) The Registrants evaluate operating performance using the measure of revenue net of purchased power and fuel expense. The Registrants believe that revenue net of purchased power and fuel expense is a useful measurement because it provides information that can be used to evaluate their operational performance. Revenue net of purchased power and fuel expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

(b) As a result of the PHI Merger, PHI includes the consolidated results of PHI, Pepco, DPL and ACE from July 1, 2016 through September 30, 2016.

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	Nine Months Ended September 30,								Favorable (Unfavorable) Variance
	2016							2015	
	Generation	ComEd	PECO	BGE	PHI [b]	Other	Exelon	Exelon	
Operating revenues	$ 13,363	$4,031	$2,293	$2,421	$2,565	$(1,187)	$23,486	$22,746	$ 740
Purchased power and fuel	6,609	1,141	809	994	1,037	(1,128)	9,462	10,210	748
Revenue net of purchased power and fuel [a]	6,754	2,890	1,484	1,427	1,528	(59)	14,024	12,536	1,488
Other operating expenses									
Operating and maintenance	4,333	1,113	604	588	921	118	7,677	6,119	(1,558)
Depreciation and amortization	1,329	574	201	307	355	55	2,821	1,818	(1,003)
Taxes other than income	380	222	126	172	248	20	1,168	908	(260)
Total other operating expenses	6,042	1,909	931	1,067	1,524	193	11,666	8,845	(2,821)
Gain on sales of assets	31	6	—	—	—	4	41	10	31
Operating income (loss)	743	987	553	360	4	(248)	2,399	3,701	(1,302)
Other income and (deductions)									
Interest expense, net	(273)	(374)	(92)	(76)	(135)	(229)	(1,179)	(755)	(424)
Other, net	395	(72)	6	16	31	1	377	(179)	556
Total other income and (deductions)	122	(446)	(86)	(60)	(104)	(228)	(802)	(934)	132
Income (loss) before income taxes	865	541	467	300	(100)	(476)	1,597	2,767	(1,170)
Income taxes	293	244	121	109	(9)	(133)	625	805	180
Equity in losses of unconsolidated affiliates	(16)	—	—	—	—	—	(16)	(3)	(13)
Net income (loss)	556	297	346	191	(91)	(343)	956	1,959	(1,003)
Net income attributable to noncontrolling interests and preference stock dividends	18	—	—	8	—	—	26	—	(26)
Net income (loss) attributable to common shareholders	$ 538	$ 297	$ 346	$ 183	$ (91)	$ (343)	$ 930	$ 1,959	$ (1,029)

(a) The Registrants evaluate operating performance using the measure of revenue net of purchased power and fuel expense. The Registrants believe that revenue net of purchased power and fuel expense is a useful measurement because it provides information that can be used to evaluate their operational performance. Revenue net of purchased power and fuel expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

(b) As a result of the PHI Merger, PHI includes the consolidated results of PHI, Pepco, DPL and ACE from March 24, 2016 through September 30, 2016.

Three Months Ended September 30, 2016 Compared to Three Months Ended September 30, 2015. Exelon's net income attributable to common shareholders was $490 million for the three months ended September 30, 2016 as compared to $629 million for the three months ended September 30, 2015, and diluted earnings per average common share were $0.53 for the three months ended September 30, 2016 as compared to $0.69 for the three months ended September 30, 2015.

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Operating revenue net of purchased power and fuel expense, which is a non-GAAP measure discussed below, increased by $1.1 billion for the three months ended September 30, 2016 as compared to the same period in 2015. The quarter-over-quarter increase in operating revenue net of purchased power and fuel expense was primarily due to the following favorable factors:

- Increase of $227 million at Generation due to mark-to-market gains of $88 million in 2016 from economic hedging activities as compared to losses of $139 million in 2015;
- Increase of $57 million at ComEd primarily due to increased distribution and transmission formula rate revenue resulting from favorable weather and increased capital investment, partially offset by lower allowed electric distribution ROE due to a decrease in treasury rates, as well as, favorable weather;
- Increase of $54 million at PECO primarily due to increased electric distribution revenue pursuant to a rate increase effective January 1, 2016, as well as favorable summer weather;
- Increase of $38 million at BGE primarily due to increased transmission revenue as a result of increased capital investments and operating and maintenance expense recoveries and increased distribution revenue pursuant to a rate increase effective in June 2016; and
- Increase of $811 million in revenue net of purchased power and fuel due to the inclusion of PHI's results for the period of July 1, 2016 to September 30, 2016.

The quarter-over-quarter increase in operating revenue net of purchased power and fuel expense was partially offset by a decrease of $58 million at Generation due to decreased capacity prices and lower realized energy prices in the Mid-Atlantic region.

Operating and maintenance expense increased by $342 million for the three months ended September 30, 2016 as compared to the same period in 2015 primarily due to the following unfavorable factors:

- Increase in Generation's labor, contracting and materials cost of $106 million related to the inclusion of Pepco Energy Services results in 2016;
- Increase of $7 million at BGE primarily due to increased conduit rental fees assessed by the City of Baltimore; and
- Increase of $226 million in operating and maintenance expense due to the inclusion of PHI's results for the period of July 1, 2016 to September 30, 2016.

The quarter-over-quarter increase in operating and maintenance expense was partially offset by a decrease of $20 million in pension and non-pension post-retirement benefits resulting from the favorable impact of higher pension and OPEB discount rates in 2016.

Depreciation and amortization expense increased by $589 million primarily as a result of accelerated depreciation and amortization expense related to Generation's 2016 decision to early retire the Clinton and Quad Cities nuclear generating facilities, increased nuclear decommissioning amortization at Generation, increased depreciation expense due to ongoing capital expenditures across all operating companies, and the inclusion of PHI's results for the period of July 1, 2016 to September 30, 2016.

Taxes other than income increased by $139 million primarily due to increased property and utility taxes as a result of the inclusion of PHI's results for the period of July 1, 2016 to September 30, 2016.

Interest expense, net increased by $263 million primarily due to the recognition of the interest due on the asserted penalty related to the Tax Court's decision on Exelon's like-kind exchange tax position, the inclusion of PHI's results for the period of July 1, 2016 to September 30, 2016 and higher outstanding debt to fund the PHI acquisition and general corporate purposes.

Other, net increased by $364 million primarily due to the recognition of the penalty related to the Tax Court's decision on Exelon's like-kind exchange tax position and the change in realized and unrealized gains and losses on NDT funds at Generation.

Exelon's effective income tax rates for the three months ended September 30, 2016 and 2015 were 39.0% and 16.4%, respectively. See Note 11 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

Nine Months Ended September 30, 2016 Compared to Nine Months Ended September 30, 2015. Exelon's net income attributable to common shareholders was $930 million for the nine months ended September 30, 2016 as compared to $1,959 million for the nine months ended September 30, 2015, and diluted earnings per average common share were $1.00 for the nine months ended September 30, 2016 as compared to $2.22 for the nine months ended September 30, 2015.

Operating revenue net of purchased power and fuel expense, which is a non-GAAP measure discussed below, increased by $1.5 billion for the nine months ended September 30, 2016 as compared to the same period in 2015. The year-over-year increase in operating revenue net of purchased power and fuel expense was primarily due to the following favorable factors:

- Increase of $172 million at ComEd primarily due to increased distribution and transmission formula rate revenue resulting from increased capital investment, as well as, favorable weather;
- Increase of $76 million at BGE primarily due to increased transmission revenue as a result of increased capital investments and operating and maintenance expense recoveries and increased distribution revenue pursuant to a rate increase effective in June 2016;
- Increase of $51 million at PECO primarily due to increased electric distribution revenue pursuant to a rate increase effective January 1, 2016;
- Increase of $20 million at Generation primarily due to approval of the Ginna Reliability Support Services Agreement, decreased nuclear fuel prices and decreased nuclear outage days at higher capacity units, partially offset by lower realized energy prices, and higher oil inventory write downs; and
- Increase of $1,528 million in revenue net of purchased power and fuel due to the inclusion of PHI's results for the period of March 24, 2016 to September 30, 2016.

The year-over-year increase in operating revenue net of purchased power and fuel expense was partially offset by a decrease of $371 million at Generation due to mark-to-market losses of $113 million in 2016 from economic hedging activities as compared to gains of $258 million in 2015.

Operating and maintenance expense increased by $1.6 billion for the nine months ended September 30, 2016 as compared to the same period in 2015 primarily due to the following unfavorable factors:

- Approval of the merger across all regulatory jurisdictions was conditioned on Exelon and PHI agreeing to certain commitments pursuant to which, upon acquisition close, Exelon recorded $513 million of costs;
- Long-lived asset impairments of Upstream assets and certain wind projects at Generation of $171 million;
- Increase of $146 million at Generation for the recognition of one-time charges associated with Generation's 2016 decision to early retire the Clinton and Quad Cities nuclear generating facilities;
- Increase in Generation's labor, contracting and materials cost of $144 million related to the inclusion of Pepco Energy Services results in 2016;
- Increase of $52 million at BGE as a result of one-time charges associated with the reduction of certain regulatory assets and other long-lived assets stemming from certain cost disallowances contained within the smart grid rate case orders issued by the MDPSC in June and July 2016;
- Increase of $22 million at BGE due to increased conduit rental fees assessed by the City of Baltimore;

- Increased storm costs at BGE of $19 million; and
- Increase of $607 million, exclusive of merger commitment costs discussed above, due to the inclusion of PHI's results for the period March 24, 2016 to September 30, 2016.

The year-over-year increase in operating and maintenance expense was partially offset by the following favorable factors:

- Decrease of $60 million in pension and non-pension post-retirement benefits resulting from the favorable impact of higher pension and OPEB discount rates in 2016;
- Decrease of $31 million in the provision for uncollectible accounts at ComEd, PECO and BGE; and
- Decrease of $9 million at PECO due to lower incremental storm costs in the second quarter of 2016 compared to the second quarter of 2015, as a result of the June 2015 storm.

Depreciation and amortization expense increased by $1,003 million primarily as a result of accelerated depreciation and amortization expense related to Generation's 2016 decision to early retire the Clinton and Quad Cities nuclear generating facilities, increased nuclear decommissioning amortization at Generation, increased depreciation expense due to ongoing capital expenditures across all operating companies, and the inclusion of PHI's results for the period of March 24, 2016 to September 30, 2016.

Taxes other than income increased by $260 million primarily due to increased property and utility taxes as a result of the inclusion of PHI's results for the period March 24, 2016 to September 30, 2016.

Gain on sales of assets increased by $31 million primarily as a result of the gain associated with Generation's sale of the retired New Boston generating site.

Interest expense, net increased by $424 million primarily due to the recognition of the interest due on the asserted penalty related to the Tax Court's decision on Exelon's like-kind exchange tax position, higher outstanding debt to fund the PHI acquisition and general corporate purposes and the absence of the forward-starting interest rate swaps in 2016.

Other, net increased by $556 million primarily due to the recognition of the penalty related to the Tax Court's decision on Exelon's like-kind exchange tax position, the change in realized and unrealized gains and losses on NDT funds at Generation and the absence of a $26 million loss in 2015 on the termination of forward-starting interest rate swaps.

Exelon's effective income tax rates for the nine months ended September 30, 2016 and 2015 were 39.1% and 29.1%, respectively. See Note 11 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates. As a result of the merger, Exelon recorded an after-tax charge of $91 million during the nine months ended September 30, 2016 as a result of the assessment and remeasurement of certain federal and state PHI, Pepco, DPL and ACE uncertain tax positions.

For further detail regarding the financial results for the three and nine months ended September 30, 2016, including explanation of the non-GAAP measure revenue net of purchased power and fuel expense, see the discussions of Results of Operations by Segment below.

Non-GAAP Financial Measures

Exelon's adjusted (non-GAAP) operating earnings for the three months ended September 30, 2016 were $841 million, or $0.91 per diluted share, compared with adjusted (non-GAAP) operating earnings of $757 million, or $0.83 per diluted share for the same period in 2015. Exelon's adjusted (non-GAAP) operating

earnings for the nine months ended September 30, 2016 were $2,078 million, or $2.24 per diluted share, compared with adjusted (non-GAAP) operating earnings of $1,880 million, or $2.13 per diluted share for the same period in 2015. In addition to net income as determined under generally accepted accounting principles in the United States (GAAP), Exelon evaluates its operating performance using adjusted (non-GAAP) operating earnings because management believes it represents earnings directly related to the ongoing operations of the business. Adjusted (non-GAAP) operating earnings exclude certain costs, expenses, gains and losses and other specified items. This information is intended to enhance an investor's overall understanding of period over period operating results and provide an indication of Exelon's baseline operating performance excluding items that are considered by management to be not directly related to the ongoing operations of the business. In addition, this information is among the primary indicators management uses as a basis for evaluating performance, allocating resources, setting incentive compensation targets and planning and forecasting of future periods. Adjusted (non-GAAP) operating earnings is not a presentation defined under GAAP and may not be comparable to other companies' presentations. The Company has provided non-GAAP financial measures as supplemental information and in addition to the financial measures that are calculated and presented in accordance with GAAP. Non-GAAP financial measures should not be deemed more useful than, a substitute for, or an alternative to the most comparable GAAP measures provided elsewhere in this report.

The following table provides a reconciliation between net income attributable to common shareholders as determined in accordance with GAAP and adjusted (non-GAAP) operating earnings for the three and nine months ended September 30, 2016 as compared to the same periods in 2015. The footnotes below the table provide tax expense (benefit) impacts:

	Three Months Ended September 30,			
	2016		2015	
(All amounts after tax)		Earnings per Diluted Share		Earnings per Diluted Share
Net Income Attributable to Common Shareholders	$490	$ 0.53	$629	$ 0.69
Mark-to-Market Impact of Economic Hedging Activities [a]	(54)	(0.06)	85	0.09
Unrealized (Gains) Losses Related to NDT Fund Investments [b]	(70)	(0.07)	133	0.15
Merger and Integration Costs [c]	13	0.01	12	0.02
Merger Commitments [d]	5	0.01	—	—
Long-Lived Asset Impairments [e]	11	0.01	—	—
Amortization of Commodity Contract Intangibles [f]	13	0.01	2	—
Plant Retirements and Divestitures [g]	204	0.22	—	—
Cost Management Program [h]	7	0.01	—	—
Like-Kind Exchange Tax Position [i]	199	0.21	—	—
Asset Retirement Obligation [j]	—	—	(6)	(0.01)
Tax Settlements [k]	—	—	(52)	(0.06)
CENG Non-Controlling Interests [n]	23	0.03	(46)	(0.05)
Adjusted (non-GAAP) Operating Earnings	$841	$ 0.91	$757	$ 0.83

(All amounts after tax)	Nine Months Ended September 30, 2016	Earnings per Diluted Share	2015	Earnings per Diluted Share
Net Income Attributable to Common Shareholders	$ 930	$ 1.00	$1,959	$ 2.22
Mark-to-Market Impact of Economic Hedging Activities [a]	67	0.07	(158)	(0.18)
Unrealized (Gains) Losses Related to NDT Fund Investments [b]	(127)	(0.13)	164	0.19
Merger and Integration Costs [c]	92	0.10	50	0.06
Merger Commitments [d]	400	0.43	—	—
Long-Lived Asset Impairments [e]	104	0.11	15	0.02
Amortization of Commodity Contract Intangibles [f]	8	0.01	(13)	(0.01)
Plant Retirements and Divestitures [g]	338	0.37	—	—
Cost Management Program [h]	26	0.03	—	—
Like-Kind Exchange Tax Position [i]	199	0.21	—	—
Asset Retirement Obligation [j]	—	—	(6)	(0.01)
Tax Settlements [k]	—	—	(52)	(0.06)
Mark-to-Market Impact of PHI Merger Related Interest Rate Swaps [l]	—	—	(21)	(0.03)
Midwest Generation Bankruptcy Recoveries [m]	—	—	(6)	(0.01)
CENG Non-Controlling Interests [n]	41	0.04	(52)	(0.06)
Adjusted (non-GAAP) Operating Earnings	$2,078	$ 2.24	$1,880	$ 2.13

(a) Reflects the impact of net (gains) losses for the three months ended September 30, 2016 and 2015 (net of taxes $35 million and $54 million, respectively) and the nine months ended September 30, 2016 and 2015 (net of taxes of $46 million and $101 million, respectively), on Generation's economic hedging activities. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional detail related to Generation's hedging activities.

(b) Reflects the impact of net unrealized (gains) losses for the three months ended September 30, 2016 and 2015 (net of taxes $75 million and $148 million, respectively) and the nine months ended September 30, 2016 and 2015 (net of taxes of $140 million and $193 million, respectively), on Generation's NDT fund investments for Non-Regulatory Agreement Units. See Note 12 — Nuclear Decommissioning of the Combined Notes to Consolidated Financial Statements for additional detail related to Generation's NDT fund investments.

(c) Reflects certain costs incurred for the three months ended September 30, 2016 and 2015 (net of taxes $9 million and $9 million, respectively) and the nine months ended September 30, 2016 and 2015 (net of taxes of $35 million and $32 million, respectively), including professional fees, employee-related expenses, integration activities, upfront credit facilities fees, and the PHI acquisition. See Note 4 — Mergers, Acquisitions and Dispositions of the Combined Notes to Consolidated Financial Statements for additional detail related to merger and acquisition costs.

(d) Reflects the costs and adjustments incurred as part of the settlement orders approving the PHI acquisition for the three and nine months ended September 30, 2016 (net of taxes of $1 million and $113 million, respectively). See Note 4—Mergers, Acquisitions and Dispositions of the Combined Notes to Consolidated Financial Statements for additional detail related to PHI Merger commitments.

(e) Reflects the impairment of Upstream assets and certain wind projects at Generation for the three and nine months ended September 30, 2016 (net of taxes of $5 million and $67 million, respectively). Reflects the impairment of investment in long-term leases at Corporate for the nine months ended September 30, 2015 (net of taxes of $9 million).

(f) Reflects the non-cash impact for the three months ended September 30, 2016 and 2015 (net of taxes $8 million and $2 million, respectively) and the nine months ended September 30, 2016 and 2015 (net of taxes of $6 million and $7 million, respectively), of the amortization of intangible assets, net, related to commodity contracts recorded at fair value for the Integrys acquisition in 2015 and Integrys and ConEdison Solutions in 2016.

(g) Reflects the accelerated depreciation and amortization expense, increases to materials and supplies inventory reserves, severance benefits and construction work in progress impairment charges associated with the announced early retirement of Generation's Clinton and Quad Cities nuclear facilities in the second quarter of 2016, partially offset by a gain associated with Generation's sale of the retired New Boston generating site for the three and nine months ended September 30, 2016 (collectively net of taxes $129 million and $214 million, respectively).

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(h) Reflects the 2016 severance expense and reorganization costs related to a cost management program for the three and nine months ended September 30, 2016 (net of taxes of $5 million and $17 million, respectively).
(i) Reflects the recognition of a penalty and associated interest expense in the third quarter of 2016, as a result of a tax court decision on Exelon's like-kind exchange tax position for the three and nine months ended September 30, 2016 (net of taxes of $61 million).
(j) Reflects the impact of a non-cash benefit pursuant to the annual update of Generation's decommissioning obligation for the three and nine months ended September 30, 2015 (net of taxes $4 million).
(k) Reflects a benefit related to the favorable settlement of certain income tax positions on Constellation's pre-acquisition tax returns for the three and nine months ended September 30, 2015 (net of taxes $41 million).
(l) Reflects the impact of net losses on forward-starting interest rate swaps at Exelon Corporate related to financing of the PHI acquisition for the nine months ended September 30, 2015 (net of taxes of $14 million).
(m) Reflects a benefit related to the favorable settlement of a long term railcar lease agreement pursuant to the Midwest Generation bankruptcy for the nine months ended September 30, 2015, (net of taxes of $4 million).
(n) Represents Generation's noncontrolling interests related to CENG exclusion items, primarily related to the impact of unrealized gains and losses on NDT fund investments.

Merger and Acquisition Costs

On March 23, 2016, the Exelon and PHI Merger was completed. On the merger date, PHI shareholders received $27.25 of cash in exchange for each share of PHI common stock. The resulting company retained the Exelon name and is headquartered in Chicago.

As a result of the PHI Merger, Exelon has incurred costs associated with evaluating, structuring and executing the PHI Merger transaction itself, and will continue to incur cost associated with meeting the various commitments set forth by regulators and agreed-upon with other interested parties as part of the merger approval process, and integrating the former PHI businesses into Exelon.

The table below presents the one-time pre-tax charges recognized for the PHI Merger included in the Registrant's respective Consolidated Statements of Operations and Comprehensive Income.

	Nine Months Ended September 30, 2016					*Successor* March 24, 2016 to September 30, 2016
	Exelon	Generation	Pepco	DPL	ACE	PHI
Merger commitments	$ 513	$ 3	$126	$77	$111	$ 314
Changes in accounting and tax related policies and estimates	—	—	25	15	5	—
Total	$ 513	$ 3	$151	$92	$116	$ 314

In addition to the one-time PHI Merger charges discussed above, for the three and nine months ended September 30, 2016 and 2015, expense has been recognized for the PHI Merger, Constellation acquisition and FitzPatrick acquisition as follows:

	Pre-tax Expense								
	Three Months Ended September 30, 2016								
Merger, Integration and Acquisition Costs:	Exelon [a]	Generation [a]	ComEd	PECO	BGE	PHI [a]	Pepco [a]	DPL [a]	ACE [a]
Transaction [c]	$ 1	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Employee-Related [d]	1	—	—	—	—	1	—	—	—
Other	21	11	—	2	2	7	3	2	2
Total	$ 23	$ 11	$ —	$ 2	$ 2	$ 8	$ 3	$ 2	$ 2

Merger, Integration and Acquisition Costs:	Pre-tax Expense Three Months Ended September 30, 2015				
	Exelon	Generation	ComEd	PECO	BGE
Transaction [c]	$ 5	$ —	$ —	$ —	$ —
Other	17	10	3	1	2
Total	$ 22	$ 10	$ 3	$ 1	$ 2

Merger, Integration and Acquisition Costs:	Pre-tax Expense Nine Months Ended September 30, 2016								
	Exelon [a]	Generation [a]	ComEd	PECO	BGE	PHI [a]	Pepco [a]	DPL [a]	ACE [a]
Transaction [c]	$ 36	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Employee-Related [d]	74	10	1	1	1	61	29	17	14
Other [e]	16	21	(8)	3	(3)	2	(3)	1	3
Total	$ 126	$ 31	$ (7)	$ 4	$ (2)	$ 63	$ 26	$ 18	$ 17

Merger and Integration Costs:	Pre-tax Expense Nine Months Ended September 30, 2015				
	Exelon	Generation	ComEd	PECO	BGE
Financing [b]	$ 21	$ —	$ —	$ —	$ —
Transaction [c]	14	—	—	—	—
Other	49	30	9	4	4
Total	$ 84	$ 30	$ 9	$ 4	$ 4

(a) For Exelon, Generation, PHI, Pepco, DPL, and ACE, includes the operations of the acquired businesses beginning on March 24, 2016.
(b) Reflects costs incurred at Exelon related to the financing of the PHI Merger, including upfront credit facility fees and mark-to-market activity on forward-starting interest rate swaps.
(c) External, third party costs paid to advisors, consultants, lawyers and other experts to assist in the due diligence and regulatory approval processes and in the closing of transactions.
(d) Costs primarily for employee severance, pension and OPEB expense and retention bonuses.
(e) For the nine months ended September 30, 2016, includes the reversal of previously incurred acquisition, integration and financing costs of $8 million, $6 million, $10 million, $3 million and $13 million incurred at ComEd, BGE, Pepco, DPL and PHI, respectively, that have been deferred and recorded as a regulatory asset for anticipated recovery. See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for more information.

As of September 30, 2016, Exelon expects to incur total PHI acquisition and integration related costs of approximately $700 million, excluding merger commitments. Of this amount, including 2014 and through September 30, 2016, Exelon and PHI have incurred approximately $560 million. Included in this amount are costs to fund the merger of which $76 million has been expensed, $56 million has been paid and recorded as deferred debt issuance costs and $60 million has been incurred and charged to common stock. The remaining costs will be primarily within Operating and maintenance expense within Exelon's Consolidated Statements of Operations and Comprehensive Income and will also include approximately $60 million for integration costs expected to be capitalized to Property, plant and equipment. See Note 4 — Mergers, Acquisitions and Dispositions of the Combined Notes to Consolidated Financial Statements for further information regarding the PHI acquisition.

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Exelon's Strategy and Outlook for the remainder of 2016 and Beyond

Exelon's value proposition and competitive advantage come from its scope and its core strengths of operational excellence and financial discipline. Exelon leverages its integrated business model to create value. Exelon's regulated and competitive businesses feature a mix of attributes that, when combined, offer shareholders and customers a unique value proposition:

- Exelon's utilities provide a foundation for steadily growing earnings, which translates to a stable currency in our stock.
- Generation's competitive businesses provide free cash flow to support investment in Exelon's utilities and long-term, contracted assets at Generation, and debt reduction.

Exelon believes its strategy provides a platform for optimal success in an energy industry experiencing fundamental and sweeping change.

Exelon's utility strategy is to improve reliability and operations and enhance the customer experience, while ensuring ratemaking mechanisms provide the utilities fair financial returns. The Exelon utilities only invest in rate base where it provides a benefit to customers and the community by improving reliability and the service experience or otherwise meeting customer needs. The Exelon utilities make these investments prudently and at the lowest reasonable cost to customers. Exelon seeks to leverage its scale and expertise across the utilities platform through enhanced standardization and sharing of best practices to achieve improved operational and financial results. Additionally, the Utility Registrants anticipate making significant future investments in smart meter technology, transmission projects, gas infrastructure, and electric system improvement projects, providing greater reliability and improved service for our customers and a stable return for the company.

Generation's competitive businesses create value for customers by providing innovative energy solutions and reliable, clean and affordable energy. Generation's electricity generation strategy is to pursue opportunities that provide generation to load matching to reduce earnings volatility. Generation leverages its energy generation portfolio to deliver energy to both wholesale and retail customers. Generation's customer facing activities foster development and delivery of other innovative energy-related products and services for its customers. Generation operates in well-developed energy markets and employs an integrated hedging strategy to manage commodity price volatility. Its generation fleet, including its nuclear plants which consistently operate at high capacity factors, also provide geographic and supply source diversity. These factors help Generation mitigate the current challenging conditions in competitive energy markets.

Several nuclear units within the Exelon fleet and nationally are economically challenged, threatened by persistently low prices and out-of-market payments to select generation sources. Some units have already retired prematurely for economic reasons, and Exelon has announced the planned early shutdown of its Clinton and Quad Cities units. Other Exelon units face similar challenges, most notably Ginna, Nine Mile Point and TMI. In August 2016, the New York Public Service Commission issued an order adopting the Clean Energy Standard (CES), designed to provide payments under a Zero Emissions Credit program to Generation's Ginna and Nine Mile Point and Entergy's James A. FitzPatrick nuclear plants in recognition of the environmental benefits of their zero emissions attributes. Exelon is working to develop other potential solutions at the state, federal and RTO levels so that markets and/or the states more appropriately value the carbon-free emission attribute of nuclear generation.

Exelon's financial priorities are to maintain investment grade credit metrics at each of the Registrants to maintain optimal capital structure and to return value to Exelon's shareholders with an attractive dividend throughout the energy commodity market cycle and through stable earnings growth. Exelon's Board of Directors approved a revised dividend policy. The approved policy raises our dividend 2.5% each year for the next three years, beginning with the June 2016 dividend.

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Various market, financial, and other factors could affect the Registrants' success in pursuing their strategies. Exelon continues to assess infrastructure, operational, commercial, policy, and legal solutions to these issues. See ITEM 1A. RISK FACTORS of the Exelon 2015 Form 10-K for additional information regarding market and financial factors.

Continually optimizing the cost structure is a key component of Exelon's financial strategy. Through a recent focused cost management program, the company has committed to reducing operation and maintenance expenses and capital costs by approximately $350 million and $50 million, respectively, of which approximately 35% of run-rate savings are expected to be achieved by the end of 2016 and fully realized in 2018. At least 75% of the savings are expected to be allocated to Generation, with the remaining amount allocated to the Utility Registrants. Exelon anticipates the earnings per share savings impact on EPS will be within $0.13 to $0.18 from 2018 forward.

Early Nuclear Plant Retirements

Exelon and Generation continue to evaluate the current and expected economic value of each of Generation's nuclear plants. Factors that will continue to affect the economic value of Generation's nuclear plants include, but are not limited to: market power prices, results of capacity auctions, potential legislative and regulatory solutions to ensure nuclear plants are fairly compensated for their carbon-free emissions, and the impact of final rules from the EPA requiring reduction of carbon and other emissions and the efforts of states to implement those final rules.

In 2015, Generation identified the Quad Cities, Clinton and Ginna nuclear plants as having the greatest risk of early retirement based on economic valuation and other factors. At that time, Exelon and Generation deferred retirement decisions on Clinton and Quad Cities until 2016 in order to participate in the 2016-2017 MISO primary reliability auction and the 2019-2020 PJM capacity auctions held in April and May 2016, respectively, as well as to provide Illinois policy makers with additional time to consider needed reforms and for MISO to consider market design changes to ensure long-term power system reliability in southern Illinois.

In April 2016, Clinton cleared the MISO primary reliability auction as a price taker for the 2016-2017 planning year. The resulting capacity price is insufficient to cover cash operating costs and a risk-adjusted rate of return to shareholders. In May 2016, Quad Cities did not clear in the PJM capacity auction for the 2019-2020 planning year and will not receive capacity revenue for that period.

Based on these capacity auction results, and given the lack of progress on Illinois energy legislation and MISO market reforms, on June 2, 2016 Generation announced it will move forward to shut down the Clinton and Quad Cities nuclear plants on June 1, 2017 and June 1, 2018, respectively. The current Nuclear Regulatory Commission (NRC) licenses for Clinton and Quad Cities expire in 2026 and 2032, respectively. Generation is proceeding with the market and regulatory notifications that must be made to shut down the plants, including notification to the NRC on June 20, 2016, and filing of a deactivation notice with PJM for Quad Cities on July 6, 2016. Generation will formally notify MISO of its plans to close Clinton later this year.

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In 2016, as a result of the plant retirement decision for Clinton and Quad Cities, Exelon and Generation recognized one-time charges in Operating and maintenance expense of $146 million related to materials and supplies inventory reserve adjustments, employee-related costs and construction work-in-progress (CWIP) impairments, among other items. In addition to these one-time charges, there will be ongoing annual incremental non-cash charges to earnings stemming from shortening the expected economic useful life of Clinton and Quad Cities primarily related to accelerated depreciation of plant assets (including any asset retirement costs (ARC)), accelerated amortization of nuclear fuel, and additional asset retirement obligation (ARO) accretion expense associated with the changes in decommissioning timing and cost assumptions. Exelon's and Generation's third quarter 2016 results include an incremental $443 million of pre-tax expense for these items. The following table summarizes the estimated annual amount and timing of such expected incremental non-cash expense items through 2018.

Income statement expense (pre-tax)	September 30, 2016	Projected [a] 2016	2017	2018
Depreciation and Amortization				
Accelerated depreciation [b]	$ 459	$ 800	$ 860	$200
Accelerated nuclear fuel amortization	37	70	75	20
Operating and Maintenance				
Increase ARO accretion, net of contractual offset [c]	2	5	5	5
Contractual offset for ARC depreciation [c]	(55)	(100)	(160)	(60)
Total	$ 443	$ 775	$ 780	$165

(a) Actual results may differ based on incremental future capital additions, actual units of production for nuclear fuel amortization, future revised ARO assumptions, etc.
(b) Reflects incremental accelerated depreciation of plant assets, including any ARC.
(c) For Quad Cities based on the regulatory agreement with the Illinois Commerce Commission, decommissioning-related activities are offset within Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income. The offset results in an equal adjustment to the noncurrent payables to ComEd at Generation and an adjustment to the regulatory liabilities at ComEd. Likewise, ComEd has recorded an equal noncurrent affiliate receivable from Generation and corresponding regulatory liability.

Please refer to Note 12 — Nuclear Decommissioning of the Combined Notes to Consolidated Financial Statements for additional detail on changes to the Nuclear decommissioning ARO balances resulting from the early retirement of Clinton and Quad Cities.

The Three Mile Island (TMI) nuclear plant also did not clear in the May 2016 PJM capacity auction for the 2019-2020 planning year and will not receive capacity revenue for that period. This is the second consecutive year that TMI failed to clear the capacity auction. Although the plant is committed to operate through May 2019, the plant faces continued economic challenges and Exelon and Generation are exploring all options to return it to profitability. While a portion of the Byron nuclear plant's capacity did not clear the PJM 2019-2020 planning year capacity auction, the plant is committed to run through May 2020. The company's other nuclear plants in PJM cleared in the auction, except Oyster Creek, which did not participate in the auction given Exelon's and Generation's previous commitment to cease operation of the Oyster Creek nuclear plant by the end of 2019.

In New York, the Ginna and Nine Mile Point nuclear plants continue to face significant economic challenges and risk of retirement before the end of each unit's respective operating license period (2029 for Ginna and Nine Mile Point Unit 1, and 2046 for Nine Mile Point Unit 2). On August 1, 2016, the NYPSC issued an order adopting the Clean Energy Standard (CES), which would provide payments to Ginna and Nine Mile Point for the environmental attributes of their production. Subject to Ginna and Nine Mile Point entering into a satisfactory contract with NYSERDA, as required under the CES, and subject to prevailing over any administrative or legal challenges, the CES will allow Ginna and Nine Mile Point to continue to operate at least through the life of the program (March 31, 2029). The approved RSSA currently requires Ginna to continue

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operating through the RSSA term expiring in March 2017. If Ginna does not plan to retire shortly after the expiration of the RSSA, notification of that effect was required to be filed with the NYPSC no later than September 30, 2016. On September 30, 2016, Ginna filed the required notice with the NYPSC of its intent to continue operating beyond the March 31, 2017 expiry of the RSSA, conditioned upon successful execution of an agreement between Ginna and NYSERDA for the sale of ZECs under the CES. Negotiations with NYSERDA are ongoing and contract execution is currently targeted for completion in the fourth quarter of 2016. Refer to Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional discussion on the Ginna RSSA and the New York CES.

The following table provides the balance sheet amounts as of September 30, 2016 for significant assets and liabilities associated with the three nuclear plants currently considered by management to be at the greatest risk of early retirement due to current economic valuations and other factors.

(in millions)	TMI	Ginna	NMP
Asset Balances			
Materials and supplies inventory	$ 39	$ 31	$ 70
Nuclear fuel inventory, net	93	41	214
Completed plant, net	956	124	1,151
Construction work in progress	38	13	53
Liability Balances			
Asset retirement obligation	(492)	(667)	(780)
NRC License Renewal Term	2034	2029	2029 (unit 1)
			2046 (unit 2)

Assuming the successful implementation of the CES and its continued effectiveness, Generation and CENG would no longer consider Ginna and Nine Mile Point to be at heightened risk of early retirement; however, absent the CES for the full expected duration they will remain at heightened risk. The precise timing of an early retirement date for any of these plants, and the resulting financial statement impacts, may be affected by a number of factors, including the status of potential regulatory or legislative solutions, results of any transmission system reliability study assessments, the nature of any co-owner requirements and stipulations, and decommissioning trust fund requirements, among other factors. However, the earliest retirement date for any plant would usually be the first year in which the unit does not have capacity obligations, where applicable, and just prior to its next scheduled nuclear refueling outage.

NRC regulations require that licensees of nuclear generating facilities demonstrate reasonable assurance that sufficient funds will be available in certain minimum amounts to decommission the facility. These NRC minimum funding levels are based upon the assumption that decommissioning activities will commence after the end of the current licensed life of each unit. If a unit fails the NRC minimum funding test, then the plant's owners or parent companies would be required to take steps, such as providing financial guarantees through letters of credit or parent company guarantees or making additional cash contributions to the NDT fund to ensure sufficient funds are available. See Note 12 — Nuclear Decommissioning to the Combined Notes to Consolidated Financial Statements for additional information on the NRC minimum funding requirements.

It is currently estimated that Clinton will no longer meet the NRC minimum funding requirements due to the earlier commencement of decommissioning activities and a shorter time period over which the NDT fund investments could appreciate in value. Quad Cities is also at risk for such a shortfall. A shortfall could require Exelon to post parental guarantees for Generation's share of the obligations. However, the amount of any required guarantees will ultimately depend on the decommissioning approach adopted at each site, the associated level of costs, and the decommissioning trust fund investment performance going forward. Within two years of shutting down a plant, Generation must submit a post-shutdown decommissioning activities report (PSDAR) to the NRC that includes the planned option for decommissioning the site. Considering the three alternative decommissioning approaches available for each site, the most costly estimates currently anticipated could require parental guarantees of up to $375 million for Clinton in order to access its NDT fund for radiological

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decommissioning costs. Although Quad Cities is better positioned than Clinton to avoid the need for a parental guarantee, a guarantee of up to $110 million, at Generation's ownership percentage, may be required in order for the site to access its NDT fund for radiological decommissioning costs. As of September 30, 2016, the additional plants at the highest risk of early retirement, Ginna, Nine Mile Point and TMI, pass the NRC minimum funding test based on their current license lives. However, in the event of an early retirement the most costly estimates currently anticipated could require parental guarantees of up to $115 million, $200 million, and $65 million for Ginna, Nine Mile Point and TMI, respectively, at Generation's ownership percentages.

Upon issuance of any required financial guarantees, each site would be able to utilize the respective NDT funds for radiological decommissioning costs, which represent the majority of the total expected decommissioning costs. However, the NRC must approve an additional exemption in order for the plant's owner(s) to utilize the NDT fund to pay for non-radiological decommissioning costs (i.e. spent fuel management and site restoration costs). If a unit does not receive this exemption, the costs would be borne by the owner(s). Accordingly, based on current projections, it is expected that some portion of the spent fuel management and/or site restoration costs would need to be funded through supplemental cash from Generation and others holding ownership interests. While the ultimate amounts may vary greatly and could be reduced by alternate decommissioning scenarios and/or reimbursement of certain costs under the United States Department of Energy reimbursement agreements or future litigation, across the three alternative decommissioning approaches available, for the next 10 years, Clinton could incur spent fuel management and site restoration costs of up to $160 million, net of taxes. Quad Cities is better positioned to pass the test than Clinton. Although considered unlikely, if Quad Cities fails the exemption test, at its ownership percentage Generation could be required to pay for spent fuel management costs over the next ten years of up to $185 million, net of taxes, at Generation's ownership percentage. If an early retirement decision is made and Ginna, Nine Mile Point, or TMI were to fail the exemption test, each could incur spent fuel management and site restoration costs over the next ten years of up to $60 million, $140 million and $145 million, net of taxes, respectively, at Generation's ownership percentages.

Proposed Acquisition of James A. FitzPatrick Nuclear Generating Station (Exelon and Generation)

On August 8, 2016, Generation executed a series of agreements with Entergy Nuclear FitzPatrick LLC (Entergy) to acquire the 838MW single-unit James A. FitzPatrick (FitzPatrick) nuclear generating station located in Scriba, New York for a cash purchase price of $110 million. As part of the transaction, Generation would receive the FitzPatrick NDT fund assets and assume the obligation to decommission FitzPatrick. Closing of the transaction is currently anticipated to occur in the second quarter of 2017 and is dependent upon regulatory approval by FERC, NRC and the New York Public Service Commission (NYPSC). The transaction is also subject to the notification and reporting requirements of the HSR Act (which has been completed) and other customary closing conditions. The NRC license for FitzPatrick expires in 2034. Entergy had previously announced plans in November 2015 to early retire FitzPatrick at the end of the current fuel cycle in January 2017. Under the terms of the agreements, Generation will reimburse Entergy for approximately $200 million to $250 million of incremental costs to refuel the plant and operate and maintain the plant after the refueling outage, scheduled to end in February 2017, through the closing date. These are costs which otherwise would have been avoided by FitzPatrick's planned permanent shutdown in January 2017. Generation will be entitled to all revenues from FitzPatrick's electricity and capacity sales for the period commencing upon completion of the refueling outage through the acquisition closing date. The agreements provide for certain termination rights, including the right of either party to terminate if the transaction has not been consummated within 12 months due to failure to obtain the required regulatory approvals.

On October 11, 2016, Public Citizen, Inc. filed a protest with FERC challenging Generation and Entergy's application to FERC for the transfer of ownership of FitzPatrick. No other party to the proceeding has filed any protests or comments. Generation and Entergy had requested FERC to approve the FitzPatrick transaction by November 18, 2016, however FERC is under no obligation to do so. The timing of FERC's decision on Generation and Entergy's application and the outcome of this protest are currently uncertain. Refer to Note 5 — Regulatory Matters for additional information on the New York CES and ZEC program.

The transaction is expected to be accounted for as a business combination. For accounting and financial reporting purposes the costs that Generation reimburses Entergy for as well as the revenue received from Fitzpatrick prior to the close of the transaction will be treated as part of the purchase price consideration. Generation will record the fair value of the assets acquired and liabilities assumed as of the acquisition date. To the extent the purchase price is greater than the fair value of the net assets acquired, goodwill will be recorded. To the extent the fair value of the net assets acquired is greater than the purchase price, a bargain purchase gain will be recorded.

As of September 30, 2016, Generation has paid a non-refundable deposit of $10 million and reimbursed Entergy for $9 million in costs all of which have been classified with Other noncurrent assets on Exelon's and Generation's Consolidated Balance Sheets for a total amount of $19 million. These amounts are also reflected within Acquisition of businesses on Exelon's and Generation's Consolidated Statements of Cash Flows.

Power Markets

Price of Fuels. The use of new technologies to recover natural gas from shale deposits is increasing natural gas supply and reserves, which places downward pressure on natural gas prices and, therefore, on wholesale and retail power prices, which results in a reduction in Exelon's revenues. Forward natural gas prices have declined significantly over the last several years; in part reflecting an increase in supply due to strong natural gas production (due to shale gas development).

Capacity Market Changes in PJM. In the wake of the January 2014 Polar Vortex that blanketed much of the Eastern and Midwestern United States, it became clear that while a major outage event was narrowly avoided, resources in PJM were not providing the level of reliability expected by customers. As a result, on December 12, 2014, PJM filed at FERC a proposal to make significant changes to its current capacity market construct, the Reliability Pricing Model (RPM). PJM's proposed changes generally sought to improve resource performance and reliability largely by limiting the excuses for non-performance and by increasing the penalties for performance failures. The proposal permits suppliers to include in capacity market offers additional costs and risk so they can meet these higher performance requirements. While offers are expected to put upward pressure on capacity clearing prices, operational improvements made as a result of PJM's proposal are expected to improve reliability, to reduce energy production costs as a result of more efficient operations and to reduce the need for out of market energy payments to suppliers. Generation participated actively in PJM's stakeholder process through which PJM developed the proposal and also actively participated in the FERC proceeding including filing comments. On June 9, 2015, FERC approved PJM's filing largely as proposed by PJM, including transitional auction rules for delivery years 2016/2017 through 2017/2018. As a result of this and several related orders, PJM hosted its 2018/2019 Base Residual Auction (results posted on August 21, 2015), its transitional auction for delivery year 2016/2017 (results posted on August 31, 2015), its transitional auction for delivery years 2017/2018 (results posted on September 9, 2015), and its 2019/2020 Base Residual Auction in May 2016. In June 2016, several parties appealed the FERC's decision approving PJM's market changes to the Court of Appeals for the D. C. Circuit. Exelon has intervened in the matter in support of FERC's decision. The outcome of this appeal is unclear at this time, but could impact earnings.

MISO Capacity Market Results. On April 14, 2015, the Midcontinent Independent System Operator (MISO) released the results of its capacity auction covering the June 2015 through May 2016 delivery year. As a result of the auction, capacity prices for the zone 4 region in downstate Illinois increased to $150 per MW per day beginning in June 2015, an increase from the prior pricing of $16.75 per MW per day that was in effect from June 2014 to May 2015. Generation had an offer that was selected in the auction. However, due to Generation's ratable hedging strategy, the results of the capacity auction have not had a material impact on Exelon's and Generation's consolidated results of operations and cash flows.

Additionally, in late May and June 2015, separate complaints were filed at the FERC by each of the State of Illinois, the Southwest Electric Cooperative, Public Citizens, Inc. and the Illinois Industrial Energy

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Consumers challenging the results of this MISO capacity auction for the 2015/2016 delivery in MISO delivery zone 4. The complaints alleged generally that 1) the results of the capacity auction for zone 4 are not just and reasonable, 2) the results should be suspended, set for hearing and replaced with a new just and reasonable rate, 3) a refund date should be established and that 4) certain alleged behavior by one of the market participants, other than Exelon or Generation, be investigated.

On October 1, 2015, the FERC announced that it was conducting a non-public investigation (that does not involve Exelon or Generation) into whether market manipulation or other potential violations occurred related to the auction. On December 31, 2015, the FERC issued a decision that certain of the rules governing the establishment of capacity prices in downstate Illinois are “not just and reasonable” on a prospective basis. The FERC ordered that certain rules must be changed for the next auction scheduled in April 2016 that set capacity prices beginning June 1, 2016. In response to this order, MISO filed conforming rule changes with the FERC. The FERC continues to conduct its non-public investigation to determine if the April 2015 auction results were manipulated and, if so, whether refunds are appropriate. The FERC did establish May 28, 2015, the day the first complaint was filed, as the date from which refunds (if ordered) would be calculated, and it also made clear that the findings in the December 31, 2015 order do not prejudge the investigation or related proceedings. On March 18, 2016, the FERC denied rehearing of its December 31, 2015 order in this matter. On April 14, 2016, the MISO released the results of the 2016/2017 capacity auction; the zone 4 region in downstate Illinois cleared the auction at a rate of $72 per MW per day. Clinton nuclear plant, which operates in the zone 4 region, cleared the auction and is committed to operate through May 31, 2017. See Note 7 — Early Nuclear Plant Retirements of the Combined Notes to the Consolidated Financial Statements for additional information on the impacts of the MISO announcement. On September 8, 2016, a coalition of MISO transmission customers filed a complaint alleging that the MISO failed to follow its tariff in conducting the capacity auction and, as a result, overstated the clearing prices including in zone 4 where the transmission customers allege that the rate should have been $20 per MW per day. Among other things, the transmission customers seek refunds of the alleged excess payment. It is too early in this proceeding to predict its outcome. Nonetheless, it could detrimentally impact the auction results for Clinton.

MISO has acknowledged the need for capacity market design changes in the zone 4 region and stated that reforms to its capacity market process may be required to drive future investment and is engaging stakeholders to consider such reforms. The FERC has also encouraged such efforts, and Exelon has been working with MISO and its stakeholders on such market changes.

Subsidized Generation . The rate of expansion of subsidized generation, including low-carbon generation such as wind and solar energy, in the markets in which Generation’s output is sold can negatively impact wholesale power prices, and in turn, Generation’s results of operations.

Various states have attempted to implement or propose legislation, regulations or other policies to inappropriately subsidize new generation development and existing generation which may result in artificially depressed wholesale energy and capacity prices.

For example, Exelon and others challenged the constitutionality and other aspects of New Jersey legislation aimed at suppressing capacity market prices in federal court. See Note 5 — Regulatory Matters to the Combined Notes to Consolidated Financial Statements for additional information on state specific actions taken in Maryland and New Jersey. Similar actions taken by the MDPSC were also challenged in federal court in an action to which Exelon was not a party. The federal trial courts in both the New Jersey and Maryland actions effectively invalidated the actions taken by the New Jersey legislature and the MDPSC, respectively. Those decisions were upheld by the U.S. Court of Appeals. On April 19, 2016, the U.S. Supreme Court unanimously affirmed the Fourth Circuit decision holding that the MDPSC’s required contracts are illegal and unenforceable. On April 25, 2016, the U.S. Supreme Court denied certiorari concerning the Third Circuit decision. This denial of certiorari leaves the Third Circuit decision in place, with the same outcome as the Fourth Circuit decision.

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Nonetheless, Exelon believes that these projects may have already artificially suppressed capacity prices in PJM in these auctions. While the Supreme Court decision is a positive development, continuation of inappropriate state efforts, if successful and unabated in future capacity auctions, could continue to result in artificially depressed wholesale capacity and/or energy prices. Other states could seek to establish similar programs, which could substantially impact Exelon's market driven position and could have a significant effect on Exelon's financial results of operations, financial position and cash flows.

One such state is Ohio, where state-regulated utility companies FirstEnergy Ohio (FE) and AEP Ohio (AEP) initiated actions at the Public Utilities Commission of Ohio (PUCO) to obtain approval for Riders that effectively allow these two companies to pass through to all customers in their service territories the differences between their costs and market revenues on PPAs entered into between the utility and its merchant generation affiliate. Collectively more than 6,000MW of primarily coal-fired generation owned by FE and AEP's affiliates sought ratepayer guaranteed subsidies via the proposed Riders. While AEP and FE initially filed for approval of these Riders in 2013 and 2014, respectively, it was not until late 2015 that the proposals obtained meaningful traction when PUCO staff entered into a settlement and stipulation with the Ohio utilities supporting the proposals and recommending that the PUCO approve the Riders. On March 31, 2016, PUCO issued separate orders generally approving each of the FE and AEP arrangements. In addition, separate complaints were filed at the FERC pursuing federal causes of action (i) seeking to impose affiliate self-dealing requirements on the PPAs and (ii) seeking to impose a MOPR on the resources supporting the PPAs. On April 27, 2016, the FERC issued orders on the affiliate matter rescinding certain affiliate waivers previously granted to AEP and FE and requiring each to demonstrate that the PPAs (prior to transacting under them) were entered into on an arms-length basis and do not reflect any affiliate preference. As a result, we do not believe that the PPAs impacted the results of PJM's recently completed capacity auctions. Nonetheless, further action by AEP and FE related to the PPAs is possible. Indeed, FE recently filed a restructured arrangement at PUCO that appears to achieve a similar result without relying on a PPA. In addition, the outcome of the MOPR complaint and its impact, if any, on Generation is not yet clear as it is too early in the proceeding to predict its outcome. Finally, Dayton Power and Light filed at PUCO seeking approval of similar arrangements.

Exelon continues to monitor developments in Ohio, Maryland, New Jersey, New England and other states and participates in stakeholder and other processes to ensure that only appropriate state subsidies are developed. Exelon remains active in advocating for competitive markets, while opposing policies that require taxpayers and/ or consumers to subsidize or give preferential treatment to generation providers or technologies that do not provide superior reliability or environmental benefits, or that would threaten the reliability and value of the integrated electricity grid.

Energy Demand. Modest economic growth partially offset by energy efficiency initiatives is resulting in positive growth for electricity for Pepco, a decrease in projected load for electricity for BGE, DPL and ACE, and an essentially flat projected load for electricity for ComEd and PECO. ComEd, PECO,BGE, Pepco, DPL and ACE are projecting load volumes to increase (decrease) by 0.4%, 0.0%, (1.4)%, 1.0%, (1.7)% and (1.6)%, respectively, in 2016 compared to 2015.

Retail Competition. Generation's retail operations compete for customers in a competitive environment, which affect the margins that Generation can earn and the volumes that it is able to serve. We expect retail competitors to stay aggressive in their pursuit of market share, and that wholesale generators (including Generation) will continue to use their retail operations to hedge generation output.

Strategic Policy Alignment

Exelon routinely reviews its hedging policy, dividend policy, operating and capital costs, capital spending plans, strength of its balance sheet and credit metrics, and sufficiency of its liquidity position, by performing various stress tests with differing variables, such as commodity price movements, increases in margin-related transactions, changes in hedging practices, and the impacts of hypothetical credit downgrades.

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Exelon's Board of Directors declared the first quarter 2016 dividends of $0.31 per share each on Exelon's common stock. The first quarter 2016 dividend was paid on March 10, 2016.

Exelon's Board of Directors declared the second quarter 2016 dividends of $0.318 per share each on Exelon's common stock. The second quarter 2016 dividend was paid on June 10, 2016. The dividend increased from the first quarter amount to reflect the Board's decision to raise Exelon's dividend 2.5% each year for the next three years, beginning with the June 2016 dividend.

Exelon's Board of Directors declared the third quarter 2016 dividends of $0.318 per share each on Exelon's common stock. The third quarter 2016 dividend was paid on September 9, 2016.

Exelon's Board of Directors declared the fourth quarter 2016 dividends of $0.318 per share each on Exelon's common stock. The fourth quarter 2016 dividend is payable on December 9, 2016.

All future quarterly dividends require approval by Exelon's Board of Directors.

Hedging Strategy

Exelon's policy to hedge commodity risk on a ratable basis over three-year periods is intended to reduce the financial impact of market price volatility. Generation is exposed to commodity price risk associated with the unhedged portion of its electricity portfolio. Generation enters into non-derivative and derivative contracts, including financially-settled swaps, futures contracts and swap options, and physical options and physical forward contracts, all with credit-approved counterparties, to hedge this anticipated exposure. Generation has hedges in place that significantly mitigate this risk for 2016 and 2017. However, Generation is exposed to relatively greater commodity price risk in the subsequent years with respect to which a larger portion of its electricity portfolio is currently unhedged. As of September 30, 2016, the percentage of expected generation hedged for the major reportable segments is 98%-101%, 85%-88% and 54%-57% for 2016, 2017 and 2018, respectively. The percentage of expected generation hedged is the amount of equivalent sales divided by the expected generation. Expected generation is the volume of energy that best represents our commodity position in energy markets from owned or contracted for capacity based upon a simulated dispatch model that makes assumptions regarding future market conditions, which are calibrated to market quotes for power, fuel, load following products, and options. Equivalent sales represent all hedging products, such as wholesale and retail sales of power, options and swaps. Generation has been and will continue to be proactive in using hedging strategies to mitigate commodity price risk in subsequent years as well.

Generation procures oil and natural gas through long-term and short-term contracts and spot-market purchases. Nuclear fuel is obtained predominantly through long-term uranium concentrate supply contracts, contracted conversion services, contracted enrichment services, or a combination thereof, and contracted fuel fabrication services. The supply markets for uranium concentrates and certain nuclear fuel services, coal, oil and natural gas are subject to price fluctuations and availability restrictions. Supply market conditions may make Generation's procurement contracts subject to credit risk related to the potential non-performance of counterparties to deliver the contracted commodity or service at the contracted prices. Approximately 57% of Generation's uranium concentrate requirements from 2016 through 2020 are supplied by three producers. In the event of non-performance by these or other suppliers, Generation believes that replacement uranium concentrate can be obtained, although at prices that may be unfavorable when compared to the prices under the current supply agreements. Non-performance by these counterparties could have a material adverse impact on Exelon's and Generation's results of operations, cash flows and financial position.

The Utility Registrants mitigate commodity price risk through regulatory mechanisms that allow them to recover procurement costs from retail customers.

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Growth Opportunities

Management continually evaluates growth opportunities aligned with Exelon's businesses, assets and markets, leveraging Exelon's expertise in those areas and offering sustainable returns.

Regulated Energy Businesses. The completed merger with PHI provides an opportunity to accelerate Exelon's regulated growth to provide stable cash flows, earnings accretion, and dividend support. Additionally, the Utility Registrants anticipate investing approximately $25 billion over the next five years in electric and natural gas infrastructure improvements and modernization projects, including smart meter and smart grid initiatives, storm hardening, advanced reliability technologies, and transmission projects, which is projected to result in an increase to current rate base of approximately $9 billion by the end of 2020. The Utility Registrants invest in rate base where beneficial to customers and the community by increasing reliability and the service experience or otherwise meeting customer needs. These investments are made prudently and at the lowest reasonable cost to customers.

See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information on the Smart Meter and Smart Grid Initiatives and infrastructure development and enhancement programs.

Competitive Energy Businesses . Generation continually assesses the optimal structure and composition of our generation assets as well as explores wholesale and retail opportunities within the power and gas sectors. Generation's long-term growth strategy is to prioritize investments in long-term contracted generation across multiple technologies and identify and capitalize on opportunities that provide generation to load matching as a means to provide stable earnings, while identifying emerging technologies where strategic investments provide the option for significant future growth or influence in market development. As of September 30, 2016, Generation has currently approved plans to invest a total of approximately $2 billion in 2016 through 2018 on capital growth projects (primarily new plant construction and distributed generation).

Liquidity

Each of the Registrants annually evaluates its financing plan, dividend practices and credit line sizing, focusing on maintaining its investment grade ratings while meeting its cash needs to fund capital requirements, retire debt, pay dividends, fund pension and OPEB obligations and invest in new and existing ventures. A broad spectrum of financing alternatives beyond the core financing options can be used to meet its needs and fund growth including monetizing assets in the portfolio via project financing, asset sales, and the use of other financing structures (e.g., joint ventures, minority partners, etc.). The Registrants expect cash flows to be sufficient to meet operating expenses, financing costs and capital expenditure requirements.

The Registrants have access to unsecured revolving credit facilities with aggregate bank commitments of $9.0 billion. Generation also has bilateral credit facilities with aggregate maximum availability of $525 million. See Liquidity and Capital Resources — Credit Matters — Exelon Credit Facilities below.

Exposure to Worldwide Financial Markets. Exelon has exposure to worldwide financial markets including European banks. Disruptions in the European markets could reduce or restrict the Registrants' ability to secure sufficient liquidity or secure liquidity at reasonable terms. As of September 30, 2016, approximately 23%, or $2.2 billion, of the Registrants' aggregate total commitments were with European banks. The credit facilities include $9.5 billion in aggregate total commitments of which $7.9 billion was available as of September 30, 2016, due to outstanding letters of credit. There was $40 million of borrowings under the Registrants' bilateral credit facilities as of September 30, 2016. See Liquidity and Capital Resources — Credit Matters — Exelon Credit Facilities for additional information.

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Tax Matters

See Note 11 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information.

Environmental Legislative and Regulatory Developments

Exelon is actively involved in the EPA's development and implementation of environmental regulations for the electric industry, in pursuit of its business strategy to provide reliable, clean, affordable and innovative energy products. These efforts have most frequently involved air, water and waste controls for electric generating units, as set forth in the discussion below. These regulations have a disproportionate adverse impact on fossil-fuel power plants, requiring significant expenditures of capital and variable operating and maintenance expense, and have resulted in the retirement of older, marginal facilities. Retirements of coal-fired power plants are expected to continue as additional EPA regulations take effect, and as air quality standards are updated and further restrict emissions. Due to its low emission generation portfolio, Generation will not be significantly directly affected by these regulations, representing a competitive advantage relative to electric generators that are more reliant on fossil-fuel plants. Various bills have been introduced in the U.S. Congress that would prohibit or impede the EPA's rulemaking efforts, and it is uncertain whether any of these bills will become law.

Air Quality. In recent years, the EPA has been implementing a series of increasingly stringent regulations under the Clean Air Act applicable to electric generating units. These regulations have resulted in more stringent emissions limits on fossil-fuel electric generating stations as states implement their compliance plans.

National Ambient Air Quality Standards (NAAQS). The EPA continues to review and update its NAAQS for conventional air pollutants relating to ground-level ozone and emissions of particulate matter, SO2 and NOx. Following five years of litigation, the EPA is finalizing the Cross State Air Pollution Rule that requires 28 upwind states in the eastern half of the United States to significantly improve air quality by reducing power plant emissions that cross state lines and contribute to ground-level ozone and fine particle pollution in downwind states.

Mercury and Air Toxics Standard Rule (MATS). On December 16, 2011, the EPA signed a final rule to reduce emissions of toxic air pollutants from power plants and signed revisions to the NSPS for electric generating units. The final rule, known as MATS, requires coal-fired electric generation plants to achieve high removal rates of mercury, acid gases and other metals, and to make capital investments in pollution control equipment and incur higher operating expenses. The initial compliance deadline to meet the new standards was April 16, 2015; however, facilities may have been granted an additional one or two year extension in limited cases. Numerous entities challenged MATS in the D.C. Circuit Court, and Exelon intervened in support of the rule. In April 2014, the D.C. Circuit Court issued an opinion upholding MATS in its entirety. On appeal, the U.S. Supreme Court decided in June 2015 that the EPA unreasonably refused to consider costs in determining whether it is appropriate and necessary to regulate hazardous air pollutants emitted by electric utilities. The U.S. Supreme Court, however, did not vacate the rule; rather, it was remanded to the D.C. Circuit Court to take further action consistent with the U.S. Supreme Court's opinion on this single issue. As such, the MATS rule remains in effect. Exelon will continue to participate in the remanded proceedings before the D.C. Circuit Court as an intervenor in support of the rule.

Climate Change. Exelon supports comprehensive climate change legislation or regulation, including a cap-and-trade program for GHG emissions, which balances the need to protect consumers, business and the economy with the urgent need to reduce national GHG emissions. In the absence of federal legislation, the EPA is moving forward with the regulation of GHG emissions under the Clean Air Act. In addition, there have been recent developments in the international regulation of GHG emissions pursuant to the United Nations Framework Convention on Climate Change ("UNFCCC" or "Convention"). On October 5, 2016, the Paris Climate Change Agreement entered into effect, and the next meeting of the Conference of the Parties in November 2016 will address procedural issues as countries take action to meet their voluntary carbon emission reductions. See ITEM 1. BUSINESS, "Global Climate Change" of the Exelon 2015 Form 10-K for further discussion.

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Water Quality. Section 316(b) of the Clean Water Act requires that cooling water intake structures at electric power plants reflect the best technology available to minimize adverse environmental impacts, and is implemented through state-level NPDES permit programs. All of Generation's power generation facilities with cooling water systems are subject to the regulations. Facilities without closed-cycle recirculating systems (e.g., cooling towers) are potentially most affected by changes to the existing regulations. Those facilities are Calvert Cliffs, Clinton, Dresden, Eddystone, Fairless Hills, Ginna, Gould Street, Handley, Mountain Creek, Mystic 7, Nine Mile Point Unit 1, Oyster Creek, Peach Bottom, Quad Cities, Salem and Wolf Hollow. See ITEM 1. BUSINESS, "Water Quality" of the Exelon 2015 Form 10-K for further discussion.

Solid and Hazardous Waste. In October 2015, the first federal regulation for the disposal of coal combustion residuals (CCR) from power plants became effective. The rule classifies CCR as non-hazardous waste under RCRA. Under the regulation, CCR will continue to be regulated by most states subject to coordination with the federal regulations. Generation has previously recorded reserves consistent with state regulation for its owned coal ash sites, and as such, the regulation is not expected to impact Exelon's and Generation's financial results. Generation does not have sufficient information to reasonably assess the potential likelihood or magnitude of any remediation requirements that may be asserted under the new federal regulations for coal ash disposal sites formerly owned by Generation. For these reasons, Generation is unable to predict whether and to what extent it may ultimately be held responsible for remediation and other costs relating to formerly owned coal ash disposal sites under the new regulations.

See Note 18 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements for further detail related to environmental matters, including the impact of environmental regulation.

Other Regulatory and Legislative Actions

NRC Task Force Insights from the Fukushima Daiichi Accident (Exelon and Generation). In July 2011, an NRC Task Force formed in the aftermath of the March 11, 2011, 9.0 magnitude earthquake and ensuing tsunami, that seriously damaged the nuclear units at the Fukushima Daiichi Nuclear Power Station, issued a report of its review of the accident, including tiered recommendations for future regulatory action by the NRC to be taken in the near and longer term. The Task Force's report concluded that nuclear reactors in the United States are operating safely and do not present an imminent risk to public health and safety. The NRC and its staff have issued orders and implementation guidance for commercial reactor licensees operating in the United States. The NRC and its staff are continuing to evaluate additional requirements. Generation has assessed the impacts of the Tier 1 orders and information requests and will continue monitoring the additional recommendations under review by the NRC staff, both from an operational and a financial impact standpoint. A comprehensive review of the NRC Tier 1 orders and information requests, as well as preliminary engineering assumptions and analysis, indicate that the financial impact of compliance for Generation, net of expected co-owner reimbursements, for the period from 2016 through 2019 is expected to be between approximately $150 million and $175 million of capital (which includes approximately $25 million for the CENG plants) and $25 million of operating expense (which includes approximately $5 million for the CENG plants). These revised amounts take into consideration the effect of the early plant retirements of Clinton and Quad Cities (see Note 7—Early Nuclear Plant Retirements of the Combined Notes to Consolidated Financial Statements for additional information). Generation's current assessments are specific to the Tier 1 recommendations as the NRC has not finalized actions with respect to the Tier 2 and Tier 3 recommendations. Exelon and Generation are unable to conclude at this time to what extent any actions to comply with the requirements of Tier 2 and Tier 3 will impact their future financial position, results of operations, and cash flows. Generation will continue to engage in nuclear industry assessments and actions and stakeholder input.

New York Clean Energy Standard (Exelon, Generation). On August 1, 2016, the the New York Public Service Commission (NYPSC) issued an order establishing the Clean Energy Standard (CES), a component of which includes creation of a Tier 3 Zero Emission Credit (ZEC) program targeted at preserving the environmental attributes of zero-emissions nuclear-powered generating facilities that meet the criteria

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demonstrating public necessity as determined by the NYPSC. The New York State Energy Research and Development Authority (NYSERDA) will centrally procure the ZECs from eligible plants through a 12-year contract, to be administered in six two-year tranches, extending from April 1, 2017 through March 31, 2029. ZEC payments will be made to the eligible resources based upon the number of MWh produced, subject to specified caps and minimum performance requirements. The price to be paid for the ZECs under each tranche will be administratively determined using a formula based on the social cost of carbon as determined by the federal government. The ZEC price for the first tranche has been set at $17.48 per MWh of production. Following the first tranche, the price will be updated bi-annually. Each Load Serving Entity (LSE) shall be required to purchase an amount of ZECs equivalent to its load ratio share of the total electric energy in the New York Control Area. Cost recovery from ratepayers shall be incorporated into the commodity charges on customer bills. The CES initially identifies the three plants eligible for the ZEC program to include, for now, the FitzPatrick, Ginna, and Nine Mile Point nuclear facilities. The program specifically provides that Nine Mile Point Units 1 & 2 qualify jointly as a single facility and if either unit permanently ceases operations then both units will no longer qualify for ZEC payments for the remainder of the program. As issued, the order provides that the duration of the program beyond the first tranche is conditional upon a buyer purchasing the FitzPatrick facility and taking title prior to September 1, 2018; however, Generation and CENG requested clarification, or in the alternative limited rehearing, that this condition is applicable to the FitzPatrick facility only and has no bearing on the 12-year duration of the program for Ginna or Nine Mile Point. To date, several parties have filed with the NYPSC requests for rehearing or reconsideration of the CES and on October 19, 2016 a coalition of fossil generation companies filed a complaint in federal district court against the NYPSC alleging that the ZEC program violates certain provisions of the U.S. Constitution; specifically that the ZEC program interferes with FERC's jurisdiction over wholesale rates and that it discriminates against out of state competitors. Generation and CENG will seek to intervene in the case and to dismiss the lawsuit. Other legal challenges remain possible and the outcomes of each of these challenges is currently uncertain. Negotiations with NYSERDA regarding contracts for the sale of ZECs from Ginna, Nine Mile Point and FitzPatrick are ongoing, and Generation expects that NYSERDA will enter into final agreements during the fourth quarter of 2016. See Note 7 — Early Nuclear Plant Retirements of the Combined Notes to the Consolidated Financial Statements for additional information relative to Ginna and Nine Mile Point and Note 4 — Mergers, Acquisitions and Dispositions of the Combined Notes to the Consolidated Financial Statements for additional information on Generation's proposed acquisition of FitzPatrick.

Illinois Low Carbon Portfolio Standard (Exelon, Generation and ComEd). In March 2015, the Low Carbon Portfolio Standard (LCPS) was introduced in the Illinois General Assembly. The legislation would require ComEd and Ameren to purchase low carbon energy credits to match 70 percent of the electricity used on the distribution system. The LCPS is a technology-neutral solution, so all generators of zero or low carbon energy would be able to compete in the procurement process, including wind, solar, hydro, clean coal and nuclear. Costs associated with purchasing the low carbon energy credits would be collected from customers. The LCPS proposal includes consumer protections such as a price cap that would limit the impact to a 2.015% increase based off 2009 monthly bills, or about $2 per month for the average residential electricity customer, similar to the cost cap protection under other clean energy programs in Illinois. The legislation also includes a separate customer rebate provision that would provide a direct bill credit to customers in the event wholesale prices exceed a specified level. The proposed legislation remains pending along with two other major energy bills. Exelon and Generation continue to work with stakeholders on a comprehensive energy package.

Legislation to Maximize Smart Grid Investments and to Promote a Cleaner and Greener Illinois (Exelon and ComEd). In March 2015, legislation was introduced in the Illinois General Assembly that would (1) build on ComEd's investment in the Smart Grid to reinforce the resiliency and security of the electrical grid to withstand unexpected challenges, (2) expand energy efficiency programs to reduce energy waste and increase customer savings, (3) further integrate clean renewable energy onto the power system, and (4) introduce a new demand-based rate design for residential customers that would allow for a more equitable sharing of smart grid costs among customers. The legislation also provides for additional funding for customer assistance programs for low-income customers. The proposed legislation is pending and ComEd continues to work with stakeholders.

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Next Generation Energy Plan (Exelon, Generation and ComEd). On May 5, 2016, the Next Generation Energy Plan was introduced in the Illinois General Assembly. The legislation contains significant parts of the previously introduced Illinois Low Carbon Portfolio Standard and Legislation to Maximize Smart Grid Investments and to Promote a Cleaner and Greater Illinois, along with new elements. The legislation includes (1) a Zero Emission Standard providing compensation for at-risk nuclear plants that demonstrate their revenues are insufficient to cover their costs, (2) $1 billion of funding for low-income assistance, including $650 million for energy efficiency programs, $250 million in Renewable Energy Resource Funds, $50 million in Percentage of Income Payment Plan funding and utility bill assistance, and $50 million in ComEd CARE, (3) $140 million in new funding for solar development and a new solar rebate to incent solar generation, (4) additional investment at ComEd to enhance reliability and security of the power grid, (5) an expansion of the Renewable Portfolio Standard, and (6) a 50% reduction in the fixed customer charge for energy delivery creating more equitable rates across customers. The proposed legislation is pending and Exelon, Generation, and ComEd continue to work with stakeholders. See Note 7 — Early Nuclear Plant Retirements of the Combined Notes to the Consolidated Financial Statements for additional information.

Distribution Formula Rate (Exelon and ComEd). On April 13, 2016, ComEd filed its annual distribution formula rate with the ICC, requesting a total increase to the revenue requirement of $138 million, reflecting an increase of $139 million for the initial revenue requirement for 2017 and a decrease of $1 million related to the annual reconciliation for 2015. The filing establishes the revenue requirement used to set the rates that will take effect in January 2017 after the ICC's review and approval, which is due by December 2016. See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for further information related to distribution formula updates.

2016 Maryland Electric Distribution Rate Case (Exelon, PHI and Pepco). On April 19, 2016, Pepco filed an application with the MDPSC requesting an increase of $127 million to its electric distribution base rates, which was later updated to $103 million, based on a requested ROE of 10.6%. The application is inclusive of a request seeking recovery of Pepco's regulatory assets associated with its AMI program over a five-year period supported by evidence demonstrating that the benefits of the AMI program exceed the costs on a present value basis. Any adjustments to rates approved by the MDPSC are expected to take effect in November 2016. In addition to the proposed rate increase, Pepco is proposing to continue its Grid Resiliency Program initially approved in July 2013 in connection with Pepco's electric distribution rate case filed in November 2012. Under the Grid Resiliency Program, Pepco is authorized to receive recovery of specific investments as the assets are placed in service through the Grid Resiliency Charge. In connection with the Grid Resiliency Program, Pepco proposes to accelerate improvement to priority feeders and install single-phase reclosing fuse technology by investing $16 million a year for two years for a total of $32 million. Pepco cannot predict how much of the requested rate increase the MDPSC will approve or if it will approve a continuation of Pepco's Grid Resiliency Program proposal.

2016 Maryland Electric Distribution Base Rates (Exelon, PHI and DPL). On July 20, 2016, DPL filed an application with the MDPSC requesting an increase of $66 million to its electric distribution base rates, which was later updated to $57 million, based on a requested ROE of 10.6%. The application is inclusive of a request seeking recovery of DPL's regulatory assets associated with its AMI program over a five-year period supported by evidence demonstrating that the benefits of the AMI program exceed the costs on a present value basis. Any adjustments to rates approved by the MDPSC are expected to take effect in February 2017. DPL cannot predict how much of the requested increase the MDPSC will approve. In addition to the proposed rate increase, DPL is proposing to continue its Grid Resiliency Program initially approved in September 2013 in connection with DPL's electric distribution rate case filed in February 2013. Under the Grid Resiliency Program, DPL is authorized to receive recovery of specific investments as the assets are placed in service through the Grid Resiliency Charge. In connection with the Grid Resiliency Program, DPL proposes to accelerate improvement to priority feeders and install single-phase reclosing fuse technology by investing $4.6 million a year for two years for a total of $9.2 million. DPL cannot predict whether the MDPSC will approve a continuation of DPL's Grid Resiliency Program proposal.

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2016 Electric and Natural Gas Distribution Base Rates (Exelon, PHI and DPL). On May 17, 2016, DPL filed an application with the DPSC to increase its annual electric and natural gas distribution base rates by $63 million and $22 million, respectively, based on a requested ROE of 10.6%. While the DPSC is not required to issue a decision on the application within a specified period of time, Delaware law allows DPL to put into effect $2.5 million of the rate increase two months after filing the applications which were effective July 16, 2016. It also allows the entire requested rate increase seven months after filing, subject to a cap and a refund obligation based on the final DPSC order. DPL cannot predict how much of the requested increase the DPSC will approve.

2015 Maryland Electric and Natural Gas Distribution Rate Case (Exelon and BGE). On November 6, 2015, and as amended through the course of the proceeding, BGE filed for electric and natural gas base rate increases with the MDPSC, ultimately requesting annual increases of $116 million and $78 million respectively, of which $104 million and $37 million, were related to recovery of electric and natural gas smart grid initiative costs, respectively. BGE also proposed to recover an annual increase of approximately $30 million for Baltimore City underground conduit fees through a surcharge.

On June 3, 2016, the MDPSC issued an order in which the MDPSC found compelling evidence to conclude that BGE's smart grid initiative overall was cost beneficial to customers. However, the June 3 order contained several cost disallowances and adjustments, including not allowing BGE to defer or recover through a surcharge the $30 million increase in annual Baltimore City underground conduit fees. On June 30, 2016, BGE filed a petition for rehearing of the June 3 order requesting that the MDPSC modify its order to reverse certain decisions including the decision associated with the Baltimore City underground conduit fees. OPC also subsequently filed for a petition for rehearing of the June 3 order.

On July 29, 2016, the MDPSC issued an order on the petitions for rehearing that reversed certain of its prior cost disallowances and adjustments related to the smart grid initiative. Through the combination of the orders, the MDPSC authorized electric and natural gas rate increases of $44 million and $48 million, respectively, and an allowed ROE for the electric and natural gas distribution businesses of 9.75% and 9.65%, respectively. The new electric and natural gas base rates took effect for service rendered on or after June 4, 2016. However, MDPSC's July 29 order on the petition on rehearing still did not allow BGE to defer or recover through a surcharge the increase in Baltimore City underground conduit fees.

On August 26, 2016, BGE filed an appeal of the MDPSC's orders with the Circuit Court for Baltimore County. On August 29, 2016, the residential consumer advocate also filed an appeal of the MDPSC's order but with the Circuit Court for Baltimore City. Refer to the Conduit Lease with City of Baltimore disclosure below for further details about BGE's efforts to protect its customers from any improper use by the City of the conduit fee revenues and to place constraints on the City's ability to set the conduit fee in the future. Refer to Note 5—Regulatory Matters of the Combined Notes to Consolidated Financial Statements for further details on the impact of the ultimate disallowances contained in the orders to BGE.

2016 Electric Distribution Base Rates (Exelon, PHI and Pepco). On June 30, 2016, Pepco filed an application with the DCPSC to increase its annual electric distribution base rates by $86 million, which was updated to $82 million on October 14, 2016, based on a requested ROE of 10.6%. The DCPSC has issued a procedural schedule indicating a final decision will be issued by July 25, 2017. Any adjustments to its rates approved by the DCPSC are expected to take effect soon thereafter. Pepco cannot predict how much of the requested increase the DCPSC will approve.

On April 18, 2016, a party to a separate DCPSC proceeding filed a motion to suspend Pepco's bill stabilization adjustment (BSA), which decouples distribution revenues from utility customers from the amount of electricity delivered. On September 9, 2016, the DCPSC denied the party's motion and determined that the appropriate forum in which to determine whether the BSA continues to be just and reasonable is in Pepco's rate case proceeding. In addition, the DCPSC stated that it was putting Pepco on notice that all funds collected for the BSA from January 2015 to the issuance of a decision in the rate case proceeding are subject to refund should the

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DCPSC determine that such funds were not justly or reasonably collected. On October 7, 2016, Pepco filed for reconsideration of this order and requested clarification that the order was not final and that the BSA matter would be decided in the base rate case. Pepco also argued that, if the order were considered final, the DCPSC reconsider its ruling that funds collected from the BSA can be retroactively refunded. Pepco cannot predict the outcome of this matter or the impact of a refund if ordered by the DCPSC.

2016 Electric Distribution Base Rates (Exelon, PHI and ACE). On August 24, 2016, the NJBPU issued an order approving a stipulation of settlement among ACE, the New Jersey Division of Rate Counsel, NJBPU Staff and Unimin Corporation, and an increase of $45 million (before New Jersey sales and use tax) to its electric distribution base rates, with the new rates effective immediately. The stipulation of settlement provided that a determination on PowerAhead would be separated into a phase II of the rate proceeding and decided at a later date and the parties would seek to resolve the matter by the end of 2016, although resolution will most likely occur in the first quarter of 2017. PowerAhead includes capital investments to advance modernization of the electric grid through energy efficiency, increased distributed generation, and resiliency, focused on improving the distribution system's ability to withstand major storm events. ACE cannot predict if the NJBPU will approve the PowerAhead initiative.

Update and Reconciliation of Certain Under-Recovered Balances (Exelon, PHI and ACE). *O* n February 1, 2016, ACE submitted its 2016 annual petition with the NJBPU seeking to reconcile and update (i) charges related to the recovery of above-market costs associated with ACE's long-term power purchase contracts with the NUGs and (ii) costs related to surcharges for the New Jersey Societal Benefit Program (a statewide public interest program that is intended to benefit low income customers and address other public policy goals) and ACE's uncollectible accounts.

The net impact of adjusting the charges as proposed is an overall annual rate increase of $9 million (revised to $19 million in April 2016, based upon an update for actuals through March 2016), including New Jersey sales and use tax. The matter is pending at the NJBPU.

Transmission Formula Rate (Exelon, ComEd, BGE, PHI, Pepco, DPL and ACE). The following total increases/(decreases) were included in ComEd's, BGE's, Pepco's, DPL's and ACE's electric transmission formula rate filings:

	2016				
Annual Transmission Filings [a]	**ComEd**	**BGE**	**Pepco**	**DPL**	**ACE**
Initial revenue requirement increase	$ 90	$ 12	$ 2	$ 8	$ 8
Annual reconciliation (decrease) increase	4	3	(10)	(10)	(14)
Dedicated facilities (decrease) increase		13			
MAPP abandonment recovery decrease	—	—	(15)	(12)	—
Total revenue requirement increase (decrease)	$ 94	$ 28	$ (23)	$ (14)	$ (6)
Allowed return on rate base [b]	8.47%	8.09%	7.88%	7.21%	7.83%
Previously authorized allowed return on rate base [b]	8.61%	8.46%	8.36%	7.80%	8.51%
Allowed ROE [c]	11.50%	10.50%	10.50%	10.50%	10.50%

(a) All rates are effective June 2016.
(b) Refers to the weighted average debt and equity return on transmission rate bases.
(c) As part of the FERC-approved settlement of ComEd's 2007 transmission rate case, the rate of return on common equity is 11.50% and the common equity component of the ratio used to calculate the weighted average debt and equity return for the transmission formula rate is currently capped at 55%. As part of the FERC-approved settlement of the ROE complaint against BGE, Pepco, DPL and ACE, the rate of return on common equity is 10.50%, inclusive of a 50 basis point incentive adder for being a member of a regional transmission organization.

Conduit Lease with City of Baltimore (Exelon and BGE) . On September 23, 2015, the Baltimore City Board of Estimates approved an increase in rental fees for access to the Baltimore City underground conduit

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system effective November 1, 2015, which is expected to result in an increase to Operating and maintenance expense of approximately $25 million in 2016 subject to an annual increase based on the Consumer Price Index. On October 16, 2015, BGE filed a lawsuit against the City in the Circuit Court for Baltimore City to protect its customers from any improper use by the City of the conduit fee revenues and to place constraints on the City's ability to set the conduit fee in the future.

Among the relief sought by BGE was a preliminary injunction preventing the City from enforcing its substantial increase in the conduit fee rate during the course of the litigation. A hearing was held in the Circuit Court for Baltimore City on December 15, 2015. While BGE's motion for preliminary injunction was denied, the Court's decision was premised upon several important concessions or acknowledgments made by the City in its written papers and at the hearing. Most importantly, the City conceded that it can charge BGE only for the actual costs of conduit maintenance and that a true-up process is required to the extent that the City fails to spend the amount collected for conduit maintenance. On July 12-13, 2016, the parties participated in non-binding mediation in an effort to resolve their disputes, but such mediation was unsuccessful. Due to concerns with the scheduling order entered by the Circuit Court, the parties stipulated to the dismissal of the lawsuit; however, BGE has the right to re-file the lawsuit. On August 25, 2016, BGE filed a motion to intervene in a lawsuit filed by several other tenants in the conduit system against the City in the United States District Court for the District of Maryland. BGE cannot predict the outcome of its motion for intervention or the accompanying complaint.

As part of its electric and gas distribution rate case filed on November 6, 2015, and as amended in the first quarter of 2016, BGE proposed to recover the annual increase in conduit fees effective November 1, 2015 of approximately $30 million through a surcharge. On June 3, 2016, the MDPSC issued a final order which did not allow BGE to recover or defer the $30 million in annual Baltimore City conduit fees. On June 30, 2016, BGE filed a petition for rehearing of the June 3 order requesting, among other things, that the MDPSC modify its decision to deny recovery of the Baltimore County conduit fees. On July 29, 2016, the MDPSC issued an order on the petitions for rehearing that, among other things, denied BGE's request that it be allowed to defer or recover through a surcharge the increase in Baltimore City underground conduit fees. On August 26, 2016, BGE filed an appeal of the MDPSC's orders with the Circuit Court for Baltimore County. On August 29, 2016, the residential consumer advocate also filed an appeal of the MDPSC's order but with the Circuit Court for Baltimore City. BGE cannot predict the outcome of these appeals.

Employees

During the second and third quarters of 2016, Exelon BSC and ComEd extended the collective bargaining agreement (CBA) with IBEW Local 15 by three years; with an expiration date of September 30, 2022. Exelon Generation extended its CBA with both the IBEW Local 15 (covering the five (5) Midwest nuclear plants) and IBEW Local 51 (Clinton) by three years; with expiration dates of April 30, 2022 and December 15, 2023, respectively. Additionally, Exelon Nuclear Security successfully ratified its CBA with the UGSOA Local 17 at Oyster Creek to an extension of five (5) years, and Exelon Power successfully ratified its CBA with the IBEW Local 614 to a three (3) extension.

Critical Accounting Policies and Estimates

Management of each of the Registrants makes a number of significant estimates, assumptions and judgments in the preparation of its financial statements. See ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS—CRITICAL ACCOUNTING POLICIES AND ESTIMATES in Exelon's, Generation's, ComEd's, PECO's and BGE's combined 2015 Form 10-K and PHI's, Pepco's, DPL's and ACE's 2015 combined Form 10-K for a discussion of the estimates and judgments necessary in the Registrants' accounting for AROs, goodwill, purchase accounting, unamortized energy assets and liabilities, asset impairments, depreciable lives of property, plant and equipment, defined benefit pension and other postretirement benefits, regulatory accounting, derivative instruments, taxation, contingencies, revenue recognition, and allowance for uncollectible accounts. At September 30, 2016, the Registrants' critical accounting policies and estimates had not changed significantly from December 31, 2015.

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Results of Operations

Net Income (Loss) Attributable to Common Shareholders by Registrant

	Three Months Ended September 30,		Favorable (Unfavorable) Variance	Nine Months Ended September 30,		Favorable (Unfavorable) Variance
	2016	2015		2016 [(a)]	2015	
Exelon	$ 490	$ 629	$ (139)	$ 930	$ 1,959	$ (1,029)
Generation	236	377	(141)	538	1,218	(680)
ComEd	37	149	(112)	297	339	(42)
PECO	122	90	32	346	299	47
BGE	54	51	3	183	202	(19)
Pepco	79	60	19	20	128	(108)
DPL	44	15	29	(16)	55	(71)
ACE	47	22	25	(50)	37	(87)

(a) For Pepco, DPL and ACE, reflects that Registrant's operations for the nine months ended September 30, 2016. For Exelon and Generation, includes the operations of the PHI acquired businesses for the period of March 24, 2016 through September 30, 2016.

	Successor	*Predecessor*	*Successor*	*Predecessor*	
	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	March 24 to September 30, 2016	January 1 to March 23, 2016	Nine Months Ended September 30, 2015
PHI	$ 166	$ 91	$ (91)	$ 19	$ 197

Results of Operations — Generation

	Three Months Ended September 30,		Favorable (Unfavorable) Variance	Nine Months Ended September 30,		Favorable (Unfavorable) Variance
	2016	2015		2016	2015	
Operating revenues	$ 5,035	$ 4,768	$ 267	$13,363	$14,841	$ (1,478)
Purchased power and fuel expense	2,589	2,519	(70)	6,609	7,800	1,191
Revenue net of purchased power and fuel (a)	2,446	2,249	197	6,754	7,041	(287)
Other operating expenses						
Operating and maintenance	1,336	1,241	(95)	4,333	3,860	(473)
Depreciation and amortization	632	264	(368)	1,329	774	(555)
Taxes other than income	136	123	(13)	380	369	(11)
Total other operating expenses	2,104	1,628	(476)	6,042	5,003	(1,039)
Gain on sales of assets	—	1	(1)	31	7	24
Operating income	342	622	(280)	743	2,045	(1,302)
Other income and (deductions)						
Interest expense, net	(77)	(68)	(9)	(273)	(269)	(4)
Other, net	185	(257)	442	395	(193)	588
Total other income and (deductions)	108	(325)	433	122	(462)	584
Income before income taxes	450	297	153	865	1,583	(718)
Income taxes	173	(36)	(209)	293	371	78
Equity in losses of unconsolidated affiliates	(6)	(1)	(5)	(16)	(4)	(12)
Net income	271	332	(61)	556	1,208	(652)
Net income (loss) attributable to noncontrolling interests	35	(45)	(80)	18	(10)	(28)
Net income attributable to membership interest	$ 236	$ 377	$ (141)	$ 538	$ 1,218	$ (680)

(a) Generation evaluates its operating performance using the measure of revenue net of purchased power and fuel expense. Generation believes that revenue net of purchased power and fuel expense is a useful measurement because it provides information that can be used to evaluate its operational performance. Revenue net of purchased power and fuel expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

Net Income Attributable to Membership Interest

Three Months Ended September 30, 2016 Compared to Three Months Ended September 30, 2015. Generation's net income attributable to membership interest for three months ended September 30, 2016 decreased compared to the same period in 2015, primarily due to higher operating and maintenance expense, higher depreciation and amortization expense and increased income tax expense, partially offset by higher revenue, net of purchased power and fuel expense and increased other income. The increase in operating and maintenance expense is primarily related to impairment of Upstream assets and increased costs related to the cost management program. The increase in depreciation and amortization expense is primarily related to accelerated depreciation and amortization expense related to the decision to early retire the Clinton and Quad Cities nuclear generating facilities, increased nuclear decommissioning amortization and increased depreciation expense due to ongoing capital expenditures. The increase in income taxes given a decrease in the domestic production activities

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deduction and absence of favorable settlement of certain income tax positions at Constellation in 2015. The increase in revenue net of purchased power and fuel expense primarily relates to higher mark-to-market results in 2016 compared to 2015 and the Ginna Reliability Support Services Agreement partially offset by decreased capacity prices and lower realized energy prices. The increase in other income is primarily due to the change in realized and unrealized gains and losses on NDT funds.

Nine Months Ended September 30, 2016 Compared to Nine Months Ended September 30, 2015. Generation's net income attributable to membership interest for the nine months ended September 30, 2016 decreased compared to the same period in 2015, primarily due to lower revenue net of purchased power and fuel expense, higher operating and maintenance expense and higher depreciation and amortization expense, partially offset by increased other income. The decrease in revenue net of purchased power and fuel expense primarily relates to lower mark-to-market results in 2016 compared to 2015, lower realized energy prices and increased oil inventory write-downs, partially offset by the Ginna Reliability Support Services Agreement, decreased fuel prices and a decrease in outage days at higher capacity units despite an increase in overall outage days. The increase in operating and maintenance expense is primarily related to the decision to early retire the Clinton and Quad Cities nuclear generating facilities, impairment of Upstream assets and certain wind projects and increased costs related to the cost management program. The increase in depreciation and amortization expense is primarily related to accelerated depreciation and amortization expense related to the decision to early retire the Clinton and Quad Cities nuclear generating facilities, increased nuclear decommissioning amortization and increased depreciation expense due to ongoing capital expenditures. The increase in other income is primarily due to the change in realized and unrealized gains and losses on NDT funds.

Revenue Net of Purchased Power and Fuel Expense

The basis for Generation's reportable segments is the integrated management of its electricity business that is located in different geographic regions, and largely representative of the footprints of ISO/RTO and/or NERC regions, which utilize multiple supply sources to provide electricity through various distribution channels (wholesale and retail). Generation's hedging strategies and risk metrics are also aligned with these same geographic regions. Descriptions of each of Generation's six reportable segments are as follows:

- Mid-Atlantic represents operations in the eastern half of PJM, which includes New Jersey, Maryland, Virginia, West Virginia, Delaware, the District of Columbia and parts of Pennsylvania and North Carolina.
- Midwest represents operations in the western half of PJM, which includes portions of Illinois, Pennsylvania, Indiana, Ohio, Michigan, Kentucky and Tennessee, and the United States footprint of MISO, excluding MISO's Southern Region, which covers all or most of North Dakota, South Dakota, Nebraska, Minnesota, Iowa, Wisconsin, the remaining parts of Illinois, Indiana, Michigan and Ohio not covered by PJM, and parts of Montana, Missouri and Kentucky.
- New England represents the operations within ISO-NE covering the states of Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.
- New York represents operations within ISO-NY, which covers the state of New York in its entirety.
- ERCOT represents operations within Electric Reliability Council of Texas, covering most of the state of Texas.
- Other Power Regions :
  - South represents operations in the FRCC, MISO's Southern Region, and the remaining portions of the SERC not included within MISO or PJM, which includes all or most of Florida, Arkansas, Louisiana, Mississippi, Alabama, Georgia, Tennessee, North Carolina, South Carolina and parts of Missouri, Kentucky and Texas. Generation's South region also includes operations in the SPP, covering Kansas, Oklahoma, most of Nebraska and parts of New Mexico, Texas, Louisiana, Missouri, Mississippi and Arkansas.

- West represents operations in the WECC, which includes California ISO, and covers the states of California, Oregon, Washington, Arizona, Nevada, Utah, Idaho, Colorado, and parts of New Mexico, Wyoming and South Dakota.
- Canada represents operations across the entire country of Canada and includes AESO, OIESO and the Canadian portion of MISO.

The following business activities are not allocated to a region, and are reported under Other: natural gas, as well as other miscellaneous business activities that are not significant to Generation's overall operating revenues or results of operations. Further, the following activities are not allocated to a region, and are reported in Other: amortization of certain intangible assets relating to commodity contracts recorded at fair value from mergers and acquisitions; accelerated nuclear fuel amortization associated with nuclear decommissioning; and other miscellaneous revenues.

Generation evaluates the operating performance of its power marketing activities using the measure of revenue net of purchased power and fuel expense which is a non-GAAP measurement. Generation's operating revenues include all sales to third parties and affiliated sales to the Utility Registrants. Purchased power costs include all costs associated with the procurement and supply of electricity including capacity, energy and ancillary services. Fuel expense includes the fuel costs for owned generation and fuel costs associated with tolling agreements.

For the three and nine months ended September 30, 2016 and 2015, Generation's revenue net of purchased power and fuel expense by region were as follows:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2016	2015	Variance	% Change	2016	2015	Variance	% Change
Mid-Atlantic [(a)]	$ 887	$ 997	$ (110)	(11.0)%	$ 2,556	$ 2,677	$ (121)	(4.5)%
Midwest [(b)]	781	756	25	3.3%	2,229	2,205	24	1.1%
New England	160	133	27	20.3%	350	379	(29)	(7.7)%
New York	194	170	24	14.1%	592	502	90	17.9%
ERCOT	93	111	(18)	(16.2)%	231	235	(4)	(1.7)%
Other Power Regions	77	83	(6)	(7.2)%	253	193	60	31.1%
Total electric revenue net of purchased power and fuel expense	2,192	2,250	(58)	(2.6)%	6,211	6,191	20	0.3%
Proprietary Trading	3	—	3	n.m.	9	3	6	200.0%
Mark-to-market gains / (losses)	88	(139)	227	(163.3)%	(113)	258	(371)	(143.8)%
Other [(c)]	163	138	25	18.1%	647	589	58	9.8%
Total revenue net of purchased power and fuel expense	$ 2,446	$ 2,249	$ 197	8.8%	$ 6,754	$ 7,041	$ (287)	(4.1)%

(a) Results of transactions with PECO and BGE are included in the Mid-Atlantic region. Results of transactions with Pepco, DPL, and ACE are included in the Mid-Atlantic region for the successor period of March 24, 2016 to September 30, 2016.
(b) Results of transactions with ComEd are included in the Midwest region.
(c) Other represents activities not allocated to a region. See text above for a description of included activities. Includes amortization of intangible assets related to commodity contracts recorded at fair value of a $22 million and $4 million decrease to revenue net of purchased power and fuel expense for the three months ended September 30, 2016 and 2015, respectively, and accelerated nuclear fuel amortization associated with nuclear decommissioning as discussed in Note 7 — Early Nuclear Plant Retirements of the Combined Notes to the Consolidated Financial Statements of $28 million for the three months ended September 30, 2016. Also includes amortization of intangible assets and liabilities related to

commodity contracts recorded at fair value of a $15 million decrease and $20 million increase to revenue net of purchased power and fuel expense for the nine months ended September 30, 2016 and 2015, respectively, and accelerated nuclear fuel amortization associated with nuclear decommissioning as discussed in Note 7 — Early Nuclear Plant Retirements of the Combined Notes to the Consolidated Financial Statements of $38 million for the nine months ended September 30, 2016.

Generation's supply sources by region are summarized below:

	Three Months Ended September 30,				Nine Months Ended September 30,			
Supply source (GWh)	2016	2015	Variance	% Change	2016	2015	Variance	% Change
Nuclear generation								
Mid-Atlantic [a]	15,604	16,446	(842)	(5.1)%	47,035	47,783	(748)	(1.6)%
Midwest	24,262	23,927	335	1.4%	70,925	69,802	1,123	1.6%
New York [a]	4,843	4,807	36	0.7%	14,002	14,057	(55)	(0.4)%
Total Nuclear Generation	44,709	45,180	(471)	(1.0)%	131,962	131,642	320	0.2%
Fossil and Renewables								
Mid-Atlantic	706	719	(13)	(1.8)%	2,290	2,028	262	12.9%
Midwest	273	262	11	4.2%	1,046	1,057	(11)	(1.0)%
New England	1,886	1,840	46	n.m.	5,826	2,575	3,251	n.m.
New York	1	1	—	—%	3	3	—	—%
ERCOT	2,472	2,306	166	7.2%	5,726	4,600	1,126	24.5%
Other Power Regions	2,103	1,945	158	8.1%	6,245	6,014	231	3.8%
Total Fossil and Renewables	7,441	7,073	368	5.2%	21,136	16,277	4,859	29.9%
Purchased Power								
Mid-Atlantic	7,139	3,511	3,628	103.3%	14,024	6,719	7,305	108.7%
Midwest	461	515	(54)	(10.5)%	1,855	1,511	344	22.8%
New England	3,927	5,787	(1,860)	(32.1)%	11,863	17,937	(6,074)	(33.9)%
ERCOT	2,895	2,422	473	19.5%	7,448	7,569	(121)	(1.6)%
Other Power Regions	3,803	5,812	(2,009)	(34.6)%	10,281	14,186	(3,905)	(27.5)%
Total Purchased Power	18,225	18,047	178	1.0%	45,471	47,922	(2,451)	(5.1)%
Total Supply/Sales by Region [b]								
Mid-Atlantic [c]	23,449	20,676	2,773	13.4%	63,349	56,530	6,819	12.1%
Midwest [c]	24,996	24,704	292	1.2%	73,826	72,370	1,456	2.0%
New England	5,813	7,627	(1,814)	(23.8)%	17,689	20,512	(2,823)	(13.8)%
New York	4,844	4,808	36	0.7%	14,005	14,060	(55)	(0.4)%
ERCOT	5,367	4,728	639	13.5%	13,174	12,169	1,005	8.3%
Other Power Regions	5,906	7,757	(1,851)	(23.9)%	16,526	20,199	(3,673)	(18.2)%
Total Supply/Sales by Region	70,375	70,300	75	0.1%	198,569	195,840	2,729	1.4%

(a) Includes the proportionate share of output where Generation has an undivided ownership interest in jointly-owned generating plants and includes the total output of plants that are fully consolidated (e.g. CENG).

(b) Excludes physical proprietary trading volumes of 1,506 GWh and 1,913 GWh for the three months ended September 30, 2016 and 2015, respectively, and 4,015 GWh and 5,378 GWh for the nine months ended September 30, 2016 and 2015, respectively.

(c) Includes affiliate sales to PECO and BGE in the Mid-Atlantic region and affiliate sales to ComEd in the Midwest region. As a result of the PHI Merger, includes affiliate sales to Pepco, DPL and ACE in the Mid-Atlantic region for the Successor period of March 24, 2016 to September 30, 2016.

Mid-Atlantic

Three Months Ended September 30, 2016 Compared to Three Months Ended September 30, 2015. The $110 million decrease in revenue net of purchased power and fuel expense in the Mid-Atlantic primarily reflects decreased capacity prices, lower realized energy prices and increased nuclear outage days.

Nine Months Ended September 30, 2016 Compared to Nine Months Ended September 30, 2015. The $121 million decrease in revenue net of purchased power and fuel expense in the Mid-Atlantic primarily reflects lower realized energy prices, decreased capacity prices and higher oil inventory write-downs in 2016, partially offset by increased load volumes served.

Midwest

Three Months Ended September 30, 2016 Compared to Three Months Ended September 30, 2015. The $25 million increase in revenue net of purchased power and fuel expense in the Midwest primarily reflects decreased nuclear outage days and higher realized energy prices.

Nine Months Ended September 30, 2016 Compared to Nine Months Ended September 30, 2015. The $24 million increase in revenue net of purchased power and fuel expense in the Midwest primarily reflects decreased nuclear outage days and increased capacity prices, partially offset by lower realized energy prices.

New England

Three Months Ended September 30, 2016 Compared to Three Months Ended September 30, 2015. The $27 million increase in revenue net of purchased power and fuel expense in New England was driven by increased capacity prices.

Nine Months Ended September 30, 2016 Compared to Nine Months Ended September 30, 2015. The $29 million decrease in revenue net of purchased power and fuel expense in New England was driven by lower realized energy prices and higher oil inventory write-downs in 2016, partially offset by increased capacity prices.

New York

Three Months Ended September 30, 2016 Compared to Three Months Ended September 30, 2015. The $24 million increase in revenue net of purchased power and fuel expense in New York was primarily due to the impact of the Ginna Reliability Support Service Agreement.

Nine Months Ended September 30, 2016 Compared to Nine Months Ended September 30, 2015. The $90 million increase in revenue net of purchased power and fuel expense in New York was primarily due to the approval of the Ginna Reliability Support Service Agreement, partially offset by lower realized energy prices.

ERCOT

Three Months Ended September 30, 2016 Compared to Three Months Ended September 30, 2015. The $18 million decrease in revenue net of purchased power and fuel expense in ERCOT was primarily due to lower realized energy prices.

Nine Months Ended September 30, 2016 Compared to Nine Months Ended September 30, 2015. The $4 million decrease in revenue net of purchased power and fuel expense in ERCOT was primarily due to lower realized energy prices, partially offset by increased output from renewable assets.

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Other Power Regions

Three Months Ended September 30, 2016 Compared to Three Months Ended September 30, 2015. The $6 million decrease in revenue net of purchased power and fuel expense in Other Power Regions was primarily due to lower realized energy prices.

Nine Months Ended September 30, 2016 Compared to Nine Months Ended September 30, 2015. The $60 million increase in revenue net of purchased power and fuel expense in Other Power Regions was primarily due to higher realized energy prices.

Proprietary Trading

Three Months Ended September 30, 2016 Compared to Three Months Ended September 30, 2015. The $3 million increase in revenue net of purchased power and fuel expense in Proprietary Trading was primarily due to congestion activity.

Nine Months Ended September 30, 2016 Compared to Nine Months Ended September 30, 2015. The $6 million increase in revenue net of purchased power and fuel expense in Proprietary Trading was primarily due to congestion activity.

Mark-to-market

Three Months Ended September 30, 2016 Compared to Three Months Ended September 30, 2015. Mark-to-market gains on economic hedging activities were $88 million for the three months ended September 30, 2016 compared to losses of $139 million for the three months ended September 30, 2015 See Notes 8 — Fair Value of Financial Assets and Liabilities and 9 — Derivative Financial Instruments of the Combined Notes to the Consolidated Financial Statements for information on gains and losses associated with mark-to-market derivatives.

Nine Months Ended September 30, 2016 Compared to Nine Months Ended September 30, 2015. Mark-to-market losses on economic hedging activities were $113 million for the nine months ended September 30, 2016 compared to gains of $258 million for the nine months ended September 30, 2015. See Notes 8 — Fair Value of Financial Assets and Liabilities and 9 — Derivative Financial Instruments of the Combined Notes to the Consolidated Financial Statements for information on gains and losses associated with mark-to-market derivatives.

Other

Three Months Ended September 30, 2016 Compared to Three Months Ended September 30, 2015. The $25 million increase in other revenue net of purchased power and fuel was primarily due to revenue related to the inclusion of Pepco Energy Services results in 2016 and revenue related to energy efficiency projects, partially offset by the amortization of energy contracts recorded at fair value associated with prior acquisitions, and accelerated nuclear fuel amortization associated with nuclear decommissioning as discussed in Note 7 — Early Nuclear Plant Retirements of the Combined Notes to the Consolidated Financial Statements.

Nine Months Ended September 30, 2016 Compared to Nine Months Ended September 30, 2015. The $58 million increase in other revenue net of purchased power and fuel was primarily due to revenue related to the inclusion of Pepco Energy Services results in 2016 and revenue related to energy efficiency projects, partially offset by the amortization of energy contracts recorded at fair value associated with prior acquisitions, and accelerated nuclear fuel amortization associated with nuclear decommissioning as discussed in Note 7 — Early Nuclear Plant Retirements of the Combined Notes to the Consolidated Financial Statements.

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Nuclear Fleet Capacity Factor

The following table presents nuclear fleet operating data for the three and nine months ended September 30, 2016 as compared to the same periods in 2015, for the Generation-operated plants. The nuclear fleet capacity factor presented in the table is defined as the ratio of the actual output of a plant over a period of time to its output if the plant had operated at full average annual mean capacity for that time period. Generation considers capacity factor to be a useful measure to analyze the nuclear fleet performance between periods. Generation has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, these measures are not a presentation defined under GAAP and may not be comparable to other companies' presentations or be more useful than the GAAP information provided elsewhere in this report.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Nuclear fleet capacity factor [a]	96.3%	95.5%	94.8%	93.8%

(a) Excludes Salem, which is operated by PSEG Nuclear, LLC. Reflects ownership percentage of stations operated by Exelon.

Three Months Ended September 30, 2016 Compared to Three Months Ended September 30, 2015. The nuclear fleet capacity factor increased primarily due to fewer refueling and non-refueling outage days, excluding Salem outages, during the three months ended September 30, 2016 compared to the same period in 2015. For the three months ended September 30, 2016 and 2015, planned refueling outage days totaled 17 and 27, respectively. During the same periods, non-refueling outage days totaled zero and 11, respectively.

Nine Months Ended September 30, 2016 Compared to Nine Months Ended September 30, 2015. The nuclear fleet capacity factor increased primarily due to fewer refueling and non-refueling outage days, excluding Salem outages, during the nine months ended September 30, 2016 compared to the same period in 2015. For the nine months ended September 30, 2016 and 2015, planned refueling outage days totaled 174 and 187, respectively. During the same periods, non-refueling outage days totaled 31 and 61, respectively.

Operating and Maintenance

The changes in operating and maintenance expense for the three and nine months ended September 30, 2016 as compared to the same periods in 2015, consisted of the following:

	Three Months Ended September 30, Increase (Decrease)	Nine Months Ended September 30, Increase (Decrease)
Labor, other benefits, contracting, materials	$ 106	$ 144
Nuclear refueling outage costs, including the co-owned Salem plants [a]	(8)	10
Corporate allocations [b]	24	12
Merger and integration costs	5	5
Merger commitments	—	3
Plant retirements and divestitures [c]	(36)	91
Impairment of long-lived assets [d]	15	171
Cost management program [e]	11	35
Midwest Generation bankruptcy recoveries [f]	—	10
Asset retirement obligation update [g]	10	10
Pension and non-pension postretirement benefits expense [h]	(11)	(35)
Accretion expense	(11)	(10)
Other	(10)	27
Increase in operating and maintenance expense	$ 95	$ 473

(a) Primarily reflects the unfavorable impact of the timing and extended duration of an outage at the Salem nuclear power plant for the nine months ended September 30, 2016.
(b) Reflects an increased share of corporate allocated costs.
(c) Represents the decision to early retire the Clinton and Quad Cities nuclear facilities in 2016.
(d) Reflects the impact of 2016 charge to earnings related to the impairment of Upstream assets and certain wind projects.
(e) Represents the 2016 severance expense and reorganization costs related to a cost management program.
(f) Reflects a 2015 benefit for the favorable settlement of a long-term railcar lease agreement pursuant to the Midwest Generation bankruptcy.
(g) Reflects the impact of the 2015 annual update of Generation's nuclear decommissioning obligation for Non-Regulatory Agreement Units.
(h) Reflects favorable impact of higher pension and OPEB discount rates in 2016.

Depreciation and Amortization

Depreciation and amortization expense for the three and nine months ended September 30, 2016 compared to the three and nine months ended September 30, 2015 increased primarily due to accelerated depreciation related to the decision to early retire the Clinton and Quad Cities nuclear facilities in 2016, increased nuclear decommissioning amortization and increased depreciation expense due to ongoing capital expenditures.

Taxes Other Than Income

Three Months Ended September 30, 2016 Compared to Three Months Ended September 30, 2015. Taxes other than income taxes, which can vary period to period, include non-income municipal and state utility taxes, real estate taxes and payroll taxes. The increase primarily relates to property and gross receipts tax.

Nine Months Ended September 30, 2016 Compared to Nine Months Ended September 30, 2015. Taxes other than income taxes, which can vary period to period, include non-income municipal and state utility taxes, real estate taxes and payroll taxes. The increase primarily relates to gross receipts and sales and use tax.

Gain on Sales of Assets

Three Months Ended September 30, 2016 Compared to Three Months Ended September 30, 2015. Gain on sales of assets for the three months ended September 30, 2016 compared to the three months ended September 30, 2015 remained relatively stable.

Nine Months Ended September 30, 2016 Compared to Nine Months Ended September 30, 2015. Gain on sales of assets for the nine months ended September 30, 2016 compared to the nine months ended September 30, 2015 increased as a result of the gain associated with Generation's sale of the New Boston generating site.

Interest Expense, net

Three Months Ended September 30, 2016 Compared to Three Months Ended September 30, 2015. The increase in interest expense for the three months ended September 30, 2016 compared to the three months ended September 30, 2015 is primarily due to higher outstanding debt.

Nine Months Ended September 30, 2016 Compared to Nine Months Ended September 30, 2015. Interest expense for the nine months ended September 30, 2016 compared to the nine months ended September 30, 2015 remained relatively stable.

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Other, Net

Other, net for the three and nine months ended September 30, 2016 compared to the three and nine months ended September 30, 2015 increased primarily due to the change in the realized and unrealized gains and losses related to NDT funds of Non-Regulatory Agreement Units as described in the table below. Other, net also reflects $39 million and $(55) million for the three months ended September 30, 2016 and 2015, respectively, and $84 million and $(44) million for the nine months ended September 30, 2016 and 2015, respectively, related to the contractual elimination of income tax expense (benefit) associated with the NDT funds of the Regulatory Agreement Units. Refer to Note 12 — Nuclear Decommissioning of the Combined Notes to the Consolidated Financial Statements for additional information regarding NDT funds.

The following table provides unrealized and realized gains and losses on the NDT funds of the Non-Regulatory Agreement Units recognized in Other, net for the three and nine months ended September 30, 2016 and 2015:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Net unrealized gains (losses) on decommissioning trust funds	$ 116	$ (218)	$ 216	$ (274)
Net realized gains (losses) on sale of decommissioning trust funds	12	(3)	26	53

Equity in Losses of Unconsolidated Affiliates

Three Months Ended September 30, 2016 Compared to Three Months Ended September 30, 2015. Equity in losses of unconsolidated affiliates for the three months ended September 30, 2016 compared to the three months ended September 30, 2015 remained relatively stable.

Nine Months Ended September 30, 2016 Compared to Nine Months Ended September 30, 2015. The increase in equity in losses of unconsolidated affiliates for the nine months ended September 30, 2016 compared to the nine months ended September 30, 2015 increased as a result of losses on equity investments.

Effective Income Tax Rate

Generation's effective income tax rate was 38.4% and 33.9% for the three and nine months ended September 30, 2016, respectively, compared to (12.1)% and 23.4% for the same periods during 2015. See Note 11 — Income Taxes of the Combined Notes to the Consolidated Financial Statements for further discussion of the change in the effective income tax rate.

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Results of Operations — ComEd

	Three Months Ended September 30,		Favorable (Unfavorable) Variance	Nine Months Ended September 30,		Favorable (Unfavorable) Variance
	2016	2015		2016	2015	
Operating revenues	$ 1,497	$ 1,376	$ 121	$ 4,031	$ 3,709	$ 322
Purchased power expense	454	390	(64)	1,141	991	(150)
Revenue net of purchased power expense [(a)(b)]	1,043	986	57	2,890	2,718	172
Other operating expenses						
Operating and maintenance	377	404	27	1,113	1,166	53
Depreciation and amortization	196	176	(20)	574	528	(46)
Taxes other than income	82	79	(3)	222	225	3
Total other operating expenses	655	659	4	1,909	1,919	10
Gain on sales of assets	1	—	1	6	—	6
Operating income	389	327	62	987	799	188
Other income and (deductions)						
Interest expense, net	(197)	(83)	(114)	(374)	(248)	(126)
Other, net	(80)	4	(84)	(72)	14	(86)
Total other income and (deductions)	(277)	(79)	(198)	(446)	(234)	(212)
Income before income taxes	112	248	(136)	541	565	(24)
Income taxes	75	99	24	244	226	(18)
Net income	$ 37	$ 149	$ (112)	$ 297	$ 339	$ (42)

(a) ComEd evaluates its operating performance using the measure of Revenue net of purchased power expense. ComEd believes that Revenue net of purchased power expense is a useful measurement because it provides information that can be used to evaluate its operational performance. In general, ComEd only earns margin based on the delivery and transmission of electricity. ComEd has included its discussion of Revenue net of purchased power expense below as a complement to the financial information provided in accordance with GAAP. However, Revenue net of purchased power expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

(b) For regulatory recovery mechanisms, including ComEd's electric distribution and transmission formula rates, and riders, revenues increase and decrease i) as fully recoverable costs fluctuate (with no impact on net earnings), and ii) pursuant to changes in rate base, capital structure and ROE (which impact net earnings).

Net Income

Three Months Ended September 30, 2016 Compared to Three months ended September 30, 2015. ComEd's Net income for the three months ended September 30, 2016 was lower than the same period in 2015, primarily due to the recognition of the penalty and the after-tax interest due on the asserted penalty related to the Tax Court's decision on Exelon's like-kind exchange tax position, partially offset by increased electric distribution and transmission formula rate earnings (reflecting the impacts of increased capital investment, partially offset by lower allowed electric distribution ROE) and favorable weather.

Nine months ended September 30, 2016 Compared to Nine months ended September 30, 2015. ComEd's Net income for the nine months ended September 30, 2016 was lower than the same period in 2015, primarily due to the recognition of the penalty and the after-tax interest due on the asserted penalty related to the Tax Court's decision on Exelon's like-kind exchange tax position, partially offset by increased electric distribution and transmission formula rate earnings (reflecting the impacts of increased capital investment, partially offset by lower allowed electric distribution ROE) and favorable weather.

Operating Revenue Net of Purchased Power Expense

There are certain drivers of Operating revenue that are fully offset by their impact on Purchased power expense, such as commodity procurement costs and participation in customer choice programs. ComEd is permitted to recover electricity procurement costs from retail customers without mark-up. Therefore, fluctuations in electricity procurement costs have no impact on Revenue net of purchased power expense. See Note 3 — Regulatory Matters of the Exelon 2015 Form 10-K for additional information on ComEd's electricity procurement process.

All ComEd customers have the choice to purchase electricity from a competitive electric generation supplier. Customer choice programs do not impact ComEd's volume of deliveries, but do affect ComEd's Operating revenue related to supplied energy, which is fully offset in Purchased power expense. Therefore, customer choice programs have no impact on Revenue net of purchased power expense.

Retail deliveries purchased from competitive electric generation suppliers (as a percentage of kWh sales) for the three and nine months ended September 30, 2016 and 2015, consisted of the following:

Three Months Ended September 30,		Nine Months Ended September 30,	
2016	2015	2016	2015
70%	75%	72%	77%

Retail customers purchasing electric generation from competitive electric generation suppliers at September 30, 2016 and 2015 consisted of the following:

September 30, 2016		September 30, 2015	
Number of customers	% of total retail customers	Number of customers	% of total retail customers
1,526,900	39%	1,664,600	43%

Under an Illinois law allowing municipalities to arrange the purchase of electricity for their participating residents, the City of Chicago previously participated in ComEd's customer choice program and arranged the purchase of electricity from Constellation (formerly Integrys), for those participating residents. In September 2015, the City of Chicago discontinued its participation in the customer choice program and many of those participating residents resumed their purchase of electricity from ComEd. ComEd's Operating revenue has increased as a result of the City of Chicago switching, but that increase is fully offset in Purchased power expense.

The changes in ComEd's Revenue net of purchased power expense for the three and nine months ended September 30, 2016, compared to the same periods in 2015 consisted of the following:

	Three Months Ended September 30, 2016 Increase (Decrease)	Nine Months Ended September 30, 2016 Increase (Decrease)
Weather	$ 38	$ 41
Volume	5	2
Electric distribution revenue	20	86
Transmission revenue	19	87
Regulatory required programs	(25)	(41)
Uncollectible accounts recovery, net	2	(15)
Pricing and customer mix	(11)	(5)
Other	9	17
Total increase	$ 57	$ 172

Weather. The demand for electricity is affected by weather conditions. Very warm weather in summer months and very cold weather in other months are referred to as "favorable weather conditions" because these weather conditions result in increased customer usage. Conversely, mild weather reduces demand. For the three and nine months ended September 30, 2016, favorable weather conditions increased Operating revenue net of purchased power expense when compared to the same periods in 2015.

Heating and cooling degree days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree days for a 30-year period in ComEd's service territory with cooling degree days generally having a more significant impact to ComEd, particularly during the summer months. The changes in heating and cooling degree days in ComEd's service territory for the three and nine months ended September 30, 2016 and 2015, consisted of the following:

Heating and Cooling Degree-Days				% Change	
Three Months Ended September 30,	2016	2015	Normal	2016 vs. 2015	2016 vs. Normal
Heating Degree-Days	23	55	119	(58.2)%	(80.7)%
Cooling Degree-Days	840	634	613	32.5%	37.0%
Nine Months Ended September 30,					
Heating Degree-Days	3,678	4,373	4,048	(15.9)%	(9.1)%
Cooling Degree-Days	1,130	805	831	40.4%	36.0%

Volume. For the three and nine months ended September 30, 2016, Revenue net of purchased power expense increased as a result of higher delivery volume, exclusive of the effects of weather, reflecting increased average usage per residential customer as compared to the same periods in 2015.

Electric Distribution Revenue. EIMA provides for a performance-based formula rate tariff, which requires an annual reconciliation of the revenue requirement in effect to the actual costs that the ICC determines are prudently and reasonably incurred in a given year. Under EIMA, electric distribution revenue varies from year to year based upon fluctuations in the underlying costs, investments being recovered, and allowed ROE. ComEd's allowed ROE is the annual average rate on 30-year treasury notes plus 580 basis points, subject to a collar of plus or minus 50 basis points. Therefore, the collar limits favorable and unfavorable impacts of weather and load on revenue. During the three and nine months ended September 30, 2016, ComEd recorded increased electric distribution revenue primarily due to increased capital investment and depreciation expense, partially offset by lower allowed ROE due to a decrease in treasury rates. See Depreciation and amortization expense discussions below, and Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Transmission Revenue. Under a FERC-approved formula, transmission revenue varies from year to year based upon fluctuations in the underlying costs, investments being recovered and the highest daily peak load, which is updated annually in January based on the prior calendar year. Generally, increases/decreases in the highest daily peak load will result in higher/lower transmission revenue. For the three and nine months ended September 30, 2016, ComEd recorded increased transmission revenue due to increased capital investment, higher depreciation expense and increased highest daily peak load as compared to the same period in 2015.

Regulatory Required Programs. This represents the change in Operating revenue collected under approved riders to recover costs incurred for regulatory programs such as ComEd's energy efficiency and demand response and purchased power administrative costs. The riders are designed to provide full and current cost recovery. An equal and offsetting amount has been included in Operating and maintenance expense. See Operating and maintenance expense discussion below for additional information on included programs.

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Uncollectible Accounts Recovery, Net. Uncollectible accounts recovery, net represents recoveries under ComEd's uncollectible accounts tariff. See Operating and maintenance expense discussion below for additional information on this tariff.

Pricing and Customer Mix. For the three and nine months ended September 30, 2016, the decrease in Revenue net of purchased power as a result of pricing and customer mix is primarily attributable to lower overall effective rates due to increased usage across all major customer classes and change in customer mix as compared to the same period in 2015.

Other. Other revenue, which can vary period to period, includes rental revenue, revenue related to late payment charges, assistance provided to other utilities through mutual assistance programs, recoveries of environmental costs associated with MGP sites, and recoveries of energy procurement costs.

Operating and Maintenance Expense

	Three Months Ended September 30,		Increase (Decrease)	Nine Months Ended September 30,		Increase (Decrease)
	2016	2015		2016	2015	
Operating and maintenance expense —baseline	$ 336	$ 338	$ (2)	$ 993	$ 1,005	$ (12)
Operating and maintenance expense —regulatory required programs [a]	41	66	$ (25)	120	161	(41)
Total operating and maintenance expense	$ 377	$ 404	$ (27)	$ 1,113	$ 1,166	$ (53)

(a) Operating and maintenance expense for regulatory required programs are costs for various legislative and/or regulatory programs that are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in Operating revenue.

The changes in Operating and maintenance expense for the three and nine months ended September 30, 2016 compared to the same periods in 2015, consisted of the following:

	Three Months Ended September 30, 2016 Increase (Decrease)	Nine Months Ended September 30, 2016 Increase (Decrease)
Baseline		
Labor, other benefits, contracting and materials	$ 3	$ (2)
Pension and non-pension postretirement benefits expense [a]	(6)	(16)
Storm-related costs	2	8
Uncollectible accounts expense — provision [b]	3	4
Uncollectible accounts expense — recovery, net [b]	(1)	(19)
BSC costs [c]	(2)	20
Other	(1)	(7)
	(2)	(12)
Regulatory required programs		
Energy efficiency and demand response programs	(25)	(41)
	(25)	(41)
Total increase (decrease)	$ (27)	$ (53)

(a) Primarily reflects the favorable impact of higher assumed pension and OPEB discount rates in 2016.
(b) ComEd is allowed to recover from or refund to customers the difference between the utility's annual uncollectible accounts expense and the amounts collected in rates annually through a rider mechanism. During the three and nine

months ended September 30, 2016, ComEd recorded a net decrease in Operating and maintenance expense related to uncollectible accounts due to the timing of regulatory cost recovery. An equal and offsetting decrease has been recognized in operating revenue for the periods presented.

(c) Primarily reflects increased information technology support services from BSC during 2016.

Depreciation and Amortization Expense

The increase in Depreciation and amortization expense during the three and nine months ended September 30, 2016, compared to the same periods in 2015, consisted of the following:

	Three Months Ended September 30, 2016 Increase (Decrease)	Nine Months Ended September 30, 2016 Increase (Decrease)
Depreciation expense [(a)]	$ 16	$ 43
Regulatory asset amortization	(1)	(7)
Other	5	10
Total increase	$ 20	$ 46

(a) Depreciation expense increased due to ongoing capital expenditures.

Taxes Other Than Income

Taxes other than income, which can vary period to period, include municipal and state utility taxes, real estate taxes and payroll taxes. Taxes other than income taxes remained relatively consistent during the three and nine months ended September 30, 2016, compared to the same periods in 2015.

Gain on Sales of Assets

The increase in Gain on sales of assets during the three and nine months ended September 30, 2016, compared to the same periods in 2015, is primarily due to the sale of land during March 2016.

Interest Expense, Net

The changes in interest expense, net, for the three and nine months ended September 30, 2016, compared to the same periods in 2015, consisted of the following:

	Three Months Ended September 30, 2016 Increase (Decrease)	Nine Months Ended September 30, 2016 Increase (Decrease)
Interest expense related to uncertain tax positions [(a)]	$ 106	$ 110
Interest expense on debt (including financing trusts)	11	20
Other	(3)	(4)
Increase in interest expense, net	$ 114	$ 126

(a) Primarily reflects the recognition of the after-tax interest due on the asserted penalty related to the Tax Court's decision on Exelon's like-kind exchange tax position in the third quarter of 2016. See Note 11 of the Combined Notes to Consolidated Financial Statements for additional information.

Other, Net

The changes in other, net, for the three and nine months ended September 30, 2016, compared to the same periods in 2015, consisted of the following:

	Three Months Ended September 30, 2016 Increase (Decrease)	Nine Months Ended September 30, 2016 Increase (Decrease)
Other income and deductions, net (a)	$ 89	$ 92
AFUDC equity	(4)	(6)
Other	(1)	—
Increase in other, net	$ 84	$ 86

(a) Primarily reflects the recognition of the penalty related to the Tax Court's decision on Exelon's like-kind exchange tax position in the third quarter of 2016. See Note 11 of the Combined Notes to Consolidated Financial Statements for additional information.

Effective Income Tax Rate

ComEd's effective income tax rate was 67.0% and 39.9% for the three months ended September 30, 2016 and 2015, respectively. ComEd's effective income tax rate was 45.1% and 40.0% for the nine months ended September 30, 2016 and 2015, respectively. The increase in the effective income tax rate for the three and nine months ended September 30, 2016 compared to the same periods in 2015 is primarily due to a non-deductible penalty. See Note 11 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

ComEd Electric Operating Statistics and Revenue Detail

Retail Deliveries to Customers (in GWhs)	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	% Change	Weather-Normal % Change	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015	% Change	Weather-Normal % Change
Retail Deliveries (a)								
Residential	9,014	7,919	13.8%	1.0%	21,738	20,602	5.5%	(0.1)%
Small commercial & industrial	8,833	8,579	3.0%	(0.2)%	24,447	24,305	0.6%	(0.1)%
Large commercial & industrial	7,565	7,250	4.3%	2.0%	21,057	20,807	1.2%	1.0%
Public authorities & electric railroads	308	295	4.4%	4.4%	947	964	(1.8)%	(0.3)%
Total retail deliveries	25,720	24,043	7.0%	0.9%	68,189	66,678	2.3%	0.2%

Number of Electric Customers	As of September 30, 2016	As of September 30, 2015
Residential	3,578,846	3,524,253
Small commercial & industrial	372,603	369,151
Large commercial & industrial	2,010	1,996
Public authorities & electric railroads	4,738	4,826
Total	3,958,197	3,900,226

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Electric Revenue	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	% Change	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015	% Change
Retail Sales (a)						
Residential	$ 786	$ 690	13.9%	$2,018	$1,785	13.1%
Small commercial & industrial	356	361	(1.4)%	1,007	1,029	(2.1)%
Large commercial & industrial	126	121	4.1%	350	339	3.2%
Public authorities & electric railroads	10	10	—%	33	33	—%
Total retail	1,278	1,182	8.1%	3,408	3,186	7.0%
Other revenue (b)	219	194	12.9%	623	523	19.1%
Total electric revenue (c)	$ 1,497	$ 1,376	8.8%	$4,031	$3,709	8.7%

(a) Reflects delivery revenue and volume from customers purchasing electricity directly from ComEd and customers purchasing electricity from a competitive electric generation supplier, as all customers are assessed delivery charges. For customers purchasing electricity from ComEd, revenue also reflects the cost of energy and transmission.

(b) Other revenue primarily includes transmission revenue from PJM. Other revenue also includes rental revenue, revenue related to late payment charges, revenue from other utilities for mutual assistance programs and recoveries of remediation costs associated with MGP sites.

(c) Includes operating revenues from affiliates totaling $4 million and $1 million for the three months ended September 30, 2016 and 2015, and $12 million and $3 million for the nine months ended September 30, 2016 and 2015, respectively.

Results of Operations — PECO

	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	Favorable (Unfavorable) Variance	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015	Favorable (Unfavorable) Variance
Operating revenues	$ 788	$ 740	$ 48	$ 2,293	$ 2,386	$ (93)
Purchased power and fuel	272	278	6	809	953	144
Revenue net of purchased power and fuel (a)	516	462	54	1,484	1,433	51
Other operating expenses						
Operating and maintenance	199	196	(3)	604	609	5
Depreciation and amortization	67	68	1	201	198	(3)
Taxes other than income	46	44	(2)	126	125	(1)
Total other operating expenses	312	308	(4)	931	932	1
Gain on sales of assets	—	—	—	—	1	(1)
Operating income	204	154	50	553	502	51
Other income and (deductions)						
Interest expense, net	(30)	(28)	(2)	(92)	(84)	(8)
Other, net	2	1	1	6	3	3
Total other income and (deductions)	(28)	(27)	(1)	(86)	(81)	(5)
Income before income taxes	176	127	49	467	421	46
Income taxes	54	37	(17)	121	122	1
Net income attributable to common shareholder	$ 122	$ 90	$ 32	$ 346	$ 299	$ 47

(a) PECO evaluates its operating performance using the measures of revenue net of purchased power expense for electric sales and revenue net of fuel expense for gas sales. PECO believes revenue net of purchased power expense and revenue net of fuel expense are useful measurements of its performance because they provide information that can be used to

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evaluate its net revenue from operations. PECO has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, revenue net of purchased power expense and revenue net of fuel expense figures are not presentations defined under GAAP and may not be comparable to other companies' presentations or more useful than the GAAP information provided elsewhere in this report.

Net Income Attributable to Common Shareholder

Three Months Ended September 30, 2016 Compared to Three Months Ended September 30, 2015. PECO's Net income attributable to common shareholder increased from the same period in 2015, primarily due to an increase in Revenue net of purchased power and fuel expense as a result of increased electric distribution revenue pursuant to the 2015 PAPUC authorized electric distribution rate increase effective January 1, 2016, as well as favorable summer weather.

Nine Months Ended September 30, 2016 Compared to Nine Months Ended September 30, 2015. PECO's Net income attributable to common shareholder increased from the same period in 2015, primarily due to an increase in Revenue net of purchased power and fuel expense as a result of increased electric distribution revenue pursuant to the 2015 PAPUC authorized electric distribution rate increase effective January 1, 2016, partially offset by unfavorable winter weather as well as a lower income tax expense as a result of an increase in the gas repairs deduction and a cumulative adjustment related to an anticipated gas repairs tax return accounting method change.

Operating Revenues Net of Purchased Power and Fuel Expense

Electric and natural gas revenue and purchased power and fuel expense are affected by fluctuations in commodity procurement costs. PECO's electric supply and natural gas cost rates charged to customers are subject to adjustments at least quarterly that are designed to recover or refund the difference between the actual cost of electric supply and natural gas and the amount included in rates in accordance with the PAPUC's GSA and PGC, respectively. Therefore, fluctuations in electric supply and natural gas procurement costs have no impact on electric and natural gas revenue net of purchased power and fuel expense.

Electric and natural gas revenue and purchased power and fuel expense are also affected by fluctuations in participation in the Customer Choice Program. All PECO customers have the choice to purchase electricity and natural gas from competitive electric generation and natural gas suppliers, respectively. The customers' choice of suppliers does not impact the volume of deliveries, but affects revenue collected from customers related to supplied energy and natural gas service. Customer choice program activity has no impact on electric and natural gas revenue net of purchased power and fuel expense.

Retail deliveries purchased from competitive electric generation and natural gas suppliers (as a percentage of kWh and mmcf sales, respectively) for the three and nine months ended September 30, 2016 and 2015, consisted of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Electric	69%	69%	70%	69%
Natural Gas	31%	31%	26%	24%

Retail customers purchasing electric generation and natural gas from competitive electric generation and natural gas suppliers at September 30, 2016 and 2015 consisted of the following:

	September 30, 2016		September 30, 2015	
	Number of customers	% of total retail customers	Number of customers	% of total retail customers
Electric	581,600	36%	558,300	35%
Natural Gas	81,300	16%	81,100	16%

The changes in PECO's operating revenues net of purchased power and fuel expense for the three and nine months ended September 30, 2016 compared to the same periods in 2015 consisted of the following:

	Three Months Ended September 30, 2016 Increase (Decrease)			Nine Months Ended September 30, 2016 Increase (Decrease)		
	Electric	Natural Gas	Total	Electric	Natural Gas	Total
Weather	$ 31	$ —	$ 31	$ (19)	$ (28)	$ (47)
Volume	(2)	—	(2)	7	3	10
Pricing	36	—	36	137	(1)	136
Regulatory required programs	(9)	—	(9)	(43)	—	(43)
Other	(2)	—	(2)	(6)	1	(5)
Total increase (decrease)	$ 54	$ —	$ 54	$ 76	$ (25)	$ 51

Weather. The demand for electricity and natural gas is affected by weather conditions. With respect to the electric business, very warm weather in summer months and, with respect to the electric and natural gas businesses, very cold weather in winter months are referred to as "favorable weather conditions" because these weather conditions result in increased deliveries of electricity and natural gas. Conversely, mild weather reduces demand. During the three months ended September 30, 2016 compared to the same period in 2015, Operating revenue net of purchased power and fuel expense was higher due to the impact of favorable weather conditions in PECO's service territory. During the nine months ended September 30, 2016 compared to the same period in 2015, Operating revenue net of purchased power and fuel expense was lower due to the impact of unfavorable weather conditions in PECO's service territory.

Heating and cooling degree days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree days for a 30-year period in PECO's service territory. The changes in heating and cooling degree days in PECO's service territory for the three and nine months ended September 30, 2016 compared to the same periods in 2015 and normal weather consisted of the following:

Heating and Cooling Degree-Days				% Change	
Three Months Ended September 30,	2016	2015	Normal	2016 vs. 2015	2016 vs. Normal
Heating Degree-Days	10	—	38	N/A	(73.7)%
Cooling Degree-Days	1,288	1,186	929	8.6%	38.6%
Nine Months Ended September 30,					
Heating Degree-Days	2,616	3,264	2,981	(19.9)%	(12.2)%
Cooling Degree-Days	1,684	1,699	1,278	(0.9)%	31.8%

Volume. Operating revenue net of purchased power and fuel expense related to delivery volume, exclusive of the effects of weather, for the three months ended September 30, 2016 compared to the same period in 2015, remained relatively consistent. The increase in Operating revenue net of purchased power and fuel expense related to delivery volume, exclusive of the effects of weather, for the nine months ended September 30, 2016 compared to the same periods in 2015, primarily reflects a shift in the volume profile across classes from lower priced classes to higher priced classes for electric, as well as the impact of moderate economic and customer growth partially offset by energy efficiency initiatives on customer usages for electric and natural gas.

Pricing. The increase in Operating revenues net of purchased power and fuel expense as a result of pricing for the three and nine months ended September 30, 2016 compared to the same periods in 2015 primarily reflects an increase in electric distribution rates charged to customers. The increase in electric distribution rates was effective January 1, 2016 in accordance with the 2015 PAPUC approved electric distribution rate case settlement. See Note 3 — Regulatory Matters of the Combined Notes to the Consolidated Financial Statements in the 2015 Form 10-K for further information.

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Regulatory Required Programs. This represents the change in Operating revenue collected under approved riders to recover costs incurred for regulatory programs such as smart meter, energy efficiency and the GSA. The riders are designed to provide full and current cost recovery as well as a return. The costs of these programs are included in Operating and maintenance expense, Depreciation and amortization expense and Income taxes. The decrease in revenue from regulatory required programs for the three and nine months ended September 30, 2016 compared to the same periods in 2015 is primarily the result of smart meter costs reflected in base rates in 2016 in accordance with the 2015 PAPUC approved electric distribution rate case settlement effective January 1, 2016 versus through a rider mechanism in 2015. Refer to the Operating and maintenance expense discussion below for additional information on included programs.

Other. Other revenue, which can vary period to period, primarily includes wholesale transmission revenue, rental revenue, revenue related to late payment charges and assistance provided to other utilities through mutual assistance programs.

Operating and Maintenance Expense

	Three Months Ended September 30,		Increase (Decrease)	Nine Months Ended September 30,		Increase (Decrease)
	2016	2015		2016	2015	
Operating and maintenance expense — baseline	$ 185	$ 170	$ 15	$ 545	$ 528	$ 17
Operating and maintenance expense — regulatory required programs [(a)]	14	26	(12)	59	81	(22)
Total operating and maintenance expense	$ 199	$ 196	$ 3	$ 604	$ 609	$ (5)

(a) Operating and maintenance expenses for regulatory required programs are costs for various legislative and/or regulatory programs that are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in operating revenue.

The changes in Operating and maintenance expense for the three and nine months ended September 30, 2016 compared to the same periods in 2015, consisted of the following:

	Three Months Ended September 30, 2016 Increase (Decrease)	Nine months ended September 30, 2016 Increase (Decrease)
Baseline		
Labor, other benefits, contracting and materials	$ 8	$ 16
Storm-related costs	4	(9)
Pension and non-pension postretirement benefits expense	(1)	(3)
PHI merger and integration costs	1	3
BSC costs [(a)]	1	22
Uncollectible accounts expense	1	(12)
Other	1	—
	15	17
Regulatory Required Programs		
Smart meter	(6)	(20)
Energy efficiency	(6)	(1)
Other	—	(1)
	(12)	(22)
Total decrease	$ 3	$ (5)

(a) Primarily reflects increased information technology support services from BSC during 2016.

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Depreciation and Amortization Expense

The changes in Depreciation and amortization expense for the three and nine months ended September 30, 2016 compared to the same periods in 2015, consisted of the following:

	Three Months Ended September 30, 2016 Increase (Decrease)	Nine Months Ended September 30, 2016 Increase (Decrease)
Depreciation and amortization expense	$ —	$ 2
Regulatory asset amortization	(1)	1
Total increase (decrease)	$ (1)	$ 3

Taxes Other Than Income

Taxes other than income, which can vary period to period, include municipal and state utility taxes, real estate taxes and payroll taxes. Taxes other than income for the three and nine months ended September 30, 2016 compared to the same periods in 2015 remained relatively consistent.

Interest Expense, Net

The increase in Interest expense, net for the three and nine months ended September 30, 2016 compared to the same periods in 2015 primarily reflects an increase in interest expense due to the issuance of First and Refunding Mortgage Bonds in October 2015.

Other, Net

Other, net for the three and nine months ended September 30, 2016 remained relatively consistent compared to the same periods in 2015.

Effective Income Tax Rate

PECO's effective income tax rate was 30.7% and 29.1% for the three months ended September 30, 2016 and 2015, respectively. PECO's effective income tax rate was 25.9% and 29.0% for the nine months ended September 30, 2016 and 2015, respectively. The decrease in the effective income tax rate for the nine months ended September 30, 2016 compared to the same period in 2015 is primarily due to an increase in the gas repairs deduction and a cumulative adjustment related to an anticipated gas repairs tax return accounting method change. See Note 11—Income Taxes of the Combined Notes to the Consolidated Financial Statements for further discussion of the change in effective income tax rate.

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PECO Electric Operating Statistics and Revenue Detail

Retail Deliveries to Customers (in GWhs)	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	% Change	Weather - Normal % Change	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015	% Change	Weather - Normal % Change
Retail Deliveries [a]								
Residential	4,358	3,940	10.6%	1.5%	10,682	10,929	(2.3)%	1.3%
Small commercial & industrial	2,324	2,219	4.7%	0.5%	6,236	6,306	(1.1)%	1.7%
Large commercial & industrial	4,234	4,227	0.2%	(2.9)%	11,598	11,744	(1.2)%	(1.9)%
Public authorities & electric railroads	240	224	7.1%	7.1%	672	667	0.7%	0.7%
Total retail deliveries	11,156	10,610	5.1%	(0.4)%	29,188	29,646	(1.5)%	0.1%

Number of Electric Customers	As of September 30, 2016	As of September 30, 2015
Residential	1,451,533	1,439,951
Small commercial & industrial	149,646	148,920
Large commercial & industrial	3,094	3,093
Public authorities & electric railroads	9,820	9,801
Total	1,614,093	1,601,765

Electric Revenue	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	% Change	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015	% Change
Retail Sales [a]						
Residential	$ 513	$ 461	11.3%	$ 1,278	$ 1,276	0.2%
Small commercial & industrial	109	113	(3.5)%	334	330	1.2%
Large commercial & industrial	59	58	1.7%	182	166	9.6%
Public authorities & electric railroads	8	8	—%	25	23	8.7%
Total retail	689	640	7.7%	1,819	1,795	1.3%
Other revenue [b]	51	51	—%	152	155	(1.9)%
Total electric revenue [c]	$ 740	$ 691	7.1%	$ 1,971	$ 1,950	1.1%

(a) Reflects delivery volumes and revenue from customers purchasing electricity directly from PECO and customers purchasing electricity from a competitive electric generation supplier as all customers are assessed distribution charges. For customers purchasing electricity from PECO, revenue also reflects the cost of energy and transmission.

(b) Other revenue primarily includes transmission revenue from PJM and wholesale electric revenue, in addition to rental income.

(c) Includes operating revenues from affiliates totaling $2 million and less than $1 million for the three months ended September 30, 2016 and 2015, respectively, and $5 million and less than $1 million for the nine months ended September 30, 2016 and 2015, respectively.

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PECO Natural Gas Operating Statistics and Revenue Detail

Deliveries to Customers (in mmcf)	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	% Change	Weather - Normal % Change	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015	% Change	Weather - Normal % Change
Retail Delivery								
Retail sales [a]	3,494	3,639	(4.0)%	(2.4)%	38,488	45,734	(15.8)%	1.8%
Transportation and other	7,315	7,457	(1.9)%	(3.3)%	20,917	21,585	(3.1)%	1.1%
Total natural gas deliveries	10,809	11,096	(2.6)%	(3.0)%	59,405	67,319	(11.8)%	1.5%

Number of Natural Gas Customers	As of September 30, 2016	As of September 30, 2015
Residential	470,024	465,023
Commercial & industrial	42,997	42,544
Total retail	513,021	507,567
Transportation	802	837
Total	513,823	508,404

Natural Gas Revenue	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	% Change	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015	% Change
Retail Sales						
Retail sales [a]	$ 41	$ 42	(2.4)%	$ 298	$ 410	(27.3)%
Transportation and other	7	7	—%	24	26	(7.7)%
Total natural gas revenues [b]	$ 48	$ 49	(2.0)%	$ 322	$ 436	(26.1)%

(a) Reflects delivery volumes and revenue from customers purchasing natural gas directly from PECO and customers purchasing natural gas from a competitive natural gas supplier as all customers are assessed distribution charges. For customers purchasing natural gas from PECO, revenue also reflects the cost of natural gas.

(b) Includes operating revenues from affiliates totaling less than $1 million for three months ended September 30, 2016 and $1 million for the three months ended September 30, 2015, and less than $1 million and $1 million for the nine months ended September 30, 2016 and 2015, respectively.

Results of Operations — BGE

	Three Months Ended September 30,		Favorable (Unfavorable) Variance	Nine Months Ended September 30,		Favorable (Unfavorable) Variance
	2016	2015		2016	2015	
Operating revenues	$ 812	$ 725	$ 87	$ 2,421	$ 2,388	$ 33
Purchased power and fuel	360	311	(49)	994	1,037	43
Revenue net of purchased power and fuel [(a)]	452	414	38	1,427	1,351	76
Other operating expenses						
Operating and maintenance	178	169	(9)	588	499	(89)
Depreciation and amortization	101	79	(22)	307	271	(36)
Taxes other than income	58	57	(1)	172	169	(3)
Total other operating expenses	337	305	(32)	1,067	939	(128)
Gain on Sale of Assets	—	1	(1)	—	1	(1)
Operating income	115	110	5	360	413	(53)
Other income and (deductions)						
Interest expense, net	(28)	(25)	(3)	(76)	(73)	(3)
Other, net	5	4	1	16	13	3
Total other income and (deductions)	(23)	(21)	(2)	(60)	(60)	—
Income before income taxes	92	89	3	300	353	(53)
Income taxes	36	35	(1)	109	141	32
Net income	56	54	2	191	212	(21)
Preference stock dividends	2	3	(1)	8	10	(2)
Net income attributable to common shareholder	$ 54	$ 51	$ 3	$ 183	$ 202	$ (19)

(a) BGE evaluates its operating performance using the measure of revenue net of purchased power expense for electric sales and revenue net of purchased fuel expense for gas sales. BGE believes revenue net of purchased power and revenue net of purchased fuel are useful measurements of its performance because they provide information that can be used to evaluate its net revenue from operations. BGE has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, revenue net of purchased power and fuel expense figures are not a presentation defined under GAAP and may not be comparable to other companies' presentations or more useful than the GAAP information provided elsewhere in this report.

Net Income Attributable to Common Shareholder

Three Months Ended September 30, 2016 Compared to Three Months Ended September 30, 2015 . BGE's Net income attributable to common shareholder for the three months ended September 30, 2016 was higher than the same period in 2015, primarily due to an increase in Revenue net of purchased power and fuel, primarily as a result of an increase in transmission formula rate revenues, and higher electric and natural gas revenues as a result of the distribution rate orders issued by the MDPSC in June 2016 and July 2016. The increase in Revenue net of purchased power and fuel was partially offset by an increase in Depreciation and amortization expense due to the initiation of cost recovery of the AMI programs under the distribution rate orders issued by the MDPSC in June 2016 and July 2016.

Nine Months Ended September 30, 2016 Compared to Nine Months Ended September 30, 2015 . BGE's Net income attributable to common shareholder for the nine months ended September 30, 2016 was lower than the same period in 2015, primarily due to an increase in Operating and maintenance expense as a result of

reducing certain regulatory assets and other long-lived assets stemming from certain cost disallowances contained within the final smart grid rate order issued by the MDPSC in June 2016 and increased storm costs. The lower net income was also due to an increase in Depreciation and amortization expense due to the initiation of cost recovery of the AMI programs under the distribution rate orders issued by the MDPSC in June 2016 and July 2016. These increases in Operating and maintenance expense and Depreciation and amortization expense were partially offset by an increase in Revenue net of purchased power and fuel, primarily as a result of an increase in transmission formula rate revenues, higher electric and natural gas revenues as a result of the distribution rate orders issued by the MDPSC in June 2016 and July 2016, and lower income tax expense driven by lower taxable income.

Operating Revenues Net of Purchased Power and Fuel Expense

There are certain drivers to Operating revenue that are offset by their impact on Purchased power and fuel expense, such as commodity procurement costs and programs allowing customers to select a competitive electric generation or natural gas supplier. Operating revenue and Purchased power and fuel expense are affected by fluctuations in commodity procurement costs. BGE's electric and natural gas rates charged to customers are subject to periodic adjustments that are designed to recover or refund the difference between the actual cost of purchased electric power and purchased natural gas and the amount included in rates in accordance with the MDPSC's market-based SOS and gas commodity programs, respectively.

Electric and natural gas revenue and purchased power and fuel expense are also affected by fluctuations in the number of customers electing to use a competitive electric generation or natural gas supplier. All BGE customers have the choice to purchase electricity and natural gas from competitive electric generation and natural gas suppliers, respectively. The customers' choice of suppliers does not impact the volume of deliveries, but does affect revenue collected from customers related to supplied energy and natural gas service.

Retail deliveries purchased from competitive electric generation and natural gas suppliers (as a percentage of kWh and mmcf sales, respectively) for the three and nine months ended September 30, 2016 and 2015, consisted of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Electric	58%	60%	59%	59%
Natural Gas	80%	76%	59%	54%

The number of retail customers purchasing electric generation and natural gas from competitive electric generation and natural gas suppliers at September 30, 2016 and 2015 consisted of the following:

	September 30, 2016		September 30, 2015	
	Number of Customers	% of total retail customers	Number of customers	% of total retail customers
Electric	334,100	26%	346,400	28%
Natural Gas	150,000	23%	154,900	24%

The changes in BGE's operating revenues net of purchased power and fuel expense for the three and nine months ended September 30, 2016, compared to the same periods in 2015, consisted of the following:

	Three Months Ended September 30, 2016			Nine Months Ended September 30, 2016		
	Increase (Decrease)			Increase (Decrease)		
	Electric	Gas	Total	Electric	Gas	Total
Distribution rate increase	$ 16	$ 4	$ 20	$ 22	$ 5	$ 27
Regulatory required programs	6	—	6	6	—	6
Transmission revenue	8	—	8	28	—	28
Other, net	4	—	4	20	(5)	15
Total increase	$ 34	$ 4	$ 38	$ 76	$ —	$ 76

Distribution Rate Increase. The increase in distribution revenues for the three and nine months ended September 30, 2016, compared to the same periods in 2015, was primarily due to the impact of the new electric and natural gas distribution rates charged to customers that became effective in June 2016 and July 2016 in accordance with the MDPSC approved electric and natural gas distribution rate case orders. See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Revenue Decoupling. The demand for electricity and natural gas is affected by weather and usage conditions. The MDPSC allows BGE to record a monthly adjustment to its electric and natural gas distribution revenue from all residential customers, commercial electric customers, the majority of large industrial electric customers, and all firm service natural gas customers to eliminate the effect of abnormal weather and usage patterns per customer on BGE's electric and natural gas distribution volumes, thereby recovering a specified dollar amount of distribution revenue per customer, by customer class, regardless of changes in actual consumption levels. This allows BGE to recognize revenue at MDPSC-approved levels per customer, regardless of what BGE's actual distribution volumes were for a billing period. Therefore, while this revenue is affected by customer growth (i.e., increase in the number of customers), it will not be affected by actual weather or usage conditions (i.e., changes in consumption per customer). BGE bills or credits customers in subsequent months for the difference between approved revenue levels under revenue decoupling and actual customer billings.

Heating and cooling degree days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree days for a 30-year period in BGE's service territory. The changes in heating and cooling degree days in BGE's service territory for the three and nine months ended September 30, 2016 compared to the same periods in 2015 consisted of the following:

Heating and Cooling Degree-Days	2016	2015	Normal	% Change	
				2016 vs. 2015	2016 vs. Normal
Three Months Ended September 30,					
Heating Degree-Days	24	46	79	(47.8)%	(69.6)%
Cooling Degree-Days	747	592	594	26.2%	25.8%
Nine Months Ended September 30,					
Heating Degree-Days	2,878	3,418	2,999	(15.8)%	(4.0)%
Cooling Degree-Days	966	909	851	6.3%	13.5%

Regulatory Required Programs. This represents the change in revenue collected under approved riders to recover costs incurred for the energy efficiency and demand response programs. The riders are designed to provide full recovery, as well as a return in certain instances. The costs of these programs are included in Operating and maintenance expense, Depreciation and amortization expense and Taxes other than income in BGE's Consolidated Statements of Operations and Comprehensive Income.

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Transmission Revenue. Under a FERC approved formula, transmission revenue varies from year to year based upon fluctuations in the underlying costs, investments being recovered and other billing determinants. During the three and nine months ended September 30, 2016 compared to the same periods in 2015, the increase in transmission revenue was primarily due to increases in capital investment and operating and maintenance expense recoveries. See Operating and Maintenance Expense below and Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Other, Net. Other net revenue, which can vary from period to period, includes commodity electric and gas revenue and other miscellaneous revenue such as service application and late payment fees; partially offset by commodity electric and gas purchased fuel and energy.

Operating and Maintenance Expense

The changes in operating and maintenance expense for the three and nine months ended September 30, 2016 compared to the same periods in 2015, consisted of the following:

	Three Months Ended September 30, 2016 Increase (Decrease)	Nine Months Ended September 30, 2016 Increase (Decrease)
Impairment on long-lived assets and losses on regulatory assets [a]	$ —	$ 52
Storm-related costs	1	19
Uncollectible accounts expense [b]	4	(4)
City of Baltimore conduit fees [c]	7	22
BSC costs [d]	(2)	8
Other	(1)	(8)
Total increase	$ 9	$ 89

(a) See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.
(b) Uncollectible accounts increased primarily due to the impact of warmer third quarter weather conditions for the three months ended September 30, 2016 compared to the same period in 2015. Uncollectible accounts decreased primarily due to milder weather and improved customer behavior for the nine months ended September 30, 2016 compared to the same periods in 2015.
(c) City of Baltimore conduit fees increased for the three and nine months ended September 30, 2016 compared to the same periods in 2015 as a result of increased rental fees assessed by the City of Baltimore. See Executive Overview — Environmental Legislative and Regulatory Developments above and Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.
(d) Primarily reflects decreased information technology support during the three months ended September 30, 2016 compared to the same period in 2015 and increased information technology support services and executive services from BSC during the nine months ended September 30, 2016 compared to the same period in 2015.

Depreciation and Amortization

The changes in depreciation and amortization expense for the three and nine months ended September 30, 2016 compared to the same periods in 2015 consisted of the following:

	Three Months Ended September 30, 2016 Increase (Decrease)	Nine Months Ended September 30, 2016 Increase (Decrease)
Depreciation expense [a]	$ 1	$ 8
Regulatory asset amortization [b]	21	28
Total increase	$ 22	$ 36

(a) Depreciation expense increased due to ongoing capital expenditures.

(b) Regulatory asset amortization increased for the three and nine months ended September 30, 2016 compared to the same periods in 2015 primarily due to an increase in regulatory asset amortization related to energy efficiency programs and the initiation of cost recovery of the AMI programs under the final electric and natural gas distribution rate case order issued by the MDPSC in June 2016. See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Taxes Other Than Income

Taxes other than income, which can vary period to period, include municipal and state utility taxes, real estate taxes and payroll taxes. Taxes other than income for the three and nine months ended September 30, 2016 compared to the same periods in 2015 remained relatively consistent.

Interest Expense, Net

Interest expense, net increased during the three and nine months ended September 30, 2016, compared to the same periods in 2015 due to higher outstanding debt.

Effective Income Tax Rate

BGE's effective income tax rate was 39.1% and 39.3% for the three months ended September 30, 2016 and 2015, respectively. BGE's effective income tax rate was 36.3% and 39.9% for the nine months ended September 30, 2016 and 2015, respectively. The decrease in the effective income tax rate for the nine months ended September 30, 2016 compared to the same periods in 2015, is primarily due a lower taxable income and a cumulative adjustment to tax expense pending anticipated recovery from transmission customers. See Note 11—Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

BGE Electric Operating Statistics and Revenue Detail

Retail Deliveries to Customers (in GWhs)	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	% Change	Weather - Normal % Change	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015	% Change	Weather - Normal % Change
Retail Deliveries [a]								
Residential	3,900	3,458	12.8%	n.m.	9,996	10,266	(2.6)%	n.m.
Small commercial & industrial	877	788	11.3%	n.m.	2,343	2,413	(2.9)%	n.m.
Large commercial & industrial	3,992	3,829	4.3%	n.m.	10,627	10,735	(1.0)%	n.m.
Public authorities & electric railroads	72	75	(4.0)%	n.m.	215	224	(4.0)%	n.m.
Total electric deliveries	8,841	8,150	8.5%	n.m.	23,181	23,638	(1.9)%	n.m.

Number of Electric Customers	As of September 30, 2016	As of September 30, 2015
Residential	1,145,020	1,132,836
Small commercial & industrial	112,609	112,888
Large commercial & industrial	12,030	11,863
Public authorities & electric railroads	282	286
Total	1,269,941	1,257,873

Electric Revenue	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	% Change	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015	% Change
Retail Sales (a)						
Residential	$ 451	$ 379	19.0%	$ 1,203	$ 1,131	6.4%
Small commercial & industrial	74	70	5.7%	212	208	1.9%
Large commercial & industrial	123	122	0.8%	337	351	(4.0)%
Public authorities & electric railroads	9	9	—%	27	24	12.5%
Total retail	657	580	13.3%	1,779	1,714	3.8%
Other revenue (b)	78	75	4.0%	219	194	12.9%
Total electric revenue	$ 735	$ 655	12.2%	$ 1,998	$ 1,908	4.7%

(a) Reflects delivery volumes and revenue from customers purchasing electricity directly from BGE and customers purchasing electricity from a competitive electric generation supplier as all customers are assessed distribution charges. For customers purchasing electricity from BGE, revenue also reflects the cost of energy and transmission.

(b) Includes operating revenues from affiliates totaling $1 million and $5 million for the three and nine months ended September 30, 2016.

BGE Natural Gas Operating Statistics and Revenue Detail

Deliveries to Customers (in mmcf)	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	% Change	Weather - Normal % Change	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015	% Change	Weather - Normal % Change
Retail Deliveries (a)								
Retail sales	13,159	11,719	12.3%	n.m.	69,415	72,481	(4.2)%	n.m.
Transportation and other (b)	1,311	612	114.2%	n.m.	4,078	4,521	(9.8)%	n.m.
Total natural gas deliveries	14,470	12,331	17.3%	n.m.	73,493	77,002	(4.6)%	n.m.

Number of Gas Customers	As of September 30, 2016	As of September 30, 2015
Residential	619,837	613,571
Commercial & industrial	43,957	43,885
Total	663,794	657,456

Natural Gas Revenue	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	% Change	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015	% Change
Retail Sales (a)						
Retail sales	$ 71	$ 66	7.6%	$ 403	$ 450	(10.4)%
Transportation and other (b)	6	4	50.0%	20	30	(33.3)%
Total natural gas revenues (c)	$ 77	$ 70	10.0%	$ 423	$ 480	(11.9)%

(a) Reflects delivery volumes and revenue from customers purchasing natural gas directly from BGE and customers purchasing natural gas from a competitive natural gas supplier as all customers are assessed distribution charges. The cost of natural gas is charged to customers purchasing natural gas from BGE.

(b) Transportation and other gas revenue includes off-system revenue of 1,311 mmcfs ($4 million) and 612 mmcfs ($3 million) for the three months ended September 30, 2016 and 2015, respectively. Transportation and other gas revenue includes off-system revenue of 4,078 mmcfs ($14 million) and 4,521 mmcfs ($28 million) for the nine months ended September 30, 2016 and 2015, respectively.

(c) Includes operating revenues from affiliates totaling $6 million and $3 million for the three months ended September 30, 2016 and 2015, respectively, and $11 million for the nine months ended September 30, 2016 and 2015.

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Results of Operations — PHI

PHI's results of operations include the results of its three reportable segments, Pepco, DPL and ACE for all periods presented below. For "Predecessor" reporting periods, PHI's results of operations also include the results of PES and PCI. See Note 20 — Segment Information of the Combined Notes to Consolidated Financial Statements for additional information regarding PHI's reportable segments. All material intercompany accounts and transactions have been eliminated in consolidation. A separate specific discussion of the results of operations for Pepco, DPL and ACE is presented elsewhere in this report.

As a result of the PHI Merger, the following consolidated financial results present two separate reporting periods for 2016. The "Predecessor" reporting periods represent PHI's results of operations for the three and nine months ended September 30, 2015 and for the period from January 1, 2016 to March 23, 2016. The "Successor" reporting periods represent PHI's results of operations for the three months ended September 30, 2016 and for the period from March 24, 2016 to September 30, 2016. All amounts presented below are before the impact of income taxes, except as noted.

	Successor	*Predecessor*	*Successor*	*Predecessor*	
	Three Months Ended September 30, 2016	**Three Months Ended September 30, 2015**	**March 24, 2016 to September 30, 2016**	**January 1, 2016 to March 23, 2016**	**Nine Months Ended September 30, 2015**
Operating revenues	$ 1,394	$ 1,336	$ 2,565	$ 1,153	$ 3,809
Purchased power and fuel	583	579	1,037	497	1,646
Revenue net of purchased power and fuel [(a)]	811	757	1,528	656	2,163
Other operating expenses					
Operating and maintenance	226	287	921	294	875
Depreciation and amortization	182	166	355	152	474
Taxes other than income	124	120	248	105	349
Total other operating expenses	532	573	1,524	551	1,698
Operating income	279	184	4	105	465
Other income and (deductions)					
Interest expense, net	(64)	(71)	(135)	(65)	(211)
Other, net	19	27	31	(4)	48
Total other income and (deductions)	(45)	(44)	(104)	(69)	(163)
Income (loss) before income taxes	234	140	(100)	36	302
Income taxes	68	49	(9)	17	105
Net income (loss) attributable to membership interest/common shareholders	$ 166	$ 91	$ (91)	$ 19	$ 197

(a) PHI evaluates its operating performance using the measure of revenue net of purchased power and fuel expense for electric and natural gas sales. PHI believes revenue net of purchased power and fuel expense is a useful measurement because it provides information that can be used to evaluate its operational performance. PHI has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, Revenue net of purchased power and fuel expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

Successor Period Three Months Ended September 30, 2016

PHI's net income attributable to common shareholders for the Successor period of three months ended September 30, 2016 was $166 million. There were no significant changes in the underlying trends affecting

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PHI's operations during the Successor period of three months ended September 30, 2016 except for the pre-tax recording of a $50 million reduction of merger-related commitments within Operating and maintenance expense reflecting a reallocation of the most favored nation commitments among Exelon and Pepco, DPL and ACE, such that more commitments are expected to be obligations of Exelon for energy efficiency, workforce development and other programs as opposed to obligations of Pepco, DPL and ACE for additional customer rate credits.

Successor Period Three Months Ended September 30, 2016 Compared to the Predecessor Period Three Months Ended September 30, 2015

Net Income Attributable to Common Shareholders

PHI's net income attributable to common shareholders was $166 million for the three months ended September 30, 2016 as compared to $91 million for the three months ended September 30, 2015.

Operating Revenue Net of Purchased Power and Fuel Expense

Operating revenue net of purchased power and fuel expense, which is a non-GAAP measure discussed above, increased by $54 million for the three months ended September 30, 2016 as compared to the three months ended September 30, 2015. The increase is attributable to the following factors:

- Increase of $30 million at Pepco primarily related to electric distribution revenue increases totaling $9 million due to customer growth, $18 million in required regulatory programs primarily due to an EmPower Maryland rate increase effective February 2015, and $3 million higher transmission revenue due to a higher rate effective June 1, 2015 and due to the establishment of reserves recorded in September 2015 related to the FERC ROE challenges, partially offset by lower revenue related to the MAPP abandonment recovery period ending March 2016;
- Increase of $18 million at DPL primarily related to electric distribution revenue increases totaling $7 million due to customer growth and higher weather-related sales, an increase of $6 million due to an EmPower Maryland rate increase effective February 2015, and $5 million higher transmission revenue due to a higher rate effective June 1, 2015 and due to the establishment of a reserve recorded in September 2015 related to the FERC ROE challenges, partially offset by lower revenue related to the MAPP abandonment recovery period ending March 2016;
- Increase of $28 million at ACE primarily related to electric distribution revenue increases totaling $17 million due to higher average customer usage and a rate increase effective August 2016 and $11 million higher transmission revenue due to a higher rate effective June 1, 2015 and due to the establishment of a reserve recorded in September 2015 related to the FERC ROE challenges;
- Increase of $13 million due to the effects of a decrease in ACE's BGS unbilled revenue resulting from lower average customer usage in the third quarter 2015;
- Increase of $11 million at Corporate primarily due to BSC inter-company transactions; and
- Decrease of $46 million at PES due to PHI's results of operations including the results of PES in 2015 and not in 2016.

Operating and Maintenance Expense

Operating and maintenance expense decreased by $61 million for the three months ended September 30, 2016 as compared to the three months ended September 30, 2015. The decrease is attributable to the following factors:

- Decrease of $27 million at Pepco, DPL and ACE primarily due to a $50 million reduction of merger-related commitments reflecting a reallocation of the most favored nation commitments among Exelon and Pepco, DPL and ACE, such that more commitments are expected to be obligations of Exelon for

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energy efficiency, workforce development and other programs as opposed to obligations of Pepco, DPL and ACE for additional customer rate credits, partially offset by $13 million of higher BSC and PHISCO allocations, $4 million of charges resulting from a remeasurement of AMI-related regulatory assets and $3 million of higher storm costs;

- Increase of $12 million at Corporate primarily due to BSC inter-company and purchase accounting transactions; and
- Decrease of $46 million at PES due to PHI's results of operations including the results of PES in 2015 and not in 2016.

Depreciation and Amortization Expense

Depreciation and amortization expense increased by $16 million primarily due to $8 million higher amortization of regulatory assets due to an EmPower Maryland surcharge rate increase effective February 2015, partially offset by lower amortization of MAPP abandonment costs, and higher depreciation of $6 million due to ongoing capital expenditures at Pepco, DPL, and ACE.

Taxes Other Than Income

Taxes other than income increased by $4 million primarily due to higher utility taxes that are collected and passed through by Pepco and DPL.

Interest Expense, Net

Interest expense decreased by $7 million primarily due to purchase accounting entries related to the fair value of long-term debt.

Other, Net

Other, net for the three months ended September 30, 2016 decreased by $8 million due to $15 million of income recorded in September 2015 from a change in the fair value of the derivative related to preferred stock, partially offset by higher AFUDC income in 2016.

Effective Income Tax Rate

PHI's effective income tax rates for the three months ended September 30, 2016 and 2015 were 29.1% and 35.0%, respectively. See Note 11 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

Successor Period March 24, 2016 to September 30, 2016

PHI's net loss attributable to common shareholders for the Successor period of March 24, 2016 to September 30, 2016 was $(91) million . There were no significant changes in the underlying trends affecting PHI's operations during the Successor period of March 24, 2016 to September 30, 2016 except for the pre-tax recording of $375 million of non-recurring merger-related costs within Operating and maintenance expense.

PHI's effective income tax rate for the Successor period of March 24, 2016 to September 30, 2016 was 9.0%. See Note 11 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

Predecessor Period January 1, 2016 to March 23, 2016

PHI's net income attributable to common shareholders for the Predecessor period of January 1, 2016 to March 23, 2016 was $19 million . There were no significant changes in the underlying trends affecting PHI's

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operations during the Predecessor period of January 1, 2016 to March 23, 2016 except for the pre-tax recording of $29 million of non-recurring merger-related costs within Operating and maintenance expense and $18 million of preferred stock derivative expense within Other, net.

PHI's effective income tax rate for the Predecessor period of January 1, 2016 to March 23, 2016 was 47.2%. See Note 11 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

Predecessor Period January 1, 2015 to September 30, 2015

PHI's net income attributable to common shareholders for the Predecessor period of the nine months ended September 30, 2015 was $197 million . There were no significant changes in the underlying trends affecting PHI's operations during the Predecessor period of the nine months ended September 30, 2015 except for the pre-tax recording of $37 million of implementation and support costs due to the completion of a new customer information system and $16 million of non-recurring merger-related costs within Operating and maintenance expense and $15 million of income due to a change in the fair value of the derivative related to preferred stock within Other, net.

PHI's effective income tax rate for the nine months ended September 30, 2015 was 34.8%. See Note 11—Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

Results of Operations — Pepco

	Three Months Ended September 30,		Favorable (Unfavorable) Variance	Nine Months Ended September 30,		Favorable (Unfavorable) Variance
	2016	2015		2016	2015	
Operating revenues	$ 635	$ 592	$ 43	$ 1,695	$ 1,641	$ 54
Purchased power expense	213	200	(13)	563	573	10
Revenue net of purchased power expense [(a)]	422	392	30	1,132	1,068	64
Other operating expenses						
Operating and maintenance	109	111	2	508	327	(181)
Depreciation and amortization	76	66	(10)	221	191	(30)
Taxes other than income	105	100	(5)	287	289	2
Total other operating expenses	290	277	(13)	1,016	807	(209)
Gain on sale of assets	—	—	—	8	—	8
Operating income	132	115	17	124	261	(137)
Other income and (deductions)						
Interest expense, net	(30)	(31)	1	(98)	(92)	(6)
Other, net	12	8	4	28	21	7
Total other income and (deductions)	(18)	(23)	5	(70)	(71)	1
Income before income taxes	114	92	22	54	190	(136)
Income taxes	35	32	(3)	34	62	28
Net income attributable to common shareholder	$ 79	$ 60	$ 19	$ 20	$ 128	$ (108)

(a) Pepco evaluates its operating performance using the measure of revenue net of purchased power expense for electric sales. Pepco believes revenue net of purchased power expense is a useful measurement because it provides information

that can be used to evaluate its operational performance. Pepco has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, Revenue net of purchased power expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

Net Income Attributable to Common Shareholder

Three Months Ended September 30, 2016 Compared to Three Months Ended September 30, 2015. Pepco's net income attributable to common shareholder for the three months ended September 30, 2016, was higher than the same period in 2015, primarily due to an increase in revenue net of purchased power expense resulting from customer growth and and due to a decrease in operating and maintenance expense reflecting a revision in the estimate of Pepco's merger commitment costs associated with the most favored nation provision of the merger orders. The revision in estimate included a reduction in Pepco's merger commitment costs of $13 million, reflecting a reallocation of the most favored nation commitments among Exelon and Pepco, such that more commitments are expected to be obligations of Exelon for energy efficiency and other programs as opposed to obligations of Pepco for additional customer rate credits.

Nine Months Ended September 30, 2016 Compared to Nine Months Ended September 30, 2015. Pepco's net income attributable to common shareholder for the nine months ended September 30, 2016, was lower than the same period in 2015, primarily due to an increase in operating and maintenance expense due to merger-related costs.

Operating Revenue Net of Purchased Power Expense

Operating revenues include revenue from the distribution and supply of electricity to Pepco's customers within its service territories at regulated rates. Operating revenues also include transmission service revenue that Pepco receives as a transmission owner from PJM at rates regulated by FERC. Transmission rates are updated annually based on a FERC-approved formula methodology.

Electric revenues and purchased power expense are also affected by fluctuations in participation in the Customer Choice Program. All Pepco customers have the choice to purchase electricity from competitive electric generation suppliers. The customers' choice of supplier does not impact the volume of deliveries, but affects revenue collected from customers related to supplied energy service.

Retail deliveries purchased from competitive electric generation suppliers (as a percentage of kWh sales) for the three and nine months ended September 30, 2016, compared to the same periods in 2015, consisted of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Electric	63%	65%	65%	64%

Retail customers purchasing electric generation from competitive electric generation suppliers at September 30, 2016 and 2015 consisted of the following:

	September 30, 2016		September 30, 2015	
	Number of customers	% of total retail customers	Number of customers	% of total retail customers
Electric	175,960	21%	158,601	19%

Retail deliveries purchased from competitive electric generation suppliers represented 71% and 72% of Pepco's retail kWh sales to the District of Columbia customers and 58% and 59% of Pepco's retail kWh sales to

Maryland customers for the three and nine months ended September 30, 2016 and 71% and 70% of Pepco's retail kWh sales to the District of Columbia customers and 61% and 59% of Pepco's retail kWh sales to Maryland customers for the three and nine months ended September 30, 2015.

The costs related to default electricity supply are included in Purchased power expense. Operating revenues also include transmission enhancement credits that Pepco receives as a transmission owner from PJM in consideration for approved regional transmission expansion plan expenditures.

Operating revenues also include work and services performed on behalf of customers, including other utilities, which is generally not subject to price regulation. Work and services includes mutual assistance to other utilities, highway relocation, rentals of pole attachments, late payment fees and collection fees.

Purchased power expense consists of the cost of electricity purchased by Pepco to fulfill its default electricity supply obligation and, as such, is recoverable from customers in accordance with the terms of public service commission orders.

The changes in Pepco's operating revenues net of purchased power expense for the three and nine months ended September 30, 2016 compared to the same period in 2015 consisted of the following:

	Three Months Ended September 30, Increase (Decrease)	Nine Months Ended September 30, Increase (Decrease)
Volume	$ 8	$ 22
Regulatory required programs	18	36
Transmission revenue	3	3
Other	1	3
Total increase	$ 30	$ 64

Revenue Decoupling. Pepco's results historically have been seasonal, generally producing higher revenue and income in the warmest and coldest periods of the year. For retail customers of Pepco in Maryland and in the District of Columbia, revenues are not affected by unseasonably warmer or colder weather because a bill stabilization adjustment (BSA) for retail customers was implemented that provides for a fixed distribution charge per customer. The BSA has the effect of decoupling the distribution revenue recognized in a reporting period from the amount of power delivered during the period. As a result, the only factors that will cause distribution revenue from customers in Maryland and the District of Columbia to fluctuate from period to period are changes in the number of customers and changes in the approved distribution charge per customer. Changes in customer usage (due to weather conditions, energy prices, energy efficiency programs or other reasons) from period to period have no impact on reported distribution revenue for customers to whom the BSA applies.

In accounting for the BSA in Maryland and the District of Columbia, a Revenue Decoupling Adjustment is recorded representing either (i) a positive adjustment equal to the amount by which revenue from Maryland and the District of Columbia retail distribution sales falls short of the revenue that Pepco is entitled to earn based on the approved distribution charge per customer or (ii) a negative adjustment equal to the amount by which revenue from such distribution sales exceeds the revenue that Pepco is entitled to earn based on the approved distribution charge per customer.

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Heating and cooling degree days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree days for a 20-year period in Pepco's service territory. The changes in heating and cooling degree days in Pepco's service territory for the three and nine months ended September 30, 2016 compared to the same periods in 2015 and normal weather consisted of the following:

				% Change	
Three Months Ended September 30,	2016	2015	Normal	2016 vs. 2015	2016 vs. Normal
Heating Degree-Days	1	—	13	—%	(92.3)%
Cooling Degree-Days	1,418	1,239	1,109	14.4%	27.9%
Nine Months Ended September 30,					
Heating Degree-Days	2,408	2,691	2,507	(10.5)%	(3.9)%
Cooling Degree-Days	1,872	1,914	1,587	(2.2)%	18.0%

Volume. The increase in operating revenue net of purchased power and fuel expense related to delivery volume, exclusive of the effects of weather, for the three and nine months ended September 30, 2016 compared to the same periods in 2015, primarily reflects the impact of economic and customer growth.

Regulatory Required Programs. This represents the change in operating revenues collected under approved riders to recover costs incurred for regulatory programs such as energy efficiency programs. The riders are designed to provide full and current cost recovery as well as a return. The costs of these programs are included in operating and maintenance expense, depreciation and amortization expense and other taxes. Refer to the operating and maintenance expense discussion below for additional information on included programs.

Transmission Revenue. Under a FERC-approved formula, transmission revenue varies from year to year based upon fluctuations in the underlying costs, investments being recovered and other billing adjustments. The increase in revenue net of purchased power expense for the three and nine months ended September 30, 2016 compared to the same periods in 2015 is a result of higher rates effective June 1, 2015 related to increases in transmission plant investment and operating expenses and due to the establishment of a reserve recorded in September 2015 related to the FERC ROE challenges, partially offset by lower revenue related to the MAPP abandonment recovery period that ended in March 2016.

Operating and Maintenance Expense

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2016	2015	Increase (Decrease)	2016	2015	Increase (Decrease)
Operating and maintenance expense — baseline	$ 106	$ 107	$ (1)	$ 500	$ 318	$ 182
Operating and maintenance expense — regulatory required programs [(a)]	3	4	(1)	8	9	(1)
Total operating and maintenance expense	$ 109	$ 111	$ (2)	$ 508	$ 327	$ 181

(a) Operating and maintenance expenses for regulatory required programs are costs for various legislative and/or regulatory programs that are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in Operating revenues.

The changes in operating and maintenance expense for the three and nine months ended September 30, 2016 compared to the same periods in 2015, consisted of the following:

	Three Months Ended September 30, Increase (Decrease)	Nine Months Ended September 30, Increase (Decrease)
Baseline		
Labor, other benefits, contracting and materials	$ 1	$ 6
Storm-related costs	2	5
Remeasurement of AMI-related regulatory asset	4	11
Deferral of merger-related costs to regulatory asset	(1)	(10)
BSC and PHISCO allocations [(a)]	6	41
Merger commitments [(b)]	(13)	126
Other	—	3
	(1)	182
Regulatory required programs		
Purchased power administrative costs	(1)	(1)
	(1)	(1)
Total (decrease) increase	$ (2)	$ 181

(a) Primarily related to merger severance and compensation costs.
(b) Primarily related to merger-related commitments for customer rate credits, inclusive of the estimate of merger commitment costs associated with the most favored nation provision of the merger orders, and charitable contributions.

Depreciation and Amortization Expense

The changes in depreciation and amortization expense for the three and nine months ended September 30, 2016 compared to the same periods in 2015, consisted of the following:

	Three Months Ended September 30, Increase (Decrease)	Nine Months Ended September 30, Increase (Decrease)
Depreciation expense [(a)]	$ 2	$ 6
Regulatory asset amortization [(b)]	8	24
Total increase	$ 10	$ 30

(a) Depreciation expense increased due to ongoing capital expenditures.
(b) Regulatory asset amortization increased for the three and nine months ended September 30, 2016 compared to the same periods in 2015 primarily due to an EmPower Maryland surcharge rate increase effective February 2015, partially offset by lower amortization of MAPP abandonment costs.

Taxes Other Than Income

Taxes other than income for the three months ended September 30, 2016 compared to the same period in 2015 increased primarily due to higher utility taxes that are collected and passed through by Pepco. Taxes other than income for the nine months ended September 30, 2016 compared to the same period in 2015 decreased primarily due to lower property taxes in Maryland partially offset by higher utility taxes that are collected and passed through by Pepco.

Gain on Sale of Assets

Gain on sale of assets for the nine months ended September 30, 2016 compared to the same period in 2015 increased due to a second quarter 2016 gain recorded from the sale of land.

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Interest Expense, Net

Interest expense, net for the nine months ended September 30, 2016 compared to the same period in 2015 increased $6 million primarily due to the recording of interest expense for an uncertain tax position in the first quarter of 2016.

Other, Net

Other, net for the three and nine months ended September 30, 2016 compared to the same periods in 2015 increased primarily due to higher income from AFUDC.

Effective Income Tax Rate

Pepco's effective income tax rate was 30.7% and 34.8% for three months ended September 30, 2016 and 2015, respectively. Pepco's effective income tax rate was 63.0% and 32.6% for the nine months ended September 30, 2016 and 2015, respectively. See Note 11 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the change in effective income tax rates. As a result of the merger, Pepco recorded an after-tax charge of $30 million during the nine months ended September 30, 2016 as a result of the assessment and remeasurement of certain federal and state uncertain tax positions.

Pepco Electric Operating Statistics and Revenue Detail

Retail Deliveries to Customers (in GWhs)	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	% Change	Weather - Normal % Change	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015	% Change	Weather - Normal % Change
Retail Deliveries [a]								
Residential	2,675	2,355	13.6%	11.0%	6,652	6,844	(2.8)%	3.1%
Small commercial & industrial	394	379	4.0%	5.3%	1,124	1,150	(2.3)%	1.4%
Large commercial & industrial	4,314	4,254	1.4%	4.8%	11,890	11,759	1.1%	1.4%
Public authorities & electric railroads	180	177	1.7%	1.1%	544	540	0.7%	—%
Total retail deliveries	7,563	7,165	5.6%	6.9%	20,210	20,293	(0.4)%	1.9%

Number of Electric Customers	As of September 30, 2016	As of September 30, 2015
Residential	775,911	749,662
Small commercial & industrial	53,425	53,459
Large commercial & industrial	21,315	20,820
Public authorities & electric railroads	129	128
Total	850,780	824,069

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Electric Revenue	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	% Change	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015	% Change
Retail Sales (a)						
Residential	$ 315	$ 285	10.5%	$ 791	$ 769	2.9%
Small commercial & industrial	43	43	—%	116	116	—%
Large commercial & industrial	219	210	4.3%	613	590	3.9%
Public authorities & electric railroads	7	7	—%	23	23	—%
Total retail	584	545	7.2%	1,543	1,498	3.0%
Other revenue (b)	51	47	8.5%	152	143	6.3%
Total electric revenue (c)	$ 635	$ 592	7.3%	$ 1,695	$ 1,641	3.3%

(a) Reflects delivery volumes and revenues from customers purchasing electricity directly from Pepco and customers purchasing electricity from a competitive electric generation supplier as all customers are assessed distribution charges. For customers purchasing electricity from Pepco, revenue also reflects the cost of energy and transmission.

(b) Other revenue includes transmission revenue from PJM and wholesale electric revenues.

(c) Includes operating revenues from affiliates totaling $1 million and $1 million for the three months ended September 30, 2016 and 2015, respectively, and $3 million and $4 million for the nine months ended September 30, 2016 and 2015, respectively.

Results of Operations — DPL

	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	Favorable (Unfavorable) Variance	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015	Favorable (Unfavorable) Variance
Operating revenues	$ 331	$ 314	$ 17	$ 974	$ 1,004	$ (30)
Purchased power and fuel	150	151	1	448	500	52
Revenue net of purchased power and fuel (a)	181	163	18	526	504	22
Other operating expenses						
Operating and maintenance	55	77	22	338	234	(104)
Depreciation, amortization and accretion	44	40	(4)	120	113	(7)
Taxes other than income	14	14	—	42	39	(3)
Total other operating expenses	113	131	18	500	386	(114)
Gain on sale of asset	4	—	4	4	—	4
Operating income	72	32	40	30	118	(88)
Other income and (deductions)						
Interest expense, net	(12)	(12)	—	(37)	(37)	—
Other, net	3	4	(1)	9	8	1
Total other income and (deductions)	(9)	(8)	(1)	(28)	(29)	1
Income before income taxes	63	24	39	2	89	(87)
Income taxes	19	9	(10)	18	34	16
Net income (loss) attributable to common shareholder	$ 44	$ 15	$ 29	$ (16)	$ 55	$ (71)

(a) DPL evaluates its operating performance using the measure of revenue net of purchased power expense for electric sales and revenue net of fuel expense for natural gas sales. DPL believes revenue net of purchased power expense and revenue

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net of fuel expense are useful measurements because they provide information that can be used to evaluate its operational performance. DPL has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, Revenue net of purchased power expense and Revenue net of fuel expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

Net Income (Loss) Attributable to Common Shareholder

Three Months Ended September 30, 2016 Compared to Three Months Ended September 30, 2015. DPL's net income attributable to common shareholder for the three months ended September 30, 2016, was higher than the same period in 2015 as a result of an increase in revenue net of purchased power expense primarily resulting from customer growth and higher transmission revenue and due to a decrease in operating and maintenance expense reflecting a revision in the estimate of DPL's merger commitment costs associated with the most favored nation provision of the merger orders. The revision in estimate included a reduction in DPL's merger commitment costs of $27 million, reflecting a reallocation of the most favored nation commitments among Exelon and DPL, such that more commitments are expected to be obligations of Exelon for energy efficiency and other programs as opposed to obligations of DPL for additional customer rate credits.

Nine Months Ended September 30, 2016 Compared to Nine Months Ended September 30, 2015. DPL's net loss attributable to common shareholder for the nine months ended September 30, 2016, compared unfavorably to DPL's net income for the same period in 2015, primarily due to an increase in operating and maintenance expense due to merger-related costs.

Operating Revenue Net of Purchased Power and Fuel Expense

Operating revenues include revenue from the distribution and supply of electricity to DPL's customers within its service territories at regulated rates. Operating revenues also include transmission service revenue that DPL receives as a transmission owner from PJM at rates regulated by FERC. Transmission rates are updated annually based on a FERC-approved formula methodology.

Electric and natural gas revenues and purchased power and fuel expense are also affected by fluctuations in participation in the Customer Choice Program. All DPL customers have the choice to purchase electricity and natural gas from competitive electric generation and natural gas suppliers, respectively. The customers' choice of suppliers does not impact the volume of deliveries, but affects revenue collected from customers related to supplied energy and natural gas service.

Retail deliveries purchased from competitive electric generation and natural gas suppliers (as a percentage of kWh and mmcf sales, respectively) for the three and nine months ended September 30, 2016 and 2015, consisted of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Electric	49%	52%	51%	50%
Natural Gas	51%	51%	32%	31%

Retail customers purchasing electric generation and natural gas from competitive electric generation and natural gas suppliers at September 30, 2016 and 2015 consisted of the following:

	September 30, 2016		September 30, 2015	
	Number of customers	% of total retail customers	Number of customers	% of total retail customers
Electric	79,501	15.4%	78,545	15.3%
Natural Gas	157	0.1%	159	0.1%

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Retail deliveries purchased from competitive electric generation suppliers represented 51% and 53% of DPL's retail kWh sales to Delaware customers and 47% and 47% of DPL retail kWh sales to Maryland customers for the three and nine months ended September 30, 2016 and 54% and 51% and to Delaware customers and 49% and 46% and to Maryland customers for the three and nine months ended September 30, 2015.

The costs related to default electricity supply are included in Purchased power and fuel. Operating revenues also include transmission enhancement credits that DPL receives as a transmission owner from PJM in consideration for approved regional transmission expansion plan expenditures.

Operating revenues also include work and services performed on behalf of customers, including other utilities, which is generally not subject to price regulation. Work and services includes mutual assistance to other utilities, highway relocation, rentals of pole attachments, late payment fees and collection fees.

Natural gas operating revenue includes sources that are subject to price regulation (Regulated Gas Revenue) and those that generally are not subject to price regulation (Other Gas Revenue). Regulated gas revenue includes the revenue DPL receives from on-system natural gas delivered sales and the transportation of natural gas for customers within its service territory at regulated rates. Other gas revenue consists of off-system natural gas sales and the short-term release of interstate pipeline transportation and storage capacity not needed to serve customers. Off-system sales are made possible when low demand for natural gas by regulated customers creates excess pipeline capacity.

Purchased power consists of the cost of electricity purchased by DPL to fulfill its default electricity supply obligation and, as such, is recoverable from customers in accordance with the terms of public service commission orders. Purchased fuel consists of the cost of gas purchased by DPL to fulfill its obligation to regulated gas customers and, as such, is recoverable from customers in accordance with the terms of public service commission orders. It also includes the cost of gas purchased for off-system sales.

The changes in DPL's operating revenues net of purchased power and fuel expense for the three and nine months ended September 30, 2016 compared to the same periods in 2015 consisted of the following:

	Three Months Ended September 30, Increase (Decrease)			Nine Months Ended September 30, Increase (Decrease)		
	Electric	Gas	Total	Electric	Gas	Total
Weather	$ 4	$—	$ 4	$ (4)	$ (5)	$ (9)
Volume	2	—	2	8	2	10
Regulatory required programs	6	—	6	7	—	7
Transmission revenue	5	—	5	12	—	12
Other	1	—	1	2	—	2
Total increase (decrease)	$ 18	$—	$ 18	$ 25	$ (3)	$ 22

Revenue Decoupling. DPL's results historically have been seasonal, generally producing higher revenue and income in the warmest and coldest periods of the year. For retail customers of DPL in Maryland, revenues are not affected by unseasonably warmer or colder weather because a bill stabilization adjustment (BSA) for retail customers was implemented that provides for a fixed distribution charge per customer. The BSA has the effect of decoupling the distribution revenue recognized in a reporting period from the amount of power delivered during the period. As a result, the only factors that will cause distribution revenue from customers in Maryland to fluctuate from period to period are changes in the number of customers and changes in the approved distribution charge per customer. A modified fixed variable rate design, which would provide for a charge not tied to a customer's volumetric consumption of electricity or natural gas, has been proposed for DPL electricity and natural gas customers in Delaware. Changes in customer usage (due to weather conditions, energy prices, energy efficiency programs or other reasons) from period to period have no impact on reported distribution revenue for customers to whom the BSA applies.

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In accounting for the BSA in Maryland, a Revenue Decoupling Adjustment is recorded representing either (i) a positive adjustment equal to the amount by which revenue from Maryland retail distribution sales falls short of the revenue that DPL is entitled to earn based on the approved distribution charge per customer or (ii) a negative adjustment equal to the amount by which revenue from such distribution sales exceeds the revenue that DPL is entitled to earn based on the approved distribution charge per customer.

Weather. The demand for electricity and natural gas in areas not subject to the BSA is affected by weather conditions. With respect to the electric business, very warm weather in summer months and, with respect to the electric and natural gas businesses, very cold weather in winter months are referred to as "favorable weather conditions" because these weather conditions result in increased deliveries of electricity and natural gas. Conversely, mild weather reduces demand. During the three months ended September 30, 2016 compared to the same period in 2015, operating revenue net of purchased power and fuel expense was higher due to the impact of favorable summer weather conditions in DPL's service territory. During the nine months ended September 30, 2016 compared to the same period in 2015, operating revenue net of purchased power and fuel expense was lower due to the impact of unfavorable winter weather conditions in DPL's service territory.

Heating and cooling degree days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree days for a 20-year period in DPL's electric service territory and a 30-year period in DPL's natural gas service territory. The changes in heating and cooling degree days in DPL's service territory for the three and nine months ended September 30, 2016 compared to the same periods in 2015 and normal weather consisted of the following:

				% Change	
Three Months Ended September 30,	**2016**	**2015**	**Normal**	**2016 vs. 2015**	**2016 vs. Normal**
Heating Degree-Days	14	2	35	600.0%	(60.0)%
Cooling Degree-Days	1,103	897	836	23.0%	31.9%
Nine Months Ended September 30,					
Heating Degree-Days	2,812	3,275	2,974	(14.1)%	(5.4)%
Cooling Degree-Days	1,410	1,315	1,164	7.2%	21.1%

Volume. The increase in operating revenue net of purchased power and fuel expense related to delivery volume, exclusive of the effects of weather, for the three and nine months ended September 30, 2016 compared to the same periods in 2015, primarily reflects the impact of moderate economic and customer growth.

Regulatory Required Programs. This represents the change in operating revenues collected under approved riders to recover costs incurred for regulatory programs such as energy efficiency programs. The riders are designed to provide full and current cost recovery as well as a return. The costs of these programs are included in operating and maintenance expense, depreciation and amortization expense and income taxes. Refer to the operating and maintenance expense discussion below for additional information on included programs.

Transmission Revenue. Under a FERC-approved formula, transmission revenue varies from year to year based upon fluctuations in the underlying costs, investments being recovered and other billing adjustments. The increase in revenue net of purchased power expense for the three and nine months ended September 30, 2016 compared to the same periods in 2015 is a result of higher rates effective June 1, 2015 related to increases in transmission plant investment and operating expenses and due to the establishment of a reserve recorded in September 2015 related to the FERC ROE challenges, partially offset by lower revenue related to the MAPP abandonment recovery period that ended in March 2016.

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Operating and Maintenance Expense

	Three Months Ended September 30,		Increase (Decrease)	Nine Months Ended September 30,		Increase (Decrease)
	2016	2015		2016	2015	
Operating and maintenance expense — baseline	$ 50	$ 74	$ (24)	$ 328	$ 222	$ 106
Operating and maintenance expense — regulatory required programs (a)	5	3	2	10	12	(2)
Total operating and maintenance expense	$ 55	$ 77	$ (22)	$ 338	$ 234	$ 104

(a) Operating and maintenance expenses for regulatory required programs are costs for various legislative and/or regulatory programs that are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in Operating revenues.

The changes in operating and maintenance expense for the three and nine months ended September 30, 2016 compared to the same periods in 2015, consisted of the following:

	Three Months Ended September 30, Increase (Decrease)	Nine Months Ended September 30, Increase (Decrease)
Baseline		
Labor, other benefits, contracting and materials	$ (3)	$ (4)
Storm-related costs	1	4
Uncollectible accounts expense	(2)	(5)
Remeasurement of AMI-related regulatory asset	1	2
Deferral of merger-related costs to regulatory asset	—	(3)
Write-off of construction work in progress	—	4
BSC and PHISCO allocations (a)	5	24
Merger commitments (b)	(27)	77
Other	1	7
	(24)	106
Regulatory required programs		
Purchased power administrative costs	2	(2)
Total (decrease) increase	$ (22)	$ 104

(a) Primarily related to merger severance and compensation costs.
(b) Primarily related to merger-related commitments for customer rate credits, inclusive of the estimate of merger commitment costs associated with the most favored nation provision of the merger orders, and charitable contributions.

Depreciation, Amortization and Accretion Expense

The changes in depreciation, amortization and accretion expense for the three and nine months ended September 30, 2016 compared to the same periods in 2015 consisted of the following:

	Three Months Ended September 30, Increase (Decrease)	Nine Months Ended September 30, Increase (Decrease)
Depreciation expense (a)	$ 2	$ 6
Regulatory asset amortization (b)	1	2
Delaware renewable energy portfolio standards deferral	1	(1)
Total increase	$ 4	$ 7

(a) Depreciation expense increased due to ongoing capital expenditures.
(b) Regulatory asset amortization increased for the three and nine months ended September 30, 2016 compared to the same periods in 2015 due to an EmPower Maryland surcharge rate increase effective February 2015, partially offset by lower amortization of MAPP abandonment costs.

Taxes Other Than Income

Taxes other than income for the nine months ended September 30, 2016 compared to the same period in 2015 increased primarily due to higher property taxes.

Interest Expense, Net

Interest expense, net for the three and nine months ended September 30, 2016 compared to the same periods in 2015 remained relatively constant.

Other, Net

Other, net for the three and nine months ended September 30, 2016 remained relatively level compared to the same periods in 2015.

Effective Income Tax Rate

DPL's effective income tax rate was 30.2% and 37.5% for the three months ended September 30, 2016 and 2015, respectively. DPL's effective income tax rate was 900.0% and 38.2% for the nine months ended September 30, 2016 and 2015, respectively. See Note 11 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates. As a result of the merger, DPL recorded an after-tax charge of $19 million during the nine months ended September 30, 2016 as a result of the assessment and remeasurement of certain federal and state uncertain tax positions.

DPL Electric Operating Statistics and Revenue Detail

Retail Deliveries to Customers (in GWhs)	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	% Change	Weather - Normal % Change	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015	% Change	Weather - Normal % Change
Retail Deliveries (a)								
Residential	1,601	1,425	12.4%	9.9%	4,066	4,297	(5.4)%	1.9%
Small commercial & industrial	642	618	3.9%	7.7%	1,746	1,803	(3.2)%	2.6%
Large commercial & industrial	1,250	1,283	(2.6)%	4.1%	3,492	3,550	(1.6)%	1.2%
Public authorities & electric railroads	9	11	(18.2)%	7.6%	35	33	6.1%	(3.7)%
Total retail deliveries	3,502	3,337	4.9%	7.3%	9,339	9,683	(3.6)%	1.8%

Number of Electric Customers	As of September 30, 2016	As of September 30, 2015
Residential	455,640	453,114
Small commercial & industrial	60,034	59,583
Large commercial & industrial	1,414	1,412
Public authorities & electric railroads	643	644
Total	517,731	514,753

Electric Revenue	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	% Change	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015	% Change
Retail Sales (a)						
Residential	$ 200	$ 181	10.5%	$ 522	$ 533	(2.1)%
Small commercial & industrial	48	51	(5.9)%	143	145	(1.4)%
Large commercial & industrial	24	26	(7.7)%	74	79	(6.3)%
Public authorities & electric railroads	2	3	(33.3)%	9	9	—%
Total retail	274	261	5.0%	748	766	(2.3)%
Other revenue (b)	40	34	17.6%	124	109	13.8%
Total electric revenue (c)	$ 314	$ 295	6.4%	$ 872	$ 875	(0.3)%

(a) Reflects delivery volumes and revenues from customers purchasing electricity directly from DPL and customers purchasing electricity from a competitive electric generation supplier as all customers are assessed distribution charges. For customers purchasing electricity from DPL, revenue also reflects the cost of energy and transmission.
(b) Other revenue includes transmission revenue from PJM and wholesale electric revenues.
(c) Includes operating revenues from affiliates totaling $2 million and $1 million for the three months ended September 30, 2016 and 2015, respectively, and $6 million and $4 million for the nine months ended September 30, 2016 and 2015, respectively.

DPL Natural Gas Operating Statistics and Revenue Detail

Retail Deliveries to Customers (in mmcf)	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	% Change	Weather - Normal % Change	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015	% Change	Weather - Normal % Change
Retail Deliveries								
Residential	1,121	1,111	0.9%	(5.1)%	9,253	10,720	(13.7)%	(4.1)%
Transportation & other	1,166	1,144	1.9%	(0.6)%	4,455	4,716	(5.5)%	(0.9)%
Total natural gas deliveries	2,287	2,255	1.4%	(2.8)%	13,708	15,436	(11.2)%	(3.1)%

Number of Gas Customers	As of September 30, 2016	As of September 30, 2015
Residential	120,075	119,006
Commercial & industrial	9,656	9,527
Transportation & other	157	159
Total	129,888	128,692

Natural Gas Revenue	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	% Change	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015	% Change
Retail Sales (a)						
Retail sales	$ 13	$ 13	—%	$ 87	$ 111	(21.6)%
Transportation & other (b)	4	6	(33.3)%	15	18	(16.7)%
Total natural gas revenues	$ 17	$ 19	(10.5)%	$ 102	$ 129	(20.9)%

(a) Reflects delivery volumes and revenues from customers purchasing natural gas directly from DPL and customers purchasing natural gas from a competitive natural gas supplier as all customers are assessed distribution charges. For customers purchasing natural gas from DPL, revenue also reflects the cost of natural gas.
(b) Transportation and other revenue includes off-system natural gas sales and the short-term release of interstate pipeline transportation and storage capacity not needed to serve customers.

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Results of Operations — ACE

	Three Months Ended September 30,		Favorable (Unfavorable) Variance	Nine Months Ended September 30,		Favorable (Unfavorable) Variance
	2016	2015		2016	2015	
Operating revenues	$ 421	$ 386	$ 35	$ 982	$ 1,003	$ (21)
Purchased power expense	221	214	(7)	520	552	32
Revenue net of purchased power expense [(a)]	200	172	28	462	451	11
Other operating expenses						
Operating and maintenance	67	70	3	346	207	(139)
Depreciation, amortization and accretion	49	49	—	130	135	5
Taxes other than income	1	2	1	6	5	(1)
Total other operating expenses	117	121	4	482	347	(135)
Gain on sale of assets	—	—	—	1	—	1
Operating income (loss)	83	51	32	(19)	104	(123)
Other income and (deductions)						
Interest expense, net	(15)	(16)	1	(47)	(48)	1
Other, net	2	1	1	8	4	4
Total other income and (deductions)	(13)	(15)	2	(39)	(44)	5
Income (loss) before income taxes	70	36	34	(58)	60	(118)
Income taxes	23	14	(9)	(8)	23	31
Net income (loss) attributable to common shareholder	$ 47	$ 22	$ 25	$ (50)	$ 37	$ (87)

(a) ACE evaluates its operating performance using the measure of revenue net of purchased power expense for electric sales. ACE believes Revenue net of purchased power expense is a useful measurement of its performance because it provides information that can be used to evaluate its operational performance. ACE has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, Revenue net of purchased power expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

Net Income (Loss) Attributable to Common Shareholder

Three Months Ended September 30, 2016 Compared to Three Months Ended September 30, 2015. ACE's net income attributable to common shareholder for the three months ended September 30, 2016, was higher than the same period in 2015, primarily due to an increase in operating revenue net of purchased power expense resulting from higher average customer usage and higher transmission revenue and due to a decrease in operating and maintenance expense reflecting a revision in the estimate of ACE's merger commitment costs associated with the most favored nation provision of the merger orders. The revision in estimate included a reduction in ACE's merger commitment costs of $10 million, reflecting a reallocation of the most favored nation commitments among Exelon and ACE, such that more commitments are expected to be obligations of Exelon for energy efficiency and other programs as opposed to obligations of ACE for additional customer rate credits.

Nine Months Ended September 30, 2016 Compared to Nine Months Ended September 30, 2015. ACE's net loss attributable to common shareholder for the nine months ended September 30, 2016, compared unfavorably to ACE's net income for the same period in 2015, primarily due to an increase in operating and maintenance expense due to merger-related costs.

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Operating Revenue Net of Purchased Power Expense

Operating revenues include revenue from the distribution and supply of electricity to ACE's customers within its service territories at regulated rates. Operating revenues also include transmission service revenue that ACE receives as a transmission owner from PJM at rates regulated by FERC. Transmission rates are updated annually based on a FERC-approved formula methodology.

Electric revenues and purchased power expense are also affected by fluctuations in participation in the Customer Choice Program. All ACE customers have the choice to purchase electricity from competitive electric generation suppliers. The customer's choice of supplier does not impact the volume of deliveries, but affects revenue collected from customers related to supplied energy service.

Retail deliveries purchased from competitive electric generation suppliers (as a percentage of kWh sales) for the three and nine months ended September 30, 2016, compared to the same periods in 2015, consisted of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	2016	2015
Electric	44%	40%	46%	44%

Retail customers purchasing electric generation from competitive electric generation suppliers at September 30, 2016 and 2015 consisted of the following:

	September 30, 2016		September 30, 2015	
	Number of customers	% of total retail customers	Number of customers	% of total retail customers
Electric	96,837	18%	78,758	14%

The costs related to default electricity supply are included in Purchased power expense. Operating revenues also include revenue from Transition Bond Charges that ACE receives, and pays to ACE Funding, to fund the principal and interest payments on Transition Bonds, revenue from the resale in the PJM RTO market of energy and capacity purchased under contacts with unaffiliated NUGs, and revenue from transmission enhancement credits.

Operating revenues also include work and services performed on behalf of customers, including other utilities, which is generally not subject to price regulation. Work and services includes mutual assistance to other utilities, highway relocation, rentals of pole attachments, late payment fees and collection fees.

Purchased power expense consists of the cost of electricity purchased by ACE to fulfill its default electricity supply obligation and, as such, is recoverable from customers in accordance with the terms of public service commission orders.

The changes in ACE's operating revenue net of purchased power expense for the three and nine months ended September 30, 2016 compared to the same periods in 2015 consisted of the following:

	Three Months Ended September 30, Increase (Decrease)	Nine Months Ended September 30, Increase (Decrease)
Weather	$ 2	$ (7)
Volume	12	4
Distribution rate increase	4	4
Regulatory required programs	(1)	(10)
Transmission revenues	11	19
Other	—	1
Total increase	$ 28	$ 11

Weather. The demand for electricity is affected by weather conditions. With respect to the electric business, very warm weather in summer months and very cold weather in winter months are referred to as "favorable weather conditions" because these weather conditions result in increased deliveries of electricity. Conversely, mild weather reduces demand. During the three months ended September 30, 2016 compared to the same period in 2015, operating revenue net of purchased power and fuel expense was higher due to the impact of favorable summer weather conditions in ACE's service territory. During the nine months ended September 30, 2016 compared to the same period in 2015, operating revenue net of purchased power and fuel expense was lower due to the impact of unfavorable winter weather conditions in ACE's service territory.

For retail customers of ACE, distribution revenues are not decoupled for the distribution of electricity by ACE, and thus are subject to variability due to changes in customer consumption. Therefore, changes in customer usage (due to weather conditions, energy prices, energy savings programs or other reasons) from period to period have a direct impact on reported distribution revenue for customers in ACE's service territory.

Heating and cooling degree days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree days for a 20-year period in ACE's service territory. The changes in heating and cooling degree days in ACE's service territory for the three and nine months ended September 30, 2016 compared to the same periods in 2015 consisted of the following:

				% Change	
Three Months Ended September 30,	**2016**	**2015**	**Normal**	**2016 vs. 2015**	**2016 vs. Normal**
Heating Degree-Days	17	—	44	—%	(61.4)%
Cooling Degree-Days	1,006	883	786	13.9%	28.0%
Nine Months Ended September 30,					
Heating Degree-Days	2,938	3,524	3,143	(16.6)%	(6.5)%
Cooling Degree-Days	1,267	1,249	1,072	1.4%	18.2%

Volume. The increase in operating revenue net of purchased power expense related to delivery volume, exclusive of the effects of weather, for the three and nine months ended September 30, 2016 compared to the same periods in 2015, primarily reflects the impact of higher average customer usage.

Distribution Rate Increase. The increase in operating revenue net of purchased power expense for the three and nine months ended September 30, 2016, compared to the same periods in 2015, was primarily due to the impact of the new electric distribution base rate charged to customers that became effective in August 2016 in accordance with the NJBPU approved electric rate case order. See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

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Regulatory Required Programs. This represents the change in operating revenues collected under approved riders to recover costs incurred for regulatory programs such as energy efficiency programs. The riders are designed to provide full and current cost recovery as well as a return. The costs of these programs are included in operating and maintenance expense, depreciation and amortization expense and income taxes. Refer to the depreciation and amortization expense discussion below for additional information on included programs.

Transmission Revenue. Under a FERC-approved formula, transmission revenue varies from year to year based upon fluctuations in the underlying costs, investments being recovered and other billing adjustments. The increase in revenue net of purchased power expense for the three and nine months ended September 30, 2016 compared to the same periods in 2015 is a result of higher rates effective June 1, 2015 related to increases in transmission plant investment and operating expenses and due to the establishment of a reserve recorded in September 2015 related to the FERC ROE challenges.

Operating and Maintenance Expense

	Three Months Ended September 30,		Increase (Decrease)	Nine Months Ended September 30,		Increase (Decrease)
	2016	2015		2016	2015	
Operating and maintenance expense — baseline	$ 66	$ 69	$ (3)	$ 343	$ 204	$ 139
Operating and maintenance expense — regulatory required programs [(a)]	1	1	—	3	3	—
Total operating and maintenance expense	$ 67	$ 70	$ (3)	$ 346	$ 207	$ 139

(a) Operating and maintenance expenses for regulatory required programs are costs for various legislative and/or regulatory programs that are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in Operating revenues.

The changes in operating and maintenance expense for the three and nine months ended September 30, 2016 compared to the same periods in 2015 consisted of the following:

	Three Months Ended September 30, Increase (Decrease)	Nine Months Ended September 30, Increase (Decrease)
Baseline		
Labor, other benefits, contracting and materials	$ 3	$ 7
Storm-related costs	—	1
BSC and PHISCO allocations [(a)]	2	18
Uncollectible accounts expense	1	2
Merger commitments [(b)]	(10)	111
Other	1	—
Total (decrease) increase	$ (3)	$ 139

(a) Primarily related to merger severance and compensation costs.
(b) Primarily related to merger-related commitments for customer rate credits, inclusive of the estimate of merger commitment costs associated with the most favored nation provision of the merger orders, and charitable contributions.

Depreciation, Amortization and Accretion Expense

The changes in depreciation, amortization and accretion expense for the three and nine months ended September 30, 2016 compared to the same periods in 2015 consisted of the following:

	Three Months Ended September 30, Increase (Decrease)	Nine Months Ended September 30, Increase (Decrease)
Depreciation expense [(a)]	$ 1	$ 4
Regulatory asset amortization [(b)]	(1)	(9)
Total decrease	$ —	$ (5)

(a) Depreciation expense increased due to ongoing capital expenditures.
(b) Regulatory asset amortization decreased for the three and nine months ended September 30, 2016 compared to the same periods in 2015 as a result of lower revenue due to a rate decrease effective October 2015 for the ACE Market Transition charge tax.

Taxes Other Than Income

Taxes other than income for the three and nine months ended September 30, 2016 compared to the same periods in 2015, remained relatively constant.

Interest Expense, Net

Interest expense, net for the three and nine months ended September 30, 2016 compared to the same periods in 2015 remained relatively constant.

Other, Net

Other, net for the three and nine months ended September 30, 2016 compared to the same periods in 2015 increased primarily due to higher income from AFUDC equity.

Effective Income Tax Rate

ACE's effective income tax rate was 32.9% and 38.9% for the three months ended September 30, 2016 and 2015 respectively. ACE's effective income tax rate was 13.8% and 38.3% for the nine months ended September 30, 2016 and 2015, respectively. See Note 11 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates. As a result of the merger, ACE recorded an after-tax charge of $21 million during the nine months ended September 30, 2016 as a result of the assessment and remeasurement of certain federal and state uncertain tax positions.

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ACE Electric Operating Statistics and Revenue Detail

Retail Deliveries to Customers (in GWhs)	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	% Change	Weather - Normal % Change	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015	% Change	Weather - Normal % Change
Retail Deliveries [a]								
Residential	1,575	1,420	10.9%	5.6%	3,327	3,452	(3.6)%	1.6%
Small commercial & industrial	426	385	10.6%	3.1%	998	996	0.2%	0.9%
Large commercial & industrial	1,032	933	10.6%	4.0%	2,705	2,669	1.3%	1.2%
Public authorities & electric railroads	11	9	22.2%	—%	35	32	9.4%	—%
Total retail deliveries	3,044	2,747	10.8%	4.7%	7,065	7,149	(1.2)%	1.3%

Number of Electric Customers	As of September 30, 2016	As of September 30, 2015
Residential	483,542	482,348
Small commercial & industrial	63,826	63,671
Large commercial & industrial	845	893
Public authorities & electric railroads	593	564
Total	548,806	547,476

Electric Revenue	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	% Change	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015	% Change
Retail Sales [a]						
Residential	$ 249	$ 227	9.7%	$ 530	$ 549	(3.5)%
Small commercial & industrial	55	53	3.8%	133	135	(1.5)%
Large commercial & industrial	57	56	1.8%	158	155	1.9%
Public authorities & electric railroads	4	3	33.3%	10	9	11.1%
Total retail	365	339	7.7%	831	848	(2.0)%
Other revenue [b]	56	47	19.1%	151	155	(2.6)%
Total electric revenue [c]	$ 421	$ 386	9.1%	$ 982	$ 1,003	(2.1)%

(a) Reflects delivery volumes and revenues from customers purchasing electricity directly from ACE and customers purchasing electricity from a competitive electric generation supplier as all customers are assessed distribution charges. For customers purchasing electricity from ACE, revenue also reflects the cost of energy and transmission.

(b) Other revenue includes transmission revenue from PJM and wholesale electric revenues.

(c) Includes operating revenues from affiliates totaling $1 million and $1 million for the three months ended September 30, 2016 and 2015, respectively, and $3 million and $2 million for the nine months ended September 30, 2016 and 2015, respectively.

Liquidity and Capital Resources

Exelon activity presented below includes the activity of PHI, Pepco, DPL and ACE, from the PHI Merger effective date of March 24, 2016 through September 30, 2016. Exelon prior year activity is unadjusted for the effects of the PHI Merger. Due to the application of push-down accounting to the PHI entity, PHI's activity is presented in two separate reporting periods, the legacy PHI activity through March 23, 2016 (Predecessor), and PHI activity for the remainder of the period after the PHI merger date (Successor). For each of Pepco, DPL and

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ACE the activity presented below include its activity for the nine months ended September 30, 2016 and 2015. All results included throughout the liquidity and capital resources section are presented on a GAAP basis.

The Registrants' operating and capital expenditure requirements are provided by internally generated cash flows from operations as well as funds from external sources in the capital markets and through bank borrowings. The Registrants' businesses are capital intensive and require considerable capital resources. Each Registrant's access to external financing on reasonable terms depends on its credit ratings and current overall capital market business conditions, including that of the utility industry in general. If these conditions deteriorate to the extent that the Registrants no longer have access to the capital markets at reasonable terms, the Registrants have access to unsecured revolving credit facilities with aggregate bank commitments of $9 billion. In addition, Generation has $525 million in bilateral credit facilities with banks which have various expirations dates between December 2016 and May 2021. The Registrants utilize their credit facilities to support their commercial paper programs, and provide for other short-term borrowings and letters of credit. See the "Credit Matters" section below for further discussion. The Registrants expect cash flows to be sufficient to meet operating expenses, financing costs and capital expenditure requirements.

The Registrants primarily use their capital resources, including cash, to fund capital requirements, including construction expenditures, retire debt, pay dividends, fund pension and other postretirement benefit obligations and invest in new and existing ventures. The Registrants spend a significant amount of cash on capital improvements and construction projects that have a long-term return on investment. Additionally, ComEd, PECO, BGE, Pepco, DPL and ACE operate in rate-regulated environments in which the amount of new investment recovery may be delayed or limited and where such recovery takes place over an extended period of time. See Note 10 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for further discussion of the Registrants' debt and credit agreements.

Cash Flows from Operating Activities

General

Generation's cash flows from operating activities primarily result from the sale of electric energy and energy-related products and services to customers. Generation's future cash flows from operating activities may be affected by future demand for and market prices of energy and its ability to continue to produce and supply power at competitive costs as well as to obtain collections from customers.

The Utility Registrants' cash flows from operating activities primarily result from the transmission and distribution of electricity and, in the case of PECO, BGE and DPL, natural gas distribution services. The Utility Registrants' distribution services are provided to an established and diverse base of retail customers. The Utility Registrants' future cash flows may be affected by the economy, weather conditions, future legislative initiatives, future regulatory proceedings with respect to their rates or operations, competitive suppliers, and their ability to achieve operating cost reductions.

See Notes 3 — Regulatory Matters and 23 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements of the Exelon 2015 Form 10-K for further discussion of regulatory and legal proceedings and proposed legislation. See Note 7 — Regulatory Matters and Note 16 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements of the PHI 2015 Form 10-K.

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The following table provides a summary of the major items affecting Exelon's cash flows from operations for the nine months ended September 30, 2016 and 2015:

	Nine Months Ended September 30,		
	2016 [c]	2015	Variance
Net income	$ 956	$1,959	$(1,003)
Add (subtract):			
Non-cash operating activities [a]	5,946	3,900	2,046
Pension and non-pension postretirement benefit contributions	(283)	(430)	147
Income taxes	527	300	227
Changes in working capital and other noncurrent assets and liabilities [b]	(516)	(197)	(319)
Option premiums (paid) received, net	(24)	27	(51)
Counterparty collateral received, net	757	115	642
Net cash flows provided by operations	$7,363	$5,674	$ 1,689

(a) Represents, when applicable, depreciation, amortization and accretion, net fair value changes related to derivatives, deferred income taxes, provision for uncollectible accounts, pension and other postretirement benefit expense, equity in earnings and losses of unconsolidated affiliates and investments, decommissioning-related items, stock compensation expense, impairment of long-lived assets, PHI merger commitment and severance charges, and other non-cash charges. See Note 19 — Supplemental Financial Information for further detail on non-cash operating activity.
(b) Changes in working capital and other noncurrent assets and liabilities exclude the changes in commercial paper, income taxes and the current portion of long-term debt.
(c) Includes PHI Consolidated activity from March 24, 2016 to September 30, 2016.

Pension and Other Postretirement Benefits

Management considers various factors when making pension funding decisions, including actuarially determined minimum contribution requirements under ERISA, contributions required to avoid benefit restrictions and at-risk status as defined by the Pension Protection Act of 2006, management of the pension obligation and regulatory implications. On July 6, 2012, President Obama signed into law the Moving Ahead for Progress in the Twenty-first Century Act, which contains a pension funding provision that results in lower pension contributions in the near term while increasing the premiums pension plans pay to the Pension Benefit Guaranty Corporation. On August 8, 2014, this funding relief was extended for five years. On November 2, 2015 the funding relief was extended for an additional three years and premiums pension plans pay to the Pension Benefit Guaranty Corporation were further increased.

OPEB funding generally follows accounting cost, subject to adjustment for other considerations such as liabilities management and regulatory implications.

To the extent interest rates decline significantly or the pension plans do not earn the expected asset return rates, annual pension contribution requirements in future years could increase. Additionally, expected contributions could change if Exelon changes its pension or OPEB funding strategy.

Tax Matters

The Registrants' future cash flows from operating activities may be affected by the following tax matters:

- In order to appeal the Tax Court's like-kind exchange decision, Exelon is required to pay the tax, penalty and interest at the time Exelon files its appeal (expected early 2017). While the final calculation of tax, penalties and interest has not yet been finalized by the IRS, Exelon estimates that a payment of approximately $1.4 billion related to the like-kind exchange will be due, including $300 million from ComEd, in the first quarter of 2017. While Exelon will receive a tax benefit of

approximately $400 million associated with the deduction for the interest, Exelon currently has a net operating loss carryforward and thus does not expect to realize the cash benefit until 2018. Exelon's total estimated cash outflow for the like-kind exchange is $1.0 billion, of which approximately $300 million would be attributable to ComEd after giving consideration to Exelon's agreement to hold ComEd harmless from any unfavorable impacts of the after-tax interest and penalty amounts on ComEd's equity. ComEd will fund the $300 million with a combination of debt and equity in a manner to maintain its current capital structure. Upon a final appellate decision, which could take up to several years, Exelon expects to receive $80 million related to final interest computations.

Of the above amounts payable, Exelon deposited with the IRS approximately $1.25 billion in October of 2016. The remaining amount will be paid in early 2017 at the time Exelon files its appeal of the Tax Court decision. Exelon funded the $1.25 billion deposit with a combination of cash on hand and short-term borrowings.

- In April of 2016, Exelon received tax refunds of approximately $460 million related to IRS positions settled in prior tax years. Of this amount, approximately $195 million of the refund is attributable to Generation and the remaining $265 million is attributable to ComEd.
- State and local governments continue to face increasing financial challenges, which may increase the risk of additional income tax levies, property taxes and other taxes or the imposition, extension or permanence of temporary tax levies.

Cash flows from operations for the nine months ended September 30, 2016 and 2015 by Registrant were as follows:

	Nine Months Ended September 30,	
	2016	2015
Exelon	$ 7,363	$ 5,674
Generation	3,723	3,206
ComEd	1,749	1,346
PECO	582	567
BGE	660	696
Pepco	504	213
DPL	267	188
ACE	315	178

	Successor	*Predecessor*	
	March 24, 2016 to September 30, 2016	January 1, 2016 to March 23, 2016	Nine Months Ended September 30, 2015
PHI	$ 546	$ 264	$ 601

Changes in the Registrants' cash flows from operations were generally consistent with changes in each Registrant's respective results of operations, as adjusted by changes in working capital in the normal course of business, except as discussed below. In addition, significant operating cash flow impacts for the Registrants for the nine months ended September 30, 2016 and 2015 were as follows:

Generation

- Depending upon whether Generation is in a net mark-to-market liability or asset position, collateral may be required to be posted with or collected from its counterparties. In addition, the collateral posting and collection requirements differ depending on whether the transactions are on the exchange or in the OTC markets. During the nine months ended September 30, 2016 and 2015, Generation had net collections of counterparty cash collateral of $759 million and $186 million, respectively, primarily due to market conditions that resulted in changes to Generation's net mark-to-market position.

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- During the nine months ended September 30, 2016 and 2015, Generation had net (payments)/collections of approximately $(24) million and $27 million, respectively, related to purchases and sales of options. The level of option activity in a given period may vary due to several factors, including changes in market conditions as well as changes in hedging strategy.

ComEd

- During nine months ended September 30, 2016 and 2015, ComEd posted approximately $2 million and $41 million of cash collateral to PJM, respectively. ComEd's collateral posted with PJM has decreased year over year due to lower PJM billings. As of September 30, 2016 and 2015, ComEd had approximately $33 million and $41 million cash collateral posted with PJM, respectively.

PHI, Pepco, DPL and ACE

- During the nine months ended September 30, 2016, Pepco, DPL and ACE received tax refund allocations from PHI in connection with the Global Tax Settlement of $147 million, $56 million and $167 million, respectively. See Note 11 — Income Taxes of the PHI 2015 Form 10-K for additional information.

Cash Flows from Investing Activities

Cash flows used in investing activities for the nine months ended September 30, 2016 and 2015 by Registrant were as follows:

	Nine Months Ended September 30,	
	2016	2015
Exelon	$(13,219)	$(5,689)
Generation	(3,278)	(3,020)
ComEd	(1,919)	(1,646)
PECO	(438)	(425)
BGE	(614)	(491)
Pepco	(435)	(357)
DPL	(254)	(240)
ACE	(227)	(216)

	Successor	*Predecessor*	
	March 24, 2016 to September 30, 2016	January 1, 2016 to March 23, 2016	Nine Months Ended September 30, 2015
PHI	$ (631)	$ (343)	$ (835)

Generation

Generation has entered into several agreements to acquire equity interests in privately held and development stage entities which develop energy-related technologies. The agreements contain a series of scheduled investment commitments, including in-kind service contributions. There are approximately $108 million of anticipated expenditures remaining through 2018 to fund anticipated planned capital and operating needs of the associated companies. See Note 23 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements of the Exelon 2015 Form 10-K for further details of Generation's equity interests.

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Capital expenditures by Registrant for the nine months ended September 30, 2016 and 2015 and projected amounts for the full year 2016 are as follows:

	Projected Full Year 2016 [a]	Nine Months Ended September 30,	
		2016	2015
Exelon	$ 8,821	$6,368	$5,443
Generation	3,375	2,651	2,774
ComEd [b]	2,625	1,950	1,670
PECO	650	448	435
BGE	850	611	506
Pepco [c]	500	392	374
DPL [c]	275	260	246
ACE [c]	275	227	212
Other [d]	100	84	58

	Projected Full Year 2016 [a] [c]	*Successor*	*Predecessor*	
		March 24, 2016 to September 30, 2016	January 1, 2016 to March 23, 2016	Nine Months Ended September 30, 2015
PHI	$ 1,050	$ 624	$ 273	$ 855

(a) Total projected capital expenditures do not include adjustments for non-cash activity.
(b) The 2016 projections include approximately $623 million of expected incremental spending pursuant to EIMA, ComEd has committed to invest approximately $2.6 billion over a ten year period, through 2022, to modernize and storm-harden its distribution system and to implement smart grid technology.
(c) Projected capital expenditures reflect projections after March 23, 2016.
(d) Other primarily consists of corporate operations, BSC and PHISCO.

Projected capital expenditures and other investments are subject to periodic review and revision to reflect changes in economic conditions and other factors.

Generation

Approximately 32% and 38% of the projected 2016 capital expenditures at Generation are for the acquisition of nuclear fuel and growth (primarily new plant construction and distributed generation), respectively, with the remaining amounts reflecting additions and upgrades to existing facilities (including material condition improvements during nuclear refueling outages). Generation anticipates that they will fund capital expenditures with internally generated funds and borrowings.

ComEd, PECO, BGE, Pepco, DPL and ACE

Approximately 88%, 97%, 100%, 100%, 100% and 100% of the projected 2016 capital expenditures at ComEd, PECO, BGE, Pepco, DPL and ACE, respectively, are for continuing projects to maintain and improve operations, including enhancing reliability and adding capacity to the transmission and distribution systems such as ComEd's reliability related investments required under EIMA, and the Utility Registrants' construction commitments under PJM's RTEP. In addition to capital expenditures for continuing projects, ComEd's total expenditures include smart grid/smart meter technology required under EIMA and for PECO, BGE, Pepco, DPL, and ACE, include capital expenditures related to their respective smart meter programs.

The Utility Registrants as transmission owners are subject to NERC compliance requirements. NERC provides guidance to transmission owners regarding assessments of transmission lines. The results of these assessments could require the Utility Registrants to incur incremental capital or operating and maintenance

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expenditures to ensure their transmission lines meet NERC standards. In 2010, NERC provided guidance to transmission owners that recommended the Utility Registrants perform assessments of their transmission lines. ComEd, PECO and BGE submitted their final bi-annual reports to NERC in January 2014. ComEd, PECO and BGE will be incurring incremental capital expenditures associated with this guidance following the completion of the assessments. Specific projects and expenditures are identified as the assessments are completed. ComEd's, PECO's and BGE's forecasted 2016 capital expenditures above reflect capital spending for remediation to be completed through 2017. Pepco, DPL and ACE have substantially completed their assessments and thus do not expect significant capital expenditures related to this guidance in 2016.

The Utility Registrants anticipate that they will fund their capital expenditures with a combination of internally generated funds and borrowings and additional capital contributions from parent, including ComEd's capital expenditures associated with EIMA as further discussed in Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements.

Cash Flows from Financing Activities

Cash flows provided by (used in) financing activities for the nine months ended September 30, 2016 and 2015 by Registrant were as follows:

	Nine Months Ended September 30,	
	2016	2015
Exelon	$1,251	$5,402
Generation	(501)	(421)
ComEd	147	285
PECO	77	(140)
BGE	286	(242)
Pepco	28	148
DPL	(14)	53
ACE	74	40

	Successor	*Predecessor*	
	March 24, 2016 to September 30, 2016	January 1, 2016 to March 23, 2016	Nine Months Ended September 30, 2015
PHI	$ 65	$ 372	$ 491

Debt

See Note 10 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for further details of the Registrants' debt issuances.

Dividends

Cash dividend payments and distributions during the nine months ended September 30, 2016 and 2015 by Registrant were as follows:

	Nine Months Ended September 30,	
	2016	2015
Exelon	$ 873	$ 819
Generation	167	2,368
ComEd	275	226
PECO	208	209
BGE [(a)]	142	126
Pepco	92	91
DPL	39	80
ACE	24	12

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	Successor	Predecessor	
	March 24, 2016 to September 30, 2016	January 1, 2016 to March 23, 2016	Nine Months Ended September 30, 2015
PHI	$ 174	$ —	$ 206

(a) Includes dividends paid on BGE's preference stock.

Quarterly dividends declared by the Exelon Board of Directors during the nine months ended September 30, 2016 and for the third quarter of 2016 were as follows:

Period	Declaration Date	Shareholder of Record Date	Dividend Payable Date	Cash per Share [a]
First Quarter 2016	January 26, 2016	February 12, 2016	March 10, 2016	$ 0.310
Second Quarter 2016	April 26, 2016	May 13, 2016	June 10, 2016	$ 0.318
Third Quarter 2016	July 26, 2016	August 15, 2016	September 9, 2016	$ 0.318
Fourth Quarter 2016	October 25, 2016	November 15, 2016	December 9, 2016	$ 0.318

(a) Exelon's Board of Directors approved a revised dividend policy. The approved policy will raise the dividend 2.5% each year for the next three years, beginning with the June 2016 dividend and subject to Board approval.

Short-Term Borrowings

Short-term borrowings incurred (repaid) during the nine months ended September 30, 2016 and 2015 by Registrant were as follows:

	Nine months ended September 30,	
	2016	2015
Exelon	$(1,014)	$ 230
Generation	43	—
ComEd	(284)	300
BGE	(210)	(70)
Pepco	(64)	(56)
DPL	(88)	(40)
ACE	(5)	98

	Successor	Predecessor	
	March 24, 2016 to September 30, 2016	January 1, 2016 to March 23, 2016	Nine Months Ended September 30, 2015
PHI	$ (820)	$ 379	$ 399

Contributions from Parent/Member

Contributions received from Parent/Member for the nine months ended September 30, 2016 and 2015 by Registrant were as follows:

	Nine months ended September 30,	
	2016	2015
Generation	$ 142	$ 55
ComEd	188[a]	75[a]
PECO	18	16
BGE	28[a]	6
Pepco	187[b]	112[b]
DPL	113[b]	75[b]
ACE	139[b]	—

	Successor	Predecessor	
	March 24, 2016 to September 30, 2016	January 1, 2016 to March 23, 2016	Nine Months Ended September 30, 2015
PHI	$ 1,088[(a)]	$ —	$ —

(a) Contribution paid by Exelon.
(b) Contribution paid by PHI.

Pursuant to the orders approving the merger, Exelon made equity contributions of $73 million, $46 million and $49 million to Pepco, DPL and ACE, respectively, in the second quarter of 2016 to fund the after-tax amount of the customer bill credit and the customer base rate credit.

Redemptions of Preference Stock

On July 3, 2016, BGE redeemed all 400,000 shares of its outstanding 7.125% Cumulative Preference Stock, 1993 Series and all 600,000 shares of its outstanding 6.99% Cumulative Preference Stock, 1995 Series for $100 million, plus accrued and unpaid dividends. On September 18, 2016, BGE redeemed all remaining 500,000 shares of its outstanding 6.97% Cumulative Preference Stock, 1993 Series and all 400,000 shares of its outstanding 6.70% Cumulative Preference Stock, 1995 Series for $90 million, plus accrued and unpaid dividends. See Note 17 — Earnings Per Share and Equity of the Combined Notes to Consolidated Financial Statements for further details.

Other

For the nine months ended September 30, 2016, other financing activities primarily consist of debt issuance costs. See Note 10 — Debt and Credit Agreements of the Combined Notes to the Consolidated Financial Statements for further details of the Registrants' debt issuances.

Credit Matters

The Registrants fund liquidity needs for capital investment, working capital, energy hedging and other financial commitments through cash flows from continuing operations, public debt offerings, commercial paper markets and large, diversified credit facilities. The credit facilities include $9.5 billion in aggregate total commitments of which $7.9 billion was available as of September 30, 2016, and of which no financial institution has more than 7% of the aggregate commitments for the Registrants. The Registrants had access to the commercial paper market during the third quarter of 2016 to fund their short-term liquidity needs, when necessary. The Registrants routinely review the sufficiency of their liquidity position, including appropriate sizing of credit facility commitments, by performing various stress test scenarios, such as commodity price movements, increases in margin-related transactions, changes in hedging levels and the impacts of hypothetical credit downgrades. The Registrants have continued to closely monitor events in the financial markets and the financial institutions associated with the credit facilities, including monitoring credit ratings and outlooks, credit default swap levels, capital raising and merger activity. See PART I. ITEM 1A. RISK FACTORS of the Exelon 2015 Form 10-K for further information regarding the effects of uncertainty in the capital and credit markets.

The Registrants believe their cash flow from operating activities, access to credit markets and their credit facilities provide sufficient liquidity. If Generation lost its investment grade credit rating as of September 30, 2016, it would have been required to provide incremental collateral of $1.9 billion to meet collateral obligations for derivatives, non-derivatives, normal purchase normal sales contracts and applicable payables and receivables, net of the contractual right of offset under master netting agreements, which is well within its current available credit facility capacities of $4.2 billion.

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The following table presents the incremental collateral that each utility registrant would have been required to provide in the event each utility registrant lost its investment grade credit rating at September 30, 2016 and available credit facility capacity prior to any incremental collateral at September 30, 2016:

	PJM Credit Policy Collateral	Other Incremental Collateral Required [(a)]	Available Credit Facility Capacity Prior to Any Incremental Collateral
ComEd	$ 17	$ —	$ 998
PECO	3	25	598
BGE	2	29	600
Pepco	—	—	300
DPL	3	9	300
ACE	—	—	299

(a) Represents incremental collateral related to natural gas procurement contracts.

Exelon Credit Facilities

Exelon, ComEd, and BGE meet their short-term liquidity requirements primarily through the issuance of commercial paper. Generation and PECO meet their short-term liquidity requirements primarily through the issuance of commercial paper and borrowings from the Exelon intercompany money pool. PHI meets its short-term liquidity requirements primarily through the issuance of short-term notes and the Exelon intercompany money pool. Pepco, DPL and ACE meet their short-term liquidity requirements primarily through the issuance of commercial paper and short-term notes. The Registrants may use their respective credit facilities for general corporate purposes, including meeting short-term funding requirements and the issuance of letters of credit.

The following table reflects the Registrants' commercial paper programs supported by the revolving credit agreements and bilateral credit agreements at September 30, 2016:

Commercial Paper Programs

Commercial Paper Issuer	Maximum Program Size [(a)(b)]	Outstanding Commercial Paper at September 30, 2016	Average Interest Rate on Commercial Paper Borrowings for the Nine Months Ended September 30, 2016
Exelon Corporate	$ 600	$ —	0.70%
Generation	5,300	—	1.01%
ComEd	1,000	10	0.77%
PECO	600	—	—%
BGE	600	—	0.77%
Pepco	500	—	0.67%
DPL	500	17	0.69%
ACE	350	—	0.65%

(a) Excludes $525 million bilateral credit facilities that do not back Generation's commercial paper program.
(b) Excludes additional credit facility agreements for Generation, ComEd, PECO, BGE, Pepco, DPL and ACE with aggregate commitments of $50 million, $34 million, $34 million, $5 million, $2 million, $2 million and $2 million, respectively, arranged with minority and community banks located primarily within utilities' service territories. These facilities expire on October 13, 2017. These facilities are solely utilized to issue letters of credit. As of September 30, 2016, letters of credit issued under these agreements for Generation, ComEd, PECO and BGE totaled $7 million, $14 million, $21 million and $2 million, respectively.

In order to maintain their respective commercial paper programs in the amounts indicated above, each Registrant must have credit facilities in place, at least equal to the amount of its commercial paper program. While the amount of its commercial paper outstanding does not reduce available capacity under a Registrant's credit facility, a Registrant does not issue commercial paper in an aggregate amount exceeding the then available

capacity under its credit facility. At September 30, 2016, the Registrants had the following aggregate bank commitments, credit facility borrowings and available capacity under their respective credit facilities:

Credit Agreements

Borrower	Facility Type	Aggregate Bank Commitment (a)(b)(c)	Facility Draws	Outstanding Letters of Credit	Available Capacity at September 30, 2016	
					Actual	To Support Additional Commercial Paper (d)
Exelon Corporate	Syndicated Revolver	$ 600	$ —	$ 29	$ 571	$ 571
Generation (e)	Syndicated Revolver	5,300	—	1,264	4,036	4,036
Generation	Bilaterals	525	40	319	166	—
ComEd	Syndicated Revolver	1,000	—	2	998	988
PECO	Syndicated Revolver	600	—	2	598	598
BGE	Syndicated Revolver	600	—	—	600	600
Pepco	Syndicated Revolver	300	—	—	300	300
DPL	Syndicated Revolver	300	—	—	300	283
ACE	Syndicated Revolver	300	—	1	299	299

(a) Excludes $129 million of credit facility agreements arranged at minority and community banks at Generation, ComEd, PECO, BGE, Pepco, DPL and ACE. These facilities expire on October 13, 2017. These facilities are solely utilized to issue letters of credit. As of September 30, 2016, letters of credit issued under these agreements for Generation, ComEd, PECO and BGE totaled $7 million, $14 million, $21 million and $2 million, respectively.

(b) Pepco, DPL and ACE's revolving credit facility is subject to available borrowing capacity. The borrowing capacity may be increased or decreased during the term of the facility, except that (i) the sum of the borrowing capacity must equal the total amount of the facility, and (ii) the aggregate amount of credit used at any given time by each of Pepco, DPL or ACE may not exceed $900 million or the maximum amount of short-term debt the company is permitted to have outstanding by its regulatory authorities. The total number of the borrowing reallocations may not exceed eight per year during the term of the facility

(c) Excludes nonrecourse debt letters of credit, see Note 14 — Debt and Credit Agreements in the Exelon 2015 Form 10-K for further information on Continental Wind nonrecourse debt.

(d) Excludes $525 million bilateral credit facilities that do not back Generation's commercial paper program.

(e) Excludes ExGen Texas Power Financing's $4 million of borrowed debt on its revolving credit facility.

As of September 30, 2016, there was $40 million of borrowings under Generation's bilateral credit facilities.

Borrowings under Exelon Corporate's, Generation's, ComEd's, PECO's, BGE's, Pepco's, DPL's, and ACE's revolving credit agreements bear interest at a rate based upon either the prime rate or a LIBOR-based rate, plus an adder based upon the particular Registrant's credit rating. The adders for the prime based borrowings and LIBOR-based borrowings are presented in the following table:

	Exelon	Generation	ComEd	PECO	BGE	Pepco	DPL	ACE
Prime based borrowings	27.5	27.5	7.5	0.0	0.0	7.5	7.5	7.5
LIBOR-based borrowings	127.5	127.5	107.5	90.0	100.0	107.5	107.5	107.5

The maximum adders for prime rate borrowings and LIBOR-based rate borrowings are 90 basis points and 165 basis points, respectively. The credit agreements also require the borrower to pay a facility fee based upon the aggregate commitments. The fee varies depending upon the respective credit ratings of the borrower.

Each revolving credit agreement for Exelon, Generation, ComEd, PECO, BGE, Pepco, DPL and ACE requires the affected borrower to maintain a minimum cash from operations to interest expense ratio for the twelve-month period ended on the last day of any quarter. The following table summarizes the minimum thresholds reflected in the credit agreements for the nine months ended September 30, 2016:

	Exelon	Generation	ComEd	PECO	BGE	Pepco	DPL	ACE
Credit agreement threshold	2.50 to 1	3.00 to 1	2.00 to 1	2.00 to 1	2.00 to 1	2.00 to 1	2.00 to 1	2.00 to 1

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At September 30, 2016, the interest coverage ratios at Exelon, Generation, ComEd, PECO, BGE, Pepco, DPL and ACE were as follows:

	Exelon	Generation	ComEd	PECO	BGE	Pepco	DPL	ACE
Interest coverage ratio	7.25	11.67	7.60	9.16	10.76	6.19	8.26	5.60

An event of default under Exelon, Generation, ComEd, PECO or BGE's indebtedness will not constitute an event of default under any of the others' credit facilities, except that a bankruptcy or other event of default in the payment of principal, premium or indebtedness in principal amount in excess of $100 million in the aggregate by Generation will constitute an event of default under the Exelon Corporate credit facility. An event of default under Pepco, DPL or ACE's indebtedness will not constitute an event of default under any of the others' credit facilities, except that a bankruptcy or other event of default in the payment of principal, premium or indebtedness in principal amount in excess of $50 million in the aggregate will constitute an event of default under the credit facility.

The absence of a material adverse change in Exelon's or PHI's business, property, results of operations or financial condition is not a condition to the availability of credit under the credit agreement. The credit agreement does not include any rating triggers.

Security Ratings

The Registrants' access to the capital markets, including the commercial paper market, and their respective financing costs in those markets, may depend on the securities ratings of the entity that is accessing the capital markets.

The Registrants' borrowings are not subject to default or prepayment as a result of a downgrading of securities, although such a downgrading of a Registrant's securities could increase fees and interest charges under that Registrant's credit agreements.

As part of the normal course of business, the Registrants enter into contracts that contain express provisions or otherwise permit the Registrants and their counterparties to demand adequate assurance of future performance when there are reasonable grounds for doing so. In accordance with the contracts and applicable contracts law, if the Registrants are downgraded by a credit rating agency, it is possible that a counterparty would attempt to rely on such a downgrade as a basis for making a demand for adequate assurance of future performance, which could include the posting of collateral. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information on collateral provisions.

Intercompany Money Pool

To provide an additional short-term borrowing option that will generally be more favorable to the borrowing participants than the cost of external financing, both Exelon and PHI operate intercompany money pools. Maximum amounts contributed to and borrowed from the money pool by participant and the net contribution or borrowing as of September 30, 2016, are presented in the following table:

Exelon Intercompany Money Pool	During the Three Months Ended September 30, 2016		As of September 30, 2016
Contributed (borrowed)	Maximum Contributed	Maximum Borrowed	Contributed (Borrowed)
Exelon Corporate	$ 1,138	n/a	$ 708
Generation	—	(1,007)	(461)
PECO	210	—	—
BSC	—	(378)	(303)
PHI Corporate [(a)]	n/a	(53)	(7)
PCI [(a)]	63	—	63

(a) As a result of the merger, PHI Corporate and PCI began to participate in the Exelon Intercompany Money Pool effective March 24, 2016.

PHI Intercompany Money Pool	During the Three Months Ended September 30, 2016		As of September 30, 2016
Contributed (borrowed)	Maximum Contributed	Maximum Borrowed	Contributed (Borrowed)
PHI Corporate	$ 44	n/a	$ —
Pepco	—	—	—
DPL	—	—	—
ACE	—	—	—
PHISCO	26	(44)	—

Investments in Nuclear Decommissioning Trust Funds

Exelon, Generation and CENG maintain trust funds, as required by the NRC, to fund certain costs of decommissioning nuclear plants. The mix of securities in the trust funds is designed to provide returns to be used to fund decommissioning and to offset inflationary increases in decommissioning costs. Generation actively monitors the investment performance of the trust funds and periodically reviews asset allocations in accordance with Generation's NDT fund investment policy. Generation's and CENG's investment policies establish limits on the concentration of holdings in any one company and also in any one industry. See Note 12 — Nuclear Decommissioning of the Combined Notes to Consolidated Financial Statements for further information regarding the trust funds, the NRC's minimum funding requirements and related liquidity ramifications.

Shelf Registration Statements

Exelon, Generation, ComEd, PECO, BGE, Pepco and DPL have a currently effective combined shelf registration statement unlimited in amount, filed with the SEC, that will expire in August 2019. The ability of each Registrant to sell securities off the shelf registration statement or to access the private placement markets will depend on a number of factors at the time of the proposed sale, including other required regulatory approvals, as applicable, the current financial condition of the Registrant, its securities ratings and market conditions.

Regulatory Authorizations

Generation, ComEd, PECO, BGE, Pepco, DPL and ACE are required to obtain short-term and long-term financing authority from Federal and State Commissions as follows:

	Short-term Financing Authority [a]			Long-term Financing Authority		
	Commission	Expiration Date	Amount (in millions)	Commission	Expiration Date	Amount (in millions)
ComEd [b]	FERC	December 31, 2017	$2,500	ICC	2019	$2,383
PECO	FERC	December 31, 2017	1,500	PAPUC	December 31, 2018	1,600
BGE	FERC	December 31, 2017	700	MDPSC	N/A	—
Pepco	FERC	June 30, 2018	500	MDPSC / DCPSC	September 25, 2017	550
DPL	FERC	June 30, 2018	500	MDPSC / DPSC	December 31, 2017	300
ACE	NJPU	January 1, 2018	350	NJBPU	December 31, 2017	300

(a) Generation currently has blanket financing authority it received from FERC in connection with its market-based rate authority.
(b) ComEd had $1,565 million available in long-term debt refinancing authority and $818 million available in new money long term debt financing authority from the ICC as of September 30, 2016 and has an expiration date of June 1, 2019 and March 1, 2019, respectively.

Contractual Obligations and Off-Balance Sheet Arrangements

Contractual obligations represent cash obligations that are considered to be firm commitments and commercial commitments triggered by future events. See Note 23 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements in the Exelon 2015 Form 10-K and Note 16 — Commitments and Contingencies of the PHI 2015 Form 10-K for discussion of the Registrants' commitments.

Generation, ComEd, PECO, BGE, Pepco, DPL and ACE have obligations related to contracts for the purchase of power and fuel supplies, and ComEd, PECO, and BGE have obligations related to their financing trusts. The power and fuel purchase contracts and the financing trusts have been considered for consolidation in the Registrants' respective financial statements pursuant to the authoritative guidance for VIEs. See Note 1 — Significant Accounting Policies of the Combined Notes to Consolidated Financial Statements for further information.

For an in-depth discussion of the Registrants' contractual obligations and off-balance sheet arrangements, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Contractual Obligations and Off-Balance Sheet Arrangements" in the Exelon 2015 Form 10-K and "Management's Discussion and Analysis of Financial Condition and Results of Operations — Contractual Obligations and Commercial Commitments" and "Management's Discussion and Analysis of Financial Condition and Results of Operations — Guarantees, Indemnifications and Off-Balance Sheet Arrangements" in the PHI 2015 Form 10-K.

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Item 3. Quantitative and Qualitative Disclosures about Market Risk

The Registrants are exposed to market risks associated with adverse changes in commodity prices, counterparty credit, interest rates and equity prices. Exelon's RMC approves risk management policies and objectives for risk assessment, control and valuation, counterparty credit approval, and the monitoring and reporting of risk exposures. The RMC is chaired by the chief executive officer and includes the chief risk officer, chief strategy officer, chief executive officer of Exelon Utilities, chief commercial officer, chief financial officer and chief executive officer of Constellation. The RMC reports to the Finance and Risk Committee of the Exelon Board of Directors on the scope of the risk management activities. The following discussion serves as an update to ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK of the Registrants' 2015 Annual Report on Form 10-K incorporated herein by reference.

Commodity Price Risk (All Registrants)

Commodity price risk is associated with price movements resulting from changes in supply and demand, fuel costs, market liquidity, weather conditions, governmental regulatory and environmental policies and other factors. To the extent the amount of energy Exelon generates differs from the amount of energy it has contracted to sell, Exelon has price risk from commodity price movements. Exelon seeks to mitigate its commodity price risk through the sale and purchase of electricity, fossil fuel and other commodities.

Generation

Normal Operations and Hedging Activities. Electricity available from Generation's owned or contracted generation supply in excess of Generation's obligations to customers, including portions of the Utility Registrants' retail load, is sold into the wholesale markets. To reduce price risk caused by market fluctuations, Generation enters into non-derivative contracts as well as derivative contracts, including forwards, futures, swaps and options, with approved counterparties to hedge anticipated exposures. Generation believes these instruments represent economic hedges that mitigate exposure to fluctuations in commodity prices. Generation expects the settlement of the majority of its economic hedges will occur during 2016 through 2018.

In general, increases and decreases in forward market prices have a positive and negative impact, respectively, on Generation's owned and contracted generation positions which have not been hedged. Exelon's hedging program involves the hedging of commodity risk for Exelon's expected generation, typically on a ratable basis over a three-year period. As of September 30, 2016, the proportion of expected generation hedged is 98%-101%, 85%-88% and 54%-57% for 2016, 2017 and 2018, respectively. The percentage of expected generation hedged is the amount of equivalent sales divided by the expected generation. Expected generation is the volume of energy that best represents our commodity position in energy markets from owned or contracted for capacity based upon a simulated dispatch model that makes assumptions regarding future market conditions, which are calibrated to market quotes for power, fuel, load following products and options. Equivalent sales represent all hedging products, which include economic hedges and certain non-derivative contracts including Generation's sales to the Utility Registrants to serve their retail load.

A portion of Generation's hedging strategy may be accomplished with fuel products based on assumed correlations between power and fuel prices, which routinely change in the market. Market price risk exposure is the risk of a change in the value of unhedged positions. The forecasted market price risk exposure for Generation's entire non-proprietary trading portfolio associated with a $5 reduction in the annual average around-the-clock energy price based on September 30, 2016 market conditions and hedged position would be an increase in pre-tax net income of approximately $5 million for 2016 and decreases of approximately $125 million and $415 million, respectively, for 2017 and 2018. Power price sensitivities are derived by adjusting power price assumptions while keeping all other price inputs constant. Generation expects to actively manage its portfolio to mitigate market price risk exposure for its unhedged position. Actual results could differ depending on the specific timing of, and markets affected by, price changes, as well as future changes in Generation's portfolio.

Proprietary Trading Activities. Generation also enters into certain energy-related derivatives for proprietary trading purposes. Proprietary trading includes all contracts entered into with the intent of benefiting from shifts or changes in market prices as opposed to those entered into with the intent of hedging or managing risk. Proprietary trading activities are subject to limits established by Exelon's RMC. The proprietary trading portfolio is subject to a risk management policy that includes stringent risk management limits, including volume, stop loss and Value-at-Risk (VaR) limits to manage exposure to market risk. Additionally, the Exelon risk management group and Exelon's RMC monitor the financial risks of the proprietary trading activities. The proprietary trading activities, which included physical volumes of 1,506 GWhs and 4,015 GWhs for the three and nine months ended September 30, 2016, respectively, and 1,913 GWhs and 5,378 GWhs for the three and nine months ended September 30, 2015, respectively, are a complement to Generation's energy marketing portfolio, but represent a small portion of Generation's overall revenue from energy marketing activities. Proprietary trading portfolio activity for the nine months ended September 30, 2016 resulted in pre-tax gains of $9 million due to net mark-to-market gains of $1 million and $8 million realized gains. Generation uses a 95% confidence interval, assuming standard normal distribution, one day holding period and a one-tailed statistical measure in calculating its VaR. The daily VaR on proprietary trading activity averaged $0.3 million of exposure during the quarter. Generation has not segregated proprietary trading activity within the following discussion because of the relative size of the proprietary trading portfolio in comparison to Generation's total Revenue net of purchase power and fuel expense from continuing operations for the nine months ended September 30, 2016 of $6,754 million.

Fuel Procurement. Generation procures natural gas through long-term and short-term contracts and spot-market purchases. Nuclear fuel assemblies are obtained predominantly through long-term uranium concentrate supply contracts, contracted conversion services, contracted enrichment services, or a combination thereof, and contracted fuel fabrication services. The supply markets for uranium concentrates and certain nuclear fuel services are subject to price fluctuations and availability restrictions. Supply market conditions may make Generation's procurement contracts subject to credit risk related to the potential non-performance of counterparties to deliver the contracted commodity or service at the contracted prices. Approximately 57% of Generation's uranium concentrate requirements from 2016 through 2020 are supplied by three producers. In the event of non-performance by these or other suppliers, Generation believes that replacement uranium concentrates can be obtained, although at prices that may be unfavorable when compared to the prices under the current supply agreements. Non-performance by these counterparties could have a material adverse impact on Exelon's and Generation's results of operations, cash flows and financial positions. See ITEM 7. — MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS for additional information regarding uranium and coal supply agreement matters.

ComEd

ComEd entered into 20-year contracts for renewable energy and RECs beginning in June 2012. ComEd is permitted to recover its renewable energy and REC costs from retail customers with no mark-up. The annual commitments represent the maximum settlements with suppliers for renewable energy and RECs under the existing contract terms. Pursuant to the ICC's Order on December 19, 2012, ComEd's commitments under the existing long-term contracts were reduced for the June 2013 through May 2014 procurement period. In addition, the ICC's December 18, 2013 Order approved the reduction of ComEd's commitments under those contracts for the June 2014 through May 2015 procurement period, and the amount of the reduction was approved by the ICC in March 2014. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information regarding energy procurement and derivatives.

PECO

PECO has contracts to procure electric supply that were executed through the competitive procurement process outlined in its PAPUC-approved DSP Programs, which are further discussed in Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements. PECO has certain full requirements

contracts which are considered derivatives and qualify for the normal purchases and normal sales scope exception under current derivative authoritative guidance, and as a result are accounted for on an accrual basis of accounting. Under the DSP Programs, PECO is permitted to recover its electric supply procurement costs from retail customers with no mark-up.

PECO has also entered into derivative natural gas contracts, which either qualify for the normal purchases and normal sales exception or have no mark-to-market balances because the derivatives are index priced, to hedge its long-term price risk in the natural gas market. PECO's hedging program for natural gas procurement has no direct impact on its financial position or results of operations as natural gas costs are fully recovered from customers under the PGC.

PECO does not enter into derivatives for speculative or proprietary trading purposes. For additional information on these contracts, see Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements.

BGE

BGE procures electric supply for default service customers through full requirements contracts pursuant to BGE's MDPSC-approved SOS program. BGE's full requirements contracts that are considered derivatives qualify for the normal purchases and normal sales scope exception under current derivative authoritative guidance, and as a result, are accounted for on an accrual basis of accounting. Under the SOS program, BGE is permitted to recover its electricity procurement costs from retail customers, plus an administrative fee which includes a shareholder return component and an incremental cost component. However, through December 2016, BGE provides all residential electric customers a credit for the residential shareholder return component of the administrative charge.

BGE has also entered into derivative natural gas contracts, which qualify for the normal purchases and normal sales scope exception, to hedge its price risk in the natural gas market. The hedging program for natural gas procurement has no direct impact on BGE's financial position. However, under BGE's market-based rates incentive mechanism, BGE's actual cost of gas is compared to a market index (a measure of the market price of gas in a given period). The difference between BGE's actual cost and the market index is shared equally between shareholders and customers.

BGE does not enter into derivatives for speculative or proprietary trading purposes. For additional information on these contracts, see Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements.

Pepco

Pepco has contracts to procure SOS electric supply that are executed through a competitive procurement process approved by the MDPSC and DCPSC. The SOS rates charged recover Pepco's wholesale power supply costs and include an administrative fee. The administrative fee includes an incremental cost component and a shareholder return component for residential and commercial rate classes. Pepco's price risk related to electric supply procurement is limited. Pepco locks in fixed prices for all of its SOS requirements through full requirements contracts. Certain of Pepco's full requirements contracts, which are considered derivatives, qualify for the NPNS scope exception under current derivative authoritative guidance. Other Pepco full requirements contracts are not derivatives.

Pepco does not enter into derivatives for speculative or proprietary trading purposes. For additional information on these contracts, see Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements.

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DPL

DPL has contracts to procure SOS electric supply that are executed through a competitive procurement process approved by the MDPSC and the DPSC. The SOS rates charged recover DPL's wholesale power supply costs. In Delaware, DPL is also entitled to recover a Reasonable Allowance for Retail Margin (RARM). The RARM includes a fixed annual margin of approximately $2.75 million, plus an incremental cost component and a cash working capital allowance. In Maryland, DPL charges an administrative fee intended to allow it to recover its administrative costs. DPL locks in fixed prices for all of its SOS requirements through full requirements contracts. DPL's price risk related to electric supply procurement is limited. Certain of DPL's full requirements contracts, which are considered derivatives, qualify for the NPNS scope exception under current derivative authoritative guidance. Other DPL full requirements contracts are not derivatives.

DPL provides natural gas to its customers under a GCR mechanism approved by the DPSC. The demand portion of the GCR is based upon DPL's firm transportation and storage contracts. DPL has firm deliverability of swing and seasonal storage; a liquefied natural gas facility and firm transportation capacity to meet customer demand and provide a reserve margin. The commodity portion of the GCR includes a commission approved hedging program which is intended to reduce gas commodity price volatility while limiting the firm natural gas customers' exposure to adverse changes in the market price of natural gas.

DPL does not enter into derivatives for speculative or proprietary trading purposes. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information regarding energy procurement and derivatives.

ACE

ACE has contracts to procure BGS electric supply that are executed through a competitive procurement process approved by the NJBPU. The BGS rates charged recover ACE's wholesale power supply costs. ACE does not make any profit or incur any loss on the supply component of the BGS it supplies to customers. ACE's price risk related to electric supply procurement is limited. ACE locks in fixed prices for all of its BGS requirements through full requirements contracts. ACE's full requirements contracts, which are considered derivatives, qualify for the NPNS scope exception under current derivative authoritative guidance. Other ACE full requirements contracts are not derivatives.

ACE does not enter into derivatives for speculative or proprietary trading purposes. For additional information on these contracts, see Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements.

Trading and Non-Trading Marketing Activities. The following detailed presentation of Exelon's, Generation's, ComEd's, PHI's and DPL's trading and non-trading marketing activities is included to address the recommended disclosures by the energy industry's Committee of Chief Risk Officers (CCRO).

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The following table provides detail on changes in Exelon's, Generation's, ComEd's, PHI's and DPL's commodity mark-to-market net asset or liability balance sheet position from December 31, 2015 to September 30, 2016. It indicates the drivers behind changes in the balance sheet amounts. This table incorporates the mark-to-market activities that are immediately recorded in earnings. This table excludes all normal purchase and normal sales contracts and does not segregate proprietary trading activity. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information on the balance sheet classification of the mark-to-market energy contract net assets (liabilities) recorded as of September 30, 2016 and December 31, 2015.

	Generation	ComEd	DPL [a]	Exelon [b]
Total mark-to-market energy contract net assets (liabilities) at December 31, 2015 [c]	$ 1,753	$ (247)	$ —	$ 1,506
Total change in fair value during 2016 of contracts recorded in results of operations	181	—	—	181
Reclassification to realized at settlement of contracts recorded in results of operations	(284)	—	—	(284)
Contracts received at acquisition date [f]	(59)	—	—	(59)
Changes in fair value — recorded through regulatory assets and liabilities [d]	—	3	3	3
Changes in allocated collateral	(749)	—	(3)	(749)
Changes in net option premium paid/(received)	24	—	—	24
Option premium amortization	20	—	—	20
Upfront payments and amortizations [e]	102	—	—	102
Total mark-to-market energy contract net assets (liabilities) at September 30, 2016 [c]	$ 988	$ (244)	$ —	$ 744

(a) As of September 30, 2016 and December 31, 2015, PHI's and DPL's mark-to-market derivative asset was fully collateralized resulting in a zero balance. For the predecessor period of January 1, 2016 to March 23, 2016, PHI recorded a $1 million increase in fair value and $1 million decrease in allocated collateral related to the exchange-traded futures.

(b) As a result of the merger, Exelon amounts include PHI and DPL activity from March 24, 2016 to September 30, 2016. For the successor period of March 24, 2016 to September 30, 2016, there was a $2 million increase in fair value and $2 million decrease in allocated collateral related to the exchange-traded futures.

(c) Amounts are shown net of collateral paid to and received from counterparties.

(d) For ComEd and DPL, the changes in fair value are recorded as a change in regulatory assets or liabilities. As of September 30, 2016, ComEd recorded a $244 million regulatory asset related to its mark-to-market derivative liabilities with unaffiliated suppliers. For the nine months ended September 30, 2016, ComEd also recorded $10 million of decreases in fair value and realized losses due to settlements of $13 million recorded in purchased power expense associated with floating-to-fixed energy swap contracts with unaffiliated suppliers. As of September 30, 2016, DPL recorded a $1 million regulatory liability related to its mark-to-market derivative liabilities.

(e) Includes derivative contracts acquired or sold by Generation through upfront payments or receipts of cash, excluding option premiums, and the associated amortizations.

(f) Includes fair value from contracts received at acquisition of ConEdison Solutions of $(59) million.

Fair Values. The following tables present maturity and source of fair value for Exelon, Generation and ComEd mark-to-market commodity contract net assets (liabilities). The tables provide two fundamental pieces of information. First, the tables provide the source of fair value used in determining the carrying amount of the Registrants' total mark-to-market net assets (liabilities), net of allocated collateral. Second, the tables show the maturity, by year, of the Registrants' commodity contract net assets (liabilities), net of allocated collateral, giving an indication of when these mark-to-market amounts will settle and either generate or require cash. See Note 8 — Fair Value of Financial Assets and Liabilities of the Combined Notes to Consolidated Financial Statements for additional information regarding fair value measurements and the fair value hierarchy.

Exelon

	Maturities Within						
	2016	2017	2018	2019	2020	2021 and Beyond	Total Fair Value
Normal Operations, Commodity derivative contracts [(a)(b)]:							
Actively quoted prices (Level 1)	$ (9)	$ 26	$ (35)	$(38)	$(13)	$ 1	$ (68)
Prices provided by external sources (Level 2)	39	115	3	(34)	(2)	—	121
Prices based on model or other valuation methods (Level 3) [(c)]	70	435	202	64	12	(92)	691
Total	$100	$576	$170	$ (8)	$ (3)	$ (91)	$ 744

(a) Mark-to-market gains and losses on other economic hedge and trading derivative contracts that are recorded in results of operations.
(b) Amounts are shown net of collateral paid to and received from counterparties (and offset against mark-to-market assets and liabilities) of $485 million at September 30, 2016.
(c) Includes ComEd's net assets (liabilities) associated with the floating-to-fixed energy swap contracts with unaffiliated suppliers.

Generation

	Maturities Within						
	2016	2017	2018	2019	2020	2021 and Beyond	Total Fair Value
Normal Operations, Commodity derivative contracts [(a)(b)]:							
Actively quoted prices (Level 1)	$ (9)	$ 26	$ (35)	$(38)	$(13)	$ 1	$ (68)
Prices provided by external sources (Level 2)	39	115	3	(34)	(2)	—	121
Prices based on model or other valuation methods (Level 3)	77	454	221	83	31	69	935
Total	$107	$595	$189	$ 11	$ 16	$ 70	$ 988

(a) Mark-to-market gains and losses on other economic hedge and trading derivative contracts that are recorded in the results of operations.
(b) Amounts are shown net of collateral paid to and received from counterparties (and offset against mark-to-market assets and liabilities) of $485 million at September 30, 2016.

ComEd

	Maturities Within						
	2016	2017	2018	2019	2020	2021 and Beyond	Total Fair Value
Commodity derivative contracts [(a)]:							
Prices based on model or other valuation methods (Level 3)	$ (7)	$(19)	$(19)	$(19)	$(19)	$ (161)	$ (244)

(a) Represents ComEd's net liabilities associated with the floating-to-fixed energy swap contracts with unaffiliated suppliers.

Credit Risk, Collateral and Contingent Related Features (All Registrants)

The Registrants would be exposed to credit-related losses in the event of non-performance by counterparties that enter into derivative instruments. The credit exposure of derivative contracts, before collateral, is represented by the fair value of contracts at the reporting date. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for a detailed discussion of credit risk, collateral and contingent related features.

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Generation

The following tables provide information on Generation's credit exposure for all derivative instruments, normal purchase normal sales agreements, and applicable payables and receivables, net of collateral and instruments that are subject to master netting agreements, as of September 30, 2016. The tables further delineate that exposure by credit rating of the counterparties and provide guidance on the concentration of credit risk to individual counterparties and an indication of the duration of a company's credit risk by credit rating of the counterparties. The figures in the tables below exclude credit risk exposure from individual retail customers, uranium procurement contracts, and exposure through RTOs, ISOs, NYMEX, ICE and Nodal commodity exchanges, which are discussed below. Additionally, the figures in the tables below exclude exposures with affiliates, including net receivables with ComEd, PECO, BGE, Pepco, DPL and ACE of $24 million, $45 million, $22 million, $47 million, $12 million, and $10 million as of September 30, 2016, respectively.

Rating as of September 30, 2016	Total Exposure Before Credit Collateral	Credit Collateral [a]	Net Exposure	Number of Counterparties Greater than 10% of Net Exposure	Net Exposure of Counterparties Greater than 10% of Net Exposure
Investment grade	$ 1,017	$ 4	$ 1,013	1	$ 355
Non-investment grade	175	22	153	—	—
No external ratings					
Internally rated — investment grade	423	3	420	—	—
Internally rated — non-investment grade	61	3	58	—	—
Total	$ 1,676	$ 32	$ 1,644	1	$ 355

	Maturity of Credit Risk Exposure			
Rating as of September 30, 2016	Less than 2 Years	2-5 Years	Exposure Greater than 5 Years	Total Exposure Before Credit Collateral
Investment grade	$ 769	$ 242	$ 6	$ 1,017
Non-investment grade	122	53	—	175
No external ratings				
Internally rated — investment grade	353	47	23	423
Internally rated — non-investment grade	43	18	—	61
Total	$ 1,287	$ 360	$ 29	$ 1,676

Net Credit Exposure by Type of Counterparty	As of September 30, 2016
Financial institutions	$ 117
Investor-owned utilities, marketers, power producers	757
Energy cooperatives and municipalities	712
Other	58
Total	$ 1,644

(a) As of September 30, 2016, credit collateral held from counterparties where Generation had credit exposure included $10 million of cash and $22 million of letters of credit. The credit collateral does not include non-liquid collateral.

ComEd, PECO and BGE

There have been no significant changes or additions to ComEd's, PECO's, or BGE's exposures to credit risk that are described in ITEM 1A. RISK FACTORS of Exelon's 2015 Annual Report on Form 10-K.

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See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for information regarding credit exposure to suppliers.

PHI, Pepco, DPL and ACE

There have been no significant changes or additions to PHI's, Pepco's, DPL's or ACE's exposures to credit risk as described in ITEM 1A. RISK FACTORS of PHI's 2015 Annual Report on Form 10-K.

See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for information regarding credit exposure to suppliers.

Collateral (All Registrants)

Generation

As part of the normal course of business, Generation routinely enters into physical or financial contracts for the sale and purchase of electricity, natural gas and other commodities. These contracts either contain express provisions or otherwise permit Generation and its counterparties to demand adequate assurance of future performance when there are reasonable grounds for doing so. In accordance with the contracts and applicable law, if Generation is downgraded by a credit rating agency, especially if such downgrade is to a level below investment grade, it is possible that a counterparty would attempt to rely on such a downgrade as a basis for making a demand for adequate assurance of future performance. Depending on Generation's net position with a counterparty, the demand could be for the posting of collateral. In the absence of expressly agreed-to provisions that specify the collateral that must be provided, collateral requested will be a function of the facts and circumstances of the situation at the time of the demand. In this case, Generation believes an amount of several months of future payments (i.e. capacity payments) rather than a calculation of fair value is the best estimate for the contingent collateral obligation, which has been factored into the disclosure below. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for information regarding collateral requirements.

Generation transacts output through bilateral contracts. The bilateral contracts are subject to credit risk, which relates to the ability of counterparties to meet their contractual payment obligations. Any failure to collect these payments from counterparties could have a material impact on Exelon's and Generation's results of operations, cash flows and financial position. As market prices rise above or fall below contracted price levels, Generation is required to post collateral with purchasers; as market prices fall below contracted price levels, counterparties are required to post collateral with Generation. In order to post collateral, Generation depends on access to bank credit facilities, which serve as liquidity sources to fund collateral requirements. See Liquidity and Capital Resources — Credit Matters — Exelon Credit Facilities for additional information.

As of September 30, 2016, Generation had cash collateral of $501 million posted and cash collateral held of $18 million for external counterparties with derivative positions, of which $485 million and $3 million in net cash collateral deposits were offset against energy derivative and interest rate and foreign exchange derivative related to underlying energy contracts, respectively. As of September 30, 2016, $5 million of cash collateral held was not offset against net derivative positions because it was not associated with energy-related derivatives or as of the balance sheet date there were no positions to offset. See Note 18 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements for information regarding the letters of credit supporting the cash collateral.

ComEd

As of September 30, 2016, ComEd held $3 million in collateral from suppliers in association with energy procurement contracts and held approximately $19 million in the form of cash and letters of credit for renewable

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energy contracts. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements in this report and Note 3 — Regulatory Matters of the 2015 Exelon Form 10-K for additional information.

PECO

As of September 30, 2016, PECO was not required to post collateral under its energy and natural gas procurement contracts. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information.

BGE

BGE is not required to post collateral under its electric supply contracts. As of September 30, 2016, BGE was not required to post collateral under its natural gas procurement contracts nor was it holding collateral under its electric supply and natural gas procurement contracts. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information.

Pepco

Pepco is not required to post collateral under its energy procurement contracts. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information.

DPL

DPL is not required to post collateral under its energy procurement contracts. As of September 30, 2016, DPL was not required to post collateral under its natural gas procurement contracts. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information.

ACE

ACE is not required to post collateral under its energy procurement contracts. See Note 9 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information.

RTOs and ISOs (All Registrants)

Generation, ComEd, PECO, BGE, Pepco, DPL and ACE participate in all, or some, of the established, real-time energy markets that are administered by PJM, ISO-NE, ISO-NY, CAISO, MISO, SPP, AESO, OIESO and ERCOT. In these areas, power is traded through bilateral agreements between buyers and sellers and on the spot markets that are operated by the RTOs or ISOs, as applicable. In areas where there is no spot market, electricity is purchased and sold solely through bilateral agreements. For sales into the spot markets administered by an RTO or ISO, the RTO or ISO maintains financial assurance policies that are established and enforced by those administrators. The credit policies of the RTOs and ISOs may, under certain circumstances, require that losses arising from the default of one member on spot market transactions be shared by the remaining participants. Non-performance or non-payment by a major counterparty could result in a material adverse impact on the Registrants' results of operations, cash flows and financial positions.

Exchange Traded Transactions (Exelon, Generation, PHI and DPL)

Generation enters into commodity transactions on NYMEX, ICE and the Nodal exchange. DPL enters into commodity transactions on ICE. The NYMEX, ICE and Nodal exchange clearinghouses act as the counterparty to each trade. Transactions on the NYMEX, ICE and Nodal exchange must adhere to comprehensive collateral and margining requirements. As a result, transactions on NYMEX, ICE and Nodal exchange are significantly collateralized and have limited counterparty credit risk.

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Long-Term Leases (Exelon)

On March 31, 2016, UII and MEAG finalized an agreement to terminate the MEAG Headleases, the MEAG Leases, and other related agreements prior to their expiration dates. As a result of the lease termination, UII received an early termination payment of $360 million from MEAG and wrote-off the $356 million net investment in the MEAG Headleases and the Leases. The transaction resulted in a pre-tax gain of $4 million which is reflected in Operating and maintenance expense in Exelon's Consolidated Statements of Operations and Comprehensive Income. See Note 6 — Impairment of Long-Lived Assets of the Combined Notes to Consolidated Financial Statements for additional information.

Interest Rate and Foreign Exchange Risk (Exelon, Generation, ComEd, PECO, BGE and PHI)

The Registrants use a combination of fixed-rate and variable-rate debt to manage interest rate exposure. The Exelon registrants may also utilize fixed-to-floating interest rate swaps, which are typically designated as fair value hedges, as a means to manage their interest rate exposure. In addition, the Registrants may utilize interest rate derivatives to lock in rate levels in anticipation of future financings, which are typically designated as cash flow hedges. These strategies are employed to manage interest rate risks. At September 30, 2016, Exelon had $800 million of notional amounts of fixed-to-floating hedges outstanding and Generation had $672 million of notional amounts of floating-to-fixed hedges outstanding, respectively. Assuming the fair value and cash flow interest rate hedges are 100% effective, a hypothetical 50 bps increase in the interest rates associated with unhedged variable-rate debt (excluding Commercial Paper) and fixed-to-floating swaps would result in approximately a $5 million decrease in Exelon Consolidated pre-tax income for the nine months ended September 30, 2016. To manage foreign exchange rate exposure associated with international energy purchases in currencies other than U.S. dollars, Generation utilizes foreign currency derivatives, which are typically designated as economic hedges.

Equity Price Risk (Exelon and Generation)

Exelon and Generation maintain trust funds, as required by the NRC, to fund certain costs of decommissioning Generation's nuclear plants. As of September 30, 2016, Generation's decommissioning trust funds are reflected at fair value on its Consolidated Balance Sheets. The mix of securities in the trust funds is designed to provide returns to be used to fund decommissioning and to compensate Generation for inflationary increases in decommissioning costs; however, the equity securities in the trust funds are exposed to price fluctuations in equity markets, and the value of fixed-rate, fixed-income securities are exposed to changes in interest rates. Generation actively monitors the investment performance of the trust funds and periodically reviews asset allocation in accordance with Generation's NDT fund investment policy. A hypothetical 10% increase in interest rates and decrease in equity prices would result in a $535 million reduction in the fair value of the trust assets. This calculation holds all other variables constant and assumes only the discussed changes in interest rates and equity prices. See ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS for further discussion of equity price risk as a result of the current capital and credit market conditions.

Item 4. Controls and Procedures

During the third quarter of 2016, each of Exelon's, Generation's, ComEd's, PECO's, BGE's, PHI's, Pepco's, DPL's and ACE's management, including its principal executive officer and principal financial officer, evaluated its disclosure controls and procedures related to the recording, processing, summarizing and reporting of information in its periodic reports that it files with the SEC. These disclosure controls and procedures have been designed by all Registrants to ensure that (a) material information relating to that Registrant, including its consolidated subsidiaries, is accumulated and made known to Exelon's management, including its principal executive officer and principal financial officer, by other employees of that Registrant and its subsidiaries as appropriate to allow timely decisions regarding required disclosure, and (b) this information is recorded,

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processed, summarized, evaluated and reported, as applicable, within the time periods specified in the SEC's rules and forms. Due to the inherent limitations of control systems, not all misstatements may be detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls could be circumvented by the individual acts of some persons or by collusion of two or more people.

Accordingly, as of September 30, 2016, the principal executive officer and principal financial officer of each of Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE concluded that such Registrant's disclosure controls and procedures were effective to accomplish its objectives. All Registrants continually strive to improve their disclosure controls and procedures to enhance the quality of its financial reporting and to maintain dynamic systems that change as conditions warrant. On March 23, 2016, the merger between Exelon and PHI closed. Exelon is currently in the process of integrating PHI's operations, processes and internal controls. There have been no changes in internal control over financial reporting that occurred during the third quarter of 2016, other than changes resulting from the PHI Merger, that have materially affected, or are reasonably likely to materially affect, any of Exelon's, Generation's, ComEd's, PECO's, BGE's, PHI's, Pepco's, DPL's and ACE's internal control over financial reporting. See Note 4 — Mergers, Acquisitions and Dispositions of the Combined Notes to the Consolidated Financial Statements for further information regarding the PHI acquisition. Exelon's management expects that the controls over financial reporting associated with PHI, Pepco, DPL and ACE from the date of the merger forward will be covered in the year-end assessment.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

The Registrants are parties to various lawsuits and regulatory proceedings in the ordinary course of their respective businesses. For information regarding material lawsuits and proceedings, see (a) ITEM 3. LEGAL PROCEEDINGS of Exelon's 2015 Form 10-K, (b) ITEM 3. LEGAL PROCEEDINGS of PHI's 2015 Form 10-K and (c) Notes 5 — Regulatory Matters and 18 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements in PART I, ITEM 1. FINANCIAL STATEMENTS of this Report. Such descriptions are incorporated herein by these references.

Item 1A. Risk Factors

Risks Related to Exelon

Exclusive of the *Risks Related to the Pending Merger with PHI* described in Exelon's 2015 Form 10-K in ITEM 1A. RISK FACTORS, Exelon is, and will continue to be, subject to the risks described in Exelon's and PHI's 2015 Form 10-K in (a) ITEM 1A. RISK FACTORS, (b) ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS and (c) ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA: Note 23 of the Combined Notes to Consolidated Financial Statements in Exelon's 2015 Form 10-K and Note 16 of the Notes to Consolidated Financial Statements in PHI's 2015 Form 10-K. As a result of the recent Tax Court decision on Exelon's like-kind exchange position, Exelon and ComEd have revised the description of their risk related to the 1999 sale of ComEd's fossil generating assets. In addition, due to the close of the PHI merger on March 23, 2016, Exelon is subject to additional risks related to the merger as described below.

Market and Financial Factors

Challenges to tax positions taken by the Registrants as well as tax law changes and the inherent difficulty in quantifying potential tax effects of business decisions, could negatively impact the Registrants' results of operations or cash flows. (Exelon, Generation, ComEd, PECO and BGE)

1999 sale of fossil generating assets. On September 19, 2016, the Tax Court rejected Exelon's like-kind exchange position and ruled that Exelon was not entitled to defer gain on the transaction. In addition, contrary to Exelon's evaluation that the penalty was unwarranted, the Tax Court ruled that Exelon is liable for the penalty and after-tax interest due on the asserted penalty. In early 2017, Exelon expects to timely appeal this decision to the U.S. Court of Appeals for the Seventh Circuit.

In order to appeal the Tax Court's like-kind exchange decision, Exelon is required to pay the tax, penalty and interest for the tax years before the Court at the time Exelon files its appeal (expected early 2017). Exelon deposited with the IRS approximately $1,250 million in October 2016. The total amount of tax, penalty and interest payable is currently being computed pursuant to the Tax Court rules. Any remaining amounts due, which are not expected to be materially different from the amount deposited, will be paid in early 2017 at the time Exelon files its appeal of the Tax Court decision. If Exelon's deposit exceeds the final Tax Court computation, Exelon can request a return of the excess.

Risks Related to the PHI Merger

The merger may not achieve its anticipated results, and Exelon may be unable to integrate the operations of PHI in the manner expected.

Exelon and PHI entered into the merger agreement with the expectation that the merger will result in various benefits, including, among other things, cost savings and operating efficiencies. Achieving the anticipated benefits of the merger is subject to a number of uncertainties, including whether the businesses of Exelon and PHI can be integrated in an efficient, effective and timely manner.

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It is possible that the integration process could take longer than anticipated and could result in the loss of valuable employees, the disruption of Exelon's businesses, processes and systems or inconsistencies in standards, controls, procedures, practices and policies, any of which could adversely affect the combined company's ability to achieve the anticipated benefits of the merger as and when expected. Exelon may have difficulty addressing possible differences in corporate cultures and management philosophies. Failure to achieve these anticipated benefits could result in increased costs and could adversely affect Exelon's future business, financial condition, operating results and prospects.

The merger may not be accretive to earnings and may cause dilution to Exelon's earnings per share, which may negatively affect the market price of Exelon's common stock.

The timing and amount of accretion expected could be significantly adversely affected by a number of uncertainties, including market conditions, risks related to Exelon's businesses and whether the business of PHI is integrated in an efficient and effective manner. Exelon also could encounter additional transaction and integration-related costs, may fail to realize all of the benefits anticipated in the merger or be subject to other factors that affect preliminary estimates. Any of these factors could cause a decrease in Exelon's adjusted earnings per share or decrease or delay the expected accretive effect of the merger and contribute to a decrease in the price of Exelon's common stock.

Exelon may incur unexpected transaction fees and merger-related costs in connection with the merger.

Exelon expects to incur a number of non-recurring expenses associated with completing the merger, as well as expenses related to combining the operations of the two companies. Exelon may incur additional unanticipated costs in the integration of the businesses of Exelon and PHI. Although Exelon expects that the elimination of certain duplicative costs, as well as the realization of other efficiencies related to the integration of the two businesses, will offset the incremental transaction and merger-related costs over time, the combined company may not achieve this net benefit in the near term, or at all.

Exelon may encounter unexpected difficulties or costs in meeting commitments it made under various orders and agreements associated with regulatory approvals for the PHI Merger.

As a result of the process to obtain regulatory approvals required for the PHI Merger, Exelon is committed to various programs, contributions and investments in several settlement agreements and regulatory approval orders. It is possible that Exelon may encounter delays, unexpected difficulties, or additional costs in meeting these commitments in compliance with the terms of the relevant agreements and orders. Failure to fulfill the commitments in accordance with their terms could result in increased costs or result in penalties or fines that could adversely affect Exelon's financial position and operating results.

Item 4. Mine Safety Disclosures

Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE

Not applicable to the Registrants.

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Item 6. Exhibits

Certain of the following exhibits are incorporated herein by reference under Rule 12b-32 of the Securities and Exchange Act of 1934, as amended. Certain other instruments which would otherwise be required to be listed below have not been so listed because such instruments do not authorize securities in an amount which exceeds 10% of the total assets of the applicable registrant and its subsidiaries on a consolidated basis and the relevant registrant agrees to furnish a copy of any such instrument to the Commission upon request.

Exhibit No.	Description
4.1	Form of 2.400% notes due 2026 (File No. 001-01910, Form 8-K dated August 18, 2016, Exhibit 4.1)
4.2	Form of 3.500% notes due 2046 (File No. 001-01910, Form 8-K dated August 18, 2016, Exhibit 4.2)
4.3	One Hundred and Thirteenth Supplemental Indenture dated as of September 1, 2016 from PECO to U.S. Bank National Association, as trustee (File No. 000-16844, Form 8-K dated September 21, 2016, Exhibit 4.1)
10.1	2016 Form of Exelon Corporation Change in Control Agreement
101.INS	XBRL Instance
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation
101.DEF	XBRL Taxonomy Extension Definition
101.LAB	XBRL Taxonomy Extension Labels
101.PRE	XBRL Taxonomy Extension Presentation

Certifications Pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities and Exchange Act of 1934 as to the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2016 filed by the following officers for the following companies:

31-1 — Filed by Christopher M. Crane for Exelon Corporation

31-2 — Filed by Jonathan W. Thayer for Exelon Corporation

31-3 — Filed by Kenneth W. Cornew for Exelon Generation Company, LLC

31-4 — Filed by Bryan P. Wright for Exelon Generation Company, LLC

31-5 — Filed by Anne R. Pramaggiore for Commonwealth Edison Company

31-6 — Filed by Joseph R. Trpik, Jr. for Commonwealth Edison Company

31-7 — Filed by Craig L. Adams for PECO Energy Company

31-8 — Filed by Phillip S. Barnett for PECO Energy Company

31-9 — Filed by Calvin G. Butler, Jr. for Baltimore Gas and Electric Company

31-10 — Filed by David M. Vahos for Baltimore Gas and Electric Company

31-11 — Filed by David M. Velazquez for Pepco Holdings LLC

31-12 — Filed by Donna J. Kinzel for Pepco Holdings LLC

31-13 — Filed by David M. Velazquez for Potomac Electric Power Company

31-14 — Filed by Donna J. Kinzel for Potomac Electric Power Company

31-15 — Filed by David M. Velazquez for Delmarva Power & Light Company

31-16 — Filed by Donna J. Kinzel for Delmarva Power & Light Company

31-17 — Filed by David M. Velazquez for Atlantic City Electric Company

31-18 — Filed by Donna J. Kinzel for Atlantic City Electric Company

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Certifications Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code (Sarbanes — Oxley Act of 2002) as to the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2016 filed by the following officers for the following companies:

32-1 — Filed by Christopher M. Crane for Exelon Corporation

32-2 — Filed by Jonathan W. Thayer for Exelon Corporation

32-3 — Filed by Kenneth W. Cornew for Exelon Generation Company, LLC

32-4 — Filed by Bryan P. Wright for Exelon Generation Company, LLC

32-5 — Filed by Anne R. Pramaggiore for Commonwealth Edison Company

32-6 — Filed by Joseph R. Trpik, Jr. for Commonwealth Edison Company

32-7 — Filed by Craig L. Adams for PECO Energy Company

32-8 — Filed by Phillip S. Barnett for PECO Energy Company

32-9 — Filed by Calvin G. Butler, Jr. for Baltimore Gas and Electric Company

32-10 — Filed by David M. Vahos for Baltimore Gas and Electric Company

32-11 — Filed by David M. Velazquez for Pepco Holdings LLC

32-12 — Filed by Donna J. Kinzel for Pepco Holdings LLC

32-13 — Filed by David M. Velazquez for Potomac Electric Power Company

32-14 — Filed by Donna J. Kinzel for Potomac Electric Power Company

32-15 — Filed by David M. Velazquez for Delmarva Power & Light Company

32-16 — Filed by Donna J. Kinzel for Delmarva Power & Light Company

32-17 — Filed by David M. Velazquez for Atlantic City Electric Company

32-18 — Filed by Donna J. Kinzel for Atlantic City Electric Company

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SIGNATURES

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

EXELON CORPORATION

/ S / C HRISTOPHER M. C RANE
Christopher M. Crane
President and Chief Executive Officer
(Principal Executive Officer) and Director

/ S / J ONATHAN W. T HAYER
Jonathan W. Thayer
Senior Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

/ S / D UANE M. D ES P ARTE
Duane M. DesParte
Senior Vice President and Corporate Controller
(Principal Accounting Officer)

October 26, 2016

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

EXELON GENERATION COMPANY, LLC

/ S / K ENNETH W. C ORNEW
Kenneth W. Cornew
President and Chief Executive Officer
(Principal Executive Officer)

/ S / B RYAN P. W RIGHT
Bryan P. Wright
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

/ S / M ATTHEW N. B AUER
Matthew N. Bauer
Vice President and Controller
(Principal Accounting Officer)

October 26, 2016

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

COMMONWEALTH EDISON COMPANY

/ S / A NNE R. P RAMAGGIORE
Anne R. Pramaggiore
President and Chief Executive Officer
(Principal Executive Officer)

/ S / J OSEPH R. T RPIK , J R .
Joseph R. Trpik, Jr.
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/ S / G ERALD J. K OZEL
Gerald J. Kozel
Vice President and Controller
(Principal Accounting Officer)

October 26, 2016

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Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PECO ENERGY COMPANY

/ S / C RAIG L. A DAMS
Craig L. Adams
President and Chief Executive Officer
(Principal Executive Officer)

/ S / P HILLIP S. B ARNETT
Phillip S. Barnett
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/ S / S COTT A. B AILEY
Scott A. Bailey
Vice President and Controller
(Principal Accounting Officer)

October 26, 2016

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BALTIMORE GAS AND ELECTRIC COMPANY

/ S / C ALVIN G. B UTLER , J R .
Calvin G. Butler, Jr.
Chief Executive Officer
(Principal Executive Officer)

/ S / D AVID M. V AHOS
David M. Vahos
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/ S / A NDREW W. H OLMES
Andrew W. Holmes
Vice President and Controller
(Principal Accounting Officer)

October 26, 2016

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PEPCO HOLDINGS LLC

/ S / D AVID M. V ELAZQUEZ
David M. Velazquez
President and Chief Executive Officer
(Principal Executive Officer)

/ S / D ONNA J. K INZEL
Donna J. Kinzel
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/ S / R OBERT M. A IKEN
Robert M. Aiken
Vice President and Controller
(Principal Accounting Officer)

October 26, 2016

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Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

POTOMAC ELECTRIC POWER COMPANY

/ S / D AVID M. V ELAZQUEZ
David M. Velazquez
President and Chief Executive Officer
(Principal Executive Officer)

/ S / D ONNA J. K INZEL
Donna J. Kinzel
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/ S / R OBERT M. A IKEN
Robert M. Aiken
Vice President and Controller
(Principal Accounting Officer)

October 26, 2016

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DELMARVA POWER & LIGHT COMPANY

/ S / D AVID M. V ELAZQUEZ
David M. Velazquez
President and Chief Executive Officer
(Principal Executive Officer)

/ S / D ONNA J. K INZEL
Donna J. Kinzel
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/ S / R OBERT M. A IKEN
Robert M. Aiken
Vice President and Controller
(Principal Accounting Officer)

October 26, 2016

Pursuant to requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ATLANTIC CITY ELECTRIC COMPANY

/ S / D AVID M. V ELAZQUEZ
David M. Velazquez
President and Chief Executive Officer
(Principal Executive Officer)

/ S / D ONNA J. K INZEL
Donna J. Kinzel
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/ S / R OBERT M. A IKEN
Robert M. Aiken
Vice President and Controller
(Principal Accounting Officer)

October 26, 2016

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Exhibit 10.1

EXELON CORPORATION

CHANGE IN CONTROL EMPLOYMENT AGREEMENT

[AS AMENDED AND RESTATED] EFFECTIVE , 2016

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EXELON CORPORATION
CHANGE-IN-CONTROL EMPLOYMENT AGREEMENT

THIS AGREEMENT, entered into as of (the " Agreement Date "), is made by and among Exelon Corporation, incorporated under the laws of the Commonwealth of Pennsylvania (together with successors thereto, the " Company "), on behalf of itself and , a corporation (together with successors thereto, the " Subsidiary "), and (" Executive "). [The Agreement has been amended and restated as of , 2016.]

RECITALS

The Board of Directors of the Company (the " Board ") has determined that it is in the best interests of the Company and its shareholders to assure that the Company will have the continued services of the Executive, despite the possibility or occurrence of a Change in Control of the Company. The Board believes it is imperative to reduce the distraction of the Executive that would result from the personal uncertainties caused by a pending or threatened Change in Control or a Significant Acquisition, to encourage the Executive's full attention and dedication to the Company, and to provide the Executive with compensation and benefits arrangements upon a Change in Control which are competitive with those of similarly-situated corporations. This Agreement is intended to accomplish these objectives.

Article I.

Definitions

As used in this Agreement, the terms specified below shall have the following meanings:

1.1 " Accrued Annual Incentive " means the amount of any Annual Incentive earned but not yet paid with respect to the Company's latest fiscal year ended prior to the Termination Date.

1.2 " Accrued Base Salary " means the amount of Executive's Base Salary that is accrued but not yet paid as of the Termination Date.

1.3 " Accrued Obligations " means, as of any date, the sum of Executive's Accrued Base Salary, Accrued Annual Incentive, any accrued but unpaid paid time off, and any other amounts and benefits which are then due to be paid or provided to Executive by the Company, but have not yet been paid or provided (as applicable).

1.4 " Affiliate " means any Person (including the Subsidiary) that directly or indirectly controls, is controlled by, or is under common control with, the Company. For purposes of this definition the term "control" with respect to any Person means the power to direct or cause the direction of management or policies of such Person, directly or indirectly, whether through the ownership of Voting Securities, by contract or otherwise.

1.5 " Agreement Date " – see the introductory paragraph of this Agreement.

1.6 " Agreement Term " means the period commencing on the Agreement Date and ending on the second anniversary of the Agreement Date or, if later, such later date to which the Agreement Term is extended under the following sentence, unless earlier terminated as provided herein. Commencing on the first anniversary of the Agreement Date, the Agreement Term shall automatically be extended each day by one day to create a new two-year term until, at any time after the first anniversary of the Agreement Date, the Company delivers written notice (an " Expiration Notice ") to Executive that the Agreement shall expire on a date specified in the Expiration Notice (the " Expiration Date ") that is not less than 12 months after the date the Expiration Notice is delivered to Executive; provided, however, that if a Change Date, Imminent Control Change, Disaggregation or Significant Acquisition occurs before the Expiration Date specified in the Expiration Notice, then such Expiration Notice shall be void and of no further effect. If such Imminent Control Change or Disaggregation does not culminate in a Change Date, then such Expiration Notice shall be reinstated and the Agreement shall expire on the date originally specified as the Expiration Date, or if later, the date the Imminent Control Change lapses or the end of the sixtieth day after the Disaggregation. Notwithstanding anything herein to the contrary, the Agreement Term shall end at the end of the Severance Period if applicable, or if there is no Severance Period, the earliest of the following: (a) the second anniversary of the Change Date, (b) eighteen (18) months after the Significant Acquisition, provided there has been no Change Date, (c) the end of the sixtieth day after the Disaggregation if there has been no Change Date after the Disaggregation, or (d) the Termination Date.

1.7 " Annual Incentive " – see Section 2.7.

1.8 " Applicable Trigger Date " means

(a) the Change Date with respect to the Post-Change Period;

(b) the date of an Imminent Control Change with respect to the Imminent Control Change Period;

(c) the date of a Significant Acquisition with respect to a Post-Significant Acquisition Period; and

(d) the date of a Disaggregation with respect to a Post-Disaggregation Period.

1.9 " Article " means an article of this Agreement.

1.10 " Base Salary " – see Section 2.6.

1.11 " Beneficial Owner " means such term as defined in Rule 13d-3 of the SEC under the Exchange Act.

1.12 " Beneficiary " – see Section 10.4.

1.13 " Board " means the Board of Directors of the Company or, from and after the effective date of a Corporate Transaction (as defined in Section 1.17), the Board of Directors of the corporation resulting from a Corporate Transaction or, if securities representing at least 50% of the aggregate voting power of such resulting corporation are directly or indirectly owned by another corporation, such other corporation.

1.14 " Cash Performance Award " means any cash performance award granted to Executive under the LTIP in lieu of Performance Shares during employment by a Utility Company.

1.15 " Cause " – see Section 3.3.

1.16 " Change Date " means the date on which a Change in Control first occurs during the Agreement Term.

1.17 " Change in Control " means, except as otherwise provided below, the first to occur of any of the following during the Agreement Term:

(a) any SEC Person becomes the Beneficial Owner of 20% or more of the then outstanding common stock of the Company or of Voting Securities representing 20% or more of the combined voting power of all the then outstanding Voting Securities of Company (such an SEC Person, a " 20% Owner "); provided, however, that for purposes of this subsection (a), the following acquisitions shall not constitute a Change in Control: (1) any acquisition directly from the Company (excluding any acquisition resulting from the exercise of an exercise, conversion or exchange privilege unless the security being so exercised, converted or exchanged was acquired directly from the Company), (2) any acquisition by the Company, (3) any acquisition by an employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company (a " Company Plan "), or (4) any acquisition by any corporation pursuant to a transaction which complies with clauses (i), (ii) and (iii) of subsection (c) of this definition; provided further, that for purposes of clause (2), if any 20% Owner of the Company other than the Company or any Company Plan becomes a 20% Owner by reason of an acquisition by the Company, and such 20% Owner of the Company shall, after such acquisition by the Company, become the beneficial owner of any additional outstanding common shares of the Company or any additional outstanding Voting Securities of the Company (other than pursuant to any dividend reinvestment plan or arrangement maintained by the Company) and such beneficial ownership is publicly announced, such additional beneficial ownership shall constitute a Change in Control; or

(b) Individuals who, as of the date hereof, constitute the Board (the " Incumbent Board ") cease for any reason to constitute at least a majority of the Incumbent Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual

whose initial assumption of office occurs as a result of an actual or threatened election contest (as such terms are used in Rule 14a-11 promulgated under the Exchange Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(c) Consummation of a reorganization, merger or consolidation (" Merger "), or the sale or other disposition of more than 50% of the operating assets of the Company (determined on a consolidated basis), other than in connection with a sale-leaseback or other arrangement resulting in the continued utilization of such assets (or the operating products of such assets) by the Company (such reorganization, merger, consolidation, sale or other disposition, a " Corporate Transaction "); excluding, however, a Corporate Transaction pursuant to which:

(i) all or substantially all of the individuals and entities who are the Beneficial Owners, respectively, of the outstanding common stock of Company and outstanding Voting Securities of the Company immediately prior to such Corporate Transaction beneficially own, directly or indirectly, more than 60% of, respectively, the then-outstanding shares of common stock and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Corporate Transaction (including, without limitation, a corporation which, as a result of such transaction, owns the Company or all or substantially all of the assets of the Company either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Corporate Transaction of the outstanding common stock of Company and outstanding Voting Securities of the Company, as the case may be;

(ii) no SEC Person (other than the corporation resulting from such Corporate Transaction, and any Person which beneficially owned, immediately prior to such corporate Transaction, directly or indirectly, 20% or more of the outstanding common stock of the Company or the outstanding Voting Securities of the Company, as the case may be) becomes a 20% Owner, directly or indirectly, of the then-outstanding common stock of the corporation resulting from such Corporate Transaction or the combined voting power of the outstanding voting securities of such corporation; and

(iii) individuals who were members of the Incumbent Board will constitute at least a majority of the members of the board of directors of the corporation resulting from such Corporate Transaction; or

(d) Approval by the Company's shareholders of a plan of complete liquidation or dissolution of the Company, other than a plan of liquidation or dissolution which results in the acquisition of all or substantially all of the assets of the Company by an affiliated company.

Notwithstanding the occurrence of any of the foregoing events, a Change in Control shall not occur with respect to Executive if, in advance of such event, Executive agrees in writing that such event shall not constitute a Change in Control.

1.18 " Code " means the Internal Revenue Code of 1986, as amended.

1.19 " Company " – see the introductory paragraph to this Agreement.

1.20 " Disability " – see Section 3.1(b).

1.21 " Disaggregated Entity " means the Disaggregated Unit or any other Person (other than the Company or an Affiliate) that controls or is under common control with the Disaggregated Unit.

1.22 " Disaggregation " means the consummation, in contemplation of a Change in Control, of a sale, spin-off or other disaggregation by the Company or the Affiliate or business unit of the Company (" Disaggregated Unit ") which employed Executive immediately prior to the sale, spin-off or other disaggregation.

1.23 " Employer " means, collectively or severally, the Company and the Subsidiary (or other Affiliate employing Executive).

1.24 " Exchange Act " means the Securities Exchange Act of 1934, as amended.

1.25 " Good Reason " – see Section 3.4.

1.26 " Imminent Control Change " means, as of any date on or after the Agreement Date and prior to the Change Date, the occurrence of any one or more of the following:

(a) the Company enters into an agreement the consummation of which would constitute a Change in Control;

(b) Any SEC Person commences a "tender offer" (as such term is used in Section 14(d) of the Exchange Act) or exchange offer, which, if consummated, would result in a Change in Control; or

(c) Any SEC Person files with the SEC a preliminary or definitive proxy solicitation or election contest to elect or remove one or more members of the Board, which, if consummated or effected, would result in a Change in Control;

provided, however, that an Imminent Control Change will lapse and cease to qualify as an Imminent Control Change:

(i) With respect to an Imminent Control Change described in clause (a) of this definition, the date such agreement is terminated, cancelled or expires without a Change Date occurring;

(ii) With respect to an Imminent Control Change described in clause (b) of this definition, the date such tender offer or exchange offer is withdrawn or terminates without a Change Date occurring;

(iii) With respect to an Imminent Control Change described in clause (c) of this definition, (1) the date the validity of such proxy solicitation or election contest expires under relevant state corporate law, or (2) the date such proxy solicitation or election contest culminates in a shareholder vote, in either case without a Change Date occurring; or

(iv) The date a majority of the members of the Incumbent Board make a good faith determination that any event or condition described in clause (a), (b), or (c) of this definition no longer constitutes an Imminent Control Change, provided that such determination may not be made prior to the twelve (12) month anniversary of the occurrence of such event.

1.27 " Imminent Control Change Period " means the period commencing on the date of an Imminent Control Change, and ending on the first to occur thereafter of

(a) a Change Date, provided

(i) such date occurs no later than the one-year anniversary of the Termination Date, and

(ii) either the Imminent Control Change has not lapsed, or the Imminent Control Change in effect upon such Change Date is the last Imminent Control Change in a series of Imminent Control Changes unbroken by any period of time between the lapse of an Imminent Control Change and the occurrence of a new Imminent Control Change;

(b) if Executive's business unit undergoes Disaggregation and Executive retains substantially the same position with the Disaggregated Entity as immediately prior to such Disaggregation (determined without regard to reporting obligations) the earlier to occur after such Disaggregation of a Change Date or the end of the 60 th day following such Disaggregation without the occurrence of a Change Date,

(c) the date an Imminent Control Changes lapses without the prior or concurrent occurrence of a new Imminent Control Change; or

(d) the twelve-month anniversary of the Termination Date.

1.28 " Incentive Plan " means the Exelon Corporation Annual Incentive Plan for Senior Executives, as amended from time to time, or any successor thereto.

1.29 " Including " means including without limitation.

1.30 " Incumbent Board " – see definition of Change in Control.

1.31 " IRS " means the Internal Revenue Service of the United States of America.

1.32 " LTIP " means the Exelon Corporation Long-Term Incentive Plan, as amended from time to time, or any successor thereto

1.33 " LTIP Performance Period " means the performance period applicable to an LTIP award, as designated in accordance with the LTIP.

1.34 " Merger " – see definition of Change in Control.

1.35 " Notice of Termination " means a written notice given in accordance with Section 10.9 which sets forth (i) the specific termination provision in this Agreement relied upon by the party giving such notice and (ii) in reasonable detail the specific facts and circumstances claimed to provide a basis for such Termination of Employment.

1.36 " Performance Shares " – see Section 4.1(c). After a Disaggregation, "Performance Shares" shall also refer to performance shares, performance units or similar stock incentive awards granted by a Disaggregated Entity (or an affiliate thereof) in replacement of performance shares, performance units or similar stock incentive awards granted under the Exelon Performance Share Program under the LTIP.

1.37 " Person " means any individual, sole proprietorship, partnership, joint venture, limited liability company, trust, unincorporated organization, association, corporation, institution, public benefit corporation, entity or government instrumentality, division, agency, body or department.

1.38 " Plans " means plans, practices, policies and programs of the Company (or, if applicable to Executive, the Disaggregated Entity or Affiliate).

1.39 " Post-Change Period " means the period commencing on the Change Date and ending on the earlier of the Termination Date or the second anniversary of the Change Date.

1.40 " Post-Disaggregation Period " means the period commencing on the first date during the Agreement Term on which a Change in Control occurs following a Disaggregation, provided such Change Date occurs no more than 60 days following such Disaggregation, and ending on the earlier of the Termination Date or the second anniversary of the Change Date. If no Change Date occurs within 60 days after the Disaggregation, there shall be no Post-Disaggregation Period.

1.41 " Post-Significant Acquisition Period " means the period commencing on the date of a Significant Acquisition that occurs during the Agreement Term prior to a Change Date, and ending on the first to occur of (a) the end of the 18-month period commencing on the date of the Significant Acquisition, (b) the Change Date, or (c) the Termination Date.

1.42 " Restricted Stock " – see Section 4.1(d). After a Disaggregation, "Restricted Stock" shall also refer to deferred stock units, restricted stock or restricted share units granted by a Disaggregated Entity (or an affiliate thereof) in replacement of deferred stock units, restricted stock or restricted share units granted by the Company other than under the Exelon Performance Share Program under the LTIP.

1.43 " SEC " means the United States Securities and Exchange Commission.

1.44 " SEC Person " means any person (as such term is used in Rule 13d-5 of the SEC under the Exchange Act) or group (as such term is defined in Sections 3(a)(9) and 13(d)(3) of the Exchange Act), other than (a) the Company or an Affiliate, or (b) any employee benefit plan (or any related trust) of the Company or any of its Affiliates.

1.45 " Section " means, unless the context otherwise requires, a section of this Agreement.

1.46 " SERP " means the Exelon Corporation Supplemental Management Retirement Plan or such other non-qualified supplemental defined benefit pension plan of the Company applicable to Executive, or any successor thereto.

1.47 " Severance Incentive " means the greater of (a) the Target Incentive for the performance period in which the Termination Date occurs, or (b) the average (mean) of the actual Annual Incentives paid (or payable, to the extent not previously paid) to the Executive under the Incentive Plan for each of the two calendar years preceding the calendar year in which the Termination Date occurs.

1.48 " Severance Period " means the period beginning on the Executive's Termination Date, provided Executive's Termination of Employment entitles Executive to benefits under Section 4.1, 4.2 or 4.3, and ending on the third anniversary thereof. There shall be no Severance Period if Executive's Termination of Employment is on account of death or Disability or if Executive's employment is terminated by the Company for Cause or by Executive other than for Good Reason.

1.49 " Significant Acquisition " means a Corporate Transaction affecting the Executive's business unit (or, if Executive is employed at the headquarters for the Company's corporate business operations (" Corporate Center "), a Corporate Transaction that affects the Corporate Center) that is consummated after the Agreement Date and prior to the Change Date, which Corporate Transaction is not a Change in Control, provided that as a result of such Corporate Transaction, all or substantially all of the individuals and entities who are the Beneficial Owners, respectively, of the outstanding common stock of Company and outstanding Voting Securities of the Company immediately prior to such Corporate Transaction beneficially own, directly or indirectly, more than 60% but not more than 66-2/3% of, respectively, the then-outstanding shares of common stock and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Corporate Transaction (including, without limitation, a corporation which, as a result of such transaction, owns the Company or all or substantially all of the assets of the Company either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Corporate Transaction of the outstanding common stock of Company and outstanding Voting Securities of the Company, as the case may be.

1.50 " Stock Options " – see Section 4.1(b). After a Disaggregation, "Stock Options" shall also refer to stock options, stock appreciation rights, or similar incentive awards granted by the Disaggregated Entity (or an affiliate thereof) in replacement of stock options, stock appreciation rights, or similar incentive awards granted under the LTIP.

1.51 " Target Incentive " as of a certain date means an amount equal to the product of Base Salary determined as of such date multiplied by the percentage of such Base Salary (if any) to which Executive would have been entitled immediately prior to such date under the Incentive Plan for the applicable performance period if the performance goals established pursuant to such Incentive Plan were achieved at the 100% (target) level as of the end of the applicable performance period (taking into account for this purpose any negative discretion exercised by the Compensation Committee of the Board in establishing such target including, without limitation, any negative discretion to limit Executive's target to the target level that would be available to senior executives under the annual incentive plan applicable to other employees of the Company or Executive's business unit); provided, however, that any reduction in Executive's Base Salary or Annual Incentive that would qualify as Good Reason shall be disregarded for purposes of this definition.

1.52 " Taxes " means the incremental federal, state, local and foreign income, employment, excise and other taxes payable by Executive with respect to any applicable item of income.

1.53 " Termination Date " means the effective date of Executive's Termination of Employment, which shall be the date on which Executive has a "separation from service," within the meaning of Section 409A of the Code; provided, however, that if the Executive terminates Executive's employment for Good Reason, then the Termination Date shall not be earlier than the thirtieth day following the Company's receipt of Executive's Notice of Termination, unless the Company consents in writing to an earlier Termination Date.

1.54 " Termination of Employment " means any termination of Executive's employment with the Company and its Affiliates, whether such termination is initiated by the Employer or by Executive; provided that if the Executive's cessation of employment with the Company and its Affiliates is effected through a Disaggregation, and Executive is employed by the Disaggregated Entity immediately following the Disaggregation, and a Change Date occurs no more than 60 days after such Disaggregation, then the Disaggregation shall not be deemed to effect a "Termination of Employment" for purposes of this Agreement, and after the Disaggregation, "Termination of Employment" means any termination of Executive's employment with the Disaggregated Entity, whether such termination is initiated by the Disaggregated Entity or by Executive.

1.55 " 20% Owner " – see paragraph (a) of the definition of "Change in Control."

1.56 " Utility Company " means Exelon Energy Delivery Company, LLC, Baltimore Gas & Electric Company, Commonwealth Edison Company, PECO Energy Company, Pepco Holdings, LLC or such other subsidiary or business unit of Exelon Energy Delivery Company, LLC (or any successor thereto) that constitutes or oversees a regulated electrical transmission and distribution company.

1.57 " Voting Securities " means with respect to a corporation, securities of such corporation that are entitled to vote generally in the election of directors of such corporation.

1.58 " Waiver and Release " – see Section 4.5.

1.59 " Welfare Plans " –see Section 2.8(a)(ii).

Article II.

Terms of Employment

2.1 Position and Duties During a Post-Change Period . During the Post-Change Period prior to the Termination Date, (i) Executive's position, duties and responsibilities (other than the position or level of officer to whom the Executive reports or any change that is part of a policy, program or arrangement applicable to peer executives of the Company and any successor to the Company) shall be at least commensurate in all material respects with the most significant of those held, exercised and assigned at any time during the 90-day period immediately before the Change Date (or if the Change Date ended an Imminent Control Change Period, during the 90-day period immediately before the beginning of the Imminent Control Change Period) and (ii) Executive's services shall be performed at the location where Executive was employed immediately before the Change Date (or if the Change Date ended an Imminent Control Change Period, before the beginning of such Imminent Control Change Period) or any other location no more than 50 miles from such location (unless such other location is closer to Executive's residence than the prior location).

2.2 Position and Duties During an Imminent Control Change Period . During the portion of any Imminent Control Change Period that occurs before the Termination Date, the Company may in its discretion change the Executive's position, authority and duties and may change the location where Executive's services shall be performed.

2.3 Position and Duties During a Post-Significant Acquisition Period . During the portion of any Post-Significant Acquisition Period that occurs before the Termination Date, the Company may in its discretion change the Executive's position, authority and duties, and may change the location where Executive's services shall be performed.

2.4 Position and Duties During a Post-Disaggregation Period . During the Post-Disaggregation Period, (i) Executive's position with the Disaggregated Entity shall be at least commensurate in all material respects with the most significant position held by Executive with the Disaggregated Entity immediately following the Disaggregation, and (ii) unless Executive otherwise consents, Executive's services shall be performed at the location where Executive was

employed immediately prior to the Change Date or any other location no more than 50 miles from such location (unless such other location is closer to Executive's residence than the prior location); provided, however, that in determining whether the Executive's Termination of Employment is for Cause, "Cause" shall be determined as though the provisions of Section 3.3(a) applied commencing with the first day of the Post-Disaggregation Period.

2.5 Executive's Obligations . During the Executive's employment (other than any periods of paid time off, sick leave or disability to which Executive is entitled), Executive agrees to devote Executive's full attention and time to the business and affairs of the Company (or, in the case of a Disaggregation, the Disaggregated Entity) and to use Executive's best efforts to perform such duties. Executive may (i) serve on corporate, civic or charitable boards or committees, (ii) deliver lectures, fulfill speaking engagements or teach at educational institutions and (iii) manage personal investments, so long as such activities are consistent with the Plans of the Employer (or in the case of a Disaggregation, the Disaggregated Entity) in effect from time to time, and do not significantly interfere with the performance of Executive's duties under this Agreement.

2.6 Base Salary During the Post-Change Period .

(a) Base Salary During Post-Change Period . Prior to the Termination Date during the Post-Change Period, the Company shall pay or cause to be paid to Executive an annual base salary in cash, which shall be paid in a manner consistent with the Employer's payroll practices in effect immediately before the Applicable Trigger Date at an annual rate not less than 12 times the highest monthly base salary paid or payable to Executive by the Employer in respect of the 12-month period immediately before the Applicable Trigger Date (such annual rate salary, the " Base Salary "). During the Post-Change Period, the Base Salary shall be reviewed no more than 12 months after the last salary increase awarded to Executive prior to the Applicable Trigger Date and thereafter shall be reviewed and shall be increased at any time and from time to time as shall be substantially consistent with increases in base salary awarded to peer executives of the Company generally. Base Salary shall not be reduced unless such reduction is part of a policy, program or arrangement applicable to peer executives of the Company (including peer executives of any successor to the Company), and the term Base Salary as used in this Agreement shall refer to Base Salary as so increased. Any increase in Base Salary shall not limit or reduce any other obligation of the Company to the Executive under this Agreement.

(b) Base Salary During the Imminent Control Change Period, Post-Significant Acquisition Period and Post-Disaggregation Period . Section 2.6(a) shall not apply during the Imminent Control Change Period, Post-Significant Acquisition Period or Post-Disaggregation Period.

2.7 Annual Incentive .

(a) Annual Incentive During the Post-Change Period . In addition to Base Salary, the Company shall provide or cause to be provided to Executive the opportunity

to receive payment of an annual incentive (the " Annual Incentive ") with an award opportunity no less than that in effect immediately prior to the Applicable Trigger Date (and with target performance goals not materially more difficult to achieve than those of peer executives of the Company or Executive's business unit) for each applicable performance period which commences prior to the Termination Date and ends during the Post-Change Period. The amount of the Executive's award opportunity in effect for any relevant period shall be determined taking into account any negative discretion exercised by the Compensation Committee of the Board in establishing such opportunity.

(b) Annual Incentive during the Imminent Control Change Period, Post-Significant Acquisition Period or Post-Disaggregation Period . Section 2.7(a) shall not apply during the Imminent Control Change Period, Post-Significant Acquisition Period or Post-Disaggregation Period.

2.8 Other Compensation and Benefits .

(a) Other Compensation and Benefits during the Post-Change Period . In addition to Base Salary and Annual Incentive, prior to the Termination Date the Company shall provide or cause to be provided, throughout the Post-Change Period, the following other compensation and benefits to Executive, provided that, in no event shall such additional compensation and benefits (including incentives, measured with respect to long term and special incentives, to the extent, if any, that such distinctions are applicable) be materially less favorable, in the aggregate, than those provided at any time after the Applicable Trigger Date to peer executives of the Company (including peer executives of any successor to the Company) generally:

(i) Incentive, Savings and Retirement Plans . Executive shall be entitled to participate in all incentive, savings and retirement Plans applicable to peer executives of the Company generally.

(ii) Welfare Benefit Plans . Executive and/or the Executive's family, as the case may be, shall be eligible for participation in and shall receive all benefits under welfare benefit Plans (" Welfare Plans ") (including medical, prescription, dental, disability, employee life, group life, accidental death and travel accident insurance benefits, but excluding any severance pay) provided by the Employer from time to time to peer executives of the Company generally.

(iii) Other Employee Benefits . Executive shall be entitled to other employee benefits, perquisites and fringe benefits in accordance with the most favorable Plans applicable to peer executives of the Company generally.

(iv) Expenses . Executive shall be entitled to receive prompt reimbursement for all reasonable business expenses incurred by the Executive in accordance with the most favorable Plans applicable to peer executives of the Company generally.

(v) Office and Support Staff . Executive shall be entitled to an office or offices of a size and with furnishings and other appointments, and to secretarial and other assistance substantially equivalent to the office or offices, furnishings, appointments and assistance as in effect with respect to Executive on the Applicable Trigger Date.

(vi) Paid Time Off . Executive shall be entitled to paid time off in accordance with the Plans applicable to peer executives of the Company generally.

(vii) LTIP Awards . Awards under the LTIP shall be granted to Executive with aggregate target opportunities not less than those granted to peer executives of the Company.

(b) Other Compensation and Benefits During the Imminent Control Change Period, Post-Significant Acquisition Period or Post-Disaggregation Period . Section 2.8(a) shall not apply during Imminent Control Change Period, Post-Significant Acquisition Period or Post-Disaggregation Period.

(c) Stock Options, Restricted Stock, Performance Shares and Cash Performance Awards During the Post-Disaggregation Period .

(i) Stock Options .

(A) Extinguished or Converted at Disaggregation . If so provided in the documents and instruments (" Disaggregation Documents ") pursuant to which the Disaggregation is effected, then all of Executive's Stock Options shall (I) be extinguished immediately prior to the Disaggregation for such consideration as is provided for in the Disaggregation Documents (but not less than the product of the number of Executive's vested Stock Options multiplied by the difference between the fair market value of Exelon stock immediately prior to the Disaggregation and the option exercise price), or (II) be converted into options to acquire stock of the Disaggregated Entity or an affiliate thereof on a basis determined by the Company in good faith to preserve economic value.

(B) Extinguished or Converted at Merger . If the Change in Control following the Disaggregation is a Merger, and if so provided in the agreement pursuant to which the Merger is effected, then all of Executive's Company Stock Options that were not extinguished or converted to options to acquire stock in the Disaggregated Entity or an affiliate shall (I) be extinguished immediately prior to the Change in Control for such consideration as is provided for Stock Options of peer executives employed by the Company or an Affiliate, or (II) be converted into options to acquire stock of the corporation resulting from the Merger (" Merger Survivor ") or an affiliate thereof, on the same basis as Stock Options of employees of the Company are converted.

(C) Stock Options after the Disaggregation . Executive's unextinguished Stock Options, whether or not they are converted to options for stock of the Disaggregated Entity or Merger Survivor, shall continue to vest and, once vested, shall remain exercisable in accordance with their terms, subject to Section 4.3(b).

(ii) Performance Shares .

(A) Extinguished or Converted at Disaggregation . If so provided in the Disaggregation Documents, all of Executive's Performance Shares shall (I) be extinguished immediately prior to the Disaggregation for such consideration as is provided under the Disaggregation Documents (but no less than the fair market value, immediately prior to the Disaggregation, of a number of Exelon shares equal to the sum of Executive's earned and awarded Performance Shares and the target number of Executive's Performance Shares that have not yet been earned and awarded), or (II) shall be converted into performance shares with respect to the Disaggregated Entity or an affiliate (on a basis determined by the Company in good faith to preserve economic value for the Executive); provided, however, that to the extent the Performance Shares are considered deferred compensation that is subject to Section 409A of the Code, any consideration payable to Executive pursuant to clause (I) above shall be payable at the same time at which the Performance Shares would have been payable to Executive, or at such other time as shall be permitted under Section 409A of the Code.

(B) Extinguished or Converted at Merger . If the Change in Control following the Disaggregation is a Merger, and if so provided in the agreement pursuant to which the Merger is effected, then all of Executive's Performance Shares that were not extinguished or converted to performance shares of the Disaggregated Entity or an affiliate shall (I) be extinguished immediately prior to the Change in Control for such consideration as is provided for Performance Shares of peer executives employed by the Company or an Affiliate, or (II) be converted into performance shares of the Merger Survivor or an affiliate thereof, on the same basis as Performance Shares of employees of the Company are converted; provided, however, that to the extent the Performance Shares are considered deferred compensation that is subject to Section 409A of the Code, any consideration payable to Executive pursuant to clause (I) above shall be payable at the same time at which the Performance Shares would have been payable to Executive, or at such other time as shall be permitted under Section 409A of the Code.

(C) Performance Shares after the Disaggregation . Executive's unextinguished Performance Shares, whether or not they are converted into performance shares of the Disaggregated Entity or Merger Survivor, will continue to vest during the Post-Disaggregation Period, subject to Section 4.3(c).

(iii) Restricted Stock .

(A) Extinguished or Converted at Disaggregation . If so provided in the Disaggregation Documents, all of Executive's Restricted Stock shall (I) be extinguished immediately prior to the Disaggregation for an amount equal to the fair market value of an equal number of shares of Exelon common stock, or (II) shall be converted into restricted stock of the Disaggregated Entity or an affiliate (on a basis determined by the Company in good faith to preserve economic value for the Executive).

(B) Extinguished or Converted at Merger . If the Change in Control following the Disaggregation is a Merger, and if so provided in the agreement pursuant to which the Merger is effected, then all of Executive's Restricted Stock that was not extinguished or converted to restricted stock of the Disaggregated Entity or an affiliate shall (I) be extinguished immediately prior to the Change in Control for such consideration as is provided for Restricted Stock of peer executives employed by the Company or an Affiliate, or (II) be converted into restricted stock of the Merger Survivor or an affiliate thereof, and such converted restricted stock will continue to vest during the Post-Disaggregation Period prior to the Termination Date.

(C) Restricted Stock after the Disaggregation . Executive's unextinguished Restricted Stock, whether or not converted to restricted stock of the Disaggregated Entity or Merger Survivor, will continue to vest during the Post-Disaggregation Period, subject to Section 4.3(d).

(i) Cash Performance Awards . In the event of Disaggregation, if applicable, Executive shall become fully vested in any Cash Performance Awards which have been previously approved by the administrator for any prior plan year (as defined under such plan), and shall be eligible for an award for the plan year in which the Disaggregation occurs based on actual achievement of applicable program performance goals.

Article III.

Termination of Employment

3.1 Disability .

(a) During the Agreement Term, the Employer (or, if applicable, the Disaggregated Entity) may terminate Executive's employment at any time because of Executive's Disability by giving Executive or his or her legal representative, as applicable, (i) written notice in accordance with Section 10.9 of the Company's intention to terminate Executive's employment pursuant to this Section and (ii) a certification of Executive's Disability by a physician selected by the Employer or its insurers, subject to the reasonable consent of Executive or Executive's legal representative, which consent shall not be unreasonably withheld or delayed. Executive's employment shall terminate effective on the 30th day after Executive's receipt of such notice (which such 30th day shall be deemed to be the " Disability Effective Date ") unless, before such 30th day, Executive shall have resumed the full-time performance of Executive's duties.

(b) " Disability " means any medically determinable physical or mental impairment that has lasted for a continuous period of not less than six months and can be expected to be permanent or of indefinite duration, and that renders Executive unable to perform the duties required under this Agreement.

3.2 Death . Executive's employment shall terminate automatically upon Executive's death during the Agreement Term.

3.3 Termination by the Company for Cause . During the Post-Change Period, Post-Disaggregation Period, Imminent Control Change Period or Post-Significant Acquisition Period, the Company may terminate Executive's employment (or cause Executive's employment to be terminated) for Cause solely in accordance with all of the substantive and procedural provisions of this Section 3.3.

(a) Definition of Cause . "Cause" means any one or more of the following:

(i) the refusal to perform or habitual neglect in the performance of the Executive's duties or responsibilities, or of specific directives of the officer or other executive of the Company or any of its affiliates to whom the Executive reports which are not materially inconsistent with the scope and nature of the Executive's employment duties and responsibilities;

(ii) an Executive's willful or reckless commission of act(s) or omission(s) which have resulted in or are likely to result in, a material loss to, or material damage to the reputation of, the Company or any of its affiliates, or that compromise the safety of any employee or other person;

(iii) the Executive's commission of a felony or any crime involving dishonesty or moral turpitude;

(iv) an Executive's material violation of the Company's or any of its affiliates' Code of Business Conduct (including the corporate policies referenced therein), or of any statutory or common-law duty of loyalty to the Company or any of its affiliates; or

(v) any breach by the Executive of any one or more of the Restrictive Covenants.

For purposes of this Section, no act, or failure to act, on the part of the Executive shall be considered "willful" unless it is done, or omitted to be done, by the Executive in bad faith or without reasonable belief that the Executive's action or omission was in the best interests of the Company. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or upon the instructions of the chief executive officer or a senior officer of the Company other than Executive or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Company.

(b) Procedural Requirements for Termination for Cause During a Post-Change Period . The Executive's Termination of Employment for which the Notice of Termination is given during a Post-Change Period shall not be deemed to be for Cause under this Section 3.3 unless and until there shall have been delivered to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than 60% of the entire membership of the Board at a meeting of such Board called and held for such purpose (after reasonable written notice of such meeting is provided to the Executive and the Executive is given an opportunity, together with counsel, to be heard before the Board), finding that, in the good faith opinion of the Board, the Executive's acts, or failure to act, constitutes Cause and specifying the particulars thereof in detail.

(c) Procedural Requirements for Termination for Cause During a Post-Disaggregation Period . In the event Executive's Termination of Employment is from a Disaggregated Entity in a Post-Disaggregation Period, the procedural requirements for termination for Cause in this Section 3.3 shall be applied by substituting "Disaggregated Entity" for "Company," "affiliate of the Disaggregated Entity" for "Affiliate," and "Disaggregated Entity's Board" for "Board." Further, the Company shall have no obligation to provide payments or benefits under Section 4.3 if the Board determines that the Company could have terminated Executive's employment for Cause if the Executive had been employed by the Company, such determination by the Board to be made as provided in Section 3.3(b) but applying the flush language at the end of Section 3.3(a) by substituting "Disaggregated Entity" for "Company" and "Disaggregated Entity's Board" for "Board."

(d) Procedural Requirements for Termination for Cause During the Imminent Control Change Period or Post-Significant Acquisition Period . The Executive's Termination of Employment for which the Notice of Termination is given during the Imminent Control Change Period or Post-Significant Acquisition Period shall not be deemed to be for Cause under this Section 3.3 unless and until there shall have been delivered to the

Executive a copy of a resolution duly adopted by the affirmative vote of not less than a majority of the entire membership of the Board, finding that the Executive's acts or failure to act, constitute Cause and specifying the particulars thereof in detail. Executive shall receive advance notice of such vote of the Board, but shall not have the right to appear in person or by counsel before the Board.

3.4 Termination by the Executive for Good Reason . During the Post-Change Period, an Imminent Control Change Period, a Post-Significant Acquisition Period or Post-Disaggregation Period, Executive may terminate his or her employment for Good Reason in accordance with the substantive and procedural provisions of this Section 3.4.

(a) Definition of Good Reason . For purposes of this Section 3.4, and subject to the provisions of subsections (b) through (e), "Good Reason" means the occurrence of any one or more of the following actions or omissions prior to the Termination Date during the Post-Change Period, the Imminent Control Change Period, the Post-Significant Acquisition Period or the Post-Disaggregation Period:

(i) a material reduction of the Executive's salary, incentive compensation opportunity or aggregate benefits unless such reduction is part of a policy, program or arrangement applicable to peer executives (including peer executives of any successor to the Company);

(ii) a material adverse reduction in the Executive's position, duties, or responsibilities, other than in a Post-Significant Acquisition period, and other than a change in the position or level of officer to whom the Executive reports or a change that is part of a policy, program or arrangement applicable to peer executives (including peer executives of any successor to the Company);

(iii) the failure of any successor to the Company to assume this Agreement;

(iv) a relocation (other than in a Post-Significant Acquisition Period), by more than 50 miles of (I) the Executive's primary workplace, or (II) the principal offices of the Company or its successor (if such offices are the Executive's workplace), in each case without Executive's consent; provided, however, in both cases of (I) and (II) of this Section 3.4(a)(iv), such new location is farther from Executive's residence then the prior location; or

(v) a material breach of this Agreement by the Company or its successor;

provided that the occurrence of a Disaggregation shall not be Good Reason if the Executive retains substantially the same position (determined without regard to reporting requirements) with the Disaggregated Entity, with substantially the same compensation and benefits in the aggregate, as immediately prior to such Disaggregation, notwithstanding Sections 3.4(a)(i), 3.4(a)(ii) and 3.4(a)(v).

(b) Application of "Good Reason" Definition During the Imminent Control Change Period . During the Imminent Control Change Period, "Good Reason" shall not include the events or conditions described in Section 3.4(a)(i), 3.4(a)(ii) or 3.4(a)(iv) unless the Imminent Control Change Period culminates in a Change Date. Further, if Executive's Termination of Employment occurs during an Imminent Control Change Period that culminates in a Change Date, then, except as provided in Section 3.4(c), the definition of "Good Reason" shall be applied as though Sections 2.1, 2.6, 2.7, and 2.8 were applicable during the Imminent Control Change Period prior to the Executive's Termination of Employment.

(c) Special Conditions Relating to Good Reason During the Post-Disaggregation Period . If Executive is employed with the Disaggregated Entity immediately following a Disaggregation, then (1) Section 3.4(a)(ii) shall apply with respect to the Executive's position, duties or responsibilities as in effect on the day before the Disaggregation, (2) subsection 3.4(a)(iv) shall apply with respect to relocations that are required after the Disaggregation and prior to the expiration of the Post-Disaggregation Period and shall be applied by substituting "Disaggregated Entity" for "any successor to the Company," and (3) all references in Section 3.4 to the Company or its successor shall be to the Disaggregated Entity or its successor.

(d) Limitations on Good Reason . Notwithstanding the foregoing provisions of this Section 3.4, no act or omission shall constitute a material breach of this Agreement by the Company, nor grounds for "Good Reason":

(i) unless the Executive gives the Company a Notice of Termination at least 30 days' prior to the Termination Date and the Company fails to cure such act or omission within the 30-day period;

(ii) if the Executive first acquired knowledge of such act or omission more than 90 days before the Executive gives the Company and the Employer such Notice of Termination; or

(iii) if the Executive has consented in writing to such act or omission.

(e) Notice by Executive . In the event of any Termination of Employment by Executive for Good Reason, Executive shall as soon as practicable thereafter notify the Company and the Employer (and Disaggregated Entity, if applicable) of the events constituting such Good Reason by a Notice of Termination. Subject to the limitations in Section 3.4(d), a delay in the delivery of such Notice of Termination shall not waive any right of Executive under this Agreement.

Article IV.

Company's Obligations Upon Certain Terminations of Employment

4.1 Termination During the Post-Change Period or Post-Significant Acquisition Period. If, during the Post-Change Period or Post-Significant Acquisition Period (other than any portion of any of such periods that are also a Post-Disaggregation Period), the Employer terminates Executive's employment other than for Cause or Disability, or Executive terminates employment for Good Reason, the Company's sole obligations to Executive under Articles II and IV shall be as set forth in this Section 4.1.

(a) Termination during the Post-Change Period or Post-Significant Acquisition Period: Severance Payments . The Company shall pay or provide (or cause to be provided) to Executive, according to the payment terms set forth in Section 4.4 below, the following:

(i) Accrued Obligations . All Accrued Obligations;

(ii) Annual Incentive for Year of Termination . An amount equal to the Target Incentive applicable to the Executive under the Incentive Plan for the performance period in which the Termination Date occurs, but in no event greater than the Annual Incentive based on the extent to which the performance goals established under the Incentive Plan are attained for such performance period.

(iii) Deferred Compensation and Non-Qualified Defined Contribution Plans . All amounts previously deferred by Executive under the Exelon Corporation Deferred Compensation Plan, the Exelon Corporation Stock Deferral Plan, or any successor of either of them, or under any other similar deferred compensation plan of the Company or an Affiliate whether vested or unvested, together with any accrued earnings thereon, to the extent that such amounts and earnings have not been previously paid by the Employer and are not provided under the terms of either such non-qualified plan;

(iv) Pension Enhancements . An amount payable under the SERP equal to the positive difference, if any, between:

(A) the lump sum value of Executive's benefit, if any, under the SERP, calculated as if Executive had:

(1) become fully vested in all benefits under the SERP and the tax-qualified defined benefit plan maintained by the Company in which the Executive is a participant (the " Pension Plan ",

(2) to the extent age is relevant under the Pension Plan covering Executive, attained as of the Termination Date an age that is 2.0 years greater than Executive's actual age and that includes the number of years of age credited to Executive pursuant to any other agreement between the Company and Executive,

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(3) to the extent that service is relevant under the Pension Plan covering Executive, accrued a number of years of service (for purposes of determining the amount of such benefits, entitlement to–but not commencement of–early retirement benefits, and all other purposes of the Pension Plan and the SERP) that is 2.0 years greater than the sum of the number of years of service actually accrued by Executive as of the Termination Date and that includes the number of years of service credited to Executive pursuant to any other written agreement between the Company and the Executive, and

(4) received the benefits specified in Section 4.1(a)(ii) and 2.0 years of the benefits specified in Section 4.1(a)(vi) as covered compensation in equal monthly installments during the Severance Period,

minus

(B) the aggregate amounts paid or payable to Executive under the SERP.

(v) Unvested Benefits Under Defined Benefit Plan . To the extent not paid pursuant to clause (iii) or (iv) of this Section 4.1(a), an amount payable under the SERP equal to the actuarial equivalent present value of any unvested portion of Executive's cash balance account (as applicable) under the Pension Plan as of the Termination Date and forfeited by Executive by reason of the Termination of Employment; and

(vi) Multiple of Salary and Severance Incentive . An amount equal to 2.99 times the sum of (x) Base Salary plus (y) the Severance Incentive.

(b) Termination during the Post-Change Period or Post-Significant Acquisition Period: Stock Options . Each of the Executive's stock options, stock appreciation rights or similar incentive awards granted under the LTIP (" Stock Options ") shall (i) become fully vested, and (ii) remain exercisable until the fifth anniversary of the Termination Date or, if earlier, the respective option expiration dates for any such Stock Options; provided that this Section shall not limit the right of the Company to cancel the Stock Options in connection with a corporate transaction pursuant to the terms of the LTIP.

(c) Termination during the Post-Change Period or Post-Significant Acquisition Period: LTIP Vesting . To the extent the performance period applicable to any outstanding performance shares, performance units or similar stock incentive awards granted to the Executive under the Exelon Performance Share Program under the LTIP (" Performance Shares "), or Cash Performance Awards granted in lieu thereof, has ended as of the Termination Date, including performance periods that are terminated early in

connection with the Change in Control, such Performance Shares or Cash Performance Awards shall become fully vested and payable, based on the performance level attained (or deemed to have been attained in connection with the Change in Control). To the extent the performance period applicable to any Performance Shares has not ended as of the Termination Date, such Performance Shares or Cash Performance Awards shall become fully vested and payable based on the extent to which the performance goals established under the LTIP for such performance period are attained as of the last day of the applicable performance period **.**

(d) Termination During the Post-Change Period or Post-Significant Acquisition Period: Restricted Stock . All forfeiture conditions that as of the Termination Date are applicable to any deferred stock unit, restricted stock or restricted share units awarded to the Executive by the Company other than under the Exelon Performance Share Program under the LTIP (" Restricted Stock ") shall (except as specifically provided to the contrary in the applicable awards) lapse immediately and all such awards will become fully vested.

(e) Termination During the Post-Change Period or Post-Significant Acquisition Period: Continuation of Welfare Benefits . During the Severance Period (and continuing through such later date as any Welfare Plan may specify), the Company shall continue to provide (or shall cause the continued provision) to Executive and Executive's family welfare benefits under the Welfare Plans to the same extent as if Executive had remained employed during the Severance Period. Such provision of welfare benefits shall be subject to the following:

(i) In determining benefits applicable under such Welfare Plans, the Executive's annual compensation attributable to base salary and incentives for any plan year or calendar year, as applicable, shall be deemed to be not less than the Executive's Base Salary and Annual Incentive.

(ii) The cost of such welfare benefits to Executive and family under this Section 4.1(e) shall not exceed the cost of such benefits to peer executives who are actively employed after the Termination Date.

(iii) Health care coverage under this Section 4.1(e) shall be provided in lieu of any post-termination continuation coverage rights the Executive may have pursuant to applicable law, including, without limitation, continuation coverage required by Section 4980B of the Code ("COBRA"). At the end of the Severance Period, Executive may elect, at his expense, COBRA continuation coverage for the remaining balance of the statutory coverage period, if any.

(iv) If the Executive has, as of the last day of the Severance Period, attained age 50 and completed at least 10 years of service (or any lesser age and service requirement then in effect under the Exelon Corporation Severance Benefit Plan or any successor plan), the Executive shall be entitled to the retiree benefits provided from time to time under any Welfare Plan of the Company

applicable to Executive; provided, however, that for purposes hereof, any years of credited service granted to the Executive in any other written plan or agreement between Executive and the Company shall be taken into account. For purposes of determining eligibility for (but not the time of commencement of) such retiree benefits, the Executive shall also be considered (1) to have remained employed until the last day of the Severance Period and to have retired on the last day of such period, and (2) to have attained at least the age the Executive would have attained on the last day of the Severance Period.

(f) Termination during the Post-Change Period or Post-Significant Acquisition Period: Outplacement . To the extent actually incurred by Executive, the Company shall pay or cause to be paid on behalf of Executive, as incurred, all reasonable fees and costs charged by a nationally recognized outplacement firm selected by the Executive for outplacement services provided up to 12 months after the Termination Date. No cash shall be paid in lieu of such fees and costs.

(g) Termination during the Post-Change Period or Post-Significant Acquisition Period: Indemnification . The Executive shall be indemnified and held harmless by the Company to the greatest extent permitted under applicable law as the same now exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Company to provide broader indemnification than was permitted prior to such amendment) and the Company's by-laws as such exist on the Applicable Trigger Date if the Executive was, is, or is threatened to be, made a party to any pending, completed or threatened action, suit, arbitration, alternate dispute resolution mechanism, investigation, administrative hearing or any other proceeding brought by a third party (and not by or on behalf of the Company or its shareholders) whether civil, criminal, administrative or investigative, and whether formal or informal, by reason of the fact that the Executive is or was, or had agreed to become, a director, officer, employee, agent, or fiduciary of the Company or any other entity which the Executive is or was serving at the request of the Company (" Proceeding "), against all expenses (including all reasonable attorneys' fees) and all claims, damages, liabilities and losses incurred or suffered by the Executive or to which the Executive may become subject for any reason; provided, that the Company shall not be required to indemnify the Executive in connection with any proceeding initiated by the Executive, including a counterclaim or cross claim, unless such proceeding was authorized by the Company and Executive fully cooperates in the investigation and defense of such Proceeding. A Proceeding shall not include any proceeding to the extent it concerns or relates to a matter described in Section 6.1(a) (concerning reimbursement of certain costs and expenses). Upon receipt from Executive of (i) a written request for an advancement of expenses, which Executive reasonably believes will be subject to indemnification hereunder and (ii) a written undertaking by Executive to repay any such amounts if it shall ultimately be determined that Executive is not entitled to indemnification under this Agreement or otherwise, the Company shall, to the extent permitted by applicable law, advance such expenses to Executive or pay such expenses for Executive, all in advance of the final disposition of any such matter.

(h) Termination during the Post-Change Period or Post-Significant Acquisition Period: Directors' and Officers' Liability Insurance . For a period of six years after the Termination Date (or for any known longer applicable statute of limitations period), the Company shall provide Executive with coverage under a directors' and officers' liability insurance policy in an amount no less than, and on terms no less favorable than, those provided to senior executive officers and directors of the Company on the Applicable Trigger Date.

4.2 Termination During an Imminent Control Change Period . If, during an Imminent Control Change Period, Executive has a Termination of Employment that would entitle Executive to benefits under Section 4 of the Exelon Corporation Senior Management Severance Plan or its successor, then the Company shall, prior to the occurrence of a Change Date, provide Executive any benefits to which Executive may be entitled under Section 4 (i.e., non-change in control) of the Exelon Corporation Senior Management Severance Plan or its successor. If, during an Imminent Control Change Period, the Employer terminates Executive's employment other than for Disability and other than for Cause, or if Executive terminates employment for Good Reason then subject to the preceding sentence, unless such Termination of Employment occurred during the Post-Significant Acquisition Period, the Company's sole obligations to Executive under Articles II and IV shall be as set forth in this Section 4.2. The Company's obligations to Executive under this Section 4.2 shall be reduced by any amounts or benefits paid or provided pursuant to the Exelon Corporation Senior Management Severance Plan (whether under Section 4 thereof or any other provision) or any successor thereto. If Executive's Termination of Employment occurred during any portion of an Imminent Control Change Period that is also a Post-Significant Acquisition Period, the Company's obligations to Executive, if any, shall be determined under Section 4.1.

(a) Termination During an Imminent Control Change Period: Cash Severance Payments . If the Imminent Control Change Period culminates in a Change Date, the Company shall pay (or cause to be paid) to Executive the amounts described in Section 4.1(a)(i) through (vi). Such amounts shall be paid to Executive as described in Section 4.4, provided that amounts that would have been paid prior to the Change Date shall be paid in a lump sum (without interest) within 30 business days after the Change Date.

(b) Termination During an Imminent Control Change Period: Vested Stock Options . Executive's Stock Options, to the extent vested on the Termination Date,

(i) will not expire (unless such Stock Options would have expired had Executive remained an employee of the Company) during the Imminent Control Change Period; and

(ii) will continue to be exercisable after the Termination Date to the extent provided in the applicable grant agreement or Plan, and thereafter, such Stock Options shall not be exercisable during the Imminent Control Change Period.

If the Imminent Control Change Period lapses without a Change Date, then Executive's Stock Options, to the extent vested on the Termination Date, may be exercised, in whole or in part, during the 30-day period following the lapse of the Imminent Control Change Period, or, if longer, the period during which Executive's vested Stock Options could otherwise be exercised under the terms of the applicable grant agreement or Plan (but in no case shall any Stock Options remain exercisable after the date on which such Stock Options would have expired if Executive had remained an employee of the Company).

If the Imminent Control Change Period culminates in a Change Date, then effective upon the Change Date, Executive's Stock Options, to the extent vested on the Termination Date, may be exercised in whole or in part by the Executive at any time until the earlier of the fifth anniversary of the Change Date or the respective option expiration dates for such Stock Options; provided that this Section shall not limit the right of the Company to cancel the Stock Options in connection with a corporate transaction pursuant to the terms of the LTIP.

(c) Termination During an Imminent Control Change Period: Unvested Stock Options . Executive's Stock Options that are not vested on the Termination Date

(i) will not expire (unless such Stock Options would have expired had Executive remained an employee of the Company) during the Imminent Control Change Period; and

(ii) will not continue to vest and will not be exercisable during the Imminent Control Change Period after the expiration of the period for post-termination exercise under the terms of the applicable Stock Option Agreement.

If the Imminent Control Change lapses without a Change Date, such unvested Stock Options will thereupon expire.

If the Imminent Control Change culminates in a Change Date, then immediately prior to the Change Date, such unvested Stock Options shall become fully vested, and may thereupon be exercised in whole or in part by the Executive at any time until the earlier of the fifth anniversary of the Change Date, or the respective option expiration dates for such Stock Options; provided that this Section shall not limit the right of the Company to cancel the Stock Options in connection with a corporate transaction pursuant to the terms of the LTIP.

(d) Termination During an Imminent Control Change Period: Performance Shares and Cash Performance Awards . Executive's Performance Shares granted under the Exelon Performance Share Program under the LTIP will not be forfeited during the Imminent Control Change Period, and will not continue to vest during the Imminent Control Change Period. If the Imminent Control Change lapses without a Change Date,

such Performance Shares shall be governed according to the terms of Section 4 of the Exelon Corporation Senior Management Severance Plan. If the Imminent Control Change Period culminates in a Change Date:

(i) To the extent the performance period applicable to the Performance Shares or Cash Performance Awards has ended as of the Change Date, including performance periods that are terminated early in connection with the Change in Control, such Performance Shares or Awards shall become fully vested, based on the performance level attained or deemed to have been attained in connection with the Change in Control.

(ii) To the extent the performance period applicable to the Performance Shares or Cash Performance Awards has not ended as of the Change Date, such Performance Shares or Awards shall become fully vested based on the extent to which the performance goals established under the LTIP for such performance period are attained as of the last day of the performance period.

(e) Termination During an Imminent Control Change Period: Restricted Stock . Executive's unvested Restricted Stock will:

(i) not be forfeited during the Imminent Control Change Period; and

(ii) not continue to vest during the Imminent Control Change Period.

If the Imminent Control Change Period lapses without a Change Date, such unvested Restricted Stock shall thereupon be forfeited.

If the Imminent Control Change Period culminates in a Change Date, then immediately prior to the Change Date, Executive's Restricted Stock shall (except as specifically provided to the contrary in the award) become fully vested.

(f) Termination During an Imminent Control Change Period: Continuation of Welfare Benefits . The Company shall continue to provide to Executive and Executive's family welfare benefits (other than any severance pay that may be considered a welfare benefit) during the Imminent Change Period which are at least as favorable as welfare benefits under the most favorable Welfare Plans of the Company applicable with respect to peer executives who are actively employed after the Termination Date and their families; subject to the following:

(i) In determining benefits applicable under such Welfare Plans, the Executive's annual compensation attributable to base salary and incentives for any plan year or calendar year, as applicable, shall be deemed to be not less than the Executive's Base Salary and Annual Incentive;

(ii) The cost of such welfare benefits to Executive and family under this Section 4.2(f) shall not exceed the cost of such benefits to peer executives who are actively employed after the Termination Date.

(iii) Health care coverage under this Section 4.2(f) shall be in lieu of any post-termination continuation coverage rights the Executive may have pursuant to applicable law, including, without limitation, continuation coverage required by Section 4980B of the Code ("COBRA"). At the end of the Severance Period, Executive may elect, at his expense, COBRA continuation coverage for the remaining balance of the statutory coverage period, if any.

If the Imminent Control Change Period lapses without a Change Date, welfare benefit plan coverage under this Section 4.2(f) shall thereupon cease, subject to Executive's rights, if any, to continued coverage under a Welfare Plan, Section 4 of the Exelon Corporation Senior Management Severance Plan, or applicable law. If the Imminent Control Change Period culminates in a Change Date, then for the remainder of the Severance Period (and continuing through such later date as any Welfare Plan may specify), the Company shall continue to provide Executive and Executive's family welfare benefits as described in, and subject to the limitations of Section 4.1(e).

Notwithstanding the foregoing, if the Executive obtains a specific type of coverage under welfare plan(s) sponsored by another employer of Executive (e.g. medical, prescription, vision, dental, disability, individual life insurance benefits, group life insurance benefits, but excluding for the purposes of this sentence retiree benefits if Executive is so eligible), then the Company shall not be obligated to provide such any specific type of coverage. The Executive shall immediately notify the Company of any such coverage.

(g) Termination During an Imminent Control Change Period: Outplacement . To the extent actually incurred by Executive, the Company shall pay or cause to be paid on behalf of Executive, as incurred, all reasonable fees and costs charged by a nationally recognized outplacement firm selected by the Executive for outplacement services provided up to 12 months after the Termination Date. No cash shall be paid in lieu of such fees and costs.

(h) Termination During an Imminent Control Change Period: Indemnification . The Executive shall be indemnified and held harmless by the Company to the same extent as provided in Section 4.1(g), but only during the Imminent Control Change Period (or greater period provided under the Company's by-laws) if the Imminent Control Change Period lapses without a Change Date.

(i) Termination During an Imminent Control Change Period: Directors' and Officers' Liability Insurance . The Company shall provide the same level of directors' and officers' liability insurance for Executive as provided in Section 4.1(h), but only during the Imminent Control Change Period (or greater period provided under the Company's by-laws) if the Imminent Control Change Period lapses without a Change Date.

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4.3 Termination During a Post-Disaggregation Period . If, during a Post-Disaggregation Period the Disaggregated Entity terminates Executive's employment other than for Cause or Disability, or if Executive terminates employment for Good Reason, the Company's sole obligations to Executive under Articles II and IV shall be as set forth in this Section 4.3, subject to Section 3.3(c), but only to the extent not provided by the Disaggregated Entity.

(a) Termination During a Post-Disaggregation Period: Cash Severance Payments . The Company shall pay Executive the amounts described in Section 4.1(a), as provided in Section 4.4.

(b) Termination During a Post-Disaggregation Period: Stock Options . All of Executive's Stock Options granted prior to the Disaggregation that have not expired, whether or not converted to options or stock of the Disaggregated Entity or Merger Survivor, shall be fully vested, and may be exercised in whole or in part by the Executive at any time until the earlier of the fifth anniversary of the Termination Date or the respective option expiration dates for such Stock Options; provided that this Section shall not limit the right of the Company to cancel the Stock Options in connection with a corporate transaction pursuant to the terms of the LTIP.

(c) Termination During a Post-Disaggregation Period: Performance Shares and Cash Performance Awards . Executive's Performance Shares or Cash Performance Awards granted prior to the Disaggregation, whether or not earned by and awarded to the Executive as of the Disaggregation, and whether or not converted to performance shares or awards of the Disaggregated Entity or the Merger Survivor, shall become vested in accordance with this Section 4.3(c). To the extent the performance period applicable to any such Performance Shares or Cash Performance Awards has ended as of the Termination Date, such Performance Shares or Awards shall become fully vested, based on the performance level attained. To the extent the performance period applicable to any Performance Shares or Cash Performance Awards has not ended as of the Termination Date, such Performance Shares or Awards shall become fully vested based on the extent to which the performance goals established under the LTIP for such performance period are attained as of the last day of the performance period.

(d) Termination During a Post-Disaggregation Period: Restricted Stock . Executive's unvested Restricted Stock, whether or not converted to restricted stock of the Disaggregated Entity or Merger Survivor, shall become fully vested on the Termination Date.

(e) Termination During a Post-Disaggregation Period: Continuation of Welfare Benefits . Until the end of the Severance Period, the Company shall continue to provide to Executive and Executive's family welfare benefits with the same rights in relation to continuation coverage, status in relation to other employer benefits, scope and cost as described in Section 4.1(e); provided that, to the extent Executive is eligible for post-termination continuation coverage under the plans of the Disaggregated Entity,

whether pursuant to Section 4980B of the Code or otherwise, the continued coverage required hereunder shall be provided under the plans of the Disaggregated Entity (and the Company shall reimburse the cost to Executive of such coverage).

(f) Termination During a Post-Disaggregation Period: Outplacement. To the extent actually incurred by Executive, the Company shall pay or cause to be paid on behalf of Executive, as incurred, all reasonable fees and costs charged by a nationally recognized outplacement firm selected by the Executive for outplacement services provided up to 12 months after the Termination Date. No cash shall be paid in lieu of such fees and costs.

(g) Termination During a Post-Disaggregation Period: Indemnification. The Executive shall be indemnified and held harmless by the Company to the same extent as provided in Section 4.1(g).

(h) Termination During a Post-Disaggregation Period: Directors' and Officers' Liability Insurance. The Company shall provide Executive with directors' and officers' liability insurance to the same extent as provided in Section 4.1(h).

4.4 Timing of Severance Payments. Unless otherwise specified herein, the amounts described in Section 4.1(a)(i) shall be paid within 30 business days of the Termination Date, and such amounts shall be considered "short-term deferrals" with the meaning of Section 409A of the Code. The amounts described in Sections 4.1(a)(ii), (iii), (iv) and (v) shall be paid in accordance with the applicable Incentive Plan, deferred compensation plan or SERP and, if applicable, Executive's distribution election thereunder as of the Termination Date (or, if no affirmative election is in effect as of such date, the default election as of such date). The severance payments described in Section 4.1(a)(vi) shall be paid as follows:

(a) Beginning no later than forty five days after the Termination Date, the Company shall make periodic payments to the Executive according to the Company's normal payroll practices at a monthly rate equal to 1/12 of the sum of (i) the Executive's Base Salary in effect as of the Termination Date plus (ii) the Severance Incentive; and

(b) Within 30 business days of the second anniversary of the Termination Date, the Company shall pay Executive a cash lump sum equal to the difference between the total Severance Payment less the total amount paid pursuant to normal payroll practices under Section 4.4(a);

provided that in the event the Company determines that Executive is a "specified employee," within the meaning of Section 409A of the Code, and that certain of the payments made to Executive under Section 4.1(a)(vi) constitute the payment of deferred compensation that is subject to Section 409A of the Code, then any of such payments that pursuant to this Section 4.4 would be paid prior to the six-month anniversary of Executive's Termination Date shall, to the extent required by Section 409A of the Code, be delayed and be paid to Executive on the six-month anniversary of Executive's Termination Date. The Stock Options, Performance Shares and Restricted Stock awards shall be paid in accordance with the LTIP and the applicable award

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agreements; provided that, in the event the Company determines that Executive is a "specified employee," within the meaning of Section 409A of the Code, and that an award constitutes the payment of deferred compensation that is subject to Section 409A of the Code, then any payment of such award pursuant to this Section 4.4 that would be paid prior to the six-month anniversary of Executive's Termination Date shall, to the extent required by Section 409A of the Code, be delayed and paid to Executive on the six-month anniversary of Executive's Termination Date. The in-kind benefits and reimbursements provided under each of Sections 4.1(e), 4.1(g), 4.2(f), 4.2(h), 4.3(e) and 4.4(g) during any calendar year shall not affect the benefits or reimbursements to be provided under such section in any subsequent calendar year. The right to such benefits and reimbursements shall not be subject to liquidation or exchange for any other benefit.

4.5 Waiver and Release . Notwithstanding anything herein to the contrary, Executive's right to the benefits provided under Article IV or Article V hereof shall be contingent upon (i) Executive having executed and delivered to the Company a waiver and general release provided by the Company (the "Waiver and Release") not later than the date set forth in the release (but in no event more than 45 days after the Termination Date) (the "Consideration Period"), (ii) Executive not revoking such release in accordance with the terms of the release and (ii) Executive not violating any of Executive's on-going obligations under this Agreement; provided, however, that the Company has the discretion to pay such benefits prior to receipt of the Waiver and Release and/or the expiration of the revocation period; provided further that if Executive does not execute and deliver a release to the Company prior to the expiration of the Consideration Period or if the Executive revokes the release in accordance with its terms, Executive shall pay to the Company within 10 days following the expiration of the Consideration Period or the date such release was revoked, a lump sum payment of all payments received by Executive to date hereunder.

4.6 Breach of Covenants . If a court determines that Executive has breached any non-competition, non-solicitation, confidential information or intellectual property covenant entered into between Executive and Company, the Company shall not be obligated to pay or provide any severance or benefits under Articles IV or V, all unexercised Stock Options shall terminate as of the date of the breach, and all Restricted Stock shall be forfeited as of the date of the breach.

4.7 Termination by the Company for Cause . If the Company (or Affiliate or, if applicable, the Disaggregated Entity) terminates Executive's employment for Cause during the Post-Change Period, the Imminent Control Change Period, the Post-Significant Acquisition Period, or the Post-Disaggregation Period, the Company's sole obligation to Executive under Articles II, IV, and V shall be to pay Executive, pursuant to the Company's then-effective Plans, a lump-sum cash amount equal to all Accrued Obligations determined as of the Termination Date. The remaining applicable provisions of this Agreement (including the restrictive covenants in Article VIII) shall continue to apply.

4.8 Termination by Executive Other Than for Good Reason . If Executive elects to retire or otherwise terminate employment during the Post-Change Period, the Imminent Control Change Period, the Post-Significant Acquisition Period, or the Post-Disaggregation Period, other than for Good Reason, Disability or death, the Company's sole obligation to Executive under

Articles II, IV, and V shall be to pay Executive, pursuant to the Company's then-effective Plans, a lump-sum cash amount equal to all Accrued Obligations determined as of the Termination Date. The remaining provisions of this Agreement (including the restrictive covenants in Article VIII) shall continue to apply.

4.9 Termination by the Company for Disability . If the Company (or Disaggregated Entity, if applicable) terminates Executive's employment by reason of Executive's Disability during a Post-Change Period, Imminent Control Change Period that culminates in a Change Date, Post-Significant Acquisition Period or Post-Disaggregation Period, the Company's sole obligation to Executive under Articles II, IV, and V shall be as follows, and such obligations shall be reduced by amounts paid or provided by the Disaggregated Entity:

(a) to pay Executive, a lump-sum cash amount equal to the sum of amounts specified in Section 4.1(a)(i) and (ii) determined as of the Termination Date,

(b) to pay Executive the amounts described in Section 4.1(a)(iii) in accordance with the applicable deferred compensation plan and Executive's distribution election thereunder as of the Termination Date (or, if no affirmative election is in effect as of such date, the default election as of such date) and

(c) to provide Executive disability and other benefits after the Termination Date that are not less than the most favorable of such benefits then available under Plans of the Company to disabled peer executives of the Company in effect immediately before the Termination Date.

The remaining provisions of this Agreement (including the restrictive covenants in Article VIII) shall continue to apply.

4.10 Upon Death . If Executive's employment is terminated by reason of Executive's death during a Post-Change Period, Imminent Control Change Period that culminates in a Change Date, Post-Significant Acquisition Period or Post-Disaggregation Period, the Company's sole obligations to Executive and Executive's Beneficiary under Articles II, IV, and V shall be as follows, and such obligations shall be reduced by amounts paid or provided by the Disaggregated Entity:

(a) to pay Executive's Beneficiary, pursuant to the Company's then-effective Plans or, if the timing of payment is not governed by the terms of a Plan, within 30 days after the date of Executive's death, a lump-sum cash amount equal to all Accrued Obligations; and

(b) to provide Executive's Beneficiary survivor and other benefits that are not less than the most favorable of such benefits then available under Plans of the Company to surviving families of peer executives of the Company in effect immediately before the Executive's death, including retiree health care coverage under any Welfare Plan of the Company that provides such coverage without regard to whether the Executive had satisfied the eligibility requirements for such coverage as of the date of his or her death.

4.11 Sole and Exclusive Obligations . The obligations of the Company under this Agreement with respect to any Termination of Employment of the Executive during the Post-Change Period, Imminent Control Change Period, Post-Significant Acquisition Period, or Post-Disaggregation Period shall, except as provided in Section 4.2, supersede any severance obligations of the Company in any other plan of the Company or agreement between Executive and the Company, including, without limitations, the Exelon Corporation Senior Management Severance Plan or any other plan or agreement (including an offer of employment or employment contract) of the Company or any Affiliates which provides for severance benefits. In the event of any inconsistency, ambiguity or conflict between the terms of such other plan of the Company or agreement between Executive and the Company and this Agreement with respect to any severance obligations of the Company (other than obligations with respect to credited service under the SERP in any agreement other than a prior Change in Control Agreement, this Agreement shall govern.

Article V.

Certain Additional Payments by the Company

5.1 No Excise Tax Gross-Up .

(a) If it is determined by the Company's independent auditors that any monetary or other benefit received or deemed received by Executive from the Company or any Affiliate thereof pursuant to this Agreement or otherwise, whether or not in connection with a Change in Control (such monetary or other benefits collectively, the " Potential Parachute Payments "), is or would, if paid, become subject to any excise tax under Section 4999 of the Code or any similar tax under any United States federal, state, local or other law (such excise tax and all such similar taxes collectively, " Excise Taxes "), then the total Potential Parachute Payments shall be reduced such that the value of the aggregate Potential Parachute Payments shall be one dollar ($1) less than the maximum amount which the Executive may receive without becoming subject to Excise Taxes (the " Capped Amount "), and only the Capped Amount shall be paid. The tax (and interest) imposed under Section 409A of the Code shall not be "any similar tax" for purposes of this Agreement.

(b) Notwithstanding Section 5.1(a), if receipt of the total Potential Parachute Payments without reduction would leave Executive with a greater amount, after payment of Taxes and Excise Taxes with respect thereto, than payment of the Capped Amount after payment of Taxes with respect thereto, then the reduction described in Section 5.1(a) shall not be made.

(c) In the event payment of the Capped Amount is to be made, the Potential Parachute Payments shall be reduced or eliminated upon notice by the Executive in writing delivered to the Company within 10 days of his receipt of the Company Certificate (or, if later within 10 days after his delivery of the Executive Certificate), or if the Executive fails to so notify the Company, then as the Company shall reasonably determine, with regard for avoiding the imposition of taxes and interest payments under

Section 409A of the Code, if possible, so that under the bases of calculations set forth in the Company Certificate (or, if applicable, the Executive Certificate), there will be no amount subject to the tax imposed by Section 4999 of the Code. Such reduction shall be applied, to the extent necessary, first to any cash severance payments hereunder, followed by any Annual Incentive payable for the year in which the Termination of Employment occurs, followed by any Performance Shares payable for such year or preceding years and then to any Options.

(d) The determination of the Company's independent auditors described in Section 5.1(a), including the detailed calculations of the amounts of the Potential Parachute Payments, the Capped Amount, the amount of Excise Taxes and Taxes and the assumptions relating thereto, shall be set forth in a written certificate of such auditors (the " Company Certificate ") delivered to Executive. Executive or the Company may at any time request the preparation and delivery to Executive of a Company Certificate. The Company shall cause the Company Certificate to be delivered to Executive as soon as reasonably possible after such request.

5.2 Determination by Executive .

(a) If (i) the Company shall fail to deliver a Company Certificate to Executive within 30 days after its receipt of his written request therefor, or (ii) at any time after Executive's receipt of a Company Certificate, Executive disputes any portion of the Company Certificate, then Executive may elect to deliver a determination (" Executive Certificate ") to the Company, setting forth Executive's determination as to whether Section 5.1(a) applies, and if so, the amount of the Capped Amount. If the Executive Certificate specifies that the Company is required to pay an amount less than the amount specified in the Company Certificate, setting forth in detail how such lesser amount was determined, the Executive Certificate shall be controlling for all purposes. If the Executive Certificate specifies that the Company is required to pay an amount greater than the amount specified in the Company Certificate, the Executive Certificate shall specify the full amount of the Potential Parachute Payments determined by Executive (together with the detailed calculations of the Capped Amount, amounts of Excise Taxes and Taxes and the assumptions relating thereto) and shall be accompanied by an Executive Counsel Opinion (as defined in Section 5.3) regarding the applicability or inapplicability (as appropriate) of the reduction described in Section 5.1(a) (such written notice and opinion collectively, the " Executive's Determination "). Within 30 days after delivery of an Executive's Determination to the Company, the Company shall either (i) pay Executive the full amount specified in the Executive's Determination (less the portion thereof, if any, previously paid to Executive by the Company) or (ii) deliver to Executive a Company Certificate and a Company Counsel Opinion (as defined in Section 5.3), and pay Executive the amount specified in such Company Certificate. If for any reason the Company fails to comply with the preceding sentence, the amounts specified in the Executive's Determination shall be controlling for all purposes.

(b) If Executive does not request a Company Certificate, the Company does not deliver a Company Certificate to Executive, and Executive does not deliver an Executive Certificate to the Company, then the Potential Parachute Payments shall be made without regard to Section 5.1(a).

5.3 Opinion of Counsel . "Executive Counsel Opinion" means an opinion of nationally recognized executive compensation counsel to the effect (i) that the Capped Amount determined by Executive pursuant to Section 5.2 is the amount that a court of competent jurisdiction, based on a final judgment not subject to further appeal, is most likely to decide to have been calculated in accordance with this Article and applicable law and (ii) if the Company has previously delivered a Company Certificate to Executive, that there is no reasonable basis or no substantial authority for the calculation of the Capped Amount set forth in the Company Certificate. " Company Counsel Opinion " means an opinion of nationally recognized executive compensation counsel to the effect that the amount of the Capped Amount set forth in the Company Certificate is the amount that a court of competent jurisdiction, based on a final judgment not subject to further appeal, is most likely to decide to have been calculated in accordance with this Article and applicable law, and that there is no substantial authority for the calculation set forth in the Executive's Certificate.

Article VI.

Expenses, Interest and Dispute Resolution

6.1 Enforcement and Late Payments .

(a) If, after the Agreement Date, Executive incurs reasonable legal fees or other expenses (including arbitration costs and expenses under Section 6.3) in an effort to secure, preserve, or obtain benefits under this Agreement, the Company shall, regardless of the outcome of such effort, reimburse Executive (in accordance with Section 6.1(b)) for such fees and expenses.

(b) Reimbursement of legal fees and expenses shall be made on a current basis, promptly after Executive's written submission of a request for reimbursement together with evidence that such fees and expenses were incurred.

(c) If Executive does not prevail (after exhaustion of all available judicial remedies) in respect of a claim by Executive or by the Company hereunder, and the Company establishes before a court of competent jurisdiction by clear and convincing evidence that Executive had no reasonable basis for Executive's claim hereunder, or for Executive's response to the Company's claim hereunder, or that Executive acted in bad faith, no further reimbursement for legal fees and expenses shall be due to Executive in respect of such claim and Executive shall refund any amounts previously reimbursed hereunder with respect to such claim.

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6.2 Interest . If the Company does not pay any cash amount due to Executive under this Agreement within three business days after such amount first became due and owing, interest shall accrue on such amount from the date it became due and owing until the date of payment at an annual rate equal to 200 basis points above the base commercial lending rate published in *The Wall Street Journal* in effect from time to time during the period of such nonpayment.

6.3 Arbitration . Any dispute, controversy or claim between the parties hereto arising out of or in connection with or relating to this Agreement (other than disputes related to Article V or to an alleged breach of any covenant contained in Article VIII) or any breach or alleged breach thereof, or any benefit or alleged benefit hereunder, shall be settled by arbitration in Chicago, Illinois, before an impartial arbitrator pursuant to the rules and regulations of the American Arbitration Association (" AAA ") pertaining to the arbitration of commercial disputes. Either party may invoke the right to arbitration. The arbitrator shall be selected by means of the parties striking alternatively from a panel of seven arbitrators supplied by the Chicago office of AAA. The arbitrator shall have the authority to interpret and apply the provisions of this Agreement, consistent with Section 10.12 below. The decision of the arbitrator shall be final and binding upon the parties and a judgment thereon may be entered in the highest court of a forum, state or federal, having jurisdiction. The expenses of the arbitration shall be borne according to Section 6.1. No arbitration shall be commenced after the date when institution of legal or equitable proceedings based upon such subject matter would be barred by the applicable statutes of limitations. Notwithstanding anything to the contrary contained in this Section 6.3 or elsewhere in this Agreement, either party may bring an action in the District Court of Cook County, or the United States District Court for the Northern District of Illinois, if jurisdiction there lies, in order to maintain the status quo ante of the parties. The "status quo ante" is defined as the last peaceable, uncontested status between the parties. However, neither the party bringing the action nor the party defending the action thereby waives its right to arbitration of any dispute, controversy or claim arising out of or in connection or relating to this Agreement. Notwithstanding anything to the contrary contained in this Section 6.3 or elsewhere in this Agreement, either party may seek relief in the form of specific performance, injunctive or other equitable relief in order to enforce the decision of the arbitrator. The parties agree that in any arbitration commenced pursuant to this Agreement, the parties shall be entitled to such discovery (including depositions, requests for the production of documents and interrogatories) as would be available in a federal district court pursuant to Rules 26 through 37 of the Federal Rules of Civil Procedure. In the event that either party fails to comply with its discovery obligations hereunder, the arbitrator shall have full power and authority to compel disclosure or impose sanctions to the full extent of Rule 37 of the Federal Rules of Civil Procedure.

Article VII.

No Set-off or Mitigation

7.1 No Set-off by Company . Executive's right to receive when due the payments and other benefits provided for under this Agreement is absolute, unconditional and subject to no setoff, counterclaim or legal or equitable defense; provided, however that the Company shall

have no further obligation to pay or provide severance benefits under Article II, Article IV or Article V if at any time it determines, in accordance with the procedural requirements in Section 3.3, that in the course of his or her employment the Executive engaged in conduct described in Section 3.3(a)(iii) or the last clause of Section 3.3(a)(iv), and all incentive compensation paid or payable hereunder shall be subject to any officer compensation recoupment policy as in effect on the Change Date. Time is of the essence in the performance by the Company of its obligations under this Agreement. Any claim which the Company may have against Executive, whether for a breach of this Agreement or otherwise, shall be brought in a separate action or proceeding and not as part of any action or proceeding brought by Executive to enforce any rights against the Company under this Agreement.

7.2 No Mitigation . Executive shall not have any duty to mitigate the amounts payable by the Company under this Agreement by seeking new employment or self-employment following termination. Except as specifically otherwise provided in this Agreement, all amounts payable pursuant to this Agreement shall be paid without reduction regardless of any amounts of salary, compensation or other amounts which may be paid or payable to Executive as the result of Executive's employment by another unaffiliated employer or self-employment.

Article VIII.

Restrictive Covenants

8.1 Confidential Information . The Executive acknowledges that in the course of performing services for the Companies and Affiliates, he or she may create (alone or with others), learn of, have access to and receive Confidential Information. Executive covenants and agrees that he or she will not divulge or make use of any Confidential Information of the Company other than to the extent required in order to comply with applicable laws and regulations. For this purpose, "Confidential Information" shall mean any information, ideas, processes, methods, designs, devices, inventions, data, techniques, models and other information developed or used by the Company and not generally known in the relevant trade or industry relating to any of the Company's products, services, businesses, operations, employees, or customers or suppliers with whom Executive has dealt, whether in tangible or intangible form, which gives the Company a competitive advantage and from which economic value could be derived by its disclosure, or of third parties which the Company is obligated to keep confidential, or which was learned, discovered, developed, conceived, originated or prepared during or as a result of your performance of any services on behalf of the Company, and which falls within any of the following general categories:

(a) information relating to trade secrets of the Company or any of its customers or suppliers;

(c) information relating to existing or contemplated products, services, technology, designs, processes, formulae, algorithms, research or product developments of the Company or any of its customers or suppliers;

(d) information relating to business plans or strategies, sales or marketing methods, methods of doing business, customer lists, customer usages and/or requirements, supplier information of the Company or any of its customers or suppliers;

(e) information subject to protection under the Uniform Trade Secrets Act, as adopted by the State of Illinois, or to any comparable protection afforded by applicable law; or

(f) any other confidential information which the Company or any of its customers or suppliers may reasonably have the right to protect by patent, copyright or by keeping it secret and confidential.

8.2 Non-Competition . During the period beginning on the Agreement Date and ending on the second anniversary of the Termination Date, whether or not after a Change in Control, Imminent Control Change, Significant Acquisition or Disaggregation, Executive hereby agrees that without the written consent of the Company Executive shall not at any time, directly or indirectly:

(a) participate in, work for, or provide services to any person or entity that is, or is actively planning to be, a "Competitive Business." The term "Competitive Business" shall mean any business (however organized or conducted) which employed Executive or to which Executive provided services that competes with a business in which the Company is engaged, or that has interests that are materially adverse to the Company, or in which the Company is actively planning to engage, and in which Executive was employed or to which Executive provided services at any time during the last twelve months of Executive's employment by the Company; or

(a) act in any capacity for or with any Competitive Business, or for or with any of their agents, if in such capacity Executive would, because of the nature of his or her role with such Competitive Business and Executive's knowledge of the Company's Confidential Information (as defined below), inevitably use and/or disclose any of the Company's Confidential Information in his work for, or on behalf of, the Competitive Business or its agent.

8.3 Non-Solicitation . During the period beginning on the Agreement Date and ending on the second anniversary of any Termination Date, whether or not after a Change in Control, Imminent Control Change, Significant Acquisition or Disaggregation, Executive shall not, directly or indirectly:

(a) other than in connection with the good-faith performance of his or her duties as an officer of the Company, induce or attempt to persuade any individual who, at any time during the last twelve months of Executive's employment with the Company, was an employee, agent (including consultants) or independent contractor of the Company to terminate such employment, agency or contracting relationship;

(a) have any communications with any such individual regarding the possibility of the individual entering into an employment, agency or other contracting relationship with a party other than the Company;

(b) have any other involvement in the employment or retention of any such individual by any party other than the Company; or

(c) interfere with, disrupt, or attempt to disrupt the relationship of the Company with, or endeavor to entice away from the Company, any person or entity who or which at any time during the last twelve months of Executive's employment was or is, to Executive's knowledge, a material customer or material supplier of, or maintained a material business relationship with, the Company.

8.4 Intellectual Property . During the period of Executive's employment with the Company and any Affiliate, and thereafter upon the Company's request, whether or not after a Change in Control, Imminent Control Change, Significant Acquisition or Disaggregation, Executive shall disclose immediately to the Company all ideas, inventions and business plans that he or she makes, conceives, discovers or develops alone or with others during the course of his or her employment with the Company or during the one year period following Executive's Termination Date, including any inventions, modifications, discoveries, developments, improvements, computer programs, processes, products or procedures (whether or not protectable upon application by copyright, patent, trademark, trade secret or other proprietary rights) (" Work Product ") that: (i) relate to the business of the Company or any customer or supplier to the Company or any of the products or services being developed, manufactured, sold or otherwise provided by the Company or that may be used in relation therewith; or (ii) result from tasks assigned to Executive by the Company; or (iii) result from the use of the premises or personal property (whether tangible or intangible) owned, leased or contracted for by the Company. Executive agrees that any Work Product shall be the property of the Company and, if subject to copyright, shall be considered a "work made for hire" within the meaning of the Copyright Act of 1976, as amended (the " Act "). If and to the extent that any such Work Product is not a "work made for hire" within the meaning of the Act, Executive hereby assigns to the Company all right, title and interest in and to the Work Product, and all copies thereof, and the copyright, patent, trademark, trade secret and all proprietary rights in the Work Product, without further consideration, free from any claim, lien for balance due or rights of retention thereto on the part of Executive.

(a) The Company hereby notifies Executive that the preceding paragraph does not apply to any inventions for which no equipment, supplies, facility, or trade secret information of the Company was used and which was developed entirely on the Executive's own time, unless: (i) the invention relates (a) to the Company's business, or (b) to the Company's actual or demonstrably anticipated research or development, or (ii) the invention results from any work performed by the Executive for the Company.

(b) Executive agrees that upon disclosure of Work Product to the Company, Executive will, during his or her employment and at any time thereafter, at the request and cost of the Company, execute all such documents and perform all such acts as the

Company or its duly authorized agents may reasonably require: (i) to apply for, obtain and vest in the name of the Company alone (unless the Company otherwise directs) letters patent, copyrights or other analogous protection in any country throughout the world, and when so obtained or vested to renew and restore the same; and (ii) to prosecute or defend any opposition proceedings in respect of such applications and any opposition proceedings or petitions or applications for revocation of such letters patent, copyright or other analogous protection, or otherwise in respect of the Work Product.

(c) In the event that the Company is unable, after reasonable effort, to secure Executive's execution as provided in subsection (b) above, whether because of Executive's physical or mental incapacity or for any other reason whatsoever, Executive hereby irrevocably designates and appoints the Company and its duly authorized officers and agents as his or her agent and attorney-in-fact, to act for and on his or her behalf to execute and file any such application or applications and to do all other lawfully permitted acts to further the prosecution, issuance and protection of letters patent, copyright and other intellectual property protection with the same legal force and effect as if personally executed by Executive.

8.5 Reasonableness of Restrictive Covenants .

(a) Executive acknowledges that the covenants contained in Sections 8.1, 8.2, 8.3 and 8.4 are reasonable in the scope of the activities restricted, the geographic area covered by the restrictions, and the duration of the restrictions, and that such covenants are reasonably necessary to protect the Company's legitimate interests in its Confidential Information and in its relationships with its employees, customers and suppliers. Executive further acknowledges such covenants are essential elements of this Agreement and that, but for such covenants, the Company would not have entered into this Agreement.

(b) The Company and Executive have each consulted with their respective legal counsel and have been advised concerning the reasonableness and propriety of such covenants. Executive acknowledges that Executive's observance of the covenants contained in Sections 8.1, 8.2, 8.3 and 8.4 will not deprive Executive of the ability to earn a livelihood or to support his or her dependents.

8.6 Right to Injunction; Survival of Undertakings .

(a) In recognition of the confidential nature of the Confidential Information, and in recognition of the necessity of the limited restrictions imposed by Sections 8.1, 8.2, 8.3 and 8.4 the parties agree that it would be impossible to measure solely in money the damages which the Company would suffer if Executive were to breach any of his or her obligations under such Sections. Executive acknowledges that any breach of any provision of such Sections would irreparably injure the Company. Accordingly, Executive agrees that if he or she breaches any of the provisions of such Sections, the Company shall be entitled, in addition to any other remedies to which the Company may

be entitled under this Agreement or otherwise, to an injunction to be issued by a court of competent jurisdiction, to restrain any breach, or threatened breach, of such provisions, and Executive hereby waives any right to assert any claim or defense that the Company has an adequate remedy at law for any such breach.

(b) The provisions of Sections 8.1-8.4 hereof are, and shall be construed as, independent covenants, and no claimed or actual breach of any contractual or legal duty by the Company shall excuse or terminate Executive's obligations under this Agreement or preclude the Company from obtaining injunctive relief for Executive's violation, or threatened violation, of any of those provisions.

(c) The parties hereto irrevocably consent to the exclusive jurisdiction of any federal court located within the Northern District of Illinois and irrevocably agree that all, actions or proceedings arising out of or related to an alleged breach of any covenant under article VIII to this Agreement or any of the transactions contemplated hereby or thereby shall be litigated in such courts, and each of the parties waive any and all objections to jurisdiction that they may have based on improper venue or forum non conveniens.

(d) If a court determines that any of the covenants included in this Article VIII is unenforceable in whole or in part, it is the intention of the parties that such court shall have the power to modify any such provision, to the extent necessary to render the provision enforceable (for the maximum duration and scope permissible), and such provision as so modified shall be enforced.

(e) All of the provisions of this Article VIII shall survive any Termination of Employment without regard to (i) the reasons for such termination or (ii) the expiration of the Agreement Term.

(f) The Company shall have no further obligation to pay or provide severance or benefits under Article II, Article IV, or Article V if a court determines that the Executive has breached any covenant in this Article VIII.

Article IX.

Non-Exclusivity of Rights

9.1 Other Rights . Except as expressly provided in Section 4.11 or elsewhere in this Agreement, this Agreement shall not prevent or limit Executive's continuing or future participation in any benefit, bonus, incentive or other Plans provided by the Company and for which Executive may qualify, nor shall this Agreement limit or otherwise affect such rights as Executive may have under any other agreements with the Company. Amounts which are vested benefits or which Executive is otherwise entitled to receive under any Plan and any other payment or benefit required by law at or after the Termination Date shall be payable in accordance with such Plan or applicable law except as expressly modified by this Agreement.

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9.2 No Right to Continued Employment . Nothing in this Agreement shall guarantee the right of Executive to continue in employment, and the Company retains the right to terminate the Executive's employment at any time for any reason or for no reason.

Article X.

Miscellaneous

10.1 No Assignability . This Agreement is personal to Executive and without the prior written consent of the Company shall not be assignable by Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by Executive's legal representatives.

10.2 Successors . This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns. The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. Any successor to the business or assets of the Company which assumes or agrees to perform this Agreement by operation of law, contract, or otherwise shall be jointly and severally liable with the Company under this Agreement as if such successor were the Company.

10.3 Affiliates . To the extent that immediately prior to the Applicable Trigger Date, the Executive has been on the payroll of, and participated in the incentive or employee benefit plans of, an Affiliate of the Company, the references to the Company contained in Sections 2.8(a)(i) through (vii) and the other Sections of this Agreement referring to benefits to which the Executive may be entitled shall be read to refer to such Affiliate.

10.4 Payments to Beneficiary . If Executive dies before receiving amounts to which Executive is entitled under this Agreement, such amounts shall be paid in a lump sum to one or more beneficiaries designated in writing by Executive (each, a " Beneficiary ") within 90 days after the date of Executive's death. If none is so designated, the Executive's estate shall be his or her Beneficiary.

10.5 Payment of Reimbursable Expenses . Any reimbursement (including any advancement) payable to Executive pursuant to this Agreement shall be conditioned on the submission by Executive of all expense reports reasonably required by the Company under any applicable expense reimbursement policy, and shall be paid to the Executive within 30 days following receipt of such expense reports (or invoices), but in no event later than the last day of the calendar year following the calendar year in which Executive incurred the reimbursable expense. Any amount of expenses eligible for reimbursement during a calendar year shall not affect the expenses eligibility for reimbursement during any other calendar year. The right to reimbursement pursuant to this Agreement shall not be subject to liquidation or exchange for any other benefit.

10.6 Non-Alienation of Benefits . Benefits payable under this Agreement shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, garnishment, execution or levy of any kind, either voluntary or involuntary, before actually being received by Executive, and any such attempt to dispose of any right to benefits payable under this Agreement shall be void.

10.7 Severability . If any one or more Articles, Sections or other portions of this Agreement are declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity shall not serve to invalidate any Article, Section or other portion not so declared to be unlawful or invalid. Any Article, Section or other portion so declared to be unlawful or invalid shall be construed so as to effectuate the terms of such Article, Section or other portion to the fullest extent possible while remaining lawful and valid.

10.8 Amendments This Agreement shall not be amended or modified except by written instrument executed by the Company and Executive.

10.9 Notices . All notices and other communications under this Agreement shall be in writing and delivered by hand, by nationally-recognized delivery service that promises overnight delivery, or by first-class registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to Executive, to Executive at his or her most recent home address on file with the Company.

If to the Company:

Exelon Corporation
54 th Floor
10 S. Dearborn Street
Chicago, Illinois 60603
Attention: General Counsel

or to such other address as either party shall have furnished to the other in writing. Notice and communications shall be effective when actually received by the addressee.

10.10 Joint and Several Liability . The Company and the Subsidiary shall be jointly and severally liable for the obligations of the Company, the Subsidiary, or the Employer hereunder.

10.11 Counterparts . This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together constitute one and the same instrument.

10.12 Governing Law . This Agreement shall be interpreted and construed in accordance with the laws of the State of Illinois, without regard to its choice of law principles.

10.13 Captions . The captions of this Agreement are not a part of the provisions hereof and shall have no force or effect.

10.14 Number and Gender . Wherever appropriate, the singular shall include the plural, the plural shall include the singular, and the masculine shall include the feminine.

10.15 Tax Withholding . The Company may withhold from any amounts payable under this Agreement or otherwise payable to Executive any Taxes the Company determines to be appropriate under applicable law and may report all such amounts payable to such authority as is required by any applicable law or regulation.

10.16 Section 409A . This Agreement shall be interpreted and construed in a manner that avoids the imposition of additional taxes and penalties under Section 409A of the Code ("409A Penalties"). In the event the terms of this Agreement would subject Executive to 409A Penalties, the Company and Executive shall cooperate diligently to amend the terms of the Agreement to avoid such 409A Penalties, to the extent possible. The payments to Executive pursuant to Section 4 of this Agreement are intended to be exempt from Section 409A of the Code to the maximum extent possible, under either the separation pay exemption pursuant to Treasury regulation §1.409A-1(b)(9)(iii) or as a short-term deferral pursuant to Treasury regulation §1.409A-1(b)(4), and for purposes of the separation pay exemption, each installment paid to Executive under Section 4 shall be considered a separate payment. Notwithstanding any other provision in this Agreement, if on the date of Executive's Termination Date, (i) the Company is a publicly traded corporation and (ii) Executive is a "specified employee," as defined in Section 409A of the Code, then to the extent any amount payable under this Agreement constitutes the payment of nonqualified deferred compensation, within the meaning of Section 409A of the Code, that under the terms of this Agreement would be payable prior to the six-month anniversary of the Termination Date, such payment shall be delayed until the earlier to occur of (A) the six-month anniversary of the Termination Date or (B) the date of Executive's death.

10.17 No Waiver . Executive's failure to insist upon strict compliance with any provision of this Agreement shall not be deemed a waiver of such provision or any other provision of this Agreement. A waiver of any provision of this Agreement shall not be deemed a waiver of any other provision, and any waiver of any default in any such provision shall not be deemed a waiver of any later default thereof or of any other provision.

10.18 Entire Agreement . This Agreement, as amended and restated effective October , 2016, contains the entire understanding of Company and Executive with respect to its subject matter.

IN WITNESS WHEREOF, Executive and Exelon Corporation have executed this Change in Control Employment Agreement effective as of , 2016.

EXECUTIVE

_____

EXELON CORPORATION

By: _____
Title: _____

Exhibit 31-1

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Christopher M. Crane, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ CHRISTOPHER M. CRANE
President and Chief Executive Officer
(Principal Executive Officer)

Date: October 26, 2016

Exhibit 31-2

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Jonathan W. Thayer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ JONATHAN W. THAYER
Senior Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Date: October 26, 2016

Exhibit 31-3

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Kenneth W. Cornew, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Generation Company, LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ KENNETH W. CORNEW
President and Chief Executive Officer
(Principal Executive Officer)

Date: October 26, 2016

Exhibit 31-4

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Bryan P. Wright, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Generation Company, LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ BRYAN P. WRIGHT
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

Date: October 26, 2016

Exhibit 31-5

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Anne R. Pramaggiore, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Commonwealth Edison Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ ANNE R. PRAMAGGIORE
President and Chief Executive Officer
(Principal Executive Officer)

Date: October 26, 2016

Exhibit 31-6

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Joseph R. Trpik, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Commonwealth Edison Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ JOSEPH R. TRPIK, JR.
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: October 26, 2016

Exhibit 31-7

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Craig L. Adams, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PECO Energy Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ CRAIG L. ADAMS
President and Chief Executive Officer
(Principal Executive Officer)

Date: October 26, 2016

Exhibit 31-8

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Phillip S. Barnett, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PECO Energy Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ PHILLIP S. BARNETT
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: October 26, 2016

Exhibit 31-9

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Calvin G. Butler, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Baltimore Gas and Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ CALVIN G. BUTLER, JR.
Chief Executive Officer
(Principal Executive Officer)

Date: October 26, 2016

Exhibit 31-10

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, David M. Vahos, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Baltimore Gas and Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ DAVID M. VAHOS
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: October 26, 2016

Exhibit 31-11

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, David M. Velazquez, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Pepco Holdings LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ DAVID M. VELAZQUEZ
President and Chief Executive Officer
(Principal Executive Officer)

Date: October 26, 2016

Exhibit 31-12

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Donna J. Kinzel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Pepco Holdings LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ DONNA J. KINZEL
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: October 26, 2016

Exhibit 31-13

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, David M. Velazquez, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Potomac Electric Power Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ DAVID M. VELAZQUEZ
President and Chief Executive Officer
(Principal Executive Officer)

Date: October 26, 2016

Exhibit 31-14

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Donna J. Kinzel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Potomac Electric Power Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ DONNA J. KINZEL
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: October 26, 2016

Exhibit 31-15

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, David M. Velazquez, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Delmarva Power & Light Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ DAVID M. VELAZQUEZ
President and Chief Executive Officer
(Principal Executive Officer)

Date: October 26, 2016

Exhibit 31-16

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Donna J. Kinzel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Delmarva Power & Light Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ DONNA J. KINZEL
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: October 26, 2016

Exhibit 31-17

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, David M. Velazquez, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Atlantic City Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ DAVID M. VELAZQUEZ
President and Chief Executive Officer
(Principal Executive Officer)

Date: October 26, 2016

Exhibit 31-18

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Donna J. Kinzel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Atlantic City Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/S/ DONNA J. KINZEL
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

Date: October 26, 2016

Exhibit 32-1

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Corporation for the quarterly period ended September 30, 2016, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Corporation.

/S/ CHRISTOPHER M. CRANE

Christopher M. Crane
President and Chief Executive Officer

Date: October 26, 2016

Exhibit 32-2

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Corporation for the quarterly period ended September 30, 2016, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Corporation.

/S/ JONATHAN W. THAYER

Jonathan W. Thayer
Senior Executive Vice President and Chief Financial Officer

Date: October 26, 2016

Exhibit 32-3

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Generation Company, LLC for the quarterly period ended September 30, 2016, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Generation Company, LLC.

/s/ KENNETH W. CORNEW

Kenneth W. Cornew
President and Chief Executive Officer

Date: October 26, 2016

Exhibit 32-4

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Generation Company, LLC for the quarterly period ended September 30, 2016, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Generation Company, LLC.

/S/ BRYAN P. WRIGHT
Bryan P. Wright
Senior Vice President and Chief Financial Officer

Date: October 26, 2016

Exhibit 32-5

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Commonwealth Edison Company for the quarterly period ended September 30, 2016, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Commonwealth Edison Company.

/s/ ANNE R. PRAMAGGIORE

Anne R. Pramaggiore
President and Chief Executive Officer

Date: October 26, 2016

Exhibit 32-6

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Commonwealth Edison Company for the quarterly period ended September 30, 2016, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Commonwealth Edison Company.

/s/ JOSEPH R. TRPIK, JR.

Joseph R. Trpik, Jr.
Senior Vice President, Chief Financial Officer and Treasurer

Date: October 26, 2016

Exhibit 32-7

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of PECO Energy Company for the quarterly period ended September 30, 2016, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of PECO Energy Company.

/s/ CRAIG L. ADAMS

Craig L. Adams
President and Chief Executive Officer

Date: October 26, 2016

Exhibit 32-8

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of PECO Energy Company for the quarterly period ended September 30, 2016, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of PECO Energy Company.

/ S / P HILLIP S. B ARNETT

Phillip S. Barnett
Senior Vice President, Chief Financial Officer and Treasurer

Date: October 26, 2016

Exhibit 32-9

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Baltimore Gas and Electric Company for the quarterly period ended September 30, 2016, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Baltimore Gas and Electric Company.

/S/ CALVIN G. BUTLER, JR.
Calvin G. Butler, Jr.
Chief Executive Officer

Date: October 26, 2016

Exhibit 32-10

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Baltimore Gas and Electric Company for the quarterly period ended September 30, 2016, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Baltimore Gas and Electric Company.

/S/ DAVID M. VAHOS

David M. Vahos
Senior Vice President, Chief Financial Officer and Treasurer

Date: October 26, 2016

Exhibit 32-11

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Pepco Holdings LLC for the quarterly period ended September 30, 2016, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Pepco Holdings LLC.

/ S / D AVID M. V ELAZQUEZ

David M. Velazquez
President and Chief Executive Officer

Date: October 26, 2016

Exhibit 32-12

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Pepco Holdings LLC for the quarterly period ended September 30, 2016, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Pepco Holdings LLC.

/S/ DONNA J. KINZEL

Donna J. Kinzel
Senior Vice President, Chief Financial Officer and Treasurer

Date: October 26, 2016

Exhibit 32-13

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Potomac Electric Power Company for the quarterly period ended September 30, 2016, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Potomac Electric Power Company.

/ S / D AVID M. V ELAZQUEZ

David M. Velazquez
President and Chief Executive Officer

Date: October 26, 2016

Exhibit 32-14

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Potomac Electric Power Company for the quarterly period ended September 30, 2016, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Potomac Electric Power Company.

/S/ DONNA J. KINZEL

Donna J. Kinzel
Senior Vice President, Chief Financial Officer and Treasurer

Date: October 26, 2016

Exhibit 32-15

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Delmarva Power & Light Company for the quarterly period ended September 30, 2016, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Delmarva Power & Light Company.

/ S / D AVID M. V ELAZQUEZ

David M. Velazquez
President and Chief Executive Officer

Date: October 26, 2016

Exhibit 32-16

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Delmarva Power & Light Company for the quarterly period ended September 30, 2016, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Delmarva Power & Light Company.

/S/ DONNA J. KINZEL

Donna J. Kinzel
Senior Vice President, Chief Financial Officer and Treasurer

Date: October 26, 2016

Exhibit 32-17

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Atlantic City Electric Company for the quarterly period ended September 30, 2016, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Atlantic City Electric Company.

/ S / D AVID M. V ELAZQUEZ
David M. Velazquez
President and Chief Executive Officer

Date: October 26, 2016

Exhibit 32-18

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Atlantic City Electric Company for the quarterly period ended September 30, 2016, that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Atlantic City Electric Company.

/S/ DONNA J. KINZEL

Donna J. Kinzel
Senior Vice President, Chief Financial Officer and Treasurer

Date: October 26, 2016

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended September 30, 2017
or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number	Name of Registrant; State or Other Jurisdiction of Incorporation; Address of Principal Executive Offices; and Telephone Number	IRS Employer Identification Number
1-16169	EXELON CORPORATION (a Pennsylvania corporation) 10 South Dearborn Street P.O. Box 805379 Chicago, Illinois 60680-5379 (800) 483-3220	23-2990190
333-85496	EXELON GENERATION COMPANY, LLC (a Pennsylvania limited liability company) 300 Exelon Way Kennett Square, Pennsylvania 19348-2473 (610) 765-5959	23-3064219
1-1839	COMMONWEALTH EDISON COMPANY (an Illinois corporation) 440 South LaSalle Street Chicago, Illinois 60605-1028 (312) 394-4321	36-0938600
000-16844	PECO ENERGY COMPANY (a Pennsylvania corporation) P.O. Box 8699 2301 Market Street Philadelphia, Pennsylvania 19101-8699 (215) 841-4000	23-0970240
1-1910	BALTIMORE GAS AND ELECTRIC COMPANY (a Maryland corporation) 2 Center Plaza 110 West Fayette Street Baltimore, Maryland 21201-3708 (410) 234-5000	52-0280210
001-31403	PEPCO HOLDINGS LLC (a Delaware limited liability company) 701 Ninth Street, N.W. Washington, District of Columbia 20068 (202) 872-2000	52-2297449
001-01072	POTOMAC ELECTRIC POWER COMPANY (a District of Columbia and Virginia corporation) 701 Ninth Street, N.W. Washington, District of Columbia 20068 (202) 872-2000	53-0127880
001-01405	DELMARVA POWER & LIGHT COMPANY (a Delaware and Virginia corporation) 500 North Wakefield Drive Newark, Delaware 19702 (202) 872-2000	51-0084283
001-03559	ATLANTIC CITY ELECTRIC COMPANY (a New Jersey corporation) 500 North Wakefield Drive	21-0398280

Newark, Delaware 19702
(202) 872-2000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and "emerging growth company" in Rule 12b-2 of the Exchange Act.

	Large Accelerated Filer	Accelerated Filer	Non-accelerated Filer	Smaller Reporting Company	Emerging Growth Company
Exelon Corporation	☒				
Exelon Generation Company, LLC			☒		
Commonwealth Edison Company			☒		
PECO Energy Company			☒		
Baltimore Gas and Electric Company			☒		
Pepco Holdings LLC			☒		
Potomac Electric Power Company			☒		
Delmarva Power & Light Company			☒		
Atlantic City Electric Company			☒		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The number of shares outstanding of each registrant’s common stock as of September 30, 2017 was:

Exelon Corporation Common Stock, without par value	960,852,473
Exelon Generation Company, LLC	not applicable
Commonwealth Edison Company Common Stock, $12.50 par value	127,021,214
PECO Energy Company Common Stock, without par value	170,478,507
Baltimore Gas and Electric Company Common Stock, without par value	1,000
Pepco Holdings LLC	not applicable
Potomac Electric Power Company Common Stock, $.01 par value	100
Delmarva Power & Light Company Common Stock, $2.25 par value	1,000
Atlantic City Electric Company Common Stock, $3.00 par value	8,546,017

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GLOSSARY OF TERMS AND ABBREVIATIONS

Exelon Corporation and Related Entities

Exelon	Exelon Corporation
Generation	Exelon Generation Company, LLC
ComEd	Commonwealth Edison Company
PECO	PECO Energy Company
BGE	Baltimore Gas and Electric Company
Pepco Holdings or PHI	Pepco Holdings LLC (formerly Pepco Holdings, Inc.)
Pepco	Potomac Electric Power Company
Pepco Energy Services or PES	Pepco Energy Services, Inc. and its subsidiaries
PCI	Potomac Capital Investment Corporation and its subsidiaries
DPL	Delmarva Power & Light Company
ACE	Atlantic City Electric Company
ACE Funding or ATF	Atlantic City Electric Transition Funding LLC
BSC	Exelon Business Services Company, LLC
PHISCO	PHI Service Company
Exelon Corporate	Exelon in its corporate capacity as a holding company
PHI Corporate	PHI in its corporate capacity as a holding company
Registrants	Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE, collectively
Utility Registrants	ComEd, PECO, BGE, Pepco, DPL and ACE, collectively
AmerGen	AmerGen Energy Company, LLC
Antelope Valley	Antelope Valley Solar Ranch One
BondCo	RSB BondCo LLC
CENG	Constellation Energy Nuclear Group, LLC
ConEdison Solutions	The competitive retail electricity and natural gas business of Consolidated Edison Solutions, Inc., a subsidiary of Consolidated Edison, Inc.
Constellation	Constellation Energy Group, Inc.
EGTP	ExGen Texas Power, LLC
EGR	ExGen Renewables I, LLC
Entergy	Entergy Nuclear FitzPatrick, LLC
Exelon Transmission Company	Exelon Transmission Company, LLC
Exelon Wind	Exelon Wind, LLC and Exelon Generation Acquisition Company, LLC
FitzPatrick	James A. FitzPatrick nuclear generating station
Legacy PHI	PHI, Pepco, DPL and ACE, collectively
PEC L.P.	PECO Energy Capital, L.P.
PECO Trust III	PECO Capital Trust III
PECO Trust IV	PECO Energy Capital Trust IV
PETT	PECO Energy Transition Trust
RPG	Renewable Power Generation
SolGen	SolGen, LLC
TMI	Three Mile Island nuclear facility
UII	Unicom Investments, Inc.
Ventures	Exelon Ventures Company, LLC

GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and Abbreviations

Note "—" of the Exelon 2016 Form 10-K	Reference to specific Combined Note to Consolidated Financial Statements within Exelon's 2016 Annual Report on Form 10-K
Act 11	Pennsylvania Act 11 of 2012
Act 129	Pennsylvania Act 129 of 2008
AEC	Alternative Energy Credit that is issued for each megawatt hour of generation from a qualified alternative energy source
AEPS	Pennsylvania Alternative Energy Portfolio Standards
AEPS Act	Pennsylvania Alternative Energy Portfolio Standards Act of 2004, as amended
AESO	Alberta Electric Systems Operator
AFUDC	Allowance for Funds Used During Construction
AGE	Albany Green Energy Project
AMI	Advanced Metering Infrastructure
AOCI	Accumulated Other Comprehensive Income
ARC	Asset Retirement Cost
ARO	Asset Retirement Obligation
ASC	Accounting Standards Codification
BGS	Basic Generation Service
Block Contracts	Forward Purchase Energy Block Contracts
CAIR	Clean Air Interstate Rule
CAISO	California ISO
CAMR	Federal Clean Air Mercury Rule
CAP	Customer Assistance Program
CERCLA	Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended
CES	Clean Energy Standard
CFL	Compact Fluorescent Light
Clean Air Act	Clean Air Act of 1963, as amended
Clean Water Act	Federal Water Pollution Control Amendments of 1972, as amended
Competition Act	Pennsylvania Electricity Generation Customer Choice and Competition Act of 1996
Conectiv	Conectiv, LLC, a wholly owned subsidiary of PHI and the parent of DPL and ACE
Conectiv Energy	Conectiv Energy Holdings, Inc. and substantially all of its subsidiaries, which were sold to Calpine in July 2010
CPUC	California Public Utilities Commission
CSAPR	Cross-State Air Pollution Rule
D.C. Circuit Court	United States Court of Appeals for the District of Columbia Circuit
DCPSC	District of Columbia Public Service Commission
DC PLUG	District of Columbia Power Line Undergrounding
Default Electricity Supply	The supply of electricity by PHI's electric utility subsidiaries at regulated rates to retail customers who do not elect to purchase electricity from a competitive supplier, and which, depending on the jurisdiction, is also known as Standard Offer Service or BGS
DOE	United States Department of Energy
DOJ	United States Department of Justice
DPSC	Delaware Public Service Commission

GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and Abbreviations

DRP	Direct Stock Purchase and Dividend Reinvestment Plan
DSP	Default Service Provider
DSP Program	Default Service Provider Program
EDCs	Electric distribution companies
EDF	Electricite de France SA and its subsidiaries
EE&C	Energy Efficiency and Conservation/Demand Response
EGS	Electric Generation Supplier
EIMA	Energy Infrastructure Modernization Act (Illinois Senate Bill 1652 and Illinois House Bill 3036)
EmPower Maryland	A Maryland demand-side management program for Pepco and DPL
EPA	United States Environmental Protection Agency
EPSA	Electric Power Supply Association
ERCOT	Electric Reliability Council of Texas
ERISA	Employee Retirement Income Security Act of 1974, as amended
EROA	Expected Rate of Return on Assets
FASB	Financial Accounting Standards Board
FEJA	Illinois Public Act 99-0906 or Future Energy Jobs Act
FERC	Federal Energy Regulatory Commission
FRCC	Florida Reliability Coordinating Council
GAAP	Generally Accepted Accounting Principles in the United States
GCR	Gas Cost Rate
GHG	Greenhouse Gas
GSA	Generation Supply Adjustment
GWh	Gigawatt hour
Health Care Reform Acts	Patient Protection and Affordable Care Act and Health Care and Education Reconciliation Act of 2010
HSR Act	The Hart-Scott-Rodino Antitrust Improvements Act of 1976
IBEW	International Brotherhood of Electrical Workers
ICC	Illinois Commerce Commission
ICE	Intercontinental Exchange
Illinois Act	Illinois Electric Service Customer Choice and Rate Relief Law of 1997
Illinois EPA	Illinois Environmental Protection Agency
Illinois Settlement Legislation	Legislation enacted in 2007 affecting electric utilities in Illinois
Integrys	Integrys Energy Services, Inc.
IPA	Illinois Power Agency
IRC	Internal Revenue Code
IRS	Internal Revenue Service
ISO	Independent System Operator
ISO-NE	Independent System Operator New England Inc.
ISO-NY	Independent System Operator New York
kV	Kilovolt
kW	Kilowatt
kWh	Kilowatt-hour
LIBOR	London Interbank Offered Rate

GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and Abbreviations

LLRW	Low-Level Radioactive Waste
LT Plan	Long-term renewable resources procurement plan
LTIP	Long-Term Incentive Plan
MAPP	Mid-Atlantic Power Pathway
MATS	U.S. EPA Mercury and Air Toxics Rule
MBR	Market Based Rates Incentive
MDE	Maryland Department of the Environment
MDPSC	Maryland Public Service Commission
MGP	Manufactured Gas Plant
MISO	Midcontinent Independent System Operator, Inc.
mmcf	Million Cubic Feet
Moody's	Moody's Investor Service
MOPR	Minimum Offer Price Rule
MRV	Market-Related Value
MW	Megawatt
MWh	Megawatt hour
NAAQS	National Ambient Air Quality Standards
n.m.	not meaningful
NAV	Net Asset Value
NDT	Nuclear Decommissioning Trust
NEIL	Nuclear Electric Insurance Limited
NERC	North American Electric Reliability Corporation
NGS	Natural Gas Supplier
NJBPU	New Jersey Board of Public Utilities
NJDEP	New Jersey Department of Environmental Protection
Non-Regulatory Agreements Units	Nuclear generating units or portions thereof whose decommissioning-related activities are not subject to contractual elimination under regulatory accounting
NOSA	Nuclear Operating Services Agreement
NPDES	National Pollutant Discharge Elimination System
NRC	Nuclear Regulatory Commission
NSPS	New Source Performance Standards
NUGs	Non-utility generators
NWPA	Nuclear Waste Policy Act of 1982
NYMEX	New York Mercantile Exchange
NYPSC	New York Public Service Commission
OCI	Other Comprehensive Income
OIESO	Ontario Independent Electricity System Operator
OPC	Office of People's Counsel
OPEB	Other Postretirement Employee Benefits
PA DEP	Pennsylvania Department of Environmental Protection
PAPUC	Pennsylvania Public Utility Commission
PGC	Purchased Gas Cost Clause
PJM	PJM Interconnection, LLC

GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and Abbreviations

POLR	Provider of Last Resort
POR	Purchase of Receivables
PPA	Power Purchase Agreement
Price-Anderson Act	Price-Anderson Nuclear Industries Indemnity Act of 1957
Preferred Stock	Originally issued shares of non-voting, non-convertible and non-transferable Series A preferred stock, par value $0.01 per share
PRP	Potentially Responsible Parties
PSEG	Public Service Enterprise Group Incorporated
PURTA	Pennsylvania Public Realty Tax Act
PV	Photovoltaic
RCRA	Resource Conservation and Recovery Act of 1976, as amended
REC	Renewable Energy Credit which is issued for each megawatt hour of generation from a qualified renewable energy source
Regulatory Agreement Units	Nuclear generating units or portions thereof whose decommissioning-related activities are subject to contractual elimination under regulatory accounting
RES	Retail Electric Suppliers
RFP	Request for Proposal
Rider	Reconcilable Surcharge Recovery Mechanism
RGGI	Regional Greenhouse Gas Initiative
RMC	Risk Management Committee
ROE	Return on equity
RPM	PJM Reliability Pricing Model
RPS	Renewable Energy Portfolio Standards
RSSA	Reliability Support Services Agreement
RTEP	Regional Transmission Expansion Plan
RTO	Regional Transmission Organization
S&P	Standard & Poor’s Ratings Services
SEC	United States Securities and Exchange Commission
Senate Bill 1	Maryland Senate Bill 1
SERC	SERC Reliability Corporation (formerly Southeast Electric Reliability Council)
SGIG	Smart Grid Investment Grant from DOE
SILO	Sale-In, Lease-Out
SMPIP	Smart Meter Procurement and Installation Plan
SNF	Spent Nuclear Fuel
SOS	Standard Offer Service
SPFPA	Security, Police and Fire Professionals of America
SPP	Southwest Power Pool
Transition Bond Charge	Revenue ACE receives, and pays to ACE Funding, to fund the principal and interest payments on Transition Bonds and related taxes, expenses and fees
Transition Bonds	Transition Bonds issued by ACE Funding
UGSOA	United Government Security Officers of America
Upstream	Natural gas exploration and production activities
VIE	Variable Interest Entity

GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and Abbreviations

WECC	Western Electric Coordinating Council
ZEC	Zero Emission Credit
ZES	Zero Emission Standard

FILING FORMAT

This combined Form 10-Q is being filed separately by Exelon Corporation, Exelon Generation Company, LLC, Commonwealth Edison Company, PECO Energy Company, Baltimore Gas and Electric Company, Pepco Holdings LLC, Potomac Electric Power Company, Delmarva Power & Light Company and Atlantic City Electric Company (Registrants). Information contained herein relating to any individual Registrant is filed by such Registrant on its own behalf. No Registrant makes any representation as to information relating to any other Registrant.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING INFORMATION

This Report contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, that are subject to risks and uncertainties. The factors that could cause actual results to differ materially from the forward-looking statements made by the Registrants include those factors discussed herein, as well as the items discussed in (1) the Registrants' combined 2016 Annual Report on Form 10-K in (a) ITEM 1A. Risk Factors, (b) ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) ITEM 8. Financial Statements and Supplementary Data: Note 24 , Commitments and Contingencies; (2) this Quarterly Report on Form 10-Q in (a) Part II, Other Information, ITEM 1A. Risk Factors; (b) Part 1, Financial Information, ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) Part I, Financial Information, ITEM 1. Financial Statements: Note 18 , Commitments and Contingencies; and (3) other factors discussed in filings with the SEC by the Registrants. Readers are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of this Report. None of the Registrants undertakes any obligation to publicly release any revision to its forward-looking statements to reflect events or circumstances after the date of this Report.

WHERE TO FIND MORE INFORMATION

The public may read and copy any reports or other information that the Registrants file with the SEC at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. These documents are also available to the public from commercial document retrieval services, the website maintained by the SEC at www.sec.gov and the Registrants' websites at www.exeloncorp.com . Information contained on the Registrants' websites shall not be deemed incorporated into, or to be a part of, this Report.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions, except per share data)	2017	2016	2017	2016
Operating revenues				
Competitive businesses revenues	$ 4,456	$ 4,535	$ 12,924	$ 12,243
Rate-regulated utility revenues	4,313	4,467	12,225	11,243
Total operating revenues	8,769	9,002	25,149	23,486
Operating expenses				
Competitive businesses purchased power and fuel	2,316	2,584	7,268	6,599
Rate-regulated utility purchased power and fuel	1,226	1,170	3,259	2,863
Operating and maintenance	2,300	2,338	7,732	7,677
Depreciation and amortization	1,002	1,195	2,814	2,821
Taxes other than income	456	449	1,313	1,168
Total operating expenses	7,300	7,736	22,386	21,128
(Loss) Gain on sales of assets	(1)	1	4	41
Bargain purchase gain	7	—	233	—
Operating income	1,475	1,267	3,000	2,399
Other income and (deductions)				
Interest expense, net	(377)	(506)	(1,165)	(1,148)
Interest expense to affiliates	(9)	(10)	(29)	(31)
Other, net	237	120	725	377
Total other income and (deductions)	(149)	(396)	(469)	(802)
Income before income taxes	1,326	871	2,531	1,597
Income taxes	452	340	595	625
Equity in losses of unconsolidated affiliates	(7)	(5)	(25)	(16)
Net income	867	526	1,911	956
Net income attributable to noncontrolling interests and preference stock dividends	43	36	12	26
Net income attributable to common shareholders	$ 824	$ 490	$ 1,899	$ 930
Comprehensive income, net of income taxes				
Net income	$ 867	$ 526	$ 1,911	$ 956
Other comprehensive income (loss), net of income taxes				
Pension and non-pension postretirement benefit plans:				
Prior service benefit reclassified to periodic benefit cost	(14)	(12)	(42)	(35)
Actuarial loss reclassified to periodic benefit cost	49	47	147	140
Pension and non-pension postretirement benefit plan valuation adjustment	3	—	(55)	(3)
Unrealized gain (loss) on cash flow hedges	—	3	5	(4)
Unrealized gain (loss) on equity investments	1	(4)	5	(10)
Unrealized gain on foreign currency translation	4	2	7	8
Unrealized gain on marketable securities	1	—	2	—
Other comprehensive income	44	36	69	96
Comprehensive income	911	562	1,980	1,052
Comprehensive income attributable to noncontrolling interests and preference stock dividends	43	31	10	21
Comprehensive income attributable to common shareholders	$ 868	$ 531	$ 1,970	$ 1,031
Average shares of common stock outstanding:				
Basic	962	925	941	924
Diluted	965	927	948	926
Earnings per average common share:				

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Basic	$ 0.86	$ 0.53	$ 2.02	$ 1.01
Diluted	$ 0.85	$ 0.53	$ 2.01	$ 1.00
Dividends declared per common share	$ 0.33	$ 0.32	$ 0.98	$ 0.95

See the Combined Notes to Consolidated Financial Statements

EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
Cash flows from operating activities		
Net income	$ 1,911	$ 956
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation, amortization and accretion, including nuclear fuel and energy contract amortization	3,999	4,009
Impairment of long-lived assets and losses on regulatory assets	488	274
Gain on sales of assets	(5)	(41)
Bargain purchase gain	(233)	—
Deferred income taxes and amortization of investment tax credits	439	623
Net fair value changes related to derivatives	149	100
Net realized and unrealized gains on nuclear decommissioning trust fund investments	(429)	(243)
Other non-cash operating activities	603	1,224
Changes in assets and liabilities:		
Accounts receivable	224	(296)
Inventories	(87)	21
Accounts payable and accrued expenses	(593)	296
Option premiums received (paid), net	35	(24)
Collateral (posted) received, net	(100)	757
Income taxes	167	527
Pension and non-pension postretirement benefit contributions	(344)	(283)
Other assets and liabilities	(547)	(537)
Net cash flows provided by operating activities	5,677	7,363
Cash flows from investing activities		
Capital expenditures	(5,556)	(6,368)
Proceeds from nuclear decommissioning trust fund sales	6,848	7,914
Investment in nuclear decommissioning trust funds	(7,044)	(8,093)
Acquisition of businesses, net	(208)	(6,896)
Proceeds from sales of long-lived assets	219	49
Proceeds from termination of direct financing lease investment	—	360
Changes in restricted cash	(67)	(75)
Other investing activities	(2)	(110)
Net cash flows used in investing activities	(5,810)	(13,219)
Cash flows from financing activities		
Changes in short-term borrowings	(570)	(1,014)
Proceeds from short-term borrowings with maturities greater than 90 days	621	195
Repayments on short-term borrowings with maturities greater than 90 days	(610)	(452)
Issuance of long-term debt	2,616	4,488
Retirement of long-term debt	(1,728)	(944)
Retirement of long-term debt to financing trust	(250)	—
Restricted proceeds from issuance of long-term debt	—	(30)
Redemption of preference stock	—	(190)
Sale of noncontrolling interest	396	—
Dividends paid on common stock	(921)	(873)
Common stock issued from treasury stock	1,150	—
Proceeds from employee stock plans	61	36
Other financing activities	(64)	35
Net cash flows provided by financing activities	701	1,251
Increase (Decrease) in cash and cash equivalents	568	(4,605)
Cash and cash equivalents at beginning of period	635	6,502

Cash and cash equivalents at end of period	$ 1,203	$ 1,897

See the Combined Notes to Consolidated Financial Statements

EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2017	December 31, 2016
ASSETS		
Current assets		
Cash and cash equivalents	$ 1,203	$ 635
Restricted cash and cash equivalents	320	253
Deposit with IRS	1,250	1,250
Accounts receivable, net		
Customer	3,854	4,158
Other	950	1,201
Mark-to-market derivative assets	699	917
Unamortized energy contract assets	81	88
Inventories, net		
Fossil fuel and emission allowances	387	364
Materials and supplies	1,281	1,274
Regulatory assets	1,264	1,342
Other	1,435	930
Total current assets	12,724	12,412
Property, plant and equipment, net	73,067	71,555
Deferred debits and other assets		
Regulatory assets	10,238	10,046
Nuclear decommissioning trust funds	12,966	11,061
Investments	634	629
Goodwill	6,677	6,677
Mark-to-market derivative assets	426	492
Unamortized energy contract assets	407	447
Pledged assets for Zion Station decommissioning	57	113
Other	1,277	1,472
Total deferred debits and other assets	32,682	30,937
Total assets [(a)]	$ 118,473	$ 114,904

See the Combined Notes to Consolidated Financial Statements

EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2017	December 31, 2016
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings	$ 710	$ 1,267
Long-term debt due within one year	3,164	2,430
Accounts payable	3,132	3,441
Accrued expenses	3,080	3,460
Payables to affiliates	5	8
Regulatory liabilities	553	602
Mark-to-market derivative liabilities	178	282
Unamortized energy contract liabilities	283	407
Renewable energy credit obligation	261	428
PHI merger related obligation	96	151
Other	933	981
Total current liabilities	12,395	13,457
Long-term debt	31,701	31,575
Long-term debt to financing trusts	389	641
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	19,250	18,138
Asset retirement obligations	9,733	9,111
Pension obligations	4,055	4,248
Non-pension postretirement benefit obligations	1,977	1,848
Spent nuclear fuel obligation	1,142	1,024
Regulatory liabilities	4,549	4,187
Mark-to-market derivative liabilities	410	392
Unamortized energy contract liabilities	656	830
Payable for Zion Station decommissioning	—	14
Other	1,899	1,827
Total deferred credits and other liabilities	43,671	41,619
Total liabilities [(a)]	88,156	87,292
Commitments and contingencies		
Shareholders' equity		
Common stock (No par value, 2000 shares authorized, 961 shares and 924 shares outstanding at September 30, 2017 and December 31, 2016, respectively)	18,862	18,794
Treasury stock, at cost (2 shares and 35 shares at September 30, 2017 and December 31, 2016, respectively)	(123)	(2,327)
Retained earnings	11,950	12,030
Accumulated other comprehensive loss, net	(2,589)	(2,660)
Total shareholders' equity	28,100	25,837
Noncontrolling interests	2,217	1,775
Total equity	30,317	27,612
Total liabilities and shareholders' equity	$ 118,473	$ 114,904

(a) Exelon's consolidated assets include $9,520 million and $8,893 million at September 30, 2017 and December 31, 2016 , respectively, of certain VIEs that can only be used to settle the liabilities of the VIE. Exelon's consolidated liabilities include $3,688 million and $3,356 million at September 30, 2017 and December 31, 2016 , respectively, of certain VIEs for which the VIE creditors do not have recourse to Exelon. See Note 3 - Variable Interest Entities .

See the Combined Notes to Consolidated Financial Statements

EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

(In millions, shares in thousands)	Issued Shares	Common Stock	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss, net	Noncontrolling Interests	Total Shareholders' Equity
Balance, December 31, 2016	958,778	$ 18,794	$ (2,327)	$ 12,030	$ (2,660)	$ 1,775	$ 27,612
Net income	—	—	—	1,899	—	12	1,911
Long-term incentive plan activity	2,911	43	—	—	—	—	43
Employee stock purchase plan issuances	996	61	—	—	—	—	61
Common stock issued from treasury stock	—	—	2,204	(1,054)	—	—	1,150
Changes in equity of noncontrolling interests	—	—	—	—	—	(11)	(11)
Sale of noncontrolling interests	—	(36)	—	—	—	443	407
Common stock dividends	—	—	—	(925)	—	—	(925)
Other comprehensive income (loss), net of income taxes	—	—	—	—	71	(2)	69
Balance, September 30, 2017	962,685	$ 18,862	$ (123)	$ 11,950	$ (2,589)	$ 2,217	$ 30,317

See the Combined Notes to Consolidated Financial Statements

EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2017	2016	2017	2016
Operating revenues				
Operating revenues	$ 4,455	$ 4,533	$ 12,918	$ 12,234
Operating revenues from affiliates	296	502	894	1,129
Total operating revenues	4,751	5,035	13,812	13,363
Operating expenses				
Purchased power and fuel	2,315	2,584	7,267	6,599
Purchased power and fuel from affiliates	16	5	19	10
Operating and maintenance	1,203	1,189	4,335	3,855
Operating and maintenance from affiliates	171	147	536	478
Depreciation and amortization	410	632	1,046	1,329
Taxes other than income	141	136	425	380
Total operating expenses	4,256	4,693	13,628	12,651
(Loss) gain on sales of assets	(2)	—	3	31
Bargain purchase gain	7	—	233	—
Operating income	500	342	420	743
Other income and (deductions)				
Interest expense, net	(103)	(67)	(313)	(243)
Interest expense to affiliates	(10)	(10)	(29)	(30)
Other, net	209	185	648	395
Total other income and (deductions)	96	108	306	122
Income before income taxes	596	450	726	865
Income taxes	240	173	209	293
Equity in losses of unconsolidated affiliates	(8)	(6)	(26)	(16)
Net income	348	271	491	556
Net income attributable to noncontrolling interests	43	35	12	18
Net income attributable to membership interest	$ 305	$ 236	$ 479	$ 538
Comprehensive income, net of income taxes				
Net income	$ 348	$ 271	$ 491	$ 556
Other comprehensive income (loss), net of income taxes				
Unrealized gain (loss) on cash flow hedges	—	1	5	(3)
Unrealized gain (loss) on equity investments	—	—	4	(4)
Unrealized gain on foreign currency translation	4	2	7	8
Unrealized gain on marketable securities	—	1	—	1
Other comprehensive income	4	4	16	2
Comprehensive income	352	275	507	558
Comprehensive income attributable to noncontrolling interests	43	30	10	13
Comprehensive income attributable to membership interest	$ 309	$ 245	$ 497	$ 545

See the Combined Notes to Consolidated Financial Statements

EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
Cash flows from operating activities		
Net income	$ 491	$ 556
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation, amortization and accretion, including nuclear fuel and energy contract amortization	2,231	2,516
Impairment of long-lived assets	485	209
Gain on sales of assets	(3)	(31)
Bargain purchase gain	(233)	—
Deferred income taxes and amortization of investment tax credits	(184)	(133)
Net fair value changes related to derivatives	160	112
Net realized and unrealized gains on nuclear decommissioning trust fund investments	(429)	(243)
Other non-cash operating activities	132	129
Changes in assets and liabilities:		
Accounts receivable	106	26
Receivables from and payables to affiliates, net	27	(56)
Inventories	(43)	18
Accounts payable and accrued expenses	(257)	9
Option premiums received (paid), net	35	(24)
Collateral (posted) received, net	(77)	759
Income taxes	154	202
Pension and non-pension postretirement benefit contributions	(122)	(122)
Other assets and liabilities	(203)	(204)
Net cash flows provided by operating activities	2,270	3,723
Cash flows from investing activities		
Capital expenditures	(1,654)	(2,651)
Proceeds from nuclear decommissioning trust fund sales	6,848	7,914
Investment in nuclear decommissioning trust funds	(7,044)	(8,093)
Acquisition of businesses, net	(208)	(255)
Proceeds from sale of long-lived assets	218	30
Changes in restricted cash	(28)	(39)
Other investing activities	(35)	(184)
Net cash flows used in investing activities	(1,903)	(3,278)
Cash flows from financing activities		
Changes in short-term borrowings	(620)	—
Proceeds from short-term borrowings with maturities greater than 90 days	121	195
Repayments of short-term borrowings with maturities greater than 90 days	(110)	(152)
Issuance of long-term debt	789	338
Retirement of long-term debt	(541)	(164)
Changes in Exelon intercompany money pool	91	(785)
Distributions to member	(494)	(167)
Contributions from member	102	142
Sale of noncontrolling interest	396	—
Other financing activities	(31)	92
Net cash flows used in financing activities	(297)	(501)
Increase (Decrease) in cash and cash equivalents	70	(56)
Cash and cash equivalents at beginning of period	290	431
Cash and cash equivalents at end of period	$ 360	$ 375

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See the Combined Notes to Consolidated Financial Statements

EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2017	December 31, 2016
ASSETS		
Current assets		
Cash and cash equivalents	$ 360	$ 290
Restricted cash and cash equivalents	186	158
Accounts receivable, net		
Customer	2,339	2,433
Other	275	558
Mark-to-market derivative assets	699	917
Receivables from affiliates	127	156
Unamortized energy contract assets	81	88
Inventories, net		
Fossil fuel and emission allowances	298	292
Materials and supplies	917	935
Other	1,157	701
Total current assets	6,439	6,528
Property, plant and equipment, net	24,793	25,585
Deferred debits and other assets		
Nuclear decommissioning trust funds	12,966	11,061
Investments	429	418
Goodwill	47	47
Mark-to-market derivative assets	416	476
Prepaid pension asset	1,535	1,595
Pledged assets for Zion Station decommissioning	57	113
Unamortized energy contract assets	406	447
Deferred income taxes	8	16
Other	648	688
Total deferred debits and other assets	16,512	14,861
Total assets [(a)]	$ 47,744	$ 46,974

See the Combined Notes to Consolidated Financial Statements

EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2017	December 31, 2016
LIABILITIES AND EQUITY		
Current liabilities		
Short-term borrowings	$ 92	$ 699
Long-term debt due within one year	1,659	1,117
Accounts payable	1,492	1,610
Accrued expenses	797	989
Payables to affiliates	136	137
Borrowings from Exelon intercompany money pool	146	55
Mark-to-market derivative liabilities	158	263
Unamortized energy contract liabilities	52	72
Renewable energy credit obligation	261	428
Other	266	313
Total current liabilities	5,059	5,683
Long-term debt	6,956	7,202
Long-term debt to affiliate	913	922
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	5,596	5,585
Asset retirement obligations	9,548	8,922
Non-pension postretirement benefit obligations	919	930
Spent nuclear fuel obligation	1,142	1,024
Payables to affiliates	2,972	2,608
Mark-to-market derivative liabilities	153	153
Unamortized energy contract liabilities	57	80
Payable for Zion Station decommissioning	—	14
Other	632	595
Total deferred credits and other liabilities	21,019	19,911
Total liabilities [(a)]	33,947	33,718
Commitments and contingencies		
Equity		
Member's equity		
Membership interest	9,357	9,261
Undistributed earnings	2,260	2,275
Accumulated other comprehensive loss, net	(36)	(54)
Total member's equity	11,581	11,482
Noncontrolling interests	2,216	1,774
Total equity	13,797	13,256
Total liabilities and equity	$ 47,744	$ 46,974

(a) Generation's consolidated assets include $9,477 million and $8,817 million at September 30, 2017 and December 31, 2016 , respectively, of certain VIEs that can only be used to settle the liabilities of the VIE. Generation's consolidated liabilities include $3,576 million and $3,170 million at September 30, 2017 and December 31, 2016 , respectively, of certain VIEs for which the VIE creditors do not have recourse to Generation. See Note 3 - Variable Interest Entities .

See the Combined Notes to Consolidated Financial Statements

EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Unaudited)

	Member's Equity				
(In millions)	Membership Interest	Undistributed Earnings	Accumulated Other Comprehensive Loss, net	Noncontrolling Interests	Total Equity
Balance, December 31, 2016	$ 9,261	$ 2,275	$ (54)	$ 1,774	$ 13,256
Net income	—	479	—	12	491
Changes in equity of noncontrolling interests	—	—	—	(11)	(11)
Sale of noncontrolling interest	(36)	—	—	443	407
Distribution of net retirement benefit obligation to member	33	—	—	—	33
Allocation of tax benefit from member	99	—	—	—	99
Distributions to member	—	(494)	—	—	(494)
Other comprehensive income (loss), net of income taxes	—	—	18	(2)	16
Balance, September 30, 2017	$ 9,357	$ 2,260	$ (36)	$ 2,216	$ 13,797

See the Combined Notes to Consolidated Financial Statements

COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2017	2016	2017	2016
Operating revenues				
Electric operating revenues	$ 1,568	$ 1,493	$ 4,215	$ 4,019
Operating revenues from affiliates	3	4	12	12
Total operating revenues	1,571	1,497	4,227	4,031
Operating expenses				
Purchased power	489	435	1,178	1,104
Purchased power from affiliate	40	19	63	37
Operating and maintenance	277	327	897	950
Operating and maintenance from affiliate	69	50	199	163
Depreciation and amortization	212	196	631	574
Taxes other than income	80	82	223	222
Total operating expenses	1,167	1,109	3,191	3,050
Gain on sales of assets	—	1	—	6
Operating income	404	389	1,036	987
Other income and (deductions)				
Interest expense, net	(86)	(194)	(265)	(364)
Interest expense to affiliates	(3)	(3)	(10)	(10)
Other, net	5	(80)	14	(72)
Total other income and (deductions)	(84)	(277)	(261)	(446)
Income before income taxes	320	112	775	541
Income taxes	131	75	328	244
Net income	$ 189	$ 37	$ 447	$ 297
Comprehensive income	$ 189	$ 37	$ 447	$ 297

See the Combined Notes to Consolidated Financial Statements

COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
Cash flows from operating activities		
Net income	$ 447	$ 297
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	631	574
Deferred income taxes and amortization of investment tax credits	455	398
Other non-cash operating activities	112	122
Changes in assets and liabilities:		
Accounts receivable	31	(55)
Receivables from and payables to affiliates, net	346	(9)
Inventories	6	4
Accounts payable and accrued expenses	(706)	145
Collateral posted, net	(22)	(2)
Income taxes	(205)	206
Pension and non-pension postretirement benefit contributions	(38)	(35)
Other assets and liabilities	63	104
Net cash flows provided by operating activities	1,120	1,749
Cash flows from investing activities		
Capital expenditures	(1,698)	(1,950)
Changes in restricted cash	(50)	—
Other investing activities	17	31
Net cash flows used in investing activities	(1,731)	(1,919)
Cash flows from financing activities		
Changes in short-term borrowings	—	(284)
Issuance of long-term debt	1,000	1,200
Retirement of long-term debt	(425)	(665)
Contributions from parent	567	188
Dividends paid on common stock	(316)	(275)
Other financing activities	(14)	(17)
Net cash flows provided by financing activities	812	147
Increase (Decrease) in cash and cash equivalents	201	(23)
Cash and cash equivalents at beginning of period	56	67
Cash and cash equivalents at end of period	$ 257	$ 44

See the Combined Notes to Consolidated Financial Statements

COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2017	December 31, 2016
ASSETS		
Current assets		
Cash and cash equivalents	$ 257	$ 56
Restricted cash	52	2
Accounts receivable, net		
Customer	496	528
Other	172	218
Receivables from affiliates	18	356
Inventories, net	152	159
Regulatory assets	187	190
Other	67	45
Total current assets	1,401	1,554
Property, plant and equipment, net	20,353	19,335
Deferred debits and other assets		
Regulatory assets	1,387	977
Investments	6	6
Goodwill	2,625	2,625
Receivables from affiliates	2,438	2,170
Prepaid pension asset	1,236	1,343
Other	203	325
Total deferred debits and other assets	7,895	7,446
Total assets	$ 29,649	$ 28,335

See the Combined Notes to Consolidated Financial Statements

COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2017	December 31, 2016
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Long-term debt due within one year	$ 840	$ 425
Accounts payable	579	645
Accrued expenses	305	1,250
Payables to affiliates	51	65
Customer deposits	114	121
Regulatory liabilities	249	329
Mark-to-market derivative liability	20	19
Other	88	84
Total current liabilities	2,246	2,938
Long-term debt	6,760	6,608
Long-term debt to financing trust	205	205
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	6,091	5,364
Asset retirement obligations	110	119
Non-pension postretirement benefits obligations	224	239
Regulatory liabilities	3,735	3,369
Mark-to-market derivative liability	257	239
Other	577	529
Total deferred credits and other liabilities	10,994	9,859
Total liabilities	20,205	19,610
Commitments and contingencies		
Shareholders' equity		
Common stock	1,588	1,588
Other paid-in capital	6,738	6,150
Retained deficit unappropriated	(1,639)	(1,639)
Retained earnings appropriated	2,757	2,626
Total shareholders' equity	9,444	8,725
Total liabilities and shareholders' equity	$ 29,649	$ 28,335

See the Combined Notes to Consolidated Financial Statements

COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

(In millions)	Common Stock	Other Paid-In Capital	Retained Deficit Unappropriated	Retained Earnings Appropriated	Total Shareholders' Equity
Balance, December 31, 2016	$ 1,588	$ 6,150	$ (1,639)	$ 2,626	$ 8,725
Net income	—	—	447	—	447
Appropriation of retained earnings for future dividends	—	—	(447)	447	—
Common stock dividends	—	—	—	(316)	(316)
Contributions from parent	—	567	—	—	567
Parent tax matter indemnification	—	21	—	—	21
Balance, September 30, 2017	$ 1,588	$ 6,738	$ (1,639)	$ 2,757	$ 9,444

See the Combined Notes to Consolidated Financial Statements

PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2017	2016	2017	2016
Operating revenues				
Electric operating revenues	$ 660	$ 738	$ 1,798	$ 1,966
Natural gas operating revenues	53	48	338	322
Operating revenues from affiliates	2	2	5	5
Total operating revenues	715	788	2,141	2,293
Operating expenses				
Purchased power	190	171	483	466
Purchased fuel	14	10	126	110
Purchased power from affiliate	31	91	110	233
Operating and maintenance	161	168	488	501
Operating and maintenance from affiliates	36	31	107	103
Depreciation and amortization	72	67	213	201
Taxes other than income	42	46	116	126
Total operating expenses	546	584	1,643	1,740
Operating income	169	204	498	553
Other income and (deductions)				
Interest expense, net	(28)	(27)	(84)	(83)
Interest expense to affiliates	(3)	(3)	(9)	(9)
Other, net	2	2	6	6
Total other income and (deductions)	(29)	(28)	(87)	(86)
Income before income taxes	140	176	411	467
Income taxes	28	54	84	121
Net income	$ 112	$ 122	$ 327	$ 346
Comprehensive income	$ 112	$ 122	$ 327	$ 346

See the Combined Notes to Consolidated Financial Statements

PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
Cash flows from operating activities		
Net income	$ 327	$ 346
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	213	201
Deferred income taxes and amortization of investment tax credits	37	69
Other non-cash operating activities	38	49
Changes in assets and liabilities:		
Accounts receivable	45	(50)
Receivables from and payables to affiliates, net	(10)	9
Inventories	(5)	5
Accounts payable and accrued expenses	(41)	(12)
Income taxes	51	43
Pension and non-pension postretirement benefit contributions	(23)	(29)
Other assets and liabilities	(29)	(49)
Net cash flows provided by operating activities	603	582
Cash flows from investing activities		
Capital expenditures	(537)	(448)
Changes in Exelon intercompany money pool	74	—
Other investing activities	6	10
Net cash flows used in investing activities	(457)	(438)
Cash flows from financing activities		
Issuance of long-term debt	325	300
Restricted proceeds from issuance of long-term debt	—	(30)
Contributions from parent	16	18
Dividends paid on common stock	(216)	(208)
Other financing activities	(4)	(3)
Net cash flows provided by financing activities	121	77
Increase in cash and cash equivalents	267	221
Cash and cash equivalents at beginning of period	63	295
Cash and cash equivalents at end of period	$ 330	$ 516

See the Combined Notes to Consolidated Financial Statements

PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2017	December 31, 2016
ASSETS		
Current assets		
Cash and cash equivalents	$ 330	$ 63
Restricted cash and cash equivalents	4	4
Accounts receivable, net		
Customer	240	306
Other	125	131
Receivables from affiliates	—	4
Receivable from Exelon intercompany pool	57	131
Inventories, net		
Fossil fuel	36	35
Materials and supplies	31	27
Prepaid utility taxes	41	9
Regulatory assets	36	29
Other	16	18
Total current assets	916	757
Property, plant and equipment, net	7,875	7,565
Deferred debits and other assets		
Regulatory assets	1,773	1,681
Investments	24	25
Receivable from affiliates	533	438
Prepaid pension asset	347	345
Other	12	20
Total deferred debits and other assets	2,689	2,509
Total assets	$ 11,480	$ 10,831

See the Combined Notes to Consolidated Financial Statements

PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2017	December 31, 2016
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Long-term debt due within one year	$ 500	$ —
Accounts payable	285	342
Accrued expenses	132	104
Payables to affiliates	48	63
Customer deposits	64	61
Regulatory liabilities	159	127
Other	28	30
Total current liabilities	1,216	727
Long-term debt	2,402	2,580
Long-term debt to financing trusts	184	184
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	3,170	3,006
Asset retirement obligations	27	28
Non-pension postretirement benefits obligations	289	289
Regulatory liabilities	560	517
Other	90	85
Total deferred credits and other liabilities	4,136	3,925
Total liabilities	7,938	7,416
Commitments and contingencies		
Shareholder’s equity		
Common stock	2,489	2,473
Retained earnings	1,052	941
Accumulated other comprehensive income, net	1	1
Total shareholder’s equity	3,542	3,415
Total liabilities and shareholder's equity	$ 11,480	$ 10,831

See the Combined Notes to Consolidated Financial Statements

PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
(Unaudited)

(In millions)	Common Stock	Retained Earnings	Accumulated Other Comprehensive Income, net	Total Shareholder's Equity
Balance, December 31, 2016	$ 2,473	$ 941	$ 1	$ 3,415
Net income	—	327	—	327
Common stock dividends	—	(216)	—	(216)
Allocation of tax benefit from parent	16	—	—	16
Balance, September 30, 2017	$ 2,489	$ 1,052	$ 1	$ 3,542

See the Combined Notes to Consolidated Financial Statements

BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2017	2016	2017	2016
Operating revenues				
Electric operating revenues	$ 657	$ 733	$ 1,890	$ 1,993
Natural gas operating revenues	78	72	461	412
Operating revenues from affiliates	3	7	12	16
Total operating revenues	738	812	2,363	2,421
Operating expenses				
Purchased power	159	164	407	399
Purchased fuel	13	14	118	109
Purchased power from affiliate	97	182	328	486
Operating and maintenance	138	150	421	494
Operating and maintenance from affiliates	37	28	111	94
Depreciation and amortization	109	101	348	307
Taxes other than income	61	58	180	172
Total operating expenses	614	697	1,913	2,061
Operating income	124	115	450	360
Other income and (deductions)				
Interest expense, net	(24)	(24)	(69)	(64)
Interest expense to affiliates	(2)	(4)	(11)	(12)
Other, net	4	5	12	16
Total other income and (deductions)	(22)	(23)	(68)	(60)
Income before income taxes	102	92	382	300
Income taxes	40	36	151	109
Net income	62	56	231	191
Preference stock dividends	—	2	—	8
Net income attributable to common shareholder	$ 62	$ 54	$ 231	$ 183
Comprehensive income	$ 62	$ 56	$ 231	$ 191
Comprehensive income attributable to preference stock dividends	—	2	—	8
Comprehensive income attributable to common shareholder	$ 62	$ 54	$ 231	$ 183

See the Combined Notes to Consolidated Financial Statements

BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
Cash flows from operating activities		
Net income	$ 231	$ 191
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	348	307
Impairment of long-lived assets and losses on regulatory assets	—	52
Deferred income taxes and amortization of investment tax credits	141	54
Other non-cash operating activities	52	109
Changes in assets and liabilities:		
Accounts receivable	95	(50)
Receivables from and payables to affiliates, net	(13)	(10)
Inventories	(18)	(7)
Accounts payable and accrued expenses	(25)	43
Income taxes	12	19
Pension and non-pension postretirement benefit contributions	(50)	(46)
Other assets and liabilities	(69)	(2)
Net cash flows provided by operating activities	704	660
Cash flows from investing activities		
Capital expenditures	(615)	(611)
Changes in restricted cash	23	(22)
Other investing activities	6	19
Net cash flows used in investing activities	(586)	(614)
Cash flows from financing activities		
Changes in short-term borrowings	(45)	(210)
Issuance of long-term debt	300	850
Retirement of long-term debt	(41)	(39)
Retirement of long-term debt to financing trust	(250)	—
Redemption of preference stock	—	(190)
Dividends paid on preference stock	—	(8)
Dividends paid on common stock	(148)	(134)
Contributions from parent	77	28
Other financing activities	(5)	(11)
Net cash flows (used in) provided by financing activities	(112)	286
Increase in cash and cash equivalents	6	332
Cash and cash equivalents at beginning of period	23	9
Cash and cash equivalents at end of period	$ 29	$ 341

See the Combined Notes to Consolidated Financial Statements

BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2017	December 31, 2016
ASSETS		
Current assets		
Cash and cash equivalents	$ 29	$ 23
Restricted cash and cash equivalents	1	24
Accounts receivable, net		
Customer	288	395
Other	86	102
Inventories, net		
Gas held in storage	46	30
Materials and supplies	40	38
Prepaid utility taxes	—	15
Regulatory assets	208	208
Other	4	7
Total current assets	702	842
Property, plant and equipment, net	7,418	7,040
Deferred debits and other assets		
Regulatory assets	497	504
Investments	5	12
Prepaid pension asset	297	297
Other	4	9
Total deferred debits and other assets	803	822
Total assets [(a)]	$ 8,923	$ 8,704

See the Combined Notes to Consolidated Financial Statements

BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2017	December 31, 2016
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings	$ —	$ 45
Long-term debt due within one year	—	41
Accounts payable	218	205
Accrued expenses	147	175
Payables to affiliates	42	55
Customer deposits	114	110
Regulatory liabilities	63	50
Other	28	26
Total current liabilities	612	707
Long-term debt	2,577	2,281
Long-term debt to financing trust	—	252
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	2,366	2,219
Asset retirement obligations	23	21
Non-pension postretirement benefits obligations	201	205
Regulatory liabilities	84	110
Other	52	61
Total deferred credits and other liabilities	2,726	2,616
Total liabilities [(a)]	5,915	5,856
Commitments and contingencies		
Shareholders' equity		
Common stock	1,498	1,421
Retained earnings	1,510	1,427
Total shareholders' equity	3,008	2,848
Total liabilities and shareholders' equity	$ 8,923	$ 8,704

(a) BGE's consolidated assets include $26 million at December 31, 2016 of BGE's consolidated VIE that can only be used to settle the liabilities of the VIE. BGE's consolidated liabilities include $42 million at December 31, 2016 of BGE's consolidated VIE for which the VIE creditors do not have recourse to BGE. BGE no longer has interests in any VIEs as of September 30, 2017 . See Note 3 - Variable Interest Entities .

See the Combined Notes to Consolidated Financial Statements

BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

(In millions)	Common Stock	Retained Earnings	Total Shareholders' Equity
Balance, December 31, 2016	$ 1,421	$ 1,427	$ 2,848
Net income	—	231	231
Common stock dividends	—	(148)	(148)
Contributions from parent	77	—	77
Balance, September 30, 2017	$ 1,498	$ 1,510	$ 3,008

See the Combined Notes to Consolidated Financial Statements

PEPCO HOLDINGS LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

	Successor				*Predecessor*
	Three Months Ended September 30,		**Nine Months Ended September 30,**	**March 24 to September 30,**	**January 1 to March 23,**
(In millions)	**2017**	**2016**	**2017**	**2016**	**2016**
Operating revenues					
Electric operating revenues	$ 1,280	$ 1,366	$ 3,417	$ 2,485	$ 1,096
Natural gas operating revenues	18	17	105	46	57
Operating revenues from affiliates	12	11	35	34	—
Total operating revenues	1,310	1,394	3,557	2,565	1,153
Operating expenses					
Purchased power	354	370	901	658	471
Purchased fuel	7	6	46	17	26
Purchased power and fuel from affiliates	112	207	371	362	—
Operating and maintenance	214	200	666	870	294
Operating and maintenance from affiliates	37	26	108	51	—
Depreciation and amortization	179	182	511	355	152
Taxes other than income	122	124	344	248	105
Total operating expenses	1,025	1,115	2,947	2,561	1,048
Gain on sales of assets	—	—	1	—	—
Operating income	285	279	611	4	105
Other income and (deductions)					
Interest expense, net	(62)	(64)	(183)	(135)	(65)
Other, net	13	19	40	31	(4)
Total other income and (deductions)	(49)	(45)	(143)	(104)	(69)
Income (loss) before income taxes	236	234	468	(100)	36
Income taxes	83	68	109	(9)	17
Net income (loss)	$ 153	$ 166	$ 359	$ (91)	$ 19
Comprehensive income (loss), net of income taxes					
Net income (loss)	$ 153	$ 166	$ 359	$ (91)	$ 19
Other comprehensive income, net of income taxes					
Pension and non-pension postretirement benefit plans:					
Actuarial loss reclassified to periodic cost	—	—	—	—	1
Other comprehensive income	—	—	—	—	1
Comprehensive income (loss)	$ 153	$ 166	$ 359	$ (91)	$ 20

See the Combined Notes to Consolidated Financial Statements

PEPCO HOLDINGS LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Successor		*Predecessor*
	Nine Months Ended September 30,	**March 24 to September 30,**	**January 1 to March 23,**
(In millions)	**2017**	**2016**	**2016**
Cash flows from operating activities			
Net income (loss)	$ 359	$ (91)	$ 19
Adjustments to reconcile net income (loss) to net cash flows provided by operating activities:			
Depreciation and amortization	511	355	152
Deferred income taxes and amortization of investment tax credits	190	237	19
Net fair value changes related to derivatives	—	—	18
Other non-cash operating activities	66	441	46
Changes in assets and liabilities:			
Accounts receivable	(42)	(94)	(28)
Receivables from and payables to affiliates, net	(13)	39	—
Inventories	(29)	—	(4)
Accounts payable and accrued expenses	(49)	(23)	42
Income taxes	82	(57)	12
Pension and non-pension postretirement benefit contributions	(74)	(13)	(4)
Other assets and liabilities	(204)	(248)	(8)
Net cash flows provided by operating activities	797	546	264
Cash flows from investing activities			
Capital expenditures	(995)	(624)	(273)
Proceeds from sales of long-lived assets	1	19	—
Changes in restricted cash	(1)	(39)	3
Purchases of investments	—	—	(68)
Other investing activities	4	13	(5)
Net cash flows used in investing activities	(991)	(631)	(343)
Cash flows from financing activities			
Changes in short-term borrowings	96	(520)	(121)
Proceeds from short-term borrowings with maturities greater than 90 days	—	—	500
Repayments of short-term borrowings with maturities greater than 90 days	(500)	(300)	—
Issuance of long-term debt	202	2	—
Retirement of long-term debt	(127)	(29)	(11)
Common stock issued for the Direct Stock Purchase and Dividend Reinvestment Plan and employee-related compensation	—	—	2
Distributions to member	(267)	(174)	—
Contributions from member	758	1,088	—
Change in Exelon intercompany money pool	1	1	—
Other financing activities	(2)	(3)	2
Net cash flows provided by financing activities	161	65	372
(Decrease) Increase in cash and cash equivalents	(33)	(20)	293
Cash and cash equivalents at beginning of period	170	319	26
Cash and cash equivalents at end of period	$ 137	$ 299	$ 319

See the Combined Notes to Consolidated Financial Statements

PEPCO HOLDINGS LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	Successor September 30, 2017	Successor December 31, 2016
ASSETS		
Current assets		
Cash and cash equivalents	$ 137	$ 170
Restricted cash and cash equivalents	43	43
Accounts receivable, net		
Customer	490	496
Other	209	283
Inventories, net		
Gas held in storage	9	6
Materials and supplies	141	116
Regulatory assets	568	653
Other	59	71
Total current assets	1,656	1,838
Property, plant and equipment, net	12,219	11,598
Deferred debits and other assets		
Regulatory assets	2,692	2,851
Investments	132	133
Goodwill	4,005	4,005
Long-term note receivable	4	4
Prepaid pension asset	510	509
Deferred income taxes	6	6
Other	77	81
Total deferred debits and other assets	7,426	7,589
Total assets [(a)]	$ 21,301	$ 21,025

See the Combined Notes to Consolidated Financial Statements

PEPCO HOLDINGS LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	Successor September 30, 2017	Successor December 31, 2016
LIABILITIES AND MEMBER'S EQUITY		
Current liabilities		
Short-term borrowings	$ 118	$ 522
Long-term debt due within one year	159	253
Accounts payable	397	458
Accrued expenses	294	272
Payables to affiliates	79	94
Unamortized energy contract liabilities	231	335
Borrowings from Exelon intercompany money pool	1	—
Customer deposits	119	123
Merger related obligation	53	101
Regulatory liabilities	65	79
Other	41	47
Total current liabilities	1,557	2,284
Long-term debt	5,771	5,645
Deferred credits and other liabilities		
Regulatory liabilities	146	158
Deferred income taxes and unamortized investment tax credits	4,003	3,775
Asset retirement obligations	17	14
Non-pension postretirement benefit obligations	128	134
Unamortized energy contract liabilities	599	750
Other	214	249
Total deferred credits and other liabilities	5,107	5,080
Total liabilities [(a)]	12,435	13,009
Commitments and contingencies		
Member's equity		
Membership interest	8,835	8,077
Undistributed earnings (losses)	31	(61)
Total member's equity	8,866	8,016
Total liabilities and member's equity	$ 21,301	$ 21,025

(a) PHI's consolidated total assets include $43 million and $49 million at September 30, 2017 and December 31, 2016 , respectively, of PHI's consolidated VIE that can only be used to settle the liabilities of the VIE. PHI's consolidated total liabilities include $112 million and $143 million at September 30, 2017 and December 31, 2016 , respectively, of PHI's consolidated VIE for which the VIE creditors do not have recourse to PHI. See Note 3 - Variable Interest Entities .

See the Combined Notes to Consolidated Financial Statements

PEPCO HOLDINGS LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Unaudited)

(In millions)	Membership Interest	Undistributed Earnings (Losses)	Member's Equity
Successor			
Balance, December 31, 2016	$ 8,077	$ (61)	$ 8,016
Net income	—	359	359
Distribution to member	—	(267)	(267)
Contribution from member	751	—	751
Allocation of tax benefit from member	7	—	7
Balance, September 30, 2017	$ 8,835	$ 31	$ 8,866

See the Combined Notes to Consolidated Financial Statements

POTOMAC ELECTRIC POWER COMPANY
STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2017	2016	2017	2016
Operating revenues				
Electric operating revenues	$ 603	$ 634	$ 1,645	$ 1,692
Operating revenues from affiliates	1	1	4	3
Total operating revenues	604	635	1,649	1,695
Operating expenses				
Purchased power	111	84	268	340
Purchased power from affiliates	57	129	210	223
Operating and maintenance	89	100	296	488
Operating and maintenance from affiliates	14	9	40	20
Depreciation and amortization	82	76	242	221
Taxes other than income	102	105	282	287
Total operating expenses	455	503	1,338	1,579
Gain on sales of assets	—	—	1	8
Operating income	149	132	312	124
Other income and (deductions)				
Interest expense, net	(31)	(30)	(89)	(98)
Other, net	7	12	22	28
Total other income and (deductions)	(24)	(18)	(67)	(70)
Income before income taxes	125	114	245	54
Income taxes	38	35	57	34
Net income	$ 87	$ 79	$ 188	$ 20
Comprehensive income	$ 87	$ 79	$ 188	$ 20

See the Combined Notes to Consolidated Financial Statements

POTOMAC ELECTRIC POWER COMPANY
STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
Cash flows from operating activities		
Net income	$ 188	$ 20
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	242	221
Deferred income taxes and amortization of investment tax credits	90	96
Other non-cash operating activities	8	168
Changes in assets and liabilities:		
Accounts receivable	(43)	(105)
Receivables from and payables to affiliates, net	(10)	44
Inventories	(15)	3
Accounts payable and accrued expenses	(24)	7
Income taxes	80	139
Pension and non-pension postretirement benefit contributions	(69)	(6)
Other assets and liabilities	(99)	(83)
Net cash flows provided by operating activities	348	504
Cash flows from investing activities		
Capital expenditures	(439)	(392)
Proceeds from sale of long-lived asset	1	12
Purchases of investments	—	(32)
Changes in restricted cash	(1)	(31)
Other investing activities	—	8
Net cash flows used in investing activities	(439)	(435)
Cash flows from financing activities		
Changes in short-term borrowings	(23)	(64)
Issuance of long-term debt	202	2
Retirement of long-term debt	(7)	(5)
Dividends paid on common stock	(133)	(92)
Contribution from parent	161	187
Other financing activities	(1)	—
Net cash flows provided by financing activities	199	28
Increase in cash and cash equivalents	108	97
Cash and cash equivalents at beginning of period	9	5
Cash and cash equivalents at end of period	$ 117	$ 102

See the Combined Notes to Consolidated Financial Statements

POTOMAC ELECTRIC POWER COMPANY
BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2017	December 31, 2016
ASSETS		
Current assets		
Cash and cash equivalents	$ 117	$ 9
Restricted cash and cash equivalents	34	33
Accounts receivable, net		
Customer	265	235
Other	92	150
Inventories, net	78	63
Regulatory assets	181	162
Other	10	32
Total current assets	777	684
Property, plant and equipment, net	5,866	5,571
Deferred debits and other assets		
Regulatory assets	699	690
Investments	102	102
Prepaid pension asset	327	282
Other	4	6
Total deferred debits and other assets	1,132	1,080
Total assets	$ 7,775	$ 7,335

See the Combined Notes to Consolidated Financial Statements

POTOMAC ELECTRIC POWER COMPANY
BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2017	December 31, 2016
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Short-term borrowings	$ —	$ 23
Long-term debt due within one year	19	16
Accounts payable	168	209
Accrued expenses	153	113
Payables to affiliates	64	74
Customer deposits	53	53
Regulatory liabilities	5	11
Merger related obligation	42	68
Other	20	29
Total current liabilities	524	596
Long-term debt	2,527	2,333
Deferred credits and other liabilities		
Regulatory liabilities	21	20
Deferred income taxes and unamortized investment tax credits	2,024	1,910
Non-pension postretirement benefit obligations	37	43
Other	126	133
Total deferred credits and other liabilities	2,208	2,106
Total liabilities	5,259	5,035
Commitments and contingencies		
Shareholder's equity		
Common stock	1,470	1,309
Retained earnings	1,046	991
Total shareholder's equity	2,516	2,300
Total liabilities and shareholder's equity	$ 7,775	$ 7,335

See the Combined Notes to Consolidated Financial Statements

POTOMAC ELECTRIC POWER COMPANY
STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
(Unaudited)

(In millions)	Common Stock	Retained Earnings	Total Shareholder's Equity
Balance, December 31, 2016	$ 1,309	$ 991	$ 2,300
Net income	—	188	188
Common stock dividends	—	(133)	(133)
Contributions from parent	161	—	161
Balance, September 30, 2017	$ 1,470	$ 1,046	$ 2,516

See the Combined Notes to Consolidated Financial Statements

DELMARVA POWER & LIGHT COMPANY
STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
Operating revenues				
Electric operating revenues	$ 307	$ 312	$ 860	$ 866
Natural gas operating revenues	18	17	105	102
Operating revenues from affiliates	2	2	6	6
Total operating revenues	327	331	971	974
Operating expenses				
Purchased power	75	81	215	297
Purchased fuel	7	6	46	41
Purchased power from affiliate	47	63	138	110
Operating and maintenance	71	50	204	327
Operating and maintenance from affiliates	8	5	23	11
Depreciation and amortization	45	44	124	120
Taxes other than income	15	14	43	42
Total operating expenses	268	263	793	948
Gain on sale of asset	—	4	—	4
Operating income	59	72	178	30
Other income and (deductions)				
Interest expense, net	(13)	(12)	(38)	(37)
Other, net	4	3	10	9
Total other income and (deductions)	(9)	(9)	(28)	(28)
Income before income taxes	50	63	150	2
Income taxes	19	19	43	18
Net income (loss)	$ 31	$ 44	$ 107	$ (16)
Comprehensive income (loss)	$ 31	$ 44	$ 107	$ (16)

See the Combined Notes to Consolidated Financial Statements

DELMARVA POWER & LIGHT COMPANY
STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
Cash flows from operating activities		
Net income (loss)	$ 107	$ (16)
Adjustments to reconcile net income (loss) to net cash flows provided by operating activities:		
Depreciation and amortization	124	120
Deferred income taxes and amortization of investment tax credits	61	69
Other non-cash operating activities	6	99
Changes in assets and liabilities:		
Accounts receivable	7	8
Receivables from and payables to affiliates, net	—	12
Inventories	(6)	—
Accounts payable and accrued expenses	—	(8)
Collateral received	—	1
Income Taxes	33	52
Other assets and liabilities	(40)	(70)
Net cash flows provided by operating activities	292	267
Cash flows from investing activities		
Capital expenditures	(294)	(260)
Proceeds from sale of long-lived asset	—	4
Other investing activities	1	2
Net cash flows used in investing activities	(293)	(254)
Cash flows from financing activities		
Changes in short-term borrowings	54	(88)
Retirement of long-term debt	(14)	—
Dividends paid on common stock	(82)	(39)
Contribution from parent	—	113
Net cash flows used in financing activities	(42)	(14)
Decrease in cash and cash equivalents	(43)	(1)
Cash and cash equivalents at beginning of period	46	5
Cash and cash equivalents at end of period	$ 3	$ 4

See the Combined Notes to Consolidated Financial Statements

DELMARVA POWER & LIGHT COMPANY
BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2017	December 31, 2016
ASSETS		
Current assets		
Cash and cash equivalents	$ 3	$ 46
Accounts receivable, net		
Customer	118	136
Other	36	63
Receivables from affiliates	—	3
Inventories, net		
Gas held in storage	9	7
Materials and supplies	35	32
Regulatory assets	69	59
Other	16	24
Total current assets	286	370
Property, plant and equipment, net	3,480	3,273
Deferred debits and other assets		
Regulatory assets	300	289
Goodwill	8	8
Prepaid pension asset	197	206
Other	5	7
Total deferred debits and other assets	510	510
Total assets	$ 4,276	$ 4,153

See the Combined Notes to Consolidated Financial Statements

DELMARVA POWER & LIGHT COMPANY
BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2017	December 31, 2016
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Short-term borrowings	$ 54	$ —
Long-term debt due within one year	109	119
Accounts payable	95	88
Accrued expenses	52	36
Payables to affiliates	35	38
Customer deposits	35	36
Regulatory liabilities	42	43
Merger related obligation	3	13
Other	7	8
Total current liabilities	432	381
Long-term debt	1,217	1,221
Deferred credits and other liabilities		
Regulatory liabilities	86	97
Deferred income taxes and unamortized investment tax credits	1,125	1,056
Non-pension postretirement benefit obligations	17	19
Other	48	53
Total deferred credits and other liabilities	1,276	1,225
Total liabilities	2,925	2,827
Commitments and contingencies		
Shareholder's equity		
Common stock	764	764
Retained earnings	587	562
Total shareholder's equity	1,351	1,326
Total liabilities and shareholder's equity	$ 4,276	$ 4,153

See the Combined Notes to Consolidated Financial Statements

DELMARVA POWER & LIGHT COMPANY
STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
(Unaudited)

(In millions)	Common Stock	Retained Earnings	Total Shareholder's Equity
Balance, December 31, 2016	$ 764	$ 562	$ 1,326
Net income	—	107	107
Common stock dividends	—	(82)	(82)
Balance, September 30, 2017	$ 764	$ 587	$ 1,351

See the Combined Notes to Consolidated Financial Statements

ATLANTIC CITY ELECTRIC COMPANY AND SUBSIDIARY COMPANY
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2017	2016	2017	2016
Operating revenues				
Electric operating revenues	$ 370	$ 420	$ 913	$ 979
Operating revenues from affiliates	—	1	2	3
Total operating revenues	370	421	915	982
Operating expenses				
Purchased power	169	206	418	491
Purchased power from affiliates	7	15	24	29
Operating and maintenance	66	62	205	336
Operating and maintenance from affiliates	6	5	20	10
Depreciation and amortization	41	49	113	130
Taxes other than income	2	1	6	6
Total operating expenses	291	338	786	1,002
Gain on sale of assets	—	—	—	1
Operating income (loss)	79	83	129	(19)
Other income and (deductions)				
Interest expense, net	(15)	(15)	(46)	(47)
Other, net	1	2	6	8
Total other income and (deductions)	(14)	(13)	(40)	(39)
Income (loss) before income taxes	65	70	89	(58)
Income taxes	24	23	12	(8)
Net income (loss)	$ 41	$ 47	$ 77	$ (50)
Comprehensive income (loss)	$ 41	$ 47	$ 77	$ (50)

See the Combined Notes to Consolidated Financial Statements

ATLANTIC CITY ELECTRIC COMPANY AND SUBSIDIARY COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
Cash flows from operating activities		
Net income (loss)	$ 77	$ (50)
Adjustments to reconcile net income (loss) to net cash flows provided by operating activities:		
Depreciation and amortization	113	130
Deferred income taxes and amortization of investment tax credits	28	14
Other non-cash operating activities	21	138
Changes in assets and liabilities:		
Accounts receivable	(7)	(32)
Receivables from and payables to affiliates, net	(5)	9
Inventories	(7)	(1)
Accounts payable and accrued expenses	9	10
Income taxes	(9)	184
Other assets and liabilities	(62)	(87)
Net cash flows provided by operating activities	158	315
Cash flows from investing activities		
Capital expenditures	(242)	(227)
Proceeds from sale of long-lived asset	—	2
Changes in restricted cash	1	(4)
Other investing activities	—	2
Net cash flows used in investing activities	(241)	(227)
Cash flows from financing activities		
Changes in short-term borrowings	65	(5)
Retirement of long-term debt	(25)	(35)
Dividends paid on common stock	(53)	(24)
Contribution from parent	—	139
Other financing activities	—	(1)
Net cash flows (used in) provided by financing activities	(13)	74
(Decrease) Increase in cash and cash equivalents	(96)	162
Cash and cash equivalents at beginning of period	101	3
Cash and cash equivalents at end of period	$ 5	$ 165

See the Combined Notes to Consolidated Financial Statements

ATLANTIC CITY ELECTRIC COMPANY AND SUBSIDIARY COMPANY
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2017	December 31, 2016
ASSETS		
Current assets		
Cash and cash equivalents	$ 5	$ 101
Restricted cash and cash equivalents	9	9
Accounts receivable, net		
Customer	107	125
Other	54	44
Inventories, net	29	22
Prepaid utility taxes	15	—
Regulatory assets	87	96
Other	3	2
Total current assets	309	399
Property, plant and equipment, net	2,662	2,521
Deferred debits and other assets		
Regulatory assets	417	405
Long-term note receivable	4	4
Prepaid pension asset	76	84
Other	42	44
Total deferred debits and other assets	539	537
Total assets [(a)]	$ 3,510	$ 3,457

See the Combined Notes to Consolidated Financial Statements

ATLANTIC CITY ELECTRIC COMPANY AND SUBSIDIARY COMPANY
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2017	December 31, 2016
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Short-term borrowings	$ 65	$ —
Long-term debt due within one year	32	35
Accounts payable	122	132
Accrued expenses	39	38
Payables to affiliates	24	29
Customer deposits	31	33
Regulatory liabilities	18	25
Merger related obligation	8	20
Other	6	8
Total current liabilities	345	320
Long-term debt	1,098	1,120
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	951	917
Non-pension postretirement benefit obligations	33	34
Other	25	32
Total deferred credits and other liabilities	1,009	983
Total liabilities [(a)]	2,452	2,423
Commitments and contingencies		
Shareholder's equity		
Common stock	912	912
Retained earnings	146	122
Total shareholder's equity	1,058	1,034
Total liabilities and shareholder's equity	$ 3,510	$ 3,457

(a) ACE's consolidated total assets include $31 million and $32 million at September 30, 2017 and December 31, 2016 , respectively, of ACE's consolidated VIE that can only be used to settle the liabilities of the VIE. ACE's consolidated total liabilities include $100 million and $126 million at September 30, 2017 and December 31, 2016 , respectively, of ACE's consolidated VIE for which the VIE creditors do not have recourse to ACE. See Note 3 - Variable Interest Entities .

See the Combined Notes to Consolidated Financial Statements

ATLANTIC CITY ELECTRIC COMPANY AND SUBSIDIARY COMPANY
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
(Unaudited)

(In millions)	Common Stock	Retained Earnings	Total Shareholder's Equity
Balance, December 31, 2016	$ 912	$ 122	$ 1,034
Net income	—	77	77
Common stock dividends	—	(53)	(53)
Balance, September 30, 2017	$ 912	$ 146	$ 1,058

See the Combined Notes to Consolidated Financial Statements

Index to Combined Notes To Consolidated Financial Statements

The notes to the consolidated financial statements that follow are a combined presentation. The following list indicates the Registrants to which the footnotes apply:

Applicable Notes

Registrant	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Exelon Corporation	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.
Exelon Generation Company, LLC	.	.	.	.	.	.	.		.	.	.	.	.	.	.	.		.	.	.
Commonwealth Edison Company	.	.	.		.				.	.	.	.		.	.			.	.	.
PECO Energy Company	.	.	.		.				.	.	.	.		.	.	.		.	.	.
Baltimore Gas and Electric Company	.	.	.		.				.	.	.	.		.	.			.	.	.
Pepco Holdings LLC	.	.	.	.	.			.	.	.	.	.		.	.	.		.	.	.
Potomac Electric Power Company	.	.	.	.	.				.	.	.	.		.	.			.	.	.
Delmarva Power & Light Company	.	.	.	.	.				.	.	.	.		.	.			.	.	.
Atlantic City Electric Company	.	.	.		.				.	.	.	.		.	.			.	.	.

1 . Basis of Presentation (All Registrants)

Description of Business (All Registrants)

Exelon is a utility services holding company engaged through its principal subsidiaries in the energy generation and energy distribution and transmission businesses. Prior to March 23, 2016 , Exelon's principal, wholly owned subsidiaries included Generation, ComEd, PECO and BGE. On March 23, 2016 , in conjunction with the Amended and Restated Agreement and Plan of Merger (the PHI Merger Agreement), Purple Acquisition Corp, a wholly owned subsidiary of Exelon, merged with and into PHI, with PHI continuing as the surviving entity as a wholly owned subsidiary of Exelon. PHI is a utility services holding company engaged through its principal wholly owned subsidiaries, Pepco, DPL and ACE, in the energy distribution and transmission businesses. Refer to Note 4 - Mergers, Acquisitions and Dispositions for further information regarding the merger transaction.

The energy generation business includes:

- *Generation* : Generation, physical delivery and marketing of power across multiple geographical regions through its customer-facing business, Constellation, which sells electricity and natural gas to both wholesale and retail customers. Generation also sells renewable energy and other energy-related products and services. Generation has six reportable segments consisting of the Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Power Regions.

The energy delivery businesses include:

- *ComEd* : Purchase and regulated retail sale of electricity and the provision of electric distribution and transmission services in northern Illinois, including the City of Chicago.

- *PECO* : Purchase and regulated retail sale of electricity and the provision of electric distribution and transmission services in southeastern Pennsylvania, including the City of Philadelphia, and the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services in the Pennsylvania counties surrounding the City of Philadelphia.

- *BGE* : Purchase and regulated retail sale of electricity and the provision of electric distribution and transmission services in central Maryland, including the City of Baltimore, and the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services in central Maryland, including the City of Baltimore.

- *Pepco* : Purchase and regulated retail sale of electricity and the provision of electric distribution and transmission services in the District of Columbia and major portions of Prince George's County and Montgomery County in Maryland.

- *DPL* : Purchase and regulated retail sale of electricity and the provision of electric distribution and transmission services in portions of Maryland and Delaware, and the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services in northern Delaware.

- *ACE* : Purchase and regulated retail sale of electricity and the provision of electric distribution and transmission services in southern New Jersey.

Basis of Presentation (All Registrants)

As a result of the acquisition of PHI, Exelon's financial reporting reflects PHI's consolidated financial results subsequent to the March 23, 2016 , acquisition date. Exelon has accounted for the merger transaction applying the acquisition method of accounting, which requires that identifiable assets acquired and liabilities assumed by Exelon to be reported in Exelon's financial statements at fair value, with any excess of the purchase price over the fair value of net assets acquired reported as goodwill. Exelon has pushed-down the application of the acquisition method of accounting to the consolidated financial statements of PHI such that the assets and liabilities of PHI are similarly recorded at their respective fair values, and goodwill has been established as of the acquisition date. Accordingly, the consolidated financial statements of PHI for periods before and after the March 23, 2016 , acquisition date reflect different bases of accounting, and the financial positions and the results of operations of the predecessor and successor periods are not comparable. The acquisition method of accounting has not been pushed down to PHI's wholly owned subsidiary utility registrants, Pepco, DPL and ACE.

For financial statement purposes, beginning on March 24, 2016 , disclosures related to Exelon now also apply to PHI, Pepco, DPL and ACE, unless otherwise noted.

Each of the Registrant's Consolidated Financial Statements includes the accounts of its subsidiaries. All intercompany transactions have been eliminated.

The accompanying consolidated financial statements as of September 30, 2017 and 2016 and for the three and nine months then ended are unaudited but, in the opinion of the management of each Registrant include all adjustments that are considered necessary for a fair statement of the Registrants' respective financial statements in accordance with GAAP. All adjustments are of a normal, recurring nature, except as otherwise disclosed. The December 31, 2016 Consolidated Balance Sheets were derived from audited financial statements. Financial results for interim periods are not necessarily indicative of results that may be expected for any other interim period or for the fiscal year ending December 31, 2017 . These Combined Notes to Consolidated Financial Statements have been prepared pursuant to the rules and regulations of the SEC for Quarterly Reports on Form 10-Q. Certain information and note disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations.

2 . New Accounting Standards (All Registrants)

New Accounting Standards Issued and Not Yet Adopted: The following new authoritative accounting guidance issued by the FASB has not yet been adopted and reflected by the Registrants in their consolidated financial statements. Unless otherwise indicated, the Registrants are currently assessing the impacts such guidance may have (which could be material) on their Consolidated Balance Sheets, Consolidated Statements of Operations and Comprehensive Income, Consolidated Statements of Cash Flows and disclosures, as well as the potential to early adopt where applicable. The Registrants have assessed other FASB issuances of new standards which are not listed below given the current expectation such standards will not significantly impact the Registrants' financial reporting.

Revenue from Contracts with Customers (Issued May 2014 and subsequently amended to address implementation questions): Changes the criteria for recognizing revenue from a contract with a customer. The new revenue recognition guidance, including subsequent amendments, is effective for annual reporting periods beginning on or after December 15, 2017, with the option to early adopt the standard for annual periods beginning on or after December 15, 2016. Exelon has not early adopted this standard.

The new standard replaces existing guidance on revenue recognition, including most industry specific guidance, with a five step model for recognizing and measuring revenue from contracts with customers. The objective of the new standard is to provide a single, comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, across industries, and across capital markets. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The guidance also requires a number of disclosures regarding the nature, amount, timing, and uncertainty of revenue and the related cash flows. The guidance can be applied retrospectively to each prior reporting period presented (full retrospective method) or retrospectively with a cumulative effect adjustment to retained earnings for initial application of the guidance at the date of initial adoption (modified retrospective method).

The Registrants have assessed the revenue recognition standard and are executing a detailed implementation plan in preparation for adoption on January 1, 2018. The Registrants have also actively participated in the AICPA Power and Utilities Industry Task Force (Industry Task Force) process to identify implementation issues and support the development of related implementation guidance. In coordination with the Industry Task Force, the Registrants have reached conclusions on the following key accounting issues:

- The Utility Registrants' tariff sale contracts, including those with lower credit quality customers, are generally deemed to be probable of collection under the guidance and, thus, the timing of revenue recognition will continue to be concurrent with the delivery of electricity or natural gas, consistent with current practice;

- Consistent with current industry practice, revenues recognized from sales of bundled energy commodities (i.e., contracts involving the delivery of multiple energy commodities such as electricity, capacity, ancillary services, etc.) are generally expected to be recognized upon delivery to the customer in an amount based on the invoice price given that it corresponds directly with the value of the commodities transferred to the customer; and

- Contributions in aid of construction are outside of the scope of the standard and, therefore, will continue to be accounted for as a reduction to Property, Plant, and Equipment.

The Registrants have also completed the following key activities in their implementation plan:

- Evaluated existing contracts and revenue streams for potential changes in revenue recognition under the new guidance. Based on these assessments, the Registrants have identified the following items that will be accounted for differently under the new revenue guidance as compared to current guidance:

    - Costs to acquire certain contracts (e.g., sales commissions associated with retail power contracts) will be deferred and amortized ratably over the term of the contract rather than being expensed as incurred; and

    - Variable consideration within certain contracts (e.g., performance bonuses) will be estimated and recognized as revenue over the term of the contract rather than being recognized when realized

  Notwithstanding these identified changes, Exelon does not expect the new guidance will have a material impact on the amount and timing of revenue recognition;

- Currently expect to apply the new guidance using the full retrospective method; and

- Generation expects to disclose disaggregated revenue by operating segment and further differentiation by major products (i.e., electric power and gas) and the Utility Registrants expect to disclose disaggregated revenue by major customer class (i.e., residential and commercial & industrial) separately for electric and gas in the Combined Notes to Consolidated Financial Statements.

Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost (Issued March 2017): The new standard will require significant changes to the accounting and presentation of pension and OPEB costs at the plan sponsor (i.e., Exelon) level. This guidance requires plan sponsors to report the service cost and other non-service cost components of net periodic pension cost and net periodic OPEB cost (together, net benefit cost) separately. Under current GAAP, net benefit cost is recorded as part of income from operations and the components are disclosed in the Retirement Benefits footnote. Service cost will be presented as part of income from operations and the other non-service cost components will be classified outside of income from operations on the Consolidated

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Statements of Operations and Comprehensive Income. Additionally, service cost is the only component eligible for capitalization (whereas under current GAAP, all components of net benefit cost are eligible for capitalization).

Generation, ComEd, PECO, BGE, BSC, PHI, Pepco, DPL, ACE and PHISCO participate in Exelon's single employer pension and OPEB plans and apply multi-employer accounting. Multi-employer accounting is not impacted by this standard, so Exelon's subsidiary financial statements will not change. On Exelon's consolidated financial statements, non-service cost components of pension and OPEB cost capitalizable under a regulatory framework will be reported as regulatory assets (currently, they are capitalizable under pension and OPEB accounting guidance and reported as PP&E). These regulatory assets will be amortized outside of operating income.

The standard is effective January 1, 2018 and requires retrospective application for the presentation of the service cost component and the other non-service cost components of net benefit cost and prospective application for the capitalization of only the service cost component of net benefit cost. Exelon will not early adopt this standard.

Leases (Issued February 2016): Increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The guidance requires lessees to recognize both the right-of-use assets and lease liabilities in the balance sheet for most leases, whereas today only financing type lease liabilities (capital leases) are recognized in the balance sheet. This is expected to require significant changes to systems, processes and procedures in order to recognize and measure leases recorded on the balance sheet that are currently classified as operating leases. In addition, the definition of a lease has been revised in regards to when an arrangement conveys the right to control the use of the identified asset under the arrangement which may result in changes to the classification of an arrangement as a lease. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee have not significantly changed from current GAAP. The accounting applied by a lessor is largely unchanged from that applied under current GAAP. The standard is effective January 1, 2019. Early adoption is permitted, however the Registrants do not expect to early adopt the standard. Lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. Refer to Note 24 — Commitments and Contingencies of the Combined Notes to the Consolidated Financial Statements in the Exelon 2016 Form 10-K for additional information regarding operating leases.

Impairment of Financial Instruments (Issued June 2016): Provides for a new Current Expected Credit Loss (CECL) impairment model for specified financial instruments including loans, trade receivables, debt securities classified as held-to-maturity investments and net investments in leases recognized by a lessor. Under the new guidance, on initial recognition and at each reporting period, an entity is required to recognize an allowance that reflects the entity's current estimate of credit losses expected to be incurred over the life of the financial instrument. The standard does not make changes to the existing impairment models for non-financial assets such as fixed assets, intangibles and goodwill. The standard will be effective January 1, 2020 (with early adoption as of January 1, 2019 permitted) and, for most debt instruments, requires a modified retrospective transition approach through a cumulative-effect adjustment to retained earnings as of the beginning of the period of adoption.

Derivatives and Hedging (Issued September 2017): Allows more financial and nonfinancial hedging strategies to be eligible for hedge accounting. The amendments are intended to more closely align hedge accounting with companies' risk management strategies, simplify the application of hedge accounting, and increase transparency as to the scope and results of hedging programs. There are also amendments related to effectiveness testing and disclosure requirements. The guidance is effective January 1, 2019 and early adoption is permitted with a modified retrospective transition approach. The Registrants are currently assessing this standard but do not currently expect a significant impact given the limited activity for which the Registrants elect hedge accounting and because the Registrants do not anticipate increasing their use of hedge accounting as a result of this standard.

Goodwill Impairment (Issued January 2017): Simplifies the accounting for goodwill impairment by removing Step 2 of the current test, which requires calculation of a hypothetical purchase price allocation. Under the revised guidance, goodwill impairment will be measured as the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill (currently Step 1 of the two step impairment test). Entities will continue to have the option to perform a qualitative assessment to determine if a quantitative impairment test is necessary. Exelon, Generation, ComEd, PHI, and DPL have goodwill as of September 30, 2017 . This updated guidance is not currently expected to impact the Registrants' financial reporting. The standard is effective January 1, 2020, with early adoption permitted, and must be applied on a prospective basis.

Clarifying the Definition of a Business (Issued January 2017): Clarifies the definition of a business with the objective of addressing whether acquisitions (or dispositions) should be accounted for as acquisitions/dispositions of assets or as acquisitions/dispositions of businesses. If substantially all the fair value of the assets acquired/disposed of is concentrated in a single identifiable asset or a group of similar identifiable assets, the set of transferred assets and activities is not a business. If the fair value of the assets acquired/disposed of is not concentrated in a single identifiable asset or a group of similar identifiable assets, then an entity must evaluate whether an input and a substantive process exist, which together significantly contribute to the ability to produce outputs. The standard also revises the definition of outputs to focus on goods and services to customers. The standard will likely result in more acquisitions being accounted for as asset acquisitions. The standard is effective January 1, 2018, with early adoption permitted, and must be applied on a prospective basis.

Intra-Entity Transfers of Assets Other Than Inventory (Issued October 2016): Requires entities to recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs (current GAAP prohibits the recognition of current and deferred income taxes for an intra-entity asset transfer until the asset has been sold to an outside party). The standard is effective January 1, 2018 with early adoption permitted. The guidance requires a modified retrospective transition approach through a cumulative-effect adjustment to retained earnings as of the beginning of the period of adoption.

Statement of Cash Flows: Classification of Certain Cash Receipts and Cash Payments (Issued August 2016) and Restricted Cash (Issued November 2016): In 2016, the FASB issued two standards impacting the Statement of Cash Flows. The first adds or clarifies guidance on the classification of certain cash receipts and payments on the statement of cash flows as follows: debt prepayment or extinguishment costs, settlement of zero-coupon bonds, contingent consideration payments made after a business combination, proceeds from the settlement of insurance claims, proceeds from the settlement of corporate-owned life insurance policies and bank-owned life insurance policies, distributions received from equity method investees, beneficial interest in securitization transactions, and the application of the predominance principle to separately identifiable cash flows. The second states that amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows (instead of being presented as cash flow activities). The Registrants will adopt both standards on January 1, 2018 on a retrospective basis. Adoption of the second standard will result in a change in presentation of restricted cash on the face of the Statement of Cash Flows; otherwise the Registrants do not expect that this guidance will have a significant impact on the Registrants' Consolidated Statements of Cash Flows and disclosures.

Recognition and Measurement of Financial Assets and Financial Liabilities (Issued January 2016): (i) Requires all investments in equity securities, including other ownership interests such as partnerships, unincorporated joint ventures and limited liability companies, to be carried at fair value through net income, (ii) requires an incremental recognition and disclosure requirement related to the presentation of fair value changes of financial liabilities for which the fair value option has been elected, (iii) amends several disclosure requirements, including the methods and significant assumptions used to estimate fair value or a description of the changes in the methods and assumptions used to estimate fair value, and (iv) requires disclosure of the fair value of financial assets and liabilities measured at amortized cost at the amount that would be received to sell the asset or paid to transfer the liability. The standard is effective January 1, 2018 with early adoption permitted. The guidance requires a modified retrospective transition approach with a cumulative effect adjustment to retained earnings for initial application of the guidance at the date of adoption. The Registrants will not early adopt this standard. The Registrants do not expect that this guidance will have a significant impact on the Registrants' Consolidated Balance Sheets, Consolidated Statements of Operations and Comprehensive Income, and Consolidated Statements of Cash Flows.

3 . Variable Interest Entities (All Registrants)

A VIE is a legal entity that possesses any of the following characteristics: an insufficient amount of equity at risk to finance its activities, equity owners who do not have the power to direct the significant activities of the entity (or have voting rights that are disproportionate to their ownership interest) or equity owners who do not have the obligation to absorb expected losses or the right to receive the expected residual returns of the entity. Companies are required to consolidate a VIE if they are its primary beneficiary, which is the enterprise that has the power to direct the activities that most significantly affect the entity's economic performance.

At September 30, 2017 and December 31, 2016 , Exelon, Generation, BGE, PHI and ACE collectively consolidated six and nine VIEs or VIE groups, respectively, for which the applicable Registrant was the primary beneficiary (*see*

Consolidated Variable Interest Entities below) . As of September 30, 2017 and December 31, 2016 , Exelon and Generation collectively had significant interests in seven and eight , respectively, other VIEs for which the applicable Registrant does not have the power to direct the entities' activities and, accordingly, was not the primary beneficiary (*see Unconsolidated Variable Interest Entities below)* .

Consolidated Variable Interest Entities

In July 2017, Generation entered into an arrangement to sell a 49% interest in ExGen Renewables Partners, LLC (the Renewable JV) to an outside investor for $400 million of cash plus immaterial working capital and other customary post-closing adjustments. The Renewable JV meets the definition of a VIE because the Renewable JV has a similar structure to a limited partnership and the limited partners do not have kick out rights with respect to the general partner. Additionally, under the VIE guidance Generation is the primary beneficiary because Generation maintains the controlling financial interest; therefore, Generation will continue to consolidate the Renewable JV.

Generation owned 90% of a biomass fueled, combined heat and power company. In the second quarter of 2015, the entity was deemed to be a VIE because the entity required additional subordinated financial support in the form of a parental guarantee provided by Generation for up to $275 million in support of the payment obligations related to the Engineering, Procurement and Construction (EPC) contract (see Note 14 - Debt and Credit Agreements for additional details on Albany Green Energy, LLC). During the third quarter of 2017, the ownership of the entity increased to 99% , all payment obligations related to the EPC contract were satisfied, and the parental guarantee provided by Generation was terminated. As a result, the entity is now sufficiently capitalized and no longer meets the definition of a VIE. The entity was previously disclosed in "a group of companies formed by Generation to build, own and operate other generating facilities" as of December 31, 2016 . However, the biomass facility will continue to be consolidated by Generation under the voting interest model.

RSB BondCo LLC (BondCo) is a special purpose bankruptcy remote limited liability company formed by BGE to acquire, hold, issue and service bonds secured by rate stabilization property. BGE is required to remit all payments it receives from all residential customers through non-bypassable, rate stabilization charges to BondCo. In the second quarter of 2017 the rate stabilization bonds were fully redeemed and BGE remitted its final payment to BondCo. During the nine months ended September 30, 2017 , BGE remitted $22 million to BondCo. During the three and nine months ended September 30, 2016 , BGE remitted $27 million and $64 million to BondCo, respectively. Upon the redemption of the bonds, BondCo no longer meets the definition of a variable interest entity and is removed from the list of consolidated VIEs noted below.

During 2009, Constellation formed a retail gas group to enter into a collateralized gas supply agreement with a third-party gas supplier. The retail gas group was determined to be a VIE because there was not sufficient equity to fund the group's activities without additional credit support and a $75 million parental guarantee provided by Generation. As the primary beneficiary, Generation consolidated the retail gas group. During the second quarter of 2017, the collateral structure was terminated with the third-party gas supplier except for the $75 million parental guarantee provided by Generation. Although the parental guarantee will remain, this is considered customary and reasonable for the unsecured position Generation has with the third-party gas supplier. As a result of the termination, the retail gas group no longer met the definition of a VIE and was removed from the list of consolidated VIEs noted below. However, the retail gas group continues to be consolidated by Generation under the voting interest model.

As of September 30, 2017 , Exelon's and Generation's consolidated VIEs consist of:

- Renewable energy project companies formed by Generation to build, own and operate renewable power facilities, which were previously separated into two separate VIE groups for solar project limited liability companies and wind project companies as of December 31, 2016,
- Constellation EG, LLC (a company that operates back-up generation for a third-party), which was previously included in a group of companies formed by Generation to build, own and operate other generating facilities as of December 31, 2016,
- certain retail power and gas companies for which Generation is the sole supplier of energy,
- CENG,
- 2015 ESA Investco, LLC, a company that holds an equity method investment in a distributed energy company, and

As of September 30, 2017 , Exelon's, PHI's and ACE's consolidated VIE consists of:

- ATF , a special purpose entity formed by ACE for the purpose of securitizing authorized portions of ACE's recoverable stranded costs through the issuance and sale of transition bonds.

As of September 30, 2017 and December 31, 2016 , ComEd, PECO, Pepco and DPL did not have any material consolidated VIEs.

As of September 30, 2017 and December 31, 2016 , Exelon and Generation provided the following support to their respective consolidated VIEs:

- Generation provides operating and capital funding to the renewable energy project companies and there is limited recourse to Generation related to certain renewable energy project companies.
- Generation provides operating and capital funding to Constellation EG, LLC.
- Generation provides approximately $31 million in credit support for the retail power and gas companies for which Generation is the sole supplier of energy.
- Exelon and Generation, where indicated, provide the following support to CENG (see Note 5 — Investment in Constellation Energy Nuclear Group, LLC and Note 27 — Related Party Transactions of the Exelon 2016 Form 10-K for additional information regarding Generation's and Exelon's transactions with CENG):
  - under the NOSA, Generation conducts all activities related to the operation of the CENG nuclear generation fleet owned by CENG subsidiaries (the CENG fleet) and provides corporate and administrative services for the remaining life and decommissioning of the CENG nuclear plants as if they were a part of the Generation nuclear fleet, subject to the CENG member rights of EDF,
  - under the Power Services Agency Agreement (PSAA), Generation provides scheduling, asset management and billing services to the CENG fleet for the remaining operating life of the CENG nuclear plants,
  - under power purchase agreements with CENG, Generation purchased or will purchase 50.01% of the available output generated by the CENG nuclear plants not subject to other contractual agreements from January 2015 through the end of the operating life of each respective plant. However, pursuant to amendments dated March 31, 2015, the energy obligations under the Ginna Nuclear Power Plant (Ginna) PPAs were suspended during the term of the Reliability Support Services Agreement (RSSA), through the end of March 31, 2017. With the expiration of the RSSA, the PPA was reinstated beginning April 1, 2017 (see Note 5 — Regulatory Matters for additional details),
  - Generation provided a $400 million loan to CENG. As of September 30, 2017 , the remaining obligation is $328 million , including accrued interest, which reflects the principal payment made in January 2015,
  - Generation executed an Indemnity Agreement pursuant to which Generation agreed to indemnify EDF against third-party claims that may arise from any future nuclear incident (as defined in the Price-Anderson Act) in connection with the CENG nuclear plants or their operations. Exelon guarantees Generation's obligations under this Indemnity Agreement. (See Note 18 — Commitments and Contingencies for more details),
  - Generation and EDF share in the $637 million of contingent payment obligations for the payment of contingent retrospective premium adjustments for the nuclear liability insurance,
  - Generation provides a guarantee of approximately $8 million associated with hazardous waste management facilities and underground storage tanks. In addition, EDF executed a reimbursement agreement that provides reimbursement to Exelon for 49.99% of any amounts paid by Generation under this guarantee,
  - Generation and EDF are the members-insured with Nuclear Electric Insurance Limited and have assigned the loss benefits under the insurance and the NEIL premium costs to CENG and guarantee the obligations of CENG under these insurance programs in proportion to their respective member interests (see Note 18 — Commitments and Contingencies for more details), and

- Exelon has executed an agreement to provide up to $245 million to support the operations of CENG as well as a $165 million guarantee of CENG's cash pooling agreement with its subsidiaries.

As of September 30, 2017 and December 31, 2016 , Exelon, PHI and ACE provided the following support to their respective consolidated VIE:

- In the case of ATF, proceeds from the sale of each series of transition bonds by ATF were transferred to ACE in exchange for the transfer by ACE to ATF of the right to collect a non-bypassable Transition Bond Charge from ACE customers pursuant to bondable stranded costs rate orders issued by the NJBPU in an amount sufficient to fund the principal and interest payments on transition bonds and related taxes, expenses and fees. During the three and nine months ended September 30, 2017 , ACE transferred $11 million and $39 million to ATF, respectively. During the three and nine months ended September 30, 2016 , ACE transferred $20 million and $47 million to ATF, respectively.

For each of the consolidated VIEs, except as otherwise noted:

- the assets of the VIEs are restricted and can only be used to settle obligations of the respective VIE;
- Exelon, Generation, PHI and ACE did not provide any additional material financial support to the VIEs;
- Exelon, Generation, PHI and ACE did not have any material contractual commitments or obligations to provide financial support to the VIEs; and
- the creditors of the VIEs did not have recourse to Exelon's, Generation's, PHI's or ACE's general credit.

The carrying amounts and classification of the consolidated VIEs' assets and liabilities included in the Registrants' consolidated financial statements at September 30, 2017 and December 31, 2016 are as follows:

	September 30, 2017				December 31, 2016				
			Successor					Successor	
	Exelon (a)	Generation	PHI (a)	ACE	Exelon (a)(b)	Generation	BGE	PHI (a)	ACE
Current assets	$ 657	$ 644	$ 13	$ 9	$ 954	$ 916	$ 23	$ 14	$ 9
Noncurrent assets	9,252	9,222	30	22	8,563	8,525	3	35	23
Total assets	$ 9,909	$ 9,866	$ 43	$ 31	$ 9,517	$ 9,441	$ 26	$ 49	$ 32
Current liabilities	$ 404	$ 367	$ 37	$ 33	$ 885	$ 802	$ 42	$ 42	$ 37
Noncurrent liabilities	3,290	3,215	75	67	2,713	2,612	—	101	89
Total liabilities	$ 3,694	$ 3,582	$ 112	$ 100	$ 3,598	$ 3,414	$ 42	$ 143	$ 126

(a) Includes certain purchase accounting adjustments not pushed down to the ACE standalone entity.
(b) Includes certain purchase accounting adjustments not pushed down to the BGE standalone entity.

Assets and Liabilities of Consolidated VIEs

Included within the balances above are assets and liabilities of certain consolidated VIEs for which the assets can only be used to settle obligations of those VIEs, and liabilities that creditors or beneficiaries do not have recourse to the general credit of the Registrants. As of September 30, 2017 and December 31, 2016 , these assets and liabilities primarily consisted of the following:

	September 30, 2017				December 31, 2016				
			Successor					Successor	
	Exelon [a]	Generation	PHI [a]	ACE	Exelon [a][b]	Generation	BGE	PHI [a]	ACE
Cash and cash equivalents	$ 130	$ 130	$ —	$ —	$ 150	$ 150	$ —	$ —	$ —
Restricted cash	85	76	9	9	59	27	23	9	9
Accounts receivable, net									
Customer	139	139	—	—	371	371	—	—	—
Other	25	25	—	—	48	48	—	—	—
Mark-to-market derivatives assets	—	—	—	—	31	31	—	—	—
Inventory									
Materials and supplies	196	196	—	—	199	199	—	—	—
Other current assets	56	52	4	—	50	44	—	5	—
Total current assets	631	618	13	9	908	870	23	14	9
Property, plant and equipment, net	6,213	6,213	—	—	5,415	5,415	—	—	—
Nuclear decommissioning trust funds	2,415	2,415	—	—	2,185	2,185	—	—	—
Goodwill	—	—	—	—	47	47	—	—	—
Mark-to-market derivative assets	—	—	—	—	23	23	—	—	—
Other noncurrent assets	261	231	30	22	315	277	3	35	23
Total noncurrent assets	8,889	8,859	30	22	7,985	7,947	3	35	23
Total assets	$ 9,520	$ 9,477	$ 43	$ 31	$ 8,893	$ 8,817	$ 26	$ 49	$ 32
Long-term debt due within one year	$ 182	$ 146	$ 36	$ 32	$ 181	$ 99	$ 41	$ 40	$ 35
Accounts payable	104	104	—	—	269	269	—	—	—
Accrued expenses	90	89	1	1	119	116	1	2	2
Mark-to-market derivative liabilities	—	—	—	—	60	60	—	—	—
Unamortized energy contract liabilities	17	17	—	—	15	15	—	—	—
Other current liabilities	11	11	—	—	30	30	—	—	—
Total current liabilities	404	367	37	33	674	589	42	42	37
Long-term debt	1,172	1,097	75	67	641	540	—	101	89
Asset retirement obligations	2,009	2,009	—	—	1,904	1,904	—	—	—
Pension obligation [c]	—	—	—	—	9	9	—	—	—
Unamortized energy contract liabilities	9	9	—	—	22	22	—	—	—
Other noncurrent liabilities	94	94	—	—	106	106	—	—	—
Total noncurrent liabilities	3,284	3,209	75	67	2,682	2,581	—	101	89
Total liabilities	$ 3,688	$ 3,576	$ 112	$ 100	$ 3,356	$ 3,170	$ 42	$ 143	$ 126

(a) Includes certain purchase accounting adjustments not pushed down to the ACE standalone entity.
(b) Includes certain purchase accounting adjustments not pushed down to the BGE standalone entity.
(c) Includes the retail gas pension obligation, which is presented as a net asset balance within the Prepaid pension asset line item on Generation's Consolidated Balance Sheets. See Note 14 - Retirement Benefits for additional details.

Unconsolidated Variable Interest Entities

Exelon's and Generation's variable interests in unconsolidated VIEs generally include equity investments and energy purchase and sale contracts. For the equity investments, the carrying amount of the investments is reflected on Exelon's and Generation's Consolidated Balance Sheets in Investments. For the energy purchase and sale contracts (commercial agreements), the carrying amount of assets and liabilities in Exelon's and Generation's Consolidated Balance Sheets that relate to their involvement with the VIEs are predominantly related to working capital accounts

and generally represent the amounts owed by, or owed to, Exelon and Generation for the deliveries associated with the current billing cycles under the commercial agreements. Further, Exelon and Generation have not provided material debt or equity support, liquidity arrangements or performance guarantees associated with these commercial agreements.

As of September 30, 2017 , Exelon's and Generation's unconsolidated VIEs consist of:

- Energy purchase and sale agreements with VIEs for which Generation has concluded that consolidation is not required.
- Asset sale agreement with ZionSolutions, LLC and EnergySolutions, Inc. in which Generation has a variable interest but has concluded that consolidation is not required.
- Equity investments in distributed energy companies and energy generating facilities for which Generation has concluded that consolidation is not required.

As of September 30, 2017 and December 31, 2016 , ComEd, PECO, BGE, PHI, Pepco, ACE, and DPL did not have any material unconsolidated VIEs.

As of September 30, 2017 and December 31, 2016 , Exelon and Generation had significant unconsolidated variable interests in seven and eight VIEs, respectively, for which Exelon or Generation, as applicable, was not the primary beneficiary; including certain equity investments and certain commercial agreements. The decrease in the number of unconsolidated VIEs is due to the sale of an equity investment in an energy generating facility. Exelon and Generation only include unconsolidated VIEs that are individually material in the tables below. However, Generation has several individually immaterial VIEs that in aggregate represent a total investment of $17 million . These immaterial VIEs are equity and debt securities in energy development companies. The maximum exposure to loss related to these securities is limited to the $17 million included in Investments on Exelon’s and Generation’s Consolidated Balance Sheets . The risk of a loss was assessed to be remote and, accordingly, Exelon and Generation have not recognized a liability associated with any portion of the maximum exposure to loss.

In June 2015, 2015 ESA Investco, LLC, then a wholly owned subsidiary of Generation, entered into an arrangement to purchase a 90% equity interest and 99% of the tax attributes of a distributed energy company, which is an unconsolidated VIE. In November 2015, Generation sold 69% of its equity interest in 2015 ESA Investco, LLC to a tax equity investor. Generation and the tax equity investor contributed a total of $227 million of equity incrementally from inception through the first quarter of 2017 in proportion of their ownership interests. Generation and the tax equity investor provided a parental guarantee of up to $275 million in proportion to their ownership interests in support of 2015 ESA Investco, LLC's obligation to make equity contributions to the distributed energy company. As all equity contributions were made as of the first quarter 2017, there is no further payment obligation under the parental guarantee.

The following tables present summary information about Exelon's and Generation's significant unconsolidated VIE entities:

September 30, 2017	Commercial Agreement VIEs	Equity Investment VIEs	Total
Total assets [a]	$ 635	$ 519	$ 1,154
Total liabilities [a]	39	229	268
Exelon's ownership interest in VIE [a]	—	259	259
Other ownership interests in VIE [a]	596	31	627
Registrants' maximum exposure to loss:			
Carrying amount of equity method investments	—	259	259
Contract intangible asset	9	—	9
Debt and payment guarantees	—	—	—
Net assets pledged for Zion Station decommissioning [b]	4	—	4

December 31, 2016	Commercial Agreement VIEs	Equity Investment VIEs	Total
Total assets [a]	$ 638	$ 567	$ 1,205
Total liabilities [a]	215	287	502
Exelon's ownership interest in VIE [a]	—	248	248
Other ownership interests in VIE [a]	423	32	455
Registrants' maximum exposure to loss:			
Carrying amount of equity method investments	—	264	264
Contract intangible asset	9	—	9
Debt and payment guarantees	—	3	3
Net assets pledged for Zion Station decommissioning [b]	9	—	9

(a) These items represent amounts on the unconsolidated VIE balance sheets, not on Exelon's or Generation's Consolidated Balance Sheets. These items are included to provide information regarding the relative size of the unconsolidated VIEs.

(b) These items represent amounts on Exelon's and Generation's Consolidated Balance Sheets related to the asset sale agreement with ZionSolutions, LLC. The net assets pledged for Zion Station decommissioning includes gross pledged assets of $57 million and $113 million as of September 30, 2017 and December 31, 2016 , respectively; offset by payables to ZionSolutions LLC of $53 million and $104 million as of September 30, 2017 and December 31, 2016 , respectively. These items are included to provide information regarding the relative size of the ZionSolutions LLC unconsolidated VIE. See Note 13 - Nuclear Decommissioning for additional details.

For each of the unconsolidated VIEs, Exelon and Generation have assessed the risk of a loss equal to their maximum exposure to be remote and, accordingly, Exelon and Generation have not recognized a liability associated with any portion of the maximum exposure to loss. In addition, there are no material agreements with, or commitments by, third parties that would affect the fair value or risk of their variable interests in these VIEs.

BGE

The financing trust of BGE, BGE Capital Trust II, was created in 2003 for the purpose of issuing mandatorily redeemable trust preferred securities. In the third quarter of 2017, BGE redeemed the securities pursuant to the optional redemption provisions of the Indenture, under which the subordinated debt securities were issued, and dissolved BGE Capital Trust II. Prior to dissolution the BGE Capital Trust II was not consolidated in Exelon's or BGE's financial statements. BGE concluded it did not have a significant variable interest in BGE Capital Trust II as BGE financed its equity interest in the financing trust through the issuance of subordinated debt and, therefore, had no equity at risk. See Note 14 - Debt and Credit Agreements of the Exelon 2016 Form 10-K for additional information.

4 . Mergers, Acquisitions and Dispositions (Exelon, Generation, PHI, Pepco and DPL)

Acquisition of James A. FitzPatrick Nuclear Generating Station (Exelon and Generation)

On March 31, 2017, Generation acquired the 838 MW single-unit James A. FitzPatrick (FitzPatrick) nuclear generating station located in Scriba, New York from Entergy Nuclear FitzPatrick LLC (Entergy) for a total purchase price of $289 million , which consisted of a cash purchase price of $110 million and a net cost reimbursement to and on behalf of Entergy of $179 million . As part of the acquisition agreements, Generation provided nuclear fuel and reimbursed Entergy for incremental costs to prepare for and conduct a plant refueling outage; and Generation reimbursed Entergy for incremental costs to operate and maintain the plant for the period after the refueling outage through the acquisition closing date. These reimbursements covered costs that Entergy otherwise would have avoided had it shut down the plant as originally intended in January 2017. The amounts reimbursed by Generation were offset by FitzPatrick's electricity and capacity sales revenues for this same post-outage period. As part of the transaction, Generation received the FitzPatrick NDT fund assets and assumed the obligation to decommission FitzPatrick. The NRC license for FitzPatrick expires in 2034. As of September 30, 2017 , Generation had remitted purchase price consideration of $289 million (including $235 million of cash and $54 million of nuclear fuel) to and on behalf of Entergy.

The fair values of FitzPatrick’s assets and liabilities were determined based on significant estimates and assumptions that are judgmental in nature, including projected future cash flows (including timing), discount rates reflecting risk inherent in the future cash flows and future power and fuel market prices. The valuations performed in the first quarter of 2017 to determine the fair value of the FitzPatrick assets acquired and liabilities assumed were preliminary. Accounting guidance provides that the allocation of the purchase price may be modified up to one year from the date of the acquisition to the extent that additional information is obtained about the facts and circumstances that existed as of the acquisition date.

During the third quarter of 2017, certain modifications were made to the initial preliminary valuation amounts for acquired property, plant and equipment, the decommissioning ARO, pension and OPEB obligations and related deferred tax liabilities, resulting in a $3 million net increase in assets acquired and liabilities assumed. Additionally, in the third quarter a purchase price settlement payment of $4 million was received from Entergy. Consequently, Exelon and Generation recorded an additional after-tax bargain purchase gain of $7 million for the three months ended September 30, 2017 . For the nine months ended September 30, 2017 , the after-tax bargain purchase gain of $233 million is included within Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income and primarily reflects differences in strategies between Generation and Entergy for the intended use and ultimate decommissioning of the plant. There are no further adjustments expected to be made to the allocation of the purchase price. See Note 13 - Nuclear Decommissioning and Note 14 - Retirement Benefits for additional information regarding the FitzPatrick decommissioning ARO and pension and OPEB updates.

The following table summarizes the acquisition-date fair value of the consideration transferred and the assets and liabilities assumed for the FitzPatrick acquisition by Generation as of September 30, 2017:

Cash paid for purchase price	$	110
Cash paid for net cost reimbursement		125
Nuclear fuel transfer		54
Total consideration transferred	$	289
Identifiable assets acquired and liabilities assumed		
Current assets	$	60
Property, plant and equipment		298
Nuclear decommissioning trust funds		807
Other assets [(a)]		114
Total assets	$	1,279
Current liabilities	$	6
Nuclear decommissioning ARO		444
Pension and OPEB obligations		33
Deferred income taxes		149
Spent nuclear fuel obligation		110
Other liabilities		15
Total liabilities	$	757
Total net identifiable assets, at fair value	$	522
Bargain purchase gain (after-tax)	$	233

(a) Includes a $110 million asset associated with a contractual right to reimbursement from the New York Power Authority (NYPA), a prior owner of FitzPatrick, associated with the DOE one-time fee obligation. See Note 24 - Commitments and Contingencies of the Exelon 2016 Form 10-K for additional background regarding SNF obligations to the DOE.

For the three and nine months ended September 30, 2017 , Exelon and Generation incurred $6 million and $53 million , respectively, of merger and integration related costs which are included within Operating and maintenance expense in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income.

Acquisition of ConEdison Solutions (Exelon and Generation)

On September 1, 2016, Generation acquired the competitive retail electricity and natural gas business of Consolidated Edison Solutions, Inc. (ConEdison Solutions), a subsidiary of Consolidated Edison, Inc. for a purchase price of $257 million including net working capital of $204 million . The renewable energy, sustainable services and energy efficiency businesses of ConEdison Solutions are excluded from the transaction.

The fair values of ConEdison Solutions' assets and liabilities were determined based on significant estimates and assumptions that are judgmental in nature, including projected future cash flows (including timing), discount rates reflecting risk inherent in the future cash flows and future power and fuel market prices. The purchase price equaled the estimated fair value of the net assets acquired and the liabilities assumed and, therefore, no goodwill or bargain purchase was recorded as of the acquisition date. The purchase price allocation is now final.

The following table summarizes the final acquisition-date fair value of the consideration transferred and the assets and liabilities assumed for the ConEdison Solutions acquisition by Generation:

Total consideration transferred	$	257
Identifiable assets acquired and liabilities assumed		
Working capital assets	$	204
Property, plant and equipment		2
Mark-to-market derivative assets		6
Unamortized energy contract assets		100
Customer relationships		9
Other assets		1
Total assets	$	322
Mark-to-market derivative liabilities	$	65
Total liabilities	$	65
Total net identifiable assets, at fair value	$	257

Merger with Pepco Holdings, Inc. (Exelon)

Description of Transaction

On March 23, 2016 , Exelon completed the merger contemplated by the Merger Agreement among Exelon, Purple Acquisition Corp., a wholly owned subsidiary of Exelon (Merger Sub) and Pepco Holdings, Inc. (PHI). As a result of that merger, Merger Sub was merged into PHI (the PHI Merger) with PHI surviving as a wholly owned subsidiary of Exelon and Exelon Energy Delivery Company, LLC (EEDC), a wholly owned subsidiary of Exelon which also owns Exelon's interests in ComEd, PECO and BGE (through a special purpose subsidiary in the case of BGE). Following the completion of the PHI Merger, Exelon and PHI completed a series of internal corporate organization restructuring transactions resulting in the transfer of PHI's unregulated business interests to Exelon and Generation and the transfer of PHI, Pepco, DPL and ACE to a special purpose subsidiary of EEDC.

Regulatory Matters

Approval of the merger in Delaware, New Jersey, Maryland and the District of Columbia was conditioned upon Exelon and PHI agreeing to certain commitments including where applicable: customer rate credits, funding for energy efficiency and delivery system modernization programs, a green sustainability fund, workforce development initiatives, charitable contributions, renewable generation and other required commitments. In addition, the orders approving the merger in Delaware, New Jersey, and Maryland include a "most favored nation" provision which, generally, requires allocation of merger benefits proportionally across all the jurisdictions.

During the third and fourth quarters of 2016, Exelon and PHI filed proposals in Delaware, New Jersey and Maryland for amounts and allocations reflecting the application of the most favored nation provision, resulting in a total nominal cost of commitments of $513 million , excluding renewable generation commitments (approximately $444 million on a net present value basis amount, excluding renewable generation commitments and charitable contributions). These filings reflected agreements reached with certain parties to the merger proceedings in these jurisdictions. In 2016, the DPSC and NJBPU approved the amounts and allocations of the additional merger benefits for Delaware and New Jersey, respectively. On April 12, 2017, the MDPSC issued an order approving the amounts of the additional merger benefits for Maryland, but amending the proposed allocations of the benefits. The amended allocations do not have a material effect on any of the Registrants' financial statements. No changes in commitment cost levels are required in the District of Columbia.

During the second quarter of 2017, Exelon finalized the application of $8 million funding for low- and moderate-income customers in the Pepco Maryland and DPL Maryland service territories. This resulted in an adjustment to merger commitment costs recorded at Exelon Corporate, Pepco, and DPL. Exelon Corporate recorded an increase of $8 million and Pepco and DPL recorded a decrease of $6 million and $2 million , respectively, in Operating and maintenance expense.

The following amounts represent total commitment costs for Exelon, PHI, Pepco, DPL and ACE that have been recorded since the acquisition date:

Description	Expected Payment Period	Pepco	DPL	ACE	Successor PHI	Exelon
Rate credits	2016 - 2017	$ 91	$ 67	$ 101	$ 259	$ 259
Energy efficiency	2016 - 2021	—	—	—	—	122
Charitable contributions	2016 - 2026	28	12	10	50	50
Delivery system modernization	Q2 2017	—	—	—	—	22
Green sustainability fund	Q2 2017	—	—	—	—	14
Workforce development	2016 - 2020	—	—	—	—	17
Other		1	5	—	6	29
Total		$ 120	$ 84	$ 111	$ 315	$ 513

Pursuant to the orders approving the merger, Exelon made $73 million , $46 million and $49 million of equity contributions to Pepco, DPL and ACE, respectively, in the second quarter of 2016 to fund the after-tax amounts of the customer bill credit and the customer base rate credit commitments.

In addition, Exelon is committed to develop or to assist in the commercial development of approximately 37 MWs of new generation in Maryland, District of Columbia, and Delaware, 27 MWs of which are expected to be completed by 2018. These investments are expected to total approximately $137 million , are expected to be primarily capital in nature, and will generate future earnings at Exelon and Generation. Investment costs will be recognized as incurred and recorded on Exelon's and Generation's financial statements. Exelon has also committed to purchase 100 MWs of wind energy in PJM, to procure 120 MWs of wind RECs for the purpose of meeting Delaware's renewable portfolio standards, and to maintain and promote energy efficiency and demand response programs in the PHI jurisdictions.

Pursuant to the various jurisdictions' merger approval conditions, over specified periods Pepco, DPL and ACE are not permitted to reduce employment levels due to involuntary attrition associated with the merger integration process and have made other commitments regarding hiring and relocation of positions.

In July 2015, the OPC, Public Citizen, Inc., the Sierra Club and the Chesapeake Climate Action Network (CCAN) filed motions to stay the MDPSC order approving the merger. The Circuit Court judge issued an order denying the motions for stay on August 12, 2015. On January 8, 2016, the Circuit Court judge affirmed the MDPSC's order approving the merger and denied the petitions for judicial review filed by the OPC, the Sierra Club, CCAN and Public Citizen, Inc. On January 19, 2016, the OPC filed a notice of appeal to the Maryland Court of Special Appeals, and on January 21, the Sierra Club and CCAN filed notices of appeal. On January 27, 2017, the Maryland Court of Special Appeals affirmed the Circuit Court's judgment that the MDPSC did not err in approving the merger. The OPC and Sierra Club filed petitions seeking further review in the Court of Appeals of Maryland, which is the highest court in Maryland. On June 21, 2017, the Court of Appeals granted discretionary review of the January 27, 2017 decision by the Maryland Court of Special Appeals. The Maryland Court of Appeals will review the OPC argument that the MDPSC did not properly consider the acquisition premium paid to PHI shareholders under Maryland's merger approval standard and the Sierra Club's argument that the merger would harm the renewable and distributed generation markets. The two lower courts examining these issues rejected these arguments, which Exelon believes are without merit. All briefs have been filed and oral arguments were presented to the court on October 10, 2017.

Between March 25, 2016 and April 22, 2016, various parties filed motions with the DCPSC to reconsider its March 23, 2016 order approving the merger. On June 17, 2016, the DCPSC denied all motions. In August 2016, the District of Columbia Office of People's Counsel, the District of Columbia Government, and Public Citizen jointly with DC Sun each filed petitions for judicial review of the DCPSC's March 23, 2016 order with the District of Columbia Court of Appeals. On July 20, 2017, the Court issued an opinion rejecting all of appellants' arguments and affirming the Commission's decision approving the merger.

Accounting for the Merger Transaction

The total purchase price consideration of approximately $7.1 billion for the PHI Merger consisted of cash paid to PHI shareholders, cash paid for PHI preferred securities and cash paid for PHI stock-based compensation equity awards as follows:

(In millions of dollars, except per share data)	Total Consideration
Cash paid to PHI shareholders at $27.25 per share (254 million shares outstanding at March 23, 2016)	$ 6,933
Cash paid for PHI preferred stock	180
Cash paid for PHI stock-based compensation equity awards [(a)]	29
Total purchase price	$ 7,142

(a) PHI's unvested time-based restricted stock units and performance-based restricted stock units issued prior to April 29, 2014 were immediately vested and paid in cash upon the close of the merger. PHI's remaining unvested time-based restricted stock units as of the close of the merger were cancelled. There were no remaining unvested performance-based restricted stock units as of the close of the merger.

PHI shareholders received $27.25 of cash in exchange for each share of PHI common stock outstanding as of the effective date of the merger. In connection with the Merger Agreement, Exelon entered into a Subscription Agreement under which it purchased $180 million of a new class of nonvoting, nonconvertible and nontransferable preferred securities of PHI prior to December 31, 2015. On March 23, 2016 , the preferred securities were cancelled for no consideration to Exelon, and accordingly, the $180 million cash consideration previously paid to acquire the preferred securities was treated as purchase price consideration.

The preliminary valuations performed in the first quarter of 2016 were updated in the second, third, and fourth quarters of 2016. There were no adjustments to the purchase price allocation in the first quarter of 2017 and the purchase price allocation is now final.

Exelon applied push-down accounting to PHI, and accordingly, the PHI assets acquired and liabilities assumed were recorded at their estimated fair values on Exelon's and PHI's Consolidated Balance Sheets as follows:

Purchase Price Allocation [(a)]	
Current assets	$ 1,441
Property, plant and equipment	11,088
Regulatory assets	5,015
Other assets	248
Goodwill	4,005
Total assets	$ 21,797
Current liabilities	$ 2,752
Unamortized energy contracts	1,515
Regulatory liabilities	297
Long-term debt, including current maturities	5,636
Deferred income taxes	3,447
Pension and OPEB obligations	821
Other liabilities	187
Total liabilities	$ 14,655
Total purchase price	$ 7,142

(a) Amounts shown reflect the final purchase price allocation and the correction of a reporting error identified and corrected in the second quarter of 2016. The error had resulted in a gross up of certain assets and liabilities related to legacy PHI intercompany and income tax receivable and payable balances.

On its successor financial statements, PHI has recorded, beginning March 24, 2016, Membership interest equity of $7.2 billion , which is greater than the total $7.1 billion purchase price, reflecting the impact of a $59 million deferred tax liability recorded only at Exelon Corporate to reflect unitary state income tax consequences of the merger.

The excess of the purchase price over the estimated fair value of the assets acquired and the liabilities assumed totaled $4.0 billion , which was recognized as goodwill by PHI and Exelon at the acquisition date, reflecting the value associated with enhancing Exelon's regulated utility portfolio of businesses, including the ability to leverage experience and best practices across the utilities and the opportunities for synergies. For purposes of future required impairment assessments, the goodwill has been assigned to PHI's reportable units Pepco, DPL and ACE in the amounts of $1.7 billion , $1.1 billion and $1.2 billion , respectively. None of this goodwill is expected to be tax deductible.

Immediately following closing of the merger, $235 million of net assets included in the table above associated with PHI's unregulated business interests were distributed by PHI to Exelon. Exelon contributed $163 million of such net assets to Generation.

The fair values of PHI's assets and liabilities were determined based on significant estimates and assumptions that are judgmental in nature, including projected future cash flows (including timing), discount rates reflecting risk inherent in the future cash flows, future market prices and impacts of utility rate regulation. There were also judgments made to determine the expected useful lives assigned to each class of assets acquired.

Through its wholly owned rate regulated utility subsidiaries, most of PHI’s assets and liabilities are subject to cost-of-service rate regulation. Under such regulation, rates charged to customers are established by a regulator to provide for recovery of costs and a fair return on invested capital, or rate base, generally measured at historical cost. In applying the acquisition method of accounting, for regulated assets and liabilities included in rate base or otherwise earning a return (primarily property, plant and equipment and regulatory assets earning a return), no fair value adjustments were recorded as historical cost is viewed as a reasonable proxy for fair value.

Fair value adjustments were applied to the historical cost bases of other assets and liabilities subject to rate regulation but not earning a return (including debt instruments and pension and OPEB obligations). In these instances, a corresponding offsetting regulatory asset or liability was also established, as the underlying utility asset and liability amounts are recoverable from or refundable to customers at historical cost (and not at fair value) through the rate setting process. Similar treatment was applied for fair value adjustments to record intangible assets and liabilities, such as for electricity and gas energy supply contracts as further described below. Regulatory assets and liabilities established to offset fair value adjustments are amortized in amounts and over time frames consistent with the realization or settlement of the fair value adjustments, with no impact on reported net income. See Note 5 - Regulatory Matters for additional information regarding the fair value of regulatory assets and liabilities established by Exelon and PHI.

Fair value adjustments were recorded at Exelon and PHI for the difference between the contract price and the market price of electricity and gas energy supply contracts of PHI’s wholly owned rate regulated utility subsidiaries. These adjustments are intangible assets and liabilities classified as unamortized energy contracts on Exelon’s and PHI’s Consolidated Balance Sheets as of September 30, 2017 . The difference between the contract price and the market price at the acquisition date of the Merger was recognized for each contract as either an intangible asset or liability. In total, Exelon and PHI recorded a net $1.5 billion liability reflecting out-of-the-money contracts. The valuation of the acquired intangible assets and liabilities was estimated by applying either the market approach or the income approach depending on the nature of the underlying contract. The market approach was utilized when prices and other relevant information generated by market transactions involving comparable transactions were available. Otherwise the income approach, which is based upon discounted projected future cash flows associated with the underlying contracts, was utilized. In certain instances, the valuations were based upon certain unobservable inputs, which are considered Level 3 inputs, pursuant to applicable accounting guidance. Key estimates and inputs include forecasted power prices and the discount rate. The unamortized energy contract fair value adjustment amounts and the corresponding offsetting regulatory asset and liability amounts are amortized through Purchase power and fuel expense or Operating revenues, as applicable, over the life of the applicable contract in relation to the present value of the underlying cash flows as of the merger date.

As mentioned, under cost-of-service rate regulation, rates charged to customers are established by a regulator to provide for recovery of costs and a fair return on invested capital, or rate base, generally measured at historical cost. Historical cost information therefore is the most relevant presentation for the financial statements of PHI’s rate regulated utility subsidiary registrants, Pepco, DPL and ACE. As such, Exelon and PHI did not push-down the application of acquisition accounting to PHI's utility registrants, and therefore the financial statements of Pepco, DPL and ACE do not reflect the revaluation of any assets and liabilities.

The current impact of PHI, including its unregulated businesses, on Exelon's Consolidated Statements of Operations and Comprehensive Income includes:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Operating revenues	$ 1,347	$ 1,437	$ 3,679	$ 2,656
Net income (loss)	176	169	382	(92)

For the three and nine months ended September 30, 2017 and 2016 , the Registrants have recognized costs to achieve the PHI acquisition as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
Acquisition, Integration and Financing Costs [a]	2017	2016	2017	2016
Exelon	$ (8)	$ 20	$ 10	$ 123
Generation	5	9	18	29
ComEd [b]	—	—	1	(6)
PECO	1	1	3	3
BGE [c]	1	1	3	(3)
Pepco [d]	(8)	3	(6)	26
DPL [e]	1	2	(6)	18
ACE [f]	(8)	2	(6)	17

	Successor				Predecessor
Acquisition, Integration and Financing Costs [a]	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	Nine Months Ended September 30, 2017	March 24, 2016 to September 30, 2016	January 1, 2016 to March 23, 2016
PHI [g]	$ (15)	$ 7	$ (17)	$ 63	$ 29

(a) The costs incurred are classified primarily within Operating and maintenance expense in the Registrants' respective Consolidated Statements of Operations and Comprehensive Income, with the exception of the financing costs, which are included within Interest expense. Costs do not include merger commitments discussed above.
(b) For the nine months ended September 30, 2016 , includes the reversal of previously incurred acquisition, integration and financing costs of $8 million , incurred at ComEd that have been deferred and recorded as a regulatory asset for anticipated recovery. See Note 5 — Regulatory Matters for more information.
(c) For the nine months ended September 30, 2016 , includes the reversal of previously incurred acquisition, integration and financing costs of $6 million incurred at BGE that have been deferred and recorded as a regulatory asset for anticipated recovery. See Note 5 — Regulatory Matters for more information.
(d) For the three and nine months ended September 30, 2017 , includes the reversal of previously incurred acquisition, integration and financing costs of $8 million incurred at Pepco that have been deferred and recorded as a regulatory asset for anticipated recovery. For the nine months ended September 30, 2016 , includes the reversal of previously incurred acquisition, integration and financing costs of $10 million incurred at Pepco that have been deferred and recorded as a regulatory asset for anticipated recovery. See Note 5 — Regulatory Matters for more information.
(e) For the nine months ended September 30, 2017 , includes the reversal of previously incurred acquisition, integration and financing costs of $8 million incurred at DPL that have been deferred and recorded as a regulatory asset for anticipated recovery. For the nine months ended September 30, 2016 , includes the reversal of previously incurred acquisition, integration and financing costs of $3 million incurred at DPL that have been deferred and recorded as a regulatory asset for anticipated recovery. See Note 5 — Regulatory Matters for more information.
(f) For the three and nine months ended September 30, 2017 , includes the reversal of previously incurred acquisition, integration and financing costs of $8 million incurred at ACE that have been deferred and recorded as a regulatory asset for anticipated recovery. See Note 5 — Regulatory Matters for more information.
(g) For the three and nine months ended September 30, 2017 , includes the reversal of previously incurred acquisition, integration and financing costs of $16 million and $24 million , respectively, incurred at PHI that have been deferred and recorded as a regulatory asset for anticipated recovery. For the Successor period March 24, 2016 to September 30, 2016 , includes the reversal of previously incurred acquisition, integration and financing costs of $13 million incurred at PHI that have been deferred and recorded as a regulatory asset for anticipated recovery. See Note 5 — Regulatory Matters for more information.

Pro-forma Impact of the Merger

The following unaudited pro-forma financial information reflects the consolidated results of operations of Exelon as if the merger with PHI had taken place on January 1, 2015. The unaudited pro-forma information was calculated after applying Exelon's accounting policies and adjusting PHI's results to reflect purchase accounting adjustments.

The unaudited pro-forma financial information has been presented for illustrative purposes only and is not necessarily indicative of results of operations that would have been achieved had the merger events taken place on the dates indicated, or the future consolidated results of operations of the combined company.

	Three Months Ended September 30,	Nine Months Ended September 30,	Year Ended December 31,
	2016 [(a)]	2016 [(a)]	2016 [(b)]
Total operating revenues	$ 9,002	$ 24,468	$ 32,342
Net income attributable to common shareholders	501	1,346	1,562
Basic earnings per share	$ 0.54	$ 1.46	$ 1.69
Diluted earnings per share	0.54	1.45	1.69

(a) The amounts above include adjustments for non-recurring costs directly related to the merger of $20 million and $660 million for the three and nine months ended September 30, 2016 , respectively, and intercompany revenue of $171 million for the nine months ended September 30, 2016 .
(b) The amounts above include adjustments for non-recurring costs directly related to the merger of $680 million and intercompany revenue of $171 million for the year ended December 31, 2016 .

Asset Divestitures (Exelon, Generation, PHI, Pepco and DPL)

EGTP, a Delaware limited liability company, was formed in 2014 with the purpose of financing a portfolio of assets comprised of two combined-cycle gas turbines (CCGTs) and three peaking/simple cycle facilities consisting of approximately 3.4 GW of generation capacity in ERCOT North and Houston Zones. EGTP is an indirect wholly owned subsidiary of Exelon and Generation. Each of the aforementioned facilities are held through a wholly owned direct subsidiary of EGTP. EGTP also owns two equity method investments in shared facility companies. EGTP, its direct parent and its wholly owned subsidiaries secured a nonrecourse senior secured term loan facility, a revolving loan facility and certain commodity and interest rate swaps.

On May 2, 2017, EGTP entered into a consent agreement with its lenders to permit EGTP to draw on its revolving credit facility and initiate an orderly sales process to sell the assets of its wholly owned subsidiaries, the proceeds from which will first be used to pay the administrative costs of the sale, the normal and ordinary costs of operating the plants and repayment of the secured debt of EGTP, including the revolving credit facility. See Note 11 - Debt and Credit Agreements for details regarding the nonrecourse debt associated with EGTP. As a result, as of September 30, 2017, certain EGTP assets and liabilities were classified as held for sale at their respective fair values less costs to sell and included in the other current assets and other current liabilities balances on Exelon's and Generation's Consolidated Balance Sheets. See Note 6 - Impairment of Long-Lived Assets for further information.

In July 2016, DPL completed the sale of a 9 acre land parcel located on South Madison Street in Wilmington, DE, resulting in a pre-tax gain of approximately $4 million . Due to the fair value adjustments recorded at Exelon and PHI as part of purchase accounting, no gain was recorded in the Exelon and PHI Consolidated Statements of Operations and Comprehensive Income.

On June 16, 2016, Generation initiated the sales process of its Upstream business by executing a forbearance agreement with the lenders of the nonrecourse debt. See Note 11 - Debt and Credit Agreements for more information. In December 2016, Generation sold substantially all of the Upstream assets, see Note 4 - Mergers, Acquisitions and Dispositions of the Combined Notes to the Consolidated Financial Statements in the Exelon 2016 Form 10-K for further information.

On May 2, 2016, Pepco completed the sale of the New York Avenue land parcel, located in Washington D.C., resulting in a pre-tax gain of approximately $8 million at Pepco. Due to the fair value adjustments recorded at Exelon and PHI as part of purchase accounting, no gain was recorded in the Exelon and PHI Consolidated Statements of Operations and Comprehensive Income.

On April 21, 2016, Generation completed the sale of the retired New Boston generating site, located in Boston, Massachusetts, resulting in a pre-tax gain of approximately $32 million .

5 . Regulatory Matters (All Registrants)

Except for the matters noted below, the disclosures set forth in Note 3 - Regulatory Matters of the Exelon 2016 Form 10-K reflect, in all material respects, the current status of regulatory and legislative proceedings of the Registrants. The following is an update to that discussion.

Illinois Regulatory Matters

Distribution Formula Rate (Exelon and ComEd). On April 13, 2017, ComEd filed its annual distribution formula rate with the ICC pursuant to EIMA. The filing establishes the revenue requirement used to set the rates that will take effect in January 2018 after the ICC's review and approval, which is due by December 2017. The revenue requirement requested is based on 2016 actual costs plus projected 2017 capital additions as well as an annual reconciliation of the revenue requirement in effect in 2016 to the actual costs incurred that year. ComEd's 2017 filing request includes a total increase to the revenue requirement of $96 million , reflecting an increase of $78 million for the initial revenue requirement for 2017 and an increase of $18 million related to the annual reconciliation for 2016. The revenue requirement for 2017 provides for a weighted average debt and equity return on distribution rate base of 6.47% inclusive of an allowed ROE of 8.40% , reflecting the average rate on 30 -year treasury notes plus 580 basis points. The annual reconciliation for 2016 provided for a weighted average debt and equity return on distribution rate base of 6.45% inclusive of an allowed ROE of 8.34% , reflecting the average rate on 30 -year treasury notes plus 580 basis points less a performance metrics penalty of 6 basis points. See table below for ComEd's regulatory assets associated with its distribution formula rate. For additional information on ComEd's distribution formula rate filings see Note 3 — Regulatory Matters of the Exelon 2016 Form 10-K.

On December 6, 2016, the ICC issued a final order approving the 2016 distribution formula rate, which included a total increase to the revenue requirement of $127 million , reflecting an increase of $134 million for the initial revenue requirement for 2016 and a decrease of $7 million related to the annual reconciliation for 2015. On December 20, 2016, the ICC granted ComEd's and other parties' joint application for rehearing on the impact that changing ComEd's OSHA recordable rate for 2014 and 2015 had on the revenue requirement approved in this order. On March 22, 2017, the ICC issued an order approving ComEd's proposal to reduce the 2016 revenue requirement by $18 million , which was reflected in customer rates beginning in April 2017.

Illinois Future Energy Jobs Act (Exelon, Generation and ComEd)

Background

On December 7, 2016, FEJA was signed into law by the Governor of Illinois. FEJA was effective June 1, 2017, and includes, among other provisions, (1) a Zero Emission Standard (ZES) providing compensation for certain nuclear-powered generating facilities, (2) an extension of and certain adjustments to ComEd's electric distribution formula rate, (3) new cumulative persisting annual energy efficiency MWh savings goals for ComEd, (4) revisions to the Illinois RPS requirements, (5) provisions for adjustments to or termination of FEJA programs if the average impact on ComEd's customer rates exceeds specified limits, (6) revisions to the existing net metering statute and (7) support for low income rooftop and community solar programs .

Zero Emission Standard

FEJA includes a ZES that provides compensation through the procurement of ZECs targeted at preserving the environmental attributes of zero-emissions nuclear-powered generating facilities that meet specific eligibility criteria.

On September 11, 2017, the ICC approved the IPA's ZES Procurement Plan filed with the ICC on July 31, 2017. Bidders interested in participating in the procurement process had 14 days following the ICC's approval of the plan to submit the required eligibility information and become qualified bidders. Generation's Clinton and Quad Cities nuclear plants timely submitted the required eligibility information to the ICC and responded to follow up questions. Winning bidders will contract directly with Illinois utilities, including ComEd, for 10-year terms extending through May 31, 2027. The ZEC price will be based upon the current social cost of carbon as determined by the Federal government and is initially established at $16.50 per MWh of production, subject to annual future adjustments determined by the IPA for specified escalation and pricing adjustment mechanisms designed to lower the ZEC price based on increases in underlying energy and capacity prices. Illinois utilities will be required to purchase all ZECs delivered by the zero-emissions nuclear-powered generating facilities, subject to annual cost caps. For the initial delivery year, June 1, 2017

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- May 31, 2018, the ZEC annual cost cap, is set at $235 million (ComEd's share is approximately $170 million). For subsequent delivery years, the IPA-approved targeted ZEC procurement amounts will change based on forward energy and capacity prices. ZECs delivered to Illinois utilities in excess of the annual cost cap will be paid in subsequent years if the payments do not exceed the prescribed annual cost cap for that year.

On October 27, 2017, the IPA released the schedule for the ZEC procurement event indicating that contracts with zero emission facilities will be fully executed on January 30, 2018. Winning bidders will be entitled to compensation for the sale of ZECs retroactive to the June 1, 2017 effective date of FEJA. To the extent Generation is selected as a winning bidder, revenue retroactive to the effective date of FEJA would be recognized in the period the contracts are executed. Upon the execution of the contracts, ComEd will record an associated obligation and expense for the procurement of ZEC's.

ComEd will recover all costs associated with purchasing ZECs through a new rate rider that provides for an annual reconciliation and true-up to actual costs incurred by ComEd to purchase ZECs, with any difference to be credited to or collected from ComEd's retail customers in subsequent periods with interest. ComEd began billing its retail customers under its new ZEC rate rider on June 1, 2017 and recorded a regulatory liability of $71 million as of September 30, 2017 for revenues recorded in advance of incurring expenses.

On February 14, 2017, two lawsuits were filed in the Northern District of Illinois against the IPA alleging that the state's ZEC program violates certain provisions of the U.S. Constitution. One lawsuit was filed by customers of ComEd, led by the Village of Old Mill Creek, and the other was brought by the EPSA and three other electric suppliers. Both lawsuits argue that the Illinois ZEC program will distort PJM's FERC-approved energy and capacity market auction system of setting wholesale prices, and seek a permanent injunction preventing the implementation of the program. Exelon intervened and filed motions to dismiss in both lawsuits. In addition, on March 31, 2017, plaintiffs in both lawsuits filed motions for preliminary injunction with the court; the court stayed briefing on the motions for preliminary injunction until the resolution of the motions to dismiss. On July 14, 2017, the district court granted the motions to dismiss. On July 17, 2017, the plaintiffs appealed the decision to the Seventh Circuit. Plaintiffs-Appellants initial brief was filed on August 28, 2017 and the state's and Exelon's briefs were filed on October 27, 2017. Reply briefs are due on December 12, 2017. Exelon cannot predict the outcome of these lawsuits. It is possible that resolution of these matters could have a material, unfavorable impact on Exelon's and Generation's results of operations, financial positions and cash flows.

See Note 7 - Early Nuclear Plant Retirements for additional information regarding the economic challenges facing Generation's Clinton and Quad Cities nuclear plants and the expected benefits of the ZES.

ComEd Electric Distribution Rates

FEJA extends the sunset date for ComEd's performance-based electric distribution formula rate from 2019 to the end of 2022, allows ComEd to revise the electric distribution formula rate to eliminate the ROE collar, and allows ComEd to implement a decoupling tariff if the electric distribution formula rate is terminated at any time. ComEd will revise its electric distribution formula rate to eliminate the ROE collar beginning with the reconciliation filed in 2018 for the 2017 calendar year. Elimination of the ROE collar effectively offsets the favorable or unfavorable impacts to ComEd's electric distribution formula rate revenues associated with variations in delivery volumes associated with above or below normal weather, numbers of customers or usage per customer. ComEd began reflecting the impacts of this change in its electric distribution services costs regulatory asset in first quarter 2017. As of September 30, 2017 , ComEd recorded an increase to its electric distribution services costs regulatory asset of approximately $21 million for this change.

FEJA requires ComEd to make non-recoverable contributions to low income energy assistance programs of $10 million per year for 5 years as long as the electric distribution formula rate remains in effect. With the exception of these contributions, ComEd will recover from customers, subject to certain caps explained below, the costs it incurs pursuant to FEJA either through its electric distribution formula rate or other recovery mechanisms.

Energy Efficiency

Prior to FEJA, Illinois law required ComEd to implement cost-effective energy efficiency measures and, for a 10-year period ending May 31, 2018, cost-effective demand response measures to reduce peak demand by 0.1% over the prior year for eligible retail customers.

Beginning January 1, 2018, FEJA provides for new cumulative annual energy efficiency MWh savings goals for ComEd, which are designed to achieve 21.5% of cumulative persisting annual MWh savings by 2030, as compared

to the deemed baseline of 88 million MWhs of electric power and energy sales. FEJA deems the cumulative persisting annual MWh savings to be 6.6% from 2012 through the end of 2017. ComEd expects to spend approximately $250 million to $400 million annually from 2017 through 2030 to achieve these energy efficiency MWh savings goals. In addition, FEJA extends the peak demand reduction requirement from 2018 to 2026. Because the new requirements apply beginning in 2018, FEJA extends the existing energy efficiency plans, which were due to end on May 31, 2017, through December 31, 2017. FEJA also exempts customers with demands over 10 MW from energy efficiency plans and requirements beginning June 1, 2017. On September 11, 2017, the ICC approved ComEd's 2018 - 2021 energy efficiency plan with minor modifications filed by ComEd with the ICC on June 30, 2017.

FEJA allows ComEd to cancel its existing energy efficiency rate rider and replace it with an energy efficiency formula rate, and to defer energy efficiency costs (except for any voltage optimization costs which will be recovered through the electric distribution formula rate) as a separate regulatory asset that will be recovered through the energy efficiency formula rate over the weighted average useful life, as approved by the ICC, of the related energy efficiency measures. ComEd will earn a return on the energy efficiency regulatory asset at a rate equal to its weighted average cost of capital, which is based on a year-end capital structure and calculated using the same methodology applicable to ComEd’s electric distribution formula rate. Beginning January 1, 2018 through December 31, 2030, the return on equity that ComEd earns on its energy efficiency regulatory asset is subject to a maximum downward or upward adjustment of 200 basis points if ComEd’s cumulative persisting annual MWh savings falls short of or exceeds specified percentage benchmarks of its annual incremental savings goal. ComEd will be required to file an update to its energy efficiency formula rate on or before June 1 each year, with resulting rates effective in January of the following year. The annual update will be based on projected current year energy efficiency costs, PJM capacity revenues, and the projected year-end regulatory asset balance less any related deferred income taxes. The update will also include a reconciliation of any differences between the revenue requirement in effect for the prior year and the revenue requirement based on actual prior year costs and actual year-end energy efficiency regulatory asset balances less any related deferred income taxes. ComEd records a regulatory asset or liability and corresponding increase or decrease to Operating revenues for any differences between the revenue requirement in effect and ComEd’s best estimate of the revenue requirement expected to be approved by the ICC for that year’s reconciliation.

ComEd cancelled its existing energy efficiency rate rider effective June 2, 2017. On August 1, 2017, ComEd filed with the ICC a reconciliation of revenues and costs incurred through the cancellation date. On August 30, 2017, the ICC approved ComEd's request, filed on August 1, 2017, to issue an $80 million credit on retail customers' bills in October 2017 for the majority of the over-recoveries with any final adjustment applicable to the over-recoveries to be billed or credited in the future. As of September 30, 2017 , ComEd’s over-recoveries associated with its former energy efficiency rate rider were $33 million .

Initial Energy Efficiency Formula Rate Filing

On August 15, 2017, the ICC approved ComEd's new initial energy efficiency formula rate filed with the ICC on June 9, 2017 pursuant to FEJA. The filing establishes the formula under which energy efficiency rates will be calculated going forward and the revenue requirement used to set the initial rates for the period October 1, 2017 through December 31, 2017. The initial revenue requirement is based on projected costs and projected PJM capacity revenues for the period from June 1, 2017 through December 31, 2017, and projected year-end 2017 energy efficiency regulatory asset balances (less any related deferred income taxes). ComEd requested an initial decrease in revenue requirement of $7 million reflecting higher projected PJM capacity revenues compared to projected energy efficiency costs and provides for a weighted average debt and equity return of 6.47% inclusive of an allowed ROE of 8.40% , reflecting the average rate on 30-year treasury notes plus 580 basis points. The annual reconciliation for 2017 will be included in ComEd’s 2018 energy efficiency formula rate filing and reflected in customer rates beginning January 2019. The approved energy efficiency formula rate also provides for revenue decoupling to effectively offset the favorable or unfavorable impacts to ComEd's energy efficiency formula rate revenues associated with variations in delivery volumes associated with above or below normal weather, numbers of customers or usage per customer.

As of September 30, 2017 , Exelon and ComEd recorded a regulatory asset of $78 million under the energy efficiency formula, reflecting $83 million of deferred energy efficiency costs partially offset by $5 million of over recoveries for the initial energy efficiency formula rate reconciliation.

2017 Energy Efficiency Formula Rate Filing

On September 11, 2017, the ICC approved ComEd's annual energy efficiency formula rate filed with the ICC on June 30, 2017 pursuant to FEJA. The filing establishes the revenue requirement used to set rates that will take effect

in January 2018. The revenue requirement for 2018 is based on projected 2018 energy efficiency costs and PJM capacity revenues, and year-end 2018 energy efficiency regulatory asset balances (less any related deferred income taxes). In its 2017 filing ComEd requested a total increase to the revenue requirement of $12 million and provides for a weighted average debt and equity return of 6.47% inclusive of an allowed ROE of 8.40% , reflecting the average rate on 30-year treasury notes plus 580 basis points. The annual reconciliation for 2018 will be included in ComEd's 2019 energy efficiency formula rate filing, and reflected in customer rates beginning January 2020.

Renewable Portfolio Standard

Existing Illinois law requires ComEd to purchase each year an increasing percentage of renewable energy resources for the customers for which it supplies electricity. This obligation is satisfied through the procurement of RECs. FEJA revises the Illinois RPS to require ComEd to procure RECs for all retail customers by June 2019, regardless of the customers' electricity supplier, and provides support for low-income rooftop and community solar programs, which will be funded by the existing Renewable Energy Resources Fund and ongoing RPS collections. FEJA also requires ComEd to use RPS collections to fund utility job training and workforce development programs in the amounts of $10 million in each of the years 2017, 2021, and 2025. ComEd recorded a $10 million and $20 million current and noncurrent liability, respectively, as of September 30, 2017 associated with this obligation. ComEd will recover all costs associated with purchasing RECs and funding utility job training and workforce development programs through a new RPS rate rider that provides for a reconciliation and true-up to actual costs, with any difference between revenues and expenses to be credited to or collected from ComEd's retail customers in subsequent periods with interest. The first reconciliation and true-up for RECs will occur in 2021 and cover revenues and costs for the four year period beginning June 1, 2017 through May 31, 2021. Subsequently, the RPS rate rider will provide for an annual reconciliation and true-up. ComEd began billing its retail customers under its new RPS rate rider on June 1, 2017 and recorded a related regulatory liability of $7 million as of September 30, 2017 . ComEd also recorded a regulatory liability of $38 million for alternative compliance payments received from RES to purchase RECs on behalf of the RES in the future.

As of September 30, 2017, ComEd had received $45 million of over-recovered RPS costs and alternative compliance payments from RES, which are deposited into a separate interest bearing bank account pursuant to FEJA and are classified as Restricted cash on Exelon's and ComEd's Balance Sheets.

Customer Rate Increase Limitations

FEJA includes provisions intended to limit the average impact on ComEd customer rates for recovery of costs incurred under FEJA as follows: (1) for a typical ComEd residential customer, the average impact must be less than $0.25 cents per month, (2) for nonresidential customers with a peak demand less than 10 MW, the average annual impact must be less than 1.3% of the average amount paid per kWh for electric service by Illinois commercial retail customers during 2015, and (3) for nonresidential customers with a peak demand greater than 10 MW, the average annual impact must be less than 1.3% of the average amount paid per kWh for electric service by Illinois industrial retail customers during 2015.

On June 30, 2017, ComEd submitted a 10-year projection to the ICC of customer rate impacts for residential customers and nonresidential customers with a peak demand less than 10 MW . Such projections indicate that customer rate impacts will not exceed the limitations set by FEJA discussed below. Thereafter, beginning in 2018, ComEd must submit a report to the ICC for residential customers and nonresidential customers with a peak demand less than 10 MW by February 15th and June 30th of each year, respectively. For nonresidential customers with a peak demand greater than 10 MW, ComEd must submit a report to the ICC by May 1 of each year if a rate reduction will be necessary in the following year. For residential customers, the reports will include the actual costs incurred under FEJA during the preceding year and a rolling 10-year customer rate impact projection. The reports for nonresidential customers with a peak demand less than 10 MW will also include the actual costs incurred under FEJA during the preceding year, as well as the average annual rate increase from January 1, 2017 through the end of the preceding year and the average annual rate increase projected for the remainder of the 10-year period.

If the projected residential customer or nonresidential customer with a peak demand less than 10 MW rate increase exceeds the limitations during the first four years, ComEd is required to decrease costs associated with FEJA investments, including reductions to ZEC contract quantities. If the projected residential customer or nonresidential customer with a peak demand less than 10 MW rate increase exceeds the limitations during the last six years, ComEd is required to demonstrate how it will reduce FEJA investments to ensure compliance. If the actual residential customer or nonresidential customer with a peak demand less than 10 MW rate increase exceeds the limitations for any one year, ComEd is required to submit a corrective action plan to decrease future year costs to reduce customer rates to

ensure future compliance. If the actual residential customer or nonresidential customer rate exceeds the limitations for two consecutive years, ComEd can offer to credit customers for amounts billed in excess of the limitations or ComEd can terminate FEJA investments. If ComEd chooses to terminate FEJA investments, the ICC shall order termination of ZEC contracts and further initiate proceedings to reduce energy efficiency savings goals and terminate support for low-income rooftop and community solar programs . ComEd is allowed to fully recover all costs incurred as of and up to the date of the programs' termination.

For the energy efficiency formula, ComEd records a regulatory asset or liability and corresponding increase or decrease to Operating revenues for any differences between the revenue requirement in effect and ComEd's best estimate of the revenue requirement expected to be approved by the ICC for that year's reconciliation. For the other rate riders established under FEJA, ComEd records a regulatory asset or liability for any differences between revenues and incurred expenses.

Renewable Energy Resources (Exelon and ComEd). In accordance with legislation in effect on December 31, 2016, the IPA's Procurement Plans include the procurement of cost-effective renewable energy resources in amounts that equal or exceed a minimum target percentage of the total electricity that each electric utility supplies to its eligible retail customers. The June 1, 2016 target renewable energy resources obligation for the utilities was at least 11.5% . This obligation increases by at least 1.5% each year thereafter to an ultimate target of at least 25% by June 1, 2025. All goals are subject to rate impact criteria set forth by Illinois legislation. As of September 30, 2017 , ComEd had purchased renewable energy resources or equivalents, such as RECs, in accordance with the IPA Procurement Plan. ComEd currently retires all RECs upon transfer and acceptance. ComEd is permitted to recover procurement costs of RECs from retail customers without mark-up through rates.

In accordance with FEJA that took effect on June 1, 2017, beginning with the plan or plans to be implemented in the 2017 delivery year, the IPA shall develop a long term renewable resources procurement plan (LT Plan). The RPS target percentages for the overall service territory have not changed through June 1, 2025 although FEJA extended the 25% RPS target to delivery years after 2025. Currently, each RES and each utility is responsible for the renewable resource obligation of the customers it supplies power for. Over time, this will change and the utility will procure renewable resources based on the retail load of substantially all customers in its service territory. For the delivery year beginning June 1, 2017, the LT Plan shall include cost effective renewable energy resources procured by the utility for the retail load the utility supplies and for 50% of the retail customer load supplied by Retail Electric Suppliers in the utility service territory on February 28, 2017. Utility procurement for RES supplied retail customer load will increase to 75% June 1, 2018 and to 100% beginning June 1, 2019.

Pennsylvania Regulatory Matters

Pennsylvania Procurement Proceedings (Exelon and PECO). Through PECO's PAPUC approved DSP Programs, PECO procures electric supply for its default electric customers through PAPUC approved competitive procurements.

On March 17, 2016, PECO filed its fourth DSP Program with the PAPUC proposing a 24-month term from June 1, 2017 through May 31, 2019, in compliance with electric generation procurement guidelines set forth in Act 129. On December 8, 2016, the PAPUC approved the fourth DSP Program for the modified 48-month term and deferred CAP Shopping to another proceeding. Office of Consumer Advocate and Low Income Advocates subsequently filed a Petition for Reconsideration and Clarification related to CAP Shopping. On March 16, 2017, the PAPUC granted reconsideration and consolidated the proceeding with the DSP II docket, which includes the pending CAP Shopping plan that would allow low-income CAP customers to purchase their generation supply from EGSs. PAPUC referred the consolidated proceedings to the Office of Administrative Law Judge for hearing and decision.

Pennsylvania Act 11 of 2012 (Exelon and PECO). In February 2012, Act 11 was signed into law, which provided the PAPUC authority to approve the implementation of a distribution system improvement charge (DSIC) in rates designed to recover capital project costs incurred to repair, improve or replace utilities' aging electric and natural gas distribution systems in Pennsylvania. Prior to recovering costs pursuant to a DSIC, the PAPUC's implementation order requires a utility to have a Long Term Infrastructure Improvement Plan (LTIIP) approved by the Commission, which outlines how the utility is planning to increase its investment for repairing, improving or replacing aging infrastructure. The PAPUC approved PECO's petition for its proposed electric DSIC and LTIIP on October 22, 2015 for spending of $275 million over a 5 year period through 2020. The PAPUC approved PECO's petition for its proposed modified gas LTIIP on June 14, 2017 for spending of $762 million over a 10 year period through 2022.

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Maryland Regulatory Matters

2017 Maryland Electric Distribution Rates (Exelon, PHI and Pepco). On March 24, 2017, Pepco filed an application with the MDPSC to increase its annual electric distribution base rates by $69 million , which was updated to $67 million on August 24, 2017, reflecting a requested ROE of 10.1% . The application included a request for an income tax adjustment to reflect full normalization of removal costs associated with pre-1981 property, which accounted for $18 million of the requested increase. On October 20, 2017, the MDPSC approved an increase in Pepco electric distribution rates of $34 million , reflecting a ROE of 9.5% . On October 27, 2017, the MDPSC issued an errata order revising the approved increase in Pepco electric distribution rates to $32 million . The errata order corrected a number of computational errors in the original order but did not alter any of the findings. The new rates became effective for services rendered on or after October 20, 2017. In its decision, the MDPSC denied Pepco's request regarding the income tax adjustment without prejudice to Pepco filing another similar proposal with additional information. Requests for rehearing are due November 20, 2017.

2017 Maryland Electric Distribution Rates (Exelon, PHI and DPL). On July 14, 2017, DPL filed an application with the MDPSC to increase its annual electric distribution base rates by $27 million , which was updated to $22 million on September 28, 2017, reflecting a requested ROE of 10.1% . DPL expects a decision in the matter in the first quarter of 2018, but cannot predict how much of the requested increase the MDPSC will approve.

2016 Maryland Electric Distribution Rates (Exelon, PHI and DPL). On February 15, 2017, the MDPSC approved an increase in DPL electric distribution rates of $38 million reflecting a ROE of 9.6% . The new rates became effective for services rendered on or after February 15, 2017. The MDPSC also denied DPL's request to continue its Grid Resiliency Program, through which DPL proposed to invest $5 million a year for two years to improve priority feeders and install single-phase reclosing fuse technology. The final order did not result in the recognition of any incremental regulatory assets or liabilities.

Cash Working Capital Order (Exelon and BGE). On November 17, 2016, the MDPSC rendered a decision in the proceeding to review BGE's request to recover its cash working capital (CWC) requirement for its Provider of Last Resort service, also known as Standard Offer Service (SOS), as well as other components that make up the Administrative Charge, the mechanism that enables BGE to recover all of its SOS-related costs. The Administrative Charge is now comprised of five components: CWC, uncollectibles, incremental costs, return, and an administrative adjustment, which is an adder to the utility's SOS rate to act as a proxy for retail suppliers' costs. The Commission accepted BGE's positions on recovery of CWC and pass-through recovery of BGE's actual uncollectibles and incremental costs. The order also grants BGE a return on the SOS. The Commission ruled that the level of the administrative adjustment will be determined in BGE's next rate case. On December 16, 2016, MDPSC Staff requested clarification concerning the amount of return on the SOS awarded to BGE and on December 19, 2016, the residential consumer advocate sought rehearing of the return awarded. On January 24, 2017, the MDPSC issued an order denying the MDPSC Staff request for clarification and the residential consumer advocate request for rehearing. On February 22, 2017, the residential consumer advocate filed an appeal of the MDPSC's orders with the Circuit Court for Baltimore City. The residential consumer advocate filed its Memorandum on Appeal on June 5, 2017 and subsequent Reply Memoranda were filed by BGE and the MDPSC on July 7, 2017 and July 12, 2017, respectively. On August 7, 2017, following oral argument by the parties, a decision was issued from the Circuit Court affirming the decision of the MDPSC. On September 5, 2017, the residential consumer advocate filed an appeal of the Circuit Court's decision to the Maryland Court of Special Appeals. BGE cannot predict the outcome of this appeal.

Smart Meter and Smart Grid Investments (Exelon and BGE). In August 2010, the MDPSC approved a comprehensive smart grid initiative for BGE that included the planned installation of 2 million residential and commercial electric and natural gas smart meters at an expected total cost of $480 million of which $200 million was funded by SGIG. The MDPSC's approval ordered BGE to defer the associated incremental costs, depreciation and amortization, and an appropriate return, in a regulatory asset until such time as a cost-effective advanced metering system is implemented. As of September 30, 2017 and December 31, 2016 , the balance of BGE's regulatory asset was $219 million and $230 million , respectively, representing incremental program deployment costs. The current quarter balance of $219 million consists of three major components, including $133 million of unamortized incremental deployment costs of the AMI program, $54 million of unamortized costs of the non-AMI meters replaced under the program, and $32 million related to post-test year incremental program deployment costs incurred prior to approval became effective June 2016. The balance as of September 30, 2017 reflects the impact of the cost disallowances and adjustments in BGE's 2015 electric and natural gas distribution rate case. The incremental deployment costs for the AMI program and the non-AMI meter components of the regulatory asset are being recovered through rates and amortized to expense

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over a 10 year period, while the post-test year incremental program deployment costs have not yet been approved for recovery by the MDPSC. A return on the regulatory asset is currently included in rates, except for the $54 million portion representing the unamortized cost of the retired non-AMI meters and a $32 million portion related to post-test year incremental program deployment costs.

As a combined result of the MDPSC orders in BGE's 2015 electric and natural gas distribution rate case, BGE recorded a $52 million charge in June 2016 to Operating and maintenance expense in Exelon's and BGE's Consolidated Statements of Operations and Comprehensive Income reducing certain regulatory assets and other long-lived assets and reclassified $56 million of non-AMI plant costs from Property, plant and equipment, net to Regulatory assets on Exelon's and BGE's Consolidated Balance Sheets. For further information, see Note 3 - Regulatory Matters of the Exelon 2016 Form 10-K.

Delaware Regulatory Matters

2017 Electric and Natural Gas Distribution Rates (Exelon, PHI and DPL). On August 17, 2017, DPL filed applications with the DPSC to increase its annual electric and natural gas distribution base rates by $24 million , which was updated to $31 million on October 18, 2017, and $13 million , respectively, reflecting a requested ROE of 10.1% . DPL expects a decision in the electric proceeding and the gas proceeding in the third quarter of 2018, but cannot predict how much of the requested rate increases the DPSC will approve. While the DPSC is not required to issue a decision on the application within a specified period of time, Delaware law allows DPL to put into effect $2.5 million of the rate increase two months after filing the application and the entire requested rate increase seven months after filing, subject to a cap and a refund obligation based on the final DPSC order. On October 24, 2017, the Staff of the DPSC and the Public Advocate filed a joint motion to dismiss DPL's electric distribution base rate application without prejudice to refiling, arguing that the amount of the requested increase to $31 million required additional time to review and additional public notice. The DPSC is expected to decide at its meeting on November 9, 2017. DPL cannot predict the outcome of this matter.

2016 Electric and Natural Gas Distribution Rates (Exelon, PHI and DPL). On May 17, 2016, DPL filed applications with the DPSC to increase its annual electric and natural gas distribution base rates by $63 million , which was updated to $60 million on March 8, 2017, and $22 million , respectively, reflecting a requested ROE of 10.6% . Delaware law allowed DPL to put into effect $2.5 million of each of the rate increases effective July 16, 2016. On December 17, 2016, the DPSC approved an additional $30 million in electric distribution rates and an additional $10 million in natural gas distribution rates effective December 17, 2016, subject to refund based on the final DPSC orders.

On March 8, 2017, DPL entered into a settlement agreement with the Division of the Public Advocate, Delaware Electric Users Group and the DPSC Staff in its electric distribution rate proceeding, which provides for an increase in DPL annual electric distribution base rates of $31.5 million reflecting a ROE of 9.7% compared to the $32 million increase previously put into effect. On May 23, 2017, the DPSC issued an order approving the settlement agreement, with the new rates effective June 1, 2017. Pursuant to the settlement agreement, no refund of the interim rates put into effect on July 16, 2016 and December 17, 2016 (as discussed above) is required.

On April 6, 2017, DPL entered into a settlement agreement with the Division of the Public Advocate and the DPSC Staff in its natural gas distribution rate proceeding, which provides for an increase in DPL annual natural gas distribution base rates of $4.9 million reflecting a ROE of 9.7% . The settlement agreement also provides that DPL will refund amounts collected under the temporary rates effective July 16, 2016 and December 17, 2016 (as discussed above) in excess of the $4.9 million , and that the new rates will be effective within thirty days of DPSC approval of the settlement agreement. On June 6, 2017, the DPSC issued an order approving the settlement agreement, with the new rates effective July 1, 2017. Pursuant to the settlement agreement, a rate refund plus interest of approximately $5 million was issued to customers beginning in August 2017 for which a regulatory liability has been recorded as of September 30, 2017 . This is a one-time refund and was included on customer bills from mid-August through mid-September.

District of Columbia Regulatory Matters

2016 Electric Distribution Rates (Exelon, PHI and Pepco). On June 30, 2016, Pepco filed an application with the DCPSC to increase its annual electric distribution base rates by $86 million , which was updated to $77 million on February 1, 2017, reflecting a requested ROE of 10.6% .

On July 25, 2017, the DCPSC approved an increase in Pepco electric distribution base rates of $37 million reflecting a ROE of 9.5% . The new rates became effective for services rendered on or after August 15, 2017. In its

decision, the DCPSC ordered that the $26 million customer rate credit created as a result of the Exelon and PHI merger will be provided primarily to residential customers and some small commercial customers to offset the impact of this increase until that amount has been exhausted, which is expected to take approximately two years. Additionally, the Commission is holding approximately $6 million to $7 million of the customer rate credit for use toward a possible new class of customers for certain senior citizens and disabled persons. The DCPSC also held that Pepco's bill stabilization adjustment, which decouples distribution revenues from utility customers from the amount of electricity delivered, will continue to be in place and that no refund of previously collected funds is required. Several parties filed requests that the DCPSC reconsider the order on various issues, and on October 6, 2017, the Commission issued an order denying each of the requests.

District of Columbia Power Line Undergrounding Initiative (Exelon, PHI and Pepco). The District of Columbia government enacted on an emergency basis (effective May 17, 2017) and thereafter on a permanent basis (effective July 11, 2017) legislation to amend the Electric Company Infrastructure Improvement Financing Act of 2014 (as amended) (the Infrastructure Improvement Financing Act) to authorize the District of Columbia Power Line Undergrounding (DC PLUG) initiative, a projected six year, $500 million project to place underground some of the District of Columbia's most outage-prone power lines with $250 million of the project costs funded by Pepco and $250 million funded by the District of Columbia.

The $250 million of project costs funded by Pepco will be recovered through a volumetric surcharge on the electric bill of substantially all of Pepco's customers in the District of Columbia. Pepco will earn a return on these project costs.

The $250 million of project costs funded by the District of Columbia will come from two sources. Project costs of $187.5 million will be funded through a charge assessed on Pepco by the District of Columbia; Pepco will recover this charge from customers through a volumetric distribution rider. The remaining costs up to $62.5 million are to be funded by the existing capital projects program of the District Department of Transportation (DDOT). Ownership and responsibility for the operation and maintenance of all the assets funded by the District of Columbia will be transferred to Pepco for a nominal amount upon completion. Pepco will not recover or earn a return on the cost of the assets transferred to it by the District of Columbia.

In accordance with the Infrastructure Improvement Financing Act, Pepco filed an application for approval of the first two-year portion of the DC PLUG initiative (the First Biennial Plan) on July 3, 2017. After the initial application, Pepco will be required to make two updated applications, one every two years until the project is completed. Pepco anticipates that the DCPSC will issue an order approving the First Biennial Plan in early November 2017. Upon the issuance of a DCPSC order approving the First Biennial Plan, Pepco will become obligated to pay $187.5 million to the District of Columbia over the six year project term, at which time it will record an obligation and offsetting regulatory asset .

New Jersey Regulatory Matters

New Jersey Consolidated Tax Adjustment (Exelon, PHI and ACE). The Consolidated Tax Adjustment (CTA) is a New Jersey ratemaking policy that requires utilities that are part of a consolidated tax group to share with customers the tax benefits that came from losses at unregulated affiliates through a reduction in rate base. In 2013, the NJBPU opened a generic proceeding to review the policy. In 2014, the NJBPU issued a decision which retained the CTA, but in a highly modified format that significantly reduced the impact of the CTA to ACE. On September 18, 2017, the Appellate Division of the Superior Court of New Jersey reversed the NJBPU's decision in adopting the revised CTA policy and held that NJBPU's actions related to the CTA constituted a rulemaking that should have been undertaken pursuant to the requirements of the Administrative Procedures Act. The Court did not address the merits of the CTA methodology itself. No party filed an appeal of the Court's decision, and the NJBPU is expected to conduct further proceedings. If the NJBPU were to apply the CTA in its unmodified form, it could have a material prospective impact to ACE through a reduction in rate base in future rate cases.

2017 Electric Distribution Rates (Exelon, PHI and ACE). On March 30, 2017, ACE filed an application with the NJBPU to increase its annual electric distribution rates by $70 million (before New Jersey sales and use tax), which was updated to $73 million on July 14, 2017, reflecting a requested ROE of 10.1% . The application also requests approval of a rate surcharge mechanism called the "System Renewal Recovery Charge," which would permit more timely recovery of certain costs associated with reliability and system renewal-related capital investments.

On September 8, 2017, ACE entered into a settlement agreement with the NJBPU staff, the New Jersey Division of Rate Counsel and Wal-Mart Stores, Inc. in its electric distribution rate proceeding, which provides for an increase

in ACE annual electric distribution base rates of $43 million (before New Jersey sales and use tax) reflecting a ROE of 9.6% . In addition, pursuant to the settlement agreement, ACE agreed to withdraw its request for approval of a System Renewal Recovery Charge without prejudice to its right to refile. On September 22, 2017, the NJBPU issued an order approving the settlement agreement, with the new rates effective on October 1, 2017.

2016 Electric Distribution Rates (Exelon, PHI and ACE). On August 24, 2016, the NJBPU issued an order approving a stipulation of settlement among ACE, the New Jersey Division of Rate Counsel, NJBPU Staff and Unimin Corporation, which, among other things, provided that a determination on ACE's grid resiliency program, PowerAhead, would be separated into a phase II of the rate proceeding and decided at a later date. PowerAhead includes capital investments to enhance the resiliency of the system through improvements focused on improving the distribution system's ability to withstand major storm events. A stipulation of settlement with respect to the PowerAhead program (the PowerAhead Stipulation) was approved by the NJBPU on May 31, 2017. As adopted, the PowerAhead program includes an approved investment level of $79 million to be recovered through the cost recovery mechanism described in the PowerAhead Stipulation. The NJBPU order adopting the PowerAhead Stipulation was effective on June 10, 2017.

Update and Reconciliation of Certain Under-Recovered Balances (Exelon, PHI and ACE). On February 1, 2017, ACE submitted its 2017 annual petition with the NJBPU seeking to reconcile and update (i) charges related to the recovery of above-market costs associated with ACE's long-term power purchase contracts with the non-utility generators and (ii) costs related to surcharges for the New Jersey Societal Benefit Program (a statewide public interest program that is intended to benefit low income customers and address other public policy goals) and ACE's uncollectible accounts. As filed, the net impact of adjusting the charges as proposed would have been an overall annual rate decrease of approximately $29 million (revised to approximately $32 million in April 2017, based upon an update for actuals through March 2017), including New Jersey sales and use tax. On May 31, 2017, the NJBPU approved a stipulation of settlement entered into by the parties providing for an overall annual rate decrease of approximately $32 million , effective June 1, 2017. The rate decrease was placed into effect provisionally, subject to a review by NJBPU and the Division of Rate Counsel of the final underlying costs for reasonableness and prudence. This rate decrease will have no effect on ACE's operating income, since these revenues provide for recovery of deferred costs under an approved deferral mechanism. The matter is pending at the NJBPU.

New York Regulatory Matters

New York Clean Energy Standard (Exelon and Generation). On August 1, 2016, the New York Public Service Commission (NYPSC) issued an order establishing the New York CES, a component of which is the Tier 3 ZEC program targeted at preserving the environmental attributes of zero-emissions nuclear-powered generating facilities that meet the criteria demonstrating public necessity as determined by the NYPSC. The New York State Energy Research and Development Authority (NYSERDA) will centrally procure the ZECs from eligible plants through a 12-year contract, to be administered in six two-year tranches, extending from April 1, 2017 through March 31, 2029. ZEC payments will be made to the eligible resources based upon the number of MWh produced, subject to specified caps and minimum performance requirements. The price to be paid for the ZECs under each tranche will be administratively determined using a formula based on the social cost of carbon as determined in 2016 by the federal government, subject to pricing adjustments designed to lower the ZEC price based on increase in underlying energy and capacity prices. The ZEC price for the first tranche has been set at $17.48 per MWh of production. Following the first tranche, the price will be updated bi-annually. Each Load Serving Entity (LSE) shall be required to purchase an amount of ZECs equivalent to its load ratio share of the total electric energy in the New York Control Area. Cost recovery from ratepayers shall be incorporated into the commodity charges on customer bills.

The NYPSC initially identified three plants eligible for the ZEC program: the FitzPatrick, Ginna, and Nine Mile Point nuclear facilities. As issued, the order also provided that the duration of the program beyond the first tranche was conditional upon a buyer purchasing the FitzPatrick facility and taking title prior to September 1, 2018. On November 18, 2016, the required contracts with NYSERDA were executed for Ginna and Nine Mile Point, in addition to Entergy's execution of the required contract for the FitzPatrick facility. On March 31, 2017, Generation closed on the acquisition of FitzPatrick. Generation is currently recognizing revenue for the sale of New York ZECs in the month following generation when the ZECs are transferred to NYSERDA. For the three and nine months ended September 30, 2017 , Generation has recognized $118 million and $191 million of ZEC revenue.

Several parties filed with the NYPSC requests for rehearing or reconsideration of the New York CES. Generation and CENG also filed a request for clarification, or in the alternative limited rehearing, that the condition limiting the duration of the program beyond the first tranche be limited to the eligibility of the FitzPatrick plant only and have no

bearing on Ginna or Nine Mile Point's eligibility for the full 12-year duration. On December 15, 2016, the NYPSC approved Generation's and CENG's petition to clarify this condition and denied all petitions for rehearing of the New York CES. Parties had until mid-April to appeal to New York State court the denials of the requests for rehearing. A Petition seeking to invalidate the ZEC program was filed in New York State court by certain environmental groups and other parties on November 30, 2016, and amended on January 13, 2017, arguing that the NYPSC did not have authority to establish the program and that it violated certain technical provisions of the State Administrative Procedures Act (SAPA) when adopting the ZEC program. On February 15, 2017, Generation and CENG filed a motion to dismiss the state court action. The NYPSC also filed a motion to dismiss the state court action. On March 24, 2017, the plaintiffs filed a memorandum of law opposing the motions to dismiss, and Generation and CENG filed a reply brief on April 28, 2017. Oral argument was held on June 19, 2017. The motions to dismiss are pending.

On October 19, 2016, a coalition of fossil generation companies filed a complaint in federal district court against the NYPSC alleging that the ZEC program violates certain provisions of the U.S. Constitution; specifically that the ZEC program interferes with FERC's jurisdiction over wholesale rates and that it discriminates against out of state competitors. On December 9, 2016, Generation and CENG filed a motion to intervene in the case and to dismiss the lawsuit. The State also filed a motion to dismiss. Oral argument was held on March 29, 2017. On July 25, 2017, the court granted both motions to dismiss. On August 24, 2017, plaintiffs appealed the decision to the Second Circuit. Plaintiffs-Appellants' initial brief was filed on October 13, 2017. The state's and Exelon's briefs are due on November 17, 2017. Reply briefs are due on December 1, 2017.

Other legal challenges remain possible, the outcomes of which remain uncertain. See Note 7 - Early Nuclear Plant Retirements for additional information relative to Ginna and Nine Mile Point. See Note 4 - Mergers, Acquisitions and Dispositions for additional information on Generation's acquisition of FitzPatrick.

Ginna Nuclear Power Plant Reliability Support Services Agreement (Exelon and Generation). In November 2014, in response to a petition filed by Ginna Nuclear Power Plant (Ginna) regarding the possible retirement of Ginna, the NYPSC directed Ginna and Rochester Gas & Electric Company (RG&E) to negotiate a Reliability Support Services Agreement (RSSA) to support the continued operation of Ginna to maintain the reliability of the RG&E transmission grid for a specified period of time. During 2015 and 2016, Ginna and RG&E made filings with the NYPSC and FERC for their approval of the proposed RSSA. Although the RSSA was still subject to regulatory approvals, on April 1, 2015, Ginna began delivering the power and capacity from the Ginna plant into the ISO-NY consistent with the technical provisions of the RSSA.

On March 22, 2016, Ginna submitted a compliance filing with FERC with revisions to the RSSA requested by FERC. On April 8, 2016, FERC accepted the compliance filing and on April 20, 2016, the NYPSC accepted the revised RSSA with a term expiring on March 31, 2017. In April 2016, Generation began recognizing revenue based on the final approved pricing contained in the RSSA and also recognized a one-time revenue adjustment of approximately $101 million representing the net cumulative previously unrecognized amount of revenue retroactive from the April 1, 2015 effective date through March 31, 2016. A 49.99% portion of the one-time adjustment was removed from Generation's results of operations as a result of the noncontrolling interests in CENG.

The RSSA required Ginna to continue operating through the RSSA term. On September 30, 2016, Ginna filed the required notice with the NYPSC of its intent to continue operating beyond the March 31, 2017 expiry of the RSSA, conditioned upon successful execution of an agreement between Ginna and NYSERDA for the sale of ZECs under the New York CES. As stated previously, on November 18, 2016 the required contract with NYSERDA was executed by Generation and CENG for Ginna. Upon the expiry of the RSSA on March 31, 2017, Ginna was required to make refund payments of $20 million to RG&E related to capital expenditures. Ginna paid RG&E the $20 million in June 2017. Additionally, the provisions of the RSSA provided for a one-time payment of $12 million to be paid from RG&E to Ginna at the end of the contract. This $12 million was recognized in revenue as of March 31, 2017. RG&E paid the $12 million to Ginna in May 2017. Subject to prevailing over any administrative or legal challenges, it is expected the New York CES will allow Ginna to continue to operate through the end of its current operating license in 2029. See Note 7 - Early Nuclear Plant Retirements for further information regarding the impacts of a decision to early retire one or more nuclear plants.

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Federal Regulatory Matters

Transmission Formula Rate (Exelon, ComEd, BGE, Pepco, DPL and ACE). The following total increases/(decreases) were included in ComEd's, BGE's, Pepco's, DPL's and ACE's 2017 annual electric transmission formula rate filings:

	2017				
Annual Transmission Filings [a]	ComEd	BGE	Pepco	DPL	ACE
Initial revenue requirement increase	$ 44	$ 31	$ 5	$ 6	$ 20
Annual reconciliation (decrease) increase	(33)	3	15	8	22
Dedicated facilities decrease [b]	—	(8)	—	—	—
Total revenue requirement increase	$ 11	$ 26	$ 20	$ 14	$ 42
Allowed return on rate base [c]	8.43%	7.47%	7.92%	7.16%	8.02%
Allowed ROE [d]	11.50%	10.50%	10.50%	10.50%	10.50%

(a) All rates are effective June 2017, subject to review by the FERC and other parties, which is due by fourth quarter 2017.
(b) BGE's transmission revenues include a FERC approved dedicated facilities charge to recover the costs of providing transmission service to specifically designated load by BGE.
(c) Represents the weighted average debt and equity return on transmission rate bases.
(d) As part of the FERC-approved settlement of ComEd's 2007 transmission rate case, the rate of return on common equity is 11.50% and the common equity component of the ratio used to calculate the weighted average debt and equity return for the transmission formula rate is currently capped at 55%. As part of the FERC-approved settlement of the ROE complaint against BGE, Pepco, DPL and ACE, the rate of return on common equity is 10.50% , inclusive of a 50 basis point incentive adder for being a member of a regional transmission organization.

For additional information regarding transmission formula rate filings see Note 3 — Regulatory Matters of the Exelon 2016 Form 10-K.

Transmission Formula Rate (Exelon and PECO). On May 1, 2017, PECO filed a request with FERC seeking approval to update its transmission rates and change the manner in which PECO's transmission rate is determined from a fixed rate to a formula rate. The formula rate would be updated annually to ensure that under this rate customers pay the actual costs of providing transmission services. The formula rate filing includes a requested increase of $22 million to PECO's annual transmission revenues and a requested rate of return on common equity of 11% , inclusive of a 50 basis point adder for being a member of a regional transmission organization. PECO requested that the new transmission rate be effective as of July 2017. On June 27, 2017, FERC issued an Order accepting the filing and suspending the proposed rates until December 1, 2017, subject to refund, and set the matter for hearing and settlement judge procedures. PECO cannot predict the final outcome of the settlement or hearing proceedings, or the transmission formula FERC may approve.

PJM Transmission Rate Design and Operating Agreements (Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE). PJM Transmission Rate Design specifies the rates for transmission service charged to customers within PJM. Currently, ComEd, PECO, BGE, Pepco, DPL and ACE incur costs based on the existing rate design, which charges customers based on the cost of the existing transmission facilities within their load zone and the cost of new transmission facilities based on those who benefit from those facilities. In April 2007, FERC issued an order concluding that PJM's current rate design for existing facilities is just and reasonable and should not be changed. In the same order, FERC held that the costs of new facilities 500 kV and above should be socialized across the entire PJM footprint and that the costs of new facilities less than 500 kV should be allocated to the customers of the new facilities who caused the need for those facilities. A number of parties appealed to the U.S. Court of Appeals for the Seventh Circuit for review of the decision.

In August 2009, the court issued its decision affirming the FERC's order with regard to the existing facilities, but remanded to FERC the issue of the cost allocation associated with the new facilities 500 kV and above (Cost Allocation Issue) for further consideration by the FERC. On remand, FERC reaffirmed its earlier decision to socialize the costs of new facilities 500 kV and above. A number of parties filed appeals of these orders. In June 2014, the court again remanded the Cost Allocation Issue to FERC. On December 18, 2014, FERC issued an order setting an evidentiary hearing and settlement proceeding regarding the Cost Allocation Issue. On June 15, 2016, a number of parties, including

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Exelon and the Utility Registrants, filed a proposed Settlement with FERC. If the Settlement is approved, 50% of the costs of the 500 kV and above facilities approved by the PJM Board on or before February 1, 2013 will be socialized across PJM and 50% will be allocated according to a formula that calculates the flows on the transmission facilities. Each state that is a party in this proceeding either signed, or did not oppose, the settlement. The Settlement is opposed by a number of merchant transmission owners and New York load-serving entities. The Settlement includes provisions for monthly credits or charges that are expected to be mostly refunded or recovered through customer rates over a 10-year period based on negotiated numbers for charges prior to January 1, 2016.

Exelon expects that the Settlement will not have a material impact on the results of operations, cash flows and financial position of Generation, ComEd, PECO, BGE, Pepco, DPL or ACE. The Settlement is subject to approval by FERC.

DOE Notice of Proposed Rulemaking (Exelon and Generation). On August 23, 2017, the DOE released its report on the reliability of the electric grid. One aspect of the wide-ranging report is the DOE's recognition that the electricity markets do not currently value the resiliency provided by baseload generation, such as nuclear plants. On September, 28, 2017, the DOE issued a Notice of Proposed Rulemaking (NOPR) that would entitle certain eligible resilient generating units (i.e., those located in organized markets, with a 90-day supply of fuel on site, not already subject to state cost of service regulation and satisfying certain other requirements) to recover fully allocated costs and earn a fair return on equity on their investment. The DOE issued the NOPR under an infrequently-used section of the DOE Organization Act under which the FERC has exclusive jurisdiction to consider and take any final action related to NOPRs proposed by the DOE. The DOE NOPR recommended that the FERC take comments for 45 days after publication in the Federal Register and issue a final order 60 days after such publication. On October 2, 2017, the FERC issued a notice inviting comments regarding the DOE NOPR within 21 days and established a new docket wherein the FERC will consider the matter. On October 23, 2017, Exelon filed comments with the FERC, supporting the goals of the NOPR and urging the agency to take swift action to protect customers from power supply interruptions and ensure resiliency in a way that appropriately balances the value and cost to customers. Exelon cannot predict the final outcome of the proceeding or its potential impact, if any, on Exelon or Generation.

Complaints at FERC Seeking to Mitigate Illinois and New York Programs Providing ZECs (Exelon and Generation). PJM and NYISO capacity markets include a Minimum Offer Price Rule (MOPR) that is intended to preclude buyers from exercising buyer market power. If a resource is subjected to a MOPR, its offer is adjusted to remove the revenues it receives through a federal, state or other government-provided financial support program - resulting in a higher offer that may not clear the capacity market. Currently, the MOPRs in PJM and NYISO apply only to certain new resources. Exelon has generally opposed policies that require subsidies or give preferential treatment to generation providers or technologies that do not provide superior reliability or environmental benefits, or that would threaten the reliability and value of the integrated electricity grid. Thus, Exelon has supported a MOPR as a means of minimizing the detrimental impact certain subsidized resources could have on capacity markets (such as the New Jersey (LCAPP) and Maryland (CfD) programs). However, in Exelon's view, MOPRs should not be applied to resources that receive compensation for providing superior reliability or environmental benefits.

On January 9, 2017, the Electric Power Supply Association (EPSA) filed two requests with FERC: one seeking to amend a prior complaint against PJM and another seeking expedited action on a pending NYISO compliance filing in an existing proceeding. Both filings allege that the relevant MOPR should be expanded to also apply to existing resources receiving ZEC compensation under the New York CES and Illinois ZES programs. The EPSA parties have filed motions to expedite both proceedings. Exelon has filed protests at FERC in response to each filing, arguing generally that ZEC payments provide compensation for an environmental attribute that is distinct from the energy and capacity sold in the FERC-jurisdictional markets , and therefore, are no different than other renewable support programs like the PTC and RPS that have generally not been subject to a MOPR. However, if successful, for Generation's facilities in NYISO and PJM expected to receive ZEC compensation (Quad Cities, Ginna, Nine Mile Point and FitzPatrick), an expanded MOPR could require exclusion of ZEC compensation when bidding into future capacity auctions such that these facilities would have an increased risk of not clearing in those auctions and thus no longer receiving capacity revenues during the respective ZEC programs. Any such mitigation of these generating resources could have a material effect on Exelon's and Generation's future cash flows and results of operations. On August 30, 2017, EPSA filed motions to lodge the district court decisions dismissing the complaints and urging FERC to act expeditiously on its requests to expand the MOPR. On September 14, 2017, Exelon filed a response in each docket noting that it does not oppose the motions to lodge but arguing that the requests to expedite a decision on the requests to expand the MOPR have no merit. The timing of FERC's decision with respect to both proceedings is currently unknown and the outcome of these matters is currently uncertain.

Operating License Renewals (Exelon and Generation). On August 29, 2012, Generation submitted a hydroelectric license application to FERC for a 46 -year license for the Conowingo Hydroelectric Project (Conowingo). In connection with Generation's efforts to obtain a water quality certification pursuant to Section 401 of the Clean Water Act with Maryland Department of the Environment (MDE) for Conowingo, Generation continues to work with MDE and other stakeholders to resolve water quality licensing issues, including: (1) water quality, (2) fish habitat, and (3) sediment. In addition, Generation continues to work with MDE and other Federal and Maryland state agencies to conduct and fund an additional sediment and nutrient monitoring study.

On April 21, 2016, Exelon and Interior executed a Settlement Agreement resolving all fish passage issues between the parties. The financial impact of the Settlement Agreement is estimated to be $3 million to $7 million per year, on average, over the 46-year life of the new license, including both capital and operating costs. The actual timing and amount of these costs are not currently fixed and may vary significantly from year to year throughout the life of the new license. Resolution of the remaining issues relating to Conowingo involving various stakeholders may have a material effect on Exelon's and Generation's results of operations and financial position through an increase in capital expenditures and operating costs. As of September 30, 2017 , $30 million of direct costs associated with Conowingo licensing efforts have been capitalized. See Note 3 - Regulatory Matters of the Exelon 2016 Form 10-K for additional information on Generation's operating license renewal efforts.

Regulatory Assets and Liabilities (Exelon, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE)

Exelon, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE each prepare their consolidated financial statements in accordance with the authoritative guidance for accounting for certain types of regulation. Under this guidance, regulatory assets represent incurred costs that have been deferred because of their probable future recovery from customers through regulated rates. Regulatory liabilities represent the excess recovery of costs or accrued credits that have been deferred because it is probable such amounts will be returned to customers through future regulated rates or represent billings in advance of expenditures for approved regulatory programs.

As a result of applying the acquisition method of accounting and pushing it down to the consolidated financial statements of PHI, certain regulatory assets and liabilities were established at Exelon and PHI to offset the impacts of fair valuing the acquired assets and liabilities assumed which are subject to regulatory recovery. In total, Exelon and PHI recorded a net $2.4 billion regulatory asset reflecting adjustments recorded as a result of the acquisition method of accounting. See Note 4 — Mergers, Acquisitions and Dispositions for additional information.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following tables provide information about the regulatory assets and liabilities of Exelon, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE as of September 30, 2017 and December 31, 2016 . For additional information on the specific regulatory assets and liabilities, refer to Note 3 — Regulatory Matters of the Exelon 2016 Form 10-K.

					Successor			
September 30, 2017	**Exelon**	**ComEd**	**PECO**	**BGE**	**PHI**	**Pepco**	**DPL**	**ACE**
Regulatory assets								
Pension and other postretirement benefits [a]	$ 4,020	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Deferred income taxes [b]	2,423	347	1,678	100	298	195	45	58
AMI programs	660	159	40	219	242	163	79	—
Under-recovered distribution service costs [c]	256	256	—	—	—	—	—	—
Energy efficiency costs	78	78	—	—	—	—	—	—
Debt costs	120	38	1	12	75	16	8	5
Fair value of long-term debt	773	—	—	—	632	—	—	—
Fair value of PHI's unamortized energy contracts	830	—	—	—	830	—	—	—
Severance	2	—	—	2	—	—	—	—
Asset retirement obligations	108	73	22	13	—	—	—	—
MGP remediation costs	300	277	23	—	—	—	—	—
Under-recovered uncollectible accounts	70	60	—	—	10	—	—	10
Renewable energy	277	277	—	—	—	—	—	—
Energy and transmission programs [d][e][f][g][h][i]	65	3	—	26	36	6	9	21
Deferred storm costs	31	—	—	—	31	9	5	17
Electric generation-related regulatory asset	3	—	—	3	—	—	—	—
Energy efficiency and demand response programs	599	—	1	284	314	233	81	—
Merger integration costs [j][k][l][m]	47	—	—	7	40	20	11	9
Under-recovered revenue decoupling [n]	72	—	—	34	38	33	5	—
COPCO acquisition adjustment	6	—	—	—	6	—	6	—
Workers compensation and long-term disability cost	33	—	—	—	33	33	—	—
Vacation accrual	38	—	14	—	24	—	14	10
Securitized stranded costs	93	—	—	—	93	—	—	93
CAP arrearage	9	—	9	—	—	—	—	—
Removal costs	518	—	—	—	518	144	98	277
Other	71	6	21	5	40	28	8	4
Total regulatory assets	11,502	1,574	1,809	705	3,260	880	369	504
Less: current portion	1,264	187	36	208	568	181	69	87
Total noncurrent regulatory assets	$ 10,238	$ 1,387	$ 1,773	$ 497	$ 2,692	$ 699	$ 300	$ 417

					Successor			
September 30, 2017	**Exelon**	**ComEd**	**PECO**	**BGE**	**PHI**	**Pepco**	**DPL**	**ACE**
Regulatory liabilities								
Other postretirement benefits	$ 41	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Nuclear decommissioning	2,971	2,438	533	—	—	—	—	—
Removal costs	1,588	1,337	—	119	132	22	110	—
Deferred rent	37	—	—	—	37	—	—	—
Energy efficiency and demand response programs	62	33	29	—	—	—	—	—
DLC program costs	8	—	8	—	—	—	—	—
Electric distribution tax repairs	50	—	50	—	—	—	—	—
Gas distribution tax repairs	14	—	14	—	—	—	—	—
Energy and transmission programs [d][e][f][g][h][i]	139	54	68	—	17	3	9	5
Renewable portfolio standards costs	46	46	—	—	—	—	—	—
Zero emission credit costs	71	71	—	—	—	—	—	—
Other	75	5	17	28	25	1	9	13

Total regulatory liabilities	5,102	3,984	719	147	211	26	128	18
Less: current portion	553	249	159	63	65	5	42	18
Total noncurrent regulatory liabilities	$ 4,549	$ 3,735	$ 560	$ 84	$ 146	$ 21	$ 86	$ —

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

December 31, 2016	Exelon	ComEd	PECO	BGE	PHI (Successor)	Pepco	DPL	ACE
Regulatory assets								
Pension and other postretirement benefits [a]	$ 4,162	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Deferred income taxes [b]	2,016	75	1,583	98	260	171	38	51
AMI programs	701	164	49	230	258	174	84	—
Under-recovered distribution service costs [c]	188	188	—	—	—	—	—	—
Debt costs	124	42	1	7	81	17	9	6
Fair value of long-term debt	812	—	—	—	671	—	—	—
Fair value of PHI's unamortized energy contracts	1,085	—	—	—	1,085	—	—	—
Severance	5	—	—	5	—	—	—	—
Asset retirement obligations	111	76	23	12	—	—	—	—
MGP remediation costs	305	278	26	1	—	—	—	—
Under-recovered uncollectible accounts	56	56	—	—	—	—	—	—
Renewable energy	260	258	—	—	2	—	—	2
Energy and transmission programs [d][e][f][g][h][i]	89	23	—	38	28	6	5	17
Deferred storm costs	36	—	—	1	35	12	5	18
Electric generation-related regulatory asset	10	—	—	10	—	—	—	—
Rate stabilization deferral	7	—	—	7	—	—	—	—
Energy efficiency and demand response programs	621	—	1	285	335	250	85	—
Merger integration costs [j][k][l][m]	25	—	—	10	15	11	4	—
Under-recovered revenue decoupling [n]	27	—	—	3	24	21	3	—
COPCO acquisition adjustment	8	—	—	—	8	—	8	—
Workers compensation and long-term disability costs	34	—	—	—	34	34	—	—
Vacation accrual	31	—	7	—	24	—	14	10
Securitized stranded costs	138	—	—	—	138	—	—	138
CAP arrearage	11	—	11	—	—	—	—	—
Removal costs	477	—	—	—	477	134	88	255
Other	49	7	9	5	29	22	5	4
Total regulatory assets	11,388	1,167	1,710	712	3,504	852	348	501
Less: current portion	1,342	190	29	208	653	162	59	96
Total noncurrent regulatory assets	$ 10,046	$ 977	$ 1,681	$ 504	$ 2,851	$ 690	$ 289	$ 405

December 31, 2016	Exelon	ComEd	PECO	BGE	PHI (Successor)	Pepco	DPL	ACE
Regulatory liabilities								
Other postretirement benefits	$ 47	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Nuclear decommissioning	2,607	2,169	438	—	—	—	—	—
Removal costs	1,601	1,324	—	141	136	18	118	—
Deferred rent	39	—	—	—	39	—	—	—
Energy efficiency and demand response programs	185	141	41	—	3	3	—	—
DLC program costs	8	—	8	—	—	—	—	—
Electric distribution tax repairs	76	—	76	—	—	—	—	—
Gas distribution tax repairs	20	—	20	—	—	—	—	—
Energy and transmission programs [d][e][f][g][h][i]	134	60	56	—	18	8	5	5
Other	72	4	5	19	41	2	17	20
Total regulatory liabilities	4,789	3,698	644	160	237	31	140	25
Less: current portion	602	329	127	50	79	11	43	25
Total noncurrent regulatory liabilities	$ 4,187	$ 3,369	$ 517	$ 110	$ 158	$ 20	$ 97	$ —

(a) As of September 30, 2017 and December 31, 2016 , the pension and other postretirement benefits regulatory asset at Exelon includes regulatory assets of $1,589 million and $1,995 million , respectively, as a result of the PHI Merger related to unrecognized costs that are probable of regulatory recovery. The regulatory assets are amortized over periods from 3 to 15 years, depending on the underlying component. Pepco, DPL and ACE are currently recovering these costs through base rates. Pepco, DPL and ACE are not earning a return on the recovery of these costs in base rates.

(b) As of September 30, 2017 , includes transmission-related income tax regulatory assets that require FERC approval separate from the transmission formula rate of $73 million , $42 million , $34 million , $23 million and $21 million for ComEd, BGE, Pepco, DPL and ACE, respectively. As of December 31, 2016 , includes transmission-related regulatory assets that require FERC approval separate from the transmission formula rate of $22 million , $ 38 million , $31 million , $20 million and $19 million for ComEd, BGE, Pepco, DPL and ACE, respectively. On December 13, 2016, BGE filed with FERC to begin recovering these existing and any similar future regulatory assets through its transmission formula rate. On May 9, 2017, FERC accepted BGE's filing

and made effective BGE's proposed modifications to its transmission formula rate, subject to refund and further Commission order. ComEd, Pepco, DPL, and ACE are expected to make similar filings with FERC and other parties in subsequent periods.

(c) As of September 30, 2017 , ComEd's regulatory asset of $256 million was comprised of $200 million for the 2015 - 2017 annual reconciliations and $56 million related to significant one-time events including $11 million of deferred storm costs, $7 million of Constellation and PHI merger and integration related costs, $6 million of emerald ash borer costs, and $32 million of smart meter related costs. As of December 31, 2016 , ComEd's regulatory asset of $188 million was comprised of $134 million for the 2015 and 2016 annual reconciliations and $54 million related to significant one-time events, including $20 million of deferred storm costs and $11 million of Constellation and PHI merger and integration related costs, and $23 million of smart meter related costs. See Note 4 — Mergers, Acquisitions and Dispositions of the Exelon 2016 Form 10-K for further information.

(d) As of September 30, 2017 , ComEd's regulatory liability of $54 million included $22 million related to over-recovered energy costs and $32 million associated with revenues received for renewable energy requirements. As of December 31, 2016 , ComEd's regulatory asset of $23 million included $15 million associated with transmission costs recoverable through its FERC approved formula rate and $8 million of Constellation merger and integration costs to be recovered upon FERC approval. As of December 31, 2016 , ComEd's regulatory liability of $60 million included $30 million related to over-recovered energy costs and $30 million associated with revenues received for renewable energy requirements.

(e) As of September 30, 2017 , PECO's regulatory liability of $68 million included $34 million related to over-recovered costs under the DSP program, $21 million related to the over-recovered natural gas costs under the PGC and $13 million related to over-recovered non-bypassable transmission service charges. As of December 31, 2016 , PECO's regulatory liability of $56 million included $34 million related to over-recovered costs under the DSP program, $10 million related to over-recovered non-bypassable transmission service charges, $8 million related to the over-recovered natural gas costs under the PGC and $4 million related to the over-recovered electric transmission costs.

(f) As of September 30, 2017 , BGE's regulatory asset of $26 million included $5 million related to under-recovered electric energy costs, $14 million related to under-recovered natural gas costs, $3 million of costs associated with transmission costs recoverable through its FERC approved formula rate and $4 million of abandonment costs to be recovered upon FERC approval. As of December 31, 2016 , BGE's regulatory asset of $38 million included $4 million of costs associated with transmission costs recoverable through its FERC approved formula rate, $28 million related to under-recovered electric energy costs, $3 million of abandonment costs to be recovered upon FERC approval, and $3 million of under-recovered natural gas costs.

(g) As of September 30, 2017 , Pepco's regulatory asset of $6 million included $3 million of transmission costs recoverable through its FERC approved formula rate and $3 million of under-recovered electric energy costs. As of September 30, 2017 , Pepco's regulatory liability of $3 million related to over-recovered electric energy costs. As of December 31, 2016 , Pepco's regulatory asset of $6 million related to under-recovered electric energy costs. As of December 31, 2016 , Pepco's regulatory liability of $8 million included $ 5 million of over-recovered transmission costs and $3 million of over-recovered electric energy costs.

(h) As of September 30, 2017 , DPL's regulatory asset of $9 million included $4 million of transmission costs recoverable through its FERC approved formula rate and $5 million related to under-recovered electric energy costs. As of September 30, 2017 , DPL's regulatory liability of $9 million related to over-recovered electric energy costs. As of December 31, 2016 , DPL's regulatory asset of $5 million included $1 million of transmission costs recoverable through its FERC approved formula rate and $4 million of under-recovered electric energy costs. As of December 31, 2016 , DPL's regulatory liability of $5 million included $2 million of over-recovered electric energy costs and $3 million of over-recovered transmission costs.

(i) As of September 30, 2017 , ACE's regulatory asset of $21 million included $11 million of transmission costs recoverable through its FERC approved formula rate and $10 million of under-recovered electric energy costs. As of September 30, 2017 , ACE's regulatory liability of $5 million related to over-recovered electric energy costs. As of December 31, 2016 , ACE's regulatory asset of $17 million included $6 million of transmission costs recoverable through its FERC approved formula rate and $11 million of under-recovered electric energy costs. As of December 31, 2016 , ACE's regulatory liability of $5 million included $4 million of over-recovered transmission costs and $1 million of over-recovered electric energy costs.

(j) As of September 30, 2017 and December 31, 2016 , BGE's regulatory asset of $7 million and $10 million , respectively, included $5 million and $6 million , respectively, of previously incurred PHI acquisition costs as authorized by the June 2016 rate case order.

(k) As of September 30, 2017 , Pepco's regulatory asset of $20 million represents previously incurred PHI acquisition costs, including $11 million authorized for recovery in Maryland and $9 million expected to be recovered in the District of Columbia service territory. As of December 31, 2016 , Pepco's regulatory asset of $11 million represents previously incurred PHI acquisition costs authorized for recovery in Maryland.

(l) As of September 30, 2017 , DPL's regulatory asset of $11 million represents previously incurred PHI acquisition costs, including $4 million authorized for recovery in Maryland, $5 million authorized for recovery in Delaware electric rates, and $2 million expected to be recovered in electric and gas rates in the Delaware service territory. As of December 31, 2016 , DPL's regulatory asset of $4 million represents previously incurred PHI acquisition costs expected to be recovered in the Maryland service territory.

(m) As of September 30, 2017 , ACE's regulatory asset of $9 million represents previously incurred PHI acquisition costs expected to be recovered in the New Jersey service territory.

(n) Represents the electric and natural gas distribution costs recoverable from customers under BGE's decoupling mechanism. As of September 30, 2017 , BGE had a regulatory asset of $24 million related to under-recovered electric revenue decoupling and $10 million related to under-recovered natural gas revenue decoupling. As of December 31, 2016 , BGE had a regulatory asset of $2 million related to under-recovered natural gas revenue decoupling and $1 million related to under-recovered electric revenue decoupling.

Capitalized Ratemaking Amounts Not Recognized (Exelon, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE)

The following table illustrates our authorized amounts capitalized for ratemaking purposes related to earnings on shareholders' investment that are not recognized for financial reporting purposes on our Consolidated Balance Sheets. These amounts will be recognized as revenues in our Consolidated Statements of Operations and Comprehensive Income in the periods they are billable to our customers.

	Exelon	ComEd [a]	PECO	BGE [b]	PHI	Pepco [c]	DPL [c]	ACE
September 30, 2017	$ 71	$ 7	$ —	$ 54	$ 10	$ 6	$ 4	$ —

	Exelon	ComEd [a]	PECO	BGE [b]	PHI	Pepco [c]	DPL [c]	ACE
December 31, 2016	$ 72	$ 5	$ —	$ 57	$ 10	$ 6	$ 4	$ —

(a) Reflects ComEd's unrecognized equity returns earned for ratemaking purposes on its under-recovered distribution services costs regulatory assets.

(b) BGE's authorized amounts capitalized for ratemaking purposes primarily relate to earnings on shareholders' investment on its AMI Programs.

(c) Pepco's and DPL's authorized amounts capitalized for ratemaking purposes relate to earnings on shareholders' investment on their respective AMI Programs and Energy Efficiency and Demand Response Programs. The earnings on energy efficiency are on Pepco DC and DPL DE programs only.

Purchase of Receivables Programs (Exelon, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE)

ComEd, PECO, BGE, Pepco, DPL and ACE are required, under separate legislation and regulations in Illinois, Pennsylvania, Maryland, District of Columbia and New Jersey, to purchase certain receivables from retail electric and natural gas suppliers that participate in the utilities' consolidated billing. ComEd, BGE, Pepco and DPL purchase receivables at a discount to recover primarily uncollectible accounts expense from the suppliers. PECO is required to purchase receivables at face value and is permitted to recover uncollectible accounts expense, including those from Third Party Suppliers, from customers through distribution rates. ACE purchases receivables at face value. ACE recovers all uncollectible accounts expense, including those from Third Party Suppliers, through the Societal Benefits Charge (SBC) rider, which includes uncollectible accounts expense as a component. The SBC is filed annually with the NJBPU. Exelon, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE do not record unbilled commodity receivables under the POR programs. Purchased billed receivables are classified in Other accounts receivable, net on Exelon's, ComEd's, PECO's, BGE's, PHI's, Pepco's, DPL's and ACE's Consolidated Balance Sheets. The following tables provide information about the purchased receivables of those companies as of September 30, 2017 and December 31, 2016 .

					Successor			
As of September 30, 2017	Exelon	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Purchased receivables	$ 312	$ 89	$ 68	$ 55	$ 100	$ 66	$ 10	$ 24
Allowance for uncollectible accounts [(a)]	(33)	(13)	(5)	(4)	(11)	(6)	(1)	(4)
Purchased receivables, net	$ 279	$ 76	$ 63	$ 51	$ 89	$ 60	$ 9	$ 20

					Successor			
As of December 31, 2016	Exelon	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Purchased receivables	$ 313	$ 87	$ 72	$ 59	$ 95	$ 63	$ 10	$ 22
Allowance for uncollectible accounts [(a)]	(37)	(14)	(6)	(4)	(13)	(7)	(2)	(4)
Purchased receivables, net	$ 276	$ 73	$ 66	$ 55	$ 82	$ 56	$ 8	$ 18

(a) For ComEd, BGE, Pepco and DPL, reflects the incremental allowance for uncollectible accounts recorded, which is in addition to the purchase discount. For ComEd, the incremental uncollectible accounts expense is recovered through its Purchase of Receivables with Consolidated Billing tariff.

6 . Impairment of Long-Lived Assets (Exelon and Generation)

Long-Lived Assets (Exelon and Generation)

Generation evaluates long-lived assets for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. EGTP's operating cash flows have been negatively impacted by certain market conditions and the seasonality of its cash flows. On May 2, 2017, EGTP entered into a consent agreement with its lenders to initiate an orderly sales process to sell the assets of its wholly owned subsidiaries, the proceeds from which will first be used to pay the administrative costs of the sale, the normal and ordinary costs of operating the plants and repayment of the secured debt of EGTP. As a result, as of June 30, 2017, and September 30, 2017, certain of EGTP's assets and liabilities were classified as held for sale at their respective fair values less costs to sell and included in the other current assets and other current liabilities balances on Exelon's and Generation's Consolidated Balance Sheets. As of June 30, 2017, the fair value analysis was based on an income approach using significant unobservable inputs (Level 3) including revenue and generation forecasts, projected capital and maintenance expenditures and discount rates. As a result of this analysis, in the second quarter 2017, Exelon and Generation recorded a pre-tax impairment charge of $418 million within Operating and maintenance expense on their Consolidated Statements of Operations and Comprehensive Income. In the third quarter 2017, Exelon and Generation recorded an additional pre-tax impairment charge of $40 million within Operating and maintenance expense on their Consolidated Statements of Operations and Comprehensive Income to reflect an indicated decline in fair value based on new information obtained in the quarter through the orderly sales process. See Note 4 - Mergers, Acquisitions and Dispositions and Note 11 - Debt and Credit Agreements , for further information.

During the first quarter of 2016 , significant changes in Generation's intended use of the Upstream oil and gas assets, developments with nonrecourse debt held by its upstream subsidiary CEU Holdings, LLC (as described in Note

14 - Debt and Credit Agreements of the Exelon 2016 Form 10-K) and continued declines in both production volumes and commodity prices suggested that the carrying value may be impaired. Generation concluded that the estimated undiscounted future cash flows and fair value of its Upstream properties were less than their carrying values. As a result, a pre-tax impairment charge of $119 million was recorded in March 2016 within Operating and maintenance expense in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income. On June 16, 2016, Generation initiated the sales process of its Upstream business by executing a forbearance agreement with the lenders of the nonrecourse debt. An additional pre-tax impairment charge of $15 million was recorded in September 2016 within Operating and maintenance expense in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income due to further declines in fair value. In December 2016, Generation sold substantially all of the Upstream Assets. See Note 4 - Mergers, Acquisitions and Dispositions of the Exelon 2016 Form 10-K for further information.

In the second quarter of 2016, updates to the Company's long-term view of energy and capacity prices suggested that the carrying value of a group of merchant wind assets, located in West Texas, may be impaired. Upon review, the estimated undiscounted future cash flows and fair value of the group were less than their carrying value. The fair value analysis was based on the income approach using significant unobservable inputs (Level 3) including revenue and generation forecasts, projected capital and maintenance expenditures and discount rates. As a result of the fair value analysis, long-lived assets held and used with a carrying amount of approximately $60 million were written down to their fair value of $24 million and a pre-tax impairment charge of $36 million was recorded during the second quarter in Operating and maintenance expense in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income.

Also in the second quarter of 2016 , updates to the Company's long-term view, as described above, in conjunction with the previous decision to early retire the Clinton and Quad Cities nuclear facilities in Illinois suggested that the carrying value of our Midwest asset group may be impaired. Generation completed a comprehensive review of the estimated undiscounted future cash flows of the Midwest asset group and no impairment charge was required.

Like-Kind Exchange Transaction (Exelon)

In June 2000, UII, LLC (formerly Unicom Investments, Inc.) (UII), a wholly owned subsidiary of Exelon Corporation, entered into transactions pursuant to which UII invested in coal-fired generating station leases (Headleases) with the Municipal Electric Authority of Georgia (MEAG). The generating stations were leased back to MEAG as part of the transactions (Leases).

On March 31, 2016, UII and MEAG finalized an agreement to terminate the MEAG Headleases, the MEAG Leases, and other related agreements prior to their expiration dates. As a result of the lease termination, UII received an early termination payment of $360 million from MEAG and wrote-off the $356 million net investment in the MEAG Headleases and the Leases. The transaction resulted in a pre-tax gain of $4 million which is reflected in Operating and maintenance expense in Exelon's Consolidated Statements of Operations and Comprehensive Income. See Note 12 — Income Taxes for additional information.

7 . Early Nuclear Plant Retirements (Exelon and Generation)

Exelon and Generation continue to evaluate the current and expected economic value of each of Generation's nuclear plants. Factors that will continue to affect the economic value of Generation's nuclear plants include, but are not limited to: market power prices, results of capacity auctions, potential legislative and regulatory solutions to ensure nuclear plants are fairly compensated for their carbon-free emissions, and the impact of potential rules from the EPA requiring reduction of carbon and other emissions and the efforts of states to implement those final rules. The precise timing of an early retirement date for any nuclear plant, and the resulting financial statement impacts, may be affected by a number of factors, including the status of potential regulatory or legislative solutions, results of any transmission system reliability study assessments, the nature of any co-owner requirements and stipulations, and decommissioning trust fund requirements, among other factors. However, the earliest retirement date for any plant would usually be the first year in which the unit does not have capacity or other obligations, where applicable, and just prior to its next scheduled nuclear refueling outage.

In 2015 and 2016, Generation identified the Clinton, Quad Cities, Ginna, Nine Mile Point, and Three Mile Island (TMI) nuclear plants as having the greatest risk of early retirement based on economic valuation and other factors. PSEG has also recently made public similar financial challenges facing its New Jersey nuclear plants including Salem,

of which Generation owns a 42.59% ownership interest. As previously disclosed, Exelon and Generation have committed to cease operation of the Oyster Creek nuclear plant by the end of 2019.

The TMI nuclear plant did not clear in the May 2017 PJM capacity auction for the 2020-2021 planning year and will not receive capacity revenue for that period, the third consecutive year that TMI failed to clear the PJM base residual capacity auction. The plant is currently committed to operate through May 2019.

Based on these capacity auction results, prolonged periods of low wholesale power prices, and the absence of federal or state policies that place a value on nuclear energy for its ability to produce electricity without air pollution, Exelon announced that Generation will permanently cease generation operations at TMI on or about September 30, 2019. The current NRC license for TMI expires in 2034. Generation is proceeding with the market and regulatory notifications that must be made to shut down the plant, including filing of a deactivation notice with PJM on May 30, 2017 and notification to the NRC on June 20, 2017. PJM has subsequently notified Generation that it has not identified any reliability issues and has approved the deactivation of TMI as proposed.

In 2017, as a result of the plant retirement decision of TMI, Exelon and Generation recognized one-time charges in Operating and maintenance expense of $76 million related to materials and supplies inventory reserve adjustments, employee-related costs and construction work-in-progress (CWIP) impairments, among other items. In addition to these one-time charges, there will be ongoing annual incremental non-cash charges to earnings stemming from shortening the expected economic useful life of TMI primarily related to accelerated depreciation of plant assets (including any ARC), accelerated amortization of nuclear fuel, and additional ARO accretion expense associated with the changes in decommissioning timing and cost assumptions. During the three and nine months ended September 30, 2017 , both Exelon's and Generation's results include an incremental $112 million and $149 million , respectively, of pre-tax expense for these items. Please refer to Note 13 — Nuclear Decommissioning for additional detail on changes to the nuclear decommissioning ARO balances resulting from the early retirement of TMI.

Income statement expense (pre-tax)	Q3 2017	YTD 2017
Depreciation and amortization		
Accelerated depreciation [(a)]	$ 106	$ 141
Accelerated nuclear fuel amortization	6	8
Total	$ 112	$ 149

(a) Reflects incremental accelerated depreciation of plant assets, including any ARC.

Based on insufficient capacity auction results and the lack of progress on Illinois energy legislation, on June 2, 2016, Generation announced a decision to shut down the Clinton and Quad Cities nuclear plants on June 1, 2017 and June 1, 2018, respectively. With the passage of the Illinois ZES on December 7, 2016, and subject to prevailing over any related administrative or legal challenges, Generation reversed this decision and revised the expected economic useful lives for both facilities; 2027 for Clinton and 2032 for Quad Cities. Refer to Note 5 - Regulatory Matters for additional discussion on the Illinois ZES.

Exelon's and Generation's 2016 results included a net incremental $714 million of total pre-tax expense associated with the initial early retirement decision for Clinton and Quad Cities, as summarized in the table below.

Income statement expense (pre-tax)	Q2 2016	Q3 2016	Q4 2016	YTD 2016
Depreciation and amortization				
Accelerated depreciation [(a)]	$ 115	$ 344	$ 253	$ 712
Accelerated Nuclear Fuel amortization	9	28	23	60
Operating and maintenance				
One time charges [(b)]	141	5	(120)	26
ARO accretion, net of contractual offset [(c)]	—	2	—	2
Contractual offset for ARC depreciation [(c)]	(14)	(41)	(31)	(86)
Total	$ 251	$ 338	$ 125	$ 714

(a) Reflects incremental accelerated depreciation of plant assets, including any ARC, for the period June 2, 2016, through December 6, 2016.
(b) Primarily includes materials and supplies inventory reserve adjustments, employee related costs and CWIP impairments.
(c) For Quad Cities based on the regulatory agreement with the Illinois Commerce Commission, decommissioning-related activities are offset within Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income. The offset results in an equal adjustment to the noncurrent payables to ComEd at Generation and an adjustment to the regulatory liabilities at ComEd. Likewise, ComEd has recorded an equal noncurrent affiliate receivable from Generation and corresponding regulatory liability.

In New York, the Ginna, Nine Mile Point, and Generation's recently acquired FitzPatrick nuclear plant also faced significant economic challenges and risk of retirement before the end of each unit's respective operating license period (2029 for Ginna and Nine Mile Point Unit 1, 2046 for Nine Mile Point Unit 2, and 2034 for FitzPatrick). On August 1, 2016, the NYPSC issued an order adopting the New York CES that, subject to prevailing over any administrative or legal challenges, would allow Ginna, Nine Mile Point, and FitzPatrick to continue to operate at least through the life of the program (March 31, 2029). The assumed useful life for depreciation purposes for each facility is through the end of their current operating licenses. Ginna most recently operated under an RSSA which expired March 31, 2017 and has filed the required notice with the NYPSC of its intent to continue operating beyond the expiry of the RSSA. Refer to Note 4 - Mergers, Acquisitions and Dispositions for additional information on Generation's acquisition of FitzPatrick and Note 5 - Regulatory Matters for additional discussion on the Ginna RSSA and the New York CES.

Assuming the successful implementation of the Illinois ZES and the New York CES and the continued effectiveness of these programs, Generation and CENG, through its ownership of Ginna and Nine Mile Point, no longer consider Clinton, Quad Cities, Ginna or Nine Mile Point to be at heightened risk for early retirement. However, to the extent either the Illinois ZES or the New York CES programs do not operate as expected over their full terms, each of these plants (and now including the newly acquired FitzPatrick) could again be at heightened risk for early retirement, which could have a material impact on Exelon's and Generation's future results of operations, cash flows and financial position.

8 . Intangible Assets (Exelon and PHI)

In the third quarter of 2015, PHI entered into a sponsorship agreement with the District of Columbia for future sponsorship rights associated with public property within the District of Columbia and paid the District of Columbia $25 million . The specific sponsorship rights were to be determined over time through future negotiations. As of September 30, 2017 , PHI has recorded the sponsorship agreement as a finite-lived intangible asset with a $25 million carrying amount. Because no specific sponsorship agreements have yet been entered into with the District of Columbia, amortization of the finite-lived intangible asset has yet to commence. In the third quarter of 2017, PHI continued discussions with the District of Columbia regarding the nature and timing of available sponsorship opportunities, and based on these ongoing discussions, will continue to evaluate any potential impact on the valuation of the sponsorship intangible asset.

9 . Fair Value of Financial Assets and Liabilities (All Registrants)

Fair Value of Financial Liabilities Recorded at the Carrying Amount

The following tables present the carrying amounts and fair values of the Registrants' short-term liabilities, long-term debt, SNF obligation, and trust preferred securities (long-term debt to financing trusts or junior subordinated debentures) as of September 30, 2017 and December 31, 2016 :

Exelon

	September 30, 2017				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 710	$ —	$ 710	$ —	$ 710
Long-term debt (including amounts due within one year) [a]	34,865	—	34,686	1,949	36,635
Long-term debt to financing trusts [b]	389	—	—	423	423
SNF obligation	1,142	—	857	—	857

	December 31, 2016				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 1,267	$ —	$ 1,267	$ —	$ 1,267
Long-term debt (including amounts due within one year) [a]	34,005	1,113	31,741	1,959	34,813
Long-term debt to financing trusts [b]	641	—	—	667	667
SNF obligation	1,024	—	732	—	732

Generation

	September 30, 2017				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 92	$ —	$ 92	$ —	$ 92
Long-term debt (including amounts due within one year) [a]	9,528	—	7,915	1,652	9,567
SNF obligation	1,142	—	857	—	857

	December 31, 2016				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 699	$ —	$ 699	$ —	$ 699
Long-term debt (including amounts due within one year) [a]	9,241	—	7,482	1,670	9,152
SNF obligation	1,024	—	732	—	732

ComEd

	September 30, 2017				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Long-term debt (including amounts due within one year) [a]	$ 7,600	$ —	$ 8,353	$ —	$ 8,353
Long-term debt to financing trusts [b]	205	—	—	226	226

	December 31, 2016				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Long-term debt (including amounts due within one year) [a]	$ 7,033	$ —	$ 7,585	$ —	$ 7,585
Long-term debt to financing trusts [b]	205	—	—	215	215

PECO

	September 30, 2017				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Long-term debt (including amounts due within one year) [a]	$ 2,902	$ —	$ 3,181	$ —	$ 3,181
Long-term debt to financing trusts	184	—	—	197	197

	December 31, 2016				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Long-term debt (including amounts due within one year) [a]	$ 2,580	$ —	$ 2,794	$ —	$ 2,794
Long-term debt to financing trusts	184	—	—	192	192

BGE

	September 30, 2017				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Long-term debt (including amounts due within one year) [a]	$ 2,577	$ —	$ 2,817	$ —	$ 2,817

	December 31, 2016				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 45	$ —	$ 45	$ —	$ 45
Long-term debt (including amounts due within one year) [a]	2,322	—	2,467	—	2,467
Long-term debt to financing trusts [b]	252	—	—	260	260

PHI (Successor)

	September 30, 2017				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 118	$ —	$ 118	$ —	$ 118
Long-term debt (including amounts due within one year) [a]	5,930	—	5,729	297	6,026

	December 31, 2016				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 522	$ —	$ 522	$ —	$ 522
Long-term debt (including amounts due within one year) [a]	5,898	—	5,520	289	5,809

Pepco

	September 30, 2017				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Long-term debt (including amounts due within one year) [a]	$ 2,546	$ —	$ 3,087	$ 9	$ 3,096

	December 31, 2016				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 23	$ —	$ 23	$ —	$ 23
Long-term debt (including amounts due within one year) [a]	2,349	—	2,[illegible]	[illegible]	2,796

DPL

	September 30, 2017				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 54	$ —	$ 54	$ —	$ 54
Long-term debt (including amounts due within one year) [(a)]	1,326	—	1,407	—	1,407

	December 31, 2016				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Long-term debt (including amounts due within one year) [(a)]	$ 1,340	$ —	$ 1,383	$ —	$ 1,383

ACE

	September 30, 2017				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities	$ 65	$ —	$ 65	$ —	$ 65
Long-term debt (including amounts due within one year) [(a)]	1,130	—	969	288	1,257

	December 31, 2016				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Long-term debt (including amounts due within one year) [(a)]	$ 1,155	$ —	$ 1,007	$ 280	$ 1,287

(a) Includes unamortized debt issuance costs which are not fair valued of $196 million , $51 million , $53 million , $17 million , $17 million , $6 million , $32 million , $11 million , and $5 million for Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE, respectively, as of September 30, 2017 . Includes unamortized debt issuance costs which are not fair valued of $200 million , $64 million , $46 million , $15 million , $15 million , $2 million , $30 million , $11 million , and $6 million for Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE, respectively, as of December 31, 2016 .

(b) Includes unamortized debt issuance costs which are not fair valued of $1 million and $1 million for Exelon and ComEd, respectively, as of September 30, 2017 . Includes unamortized debt issuance costs which are not fair valued of $7 million , $1 million , and $6 million for Exelon, ComEd and BGE, respectively, as of December 31, 2016 .

Short-Term Liabilities. The short-term liabilities included in the tables above are comprised of dividends payable (included in other current liabilities) (Level 1) and short-term borrowings (Level 2). The Registrants' carrying amounts of the short-term liabilities are representative of fair value because of the short-term nature of these instruments.

Long-Term Debt. The fair value amounts of Exelon's taxable debt securities (Level 2) and private placement taxable debt securities (Level 3) are determined by a valuation model that is based on a conventional discounted cash flow methodology and utilizes assumptions of current market pricing curves. In order to incorporate the credit risk of the Registrants into the discount rates, Exelon obtains pricing (i.e., U.S. Treasury rate plus credit spread) based on trades of existing Exelon debt securities as well as debt securities of other issuers in the utility sector with similar credit ratings in both the primary and secondary market, across the Registrants' debt maturity spectrum. The credit spreads of various tenors obtained from this information are added to the appropriate benchmark U.S. Treasury rates in order to determine the current market yields for the various tenors. The yields are then converted into discount rates of various tenors that are used for discounting the respective cash flows of the same tenor for each bond or note. Due to low trading volume of private placement debt, qualitative factors such as market conditions, low volume of investors and investor demand, this debt is classified as Level 3. The fair value of Exelon's equity units (Level 1) are valued based on publicly traded securities issued by Exelon.

The fair value of Generation's and Pepco's non-government-backed fixed rate nonrecourse debt (Level 3) is based on market and quoted prices for its own and other nonrecourse debt with similar risk profiles. Given the low trading volume in the nonrecourse debt market, the price quotes used to determine fair value will reflect certain qualitative factors, such as market conditions, investor demand, new developments that might significantly impact the project

cash flows or off-taker credit, and other circumstances related to the project (e.g., political and regulatory environment). The fair value of Generation's government-backed fixed rate project financing debt (Level 3) is largely based on a discounted cash flow methodology that is similar to the taxable debt securities methodology described above. Due to the lack of market trading data on similar debt, the discount rates are derived based on the original loan interest rate spread to the applicable Treasury rate as well as a current market curve derived from government-backed securities. Variable rate financing debt resets on a monthly or quarterly basis and the carrying value approximates fair value (Level 2). When trading data is available on variable rate financing debt, the fair value is based on market and quoted prices for its own and other nonrecourse debt with similar risk profiles (Level 2). Generation, Pepco, DPL and ACE also have tax-exempt debt (Level 2). Due to low trading volume in this market, qualitative factors, such as market conditions, investor demand, and circumstances related to the issuer (e.g., conduit issuer political and regulatory environment), may be incorporated into the credit spreads that are used to obtain the fair value as described above. Variable rate tax-exempt debt (Level 2) resets on a regular basis and the carrying value approximates fair value.

SNF Obligation . The carrying amount of Generation's SNF obligation (Level 2) is derived from a contract with the DOE to provide for disposal of SNF from Generation's nuclear generating stations. When determining the fair value of the obligation, the future carrying amount of the SNF obligation is calculated by compounding the current book value of the SNF obligation at the 13-week Treasury rate. The compounded obligation amount is discounted back to present value using Generation's discount rate, which is calculated using the same methodology as described above for the taxable debt securities, and an estimated maturity date of 2030. The carrying amount also includes $112 million as of September 30, 2017 for the one-time fee obligation associated with closing of the FitzPatrick acquisition on March 31, 2017. The fair value was determined using a similar methodology, however the New York Power Authority's (NYPA) discount rate is used in place of Generation's given the contractual right to reimbursement from NYPA for the obligation; see Note 4 - Mergers, Acquisitions and Dispositions for additional information on Generation's acquisition of FitzPatrick.

Long-Term Debt to Financing Trusts . Exelon's long-term debt to financing trusts is valued based on publicly traded securities issued by the financing trusts. Due to low trading volume of these securities, qualitative factors, such as market conditions, investor demand, and circumstances related to each issue, this debt is classified as Level 3.

Recurring Fair Value Measurements

Exelon records the fair value of assets and liabilities in accordance with the hierarchy established by the authoritative guidance for fair value measurements. The hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1 — quoted prices (unadjusted) in active markets for identical assets or liabilities that the Registrants have the ability to liquidate as of the reporting date.
- Level 2 — inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.
- Level 3 — unobservable inputs, such as internally developed pricing models or third-party valuations for the asset or liability due to little or no market activity for the asset or liability.

Transfers in and out of levels are recognized as of the end of the reporting period when the transfer occurred. Given derivatives categorized within Level 1 are valued using exchange-based quoted prices within observable periods, transfers between Level 2 and Level 1 were not material. Additionally, there were no material transfers between Level 1 and Level 2 during the nine months ended September 30, 2017 for cash equivalents, nuclear decommissioning trust fund investments, pledged assets for Zion Station decommissioning, Rabbi trust investments, and deferred compensation obligations. For derivative contracts, transfers into Level 2 from Level 3 generally occur when the contract tenor becomes more observable and due to changes in market liquidity or assumptions for certain commodity contracts.

Generation and Exelon

In accordance with the applicable guidance on fair value measurement, certain investments that are measured at fair value using the NAV per share as a practical expedient are no longer classified within the fair value hierarchy and are included under "Not subject to leveling" in the table below.

The following tables present assets and liabilities measured and recorded at fair value on Exelon's and Generation's Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy as of September 30, 2017 and December 31, 2016 :

	Generation					Exelon				
As of September 30, 2017	**Level 1**	**Level 2**	**Level 3**	**Not subject to leveling**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Not subject to leveling**	**Total**
Assets										
Cash equivalents [a]	$ 80	$ —	$ —	$ —	$ 80	$ 944	$ —	$ —	$ —	$ 944
NDT fund investments										
Cash equivalents [b]	149	86	—	—	235	149	86	—	—	235
Equities	3,935	840	—	2,088	6,863	3,935	840	—	2,088	6,863
Fixed income										
Corporate debt	—	1,651	255	—	1,906	—	1,651	255	—	1,906
U.S. Treasury and agencies	1,951	28	—	—	1,979	1,951	28	—	—	1,979
Foreign governments	—	70	—	—	70	—	70	—	—	70
State and municipal debt	—	246	—	—	246	—	246	—	—	246
Other [c]	—	46	—	509	555	—	46	—	509	555
Fixed income subtotal	1,951	2,041	255	509	4,756	1,951	2,041	255	509	4,756
Middle market lending	—	—	416	87	503	—	—	416	87	503
Private equity	—	—	—	212	212	—	—	—	212	212
Real estate	—	—	—	449	449	—	—	—	449	449
NDT fund investments subtotal [d]	6,035	2,967	671	3,345	13,018	6,035	2,967	671	3,345	13,018
Pledged assets for Zion Station decommissioning										
Cash equivalents	15	—	—	—	15	15	—	—	—	15

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Generation					Exelon				
As of September 30, 2017	**Level 1**	**Level 2**	**Level 3**	**Not subject to leveling**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Not subject to leveling**	**Total**
Middle market lending	—	—	17	25	42	—	—	17	25	42
Pledged assets for Zion Station decommissioning subtotal [e]	15	—	17	25	57	15	—	17	25	57
Rabbi trust investments										
Cash equivalents	5	—	—	—	5	77	—	—	—	77
Mutual funds	22	—	—	—	22	56	—	—	—	56
Fixed income	—	—	—	—	—	—	13	—	—	13
Life insurance contracts	—	21	—	—	21	—	68	21	—	89
Rabbi trust investments subtotal	27	21	—	—	48	133	81	21	—	235
Commodity derivative assets										
Economic hedges	487	2,076	1,628	—	4,191	487	2,076	1,628	—	4,191
Proprietary trading	2	41	42	—	85	2	41	42	—	85
Effect of netting and allocation of collateral [f] [g]	(501)	(1,828)	(837)	—	(3,166)	(501)	(1,828)	(837)	—	(3,166)
Commodity derivative assets subtotal	(12)	289	833	—	1,110	(12)	289	833	—	1,110
Interest rate and foreign currency derivative assets										
Derivatives designated as hedging instruments	—	—	—	—	—	—	10	—	—	10
Economic hedges	3	13	—	—	16	3	13	—	—	16
Effect of netting and allocation of collateral	(3)	(8)	—	—	(11)	(3)	(8)	—	—	(11)
Interest rate and foreign currency derivative assets subtotal	—	5	—	—	5	—	15	—	—	15
Other investments	—	—	43	—	43	—	—	43	—	43
Total assets	6,145	3,282	1,564	3,370	14,361	7,115	3,352	1,585	3,370	15,422
Liabilities										
Commodity derivative liabilities										
Economic hedges	(559)	(2,062)	(1,189)	—	(3,810)	(559)	(2,062)	(1,466)	—	(4,087)
Proprietary trading	(3)	(43)	(27)	—	(73)	(3)	(43)	(27)	—	(73)
Effect of netting and allocation of collateral [f] [g]	560	2,043	978	—	3,581	560	2,043	978	—	3,581
Commodity derivative liabilities subtotal	(2)	(62)	(238)	—	(302)	(2)	(62)	(515)	—	(579)
Interest rate and foreign currency derivative liabilities										
Economic hedges	(2)	(17)	—	—	(19)	(2)	(17)	—	—	(19)
Effect of netting and allocation of collateral	2	8	—	—	10	2	8	—	—	10
Interest rate and foreign currency derivative liabilities subtotal	—	(9)	—	—	(9)	—	(9)	—	—	(9)
Deferred compensation obligation	—	(35)	—	—	(35)	—	(137)	—	—	(137)
Total liabilities	(2)	(106)	(238)	—	(346)	(2)	(208)	(515)	—	(725)
Total net assets	$ 6,143	$ 3,176	$ 1,326	$ 3,370	$ 14,015	$ 7,113	$ 3,144	$ 1,070	$ 3,370	$ 14,697

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Generation					Exelon				
As of December 31, 2016	**Level 1**	**Level 2**	**Level 3**	**Not subject to leveling**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Not subject to leveling**	**Total**
Assets										
Cash equivalents [a]	$ 39	$ —	$ —	$ —	$ 39	$ 373	$ —	$ —	$ —	$ 373
NDT fund investments										
Cash equivalents [b]	110	19	—	—	129	110	19	—	—	129
Equities	3,551	452	—	2,011	6,014	3,551	452	—	2,011	6,014
Fixed income										
Corporate debt	—	1,554	250	—	1,804	—	1,554	250	—	1,804
U.S. Treasury and agencies	1,291	29	—	—	1,320	1,291	29	—	—	1,320
Foreign governments	—	37	—	—	37	—	37	—	—	37
State and municipal debt	—	264	—	—	264	—	264	—	—	264
Other [c]	—	59	—	493	552	—	59	—	493	552
Fixed income subtotal	1,291	1,943	250	493	3,977	1,291	1,943	250	493	3,977
Middle market lending	—	—	427	71	498	—	—	427	71	498
Private equity	—	—	—	148	148	—	—	—	148	148
Real estate	—	—	—	326	326	—	—	—	326	326
NDT fund investments subtotal [d]	4,952	2,414	677	3,049	11,092	4,952	2,414	677	3,049	11,092
Pledged assets for Zion Station decommissioning										
Cash equivalents	11	—	—	—	11	11	—	—	—	11
Equities	—	2	—	—	2	—	2	—	—	2
Fixed Income - U.S. Treasury and agencies	16	1	—	—	17	16	1	—	—	17
Middle market lending	—	—	19	64	83	—	—	19	64	83
Pledged assets for Zion Station decommissioning subtotal [e]	27	3	19	64	113	27	3	19	64	113
Rabbi trust investments										
Cash equivalents	2	—	—	—	2	74	—	—	—	74
Mutual funds	19	—	—	—	19	50	—	—	—	50
Fixed income	—	—	—	—	—	—	16	—	—	16
Life insurance contracts	—	18	—	—	18	—	64	20	—	84
Rabbi trust investments subtotal	21	18	—	—	39	124	80	20	—	224
Commodity derivative assets										
Economic hedges	1,356	2,505	1,229	—	5,090	1,358	2,505	1,229	—	5,092
Proprietary trading	3	50	23	—	76	3	50	23	—	76
Effect of netting and allocation of collateral [f] [g]	(1,162)	(2,142)	(481)	—	(3,785)	(1,164)	(2,142)	(481)	—	(3,787)
Commodity derivative assets subtotal	197	413	771	—	1,381	197	413	771	—	1,381
Interest rate and foreign currency derivative assets										
Derivatives designated as hedging instruments	—	—	—	—	—	—	16	—	—	16
Economic hedges	—	28	—	—	28	—	28	—	—	28
Proprietary trading	3	2	—	—	5	3	2	—	—	5
Effect of netting and allocation of collateral	(2)	(19)	—	—	(21)	(2)	(19)	—	—	(21)
Interest rate and foreign currency derivative assets subtotal	1	11	—	—	12	1	27	—	—	28
Other investments	—	—	42	—	42	—	—	42	—	42
Total assets	5,237	2,859	1,509	3,113	12,718	5,674	2,937	1,529	3,113	13,253

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Generation					Exelon				
As of December 31, 2016	**Level 1**	**Level 2**	**Level 3**	**Not subject to leveling**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Not subject to leveling**	**Total**
Liabilities										
Commodity derivative liabilities										
Economic hedges	(1,267)	(2,378)	(794)	—	(4,439)	(1,267)	(2,378)	(1,052)	—	(4,697)
Proprietary trading	(3)	(50)	(26)	—	(79)	(3)	(50)	(26)	—	(79)
Effect of netting and allocation of collateral [f] [g]	1,233	2,339	542	—	4,114	1,233	2,339	542	—	4,114
Commodity derivative liabilities subtotal	(37)	(89)	(278)	—	(404)	(37)	(89)	(536)	—	(662)
Interest rate and foreign currency derivative liabilities										
Derivatives designated as hedging instruments	—	(10)	—	—	(10)	—	(10)	—	—	(10)
Economic hedges	—	(21)	—	—	(21)	—	(21)	—	—	(21)
Proprietary trading	(4)	—	—	—	(4)	(4)	—	—	—	(4)
Effect of netting and allocation of collateral	4	19	—	—	23	4	19	—	—	23
Interest rate and foreign currency derivative liabilities subtotal	—	(12)	—	—	(12)	—	(12)	—	—	(12)
Deferred compensation obligation	—	(34)	—	—	(34)	—	(136)	—	—	(136)
Total liabilities	(37)	(135)	(278)	—	(450)	(37)	(237)	(536)	—	(810)
Total net assets	$ 5,200	$ 2,724	$ 1,231	$ 3,113	$ 12,268	$ 5,637	$ 2,700	$ 993	$ 3,113	$ 12,443

(a) Generation excludes cash of $282 million and $252 million at September 30, 2017 and December 31, 2016 and restricted cash of $184 million and $157 million at September 30, 2017 and December 31, 2016 . Exelon excludes cash of $382 million and $360 million at September 30, 2017 and December 31, 2016 and restricted cash of $219 million and $180 million at September 30, 2017 and December 31, 2016 and includes long-term restricted cash of $22 million and $25 million at September 30, 2017 and December 31, 2016 , which is reported in other deferred debits on the balance sheet.

(b) Includes $75 million and $29 million of cash received from outstanding repurchase agreements at September 30, 2017 and December 31, 2016 , respectively, and is offset by an obligation to repay upon settlement of the agreement as discussed in (d) below.

(c) Includes derivative instruments of less than $1 million and $(2) million , which have a total notional amount of $885 million and $933 million at September 30, 2017 and December 31, 2016 , respectively. The notional principal amounts for these instruments provide one measure of the transaction volume outstanding as of the fiscal years ended and do not represent the amount of the company's exposure to credit or market loss.

(d) Excludes net liabilities of $52 million and $31 million at September 30, 2017 and December 31, 2016 , respectively. These items consist of receivables related to pending securities sales, interest and dividend receivables, repurchase agreement obligations, and payables related to pending securities purchases. The repurchase agreements are generally short-term in nature with durations generally of 30 days or less.

(e) Excludes net assets of less than $1 million at September 30, 2017 and December 31, 2016 . These items consist of receivables related to pending securities sales, interest and dividend receivables, and payables related to pending securities purchases.

(f) Collateral posted/(received) from counterparties totaled $59 million , $215 million and $141 million allocated to Level 1, Level 2 and Level 3 mark-to-market derivatives, respectively, as of September 30, 2017 . Collateral posted/(received) from counterparties, net of collateral paid to counterparties, totaled $71 million , $197 million and $61 million allocated to Level 1, Level 2 and Level 3 mark-to-market derivatives, respectively, as of December 31, 2016 .

(g) Of the collateral posted/(received), $27 million represents variation margin on the exchanges as of September 30, 2017 . Of the collateral posted/(received), $(158) million represents variation margin on the exchanges as of December 31, 2016 .

ComEd, PECO and BGE

The following tables present assets and liabilities measured and recorded at fair value on ComEd's, PECO's and BGE's Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy as of September 30, 2017 and December 31, 2016 :

	ComEd				PECO				BGE			
As of September 30, 2017	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets												
Cash equivalents [(a)]	$ 273	$ —	$ —	$ 273	$ 314	$ —	$ —	$ 314	$ 18	$ —	$ —	$ 18
Rabbi trust investments												
Mutual funds	—	—	—	—	7	—	—	7	5	—	—	5
Life insurance contracts	—	—	—	—	—	10	—	10	—	—	—	—
Rabbi trust investments subtotal	—	—	—	—	7	10	—	17	5	—	—	5
Total assets	273	—	—	273	321	10	—	331	23	—	—	23
Liabilities												
Deferred compensation obligation	—	(7)	—	(7)	—	(10)	—	(10)	—	(4)	—	(4)
Mark-to-market derivative liabilities [(b)]	—	—	(277)	(277)	—	—	—	—	—	—	—	—
Total liabilities	—	(7)	(277)	(284)	—	(10)	—	(10)	—	(4)	—	(4)
Total net assets (liabilities)	$ 273	$ (7)	$ (277)	$ (11)	$ 321	$ —	$ —	$ 321	$ 23	$ (4)	$ —	$ 19

	ComEd				PECO				BGE			
As of December 31, 2016	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets												
Cash equivalents [(a)]	$ 20	$ —	$ —	$ 20	$ 45	$ —	$ —	$ 45	$ 36	$ —	$ —	$ 36
Rabbi trust investments												
Mutual funds	—	—	—	—	7	—	—	7	4	—	—	4
Life insurance contracts	—	—	—	—	—	10	—	10	—	—	—	—
Rabbi trust investments subtotal	—	—	—	—	7	10	—	17	4	—	—	4
Total assets	20	—	—	20	52	10	—	62	40	—	—	40
Liabilities												
Deferred compensation obligation	—	(8)	—	(8)	—	(11)	—	(11)	—	(4)	—	(4)
Mark-to-market derivative liabilities [(b)]	—	—	(258)	(258)	—	—	—	—	—	—	—	—
Total liabilities	—	(8)	(258)	(266)	—	(11)	—	(11)	—	(4)	—	(4)
Total net assets (liabilities)	$ 20	$ (8)	$ (258)	$ (246)	$ 52	$ (1)	$ —	$ 51	$ 40	$ (4)	$ —	$ 36

(a) ComEd excludes cash of $36 million at September 30, 2017 and December 31, 2016 and restricted cash of $2 million at December 31, 2016 . PECO excludes cash of $20 million and $22 million at September 30, 2017 and December 31, 2016 . BGE excludes cash of $11 million and $13 million at September 30, 2017 and December 31, 2016 and restricted cash of $1 million at September 30, 2017 and includes long-term restricted cash of $2 million at December 31, 2016 , which is reported in other deferred debits on the balance sheet.

(b) The Level 3 balance consists of the current and noncurrent liability of $20 million and $257 million , respectively, at September 30, 2017 , and $19 million and $239 million , respectively, at December 31, 2016 , related to floating-to-fixed energy swap contracts with unaffiliated suppliers.

PHI, Pepco, DPL and ACE

The following tables present assets and liabilities measured and recorded at fair value on PHI's, Pepco's, DPL's and ACE's Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy as of September 30, 2017 and December 31, 2016 :

	Successor							
	As of September 30, 2017				**As of December 31, 2016**			
PHI	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets								
Cash equivalents [(a)]	$ 184	$ —	$ —	$ 184	$ 217	$ —	$ —	$ 217
Mark-to-market derivative assets [(b)]	—	—	—	—	2	—	—	2
Effect of netting and allocation of collateral	—	—	—	—	(2)	—	—	(2)
Mark-to-market derivative assets subtotal	—	—	—	—	—	—	—	—
Rabbi trust investments								
Cash equivalents	72	—	—	72	73	—	—	73
Fixed income	—	13	—	13	—	16	—	16
Life insurance contracts	—	23	21	44	—	22	20	42
Rabbi trust investments subtotal	72	36	21	129	73	38	20	131
Total assets	256	36	21	313	290	38	20	348
Liabilities								
Deferred compensation obligation	—	(24)	—	(24)	—	(28)	—	(28)
Total liabilities	—	(24)	—	(24)	—	(28)	—	(28)
Total net assets	$ 256	$ 12	$ 21	$ 289	$ 290	$ 10	$ 20	$ 320

	Pepco				**DPL**				**ACE**			
As of September 30, 2017	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets												
Cash equivalents [(a)]	$ 144	$ —	$ —	$ 144	$ —	$ —	$ —	$ —	$ 31	$ —	$ —	$ 31
Rabbi trust investments												
Cash equivalents	43	—	—	43	—	—	—	—	—	—	—	—
Fixed income	—	13	—	13	—	—	—	—	—	—	—	—
Life insurance contracts	—	23	21	44	—	—	—	—	—	—	—	—
Rabbi trust investments subtotal	43	36	21	100	—	—	—	—	—	—	—	—
Total assets	187	36	21	244	—	—	—	—	31	—	—	31
Liabilities												
Deferred compensation obligation	—	(4)	—	(4)	—	(1)	—	(1)	—	—	—	—
Total liabilities	—	(4)	—	(4)	—	(1)	—	(1)	—	—	—	—
Total net assets (liabilities)	$ 187	$ 32	$ 21	$ 240	$ —	$ (1)	$ —	$ (1)	$ 31	$ —	$ —	$ 31

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Pepco				DPL				ACE			
As of December 31, 2016	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets												
Cash equivalents [a]	$ 33	$ —	$ —	$ 33	$ 42	$ —	$ —	$ 42	$ 130	$ —	$ —	$ 130
Mark-to-market derivative assets [b]	—	—	—	—	2	—	—	2	—	—	—	—
Effect of netting and allocation of collateral	—	—	—	—	(2)	—	—	(2)	—	—	—	—
Mark-to-market derivative assets subtotal	—	—	—	—	—	—	—	—	—	—	—	—
Rabbi trust investments												
Cash equivalents	43	—	—	43	—	—	—	—	—	—	—	—
Fixed income	—	16	—	16	—	—	—	—	—	—	—	—
Life insurance contracts	—	22	19	41	—	—	—	—	—	—	—	—
Rabbi trust investments subtotal	43	38	19	100	—	—	—	—	—	—	—	—
Total assets	76	38	19	133	42	—	—	42	130	—	—	130
Liabilities												
Deferred compensation obligation	—	(5)	—	(5)	—	(1)	—	(1)	—	—	—	—
Total liabilities	—	(5)	—	(5)	—	(1)	—	(1)	—	—	—	—
Total net assets (liabilities)	$ 76	$ 33	$ 19	$ 128	$ 42	$ (1)	$ —	$ 41	$ 130	$ —	$ —	$ 130

(a) PHI excludes cash of $18 million and $19 million at September 30, 2017 and December 31, 2016 and includes long-term restricted cash of $22 million and $23 million at September 30, 2017 and December 31, 2016 which is reported in other deferred debits on the balance sheet. Pepco excludes cash of $7 million and $9 million at September 30, 2017 and December 31, 2016 . DPL excludes cash of $3 million and $4 million at September 30, 2017 and December 31, 2016 . ACE excludes cash of $5 million and $3 million at September 30, 2017 and December 31, 2016 and includes long-term restricted cash of $22 million and $23 million at September 30, 2017 and December 31, 2016 which is reported in other deferred debits on the balance sheet.

(b) Represents natural gas futures purchased by DPL as part of a natural gas hedging program approved by the DPSC.

The following tables present the fair value reconciliation of Level 3 assets and liabilities measured at fair value on a recurring basis during the three and nine months ended September 30, 2017 and 2016 :

	Generation					ComEd	*Successor* PHI		Exelon
Three Months Ended September 30, 2017	NDT Fund Investments	Pledged Assets for Zion Station Decommissioning	Mark-to-Market Derivatives	Other Investments	Total Generation	Mark-to-Market Derivatives	Life Insurance Contracts	Eliminated in Consolidation	Total
Balance as of June 30, 2017	$ 683	$ 21	$ 589	$ 41	$ 1,334	$ (256)	$ 20	$ —	$ 1,098
Total realized / unrealized gains (losses)									
Included in net income	—	—	(82) [a]	1	(81)	—	1	—	(80)
Included in payable for Zion Station decommissioning	—	(4)	—	—	(4)	—	—	—	(4)
Included in regulatory assets	—	—	—	—	—	(21) [b]	—	—	(21)
Change in collateral	—	—	11	—	11	—	—	—	11
Purchases, sales, issuances and settlements									
Purchases	19	—	57	1	77	—	—	—	77
Settlements	(31)	—	10 [c]	—	(21)	—	—	—	(21)
Transfers out of Level 3	—	—	10	—	10	—	—	—	10
Balance at September 30, 2017	$ 671	$ 17	$ 595	$ 43	$ 1,326	$ (277)	$ 21	$ —	$ 1,070
The amount of total gains (losses) included in income attributed to the change in unrealized gains (losses) related to assets and liabilities as of September 30, 2017	$ —	$ —	$ 24	$ 1	$ 25	$ —	$ 1	$ —	$ 26

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Generation					ComEd	Successor PHI		Exelon
Nine Months Ended September 30, 2017	**NDT Fund Investments**	**Pledged Assets for Zion Station Decommissioning**	**Mark-to-Market Derivatives**	**Other Investments**	**Total Generation**	**Mark-to-Market Derivatives**	**Life Insurance Contracts**	**Eliminated in Consolidation**	**Total**
Balance as of December 31, 2016	$ 677	$ 19	$ 493	$ 42	$ 1,231	$ (258)	$ 20	$ —	$ 993
Total realized / unrealized gains (losses)									
Included in net income	4	—	(110) [a]	2	(104)	—	2	—	(102)
Included in noncurrent payables to affiliates	13	—	—	—	13	—	—	(13)	—
Included in payable for Zion Station decommissioning	—	(3)	—	—	(3)	—	—	—	(3)
Included in regulatory assets	—	—	—	—	—	(19) [b]	—	13	(6)
Change in collateral	—	—	81	—	81	—	—	—	81
Purchases, sales, issuances and settlements									
Purchases	54	1	146	4	205	—	—	—	205
Sales	—	—	(15)	—	(15)	—	—	—	(15)
Issuances	—	—	—	—	—	—	(1)	—	(1)
Settlements	(77)	—	(8) [c]	—	(85)	—	—	—	(85)
Transfers into Level 3	—	—	(9)	—	(9)	—	—	—	(9)
Transfers out of Level 3	—	—	17	(5)	12	—	—	—	12
Balance as of September 30, 2017	$ 671	$ 17	$ 595	$ 43	$ 1,326	$ (277)	$ 21	$ —	$ 1,070
The amount of total gains (losses) included in income attributed to the change in unrealized gains (losses) related to assets and liabilities as of September 30, 2017	$ 2	$ —	$ 161	$ 2	$ 165	$ —	$ 2	$ —	$ 167

(a) Includes a reduction for the reclassification of $96 million and $279 million of realized gains due to the settlement of derivative contracts for the three and nine months ended September 30, 2017 .

(b) Includes $ 24 million of decreases in fair value and an increase for realized losses due to settlements of $ 3 million recorded in purchased power expense associated with floating-to-fixed energy swap contracts with unaffiliated suppliers for the three months ended September 30, 2017 . Includes $ 32 million of decreases in fair value and an increase for realized losses due to settlements of $ 13 million recorded in purchased power expense associated with floating-to-fixed energy swap contracts with unaffiliated suppliers for the nine months ended September 30, 2017 .

(c) Exelon includes the settlement value for any open contracts that were net settled prior to their scheduled maturity within this line item.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Generation					ComEd	Successor PHI		Exelon
Three Months Ended September 30, 2016	**NDT Fund Investments**	**Pledged Assets for Zion Station Decommissioning**	**Mark-to-Market Derivatives**	**Other Investments**	**Total Generation**	**Mark-to-Market Derivatives**	**Life Insurance Contracts**	**Eliminated in Consolidation**	**Total**
Balance as of June 30, 2016	$ 715	$ 25	$ 609	$ 37	$ 1,386	$ (221)	$ 20	$ —	$ 1,185
Total realized / unrealized gains (losses)									
Included in net income	(4)	—	95 [(a)]	1	92	—	1	—	93
Included in noncurrent payables to affiliates	6	—	—	—	6	—	—	(6)	—
Included in payable for Zion Station decommissioning	—	(1)	—	—	(1)	—	—	—	(1)
Included in regulatory assets	—	—	—	—	—	(23) [(b)]	—	6	(17)
Change in collateral	—	—	31	—	31	—	—	—	31
Purchases, sales, issuances and settlements									
Purchases	4	—	207 [(c)]	3	214	—	—	—	214
Sales	—	(5)	(2)	—	(7)	—	—	—	(7)
Issuances	—	—	—	—	—	—	—	—	—
Settlements	(28)	—	—	—	(28)	—	—	—	(28)
Transfers into Level 3	—	—	(1)	1	—	—	—	—	—
Transfers out of Level 3	—	—	(4)	—	(4)	—	—	—	(4)
Balance as of September 30, 2016	$ 693	$ 19	$ 935	$ 42	$ 1,689	$ (244)	$ 21	$ —	$ 1,466
The amount of total gains (losses) included in income attributed to the change in unrealized gains (losses) related to assets and liabilities as of September 30, 2016	$ 3	$ —	$ 285	$ —	$ 288	$ —	$ —	$ —	$ 288

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Generation					ComEd	Successor PHI [d]		Exelon
Nine Months Ended September 30, 2016	**NDT Fund Investments**	**Pledged Assets for Zion Station Decommissioning**	**Mark-to-Market Derivatives**	**Other Investments**	**Total Generation**	**Mark-to-Market Derivatives**	**Life Insurance Contracts**	**Eliminated in Consolidation**	**Total**
Balance as of December 31, 2015	$ 670	$ 22	$ 1,051	$ 33	$ 1,776	$ (247)	$ —	$ —	$ 1,529
Included due to merger	—	—	—	—	—	—	20	—	20
Total realized / unrealized gains (losses)									
Included in net income	2	—	(339) [a]	1	(336)	—	2	—	(334)
Included in noncurrent payables to affiliates	18	—	—	—	18	—	—	(18)	—
Included in payable for Zion Station decommissioning	—	1	—	—	1	—	—	—	1
Included in regulatory assets	—	—	—	—	—	3 [b]	—	18	21
Change in collateral	—	—	(51)	—	(51)	—	—	—	(51)
Purchases, sales, issuances and settlements									
Purchases	123	1	289 [c]	7	420	—	—	—	420
Sales	(1)	(5)	(5)	—	(11)	—	—	—	(11)
Issuances	—	—	—	—	—	—	(1)	—	(1)
Settlements	(119)	—	—	—	(119)	—	—	—	(119)
Transfers into Level 3	—	—	1	1	2	—	—	—	2
Transfers out of Level 3	—	—	(11)	—	(11)	—	—	—	(11)
Balance as of September 30, 2016	$ 693	$ 19	$ 935	$ 42	$ 1,689	$ (244)	$ 21	$ —	$ 1,466
The amount of total gains (losses) included in income attributed to the change in unrealized gains (losses) related to assets and liabilities as of September 30, 2016	$ 7	$ —	$ 240	$ —	$ 247	$ —	$ 1	$ —	$ 248

(a) Includes a reduction for the reclassification of $190 million and $579 million of realized gains due to the settlement of derivative contracts recorded in results of operations for the three and nine months ended September 30, 2016 .
(b) Includes $25 million of decreases in fair value and an increase for realized losses due to settlements of $2 million recorded in purchased power expense associated with floating-to-fixed energy swap contracts with unaffiliated suppliers for the three months ended September 30, 2016 . Includes $10 million of decreases in fair value and an increase for realized losses due to settlements of $13 million for the nine months ended September 30, 2016 .
(c) Includes $168 million of fair value from contracts acquired as a result of portfolio acquisitions.
(d) Successor period represents activity from March 24, 2016 through September 30, 2016 . See tables below for PHI's predecessor periods, as well as activity for Pepco for the three and nine months ended September 30, 2017 and 2016 .

	Predecessor January 1, 2016 to March 23, 2016	
PHI	**Preferred Stock**	**Life Insurance Contracts**
Beginning Balance	$ 18	$ 19
Total realized / unrealized gains (losses)		
Included in net income	(18)	1
Ending Balance	$ —	$ 20
The amount of total gains (losses) included in income attributed to the change in unrealized gains (losses) related to assets and liabilities for the period	$ —	$ 1

	Life Insurance Contracts			
	Three Months Ended September 30,		Nine Months Ended September 30,	
Pepco	2017	2016	2017	2016
Beginning balance	$ 20	$ 20	$ 20	$ 19
Total realized / unrealized gains (losses)				
Included in net income	1	1	2	3
Purchases, sales, issuances and settlements				
Issuances	—	—	(1)	(1)
Ending balance	$ 21	$ 21	$ 21	$ 21
The amount of total gains (losses) included in income attributed to the change in unrealized gains (losses) related to assets and liabilities for the period	$ 1	$ —	$ 2	$ 2

The following tables present the income statement classification of the total realized and unrealized gains (losses) included in income for Level 3 assets and liabilities measured at fair value on a recurring basis during the three and nine months ended September 30, 2017 and 2016 :

	Successor						
	Generation			PHI	Exelon		
	Operating Revenues	Purchased Power and Fuel	Other, net [a]	Other, net [a]	Operating Revenues	Purchased Power and Fuel	Other, net [a]
Total gains (losses) included in net income for the three months ended September 30, 2017	$ (3)	$ (69)	$ 1	$ 1	$ (3)	$ (69)	$ 2
Total gains (losses) included in net income for the nine months ended September 30, 2017	34	(152)	6	2	34	(152)	8
Change in the unrealized gains (losses) relating to assets and liabilities held for the three months ended September 30, 2017	47	(23)	1	1	47	(23)	2
Change in the unrealized gains (losses) relating to assets and liabilities held for the nine months ended September 30, 2017	222	(61)	4	2	222	(61)	6

	Successor						
	Generation			PHI	Exelon		
	Operating Revenues	Purchased Power and Fuel	Other, net [a]	Other, net [a]	Operating Revenues	Purchased Power and Fuel	Other, net [a]
Total gains (losses) included in net income for the three months ended September 30, 2016	$ 180	$ (85)	$ (4)	$ 1	$ 180	$ (85)	$ (3)
Total gains (losses) included in net income for the nine months ended September 30, 2016	(232)	(107)	2	2	(232)	(107)	4
Change in the unrealized gains (losses) relating to assets and liabilities held for the three months ended September 30, 2016	323	(38)	3	—	323	(38)	3
Change in the unrealized gains (losses) relating to assets and liabilities held for the nine months ended September 30, 2016	303	(63)	7	1	303	(63)	8

	Predecessor	Pepco			
	PHI	Three Months Ended September 30,		Nine Months Ended September 30,	
	January 1, 2016 to March 23, 2016	2017	2016	2017	2016
	Other, net [a]	Other, net [a]			
Total gains (losses) included in net income	$ (17)	$ 1	$ 1	$ 2	$ 3
Change in the unrealized gains (losses) relating to assets and liabilities held	1	1	—	2	2

(a) Other, net activity consists of realized and unrealized gains (losses) included in income for the NDT funds held by Generation, accrued interest on a convertible promissory note at Generation and the life insurance contracts held by PHI and Pepco.

Valuation Techniques Used to Determine Fair Value

The following describes the valuation techniques used to measure the fair value of the assets and liabilities shown in the tables above.

Cash Equivalents (Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE). The Registrants' cash equivalents include investments with original maturities of three months or less when purchased. The cash equivalents shown in the fair value tables are comprised of investments in mutual and money market funds. The fair values of the shares of these funds are based on observable market prices and, therefore, have been categorized in Level 1 in the fair value hierarchy.

Preferred Stock Derivative (PHI). In connection with entering into the PHI Merger Agreement, PHI entered into a Subscription Agreement with Exelon dated April 29, 2014, pursuant to which PHI issued to Exelon shares of Preferred stock. The Preferred stock contained embedded features requiring separate accounting consideration to reflect the potential value to PHI that any issued and outstanding Preferred stock could be called and redeemed at a nominal par value upon a termination of the merger agreement under certain circumstances due to the failure to obtain required regulatory approvals. The embedded call and redemption features on the shares of the Preferred stock in the event of such a termination were separately accounted for as derivatives. These Preferred stock derivatives were valued quarterly using quantitative and qualitative factors, including management's assessment of the likelihood of a Regulatory Termination and therefore, were categorized in Level 3 in the fair value hierarchy. As a result of the PHI Merger, the PHI Preferred stock derivative was reduced to zero as of March 23, 2016 . The write-off was charged to Other, net on the PHI Consolidated Statement of Operations and Comprehensive Income.

Nuclear Decommissioning Trust Fund Investments and Pledged Assets for Zion Station Decommissioning (Exelon and Generation). The trust fund investments have been established to satisfy Generation's and CENG's nuclear decommissioning obligations as required by the NRC. The NDT funds hold debt and equity securities directly and indirectly through commingled funds and mutual funds, which are included in Equities and Fixed Income. Generation's and CENG's NDT fund investments policies outline investment guidelines for the trusts and limit the trust funds' exposures to investments in highly illiquid markets and other alternative investments. Investments with maturities of three months or less when purchased, including certain short-term fixed income securities are considered cash equivalents and included in the recurring fair value measurements hierarchy as Level 1 or Level 2.

With respect to individually held equity securities, the trustees obtain prices from pricing services, whose prices are generally obtained from direct feeds from market exchanges, which Generation is able to independently corroborate. The fair values of equity securities held directly by the trust funds which are based on quoted prices in active markets are categorized in Level 1. Certain equity securities have been categorized as Level 2 because they are based on evaluated prices that reflect observable market information, such as actual trade information or similar securities. Equity securities held individually are primarily traded on the New York Stock Exchange and NASDAQ-Global Select Market, which contain only actively traded securities due to the volume trading requirements imposed by these exchanges.

For fixed income securities, multiple prices from pricing services are obtained whenever possible, which enables cross-provider validations in addition to checks for unusual daily movements. A primary price source is identified based on asset type, class or issue for each security. With respect to individually held fixed income securities, the trustees monitor prices supplied by pricing services and may use a supplemental price source or change the primary price source of a given security if the portfolio managers challenge an assigned price and the trustees determine that another

price source is considered to be preferable. Generation has obtained an understanding of how these prices are derived, including the nature and observability of the inputs used in deriving such prices. Additionally, Generation selectively corroborates the fair values of securities by comparison to other market-based price sources. U.S. Treasury securities are categorized as Level 1 because they trade in a highly liquid and transparent market. The fair values of fixed income securities, excluding U.S. Treasury securities, are based on evaluated prices that reflect observable market information, such as actual trade information or similar securities, adjusted for observable differences and are categorized in Level 2. The fair values of private placement fixed income securities, which are included in Corporate debt, are determined using a third party valuation that contains significant unobservable inputs and are categorized in Level 3.

Equity and fixed income commingled funds and mutual funds are maintained by investment companies and hold certain investments in accordance with a stated set of fund objectives such as holding short-term fixed income securities or tracking the performance of certain equity indices by purchasing equity securities to replicate the capitalization and characteristics of the indices. The values of some of these funds are publicly quoted. For mutual funds which are publicly quoted, the funds are valued based on quoted prices in active markets and have been categorized as Level 1. For commingled funds and mutual funds, which are not publicly quoted, the funds are valued using NAV as a practical expedient for fair value, which is primarily derived from the quoted prices in active markets on the underlying securities, and are not classified within the fair value hierarchy. These investments typically can be redeemed monthly with 30 or less days of notice and without further restrictions.

Derivative instruments consisting primarily of futures and interest rate swaps to manage risk are recorded at fair value. Over the counter derivatives are valued daily based on quoted prices in active markets and trade in open markets, and have been categorized as Level 1. Derivative instruments other than over the counter derivatives are valued based on external price data of comparable securities and have been categorized as Level 2.

Middle market lending are investments in loans or managed funds which lend to private companies. Generation elected the fair value option for its investments in certain limited partnerships that invest in middle market lending managed funds. The fair value of these loans is determined using a combination of valuation models including cost models, market models and income models. Investments in loans are categorized as Level 3 because the fair value of these securities is based largely on inputs that are unobservable and utilize complex valuation models. Managed funds are valued using NAV or its equivalent as a practical expedient, and therefore, are not classified within the fair value hierarchy. Investments in middle market lending typically cannot be redeemed until maturity of the term loan.

Private equity and real estate investments include those in limited partnerships that invest in operating companies and real estate holding companies that are not publicly traded on a stock exchange, such as, leveraged buyouts, growth capital, venture capital, distressed investments, investments in natural resources, and direct investments in pools of real estate properties. The fair value of private equity and real estate investments is determined using NAV or its equivalent as a practical expedient, and therefore, are not classified within the fair value hierarchy. These investments typically cannot be redeemed and are generally liquidated over a period of 8 to 10 years from the initial investment date. Private equity and real estate valuations are reported by the fund manager and are based on the valuation of the underlying investments, which include inputs such as cost, operating results, discounted future cash flows, market based comparable data, and independent appraisals from sources with professional qualifications. These valuation inputs are unobservable.

As of September 30, 2017 , Generation has outstanding commitments to invest in fixed income, middle market lending, private equity and real estate investments of approximately $75 million , $285 million , $240 million , and $95 million , respectively. These commitments will be funded by Generation's existing nuclear decommissioning trust funds.

Concentrations of Credit Risk . Generation evaluated its NDT portfolios for the existence of significant concentrations of credit risk as of September 30, 2017 . Types of concentrations that were evaluated include, but are not limited to, investment concentrations in a single entity, type of industry, foreign country, and individual fund. As of September 30, 2017 , there were no significant concentrations (generally defined as greater than 10 percent) of risk in Generation's NDT assets.

See Note 13 — Nuclear Decommissioning for further discussion on the NDT fund investments.

Rabbi Trust Investments (Exelon, Generation, PECO, BGE, PHI, Pepco, DPL and ACE). The Rabbi trusts were established to hold assets related to deferred compensation plans existing for certain active and retired members of Exelon's executive management and directors. The Rabbi trusts assets are included in investments in the Registrants' Consolidated Balance Sheets and consist primarily of money market funds, mutual funds, fixed income securities and

life insurance policies. The mutual funds are maintained by investment companies and hold certain investments in accordance with a stated set of fund objectives, which are consistent with Exelon's overall investment strategy. Money market funds and mutual funds are publicly quoted and have been categorized as Level 1 given the clear observability of the prices. The fair values of fixed income securities are based on evaluated prices that reflect observable market information, such as actual trade information or similar securities, adjusted for observable differences and are categorized in Level 2. The life insurance policies are valued using the cash surrender value of the policies, net of loans against those policies, which is provided by a third-party. Certain life insurance policies, which consist primarily of mutual funds that are priced based on observable market data, have been categorized as Level 2 because the life insurance policies can be liquidated at the reporting date for the value of the underlying assets. Life insurance policies that are valued using unobservable inputs have been categorized as Level 3.

Mark-to-Market Derivatives (Exelon, Generation, ComEd, PHI and DPL) . Derivative contracts are traded in both exchange-based and non-exchange-based markets. Exchange-based derivatives that are valued using unadjusted quoted prices in active markets are categorized in Level 1 in the fair value hierarchy. Certain derivatives' pricing is verified using indicative price quotations available through brokers or over-the-counter, on-line exchanges and are categorized in Level 2. These price quotations reflect the average of the bid-ask, mid-point prices and are obtained from sources that the Registrants believe provide the most liquid market for the commodity. The price quotations are reviewed and corroborated to ensure the prices are observable and representative of an orderly transaction between market participants. This includes consideration of actual transaction volumes, market delivery points, bid-ask spreads and contract duration. The remainder of derivative contracts are valued using the Black model, an industry standard option valuation model. The Black model takes into account inputs such as contract terms, including maturity, and market parameters, including assumptions of the future prices of energy, interest rates, volatility, credit worthiness and credit spread. For derivatives that trade in liquid markets, such as generic forwards, swaps and options, model inputs are generally observable. Such instruments are categorized in Level 2. The Registrants' derivatives are predominantly at liquid trading points. For derivatives that trade in less liquid markets with limited pricing information model inputs generally would include both observable and unobservable inputs. These valuations may include an estimated basis adjustment from an illiquid trading point to a liquid trading point for which active price quotations are available. Such instruments are categorized in Level 3.

Exelon may utilize fixed-to-floating interest rate swaps, which are typically designated as fair value hedges, as a means to achieve its targeted level of variable-rate debt as a percent of total debt. In addition, the Registrants may utilize interest rate derivatives to lock in interest rate levels in anticipation of future financings. These interest rate derivatives are typically designated as cash flow hedges. Exelon determines the current fair value by calculating the net present value of expected payments and receipts under the swap agreement, based on and discounted by the market's expectation of future interest rates. Additional inputs to the net present value calculation may include the contract terms, counterparty credit risk and other market parameters. As these inputs are based on observable data and valuations of similar instruments, the interest rate swaps are categorized in Level 2 in the fair value hierarchy. See Note 10 - Derivative Financial Instruments for further discussion on mark-to-market derivatives.

Deferred Compensation Obligations (Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE). The Registrants' deferred compensation plans allow participants to defer certain cash compensation into a notional investment account. The Registrants include such plans in other current and noncurrent liabilities in their Consolidated Balance Sheets. The value of the Registrants' deferred compensation obligations is based on the market value of the participants' notional investment accounts. The underlying notional investments are comprised primarily of equities, mutual funds, commingled funds, and fixed income securities which are based on directly and indirectly observable market prices. Since the deferred compensation obligations themselves are not exchanged in an active market, they are categorized as Level 2 in the fair value hierarchy.

The value of certain employment agreement obligations (which are included with the Deferred Compensation Obligation in the tables above) are based on a known and certain stream of payments to be made over time and are categorized as Level 2 within the fair value hierarchy.

Additional Information Regarding Level 3 Fair Value Measurements (Exelon, Generation, ComEd, PHI, Pepco, DPL and ACE)

Mark-to-Market Derivatives (Exelon, Generation and ComEd). For valuations that include both observable and unobservable inputs, if the unobservable input is determined to be significant to the overall inputs, the entire valuation is categorized in Level 3. This includes derivatives valued using indicative price quotations whose contract tenure extends into unobservable periods. In instances where observable data is unavailable, consideration is given to the

assumptions that market participants would use in valuing the asset or liability. This includes assumptions about market risks such as liquidity, volatility and contract duration. Such instruments are categorized in Level 3 as the model inputs generally are not observable. Exelon's RMC approves risk management policies and objectives for risk assessment, control and valuation, counterparty credit approval, and the monitoring and reporting of risk exposures. The RMC is chaired by the chief executive officer and includes the chief risk officer, chief strategy officer, chief executive officer of Exelon Utilities, chief commercial officer, chief financial officer and chief executive officer of Constellation. The RMC reports to the Finance and Risk Committee of the Exelon Board of Directors on the scope of the risk management activities. Forward price curves for the power market utilized by the front office to manage the portfolio, are reviewed and verified by the middle office, and used for financial reporting by the back office. The Registrants consider credit and nonperformance risk in the valuation of derivative contracts categorized in Level 2 and 3, including both historical and current market data in its assessment of credit and nonperformance risk by counterparty. Due to master netting agreements and collateral posting requirements, the impacts of credit and nonperformance risk were not material to the financial statements.

Disclosed below is detail surrounding the Registrants' significant Level 3 valuations. The calculated fair value includes marketability discounts for margining provisions and other attributes. Generation's Level 3 balance generally consists of forward sales and purchases of power and natural gas and certain transmission congestion contracts. Generation utilizes various inputs and factors including market data and assumptions that market participants would use in pricing assets or liabilities as well as assumptions about the risks inherent in the inputs to the valuation technique. The inputs and factors include forward commodity prices, commodity price volatility, contractual volumes, delivery location, interest rates, credit quality of counterparties and credit enhancements.

For commodity derivatives, the primary input to the valuation models is the forward commodity price curve for each instrument. Forward commodity price curves are derived by risk management for liquid locations and by the traders and portfolio managers for illiquid locations. All locations are reviewed and verified by risk management considering published exchange transaction prices, executed bilateral transactions, broker quotes, and other observable or public data sources. The relevant forward commodity curve used to value each of the derivatives depends on a number of factors, including commodity type, delivery location, and delivery period. Price volatility varies by commodity and location. When appropriate, Generation discounts future cash flows using risk free interest rates with adjustments to reflect the credit quality of each counterparty for assets and Generation's own credit quality for liabilities. The level of observability of a forward commodity price varies generally due to the delivery location and delivery period. Certain delivery locations including PJM West Hub (for power) and Henry Hub (for natural gas) are more liquid and prices are observable for up to three years in the future. The observability period of volatility is generally shorter than the underlying power curve used in option valuations. The forward curve for a less liquid location is estimated by using the forward curve from the liquid location and applying a spread to represent the cost to transport the commodity to the delivery location. This spread does not typically represent a majority of the instrument's market price. As a result, the change in fair value is closely tied to liquid market movements and not a change in the applied spread. The change in fair value associated with a change in the spread is generally immaterial. An average spread calculated across all Level 3 power and gas delivery locations is approximately $2.93 and $0.41 for power and natural gas, respectively. Many of the commodity derivatives are short-term in nature and thus a majority of the fair value may be based on observable inputs even though the contract as a whole must be classified as Level 3.

On December 17, 2010, ComEd entered into several 20-year floating to fixed energy swap contracts with unaffiliated suppliers for the procurement of long-term renewable energy and associated RECs. See Note 10 — Derivative Financial Instruments for more information. The fair value of these swaps has been designated as a Level 3 valuation due to the long tenure of the positions and internal modeling assumptions. The modeling assumptions include using natural gas heat rates to project long term forward power curves adjusted by a renewable factor that incorporates time of day and seasonality factors to reflect accurate renewable energy pricing. In addition, marketability reserves are applied to the positions based on the tenor and supplier risk.

The table below discloses the significant inputs to the forward curve used to value these positions.

Type of trade	Fair Value at September 30, 2017	Valuation Technique	Unobservable Input	Range		
Mark-to-market derivatives — Economic Hedges (Exelon and Generation) [a][b]	$ 439	Discounted Cash Flow	Forward power price	$7	-	$124
			Forward gas price	$1.84	-	$9.43
		Option Model	Volatility percentage	9%	-	114%
Mark-to-market derivatives — Proprietary trading (Exelon and Generation) [a][b]	$ 15	Discounted Cash Flow	Forward power price	$12	-	$69
Mark-to-market derivatives (Exelon and ComEd)	$ (277)	Discounted Cash Flow	Forward heat rate [c]	9x	-	10x
			Marketability reserve	3%	-	8%
			Renewable factor	88%	-	125%

(a) The valuation techniques, unobservable inputs and ranges are the same for the asset and liability positions.
(b) The fair values do not include cash collateral posted on level three positions of $141 million as of September 30, 2017 .
(c) Quoted forward natural gas rates are utilized to project the forward power curve for the delivery of energy at specified future dates. The natural gas curve is extrapolated beyond its observable period to the end of the contract's delivery.

Type of trade	Fair Value at December 31, 2016	Valuation Technique	Unobservable Input	Range		
Mark-to-market derivatives — Economic Hedges (Exelon and Generation) [a][b]	$ 435	Discounted Cash Flow	Forward power price	$11	-	$130
			Forward gas price	$1.72	-	$9.20
		Option Model	Volatility percentage	8%	-	173%
Mark-to-market derivatives — Proprietary trading (Exelon and Generation) [a][b]	$ (3)	Discounted Cash Flow	Forward power price	$19	-	$79
Mark-to-market derivatives (Exelon and ComEd)	$ (258)	Discounted Cash Flow	Forward heat rate [c]	8x	-	9x
			Marketability reserve	3%	-	8%
			Renewable factor	89%	-	121%

(a) The valuation techniques, unobservable inputs and ranges are the same for the asset and liability positions.
(b) The fair values do not include cash collateral posted on level three positions of $61 million as of December 31, 2016 .
(c) Quoted forward natural gas rates are utilized to project the forward power curve for the delivery of energy at specified future dates. The natural gas curve is extrapolated beyond its observable period to the end of the contract's delivery.

The inputs listed above would have a direct impact on the fair values of the above instruments if they were adjusted. The significant unobservable inputs used in the fair value measurement of Generation's commodity derivatives are forward commodity prices and for options is price volatility. Increases (decreases) in the forward commodity price in isolation would result in significantly higher (lower) fair values for long positions (contracts that give Generation the obligation or option to purchase a commodity), with offsetting impacts to short positions (contracts that give Generation the obligation or right to sell a commodity). Increases (decreases) in volatility would increase (decrease) the value for the holder of the option (writer of the option). Generally, a change in the estimate of forward commodity prices is unrelated to a change in the estimate of volatility of prices. An increase to the reserves listed above would decrease

the fair value of the positions. An increase to the heat rate or renewable factors would increase the fair value accordingly. Generally, interrelationships exist between market prices of natural gas and power. As such, an increase in natural gas pricing would potentially have a similar impact on forward power markets.

Nuclear Decommissioning Trust Fund Investments and Pledged Assets for Zion Station Decommissioning (Exelon and Generation). For middle market lending and certain corporate debt securities investments, the fair value is determined using a combination of valuation models including cost models, market models and income models. The valuation estimates are based on discounting the forecasted cash flows, market-based comparable data, credit and liquidity factors, as well as other factors that may impact value. Significant judgment is required in the application of discounts or premiums applied for factors such as size, marketability, credit risk and relative performance.

Because Generation relies on third-party fund managers to develop the quantitative unobservable inputs without adjustment for the valuations of its Level 3 investments, quantitative information about significant unobservable inputs used in valuing these investments is not reasonably available to Generation. This includes information regarding the sensitivity of the fair values to changes in the unobservable inputs. Generation gains an understanding of the fund managers' inputs and assumptions used in preparing the valuations. Generation performed procedures to assess the reasonableness of the valuations.

Rabbi Trust Investments - Life insurance contracts (Exelon, PHI, Pepco, DPL and ACE). For life insurance policies categorized as Level 3, the fair value is determined based on the cash surrender value of the policy, which contains unobservable inputs and assumptions. Because Exelon relies on its third-party insurance provider to develop the inputs without adjustment for the valuations of its Level 3 investments, quantitative information about significant unobservable inputs used in valuing these investments is not reasonably available to Exelon. Exelon gains an understanding of the types of inputs and assumptions used in preparing the valuations and performs procedures to assess the reasonableness of the valuations.

10 . Derivative Financial Instruments (All Registrants)

The Registrants use derivative instruments to manage commodity price risk, foreign currency exchange risk and interest rate risk related to ongoing business operations.

Commodity Price Risk (All Registrants)

To the extent the amount of energy Generation produces differs from the amount of energy it has contracted to sell, Exelon and Generation are exposed to market fluctuations in the prices of electricity, fossil fuels, and other commodities. Each of the Registrants employ established policies and procedures to manage their risks associated with market fluctuations in commodity prices by entering into physical and financial derivative contracts, including swaps, futures, forwards, options, and short-term and long-term commitments to purchase and sell energy and energy-related products. The Registrants believe these instruments, which are classified as either economic hedges or non-derivatives, mitigate exposure to fluctuations in commodity prices.

Derivative accounting guidance requires that derivative instruments be recognized as either assets or liabilities at fair value, with changes in fair value of the derivative recognized in earnings each period. Other accounting treatments are available through special election and designation, provided they meet specific, restrictive criteria both at the time of designation and on an ongoing basis. These alternative permissible accounting treatments include normal purchase normal sale (NPNS), cash flow hedge, and fair value hedge. For Generation, all derivative economic hedges related to commodities are recorded at fair value through earnings for the consolidated company, referred to as economic hedges in the following tables. The Registrants have applied the NPNS scope exception to certain derivative contracts for the forward sale of generation, power procurement agreements, and natural gas supply agreements. Generation has also entered into bilateral long-term contractual obligations for sales of energy to load-serving entities, including electric utilities, municipalities, electric cooperatives, and retail load aggregators, as well as contractual obligations to deliver energy to market participants who primarily focus on the resale of energy products for delivery. These non-derivative contracts are accounted for primarily under the accrual method of accounting. Additionally, Generation is exposed to certain market risks through its proprietary trading activities. The proprietary trading activities are a complement to Generation's energy marketing portfolio but represent a small portion of Generation's overall energy marketing activities.

Economic Hedging. The Registrants are exposed to commodity price risk primarily relating to changes in the market price of electricity, fossil fuels, and other commodities associated with price movements resulting from changes

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in supply and demand, fuel costs, market liquidity, weather conditions, governmental regulatory and environmental policies, and other factors. Within Exelon, Generation has the most exposure to commodity price risk. As such, Generation uses a variety of derivative and non-derivative instruments to manage the commodity price risk of its electric generation facilities, including power and gas sales, fuel and energy purchases, natural gas transportation and pipeline capacity agreements, and other energy-related products marketed and purchased. In order to manage these risks, Generation may enter into fixed-price derivative or non-derivative contracts to hedge the variability in future cash flows from forecasted sales of energy and gas and purchases of fuel and energy. The objectives for entering into such hedges include fixing the price for a portion of anticipated future electricity sales at a level that provides an acceptable return on electric generation operations, fixing the price of a portion of anticipated fuel purchases for the operation of power plants, and fixing the price for a portion of anticipated energy purchases to supply load-serving customers. The portion of forecasted transactions hedged may vary based upon management's policies and hedging objectives, the market, weather conditions, operational and other factors. Generation is also exposed to differences between the locational settlement prices of certain economic hedges and the hedged generating units. This price difference is actively managed through other instruments which include derivative congestion products, whose changes in fair value are recognized in earnings each period, and auction revenue rights, which are accounted for on an accrual basis.

In general, increases and decreases in forward market prices have a positive and negative impact, respectively, on Generation's owned and contracted generation positions that have not been hedged. Generation hedges commodity price risk on a ratable basis over three-year periods. As of September 30, 2017 , the percentage of expected generation hedged is 98% - 101% , 79% - 82% , and 45% - 48% for 2017 , 2018 , and 2019 , respectively. The percentage of expected generation hedged is the amount of equivalent sales divided by the expected generation. Expected generation is the volume of energy that best represents our commodity position in energy markets from owned or contracted generating facilities based upon a simulated dispatch model that makes assumptions regarding future market conditions, which are calibrated to market quotes for power, fuel, load following products, and options. Equivalent sales represent all hedging products, which include economic hedges and certain non-derivative contracts including Generation's sales to ComEd, PECO, BGE, Pepco, DPL, and ACE to serve their retail load.

On December 17, 2010, ComEd entered into several 20-year floating-to-fixed energy swap contracts with unaffiliated suppliers for the procurement of long-term renewable energy and associated RECs. Delivery under the contracts began in June 2012. These contracts are designed to lock in a portion of the long-term commodity price risk resulting from the renewable energy resource procurement requirements in the Illinois Settlement Legislation. ComEd has not elected hedge accounting for these derivative financial instruments. ComEd records the fair value of the swap contracts on its balance sheet. Because ComEd receives full cost recovery for energy procurement and related costs from retail customers, the change in fair value each period is recorded by ComEd as a regulatory asset or liability. See Note 3 — Regulatory Matters of the Exelon 2016 Form 10-K for additional information.

PECO has contracts to procure electric supply that were executed through the competitive procurement process outlined in its PAPUC-approved DSP Programs, which are further discussed in Note 5 — Regulatory Matters . Based on Pennsylvania legislation and the DSP Programs permitting PECO to recover its electric supply procurement costs from retail customers with no mark-up, PECO's price risk related to electric supply procurement is limited. PECO locked in fixed prices for a significant portion of its commodity price risk through full requirements contracts. PECO has certain full requirements contracts that are considered derivatives and qualify for the NPNS scope exception under current derivative authoritative guidance.

PECO's natural gas procurement policy is designed to achieve a reasonable balance of long-term and short-term gas purchases under different pricing approaches in order to achieve system supply reliability at the least cost. PECO's reliability strategy is two-fold. First, PECO must assure that there is sufficient transportation capacity to satisfy delivery requirements. Second, PECO must ensure that a firm source of supply exists to utilize the capacity resources. All of PECO's natural gas supply and asset management agreements that are derivatives either qualify for the NPNS scope exception and have been designated as such, or have no mark-to-market balances because the derivatives are index priced. Additionally, in accordance with the 2016 PAPUC PGC settlement and to reduce the exposure of PECO and its customers to natural gas price volatility, PECO has continued its program to purchase natural gas for both winter and summer supplies using a layered approach of locking-in prices ahead of each season with long-term gas purchase agreements (those with primary terms of at least twelve months). Under the terms of the 2016 PGC settlement, PECO is required to lock in (i.e., economically hedge) the price of a minimum volume of its long-term gas commodity purchases. PECO's gas-hedging program is designed to cover about 20% of planned natural gas purchases in support of projected firm sales. The hedging program for natural gas procurement has no direct impact on PECO's financial position or results of operations as natural gas costs are fully recovered from customers under the PGC.

BGE has contracts to procure SOS electric supply that are executed through a competitive procurement process approved by the MDPSC. The SOS rates charged recover BGE's wholesale power supply costs and include an administrative fee. BGE's price risk related to electric supply procurement is limited. BGE locks in fixed prices for all of its SOS requirements through full requirements contracts. Certain of BGE's full requirements contracts, which are considered derivatives, qualify for the NPNS scope exception under current derivative authoritative guidance. Other BGE full requirements contracts are not derivatives.

BGE provides natural gas to its customers under a MBR mechanism approved by the MDPSC. Under this mechanism, BGE's actual cost of gas is compared to a market index (a measure of the market price of gas in a given period). The difference between BGE's actual cost and the market index is shared equally between shareholders and customers. BGE must also secure fixed price contracts for at least 10% , but not more than 20% , of forecasted system supply requirements for flowing (i.e., non-storage) gas for the November through March period. These fixed-price contracts are not subject to sharing under the MBR mechanism. BGE also ensures it has sufficient pipeline transportation capacity to meet customer requirements. All of BGE's natural gas supply and asset management agreements qualify for the NPNS scope exception and result in physical delivery.

Pepco has contracts to procure SOS electric supply that are executed through a competitive procurement process approved by the MDPSC and DCPSC. The SOS rates charged recover Pepco's wholesale power supply costs and include an administrative fee. The administrative fee includes an incremental cost component and a shareholder return component for residential and commercial rate classes. Pepco's price risk related to electric supply procurement is limited. Pepco locks in fixed prices for all of its SOS requirements through full requirements contracts. Certain of Pepco's full requirements contracts, which are considered derivatives, qualify for the NPNS scope exception under current derivative authoritative guidance. Other Pepco full requirements contracts are not derivatives.

DPL has contracts to procure SOS electric supply that are executed through a competitive procurement process approved by the MDPSC and the DPSC. The SOS rates charged recover DPL's wholesale power supply costs. In Delaware, DPL is also entitled to recover a Reasonable Allowance for Retail Margin (RARM). The RARM includes a fixed annual margin of approximately $2.75 million , plus an incremental cost component and a cash working capital allowance. In Maryland, DPL charges an administrative fee intended to allow it to recover its administrative costs. DPL locks in fixed prices for all of its SOS requirements through full requirements contracts. DPL's price risk related to electric supply procurement is limited. Certain of DPL's full requirements contracts, which are considered derivatives, qualify for the NPNS scope exception under current derivative authoritative guidance. Other DPL full requirements contracts are not derivatives.

DPL provides natural gas to its customers under an Annual GCR mechanism approved by the DPSC. Under this mechanism, DPL's Annual GCR Filing establishes a future GCR for firm bundled sales customers by using a forecast of demand and commodity costs. The actual costs are trued up versus the forecast on a monthly basis and any shortfall or excess is carried forward as a recovery balance in the next GCR filing. The demand portion of the GCR is based upon DPL's firm transportation and storage contracts. DPL has firm deliverability of swing and seasonal storage; a liquefied natural gas facility and firm transportation capacity to meet customer demand and provide a reserve margin. The commodity portion of the GCR includes a commission approved hedging program which is intended to reduce gas commodity price volatility while limiting the firm natural gas customers' exposure to adverse changes in the market price of natural gas. The hedge program requires that DPL hedge, on a non-discretionary basis, an amount equal to fifty percent (50%) of estimated purchase requirements for each month, including estimated monthly purchases for storage injections. The fifty percent (50%) hedge monthly target is achieved by hedging 1/12th of the 50% target each month beginning 12-months prior to the month in which the physical gas is to be purchased. Currently, DPL uses only exchange traded futures for its gas hedging program, which are considered derivatives, however, it retains the capability to employ other physical and financial hedges if needed. DPL has not elected hedge accounting for these derivative financial instruments. Because of the DPSC-approved fuel adjustment clause for DPL's derivatives, the change in fair value of the derivatives each period, in addition to all premiums paid and other transaction costs incurred as part of the Gas Hedging Program, are fully recoverable and are recorded by DPL as regulatory assets or liabilities. DPL's physical gas purchases are currently all daily, monthly or intra-month transactions. From time to time, DPL will enter into seasonal purchase or sale arrangements, however, there are none currently in the portfolio. Certain of DPL's full requirements contracts, which are considered derivatives, qualify for the NPNS scope exception under current derivative authoritative guidance. Other DPL full requirements contracts are not derivatives.

ACE has contracts to procure BGS electric supply that are executed through a competitive procurement process approved by the NJBPU. The BGS rates charged recover ACE's wholesale power supply costs. ACE does not make

any profit or incur any loss on the supply component of the BGS it supplies to customers. ACE's price risk related to electric supply procurement is limited. ACE locks in fixed prices for all of its BGS requirements through full requirements contracts. Certain of ACE's full requirements contracts, which are considered derivatives, qualify for the NPNS scope exception under current derivative authoritative guidance. Other ACE full requirements contracts are not derivatives.

Proprietary Trading. Generation also enters into certain energy-related derivatives for proprietary trading purposes. Proprietary trading includes all contracts entered into with the intent of benefiting from shifts or changes in market prices as opposed to those entered into with the intent of hedging or managing risk. Proprietary trading activities are subject to limits established by Exelon's RMC. The proprietary trading activities, which included settled physical sales volumes of 2,601 GWhs and 6,763 GWhs for the three and nine months ended September 30, 2017 , respectively, and 1,506 GWhs and 4,015 GWhs and for the three and nine months September 30, 2016 , respectively, are a complement to Generation's energy marketing portfolio but represent a small portion of Generation's revenue from energy marketing activities. ComEd, PECO, BGE, PHI, Pepco, DPL and ACE do not enter into derivatives for proprietary trading purposes.

Interest Rate and Foreign Exchange Risk (All Registrants)

The Registrants use a combination of fixed-rate and variable-rate debt to manage interest rate exposure. The Registrants utilize fixed-to-floating interest rate swaps, which are typically designated as fair value hedges, as a means to manage their interest rate exposure. In addition, the Registrants may utilize interest rate derivatives to lock in rate levels in anticipation of future financings, which are typically designated as cash flow hedges. These strategies are employed to manage interest rate risks. At September 30, 2017 , Exelon had $800 million of notional amounts of fixed-to-floating hedges outstanding, and Exelon and Generation had $491 million of notional amounts of floating-to-fixed hedges outstanding. To manage foreign exchange rate exposure associated with international energy purchases in currencies other than U.S. dollars, Generation utilizes foreign currency derivatives, which are typically designated as economic hedges. Below is a summary of the interest rate and foreign exchange hedge balances as of September 30, 2017 :

	Generation					Exelon Corporate	Exelon
Description	Derivatives Designated as Hedging Instruments	Economic Hedges	Proprietary Trading(a)	Collateral and Netting(b)	Subtotal	Derivatives Designated as Hedging Instruments	Total
Mark-to-market derivative assets (current assets)	$ —	$ 15	$ —	$ (10)	$ 5	$ —	$ 5
Mark-to-market derivative assets (noncurrent assets)	—	1	—	(1)	—	10	10
Total mark-to-market derivative assets	—	16	—	(11)	5	10	15
Mark-to-market derivative liabilities (current liabilities)	—	(17)	—	9	(8)	—	(8)
Mark-to-market derivative liabilities (noncurrent liabilities)	—	(2)	—	1	(1)	—	(1)
Total mark-to-market derivative liabilities	—	(19)	—	10	(9)	—	(9)
Total mark-to-market derivative net assets (liabilities)	$ —	$ (3)	$ —	$ (1)	$ (4)	$ 10	$ 6

(a) Generation enters into interest rate derivative contracts to economically hedge risk associated with the interest rate component of commodity positions. The characterization of the interest rate derivative contracts between the proprietary trading activity in the above table is driven by the corresponding characterization of the underlying commodity position that gives rise to the interest rate exposure. Generation does not utilize proprietary trading interest rate derivatives with the objective of benefiting from shifts or changes in market interest rates.

(b) Exelon and Generation net all available amounts allowed under the derivative accounting guidance on the balance sheet. These amounts include unrealized derivative transactions with the same counterparty under legally enforceable master netting agreements and cash collateral. In some cases, Exelon and Generation may have other offsetting counterparty exposures subject to a master netting or similar agreement, such as accrued interest, transactions that do not qualify as derivatives, letters of credit and other forms of non-cash collateral. These are not reflected in the table above.

The following table provides a summary of the interest rate and foreign exchange hedge balances recorded by the Registrants as of December 31, 2016 :

	Generation					Exelon Corporate	Exelon
Description	Derivatives Designated as Hedging Instruments	Economic Hedges	Proprietary Trading [a]	Collateral and Netting [b]	Subtotal	Derivatives Designated as Hedging Instruments	Total
Mark-to-market derivative assets (current assets)	$ —	$ 17	$ 4	$ (13)	$ 8	$ —	$ 8
Mark-to-market derivative assets (noncurrent assets)	—	11	1	(8)	4	16	20
Total mark-to-market derivative assets	—	28	5	(21)	12	16	28
Mark-to-market derivative liabilities (current liabilities)	(7)	(13)	(2)	14	(8)	—	(8)
Mark-to-market derivative liabilities (noncurrent liabilities)	(3)	(8)	(2)	9	(4)	—	(4)
Total mark-to-market derivative liabilities	(10)	(21)	(4)	23	(12)	—	(12)
Total mark-to-market derivative net assets (liabilities)	$ (10)	$ 7	$ 1	$ 2	$ —	$ 16	$ 16

(a) Generation enters into interest rate derivative contracts to economically hedge risk associated with the interest rate component of commodity positions. The characterization of the interest rate derivative contracts between the proprietary trading activity in the above table is driven by the corresponding characterization of the underlying commodity position that gives rise to the interest rate exposure. Generation does not utilize proprietary trading interest rate derivatives with the objective of benefiting from shifts or changes in market interest rates.

(b) Exelon and Generation net all available amounts allowed under the derivative accounting guidance on the balance sheet. These amounts include unrealized derivative transactions with the same counterparty under legally enforceable master netting agreements and cash collateral. In some cases, Exelon and Generation may have other offsetting counterparty exposures subject to a master netting or similar agreement, such as accrued interest, transactions that do not qualify as derivatives, letters of credit and other forms of non-cash collateral. These are not reflected in the table above.

Fair Value Hedges . For derivative instruments that are designated and qualify as fair value hedges, the gain or loss on the derivative as well as the offsetting loss or gain on the hedged item attributable to the hedged risk are recognized in current earnings. Exelon includes the gain or loss on the hedged items and the offsetting loss or gain on the related interest rate swaps in interest expense as follows:

		Three Months Ended September 30,			
	Income Statement Location	2017	2016	2017	2016
		Gain (loss) on Swaps		Gain (loss) on Borrowings	
Exelon	Interest expense	$ (2)	$ (8)	$ 6	$ 14

		Nine Months Ended September 30,			
	Income Statement Location	2017	2016	2017	2016
		Gain (loss) on Swaps		Gain (loss) on Borrowings	
Exelon	Interest expense	$ (6)	$ 15	$ 17	$ (3)

At September 30, 2017 , Exelon had total outstanding fixed-to-floating fair value hedges related to interest rate swaps of $800 million , with a derivative asset of $10 million . At December 31, 2016 , Exelon had total outstanding fixed-to-floating fair value hedges related to interest rate swaps of $800 million , with a derivative asset of $16 million . During the three and nine months ended September 30, 2017 and 2016 , the impact on the results of operations as a result of ineffectiveness from fair value hedges was a $4 million gain, a $11 million gain, a $6 million gain, and a $12 million gain, respectively.

Cash Flow Hedges . During the first and second quarter of 2016, Exelon entered into $600 million and $100 million of floating-to-fixed forward starting interest rate swaps, respectively, to manage a portion of the interest rate exposure associated with an anticipated debt issuance. The swaps were designated as cash flow hedges. Exelon terminated the swaps during the second quarter of 2016 upon issuance of the debt. Exelon recognized a loss of $3 million related to the swaps and $3 million of AOCI will be amortized into Other, net in Exelon's Consolidated Statement

of Operations and Comprehensive Income over the term of the debt. See Note 11 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for additional information.

During the first quarter of 2016, Exelon entered into a $100 million floating-to-fixed forward starting interest rate swaps to manage a portion of the interest rate exposure associated with an anticipated debt issuance. The swap was designated as a cash flow hedge. Exelon terminated the swap during the first quarter of 2016 upon issuance of the debt. Exelon did not recognize a gain or loss as a result of the termination of the swap and an immaterial amount of AOCI will be amortized into Other, net in Exelon's Consolidated Statement of Operations and Comprehensive Income over the term of the debt.

During the first quarter of 2014, EGR, a subsidiary of Generation, entered into floating-to-fixed interest rate swaps to manage a portion of its interest rate exposure in connection with its long-term borrowings. The swaps were de-designated as cash flow hedges and, during the second quarter of 2017, upon termination of the debt, Generation terminated the swaps. The total notional amount of the swaps was $164 million . No gain or loss was recognized as a result of the termination of the swaps. See Note 11 — Debt and Credit Agreements for additional information.

During the three and nine months ended September 30, 2017 and 2016 , the impact on the results of operations as a result of ineffectiveness from cash flow hedges in continuing designated hedge relationships was immaterial.

Economic Hedges . During the third quarter of 2014, EGTP, a subsidiary of Generation, entered into a floating-to-fixed interest rate swap to manage a portion of its interest rate exposure in connection with the long-term borrowing. See Note 14 — Debt and Credit Agreements of the Exelon 2016 Form 10-K for additional information regarding the financing. The swaps have a notional amount of $491 million as of September 30, 2017 and expire in 2019. The swap was designated as a cash flow hedge in the fourth quarter of 2014. During the first quarter of 2017, the swap was de-designated. At September 30, 2017 , the subsidiary had a $6 million derivative liability related to the swap. During the three and nine months ended September 30, 2017 , a gain of $2 million and a loss of $2 million related to the swap, respectively, were recorded to Interest expense.

During the third quarter of 2011, Sacramento PV Energy, a subsidiary of Generation entered into floating-to-fixed interest rate swaps to manage a portion of its interest rate exposure in connection with the long-term borrowings. See Note 14 — Debt and Credit Agreements of the Exelon 2016 Form 10-K for additional information regarding the financing. During the first quarter of 2016, upon the termination of debt, Generation terminated the swaps. The total notional amount of the swaps was $25 million . No gain or loss was recognized as a result of the termination of the swaps.

During the third quarter of 2012, Constellation Solar Horizons, a subsidiary of Generation, entered into a floating-to-fixed interest rate swap to manage a portion of its interest rate exposure in connection with the long-term borrowings. See Note 14 — Debt and Credit Agreements of the Exelon 2016 Form 10-K for additional information regarding the financing. During the first quarter of 2016, upon the termination of debt, Generation terminated the swap. The total notional amount of the swap was $24 million . No gain or loss was recognized as a result of the termination of the swap.

At September 30, 2017 , Generation had immaterial notional amounts of interest rate derivative contracts to economically hedge risk associated with the interest rate component of commodity positions and $111 million in notional amounts of foreign currency exchange rate swaps that are marked-to-market to manage the exposure associated with international purchases of commodities in currencies other than U.S. dollars.

Fair Value Measurement and Accounting for the Offsetting of Amounts Related to Certain Contracts (Exelon, Generation, ComEd, PECO, BGE, PHI and DPL)

Fair value accounting guidance and disclosures about offsetting assets and liabilities requires the fair value of derivative instruments to be shown in the Notes to the Consolidated Financial Statements on a gross basis, even when the derivative instruments are subject to legally enforceable master netting agreements and qualify for net presentation in the Consolidated Balance Sheet. A master netting agreement is an agreement between two counterparties that may have derivative and non-derivative contracts with each other providing for the net settlement of all referencing contracts via one payment stream, which takes place as the contracts deliver, when collateral is requested or in the event of default. Generation’s use of cash collateral is generally unrestricted, unless Generation is downgraded below investment grade (i.e., to BB+ or Ba1). In the table below, Generation’s energy related economic hedges and proprietary trading derivatives are shown gross. The impact of the netting of fair value balances with the same counterparty that are subject to legally enforceable master netting agreements, as well as netting of cash collateral, including margin on exchange positions, is aggregated in the collateral and netting column. As of September 30, 2017 and December 31, 2016 , $3

million and $8 million of cash collateral held, respectively, was not offset against derivative positions because such collateral was not associated with any energy-related derivatives, were associated with accrual positions, or as of the balance sheet date there were no positions to offset. Excluded from the tables below are economic hedges that qualify for the NPNS scope exception and other non-derivative contracts that are accounted for under the accrual method of accounting.

ComEd's use of cash collateral is generally unrestricted unless ComEd is downgraded below investment grade (i.e., to BB+ or Ba1).

Cash collateral held by PECO and BGE must be deposited in a non affiliate major U.S. commercial bank or foreign bank with a U.S. branch office that meet certain qualifications.

In the table below, DPL's economic hedges are shown gross. The impact of the netting of fair value balances with the same counterparty that are subject to legally enforceable master netting agreements, as well as netting of cash collateral, including margin on exchange positions, is aggregated in the collateral and netting column.

The following table provides a summary of the derivative fair value balances recorded by the Registrants as of September 30, 2017 :

	Generation				ComEd	DPL			Successor PHI	Exelon
Derivatives	Economic Hedges	Proprietary Trading	Collateral and Netting [a] [e]	Subtotal [b]	Economic Hedges [c]	Economic Hedges [d]	Collateral and Netting [a]	Subtotal	Subtotal	Total Derivatives
Mark-to-market derivative assets (current assets)	$ 2,608	$ 55	$ (1,969)	$ 694	$ —	$ —	$ —	$ —	$ —	$ 694
Mark-to-market derivative assets (noncurrent assets)	1,583	30	(1,197)	416	—	—	—	—	—	416
Total mark-to-market derivative assets	4,191	85	(3,166)	1,110	—	—	—	—	—	1,110
Mark-to-market derivative liabilities (current liabilities)	(2,334)	(46)	2,230	(150)	(20)	—	—	—	—	(170)
Mark-to-market derivative liabilities (noncurrent liabilities)	(1,476)	(27)	1,351	(152)	(257)	—	—	—	—	(409)
Total mark-to-market derivative liabilities	(3,810)	(73)	3,581	(302)	(277)	—	—	—	—	(579)
Total mark-to-market derivative net assets (liabilities)	$ 381	$ 12	$ 415	$ 808	$ (277)	$ —	$ —	$ —	$ —	$ 531

(a) Exelon, Generation, PHI and DPL net all available amounts allowed under the derivative accounting guidance on the balance sheet. These amounts include unrealized derivative transactions with the same counterparty under legally enforceable master netting agreements and cash collateral. In some cases Exelon and Generation may have other offsetting exposures, subject to a master netting or similar agreement, such as trade receivables and payables, transactions that do not qualify as derivatives, letters of credit and other forms of non-cash collateral. These are not reflected in the table above.
(b) Current and noncurrent assets are shown net of collateral of $123 million and $61 million , respectively, and current and noncurrent liabilities are shown net of collateral of $138 million and $93 million , respectively. The total cash collateral posted, net of cash collateral received and offset against mark-to-market assets and liabilities was $415 million at September 30, 2017 .
(c) Includes current and noncurrent liabilities relating to floating-to-fixed energy swap contracts with unaffiliated suppliers.
(d) Represents natural gas futures purchased by DPL as part of a natural gas hedging program approved by the DPSC.
(e) Of the collateral posted/(received), $27 million represents variation margin on the exchanges.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following table provides a summary of the derivative fair value balances recorded by the Registrants as of December 31, 2016 :

	Generation				ComEd	DPL			Successor PHI	Exelon
Description	Economic Hedges	Proprietary Trading	Collateral and Netting [a] [e]	Subtotal [b]	Economic Hedges [c]	Economic Hedges [d]	Collateral and Netting [a]	Subtotal	Subtotal	Total Derivatives
Mark-to-market derivative assets (current assets)	$ 3,623	$ 55	$ (2,769)	$ 909	$ —	$ 2	$ (2)	$ —	$ —	$ 909
Mark-to-market derivative assets (noncurrent assets)	1,467	21	(1,016)	472	—	—	—	—	—	472
Total mark-to-market derivative assets	5,090	76	(3,785)	1,381	—	2	(2)	—	—	1,381
Mark-to-market derivative liabilities (current liabilities)	(3,165)	(54)	2,964	(255)	(19)	—	—	—	—	(274)
Mark-to-market derivative liabilities (noncurrent liabilities)	(1,274)	(25)	1,150	(149)	(239)	—	—	—	—	(388)
Total mark-to-market derivative liabilities	(4,439)	(79)	4,114	(404)	(258)	—	—	—	—	(662)
Total mark-to-market derivative net assets (liabilities)	$ 651	$ (3)	$ 329	$ 977	$ (258)	$ 2	$ (2)	$ —	$ —	$ 719

(a) Exelon, Generation, PHI and DPL net all available amounts allowed under the derivative accounting guidance on the balance sheet. These amounts include unrealized derivative transactions with the same counterparty under legally enforceable master netting agreements and cash collateral. In some cases Exelon and Generation may have other offsetting exposures, subject to a master netting or similar agreement, such as trade receivables and payables, transactions that do not qualify as derivatives, and letters of credit and other forms of non-cash collateral. These are not reflected in the table above.
(b) Current and noncurrent assets are shown net of collateral of $100 million and $72 million , respectively, and current and noncurrent liabilities are shown net of collateral of $95 million and $62 million , respectively. The total cash collateral posted, net of cash collateral received and offset against mark-to-market assets and liabilities was $329 million at December 31, 2016 .
(c) Includes current and noncurrent liabilities relating to floating-to-fixed energy swap contracts with unaffiliated suppliers.
(d) Represents natural gas futures purchased by DPL as part of a natural gas hedging program approved by the DPSC.
(e) Of the collateral posted/(received), $(158) million represents variation margin on the exchanges.

Cash Flow Hedges (Exelon and Generation). The tables below provide the activity of OCI related to cash flow hedges for the nine months ended September 30, 2017 and 2016 , containing information about the changes in the fair value of cash flow hedges and the reclassification from Accumulated OCI into results of operations. The amounts reclassified from OCI, when combined with the impacts of the hedged transactions, result in the ultimate recognition of net revenues or expenses at the contractual price.

		Total Cash Flow Hedge OCI Activity, Net of Income Tax	
		Generation	Exelon
Three Months Ended September 30, 2017	Income Statement Location	Total Cash Flow Hedges	Total Cash Flow Hedges
Accumulated OCI derivative loss at June 30, 2017		$ (14)	$ (12)
Effective portion of changes in fair value		1	1
Reclassifications from AOCI to net income	Interest Expense	(1) [a]	(1) [a]
Accumulated OCI derivative loss at September 30, 2017		$ (14)	$ (12)

		Total Cash Flow Hedge OCI Activity, Net of Income Tax	
		Generation	Exelon
Nine Months Ended September 30, 2017	Income Statement Location	Total Cash Flow Hedges	Total Cash Flow Hedges
Accumulated OCI derivative loss at December 31, 2016		$ (19)	$ (17)
Effective portion of changes in fair value		2	2
Reclassifications from AOCI to net income	Interest Expense	3 [b]	3 [b]
Accumulated OCI derivative loss at September 30, 2017		$ (14)	$ (12)

		Total Cash Flow Hedge OCI Activity, Net of Income Tax	
		Generation	Exelon
Three Months Ended September 30, 2016	Income Statement Location	Total Cash Flow Hedges	Total Cash Flow Hedges
Accumulated OCI derivative loss at June 30, 2016		$ (25)	$ (26)
Effective portion of changes in fair value		1	3
Accumulated OCI derivative loss at September 30, 2016		$ (24)	$ (23)

		Total Cash Flow Hedge OCI Activity, Net of Income Tax	
		Generation	Exelon
Nine Months Ended September 30, 2016	Income Statement Location	Total Cash Flow Hedges	Total Cash Flow Hedges
Accumulated OCI derivative loss at December 31, 2015		$ (21)	$ (19)
Effective portion of changes in fair value		—	(1)
Reclassifications from AOCI to net income	Interest Expense	(3) [c]	(3) [c]
Accumulated OCI derivative loss at September 30, 2016		$ (24)	$ (23)

(a) Amount is net of related income tax benefit of $1 million for the three months ended September 30, 2017 .
(b) Amount is net of related income tax expense of $2 million for the nine months ended September 30, 2017 .
(c) Amount is net of related income tax expense of $2 million for the nine months ended September 30, 2016 .

Economic Hedges (Exelon and Generation). These instruments represent hedges that economically mitigate exposure to fluctuations in commodity prices and include financial options, futures, swaps, physical forward sales and purchases, but for which the fair value or cash flow hedge elections were not made. Additionally, Generation enters into interest rate derivative contracts and foreign exchange currency swaps ("treasury") to manage the exposure related to the interest rate component of commodity positions and international purchases of commodities in currencies other than U.S. Dollars. For the three and nine months ended September 30, 2017 and 2016 , the following net pre-tax mark-to-market gains (losses) of certain purchase and sale contracts were reported in Operating revenues or Purchased power and fuel expense, or Interest expense at Exelon and Generation in the Consolidated Statements of Operations and Comprehensive Income and are included in “Net fair value changes related to derivatives” in Exelon’s and Generation’s Consolidated Statements of Cash Flows. In the tables below, “Change in fair value” represents the change in fair value of the derivative contracts held at the reporting date. The “Reclassification to realized” generally represents the recognized change in fair value that was reclassified from unrealized to realized when the transaction to which the derivative relates occurs.

	Generation			Exelon
Three Months Ended September 30, 2017	**Operating Revenues**	**Purchased Power and Fuel**	**Total**	**Total**
Change in fair value of commodity positions	$ 132	$ 45	$ 177	$ 177
Reclassification to realized at settlement of commodity positions	(77)	(24)	(101)	(101)
Net commodity mark-to-market gains (losses)	55	21	76	76
Change in fair value of treasury positions	(3)	—	(3)	(3)
Reclassification to realized at settlement of treasury positions	—	—	—	—
Net treasury mark-to-market gains (losses)	(3)	—	(3)	(3)
Net mark-to-market gains (losses)	$ 52	$ 21	$ 73	$ 73

	Generation			Exelon
Nine Months Ended September 30, 2017	**Operating Revenues**	**Purchased Power and Fuel**	**Total**	**Total**
Change in fair value of commodity positions	$ 123	$ (153)	$ (30)	$ (30)
Reclassification to realized of commodity positions	(164)	39	(125)	(125)
Net commodity mark-to-market gains (losses)	(41)	(114)	(155)	(155)
Change in fair value of treasury positions	(4)	—	(4)	(4)
Reclassification to realized of treasury positions	(2)	—	(2)	(2)
Net treasury mark-to-market gains (losses)	(6)	—	(6)	(6)
Net mark-to-market gains (losses)	$ (47)	$ (114)	$ (161)	$ (161)

	Generation			Exelon
Three Months Ended September 30, 2016	**Operating Revenues**	**Purchased Power and Fuel**	**Total**	**Total**
Change in fair value of commodity positions	$ 280	$ (73)	$ 207	$ 207
Reclassification to realized at settlement of commodity positions	(92)	(26)	(118)	(118)
Net commodity mark-to-market gains (losses)	188	(99)	89	89
Change in fair value of treasury positions	1	—	1	1
Reclassification to realized at settlement of treasury positions	(2)	—	(2)	(2)
Net treasury mark-to-market gains (losses)	(1)	—	(1)	(1)
Net mark-to-market gains (losses)	$ 187	$ (99)	$ 88	$ 88

Nine Months Ended September 30, 2016	Generation			Exelon
	Operating Revenues	Purchased Power and Fuel	Total	Total
Change in fair value of commodity positions	$ 127	$ 36	$ 163	$ 163
Reclassification to realized of commodity positions	(484)	217	(267)	(267)
Net commodity mark-to-market gains (losses)	(357)	253	(104)	(104)
Change in fair value of treasury positions	(3)	—	(3)	(3)
Reclassification to realized of treasury positions	(6)	—	(6)	(6)
Net treasury mark-to-market gains (losses)	(9)	—	(9)	(9)
Net mark-to-market gains (losses)	$ (366)	$ 253	$ (113)	$ (113)

Proprietary Trading Activities (Exelon and Generation). For the three and nine months ended September 30, 2017 and 2016 , Exelon and Generation recognized the following net unrealized mark-to-market gains (losses), net realized mark-to-market gains (losses) and total net mark-to-market gains (losses) before income taxes relating to mark-to-market activity on commodity derivative instruments entered into for proprietary trading purposes and interest rate and foreign exchange derivative contracts to hedge risk associated with the interest rate and foreign exchange components of underlying commodity positions. Gains and losses associated with proprietary trading are reported as operating revenues in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income and are included in "Net fair value changes related to derivatives" in Exelon's and Generation's Consolidated Statements of Cash Flows. In the tables below, "Change in fair value" represents the change in fair value of the derivative contracts held at the reporting date. The "Reclassification to realized" represents the recognized change in fair value that was reclassified to realized due to settlement of the derivative during the period.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Change in fair value of commodity positions	$ 11	$ 4	$ 17	$ 18
Reclassification to realized of commodity positions	(6)	(6)	(13)	(17)
Net commodity mark-to-market gains (losses)	5	(2)	4	1
Change in fair value of treasury positions	(1)	—	(2)	(2)
Reclassification to realized of treasury positions	1	1	1	2
Net treasury mark-to-market gains (losses)	—	1	(1)	—
Total net mark-to-market gains (losses)	$ 5	$ (1)	$ 3	$ 1

Credit Risk (All Registrants)

The Registrants would be exposed to credit-related losses in the event of non-performance by counterparties that enter into derivative instruments. The credit exposure of derivative contracts, before collateral, is represented by the fair value of contracts at the reporting date. For energy-related derivative instruments, Generation enters into enabling agreements that allow for payment netting with its counterparties, which reduces Generation's exposure to counterparty risk by providing for the offset of amounts payable to the counterparty against amounts receivable from the counterparty. Typically, each enabling agreement is for a specific commodity and so, with respect to each individual counterparty, netting is limited to transactions involving that specific commodity product, except where master netting agreements exist with a counterparty that allow for cross product netting. In addition to payment netting language in the enabling agreement, Generation's credit department establishes credit limits, margining thresholds and collateral requirements for each counterparty, which are defined in the derivative contracts. Counterparty credit limits are based on an internal credit review process that considers a variety of factors, including the results of a scoring model, leverage, liquidity, profitability, credit ratings by credit rating agencies and risk management capabilities. To the extent that a counterparty's margining thresholds are exceeded, the counterparty is required to post collateral with Generation as specified in each enabling agreement. Generation's credit department monitors current and forward credit exposure to counterparties and their affiliates, both on an individual and an aggregate basis.

The following tables provide information on Generation's credit exposure for all derivative instruments, NPNS and applicable payables and receivables, net of collateral and instruments that are subject to master netting agreements, as of September 30, 2017 . The tables further delineate that exposure by credit rating of the counterparties and provide guidance on the concentration of credit risk to individual counterparties. The figures in the tables below exclude credit risk exposure from individual retail counterparties, Nuclear fuel procurement contracts and exposure through RTOs, ISOs, NYMEX, ICE, NASDAQ, NGX and Nodal commodity exchanges. Additionally, the figures in the tables below exclude exposures with affiliates, including net receivables with ComEd, PECO, BGE, Pepco, DPL and ACE of $18 million , $22 million , $22 million , $34 million , $12 million , and $7 million as of September 30, 2017 , respectively.

Rating as of September 30, 2017	Total Exposure Before Credit Collateral	Credit Collateral (a)	Net Exposure	Number of Counterparties Greater than 10% of Net Exposure	Net Exposure of Counterparties Greater than 10% of Net Exposure
Investment grade	$ 828	$ 9	$ 819	1	$ 278
Non-investment grade	44	4	40		
No external ratings					
Internally rated — investment grade	316	—	316		
Internally rated — non-investment grade	100	18	82		
Total	$ 1,288	$ 31	$ 1,257	1	$ 278

Net Credit Exposure by Type of Counterparty	As of September 30, 2017
Financial institutions	$ 48
Investor-owned utilities, marketers, power producers	538
Energy cooperatives and municipalities	525
Other	146
Total	$ 1,257

(a) As of September 30, 2017 , credit collateral held from counterparties where Generation had credit exposure included $19 million of cash and $12 million of letters of credit. The credit collateral does not include non-liquid collateral.

ComEd's power procurement contracts provide suppliers with a certain amount of unsecured credit. The credit position is based on daily, updated forward market prices compared to the benchmark prices. The benchmark prices are the forward prices of energy projected through the contract term and are set at the point of supplier bid submittals. If the forward market price of energy exceeds the benchmark price on a given day, the suppliers are required to post collateral for the secured credit portion after adjusting for any unpaid deliveries and unsecured credit allowed under the contract. The unsecured credit used by the suppliers represents ComEd's net credit exposure. As of September 30, 2017 , ComEd's net credit exposure to suppliers was less than $1 million .

ComEd is permitted to recover its costs of procuring energy through the Illinois Settlement Legislation. ComEd's counterparty credit risk is mitigated by its ability to recover realized energy costs through customer rates. See Note 3 — Regulatory Matters of the Exelon 2016 Form 10-K for additional information.

PECO's supplier master agreements that govern the terms of its electric supply procurement contracts, which define a supplier's performance assurance requirements, allow a supplier to meet its credit requirements with a certain amount of unsecured credit. The amount of unsecured credit is determined based on the supplier's lowest credit rating from the major credit rating agencies and the supplier's tangible net worth. The credit position is based on the initial market price, which is the forward price of energy on the day a transaction is executed, compared to the current forward price curve for energy. To the extent that the forward price curve for energy exceeds the initial market price, the supplier is required to post collateral to the extent the credit exposure is greater than the supplier's unsecured credit limit. The unsecured credit used by the suppliers represents PECO's net credit exposure. As of September 30, 2017 , PECO had no material net credit exposure to suppliers.

PECO is permitted to recover its costs of procuring electric supply through its PAPUC-approved DSP Program. PECO's counterparty credit risk is mitigated by its ability to recover realized energy costs through customer rates. See Note 5 — Regulatory Matters for additional information.

PECO's natural gas procurement plan is reviewed and approved annually on a prospective basis by the PAPUC. PECO's counterparty credit risk under its natural gas supply and asset management agreements is mitigated by its ability to recover its natural gas costs through the PGC, which allows PECO to adjust rates quarterly to reflect realized natural gas prices. PECO does not obtain collateral from suppliers under its natural gas supply and asset management agreements. As of September 30, 2017 , PECO had no material credit exposure under its natural gas supply and asset management agreements with investment grade suppliers.

BGE is permitted to recover its costs of procuring energy through the MDPSC-approved procurement tariffs. BGE's counterparty credit risk is mitigated by its ability to recover realized energy costs through customer rates. See Note 3 — Regulatory Matters of the Exelon 2016 Form 10-K for additional information.

BGE's full requirement wholesale electric power agreements that govern the terms of its electric supply procurement contracts, which define a supplier's performance assurance requirements, allow a supplier, or its guarantor, to meet its credit requirements with a certain amount of unsecured credit. The amount of unsecured credit is determined based on the supplier's lowest credit rating from the major credit rating agencies and the supplier's tangible net worth, subject to an unsecured credit cap. The credit position is based on the initial market price, which is the forward price of energy on the day a transaction is executed, compared to the current forward price curve for energy. To the extent that the forward price curve for energy exceeds the initial market price, the supplier is required to post collateral to the extent the credit exposure is greater than the supplier's unsecured credit limit. The unsecured credit used by the suppliers represents BGE's net credit exposure. The seller's credit exposure is calculated each business day. As of September 30, 2017 , BGE had no net credit exposure to suppliers.

BGE's regulated gas business is exposed to market-price risk. This market-price risk is mitigated by BGE's recovery of its costs to procure natural gas through a gas cost adjustment clause approved by the MDPSC. BGE does make off-system sales after BGE has satisfied its customers' demands, which are not covered by the gas cost adjustment clause. At September 30, 2017 , BGE had credit exposure of less than $1 million related to off-system sales which is mitigated by parental guarantees, letters of credit or right to offset clauses within other contracts with those third-party suppliers.

Pepco's, DPL's and ACE's power procurement contracts provide suppliers with a certain amount of unsecured credit. The amount of unsecured credit is determined based on the supplier's lowest credit rating from the major credit rating agencies and the supplier's tangible net worth. The credit position is based on the initial market price, which is the forward price of energy on the day a transaction is executed, compared to the current forward price curve for energy. To the extent that the forward price curve for energy exceeds the initial market price, the supplier is required to post collateral to the extent the credit exposure is greater than the supplier's unsecured credit limit. The unsecured credit used by the suppliers represents Pepco's, DPL's and ACE's net credit exposure. As of September 30, 2017 , Pepco's, DPL's and ACE's net credit exposures to suppliers were immaterial.

Pepco is permitted to recover its costs of procuring energy through the MDPSC-approved and DCPSC-approved procurement tariffs. DPL is permitted to recover its costs of procuring energy through the MDPSC-approved and DPSC-approved procurement tariffs. ACE is permitted to recover its costs of procuring energy through the NJBPU-approved procurement tariffs. Pepco's, DPL's and ACE's counterparty credit risks are mitigated by their ability to recover realized energy costs through customer rates. See Note 3 — Regulatory Matters of the Exelon 2016 Form 10-K for additional information.

DPL's natural gas procurement plan is reviewed and approved annually on a prospective basis by the DPSC. DPL's counterparty credit risk under its natural gas supply and asset management agreements is mitigated by its ability to recover its natural gas costs through the GCR, which allows DPL to adjust rates annually to reflect realized natural gas prices. To the extent that the fair value of the transactions in a net loss position exceeds the unsecured credit threshold, then collateral is required to be posted in an amount equal to the amount by which the unsecured credit threshold is exceeded. Exchange-traded contracts are required to be fully collateralized without regard to the credit rating of the holder. As of September 30, 2017 , DPL had no credit exposure under its natural gas supply and asset management agreements with investment grade suppliers.

Collateral and Contingent-Related Features (All Registrants)

As part of the normal course of business, Generation routinely enters into physical or financially settled contracts for the purchase and sale of electric capacity, energy, fuels, emissions allowances and other energy-related products. Certain of Generation's derivative instruments contain provisions that require Generation to post collateral. Generation

also enters into commodity transactions on exchanges (i.e., NYMEX, ICE). The exchanges act as the counterparty to each trade. Transactions on the exchanges must adhere to comprehensive collateral and margining requirements. This collateral may be posted in the form of cash or credit support with thresholds contingent upon Generation's credit rating from each of the major credit rating agencies. The collateral and credit support requirements vary by contract and by counterparty. These credit-risk-related contingent features stipulate that if Generation were to be downgraded or lose its investment grade credit rating (based on its senior unsecured debt rating), it would be required to provide additional collateral. This incremental collateral requirement allows for the offsetting of derivative instruments that are assets with the same counterparty, where the contractual right of offset exists under applicable master netting agreements. In the absence of expressly agreed-to provisions that specify the collateral that must be provided, collateral requested will be a function of the facts and circumstances of the situation at the time of the demand. In this case, Generation believes an amount of several months of future payments (i.e., capacity payments) rather than a calculation of fair value is the best estimate for the contingent collateral obligation, which has been factored into the disclosure below.

The aggregate fair value of all derivative instruments with credit-risk-related contingent features in a liability position that are not fully collateralized (excluding transactions on the exchanges that are fully collateralized) is detailed in the table below:

Credit-Risk Related Contingent Feature	September 30, 2017	December 31, 2016
Gross fair value of derivative contracts containing this feature [(a)]	$ (916)	$ (960)
Offsetting fair value of in-the-money contracts under master netting arrangements [(b)]	638	627
Net fair value of derivative contracts containing this feature [(c)]	$ (278)	$ (333)

(a) Amount represents the gross fair value of out-of-the-money derivative contracts containing credit-risk related contingent features ignoring the effects of master netting agreements.
(b) Amount represents the offsetting fair value of in-the-money derivative contracts under legally enforceable master netting agreements with the same counterparty, which reduces the amount of any liability for which a Registrant could potentially be required to post collateral.
(c) Amount represents the net fair value of out-of-the-money derivative contracts containing credit-risk related contingent features after considering the mitigating effects of offsetting positions under master netting arrangements and reflects the actual net liability upon which any potential contingent collateral obligations would be based.

Generation had cash collateral posted of $460 million and letters of credit posted of $255 million and cash collateral held of $49 million and letters of credit held of $29 million as of September 30, 2017 for external counterparties with derivative positions. Generation had cash collateral posted of $347 million and letters of credit posted of $284 million and cash collateral held of $24 million and letters of credit held of $28 million at December 31, 2016 for external counterparties with derivative positions. In the event of a credit downgrade below investment grade (i.e., to BB+ by S&P or Ba1 by Moody's), Generation would have been required to post additional collateral of $1.8 billion and $1.9 billion as of September 30, 2017 and December 31, 2016 , respectively. These amounts represent the potential additional collateral required after giving consideration to offsetting derivative and non-derivative positions under master netting agreements.

Generation's and Exelon's interest rate swaps contain provisions that, in the event of a merger, if Generation's debt ratings were to materially weaken, it would be in violation of these provisions, resulting in the ability of the counterparty to terminate the agreement prior to maturity. Collateralization would not be required under any circumstance. Termination of the agreement could result in a settlement payment by Exelon or the counterparty on any interest rate swap in a net liability position. The settlement amount would be equal to the fair value of the swap on the termination date. As of September 30, 2017 , Generation's swaps were in a liability position with a fair value of $4 million and Exelon's swaps were in an asset position, with a fair value of $6 million .

See Note 26 — Segment Information of the Exelon 2016 Form 10-K for further information regarding the letters of credit supporting the cash collateral.

Generation entered into supply forward contracts with certain utilities, including PECO and BGE, with one-sided collateral postings only from Generation. If market prices fall below the benchmark price levels in these contracts, the utilities are not required to post collateral. However, when market prices rise above the benchmark price levels, counterparty suppliers, including Generation, are required to post collateral once certain unsecured credit limits are exceeded. Under the terms of ComEd's standard block energy contracts, collateral postings are one-sided from suppliers, including Generation, should exposures between market prices and benchmark prices exceed established unsecured credit limits outlined in the contracts. As of September 30, 2017 , ComEd held approximately $10 million in

collateral from suppliers in association with energy procurement contracts. Under the terms of ComEd's annual renewable energy contracts, collateral postings are required to cover a fixed value for RECs only. In addition, under the terms of ComEd's long-term renewable energy contracts, collateral postings are required from suppliers for both RECs and energy. The REC portion is a fixed value and the energy portion is one-sided from suppliers should the forward market prices exceed contract prices. As of September 30, 2017 , ComEd held approximately $21 million in the form of cash and letters of credit as margin for both the annual and long-term REC obligations. If ComEd lost its investment grade credit rating as of September 30, 2017 , it would have been required to post approximately $3 million of collateral to its counterparties. See Note 3 — Regulatory Matters of the Exelon 2016 Form 10-K for additional information.

PECO's natural gas procurement contracts contain provisions that could require PECO to post collateral. This collateral may be posted in the form of cash or credit support with thresholds contingent upon PECO's credit rating from the major credit rating agencies. The collateral and credit support requirements vary by contract and by counterparty. As of September 30, 2017 , PECO was not required to post collateral for any of these agreements. If PECO lost its investment grade credit rating as of September 30, 2017 , PECO could have been required to post approximately $20 million of collateral to its counterparties.

PECO's supplier master agreements that govern the terms of its DSP Program contracts do not contain provisions that would require PECO to post collateral.

BGE's full requirements wholesale power agreements that govern the terms of its electric supply procurement contracts do not contain provisions that would require BGE to post collateral.

BGE's natural gas procurement contracts contain provisions that could require BGE to post collateral. This collateral may be posted in the form of cash or credit support with thresholds contingent upon BGE's credit rating from the major credit rating agencies. The collateral and credit support requirements vary by contract and by counterparty. As of September 30, 2017 , BGE was not required to post collateral for any of these agreements. If BGE lost its investment grade credit rating as of September 30, 2017 , BGE could have been required to post approximately $28 million of collateral to its counterparties.

Pepco's full requirements wholesale power agreements that govern the terms of its electric supply procurement contracts do not contain provisions that would require Pepco to post collateral.

DPL's full requirements wholesale power agreements that govern the terms of its electric supply procurement contracts do not contain provisions that would require DPL to post collateral.

DPL's natural gas procurement contracts contain provisions that could require DPL to post collateral. To the extent that the fair value of the natural gas derivative transaction in a net loss position exceeds the unsecured credit threshold, then collateral is required to be posted in an amount equal to the amount by which the unsecured credit threshold is exceeded. The DPL obligations are standalone, without the guaranty of PHI. If DPL lost its investment grade credit rating as of September 30, 2017 , DPL could have been required to post an additional amount of approximately $9 million of collateral to its natural gas counterparties.

ACE's full requirements wholesale power agreements that govern the terms of its electric supply procurement contracts do not contain provisions that would require ACE to post collateral.

11 . Debt and Credit Agreements (All Registrants)

Short-Term Borrowings

Exelon, Pepco, DPL and ACE meet their short-term liquidity requirements primarily through the issuance of commercial paper and short-term notes. ComEd and BGE meet their short-term liquidity requirements primarily through the issuance of commercial paper. Generation and PECO meet their short-term liquidity requirements primarily through the issuance of commercial paper and borrowings from the Exelon intercompany money pool. PHI meets its short-term liquidity requirement primarily through the issuance of short-term notes and the Exelon intercompany money pool.

Commercial Paper

The Registrants had the following amounts of commercial paper borrowings outstanding as of September 30, 2017 and December 31, 2016 :

Commercial Paper Borrowings	September 30, 2017	December 31, 2016
Exelon	$ 118	$ 688
Generation	—	620
BGE	—	45
PHI	118	23
Pepco	—	23
DPL	54	—
ACE	65	—

Short-Term Loan Agreements

On January 13, 2016, PHI entered into a $500 million term loan agreement, which was amended on March 28, 2016. The net proceeds of the loan were used to repay PHI's outstanding commercial paper, and for general corporate purposes. Pursuant to the loan agreement, as amended, loans made thereunder bear interest at a variable rate equal to LIBOR plus 1% , and all indebtedness thereunder is unsecured. On March 23, 2017, the aggregate principal amount of all loans, together with any accrued but unpaid interest due under the loan agreement was fully repaid and the loan terminated. On March 23, 2017, Exelon Corporate entered into a similar type term loan for $500 million which expires on March 22, 2018. Pursuant to the loan agreement, loans made thereunder bear interest at a variable rate equal to LIBOR plus 1% and all indebtedness thereunder is unsecured. The loan agreement is reflected in Exelon’s Consolidated Balance Sheet within Short-Term borrowings.

Credit Agreements

On January 9, 2017, the credit agreement for Generation's $75 million bilateral credit facility was amended and restated to increase the facility size to $100 million and extend the maturity to January 2019. This facility will solely be used by Generation to issue letters of credit.

On May 26, 2016, Exelon Corporate, Generation, ComEd, PECO and BGE entered into amendments to each of their respective syndicated revolving credit facilities, which extended the maturity of each of the facilities to May 26, 2021. Exelon Corporate also increased the size of its facility from $500 million to $600 million . On May 26, 2016, PHI, Pepco, DPL and ACE entered into an amendment to their Second Amended and Restated Credit Agreement dated as of August 1, 2011, which (i) extended the maturity date of the facility to May 26, 2021, (ii) removed PHI as a borrower under the facility, (iii) decreased the size of the facility from $1.5 billion to $900 million and (iv) converted its financial covenant from a debt to capitalization leverage ratio to an interest coverage ratio. On May 26, 2017, each of the Registrants' respective syndicated revolving credit facilities had their maturity dates extended to May 26, 2022.

Long-Term Debt

Issuance of Long-Term Debt

During the nine months ended September 30, 2017 , the following long-term debt was issued:

Company	Type	Interest Rate	Maturity	Amount	Use of Proceeds
Exelon	Junior Subordinated Notes [(a)]	3.50%	June 1, 2022	$ 1,150	Refinance Exelon's Junior Subordinated Notes issued in June 2014.
Generation	Albany Green Energy Project Financing	LIBOR + 1.25%	November 17, 2017	$ 14	Albany Green Energy biomass generation development.
Generation	Energy Efficiency Project Financing	3.90%	February 1, 2018	$ 17	Funding to install energy conservation measures for the Naval Station Great Lakes project.
Generation	Energy Efficiency Project Financing	2.61%	September 30, 2018	$ 10	Funding to install energy conservation measures for the Pensacola project.
Generation	Energy Efficiency Project Financing	3.53%	April 1, 2019	$ 8	Funding to install energy conservation measures for the State Department project.
Generation	Energy Efficiency Project Financing	3.72%	May 1, 2018	$ 4	Funding to install energy conservation measures for the Smithsonian Zoo project.
Generation	Senior Notes	2.95%	January 15, 2020	$ 250	Repay outstanding commercial paper obligations and for general corporate purposes.
Generation	Senior Notes	3.40%	March 15, 2022	$ 500	Repay outstanding commercial paper obligations and for general corporate purposes.
Generation	ExGen Texas Power Nonrecourse Debt	LIBOR + 4.75%	September 18, 2021	$ 6	Funding for general corporate purposes.
ComEd	First Mortgage Bonds, Series 122	2.95%	August 15, 2027	$ 350	Refinance maturing first mortgage bonds, to repay a portion of ComEd's outstanding commercial paper obligations and for general corporate purposes.
ComEd	First Mortgage Bonds, Series 123	3.75%	August 15, 2047	$ 650	Refinance maturing first mortgage bonds, to repay a portion of ComEd's outstanding commercial paper obligations and for general corporate purposes.
PECO	First and Refunding Mortgage Bonds	3.70%	September 15, 2047	$ 325	General corporate purposes.
BGE	Notes	3.75%	August 15, 2047	$ 300	Redeem $250 million in principal amount of the 6.20% Deferrable Interest Subordinated Debentures due October 15, 2043 issued by BGE's affiliate BGE Capital Trust II, repay commercial paper obligations and for general corporate purposes.
Pepco	Energy Efficiency Project Financing	3.30%	December 15, 2017	$ 2	Funding to install energy conservation measures for the DOE Germantown project.
Pepco	First Mortgage Bonds	4.15%	March 15, 2043	$ 200	Funding to repay outstanding commercial paper and for general corporate purposes.

(a) See the Junior Subordinated Notes discussion below for further information.

EGTP Nonrecourse Debt

In September 2014, EGTP, an indirect subsidiary of Exelon and Generation, issued $675 million aggregate principal amount of a nonrecourse senior secured term loan. The net proceeds were distributed to Generation for general business purposes. The loan is scheduled to mature on September 18, 2021. The term loan bears interest at a variable rate equal to LIBOR plus 4.75% , subject to a 1% LIBOR floor with interest payable quarterly. As of September 30,

2017 , $660 million was outstanding. As part of the agreement, a revolving credit facility was established for the amount of $20 million available through, and scheduled to mature on September 18, 2019. In addition to the financing, EGTP entered into various interest rate swaps with an initial notional amount of approximately $505 million at an interest rate of 2.34% to hedge a portion of the interest rate exposure in connection with this financing, as required by the debt covenants. See Note 10 — Derivative Financial Instruments for additional information regarding interest rate swaps.

On May 2, 2017, EGTP entered into a consent agreement with its lenders, which resulted in the outstanding debt balance being classified as Long-term debt due within one year on Exelon's and Generation's Consolidated Balance Sheets. See Note 4 - Mergers, Acquisitions and Dispositions and Note 6 - Impairment of Long-Lived Assets for more information.

Junior Subordinated Notes

In June 2014, Exelon issued $1.15 billion of junior subordinated notes in the form of 23 million equity units at a stated amount of $50.00 per unit. Each equity unit represented an undivided beneficial ownership interest in Exelon's $1.15 billion of 2.50% junior subordinated notes due in 2024 ("2024 notes") and a forward equity purchase contract. As contemplated in the June 2014 equity unit structure, in April 2017, Exelon completed the remarketing of the 2024 notes into $1.15 billion of 3.497% junior subordinated notes due in 2022 ("Remarketing"). Exelon conducted the Remarketing on behalf of the holders of equity units and did not directly receive any proceeds therefrom. Instead, the former holders of the 2024 notes used debt remarketing proceeds towards settling the forward equity purchase contract with Exelon on June 1, 2017. Exelon issued approximately 33 million shares of common stock from treasury stock and received $1.15 billion upon settlement of the forward equity purchase contract. When reissuing treasury stock Exelon uses the average price paid to repurchase shares to calculate a gain or loss on issuance and records gains or losses directly to retained earnings. A loss on reissuance of treasury shares of $1.05 billion was recorded to retained earnings as of September 30, 2017 . See Note 17 - Earnings Per Share and Equity for further information on the issuance of common stock.

Albany Green Energy Project

During the third quarter of 2017, upon completion of AGE, Generation retired $228 million of its LIBOR + 1.25% outstanding debt balance, which included $6 million of accumulated interest. Pursuant to the financing terms entered into by AGE in the second quarter of 2015, the entire financing balance plus accumulated interest was due upon substantial completion, but no later than November 17, 2017. See Note 3 - Variable Interest Entities for more details regarding AGE.

BGE Redemption of Trust Preferred Securities

On August 28, 2017, BGE redeemed all of the outstanding shares of BGE Capital Trust II 6.20% Preferred Securities ("Securities"), pursuant to the optional redemption provisions of the Indenture under which the Securities were issued. The redemption price per share was $25.19 , which equaled the stated value per share plus accrued and unpaid dividends to, but excluding, the redemption date. No dividends on the Securities redeemed were accrued on or after the redemption date, nor did any interest accrue on amounts held to pay the redemption price.

12 . Income Taxes (All Registrants)

The effective income tax rate from continuing operations varies from the U.S. Federal statutory rate principally due to the following:

	Three Months Ended September 30, 2017								
						Successor			
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
U.S. Federal statutory rate	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%
Increase (decrease) due to:									
State income taxes, net of Federal income tax benefit	2.2	5.6	6.6	(0.1)	5.3	5.1	2.2	5.3	5.6
Qualified nuclear decommissioning trust fund income	2.6	5.8	—	—	—	—	—	—	—
Amortization of investment tax credit, including deferred taxes on basis difference	(1.1)	(2.2)	(0.2)	(0.1)	(0.1)	(0.2)	(0.1)	(0.2)	(0.4)
Plant basis differences	(2.6)	—	(0.3)	(14.6)	(0.8)	(4.9)	(6.7)	(1.9)	(3.4)
Production tax credits and other credits	(2.2)	(4.8)	—	—	—	—	—	—	—
Noncontrolling interests	0.5	1.0	—	—	—	—	—	—	—
FitzPatrick bargain purchase gain	(0.2)	(0.4)	—	—	—	—	—	—	—
Other	(0.1)	0.3	(0.2)	(0.2)	(0.2)	0.2	—	(0.2)	0.1
Effective income tax rate	34.1%	40.3%	40.9%	20.0%	39.2%	35.2%	30.4%	38.0%	36.9%

	Three Months Ended September 30, 2016								
						Successor			
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
U.S. Federal statutory rate	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%
Increase (decrease) due to:									
State income taxes, net of Federal income tax benefit	3.8	2.6	7.3	2.4	5.2	5.6	5.6	5.2	6.1
Qualified nuclear decommissioning trust fund income	4.0	7.8	—	—	—	—	—	—	—
Amortization of investment tax credit, including deferred taxes on basis difference	(0.9)	(1.6)	(0.6)	(0.1)	(0.2)	(0.1)	—	(0.2)	(0.1)
Plant basis differences	(3.0)	—	(1.9)	(6.7)	(0.5)	(5.0)	(6.7)	(1.3)	(4.6)
Production tax credits and other credits	(2.9)	(5.7)	(0.1)	—	—	—	—	—	—
Noncontrolling interest	0.2	0.5	—	—	—	—	—	—	—
Statute of limitations expiration	(0.1)	0.3	—	—	—	—	—	—	—
Penalties	4.3	—	27.2	—	—	—	—	—	—
Merger expenses	(0.6)	—	—	—	—	(5.7)	(2.3)	(8.6)	(2.9)
Other	(0.8)	(0.5)	0.1	0.1	(0.4)	(0.7)	(0.9)	0.1	(0.6)
Effective income tax rate	39.0%	38.4%	67.0%	30.7%	39.1%	29.1%	30.7%	30.2%	32.9%

	Nine Months Ended September 30, 2017								
						Successor			
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
U.S. Federal statutory rate	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%
Increase (decrease) due to:									
State income taxes, net of Federal income tax benefit	0.7	2.1	5.9	(0.1)	5.2	4.9	3.0	5.1	5.6
Qualified nuclear decommissioning trust fund income	4.0	14.0	—	—	—	—	—	—	—
Amortization of investment tax credit, including deferred taxes on basis difference	(0.9)	(2.7)	(0.2)	(0.1)	(0.1)	(0.2)	(0.1)	(0.2)	(0.4)
Plant basis differences	(3.4)	—	(0.3)	(14.4)	(0.8)	(4.6)	(6.3)	(1.8)	(3.4)
Production tax credits and other credits	(1.8)	(6.2)	—	—	—	—	—	—	—
Noncontrolling interests	0.2	0.7	—	—	—	—	—	—	—
Merger expenses	(5.4)	(2.5)	—	—	—	(11.8)	(8.0)	(10.0)	(23.0)
FitzPatrick bargain purchase gain	(3.2)	(11.2)	—	—	—	—	—	—	—
Like-kind exchange [(a)]	(1.7)	—	1.7	—	—	—	—	—	—
Other	—	(0.4)	0.2	—	0.2	—	(0.3)	0.6	(0.3)
Effective income tax rate	23.5%	28.8%	42.3%	20.4%	39.5%	23.3%	23.3%	28.7%	13.5%

	Nine Months Ended September 30, 2016								Successor March 24, 2016 to September 30, 2016	Predecessor January 1, 2016 to March 23, 2016
	Exelon	Generation	ComEd	PECO	BGE	Pepco	DPL (b)	ACE (b)	PHI (b)	PHI
U.S. Federal statutory rate	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%
Increase (decrease) due to:										
State income taxes, net of Federal income tax benefit (c)	2.5	2.6	5.4	1.3	4.8	23.0	310.5	5.5	4.4	11.9
Qualified nuclear decommissioning trust fund income	4.8	8.8	—	—	—	—	—	—	—	—
Amortization of investment tax credit, including deferred taxes on basis difference	(1.3)	(2.0)	(0.3)	(0.1)	(0.2)	(0.2)	(17.9)	0.5	0.5	(0.9)
Plant basis differences	(4.5)	—	(0.6)	(8.8)	(3.3)	(29.0)	(98.6)	7.8	17.5	(13.5)
Production tax credits and other credits	(4.1)	(7.6)	—	—	—	—	—	—	—	—
Noncontrolling interest	0.5	0.9	—	—	—	—	—	—	—	—
Statute of limitations expiration	(0.5)	(1.7)	—	—	—	—	—	—	—	—
Penalties	2.3	—	5.6	—	—	—	—	—	—	—
Merger expenses	6.2	—	—	—	—	36.7	635.9	(35.4)	(49.8)	11.1
Other	(1.8)	(2.1)	—	(1.5)	—	(2.5)	35.1	0.4	1.4	3.6
Effective income tax rate	39.1%	33.9%	45.1%	25.9%	36.3%	63.0%	900.0%	13.8%	9.0%	47.2%

(a) See Like-Kind Exchange within the Other Income Tax Matters section below for further details.
(b) DPL and ACE recognized a loss before income taxes for the nine months ended September 30, 2016 , and PHI recognized a loss before income taxes for the period of March 24, 2016, through September 30, 2016 . As a result, positive percentages represent an income tax benefit for the periods presented.
(c) Includes a remeasurement of uncertain state income tax positions for Pepco and DPL.

Accounting for Uncertainty in Income Taxes

The Registrants have the following unrecognized tax benefits as of September 30, 2017 and December 31, 2016 :

						Successor			
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
September 30, 2017	$ 738	$ 468	$ 2	$ —	$ 120	$ 120	$ 59	$ 21	$ 8

						Successor			
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
December 31, 2016	$ 916	$ 490	$ (12)	$ —	$ 120	$ 172	$ 80	$ 37	$ 22

Exelon established a liability for an uncertain tax position associated with the tax deductibility of certain merger commitments incurred by Exelon in connection with the acquisitions of Constellation in 2012 and PHI in 2016. In the

first quarter 2017, as a part of its examination of Exelon's return, the IRS National Office issued guidance concurring with Exelon's position that the merger commitments were deductible. As a result, Exelon, Generation, PHI, Pepco, DPL, and ACE decreased their liability for unrecognized tax benefits by $ 146 million , $ 19 million , $ 59 million , $ 21 million , $ 16 million , and $ 22 million , respectively, as of September 30, 2017 , resulting in a benefit to Income taxes on Exelon's, Generation's, PHI's, Pepco's, DPL's and ACE's Consolidated Statements of Operations and Comprehensive Income and corresponding decreases in their effective tax rates.

Exelon reduced the liability related to the uncertain tax position associated with the like-kind exchange in the second quarter of 2017. Please see the Other Income Tax Matters section below for additional details related to the like-kind exchange adjustments made in the second quarter of 2017.

Reasonably possible the total amount of unrecognized tax benefits could significantly increase or decrease within 12 months after the reporting date

Like-Kind Exchange

As of September 30, 2017 , Exelon and ComEd have approximately $ 39 million and $2 million , respectively, of unrecognized federal and state income tax benefits that could significantly decrease within the 12 months after the reporting date due to a final resolution of the like-kind exchange litigation described below. The recognition of these unrecognized tax benefits would decrease Exelon and ComEd's effective tax rate.

Settlement of Income Tax Positions

As of September 30, 2017 , Exelon, Generation, BGE, PHI, Pepco, DPL, and ACE have approximately $676 million , $ 469 million , $120 million , $ 88 million , $ 59 million , $ 21 million , and $ 8 million of unrecognized federal and state tax benefits that could significantly decrease within the 12 months after the reporting date as a result of completing audits, potential settlements, and the outcomes of pending court cases. Of the above unrecognized tax benefits, Exelon and Generation have $ 462 million that, if recognized, would decrease the effective tax rate. The unrecognized tax benefits related to BGE, DPL, ACE, and a portion of Pepco, if recognized, may be included in future regulated base rates and that portion would have no impact to the effective tax rate.

Other Income Tax Matters

Like-Kind Exchange (Exelon and ComEd)

Exelon, through its ComEd subsidiary, took a position on its 1999 income tax return to defer approximately $ 1.2 billion of tax gain on the sale of ComEd's fossil generating assets. The gain was deferred by reinvesting a portion of the proceeds from the sale in qualifying replacement property under the like-kind exchange provisions of the IRC. The like-kind exchange replacement property purchased by Exelon included interests in three municipal-owned electric generation facilities which were properly leased back to the municipalities.

The IRS disagreed with this position and asserted that the entire gain of approximately $ 1.2 billion was taxable in 1999. Exelon was unable to reach agreement with the IRS regarding the dispute over the like-kind exchange position. The IRS asserted that the Exelon purchase and leaseback transaction was substantially similar to a leasing transaction, known as a SILO, which the IRS does not respect as the acquisition of an ownership interest in property. A SILO is a "listed transaction" that the IRS has identified as a potentially abusive tax shelter under guidance issued in 2005. Accordingly, the IRS asserted that the sale of the fossil plants followed by the purchase and leaseback of the municipal owned generation facilities did not qualify as a like-kind exchange and the gain on the sale is fully subject to tax. The IRS also asserted a penalty of approximately $ 90 million for a substantial understatement of tax.

On September 30, 2013, the IRS issued a notice of deficiency to Exelon for the like-kind exchange position. Exelon filed a petition on December 13, 2013 to initiate litigation in the United States Tax Court (Tax Court) and the trial took place in August of 2015. Exelon was not required to remit any part of the asserted tax or penalty in order to litigate the issue.

On September 19, 2016, the Tax Court rejected Exelon's position in the case and ruled that Exelon was not entitled to defer gain on the transaction. In addition, contrary to Exelon's evaluation that the penalty was unwarranted, the Tax Court ruled that Exelon is liable for the penalty and interest due on the asserted penalty. In June of 2017, the IRS finalized its computation of tax, penalties and interest owed by Exelon pursuant to the Tax Court's decision. In September of 2017, Exelon appealed this decision to the U.S. Court of Appeals for the Seventh Circuit.

In the first quarter of 2013, Exelon concluded that it was no longer more likely than not that the like-kind exchange position would be sustained and recorded charges to earnings representing the amount of interest expense (after-tax) and incremental state income tax expense that would be payable in the event Exelon is unsuccessful in litigation. Exelon agreed to hold ComEd harmless from any unfavorable impacts on ComEd's equity of the after-tax interest and penalty amounts.

Prior to the Tax Court's decision, however, Exelon did not believe it was likely a penalty would be assessed based on applicable case law and the facts of the transaction. As a result, no charge had been recorded for the penalty or for after-tax interest on the penalty. While it has strong arguments on appeal with respect to both the merits and the penalty, Exelon has determined that, pursuant to accounting standards, it is no longer more likely than not to avoid ultimate imposition of the penalty. As a result, in the third quarter of 2016, Exelon and ComEd recorded a charge to earnings of approximately $ 106 million and $ 86 million , respectively, of penalty and approximately $ 94 million and $ 64 million , respectively, of after-tax interest. Exelon and ComEd recorded the penalty and pre-tax interest due on the asserted penalty to Other, net and Interest expense, net, respectively, on their Consolidated Statements of Operations. Consistent with Exelon's agreement to continue to hold ComEd harmless from any unfavorable impact on its equity from the like-kind exchange position, ComEd recorded on its Consolidated Balance Sheets as of September 30, 2016, an additional $ 150 million receivable and non-cash equity contributions from Exelon.

As a result of the IRS's finalization of its computation in the second quarter 2017, Exelon recorded a benefit to earnings of approximately $ 26 million , consisting of an income tax benefit of $ 50 million and a reduction of penalties of $ 2 million , partially offset by after-tax interest expense of $ 26 million , while ComEd recorded a charge to earnings of approximately $ 23 million , consisting of income tax expense of $ 15 million and after-tax interest expense of $ 8 million .

In the second quarter of 2017, Exelon amended its agreement with ComEd to also hold ComEd harmless for the unfavorable impacts on its equity from the additional income tax amounts owed by ComEd as a result of the IRS's finalization of its computation related to the like-kind exchange position. Accordingly, in the second quarter of 2017, ComEd recorded an additional receivable and non-cash equity contribution from Exelon for the total $ 23 million . As of June 30, 2017, ComEd had a total receivable from Exelon pursuant to the hold harmless agreement of $ 369 million , which was included in Current Receivables from Affiliates on ComEd's Consolidated Balance Sheet.

Exelon expects to pay the tax, penalties and interest of approximately $ 1.3 billion related to the like-kind exchange, including $ 300 million attributable to ComEd, in the fourth quarter of 2017. While Exelon will receive a tax benefit of approximately $ 350 million associated with the deduction for the interest, Exelon currently has a net operating loss carryforward and thus does not expect to realize the cash benefit until 2018. After taking into account these interest deduction tax benefits, the total estimated net cash outflow for the like-kind exchange is approximately $ 950 million , of which approximately $ 300 million is attributable to ComEd after giving consideration to Exelon's agreement to hold ComEd harmless from any unfavorable impacts on ComEd's equity from the like-kind exchange position. Following a final appellate decision, which is expected in 2018, Exelon expects to receive approximately $ 60 million related to final interest computations.

Of the above amounts payable, Exelon deposited with the IRS $ 1.25 billion in October of 2016. Any remaining amounts due to the IRS will be paid by Exelon in the fourth quarter of 2017. Exelon funded the $ 1.25 billion deposit with a combination of cash on hand and short-term borrowings. The deposit is reflected as a current asset and the related liabilities for the tax, penalty, and interest are included on Exelon's balance sheet as current obligations. In the third quarter of 2017, the $ 300 million payable discussed above attributable to ComEd, net of ComEd's receivable pursuant to the hold harmless agreement, was settled with Exelon. No recovery will be sought from ComEd customers for any interest, penalty, or additional income tax payment amounts resulting from the like-kind exchange tax position.

As previously disclosed, in the first quarter of 2014, Exelon entered into an agreement to terminate its investment in one of the three municipal-owned electric generation properties in exchange for a net early termination amount of $ 335 million . In the first quarter of 2016, Exelon terminated its interests in the remaining two municipal-owned electric generation properties in exchange for $ 360 million .

Long-Term Marginal State Income Tax Rate (Exelon, Generation, ComEd, PHI and Pepco)

Exelon, Generation and PHI periodically review events that may significantly impact how income is apportioned among the states and, therefore, the calculation of their respective deferred state income taxes. Events that may require Exelon, Generation and PHI to update their long-term state tax apportionment include significant changes in tax law

and/or significant operational changes. Exelon's, PHI's and Pepco's long-term marginal state income tax rate were revised in the first quarter of 2017 as a result of a statutory rate change in Washington, D.C. As a result, Exelon, PHI and Pepco recorded a one-time decrease to Deferred income tax liability of $ 28 million , $ 8 million , and $ 8 million , respectively, on their Consolidated Balance Sheets. Because income taxes are recovered through customer rates, Exelon, PHI and Pepco recorded a corresponding regulatory liability of $ 8 million , in the Consolidated Balance Sheets. In addition, Exelon recorded a decrease to Income tax expense of $ 20 million , net of federal taxes, in the Consolidated Statements of Operations and Comprehensive Income for the three months ended March 31, 2017.

In the third quarter of 2017, Exelon reviewed and updated its marginal state income tax rates based on 2016 state apportionment rates. In addition, Exelon, Generation and ComEd recorded the impacts of Illinois' statutory rate change, which increased the total corporate income tax rate from 7.75% to 9.5% effective July 1, 2017. As a result of the rate changes, in the third quarter of 2017, Exelon, Generation and ComEd recorded a one-time increase to Deferred income taxes of approximately $ 250 million , $ 20 million and $ 270 million , respectively, on their Consolidated Balance Sheets. Because income taxes are recovered through customer rates, each of Exelon and ComEd recorded a corresponding regulatory asset of $ 272 million . Further, Exelon recorded a decrease to Income tax expense of approximately $ 20 million and Generation recorded an increase to Income tax expense of approximately $ 20 million (each net of federal taxes) in their Consolidated Statements of Operations and Comprehensive Income for the three and nine months ended September 30, 2017. The Illinois statutory rate increase is not expected to have a material ongoing impact to Exelon's, Generation's or ComEd's future results of operations.

13 . Nuclear Decommissioning (Exelon and Generation)

Nuclear Decommissioning Asset Retirement Obligations

Generation has a legal obligation to decommission its nuclear power plants following the expiration of their operating licenses. To estimate its decommissioning obligation related to its nuclear generating stations for financial accounting and reporting purposes, Generation uses a probability-weighted, discounted cash flow model which, on a unit-by-unit basis, considers multiple outcome scenarios that include significant estimates and assumptions, and are based on decommissioning cost studies, cost escalation rates, probabilistic cash flow models and discount rates. Generation updates its ARO annually, unless circumstances warrant more frequent updates, based on its review of updated cost studies and its annual evaluation of cost escalation factors and probabilities assigned to various scenarios.

The following table provides a rollforward of the nuclear decommissioning ARO reflected on Exelon's and Generation's Consolidated Balance Sheets from December 31, 2016 to September 30, 2017 :

Nuclear decommissioning ARO at December 31, 2016 [(a)]	$	8,734
Acquisition of FitzPatrick		444
Accretion expense		342
Net decrease due to changes in, and timing of, estimated cash flows		(148)
Costs incurred to decommission retired plants		(6)
Nuclear decommissioning ARO at September 30, 2017 [(a)]	$	9,366

(a) Includes $12 million and $10 million for the current portion of the ARO at September 30, 2017 and December 31, 2016 , respectively, which is included in Other current liabilities on Exelon's and Generation's Consolidated Balance Sheets.

During the nine months ended September 30, 2017 , Generation's nuclear ARO increased by approximately $632 million . The increase primarily reflects the net impacts of the acquisition of FitzPatrick, the announced early retirement of TMI, year-to-date accretion of the ARO liability due to the passage of time and ARO updates completed during 2017 to reflect changes in amounts and timing of estimated decommissioning cash flows.

In the first quarter of 2017, a preliminary estimate of $417 million was recorded for the fair value of FitzPatrick's ARO. In the third quarter of 2017, an adjustment was recorded to increase the FitzPatrick ARO valuation by $27 million to $444 million to reflect updated cost estimate inputs from a third-party engineering firm. For additional details on the acquisition of FitzPatrick, see Note 4 - Mergers, Acquisitions and Dispositions .

The net $148 million decrease due to changes in, and timing of, estimated cash flows was driven by multiple adjustments throughout the period, some with offsetting impacts. These adjustments include a $180 million decrease

for refinements in estimated fleet wide labor costs expected to be incurred for certain on-site personnel during decommissioning as well as decreases resulting from updates to the cost studies of Clinton and Quad Cities. These decreases were partially offset by a $138 million increase in TMI's ARO liability associated with the May 30, 2017 announcement to early retire the unit on September 30, 2019. The increase in the ARO liability for TMI incorporates the early shutdown date, increases the probabilities of longer term decommissioning scenarios, and reflects an increase in the estimated costs to decommission based on an updated decommissioning cost study. Refer to Note 7 - Early Nuclear Plant Retirements for additional information regarding the announced early retirement of TMI.

Nuclear Decommissioning Trust Fund Investments

NDT funds have been established for each generation station unit to satisfy Generation's nuclear decommissioning obligations. Generally, NDT funds established for a particular unit may not be used to fund the decommissioning obligations of any other unit.

The NDT funds associated with Generation's nuclear units have been funded with amounts collected from the previous owners and their respective utility customers. PECO is authorized to collect funds, in revenues, for decommissioning the former PECO nuclear plants through regulated rates, and these collections are scheduled through the operating lives of the former PECO plants. The amounts collected from PECO customers are remitted to Generation and deposited into the NDT funds for the unit for which funds are collected. Every five years, PECO files a rate adjustment with the PAPUC that reflects PECO's calculations of the estimated amount needed to decommission each of the former PECO units based on updated fund balances and estimated decommissioning costs. The rate adjustment is used to determine the amount collectible from PECO customers. On March 31, 2017, PECO filed its Nuclear Decommissioning Cost Adjustment (NDCA) with the PAPUC proposing an annual recovery from customers of approximately $4 million . This amount reflects a decrease from the current approved annual collection of approximately $24 million primarily due to the removal of the collections for Limerick Units 1 and 2 as a result of the NRC approving the extension of the operating licenses for an additional 20 years. On August 8, 2017, the PAPUC approved the filing and the new rates will be effective January 1, 2018. See Note 16 - Asset Retirement Obligations of Exelon's 2016 Form 10-K, for information regarding the amount collected from PECO ratepayers for decommissioning costs.

Exelon and Generation had NDT fund investments totaling $12,966 million and $11,061 million at September 30, 2017 and December 31, 2016 , respectively. The increase is primarily driven by improved market performance and the acquisition of FitzPatrick.

The following table provides unrealized gains on NDT funds for the three and nine months ended September 30, 2017 and 2016 :

	Exelon and Generation		Exelon and Generation	
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Net unrealized gains on decommissioning trust funds — Regulatory Agreement Units [(a)]	$ 44	$ 155	$ 253	$ 286
Net unrealized gains on decommissioning trust funds — Non-Regulatory Agreement Units [(b)(c)]	111	116	347	216

(a) Net unrealized gains related to Generation's NDT funds associated with Regulatory Agreement Units are included in Regulatory liabilities on Exelon's Consolidated Balance Sheets and Noncurrent payables to affiliates on Generation's Consolidated Balance Sheets.
(b) Excludes $4 million and $5 million of net unrealized losses related to the Zion Station pledged assets for the three months ended September 30, 2017 and 2016 respectively. Excludes $5 million and $2 million of net unrealized losses related to the Zion Station pledged assets for the nine months ended September 30, 2017 and 2016 , respectively. Net unrealized losses related to Zion Station pledged assets are included in Other current liabilities and Payable for Zion Station decommissioning on Exelon's and Generation's Consolidated Balance Sheets in 2017 and 2016, respectively.
(c) Net unrealized gains related to Generation's NDT funds with Non-Regulatory Agreement Units are included within Other, net in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income.

Interest and dividends on NDT fund investments are recognized when earned and are included in Other, net in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income. Interest and dividends earned on the NDT fund investments for the Regulatory Agreement Units are eliminated within Other, net in Exelon's and Generation's Consolidated Statement of Operations and Comprehensive Income.

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Refer to Note 3 — Regulatory Matters and Note 27 — Related Party Transactions of the Exelon 2016 Form 10-K for information regarding regulatory liabilities at ComEd and PECO and intercompany balances between Generation, ComEd and PECO reflecting the obligation to refund to customers any decommissioning-related assets in excess of the related decommissioning obligations.

Zion Station Decommissioning

On September 1, 2010, Generation completed an Asset Sale Agreement (ASA) with EnergySolutions Inc. and its wholly owned subsidiaries, EnergySolutions, LLC (EnergySolutions) and ZionSolutions, under which ZionSolutions has assumed responsibility for completing certain decommissioning activities at Zion Station, which is located in Zion, Illinois and ceased operation in 1998. See Note 16 — Asset Retirement Obligations of the Exelon 2016 Form 10-K for information regarding the specific treatment of assets, including NDT funds, and decommissioning liabilities transferred in the transaction.

ZionSolutions is subject to certain restrictions on its ability to request reimbursements from the Zion Station NDT funds as defined within the ASA. Therefore, the transfer of the Zion Station assets did not qualify for asset sale accounting treatment and, as a result, the related NDT funds were reclassified to Pledged assets for Zion Station decommissioning within Generation's and Exelon's Consolidated Balance Sheets and will continue to be measured in the same manner as prior to the completion of the transaction. Additionally, the transferred ARO for decommissioning was replaced with a Payable for Zion Station decommissioning in Generation's and Exelon's Consolidated Balance Sheets. Changes in the value of the Zion Station NDT assets, net of applicable taxes, are recorded as a change in the payable to ZionSolutions. At no point will the payable to ZionSolutions exceed the project budget of the costs remaining to decommission Zion Station. Generation has retained its obligation for the SNF. Following ZionSolutions' completion of its contractual obligations and transfer of the NRC license to Generation, Generation will store the SNF at Zion Station until it is transferred to the DOE for ultimate disposal, and will complete all remaining decommissioning activities associated with the SNF dry storage facility. Generation has a liability of approximately $112 million which is included within the nuclear decommissioning ARO at September 30, 2017 . Generation also has retained NDT assets to fund its obligation to maintain the SNF at Zion Station until transfer to the DOE and to complete all remaining decommissioning activities for the SNF storage facility. Any shortage of funds necessary to maintain the SNF and decommission the SNF storage facility is ultimately required to be funded by Generation. Any Zion Station NDT funds remaining after the completion of all decommissioning activities will be returned to ComEd customers in accordance with the applicable orders. The following table provides the pledged assets and payables to ZionSolutions, and withdrawals by ZionSolutions at September 30, 2017 and December 31, 2016 :

	Exelon and Generation	
	September 30, 2017	December 31, 2016
Carrying value of Zion Station pledged assets	$ 57	$ 113
Payable to Zion Solutions [(a)]	53	104
Current portion of payable to Zion Solutions [(b)]	53	90
Cumulative withdrawals by Zion Solutions to pay decommissioning costs [(c)]	928	878

(a) Excludes a liability recorded within Exelon's and Generation's Consolidated Balance Sheets related to the tax obligation on the unrealized activity associated with the Zion Station NDT funds. The NDT funds will be utilized to satisfy the tax obligations as gains and losses are realized.
(b) Included in Other current liabilities within Exelon's and Generation's Consolidated Balance Sheets.
(c) Includes project expenses to decommission Zion Station and estimated tax payments on Zion Station NDT fund earnings.

NRC Minimum Funding Requirements

NRC regulations require that licensees of nuclear generating facilities demonstrate reasonable assurance that funds will be available in specified minimum amounts to decommission the facility at the end of its life.

Generation filed its biennial decommissioning funding status report with the NRC on March 30, 2017 for all units except for Zion Station which is included in a separate report to the NRC submitted by ZionSolutions (see Zion Station Decommissioning above). The status report demonstrated adequate decommissioning funding assurance for all units except for Peach Bottom Unit 1. As a former PECO plant, financial assurance for decommissioning Peach Bottom Unit 1 is provided by the NDT fund in addition to collections from PECO ratepayers. As discussed under Nuclear Decommissioning Trust Fund Investments above, the amount collected from PECO ratepayers has been adjusted in the March 31, 2017 filing to the PAPUC which was approved on August 8, 2017 and will be effective January 1, 2018.

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Generation will file its next decommissioning funding status report with the NRC by March 31, 2018 for shutdown reactors and reactors within five years of shutdown. This report will reflect the status of decommissioning funding assurance as of December 31, 2017 and will include the impact of the announced early retirement of TMI. A shortfall could necessitate that Exelon post a parental guarantee for Generation's share of the funding assurance. However, the amount of any required guarantee will ultimately depend on the decommissioning approach adopted at TMI, the associated level of costs, and the decommissioning trust fund investment performance going forward.

14 . Retirement Benefits (All Registrants)

Exelon sponsors defined benefit pension plans and other postretirement benefit plans for essentially all employees. Effective March 23, 2016 , Exelon became the sponsor of all of PHI's defined benefit pension and other postretirement benefit plans, and assumed PHI's benefit plan obligations and related assets. As a result, PHI's benefit plan net obligation and related regulatory assets were transferred to Exelon.

During the first quarter of 2017 , in connection with the acquisition of Fitzpatrick, Exelon established a new qualified pension plan and a new OPEB plan, and recorded a provisional obligation for Fitzpatrick employees based on information available at the merger date of $38 million and $11 million , respectively. As permitted by business combinations accounting guidance, during the third quarter of 2017 , Exelon updated those obligations based on a final valuation for Fitzpatrick employees as of the merger date of March 31, 2017. The updated obligations for pension and OPEB were $ 16 million and $ 17 million , respectively. Refer to Note 4 - Mergers, Acquisitions and Dispositions for additional discussion of the acquisition of FitzPatrick.

Defined Benefit Pension and Other Postretirement Benefits

During the first quarter of 2017 , Exelon received an updated valuation of its pension and other postretirement benefit obligations to reflect actual census data as of January 1, 2017 . This valuation resulted in an increase to the pension obligation of $92 million and an increase to the other postretirement benefit obligation of $57 million . Additionally, accumulated other comprehensive loss increased by approximately $59 million (after tax), regulatory assets increased by approximately $57 million and regulatory liabilities increased by approximately $4 million .

The majority of the 2017 pension benefit cost for Exelon-sponsored plans is calculated using an expected long-term rate of return on plan assets of 7.00% and a discount rate of 4.04% . The majority of the 2017 other postretirement benefit cost is calculated using an expected long-term rate of return on plan assets of 6.58% for funded plans and a discount rate of 4.04% .

A portion of the net periodic benefit cost for all plans is capitalized within the Consolidated Balance Sheets. The following tables present the components of Exelon's net periodic benefit costs, prior to capitalization, for the three and nine months ended September 30, 2017 and 2016 and PHI's net periodic benefit costs, prior to capitalization, for the predecessor period of January 1, 2016 to March 23, 2016 .

	Pension Benefits Three Months Ended September 30,		Other Postretirement Benefits Three Months Ended September 30,	
	2017 (a)	2016 (b)	2017 (a)	2016 (b)
Components of net periodic benefit cost:				
Service cost	$ 98	$ 92	$ 26	$ 27
Interest cost	211	215	45	47
Expected return on assets	(300)	(293)	(39)	(42)
Amortization of:				
Prior service (benefit) cost	(1)	3	(47)	(48)
Actuarial loss	152	142	15	18
Settlement charges	1	—	—	—
Net periodic benefit cost	$ 161	$ 159	$ —	$ 2

	Pension Benefits Nine Months Ended September 30,		Other Postretirement Benefits Nine Months Ended September 30,	
	2017 [a]	2016 [b]	2017 [a]	2016 [b]
Components of net periodic benefit cost:				
Service cost	$ 290	$ 262	$ 79	$ 80
Interest cost	632	616	136	138
Expected return on assets	(898)	(847)	(121)	(121)
Amortization of:				
Prior service cost (benefit)	—	10	(140)	(138)
Actuarial loss	455	411	46	47
Settlement charges	3	—	—	—
Net periodic benefit cost	$ 482	$ 452	$ —	$ 6

(a) FitzPatrick net benefit costs are included for the period after acquisition.
(b) PHI net periodic benefit costs for the period prior to the merger are not included in the table above.

	Predecessor PHI	
	Pension Benefits	Other Postretirement Benefits
	January 1, 2016 to March 23, 2016	January 1, 2016 to March 23, 2016
Components of net periodic benefit cost:		
Service cost	$ 12	$ 1
Interest cost	26	6
Expected return on assets	(30)	(5)
Amortization of:		
Prior service cost (benefit)	—	(3)
Actuarial loss	14	2
Net periodic benefit cost	$ 22	$ 1

The amounts below represent Exelon's, Generation's, ComEd's, PECO's, BGE's, PHI's, Pepco's, DPL's, ACE's, BSC's and PHISCO's allocated portion of the pension and postretirement benefit plan costs, which were included in Property, plant and equipment within the respective Consolidated Balance Sheets and Operating and maintenance expense within the Consolidated Statement of Operations and Comprehensive Income during the three and nine months ended September 30, 2017 and 2016 and PHI's for the predecessor and successor periods of January 1, 2016 to March 23, 2016 and March 24, 2016 to September 30, 2016 , respectively.

	Three Months Ended September 30,		Nine Months Ended September 30,	
Pension and Other Postretirement Benefit Costs	2017	2016	2017	2016
Exelon	$ 161	$ 161	$ 482	$ 458
Generation [a]	57	54	170	163
ComEd	44	41	131	124
PECO	7	8	21	25
BGE	16	17	48	51
BSC [b]	13	13	40	37
Pepco [c]	6	8	19	24
DPL [c]	3	4	10	13
ACE [c]	3	4	10	11
PHISCO [c][d]	12	12	33	33

Pension and Other Postretirement Benefit Costs	Successor				Predecessor
	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	Nine Months Ended September 30, 2017	March 24, 2016 to September 30, 2016	January 1, 2016 to March 23, 2016
PHI	$ 24	$ 28	$ 72	$ 58	$ 23

(a) FitzPatrick net benefit costs are included for the period after acquisition.
(b) These amounts primarily represent amounts billed to Exelon's subsidiaries through intercompany allocations. These amounts are not included in the Generation, ComEd, PECO, BGE, PHI, Pepco, DPL or ACE amounts above.
(c) Pepco's, DPL's, ACE's and PHISCO's pension and postretirement benefit costs for the nine months ended September 30, 2016 include $7 million , $4 million , $3 million and $9 million , respectively, of costs incurred prior to the closing of Exelon's merger with PHI on March 23, 2016 .
(d) These amounts represent amounts billed to Pepco, DPL, and ACE through intercompany allocations. These amounts are not included in Pepco, DPL, or ACE amounts above.

Defined Contribution Savings Plans

The Registrants participate in various 401(k) defined contribution savings plans that are sponsored by Exelon. The plans are qualified under applicable sections of the IRC and allow employees to contribute a portion of their pre-tax and/or after-tax income in accordance with specified guidelines. All Registrants match a percentage of the employee contributions up to certain limits. The following table presents the matching contributions to the savings plans during the three and nine months ended September 30, 2017 and 2016 and PHI's for the predecessor and successor periods of January 1, 2016 to March 23, 2016 and March 24, 2016 to September 30, 2016 , respectively.

Savings Plan Matching Contributions	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Exelon	$ 34	$ 51	$ 97	$ 107
Generation	14	31	42	56
ComEd	9	10	24	23
PECO	3	3	7	7
BGE	3	2	7	5
BSC [(a)]	2	2	7	9
Pepco [(b)]	1	—	3	2
DPL [(b)]	1	1	2	2
ACE	—	—	1	1
PHISCO [(b)(c)]	1	2	4	5

Savings Plan Matching Contributions	Successor				Predecessor
	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	Nine Months Ended September 30, 2017	March 24, 2016 to September 30, 2016	January 1, 2016 to March 23, 2016
PHI	$ 3	$ 3	$ 10	$ 7	$ 3

(a) These amounts primarily represent amounts billed to Exelon's subsidiaries through intercompany allocations. These amounts are not included in the Generation, ComEd, PECO, BGE, PHI, Pepco, DPL or ACE amounts above.
(b) Pepco's, DPL's and PHISCO's matching contributions for the nine months ended September 30, 2016 include $1 million , $1 million , and $1 million , respectively, of costs incurred prior to the closing of Exelon's merger with PHI on March 23, 2016 , which is not included in Exelon's matching contributions for the nine months ended September 30, 2016 .
(c) These amounts represent amounts billed to Pepco, DPL, and ACE through intercompany allocations. These amounts are not included in Pepco, DPL, or ACE amounts above.

15 . Severance (All Registrants)

The Registrants have an ongoing severance plan under which, in general, the longer an employee worked prior to termination the greater the amount of severance benefits. The Registrants record a liability and expense or regulatory asset for severance once terminations are probable of occurrence and the related severance benefits can be reasonably estimated. For severance benefits that are incremental to its ongoing severance plan ("one-time termination benefits"), the Registrants measure the obligation and record the expense at fair value at the communication date if there are no

future service requirements, or, if future service is required to receive the termination benefit, ratably over the required service period.

Ongoing Severance Plans

The Registrants provide severance and health and welfare benefits under Exelon's ongoing severance benefit plans to terminated employees in the normal course of business. These benefits are accrued for when the benefits are considered probable and can be reasonably estimated.

For the three and nine months ended September 30, 2017 and 2016 , Exelon, Generation, ComEd, PHI, Pepco, DPL, and ACE recorded the following severance costs associated with these ongoing severance benefits within Operating and maintenance expense in their Consolidated Statements of Operations and Comprehensive Income.

				Successor			
	Exelon	Generation [a]	ComEd [a]	PHI	Pepco [a]	DPL [a]	ACE [a]
Three Months Ended							
September 30, 2017	$ 1	$ —	$ —	$ 1	$ 1	$ —	$ —
September 30, 2016	8	7	—	1	—	—	—
Nine Months Ended							
September 30, 2017	$ 10	$ 4	$ 2	$ 4	$ 2	$ 1	$ 1
September 30, 2016	12	10	1	1	—	—	—

(a) The amounts above for Generation include $2 million for amounts billed by BSC through intercompany allocations for the nine months ended September 30, 2017 and $1 million and $2 million for the three and nine months ended September 30, 2016 , respectively. The amounts above for ComEd include $1 million for amounts billed by BSC through intercompany allocations for the three and nine months ended September 30, 2016 . The amounts above for PHI include less than $1 million and $1 million billed by BSC through intercompany allocations for the three and nine months ended September 30, 2017 , respectively, and $1 million for the three and nine months ended September 30, 2016 . Amounts billed by PHISCO to Pepco were $1 million and $2 million for the three and nine months ended September 30, 2017 , respectively. Amounts billed by PHISCO to DPL and ACE were $1 million , each, for the nine months ended September 30, 2017 . Pepco, DPL and ACE did not have any ongoing severance plans for the three and nine months ended September 30, 2016 .

Cost Management Program-Related Severance

In August 2015, Exelon announced a cost management program focused on cost savings at BSC and Generation, including the elimination of approximately 500 positions. These actions are in response to the continuing economic challenges confronting all parts of Exelon's business and industry, necessitating continued focus on cost management through enhanced efficiency and productivity. Exelon expects that approximately 250 corporate support positions in BSC and approximately 250 positions located throughout Generation will be eliminated.

For the three and nine months ended September 30, 2017 and 2016 , the Registrants recorded the following severance costs related to the cost management program within Operating and maintenance expense in their Consolidated Statements of Operations and Comprehensive Income, pursuant to the authoritative guidance for ongoing severance plans:

	Exelon	Generation	ComEd	PECO	BGE
Three Months Ended					
September 30, 2017 [a]	$ 7	$ 7	$ —	$ —	$ —
September 30, 2016 [b]	1	1	—	—	—
Nine Months Ended					
September 30, 2017 [a]	$ 6	$ 6	$ —	$ —	$ —
September 30, 2016 [b]	18	13	3	1	1

(a) Amounts billed by BSC through intercompany allocations for the nine months ended September 30, 2017 were immaterial.
(b) The amounts above for Generation, ComEd, PECO and BGE include $7 million , $3 million , $1 million and $1 million , respectively, for amounts billed by BSC through intercompany allocations for the nine months ended September 30, 2016 .

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Early Plant Retirement-Related Severance (Exelon and Generation)

As a result of the Three Mile Island plant retirement decision, Exelon and Generation will incur certain employee-related costs, including severance benefit costs. Severance costs will be provided to management employees that are eligible under Exelon's severance policy, to the extent that those employees are not redeployed to other locations. In June 2017, Exelon and Generation recognized severance costs of $17 million related to expected management employee severances resulting from the plant retirements within Operating and maintenance expense in their Consolidated Statements of Operation and Comprehensive Income. Approximately half of the employees at this location fall under a collective bargaining union agreement and are not eligible for severance benefits under an existing plan. The union and Exelon will negotiate terms of any severance benefits. If severance benefits are successfully negotiated, the amounts will be accrued as a one-time employee termination benefit once the established plan is communicated to employees. The final amount of the severance cost will ultimately depend on the specific employees severed. See Note 7 - Early Nuclear Plant Retirements for additional information regarding the announced early retirement of TMI.

Severance Costs Related to the PHI Merger

Upon closing the PHI Merger, Exelon recorded a severance accrual for the anticipated employee position reductions as a result of the post-merger integration. Cash payments under the plan began in May 2016 and will continue through 2020.

For the three and nine months ended September 30, 2017 and the three months ended September 30, 2016 , the PHI Merger severance costs were immaterial. For the nine months ended September 30, 2016 , the Registrants recorded the following severance costs associated with the identified job reductions within Operating and maintenance expense in their Consolidated Statements of Operations and Comprehensive Income, pursuant to the authoritative guidance for ongoing severance plans:

						Successor			
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Nine Months Ended September 30, 2016									
Severance costs [(a)]	$ 55	$ 9	$ 2	$ 1	$ 1	$ 42	$ 20	$ 12	$ 10

(a) The amounts above for Generation, ComEd, PECO, BGE, Pepco, DPL and ACE include $8 million , $2 million , $1 million , $1 million , $19 million , $11 million and $10 million , respectively, for amounts billed by BSC and/or PHISCO through intercompany allocations for the nine months ended September 30, 2016 .

PHI, Pepco, DPL and ACE record regulatory assets for merger related integration costs which include a portion of the severance costs in the table above related to the PHI Merger. These regulatory assets are either currently being recovered in rates or are deemed probable of recovery in future rates. See Note 5 - Regulatory Matters for further information.

Severance Liability

Amounts included in the table below represent the severance liability recorded for the severance plans above for employees of each Registrant and exclude amounts included at Exelon and billed through intercompany allocations:

						Successor			
Severance Liability	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Balance at December 31, 2016	$ 88	$ 36	$ 3	$ —	$ —	$ 29	$ —	$ —	$ —
Severance charges [(a)]	33	25	1	—	—	3	—	—	—
Payments	(24)	(7)	(1)	—	—	(11)	—	—	—
Balance at September 30, 2017	$ 97	$ 54	$ 3	$ —	$ —	$ 21	$ —	$ —	$ —

(a) Includes salary continuance and health and welfare severance benefits.

16 . Changes in Accumulated Other Comprehensive Income (Exelon, Generation, PECO and PHI)

The following tables present changes in accumulated other comprehensive income (loss) (AOCI) by component for the nine months ended September 30, 2017 and 2016 :

Nine Months Ended September 30, 2017	Gains and (losses) on Cash Flow Hedges	Unrealized Gains and (losses) on Marketable Securities	Pension and Non-Pension Postretirement Benefit Plan Items	Foreign Currency Items	AOCI of Equity Investments	Total
Exelon [a]						
Beginning balance	$ (17)	$ 4	$ (2,610)	$ (30)	$ (7)	$ (2,660)
OCI before reclassifications	2	2	(55)	7	7	(37)
Amounts reclassified from AOCI [b]	3	—	105	—	—	108
Net current-period OCI	5	2	50	7	7	71
Ending balance	$ (12)	$ 6	$ (2,560)	$ (23)	$ —	$ (2,589)
Generation [a]						
Beginning balance	$ (19)	$ 2	$ —	$ (30)	$ (7)	$ (54)
OCI before reclassifications	2	—	—	7	6	15
Amounts reclassified from AOCI [b]	3	—	—	—	—	3
Net current-period OCI	5	—	—	7	6	18
Ending balance	$ (14)	$ 2	$ —	$ (23)	$ (1)	$ (36)
PECO [a]						
Beginning balance	$ —	$ 1	$ —	$ —	$ —	$ 1
OCI before reclassifications	—	—	—	—	—	—
Amounts reclassified from AOCI [b]	—	—	—	—	—	—
Net current-period OCI	—	—	—	—	—	—
Ending balance	$ —	$ 1	$ —	$ —	$ —	$ 1

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Nine Months Ended September 30, 2016	Gains and (losses) on Cash Flow Hedges	Unrealized Gains and (losses) on Marketable Securities	Pension and Non-Pension Postretirement Benefit Plan Items	Foreign Currency Items	AOCI of Equity Investments	Total
Exelon [a]						
Beginning balance	$ (19)	$ 3	$ (2,565)	$ (40)	$ (3)	$ (2,624)
OCI before reclassifications	(9)	—	(2)	3	(5)	(13)
Amounts reclassified from AOCI [b]	5	—	104	5	—	114
Net current-period OCI	(4)	—	102	8	(5)	101
Ending balance	$ (23)	$ 3	$ (2,463)	$ (32)	$ (8)	$ (2,523)
Generation [a]						
Beginning balance	$ (21)	$ 1	$ —	$ (40)	$ (3)	$ (63)
OCI before reclassifications	(8)	1	—	3	1	(3)
Amounts reclassified from AOCI [b]	5	—	—	5	—	10
Net current-period OCI	(3)	1	—	8	1	7
Ending balance	$ (24)	$ 2	$ —	$ (32)	$ (2)	$ (56)
PECO [a]						
Beginning balance	$ —	$ 1	$ —	$ —	$ —	$ 1
OCI before reclassifications	—	—	—	—	—	—
Amounts reclassified from AOCI [b]	—	—	—	—	—	—
Net current-period OCI	—	—	—	—	—	—
Ending balance	$ —	$ 1	$ —	$ —	$ —	$ 1
PHI Predecessor [a]						
Beginning balance January 1, 2016	$ (8)	$ —	$ (28)	$ —	$ —	$ (36)
OCI before reclassifications	—	—	—	—	—	—
Amounts reclassified from AOCI [b]	—	—	1	—	—	1
Net current-period OCI	—	—	1	—	—	1
Ending balance March 23, 2016 [c]	$ (8)	$ —	$ (27)	$ —	$ —	$ (35)

(a) All amounts are net of tax and noncontrolling interest. Amounts in parenthesis represent a decrease in AOCI.
(b) See next tables for details about these reclassifications.
(c) As a result of the PHI Merger, the PHI predecessor balances at March 23, 2016 were reduced to zero on March 24, 2016 due to purchase accounting adjustments applied to PHI.

ComEd, PECO, BGE, Pepco, DPL and ACE did not have any reclassifications out of AOCI to Net income during the three and nine months ended September 30, 2017 and 2016 . The following tables present amounts reclassified out of AOCI to Net income for Exelon, Generation and PHI during the three and nine months ended September 30, 2017 and 2016 .

Three Months Ended September 30, 2017

Details about AOCI components	Items reclassified out of AOCI [a]		Affected line item in the Statement of Operations and Comprehensive Income
	Exelon	Generation	
Gains (losses) on cash flow hedges			
Other cash flow hedges	$ 2	$ 2	Interest expense
Total before tax	2	2	
Tax benefit	(1)	(1)	
Net of tax	$ 1	$ 1	Comprehensive income
Amortization of pension and other postretirement benefit plan items			
Prior service costs [b]	$ 23	$ —	
Actuarial losses [b]	(81)	—	
Total before tax	(58)	—	
Tax benefit	23	—	
Net of tax	$ (35)	$ —	
Total Reclassifications for the period	$ (34)	$ 1	Comprehensive income

Nine Months Ended September 30, 2017

Details about AOCI components	Items reclassified out of AOCI [a]		Affected line item in the Statement of Operations and Comprehensive Income
	Exelon	Generation	
Gains and (losses) on cash flow hedges			
Other cash flow hedges	$ (5)	$ (5)	Interest expense
Total before tax	(5)	(5)	
Tax benefit	2	2	
Net of tax	$ (3)	$ (3)	Comprehensive income
Amortization of pension and other postretirement benefit plan items			
Prior service costs [b]	$ 69	$ —	
Actuarial losses [b]	(243)	—	
Total before tax	(174)	—	
Tax benefit	69	—	
Net of tax	$ (105)	$ —	
Total Reclassifications	$ (108)	$ (3)	Comprehensive income

Three Months Ended September 30, 2016

Details about AOCI components	Items reclassified out of AOCI [a]		Affected line item in the Statement of Operations and Comprehensive Income
	Exelon	Generation	
Gains and (losses) on cash flow hedges			
Other cash flow hedges	$ (3)	$ (3)	Interest expense
Total before tax	(3)	(3)	
Tax expense	1	1	
Net of tax	$ (2)	$ (2)	Comprehensive income
Amortization of pension and other postretirement benefit plan items			
Prior service costs [b]	$ 19	$ —	
Actuarial losses [b]	(76)	—	
Total before tax	(57)	—	
Tax benefit	22	—	
Net of tax	$ (35)	$ —	
Gains and (losses) on foreign currency translation			
Other	$ (5)	$ (5)	Other Income and (deductions)
Total before tax	(5)	(5)	
Tax expense	—	—	
Net of tax	$ (5)	$ (5)	Comprehensive income
Total Reclassifications for the period	$ (42)	$ (7)	Comprehensive income

Nine Months Ended September 30, 2016

Details about AOCI components	Items reclassified out of AOCI [a]			Affected line item in the Statement of Operations and Comprehensive Income
			Predecessor	
	Exelon	Generation	PHI	
Gains and (losses) on cash flow hedges				
Other cash flow hedges	$ (8)	$ (8)	$ —	Interest expense
Total before tax	(8)	(8)	—	
Tax benefit	3	3	—	
Net of tax	$ (5)	$ (5)	$ —	Comprehensive income
Amortization of pension and other postretirement benefit plan items				
Prior service costs [b]	$ 57	$ —	$ —	
Actuarial losses [b]	(227)	—	(1)	
Total before tax	(170)	—	(1)	
Tax benefit	66	—	—	
Net of tax	$ (104)	$ —	$ (1)	
Gains and (losses) on foreign currency translation				
Other	$ (5)	$ (5)	$ —	Other income and (deductions)
Total before tax	(5)	(5)	—	
Tax expense	—	—	—	
Net of tax	$ (5)	$ (5)	$ —	
Total Reclassifications	$ (114)	$ (10)	$ (1)	Comprehensive income

(a) Amounts in parenthesis represent a decrease in net income.
(b) This AOCI component is included in the computation of net periodic pension and OPEB cost (see Note 14 — Retirement Benefits for additional details).

The following table presents income tax expense (benefit) allocated to each component of other comprehensive income (loss) during the three and nine months ended September 30, 2017 and 2016 :

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Exelon				
Pension and non-pension postretirement benefit plans:				
Prior service benefit reclassified to periodic benefit cost	$ 9	$ 7	$ 27	$ 22
Actuarial loss reclassified to periodic benefit cost	(32)	(29)	(96)	(88)
Pension and non-pension postretirement benefit plans valuation adjustment	—	1	2	1
Change in unrealized (loss)/gain on cash flow hedges	—	(1)	(3)	3
Change in unrealized (loss)/gain on equity investments	1	—	(2)	3
Change in unrealized (loss)/gain on marketable securities	—	(1)	(2)	(1)
Total	$ (22)	$ (23)	$ (74)	$ (60)
Generation				
Change in unrealized (loss)/gain on cash flow hedges	$ —	$ (2)	$ (3)	$ 1
Change in unrealized (loss)/gain on equity investments	—	—	(2)	3
Change in unrealized gain on marketable securities	—	—	(1)	—
Total	$ —	$ (2)	$ (6)	$ 4

	Predecessor
PHI	**January 1, 2016 to March 23, 2016**
Pension and non-pension postretirement benefit plans:	
Actuarial loss reclassified to periodic cost	$ —

17 . Earnings Per Share and Equity (Exelon)

Earnings per Share

Diluted earnings per share is calculated by dividing Net income attributable to common shareholders by the weighted average number of shares of common stock outstanding, including shares to be issued upon exercise of stock options, performance share awards and restricted stock outstanding under Exelon's LTIPs considered to be common stock equivalents. The following table sets forth the components of basic and diluted earnings per share and shows the effect of these stock options, performance share awards and restricted stock on the weighted average number of shares outstanding used in calculating diluted earnings per share:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Exelon				
Net income attributable to common shareholders	$ 824	$ 490	$ 1,899	$ 930
Weighted average common shares outstanding — basic	962	925	941	924
Assumed exercise and/or distributions of stock-based awards	3	2	2	2
Weighted average common shares outstanding — diluted	965	927	943	926

The number of stock options not included in the calculation of diluted common shares outstanding due to their antidilutive effect was approximately 7 million and 9 million for the three and nine months ended September 30, 2017 , respectively, and 11 million and 12 million for the three and nine months ended September 30, 2016 , respectively. There were no equity units related to the PHI Merger not included in the calculation of diluted common shares outstanding due to their antidilutive effect for the three and nine months ended September 30, 2017 . The number of equity units related to the PHI Merger not included in the calculation of diluted common shares outstanding due to their antidilutive effect was less than 1 million for the three and nine months ended September 30, 2016 . Refer to Note 20 — Shareholders' Equity of the Exelon 2016 Form 10-K for further information regarding the equity units.

On June 1, 2017, Exelon settled the forward purchase contract, which was a component of the June 2014 equity units, through the issuance of approximately 33 million shares of Exelon common stock from treasury stock. The issuance of shares on June 1, 2017, triggered full dilution in the EPS calculation, which prior to settlement were included in the calculation of diluted EPS using the treasury stock method.

Prior to the June 2017 issuance Exelon had approximately 35 million shares of treasury stock with a cost of $2.3 billion . After issuance, Exelon has approximately 2 million shares of Treasury stock remaining, at a historical cost of $123 million . In 2008, Exelon management decided to defer indefinitely any share repurchases.

18 . Commitments and Contingencies (All Registrants)

The following is an update to the current status of commitments and contingencies set forth in Note 24 of the Exelon 2016 Form 10-K . See Note 4 - Mergers, Acquisitions and Dispositions for further discussion on the PHI Merger commitments.

Commitments

Constellation Merger Commitments (Exelon and Generation)

In February 2012, the MDPSC issued an Order approving the Exelon and Constellation merger. As part of the MDPSC Order, Exelon agreed to provide a package of benefits to BGE customers, the City of Baltimore and the State of Maryland, resulting in an estimated direct investment in the State of Maryland of approximately $1 billion .

The direct investment includes the construction of a new 21-story headquarters building in Baltimore for Generation’s competitive energy business that was substantially complete in November 2016 and is now occupied by approximately 1,500 Exelon employees. Generation’s investment includes leasehold improvements that are not expected to exceed $110 million . In addition, Generation entered into a 20 year operating lease as the primary lessee of the building. Refer to Note 24 - Commitments and Contingencies of the Combined Notes to the Consolidated Financial Statements in the Exelon 2016 Form 10-K for additional information regarding Generation’s future minimum lease payments.

The direct investment commitment also includes $ 450 million to $ 500 million relating to Exelon and Generation’s development or assistance in the development of 285-300 MWs of new generation in Maryland, which is expected to be completed within a period of 10 years. The MDPSC order contemplates various options for complying with the new generation development commitments, including building or acquiring generating assets, making subsidy or compliance payments, or in circumstances in which the generation build is delayed or certain specified provisions are elected, making liquidated damages payments. Exelon and Generation have incurred $ 457 million towards satisfying the commitment for new generation development in the state of Maryland, with approximately 220 MW of the new generation commencing with commercial operations to date and an additional 10 MW commitment satisfied through a liquidated damages payment made in the fourth quarter of 2016. Additionally, during the fourth quarter of 2016, given continued declines in projected energy and capacity prices, Generation terminated rights to certain development projects originally intended to meet its remaining 55 MW commitment amount. The commitment will now most likely be satisfied via payment of liquidated damages or execution of a third party PPA, rather than by Generation constructing renewable generating assets. As a result, Exelon and Generation recorded a pre-tax $ 50 million loss contingency in Operating and maintenance expense in Exelon’s and Generation’s Consolidated Statements of Operations and Comprehensive Income for the year ended December 31, 2016.

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Equity Investment Commitments (Exelon and Generation)

As part of Generation's recent investments in technology development, Generation enters into equity purchase agreements that include commitments to invest additional equity through incremental payments to fund the anticipated needs of the planned operations of the associated companies. As of September 30, 2017 , Generation's estimated commitments relating to its equity purchase agreements, including the in-kind services contributions, is anticipated to be as follows:

	Total
2017 (remainder of year)	$ 12
2018	6
2019	3
Total	$ 21

Commercial Commitments (All Registrants)

The Registrants' commercial commitments as of September 30, 2017 , representing commitments potentially triggered by future events were as follows:

						Successor			
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Letters of credit (non-debt) [(a)]	$ 1,276	$ 1,193	$ 14	$ 22	$ 2	$ 1	$ 1	$ —	$ —
Surety bonds [(b)]	1,206	1,079	20	40	11	21	13	4	4
Financing trust guarantees	378	—	200	178	—	—	—	—	—
Guaranteed lease residual values [(c)]	19	—	—	—	—	19	6	7	5
Total commercial commitments	$ 2,879	$ 2,272	$ 234	$ 240	$ 13	$ 41	$ 20	$ 11	$ 9

(a) Letters of credit (non-debt) - Exelon and certain subsidiaries maintain non-debt letters of credit to provide credit support for certain transactions as requested by third parties.
(b) Surety bonds—Guarantees issued related to contract and commercial agreements, excluding bid bonds.
(c) Represents the maximum potential obligation in the event that the fair value of certain leased equipment and fleet vehicles is zero at the end of the maximum lease term. The maximum lease term associated with these assets ranges from 3 to 8 years. The maximum potential obligation at the end of the minimum lease term would be $49 million , $14 million of which is a guarantee by Pepco, $19 million by DPL and $13 million by ACE. The minimum lease term associated with these assets ranges from 1 to 4 years. Historically, payments under the guarantees have not been made and PHI believes the likelihood of payments being required under the guarantees is remote.

Nuclear Insurance (Exelon and Generation)

Generation is subject to liability, property damage and other risks associated with major incidents at any of its nuclear stations, including the CENG nuclear stations. Generation has mitigated its financial exposure to these risks through insurance and other industry risk-sharing provisions.

The Price-Anderson Act was enacted to ensure the availability of funds for public liability claims arising from an incident at any of the U.S. licensed nuclear facilities and also to limit the liability of nuclear reactor owners for such claims from any single incident. As of September 30, 2017 , the current liability limit per incident is $13.4 billion and is subject to change to account for the effects of inflation and changes in the number of licensed reactors at least once every five years with the last adjustment effective September 10, 2013. In accordance with the Price-Anderson Act, Generation maintains financial protection at levels equal to the amount of liability insurance available from private sources through the purchase of private nuclear energy liability insurance for public liability claims that could arise in the event of an incident. Effective January 1, 2017, the required amount of nuclear energy liability insurance purchased is $450 million for each operating site. Claims exceeding that amount are covered through mandatory participation in a financial protection pool, as required by the Price Anderson-Act, which provides the additional $13.0 billion per incident in funds available for public liability claims. Participation in this secondary financial protection pool requires the operator of each reactor to fund its proportionate share of costs for any single incident that exceeds the primary layer of financial protection. Exelon's share of this secondary layer would be approximately $2.8 billion , including CENG's related liability, however any amounts payable under this secondary layer would be capped at $ 420 million per year.

In addition, the U.S. Congress could impose revenue-raising measures on the nuclear industry to pay public liability claims exceeding the $13.4 billion limit for a single incident.

As part of the execution of the NOSA on April 1, 2014, Generation executed an Indemnity Agreement pursuant to which Generation agreed to indemnify EDF and its affiliates against third-party claims that may arise from any future nuclear incident (as defined in the Price-Anderson Act) in connection with the CENG nuclear plants or their operations. Exelon guarantees Generation's obligations under this indemnity. See Note 5 — Investment in Constellation Energy Nuclear Group, LLC of the Exelon 2016 Form 10-K for additional information on Generation's operations relating to CENG.

Generation is required each year to report to the NRC the current levels and sources of property insurance that demonstrates Generation possesses sufficient financial resources to stabilize and decontaminate a reactor and reactor station site in the event of an accident. The property insurance maintained for each facility is currently provided through insurance policies purchased from NEIL, an industry mutual insurance company of which Generation is a member.

Premiums paid to NEIL by its members are also subject to a potential assessment for adverse loss experience in the form of a retrospective premium obligation. NEIL has never assessed this retrospective premium since its formation in 1973, and Generation cannot predict the level of future assessments if any. The current maximum aggregate annual retrospective premium obligation for Generation is approximately $ 360 million . NEIL requires its members to maintain an investment grade credit rating or to ensure collectability of their annual retrospective premium obligation by providing a financial guarantee, letter of credit, deposit premium, or some other means of assurance.

NEIL provides "all risk" property damage, decontamination and premature decommissioning insurance for each station for losses resulting from damage to its nuclear plants, either due to accidents or acts of terrorism. If the decision is made to decommission the facility, a portion of the insurance proceeds will be allocated to a fund, which Generation is required by the NRC to maintain, to provide for decommissioning the facility. In the event of an insured loss, Generation is unable to predict the timing of the availability of insurance proceeds to Generation and the amount of such proceeds that would be available. In the event that one or more acts of terrorism cause accidental property damage within a twelve-month period from the first accidental property damage under one or more policies for all insured plants, the maximum recovery by Exelon will be an aggregate of $3.2 billion plus such additional amounts as the insurer may recover for all such losses from reinsurance, indemnity and any other source, applicable to such losses.

For its insured losses, Generation is self-insured to the extent that losses are within the policy deductible or exceed the amount of insurance maintained. Uninsured losses and other expenses, to the extent not recoverable from insurers or the nuclear industry, could also be borne by Generation. Any such losses could have a material adverse effect on Exelon's and Generation's financial condition, results of operations and liquidity.

Environmental Issues (All Registrants)

General. The Registrants' operations have in the past, and may in the future, require substantial expenditures in order to comply with environmental laws. Additionally, under Federal and state environmental laws, the Registrants are generally liable for the costs of remediating environmental contamination of property now or formerly owned by them and of property contaminated by hazardous substances generated by them. The Registrants own or lease a number of real estate parcels, including parcels on which their operations or the operations of others may have resulted in contamination by substances that are considered hazardous under environmental laws. In addition, the Registrants are currently involved in a number of proceedings relating to sites where hazardous substances have been deposited and may be subject to additional proceedings in the future.

ComEd, PECO, BGE and DPL have identified sites where former MGP activities have or may have resulted in actual site contamination. For almost all of these sites, there are additional PRPs that may share responsibility for the ultimate remediation of each location.

- ComEd has identified 42 sites, 19 of which the remediation has been completed and approved by the Illinois EPA or the U.S. EPA and 23 that are currently under some degree of active study and/or remediation. ComEd expects the majority of the remediation at these sites to continue through at least 2022.

- PECO has identified 26 sites, 17 of which have been remediated in accordance with applicable PA DEP regulatory requirements. The remaining 9 sites are currently under some degree of active study and/or remediation. PECO expects the majority of the remediation at these sites to continue through at least 2022.

- BGE has identified 13 former gas manufacturing or purification sites that it currently owns or owned at one time through a predecessor's acquisition. Two of the gas manufacturing sites require some level of remediation and ongoing monitoring under the direction of the MDE. The required costs at these two sites are not considered material. In May 2017, BGE completed the additional work requested by MDE. All the sample testing produced results that were below the cleanup action level established by MDE and no further investigation is required. For more information, see the discussion of the Riverside site below.

- DPL has identified 3 sites, 2 of which remediation has been completed and approved by the MDE or the Delaware Department of Natural Resources and Environmental Control. The remaining site is under study and the required cost at the site is not considered material.

ComEd, pursuant to an ICC order, and PECO, pursuant to settlements of natural gas distribution rate cases with the PAPUC, are currently recovering environmental remediation costs of former MGP facility sites through customer rates. ComEd and PECO have recorded regulatory assets for the recovery of these costs. See Note 5 — Regulatory Matters for additional information regarding the associated regulatory assets. BGE is authorized to recover, and is currently recovering, environmental costs for the remediation of the former MGP facility sites from customers; however, while BGE does not have a rider for MGP clean-up costs, BGE has historically received recovery of actual clean-up costs in distribution rates. DPL has historically received recovery of actual clean-up costs in distribution rates.

As of September 30, 2017 and December 31, 2016 , the Registrants had accrued the following undiscounted amounts for environmental liabilities in Other current liabilities and Other deferred credits and other liabilities within their respective Consolidated Balance Sheets:

September 30, 2017	Total Environmental Investigation and Remediation Reserve	Portion of Total Related to MGP Investigation and Remediation
Exelon	$ 429	$ 327
Generation	76	—
ComEd	294	293
PECO	33	32
BGE	3	2
PHI (Successor)	23	—
Pepco	21	—
DPL	1	—
ACE	1	—

December 31, 2016	Total Environmental Investigation and Remediation Reserve	Portion of Total Related to MGP Investigation and Remediation
Exelon	$ 429	$ 325
Generation	72	—
ComEd	292	291
PECO	33	31
BGE	2	2
PHI (Successor)	30	1
Pepco	27	—
DPL	2	1
ACE	1	—

The historical nature of the MGP sites and the fact that many of the sites have been buried and built over, impacts the ability to determine a precise estimate of the ultimate costs prior to initial sampling and determination of the exact scope and method of remedial activity. Management determines its best estimate of remediation costs using all available information at the time of each study, including probabilistic and deterministic modeling for ComEd and PECO, and

the remediation standards currently required by the applicable state environmental agency. Prior to completion of any significant clean up, each site remediation plan is approved by the appropriate state environmental agency.

During the third quarter of 2017, ComEd, PECO, BGE and PHI completed an annual study of their future estimated MGP remediation requirements. The study resulted in a $13 million and $2 million increase to environmental liabilities and related regulatory assets for ComEd and PECO, respectively, and no change at BGE and PHI.

The Registrants cannot reasonably estimate whether they will incur other significant liabilities for additional investigation and remediation costs at these or additional sites identified by the Registrants, environmental agencies or others, or whether such costs will be recoverable from third parties, including customers.

Water Quality

Benning Road Site NPDES Permit Limit Exceedances . Pepco holds an NPDES permit issued by EPA with a July 19, 2009 effective date, which authorizes discharges from the Benning Road service facility. The 2009 permit for the first time imposed numerical limits on the allowable concentration of certain metals in storm water discharged from the site into the Anacostia River. The permit contemplated that Pepco would meet these limits over time through the use of best management practices (BMPs). The BMPs were effective in reducing metal concentrations in storm water discharges, but were not sufficient to meet all of the numerical limits for all metals.

The 2009 permit remains in effect pending EPA's action on the Pepco renewal application, including resolution of the stormwater compliance issues. On October 30, 2015, EPA filed a Clean Water Act civil enforcement action against Pepco in federal district court, and in March 2016 the court granted a motion by the Anacostia Riverkeeper to intervene in this case as a plaintiff along with EPA. Since 2009 Pepco has installed runoff mitigation measures and implemented new operating procedures to comply with regulations. In January 2017, the parties agreed to a settlement in the form of a Consent Decree whereby Pepco will pay a civil penalty in the amount of $ 1.6 million , continue the BMPs to manage stormwater, construct a new stormwater treatment system, and make certain other capital improvements to the stormwater management system. On May 19, 2017, the Consent Decree was entered with the Court and became final. The Civil Penalty assessed under the Consent Decree of $ 1.6 million was paid on June 5, 2017 and other requirements of the Decree are now being implemented.

Solid and Hazardous Waste

Cotter Corporation. The EPA has advised Cotter Corporation (Cotter), a former ComEd subsidiary, that it is potentially liable in connection with radiological contamination at a site known as the West Lake Landfill in Missouri. In 2000, ComEd sold Cotter to an unaffiliated third-party. As part of the sale, ComEd agreed to indemnify Cotter for any liability arising in connection with the West Lake Landfill. In connection with Exelon's 2001 corporate restructuring, this responsibility to indemnify Cotter was transferred to Generation. On May 29, 2008, the EPA issued a Record of Decision approving the remediation option submitted by Cotter and the two other PRPs that required additional landfill cover. By letter dated January 11, 2010, the EPA requested that the PRPs perform a supplemental feasibility study for a remediation alternative that would involve complete excavation of the radiological contamination. On September 30, 2011, the PRPs submitted the supplemental feasibility study to the EPA for review. Since June 2012, the EPA has requested that the PRPs perform a series of additional analyses and groundwater and soil sampling as part of the supplemental feasibility study. This further analysis has focused on a partial excavation remedial option. The PRPs have provided a draft Remedial Investigation and Feasibility Study (RI/FS) report to the EPA for its review and comment. The final RI/FS will form the basis of EPA's selection of a remedy from among the alternatives of a landfill cover, and partial or complete excavation. The EPA has advised the PRPs that the EPA announcement of the proposed remedy will take place in the first quarter of 2018. Thereafter, the EPA will select a final remedy and seek to enter into a Consent Decree with the PRPs to effectuate the remedy. Recent investigation has identified a number of other parties who may be PRPs and could be liable to contribute to the final remedy. Further investigation is on going.

The estimated cost of the landfill cover remedy (taking into account the current EPA technical requirements incorporated in the third quarter 2017) is approximately $110 million, including escalation, which will be allocated among all PRPs. Generation has accrued what it believes to be an adequate amount to cover its anticipated share of a landfill cover, which is included in the table above. Generation believes that a partial excavation remedy is reasonably possible, and the partial excavation costs, inclusive of a landfill cover, could range from approximately $ 225 million to $ 650 million; such costs would likely be shared by the final group of identified PRPs. Generation believes the likelihood that the EPA would require a complete excavation remedy is remote. The cost of a partial or complete excavation could have a material, unfavorable impact on Generation's and Exelon's future results of operations and cash flows.

During December 2015, the EPA took two actions related to the West Lake Landfill designed to abate what it termed as imminent and dangerous conditions at the landfill. The first involved installation by the PRPs of a non-combustible surface cover to protect against surface fires in areas where radiological materials are believed to have been disposed. Generation has accrued what it believes to be an adequate amount to cover its anticipated liability for this interim action. The second action involved EPA's public statement that it will require the PRPs to construct a barrier wall in an adjacent landfill to prevent a subsurface fire from spreading to those areas of the West Lake Landfill where radiological materials are believed to have been disposed. At this time, EPA has not provided sufficient details related to the basis for and the requirements and design of a barrier wall to enable Generation to determine the likelihood such a remedy will ultimately be implemented, assess the degree to which Generation may have liability as a potentially responsible party, or develop a reasonable estimate of the potential incremental costs. It is reasonably possible, however, that resolution of this matter could have a material, unfavorable impact on Generation's and Exelon's future results of operations and cash flows. Finally, one of the other PRPs, the landfill owner and operator of the adjacent landfill, has indicated that it will be making a contribution claim against Cotter for costs that it has incurred to prevent the subsurface fire from spreading to those areas of the West Lake Landfill where radiological materials are believed to have been disposed. At this time, Generation and Exelon do not possess sufficient information to assess this claim and are therefore unable to determine the impact on their future results of operations and cash flows.

On February 2, 2016, the U.S. Senate passed a bill to transfer remediation authority over the West Lake Landfill from the EPA to the U.S. Army Corps of Engineers, under the Formerly Utilized Sites Remedial Action Program (FUSRAP). The legislation was not passed in the U.S. House of Representatives, and would therefore require reintroduction in the Senate for consideration in the current session of Congress. Should such proposed legislation ultimately become law, it would be subject to annual funding appropriations in the U.S. Budget. Remediation under FUSRAP would not alter the liability of the PRPs, but would likely delay the determination of a final remedy and its implementation.

On A ugust 8, 2011, Cotter was notified by the DOJ that Cotter is considered a PRP with respect to the government’s clean-up costs for contamination attributable to low level radioactive residues at a former storage and reprocessing facility named Latty Avenue near St. Louis, Missouri. The Latty Avenue site is included in ComEd’s indemnification responsibilities discussed above as part of the sale of Cotter. The radioactive residues had been generated initially in connection with the processing of uranium ores as part of the U.S. government’s Manhattan Project. Cotter purchased the residues in 1969 for initial processing at the Latty Avenue facility for the subsequent extraction of uranium and metals. In 1976, the NRC found that the Latty Avenue site had radiation levels exceeding NRC criteria for decontamination of land areas. Latty Avenue was investigated and remediated by the United States Army Corps of Engineers pursuant to funding under the FUSRAP. The DOJ has not yet formally advised the PRPs of the amount that it is seeking, but it is believed to be approximately $90 million . The DOJ and the PRPs agreed to toll the statute of limitations until August 2018 so that settlement discussions could proceed. Based on Generation’s preliminary review, it appears probable that Generation has liability to Cotter under the indemnification agreement and has established an appropriate accrual for this liability, which is included in the table above.

Commencing in February 2012, a number of lawsuits have been filed in the U.S. District Court for the Eastern District of Missouri. Among the defendants were Exelon, Generation and ComEd, all of which were subsequently dismissed from the case, as well as Cotter, which remains a defendant. The suits allege that individuals living in the North St. Louis area developed some form of cancer or other serious illness due to Cotter's negligent or reckless conduct in processing, transporting, storing, handling and/or disposing of radioactive materials. Plaintiffs are asserting public liability claims under the Price-Anderson Act. Their state law claims for negligence, strict liability, emotional distress, and medical monitoring have been dismissed. The complaints do not contain specific damage claims. In the event of a finding of liability against Cotter, it is reasonably possible that Exelon would be financially responsible due to its indemnification responsibilities of Cotter described above. The court has dismissed a number of lawsuits, and is expected to dismiss additional lawsuits based on a recent ruling. Pre-trial motions and discovery are proceeding in the remaining cases and a pre-trial scheduling order has been filed with the court. At this stage of the litigation, Generation and ComEd cannot estimate a range of loss, if any.

68 th Street Dump. In 1999, the EPA proposed to add the 68th Street Dump in Baltimore, Maryland to the Superfund National Priorities List, and notified BGE and 19 others that they are PRPs at the site. In connection with BGE's 2000 corporate restructuring the responsibility for this liability was transferred to Constellation and as a result of the 2012 Exelon and CEG merger is now Generation's responsibility. In March 2004, the PRPs formed the 68th Street Coalition and entered into consent order negotiations with the U.S. EPA to investigate clean-up options for the site under the Superfund Alternative Sites Program. In May 2006, a settlement among the U.S. EPA and the PRPs

with respect to investigation of the site became effective. The settlement requires the PRPs, over the course of several years, to identify contamination at the site and recommend clean-up options. The PRPs submitted their investigation of the range of clean-up options in the first quarter of 2011. On September 30, 2013, EPA issued the Record of Decision identifying its preferred remedial alternative for the site. The estimated cost for the alternative chosen by EPA is consistent with the PRPs estimated range of costs noted above. In July, 2017 the PRPs and EPA finalized the terms of a Consent Decree which has been executed by the Parties and lodged with the U.S. District Court. After publication in the Federal Register there will be a 30-day public comment period after which it is anticipated it will be approved by the Court without any significant change in the costs for cleanup, Generation has elected to be a non-performing cash-out party and following payment of the allocated cost for its share of the clean-up. Generation will have no remaining liability at the site, except for unknown conditions that could manifest themselves after the settlement. The cash-out payment is included in the table above and is immaterial to the Generation and Exelon financial statements.

Rossville Ash Site. The Rossville Ash Site is a 32-acre property located in Rosedale, Baltimore County, Maryland, which was used for the placement of fly ash from 1983-2007. The property is owned by Constellation Power Source Generation, LLC (CPSG), a wholly owned subsidiary of Generation. In 2008, CPSG investigated and remediated the property by entering it into the Maryland Voluntary Cleanup Program (VCP) to address any historic environmental concerns and ready the site for appropriate future redevelopment. The site was accepted into the program in 2010 and is currently going through the process to remediate the site and receive closure from MDE. Exelon currently estimates the cost to close the site to be approximately $1 million which has been fully reserved and included in the table above as of September 30, 2017 .

Sauer Dump. On May 30, 2012, BGE was notified by the U.S. EPA that it is considered a PRP at the Sauer Dump Superfund site in Dundalk, Maryland. The U.S. EPA offered BGE and three other PRPs the opportunity to conduct an environmental investigation and present cleanup recommendations at the site. In addition, the U.S. EPA is seeking recovery from the PRPs for past cleanup and investigation costs at the site. On March 11, 2013, BGE and three other PRPs signed an Administrative Settlement Agreement and Order on Consent with the U.S. EPA which requires the PRPs to conduct a remedial investigation and feasibility study at the site to determine what, if any, are the appropriate and recommended cleanup activities for the site. Although the ultimate outcome of this proceeding is uncertain based on the information complied to date, BGE has developed an estimate of the range of the probable liability; such costs would be shared by the 4 identified PRPs. BGE has accrued an appropriate reserve for its share of the estimated liabilities that is included it in the table above. It is possible, however, that final resolution of this matter could have a material, unfavorable impact on BGE's future results of operations and cash flows.

Riverside. In 2013, the MDE, at the request of EPA, conducted a site inspection and limited environmental sampling of certain portions of the 170 acre Riverside property owned by BGE. The site consists of several different parcels with different current and historical uses. The sampling included soil and groundwater samples for a number of potential environmental contaminants. The sampling confirmed the existence of contaminants consistent with the known historical uses of the various portions of the site. In March 2014, the MDE requested that BGE conduct an investigation which included a site-wide investigation of soils, sediment, groundwater, and surface water to complement the MDE sampling. The field investigation was completed in January 2015, and a final report was provided to MDE in June 2015. In November 2015, MDE provided BGE with its comments and recommendations on the report which require BGE to conduct further investigation and sampling at the site to better delineate the nature and extent of historic contamination, including off-site sediment and soil sampling. MDE did not request any interim remediation at this time and in May 2017 BGE completed the additional work requested by MDE. All the offsite sample testing produced results that were below the cleanup action level established by MDE and no further investigation is required. MDE has provided BGE with the required clean-up levels for the on-site contamination and BGE is moving forward with the necessary remediation as directed by MDE. BGE has established what it believes is an appropriate reserve based upon the information available to date, and this amount is included in the table above. As the remediation proceeds, it is possible that additional reserves could be established, in amounts that could be material to BGE.

BGE is authorized to recover, and is currently recovering, environmental costs for the remediation of the former MGP facility sites from customers; however, while BGE does not have a rider for MGP clean-up costs, BGE has historically received recovery of actual clean-up costs in distribution rates. Additionally, legislation was passed during the 2017 Maryland General Assembly session that should further support BGE's recovery of its clean-up costs.

Benning Road Site. In September 2010, PHI received a letter from EPA identifying the Benning Road site as one of six land-based sites potentially contributing to contamination of the lower Anacostia River. A portion of the site was formerly the location of a Pepco Energy Services electric generating facility. That generating facility was deactivated

in June 2012 and plant structure demolition was completed in July 2015. The remaining portion of the site consists of a Pepco transmission and distribution service center that remains in operation. In December 2011, the U.S. District Court for the District of Columbia approved a consent decree entered into by Pepco and Pepco Energy Services with the DOEE, which requires Pepco and Pepco Energy Services to conduct a Remediation Investigation (RI)/ Feasibility Study (FS) for the Benning Road site and an approximately 10 to 15 acre portion of the adjacent Anacostia River. The RI/FS will form the basis for the remedial actions for the Benning Road site and for the Anacostia River sediment associated with the site. The consent decree does not obligate Pepco or Pepco Energy Services to pay for or perform any remediation work, but it is anticipated that DOEE will look to Pepco and Pepco Energy Services to assume responsibility for cleanup of any conditions in the river that are determined to be attributable to past activities at the Benning Road site. Pursuant to Exelon's March 23, 2016 acquisition of PHI, Pepco Energy Services was transferred to Generation. On July 1, 2017, Pepco Energy Services was merged into Constellation New Energy, a subsidiary of Generation.

The initial RI field work began in January 2013 and was completed in December 2014. In April 2015, Pepco and Pepco Energy Services submitted a draft RI Report to DOEE. After review, DOEE determined that additional field investigation and data analysis was required to complete the RI process (much of which was beyond the scope of the original DOEE-approved RI work plan). In the meantime, Pepco and Pepco Energy Services revised the draft RI Report to address DOEE's comments and DOEE released the draft RI Report for public review in February 2016. Once the additional RI work has been completed, Pepco and Generation will issue a draft "final" RI report for review and comment by DOEE and the public. Pepco and Generation will then proceed to develop an FS to evaluate possible remedial alternatives for submission to DOEE. The Court has established a schedule for completion of the RI and FS, and approval by the DOEE, by June 2018.

Upon DOEE's approval of the final RI and FS Reports, Pepco and Generation will have satisfied their obligations under the consent decree. At that point, DOEE will prepare a Proposed Plan regarding further response actions. After considering public comment on the Proposed Plan, DOEE will issue a Record of Decision identifying any further response actions determined to be necessary.

PHI, Pepco and Generation have determined that a loss associated with this matter for PHI, Pepco and Generation is probable and an estimated liability for this issue has been accrued, which is included in the table above. As the remedial investigation proceeds and potential remedies are identified, it is possible that additional accruals could be established in amounts that could be material to PHI and Pepco. The ultimate resolution of this matter is currently not expected to have any significant financial impact on Generation.

Anacostia River Tidal Reach . Contemporaneous with the Benning RI/FS being performed by Pepco and Generation, DOEE and certain federal agencies have been conducting a separate RI/FS focused on the entire tidal reach of the Anacostia River extending from just north of the Maryland-D.C. boundary line to the confluence of the Anacostia and Potomac Rivers. In March 2016, DOEE released a draft of the river-wide RI Report for public review and comment. The river-wide RI incorporated the results of the river sampling performed by Pepco and Pepco Energy Services as part of the Benning RI/FS, as well as similar sampling efforts conducted by owners of other sites adjacent to this segment of the river and supplemental river sampling conducted by DOEE's contractor. DOEE asked Pepco, along with parties responsible for other sites along the river, to participate in a "Consultative Working Group" to provide input into the process for future remedial actions addressing the entire tidal reach of the river and to ensure proper coordination with the other river cleanup efforts currently underway, including cleanup of the river segment adjacent to the Benning Road site resulting from the Benning Road RI/FS. Pepco responded that it will participate in the Consultative Working Group but its participation is not an acceptance of any financial responsibility beyond the work that will be performed at the Benning Road site described above. DOEE has advised the Consultative Working Group that the federal and DOEE authorities are conducting phase 2 of a remedial investigation and that a feasibility study of potential remedies is expected to be completed in December 2017. A proposed remedy for the clean-up of sediments in this section of the river is expected to be released for public comment in February 2018 and the DOEE has targeted June 2018 as the date for remedy selection. The Consultative Working Group and the other possible PRPs have provided input into the proposed clean-up process and schedule. At this time, it is not possible to predict the extent of Pepco's participation in the river-wide RI/FS process, and Pepco cannot estimate the reasonably possible range of loss for response costs beyond those associated with the Benning RI/FS component of the river-wide initiative. It is possible, however, that resolution of this matter could have a material, unfavorable impact on Exelon's and Pepco's future results of operations and cash flows.

Conectiv Energy Wholesale Power Generation Sites. In July 2010, PHI sold the wholesale power generation business of Conectiv Energy Holdings, Inc. and substantially all of its subsidiaries (Conectiv Energy) to Calpine Corporation (Calpine). Under New Jersey's Industrial Site Recovery Act (ISRA), the transfer of ownership to Calpine triggered an obligation on the part of Conectiv Energy to remediate any environmental contamination at each of the nine Conectiv Energy generating facility sites located in New Jersey. Under the terms of the sale, Calpine assumed responsibility for performing the ISRA-required remediation and for the payment of all related ISRA compliance costs up to $10 million . Predecessor PHI was obligated to indemnify Calpine for any ISRA compliance remediation costs in excess of $10 million . According to PHI's estimates, the costs of ISRA-required remediation activities at the 9 generating facility sites are in the range of approximately $7 million to $18 million , and predecessor PHI established an appropriate accrual for its share of the estimated clean-up costs. Pursuant to Exelon's March 2016 acquisition of PHI, the Conectiv Energy legal entity was transferred to Generation and the accrual for Predecessor PHI's share of the estimated clean- up costs was also transferred to Generation and is included in the table above as a liability of Generation. The responsibility to indemnify Calpine is shared by PHI and Generation. The ultimate resolution of this matter is currently not expected to have a material financial impact on PHI and Generation.

Rock Creek Mineral Oil Release. In late August 2015, a Pepco underground transmission line in the District of Columbia suffered a breach, resulting in the release of non-toxic mineral oil surrounding the transmission line into the surrounding soil, and a small amount reached Rock Creek through a storm drain. Pepco notified regulatory authorities, and Pepco and its spill response contractors placed booms in Rock Creek, blocked the storm drain to prevent the release of mineral oil into the creek and commenced remediation of soil around the transmission line and the Rock Creek shoreline. Pepco estimates that approximately 6,100 gallons of mineral oil were released and that its remediation efforts recovered approximately 80% of the amount released. Pepco's remediation efforts are ongoing under the direction of the DOEE, including the requirements of a February 29, 2016 compliance order which requires Pepco to prepare a full incident investigation report and prepare a removal action work plan to remove all impacted soils in the vicinity of the storm drain outfall, and in collaboration with the National Park Service, the Smithsonian Institution/National Zoo and EPA. Pepco's investigation presently indicates that the damage to Pepco's facilities occurred prior to the release of mineral oil when third-party excavators struck the Pepco underground transmission line while installing cable for another utility.

PHI and Pepco have reached a settlement with a third party who contributed to the loss. Exelon, PHI and Pepco do not believe that the balance of the remediation costs to resolve this matter will have a material adverse effect on their respective financial condition, results of operations or cash flows.

Brandywine Fly Ash Disposal Site. In February 2013, Pepco received a letter from the MDE requesting that Pepco investigate the extent of waste on a Pepco right-of-way that traverses the Brandywine fly ash disposal site in Brandywine, Prince George's County, Maryland, owned by NRG Energy, Inc. (as successor to GenOn MD Ash Management, LLC) (NRG). In July 2013, while reserving its rights and related defenses under a 2000 agreement covering the sale of this site, Pepco indicated its willingness to investigate the extent of, and propose an appropriate closure plan to address, ash on the right-of-way. Pepco submitted a schedule for development of a closure plan to MDE on September 30, 2013 and, by letter dated October 18, 2013, MDE approved the schedule.

Exelon, PHI and Pepco have determined that a loss associated with this matter is probable and have estimated that the costs for implementation of a closure plan and cap on the site are in the range of approximately $3 million to $6 million , for which an appropriate reserve has been established and is included in the table above. Exelon, PHI and Pepco believe that the costs incurred in this matter will be recoverable from NRG under the 2000 sale agreement.

Litigation and Regulatory Matters

Asbestos Personal Injury Claims (Exelon, Generation, ComEd, PECO and BGE)

Exelon, Generation and PECO . Generation maintains a reserve for claims associated with asbestos-related personal injury actions in certain facilities that are currently owned by Generation or were previously owned by ComEd and PECO. The reserve is recorded on an undiscounted basis and excludes the estimated legal costs associated with handling these matters, which could be material.

At September 30, 2017 and December 31, 2016 , Generation had reserved approximately $80 million and $83 million , respectively, in total for asbestos-related bodily injury claims. As of September 30, 2017 , approximately $22 million of this amount related to 227 open claims presented to Generation, while the remaining $58 million of the reserve is for estimated future asbestos-related bodily injury claims anticipated to arise through 2050, based on actuarial

assumptions and analyses, which are updated on an annual basis. On a quarterly basis, Generation monitors actual experience against the number of forecasted claims to be received and expected claim payments and evaluates whether an adjustment to the reserve is necessary.

On November 22, 2013, the Supreme Court of Pennsylvania held that the Pennsylvania Workers Compensation Act does not apply to an employee's disability or death resulting from occupational disease, such as diseases related to asbestos exposure, which manifests more than 300 weeks after the employee's last employment-based exposure, and that therefore the exclusivity provision of the Act does not preclude such employee from suing his or her employer in court. The Supreme Court's ruling reverses previous rulings by the Pennsylvania Superior Court precluding current and former employees from suing their employers in court, despite the fact that the same employee was not eligible for workers compensation benefits for diseases that manifest more than 300 weeks after the employee's last employment-based exposure to asbestos. Since the Pennsylvania Supreme Court's ruling in November 2013, Exelon, Generation, and PECO have experienced an increase in asbestos-related personal injury claims brought by former PECO employees, all of which have been reserved for on a claim by claim basis. Those additional claims are taken into account in projecting estimates of future asbestos-related bodily injury claims.

On November 4, 2015, the Illinois Supreme Court found that the provisions of the Illinois' Workers' Compensation Act and the Workers' Occupational Diseases Act barred an employee from bringing a direct civil action against an employer for latent diseases, including asbestos-related diseases that fall outside the 25-year limit of the statute of repose. The Illinois Supreme Court's ruling reversed previous rulings by the Illinois Court of Appeals, which initially ruled that the Illinois Worker's Compensation law should not apply in cases where the diagnosis of an asbestos related disease occurred after the 25-year maximum time period for filing a Worker's Compensation claim. Since the Illinois Supreme Court's ruling in November 2015, Exelon, Generation, and ComEd have not experienced a significant increase in asbestos-related personal injury claims brought by former ComEd employees.

There is a reasonable possibility that Exelon may have additional exposure to estimated future asbestos-related bodily injury claims in excess of the amount accrued and the increases could have a material adverse effect on Exelon's, Generation's, ComEd's, PECO and BGE's future results of operations and cash flows.

BGE . Since 1993, BGE and certain Constellation (now Generation) subsidiaries have been involved in several actions concerning asbestos. The actions are based upon the theory of "premises liability," alleging that BGE and Generation knew of and exposed individuals to an asbestos hazard. In addition to BGE and Generation, numerous other parties are defendants in these cases.

To date, most asbestos claims which have been resolved relating to BGE and certain Constellation subsidiaries have been dismissed or resolved without any payment and a small minority of these cases has been resolved for amounts that were not material to BGE or Generation's financial results. Presently, there are an immaterial number of asbestos cases pending against BGE and certain Constellation subsidiaries.

Continuous Power Interruption (Exelon and ComEd)

Section 16-125 of the Illinois Public Utilities Act provides that in the event an electric utility, such as ComEd, experiences a continuous power interruption of four hours or more that affects (in ComEd's case) more than 30,000 customers, the utility may be liable for actual damages suffered by customers as a result of the interruption and may be responsible for reimbursement of local governmental emergency and contingency expenses incurred in connection with the interruption. Recovery of consequential damages is barred. The affected utility may seek from the ICC a waiver of these liabilities when the utility can show that the cause of the interruption was unpreventable damage due to weather events or conditions, customer tampering, or certain other causes enumerated in the law. As of September 30, 2017 and December 31, 2016 , ComEd did not have any material liabilities recorded for these storm events.

Baltimore City Franchise Taxes (Exelon and BGE)

The City of Baltimore claims that BGE has maintained electric facilities in the City's public right-of-ways for over one hundred years without the proper franchise rights from the City. BGE has reviewed the City's claim and believes that it lacks merit. BGE has not recorded an accrual for payment of franchise fees for past periods as a range of loss, if any, cannot be reasonably estimated at this time. Franchise fees assessed in future periods may be material to BGE's results of operations and cash flows.

Conduit Lease with City of Baltimore (Exelon and BGE)

On September 23, 2015, the Baltimore City Board of Estimates approved an increase in annual rental fees for access to the Baltimore City underground conduit system effective November 1, 2015, from $ 12 million to $ 42 million , subject to an annual increase thereafter based on the Consumer Price Index. BGE subsequently entered into litigation with the City regarding the amount of and basis for establishing the conduit fee. On November 30, 2016, the Baltimore City Board of Estimates approved a settlement agreement entered into between BGE and the City to resolve the disputes and pending litigation related to BGE's use of and payment for the underground conduit system. As a result of the settlement, the parties have entered into a six-year lease that reduces the annual expense to $ 25 million in the first three years and caps the annual expense in the last three years to not more than $ 29 million . BGE recorded a credit to Operating and maintenance expense in the fourth quarter of 2016 of approximately $ 28 million for the reversal of the previously higher fees accrued in the current year as well as the settlement of prior year disputed fee true-up amounts.

Deere Wind Energy Assets (Exelon and Generation)

In 2013, Deere & Company (“Deere”) filed a lawsuit against Generation in the Delaware Superior Court relating to Generation’s acquisition of the Deere wind energy assets. Under the purchase agreement, Deere was entitled to receive earn-out payments if certain specific wind projects already under development in Michigan met certain development and construction milestones following the sale. In the complaint, Deere seeks to recover a $14 million earn-out payment associated with one such project, which was never completed. Generation has filed counterclaims against Deere for breach of contract, with a right of recoupment and set off. On June 2, 2016, the Delaware Superior Court entered summary judgment in favor of Deere. On January 17, 2017, Generation filed an appeal of the Superior Court’s summary judgment decision with the Supreme Court of Delaware. Generation has accrued an amount to cover its potential liability.

City of Everett Tax Increment Financing Agreement (Exelon)

The City of Everett has filed a petition with the Massachusetts Economic Assistance Coordinating Council (EACC) to revoke the 1999 tax increment financing agreement (TIF Agreement) relating to Mystic 8 & 9 on the grounds that the total investment in Mystic 8 & 9 materially deviates from the investment set forth in the TIF Agreement. The EACC has appointed a three-member panel to conduct an administrative hearing on the City’s petition. Generation has reviewed the City’s claim and believes that it lacks merit. Generation has not recorded an accrual for payment resulting from such a revocation because the range of loss, if any, cannot be reasonably estimated at this time. Property taxes assessed in future periods could be material to Generation’s results of operations and cash flows.

General (All Registrants)

The Registrants are involved in various other litigation matters that are being defended and handled in the ordinary course of business. The assessment of whether a loss is probable or a reasonable possibility, and whether the loss or a range of loss is estimable, often involves a series of complex judgments about future events. The Registrants maintain accruals for such losses that are probable of being incurred and subject to reasonable estimation. Management is sometimes unable to estimate an amount or range of reasonably possible loss, particularly where (1) the damages sought are indeterminate, (2) the proceedings are in the early stages, or (3) the matters involve novel or unsettled legal theories. In such cases, there is considerable uncertainty regarding the timing or ultimate resolution of such matters, including a possible eventual loss.

Income Taxes (Exelon, Generation, ComEd, PECO and BGE)

See Note 12 — Income Taxes for information regarding the Registrants’ income tax refund claims and certain tax positions, including the 1999 sale of fossil generating assets.

19 . Supplemental Financial Information (All Registrants)

Supplemental Statement of Operations Information

The following tables provide additional information about the Registrants' Consolidated Statements of Operations and Comprehensive Income for the three and nine months ended September 30, 2017 and 2016 .

	Three Months Ended September 30, 2017								
						Successor			
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Other, Net									
Decommissioning-related activities:									
Net realized income on decommissioning trust funds [a]									
Regulatory agreement units	$ 159	$ 159	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Non-regulatory agreement units	59	59	—	—	—	—	—	—	—
Net unrealized gains on decommissioning trust funds									
Regulatory agreement units	44	44	—	—	—	—	—	—	—
Non-regulatory agreement units	111	111	—	—	—	—	—	—	—
Net unrealized losses on pledged assets									
Zion Station decommissioning	(4)	(4)	—	—	—	—	—	—	—
Regulatory offset to decommissioning trust fund-related activities [b]	(161)	(161)	—	—	—	—	—	—	—
Total decommissioning-related activities	208	208	—	—	—	—	—	—	—
Investment income	2	1	—	—	—	1	1	—	—
Interest income related to uncertain income tax positions	4	—	—	—	—	—	—	—	—
AFUDC — Equity	17	—	2	2	4	9	6	2	1
Other	6	—	3	—	—	3	—	2	—
Other, net	$ 237	$ 209	$ 5	$ 2	$ 4	$ 13	$ 7	$ 4	$ 1

	Nine Months Ended September 30, 2017								
						Successor			
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Other, Net									
Decommissioning-related activities:									
Net realized income on decommissioning trust funds [a]									
Regulatory agreement units	$ 439	$ 439	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Non-regulatory agreement units	165	165	—	—	—	—	—	—	—
Net unrealized gains on decommissioning trust funds									
Regulatory agreement units	253	253	—	—	—	—	—	—	—
Non-regulatory agreement units	347	347	—	—	—	—	—	—	—
Net unrealized losses on pledged assets									
Zion Station decommissioning	(5)	(5)	—	—	—	—	—	—	—
Regulatory offset to decommissioning trust fund-related activities [b]	(558)	(558)	—	—	—	—	—	—	—
Total decommissioning-related activities	641	641	—	—	—	—	—	—	—
Investment income	6	4	—	—	—	2	1	—	—
Interest income related to uncertain income tax positions	3	—	—	—	—	—	—	—	—
Benefit related to uncertain income tax positions [c]	2	—	—	—	—	—	—	—	—
AFUDC — Equity	51	—	6	6	12	27	17	5	5
Other	22	3	8	—	—	11	4	5	1
Other, net	$ 725	$ 648	$ 14	$ 6	$ 12	$ 40	$ 22	$ 10	$ 6

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Three Months Ended September 30, 2016								
						Successor			
	Exelon	**Generation**	**ComEd**	**PECO**	**BGE**	**PHI**	**Pepco**	**DPL**	**ACE**
Other, Net									
Decommissioning-related activities:									
Net realized income on decommissioning trust funds [a]									
Regulatory agreement units	$ 57	$ 57	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Non-regulatory agreement units	35	35	—	—	—	—	—	—	—
Net unrealized gains on decommissioning trust funds									
Regulatory agreement units	155	155	—	—	—	—	—	—	—
Non-regulatory agreement units	116	116	—	—	—	—	—	—	—
Net unrealized losses on pledged assets									
Zion Station decommissioning	(5)	(5)	—	—	—	—	—	—	—
Regulatory offset to decommissioning trust fund-related activities [b]	(168)	(168)	—	—	—	—	—	—	—
Total decommissioning-related activities	190	190	—	—	—	—	—	—	—
Investment income (expense)	2	1	—	(1)	—	—	—	—	—
Interest income related to uncertain income tax positions	8	—	—	—	—	—	—	—	—
Penalty related to uncertain income tax positions [c]	(106)	—	(86)	—	—	—	—	—	—
AFUDC — Equity	19	—	5	2	5	7	5	1	1
Other	7	(6)	1	1	—	12	7	2	1
Other, net	$ 120	$ 185	$ (80)	$ 2	$ 5	$ 19	$ 12	$ 3	$ 2

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Nine Months Ended September 30, 2016								Successor March 24, 2016 to September 30, 2016	Predecessor January 1, 2016 to March 23, 2016
	Exelon	Generation	ComEd	PECO	BGE	Pepco	DPL	ACE	PHI	PHI
Other, Net										
Decommissioning-related activities:										
Net realized income on decommissioning trust funds (a)										
Regulatory agreement units	$ 181	$ 181	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Non-regulatory agreement units	95	95	—	—	—	—	—	—	—	—
Net unrealized gains on decommissioning trust funds										
Regulatory agreement units	286	286	—	—	—	—	—	—	—	—
Non-regulatory agreement units	216	216	—	—	—	—	—	—	—	—
Net unrealized losses on pledged assets										
Zion Station decommissioning	(2)	(2)	—	—	—	—	—	—	—	—
Regulatory offset to decommissioning trust fund-related activities (b)	(380)	(380)	—	—	—	—	—	—	—	—
Total decommissioning-related activities	396	396	—	—	—	—	—	—	—	—
Investment income (expense)	14	6	—	(1)	2	—	—	—	1	—
Long-term lease income	4	—	—	—	—	—	—	—	—	—
Interest income related to uncertain income tax positions	13	—	—	—	—	1	—	1	—	—
Penalty related to uncertain income tax positions (c)	(106)	—	(86)	—	—	—	—	—	—	—
AFUDC — Equity	43	—	8	6	14	14	3	5	15	7
Loss on debt extinguishment	(3)	(2)	—	—	—	—	—	—	—	—
Other	16	(5)	6	1	—	13	6	2	15	(11)
Other, net	$ 377	$ 395	$ (72)	$ 6	$ 16	$ 28	$ 9	$ 8	$ 31	$ (4)

(a) Includes investment income and realized gains and losses on sales of investments of the trust funds.
(b) Includes the elimination of NDT fund activity for the Regulatory Agreement Units, including the elimination of net income taxes related to all NDT fund activity for those units. See Note 16 — Asset Retirement Obligations of the Exelon 2016 Form 10-K for additional information regarding the accounting for nuclear decommissioning.
(c) See Note 12 - Income Taxes for discussion of the penalty related to the Tax Court's decision on Exelon's like-kind exchange tax position.

The following utility taxes are included in revenues and expenses for the three and nine months ended September 30, 2017 and 2016 . Generation's utility tax expense represents gross receipts tax related to its retail operations, and the utility registrants' utility tax expense represents municipal and state utility taxes and gross receipts taxes related to their operating revenues. The offsetting collection of utility taxes from customers is recorded in revenues on the Registrants' Consolidated Statements of Operations and Comprehensive Income.

	Three Months Ended September 30, 2017								
						Successor			
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Utility taxes	$ 245	$ 35	$ 65	$ 35	$ 22	$ 88	$ 83	$ 5	$ —

	Nine Months Ended September 30, 2017								
						Successor			
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Utility taxes	$ 682	$ 97	$ 181	$ 95	$ 69	$ 240	$ 226	$ 14	$ —

	Three Months Ended September 30, 2016								
						Successor			
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Utility taxes	$ 255	$ 35	$ 67	$ 40	$ 21	$ 92	$ 87	$ 5	$ —

	Nine Months Ended September 30, 2016								Successor March 24, 2016 to September 30, 2016	Predecessor January 1, 2016 to March 23, 2016
	Exelon	Generation	ComEd	PECO	BGE	Pepco	DPL	ACE	PHI	PHI
Utility taxes	$ 624	$ 90	$ 186	$ 106	$ 66	$ 240	$ 14	$ —	$ 176	$ 78

Supplemental Cash Flow Information

The following tables provide additional information regarding the Registrants' Consolidated Statements of Cash Flows for the nine months ended September 30, 2017 and 2016 .

	Nine Months Ended September 30, 2017								
						Successor			
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Depreciation, amortization and accretion									
Property, plant and equipment [a]	$ 2,416	$ 1,010	$ 579	$ 194	$ 233	$ 342	$ 153	$ 92	$ 66
Amortization of regulatory assets [a]	355	—	52	19	115	169	89	32	47
Amortization of intangible assets, net [a]	43	36	—	—	—	—	—	—	—
Amortization of energy contract assets and liabilities [b]	19	19	—	—	—	—	—	—	—
Nuclear fuel [c]	816	816	—	—	—	—	—	—	—
ARO accretion [d]	350	350	—	—	—	—	—	—	—
Total depreciation, amortization and accretion	$ 3,999	$ 2,231	$ 631	$ 213	$ 348	$ 511	$ 242	$ 124	$ 113

	Nine Months Ended September 30, 2016								Successor March 24, 2016 to September 30, 2016	Predecessor January 1, 2016 to March 23, 2016
	Exelon	Generation	ComEd	PECO	BGE	Pepco	DPL	ACE	PHI	PHI
Depreciation, amortization and accretion										
Property, plant and equipment [a]	$ 2,490	$ 1,297	$ 524	$ 181	$ 223	$ 128	$ 82	$ 61	$ 215	$ 94
Amortization of regulatory assets [a]	293	—	49	20	84	93	38	69	140	58
Amortization of intangible assets, net [a]	38	32	—	—	—	—	—	—	—	—
Amortization of energy contract assets and liabilities [b]	(7)	(7)	—	—	—	—	—	—	—	—
Nuclear fuel [c]	862	862	—	—	—	—	—	—	—	—
ARO accretion [d]	333	332	1	—	—	—	—	—	—	—
Total depreciation, amortization and accretion	$ 4,009	$ 2,516	$ 574	$ 201	$ 307	$ 221	$ 120	$ 130	$ 355	$ 152

(a) Included in Depreciation and amortization on the Registrants' Consolidated Statements of Operations and Comprehensive Income.
(b) Included in Operating revenues or Purchased power and fuel expense on the Registrants' Consolidated Statements of Operations and Comprehensive Income.
(c) Included in Purchased power and fuel expense on the Registrants' Consolidated Statements of Operations and Comprehensive Income.
(d) Included in Operating and maintenance expense on the Registrants' Consolidated Statements of Operations and Comprehensive Income.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Nine Months Ended September 30, 2017								
						Successor			
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Other non-cash operating activities:									
Pension and non-pension postretirement benefit costs	$ 482	$ 170	$ 131	$ 21	$ 47	$ 72	$ 19	$ 10	$ 10
Loss from equity method investments	26	26	—	—	—	—	—	—	—
Provision for uncollectible accounts	103	31	25	17	4	26	11	1	14
Stock-based compensation costs	76	—	—	—	—	—	—	—	—
Other decommissioning-related activity [a]	(213)	(213)	—	—	—	—	—	—	—
Energy-related options [b]	15	15	—	—	—	—	—	—	—
Amortization of regulatory asset related to debt costs	7	—	3	1	—	3	1	1	1
Amortization of rate stabilization deferral	(7)	—	—	—	7	(14)	(12)	(2)	—
Amortization of debt fair value adjustment	(13)	(9)	—	—	—	(4)	—	—	—
Discrete impacts from EIMA and FEJA [c]	(61)	—	(61)	—	—	—	—	—	—
Amortization of debt costs	57	33	3	1	1	1	1	—	—
Provision for excess and obsolete inventory	52	50	1	—	—	1	—	1	—
Merger-related commitments [d]	—	—	—	—	—	(8)	(6)	(2)	—
Severance costs	33	25	—	—	—	3	—	—	—
Other	46	4	10	(2)	(7)	(14)	(6)	(3)	(4)
Total other non-cash operating activities	$ 603	$ 132	$ 112	$ 38	$ 52	$ 66	$ 8	$ 6	$ 21
Non-cash investing and financing activities:									
Change in capital expenditures not paid	$ (101)	$ 20	$ (79)	$ (29)	$ 16	$ (6)	$ 7	$ 14	$ (18)
Fair value of pension obligation transferred in connection with the FitzPatrick acquisition	—	33	—	—	—	—	—	—	—
Change in PPE related to ARO update	(141)	(141)	—	—	—	—	—	—	—
Indemnification of like-kind exchange position [g]	—	—	21	—	—	—	—	—	—
Non-cash financing of capital projects	16	16	—	—	—	—	—	—	—
Dividends on stock compensation	5	—	—	—	—	—	—	—	—
Dissolution of financing trust due to long-term debt retirement	8	—	—	—	8	—	—	—	—
Fair value adjustment of long-term debt due to retirement	(5)	—	—	—	—	—	—	—	—

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Nine Months Ended September 30, 2016								Successor March 24, 2016 to September 30, 2016	Predecessor January 1, 2016 to March 23, 2016
	Exelon	Generation	ComEd	PECO	BGE	Pepco	DPL	ACE	PHI	PHI
Other non-cash operating activities:										
Pension and non-pension postretirement benefit costs	$ 458	$ 163	$ 124	$ 25	$ 50	$ 24	$ 13	$ 11	$ 58	$ 23
Loss from equity method investments	15	16	—	—	—	—	—	—	—	—
Provision for uncollectible accounts	107	14	31	24	12	15	12	18	27	16
Stock-based compensation costs	88	—	—	—	—	—	—	—	—	3
Other decommissioning-related activity [a]	(237)	(237)	—	—	—	—	—	—	—	—
Energy-related options [b]	(20)	(20)	—	—	—	—	—	—	—	—
Amortization of regulatory asset related to debt costs	7	—	3	1	—	2	—	1	2	1
Amortization of rate stabilization deferral	62	—	—	—	62	3	3	—	—	5
Amortization of debt fair value adjustment	(9)	(9)	—	—	—	—	—	—	—	—
Discrete impacts from EIMA [c]	(36)	—	(36)	—	—	—	—	—	—	—
Amortization of debt costs	26	12	(3)	2	3	—	—	—	—	—
Provision for excess and obsolete inventory	74	70	4	—	—	1	1	1	—	1
Merger-related commitments [d][e]	508	3	—	—	—	125	73	110	308	—
Severance costs	130	57	—	—	—	—	—	—	53	—
Asset retirement costs	—	—	—	—	—	—	5	2	—	—
Lower of cost or net realizable value inventory adjustment	36	36	—	—	—	—	—	—	—	—
Other	15	24	(1)	(3)	(18)	(2)	(8)	(5)	(7)	(3)
Total other non-cash operating activities	$ 1,224	$ 129	$ 122	$ 49	$ 109	$ 168	$ 99	$ 138	$ 441	$ 46
Non-cash investing and financing activities:										
Change in capital expenditures not paid	$ (338)	$ (289)	$ (42)	$ (4)	$ 17	$ 15	$ (10)	$ 2	$ (5)	$ 11
Fair value of net assets contributed to Generation in connection with the PHI Merger, net of cash [d][f]	—	119	—	—	—	—	—	—	—	—
Fair value of net assets distributed to Exelon in connection with the PHI Merger, net of cash [d][f]	—	—	—	—	—	—	—	—	129	—
Fair value of pension obligation transferred in connection with the PHI Merger	—	—	—	—	—	—	—	—	53	—
Assumption of member purchase liability	—	—	—	—	—	—	—	—	29	—
Assumption of merger commitment liability	—	—	—	—	—	33	—	—	33	—
Change in PPE related to ARO update	476	476	—	—	—	—	—	—	—	—
Indemnification of like-kind exchange position [g]	—	—	157	—	—	—	—	—	—	—
Non-cash financing of capital projects	84	84	—	—	—	—	—	—	—	—
Dividends on stock compensation	2	—	—	—	—	—	—	—	—	—

(a) Includes the elimination of NDT fund activity for the Regulatory Agreement Units, including the elimination of operating revenues, ARO accretion, ARC amortization, investment income and income taxes related to all NDT fund activity for these units. See Note 16 - Asset Retirement Obligations of the Exelon 2016 Form 10-K for additional information regarding the accounting for nuclear decommissioning.
(b) Includes option premiums reclassified to realized at the settlement of the underlying contracts and recorded in Operating revenues.

(c) Reflects the change in distribution rates pursuant to EIMA and FEJA, which allows for the recovery of distribution costs by a utility through a pre-established performance-based formula rate tariff. Beginning June 1, 2017, also reflects the change in energy efficiency rates pursuant to FEJA, which allows for the recovery of energy efficiency costs by a utility through a pre-established performance-based formula rate tariff. See Note 5 — Regulatory Matters for more information.
(d) See Note 4 — Mergers, Acquisitions and Dispositions for additional information related to the merger with PHI.
(e) Excludes $5 million of forgiveness of Accounts receivable related to merger commitments recorded in connection with the PHI Merger, the balance is included within Provision for uncollectible accounts.
(f) Immediately following closing of the PHI Merger, the net assets associated with PHI's unregulated business interests were distributed by PHI to Exelon. Exelon contributed a portion of such net assets to Generation.
(g) See Note 12 — Income Taxes for discussion of the like-kind exchange tax position.

Supplemental Balance Sheet Information

The following tables provide additional information about assets and liabilities of the Registrants as of September 30, 2017 and December 31, 2016 .

						Successor			
September 30, 2017	**Exelon**	**Generation**	**ComEd**	**PECO**	**BGE**	**PHI**	**Pepco**	**DPL**	**ACE**
Property, plant and equipment:									
Accumulated depreciation and amortization	$ 20,591 [(a)]	$ 11,193 [(a)]	$ 4,191	$ 3,366	$ 3,351	$ 448	$ 3,171	$ 1,231	$ 1,060
Accounts receivable:									
Allowance for uncollectible accounts	$ 339	$ 111	$ 72	$ 57	$ 25	$ 74	$ 29	$ 17	$ 28

						Successor			
December 31, 2016	**Exelon**	**Generation**	**ComEd**	**PECO**	**BGE**	**PHI**	**Pepco**	**DPL**	**ACE**
Property, plant and equipment:									
Accumulated depreciation and amortization	$ 19,169 [(b)]	$ 10,562 [(b)]	$ 3,937	$ 3,253	$ 3,254	$ 195	$ 3,050	$ 1,175	$ 1,016
Accounts receivable:									
Allowance for uncollectible accounts	$ 334	$ 91	$ 70	$ 61	$ 32	$ 80	$ 29	$ 24	$ 27

(a) Includes accumulated amortization of nuclear fuel in the reactor core of $3,303 million .
(b) Includes accumulated amortization of nuclear fuel in the reactor core of $3,186 million .

PECO Installment Plan Receivables (Exelon and PECO)

PECO enters into payment agreements with certain delinquent customers, primarily residential, seeking to restore their service, as required by the PAPUC. Customers with past due balances that meet certain income criteria are provided the option to enter into an installment payment plan, some of which have terms greater than one year, to repay past due balances in addition to paying for their ongoing service on a current basis. The receivable balance for these payment agreement receivables is recorded in accounts receivable for the current portion and other deferred debits and other assets for the noncurrent portion. The net receivable balance for installment plans with terms greater than one year was $11 million and $9 million as of September 30, 2017 and December 31, 2016 , respectively. The allowance for uncollectible accounts reserve methodology and assessment of the credit quality of the installment plan receivables are consistent with the customer accounts receivable methodology discussed in Note 1 — Significant Accounting Policies of the Exelon 2016 Form 10-K. The allowance for uncollectible accounts balance associated with these receivables at September 30, 2017 of $12 million consists of $3 million and $9 million for medium risk and high risk segments, respectively. The allowance for uncollectible accounts balance at December 31, 2016 of $13 million consists of $1 million , $3 million and $9 million for low risk, medium risk and high risk segments, respectively. The balance of the payment agreement is billed to the customer in equal monthly installments over the term of the agreement. Installment receivables outstanding as of September 30, 2017 and December 31, 2016 include balances not yet presented on the customer bill, accounts currently billed and an immaterial amount of past due receivables. When a customer defaults on its payment agreement, the terms of which are defined by plan type, the entire balance of the agreement becomes due and the balance is reclassified to current customer accounts receivable and reserved for in accordance with the methodology discussed in Note 1 — Significant Accounting Policies of the Exelon 2016 Form 10-K.

20 . Segment Information (All Registrants)

Operating segments for each of the Registrants are determined based on information used by the chief operating decision maker(s) (CODM) in deciding how to evaluate performance and allocate resources at each of the Registrants.

In the first quarter of 2016, following the consummation of the PHI Merger, three new reportable segments were added: Pepco, DPL and ACE. As a result, Exelon has twelve reportable segments, which include ComEd, PECO, BGE, PHI's three reportable segments consisting of Pepco, DPL, and ACE, and Generation's six reportable segments consisting of the Mid-Atlantic, Midwest, New England, New York, ERCOT and all other power regions referred to collectively as "Other Power Regions", which includes activities in the South, West and Canada. ComEd, PECO, BGE, Pepco, DPL and ACE each represent a single reportable segment, and as such, no separate segment information is provided for these Registrants. Exelon, ComEd, PECO, BGE, Pepco, DPL and ACE's CODMs evaluate the performance of and allocate resources to ComEd, PECO, BGE, Pepco, DPL and ACE based on net income and return on equity.

Effective with the consummation of the PHI Merger, PHI's reportable segments have changed based on the information used by the CODM to evaluate performance and allocate resources. PHI's reportable segments consist of Pepco, DPL and ACE. PHI's Predecessor periods' segment information has been recast to conform to the current presentation. The reclassification of the segment information did not impact PHI's reported consolidated revenues or net income. PHI's CODM evaluates the performance of and allocates resources to Pepco, DPL and ACE based on net income and return on equity.

The basis for Generation's reportable segments is the integrated management of its electricity business that is located in different geographic regions, and largely representative of the footprints of ISO/RTO and/or NERC regions, which utilize multiple supply sources to provide electricity through various distribution channels (wholesale and retail). Generation's hedging strategies and risk metrics are also aligned to these same geographic regions. Descriptions of each of Generation's six reportable segments are as follows:

- Mid-Atlantic represents operations in the eastern half of PJM, which includes New Jersey, Maryland, Virginia, West Virginia, Delaware, the District of Columbia and parts of Pennsylvania and North Carolina.

- Midwest represents operations in the western half of PJM, which includes portions of Illinois, Pennsylvania, Indiana, Ohio, Michigan, Kentucky and Tennessee, and the United States footprint of MISO, excluding MISO's Southern Region, which covers all or most of North Dakota, South Dakota, Nebraska, Minnesota, Iowa, Wisconsin, the remaining parts of Illinois, Indiana, Michigan and Ohio not covered by PJM, and parts of Montana, Missouri and Kentucky.

- New England represents the operations within ISO-NE covering the states of Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.

- New York represents operations within ISO-NY, which covers the state of New York in its entirety.

- ERCOT represents operations within Electric Reliability Council of Texas, covering most of the state of Texas.

- Other Power Regions :

  - South represents operations in the FRCC, MISO's Southern Region, and the remaining portions of the SERC not included within MISO or PJM, which includes all or most of Florida, Arkansas, Louisiana, Mississippi, Alabama, Georgia, Tennessee, North Carolina, South Carolina and parts of Missouri, Kentucky and Texas. Generation's South region also includes operations in the SPP, covering Kansas, Oklahoma, most of Nebraska and parts of New Mexico, Texas, Louisiana, Missouri, Mississippi and Arkansas.

  - West represents operations in the WECC, which includes California ISO, and covers the states of California, Oregon, Washington, Arizona, Nevada, Utah, Idaho, Colorado and parts of New Mexico, Wyoming and South Dakota.

  - Canada represents operations across the entire country of Canada and includes AESO, OIESO and the Canadian portion of MISO.

The CODMs for Exelon and Generation evaluate the performance of Generation's electric business activities and allocate resources based on revenues net of purchased power and fuel expense (RNF). Generation believes that RNF is a useful measurement of operational performance. RNF is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere

in this report. Generation's operating revenues include all sales to third parties and affiliated sales to the Utility Registrants. Purchased power costs include all costs associated with the procurement and supply of electricity including capacity, energy and ancillary services. Fuel expense includes the fuel costs for Generation's owned generation and fuel costs associated with tolling agreements. The results of Generation's other business activities are not regularly reviewed by the CODM and are therefore not classified as operating segments or included in the regional reportable segment amounts. These activities include natural gas, as well as other miscellaneous business activities that are not significant to Generation's overall operating revenues or results of operations. Further, Generation's unrealized mark-to-market gains and losses on economic hedging activities and its amortization of certain intangible assets and liabilities relating to commodity contracts recorded at fair value from mergers and acquisitions are also excluded from the regional reportable segment amounts. Exelon and Generation do not use a measure of total assets in making decisions regarding allocating resources to or assessing the performance of these reportable segments.

An analysis and reconciliation of the Registrants' reportable segment information to the respective information in the consolidated financial statements for the three and nine months ended September 30, 2017 and 2016 is as follows:

Three Months Ended September 30, 2017 and 2016

					Successor			
	Generation [a]	ComEd	PECO	BGE	PHI [b]	Other [c]	Intersegment Eliminations	Exelon
Operating revenues [d]:								
2017								
Competitive businesses electric revenues	$ 4,042	$ —	$ —	$ —	$ —	$ —	$ (295)	$ 3,747
Competitive businesses natural gas revenues	460	—	—	—	—	—	—	460
Competitive businesses other revenues	249	—	—	—	—	—	—	249
Rate-regulated electric revenues	—	1,571	662	658	1,280	—	(7)	4,164
Rate-regulated natural gas revenues	—	—	53	80	18	—	(2)	149
Shared service and other revenues	—	—	—	—	12	446	(458)	—
2016								
Competitive businesses electric revenues	$ 4,322	$ —	$ —	$ —	$ —	$ —	$ (499)	$ 3,823
Competitive businesses natural gas revenues	326	—	—	—	—	—	—	326
Competitive businesses other revenues	387	—	—	—	—	—	(1)	386
Rate-regulated electric revenues	—	1,497	740	735	1,366	—	(8)	4,330
Rate-regulated natural gas revenues	—	—	48	77	17	—	(5)	137
Shared service and other revenues	—	—	—	—	11	362	(373)	—
Intersegment revenues [e]:								
2017	$ 294	$ 3	$ 2	$ 3	$ 12	$ 445	$ (759)	$ —
2016	500	4	2	7	11	362	(885)	1
Net income (loss):								
2017	$ 348	$ 189	$ 112	$ 62	$ 153	$ 3	$ —	$ 867
2016	271	37	122	56	166	(125)	(1)	526
Total assets:								
September 30, 2017	$ 47,744	$ 29,649	$ 11,480	$ 8,923	$ 21,301	$ 10,662	$ (11,286)	$ 118,473
December 31, 2016	46,974	28,335	10,831	8,704	21,025	10,369	(11,334)	114,904

(a) Generation includes the six reportable segments shown below: Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Power Regions. Intersegment revenues for Generation for the three months ended September 30, 2017 include revenue from sales to PECO of $31 million , sales to BGE of $98 million , sales to Pepco of $57 million , sales to DPL of $47 million , and sales to ACE of $7 million in the Mid-Atlantic region, and sales to ComEd of $54 million in the Midwest region. For the three months ended September 30, 2016 , intersegment revenues for Generation include revenue from sales to PECO of $91 million , sales to BGE of $183 million , sales to Pepco of $128 million , sales to DPL of $63 million , and sales to ACE of $15 million in the Mid-Atlantic region, and sales to ComEd of $20 million in the Midwest region.
(b) Amounts included represent activity for PHI's successor period, three months ended September 30, 2017 and 2016 . PHI includes the three reportable segments: Pepco, DPL and ACE.
(c) Other primarily includes Exelon's corporate operations, shared service entities and other financing and investment activities.
(d) Includes gross utility tax receipts from customers. The offsetting remittance of utility taxes to the governing bodies is recorded in expenses on the Registrants' Consolidated Statements of Operations and Comprehensive Income. See Note 19 — Supplemental Financial Information for total utility taxes for the three months ended September 30, 2017 and 2016 .
(e) Intersegment revenues exclude sales to unconsolidated affiliates. The intersegment profit associated with Generation's sale of certain products and services by and between Exelon's segments is not eliminated in consolidation due to the recognition of intersegment profit in accordance with regulatory accounting guidance. For Exelon, these amounts are included in Operating revenues in the Consolidated Statements of Operations and Comprehensive Income.

Successor PHI:

	Pepco	DPL	ACE	Other [b]	Intersegment Eliminations	PHI
Operating revenues [a] :						
Three Months Ended September 30, 2017 - Successor						
Rate-regulated electric revenues	$ 604	$ 309	$ 370	$ —	$ (3)	$ 1,280
Rate-regulated natural gas revenues	—	18	—	—	—	18
Shared service and other revenues	—	—	—	12	—	12
Three Months Ended September 30, 2016 - Successor						
Rate-regulated electric revenues	$ 635	$ 314	$ 421	$ —	$ (4)	$ 1,366
Rate-regulated natural gas revenues	—	17	—	—	—	17
Shared service and other revenues	—	—	—	11	—	11
Intersegment revenues:						
Three Months Ended September 30, 2017 - Successor	$ 1	$ 2	$ —	$ 13	$ (4)	$ 12
Three Months Ended September 30, 2016 - Successor	1	2	1	11	(4)	11
Net income (loss):						
Three Months Ended September 30, 2017 - Successor	$ 87	$ 31	$ 41	$ (18)	$ 12	$ 153
Three Months Ended September 30, 2016 - Successor	79	44	47	(15)	11	166
Total assets:						
September 30, 2017 - Successor	$ 7,775	$ 4,276	$ 3,510	$ 10,724	$ (4,984)	$ 21,301
December 31, 2016 - Successor	7,335	4,153	3,457	10,804	(4,724)	21,025

(a) Includes gross utility tax receipts from customers. The offsetting remittance of utility taxes to the governing bodies is recorded in expenses on the Registrants' Consolidated Statements of Operations and Comprehensive Income. See Note 19 — Supplemental Financial Information for total utility taxes for the three months ended September 30, 2017 and 2016 .
(b) Other primarily includes PHI's corporate operations, shared service entities and other financing and investment activities.

Generation total revenues:

	Three Months Ended September 30, 2017			Three Months Ended September 30, 2016		
	Revenues from external customers [a]	Intersegment revenues	Total Revenues	Revenues from external customers [a]	Intersegment revenues	Total Revenues
Mid-Atlantic	$ 1,421	$ 11	$ 1,432	$ 1,813	$ (13)	$ 1,800
Midwest	1,049	(11)	1,038	1,163	1	1,164
New England	482	(1)	481	455	(4)	451
New York	434	(6)	428	331	(8)	323
ERCOT	308	6	314	289	6	295
Other Power Regions	348	(13)	335	271	(33)	238
Total Revenues for Reportable Segments	4,042	(14)	4,028	4,322	(51)	4,271
Other [b]	709	14	723	713	51	764
Total Generation Consolidated Operating Revenues	$ 4,751	$ —	$ 4,751	$ 5,035	$ —	$ 5,035

(a) Includes all wholesale and retail electric sales to third parties and affiliated sales to the Utility Registrants.
(b) Other represents activities not allocated to a region. See text above for a description of included activities. Includes a $13 million and $21 million decrease to revenues for the amortization of intangible assets and liabilities related to commodity contracts recorded at fair value for the three months ended September 30, 2017 and 2016 , respectively, unrealized mark-to-market gain of $52 million and $187 million for the three months ended September 30, 2017 and 2016 , respectively, and elimination of intersegment revenues.

Generation total revenues net of purchased power and fuel expense:

	Three Months Ended September 30, 2017			Three Months Ended September 30, 2016		
	RNF from external customers [a]	Intersegment RNF	Total RNF	RNF from external customers [a]	Intersegment RNF	Total RNF
Mid-Atlantic	$ 817	$ 38	$ 855	$ 881	$ 6	$ 887
Midwest	697	—	697	782	(1)	781
New England	151	(6)	145	170	(10)	160
New York	296	—	296	195	(1)	194
ERCOT	229	(111)	118	144	(51)	93
Other Power Regions	118	(50)	68	143	(66)	77
Total Revenues net of purchased power and fuel for Reportable Segments	2,308	(129)	2,179	2,315	(123)	2,192
Other [b]	112	129	241	131	123	254
Total Generation Revenues net of purchased power and fuel expense	$ 2,420	$ —	$ 2,420	$ 2,446	$ —	$ 2,446

(a) Includes purchases and sales from/to third parties and affiliated sales to the Utility Registrants.
(b) Other represents activities not allocated to a region. See text above for a description of included activities. Includes a $19 million and $22 million decrease to RNF for the amortization of intangible assets and liabilities related to commodity contracts for the three months ended September 30, 2017 and 2016 , respectively, unrealized mark-to-market gains of $73 million and $88 million for the three months ended September 30, 2017 and 2016 , respectively, accelerated nuclear fuel amortization associated with announced early plant retirements as discussed in Note 7 - Early Nuclear Plant Retirements of the Combined Notes to Consolidated Financial Statements of $6 million and $28 million decrease to revenue net of purchased power and fuel expense for the three months ended September 30, 2017 and 2016, respectively, and the elimination of intersegment revenue net of purchased power and fuel expense.

Nine Months Ended September 30, 2017 and 2016

					Successor			
	Generation [a]	ComEd	PECO	BGE	PHI [b]	Other [c]	Intersegment Eliminations	Exelon
Operating revenues [d]:								
2017								
Competitive businesses electric revenues	$ 11,485	$ —	$ —	$ —	$ —	$ —	$ (888)	$ 10,597
Competitive businesses natural gas revenues	1,807	—	—	—	—	—	—	1,807
Competitive businesses other revenues	520	—	—	—	—	—	—	520
Rate-regulated electric revenues	—	4,227	1,802	1,895	3,417	—	(23)	11,318
Rate-regulated natural gas revenues	—	—	339	468	105	—	(6)	906
Shared service and other revenues	—	—	—	—	35	1,316	(1,350)	1
2016								
Competitive businesses electric revenues	$ 11,677	$ —	$ —	$ —	$ —	$ —	$ (1,118)	$ 10,559
Competitive businesses natural gas revenues	1,515	—	—	—	—	—	—	1,515
Competitive businesses other revenues	171	—	—	—	—	—	(2)	169
Rate-regulated electric revenues	—	4,031	1,971	1,998	2,485	—	(24)	10,461
Rate-regulated natural gas revenues	—	—	322	423	46	—	(10)	781
Shared service and other revenues	—	—	—	—	34	1,166	(1,199)	1
Intersegment revenues [e]:								
2017	$ 888	$ 12	$ 5	$ 12	$ 35	$ 1,312	$ (2,262)	$ 2
2016	1,121	12	5	16	34	1,166	(2,351)	3
Net income (loss):								
2017	$ 491	$ 447	$ 327	$ 231	$ 359	$ 58	$ (2)	$ 1,911
2016	556	297	346	191	(91)	(340)	(3)	956

(a) Generation includes the six reportable segments shown below: Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Power Regions. Intersegment revenues for Generation for the nine months ended September 30, 2017 include revenue from sales to PECO of $111 million , sales to BGE of $330 million , sales to Pepco of $209 million , sales to DPL of $138 million , and sales to ACE of $23 million in the Mid-Atlantic region, and sales to ComEd of $77 million in the Midwest region. For the nine months ended September 30, 2016 , intersegment revenues for Generation include revenue from sales to PECO of $234 million and sales to BGE of $489 million in the Mid-Atlantic region, and sales to ComEd of $38 million in the Midwest region. For the Successor period of March 24, 2016 to September 30, 2016 , intersegment revenues for Generation include revenue from sales to Pepco of $223 million , sales to DPL of $109 million , and sales to ACE of $28 million in the Mid-Atlantic region.
(b) Amounts included represent activity for PHI's successor period, nine months ended September 30, 2017 and March 24, 2016 through September 30, 2016 . PHI includes the three reportable segments: Pepco, DPL and ACE. See tables below for PHI's predecessor period, including Pepco, DPL and ACE, for January 1, 2016 to March 23, 2016.
(c) Other primarily includes Exelon's corporate operations, shared service entities and other financing and investment activities.
(d) Includes gross utility tax receipts from customers. The offsetting remittance of utility taxes to the governing bodies is recorded in expenses on the Registrants' Consolidated Statements of Operations and Comprehensive Income. See Note 19 — Supplemental Financial Information for total utility taxes for the nine months ended September 30, 2017 and 2016 .
(e) Intersegment revenues exclude sales to unconsolidated affiliates. The intersegment profit associated with Generation's sale of certain products and services by and between Exelon's segments is not eliminated in consolidation due to the recognition of intersegment profit in accordance with regulatory accounting guidance. For Exelon, these amounts are included in Operating revenues in the Consolidated Statements of Operations and Comprehensive Income.

Successor and Predecessor PHI:

	Pepco	DPL	ACE	Other [b]	Intersegment Eliminations	PHI
Operating revenues [a] :						
Nine Months Ended September 30, 2017 - Successor						
Rate-regulated electric revenues	$ 1,649	$ 866	$ 915	$ —	$ (13)	$ 3,417
Rate-regulated natural gas revenues	—	105	—	—	—	105
Shared service and other revenues	—	—	—	37	(2)	35
March 24, 2016 to September 30, 2016 - Successor						
Rate-regulated electric revenues	$ 1,184	$ 593	$ 714	$ 3	$ (9)	$ 2,485
Rate-regulated natural gas revenues	—	46	—	—	—	46
Shared service and other revenues	—	—	—	34	—	34
January 1, 2016 to March 23, 2016 - Predecessor						
Rate-regulated electric revenues	$ 511	$ 279	$ 268	$ 42	$ (4)	$ 1,096
Rate-regulated natural gas revenues	—	56	—	1	—	57
Shared service and other revenues	—	—	—	—	—	—
Intersegment revenues:						
Nine Months Ended September 30, 2017 - Successor	$ 4	$ 6	$ 2	$ 37	$ (14)	$ 35
March 24, 2016 to September 30, 2016 - Successor	2	4	2	35	(9)	34
January 1, 2016 to March 23, 2016 - Predecessor	1	2	1	—	(4)	—
Net income (loss):						
Nine Months Ended September 30, 2017 - Successor	$ 188	$ 107	$ 77	$ (48)	$ 35	$ 359
March 24, 2016 to September 30, 2016 - Successor	(12)	(42)	(55)	(16)	34	(91)
January 1, 2016 to March 23, 2016 - Predecessor	32	26	5	(44)	—	19

(a) Includes gross utility tax receipts from customers. The offsetting remittance of utility taxes to the governing bodies is recorded in expenses on the Registrants' Consolidated Statements of Operations and Comprehensive Income. See Note 19 — Supplemental Financial Information for total utility taxes for the nine months ended September 30, 2017 and 2016 .
(b) Other primarily includes PHI's corporate operations, shared service entities and other financing and investment activities. For the predecessor period presented, Other includes the activity of PHI's unregulated businesses which were distributed to Exelon and Generation as a result of the PHI Merger.

Generation total revenues:

	Nine Months Ended September 30, 2017			Nine Months Ended September 30, 2016		
	Revenues from external customers [a]	Intersegment revenues	Total Revenues	Revenues from external customers [a]	Intersegment revenues	Total Revenues
Mid-Atlantic	$ 4,207	$ 15	$ 4,222	$ 4,776	$ (40)	$ 4,736
Midwest	3,158	(17)	3,141	3,330	13	3,343
New England	1,469	(8)	1,461	1,278	(6)	1,272
New York	1,095	(14)	1,081	906	(33)	873
ERCOT	749	4	753	659	6	665
Other Power Regions	807	(28)	779	728	(42)	686
Total Revenues for Reportable Segments	11,485	(48)	11,437	11,677	(102)	11,575
Other [b]	2,327	48	2,375	1,686	102	1,788
Total Generation Consolidated Operating Revenues	$ 13,812	$ —	$ 13,812	$ 13,363	$ —	$ 13,363

(a) Includes all wholesale and retail electric sales to third parties and affiliated sales to the Utility Registrants.
(b) Other represents activities not allocated to a region. See text above for a description of included activities. Includes a $30 million and $10 million decrease to revenues for the amortization of intangible assets and liabilities related to commodity contracts recorded at fair value for the nine months ended September 30, 2017 and 2016 , respectively, unrealized mark-to-market losses of $47 million and $366 million for the nine months ended September 30, 2017 and 2016 , respectively, and elimination of intersegment revenues.

Generation total revenues net of purchased power and fuel expense:

	Nine Months Ended September 30, 2017			Nine Months Ended September 30, 2016		
	RNF from external customers [a]	Intersegment RNF	Total RNF	RNF from external customers [a]	Intersegment RNF	Total RNF
Mid-Atlantic	$ 2,330	$ 81	$ 2,411	$ 2,541	$ 15	$ 2,556
Midwest	2,129	11	2,140	2,225	4	2,229
New England	423	(20)	403	373	(23)	350
New York	679	(1)	678	607	(15)	592
ERCOT	446	(188)	258	335	(104)	231
Other Power Regions	359	(139)	220	357	(104)	253
Total Revenues net of purchased power and fuel expense for Reportable Segments	6,366	(256)	6,110	6,438	(227)	6,211
Other [b]	160	256	416	316	227	543
Total Generation Revenues net of purchased power and fuel expense	$ 6,526	$ —	$ 6,526	$ 6,754	$ —	$ 6,754

(a) Includes purchases and sales from/to third parties and affiliated sales to the Utility Registrants.
(b) Other represents activities not allocated to a region. See text above for a description of included activities. Includes a $41 million and $15 million decrease to RNF for the amortization of intangible assets and liabilities related to commodity contracts for the nine months ended September 30, 2017 and 2016 , respectively, unrealized mark-to-market losses of $161 million and $113 million for the nine months ended September 30, 2017 and 2016 , respectively, accelerated nuclear fuel amortization associated with announced early plant retirements as discussed in Note 7 - Early Nuclear Plant Retirements of the Combined Notes to Consolidated Financial Statements of $8 million and $38 million decrease to revenue net of purchased power and fuel expense for the nine months ended September 30, 2017 and 2016, respectively, and the elimination of intersegment revenue net of purchased power and fuel expense.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

(Dollars in millions except per share data, unless otherwise noted)

Exelon

Executive Overview

Exelon, a utility services holding company, operates through the following principal subsidiaries:

- *Generation,* whose integrated business consists of the generation, physical delivery and marketing of power across multiple geographical regions through its customer-facing business, Constellation, which sells electricity and natural gas to both wholesale and retail customers. Generation also sells renewable energy and other energy-related products and services.

- *ComEd,* whose business consists of the purchase and regulated retail sale of electricity and the provision of electricity transmission and distribution services in northern Illinois, including the City of Chicago.

- *PECO,* whose business consists of the purchase and regulated retail sale of electricity and the provision of electricity distribution and transmission services in southeastern Pennsylvania, including the City of Philadelphia, and the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services in the Pennsylvania counties surrounding the City of Philadelphia.

- *BGE,* whose business consists of the purchase and regulated retail sale of electricity and natural gas and the provision of electricity distribution and transmission and natural gas distribution services in central Maryland, including the City of Baltimore.

- *Pepco,* whose business consists of the purchase and regulated retail sale of electricity and the provision of electricity distribution and transmission in the District of Columbia and major portions of Prince George's County and Montgomery County in Maryland.

- *DPL,* whose business consists of the purchase and regulated retail sale of electricity and the provision of electricity distribution and transmission services in portions of Maryland and Delaware, and the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services in northern Delaware.

- *ACE,* whose business consists of the purchase and regulated retail sale of electricity and the provision of electricity transmission and distribution services in southern New Jersey.

Pepco, DPL and ACE are operating companies of PHI, which is a utility services holding company and a wholly owned subsidiary of Exelon.

Exelon has twelve reportable segments consisting of Generation's six reportable segments (Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Power Regions in Generation), ComEd, PECO, BGE and PHI's three utility reportable segments (Pepco, DPL and ACE). See Note 20 - Segment Information of the Combined Notes to Consolidated Financial Statements for additional information regarding Exelon's reportable segments.

Through its business services subsidiary BSC, Exelon provides its operating subsidiaries with a variety of support services at cost. The costs of these services are directly charged or allocated to the applicable operating segments. Additionally, the results of Exelon's corporate operations include costs for corporate governance and interest costs and income from various investment and financing activities.

PHI Service Company, a wholly owned subsidiary of PHI, provides a variety of support services at cost, including legal, accounting, engineering, distribution and transmission planning, asset management, system operations, and power procurement, to PHI and its operating subsidiaries. These services are directly charged or allocated pursuant to service agreements among PHI Service Company and the participating operating subsidiaries.

Exelon's consolidated financial information includes the results of its eight separate operating subsidiary registrants, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE, which, along with Exelon, are collectively

referred to as the Registrants. The following combined Management's Discussion and Analysis of Financial Condition and Results of Operations is separately filed by Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE. However, none of the Registrants makes any representation as to information related solely to any of the other Registrants.

Financial Results of Operations

GAAP Results of Operations

The following tables set forth Exelon's GAAP consolidated results of operations for the three and nine months ended September 30, 2017 compared to the same period in 2016 . The 2016 amounts include the operations of PHI, Pepco, DPL and ACE from March 24, 2016 through September 30, 2016 . All amounts presented below are before the impact of income taxes, except as noted.

	Three Months Ended September 30,								
	2017							2016	Favorable (Unfavorable) Variance
	Generation	ComEd	PECO	BGE	PHI	Other	Exelon	Exelon [b]	
Operating revenues	$ 4,751	$ 1,571	$ 715	$ 738	$ 1,310	$ (316)	$ 8,769	$ 9,002	$ (233)
Purchased power and fuel	2,331	529	235	269	473	(295)	3,542	3,754	212
Revenue net of purchased power and fuel [a]	2,420	1,042	480	469	837	(21)	5,227	5,248	(21)
Other operating expenses									
Operating and maintenance	1,374	346	197	175	251	(43)	2,300	2,338	38
Depreciation and amortization	410	212	72	109	179	20	1,002	1,195	193
Taxes other than income	141	80	42	61	122	10	456	449	(7)
Total other operating expenses	1,925	638	311	345	552	(13)	3,758	3,982	224
(Loss) Gain on sales of assets	(2)	—	—	—	—	1	(1)	1	(2)
Bargain purchase gain	7	—	—	—	—	—	7	—	7
Operating income (loss)	500	404	169	124	285	(7)	1,475	1,267	208
Other income and (deductions)									
Interest expense, net	(113)	(89)	(31)	(26)	(62)	(65)	(386)	(516)	130
Other, net	209	5	2	4	13	4	237	120	117
Total other income and (deductions)	96	(84)	(29)	(22)	(49)	(61)	(149)	(396)	247
Income (loss) before income taxes	596	320	140	102	236	(68)	1,326	871	455
Income taxes	240	131	28	40	83	(70)	452	340	(112)
Equity in (losses) earnings of unconsolidated affiliates	(8)	—	—	—	—	1	(7)	(5)	(2)
Net income	348	189	112	62	153	3	867	526	341
Net income attributable to noncontrolling interests and preference stock dividends	43	—	—	—	—	—	43	36	(7)
Net income attributable to common shareholders	$ 305	$ 189	$ 112	$ 62	$ 153	$ 3	$ 824	$ 490	$ 334

(a) The Registrants evaluate operating performance using the measure of revenues net of purchased power and fuel expense. The Registrants believe that revenues net of purchased power and fuel expense is a useful measurement because it provides information that can be used to evaluate their operational performance. Revenues net of purchased power and fuel expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

(b) As a result of the PHI Merger, Exelon includes the consolidated results of PHI, Pepco, DPL and ACE from July 1, 2016 through September 30, 2016 .

	Nine Months Ended September 30,								
	2017							2016	Favorable (Unfavorable) Variance
	Generation	ComEd	PECO	BGE	PHI	Other	Exelon	Exelon [b]	
Operating revenues	$ 13,812	$ 4,227	$ 2,141	$ 2,363	$ 3,557	$ (951)	$ 25,149	$ 23,486	$ 1,663
Purchased power and fuel expense	7,286	1,241	719	853	1,318	(890)	10,527	9,462	(1,065)
Revenue net of purchased power and fuel expense [a]	6,526	2,986	1,422	1,510	2,239	(61)	14,622	14,024	598
Other operating expenses									
Operating and maintenance	4,871	1,096	595	532	774	(136)	7,732	7,677	(55)
Depreciation and amortization	1,046	631	213	348	511	65	2,814	2,821	7
Taxes other than income	425	223	116	180	344	25	1,313	1,168	(145)
Total other operating expenses	6,342	1,950	924	1,060	1,629	(46)	11,859	11,666	(193)
Gain on sales of assets	3	—	—	—	1	—	4	41	(37)
Bargain purchase gain	233	—	—	—	—	—	233	—	233
Operating income (loss)	420	1,036	498	450	611	(15)	3,000	2,399	601
Other income and (deductions)									
Interest expense, net	(342)	(275)	(93)	(80)	(183)	(221)	(1,194)	(1,179)	(15)
Other, net	648	14	6	12	40	5	725	377	348
Total other income and (deductions)	306	(261)	(87)	(68)	(143)	(216)	(469)	(802)	333
Income (loss) before income taxes	726	775	411	382	468	(231)	2,531	1,597	934
Income taxes	209	328	84	151	109	(286)	595	625	30
Equity in (losses) earnings of unconsolidated affiliates	(26)	—	—	—	—	1	(25)	(16)	(9)
Net income	491	447	327	231	359	56	1,911	956	955
Net income attributable to noncontrolling interests and preference stock dividends	12	—	—	—	—	—	12	26	14
Net income attributable to common shareholders	$ 479	$ 447	$ 327	$ 231	$ 359	$ 56	$ 1,899	$ 930	$ 969

(a) The Registrants evaluate operating performance using the measure of revenues net of purchased power and fuel expense. The Registrants believe that revenues net of purchased power and fuel expense is a useful measurement because it provides information that can be used to evaluate their operational performance. Revenues net of purchased power and fuel expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

(b) As a result of the PHI Merger, Exelon includes the consolidated results of PHI, Pepco, DPL and ACE from March 24, 2016 through September 30, 2016 .

Three Months Ended September 30, 2017 Compared to Three Months Ended September 30, 2016 . Exelon's Net income attributable to common shareholders was $824 million for the three months ended September 30, 2017 as compared to $490 million for the three months ended September 30, 2016 , and diluted earnings per average common share were $0.85 for the three months ended September 30, 2017 as compared to $0.53 for the three months ended September 30, 2016 .

Revenue net of purchased power and fuel expense, which is a non-GAAP measure discussed below, decreased by $21 million for the three months ended September 30, 2017 as compared to the same period in 2016 . The quarter-over-quarter decrease in Revenue net of purchased power and fuel expense was primarily due to the following unfavorable factors:

- Decrease of $36 million at PECO primarily due to unfavorable weathers conditions;
- Decrease of $15 million at Generation due to mark-to-market gains of $73 million in 2017 compared to $88 million in 2016; and
- Decrease of $11 million at Generation due to the unfavorable impacts of lower load volumes delivered due to mild weather and lower realized energy prices related to Exelon's ratable hedging strategy, partially offset by the impact of the New York CES, increased capacity prices, increased nuclear volumes primarily as a result of the acquisition of FitzPatrick and decreased nuclear outage days, and the addition of two combined-cycle gas turbines in Texas.

The quarter-over-quarter decrease in Revenue net of purchase power and fuel expense was partially offset by the following favorable factors:

- Increase of $26 million at PHI primarily due to increased distribution revenue as a result of rate increases; and
- Increase of $17 million at BGE primarily due to increased transmission revenue as a result of rate increases.

Operating and maintenance expense decreased by $38 million for the three months ended September 30, 2017 as compared to the same period in 2016 primarily due to the following favorable factors:

- Decrease of $32 million at Exelon due to the net recovery of $2 million of merger-related costs in 2017 compared to merger-related costs of $30 million in 2016; and
- Decrease of $31 million at ComEd primarily due to the change to defer and recover over time energy efficiency costs pursuant to the Illinois Future Energy Jobs Act.

The quarter-over-quarter decrease in Operating and maintenance expense was partially offset by an increase of $38 million at Generation primarily due to the announcement of the early retirement of Generation's TMI nuclear facility in 2017 compared to the previous decision to early retire Generation's Clinton and Quad Cities nuclear facilities in 2016 and higher asset impairment charges, partially offset by decreased nuclear refueling outage costs and labor, contracting and materials expense.

Depreciation and amortization expense decreased by $193 million primarily due to lower accelerated depreciation and amortization as a result of the 2017 decision to early retire the TMI nuclear facility compared to the previous decision in 2016 to early retire the Clinton and Quad Cities nuclear facilities, partially offset by increased depreciation expense as a result of ongoing capital expenditures across all operating companies for the three months ended September 30, 2017 as compared to the same period in 2016 .

Taxes other than income increased by $7 million primarily due to increased property taxes as a result of the addition of FitzPatrick at Generation for the three months ended September 30, 2017 as compared to the same period in 2016 .

Gain on sales of assets remained relatively consistent for the three months ended September 30, 2017 as compared to the same period in 2016 .

Bargain purchase gain increased by $7 million due to a measurement period adjustment to the bargain purchase gain for the FitzPatrick acquisition for the three months ended September 30, 2017 as compared to the same period in 2016 .

Interest expense, net decreased by $130 million primarily due to additional interest recorded in the third quarter 2016 related to Exelon's like-kind exchange tax position, partially offset by the the impact of project in-service dates on the capitalization of interest and higher outstanding debt at Generation for the three months ended September 30, 2017 as compared to the same period in 2016 .

Other, net increased by $117 million primarily due to the penalty recorded in the third quarter of 2016 related to Exelon's like-kind exchange tax position and higher net realized gains on NDT funds at Generation for the three months ended September 30, 2017 as compared to the same period in 2016 .

Exelon’s effective income tax rates for the three months ended September 30, 2017 and 2016 were 34.1% and 39.0% , respectively. See Note 12 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

Nine Months Ended September 30, 2017 Compared to Nine Months Ended September 30, 2016 . Exelon’s Net income attributable to common shareholders was $1,899 million for the nine months ended September 30, 2017 as compared to $930 million for the nine months ended September 30, 2016 , and diluted earnings per average common share were $2.01 for the nine months ended September 30, 2017 as compared to $1.00 for the nine months ended September 30, 2016 .

Revenue net of purchased power and fuel expense, which is a non-GAAP measure discussed below, increased by $598 million for the nine months ended September 30, 2017 as compared to the same period in 2016 . The year-over-year increase in Revenue net of purchased power and fuel expense was primarily due to the following favorable factors:

- Increase of $96 million at ComEd primarily due to higher electric distribution and transmission formula rate revenues resulting from increased capital investment and higher allowed electric distribution ROE, partially offset by the impact of favorable weather conditions in 2016;

- Increase of $83 million at BGE primarily due to the impacts of the electric and natural gas distribution rate increases issued by the MDPSC in June 2016 and July 2016 and an increase in transmission formula rate revenues; and

- Increase of $711 million in Revenue net of purchased power and fuel due to the inclusion of PHI's results for the nine months ended September 30, 2017 compared to the period March 24, 2016 to September 30, 2016 , as well as distribution rate increases effective in 2016 and 2017.

The year-over-year increase in Revenue net of purchased power and fuel expense was partially offset by the following unfavorable factors:

- Decrease of $180 million at Generation primarily due to the conclusion of the Ginna Reliability Support Services Agreement, the impact of declining natural gas prices on Generation's natural gas portfolio, the impacts of lower load volumes delivered due to mild weather and lower realized energy prices related to Exelon's ratable hedging strategy, partially offset by the impact of the New York CES, increased nuclear volumes primarily as a result of the acquisition of FitzPatrick, the addition of two combined-cycle gas turbines in Texas and the absence of oil inventory write downs in 2017.

- Decrease of $62 million at PECO primarily due to unfavorable weather conditions; and

- Decrease of $48 million at Generation due to mark-to-market losses of $161 million in 2017 compared to $113 million in 2016.

Operating and maintenance expense increased by $55 million for the nine months ended September 30, 2017 as compared to the same period in 2016 primarily due to the following unfavorable factors:

- Increase of $288 million at Generation due to higher asset impairment charges;

- Increase of $88 million at Generation due to increased nuclear outage costs;

- Increase in Generation's labor, contracting and materials costs of $74 million primarily due to the acquisition of FitzPatrick beginning on March 31, 2017; and

- Increase of $253 million at PHI due to the inclusion of PHI's results for the nine months ended September 30, 2017 compared to the period March 24, 2016 to September 30, 2016 .

The year-over-year increase in Operating and maintenance expense was partially offset by the following favorable factors:

- Decrease of $589 million at Exelon due to merger commitment and other merger-related costs of $63 million in 2017 compared to $652 million in 2016; and

- Decrease of $56 million at BGE primarily due to certain disallowances contained in the June and July 2016 rate orders.

Depreciation and amortization expense decreased by $7 million primarily due to lower accelerated depreciation and amortization expense as a result of the 2017 decision to early retire the TMI nuclear facility compared to the previous decision in 2016 to early retire the Clinton and Quad Cities nuclear facilities, partially offset by increased depreciation expense as a result of ongoing capital expenditures across all operating companies and the inclusion of PHI's results for the nine months ended September 30, 2017 compared to the period March 24, 2016 to September 30, 2016 .

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Taxes other than income increased by $145 million primarily due to increased property taxes as a result of the addition of FitzPatrick, increased gross receipts tax expense and increased sales and use tax expense at Generation, as well as the inclusion of PHI's results for the nine months ended September 30, 2017 compared to the period March 24, 2016 to September 30, 2016 .

Gain on sales of assets decreased by $37 million primarily due to Generation's gain associated with the sale of the New Boston generating site in 2016.

Bargain purchase gain increased by $233 million due to the gain associated with Generation's acquisition of FitzPatrick in 2017.

Interest expense, net increased by $15 million primarily due to additional interest recorded in the second quarter 2017 related to Exelon's like-kind exchange tax position, higher outstanding debt and the inclusion of PHI's results for the nine months ended September 30, 2017 compared to the period March 24, 2016 to September 30, 2016 , partially offset by additional interest recorded in the third quarter 2016 related to Exelon's like-kind exchange tax position.

Other, net increased by $348 million primarily due to higher net unrealized and realized gains on NDT funds at Generation for the nine months ended September 30, 2017 as compared to the same period in 2016 and the penalty recorded in 2016 related to Exelon's like-kind exchange tax position.

Exelon’s effective income tax rates for the nine months ended September 30, 2017 and 2016 were 23.5% and 39.1% , respectively. See Note 12 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

For further detail regarding the financial results for the three and nine months ended September 30, 2017 , including explanation of the non-GAAP measure Revenue net of purchased power and fuel expense, see the discussions of Results of Operations by Segment below.

Adjusted (non-GAAP) Operating Earnings

Exelon’s adjusted (non-GAAP) operating earnings for the three months ended September 30, 2017 were $821 million , or $0.85 per diluted share, compared with adjusted (non-GAAP) operating earnings of $841 million , or $0.91 per diluted share for the same period in 2016 . Exelon’s adjusted (non-GAAP) operating earnings for the nine months ended September 30, 2017 were $1,935 million , or $2.05 per diluted share, compared with adjusted (non-GAAP) operating earnings of $2,078 million , or $2.24 per diluted share for the same period in 2016 . In addition to net income, Exelon evaluates its operating performance using the measure of adjusted (non-GAAP) operating earnings because management believes it represents earnings directly related to the ongoing operations of the business. Adjusted (non-GAAP) operating earnings exclude certain costs, expenses, gains and losses and other specified items. This information is intended to enhance an investor’s overall understanding of period-over-period operating results and provide an indication of Exelon’s baseline operating performance excluding items that are considered by management to be not directly related to the ongoing operations of the business. In addition, this information is among the primary indicators management uses as a basis for evaluating performance, allocating resources, setting incentive compensation targets and planning and forecasting of future periods. Adjusted (non-GAAP) operating earnings is not a presentation defined under GAAP and may not be comparable to other companies’ presentations or deemed more useful than the GAAP information provided elsewhere in this report.

The following tables provide a reconciliation between net income attributable to common shareholders as determined in accordance with GAAP and adjusted (non-GAAP) operating earnings for the three and nine months ended September 30, 2017 as compared to the same period in 2016 .

	Three Months Ended September 30,			
	2017		2016	
(All amounts in millions after tax)		Earnings per Diluted Share		Earnings per Diluted Share
Net Income Attributable to Common Shareholders	$ 824	$ 0.85	$ 490	$ 0.53
Mark-to-Market Impact of Economic Hedging Activities [a] (net of taxes of $29 and $35, respectively)	(45)	(0.05)	(54)	(0.06)
Unrealized Gains Related to NDT Fund Investments [b] (net of taxes of $45 and $48, respectively)	(67)	(0.07)	(70)	(0.07)
Amortization of Commodity Contract Intangibles [c] (net of taxes of $8 and $8, respectively)	12	0.01	13	0.01
Merger and Integration Costs [d] (net of taxes of $1 and $10, respectively)	(1)	—	13	0.01
Merger Commitments [e] (net of taxes of $1)	—	—	5	0.01
Long-Lived Asset Impairments [f] (net of taxes of $16 and $5, respectively)	24	0.03	11	0.01
Plant Retirements and Divestitures [g] (net of taxes of $47 and $129, respectively)	71	0.08	204	0.22
Cost Management Program [h] (net of taxes of $8 and $5, respectively)	13	0.01	7	0.01
Like-Kind Exchange Tax Position [i] (net of taxes of $61)	—	—	199	0.21
Asset Retirement Obligation [j] (net of taxes of $1)	(2)	—	—	—
Bargain Purchase Gain [k] (net of taxes of $0)	(7)	(0.01)	—	—
Reassessment of State Deferred Income Taxes [l] (entire amount represents tax expense)	(21)	(0.02)	—	—
Noncontrolling Interests [m] (net of taxes of $4 and $5, respectively)	20	0.02	23	0.03
Adjusted (non-GAAP) Operating Earnings	$ 821	$ 0.85	$ 841	$ 0.91

(All amounts in millions after tax)	Nine Months Ended September 30, 2017		Nine Months Ended September 30, 2016	
		Earnings per Diluted Share		Earnings per Diluted Share
Net Income Attributable to Common Shareholders	$ 1,899	$ 2.01	$ 930	$ 1.00
Mark-to-Market Impact of Economic Hedging Activities [a] (net of taxes of $62 and $46, respectively)	97	0.10	67	0.07
Unrealized Gains Related to NDT Fund Investments [b] (net of taxes of $137 and $89, respectively)	(211)	(0.22)	(127)	(0.13)
Amortization of Commodity Contract Intangibles [c] (net of taxes of $17 and $6, respectively)	27	0.03	8	0.01
Merger and Integration Costs [d] (net of taxes of $24 and $36, respectively)	39	0.04	92	0.10
Merger Commitments [e] (net of taxes of $137 and $114, respectively)	(137)	(0.15)	400	0.43
Long-Lived Asset Impairments [f] (net of taxes of $188 and $67, respectively)	293	0.31	104	0.11
Plant Retirements and Divestitures [g] (net of taxes of $89 and $214, respectively)	137	0.15	338	0.37
Cost Management Program [h] (net of taxes of $15 and $17, respectively)	24	0.03	26	0.03
Like-Kind Exchange Tax Position [i] (net of taxes of $66 and $61, respectively)	(26)	(0.03)	199	0.21
Asset Retirement Obligation [j] (net of taxes of $1)	(2)	—	—	—
Bargain Purchase Gain [k] (net of taxes of $0)	(233)	(0.25)	—	—
Reassessment of State Deferred Income Taxes [l] (entire amount represents tax expense)	(42)	(0.04)	—	—
Tax Settlements [n] (net of taxes of $1)	(5)	(0.01)	—	—
Noncontrolling Interests [m] (net of taxes of $16 and $8, respectively)	75	0.08	41	0.04
Adjusted (non-GAAP) Operating Earnings	$ 1,935	$ 2.05	$ 2,078	$ 2.24

Note:
Unless otherwise noted, the income tax impact of each reconciling item between GAAP Net Income and Adjusted (non-GAAP) Operating Earnings is based on the marginal statutory federal and state income tax rates for each Registrant, taking into account whether the income or expense item is taxable or deductible, respectively, in whole or in part. For all items except the unrealized gains and losses related to NDT fund investments, the marginal statutory income tax rates ranged from 39.0 percent to 41.0 percent. Under IRS regulations, NDT fund investment returns are taxed at differing rates for investments in qualified vs. non-qualified funds. The tax rates applied to unrealized gains and losses related to NDT Fund investments were 43.2 percent and 46.2 percent for the three and nine months ended September 30, 2017 , respectively, and 52.6 percent and 52.5 percent for the three and nine months ended September 30, 2016 , respectively.

(a) Reflects the impact of net gains and losses on Generation's economic hedging activities. See Note 10 - Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional detail related to Generation's hedging activities.
(b) Reflects the impact of net unrealized gains on Generation's NDT fund investments for Non-Regulatory Agreement Units. See Note 13 - Nuclear Decommissioning of the Combined Notes to Consolidated Financial Statements for additional detail related to Generation's NDT fund investments.
(c) Reflects the non-cash amortization of intangible assets, net, primarily related to commodity contracts recorded at fair value related to the ConEdison Solutions and FitzPatrick acquisitions in 2017, and in 2016, the Integrys and ConEdison Solutions acquisitions.
(d) Reflects certain costs incurred for the PHI acquisition in 2017 and 2016 and Generation's FitzPatrick acquisition in 2017, including professional fees, employee-related expenses and integration activities. See Note 4 - Mergers, Acquisitions and Dispositions of the Combined Notes to Consolidated Financial Statements for additional detail related to merger and acquisition costs.
(e) Represents a decrease in reserves for uncertain tax positions related to the deductibility of certain merger commitments associated with the 2012 CEG and 2016 PHI acquisitions in 2017, and costs and adjustments incurred as part of the settlement orders approving the PHI acquisition in 2017 and 2016. See Note 4 - Mergers, Acquisitions and Dispositions of the Combined Notes to Consolidated Financial Statements for additional detail related to PHI Merger commitments.
(f) Primarily reflects impairments as a result of the ExGenTexas Power, LLC assets held for sale in 2017 and impairments of Upstream assets and certain wind projects at Generation in 2016.
(g) Primarily reflects accelerated depreciation and amortization expenses, increases to materials and supplies inventory reserves, charges for severance reserves and construction work in progress impairments associated with Generation's previous decision to early retire the Clinton and Quad Cities nuclear facilities in 2016, partially offset in 2016 by a gain associated with Generation's sale of the New Boston generating site and Generation's decision to early retire the Three Mile Island nuclear facility in 2017.
(h) Reflects severance and reorganization costs related to a cost management program.

(i) Represents adjustments to income tax, penalties and interest expenses in 2017 as a result of the finalization of the IRS tax computation related to Exelon's like-kind exchange tax position, and in 2016, the recognition of a penalty and associated interest expense in 2016 as a result of a tax court decision on Exelon's like-kind exchange tax position.
(j) Reflects a non-cash benefit pursuant to the annual update of the Generation nuclear decommissioning obligation related to the nonregulatory units.
(k) Represents the excess of the fair value of assets and liabilities acquired over the purchase price for the FitzPatrick acquisition.
(l) Reflects the non-cash impact of the remeasurement of state deferred income taxes, primarily as a result of changes in forecasted apportionment related to the PHI acquisition in 2016, and in 2017, changes in the Illinois and District of Columbia statutory tax rates and changes in forecasted apportionment.
(m) Represents elimination from Generation's results of the noncontrolling interest related to certain exclusion items, primarily related to the impact of unrealized gains and losses on NDT fund investments at CENG.
(n) Reflects benefits related to the favorable settlement in 2017 of certain income tax positions related to PHI's unregulated business interests that were transferred to Generation.

Merger, Integration and Acquisition Costs

As a result of the PHI Merger that was completed on March 23, 2016, the Registrants have incurred costs associated with evaluating, structuring and executing the PHI Merger transaction itself, and will continue to incur cost associated with meeting the various commitments set forth by regulators and agreed-upon with other interested parties as part of the merger approval process, and integrating the former PHI businesses into Exelon. In addition, as a result of the acquisition of the FitzPatrick nuclear generating station on March 31, 2017, Exelon and Generation incurred costs associated with evaluating, structuring, and executing the transaction and integrating FitzPatrick into Exelon.

For the three and nine months ended September 30, 2017 and 2016 , expense has been recognized for the PHI Merger and Generation's FitzPatrick acquisition as follows:

	Pre-tax Expense								
	Three Months Ended September 30, 2017								
Merger, Integration and Acquisition Costs:	Exelon [a]	Generation [a]	ComEd	PECO	BGE	PHI [a][b]	Pepco [a][c]	DPL [a]	ACE [a][d]
Transaction [e]	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Other [f]	(3)	11	—	1	1	(15)	(8)	1	(8)
Total	$ (3)	$ 11	$ —	$ 1	$ 1	$ (15)	$ (8)	$ 1	$ (8)

	Pre-tax Expense								
	Three Months Ended September 30, 2016								
Merger, Integration and Acquisition Costs:	Exelon [a]	Generation [a]	ComEd	PECO	BGE	PHI [a]	Pepco [a]	DPL [a]	ACE [a]
Transaction [e]	$ 1	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Employee-Related [g]	1	—	—	—	—	1	—	—	—
Other [f]	21	11	—	2	2	7	3	2	2
Total	$ 23	$ 11	$ —	$ 2	$ 2	$ 8	$ 3	$ 2	$ 2

	Pre-tax Expense								
	Nine Months Ended September 30, 2017								
Merger, Integration and Acquisition Costs:	Exelon [a]	Generation [a]	ComEd	PECO	BGE	PHI [a][b]	Pepco [a][c]	DPL [a][h]	ACE [a][d]
Transaction [e]	$ 5	$ 4	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Other [f]	57	67	1	3	3	(17)	(6)	(6)	(6)
Total	$ 62	$ 71	$ 1	$ 3	$ 3	$ (17)	$ (6)	$ (6)	$ (6)

Merger, Integration and Acquisition Costs:	Pre-tax Expense								
	Nine Months Ended September 30, 2016								
	Exelon [a]	Generation [a]	ComEd [i]	PECO	BGE [j]	PHI [a][b]	Pepco [a][c]	DPL [a][h]	ACE [a]
Transaction [e]	$ 36	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Employee-Related [g]	74	10	1	1	1	61	29	17	14
Other [f]	16	21	(8)	3	(3)	2	(3)	1	3
Total	$ 126	$ 31	$ (7)	$ 4	$ (2)	$ 63	$ 26	$ 18	$ 17

(a) For Exelon, Generation, PHI, Pepco, DPL, and ACE, includes the operations of the acquired businesses beginning on March 24, 2016 .
(b) For the three and nine months ended September 30, 2017 , includes the reversal of previously incurred acquisition, integration and financing costs of $16 million and $24 million , respectively, incurred at PHI that have been deferred and recorded as a regulatory asset for anticipated recovery. For the Successor period March 24, 2016 to September 30, 2016 , includes the reversal of previously incurred acquisition, integration and financing costs of $13 million incurred at PHI that have been deferred and recorded as a regulatory asset for anticipated recovery. See Note 5 — Regulatory Matters for more information.
(c) For the three and nine months ended September 30, 2017 , includes the reversal of previously incurred acquisition, integration and financing costs of $8 million incurred at Pepco that have been deferred and recorded as a regulatory asset for anticipated recovery. For the nine months ended September 30, 2016 , includes the reversal of previously incurred acquisition, integration and financing costs of $10 million incurred at Pepco that have been deferred and recorded as a regulatory asset for anticipated recovery. See Note 5 — Regulatory Matters for more information.
(d) For the three and nine months ended September 30, 2017 , includes the reversal of previously incurred acquisition, integration and financing costs of $8 million incurred at ACE that have been deferred and recorded as a regulatory asset for anticipated recovery. See Note 5 — Regulatory Matters for more information.
(e) External, third party costs paid to advisors, consultants, lawyers and other experts to integrate PHI processes and systems into Exelon, to assist in the due diligence and regulatory approval processes and in the closing of transactions.
(f) Costs to integrate PHI processes and systems into Exelon. For the three and nine months ended September 30, 2017 , also includes costs to integrate FitzPatrick processes and systems into Exelon.
(g) Costs primarily for employee severance, pension and OPEB expense and retention bonuses.
(h) For the nine months ended September 30, 2017 , includes the reversal of previously incurred acquisition, integration and financing costs of $8 million incurred at DPL that have been deferred and recorded as a regulatory asset for anticipated recovery. For the nine months ended September 30, 2016 , includes the reversal of previously incurred acquisition, integration and financing costs of $3 million incurred at DPL that have been deferred and recorded as a regulatory asset for anticipated recovery. See Note 5 — Regulatory Matters for more information.
(i) For the nine months ended September 30, 2016 , includes the reversal of previously incurred acquisition, integration and financing costs of $8 million , incurred at ComEd that have been deferred and recorded as a regulatory asset for anticipated recovery. See Note 5 — Regulatory Matters for more information.
(j) For the nine months ended September 30, 2016 , includes the reversal of previously incurred acquisition, integration and financing costs of $6 million incurred at BGE that have been deferred and recorded as a regulatory asset for anticipated recovery. See Note 5 — Regulatory Matters for more information.

As of September 30, 2017 , Exelon expects to incur total PHI acquisition and integration related costs of approximately $700 million , excluding merger commitments. Of this amount, including costs incurred from 2014 through September 30, 2017 , Exelon and PHI have incurred approximately $675 million .

Significant 2017 Transactions and Developments

Early Retirement of Three Mile Island Facility

On May 30, 2017, Generation announced it will permanently cease generation operations at Three Mile Island Generating Station (TMI) on or about September 30, 2019. The TMI nuclear plant did not clear in the May 2017 PJM capacity auction for the 2020-2021 planning year and will not receive capacity revenue for that period, the third consecutive year that TMI failed to clear the PJM base residual capacity auction. The plant is currently committed to operate through May 2019. In 2017, as a result of the plant retirement decision of TMI, Exelon and Generation recognized one-time charges in Operating and maintenance expense of $76 million related to materials and supplies inventory reserve adjustments, employee-related costs and construction work-in-progress (CWIP) impairments, among other items. In addition to these one-time charges, there will be ongoing annual incremental non-cash charges to earnings stemming from shortening the expected economic useful life of TMI primarily related to accelerated depreciation of plant assets (including any asset retirement costs (ARC)), accelerated amortization of nuclear fuel, and additional asset retirement obligation (ARO) accretion expense associated with the changes in decommissioning timing and cost assumptions. During the three and nine months ended September 30, 2017 , both Exelon's and Generation's results include an incremental $112 million and $149 million , respectively, of pre-tax expense for these items.

The following table summarizes the estimated annual amount and timing of expected incremental non-cash expense items through 2019.

		Projected [a]		
Income statement expense (pre-tax)	September 30, 2017	2017	2018	2019
Depreciation and Amortization				
Accelerated depreciation [b]	$ 141	$ 250	$ 430	$ 325
Accelerated nuclear fuel amortization	8	10	20	5
Total	$ 149	$ 260	$ 450	$ 330

(a) Actual results may differ based on incremental future capital additions, actual units of production for nuclear fuel amortization, future revised ARO assumptions, etc.
(b) Reflects incremental accelerated depreciation of plant assets, including any ARC.

EGTP Consent Agreement

In September 2014, EGTP, an indirect subsidiary of Exelon and Generation, issued $675 million aggregate principal amount of a nonrecourse senior secured term loan. EGTP's operating cash flows have been negatively impacted by certain market conditions and the seasonality of its cash flows. On May 2, 2017, EGTP entered into a consent agreement with its lenders to permit EGTP to draw on its revolving credit facility and initiate an orderly sales process to sell the assets of its wholly owned subsidiaries, the proceeds from which will first be used to pay the administrative costs of the sale, the normal and ordinary costs of operating the plants and repayment of the secured debt of EGTP, including the revolving credit facility. As a result, in the second quarter 2017, Exelon and Generation classified certain EGTP assets and liabilities on Exelon's and Generation's Consolidated Balance Sheets as held for sale at their respective fair values less costs to sell and included in the other current assets and other current liabilities balances on Exelon's and Generation's Consolidated Balance Sheets. For the three and nine months ended September 30, 2017 , a $40 million and $458 million pre-tax impairment loss was recorded within Operating and maintenance expense on Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income. See Note 4 - Mergers, Acquisitions and Dispositions , Note 6 - Impairment of Long-Lived Assets and Note 11 - Debt and Credit Agreements for more information for additional information regarding EGTP and the associated nonrecourse debt.

Acquisition of James A. FitzPatrick Nuclear Generating Station

On March 31, 2017, Generation acquired the 838 MW single-unit James A. FitzPatrick (FitzPatrick) nuclear generating station for a total purchase price of $289 million . In accounting for the acquisition as a business combination, Exelon and Generation recorded an after-tax bargain purchase gain of $233 million which is included within Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income. See Note 4 - Mergers, Acquisitions and Dispositions of the Combined Notes to the Consolidated Financial Statements for additional information regarding the Generation's acquisition of FitzPatrick and related costs.

Illinois Future Energy Jobs Act

On December 7, 2016, FEJA was signed into law by the Governor of Illinois. FEJA was effective June 1, 2017, and includes, among other provisions, (1) a Zero Emission Standard (ZES) providing compensation for certain nuclear-powered generating facilities, (2) an extension of and certain adjustments to ComEd's electric distribution formula rate, (3) new cumulative persisting annual energy efficiency MWh savings goals for ComEd, (4) revisions to the Illinois RPS requirements, (5) provisions for adjustments to or termination of FEJA programs if the average impact on ComEd's customer rates exceeds specified limits, (6) revisions to the existing net metering statute and (7) support for low income rooftop and community solar programs . FEJA establishes new or adjusts existing rate recovery mechanisms for ComEd to recover costs associated with the new or expanded energy efficiency and RPS requirements. Regulatory or legal challenges over the validity of FEJA are possible. See Note 5 - Regulatory Matters of the Combined Notes to the Consolidated Financial Statements for additional information regarding FEJA. See Note 7 - Early Nuclear Plant Retirements of the Combined Notes to the Consolidated Financial Statements for additional information regarding the economic challenges facing Generation's Clinton and Quad Cities nuclear plants and the expected benefits of the ZES.

Dismissal of Litigation Challenging ZEC Programs

On July 14, 2017, the U.S. District Court for the Northern District of Illinois dismissed two lawsuits challenging the ZEC program contained in FEJA. On July 17, 2017, the plaintiffs appealed the court's decisions to the U.S. Court of Appeals for the Seventh Circuit. Plaintiffs-Appellants initial brief was filed on August 28, 2017 and the state's and Exelon's briefs were filed on October 27, 2017. Reply briefs are due on December 12, 2017.

Additionally, on July 25, 2017, the U.S. District Court for the Southern District of New York dismissed a lawsuit challenging the ZEC program contained in the New York CES. On August 24, 2017, the plaintiffs appealed the decision to the Second Circuit. Plaintiffs-Appellants' initial brief was filed on October 13 and the state's and Exelon's briefs are due on November 17, 2017. Reply briefs are due on December 1, 2017.

These court decisions uphold the ZEC programs which support Illinois's and New York's efforts to advance clean energy and preserve affordable and reliable energy resources for customers. See Note 5 - Regulatory Matters of the Combined Notes to the Consolidated Financial Statements for additional information regarding FEJA and the New York CES.

Merger Commitment Unrecognized Tax Benefits

Exelon established a liability for an uncertain tax position associated with the tax deductibility of certain merger commitments incurred by Exelon in connection with the acquisitions of Constellation in 2012 and PHI in 2016. In the first quarter 2017, as a part of its examination of Exelon's return, the IRS National Office issued guidance concurring with Exelon's position that the merger commitments were deductible. As a result, Exelon, Generation, PHI, Pepco, DPL, and ACE decreased their liability for unrecognized tax benefits by $146 million , $19 million , $59 million , $21 million , $16 million , and $22 million , respectively, as of September 30, 2017 , resulting in a benefit to Income taxes on Exelon's, Generation's, PHI's, Pepco's, DPL's and ACE's Consolidated Statements of Operations and Comprehensive Income and corresponding decreases in their effective tax rates.

Combined-Cycle Gas Turbine Projects

In June 2017, Generation commenced commercial operations of two new combined-cycle gas turbines (CCGTs) at the Colorado Bend and Wolf Hollow Generating Stations in Texas. The two new CCGTs have added nearly 2,200 MWs of capacity to Generation's fleet, enhancing Generation's strategy to match generation to customer load. Generation invested approximately $1.5 billion over the past three years to complete the new plant construction, which utilizes new General Electric technology to make them among the cleanest, most efficient CCGTs in the nation.

Utility Rates and Rate Proceedings

The Utility Registrants file rate cases with their regulatory commissions seeking increases or decreases to their electric transmission and distribution, and gas distribution rates to recover their costs and earn a fair return on their investments. The outcomes of these regulatory proceedings impact the Utility Registrants' current and future results of operations, cash flows and financial position.

The following tables show the Utility Registrants' completed and pending distribution rate case proceedings in 2017.

Completed Distribution Rate Case Proceedings

Company	Jurisdiction	Approved Revenue Requirement Increase (in millions)	Approved Return on Equity	Completion Date	Rate Effective Date
DPL	Maryland (Electric)	$ 38	9.6%	February 15, 2017	February 15, 2017
DPL	Delaware (Electric)	$ 31.5	9.7%	May 23, 2017	June 1, 2017
DPL	Delaware (Natural Gas)	$ 4.9	9.7%	June 6, 2017	July 1, 2017
Pepco	District of Columbia (Electric)	$ 37	9.5%	July 25, 2017	August 15, 2017
ACE	New Jersey (Electric)	$ 43	9.6%	September 22, 2017	October 1, 2017
Pepco	Maryland (Electric)	$ 32	9.5%	October 27, 2017	October 20, 2017

Pending Distribution Rate Case Proceedings

Company	Jurisdiction	Requested Revenue Requirement Increase (in millions)	Requested Return on Equity	Filing Date	Expected Completion Timing
ComEd	Illinois (Electric) [a]	$ 96 [b]	8.4% [c]	April 13, 2017	Fourth quarter 2017
DPL	Maryland (Electric)	$ 22	10.1%	July 14, 2017 (Updated on September 28, 2017)	First quarter 2018
DPL	Delaware (Electric)	$ 31	10.1%	August 17, 2017 (Updated on October 18, 2017)	Third quarter 2018
DPL	Delaware (Natural Gas)	$ 13	10.1%	August 17, 2017	Third quarter 2018

(a) Pursuant to EIMA, ComEd's electric distribution rates are established through a performance-based formula through which ComEd is required to file an annual update on or before May 1, with resulting rates effective in January of the following year. ComEd's annual electric distribution formula rate update is based on prior year actual costs and current year projected capital additions (initial year revenue requirement). The update also reconciles any differences between the revenue requirement in effect for the prior year and actual costs incurred for the year (annual reconciliation).

(b) Reflects an increase of $78 million for the initial revenue requirement for 2017 and an increase of $18 million related to the annual reconciliation.

(c) ComEd's allowed ROE under its electric distribution formula rate is the annual average rate on 30 -year treasury notes plus 580 basis points and is subject to reduction if ComEd does not deliver certain reliability and customer service benefits. The initial revenue requirement for 2017 reflects an allowed ROE of 8.40% , while the annual reconciliation reflects an allowed ROE of 8.34% , which is inclusive of a 6 basis point performance penalty.

Transmission Formula Rates

The following total increases/(decreases) were included in ComEd's, BGE's, Pepco's, DPL's and ACE's 2017 annual electric transmission formula rate filings:

	2017				
Annual Transmission Filings [a]	ComEd	BGE	Pepco	DPL	ACE
Initial revenue requirement increase	$ 44	$ 31	$ 5	$ 6	$ 20
Annual reconciliation (decrease) increase	(33)	3	15	8	22
Dedicated facilities decrease [b]	—	(8)	—	—	—
Total revenue requirement increase	$ 11	$ 26	$ 20	$ 14	$ 42
Allowed return on rate base [c]	8.43%	7.47%	7.92%	7.16%	8.02%
Allowed ROE [d]	11.50%	10.50%	10.50%	10.50%	10.50%

(a) All rates are effective June 2017, subject to review by the FERC and other parties, which is due by fourth quarter 2017.
(b) BGE's transmission revenues include a FERC approved dedicated facilities charge to recover the costs of providing transmission service to specifically designated load by BGE.
(c) Represents the weighted average debt and equity return on transmission rate bases.
(d) As part of the FERC-approved settlement of ComEd's 2007 transmission rate case, the rate of return on common equity is 11.50% and the common equity component of the ratio used to calculate the weighted average debt and equity return for the transmission formula rate is currently capped at 55%. As part of the FERC-approved settlement of the ROE complaint against BGE, Pepco, DPL and ACE, the rate of return on common equity is 10.50% , inclusive of a 50 basis point incentive adder for being a member of a regional transmission organization.

PECO Transmission Formula Rate

On May 1, 2017, PECO filed a request with FERC seeking approval to update its transmission rates and change the manner in which PECO's transmission rate is determined from a fixed rate to a formula rate. The formula rate would be updated annually to ensure that under this rate customers pay the actual costs of providing transmission services. The formula rate filing includes a requested increase of $22 million to PECO's annual transmission revenues and a requested rate of return on common equity of 11% , inclusive of a 50 basis point adder for being a member of a regional transmission organization. PECO requested that the new transmission rate be effective as of July 2017. On June 27, 2017, FERC issued an Order accepting the filing and suspending the proposed rates until December 1, 2017, subject to refund, and set the matter for hearing and settlement judge procedures. PECO cannot predict the final outcome of the settlement or hearing proceedings, or the transmission formula FERC may approve.

See Note 5 - Regulatory Matters of the Combined Notes to Consolidated Financial Statements for further details on these regulatory proceedings.

Westinghouse Electric Company LLC Bankruptcy

On March 29, 2017, Westinghouse Electric Company LLC (Westinghouse) and its affiliated debtors filed petitions for relief under Chapter 11 of the Bankruptcy Code in the U.S. Bankruptcy Court for the Southern District of New York. In the petitions and supporting documents, Westinghouse makes clear that its requests for relief center on one business area that is losing money — the construction of nuclear power plants in Georgia and South Carolina. Through the bankruptcy, Westinghouse seeks to reorganize around its profitable core business, which includes nuclear fuel fabrication and related services and other services provided to existing nuclear power plants in the U.S. and around the world. For these reasons, at this time, Generation does not anticipate disruption to the Westinghouse fuel fabrication contracts for Braidwood, Byron, or Ginna or other existing contracts for Generation's nuclear power plants. Generation is monitoring the bankruptcy proceeding to ensure that its rights are protected.

ExGen Renewables Holdings, LLC Transaction

On July 6, 2017, ExGen Renewables Holdings, LLC, a wholly owned subsidiary of Generation, completed the sale of a 49% interest of ExGen Renewables Partners, LLC, a newly formed owner and operator of approximately 1,296 megawatts of Generation's operating wind and solar electric generating facilities. ExGen Renewables Holdings will be the managing member of ExGen Renewables Partners, LLC, and have day-to-day control and management

over its renewable generation portfolio. The closing of the transaction was subject to certain regulatory approvals, including the Federal Energy Regulatory Commission (FERC) and the Public Utility Commission of Texas (PUCT) which were received during the second quarter of 2017. The sale price was $400 million plus immaterial working capital and other customary post-closing adjustments. The net proceeds, after approximately $100 million of income taxes, will be used to pay down debt and for general corporate purposes. Generation will continue to consolidate ExGen Renewables Partners, LLC and will record a noncontrolling interest on its Consolidated Balance Sheet for the investor's initial equity share as well as earnings attributable to the noncontrolling interest in the Consolidated Statements of Operations and Comprehensive Income each period going forward.

Hurricanes Harvey, Irma and Maria Impacts

Although Exelon subsidiaries provided substantial assistance to recovery efforts following Hurricanes Harvey and Irma, Hurricanes Harvey, Irma and Maria are not expected to have a material impact on the Registrants' businesses or financial results given the limited operations in the areas affected by the storms.

Exelon's Strategy and Outlook for 2017 and Beyond

Exelon's value proposition and competitive advantage come from its scope and its core strengths of operational excellence and financial discipline. Exelon leverages its integrated business model to create value. Exelon's regulated and competitive businesses feature a mix of attributes that, when combined, offer shareholders and customers a unique value proposition:

- Exelon's utilities provide a foundation for steadily growing earnings, which translates to a stable currency in our stock.
- Generation's competitive businesses provide free cash flow to invest primarily in the utilities and in long-term, contracted assets and to reduce debt.

Exelon believes its strategy provides a platform for optimal success in an energy industry experiencing fundamental and sweeping change.

Exelon's utility strategy is to improve reliability and operations and enhance the customer experience, while ensuring ratemaking mechanisms provide the utilities fair financial returns. The Exelon utilities only invest in rate base where it provides a benefit to customers and the community by improving reliability and the service experience or otherwise meeting customer needs. The Exelon utilities make these investments at the lowest reasonable cost to customers. Exelon seeks to leverage its scale and expertise across the utilities platform through enhanced standardization and sharing of resources and best practices to achieve improved operational and financial results. Additionally, the Utility Registrants anticipate making significant future investments in smart meter technology, transmission projects, gas infrastructure, and electric system improvement projects, providing greater reliability and improved service for our customers and a stable return for the company.

Generation's competitive businesses create value for customers by providing innovative energy solutions and reliable, clean and affordable energy. Generation's electricity generation strategy is to pursue opportunities that provide stable revenues and generation to load matching to reduce earnings volatility. Generation leverages its energy generation portfolio to deliver energy to both wholesale and retail customers. Generation's customer-facing activities foster development and delivery of other innovative energy-related products and services for its customers. Generation operates in well-developed energy markets and employs an integrated hedging strategy to manage commodity price volatility. Its generation fleet, including its nuclear plants which consistently operate at high capacity factors, also provide geographic and supply source diversity. These factors help Generation mitigate the current challenging conditions in competitive energy markets.

Exelon's financial priorities are to maintain investment grade credit metrics at each of the Registrants, to maintain optimal capital structure and to return value to Exelon's shareholders with an attractive dividend throughout the energy commodity market cycle and through stable earnings growth. Exelon's Board of Directors has approved a dividend policy providing a raise of 2.5% each year for three years, beginning with the June 2016 dividend.

Various market, financial, regulatory, legislative and operational factors could affect the Registrants' success in pursuing their strategies. Exelon continues to assess infrastructure, operational, commercial, policy, and legal solutions to these issues. One key issue is ensuring the ability to properly value nuclear generation assets in the market, solutions

to which Exelon is actively pursuing in a variety of jurisdictions and venues. See ITEM 1A. RISK FACTORS of the Exelon 2016 Form 10-K for additional information regarding market and financial factors.

Continually optimizing the cost structure is a key component of Exelon's financial strategy. In a cost management program initiated late in 2015, the company committed to reducing operation and maintenance expenses and capital costs by approximately $350 million and $50 million , respectively, of which approximately 35% of run-rate savings was achieved by the end of 2016. Approximately 60% of run-rate savings are expected to be achieved by the end of 2017 and fully realized in 2018. At least 75% of the savings are expected to be related to Generation, with the remaining amount related to the Utility Registrants.

In November 2017, Exelon announced the elimination of approximately $250 million of annual ongoing costs, primarily at Generation, by 2020. This announcement is a result of Exelon's continuous focus on improving its cost profile through enhanced efficiency and productivity. These cost reductions result in a cost profile that better aligns with current market conditions. The targeted cost savings are incremental to the expected savings from previous cost management initiatives.

Growth Opportunities

Management continually evaluates growth opportunities aligned with Exelon's businesses, assets and markets, leveraging Exelon's expertise in those areas and offering sustainable returns.

Regulated Energy Businesses **.** The PHI merger provides an opportunity to accelerate Exelon's regulated growth to provide stable cash flows, earnings accretion, and dividend support. Additionally, the Utility Registrants anticipate investing approximately $25 billion over the next five years in electric and natural gas infrastructure improvements and modernization projects, including smart meter and smart grid initiatives, storm hardening, advanced reliability technologies, and transmission projects, which is projected to result in an increase to current rate base of approximately $9 billion by the end of 2021. The Utility Registrants invest in rate base where beneficial to customers and the community by increasing reliability and the service experience or otherwise meeting customer needs. These investments are made at the lowest reasonable cost to customers.

See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information on the Smart Meter and Smart Grid Initiatives and infrastructure development and enhancement programs.

Competitive Energy Businesses **.** Generation continually assesses the optimal structure and composition of its generation assets as well as explores wholesale and retail opportunities within the power and gas sectors. Generation's long-term growth strategy is to ensure appropriate valuation of its generation assets, in part through public policy efforts, identify and capitalize on opportunities that provide generation to load matching as a means to provide stable earnings, and identify emerging technologies where strategic investments provide the option for significant future growth or influence in market development. As of September 30, 2017 , Generation has currently approved plans to invest a total of approximately $300 million through 2018 to complete new plant construction currently in progress.

Liquidity Considerations

Each of the Registrants annually evaluates its financing plan, dividend practices and credit line sizing, focusing on maintaining its investment grade ratings while meeting its cash needs to fund capital requirements, retire debt, pay dividends, fund pension and OPEB obligations and invest in new and existing ventures. A broad spectrum of financing alternatives beyond the core financing options can be used to meet its needs and fund growth including monetizing assets in the portfolio via project financing, asset sales, and the use of other financing structures (e.g., joint ventures, minority partners, etc.). The Registrants expect cash flows to be sufficient to meet operating expenses, financing costs and capital expenditure requirements.

Exelon, Generation, ComEd, PECO, BGE, Pepco, DPL and ACE have unsecured syndicated revolving credit facilities with aggregate bank commitments of $0.6 billion , $5.3 billion , $1 billion , $0.6 billion , $0.6 billion , $0.3 billion , $0.3 billion and $0.3 billion , respectively. Generation also has bilateral credit facilities with aggregate maximum availability of $0.5 billion . See Liquidity and Capital Resources - Credit Matters - Exelon Credit Facilities below.

For further detail regarding the Registrants' liquidity for the nine months ended September 30, 2017 , see Liquidity and Capital Resources discussion below.

Project Financing

Generation utilizes individual project financings as a means to finance the construction of various generating asset projects. Project financing is based upon a nonrecourse financial structure, in which project debt and equity used to finance the project are paid back from the cash generated by the newly constructed asset once operational. Borrowings under these agreements are secured by the assets and equity of each respective project. The lenders do not have recourse against Exelon or Generation in the event of a default. If a specific project financing entity does not maintain compliance with its specific debt financing covenants, there could be a requirement to accelerate repayment of the associated debt or other project-related borrowings earlier than the stated maturity dates. In these instances, if such repayment was not satisfied, or restructured, the lenders or security holders would generally have rights to foreclose against the project-specific assets and related collateral. The potential requirement to satisfy its associated debt or other borrowings earlier than otherwise anticipated could lead to impairments due to a higher likelihood of disposing of the respective project-specific assets significantly before the end of their useful lives. See Note 6 Impairment of Long-Lived Assets and Note 11 - Debt and Credit Agreements of the Combined Notes to the Consolidated Financial Statements for additional information on nonrecourse debt.

Other Key Business Drivers and Management Strategies

Power Markets

Price of Fuels

The use of new technologies to recover natural gas from shale deposits is increasing natural gas supply and reserves, which places downward pressure on natural gas prices and, therefore, on wholesale and retail power prices, which results in a reduction in Exelon's revenues. Forward natural gas prices have declined significantly over the last several years; in part reflecting an increase in supply due to strong natural gas production (due to shale gas development).

Capacity Market Changes in PJM

In the wake of the January 2014 Polar Vortex that blanketed much of the Eastern and Midwestern United States, it became clear that while a major outage event was narrowly avoided, resources in PJM were not providing the level of reliability expected by customers. As a result, on December 12, 2014, PJM filed at FERC a proposal to make significant changes to its current capacity market construct, the Reliability Pricing Model (RPM). PJM's proposed changes generally sought to improve resource performance and reliability largely by limiting the excuses for non-performance and by increasing the penalties for performance failures. The proposal permits suppliers to include in capacity market offers additional costs and risk so they can meet these higher performance requirements. While offers are expected to put upward pressure on capacity clearing prices, operational improvements made as a result of PJM's proposal are expected to improve reliability, to reduce energy production costs as a result of more efficient operations and to reduce the need for out of market energy payments to suppliers. Generation participated actively in PJM's stakeholder process through which PJM developed the proposal and also actively participated in the FERC proceeding including filing comments. On June 9, 2015, FERC approved PJM's filing largely as proposed by PJM, including transitional auction rules for delivery years 2016/2017 through 2017/2018. As a result of this and several related orders, PJM hosted its 2018/2019 Base Residual Auction (results posted on August 21, 2015) and its transitional auction for delivery year 2016/2017 (results posted on August 31, 2015) and its transitional auction for delivery years 2017/2018 (results posted on September 9, 2015). On May 10, 2016, FERC largely denied rehearing, and a number of parties appealed to the U.S. Court of Appeals for the DC Circuit for review of the decision. On June 20, 2017, the DC Circuit denied all the appeals.

MISO Capacity Market Results

On April 14, 2015, the Midcontinent Independent System Operator (MISO) released the results of its capacity auction covering the June 2015 through May 2016 delivery year. As a result of the auction, capacity prices for the zone 4 region in downstate Illinois increased to $150 per MW per day beginning in June 2015, an increase from the prior pricing of $16.75 per MW per day that was in effect from June 2014 to May 2015. Generation had an offer that was selected in the auction. However, due to Generation's ratable hedging strategy, the results of the capacity auction have not had a material impact on Exelon's and Generation's consolidated results of operations and cash flows.

Additionally, in late May and June 2015, separate complaints were filed at the FERC by each of the State of Illinois, the Southwest Electric Cooperative, Public Citizens, Inc., and the Illinois Industrial Energy Consumers challenging the results of this MISO capacity auction for the 2015/2016 delivery in MISO delivery zone 4. The complaints allege generally that 1) the results of the capacity auction for zone 4 are not just and reasonable, 2) the results should be suspended, set for hearing and replaced with a new just and reasonable rate, 3) a refund date should be established and that 4) certain alleged behavior by one of the market participants other than Exelon or Generation, be investigated.

On October 1, 2015, FERC announced that it was conducting a non-public investigation (that does not involve Exelon or Generation) into whether market manipulation or other potential violations occurred related to the auction. On December 31, 2015, FERC issued a decision that certain of the rules governing the establishment of capacity prices in downstate Illinois are “not just and reasonable” on a prospective basis. FERC ordered that certain rules be changed prior to the April 2016 auction which set capacity prices for the 2016/2017 planning year. In response to this order, MISO filed certain rule changes with FERC. On March 18, 2016, FERC largely denied rehearing of its December 31, 2015 order. FERC continues to conduct its non-public investigation to determine if the April 2015 auction results were manipulated and, if so, whether refunds are appropriate. FERC did establish May 28, 2015, the day the first complaint was filed, as the date from which refunds (if ordered) would be calculated, and it also made clear that the findings in the December 31, 2015 order do not prejudge the investigation or related proceedings. Generation cannot predict the impact the FERC order may ultimately have on future auction results, capacity pricing or decisions related to the potential early retirement of the Clinton nuclear plant, however, such impacts could be material to Generation's future results of operations and cash flows . See Note 7 - Early Nuclear Plant Retirements of the Combined Notes to the Consolidated Financial Statements for additional information on the impacts of the MISO announcement.

Subsidized Generation

The rate of expansion of subsidized generation, in the markets in which Generation’s output is sold can negatively impact wholesale power prices, and in turn, Generation’s results of operations.

Various states have attempted to implement or propose legislation, regulations or other policies to subsidize new generation development which may result in artificially depressed wholesale energy and capacity prices. For example, the New Jersey legislature enacted into law in January 2011, the Long Term Capacity Pilot Program Act (LCAPP). LCAPP provides eligible generators with 15-year fixed contracts for the sale of capacity in the PJM capacity market. Under LCAPP, the local utilities in New Jersey are required to pay (or receive) the difference between the price eligible generators receive in the capacity market and the price guaranteed under the 15-year contract. New Jersey ultimately selected three proposals to participate in LCAPP and build new generation in the state. In addition, on April 12, 2012, the MDPSC issued an order directing the Maryland electric utilities to enter into a 20-year contract for differences (CfD) with CPV Maryland, LLC (CPV), under which CPV was required to construct an approximately 700 MW combined cycle gas turbine in Waldorf, Maryland. The CfD mandated that utilities (including BGE, Pepco and DPL) pay (or receive) the difference between CPV’s contract price and the revenues it receives for capacity and energy from clearing the unit in the PJM capacity market.

Exelon and others challenged the constitutionality and other aspects of the New Jersey legislation in federal court. The actions taken by the MDPSC were also challenged in federal court in an action to which Exelon was not a party. The federal trial courts in both the New Jersey and Maryland actions effectively invalidated the actions taken by the New Jersey legislature and the MDPSC, respectively. Each of those decisions was upheld by the U.S. Court of Appeals for the Third Circuit and the U.S. Court of Appeals for the Fourth Circuit, respectively. On April 19, 2016, the U.S. Supreme Court affirmed the decision of the U.S. Court of Appeals for the Fourth Circuit, and subsequently denied certiorari with respect to the appeal from the U.S. Court of Appeals for the Third Circuit, leaving in place that Court’s decision. The matter is now considered closed.

As required under their contracts, generator developers who were selected in the New Jersey and Maryland programs (including CPV) offered and cleared in PJM’s capacity market auctions. To the extent that the state-required customer subsidies are included under their respective contracts, Exelon believes that these projects may have artificially suppressed capacity prices in PJM in these auctions and may continue to do so in future auctions to the detriment of Exelon. While the court decisions are positive developments, continuation of these state efforts, if successful and unabated by an effective minimum offer price rule (MOPR) for future capacity auctions, could continue to result in artificially depressed wholesale capacity and/or energy prices. Other states could seek to establish programs, which could substantially impact Exelon’s position and could have a significant effect on Exelon’s financial results of operations, financial position and cash flows.

One such state is Ohio, where state-regulated utility companies FirstEnergy Ohio (FE) and AEP Ohio (AEP) initiated actions at the Public Utilities Commission of Ohio (PUCO) to obtain approval for Riders that would effectively allow these two companies to pass through to all customers in their service territories the differences between their costs and market revenues on PPAs entered into between the utility and its merchant generation affiliate for what was collectively more than 6,000 MW of primarily coal-fired generation . Thus, the Riders were similar to the CfDs described above (except that the PPA Riders in Ohio would apply to existing generation facilities whereas the CfDs applied to new generation facilities). While FERC orders on April 27, 2016 largely alleviated the concerns related to the Riders by holding that the PPAs ran afoul of affiliate restrictions on FE and AEP, we continue to closely monitor developments in Ohio.

In addition, Exelon continues to monitor developments in Maryland, New Jersey, and other states and participates in stakeholder and other processes to ensure that similar state subsidies are not developed. Exelon remains active in advocating for competitive markets, while opposing policies that require taxpayers and/ or consumers to subsidize or give preferential treatment to generation providers or technologies that do not provide superior reliability or environmental benefits, or that would threaten the reliability and value of the integrated electricity grid.

Complaints at FERC Seeking to Mitigate Illinois and New York Programs Providing ZECs

PJM and NYISO capacity markets include a Minimum Offer Price Rule (MOPR) that is intended to preclude buyers from exercising buyer market power. If a resource is subjected to a MOPR, its offer is adjusted to remove the revenues it receives through a federal, state or other government-provided financial support program - resulting in a higher offer that may not clear the capacity market. Currently, the MOPRs in PJM and NYISO apply only to certain new resources. Exelon has generally opposed policies that require subsidies or give preferential treatment to generation providers or technologies that do not provide superior reliability or environmental benefits, or that would threaten the reliability and value of the integrated electricity grid. Thus, Exelon has supported a MOPR as a means of minimizing the detrimental impact certain subsidized resources could have on capacity markets (such as the New Jersey (LCAPP) and Maryland (CfD) programs). However, in Exelon's view, MOPRs should not be applied to resources that receive compensation for providing superior reliability or environmental benefits.

On January 9, 2017, the Electric Power Supply Association (EPSA) filed two requests with FERC: one seeking to amend a prior complaint against PJM and another seeking expedited action on a pending NYISO compliance filing in an existing proceeding. Both filings allege that the relevant MOPR should be expanded to also apply to existing resources receiving ZEC compensation under the New York CES and Illinois ZES programs. The EPSA parties have filed motion to expedite both proceedings. Exelon has filed protests at FERC in response to each filing, arguing generally that ZEC payments provide compensation for an environmental attribute that is distinct from the energy and capacity sold in the FERC-jurisdictional markets , and therefore, are no different than other renewable support programs like the PTC and RPS that have generally not been subject to a MOPR. However, if successful, for Generation's facilities in NYISO and PJM expected to receive ZEC compensation (Quad Cities, Ginna, Nine Mile Point and FitzPatrick), an expanded MOPR could require exclusion of ZEC compensation when bidding into future capacity auctions such that these facilities would have an increased risk of not clearing in those auctions and thus no longer receiving capacity revenues during the respective ZEC programs. Any such mitigation of these generating resources could have a material effect on Exelon's and Generation's future cash flows and results of operations. On August 30, 2017, EPSA filed motions to lodge the district court decisions dismissing the complaints and urging FERC to act expeditiously on its requests to expand the MOPR. On September 14, 2017, Exelon filed a response in each docket noting that it does not oppose the motions to lodge but arguing that the requests to expedite a decision on the requests to expand the MOPR have no merit. The timing of FERC's decision with respect to both proceedings is currently unknown and the outcome of these matters is currently uncertain.

DOE Notice of Proposed Rulemaking

On August 23, 2017, the DOE released its report on the reliability of the electric grid. One aspect of the wide-ranging report is the DOE's recognition that the electricity markets do not currently value the resiliency provided by baseload generation, such as nuclear plants. On September, 28, 2017, the DOE issued a Notice of Proposed Rulemaking (NOPR) that would entitle certain eligible resilient generating units (i.e., those located in organized markets, with a 90-day supply of fuel on site, not already subject to state cost of service regulation and satisfying certain other requirements) to recover fully allocated costs and earn a fair return on equity on their investment. On October 2, 2017, the FERC issued a notice inviting comments regarding the DOE NOPR within 21 days and established a new docket wherein the FERC will consider the matter. On October 23, 2017, Exelon filed comments with the FERC, supporting the goals of the NOPR and urging the agency to take swift action to protect customers from power supply interruptions

and ensure resiliency in a way that appropriately balances the value and cost to customers. Exelon cannot predict the final outcome of the proceeding or its potential impact, if any, on Exelon or Generation.

Energy Demand

Modest economic growth partially offset by energy efficiency initiatives is resulting in flat to declining load growth in electricity for the utilities. There is a decrease in projected load for electricity for ComEd, PECO, BGE, and ACE, and an essentially flat projected load for electricity for DPL. ComEd, PECO, BGE, Pepco, DPL, and ACE are projecting load volumes to decrease by (1.2)% , (0.4)% , (2.9)% , (2.3)% , (0.4)% , and (3.5)% respectively, in 2017 compared to 2016 .

Retail Competition

Generation's retail operations compete for customers in a competitive environment, which affect the margins that Generation can earn and the volumes that it is able to serve. The market experienced high price volatility in the first quarter of 2014 which contributed to bankruptcies and consolidations within the industry during the year. However, forward natural gas and power prices are expected to remain low and thus we expect retail competitors to stay aggressive in their pursuit of market share, and that wholesale generators (including Generation) will continue to use their retail operations to hedge generation output.

Strategic Policy Alignment

As part of its strategic business planning process, Exelon routinely reviews its hedging policy, dividend policy, operating and capital costs, capital spending plans, strength of its balance sheet and credit metrics, and sufficiency of its liquidity position, by performing various stress tests with differing variables, such as commodity price movements, increases in margin-related transactions, changes in hedging practices, and the impacts of hypothetical credit downgrades.

Exelon's board of directors declared first quarter 2017 dividends of $0.3275 per share on Exelon's common stock. The first quarter 2017 dividend was paid on March 10, 2017. The dividend increased from fourth quarter 2016 amount to reflect the Board's decision to raise Exelon's dividend 2.5% each year for the next three years, beginning with the June 2016 dividend.

Exelon's Board of Directors declared the second quarter 2017 dividends of $0.3275 per share each on Exelon's common stock. The second quarter 2017 dividend was paid on June 9, 2017.

Exelon's Board of Directors declared the third quarter 2017 dividends of $0.3275 per share each on Exelon's common stock. The third quarter 2017 dividend was paid on September 8, 2017.

Exelon's Board of Directors declared the fourth quarter 2017 dividends of $0.3275 per share each on Exelon's common stock. The fourth quarter 2017 dividend is payable on December 8, 2017.

All future quarterly dividends require approval by Exelon's Board of Directors.

Hedging Strategy

Exelon's policy to hedge commodity risk on a ratable basis over three-year periods is intended to reduce the financial impact of market price volatility. Generation is exposed to commodity price risk associated with the unhedged portion of its electricity portfolio. Generation enters into non-derivative and derivative contracts, including financially-settled swaps, futures contracts and swap options, and physical options and physical forward contracts, all with credit-approved counterparties, to hedge this anticipated exposure. Generation has hedges in place that significantly mitigate this risk for 2017 and 2018 . However, Generation is exposed to relatively greater commodity price risk in the subsequent years with respect to which a larger portion of its electricity portfolio is currently unhedged. As of September 30, 2017 , the percentage of expected generation hedged is 98% - 101% , 79% - 82% and 45% - 48% for 2017 , 2018 , and 2019 respectively. The percentage of expected generation hedged is the amount of equivalent sales divided by the expected generation. Expected generation is the volume of energy that best represents our commodity position in energy markets from owned or contracted generating facilities based upon a simulated dispatch model that makes assumptions regarding future market conditions, which are calibrated to market quotes for power, fuel, load following products, and options. Equivalent sales represent all hedging products, such as wholesale and retail sales of power, options and

swaps. Generation has been and will continue to be proactive in using hedging strategies to mitigate commodity price risk in subsequent years as well.

Generation procures oil and natural gas through long-term and short-term contracts and spot-market purchases. Nuclear fuel is obtained predominantly through long-term uranium concentrate supply contracts, contracted conversion services, contracted enrichment services, or a combination thereof, and contracted fuel fabrication services. The supply markets for uranium concentrates and certain nuclear fuel services, coal, oil and natural gas are subject to price fluctuations and availability restrictions. Supply market conditions may make Generation's procurement contracts subject to credit risk related to the potential non-performance of counterparties to deliver the contracted commodity or service at the contracted prices. Approximately 60% of Generation's uranium concentrate requirements from 2017 through 2021 are supplied by three producers. In the event of non-performance by these or other suppliers, Generation believes that replacement uranium concentrate can be obtained, although at prices that may be unfavorable when compared to the prices under the current supply agreements. Non-performance by these counterparties could have a material adverse impact on Exelon's and Generation's results of operations, cash flows and financial position.

The Utility Registrants mitigate commodity price risk through regulatory mechanisms that allow them to recover procurement costs from retail customers.

Tax Matters

Potential Corporate Tax Reform

President Trump and Congressional Republicans have stated that one of their top priorities is enactment of comprehensive tax reform. On September 27, 2017, the Trump Administration and Republican Congressional leaders issued a unified framework which outlines their goals for comprehensive tax reform. Specifically, the framework proposes a reduction in the corporate tax rate from the current 35% to 20%, immediate expensing of new investments in depreciable assets for at least five years, elimination of the domestic production activities deduction and partial limitation of the deduction for interest. It is uncertain whether, to what extent, or when any changes in federal tax policies will be enacted or the transition time frame for such changes. The Utility Registrants' regulators may impose rate reductions to provide the benefit of any reduction in income tax expense to customers as well as to refund the "excess" deferred income taxes previously collected through rates. The amount and timing of any such rate changes would be subject to the discretion of the rate regulator in each specific jurisdiction. For these reasons, the Registrants cannot predict the impact any potential changes may have on their future results of operations, cash flows or financial position, and such changes could be material.

Environmental Legislative and Regulatory Developments

Exelon was actively involved in the Obama Administration's development and implementation of environmental regulations for the electric industry, in pursuit of its business strategy to provide reliable, clean, affordable and innovative energy products. These efforts have most frequently involved air, water and waste controls for fossil-fueled electric generating units, as set forth in the discussion below. These regulations have had a disproportionate adverse impact on coal-fired power plants, requiring significant expenditures of capital and variable operating and maintenance expense, and have resulted in the retirement of older, marginal facilities. Due to its low emission generation portfolio, Generation has not been significantly affected by these regulations, representing a competitive advantage relative to electric generators that are more reliant on fossil-fuel plants.

Through the issuance of a series of Executive Orders (EO), President Trump has initiated review of a number of EPA and other regulations issued during the Obama Administration, with the expectation that the Administration will seek repeal or significant revision of these rules. Under these EOs, each executive agency is required to evaluate existing regulations and make recommendations regarding repeal, replacement, or modification. The Administration's actions are intended to result in less stringent compliance requirements under air, water, and waste regulations. The exact nature, extent, and timing of the regulatory changes are unknown, as well as the ultimate impact on Exelon's and its subsidiaries results of operations and cash flows.

In particular, the Administration has targeted existing EPA regulations for repeal, including notably the Clean Power Plan, as well as revoking many Executive Orders, reports, and guidance issued by the Obama Administration on the topic of climate change or the regulation of greenhouse gases. The Executive Order also disbanded the Interagency Working Group that developed the social cost of carbon used in rulemakings, and withdrew all technical support documents supporting the calculation. Other regulations that have been specifically identified for review are

the Clean Water Act rule relating to jurisdictional waters of the U.S., the Steam Electric Effluent Guidelines relating to waste water discharges from coal-fired power plants, and the 2015 National Ambient Air Quality Standard (NAAQS) for ozone. The review of final rules could extend over several years as formal notice and comment rulemaking process proceeds.

Air Quality

Mercury and Air Toxics Standard Rule (MATS). On December 16, 2011, the EPA signed a final rule to reduce emissions of toxic air pollutants from power plants and signed revisions to the NSPS for electric generating units. The final rule, known as MATS, requires coal-fired electric generation plants to achieve high removal rates of mercury, acid gases and other metals, and to make capital investments in pollution control equipment and incur higher operating expenses. The initial compliance deadline to meet the new standards was April 16, 2015; however, facilities may have been granted an additional one or two year extension in limited cases. Numerous entities challenged MATS in the D.C. Circuit Court, and Exelon intervened in support of the rule. In April 2014, the D.C. Circuit Court issued an opinion upholding MATS in its entirety. On appeal, the U.S. Supreme Court decided in June 2015 that the EPA unreasonably refused to consider costs in determining whether it is appropriate and necessary to regulate hazardous air pollutants emitted by electric utilities. The U.S. Supreme Court, however, did not vacate the rule; rather, it was remanded to the D.C. Circuit Court to take further action consistent with the U.S. Supreme Court's opinion on this single issue. On April 27, 2017, the D.C. Circuit granted EPA's motion to hold the litigation in abeyance, pending EPA's review of the MATS rule pursuant to President Trump's EO discussed above. Following EPA's review and determination of its course of action for the MATS rule, the parties will have 30 days to file motions on future proceedings. Notwithstanding the Court's order to hold the litigation in abeyance, the MATS rule remains in effect. Exelon will continue to participate in the remanded proceedings before the D.C. Circuit Court as an intervenor in support of the rule.

Clean Power Plan . On April 28, 2017, the D.C. Circuit Court issued orders in separate litigation related to the EPA's actions under the Clean Power Plan (CPP) to amend Clean Air Act Section 111(d) regulation of existing fossil-fired electric generating units and Section 111(b) regulation of new fossil-fired electric generating units. In both cases, the Court has determined to hold the litigation in abeyance pending a determination whether the rule should be remanded to the EPA. On October 10, 2017, EPA issued a proposed rule to repeal the CPP in its entirety, based on a proposed change in the Agency's legal interpretation of Clean Air Act Section 111(d) regarding actions that the Agency can consider when establishing the Best System of Emission Reduction ("BSER") for existing power plants. Under the proposed interpretation, the Agency exceeded its authority under the Clean Air Act by regulating beyond individual sources of GHG emissions. The EPA has also indicated its intent to issue an advance notice of proposed rulemaking to solicit information on systems of emission reduction that are in accord with the Agency's proposed revised legal interpretation; namely, only by regulating emission reductions that can be implemented at and to individual sources.

2015 Ozone National Ambient Air Quality Standards (NAAQS). On April 11, 2017, the D.C. Circuit ordered that the consolidated 2015 ozone NAAQS litigation be held in abeyance pending EPA's further review of the 2015 Rule. EPA did not meet the October 1, 2017 deadline to promulgate initial designations for areas in attainment or non-attainment of the standard. A number of states and environmental organizations have notified the EPA of their intent to file suit to compel EPA to issue the designations.

Water Quality

Section 316(b) of the Clean Water Act requires that cooling water intake structures at electric power plants reflect the best technology available to minimize adverse environmental impacts, and is implemented through state-level NPDES permit programs. All of Generation's power generation facilities with cooling water systems are subject to the regulations. Facilities without closed-cycle recirculating systems (e.g., cooling towers) are potentially most affected by changes to the existing regulations. Those facilities are Calvert Cliffs, Clinton, Dresden, Eddystone, Fairless Hills, FitzPatrick, Ginna, Gould Street, Handley, Mountain Creek, Mystic 7, Nine Mile Point Unit 1, Oyster Creek, Peach Bottom, Quad Cities, Riverside and Salem. See ITEM 1.—BUSINESS, "Water Quality" of the Exelon 2016 Form 10-K for further discussion.

Solid and Hazardous Waste

In October 2015, the first federal regulation for the disposal of coal combustion residuals (CCR) from power plants became effective. The rule classifies CCR as non-hazardous waste under RCRA. Under the regulation, CCR will continue to be regulated by most states subject to coordination with the federal regulations. Generation has previously recorded accruals consistent with state regulation for its owned coal ash sites, and as such, the regulation is not expected to impact Exelon's and Generation's financial results. Generation does not have sufficient information to reasonably assess the potential likelihood or magnitude of any remediation requirements that may be asserted under the new federal regulations for coal ash disposal sites formerly owned by Generation. For these reasons, Generation is unable to predict whether and to what extent it may ultimately be held responsible for remediation and other costs relating to formerly owned coal ash disposal sites under the new regulations.

See Note 18 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements for further detail related to environmental matters, including the impact of environmental regulation.

Other Legislative and Regulatory Developments

NRC Task Force on Fukushima Daiichi Accident (Exelon and Generation).

In July 2011, an NRC Task Force formed in the aftermath of the March 11, 2011, 9.0 magnitude earthquake and ensuing tsunami, that seriously damaged the nuclear units at the Fukushima Daiichi Nuclear Power Station, issued a report of its review of the accident, including tiered recommendations for future regulatory action by the NRC to be taken in the near and longer term. The Task Force's report concluded that nuclear reactors in the United States are operating safely and do not present an imminent risk to public health and safety. The NRC and its staff have issued orders and implementation guidance for commercial reactor licensees operating in the United States. Generation has assessed the impacts of the Tier 1 orders and information requests and will continue monitoring the additional recommendations under review by the NRC staff, both from an operational and a financial impact standpoint. Generation's current assessments are specific to the Tier 1 recommendations. In May 2017, the NRC finalized its decision that no actions are required with respect to the Tier 2 and Tier 3 recommendations. Generation will continue to engage in nuclear industry assessments and actions and obtain stakeholder input.

Employees

In January 2017, an election was held at BGE which resulted in union representation for approximately 1,400 employees. BGE and IBEW Local 410 have begun negotiations for an initial agreement which could result in some modifications to wages, hours and other terms and conditions of employment. No agreement has been finalized to date and management cannot predict the outcome of such negotiations. In April 2017, Exelon Nuclear Security successfully ratified its CBA with the SPFPA Local 238 at Quad Cities to an extension of three years. In June 2017, Exelon Nuclear Security successfully ratified its CBA with the UGSOA Local 12 at Limerick to an extension of three years.

Critical Accounting Policies and Estimates

Management of each of the Registrants makes a number of significant estimates, assumptions and judgments in the preparation of its financial statements. See ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — CRITICAL ACCOUNTING POLICIES AND ESTIMATES in Exelon's, Generation's, ComEd's, PECO's, BGE's, PHI's, Pepco's, DPL's and ACE's combined 2016 Form 10-K for a discussion of the estimates and judgments necessary in the Registrants' accounting for AROs, goodwill, purchase accounting, unamortized energy assets and liabilities, asset impairments, depreciable lives of property, plant and equipment, defined benefit pension and other postretirement benefits, regulatory accounting, derivative instruments, taxation, contingencies, revenue recognition, and allowance for uncollectible accounts. At September 30, 2017 , the Registrants' critical accounting policies and estimates had not changed significantly from December 31, 2016 .

Results of Operations By Registrant

Net Income (Loss) Attributable to Common Shareholders by Registrant

	Three Months Ended September 30,		Favorable (Unfavorable) Variance	Nine Months Ended September 30,		Favorable (Unfavorable) Variance
	2017	2016		2017	2016 [(a)]	
Exelon	$ 824	$ 490	$ 334	$ 1,899	$ 930	$ 969
Generation	305	236	69	479	538	(59)
ComEd	189	37	152	447	297	150
PECO	112	122	(10)	327	346	(19)
BGE	62	54	8	231	183	48
Pepco	87	79	8	188	20	168
DPL	31	44	(13)	107	(16)	123
ACE	41	47	(6)	77	(50)	127

(a) For Pepco, DPL and ACE, reflects that Registrant's operations for the nine months ended September 30, 2016 . For Exelon and Generation, includes the operations of the PHI acquired businesses for the period of March 24, 2016 through September 30, 2016 .

	Successor				*Predecessor*
	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	Nine Months Ended September 30, 2017	March 24, 2016 to September 30, 2016	January 1, 2016 to March 23, 2016
PHI	$ 153	$ 166	$ 359	$ (91)	$ 19

Results of Operations — Generation

	Three Months Ended September 30,		Favorable (Unfavorable) Variance	Nine Months Ended September 30,		Favorable (Unfavorable) Variance
	2017	2016		2017	2016	
Operating revenues	$ 4,751	$ 5,035	$ (284)	$ 13,812	$ 13,363	$ 449
Purchased power and fuel expense	2,331	2,589	258	7,286	6,609	(677)
Revenues net of purchased power and fuel expense (a)	2,420	2,446	(26)	6,526	6,754	(228)
Other operating expenses						
Operating and maintenance	1,374	1,336	(38)	4,871	4,333	(538)
Depreciation and amortization	410	632	222	1,046	1,329	283
Taxes other than income	141	136	(5)	425	380	(45)
Total other operating expenses	1,925	2,104	179	6,342	6,042	(300)
(Loss) Gain on sales of assets	(2)	—	(2)	3	31	(28)
Bargain purchase gain	7	—	7	233	—	233
Operating income	500	342	158	420	743	(323)
Other income and (deductions)						
Interest expense, net	(113)	(77)	(36)	(342)	(273)	(69)
Other, net	209	185	24	648	395	253
Total other income and (deductions)	96	108	(12)	306	122	184
Income before income taxes	596	450	146	726	865	(139)
Income taxes	240	173	(67)	209	293	84
Equity in losses of unconsolidated affiliates	(8)	(6)	(2)	(26)	(16)	(10)
Net income	348	271	77	491	556	(65)
Net income attributable to noncontrolling interests	43	35	(8)	12	18	6
Net income attributable to membership interest	$ 305	$ 236	$ 69	$ 479	$ 538	$ (59)

(a) Generation evaluates its operating performance using the measure of revenue net of purchased power and fuel expense. Generation believes that revenue net of purchased power and fuel expense is a useful measurement because it provides information that can be used to evaluate its operational performance. Revenue net of purchased power and fuel expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

Net Income Attributable to Membership Interest

Three Months Ended September 30, 2017 Compared to Three Months Ended September 30, 2016 . Generation's Net income attributable to membership interest for the three months ended September 30, 2017 increased compared to the same period in 2016 , primarily due to lower Depreciation and amortization expenses, a Bargain purchase gain in 2017, and higher other income, partially offset by lower Revenue net of purchased power and fuel expense, higher Operating and maintenance expenses, and higher interest expense. The decrease in Depreciation and amortization is primarily due to lower accelerated depreciation and amortization as a result of the 2017 decision to early retire the TMI nuclear facility compared to the previous decision in 2016 to early retire Clinton and Quad Cities nuclear facilities. The Bargain purchase gain is primarily due to a measurement period adjustment for the FitzPatrick Acquisition. The increase in other income is primarily due to higher realized NDT fund gains. The decrease in Revenue net of purchased power and fuel expense primarily relates to the impacts of lower load volumes delivered due to mild weather and lower realized energy prices related to Exelon's ratable hedging strategy, partially offset by the impact of the New York CES, the acquisition of the FitzPatrick nuclear facility, a decrease in nuclear outage days, increased capacity prices, and the addition of the two combined-cycle gas turbines in Texas. The increase in Operating and maintenance is primarily due to the impairment of ExGen Texas Power in 2017. The increase in interest expense is primarily due to the impact of project in-service dates on the capitalization of interest and higher outstanding debt.

Nine Months Ended September 30, 2017 Compared to Nine Months Ended September 30, 2016 . Generation's Net income attributable to membership interest for the nine months ended September 30, 2017 decreased compared to the same period in 2016 , primarily due to lower Revenue net of purchased power and fuel expense, higher Operating and maintenance expenses, higher taxes other than income, and higher interest expense, partially offset by lower Depreciation and amortization, a bargain purchase gain in 2017, and higher other income. The decrease in Revenue net of purchased power and fuel expense primarily relates to the conclusion of the Ginna Reliability Support Services Agreement, the impact of declining natural gas prices on Generation's natural gas portfolio, the impacts of lower load volumes due to mild weather and lower realized energy prices related to Exelon's ratable hedging strategy, partially offset by the impact of the New York CES, the acquisition of the FitzPatrick nuclear facility, increased capacity prices, the addition of two combined-cycle gas turbines in Texas, the absence of oil inventory write downs in 2017, and decreased fuel prices. The increase in operating and maintenance expenses primarily relates to the impairment of EGTP assets held for sale compared to the impairment of upstream assets and certain wind projects in 2016, an increase in the number of nuclear outage days in 2017 and increased salaries, wages and contracting costs related to the acquisition of the FitzPatrick nuclear facility. The increase in taxes other than income relates to increased sales and use tax, increased gross receipts tax, and increased property taxes due to the FitzPatrick Acquisition. The increase in interest expense is primarily due to the impact of project in-service dates on the capitalization of interest and higher outstanding debt. The decrease in Depreciation and amortization is primarily due to lower accelerated depreciation and amortization as a result of the 2017 decision to early retire the TMI nuclear facility compared to the previous decision in 2016 to early retire Clinton and Quad Cities nuclear facilities. The bargain purchase gain is the result of the FitzPatrick acquisition in Q1 2017. The increase in other income is primarily due to increased unrealized gains on NDT funds in 2017 compared to 2016.

Revenues Net of Purchased Power and Fuel Expense

The basis for Generation's reportable segments is the integrated management of its electricity business that is located in different geographic regions, and largely representative of the footprints of ISO/RTO and/or NERC regions, which utilize multiple supply sources to provide electricity through various distribution channels (wholesale and retail). Generation's hedging strategies and risk metrics are also aligned with these same geographic regions. Descriptions of each of Generation's six reportable segments are as follows:

- Mid-Atlantic represents operations in the eastern half of PJM, which includes New Jersey, Maryland, Virginia, West Virginia, Delaware, the District of Columbia and parts of Pennsylvania and North Carolina.

- Midwest represents operations in the western half of PJM, which includes portions of Illinois, Pennsylvania, Indiana, Ohio, Michigan, Kentucky and Tennessee, and the United States footprint of MISO, excluding MISO's Southern Region, which covers all or most of North Dakota, South Dakota, Nebraska, Minnesota, Iowa, Wisconsin, the remaining parts of Illinois, Indiana, Michigan and Ohio not covered by PJM, and parts of Montana, Missouri and Kentucky.

- New England represents the operations within ISO-NE covering the states of Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.

- New York represents operations within ISO-NY, which covers the state of New York in its entirety.

- ERCOT represents operations within Electric Reliability Council of Texas, covering most of the state of Texas.

- Other Power Regions :

  - South represents operations in the FRCC, MISO's Southern Region, and the remaining portions of the SERC not included within MISO or PJM, which includes all or most of Florida, Arkansas, Louisiana, Mississippi, Alabama, Georgia, Tennessee, North Carolina, South Carolina and parts of Missouri, Kentucky and Texas. Generation's South region also includes operations in the SPP, covering Kansas, Oklahoma, most of Nebraska and parts of New Mexico, Texas, Louisiana, Missouri, Mississippi and Arkansas.

  - West represents operations in the WECC, which includes California ISO, and covers the states of California, Oregon, Washington, Arizona, Nevada, Utah, Idaho, Colorado, and parts of New Mexico, Wyoming and South Dakota.

  - Canada represents operations across the entire country of Canada and includes AESO, OIESO and the Canadian portion of MISO.

The following business activities are not allocated to a region, and are reported under Other: natural gas, as well as other miscellaneous business activities that are not significant to Generation's overall operating revenues or results of operations. Further, the following activities are not allocated to a region, and are reported in Other: amortization of certain intangible assets relating to commodity contracts recorded at fair value from mergers and acquisitions; accelerated nuclear fuel amortization associated with nuclear decommissioning; and other miscellaneous revenues.

Generation evaluates the operating performance of its electric business activities using the measure of Revenue net of purchased power and fuel expense, which is a non-GAAP measurement. Generation's operating revenues include all sales to third parties and affiliated sales to the Utility Registrants. Purchased power costs include all costs associated with the procurement and supply of electricity including capacity, energy and ancillary services. Fuel expense includes the fuel costs for owned generation and fuel costs associated with tolling agreements.

For the three and nine months ended September 30, 2017 and 2016 , Generation's Revenue net of purchased power and fuel expense by region were as follows:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2017	2016	Variance	% Change	2017	2016	Variance	% Change
Mid-Atlantic [(a)]	$ 855	$ 887	$ (32)	(3.6)%	$ 2,411	$ 2,556	$ (145)	(5.7)%
Midwest [(b)]	697	781	(84)	(10.8)%	2,140	2,229	(89)	(4.0)%
New England	145	160	(15)	(9.4)%	403	350	53	15.1 %
New York [(d)]	296	194	102	52.6 %	678	592	86	14.5 %
ERCOT	118	93	25	26.9 %	258	231	27	11.7 %
Other Power Regions	68	77	(9)	(11.7)%	220	253	(33)	(13.0)%
Total electric revenue net of purchased power and fuel expense	2,179	2,192	(13)	(0.6)%	6,110	6,211	(101)	(1.6)%
Proprietary Trading	4	3	1	33.3 %	11	9	2	22.2 %
Mark-to-market (losses) gains	73	88	(15)	(17.0)%	(161)	(113)	(48)	42.5 %
Other [(c)]	164	163	1	0.6 %	566	647	(81)	(12.5)%
Total revenue net of purchased power and fuel expense	$ 2,420	$ 2,446	$ (26)	(1.1)%	$ 6,526	$ 6,754	$ (228)	(3.4)%

(a) Results of transactions with PECO and BGE are included in the Mid-Atlantic region. Results of transactions with Pepco, DPL, and ACE are included in the Mid-Atlantic region beginning on March 24, 2016 , the day after the PHI merger was completed.
(b) Results of transactions with ComEd are included in the Midwest region.
(c) Other represents activities not allocated to a region. See text above for a description of included activities. Includes amortization of intangible assets related to commodity contracts recorded at fair value of a $19 million and $22 million decrease to revenue net of purchased power and fuel expense for the three months ended September 30, 2017 and 2016 , respectively, and accelerated nuclear fuel amortization associated with announced early plant retirements as discussed in Note 7 - Early Nuclear Plant Retirements of the Combined Notes to the Consolidated Financial Statements of $6 million and $28 million decrease to revenue net of purchased power and fuel expense for the three months ended September 30, 2017 and 2016 , respectively. Also includes amortization of intangible assets related to commodity contracts recorded at fair value of a $41 million and $15 million decrease to revenue net of purchased power and fuel expense for the nine months ended September 30, 2017 and 2016 , respectively, and accelerated nuclear fuel amortization associated with announced early plant retirements as discussed in Note 7 - Early Nuclear Plant Retirements of the Combined Notes to the Consolidated Financial Statements of $8 million and $38 million decrease to revenue net of purchased power and fuel expense for the nine months ended September 30, 2017 and 2016 , respectively.
(d) Includes the ownership of the FitzPatrick nuclear facility from March 31, 2017.

Generation's supply sources by region are summarized below:

Supply source (GWhs)	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	Variance	% Change	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016	Variance	% Change
Nuclear generation								
Mid-Atlantic [a]	16,480	15,604	876	5.6 %	48,271	47,035	1,236	2.6 %
Midwest	24,362	24,262	100	0.4 %	69,422	70,925	(1,503)	(2.1)%
New York [a][d]	6,905	4,843	2,062	42.6 %	17,623	14,002	3,621	25.9 %
Total Nuclear Generation	47,747	44,709	3,038	6.8 %	135,316	131,962	3,354	2.5 %
Fossil and Renewables								
Mid-Atlantic	596	706	(110)	(15.6)%	2,330	2,290	40	1.7 %
Midwest	218	273	(55)	(20.1)%	1,053	1,046	7	0.7 %
New England	1,919	1,886	33	1.7 %	5,921	5,826	95	1.6 %
New York	1	1	—	— %	3	3	—	— %
ERCOT	5,703	2,472	3,231	130.7 %	9,388	5,726	3,662	64.0 %
Other Power Regions	2,149	2,103	46	2.2 %	5,656	6,245	(589)	(9.4)%
Total Fossil and Renewables	10,586	7,441	3,145	42.3 %	24,351	21,136	3,215	15.2 %
Purchased Power								
Mid-Atlantic	2,541	7,139	(4,598)	(64.4)%	8,840	14,024	(5,184)	(37.0)%
Midwest	217	461	(244)	(52.9)%	1,018	1,855	(837)	(45.1)%
New England	4,513	3,927	586	14.9 %	13,920	11,863	2,057	17.3 %
New York	—	—	—	— %	28	—	28	— %
ERCOT	1,199	2,895	(1,696)	(58.6)%	5,724	7,448	(1,724)	(23.1)%
Other Power Regions	3,982	3,803	179	4.7 %	10,357	10,281	76	0.7 %
Total Purchased Power	12,452	18,225	(5,773)	(31.7)%	39,887	45,471	(5,584)	(12.3)%
Total Supply/Sales by Region [b]								
Mid-Atlantic [c]	19,617	23,449	(3,832)	(16.3)%	59,441	63,349	(3,908)	(6.2)%
Midwest [c]	24,797	24,996	(199)	(0.8)%	71,493	73,826	(2,333)	(3.2)%
New England	6,432	5,813	619	10.6 %	19,841	17,689	2,152	12.2 %
New York	6,906	4,844	2,062	42.6 %	17,654	14,005	3,649	26.1 %
ERCOT	6,902	5,367	1,535	28.6 %	15,112	13,174	1,938	14.7 %
Other Power Regions	6,131	5,906	225	3.8 %	16,013	16,526	(513)	(3.1)%
Total Supply/Sales by Region	70,785	70,375	410	0.6 %	199,554	198,569	985	0.5 %

(a) Includes the proportionate share of output where Generation has an undivided ownership interest in jointly-owned generating plants and includes the total output of plants that are fully consolidated (e.g. CENG).
(b) Excludes physical proprietary trading volumes of 2,601 GWhs and 1,506 GWhs for the three months ended September 30, 2017 and 2016 , respectively, and 6,763 GWhs and 4,015 GWhs for the nine months ended September 30, 2017 and 2016 .
(c) Includes affiliate sales to PECO and BGE in the Mid-Atlantic region and affiliate sales to ComEd in the Midwest region. As a result of the PHI Merger, includes affiliate sales to Pepco, DPL and ACE in the Mid-Atlantic region beginning on March 24, 2016 .
(d) Includes the ownership of the FitzPatrick nuclear facility from March 31, 2017.

Mid-Atlantic

Three Months Ended September 30, 2017 Compared to Three Months Ended September 30, 2016 . The $32 million decrease in Revenue net of purchased power and fuel expense in the Mid-Atlantic primarily reflects lower load volumes and lower realized energy prices, partially offset by decreased nuclear outage days and increased capacity prices.

Nine Months Ended September 30, 2017 Compared to Nine Months Ended September 30, 2016 . The $145 million decrease in Revenue net of purchased power and fuel expense in the Mid-Atlantic primarily reflects lower load volumes, lower realized energy prices and decreased capacity prices, partially offset by the absence of oil inventory write-downs in 2017 and decreased nuclear outage days.

Midwest

Three Months Ended September 30, 2017 Compared to Three Months Ended September 30, 2016 . The $84 million decrease in Revenue net of purchased power and fuel expense in the Midwest primarily reflects lower realized energy prices, partially offset by increased capacity prices and decreased nuclear fuel prices.

Nine Months Ended September 30, 2017 Compared to Nine Months Ended September 30, 2016 . The $89 million decrease in Revenue net of purchased power and fuel expense in the Midwest primarily reflects lower realized energy prices and increased nuclear outage days, partially offset by decreased fuel prices.

New England

Three Months Ended September 30, 2017 Compared to Three Months Ended September 30, 2016 . The $15 million decrease in Revenue net of purchased power and fuel expense in New England primarily reflects lower realized energy prices, partially offset by increased capacity prices.

Nine Months Ended September 30, 2017 Compared to Nine Months Ended September 30, 2016 . The $53 million increase in Revenue net of purchased power and fuel expense in New England was driven by increased capacity prices, partially offset by lower realized energy prices.

New York

Three Months Ended September 30, 2017 Compared to Three Months Ended September 30, 2016 . The $102 million increase in Revenue net of purchased power and fuel expense in New York was primarily due to the impact of the New York CES and the acquisition of FitzPatrick, partially offset by the conclusion of the Ginna Reliability Support Service Agreement and lower realized energy prices.

Nine Months Ended September 30, 2017 Compared to Nine Months Ended September 30, 2016 . The $86 million increase in Revenue net of purchased power and fuel expense in New York was primarily due to impact of the New York CES and the acquisition of FitzPatrick, partially offset by the conclusion of the Ginna Reliability Support Service Agreement and lower realized energy prices.

ERCOT

Three Months Ended September 30, 2017 Compared to Three Months Ended September 30, 2016 . The $25 million increase in Revenue net of purchased power and fuel expense in ERCOT was primarily due to the addition of two combined-cycle gas turbines in Texas.

Nine Months Ended September 30, 2017 Compared to Nine Months Ended September 30, 2016 . The $27 million increase in Revenue net of purchased power and fuel expense in ERCOT was primarily due to the addition of two combined-cycle gas turbines in Texas, partially offset by lower realized energy prices.

Other Power Regions

Three Months Ended September 30, 2017 Compared to Three Months Ended September 30, 2016 . The $9 million decrease in Revenue net of purchased power and fuel expense in Other Power Regions was primarily due to lower realized energy prices.

Nine Months Ended September 30, 2017 Compared to Nine Months Ended September 30, 2016 . The $33 million decrease in Revenue net of purchased power and fuel expense in Other Power Regions was primarily due to lower realized energy prices.

Proprietary Trading

Three Months Ended September 30, 2017 Compared to Three Months Ended September 30, 2016 . The $1 million increase in Revenue net of purchased power and fuel expense in Proprietary Trading was primarily due to congestion activity.

Nine Months Ended September 30, 2017 Compared to Nine Months Ended September 30, 2016 . The $2 million increase in Revenue net of purchased power and fuel expense in Proprietary Trading was primarily due to congestion activity.

Mark-to-market

Three Months Ended September 30, 2017 Compared to Three Months Ended September 30, 2016 . Mark-to-market gains on economic hedging activities were $73 million for the three months ended September 30, 2017 compared to gains of $88 million for the three months ended September 30, 2016 . See Notes 9 — Fair Value of Financial Assets and Liabilities and 10 — Derivative Financial Instruments of the Combined Notes to the Consolidated Financial Statements for information on gains and losses associated with mark-to-market derivatives.

Nine Months Ended September 30, 2017 Compared to Nine Months Ended September 30, 2016 . Mark-to-market losses on economic hedging activities were $161 million for the nine months ended September 30, 2017 compared to losses of $113 million for the nine months ended September 30, 2016 . See Notes 9 — Fair Value of Financial Assets and Liabilities and 10 — Derivative Financial Instruments of the Combined Notes to the Consolidated Financial Statements for information on gains and losses associated with mark-to-market derivatives.

Other

Three Months Ended September 30, 2017 Compared to Three Months Ended September 30, 2016 . The $1 million increase in Revenue net of purchased power and fuel expense in Other was due to the decline in revenues related to the distributed generation business, offset by lower accelerated nuclear fuel amortization associated with announced early plant retirements as discussed in Note 7 - Early Nuclear Plant Retirements of the Combined Notes to the Consolidated Financial Statements.

Nine Months Ended September 30, 2017 Compared to Nine Months Ended September 30, 2016 . The $81 million decrease in other revenue net of purchased power and fuel was primarily due to the impacts of declining natural gas prices on Generation's natural gas portfolio and amortization of energy contracts recorded at fair value associated with prior acquisitions, partially offset by revenue related to the inclusion of Pepco Energy Services results in 2017 and lower accelerated nuclear fuel amortization associated with announced early plant retirements as discussed in Note 7 - Early Nuclear Plant Retirements of the Combined Notes to the Consolidated Financial Statements.

Nuclear Fleet Capacity Factor

The following table presents nuclear fleet operating data for the three and nine months ended September 30, 2017 as compared to the same period in 2016 , for the Generation-operated plants. The nuclear fleet capacity factor presented in the table is defined as the ratio of the actual output of a plant over a period of time to its output if the plant had operated at full average annual mean capacity for that time period. Generation considers capacity factor to be a useful measure to analyze the nuclear fleet performance between periods. Generation has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, these measures are not a presentation defined under GAAP and may not be comparable to other companies' presentations or be more useful than the GAAP information provided elsewhere in this report.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Nuclear fleet capacity factor [(a)]	96.1%	96.3%	93.7%	94.8%
Refueling outage days [(a)]	13	17	233	174
Non-refueling outage days [(a)]	15	—	35	31

(a) Excludes Salem, which is operated by PSEG Nuclear, LLC. Reflects ownership percentage of stations operated by Exelon. Includes the ownership of the FitzPatrick nuclear facility from March 31, 2017.

Three Months Ended September 30, 2017 Compared to Three Months Ended September 30, 2016 . The nuclear fleet capacity factor decreased primarily due to more non-refueling outage days and was partially offset by fewer refueling outage days, excluding Salem outages, during the three months ended September 30, 2017 compared to the same period in 2016 .

Nine Months Ended September 30, 2017 Compared to Nine Months Ended September 30, 2016 . The nuclear fleet capacity factor decreased primarily due to more refueling and non-refueling outage days, excluding Salem outages, during the nine months ended September 30, 2017 compared to the same period in 2016 .

Operating and Maintenance

The changes in Operating and maintenance expense for the three and nine months ended September 30, 2017 as compared to the same period in 2016 , consisted of the following:

	Three Months Ended September 30,	Nine Months Ended September 30,
	Increase (Decrease) [a]	Increase (Decrease) [a]
Labor, other benefits, contracting, materials [b]	$ (8)	$ 74
Nuclear refueling outage costs, including the co-owned Salem plants [c]	(12)	88
Corporate allocations	19	29
Merger and integration costs [d]	(4)	36
Merger commitments	—	(3)
Plant retirements and divestitures [e]	41	(15)
Cost management program	5	(7)
ARO update	(3)	(4)
Long-lived asset impairments [f]	25	288
Pension and non-pension postretirement benefits expense	3	4
Allowance for uncollectible accounts	12	35
Accretion expense [g]	10	27
Other	(50)	(14)
Increase in operating and maintenance expense	$ 38	$ 538

(a) The 2017 financial results include Generation's acquisition of the FitzPatrick nuclear generating station from March 31, 2017.
(b) Reflects increased salaries, wages and contracting costs primarily related to the acquisition of the FitzPatrick nuclear facility beginning on March 31, 2017.
(c) Primarily reflects a decrease in the number of nuclear outage days for the three months ended September 30, 2017 compared to 2016 and an increase in the number of nuclear outage days for the nine months ended September 30, 2017 compared to the same period in 2016 .
(d) Reflects certain costs associated with mergers and acquisitions, including, if and when applicable, professional fees, employee-related expenses and integration activities related to the PHI and FitzPatrick acquisitions.
(e) Represents the announcement of the early retirement of Generation's TMI nuclear facility in 2017 compared to the previous decision to early retire Generation's Clinton and Quad Cities nuclear facilities in 2016.
(f) Primarily reflects charges to earnings related to impairments as a result of the EGTP assets held for sale in 2017 and impairment of Upstream assets and certain wind projects in 2016.
(g) Reflects the impact of increased accretion expenses primarily due to the acquisition of FitzPatrick on March 31, 2017.

Depreciation and Amortization

Depreciation and amortization expense for the three and nine months ended September 30, 2017 compared to the three and nine months ended September 30, 2016 decreased primarily due to lower accelerated depreciation and amortization as a result of the 2017 decision to early retire the TMI nuclear facility compared to the previous decision in 2016 to early retire the Clinton and Quad Cities nuclear facilities.

Taxes Other Than Income

Taxes other than income taxes, which can vary period to period, include non-income municipal and state utility taxes, real estate taxes and payroll taxes. Taxes other than income for the three and nine months ended September 30, 2017 compared to the three and nine months ended September 30, 2016 increased primarily due to increased property

taxes as a result of the addition of FitzPatrick, increased gross receipts tax expense, and increased sales and use tax expense.

(Loss) gain on Sales of Assets

Loss on sales of assets for the three months ended September 30, 2017 compared to the three months ended September 30, 2016 remained relatively stable. Gain on sales of assets for the nine months ended September 30, 2017 compared to the nine months ended September 30, 2016 decreased primarily due to the gain associated with Generation's sale of the New Boston generating site in 2016.

Bargain Purchase Gain

Bargain purchase gain for the three and nine months ended September 30, 2017 compared to the three and nine months ended September 30, 2016 increased as a result of the gain associated with the FitzPatrick acquisition. Refer to Note 4 — Mergers, Acquisitions and Dispositions of the Combined Notes to the Consolidated Financial Statements for additional information.

Interest Expense, net

Interest expense, net for the three and nine months ended September 30, 2017 compared to the three and nine months ended September 30, 2016 increased primarily due to the impact of project in-service dates on the capitalization of interest and higher outstanding debt.

Other, Net

Other, net for the three and nine months ended September 30, 2017 compared to the three and nine months ended September 30, 2016 increased primarily due to the change in the realized and unrealized gains and losses related to NDT funds of Non-Regulatory Agreement Units as described in the table below. Other, net also reflects $37 million and $39 million for the three months ended September 30, 2017 and 2016 , respectively, and $129 million and $84 million for the nine months ended September 30, 2017 and 2016 , respectively, related to the contractual elimination of income tax expense (benefit) associated with the NDT funds of the Regulatory Agreement Units. Refer to Note 13 — Nuclear Decommissioning of the Combined Notes to the Consolidated Financial Statements for additional information regarding NDT funds.

The following table provides unrealized and realized gains and losses on the NDT funds of the Non-Regulatory Agreement Units recognized in Other, net for the three and nine months ended September 30, 2017 and 2016 :

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Net unrealized gains on decommissioning trust funds	$ 111	$ 116	$ 347	$ 216
Net realized gains on sale of decommissioning trust funds	33	12	82	26

Equity in Losses of Unconsolidated Affiliates

Equity in losses of unconsolidated affiliates for the three and nine months ended September 30, 2017 compared to the three and nine ended September 30, 2016 remained relatively stable.

Effective Income Tax Rate

Generation's effective income tax rate was 40.3% and 38.4% for the three months ended September 30, 2017 and 2016 , respectively. Generation's effective income tax rate was 28.8% and 33.9% for the nine months ended September 30, 2017 and 2016 , respectively. See Note 12 — Income Taxes of the Combined Notes to the Consolidated Financial Statements for further discussion of the change in the effective income tax rate.

Results of Operations — ComEd

	Three Months Ended September 30,		Favorable (Unfavorable) Variance	Nine Months Ended September 30,		Favorable (Unfavorable) Variance
	2017	2016		2017	2016	
Operating revenues	$ 1,571	$ 1,497	$ 74	$ 4,227	$ 4,031	$ 196
Purchased power expense	529	454	(75)	1,241	1,141	(100)
Revenues net of purchased power expense [(a)(b)]	1,042	1,043	(1)	2,986	2,890	96
Other operating expenses						
Operating and maintenance	346	377	31	1,096	1,113	17
Depreciation and amortization	212	196	(16)	631	574	(57)
Taxes other than income	80	82	2	223	222	(1)
Total other operating expenses	638	655	17	1,950	1,909	(41)
Gain on sales of assets	—	1	(1)	—	6	(6)
Operating income	404	389	15	1,036	987	49
Other income and (deductions)						
Interest expense, net	(89)	(197)	108	(275)	(374)	99
Other, net	5	(80)	85	14	(72)	86
Total other income and (deductions)	(84)	(277)	193	(261)	(446)	185
Income before income taxes	320	112	208	775	541	234
Income taxes	131	75	(56)	328	244	(84)
Net income	$ 189	$ 37	$ 152	$ 447	$ 297	$ 150

(a) ComEd evaluates its operating performance using the measure of Revenue net of purchased power expense. ComEd believes that Revenue net of purchased power expense is a useful measurement because it provides information that can be used to evaluate its operational performance. In general, ComEd only earns margin based on the delivery and transmission of electricity. ComEd has included its discussion of Revenue net of purchased power expense below as a complement to the financial information provided in accordance with GAAP. However, Revenue net of purchased power expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

(b) For regulatory recovery mechanisms, including ComEd's electric distribution and transmission formula rates, and riders, revenues increase and decrease i) as fully recoverable costs fluctuate (with no impact on net earnings), and ii) pursuant to changes in rate base, capital structure and ROE (which impact net earnings).

Net Income

Three Months Ended September 30, 2017 Compared to Three Months Ended September 30, 2016 . ComEd's Net income for the three months ended September 30, 2017 was higher than the same period in 2016 , primarily due to the recognition of the penalty and the after-tax interest due on the asserted penalty related to the Tax Court's decision on Exelon's like-kind exchange tax position in the third quarter of 2016 and increased electric distribution and transmission formula rate earnings (reflecting the impacts of increased capital investment and higher allowed electric distribution ROE). The higher Net income was partially offset by the impact of weather conditions in the third quarter of 2016. See Revenue Decoupling discussion below for additional information on the impact of weather.

Nine Months Ended September 30, 2017 Compared to Nine Months Ended September 30, 2016 . ComEd's Net income for the nine months ended September 30, 2017 was higher than the same period in 2016 , primarily due to the recognition of the penalty and the after-tax interest due on the asserted penalty related to the Tax Court's decision on Exelon's like-kind exchange tax position in the third quarter of 2016 and increased electric distribution and transmission formula rate earnings (reflecting the impacts of increased capital investment and higher allowed electric distribution ROE). The higher Net income was partially offset by additional tax and interest recorded in the second quarter of 2017 relating to Exelon's like-kind exchange tax position and the impact of weather conditions in the second and third quarters of 2016. See Revenue Decoupling discussion below for additional information on the impact of weather.

Revenues Net of Purchased Power Expense

There are certain drivers of Operating revenues that are fully offset by their impact on Purchased power expense, such as commodity, REC, and ZEC procurement costs and participation in customer choice programs. ComEd is permitted to recover electricity, REC, and ZEC procurement costs from retail customers without mark-up. Therefore, these costs have no significant impact on Revenue net of purchased power expense. See Note 3 — Regulatory Matters of the Exelon 2016 Form 10-K for additional information on ComEd's electricity procurement process.

All ComEd customers have the choice to purchase electricity from a competitive electric generation supplier. Customer choice programs do not impact ComEd's volume of deliveries, but do affect ComEd's Operating revenues related to supplied energy, which is fully offset in Purchased power expense. Therefore, customer choice programs have no impact on Revenue net of purchased power expense.

Retail deliveries purchased from competitive electric generation suppliers (as a percentage of kWh sales) for the three and nine months ended September 30, 2017 and 2016 , consisted of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Electric	68%	70%	70%	72%

Retail customers purchasing electric generation from competitive electric generation suppliers at September 30, 2017 and 2016 consisted of the following:

	September 30, 2017		September 30, 2016	
	Number of customers	% of total retail customers	Number of customers	% of total retail customers
Electric	1,360,800	34%	1,526,900	39%

The changes in ComEd's Revenue net of purchased power expense for the three and nine months ended September 30, 2017 , compared to the same period in 2016 consisted of the following:

	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2017
	Increase (Decrease)	Increase (Decrease)
Weather [(a)]	$ (34)	$ (37)
Volume [(a)]	(5)	(11)
Electric distribution revenue	59	119
Transmission revenue	11	45
Energy efficiency revenue [(b)]	5	6
Regulatory required programs [(b)]	(39)	(24)
Uncollectible accounts recovery, net	(3)	(5)
Pricing and customer mix [(a)]	—	(1)
Other	5	4
Total increase (decrease)	$ (1)	$ 96

(a) These changes only reflect the 2016 impacts of weather, volume, and pricing and customer mix. As further described below, pursuant to the revenue decoupling provision in FEJA, ComEd began recording an adjustment to revenue in the first quarter of 2017 to eliminate the favorable or unfavorable impacts associated with variations in delivery volumes associated with above or below normal weather, number of customers or usage per customer.

(b) Beginning on June 1, 2017, ComEd is deferring energy efficiency costs as a regulatory asset that will be recovered through the energy efficiency formula rate over the weighted average useful life of the related energy efficiency measures.

Revenue Decoupling. The demand for electricity is affected by weather conditions. Very warm weather in summer months and very cold weather in other months are referred to as "favorable weather conditions" because these weather conditions result in increased customer usage. Conversely, mild weather reduces demand.

Under EIMA, ComEd's electric distribution formula rate provided for an adjustment to future billings if its earned ROE fell outside a 50 bps collar of its allowed ROE, which partially eliminated the impacts of weather and load on ComEd's revenue. As allowed under FEJA, ComEd will revise its electric distribution formula rate to eliminate the ROE collar beginning with the reconciliation filed in 2018 for the 2017 calendar year. Elimination of the ROE collar effectively offsets the favorable or unfavorable impacts to Operating revenues associated with variations in delivery volumes associated with above or below normal weather, numbers of customers or usage per customer. ComEd began recognizing the impacts of this change beginning in the first quarter of 2017. During the three and nine months ended September 30, 2017 , ComEd recorded a decrease to Electric distribution revenues of approximately $15 million and an increase to Electric distribution revenues of approximately $21 million , respectively, to eliminate weather and load impacts.

Heating and cooling degree days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree days for a 30-year period in ComEd's service territory with cooling degree days generally having a more significant impact to ComEd, particularly during the summer months. The changes in heating and cooling degree days in ComEd's service territory for the three and nine months ended September 30, 2017 and 2016 , consisted of the following:

Heating and Cooling Degree-Days				% Change	
Three Months Ended September 30,	2017	2016	Normal	2017 vs. 2016	2017 vs. Normal
Heating Degree-Days	42	23	97	82.6 %	(56.7)%
Cooling Degree-Days	699	840	641	(16.8)%	9.0 %
Nine Months Ended September 30,					
Heating Degree-Days	3,269	3,678	3,972	(11.1)%	(17.7)%
Cooling Degree-Days	962	1,130	882	(14.9)%	9.1 %

Electric Distribution Revenue. EIMA provides for a performance-based formula rate, which requires an annual reconciliation of the revenue requirement in effect to the actual costs that the ICC determines are prudently and reasonably incurred in a given year. Under EIMA, electric distribution revenue varies from year to year based upon fluctuations in the underlying costs, investments being recovered, and allowed ROE. ComEd's allowed ROE is the annual average rate on 30-year treasury notes plus 580 basis points. In addition, ComEd's allowed ROE is subject to reduction if ComEd does not deliver the reliability and customer service benefits to which it has committed over the ten-year life of the investment program. Electric distribution revenue increased during the three and nine months ended September 30, 2017 , primarily due to increased capital investment, increased Depreciation expense, and higher allowed ROE due to an increase in treasury rates as compared to the same period in 2016 and due to revenue decoupling impacts (as described above) during the nine months ended September 30, 2017 . See Depreciation and amortization expense discussions below, and Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Transmission Revenue. Under a FERC-approved formula, transmission revenue varies from year to year based upon fluctuations in the underlying costs, capital investments being recovered and the highest daily peak load, which is updated annually in January based on the prior calendar year. Generally, increases/decreases in the highest daily peak load will result in higher/lower transmission revenue. For the three and nine months ended September 30, 2017 , ComEd recorded increased transmission revenue due to increased capital investment, higher Depreciation expense and increased highest daily peak load as compared to the same period in 2016 . See Operating and maintenance expense below and Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Energy Efficiency Revenue. Beginning June 1, 2017, FEJA provides for a performance-based formula rate, which requires an annual reconciliation of the revenue requirement in effect to the actual costs that the ICC determines are prudently and reasonably incurred in a given year. Under FEJA, energy efficiency revenue varies from year to year based upon fluctuations in the underlying costs, investments being recovered, and allowed ROE. ComEd's allowed ROE is the annual average rate on 30-year treasury notes plus 580 basis points. Beginning January 1, 2018, ComEd's allowed ROE is subject to a maximum downward or upward adjustment of 200 basis points if ComEd's cumulative persisting annual MWh savings falls short of or exceeds specified percentage benchmarks of its annual incremental

savings goal. See Depreciation and amortization expense discussions below, and Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Regulatory Required Programs. This represents the change in Operating revenues collected under approved rate riders to recover costs incurred for regulatory programs such as ComEd's purchased power administrative costs and energy efficiency and demand response through June 1, 2017 pursuant to FEJA. The riders are designed to provide full and current cost recovery. An equal and offsetting amount has been included in Operating and maintenance expense. See Operating and maintenance expense discussion below for additional information on included programs.

Uncollectible Accounts Recovery, Net. Uncollectible accounts recovery, net represents recoveries under ComEd's uncollectible accounts tariff. See Operating and maintenance expense discussion below for additional information on this tariff.

Other. Other revenue, which can vary period to period, includes rental revenue, revenue related to late payment charges, assistance provided to other utilities through mutual assistance programs, recoveries of environmental costs associated with MGP sites, and recoveries of energy procurement costs.

Operating and Maintenance Expense

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2017	2016	Increase (Decrease)	2017	2016	Increase (Decrease)
Operating and maintenance expense — baseline	$ 344	$ 336	$ 8	$ 1,000	$ 993	$ 7
Operating and maintenance expense — regulatory required programs [(a)]	2	41	$ (39)	96	120	(24)
Total operating and maintenance expense	$ 346	$ 377	$ (31)	$ 1,096	$ 1,113	$ (17)

(a) Operating and maintenance expense for regulatory required programs are costs for various legislative and/or regulatory programs that are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in Operating revenues.

The increase in Operating and maintenance expense for the three and nine months ended September 30, 2017 compared to the same period in 2016 , consisted of the following:

	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2017
	Increase (Decrease)	Increase (Decrease)
Baseline		
Labor, other benefits, contracting and materials	$ (5)	$ (11)
Pension and non-pension postretirement benefits expense	1	2
Storm-related costs	1	1
Uncollectible accounts expense — provision [(a)]	(4)	(8)
Uncollectible accounts expense — recovery, net [(a)]	1	3
BSC costs [(b)]	21	35
Other	(7)	(15)
	8	7
Regulatory required programs		
Energy efficiency and demand response programs [(c)]	(39)	(24)
Decrease in operating and maintenance expense	$ (31)	$ (17)

(a) ComEd is allowed to recover from or refund to customers the difference between the utility's annual uncollectible accounts expense and the amounts collected in rates annually through a rider mechanism. During the three and nine months ended September 30, 2017 , ComEd recorded a net decrease in Operating and maintenance expense related to uncollectible accounts due to the timing of regulatory cost recovery. An equal and offsetting decrease has been recognized in Operating revenues for the period presented.
(b) For the three and nine months ended September 30, 2017 , includes the $8 million write-off of a regulatory asset related to Constellation merger and integration costs for which recovery is no longer expected.
(c) Beginning on June 1, 2017, ComEd is deferring energy efficiency costs as a regulatory asset that will be recovered through the energy efficiency formula rate over the weighted average useful life of the related energy efficiency measures.

Depreciation and Amortization Expense

The increase in Depreciation and amortization expense during the three and nine months ended September 30, 2017 , compared to the same period in 2016 , consisted of the following:

	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2017
	Increase (Decrease)	Increase (Decrease)
Depreciation expense [(a)]	$ 14	$ 47
Regulatory asset amortization [(b)]	1	2
Other	1	8
Total increase	$ 16	$ 57

(a) Primarily reflects ongoing capital expenditures for the three and nine months ended September 30, 2017 .
(b) Beginning in June 2017, includes amortization of ComEd's energy efficiency formula rate regulatory asset.

Taxes Other Than Income

Taxes other than income, which can vary year to year, include municipal and state utility taxes, real estate taxes and payroll taxes. Taxes other than income taxes remained relatively consistent for the three and nine months ended September 30, 2017 , compared to the same period in 2016 .

Gain on Sales of Assets

The decrease in Gain on sales of assets during the nine months ended September 30, 2017 , compared to the same period in 2016 , is primarily due to the sale of land during March 2016.

Interest Expense, Net

The changes in interest expense, net, for the three and nine months ended September 30, 2017 , compared to the same period in 2016 , consisted of the following:

	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2017
	Increase (Decrease)	Increase (Decrease)
Interest expense related to uncertain tax positions [(a)]	$ (110)	$ (103)
Interest expense on debt (including financing trusts)	(1)	3
Other	3	1
Decrease in interest expense, net	$ (108)	$ (99)

(a) Primarily reflects the recognition of the after-tax interest due on the asserted penalty related to the Tax Court's decision on Exelon's like-kind exchange tax position in the third quarter of 2016, partially offset by additional interest recorded in the second quarter of 2017 related to Exelon's like-kind exchange tax position.

Other, Net

Other, net, decreased during the three and nine months ended September 30, 2017 , compared to the same period in 2016 primarily due to the recognition of the penalty related to the Tax Court's decision on Exelon's like-kind exchange tax position in the third quarter of 2016.

Effective Income Tax Rate

ComEd's effective income tax rate was 40.9% and 67.0% for the three months ended September 30, 2017 and 2016 , respectively. ComEd's effective income tax rate was 42.3% and 45.1% for the nine months ended September 30, 2017 and 2016 , respectively. The decreases in the effective income tax rates for the three and nine months ended September 30, 2017 as compared to the same period in 2016 are primarily due to a non-deductible penalty incurred in 2016. See Note 12 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

ComEd Electric Operating Statistics and Revenue Detail

Retail Deliveries to Customers (in GWhs)	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	% Change	Weather-Normal % Change	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016	% Change	Weather-Normal % Change
Retail Deliveries [a]								
Residential	8,004	9,014	(11.2)%	(0.6)%	20,164	21,738	(7.2)%	(1.3)%
Small commercial & industrial	8,488	8,833	(3.9)%	(1.0)%	23,634	24,447	(3.3)%	(1.6)%
Large commercial & industrial	7,232	7,565	(4.4)%	(2.5)%	20,712	21,057	(1.6)%	(0.5)%
Public authorities & electric railroads	302	308	(1.9)%	(1.7)%	928	947	(2.0)%	(1.4)%
Total retail deliveries	24,026	25,720	(6.6)%	(1.3)%	65,438	68,189	(4.0)%	(1.1)%

Number of Electric Customers	As of September 30, 2017	As of September 30, 2016
Residential	3,610,091	3,578,846
Small commercial & industrial	376,309	372,603
Large commercial & industrial	1,954	2,010
Public authorities & electric railroads	4,763	4,738
Total	3,993,117	3,958,197

Electric Revenue	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	% Change	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016	% Change
Retail Sales [a]						
Residential	$ 825	$ 786	5.0 %	$ 2,108	$ 2,018	4.5%
Small commercial & industrial	369	356	3.7 %	1,051	1,007	4.4%
Large commercial & industrial	121	126	(4.0)%	352	350	0.6%
Public authorities & electric railroads	11	10	10.0 %	34	33	3.0%
Total retail	1,326	1,278	3.8 %	3,545	3,408	4.0%
Other revenue [b]	245	219	11.9 %	682	623	9.5%
Total electric revenue [c]	$ 1,571	$ 1,497	4.9 %	$ 4,227	$ 4,031	4.9%

(a) Reflects delivery revenue and volume from customers purchasing electricity directly from ComEd and customers purchasing electricity from a competitive electric generation supplier, as all customers are assessed delivery charges. For customers purchasing electricity from ComEd, revenue also reflects the cost of energy and transmission.

(b) Other revenue primarily includes transmission revenue from PJM. Other revenue also includes rental revenue, revenue related to late payment charges, revenue from other utilities for mutual assistance programs and recoveries of remediation costs associated with MGP sites.

(c) Includes operating revenues from affiliates totaling $3 million and $4 million for the three and nine months ended September 30, 2017 and 2016 , and $12 million and $12 million for the nine months ended September 30, 2017 and 2016 , respectively.

Results of Operations — PECO

	Three Months Ended September 30,		Favorable (Unfavorable) Variance	Nine Months Ended September 30,		Favorable (Unfavorable) Variance
	2017	2016		2017	2016	
Operating revenues	$ 715	$ 788	$ (73)	$ 2,141	$ 2,293	$ (152)
Purchased power and fuel expense	235	272	37	719	809	90
Revenues net of purchased power and fuel expense (a)	480	516	(36)	1,422	1,484	(62)
Other operating expenses						
Operating and maintenance	197	199	2	595	604	9
Depreciation and amortization	72	67	(5)	213	201	(12)
Taxes other than income	42	46	4	116	126	10
Total other operating expenses	311	312	1	924	931	7
Operating income	169	204	(35)	498	553	(55)
Other income and (deductions)						
Interest expense, net	(31)	(30)	(1)	(93)	(92)	(1)
Other, net	2	2	—	6	6	—
Total other income and (deductions)	(29)	(28)	(1)	(87)	(86)	(1)
Income before income taxes	140	176	(36)	411	467	(56)
Income taxes	28	54	26	84	121	37
Net income	$ 112	$ 122	$ (10)	$ 327	$ 346	$ (19)

(a) PECO evaluates its operating performance using the measures of revenue net of purchased power expense for electric sales and revenue net of fuel expense for gas sales. PECO believes revenue net of purchased power expense and revenue net of fuel expense are useful measurements of its performance because they provide information that can be used to evaluate its net revenue from operations. PECO has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, revenue net of purchased power expense and revenue net of fuel expense figures are not presentations defined under GAAP and may not be comparable to other companies' presentations or more useful than the GAAP information provided elsewhere in this report.

Net Income

Three Months Ended September 30, 2017 Compared to Three Months Ended September 30, 2016 . PECO's Net income decreased from the same period in 2016 , primarily due to lower Revenues net of purchased power and fuel from unfavorable weather conditions in PECO's service territory.

Nine Months Ended September 30, 2017 Compared to Nine Months Ended September 30, 2016 . PECO's Net income decreased from the same period in 2016 , primarily due to lower Revenues net of purchased power and fuel from unfavorable weather conditions in PECO's service territory.

Revenues Net of Purchased Power and Fuel Expense

Electric and natural gas revenue and purchased power and fuel expense are affected by fluctuations in commodity procurement costs. PECO's electric supply and natural gas cost rates charged to customers are subject to adjustments at least quarterly that are designed to recover or refund the difference between the actual cost of electric supply and natural gas and the amount included in rates in accordance with the PAPUC's GSA and PGC, respectively. Therefore, fluctuations in electric supply and natural gas procurement costs have no impact on electric and natural gas revenue net of purchased power and fuel expense.

Electric and natural gas revenue and purchased power and fuel expense are also affected by fluctuations in participation in the Customer Choice Program. All PECO customers have the choice to purchase electricity and natural gas from competitive electric generation and natural gas suppliers, respectively. The customers' choice of suppliers does not impact the volume of deliveries, but affects revenue collected from customers related to supplied energy and natural gas service. Customer choice program activity has no impact on electric and natural gas revenue net of purchased power and fuel expense.

Retail deliveries purchased from competitive electric generation and natural gas suppliers (as a percentage of kWh and mmcf sales, respectively) for the three and nine months ended September 30, 2017 and 2016 , consisted of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Electric	70%	69%	71%	70%
Natural Gas	29%	31%	26%	26%

Retail customers purchasing electric generation and natural gas from competitive electric generation and natural gas suppliers at September 30, 2017 and 2016 consisted of the following:

	September 30, 2017		September 30, 2016	
	Number of customers	% of total retail customers	Number of customers	% of total retail customers
Electric	570,500	35%	581,600	36%
Natural Gas	82,600	16%	81,300	16%

The changes in PECO's Operating revenues net of purchased power and fuel expense for the three and nine months ended September 30, 2017 compared to the same period in 2016 consisted of the following:

	Three Months Ended September 30, 2017			Nine Months Ended September 30, 2017		
	Increase (Decrease)			Increase (Decrease)		
	Electric	Natural Gas	Total	Electric	Natural Gas	Total
Weather	$ (48)	$ —	$ (48)	$ (45)	$ (3)	$ (48)
Volume	—	1	1	(12)	4	(8)
Pricing	9	—	9	13	—	13
Regulatory required programs	(6)	—	(6)	(29)	—	(29)
Other	7	1	8	10	—	10
Total decrease	$ (38)	$ 2	$ (36)	$ (63)	$ 1	$ (62)

Weather. The demand for electricity and natural gas is affected by weather conditions. With respect to the electric business, very warm weather in summer months and, with respect to the electric and natural gas businesses, very cold weather in winter months are referred to as "favorable weather conditions" because these weather conditions result in increased deliveries of electricity and natural gas. Conversely, mild weather reduces demand. During the three months ended September 30, 2017 compared to the same period in 2016 , Operating revenue net of purchased power decreased due to unfavorable summer weather conditions. Operating revenue net of fuel expense was relatively consistent. During the nine months ended September 30, 2017 compared to the same period in 2016 , Operating revenue net of purchased power and fuel expense decreased due to unfavorable weather conditions.

Heating and cooling degree days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree days for a 30-year period in PECO's service territory. The changes in heating and cooling degree days in PECO's service territory for the three and nine months ended September 30, 2017 compared to the same periods in 2016 and normal weather consisted of the following:

Heating and Cooling Degree-Days				% Change	
Three Months Ended September 30,	2017	2016	Normal	2017 vs. 2016	2017 vs. Normal
Heating Degree-Days	14	10	35	40.0 %	(60.0)%
Cooling Degree-Days	989	1,288	923	(23.2)%	7.2 %
Nine Months Ended September 30,					
Heating Degree-Days	2,437	2,616	2,974	(6.8)%	(18.1)%
Cooling Degree-Days	1,404	1,684	1,271	(16.6)%	10.5 %

Volume. Operating revenue net of purchased power and fuel related to delivery volume, exclusive of the effects of weather, remained relatively consistent for the three months ended September 30, 2017 compared to the same period in 2016 . The decrease in Operating revenue net of purchased power related to delivery volume, exclusive of the effects of weather, for the nine months ended September 30, 2017 compared to the same period in 2016 , primarily reflects the impacts of energy efficiency initiatives on customer usage partially offset by moderate economic and customer growth, as well as a shift in the volume profile across classes from residential and small commercial and industrial to large commercial and industrial. Operating revenue net of fuel expense for the nine months ended September 30, 2017 compared to the same period in 2016 increased due to strong customer growth and moderate economic growth.

Pricing. Operating revenues net of purchased power as a result of pricing for the three and nine months ended September 30, 2017 compared to the same period in 2016 increased primarily due to higher overall effective rates due to decreased usage across the major customer classes. Operating revenues net of fuel expense for the three and nine months ended September 30, 2017 compared to the same period in 2016 remained relatively consistent.

Regulatory Required Programs. This represents the change in Operating revenue collected under approved riders to recover costs incurred for regulatory programs such as energy efficiency and the GSA. The riders are designed to provide full and current cost recovery as well as a return. The costs of these programs are included in Operating and maintenance expense, Depreciation and amortization expense and Income taxes. Refer to the Operating and maintenance expense discussion below for additional information on included programs.

Other. Other revenue, which can vary period to period, primarily includes wholesale transmission revenue, rental revenue, revenue related to late payment charges and assistance provided to other utilities through mutual assistance programs.

Operating and Maintenance Expense

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2017	2016	Increase (Decrease)	2017	2016	Increase (Decrease)
Operating and maintenance expense — baseline	$ 183	$ 185	$ (2)	$ 552	$ 545	$ 7
Operating and maintenance expense — regulatory required programs [(a)]	14	14	—	43	59	(16)
Total operating and maintenance expense	$ 197	$ 199	$ (2)	$ 595	$ 604	$ (9)

(a) Operating and maintenance expenses for regulatory required programs are costs for various legislative and/or regulatory programs that are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in Operating revenues.

The changes in Operating and maintenance expense for the three and nine months ended September 30, 2017 compared to the same period in 2016 , consisted of the following:

	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2017
	Increase (Decrease)	Increase (Decrease)
Baseline		
Labor, other benefits, contracting and materials	$ 7	$ 14
Storm-related costs	(3)	(7)
Pension and non-pension postretirement benefits expense	(1)	(2)
PHI merger and integration costs	1	1
BSC costs	5	6
Uncollectible accounts expense	(6)	(6)
Other	(5)	1
	(2)	7
Regulatory Required Programs		
Energy efficiency	1	(15)
Other	(1)	(1)
	—	(16)
Total decrease	$ (2)	$ (9)

Depreciation and Amortization Expense

The changes in Depreciation and amortization expense for the three and nine months ended September 30, 2017 compared to the same period in 2016 , consisted of the following:

	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2017
	Increase (Decrease)	Increase (Decrease)
Depreciation and amortization expense	$ 5	$ 13
Regulatory asset amortization	—	(1)
Total increase	$ 5	$ 12

Taxes Other Than Income

Taxes other than income, which can vary period to period, include municipal and state utility taxes, real estate taxes and payroll taxes. Taxes other than income decreased for the three and nine months ended September 30, 2017 compared to the same period in 2016 due to a decrease in gross receipts tax driven by a decrease in electric revenue.

Interest Expense, Net

Interest expense, net for the three and nine months ended September 30, 2017 remained consistent compared to the same period in 2016 .

Other, Net

Other, net for the three and nine months ended September 30, 2017 remained consistent compared to the same period in 2016 .

Effective Income Tax Rate

PECO's effective income tax rate was 20.0% and 30.7% for the three months ended September 30, 2017 and 2016 , respectively, and 20.4% and 25.9% for the nine months ended September 30, 2017 and 2016 , respectively. See

Note 12 — Income Taxes of the Combined Notes to the Consolidated Financial Statements for further discussion of the change in effective income tax rate.

PECO Electric Operating Statistics and Revenue Detail

Retail Deliveries to Customers (in GWhs)	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	% Change	Weather - Normal % Change	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016	% Change	Weather - Normal % Change
Retail Deliveries [a]								
Residential	3,752	4,358	(13.9)%	0.2 %	9,939	10,682	(7.0)%	(1.4)%
Small commercial & industrial	2,158	2,324	(7.1)%	(1.0)%	6,048	6,236	(3.0)%	(1.1)%
Large commercial & industrial	4,137	4,234	(2.3)%	1.4 %	11,593	11,598	— %	0.8 %
Public authorities & electric railroads	198	240	(17.5)%	(17.5)%	618	672	(8.0)%	(8.0)%
Total retail deliveries	10,245	11,156	(8.2)%	— %	28,198	29,188	(3.4)%	(0.6)%

Number of Electric Customers	As of September 30, 2017	As of September 30, 2016
Residential	1,463,906	1,451,533
Small commercial & industrial	150,964	149,646
Large commercial & industrial	3,112	3,094
Public authorities & electric railroads	9,665	9,820
Total	1,627,647	1,614,093

Electric Revenue	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	% Change	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016	% Change
Retail Sales [a]						
Residential	$ 434	$ 513	(15.4)%	$ 1,147	$ 1,278	(10.3)%
Small commercial & industrial	106	109	(2.8)%	303	334	(9.3)%
Large commercial & industrial	59	59	— %	168	182	(7.7)%
Public authorities & electric railroads	7	8	(12.5)%	23	25	(8.0)%
Total retail	606	689	(12.0)%	1,641	1,819	(9.8)%
Other revenue [b]	56	51	9.8 %	161	152	5.9 %
Total electric revenue [c]	$ 662	$ 740	(10.5)%	$ 1,802	$ 1,971	(8.6)%

(a) Reflects delivery volumes and revenue from customers purchasing electricity directly from PECO and customers purchasing electricity from a competitive electric generation supplier as all customers are assessed distribution charges. For customers purchasing electricity from PECO, revenue also reflects the cost of energy and transmission.
(b) Other revenue primarily includes transmission revenue from PJM and wholesale electric revenue, in addition to rental income.
(c) Includes operating revenues from affiliates totaling $1 million and $2 million for the three months ended September 30, 2017 and 2016 , respectively, and $4 million and $5 million for the nine months ended September 30, 2017 and 2016 , respectively.

PECO Natural Gas Operating Statistics and Revenue Detail

Deliveries to Customers (in mmcf)	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	% Change	Weather - Normal % Change	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016	% Change	Weather - Normal % Change
Retail Delivery								
Retail sales [a]	3,993	3,494	14.3 %	9.4 %	38,825	38,488	0.9 %	2.7 %
Transportation and other	5,674	7,315	(22.4)%	(14.5)%	19,122	20,917	(8.6)%	(5.9)%
Total natural gas deliveries	9,667	10,809	(10.6)%	(6.0)%	57,947	59,405	(2.5)%	(0.1)%

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Number of Natural Gas Customers	As of September 30, 2017	As of September 30, 2016
Residential	474,766	470,024
Commercial & industrial	43,358	42,997
Total retail	518,124	513,021
Transportation	771	802
Total	518,895	513,823

Natural Gas Revenue	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	% Change	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016	% Change
Retail Sales						
Retail sales [a]	$ 46	$ 41	12.2%	$ 315	$ 298	5.7%
Transportation and other	7	7	—%	24	24	—%
Total natural gas revenues [b]	$ 53	$ 48	10.4%	$ 339	$ 322	5.3%

(a) Reflects delivery volumes and revenue from customers purchasing natural gas directly from PECO and customers purchasing natural gas from a competitive natural gas supplier as all customers are assessed distribution charges. For customers purchasing natural gas from PECO, revenue also reflects the cost of natural gas.
(b) Includes operating revenues from affiliates totaling less than $1 million for the three and nine months ended September 30, 2017 and 2016 .

Results of Operations — BGE

	Three Months Ended September 30,		Favorable (Unfavorable) Variance	Nine Months Ended September 30,		Favorable (Unfavorable) Variance
	2017	2016		2017	2016	
Operating revenues	$ 738	$ 812	$ (74)	$ 2,363	$ 2,421	$ (58)
Purchased power and fuel expense	269	360	91	853	994	141
Revenues net of purchased power and fuel expense (a)	469	452	17	1,510	1,427	83
Other operating expenses						
Operating and maintenance	175	178	3	532	588	56
Depreciation and amortization	109	101	(8)	348	307	(41)
Taxes other than income	61	58	(3)	180	172	(8)
Total other operating expenses	345	337	(8)	1,060	1,067	7
Operating income	124	115	9	450	360	90
Other income and (deductions)						
Interest expense, net	(26)	(28)	2	(80)	(76)	(4)
Other, net	4	5	(1)	12	16	(4)
Total other income and (deductions)	(22)	(23)	1	(68)	(60)	(8)
Income before income taxes	102	92	10	382	300	82
Income taxes	40	36	(4)	151	109	(42)
Net income	62	56	6	231	191	40
Preference stock dividends	—	2	2	—	8	8
Net income attributable to common shareholder	$ 62	$ 54	$ 8	$ 231	$ 183	$ 48

(a) BGE evaluates its operating performance using the measures of revenue net of purchased power expense for electric sales and revenue net of fuel expense for gas sales. BGE believes revenues net of purchased power and fuel expense are useful measurements of its performance because they provide information that can be used to evaluate its net revenue from operations. BGE has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, revenues net of purchased power and fuel expense figures are not a presentation defined under GAAP and may not be comparable to other companies' presentations or more useful than the GAAP information provided elsewhere in this report.

Net Income Attributable to Common Shareholder

Three Months Ended September 30, 2017 Compared to Three Months Ended September 30, 2016 . BGE's Net income attributable to common shareholder for the three months ended September 30, 2017 was higher than the same period in 2016 , primarily due to an increase in Revenues net of purchased power and fuel expense, predominantly as a result of an increase in transmission formula rate revenues. This item was partially offset by an increase in Depreciation and amortization expense primarily related to the impacts of increased capital investment.

Nine Months Ended September 30, 2017 Compared to Nine Months Ended September 30, 2016 . BGE's Net income attributable to common shareholder for the nine months ended September 30, 2017 was higher than the same period in 2016 , primarily due to an increase in Revenues net of purchased power and fuel expense and lower Operating and maintenance expense. The increase in Revenues net of purchased power and fuel expense was primarily due to the impacts of the electric and natural gas distribution rate orders issued by the MDPSC in June 2016 and July 2016 and an increase in transmission formula rate revenues. The lower Operating and maintenance expense was primarily due to the absence of cost disallowances resulting from the 2016 distribution rate orders issued by the MDPSC and decreased storm costs in 2017. These items were partially offset by higher income tax expense primarily resulting from a cumulative adjustment to reduce tax expense in 2016 for transmission-related regulatory assets and an increase in Depreciation and amortization expense primarily related to the initiation of cost recovery of the AMI programs under the distribution rate orders and the impacts of increased capital investment.

Revenues Net of Purchased Power and Fuel Expense

There are certain drivers to Operating revenues that are offset by their impact on Purchased power and fuel expense, such as commodity procurement costs and programs allowing customers to select a competitive electric or natural gas supplier. Operating revenues and Purchased power and fuel expense are affected by fluctuations in commodity procurement costs. BGE's electric and natural gas rates charged to customers are subject to periodic adjustments that are designed to recover or refund the difference between the actual cost of purchased electric power and purchased natural gas and the amount included in rates in accordance with the MDPSC's market-based SOS and gas commodity programs, respectively.

Electric and natural gas revenue and purchased power and fuel expense are also affected by fluctuations in the number of customers electing to use a competitive electric generation or natural gas supplier. All BGE customers have the choice to purchase electricity and natural gas from competitive electric generation and natural gas suppliers, respectively. The customers' choice of suppliers does not impact the volume of deliveries, but does affect revenue collected from customers related to supplied energy and natural gas.

Retail deliveries purchased from competitive electric generation and natural gas suppliers (as a percentage of kWh and mmcf sales, respectively) for the three and nine months ended September 30, 2017 and 2016 consisted of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Electric	60%	58%	60%	59%
Natural Gas	74%	80%	57%	59%

The number of retail customers purchasing electric generation and natural gas from competitive electric generation and natural gas suppliers at September 30, 2017 and 2016 consisted of the following:

	September 30, 2017		September 30, 2016	
	Number of Customers	% of total retail customers	Number of customers	% of total retail customers
Electric	339,300	27%	334,100	26%
Natural Gas	148,600	22%	150,000	23%

The changes in BGE's Operating revenues net of purchased power and fuel expense for the three and nine months ended September 30, 2017 , compared to the same period in 2016 , consisted of the following:

	Three Months Ended September 30, 2017			Nine Months Ended September 30, 2017		
	Increase (Decrease)			Increase (Decrease)		
	Electric	Gas	Total	Electric	Gas	Total
Distribution rate increase	$ —	$ —	$ —	$ 21	$ 29	$ 50
Regulatory required programs	2	—	2	11	1	12
Transmission revenue	7	—	7	10	—	10
Other, net	4	4	8	5	6	11
Total increase	$ 13	$ 4	$ 17	$ 47	$ 36	$ 83

Distribution Rate Increase. The increase in distribution revenues for the nine months ended September 30, 2017 , compared to the same period in 2016 , was primarily due to the impact of the electric and natural gas distribution rates charged to customers that became effective in June 2016 in accordance with the electric and natural gas distribution rate orders issued by the MDPSC in June 2016 and July 2016. See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Revenue Decoupling. The demand for electricity and natural gas is affected by weather and usage conditions. The MDPSC allows BGE to record a monthly adjustment to its electric and natural gas distribution revenue from all residential customers, commercial electric customers, the majority of large industrial electric customers, and all firm service natural gas customers to eliminate the effect of abnormal weather and usage patterns per customer on BGE's electric and natural gas distribution volumes, thereby recovering a specified dollar amount of distribution revenue per customer, by customer class, regardless of fluctuations in actual consumption levels. This allows BGE to recognize revenue at MDPSC-approved distribution charges per customer, regardless of what BGE's actual distribution volumes were for a billing period. Therefore, while this revenue is affected by customer growth (i.e., increase in the number of customers), it will not be affected by actual weather or usage conditions (i.e., changes in consumption per customer). BGE bills or credits customers in subsequent months for the difference between approved revenue levels under revenue decoupling and actual customer billings.

Heating and cooling degree days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree days for a 30-year period in BGE's service territory. The changes in heating and cooling degree days in BGE's service territory for the three and nine months ended September 30, 2017 compared to the same period in 2016 consisted of the following:

Heating and Cooling Degree-Days				% Change	
Three Months Ended September 30,	2017	2016	Normal	2017 vs. 2016	2017 vs. Normal
Heating Degree-Days	64	24	78	166.7 %	(17.9)%
Cooling Degree-Days	595	747	596	(20.3)%	(0.2)%
Nine Months Ended September 30,					
Heating Degree-Days	2,524	2,878	2,992	(12.3)%	(15.6)%
Cooling Degree-Days	877	966	850	(9.2)%	3.2 %

Regulatory Required Programs. Revenue from regulatory required programs are billings for the costs of various legislative and/or regulatory programs that are recoverable from customers on a full and current basis. These programs are designed to provide full cost recovery, as well as a return in certain instances. The costs of these programs are included in Operating and maintenance expense, Depreciation and amortization expense and Taxes other than income in BGE's Consolidated Statements of Operations and Comprehensive Income.

Transmission Revenue. Under a FERC approved formula, transmission revenue varies from year to year based upon fluctuations in the underlying costs, capital investments being recovered and other billing determinants. The increase in transmission revenue for the three and nine months ended September 30, 2017 , compared to the same period in 2016 , was primarily due to increases in capital investment and operating and maintenance expense recoveries. See Operating and Maintenance Expense below and Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Other, Net. Other net revenue, which can vary from period to period, primarily includes late payment fees and other miscellaneous revenue such as service application fees and assistance provided to other utilities through BGE's mutual assistance program.

Operating and Maintenance Expense

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2017	2016	Increase (Decrease)	2017	2016	Increase (Decrease)
Operating and maintenance expense — baseline	$ 167	$ 170	$ (3)	$ 499	$ 561	$ (62)
Operating and maintenance expense — regulatory required programs [(a)]	8	8	—	33	27	6
Total operating and maintenance expense	$ 175	$ 178	$ (3)	$ 532	$ 588	$ (56)

(a) Operating and maintenance expense for regulatory required programs are costs for various legislative and/or regulatory programs that are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in Operating revenues.

The changes in Operating and maintenance expense for the three and nine months ended September 30, 2017 compared to the same period in 2016 , consisted of the following:

	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2017
	Increase (Decrease)	Increase (Decrease)
Baseline		
Impairment on long-lived assets and losses on regulatory assets [(a)]	$ 1	$ (50)
City of Baltimore conduit fees	(4)	(12)
Storm-related costs	3	(11)
Uncollectible accounts expense	(8)	(8)
BSC costs	8	10
Other	(3)	9
	(3)	(62)
Regulatory Required Programs		
Other	$ —	$ 6
	—	6
Total decrease	$ (3)	$ (56)

(a) See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Depreciation and Amortization

The changes in Depreciation and amortization expense for the three and nine months ended September 30, 2017 compared to the same period in 2016 consisted of the following:

	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2017
	Increase (Decrease)	Increase (Decrease)
Depreciation expense [(a)]	$ 5	$ 10
Regulatory asset amortization [(b)]	1	25
Regulatory required programs [(c)]	2	6
Total increase	$ 8	$ 41

(a) Depreciation expense increased due to ongoing capital expenditures.
(b) Regulatory asset amortization increased for the three and nine months ended September 30, 2017 compared to the same period in 2016 primarily due to an increase in regulatory asset amortization related to energy efficiency programs and the initiation of cost recovery of the AMI programs under the final electric and natural gas distribution rate case order issued by the MDPSC in June 2016 and increased depreciation from AMI program capital expenditures. See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.
(c) Depreciation and amortization expenses for regulatory required programs are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in Operating revenues.

Taxes Other Than Income

Taxes other than income, which can vary period to period, include municipal and state utility taxes, real estate taxes and payroll taxes. Taxes other than income for the three and nine months ended September 30, 2017 compared to the same period in 2016 remained relatively consistent.

Interest Expense, Net

Interest expense, net for the three and nine months ended September 30, 2017 , compared to the same period in 2016 remained relatively consistent.

Effective Income Tax Rate

BGE's effective income tax rate was 39.2% and 39.1% for the three months ended September 30, 2017 and 2016 , respectively. BGE's effective income tax rate was 39.5% and 36.3% for the nine months ended September 30, 2017 and 2016 , respectively. See Note 12 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

BGE Electric Operating Statistics and Revenue Detail

Retail Deliveries to Customers (in GWhs)	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	% Change	Weather - Normal % Change	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016	% Change	Weather - Normal % Change
Retail Deliveries [a]								
Residential	3,370	3,900	(13.6)%	(2.9)%	9,126	9,996	(8.7)%	(4.3)%
Small commercial & industrial	785	877	(10.5)%	(9.0)%	2,210	2,343	(5.7)%	(5.8)%
Large commercial & industrial	3,781	3,992	(5.3)%	(3.9)%	10,422	10,627	(1.9)%	(2.6)%
Public authorities & electric railroads	64	72	(11.1)%	(2.5)%	204	215	(5.1)%	(2.5)%
Total electric deliveries	8,000	8,841	(9.5)%	(4.0)%	21,962	23,181	(5.3)%	(3.7)%

Number of Electric Customers	As of September 30, 2017	As of September 30, 2016
Residential	1,156,659	1,145,020
Small commercial & industrial	113,224	112,609
Large commercial & industrial	12,144	12,030
Public authorities & electric railroads	274	282
Total	1,282,301	1,269,941

Electric Revenue	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	% Change	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016	% Change
Retail Sales [a]						
Residential	$ 376	$ 451	(16.6)%	$ 1,096	$ 1,203	(8.9)%
Small commercial & industrial	67	74	(9.5)%	202	212	(4.7)%
Large commercial & industrial	120	123	(2.4)%	343	337	1.8 %
Public authorities & electric railroads	8	9	(11.1)%	23	27	(14.8)%
Total retail	571	657	(13.1)%	1,664	1,779	(6.5)%
Other revenue [b][c]	87	78	11.5 %	231	219	5.5 %
Total electric revenue	$ 658	$ 735	(10.5)%	$ 1,895	$ 1,998	(5.2)%

(a) Reflects delivery volumes and revenue from customers purchasing electricity directly from BGE and customers purchasing electricity from a competitive electric generation supplier as all customers are assessed distribution charges. For customers purchasing electricity from BGE, revenue also reflects the cost of energy and transmission.
(b) Other revenue primarily includes wholesale transmission revenue and late payment charges.
(c) Includes operating revenues from affiliates totaling $1 million for both the three months ended September 30, 2017 and 2016 and $5 million for both the nine months ended September 30, 2017 and 2016 .

BGE Natural Gas Operating Statistics and Revenue Detail

Deliveries to Customers (in mmcf)	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	% Change	Weather - Normal % Change	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016	% Change	Weather - Normal % Change
Retail Deliveries [a]								
Retail sales	11,221	13,159	(14.7)%	(14.3)%	60,620	69,415	(12.7)%	(5.3)%
Transportation and other [b]	68	1,311	(94.8)%	n/a	2,463	4,078	(39.6)%	n/a
Total natural gas deliveries	11,289	14,470	(22.0)%	(14.3)%	63,083	73,493	(14.2)%	(5.3)%

Number of Gas Customers	As of September 30, 2017	As of September 30, 2016
Residential	626,039	619,837
Commercial & industrial	43,973	43,957
Total	670,012	663,794

Natural Gas Revenue	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	% Change	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016	% Change
Retail Sales [a]						
Retail sales	$ 77	$ 71	8.5 %	$ 445	$ 403	10.4%
Transportation and other [b]	3	6	(50.0)%	23	20	15.0%
Total natural gas revenues [c]	$ 80	$ 77	3.9 %	$ 468	$ 423	10.6%

(a) Reflects delivery volumes and revenue from customers purchasing natural gas directly from BGE and customers purchasing natural gas from a competitive natural gas supplier as all customers are assessed distribution charges. For customers purchasing natural gas from BGE, revenue also reflects the cost of natural gas.

(b) Transportation and other natural gas revenue includes off-system revenue of 68 mmcfs ($1 million) and 1,311 mmcfs ($4 million) for the three months ended September 30, 2017 and 2016 , respectively, and 2,463 mmcfs ($15 million) and 4,078 mmcfs ($14 million) for the nine months ended September 30, 2017 and 2016 , respectively.

(c) Includes operating revenues from affiliates totaling $2 million and $6 million for the three months ended September 30, 2017 and 2016 , respectively, and $7 million and $11 million for the nine months ended September 30, 2017 and 2016 , respectively.

Results of Operations — PHI

PHI's results of operations include the results of its three reportable segments, Pepco, DPL and ACE for all periods presented below. For "Predecessor" reporting periods, PHI's results of operations also include the results of PES and PCI. See Note 20 - Segment Information of the Combined Notes to Consolidated Financial Statements for additional information regarding PHI's reportable segments. All material intercompany accounts and transactions have been eliminated in consolidation. A separate specific discussion of the results of operations for Pepco, DPL and ACE is presented elsewhere in this report.

As a result of the PHI Merger, the following consolidated financial results present two separate reporting periods for 2016. The "Predecessor" reporting period represents PHI's results of operations for the period from January 1, 2016 to March 23, 2016 . The "Successor" reporting periods represent PHI's results of operations for the three and nine months ended September 30, 2017 , the three months ended September 30, 2016 and for the period from March 24, 2016 to September 30, 2016 . All amounts presented below are before the impact of income taxes, except as noted.

	Successor			*Successor*		*Predecessor*
	Three Months Ended September 30,		Favorable (Unfavorable) Variance	Nine Months Ended September 30,	March 24 to September 30,	January 1 to March 23,
	2017	2016		2017	2016	2016
Operating revenues	$ 1,310	$ 1,394	$ (84)	$ 3,557	$ 2,565	$ 1,153
Purchased power and fuel expense	473	583	110	1,318	1,037	497
Revenue net of purchased power and fuel expense [(a)]	837	811	26	2,239	1,528	656
Other operating expenses						
Operating and maintenance	251	226	(25)	774	921	294
Depreciation and amortization	179	182	3	511	355	152
Taxes other than income	122	124	2	344	248	105
Total other operating expenses	552	532	(20)	1,629	1,524	551
Gain on sales of assets	—	—	—	1	—	—
Operating income	285	279	6	611	4	105
Other income and (deductions)						
Interest expense, net	(62)	(64)	2	(183)	(135)	(65)
Other, net	13	19	(6)	40	31	(4)
Total other income and (deductions)	(49)	(45)	(4)	(143)	(104)	(69)
Income (loss) before income taxes	236	234	2	468	(100)	36
Income taxes	83	68	(15)	109	(9)	17
Net income (loss)	$ 153	$ 166	$ (13)	$ 359	$ (91)	$ 19

(a) PHI evaluates its operating performance using the measure of revenue net of purchased power and fuel expense for electric and natural gas sales. PHI believes revenue net of purchased power and fuel expense is a useful measurement because it provides information that can be used to evaluate its operational performance. PHI has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, Revenue net of purchased power and fuel expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

Successor Period Three Months Ended September 30, 2017 Compared to Successor Period Three Months Ended September 30, 2016

Net Income

PHI's Net income for the Successor period of three months ended September 30, 2017 was $153 million compared to $166 million for the Successor period of three months ended September 30, 2016 . The decrease in Net income reflects the September 2016 pre-tax recording of a $50 million reallocation of merger-related commitments from Pepco, DPL and ACE to Exelon, which resulted in more commitments becoming obligations of Exelon. The increase in Operating

and maintenance expense is partially offset by the impact of increases in electric distribution and natural gas rates within Revenue net of purchased power expense (Pepco electric distribution rates effective November 2016 in Maryland, Pepco electric distribution rates effective August 2017 in the District of Columbia, DPL electric distribution rates effective February 2017 in Maryland, DPL electric distribution and natural gas rates effective July 2016 and December 2016 in Delaware, and ACE electric distribution rates effective August 2016 in New Jersey).

Operating Revenue Net of Purchased Power and Fuel Expense

Operating revenue net of purchased power and fuel expense, which is a non-GAAP measure discussed above, increased by $26 million for the three months ended September 30, 2017 as compared to the three months ended September 30, 2016 . The increase is primarily attributable to the following factors:

- Increase of $17 million at DPL primarily related to the impact of the new electric distribution and natural gas rates charged to Delaware customers that became effective in July 2016 and December 2016 and the impact of new electric distribution rates charged to Maryland customers that became effective in February 2017;

- Increase of $14 million at Pepco primarily related to the impact of the new electric distribution rates charged to customers in Maryland that became effective in November 2016 and and the impact of new electric distribution rates charged to customers in the District of Columbia effective August 2017; and

- Decrease of $6 million at ACE primarily related to lower average customer usage and unfavorable weather related sales, partially offset by the impact of the new electric distribution base rate charged to customers that became effective in August 2016.

Operating and Maintenance Expense

Operating and maintenance expense increased by $25 million for the three months ended September 30, 2017 as compared to the three months ended September 30, 2016 . The increase is attributable to the following factors:

- Increase of $24 million at DPL due primarily to a merger commitment reallocation from DPL to Exelon that decreased Operating and maintenance expense in 2016;

- Increase of $5 million at ACE primarily due to a merger commitment reallocation from ACE to Exelon that decreased Operating and maintenance expense in 2016, partially offset by the deferral of merger-related costs to a regulatory asset; and

- Decrease of $6 million at Pepco primarily due to the deferral of merger-related, rate case, and customer billing system costs to a regulatory asset, partially offset by a merger commitment reallocation from Pepco to Exelon that decreased Operating and maintenance expense in 2016.

Depreciation and Amortization Expense

Depreciation and amortization expense decreased by $3 million primarily due to lower amortization expense at ACE resulting from lower revenue due to rate decreases effective October 2016 for the ACE Transition Bond Charge and ACE Market Transition Charge Tax, partially offset by higher depreciation as a result of higher Maryland depreciation rates at Pepco effective November 2016 and at DPL effective February 2017 and due to ongoing capital expenditures at Pepco, DPL, and ACE.

Taxes Other Than Income

Taxes other than income decreased by $2 million primarily due to lower utility taxes that are collected and passed through by Pepco, partially offset by higher property taxes at Pepco.

Interest Expense, Net

Interest expense decreased by $2 million primarily due to the redemption of long-term debt in December 2016 and lower short-term debt interest rates.

Other, Net

Other, net decreased by $6 million primarily due to the September 2016 reversal of contributions in aid of construction tax gross-up reserves due to the determination that there is no legal obligation to refund customers per contract terms.

Effective Income Tax Rate

PHI's effective income tax rate was 35.2% and 29.1% for the three months ended September 30, 2017 and 2016 , respectively. See Note 12 - Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

Successor Period Nine Months Ended September 30, 2017

PHI's Net income for the Successor period of nine months ended September 30, 2017 was $359 million . There were no significant changes in the underlying trends affecting PHI's operations during the Successor period of nine months ended September 30, 2017 except for the impact of increases in electric distribution and natural gas rates within Revenue net of purchased power expense (Pepco electric distribution rates effective November 2016 in Maryland, Pepco electric distribution rates effective August 2017 in the District of Columbia, DPL electric distribution rates effective February 2017 in Maryland, DPL electric distribution and natural gas rates effective July 2016 and December 2016 in Delaware, and ACE electric distribution rates effective August 2016 in New Jersey). The deferral of merger-related, rate case, and customer billing system costs to a regulatory asset and lower uncollectible accounts expense contributed to lower Operating and maintenance expense. Income taxes were lower due to unrecognized tax benefits of $59 million for uncertain tax positions related to the deductibility of certain merger commitments in the first quarter of 2017.

PHI's effective income tax rate for the Successor period of nine months ended September 30, 2017 was 23.3% . See Note 12 - Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

Successor Period March 24, 2016 to September 30, 2016

PHI's Net loss for the Successor period from March 24, 2016 to September 30, 2016 was $91 million **.** There were no significant changes in the underlying trends affecting PHI's results of operations during the Successor period of March 24, 2016 to September 30, 2016 except for the pre-tax recording of $375 million of non-recurring merger-related costs within Operating and maintenance expense.

PHI's effective income tax rate for the Successor period of March 24, 2016 to September 30, 2016 was 9.0% . See Note 12 - Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

Predecessor Period January 1, 2016 to March 23, 2016

PHI's Net income for the Predecessor period of January 1, 2016 to March 23, 2016 was $19 million **.** There were no significant changes in the underlying trends affecting PHI's results of operations during the Predecessor period of January 1, 2016 to March 23, 2016 except for the pre-tax recording of $29 million of non-recurring merger-related costs within Operating and maintenance expense and $18 million of preferred stock derivative expense within Other, net.

PHI's effective income tax rate for the Predecessor period of January 1, 2016 to March 23, 2016 was 47.2% . See Note 12 - Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

Results of Operations - Pepco

	Three Months Ended September 30,		Favorable (Unfavorable) Variance	Nine Months Ended September 30,		Favorable (Unfavorable) Variance
	2017	2016		2017	2016	
Operating revenues	$ 604	$ 635	$ (31)	$ 1,649	$ 1,695	$ (46)
Purchased power expense	168	213	45	478	563	85
Revenue net of purchased power expense [(a)]	436	422	14	1,171	1,132	39
Other operating expenses						
Operating and maintenance	103	109	6	336	508	172
Depreciation and amortization	82	76	(6)	242	221	(21)
Taxes other than income	102	105	3	282	287	5
Total other operating expenses	287	290	3	860	1,016	156
Gain on sales of assets	—	—	—	1	8	(7)
Operating income	149	132	17	312	124	188
Other income and (deductions)						
Interest expense, net	(31)	(30)	(1)	(89)	(98)	9
Other, net	7	12	(5)	22	28	(6)
Total other income and (deductions)	(24)	(18)	(6)	(67)	(70)	3
Income before income taxes	125	114	11	245	54	191
Income taxes	38	35	(3)	57	34	(23)
Net income	$ 87	$ 79	$ 8	$ 188	$ 20	$ 168

(a) Pepco evaluates its operating performance using the measure of revenue net of purchased power expense for electric sales. Pepco believes revenue net of purchased power expense is a useful measurement because it provides information that can be used to evaluate its operational performance. Pepco has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, Revenue net of purchased power expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

Net Income

Three Months Ended September 30, 2017 Compared to Three Months Ended September 30, 2016 . Pepco's Net income for the three months ended September 30, 2017 , was higher than the same period in 2016 , primarily due to an increase in Revenue net of purchased power expense resulting from higher electric distribution revenues as a result of the distribution rate increase approved by the MDPSC effective November 2016 and the distribution rate increase approved by the DCPSC effective August 2017.

Nine Months Ended September 30, 2017 Compared to Nine Months Ended September 30, 2016 . Pepco's Net income for the nine months ended September 30, 2017 , was higher than the same period in 2016 , primarily due to an increase in Revenue net of purchased power expense resulting from higher electric distribution revenues as a result of the distribution rate increase approved by the MDPSC effective November 2016 and the distribution rate increase approved by the DCPSC effective August 2017, lower Operating and maintenance expense due to merger-related costs recognized in March 2016, and a decrease in income tax reserves in the first quarter of 2017 for uncertain tax positions related to the deductibility of certain merger commitments, partially offset by higher depreciation expense due to increased depreciation rates in Maryland effective November 2016.

Operating Revenue Net of Purchased Power Expense

Operating revenues include revenue from the distribution and supply of electricity to Pepco's customers within its service territories at regulated rates. Operating revenues also include transmission service revenue that Pepco receives as a transmission owner from PJM at rates regulated by FERC. Transmission rates are updated annually based on a FERC-approved formula methodology.

Electric revenues and purchased power expense are also affected by fluctuations in participation in the Customer Choice Program. All Pepco customers have the choice to purchase electricity from competitive electric generation

suppliers. The customers' choice of supplier does not impact the volume of deliveries, but affects revenue collected from customers related to supplied energy service.

Retail deliveries purchased from competitive electric generation suppliers (as a percentage of kWh sales) for the three and nine months ended September 30, 2017 , compared to the same periods in 2016 , consisted of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Electric	65%	63%	66%	65%

Retail customers purchasing electric generation from competitive electric generation suppliers at September 30, 2017 and 2016 consisted of the following:

	September 30, 2017		September 30, 2016	
	Number of customers	% of total retail customers	Number of customers	% of total retail customers
Electric	179,106	21%	175,960	21%

Retail deliveries purchased from competitive electric generation suppliers represented 72% and 73% of Pepco's retail kWh sales to the District of Columbia customers and 60% and 60% of Pepco's retail kWh sales to Maryland customers for the three and nine months ended September 30, 2017 , respectively and 71% and 72% of Pepco's retail kWh sales to the District of Columbia customers and 58% and 59% of Pepco's retail kWh sales to Maryland customers for the three and nine months ended September 30, 2016 , respectively.

Operating revenues include transmission enhancement credits that Pepco receives as a transmission owner from PJM in consideration for approved regional transmission expansion plan expenditures.

Operating revenues also include work and services performed on behalf of customers, including other utilities, which is generally not subject to price regulation. Work and services includes mutual assistance to other utilities, highway relocation, rentals of pole attachments, late payment fees and collection fees.

Purchased power expense consists of the cost of electricity purchased by Pepco to fulfill its default electricity supply obligation and, as such, is recoverable from customers in accordance with the terms of public service commission orders.

The changes in Pepco's operating revenues net of purchased power expense for the three and nine months ended September 30, 2017 compared to the same periods in 2016 consisted of the following:

	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2017
	Increase (Decrease)	Increase (Decrease)
Volume	$ 5	$ 13
Distribution rate increase	17	45
Regulatory required programs	(6)	(11)
Transmission revenues	3	9
Other	(5)	(17)
Total increase	$ 14	$ 39

Volume. The increase in operating revenue net of purchased power and fuel expense related to delivery volume, exclusive of the effects of weather, for the three and nine months ended September 30, 2017 compared to the same periods in 2016 , primarily reflects the impact of customer growth.

Distribution Rate Increase. The increase in electric operating revenues net of purchased power expense for the three and nine months ended September 30, 2017 compared to the same periods in 2016 was primarily due to the

impact of higher electric distribution rates charged to customers in Maryland that became effective in November 2016 and higher electric distribution rates charged to customers in the District of Columbia that became effective August 2017. See Note 5 —Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Revenue Decoupling. Pepco's results historically have been seasonal, generally producing higher revenue and income in the warmest and coldest periods of the year. For retail customers of Pepco in Maryland and in the District of Columbia, revenues are not affected by unseasonably warmer or colder weather because a bill stabilization adjustment (BSA) for retail customers was implemented that provides for a fixed distribution charge per customer. The BSA has the effect of decoupling the distribution revenue recognized in a reporting period from the amount of power delivered during the period. As a result, the only factors that will cause distribution revenue from customers in Maryland and the District of Columbia to fluctuate from period to period are changes in the number of customers and changes in the approved distribution charge per customer. Changes in customer usage (due to weather conditions, energy prices, energy efficiency programs or other reasons) from period to period have no impact on reported distribution revenue for customers to whom the BSA applies.

In accounting for the BSA in Maryland and the District of Columbia, a Revenue Decoupling Adjustment is recorded representing either (i) a positive adjustment equal to the amount by which revenue from Maryland and the District of Columbia retail distribution sales falls short of the revenue that Pepco is entitled to earn based on the approved distribution charge per customer or (ii) a negative adjustment equal to the amount by which revenue from such distribution sales exceeds the revenue that Pepco is entitled to earn based on the approved distribution charge per customer.

Heating and cooling degree days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree days for a 20-year period in Pepco's service territory. The changes in heating and cooling degree days in Pepco's service territory for the three and nine months ended September 30, 2017 compared to the same periods in 2016 and normal weather consisted of the following:

				% Change	
	2017	2016	Normal	2017 vs. 2016	2017 vs. Normal
Three Months Ended September 30,					
Heating Degree-Days	8	1	19	700.0 %	(57.9)%
Cooling Degree-Days	1,130	1,418	1,133	(20.3)%	(0.3)%
Nine Months Ended September 30,					
Heating Degree-Days	1,963	2,408	2,477	(18.5)%	(20.8)%
Cooling Degree-Days	1,679	1,872	1,611	(10.3)%	4.2 %

Regulatory Required Programs. This represents the change in operating revenues collected under approved riders to recover costs incurred for regulatory programs such as energy efficiency programs. The riders are designed to provide full and current cost recovery as well as a return. The costs of these programs are included in Operating and maintenance expense, Depreciation and amortization expense and Taxes other than income in Pepco's Consolidated Statements of Operations and Comprehensive Income. Refer to the Operating and maintenance expense and Depreciation and amortization expense discussion below for additional information on included programs.

Transmission Revenues . Under a FERC-approved formula, transmission revenue varies from year to year based upon fluctuations in the underlying costs, capital investments being recovered and other billing adjustments. The increase in revenue net of purchased power expense for the three months ended September 30, 2017 compared to the same period in 2016 is a result of higher rates effective June 1, 2017 related to increases in transmission plant investment and operating expenses. The increase in revenue net of purchased power expense for the nine months ended September 30, 2017 compared to the same period in 2016 is a result of higher rates effective June 1, 2017 and June 1, 2016 related to increases in transmission plant investment and operating expenses, partially offset by lower revenue related to the MAPP abandonment recovery period that ended in March 2016.

Other. The decrease in other operating revenue net of purchased power and fuel expense for the three and nine months ended September 30, 2017 compared to the same periods in 2016 is primarily due to lower pass-through revenue (which is substantially offset in Taxes other than income) primarily the result of lower sales that resulted in a decrease in utility taxes that are collected by Pepco on behalf of the jurisdiction.

Operating and Maintenance Expense

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2017	2016	Increase (Decrease)	2017	2016	Increase (Decrease)
Operating and maintenance expense - baseline	$ 100	$ 106	$ (6)	$ 331	$ 500	$ (169)
Operating and maintenance expense - regulatory required programs [(a)]	3	3	—	5	8	(3)
Total operating and maintenance expense	$ 103	$ 109	$ (6)	$ 336	$ 508	$ (172)

(a) Operating and maintenance expenses for regulatory required programs are costs for various legislative and/or regulatory programs that are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in Operating revenues.

The changes in Operating and maintenance expense for the three and nine months ended September 30, 2017 compared to the same periods in 2016 , consisted of the following:

	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2017
	Increase (Decrease)	Increase (Decrease)
Baseline		
Labor, other benefits, contracting and materials	$ 2	$ 14
Storm-related costs	(1)	—
Remeasurement of AMI-related regulatory asset [(a)]	(4)	(11)
Uncollectible accounts expense	1	(1)
Deferral of merger-related costs to regulatory asset	(8)	(1)
Deferral of rate case and customer billing system costs	(6)	(6)
BSC and PHISCO allocations [(b)]	1	(22)
Merger commitments [(c)]	13	(132)
Other	(4)	(10)
	(6)	(169)
Regulatory required programs		
Purchased power administrative costs	—	(3)
Total decrease	$ (6)	$ (172)

(a) Related to a remeasurement of a regulatory asset for legacy meters recognized in 2016.
(b) Primarily related to merger severance and compensation costs recognized in 2016.
(c) Primarily related to merger-related commitments for customer rate credits and charitable contributions recognized in 2016.

Depreciation and Amortization Expense

The changes in Depreciation and amortization expense for the three and nine months ended September 30, 2017 compared to the same periods in 2016 , consisted of the following:

	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2017
	Increase (Decrease)	Increase (Decrease)
Depreciation expense [(a)]	$ 9	$ 25
Regulatory asset amortization	3	4
Regulatory required programs [(b)]	(6)	(8)
Total increase	$ 6	$ 21

(a) Depreciation expense increased due to higher depreciation rates in Maryland effective November 2016 and due to ongoing capital expenditures.
(b) Depreciation and amortization expenses for regulatory required programs are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in Operating revenues and Operating and maintenance expense.

Taxes Other Than Income

Taxes other than income for the three and nine months ended September 30, 2017 compared to the same periods in 2016 , decreased due to a decrease in the utility taxes that are collected and passed through by Pepco (which is substantially offset in Operating revenues), partially offset by higher property taxes.

Gain on sales of assets

Gain on sales of assets for the nine months ended September 30, 2017 compared to the same period in 2016 decreased due to a second quarter 2016 gain recorded from the sale of land.

Interest Expense, Net

Interest expense, net for the three months ended September 30, 2017 compared to the same period in 2016 , remained relatively constant.

Interest expense, net for the nine months ended September 30, 2017 compared to the same period in 2016 decreased primarily due to the recording of interest expense for an uncertain tax position in the first quarter of 2016 and an increase in capitalized AFUDC interest.

Other, Net

Other, net for the three and nine months ended September 30, 2017 compared to the same periods in 2016 decreased primarily due to the September 2016 reversal of contributions in aid of construction tax gross-up reserves due to the determination that there is no legal obligation to refund customers per contract terms.

Effective Income Tax Rate

Pepco's effective income tax rate was 30.4% and 30.7% for the three months ended September 30, 2017 and 2016 , respectively. Pepco's effective income tax rate was 23.3% and 63.0% for the nine months ended September 30, 2017 and 2016 , respectively. In the first quarter of 2017 , Pepco decreased its liability for unrecognized tax benefits by $21 million resulting in a benefit to Income taxes and a corresponding decrease in its effective tax rate. See Note 12 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the change in effective income tax rates.

Pepco Electric Operating Statistics and Revenue Detail

Retail Deliveries to Customers (in GWhs)	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	% Change	Weather - Normal % Change	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016	% Change	Weather - Normal % Change
Retail Deliveries [a]								
Residential	2,281	2,675	(14.7)%	(5.2)%	6,038	6,652	(9.2)%	(2.7)%
Small commercial & industrial	347	394	(11.9)%	(7.2)%	999	1,124	(11.1)%	(8.4)%
Large commercial & industrial	4,146	4,314	(3.9)%	0.8 %	11,306	11,890	(4.9)%	(3.0)%
Public authorities & electric railroads	180	180	— %	1.1 %	542	544	(0.4)%	(0.2)%
Total retail deliveries	6,954	7,563	(8.1)%	(1.7)%	18,885	20,210	(6.6)%	(3.1)%

Number of Electric Customers	As of September 30, 2017	As of September 30, 2016
Residential	790,032	775,911
Small commercial & industrial	53,543	53,425
Large commercial & industrial	21,733	21,315
Public authorities & electric railroads	143	129
Total	865,451	850,780

Electric Revenue	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	% Change	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016	% Change
Retail Sales [a]						
Residential	$ 283	$ 315	(10.2)%	$ 744	$ 791	(5.9)%
Small commercial & industrial	38	43	(11.6)%	113	116	(2.6)%
Large commercial & industrial	221	219	0.9 %	608	613	(0.8)%
Public authorities & electric railroads	8	7	14.3 %	24	23	4.3 %
Total retail	550	584	(5.8)%	1,489	1,543	(3.5)%
Other revenue [b]	54	51	5.9 %	160	152	5.3 %
Total electric revenue [c]	$ 604	$ 635	(4.9)%	$ 1,649	$ 1,695	(2.7)%

(a) Reflects delivery volumes and revenues from customers purchasing electricity directly from Pepco and customers purchasing electricity from a competitive electric generation supplier as all customers are assessed distribution charges. For customers purchasing electricity from Pepco, revenue also reflects the cost of energy and transmission.
(b) Other revenue includes transmission revenue from PJM and wholesale electric revenues.
(c) Includes operating revenues from affiliates totaling $1 million for the three months ended September 30, 2017 and 2016 and $4 million and $3 million for the nine months ended September 30, 2017 and 2016 , respectively.

Results of Operations - DPL

	Three Months Ended September 30,		Favorable (Unfavorable) Variance	Nine Months Ended September 30,		Favorable (Unfavorable) Variance
	2017	2016		2017	2016	
Operating revenues	$ 327	$ 331	$ (4)	$ 971	$ 974	$ (3)
Purchased power and fuel expense	129	150	21	399	448	49
Revenues net of purchased power and fuel expense (a)	198	181	17	572	526	46
Other operating expenses						
Operating and maintenance	79	55	(24)	227	338	111
Depreciation and amortization	45	44	(1)	124	120	(4)
Taxes other than income	15	14	(1)	43	42	(1)
Total other operating expenses	139	113	(26)	394	500	106
Gain on sales of asset	—	4	(4)	—	4	(4)
Operating income	59	72	(13)	178	30	148
Other income and (deductions)						
Interest expense, net	(13)	(12)	(1)	(38)	(37)	(1)
Other, net	4	3	1	10	9	1
Total other income and (deductions)	(9)	(9)	—	(28)	(28)	—
Income before income taxes	50	63	(13)	150	2	148
Income taxes	19	19	—	43	18	(25)
Net income (loss)	$ 31	$ 44	$ (13)	$ 107	$ (16)	$ 123

(a) DPL evaluates its operating performance using the measure of revenue net of purchased power expense for electric sales and revenue net of fuel expense for natural gas sales. DPL believes revenue net of purchased power expense and revenue net of fuel expense are useful measurements because they provide information that can be used to evaluate its operational performance. DPL has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, Revenue net of purchased power expense and Revenue net of fuel expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

Net Income (Loss)

Three Months Ended September 30, 2017 Compared to Three Months Ended September 30, 2016 . DPL's Net income for the three months ended September 30, 2017 , was lower than the same period in 2016 as a result of the merger commitment reallocation from DPL to Exelon that decreased Operating and maintenance expense in 2016, partially offset by an increase in Revenue net of purchased power and fuel expense primarily resulting from higher electric distribution and natural gas revenues as a result of the distribution rate increases approved by the DPSC effective July 2016 and December 2016 and by the MDPSC effective February 2017.

Nine Months Ended September 30, 2017 Compared to Nine Months Ended September 30, 2016 . DPL's Net income (loss) for the nine months ended September 30, 2017 , was higher than the same period in 2016 as a result of an increase in Revenue net of purchased power and fuel expense primarily resulting from higher electric distribution and natural gas revenues as a result of the distribution rate increases approved by the DPSC effective July 2016 and December 2016 and by the MDPSC effective February 2017, lower Operating and maintenance expense due to merger-related costs recognized in March 2016, lower uncollectible accounts expense, and the deferral of merger-related costs to a regulatory asset in 2017, and a decrease in income tax reserves in the first quarter of 2017 for uncertain tax positions related to the deductibility of certain merger commitments.

Revenues Net of Purchased Power and Fuel Expense

Operating revenues include revenue from the distribution and supply of electricity to DPL's customers within its service territories at regulated rates. Operating revenues also include transmission service revenue that DPL receives as a transmission owner from PJM at rates regulated by FERC. Transmission rates are updated annually based on a FERC-approved formula methodology.

Electric and natural gas revenues and purchased power and fuel expense are also affected by fluctuations in participation in the Customer Choice Program. All DPL customers have the choice to purchase electricity and natural gas from competitive electric generation and natural gas suppliers, respectively. The customers' choice of suppliers does not impact the volume of deliveries, but affects revenue collected from customers related to supplied energy and natural gas service.

Retail deliveries purchased from competitive electric generation and natural gas suppliers (as a percentage of kWh and mmcf sales, respectively) for the three and nine months ended September 30, 2017 and 2016 , consisted of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Electric	51%	49%	52%	51%
Natural Gas	53%	51%	35%	32%

Retail customers purchasing electric generation and natural gas from competitive electric generation and natural gas suppliers at September 30, 2017 and 2016 consisted of the following:

	September 30, 2017		September 30, 2016	
	Number of customers	% of total retail customers	Number of customers	% of total retail customers
Electric	78,426	15.0%	79,501	15.4%
Natural Gas	155	0.1%	157	0.1%

Retail deliveries purchased from competitive electric generation suppliers represented 53% and 54% of DPL’s retail kWh sales to Delaware customers and 48% and 48% of DPL's retail kWh sales to Maryland customers for the three and nine months ended September 30, 2017 , respectively and 51% and 53% of DPL's retail kWh sales to Delaware customers and 47% and 47% of DPL's retail kWh sales to Maryland customers for the three and nine months ended September 30, 2016 , respectively.

Operating revenues include transmission enhancement credits that DPL receives as a transmission owner from PJM in consideration for approved regional transmission expansion plan expenditures.

Operating revenues also include work and services performed on behalf of customers, including other utilities, which is generally not subject to price regulation. Work and services includes mutual assistance to other utilities, highway relocation, rentals of pole attachments, late payment fees and collection fees.

Natural gas operating revenue includes sources that are subject to price regulation (Regulated Gas Revenue) and those that generally are not subject to price regulation (Other Gas Revenue). Regulated gas revenue includes the revenue DPL receives from on-system natural gas delivered sales and the transportation of natural gas for customers within its service territory at regulated rates. Other gas revenue consists of off-system natural gas sales and the short-term release of interstate pipeline transportation and storage capacity not needed to serve customers. Off-system sales are made possible when low demand for natural gas by regulated customers creates excess pipeline capacity.

Purchased power expense consists of the cost of electricity purchased by DPL to fulfill its default electricity supply obligation and, as such, is recoverable from customers in accordance with the terms of public service commission orders. Purchased fuel expense consists of the cost of gas purchased by DPL to fulfill its obligation to regulated gas customers and, as such, is recoverable from customers in accordance with the terms of public service commission orders. It also includes the cost of gas purchased for off-system sales.

The changes in DPL's operating revenues net of purchased power and fuel expense for the three and nine months ended September 30, 2017 compared to the same periods in 2016 consisted of the following:

	Three Months Ended September 30, 2017			Nine Months Ended September 30, 2017		
	Increase (Decrease)			Increase (Decrease)		
	Electric	Gas	Total	Electric	Gas	Total
Weather	$ (6)	$ 1	$ (5)	$ (9)	$ (13)	$ (22)
Volume	2	(1)	1	3	10	13
Pricing - distribution revenues	17	—	17	49	2	51
Regulatory required programs	(3)	—	(3)	(2)	—	(2)
Transmission revenues	5	—	5	4	—	4
Other	3	(1)	2	5	(3)	2
Total increase (decrease)	$ 18	$ (1)	$ 17	$ 50	$ (4)	$ 46

Revenue Decoupling. DPL's results historically have been seasonal, generally producing higher revenue and income in the warmest and coldest periods of the year. For retail customers of DPL in Maryland, revenues are not affected by unseasonably warmer or colder weather because a bill stabilization adjustment (BSA) for retail customers was implemented that provides for a fixed distribution charge per customer. The BSA has the effect of decoupling the distribution revenue recognized in a reporting period from the amount of power delivered during the period. As a result, the only factors that will cause distribution revenue from customers in Maryland to fluctuate from period to period are changes in the number of customers and changes in the approved distribution charge per customer. A modified fixed variable rate design, which would provide for a charge not tied to a customer's volumetric consumption of electricity or natural gas, has been proposed for DPL electricity and natural gas customers in Delaware. Changes in customer usage (due to weather conditions, energy prices, energy efficiency programs or other reasons) from period to period have no impact on reported distribution revenue for customers to whom the BSA applies.

In accounting for the BSA in Maryland, a Revenue Decoupling Adjustment is recorded representing either (i) a positive adjustment equal to the amount by which revenue from Maryland retail distribution sales falls short of the revenue that DPL is entitled to earn based on the approved distribution charge per customer or (ii) a negative adjustment equal to the amount by which revenue from such distribution sales exceeds the revenue that DPL is entitled to earn based on the approved distribution charge per customer.

Weather. The demand for electricity and natural gas in areas not subject to the BSA is affected by weather conditions. With respect to the electric business, very warm weather in summer months and, with respect to the electric and natural gas businesses, very cold weather in winter months are referred to as “favorable weather conditions” because these weather conditions result in increased deliveries of electricity and natural gas. Conversely, mild weather reduces demand. During the three and nine months ended September 30, 2017 compared to the same periods in 2016 , operating revenue net of purchased power and fuel expense was lower due to the impact of unfavorable weather conditions in DPL's service territory.

Heating and cooling degree days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree days for a 20-year period in DPL's electric service territory and a 30-year period in DPL's natural gas service territory. The changes in heating and cooling degree days in DPL’s service territory for the three and nine months ended September 30, 2017 compared to the same periods in 2016 and normal weather consisted of the following:

Electric Service Territory				% Change	
Three Months Ended September 30,	2017	2016	Normal	2017 vs. 2016	2017 vs. Normal
Heating Degree-Days	24	14	33	71.4 %	(27.3)%
Cooling Degree-Days	867	1,103	856	(21.4)%	1.3 %
Nine Months Ended September 30,					
Heating Degree-Days	2,384	2,812	2,933	(15.2)%	(18.7)%
Cooling Degree-Days	1,228	1,410	1,184	(12.9)%	3.7 %

Natural Gas Service Territory				% Change	
Three Months Ended September 30,	2017	2016	Normal	2017 vs. 2016	2017 vs. Normal
Heating Degree-Days	28	20	42	40.0 %	(33.3)%
Nine Months Ended September 30,					
Heating Degree-Days	2,431	2,913	3,062	(16.5)%	(20.6)%

Volume. The increase in operating revenue net of purchased power and fuel expense related to delivery volume, exclusive of the effects of weather, for the three and nine months ended September 30, 2017 compared to the same periods in 2016 , primarily reflects the impact of increased natural gas average customer usage and customer growth.

Pricing—Distribution Revenues. The increase in electric operating revenues net of purchased power expense as a result of pricing for the three and nine months ended September 30, 2017 compared to the same periods in 2016 was primarily due to the impact of higher electric distribution and natural gas rates charged to Delaware customers that became effective in July and December 2016 and the impact of higher electric distribution rates charged to Maryland customers that became effective in February 2017. See Note 5 —Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Regulatory Required Programs. This represents the change in operating revenues collected under approved riders to recover costs incurred for regulatory programs such as energy efficiency programs. The riders are designed to provide full and current cost recovery as well as a return. The costs of these programs are included in Operating and maintenance expense, Depreciation and amortization expense and Taxes other than income in DPL's Consolidated Statements of Operations and Comprehensive Income. Refer to the Operating and maintenance expense and Depreciation and amortization expense discussion below for additional information on included programs.

Transmission Revenues. Under a FERC-approved formula, transmission revenue varies from year to year based upon fluctuations in the underlying costs, capital investments being recovered and other billing adjustments. The increase in revenue net of purchased power expense for the three months ended September 30, 2017 compared to the same period in 2016 is a result of higher rates effective June 1, 2017 related to increases in transmission plant investment and operating expenses. The increase in revenue net of purchased power expense for the nine months

ended September 30, 2017 compared to the same period in 2016 is a result of higher rates effective June 1, 2017 and June 1, 2016 related to increases in transmission plant investment and operating expenses, partially offset by lower revenue related to the MAPP abandonment recovery period that ended in March 2016.

Other. Other revenue, which can vary period to period, includes rental revenue, revenue related to late payment charges, assistance provided to other utilities through mutual assistance programs, and recoveries of other taxes.

Operating and Maintenance Expense

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2017	2016	Increase (Decrease)	2017	2016	Increase (Decrease)
Operating and maintenance expense - baseline	$ 76	$ 50	$ 26	$ 221	$ 328	$ (107)
Operating and maintenance expense - regulatory required programs [(a)]	3	5	(2)	6	10	(4)
Total operating and maintenance expense	$ 79	$ 55	$ 24	$ 227	$ 338	$ (111)

(a) Operating and maintenance expenses for regulatory required programs are costs for various legislative and/or regulatory programs that are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in Operating revenues.

The changes in Operating and maintenance expense for the three and nine months ended September 30, 2017 compared to the same periods in 2016 , consisted of the following:

	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2017
	Increase (Decrease)	Increase (Decrease)
Baseline		
Labor, other benefits, contracting and materials	$ 3	$ 3
Storm-related costs	(2)	4
Uncollectible accounts expense	(2)	(7)
Remeasurement of AMI-related regulatory asset [(a)]	(1)	(2)
Deferral of merger-related costs to regulatory asset	—	(6)
BSC and PHISCO allocations [(b)]	(1)	(15)
Merger commitments [(c)]	27	(79)
Other	2	(5)
	26	(107)
Regulatory required programs		
Purchased power administrative costs	(2)	(4)
Total increase (decrease)	$ 24	$ (111)

(a) Related to a remeasurement of a regulatory asset for legacy meters recognized in 2016.
(b) Primarily related to merger severance and compensation costs recognized in 2016.
(c) Primarily related to merger-related commitments for customer rate credits and charitable contributions recognized in 2016.

Depreciation and Amortization Expense

The changes in Depreciation and amortization expense for the three and nine months ended September 30, 2017 compared to the same periods in 2016 consisted of the following:

	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2017
	Increase (Decrease)	Increase (Decrease)
Depreciation expense [(a)]	$ 3	$ 9
Regulatory asset amortization	—	(2)
Regulatory required programs [(b)]	(2)	(3)
Total increase	$ 1	$ 4

(a) Depreciation expense increased due to higher depreciation rates in Maryland effective February 2017 and due to ongoing capital expenditures.
(b) Depreciation and amortization expenses for regulatory required programs are recoverable from customers on a full and current basis through approved regulated rates. A partially offsetting amount has been reflected in Operating revenues and Operating and maintenance expense.

Taxes Other Than Income

Taxes other than income for the three and nine months ended September 30, 2017 compared to the same periods in 2016 remained relatively constant.

Interest Expense, Net

Interest expense, net for the three and nine months ended September 30, 2017 compared to the same periods in 2016 remained relatively constant.

Other, Net

Other, net for the three and nine months ended September 30, 2017 compared to the same periods in 2016 remained relatively constant.

Effective Income Tax Rate

DPL's effective income tax rate was 38.0% and 30.2% for the three months ended September 30, 2017 and 2016 , respectively. DPL's effective income tax rate was 28.7% and 900.0% for the nine months ended September 30, 2017 and 2016 , respectively. In the first quarter of 2017 , DPL decreased its liability for unrecognized tax benefits by $16 million resulting in a benefit to Income taxes and a corresponding decrease in its effective tax rate. See Note 12 - Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

DPL Electric Operating Statistics and Revenue Detail

	Three Months Ended September 30,				Nine Months Ended September 30,			
Retail Deliveries to Customers (in GWhs)	2017	2016	% Change	Weather - Normal % Change	2017	2016	% Change	Weather - Normal % Change
Retail Deliveries [(a)]								
Residential	1,439	1,601	(10.1)%	(2.2)%	3,843	4,066	(5.5)%	0.4 %
Small commercial & industrial	636	642	(0.9)%	3.2 %	1,693	1,746	(3.0)%	(0.9)%
Large commercial & industrial	1,245	1,250	(0.4)%	4.1 %	3,440	3,492	(1.5)%	0.3 %
Public authorities & electric railroads	10	9	11.1 %	11.1 %	35	35	— %	— %
Total retail deliveries	3,330	3,502	(4.9)%	1.2 %	9,011	9,339	(3.5)%	0.1 %

Number of Electric Customers	As of September 30, 2017	As of September 30, 2016
Residential	458,790	455,640
Small commercial & industrial	60,542	60,034
Large commercial & industrial	1,406	1,414
Public authorities & electric railroads	633	643
Total	521,371	517,731

Electric Revenue	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	% Change	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016	% Change
Retail Sales [a]						
Residential	$ 183	$ 200	(8.5)%	$ 508	$ 522	(2.7)%
Small commercial & industrial	49	48	2.1 %	138	143	(3.5)%
Large commercial & industrial	26	24	8.3 %	77	74	4.1 %
Public authorities & electric railroads	3	2	50.0 %	11	9	22.2 %
Total retail	261	274	(4.7)%	734	748	(1.9)%
Other revenue [b]	48	40	20.0 %	132	124	6.5 %
Total electric revenue [c]	$ 309	$ 314	(1.6)%	$ 866	$ 872	(0.7)%

(a) Reflects delivery volumes and revenues from customers purchasing electricity directly from DPL and customers purchasing electricity from a competitive electric generation supplier as all customers are assessed distribution charges. For customers purchasing electricity from DPL, revenue also reflects the cost of energy and transmission.
(b) Other revenue includes transmission revenue from PJM and wholesale electric revenues.
(c) Includes operating revenues from affiliates totaling $2 million for the three months ended September 30, 2017 and 2016 and $6 million for the nine months ended September 30, 2017 and 2016 .

DPL Natural Gas Operating Statistics and Revenue Detail

Retail Deliveries to Customers (in mmcf)	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	% Change	Weather - Normal % Change	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016	% Change	Weather - Normal % Change
Retail Deliveries								
Retail sales	1,069	1,121	(4.6)%	(6.4)%	8,679	9,253	(6.2)%	6.5%
Transportation & other	1,197	1,166	2.7 %	2.4 %	4,690	4,455	5.3 %	7.9%
Total natural gas deliveries	2,266	2,287	(0.9)%	(2.0)%	13,369	13,708	(2.5)%	7.0%

Number of Gas Customers	As of September 30, 2017	As of September 30, 2016
Residential	121,238	120,075
Commercial & industrial	9,700	9,656
Transportation & other	155	157
Total	131,093	129,888

Natural Gas Revenue	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	% Change	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016	% Change
Retail Sales [a]						
Retail sales	$ 12	$ 13	(7.7)%	$ 87	$ 87	—%
Transportation & other [b]	6	4	50.0 %	18	15	20.0%
Total natural gas revenues	$ 18	$ 17	5.9 %	$ 105	$ 102	2.9%

(a) Reflects delivery volumes and revenues from customers purchasing natural gas directly from DPL and customers purchasing natural gas from a competitive natural gas supplier as all customers are assessed distribution charges. For customers purchasing natural gas from DPL, revenue also reflects the cost of natural gas.

(b) Transportation and other revenue includes off-system natural gas sales and the short-term release of interstate pipeline transportation and storage capacity not needed to serve customers.

Results of Operations - ACE

	Three Months Ended September 30,		Favorable (Unfavorable) Variance	Nine Months Ended September 30,		Favorable (Unfavorable) Variance
	2017	2016		2017	2016	
Operating revenues	$ 370	$ 421	$ (51)	$ 915	$ 982	$ (67)
Purchased power expense	176	221	45	442	520	78
Revenues net of purchased power expense [(a)]	194	200	(6)	473	462	11
Other operating expenses						
Operating and maintenance	72	67	(5)	225	346	121
Depreciation and amortization	41	49	8	113	130	17
Taxes other than income	2	1	(1)	6	6	—
Total other operating expenses	115	117	2	344	482	138
Gain on sales of assets	—	—	—	—	1	(1)
Operating income (loss)	79	83	(4)	129	(19)	148
Other income and (deductions)						
Interest expense, net	(15)	(15)	—	(46)	(47)	1
Other, net	1	2	(1)	6	8	(2)
Total other income and (deductions)	(14)	(13)	(1)	(40)	(39)	(1)
Income (loss) before income taxes	65	70	(5)	89	(58)	147
Income taxes	24	23	(1)	12	(8)	(20)
Net income (loss)	$ 41	$ 47	$ (6)	$ 77	$ (50)	$ 127

(a) ACE evaluates its operating performance using the measure of revenue net of purchased power expense for electric sales. ACE believes Revenue net of purchased power expense is a useful measurement of its performance because it provides information that can be used to evaluate its operational performance. ACE has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, Revenue net of purchased power expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

Net Income (Loss)

Three Months Ended September 30, 2017 Compared to Three Months Ended September 30, 2016 . ACE's Net income for the three months ended September 30, 2017 , was lower than the same period in 2016 , primarily due to a decrease in Revenue net of purchased power expense resulting from lower distribution revenues due to lower average customer usage and unfavorable weather related sales, partially offset by the impact of distribution rate increases approved by the NJBPU effective August 2016.

Nine Months Ended September 30, 2017 Compared to Nine Months Ended September 30, 2016 . ACE's Net income (loss) for the nine months ended September 30, 2017 , was higher than the same period in 2016 , primarily due to an increase in Revenue net of purchased power expense resulting from higher electric distribution revenues as a result of a distribution rate increase approved by the NJBPU effective August 2016, lower Operating and maintenance expense mostly due to merger-related costs recognized in March 2016 and a decrease in income tax reserves in the first quarter 2017 for uncertain tax positions related to the deductibility of certain merger commitments.

Revenues Net of Purchased Power Expense

Operating revenues include revenue from the distribution and supply of electricity to ACE's customers within its service territories at regulated rates. Operating revenues also include transmission service revenue that ACE receives as a transmission owner from PJM at rates regulated by FERC. Transmission rates are updated annually based on a FERC-approved formula methodology.

Electric revenues and purchased power expense are also affected by fluctuations in participation in the Customer Choice Program. All ACE customers have the choice to purchase electricity from competitive electric generation suppliers. The customer's choice of supplier does not impact the volume of deliveries, but affects revenue collected from customers related to supplied energy service.

Retail deliveries purchased from competitive electric generation suppliers (as a percentage of kWh sales) for the three and nine months ended September 30, 2017 , compared to the same periods in 2016 , consisted of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Electric	44%	44%	48%	46%

Retail customers purchasing electric generation from competitive electric generation suppliers at September 30, 2017 and 2016 consisted of the following:

	September 30, 2017		September 30, 2016	
	Number of customers	% of total retail customers	Number of customers	% of total retail customers
Electric	91,219	17%	96,837	18%

Operating revenues include revenue from Transition Bond Charges that ACE receives, and pays to ACE Funding, to fund the principal and interest payments on Transition Bonds, revenue from the resale in the PJM wholesale markets for energy and capacity purchased under contacts with unaffiliated NUGs, and revenue from transmission enhancement credits.

Operating revenues also include work and services performed on behalf of customers, including other utilities, which is generally not subject to price regulation. Work and services includes mutual assistance to other utilities, highway relocation, rentals of pole attachments, late payment fees and collection fees.

Purchased power expense consists of the cost of electricity purchased by ACE to fulfill its default electricity supply obligation and, as such, is recoverable from customers in accordance with the terms of public service commission orders.

The changes in ACE’s operating revenue net of purchased power expense for the three and nine months ended September 30, 2017 compared to the same periods in 2016 consisted of the following:

	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2017
	Increase (Decrease)	Increase (Decrease)
Weather	$ (5)	$ (7)
Volume	(12)	(15)
Pricing - distribution revenues	16	36
Regulatory required programs	(9)	(19)
Transmission revenues	4	17
Other	—	(1)
Total (decrease) increase	$ (6)	$ 11

Weather. The demand for electricity is affected by weather conditions. With respect to the electric business, very warm weather in summer months and very cold weather in winter months are referred to as “favorable weather conditions” because these weather conditions result in increased deliveries of electricity. Conversely, mild weather reduces demand. During the three and nine months ended September 30, 2017 compared to the same periods in 2016 , operating revenue net of purchased power and fuel expense was lower due to the impact of unfavorable weather conditions in ACE's service territory.

For retail customers of ACE, distribution revenues are not decoupled from the distribution of electricity by ACE, and thus are subject to variability due to changes in customer consumption. Therefore, changes in customer usage (due to weather conditions, energy prices, energy savings programs or other reasons) from period to period have a direct impact on reported distribution revenue for customers in ACE's service territory.

Heating and cooling degree days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree days for a 20-year period in ACE's service territory. The changes in heating and cooling degree days in ACE's service territory for the three and nine months ended September 30, 2017 compared to the same periods in 2016 consisted of the following:

				% Change	
	2017	2016	Normal	2017 vs. 2016	2017 vs. Normal
Three Months Ended September 30,					
Heating Degree-Days	23	17	42	35.3 %	(45.2)%
Cooling Degree-Days	830	1,006	806	(17.5)%	3.0 %
Nine Months Ended September 30,					
Heating Degree-Days	2,608	2,938	3,103	(11.2)%	(16.0)%
Cooling Degree-Days	1,153	1,267	1,092	(9.0)%	5.6 %

Volume. During the three months ended September 30, 2017 , compared to the same period in 2016 , the decrease in operating revenue net of purchased power expense related to delivery volume, exclusive of the effects of weather, is primarily due to lower average customer usage. During the nine months ended September 30, 2017 compared to the same period in 2016 , primarily reflects lower average customer usage, partially offset by the impact of customer growth.

Pricing—Distribution Revenues. The increase in operating revenue net of purchased power expense for the three and nine months ended September 30, 2017 , compared to the same periods in 2016 , was primarily due to the impact of higher electric distribution base rates charged to customers that became effective in August 2016. See Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Regulatory Required Programs. This represents the change in operating revenues collected under approved riders to recover costs incurred for regulatory programs such as energy efficiency programs. The riders are designed to provide full and current cost recovery as well as a return. The costs of these programs are included in Operating and maintenance expense, Depreciation and amortization expense and Taxes other than income in ACE's Consolidated Statements of Operations and Comprehensive Income. Refer to the Operating and maintenance expense and Depreciation and amortization expense discussion below for additional information on included programs.

Transmission Revenues. Under a FERC-approved formula, transmission revenue varies from year to year based upon fluctuations in the underlying costs, capital investments being recovered and other billing adjustments. The increase in revenue net of purchased power expense for the three months ended September 30, 2017 compared to the same period in 2016 is a result of higher rates effective June 1, 2017 and related to increases in transmission plant investment and operating expenses. The increase in revenue net of purchased power expense for the nine months ended September 30, 2017 compared to the same period in 2016 is a result of higher rates effective June 1, 2017 and June 1, 2016 related to increases in transmission plant investment and operating expenses.

Operating and Maintenance Expense

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2017	2016	Increase (Decrease)	2017	2016	Increase (Decrease)
Operating and maintenance expense - baseline	$ 71	$ 66	$ 5	$ 222	$ 343	$ (121)
Operating and maintenance expense - regulatory required programs [(a)]	1	1	—	3	3	—
Total operating and maintenance expense	$ 72	$ 67	$ 5	$ 225	$ 346	$ (121)

(a) Operating and maintenance expenses for regulatory required programs are costs for various legislative and/or regulatory programs that are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in Operating revenues.

The changes in Operating and maintenance expense for the three and nine months ended September 30, 2017 compared to the same periods in 2016 consisted of the following:

	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2017
	Increase (Decrease)	Increase (Decrease)
Baseline		
Labor, other benefits, contracting and materials	$ 3	$ 6
Storm-related costs	(3)	(2)
BSC and PHISCO allocations [(a)]	—	(11)
Deferral of merger-related costs to regulatory asset	(9)	(9)
Merger commitments [(b)]	10	(111)
Other	4	6
Total increase (decrease)	$ 5	$ (121)

(a) Primarily related to merger severance and compensation costs recognized in 2016.
(b) Primarily related to merger-related commitments for customer rate credits and charitable contributions recognized in 2016.

Depreciation and Amortization Expense

The changes in Depreciation and amortization expense for the three and nine months ended September 30, 2017 compared to the same periods in 2016 consisted of the following:

	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2017
	Increase (Decrease)	Increase (Decrease)
Depreciation expense [(a)]	$ 1	$ 4
Regulatory asset amortization	—	(2)
Regulatory required programs [(b)]	(9)	(19)
Total decrease	$ (8)	$ (17)

(a) Depreciation expense increased due to ongoing capital expenditures.
(b) Regulatory required programs decreased for the three and nine months ended September 30, 2017 compared to the same periods in 2016 as a result of lower revenue due to rate decreases effective October 2016 for the ACE Transition Bond Charge and Market Transition Charge Tax. Depreciation and amortization expenses for regulatory required programs are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in Operating revenues and Operating and maintenance expense.

Taxes Other Than Income

Taxes other than income for the three and nine months ended September 30, 2017 compared to the same periods in 2016 , remained relatively constant.

Gain on sales of assets

Gain on sales of assets for the three and nine months ended September 30, 2017 compared to the same periods in 2016 remained relatively constant.

Interest Expense, Net

Interest expense, net for the three and nine months ended September 30, 2017 compared to the same periods in 2016 remained relatively constant.

Other, Net

Other, net for the three and nine months ended September 30, 2017 compared to the same periods in 2016 , remained relatively constant.

Effective Income Tax Rate

ACE's effective income tax rate was 36.9% and 32.9% for the three months ended September 30, 2017 and 2016 , respectively. ACE's effective income tax rate was 13.5% and 13.8% for the nine months ended September 30, 2017 and 2016 , respectively. In the first quarter of 2017 , ACE decreased its liability for unrecognized tax benefits by $22 million resulting in a benefit to Income taxes and a corresponding decrease in its effective tax rate. See Note 12 - Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

ACE Electric Operating Statistics and Revenue Detail

Retail Deliveries to Customers (in GWhs)	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	% Change	Weather - Normal % Change	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016	% Change	Weather - Normal % Change
Retail Deliveries [a]								
Residential	1,349	1,575	(14.3)%	(10.4)%	3,042	3,327	(8.6)%	(6.0)%
Small commercial & industrial	407	426	(4.5)%	(1.9)%	992	998	(0.6)%	0.8 %
Large commercial & industrial	939	1,032	(9.0)%	(6.3)%	2,557	2,705	(5.5)%	(4.6)%
Public authorities & electric railroads	9	11	(18.2)%	(18.2)%	33	35	(5.7)%	(5.7)%
Total retail deliveries	2,704	3,044	(11.2)%	(7.8)%	6,624	7,065	(6.2)%	(4.5)%

Number of Electric Customers	As of September 30, 2017	As of September 30, 2016
Residential	486,212	483,542
Small commercial & industrial	60,982	60,875
Large commercial & industrial	3,726	3,796
Public authorities & electric railroads	633	593
Total	551,553	548,806

Electric Revenue	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	% Change	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016	% Change
Retail Sales [a]						
Residential	$ 211	$ 249	(15.3)%	$ 484	$ 530	(8.7)%
Small commercial & industrial	53	55	(3.6)%	129	133	(3.0)%
Large commercial & industrial	49	57	(14.0)%	143	158	(9.5)%
Public authorities & electric railroads	3	4	(25.0)%	10	10	— %
Total retail	316	365	(13.4)%	766	831	(7.8)%
Other revenue [b]	54	56	(3.6)%	149	151	(1.3)%
Total electric revenue [c]	$ 370	$ 421	(12.1)%	$ 915	$ 982	(6.8)%

(a) Reflects delivery volumes and revenues from customers purchasing electricity directly from ACE and customers purchasing electricity from a competitive electric generation supplier as all customers are assessed distribution charges. For customers purchasing electricity from ACE, revenue also reflects the cost of energy and transmission.
(b) Other revenue includes transmission revenue from PJM and wholesale electric revenues.
(c) Includes operating revenues from affiliates totaling $0 million and $1 million for the three months ended September 30, 2017 and 2016 , respectively, and $2 million and $3 million for the nine months ended September 30, 2017 and 2016 , respectively.

Liquidity and Capital Resources

Exelon activity presented below includes the activity of PHI, Pepco, DPL and ACE, from the PHI Merger effective date of March 24, 2016 through September 30, 2017 . Exelon prior year activity is unadjusted for the effects of the PHI Merger. Due to the application of push-down accounting to the PHI entity, PHI's activity is presented in two separate reporting periods, the legacy PHI activity through March 23, 2016 (Predecessor), and PHI activity for the remainder of the period after the PHI merger date (Successor). For each of Pepco, DPL and ACE the activity presented below include its activity for the nine months ended September 30, 2017 and 2016 . All results included throughout the liquidity and capital resources section are presented on a GAAP basis.

The Registrants' operating and capital expenditures requirements are provided by internally generated cash flows from operations as well as funds from external sources in the capital markets and through bank borrowings. The Registrants' businesses are capital intensive and require considerable capital resources. Each Registrant's access to external financing on reasonable terms depends on its credit ratings and current overall capital market business conditions, including that of the utility industry in general. If these conditions deteriorate to the extent that the Registrants no longer have access to the capital markets at reasonable terms, the Registrants have access to unsecured revolving credit facilities with aggregate bank commitments of $9 billion . In addition, Generation has $525 million in bilateral facilities with banks which have various expirations between December 2017 and January 2019. The Registrants utilize their credit facilities to support their commercial paper programs, provide for other short-term borrowings and to issue letters of credit. See the "Credit Matters" section below for further discussion. The Registrants expect cash flows to be sufficient to meet operating expenses, financing costs and capital expenditure requirements.

The Registrants primarily use their capital resources, including cash, to fund capital requirements, including construction expenditures, retire debt, pay dividends, fund pension and other postretirement benefit obligations and invest in new and existing ventures. The Registrants spend a significant amount of cash on capital improvements and construction projects that have a long-term return on investment. Additionally, ComEd, PECO, BGE, Pepco, DPL and ACE operate in rate-regulated environments in which the amount of new investment recovery may be delayed or limited and where such recovery takes place over an extended period of time. See Note 11 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for further discussion of the Registrants' debt and credit agreements.

NRC Minimum Funding Requirements

NRC regulations require that licensees of nuclear generating facilities demonstrate reasonable assurance that sufficient funds will be available in certain minimum amounts to decommission the facility. These NRC minimum funding levels are based upon the assumption that decommissioning activities will commence after the end of the current licensed life of each unit. If a unit fails the NRC minimum funding test, then the plant's owners or parent companies would be required to take steps, such as providing financial guarantees through letters of credit or parent company guarantees or making additional cash contributions to the NDT fund to ensure sufficient funds are available. See Note 13 - Nuclear Decommissioning of the Combined Notes to Consolidated Financial Statements for additional information on the NRC minimum funding requirements.

If a nuclear plant were to early retire there is a risk that it will no longer meet the NRC minimum funding requirements due to the earlier commencement of decommissioning activities and a shorter time period over which the NDT fund investments could appreciate in value. A shortfall could require Exelon to post parental guarantees for Generation's share of the obligations. However, the amount of any required guarantees will ultimately depend on the decommissioning approach adopted at each site, the associated level of costs, and the decommissioning trust fund investment performance going forward. Within two years after shutting down a plant, Generation must submit a post-shutdown decommissioning activities report (PSDAR) to the NRC that includes the planned option for decommissioning the site. As discussed in Note 13 — Nuclear Decommissioning of the Combined Notes to Consolidated Financial Statements, Generation filed its biennial decommissioning funding status report with the NRC on March 31, 2017 and demonstrated adequate funding assurance for all nuclear units currently operating. As of September 30, 2017 , across the four alternative decommissioning approaches available, Generation estimates a parental guarantee of up to $115 million from Exelon could be required for TMI, dependent upon the ultimate decommissioning approach selected. TMI passes the NRC minimum funding test based on the unit's 2019 retirement date under the decommissioning approach currently considered to be the most likely. For Oyster Creek, none of the alternative decommissioning approaches available would require Exelon to post a parental guarantee.

Upon issuance of any required financial guarantees, each site would be able to utilize the respective NDT funds for radiological decommissioning costs, which represent the majority of the total expected decommissioning costs.

However, the NRC must approve an additional exemption in order for the plant's owner(s) to utilize the NDT fund to pay for non-radiological decommissioning costs (i.e., spent fuel management and site restoration costs). If a unit does not receive this exemption, the costs would be borne by the owner(s). While the ultimate amounts may vary greatly and could be reduced by alternate decommissioning scenarios and/or reimbursement of certain costs under the United States Department of Energy reimbursement agreements or future litigation, across the four alternative decommissioning approaches available, if TMI or Oyster Creek were to fail to obtain the exemption, Generation estimates it could incur spent fuel management and site restoration costs over the next ten years of up to $190 million and $150 million net of taxes, respectively, dependent upon the ultimate decommissioning approach selected. Under the decommissioning approach currently considered the most likely for each unit, Generation estimates it could incur spent fuel management and site restoration costs over the next ten years of up to $170 million and $130 million net of taxes, respectively, if TMI or Oyster Creek were to fail to obtain the exemption.

Junior Subordinated Notes

In June 2014, Exelon issued $1.15 billion of junior subordinated notes in the form of 23 million equity units at a stated amount of $50.00 per unit. Each equity unit represented an undivided beneficial ownership interest in Exelon's $1.15 billion of 2.50% junior subordinated notes due in 2024 ("2024 notes") and a forward equity purchase contract. As contemplated in the June 2014 equity unit structure, in April 2017, Exelon completed the remarketing of the 2024 notes into $1.15 billion of 3.497% junior subordinated notes due in 2022 ("Remarketing"). Exelon conducted the Remarketing on behalf of the holders of equity units and did not directly receive any proceeds therefrom. Instead, the former holders of the 2024 notes used debt remarketing proceeds towards settling the forward equity purchase contract with Exelon on June 1, 2017. Exelon issued approximately 33 million shares of common stock from treasury stock and received $1.15 billion upon settlement of the forward equity purchase contract. When reissuing treasury stock Exelon uses the average price paid to repurchase shares to calculate a gain or loss on issuance and records gains or losses directly to retained earnings. A loss on reissuance of treasury shares of $1.05 billion was recorded to retained earnings as of September 30, 2017 . See Note 17 - Earnings Per Share and Equity of the Combined Notes to Consolidated Financial Statements for further information on the issuance of common stock.

Cash Flows from Operating Activities

General

Generation's cash flows from operating activities primarily result from the sale of electric energy and energy-related products and services to customers. Generation's future cash flows from operating activities may be affected by future demand for and market prices of energy and its ability to continue to produce and supply power at competitive costs as well as to obtain collections from customers.

The Utility Registrants' cash flows from operating activities primarily result from the transmission and distribution of electricity and, in the case of PECO, BGE, and DPL, gas distribution services. The Utility Registrants' distribution services are provided to an established and diverse base of retail customers. The Utility Registrants' future cash flows may be affected by the economy, weather conditions, future legislative initiatives, future regulatory proceedings with respect to their rates or operations, competitive suppliers, and their ability to achieve operating cost reductions.

See Notes 3 — Regulatory Matters and 24 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements of the Exelon 2016 Form 10-K for further discussion of regulatory and legal proceedings and proposed legislation.

The following table provides a summary of the major items affecting Exelon's cash flows from operations for the nine months ended September 30, 2017 and 2016 :

	Nine Months Ended September 30,		
	2017	2016 [c]	Variance
Net income	$ 1,911	$ 956	$ 955
Add (subtract):			
Non-cash operating activities [a]	5,011	5,946	(935)
Pension and non-pension postretirement benefit contributions	(344)	(283)	(61)
Income taxes	167	527	(360)
Changes in working capital and other noncurrent assets and liabilities [b]	(1,003)	(516)	(487)
Option premiums received (paid), net	35	(24)	59
Collateral (posted) received, net	(100)	757	(857)
Net cash flows provided by operations	$ 5,677	$ 7,363	$ (1,686)

(a) Represents, when applicable, depreciation, amortization and accretion, net fair value changes related to derivatives, deferred income taxes, provision for uncollectible accounts, pension and other postretirement benefit expense, equity in earnings and losses of unconsolidated affiliates and investments, decommissioning-related items, stock compensation expense, impairment of long-lived assets, PHI merger commitment and severance charges, and other non-cash charges. See Note 19 - Supplemental Financial Information of the Combined Notes to Consolidated Financial Statements for further detail on non-cash operating activity.
(b) Changes in working capital and other noncurrent assets and liabilities exclude the changes in commercial paper, income taxes and the current portion of long-term debt.
(c) Includes PHI Consolidated activity from March 24, 2016 to September 30, 2016.

Pension and Other Postretirement Benefits

Management considers various factors when making pension funding decisions, including actuarially determined minimum contribution requirements under ERISA, contributions required to avoid benefit restrictions and at-risk status as defined by the Pension Protection Act of 2006, management of the pension obligation and regulatory implications.

On October 3, 2017, the US Department of Treasury and IRS released final regulations updating the mortality tables to be used for defined benefit pension plan funding, as well as the valuation of lump sum and other accelerated distribution options, effective for plan years beginning in 2018. The new mortality tables reflect improved projected life expectancy as compared to the existing table, which is generally expected to increase minimum pension funding requirements, Pension Benefit Guaranty Corporation premiums and the value of lump sum distributions. The IRS will permit plan sponsors the option of using existing mortality tables for determining minimum funding requirements for 2018. The one-year delay does not apply for use of the mortality tables to determine the present value of lump sum distributions. Exelon is still evaluating any potential impacts of the new mortality tables.

OPEB funding generally follows accounting cost; however, Exelon's management has historically considered several factors in determining the level of contributions to its funded other postretirement benefit plans, including liabilities management, levels of benefit claims paid and regulatory implications (amounts deemed prudent to meet regulator expectations and best assure continued recovery).

To the extent interest rates decline significantly or the pension plans do not earn the expected asset return rates, annual pension contribution requirements in future years could increase. Additionally, expected contributions could change if Exelon changes its pension or OPEB funding strategy.

Tax Matters

The Registrants' future cash flows from operating activities may be affected by the following tax matters:

- Exelon appealed the Tax Court's like-kind exchange decision in the third quarter of 2017 and expects that a payment of approximately $ 1.3 billion related to the like-kind exchange will be due, including $ 300 million attributable to ComEd, in the fourth quarter of 2017. While Exelon will receive a tax benefit of approximately $ 350 million associated with the deduction for the interest, Exelon currently has a net operating loss carryforward and thus does not expect to realize the cash benefit until 2018. After taking into account these interest deduction tax benefits, the total estimated net cash outflow for the like-kind exchange is

approximately $ 950 million , of which approximately $ 300 million is attributable to ComEd after giving consideration to Exelon's agreement to hold ComEd harmless from any unfavorable impacts on ComEd's equity from the like-kind exchange position.

Of the above amounts payable, Exelon deposited with the IRS $ 1.25 billion in October of 2016. In the third quarter of 2017, the $ 300 million payable discussed above attributable to ComEd, net of ComEd's receivable pursuant to the hold harmless agreement, was settled with Exelon. Any remaining amounts due to the IRS will be paid by Exelon in the fourth quarter of 2017. Exelon funded the $ 1.25 billion deposit with a combination of cash on hand and short-term borrowings. See Note 12 - Income Taxes for further discussion of the like-kind exchange tax position.

- State and local governments continue to face increasing financial challenges, which may increase the risk of additional income tax, property taxes and other taxes or the imposition, extension or permanence of temporary tax increases. On July 6, 2017, Illinois enacted Senate Bill 9, which permanently increased Illinois' total corporate income tax rate from 7.75% to 9.50% effective July 1, 2017. The rate increase is not expected to have a material ongoing impact to Exelon's, Generation's or ComEd's future cash taxes. See Note 12 - Income Taxes for further discussion of the Illinois tax rate change.

Cash flows from operations for the nine months ended September 30, 2017 and 2016 by Registrant were as follows:

	Nine Months Ended September 30,	
	2017	2016
Exelon	$ 5,677	$ 7,363
Generation	2,270	3,723
ComEd	1,120	1,749
PECO	603	582
BGE	704	660
Pepco	348	504
DPL	292	267
ACE	158	315

	Successor		*Predecessor*
	Nine Months Ended September 30, 2017	March 24, 2016 to September 30, 2016	January 1, 2016 to March 23, 2016
PHI	$ 797	$ 546	$ 264

Changes in the Registrants' cash flows from operations were generally consistent with changes in each Registrant's respective results of operations, as adjusted by changes in working capital in the normal course of business, except as discussed below. In addition, significant operating cash flow impacts for the Registrants for the nine months ended September 30, 2017 and 2016 were as follows:

Generation

- Depending upon whether Generation is in a net mark-to-market liability or asset position, collateral may be required to be posted with or collected from its counterparties. In addition, the collateral posting and collection requirements differ depending on whether the transactions are on an exchange or in the OTC markets. During the nine months ended September 30, 2017 and 2016 , Generation had net (payments)/collections of counterparty cash collateral of $(77) million and $759 million , respectively, primarily due to market conditions that resulted in changes to Generation's net mark-to-market position.

- During the nine months ended September 30, 2017 and 2016 , Generation had net (payments) collections of approximately $(35) million and $24 million , respectively, related to purchases and sales of options. The level of option activity in a given period may vary due to several factors, including changes in market conditions as well as changes in hedging strategy.

ComEd

- During nine months ended September 30, 2017 and 2016 , ComEd posted approximately $24 million and $2 million of cash collateral with PJM, respectively. ComEd's collateral posted with PJM has increased year over year primarily due to an increase in ComEd's RPM credit requirements and peak market activity with PJM. As of September 30, 2017 and 2016 , ComEd had approximately $47 million and $33 million cash collateral posted with PJM, respectively.

For further discussion regarding changes in non-cash operating activities, please refer to Note 19 - Supplemental Financial Information of the Combined Notes to the Financial Statements.

Cash Flows from Investing Activities

Cash flows used in investing activities for the nine months ended September 30, 2017 and 2016 by Registrant were as follows:

	Nine Months Ended September 30,	
	2017	2016
Exelon	$ (5,810)	$ (13,219)
Generation	(1,903)	(3,278)
ComEd	(1,731)	(1,919)
PECO	(457)	(438)
BGE	(586)	(614)
Pepco	(439)	(435)
DPL	(293)	(254)
ACE	(241)	(227)

	Successor		*Predecessor*
	Nine Months Ended September 30, 2017	March 24, 2016 to September 30, 2016	January 1, 2016 to March 23, 2016
PHI	$ (991)	$ (631)	$ (343)

Significant investing cash flow impacts for the Registrants for nine months ended September 30, 2017 and 2016 were as follows:

Exelon

- During the nine months ended September 30, 2017 , Exelon had expenditures of $23 million and $178 million relating to the acquisitions of ConEdison Solutions and the FitzPatrick facility, respectively. During the nine months ended September 30, 2016 , Exelon had expenditures of $6.6 billion relating to the acquisition of PHI.

- During the nine months ended September 30, 2016 , Exelon had proceeds of $360 million as a result of early termination of direct financing leases.

Generation

- During the nine months ended September 30, 2017 , Exelon had expenditures of $23 million and $178 million relating to the acquisitions of ConEdison Solutions and the FitzPatrick facility, respectively.

Capital Expenditure Spending

Generation

Generation has entered into several agreements to acquire equity interests in privately held and development stage entities which develop energy-related technologies. The agreements contain a series of scheduled investment commitments, including in-kind service contributions. There are anticipated expenditures remaining through 2019 to

fund anticipated planned capital and operating needs of the associated companies. See Note 24 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements of the Exelon 2016 Form 10-K for further details of Generation's equity interests.

Capital expenditures by Registrant for the nine months ended September 30, 2017 and 2016 and projected amounts for the full year 2017 are as follows:

	Projected Full Year 2017 [a]	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
Exelon [b]	$ 8,075	$ 5,556	$ 6,368
Generation	2,450	1,654	2,651
ComEd [c]	2,200	1,698	1,950
PECO	775	537	448
BGE	925	615	611
Pepco	625	439	392
DPL	425	294	260
ACE	300	242	227

	Projected Full Year 2017 [a]	*Successor* Nine Months Ended September 30, 2017	*Successor* March 24, 2016 to September 30, 2016	*Predecessor* January 1, 2016 to March 23, 2016
PHI [d]	$ 1,375	$ 995	$ 624	$ 273

(a) Total projected capital expenditures do not include adjustments for non-cash activity.
(b) Includes corporate operations, BSC, and PHISCO rounded to the nearest $25 million.
(c) The 2017 projections include approximately $274 million of expected incremental spending pursuant to EIMA, ComEd has committed to invest approximately $2.6 billion over a ten year period, through 2022, to modernize and storm-harden its distribution system and to implement smart grid technology.
(d) Includes PHISCO rounded to the nearest $25 million.

Projected capital expenditures and other investments are subject to periodic review and revision to reflect changes in economic conditions and other factors.

Approximately 37% and 21% of the projected 2017 capital expenditures at Generation are for the acquisition of nuclear fuel and growth (primarily new plant construction and distributed generation), respectively, with the remaining amounts reflecting additions and upgrades to existing facilities (including material condition improvements during nuclear refueling outages). Generation anticipates that they will fund capital expenditures with internally generated funds and borrowings.

ComEd, PECO, BGE, Pepco, DPL and ACE

Approximately 93% of the projected 2017 capital expenditures at ComEd and 100% of the projected of the projected 2017 capital expenditures at PECO, BGE, Pepco, DPL, and ACE are for continuing projects to maintain and improve operations, including enhancing reliability and adding capacity to the transmission and distribution systems such as ComEd's reliability related investments required under EIMA, and the Utility Registrants' construction commitments under PJM's RTEP. In addition to the capital expenditure for continuing projects, ComEd's total expenditures include smart grid/smart meter technology required under EIMA.

The Utility Registrants as transmission owners are subject to NERC compliance requirements. NERC provides guidance to transmission owners regarding assessments of transmission lines. The results of these assessments could require the Utility Registrants to incur incremental capital or operating and maintenance expenditures to ensure their transmission lines meet NERC standards. In 2010, NERC provided guidance to transmission owners that recommended the Utility Registrants perform assessments of their transmission lines. ComEd, PECO and BGE submitted their final bi-annual reports to NERC in January 2014. ComEd, PECO and BGE will be incurring incremental capital expenditures associated with this guidance following the completion of the assessments. Specific projects and expenditures are identified as the assessments are completed. ComEd's, PECO's and BGE's forecasted 2017 capital expenditures above reflect capital spending for remediation to be completed through 2018. Pepco, DPL and ACE have substantially completed their assessments and thus do not expect significant capital expenditures related to this guidance in 2017 .

The Utility Registrants anticipate that they will fund their capital expenditures with a combination of internally generated funds and borrowings and additional capital contributions from parent, including ComEd's capital expenditures associated with EIMA as further discussed in Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements.

Cash Flows from Financing Activities

Cash flows provided by (used in) financing activities for the nine months ended September 30, 2017 and 2016 by Registrant were as follows:

	Nine Months Ended September 30,	
	2017	2016
Exelon	$ 701	$ 1,251
Generation	(297)	(501)
ComEd	812	147
PECO	121	77
BGE	(112)	286
Pepco	199	28
DPL	(42)	(14)
ACE	(13)	74

	Successor		*Predecessor*
	Nine Months Ended September 30, 2017	March 24, 2016 to September 30, 2016	January 1, 2016 to March 23, 2016
PHI	$ 161	$ 65	$ 372

Debt

See Note 11 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for further details of the Registrants' debt issuances.

Dividends

Cash dividend payments and distributions during the nine months ended September 30, 2017 and 2016 by Registrant were as follows:

	Nine Months Ended September 30,	
	2017	2016
Exelon	$ 921	$ 873
Generation	494	167
ComEd	316	275
PECO	216	208
BGE [(a)]	148	142
Pepco	133	92
DPL	82	39
ACE	53	24

	Successor		*Predecessor*
	Nine Months Ended September 30, 2017	March 24, 2016 to September 30, 2016	January 1, 2016 to March 23, 2016
PHI	$ 267	$ 174	$ —

(a) Includes dividends paid on BGE's preference stock in 2016.

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Quarterly dividends declared by the Exelon Board of Directors during the nine months ended September 30, 2017 and for the fourth quarter of 2017 were as follows:

Period	Declaration Date	Shareholder of Record Date	Dividend Payable Date	Cash per Share [(a)]
First Quarter 2017	January 31, 2017	February 15, 2017	March 10, 2017	$ 0.3275
Second Quarter 2017	April 25, 2017	May 15, 2017	June 9, 2017	$ 0.3275
Third Quarter 2017	July 25, 2017	August 15, 2017	September 8, 2017	$ 0.3275
Fourth Quarter 2017	September 25, 2017	November 15, 2017	December 8, 2017	$ 0.3275

(a) Exelon's Board of Directors approved a revised dividend policy. The approved policy will raise the dividend 2.5% each year for the next three years, beginning with the June 2016 dividend and subject to Board approval.

Short-Term Borrowings

Short-term borrowings incurred (repaid) during the nine months ended September 30, 2017 and 2016 by Registrant were as follows:

	Nine Months Ended September 30,	
	2017	2016
Exelon	$ (559)	$ (1,271)
Generation	(609)	43
ComEd	—	(284)
BGE	(45)	(210)
Pepco	(23)	(64)
DPL	54	(88)
ACE	65	(5)

	Successor		*Predecessor*
	Nine Months Ended September 30, 2017	March 24, 2016 to September 30, 2016	January 1, 2016 to March 23, 2016
PHI	$ (404)	$ (820)	$ 379

Contributions from Parent/Member

Contributions received from Parent/Member for the nine months ended September 30, 2017 and 2016 by Registrant were as follows:

	Nine Months Ended September 30,	
	2017	2016
Generation	$ 102	$ 142
ComEd [(a)(b)]	567	188
PECO [(b)]	16	18
BGE [(b)]	77	28
Pepco [(c)]	161	187
DPL [(c)]	—	113
ACE [(c)]	—	139

	Successor		*Predecessor*
	Nine Months Ended September 30, 2017	March 24, 2016 to September 30, 2016	January 1, 2016 to March 23, 2016
PHI [(b)]	$ 758	$ 1,088	$ —

(a) Additional contributions from parent or external debt financing may be required as a result of increased capital investment in infrastructure improvements and modernization pursuant to EIMA and transmission upgrades.
(b) Contribution paid by Exelon.
(c) Contribution paid by PHI.

Other

For the nine months ended September 30, 2017 , other financing activities primarily consist of debt issuance costs. See Note 11 — Debt and Credit Agreements of the Combined Notes to the Consolidated Financial Statements for further details of the Registrants' debt issuances.

Credit Matters

The Registrants fund liquidity needs for capital investment, working capital, energy hedging and other financial commitments through cash flows from continuing operations, public debt offerings, commercial paper markets and large, diversified credit facilities. The credit facilities include $9.5 billion in aggregate total commitments of which $8.3 billion was available as of September 30, 2017 , and of which no financial institution has more than 7% of the aggregate commitments for the Registrants. The Registrants had access to the commercial paper market during the third quarter of 2017 to fund their short-term liquidity needs, when necessary. The Registrants routinely review the sufficiency of their liquidity position, including appropriate sizing of credit facility commitments, by performing various stress test scenarios, such as commodity price movements, increases in margin-related transactions, changes in hedging levels and the impacts of hypothetical credit downgrades. The Registrants have continued to closely monitor events in the financial markets and the financial institutions associated with the credit facilities, including monitoring credit ratings and outlooks, credit default swap levels, capital raising and merger activity. See PART I. ITEM 1A. RISK FACTORS of the Exelon 2016 Form 10-K for further information regarding the effects of uncertainty in the capital and credit markets.

The Registrants believe their cash flow from operating activities, access to credit markets and their credit facilities provide sufficient liquidity. If Generation lost its investment grade credit rating as of September 30, 2017 , it would have been required to provide incremental collateral of $1.8 billion to meet collateral obligations for derivatives, non-derivatives, normal purchase normal sales contracts and applicable payables and receivables, net of the contractual right of offset under master netting agreements, which is well within its current available credit facility capacities of $4.6 billion .

The following table presents the incremental collateral that each Utility Registrant would have been required to provide in the event each Utility Registrant lost its investment grade credit rating at September 30, 2017 and available credit facility capacity prior to any incremental collateral at September 30, 2017 :

	PJM Credit Policy Collateral	Other Incremental Collateral Required [a]	Available Credit Facility Capacity Prior to Any Incremental Collateral
ComEd	$ 18	$ —	$ 998
PECO	3	20	599
BGE	3	28	600
Pepco	4	—	300
DPL	1	9	300
ACE	—	—	300

(a) Represents incremental collateral related to natural gas procurement contracts.

Exelon Credit Facilities

Exelon, Pepco, DPL and ACE meet their short-term liquidity requirements primarily through the issuance of commercial paper and short-term notes. ComEd and BGE meet their short-term liquidity requirements primarily through the issuance of commercial paper. Generation and PECO meet their short-term liquidity requirements primarily through the issuance of commercial paper and borrowings from the Exelon intercompany money pool. PHI meets its short-term liquidity requirements primarily through the issuance of short-term notes and the Exelon intercompany money pool. The Registrants may use their respective credit facilities for general corporate purposes, including meeting short-term funding requirements and the issuance of letters of credit.

The following table reflects the Registrants' commercial paper programs supported by the revolving credit agreements and bilateral credit agreements at September 30, 2017 :

Commercial Paper Programs

Commercial Paper Issuer	Maximum Program Size [a][b]	Outstanding Commercial Paper at September 30, 2017	Average Interest Rate on Commercial Paper Borrowings for the Nine Months Ended September 30, 2017
Exelon Corporate	$ 600	$ —	1.16%
Generation	5,300	—	1.20%
ComEd	1,000	—	1.24%
PECO	600	—	1.13%
BGE	600	—	1.15%
Pepco	500	—	1.04%
DPL	500	54	1.40%
ACE	350	65	1.36%

(a) Excludes $525 million bilateral credit facilities that do not back Generation's commercial paper program.
(b) Excludes additional credit facility agreements for Generation, ComEd, PECO, BGE, Pepco, DPL and ACE with aggregate commitments of $49 million , $34 million , $34 million , $5 million , $2 million , $2 million and $2 million , respectively, arranged with minority and community banks located primarily within utilities' service territories. These facilities expire on October 12, 2018. These facilities are solely utilized to issue letters of credit. As of September 30, 2017 , letters of credit issued under these agreements for Generation, ComEd, PECO and BGE totaled $5 million , $12 million , $21 million and $2 million , respectively.

In order to maintain their respective commercial paper programs in the amounts indicated above, each Registrant must have credit facilities in place, at least equal to the amount of its commercial paper program. While the amount of its commercial paper outstanding does not reduce available capacity under a Registrant's credit facility, a Registrant does not issue commercial paper in an aggregate amount exceeding the then available capacity under its credit facility. At September 30, 2017 , the Registrants had the following aggregate bank commitments, credit facility borrowings and available capacity under their respective credit facilities:

Credit Agreements

					Available Capacity at September 30, 2017	
Borrower	Facility Type	Aggregate Bank Commitment (a)(b)(c)	Facility Draws	Outstanding Letters of Credit	Actual	To Support Additional Commercial Paper (b)(d)
Exelon Corporate	Syndicated Revolver	$ 600	$ —	$ 45	$ 555	$ 555
Generation (e)	Syndicated Revolver	5,300	—	887	4,413	4,413
Generation	Bilaterals	525	70	235	220	—
ComEd	Syndicated Revolver	1,000	—	2	998	998
PECO	Syndicated Revolver	600	—	1	599	599
BGE	Syndicated Revolver	600	—	—	600	600
Pepco	Syndicated Revolver	300	—	—	300	300
DPL	Syndicated Revolver	300	—	—	300	246
ACE	Syndicated Revolver	300	—	—	300	235

(a) Excludes $128 million of credit facility agreements arranged at minority and community banks at Generation, ComEd, PECO, BGE, Pepco, DPL and ACE. These facilities expire on October 12, 2018. These facilities are solely utilized to issue letters of credit. As of September 30, 2017 , letters of credit issued under these agreements for Generation, ComEd, PECO and BGE totaled $5 million , $12 million , $21 million and $2 million , respectively.
(b) Pepco, DPL and ACE's revolving credit facility is subject to available borrowing capacity. The borrowing capacity may be increased or decreased during the term of the facility, except that (i) the sum of the borrowing capacity must equal the total amount of the facility, and (ii) the aggregate amount of credit used at any given time by each of Pepco, DPL or ACE may not exceed $900 million or the maximum amount of short-term debt the company is permitted to have outstanding by its regulatory authorities. The total number of the borrowing reallocations may not exceed eight per year during the term of the facility
(c) Excludes nonrecourse debt letters of credit, see Note 14 — Debt and Credit Agreements in the Exelon 2016 Form 10-K for further information on Continental Wind nonrecourse debt.
(d) Excludes $525 million bilateral credit facilities that do not back Generation's commercial paper program.
(e) Excludes ExGen Texas Power Financing's $20 million of borrowed debt on its revolving credit facility.

As of September 30, 2017 , there was $70 million of borrowings under Generation's bilateral credit facilities.

Borrowings under Exelon Corporate's, Generation's, ComEd's, PECO's, BGE's, Pepco's, DPL's, and ACE's revolving credit agreements bear interest at a rate based upon either the prime rate or a LIBOR-based rate, plus an adder based upon the particular Registrant's credit rating. The adders for the prime based borrowings and LIBOR-based borrowings are presented in the following table:

	Exelon	Generation	ComEd	PECO	BGE	Pepco	DPL	ACE
Prime based borrowings	27.5	27.5	7.5	0.0	0.0	7.5	7.5	7.5
LIBOR-based borrowings	127.5	127.5	107.5	90.0	100.0	107.5	107.5	107.5

The maximum adders for prime rate borrowings and LIBOR-based rate borrowings are 90 basis points and 165 basis points, respectively. The credit agreements also require the borrower to pay a facility fee based upon the aggregate commitments. The fee varies depending upon the respective credit ratings of the borrower.

Each revolving credit agreement for Exelon, Generation, ComEd, PECO, BGE, Pepco, DPL and ACE requires the affected borrower to maintain a minimum cash from operations to interest expense ratio for the twelve-month period ended on the last day of any quarter. The following table summarizes the minimum thresholds reflected in the credit agreements for the nine months ended September 30, 2017 :

	Exelon	Generation	ComEd	PECO	BGE	Pepco	DPL	ACE
Credit agreement threshold	2.50 to 1	3.00 to 1	2.00 to 1	2.00 to 1	2.00 to 1	2.00 to 1	2.00 to 1	2.00 to 1

At September 30, 2017 , the interest coverage ratios at Exelon, Generation, ComEd, PECO, BGE, Pepco, DPL and ACE were as follows:

	Exelon	Generation	ComEd	PECO	BGE	Pepco	DPL	ACE
Interest coverage ratio	6.27	9.02	10.83	8.26	10.66	6.83	8.78	6.03

An event of default under Exelon, Generation, ComEd, PECO or BGE's indebtedness will not constitute an event of default under any of the others' credit facilities, except that a bankruptcy or other event of default in the payment of principal, premium or indebtedness in principal amount in excess of $100 million in the aggregate by Generation will constitute an event of default under the Exelon Corporate credit facility. An event of default under Pepco, DPL or ACE's indebtedness will not constitute an event of default under any of the others' credit facilities, except that a bankruptcy or other event of default in the payment of principal, premium or indebtedness in principal amount in excess of $50 million in the aggregate will constitute an event of default under the credit facility.

The absence of a material adverse change in Exelon's or PHI's business, property, results of operations or financial condition is not a condition to the availability of credit under the credit agreement. The credit agreement does not include any rating triggers.

Security Ratings

The Registrants' access to the capital markets, including the commercial paper market, and their respective financing costs in those markets, may depend on the securities ratings of the entity that is accessing the capital markets.

The Registrants' borrowings are not subject to default or prepayment as a result of a downgrading of securities, although such a downgrading of a Registrant's securities could increase fees and interest charges under that Registrant's credit agreements.

As part of the normal course of business, the Registrants enter into contracts that contain express provisions or otherwise permit the Registrants and their counterparties to demand adequate assurance of future performance when there are reasonable grounds for doing so. In accordance with the contracts and applicable contracts law, if the Registrants are downgraded by a credit rating agency, it is possible that a counterparty would attempt to rely on such a downgrade as a basis for making a demand for adequate assurance of future performance, which could include the posting of collateral. See Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information on collateral provisions.

Intercompany Money Pool

To provide an additional short-term borrowing option that will generally be more favorable to the borrowing participants than the cost of external financing, both Exelon and PHI operate intercompany money pools. Maximum amounts contributed to and borrowed from the money pool by participant and the net contribution or borrowing as of September 30, 2017 , are presented in the following table:

Exelon Intercompany Money Pool	During the Three Months Ended September 30, 2017		As of September 30, 2017
Contributed (borrowed)	Maximum Contributed	Maximum Borrowed	Contributed (Borrowed)
Exelon Corporate	$ 579	n/a	$ 280
Generation	—	(417)	(146)
PECO	97	(10)	57
BSC	—	(369)	(245)
PHI Corporate [(a)]	n/a	(33)	(1)
PCI [(a)]	54	—	54

(a) As a result of the merger, PHI Corporate and PCI began to participate in the Exelon Intercompany Money Pool effective March 24, 2016 .

PHI Intercompany Money Pool	During the Three Months Ended September 30, 2017		As of September 30, 2017
Contributed (borrowed)	Maximum Contributed	Maximum Borrowed	Contributed (Borrowed)
PHI Corporate	$ 51	$ (1)	$ —
PHISCO	24	(25)	—

Investments in Nuclear Decommissioning Trust Funds

Exelon, Generation and CENG maintain trust funds, as required by the NRC, to fund certain costs of decommissioning nuclear plants. The mix of securities in the trust funds is designed to provide returns to be used to fund decommissioning and to offset inflationary increases in decommissioning costs. Generation actively monitors the investment performance of the trust funds and periodically reviews asset allocations in accordance with Generation's NDT fund investment policy. Generation's and CENG's investment policies establish limits on the concentration of holdings in any one company and also in any one industry. See Note 13 — Nuclear Decommissioning of the Combined Notes to Consolidated Financial Statements for further information regarding the trust funds, the NRC's minimum funding requirements and related liquidity ramifications.

Shelf Registration Statements

Exelon, Generation, ComEd, PECO, BGE, Pepco, DPL and ACE have a currently effective combined shelf registration statement unlimited in amount, filed with the SEC, that will expire in August 2019 . The ability of each Registrant to sell securities off the shelf registration statement or to access the private placement markets will depend on a number of factors at the time of the proposed sale, including other required regulatory approvals, as applicable, the current financial condition of the Registrant, its securities ratings and market conditions.

Regulatory Authorizations

Generation, ComEd, PECO, BGE, Pepco, DPL and ACE are required to obtain short-term and long-term financing authority from Federal and State Commissions as follows:

	Short-term Financing Authority [a][b]			Long-term Financing Authority [c]		
	Commission	Expiration Date	Amount (in millions)	Commission	Expiration Date	Amount (in millions)
ComEd [d]	FERC	December 31, 2017	$ 2,500	ICC	2019	$ 1,383
PECO	FERC	December 31, 2017	1,500	PAPUC	December 31, 2018	1,275
BGE	FERC	December 31, 2017	700	MDPSC	N/A	700
Pepco	FERC	June 30, 2018	500	MDPSC / DCPSC	September 25, 2017	—
DPL	FERC	June 30, 2018	500	MDPSC / DPSC	December 31, 2017	125
ACE	NJPU	January 1, 2018	350	NJBPU	December 31, 2017	300

(a) Generation currently has blanket financing authority it received from FERC in connection with its market-based rate authority.
(b) On October 31, 2017, ComEd, PECO, BGE, Pepco and DPL filed applications with FERC for renewal of their short-term financing authority through December 31, 2019. ComEd, PECO, BGE, Pepco and DPL expect approval of the applications before the end of the year.
(c) Pepco, DPL, and ACE, are currently in the process renewing their long-term financing authority with their respective commissions and expect approvals before the end of the year.
(d) ComEd had $1,140 million available in long-term debt refinancing authority and $243 million available in new money long term debt financing authority from the ICC as of September 30, 2017 and has an expiration date of June 1, 2019 and March 1, 2019, respectively.

Contractual Obligations and Off-Balance Sheet Arrangements

Contractual obligations represent cash obligations that are considered to be firm commitments and commercial commitments triggered by future events. See Note 24 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements in the Exelon 2016 Form 10-K.

Generation, ComEd, PECO, BGE, Pepco, DPL and ACE have obligations related to contracts for the purchase of power and fuel supplies, and ComEd and PECO have obligations related to their financing trusts. The power and fuel purchase contracts and the financing trusts have been considered for consolidation in the Registrants' respective financial statements pursuant to the authoritative guidance for VIEs. See Note 1 — Basis of Presentation of the Combined Notes to Consolidated Financial Statements for further information.

For an in-depth discussion of the Registrants' contractual obligations and off-balance sheet arrangements, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Contractual Obligations and Off-Balance Sheet Arrangements” in the Exelon 2016 Form 10-K and "Management's Discussion and Analysis of Financial Condition and Results of Operations - Contractual Obligations and Commercial Commitments."

Item 3. Quantitative and Qualitative Disclosures about Market Risk

The Registrants are exposed to market risks associated with adverse changes in commodity prices, counterparty credit, interest rates and equity prices. Exelon’s RMC approves risk management policies and objectives for risk assessment, control and valuation, counterparty credit approval, and the monitoring and reporting of risk exposures. The RMC is chaired by the chief executive officer and includes the chief risk officer, chief strategy officer, chief executive officer of Exelon Utilities, chief commercial officer, chief financial officer and chief executive officer of Constellation. The RMC reports to the Finance and Risk Committee of the Exelon Board of Directors on the scope of the risk management activities. The following discussion serves as an update to ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK of Exelon’s 2016 Annual Report on Form 10-K incorporated herein by reference.

Commodity Price Risk (All Registrants)

Commodity price risk is associated with price movements resulting from changes in supply and demand, fuel costs, market liquidity, weather conditions, governmental regulatory and environmental policies and other factors. To the extent the amount of energy Exelon generates differs from the amount of energy it has contracted to sell, Exelon has price risk from commodity price movements. Exelon seeks to mitigate its commodity price risk through the sale and purchase of electricity, fossil fuel and other commodities.

Generation

Normal Operations and Hedging Activities. Electricity available from Generation's owned or contracted generation supply in excess of Generation's obligations to customers, including portions of the Utility Registrants' retail load, is sold into the wholesale markets. To reduce price risk caused by market fluctuations, Generation enters into non-derivative contracts as well as derivative contracts, including forwards, futures, swaps and options, with approved counterparties to hedge anticipated exposures. Generation believes these instruments represent economic hedges that mitigate exposure to fluctuations in commodity prices. Generation expects the settlement of the majority of its economic hedges will occur during 2017 through 2019 .

In general, increases and decreases in forward market prices have a positive and negative impact, respectively, on Generation's owned and contracted generation positions which have not been hedged. Exelon's hedging program involves the hedging of commodity risk for Exelon's expected generation, typically on a ratable basis over a three-year period. As of September 30, 2017 , the percentage of expected generation hedged is 98% - 101% , 79% - 82% and 45% - 48% for 2017 , 2018 and 2019 , respectively. The percentage of expected generation hedged is the amount of equivalent sales divided by the expected generation. Expected generation is the volume of energy that best represents our commodity position in energy markets from owned or contracted generating facilities based upon a simulated dispatch model that makes assumptions regarding future market conditions, which are calibrated to market quotes for power, fuel, load following products and options. Equivalent sales represent all hedging products, which include economic hedges and certain non-derivative contracts including Generation's sales to the Utility Registrants to serve their retail load.

A portion of Generation's hedging strategy may be accomplished with fuel products based on assumed correlations between power and fuel prices, which routinely change in the market. Market price risk exposure is the risk of a change in the value of unhedged positions. The forecasted market price risk exposure for Generation's entire non-proprietary trading portfolio associated with a $5 reduction in the annual average around-the-clock energy price based on September 30, 2017 market conditions and hedged position would be an increase in pre-tax net income of approximately $10 million for 2017 and decreases of approximately $170 million and $500 million , respectively, for 2018 and 2019 . Power price sensitivities are derived by adjusting power price assumptions while keeping all other price inputs constant. Generation expects to actively manage its portfolio to mitigate market price risk exposure for its unhedged position. Actual results could differ depending on the specific timing of, and markets affected by, price changes, as well as future changes in Generation's portfolio.

Proprietary Trading Activities. Generation also enters into certain energy-related derivatives for proprietary trading purposes. Proprietary trading includes all contracts entered into with the intent of benefiting from shifts or changes in market prices as opposed to those entered into with the intent of hedging or managing risk. Proprietary trading activities are subject to limits established by Exelon's RMC. The proprietary trading portfolio is subject to a risk management policy that includes stringent risk management limits, including volume, stop loss and Value-at-Risk (VaR) limits to manage exposure to market risk. Additionally, the Exelon risk management group and Exelon's RMC monitor the financial risks of the proprietary trading activities. The proprietary trading activities, which included physical volumes of 2,601 GWhs and 6,763 GWhs for the three and nine months ended September 30, 2017 , respectively, and 1,506 GWhs and 4,015 GWhs and for the three and nine months September 30, 2016 , respectively, are a complement to Generation's energy marketing portfolio, but represent a small portion of Generation's overall revenue from energy marketing activities. Proprietary trading portfolio activity for the nine months ended September 30, 2017 resulted in $11 million of pre-tax gains due to net mark-to-market gains of $3 million and realized gains of $8 million . Generation uses a 95% confidence interval, assuming standard normal distribution, one day holding period and a one-tailed statistical measure in calculating its VaR. The daily VaR on proprietary trading activity averaged $0.1 million of exposure during the quarter. Generation has not segregated proprietary trading activity within the following discussion because of the relative size of the proprietary trading portfolio in comparison to Generation's total Revenue net of purchase power and fuel expense for the nine months ended September 30, 2017 of $6,526 million .

Fuel Procurement. Generation procures natural gas through long-term and short-term contracts and spot-market purchases. Nuclear fuel assemblies are obtained predominantly through long-term uranium concentrate supply contracts, contracted conversion services, contracted enrichment services, or a combination thereof, and contracted fuel fabrication services. The supply markets for uranium concentrates and certain nuclear fuel services are subject to price fluctuations and availability restrictions. Supply market conditions may make Generation's procurement contracts subject to credit risk related to the potential non-performance of counterparties to deliver the contracted commodity or service at the contracted prices. Approximately 60% of Generation's uranium concentrate requirements

from 2017 through 2021 are supplied by three producers. In the event of non-performance by these or other suppliers, Generation believes that replacement uranium concentrates can be obtained, although at prices that may be unfavorable when compared to the prices under the current supply agreements. Non-performance by these counterparties could have a material adverse impact on Exelon's and Generation's results of operations, cash flows and financial positions.

ComEd

ComEd entered into 20-year contracts for renewable energy and RECs beginning in June 2012. ComEd is permitted to recover its renewable energy and REC costs from retail customers with no mark-up. The annual commitments represent the maximum settlements with suppliers for renewable energy and RECs under the existing contract terms. Pursuant to the ICC's Order on December 19, 2012, ComEd's commitments under the existing long-term contracts were reduced for the June 2013 through May 2014 procurement period. In addition, the ICC's December 18, 2013 Order approved the reduction of ComEd's commitments under those contracts for the June 2014 through May 2015 procurement period, and the amount of the reduction was approved by the ICC in March 2014. See Note 5 — Regulatory Matters and Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information regarding energy procurement and derivatives. ComEd does not enter into derivatives for speculative or proprietary trading purposes.

PECO

PECO has contracts to procure electric supply that were executed through the competitive procurement process outlined in its PAPUC-approved DSP Programs, which are further discussed in Note 5 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements. PECO has certain full requirements contracts which are considered derivatives and qualify for the normal purchases and normal sales scope exception under current derivative authoritative guidance, and as a result are accounted for on an accrual basis of accounting. Under the DSP Programs, PECO is permitted to recover its electric supply procurement costs from retail customers with no mark-up.

PECO has also entered into derivative natural gas contracts, which either qualify for the normal purchases and normal sales exception or have no mark-to-market balances because the derivatives are index priced, to hedge its long-term price risk in the natural gas market. PECO's hedging program for natural gas procurement has no direct impact on its financial position or results of operations as natural gas costs are fully recovered from customers under the PGC.

PECO does not enter into derivatives for speculative or proprietary trading purposes. For additional information on these contracts, see Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements.

BGE

BGE procures electric supply for default service customers through full requirements contracts pursuant to BGE's MDPSC-approved SOS program. BGE's full requirements contracts that are considered derivatives qualify for the normal purchases and normal sales scope exception under current derivative authoritative guidance, and as a result, are accounted for on an accrual basis of accounting. Under the SOS program, BGE is permitted to recover its electricity procurement costs from retail customers, plus an administrative fee which includes a shareholder return component and an incremental cost component.

BGE has also entered into natural gas contracts, which qualify for the normal purchases and normal sales scope exception, to hedge its price risk in the natural gas market. The hedging program for natural gas procurement has no direct impact on BGE's financial position. However, under BGE's market-based rates incentive mechanism, BGE's actual cost of gas is compared to a market index (a measure of the market price of gas in a given period). The difference between BGE's actual cost and the market index is shared equally between shareholders and customers.

BGE does not enter into derivatives for speculative or proprietary trading purposes. For additional information on these contracts, see Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements.

Pepco

Pepco has contracts to procure SOS electric supply that are executed through a competitive procurement process approved by the MDPSC and DCPSC. The SOS rates charged recover Pepco's wholesale power supply costs and

include an administrative fee. The administrative fee includes an incremental cost component and a shareholder return component for residential and commercial rate classes. Pepco's price risk related to electric supply procurement is limited. Pepco locks in fixed prices for all of its SOS requirements through full requirements contracts. Certain of Pepco's full requirements contracts, which are considered derivatives, qualify for the NPNS scope exception under current derivative authoritative guidance. Other Pepco full requirements contracts are not derivatives.

Pepco does not enter into derivatives for speculative or proprietary trading purposes. For additional information on these contracts, see Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements.

DPL

DPL has contracts to procure SOS electric supply that are executed through a competitive procurement process approved by the MDPSC and the DPSC. The SOS rates charged recover DPL's wholesale power supply costs. In Delaware, DPL is also entitled to recover a Reasonable Allowance for Retail Margin (RARM). The RARM includes a fixed annual margin of approximately $2.75 million , plus an incremental cost component and a cash working capital allowance. In Maryland, DPL charges an administrative fee intended to allow it to recover its administrative costs. DPL locks in fixed prices for all of its SOS requirements through full requirements contracts. DPL's price risk related to electric supply procurement is limited. Certain of DPL's full requirements contracts, which are considered derivatives, qualify for the NPNS scope exception under current derivative authoritative guidance. Other DPL full requirements contracts are not derivatives.

DPL provides natural gas to its customers under a GCR mechanism approved by the DPSC. The demand portion of the GCR is based upon DPL's firm transportation and storage contracts. DPL has firm deliverability of swing and seasonal storage; a liquefied natural gas facility and firm transportation capacity to meet customer demand and provide a reserve margin. The commodity portion of the GCR includes a commission approved hedging program which is intended to reduce gas commodity price volatility while limiting the firm natural gas customers' exposure to adverse changes in the market price of natural gas.

DPL does not enter into derivatives for speculative or proprietary trading purposes. See Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information regarding energy procurement and derivatives.

ACE

ACE has contracts to procure BGS electric supply that are executed through a competitive procurement process approved by the NJBPU. The BGS rates charged recover ACE's wholesale power supply costs. ACE does not make any profit or incur any loss on the supply component of the BGS it supplies to customers. ACE's price risk related to electric supply procurement is limited. ACE locks in fixed prices for all of its BGS requirements through full requirements contracts. ACE's full requirements contracts, which are considered derivatives, qualify for the NPNS scope exception under current derivative authoritative guidance. Other ACE full requirements contracts are not derivatives.

ACE does not enter into derivatives for speculative or proprietary trading purposes. For additional information on these contracts, see Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements.

Trading and Non-Trading Marketing Activities. The following detailed presentation of Exelon's, Generation's, ComEd's, PHI's and DPL's trading and non-trading marketing activities is included to address the recommended disclosures by the energy industry's Committee of Chief Risk Officers (CCRO).

The following table provides detail on changes in Exelon's, Generation's, ComEd's, PHI's and DPL's commodity mark-to-market net asset or liability balance sheet position from December 31, 2016 to September 30, 2017 . It indicates the drivers behind changes in the balance sheet amounts. This table incorporates the mark-to-market activities that are immediately recorded in earnings. This table excludes all normal purchase and normal sales contracts and does not segregate proprietary trading activity. See Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information on the balance sheet classification of the mark-to-market energy contract net assets (liabilities) recorded as of September 30, 2017 and December 31, 2016 .

	Exelon	Generation	ComEd	PHI	DPL
Total mark-to-market energy contract net assets (liabilities) at December 31, 2016 [(a)]	$ 719	$ 977	$ (258)	$ —	$ —
Total change in fair value during 2017 of contracts recorded in results of operations	(13)	(13)	—	—	—
Reclassification to realized of contracts recorded in results of operations	(138)	(138)	—	—	—
Contracts received at acquisition date	—	—	—	—	—
Changes in fair value — recorded through regulatory assets and liabilities [(b)]	(21)	—	(19)	(2)	(2)
Changes in allocated collateral	88	86	—	2	2
Changes in net option premium paid/(received)	(35)	(35)	—	—	—
Option premium amortization	(15)	(15)	—	—	—
Upfront payments and amortizations [(c)]	(54)	(54)	—	—	—
Total mark-to-market energy contract net assets (liabilities) at September 30, 2017 [(a)]	$ 531	$ 808	$ (277)	$ —	$ —

(a) Amounts are shown net of collateral paid to and received from counterparties.
(b) For ComEd and DPL, the changes in fair value are recorded as a change in regulatory assets or liabilities. As of September 30, 2017 , ComEd recorded a regulatory liability of $277 million related to its mark-to-market derivative liabilities with Generation and unaffiliated suppliers. For the nine months ended September 30, 2017 , ComEd also recorded $32 million of decreases in fair value and an increase for realized losses due to settlements of $13 million recorded in purchased power expense associated with floating-to-fixed energy swap contracts with unaffiliated suppliers.
(c) Includes derivative contracts acquired or sold by Generation through upfront payments or receipts of cash, excluding option premiums, and the associated amortization.

Fair Values. The following tables present maturity and source of fair value for Exelon, Generation and ComEd mark-to-market commodity contract net assets (liabilities). The tables provide two fundamental pieces of information. First, the tables provide the source of fair value used in determining the carrying amount of the Registrants' total mark-to-market net assets (liabilities), net of allocated collateral. Second, the tables show the maturity, by year, of the Registrants' commodity contract net assets (liabilities), net of allocated collateral, giving an indication of when these mark-to-market amounts will settle and either generate or require cash. See Note 9 — Fair Value of Financial Assets and Liabilities of the Combined Notes to Consolidated Financial Statements for additional information regarding fair value measurements and the fair value hierarchy.

Exelon

	Maturities Within						Total Fair Value
	2017	2018	2019	2020	2021	2022 and Beyond	
Normal Operations, Commodity derivative contracts [(a)(b)]:							
Actively quoted prices (Level 1)	$ 27	$ 1	$ (29)	$ (13)	$ 2	$ (2)	$ (14)
Prices provided by external sources (Level 2)	112	109	7	(6)	5	—	227
Prices based on model or other valuation methods (Level 3) [(c)]	47	339	111	18	(32)	(165)	318
Total	$ 186	$ 449	$ 89	$ (1)	$ (25)	$ (167)	$ 531

(a) Mark-to-market gains and losses on other economic hedge and trading derivative contracts that are recorded in results of operations.
(b) Amounts are shown net of collateral paid to and received from counterparties (and offset against mark-to-market assets and liabilities) of $415 million at September 30, 2017 .
(c) Includes ComEd's net liabilities associated with the floating-to-fixed energy swap contracts with unaffiliated suppliers.

Generation

	Maturities Within						Total Fair Value
	2017	2018	2019	2020	2021	2022 and Beyond	
Normal Operations, Commodity derivative contracts [(a)(b)]:							
Actively quoted prices (Level 1)	$ 27	$ 1	$ (29)	$ (13)	$ 2	$ (2)	$ (14)
Prices provided by external sources (Level 2)	112	109	7	(6)	5	—	227
Prices based on model or other valuation methods (Level 3)	53	360	133	40	(11)	20	595
Total	$ 192	$ 470	$ 111	$ 21	$ (4)	$ 18	$ 808

(a) Mark-to-market gains and losses on other economic hedge and trading derivative contracts that are recorded in the results of operations.
(b) Amounts are shown net of collateral paid to and received from counterparties (and offset against mark-to-market assets and liabilities) of $415 million at September 30, 2017 .

ComEd

	Maturities Within						Total Fair Value
	2017	2018	2019	2020	2021	2022 and Beyond	
Commodity derivative contracts [(a)]:							
Prices based on model or other valuation methods (Level 3)	$ (6)	$ (21)	$ (22)	$ (22)	$ (21)	$ (185)	$ (277)

(a) Represents ComEd's net liabilities associated with the floating-to-fixed energy swap contracts with unaffiliated suppliers.

Credit Risk, Collateral and Contingent Related Features (All Registrants)

The Registrants would be exposed to credit-related losses in the event of non-performance by counterparties that enter into derivative instruments. The credit exposure of derivative contracts, before collateral, is represented by the fair value of contracts at the reporting date. See Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for a detailed discussion of credit risk, collateral and contingent related features.

Generation

The following tables provide information on Generation's credit exposure for all derivative instruments, normal purchase normal sales agreements, and applicable payables and receivables, net of collateral and instruments that are subject to master netting agreements, as of September 30, 2017 . The tables further delineate that exposure by credit rating of the counterparties and provide guidance on the concentration of credit risk to individual counterparties and an indication of the duration of a company's credit risk by credit rating of the counterparties. The figures in the tables below exclude credit risk exposure from individual retail customers, uranium procurement contracts, and exposure through RTOs, ISOs, NYMEX, ICE, NASDAQ, NGX and Nodal commodity exchanges, which are discussed below. Additionally, the figures in the tables below exclude exposures with affiliates, including net receivables with ComEd, PECO, BGE, Pepco, DPL and ACE of $18 million , $22 million , $22 million , $34 million , $12 million , and $7 million as of September 30, 2017 , respectively.

Rating as of September 30, 2017	Total Exposure Before Credit Collateral	Credit Collateral [a]	Net Exposure	Number of Counterparties Greater than 10% of Net Exposure	Net Exposure of Counterparties Greater than 10% of Net Exposure
Investment grade	$ 828	$ 9	$ 819	1	$ 278
Non-investment grade	44	4	40		
No external ratings					
Internally rated — investment grade	316	—	316		
Internally rated — non-investment grade	100	18	82		
Total	$ 1,288	$ 31	$ 1,257	1	$ 278

	Maturity of Credit Risk Exposure			
Rating as of September 30, 2017	Less than 2 Years	2-5 Years	Exposure Greater than 5 Years	Total Exposure Before Credit Collateral
Investment grade	$ 682	$ 139	$ 7	$ 828
Non-investment grade	36	8	—	44
No external ratings				
Internally rated — investment grade	249	35	32	316
Internally rated — non-investment grade	87	13	—	100
Total	$ 1,054	$ 195	$ 39	$ 1,288

Net Credit Exposure by Type of Counterparty	As of September 30, 2017
Financial institutions	$ 48
Investor-owned utilities, marketers, power producers	538
Energy cooperatives and municipalities	525
Other	146
Total	$ 1,257

(a) As of September 30, 2017 , credit collateral held from counterparties where Generation had credit exposure included $19 million of cash and $12 million of letters of credit.

ComEd, PECO, BGE, PHI, Pepco, DPL and ACE

There have been no significant changes or additions to ComEd's, PECO's, BGE's, PHI's, Pepco's, DPL's or ACE's exposures to credit risk that are described in ITEM 1A. RISK FACTORS of Exelon's 2016 Annual Report on Form 10-K.

See Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for information regarding credit exposure to suppliers.

Collateral (All Registrants)

Generation

As part of the normal course of business, Generation routinely enters into physical or financial contracts for the sale and purchase of electricity, natural gas and other commodities. These contracts either contain express provisions or otherwise permit Generation and its counterparties to demand adequate assurance of future performance when there are reasonable grounds for doing so. In accordance with the contracts and applicable law, if Generation is downgraded by a credit rating agency, especially if such downgrade is to a level below investment grade, it is possible that a counterparty would attempt to rely on such a downgrade as a basis for making a demand for adequate assurance of future performance. Depending on Generation's net position with a counterparty, the demand could be for the posting of collateral. In the absence of expressly agreed-to provisions that specify the collateral that must be provided, collateral requested will be a function of the facts and circumstances of the situation at the time of the demand. In this case, Generation believes an amount of several months of future payments (i.e., capacity payments) rather than a calculation of fair value is the best estimate for the contingent collateral obligation, which has been factored into the disclosure below. See Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for information regarding collateral requirements.

Generation transacts output through bilateral contracts. The bilateral contracts are subject to credit risk, which relates to the ability of counterparties to meet their contractual payment obligations. Any failure to collect these payments from counterparties could have a material impact on Exelon's and Generation's results of operations, cash flows and financial position. As market prices rise above or fall below contracted price levels, Generation is required to post collateral with purchasers; as market prices fall below contracted price levels, counterparties are required to post collateral with Generation. In order to post collateral, Generation depends on access to bank credit facilities, which serve as liquidity sources to fund collateral requirements. See Liquidity and Capital Resources — Credit Matters — Exelon Credit Facilities for additional information.

As of September 30, 2017 , Generation had cash collateral of $460 million posted and cash collateral held of $49 million for external counterparties with derivative positions, of which $415 million amount in net cash collateral deposits and $1 million amount in net cash collateral receipts were offset against energy derivative and interest rate and foreign exchange derivative related to underlying energy contracts, respectively. As of September 30, 2017 , $3 million of cash collateral held was not offset against net derivative positions because it was not associated with energy-related derivatives or as of the balance sheet date there were no positions to offset. See Note 18 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements for information regarding the letters of credit supporting the cash collateral.

ComEd

As of September 30, 2017 , ComEd held $10 million in collateral from suppliers in association with energy procurement contracts and held approximately $21 million in the form of cash and letters of credit for both annual and long-term renewable energy contracts. See Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements in this report and Note 3 — Regulatory Matters of the 2016 Exelon Form 10-K for additional information.

PECO

As of September 30, 2017 , PECO was not required to post collateral under its energy and natural gas procurement contracts. See Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information.

BGE

BGE is not required to post collateral under its electric supply contracts nor was it holding collateral under its electric supply procurement contracts as of September 30, 2017 . As of September 30, 2017 , BGE was not required to post collateral under its natural gas procurement contracts but was holding an immaterial amount of collateral under its natural gas procurement contracts. See Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information.

Pepco

Pepco is not required to post collateral under its energy procurement contracts. See Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information.

DPL

DPL is not required to post collateral under its energy procurement contracts. As of September 30, 2017 , DPL was not required to post collateral under its natural gas procurement contracts. See Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information.

ACE

ACE is not required to post collateral under its energy procurement contracts. See Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information.

RTOs and ISOs (All Registrants)

Generation, ComEd, PECO, BGE, Pepco, DPL and ACE participate in all, or some, of the established wholesale spot energy markets that are administered by PJM, ISO-NE, ISO-NY, CAISO, MISO, SPP, AESO, OIESO and ERCOT. In these areas, power is traded through bilateral agreements between buyers and sellers and on the spot energy markets that are administered by the RTOs or ISOs, as applicable. In areas where there are no spot energy markets, electricity is purchased and sold solely through bilateral agreements. For sales into the spot energy markets administered by an RTO or ISO, the RTO or ISO maintains financial assurance policies that are established and enforced by those administrators. The credit policies of the RTOs and ISOs may, under certain circumstances, require that losses arising from the default of one member on spot energy market transactions be shared by the remaining participants. Non-performance or non-payment by a major counterparty could result in a material adverse impact on the Registrants' results of operations, cash flows and financial positions.

Exchange Traded Transactions (Exelon, Generation, PHI and DPL)

Generation enters into commodity transactions on NYMEX, ICE, NASDAQ, NGX and the Nodal exchange ("the Exchanges"). DPL enters into commodity transactions on ICE. The Exchange clearinghouses act as the counterparty to each trade. Transactions on the Exchanges must adhere to comprehensive collateral and margining requirements. As a result, transactions on the Exchanges are significantly collateralized and have limited counterparty credit risk.

Interest Rate and Foreign Exchange Risk (All Registrants)

The Registrants use a combination of fixed-rate and variable-rate debt to manage interest rate exposure. The Registrants may also utilize fixed-to-floating interest rate swaps, which are typically designated as fair value hedges, as a means to manage their interest rate exposure. In addition, the Registrants may utilize interest rate derivatives to lock in rate levels in anticipation of future financings, which are typically designated as cash flow hedges. These strategies are employed to manage interest rate risks. At September 30, 2017 , Exelon had $800 million of notional amounts of fixed-to-floating hedges outstanding and Exelon and Generation had $491 million of notional amounts of floating-to-fixed hedges outstanding. Assuming the interest rate hedges are 100% effective, a hypothetical 50 bps increase in the interest rates associated with unhedged variable-rate debt (excluding Commercial Paper) and fixed-to-floating swaps would result in approximately a $4 million decrease in Exelon Consolidated pre-tax income for the nine months ended September 30, 2017 . To manage foreign exchange rate exposure associated with international energy purchases in currencies other than U.S. dollars, Generation utilizes foreign currency derivatives, which are typically designated as economic hedges.

Equity Price Risk (Exelon and Generation)

Generation maintains trust funds, as required by the NRC, to fund certain costs of decommissioning its nuclear plants. As of September 30, 2017 , Generation's decommissioning trust funds are reflected at fair value on its Consolidated Balance Sheets. The mix of securities in the trust funds is designed to provide returns to be used to fund decommissioning and to compensate Generation for inflationary increases in decommissioning costs; however, the equity securities in the trust funds are exposed to price fluctuations in equity markets, and the value of fixed-rate, fixed-income securities are exposed to changes in interest rates. Generation actively monitors the investment performance of the trust funds and periodically reviews asset allocation in accordance with Generation's NDT fund investment policy.

A hypothetical 10% increase in interest rates and decrease in equity prices would result in a $626 million reduction in the fair value of the trust assets. This calculation holds all other variables constant and assumes only the discussed changes in interest rates and equity prices. See ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS for further discussion of equity price risk as a result of the current capital and credit market conditions.

Item 4. Controls and Procedures

During the third quarter of 2017 , each of Exelon's, Generation's, ComEd's, PECO's, BGE's, PHI's, Pepco's, DPL's and ACE's management, including its principal executive officer and principal financial officer, evaluated its disclosure controls and procedures related to the recording, processing, summarizing and reporting of information in its periodic reports that it files with the SEC. These disclosure controls and procedures have been designed by all Registrants to ensure that (a) material information relating to that Registrant, including its consolidated subsidiaries, is accumulated and made known to Exelon's management, including its principal executive officer and principal financial officer, by other employees of that Registrant and its subsidiaries as appropriate to allow timely decisions regarding required disclosure, and (b) this information is recorded, processed, summarized, evaluated and reported, as applicable, within the time periods specified in the SEC's rules and forms. Due to the inherent limitations of control systems, not all misstatements may be detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls could be circumvented by the individual acts of some persons or by collusion of two or more people.

Accordingly, as of September 30, 2017 , the principal executive officer and principal financial officer of each of Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE concluded that such Registrant's disclosure controls and procedures were effective to accomplish its objectives. All Registrants continually strive to improve their disclosure controls and procedures to enhance the quality of its financial reporting and to maintain dynamic systems that change as conditions warrant. There have been no changes in internal control over financial reporting that occurred during the third quarter of 2017 that have materially affected, or are reasonably likely to materially affect, any of Exelon's, Generation's, ComEd's, PECO's, BGE's, PHI's, Pepco's, DPL's and ACE's internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

The Registrants are parties to various lawsuits and regulatory proceedings in the ordinary course of their respective businesses. For information regarding material lawsuits and proceedings, see (a) ITEM 3 . LEGAL PROCEEDINGS of Exelon's 2016 Form 10-K and (b) Notes 5 — Regulatory Matters and 18 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements in PART I, ITEM 1. FINANCIAL STATEMENTS of this Report. Such descriptions are incorporated herein by these references.

Item 1A. Risk Factors

Risks Related to Exelon

At September 30, 2017 , the Registrants' risk factors were consistent with the risk factors described in the Registrants' combined 2016 Form 10-K in ITEM 1A. RISK FACTORS.

Item 4. Mine Safety Disclosures

All Registrants

Not applicable to the Registrants.

Item 6. Exhibits

Certain of the following exhibits are incorporated herein by reference under Rule 12b-32 of the Securities and Exchange Act of 1934, as amended. Certain other instruments which would otherwise be required to be listed below have not been so listed because such instruments do not authorize securities in an amount which exceeds 10% of the total assets of the applicable registrant and its subsidiaries on a consolidated basis and the relevant registrant agrees to furnish a copy of any such instrument to the Commission upon request.

Exhibit No.	Description
4.1	Supplemental Indenture dated as of August 9, 2017, from ComEd to BNY Mellon Trust Company of Illinois, as trustee, and D. G. Donovan, as co-trustee (File No. 001-01839, Form 8-K dated August 23, 2017, Exhibit 4.1)
4.2	BGE Form of 3.750% notes due 2047 (File No. 001-01910, Form 8-K dated August 24, 2017, Exhibit 4.1)
4.3	One Hundred and Fourteenth Supplemental Indenture dated as of September 1, 2017, from PECO to U.S. Bank National Association, as trustee (File No. 000-16844, Form 8-K dated September 18, 2017, Exhibit 4.1)
101.INS	XBRL Instance
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation
101.DEF	XBRL Taxonomy Extension Definition
101.LAB	XBRL Taxonomy Extension Labels
101.PRE	XBRL Taxonomy Extension Presentation

Certifications Pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities and Exchange Act of 1934 as to the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2017 filed by the following officers for the following companies:

31-1	— Filed by Christopher M. Crane for Exelon Corporation
31-2	— Filed by Jonathan W. Thayer for Exelon Corporation
31-3	— Filed by Kenneth W. Cornew for Exelon Generation Company, LLC
31-4	— Filed by Bryan P. Wright for Exelon Generation Company, LLC
31-5	— Filed by Anne R. Pramaggiore for Commonwealth Edison Company
31-6	— Filed by Joseph R. Trpik, Jr. for Commonwealth Edison Company
31-7	— Filed by Craig L. Adams for PECO Energy Company
31-8	— Filed by Phillip S. Barnett for PECO Energy Company
31-9	— Filed by Calvin G. Butler, Jr. for Baltimore Gas and Electric Company
31-10	— Filed by David M. Vahos for Baltimore Gas and Electric Company
31-11	— Filed by David M. Velazquez for Pepco Holdings LLC
31-12	— Filed by Donna J. Kinzel for Pepco Holdings LLC
31-13	— Filed by David M. Velazquez for Potomac Electric Power Company
31-14	— Filed by Donna J. Kinzel for Potomac Electric Power Company
31-15	— Filed by David M. Velazquez for Delmarva Power & Light Company
31-16	— Filed by Donna J. Kinzel for Delmarva Power & Light Company
31-17	— Filed by David M. Velazquez for Atlantic City Electric Company
31-18	— Filed by Donna J. Kinzel for Atlantic City Electric Company

Certifications Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code (Sarbanes — Oxley Act of 2002) as to the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2017 filed by the following officers for the following companies:

32-1	— Filed by Christopher M. Crane for Exelon Corporation
32-2	— Filed by Jonathan W. Thayer for Exelon Corporation
32-3	— Filed by Kenneth W. Cornew for Exelon Generation Company, LLC
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32-9	— Filed by Calvin G. Butler, Jr. for Baltimore Gas and Electric Company
32-10	— Filed by David M. Vahos for Baltimore Gas and Electric Company
32-11	— Filed by David M. Velazquez for Pepco Holdings LLC
32-12	— Filed by Donna J. Kinzel for Pepco Holdings LLC
32-13	— Filed by David M. Velazquez for Potomac Electric Power Company
32-14	— Filed by Donna J. Kinzel for Potomac Electric Power Company
32-15	— Filed by David M. Velazquez for Delmarva Power & Light Company
32-16	— Filed by Donna J. Kinzel for Delmarva Power & Light Company
32-17	— Filed by David M. Velazquez for Atlantic City Electric Company
32-18	— Filed by Donna J. Kinzel for Atlantic City Electric Company

SIGNATURES

Pursuant to requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

EXELON CORPORATION

/s/ CHRISTOPHER M. CRANE

Christopher M. Crane

President and Chief Executive Officer
(Principal Executive Officer) and Director

/s/ JONATHAN W. THAYER

Jonathan W. Thayer

Senior Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

/s/ DUANE M. DESPARTE

Duane M. DesParte

Senior Vice President and Corporate Controller
(Principal Accounting Officer)

November 2, 2017

Pursuant to requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

EXELON GENERATION COMPANY, LLC

/s/ Kenneth W. Cornew	/s/ Bryan P. Wright
Kenneth W. Cornew	Bryan P. Wright
President and Chief Executive Officer (Principal Executive Officer)	Senior Vice President and Chief Financial Officer (Principal Financial Officer)
/s/ Matthew N. Bauer	
Matthew N. Bauer	
Vice President and Controller (Principal Accounting Officer)	

November 2, 2017

Pursuant to requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

COMMONWEALTH EDISON COMPANY

/s/ ANNE R. PRAMAGGIORE

Anne R. Pramaggiore
President and Chief Executive Officer
(Principal Executive Officer)

/s/ JOSEPH R. TRPIK, JR.

Joseph R. Trpik, Jr.
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/s/ GERALD J. KOZEL

Gerald J. Kozel
Vice President and Controller
(Principal Accounting Officer)

November 2, 2017

Pursuant to requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PECO ENERGY COMPANY

/s/ C RAIG L. A DAMS

Craig L. Adams

President and Chief Executive Officer
(Principal Executive Officer) and Director

/s/ P HILLIP S. B ARNETT

Phillip S. Barnett

Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/s/ S COTT A. B AILEY

Scott A. Bailey

Vice President and Controller
(Principal Accounting Officer)

November 2, 2017

S1-SSA-0009 - 24292

Pursuant to requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BALTIMORE GAS AND ELECTRIC COMPANY

/s/ CALVIN G. BUTLER, JR.

Calvin G. Butler, Jr.

Chief Executive Officer
(Principal Executive Officer)

/s/ DAVID M. VAHOS

David M. Vahos

Senior Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)

/s/ ANDREW W. HOLMES

Andrew W. Holmes

Vice President and Controller
(Principal Accounting Officer)

November 2, 2017

Pursuant to requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PEPCO HOLDINGS LLC

/s/ DAVID M. VELAZQUEZ
David M. Velazquez
President and Chief Executive Officer
(Principal Executive Officer)

/s/ DONNA J. KINZEL
Donna J. Kinzel
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/s/ ROBERT M. AIKEN
Robert M. Aiken
Vice President and Controller
(Principal Accounting Officer)

November 2, 2017

Pursuant to requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

POTOMAC ELECTRIC POWER COMPANY

/s/ DAVID M. VELAZQUEZ

David M. Velazquez

President and Chief Executive Officer
(Principal Executive Officer)

/s/ DONNA J. KINZEL

Donna J. Kinzel

Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/s/ ROBERT M. AIKEN

Robert M. Aiken

Vice President and Controller
(Principal Accounting Officer)

November 2, 2017

Pursuant to requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DELMARVA POWER & LIGHT COMPANY

/s/ DAVID M. VELAZQUEZ

David M. Velazquez

President and Chief Executive Officer
(Principal Executive Officer)

/s/ DONNA J. KINZEL

Donna J. Kinzel

Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/s/ ROBERT M. AIKEN

Robert M. Aiken

Vice President and Controller
(Principal Accounting Officer)

November 2, 2017

Pursuant to requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ATLANTIC CITY ELECTRIC COMPANY

/s/ DAVID M. VELAZQUEZ

David M. Velazquez

President and Chief Executive Officer
(Principal Executive Officer)

/s/ DONNA J. KINZEL

Donna J. Kinzel

Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/s/ ROBERT M. AIKEN

Robert M. Aiken

Vice President and Controller
(Principal Accounting Officer)

November 2, 2017

Exhibit 31-1

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Christopher M. Crane, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ CHRISTOPHER M. CRANE

President and Chief Executive Officer

(Principal Executive Officer)

Date: November 2, 2017

Exhibit 31-2

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Jonathan W. Thayer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ JONATHAN W. THAYER

Senior Executive Vice President and Chief Financial Officer

(Principal Financial Officer)

Date: November 2, 2017

Exhibit 31-3

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Kenneth W. Cornew, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Generation Company, LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ KENNETH W. CORNEW

President and Chief Executive Officer

(Principal Executive Officer)

Date: November 2, 2017

Exhibit 31-4

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Bryan P. Wright, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Generation Company, LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ BRYAN P. WRIGHT

Senior Vice President and Chief Financial Officer

(Principal Financial Officer)

Date: November 2, 2017

Exhibit 31-15

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, David M. Velazquez, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Delmarva Power & Light Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ DAVID M. VELAZQUEZ

President and Chief Executive Officer

(Principal Executive Officer)

Date: November 2, 2017

Exhibit 31-6

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Joseph R. Trpik, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Commonwealth Edison Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ JOSEPH R. TRPIK, JR.

Senior Vice President, Chief Financial Officer and Treasurer

(Principal Financial Officer)

Date: November 2, 2017

Exhibit 31-7

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Craig L. Adams, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PECO Energy Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ CRAIG L. ADAMS

President and Chief Executive Officer

(Principal Executive Officer)

Date: November 2, 2017

Exhibit 31-8

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Phillip S. Barnett, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PECO Energy Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ PHILLIP S. BARNETT

Senior Vice President, Chief Financial Officer
and Treasurer

(Principal Financial Officer)

Date: November 2, 2017

Exhibit 31-9

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Calvin G. Butler, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Baltimore Gas and Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ CALVIN G. BUTLER, JR.

Chief Executive Officer

(Principal Executive Officer)

Date: November 2, 2017

Exhibit 31-10

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, David M. Vahos, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Baltimore Gas and Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ DAVID M. VAHOS

Senior Vice President, Chief Financial Officer
and Treasurer

(Principal Financial Officer)

Date: November 2, 2017

Exhibit 31-11

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, David M. Velazquez, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Pepco Holdings LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ DAVID M. VELAZQUEZ

President and Chief Executive Officer

(Principal Executive Officer)

Date: November 2, 2017

Exhibit 31-12

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Donna J. Kinzel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Pepco Holdings LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ DONNA J. KINZEL

Senior Vice President, Chief Financial Officer and Treasurer

(Principal Financial Officer)

Date: November 2, 2017

Exhibit 31-13

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, David M. Velazquez, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Potomac Electric Power Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ DAVID M. VELAZQUEZ

President and Chief Executive Officer

(Principal Executive Officer)

Date: November 2, 2017

Exhibit 31-14

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Donna J. Kinzel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Potomac Electric Power Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ DONNA J. KINZEL

Senior Vice President, Chief Financial Officer and Treasurer

(Principal Financial Officer)

Date: November 2, 2017

Exhibit 31-5

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Anne R. Pramaggiore, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Commonwealth Edison Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ ANNE R. PRAMAGGIORE

President and Chief Executive Officer
(Principal Executive Officer)

Date: November 2, 2017

Exhibit 31-16

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Donna J. Kinzel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Delmarva Power & Light Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ DONNA J. KINZEL

Senior Vice President, Chief Financial Officer and Treasurer

(Principal Financial Officer)

Date: November 2, 2017

Exhibit 31-17

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, David M. Velazquez, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Atlantic City Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ DAVID M. VELAZQUEZ

President and Chief Executive Officer

(Principal Executive Officer)

Date: November 2, 2017

Exhibit 31-18

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Donna J. Kinzel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Atlantic City Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ DONNA J. KINZEL

Senior Vice President, Chief Financial Officer and Treasurer

(Principal Financial Officer)

Date: November 2, 2017

Exhibit 32-1

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Corporation for the quarterly period ended September 30, 2017 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Corporation.

/s/ CHRISTOPHER M. CRANE

Christopher M. Crane

President and Chief Executive Officer

Date: November 2, 2017

Exhibit 32-2

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Corporation for the quarterly period ended September 30, 2017 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Corporation.

/s/ JONATHAN W. THAYER

Jonathan W. Thayer

Senior Executive Vice President and Chief Financial Officer

Date: November 2, 2017

Exhibit 32-3

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Generation Company, LLC for the quarterly period ended September 30, 2017 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Generation Company, LLC.

/s/ KENNETH W. CORNEW

Kenneth W. Cornew

President and Chief Executive Officer

Date: November 2, 2017

Exhibit 32-4

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Generation Company, LLC for the quarterly period ended September 30, 2017 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Generation Company, LLC.

/s/ BRYAN P. WRIGHT

Bryan P. Wright

Senior Vice President and Chief Financial Officer

Date: November 2, 2017

Exhibit 32-5

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Commonwealth Edison Company for the quarterly period ended September 30, 2017 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Commonwealth Edison Company.

/s/ ANNE R. PRAMAGGIORE

Anne R. Pramaggiore

President and Chief Executive Officer

Date: November 2, 2017

Exhibit 32-6

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Commonwealth Edison Company for the quarterly period ended September 30, 2017 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Commonwealth Edison Company.

/s/ J OSEPH R. T RPIK , J R .

Joseph R. Trpik, Jr.

Senior Vice President, Chief Financial Officer and Treasurer

Date: November 2, 2017

Exhibit 32-7

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of PECO Energy Company for the quarterly period ended September 30, 2017 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of PECO Energy Company.

/s/ C RAIG L. A DAMS

Craig L. Adams

President and Chief Executive Officer

Date: November 2, 2017

Exhibit 32-8

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of PECO Energy Company for the quarterly period ended September 30, 2017 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of PECO Energy Company.

/s/ P HILLIP S. B ARNETT

Phillip S. Barnett

Senior Vice President, Chief Financial Officer and Treasurer

Date: November 2, 2017

Exhibit 32-9

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Baltimore Gas and Electric Company for the quarterly period ended September 30, 2017 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Baltimore Gas and Electric Company.

/s/ CALVIN G. BUTLER, JR.

Calvin G. Butler, Jr.

Chief Executive Officer

Date: November 2, 2017

Exhibit 32-10

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Baltimore Gas and Electric Company for the quarterly period ended September 30, 2017 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Baltimore Gas and Electric Company.

/s/ DAVID M. VAHOS

David M. Vahos

Senior Vice President, Chief Financial Officer and Treasurer

Date: November 2, 2017

Exhibit 32-11

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Pepco Holdings LLC for the quarterly period ended September 30, 2017 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Pepco Holdings LLC.

/s/ D AVID M. V ELAZQUEZ

David M. Velazquez

President and Chief Executive Officer

Date: November 2, 2017

Exhibit 32-12

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Pepco Holdings LLC for the quarterly period ended September 30, 2017 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Pepco Holdings LLC.

/s/ DONNA J. KINZEL

Donna J. Kinzel

Senior Vice President, Chief Financial Officer and Treasurer

Date: November 2, 2017

Exhibit 32-13

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Potomac Electric Power Company for the quarterly period ended September 30, 2017 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Potomac Electric Power Company.

/s/ D AVID M. V ELAZQUEZ

David M. Velazquez

President and Chief Executive Officer

Date: November 2, 2017

Exhibit 32-14

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Potomac Electric Power Company for the quarterly period ended September 30, 2017 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Potomac Electric Power Company .

/s/ DONNA J. KINZEL

Donna J. Kinzel

Senior Vice President, Chief Financial Officer and Treasurer

Date: November 2, 2017

Exhibit 32-15

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Delmarva Power & Light Company for the quarterly period ended September 30, 2017 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Delmarva Power & Light Company.

/s/ D AVID M. V ELAZQUEZ

David M. Velazquez

President and Chief Executive Officer

Date: November 2, 2017

Exhibit 32-16

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Delmarva Power & Light Company for the quarterly period ended September 30, 2017 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Delmarva Power & Light Company .

/s/ DONNA J. KINZEL

Donna J. Kinzel

Senior Vice President, Chief Financial Officer and Treasurer

Date: November 2, 2017

Exhibit 32-17

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Atlantic City Electric Company for the quarterly period ended September 30, 2017 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Atlantic City Electric Company.

/s/ DAVID M. VELAZQUEZ

David M. Velazquez

President and Chief Executive Officer

Date: November 2, 2017

Exhibit 32-18

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Atlantic City Electric Company for the quarterly period ended September 30, 2017 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Atlantic City Electric Company .

/s/ DONNA J. KINZEL

Donna J. Kinzel

Senior Vice President, Chief Financial Officer and Treasurer

Date: November 2, 2017

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended September 30, 2018

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number	Name of Registrant; State or Other Jurisdiction of Incorporation; Address of Principal Executive Offices; and Telephone Number	IRS Employer Identification Number
1-16169	EXELON CORPORATION (a Pennsylvania corporation) 10 South Dearborn Street P.O. Box 805379 Chicago, Illinois 60680-5379 (800) 483-3220	23-2990190
333-85496	EXELON GENERATION COMPANY, LLC (a Pennsylvania limited liability company) 300 Exelon Way Kennett Square, Pennsylvania 19348-2473 (610) 765-5959	23-3064219
1-1839	COMMONWEALTH EDISON COMPANY (an Illinois corporation) 440 South LaSalle Street Chicago, Illinois 60605-1028 (312) 394-4321	36-0938600
000-16844	PECO ENERGY COMPANY (a Pennsylvania corporation) P.O. Box 8699 2301 Market Street Philadelphia, Pennsylvania 19101-8699 (215) 841-4000	23-0970240
1-1910	BALTIMORE GAS AND ELECTRIC COMPANY (a Maryland corporation) 2 Center Plaza 110 West Fayette Street Baltimore, Maryland 21201-3708 (410) 234-5000	52-0280210
001-31403	PEPCO HOLDINGS LLC (a Delaware limited liability company) 701 Ninth Street, N.W. Washington, District of Columbia 20068 (202) 872-2000	52-2297449
001-01072	POTOMAC ELECTRIC POWER COMPANY (a District of Columbia and Virginia corporation) 701 Ninth Street, N.W. Washington, District of Columbia 20068 (202) 872-2000	53-0127880
001-01405	DELMARVA POWER & LIGHT COMPANY (a Delaware and Virginia corporation) 500 North Wakefield Drive Newark, Delaware 19702 (202) 872-2000	51-0084283
001-03559	ATLANTIC CITY ELECTRIC COMPANY (a New Jersey corporation) 500 North Wakefield Drive Newark, Delaware 19702 (202) 872-2000	21-0398280

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and "emerging growth company" in Rule 12b-2 of the Exchange Act.

	Large Accelerated Filer	Accelerated Filer	Non-accelerated Filer	Smaller Reporting Company	Emerging Growth Company
Exelon Corporation	☒				
Exelon Generation Company, LLC			☒		
Commonwealth Edison Company			☒		
PECO Energy Company			☒		
Baltimore Gas and Electric Company			☒		
Pepco Holdings LLC			☒		
Potomac Electric Power Company			☒		
Delmarva Power & Light Company			☒		
Atlantic City Electric Company			☒		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The number of shares outstanding of each registrant’s common stock as of September 30, 2018 was:

Exelon Corporation Common Stock, without par value	967,009,746
Exelon Generation Company, LLC	not applicable
Commonwealth Edison Company Common Stock, $12.50 par value	127,021,324
PECO Energy Company Common Stock, without par value	170,478,507
Baltimore Gas and Electric Company Common Stock, without par value	1,000
Pepco Holdings LLC	not applicable
Potomac Electric Power Company Common Stock, $0.01 par value	100
Delmarva Power & Light Company Common Stock, $2.25 par value	1,000
Atlantic City Electric Company Common Stock, $3.00 par value	8,546,017

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GLOSSARY OF TERMS AND ABBREVIATIONS

Exelon Corporation and Related Entities

Exelon	Exelon Corporation
Generation	Exelon Generation Company, LLC
ComEd	Commonwealth Edison Company
PECO	PECO Energy Company
BGE	Baltimore Gas and Electric Company
Pepco Holdings or PHI	Pepco Holdings LLC (formerly Pepco Holdings, Inc.)
Pepco	Potomac Electric Power Company
DPL	Delmarva Power & Light Company
ACE	Atlantic City Electric Company
Registrants	Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE, collectively
Utility Registrants	ComEd, PECO, BGE, Pepco, DPL and ACE, collectively
Legacy PHI	PHI, Pepco, DPL and ACE, collectively
ACE Funding or ATF	Atlantic City Electric Transition Funding LLC
Antelope Valley	Antelope Valley Solar Ranch One
BSC	Exelon Business Services Company, LLC
CENG	Constellation Energy Nuclear Group, LLC
Conectiv	Conectiv, LLC, a wholly owned subsidiary of PHI and the parent of DPL and ACE
ConEdison Solutions	The competitive retail electricity and natural gas business of Consolidated Edison Solutions, Inc., a subsidiary of Consolidated Edison, Inc.
Constellation	Constellation Energy Group, Inc.
EEDC	Exelon Energy Delivery Company, LLC
EGR IV	ExGen Renewables IV, LLC
EGTP	ExGen Texas Power, LLC
Entergy	Entergy Nuclear FitzPatrick, LLC
Exelon Corporate	Exelon in its corporate capacity as a holding company
Exelon Transmission Company	Exelon Transmission Company, LLC
Exelon Wind	Exelon Wind, LLC and Exelon Generation Acquisition Company, LLC
FitzPatrick	James A. FitzPatrick nuclear generating station
PCI	Potomac Capital Investment Corporation and its subsidiaries
PEC L.P.	PECO Energy Capital, L.P.
PECO Trust III	PECO Capital Trust III
PECO Trust IV	PECO Energy Capital Trust IV
Pepco Energy Services or PES	Pepco Energy Services, Inc. and its subsidiaries
PHI Corporate	PHI in its corporate capacity as a holding company
PHISCO	PHI Service Company
RPG	Renewable Power Generation
SolGen	SolGen, LLC

GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and Abbreviations

TMI	Three Mile Island nuclear facility
UII	Unicom Investments, Inc.
Note "—" of the Exelon 2017 Form 10-K	Reference to specific Combined Note to Consolidated Financial Statements within Exelon's 2017 Annual Report on Form 10-K
AEC	Alternative Energy Credit that is issued for each megawatt hour of generation from a qualified alternative energy source
AESO	Alberta Electric Systems Operator
AFUDC	Allowance for Funds Used During Construction
AGE	Albany Green Energy Project
AMI	Advanced Metering Infrastructure
AMP	Advanced Metering Program
AOCI	Accumulated Other Comprehensive Income
ARC	Asset Retirement Cost
ARO	Asset Retirement Obligation
ARP	Alternative Revenue Program
BGS	Basic Generation Service
CAISO	California Independent System Operator
CAP	Customer Assistance Program
CCGTs	Combined-Cycle Gas Turbines
CERCLA	Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended
CES	Clean Energy Standard
Clean Air Act	Clean Air Act of 1963, as amended
Clean Water Act	Federal Water Pollution Control Amendments of 1972, as amended
Conectiv Energy	Conectiv Energy Holdings, Inc. and substantially all of its subsidiaries, which were sold to Calpine in July 2010
CSAPR	Cross-State Air Pollution Rule
D.C. Circuit Court	United States Court of Appeals for the District of Columbia Circuit
DC PLUG	District of Columbia Power Line Undergrounding Initiative
DCPSC	District of Columbia Public Service Commission
Default Electricity Supply	The supply of electricity by PHI's electric utility subsidiaries at regulated rates to retail customers who do not elect to purchase electricity from a competitive supplier, and which, depending on the jurisdiction, is also known as Standard Offer Service or Basic Generation Service
DOE	United States Department of Energy
DOEE	Department of Energy & Environment
DOJ	United States Department of Justice
DPSC	Delaware Public Service Commission
DRP	Direct Stock Purchase and Dividend Reinvestment Plan
DSP	Default Service Provider
EDF	Electricite de France SA and its subsidiaries

GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and Abbreviations

EE&C	Energy Efficiency and Conservation/Demand Response
EIMA	Energy Infrastructure Modernization Act (Illinois Senate Bill 1652 and Illinois House Bill 3036)
EmPower	A Maryland demand-side management program for Pepco and DPL
EPA	United States Environmental Protection Agency
EPSA	Electric Power Supply Association
ERCOT	Electric Reliability Council of Texas
ERISA	Employee Retirement Income Security Act of 1974, as amended
EROA	Expected Rate of Return on Assets
ESPP	Employee Stock Purchase Plan
FASB	Financial Accounting Standards Board
FEJA	Illinois Public Act 99-0906 or Future Energy Jobs Act
FERC	Federal Energy Regulatory Commission
FRCC	Florida Reliability Coordinating Council
GAAP	Generally Accepted Accounting Principles in the United States
GCR	Gas Cost Rate
GHG	Greenhouse Gas
GSA	Generation Supply Adjustment
GWh	Gigawatt hour
IBEW	International Brotherhood of Electrical Workers
ICC	Illinois Commerce Commission
ICE	Intercontinental Exchange
Illinois EPA	Illinois Environmental Protection Agency
Illinois Settlement Legislation	Legislation enacted in 2007 affecting electric utilities in Illinois
IPA	Illinois Power Agency
IRC	Internal Revenue Code
IRS	Internal Revenue Service
ISO	Independent System Operator
ISO-NE	Independent System Operator New England Inc.
ISO-NY	Independent System Operator New York
kV	Kilovolt
kW	Kilowatt
kWh	Kilowatt-hour
LIBOR	London Interbank Offered Rate
LLRW	Low-Level Radioactive Waste
LT Plan	Long-term renewable resources procurement plan
LTIP	Long-Term Incentive Plan
MAPP	Mid-Atlantic Power Pathway
MATS	U.S. EPA Mercury and Air Toxics Rule
MBR	Market Based Rates Incentive

GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and Abbreviations

MDE	Maryland Department of the Environment
MDPSC	Maryland Public Service Commission
MGP	Manufactured Gas Plant
MISO	Midcontinent Independent System Operator, Inc.
mmcf	Million Cubic Feet
Moody's	Moody's Investor Service
MOPR	Minimum Offer Price Rule
MRV	Market-Related Value
MW	Megawatt
MWh	Megawatt hour
n.m.	not meaningful
NAAQS	National Ambient Air Quality Standards
NAV	Net Asset Value
NDT	Nuclear Decommissioning Trust
NEIL	Nuclear Electric Insurance Limited
NERC	North American Electric Reliability Corporation
NGS	Natural Gas Supplier
NJBPU	New Jersey Board of Public Utilities
NJDEP	New Jersey Department of Environmental Protection
NLRB	National Labor Relations Board
Non-Regulatory Agreements Units	Nuclear generating units or portions thereof whose decommissioning-related activities are not subject to contractual elimination under regulatory accounting
NOSA	Nuclear Operating Services Agreement
NPDES	National Pollutant Discharge Elimination System
NRC	Nuclear Regulatory Commission
NSPS	New Source Performance Standards
NUGs	Non-utility generators
NWPA	Nuclear Waste Policy Act of 1982
NYMEX	New York Mercantile Exchange
NYPSC	New York Public Service Commission
OCI	Other Comprehensive Income
OIESO	Ontario Independent Electricity System Operator
OPC	Office of People's Counsel
OPEB	Other Postretirement Employee Benefits
PA DEP	Pennsylvania Department of Environmental Protection
PAPUC	Pennsylvania Public Utility Commission
PCB	Polychlorinated Biphenyl
PGC	Purchased Gas Cost Clause
PJM	PJM Interconnection, LLC
POLR	Provider of Last Resort
POR	Purchase of Receivables
PPA	Power Purchase Agreement

GLOSSARY OF TERMS AND ABBREVIATIONS

Other Terms and Abbreviations

Price-Anderson Act	Price-Anderson Nuclear Industries Indemnity Act of 1957
PRP	Potentially Responsible Parties
PSEG	Public Service Enterprise Group Incorporated
PV	Photovoltaic
RCRA	Resource Conservation and Recovery Act of 1976, as amended
REC	Renewable Energy Credit which is issued for each megawatt hour of generation from a qualified renewable energy source
Regulatory Agreement Units	Nuclear generating units or portions thereof whose decommissioning-related activities are subject to contractual elimination under regulatory accounting
RES	Retail Electric Suppliers
RFP	Request for Proposal
Rider	Reconcilable Surcharge Recovery Mechanism
RMC	Risk Management Committee
ROE	Return on equity
RPM	PJM Reliability Pricing Model
RPS	Renewable Energy Portfolio Standards
RSSA	Reliability Support Services Agreement
RTEP	Regional Transmission Expansion Plan
RTO	Regional Transmission Organization
S&P	Standard & Poor's Ratings Services
SEC	United States Securities and Exchange Commission
SERC	SERC Reliability Corporation (formerly Southeast Electric Reliability Council)
SILO	Sale-In, Lease-Out
SNF	Spent Nuclear Fuel
SOS	Standard Offer Service
SPFPA	Security, Police and Fire Professionals of America
SPP	Southwest Power Pool
TCJA	Tax Cuts and Jobs Act
Transition Bond Charge	Revenue ACE receives, and pays to ACE Funding, to fund the principal and interest payments on Transition Bonds and related taxes, expenses and fees
Transition Bonds	Transition Bonds issued by ACE Funding
Upstream	Natural gas exploration and production activities
VIE	Variable Interest Entity
WECC	Western Electric Coordinating Council
ZEC	Zero Emission Credit, or Zero Emission Certificate
ZES	Zero Emission Standard

FILING FORMAT

This combined Form 10-Q is being filed separately by Exelon Corporation, Exelon Generation Company, LLC, Commonwealth Edison Company, PECO Energy Company, Baltimore Gas and Electric Company, Pepco Holdings LLC, Potomac Electric Power Company, Delmarva Power & Light Company and Atlantic City Electric Company (Registrants). Information contained herein relating to any individual Registrant is filed by such Registrant on its own behalf. No Registrant makes any representation as to information relating to any other Registrant.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING INFORMATION

This Report contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that are subject to risks and uncertainties. The factors that could cause actual results to differ materially from the forward-looking statements made by the Registrants include those factors discussed herein, as well as the items discussed in (1) the Registrants' combined 2017 Annual Report on Form 10-K in (a) ITEM 1A. Risk Factors, (b) ITEM 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations and (c) ITEM 8. Financial Statements and Supplementary Data: Note 23 , Commitments and Contingencies; (2) this Quarterly Report on Form 10-Q in (a) Part II, Other Information, ITEM 1A. Risk Factors; (b) Part 1, Financial Information, ITEM 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations and (c) Part I, Financial Information, ITEM 1. Financial Statements: Note 17 , Commitments and Contingencies; and (3) other factors discussed in filings with the SEC by the Registrants. Readers are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of this Report. None of the Registrants undertakes any obligation to publicly release any revision to its forward-looking statements to reflect events or circumstances after the date of this Report.

WHERE TO FIND MORE INFORMATION

The public may read and copy any reports or other information that the Registrants file with the SEC at the SEC’s public reference room at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. These documents are also available to the public from commercial document retrieval services, the website maintained by the SEC at www.sec.gov and the Registrants’ websites at www.exeloncorp.com. Information contained on the Registrants’ websites shall not be deemed incorporated into, or to be a part of, this Report.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions, except per share data)	**2018**	**2017**	**2018**	**2017**
Operating revenues				
Competitive businesses revenues	$ 4,971	$ 4,455	$ 14,387	$ 12,955
Rate-regulated utility revenues	4,457	4,259	12,824	12,034
Revenues from alternative revenue programs	(25)	54	(41)	191
Total operating revenues	9,403	8,768	27,170	25,180
Operating expenses				
Competitive businesses purchased power and fuel	2,977	2,316	8,542	7,268
Rate-regulated utility purchased power and fuel	1,355	1,226	3,832	3,259
Operating and maintenance	2,346	2,275	7,036	7,658
Depreciation and amortization	1,105	1,002	3,284	2,814
Taxes other than income	469	456	1,342	1,313
Total operating expenses	8,252	7,275	24,036	22,312
(Loss) gain on sales of assets and businesses	(5)	(1)	55	4
Bargain purchase gain	—	7	—	233
Operating income	1,146	1,499	3,189	3,105
Other income and (deductions)				
Interest expense, net	(387)	(377)	(1,119)	(1,165)
Interest expense to affiliates	(6)	(9)	(19)	(29)
Other, net	194	210	212	643
Total other income and (deductions)	(199)	(176)	(926)	(551)
Income before income taxes	947	1,323	2,263	2,554
Income taxes	137	451	262	601
Equity in losses of unconsolidated affiliates	(10)	(7)	(22)	(25)
Net income	800	865	1,979	1,928
Net income attributable to noncontrolling interests	67	42	121	21
Net income attributable to common shareholders	$ 733	$ 823	$ 1,858	$ 1,907
Comprehensive income, net of income taxes				
Net income	$ 800	$ 865	$ 1,979	$ 1,928
Other comprehensive income (loss), net of income taxes				
Pension and non-pension postretirement benefit plans:				
Prior service benefit reclassified to periodic benefit cost	(17)	(14)	(50)	(42)
Actuarial loss reclassified to periodic benefit cost	62	49	186	147
Pension and non-pension postretirement benefit plan valuation adjustment	5	3	22	(55)
Unrealized gain on cash flow hedges	—	—	12	5
Unrealized gain on investments in unconsolidated affiliates	—	1	3	5
Unrealized gain (loss) on foreign currency translation	2	4	(4)	7
Unrealized gain on marketable securities	—	1	—	2
Other comprehensive income	52	44	169	69
Comprehensive income	852	909	2,148	1,997
Comprehensive income attributable to noncontrolling interests	67	42	123	19
Comprehensive income attributable to common shareholders	$ 785	$ 867	$ 2,025	$ 1,978
Average shares of common stock outstanding:				
Basic	968	962	967	941
Diluted	970	965	969	943
Earnings per average common share:				
Basic	$ 0.76	$ 0.86	$ 1.92	$ 2.03
Diluted	$ 0.76	$ 0.85	$ 1.92	$ 2.02
Dividends declared per common share	$ 0.35	$ 0.33	$ 1.04	$ 0.98

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EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Months Ended September 30,	
(In millions)	**2018**	**2017**
Cash flows from operating activities		
Net income	$ 1,979	$ 1,928
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation, amortization and accretion, including nuclear fuel and energy contract amortization	4,511	3,999
Impairment of long-lived assets and losses on regulatory assets	49	488
Gain on sales of assets and businesses	(55)	(5)
Bargain purchase gain	—	(233)
Deferred income taxes and amortization of investment tax credits	97	444
Net fair value changes related to derivatives	67	149
Net realized and unrealized gains on nuclear decommissioning trust fund investments	(21)	(429)
Other non-cash operating activities	804	603
Changes in assets and liabilities:		
Accounts receivable	(167)	184
Inventories	(24)	(87)
Accounts payable and accrued expenses	84	(591)
Option premiums (paid) received, net	(36)	35
Collateral received (posted), net	222	(100)
Income taxes	166	167
Pension and non-pension postretirement benefit contributions	(362)	(344)
Other assets and liabilities	(639)	(535)
Net cash flows provided by operating activities	6,675	5,673
Cash flows from investing activities		
Capital expenditures	(5,497)	(5,556)
Proceeds from nuclear decommissioning trust fund sales	6,379	6,848
Investment in nuclear decommissioning trust funds	(6,553)	(7,044)
Acquisition of assets and businesses, net	(57)	(208)
Proceeds from sales of assets and businesses	90	219
Other investing activities	29	(2)
Net cash flows used in investing activities	(5,609)	(5,743)
Cash flows from financing activities		
Changes in short-term borrowings	(218)	(570)
Proceeds from short-term borrowings with maturities greater than 90 days	126	621
Repayments on short-term borrowings with maturities greater than 90 days	(1)	(610)
Issuance of long-term debt	2,664	2,616
Retirement of long-term debt	(1,480)	(1,728)
Retirement of long-term debt to financing trust	—	(250)
Sale of noncontrolling interest	—	396
Dividends paid on common stock	(999)	(921)
Common stock issued from treasury stock	—	1,150
Proceeds from employee stock plans	67	61
Other financing activities	(94)	(64)
Net cash flows provided by financing activities	65	701
Increase in cash, cash equivalents and restricted cash	1,131	631
Cash, cash equivalents and restricted cash at beginning of period	1,190	914
Cash, cash equivalents and restricted cash at end of period	$ 2,321	$ 1,545

See the Combined Notes to Consolidated Financial Statements

EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2018	December 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents	$ 1,918	$ 898
Restricted cash and cash equivalents	240	207
Accounts receivable, net		
Customer	4,239	4,445
Other	1,246	1,132
Mark-to-market derivative assets	696	976
Unamortized energy contract assets	42	60
Inventories, net		
Fossil fuel and emission allowances	349	340
Materials and supplies	1,316	1,311
Regulatory assets	1,340	1,267
Assets held for sale	910	—
Other	1,177	1,260
Total current assets	13,473	11,896
Property, plant and equipment, net	75,840	74,202
Deferred debits and other assets		
Regulatory assets	8,002	8,021
Nuclear decommissioning trust funds	12,464	13,272
Investments	649	640
Goodwill	6,677	6,677
Mark-to-market derivative assets	449	337
Unamortized energy contract assets	371	395
Other	1,560	1,330
Total deferred debits and other assets	30,172	30,672
Total assets [a]	$ 119,485	$ 116,770

See the Combined Notes to Consolidated Financial Statements

EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2018	December 31, 2017
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings	$ 834	$ 929
Long-term debt due within one year	771	2,088
Accounts payable	3,348	3,532
Accrued expenses	1,964	1,837
Payables to affiliates	5	5
Regulatory liabilities	689	523
Mark-to-market derivative liabilities	329	232
Unamortized energy contract liabilities	158	231
Renewable energy credit obligation	256	352
PHI merger related obligation	63	87
Liabilities held for sale	788	—
Other	935	982
Total current liabilities	10,140	10,798
Long-term debt	34,519	32,176
Long-term debt to financing trusts	390	389
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	11,702	11,235
Asset retirement obligations	9,747	10,029
Pension obligations	3,385	3,736
Non-pension postretirement benefit obligations	2,155	2,093
Spent nuclear fuel obligation	1,164	1,147
Regulatory liabilities	9,756	9,865
Mark-to-market derivative liabilities	482	409
Unamortized energy contract liabilities	497	609
Other	2,160	2,097
Total deferred credits and other liabilities	41,048	41,220
Total liabilities [(a)]	86,097	84,583
Commitments and contingencies		
Shareholders' equity		
Common stock (No par value, 2,000 shares authorized, 967 shares and 963 shares outstanding at September 30, 2018 and December 31, 2017, respectively)	19,063	18,964
Treasury stock, at cost (2 shares at September 30, 2018 and December 31, 2017)	(123)	(123)
Retained earnings	14,949	14,081
Accumulated other comprehensive loss, net	(2,869)	(3,026)
Total shareholders' equity	31,020	29,896
Noncontrolling interests	2,368	2,291
Total equity	33,388	32,187
Total liabilities and shareholders' equity	$ 119,485	$ 116,770

(a) Exelon's consolidated assets include $9,804 million and $9,597 million at September 30, 2018 and December 31, 2017 , respectively, of certain VIEs that can only be used to settle the liabilities of the VIE. Exelon's consolidated liabilities include $3,606 million and $3,618 million at September 30, 2018 and December 31, 2017 , respectively, of certain VIEs for which the VIE creditors do not have recourse to Exelon. See Note 3 — Variable Interest Entities for additional information.

See the Combined Notes to Consolidated Financial Statements

EXELON CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

(In millions, shares in thousands)	Issued Shares	Common Stock	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Loss, net	Noncontrolling Interests	Total Shareholders' Equity
Balance, December 31, 2017	965,168	$ 18,964	$ (123)	$ 14,081	$ (3,026)	$ 2,291	$ 32,187
Net income	—	—	—	1,858	—	121	1,979
Long-term incentive plan activity	2,677	32	—	—	—	—	32
Employee stock purchase plan issuances	997	67	—	—	—	—	67
Changes in equity of noncontrolling interests	—	—	—	—	—	(46)	(46)
Common stock dividends	—	—	—	(1,004)	—	—	(1,004)
Other comprehensive income, net of income taxes	—	—	—	—	167	2	169
Impact of adoption of Recognition and Measurement of Financial Assets and Liabilities standard	—	—	—	14	(10)	—	4
Balance, September 30, 2018	968,842	$ 19,063	$ (123)	$ 14,949	$ (2,869)	$ 2,368	$ 33,388

See the Combined Notes to Consolidated Financial Statements

EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2018	2017	2018	2017
Operating revenues				
Operating revenues	$ 4,970	$ 4,454	$ 14,389	$ 12,949
Operating revenues from affiliates	308	296	979	894
Total operating revenues	5,278	4,750	15,368	13,843
Operating expenses				
Purchased power and fuel	2,977	2,315	8,542	7,267
Purchased power and fuel from affiliates	3	16	10	19
Operating and maintenance	1,218	1,205	3,643	4,343
Operating and maintenance from affiliates	152	171	483	536
Depreciation and amortization	468	410	1,383	1,046
Taxes other than income	143	141	414	425
Total operating expenses	4,961	4,258	14,475	13,636
(Loss) gain on sales of assets and businesses	(6)	(2)	48	3
Bargain purchase gain	—	7	—	233
Operating income	311	497	941	443
Other income and (deductions)				
Interest expense, net	(93)	(103)	(278)	(313)
Interest expense to affiliates	(8)	(10)	(27)	(29)
Other, net	179	209	164	648
Total other income and (deductions)	78	96	(141)	306
Income before income taxes	389	593	800	749
Income taxes	78	239	110	215
Equity in losses of unconsolidated affiliates	(11)	(8)	(23)	(26)
Net income	300	346	667	508
Net income attributable to noncontrolling interests	66	42	120	21
Net income attributable to membership interest	$ 234	$ 304	$ 547	$ 487
Comprehensive income, net of income taxes				
Net income	$ 300	$ 346	$ 667	$ 508
Other comprehensive income (loss), net of income taxes				
Unrealized gain on cash flow hedges	—	—	12	5
Unrealized gain on investments in unconsolidated affiliates	—	—	3	4
Unrealized gain (loss) on foreign currency translation	2	4	(4)	7
Other comprehensive income	2	4	11	16
Comprehensive income	302	350	678	524
Comprehensive income attributable to noncontrolling interests	66	42	122	19
Comprehensive income attributable to membership interest	$ 236	$ 308	$ 556	$ 505

See the Combined Notes to Consolidated Financial Statements

EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Months Ended September 30,	
(In millions)	**2018**	**2017**
Cash flows from operating activities		
Net income	$ 667	$ 508
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation, amortization and accretion, including nuclear fuel and energy contract amortization	2,608	2,231
Impairment of long-lived assets	49	485
Gain on sales of assets and businesses	(48)	(3)
Bargain purchase gain	—	(233)
Deferred income taxes and amortization of investment tax credits	(278)	(179)
Net fair value changes related to derivatives	73	160
Net realized and unrealized gains on nuclear decommissioning trust fund investments	(21)	(429)
Other non-cash operating activities	187	132
Changes in assets and liabilities:		
Accounts receivable	126	66
Receivables from and payables to affiliates, net	(7)	27
Inventories	(10)	(43)
Accounts payable and accrued expenses	(59)	(255)
Option premiums (paid) received, net	(36)	35
Collateral received (posted), net	228	(77)
Income taxes	220	154
Pension and non-pension postretirement benefit contributions	(134)	(122)
Other assets and liabilities	(154)	(187)
Net cash flows provided by operating activities	3,411	2,270
Cash flows from investing activities		
Capital expenditures	(1,660)	(1,654)
Proceeds from nuclear decommissioning trust fund sales	6,379	6,848
Investment in nuclear decommissioning trust funds	(6,553)	(7,044)
Acquisition of assets and businesses, net	(57)	(208)
Proceeds from sales of assets and businesses	90	218
Other investing activities	(5)	(35)
Net cash flows used in investing activities	(1,806)	(1,875)
Cash flows from financing activities		
Changes in short-term borrowings	—	(620)
Proceeds from short-term borrowings with maturities greater than 90 days	1	121
Repayments of short-term borrowings with maturities greater than 90 days	(1)	(110)
Issuance of long-term debt	14	789
Retirement of long-term debt	(100)	(541)
Changes in Exelon intercompany money pool	(54)	91
Distributions to member	(688)	(494)
Contributions from member	54	102
Sale of noncontrolling interest	—	396
Other financing activities	(46)	(31)
Net cash flows used in financing activities	(820)	(297)
Increase in cash, cash equivalents and restricted cash	785	98
Cash, cash equivalents and restricted cash at beginning of period	554	448
Cash, cash equivalents and restricted cash at end of period	$ 1,339	$ 546

See the Combined Notes to Consolidated Financial Statements

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EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2018	December 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents	$ 1,187	$ 416
Restricted cash and cash equivalents	152	138
Accounts receivable, net		
Customer	2,545	2,697
Other	278	321
Mark-to-market derivative assets	696	976
Receivables from affiliates	182	140
Unamortized energy contract assets	42	60
Inventories, net		
Fossil fuel and emission allowances	255	264
Materials and supplies	948	937
Assets held for sale	910	—
Other	854	933
Total current assets	8,049	6,882
Property, plant and equipment, net	24,168	24,906
Deferred debits and other assets		
Nuclear decommissioning trust funds	12,464	13,272
Investments	433	433
Goodwill	47	47
Mark-to-market derivative assets	449	334
Prepaid pension asset	1,472	1,502
Unamortized energy contract assets	370	395
Deferred income taxes	25	16
Other	730	670
Total deferred debits and other assets	15,990	16,669
Total assets [a]	$ 48,207	$ 48,457

See the Combined Notes to Consolidated Financial Statements

EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2018	December 31, 2017
LIABILITIES AND EQUITY		
Current liabilities		
Short-term borrowings	$ —	$ 2
Long-term debt due within one year	336	346
Accounts payable	1,450	1,773
Accrued expenses	1,200	1,022
Payables to affiliates	144	123
Borrowings from Exelon intercompany money pool	—	54
Mark-to-market derivative liabilities	305	211
Unamortized energy contract liabilities	33	43
Renewable energy credit obligation	256	352
Liabilities held for sale	788	—
Other	255	265
Total current liabilities	4,767	4,191
Long-term debt	7,605	7,734
Long-term debt to affiliate	901	910
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	3,532	3,811
Asset retirement obligations	9,521	9,844
Non-pension postretirement benefit obligations	903	916
Spent nuclear fuel obligation	1,164	1,147
Payables to affiliates	2,959	3,065
Mark-to-market derivative liabilities	237	174
Unamortized energy contract liabilities	23	48
Other	635	658
Total deferred credits and other liabilities	18,974	19,663
Total liabilities [(a)]	32,247	32,498
Commitments and contingencies		
Equity		
Member's equity		
Membership interest	9,411	9,357
Undistributed earnings	4,214	4,349
Accumulated other comprehensive loss, net	(31)	(37)
Total member's equity	13,594	13,669
Noncontrolling interests	2,366	2,290
Total equity	15,960	15,959
Total liabilities and equity	$ 48,207	$ 48,457

(a) Generation's consolidated assets include $9,768 million and $9,556 million at September 30, 2018 and December 31, 2017 , respectively, of certain VIEs that can only be used to settle the liabilities of the VIE. Generation's consolidated liabilities include $3,528 million and $3,516 million at September 30, 2018 and December 31, 2017 , respectively, of certain VIEs for which the VIE creditors do not have recourse to Generation. See Note 3 — Variable Interest Entities for additional information.

See the Combined Notes to Consolidated Financial Statements

EXELON GENERATION COMPANY, LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Unaudited)

	Member's Equity				
(In millions)	Membership Interest	Undistributed Earnings	Accumulated Other Comprehensive Loss, net	Noncontrolling Interests	Total Equity
Balance, December 31, 2017	$ 9,357	$ 4,349	$ (37)	$ 2,290	$ 15,959
Net income	—	547	—	120	667
Changes in equity of noncontrolling interests	—	—	—	(46)	(46)
Contribution from member	54	—	—	—	54
Distributions to member	—	(688)	—	—	(688)
Other comprehensive income, net of income taxes	—	—	9	2	11
Impact of adoption of Recognition and Measurement of Financial Assets and Liabilities standard	—	6	(3)	—	3
Balance, September 30, 2018	$ 9,411	$ 4,214	$ (31)	$ 2,366	$ 15,960

See the Combined Notes to Consolidated Financial Statements

COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2018	2017	2018	2017
Operating revenues				
Electric operating revenues	$ 1,609	$ 1,552	$ 4,512	$ 4,167
Revenues from alternative revenue programs	(15)	16	(27)	48
Operating revenues from affiliates	4	3	23	12
Total operating revenues	1,598	1,571	4,508	4,227
Operating expenses				
Purchased power	496	489	1,281	1,178
Purchased power from affiliate	123	40	421	63
Operating and maintenance	276	277	785	897
Operating and maintenance from affiliate	61	69	189	199
Depreciation and amortization	237	212	696	631
Taxes other than income	82	80	238	223
Total operating expenses	1,275	1,167	3,610	3,191
Gain on sales of assets	—	—	5	—
Operating income	323	404	903	1,036
Other income and (deductions)				
Interest expense, net	(82)	(86)	(251)	(265)
Interest expense to affiliates	(3)	(3)	(10)	(10)
Other, net	7	5	21	14
Total other income and (deductions)	(78)	(84)	(240)	(261)
Income before income taxes	245	320	663	775
Income taxes	52	131	140	328
Net income	$ 193	$ 189	$ 523	$ 447
Comprehensive income	$ 193	$ 189	$ 523	$ 447

See the Combined Notes to Consolidated Financial Statements

COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Cash flows from operating activities		
Net income	$ 523	$ 447
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	696	631
Deferred income taxes and amortization of investment tax credits	214	455
Other non-cash operating activities	187	112
Changes in assets and liabilities:		
Accounts receivable	(190)	31
Receivables from and payables to affiliates, net	8	346
Inventories	4	6
Accounts payable and accrued expenses	(38)	(706)
Collateral posted, net	(10)	(22)
Income taxes	(65)	(205)
Pension and non-pension postretirement benefit contributions	(41)	(38)
Other assets and liabilities	(170)	63
Net cash flows provided by operating activities	1,118	1,120
Cash flows from investing activities		
Capital expenditures	(1,540)	(1,698)
Other investing activities	22	17
Net cash flows used in investing activities	(1,518)	(1,681)
Cash flows from financing activities		
Issuance of long-term debt	1,350	1,000
Retirement of long-term debt	(840)	(425)
Contributions from parent	387	567
Dividends paid on common stock	(345)	(316)
Other financing activities	(16)	(14)
Net cash flows provided by financing activities	536	812
Increase in cash, cash equivalents and restricted cash	136	251
Cash, cash equivalents and restricted cash at beginning of period	144	58
Cash, cash equivalents and restricted cash at end of period	$ 280	$ 309

See the Combined Notes to Consolidated Financial Statements

COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2018	December 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents	$ 124	$ 76
Restricted cash	12	5
Accounts receivable, net		
Customer	590	559
Other	450	266
Receivables from affiliates	13	13
Inventories, net	146	152
Regulatory assets	256	225
Other	94	68
Total current assets	1,685	1,364
Property, plant and equipment, net	21,642	20,723
Deferred debits and other assets		
Regulatory assets	1,229	1,054
Investments	6	6
Goodwill	2,625	2,625
Receivables from affiliates	2,469	2,528
Prepaid pension asset	1,083	1,188
Other	380	238
Total deferred debits and other assets	7,792	7,639
Total assets	$ 31,119	$ 29,726

See the Combined Notes to Consolidated Financial Statements

COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2018	December 31, 2017
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Long-term debt due within one year	$ 300	$ 840
Accounts payable	576	568
Accrued expenses	253	327
Payables to affiliates	82	74
Customer deposits	111	112
Regulatory liabilities	320	249
Mark-to-market derivative liability	24	21
Other	90	103
Total current liabilities	1,756	2,294
Long-term debt	7,800	6,761
Long-term debt to financing trust	205	205
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	3,744	3,469
Asset retirement obligations	115	111
Non-pension postretirement benefits obligations	206	219
Regulatory liabilities	6,318	6,328
Mark-to-market derivative liability	235	235
Other	633	562
Total deferred credits and other liabilities	11,251	10,924
Total liabilities	21,012	20,184
Commitments and contingencies		
Shareholders' equity		
Common stock	1,588	1,588
Other paid-in capital	7,209	6,822
Retained deficit unappropriated	(1,639)	(1,639)
Retained earnings appropriated	2,949	2,771
Total shareholders' equity	10,107	9,542
Total liabilities and shareholders' equity	$ 31,119	$ 29,726

See the Combined Notes to Consolidated Financial Statements

COMMONWEALTH EDISON COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

(In millions)	Common Stock	Other Paid-In Capital	Retained Deficit Unappropriated	Retained Earnings Appropriated	Total Shareholders' Equity
Balance, December 31, 2017	$ 1,588	$ 6,822	$ (1,639)	$ 2,771	$ 9,542
Net income	—	—	523	—	523
Appropriation of retained earnings for future dividends	—	—	(523)	523	—
Common stock dividends	—	—	—	(345)	(345)
Contributions from parent	—	387	—	—	387
Balance, September 30, 2018	$ 1,588	$ 7,209	$ (1,639)	$ 2,949	$ 10,107

See the Combined Notes to Consolidated Financial Statements

PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2018	2017	2018	2017
Operating revenues				
Electric operating revenues	$ 697	$ 660	$ 1,886	$ 1,798
Natural gas operating revenues	57	53	382	338
Revenues from alternative revenue programs	1	—	2	—
Operating revenues from affiliates	2	2	5	5
Total operating revenues	757	715	2,275	2,141
Operating expenses				
Purchased power	215	190	576	483
Purchased fuel	14	14	148	126
Purchased power from affiliate	34	31	94	110
Operating and maintenance	184	161	572	488
Operating and maintenance from affiliates	35	36	114	107
Depreciation and amortization	75	72	224	213
Taxes other than income	46	42	125	116
Total operating expenses	603	546	1,853	1,643
Gain on sales of assets	—	—	1	—
Operating income	154	169	423	498
Other income and (deductions)				
Interest expense, net	(28)	(28)	(85)	(84)
Interest expense to affiliates	(4)	(3)	(11)	(9)
Other, net	2	2	4	6
Total other income and (deductions)	(30)	(29)	(92)	(87)
Income before income taxes	124	140	331	411
Income taxes	(2)	28	(5)	84
Net income	$ 126	$ 112	$ 336	$ 327
Comprehensive income	$ 126	$ 112	$ 336	$ 327

See the Combined Notes to Consolidated Financial Statements

PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Cash flows from operating activities		
Net income	$ 336	$ 327
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	224	213
Gain on sales of assets	(1)	—
Deferred income taxes and amortization of investment tax credits	5	37
Other non-cash operating activities	41	38
Changes in assets and liabilities:		
Accounts receivable	(85)	45
Receivables from and payables to affiliates, net	1	(10)
Inventories	(13)	(5)
Accounts payable and accrued expenses	(1)	(41)
Income taxes	(16)	51
Pension and non-pension postretirement benefit contributions	(25)	(23)
Other assets and liabilities	26	(29)
Net cash flows provided by operating activities	492	603
Cash flows from investing activities		
Capital expenditures	(615)	(537)
Changes in Exelon intercompany money pool	—	74
Other investing activities	6	6
Net cash flows used in investing activities	(609)	(457)
Cash flows from financing activities		
Issuance of long-term debt	700	325
Retirement of long-term debt	(500)	—
Contributions from parent	71	16
Dividends paid on common stock	(300)	(216)
Other financing activities	(22)	(4)
Net cash flows (used in) provided by financing activities	(51)	121
(Decrease) increase in cash, cash equivalents and restricted cash	(168)	267
Cash, cash equivalents and restricted cash at beginning of period	275	67
Cash, cash equivalents and restricted cash at end of period	$ 107	$ 334

See the Combined Notes to Consolidated Financial Statements

PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2018	December 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents	$ 102	$ 271
Restricted cash and cash equivalents	5	4
Accounts receivable, net		
Customer	307	327
Other	190	105
Inventories, net		
Fossil fuel	39	31
Materials and supplies	35	30
Prepaid utility taxes	32	8
Regulatory assets	84	29
Other	19	17
Total current assets	813	822
Property, plant and equipment, net	8,461	8,053
Deferred debits and other assets		
Regulatory assets	448	381
Investments	26	25
Receivable from affiliates	489	537
Prepaid pension asset	350	340
Other	34	12
Total deferred debits and other assets	1,347	1,295
Total assets	$ 10,621	$ 10,170

See the Combined Notes to Consolidated Financial Statements

PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2018	December 31, 2017
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Long-term debt due within one year	$ —	$ 500
Accounts payable	387	370
Accrued expenses	89	114
Payables to affiliates	53	53
Customer deposits	67	66
Regulatory liabilities	159	141
Other	31	23
Total current liabilities	786	1,267
Long-term debt	3,083	2,403
Long-term debt to financing trusts	184	184
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	1,909	1,789
Asset retirement obligations	27	27
Non-pension postretirement benefits obligations	288	288
Regulatory liabilities	581	549
Other	79	86
Total deferred credits and other liabilities	2,884	2,739
Total liabilities	6,937	6,593
Commitments and contingencies		
Shareholder’s equity		
Common stock	2,560	2,489
Retained earnings	1,124	1,087
Accumulated other comprehensive income, net	—	1
Total shareholder’s equity	3,684	3,577
Total liabilities and shareholder's equity	$ 10,621	$ 10,170

See the Combined Notes to Consolidated Financial Statements

PECO ENERGY COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
(Unaudited)

(In millions)	Common Stock	Retained Earnings	Accumulated Other Comprehensive Income, net	Total Shareholder's Equity
Balance, December 31, 2017	$ 2,489	$ 1,087	$ 1	$ 3,577
Net income	—	336	—	336
Common stock dividends	—	(300)	—	(300)
Contributions from parent	71	—	—	71
Impact of adoption of Recognition and Measurement of Financial Assets and Liabilities standard	—	1	(1)	—
Balance, September 30, 2018	$ 2,560	$ 1,124	$ —	$ 3,684

See the Combined Notes to Consolidated Financial Statements

BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2018	2017	2018	2017
Operating revenues				
Electric operating revenues	$ 652	$ 626	$ 1,847	$ 1,811
Natural gas operating revenues	79	73	527	438
Revenues from alternative revenue programs	(6)	36	(23)	102
Operating revenues from affiliates	6	3	18	12
Total operating revenues	731	738	2,369	2,363
Operating expenses				
Purchased power	183	159	510	407
Purchased fuel	21	13	176	118
Purchased power from affiliate	68	97	195	328
Operating and maintenance	144	138	462	421
Operating and maintenance from affiliates	38	37	116	111
Depreciation and amortization	110	109	358	348
Taxes other than income	64	61	188	180
Total operating expenses	628	614	2,005	1,913
Gain on sales of assets	—	—	1	—
Operating income	103	124	365	450
Other income and (deductions)				
Interest expense, net	(27)	(24)	(78)	(69)
Interest expense to affiliates	—	(2)	—	(11)
Other, net	5	4	14	12
Total other income and (deductions)	(22)	(22)	(64)	(68)
Income before income taxes	81	102	301	382
Income taxes	18	40	59	151
Net income	$ 63	$ 62	$ 242	$ 231
Comprehensive income	$ 63	$ 62	$ 242	$ 231

See the Combined Notes to Consolidated Financial Statements

BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Months Ended September 30,	
(In millions)	2018	2017
Cash flows from operating activities		
Net income	$ 242	$ 231
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	358	348
Deferred income taxes and amortization of investment tax credits	82	141
Other non-cash operating activities	42	52
Changes in assets and liabilities:		
Accounts receivable	72	95
Receivables from and payables to affiliates, net	(4)	(13)
Inventories	(8)	(18)
Accounts payable and accrued expenses	(3)	(25)
Collateral received, net	1	—
Income taxes	(48)	12
Pension and non-pension postretirement benefit contributions	(50)	(50)
Other assets and liabilities	(9)	(72)
Net cash flows provided by operating activities	675	701
Cash flows from investing activities		
Capital expenditures	(667)	(615)
Other investing activities	8	6
Net cash flows used in investing activities	(659)	(609)
Cash flows from financing activities		
Changes in short-term borrowings	(77)	(45)
Issuance of long-term debt	300	300
Retirement of long-term debt	—	(41)
Retirement of long-term debt to financing trust	—	(250)
Dividends paid on common stock	(157)	(148)
Contributions from parent	18	77
Other financing activities	(2)	(5)
Net cash flows provided by (used in) financing activities	82	(112)
Increase (decrease) in cash, cash equivalents and restricted cash	98	(20)
Cash, cash equivalents and restricted cash at beginning of period	18	50
Cash, cash equivalents and restricted cash at end of period	$ 116	$ 30

See the Combined Notes to Consolidated Financial Statements

BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2018	December 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents	$ 113	$ 17
Restricted cash and cash equivalents	3	1
Accounts receivable, net		
Customer	296	375
Other	96	94
Receivables from affiliates	—	1
Inventories, net		
Gas held in storage	46	37
Materials and supplies	39	40
Prepaid utility taxes	—	69
Regulatory assets	195	174
Other	10	3
Total current assets	798	811
Property, plant and equipment, net	8,039	7,602
Deferred debits and other assets		
Regulatory assets	402	397
Investments	5	5
Prepaid pension asset	290	285
Other	7	4
Total deferred debits and other assets	704	691
Total assets	$ 9,541	$ 9,104

See the Combined Notes to Consolidated Financial Statements

BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2018	December 31, 2017
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Short-term borrowings	$ —	$ 77
Accounts payable	277	265
Accrued expenses	146	164
Payables to affiliates	47	52
Customer deposits	119	116
Regulatory liabilities	95	62
Other	23	24
Total current liabilities	707	760
Long-term debt	2,876	2,577
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	1,345	1,244
Asset retirement obligations	24	23
Non-pension postretirement benefits obligations	200	202
Regulatory liabilities	1,070	1,101
Other	75	56
Total deferred credits and other liabilities	2,714	2,626
Total liabilities	6,297	5,963
Commitments and contingencies		
Shareholders' equity		
Common stock	1,623	1,605
Retained earnings	1,621	1,536
Total shareholders' equity	3,244	3,141
Total liabilities and shareholders' equity	$ 9,541	$ 9,104

See the Combined Notes to Consolidated Financial Statements

BALTIMORE GAS AND ELECTRIC COMPANY AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

(In millions)	Common Stock	Retained Earnings	Total Shareholders' Equity
Balance, December 31, 2017	$ 1,605	$ 1,536	$ 3,141
Net income	—	242	242
Common stock dividends	—	(157)	(157)
Contributions from parent	18	—	18
Balance, September 30, 2018	$ 1,623	$ 1,621	$ 3,244

See the Combined Notes to Consolidated Financial Statements

PEPCO HOLDINGS LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Operating revenues				
Electric operating revenues	$ 1,340	$ 1,278	$ 3,541	$ 3,376
Natural gas operating revenues	23	18	129	105
Revenues from alternative revenue programs	(5)	2	7	41
Operating revenues from affiliates	3	12	11	35
Total operating revenues	1,361	1,310	3,688	3,557
Operating expenses				
Purchased power	415	354	1,077	901
Purchased fuel	12	7	65	46
Purchased power and fuel from affiliates	82	112	268	371
Operating and maintenance	261	214	751	666
Operating and maintenance from affiliates	31	37	106	108
Depreciation, amortization and accretion	192	179	555	511
Taxes other than income	123	122	343	344
Total operating expenses	1,116	1,025	3,165	2,947
Gain on sales of assets	—	—	—	1
Operating income	245	285	523	611
Other income and (deductions)				
Interest expense, net	(65)	(62)	(193)	(183)
Other, net	11	13	33	40
Total other income and (deductions)	(54)	(49)	(160)	(143)
Income before income taxes	191	236	363	468
Income taxes	4	83	28	109
Equity in earnings of unconsolidated affiliate	—	—	1	—
Net income	$ 187	$ 153	$ 336	$ 359
Comprehensive income	$ 187	$ 153	$ 336	$ 359

See the Combined Notes to Consolidated Financial Statements

PEPCO HOLDINGS LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Cash flows from operating activities		
Net income	$ 336	$ 359
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	555	511
Deferred income taxes and amortization of investment tax credits	50	190
Other non-cash operating activities	109	66
Changes in assets and liabilities:		
Accounts receivable	(89)	(42)
Receivables from and payables to affiliates, net	10	(13)
Inventories	—	(29)
Accounts payable and accrued expenses	115	(49)
Income taxes	(31)	82
Pension and non-pension postretirement benefit contributions	(66)	(74)
Other assets and liabilities	(144)	(206)
Net cash flows provided by operating activities	845	795
Cash flows from investing activities		
Capital expenditures	(988)	(995)
Proceeds from sales of long-lived assets	—	1
Other investing activities	2	4
Net cash flows used in investing activities	(986)	(990)
Cash flows from financing activities		
Changes in short-term borrowings	(141)	96
Proceeds from short-term borrowings with maturities greater than 90 days	125	—
Repayments of short-term borrowings with maturities greater than 90 days	—	(500)
Issuance of long-term debt	300	202
Retirement of long-term debt	(33)	(127)
Distributions to member	(232)	(267)
Contributions from parent	237	758
Change in Exelon intercompany money pool	10	1
Other financing activities	(6)	(2)
Net cash flows provided by financing activities	260	161
Increase (decrease) in cash, cash equivalents and restricted cash	119	(34)
Cash, cash equivalents and restricted cash at beginning of period	95	236
Cash, cash equivalents and restricted cash at end of period	$ 214	$ 202

See the Combined Notes to Consolidated Financial Statements

PEPCO HOLDINGS LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2018	December 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents	$ 153	$ 30
Restricted cash and cash equivalents	42	42
Accounts receivable, net		
Customer	500	486
Other	266	206
Inventories, net		
Gas held in storage	9	7
Materials and supplies	149	151
Regulatory assets	521	554
Other	60	75
Total current assets	1,700	1,551
Property, plant and equipment, net	13,167	12,498
Deferred debits and other assets		
Regulatory assets	2,374	2,493
Investments	133	132
Goodwill	4,005	4,005
Long-term note receivable	—	4
Prepaid pension asset	499	490
Deferred income taxes	12	4
Other	67	70
Total deferred debits and other assets	7,090	7,198
Total assets [(a)]	$ 21,957	$ 21,247

See the Combined Notes to Consolidated Financial Statements

PEPCO HOLDINGS LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2018	December 31, 2017
LIABILITIES AND MEMBER'S EQUITY		
Current liabilities		
Short-term borrowings	$ 334	$ 350
Long-term debt due within one year	117	396
Accounts payable	505	348
Accrued expenses	269	261
Payables to affiliates	102	90
Borrowings from Exelon intercompany money pool	10	—
Unamortized energy contract liabilities	125	188
Customer deposits	113	119
Merger related obligation	38	42
Regulatory liabilities	99	56
Other	57	81
Total current liabilities	1,769	1,931
Long-term debt	5,972	5,478
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	2,243	2,070
Asset retirement obligations	53	16
Non-pension postretirement benefit obligations	102	105
Regulatory liabilities	1,783	1,872
Unamortized energy contract liabilities	474	561
Other	395	389
Total deferred credits and other liabilities	5,050	5,013
Total liabilities [(a)]	12,791	12,422
Commitments and contingencies		
Member's equity		
Membership interest	9,072	8,835
Undistributed earnings (losses)	94	(10)
Total member's equity	9,166	8,825
Total liabilities and member's equity	$ 21,957	$ 21,247

(a) PHI's consolidated total assets include $36 million and $41 million at September 30, 2018 and December 31, 2017 , respectively, of PHI's consolidated VIE that can only be used to settle the liabilities of the VIE. PHI's consolidated total liabilities include $78 million and $102 million at September 30, 2018 and December 31, 2017 , respectively, of PHI's consolidated VIE for which the VIE creditors do not have recourse to PHI. See Note 3 — Variable Interest Entities for additional information.

See the Combined Notes to Consolidated Financial Statements

PEPCO HOLDINGS LLC AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Unaudited)

(In millions)	Membership Interest	Undistributed Earnings (Losses)	Member's Equity
Balance, December 31, 2017	$ 8,835	$ (10)	$ 8,825
Net income	—	336	336
Distributions to member	—	(232)	(232)
Contributions from parent	237	—	237
Balance, September 30, 2018	$ 9,072	$ 94	$ 9,166

See the Combined Notes to Consolidated Financial Statements

POTOMAC ELECTRIC POWER COMPANY
STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Operating revenues				
Electric operating revenues	$ 630	$ 600	$ 1,697	$ 1,622
Revenues from alternative revenue programs	(4)	3	6	23
Operating revenues from affiliates	2	1	5	4
Total operating revenues	628	604	1,708	1,649
Operating expenses				
Purchased power	131	111	354	268
Purchased power from affiliates	46	57	143	210
Operating and maintenance	84	89	216	296
Operating and maintenance from affiliates	52	14	167	40
Depreciation and amortization	99	82	286	242
Taxes other than income	104	102	288	282
Total operating expenses	516	455	1,454	1,338
Gain on sales of assets	—	—	—	1
Operating income	112	149	254	312
Other income and (deductions)				
Interest expense, net	(32)	(31)	(96)	(89)
Other, net	7	7	23	22
Total other income and (deductions)	(25)	(24)	(73)	(67)
Income before income taxes	87	125	181	245
Income taxes	(2)	38	7	57
Net income	$ 89	$ 87	$ 174	$ 188
Comprehensive income	$ 89	$ 87	$ 174	$ 188

See the Combined Notes to Consolidated Financial Statements

POTOMAC ELECTRIC POWER COMPANY
STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Cash flows from operating activities		
Net income	$ 174	$ 188
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	286	242
Deferred income taxes and amortization of investment tax credits	(5)	90
Other non-cash operating activities	42	8
Changes in assets and liabilities:		
Accounts receivable	(36)	(43)
Receivables from and payables to affiliates, net	(9)	(10)
Inventories	6	(15)
Accounts payable and accrued expenses	104	(24)
Income taxes	(18)	80
Pension and non-pension postretirement benefit contributions	(11)	(69)
Other assets and liabilities	(137)	(99)
Net cash flows provided by operating activities	396	348
Cash flows from investing activities		
Capital expenditures	(475)	(439)
Proceeds from sales of long-lived assets	—	1
Other investing activities	3	—
Net cash flows used in investing activities	(472)	(438)
Cash flows from financing activities		
Changes in short-term borrowings	38	(23)
Issuance of long-term debt	100	202
Retirement of long-term debt	(8)	(7)
Dividends paid on common stock	(128)	(133)
Contributions from parent	85	161
Other financing activities	(4)	(1)
Net cash flows provided by financing activities	83	199
Increase in cash, cash equivalents and restricted cash	7	109
Cash, cash equivalents and restricted cash at beginning of period	40	42
Cash, cash equivalents and restricted cash at end of period	$ 47	$ 151

See the Combined Notes to Consolidated Financial Statements

POTOMAC ELECTRIC POWER COMPANY
BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2018	December 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents	$ 12	$ 5
Restricted cash and cash equivalents	35	35
Accounts receivable, net		
Customer	235	250
Other	102	87
Inventories, net	81	87
Regulatory assets	284	213
Other	9	33
Total current assets	758	710
Property, plant and equipment, net	6,337	6,001
Deferred debits and other assets		
Regulatory assets	662	678
Investments	105	102
Prepaid pension asset	318	322
Other	19	19
Total deferred debits and other assets	1,104	1,121
Total assets	$ 8,199	$ 7,832

See the Combined Notes to Consolidated Financial Statements

POTOMAC ELECTRIC POWER COMPANY
BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2018	December 31, 2017
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Short-term borrowings	$ 64	$ 26
Long-term debt due within one year	14	19
Accounts payable	234	139
Accrued expenses	141	137
Payables to affiliates	70	74
Customer deposits	53	54
Regulatory liabilities	5	3
Merger related obligation	38	42
Current portion of DC PLUG obligation	30	28
Other	9	28
Total current liabilities	658	550
Long-term debt	2,611	2,521
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	1,139	1,063
Non-pension postretirement benefit obligations	31	36
Regulatory liabilities	759	829
Other	337	300
Total deferred credits and other liabilities	2,266	2,228
Total liabilities	5,535	5,299
Commitments and contingencies		
Shareholder's equity		
Common stock	1,555	1,470
Retained earnings	1,109	1,063
Total shareholder's equity	2,664	2,533
Total liabilities and shareholder's equity	$ 8,199	$ 7,832

See the Combined Notes to Consolidated Financial Statements

POTOMAC ELECTRIC POWER COMPANY
STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
(Unaudited)

(In millions)	Common Stock	Retained Earnings	Total Shareholder's Equity
Balance, December 31, 2017	$ 1,470	$ 1,063	$ 2,533
Net income	—	174	174
Common stock dividends	—	(128)	(128)
Contributions from parent	85	—	85
Balance, September 30, 2018	$ 1,555	$ 1,109	$ 2,664

See the Combined Notes to Consolidated Financial Statements

DELMARVA POWER & LIGHT COMPANY
STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Operating revenues				
Electric operating revenues	$ 302	$ 308	$ 861	$ 851
Natural gas operating revenues	24	18	129	105
Revenues from alternative revenue programs	—	(1)	5	9
Operating revenues from affiliates	2	2	6	6
Total operating revenues	328	327	1,001	971
Operating expenses				
Purchased power	96	75	258	215
Purchased fuel	11	7	64	46
Purchased power from affiliate	26	47	103	138
Operating and maintenance	44	71	137	204
Operating and maintenance from affiliates	38	8	119	23
Depreciation and amortization	47	45	135	124
Taxes other than income	15	15	43	43
Total operating expenses	277	268	859	793
Operating income	51	59	142	178
Other income and (deductions)				
Interest expense, net	(15)	(13)	(42)	(38)
Other, net	2	4	7	10
Total other income and (deductions)	(13)	(9)	(35)	(28)
Income before income taxes	38	50	107	150
Income taxes	5	19	17	43
Net income	$ 33	$ 31	$ 90	$ 107
Comprehensive income	$ 33	$ 31	$ 90	$ 107

See the Combined Notes to Consolidated Financial Statements

DELMARVA POWER & LIGHT COMPANY
STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Cash flows from operating activities		
Net income	$ 90	$ 107
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	135	124
Deferred income taxes and amortization of investment tax credits	24	61
Other non-cash operating activities	16	6
Changes in assets and liabilities:		
Accounts receivable	13	7
Receivables from and payables to affiliates, net	(14)	—
Inventories	(3)	(6)
Accounts payable and accrued expenses	18	—
Income taxes	—	33
Other assets and liabilities	13	(40)
Net cash flows provided by operating activities	292	292
Cash flows from investing activities		
Capital expenditures	(254)	(294)
Other investing activities	1	1
Net cash flows used in investing activities	(253)	(293)
Cash flows from financing activities		
Changes in short-term borrowings	(216)	54
Issuance of long-term debt	200	—
Retirement of long-term debt	(4)	(14)
Dividends paid on common stock	(58)	(82)
Contributions from parent	150	—
Other financing activities	(3)	—
Net cash flows provided by (used in) financing activities	69	(42)
Increase (decrease) in cash, cash equivalents and restricted cash	108	(43)
Cash, cash equivalents and restricted cash at beginning of period	2	46
Cash, cash equivalents and restricted cash at end of period	$ 110	$ 3

See the Combined Notes to Consolidated Financial Statements

DELMARVA POWER & LIGHT COMPANY
BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2018	December 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents	$ 110	$ 2
Accounts receivable, net		
Customer	121	146
Other	53	38
Inventories, net		
Gas held in storage	9	7
Materials and supplies	37	36
Regulatory assets	66	69
Other	18	27
Total current assets	414	325
Property, plant and equipment, net	3,748	3,579
Deferred debits and other assets		
Regulatory assets	235	245
Goodwill	8	8
Prepaid pension asset	188	193
Other	8	7
Total deferred debits and other assets	439	453
Total assets	$ 4,601	$ 4,357

See the Combined Notes to Consolidated Financial Statements

DELMARVA POWER & LIGHT COMPANY
BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2018	December 31, 2017
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Short-term borrowings	$ —	$ 216
Long-term debt due within one year	79	83
Accounts payable	104	82
Accrued expenses	52	35
Payables to affiliates	30	46
Customer deposits	35	35
Regulatory liabilities	67	42
Other	6	8
Total current liabilities	373	547
Long-term debt	1,415	1,217
Deferred credits and other liabilities		
Regulatory liabilities	587	593
Deferred income taxes and unamortized investment tax credits	645	603
Non-pension postretirement benefit obligations	15	14
Other	49	48
Total deferred credits and other liabilities	1,296	1,258
Total liabilities	3,084	3,022
Commitments and contingencies		
Shareholder's equity		
Common stock	914	764
Retained earnings	603	571
Total shareholder's equity	1,517	1,335
Total liabilities and shareholder's equity	$ 4,601	$ 4,357

See the Combined Notes to Consolidated Financial Statements

DELMARVA POWER & LIGHT COMPANY
STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
(Unaudited)

(In millions)	Common Stock	Retained Earnings	Total Shareholder's Equity
Balance, December 31, 2017	$ 764	$ 571	$ 1,335
Net income	—	90	90
Common stock dividends	—	(58)	(58)
Contributions from parent	150	—	150
Balance, September 30, 2018	$ 914	$ 603	$ 1,517

See the Combined Notes to Consolidated Financial Statements

ATLANTIC CITY ELECTRIC COMPANY AND SUBSIDIARY COMPANY
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)

(In millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Operating revenues				
Electric operating revenues	$ 406	$ 370	$ 983	$ 904
Revenues from alternative revenue programs	(1)	—	(4)	9
Operating revenues from affiliates	1	—	2	2
Total operating revenues	406	370	981	915
Operating expenses				
Purchased power	188	169	465	418
Purchased power from affiliates	10	7	21	24
Operating and maintenance	52	66	146	205
Operating and maintenance from affiliates	33	6	104	20
Depreciation and amortization	38	41	107	113
Taxes other than income	1	2	4	6
Total operating expenses	322	291	847	786
Operating income	84	79	134	129
Other income and (deductions)				
Interest expense, net	(16)	(15)	(48)	(46)
Other, net	1	1	2	6
Total other income and (deductions)	(15)	(14)	(46)	(40)
Income before income taxes	69	65	88	89
Income taxes	8	24	12	12
Net income	$ 61	$ 41	$ 76	$ 77
Comprehensive income	$ 61	$ 41	$ 76	$ 77

See the Combined Notes to Consolidated Financial Statements

ATLANTIC CITY ELECTRIC COMPANY AND SUBSIDIARY COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(In millions)	Nine Months Ended September 30, 2018	2017
Cash flows from operating activities		
Net income	$ 76	$ 77
Adjustments to reconcile net income to net cash flows provided by operating activities:		
Depreciation and amortization	107	113
Deferred income taxes and amortization of investment tax credits	24	28
Other non-cash operating activities	24	21
Changes in assets and liabilities:		
Accounts receivable	(66)	(7)
Receivables from and payables to affiliates, net	(3)	(5)
Inventories	(2)	(7)
Accounts payable and accrued expenses	21	9
Income taxes	(3)	(9)
Pension and non-pension postretirement benefit contributions	(6)	—
Other assets and liabilities	(12)	(62)
Net cash flows provided by operating activities	160	158
Cash flows from investing activities		
Capital expenditures	(247)	(242)
Other investing activities	(1)	—
Net cash flows used in investing activities	(248)	(242)
Cash flows from financing activities		
Changes in short-term borrowings	37	65
Proceeds from short-term borrowings with maturities greater than 90 days	125	—
Retirement of long-term debt	(22)	(25)
Dividends paid on common stock	(46)	(53)
Net cash flows provided by (used in) financing activities	94	(13)
Increase (decrease) in cash, cash equivalents and restricted cash	6	(97)
Cash, cash equivalents and restricted cash at beginning of period	31	133
Cash, cash equivalents and restricted cash at end of period	$ 37	$ 36

See the Combined Notes to Consolidated Financial Statements

ATLANTIC CITY ELECTRIC COMPANY AND SUBSIDIARY COMPANY
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2018	December 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents	$ 11	$ 2
Restricted cash and cash equivalents	7	6
Accounts receivable, net		
Customer	144	92
Other	59	56
Inventories, net	31	29
Regulatory assets	44	71
Other	21	2
Total current assets	317	258
Property, plant and equipment, net	2,883	2,706
Deferred debits and other assets		
Regulatory assets	383	359
Long-term note receivable	—	4
Prepaid pension asset	70	73
Other	41	45
Total deferred debits and other assets	494	481
Total assets [(a)]	$ 3,694	$ 3,445

See the Combined Notes to Consolidated Financial Statements

ATLANTIC CITY ELECTRIC COMPANY AND SUBSIDIARY COMPANY
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(In millions)	September 30, 2018	December 31, 2017
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current liabilities		
Short-term borrowings	$ 270	$ 108
Long-term debt due within one year	22	281
Accounts payable	149	118
Accrued expenses	38	33
Payables to affiliates	25	29
Customer deposits	26	31
Regulatory liabilities	27	11
Other	9	8
Total current liabilities	566	619
Long-term debt	1,078	840
Deferred credits and other liabilities		
Deferred income taxes and unamortized investment tax credits	534	493
Non-pension postretirement benefit obligations	16	14
Regulatory liabilities	401	411
Other	26	25
Total deferred credits and other liabilities	977	943
Total liabilities [(a)]	2,621	2,402
Commitments and contingencies		
Shareholder's equity		
Common stock	912	912
Retained earnings	161	131
Total shareholder's equity	1,073	1,043
Total liabilities and shareholder's equity	$ 3,694	$ 3,445

(a) ACE's consolidated total assets include $26 million and $29 million at September 30, 2018 and December 31, 2017 , respectively, of ACE's consolidated VIE that can only be used to settle the liabilities of the VIE. ACE's consolidated total liabilities include $68 million and $90 million at September 30, 2018 and December 31, 2017 , respectively, of ACE's consolidated VIE for which the VIE creditors do not have recourse to ACE. See Note 3 — Variable Interest Entities for additional information.

See the Combined Notes to Consolidated Financial Statements

ATLANTIC CITY ELECTRIC COMPANY AND SUBSIDIARY COMPANY
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY
(Unaudited)

(In millions)	Common Stock	Retained Earnings	Total Shareholder's Equity
Balance, December 31, 2017	$ 912	$ 131	$ 1,043
Net income	—	76	76
Common stock dividends	—	(46)	(46)
Balance, September 30, 2018	$ 912	$ 161	$ 1,073

See the Combined Notes to Consolidated Financial Statements

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in millions, except per share data, unless otherwise noted)

Index to Combined Notes To Consolidated Financial Statements

The notes to the consolidated financial statements that follow are a combined presentation. The following list indicates the Registrants to which the footnotes apply:

Applicable Notes

Registrant	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
Exelon Corporation	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.
Exelon Generation Company, LLC	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.		.	.	.
Commonwealth Edison Company	.	.	.		.	.			.	.	.	.		.			.	.	.
PECO Energy Company	.	.	.		.	.			.	.	.	.		.	.		.	.	.
Baltimore Gas and Electric Company	.	.	.		.	.			.	.	.	.		.			.	.	.
Pepco Holdings LLC	.	.	.		.	.			.	.	.	.	.	.			.	.	.
Potomac Electric Power Company	.	.	.		.	.			.	.	.	.		.			.	.	.
Delmarva Power & Light Company	.	.	.		.	.			.	.	.	.		.			.	.	.
Atlantic City Electric Company	.	.	.		.	.			.	.	.	.		.			.	.	.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

1. Significant Accounting Policies (All Registrants)

Description of Business (All Registrants)

Exelon is a utility services holding company engaged through its principal subsidiaries in the energy generation and energy distribution and transmission businesses.

Name of Registrant	Business	Service Territories
Exelon Generation Company, LLC	Generation, physical delivery and marketing of power across multiple geographical regions through its customer-facing business, Constellation, which sells electricity to both wholesale and retail customers. Generation also sells natural gas, renewable energy and other energy-related products and services.	Six reportable segments: Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Power Regions
Commonwealth Edison Company	Purchase and regulated retail sale of electricity Transmission and distribution of electricity to retail customers	Northern Illinois, including the City of Chicago
PECO Energy Company	Purchase and regulated retail sale of electricity and natural gas Transmission and distribution of electricity and distribution of natural gas to retail customers	Southeastern Pennsylvania, including the City of Philadelphia (electricity) Pennsylvania counties surrounding the City of Philadelphia (natural gas)
Baltimore Gas and Electric Company	Purchase and regulated retail sale of electricity and natural gas Transmission and distribution of electricity and distribution of natural gas to retail customers	Central Maryland, including the City of Baltimore (electricity and natural gas)
Pepco Holdings LLC	Utility services holding company engaged, through its reportable segments Pepco, DPL and ACE	Service Territories of Pepco, DPL and ACE
Potomac Electric Power Company	Purchase and regulated retail sale of electricity Transmission and distribution of electricity to retail customers	District of Columbia, and major portions of Montgomery and Prince George's Counties, Maryland
Delmarva Power & Light Company	Purchase and regulated retail sale of electricity and natural gas Transmission and distribution of electricity and distribution of natural gas to retail customers	Portions of Delaware and Maryland (electricity) Portions of New Castle County, Delaware (natural gas)
Atlantic City Electric Company	Purchase and regulated retail sale of electricity Transmission and distribution of electricity to retail customers	Portions of Southern New Jersey

Basis of Presentation (All Registrants)

Each of the R egistrant's Consolidated Financial Statements includes the accounts of its subsidiaries. All intercompany transactions have been eliminated.

The accompanying consolidated financial statements as of September 30, 2018 and 2017 and for the three and nine months then ended are unaudited but, in the opinion of the management of each Registrant include all adjustments that are considered necessary for a fair statement of the Registrants' respective financial statements in accordance with GAAP. All adjustments are of a normal, recurring nature, except as otherwise disclosed. The December 31, 2017 revised Consolidated Balance Sheets were derived from audited financial statements. Financial results for interim periods are not necessarily indicative of results that may be expected for any other interim period or f or the fiscal year ending December 31, 2018 . These Combined Notes to Consolidated Financial Statements have been prepared pursuant to the rules and regulations of the SEC for Quarterly Reports on Form 10-Q. Certain information and note disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations.

Prior Period Adjustments and Reclassifications (All Registrants)

Certain prior year amounts in the Registrants' Consolidated Statements of Operations and Comprehensive Incom e, Consolidated Statements of Cash Flows, Consolidated Balance Sheets and Consolidated Statements of Changes in Shareholders' Equity have been recasted to reflect new accounting standards issued by the FASB and adopted as of January 1, 2018.

Beginning on January 1, 2018, Exelon adopted the following new accounting standards requiring reclassification or adjustments to previously reported information as follows:

- *Statement of Cash Flows: Classification of Restricted Cash.* The Registrants applied the new guidance using the full retrospective method and, accordingly, have recasted the presentation of restricted cash in their Consolidated Statements of Cash Flows in the prior periods presented. See Note 18 — Supplemental Financial Information for additional information.

- *Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income.* Exelon early adopted and retrospectively applied the new guidance to when the effects of the TCJA were recognized and, accordingly, recasted its December 31, 2017 AOCI and retained earnings in its Consolidated Balance Sheet and Consolidated Statement of Changes in Shareholders' Equity. Exelon's accounting policy is to release the stranded tax effects from AOCI related to its pension and OPEB plans under a portfolio (or aggregate) approach as an entire pension or OPEB plan is liquidated or terminated. See Note 2 — New Accounting Standards for additional information.

- *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost.* Exelon applied this guidance retrospectively for the presentation of the service and other non-service costs components of net benefit cost and, accordingly, have recasted those amounts, which were not material, in its Consolidated Statement of Operations and Comprehensive Income in prior periods presented. As part of the adoption, Exelon elected the practical expedient that permits an employer to use the amounts disclosed in its pension and other postretirement benefit plan note for the comparative periods as the estimation basis for applying the retrospective presentation requirements. See Note 14 — Retirement Benefits for additional information.

- *Revenue from Contracts with Customers.* The Registrants applied the new guidance using the full retrospective method and, accordingly, have recasted certain amounts in their Consolidated Statements of Operations and Comprehensive Income, Consolidated Statements of Cash Flows, Consolidated Balance Sheets, Consolidated Statements of Changes in Shareholders' Equity and Combined Notes to Consolidated Financial Statements in the prior periods presented. The amounts recasted in the Registrants' Consolidated Statements of Operations and Comprehensive Income are shown in the table below. The amounts recasted in the Registrants' Consolidated Statements of Cash Flows, Consolidated Balance Sheets, Consolidated Statements of Changes in Shareholders' Equity and Combined Notes to Consolidated Financial Statements were not material. See Note 5 — Revenue from Contracts with Customers for additional information.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Three Months Ended September 30, 2017	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Operating Revenues - As reported									
Competitive business revenues	$ 4,456	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Rate-regulated utility revenues	4,313	—	—	—	—	—	—	—	—
Operating revenues	—	4,455	—	—	—	—	—	—	—
Electric operating revenues	—	—	1,568	660	657	1,280	603	307	370
Natural gas operating revenues	—	—	—	53	78	18	—	18	—
Operating revenues from affiliates	—	296	3	2	3	12	1	2	—
Total operating revenues	$ 8,769	$ 4,751	$ 1,571	$ 715	$ 738	$ 1,310	$ 604	$ 327	$ 370
Operating Revenues - Adjustments									
Competitive business revenues	$ (1)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Rate-regulated utility revenues	(54)	—	—	—	—	—	—	—	—
Operating revenues	—	(1)	—	—	—	—	—	—	—
Electric operating revenues	—	—	(16)	—	(31)	(2)	(3)	1	—
Natural gas operating revenues	—	—	—	—	(5)	—	—	—	—
Revenues from alternative revenue programs	54	—	16	—	36	2	3	(1)	—
Operating revenues from affiliates	—	—	—	—	—	—	—	—	—
Total operating revenues	$ (1)	$ (1)	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Operating Revenues - Retrospective application									
Competitive business revenues	$ 4,455	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Rate-regulated utility revenues	4,259	—	—	—	—	—	—	—	—
Operating revenues	—	4,454	—	—	—	—	—	—	—
Electric operating revenues	—	—	1,552	660	626	1,278	600	308	370
Natural gas operating revenues	—	—	—	53	73	18	—	18	—
Revenues from alternative revenue programs	54	—	16	—	36	2	3	(1)	—
Operating revenues from affiliates	—	296	3	2	3	12	1	2	—
Total operating revenues	$ 8,768	$ 4,750	$ 1,571	$ 715	$ 738	$ 1,310	$ 604	$ 327	$ 370

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Nine Months Ended September 30, 2017	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Operating Revenues - As reported									
Competitive business revenues	$ 12,924	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Rate-regulated utility revenues	12,225	—	—	—	—	—	—	—	—
Operating revenues	—	12,918	—	—	—	—	—	—	—
Electric operating revenues	—	—	4,215	1,798	1,890	3,417	1,645	860	913
Natural gas operating revenues	—	—	—	338	461	105	—	105	—
Operating revenues from affiliates	—	894	12	5	12	35	4	6	2
Total operating revenues	$ 25,149	$ 13,812	$ 4,227	$ 2,141	$ 2,363	$ 3,557	$ 1,649	$ 971	$ 915
Operating Revenues - Adjustments									
Competitive business revenues	$ 31	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Rate-regulated utility revenues	(191)	—	—	—	—	—	—	—	—
Operating revenues	—	31	—	—	—	—	—	—	—
Electric operating revenues	—	—	(48)	—	(79)	(41)	(23)	(9)	(9)
Natural gas operating revenues	—	—	—	—	(23)	—	—	—	—
Revenues from alternative revenue programs	191	—	48	—	102	41	23	9	9
Operating revenues from affiliates	—	—	—	—	—	—	—	—	—
Total operating revenues	$ 31	$ 31	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Operating Revenues - Retrospective application									
Competitive business revenues	$ 12,955	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Rate-regulated utility revenues	12,034	—	—	—	—	—	—	—	—
Operating revenues	—	12,949	—	—	—	—	—	—	—
Electric operating revenues	—	—	4,167	1,798	1,811	3,376	1,622	851	904
Natural gas operating revenues	—	—	—	338	438	105	—	105	—
Revenues from alternative revenue programs	191	—	48	—	102	41	23	9	9
Operating revenues from affiliates	—	894	12	5	12	35	4	6	2
Total operating revenues	$ 25,180	$ 13,843	$ 4,227	$ 2,141	$ 2,363	$ 3,557	$ 1,649	$ 971	$ 915

Revenues (All Registrants)

Operating Revenues. The Registrants' operating revenues generally consist of revenues from contracts with customers involving the sale and delivery of energy commodities and related products and services, utility revenues from alternative revenue programs (ARP), and realized and unrealized revenues recognized under mark-to-market energy commodity derivative contracts. The Registrants recognize revenue from contracts with customers to depict the transfer of goods or services to customers in an amount that the entities expect to be entitled to in exchange for those goods or services. Generation's primary sources of revenue include competitive sales of power, natural gas, and other energy-related products and services. The Utility Registrants' primary sources of revenue include regulated electric and natural gas tariff sales, distribution and transmission services. At the end of each month, the Registrants accrue an estimate for the unbilled amount of energy delivered or services provided to customers.

ComEd records ARP revenue for its best estimate of the electric distribution, energy efficiency, and transmission revenue impacts resulting from future changes in rates that ComEd believes are probable of approval by the ICC and FERC in accordance with its formula rate mechanisms. BGE, Pepco and DPL record ARP revenue for their best estimate of the electric and natural gas distribution revenue impacts resulting from future changes in rates that they believe are probable of approval by the MDPSC and/or DCPSC in accordance with their revenue decoupling mechanisms. PECO, BGE, Pepco, DPL and ACE record ARP revenue for their best estimate of the transmission revenue impacts resulting from future changes in rates that they believe are probable of approval by FERC in accordance with their formula rate mechanisms. See Note 5 — Revenue from Contracts with Customers and Note 6 — Regulatory Matters for additional information.

RTOs and ISOs. In RTO and ISO markets that facilitate the dispatch of energy and energy-related products, the Registrants generally report sales and purchases conducted on a net hourly basis in either revenues or purchased power on their Consolidated Statements of Operations and Comprehensive Income, the classification of which depends on the net hourly sale or purchase position. In addition, capacity revenue and expense classification is based on the net sale or purchase position of the Registrants in the different RTOs and ISOs.

Option Contracts, Swaps and Commodity Derivatives. Certain option contracts and swap arrangements that meet the definition of derivative instruments are recorded at fair value with subsequent changes in fair value recognized as revenue or expense. The classification of revenue or expense is based on the intent of the transaction. For example, gas transactions may be used to hedge the sale of power. This will result in the change in fair value recorded through revenue. To the extent a Utility Registrant receives full cost recovery for energy procurement and related costs from retail customers, it records the fair value of its energy swap contracts with unaffiliated suppliers as well as an offsetting regulatory asset or liability on its Consolidated Balance Sheets. See Note 6 — Regulatory Matters and Note 10 — Derivative Financial Instruments for additional information.

Taxes Directly Imposed on Revenue-Producing Transactions. The Registrants collect certain taxes from customers such as sales and gross receipts taxes, along with other taxes, surcharges and fees that are levied by state or local governments on the sale or distribution of natural gas and electricity. Some of these taxes are imposed on the customer, but paid by the Registrants, while others are imposed directly on the Registrants. The Registrants do not recognize revenue or expense in their Consolidated Statements of Operations and Comprehensive Income when these taxes are imposed on the customer, such as sales taxes. However, when these taxes are imposed directly on the Registrants, such as gross receipts taxes or other surcharges or fees, the Registrants recognize revenue for the taxes collected from customers along with an offsetting expense. See Note 18 — Supplemental Financial Information for Generation's, ComEd's, PECO's, BGE's, Pepco's, DPL's and ACE's utility taxes that are presented on a gross basis.

2. New Accounting Standards (All Registrants)

New Accounting Standards Adopted: In 2018, the Registrants have adopted the following new authoritative accounting guidance issued by the FASB.

Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income (Issued February 2018): Provides an election for a reclassification from AOCI to Retained earnings to eliminate the stranded tax effects resulting from the TCJA. This standard is effective January 1, 2019, with early adoption permitted, and may be applied either in the period of adoption or retrospective to each period in which the effects of the TCJA were recognized. Exelon early adopted this standard during the first quarter 2018 and elected to apply the guidance retrospectively as of December 31, 2017, which resulted in an increase to Exelon's Retained earnings and Accumulated other comprehensive loss of $539 million related to deferred income taxes associated with Exelon's pension and OPEB obligations. There was no impact for Generation or the Utility Registrants.

See Note 1 — Significant Accounting Policies of the Exelon 2017 Form 10-K for information on other new accounting standards issued and adopted as of January 1, 2018.

New Accounting Standards Issued and Not Yet Adopted as of September 30, 2018 : The following new authoritative accounting guidance issued by the FASB has not yet been adopted and reflected by the Registrants in their consolidated financial statements as of September 30, 2018 . Unless otherwise indicated, the Registrants are currently assessing the impacts such guidance may have (which could be material) on their Consolidated Balance Sheets, Consolidated Statements of Operations and Comprehensive Income, Consolidated Statements of Cash Flows and disclosures, as well as the potential to early adopt where applicable. The Registrants have assessed other FASB issuances of new standards which are not listed below given the current expectation that such standards will not significantly impact the Registrants' financial reporting.

Leases (Issued February 2016): Increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The standard is effective January 1, 2019. Early adoption is permitted; however, the Registrants will not early adopt the standard. The issued guidance required a modified retrospective transition approach, which requires lessees and lessors to recognize and measure leases at the beginning of the earliest period presented (January 1, 2017). In July 2018, the FASB issued an amendment to the standard giving entities the option to apply the requirements of the standard in the period of adoption (January 1, 2019) with no restatement of prior periods. Exelon will elect this expedient.

The new guidance requires lessees to recognize both the right-of-use assets and lease liabilities in the balance sheet for most leases, whereas today only finance lease liabilities (referred to as capital leases) are recognized in the balance sheet. In addition, the definition of a lease has been revised which may result in changes to the classification of an arrangement as a lease. Under the new guidance, an arrangement that conveys the right to control the use of an identified asset by obtaining substantially all of its economic benefits and directing how it is used is a lease, whereas the current definition focuses on the ability to control the use of the asset or to obtain its output. Quantitative and qualitative disclosures related to the amount, timing and judgments of an entity's accounting for leases and the related cash flows are expanded. Disclosure requirements apply to both lessees and lessors, whereas current disclosures relate only to lessees. Significant changes to lease systems, processes and procedures are required to implement the requirements of the new standard. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee have not significantly changed from current GAAP. Lessor accounting is also largely unchanged.

The standard provides a number of transition practical expedients that entities may elect. These include a "package of three" expedients that must be taken together and allow entities to (1) not reassess whether existing contracts contain leases, (2) carryforward the existing lease classification, and (3) not

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reassess initial direct costs associated with existing leases. The Registrants will elect this practical expedient.

In January 2018, the FASB issued additional guidance which provides another optional transition practical expedient. This practical expedient allows entities to not evaluate land easements under the new guidance at adoption if they were not previously accounted for as leases. The Registrants will elect this practical expedient.

The Registrants have assessed the lease standard and are executing a detailed implementation plan in preparation for adoption on January 1, 2019. Key activities in the implementation plan include:

- Developing a complete lease inventory and abstracting the required data attributes into a lease accounting system that supports the Registrants' lease portfolios and integrates with existing systems.
- Evaluating the transition practical expedients available under the guidance.
- Identifying, assessing and documenting technical accounting issues, policy considerations and financial reporting implications.
- Identifying and implementing changes to processes and controls to ensure all impacts of the new guidance are effectively addressed.

Impairment of Financial Instruments (Issued June 2016): Provides for a new Current Expected Credit Loss (CECL) impairment model for specified financial instruments including loans, trade receivables, debt securities classified as held-to-maturity investments and net investments in leases recognized by a lessor. Under the new guidance, on initial recognition and at each reporting period, an entity is required to recognize an allowance that reflects the entity's current estimate of credit losses expected to be incurred over the life of the financial instrument. The standard does not make changes to the existing impairment models for non-financial assets such as fixed assets, intangibles and goodwill. The standard will be effective January 1, 2020 (with early adoption as of January 1, 2019 permitted) and requires a modified retrospective transition approach through a cumulative-effect adjustment to retained earnings as of the beginning of the period of adoption. The Registrants are currently assessing the impacts of this standard.

Goodwill Impairment (Issued January 2017): Simplifies the accounting for goodwill impairment by removing Step 2 of the current test, which requires calculation of a hypothetical purchase price allocation. Under the revised guidance, goodwill impairment will be measured as the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill (currently Step 1 of the two-step impairment test). Entities will continue to have the option to perform a qualitative assessment to determine if a quantitative impairment test is necessary. Exelon, Generation, ComEd, PHI and DPL have goodwill as of September 30, 2018 . This updated guidance is not currently expected to impact the Registrants' financial reporting. The standard is effective January 1, 2020, with early adoption permitted, and must be applied on a prospective basis.

Derivatives and Hedging (Issued September 2017): Allows more financial and nonfinancial hedging strategies to be eligible for hedge accounting. The amendments are intended to more closely align hedge accounting with companies' risk management strategies, simplify the application of hedge accounting, and increase transparency as to the scope and results of hedging programs. There are also amendments related to effectiveness testing and disclosure requirements. The standard is effective January 1, 2019, with early adoption permitted, and must be applied using a modified retrospective transition approach. Given the de-designation of hedge accounting relationships as of July 1, 2018, this standard is not expected to impact the Registrants' financial reporting as discussed in Note 10 - Derivative Financial Instruments .

Cloud Computing Arrangements (Issued August 2018) : Aligns the requirements for capitalizing costs incurred to implement a cloud computing arrangement with the internal-use software guidance. As a result, certain implementation costs incurred in a cloud computing arrangement that are currently expensed as incurred will be deferred and amortized over the non-cancellable term of the arrangement plus any reasonably certain renewal periods. The standard is effective January 1, 2020, with early adoption permitted, and can be applied using either a prospective or retrospective transition approach. A retrospective approach requires a cumulative-effect adjustment to retained earnings as of the beginning of the period of adoption. The Registrants are currently assessing the impacts of this standard.

Defined Benefit Plan Disclosures (Issued August 2018): Eliminates existing disclosure requirements related to amounts in accumulated other comprehensive income expected to be recognized in net periodic benefit cost over the next year and the effects of a one-percentage-point change in the assumed health care cost trend rates. In addition, new disclosures were added such as the weighted-average interest crediting rates for cash balance plans and an explanation for the reasons for significant gains and losses related to changes in the benefit obligation. The standard is effective January 1, 2021, with early adoption permitted, and must be applied retrospectively. Exelon will early adopt this standard in the fourth quarter 2018.

Fair Value Measurement Disclosures (Issued August 2018) : Removes, modifies and adds disclosure requirements for fair value measurements and aims to reduce costs for preparers and improve the usefulness of information for financial statement users. The standard is effective January 1, 2020, with early adoption permitted, and most amendments must be applied retrospectively with the exception of three amendments which must be applied prospectively. In addition, entities are permitted to delay adoption of the additional disclosure requirements until the effective date and early adopt the removal or modified disclosure requirements. The Registrants are currently assessing the impacts of this standard as well as the potential to early adopt.

3. Variable Interest Entities (All Registrants)

A VIE is a legal entity that possesses any of the following characteristics: an insufficient amount of equity at risk to finance its activities, equity owners who do not have the power to direct the significant activities of the entity (or have voting rights that are disproportionate to their ownership interest) or equity owners who do not have the obligation to absorb expected losses or the right to receive the expected residual returns of the entity. Companies are required to consolidate a VIE if they are its primary beneficiary, which is the enterprise that has the power to direct the activities that most significantly affect the entity's economic performance.

At September 30, 2018 and December 31, 2017 , Exelon, Generation, PHI and ACE collectively consolidated five VIEs or VIE groups for which the applicable Registrant was the primary beneficiary (see Consolidated Variable Interest Entities below). As of September 30, 2018 and December 31, 2017 , Exelon and Generation collectively had significant interests in seven other VIEs for which the applicable Registrant does not have the power to direct the entities' activities and, accordingly, was not the primary beneficiary (see Unconsolidated Variable Interest Entities below).

Consolidated Variable Interest Entities

As of September 30, 2018 and December 31, 2017 , Exelon's and Generation's consolidated VIEs consist of:

- energy related companies involved in distributed generation, backup generation and energy development
- renewable energy project companies formed by Generation to build, own and operate renewable power facilities

- certain retail power and gas companies for which Generation is the sole supplier of energy, and
- CENG.

As of September 30, 2018 and December 31, 2017 , Exelon's, PHI's and ACE's consolidated VIE consist of:

- ATF, a special purpose entity formed by ACE for the purpose of securitizing authorized portions of ACE's recoverable stranded costs through the issuance and sale of transition bonds.

As of September 30, 2018 and December 31, 2017 , ComEd, PECO, BGE, Pepco and DPL did not have any material consolidated VIEs.

As of September 30, 2018 and December 31, 2017 , Exelon and Generation provided the following support to their respective consolidated VIEs:

- Generation provides operating and capital funding to the renewable energy project companies and there is limited recourse to Generation related to certain renewable energy project companies.
- Generation provides operating and capital funding to one of the energy related companies involved in backup generation.
- Generation provides approximately $34 million in credit support for the retail power and gas companies for which Generation is the sole supplier of energy.
- Exelon and Generation, where indicated, provide the following support to CENG:
  - under power purchase agreements with CENG, Generation purchased or will purchase 50.01% of the available output generated by the CENG nuclear plants not subject to other contractual agreements from January 2015 through the end of the operating life of each respective plant. However, pursuant to amendments dated March 31, 2015, the energy obligations under the Ginna Nuclear Power Plant (Ginna) PPAs were suspended during the term of the RSSA, through the end of March 31, 2017. With the expiration of the RSSA, the PPA was reinstated beginning April 1, 2017,
  - Generation provided a $400 million loan to CENG. As of September 30, 2018 , the remaining obligation is $194 million ,
  - Generation executed an Indemnity Agreement pursuant to which Generation agreed to indemnify EDF against third-party claims that may arise from any future nuclear incident (as defined in the Price-Anderson Act) in connection with the CENG nuclear plants or their operations. Exelon guarantees Generation's obligations under this Indemnity Agreement. (See Note 17 — Commitments and Contingencies for additional information),
  - Generation and EDF share in the $637 million of contingent payment obligations for the payment of contingent retrospective premium adjustments for the nuclear liability insurance,
  - Exelon has executed an agreement to provide up to $245 million to support the operations of CENG as well as a $165 million guarantee of CENG's cash pooling agreement with its subsidiaries.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

As of September 30, 2018 and December 31, 2017 , Exelon, PHI and ACE provided the following support to their respective consolidated VIE:

- In the case of ATF, proceeds from the sale of each series of transition bonds by ATF were transferred to ACE in exchange for the transfer by ACE to ATF of the right to collect a non-bypassable Transition Bond Charge from ACE customers pursuant to bondable stranded costs rate orders issued by the NJBPU in an amount sufficient to fund the principal and interest payments on transition bonds and related taxes, expenses and fees. During the three and nine months ended September 30, 2018 , ACE transferred $9 million and $23 million to ATF, respectively. During the three and nine months ended September 30, 2017 , ACE transferred $11 million and $39 million to ATF, respectively.

For each of the consolidated VIEs, except as otherwise noted:

- the assets of the VIEs are restricted and can only be used to settle obligations of the respective VIE;
- Exelon, Generation, PHI and ACE did not provide any additional material financial support to the VIEs;
- Exelon, Generation, PHI and ACE did not have any material contractual commitments or obligations to provide financial support to the VIEs; and
- the creditors of the VIEs did not have recourse to Exelon's, Generation's, PHI's or ACE's general credit.

The carrying amounts and classification of the consolidated VIEs' assets and liabilities included in the Registrants' consolidated financial statements at September 30, 2018 and December 31, 2017 are as follows:

	September 30, 2018				December 31, 2017			
	Exelon [a]	Generation	PHI [a]	ACE	Exelon [a]	Generation	PHI [a]	ACE
Current assets	$ 891	$ 881	$ 10	$ 7	$ 662	$ 652	$ 10	$ 6
Noncurrent assets	9,259	9,233	26	19	9,317	9,286	31	23
Total assets	$ 10,150	$ 10,114	$ 36	$ 26	$ 9,979	$ 9,938	$ 41	$ 29
Current liabilities	$ 329	$ 303	$ 26	$ 23	$ 308	$ 272	$ 36	$ 32
Noncurrent liabilities	3,284	3,232	52	45	3,316	3,250	66	58
Total liabilities	$ 3,613	$ 3,535	$ 78	$ 68	$ 3,624	$ 3,522	$ 102	$ 90

(a) Includes certain purchase accounting adjustments not pushed down to the ACE standalone entity.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Assets and Liabilities of Consolidated VIEs

Included within the balances above are assets and liabilities of certain consolidated VIEs for which the assets can only be used to settle obligations of those VIEs, and liabilities that creditors or beneficiaries do not have recourse to the general credit of the Registrants. As of September 30, 2018 and December 31, 2017 , these assets and liabilities primarily consisted of the following:

	September 30, 2018				December 31, 2017			
	Exelon [a]	Generation	PHI [a]	ACE	Exelon [a]	Generation	PHI [a]	ACE
Cash and cash equivalents	$ 316	$ 316	$ —	$ —	$ 126	$ 126	$ —	$ —
Restricted cash	77	70	7	7	64	58	6	6
Accounts receivable, net								
Customer	165	165	—	—	170	170	—	—
Other	30	30	—	—	25	25	—	—
Inventory, net								
Materials and supplies	214	214	—	—	205	205	—	—
Other current assets	65	62	3	—	45	41	4	—
Total current assets	867	857	10	7	635	625	10	6
Property, plant and equipment, net	6,158	6,158	—	—	6,186	6,186	—	—
Nuclear decommissioning trust funds	2,523	2,523	—	—	2,502	2,502	—	—
Other noncurrent assets	256	230	26	19	274	243	31	23
Total noncurrent assets	8,937	8,911	26	19	8,962	8,931	31	23
Total assets	$ 9,804	$ 9,768	$ 36	$ 26	$ 9,597	$ 9,556	$ 41	$ 29
Long-term debt due within one year	$ 97	$ 72	$ 25	$ 22	$ 102	$ 67	$ 35	$ 31
Accounts payable	128	128	—	—	114	114	—	—
Accrued expenses	73	72	1	1	67	66	1	1
Unamortized energy contract liabilities	16	16	—	—	18	18	—	—
Other current liabilities	14	14	—	—	7	7	—	—
Total current liabilities	328	302	26	23	308	272	36	32
Long-term debt	1,087	1,035	52	45	1,154	1,088	66	58
Asset retirement obligations	2,116	2,116	—	—	2,035	2,035	—	—
Other noncurrent liabilities	75	75	—	—	121	121	—	—
Total noncurrent liabilities	3,278	3,226	52	45	3,310	3,244	66	58
Total liabilities	$ 3,606	$ 3,528	$ 78	$ 68	$ 3,618	$ 3,516	$ 102	$ 90

(a) Includes certain purchase accounting adjustments not pushed down to the ACE standalone entity.

Unconsolidated Variable Interest Entities

Exelon's and Generation's variable interests in unconsolidated VIEs generally include equity investments and energy purchase and sale contracts. For the equity investments, the carrying amount of the investments is reflected on Exelon's and Generation's Consolidated Balance Sheets in

Investments. For the energy purchase and sale contracts (commercial agreements), the carrying amount of assets and liabilities in Exelon's and Generation's Consolidated Balance Sheets that relate to their involvement with the VIEs are predominately related to working capital accounts and generally represent the amounts owed by, or owed to, Exelon and Generation for the deliveries associated with the current billing cycles under the commercial agreements. Further, Exelon and Generation have not provided material debt or equity support, liquidity arrangements or performance guarantees associated with these commercial agreements.

As of September 30, 2018 and December 31, 2017 , Exelon's and Generation's unconsolidated VIEs consist of:

- Energy purchase and sale agreements with VIEs for which Generation has concluded that consolidation is not required.
- Asset sale agreement with ZionSolutions, LLC and EnergySolutions, Inc. in which Generation has a variable interest but has concluded that consolidation is not required.
- Equity investments in distributed energy companies for which Generation has concluded that consolidation is not required.

As of September 30, 2018 and December 31, 2017 , the Utility Registrants did not have any material unconsolidated VIEs.

As of September 30, 2018 and December 31, 2017 , Exelon and Generation had significant unconsolidated variable interests in seven VIEs for which Exelon or Generation, as applicable, was not the primary beneficiary; including certain equity investments and certain commercial agreements. Exelon and Generation only include unconsolidated VIEs that are individually material in the tables below. However, Generation has several individually immaterial VIEs that in aggregate represent a total investment of $15 million . These immaterial VIEs are equity and debt securities in energy development companies. The maximum exposure to loss related to these securities is limited to the $15 million included in Investments on Exelon's and Generation's Consolidated Balance Sheets. The risk of a loss was assessed to be remote and, accordingly, Exelon and Generation have not recognized a liability associated with any portion of the maximum exposure to loss.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following tables present summary information about Exelon's and Generation's significant unconsolidated VIE entities:

September 30, 2018	Commercial Agreement VIEs	Equity Investment VIEs	Total
Total assets [a]	$ 606	$ 481	$ 1,087
Total liabilities [a]	36	221	257
Exelon's ownership interest in VIE [a]	—	232	232
Other ownership interests in VIE [a]	570	28	598
Registrants' maximum exposure to loss:			
Carrying amount of equity method investments	—	232	232
Contract intangible asset	8	—	8
Net assets pledged for Zion Station decommissioning [b]	—	—	—

December 31, 2017	Commercial Agreement VIEs	Equity Investment VIEs	Total
Total assets [a]	$ 625	$ 509	$ 1,134
Total liabilities [a]	37	228	265
Exelon's ownership interest in VIE [a]	—	251	251
Other ownership interests in VIE [a]	588	30	618
Registrants' maximum exposure to loss:			
Carrying amount of equity method investments	—	251	251
Contract intangible asset	8	—	8
Net assets pledged for Zion Station decommissioning [b]	2	—	2

(a) These items represent amounts on the unconsolidated VIE balance sheets, not on Exelon's or Generation's Consolidated Balance Sheets. These items are included to provide information regarding the relative size of the unconsolidated VIEs.
(b) These items represent amounts on Exelon's and Generation's Consolidated Balance Sheets related to the asset sale agreement with ZionSolutions, LLC. The net assets pledged for Zion Station decommissioning includes gross pledged assets of $9 million and $39 million as of September 30, 2018 and December 31, 2017 , respectively; offset by payables to ZionSolutions, LLC of $9 million and $37 million as of September 30, 2018 and December 31, 2017 , respectively. These items are included to provide information regarding the relative size of the ZionSolutions, LLC unconsolidated VIE. See Note 13 — Asset Retirement Obligations for additional information.

For each of the unconsolidated VIEs, Exelon and Generation have assessed the risk of a loss equal to their maximum exposure to be remote and, accordingly, Exelon and Generation have not recognized a liability associated with any portion of the maximum exposure to loss. In addition, there are no material agreements with, or commitments by, third parties that would affect the fair value or risk of their variable interests in these VIEs.

4. Mergers, Acquisitions and Dispositions (Exelon and Generation)

Acquisition of FirstEnergy Solutions Load Business

On July 9, 2018, Generation entered into an Asset Purchase Agreement (the Purchase Agreement) with FirstEnergy Solutions Corporation (FirstEnergy). Pursuant to the Purchase Agreement, FirstEnergy will assign all of its retail electricity and wholesale load serving contracts and certain other related commodity contracts to Generation for an all cash purchase price of $140 million . Pursuant to the

Purchase Agreement, Generation has agreed to use its commercially reasonable efforts to replace the guarantees and other credit support currently being provided by FirstEnergy in support of the ongoing competitive retail businesses and to reimburse FirstEnergy for any payments arising pursuant to such arrangements continuing for any post-closing period.

The transaction is expected to close in the fourth quarter of 2018. The closing of the transaction is subject to certain conditions including the approval of the Purchase Agreement by the United States Bankruptcy Court for the Northern District of Ohio following the auction and expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976. Either party may terminate the Purchase Agreement if the transaction has not been consummated by December 31, 2018. The Purchase Agreement also includes various representations, warranties, covenants, indemnification and other provisions customary for a transaction of this nature.

Acquisition of Handley Generating Station

On November 7, 2017, EGTP and all of its wholly owned subsidiaries filed voluntary petitions for relief under Chapter 11 of Title 11 of the United States Code in the United States Bankruptcy Court for the District of Delaware, which resulted in Exelon and Generation deconsolidating EGTP's assets and liabilities from their consolidated financial statements in the fourth quarter of 2017. Concurrently with the Chapter 11 filings, Generation entered into an asset purchase agreement to acquire one of EGTP's generating plants, the Handley Generating Station, subject to a potential adjustment for fuel oil and assumption of certain liabilities. In the Chapter 11 Filings, EGTP requested that the proposed acquisition of the Handley Generating Station be consummated through a court-approved and supervised sales process. The acquisition was approved by the Bankruptcy Court in January 2018 and closed on April 4, 2018 for a purchase price of $62 million . The Chapter 11 bankruptcy proceedings were finalized on April 17, 2018, resulting in the ownership of EGTP assets (other than the Handley Generating Station) being transferred to EGTP's lenders.

Acquisition of James A. FitzPatrick Nuclear Generating Station

On March 31, 2017, Generation acquired the 842 MW single-unit James A. FitzPatrick (FitzPatrick) nuclear generating station located in Scriba, New York from Entergy Nuclear FitzPatrick LLC (Entergy) for a total purchase price of $289 million , which consisted of a cash purchase price of $110 million and a net cost reimbursement to and on behalf of Entergy of $179 million . As part of the acquisition agreements, Generation provided nuclear fuel and reimbursed Entergy for incremental costs to prepare for and conduct a plant refueling outage; and Generation reimbursed Entergy for incremental costs to operate and maintain the plant for the period after the refueling outage through the acquisition closing date. These reimbursements covered costs that Entergy otherwise would have avoided had it shut down the plant as originally intended in January 2017. The amounts reimbursed by Generation were offset by FitzPatrick's electricity and capacity sales revenues for this same post-outage period. As part of the transaction, Generation received the FitzPatrick NDT fund assets and assumed the obligation to decommission FitzPatrick. The NRC license for FitzPatrick expires in 2034.

The fair values of FitzPatrick’s assets and liabilities were determined based on significant estimates and assumptions that are judgmental in nature, including projected future cash flows (including timing), discount rates reflecting risk inherent in the future cash flows and future power and fuel market prices. The valuations performed in the first quarter of 2017 to determine the fair value of the FitzPatrick assets acquired and liabilities assumed were updated in the third quarter of 2017. The purchase price allocation is now final.

For the three months ended March 31, 2017, an after-tax bargain purchase gain of $226 million is included within Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income and primarily reflects differences in strategies between Generation and Entergy for the intended use and ultimate decommissioning of the plant. During the third quarter of 2017, Exelon and Generation

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recorded an additional after-tax bargain purchase gain of $7 million for the three months ended September 30, 2017. The total after-tax bargain purchase gain recorded at Exelon and Generation was $233 million for the twelve months ended December 31, 2017. See Note 13 — Asset Retirement Obligations and Note 14 — Retirement Benefits for additional information regarding the FitzPatrick decommissioning ARO and pension and OPEB updates.

The following table summarizes the acquisition-date fair value of the consideration transferred and the assets and liabilities assumed for the FitzPatrick acquisition by Generation:

Cash paid for purchase price	$	110
Cash paid for net cost reimbursement		125
Nuclear fuel transfer		54
Total consideration transferred	$	289
Identifiable assets acquired and liabilities assumed		
Current assets	$	60
Property, plant and equipment		298
Nuclear decommissioning trust funds		807
Other assets [(a)]		114
Total assets	$	1,279
Current liabilities	$	6
Nuclear decommissioning ARO		444
Pension and OPEB obligations		33
Deferred income taxes		149
Spent nuclear fuel obligation		110
Other liabilities		15
Total liabilities	$	757
Total net identifiable assets, at fair value	$	522
Bargain purchase gain (after-tax)	$	233

(a) Includes a $110 million asset associated with a contractual right to reimbursement from the New York Power Authority (NYPA), a prior owner of FitzPatrick, associated with the DOE one-time fee obligation. See Note 23 - Commitments and Contingencies of the Exelon 2017 Form 10-K for additional information regarding SNF obligations to the DOE.

Exelon and Generation incurred $16 million and $47 million of merger and integration costs related to FitzPatrick for the three and nine months ended September 30, 2017 , respectively, which are included within Operating and maintenance expense in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income. Exelon and Generation did not incur any merger and integration costs related to FitzPatrick for the three and nine months ended September 30, 2018 .

Disposition of Oyster Creek

On July 31, 2018, Generation entered into an agreement with Holtec International (Holtec) and its indirect wholly owned subsidiary, Oyster Creek Environmental Protection, LLC (OCEP), for the sale and decommissioning of the Oyster Creek Generating Station (Oyster Creek) located in Forked River, New Jersey. On September 17, 2018, Oyster Creek permanently ceased generation operations.

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Under the terms of the transaction, Generation will transfer to OCEP substantially all the assets associated with Oyster Creek, including assets held in NDT funds, along with the assumption of liability for all responsibility for the site, including full decommissioning and ongoing management of spent fuel until the spent fuel is moved offsite. In addition to the assumption of liability for the full decommissioning and ongoing management of spent fuel, other consideration to be received in the transaction is contingent on several factors, including a requirement that Generation deliver a minimum NDT fund balance at closing, subject to adjustment for specific terms that include income taxes that would be imposed on any net unrealized built-in gains and certain decommissioning activities to be performed during the pre-close period after the unit shuts down in the fall of 2018 and prior to the anticipated close of the transaction. The terms of the transaction also include various forms of performance assurance for the obligations of OCEP to timely complete the required decommissioning, including a parental guaranty from Holtec for all performance and payment obligations of OCEP, and a requirement for Holtec to deliver a letter of credit to Generation upon the occurrence of specified events.

As a result of the transaction, in the third quarter of 2018, Exelon and Generation reclassified certain Oyster Creek assets and liabilities on Exelon’s and Generation’s Consolidated Balance Sheets as held for sale at their respective fair values. Upon remeasurement of the Oyster Creek ARO in the third quarter of 2018, Exelon and Generation recognized an $84 million pre-tax charge to Operating and maintenance expense.

Completion of the transaction contemplated by the sale agreement is subject to the satisfaction of several closing conditions, including approval of the license transfer from the NRC and other regulatory approvals, and the receipt of a private letter ruling from the IRS. Generation currently anticipates satisfaction of the closing conditions to occur in the second half of 2019.

Other Asset Disposition

In December 2017, Generation entered into an agreement to sell its interest in an electrical contracting business that primarily installs, maintains and repairs underground and high-voltage cable transmission and distribution systems. As a result, as of December 31, 2017 , certain assets and liabilities were classified as held for sale and included in the Other current assets and Other current liabilities balances on Exelon's and Generation's Consolidated Balance Sheet. On February 28, 2018, Generation completed the sale of its interest for $87 million , resulting in a pre-tax gain which is included within Gain on sales of assets and businesses on Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income. In June 2018, additional proceeds were received, and a pre-tax gain was recorded within Gain on sales of assets and businesses on Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income.

5. Revenue from Contracts with Customers (All Registrants)

The Registrants recognize revenue from contracts with customers to depict the transfer of goods or services to customers at an amount that the entities expect to be entitled to in exchange for those goods or services. Generation’s primary sources of revenue include competitive sales of power, natural gas, and other energy-related products and services. The Utility Registrants’ primary sources of revenue include regulated electric and gas tariff sales, distribution and transmission services. The performance obligations associated with these sources of revenue are further discussed below.

Unless otherwise noted, for each of the significant revenue categories and related performance obligations described below, the Registrants have the right to consideration from the customer in an amount that corresponds directly with the value transferred to the customer for the performance completed to date. Therefore, the Registrant's have elected to use the right to invoice practical expedient for the contracts within these revenue categories and generally recognize revenue in the amount for

which they have the right to invoice the customer. As a result, there are generally no significant judgments used in determining or allocating the transaction price.

Competitive Power Sales (Exelon and Generation)

Generation sells power and other energy-related commodities to both wholesale and retail customers across multiple geographic regions through its customer-facing business, Constellation. Power sale contracts generally contain various performance obligations including the delivery of power and other energy-related commodities such as capacity, ZECs, RECs or other ancillary services. Certain performance obligations such as power and capacity are generally delivered over time whereas other performance obligations such as RECs and ZECs are generally delivered at a point in time. In either case, revenues related to all of the performance obligations in such bundled power sale contracts are generally recognized concurrently as the power is generated. Except as noted in the paragraph below, there are no significant judgments in allocating the transaction price since all performance obligations are satisfied simultaneously upon the generation of power. Payment terms generally require that the customers pay for the power or the energy-related commodity within the month following delivery to the customer and there are generally no significant financing components.

Certain contracts may contain limits on the total amount of revenue we are able to collect over the entire term of the contract. In such cases, the Registrants estimate the total consideration expected to be received over the term of the contract net of the constraint and allocate the expected consideration to the performance obligations in the contract such that revenue is recognized ratably over the term of the entire contract as the performance obligations are satisfied.

Competitive Natural Gas Sales (Exelon and Generation)

Generation sells natural gas on a full requirements basis or for an agreed upon volume to both commercial and residential customers. The primary performance obligation associated with natural gas sale contracts is the delivery of the natural gas to the customer. Revenues related to the sale of natural gas are recognized over time as the natural gas is delivered to and consumed by the customer. Payment from customers is typically due within the month following delivery of the natural gas to the customer and there are generally no significant financing components.

Other Competitive Products and Services (Exelon and Generation)

Generation also sells other energy-related products and services such as long-term construction and installation of energy efficiency assets and new power generating facilities, primarily to commercial and industrial customers. These contracts generally contain a single performance obligation, which is the construction and/or installation of the asset for the customer. The average contract term for these projects is approximately 18 months. Revenues, and associated costs, are recognized throughout the contract term using an input method to measure progress towards completion. The method recognizes revenue based on the various inputs used to satisfy the performance obligation, such as costs incurred and total labor hours expended. The total amount of revenue that will be recognized is based on the agreed upon contractually-stated amount. Payments from customers are typically due within 30 or 45 days from the date the invoice is generated and sent to the customer.

Regulated Electric and Gas Tariff Sales (Exelon and the Utility Registrants)

The Utility Registrants sell electricity and electricity distribution services to residential, commercial, industrial and governmental customers through regulated tariff rates approved by their state regulatory commissions. PECO, BGE and DPL also sell natural gas and gas distribution services to residential, commercial, and industrial customers through regulated tariff rates approved by their state regulatory commissions. The performance obligation associated with these tariff sale contracts is the delivery of electricity and/or natural gas. Tariff sales are generally considered daily contracts given that customers

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can discontinue service at any time. Revenues are generally recognized over time (each day) as the electricity and/or natural gas is delivered to customers. Payment terms generally require that customers pay for the services within the month following delivery of the electricity or natural gas to the customer and there are generally no significant financing components or variable consideration.

Electric and natural gas utility customers have the choice to purchase electricity or natural gas from competitive electric generation and natural gas suppliers. While the Utility Registrants are required under state legislation to bill their customers for the supply and distribution of electricity and/or natural gas, they recognize revenue related only to the distribution services when customers purchase their electricity or natural gas from competitive suppliers.

Regulated Transmission Services (Exelon and the Utility Registrants)

Under FERC's open access transmission policy, the Utility Registrants, as owners of transmission facilities, are required to provide open access to their transmission facilities under filed tariffs at cost-based rates approved by FERC. The Utility Registrants are members of PJM, the regional transmission organization designated by FERC to coordinate the movement of wholesale electricity in PJM's region, which includes portions of the mid-Atlantic and Midwest. In accordance with FERC-approved rules, the Utility Registrants and other transmission owners in the PJM region make their transmission facilities available to PJM, which directs and controls the operation of these transmission facilities and accordingly compensates the Utility Registrants and other transmission owners. The performance obligations associated with the Utility Registrants' contract with PJM include (i) Network Integration Transmission Services (NITS), (ii) scheduling, system control and dispatch services, and (iii) access to the wholesale grid. These performance obligations are satisfied over time, and Utility Registrants utilize output methods to measure the progress towards their completion. Passage of time is used for NITS and access to the wholesale grid and MWhs of energy transported over the wholesale grid is used for scheduling, system control and dispatch services. PJM pays the Utility Registrants for these services on a weekly basis and there are no financing components or variable consideration.

Costs to Obtain or Fulfill a Contract with a Customer (Exelon and Generation)

Generation incurs incremental costs in order to execute certain retail power and gas sales contracts. These costs primarily relate to retail broker fees and sales commissions. Generation has capitalized such contract acquisition costs in the amount of $30 million and $26 million as of September 30, 2018 and December 31, 2017 , respectively, within Other current assets and Other deferred debits in Exelon's and Generation's Consolidated Balance Sheets. These costs are capitalized when incurred and amortized using the straight-line method over the average length of such retail contracts, which is approximately 2 years. Exelon and Generation recognized amortization expense associated with these costs in the amount of $6 million and $16 million for the three and nine months ended September 30, 2018 , respectively, and $7 million and $24 million for the three and nine months ended September 30, 2017 , respectively, within Operating and maintenance expense in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income. Generation does not incur material costs to fulfill contracts with customers that are not already capitalized under existing guidance. In addition, the Utility Registrants do not incur any material costs to obtain or fulfill contracts with customers.

Contract Balances (All Registrants)

Contract Assets

Generation records contract assets for the revenue recognized on the construction and installation of energy efficiency assets and new power generating facilities before Generation has an unconditional right to bill for and receive the consideration from the customer. These contract assets are subsequently reclassified to receivables when the right to payment becomes unconditional. Generation records contract assets and contract receivables within Other current assets and Accounts receivable, net -

Customer, respectively, within Exelon's and Generation's Consolidated Balance Sheets. The following table provides a rollforward of the contract assets reflected on Exelon's and Generation's Consolidated Balance Sheets from January 1, 2018 to September 30, 2018 :

Contract Assets	Exelon and Generation
Balance as of January 1, 2018	$ 283
Increases as a result of changes in the estimate of the stage of completion	34
Amounts reclassified to receivables	(120)
Balance at September 30, 2018	$ 197

The Utility Registrants do not have any contract assets.

Contract Liabilities

Generation records contract liabilities when consideration is received or due prior to the satisfaction of the performance obligations. These contract liabilities primarily relate to upfront consideration received or due for equipment service plans, solar panel leases and the Illinois ZEC program that introduces a cap on the total consideration to be received by Generation. Generation records contract liabilities within Other current liabilities and Other noncurrent liabilities within Exelon's and Generation's Consolidated Balance Sheets. The following table provides a rollforward of the contract liabilities reflected on Exelon's and Generation's Consolidated Balance Sheet from January 1, 2018 to September 30, 2018 :

Contract Liabilities	Exelon and Generation
Balance as of January 1, 2018	$ 35
Increases as a result of additional cash received or due	389
Amounts recognized into revenues	(387)
Balance at September 30, 2018	$ 37

The Utility Registrants also record contract liabilities when consideration is received prior to the satisfaction of the performance obligations. As of September 30, 2018 and December 31, 2017 , the Utility Registrants' contract liabilities were immaterial.

Transaction Price Allocated to Remaining Performance Obligations (All Registrants)

The following table shows the amounts of future revenues expected to be recorded in each year for performance obligations that are unsatisfied or partially unsatisfied as of September 30, 2018 . Generation has elected the exemption which permits the exclusion from this disclosure of certain variable contract consideration. As such, the majority of Generation's power and gas sales contracts are excluded from this disclosure as they contain variable volumes and/or variable pricing. Thus, this disclosure only includes contracts for which the total consideration is fixed and determinable at contract inception. The average contract term varies by customer type and commodity but ranges from one month to several years.

The majority of the Utility Registrants' tariff sale contracts are generally day-to-day contracts and, therefore, do not contain any future, unsatisfied performance obligations to be included in this disclosure. Further, the Utility Registrants have elected the exemption to not disclose the transaction price allocation to remaining performance obligations for contracts with an original expected duration of one year or less. As such, gas and electric tariff sales contracts and transmission revenue contracts are excluded from this disclosure.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	2019	2020	2021	2022	2023 and thereafter	Total
Exelon	$ 647	$ 302	$ 119	$ 47	$ 137	$ 1,252
Generation	647	302	119	47	137	1,252

Revenue Disaggregation (All Registrants)

The Registrants disaggregate revenue recognized from contracts with customers into categories that depict how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors. See Note 19 — Segment Information for the presentation of the Registrant's revenue disaggregation.

6. Regulatory Matters (All Registrants)

Except for the matters noted below, the disclosures set forth in Note 3 — Regulatory Matters of the Exelon 2017 Form 10-K reflect, in all material respects, the current status of regulatory and legislative proceedings of the Registrants. The following is an update to that discussion.

Illinois Regulatory Matters

Tax Cuts and Jobs Act (Exelon and ComEd). On January 18, 2018, the ICC approved ComEd's petition filed on January 5, 2018 seeking approval to pass back to customers beginning February 1, 2018 $201 million in tax savings resulting from the enactment of the TCJA through a reduction in electric distribution rates. The amounts being passed back to customers reflect the benefit of lower income tax rates beginning January 1, 2018 and the settlement of a portion of deferred income tax regulatory liabilities established upon enactment of the TCJA. See Note 12 — Income Taxes for additional information on Corporate Tax Reform.

Electric Distribution Formula Rate (Exelon and ComEd). On April 16, 2018, ComEd filed its annual distribution formula rate update with the ICC. The filing establishes the revenue requirement used to set the rates that will take effect in January 2019 after the ICC's review and approval, which is due by December 2018. The revenue requirement requested is based on 2017 actual costs plus projected 2018 capital additions as well as an annual reconciliation of the revenue requirement in effect in 2017 to the actual costs incurred that year. ComEd's 2018 filing request includes a total decrease to the revenue requirement of $23 million , reflecting a decrease of $58 million for the initial revenue requirement for 2018 and an increase of $35 million related to the annual reconciliation for 2017. The revenue requirement for 2018 and the annual reconciliation for 2017 provides for a weighted average debt and equity return on distribution rate base of 6.52% inclusive of an allowed ROE of 8.69% , reflecting the average rate on 30 -year treasury notes plus 580 basis points. See table below for ComEd's regulatory assets associated with its electric distribution formula rate. See Note 3 — Regulatory Matters of the Exelon 2017 Form 10-K for additional information on ComEd's distribution formula rate filings.

During the first quarter 2018, ComEd revised its electric distribution formula rate, as provided for by FEJA, to reduce the ROE collar calculation from plus or minus 50 basis points to 0 basis points beginning with the reconciliation filed in 2018 for the 2017 calendar year. This revision effectively offsets the favorable or unfavorable impacts to ComEd's electric distribution formula rate revenues associated with variations in delivery volumes associated with above or below normal weather, numbers of customers or usage per customer. ComEd began reflecting the impacts of this change in its electric distribution formula rate regulatory asset in the first quarter 2017.

Energy Efficiency Formula Rate (Exelon and ComEd). On June 1, 2018, ComEd filed its annual energy efficiency formula rate update with the ICC. The filing establishes the 2019 application year revenue requirement used to set the rates that will take effect in January 2019 after the ICC's review

and approval, which is due by December 2018. The revenue requirement requested is based on 2017 actual costs plus projected 2018 and 2019 expenditures as well as an annual reconciliation of the revenue requirement in effect in 2017 to the actual costs incurred that year. ComEd's 2018 filing request includes a total increase to the revenue requirement of $39 million , reflecting an increase of $38 million for the initial revenue requirement for 2018 and an increase of $1 million related to the annual reconciliation for 2017. The revenue requirement for the 2019 application year provides for a weighted average debt and equity return on rate base of 6.52% inclusive of an allowed ROE of 8.69% , reflecting the average rate on 30 -year treasury notes plus 580 basis points.

Zero Emission Standard (Exelon, Generation and ComEd). Pursuant to FEJA, on January 25, 2018, the ICC announced that Generation's Clinton Unit 1, Quad Cities Unit 1 and Quad Cities Unit 2 nuclear plants were selected as the winning bidders through the IPA's ZEC procurement event. Generation executed the ZEC procurement contracts with Illinois utilities, including ComEd, effective January 26, 2018 and began recognizing revenue. Winning bidders are entitled to compensation for the sale of ZECs retroactive to the June 1, 2017 effective date of FEJA. During the three months ended September 30, 2018 , Generation recognized revenue of $61 million . During the nine months ended September 30, 2018 , Generation recognized revenue of $315 million , of which $150 million related to ZECs generated from June 1, 2017 through December 31, 2017.

ComEd recovers all costs associated with purchasing ZECs through a rate rider that provides for an annual reconciliation and true-up to actual costs incurred by ComEd to purchase ZECs, with any difference to be credited to or collected from ComEd's retail customers in subsequent periods with interest. ComEd began billing its retail customers under its new ZEC rate rider on June 1, 2017.

On February 14, 2017, two lawsuits were filed in the Northern District of Illinois against the IPA alleging that the state's ZEC program violates certain provisions of the U.S. Constitution. One lawsuit was filed by customers of ComEd, led by the Village of Old Mill Creek, and the other was brought by the EPSA and three other electric suppliers. Both lawsuits argued that the Illinois ZEC program would distort PJM's FERC-approved energy and capacity market auction system of setting wholesale prices and sought a permanent injunction preventing the implementation of the program. Exelon intervened and filed motions to dismiss in both lawsuits. On July 14, 2017, the district court granted the motions to dismiss. On July 17, 2017, the plaintiffs appealed the decision to the U.S. Court of Appeals for the Seventh Circuit. On February 21, 2018, the U.S. Court of Appeals for the Seventh Circuit issued an order inviting the Solicitor General to express the views of the United States on the matter. On May 29, 2018, the Solicitor General and FERC filed its brief in the U.S. Court of Appeals for the Seventh Circuit stating that the Illinois ZEC program does not violate federal law or interfere with FERC's authority to regulate wholesale power markets. On September 13, 2018, the U.S. Circuit Court of Appeals for the Seventh Circuit affirmed the lower court's dismissal of both lawsuits. On September 27, 2018, the plaintiffs filed a request for a panel rehearing with the U.S. Circuit Court of Appeals for the Seventh Circuit. On October 9, 2018, the U.S. Circuit Court of Appeals for the Seventh Circuit panel denied the request for rehearing.

See Note 8 — Early Plant Retirements for additional information regarding the economic challenges facing Generation's Clinton and Quad Cities nuclear plants and the expected benefits of the ZES.

Pennsylvania Regulatory Matters

2018 Pennsylvania Electric Distribution Base Rate Case (Exelon and PECO). On March 29, 2018, PECO filed a request with the PAPUC seeking approval to increase its electric distribution base rates by $82 million beginning January 1, 2019. This requested amount includes the effect of an approximately $71 million reduction as a result of the ongoing annual tax savings beginning January 1, 2019 associated with the TCJA. The requested ROE was 10.95% .

On August 28, 2018, PECO and interested parties filed with the PAPUC a petition for partial settlement for an increase of $25 million in annual electric distribution service revenues, which includes

the effect of an approximately $71 million reduction as a result of the ongoing annual tax savings beginning January 1, 2019 associated with the TCJA. No overall ROE was specified in the partial settlement. On October 18, 2018, the Administrative Law Judges issued a Recommended Decision to the PAPUC that the partial settlement be approved without modification. A final ruling from the PAPUC is expected before December 31, 2018, and if approved, the new electric distribution base rates will become effective on January 1, 2019.

Tax Cuts and Jobs Act (Exelon and PECO). On May 17, 2018, the PAPUC issued an order to all Pennsylvania utility companies, including PECO, requiring that the annual tax savings beginning on January 1, 2018 associated with TCJA be passed back to customers. The order directs Pennsylvania utility companies without an existing base rate case, including PECO's gas distribution business, to start passing back the savings from January 1, 2018 onward through a negative surcharge mechanism to be effective on July 1, 2018. Pursuant to the May 17, 2018 order, PECO filed a negative surcharge mechanism and began on July 1, 2018, to return an estimated $4 million in annual 2018 tax savings to its natural gas distribution customers. For Pennsylvania utility companies with existing base rate cases, including PECO's electric distribution base rate case, the timing of when and how to pass the annual TCJA savings to customers will be resolved through the base rate case proceeding.

As part of the rate case filing referenced above, PECO is seeking approval to pass back to electric distribution customers $68 million in 2018 TCJA tax savings of which the majority will be passed back in January 2019 with the remainder refunded over the balance of the year. The TCJA tax savings would be an additional offset to the proposed increase to its electric distribution rates. The amounts being proposed to be passed back to customers reflect the respective annual benefits of lower income tax rates established upon enactment of the TCJA.

See Note 12 — Income Taxes for additional information on Corporate Tax Reform and the table below for regulatory liabilities recognized during 2018 associated with TCJA tax savings that will be passed through future customer rates.

Maryland Regulatory Matters

Tax Cuts and Jobs Act (Exelon, BGE, PHI, Pepco and DPL). On January 12, 2018, the MDPSC issued an order that directed each of BGE, Pepco and DPL to track the impacts of the TCJA beginning January 1, 2018 and file by February 15, 2018 how and when they expect to pass through such impacts to their customers.

On January 31, 2018, the MDPSC approved BGE's petition to pass back to customers $103 million in ongoing annual tax savings resulting from the enactment of the TCJA through a reduction in distribution base rates beginning February 1, 2018, of which $72 million and $31 million were related to electric and natural gas, respectively. The amounts being passed back to customers reflect the ongoing annual benefit of lower income tax rates and the settlement of a portion of deferred income tax regulatory liabilities established upon enactment of the TCJA. BGE's natural gas distribution rate case filing in June 2018 included a request to provide to customers the natural gas portion of the January 2018 TCJA savings over a 5-year period.

On April 20, 2018, Pepco entered into a settlement agreement with several parties to resolve all issues in its pending electric distribution base rate case, including the treatment of the annual ongoing TCJA tax savings as well as the TCJA tax savings from January 1, 2018 through the expected effective date of the rate change. On May 31, 2018, the MDPSC issued an order approving the settlement agreement with an effective date of June 1, 2018. See discussion below for additional information.

On February 9, 2018, DPL filed with the MDPSC seeking approval to pass back to customers $13 million in ongoing annual TCJA tax savings through a reduction in electric distribution base rates beginning in 2018. On April 18, 2018, the MDPSC approved a settlement agreement to pass back to

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customers $14 million in ongoing annual TCJA tax savings through a reduction in electric distribution base rates beginning April 20, 2018. The amounts being passed back to customers reflect the ongoing annual benefit of lower income tax rates and the settlement of a portion of deferred income tax regulatory liabilities established upon enactment of the TCJA. In addition, the MDPSC separately ordered DPL to provide a one-time bill credit to customers of $2 million in June 2018 representing the TCJA tax savings from January 1, 2018 through March 31, 2018.

See Note 12 — Income Taxes for additional information on Corporate Tax Reform and the table below for regulatory liabilities recognized during 2018 associated with TCJA tax savings that will be passed through future customer rates.

The Maryland Strategic Infrastructure Development and Enhancement Program (Exelon and BGE). On December 1, 2017 (and as amended on January 22, 2018), BGE filed an application with the MDPSC seeking approval for a new gas infrastructure replacement plan and associated surcharge, effective for the five-year period from 2019 through 2023. On May 30, 2018, the MDPSC approved with modifications a new infrastructure plan and associated surcharge, subject to BGE's acceptance of the Order. On June 1, 2018, BGE accepted the MDPSC Order and the associated surcharge will be effective in rates beginning in January 2019. The new five-year plan calls for capital expenditures over the 2019-2023 timeframe of $732 million , with an associated revenue requirement of $200 million .

2018 Maryland Natural Gas Distribution Base Rates (Exelon and BGE). On June 8, 2018, and as amended on August 24, 2018 and October 12, 2018, BGE filed an application with the MDPSC to increase natural gas revenues by $61 million , reflecting a requested ROE of 10.5% . BGE expects a decision in the first quarter of 2019 but cannot predict how much of the requested increase the MDPSC will approve.

2018 Maryland Electric Distribution Base Rates (Exelon, PHI and Pepco). On January 2, 2018, Pepco filed an application with the MDPSC to increase its annual electric distribution base rates by $41 million , reflecting a requested ROE of 10.1% . On February 5, 2018, Pepco filed with the MDPSC an update to its current distribution base rate case to reflect $31 million in ongoing annual TCJA tax savings, thereby reducing the requested annual base rate increase to $11 million . On March 8, 2018, Pepco filed with the MDPSC a subsequent update to its electric distribution base rate case, which further reduced the requested annual base rate increase to $3 million . On April 20, 2018, Pepco entered into a settlement agreement with several parties to resolve all issues in the rate case and filed the settlement agreement with the MDPSC. The settlement agreement provides for a net decrease to annual electric distribution base rates of $15 million , which includes annual ongoing TCJA tax savings, and reflects a ROE of 9.5% . In addition, the settlement agreement separately provides a one-time bill credit to customers of approximately $10 million representing the TCJA tax savings from January 1, 2018 through the expected rate effective date of June 1, 2018. On May 31, 2018, the MDPSC issued an order approving the settlement agreement with an effective date of June 1, 2018. Pepco issued the $10 million to customers in July 2018.

2017 Maryland Electric Distribution Base Rates (Exelon, PHI and DPL). On July 14, 2017, DPL filed an application with the MDPSC to increase its annual electric distribution base rates by $27 million , which was updated to $19 million on November 16, 2017, reflecting a requested ROE of 10.1% . On December 18, 2017, a settlement agreement was filed with the MDPSC wherein DPL will be granted a base rate increase of $13 million , and a ROE of 9.5% solely for purposes of calculating AFUDC and regulatory asset carrying costs. On February 9, 2018, the MDPSC approved the settlement agreement and the new rates became effective.

In the second quarter of 2018, DPL discovered a rate design issue in Maryland such that the current rates were not sufficient to collect the full amount of the $13 million revenue increase agreed to by the parties in the recent settlement. On September 5, 2018, the MDPSC approved DPL's proposed revisions to resolve the rate design issue on a prospective basis, effective September 5, 2018.

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Delaware Regulatory Matters

Tax Cuts and Jobs Act (Exelon, PHI and DPL). On January 16, 2018, the DPSC opened a docket indicating that DPL's TCJA tax savings would be addressed in its pending rate cases. See discussion below for further information on the proposed treatment of the TCJA tax savings in DPL's pending electric and natural gas distribution base rate cases.

2017 Delaware Electric and Natural Gas Distribution Base Rates (Exelon, PHI and DPL). On August 17, 2017 (as updated on February 9, 2018 to reflect $19 million and $7 million of ongoing annual TCJA tax savings for electric and natural gas, respectively), DPL filed applications with the DPSC to increase its annual electric and natural gas distribution base rates by $12 million and $4 million , respectively, reflecting a requested ROE of 10.1% . The ongoing annual TCJA tax savings reflect the ongoing annual benefit of lower income tax rates and the settlement of a portion of deferred income tax regulatory liabilities established upon enactment of the TCJA. Of the proposed electric and natural gas rate increases, $2.5 million of each were put into effect in the fourth quarter 2017 and an additional $3 million and $1 million , respectively, were put into effect in the first quarter 2018, all of which are subject to refund based on the final DPSC order.

On June 27, 2018, DPL entered into a settlement agreement with all active parties in the proceeding related to its pending electric distribution base rate case. The settlement agreement provides for a net decrease to annual electric distribution base rates of $7 million , which includes annual ongoing TCJA tax savings, and reflects a ROE of 9.7% . In addition, the settlement agreement separately provides a one-time bill credit to customers of approximately $3 million representing the TCJA tax savings from February 1, 2018 through March 17, 2018, when full interim rates were put into effect. On August 21, 2018, the DPSC approved the settlement agreement as filed. DPL expects to issue the $3 million to customers in the fourth quarter of 2018.

On September 7, 2018 (as amended and restated on October 2, 2018), DPL entered into a partial settlement agreement with several parties in its pending gas distribution base rate case proceeding that provides for a net decrease to annual gas distribution base rates of $4 million , which includes annual ongoing TCJA tax savings, and reflects a ROE of 9.7% . In addition, the settlement agreement separately provides a one-time bill credit to customers of approximately $1 million , which includes the TCJA tax savings from February 1, 2018 through March 17, 2018, when full interim rates were put into effect. DPL expects a decision on the settlement agreement in the fourth quarter of 2018 but cannot predict if the DPSC will approve the settlement agreement as filed.

See Note 12 — Income Taxes for additional information on Corporate Tax Reform and the table below for regulatory liabilities recognized during 2018 associated with TCJA tax savings that will be passed through future customer rates.

District of Columbia Regulatory Matters

Tax Cuts and Jobs Act (Exelon, PHI and Pepco). On January 23, 2018, the DCPSC opened a rate proceeding directing Pepco to track the impacts of the TCJA beginning January 1, 2018 and file its plan to reduce the current revenue requirement by customer class by February 12, 2018. The DCPSC stated it will address the impact of the TCJA on future rates within Pepco's pending electric distribution base rate case discussed below.

On February 6, 2018, Pepco filed with the DCPSC seeking approval to pass back to customers $39 million in ongoing annual tax savings resulting from the enactment of the TCJA through a reduction to existing electric distribution base rates beginning in 2018. On April 17, 2018, Pepco entered into a settlement agreement with several parties to resolve all issues in its pending electric distribution base rate case, including the treatment of the annual ongoing TCJA tax savings as well as the TCJA tax savings from January 1, 2018 through the expected effective date of the rate change. On August 9,

2018, the DCPSC approved the settlement agreement with an effective date of August 13, 2018. See discussion below for additional information.

2017 District of Columbia Electric Distribution Base Rates (Exelon, PHI and Pepco). On December 19, 2017 (and updated on February 9, 2018), Pepco filed an application with the DCPSC to increase its annual electric distribution base rates by $66 million , reflecting a requested ROE of 10.1% . On April 17, 2018, Pepco entered into a settlement agreement with several parties to resolve both the pending electric distribution base rate case and the $39 million rate reduction request in the TCJA proceeding discussed above and filed the settlement agreement with the DCPSC. The settlement agreement provides for a net decrease to annual electric distribution rates of $24 million , which includes annual ongoing TCJA tax savings, and reflects a ROE of 9.525% . On August 9, 2018, the DCPSC approved the settlement agreement with an effective date of August 13, 2018. In addition, the settlement agreement separately provides for a one-time bill credit to customers of approximately $19 million representing the TCJA benefits for the period January 1, 2018 through the expected rate effective date of July 1, 2018. As rates did not go into effect until August 13, 2018, on September 7, 2018, Pepco submitted an updated filing for a one-time bill credit to customers of approximately $20 million , and an increase of $4 million to the customer base rate credit established in connection with the merger between Exelon and PHI for residential customers, representing the TCJA benefits for the period January 1, 2018 through August 12, 2018. Following the expiration of the comment period with no objections filed, Pepco issued the $20 million to customers in September 2018.

See Note 12 — Income Taxes for additional information on Corporate Tax Reform and the table below for regulatory liabilities recognized during 2018 associated with TCJA tax savings that will be passed through future customer rates.

New Jersey Regulatory Matters

Tax Cuts and Jobs Act (Exelon, PHI and ACE). On January 31, 2018, the NJBPU issued an order mandating that New Jersey utility companies, including ACE, pass any economic benefit from the TCJA to rate payers. The order directed New Jersey utility companies to file by March 2, 2018 proposed tariff sheets reflecting TCJA benefits, with new rates to be implemented in two phases. In addition, the NJBPU directed New Jersey utility companies to file by March 2, 2018 a Petition with the NJBPU outlining how they propose to refund any over-collection associated with revised rates not being in place from January 1, 2018 through March 31, 2018, with interest.

On March 2, 2018, ACE filed with the NJBPU seeking approval to pass back to customers $23 million in ongoing annual TCJA tax savings through a reduction in electric distribution base rates beginning in 2018. The amounts being passed back to customers would reflect the ongoing annual benefit of lower income tax rates and the settlement of a portion of deferred income tax regulatory liabilities established upon enactment of the TCJA. On March 26, 2018, the NJBPU issued an order accepting ACE’s proposed bill reduction related to the lower income tax rates. A portion of the annual decrease in electric distribution base rates totaling approximately $13 million was effective as of April 1, 2018, but considered interim. On August 29, 2018, the NJBPU issued an order approving final rates with an effective date of September 8, 2018, which reflects the full amount of ACE’s proposed $23 million reduction, including a one-time bill credit to customers of approximately $6 million representing the TCJA tax savings from January 1, 2018 through June 30, 2018. ACE expects to issue the $6 million to customers in the fourth quarter of 2018. ACE's treatment of the TCJA tax savings for the period July 1, 2018 through the effective date of the final rates is the subject of ongoing discussions, and ACE anticipates that the NJBPU will issue a clarifying order in the fourth quarter of 2018.

See Note 12 — Income Taxes for additional information on Corporate Tax Reform and the table below for regulatory liabilities recognized during 2018 associated with TCJA tax savings that will be passed through future customer rates.

ACE Infrastructure Investment Program Filing (Exelon, PHI and ACE). On February 28, 2018, ACE filed with the NJBPU the company's Infrastructure Investment Program (IIP) proposing to seek recovery of a series of investments through a new rider mechanism, totaling $338 million , between 2019-2022 to provide safe and reliable service for its customers. The IIP will allow for more timely recovery of investments made to modernize and enhance ACE's electric system. ACE currently expects a decision in this matter in the first quarter of 2019 but cannot predict if the NJBPU will approve the application as filed.

Update and Reconciliation of Certain Over and Under Recovered Balances (Exelon, PHI and ACE). On February 5, 2018, ACE submitted its 2018 annual petition with the NJBPU seeking to reconcile and update (i) charges related to the recovery of above-market costs associated with ACE's long-term power purchase contracts with the non-utility generators and (ii) costs related to surcharges for the New Jersey Societal Benefit Program (a statewide public interest program that is intended to benefit low income customers and address other public policy goals) and ACE's uncollectible accounts. As filed, the net impact of adjusting the charges as proposed would have been an overall annual rate decrease of $19 million , including New Jersey sales and use tax. On May 22, 2018, the NJBPU approved a stipulation of settlement among certain interested parties providing for an overall annual rate decrease of $33 million , effective June 1, 2018. The rate decrease was placed into effect provisionally, subject to a review by the NJBPU and the Division of Rate Counsel of the final underlying costs for reasonableness and prudence. This rate decrease will have no effect on ACE's operating income, since these revenues provide for recovery of deferred costs under an approved deferral mechanism. The matter is pending at the NJBPU.

New Jersey Clean Energy Legislation (Exelon, Generation and ACE). On May 23, 2018, the Governor of New Jersey signed new legislation, which became effective immediately, that establishes and modifies New Jersey's clean energy and energy efficiency programs and solar and renewable energy portfolio standards. The new legislation expands the state's renewable portfolio standard to require that 50% of electric generation sold be from renewable energy sources by 2030; modifies the New Jersey solar renewable energy portfolio standard to require that 5.1% of electric generation sold in New Jersey be from solar electric power by 2021, lowers the solar alternative compliance payment amount starting in 2019 and requires the NJBPU to adopt rules to replace the current solar renewable energy credit program; and requires the NJBPU to increase its offshore wind energy credit program to 3,500 MW. The new legislation further imposes an energy efficiency standard that each electric public utility will be required to reduce annual usage by 2% and provides for utilities to annually file for recovery of the costs of the programs, including the revenue impact of sales losses resulting from the programs. The NJBPU is required to initiate a study to determine the savings targets for each public utility, to adopt other rules regarding the programs, and to approve energy efficiency and peak demand reduction programs for each utility. The new legislation also requires the NJBPU to conduct an energy storage analysis including the potential costs and benefits and to initiate a proceeding to establish a goal of achieving 2,000 MW of energy storage by 2030; requires the utilities to conduct a study on voltage optimization on their distribution system; and requires the NJBPU to establish a community solar program to permit customers to participate in a solar project that is not located on the customer's property.

On the same day, the Governor of New Jersey also signed new legislation, which became effective immediately, that will establish a ZEC program providing compensation for nuclear plants that demonstrate to the NJBPU that they meet certain requirements, including that they make a significant contribution to air quality in the state and that their revenues are insufficient to cover their costs and risks. PSEG's Salem nuclear plant is expected to apply for approval to participate in the ZEC program. Under the new legislation, the NJBPU will issue ZECs to qualifying nuclear power plants and the electric distribution utilities in New Jersey, including ACE, will be required to purchase those ZECs. The NJBPU has 180 days from the effective date to establish procedures for implementation of the ZEC program and 330 days from the effective date to determine which nuclear power plants are selected to receive ZECs under the program. Selected nuclear plants will receive ZEC payments for each energy year (12-

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month period from June 1 through May 31) within 90 days after the completion of such energy year. The quantity of ZECs issued will be determined based on the greater of 40% of the total number of MWh of electricity distributed by the public electric distribution utilities in New Jersey in the prior year, or the total number of MWh of electricity generated in the prior year by the selected nuclear power plants. The ZEC price is approximately $10 per MWh during the first 3-year eligibility period. For eligibility periods following the first 3-year eligibility period, the NJBPU has discretion to reduce the ZEC price. Electric distribution utilities in New Jersey, including ACE, will be authorized to collect from retail distribution customers through a non-bypassable charge all costs associated with the utility's procurement of the ZECs. On August 29, 2018, the NJBPU issued an order opening a proceeding in which stakeholders can provide input on implementation of the ZEC program. See Note 8 - Early Plant Retirements for additional information on New Jersey's ZEC program potential impacts to PSEG's Salem nuclear plant.

2018 New Jersey Electric Distribution Base Rates (Exelon, PHI and ACE). On June 15, 2018, ACE submitted an application with the NJBPU to increase its annual electric distribution base rates by $99.7 million (before New Jersey sales and use tax), based upon a requested ROE of 10.1% . Included in the $99.7 million request is $40 million of higher depreciation expense related to ACE's updated depreciation study. On July 25, 2018, the NJBPU dismissed ACE's base rate case due to the number of forecasted months included in the twelve month test period. Historically, ACE and other New Jersey utilities have filed distribution base rate cases with a similar number of forecasted months in the test period.

On August 21, 2018, ACE refiled its application with the NJBPU, requesting an increase to its electric distribution rates of $109 million (before New Jersey sales and use tax), reflecting a requested ROE of 10.1% . Included in the $109 million request is $40 million of higher depreciation expense related to ACE's updated depreciation study. ACE currently expects a decision in this matter in the third quarter of 2019 but cannot predict if the NJBPU will approve the application as filed.

New York Regulatory Matters

New York Clean Energy Standard (Exelon and Generation). On August 1, 2016, the NYPSC issued an order establishing the New York CES, a component of which is a Tier 3 ZEC program targeted at preserving the environmental attributes of zero-emissions nuclear-powered generating facilities that meet the criteria demonstrating public necessity as determined by the NYPSC. The ZEC price for the first tranche has been set at $17.48 per MWh of production. Following the first tranche, the price will be updated bi-annually.

On October 19, 2016, a coalition of fossil-generation companies filed a complaint in federal district court against the NYPSC alleging that the ZEC program violates certain provisions of the U.S. Constitution; specifically, that the ZEC program interferes with FERC's jurisdiction over wholesale rates and that it discriminates against out of state competitors. On December 9, 2016, Generation and CENG filed a motion to intervene in the case and to dismiss the lawsuit. The State also filed a motion to dismiss. On July 25, 2017, the court granted both motions to dismiss. On August 24, 2017, the plaintiff appealed the decision to the U.S. Court of Appeals for the Second Circuit. On September 27, 2018, the U.S. Court of Appeals for the Second Circuit affirmed the lower court's dismissal of the complaint against the ZEC program.

In addition, on November 30, 2016, a group of parties, including certain environmental groups and individuals, filed a Petition in New York State court seeking to invalidate the ZEC program. The Petition, which was amended on January 13, 2017, argued that the NYPSC did not have authority to establish the program, that it violated state environmental law and that it violated certain technical provisions of the State Administrative Procedures Act (SAPA) when adopting the ZEC program. On February 15, 2017, Generation and CENG filed a motion to dismiss the state court action. The NYPSC also filed a motion to dismiss the state court action. On March 24, 2017, the plaintiffs filed a memorandum of law opposing the motions to dismiss, and Generation and CENG filed a reply brief on April 28, 2017. Oral

argument was held on June 19, 2017. On January 22, 2018, the court dismissed the environmental claims and the majority of the plaintiffs from the case but denied the motions to dismiss with respect to the remaining five plaintiffs and claims, without commenting on the merits of the case. The case is now proceeding to summary judgment with the full record. Exelon's and the state's answers and briefs were filed on March 30, 2018. Plaintiffs' responses were due on May 11, 2018; however, on April 17, 2018, the plaintiffs filed an order to show cause seeking production of additional documents, including confidential financial information. Exelon and the state filed in opposition to the order to show cause. On July 18, 2018, the court denied the order to show cause and ordered the parties to provide the court with an agreed upon final schedule for the remaining brief. Negotiations over the schedule for the remaining briefing have not yet been finalized. After briefing is completed, the court will decide whether or not to set the case for hearing.

Other legal challenges remain possible, the outcomes of which remain uncertain. See Note 8 — Early Plant Retirements for additional information related to Ginna and Nine Mile Point.

Federal Regulatory Matters

Tax Cuts and Jobs Act and Transmission-Related Income Tax Regulatory Assets (Exelon and the Utility Registrants). Pursuant to their respective transmission formula rates, ComEd, PECO, BGE, Pepco, DPL and ACE began passing back to customers on June 1, 2018, the benefit of lower income tax rates effective January 1, 2018. ComEd's, BGE's, Pepco's, DPL's and ACE's transmission formula rates currently do not provide for the pass back or recovery of income tax-related regulatory liabilities or assets, including those established upon enactment of the TCJA.

On December 13, 2016 (and as amended on March 13, 2017), BGE filed with FERC to begin recovering certain existing and future transmission-related income tax regulatory assets through its transmission formula rate. BGE's existing regulatory assets included (1) amounts that, if BGE's transmission formula rate provided for recovery, would have been previously amortized and (2) amounts that would be amortized and recovered prospectively. ComEd, Pepco, DPL and ACE had similar transmission-related income tax regulatory liabilities and assets also requiring FERC approval. On November 16, 2017, FERC issued an order rejecting BGE's proposed revisions to its transmission formula rate to recover these transmission-related income tax regulatory assets. FERC's rejection order focused on the lack of timeliness of BGE's request to recover amounts that would have been previously amortized but indicated that ongoing recovery of certain transmission-related income tax regulatory assets would provide for a more accurate revenue requirement. Based on FERC's order, management of each company concluded that the portion of the total transmission-related income tax regulatory assets that would have been previously amortized and recovered through rates had the transmission formula rate provided for such recovery was no longer probable of recovery. As a result, Exelon, ComEd, BGE, PHI, Pepco, DPL and ACE recorded charges to Income tax expense within their Consolidated Statements of Operations and Comprehensive Income in the fourth quarter of 2017, reducing their associated transmission-related income tax regulatory assets. Similar regulatory assets and liabilities at PECO are not subject to the same FERC transmission rate recovery formula and, thus, are not impacted by BGE's November 16, 2017 FERC order. See below for additional information regarding PECO's transmission formula rate filing.

On December 18, 2017, BGE filed for clarification and rehearing of FERC's order, still seeking full recovery of its existing transmission-related income tax regulatory asset amounts, including those amounts that would have been previously amortized and recovered through rates had the transmission formula rate provided for such recovery. On February 27, 2018 (and updated on March 26, 2018), BGE submitted a letter to FERC advising that the lower federal corporate income tax rate effective January 1, 2018 provided for in TCJA will be reflected in BGE's annual formula rate update effective June 1, 2018, but that the deferred income tax benefits will not be passed back to customers unless BGE's

formula rate is revised to provide for pass back and recovery of transmission-related income tax-related regulatory liabilities and assets.

On February 23, 2018 (and as amended on July 9, 2018), ComEd, Pepco, DPL, and ACE each filed with FERC to revise their transmission formula rate mechanisms to facilitate passing back to customers ongoing annual TCJA tax savings and to permit recovery of transmission-related income tax regulatory assets, including those amounts that would have been previously amortized and recovered through rates had the transmission formula rate provided for such recovery.

On September 7, 2018, FERC issued orders rejecting BGE’s December 18, 2017 request for rehearing and clarification and ComEd's, Pepco's, DPL's and ACE's February 23, 2018 (as amended on July 9, 2018) filings, again citing the lack of timeliness of the requests to recover amounts that would have been previously amortized, but indicating that ongoing recovery of certain transmission-related income tax regulatory assets would provide for a more accurate revenue requirement. The orders did not address the remittance of TCJA transmission-related income tax regulatory liabilities, but rather referenced FERC’s separate Notice of Inquiry of such amounts issued on March 15, 2018.

On October 1, 2018, ComEd, BGE, Pepco, DPL, and ACE submitted new filings to recover ongoing non-TCJA amortization amounts and refund TCJA transmission-related income tax regulatory liabilities for the prospective period starting on October 1, 2018 but cannot predict the outcome of these FERC proceedings. If FERC ultimately rules that the future, ongoing non-TCJA amortization amounts are not recoverable, Exelon, ComEd, BGE, PHI, Pepco, DPL and ACE would record additional charges to Income tax expense, which could be up to approximately $73 million , $51 million , $13 million , $9 million , $3 million , $5 million and $1 million , respectively, as of September 30, 2018 .

On October 9, 2018, ComEd, Pepco, DPL, and ACE sought rehearing of FERC's September 7, 2018 order, still seeking full recovery of their existing transmission-related income tax regulatory asset amounts, including those amounts that would have been previously amortized and recovered through rates had the transmission formula rate provided for such recovery. ComEd, Pepco, DPL, and ACE cannot predict the outcome of this rehearing request. BGE has 60 days from the FERC September 7, 2018 order to file a petition for review in the federal court of appeals.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Transmission Formula Rate (Exelon, ComEd, BGE, PHI, Pepco, DPL and ACE). The following total (decreases)/increases were included in ComEd's, BGE's, Pepco's, DPL's and ACE's 2018 annual electric transmission formula rate updates.

	2018				
Annual Transmission Updates [a][b]	**ComEd**	**BGE**	**Pepco**	**DPL**	**ACE**
Initial revenue requirement (decrease) increase	$ (44)	$ 10	$ 6	$ 14	$ 4
Annual reconciliation increase (decrease)	18	4	2	13	(4)
Dedicated facilities increase [c]	—	12	—	—	—
Total revenue requirement (decrease) increase	$ (26)	$ 26	$ 8	$ 27	$ —
Allowed return on rate base [d]	8.32%	7.61%	7.82%	7.29%	8.02%
Allowed ROE [e]	11.50%	10.50%	10.50%	10.50%	10.50%

(a) All rates are effective June 2018 , subject to review by the FERC and other parties, which is due by fourth quarter 2018 .
(b) The initial revenue requirement changes reflect the annual benefit of lower income tax rates effective January 1, 2018 resulting from the enactment of the TCJA of $69 million , $18 million , $13 million , $12 million and $11 million for ComEd, BGE, Pepco, DPL and ACE, respectively. They do not reflect the pass back or recovery of income tax-related regulatory liabilities or assets, including those established upon enactment of the TCJA. See further discussion above.
(c) BGE's transmission revenues include a FERC-approved dedicated facilities charge to recover the costs of providing transmission service to a specifically designated load by BGE.
(d) Represents the weighted average debt and equity return on transmission rate bases.
(e) As part of the FERC-approved settlement of ComEd's 2007 transmission rate case, the rate of return on common equity is 11.50% and the common equity component of the ratio used to calculate the weighted average debt and equity return for the transmission formula rate is currently capped at 55% . As part of the FERC-approved settlement of the ROE complaint against BGE, Pepco, DPL and ACE, the rate of return on common equity is 10.50% , inclusive of a 50 basis point incentive adder for being a member of a regional transmission organization.

See Note 3 - Regulatory Matters of the Exelon 2017 Form 10-K for additional information regarding transmission formula rate updates.

Transmission Formula Rate (Exelon and PECO). On May 1, 2017, PECO filed a request with FERC seeking approval to update its transmission rates and change the manner in which PECO's transmission rate is determined from a fixed rate to a formula rate. The formula rate will be updated annually to ensure that under this rate customers pay the actual costs of providing transmission services. The formula rate filing includes a requested increase of $22 million to PECO's annual transmission revenues and a requested rate of return on common equity of 11% , inclusive of a 50 basis point adder for being a member of a regional transmission organization. PECO requested that the new transmission rate be effective as of July 2017. On June 27, 2017, FERC issued an Order accepting the filing and suspending the proposed rates until December 1, 2017, subject to refund, and set the matter for hearing and settlement judge procedures. On May 4, 2018, the Chief Administrative Law Judge terminated settlement judge procedures and designated a new presiding judge. PECO cannot predict the final outcome of this proceeding, or the transmission formula FERC may approve.

On May 11, 2018, pursuant to the transmission formula rate request discussed above, PECO made its first annual formula rate update, which included a revenue decrease of $6 million . The revenue decrease of $6 million included an approximately $20 million reduction as a result of the tax savings associated with the TCJA. The updated transmission rate was effective June 1, 2018, subject to refund.

PJM Transmission Rate Design (All Registrants). On June 15, 2016, a number of parties, including the Utility Registrants, filed a proposed settlement with FERC to resolve outstanding issues related to cost responsibility for charges to transmission customers for certain transmission facilities that operate at or above 500 kV. The settlement included provisions for monthly credits or charges related

to the periods prior to January 1, 2016 that are expected to be refunded or recovered through PJM wholesale transmission rates through December 2025.

On May 31, 2018, FERC issued an order approving the settlement and directed PJM to adjust wholesale transmission rates within 30 days. Pursuant to the order, similar charges for the period January 1, 2016 through June 30, 2018 will also be refunded or recovered through PJM wholesale transmission rates over the subsequent 12-month period. PJM commenced billing the refunds and charges associated with this settlement in August 2018. The Utility Registrants expect to refund or recover these settlement amounts through prospective electric distribution customer rates. On July 2, 2018, a number of parties filed petitions for rehearing or clarification.

Pursuant to the FERC approval of the settlement and the expected refund or recovery of the associated amounts from electric distribution customers, in the second quarter of 2018 and as adjusted in the third quarter of 2018, the Utility Registrants recorded the following payables to/receivables from PJM and related regulatory assets/liabilities. Generation recorded a $41 million net payable to PJM and a pre-tax charge within Purchased power and fuel expense in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income.

	PJM Receivable	PJM Payable	Regulatory Asset	Regulatory Liability
Exelon	$ 220	$ 176	$ 136	$ 221
Generation	—	41	—	—
ComEd	122	—	—	122
PECO	85	—	—	85
BGE	—	51	51	—
PHI [(a)]	13	84	85	14
Pepco	—	84	84	—
DPL	10	—	—	10
ACE	3	—	1	4

(a) PHI reflects the consolidated impacts of Pepco, DPL, and ACE.

Operating License Renewals (Exelon and Generation). On August 29, 2012, Generation submitted a hydroelectric license application to FERC for a 46 -year license for the Conowingo Hydroelectric Project (Conowingo). In connection with Generation's efforts to obtain a water quality certification pursuant to Section 401 of the Clean Water Act (401 Certification) with Maryland Department of the Environment (MDE) for Conowingo, Generation continues to work with MDE and other stakeholders to resolve water quality licensing issues, including: (1) water quality, (2) fish habitat, and (3) sediment.

On April 21, 2016, Generation and the U.S. Fish and Wildlife Service of the U.S. Department of the Interior executed a Settlement Agreement resolving all fish passage issues between the parties. The financial impact of the Settlement Agreement is estimated to be $3 million to $7 million per year, on average, over the life of the new license, including both capital and operating costs. The actual timing and amount of these costs are not currently fixed and may vary significantly from year to year throughout the life of the new license.

On April 27, 2018, the MDE issued its 401 Certification for Conowingo. As issued, the 401 Certification contains numerous conditions, including those relating to reduction of nutrients from upstream sources, removal of all visible trash and debris from upstream sources, and implementation of measures relating to fish passage, which could have a material, unfavorable impact on Exelon's and Generation's results of operations, cash flows and financial positions through an increase in capital

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expenditures and operating costs if implemented. On May 25, 2018, Generation filed complaints in federal and state court, along with a petition for reconsideration with MDE, alleging that the conditions are unfair and onerous violating MDE regulations, state, federal, and constitutional law. Generation also requested that FERC defer action on the federal license while these significant state and federal law issues are pending. On July 9, 2018, MDE filed a motion to dismiss Generation's complaint in state court, which was granted without prejudice on October 9, 2018. The court found MDE's Certification was not a "final decision" of Exelon's rights and that because Exelon's motion for reconsideration remains pending, as does its administrative appeal of the 401 Certification, there was no final administrative decision for the court to review at this time. Exelon continues to challenge the 401 Certification through the administrative process and in federal court. Exelon and Generation cannot predict the final outcome or its financial impact, if any, on Exelon or Generation.

As of September 30, 2018 , $35 million of direct costs associated with Conowingo licensing efforts have been capitalized. See Note 3 — Regulatory Matters of the Exelon 2017 Form 10-K for additional information on Generation's operating license renewal efforts.

On July 10, 2018, Generation submitted a second 20-year license renewal application with the NRC for Peach Bottom Units 2 and 3. Generation anticipates the second license renewal process to take approximately 2 years from the application submission until completion of the NRC’s review process. Peach Bottom Units 2 and 3 are licensed to operate through 2033 and 2034, respectively.

Regulatory Assets and Liabilities (Exelon and the Utility Registrants)

Exelon and the Utility Registrants each prepare their consolidated financial statements in accordance with the authoritative guidance for accounting for certain types of regulation. Under this guidance, regulatory assets represent incurred costs that have been deferred because of their probable future recovery from customers through regulated rates. Regulatory liabilities represent the excess recovery of costs or accrued credits that have been deferred because it is probable such amounts will be returned to customers through future regulated rates or represent billings in advance of expenditures for approved regulatory programs.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following tables provide information about the regulatory assets and liabilities of Exelon and the Utility Registrants as of September 30, 2018 and December 31, 2017 . See Note 3 — Regulatory Matters of the Exelon 2017 Form 10-K for additional information on the specific regulatory assets and liabilities.

September 30, 2018	Exelon	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Regulatory assets								
Pension and other postretirement benefits [a]	$ 3,710	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Deferred income taxes	391	—	381	—	10	10	—	—
AMI programs [c]	583	142	27	198	216	144	72	—
Electric distribution formula rate [d]	228	228	—	—	—	—	—	—
Energy efficiency costs	357	357	—	—	—	—	—	—
Debt costs	102	34	1	11	68	15	7	6
Fair value of long-term debt	716	—	—	—	581	—	—	—
Fair value of PHI's unamortized energy contracts	600	—	—	—	600	—	—	—
Asset retirement obligations	114	76	22	15	1	1	—	—
MGP remediation costs	318	299	19	—	—	—	—	—
Under-recovered uncollectible accounts	71	71	—	—	—	—	—	—
Renewable energy	260	259	—	—	1	—	—	1
Energy and transmission programs [e][f][g][h][i][j]	251	7	50	72	122	93	15	14
Deferred storm costs	45	—	—	—	45	11	5	29
Energy efficiency and demand response programs	561	—	2	291	268	194	74	—
Merger integration costs [k][l][m]	44	—	—	4	40	18	12	10
Under-recovered revenue decoupling [n]	64	—	—	—	64	64	—	—
COPCO acquisition adjustment	3	—	—	—	3	—	3	—
Workers compensation and long-term disability costs	36	—	—	—	36	36	—	—
Vacation accrual	24	—	11	—	13	—	8	5
Securitized stranded costs	57	—	—	—	57	—	—	57
CAP arrearage	10	—	10	—	—	—	—	—
Removal costs	555	—	—	—	555	156	97	302
DC PLUG charge	168	—	—	—	168	168	—	—
Other	74	12	9	6	47	36	8	3
Total regulatory assets	9,342	1,485	532	597	2,895	946	301	427
Less: current portion	1,340	256	84	195	521	284	66	44
Total noncurrent regulatory assets	$ 8,002	$ 1,229	$ 448	$ 402	$ 2,374	$ 662	$ 235	$ 383

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

September 30, 2018	Exelon	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Regulatory liabilities								
Other postretirement benefits	$ 20	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Deferred income taxes [b]	5,054	2,418	—	1,015	1,621	734	493	394
Nuclear decommissioning	2,958	2,469	489	—	—	—	—	—
Removal costs	1,566	1,370	—	67	129	20	109	—
Deferred rent	34	—	—	—	34	—	—	—
Energy efficiency and demand response programs	10	3	5	—	2	—	—	2
DLC program costs	7	—	7	—	—	—	—	—
Electric distribution tax repairs	10	—	10	—	—	—	—	—
Gas distribution tax repairs	4	—	4	—	—	—	—	—
Energy and transmission programs [e][f][g][h][i][j]	372	204	143	7	18	—	14	4
Over-recovered revenue decoupling [n]	21	—	—	17	4	—	4	—
Renewable portfolio standards costs	140	140	—	—	—	—	—	—
Zero emission credit costs	18	18	—	—	—	—	—	—
Over-recovered uncollectible accounts	2	—	—	—	2	—	—	2
Merger integration costs [l]	3	—	—	—	3	—	3	—
TCJA income tax benefit over-recoveries [o]	108	—	61	19	28	6	8	14
Other	118	16	21	40	41	4	23	12
Total regulatory liabilities	10,445	6,638	740	1,165	1,882	764	654	428
Less: current portion	689	320	159	95	99	5	67	27
Total noncurrent regulatory liabilities	$ 9,756	$ 6,318	$ 581	$ 1,070	$ 1,783	$ 759	$ 587	$ 401

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

December 31, 2017	Exelon	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Regulatory assets								
Pension and other postretirement benefits [a]	$ 3,848	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Deferred income taxes	306	—	297	—	9	9	—	—
AMI programs [c]	640	155	36	214	235	158	77	—
Electric distribution formula rate [d]	244	244	—	—	—	—	—	—
Energy efficiency costs	166	166	—	—	—	—	—	—
Debt costs	116	37	1	11	73	15	8	5
Fair value of long-term debt	758	—	—	—	619	—	—	—
Fair value of PHI's unamortized energy contracts	750	—	—	—	750	—	—	—
Asset retirement obligations	109	73	22	14	—	—	—	—
MGP remediation costs	295	273	22	—	—	—	—	—
Under-recovered uncollectible accounts	61	61	—	—	—	—	—	—
Renewable energy	258	256	—	—	2	—	1	1
Energy and transmission programs [e][g][h][i][j]	82	6	1	23	52	11	15	26
Deferred storm costs	27	—	—	—	27	7	5	15
Energy efficiency and demand response programs	596	—	1	285	310	229	81	—
Merger integration costs [k][l][m]	45	—	—	6	39	20	10	9
Under-recovered revenue decoupling [n]	55	—	—	14	41	38	3	—
COPCO acquisition adjustment	5	—	—	—	5	—	5	—
Workers compensation and long-term disability costs	35	—	—	—	35	35	—	—
Vacation accrual	19	—	6	—	13	—	8	5
Securitized stranded costs	79	—	—	—	79	—	—	79
CAP arrearage	8	—	8	—	—	—	—	—
Removal costs	529	—	—	—	529	150	93	286
DC PLUG charge	190	—	—	—	190	190	—	—
Other	67	8	16	4	39	29	8	4
Total regulatory assets	9,288	1,279	410	571	3,047	891	314	430
Less: current portion	1,267	225	29	174	554	213	69	71
Total noncurrent regulatory assets	$ 8,021	$ 1,054	$ 381	$ 397	$ 2,493	$ 678	$ 245	$ 359

December 31, 2017	Exelon	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Regulatory liabilities								
Other postretirement benefits	$ 30	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Deferred income taxes [b]	5,241	2,479	—	1,032	1,730	809	510	411
Nuclear decommissioning	3,064	2,528	536	—	—	—	—	—
Removal costs	1,573	1,338	—	105	130	20	110	—
Deferred rent	36	—	—	—	36	—	—	—
Energy efficiency and demand response programs	23	4	19	—	—	—	—	—
DLC program costs	7	—	7	—	—	—	—	—
Electric distribution tax repairs	35	—	35	—	—	—	—	—
Gas distribution tax repairs	9	—	9	—	—	—	—	—
Energy and transmission programs [e][f][i][j]	111	47	60	—	4	—	1	3
Renewable portfolio standard costs	63	63	—	—	—	—	—	—
Zero emission credit costs	112	112	—	—	—	—	—	—
Over-recovered uncollectible accounts	2	—	—	—	2	—	—	2
Other	82	6	24	26	26	3	14	6
Total regulatory liabilities	10,388	6,577	690	1,163	1,928	832	635	422
Less: current portion	523	249	141	62	56	3	42	11
Total noncurrent regulatory liabilities	$ 9,865	$ 6,328	$ 549	$ 1,101	$ 1,872	$ 829	$ 593	$ 411

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(a) Includes regulatory assets established at the Constellation and PHI merger dates of $401 million and $897 million , respectively, as of September 30, 2018 and $440 million and $953 million , respectively, as of December 31, 2017 related to the rate regulated portions of the deferred costs associated with legacy Constellation's and PHI's pension and other postretirement benefit plans that are being amortized and recovered over approximately 12 years and 3 to 15 years, respectively (as established at the respective acquisition dates). The Utility Registrants are not earning or paying a return on these amounts.

(b) As of September 30, 2018 , includes transmission-related income tax regulatory liabilities that require FERC approval separate from the transmission formula rate of $464 million , $135 million , $136 million , $145 million and $141 million for ComEd, BGE, Pepco, DPL and ACE, respectively. As of December 31, 2017 , includes transmission-related income tax regulatory liabilities that require FERC approval separate from the transmission formula rate of $484 million , $ 137 million , $147 million , $148 million and $147 million for ComEd, BGE, Pepco, DPL and ACE, respectively.

(c) As of September 30, 2018 , BGE's regulatory asset of $198 million includes $117 million of unamortized incremental deployment costs under the program, $48 million of unamortized costs of the non-AMI meters replaced under the AMI program, and $33 million related to post-test year incremental program deployment costs incurred prior to approval became effective June 2016. As of December 31, 2017 , BGE's regulatory asset of $214 million includes $129 million of unamortized incremental deployment costs under the program, $53 million of unamortized costs of the non-AMI meters replaced under the AMI program, and $32 million related to post-test year incremental program deployment costs incurred prior to approval became effective June 2016. Recovery of the post-test year incremental deployment costs will be addressed in a future base rate proceeding.

(d) As of September 30, 2018 , ComEd's regulatory asset of $228 million was comprised of $165 million for the 2016, 2017 and 2018 annual reconciliations and $63 million related to significant one-time events. As of December 31, 2017 , ComEd's regulatory asset of $244 million was comprised of $186 million for the 2016 and 2017 annual reconciliations and $58 million related to significant one-time events.

(e) As of September 30, 2018 , ComEd's regulatory asset of $7 million represents transmission costs recoverable through its FERC approved formula rate. As of September 30, 2018 , ComEd's regulatory liability of $204 million included $101 million related to the PJM Transmission Rate Design Settlement, $72 million related to over-recovered energy costs and $31 million associated with revenues received for renewable energy requirements. As of December 31, 2017 , ComEd's regulatory asset of $6 million represents transmission costs recoverable through its FERC approved formula rate. As of December 31, 2017 , ComEd's regulatory liability of $47 million included $14 million related to over-recovered energy costs and $33 million associated with revenues received for renewable energy requirements.

(f) As of September 30, 2018 , PECO's regulatory asset of $50 million represents the under-recovered natural gas costs under the PGC. As of December 31, 2017 , PECO's regulatory asset of $1 million is related to under-recovered costs under the TSC program. As of September 30, 2018 , PECO's regulatory liability of $143 million included $85 million related to the PJM Transmission Rate Design Settlement, $43 million related to over-recovered costs under the DSP program, $3 million related to the over-recovered transmission service charges and $12 million related to over-recovered non-bypassable transmission service charges. As of December 31, 2017 , PECO's regulatory liability of $60 million included $36 million related to over-recovered costs under the DSP program, $12 million related to over-recovered non-bypassable transmission service charges and $12 million related to the over-recovered natural gas costs under the PGC.

(g) As of September 30, 2018 , BGE's regulatory asset of $72 million included $48 million related to the PJM Transmission Rate Design Settlement, $14 million of costs associated with transmission costs recoverable through its FERC approved formula rate, $7 million related to under-recovered electric energy costs and $3 million of abandonment costs to be recovered upon FERC approval. As of September 30, 2018 , BGE's regulatory liability of $7 million related to over-recovered natural gas costs. As of December 31, 2017 , BGE's regulatory asset of $23 million included $7 million of costs associated with transmission costs recoverable through its FERC approved formula rate, $5 million related to under-recovered electric energy costs, $3 million of abandonment costs to be recovered upon FERC approval and $8 million of under-recovered natural gas costs.

(h) As of September 30, 2018 , Pepco's regulatory asset of $93 million included $74 million related to the PJM Transmission Rate Design Settlement, $7 million of transmission costs recoverable through its FERC approved formula rate and $12 million related to under-recovered electric energy costs. As of December 31, 2017 , Pepco's regulatory asset of $11 million included $3 million of transmission costs recoverable through its FERC approved formula rate and $8 million of under-recovered electric energy costs.

(i) As of September 30, 2018 , DPL's regulatory asset of $15 million included $14 million of transmission costs recoverable through its FERC approved formula rate and $1 million related to under-recovered electric energy costs. As of September 30, 2018 , DPL's regulatory liability of $14 million included $10 million related to the PJM Transmission Rate Design Settlement and $4 million related to over-recovered electric energy and gas fuel costs. As of December 31, 2017 , DPL's regulatory asset of $15 million included $8 million of transmission costs recoverable through its FERC approved formula rate and $7 million related to under-recovered electric energy costs. As of December 31, 2017 , DPL's regulatory liability of $1 million related to over-recovered electric energy costs.

(j) As of September 30, 2018 , ACE's regulatory asset of $14 million included $7 million of transmission costs recoverable through its FERC approved formula rate and $7 million of under-recovered electric energy costs. As of September 30, 2018 , ACE's regulatory liability of $4 million included $3 million related to the PJM Transmission Rate Design Settlement and $1 million related to over-recovered electric energy costs. As of December 31, 2017 , ACE's regulatory asset of $26 million included $11 million of transmission costs recoverable through its FERC approved formula rate and $15 million of under-recovered electric energy costs. As of December 31, 2017 , ACE's regulatory liability of $3 million related to over-recovered electric energy costs.

(k) As of September 30, 2018 , Pepco's regulatory asset of $18 million represents previously incurred PHI integration costs, including $9 million authorized for recovery in Maryland and $9 million expected to be recovered in the District of Columbia service territory. As of December 31, 2017 , Pepco's regulatory asset of $20 million represents previously incurred PHI integration costs, including $11 million authorized for recovery in Maryland and $9 million expected to be recovered in the District of Columbia service territory.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

(l) As of September 30, 2018 , DPL's regulatory asset of $12 million represents previously incurred PHI integration costs, including $4 million authorized for recovery in Maryland, $5 million authorized for recovery in Delaware electric rates, $2 million authorized for recovery in Delaware gas rates and $1 million expected to be recovered in electric rates in the Delaware and Maryland service territories. As of September 30, 2018 , DPL's regulatory liability of $3 million represents net synergy savings incurred related to PHI integration costs that are expected to be returned in electric and gas rates in the Delaware service territory. As of December 31, 2017 , DPL's regulatory asset of $10 million represents previously incurred PHI integration costs, including $4 million authorized for recovery in Maryland, $5 million authorized for recovery in Delaware electric rates, and $1 million expected to be recovered in electric and gas rates in the Maryland and Delaware service territories.

(m) As of September 30, 2018 and December 31, 2017 , ACE's regulatory asset of $10 million and $9 million , respectively, represents previously incurred PHI integration costs expected to be recovered in the New Jersey service territory.

(n) Represents the electric and natural gas distribution costs recoverable from customers under BGE's decoupling mechanism. As of September 30, 2018 , BGE had a regulatory asset of less than $1 million related to under-recovered electric revenue decoupling and a regulatory liability of $17 million related to over-recovered natural gas revenue decoupling. As of December 31, 2017 , BGE had a regulatory asset of $10 million related to under-recovered electric revenue decoupling and $4 million related to under-recovered natural gas revenue decoupling.

(o) Represents over-recoveries related to the change in the federal income tax rate with the enactment of the TCJA. These regulatory liabilities will be amortized as the TCJA income tax benefits are passed back to customers. See Tax Cuts and Jobs Act disclosures above for additional information on the regulatory proceedings.

Capitalized Ratemaking Amounts Not Recognized (Exelon and the Utility Registrants)

The following table presents authorized amounts capitalized for ratemaking purposes related to earnings on shareholders' investment that are not recognized for financial reporting purposes on Exelon's and the Utility Registrant's Consolidated Balance Sheets. These amounts will be recognized as revenues in the related Consolidated Statements of Operations and Comprehensive Income in the periods they are billable to our customers.

	Exelon	ComEd [a]	PECO	BGE [b]	PHI	Pepco [c]	DPL [c]	ACE
September 30, 2018	$ 67	$ 8	$ —	$ 50	$ 9	$ 5	$ 4	$ —

	Exelon	ComEd [a]	PECO	BGE [b]	PHI	Pepco [c]	DPL [c]	ACE
December 31, 2017	$ 69	$ 6	$ —	$ 53	$ 10	$ 6	$ 4	$ —

(a) Reflects ComEd's unrecognized equity returns earned for ratemaking purposes on its electric distribution formula rate regulatory assets.
(b) BGE's authorized amounts capitalized for ratemaking purposes primarily relate to earnings on shareholders' investment on its AMI programs.
(c) Pepco's and DPL's authorized amounts capitalized for ratemaking purposes relate to earnings on shareholders' investment on their respective AMI Programs and Energy Efficiency and Demand Response Programs. The earnings on energy efficiency are on Pepco DC and DPL DE programs only.

Purchase of Receivables Programs (Exelon and the Utility Registrants)

ComEd, PECO, BGE, Pepco, DPL and ACE are required, under separate legislation and regulations in Illinois, Pennsylvania, Maryland, District of Columbia and New Jersey, to purchase certain receivables from retail electric and natural gas suppliers that participate in the utilities' consolidated billing. ComEd, BGE, Pepco and DPL purchase receivables at a discount to recover primarily uncollectible accounts expense from the suppliers. PECO is required to purchase receivables at face value and is permitted to recover uncollectible accounts expense, including those from Third Party Suppliers, from customers through distribution rates. ACE purchases receivables at face value. ACE recovers all uncollectible accounts expense, including those from Third Party Suppliers, through the Societal Benefits Charge (SBC) rider, which includes uncollectible accounts expense as a component. The SBC is filed annually with the NJBPU. Exelon and the Utility Registrants do not record unbilled commodity receivables under the POR programs. Purchased billed receivables are classified in Other accounts receivable, net on Exelon's and the Utility Registrant's Consolidated Balance Sheets. The following tables provide information about the purchased receivables of those companies as of September 30, 2018 and December 31, 2017 .

As of September 30, 2018	Exelon	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Purchased receivables	$ 379	$ 120	$ 91	$ 60	$ 108	$ 69	$ 11	$ 28
Allowance for uncollectible accounts [(a)]	(37)	(19)	(5)	(3)	(10)	(5)	(1)	(4)
Purchased receivables, net	$ 342	$ 101	$ 86	$ 57	$ 98	$ 64	$ 10	$ 24

As of December 31, 2017	Exelon	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Purchased receivables	$ 298	$ 87	$ 70	$ 58	$ 83	$ 56	$ 9	$ 18
Allowance for uncollectible accounts [(a)]	(31)	(14)	(5)	(3)	(9)	(5)	(1)	(3)
Purchased receivables, net	$ 267	$ 73	$ 65	$ 55	$ 74	$ 51	$ 8	$ 15

(a) For ComEd, BGE, Pepco and DPL, reflects the incremental allowance for uncollectible accounts recorded, which is in addition to the purchase discount. For ComEd, the incremental uncollectible accounts expense is recovered through its Purchase of Receivables with Consolidated Billing tariff.

7. Impairment of Long-Lived Assets (Exelon and Generation)

Registrants evaluate long-lived assets for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. In the second quarter of 2018, updates to Exelon's long-term view of energy and capacity prices suggested that the carrying value of a group of merchant wind assets, located in West Texas, may be impaired. Upon review, the estimated undiscounted future cash flows and fair value of the group were less than its carrying value. The fair value analysis was based on the income approach using significant unobservable inputs (Level 3) including revenue and generation forecasts, projected capital and maintenance expenditures and discount rates. As a result, long-lived merchant wind assets held and used with a net carrying amount of $41 million were fully impaired and a pre-tax impairment charge of $41 million was recorded during the second quarter of 2018 within Operating and maintenance expense in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income.

During the first quarter of 2018, Mystic Unit 9 did not clear in the ISO-NE capacity auction for the 2021 - 2022 planning year. On March 29, 2018, Generation announced it had formally notified ISO-NE of the early retirement of its Mystic Generating Station's Units 7, 8, 9 and the Mystic Jet Unit (Mystic Generating Station assets) absent regulatory reforms. These events suggested that the carrying value of its New England asset group may be impaired. As a result, Generation completed a comprehensive

review of the estimated undiscounted future cash flows of the New England asset group and no impairment charge was required. Further developments such as the failure of ISO-NE to adopt interim and long-term solutions for reliability and fuel security could potentially result in future impairments of the New England asset group, which could be material. See Note 8 — Early Plant Retirements for additional information on the early retirement of the Mystic Generating Station assets.

On May 2, 2017, EGTP entered into a consent agreement with its lenders to initiate an orderly sales process to sell the assets of its wholly owned subsidiaries. As a result, Exelon and Generation classified certain of EGTP's assets and liabilities as held for sale at their respective fair values less costs to sell and recorded a pre-tax impairment charge of $460 million within Operating and maintenance expense on their Consolidated Statements of Operations and Comprehensive Income of which $418 million was recorded in the second quarter of 2017. On November 7, 2017, EGTP and its wholly owned subsidiaries filed voluntary petitions for relief under Chapter 11 of Title 11 of the United States Code in the United States Bankruptcy Court for the District of Delaware and, as a result, Exelon and Generation deconsolidated EGTP's assets and liabilities from their consolidated financial statements. See Note 4 — Mergers, Acquisitions and Dispositions for additional information.

8. Early Plant Retirements (Exelon and Generation)

Exelon and Generation continue to evaluate the current and expected economic value of each of Generation's plants. Factors that will continue to affect the economic value of Generation's plants include, but are not limited to: market power prices, results of capacity auctions, potential legislative and regulatory solutions to ensure plants are fairly compensated for benefits they provide through their carbon-free emissions, reliability, or fuel security, and the impact of potential rules from the EPA requiring reduction of carbon and other emissions and the efforts of states to implement those final rules. The precise timing of an early retirement date for any plant, and the resulting financial statement impacts, may be affected by many factors, including the status of potential regulatory or legislative solutions, results of any transmission system reliability study assessments, the nature of any co-owner requirements and stipulations, and decommissioning trust fund requirements for nuclear plants, among other factors. However, the earliest retirement date for any plant would usually be the first year in which the unit does not have capacity or other obligations, and where applicable, just prior to its next scheduled nuclear refueling outage.

In 2015 and 2016, Generation identified the Clinton and Quad Cities nuclear plants in Illinois, Ginna and Nine Mile Point nuclear plants in New York and Three Mile Island nuclear plant in Pennsylvania as having the greatest risk of early retirement based on economic valuation and other factors.

Assuming the continued effectiveness of the Illinois ZES and the New York CES, Generation and CENG, through its ownership of Ginna and Nine Mile Point, no longer consider Clinton, Quad Cities, Ginna or Nine Mile Point to be at heightened risk for early retirement. However, to the extent either the Illinois ZES or the New York CES programs do not operate as expected over their full terms, each of these nuclear plants could again be at heightened risk for early retirement, which could have a material impact on Exelon's and Generation's future results of operations, cash flows and financial positions. See Note 6 — Regulatory Matters for additional information on the Illinois ZES and New York CES.

In Pennsylvania, the TMI nuclear plant did not clear in the May 2017 PJM capacity auction for the 2020-2021 planning year, the third consecutive year that TMI failed to clear the PJM base residual capacity auction. The plant is currently committed to operate through May 2019 and is licensed to operate through 2034. On May 30, 2017, based on these capacity auction results, prolonged periods of low wholesale power prices, and the absence of federal or state policies that place a value on nuclear energy for its ability to produce electricity without air pollution, Exelon announced that Generation will permanently cease generation operations at TMI on or about September 30, 2019. Generation has filed the required market and regulatory notifications to shut down the plant. PJM has subsequently notified

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Generation that it has not identified any reliability issues and has approved the deactivation of TMI as proposed.

On February 2, 2018, Exelon announced that Generation will permanently cease generation operations at Oyster Creek nuclear plant at the end of its current operating cycle in 2018. On September 17, 2018, Oyster Creek permanently ceased generation operations. In 2010, Generation announced that Oyster Creek would retire by the end of 2019 as part of an agreement with the State of New Jersey to avoid significant costs associated with the construction of cooling towers to meet the State's then new environmental regulations. Since then, like other nuclear sites, Oyster Creek has continued to face rising operating costs amid a historically low wholesale power price environment. The decision to retire Oyster Creek in 2018 at the end of its current operating cycle involved consideration of several factors, including economic and operating efficiencies, and avoids a refueling outage scheduled for the fall of 2018 that would have required advanced purchasing of fuel fabrication and materials beginning in late February 2018. Generation has filed the required market and regulatory notifications to shut down the plant. PJM has subsequently notified Generation that it has not identified any reliability issues and has approved the deactivation of Oyster Creek as proposed.

As a result of these early nuclear plant retirement decisions, Exelon and Generation recognized one-time charges in Operating and maintenance expense related to materials and supplies inventory reserve adjustments, employee-related costs and CWIP impairments, among other items. In addition to these one-time charges, annual incremental non-cash charges to earnings stemming from shortening the expected economic useful lives primarily related to accelerated depreciation of plant assets (including any ARC), accelerated amortization of nuclear fuel, and additional ARO accretion expense associated with the changes in decommissioning timing and cost assumptions were also recorded. See Note 13 — Asset Retirement Obligations for additional information on changes to the nuclear decommissioning ARO balance.

During the three and nine months ended September 30, 2018 , both Exelon's and Generation's results include a net incremental $174 million and $525 million , respectively, of total pre-tax expense associated with the early retirement decisions for TMI and Oyster Creek, as summarized in the table below.

Income statement expense (pre-tax)	Q3 2018	YTD 2018
Depreciation and amortization [(a)]		
Accelerated depreciation [(b)]	$ 152	$ 441
Accelerated nuclear fuel amortization	18	52
Operating and maintenance [(c)]	4	32
Total	$ 174	$ 525

(a) Reflects incremental accelerated depreciation and amortization for TMI and Oyster Creek for the three and nine months ended September 30, 2018 . The Oyster Creek year-to-date amounts are from February 2, 2018 through September 17, 2018.
(b) Reflects incremental accelerated depreciation of plant assets, including any ARC.
(c) Primarily includes materials and supplies inventory reserve adjustments, employee related costs and CWIP impairments. It does not include remeasurement of the Oyster Creek ARO. Refer to Note 13 - Asset Retirement Obligations for additional detail.

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Exelon's and Generation's 2017 results included a net incremental $339 million of total pre-tax expense associated with the early retirement decision for TMI, as summarized in the table below.

Income statement expense (pre-tax)	Q2 2017	Q3 2017	Q4 2017	YTD 2017
Depreciation and amortization [(a)]				
Accelerated depreciation [(b)]	$ 35	$ 106	$ 109	$ 250
Accelerated nuclear fuel amortization	2	6	4	12
Operating and maintenance [(c)]	71	5	1	77
Total	$ 108	$ 117	$ 114	$ 339

(a) Reflects incremental charges for TMI including incremental accelerated depreciation and amortization from May 30, 2017 through December 31, 2017.
(b) Reflects incremental accelerated depreciation of plant assets, including any ARC.
(c) Primarily includes materials and supplies inventory reserve adjustments, employee related costs and CWIP impairments.

In 2017, PSEG made public similar financial challenges facing its New Jersey nuclear plants including Salem, of which Generation owns a 42.59% ownership interest. Although Salem is committed to operate through May 2021, the plant faces continued economic challenges and PSEG, as the operator of the plant, is exploring all options.

On May 23, 2018, the Governor of New Jersey signed new legislation, which became effective immediately, that will establish a ZEC program providing compensation for nuclear plants that demonstrate to the NJBPU that they meet certain requirements, including that they make a significant contribution to air quality in the state and that their revenues are insufficient to cover their costs and risks. Under the new legislation, the NJBPU will issue ZECs to qualifying nuclear power plants and the electric distribution utilities in New Jersey, including ACE, will be required to purchase those ZECs. The NJBPU has 180 days from the effective date to establish procedures for implementation of the ZEC program and 330 days from the effective date to determine which nuclear power plants are selected to receive ZECs under the program. Selected nuclear plants will receive ZEC payments for each energy year (12-month period from June 1 through May 31) within 90 days after the completion of such energy year. Assuming the successful implementation of the New Jersey ZEC program and the selection of Salem as one of the qualifying facilities, the New Jersey ZEC program has the potential to mitigate the heightened risk of earlier retirement for Salem. See Note 6 — Regulatory Matters for additional information on the New Jersey ZEC program.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following table provides the balance sheet amounts as of September 30, 2018 for Generation's ownership share of the significant assets and liabilities associated with Salem that would potentially be impacted by a decision to permanently cease generation operations.

	September 30, 2018
Asset Balances	
Materials and supplies inventory	$ 45
Nuclear fuel inventory, net	114
Completed plant, net	605
Construction work in progress	34
Liability Balances	
Asset retirement obligation	(455)

NRC License Renewal Term	2036 (unit 1)
	2040 (unit 2)

On March 29, 2018, Generation announced it had formally notified grid operator ISO-NE of its plans to early retire its Mystic Generating Station assets absent regulatory reforms on June 1, 2022, at the end of the current capacity commitment for Mystic Units 7 and 8. Mystic Unit 9 is currently committed through May 2021. Absent any regulatory reforms to properly value reliability and regional fuel security, these units will not participate in the Forward Capacity Auction (FCA) scheduled for February 2019 for the 2022 - 2023 capacity commitment period.

The ISO-NE announced that it would take a three-step approach to fuel security. First, on May 1, 2018, ISO-NE made a filing with FERC requesting waiver of certain tariff provisions to allow it to retain Mystic Units 8 and 9 for fuel security for the 2022 - 2024 capacity commitment periods. Second, ISO-NE planned to file tariff revisions to allow it to retain other resources for fuel security in the capacity market if necessary in the future. Third, ISO-NE stated its intention to work with stakeholders to develop long-term market rule changes to address system resiliency considering significant reliability risks identified in ISO-NE's January 2018 fuel security report. Changes to market rules are necessary because critical units to the region, such as Mystic Units 8 and 9, cannot recover future operating costs, including the cost of procuring fuel.

On May 16, 2018, Generation made a filing with FERC to establish cost-of-service compensation and terms and conditions of service for Mystic Units 8 and 9 for the period between June 1, 2022 - May 31, 2024. Among the costs included in the filing are costs associated with the Distrigas facility. Generation asked that FERC establish an expedited settlement process that would allow Generation to know the outcome of the cost-of-service proceeding prior to making a final decision as to whether to unconditionally retire the plants beginning June 1, 2022. A number of parties filed protests in response to the May 16, 2018 filing.

On July 2, 2018, FERC issued an order denying ISO-NE's May 1, 2018 waiver request on procedural grounds but accepting ISO-NE's conclusions that retirement of Mystic Units 8 and 9 could cause a violation of mandatory reliability standards as soon as 2022. Accordingly, FERC ordered ISO-NE to (i) make a filing within 60 days providing for the filing of a short-term cost-of-service agreement to address demonstrated fuel security concerns and (ii) make a filing by July 1, 2019 proposing permanent tariff revisions that would improve its market design to better address regional fuel security concerns. FERC also extended the deadline by which Generation must make a retirement decision for Mystic Units 8 and 9 to January 4, 2019. In addition, notwithstanding its denial of the waiver request, FERC stated that it will continue to evaluate Mystic's May 16, 2018 cost-of-service agreement filing. On August 31, 2018,

ISO-NE filed a compliance filing in response to FERC's July 2, 2018 order proposing short-term tariff changes to permit it to retain a resource for fuel security reliability reasons. A number of parties, including Generation, have submitted comments on the proposal, which is pending before FERC.

On July 13, 2018, FERC issued an order accepting Generation's cost-of-service agreement for filing and making findings on certain issues, including that recovery of fuel supply costs for the Distrigas facility are not prohibited if they are just and reasonable. Additionally, the order established hearing procedures on an expedited schedule. Any settlement discussions are to be undertaken on a parallel track with the hearing. Generation has requested that FERC issue an order by December 21, 2018, but FERC is not obligated to meet this date.

Exelon and Generation cannot predict the final outcome of these proceedings or the potential financial impact, if any, on Exelon or Generation.

The following table provides the balance sheet amounts as of September 30, 2018 for Generation's significant assets and liabilities associated with the Mystic Generating Station assets that would potentially be impacted by a decision to permanently cease generation operations.

	September 30, 2018
Asset Balances	
Materials and supplies inventory	$ 21
Fuel inventory	18
Completed plant, net	877
Construction work in progress	5
Prepaid expenses [(a)]	15
Liability Balances	
Asset retirement obligation	(5)
Accrued expenses [(a)]	(2)

(a) Reflects ending balances only as they relate to Mystic's Long-term Service Agreement.

On October 1, 2018, Generation acquired the Distrigas liquefied natural gas import terminal to ensure the continued reliable supply of fuel to Mystic Units 8 and 9 while they remain operating.

9. Fair Value of Financial Assets and Liabilities (All Registrants)

Fair Value of Financial Liabilities Recorded at Amortized Cost

The following tables present the carrying amounts and fair values of the Registrants' short-term liabilities, long-term debt, SNF obligation and trust preferred securities (long-term debt to financing trusts or junior subordinated debentures) as of September 30, 2018 and December 31, 2017 :

Exelon

	September 30, 2018				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities [a]	$ 834	$ —	$ 834	$ —	$ 834
Long-term debt (including amounts due within one year) [b][c]	35,290	—	33,608	2,079	35,687
Long-term debt to financing trusts [d]	390	—	—	411	411
SNF obligation	1,164	—	993	—	993

	December 31, 2017				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities [a]	$ 929	$ —	$ 929	$ —	$ 929
Long-term debt (including amounts due within one year) [b][c]	34,264	—	34,735	1,970	36,705
Long-term debt to financing trusts [d]	389	—	—	431	431
SNF obligation	1,147	—	936	—	936

Generation

	September 30, 2018				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Long-term debt (including amounts due within one year) [b][c]	$ 8,842	$ —	$ 7,563	$ 1,461	$ 9,024
SNF obligation	1,164	—	993	—	993

	December 31, 2017				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities [a]	$ 2	$ —	$ 2	$ —	$ 2
Long-term debt (including amounts due within one year) [b][c]	8,990	—	7,839	1,673	9,512
SNF obligation	1,147	—	936	—	936

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

ComEd

	September 30, 2018				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Long-term debt (including amounts due within one year) [b][c]	8,100	—	8,317	—	8,317
Long-term debt to financing trusts [d]	205	—	—	214	214

	December 31, 2017				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Long-term debt (including amounts due within one year) [b][c]	$ 7,601	$ —	$ 8,418	$ —	$ 8,418
Long-term debt to financing trusts [d]	205	—	—	227	227

PECO

	September 30, 2018				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Long-term debt (including amounts due within one year) [b][c]	3,083	—	3,130	50	3,180
Long-term debt to financing trusts	184	—	—	196	196

	December 31, 2017				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Long-term debt (including amounts due within one year) [b][c]	$ 2,903	$ —	$ 3,194	$ —	$ 3,194
Long-term debt to financing trusts	184	—	—	204	204

BGE

	September 30, 2018				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Long-term debt (including amounts due within one year) [b][c]	2,876	—	2,933	—	2,933

	December 31, 2017				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities [a]	$ 77	$ —	$ 77	$ —	$ 77
Long-term debt (including amounts due within one year) [b][c]	2,577	—	2,825	—	2,825

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

PHI

	September 30, 2018				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities [a]	$ 334	$ —	$ 334	$ —	$ 334
Long-term debt (including amounts due within one year) [b][c]	6,089	—	5,323	568	5,891

	December 31, 2017				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities [a]	$ 350	$ —	$ 350	$ —	$ 350
Long-term debt (including amounts due within one year) [b][c]	5,874	—	5,722	297	6,019

Pepco

	September 30, 2018				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities [a]	$ 64	$ —	$ 64	$ —	$ 64
Long-term debt (including amounts due within one year) [b][c]	$ 2,625	$ —	$ 2,890	$ 101	$ 2,991

	December 31, 2017				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities [a]	$ 26	$ —	$ 26	$ —	$ 26
Long-term debt (including amounts due within one year) [b][c]	2,540	—	3,114	9	3,123

DPL

	September 30, 2018				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Long-term debt (including amounts due within one year) [b][c]	$ 1,494	$ —	$ 1,299	$ 196	$ 1,495

	December 31, 2017				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities [a]	$ 216	$ —	$ 216	$ —	$ 216
Long-term debt (including amounts due within one year) [b][c]	1,300	—	1,393	—	1,393

ACE

	September 30, 2018				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities [a]	$ 270	$ —	$ 270	$ —	$ 270
Long-term debt (including amounts due within one year) [b][c]	1,100	—	887	271	1,158

	December 31, 2017				
		Fair Value			
	Carrying Amount	Level 1	Level 2	Level 3	Total
Short-term liabilities [a]	$ 108	$ —	$ 108	$ —	$ 108
Long-term debt (including amounts due within one year) [b][c]	1,121	—	949	288	1,237

(a) Level 1 securities consist of dividends payable (included in other current liabilities). Level 2 securities consist of short term borrowings.
(b) Includes unamortized debt issuance costs which are not fair valued of $219 million , $53 million , $64 million , $23 million , $19 million , $11 million , $34 million , $12 million and $4 million for Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE, respectively, as of September 30, 2018 . Includes unamortized debt issuance costs which are not fair valued of $201 million , $60 million , $52 million , $17 million , $17 million , $6 million , $32 million , $11 million and $5 million for Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE, respectively, as of December 31, 2017 .
(c) Level 2 securities consist of fixed-rate taxable debt securities, fixed-rate tax-exempt debt, variable rate tax-exempt debt and variable rate non-recourse debt. Level 3 securities consist of fixed-rate private placement taxable debt securities, fixed rate nonrecourse debt, government-backed fixed rate non-recourse debt and loan agreements.
(d) Includes unamortized debt issuance costs which are not fair valued of $1 million and $1 million for Exelon and ComEd, respectively, as of September 30, 2018 and December 31, 2017 .

Recurring Fair Value Measurements

Exelon records the fair value of assets and liabilities in accordance with the hierarchy established by the authoritative guidance for fair value measurements. The hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1 — quoted prices (unadjusted) in active markets for identical assets or liabilities that the Registrants have the ability to liquidate as of the reporting date.

- Level 2 — inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.

- Level 3 — unobservable inputs, such as internally developed pricing models or third-party valuations for the asset or liability due to little or no market activity for the asset or liability.

Transfers in and out of levels are recognized as of the end of the reporting period when the transfer occurred. Given derivatives categorized within Level 1 are valued using exchange-based quoted prices within observable periods, transfers between Level 2 and Level 1 were not material. Additionally, there were no material transfers between Level 1 and Level 2 during the nine months ended September 30, 2018 for cash equivalents, nuclear decommissioning trust fund investments, Pledged assets for Zion Station decommissioning, Rabbi trust investments, and Deferred compensation obligations. For derivative contracts, transfers into Level 2 from Level 3 generally occur when the contract tenor becomes more observable and due to changes in market liquidity or assumptions for certain commodity contracts.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Generation and Exelon

In accordance with the applicable guidance on fair value measurement, certain investments that are measured at fair value using the NAV per share as a practical expedient are no longer classified within the fair value hierarchy and are included under "Not subject to leveling" in the table below.

The following tables present assets and liabilities measured and recorded at fair value on Exelon's and Generation's Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy as of September 30, 2018 and December 31, 2017 :

	Generation					Exelon				
As of September 30, 2018	**Level 1**	**Level 2**	**Level 3**	**Not subject to leveling**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Not subject to leveling**	**Total**
Assets										
Cash equivalents [a]	$ 1,099	$ —	$ —	$ —	$ 1,099	$ 1,906	$ —	$ —	$ —	$ 1,906
NDT fund investments										
Cash equivalents [b]	278	92	—	—	370	278	92	—	—	370
Equities	3,206	1,608	1	1,942	6,757	3,206	1,608	1	1,942	6,757
Fixed income										
Corporate debt	—	1,629	231	—	1,860	—	1,629	231	—	1,860
U.S. Treasury and agencies	2,031	99	—	—	2,130	2,031	99	—	—	2,130
Foreign governments	—	49	—	—	49	—	49	—	—	49
State and municipal debt	—	165	—	—	165	—	165	—	—	165
Other [c]	—	29	—	854	883	—	29	—	854	883
Fixed income subtotal	2,031	1,971	231	854	5,087	2,031	1,971	231	854	5,087
Middle market lending	—	—	334	235	569	—	—	334	235	569
Private equity	—	—	—	303	303	—	—	—	303	303
Real estate	—	—	—	490	490	—	—	—	490	490
NDT fund investments subtotal [d]	5,515	3,671	566	3,824	13,576	5,515	3,671	566	3,824	13,576
Pledged assets for Zion Station decommissioning										
Cash equivalents	9	—	—	—	9	9	—	—	—	9
Pledged assets for Zion Station decommissioning subtotal [e]	9	—	—	—	9	9	—	—	—	9
Rabbi trust investments										
Cash equivalents	5	—	—	—	5	48	—	—	—	48
Mutual funds	25	—	—	—	25	76	—	—	—	76
Fixed income	—	—	—	—	—	—	16	—	—	16
Life insurance contracts	—	23	—	—	23	—	73	37	—	110
Rabbi trust investments subtotal [f]	30	23	—	—	53	124	89	37	—	250

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Generation					Exelon				
As of September 30, 2018	**Level 1**	**Level 2**	**Level 3**	**Not subject to leveling**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Not subject to leveling**	**Total**
Commodity derivative assets										
Economic hedges	234	2,117	2,019	—	4,370	234	2,117	2,019	—	4,370
Proprietary trading	—	84	90	—	174	—	84	90	—	174
Effect of netting and allocation of collateral (g) (h)	(230)	(1,887)	(1,302)	—	(3,419)	(230)	(1,887)	(1,302)	—	(3,419)
Commodity derivative assets subtotal	4	314	807	—	1,125	4	314	807	—	1,125
Interest rate and foreign currency derivative assets										
Derivatives designated as hedging instruments	—	—	—	—	—	—	—	—	—	—
Economic hedges	—	21	—	—	21	—	21	—	—	21
Effect of netting and allocation of collateral	—	(1)	—	—	(1)	—	(1)	—	—	(1)
Interest rate and foreign currency derivative assets subtotal	—	20	—	—	20	—	20	—	—	20
Other investments	—	—	52	—	52	—	—	52	—	52
Total assets	6,657	4,028	1,425	3,824	15,934	7,558	4,094	1,462	3,824	16,938
Liabilities										
Commodity derivative liabilities										
Economic hedges	(329)	(2,056)	(1,660)	—	(4,045)	(329)	(2,056)	(1,919)	—	(4,304)
Proprietary trading	—	(95)	(32)	—	(127)	—	(95)	(32)	—	(127)
Effect of netting and allocation of collateral (g) (h)	247	1,987	1,397	—	3,631	247	1,987	1,397	—	3,631
Commodity derivative liabilities subtotal	(82)	(164)	(295)	—	(541)	(82)	(164)	(554)	—	(800)
Interest rate and foreign currency derivative liabilities										
Derivatives designated as hedging instruments	—	—	—	—	—	—	(10)	—	—	(10)
Economic hedges	—	(2)	—	—	(2)	—	(2)	—	—	(2)
Effect of netting and allocation of collateral	—	1	—	—	1	—	1	—	—	1
Interest rate and foreign currency derivative liabilities subtotal	—	(1)	—	—	(1)	—	(11)	—	—	(11)
Deferred compensation obligation	—	(36)	—	—	(36)	—	(142)	—	—	(142)
Total liabilities	(82)	(201)	(295)	—	(578)	(82)	(317)	(554)	—	(953)
Total net assets	$ 6,575	$ 3,827	$ 1,130	$ 3,824	$ 15,356	$ 7,476	$ 3,777	$ 908	$ 3,824	$ 15,985

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Generation					Exelon				
As of December 31, 2017	**Level 1**	**Level 2**	**Level 3**	**Not subject to leveling**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Not subject to leveling**	**Total**
Assets										
Cash equivalents [a]	$ 168	$ —	$ —	$ —	$ 168	$ 656	$ —	$ —	$ —	$ 656
NDT fund investments										
Cash equivalents [b]	135	85	—	—	220	135	85	—	—	220
Equities	4,163	915	—	2,176	7,254	4,163	915	—	2,176	7,254
Fixed income										
Corporate debt	—	1,614	251	—	1,865	—	1,614	251	—	1,865
U.S. Treasury and agencies	1,917	52	—	—	1,969	1,917	52	—	—	1,969
Foreign governments	—	82	—	—	82	—	82	—	—	82
State and municipal debt	—	263	—	—	263	—	263	—	—	263
Other [c]	—	47	—	510	557	—	47	—	510	557
Fixed income subtotal	1,917	2,058	251	510	4,736	1,917	2,058	251	510	4,736
Middle market lending	—	—	397	131	528	—	—	397	131	528
Private equity	—	—	—	222	222	—	—	—	222	222
Real estate	—	—	—	471	471	—	—	—	471	471
NDT fund investments subtotal [d]	6,215	3,058	648	3,510	13,431	6,215	3,058	648	3,510	13,431
Pledged assets for Zion Station decommissioning										
Cash equivalents	2	—	—	—	2	2	—	—	—	2
Equities	—	1	—	—	1	—	1	—	—	1
Middle market lending	—	—	12	24	36	—	—	12	24	36
Pledged assets for Zion Station decommissioning subtotal [e]	2	1	12	24	39	2	1	12	24	39
Rabbi trust investments										
Cash equivalents	5	—	—	—	5	77	—	—	—	77
Mutual funds	23	—	—	—	23	58	—	—	—	58
Fixed income	—	—	—	—	—	—	12	—	—	12
Life insurance contracts	—	22	—	—	22	—	71	22	—	93
Rabbi trust investments subtotal [f]	28	22	—	—	50	135	83	22	—	240
Commodity derivative assets										
Economic hedges	557	2,378	1,290	—	4,225	557	2,378	1,290	—	4,225
Proprietary trading	2	31	35	—	68	2	31	35	—	68
Effect of netting and allocation of collateral [g] [h]	(585)	(1,769)	(635)	—	(2,989)	(585)	(1,769)	(635)	—	(2,989)
Commodity derivative assets subtotal	(26)	640	690	—	1,304	(26)	640	690	—	1,304

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Generation					Exelon				
As of December 31, 2017	**Level 1**	**Level 2**	**Level 3**	**Not subject to leveling**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Not subject to leveling**	**Total**
Interest rate and foreign currency derivative assets										
Derivatives designated as hedging instruments	—	3	—	—	3	—	6	—	—	6
Economic hedges	—	10	—	—	10	—	10	—	—	10
Effect of netting and allocation of collateral	(2)	(5)	—	—	(7)	(2)	(5)	—	—	(7)
Interest rate and foreign currency derivative assets subtotal	(2)	8	—	—	6	(2)	11	—	—	9
Other investments	—	—	37	—	37	—	—	37	—	37
Total assets	6,385	3,729	1,387	3,534	15,035	6,980	3,793	1,409	3,534	15,716
Liabilities										
Commodity derivative liabilities										
Economic hedges	(712)	(2,226)	(845)	—	(3,783)	(713)	(2,226)	(1,101)	—	(4,040)
Proprietary trading	(2)	(42)	(9)	—	(53)	(2)	(42)	(9)	—	(53)
Effect of netting and allocation of collateral (g) (h)	650	2,089	716	—	3,455	651	2,089	716	—	3,456
Commodity derivative liabilities subtotal	(64)	(179)	(138)	—	(381)	(64)	(179)	(394)	—	(637)
Interest rate and foreign currency derivative liabilities										
Derivatives designated as hedging instruments	—	(2)	—	—	(2)	—	(2)	—	—	(2)
Economic hedges	(1)	(8)	—	—	(9)	(1)	(8)	—	—	(9)
Effect of netting and allocation of collateral	2	5	—	—	7	2	5	—	—	7
Interest rate and foreign currency derivative liabilities subtotal	1	(5)	—	—	(4)	1	(5)	—	—	(4)
Deferred compensation obligation	—	(38)	—	—	(38)	—	(145)	—	—	(145)
Total liabilities	(63)	(222)	(138)	—	(423)	(63)	(329)	(394)	—	(786)
Total net assets	$ 6,322	$ 3,507	$ 1,249	$ 3,534	$ 14,612	$ 6,917	$ 3,464	$ 1,015	$ 3,534	$ 14,930

(a) Generation excludes cash of $183 million and $259 million at September 30, 2018 and December 31, 2017 and restricted cash of $57 million and $127 million at September 30, 2018 and December 31, 2017 . Exelon excludes cash of $330 million and $389 million at September 30, 2018 and December 31, 2017 and restricted cash of $85 million and $145 million at September 30, 2018 and December 31, 2017 and includes long-term restricted cash of $163 million and $85 million at September 30, 2018 and December 31, 2017 , which is reported in Other deferred debits on the Consolidated Balance Sheets.

(b) Includes $37 million and $77 million of cash received from outstanding repurchase agreements at September 30, 2018 and December 31, 2017 , respectively, and is offset by an obligation to repay upon settlement of the agreement as discussed in (d) below.

(c) Includes derivative instruments of $ (4) million and less than $1 million, which have a total notional amount of $915 million and $811 million at September 30, 2018 and December 31, 2017 , respectively. The notional principal amounts for these instruments provide one measure of the transaction volume outstanding as of the fiscal years ended and do not represent the amount of Exelon and Generation's exposure to credit or market loss.

(d) Excludes net liabilities of $89 million and $82 million at September 30, 2018 and December 31, 2017 , respectively. These items consist of receivables related to pending securities sales, interest and dividend receivables, repurchase agreement obligations, and payables related to pending securities purchases. The repurchase agreements are generally short-term in nature with durations generally of 30 days or less.

(e) Excludes net assets of less than $1 million at September 30, 2018 . These items consist of receivables related to pending securities sales, interest and dividend receivables, and payables related to pending securities purchases.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

(f) The amount of unrealized gains/(losses) at Generation totaled less than $1 million for the three months ended September 30, 2018 and September 30, 2017 . The amount of unrealized gains/(losses) at Generation totaled less than $1 million and $1 million for the nine months ended September 30, 2018 and September 30, 2017 , respectively. The amount of unrealized gains/(losses) at Exelon totaled $1 million for the three months ended September 30, 2018 and September 30, 2017 . The amount of unrealized gains/(losses) at Exelon totaled $2 million and $3 million for the nine months ended September 30, 2018 and September 30, 2017 , respectively.

(g) Collateral posted/(received) from counterparties totaled $18 million , $100 million and $94 million allocated to Level 1, Level 2 and Level 3 mark-to-market derivatives, respectively, as of September 30, 2018 . Collateral posted/(received) from counterparties, net of collateral paid to counterparties, totaled $65 million , $320 million and $81 million allocated to Level 1, Level 2 and Level 3 mark-to-market derivatives, respectively, as of December 31, 2017 .

(h) Of the collateral posted/(received), $(166) million represents variation margin on the exchanges as of September 30, 2018 . Of the collateral posted/(received), $(117) million represents variation margin on the exchanges as of December 31, 2017 .

Exelon and Generation hold investments without readily determinable fair values with carrying amounts of $71 million as of September 30, 2018 . Changes were immaterial in fair value, cumulative adjustments and impairments for the three and nine months ended September 30, 2018 .

ComEd, PECO and BGE

The following tables present assets and liabilities measured and recorded at fair value on ComEd's, PECO's and BGE's Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy as of September 30, 2018 and December 31, 2017 :

	ComEd				PECO				BGE			
As of September 30, 2018	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets												
Cash equivalents [a]	$ 211	$ —	$ —	$ 211	$ 84	$ —	$ —	$ 84	$ 100	$ —	$ —	$ 100
Rabbi trust investments												
Mutual funds	—	—	—	—	7	—	—	7	6	—	—	6
Life insurance contracts	—	—	—	—	—	11	—	11	—	—	—	—
Rabbi trust investments subtotal [b]	—	—	—	—	7	11	—	18	6	—	—	6
Total assets	211	—	—	211	91	11	—	102	106	—	—	106
Liabilities												
Deferred compensation obligation	—	(7)	—	(7)	—	(10)	—	(10)	—	(5)	—	(5)
Mark-to-market derivative liabilities [c]	—	—	(259)	(259)	—	—	—	—	—	—	—	—
Total liabilities	—	(7)	(259)	(266)	—	(10)	—	(10)	—	(5)	—	(5)
Total net assets (liabilities)	$ 211	$ (7)	$ (259)	$ (55)	$ 91	$ 1	$ —	$ 92	$ 106	$ (5)	$ —	$ 101

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	ComEd				PECO				BGE			
As of December 31, 2017	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets												
Cash equivalents [a]	$ 98	$ —	$ —	$ 98	$ 228	$ —	$ —	$ 228	$ —	$ —	$ —	$ —
Rabbi trust investments												
Mutual funds	—	—	—	—	7	—	—	7	6	—	—	6
Life insurance contracts	—	—	—	—	—	10	—	10	—	—	—	—
Rabbi trust investments subtotal [b]	—	—	—	—	7	10	—	17	6	—	—	6
Total assets	98	—	—	98	235	10	—	245	6	—	—	6
Liabilities												
Deferred compensation obligation	—	(8)	—	(8)	—	(11)	—	(11)	—	(5)	—	(5)
Mark-to-market derivative liabilities [c]	—	—	(256)	(256)	—	—	—	—	—	—	—	—
Total liabilities	—	(8)	(256)	(264)	—	(11)	—	(11)	—	(5)	—	(5)
Total net assets (liabilities)	$ 98	$ (8)	$ (256)	$ (166)	$ 235	$ (1)	$ —	$ 234	$ 6	$ (5)	$ —	$ 1

(a) ComEd excludes cash of $69 million and $45 million at September 30, 2018 and December 31, 2017 and includes long-term restricted cash of $144 million and $62 million at September 30, 2018 and December 31, 2017 , which is reported in Other deferred debits on the Consolidated Balance Sheets. PECO excludes cash of $23 million and $47 million at September 30, 2018 and December 31, 2017 . BGE excludes cash of $13 million and $17 million at September 30, 2018 and December 31, 2017 and restricted cash of $3 million and $1 million at September 30, 2018 and December 31, 2017 .

(b) The amount of unrealized gains/(losses) at ComEd, PECO and BGE totaled less than $1 million for the three and nine months ended September 30, 2018 and September 30, 2017 , respectively.

(c) The Level 3 balance consists of the current and noncurrent liability of $24 million and $235 million , respectively, at September 30, 2018 , and $21 million and $235 million , respectively, at December 31, 2017 , related to floating-to-fixed energy swap contracts with unaffiliated suppliers.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

PHI, Pepco, DPL and ACE

The following tables present assets and liabilities measured and recorded at fair value on PHI's, Pepco's, DPL's and ACE's Consolidated Balance Sheets on a recurring basis and their level within the fair value hierarchy as of September 30, 2018 and December 31, 2017 :

	As of September 30, 2018				As of December 31, 2017			
PHI	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets								
Cash equivalents [a]	$ 182	$ —	$ —	$ 182	$ 83	$ —	$ —	$ 83
Rabbi trust investments								
Cash equivalents	42	—	—	42	72	—	—	72
Mutual funds	15	—	—	15	—	—	—	—
Fixed income	—	16	—	16	—	12	—	12
Life insurance contracts	—	22	37	59	—	23	22	45
Rabbi trust investments subtotal [b]	57	38	37	132	72	35	22	129
Total assets	239	38	37	314	155	35	22	212
Liabilities								
Deferred compensation obligation	—	(22)	—	(22)	—	(25)	—	(25)
Mark-to-market derivative liabilities [c]	—	—	—	—	(1)	—	—	(1)
Effect of netting and allocation of collateral	—	—	—	—	1	—	—	1
Mark-to-market derivative liabilities subtotal	—	—	—	—	—	—	—	—
Total liabilities	—	(22)	—	(22)	—	(25)	—	(25)
Total net assets	$ 239	$ 16	$ 37	$ 292	$ 155	$ 10	$ 22	$ 187

	Pepco				DPL				ACE			
As of September 30, 2018	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets												
Cash equivalents [a]	$ 35	$ —	$ —	$ 35	$ 102	$ —	$ —	$ 102	$ 26	$ —	$ —	$ 26
Rabbi trust investments												
Cash equivalents	41	—	—	41	—	—	—	—	—	—	—	—
Fixed income	—	6	—	6	—	—	—	—	—	—	—	—
Life insurance contracts	—	22	36	58	—	—	—	—	—	—	—	—
Rabbi trust investments subtotal [b]	41	28	36	105	—	—	—	—	—	—	—	—
Total assets	76	28	36	140	102	—	—	102	26	—	—	26
Liabilities												
Deferred compensation obligation	—	(3)	—	(3)	—	(1)	—	(1)	—	—	—	—
Total liabilities	—	(3)	—	(3)	—	(1)	—	(1)	—	—	—	—
Total net assets (liabilities)	$ 76	$ 25	$ 36	$ 137	$ 102	$ (1)	$ —	$ 101	$ 26	$ —	$ —	$ 26

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Pepco				DPL				ACE			
As of December 31, 2017	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets												
Cash equivalents [a]	$ 36	$ —	$ —	$ 36	$ —	$ —	$ —	$ —	$ 29	$ —	$ —	$ 29
Rabbi trust investments												
Cash equivalents	44	—	—	44	—	—	—	—	—	—	—	—
Fixed income	—	12	—	12	—	—	—	—	—	—	—	—
Life insurance contracts	—	23	22	45	—	—	—	—	—	—	—	—
Rabbi trust investments subtotal [b]	44	35	22	101	—	—	—	—	—	—	—	—
Total assets	80	35	22	137	—	—	—	—	29	—	—	29
Liabilities												
Deferred compensation obligation	—	(4)	—	(4)	—	(1)	—	(1)	—	—	—	—
Mark-to-market derivative liabilities [c]	—	—	—	—	(1)	—	—	(1)	—	—	—	—
Effect of netting and allocation of collateral	—	—	—	—	1	—	—	1	—	—	—	—
Mark-to-market derivative liabilities subtotal	—	—	—	—	—	—	—	—	—	—	—	—
Total liabilities	—	(4)	—	(4)	—	(1)	—	(1)	—	—	—	—
Total net assets (liabilities)	$ 80	$ 31	$ 22	$ 133	$ —	$ (1)	$ —	$ (1)	$ 29	$ —	$ —	$ 29

(a) PHI excludes cash of $33 million and $12 million at September 30, 2018 and December 31, 2017 , respectively, and includes long-term restricted cash of $19 million and $23 million at September 30, 2018 and December 31, 2017 , respectively, which is reported in Other deferred debits on the Consolidated Balance Sheets. Pepco excludes cash of $12 million and $4 million at September 30, 2018 and December 31, 2017 , respectively. DPL excludes cash of $8 million and $2 million at September 30, 2018 and December 31, 2017 , respectively. ACE excludes cash of $11 million and $2 million at September 30, 2018 and December 31, 2017 , respectively, and includes long-term restricted cash of $19 million and $23 million at September 30, 2018 and December 31, 2017 , respectively, which is reported in Other deferred debits on the Consolidated Balance Sheets.

(b) The amount of unrealized gains/(losses) at PHI totaled less than $1 million for the three months ended September 30, 2018 and 2017 , respectively. The amount of unrealized gains/(losses) at Pepco totaled $1 million and less than $1 million for the three months ended September 30, 2018 and 2017 , respectively. The amount of unrealized gains/(losses) at PHI totaled $1 million and less than $1 million for the nine months ended September 30, 2018 and 2017 , respectively. The amount of unrealized gains/(losses) at Pepco totaled less than $1 million for the nine months ended September 30, 2018 and 2017 , respectively.

(c) Represents natural gas futures purchased by DPL as part of a natural gas hedging program approved by the DPSC.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following tables present the fair value reconciliation of Level 3 assets and liabilities measured at fair value on a recurring basis during the three and nine months ended September 30, 2018 and 2017 :

	Generation					ComEd	PHI		Exelon
Three Months Ended September 30, 2018	NDT Fund Investments	Pledged Assets for Zion Station Decommissioning	Mark-to-Market Derivatives	Other Investments	Total Generation	Mark-to-Market Derivatives	Life Insurance Contracts [c]	Eliminated in Consolidation	Total
Balance as of June 30, 2018	$ 585	$ 18	$ 737	$ 36	$ 1,376	$ (252)	$ 36	$ —	$ 1,160
Total realized / unrealized gains (losses)									
Included in net income	(1)	—	(259) [a]	13	(247)	—	1	—	(246)
Included in noncurrent payables to affiliates	(4)	—	—	—	(4)	—	—	4	—
Included in payable for Zion Station decommissioning	—	2	—	—	2	—	—	—	2
Included in regulatory assets/liabilities	—	—	—	—	—	(7) [b]	—	(4)	(11)
Change in collateral	—	—	(44)	—	(44)	—	—	—	(44)
Purchases, sales, issuances and settlements									
Purchases	15	—	81	3	99	—	—	—	99
Sales	—	(20)	—	—	(20)	—	—	—	(20)
Settlements	(29)	—	—	—	(29)	—	—	—	(29)
Transfers into Level 3	—	—	3	—	3	—	—	—	3
Transfers out of Level 3	—	—	(6)	—	(6)	—	—	—	(6)
Balance at September 30, 2018	$ 566	$ —	$ 512	$ 52	$ 1,130	$ (259)	$ 37	$ —	$ 908
The amount of total gains (losses) included in income attributed to the change in unrealized gains (losses) related to assets and liabilities as of September 30, 2018	$ (1)	$ —	$ (104)	$ 13	$ (92)	$ —	$ —	$ —	$ (92)

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Generation					ComEd	PHI		Exelon
Nine Months Ended September 30, 2018	NDT Fund Investments	Pledged Assets for Zion Station Decommissioning	Mark-to-Market Derivatives	Other Investments	Total Generation	Mark-to-Market Derivatives	Life Insurance Contracts (c)	Eliminated in Consolidation	Total
Balance as of December 31, 2017	$ 648	$ 12	$ 552	$ 37	$ 1,249	$ (256)	$ 22	$ —	$ 1,015
Total realized / unrealized gains (losses)									
Included in net income	(1)	—	(188) (a)	14	(175)	—	3	—	(172)
Included in noncurrent payables to affiliates	—	—	—	—	—	—	—	—	—
Included in payable for Zion Station decommissioning	—	7	—	—	7	—	—	—	7
Included in regulatory assets	—	—	—	—	—	(3) (b)	—	—	(3)
Change in collateral	—	—	14	—	14	—	—	—	14
Purchases, sales, issuances and settlements									
Purchases	34	1	181	3	219	—	—	—	219
Sales	—	(20)	(3)	—	(23)	—	—	—	(23)
Settlements	(115)	—	—	—	(115)	—	12	—	(103)
Transfers into Level 3	—	—	(21)	—	(21)	—	—	—	(21)
Transfers out of Level 3	—	—	(23)	(2)	(25)	—	—	—	(25)
Balance as of September 30, 2018	$ 566	$ —	$ 512	$ 52	$ 1,130	$ (259)	$ 37	$ —	$ 908
The amount of total gains (losses) included in income attributed to the change in unrealized gains (losses) related to assets and liabilities as of September 30, 2018	$ (5)	$ —	$ 159	$ 14	$ 168	$ —	$ —	$ —	$ 168

(a) Includes a reduction for the reclassification of $155 million and $347 million of realized losses due to the settlement of derivative contracts for the three and nine months ended September 30, 2018 , respectively.

(b) Includes $4 million of increases in fair value and an increase for realized losses due to settlements of $3 million recorded in purchased power expense associated with floating-to-fixed energy swap contracts with unaffiliated suppliers for the three months ended September 30, 2018 . Includes $9 million of decreases in fair value and an increase for realized losses due to settlements of $12 million recorded in purchased power expense associated with floating-to-fixed energy swap contracts with unaffiliated suppliers for the nine months ended September 30, 2018 .

(c) The amounts represented are life insurance contracts at Pepco.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Generation					ComEd	PHI	Exelon
Three Months Ended September 30, 2017	NDT Fund Investments	Pledged Assets for Zion Station Decommissioning	Mark-to-Market Derivatives	Other Investments	Total Generation	Mark-to-Market Derivatives	Life Insurance Contracts (c)	Total
Balance as of June 30, 2017	$ 683	$ 21	$ 589	$ 41	$ 1,334	$ (256)	$ 20	$ 1,098
Total realized / unrealized gains (losses)								
Included in net income	—	—	(82) (a)	1	(81)	—	1	(80)
Included in noncurrent payables to affiliates	—	—	—	—	—	—	—	—
Included in payable for Zion Station decommissioning	—	(4)	—	—	(4)	—	—	(4)
Included in regulatory assets	—	—	—	—	—	(21) (b)	—	(21)
Change in collateral	—	—	11	—	11	—	—	11
Purchases, sales, issuances and settlements								
Purchases	19	—	57	1	77	—	—	77
Sales	—	—	—	—	—	—	—	—
Settlements	(31)	—	10	—	(21)	—	—	(21)
Transfers into Level 3	—	—	—	—	—	—	—	—
Transfers out of Level 3	—	—	10	—	10	—	—	10
Balance as of September 30, 2017	$ 671	$ 17	$ 595	$ 43	$ 1,326	$ (277)	$ 21	$ 1,070
The amount of total gains (losses) included in income attributed to the change in unrealized gains (losses) related to assets and liabilities as of September 30, 2017	$ —	$ —	$ 24	$ 1	$ 25	$ —	$ 1	$ 26

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Generation					ComEd	PHI		Exelon
Nine Months Ended September 30, 2017	NDT Fund Investments	Pledged Assets for Zion Station Decommissioning	Mark-to-Market Derivatives	Other Investments	Total Generation	Mark-to-Market Derivatives	Life Insurance Contracts (c)	Eliminated in Consolidation	Total
Balance as of December 31, 2016	$ 677	$ 19	$ 493	$ 42	$ 1,231	$ (258)	$ 20	$ —	$ 993
Total realized / unrealized gains (losses)									
Included in net income	4	—	(110) (a)	2	(104)	—	2	—	(102)
Included in noncurrent payables to affiliates	13	—	—	—	13	—	—	(13)	—
Included in payable for Zion Station decommissioning	—	(3)	—	—	(3)	—	—	—	(3)
Included in regulatory assets	—	—	—	—	—	(19) (b)	—	13	(6)
Change in collateral	—	—	81	—	81	—	—	—	81
Purchases, sales, issuances and settlements									
Purchases	54	1	146	4	205	—	—	—	205
Sales	—	—	(15)	—	(15)	—	—	—	(15)
Issuances	—	—	—	—	—	—	(1)	—	(1)
Settlements	(77)		(8)		(85)	—	—	—	(85)
Transfers into Level 3	—	—	(9)	—	(9)	—	—	—	(9)
Transfers out of Level 3	—	—	17	(5)	12	—	—	—	12
Balance as of September 30, 2017	$ 671	$ 17	$ 595	$ 43	$ 1,326	$ (277)	$ 21	$ —	$ 1,070
The amount of total gains (losses) included in income attributed to the change in unrealized gains (losses) related to assets and liabilities as of September 30, 2017	$ 2	$ —	$ 161	$ 2	$ 165	$ —	$ 2	$ —	$ 167

(a) Includes a reduction for the reclassification of $96 million and $279 million of realized gains due to the settlement of derivative contracts for the three and nine months ended September 30, 2017 , respectively.

(b) Includes $24 million of increases in fair value and an increase for realized losses due to settlements of $3 million recorded in purchased power expense associated with floating-to-fixed energy swap contracts with unaffiliated suppliers for the three months ended September 30, 2017 . Includes $32 million of decreases in fair value and an increase for realized losses due to settlements of $13 million recorded in purchased power expense associated with floating-to-fixed energy swap contracts with unaffiliated suppliers for the nine months ended September 30, 2017 .

(c) The amounts represented are life insurance contracts at Pepco.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following tables present the income statement classification of the total realized and unrealized gains (losses) included in income for Level 3 assets and liabilities measured at fair value on a recurring basis during the three and nine months ended September 30, 2018 and 2017 :

	Generation			PHI	Exelon			
	Operating Revenues	Purchased Power and Fuel	Other, net	Operating and Maintenance	Operating Revenues	Purchased Power and Fuel	Operating and Maintenance	Other, net
Total gains (losses) included in net income for the three months ended September 30, 2018	$ (176)	$ (83)	$ 12	$ 1	$ (176)	$ (83)	$ 1	$ 12
Total gains (losses) included in net income for the nine months ended September 30, 2018	(32)	(156)	13	3	(32)	(156)	3	13
Change in the unrealized gains (losses) relating to assets and liabilities held for the three months ended September 30, 2018	(64)	(40)	12	—	(64)	(40)	—	12
Change in the unrealized gains (losses) relating to assets and liabilities held for the nine months ended September 30, 2018	174	(15)	9	—	174	(15)	—	9

	Generation			PHI	Exelon		
	Operating Revenues	Purchased Power and Fuel	Other, net	Other, net [a]	Operating Revenues	Purchased Power and Fuel	Other, net
Total gains (losses) included in net income for the three months ended September 30, 2017	$ (3)	$ (69)	$ 1	$ 1	$ (3)	$ (69)	$ 2
Total gains (losses) included in net income for the nine months ended September 30, 2017	34	(152)	6	2	34	(152)	8
Change in the unrealized gains (losses) relating to assets and liabilities held for the three months ended September 30, 2017	47	(23)	1	1	47	(23)	2
Change in the unrealized gains (losses) relating to assets and liabilities held for the nine months ended September 30, 2017	222	(61)	4	2	222	(61)	6

Valuation Techniques Used to Determine Fair Value

The following describes the valuation techniques used to measure the fair value of the assets and liabilities shown in the tables above.

Cash Equivalents (All Registrants). The Registrants' cash equivalents include investments with original maturities of three months or less when purchased. The cash equivalents shown in the fair value tables are comprised of investments in mutual and money market funds. The fair values of the shares of these funds are based on observable market prices and, therefore, have been categorized in Level 1 in the fair value hierarchy.

Nuclear Decommissioning Trust Fund Investments and Pledged Assets for Zion Station Decommissioning (Exelon and Generation). The trust fund investments have been established to satisfy Generation's and CENG's nuclear decommissioning obligations as required by the NRC. The NDT funds hold debt and equity securities directly and indirectly through commingled funds and mutual funds, which are included in Equities and Fixed Income. Generation's and CENG's NDT fund investments policies

outline investment guidelines for the trusts and limit the trust funds' exposures to investments in highly illiquid markets and other alternative investments. Investments with maturities of three months or less when purchased, including certain short-term fixed income securities are considered cash equivalents and included in the recurring fair value measurements hierarchy as Level 1 or Level 2.

With respect to individually held equity securities, the trustees obtain prices from pricing services, whose prices are generally obtained from direct feeds from market exchanges, which Generation is able to independently corroborate. The fair values of equity securities held directly by the trust funds which are based on quoted prices in active markets are categorized in Level 1. Certain equity securities have been categorized as Level 2 because they are based on evaluated prices that reflect observable market information, such as actual trade information or similar securities. Equity securities held individually are primarily traded on the New York Stock Exchange and NASDAQ-Global Select Market, which contain only actively traded securities due to the volume trading requirements imposed by these exchanges.

For fixed income securities, multiple prices from pricing services are obtained whenever possible, which enables cross-provider validations in addition to checks for unusual daily movements. A primary price source is identified based on asset type, class or issue for each security. With respect to individually held fixed income securities, the trustees monitor prices supplied by pricing services and may use a supplemental price source or change the primary price source of a given security if the portfolio managers challenge an assigned price and the trustees determine that another price source is considered to be preferable. Generation has obtained an understanding of how these prices are derived, including the nature and observability of the inputs used in deriving such prices. Additionally, Generation selectively corroborates the fair values of securities by comparison to other market-based price sources. U.S. Treasury securities are categorized as Level 1 because they trade in a highly liquid and transparent market. The fair values of fixed income securities, excluding U.S. Treasury securities, are based on evaluated prices that reflect observable market information, such as actual trade information or similar securities, adjusted for observable differences and are categorized in Level 2. The fair values of private placement fixed income securities, which are included in Corporate debt, are determined using a third-party valuation that contains significant unobservable inputs and are categorized in Level 3.

Equity and fixed income commingled funds and mutual funds are maintained by investment companies and hold certain investments in accordance with a stated set of fund objectives such as holding short-term fixed income securities or tracking the performance of certain equity indices by purchasing equity securities to replicate the capitalization and characteristics of the indices. The values of some of these funds are publicly quoted. For mutual funds which are publicly quoted, the funds are valued based on quoted prices in active markets and have been categorized as Level 1. For commingled funds and mutual funds, which are not publicly quoted, the funds are valued using NAV as a practical expedient for fair value, which is primarily derived from the quoted prices in active markets on the underlying securities, and are not classified within the fair value hierarchy. These investments typically can be redeemed monthly with 30 or less days of notice and without further restrictions.

Derivative instruments consisting primarily of futures and interest rate swaps to manage risk are recorded at fair value. Over the counter derivatives are valued daily based on quoted prices in active markets and trade in open markets and have been categorized as Level 1. Derivative instruments other than over the counter derivatives are valued based on external price data of comparable securities and have been categorized as Level 2.

Middle market lending are investments in loans or managed funds which lend to private companies. Generation elected the fair value option for its investments in certain limited partnerships that invest in middle market lending managed funds. The fair value of these loans is determined using a combination of valuation models including cost models, market models and income models. Investments in loans are categorized as Level 3 because the fair value of these securities is based largely on inputs that are unobservable and utilize complex valuation models. Managed funds are valued using NAV or its

equivalent as a practical expedient, and therefore, are not classified within the fair value hierarchy. Investments in middle market lending typically cannot be redeemed until maturity of the term loan.

Private equity and real estate investments include those in limited partnerships that invest in operating companies and real estate holding companies that are not publicly traded on a stock exchange, such as, leveraged buyouts, growth capital, venture capital, distressed investments, investments in natural resources, and direct investments in pools of real estate properties. The fair value of private equity and real estate investments is determined using NAV or its equivalent as a practical expedient, and therefore, are not classified within the fair value hierarchy. These investments typically cannot be redeemed and are generally liquidated over a period of 8 to 10 years from the initial investment date. Private equity and real estate valuations are reported by the fund manager and are based on the valuation of the underlying investments, which include inputs such as cost, operating results, discounted future cash flows, market based comparable data, and independent appraisals from sources with professional qualifications. These valuation inputs are unobservable.

As of September 30, 2018 , Generation has outstanding commitments to invest in fixed income, middle market lending, private equity and real estate investments of approximately $135 million , $208 million , $349 million , and $227 million , respectively. These commitments will be funded by Generation's existing nuclear decommissioning trust funds.

Concentrations of Credit Risk. Generation evaluated its NDT portfolios for the existence of significant concentrations of credit risk as of September 30, 2018 . Types of concentrations that were evaluated include, but are not limited to, investment concentrations in a single entity, type of industry, foreign country, and individual fund. As of September 30, 2018 , there were no significant concentrations (generally defined as greater than 10 percent) of risk in Generation's NDT assets.

See Note 13 — Asset Retirement Obligations for additional information on the NDT fund investments.

Rabbi Trust Investments (Exelon, Generation, PECO, BGE, PHI, and Pepco). The Rabbi trusts were established to hold assets related to deferred compensation plans existing for certain active and retired members of Exelon's executive management and directors. The Rabbi trusts assets are included in investments in the Registrants' Consolidated Balance Sheets and consist primarily of money market funds, mutual funds, fixed income securities and life insurance policies. The mutual funds are maintained by investment companies and hold certain investments in accordance with a stated set of fund objectives, which are consistent with Exelon's overall investment strategy. Money market funds and mutual funds are publicly quoted and have been categorized as Level 1 given the clear observability of the prices. The fair values of fixed income securities are based on evaluated prices that reflect observable market information, such as actual trade information or similar securities, adjusted for observable differences and are categorized in Level 2. The life insurance policies are valued using the cash surrender value of the policies, net of loans against those policies, which is provided by a third-party. Certain life insurance policies, which consist primarily of mutual funds that are priced based on observable market data, have been categorized as Level 2 because the life insurance policies can be liquidated at the reporting date for the value of the underlying assets. Life insurance policies that are valued using unobservable inputs have been categorized as Level 3.

Mark-to-Market Derivatives (Exelon, Generation, ComEd, PHI and DPL). Derivative contracts are traded in both exchange-based and non-exchange-based markets. Exchange-based derivatives that are valued using unadjusted quoted prices in active markets are categorized in Level 1 in the fair value hierarchy. Certain derivatives' pricing is verified using indicative price quotations available through brokers or over-the-counter, on-line exchanges and are categorized in Level 2. These price quotations reflect the average of the bid-ask, mid-point prices and are obtained from sources that the Registrants believe provide the most liquid market for the commodity. The price quotations are reviewed and corroborated to ensure the prices are observable and representative of an orderly transaction between

market participants. This includes consideration of actual transaction volumes, market delivery points, bid-ask spreads and contract duration. The remainder of derivative contracts are valued using the Black model, an industry standard option valuation model. The Black model takes into account inputs such as contract terms, including maturity, and market parameters, including assumptions of the future prices of energy, interest rates, volatility, credit worthiness and credit spread. For derivatives that trade in liquid markets, such as generic forwards, swaps and options, model inputs are generally observable. Such instruments are categorized in Level 2. The Registrants' derivatives are predominantly at liquid trading points. For derivatives that trade in less liquid markets with limited pricing information model inputs generally would include both observable and unobservable inputs. These valuations may include an estimated basis adjustment from an illiquid trading point to a liquid trading point for which active price quotations are available. Such instruments are categorized in Level 3.

Exelon may utilize fixed-to-floating interest rate swaps as a means to achieve its targeted level of variable-rate debt as a percent of total debt. In addition, the Registrants may utilize interest rate derivatives to lock in interest rate levels in anticipation of future financings. Exelon determines the current fair value by calculating the net present value of expected payments and receipts under the swap agreement, based on and discounted by the market's expectation of future interest rates. Additional inputs to the net present value calculation may include the contract terms, counterparty credit risk and other market parameters. As these inputs are based on observable data and valuations of similar instruments, the interest rate swaps are categorized in Level 2 in the fair value hierarchy. See Note 10 — Derivative Financial Instruments for additional information on mark-to-market derivatives.

Deferred Compensation Obligations (All Registrants). The Registrants' deferred compensation plans allow participants to defer certain cash compensation into a notional investment account. The Registrants include such plans in other current and noncurrent liabilities in their Consolidated Balance Sheets. The value of the Registrants' deferred compensation obligations is based on the market value of the participants' notional investment accounts. The underlying notional investments are comprised primarily of equities, mutual funds, commingled funds, and fixed income securities which are based on directly and indirectly observable market prices. Since the deferred compensation obligations themselves are not exchanged in an active market, they are categorized as Level 2 in the fair value hierarchy.

The value of certain employment agreement obligations (which are included with the Deferred Compensation Obligation in the tables above) are based on a known and certain stream of payments to be made over time and are categorized as Level 2 within the fair value hierarchy.

Additional Information Regarding Level 3 Fair Value Measurements (Exelon, Generation, ComEd, PHI, Pepco, DPL and ACE)

Nuclear Decommissioning Trust Fund Investments and Pledged Assets for Zion Station Decommissioning (Exelon and Generation). For middle market lending and certain corporate debt securities investments, the fair value is determined using a combination of valuation models including cost models, market models and income models. The valuation estimates are based on discounting the forecasted cash flows, market-based comparable data, credit and liquidity factors, as well as other factors that may impact value. Significant judgment is required in the application of discounts or premiums applied for factors such as size, marketability, credit risk and relative performance.

Because Generation relies on third-party fund managers to develop the quantitative unobservable inputs without adjustment for the valuations of its Level 3 investments, quantitative information about significant unobservable inputs used in valuing these investments is not reasonably available to Generation. This includes information regarding the sensitivity of the fair values to changes in the unobservable inputs. Generation gains an understanding of the fund managers' inputs and assumptions used in preparing the valuations. Generation performed procedures to assess the reasonableness of the valuations.

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Rabbi Trust Investments - Life insurance contracts (Exelon, PHI, and Pepco). For life insurance policies categorized as Level 3, the fair value is determined based on the cash surrender value of the policy, which contains unobservable inputs and assumptions. Because Exelon relies on its third-party insurance provider to develop the inputs without adjustment for the valuations of its Level 3 investments, quantitative information about significant unobservable inputs used in valuing these investments is not reasonably available to Exelon. Exelon gains an understanding of the types of inputs and assumptions used in preparing the valuations and performs procedures to assess the reasonableness of the valuations.

Mark-to-Market Derivatives (Exelon, Generation and ComEd). For valuations that include both observable and unobservable inputs, if the unobservable input is determined to be significant to the overall inputs, the entire valuation is categorized in Level 3. This includes derivatives valued using indicative price quotations whose contract tenure extends into unobservable periods. In instances where observable data is unavailable, consideration is given to the assumptions that market participants would use in valuing the asset or liability. This includes assumptions about market risks such as liquidity, volatility and contract duration. Such instruments are categorized in Level 3 as the model inputs generally are not observable. Exelon's RMC approves risk management policies and objectives for risk assessment, control and valuation, counterparty credit approval, and the monitoring and reporting of risk exposures. The RMC is chaired by the chief executive officer and includes the chief risk officer, chief strategy officer, chief executive officer of Exelon Utilities, chief commercial officer, chief financial officer and chief executive officer of Constellation. The RMC reports to the Finance and Risk Committee of the Exelon Board of Directors on the scope of the risk management activities. Forward price curves for the power market utilized by the front office to manage the portfolio, are reviewed and verified by the middle office, and used for financial reporting by the back office. The Registrants consider credit and nonperformance risk in the valuation of derivative contracts categorized in Level 2 and 3, including both historical and current market data in its assessment of credit and nonperformance risk by counterparty. Due to master netting agreements and collateral posting requirements, the impacts of credit and nonperformance risk were not material to the financial statements.

Disclosed below is detail surrounding the Registrants' significant Level 3 valuations. The calculated fair value includes marketability discounts for margining provisions and other attributes. Generation's Level 3 balance generally consists of forward sales and purchases of power and natural gas and certain transmission congestion contracts. Generation utilizes various inputs and factors including market data and assumptions that market participants would use in pricing assets or liabilities as well as assumptions about the risks inherent in the inputs to the valuation technique. The inputs and factors include forward commodity prices, commodity price volatility, contractual volumes, delivery location, interest rates, credit quality of counterparties and credit enhancements.

For commodity derivatives, the primary input to the valuation models is the forward commodity price curve for each instrument. Forward commodity price curves are derived by risk management for liquid locations and by the traders and portfolio managers for illiquid locations. All locations are reviewed and verified by risk management considering published exchange transaction prices, executed bilateral transactions, broker quotes, and other observable or public data sources. The relevant forward commodity curve used to value each of the derivatives depends on a number of factors, including commodity type, delivery location, and delivery period. Price volatility varies by commodity and location. When appropriate, Generation discounts future cash flows using risk free interest rates with adjustments to reflect the credit quality of each counterparty for assets and Generation's own credit quality for liabilities. The level of observability of a forward commodity price varies generally due to the delivery location and delivery period. Certain delivery locations including PJM West Hub (for power) and Henry Hub (for natural gas) are more liquid and prices are observable for up to three years in the future. The observability period of volatility is generally shorter than the underlying power curve used in option valuations. The forward curve for a less liquid location is estimated by using the forward curve from the liquid location and applying a spread to represent the cost to transport the commodity to the delivery location. This spread does not

typically represent a majority of the instrument's market price. As a result, the change in fair value is closely tied to liquid market movements and not a change in the applied spread. The change in fair value associated with a change in the spread is generally immaterial. An average spread calculated across all Level 3 power and gas delivery locations is approximately $3.38 and $0.46 for power and natural gas, respectively. Many of the commodity derivatives are short-term in nature and thus a majority of the fair value may be based on observable inputs even though the contract as a whole must be classified as Level 3.

On December 17, 2010, ComEd entered into several 20-year floating to fixed energy swap contracts with unaffiliated suppliers for the procurement of long-term renewable energy and associated RECs. See Note 10 — Derivative Financial Instruments for additional information. The fair value of these swaps has been designated as a Level 3 valuation due to the long tenure of the positions and internal modeling assumptions. The modeling assumptions include using natural gas heat rates to project long term forward power curves adjusted by a renewable factor that incorporates time of day and seasonality factors to reflect accurate renewable energy pricing. In addition, marketability reserves are applied to the positions based on the tenor and supplier risk.

The table below discloses the significant inputs to the forward curve used to value these positions.

Type of trade	Fair Value at September 30, 2018	Valuation Technique	Unobservable Input	Range		
Mark-to-market derivatives — Economic Hedges (Exelon and Generation) [a][b]	$ 359	Discounted Cash Flow	Forward power price	$9	-	$158
			Forward gas price	$1.10	-	$12.57
		Option Model	Volatility percentage	8%	-	211%
Mark-to-market derivatives — Proprietary trading (Exelon and Generation) [a][b]	$ 58	Discounted Cash Flow	Forward power price	$17	-	$158
Mark-to-market derivatives (Exelon and ComEd)	$ (259)	Discounted Cash Flow	Forward heat rate [c]	10x	-	11x
			Marketability reserve	4%	-	8%
			Renewable factor	86%	-	121%

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Type of trade	Fair Value at December 31, 2017	Valuation Technique	Unobservable Input	Range		
Mark-to-market derivatives — Economic Hedges (Exelon and Generation) [(a)(b)]	$ 445	Discounted Cash Flow	Forward power price	$3	-	$124
			Forward gas price	$1.27	-	$12.80
		Option Model	Volatility percentage	11%	-	139%
Mark-to-market derivatives — Proprietary trading (Exelon and Generation) [(a)(b)]	$ 26	Discounted Cash Flow	Forward power price	$14	-	$94
Mark-to-market derivatives (Exelon and ComEd)	$ (256)	Discounted Cash Flow	Forward heat rate [(c)]	9x	-	10x
			Marketability reserve	4%	-	8%
			Renewable factor	88%	-	120%

(a) The valuation techniques, unobservable inputs and ranges are the same for the asset and liability positions.
(b) The fair values do not include cash collateral posted on level three positions of $94 million and $81 million as of September 30, 2018 and December 31, 2017 , respectively.
(c) Quoted forward natural gas rates are utilized to project the forward power curve for the delivery of energy at specified future dates. The natural gas curve is extrapolated beyond its observable period to the end of the contract's delivery.

The inputs listed above would have a direct impact on the fair values of the above instruments if they were adjusted. The significant unobservable inputs used in the fair value measurement of Generation's commodity derivatives are forward commodity prices and for options is price volatility. Increases (decreases) in the forward commodity price in isolation would result in significantly higher (lower) fair values for long positions (contracts that give Generation the obligation or option to purchase a commodity), with offsetting impacts to short positions (contracts that give Generation the obligation or right to sell a commodity). Increases (decreases) in volatility would increase (decrease) the value for the holder of the option (writer of the option). Generally, a change in the estimate of forward commodity prices is unrelated to a change in the estimate of volatility of prices. An increase to the reserves listed above would decrease the fair value of the positions. An increase to the heat rate or renewable factors would increase the fair value accordingly. Generally, interrelationships exist between market prices of natural gas and power. As such, an increase in natural gas pricing would potentially have a similar impact on forward power markets.

10. Derivative Financial Instruments (All Registrants)

The Registrants use derivative instruments to manage commodity price risk, interest rate risk and foreign exchange risk related to ongoing business operations.

Commodity Price Risk (All Registrants)

To the extent the amount of energy Generation produces differs from the amount of energy it has contracted to sell, Exelon and Generation are exposed to market fluctuations in the prices of electricity, fossil fuels and other commodities. Each of the Registrants employ established policies and procedures to manage their risks associated with market fluctuations in commodity prices by entering into physical and financial derivative contracts, including swaps, futures, forwards, options and short-term and long-term commitments to purchase and sell energy and commodity products. The Registrants believe these

instruments, which are either determined to be non-derivative or classified as economic hedges, mitigate exposure to fluctuations in commodity prices.

Derivative authoritative guidance requires that derivative instruments be recognized as either assets or liabilities at fair value, with changes in fair value of the derivative recognized in earnings immediately. Other accounting treatments are available through special election and designation, provided they meet specific, restrictive criteria both at the time of designation and on an ongoing basis. These alternative permissible accounting treatments include normal purchase normal sale (NPNS), cash flow hedges and fair value hedges. For Generation, all derivative economic hedges related to commodities are recorded at fair value through earnings for the consolidated company, referred to as economic hedges in the following tables. Additionally, Generation is exposed to certain market risks through its proprietary trading activities. The proprietary trading activities are a complement to Generation's energy marketing portfolio but represent a small portion of Generation's overall energy marketing activities.

Fair value authoritative guidance and disclosures about offsetting assets and liabilities requires the fair value of derivative instruments to be shown in the Combined Notes to Consolidated Financial Statements on a gross basis, even when the derivative instruments are subject to legally enforceable master netting agreements and qualify for net presentation in the Consolidated Balance Sheet. A master netting agreement is an agreement between two counterparties that may have derivative and non-derivative contracts with each other providing for the net settlement of all referencing contracts via one payment stream, which takes place as the contracts deliver, when collateral is requested or in the event of default. Generation's use of cash collateral is generally unrestricted, unless Generation is downgraded below investment grade (i.e., to BB+ or Ba1). In the table below, Generation's energy-related economic hedges and proprietary trading derivatives are shown gross. The impact of the netting of fair value balances with the same counterparty that are subject to legally enforceable master netting agreements, as well as netting of cash collateral, including margin on exchange positions, is aggregated in the collateral and netting column. As of September 30, 2018, $23 million of cash collateral posted, and as of December 31, 2017 , $4 million of cash collateral held, was not offset against derivative positions because such collateral was not associated with any energy-related derivatives, were associated with accrual positions, or had no positions to offset as of the balance sheet date. Excluded from the tables below are economic hedges that qualify for the NPNS scope exception and other non-derivative contracts that are accounted for under the accrual method of accounting.

ComEd's use of cash collateral is generally unrestricted unless ComEd is downgraded below investment grade (i.e., to BB+ or Ba1).

Cash collateral held by PECO and BGE must be deposited in an unaffiliated major U.S. commercial bank or foreign bank with a U.S. branch office that meet certain qualifications.

In the table below, DPL's economic hedges are shown gross. The impact of the netting of fair value balances with the same counterparty that are subject to legally enforceable master netting agreements, as well as netting of cash collateral, in cluding margin on exchange positions, is aggregated in the collateral and netting column.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following table provides a summary of the derivative fair value balances recorded by the Registrants as of September 30, 2018 :

	Generation				ComEd	DPL			Exelon
Derivatives	Economic Hedges	Proprietary Trading	Collateral and Netting [a][e]	Subtotal [b]	Economic Hedges [c]	Economic Hedges [d]	Collateral and Netting [a]	Subtotal	Total Derivatives
Mark-to-market derivative assets (current assets)	$ 2,987	$ 113	$ (2,406)	$ 694	$ —	$ —	$ —	$ —	$ 694
Mark-to-market derivative assets (noncurrent assets)	1,383	61	(1,013)	431	—	—	—	—	431
Total mark-to-market derivative assets	4,370	174	(3,419)	1,125	—	—	—	—	1,125
Mark-to-market derivative liabilities (current liabilities)	(2,761)	(86)	2,543	(304)	(24)	—	—	—	(328)
Mark-to-market derivative liabilities (noncurrent liabilities)	(1,284)	(41)	1,088	(237)	(235)	—	—	—	(472)
Total mark-to-market derivative liabilities	(4,045)	(127)	3,631	(541)	(259)	—	—	—	(800)
Total mark-to-market derivative net assets (liabilities)	$ 325	$ 47	$ 212	$ 584	$ (259)	$ —	$ —	$ —	$ 325

(a) Exelon, G eneration and DPL net all available amounts allowed under the derivative authoritative guidance on the balance sheet. These amounts include unrealized derivative transactions with the same counterparty under legally enforceable master netting agreements and cash collateral. In some cases Exelon and Generation may have other offsetting exposures, subject to a master netting or similar agreement, such as trade receivables and payables, transactions that do not qualify as derivatives, letters of credit and other forms of non-cash collateral. These are not reflected in the table above.
(b) Current and noncurrent assets are shown net of collateral of $71 million and $28 million , respectively, and current and noncurrent liabilities are shown net of collateral of $66 million and $47 million , respectively. The total cash collateral posted, net of cash collateral received and offset against mark-to-market assets and liabilities was $212 million at September 30, 2018 .
(c) Includes current and noncurrent liabilities relating to floating-to-fixed energy swap contracts with unaffiliated suppliers.
(d) Represents natural gas futures purchased by DPL as part of a natural gas hedging program approved by the DPSC.
(e) Of the collateral p osted/(received), $(166) million represents variation margin on the exchanges.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following table provides a summary of the derivative fair value balances recorded by the Registrants as of December 31, 2017 :

	Generation				ComEd	DPL			Exelon
Description	Economic Hedges	Proprietary Trading	Collateral and Netting [a][e]	Subtotal [b]	Economic Hedges [c]	Economic Hedges [d]	Collateral and Netting [a]	Subtotal	Total Derivatives
Mark-to-market derivative assets (current assets)	$ 3,061	$ 56	$ (2,144)	$ 973	$ —	$ —	$ —	$ —	$ 973
Mark-to-market derivative assets (noncurrent assets)	1,164	12	(845)	331	—	—	—	—	331
Total mark-to-market derivative assets	4,225	68	(2,989)	1,304	—	—	—	—	1,304
Mark-to-market derivative liabilities (current liabilities)	(2,646)	(43)	2,480	(209)	(21)	(1)	1	—	(230)
Mark-to-market derivative liabilities (noncurrent liabilities)	(1,137)	(10)	975	(172)	(235)	—	—	—	(407)
Total mark-to-market derivative liabilities	(3,783)	(53)	3,455	(381)	(256)	(1)	1	—	(637)
Total mark-to-market derivative net assets (liabilities)	$ 442	$ 15	$ 466	$ 923	$ (256)	$ (1)	$ 1	$ —	$ 667

(a) Exelon, Generation and DPL net al l available amounts allowed under the derivative authoritative guidance on the balance sheet. These amounts include unrealized derivative transactions with the same counterparty under legally enforceable master netting agreements and cash collateral. In some cases Exelon and Generation may have other offsetting exposures, subject to a master netting or similar agreement, such as trade receivables and payables, transactions that do not qualify as derivatives, and letters of credit and other forms of non-cash collateral. These are not reflected in the table above.
(b) Current and noncurrent assets are shown net of collateral of $169 million and $53 million , respectively, and current and noncurrent liabilities are shown net of collateral of $167 million and $77 million , respectively. The total cash collateral posted, net of cash collateral received and offset against mark-to-market assets and liabilities was $466 million at December 31, 2017 .
(c) Includes current and noncurrent liabilities relating to floating-to-fixed energy swap contracts with unaffiliated suppliers.
(d) Represents natural gas futures purchased by DPL as part of a natural gas hedging program approved by the DPSC.
(e) Of the collateral posted/(rece ived), $(117) million represents variation margin on the exchanges.

Economic Hedges (Commodity Price Risk)

Within Exelon, Generation has the most exposure to commodity price risk. As such, Generation uses a variety of derivative and non-derivative instruments to manage the commodity price risk of its electric generation facilities, including power and gas sales, fuel and power purchases, natural gas transportation and pipeline capacity agreements and other energy-related products marketed and purchased. To manage these risks, Generation may enter into fixed-price derivative or non-derivative contracts to hedge the variability in future cash flows from expected sales of power and gas and purchases of power and fuel. The objectives for executing such hedges include fixing the price for a portion of anticipated future electricity sales at a level that provides an acceptable return. Generation is also exposed to differences between the locational settlement prices of certain economic hedges and the hedged generating units. This price difference is actively managed through other instruments which include derivative congestion products, whose changes in fair value are recognized in earnings each period, and auction revenue rights, which are accounted for on an accrual basis. For the three and nine months ended September 30, 2018 and 2017 , Exelon and Generation recognized the following net pre-tax commodity mark-to-market gains (losses) which are also located in the "Net fair value changes related to derivatives" on the Consolidated Statements of Cash Flows.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Income Statement Location	Gain (Loss)			
Operating revenues	$ 8	$ 55	$ (99)	$ (41)
Purchased power and fuel	66	21	(4)	(114)
Total Exelon and Generation	$ 74	$ 76	$ (103)	$ (155)

In general, increases and decreases in forward market prices have a positive and negative impact, respectively, on G eneration's owned and contracted generation positions that have not been hedged. Generation hedges commodity price risk on a ratable basis over three-year periods. As of September 30, 2018 , the percentage of expected generation hedged is 98% - 101% , 82% - 85% and 48% - 51% for 2018 , 2019 and 2020 , respectively.

On December 17, 2010, ComEd executed several 20-year floating-to-fixed energy swap contracts with unaffiliated suppliers for the procurement of long-term renewable energy and associated RECs. Delivery under the contracts began in June 2012. These contracts are designed to lock in a portion of the long-term commodity price risk resulting from the renewable energy resource procurement requirements in the Illinois Settlement Legislation. ComEd has not elected hedge accounting for these derivative financial instruments. ComEd records the fair value of the swap contracts on its balance sheet. Because ComEd receives full cost recovery for energy procurement and related costs from retail customers, the change in fair value each period is recorded by ComEd as a regulatory asset or liability. See Note 3 — Regulatory Matters of the Exelon 2017 Form 10-K for additional information.

PECO's natural gas procurement policy is designed to achieve a reasonable balance of long-term and short-term gas purchases under different pricing approaches to achieve system supply reliability at the least cost. PECO's reliability strategy is two-fold. First, PECO must assure that there is sufficient transportation capacity to satisfy delivery requirements. Second, PECO must ensure that a firm source of supply exists to utilize the capacity resources. All of PECO's natural gas supply and asset management agreements that are derivatives either qualify for the NPNS scope exception and have been designated as such or have no mark-to-market balances because the derivatives are index priced. Additionally, in accordance with the 2018 PAPUC PGC settlement and to reduce the exposure of PECO and its customers to natural gas price volatility, PECO has continued its program to purchase natural gas for both winter and summer supplies using a layered approach of locking-in prices ahead of each season with long-

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term gas purchase agreements (those with primary terms of at least twelve months). Under the terms of the 2018 and previous PGC settlements, PECO is required to lock in (i.e., economically hedge) the price of a minimum volume of its long-term gas commodity purchases. PECO's gas-hedging program is designed to cover about 20% of planned natural gas purchases in support of projected firm sales. The hedging program for natural gas procurement has no direct impact on PECO's results of operations and financial position as natural gas costs are fully recovered from customers under the PGC.

BGE has contracts to procure SOS electric supply that are executed through a competitive procurement process approved by the MDPSC. The SOS rates charged recover BGE's wholesale power supply costs and include an administrative fee. BGE's commodity price risk related to electric supply procurement is limited. BGE locks in fixed prices for all of its SOS requirements through full requirements contracts. Certain of BGE's full requirements contracts, which are considered derivatives, qualify for the NPNS scope exception under current derivative authoritative guidance. Other BGE full requirements contracts are not derivatives.

BGE provides natural gas to its customers under a MBR mechanism approved by the MDPSC. Under this mechanism, BGE's actual cost of gas is compared to a market index (a measure of the market price of gas in a given period). The difference between BGE's actual cost and the market index is shared equally between shareholders and customers. BGE must also secure fixed price contracts for at least 10% , but not more than 20% , of forecasted system supply requirements for flowing (i.e., non-storage) gas for the November through March period. These fixed-price contracts are not subject to sharing under the MBR mechanism. BGE also ensures it has sufficient pipeline transportation capacity to meet customer requirements. BGE's natural gas supply and asset management agreements qualify for the NPNS scope exception and result in physical delivery.

Pepco has contracts to procure SOS electric supply that are executed through a competitive procurement process approved by the MDPSC and DCPSC. The SOS rates charged recover Pepco's wholesale power supply costs and include an administrative fee. The administrative fee includes an incremental cost component and a shareholder return component for residential and commercial rate classes. Pepco's commodity price risk related to electric supply procurement is limited. Pepco locks in fixed prices for its SOS requirements through full requirements contracts. Certain of Pepco's full requirements contracts, which are considered derivatives, qualify for the NPNS scope exception under current derivative authoritative guidance. Other Pepco full requirements contracts are not derivatives.

DPL has contracts to procure SOS electric supply that are executed through a competitive procurement process approved by the MDPSC and the DPSC. The SOS rates charged recover DPL's wholesale power supply costs. In Delaware, DPL is also entitled to recover a Reasonable Allowance for Retail Margin (RARM). The RARM includes a fixed annual margin of approximately $2.75 million , plus an incremental cost component and a cash working capital allowance. In Maryland, DPL charges an administrative fee intended to allow it to recover its administrative costs. DPL locks in fixed prices for its SOS requirements through full requirements contracts. DPL's commodity price risk related to electric supply procurement is limited. Certain of DPL's full requirements contracts, which are considered derivatives, qualify for the NPNS scope exception under current derivative authoritative guidance. Other DPL full requirements contracts are not derivatives.

DPL provides natural gas to its customers under an Annual GCR mechanism approved by the DPSC. Under this mechanism, DPL's Annual GCR Filing establishes a future GCR for firm bundled sales customers by using a forecast of demand and commodity costs. The actual costs are trued up against forecasts on a monthly basis and any shortfall or excess is carried forward as a recovery balance in the next GCR filing. The demand portion of the GCR is based upon DPL's firm transportation and storage contracts. DPL has firm deliverability of swing and seasonal storage; a liquefied natural gas facility and firm transportation capacity to meet customer demand and provide a reserve margin. The commodity portion of the GCR includes a commission approved hedging program which is intended to reduce gas

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commodity price volatility while limiting the firm natural gas customers' exposure to adverse changes in the market price of natural gas. The hedge program requires that DPL hedge, on a non-discretionary basis, an amount equal to 50% of estimated purchase requirements for each month, including estimated monthly purchases for storage injections. The 50% hedge monthly target is achieved by hedging 1/12th of the 50% target each month beginning 12-months prior to the month in which the physical gas is to be purchased. Currently, DPL uses only exchange traded futures for its gas hedging program, which are considered derivatives, however, it retains the capability to employ other physical and financial hedges if needed. DPL has not elected hedge accounting for these derivative financial instruments. Because of the DPSC-approved fuel adjustment clause for DPL's derivatives, the change in fair value of the derivatives each period, in addition to all premiums paid and other transaction costs incurred as part of the gas hedging program, are fully recoverable and are recorded by DPL as regulatory assets or liabilities. DPL's physical gas purchases are currently all daily, monthly or intra-month transactions. From time to time, DPL will enter into seasonal purchase or sale arrangements, however, there are none currently in the portfolio. Certain of DPL's full requirements contracts, which are considered derivatives, qualify for the NPNS scope exception under current derivative authoritative guidance. Other DPL full requirements contracts are not derivatives.

ACE has contracts to procure BGS electric s upply that are executed through a competitive procurement process approved by the NJBPU. The BGS rates charged recover ACE's wholesale power supply costs. ACE does not make any profit or incur any loss on the supply component of the BGS it supplies to customers. ACE's commodity price risk related to electric supply procurement is limited. ACE locks in fixed prices for all of its BGS requirements through full requirements contracts. Certain of ACE's full requirements contracts, which are considered derivatives, qualify for the NPNS scope exception under current derivative authoritative guidance. Other ACE full requirements contracts are not derivatives.

Proprietary Trading (Commodity Price Risk)

Generation also executes commodity derivatives for proprietary trading purposes. Proprietary trading includes all contracts executed with the intent of benefiting from shifts or changes in market prices as opposed to those executed with the intent of hedging or managing risk. Proprietary trading activities are subject to limits established by Exelon's RMC. The proprietary trading portfolio is subject to a risk management policy that includes stringent risk management limits to manage exposure to market risk. Additionally, the Exelon risk management group and Exelon's RMC monitor the financial risks of the proprietary trading activities. The proprietary trading activities are a complement to Generation's energy marketing portfolio but represent a small portion of Generation's overall revenue from energy marketing activities. Gains and losses associated with proprietary trading are reported as Operating revenues in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income. For the three and nine months ended September 30, 2018 and 2017 Exelon and Generation recognized the following net pre-tax commodity mark-to-market gains (losses) which are also included in the "Net fair value changes related to derivatives" on the Consolidated Statements of Cash Flows. The Utility Registrants do not execute derivatives for proprietary trading purposes.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Income Statement Location	Gain (Loss)			
Operating revenues	$ (3)	$ 5	$ 14	$ 4

Interest Rate and Foreign Exchange Risk (All Registrants)

The Registrants use a combination of fixed-rate and variable-rate debt to manage interest rate exposure. The Registrants also utilize interest rate swaps, which are treated as economic hedges, to manage their interest rate exposure. To manage foreign exchange rate exposure associated with

international commodity purchases in currencies other than U.S. dollars, Generation utilizes foreign currency derivatives, which are treated as economic hedges. Below is a summary of the interest rate and foreign exchange hedge balances as of September 30, 2018 :

	Generation			Exelon Corporate	Exelon
Description	Economic Hedges	Collateral and Netting [a]	Subtotal	Economic Hedges	Total
Mark-to-market derivative assets (current assets)	$ 3	$ (1)	$ 2	$ —	$ 2
Mark-to-market derivative assets (noncurrent assets)	18	—	18	—	18
Total mark-to-market derivative assets	21	(1)	20	—	20
Mark-to-market derivative liabilities (current liabilities)	(2)	1	(1)	—	(1)
Mark-to-market derivative liabilities (noncurrent liabilities)	—	—	—	(10)	(10)
Total mark-to-market derivative liabilities	(2)	1	(1)	(10)	(11)
Total mark-to-market derivative net assets (liabilities)	$ 19	$ —	$ 19	$ (10)	$ 9

(a) Exelon and Generation net all available amounts allowed under the derivative authoritative guidance on the balance sheet. These amounts include unrealized derivative transactions with the same counterparty under legally enforceable master netting agreements and cash collateral. In some cases, Exelon and Generation may have other offsetting counterparty exposures subject to a master netting or similar agreement, such as accrued interest, transactions that do not qualify as derivatives, letters of credit and other forms of non-cash collateral, which are not reflected in the table above.

The following table provides a summary of the interest rate and foreign exchange hedge balances recorded by the Registrants as of December 31, 2017 :

	Generation				Exelon Corporate	Exelon
Description	Derivatives Designated as Hedging Instruments	Economic Hedges	Collateral and Netting [a]	Subtotal	Derivatives Designated as Hedging Instruments	Total
Mark-to-market derivative assets (current assets)	$ —	$ 10	$ (7)	$ 3	$ —	$ 3
Mark-to-market derivative assets (noncurrent assets)	3	—	—	3	3	6
Total mark-to-market derivative assets	3	10	(7)	6	3	9
Mark-to-market derivative liabilities (current liabilities)	(2)	(7)	7	(2)	—	(2)
Mark-to-market derivative liabilities (noncurrent liabilities)	—	(2)	—	(2)	—	(2)
Total mark-to-market derivative liabilities	(2)	(9)	7	(4)	—	(4)
Total mark-to-market derivative net assets	$ 1	$ 1	$ —	$ 2	$ 3	$ 5

(a) Exelon and Generation net all available amounts allowed under the derivative authoritative guidance on the balance sheet. These amounts include unrealized derivative transactions with the same counterparty under legally enforceable master netting agreements and cash collateral. In some cases, Exelon and Generation may have other offsetting counterparty exposures subject to a master netting or similar agreement, such as accrued interest, transactions that do not qualify as derivatives, letters of credit and other forms of non-cash collateral, which are not reflected in the table above.

Economic Hedges (Interest Rate and Foreign Exchange Risk)

Exelon and Generation execute these instruments to mitigate exposure to fluctuations in interest rates or foreign exchange but for which the fair value or cash flow hedge elections were not made. On July 1, 2018, Exelon de-designated its fair value hedges related to interest rate risk and Generation de-designated its cash flow hedges related to interest rate risk. The amount deferred in AOCI associated with the previously designated cash flow hedges will be reclassified into earnings as the underlying forecasted transaction occurs. The result of this de-designation is that all economic hedges for interest rate swaps will be recorded at fair value through earnings going forward, referred to as economic hedges in the following tables.

The following table provides notional amounts outstanding held by Exelon and Generation at September 30, 2018 related to interest rate swaps and foreign currency exchange rate swaps.

	Generation	Exelon Corporate	Exelon
Foreign currency exchange rate swaps	$ 88	$ —	$ 88
Interest rate swaps	625	800	1,425
Total	$ 713	$ 800	$ 1,513

The following table provides notional amounts outstanding held by Exelon and Generation at December 31, 2017 related to interest rate swaps and foreign currency exchange rate swaps.

	Generation	Exelon Corporate	Exelon
Foreign currency exchange rate swaps	$ 94	$ —	$ 94
Interest rate swaps [(a)]	1	—	1
Total	$ 95	$ —	$ 95

(a) On July 1, 2018, Exelon and Generation de-designated its fair value and cash flow hedges. The table excludes amounts of $800 million of fixed-to-floating hedges that were previously designated as fair value hedges by Exelon and $636 million of floating-to-fixed hedges that were previously designated as cash flow hedges by Exelon and Generation as of December 31, 2017.

For the three and nine months ended September 30, 2018 and 2017 , Exelon and Generation recognized the following net pre-tax mark-to-market gains (losses) in the Consolidated Statements of Operations and Comprehensive Income and are included in “Net fair value changes related to derivatives” in Exelon’s and Generation’s Consolidated Statements of Cash Flows.

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2018	2017	2018	2017
	Income Statement Location	Gain (Loss)			
Generation	Operating Revenues	$ (2)	$ (3)	$ 3	$ (6)
Generation	Purchased Power and Fuel	(1)	—	(4)	—
Generation	Interest Expense	4	—	4	—
Total Generation		$ 1	$ (3)	$ 3	$ (6)

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

		Three Months Ended September 30,		Nine Months Ended September 30,	
		2018	2017	2018	2017
	Income Statement Location	Gain (Loss)			
Exelon	Operating Revenues	$ (2)	$ (3)	$ 3	$ (6)
Exelon	Purchased Power and Fuel	(1)	—	(4)	—
Exelon	Interest Expense	2	—	2	—
Total Exelon		$ (1)	$ (3)	$ 1	$ (6)

Fair Value Hedges (Interest Rate Risk)

For derivative instruments that qualify and are designated as fair value hedges, the gain or loss on the derivative as well as the offsetting loss or gain on the hedged item attributable to the hedged risk are recognized in earnings immediately. Exelon had no fixed-to-floating swaps designated as fair value hedges as of September 30, 2018 and had $800 million notional amounts designated as fair value hedges as of December 31, 2017 . Exelon and Generation include the gain or loss on the hedged items and the offsetting loss or gain on the related interest rate swaps as follows:

		Three Months Ended September 30,			
		2018	2017	2018	2017
	Income Statement Location	Loss on Swaps		Gain on Borrowings	
Exelon	Interest expense	$ —	$ (2)	$ —	$ 6

		Nine Months Ended September 30,			
		2018	2017	2018	2017
	Income Statement Location	Loss on Swaps		Gain on Borrowings	
Exelon	Interest expense	$ (11)	$ (6)	$ 20	$ 17

During the three months ended September 30, 2018 , due to the de-designation of fair value hedges, there was no impact on the results of operations as a result of ineffectiveness from fair value hedges. During the three months ended September 30, 2017 , the impact on the results of operations as a result of ineffectiveness from fair value hedges was a $4 million gain. During the nine months ended September 30, 2018 and 2017 , the impact on the results of operations as a result of ineffectiveness from fair value hedges was a $9 million gain and a $11 million gain, respectively.

Cash Flow Hedges (Interest Rate Risk)

For derivative instruments that qualify and are designated as cash flow hedges, the gain or loss on the effective portion of the derivative will be deferred in AOCI and reclassified into earnings when the underlying transaction occurs. Exelon and Generation have no floating-to-fixed swaps designated as cash flow hedges as of September 30, 2018, and had $636 million notional amounts designated as cash flow hedges as of December 31, 2017.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The tables below provide the activity of OCI related to cash flow hedges for the three and nine months ended September 30, 2018 and 2017 , containing information about the changes in the fair value of cash flow hedges and the reclassification from AOCI into results of operations. The amounts reclassified from OCI, when combined with the impacts of the hedged transactions, result in the ultimate recognition of net revenues or expenses at the contractual price.

		Total Cash Flow Hedge OCI Activity, Net of Income Tax	
		Generation	Exelon
Three Months Ended September 30, 2018	Income Statement Location	Total Cash Flow Hedges	Total Cash Flow Hedges
AOCI derivative loss at June 30, 2018		$ (4)	$ (2)
Reclassifications from AOCI to net income	Interest Expense	—	—
AOCI derivative loss at September 30, 2018		$ (4)	$ (2)

		Total Cash Flow Hedge OCI Activity, Net of Income Tax	
		Generation	Exelon
Nine Months Ended September 30, 2018	Income Statement Location	Total Cash Flow Hedges	Total Cash Flow Hedges
AOCI derivative loss at December 31, 2017		$ (16)	$ (14)
Effective portion of changes in fair value		11	11
Reclassifications from AOCI to net income	Interest Expense	1	1
AOCI derivative loss at September 30, 2018		$ (4)	$ (2)

		Total Cash Flow Hedge OCI Activity, Net of Income Tax	
		Generation	Exelon
Three Months Ended September 30, 2017	Income Statement Location	Total Cash Flow Hedges	Total Cash Flow Hedges
AOCI derivative loss at June 30, 2017		$ (14)	$ (12)
Effective portion of changes in fair value		1	1
Reclassifications from AOCI to net income	Interest Expense	(1) [a]	(1) [a]
AOCI derivative loss at September 30, 2017		$ (14)	$ (12)

		Total Cash Flow Hedge OCI Activity, Net of Income Tax	
		Generation	Exelon
Nine Months Ended September 30, 2017	Income Statement Location	Total Cash Flow Hedges	Total Cash Flow Hedges
AOCI derivative loss at December 31, 2016		$ (19)	$ (17)
Effective portion of changes in fair value		2	2
Reclassifications from AOCI to net income	Interest Expense	3 [b]	3 [b]
AOCI derivative loss at September 30, 2017		$ (14)	$ (12)

(a) Amount is net of related income tax benefit of $1 million for the three months ended September 30, 2017 .
(b) Amount is net of related income tax expense of $2 million for the nine months ended September 30, 2017 .

During the three months ended September 30, 2018 , due to the de-designation of cash flow hedges, there was no impact on the results of operations as a result of ineffectiveness. During the nine months

ended September 30, 2018 and the three and nine months ended September 30, 2017 , the impact on the results of operations as a result of ineffectiveness from cash flow hedges was immaterial. The estimated amount of existing gains and losses that are reported in AOCI at the reporting date that are expected to be reclassified into earnings within the next twelve months is immaterial.

Proprietary Trading (Interest Rate and Foreign Exchange Risk)

Generation also executes derivative contracts for proprietary trading purposes to hedge risk associated with the interest rate and foreign exchange components of underlying commodity positions. Gains and losses associated with proprietary trading are reported as Operating revenues in Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income and are included in "Net fair value changes related to derivatives" in Exelon's and Generation's Consolidated Statements of Cash Flows. For the three and nine months ended September 30, 2018 and for the three months ended September 30, 2017 , Exelon and Generation recognized no net pre-tax commodity mark-to-market gains or losses. For the nine months ended September 30, 2017 , Exelon and Generation recognized a $1 million net pre-tax commodity mark-to-market loss.

Credit Risk, Collateral and Contingent-Related Features (All Registrants)

The Registrants would be exposed to credit-related losses in the event of non-performance by counterparties on executed derivative instruments. The credit exposure of derivative contracts, before collateral, is represented by the fair value of contracts at the reporting date. For commodity derivatives, Generation enters into enabling agreements that allow for payment netting with its counterparties, which reduces Generation's exposure to counterparty risk by providing for the offset of amounts payable to the counterparty against amounts receivable from the counterparty. Typically, each enabling agreement is for a specific commodity and so, with respect to each individual counterparty, netting is limited to transactions involving that specific commodity product, except where master netting agreements exist with a counterparty that allow for cross product netting. In addition to payment netting language in the enabling agreement, Generation's credit department establishes credit limits, margining thresholds and collateral requirements for each counterparty, which are defined in the derivative contracts. Counterparty credit limits are based on an internal credit review process that considers a variety of factors, including the results of a scoring model, leverage, liquidity, profitability, credit ratings by credit rating agencies, and risk management capabilities. To the extent that a counterparty's margining thresholds are exceeded, the counterparty is required to post collateral with Generation as specified in each enabling agreement. Generation's credit department monitors current and forward credit exposure to counterparties and their affiliates, both on an individual and an aggregate basis.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following tables provide information on Generation's credit exposure for all derivative instruments, NPNS and applicable payables and receivables, net of collateral and instruments that are subject to master netting agreements, as of September 30, 2018 . The tables further delineate that exposure by credit rating of the counterparties and provide guidance on the concentration of credit risk to individual counterparties. The figures in the tables below exclude credit risk exposure from individual retail counterparties, nuclear fuel procurement contracts and exposure through RTOs, ISOs, NYMEX, ICE, NASDAQ, NGX and Nodal commodity exchanges. Additionally, the figures in the tables below exclude exposures with affiliates, including net receivables with ComEd, PECO, BGE, Pepco, DPL and ACE of $47 million , $26 million , $23 million , $39 million , $8 million , and $6 million as of September 30, 2018 , respectively.

Rating as of September 30, 2018	Total Exposure Before Credit Collateral	Credit Collateral [a]	Net Exposure	Number of Counterparties Greater than 10% of Net Exposure	Net Exposure of Counterparties Greater than 10% of Net Exposure
Investment grade	$ 647	$ —	$ 647	1	$ 176
Non-investment grade	101	20	81		
No external ratings					
Internally rated — investment grade	179	1	178		
Internally rated — non-investment grade	139	17	122		
Total	$ 1,066	$ 38	$ 1,028	1	$ 176

Net Credit Exposure by Type of Counterparty	As of September 30, 2018
Financial institutions	$ 19
Investor-owned utilities, marketers, power producers	572
Energy cooperatives and municipalities	357
Other	80
Total	$ 1,028

(a) As of September 30, 2018 , credit collateral held from counterparties where Generation had credit exposure included $4 million of cash and $34 million of letters of credit. The credit collateral does not include non-liquid collateral.

ComEd's power procurement contracts provide suppliers with a certain amount of unsecured credit. The credit position is based on daily, updated forward market prices compared to the benchmark prices. The benchmark prices are the forward prices of energy projected through the contract term and are set at the point of sup plier bid submittals. If the forward market price of energy exceeds the benchmark price on a given day, the suppliers are required to post collateral for the secured credit portion after adjusting for any unpaid deliveries and unsecured credit allowed under the contract. The unsecured credit used by the suppliers represents ComEd's net credit exposure. As of September 30, 2018 , ComEd's net credit exposure to suppliers was less than $2 million .

ComEd is permitted to recover its costs of procuring energy through the Illinois Settlement Legislation. ComEd's counterparty credit risk is mitigated by its ability to recover realized energy costs through customer rates. See Note 3 — Regulatory Matters of the Exelon 2017 Form 10-K for additional information.

PECO's unsecured credit used by the suppliers represents PECO's net credit exposure. As of September 30, 2018 , PECO had no material net credit exposure to suppliers.

PECO's natural gas procurement plan is reviewed and approved annually on a prospective basis by the PAPUC. PECO's counterparty credit risk under its natural gas supply and asset management agreements is mitigated by its ability to recover its natural gas costs through the PGC, which allows PECO to adjust rates quarterly to reflect realized natural gas prices. As of September 30, 2018 , PECO had no material credit exposure under its natural gas supply and asset management agreements with investment grade suppliers.

BGE is permitted to recover its costs of procuring energy through the MDPSC-approved procurement tariffs. BGE's counterparty credit risk is mitigated by its ability to recover realized energy costs through customer rates. See Note 3 — Regulatory Matters of the Exelon 2017 Form 10-K for additional information.

BGE's full requirement wholesale electric power agreements that govern the terms of its electric supply procurement contracts, which define a supplier's performance assurance requirements, allow a supplier, or its guarantor, to meet its credit requirements with a certain amount of unsecured credit. As of September 30, 2018 , BGE's net credit exposure to suppliers was immaterial.

BGE's regulated gas business is exposed to market-price risk. At September 30, 2018 , BGE's credit exposure related to off-system sales, which is mitigated by parental guarantees, letters of credit or right to offset clauses within other contracts with those third-party suppliers, was immaterial.

Pepco's, DPL's and ACE's power procurement contracts provide suppliers with a certain amount of unsecured credit. The amount of unsecured credit is determined based on the supplier's lowest credit rating from the major credit rating agencies and the supplier's tangible net worth. The credit position is based on the initial market price, which is the forward price of energy on the day a transaction is executed, compared to the current forward price curve for energy. To the extent that the forward price curve for energy exceeds the initial market price, the supplier is required to post collateral to the extent the credit exposure is greater than the supplier's unsecured credit limit. The unsecured credit used by the suppliers represents Pepco's, DPL's and ACE's net credit exposure. As of September 30, 2018 , Pepco's, DPL's and ACE's net credit exposures to suppliers were immaterial.

Pepco is permitted to recover its costs of procuring energy through the MDPSC-approved and DCPSC-approved procurement tariffs. DPL is permitted to recover its costs of procuring energy through the MDPSC-approved and DPSC-approved procurement tariffs. ACE is permitted to recover its costs of procuring energy through the NJBPU-approved procurement tariffs. Pepco's, DPL's and ACE's counterparty credit risks are mitigated by their ability to recover realized energy costs through customer rates. See Note 3 — Regulatory Matters of the Exelon 2017 Form 10-K for additional information.

DPL's natural gas procurement plan is reviewed and approved annually on a prospective basis by the DPSC. DPL's counterparty credit risk under its natural gas supply and asset management agreements is mitigated by its ability to recover its natural gas costs through the GCR, which allows DPL to adjust rates annually to reflect realized natural gas prices. To the extent that the fair value of the transactions in a net loss position exceeds the unsecured credit threshold, then collateral is required to be posted in an amount equal to the a mount by which the unsecured credit threshold is exceeded. Exchange-traded contracts are required to be fully collateralized without regard to the credit rating of the holder. As of September 30, 2018 , DPL's credit exposure under its natural gas supply and asset management agreements with investment grade suppliers was immaterial.

Collateral (All Registrants)

As part of the normal course of business, Generation routinely enters into physically or financially settled contracts for the purchase and sale of electric capacity, electricity, fuels, emissions allowances and other energ y-related products. Certain of Generation's derivative instruments contain provisions that require Generation to post collateral. Generation also enters into commodity transactions on

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exchanges where the exchanges act as the counterparty to each trade. Transactions on the exchanges must adhere to comprehensive collateral and margining requirements. This collateral may be posted in the form of cash or credit support with thresholds contingent upon Generation's credit rating from each of the major credit rating agencies. The collateral and credit support requirements vary by contract and by counterparty. These credit-risk related contingent features stipulate that if Generation were to be downgraded or lose its investment grade credit rating (based on its senior unsecured debt rating), it would be required to provide additional collateral. This incremental collateral requirement allows for the offsetting of derivative instruments that are assets with the same counterparty, where the contractual right of offset exists under applicable master netting agreements. In the absence of expressly agreed-to provisions that specify the collateral that must be provided, collateral requested will be a function of the facts and circumstances of the situation at the time of the demand. In this case, Generation believes an amount of several months of future payments (i.e., capacity payments) rather than a calculation of fair value is the best estimate for the contingent collateral obligation, which has been factored into the disclosure below.

The aggregate fair value of all derivative instruments with credit-risk related contingent features in a liability position that are not fully collateralized (excluding transactions on the exchanges that are fully collateralized) is detailed i n the table below:

Credit-Risk Related Contingent Features	September 30, 2018	December 31, 2017
Gross fair value of derivative contracts containing this feature [(a)]	$ (1,704)	$ (926)
Offsetting fair value of in-the-money contracts under master netting arrangements [(b)]	1,249	577
Net fair value of derivative contracts containing this feature [(c)]	$ (455)	$ (349)

(a) Amount represents the gross fair value of out-of-the-money derivative contracts containing credit-risk related contingent features ignoring the effects of master netting agreements.
(b) Amount represents the offsetting fair value of in-the-money derivative contracts under legally enforceable master netting agreements with the same counterparty, which reduces the amount of any liability for which a Registrant could potentially be required to post collateral.
(c) Amount represents the net fair value of out-of-the-money derivative contracts containing credit-risk related contingent features after considering the mitigating effects of offsetting positions under master netting arrangements and reflects the actual net liability upon which any potential contingent collateral obligations would be based.

Generation had cash collateral posted of $255 million and letters of credit posted of $283 million and cash collat eral held of $20 million and letters of credit held of $48 million as of September 30, 2018 for external counterparties with derivative positions. Generation had cash collateral posted of $497 million and letters of credit posted of $293 million and cash collateral held of $35 million and letters of credit held of $33 million at December 31, 2017 for external counterparties with derivative positions. In the event of a credit downgrade below investment grade (i.e., to BB+ by S&P or Ba1 by Moody's), Generation would have been required to post additional collateral of $1.8 billion as of September 30, 2018 and December 31, 2017 . These amounts represent the potential additional collateral required after giving consideration to offsetting derivative and non-derivative positions under master netting agreements.

Generation's and Exelon's interest rate swaps contain provisions that, in the event of a merger, if Generation's debt ratings were to materially weaken, it would be in violation of these provisions, resulting in the ability of the counterparty to terminate the agreement prior to maturity. Collateralization would not be required under any circumstance. Termination of the agreement could result in a settlement payment by Exelon or the counterparty on any interest rate swap in a net liability position. The settlement amount would be equal to the fair value of the swap on the termination date. As of September 30, 2018 , Generation's and Exelon's swaps were in an asset position of $19 million and $9 million , re spectively .

See Note 25 — Segment Information of the Exelon 2017 Form 10-K for additional information regarding the letters of credit supporting the cash collateral.

Generation entered into supply forward contracts with certain utilities, including PECO and BGE, with one-sided collateral postings only from Generation. If market prices fall below the benchmark price levels in these contracts, the utilities are not required to post collateral. However, when market prices rise above the benchmark price levels, counterparty suppliers, including Generation, are required to post collateral once certain unsecured credit limits are exceeded. Under the terms of ComEd's standard block energy contracts, collateral postings are one-sided from suppliers, including Generation, should exposures between market prices and benchmark prices exceed established unsecured credit limits outlined in the contracts. As of September 30, 2018 , ComEd held $6 million in collateral from suppliers in association with energy procurement contracts. Under the terms of ComEd's REC and ZEC contracts, collateral postings are required to cover a percentage of the REC and ZEC contract value. As of September 30, 2018 , ComEd held $20 million in collateral from suppliers for REC and ZEC contract obligations. Under the terms of ComEd's long-term renewable energy contracts, collateral postings are required from suppliers for both RECs and energy. The REC portion is a fixed value and the energy portion is one-sided from suppliers should the forward market prices exceed contract prices. As of September 30, 2018 , ComEd held $19 million in collateral from suppliers for the long-term renewable energy contracts. If ComEd lost its investment grade credit rating as of September 30, 2018 , it would have been required to post approximately $8 million of collateral to its counterparties. See Note 3 — Regulatory Matters of the Exelon 2017 Form 10-K for additional information.

PECO's natural gas procurement contracts contain provisions that could require PECO to post collateral. This collateral may be posted in the form of cash or credit support with thresholds contingent upon PECO's credit rating from the major credit rating agencies. The collateral and credit support requirements vary by contract and by counterparty. As of September 30, 2018 , PECO was not required to post collateral for any of these agreements. If PECO lost its investment grade credit rating as of September 30, 2018 , PECO could have been required to post $22 million of collateral to its counterparties.

PECO's supplier master agreements that govern the terms of its DSP Program contracts do not contain provisions that would require PECO to post collateral.

BGE's natural gas procurement contracts contain provisions that could require BGE to post collateral. This collateral may be posted in the form of cash or credit support with thresholds contingent upon BGE's credit rating from the major credit rating agencies. The collateral and credit support requirements vary by contract and by counterparty. As of September 30, 2018 , BGE was not required to post collateral for any of these agreements. If BGE lost its investment grade credit rating as of September 30, 2018 , BGE could have been required to post $31 million of collateral to its counterparties.

DPL's natural gas procurement contracts contain provisions that could require DPL to post collateral. To the extent that the fair value of the natural gas derivative transaction in a net loss position exceeds the unsecured credit threshold, then collateral is required to be posted in an amount equal to the amount by which the unsecured credit threshold is exceeded. The DPL obligations are standalone, without the guaranty of PHI. If DPL lost its investment grade credit rating as of September 30, 2018 , DPL could have been required to post an additional amount of $10 million of collateral to its counterparties.

BGE's, Pepco's, DPL's and ACE's full requirements wholesale power agreements that govern the terms of its electric supply pro curement contracts do not contain provisions that would require BGE, Pepco, DPL or ACE to post collateral.

11. Debt and Credit Agreements (All Registrants)

Short-Term Borrowings

Exelon Corporate, ComEd, BGE, Pepco, DPL and ACE meet their short-term liquidity requirements primarily through the issuance of commercial paper. Generation and PECO meet their short-term liquidity

requirements primarily through the issuance of commercial paper and borrowings from the Exelon intercompany money pool. PHI Corporate meets its short-term liquidity requirements primarily through the issuance of short-term notes and the Exelon intercompany money pool. The Registrants may use their respective credit facilities for general corporate purposes, including meeting short-term funding requirements and the issuance of letters of credit.

Commercial Paper

The Registrants had the following amounts of commercial paper borrowings outstanding as of September 30, 2018 and December 31, 2017 :

Commercial Paper Borrowings	September 30, 2018	December 31, 2017
Exelon	$ 209	$ 427
BGE	—	77
PHI [(a)]	209	350
Pepco	64	26
DPL	—	216
ACE	145	108

(a) PHI reflects the commercial paper borrowings outstanding of Pepco, DPL and ACE.

Short-Term Loan Agreements

On January 13, 2016, PHI entered into a $500 million term loan agreement, which was amended on March 28, 2016. The net proceeds of the loan were used to repay PHI's outstanding commercial paper and for general corporate purposes. Pursuant to the loan agreement, as amended, loans made thereunder bear interest at a variable rate equal to LIBOR plus 1% , and all indebtedness thereunder is unsecured. On March 23, 2017, the aggregate principal amount of all loans, together with any accrued but unpaid interest due under the loan agreement was fully repaid and the loan terminated. On March 23, 2017, Exelon Corporate entered into a similar type term loan for $500 million which expired March 22, 2018. The loan agreement was renewed on March 22, 2018 and will expire on March 21, 2019. Pursuant to the loan agreement, loans made thereunder bear interest at a variable rate equal to LIBOR plus 1% and all indebtedness thereunder is unsecured.

On May 23, 2018, ACE entered into two term loan agreements in the aggregate amount of $125 million , which expire on May 22, 2019. Pursuant to the term loan agreements, loans made thereunder bear interest at a variable rate equal to LIBOR plus 0.55% and all indebtedness thereunder is unsecured.

Credit Agreements

As of March 15, 2018, the credit agreement for a Generation bilateral credit facility of $30 million was amended to increase the overall facility size to $95 million . This facility will solely be used by Generation to issue letters of credit.

On May 26, 2018, each of the Registrants' respective syndicated revolving credit facilities had their maturity dates extended to May 26, 2023.

Long-Term Debt

Issuance of Long-Term Debt

During the nine months ended September 30, 2018 , the following long-term debt was issued:

Company	Type	Interest Rate	Maturity	Amount	Use of Proceeds
Generation	Energy Efficiency Project Financing	3.72%	November 30, 2018	$ 4	Funding to install energy conservation measures for the Smithsonian Zoo project.
Generation	Energy Efficiency Project Financing	3.17%	October 31, 2018	$ 1	Funding to install energy conservation measures in Brooklyn, NY.
Generation	Energy Efficiency Project Financing	2.61%	September 30, 2018	$ 5	Funding to install energy conservation measures for the Pensacola project.
Generation	Energy Efficiency Project Financing	4.17%	January 1, 2019	$ 1	Funding to install energy conservation measures for the General Services Administration Philadelphia project.
Generation	Energy Efficiency Project Financing	4.26%	May 1, 2019	$ 3	Funding to install energy conservation measures for the National Institutes of Health Multi-Buildings Phase II project.
ComEd	First Mortgage Bonds, Series 124	4.00%	March 1, 2048	$ 800	Refinance one series of maturing first mortgage bonds, to repay a portion of ComEd's outstanding commercial paper obligations and to fund general corporate purposes.
ComEd	First Mortgage Bonds, Series 125	3.70%	August 15, 2028	$ 550	Repay a portion of ComEd's outstanding commercial paper obligations and to fund general corporate purposes.
PECO	First and Refunding Mortgage Bonds	3.90%	March 1, 2048	$ 325	Refinance a portion of maturing mortgage bonds.
PECO	Loan Agreement	2.00%	June 20, 2023	$ 50	Funding to implement Electric Long-term Infrastructure Improvement Plan.
PECO	First and Refunding Mortgage Bonds	3.90%	March 1, 2048	$ 325	Satisfy short-term borrowings from the Exelon intercompany money pool and for general corporate purposes.
BGE	Senior Notes	4.25%	September 15, 2048	$ 300	Repay commercial paper obligations and for general corporate purposes.
Pepco	First Mortgage Bonds	4.27%	June 15, 2048	$ 100	Repay existing indebtedness and for general corporate purposes.
DPL	First Mortgage Bonds	4.27%	June 15, 2048	$ 200	Repay existing indebtedness and for general corporate purposes.

On October 16, 2018, ACE issued $ 350 million of 4.00% First Mortgage Bonds due October 15, 2028. The proceeds will be used to refinance ACE's 7.75% First Mortgage Bonds due November 15, 2018, reduce short-term borrowings and for general corporate purposes.

On November 1, 2018, Pepco issued $ 100 million of 4.31% First Mortgage Bonds due November 1, 2048. The proceeds will be used to repay existing indebtedness and for general corporate purposes.

12. Income Taxes (All Registrants)

Corporate Tax Reform (All Registrants)

On December 22, 2017, President Trump signed the TCJA into law. The TCJA makes many significant changes to the Internal Revenue Code, including, but not limited to, (1) reducing the U.S. federal corporate tax rate from 35% to 21% ; (2) creating a 30% limitation on deductible interest expense (not applicable to regulated utilities); (3) allowing 100% expensing for the cost of qualified property (not applicable to regulated utilities); (4) eliminating the domestic production activities deduction; (5)

eliminating the corporate alternative minimum tax and changing how existing alternative minimum tax credits can be realized; and (6) changing rules related to uses and limitations of net operating loss carryforwards created in tax years beginning after December 31, 2017. The most significant change that impacts the Registrants is the reduction of the corporate federal income tax rate from 35% to 21% beginning January 1, 2018.

Pursuant to the enactment of the TCJA, the Registrants remeasured their existing deferred income tax balances as of December 31, 2017 to reflect the decrease in the corporate income tax rate from 35% to 21% , which resulted in a material decrease to their net deferred income tax liability balances as shown in the table below. Generation recorded a corresponding net decrease to income tax expense, while the Utility Registrants recorded corresponding regulatory liabilities or assets to the extent such amounts are probable of settlement or recovery through customer rates and an adjustment to income tax expense for all other amounts. The amount and timing of potential settlements of the established net regulatory liabilities will be determined by the Utility Registrants' respective rate regulators, subject to certain IRS "normalization" rules. See Note 6 — Regulatory Matters for additional information.

The Registrants assessed the majority of the applicable provisions in the TCJA and have recorded the associated impacts as of December 31, 2017. As discussed further below, under SAB 118 issued by the SEC in December 2017, the Registrants have recorded provisional income tax amounts as of December 31, 2017 for changes pursuant to the TCJA related to depreciation for which the impacts could not be finalized upon issuance of the Registrants' financial statements, but for which reasonable estimates could be determined.

On August 3, 2018, the U.S. Department of Treasury in conjunction with the IRS released proposed regulations clarifying the immediate expensing depreciation provisions enacted by the TCJA, specifically that regulated utility property acquired after September 27, 2017 and placed in service by December 31, 2017 qualifies for 100% expensing. Until the proposed regulations are finalized, taxpayers may rely on the proposed regulations for tax years ending after September 28, 2017.

While the Registrants have recorded the impacts of the TCJA based on their interpretation of the provisions as enacted, it is expected that Treasury and the IRS will issue additional interpretative guidance in the future which could result in changes to previously finalized provisions. At this time, many of the states in which Exelon does business have issued guidance regarding TCJA and the impact is not material.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The one-time impacts recorded by the Registrants to remeasure their deferred income tax balances at the 21% corporate federal income tax rate as of December 31, 2017 are presented below. The impact of the August 3, 2018 proposed regulations to these balances is not material.

	Exelon (b)	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Net Decrease to Deferred Income Tax Liability Balances	$ 8,624	$ 1,895	$ 2,819	$ 1,407	$ 1,120	$ 1,944	$ 968	$ 540	$ 456

	Exelon	Generation	ComEd	PECO (c)	BGE	PHI	Pepco	DPL	ACE
Net Regulatory Liability Recorded (a)	$ 7,315	N/A	$ 2,818	$ 1,394	$ 1,124	$ 1,979	$ 976	$ 545	$ 458

	Exelon (b)	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Net Deferred Income Tax Benefit/(Expense) Recorded	$ 1,309	$ 1,895	$ 1	$ 13	$ (4)	$ (35)	$ (8)	$ (5)	$ (2)

(a) Reflects the net regulatory liabilities recorded on a pre-tax basis before taking into consideration the income tax benefits associated with the ultimate settlement with customers.
(b) Amounts do not sum across due to deferred tax adjustments recorded at the Exelon Corporation parent company, primarily related to certain employee compensation plans.
(c) Given the regulatory treatment of income tax benefits related to electric and gas distribution repairs, PECO was in an overall net regulatory asset position as of December 31, 2017 after recording the impacts related to the TCJA. See Note 6 - Regulatory Matters for additional information.

The net regulatory liabilities above include (1) amounts subject to IRS “normalization” rules that are required to be passed back to customers generally over the remaining useful life of the underlying assets giving rise to the associated deferred income taxes, and (2) amounts for which the timing of settlement with customers is subject to determinations by the rate regulators. The table below sets forth the Registrants’ estimated categorization of their net regulatory liabilities as of December 31, 2017 . The amounts in the table below are shown on an after-tax basis reflecting future net cash outflows after taking into consideration the income tax benefits associated with the ultimate settlement with customers.

	Exelon	ComEd	PECO (a)	BGE	PHI	PEPCO	DPL	ACE
Subject to IRS Normalization Rules	$ 3,040	$ 1,400	$ 533	$ 459	$ 648	$ 299	$ 195	$ 153
Subject to Rate Regulator Determination	1,694	573	43	324	754	391	194	170
Net Regulatory Liabilities	$ 4,734	$ 1,973	$ 576	$ 783	$ 1,402	$ 690	$ 389	$ 323

(a) Given the regulatory treatment of income tax benefits related to electric and gas distribution repairs, PECO remains in an overall net regulatory asset position as of December 31, 2017 after recording the impacts related to the TCJA. As a result, the amount of customer benefits resulting from the TCJA subject to the discretion of PECO's rate regulators are lower relative to the other Utility Registrants. See Note 6 - Regulatory Matters for additional information.

The net regulatory liability amounts subject to the IRS normalization rules generally relate to property, plant and equipment with remaining useful lives ranging from 30 to 40 years across the Utility Registrants. For the other amounts, the pass back period is subject to determinations by the rate regulators. See Note 6 - Regulatory Matters for the status of and information regarding the Registrants' TCJA-related regulatory filings.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Rate Reconciliation

The effective income tax rate from continuing operations varies from the U.S. Federal statutory rate principally due to the following:

	Three Months Ended September 30, 2018								
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
U.S. Federal statutory rate	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%
Increase (decrease) due to:									
State income taxes, net of Federal income tax benefit	(1.2)	(9.0)	8.3	(3.6)	7.3	0.2	1.0	6.6	7.3
Qualified nuclear decommissioning trust fund income	2.4	5.8	—	—	—	—	—	—	—
Amortization of investment tax credit, including deferred taxes on basis difference	(0.6)	(1.1)	(0.2)	(0.1)	—	(0.2)	(0.1)	(0.3)	(0.3)
Plant basis differences	(2.5)	—	(0.3)	(15.2)	(0.8)	(2.0)	(3.4)	(0.7)	(1.3)
Production tax credits and other credits	(1.2)	(2.9)	(0.1)	—	—	—	—	—	—
Noncontrolling interests	(1.1)	(2.8)	—	—	—	—	—	—	—
Excess deferred tax amortization	(6.8)	—	(7.8)	(4.6)	(7.9)	(17.7)	(21.2)	(14.0)	(15.4)
Tax Cuts and Jobs Act of 2017	1.3	3.5	—	—	—	0.2	0.1	—	—
Other	3.2	5.6	0.3	0.9	2.6	0.6	0.3	0.6	0.3
Effective income tax rate	14.5%	20.1%	21.2%	(1.6)%	22.2%	2.1%	(2.3)%	13.2%	11.6%

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Three Months Ended September 30, 2017 [a]								
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
U.S. Federal statutory rate	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%
Increase (decrease) due to:									
State income taxes, net of Federal income tax benefit	2.2	5.6	6.6	(0.1)	5.3	5.1	2.2	5.3	5.6
Qualified nuclear decommissioning trust fund income	2.6	5.8	—	—	—	—	—	—	—
Amortization of investment tax credit, including deferred taxes on basis difference	(1.1)	(2.2)	(0.2)	(0.1)	(0.1)	(0.2)	(0.1)	(0.2)	(0.4)
Plant basis differences	(2.6)	—	(0.3)	(14.6)	(0.8)	(4.9)	(6.7)	(1.9)	(3.4)
Production tax credits and other credits	(2.2)	(4.9)	—	—	—	—	—	—	—
Noncontrolling interests	0.5	1.1	—	—	—	—	—	—	—
Fitzpatrick bargain purchase gain	(0.2)	(0.4)	—	—	—	—	—	—	—
Other	(0.1)	0.3	(0.2)	(0.2)	(0.2)	0.2	—	(0.2)	0.1
Effective income tax rate	34.1%	40.3%	40.9%	20.0%	39.2%	35.2%	30.4%	38.0%	36.9%

	Nine Months Ended September 30, 2018								
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
U.S. Federal statutory rate	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%
Increase (decrease) due to:									
State income taxes, net of Federal income tax benefit	1.7	(2.6)	8.2	(3.6)	6.6	2.7	2.4	6.5	7.3
Qualified nuclear decommissioning trust fund income	0.9	2.6	—	—	—	—	—	—	—
Amortization of investment tax credit, including deferred taxes on basis difference	(0.9)	(2.2)	(0.2)	(0.1)	(0.1)	(0.2)	(0.1)	(0.3)	(0.3)
Plant basis differences	(2.7)	—	(0.1)	(15.4)	(0.7)	(1.9)	(2.9)	(0.7)	(1.3)
Production tax credits and other credits	(1.8)	(5.1)	(0.1)	—	—	—	—	—	—
Noncontrolling interests	(1.1)	(3.2)	—	—	—	—	—	—	—
Excess deferred tax amortization	(6.1)	—	(7.6)	(3.4)	(8.1)	(14.5)	(16.5)	(11.0)	(14.0)
Tax Cuts and Jobs Act of 2017	0.2	1.3	(0.2)	—	—	0.3	—	—	—
Other	0.4	2.0	0.1	—	0.9	0.3	—	0.4	0.9
Effective income tax rate	11.6%	13.8%	21.1%	(1.5)%	19.6%	7.7%	3.9%	15.9%	13.6%

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Nine Months Ended September 30, 2017 [a]								
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
U.S. Federal statutory rate	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%	35.0%
Increase (decrease) due to:									
State income taxes, net of Federal income tax benefit	0.7	2.2	5.9	(0.1)	5.2	4.9	3.0	5.1	5.6
Qualified nuclear decommissioning trust fund income	4.0	13.6	—	—	—	—	—	—	—
Amortization of investment tax credit, including deferred taxes on basis difference	(0.9)	(2.7)	(0.2)	(0.1)	(0.1)	(0.2)	(0.1)	(0.2)	(0.4)
Plant basis differences	(3.4)	—	(0.3)	(14.4)	(0.8)	(4.6)	(6.3)	(1.8)	(3.4)
Production tax credits and other credits	(1.8)	(6.0)	—	—	—	—	—	—	—
Noncontrolling interests	0.1	0.3	—	—	—	—	—	—	—
Merger expenses [c]	(5.4)	(2.4)	—	—	—	(11.8)	(8.0)	(10.0)	(23.0)
FitzPatrick bargain purchase gain	(3.2)	(10.9)	—	—	—	—	—	—	—
Like-Kind Exchange [b]	(1.7)	—	1.7	—	—	—	—	—	—
Other	0.1	(0.4)	0.2	—	0.2	—	(0.3)	0.6	(0.3)
Effective income tax rate	23.5%	28.7%	42.3%	20.4%	39.5%	23.3%	23.3%	28.7%	13.5%

(a) Exelon retrospectively adopted the new standard Revenue from Contracts with Customers. The standard was adopted as of January 1, 2018. The effective income tax rates are recast to reflect the impact of the new standard.
(b) Exelon and ComEd recorded the impact of the IRS's finalization of the LKE computation in the second quarter of 2017.
(c) Includes a remeasurement of uncertain federal and state income tax positions.

Accounting for Uncertainty in Income Taxes

The Registrants have the following unrecognized tax benefits as of September 30, 2018 and December 31, 2017 :

	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
September 30, 2018	$ 804	$ 527	$ 2	$ —	$ 120	$ 134	$ 67	$ 21	$ 14

	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
December 31, 2017	$ 743	$ 468	$ 2	$ —	$ 120	$ 125	$ 59	$ 21	$ 14

As a result of a court decision issued in July 2018 to an unrelated taxpayer, Exelon's and Generation’s unrecognized federal and state tax benefits increased in the third quarter of 2018 by approximately $71 million . Approximately $20 million of this increase impacted Exelon's and Generation’s effective tax rate and resulted in a charge to earnings in the third quarter of 2018.

Reasonably possible the total amount of unrecognized tax benefits could significantly increase or decrease within 12 months after the reporting date

Like-Kind Exchange

As of September 30, 2018 , Exelon and ComEd have approximately $33 million and $2 million , respectively, of unrecognized federal and state tax benefits related to the like-kind exchange litigation described further below. If Exelon decides not to appeal the October 2018 U.S. Court of Appeals for the Seventh Circuit's decision, Exelon's and ComEd's unrecognized tax benefits will decrease in the fourth quarter. See below for further details.

Settlement of Income Tax Audits, Refund Claims, and Litigation

As of September 30, 2018 , Exelon, Generation, PHI and ACE have approximately $515 million , $501 million , $14 million and $14 million of unrecognized federal and state tax benefits that could significantly decrease within the 12 months after the reporting date as a result of completing audits, potential settlements, and the outcomes of pending court cases. Of the above unrecognized tax benefits, Exelon and Generation have $473 million that, if recognized, would decrease the effective tax rate. The unrecognized tax benefits related to PHI and ACE, if recognized, may be included in future regulated base rates and that portion would have no impact to the effective tax rate.

As of September 30, 2018 , Exelon, Generation, BGE, PHI, Pepco and DPL have approximately $241 million , $33 million , $120 million , $88 million , $67 million , and $21 million , respectively, of unrecognized state tax benefits that will decrease in the fourth quarter of 2018 due to the receipt of favorable guidance with respect to the deductibility of certain depreciable fixed assets. The recognition of these tax benefits will decrease the effective tax rate at Exelon and Generation in the fourth quarter of 2018, which will result in an income tax benefit of approximately $26 million . The recognition of the tax benefits related to BGE, PHI, Pepco and DPL will be offset by corresponding regulatory liabilities and that portion will have no immediate impact to their effective tax rate.

Other Income Tax Matters

Like-Kind Exchange (Exelon and ComEd)

Exelon, through its ComEd subsidiary, took a position on its 1999 income tax return to defer approximately $1.2 billion of tax gain on the sale of ComEd’s fossil generating assets. The gain was deferred by reinvesting a portion of the proceeds from the sale in qualifying replacement property under the like-kind exchange provisions of the IRC. The like-kind exchange replacement property purchased by Exelon included interests in three municipal-owned electric generation facilities which were properly leased back to the municipalities. As previously disclosed, Exelon terminated its investment in one of the leases in 2014 and the remaining two leases were terminated in 2016.

The IRS asserted that the Exelon purchase and leaseback transaction was substantially similar to a leasing transaction, known as a SILO, which is a listed transaction that the IRS has identified as a potentially abusive tax shelter. Thus, they disagreed with Exelon's position and asserted that the entire gain of approximately $1.2 billion was taxable in 1999. In 2013, the IRS issued a notice of deficiency to Exelon and Exelon filed a petition to initiate litigation in the United States Tax Court. In 2016, the Tax Court held that Exelon was not entitled to defer gain on the transaction. In addition to the tax and interest related to the gain deferral, the Tax Court also ruled that Exelon was liable for $90 million in penalties and interest on the penalties. Exelon has fully paid the amounts assessed resulting from the Tax Court decision.

In September 2017, Exelon appealed the Tax Court decision to the U.S. Court of Appeals for the Seventh Circuit. In October 2018, the U.S. Court of Appeals for the Seventh Circuit affirmed the Tax Court’s decision. Exelon is evaluating whether to pursue any further appeals of the decision.

State Income Tax Law Changes

On April 24, 2018, Maryland enacted companion bills, House Bill 1794 and Senate Bill 1090, providing for a phase in of a single sales factor apportionment formula from the current three factor formula for determining an entity's Maryland state income taxes. The single sales factor will be fully phased in by 2022.

In the second quarter of 2018, Exelon, Generation, PHI, Pepco and DPL recorded a one-time increase to deferred income taxes of approximately $16 million , $5 million , $17 million , $16 million and $1 million , respectively. At PHI, Pepco and DPL, the increase to the Maryland deferred income tax liability was offset by regulatory assets. Further, the change in tax law is not expected to have a material ongoing impact to Exelon's, Generation's, PHI's, Pepco's or DPL's future results of operations.

Long-Term Marginal State Income Tax Rate (Exelon, Generation, PHI and Pepco)

In the third quarter of 2018, Exelon reviewed and updated its marginal state income tax rates based on 2017 state apportionment rates. As a result of the rate changes, in the third quarter of 2018, Exelon, Generation, PHI and DPL recorded a one-time decrease to deferred income taxes of approximately $50 million , $53 million , $4 million and $2 million , respectively. Pepco recorded a one-time increase to deferred incomes taxes of approximately $1 million . Exelon, PHI and DPL recorded a corresponding regulatory liability of approximately $1 million , $1 million and $2 million , respectively. Pepco recorded a corresponding regulatory asset of approximately $1 million . In the third quarter of 2018 , Exelon, Generation and PHI recorded a decrease to income tax expense (net of federal taxes) of approximately $50 million , $53 million and $3 million , respectively.

13. Asset Retirement Obligations (Exelon, Generation and Pepco)

Nuclear Decommissioning Asset Retirement Obligations (Exelon and Generation)

Generation has a legal obligation to decommission its nuclear power plants following the expiration of their operating licenses. To estimate its decommissioning obligation related to its nuclear generating stations for financial accounting and reporting purposes, Generation uses a probability-weighted, discounted cash flow model which, on a unit-by-unit basis, considers multiple outcome scenarios that include significant estimates and assumptions, and are based on decommissioning cost studies, cost escalation rates, probabilistic cash flow models and discount rates. Generation updates its ARO annually, unless circumstances warrant more frequent updates, based on its review of updated cost studies and its annual evaluation of cost escalation factors and probabilities assigned to various scenarios.

The following table provides a rollforward of the nuclear decommissioning ARO reflected on Exelon’s and Generation’s Consolidated Balance Sheets from December 31, 2017 to September 30, 2018 :

Nuclear decommissioning ARO at December 31, 2017 [(a)]	$	9,662
Oyster Creek transferred to Liabilities held for sale		(783)
Accretion expense		357
Net increase due to changes in, and timing of, estimated future cash flows		116
Costs incurred related to decommissioning plants		(35)
Nuclear decommissioning ARO at September 30, 2018 [(a)]	$	9,317

(a) Includes $12 million and $13 million for the current portion of the ARO at September 30, 2018 and December 31, 2017 , respectively, which is included in Other current liabilities on Exelon’s and Generation’s Consolidated Balance Sheets.

During the nine months ended September 30, 2018 , Generation's total nuclear ARO decreased by approximately $345 million , primarily reflecting the reclassification of Oyster Creek ARO as Liabilities held for sale on Exelon's and Generation's Consolidated Balance Sheets following the announced agreement to sell Oyster Creek, offset by the accretion of the ARO liability due to the passage of time, and the impacts of ARO updates completed during 2018. The $116 million increase in the ARO during 2018 due to changes in the amounts and timing of estimated decommissioning cash flows includes a $32 million increase in the first quarter for the impact of the early retirement of Oyster Creek and a $84 million increase in the third quarter for the remeasurement of the ARO to reflect the announced pending sale of Oyster Creek. See Note 4 — Mergers, Acquisitions and Dispositions and Note 8 - Early Plant Retirements for additional information.

Nuclear Decommissioning Trust Fund Investments (Exelon and Generation)

NDT funds have been established for each generation station unit to satisfy Generation's nuclear decommissioning obligations. Generally, NDT funds established for a particular unit may not be used to fund the decommissioning obligations of any other unit.

The NDT funds associated with Generation's nuclear units have been funded with amounts collected from the previous owners and their respective utility customers. PECO is authorized to collect funds, in revenues, for decommissioning the former PECO nuclear plants through regulated rates, and these collections are scheduled through the operating lives of the former PECO plants. The amounts collected from PECO customers are remitted to Generation and deposited into the NDT funds for the unit for which funds are collected. Every five years, PECO files a rate adjustment with the PAPUC that reflects PECO's calculations of the estimated amount needed to decommission each of the former PECO units based on updated fund balances and estimated decommissioning costs. The rate adjustment is used to determine the amount collectible from PECO customers. The most recent rate adjustment occurred on January 1, 2018, and the effective rates currently yield annual collections of approximately $4 million . The next five-year adjustment is expected to be reflected in rates charged to PECO customers effective January 1, 2023. See Note 15 — Asset Retirement Obligations of Exelon's 2017 Form 10-K, for information regarding the amount collected from PECO ratepayers for decommissioning costs.

Exelon and Generation had NDT fund investments totaling $12,584 million and $13,349 million at September 30, 2018 and December 31, 2017 , respectively. The decrease is primarily driven by the reclassification of $903 million of Oyster Creek NDT as Assets held for sale on Exelon's and Generation's Consolidated Balance Sheets, partially offset by improved market performance. See Note 4 - Mergers, Acquisitions and Dispositions for additional information regarding the announced pending sale of Oyster Creek. The NDT fund investments include $120 million and $77 million for the current portion of the NDT at September 30, 2018 and December 31, 2017 , respectively, which are included in Other current assets on Exelon's and Generation's Consolidated Balance Sheets.

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The following table provides net unrealized gains (losses) on NDT funds for the three and nine months ended September 30, 2018 and 2017 :

	Exelon and Generation		Exelon and Generation	
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Net unrealized gains (losses) on decommissioning trust funds — Regulatory Agreement Units [a]	$ (66)	$ 44	$ (335)	$ 253
Net unrealized gains (losses) on decommissioning trust funds — Non-Regulatory Agreement Units [b][c]	72	111	(143)	347

(a) Net unrealized gains (losses) related to Generation's NDT funds associated with Regulatory Agreement Units are included in Regulatory liabilities on Exelon's Consolidated Balance Sheets and Noncurrent payables to affiliates on Generation's Consolidated Balance Sheets.
(b) Excludes $9 million and $4 million of net unrealized losses related to the Zion Station pledged assets for the three months ended September 30, 2018 and 2017 , respectively. Excludes $7 million and $5 million of net unrealized losses related to the Zion Station pledged assets for the nine months ended September 30, 2018 and 2017 , respectively. Net unrealized losses related to Zion Station pledged assets are included in Other current liabilities on Exelon's and Generation's Consolidated Balance Sheets.
(c) Net unrealized gains (losses) related to Generation's NDT funds with Non-Regulatory Agreement Units are included in Other, net on Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income.

Interest and dividends on NDT fund investments are recognized when earned and are included in Other, net on Exelon's and Generation's Consolidated Statements of Operations and Comprehensive Income. Interest and dividends earned on the NDT fund investments for the Regulatory Agreement Units are eliminated in Other, net on Exelon's and Generation's Consolidated Statement of Operations and Comprehensive Income.

See Note 3 — Regulatory Matters and Note 26 — Related Party Transactions of the Exelon 2017 Form 10-K for information regarding regulatory liabilities at ComEd and PECO and intercompany balances between Generation, ComEd and PECO reflecting the obligation to refund to customers any decommissioning-related assets in excess of the related decommissioning obligations.

Zion Station Decommissioning (Exelon and Generation)

On September 1, 2010, Generation completed an Asset Sale Agreement (ASA) with EnergySolutions Inc. and its wholly owned subsidiaries, EnergySolutions, LLC (EnergySolutions) and ZionSolutions, under which ZionSolutions has assumed responsibility for decommissioning Zion Station, which is located in Zion, Illinois and ceased operation in 1998. See Note 15 — Asset Retirement Obligations of the Exelon 2017 Form 10-K for information regarding the specific treatment of assets, including NDT funds, and decommissioning liabilities transferred in the transaction.

ZionSolutions is subject to certain restrictions on its ability to request reimbursements from the Zion Station NDT funds as defined within the ASA. Therefore, the transfer of the Zion Station assets did not qualify for asset sale accounting treatment and, as a result, the related NDT funds were reclassified to Pledged assets for Zion Station decommissioning within Generation's and Exelon's Consolidated Balance Sheets and will continue to be measured in the same manner as prior to the completion of the transaction. Additionally, the transferred ARO for decommissioning was replaced with a Payable for Zion Station decommissioning in Generation's and Exelon's Consolidated Balance Sheets. Changes in the value of the Zion Station NDT assets, net of applicable taxes, are recorded as a change in the payable to ZionSolutions. At no point will the payable to ZionSolutions exceed the project budget of the costs remaining to decommission Zion Station. Generation has retained its obligation for the SNF. Following ZionSolutions' completion of its contractual obligations and transfer of the NRC license to Generation, Generation will store the SNF at Zion Station until it is transferred to the DOE for ultimate disposal and will complete all remaining decommissioning activities associated with the SNF dry storage facility.

Generation has a liability of approximately $118 million which is included within the nuclear decommissioning ARO at September 30, 2018 . Generation also has retained NDT assets to fund its obligation to maintain the SNF at Zion Station until transfer to the DOE and to complete all remaining decommissioning activities for the SNF storage facility. Any shortage of funds necessary to maintain the SNF and decommission the SNF storage facility is ultimately required to be funded by Generation. Any Zion Station NDT funds remaining after the completion of all decommissioning activities will be returned to ComEd customers in accordance with the applicable orders. The following table provides the pledged assets and payables to ZionSolutions, and withdrawals by ZionSolutions at September 30, 2018 and December 31, 2017 :

	Exelon and Generation	
	September 30, 2018	December 31, 2017
Carrying value of Zion Station pledged assets [(a)]	$ 9	$ 39
Payable to Zion Solutions [(b)(c)]	9	37
Cumulative withdrawals by Zion Solutions to pay decommissioning costs [(d)]	965	942

(a) Included in Other current assets within Exelon's and Generation's Consolidated Balance sheets.
(b) Excludes a liability recorded within Exelon's and Generation's Consolidated Balance Sheets related to the tax obligation on the unrealized activity associated with the Zion Station NDT funds. The NDT funds will be utilized to satisfy the tax obligations as gains and losses are realized.
(c) Included in Other current liabilities within Exelon's and Generation's Consolidated Balance Sheets.
(d) Includes project expenses to decommission Zion Station and estimated tax payments on Zion Station NDT fund earnings.

NRC Minimum Funding Requirements (Exelon and Generation)

NRC regulations require that licensees of nuclear generating facilities demonstrate reasonable assurance that funds will be available in specified minimum amounts to decommission the facility at the end of its life.

Generation filed its biennial decommissioning funding status report with the NRC on March 30, 2017 for all units except for Zion Station which is included in a separate report to the NRC submitted by ZionSolutions (see Zion Station Decommissioning above). The status report demonstrated adequate decommissioning funding assurance for all units except for Peach Bottom Unit 1. As a former PECO plant, financial assurance for decommissioning Peach Bottom Unit 1 is provided by the NDT fund in addition to collections from PECO ratepayers. As discussed under Nuclear Decommissioning Trust Fund Investments above, the amount collected from PECO ratepayers has been adjusted effective January 1, 2018.

On March 28, 2018, Generation submitted its annual decommissioning funding status report with the NRC for shutdown reactors, reactors within five years of shut down except for Zion Station which is included in a separate report to the NRC submitted by EnergySolutions (see Zion Station Decommissioning above), and reactor involved in an acquisition. This report reflected the status of decommissioning funding assurance as of December 31, 2017 and included an update for the acquisition of FitzPatrick on March 31, 2017, the early retirement of TMI announced on May 30, 2017, an adjustment for the February 2, 2018 announced retirement date of Oyster Creek, and the updated status of Peach Bottom Unit 1 based on the new collections rate described above. As of December 31, 2017 , Generation provided adequate decommissioning funding assurance for all of its shutdown reactors, reactors within five years of shutdown, and reactor involved in an acquisition.

Generation will file its next decommissioning funding status report for all units with the NRC by March 31, 2019. This report will reflect the status of decommissioning funding assurance as of December 31, 2018. A shortfall at any unit could necessitate that Generation address the shortfall by, among other

things, obtaining a parental guarantee for Generation's share of the funding assurance. However, the amount of any guarantee or other assurance will ultimately depend on the decommissioning approach, the associated level of costs, and the decommissioning trust fund investment performance going forward.

Non-Nuclear Asset Retirement Obligations (Pepco)

Pepco has AROs primarily associated with the abatement and disposal of equipment and buildings contaminated with asbestos and PCBs. In the third quarter of 2018, Pepco recorded an increase of $22 million in Operating and maintenance expense primarily related to asbestos identified at its Buzzard Point property as part of an annual ARO study. Buzzard Point is a waterfront property in the District of Columbia occupied by an active substation and former Pepco operated steam plant building, which Pepco retired and closed in 1981. Pepco's AROs were $38 million and $3 million at September 30, 2018 and December 31, 2017 , respectively.

14. Retirement Benefits (All Registrants)

Exelon sponsors defined benefit pension plans and other postretirement benefit plans for essentially all current employees. Substantially all non-union employees and electing union employees hired on or after January 1, 2001 participate in cash balance pension plans. Effective January 1, 2009, substantially all newly-hired union-represented employees participate in cash balance pension plans. Effective February 1, 2018, most newly-hired Generation and BSC non-represented employees are not eligible for pension benefits and will instead be eligible to receive an enhanced non-discretionary employer contribution in an Exelon defined contribution savings plan. Effective January 1, 2018, most newly-hired non-represented employees are not eligible for OPEB benefits and employees represented by Local 614 are not eligible for retiree health care benefits.

During the first quarter of 2017, in connection with the acquisition of FitzPatrick, Exelon established a new qualified pension plan and a new OPEB plan and recorded a provisional obligation for Fitzpatrick employees based on information available at the merger date of $38 million and $11 million , respectively. As permitted by business combinations authoritative guidance, during the third quarter of 2017, Exelon updated those obligations based on a final valuation for FitzPatrick employees as of the merger date of March 31, 2017. The updated obligations for pension and OPEB were $ 16 million and $ 17 million , respectively. See Note 4 — Mergers, Acquisitions and Dispositions for additional information of the acquisition of FitzPatrick.

Defined Benefit Pension and Other Postretirement Benefits

During the first quarter of 2018, Exelon received an updated valuation of its pension and OPEB to reflect actual census data as of January 1, 2018. This valuation resulted in an increase to the pension and OPEB obligations of $23 million and $14 million , respectively. Additionally, accumulated other comprehensive loss decreased by $18 million (after-tax) and regulatory assets and liabilities increased by $61 million and $1 million , respectively.

The majority of the 2018 pension benefit cost for Exelon-sponsored plans is calculated using an expected long-term rate of return on plan assets of 7.00% and a discount rate of 3.62% . The majority of the 2018 other postretirement benefit cost is calculated using an expected long-term rate of return on plan assets of 6.60% for funded plans and a discount rate of 3.61% .

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

A portion of the net periodic benefit cost for all plans is capitalized within the Consolidated Balance Sheets. The following table presents the components of Exelon's net periodic benefit costs, prior to capitalization, for the three and nine months ended September 30, 2018 and 2017 .

	Pension Benefits Three Months Ended September 30,		Other Postretirement Benefits Three Months Ended September 30,	
	2018	2017 [a]	2018	2017 [a]
Components of net periodic benefit cost:				
Service cost	$ 100	$ 98	$ 28	$ 26
Interest cost	201	211	43	45
Expected return on assets	(312)	(300)	(43)	(39)
Amortization of:				
Prior service cost (benefit)	—	(1)	(47)	(47)
Actuarial loss	158	152	18	15
Settlement charges	—	1	—	—
Net periodic benefit cost	$ 147	$ 161	$ (1)	$ —

	Pension Benefits Nine Months Ended September 30,		Other Postretirement Benefits Nine Months Ended September 30,	
	2018	2017 [a]	2018	2017 [a]
Components of net periodic benefit cost:				
Service cost	$ 303	$ 290	$ 84	$ 79
Interest cost	602	632	131	136
Expected return on assets	(939)	(898)	(130)	(121)
Amortization of:				
Prior service cost (benefit)	1	—	(140)	(140)
Actuarial loss	472	455	50	46
Settlement charges	1	3	—	—
Net periodic benefit cost	$ 440	$ 482	$ (5)	$ —

(a) FitzPatrick net benefit costs are included for the period after the acquisition date of March 31, 2017.

The amounts below represent Exelon's, Generation's, ComEd's, PECO's, BGE's, BSC's, PHI's, Pepco's, DPL's, ACE's, and PHISCO's allocated portion of the pension and postretirement benefit plan costs. As a result of new pension guidance effective on January 1, 2018, certain balances have been reclassified on Exelon's Consolidated Statements of Operations and Comprehensive Income for the three and nine months ended September 30, 2017 . The amounts below represent the Registrants' as well as BSC's and PHISCO's pension and postretirement benefit plan net periodic benefit costs. For Exelon, the service cost component is included in Operating and maintenance expense and Property, plant and equipment, net, for the three and nine months ended September 30, 2018 and 2017, while the non-service cost components are included in Other, net and Regulatory assets for the three and nine months ended September 30, 2018 and in Other, net and Property, plant and equipment, net, for the three and nine months ended September 30, 2017 . For the Registrants other than Exelon, the service cost and non-service cost components are included in Operating and maintenance expense and Property, plant and equipment, net on their consolidated financial statements for the three and nine months ended September 30, 2018 and 2017.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Three Months Ended September 30,		Nine Months Ended September 30,	
Pension and Other Postretirement Benefit Costs	**2018**	**2017**	**2018**	**2017**
Exelon [(a)(b)]	$ 145	$ 161	$ 435	$ 482
Generation [(b)]	50	57	151	170
ComEd	45	44	133	131
PECO	5	7	14	21
BGE	15	16	44	48
BSC [(c)]	13	13	42	40
PHI [(a)]	17	24	51	72
Pepco	3	6	10	19
DPL	2	3	5	10
ACE	3	3	10	10
PHISCO [(d)]	9	12	26	33

(a) Exelon reflects the consolidated pension and other postretirement benefit costs of Generation, ComEd, PECO, BGE, BSC, and PHI. PHI reflects the consolidated pension and other postretirement benefit costs of Pepco, DPL, ACE, and PHISCO.
(b) FitzPatrick net benefit costs are included for the period after the acquisition date of March 31, 2017.
(c) These amounts primarily represent amounts billed to Exelon's subsidiaries through intercompany allocations. These amounts are not included in the Generation, ComEd, PECO, BGE, PHI, Pepco, DPL, ACE or PHISCO amounts above.
(d) These amounts represent amounts billed to Pepco, DPL and ACE through intercompany allocations. These amounts are not included in Pepco, DPL or ACE amounts above.

Defined Contribution Savings Plans

The Registrants participate in various 401(k) defined contribution savings plans that are sponsored by Exelon. The plans are qualified under applicable sections of the IRC and allow employees to contribute a portion of their pre-tax and/or after-tax income in accordance with specified guidelines. All Registrants match a percentage of the employee contributions up to certain limits. The following table presents the matching contributions to the savings plans during the three and nine months ended September 30, 2018 and 2017 , respectively.

	Three Months Ended September 30,		Nine Months Ended September 30,	
Savings Plan Matching Contributions	2018	2017	2018	2017
Exelon [(a)(b)]	$ 44	$ 34	$ 126	$ 97
Generation [(b)]	23	14	65	42
ComEd	8	9	23	24
PECO	2	3	7	7
BGE	2	3	5	7
BSC [(c)]	5	2	16	7
PHI [(a)]	4	3	10	10
Pepco	1	1	2	3
DPL	1	1	2	2
ACE	1	—	2	1
PHISCO [(d)]	1	1	4	4

(a) Exelon reflects the consolidated savings plan matching contributions of Generation, ComEd, PECO, BGE, BSC, and PHI. PHI reflects the consolidated savings plan matching contributions of Pepco, DPL, ACE, and PHISCO.
(b) FitzPatrick net benefit costs are included for the period after the acquisition date of March 31, 2017.
(c) These amounts primarily represent amounts billed to Exelon's subsidiaries through intercompany allocations. These amounts are not included in the Generation, ComEd, PECO, BGE, PHI, Pepco, DPL, ACE or PHISCO amounts above.
(d) These amounts represent amounts billed to Pepco and DPL through intercompany allocations. These amounts are not included in Pepco or DPL amounts above.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

15. Changes in Accumulated Other Comprehensive Income (Exelon, Generation and PECO)

The following tables present changes in accumulated other comprehensive income (loss) (AOCI) by component for the nine months ended September 30, 2018 and 2017 :

Nine Months Ended September 30, 2018	Gains (Losses) on Cash Flow Hedges	Unrealized gains (losses) on Marketable Securities	Pension and Non-Pension Postretirement Benefit Plan Items	Foreign Currency Items	AOCI of Investments in Unconsolidated Affiliates	Total
Exelon [a]						
Beginning balance	$ (14)	$ 10	$ (2,998) [d]	$ (23)	$ (1)	$ (3,026)
OCI before reclassifications	11	—	22	(4)	1	30
Amounts reclassified from AOCI [b]	1	—	136	—	—	137
Net current-period OCI	12	—	158	(4)	1	167
Impact of adoption of Recognition and Measurement of Financial Assets and Liabilities standard	—	(10) [c]	—	—	—	(10)
Ending balance	$ (2)	$ —	$ (2,840)	$ (27)	$ —	$ (2,869)
Generation [a]						
Beginning balance	$ (16)	$ 3	$ —	$ (23)	$ (1)	$ (37)
OCI before reclassifications	11	—	—	(4)	1	8
Amounts reclassified from AOCI [b]	1	—	—	—	—	1
Net current-period OCI	12	—	—	(4)	1	9
Impact of adoption of Recognition and Measurement of Financial Assets and Liabilities standard	—	(3) [c]	—	—	—	(3)
Ending balance	$ (4)	$ —	$ —	$ (27)	$ —	$ (31)
PECO [a]						
Beginning balance	$ —	$ 1	$ —	$ —	$ —	$ 1
OCI before reclassifications	—	—	—	—	—	—
Amounts reclassified from AOCI [b]	—	—	—	—	—	—
Net current-period OCI	—	—	—	—	—	—
Impact of adoption of Recognition and Measurement of Financial Assets and Liabilities standard	—	(1) [c]	—	—	—	(1)
Ending balance	$ —	$ —	$ —	$ —	$ —	$ —

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Nine Months Ended September 30, 2017	Gains (Losses) on Cash Flow Hedges	Unrealized gains (losses) on Marketable Securities	Pension and Non-Pension Postretirement Benefit Plan Items	Foreign Currency Items	AOCI of Investments in Unconsolidated Affiliates	Total
Exelon [a]						
Beginning balance	$ (17)	$ 4	$ (2,610)	$ (30)	$ (7)	$ (2,660)
OCI before reclassifications	2	2	(55)	7	7	(37)
Amounts reclassified from AOCI [b]	3	—	105	—	—	108
Net current-period OCI	5	2	50	7	7	71
Ending balance	$ (12)	$ 6	$ (2,560)	$ (23)	$ —	$ (2,589)
Generation [a]						
Beginning balance	$ (19)	$ 2	$ —	$ (30)	$ (7)	$ (54)
OCI before reclassifications	2	—	—	7	6	15
Amounts reclassified from AOCI [b]	3	—	—	—	—	3
Net current-period OCI	5	—	—	7	6	18
Ending balance	$ (14)	$ 2	$ —	$ (23)	$ (1)	$ (36)
PECO [a]						
Beginning balance	$ —	$ 1	$ —	$ —	$ —	$ 1
OCI before reclassifications	—	—	—	—	—	—
Amounts reclassified from AOCI [b]	—	—	—	—	—	—
Net current-period OCI	—	—	—	—	—	—
Ending balance	$ —	$ 1	$ —	$ —	$ —	$ 1

(a) All amounts are net of tax and noncontrolling interests. Amounts in parenthesis represent a decrease in AOCI.
(b) See next tables for details about these reclassifications.
(c) Exelon prospectively adopted the new standard Recognition and Measurement of Financial Assets and Liabilities. The standard was adopted as of January 1, 2018, which resulted in an increase to Retained earnings and Accumulated other comprehensive loss of $10 million , $3 million and $1 million for Exelon, Generation and PECO, respectively. The amounts reclassified related to Rabbi Trusts. See Note 2 — New Accounting Standards for additional information.
(d) Exelon early adopted the new standard Reclassification of Certain Tax Effects from AOCI. The standard was adopted retrospectively as of December 31, 2017 , which resulted in an increase to Exelon's Retained earnings and Accumulated other comprehensive loss of $539 million , primarily related to deferred income taxes associated with Exelon's pension and OPEB obligations. See Note 2 — New Accounting Standards for additional information.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

ComEd, PECO, BGE, PHI, Pepco, DPL and ACE did not have any reclassifications out of AOCI to Net income during the three and nine months ended September 30, 2018 and 2017 . The following tables present amounts reclassified out of AOCI to Net income for Exelon and Generation during the three and nine months ended September 30, 2018 and 2017 .

Three Months Ended September 30, 2018

Details about AOCI components	Items reclassified out of AOCI [a]		Affected line item in the Statement of Operations and Comprehensive Income
	Exelon	Generation	
Gains (Losses) on cash flow hedges			
Other cash flow hedges	$ —	$ —	Interest expense
	—	—	Total before tax
	—	—	Tax benefit
	$ —	$ —	Net of tax
Amortization of pension and other postretirement benefit plan items			
Prior service costs [b]	$ 23	$ —	
Actuarial losses [b]	(83)	—	
	(60)	—	Total before tax
	15	—	Tax benefit
	$ (45)	$ —	Net of tax
Total Reclassifications	$ (45)	$ —	Net of tax

Nine Months Ended September 30, 2018

Details about AOCI components	Items reclassified out of AOCI [a]		Affected line item in the Statement of Operations and Comprehensive Income
	Exelon	Generation	
Gains (Losses) on cash flow hedges			
Other cash flow hedges	$ (1)	$ (1)	Interest expense
	(1)	(1)	Total before tax
	—	—	Tax benefit
	$ (1)	$ (1)	Net of tax
Amortization of pension and other postretirement benefit plan items			
Prior service costs [b]	$ 68	$ —	
Actuarial losses [b]	(251)	—	
	(183)	—	Total before tax
	47	—	Tax benefit
	$ (136)	$ —	Net of tax
Total Reclassifications	$ (137)	$ (1)	Net of tax

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Three Months Ended September 30, 2017

Details about AOCI components	Items reclassified out of AOCI [a]		Affected line item in the Statement of Operations and Comprehensive Income
	Exelon	Generation	
Gains (Losses) on cash flow hedges			
Other cash flow hedges	$ 2	$ 2	Interest expense
	2	2	Total before tax
	(1)	(1)	Tax expense
	$ 1	$ 1	Net of tax
Amortization of pension and other postretirement benefit plan items			
Prior service costs [b]	$ 23	$ —	
Actuarial losses [b]	(81)	—	
	(58)	—	Total before tax
	23	—	Tax benefit
	$ (35)	$ —	Net of tax
Total Reclassifications	$ (34)	$ 1	Net of tax

Nine Months Ended September 30, 2017

Details about AOCI components	Items reclassified out of AOCI [a]		Affected line item in the Statement of Operations and Comprehensive Income
	Exelon	Generation	
Gains (Losses) on cash flow hedges			
Other cash flow hedges	$ (5)	$ (5)	Interest expense
	(5)	(5)	Total before tax
	2	2	Tax benefit
	$ (3)	$ (3)	Net of tax
Amortization of pension and other postretirement benefit plan items			
Prior service costs [b]	$ 69	$ —	
Actuarial losses [b]	(243)	—	
	(174)	—	Total before tax
	69	—	Tax benefit
	$ (105)	$ —	Net of tax
Total Reclassifications	$ (108)	$ (3)	Net of tax

(a) Amounts in parenthesis represent a decrease in AOCI.
(b) This AOCI component is included in the computation of net periodic pension and OPEB cost (see Note 14 — Retirement Benefits for additional information).

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following table presents income tax benefit (expense) allocated to each component of other comprehensive income (loss) during the three and nine months ended September 30, 2018 and 2017 :

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Exelon				
Pension and non-pension postretirement benefit plans:				
Prior service benefit reclassified to periodic benefit cost	$ 6	$ 9	$ 18	$ 27
Actuarial loss reclassified to periodic benefit cost	(21)	(32)	(65)	(96)
Pension and non-pension postretirement benefit plans valuation adjustment	(2)	—	(8)	2
Change in unrealized gains on cash flow hedges	—	—	(5)	(3)
Change in unrealized gains (losses) on investments in unconsolidated affiliates	—	1	(1)	(2)
Change in unrealized gains on marketable securities	—	—	—	(2)
Total	$ (17)	$ (22)	$ (61)	$ (74)
Generation				
Change in unrealized gains on cash flow hedges	$ —	$ —	$ (4)	$ (3)
Change in unrealized gains on investments in unconsolidated affiliates	—	—	(1)	(2)
Change in unrealized gains on marketable securities	—	—	—	(1)
Total	$ —	$ —	$ (5)	$ (6)

16. Earnings Per Share and Equity (Exelon)

Earnings per Share

Basic earnings per share is computed by dividing net income attributable to common shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed by dividing net income attributable to common shareholders by the weighted average number of common shares outstanding, including the effect of issuing common stock assuming (i) stock options are exercised, and (ii) performance share awards and restricted stock awards are fully vested under the treasury stock method.

The following table sets forth the components of basic and diluted earnings per share and shows the effect of these stock options, performance share awards and restricted stock awards on the weighted average number of shares outstanding used in calculating diluted earnings per share:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Exelon				
Net income attributable to common shareholders	$ 733	$ 823	$ 1,858	$ 1,907
Weighted average common shares outstanding — basic	968	962	967	941
Assumed exercise and/or distributions of stock-based awards	2	3	2	2
Weighted average common shares outstanding — diluted	970	965	969	943

The number of stock options not included in the calculation of diluted common shares outstanding due to their antidilutive effect was approximately 2 million and 3 million for the three and nine months ended September 30, 2018 , respectively, and 7 million and 9 million for the three and nine months ended September 30, 2017 , respectively. There were no equity units related to the PHI Merger not included in the calculation of diluted common shares outstanding due to their antidilutive effect for the three and nine months ended September 30, 2018 and 2017 . See Note 19 — Shareholders' Equity of the Exelon 2017 Form 10-K for additional information regarding the equity units.

Under share repurchase programs, 2 million shares of common stock are held as treasury stock with a cost of $123 million as of September 30, 2018 .

17. Commitments and Contingencies (All Registrants)

The following is an update to the current status of commitments and contingencies set forth in Note 23 of the Exelon 2017 Form 10-K. See Note 4 — Mergers, Acquisitions and Dispositions of the Exelon 2017 Form 10-K for additional information on the PHI Merger commitments.

Commitments

PHI Merger Commitments (Exelon, PHI, Pepco, DPL and ACE)

The merger of Exelon and PHI was approved in Delaware, New Jersey, Maryland and the District of Columbia. Exelon and PHI agreed to certain commitments including where applicable: customer rate credits, funding for energy efficiency and delivery system modernization programs, a green sustainability fund, workforce development initiatives, charitable contributions, renewable generation and other required commitments. In addition, the orders approving the merger in Delaware, New Jersey, and Maryland include a “most favored nation” provision which, generally, requires allocation of merger benefits proportionally across all the jurisdictions.

The following amounts represent total commitment costs for Exelon, PHI, Pepco, DPL and ACE that have been recorded since the acquisition date and the remaining obligations as of September 30, 2018 :

Description	Expected Payment Period	Exelon	PHI	Pepco	DPL	ACE
Rate credits	2016 - 2021	$ 259	$ 259	$ 91	$ 67	$ 101
Energy efficiency	2016 - 2021	122	—	—	—	—
Charitable contributions	2016 - 2026	50	50	28	12	10
Delivery system modernization	Q2 2017	22	—	—	—	—
Green sustainability fund	Q2 2017	14	—	—	—	—
Workforce development	2016 - 2020	17	—	—	—	—
Other		29	6	1	5	—
Total commitments		$ 513	$ 315	$ 120	$ 84	$ 111
Remaining commitments		$ 138	$ 94	$ 75	$ 12	$ 7

In addition, Exelon is committed to develop or to assist in the commercial development of approximately 37 MWs of new generation in Maryland, District of Columbia, and Delaware, 27 MWs of which are expected to be completed in 2018. These investments are expected to total approximately $137 million , are expected to be primarily capital in nature, and will generate future earnings at Exelon and Generation. Investment costs will be recognized as incurred and recorded on Exelon's and Generation's financial statements. Exelon has also committed to purchase 100 MWs of wind energy in

PJM, to procure 120 MWs of wind RECs for the purpose of meeting Delaware's renewable portfolio standards, and to maintain and promote energy efficiency and demand response programs in the PHI jurisdictions.

Pursuant to the various jurisdictions' merger approval conditions, over specified periods Pepco, DPL and ACE are not permitted to reduce employment levels due to involuntary attrition associated with the merger integration process and have made other commitments regarding hiring and relocation of positions.

Constellation Merger Commitments (Exelon and Generation)

In February 2012, the MDPSC issued an Order approving the Exelon and Constellation merger. As part of the MDPSC Order, Exelon agreed to develop or assist in the development of 285 - 300 MWs of new generation. Exelon and Generation have incurred $458 million towards satisfying the commitment for new generation development in the State of Maryland, with 220 MW of new generation in operations to date and 10 MW of this commitment satisfied through a liquidated damages payment made in the fourth quarter of 2016. The remaining 55 MW is expected to be satisfied via payment of liquidated damages or execution of a third party PPA, rather than by Generation constructing renewable generating assets. As a result, as of September 30, 2018 Exelon's and Generation's Consolidated Balance Sheets include a $50 million liability within Deferred credits and other liabilities for this remaining commitment, to be paid on or before January 15, 2023 unless the period is extended by consent of Exelon and the State of Maryland. See Note 23 - Commitments and Contingencies of the Exelon 2017 Form 10-K for additional information regarding the Constellation Merger Commitments.

Commercial Commitments (All Registrants)

The Registrants' commercial commitments as of September 30, 2018 , representing commitments potentially triggered by future events were as follows:

	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Letters of credit (non-debt) [(a)]	$ 1,584	$ 1,565	$ 2	$ —	$ 3	$ 4	$ 4	$ —	$ —
Surety bonds [(b)]	1,402	1,201	9	9	25	65	32	4	3
Financing trust guarantees	378	—	200	178	—	—	—	—	—
Guaranteed lease residual values [(c)]	22	—	—	—	—	22	7	9	6
Total commercial commitments	$ 3,386	$ 2,766	$ 211	$ 187	$ 28	$ 91	$ 43	$ 13	$ 9

(a) Letters of credit (non-debt) - Exelon and certain of its subsidiaries maintain non-debt letters of credit to provide credit support for certain transactions as requested by third parties. Includes letters of credits issued under credit facility agreements arranged at minority and community banks and nonrecourse debt letters of credits.
(b) Surety bonds—Guarantees issued related to contract and commercial agreements, excluding bid bonds.
(c) Represents the maximum potential obligation in the event that the fair value of certain leased equipment and fleet vehicles is zero at the end of the maximum lease term. The maximum lease term associated with these assets ranges from 3 to 8 years. The maximum potential obligation at the end of the minimum lease term would be $60 million , $17 million of which is a guarantee by Pepco, $25 million by DPL and $17 million by ACE. The minimum lease term associated with these assets ranges from 1 to 4 years. Historically, payments under the guarantees have not been made and PHI believes the likelihood of payments being required under the guarantees is remote.

Nuclear Insurance (Exelon and Generation)

Generation is subject to liability, property damage and other risks associated with major incidents at any of its nuclear stations. Generation has mitigated its financial exposure to these risks through insurance and other industry risk-sharing provisions.

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The Price-Anderson Act was enacted to ensure the availability of funds for public liability claims arising from an incident at any of the U.S. licensed nuclear facilities and also to limit the liability of nuclear reactor owners for such claims from any single incident. As of September 30, 2018 , the current liability limit per incident is $13.1 billion and is subject to change to account for the effects of inflation and changes in the number of licensed reactors. Changes to account for the effects of inflation occur at least once every five years with the last adjustment effective September 10, 2013. In accordance with the Price-Anderson Act, Generation maintains financial protection at levels equal to the amount of liability insurance available from private sources through the purchase of private nuclear energy liability insurance for public liability claims that could arise in the event of an incident. Effective January 1, 2017, the required amount of nuclear energy liability insurance purchased is $450 million for each operating site. Claims exceeding that amount are covered through mandatory participation in a financial protection pool, as required by the Price Anderson-Act, which provides the additional $12.6 billion per incident in funds available for public liability claims. Participation in this secondary financial protection pool requires the operator of each reactor to fund its proportionate share of costs for any single incident that exceeds the primary layer of financial protection. Exelon's share of this secondary layer would be approximately $2.8 billion , however any amounts payable under this secondary layer would be capped at $420 million per year.

In addition, the U.S. Congress could impose revenue-raising measures on the nuclear industry to pay public liability claims exceeding the $13.1 billion limit for a single incident.

As part of the execution of the NOSA on April 1, 2014, Generation executed an Indemnity Agreement pursuant to which Generation agreed to indemnify EDF and its affiliates against third-party claims that may arise from any future nuclear incident (as defined in the Price-Anderson Act) in connection with the CENG nuclear plants or their operations. Exelon guarantees Generation's obligations under this indemnity. See Note 2 — Variable Interest Entities of the Exelon 2017 Form 10-K for additional information on Generation's operations relating to CENG.

Generation is required each year to report to the NRC the current levels and sources of property insurance that demonstrates Generation possesses sufficient financial resources to stabilize and decontaminate a reactor and reactor station site in the event of an accident. The property insurance maintained for each facility is currently provided through insurance policies purchased from NEIL, an industry mutual insurance company of which Generation is a member.

NEIL may declare distributions to its members as a result of favorable operating experience. In recent years NEIL has made distributions to its members, but Generation cannot predict the level of future distributions or if they will continue at all. In March 2018, NEIL declared a supplemental distribution. Generation's portion of the supplemental distribution declared by NEIL was $31 million and was recorded as a reduction to Operating and maintenance expense within Exelon and Generation's Consolidated Statements of Operations and Comprehensive Income for the nine months ended September 30, 2018 .

Premiums paid to NEIL by its members are also subject to a potential assessment for adverse loss experience in the form of a retrospective premium obligation. NEIL has never assessed this retrospective premium since its formation in 1973, and Generation cannot predict the level of future assessments if any. The current maximum aggregate annual retrospective premium obligation for Generation is approximately $345 million . NEIL requires its members to maintain an investment grade credit rating or to ensure collectability of their annual retrospective premium obligation by providing a financial guarantee, letter of credit, deposit premium, or some other means of assurance.

NEIL provides "all risk" property damage, decontamination and premature decommissioning insurance for each station for losses resulting from damage to its nuclear plants, either due to accidents or acts of terrorism. If the decision is made to decommission the facility, a portion of the insurance proceeds will be allocated to a fund, which Generation is required by the NRC to maintain, to provide for decommissioning the facility. In the event of an insured loss, Generation is unable to predict the timing

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of the availability of insurance proceeds to Generation and the amount of such proceeds that would be available. In the event that one or more acts of terrorism cause accidental property damage within a twelve-month period from the first accidental property damage under one or more policies for all insured plants, the maximum recovery by Exelon will be an aggregate of $3.2 billion plus such additional amounts as the insurer may recover for all such losses from reinsurance, indemnity and any other source, applicable to such losses.

For its insured losses, Generation is self-insured to the extent that losses are within the policy deductible or exceed the amount of insurance maintained. Uninsured losses and other expenses, to the extent not recoverable from insurers or the nuclear industry, could also be borne by Generation. Any such losses could have a material adverse effect on Exelon's and Generation's financial condition, results of operations and cash flows.

Environmental Remediation Matters

General (All Registrants)

The Registrants' operations have in the past, and may in the future, require substantial expenditures to comply with environmental laws. Additionally, under Federal and state environmental laws, the Registrants are generally liable for the costs of remediating environmental contamination of property now or formerly owned by them and of property contaminated by hazardous substances generated by them. The Registrants own or lease a number of real estate parcels, including parcels on which their operations or the operations of others may have resulted in contamination by substances that are considered hazardous under environmental laws. In addition, the Registrants are currently involved in a number of proceedings relating to sites where hazardous substances have been deposited and may be subject to additional proceedings in the future. Unless otherwise disclosed, the Registrants cannot reasonably estimate whether they will incur significant liabilities for additional investigation and remediation costs at these or additional sites identified by the Registrants, environmental agencies or others, or whether such costs will be recoverable from third parties, including customers. Additional costs could have a material, unfavorable impact on the Registrants' financial conditions, results of operations and cash flows.

MGP Sites (Exelon, ComEd, PECO, BGE, PHI and DPL)

ComEd, PECO, BGE and DPL have identified sites where former MGP or gas purification activities have or may have resulted in actual site contamination. For almost all of these sites, there are additional PRPs that may share responsibility for the ultimate remediation of each location.

- ComEd has identified 42 sites, 20 of which have been remediated and approved by the Illinois EPA or the U.S. EPA and 22 that are currently under some degree of active study and/or remediation. ComEd expects the majority of the remediation at these sites to continue through at least 2023.

- PECO has identified 26 sites, 17 of which have been remediated in accordance with applicable PA DEP regulatory requirements and 9 that are currently under some degree of active study and/or remediation. PECO expects the majority of the remediation at these sites to continue through at least 2022.

- BGE has identified 13 sites, 9 of which have been remediated and approved by the MDE and 4 that require some level of remediation and/or ongoing activity. BGE expects the majority of the remediation at these sites to continue through at least 2019.

- DPL has identified 3 sites, for 2 of which remediation has been completed and approved by the MDE or the Delaware Department of Natural Resources and Environmental Control.

The remaining site is under study and the required cost at the site is not expected to be material.

The historical nature of the MGP and gas purification sites and the fact that many of the sites have been buried and built over, impacts the ability to determine a precise estimate of the ultimate costs prior to initial sampling and determination of the exact scope and method of remedial activity. Management determines its best estimate of remediation costs using all available information at the time of each study, including probabilistic and deterministic modeling for ComEd and PECO, and the remediation standards currently required by the applicable state environmental agency. Prior to completion of any significant clean up, each site remediation plan is approved by the appropriate state environmental agency.

ComEd, pursuant to an ICC order, and PECO, pursuant to settlements of natural gas distribution rate cases with the PAPUC, are currently recovering environmental remediation costs of former MGP facility sites through customer rates. See Note 6 — Regulatory Matters for additional information regarding the associated regulatory assets. While BGE and DPL do not have riders for MGP clean-up costs, they have historically received recovery of actual clean-up costs in distribution rates.

During the third quarter of 2018, the Utility Registrants completed an annual study of their future estimated MGP remediation requirements. The study resulted in a $48 million increase to the environmental liability and related regulatory asset for ComEd. The increase was primarily due to a revised closure strategy at one site, which resulted in an increase in the excavation area and depth of impacted soils from the site. The study did not result in a material change to the environmental liability for PECO, BGE, Pepco, DPL and ACE.

As of September 30, 2018 and December 31, 2017 , the Registrants had accrued the following undiscounted amounts for environmental liabilities in Other current liabilities and Other deferred credits and other liabilities within their respective Consolidated Balance Sheets:

September 30, 2018	Total environmental investigation and remediation reserve	Portion of total related to MGP investigation and remediation
Exelon	$ 486	$ 352
Generation	102	—
ComEd	323	321
PECO	28	27
BGE	6	4
PHI	27	—
Pepco	25	—
DPL	1	—
ACE	1	—

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

December 31, 2017	Total environmental investigation and remediation reserve	Portion of total related to MGP investigation and remediation
Exelon	$ 466	$ 315
Generation	117	—
ComEd	285	283
PECO	30	28
BGE	5	4
PHI	29	—
Pepco	27	—
DPL	1	—
ACE	1	—

Solid and Hazardous Waste

Cotter Corporation (Exelon and Generation)

The EPA has advised Cotter Corporation (Cotter), a former ComEd subsidiary, that it is potentially liable in connection with radiological contamination at a site known as the West Lake Landfill in Missouri. In 2000, ComEd sold Cotter to an unaffiliated third-party. As part of the sale, ComEd agreed to indemnify Cotter for any liability arising in connection with the West Lake Landfill. In connection with Exelon's 2001 corporate restructuring, this responsibility to indemnify Cotter was transferred to Generation. On May 29, 2008, the EPA issued a Record of Decision (ROD) approving a landfill cover remediation approach. Generation had previously recorded an estimated liability for its anticipated share of a landfill cover remedy that was estimated to cost approximately $90 million in total. By letter dated January 11, 2010, the EPA requested that the PRPs perform a supplemental feasibility study for a remediation alternative that would involve complete excavation of the radiological contamination. On September 30, 2011, the PRPs submitted the supplemental feasibility study to the EPA for review. Since June 2012, the EPA has requested that the PRPs perform a series of additional analyses and groundwater and soil sampling as part of the supplemental feasibility study. This further analysis was focused on a partial excavation remedial option. The PRPs provided the final Remedial Investigation and Feasibility Study (RI/FS) to the EPA in January 2018, which formed the basis for EPA's final remedy selection, as discussed below. There are currently three PRPs participating in the West Lake Landfill remediation proceeding. Investigation by Generation has identified a number of other parties who also may be PRPs and could be liable to contribute to the final remedy. Further investigation is ongoing.

On September 27, 2018 the EPA issued its ROD Amendment for the selection of the final remedy for the West Lake Landfill Superfund site. The ROD modifies the EPA's previously proposed plan for partial excavation of the radiological materials by reducing the depths of the excavation. The ROD also allows for variation in depths of excavation depending on radiological concentrations. The EPA estimates that the ROD will result in a reduction of both radiological and non-radiological waste excavated, with corresponding reductions in the cost and schedule for the remedy. The next step is the negotiation of a Consent Agreement by the EPA with the PRPs to implement the ROD, a process that is expected to be completed in the first quarter of 2020. The estimated cost of the remedy, taking into account the current EPA technical requirements and the total costs expected to be incurred by the PRPs in fully executing the remedy, is approximately $280 million , including cost escalation on an undiscounted basis, which would be allocated among the final group of PRPs. Generation has determined that a loss associated with the EPA's partial excavation and enhanced landfill cover remedy is probable and has recorded a liability included in the table above, that reflects management's best estimate of Cotter's allocable share of the ultimate cost for the entire remediation effort. Given the joint and several nature of this liability, the magnitude of Generation's ultimate liability will depend on the actual costs incurred to implement

the required remediation remedy as well as on the nature and terms of any cost-sharing arrangements with the final group of PRPs. Therefore, it is reasonably possible that the ultimate cost and Generation's associated allocable share could differ significantly once these uncertainties are resolved, which could have a material impact on Exelon's and Generation's future financial conditions, results of operations and cash flows.

On January 16, 2018, the PRPs were advised by the EPA that it will begin an additional investigation and evaluation of groundwater conditions at the West Lake Landfill. In September 2018, the PRPs agreed to an Administrative Settlement Agreement and Order on Consent for the performance by the PRPs of the groundwater RI/FS and reimbursement of EPA's oversight costs. The purposes of this new RI/FS are to define the nature and extent of any groundwater contamination from the West Lake Landfill site, determine the potential risk posed to human health and the environment, and evaluate remedial alternatives. Generation estimates the undiscounted cost for the groundwater RI/FS for West Lake to be approximately $20 million and Generation has recorded a liability included in the table above, that reflects management's best estimate of Cotter's allocable share of the cost among the PRPs. At this time Generation cannot predict the likelihood or the extent to which, if any, remediation activities will be required and cannot estimate a reasonably possible range of loss for response costs beyond those associated with the RI/FS component. It is reasonably possible, however, that resolution of this matter could have a material, unfavorable impact on Exelon's and Generation's future results of operations and cash flows.

During December 2015, the EPA took two actions related to the West Lake Landfill designed to abate what it termed as imminent and dangerous conditions at the landfill. The first involved installation by the PRPs of a non-combustible surface cover to protect against surface fires in areas where radiological materials are believed to have been disposed. Generation has accrued what it believes to be an adequate amount to cover its anticipated liability for this interim action, and the work is expected to be completed in 2018. The second action involved EPA's public statement that it will require the PRPs to construct a barrier wall in an adjacent landfill to prevent a subsurface fire from spreading to those areas of the West Lake Landfill where radiological materials are believed to have been disposed. At this time, Generation believes that the requirement to build a barrier wall is remote in light of other technologies that have been employed by the adjacent landfill owner. Finally, one of the other PRPs, the landfill owner and operator of the adjacent landfill, has indicated that it will be making a contribution claim against Cotter for costs that it has incurred to prevent the subsurface fire from spreading to those areas of the West Lake Landfill where radiological materials are believed to have been disposed. At this time, Exelon and Generation do not possess sufficient information to assess this claim and therefore are unable to estimate a range of loss, if any. As such, no liability has been recorded for the potential contribution claim. It is reasonably possible, however, that resolution of this matter could have a material, unfavorable impact on Exelon's and Generation's financial conditions, results of operations and cash flows.

On August 8, 2011, Cotter was notified by the DOJ that Cotter is considered a PRP with respect to the government's clean-up costs for contamination attributable to low level radioactive residues at a former storage and reprocessing facility named Latty Avenue near St. Louis, Missouri. The Latty Avenue site is included in ComEd's indemnification responsibilities discussed above as part of the sale of Cotter. The radioactive residues had been generated initially in connection with the processing of uranium ores as part of the U.S. Government's Manhattan Project. Cotter purchased the residues in 1969 for initial processing at the Latty Avenue facility for the subsequent extraction of uranium and metals. In 1976, the NRC found that the Latty Avenue site had radiation levels exceeding NRC criteria for decontamination of land areas. Latty Avenue was investigated and remediated by the United States Army Corps of Engineers pursuant to funding under FUSRAP. The DOJ has not yet formally advised the PRPs of the amount that it is seeking, but it is believed to be approximately $90 million from all PRPs. The DOJ and the PRPs agreed to toll the statute of limitations until August 2019 so that settlement discussions could proceed. Generation has determined that a loss associated with this matter is probable under its

indemnification agreement with Cotter and has recorded an estimated liability, which is included in the table above.

Commencing in February 2012, a number of lawsuits have been filed in the U.S. District Court for the Eastern District of Missouri. Among the defendants were Exelon, Generation and ComEd, all of which were subsequently dismissed from the case, as well as Cotter, which remains a defendant. The suits allege that individuals living in the North St. Louis area developed some form of cancer or other serious illness due to Cotter's negligent or reckless conduct in processing, transporting, storing, handling and/or disposing of radioactive materials. Plaintiffs are asserting public liability claims under the Price-Anderson Act. Their state law claims for negligence, strict liability, emotional distress, and medical monitoring have been dismissed. In the event of a finding of liability against Cotter, it is probable that Generation would be financially responsible due to its indemnification responsibilities of Cotter described above. The court has dismissed a number of the lawsuits as untimely, which has been upheld on appeal. Cotter and the remaining plaintiffs have engaged in settlement discussions pursuant to court-ordered mediation. During the second quarter of 2018, Generation determined a loss was probable based on the advancement of settlement proceedings and recorded an immaterial liability.

Benning Road Site (Exelon, Generation, PHI and Pepco)

In September 2010, PHI received a letter from EPA identifying the Benning Road site as one of six land-based sites potentially contributing to contamination of the lower Anacostia River. A portion of the site was formerly the location of a Pepco Energy Services electric generating facility. That generating facility was deactivated in June 2012 and plant structure demolition was completed in July 2015. The remaining portion of the site consists of a Pepco transmission and distribution service center that remains in operation. In December 2011, the U.S. District Court for the District of Columbia approved a Consent Decree entered into by Pepco and Pepco Energy Services with the DOEE, which requires Pepco and Pepco Energy Services to conduct a Remediation Investigation (RI)/ Feasibility Study (FS) for the Benning Road site and an approximately 10 to 15-acre portion of the adjacent Anacostia River. The RI/FS will form the basis for the remedial actions for the Benning Road site and for the Anacostia River sediment associated with the site. The Consent Decree does not obligate Pepco or Pepco Energy Services to pay for or perform any remediation work, but it is anticipated that DOEE will look to Pepco and Pepco Energy Services to assume responsibility for cleanup of any conditions in the river that are determined to be attributable to past activities at the Benning Road site. Pursuant to Exelon's March 23, 2016 acquisition of PHI, Pepco Energy Services was transferred to Generation.

Since 2013, Pepco and Pepco Energy Services (now Generation) have been performing RI work and have submitted multiple draft RI reports to the DOEE. Once the RI work is completed, Pepco and Generation will issue a draft “final” RI report for review and comment by DOEE and the public. Pepco and Generation will then proceed to develop an FS to evaluate possible remedial alternatives for submission to DOEE. The Court has established a schedule for completion of the RI and FS, and approval by the DOEE, by May 6, 2019.

Upon DOEE’s approval of the final RI and FS Reports, Pepco and Generation will have satisfied their obligations under the Consent Decree. At that point, DOEE will prepare a Proposed Plan regarding further response actions. After considering public comment on the Proposed Plan, DOEE will issue a Record of Decision identifying any further response actions determined to be necessary.

PHI, Pepco and Generation have determined that a loss associated with this matter is probable and have accrued an estimated liability, which is included in the table above.

Anacostia River Tidal Reach (Exelon, PHI and Pepco)

Contemporaneous with the Benning RI/FS being performed by Pepco and Generation, DOEE and certain federal agencies have been conducting a separate RI/FS focused on the entire tidal reach of the

Anacostia River extending from just north of the Maryland-D.C. boundary line to the confluence of the Anacostia and Potomac Rivers. In March 2016, DOEE released a draft of the river-wide RI Report for public review and comment. The river-wide RI incorporated the results of the river sampling performed by Pepco and Pepco Energy Services as part of the Benning RI/FS, as well as similar sampling efforts conducted by owners of other sites adjacent to this segment of the river and supplemental river sampling conducted by DOEE's contractor. DOEE asked Pepco, along with parties responsible for other sites along the river, to participate in a "Consultative Working Group" to provide input into the process for future remedial actions addressing the entire tidal reach of the river and to ensure proper coordination with the other river cleanup efforts currently underway, including cleanup of the river segment adjacent to the Benning Road site resulting from the Benning RI/FS. Pepco responded that it will participate in the Consultative Working Group, but its participation is not an acceptance of any financial responsibility beyond the work that will be performed at the Benning Road site described above. In April 2018, DOEE released a draft remedial investigation report for public review and comment. Pepco submitted written comments to the draft RI and participated in a public hearing. Pepco continues outreach efforts as appropriate to the agencies, governmental officials, community organizations and other key stakeholders. In May 2018 the District of Columbia Council extended the deadline for completion of the Record of Decision from June 30, 2018 until December 31, 2019. An appropriate liability for Pepco's share of investigation costs has been accrued and is included in the table above. Although Pepco has determined that it is probable that costs for remediation will be incurred, Pepco cannot estimate the reasonably possible range of loss at this time and no liability has been accrued for those future costs. A draft Feasibility Study of potential remedies and their estimated costs is being prepared by the agencies and is expected to be released in early 2019, at which time Pepco will likely be in a better position to estimate the range of loss.

In addition to the activities associated with the remedial process outlined above, there is a complementary statutory program that requires an assessment to determine if any natural resources have been damaged as a result of the contamination that is being remediated, and, if so, that a plan be developed by the federal, state and local Trustees responsible for those resources to restore them to their condition before injury from the environmental contaminants. If natural resources are not restored, then compensation for the injury can be sought from the party responsible for the release of the contaminants. The assessment of Natural Resource Damages (NRD) typically takes place following cleanup because cleanups sometimes also effectively restore habitat. During the second quarter of 2018, Pepco became aware that the Trustees are in the beginning stages of this process that often takes many years beyond the remedial decision to complete. Pepco has concluded that a loss associated with the eventual NRD assessment is reasonably possible. Due to the very early stage of the assessment process it cannot reasonably estimate the range of loss.

Conectiv Energy Wholesale Power Generation Sites (Exelon, Generation, and PHI)

In July 2010, PHI sold the wholesale power generation business of Conectiv Energy Holdings, Inc. and substantially all of its subsidiaries (Conectiv Energy) to Calpine Corporation (Calpine). Under New Jersey's Industrial Site Recovery Act (ISRA), the transfer of ownership triggered an obligation on the part of Conectiv Energy to remediate any environmental contamination at each of the nine Conectiv Energy generating facility sites located in New Jersey. Under the terms of the sale, Calpine has assumed responsibility for performing the ISRA-required remediation and for the payment of all related ISRA compliance costs up to $10 million . PHI indemnified Calpine for any ISRA compliance remediation costs in excess of $10 million . PHI estimated the costs of ISRA-required remediation activities at the nine generating facility sites located in New Jersey are in the range of approximately $7 million to $18 million and recorded a liability for its share of the estimated clean-up costs. Pursuant to Exelon's March 2016 acquisition of PHI, the Conectiv Energy legal entity was transferred to Generation and the liability for PHI's share of the estimated clean-up costs was also transferred to Generation and is included in the table above as a liability of Generation. The responsibility to indemnify Calpine is shared by PHI and Generation.

Brandywine Fly Ash Disposal Site (Exelon, PHI and Pepco)

In February 2013, Pepco received a letter from the MDE requesting that Pepco investigate the extent of waste on a Pepco right-of-way that traverses the Brandywine fly ash disposal site in Brandywine, Prince George's County, Maryland, owned by NRG Energy, Inc. (as successor to GenOn MD Ash Management, LLC) (NRG). In July 2013, while reserving its rights and related defenses under a 2000 agreement covering the sale of this site, Pepco indicated its willingness to investigate the extent of, and propose an appropriate closure plan to address, ash on the right-of-way. Pepco submitted a schedule for development of a closure plan to MDE on September 30, 2013 and, by letter dated October 18, 2013, MDE approved the schedule.

Pepco has determined that a loss associated with this matter is probable and has recorded an estimated liability, which is included in the table above. Pepco believes that the costs incurred in this matter may be recoverable from NRG under the 2000 sale agreement but has not recorded an associated receivable for any potential recovery.

Litigation and Regulatory Matters

PHI Merger (Exelon and PHI)

In July 2015, the OPC, Public Citizen, Inc., the Sierra Club and the Chesapeake Climate Action Network (CCAN) filed motions to stay the MDPSC order approving the Exelon and PHI merger. The Circuit Court judge issued an order denying the motions for stay on August 12, 2015. On January 8, 2016, the Circuit Court judge affirmed the MDPSC's order approving the merger and denied the petitions for judicial review filed by the OPC, the Sierra Club, CCAN and Public Citizen, Inc. On January 19, 2016, the OPC filed a notice of appeal to the Maryland Court of Special Appeals, and on January 21, the Sierra Club and CCAN filed notices of appeal. On January 27, 2017, the Maryland Court of Special Appeals affirmed the Circuit Court's judgment that the MDPSC did not err in approving the merger. The OPC and Sierra Club filed petitions seeking further review in the Court of Appeals of Maryland, which is the highest court in Maryland. On June 21, 2017, the Court of Appeals granted discretionary review of the January 27, 2017 decision by the Maryland Court of Special Appeals. The Maryland Court of Appeals will review the OPC argument that the MDPSC did not properly consider the acquisition premium paid to PHI shareholders under Maryland's merger approval standard and the Sierra Club's argument that the merger would harm the renewable and distributed generation markets. The two lower courts examining these issues rejected these arguments, which Exelon believes are without merit. All briefs have been filed and oral arguments were presented to the court on October 10, 2017. On August 29, 2018, the Maryland Court of Appeals affirmed the MDPSC's May 2015 Order approving the merger of Exelon and PHI. This concluded the final legal challenge to the merger of Exelon and PHI.

Asbestos Personal Injury Claims (Exelon, Generation, PECO and ComEd)

Generation maintains a reserve for claims associated with asbestos-related personal injury actions in certain facilities that are currently owned by Generation or were previously owned by ComEd and PECO. The estimated liabilities are recorded on an undiscounted basis and exclude the estimated legal costs associated with handling these matters, which could be material.

At September 30, 2018 and December 31, 2017 , Generation had recorded estimated liabilities of approximately $80 million and $78 million , respectively, in total for asbestos-related bodily injury claims. As of September 30, 2018 , approximately $24 million of this amount related to 241 open claims presented to Generation, while the remaining $56 million is for estimated future asbestos-related bodily injury claims anticipated to arise through 2050, based on actuarial assumptions and analyses, which are updated on an annual basis. On a quarterly basis, Generation monitors actual experience against the number of forecasted claims to be received and expected claim payments and evaluates whether adjustments to the estimated liabilities are necessary.

There is a reasonable possibility that Exelon may have additional exposure to estimated future asbestos-related bodily injury claims in excess of the amount accrued and the increases could have a material unfavorable impact on Exelon's, Generation's and PECO's financial conditions, results of operations and cash flows.

City of Everett Tax Increment Financing Agreement (Exelon and Generation)

On April 10, 2017, the City of Everett petitioned the Massachusetts Economic Assistance Coordinating Council (EACC) to revoke the 1999 tax increment financing agreement (TIF Agreement) relating to Mystic Units 8 and 9 on the grounds that the total investment in Mystic Units 8 and 9 materially deviates from the investment set forth in the TIF Agreement. On October 31, 2017, a three-member panel of the EACC conducted an administrative hearing on the City's petition. On November 30, 2017, the hearing panel issued a tentative decision denying the City's petition, finding that there was no material misrepresentation that would justify revocation of the TIF Agreement. On December 13, 2017, the tentative decision was adopted by the full EACC. On January 12, 2018, the City filed a complaint in Massachusetts Superior Court requesting, among other things, that the court set aside the EACC's decision, grant the City's request to decertify the Project and the TIF Agreement, and award the City damages for alleged underpaid taxes over the period of the TIF Agreement. Generation vigorously contested the City's claims before the EACC and will continue to do so in the Massachusetts Superior Court proceeding. Generation continues to believe that the City's claim lacks merit. Accordingly, Generation has not recorded a liability for payment resulting from such a revocation, nor can Generation estimate a reasonably possible range of loss, if any, associated with any such revocation. Further, it is reasonably possible that property taxes assessed in future periods, including those following the expiration of the current TIF Agreement in 2019, could be material to Generation's results of operations and cash flows.

General (All Registrants)

The Registrants are involved in various other litigation matters that are being defended and handled in the ordinary course of business. The assessment of whether a loss is probable or reasonably possible, and whether the loss or a range of loss is estimable, often involves a series of complex judgments about future events. The Registrants maintain accruals for such losses that are probable of being incurred and subject to reasonable estimation. Management is sometimes unable to estimate an amount or range of reasonably possible loss, particularly where (1) the damages sought are indeterminate, (2) the proceedings are in the early stages, or (3) the matters involve novel or unsettled legal theories. In such cases, there is considerable uncertainty regarding the timing or ultimate resolution of such matters, including a possible eventual loss.

Income Taxes

See Note 12 — Income Taxes for information regarding the Registrants' income tax refund claims and certain tax positions, including the 1999 sale of fossil generating assets.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

18. Supplemental Financial Information (All Registrants)

Supplemental Statement of Operations Information

The following tables provide additional information about the Registrants' Consolidated Statements of Operations and Comprehensive Income for the three and nine months ended September 30, 2018 and 2017 .

	Three Months Ended September 30, 2018								
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Other, Net									
Decommissioning-related activities:									
Net realized income on decommissioning trust funds [a]									
Regulatory agreement units	$ 214	$ 214	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Non-regulatory agreement units	58	58	—	—	—	—	—	—	—
Net unrealized (losses) gains on decommissioning trust funds									
Regulatory agreement units	(66)	(66)	—	—	—	—	—	—	—
Non-regulatory agreement units	72	72	—	—	—	—	—	—	—
Net unrealized losses on pledged assets									
Zion Station decommissioning	(9)	(9)	—	—	—	—	—	—	—
Regulatory offset to decommissioning trust fund-related activities [b]	(110)	(110)	—	—	—	—	—	—	—
Total decommissioning-related activities	159	159	—	$ —	—	—	—	—	—
Investment income	9	5	—	—	—	2	1	1	—
Interest income related to uncertain income tax positions	1	—	—	—	—	—	—	—	—
AFUDC — Equity	16	—	4	1	5	6	6	—	—
Non-service net periodic benefit cost	(12)	—	—	—	—	—	—	—	—
Other	21	15	3	1	—	3	—	1	1
Other, net	$ 194	$ 179	$ 7	2	$ 5	$ 11	$ 7	$ 2	$ 1

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Nine Months Ended September 30, 2018								
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Other, Net									
Decommissioning-related activities:									
Net realized income on decommissioning trust funds [a]									
Regulatory agreement units	$ 476	$ 476	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Non-regulatory agreement units	257	257	—	—	—	—	—	—	—
Net unrealized losses on decommissioning trust funds									
Regulatory agreement units	(335)	(335)	—	—	—	—	—	—	—
Non-regulatory agreement units	(143)	(143)	—	—	—	—	—	—	—
Net unrealized losses on pledged assets									
Zion Station decommissioning	(7)	(7)	—	—	—	—	—	—	—
Regulatory offset to decommissioning trust fund-related activities [b]	(110)	(110)	—	—	—	—	—	—	—
Total decommissioning-related activities	138	138	—	—	—	—	—	—	—
Investment income	19	12	—	—	—	3	1	1	—
Interest income related to uncertain income tax positions	5	1	—	—	—	—	—	—	—
AFUDC — Equity	47	—	12	3	13	19	17	2	—
Non-service net periodic benefit cost	(33)	—	—	—	—	—	—	—	—
Other	36	13	9	1	1	11	5	4	2
Other, net	$ 212	$ 164	$ 21	$ 4	$ 14	$ 33	$ 23	$ 7	$ 2

	Three Months Ended September 30, 2017								
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Other, Net									
Decommissioning-related activities:									
Net realized income on decommissioning trust funds [a]									
Regulatory agreement units	$ 159	$ 159	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Non-regulatory agreement units	59	59	—	—	—	—	—	—	—
Net unrealized gains on decommissioning trust funds									
Regulatory agreement units	44	44	—	—	—	—	—	—	—
Non-regulatory agreement units	111	111	—	—	—	—	—	—	—
Net unrealized losses on pledged assets									
Zion Station decommissioning	(4)	(4)	—	—	—	—	—	—	—
Regulatory offset to decommissioning trust fund-related activities [b]	(161)	(161)	—	—	—	—	—	—	—
Total decommissioning-related activities	208	208	—	—	—	—	—	—	—
Investment income	2	1	—	—	—	1	1	—	—
Interest expense related to uncertain income tax positions	4	—	—	—	—	—	—	—	—
AFUDC — Equity	17	—	2	2	4	9	6	2	1
Non-service net periodic benefit cost	(27)	—	—	—	—	—	—	—	—
Other	6	—	3	—	—	3	—	2	—
Other, net	$ 210	$ 209	$ 5	$ 2	$ 4	$ 13	$ 7	$ 4	$ 1

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Nine Months Ended September 30, 2017								
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Other, Net									
Decommissioning-related activities:									
Net realized income on decommissioning trust funds (a)									
Regulatory agreement units	$ 439	$ 439	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Non-regulatory agreement units	165	165	—	—	—	—	—	—	—
Net unrealized gains on decommissioning trust funds									
Regulatory agreement units	253	253	—	—	—	—	—	—	—
Non-regulatory agreement units	347	347	—	—	—	—	—	—	—
Net unrealized losses on pledged assets									
Zion Station decommissioning	(5)	(5)	—	—	—	—	—	—	—
Regulatory offset to decommissioning trust fund-related activities (b)	(558)	(558)	—	—	—	—	—	—	—
Total decommissioning-related activities	641	641	—	—	—	—	—	—	—
Investment income	6	4	—	—	—	2	1	—	—
Interest income related to uncertain income tax positions	3	—	—	—	—	—	—	—	—
Penalty income related to uncertain income tax positions	2	—	—	—	—	—	—	—	—
AFUDC — Equity	51	—	6	6	12	27	17	5	5
Non-service net periodic benefit cost	(82)	—	—	—	—	—	—	—	—
Other	22	3	8	—	—	11	4	5	1
Other, net	$ 643	$ 648	$ 14	$ 6	$ 12	$ 40	$ 22	$ 10	$ 6

(a) Includes investment income and realized gains and losses on sales of investments of the trust funds.
(b) Includes the elimination of NDT fund activity for the Regulatory Agreement Units, including the elimination of net income taxes related to all NDT fund activity for those units. See Note 15 — Asset Retirement Obligations of the Exelon 2017 Form 10-K for additional information regarding the accounting for nuclear decommissioning.

The following utility taxes are included in revenues and expenses for the three and nine months ended September 30, 2018 and 2017 . Generation's utility tax expense represents gross receipts tax related to its retail operations, and the Utility Registrants' utility tax expense represents municipal and state utility taxes and gross receipts taxes related to their operating revenues. The offsetting collection of utility taxes from customers is recorded in revenues on the Registrants' Consolidated Statements of Operations and Comprehensive Income.

	Three Months Ended September 30, 2018								
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Utility taxes	$ 253	$ 32	$ 67	$ 39	$ 23	$ 92	$ 87	$ 5	$ —

	Nine Months Ended September 30, 2018								
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Utility taxes	$ 705	$ 92	$ 188	$ 102	$ 70	$ 253	$ 238	$ 15	$ —

	Three Months Ended September 30, 2017								
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Utility taxes	$ 245	$ 35	$ 65	$ 35	$ 22	$ 88	$ 83	$ 5	$ —

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Nine Months Ended September 30, 2017								
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Utility taxes	$ 682	$ 97	$ 181	$ 95	$ 69	$ 240	$ 226	$ 14	$ —

Supplemental Cash Flow Information

The following tables provide additional information regarding the Registrants' Consolidated Statements of Cash Flows for the nine months ended September 30, 2018 and 2017 .

	Nine Months Ended September 30, 2018								
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Depreciation, amortization and accretion									
Property, plant and equipment [a]	$ 2,829	$ 1,347	$ 613	$ 204	$ 249	$ 355	$ 161	$ 97	$ 70
Amortization of regulatory assets [a]	412	—	83	20	109	200	125	38	37
Amortization of intangible assets, net [a]	43	36	—	—	—	—	—	—	—
Amortization of energy contract assets and liabilities [b]	8	8	—	—	—	—	—	—	—
Nuclear fuel [c]	852	852	—	—	—	—	—	—	—
ARO accretion [d]	367	365	—	—	—	—	—	—	—
Total depreciation, amortization and accretion	$ 4,511	$ 2,608	$ 696	$ 224	$ 358	$ 555	$ 286	$ 135	$ 107

	Nine Months Ended September 30, 2017								
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Depreciation, amortization and accretion									
Property, plant and equipment [a]	$ 2,416	$ 1,010	$ 579	$ 194	$ 233	$ 342	$ 153	$ 92	$ 66
Amortization of regulatory assets [a]	355	—	52	19	115	169	89	32	47
Amortization of intangible assets, net [a]	43	36	—	—	—	—	—	—	—
Amortization of energy contract assets and liabilities [b]	19	19	—	—	—	—	—	—	—
Nuclear fuel [c]	816	816	—	—	—	—	—	—	—
ARO accretion [d]	350	350	—	—	—	—	—	—	—
Total depreciation, amortization and accretion	$ 3,999	$ 2,231	$ 631	$ 213	$ 348	$ 511	$ 242	$ 124	$ 113

(a) Included in Depreciation and amortization on the Registrants' Consolidated Statements of Operations and Comprehensive Income.
(b) Included in Operating revenues or Purchased power and fuel expense on the Registrants' Consolidated Statements of Operations and Comprehensive Income.
(c) Included in Purchased power and fuel expense on the Registrants' Consolidated Statements of Operations and Comprehensive Income.
(d) Included in Operating and maintenance expense on the Registrants' Consolidated Statements of Operations and Comprehensive Income.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Nine Months Ended September 30, 2018								
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Other non-cash operating activities:									
Pension and non-pension postretirement benefit costs	$ 435	$ 151	$ 133	$ 14	$ 43	$ 51	$ 10	$ 5	$ 10
Loss (gain) from equity method investments	22	23	—	—	—	(1)	—	—	—
Provision for uncollectible accounts	133	38	30	25	6	32	12	6	14
Stock-based compensation costs	64	—	—	—	—	—	—	—	—
Other decommissioning-related activity [(a)]	(39)	(39)	—	—	—	—	—	—	—
Energy-related options [(b)]	4	4	—	—	—	—	—	—	—
Amortization of regulatory asset related to debt costs	6	—	2	—	—	3	1	1	1
Amortization of rate stabilization deferral	—	—	—	—	—	—	—	—	—
Amortization of debt fair value adjustment	(12)	(9)	—	—	—	(3)	—	—	—
Discrete impacts from EIMA and FEJA [(c)]	27	—	27	—	—	—	—	—	—
Amortization of debt costs	26	10	4	1	1	3	2	1	—
Provision for excess and obsolete inventory	15	13	2	—	—	—	—	—	—
Long-term incentive plan	84	—	—	—	—	—	—	—	—
Asset retirement costs	20	—	—	—	—	20	22	(1)	(1)
Other	19	(4)	(11)	1	(8)	4	(5)	4	—
Total other non-cash operating activities	$ 804	$ 187	$ 187	$ 41	$ 42	$ 109	$ 42	$ 16	$ 24
Non-cash investing and financing activities:									
(Decrease) increase in capital expenditures not paid	$ (175)	$ (226)	$ (28)	$ 4	$ 44	$ 54	$ 15	$ 20	$ 16
Increase in PPE related to ARO update	67	47	4	—	1	15	12	2	1
Dividends on stock compensation	4	—	—	—	—	—	—	—	—
Acquisition of land	3	—	—	—	—	3	—	—	3

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Nine Months Ended September 30, 2017								
	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Other non-cash operating activities:									
Pension and non-pension postretirement benefit costs	$ 482	$ 170	$ 131	$ 21	$ 47	$ 72	$ 19	$ 10	$ 10
Loss from equity method investments	26	26	—	—	—	—	—	—	—
Provision for uncollectible accounts	103	31	25	17	4	26	11	1	14
Stock-based compensation costs	76	—	—	—	—	—	—	—	—
Other decommissioning-related activity (a)	(213)	(213)	—	—	—	—	—	—	—
Energy-related options (b)	15	15	—	—	—	—	—	—	—
Amortization of regulatory asset related to debt costs	7	—	3	1	—	3	1	1	1
Amortization of rate stabilization deferral	(7)	—	—	—	7	(14)	(12)	(2)	—
Amortization of debt fair value adjustment	(13)	(9)	—	—	—	(4)	—	—	—
Discrete impacts from EIMA and FEJA (c)	(61)	—	(61)	—	—	—	—	—	—
Amortization of debt costs	57	33	3	1	1	1	1	—	—
Provision for excess and obsolete inventory	52	50	1	—	—	1	—	1	—
Merger-related commitments (d)	—	—	—	—	—	(8)	(6)	(2)	—
Severance costs	33	25	—	—	—	3	—	—	—
Other	46	4	10	(2)	(7)	(14)	(6)	(3)	(4)
Total other non-cash operating activities	$ 603	$ 132	$ 112	$ 38	$ 52	$ 66	$ 8	$ 6	$ 21
Non-cash investing and financing activities:									
(Decrease) increase in capital expenditures not paid	$ (101)	$ 20	$ (79)	$ (29)	$ 16	$ (6)	$ 7	$ 14	$ (18)
Fair value of pension obligation transferred in connection with the FitzPatrick acquisition	—	33	—	—	—	—	—	—	—
Decrease in PPE related to ARO update	(141)	(141)	—	—	—	—	—	—	—
Indemnification of like-kind exchange tax position (e)	—	—	21	—	—	—	—	—	—
Non-cash financing of capital projects	16	16	—	—	—	—	—	—	—
Dividends on stock compensation	5	—	—	—	—	—	—	—	—
Dissolution of financing trust due to long-term debt retirement	8	—	—	—	8	—	—	—	—
Fair value adjustment of long-term debt due to retirement	(5)	—	—	—	—	—	—	—	—

(a) Includes the elimination of decommissioning-related activities for the Regulatory Agreement Units, including the elimination of operating revenues, ARO accretion, ARC amortization, investment income and income taxes related to all NDT fund activity for these units. See Note 15 — Asset Retirement Obligations of the Exelon 2017 Form 10-K for additional information regarding the accounting for nuclear decommissioning.
(b) Includes option premiums reclassified to realized at the settlement of the underlying contracts and recorded in Operating revenues and expenses.
(c) Reflects the change in ComEd's distribution and energy efficiency formula rates. See Note 6 — Regulatory Matters for additional information.
(d) See Note 4 - Mergers, Acquisitions and Dispositions for additional information.
(e) See Note 12 - Income Taxes for additional information on the like-kind exchange tax position.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

The following tables provide a reconciliation of cash, cash equivalents and restricted cash reported within the Registrants' Consolidated Balance Sheets that sum to the total of the same amounts in their Consolidated Statements of Cash Flows.

September 30, 2018	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Cash and cash equivalents	$ 1,918	$ 1,187	$ 124	$ 102	$ 113	$ 153	$ 12	$ 110	$ 11
Restricted cash	240	152	12	5	3	42	35	—	7
Restricted cash included in other long-term assets	163	—	144	—	—	19	—	—	19
Total cash, cash equivalents and restricted cash	$ 2,321	$ 1,339	$ 280	$ 107	$ 116	$ 214	$ 47	$ 110	$ 37

December 31, 2017	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Cash and cash equivalents	$ 898	$ 416	$ 76	$ 271	$ 17	$ 30	$ 5	$ 2	$ 2
Restricted cash	207	138	5	4	1	42	35	—	6
Restricted cash included in other long-term assets	85	—	63	—	—	23	—	—	23
Total cash, cash equivalents and restricted cash	$ 1,190	$ 554	$ 144	$ 275	$ 18	$ 95	$ 40	$ 2	$ 31

September 30, 2017	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Cash and cash equivalents	$ 1,203	$ 360	$ 257	$ 330	$ 29	$ 137	$ 117	$ 3	$ 5
Restricted cash	320	186	52	4	1	43	34	—	9
Restricted cash included in other long-term assets	22	—	—	—	—	22	—	—	22
Total cash, cash equivalents and restricted cash	$ 1,545	$ 546	$ 309	$ 334	$ 30	$ 202	$ 151	$ 3	$ 36

December 31, 2016	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Cash and cash equivalents	$ 635	$ 290	$ 56	$ 63	$ 23	$ 170	$ 9	$ 46	$ 101
Restricted cash	253	158	2	4	24	43	33	—	9
Restricted cash included in other long-term assets	26	—	—	—	3	23	—	—	23
Total cash, cash equivalents and restricted cash	$ 914	$ 448	$ 58	$ 67	$ 50	$ 236	$ 42	$ 46	$ 133

For additional information on restricted cash see Note 1 — Significant Accounting Policies of the Exelon 2017 Form 10-K.

Supplemental Balance Sheet Information

The following tables provide addit i onal information about assets and liabilities of the Registrants as of September 30, 2018 and December 31, 2017 .

September 30, 2018	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Property, plant and equipment:									
Accumulated depreciation and amortization	$ 23,122 (a)	$ 12,753 (a)	$ 4,557	$ 3,521	$ 3,579	$ 759	$ 3,311	$ 1,315	$ 1,121
Accounts receivable:									
Allowance for uncollectible accounts	$ 354	$ 112	$ 93	$ 61	$ 22	$ 66	$ 25	$ 16	$ 25

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

December 31, 2017	Exelon	Generation	ComEd	PECO	BGE	PHI	Pepco	DPL	ACE
Property, plant and equipment:									
Accumulated depreciation and amortization	$ 21,064 (b)	$ 11,428 (b)	$ 4,269	$ 3,411	$ 3,405	$ 487	$ 3,177	$ 1,247	$ 1,066
Accounts receivable:									
Allowance for uncollectible accounts	$ 322	$ 114	$ 73	$ 56	$ 24	$ 55	$ 21	$ 16	$ 18

(a) Includes accumulated amortization of nuclear fuel in the reactor core of $3,278 million .
(b) Includes accumulated amortization of nuclear fuel in the reactor core of $3,159 million .

PECO Installment Plan Receivables (Exelon and PECO)

PECO enters into payment agreements with certain delinquent customers, primarily residential, seeking to restore their service, as required by the PAPUC. Customers with past due balances that meet certain income criteria are provided the option to enter into an installment payment plan, some of which have terms greater than one year. The receivable balance for these payment agreement receivables is recorded in accounts receivable for the current portion and other deferred debits and other assets for the noncurrent portion. The net receivable balance for installment plans with terms greater than one year was $11 million as of September 30, 2018 and December 31, 2017 . The allowance for uncollectible accounts balance associated with these receivables at September 30, 2018 and December 31, 2017 of $11 million consists of $3 million and $8 million for medium risk and high risk segments, respectively. See Note 1 — Significant Accounting Policies of the Exelon 2017 Form 10-K for additional information regarding uncollectible accounts reserve methodology and assessment of the credit quality of the installment plan receivables.

19. Segment Information (All Registrants)

Operating segments for each of the Registrants are determined based on information used by the chief operating decision maker(s) (CODM) in deciding how to evaluate performance and allocate resources at each of the Registrants.

Exelon has twelve reportable segments, which include ComEd, PECO, BGE, PHI's three reportable segments consisting of Pepco, DPL and ACE, and Generation’s six reportable segments consisting of the Mid-Atlantic, Midwest, New England, New York, ERCOT and all other power regions referred to collectively as “Other Power Regions”, which includes activities in the South, West and Canada. ComEd, PECO, BGE, Pepco, DPL and ACE each represent a single reportable segment, and as such, no separate segment information is provided for these Registrants. Exelon, ComEd, PECO, BGE, Pepco, DPL and ACE's CODMs evaluate the performance of and allocate resources to ComEd, PECO, BGE, Pepco, DPL and ACE based on net income and return on equity.

The basis for Generation's reportable segments is the integrated management of its electricity business that is located in different geographic regions, and largely representative of the footprints of ISO/RTO and/or NERC regions, which utilize multiple supply sources to provide electricity through various distribution channels (wholesale and retail). Generation's hedging strategies and risk metrics are also aligned to these same geographic regions. Descriptions of each of Generation’s six reportable segments are as follows:

- Mid-Atlantic represents operations in the eastern half of PJM, which includes New Jersey, Maryland, Virginia, West Virginia, Delaware, the District of Columbia and parts of Pennsylvania and North Carolina.

- Midwest represents operations in the western half of PJM, which includes portions of Illinois, Pennsylvania, Indiana, Ohio, Michigan, Kentucky and Tennessee, and the United States footprint of MISO, excluding MISO's Southern Region, which covers all or most of North Dakota, South Dakota, Nebraska, Minnesota, Iowa, Wisconsin, the remaining parts of Illinois, Indiana, Michigan and Ohio not covered by PJM, and parts of Montana, Missouri and Kentucky.

- New England represents the operations within ISO-NE covering the states of Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.

- New York represents operations within ISO-NY, which covers the state of New York in its entirety.

- ERCOT represents operations within Electric Reliability Council of Texas, covering most of the state of Texas.

- Other Power Regions:

  - South represents operations in the FRCC, MISO's Southern Region, and the remaining portions of the SERC not included within MISO or PJM, which includes all or most of Florida, Arkansas, Louisiana, Mississippi, Alabama, Georgia, Tennessee, North Carolina, South Carolina and parts of Missouri, Kentucky and Texas. Generation's South region also includes operations in the SPP, covering Kansas, Oklahoma, most of Nebraska and parts of New Mexico, Texas, Louisiana, Missouri, Mississippi and Arkansas.

  - West represents operations in the WECC, which includes California ISO, and covers the states of California, Oregon, Washington, Arizona, Nevada, Utah, Idaho, Colorado and parts of New Mexico, Wyoming and South Dakota.

  - Canada represents operations across the entire country of Canada and includes AESO, OIESO and the Canadian portion of MISO.

The CODMs for Exelon and Generation evaluate the performance of Generation's electric business activities and allocate resources based on revenues net of purchased power and fuel expense (RNF). Generation believes that RNF is a useful measurement of operational performance. RNF is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report. Generation's operating revenues include all sales to third parties and affiliated sales to the Utility Registrants. Purchased power costs include all costs associated with the procurement and supply of electricity including capacity, energy and ancillary services. Fuel expense includes the fuel costs for Generation's owned generation and fuel costs associated with tolling agreements. The results of Generation's other business activities are not regularly reviewed by the CODM and are therefore not classified as operating segments or included in the regional reportable segment amounts. These activities include natural gas, as well as other miscellaneous business activities that are not significant to Generation's overall operating revenues or results of operations. Further, Generation's unrealized mark-to-market gains and losses on economic hedging activities and its amortization of certain intangible assets and liabilities relating to commodity contracts recorded at fair value from mergers and acquisitions are also excluded from the regional reportable segment amounts. Exelon and Generation do not use a measure of total assets in making decisions regarding allocating resources to or assessing the performance of these reportable segments.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

An analysis and reconciliation of the Registrants' reportable segment information to the respective information in the consolidated financial statements for the three and nine months ended September 30, 2018 and 2017 is as follows:

Three Months Ended September 30, 2018 and 2017

	Generation [a]	ComEd	PECO	BGE	PHI	Other [b]	Intersegment Eliminations	Exelon
Operating revenues [c]:								
2018								
Competitive businesses electric revenues	$ 4,741	$ —	—	$ —	$ —	$ —	$ (306)	$ 4,435
Competitive businesses natural gas revenues	397	—	—	—	—	—	—	397
Competitive businesses other revenues	140	—	—	—	—	—	(1)	139
Rate-regulated electric revenues	—	1,598	700	645	1,334	—	(7)	4,270
Rate-regulated natural gas revenues	—	—	57	86	24	—	(5)	162
Shared service and other revenues	—	—	—	—	3	458	(461)	—
Total operating revenues	$ 5,278	$ 1,598	$ 757	$ 731	$ 1,361	$ 458	$ (780)	$ 9,403
2017								
Competitive businesses electric revenues	$ 4,041	$ —	$ —	$ —	$ —	$ —	$ (295)	$ 3,746
Competitive businesses natural gas revenues	460	—	—	—	—	—	—	460
Competitive businesses other revenues	249	—	—	—	—	—	—	249
Rate-regulated electric revenues	—	1,571	662	658	1,280	—	(7)	4,164
Rate-regulated natural gas revenues	—	—	53	80	18	—	(2)	149
Shared service and other revenues	—	—	—	—	12	446	(458)	—
Total operating revenues	$ 4,750	$ 1,571	$ 715	$ 738	$ 1,310	$ 446	$ (762)	$ 8,768
Intersegment revenues [d]:								
2018	$ 308	$ 4	$ 2	$ 6	$ 3	$ 456	$ (779)	$ —
2017	294	3	2	3	12	445	(759)	—
Net income (loss):								
2018	$ 300	$ 193	$ 126	$ 63	$ 187	$ (69)	$ —	$ 800
2017	346	189	112	62	153	3	—	865
Total assets:								
September 30, 2018	$ 48,207	$ 31,119	$ 10,621	$ 9,541	$ 21,957	$ 8,418	$ (10,378)	$ 119,485
December 31, 2017	48,457	29,726	10,170	9,104	21,247	8,618	(10,552)	116,770

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

(a) Generation includes the six reportable segments shown below: Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Power Regions. Intersegment revenues for Generation for the three months ended September 30, 2018 include revenue from sales to PECO of $35 million , sales to BGE of $69 million , sales to Pepco of $46 million , sales to DPL of $26 million and sales to ACE of $10 million in the Mid-Atlantic region, and sales to ComEd of $122 million in the Midwest region, which eliminate upon consolidation. For the three months ended September 30, 2017 , intersegment revenues for Generation include revenue from sales to PECO of $31 million , sales to BGE of $98 million , sales to Pepco of $57 million , sales to DPL of $47 million and sales to ACE of $7 million in the Mid-Atlantic region, and sales to ComEd of $54 million in the Midwest region, which eliminate upon consolidation.
(b) Other primarily includes Exelon's corporate operations, shared service entities and other financing and investment activities.
(c) Includes gross utility tax receipts from customers. The offsetting remittance of utility taxes to the governing bodies is recorded in expenses on the Registrants' Consolidated Statements of Operations and Comprehensive Income. See Note 18 — Supplemental Financial Information for total utility taxes for the three months ended September 30, 2018 and 2017 .
(d) Intersegment revenues exclude sales to unconsolidated affiliates. The intersegment profit associated with Generation's sale of certain products and services by and between Exelon's segments is not eliminated in consolidation due to the recognition of intersegment profit in accordance with regulatory accounting guidance. For Exelon, these amounts are included in Operating revenues in the Consolidated Statements of Operations and Comprehensive Income.

PHI:

	Pepco	DPL	ACE	Other [b]	Intersegment Eliminations	PHI
Operating revenues [a]:						
Three Months Ended September 30, 2018						
Rate-regulated electric revenues	$ 628	$ 304	$ 406	$ —	$ (4)	$ 1,334
Rate-regulated natural gas revenues	—	24	—	—	—	24
Shared service and other revenues	—	—	—	103	(100)	3
Total operating revenues	$ 628	$ 328	$ 406	$ 103	$ (104)	$ 1,361
Three Months Ended September 30, 2017						
Rate-regulated electric revenues	$ 604	$ 309	$ 370	$ —	$ (3)	$ 1,280
Rate-regulated natural gas revenues	—	18	—	—	—	18
Shared service and other revenues	—	—	—	12	—	12
Total operating revenues	$ 604	$ 327	$ 370	$ 12	$ (3)	$ 1,310
Intersegment revenues:						
Three Months Ended September 30, 2018	$ 2	$ 2	$ 1	$ 103	$ (105)	$ 3
Three Months Ended September 30, 2017	1	2	—	13	(4)	12
Net income (loss):						
Three Months Ended September 30, 2018	$ 89	$ 33	$ 61	$ 1	$ 3	$ 187
Three Months Ended September 30, 2017	87	31	41	(18)	12	153
Total assets:						
September 30, 2018	$ 8,199	$ 4,601	$ 3,694	$ 10,763	$ (5,300)	$ 21,957
December 31, 2017	7,832	4,357	3,445	10,600	(4,987)	21,247

(a) Includes gross utility tax receipts from customers. The offsetting remittance of utility taxes to the governing bodies is recorded in expenses on the Registrants' Consolidated Statements of Operations and Comprehensive Income. See Note 18 — Supplemental Financial Information for total utility taxes for the three months ended September 30, 2018 and 2017 .
(b) Other primarily includes PHI's corporate operations, shared service entities and other financing and investment activities.

The following tables disaggregate the Registrants' revenue recognized from contracts with customers into categories that depict how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors for three months ended September 30, 2018 and 2017 . For Generation, the disaggregation of revenues reflects Generation's two primary products of power sales and natural gas sales, with further disaggregation of power sales provided by geographic region. For the Utility Registrants, the disaggregation of revenues reflects the two primary utility services of rate-regulated electric sales and rate-regulated natural gas sales (where applicable), with further disaggregation of these tariff sales provided by major customer groups. Exelon's disaggregated revenues are consistent with Generation and the Utility Registrants, but exclude any intercompany revenues.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Competitive Business Revenues (Generation):

	Three Months Ended September 30, 2018				
	Revenues from external parties [a]				
	Contracts with customers	Other [b]	Total	Intersegment revenues	Total Revenues
Mid-Atlantic	$ 1,397	$ 52	$ 1,449	$ 7	$ 1,456
Midwest	1,095	26	1,121	(4)	1,117
New England	666	33	699	—	699
New York	475	(6)	469	—	469
ERCOT	156	289	445	(1)	444
Other Power Regions	293	265	558	(45)	513
Total Competitive Businesses Electric Revenues	4,082	659	4,741	(43)	4,698
Competitive Businesses Natural Gas Revenues	200	197	397	43	440
Competitive Businesses Other Revenues [c]	130	10	140	—	140
Total Generation Consolidated Operating Revenues	$ 4,412	$ 866	$ 5,278	$ —	$ 5,278

	Three Months Ended September 30, 2017				
	Revenues from external customers [a]				
	Contracts with customers	Other [b]	Total	Intersegment revenues	Total Revenues
Mid-Atlantic	$ 1,397	$ 24	$ 1,421	$ 11	$ 1,432
Midwest	982	67	1,049	(11)	1,038
New England	504	(22)	482	(1)	481
New York	454	(21)	433	(6)	427
ERCOT	164	144	308	6	314
Other Power Regions	167	181	348	(13)	335
Total Competitive Businesses Electric Revenues	3,668	373	4,041	(14)	4,027
Competitive Businesses Natural Gas Revenues	226	234	460	20	480
Competitive Businesses Other Revenues [c]	207	42	249	(6)	243
Total Generation Consolidated Operating Revenues	$ 4,101	$ 649	$ 4,750	$ —	$ 4,750

(a) Includes all wholesale and retail electric sales to third parties and affiliated sales to the Utility Registrants.
(b) Includes revenues from derivatives and leases.
(c) Other represents activities not allocated to a region. See text above for a description of included activities. Includes a $13 million decrease to revenues for the amortization of intangible assets and liabilities related to commodity contracts recorded at fair value for the three months ended September 30, 2017 , unrealized mark-to-market gains of $6 million and $52 million for the three months ended September 30, 2018 and 2017 , respectively, and elimination of intersegment revenues.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Revenues net of purchased power and fuel expense (Generation):

	Three Months Ended September 30, 2018			Three Months Ended September 30, 2017		
	RNF from external customers [a]	Intersegment RNF	Total RNF	RNF from external customers [a]	Intersegment RNF	Total RNF
Mid-Atlantic	$ 746	$ 17	$ 763	$ 817	$ 38	$ 855
Midwest	763	5	768	697	—	697
New England	83	(2)	81	151	(6)	145
New York	290	2	292	295	—	295
ERCOT	161	(63)	98	229	(111)	118
Other Power Regions	143	(44)	99	118	(50)	68
Total Revenues net of purchased power and fuel for Reportable Segments	2,186	(85)	2,101	2,307	(129)	2,178
Other [b]	112	85	197	112	129	241
Total Generation Revenues net of purchased power and fuel expense	$ 2,298	$ —	$ 2,298	$ 2,419	$ —	$ 2,419

(a) Includes purchases and sales from/to third parties and affiliated sales to the Utility Registrants.
(b) Other represents activities not allocated to a region. See text above for a description of included activities. Includes a $19 million decrease to RNF for the amortization of intangible assets and liabilities related to commodity contracts for the three months ended September 30, 2017 , unrealized mark-to-market gains of $71 million and $73 million for the three months ended September 30, 2018 and 2017 , respectively, accelerated nuclear fuel amortization associated with announced early plant retirements as discussed in Note 8 - Early Plant Retirements of $18 million and $6 million decrease to revenue net of purchased power and fuel expense for the three months ended September 30, 2018 , and 2017 , respectively, and the elimination of intersegment revenue net of purchased power and fuel expense.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Electric and Gas Revenue by Customer Class (the Utility Registrants):

	Three Months Ended September 30, 2018						
Revenues from contracts with customers	**ComEd**	**PECO**	**BGE**	**PHI**	**Pepco**	**DPL**	**ACE**
Rate-regulated electric revenues							
Residential	$ 861	$ 458	$ 366	$ 726	$ 306	$ 180	$ 240
Small commercial & industrial	391	108	68	140	39	48	53
Large commercial & industrial	131	64	117	303	230	25	48
Public authorities & electric railroads	11	7	7	14	8	3	3
Other [(a)]	212	59	91	156	47	47	63
Total rate-regulated electric revenues [(b)]	1,606	696	649	1,339	630	303	407
Rate-regulated natural gas revenues							
Residential	—	36	46	8	—	8	—
Small commercial & industrial	—	15	8	5	—	5	—
Large commercial & industrial	—	—	17	2	—	2	—
Transportation	—	5	—	3	—	3	—
Other [(c)]	—	1	12	6	—	6	—
Total rate-regulated natural gas revenues [(d)]	—	57	83	24	—	24	—
Total rate-regulated revenues from contracts with customers	1,606	753	732	1,363	630	327	407
Other revenues							
Revenues from alternative revenue programs	(15)	1	(6)	(5)	(4)	—	(1)
Other rate-regulated electric revenues [(e)]	7	3	4	3	2	1	—
Other rate-regulated natural gas revenues [(e)]	—	—	1	—	—	—	—
Total other revenues	(8)	4	(1)	(2)	(2)	1	(1)
Total rate-regulated revenues for reportable segments	$ 1,598	$ 757	$ 731	$ 1,361	$ 628	$ 328	$ 406

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Three Months Ended September 30, 2017						
Revenues from contracts with customers	**ComEd**	**PECO**	**BGE**	**PHI**	**Pepco**	**DPL**	**ACE**
Rate-regulated electric revenues							
Residential	$ 816	$ 434	$ 352	$ 687	$ 291	$ 185	$ 211
Small commercial & industrial	366	106	65	140	37	50	53
Large commercial & industrial	119	59	114	288	211	28	49
Public authorities & electric railroads	11	7	8	14	8	3	3
Other [(a)]	235	53	85	147	52	43	54
Total rate-regulated electric revenues [(b)]	1,547	659	624	1,276	599	309	370
Rate-regulated natural gas revenues							
Residential	—	33	44	8	—	8	—
Small commercial & industrial	—	14	8	3	—	3	—
Large commercial & industrial	—	—	19	1	—	1	—
Transportation	—	5	—	3	—	3	—
Other [(c)]	—	1	3	3	—	3	—
Total rate-regulated natural gas revenues [(d)]	—	53	74	18	—	18	—
Total rate-regulated revenues from contracts with customers	1,547	712	698	1,294	599	327	370
Other revenues							
Revenues from alternative revenue programs	16	—	36	2	3	(1)	—
Other rate-regulated electric revenues [(e)]	8	3	3	3	2	1	—
Other rate-regulated natural gas revenues [(e)]	—	—	1	—	—	—	—
Other revenues [(f)]	—	—	—	11	—	—	—
Total other revenues	24	3	40	16	5	—	—
Total rate-regulated revenues for reportable segments	$ 1,571	$ 715	$ 738	$ 1,310	$ 604	$ 327	$ 370

(a) Includes revenues from transmission revenue from PJM, wholesale electric revenue and mutual assistance revenue.
(b) Includes operating revenues from affiliates of $4 million , $2 million , $1 million , $3 million , $2 million , $2 million and $1 million at ComEd, PECO, BGE, PHI, Pepco, DPL and ACE, respectively, for the three months ended September 30, 2018 and $3 million , $1 million , $1 million , $1 million $1 million , $2 million and less than $1 million at ComEd, PECO, BGE, PHI, Pepco, DPL and ACE, respectively, for the three months ended September 30, 2017 .
(c) Includes revenues from off-system natural gas sales.
(d) Includes operating revenues from affiliates of less than $1 million and $5 million at PECO and BGE, respectively, for the three months ended September 30, 2018 and less than $1 million and $2 million at PECO and BGE, respectively, for the three months ended September 30, 2017 .
(e) Includes late payment charge revenues.
(f) Includes operating revenues from affiliates of $11 million at PHI for the three months ended September 30, 2017 .

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Nine Months Ended September 30, 2018 and 2017

	Generation [a]	ComEd	PECO	BGE	PHI	Other [b]	Intersegment Eliminations	Exelon
Operating revenues [c]:								
2018								
Competitive businesses electric revenues	$ 13,190	$ —	$ —	$ —	$ —	$ —	$ (969)	$ 12,221
Competitive businesses natural gas revenues	1,839	—	—	—	—	—	(8)	1,831
Competitive businesses other revenues	339	—	—	—	—	—	(4)	335
Rate-regulated electric revenues	—	4,508	1,893	1,850	3,549	—	(34)	11,766
Rate-regulated natural gas revenues	—	—	382	519	129	—	(13)	1,017
Shared service and other revenues	—	—	—	—	10	1,398	(1,408)	—
Total operating revenues	$ 15,368	$ 4,508	$ 2,275	$ 2,369	$ 3,688	$ 1,398	$ (2,436)	$ 27,170
2017								
Competitive businesses electric revenues	$ 11,514	$ —	$ —	$ —	$ —	$ —	$ (888)	$ 10,626
Competitive businesses natural gas revenues	1,807	—	—	—	—	—	—	1,807
Competitive businesses other revenues	522	—	—	—	—	—	—	522
Rate-regulated electric revenues	—	4,227	1,802	1,895	3,417	—	(23)	11,318
Rate-regulated natural gas revenues	—	—	339	468	105	—	(6)	906
Shared service and other revenues	—	—	—	—	35	1,316	(1,350)	1
Total operating revenues	$ 13,843	$ 4,227	$ 2,141	$ 2,363	$ 3,557	$ 1,316	$ (2,267)	$ 25,180
Intersegment revenues [d]:								
2018	$ 981	$ 23	$ 5	$ 18	$ 11	$ 1,392	$ (2,430)	$ —
2017	888	12	5	12	35	1,312	(2,262)	2
Net income (loss):								
2018	$ 667	$ 523	$ 336	$ 242	$ 336	$ (125)	$ —	$ 1,979
2017	508	447	327	231	359	58	(2)	1,928

(a) Generation includes the six reportable segments shown below: Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Power Regions. Intersegment revenues for Generation for the nine months ended September 30, 2018 include revenue from sales to PECO of $97 million , sales to BGE of $198 million , sales to Pepco of $143 million , sales to DPL of $103 million and sales to ACE of $21 million in the Mid-Atlantic region, and sales to ComEd of $419 million in the Midwest region, which eliminate upon consolidation. For the nine months ended September 30, 2017 , intersegment revenues for Generation include revenue from sales to PECO of $111 million , sales to BGE of $330 million , sales to Pepco of $209 million , sales to DPL of $138 million and sales to ACE of $23 million in the Mid-Atlantic region, and sales to ComEd of $77 million in the Midwest region, which eliminate upon consolidation.
(b) Other primarily includes Exelon's corporate operations, shared service entities and other financing and investment activities.
(c) Includes gross utility tax receipts from customers. The offsetting remittance of utility taxes to the governing bodies is recorded in expenses on the Registrants' Consolidated Statements of Operations and Comprehensive Income. See Note 18 — Supplemental Financial Information for total utility taxes for the nine months ended September 30, 2018 and 2017 .

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

(d) Intersegment revenues exclude sales to unconsolidated affiliates. The intersegment profit associated with Generation's sale of certain products and services by and between Exelon's segments is not eliminated in consolidation due to the recognition of intersegment profit in accordance with regulatory accounting guidance. For Exelon, these amounts are included in Operating revenues in the Consolidated Statements of Operations and Comprehensive Income.

PHI:

	Pepco	DPL	ACE	Other [b]	Intersegment Eliminations	PHI
Operating revenues [a]:						
Nine Months Ended September 30, 2018						
Rate-regulated electric revenues	$ 1,708	$ 872	$ 981	$ —	$ (12)	$ 3,549
Rate-regulated natural gas revenues	—	129	—	—	—	129
Shared service and other revenues	—	—	—	326	(316)	10
Total operating revenues	$ 1,708	$ 1,001	$ 981	$ 326	$ (328)	$ 3,688
Nine Months Ended September 30, 2017						
Rate-regulated electric revenues	$ 1,649	$ 866	$ 915	$ —	$ (13)	$ 3,417
Rate-regulated natural gas revenues	—	105	—	—	—	105
Shared service and other revenues	—	—	—	37	(2)	35
Total operating revenues	$ 1,649	$ 971	$ 915	$ 37	$ (15)	$ 3,557
Intersegment revenues:						
Nine Months Ended September 30, 2018	$ 5	$ 6	$ 2	$ 325	$ (327)	$ 11
Nine Months Ended September 30, 2017	4	6	2	37	(14)	35
Net income (loss):						
Nine Months Ended September 30, 2018	$ 174	$ 90	$ 76	$ (15)	$ 11	$ 336
Nine Months Ended September 30, 2017	188	107	77	(48)	35	359

(a) Includes gross utility tax receipts from customers. The offsetting remittance of utility taxes to the governing bodies is recorded in expenses on the Registrants' Consolidated Statements of Operations and Comprehensive Income. See Note 18 — Supplemental Financial Information for total utility taxes for the nine months ended September 30, 2018 and 2017 .
(b) Other primarily includes PHI's corporate operations, shared service entities and other financing and investment activities.

The following tables disaggregate the Registrants' revenue recognized from contracts with customers into categories that depict how the nature, amount, timing, and uncertainty of revenue and cash flows are affected by economic factors for nine months ended September 30, 2018 and 2017 . For Generation, the disaggregation of revenues reflects Generation's two primary products of power sales and natural gas sales, with further disaggregation of power sales provided by geographic region. For the Utility Registrants, the disaggregation of revenues reflects the two primary utility services of rate-regulated electric sales and rate-regulated natural gas sales (where applicable), with further disaggregation of these tariff sales provided by major customer groups. Exelon's disaggregated revenues are consistent with Generation and the Utility Registrants but exclude any intercompany revenues.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Competitive Business Revenues (Generation):

	Nine Months Ended September 30, 2018				
	Revenues from external parties [a]				
	Contracts with customers	Other [b]	Total	Intersegment Revenues	Total Revenues
Mid-Atlantic	$ 3,971	$ 191	$ 4,162	$ 17	$ 4,179
Midwest	3,432	169	3,601	(8)	3,593
New England	1,943	87	2,030	(4)	2,026
New York	1,305	(37)	1,268	1	1,269
ERCOT	470	459	929	1	930
Other Power Regions	713	487	1,200	(112)	1,088
Total Competitive Businesses Electric Revenues	11,834	1,356	13,190	(105)	13,085
Competitive Businesses Natural Gas Revenues	1,016	823	1,839	105	1,944
Competitive Businesses Other Revenues [c]	385	(46)	339	—	339
Total Generation Consolidated Operating Revenues	$ 13,235	$ 2,133	$ 15,368	$ —	$ 15,368

	Nine Months Ended September 30, 2017				
	Revenues from external customers [a]				
	Contracts with customers	Other [b]	Total	Intersegment revenues	Total Revenues
Mid-Atlantic	$ 4,260	$ (53)	$ 4,207	$ 15	$ 4,222
Midwest	2,948	210	3,158	(17)	3,141
New England	1,555	(86)	1,469	(8)	1,461
New York	1,161	(37)	1,124	(14)	1,110
ERCOT	520	229	749	4	753
Other Power Regions	439	368	807	(28)	779
Total Competitive Businesses Electric Revenues	10,883	631	11,514	(48)	11,466
Competitive Businesses Natural Gas Revenues	1,237	570	1,807	52	1,859
Competitive Businesses Other Revenues [c]	588	(66)	522	(4)	518
Total Generation Consolidated Operating Revenues	$ 12,708	$ 1,135	$ 13,843	$ —	$ 13,843

(a) Includes all wholesale and retail electric sales to third parties and affiliated sales to the Utility Registrants.
(b) Includes revenues from derivatives and leases.
(c) Other represents activities not allocated to a region. See text above for a description of included activities. Includes a $30 million decrease to revenues for the amortization of intangible assets and liabilities related to commodity contracts recorded at fair value for the nine months ended September 30, 2017 , unrealized mark-to-market losses of $96 million and $47 million for the nine months ended September 30, 2018 and 2017 , respectively, and elimination of intersegment revenues.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Revenues net of purchased power and fuel expense (Generation):

	Nine Months Ended September 30, 2018			Nine Months Ended September 30, 2017		
	RNF from external customers [a]	Intersegment RNF	Total RNF	RNF from external customers [a]	Intersegment RNF	Total RNF
Mid-Atlantic	$ 2,303	$ 45	$ 2,348	$ 2,330	$ 81	$ 2,411
Midwest	2,381	19	2,400	2,129	11	2,140
New England	310	(12)	298	423	(20)	403
New York	832	9	841	708	(1)	707
ERCOT	396	(180)	216	446	(188)	258
Other Power Regions	430	(121)	309	359	(139)	220
Total Revenues net of purchased power and fuel expense for Reportable Segments	6,652	(240)	6,412	6,395	(256)	6,139
Other [b]	164	240	404	162	256	418
Total Generation Revenues net of purchased power and fuel expense	$ 6,816	$ —	$ 6,816	$ 6,557	$ —	$ 6,557

(a) Includes purchases and sales from/to third parties and affiliated sales to the Utility Registrants.
(b) Other represents activities not allocated to a region. See text above for a description of included activities. Includes a $41 million decrease to RNF for the amortization of intangible assets and liabilities related to commodity contracts for the nine months ended September 30, 2017 , unrealized mark-to-market losses of $104 million and $161 million for the nine months ended September 30, 2018 and 2017 , respectively, accelerated nuclear fuel amortization associated with announced early plant retirements as discussed in Note 8 - Early Plant Retirements of $53 million and $8 million decrease to revenue net of purchased power and fuel expense for the nine months ended September 30, 2018 and 2017 , respectively, and the elimination of intersegment revenue net of purchased power and fuel expense.

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

Electric and Gas Revenue by Customer Class (the Utility Registrants):

	Nine Months Ended September 30, 2018						
Revenues from contracts with customers	**ComEd**	**PECO**	**BGE**	**PHI**	**Pepco**	**DPL**	**ACE**
Rate-regulated electric revenues							
Residential	$ 2,277	$ 1,199	$ 1,054	$ 1,839	$ 792	$ 513	$ 534
Small commercial & industrial	1,132	306	196	370	104	138	128
Large commercial & industrial	411	174	325	845	632	74	139
Public authorities & electric railroads	36	21	21	44	24	10	10
Other [(a)]	656	181	246	446	145	129	174
Total rate-regulated electric revenues [(b)]	4,512	1,881	1,842	3,544	1,697	864	985
Rate-regulated natural gas revenues							
Residential	—	259	345	68	—	68	—
Small commercial & industrial	—	102	55	31	—	31	—
Large commercial & industrial	—	1	88	7	—	7	—
Transportation	—	16	—	12	—	12	—
Other [(c)]	—	4	49	11	—	11	—
Total rate-regulated natural gas revenues [(d)]	—	382	537	129	—	129	—
Total rate-regulated revenues from contracts with customers	4,512	2,263	2,379	3,673	1,697	993	985
Other revenues							
Revenues from alternative revenue programs	(27)	2	(23)	7	6	5	(4)
Other rate-regulated electric revenues [(e)]	23	10	10	8	5	3	—
Other rate-regulated natural gas revenues [(e)]	—	—	3	—	—	—	—
Total other revenues	(4)	12	(10)	15	11	8	(4)
Total rate-regulated revenues for reportable segments	$ 4,508	$ 2,275	$ 2,369	$ 3,688	$ 1,708	$ 1,001	$ 981

COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
(Dollars in millions, except per share data, unless otherwise noted)

	Nine Months Ended September 30, 2017						
Revenues from contracts with customers	**ComEd**	**PECO**	**BGE**	**PHI**	**Pepco**	**DPL**	**ACE**
Rate-regulated electric revenues							
Residential	$ 2,071	$ 1,147	$ 1,038	$ 1,740	$ 751	$ 505	$ 484
Small commercial & industrial	1,035	303	193	373	105	139	129
Large commercial & industrial	346	168	329	814	593	78	143
Public authorities & electric railroads	33	23	23	45	24	11	10
Other [(a)]	671	151	222	398	148	121	140
Total rate-regulated electric revenues [(b)]	4,156	1,792	1,805	3,370	1,621	854	906
Rate-regulated natural gas revenues							
Residential	—	225	289	57	—	57	—
Small commercial & industrial	—	90	51	25	—	25	—
Large commercial & industrial	—	—	82	5	—	5	—
Transportation	—	16	—	11	—	11	—
Other [(c)]	—	8	20	7	—	7	—
Total rate-regulated natural gas revenues [(d)]	—	339	442	105	—	105	—
Total rate-regulated revenues from contracts with customers	4,156	2,131	2,247	3,475	1,621	959	906
Other revenues							
Revenues from alternative revenue programs	48	—	102	41	23	9	9
Other rate-regulated electric revenues [(e)]	23	10	11	8	5	3	—
Other rate-regulated natural gas revenues [(e)]	—	—	3	—	—	—	—
Other revenues [(f)]	—	—	—	33	—	—	—
Total other revenues	71	10	116	82	28	12	9
Total rate-regulated revenues for reportable segments	$ 4,227	$ 2,141	$ 2,363	$ 3,557	$ 1,649	$ 971	$ 915

(a) Includes revenues from transmission revenue from PJM, wholesale electric revenue and mutual assistance revenue.
(b) Includes operating revenues from affiliates of $23 million , $5 million , $5 million , $11 million , $5 million , $6 million and $2 million at ComEd, PECO, BGE, PHI, Pepco, DPL and ACE, respectively, for the nine months ended September 30, 2018 and $12 million , $4 million , $5 million , $2 million , $4 million , $6 million and $2 million at ComEd, PECO, BGE, PHI, Pepco, DPL and ACE, respectively, for the nine months ended September 30, 2017 .
(c) Includes revenues from off-system natural gas sales.
(d) Includes operating revenues from affiliates of less than $1 million and $13 million at PECO and BGE, respectively, for the nine months ended September 30, 2018 and less than $1 million and $7 million at PECO and BGE, respectively, for the nine months ended September 30, 2017 .
(e) Includes late payment charge revenues.
(f) Includes operating revenues from affiliates of $33 million at PHI for the nine months ended September 30, 2017 .

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

(Dollars in millions except per share data, unless otherwise noted)

Exelon

Executive Overview

Exelon, a utility services holding company, operates through the following principal subsidiaries:

- *Generation,* whose integrated business consists of the generation, physical delivery and marketing of power across multiple geographical regions through its customer-facing business, Constellation, which sells electricity and natural gas to both wholesale and retail customers. Generation also sells renewable energy and other energy-related products and services.

- *ComEd,* whose business consists of the purchase and regulated retail sale of electricity and the provision of electricity transmission and distribution services in northern Illinois, including the City of Chicago.

- *PECO,* whose business consists of the purchase and regulated retail sale of electricity and the provision of electricity distribution and transmission services in southeastern Pennsylvania, including the City of Philadelphia, and the purchase and regulated retail sale of natural gas and the provision distribution services in the Pennsylvania counties surrounding the City of Philadelphia.

- *BGE,* whose business consists of the purchase and regulated retail sale of electricity and natural gas and the provision of electricity distribution and transmission and gas distribution services in central Maryland, including the City of Baltimore.

- *Pepco,* whose business consists of the purchase and regulated retail sale of electricity and the provision of electricity distribution and transmission in the District of Columbia and major portions of Prince George's County and Montgomery County in Maryland.

- *DPL,* whose business consists of the purchase and regulated retail sale of electricity and the provision of electricity distribution and transmission services in portions of Maryland and Delaware, and the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services in northern Delaware.

- *ACE,* whose business consists of the purchase and regulated retail sale of electricity and the provision of electricity transmission and distribution services in southern New Jersey.

Pepco, DPL and ACE are operating companies of PHI, which is a utility services holding company and a wholly owned subsidiary of Exelon.

Exelon has twelve reportable segments consisting of Generation's six reportable segments (Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Power Regions in Generation), ComEd, PECO, BGE and PHI's three utility reportable segments (Pepco, DPL and ACE). See Note 19 — Segment Information of the Combined Notes to Consolidated Financial Statements for additional information regarding Exelon's reportable segments.

Through its business services subsidiary BSC, Exelon provides its operating subsidiaries with a variety of corporate governance support services including corporate strategy and development, legal, human resources, information technology, finance, real estate, security, corporate communications and

supply at cost. The costs of these services are directly charged or allocated to the applicable operating segments. The services are provided pursuant to service agreements. Additionally, the results of Exelon's corporate operations include interest costs income from various investment and financing activities.

PHISCO, a wholly owned subsidiary of PHI, provides a variety of support services at cost, including legal, accounting, engineering, distribution and transmission planning, asset management, system operations and power procurement, to PHI and its operating subsidiaries. These services are directly charged or allocated pursuant to service agreements among PHISCO and the participating operating subsidiaries.

Exelon's consolidated financial information includes the results of its eight separate operating subsidiary registrants, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE, which, along with Exelon, are collectively referred to as the Registrants. The following combined Management's Discussion and Analysis of Financial Condition and Results of Operations is separately filed by Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE. However, none of the Registrants makes any representation as to information related solely to any of the other Registrants.

Financial Results of Operations

GAAP Results of Operations

The following tables set forth Exelon's GAAP consolidated results of operations for the three and nine months ended September 30, 2018 compared to the same period in 2017 . All amounts presented below are before the impact of income taxes, except as noted.

	Three Months Ended September 30,								
	2018							2017	Favorable (Unfavorable) Variance
	Generation	ComEd	PECO	BGE	PHI	Other	Exelon	Exelon	
Operating revenues	$ 5,278	$ 1,598	$ 757	$ 731	$ 1,361	$ (322)	$ 9,403	$ 8,768	$ 635
Purchased power and fuel expense	2,980	619	263	272	509	(311)	4,332	3,542	(790)
Revenue net of purchased power and fuel expense [(a)]	2,298	979	494	459	852	(11)	5,071	5,226	(155)
Other operating expenses									
Operating and maintenance	1,370	337	219	182	292	(54)	2,346	2,275	(71)
Depreciation and amortization	468	237	75	110	192	23	1,105	1,002	(103)
Taxes other than income	143	82	46	64	123	11	469	456	(13)
Total other operating expenses	1,981	656	340	356	607	(20)	3,920	3,733	(187)
(Loss) gain on sales of assets and businesses	(6)	—	—	—	—	1	(5)	(1)	(4)
Bargain purchase gain	—	—	—	—	—	—	—	7	(7)
Operating income	311	323	154	103	245	10	1,146	1,499	(353)
Other income and (deductions)									
Interest expense, net	(101)	(85)	(32)	(27)	(65)	(83)	(393)	(386)	(7)
Other, net	179	7	2	5	11	(10)	194	210	(16)
Total other income and (deductions)	78	(78)	(30)	(22)	(54)	(93)	(199)	(176)	(23)
Income (loss) before income taxes	389	245	124	81	191	(83)	947	1,323	(376)
Income taxes	78	52	(2)	18	4	(13)	137	451	314
Equity in (losses) earnings of unconsolidated affiliates	(11)	—	—	—	—	1	(10)	(7)	(3)
Net income (loss)	300	193	126	63	187	(69)	800	865	(65)
Net income attributable to noncontrolling interests	66	—	—	—	—	1	67	42	(25)
Net income (loss) attributable to common shareholders	$ 234	$ 193	$ 126	$ 63	$ 187	$ (70)	$ 733	$ 823	$ (90)

	Nine Months Ended September 30,								
	2018							2017	Favorable (Unfavorable) Variance
	Generation	ComEd	PECO	BGE	PHI	Other	Exelon	Exelon	
Operating revenues	$ 15,368	$ 4,508	$ 2,275	$ 2,369	$ 3,688	$ (1,038)	$ 27,170	$ 25,180	$ 1,990
Purchased power and fuel expense	8,552	1,702	818	881	1,410	(989)	12,374	10,527	(1,847)
Revenue net of purchased power and fuel expense [(a)]	6,816	2,806	1,457	1,488	2,278	(49)	14,796	14,653	143
Other operating expenses									
Operating and maintenance	4,126	974	686	578	857	(185)	7,036	7,658	622
Depreciation and amortization	1,383	696	224	358	555	68	3,284	2,814	(470)
Taxes other than income	414	238	125	188	343	34	1,342	1,313	(29)
Total other operating expenses	5,923	1,908	1,035	1,124	1,755	(83)	11,662	11,785	123
Gain on sales of assets and businesses	48	5	1	1	—	—	55	4	51
Bargain purchase gain	—	—	—	—	—	—	—	233	(233)
Operating income	941	903	423	365	523	34	3,189	3,105	84
Other income and (deductions)									
Interest expense, net	(305)	(261)	(96)	(78)	(193)	(205)	(1,138)	(1,194)	56
Other, net	164	21	4	14	33	(24)	212	643	(431)
Total other income and (deductions)	(141)	(240)	(92)	(64)	(160)	(229)	(926)	(551)	(375)
Income (loss) before income taxes	800	663	331	301	363	(195)	2,263	2,554	(291)
Income taxes	110	140	(5)	59	28	(70)	262	601	339
Equity in (losses) earnings of unconsolidated affiliates	(23)	—	—	—	1	—	(22)	(25)	3
Net income (loss)	667	523	336	242	336	(125)	1,979	1,928	51
Net income attributable to noncontrolling interests	120	—	—	—	—	1	121	21	(100)
Net income (loss) attributable to common shareholders	$ 547	$ 523	$ 336	$ 242	$ 336	$ (126)	$ 1,858	$ 1,907	$ (49)

(a) The Registrants evaluate operating performance using the measure of revenues net of purchased power and fuel expense. The Registrants believe that revenues net of purchased power and fuel expense is a useful measurement because it provides information that can be used to evaluate their operational performance. Revenues net of purchased power and fuel expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

Three Months Ended September 30, 2018 Compared to Three Months Ended September 30, 2017 . Exelon's Net income attributable to common shareholders was $733 million for the three months ended September 30, 2018 as compared to $823 million for the three months ended September 30, 2017 , and diluted earnings per average common share were $0.76 for the three months ended September 30, 2018 as compared to $0.85 for the three months ended September 30, 2017 .

Revenue net of purchased power and fuel expense, which is a non-GAAP measure discussed below, decreased by $155 million for the three months ended September 30, 2018 compared to the same period in 2017 primarily due to the following factors:

- Decrease of $121 million at Generation primarily due to the absence of EGTP revenues net of purchased power and fuel expense resulting from its deconsolidation in the fourth quarter of 2017, lower realized energy prices, lower energy efficiency revenues and decreased revenues related to t he sale of Generation's electrical contracting business in 2018 and increased nuclear outage days, partially offset by the impact of Illinois ZES and increased capacity prices;

- Decrease of $113 million across all Utility Registrants, primarily reflecting lower revenues resulting from the anticipated pass back of TCJA tax savings through customer rates, partially offset by regulatory rate increases at ComEd, Pepco, DPL and ACE; and

- Increase of $58 million at PECO, DPL and ACE primarily due to favorable weather conditions and volumes within their respective service territories.

Operating and maintenance expense increased by $71 million for the three months ended September 30, 2018 as compared to the same period in 2017 primarily due to the following factors:

- Increase of $84 million at Generation due to a charge associated with a remeasurement of the Oyster Creek ARO;

- Increase of $40 million at Generation due to higher nuclear refueling outage costs;

- Increase of $22 million at Pepco due to a charge associated with a remeasurement of the Buzzard Point ARO; and

- Decrease of $50 million at Generation in labor, contracting and materials expense due to decreased spending related to energy efficiency projects and decreased costs relate d to the sale of Generation's electrical contracting business in 2018 .

Depreciation and amortization expense increased by $103 million for the three months ended September 30, 2018 as compared to the same period in 2017 primarily due to ongoing capital expenditures across all operating companies, accelerated depreciation and amortization due to Generation's decision to early retire the Oyster Creek and TMI nuclear facilities, increased amortization of Pepco's DC PLUG regulatory asset (an equal and offsetting amount has been reflected in Operating revenues), partially offset by certain regulatory assets that became fully amortized as of December 31, 2017 for BGE.

Other, net decreased by $16 million primarily due to lower net unrealized and realized gains on NDT funds at Generation for the three months ended September 30, 2018 compared to the same period in 2017 .

Exelon’s effective income tax rates for the three months ended September 30, 2018 and 2017 were 14.5% and 34.1% , respectively. The decrease in the effective income tax rate for the three months ended September 30, 2018 compared to the same period in 2017 is primarily related to tax savings due to the lower federal income tax rate as a result of the TCJA at all Registrants, which is predominantly offset in Operating revenues at the Utility Registrants for the anticipated pass back of the tax savings through customer rates. See Note 12 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates. See Note 6 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information on TCJA's impact on regulatory proceedings.

Nine Months Ended September 30, 2018 Compared to Nine Months Ended September 30, 2017 . Exelon's Net income attributable to common shareholders was $1,858 million for the nine months ended September 30, 2018 compared to $1,907 million for the nine months ended September 30, 2017 , and diluted earnings per average common share were $1.92 for the nine months ended September 30, 2018 compared to $2.02 for the nine months ended September 30, 2017 .

Revenue net of purchased power and fuel expense, which is a non-GAAP measure discussed below, increased by $143 million for the nine months ended September 30, 2018 as compared to the same period in 2017 . The year-over-year increase in Revenue net of purchased power and fuel expense was primarily due to the following factors:

- Increase of $202 million at Generation primarily due to impact of the New York CES and Illinois ZES (including the impact of zero emission credits generated in Illinois from June 1, 2017 through December 31, 2017), increased capacity prices, the acquisition of the FitzPatrick nuclear facility and decreased nuclear outage days, the addition of two combined-cycle gas turbines in Texas and the impacts of Generation's natural gas portfolio, partially offset by lower realized energy prices, the absence of EGTP revenues net of purchased power and fuel expense resulting from its deconsolidation in the fourth quarter of 2017, lower energy efficiency revenues and decreased revenues related to t he sale of Generation's electrical contracting business in 2018;

- Increase of $57 million at Generation due to lower mark-to-market losses;

- Increase of $132 million at PECO, DPL and ACE primarily due to favorable weather conditions and volumes within their respective service territories;

- Increase of $33 million due to higher mutual assistance revenues across all Utility Registrants, primarily at ComEd;

- Decrease of $95 million at ComEd primarily due to lower revenues resulting from the change to defer and recover over time energy efficiency costs pursuant to FEJA; and

- Decrease of $274 million in electric and gas revenues across all Utility Registrants, primarily reflecting lower revenues resulting from the anticipated pass back of TCJA tax savings through customer rates, partially offset by higher utility revenues due to regulatory rate increases at ComEd, BGE, Pepco, DPL and ACE.

Operating and maintenance expense decreased by $622 million for the nine months ended September 30, 2018 compared to the same period in 2017 primarily due to the following factors:

- Decrease of $411 million at Generation due to long-lived asset impairments primarily related to the EGTP assets held for sale in 2017;

- Decrease of $163 million at Generation in labor, contracting and materials expense due to decreased spending related to energy efficiency projects and decreased costs relate d to the sale of Generation's electrical contracting business in 2018 .

- Decrease of $95 million at ComEd primarily due to the change to defer and recover over time energy efficiency costs pursuant to FEJA;

- Decrease of $66 million at Generation due to lower merger-related costs;

- Decrease of $56 million at Generation due to lower nuclear refueling outage costs;

- Decrease of $32 million due to a supplemental NEIL insurance distribution at Generation;

- Increase of $47 million due to higher one-time charges related to Generation's decision to early retire the Oyster Creek nuclear facility in 2018, including a remeasurement to the ARO, compared to one-time charges related to Generation's decision to early retire the TMI nuclear facility in 2017;

- Increase of $33 million due to higher mutual assistance expenses across all Utility Registrants, primarily at ComEd;

- Increase of $97 million at PECO and BGE due to increased storm costs; and

- Increase of $22 million at Pepco due to a charge associated with a remeasurement of the Buzzard Point ARO.

Depreciation and amortization expense increased by $470 million for the nine months ended September 30, 2018 compared to the same period in 2017 primarily due to increased depreciation expense as a result of ongoing capital expenditures across all operating companies, accelerated depreciation and amortization due to Generation's decision to early retire the Oyster Creek and TMI nuclear facilities, increased amortization of Pepco's DC PLUG regulatory asset (an equal and offsetting amount has been reflected in Operating revenues), partially offset by certain regulatory assets that became fully amortized as of December 31, 2017 for BGE.

Taxes other than income increased due to increased gross receipts tax accruals at PECO and Pepco for the nine months ended September 30, 2018 compared to the same period in 2017 .

Gain on sales of assets and businesses increased by $51 million for the nine months ended September 30, 2018 compared to the same period in 2017 primarily due to Generation's sale of its electrical contracting business.

Bargain purchase gain decreased by $233 million due to the gain associated with the FitzPatrick acquisition in the first quarter of 2017.

Interest expense, net decreased by $56 million due to retirement of long-term debt.

Other, net decreased by $431 million primarily due to lower net unrealized and realized gains on NDT funds at Generation for the nine months ended September 30, 2018 compared to the same period in 2017 .

Exelon's effective income tax rates for the nine months ended September 30, 2018 and 2017 were 11.6% and 23.5% , respectively. The decrease in the effective income tax rate for the nine months ended September 30, 2018 compared to the same period in 2017 is primarily related to tax savings due to the lower federal income tax rate as a result of the TCJA at all Registrants, which is offset in Operating revenues at the Utility Registrants for the anticipated pass back of the tax savings through customer rates. See Note 12 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates. See Note 6 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information on TCJA's impact on regulatory proceedings.

For additional information regarding the financial results for the three and nine months ended September 30, 2018 , including explanation of the non-GAAP measure Revenue net of purchased power and fuel expense, see the discussions of Results of Operations by Registrant below.

Adjusted (non-GAAP) Operating Earnings

Exelon's adjusted (non-GAAP) operating earnings for the three months ended September 30, 2018 were $856 million , or $0.88 per diluted share, compared with adjusted (non-GAAP) operating earnings

of $820 million , or $0.85 per diluted share for the same period in 2017 . Exelon's adjusted (non-GAAP) operating earnings for the nine months ended September 30, 2018 were $2,467 million , or $2.55 per diluted share, compared with adjusted (non-GAAP) operating earnings of $1,943 million , or $2.06 per diluted share for the same period in 2017 . In addition to net income, Exelon evaluates its operating performance using the measure of adjusted (non-GAAP) operating earnings because management believes it represents earnings directly related to the ongoing operations of the business. Adjusted (non-GAAP) operating earnings exclude certain costs, expenses, gains and losses and other specified items. This information is intended to enhance an investor's overall understanding of period-over-period operating results and provide an indication of Exelon's baseline operating performance excluding items that are considered by management to be not directly related to the ongoing operations of the business. In addition, this information is among the primary indicators management uses as a basis for evaluating performance, allocating resources, setting incentive compensation targets and planning and forecasting of future periods. Adjusted (non-GAAP) operating earnings is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

The following tables provide a reconciliation between net income attributable to common shareholders as determined in accordance with GAAP and adjusted (non-GAAP) operating earnings for the three and nine months ended September 30, 2018 compared to the same period in 2017 .

	Three Months Ended September 30,			
	2018		2017	
(All amounts in millions after tax)		Earnings per Diluted Share		Earnings per Diluted Share
Net Income Attributable to Common Shareholders	$ 733	$ 0.76	$ 823	$ 0.85
Mark-to-Market Impact of Economic Hedging Activities [a] (net of taxes of $20 and $29, respectively)	(55)	(0.06)	(45)	(0.05)
Unrealized Gains Related to NDT Fund Investments [b] (net of taxes of $4 and $51, respectively)	(53)	(0.06)	(67)	(0.07)
Amortization of Commodity Contract Intangibles [c] (net of taxes of $0 and $8, respectively)	—	—	12	0.01
Merger and Integration Costs [d] (net of taxes of $0 and $1, respectively)	—	—	(1)	—
Long-Lived Asset Impairments [f] (net of taxes of $2 and $16, respectively)	6	0.01	24	0.03
Plant Retirements and Divestitures [g] (net of taxes of $70 and $47, respectively)	202	0.21	71	0.08
Cost Management Program [h] (net of taxes of $4 and $8, respectively)	13	0.01	13	0.01
Bargain Purchase Gain [i] (net of taxes of $0 and $0, respectively)	—	—	(7)	(0.01)
Asset Retirement Obligation [n] (net of taxes of $6 and $1, respectively)	16	0.02	(2)	—
Change in Environmental Liabilities (net of taxes of $3 and $0, respectively)	(9)	(0.01)	—	—
Reassessment of Deferred Income Taxes [k] (entire amount represents tax expense)	(18)	(0.02)	(21)	(0.02)
Noncontrolling Interests [m] (net of taxes of $4 and $4, respectively)	21	0.02	20	0.02
Adjusted (non-GAAP) Operating Earnings	$ 856	$ 0.88	$ 820	$ 0.85

(All amounts in millions after tax)	Nine Months Ended September 30, 2018	Earnings per Diluted Share	Nine Months Ended September 30, 2017	Earnings per Diluted Share
Net Income Attributable to Common Shareholders	$ 1,858	$ 1.92	$ 1,907	$ 2.02
Mark-to-Market Impact of Economic Hedging Activities [a] (net of taxes of $26 and $62, respectively)	74	0.08	97	0.10
Unrealized Losses (Gains) Related to NDT Fund Investments [b] (net of taxes of $118 and $181, respectively)	94	0.10	(211)	(0.22)
Amortization of Commodity Contract Intangibles [c] (net of taxes of $0 and $17, respectively)	—	—	27	0.03
Merger and Integration Costs [d] (net of taxes of $1 and $24, respectively)	5	—	39	0.04
Merger Commitments [e] (net of taxes of $0 and $137, respectively)	—	—	(137)	(0.15)
Long-Lived Asset Impairments [f] (net of taxes of $13 and $188, respectively)	36	0.04	293	0.31
Plant Retirements and Divestitures [g] (net of taxes of $148 and $89, respectively)	422	0.43	137	0.15
Cost Management Program [h] (net of taxes of $10 and $15, respectively)	29	0.03	24	0.03
Bargain Purchase Gain [i] (net of taxes of $0 and $0, respectively)	—	—	(233)	(0.25)
Asset Retirement Obligation [n] (net of taxes of $6 and $1, respectively)	16	0.02	(2)	—
Change in Environmental Liabilities (net of taxes of $1 and $0, respectively)	(4)	—	—	—
Like-Kind Exchange Tax Position [j] (net of taxes of $0 and $66, respectively)	—	—	(26)	(0.03)
Reassessment of Deferred Income Taxes [k] (entire amount represents tax expense)	(27)	(0.03)	(42)	(0.04)
Tax Settlements [l] (net of taxes of $0 and $1, respectively)	—	—	(5)	(0.01)
Noncontrolling Interests [m] (net of taxes of $9 and $16, respectively)	(36)	(0.04)	75	0.08
Adjusted (non-GAAP) Operating Earnings	$ 2,467	$ 2.55	$ 1,943	$ 2.06

Note:
Unless otherwise noted, the income tax impact of each reconciling item between GAAP Net Income and Adjusted (non-GAAP) Operating Earnings is based on the marginal statutory federal and state income tax rates for each Registrant, taking into account whether the income or expense item is taxable or deductible, respectively, in whole or in part. For all items except the unrealized gains and losses related to NDT fund investments, the marginal statutory income tax rates for 2018 and 2017 ranged from 26.0 percent to 29.0 percent and 39.0 percent to 41.0 percent, respectively. Under IRS regulations, NDT fund investment returns are taxed at different rates for investments if they are in qualified or non-qualified funds. The effective tax rates for the unrealized gains and losses related to NDT fund investments were 7.7 percent and 43.2 percent for the three months ended September 30, 2018 and 2017 , respectively. The effective tax rates for the unrealized gains and losses related to NDT fund investments were 55.5 percent and 46.2 percent for the nine months ended September 30, 2018 and 2017 , respectively.

(a) Primarily reflects the impact of net gains and losses on Generation's economic hedging activities.

(b) Reflects the impact of net unrealized gains and losses on Generation's NDT fund investments for Non-Regulatory and Regulatory Agreement Units. The impacts of the Regulatory Agreement Units, including the associated income taxes, are contractually eliminated, resulting in no earnings impact.

(c) Reflects the non-cash amortization of intangible assets, net, primarily related to commodity contracts recorded at fair value related to the ConEdison Solutions and FitzPatrick acquisitions.
(d) Primarily reflects c ertain costs associated with mergers and acquisitions, including, if and when applicable, professional fees, employee-related expenses and integration activities. In 2017, reflects costs related to the PHI and FitzPatrick acquisitions, offset at PHI by the anticipated recovery of previously incurred PHI acquisition costs. In 2018, reflects costs related to the PHI acquisition.
(e) Primarily reflects a decrease in reserves for uncertain tax positions related to the deductibility of certain merger commitments associated with the 2012 CEG and 2016 PHI acquisitions.
(f) Primarily reflects charges to earnings related to the impairment of the EGTP assets held for sale in 2017, and in 2018 the impairment of certain wind projects at Generation.
(g) Primarily reflects accelerated depreciation and amortization expenses and one-time charges associated with Generation's previous decision to early retire the Three Mile Island nuclear facility in 2017. In 2018, primarily reflects accelerated depreciation and amortization expenses and one-time charges associated with Generation's decision to early retire the Oyster Creek nuclear facility, a charge associated with a remeasurement of the Oyster Creek ARO and accelerated depreciation and amortization expenses associated with the 2017 decision to early retire the Three Mile Island nuclear facility, partially offset by a gain associated with Generation's sale of its electrical contracting business.
(h) Primarily represents severance and reorganization costs related to a cost management program.
(i) Represents the excess fair value of assets and liabilities acquired over the purchase price for the FitzPatrick acquisition.
(j) Reflects adjustments to income tax, penalties and interest expenses in the second quarter of 2017 as a result of the finalization of the IRS tax computation related to Exelon's like-kind exchange tax position.
(k) Reflects the changes in the Illinois and District of Columbia statutory tax rate and changes in forecasted apportionment in 2017. In 2018, reflects an adjustment to the remeasurement of deferred income taxes as a result of the Tax Cuts and Jobs Act (TCJA) and changes in forecasted apportionment.
(l) Reflects benefits related to the favorable settlement in 2017 of certain income tax positions related to PHI's unregulated business interests.
(m) Reflects elimination from Generation's results of the noncontrolling interests related to certain exclusion items, primarily related to the impact of unrealized gains and losses on NDT fund investments at CENG.
(n) Reflects a non-cash benefit pursuant to the annual update of the Generation nuclear decommissioning obligation related to the non-regulatory units in 2017. In 2018, reflects an increase at Pepco related primarily to asbestos identified at its Buzzard Point property.

Significant 2018 Transactions and Developments

Regulatory Implications of the Tax Cuts and Jobs Act (TCJA)

The Utility Registrants have made filings with their respective State regulators to begin passing back to customers the ongoing annual tax savings resulting from the TCJA. The amounts being proposed to be passed back to customers reflect the annual benefit of lower income tax rates and the settlement of a portion of deferred income tax regulatory liabilities established upon enactment of the TCJA. The Utility Registrants have identified over $675 million in ongoing annual savings to be returned to customers related to TCJA from their distribution utility operations. See Note 6 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Early Plant Retirements

On February 2, 2018, Exelon announced that Generation will permanently cease generation operations at Oyster Creek at the end of its current operating cycle in 2018. On September 17, 2018, Oyster Creek permanently ceased generation operations. Because of the decision to early retire Oyster Creek in 2018, Exelon and Generation recognized certain one-time charges in the first quarter of 2018 related to a materials and supplies inventory reserve adjustment, employee-related costs and construction work-in-progress impairments, among other items.

On July 31, 2018, Generation entered into an agreement with Holtec International and its indirect wholly owned subsidiary, Oyster Creek Environmental Protection, LLC, for the sale and decommissioning of Oyster Creek. See Note 4 — Mergers, Acquisitions and Dispositions of the Combined Notes to Consolidated Financial Statements for additional information.

On May 30, 2017, Generation announced it will permanently cease generation operations at Three Mile Island Generating Station (TMI) on or about September 30, 2019. The plant is currently committed to operate through May 2019.

As a result of the early nuclear plant retirement decisions at Oyster Creek and TMI, Exelon and Generation will also recognize annual incremental non-cash charges to earnings stemming from

shortening the expected economic useful lives primarily related to accelerated depreciation of plant assets (including any ARC), accelerated amortization of nuclear fuel, and additional ARO accretion expense associated with the changes in decommissioning timing and cost assumptions were also recorded. The following table summarizes the actual incremental non-cash expense item incurred in 2018 and the estimated amount of incremental non-cash expense items expected to be incurred in 2018 and 2019 due to the early retirement decisions.

	Actual	Projected [a]	
Income statement expense (pre-tax)	Nine Months Ended September 30, 2018	2018	2019
Depreciation and amortization [b]			
Accelerated depreciation [c]	$ 441	$ 550	$ 330
Accelerated nuclear fuel amortization	52	55	5
Operating and maintenance [d]	32	35	5
Total	$ 525	$ 640	$ 340

(a) Actual results may differ based on incremental future capital additions, actual units of production for nuclear fuel amortization, future revised ARO assumptions, etc.
(b) Reflects incremental accelerated depreciation and amortization for TMI and Oyster Creek for the nine months ended September 30, 2018 . The Oyster Creek year-to-date amounts are from February 2, 2018 through September 17, 2018.
(c) Reflects incremental accelerated depreciation of plant assets, including any ARC.
(d) Primarily includes materials and supplies inventory reserve adjustments, employee-related costs and CWIP impairments.

In 2017, PSEG also made public financial challenges facing its New Jersey nuclear plants including Salem, of which Generation owns a 42.59% ownership interest. Although Salem is committed to operate through May 2021, the plant faces continued economic challenges and PSEG, as the operator of the plant, is exploring all options.

On May 23, 2018, the Governor of New Jersey signed new legislation, which became effective immediately, that will establish a ZEC program providing compensation for nuclear plants that demonstrate to the NJBPU that they meet certain requirements, including that they make a significant contribution to air quality in the state and that their revenues are insufficient to cover their costs and risks. Under the new legislation, the NJBPU will issue ZECs to qualifying nuclear power plants and the electric distribution utilities in New Jersey, including ACE, will be required to purchase those ZECs. The NJBPU has 180 days from the effective date to establish procedures for implementation of the ZEC program and 330 days from the effective date to determine which nuclear power plants are selected to receive ZECs under the program. Assuming the successful implementation of the New Jersey ZEC program and the selection of Salem as one of the qualifying facilities, the New Jersey ZEC program has the potential to mitigate the heightened risk of earlier retirement for Salem. See Note 6 — Regulatory Matters and Note 8 - Early Plant Retirements of the Combined Notes to Consolidated Financial Statements for additional information on the new legislation and the New Jersey ZEC program.

On March 29, 2018, based on ISO-NE capacity auction results for the 2021 - 2022 planning year in which Mystic Unit 9 did not clear, Generation announced it had formally notified grid operator ISO-NE of its plans to early retire its Mystic Generating Station assets on June 1, 2022 absent any interim and long-term solutions for reliability and regional fuel security. The ISO-NE announced that it would take a three-step approach to fuel security. First, on May 1, 2018, ISO-NE made a filing with FERC requesting waiver of certain tariff provisions to allow it to retain Mystic Units 8 and 9 for fuel security for the 2022 - 2024 planning years. Second, ISO-NE planned to file tariff revisions to allow it to retain other resources for fuel security in the capacity market if necessary in the future. Third, ISO-NE stated its intention to work with stakeholders to develop long-term market rule changes to address system resiliency considering significant reliability risks identified in ISO-NE's January 2018 fuel security report. Changes to market rules are necessary because critical units to the region, such as Mystic Units 8 and 9, cannot

recover future operating costs including the cost of procuring fuel. As a result of these developments, Generation completed a comprehensive review of the estimated undiscounted future cash flows of the New England asset group during the first quarter of 2018 and no impairment charge was required.

On May 16, 2018, Generation made a filing with FERC to establish cost-of-service compensation and terms and conditions of service for Mystic Units 8 and 9 for the period between June 1, 2022 - May 31, 2024.

On July 2, 2018, FERC issued an order denying ISO-NE's May 1, 2018, waiver request on procedural grounds but accepting ISO-NE's conclusions that retirement of Mystic Units 8 and 9 could cause a violation of mandatory reliability standards as soon as 2022. Accordingly, FERC ordered ISO-NE to (i) make a filing within 60 days providing for the filing of a short-term cost-of-service agreement to address demonstrated fuel security concerns and (ii) make a filing by July 1, 2019 proposing permanent tariff revisions that would improve its market design to better address regional fuel security concerns. FERC also extended the deadline by which Generation must make a retirement decision for Mystic Units 8 and 9 to January 4, 2019. On August 31, 2018, ISO-NE filed a compliance filing in response to FERC's July 2, 2018 order proposing short-term tariff changes to permit it to retain a resource for fuel security reliability reasons. A number of parties, including Generation, have submitted comments on the proposal, which is pending before FERC.

On July 13, 2018, FERC issued an order accepting the cost-of-service agreement for filing, making findings on certain issues and establishing hearing procedures on an expedited schedule. Further developments such as the failure of ISO-NE to adopt interim and long-term solutions for reliability and fuel security could potentially result in future impairments of the New England asset group, which could be material. See Note 7 — Impairment of Long-Lived Assets and Note 8 - Early Plant Retirements of the Combined Notes to Consolidated Financial Statements for additional information.

Illinois ZEC Procurement

Pursuant to FEJA, on January 25, 2018, the ICC announced that Generation’s Clinton Unit 1, Quad Cities Unit 1 and Quad Cities Unit 2 nuclear plants were selected as the winning bidders through the IPA's ZEC procurement event. Generation executed the ZEC procurement contracts with Illinois utilities, including ComEd, effective January 26, 2018 and began recognizing revenue. Winning bidders are entitled to compensation for the sale of ZECs retroactive to the June 1, 2017 effective date of FEJA. During the three months ended September 30, 2018 , Generation recognized revenue of $61 million . During the nine months ended September 30, 2018 , Generation recognized revenue of $315 million , of which $150 million related to ZECs generated from June 1, 2017 through December 31, 2017.

Westinghouse Electric Company LLC Bankruptcy

On March 29, 2017, Westinghouse Electric Company LLC (Westinghouse) and its affiliated debtors filed petitions for relief under Chapter 11 of the Bankruptcy Code in the U.S. Bankruptcy Court for the Southern District of New York. On January 4, 2018, Westinghouse announced its agreement to be purchased by an affiliate of Brookfield Business Partners, LLC (Brookfield) for approximately $4.6 billion. On March 28, 2018, the Bankruptcy Court entered an Order confirming the Debtor's Second Amended Joint Plan of Reorganization which provides for the transaction with Brookfield. The transaction closed on August 1, 2018. Exelon had contracts with Westinghouse primarily related to Generation's purchase of nuclear fuel, as well as a variety of services and equipment purchases associated with the operation and maintenance of nuclear generating stations. In conjunction with the confirmation hearing, Exelon had filed a reservation of rights regarding reorganizing Westinghouse's assumption of all Exelon contracts. Exelon reached an agreement with Brookfield, and all Exelon contracts were assumed by Brookfield on the closing date.

Utility Rates and Base Rate Proceedings

The Utility Registrants file base rate cases with their regulatory commissions seeking increases or decreases to their electric transmission and distribution, and gas distribution rates to recover their costs and earn a fair return on their investments. The outcomes of these regulatory proceedings impact the Utility Registrants' current and future results of operations, cash flows and financial position.

The following tables show the Utility Registrants' completed and pending distribution base rate case proceedings in 2018. See Note 6 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information on other regulatory proceedings.

Completed Distribution Base Rate Case Proceedings

Registrant	Jurisdiction	Approved Revenue Requirement Increase (Decrease) (in millions)	Approved Return on Equity	Completion Date	Rate Effective Date
Pepco	District of Columbia (Electric)	$ (24)	9.525%	August 9, 2018	August 13, 2018
Pepco	Maryland (Electric)	$ (15)	9.5%	May 31, 2018	June 1, 2018
DPL	Delaware (Electric)	$ (7)	9.7%	August 21, 2018	March 17, 2018
DPL	Maryland (Electric)	$ 13	9.5%	February 9, 2018	September 5, 2018

Pending Distribution Base Rate Case Proceedings

Registrant	Jurisdiction	Requested or Settlement Revenue Requirement Increase (Decrease) (in millions)	Requested or Settlement Return on Equity	Filing or Settlement Date	Expected Completion Timing
ComEd	Illinois (Electric)	$ (23)	8.69%	April 16, 2018	Fourth quarter 2018
PECO	Pennsylvania (Electric)	$ 25	N/A [(a)]	August 28, 2018	Fourth quarter 2018
BGE	Maryland (Natural Gas)	$ 61	10.50%	June 8, 2018 (Updated on August 24, 2018 and October 12, 2018)	First quarter 2019
DPL	Delaware (Natural Gas)	$ (4)	9.70%	September 7, 2018 (Updated on October 2, 2018)	Fourth quarter 2018
ACE	New Jersey (Electric)	$ 109	10.10%	August 21, 2018	Third quarter 2019

(a) No overall ROE was specified in the partial settlement agreement.

See Note 6 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information on these base rate case proceedings.

Transmission Formula Rate

The following total (decreases)/increases were included in ComEd's, BGE's, Pepco's, DPL's and ACE's 2018 annual electric transmission formula rate updates.

	2018				
Annual Transmission Updates [a][b]	**ComEd**	**BGE**	**Pepco**	**DPL**	**ACE**
Initial revenue requirement (decrease) increase	$ (44)	$ 10	$ 6	$ 14	$ 4
Annual reconciliation increase (decrease)	18	4	2	13	(4)
Dedicated facilities increase [c]	—	12	—	—	—
Total revenue requirement (decrease) increase	$ (26)	$ 26	$ 8	$ 27	$ —
Allowed return on rate base [d]	8.32%	7.61%	7.82%	7.29%	8.02%
Allowed ROE [e]	11.50%	10.50%	10.50%	10.50%	10.50%

(a) All rates are effective June 2018 , subject to review by the FERC and other parties, which is due by fourth quarter 2018 .
(b) The initial revenue requirement changes reflect the annual benefit of lower income tax rates effective January 1, 2018 resulting from the enactment of the TCJA of $69 million, $18 million, $13 million, $12 million and $11 million for ComEd, BGE, Pepco, DPL and ACE, respectively. They do not reflect the pass back or recovery of income tax-related regulatory liabilities or assets, including those established upon enactment of the TCJA. See further discussion above.
(c) BGE's transmission revenues include a FERC-approved dedicated facilities charge to recover the costs of providing transmission service to a specifically designated load by BGE.
(d) Represents the weighted average debt and equity return on transmission rate bases.
(e) As part of the FERC-approved settlement of ComEd's 2007 transmission rate case, the rate of return on common equity is 11.50% and the common equity component of the ratio used to calculate the weighted average debt and equity return for the transmission formula rate is currently capped at 55% . As part of the FERC-approved settlement of the ROE complaint against BGE, Pepco, DPL and ACE, the rate of return on common equity is 10.50% , inclusive of a 50 basis point incentive adder for being a member of a regional transmission organization.

PECO Transmission Formula Rate

On May 1, 2017, PECO filed a request with FERC seeking approval to update its transmission rates and change the manner in which PECO's transmission rate is determined from a fixed rate to a formula rate. The formula rate will be updated annually to ensure that under this rate customers pay the actual costs of providing transmission services. The formula rate filing includes a requested increase of $22 million to PECO's annual transmission revenues and a requested rate of return on common equity of 11% , inclusive of a 50 basis point adder for being a member of a regional transmission organization. PECO requested that the new transmission rate be effective as of July 2017. On June 27, 2017, FERC issued an Order accepting the filing and suspending the proposed rates until December 1, 2017, subject to refund, and set the matter for hearing and settlement judge procedures. On May 4, 2018, the Chief Administrative Law Judge terminated settlement judge procedures and designated a new presiding judge. PECO cannot predict the final outcome of this proceeding, or the transmission formula FERC may approve.

On May 11, 2018, pursuant to the transmission formula rate request discussed above, PECO made its first annual formula rate update, which included a revenue decrease of $6 million . The revenue decrease of $6 million included an approximately $20 million reduction as a result of the tax savings associated with the TCJA. The updated transmission rate was effective June 1, 2018, subject to refund.

Winter Storm-Related Costs

During March 2018 there were powerful nor'easter storms that brought a mix of heavy snow, ice and high sustained winds and gusts to the region that interrupted electric service delivery to customers in PECO's, BGE's, Pepco's, DPL's and ACE's service territories. Restoration efforts included significant costs associated with employee overtime, support from other utilities and incremental equipment, contracted tree trimming crews and supplies, which resulted in incremental operating and maintenance expense and incremental capital expenditures in the first quarter of 2018 for PECO, BGE, PHI, Pepco, DPL and ACE. In addition, PHI, Pepco, DPL and ACE recorded regulatory assets for amounts that are probable of recovery through customer rates. The impacts recorded by the Registrants for the nine months ended September 30, 2018 are presented below:

		(in millions)	
	Customer Outages	Incremental Operating & Maintenance	Incremental Capital Expenditures
Exelon	1,727,000	$ 88 [b]	$ 89
PECO	750,000	53	35
BGE	425,000	31	15
PHI [a]	552,000	4 [b]	39
Pepco	182,000	2 [b]	4
DPL	138,000	2 [b]	4
ACE	232,000	— [b]	31

(a) PHI reflects the consolidated customer outages, incremental operating & maintenance and incremental capital expenditures of Pepco, DPL and ACE.
(b) Excludes amounts that were deferred and recognized as regulatory assets at Exelon, PHI, Pepco, DPL and ACE of $28 million , $28 million , $7 million , $1 million and $20 million , respectively.

Exelon’s Strategy and Outlook for 2018 and Beyond

Exelon’s value proposition and competitive advantage come from its scope and its core strengths of operational excellence and financial discipline. Exelon leverages its integrated business model to create value. Exelon’s regulated and competitive businesses feature a mix of attributes that, when combined, offer shareholders and customers a unique value proposition:

- The Utility Registrants provide a foundation for steadily growing earnings, which translates to a stable currency in our stock.
- Generation’s competitive businesses provide free cash flow to invest primarily in the utilities and in long-term, contracted assets and to reduce debt.

Exelon believes its strategy provides a platform for optimal success in an energy industry experiencing fundamental and sweeping change.

Exelon’s utility strategy is to improve reliability and operations and enhance the customer experience, while ensuring ratemaking mechanisms provide the utilities fair financial returns. The Utility Registrants only invest in rate base where it provides a benefit to customers and the community by improving reliability and the service experience or otherwise meeting customer needs. The Utility Registrants make these investments at the lowest reasonable cost to customers. Exelon seeks to leverage its scale and expertise across the utilities platform through enhanced standardization and sharing of resources and best practices to achieve improved operational and financial results. Additionally, the Utility Registrants anticipate making significant future investments in smart meter

technology, transmission projects, gas infrastructure, and electric system improvement projects, providing greater reliability and improved service for our customers and a stable return for the company.

Generation's competitive businesses create value for customers by providing innovative energy solutions and reliable, clean and affordable energy. Generation's electricity generation strategy is to pursue opportunities that provide stable revenues and generation to load matching to reduce earnings volatility. Generation leverages its energy generation portfolio to deliver energy to both wholesale and retail customers. Generation's customer-facing activities foster development and delivery of other innovative energy-related products and services for its customers. Generation operates in well-developed energy markets and employs an integrated hedging strategy to manage commodity price volatility. Its generation fleet, including its nuclear plants which consistently operate at high capacity factors, also provide geographic and supply source diversity. These factors help Generation mitigate the current challenging conditions in competitive energy markets.

Exelon's financial priorities are to maintain investment grade credit metrics at each of the Registrants, to maintain optimal capital structure and to return value to Exelon's shareholders with an attractive dividend throughout the energy commodity market cycle and through stable earnings growth. Exelon's Board of Directors has approved a dividend policy providing a raise of 5% each year for the period covering 2018 through 2020, beginning with the March 2018 dividend.

Various market, financial, regulatory, legislative and operational factors could affect the Registrants' success in pursuing their strategies. Exelon continues to assess infrastructure, operational, commercial, policy, and legal solutions to these issues. One key issue is ensuring the ability to properly value nuclear generation assets in the market, solutions to which Exelon is actively pursuing in a variety of jurisdictions and venues. See ITEM 1A. RISK FACTORS of the Exelon 2017 Form 10-K for additional information regarding market and financial factors.

Continually optimizing the cost structure is a key component of Exelon's financial strategy. In August 2015, Exelon announced a cost management program focused on cost savings of approximately $400 million at BSC and Generation, which was fully realized in 2018. Approximately 75% of the savings were related to Generation, with the remaining amount related to the Utility Registrants. In November 2017, Exelon announced a commitment for an additional $250 million of cost savings, primarily at Generation, to be achieved by 2020. In November 2018, Exelon announced the elimination of an approximately additional $200 million of annual ongoing costs, through initiatives primarily at Generation and BSC, by 2021. Approximately $150 million is expected to be related to Generation, with the remaining amount related to the Utility Registrants. These actions are in response to the continuing economic challenges confronting all parts of Exelon's business and industry, necessitating continued focus on cost management through enhanced efficiency and productivity.

Growth Opportunities

Management continually evaluates growth opportunities aligned with Exelon's businesses, assets and markets, leveraging Exelon's expertise in those areas and offering sustainable returns.

Regulated Energy Businesses. The PHI merger provides an opportunity to accelerate Exelon's regulated growth to provide stable cash flows, earnings accretion, and dividend support. Additionally, the Utility Registrants anticipate investing approximately $28 billion over the next five years in electric and natural gas infrastructure improvements and modernization projects, including smart meter and smart grid initiatives, storm hardening, advanced reliability technologies, and transmission projects, which is projected to result in an increase to current rate base of approximately $11 billion by the end of 2022. The Utility Registrants invest in rate base where beneficial to customers and the community by increasing reliability and the service experience or otherwise meeting customer needs. These investments are made at the lowest reasonable cost to customers.

See Note 3 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements Exelon 2017 Form 10-K for additional information on the Smart Meter and Smart Grid Initiatives and infrastructure development and enhancement programs.

Competitive Energy Businesses. Generation continually assesses the optimal structure and composition of its generation assets as well as explores wholesale and retail opportunities within the power and gas sectors. Generation's long-term growth strategy is to ensure appropriate valuation of its generation assets, in part through public policy efforts, identify and capitalize on opportunities that provide generation to load matching as a means to provide stable earnings, and identify emerging technologies where strategic investments provide the option for significant future growth or influence in market development.

Liquidity Considerations

Each of the Registrants annually evaluates its financing plan, dividend practices and credit line sizing, focusing on maintaining its investment grade ratings while meeting its cash needs to fund capital requirements, retire debt, pay dividends, fund pension and OPEB obligations and invest in new and existing ventures. A broad spectrum of financing alternatives beyond the core financing options can be used to meet its needs and fund growth including monetizing assets in the portfolio via project financing, asset sales, and the use of other financing structures (e.g., joint ventures, minority partners, etc.). The Registrants expect cash flows to be sufficient to meet operating expenses, financing costs and capital expenditure requirements.

Exelon Corporate, Generation, ComEd, PECO, BGE, Pepco, DPL and ACE have unsecured syndicated revolving credit facilities with aggregate bank commitments of $0.6 billion , $5.3 billion , $1 billion , $0.6 billion , $0.6 billion , $0.3 billion , $0.3 billion and $0.3 billion , respectively. Generation also has bilateral credit facilities with aggregate maximum availability of $0.5 billion .

For additional information regarding the Registrants' liquidity for the nine months ended September 30, 2018 , see Liquidity and Capital Resources discussion below.

Project Financing

Generation utilizes individual project financings as a means to finance the construction of various generating asset projects. Project financing is based upon a nonrecourse financial structure, in which project debt and equity used to finance the project are paid back from the cash generated by the newly constructed asset once operational. Borrowings under these agreements are secured by the assets and equity of each respective project. The lenders do not have recourse against Exelon or Generation in the event of a default. If a specific project financing entity does not maintain compliance with its specific debt financing covenants, there could be a requirement to accelerate repayment of the associated debt or other project-related borrowings earlier than the stated maturity dates. In these instances, if such repayment was not satisfied, or restructured, the lenders or security holders would generally have rights to foreclose against the project-specific assets and related collateral. The potential requirement to satisfy its associated debt or other borrowings earlier than otherwise anticipated could lead to impairments due to a higher likelihood of disposing of the respective project-specific assets significantly before the end of their useful lives. See Note 11 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for additional information on nonrecourse debt.

Other Key Business Drivers and Management Strategies

Power Markets

Price of Fuels

The use of new technologies to recover natural gas from shale deposits is increasing natural gas supply and reserves, which places downward pressure on natural gas prices and, therefore, on wholesale and retail power prices, which results in a reduction in Exelon's revenues. Forward natural gas prices have declined significantly over the last several years; in part reflecting an increase in supply due to strong natural gas production (due to shale gas development).

FERC Inquiry on Resiliency

On August 23, 2017, the DOE staff released its report on the reliability of the electric grid. One aspect of the wide-ranging report is the DOE's recognition that the electricity markets do not currently value the resiliency provided by baseload generation, such as nuclear plants. On September 28, 2017, the DOE issued a Notice of Proposed Rulemaking (NOPR) that would entitle certain eligible resilient generating units (i.e., those located in organized markets, with a 90-day supply of fuel on site, not already subject to state cost of service regulation and satisfying certain other requirements) to recover fully allocated costs and earn a fair return on equity on their investment. On January 8, 2018, FERC issued an order terminating the rulemaking docket that it initiated to address the proposed rule in the DOE NOPR, concluding the proposed rule did not sufficiently demonstrate there is a resiliency issue and that it proposed a remedy that did not appear to be just, reasonable and nondiscriminatory as required under the Federal Power Act. At the same time, FERC initiated a new proceeding to consider resiliency challenges to the bulk power system and evaluate whether additional FERC action to address resiliency would be appropriate. FERC directed each RTO and ISO to respond within 60 days to 24 specific questions about how they assess and mitigate threats to resiliency. Thereafter, interested parties submitted reply comments on May 9, 2018, and a few parties submitted further replies. Exelon has been and will continue to be an active participant in these proceedings but cannot predict the final outcome or its potential financial impact, if any, on Exelon or Generation.

Complaints and PJM Filing at FERC Seeking to Mitigate ZEC Programs

PJM and NYISO capacity markets include a Minimum Offer Price Rule (MOPR) that is intended to preclude buyers from exercising buyer market power. If a resource is subjected to a MOPR, its offer is adjusted to effectively remove the revenues it receives through a government-provided financial support program - resulting in a higher offer that may not clear the capacity market. Currently, the MOPRs in PJM and NYISO apply only to certain new gas-fired resources.

On January 9, 2017, EPSA filed two requests with FERC: one seeking to amend a prior complaint against PJM and another seeking expedited action on a pending NYISO compliance filing in an existing proceeding. A similar complaint also against PJM was filed at FERC on May 31, 2018. These complaints generally allege that the relevant MOPR should be expanded to also apply to existing resources including those receiving ZEC compensation under the New York CES and Illinois ZES programs. Exelon filed protests at FERC in response to each filing, arguing generally that ZEC payments provide compensation for an environmental attribute that is distinct from the energy and capacity sold in the FERC-jurisdictional markets, and therefore, are no different than other renewable support programs like the PTC and RPS programs that have generally not been subject to a MOPR. However, if successful, for Generation's facilities in PJM and NYISO that are currently receiving ZEC compensation (Quad Cities, Ginna, Fitzpatrick and Nine Mile Point), an expanded MOPR could require exclusion of ZEC compensation when bidding into future capacity auctions such that these facilities would have an increased risk of not clearing in future capacity auctions and thus no longer receiving capacity revenues during the respective ZEC programs. Any mitigation of these generating resources could have a material effect on Exelon's

and Generation's future cash flows and results of operations. The same risk would also exist for the Salem facility if Salem is selected as an eligible facility under the NJ ZEC program.

Separately, PJM submitted two proposed alternative capacity market reforms in April 2018 for FERC's consideration. PJM argued that either alternative will resolve any conflict between state policy support for certain resources and the need to ensure reasonable prices for non-supported resources. The first alternative was to implement a twice-run capacity clearing mechanism (known as the repricing proposal) and, if not acceptable to FERC, a second alternative that would expand the existing MOPR to both new and existing generating resources, subject to certain exemptions (known as MOPREx).

In June 2018, FERC issued an order rejecting both of PJM's proposed alternatives, finding both to be unjust and unreasonable. In the same order, FERC also addressed one of the MOPR complaints involving PJM and concluded based on that complaint and PJM's filing that PJM's existing tariff allows resources receiving out-of-market support to affect capacity prices in a manner that will cause unjust and unreasonable and unduly discriminatory rates in PJM regardless of the intent motivating the support. FERC suggested that modifying two elements of PJM's existing tariff could produce a just and reasonable replacement and asked for initial comments on its proposal by August 28, 2018, later extended to October 2, 2018. First, FERC found that an expansion of the current MOPR mechanism to cover all existing generating resources, regardless of resource type, including those receiving either ZEC or REC compensation, could protect the capacity markets from unwanted price suppression. Second, FERC preliminarily found that a modified version of PJM's existing Fixed Resource Requirement (FRR) option could enable state subsidized resources and a corresponding amount of load to be removed from the capacity market, thereby alleviating their price suppressive effects on capacity clearing prices. Under this alternative, state supported generating resources would potentially be compensated through mechanisms other than through PJM's existing market mechanism. FERC established March 21, 2016 as the refund effective date and also allowed PJM to delay its next capacity auction from May 2019 to August 2019 to allow parties time to develop and file proposals in the FERC proceeding, FERC time to determine the appropriate solution and PJM time to implement FERC's solution. On October 2, 2018, Exelon, along with several ratepayer advocates, environmental organizations and other nuclear generators, submitted shared principles supporting a workable new FRR mechanism (as suggested by FERC) and detailing how such a mechanism should be implemented. Exelon also submitted individual comments covering matters not addressed in the shared principles. FERC has not yet issued a decision on the second MOPR complaint involving PJM or the MOPR complaint involving NYISO. It is too early to predict the final outcome of each of these proceedings or their potential financial impact, if any, on Exelon or Generation.

Section 232 Uranium Petition

On January 16, 2018, two Canadian-owned uranium mining companies with operations in the U.S. jointly submitted a petition to the U.S. Department of Commerce (DOC) seeking relief under Section 232 of the Trade Expansion Act of 1962 (as amended) from imports of uranium products, alleging that these imports threaten national security (the Petition). The Trade Expansion Act of 1962 (the Act) was promulgated by Congress to protect essential national security industries whose survival is threatened by imports. As such, the Act authorizes the Secretary of Commerce (the Secretary) to conduct investigations to evaluate the effects of imports of any item on the national security of the U.S. The Petition alleges that the loss of a viable U.S. uranium mining industry would have a significant detrimental impact on the national, energy, and economic security of the U.S. and the ability of the country to sustain an independent nuclear fuel cycle.

On July 18, 2018, the Secretary announced that the DOC has initiated an investigation in response to the petition. The Secretary has 270 days to prepare and submit a report to President Trump, who then has 90 days to act on the Secretary's recommendations. Exelon and Generation cannot currently predict the outcome of this investigation. The relief sought by the petitioners would require U.S. nuclear reactors

to purchase at least 25% of their uranium needs from domestic mines over the next 10 years, although the DOC will make an independent determination regarding an appropriate remedy should it find that imports impair national security. It is reasonably possible that if this petition is successful the resulting increase in nuclear fuel costs in future periods could have a material, unfavorable impact on Exelon's and Generation's results of operations, cash flows and financial positions.

Potential DOE Order Pursuant to Defense Production Act and Federal Power Act

The DOE is considering an Order directing ISOs, for 24 months, to purchase electric energy or generation capacity from a designated list of coal and nuclear generation facilities. Based on a draft memorandum, the Order would be pursuant to DOE's authorities under the Defense Production Act and Federal Power Act, and would forestall any further actions towards retiring, decommissioning, or deactivating coal and nuclear facilities during the term of the Order. The Order would emphasize the importance of grid resiliency, in addition to grid reliability, noting that fuel security and diversity are critical components of resiliency. The DOE recognizes that the underlying economic and regulatory issues are complex and will take time resolve. The Order's 24-month duration would enable DOE to conduct additional analyses to gain a detailed understanding of location-specific vulnerabilities in U.S. energy delivery systems, while preserving certain generation facilities. Exelon has been and will continue to be an active participant in these proceedings but cannot predict the final outcome or its potential financial impact, if any, on Exelon or Generation.

Energy Demand

Modest economic growth partially offset by energy efficiency initiatives is resulting in relatively flat load growth in electricity for the Utility Registrants. ComEd, PECO, BGE, Pepco, DPL and ACE are projecting load volumes to increase by 0.5% , 1.7% , 0.7% , 0.2% , 1.3% and 4.3% respectively, in 2018 compared to 2017 .

Retail Competition

Generation's retail operations compete for customers in a competitive environment, which affect the margins that Generation can earn and the volumes that it is able to serve. Forward natural gas and power prices are expected to remain low and thus we expect retail competitors to stay aggressive in their pursuit of market share, and that wholesale generators (including Generation) will continue to use their retail operations to hedge generation output.

Strategic Policy Alignment

As part of its strategic business planning process, Exelon routinely reviews its hedging policy, dividend policy, operating and capital costs, capital spending plans, strength of its balance sheet and credit metrics, and sufficiency of its liquidity position, by performing various stress tests with differing variables, such as commodity price movements, increases in margin-related transactions, changes in hedging practices and the impacts of hypothetical credit downgrades.

Exelon's board of directors declared first quarter 2018 dividends of $0.345 per share on Exelon's common stock. The first quarter 2018 dividend was paid on March 9, 2018. The dividend increased from the fourth quarter 2017 amount to reflect the Board's decision to raise Exelon's dividend 5% each year for the period covering 2018 through 2020, beginning with the March 2018 dividend.

Exelon's board of directors declared second quarter 2018 dividends of $0.345 per share on Exelon's common stock and was paid on June 8, 2018.

Exelon's board of directors declared third quarter 2018 dividends of $0.345 per share on Exelon's common stock and was paid on September 10, 2018.

Exelon's board of directors declared fourth quarter 2018 dividends of $0.345 per share on Exelon's common stock and is payable on December 10, 2018.

All future quarterly dividends require approval by Exelon's Board of Directors.

Hedging Strategy

Exelon's policy to hedge commodity risk on a ratable basis over three-year periods is intended to reduce the financial impact of market price volatility. Generation is exposed to commodity price risk associated with the unhedged portion of its electricity portfolio. Generation enters into non-derivative and derivative contracts, including financially-settled swaps, futures contracts and swap options, and physical options and physical forward contracts, all with credit-approved counterparties, to hedge this anticipated exposure. Generation has hedges in place that significantly mitigate this risk for 2018 and 2019 . However, Generation is exposed to relatively greater commodity price risk in the subsequent years with respect to which a larger portion of its electricity portfolio is currently unhedged. As of September 30, 2018 , the percentage of expected generation hedged is 98% - 101% , 82% - 85% and 48% - 51% for 2018 , 2019 , and 2020 respectively. The percentage of expected generation hedged is the amount of equivalent sales divided by the expected generation. Expected generation is the volume of energy that best represents our commodity position in energy markets from owned or contracted generating facilities based upon a simulated dispatch model that makes assumptions regarding future market conditions, which are calibrated to market quotes for power, fuel, load following products, and options. Equivalent sales represent all hedging products, such as wholesale and retail sales of power, options and swaps. Generation has been and will continue to be proactive in using hedging strategies to mitigate commodity price risk in subsequent years as well.

Generation procures oil and natural gas through long-term and short-term contracts and spot-market purchases. Nuclear fuel is obtained predominantly through long-term uranium concentrate supply contracts, contracted conversion services, contracted enrichment services, or a combination thereof, and contracted fuel fabrication services. The supply markets for uranium concentrates and certain nuclear fuel services, coal, oil and natural gas are subject to price fluctuations and availability restrictions. Supply market conditions may make Generation's procurement contracts subject to credit risk related to the potential non-performance of counterparties to deliver the contracted commodity or service at the contracted prices. Approximately 59% of Generation's uranium concentrate requirements from 2018 through 2022 are supplied by three producers. In the event of non-performance by these or other suppliers, Generation believes that replacement uranium concentrate can be obtained, although at prices that may be unfavorable when compared to the prices under the current supply agreements. Non-performance by these counterparties could have a material adverse impact on Exelon's and Generation's results of operations, cash flows and financial positions.

The Utility Registrants mitigate commodity price risk through regulatory mechanisms that allow them to recover procurement costs from retail customers.

Environmental Legislative and Regulatory Developments

Exelon was actively involved in the Obama Administration's development and implementation of environmental regulations for the electric industry, in pursuit of its business strategy to provide reliable, clean, affordable and innovative energy products. These efforts have most frequently involved air, water and waste controls for fossil-fueled electric generating units, as set forth in the discussion below. These regulations have had a disproportionate adverse impact on coal-fired power plants, requiring significant expenditures of capital and variable operating and maintenance expense, and have resulted in the retirement of older, marginal facilities. Due to its low emission generation portfolio, Generation has not been significantly affected by these regulations, representing a competitive advantage relative to electric generators that are more reliant on fossil fuel plants.

Through the issuance of a series of Executive Orders (EO), President Trump has initiated review of a number of EPA and other regulations issued during the Obama Administration, with the expectation that the Administration will seek repeal or significant revision of these rules. Under these EOs, each executive agency is required to evaluate existing regulations and make recommendations regarding repeal, replacement, or modification. The Administration's actions are intended to result in less stringent compliance requirements under air, water, and waste regulations. The exact nature, extent, and timing of the regulatory changes are unknown, as well as the ultimate impact on Exelon's and its subsidiaries results of operations and cash flows.

In particular, the Administration has targeted certain existing EPA regulations for repeal, including notably the Clean Power Plan, as well as revoking many Executive Orders, reports, and guidance issued by the Obama Administration on the topic of climate change or the regulation of greenhouse gases. The Executive Order also disbanded the Interagency Working Group that developed the social cost of carbon used in rulemakings and withdrew all technical support documents supporting the calculation. Other regulations that are under review include the Clean Water Act rule relating to jurisdictional waters of the U.S., the Steam Electric Effluent Guidelines relating to waste water discharges from coal-fired power plants, and the Coal Combustion Residuals rule. The review of final rules could extend over several years as formal notice and comment rulemaking process proceeds.

Air Quality

Mercury and Air Toxics Standard Rule (MATS). On December 16, 2011, the EPA signed a final rule to reduce emissions of toxic air pollutants from power plants and signed revisions to the NSPS for electric generating units. The final rule, known as MATS, requires coal-fired electric generation plants to achieve high removal rates of mercury, acid gases and other metals, and to make capital investments in pollution control equipment and incur higher operating expenses. The initial compliance deadline to meet the new standards was April 16, 2015; however, facilities may have been granted an additional one or two-year extension in limited cases. Numerous entities challenged MATS in the D.C. Circuit Court, and Exelon intervened in support of the rule. In April 2014, the D.C. Circuit Court issued an opinion upholding MATS in its entirety. On appeal, the U.S. Supreme Court decided in June 2015 that the EPA unreasonably refused to consider costs in determining whether it is appropriate and necessary to regulate hazardous air pollutants emitted by electric utilities. The U.S. Supreme Court, however, did not vacate the rule; rather, it was remanded to the D.C. Circuit Court to take further action consistent with the U.S. Supreme Court's opinion on this single issue. On April 27, 2017, the D.C. Circuit granted EPA's motion to hold the litigation in abeyance, pending EPA's review of the MATS rule pursuant to President Trump's EO discussed above. Following EPA's review and determination of its course of action for the MATS rule, the parties will have 30 days to file motions on future proceedings. Notwithstanding the Court's order to hold the litigation in abeyance, the MATS rule remains in effect. Exelon will continue to participate in the remanded proceedings before the D.C. Circuit Court as an intervenor in support of the rule.

Clean Power Plan. On April 28, 2017, the D.C. Circuit Court issued orders in separate litigation related to the EPA's actions under the Clean Power Plan (CPP) to amend Clean Air Act Section 111(d) regulation of existing fossil-fired electric generating units and Section 111(b) regulation of new fossil-fired electric generating units. In both cases, the Court has determined to hold the litigation in abeyance pending a determination whether the rule should be remanded to the EPA. On October 10, 2017, EPA issued a proposed rule to repeal the CPP in its entirety, based on a proposed change in the Agency's legal interpretation of Clean Air Act Section 111(d) regarding actions that the Agency can consider when establishing the Best System of Emission Reduction ("BSER") for existing power plants. Under the proposed interpretation, the Agency exceeded its authority under the Clean Air Act by regulating beyond individual sources of GHG emissions. The EPA has also issued an advance notice of proposed rulemaking to solicit information on systems of emission reduction that are in accord with the Agency's proposed revised legal interpretation; namely, only by regulating emission reductions that can be implemented at and to individual sources.

2015 Ozone National Ambient Air Quality Standards (NAAQS). On April 11, 2017, the D.C. Circuit ordered that the consolidated 2015 ozone NAAQS litigation be held in abeyance pending EPA's further review of the 2015 Rule. Concurrent with its review, the Agency issued several rounds of final ozone designations for the 2015 ozone NAAQS in December 2017 and April 2018. On August 1, 2018, EPA filed a status report to the Court that indicated Agency does not intend to revise or repeal the 2015 ozone standard at this time. Subsequently the Court ordered the case reactivated.

Primary SO2 National Ambient Air Quality Standards (NAAQS). On June 8, 2018, the EPA proposed to maintain the primary NAAQS for sulfur dioxide (SO2) at the same level and averaging time as was finalized by EPA in its 2010 SO2 NAAQS update. The schedule for completing this review is established by a consent decree, which sets January 28, 2019 as the deadline for signature on a final decision notice.

Climate Change. Exelon supports comprehensive climate change legislation or regulation which balances the need to protect consumers, business and the economy with the urgent need to reduce national GHG emissions. In June 2018, Exelon joined the Climate Leadership Council, which advocates for a revenue neutral carbon tax and dividend program. In the absence of Federal legislation, the EPA has been reviewing the regulation of GHG emissions under the Clean Air Act. In addition, there have been recent developments in the international regulation of GHG emissions pursuant to the United Nations Framework Convention on Climate Change ("UNFCCC" or "Convention"). See ITEM 1. BUSINESS, "Air Quality" of the Exelon 2017 Form 10-K for additional information.

Water Quality

Section 316(b) requires that the cooling water intake structures at electric power plants reflect the best technology available to minimize adverse environmental impacts, and is implemented through state-level NPDES permit programs. All of Generation's power generation facilities with cooling water systems are subject to the regulations. Facilities without closed-cycle recirculating systems (e.g., cooling towers) are potentially most affected by recent changes to the regulations. For Generation, those facilities are Calvert Cliffs, Clinton, Dresden, Eddystone, Fairless Hills, FitzPatrick, Ginna, Gould Street, Handley, Mystic Unit 7, Nine Mile Point Unit 1, Peach Bottom, Quad Cities, and Salem. See ITEM 1. BUSINESS, "Water Quality" of the Exelon 2017 Form 10-K for additional information.

Solid and Hazardous Waste

In October 2015, the first federal regulation for the disposal of coal combustion residuals (CCR) from power plants became effective. The rule classified CCR as non-hazardous waste under RCRA, and CCR continued to be regulated by most states subject to coordination with the federal regulations. In July 2018, the EPA issued a final rule amending the 2015 rule that provides more compliance flexibility to the states and owners and operators of coal ash disposal sites. Generation currently does not own or operate any such sites subject to the CCR rule. Generation previously recorded accruals consistent with state regulation for its owned coal ash sites, and as such, the CCR rule is not expected to impact Exelon's and Generation's financial results. Generation does not have sufficient information to reasonably assess the potential likelihood or magnitude of any remediation requirements that may be asserted under the CCR rule for coal ash disposal sites formerly owned by Generation. For these reasons, Generation is unable to predict whether and to what extent it may ultimately be held responsible for remediation and other costs relating to formerly owned coal ash disposal sites under the new regulations.

See Note 17 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements for additional information related to environmental matters, including the impact of environmental regulation.

Other Legislative and Regulatory Developments

Delaware Distribution System Investment Charge

On June 14, 2018, the Governor of Delaware signed new Distribution System Investment Charge (DSIC) legislation, which establishes a system improvement charge that provides a mechanism to recover infrastructure investments, allowing for gradual rate increases and limiting frequency of distribution base rate cases. DPL expects to make its first filing in Delaware in the fourth quarter of 2018, with the new charge effective in the first quarter of 2019. While this legislation is expected to support needed infrastructure investment and allow for more timely recovery of those investments, Exelon, PHI and DPL cannot predict the potential financial impact on Exelon, PHI or DPL.

Pennsylvania Alternative Ratemaking

On June 28, 2018, the Governor of Pennsylvania signed new legislation, which authorized the PAPUC to review and approve utility-proposed alternative rate mechanisms, including options such as decoupling mechanisms, formula rates, multi-year rate plans, and performance based rates. Exelon and PECO cannot predict the outcome or the potential financial impact, if any, on Exelon or PECO.

Employees

In January 2017, an election was held at BGE which resulted in union representation for approximately 1,394 employees. BGE and IBEW Local 410 are negotiating an initial agreement which could result in some modifications to wages, hours and other terms and conditions of employment. Negotiations have been productive and continue. No agreement has been finalized to date and management cannot predict the outcome of such negotiations. Negotiations that began in 2017 for a first collective bargaining agreement with a small unit of employees represented by Local 501 of Operating Engineers at Exelon's Hyperion Solutions facility are complete and the new CBA will expire in 2021. During 2017, Generation finalized CBAs with the Security Officer unions at LaSalle, Limerick and Quad Cities, which all will expire in 2020 and Dresden expiring in 2021. Additionally, during 2017, Generation acquired and combined two CBAs at Fitzpatrick into one CBA covering both craft and security employees, which will expire in 2023. Generation also successfully finalized the CBA with the IBEW union at TMI, which will expire in 2022. During 2018, Generation finalized its CBA with the Security Officer's union at Braidwood, which will expire in 2021. Additionally, negotiations are currently underway for the two ACE Local 210 contracts, which expire on October 15, 2018 and December 9, 2018. Both sides are bargaining in good faith and we anticipate a mutually acceptable outcome from these negotiations. As previously reported, there was an organizing effort over approximately 18 ACE control room System Operators. While an election was held with an outcome favorable to Local 210, collective bargaining over this small segment of employees will not commence until the issue of whether the System Operators are NLRA statutory supervisors is determined, and that matter is currently before the NLRB.

Critical Accounting Policies and Estimates

Revenue Recognition (All Registrants)

Sources of Revenue and Determination of Accounting Treatment

The Registrants earn revenues from various business activities including: the sale of power and energy-related products, such as natural gas, capacity, and other commodities in non-regulated markets (wholesale and retail); the sale and delivery of power and natural gas in regulated markets; and the provision of other energy-related non-regulated products and services.

The accounting treatment for revenue recognition is based on the nature of the underlying transaction and applicable authoritative guidance. The Registrants primarily apply the Revenue from

Contracts with Customers, Derivative and Alternative Revenue Program (ARP) guidance to recognize revenue as discussed in more detail below.

Revenue from Contracts with Customers

Under the Revenue from Contracts with Customers guidance, the Registrants recognize revenues in the period in which the performance obligations within contracts with customers are satisfied, which generally occurs when power, natural gas, and other energy-related commodities are physically delivered to the customer. Transactions of the Registrants within the scope of Revenue from Contracts with Customers generally include non-derivative agreements, contracts that are designated as normal purchases and normal sales (NPNS), sales to utility customers under regulated service tariffs, and spot-market energy commodity sales, including settlements with independent system operators.

The determination of Generation's and the Utility Registrants' retail power and natural gas sales to individual customers is based on systematic readings of customer meters, generally on a monthly basis. At the end of each month, amounts of energy delivered to customers since the date of the last meter reading are estimated, and corresponding unbilled revenue is recorded. The measurement of unbilled revenue is affected by the following factors: daily customer usage measured by generation or gas throughput volume, customer usage by class, losses of energy during delivery to customers and applicable customer rates. Increases or decreases in volumes delivered to the utilities' customers and favorable or unfavorable rate mix due to changes in usage patterns in customer classes in the period could be significant to the calculation of unbilled revenue. In addition, revenues may fluctuate monthly as a result of customers electing to use an alternate supplier, since unbilled commodity revenues are not recorded for these customers. Changes in the timing of meter reading schedules and the number and type of customers scheduled for each meter reading date also impact the measurement of unbilled revenue; however, total operating revenues would remain materially unchanged.

See Note 5 — Accounts Receivable of the Exelon 2017 Form 10-K for additional information on unbilled revenue.

See Note 1 — Significant Accounting Policies and Note 5 — Revenue from Contracts with Customers of the Combined Notes to Consolidated Financial Statements for additional information on the impacts of the new revenue accounting standard effective for annual reporting periods beginning on or after December 15, 2017.

Derivative Revenues

The Registrants record revenues and expenses using the mark-to-market method of accounting for transactions that are accounted for as derivatives. These derivative transactions primarily relate to commodity price risk management activities. Mark-to-market revenues and expenses include: inception gains or losses on new transactions where the fair value is observable, unrealized gains and losses from changes in the fair value of open contracts, and realized gains and losses.

Alternative Revenue Program Revenues

Certain of the Utility Registrants' ratemaking mechanisms qualify as Alternative Revenue Programs (ARPs) if they (i) are established by a regulatory order and allow for automatic adjustment to future rates, (ii) provide for additional revenues (above those amounts currently reflected in the price of utility service) that are objectively determinable and probable of recovery, and (iii) allow for the collection of those additional revenues within 24 months following the end of the period in which they were recognized. For mechanisms that meet these criteria, which include the Utility Registrants' formula rate and revenue decoupling mechanisms, the Utility Registrants adjust revenue and record an offsetting regulatory asset or liability once the condition or event allowing additional billing or refund has occurred. The ARP revenues presented in the Utility Registrants' Consolidated Statements of Operations and Comprehensive Income

include both: (i) the recognition of “originating” ARP revenues (when the regulator-specified condition or event allowing for additional billing or refund has occurred) and (ii) an equal and offsetting reversal of the “originating” ARP revenues as those amounts are reflected in the price of utility service and recognized as Revenue from Contracts with Customers.

ComEd records ARP revenue for its best estimate of the electric distribution, energy efficiency, and transmission revenue impacts resulting from future changes in rates that ComEd believes are probable of approval by the ICC and FERC in accordance with its formula rate mechanisms. BGE, Pepco and DPL record ARP revenue for their best estimate of the electric and natural gas distribution revenue impacts resulting from future changes in rates that they believe are probable of approval by the MDPSC and/or DCPSC in accordance with their revenue decoupling mechanisms. PECO, BGE, Pepco, DPL and ACE record ARP revenue for their best estimate of the transmission revenue impacts resulting from future changes in rates that they believe are probable of approval by FERC in accordance with their formula rate mechanisms. Estimates of the current year revenue requirement are based on actual and/or forecasted costs and investments in rate base for the period and the rates of return on common equity and associated regulatory capital structure allowed under the applicable tariff. The estimated reconciliation can be affected by, among other things, variances in costs incurred, investments made, allowed ROE, and actions by regulators or courts.

See Note 6 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Management of each of the Registrants makes a number of significant estimates, assumptions and judgments in the preparation of its financial statements. See ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — CRITICAL ACCOUNTING POLICIES AND ESTIMATES in Exelon’s, Generation’s, ComEd’s, PECO’s, BGE’s, PHI's, Pepco's, DPL's and ACE's combined 2017 Form 10-K for a discussion of the estimates and judgments necessary in the Registrants’ accounting for AROs, goodwill, purchase accounting, unamortized energy contract assets and liabilities, asset impairments, depreciable lives of property, plant and equipment, defined benefit pension and other postretirement benefits, regulatory accounting, derivative instruments, taxation, contingencies, revenue recognition and allowance for uncollectible accounts. At September 30, 2018 , the Registrants’ critical accounting policies and estimates had not changed significantly from December 31, 2017 .

Results of Operations by Registrant

Net Income Attributable to Common Shareholders by Registrant

	Three Months Ended September 30,		Favorable (Unfavorable) Variance	Nine Months Ended September 30,		Favorable (Unfavorable) Variance
	2018	2017		2018	2017	
Exelon	$ 733	$ 823	$ (90)	$ 1,858	$ 1,907	$ (49)
Generation	234	304	(70)	547	487	60
ComEd	193	189	4	523	447	76
PECO	126	112	14	336	327	9
BGE	63	62	1	242	231	11
PHI	187	153	34	336	359	(23)
Pepco	89	87	2	174	188	(14)
DPL	33	31	2	90	107	(17)
ACE	61	41	20	76	77	(1)

Results of Operations — Generation

	Three Months Ended September 30,		Favorable (Unfavorable) Variance	Nine Months Ended September 30,		Favorable (Unfavorable) Variance
	2018	2017		2018	2017	
Operating revenues	$ 5,278	$ 4,750	$ 528	$ 15,368	$ 13,843	$ 1,525
Purchased power and fuel expense	2,980	2,331	(649)	8,552	7,286	(1,266)
Revenues net of purchased power and fuel expense [(a)]	2,298	2,419	(121)	6,816	6,557	259
Other operating expenses						
Operating and maintenance	1,370	1,376	6	4,126	4,879	753
Depreciation and amortization	468	410	(58)	1,383	1,046	(337)
Taxes other than income	143	141	(2)	414	425	11
Total other operating expenses	1,981	1,927	(54)	5,923	6,350	427
(Loss) gain on sales of assets and businesses	(6)	(2)	(4)	48	3	45
Bargain purchase gain	—	7	(7)	—	233	(233)
Operating income	311	497	(186)	941	443	498
Other income and (deductions)						
Interest expense, net	(101)	(113)	12	(305)	(342)	37
Other, net	179	209	(30)	164	648	(484)
Total other income and (deductions)	78	96	(18)	(141)	306	(447)
Income before income taxes	389	593	(204)	800	749	51
Income taxes	78	239	161	110	215	105
Equity in losses of unconsolidated affiliates	(11)	(8)	(3)	(23)	(26)	3
Net income	300	346	(46)	667	508	159
Net income attributable to noncontrolling interests	66	42	(24)	120	21	(99)
Net income attributable to membership interest	$ 234	$ 304	$ (70)	$ 547	$ 487	$ 60

(a) Generation evaluates its operating performance using the measure of revenue net of purchased power and fuel expense. Generation believes that revenue net of purchased power and fuel expense is a useful measurement because it provides information that can be used to evaluate its operational performance. Revenue net of purchased power and fuel expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

Net Income Attributable to Membership Interest

Three Months Ended September 30, 2018 Compared to Three Months Ended September 30, 2017 . Generation's Net income attributable to membership interest for the three months ended September 30, 2018 decreased compared to the same period in 2017 , primarily due to lower Revenue net of purchased power and fuel expense, higher Depreciation and amortization expenses, lower Other income, partially offset by lower Operating and maintenance expenses and lower Income taxes. The decrease in Revenue net of purchased power and fuel expense primarily relates to the absence of EGTP

revenues net of purchased power and fuel expense resulting from its deconsolidation in the fourth quarter of 2017, lower realized energy prices, lower energy efficiency revenues, decreased revenues related to the sale of Generation's electrical contracting business in 2018 and increased nuclear outage days, partially offset by the impact of the Illinois ZES and increased capacity prices. The decrease in Operating and maintenance expenses is primarily due to charges to earnings related to the impairment of the EGTP assets held for sale in 2017, decreased costs related to the sale of Generation's electrical contracting business in 2018 and decreased spending related to energy efficiency projects, partially offset by a charge associated with a remeasurement of the Oyster Creek ARO. The increase in Depreciation and amortization is primarily due to accelerated depreciation and amortization expenses associated with Generation's decision to early retire the Oyster Creek and TMI nuclear facilities. The decrease in Other income is primarily due to the change in realized and unrealized gains and losses on NDT funds. The decrease in Income taxes is primarily due to tax savings related to the TCJA.

Nine Months Ended September 30, 2018 Compared to Nine Months Ended September 30, 2017 . Generation’s Net income attributable to membership interest for the nine months ended September 30, 2018 increased compared to the same period in 2017 , primarily due to higher Revenue net of purchased power and fuel expense, lower Operating and maintenance expenses and lower Income taxes, partially offset by higher Depreciation and amortization expenses, a Bargain purchase gain in 2017 and lower Other income. The increase in Revenue net of purchased power and fuel expense primarily relates to the impacts of the New York CES and Illinois ZES (including the impact of zero emission credits generated in Illinois from June 1, 2017 through December 31, 2017), increased capacity prices, the acquisition of the FitzPatrick nuclear facility, decreased nuclear outage days, the addition of two combined-cycle gas turbines in Texas and the impacts of Generation's natural gas portfolio, partially offset by lower realized energy prices, the absence of EGTP revenues net of purchased power and fuel expense resulting from its deconsolidation in the fourth quarter of 2017, lower energy efficiency revenues and decreased revenues related to the sale of Generation's electrical contracting business in 2018. The decrease in Operating and maintenance is primarily due to the impairment of EGTP assets held for sale in 2017, decreased nuclear outage days in 2018 , the impact of a supplemental NEIL distribution, certain costs associated with mergers and acquisitions related to t he PHI and FitzPatrick acquisitions, decreased costs related to the sale of Generation's electrical contracting business in 2018 and decreased spending related to energy efficiency projects, partially offset by one-time charges associated with Generation's decision to early retire the TMI and Oyster Creek nuclear facilities. The increase in Depreciation and amortization is primarily due to accelerated depreciation and amortization expenses associated with Generation's decision to early retire the Oyster Creek and TMI nuclear facilities. The Bargain purchase gain in 2017 is due to the acquisition of the FitzPatrick nuclear facility. The decrease in Other income is primarily due to the change in unrealized gains and losses on NDT funds.

Revenues Net of Purchased Power and Fuel Expense

The basis for Generation's reportable segments is the integrated management of its electricity business that is located in different geographic regions, and largely representative of the footprints of ISO/RTO and/or NERC regions, which utilize multiple supply sources to provide electricity through various distribution channels (wholesale and retail). Generation's hedging strategies and risk metrics are also aligned with these same geographic regions. Descriptions of each of Generation’s six reportable segments are as follows:

- Mid-Atlantic represents operations in the eastern half of PJM, which includes New Jersey, Maryland, Virginia, West Virginia, Delaware, the District of Columbia and parts of Pennsylvania and North Carolina.

- Midwest represents operations in the western half of PJM, which includes portions of Illinois, Pennsylvania, Indiana, Ohio, Michigan, Kentucky and Tennessee, and the United States footprint of MISO, excluding MISO’s Southern Region, which covers all or most of North Dakota,

South Dakota, Nebraska, Minnesota, Iowa, Wisconsin, the remaining parts of Illinois, Indiana, Michigan and Ohio not covered by PJM, and parts of Montana, Missouri and Kentucky.

- New England represents the operations within ISO-NE covering the states of Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.

- New York represents operations within ISO-NY, which covers the state of New York in its entirety.

- ERCOT represents operations within Electric Reliability Council of Texas, covering most of the state of Texas.

- Other Power Regions :

  - South represents operations in the FRCC, MISO's Southern Region, and the remaining portions of the SERC not included within MISO or PJM, which includes all or most of Florida, Arkansas, Louisiana, Mississippi, Alabama, Georgia, Tennessee, North Carolina, South Carolina and parts of Missouri, Kentucky and Texas. Generation's South region also includes operations in the SPP, covering Kansas, Oklahoma, most of Nebraska and parts of New Mexico, Texas, Louisiana, Missouri, Mississippi and Arkansas.

  - West represents operations in the WECC, which includes California ISO, and covers the states of California, Oregon, Washington, Arizona, Nevada, Utah, Idaho, Colorado, and parts of New Mexico, Wyoming and South Dakota.

  - Canada represents operations across the entire country of Canada and includes AESO, OIESO and the Canadian portion of MISO.

The following business activities are not allocated to a region, and are reported under Other: natural gas, as well as other miscellaneous business activities that are not significant to Generation's overall operating revenues or results of operations. Further, the following activities are not allocated to a region, and are reported in Other: amortization of certain intangible assets relating to commodity contracts recorded at fair value from mergers and acquisitions; accelerated nuclear fuel amortization associated with nuclear decommissioning; and other miscellaneous revenues.

Generation evaluates the operating performance of its electric business activities using the measure of Revenue net of purchased power and fuel expense, which is a non-GAAP measurement. Generation's operating revenues include all sales to third parties and affiliated sales to the Utility Registrants. Purchased power costs include all costs associated with the procurement and supply of electricity including capacity, energy and ancillary services. Fuel expense includes the fuel costs for owned generation and fuel costs associated with tolling agreements.

For the three and nine months ended September 30, 2018 and 2017 , Generation's Revenue net of purchased power and fuel expense by region were as follows:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2018	2017	Variance	% Change	2018	2017	Variance	% Change
Mid-Atlantic [(a)]	$ 763	$ 855	$ (92)	(10.8)%	$ 2,348	$ 2,411	$ (63)	(2.6)%
Midwest [(b)]	768	697	71	10.2 %	2,400	2,140	260	12.1 %
New England	81	145	(64)	(44.1)%	298	403	(105)	(26.1)%
New York [(d)]	292	295	(3)	(1.0)%	841	707	134	19.0 %
ERCOT	98	118	(20)	(16.9)%	216	258	(42)	(16.3)%
Other Power Regions	99	68	31	45.6 %	309	220	89	40.5 %
Total electric revenue net of purchased power and fuel expense	2,101	2,178	(77)	(3.5)%	6,412	6,139	273	4.4 %
Proprietary Trading	5	4	1	25.0 %	39	11	28	254.5 %
Mark-to-market gains (losses)	71	73	(2)	(2.7)%	(104)	(161)	57	(35.4)%
Other [(c)]	121	164	(43)	(26.2)%	469	568	(99)	(17.4)%
Total revenue net of purchased power and fuel expense	$ 2,298	$ 2,419	$ (121)	(5.0)%	$ 6,816	$ 6,557	$ 259	3.9 %

(a) Results of transactions with PECO and BGE are included in the Mid-Atlantic region. Results of transactions with Pepco, DPL and ACE are included in the Mid-Atlantic region.
(b) Results of transactions with ComEd are included in the Midwest region.
(c) Other represents activities not allocated to a region. See text above for a description of included activities. Includes amortization of intangible assets related to commodity contracts recorded at fair value of a $19 million decrease to revenue net of purchased power and fuel expense for the three months ended September 30, 2017 , and accelerated nuclear fuel amortization associated with announced early plant retirements as discussed in Note 8 — Early Plant Retirements of the Combined Notes to Consolidated Financial Statements of a $18 million decrease and $6 million decrease to revenue net of purchased power and fuel expense for the three months ended September 30, 2018 and 2017 , respectively. Also includes amortization of intangible assets related to commodity contracts recorded at fair value of a $41 million decrease to revenue net of purchased power and fuel expense for the nine months ended September 30, 2017 , and accelerated nuclear fuel amortization associated with announced early plant retirements as discussed in Note 8 — Early Plant Retirements of the Combined Notes to Consolidated Financial Statements of a $53 million decrease and $8 million decrease to revenue net of purchased power and fuel expense for the nine months ended September 30, 2018 and 2017 , respectively.
(d) Includes the ownership of the FitzPatrick nuclear facility from March 31, 2017.

Generation's supply sources by region are summarized below:

Supply source (GWhs)	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	Variance	% Change	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017	Variance	% Change
Nuclear Generation								
Mid-Atlantic [(a)]	16,197	16,480	(283)	(1.7)%	48,924	48,271	653	1.4 %
Midwest	23,834	24,362	(528)	(2.2)%	70,532	69,422	1,110	1.6 %
New York [(a)(c)]	6,518	6,905	(387)	(5.6)%	19,758	17,623	2,135	12.1 %
Total Nuclear Generation	46,549	47,747	(1,198)	(2.5)%	139,214	135,316	3,898	2.9 %
Fossil and Renewables								
Mid-Atlantic	853	596	257	43.1 %	2,660	2,330	330	14.2 %
Midwest	244	218	26	11.9 %	1,020	1,053	(33)	(3.1)%
New England	1,339	1,919	(580)	(30.2)%	4,189	5,921	(1,732)	(29.3)%
New York	1	1	—	— %	3	3	—	— %
ERCOT	3,137	5,703	(2,566)	(45.0)%	8,389	9,388	(999)	(10.6)%
Other Power Regions	2,289	2,149	140	6.5 %	6,503	5,656	847	15.0 %
Total Fossil and Renewables	7,863	10,586	(2,723)	(25.7)%	22,764	24,351	(1,587)	(6.5)%
Purchased Power								
Mid-Atlantic	3,504	2,541	963	37.9 %	4,828	8,840	(4,012)	(45.4)%
Midwest	174	217	(43)	(19.8)%	733	1,018	(285)	(28.0)%
New England	7,217	4,513	2,704	59.9 %	18,607	13,920	4,687	33.7 %
New York	—	—	—	— %	—	28	(28)	(100.0)%
ERCOT	1,811	1,199	612	51.0 %	5,504	5,724	(220)	(3.8)%
Other Power Regions	5,488	3,982	1,506	37.8 %	14,124	10,357	3,767	36.4 %
Total Purchased Power	18,194	12,452	5,742	46.1 %	43,796	39,887	3,909	9.8 %
Total Supply/Sales by Region								
Mid-Atlantic [(b)]	20,554	19,617	937	4.8 %	56,412	59,441	(3,029)	(5.1)%
Midwest [(b)]	24,252	24,797	(545)	(2.2)%	72,285	71,493	792	1.1 %
New England	8,556	6,432	2,124	33.0 %	22,796	19,841	2,955	14.9 %
New York	6,519	6,906	(387)	(5.6)%	19,761	17,654	2,107	11.9 %
ERCOT	4,948	6,902	(1,954)	(28.3)%	13,893	15,112	(1,219)	(8.1)%
Other Power Regions	7,777	6,131	1,646	26.8 %	20,627	16,013	4,614	28.8 %
Total Supply/Sales by Region	72,606	70,785	1,821	2.6 %	205,774	199,554	6,220	3.1 %

(a) Includes the proportionate share of output where Generation has an undivided ownership interest in jointly-owned generating plants and includes the total output of plants that are fully consolidated (e.g. CENG).
(b) Includes affiliate sales to PECO and BGE in the Mid-Atlantic region, affiliate sales to ComEd in the Midwest region and affiliate sales to Pepco, DPL and ACE in the Mid-Atlantic region.
(c) Includes the ownership of the FitzPatrick nuclear facility from March 31, 2017.

Mid-Atlantic

Three Months Ended September 30, 2018 Compared to Three Months Ended September 30, 2017 . The $92 million decrease in Revenue net of purchased power and fuel expense in the Mid-Atlantic primarily reflects lower realized energy prices, partially offset by increased capacity prices.

Nine Months Ended September 30, 2018 Compared to Nine Months Ended September 30, 2017 . The $63 million decrease in Revenue net of purchased power and fuel expense in the Mid-Atlantic primarily reflects lower realized energy prices, partially offset by increased capacity prices and decreased nuclear outage days.

Midwest

Three Months Ended September 30, 2018 Compared to Three Months Ended September 30, 2017 . The $71 million increase in Revenue net of purchased power and fuel expense in the Midwest was primarily due to the impact of the Illinois ZES and increased capacity prices, partially offset by increased nuclear outage days.

Nine Months Ended September 30, 2018 Compared to Nine Months Ended September 30, 2017 . The $260 million increase in Revenue net of purchased power and fuel expense in the Midwest was primarily due to the impact of the Illinois ZES (including the impact of zero emission credits generated in Illinois from June 1, 2017 through December 31, 2017), increased capacity prices, and decreased nuclear outage days, partially offset by lower realized energy prices.

New England

Three Months Ended September 30, 2018 Compared to Three Months Ended September 30, 2017 . The $64 million decrease in Revenue net of purchased power and fuel expense in New England primarily reflects lower realized energy prices and decreased capacity prices.

Nine Months Ended September 30, 2018 Compared to Nine Months Ended September 30, 2017 . The $105 million decrease in Revenue net of purchased power and fuel expense in New England primarily reflects lower realized energy prices, partially offset by increased capacity prices.

New York

Three Months Ended September 30, 2018 Compared to Three Months Ended September 30, 2017 . The $3 million decrease in Revenue net of purchased power and fuel expense in New York was primarily due to increased nuclear outage days and the resulting decreased ZEC revenues related to New York CES, partially offset by higher realized energy prices and increased capacity prices.

Nine Months Ended September 30, 2018 Compared to Nine Months Ended September 30, 2017 . The $134 million increase in Revenue net of purchased power and fuel expense in New York was primarily due to the impact of the New York CES and the acquisition of FitzPatrick, partially offset by the conclusion of the Ginna Reliability Support Service Agreement in Q1 2017.

ERCOT

Three Months Ended September 30, 2018 Compared to Three Months Ended September 30, 2017 . The $20 million decrease in Revenue net of purchased power and fuel expense in ERCOT was primarily due to the deconsolidation of EGTP in 2017, partially offset by higher realized energy prices and the addition of two combined-cycle gas turbines in Texas.

Nine Months Ended September 30, 2018 Compared to Nine Months Ended September 30, 2017 . The $42 million decrease in Revenue net of purchased power and fuel expense in ERCOT was

primarily due to the deconsolidation of EGTP in 2017, partially offset by the addition of two combined-cycle gas turbines in Texas and higher realized energy prices.

Other Power Regions

Three Months Ended September 30, 2018 Compared to Three Months Ended September 30, 2017 . The $31 million increase in Revenue net of purchased power and fuel expense in Other Power Regions was primarily due to higher realized energy prices.

Nine Months Ended September 30, 2018 Compared to Nine Months Ended September 30, 2017 . The $89 million increase in Revenue net of purchased power and fuel expense in Other Power Regions was primarily due to higher realized energy prices.

Proprietary Trading

Three Months Ended September 30, 2018 Compared to Three Months Ended September 30, 2017 . The $1 million increase in Revenue net of purchased power and fuel expense in Proprietary Trading was primarily due to congestion activity.

Nine Months Ended September 30, 2018 Compared to Nine Months Ended September 30, 2017 . The $28 million increase in Revenue net of purchased power and fuel expense in Proprietary Trading was primarily due to congestion activity.

Mark-to-market

Three Months Ended September 30, 2018 Compared to Three Months Ended September 30, 2017 . Mark-to-market gains on economic hedging activities were $71 million for the three months ended September 30, 2018 compared to gains of $73 million for the three months ended September 30, 2017 . See Notes 9 — Fair Value of Financial Assets and Liabilities and 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information on gains and losses associated with mark-to-market derivatives.

Nine Months Ended September 30, 2018 Compared to Nine Months Ended September 30, 2017 . Mark-to-market losses on economic hedging activities were $104 million for the nine months ended September 30, 2018 compared to losses of $161 million for the nine months ended September 30, 2017 . See Notes 9 — Fair Value of Financial Assets and Liabilities and 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information on gains and losses associated with mark-to-market derivatives.

Other

Three Months Ended September 30, 2018 Compared to Three Months Ended September 30, 2017 . The $43 million decrease in Revenue net of purchased power and fuel expense in Other was due to the decline in revenues related to the energy efficiency business, the sale of Generation's electrical contracting business in 2018, and accelerated nuclear fuel amortization associated with announced early plant retirements as discussed in Note 8 — Early Plant Retirements of the Combined Notes to Consolidated Financial Statements, partially offset by the absence of amortization of energy contracts recorded at fair value associated with prior acquisitions.

Nine Months Ended September 30, 2018 Compared to Nine Months Ended September 30, 2017 . The $99 million decrease in Revenue net of purchased power and fuel expense in Other was due to the decline in revenues related to the energy efficiency business, the sale of Generation's electrical contracting business in 2018, and accelerated nuclear fuel amortization associated with announced early plant retirements as discussed in Note 8 — Early Plant Retirements of the Combined Notes to Consolidated Financial Statements, partially offset by Generation's higher natural gas portfolio

optimization and the absence of amortization of energy contracts recorded at fair value associated with prior acquisitions.

Nuclear Fleet Capacity Factor

The following table presents nuclear fleet operating data for the three and nine months ended September 30, 2018 compared to the same period in 2017 for the Generation-operated plants. The nuclear fleet capacity factor presented in the table is defined as the ratio of the actual output of a plant over a period of time to its output if the plant had operated at full average annual mean capacity for that time period. Generation considers capacity factor to be a useful measure to analyze the nuclear fleet performance between periods. Generation has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, these measures are not a presentation defined under GAAP and may not be comparable to other companies' presentations or be more useful than the GAAP information provided elsewhere in this report.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Nuclear fleet capacity factor [(a)]	93.6%	96.1%	94.4%	93.7%
Refueling outage days [(a)]	36	13	198	233
Non-refueling outage days [(a)]	12	15	20	35

(a) Reflects ownership percentage of stations operated by Exelon. Excludes Salem, which is operated by PSEG Nuclear, LLC. Includes the ownership of the FitzPatrick nuclear facility from March 31, 2017.

Operating and Maintenance Expense

The changes in Operating and maintenance expense for the three and nine months ended September 30, 2018 as compared to the same period in 2017 , consisted of the following:

	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2018
	Increase (Decrease) [a]	Increase (Decrease) [a]
Labor, other benefits, contracting, materials [b]	$ (50)	$ (163)
Nuclear refueling outage costs, including the co-owned Salem plants [c]	40	(56)
Insurance [d]	(2)	(38)
Merger and integration costs [e]	(11)	(66)
Plant retirements and divestitures [f]	90	47
Change in environmental liabilities	(12)	(5)
Long-lived asset impairments [g]	(33)	(411)
Pension and non-pension postretirement benefits expense	(7)	(18)
Allowance for uncollectible accounts	(3)	(13)
Other	(18)	(30)
Decrease in Operating and maintenance expense	$ (6)	$ (753)

(a) The financial results include Generation's acquisition of the FitzPatrick nuclear generating station from March 31, 2017.
(b) Primarily reflects decreased spending related to energy efficiency projects and decreased costs related to the sale of Generation's electrical contracting business in 2018.
(c) Primarily reflects an increase in the number of nuclear outage days for the three months ended September 30, 2018 compared to the same period in 2017 and a decrease in the number of nuclear outage days for the nine months ended September 30, 2018 compared to the same period in 2017 .
(d) Primarily reflects the impact of a supplemental NEIL insurance distribution.
(e) Primarily reflects certain costs associated with mergers and acquisitions, including, if and when applicable, professional fees, employee-related expenses and integration activities related to the PHI and FitzPatrick acquisitions in 2017, and the PHI acquisition in 2018.
(f) Primarily reflects one-time charges associated with Generation’s decision to early retire the Oyster Creek nuclear facility including ARO in 2018 and the TMI nuclear facility in 2017.
(g) Primarily reflects charges to earnings related to the impairment of the EGTP assets held for sale in 2017, and in 2018 the impairment of certain wind projects at Generation.

Depreciation and Amortization Expense

Depreciation and amortization expense for the three and nine months ended September 30, 2018 compared to the same period in 2017 increased primarily due to accelerated depreciation and amortization due to Generation's decision to early retire the Oyster Creek and TMI nuclear facilities.

Taxes Other Than Income

Taxes other than income, which can vary period to period, include non-income municipal and state utility taxes, real estate taxes and payroll taxes. Taxes other than income for the three and nine months ended September 30, 2018 compared to the same period in 2017 remained relatively consistent.

(Loss) gain on Sales of Assets and Businesses

Loss on sales of assets and businesses for the three months ended September 30, 2018 compared to the same period in 2017 remained relatively consistent. Gain on sales of assets and businesses for the nine months ended September 30, 2018 compared to the same period in 2017 increased primarily due to Generation's 2018 sale of its electrical contracting business.

Bargain Purchase Gain

Bargain purchase gain for the three and nine months ended September 30, 2018 compared to the same period in 2017 decreased as a result of the gain associated with the FitzPatrick acquisition in 2017. See Note 4 — Mergers, Acquisitions and Dispositions of the Combined Notes to Consolidated Financial Statements for additional information.

Interest Expense, Net

Interest expense, net for the three and nine months ended September 30, 2018 compared to the same period in 2017 primarily reflects decreased interest expense due to the retirement of long-term debt.

Other, Net

Other, net for the three and nine months ended September 30, 2018 compared to the same period in 2017 decreased primarily due to the change in the realized and unrealized gains and losses related to NDT funds of Non-Regulatory Agreement Units as described in the table below. Other, net also reflects $29 million and $37 million for the three months ended September 30, 2018 and 2017 , respectively, and $24 million and $129 million for the nine months ended September 30, 2018 and 2017 , respectively, related to the contractual elimination of income tax expense associated with the NDT funds of the Regulatory Agreement Units. See Note 13 — Asset Retirement Obligations of the Combined Notes to Consolidated Financial Statements for additional information regarding NDT funds.

The following table provides unrealized and realized gains and losses on the NDT funds of the Non-Regulatory Agreement Units recognized in Other, net for the three and nine months ended September 30, 2018 and 2017 :

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Net unrealized gains (losses) on decommissioning trust funds	$ 72	$ 111	$ (143)	$ 347
Net realized gains on sale of decommissioning trust funds	29	33	164	82

Equity in Losses of Unconsolidated Affiliates

Equity in losses of unconsolidated affiliates for the three and nine months ended September 30, 2018 compared to the same period in 2017 remained relatively consistent.

Effective Income Tax Rate

Generation's effective income tax rate was 20.1% and 40.3% for the three months ended September 30, 2018 and 2017 , respectively. Generation's effective income tax rate was 13.8% and 28.7% for the nine months ended September 30, 2018 and 2017 , respectively. The decrease in the effective income tax rate for the three and nine months ended September 30, 2018 compared to the same periods in 2017 is primarily related to tax savings due to the lower federal income tax rate as a result of the TCJA. See Note 12 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information of the change in the effective income tax rate.

Results of Operations — ComEd

	Three Months Ended September 30,		Favorable (Unfavorable) Variance	Nine Months Ended September 30,		Favorable (Unfavorable) Variance
	2018	2017		2018	2017	
Operating revenues	$ 1,598	$ 1,571	$ 27	$ 4,508	$ 4,227	$ 281
Purchased power expense	619	529	(90)	1,702	1,241	(461)
Revenues net of purchased power expense (a)(b)	979	1,042	(63)	2,806	2,986	(180)
Other operating expenses						
Operating and maintenance	337	346	9	974	1,096	122
Depreciation and amortization	237	212	(25)	696	631	(65)
Taxes other than income	82	80	(2)	238	223	(15)
Total other operating expenses	656	638	(18)	1,908	1,950	42
Gain on sales of assets	—	—	—	5	—	5
Operating income	323	404	(81)	903	1,036	(133)
Other income and (deductions)						
Interest expense, net	(85)	(89)	4	(261)	(275)	14
Other, net	7	5	2	21	14	7
Total other income and (deductions)	(78)	(84)	6	(240)	(261)	21
Income before income taxes	245	320	(75)	663	775	(112)
Income taxes	52	131	79	140	328	188
Net income	$ 193	$ 189	$ 4	$ 523	$ 447	$ 76

(a) ComEd evaluates its operating performance using the measure of Revenue net of purchased power expense. ComEd believes that Revenue net of purchased power expense is a useful measurement because it provides information that can be used to evaluate its operational performance. In general, ComEd only earns margin based on the delivery and transmission of electricity. ComEd has included its discussion of Revenue net of purchased power expense below as a complement to the financial information provided in accordance with GAAP. However, Revenue net of purchased power expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

(b) For regulatory recovery mechanisms, including ComEd's electric distribution and transmission formula rates, and riders, revenues increase and decrease i) as fully recoverable costs fluctuate (with no impact on net earnings), and ii) pursuant to changes in rate base, capital structure and ROE (which impact net earnings).

Net Income

Three Months Ended September 30, 2018 Compared to Three Months Ended September 30, 2017 . ComEd's Net income for the three months ended September 30, 2018 was higher than the same period in 2017 primarily due to higher electric distribution and energy efficiency formula rate earnings. The TCJA did not significantly impact ComEd's net income for the three months ended September 30, 2018 as the favorable income tax impacts were predominantly offset by lower revenues resulting from the pass back of the tax savings through customer rates.

Nine Months Ended September 30, 2018 Compared to Nine Months Ended September 30, 2017 . ComEd's Net income for the nine months ended September 30, 2018 was higher than the same period in 2017 primarily due to higher electric distribution and energy efficiency formula rate earnings as well as additional tax and interest recorded in the second quarter of 2017 relating to Exelon's like-kind exchange tax position. The TCJA did not significantly impact ComEd's net income for the nine

months ended September 30, 2018 as the favorable income tax impacts were predominantly offset by lower revenues resulting from the pass back of the tax savings through customer rates.

Revenues Net of Purchased Power Expense

There are certain drivers of Operating revenues that are fully offset by their impact on Purchased power expense, such as commodity, REC, and ZEC procurement costs and participation in customer choice programs. ComEd is permitted to recover electricity, REC, and ZEC procurement costs from retail customers without mark-up. Therefore, fluctuations in these costs have no impact on Revenue net of purchased power expense. See Note 3 — Regulatory Matters of the Exelon 2017 Form 10-K for additional information on ComEd's electricity procurement process.

All ComEd customers have the choice to purchase electricity from a competitive electric generation supplier. Customer choice programs do not impact ComEd's volume of deliveries but do affect ComEd's Operating revenues related to supplied energy, which is fully offset in Purchased power expense. Therefore, customer choice programs have no impact on Revenue net of purchased power expense.

Retail deliveries purchased from competitive electric generation suppliers (as a percentage of kWh sales) for the three and nine months ended September 30, 2018 and 2017 , consisted of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Electric	67%	68%	68%	70%

Retail customers purchasing electric generation from competitive electric generation suppliers at September 30, 2018 and 2017 consisted of the following:

	September 30, 2018		September 30, 2017	
	Number of customers	% of total retail customers	Number of customers	% of total retail customers
Electric	1,367,700	34%	1,360,800	34%

The changes in ComEd's Revenue net of purchased power expense for the three and nine months ended September 30, 2018 compared to the same period in 2017 consisted of the following:

	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2018
	Increase (Decrease)	Increase (Decrease)
Electric distribution revenue	$ (59)	$ (126)
Transmission revenue	(16)	(32)
Energy efficiency revenue [(a)]	14	31
Regulatory required programs [(a)]	(1)	(95)
Uncollectible accounts recovery, net	2	5
Other	(3)	37
Total decrease	$ (63)	$ (180)

(a) Beginning on June 1, 2017, ComEd is deferring energy efficiency costs as a regulatory asset that will be recovered through the energy efficiency formula rate over the weighted average useful life of the related energy efficiency measures.

Revenue Decoupling. The demand for electricity is affected by weather conditions. Under FEJA, ComEd revised its electric distribution rate formula effective January 1, 2017 to eliminate the favorable and unfavorable impacts on Operating revenues associated with variations in delivery volumes associated with above or below normal weather, numbers of customers or usage per customer.

Heating and cooling degree-days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree-days for a 30-year period in ComEd's service territory with cooling degree-days generally having a more significant impact to ComEd, particularly during the summer months. The changes in heating and cooling degree-days in ComEd's service territory for the three and nine months ended September 30, 2018 and 2017 , consisted of the following:

Heating and Cooling Degree-Days				% Change	
Three Months Ended September 30,	2018	2017	Normal	2018 vs. 2017	2018 vs. Normal
Heating Degree-Days	56	42	97	33.3%	(42.3)%
Cooling Degree-Days	895	699	641	28.0%	39.6 %
Nine Months Ended September 30,					
Heating Degree-Days	3,993	3,269	3,972	22.1%	0.5 %
Cooling Degree-Days	1,259	962	882	30.9%	42.7 %

Electric Distribution Revenue. EIMA and FEJA provide for a performance-based formula rate, which requires an annual reconciliation of the revenue requirement in effect to the actual costs that the ICC determines are prudently and reasonably incurred in a given year. Electric distribution revenue varies from year to year based upon fluctuations in the underlying costs, investments being recovered, and allowed ROE. ComEd's allowed ROE is the annual average rate on 30-year treasury notes plus 580 basis points. In addition, ComEd's allowed ROE is subject to reduction if ComEd does not deliver the reliability and customer service benefits to which it has committed over the ten-year life of the investment program. Electric distribution revenue decreased during the three and nine months ended September 30, 2018 , primarily due to the impact of the lower federal income tax rate, partially offset by increased revenues due to higher rate base and increased depreciation expense as compared to the same period in 2017 . See Depreciation and amortization expense discussions below and Note 6 — Regulatory Matters and Note 12 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information.

Transmission Revenue. Under a FERC-approved formula, transmission revenue varies from year to year based upon fluctuations in the underlying costs, capital investments being recovered and the highest daily peak load, which is updated annually in January based on the prior calendar year. Generally, increases/decreases in the highest daily peak load will result in higher/lower transmission revenue. For the three months ended September 30, 2018 , ComEd recorded decreased transmission revenue primarily due to the impact of the lower federal income tax rate, partially offset by increased revenues due to higher rate base and increased depreciation expense as compared to the same period in 2017 . For the nine months ended September 30, 2018 , ComEd recorded decreased transmission revenue primarily due to the decreased peak load and the impact of the lower federal income tax rate, partially offset by increased revenues due to higher rate base and increased depreciation expense as compared to the same period in 2017 . See Operating and maintenance expense below and Note 6 — Regulatory Matters and Note 12 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information.

Energy Efficiency Revenue. Beginning June 1, 2017, FEJA provides for a performance-based formula rate, which requires an annual reconciliation of the revenue requirement in effect to the actual

costs that the ICC determines are prudently and reasonably incurred in a given year. Under FEJA, energy efficiency revenue varies from year to year based upon fluctuations in the underlying costs, investments being recovered, and allowed ROE. ComEd's allowed ROE is the annual average rate on 30-year treasury notes plus 580 basis points. Beginning January 1, 2018, ComEd's allowed ROE is subject to a maximum downward or upward adjustment of 200 basis points if ComEd's cumulative persisting annual MWh savings falls short of or exceeds specified percentage benchmarks of its annual incremental savings goal. See Depreciation and amortization expense discussions below and Note 6 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Regulatory Required Programs. This represents the change in Operating revenues collected under approved rate riders to recover costs incurred for regulatory programs such as ComEd's purchased power administrative costs and energy efficiency and demand response through June 1, 2017 pursuant to FEJA. The riders are designed to provide full and current cost recovery. An equal and offsetting amount has been included in Operating and maintenance expense. See Operating and maintenance expense discussion below for additional information on included programs.

Uncollectible Accounts Recovery, Net. Uncollectible accounts recovery, net represents recoveries under ComEd's uncollectible accounts tariff. See Operating and maintenance expense discussion below for additional information on this tariff.

Other. Other revenue, which can vary period to period, includes rental revenue, revenue related to late payment charges, assistance provided to other utilities through mutual assistance programs, recoveries of environmental costs associated with MGP sites, and recoveries of energy procurement costs. The increase in Other revenue for the nine months ended September 30, 2018 compared to the same period in 2017 primarily reflects mutual assistance revenues associated with hurricane and winter storm restoration efforts. An equal and offsetting amount has been included in Operating and maintenance expense and Taxes other than income.

Operating and Maintenance Expense

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2018	2017	Increase (Decrease)	2018	2017	Increase (Decrease)
Operating and maintenance expense — baseline	$ 336	$ 344	$ (8)	$ 973	$ 1,000	$ (27)
Operating and maintenance expense — regulatory required programs [(a)]	1	2	$ (1)	1	96	(95)
Total Operating and maintenance expense	$ 337	$ 346	$ (9)	$ 974	$ 1,096	$ (122)

(a) Operating and maintenance expense for regulatory required programs are costs for various legislative and/or regulatory programs that are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in Operating revenues.

The decrease in Operating and maintenance expense for the three and nine months ended September 30, 2018 compared to the same period in 2017 , consisted of the following:

	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2018
	Increase (Decrease)	Increase (Decrease)
Baseline		
Labor, other benefits, contracting and materials [a]	$ (1)	$ (3)
Pension and non-pension postretirement benefits expense [a]	(1)	(1)
Storm-related costs	(5)	(21)
Uncollectible accounts expense — provision [b]	7	11
Uncollectible accounts expense — recovery, net [b]	(5)	(6)
BSC costs [a]	(9)	(8)
Other [a]	6	1
	(8)	(27)
Regulatory required programs		
Energy efficiency and demand response programs [c]	(1)	(95)
Decrease in operating and maintenance expense	$ (9)	$ (122)

(a) Includes additional costs associated with mutual assistance programs. An equal and offsetting increase has been recognized in Operating revenues for the period presented.
(b) ComEd is allowed to recover from or refund to customers the difference between the utility's annual uncollectible accounts expense and the amounts collected in rates annually through a rider mechanism. During the three and nine months ended September 30, 2018 , ComEd recorded a net increase in Operating and maintenance expense related to uncollectible accounts due to the timing of regulatory cost recovery. An equal and offsetting increase has been recognized in Operating revenues for the period presented.
(c) Beginning June 1, 2017, ComEd is deferring energy efficiency costs as a regulatory asset that will be recovered through the energy efficiency formula rate over the weighted average useful life of the related energy efficiency measures.

Depreciation and Amortization Expense

The increase in Depreciation and amortization expense during the three and nine months ended September 30, 2018 compared to the same period in 2017 , consisted of the following:

	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2018
	Increase	Increase
Depreciation expense [a]	$ 9	$ 30
Regulatory asset amortization [b]	16	35
Total increase	$ 25	$ 65

(a) Primarily reflects ongoing capital expenditures for the three and nine months ended September 30, 2018 .
(b) Beginning in June 2017, includes amortization of ComEd's energy efficiency formula rate regulatory asset.

Taxes Other Than Income

Taxes other than income, which can vary year to year, include municipal and state utility taxes, real estate taxes and payroll taxes.

Gain on Sales of Assets

The increase in Gain on sales of assets during the nine months ended September 30, 2018 compared to the same period in 2017 , is primarily due to the sale of land in March 2018.

Interest Expense, Net

The changes in Interest expense, net, for the three and nine months ended September 30, 2018 compared to the same period in 2017 consisted of the following:

	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2018
	Increase (Decrease)	Increase (Decrease)
Interest expense related to uncertain tax positions [(a)]	$ —	$ (13)
Interest expense on debt (including financing trusts)	(2)	2
Other	(2)	(3)
Total decrease	$ (4)	$ (14)

(a) Primarily reflects additional interest recorded in the second quarter of 2017 related to Exelon's like-kind exchange tax position.

Other, Net

Other, net, remained relatively consistent for the three and nine months ended September 30, 2018 compared to the same period in 2017 .

Effective Income Tax Rate

ComEd's effective income tax rate was 21.2% and 40.9% for the three months ended September 30, 2018 and 2017 , respectively. ComEd's effective income tax rate was 21.1% and 42.3% f or the nine months ended September 30, 2018 and 2017 , respectively . The decrease in the effective income tax rate for the three and nine months ended September 30, 2018 compared to the same period in 2017 is primarily due to the lower federal income tax rate as a result of the TCJA. See Note 12 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

ComEd Electric Operating Statistics Detail

Retail Deliveries to Customers (in GWhs)	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	% Change	Weather-Normal % Change	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017	% Change	Weather-Normal % Change
Retail Deliveries [(a)]								
Residential	8,845	8,004	10.5 %	(1.5)%	22,019	20,164	9.2%	0.1%
Small commercial & industrial	8,626	8,488	1.6 %	(1.0)%	24,204	23,634	2.4%	—%
Large commercial & industrial	7,450	7,232	3.0 %	1.1 %	21,398	20,712	3.3%	1.6%
Public authorities & electric railroads	301	302	(0.3)%	(0.5)%	947	928	2.0%	1.2%
Total retail deliveries	25,222	24,026	5.0 %	(0.5)%	68,568	65,438	4.8%	0.6%

Number of Electric Customers	As of September 30, 2018	As of September 30, 2017
Residential	3,635,678	3,610,091
Small commercial & industrial	380,529	376,309
Large commercial & industrial	1,994	1,954
Public authorities & electric railroads	4,767	4,763
Total	4,022,968	3,993,117

(a) Reflects delivery volume from customers purchasing electricity directly from ComEd and customers purchasing electricity from a competitive electric generation supplier, as all customers are assessed delivery charges.

See Note 19 — Segment Information of the Combined Notes to Consolidated Financial Statements for the presentation of ComEd's revenue disaggregation.

Results of Operations — PECO

	Three Months Ended September 30,		Favorable (Unfavorable) Variance	Nine Months Ended September 30,		Favorable (Unfavorable) Variance
	2018	2017		2018	2017	
Operating revenues	$ 757	$ 715	$ 42	$ 2,275	$ 2,141	$ 134
Purchased power and fuel expense	263	235	(28)	818	719	(99)
Revenues net of purchased power and fuel expense [(a)]	494	480	14	1,457	1,422	35
Other operating expenses						
Operating and maintenance	219	197	(22)	686	595	(91)
Depreciation and amortization	75	72	(3)	224	213	(11)
Taxes other than income	46	42	(4)	125	116	(9)
Total other operating expenses	340	311	(29)	1,035	924	(111)
Gain on sales of assets	—	—	—	1	—	1
Operating income	154	169	(15)	423	498	(75)
Other income and (deductions)						
Interest expense, net	(32)	(31)	(1)	(96)	(93)	(3)
Other, net	2	2	—	4	6	(2)
Total other income and (deductions)	(30)	(29)	(1)	(92)	(87)	(5)
Income before income taxes	124	140	(16)	331	411	(80)
Income taxes	(2)	28	30	(5)	84	89
Net income	$ 126	$ 112	$ 14	$ 336	$ 327	$ 9

(a) PECO evaluates its operating performance using the measures of revenue net of purchased power expense for electric sales and revenue net of fuel expense for gas sales. PECO believes revenue net of purchased power expense and revenue net of fuel expense are useful measurements of its performance because they provide information that can be used to evaluate its net revenue from operations. PECO has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, revenue net of purchased power expense and revenue net of fuel expense figures are not presentations defined under GAAP and may not be comparable to other companies' presentations or more useful than the GAAP information provided elsewhere in this report.

Net Income

Three Months Ended September 30, 2018 Compared to Three Months Ended September 30, 2017 . PECO's Net income increased from the same period in 2017 , primarily due to higher Operating revenues net of purchase power and fuel expense attributable to favorable weather and volume. The TCJA did not significantly impact PECO's Net income for the three and nine months ended September 30, 2018 as the favorable income tax impacts were predominantly offset by lower revenues resulting from the requirement to pass back the tax savings through customer rates.

Nine Months Ended September 30, 2018 Compared to Nine Months Ended September 30, 2017 . PECO's Net income increased from the same period in 2017 , primarily due to higher Operating revenues net of purchase power and fuel expense attributable to favorable weather and volume, partially offset by higher Operating and maintenance expense attributable to increased storm restoration costs as a result of winter storms in March 2018. The TCJA did not significantly impact PECO's Net income for the three and nine months ended September 30, 2018 as the favorable income tax impacts were

predominantly offset by lower revenues resulting from the requirement to pass back the tax savings through customer rates.

Revenues Net of Purchased Power and Fuel Expense

Electric and natural gas revenue and purchased power and fuel expense are affected by fluctuations in commodity procurement costs. PECO's electric supply and natural gas cost rates charged to customers are subject to adjustments as specified in the PAPUC-approved tariffs that are designed to recover or refund the difference between the actual cost of electric supply and natural gas and the amount included in rates in accordance with PECO's GSA and PGC, respectively. Therefore, fluctuations in electric supply and natural gas procurement costs have no impact on electric and natural gas revenue net of purchased power and fuel expense.

Electric and natural gas revenue and purchased power and fuel expense are also affected by fluctuations in participation in the Customer Choice Program. All PECO customers have the choice to purchase electricity and natural gas from competitive electric generation and natural gas suppliers, respectively. The customer's Choice of suppliers does not impact the volume of deliveries, but affects revenue collected from customers related to supplied energy and natural gas service. Customer choice program activity has no impact on electric and natural gas revenues net of purchased power and fuel expense.

Retail deliveries purchased from competitive electric generation and natural gas suppliers (as a percentage of kWh and mmcf sales, respectively) for the three and nine months ended September 30, 2018 and 2017 , consisted of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Electric	68%	70%	69%	71%
Natural Gas	31%	29%	26%	26%

Retail customers purchasing electric generation and natural gas from competitive electric generation and natural gas suppliers at September 30, 2018 and 2017 consisted of the following:

	September 30, 2018		September 30, 2017	
	Number of customers	% of total retail customers	Number of customers	% of total retail customers
Electric	536,000	33%	570,500	35%
Natural Gas	88,900	17%	82,600	16%

The changes in PECO's Operating revenues net of purchased power and fuel expense for the three and nine months ended September 30, 2018 compared to the same period in 2017 consisted of the following:

	Three Months Ended September 30, 2018			Nine Months Ended September 30, 2018		
	Increase (Decrease)			Increase (Decrease)		
	Electric	Natural Gas	Total	Electric	Natural Gas	Total
Weather	$ 20	$ 1	$ 21	$ 39	$ 19	$ 58
Volume	17	(1)	16	26	2	28
Pricing	(36)	3	(33)	(66)	(5)	(71)
Regulatory required programs	7	—	7	5	—	5
Other	3	—	3	18	(3)	15
Total increase	$ 11	$ 3	$ 14	$ 22	$ 13	$ 35

Weather. The demand for electricity and natural gas is affected by weather conditions. With respect to the electric business, very warm weather in summer months and, with respect to the electric and natural gas businesses, very cold weather in winter months are referred to as "favorable weather conditions" because these weather conditions result in increased deliveries of electricity and natural gas. Conversely, mild weather reduces demand. During the three and nine months ended September 30, 2018 compared to the same period in 2017 , Operating revenue net of purchased power and fuel increased due to favorable weather conditions.

Heating and cooling degree-days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree-days for a 30-year period in PECO's service territory. The changes in heating and cooling degree-days in PECO's service territory for the three and nine months ended September 30, 2018 compared to the same period in 2017 and normal weather consisted of the following:

Heating and Cooling Degree-Days				% Change	
Three Months Ended September 30,	2018	2017	Normal	From 2017	2018 vs. Normal
Heating Degree-Days	13	14	27	(7.1)%	(51.9)%
Cooling Degree-Days	1,124	989	999	13.7 %	12.5 %
Nine Months Ended September 30,					
Heating Degree-Days	2,892	2,437	2,912	18.7 %	(0.7)%
Cooling Degree-Days	1,506	1,404	1,383	7.3 %	8.9 %

Volume. Operating revenue net of purchased power related to delivery volume, exclusive of the effects of weather, for the three and nine months ended September 30, 2018 compared to the same period in 2017 , increased due to the impact of moderate economic and customer growth partially offset by the impact of energy efficiency initiatives on customer usages primarily in the residential class. Additionally, the increase represents a shift in the volume profile across classes from the commercial and industrial classes to the residential class.

Pricing. Operating revenues net of purchased power as a result of pricing for the three and nine months ended September 30, 2018 and operating revenues net of fuel as the result of pricing for the nine months ended September 30, 2018 compared to the same periods in 2017 decreased primarily due to the pass back through customers rates the tax savings associated with the lower federal income

tax rate. See Note 6 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Regulatory Required Programs. This represents the change in Operating revenues collected under approved riders to recover costs incurred for regulatory programs such as smart meter, energy efficiency and the GSA. The riders are designed to provide full and current cost recovery as well as a return. The costs of these programs are included in Operating and maintenance expense, Depreciation and amortization expense and Income taxes. See Operating and maintenance expense discussion below for additional information on included programs.

Other. Other revenue, which can vary period to period, primarily includes wholesale transmission revenue, rental revenue, revenue related to late payment charges and assistance provided to other utilities through mutual assistance programs.

Operating and Maintenance Expense

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2018	2017	Increase (Decrease)	2018	2017	Increase (Decrease)
Operating and maintenance expense — baseline	$ 198	$ 183	$ 15	$ 632	$ 552	$ 80
Operating and maintenance expense — regulatory required programs [(a)]	21	14	7	54	43	11
Total Operating and maintenance expense	$ 219	$ 197	$ 22	$ 686	$ 595	$ 91

(a) Operating and maintenance expenses for regulatory required programs are costs for various legislative and/or regulatory programs that are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in Operating revenues.

The changes in Operating and maintenance expense for the three and nine months ended September 30, 2018 compared to the same period in 2017 , consisted of the following:

	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2018
	Increase (Decrease)	Increase (Decrease)
Baseline		
Labor, other benefits, contracting and materials	$ (1)	$ 10
Storm-related costs [(a)]	2	61
Pension and non-pension postretirement benefits expense	(2)	(5)
Uncollectible accounts expense	6	8
Other	10	6
	15	80
Regulatory Required Programs		
Energy efficiency	7	11
Total increase	$ 22	$ 91

(a) Reflects increased costs incurred from the Q1 2018 winter storms.

Depreciation and Amortization Expense

Depreciation and amortization expense increased primarily due to ongoing capital spend for the three and nine months ended September 30, 2018 compared to the same period in 2017 .

Taxes Other Than Income

Taxes other than income, which can vary period to period, include municipal and state utility taxes, real estate taxes and payroll taxes. Taxes other than income increased for the three and nine months ended September 30, 2018 compared to the same period in 2017 due to an increase in gross receipts tax driven by an increase in electric revenue.

Interest Expense, Net

Interest expense, net for the three and nine months ended September 30, 2018 remained relatively consistent compared to the same period in 2017 .

Other, Net

Other, net for the three and nine months ended September 30, 2018 remained consistent compared to the same period in 2017 .

Effective Income Tax Rate

PECO's effective income tax rate was (1.6)% and 20.0% for the three months ended September 30, 2018 and 2017 , respectively. PECO 's effective income tax rate was (1.5)% and 20.4% f or the nine months ended September 30, 2018 and 2017 , respectively . The decrease in the effective income tax rate for the three and nine months ended September 30, 2018 compared to the same period in 2017 is primarily due to the lower federal income tax rate as a result of the TCJA. See Note 12 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

PECO Electric Operating Statistics

Retail Deliveries to Customers (in GWhs)	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	% Change	Weather - Normal % Change	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017	% Change	Weather - Normal % Change
Retail Deliveries [a]								
Residential	4,166	3,752	11.0 %	4.7 %	10,741	9,939	8.1 %	2.8 %
Small commercial & industrial	2,315	2,158	7.3 %	2.0 %	6,273	6,048	3.7 %	0.4 %
Large commercial & industrial	4,378	4,137	5.8 %	4.9 %	11,892	11,593	2.6 %	2.5 %
Public authorities & electric railroads	189	198	(4.5)%	(4.8)%	568	618	(8.1)%	(7.7)%
Total retail deliveries	11,048	10,245	7.8 %	4.0 %	29,474	28,198	4.5 %	1.9 %

Number of Electric Customers	As of September 30, 2018	As of September 30, 2017
Residential	1,476,914	1,463,906
Small commercial & industrial	152,253	150,964
Large commercial & industrial	3,124	3,112
Public authorities & electric railroads	9,561	9,665
Total	1,641,852	1,627,647

(a) Reflects delivery volumes from customers purchasing electricity directly from PECO and customers purchasing electricity from a competitive electric generation supplier as all customers are assessed distribution charges.

PECO Natural Gas Operating Statistics

Deliveries to Customers (in mmcf)	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	% Change	Weather - Normal % Change	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017	% Change	Weather - Normal % Change
Retail Deliveries [a]								
Residential	2,099	2,177	(3.6)%	0.9%	28,562	24,866	14.9%	0.2 %
Small commercial & industrial	1,776	1,814	(2.1)%	0.2%	15,792	13,944	13.3%	1.0 %
Large commercial & industrial	6	2	200.0 %	12.8%	58	15	286.7%	278.3 %
Transportation	5,693	5,674	0.3 %	3.2%	19,242	19,122	0.6%	(3.8)%
Total natural gas deliveries	9,574	9,667	(1.0)%	1.6%	63,654	57,947	9.8%	(0.8)%

Number of Natural Gas Customers	As of September 30, 2018	As of September 30, 2017
Residential	479,732	474,766
Small commercial & industrial	43,638	43,352
Large commercial & industrial	1	6
Transportation	761	771
Total	524,132	518,895

(a) Reflects delivery volumes from customers purchasing natural gas directly from PECO and customers purchasing natural gas from a competitive natural gas supplier as all customers are assessed distribution charges.

See Note 19 — Segment Information of the Combined Notes to Consolidated Financial Statements for the presentation of PECO's revenue disaggregation.

Results of Operations — BGE

	Three Months Ended September 30,		Favorable (Unfavorable) Variance	Nine Months Ended September 30,		Favorable (Unfavorable) Variance
	2018	2017		2018	2017	
Operating revenues	$ 731	$ 738	$ (7)	$ 2,369	$ 2,363	$ 6
Purchased power and fuel expense	272	269	(3)	881	853	(28)
Revenues net of purchased power and fuel expense [(a)]	459	469	(10)	1,488	1,510	(22)
Other operating expenses						
Operating and maintenance	182	175	(7)	578	532	(46)
Depreciation and amortization	110	109	(1)	358	348	(10)
Taxes other than income	64	61	(3)	188	180	(8)
Total other operating expenses	356	345	(11)	1,124	1,060	(64)
Gain on sales of assets	—	—	—	1	—	1
Operating income	103	124	(21)	365	450	(85)
Other income and (deductions)						
Interest expense, net	(27)	(26)	(1)	(78)	(80)	2
Other, net	5	4	1	14	12	2
Total other income and (deductions)	(22)	(22)	—	(64)	(68)	4
Income before income taxes	81	102	(21)	301	382	(81)
Income taxes	18	40	22	59	151	92
Net income	$ 63	$ 62	$ 1	$ 242	$ 231	$ 11

(a) BGE evaluates its operating performance using the measures of revenue net of purchased power expense for electric sales and revenue net of fuel expense for gas sales. BGE believes revenues net of purchased power and fuel expense are useful measurements of its performance because they provide information that can be used to evaluate its net revenue from operations. BGE has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, revenues net of purchased power and fuel expense figures are not a presentation defined under GAAP and may not be comparable to other companies' presentations or more useful than the GAAP information provided elsewhere in this report.

Net Income

Three Months Ended September 30, 2018 Compared to Three Months Ended September 30, 2017 . BGE's Net income for the three months ended September 30, 2018 was relatively consistent with the same period in 2017 . The TCJA did not significantly impact BGE's net income for the three months ended September 30, 2018 as the favorable income tax impacts were predominantly offset by lower revenues resulting from the pass back of the tax savings through customer rates.

Nine Months Ended September 30, 2018 Compared to Nine Months Ended September 30, 2017 . BGE's Net income for the nine months ended September 30, 2018 was higher than the same period in 2017 , due primarily to higher transmission revenues, partially offset by an increase in Operating and maintenance expense attributable to increased storm restoration costs as a result of storms in March 2018 and September 2018. The TCJA did not significantly impact BGE's net income for the nine months ended September 30, 2018 as the favorable income tax impacts were predominantly offset by lower revenues resulting from the pass back of the tax savings through customer rates.

Revenues Net of Purchased Power and Fuel Expense

There are certain drivers to Operating revenues that are offset by their impact on Purchased power and fuel expense, such as commodity procurement costs and programs allowing customers to select a competitive electric or natural gas supplier. Operating revenues and Purchased power and fuel expense are affected by fluctuations in commodity procurement costs. BGE's electric and natural gas rates charged to customers are subject to periodic adjustments that are designed to recover or refund the difference between the actual cost of purchased electric power and purchased natural gas and the amount included in rates in accordance with the MDPSC's market-based SOS and gas commodity programs, respectively. Therefore, fluctuations in electric supply and natural gas procurement costs have no impact on Revenues net of purchased power and fuel expense.

Electric and natural gas revenue and purchased power and fuel expense are also affected by fluctuations in the number of customers electing to use a competitive supplier for electricity and/or natural gas. All BGE customers have the choice to purchase electricity and natural gas from competitive suppliers. The customers' choice of suppliers does not impact the volume of deliveries but does affect revenue collected from customers related to supplied electricity and natural gas.

Retail deliveries purchased from competitive electricity and natural gas suppliers (as a percentage of kWh and mmcf sales, respectively) for the three and nine months ended September 30, 2018 and 2017 consisted of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Electric	59%	60%	59%	60%
Natural Gas	76%	74%	56%	57%

The number of retail customers purchasing electricity and natural gas from competitive suppliers at September 30, 2018 and 2017 consisted of the following:

	September 30, 2018		September 30, 2017	
	Number of Customers	% of total retail customers	Number of customers	% of total retail customers
Electric	335,200	26%	339,300	27%
Natural Gas	147,400	22%	148,600	22%

The changes in BGE's Operating revenues net of purchased power and fuel expense for the three and nine months ended September 30, 2018 , compared to the same period in 2017 , consisted of the following:

	Three Months Ended September 30, 2018			Nine Months Ended September 30, 2018		
	Increase (Decrease)			Increase (Decrease)		
	Electric	Gas	Total	Electric	Gas	Total
Distribution revenue	$ (17)	$ (2)	$ (19)	$ (48)	$ (19)	$ (67)
Regulatory required programs	1	(1)	—	3	2	5
Transmission revenue	6	—	6	23	—	23
Other, net	—	3	3	6	11	17
Total decrease	$ (10)	$ —	$ (10)	$ (16)	$ (6)	$ (22)

Revenue Decoupling. The demand for electricity and natural gas is affected by weather and usage conditions. The MDPSC allows BGE to record a monthly adjustment to its electric and natural gas distribution revenue from all residential customers, commercial electric customers, the majority of large industrial electric customers, and all firm service natural gas customers to eliminate the effect of abnormal weather and usage patterns per customer on BGE's electric and natural gas distribution volumes, thereby recovering a specified dollar amount of distribution revenue per customer, by customer class, regardless of fluctuations in actual consumption levels. This allows BGE to recognize revenue at MDPSC-approved distribution charges per customer, regardless of what BGE's actual distribution volumes were for a billing period. Therefore, while this revenue is affected by customer growth (i.e., increase in the number of customers), it will not be affected by volatility in actual weather or usage conditions (i.e., changes in consumption per customer). BGE bills or credits customers in subsequent months for the difference between approved revenue levels under revenue decoupling and actual customer billings.

Heating and cooling degree-days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree-days for a 30-year period in BGE's service territory. The changes in heating and cooling degree-days in BGE's service territory for the three and nine months ended September 30, 2018 compared to the same period in 2017 consisted of the following:

Heating and Cooling Degree-Days				% Change	
Three Months Ended September 30,	2018	2017	Normal	2018 vs. 2017	2018 vs. Normal
Heating Degree-Days	31	64	76	(51.6)%	(59.2)%
Cooling Degree-Days	733	595	601	23.2 %	22.0 %
Nine Months Ended September 30,					
Heating Degree-Days	2,969	2,524	2,974	17.6 %	(0.2)%
Cooling Degree-Days	1,032	877	857	17.7 %	20.4 %

Distribution Revenue. The decrease in distribution revenues for the three and nine months ended September 30, 2018 , compared to the same period in 2017 , was primarily due to the impact of reduced distribution rates to reflect the lower federal income tax rate. See Note 6 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Regulatory Required Programs. Revenue from regulatory required programs are billings for the costs of various legislative and/or regulatory programs that are recoverable from customers on a full and current basis. These programs are designed to provide full cost recovery, as well as a return in certain instances. The costs of these programs are included in Operating and maintenance expense, Depreciation and amortization expense and Taxes other than income in BGE's Consolidated Statements of Operations and Comprehensive Income.

Transmission Revenue. Under a FERC approved formula, transmission revenue varies from year to year based upon rate adjustments to reflect fluctuations in the underlying costs, capital investments being recovered and other billing determinants. The increase in transmission revenue for the three and nine months ended September 30, 2018 , compared to the same period in 2017 , was primarily due to increases in capital investment and operating and maintenance expense recoveries. See Operating and Maintenance Expense below and Note 6 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Other, Net. Other, net revenue, which can vary from period to period, primarily includes assistance provided to other utilities through BGE's mutual assistance program, service application fees, and other miscellaneous revenue such as off-system sales and administrative charges.

Operating and Maintenance Expense

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2018	2017	Increase (Decrease)	2018	2017	Increase (Decrease)
Operating and maintenance expense — baseline	$ 180	$ 172	$ 8	$ 572	$ 520	$ 52
Operating and maintenance expense — regulatory required programs [(a)]	2	3	(1)	6	12	(6)
Total Operating and maintenance expense	$ 182	$ 175	$ 7	$ 578	$ 532	$ 46

(a) Operating and maintenance expense for regulatory required programs are costs for various legislative and/or regulatory programs that are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in Operating revenues.

The changes in Operating and maintenance expense for the three and nine months ended September 30, 2018 , compared to the same period in 2017 , consisted of the following:

	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2018
	Increase (Decrease)	Increase (Decrease)
Baseline		
Storm-related costs [(a)]	$ 5	$ 36
Labor, other benefits, contracting and materials	1	2
Uncollectible accounts expense	1	3
BSC costs	(1)	4
Other	2	7
	8	52
Regulatory Required Programs		
Other	(1)	(6)
Total increase	$ 7	$ 46

(a) Reflects increased storm restoration costs incurred from storms in Q1 2018 and Q3 2018.

Depreciation and Amortization

The changes in Depreciation and amortization expense for the three and nine months ended September 30, 2018 , compared to the same period in 2017 consisted of the following:

	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2018
	Increase (Decrease)	Increase (Decrease)
Depreciation expense [(a)]	$ 8	$ 17
Regulatory asset amortization [(b)]	(8)	(18)
Regulatory required programs [(c)]	1	11
Total increase	$ 1	$ 10

(a) Depreciation expense increased due to ongoing capital expenditures.
(b) Regulatory asset amortization decreased for the three and nine months ended September 30, 2018 compared to the same period in 2017 primarily due to certain regulatory assets that became fully amortized as of December 31, 2017. See Note 6 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.
(c) Depreciation and amortization expenses for regulatory required programs are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in Operating revenues.

Taxes Other Than Income

Taxes other than income, which can vary period to period, include municipal and state utility taxes, real estate taxes and payroll taxes. Taxes other than income for the three and nine months ended September 30, 2018 , compared to the same period in 2017 , increased primarily due to an increase in property taxes.

Gain on Sales of Assets

Gain on sales of assets, for the three months ended September 30, 2018 compared to the same period in 2017 , remained relatively consistent. The increase in Gain on sales of assets during the nine

months ended September 30, 2018 , compared to the same period in 2017 , is due to the sale of land in June 2018.

Interest Expense, Net

Interest expense, net for the three and nine months ended September 30, 2018 , compared to the same period in 2017 , remained relatively consistent.

Other, Net

Other, net for the three and nine months ended September 30, 2018 , compared to the same period in 2017 , remained relatively consistent.

Effective Income Tax Rate

BGE's effective income tax rate was 22.2% and 39.2% for the three months ended September 30, 2018 and 2017 , respectively. BGE's effective income tax rate was 19.6% and 39.5% for the nine months ended September 30, 2018 and 2017 , respectively. The decrease in the effective income tax rate for the three and nine months ended September 30, 2018 , compared to the same periods in 2017 , is primarily due to the lower federal income tax rate as a result of the TCJA. See Note 12 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

BGE Electric Operating Statistics and Detail

Retail Deliveries to Customers (in GWhs)	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	% Change	Weather - Normal % Change	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017	% Change	Weather - Normal % Change
Retail Deliveries [(a)]								
Residential	3,663	3,370	8.7%	1.8 %	9,960	9,126	9.1 %	1.8 %
Small commercial & industrial	825	785	5.1%	(1.1)%	2,309	2,210	4.5 %	(0.2)%
Large commercial & industrial	3,909	3,781	3.4%	0.6 %	10,661	10,422	2.3 %	(0.1)%
Public authorities & electric railroads	64	64	—%	(5.9)%	200	204	(2.0)%	(4.1)%
Total electric deliveries	8,461	8,000	5.8%	0.9 %	23,130	21,962	5.3 %	0.7 %

Number of Electric Customers	As of September 30, 2018	As of September 30, 2017
Residential	1,165,012	1,156,659
Small commercial & industrial	114,082	113,224
Large commercial & industrial	12,218	12,144
Public authorities & electric railroads	263	274
Total	1,291,575	1,282,301

(a) Reflects delivery volumes from customers purchasing electricity directly from BGE and customers purchasing electricity from a competitive electric generation supplier as all customers are assessed distribution charges.

BGE Natural Gas Operating Statistics and Detail

Deliveries to Customers (in mmcf)	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	% Change	Weather - Normal % Change	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017	% Change	Weather - Normal % Change
Retail Deliveries [a]								
Residential	2,244	2,395	(6.3)%	(4.5)%	29,290	24,125	21.4%	3.2%
Small commercial & industrial	813	814	(0.1)%	0.4 %	7,020	5,667	23.9%	7.2%
Large commercial & industrial	8,227	8,012	2.7 %	2.2 %	34,044	30,828	10.4%	5.9%
Other [b]	3,144	68	4,523.5 %	n/a	11,183	2,463	354.0%	n/a
Total natural gas deliveries	14,428	11,289	27.8 %	0.6 %	81,537	63,083	29.3%	4.9%

Number of Gas Customers	As of September 30, 2018	As of September 30, 2017
Residential	631,589	626,039
Small commercial & industrial	38,175	38,141
Large commercial & industrial	5,920	5,832
Total	675,684	670,012

(a) Reflects delivery volumes from customers purchasing natural gas directly from BGE and customers purchasing natural gas from a competitive natural gas supplier as all customers are assessed distribution charges.

(b) Other natural gas revenue includes off-system sales of 3,144 mmcfs and 68 mmcfs for the three months ended September 30, 2018 and 2017 , respectively. Other natural gas revenue includes off-system sales of 11,183 mmcfs and 2,463 mmcfs for the nine months ended September 30, 2018 and 2017 . respectively.

See Note 19 — Segment Information of the Combined Notes to Consolidated Financial Statements for the presentation of BGE's revenue disaggregation.

Results of Operations — PHI

PHI's results of operations include the results of its three reportable segments, Pepco, DPL and ACE for all periods presented below. All material intercompany accounts and transactions have been eliminated in consolidation. A separate specific discussion of the results of operations for Pepco, DPL and ACE is presented elsewhere in this report.

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2018	2017	Favorable (Unfavorable) Variance	2018	2017	Favorable (Unfavorable) Variance
Operating revenues	$ 1,361	$ 1,310	$ 51	$ 3,688	$ 3,557	$ 131
Purchased power and fuel expense	509	473	(36)	1,410	1,318	(92)
Revenues net of purchased power and fuel expense [(a)]	852	837	15	2,278	2,239	39
Other operating expenses						
Operating and maintenance	292	251	(41)	857	774	(83)
Depreciation and amortization	192	179	(13)	555	511	(44)
Taxes other than income	123	122	(1)	343	344	1
Total other operating expenses	607	552	(55)	1,755	1,629	(126)
Gain on sales of assets	—	—	—	—	1	(1)
Operating income	245	285	(40)	523	611	(88)
Other income and (deductions)						
Interest expense, net	(65)	(62)	(3)	(193)	(183)	(10)
Other, net	11	13	(2)	33	40	(7)
Total other income and (deductions)	(54)	(49)	(5)	(160)	(143)	(17)
Income before income taxes	191	236	(45)	363	468	(105)
Income taxes	4	83	79	28	109	81
Equity in earnings of unconsolidated affiliate	—	—	—	1	—	1
Net income	$ 187	$ 153	$ 34	$ 336	$ 359	$ (23)

(a) PHI evaluates its operating performance using the measure of revenue net of purchased power and fuel expense for electric and natural gas sales. PHI believes revenue net of purchased power and fuel expense is a useful measurement because it provides information that can be used to evaluate its operational performance. PHI has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, Revenue net of purchased power and fuel expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

Three Months Ended September 30, 2018 Compared to Three Months Ended September 30, 2017 . PHI's Net income for the three months ended September 30, 2018 was $187 million compared to $153 million for the three months ended September 30, 2017 .

Operating revenue net of purchased power and fuel expense, which is a non-GAAP measure discussed above, increased by $15 million for the three months ended September 30, 2018 compared to the same period in 2017 primarily due to higher utility revenues due to distribution rate increases at Pepco, DPL, and ACE, as well as favorable weather and volume, partially offset by lower revenues resulting from the pass back of TCJA tax savings through customer rates.

Operating and maintenance expense increased by $41 million for the three months ended September 30, 2018 compared to the same period in 2017 . The increase is primarily due to the following factors:

- Increase of $22 million at Pepco due to a charge associated with a remeasurement of the Buzzard Point ARO; and
- Increase of $14 million primarily due to deferral of accumulated merger integration costs as regulatory assets in 2017.

Depreciation and amortization expense for the three months ended September 30, 2018 compared to the same period in 2017 increased by $13 million primarily due to ongoing capital expenditures as well as increased amortization of Pepco's DC PLUG regulatory asset (an equal and offsetting amount has been reflected in Operating revenues).

Taxes other than income for the three months ended September 30, 2018 compared to the same period in 2017 remained relatively consistent.

Gain on sales of assets during the three months ended September 30, 2018 compared to the same period in 2017 remained relatively consistent.

Interest expense, net for the three months ended September 30, 2018 compared to the same period in 2017 increased by $3 million due to higher outstanding debt.

Other, net for the three months ended September 30, 2018 compared to the same period in 2017 remained relatively consistent.

Equity in earnings for the three months ended September 30, 2018 compared to the same period in 2017 remained relatively consistent.

PHI's effective income tax rate was 2.1% and 35.2% for the three months ended September 30, 2018 and 2017 , respectively. The decrease in the effective income tax rate for the three months ended September 30, 2018 compared to the same period in 2017 is primarily due to the lower federal income tax rate as a result of the TCJA. See Note 12 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

Nine Months Ended September 30, 2018 Compared to Nine Months Ended September 30, 2017 . PHI's Net income for the nine months ended September 30, 2018 was $336 million compared to $359 million for the nine months ended September 30, 2017 .

Operating revenue net of purchased power and fuel expense, which is a non-GAAP measure discussed above, increased by $39 million for the nine months ended September 30, 2018 compared to the same period in 2017 primarily due to higher utility revenues due to distribution rate increases at Pepco, DPL, and ACE, as well as favorable weather and volume, partially offset by lower revenues resulting from the pass back of TCJA tax savings through customer rates.

Operating and maintenance expense increased by $83 million for the nine months ended September 30, 2018 compared to the same period in 2017 . The increase is primarily due to the following factors:

- Increase of $28 million primarily due to deferral of accumulated merger integration costs as regulatory assets in 2017;
- Net increase of $23 million in labor and contracting expense due to an increase of $32 million at Pepco, DPL and ACE partially offset by a decrease of $9 million at PHISCO as a result of the completion of integration transition activities; and
- Increase of $22 million at Pepco due to a charge associated with a remeasurement of the Buzzard Point ARO.

Depreciation and amortization expense for the nine months ended September 30, 2018 compared to the same period in 2017 increased by $44 million primarily due to ongoing capital expenditures as well as increased amortization of Pepco's DC PLUG regulatory asset (an equal and offsetting amount has been reflected in Operating revenues).

Taxes other than income for the nine months ended September 30, 2018 compared to the same period in 2017 remained relatively consistent.

Gain on sales of assets during the nine months ended September 30, 2018 compared to the same period in 2017 decreased $1 million due to the sale of land in June 2017.

Interest expense, net for the nine months ended September 30, 2018 compared to the same period in 2017 increased $10 million due to higher outstanding debt.

Other, net for the nine months ended September 30, 2018 compared to the same period in 2017 decreased $7 million primarily due to lower income from AFUDC equity.

Equity in earnings for the nine months ended September 30, 2018 compared to the same period in 2017 remained relatively consistent.

PHI's effective income tax rate was 7.7% and 23.3% for the nine months ended September 30, 2018 and 2017 , respectively. The decrease in the effective income tax rate for the nine months ended September 30, 2018 compared to the same period in 2017 is primarily due to the lower federal income tax rate as a result of the TCJA, partially offset by a nonrecurring adjustment to income tax reserve balances in 2017. See Note 12 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

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Results of Operations - Pepco

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2018	2017	Favorable (Unfavorable) Variance	2018	2017	Favorable (Unfavorable) Variance
Operating revenues	$ 628	$ 604	$ 24	$ 1,708	$ 1,649	$ 59
Purchased power expense	177	168	(9)	497	478	(19)
Revenues net of purchased power expense (a)	451	436	15	1,211	1,171	40
Other operating expenses						
Operating and maintenance	136	103	(33)	383	336	(47)
Depreciation and amortization	99	82	(17)	286	242	(44)
Taxes other than income	104	102	(2)	288	282	(6)
Total other operating expenses	339	287	(52)	957	860	(97)
Gain on sales of assets	—	—	—	—	1	(1)
Operating income	112	149	(37)	254	312	(58)
Other income and (deductions)						
Interest expense, net	(32)	(31)	(1)	(96)	(89)	(7)
Other, net	7	7	—	23	22	1
Total other income and (deductions)	(25)	(24)	(1)	(73)	(67)	(6)
Income before income taxes	87	125	(38)	181	245	(64)
Income taxes	(2)	38	40	7	57	50
Net income	$ 89	$ 87	$ 2	$ 174	$ 188	$ (14)

(a) Pepco evaluates its operating performance using the measure of revenue net of purchased power expense for electric sales. Pepco believes revenue net of purchased power expense is a useful measurement because it provides information that can be used to evaluate its operational performance. Pepco has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, Revenue net of purchased power expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

Net Income

Three Months Ended September 30, 2018 Compared to Three Months Ended September 30, 2017 . Pepco's Net income for the three months ended September 30, 2018 , was relatively consistent with the same period in 2017 . The TCJA did not significantly impact Pepco's Net income for the three months ended September 30, 2018 as the favorable tax impacts were predominantly offset by lower revenues resulting from the pass back of the tax savings through customer rates.

Nine Months Ended September 30, 2018 Compared to Nine Months Ended September 30, 2017 . Pepco's Net income for the nine months ended September 30, 2018 , was lower than the same period in 2017 primarily due to higher Operating and maintenance expense attributable to an increase in the asset retirement obligations related to the Buzzard Point property, deferral of accumulated merger integration costs as regulatory assets in 2017 and higher regulatory asset amortization due to additional regulatory assets related to rate case activity, partially offset by higher electric distribution base rates charged to customers in Maryland that became effective in October 2017 and June 2018 and higher electric distribution base rates charged to customers in the District of Columbia that became effective August 2017 and August 2018. The TCJA did not significantly impact Pepco's Net income for the nine

months ended September 30, 2018 as the favorable tax impacts were predominantly offset by lower revenues resulting from the pass back of the tax savings through customer rates.

Revenues Net of Purchased Power Expense

Operating revenues include revenue from the distribution and supply of electricity to Pepco's customers within its service territories at regulated rates. Operating revenues also include transmission service revenue that Pepco receives as a transmission owner from PJM at rates regulated by FERC. Transmission rates are updated annually based on a FERC-approved formula methodology. Operating revenues also include work and services performed on behalf of customers, including other utilities, which is generally not subject to price regulation. Work and services includes mutual assistance to other utilities, highway relocation, rentals of pole attachments, late payment fees and collection fees.

Electric revenues and purchased power expense are also affected by fluctuations in participation in the Customer Choice Program. All Pepco customers have the choice to purchase electricity from competitive electric generation suppliers. The customers' choice of supplier does not impact the volume of deliveries, but affects revenue collected from customers related to supplied energy service.

Retail deliveries purchased from competitive electric generation suppliers (as a percentage of kWh sales) for the three and nine months ended September 30, 2018 compared to the same period in 2017 , consisted of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Electric	64%	65%	64%	66%

Retail customers purchasing electric generation from competitive electric generation suppliers at September 30, 2018 and 2017 consisted of the following:

	September 30, 2018		September 30, 2017	
	Number of customers	% of total retail customers	Number of customers	% of total retail customers
Electric	175,838	20%	179,106	21%

Retail deliveries purchased from competitive electric generation suppliers represented 72% and 72% of Pepco's retail kWh sales to the District of Columbia customers and 58% and 58% of Pepco's retail kWh sales to Maryland customers for the three and nine months ended September 30, 2018 , respectively and 72% and 73% of Pepco's retail kWh sales to the District of Columbia customers and 60% and 60% of Pepco's retail kWh sales to Maryland customers for the three and nine months ended September 30, 2017 , respectively.

The changes in Pepco's operating revenues net of purchased power expense for the three and nine months ended September 30, 2018 compared to the same periods in 2017 consisted of the following:

	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2018
	Increase (Decrease)	Increase (Decrease)
Volume	$ 3	$ 9
Distribution revenue	6	9
Regulatory required programs	7	27
Transmission revenue	2	(5)
Other	(3)	—
Total increase	$ 15	$ 40

Revenue Decoupling. Pepco's results historically have been seasonal, generally producing higher revenue and income in the warmest and coldest periods of the year. For retail customers of Pepco in Maryland and in the District of Columbia, revenues are not affected by unseasonably warmer or colder weather because a bill stabilization adjustment (BSA) for retail customers was implemented that provides for a fixed distribution charge per customer. The BSA has the effect of decoupling the distribution revenue recognized in a reporting period from the amount of power delivered during the period. As a result, the only factors that will cause distribution revenue from customers in Maryland and the District of Columbia to fluctuate from period to period are changes in the number of customers and changes in the approved distribution charge per customer. Changes in customer usage (due to weather conditions, energy prices, energy efficiency programs or other reasons) from period to period have no impact on reported distribution revenue for customers to whom the BSA applies.

Heating and cooling degree-days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree-days for a 20-year period in Pepco's service territory. The changes in heating and cooling degree-days in Pepco's service territory for the three and nine months ended September 30, 2018 compared to the same periods in 2017 and normal weather consisted of the following:

Heating and Cooling Degree-Days				% Change	
Three Months Ended September 30,	2018	2017	Normal	2018 vs. 2017	2018 vs. Normal
Heating Degree-Days	2	8	13	(75.0)%	(84.6)%
Cooling Degree-Days	1,283	1,130	1,137	13.5 %	12.8 %
Nine Months Ended September 30,					
Heating Degree-Days	2,458	1,963	2,448	25.2 %	0.4 %
Cooling Degree-Days	1,861	1,679	1,626	10.8 %	14.5 %

Volume . The increase in operating revenue net of purchased power and fuel expense related to delivery volume, exclusive of the effects of weather, for the three and nine months ended September 30, 2018 compared to the same periods in 2017 , primarily reflects the impact of residential customer growth.

Distribution Revenue . The increase in distribution revenues for the three and nine months ended September 30, 2018 compared to the same periods in 2017 was primarily due to higher electric distribution base rates charged to customers in Maryland that became effective in October 2017 and June 2018 and higher electric distribution base rates charged to customers in the District of Columbia that became

effective August 2017 and August 2018, partially offset by the impact of reduced distribution rates to reflect the lower federal income tax rate. See Note 6 —Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Regulatory Required Programs. This represents the change in Operating revenues collected under approved riders to recover costs incurred for regulatory programs such as energy efficiency programs. The riders are designed to provide full and current cost recovery as well as a return. The costs of these programs are included in Operating and maintenance expense, Depreciation and amortization expense and Taxes other than income in Pepco's Consolidated Statements of Operations and Comprehensive Income. See Operating and maintenance expense and Depreciation and amortization expense discussion below for additional information on included programs. Revenue from regulatory required programs increased for the three and nine months ended September 30, 2018 compared to the same periods in 2017 due to increases in the Maryland and District of Columbia surcharge rates and sales due to higher volumes, as well as the DC PLUG surcharge which became effective in February 2018.

Transmission Revenue . Under a FERC-approved formula, transmission revenue varies from year to year based upon fluctuations in the underlying costs, capital investments being recovered, the highest daily peak load and other billing adjustments. The increase in transmission revenue for the three months ended September 30, 2018 compared to the same period in 2017 is a result of higher rates effective June 2018. The decrease in transmission revenue for the nine months ended September 30, 2018 is a result of a decrease in network transmission service peak loads, partially offset by higher rates effective June 2018.

Other. Other revenue, which can vary period to period, includes rental revenue, revenue related to late payment charges, assistance provided to other utilities through mutual assistance programs, and recoveries of other taxes.

Operating and Maintenance Expense

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2018	2017	Increase (Decrease)	2018	2017	Increase (Decrease)
Operating and maintenance expense - baseline	$ 133	$ 99	$ 34	$ 374	$ 326	$ 48
Operating and maintenance expense - regulatory required programs [(a)]	3	4	(1)	9	10	(1)
Total operating and maintenance expense	$ 136	$ 103	$ 33	$ 383	$ 336	$ 47

(a) Operating and maintenance expenses for regulatory required programs are costs for various legislative and/or regulatory programs that are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in Operating revenues.

The changes in Operating and maintenance expense for the three and nine months ended September 30, 2018 compared to the same periods in 2017 , consisted of the following:

	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2018
	Increase (Decrease)	Increase (Decrease)
Baseline		
ARO update [(a)]	22	22
Merger costs [(b)]	8	14
Labor and contracting [(c)]	(2)	3
Other	6	9
	34	48
Regulatory required programs	(1)	(1)
Total increase	$ 33	$ 47

(a) Reflects an increase primarily related to asbestos identified at the Buzzard Point property. See Note 13 - Asset Retirement Obligations of the Combined Notes to Consolidated Financial Statements for additional information.
(b) Primarily due to a deferral of accumulated merger integration costs as regulatory assets in 2017.
(c) Includes additional costs associated with mutual assistance programs. An equal and offsetting increase has been recognized in Operating revenues for the period presented.

Depreciation and Amortization Expense

The changes in Depreciation and amortization expense for the three and nine months ended September 30, 2018 compared to the same period in 2017 , consisted of the following:

	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2018
	Increase (Decrease)	Increase (Decrease)
Depreciation expense [(a)]	$ 3	$ 8
Regulatory asset amortization [(b)]	10	16
Regulatory required programs [(c)]	4	20
Total increase	$ 17	$ 44

(a) Depreciation expense increased due to ongoing capital expenditures.
(b) Regulatory asset amortization increased primarily due to additional regulatory assets related to rate case activity.
(c) Regulatory required programs increased as a result of higher amortization of the DC PLUG regulatory asset. Depreciation and amortization expenses for regulatory required programs are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in Operating revenues.

Taxes Other Than Income

Taxes other than income for the three months ended September 30, 2018 compared to the same period in 2017 remained relatively consistent.

Taxes other than income for the nine months ended September 30, 2018 compared to the same period in 2017 , increased due to an increase in the utility taxes that are collected and passed through by Pepco (which is substantially offset in Operating revenues).

Gain on Sales of Assets

The decrease in Gain on sales of assets during the nine months ended September 30, 2018 , compared to the same period in 2017 , is primarily due to the sale of land in June 2017.

Interest Expense, Net

Interest expense, net for the three and nine months ended September 30, 2018 compared to the same periods in 2017 increased due to higher outstanding debt.

Other, Net

Other, net for the three and nine months ended September 30, 2018 compared to the same periods in 2017 remained relatively consistent.

Effective Income Tax Rate

Pepco's effective income tax rate was (2.3)% and 30.4% for the three months ended September 30, 2018 and 2017 , respectively. The decrease in the effective income tax rate for the three months ended September 30, 2018 compared to the same period in 2017 is primarily due to the lower federal income tax rate as a result of the TCJA.

Pepco's effective income tax rate was 3.9% and 23.3% for the nine months ended September 30, 2018 and 2017 , respectively. The decrease in the effective income tax rate for the nine months ended September 30, 2018 compared to the same period in 2017 is primarily due to the lower federal income tax rate as a result of the TCJA, partially offset by a nonrecurring adjustment to income tax reserve balances in 2017.

See Note 12 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the change in effective income tax rates.

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Pepco Electric Operating Statistics and Detail

Retail Deliveries to Customers (in GWhs)	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	% Change	Weather - Normal % Change	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017	% Change	Weather - Normal % Change
Retail Deliveries [a]								
Residential	2,446	2,281	7.2 %	1.4 %	6,528	6,038	8.1 %	0.1 %
Small commercial & industrial	327	347	(5.8)%	(8.1)%	982	999	(1.7)%	(4.8)%
Large commercial & industrial	4,298	4,146	3.7 %	1.3 %	11,661	11,306	3.1 %	1.0 %
Public authorities & electric railroads	181	180	0.6 %	— %	531	542	(2.0)%	(2.6)%
Total retail deliveries	7,252	6,954	4.3 %	0.8 %	19,702	18,885	4.3 %	0.3 %

Number of Electric Customers	As of September 30, 2018	As of September 30, 2017
Residential	802,607	790,032
Small commercial & industrial	53,700	53,543
Large commercial & industrial	21,927	21,733
Public authorities & electric railroads	147	143
Total	878,381	865,451

(a) Reflects delivery volumes from customers purchasing electricity directly from Pepco and customers purchasing electricity from a competitive electric generation supplier as all customers are assessed distribution charges.

See Note 19 — Segment Information of the Combined Notes to Consolidated Financial Statements for the presentation of Pepco's revenue disaggregation.

Results of Operations - DPL

	Three Months Ended September 30,		Favorable (Unfavorable) Variance	Nine Months Ended September 30,		Favorable (Unfavorable) Variance
	2018	2017		2018	2017	
Operating revenues	$ 328	$ 327	$ 1	$ 1,001	$ 971	$ 30
Purchased power and fuel expense	133	129	(4)	425	399	(26)
Revenues net of purchased power and fuel expense [(a)]	195	198	(3)	576	572	4
Other operating expenses						
Operating and maintenance	82	79	(3)	256	227	(29)
Depreciation and amortization	47	45	(2)	135	124	(11)
Taxes other than income	15	15	—	43	43	—
Total other operating expenses	144	139	(5)	434	394	(40)
Operating income	51	59	(8)	142	178	(36)
Other income and (deductions)						
Interest expense, net	(15)	(13)	(2)	(42)	(38)	(4)
Other, net	2	4	(2)	7	10	(3)
Total other income and (deductions)	(13)	(9)	(4)	(35)	(28)	(7)
Income before income taxes	38	50	(12)	107	150	(43)
Income taxes	5	19	14	17	43	26
Net income	$ 33	$ 31	$ 2	$ 90	$ 107	$ (17)

(a) DPL evaluates its operating performance using the measure of revenue net of purchased power expense for electric sales and revenue net of fuel expense for natural gas sales. DPL believes revenue net of purchased power expense and revenue net of fuel expense are useful measurements because they provide information that can be used to evaluate its operational performance. DPL has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, Revenue net of purchased power expense and Revenue net of fuel expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

Net Income

Three Months Ended September 30, 2018 Compared to Three Months Ended September 30, 2017 . DPL's Net income for the three months ended September 30, 2018 , remained relatively consistent with the same period in 2017 . The TCJA did not significantly impact DPL's Net income for the three months ended September 30, 2018 as the favorable tax impacts were predominantly offset by lower revenues resulting from the pass back of the tax savings through customer rates.

Nine Months Ended September 30, 2018 Compared to Nine Months Ended September 30, 2017 . DPL's Net income for the nine months ended September 30, 2018 , was lower than the same period in 2017 primarily due to higher Operating and maintenance expense attributable to higher labor and contracting expense, deferral of accumulated merger integration costs as regulatory assets in 2017 and higher regulatory asset amortization due to additional regulatory assets related to rate case activity, partially offset by higher electric distribution base rates and higher gas distribution interim base rates charged to customers in Delaware that were put into effect in March 2018 and favorable weather and volumes. The TCJA did not significantly impact DPL's Net income for the nine months ended September 30, 2018 as the favorable tax impacts were predominantly offset by lower revenues resulting from the pass back of the tax savings through customer rates.

Revenues Net of Purchased Power and Fuel Expense

Operating revenues include revenue from the distribution and supply of electricity and natural gas to DPL's customers within its service territories at regulated rates. Operating revenues also include transmission service revenue that DPL receives as a transmission owner from PJM at rates regulated by FERC. Transmission rates are updated annually based on a FERC-approved formula methodology. Operating revenues also include work and services performed on behalf of customers, including other utilities, which is generally not subject to price regulation. Work and services includes mutual assistance to other utilities, highway relocation, rentals of pole attachments, late payment fees and collection fees.

Natural gas operating revenue includes sources that are subject to price regulation (Regulated Gas Revenue) and those that generally are not subject to price regulation (Other Gas Revenue). Regulated gas revenue includes the revenue DPL receives from on-system natural gas delivered sales and the transportation of natural gas for customers within its service territory at regulated rates. Other gas revenue consists of off-system natural gas sales and the short-term release of interstate pipeline transportation and storage capacity not needed to serve customers. Off-system sales are made possible when low demand for natural gas by regulated customers creates excess pipeline capacity.

Electric and natural gas revenues and purchased power and fuel expense are also affected by fluctuations in participation in the Customer Choice Program. All DPL customers have the choice to purchase electricity and natural gas from competitive electric generation and natural gas suppliers, respectively. The customers' choice of suppliers does not impact the volume of deliveries, but affects revenue collected from customers related to supplied energy and natural gas service.

Retail deliveries purchased from competitive electric generation and natural gas suppliers (as a percentage of kWh and mmcf sales, respectively) for the three and nine months ended September 30, 2018 and 2017 , consisted of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Electric	50%	51%	50%	52%
Natural Gas	53%	53%	33%	35%

Retail customers purchasing electric generation and natural gas from competitive electric generation and natural gas suppliers at September 30, 2018 and 2017 consisted of the following:

	September 30, 2018		September 30, 2017	
	Number of customers	% of total retail customers	Number of customers	% of total retail customers
Electric	72,622	13.8%	78,426	15.0%
Natural Gas	154	0.1%	155	0.1%

Retail deliveries purchased from competitive electric generation suppliers represented 52% and 52% of DPL's retail kWh sales to Delaware customers and 46% and 45% of DPL's retail kWh sales to Maryland customers for the three and nine months ended September 30, 2018 , respectively and 53% and 54% of DPL's retail kWh sales to Delaware customers and 48% and 48% of DPL's retail kWh sales to Maryland customers for the three and nine months ended September 30, 2017 , respectively.

The changes in DPL's Operating revenues net of purchased power and fuel expense for the three and nine months ended September 30, 2018 compared to the same period in 2017 consisted of the following:

	Three Months Ended September 30, 2018			Nine Months Ended September 30, 2018		
	Increase (Decrease)			Increase (Decrease)		
	Electric	Gas	Total	Electric	Gas	Total
Weather	$ 4	$ (1)	$ 3	$ 10	$ 4	$ 14
Volume	1	2	3	4	3	7
Distribution revenue	(8)	1	(7)	(18)	(1)	(19)
Regulatory required programs	(3)	(2)	(5)	(3)	(1)	(4)
Transmission revenue	5	—	5	5	—	5
Other	(2)	—	(2)	1	—	1
Total increase	$ (3)	$ —	$ (3)	$ (1)	$ 5	$ 4

Revenue Decoupling . DPL's results historically have been seasonal, generally producing higher revenue and income in the warmest and coldest periods of the year. For retail customers of DPL in Maryland, revenues are not affected by unseasonably warmer or colder weather because a bill stabilization adjustment (BSA) for retail customers was implemented that provides for a fixed distribution charge per customer. The BSA has the effect of decoupling the distribution revenue recognized in a reporting period from the amount of power delivered during the period. As a result, the only factors that will cause distribution revenue from customers in Maryland to fluctuate from period to period are changes in the number of customers and changes in the approved distribution charge per customer. A modified fixed variable rate design, which would provide for a charge not tied to a customer's volumetric consumption of electricity or natural gas, has been proposed for DPL electricity and natural gas customers in Delaware. Changes in customer usage (due to weather conditions, energy prices, energy efficiency programs or other reasons) from period to period have no impact on reported distribution revenue for customers to whom the BSA applies.

Weather. The demand for electricity and natural gas in areas not subject to the BSA is affected by weather conditions. With respect to the electric business, very warm weather in summer months and, with respect to the electric and natural gas businesses, very cold weather in winter months are referred to as "favorable weather conditions" because these weather conditions result in increased deliveries of electricity and natural gas. Conversely, mild weather reduces demand. During the three and nine months ended September 30, 2018 compared to the same period in 2017 , Operating revenue net of purchased power and fuel expense related to weather was higher due to the impact of favorable weather conditions in DPL's Delaware service territory.

Heating and cooling degree-days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree-days for a 20-year period in DPL's electric service territory and a 30-year period in DPL's natural gas service territory. The changes in heating and cooling degree-days in DPL's service territory for the three and nine months ended September 30, 2018 compared to the same period in 2017 and normal weather consisted of the following:

Electric Service Territory				% Change	
Three Months Ended September 30,	2018	2017	Normal	2018 vs. 2017	2018 vs. Normal
Heating Degree-Days	7	24	31	(70.8)%	(77.4)%
Cooling Degree-Days	1,052	867	863	21.3 %	21.9 %
Nine Months Ended September 30,					
Heating Degree-Days	2,882	2,476	2,906	16.4 %	(0.8)%
Cooling Degree-Days	1,425	1,228	1,199	16.0 %	18.8 %

Natural Gas Service Territory				% Change	
Three Months Ended September 30,	2018	2017	Normal	2018 vs. 2017	2018 vs. Normal
Heating Degree-Days	11	28	42	(60.7)%	(73.8)%
Nine Months Ended September 30,					
Heating Degree-Days	2,995	2,571	3,042	16.5 %	(1.5)%

Volume. The increase in Operating revenue net of purchased power and fuel expense related to delivery volume, exclusive of the effects of weather, for the three and nine months ended September 30, 2018 compared to the same period in 2017 , primarily reflects the impact of increased average residential customer usage and growth.

Distribution Revenue . The decrease in electric distribution revenue for the three months ended September 30, 2018 , and electric and gas distribution revenue for the nine months ended September 30, 2018 compared to the same periods in 2017 was primarily due to reduced electric distribution rates and gas interim distribution rates in Delaware that were put into effect in March 2018 which reflect the impact of the lower federal income tax rate. The increase in gas distribution revenue for the three months ended September 30, 2018 compared to the same period in 2017 is primarily due to customer sales mix. See Note 6 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Regulatory Required Programs. This represents the change in Operating revenues collected under approved riders to recover costs incurred for regulatory programs such as energy efficiency programs. The riders are designed to provide full and current cost recovery as well as a return. The costs of these programs are included in Operating and maintenance expense, Depreciation and amortization expense and Taxes other than income in DPL's Consolidated Statements of Operations and Comprehensive Income. See Operating and maintenance expense and Depreciation and amortization expense discussion below for additional information on included programs. Revenue from regulatory required programs decreased for the three and nine months ended September 30, 2018 compared to the same periods in 2017 primarily due to decreases of surcharge rates.

Transmission Revenue . Under a FERC-approved formula, transmission revenue varies from year to year based upon fluctuations in the underlying costs, capital investments being recovered, the highest daily peak load and other billing adjustments. The increase in transmission revenue for the three

and nine months ended September 30, 2018 compared to the same period in 2017 is a result of a higher rates effective June 2018.

Other. Other revenue, which can vary period to period, includes rental revenue, revenue related to late payment charges, assistance provided to other utilities through mutual assistance programs, and recoveries of other taxes.

Operating and Maintenance Expense

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2018	2017	Increase (Decrease)	2018	2017	Increase (Decrease)
Operating and maintenance expense - baseline	$ 78	$ 74	$ 4	$ 244	$ 215	$ 29
Operating and maintenance expense - regulatory required programs [(a)]	4	5	(1)	12	12	—
Total operating and maintenance expense	$ 82	$ 79	$ 3	$ 256	$ 227	$ 29

(a) Operating and maintenance expenses for regulatory required programs are costs for various legislative and/or regulatory programs that are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in Operating revenues.

The changes in Operating and maintenance expense for the three and nine months ended September 30, 2018 compared to the same period in 2017 , consisted of the following:

	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2018
	Increase (Decrease)	Increase (Decrease)
Baseline		
Labor and contracting [(a)]	$ 2	$ 11
Uncollectible accounts expense	2	4
Merger costs [(b)]	(2)	7
Other	2	7
	4	29
Regulatory required programs	(1)	—
Total increase	$ 3	$ 29

(a) Includes additional costs associated with mutual assistance programs. An equal and offsetting increase has been recognized in Operating revenues for the period presented.
(b) Primarily due to a deferral of accumulated merger integration costs as regulatory assets in 2017.

Depreciation and Amortization Expense

The changes in Depreciation and amortization expense for the three and nine months ended September 30, 2018 compared to the same period in 2017 consisted of the following:

	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2018
	Increase (Decrease)	Increase (Decrease)
Depreciation expense [(a)]	$ 2	$ 5
Regulatory asset amortization [(b)]	3	10
Regulatory required programs [(c)]	(3)	(4)
Total increase	$ 2	$ 11

(a) Depreciation expense increased due to ongoing capital expenditures.
(b) Regulatory asset amortization increased due to additional regulatory assets related to rate case activity.
(c) Depreciation and amortization expenses for regulatory required programs are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in Operating revenues.

Taxes Other Than Income

Taxes other than income for the three and nine months ended September 30, 2018 compared to the same period in 2017 remained relatively consistent.

Interest Expense, Net

Interest expense, net for the three and nine months ended September 30, 2018 compared to the same period in 2017 increased due to higher outstanding debt.

Other, Net

Other, net for the three and nine months ended September 30, 2018 compared to the same period in 2017 remained relatively consistent.

Effective Income Tax Rate

DPL's effective income tax rate was 13.2% and 38.0% for the three months ended September 30, 2018 and 2017 , respectively. The decrease in the effective income tax rate for the three months ended September 30, 2018 compared to the same period in 2017 is primarily due to the lower federal income tax rate as a result of the TCJA.

DPL's effective income tax rate was 15.9% and 28.7% for the nine months ended September 30, 2018 and 2017 , respectively. The decrease in the effective income tax rate for the nine months ended September 30, 2018 compared to the same period in 2017 is primarily due to the lower federal income tax rate as a result of the TCJA, partially offset by a nonrecurring adjustment to income tax reserve balances in 2017.

See Note 12 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

DPL Electric Operating Statistics and Detail

Retail Deliveries to Customers (in GWhs)	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	% Change	Weather - Normal % Change	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017	% Change	Weather - Normal % Change
Retail Deliveries [a]								
Residential	1,537	1,439	6.8%	— %	4,203	3,843	9.4 %	1.7 %
Small commercial & industrial	651	636	2.4%	(0.1)%	1,756	1,693	3.7 %	1.5 %
Large commercial & industrial	1,282	1,245	3.0%	0.2 %	3,548	3,440	3.1 %	1.3 %
Public authorities & electric railroads	11	10	10.0%	8.9 %	33	35	(5.7)%	(5.3)%
Total retail deliveries	3,481	3,330	4.5%	0.1 %	9,540	9,011	5.9 %	1.5 %

Number of Electric Customers	As of September 30, 2018	As of September 30, 2017
Residential	463,017	458,790
Small commercial & industrial	61,277	60,542
Large commercial & industrial	1,400	1,406
Public authorities & electric railroads	622	633
Total	526,316	521,371

(a) Reflects delivery volumes from customers purchasing electricity directly from DPL and customers purchasing electricity from a competitive electric generation supplier as all customers are assessed distribution charges.

DPL Natural Gas Operating Statistics and Detail

Retail Deliveries to Customers (in mmcf)	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	% Change	Weather - Normal % Change	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017	% Change	Weather - Normal % Change
Retail Deliveries [a]								
Residential	360	331	8.8%	16.6%	5,801	4,785	21.2%	4.8 %
Small commercial & industrial	309	290	6.6%	11.3%	2,831	2,486	13.9%	(1.0)%
Large commercial & industrial	454	448	1.3%	1.3%	1,438	1,408	2.1%	2.2 %
Transportation	1,260	1,197	5.3%	5.6%	4,893	4,690	4.3%	1.8 %
Total natural gas deliveries	2,383	2,266	5.2%	7.2%	14,963	13,369	11.9%	2.4 %

Number of Gas Customers	As of September 30, 2018	2017
Residential	123,145	121,238
Small commercial & industrial	9,798	9,683
Large commercial & industrial	19	17
Transportation	154	155
Total	133,116	131,093

(a) Reflects delivery volumes from customers purchasing natural gas directly from DPL and customers purchasing natural gas from a competitive natural gas supplier as all customers are assessed distribution charges.

See Note 19 — Segment Information of the Combined Notes to Consolidated Financial Statements for the presentation of DPL's revenue disaggregation.

Results of Operations - ACE

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2018	2017	Favorable (Unfavorable) Variance	2018	2017	Favorable (Unfavorable) Variance
Operating revenues	$ 406	$ 370	$ 36	$ 981	$ 915	$ 66
Purchased power expense	198	176	(22)	486	442	(44)
Revenues net of purchased power expense (a)	208	194	14	495	473	22
Other operating expenses						
Operating and maintenance	85	72	(13)	250	225	(25)
Depreciation and amortization	38	41	3	107	113	6
Taxes other than income	1	2	1	4	6	2
Total other operating expenses	124	115	(9)	361	344	(17)
Operating income	84	79	5	134	129	5
Other income and (deductions)						
Interest expense, net	(16)	(15)	(1)	(48)	(46)	(2)
Other, net	1	1	—	2	6	(4)
Total other income and (deductions)	(15)	(14)	(1)	(46)	(40)	(6)
Income before income taxes	69	65	4	88	89	(1)
Income taxes	8	24	16	12	12	—
Net income	$ 61	$ 41	$ 20	$ 76	$ 77	$ (1)

(a) ACE evaluates its operating performance using the measure of revenue net of purchased power expense for electric sales. ACE believes Revenue net of purchased power expense is a useful measurement of its performance because it provides information that can be used to evaluate its operational performance. ACE has included the analysis below as a complement to the financial information provided in accordance with GAAP. However, Revenue net of purchased power expense is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report.

Net Income

Three Months Ended September 30, 2018 Compared to Three Months Ended September 30, 2017 . ACE's Net income for the three months ended September 30, 2018 , was higher than the same period in 2017 , primarily due to higher electric distribution base rates charged to customers in New Jersey that became effective in October 2017, as well as favorable weather and volume. The TCJA did not significantly impact ACE's Net income for the three months ended September 30, 2018 as the favorable income tax impacts were predominately offset by lower revenues resulting from the pass back of the tax savings through customer rates.

Nine Months Ended September 30, 2018 Compared to Nine Months Ended September 30, 2017 . ACE's Net income for the nine months ended September 30, 2018 , remained relatively consistent with the same period in 2017 . The TCJA did not significantly impact ACE's Net income for the nine months ended September 30, 2018 as the favorable income tax impacts were predominately offset by lower revenues resulting from the pass back of the tax savings through customer rates.

Revenues Net of Purchased Power Expense

Operating revenues include revenue from the distribution and supply of electricity to ACE's customers within its service territories at regulated rates. Operating revenues also include transmission service revenue that ACE receives as a transmission owner from PJM at rates regulated by FERC. Transmission rates are updated annually based on a FERC-approved formula methodology. Operating revenues also include revenue from Transition Bond Charges that ACE receives, and pays to ACE Funding, to fund the principal and interest payments on Transition Bonds, revenue from the resale in the PJM wholesale markets for energy and capacity purchased under contacts with unaffiliated NUGs, and revenue from transmission enhancement credits. Operating revenues also include work and services performed on behalf of customers, including other utilities, which is generally not subject to price regulation. Work and services includes mutual assistance to other utilities, highway relocation, rentals of pole attachments, late payment fees and collection fees.

Electric revenues and purchased power expense are also affected by fluctuations in participation in the Customer Choice Program. All ACE customers have the choice to purchase electricity from competitive electric generation suppliers. The customer's choice of supplier does not impact the volume of deliveries, but affects revenue collected from customers related to supplied energy service.

Retail deliveries purchased from competitive electric generation suppliers (as a percentage of kWh sales) for the three and nine months ended September 30, 2018 compared to the same period in 2017 consisted of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Electric	43%	44%	46%	48%

Retail customers purchasing electric generation from competitive electric generation suppliers at September 30, 2018 and 2017 consisted of the following:

	September 30, 2018		September 30, 2017	
	Number of customers	% of total retail customers	Number of customers	% of total retail customers
Electric	82,556	15%	91,219	17%

The changes in ACE's operating revenue net of purchased power expense for the three and nine months ended September 30, 2018 compared to the same period in 2017 consisted of the following:

	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2018
	Increase (Decrease)	Increase (Decrease)
Weather	$ 8	$ 12
Volume	7	13
Distribution revenue	6	12
Regulatory required programs	(4)	(14)
Transmission revenue	(4)	(3)
Other	1	2
Total increase	$ 14	$ 22

Weather. The demand for electricity is affected by weather conditions. With respect to the electric business, very warm weather in summer months and very cold weather in winter months are referred to as “favorable weather conditions” because these weather conditions result in increased deliveries of electricity. Conversely, mild weather reduces demand. During the three and nine months ended September 30, 2018 compared to the same period in 2017 , operating revenue net of purchased power and fuel expense related to weather was higher due to the impact of favorable weather conditions in ACE's service territory.

For retail customers of ACE, distribution revenues are not decoupled from the distribution of electricity by ACE, and thus are subject to variability due to changes in customer consumption. Therefore, changes in customer usage (due to weather conditions, energy prices, energy savings programs or other reasons) from period to period have a direct impact on reported distribution revenue for customers in ACE's service territory.

Heating and cooling degree-days are quantitative indices that reflect the demand for energy needed to heat or cool a home or business. Normal weather is determined based on historical average heating and cooling degree-days for a 20-year period in ACE’s service territory. The changes in heating and cooling degree-days in ACE’s service territory for the three and nine months ended September 30, 2018 compared to the same period in 2017 consisted of the following:

Heating and Cooling Degree-Days				% Change	
Three Months Ended September 30,	2018	2017	Normal	2018 vs. 2017	2018 vs. Normal
Heating Degree-Days	1	23	39	(95.7)%	(97.4)%
Cooling Degree-Days	1,093	830	817	31.7 %	33.8 %
Nine Months Ended September 30,					
Heating Degree-Days	2,928	2,608	3,068	12.3 %	(4.6)%
Cooling Degree-Days	1,447	1,153	1,110	25.5 %	30.4 %

Volume. During the three and nine months ended September 30, 2018 compared to the same period in 2017 the increase in operating revenue net of purchased power expense related to delivery volume, exclusive of the effects of weather, is primarily due to higher average residential and commercial usage.

Distribution Revenue. The increase in distribution revenue for the three and nine months ended September 30, 2018 compared to the same period in 2017 was primarily due to higher electric distribution base rates charged to customers that became effective in November 2017, partially offset by the impact of reduced distribution rates to reflect the lower federal income tax rate. See Note 6 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information.

Regulatory Required Programs. This represents the change in operating revenues collected under approved riders to recover costs incurred for regulatory programs such as energy efficiency programs. The riders are designed to provide full and current cost recovery as well as a return. The costs of these programs are included in Operating and maintenance expense, Depreciation and amortization expense and Taxes other than income in ACE's Consolidated Statements of Operations and Comprehensive Income. See Operating and maintenance expense and Depreciation and amortization expense discussion below for additional information on included programs. Revenue from regulatory required programs decreased for the three and nine months ended September 30, 2018 compared to the same periods in 2017 due to a rate decrease effective October 2017 for the ACE Transition Bonds.

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Transmission Revenue. Under a FERC-approved formula, transmission revenue varies from year to year based upon fluctuations in the underlying costs, capital investments being recovered, the highest daily peak load and other billing adjustments. The decrease in transmission revenue for the three and nine months ended September 30, 2018 compared to the same periods in 2017 was primarily due to the impact of the lower federal income tax rate.

Other. Other revenue, which can vary period to period, includes rental revenue, revenue related to late payment charges, assistance provided to other utilities through mutual assistance programs, and recoveries of other taxes.

Operating and Maintenance Expense

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2018	2017	Increase (Decrease)	2018	2017	Increase (Decrease)
Operating and maintenance expense - baseline	$ 69	$ 62	$ 7	$ 227	$ 199	$ 28
Operating and maintenance expense - regulatory required programs [(a)]	16	10	6	23	26	(3)
Total operating and maintenance expense	$ 85	$ 72	$ 13	$ 250	$ 225	$ 25

(a) Operating and maintenance expenses for regulatory required programs are costs for various legislative and/or regulatory programs that are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in Operating revenues.

The changes in Operating and maintenance expense for the three and nine months ended September 30, 2018 compared to the same period in 2017 consisted of the following:

	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2018
	Increase (Decrease)	Increase (Decrease)
Baseline		
Labor and contracting [(a)]	$ 7	$ 18
Merger costs [(b)]	8	7
Other	(8)	3
	7	28
Regulatory required programs	6	(3)
Total increase	$ 13	$ 25

(a) Includes additional costs associated with mutual assistance programs. An equal and offsetting increase has been recognized in Operating revenues for the period presented.
(b) Primarily due to a deferral of accumulated merger integration costs as regulatory assets in 2017.

Depreciation and Amortization Expense

The changes in Depreciation and amortization expense for the three and nine months ended September 30, 2018 compared to the same period in 2017 consisted of the following:

	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2018
	Increase (Decrease)	Increase (Decrease)
Depreciation expense [(a)]	$ 1	$ 4
Regulatory asset amortization	2	5
Regulatory required programs [(b)]	(6)	(15)
Total decrease	$ (3)	$ (6)

(a) Depreciation expense increased due to ongoing capital expenditures.
(b) Regulatory required programs decreased as a result of lower revenue due to rate decreases effective October 2017 for the ACE Transition Bonds. Depreciation and amortization expenses for regulatory required programs are recoverable from customers on a full and current basis through approved regulated rates. An equal and offsetting amount has been reflected in Operating revenues.

Taxes Other Than Income

Taxes other than income for the three and nine months ended September 30, 2018 compared to the same period in 2017 remained relatively consistent.

Interest Expense, Net

Interest expense, net for the three and nine months ended September 30, 2018 compared to the same period in 2017 remained relatively consistent.

Other, Net

Other, net for the three months ended September 30, 2018 compared to the same period in 2017 remained relatively consistent. The decrease in Other, net for the nine months ended September 30, 2018 compared to the same period in 2017 was primarily due to lower income from AFUDC equity.

Effective Income Tax Rate

ACE's effective income tax rate was 11.6% and 36.9% for the three months ended September 30, 2018 and 2017 , respectively. The decrease in the effective income tax rate for the three months ended September 30, 2018 compared to the same period in 2017 is primarily due to the lower federal income tax rate as a result of the TCJA.

ACE's effective income tax rate was 13.6% and 13.5% for the nine months ended September 30, 2018 and 2017 , respectively. The increase in the effective income tax rate for the nine months ended September 30, 2018 compared to the same period in 2017 is primarily due to the absence of an unrecognized tax benefit from 2017, partially offset by a nonrecurring adjustment to income tax reserve balances in 2017.

See Note 12 — Income Taxes of the Combined Notes to Consolidated Financial Statements for additional information regarding the components of the effective income tax rates.

ACE Electric Operating Statistics and Detail

Retail Deliveries to Customers (in GWhs)	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	% Change	Weather - Normal % Change	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017	% Change	Weather - Normal % Change
Retail Deliveries [a]								
Residential	1,548	1,349	14.8%	6.2%	3,363	3,042	10.6%	4.3%
Small commercial & industrial	442	407	8.6%	4.0%	1,066	992	7.5%	4.3%
Large commercial & industrial	1,030	939	9.7%	6.7%	2,725	2,557	6.6%	5.0%
Public authorities & electric railroads	10	9	11.1%	8.2%	36	33	9.1%	8.2%
Total retail deliveries	3,030	2,704	12.1%	6.0%	7,190	6,624	8.5%	4.6%

Number of Electric Customers	As of September 30, 2018	As of September 30, 2017
Residential	489,961	486,212
Small commercial & industrial	61,141	60,982
Large commercial & industrial	3,569	3,726
Public authorities & electric railroads	656	633
Total	555,327	551,553

(a) Reflects delivery volumes from customers purchasing electricity directly from ACE and customers purchasing electricity from a competitive electric generation supplier as all customers are assessed distribution charges.

See Note 19 — Segment Information of the Combined Notes to Consolidated Financial Statements for the presentation of ACE's revenue disaggregation.

Liquidity and Capital Resources

All results included throughout the liquidity and capital resources section are presented on a GAAP basis.

The Registrants' operating and capital expenditures requirements are provided by internally generated cash flows from operations as well as funds from external sources in the capital markets and through bank borrowings. The Registrants' businesses are capital intensive and require considerable capital resources. Each Registrant's access to external financing on reasonable terms depends on its credit ratings and current overall capital market business conditions, including that of the utility industry in general. If these conditions deteriorate to the extent that the Registrants no longer have access to the capital markets at reasonable terms, the Registrants have access to unsecured revolving credit facilities with aggregate bank commitments of $9 billion . In addition, Generation has $545 million in bilateral facilities with banks which have various expirations between January 2019 and March 2020. The Registrants utilize their credit facilities to support their commercial paper programs, provide for other short-term borrowings and to issue letters of credit. See the "Credit Matters" section below for additional information. The Registrants expect cash flows to be sufficient to meet operating expenses, financing costs and capital expenditure requirements.

The Registrants primarily use their capital resources, including cash, to fund capital requirements, including construction expenditures, retire debt, pay dividends, fund pension and other postretirement benefit obligations and invest in new and existing ventures. The Registrants spend a significant amount of cash on capital improvements and construction projects that have a long-term return on investment. Additionally, ComEd, PECO, BGE, Pepco, DPL and ACE operate in rate-regulated environments in which the amount of new investment recovery may be delayed or limited and where such recovery takes place over an extended period of time. See Note 11 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for additional information of the Registrants' debt and credit agreements.

NRC Minimum Funding Requirements

NRC regulations require that licensees of nuclear generating facilities demonstrate reasonable assurance that sufficient funds will be available in certain minimum amounts to decommission the facility. These NRC minimum funding levels are based upon the assumption that decommissioning activities will commence after the end of the current licensed life of each unit. If a unit fails the NRC minimum funding test, then the plant's owners or parent companies would be required to take steps, such as providing financial guarantees through letters of credit or parent company guarantees or making additional cash contributions to the NDT fund to ensure sufficient funds are available. See Note 13 — Asset Retirement Obligations of the Combined Notes to Consolidated Financial Statements for additional information on the NRC minimum funding requirements.

If a nuclear plant were to early retire there is a risk that it will no longer meet the NRC minimum funding requirements due to the earlier commencement of decommissioning activities and a shorter time period over which the NDT fund investments could appreciate in value. A shortfall could require that Generation address the shortfall by, among other things, obtaining a parental guarantee for Generation's share of the funding assurance. However, the amount of any guarantees or other assurance will ultimately depend on the decommissioning approach, the associated level of costs, and the decommissioning trust fund investment performance going forward. Within two years after shutting down a plant, Generation must submit a post-shutdown decommissioning activities report (PSDAR) to the NRC that includes the planned option for decommissioning the site. As discussed in Note 13 — Asset Retirement Obligations of the Combined Notes to Consolidated Financial Statements, Generation filed its annual decommissioning funding status report with the NRC on March 28, 2018 for shutdown reactors and reactors within five years of shut down. As of September 30, 2018 , across the alternative

decommissioning approaches available, Exelon would not be required to post a parental guarantee for TMI or Oyster Creek. In the event PSEG decides to early retire Salem, Generation estimates a parental guarantee of up to $55 million from Exelon could be required for Salem, dependent upon the ultimate decommissioning approach selected.

Upon issuance of any required financial guarantees, each site would be able to utilize the respective NDT funds for radiological decommissioning costs, which represent the majority of the total expected decommissioning costs. However, the NRC must approve an additional exemption in order for the plant's owner(s) to utilize the NDT fund to pay for non-radiological decommissioning costs (i.e., spent fuel management and site restoration costs). If a unit does not receive this exemption, the costs would be borne by the owner(s). While the ultimate amounts may vary greatly and could be reduced by alternate decommissioning scenarios and/or reimbursement of certain costs under the DOE reimbursement agreements or future litigation, across the four alternative decommissioning approaches available, if TMI or Oyster Creek were to fail to obtain the exemption, Generation estimates it could incur spent fuel management and site restoration costs over the next ten years of up to $200 million and $215 million net of taxes, respectively, dependent upon the ultimate decommissioning approach selected. In the event PSEG decides to early retire Salem and Salem were to fail to obtain the exemption, Generation estimates it could incur spent fuel management and site restoration costs over the next ten years of up to $95 million net of taxes.

On July 31, 2018, Generation entered into an agreement for the sale of Oyster Creek which is expected to occur in the second half of 2019. See Note 4 - Mergers, Acquisitions and Dispositions for additional information on the sale of Oyster Creek to Holtec.

Cash Flows from Operating Activities

General

Generation's cash flows from operating activities primarily result from the sale of electric energy and energy-related products and services to customers. Generation's future cash flows from operating activities may be affected by future demand for and market prices of energy and its ability to continue to produce and supply power at competitive costs as well as to obtain collections from customers.

The Utility Registrants' cash flows from operating activities primarily result from the transmission and distribution of electricity and, in the case of PECO, BGE and DPL, gas distribution services. The Utility Registrants' distribution services are provided to an established and diverse base of retail customers. The Utility Registrants' future cash flows may be affected by the economy, weather conditions, future legislative initiatives, future regulatory proceedings with respect to their rates or operations, competitive suppliers, and their ability to achieve operating cost reductions.

See Notes 3 — Regulatory Matters and 23 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements of the Exelon 2017 Form 10-K for additional information of regulatory and legal proceedings and proposed legislation.

The following table provides a summary of the major items affecting Exelon's cash flows from operations for the nine months ended September 30, 2018 and 2017 :

	Nine Months Ended September 30,		
	2018	2017	Variance
Net income	$ 1,979	$ 1,928	$ 51
Add (subtract):			
Non-cash operating activities [(a)]	5,452	5,016	436
Pension and non-pension postretirement benefit contributions	(362)	(344)	(18)
Income taxes	166	167	(1)
Changes in working capital and other noncurrent assets and liabilities [(b)]	(746)	(1,029)	283
Option premiums received (paid), net	(36)	35	(71)
Collateral (posted) received, net	222	(100)	322
Net cash flows provided by operations	$ 6,675	$ 5,673	$ 1,002

(a) Represents depreciation, amortization and accretion, net fair value changes related to derivatives, deferred income taxes, provision for uncollectible accounts, pension and other postretirement benefit expense, equity in earnings and losses of unconsolidated affiliates and investments, decommissioning-related items, stock compensation expense, impairment of long-lived assets, gain on sale of assets and businesses and other non-cash charges. See Note 18 — Supplemental Financial Information of the Combined Notes to Consolidated Financial Statements for additional information on non-cash operating activity.

(b) Changes in working capital and other noncurrent assets and liabilities exclude the changes in commercial paper, income taxes and the current portion of long-term debt.

Pension and Other Postretirement Benefits

Management considers various factors when making pension funding decisions, including actuarially determined minimum contribution requirements under ERISA, contributions required to avoid benefit restrictions and at-risk status as defined by the Pension Protection Act of 2006 (the Act), management of the pension obligation and regulatory implications. The Act requires the attainment of certain funding levels to avoid benefit restrictions (such as an inability to pay lump sums or to accrue benefits prospectively), and at-risk status (which triggers higher minimum contribution requirements and participant notification). Exelon's funding strategy for its qualified pension plans is to contribute the greater of (1) $300 million (inclusive of PHI) and (2) the minimum amounts under ERISA to avoid benefit restrictions and at-risk status. This level funding strategy helps minimize volatility of future period required pension contributions. Unlike the qualified pension plans, Exelon's non-qualified pension plans are not funded given that they are not subject to statutory minimum contribution requirements.

While other postretirement plans are plans are also not subject to statutory minimum contribution requirements, Exelon does fund certain of its plans. For Exelon's funded OPEB plans, contributions generally equal accounting costs, however, Exelon's management has historically considered several factors in determining the level of contributions to its other postretirement benefit plans, including liabilities management, levels of benefit claims paid and regulatory implications (amounts deemed prudent to meet regulatory expectations and best assure continued rate recovery).

To the extent interest rates decline significantly or the pension and OPEB plans earn less than the expected asset returns, annual pension contribution requirements in future years could increase. Conversely, to the extent interest rates increase significantly or the pension and OPEB plans earn greater than the expected asset returns, annual pension and OPEB contribution requirements in future years could decrease. Additionally, expected contributions could change if Exelon changes its pension or OPEB funding strategy.

On October 3, 2017, the U.S. Department of Treasury and IRS released final regulations updating the mortality tables to be used for defined benefit pension plan funding, as well as the valuation of lump sum and other accelerated distribution options, effective for plan years beginning in 2018. The new mortality tables reflect improved projected life expectancy as compared to the existing table, which is generally expected to increase minimum pension funding requirements, Pension Benefit Guaranty Corporation premiums and the value of lump sum distributions. The IRS permits plan sponsors the option of delaying use of the new mortality tables for determining minimum funding requirements until 2019, which Exelon has utilized. The one-year delay does not apply for use of the mortality tables to determine the present value of lump sum distributions.

Tax Matters

The Registrants' future cash flows from operating activities may be affected by the following tax matters:

- Pursuant to the TCJA, beginning in 2018 Generation is expected to have higher operating cash flows in the range of approximately $1.2 billion to $1.6 billion for the period from 2018 to 2021, reflecting the reduction in the corporate federal income tax rate and full expensing of capital investments.

  The TCJA is generally expected to result in lower operating cash flows for the Utility Registrants as a result of the elimination of bonus depreciation and lower customer rates. Increased operating cash flows for the Utility Registrants from lower corporate federal income tax rates is expected to be more than offset over time by lower customer rates resulting from lower income tax expense recoveries and the settlement of deferred income tax net regulatory liabilities established pursuant to the TCJA, partially offset by the impacts of higher rate base. The amount and timing of settlement of the net regulatory liabilities will be determined by the Utility Registrants' respective rate regulators, subject to certain IRS "normalization" rules. The table below sets forth the Registrants' estimated categorization of their net regulatory liabilities as of December 31, 2017. The amounts in the table below are shown on an after-tax basis reflecting future net cash outflows after taking into consideration the income tax benefits associated with the ultimate settlement with customers.

	Exelon	ComEd	PECO [a]	BGE	PHI	PEPCO	DPL	ACE
Subject to IRS Normalization Rules	$3,040	$1,400	$533	$459	$648	$299	$195	$153
Subject to Rate Regulator Determination	1,694	573	43	324	754	391	194	170
Net Regulatory Liabilities	$4,734	$1,973	$576	$783	$1,402	$690	$389	$323

(a) Given the regulatory treatment of income tax benefits related to electric and gas distribution repairs, PECO remains in an overall net regulatory asset position as of December 31, 2017 after recording the impacts related to the TCJA. As a result, the amount of customer benefits resulting from the TCJA subject to the discretion of PECO's rate regulators are lower relative to the other Utility Registrants. See Note 6 - Regulatory Matters for additional information.

Net regulatory liability amounts subject to normalization rules generally may not be passed back to customers any faster than over the remaining useful lives of the underlying assets giving rise to the associated deferred income taxes. Such deferred income taxes generally relate to property, plant and equipment with remaining useful lives ranging from 30 to 40 years across the Utility Registrants. For the remaining amounts, the pass back period is subject to determinations by the rate regulators.

The Utility Registrants expect to fund any such required incremental operating cash outflows using a combination of third party debt financings and equity funding from Exelon in combinations generally consistent with existing capitalization ratio structures. To fund any

additional equity contributions to the Utility Registrants, Exelon would have available to it its typical sources, including, but not limited to, the increased operating cash flows at Generation referenced above, which over time are expected to exceed the incremental equity needs at the Utility Registrants.

The Utility Registrants have worked with their state regulatory commissions to determine the amount and timing of the passing back of TCJA income tax savings benefits to customers. See Note 6 - Regulatory Matters of the Combined Notes to Consolidated Financial Statements for additional information on their filings.

See Note 12 - Income Taxes of the Combined Notes to Consolidated Financial Information for additional information on the amounts of the net regulatory liabilities subject to determinations by rate regulators.

At this time, many of the states in which Exelon does business have issued guidance regarding TCJA and the impact is not material.

- State and local governments continue to face increasing financial challenges, which may increase the risk of additional income tax, property taxes and other taxes or the imposition, extension or permanence of temporary tax increases.

Cash flows from operations for the nine months ended September 30, 2018 and 2017 by Registrant were as follows:

	Nine Months Ended September 30,	
	2018	2017
Exelon	$ 6,675	$ 5,673
Generation	3,411	2,270
ComEd	1,118	1,120
PECO	492	603
BGE	675	701
PHI	845	795
Pepco	396	348
DPL	292	292
ACE	160	158

Changes in the Registrants' cash flows from operations were generally consistent with changes in each Registrant's respective results of operations, as adjusted by changes in working capital in the normal course of business, except as discussed below. In addition, significant operating cash flow impacts for the Registrants for the nine months ended September 30, 2018 and 2017 were as follows:

Generation

- Depending upon whether Generation is in a net mark-to-market liability or asset position, collateral may be required to be posted with or collected from its counterparties. In addition, the collateral posting and collection requirements differ depending on whether the transactions are on an exchange or in the OTC markets. During the nine months ended September 30, 2018 and 2017 , Generation had net collections/(payments) of counterparty cash collateral of $228 million and $(77) million , respectively, primarily due to market conditions that resulted in changes to Generation's net mark-to-market position.

- During the nine months ended September 30, 2018 and 2017 , Generation had net (payments)/collections of approximately $(36) million and $35 million , respectively, related to purchases and sales of options. The level of option activity in a given period may vary due to several factors, including changes in market conditions as well as changes in hedging strategy.

See Note 18 — Supplemental Financial Information of the Combined Notes to Consolidated Financial Statements for additional information regarding changes in non-cash operating activities.

Cash Flows from Investing Activities

Cash flows used in investing activities for the nine months ended September 30, 2018 and 2017 by Registrant were as follows:

	Nine Months Ended September 30,	
	2018	2017
Exelon	$ (5,609)	$ (5,743)
Generation	(1,806)	(1,875)
ComEd	(1,518)	(1,681)
PECO	(609)	(457)
BGE	(659)	(609)
PHI	(986)	(990)
Pepco	(472)	(438)
DPL	(253)	(293)
ACE	(248)	(242)

Significant investing cash flow impacts for the Registrants for nine months ended September 30, 2018 and 2017 were as follows:

Exelon

- During the nine months ended September 30, 2018 , Exelon had proceeds of $85 million relating to the sale of its interest in an electrical contracting business that primarily installs, maintains and repairs underground and high-voltage cable transmission and distribution services.

- During the nine months ended September 30, 2018 , Exelon had expenditures of $57 million relating to the acquisition of the Handley Generating Station.

- During the nine months ended September 30, 2017 , Exelon had expenditures of $23 million and $178 million relating to the acquisitions of ConEdison Solutions and the FitzPatrick facility, respectively.

- During the nine months ended September 30, 2017, Exelon had proceeds of $218 million from sales of long-lived assets.

Capital Expenditure Spending

Generation

Generation has entered into several agreements to acquire equity interests in privately held development stage entities which develop energy-related technologies. The agreements contain a series of scheduled investment commitments, including in-kind service contributions. There are anticipated expenditures remaining to fund anticipated planned capital and operating needs of the associated companies.

Capital expenditures by Registrant for the nine months ended September 30, 2018 and 2017 and projected amounts for the full year 2018 are as follows:

	Projected Full Year 2018 [a]		Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Exelon	$ 7,850	[b]	$ 5,497	$ 5,556
Generation	2,325		1,660	1,654
ComEd [c]	2,125		1,540	1,698
PECO	850		615	537
BGE	1,000		667	615
PHI	1,500	[d]	988	995
Pepco	700		475	439
DPL	400		254	294
ACE	400		247	242

(a) Total projected capital expenditures do not include adjustments for non-cash activity. Amounts are rounded to the nearest $25 million.
(b) Includes corporate operations, BSC, and PHISCO.
(c) The capital expenditures and 2018 projections include approximately $81 million of expected incremental spending pursuant to EIMA, ComEd has committed to invest approximately $2.6 billion over a ten-year period, through 2021, to modernize and storm-harden its distribution system and to implement smart grid technology.
(d) Includes PHISCO.

Projected capital expenditures and other investments are subject to periodic review and revision to reflect changes in economic conditions and other factors.

Generation

Approximately 40% and 10% of the projected 2018 capital expenditures at Generation are for the acquisition of nuclear fuel, and the construction of new natural gas plant and solar facilities, respectively, with the remaining amounts reflecting investment in renewable energy and additions and upgrades to existing facilities (including material condition improvements during nuclear refueling outages). Generation anticipates that they will fund capital expenditures with internally generated funds and borrowings.

ComEd, PECO, BGE, Pepco, DPL and ACE

Projected 2018 capital expenditures at the Utility Registrants are for continuing projects to maintain and improve operations, including enhancing reliability and adding capacity to the transmission and distribution systems such as ComEd's reliability related investments required under EIMA, and the Utility Registrants' construction commitments under PJM's RTEP.

The Utility Registrants as transmission owners are subject to NERC compliance requirements. NERC provides guidance to transmission owners regarding assessments of transmission lines. The results of these assessments could require the Utility Registrants to incur incremental capital or operating and maintenance expenditures to ensure their transmission lines meet NERC standards. In 2010, NERC provided guidance to transmission owners that recommended the Utility Registrants perform

assessments of their transmission lines. ComEd, PECO and BGE submitted their final bi-annual reports to NERC in January 2014. ComEd and PECO will be incurring incremental capital expenditures associated with this guidance following the completion of the assessments. Specific projects and expenditures are identified as the assessments are completed. ComEd's and PECO's forecasted 2018 capital expenditures above reflect capital spending for remediation to be completed through 2019. DPL, ACE, and BGE are complete with their assessments and Pepco has substantially completed its assessment and thus do not expect significant capital expenditures related to this guidance in 2018 .

The Utility Registrants anticipate that they will fund their capital expenditures with a combination of internally generated funds and borrowings and additional capital contributions from parent.

Cash Flows from Financing Activities

Cash flows provided by (used in) financing activities for the nine months ended September 30, 2018 and 2017 by Registrant were as follows:

	Nine Months Ended September 30,	
	2018	2017
Exelon	$ 65	$ 701
Generation	(820)	(297)
ComEd	536	812
PECO	(51)	121
BGE	82	(112)
PHI	260	161
Pepco	83	199
DPL	69	(42)
ACE	94	(13)

Debt

See Note 11 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for additional information of the Registrants' debt issuances.

Dividends

Cash dividend payments and distributions during the nine months ended September 30, 2018 and 2017 by Registrant were as follows:

	Nine Months Ended September 30,	
	2018	2017
Exelon	$ 999	$ 921
Generation	688	494
ComEd	345	316
PECO	300	216
BGE	157	148
PHI	232	267
Pepco	128	133
DPL	58	82
ACE	46	53

Quarterly dividends declared by the Exelon Board of Directors during the nine months ended September 30, 2018 and for the third quarter of 2018 were as follows:

Period	Declaration Date	Shareholder of Record Date	Dividend Payable Date	Cash per Share [(a)]
First Quarter 2018	January 30, 2018	February 15, 2018	March 9, 2018	$ 0.3450
Second Quarter 2018	May 1, 2018	May 15, 2018	June 8, 2018	$ 0.3450
Third Quarter 2018	July 24, 2018	August 15, 2018	September 10, 2018	$ 0.3450
Fourth Quarter 2018	September 24, 2018	November 15, 2018	December 10, 2018	$ 0.3450

(a) Exelon's Board of Directors approved an updated dividend policy providing an increase of 5% each year for the period covering 2018 through 2020, beginning with the March 2018 dividend.

Short-Term Borrowings

Short-term borrowings incurred (repaid) during the nine months ended September 30, 2018 and 2017 by Registrant were as follows:

	Nine Months Ended September 30,	
	2018	2017
Exelon	$ (93)	$ (559)
Generation	—	(609)
ComEd	—	—
PECO	—	—
BGE	(77)	(45)
PHI	(16)	(404)
Pepco	38	(23)
DPL	(216)	54
ACE	162	65

Contributions from Parent/Member

Contributions received from Parent/Member for the nine months ended September 30, 2018 and 2017 by Registrant were as follows:

	Nine Months Ended September 30,	
	2018	2017
Generation	$ 54	$ 102
ComEd [(a)(b)]	387	567
PECO [(b)]	71	16
BGE [(b)]	18	77
PHI [(b)]	237	758
Pepco [(c)]	85	161
DPL [(c)]	150	—

(a) Additional contributions from parent or external debt financing may be required as a result of increased capital investment in infrastructure improvements and modernization pursuant to EIMA and transmission upgrades.
(b) Contribution paid by Exelon.
(c) Contribution paid by PHI.

Other

For the nine months ended September 30, 2018 , other financing activities primarily consist of debt issuance costs. See Note 11 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for additional information of the Registrants' debt issuances.

Credit Matters

The Registrants fund liquidity needs for capital investment, working capital, energy hedging and other financial commitments through cash flows from continuing operations, public debt offerings, commercial paper markets and large, diversified credit facilities. The credit facilities include $9.5 billion in aggregate total commitments of which $8.0 billion was available as of September 30, 2018 , and of which no financial institution has more than 7% of the aggregate commitments for the Registrants. The Registrants had access to the commercial paper market during the third quarter of 2018 to fund their short-term liquidity needs, when necessary. The Registrants routinely review the sufficiency of their liquidity position, including appropriate sizing of credit facility commitments, by performing various stress test scenarios, such as commodity price movements, increases in margin-related transactions, changes in hedging levels and the impacts of hypothetical credit downgrades. The Registrants have continued to closely monitor events in the financial markets and the financial institutions associated with the credit facilities, including monitoring credit ratings and outlooks, credit default swap levels, capital raising and merger activity. See PART I. ITEM 1A. RISK FACTORS of the Exelon 2017 Form 10-K for additional information regarding the effects of uncertainty in the capital and credit markets.

The Registrants believe their cash flow from operating activities, access to credit markets and their credit facilities provide sufficient liquidity. If Generation lost its investment grade credit rating as of September 30, 2018 , it would have been required to provide incremental collateral of $1.8 billion to meet collateral obligations for derivatives, non-derivatives, normal purchases and normal sales contracts and applicable payables and receivables, net of the contractual right of offset under master netting agreements, which is well within its current available credit facility capacities of $4.4 billion .

The following table presents the incremental collateral that each Utility Registrant would have been required to provide in the event each Utility Registrant lost its investment grade credit rating at September 30, 2018 and available credit facility capacity prior to any incremental collateral at September 30, 2018 :

	PJM Credit Policy Collateral	Other Incremental Collateral Required [a]	Available Credit Facility Capacity Prior to Any Incremental Collateral
ComEd	$ 8	$ —	$ 998
PECO	1	22	600
BGE	12	31	599
Pepco	11	—	296
DPL	5	10	300
ACE	—	—	300

(a) Represents incremental collateral related to natural gas procuremen t contracts.

Exelon Credit Facilities

Exelon Corporate, ComEd, BGE, Pepco, DPL and ACE meet their short-term liquidity requirements primarily through the issuance of commercial paper. Generation and PECO meet their short-term liquidity requirements primarily through the issuance of commercial paper and borrowings from the intercompany money pool. PHI Corporate meets its short-term liquidity requirements primarily through the issuance of short-term notes and the Exelon intercompany money pool. The Registrants may use their respective credit facilities for general corporate purposes, including meeting short-term funding requirements and the issuance of letters of credit.

The following table reflects the Registrants' commercial paper programs supported by the revolving credit agreements and bilateral credit agreements at September 30, 2018 :

Commercial Paper Programs

Commercial Paper Issuer	Maximum Program Size [a][b][c]	Outstanding Commercial Paper at September 30, 2018	Average Interest Rate on Commercial Paper Borrowings for the Nine Months Ended September 30, 2018
Exelon Corporate	$ 600	$ —	1.93%
Generation	5,300	—	1.96%
ComEd	1,000	—	2.14%
PECO	600	—	2.24%
BGE	600	—	2.15%
Pepco	500	64	2.19%
DPL	500	—	2.07%
ACE	350	145	2.15%

(a) Excludes $545 million bilateral credit facilities that do not back Generation's commercial paper program.
(b) Excludes $128 million of credit facility agreements arranged at minority and community banks at Generation, PECO, ComEd, BGE, Pepco, DPL and ACE. These facilities expired on October 12, 2018 and were renewed with aggregate commitments of $49 million, $33.5 million, $32.5 million, $5 million, $5 million, $5 million, and $5 million, respectively, through October 11, 2019. These facilities are solely utilized to issue letters of credit. As of September 30, 2018 , letters of credit issued under these agreements for Generation and BGE totaled $5 million and $2 million , respectively.
(c) Pepco, DPL and ACE's revolving credit facility is subject to available borrowing capacity. The borrowing capacity may be increased or decreased during the term of the facility, except that (i) the sum of the borrowing capacity must equal the total amount of the facility, and (ii) the aggregate amount of credit used at any given time by each of Pepco, DPL or ACE may not exceed $900 million or the

maximum amount of short-term debt the Registrant is permitted to have outstanding by its regulatory authorities. The total number of the borrowing reallocations may not exceed eight per year during the term of the facility.

In order to maintain their respective commercial paper programs in the amounts indicated above, each Registrant must have credit facilities in place, at least equal to the amount of its commercial paper program. While the amount of outstanding commercial paper does not reduce available capacity under a Registrant's credit facility, a Registrant does not issue commercial paper in an aggregate amount exceeding the then available capacity under its credit facility. At September 30, 2018 , the Registrants had the following aggregate bank commitments, credit facility borrowings and available capacity under their respective credit facilities:

					Available Capacity at September 30, 2018	
Borrower	Facility Type	Aggregate Bank Commitment (a)	Facility Draws	Outstanding Letters of Credit (c)	Actual	To Support Additional Commercial Paper (b)
Exelon Corporate	Syndicated Revolver	$ 600	$ —	$ 9	$ 591	$ 591
Generation	Syndicated Revolver	5,300	—	1,139	4,161	4,161
Generation	Bilaterals	545	—	356	189	—
ComEd	Syndicated Revolver	1,000	—	2	998	998
PECO	Syndicated Revolver	600	—	—	600	600
BGE	Syndicated Revolver	600	—	1	599	599
Pepco	Syndicated Revolver	300	—	4	296	232
DPL	Syndicated Revolver	300	—	—	300	300
ACE	Syndicated Revolver	300	—	—	300	155

(a) Excludes $128 million of credit facility agreements arranged at minority and community banks at Generation, PECO, ComEd, BGE, Pepco, DPL and ACE. These facilities expired on October 12, 2018 and were renewed with aggregate commitments of $49 million, $33.5 million, $32.5 million, $5 million, $5 million, $5 million, and $5 million, respectively, through October 11, 2019. These facilities are solely utilized to issue letters of credit. As of September 30, 2018 , letters of credit issued under these agreements for Generation and BGE totaled $5 million and $2 million , respectively. Excludes nonrecourse debt letters of credit, see Note 13 — Debt and Credit Agreements in the Exelon 2017 Form 10-K for additional information.

(b) Excludes $545 million bilateral credit facilities that do not back Generation's commercial paper program.

As of September 30, 2018 , there were no borrowings under Generation's bilateral credit facilities.

Borrowings under Exelon Corporate's, Generation's, ComEd's, PECO's, BGE's, Pepco's, DPL's and ACE's revolving credit agreements bear interest at a rate based upon either the prime rate or a LIBOR-based rate, plus an adder based upon the particular Registrant's credit rating. The adders for the prime based borrowings and LIBOR-based borrowings are presented in the following table:

	Exelon Corporate	Generation	ComEd	PECO	BGE	Pepco	DPL	ACE
Prime based borrowings	27.5	27.5	7.5	0.0	0.0	7.5	7.5	7.5
LIBOR-based borrowings	127.5	127.5	107.5	90.0	100.0	107.5	107.5	107.5

The maximum adders for prime rate borrowings and LIBOR-based rate borrowings are 90 basis points and 165 basis points, respectively. The credit agreements also require the borrower to pay a facility fee based upon the aggregate commitments. The fee varies depending upon the respective credit ratings of the borrower.

Each revolving credit agreement for Exelon Corporate, Generation, ComEd, PECO, BGE, Pepco, DPL and ACE requires the affected borrower to maintain a minimum cash from operations to interest expense ratio for the twelve-month period ended on the last day of any quarter. The following table summarizes the minimum thresholds reflected in the credit agreements for the nine months ended September 30, 2018 :

	Exelon Corporate	Generation	ComEd	PECO	BGE	Pepco	DPL	ACE
Credit agreement threshold	2.50 to 1	3.00 to 1	2.00 to 1	2.00 to 1	2.00 to 1	2.00 to 1	2.00 to 1	2.00 to 1

At September 30, 2018 , the interest coverage ratios at the Registrants were as follows:

	Exelon	Generation	ComEd	PECO	BGE	Pepco	DPL	ACE
Interest coverage ratio	6.87	11.16	12.28	7.86	9.32	5.81	7.53	5.30

An event of default under Exelon, Generation, ComEd, PECO or BGE's indebtedness will not constitute an event of default under any of the others' credit facilities, except that a bankruptcy or other event of default in the payment of principal, premium or indebtedness in principal amount in excess of $100 million in the aggregate by Generation will constitute an event of default under the Exelon Corporate credit facility. An event of default under Pepco, DPL or ACE's indebtedness will not constitute an event of default with respect to the other PHI Utilities under the PHI Utilities' combined credit facility.

The absence of a material adverse change in Exelon's or PHI's business, property, results of operations or financial condition is not a condition to the availability of credit under any of the borrowers' credit agreement. None of the credit agreements include any rating triggers.

Security Ratings

The Registrants' access to the capital markets, including the commercial paper market, and their respective financing costs in those markets, may depend on the securities ratings of the entity that is accessing the capital markets.

The Registrants' borrowings are not subject to default or prepayment as a result of a downgrading of securities, although such a downgrading of a Registrant's securities could increase fees and interest charges under that Registrant's credit agreements.

As part of the normal course of business, the Registrants enter into contracts that contain express provisions or otherwise permit the Registrants and their counterparties to demand adequate assurance of future performance when there are reasonable grounds for doing so. In accordance with the contracts and applicable contracts law, if the Registrants are downgraded by a credit rating agency, it is possible that a counterparty would attempt to rely on such a downgrade as a basis for making a demand for adequate assurance of future performance, which could include the posting of collateral. See Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information on collateral provisions.

Intercompany Money Pool

To provide an additional short-term borrowing option that will generally be more favorable to the borrowing participants than the cost of external financing, both Exelon and PHI operate an intercompany money pool. Maximum amounts contributed to and borrowed from the money pool by participant and the net contribution or borrowing as of September 30, 2018 , are presented in the following table:

Exelon Intercompany Money Pool	During the Three Months Ended September 30, 2018		As of September 30, 2018
Contributed (Borrowed)	Maximum Contributed	Maximum Borrowed	Contributed (Borrowed)
Exelon Corporate	$ 316	$ —	$ 167
Generation	227	—	—
PECO	—	(276)	—
BSC	—	(329)	(214)
PHI Corporate	—	(18)	(10)
PCI	57	(1)	57

PHI Intercompany Money Pool	During the Three Months Ended September 30, 2018		As of September 30, 2018
Contributed (Borrowed)	Maximum Contributed	Maximum Borrowed	Contributed (Borrowed)
PHI Corporate	$ 26	$ —	$ 1
PHISCO	3	(23)	2

Investments in Nuclear Decommissioning Trust Funds

Exelon, Generation and CENG maintain trust funds, as required by the NRC, to fund certain costs of decommissioning nuclear plants. The mix of securities in the trust funds is designed to provide returns to be used to fund decommissioning and to offset inflationary increases in decommissioning costs. Generation actively monitors the investment performance of the trust funds and periodically reviews asset allocations in accordance with Generation's NDT fund investment policy. Generation's and CENG's investment policies establish limits on the concentration of holdings in any one company and also in any one industry. See Note 13 — Asset Retirement Obligations of the Combined Notes to Consolidated Financial Statements for additional information regarding the trust funds, the NRC's minimum funding requirements and related liquidity ramifications.

Shelf Registration Statements

Exelon, Generation, ComEd, PECO, BGE, Pepco, DPL and ACE have a currently effective combined shelf registration statement unlimited in amount, filed with the SEC, that will expire in August 2019 . The ability of each Registrant to sell securities off the shelf registration statement or to access the private placement markets will depend on a number of factors at the time of the proposed sale, including other required regulatory approvals, as applicable, the current financial condition of the Registrant, its securities ratings and market conditions.

Regulatory Authorizations

ComEd, PECO, BGE, Pepco, DPL and ACE are required to obtain short-term and long-term financing authority from Federal and State Commissions as follows:

	As of September 30, 2018					
	Short-term Financing Authority [a]			Remaining Long-term Financing Authority [a]		
	Commission	Expiration Date	Amount	Commission	Expiration Date	Amount
ComEd [b]	FERC	December 31, 2019	$ 2,500	ICC	2019 & 2021	$ 1,533
PECO [c]	FERC	December 31, 2019	1,500	PAPUC	December 31, 2018	575
BGE	FERC	December 31, 2019	700	MDPSC	N/A	400
Pepco	FERC	December 31, 2019	500	MDPSC / DCPSC	December 31, 2020	500
DPL	FERC	December 31, 2019	500	MDPSC / DPSC	December 31, 2020	150
ACE [d]	NJBPU	December 31, 2019	350	NJBPU	December 31, 2019	350

(a) Generation currently has blanket financing authority it received from FERC in connection with its market-based rate authority.
(b) ComEd had $440 million available in long-term debt refinancing authority and $1,093 million available in new money long-term debt financing authority from the ICC as of September 30, 2018 and has an expiration date of June 1, 2019 and August 1, 2021, respectively.
(c) PECO is currently in the process renewing its long-term financing authority with PAPUC and expects approval before the end of the year.
(d) As a result of the October 16, 2018 debt issuance, the remaining long-term financing authority at ACE is zero. See Note 11 — Debt and Credit Agreements of the Combined Notes to Consolidated Financial Statements for additional information regarding ACE debt issuance.

Contractual Obligations and Off-Balance Sheet Arrangements

Contractual obligations represent cash obligations that are considered to be firm commitments and commercial commitments triggered by future events. See Note 23 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements in the Exelon 2017 Form 10-K.

Generation, ComEd, PECO, BGE, Pepco, DPL and ACE have obligations related to contracts for the purchase of power and fuel supplies, and ComEd and PECO have obligations related to their financing trusts. The power and fuel purchase contracts and the financing trusts have been considered for consolidation in the Registrants' respective financial statements pursuant to the authoritative guidance for VIEs. See Note 1 — Significant Accounting Policies of the Combined Notes to Consolidated Financial Statements for additional information.

For an in-depth discussion of the Registrants' contractual obligations and off-balance sheet arrangements, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Contractual Obligations and Off-Balance Sheet Arrangements” in the Exelon 2017 Form 10-K.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

The Registrants are exposed to market risks associated with adverse changes in commodity prices, counterparty credit, interest rates and equity prices. Exelon's RMC approves risk management policies and objectives for risk assessment, control and valuation, counterparty credit approval, and the monitoring and reporting of risk exposures. The RMC is chaired by the chief executive officer and includes the chief risk officer, chief strategy officer, chief executive officer of Exelon Utilities, chief commercial officer, chief financial officer and chief executive officer of Constellation. The RMC reports to the Finance and Risk Committee of the Exelon Board of Directors on the scope of the risk management activities. The following discussion serves as an update to ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK of Exelon's 2017 Annual Report on Form 10-K incorporated herein by reference.

Commodity Price Risk (All Registrants)

Commodity price risk is associated with price movements resulting from changes in supply and demand, fuel costs, market liquidity, weather conditions, governmental regulatory and environmental policies and other factors. To the extent the total amount of energy Exelon generates and purchases differs from the amount of energy it has contracted to sell, Exelon is exposed to market fluctuations in commodity prices. Exelon seeks to mitigate its commodity price risk through the sale and purchase of electricity, fossil fuel and other commodities.

Generation

Electricity available from Generation's owned or contracted generation supply in excess of Generation's obligations to customers, including portions of the Utility Registrants' retail load, is sold into the wholesale markets. To reduce commodity price risk caused by market fluctuations, Generation enters into non-derivative contracts as well as derivative contracts, including swaps, futures, forwards and options, with approved counterparties to hedge anticipated exposures. Generation uses derivative instruments as economic hedges to mitigate exposure to fluctuations in commodity prices. Generation expects the settlement of the majority of its economic hedges will occur during 2018 through 2020 .

In general, increases and decreases in forward market prices have a positive and negative impact, respectively, on Generation's owned and contracted generation positions which have not been hedged. Exelon's hedging program involves the hedging of commodity price risk for Exelon's expected generation, typically on a ratable basis over three-year periods. As of September 30, 2018 , the percentage of expected generation hedged is 98% - 101% , 82% - 85% and 48% - 51% for 2018 , 2019 and 2020 , respectively. The percentage of expected generation hedged is the amount of equivalent sales divided by the expected generation. Expected generation is the volume of energy that best represents our commodity position in energy markets from owned or contracted generating facilities based upon a simulated dispatch model that makes assumptions regarding future market conditions, which are calibrated to market quotes for power, fuel, load following products and options. Equivalent sales represent all hedging products, which include economic hedges and certain non-derivative contracts including Generation's sales to the ComEd, PECO and BGE to serve their retail load.

A portion of Generation's hedging strategy may be accomplished with fuel products based on assumed correlations between power and fuel prices, which routinely change in the market. Market price risk exposure is the risk of a change in the value of unhedged positions. The forecasted market price risk exposure for Generation's entire economic hedge portfolio associated with a $5 reduction in the annual average around-the-clock energy price based on September 30, 2018 market conditions and hedged position would be an increase in pre-tax net income of approximate ly $11 million for 2018 and decreases of approximately $150 million and $475 million , respectively, for 2019 and 2020 . Power price sensitivities are derived by adjusting power price assumptions while keeping all other price inputs

constant. Generation actively manages its portfolio to mitigate market price risk exposure for its unhedged position. Actual results could differ depending on the specific timing of, and markets affected by, price changes, as well as future changes in Generation's portfolio. See Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information.

Retail Competition

Constellation competes for retail customers in a competitive environment, which affects the margins that Generation can earn and the volumes that it is able to serve. In periods of sustained low natural gas and power prices and low market volatility, retail competitors can aggressively pursue market share because the barriers to entry can be low and wholesale generators (including Generation) use their retail hedge generation output. Increased or more aggressive competition could adversely affect Generation's overall gross margins and profitability.

Proprietary Trading Activities

Proprietary trading portfolio activity for the nine months ended September 30, 2018 resulted in $39 million of pre-tax gains due to net mark-to-market gains of $14 million and realized gains of $25 million . Generation has not segregated proprietary trading activity within the following discussion because of the relative size of the proprietary trading portfolio in comparison to Generation's total Revenue net of purchase power and fuel expense. See Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information.

Fuel Procurement

Generation procures natural gas through long-term and short-term contracts, and spot-market purchases. Nuclear fuel assemblies are obtained predominantly through long-term uranium concentrate supply contracts, contracted conversion services, contracted enrichment services, or a combination thereof, and contracted fuel fabrication services. The supply markets for uranium concentrates and certain nuclear fuel services are subject to price fluctuations and availability restrictions. Supply market conditions may make Generation's procurement contracts subject to credit risk related to the potential non-performance of counterparties to deliver the contracted commodity or service at the contracted prices. Approximately 59% of Generation's uranium concentrate requirements from 2018 through 2022 are supplied by three producers. In the event of non-performance by these or other suppliers, Generation believes that replacement uranium concentrates can be obtained, although at prices that may be unfavorable when compared to the prices under the current supply agreements. Non-performance by these counterparties could have a material adverse impact on Exelon's and Generation's results of operations, cash flows and financial positions.

ComEd

ComEd entered into 20-year contracts for renewable energy and RECs beginning in June 2012. ComEd is permitted to recover its renewable energy and REC costs from retail customers with no mark-up. The annual commitments represent the maximum settlements with suppliers for renewable energy and RECs under the existing contract terms. Pursuant to the ICC's Order on December 19, 2012, ComEd's commitments under the existing long-term contracts were reduced for the June 2013 through May 2014 procurement period. In addition, the ICC's December 18, 2013 Order approved the reduction of ComEd's commitments under those contracts for the June 2014 through May 2015 procurement period, and the amount of the reduction was approved by the ICC in March 2014.

ComEd has block energy contracts to procure electric supply that are executed through a competitive procurement process, which is further discussed in Note 6 — Regulatory Matters of the Combined Notes to Consolidated Financial Statements. The block energy contracts are considered derivatives and qualify for the normal purchases and normal sales scope exception under current

derivative authoritative guidance, and as a result are accounted for on an accrual basis of accounting. ComEd does not enter into derivatives for speculative or proprietary trading purposes. See Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information on these contracts.

PECO, BGE, Pepco, DPL and ACE

BGE, Pepco, DPL and ACE have certain full requirements contracts, which are considered derivatives and qualify for the normal purchases and normal sales scope exception under current derivative authoritative guidance, and as a result are accounted for on an accrual basis of accounting. Other full requirements contracts are not derivatives.

PECO, BGE and DPL have also executed derivative natural gas contracts, which either qualify for the normal purchases and normal sales exception or have no mark-to-market balances because the derivatives are index priced, to hedge their long-term price risk in the natural gas market. The hedging programs for natural gas procurement have no direct impact on their results of operations or financial position.

PECO, BGE, Pepco, DPL and ACE do not enter into derivatives for speculative or proprietary trading purposes. See Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information on these contracts.

Trading and Non-Trading Marketing Activities

The following tables detail Exelon’s, Generation’s, ComEd’s, PHI's and DPL's trading and non-trading marketing activities is included to address the recommended disclosures by the energy industry’s Committee of Chief Risk Officers (CCRO).

The following table provides detail on changes in Exelon's, Generation's, ComEd's, PHI's and DPL's commodity mark-to-market net asset or liability balance sheet position from December 31, 2017 to September 30, 2018 . It indicates the drivers behind changes in the balance sheet amounts. This table incorporates the mark-to-market activities that are immediately recorded in earnings. This table excludes all NPNS contracts and does not segregate proprietary trading activity. See Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information on the balance sheet classification of the mark-to-market energy contract net assets (liabilities) recorded as of September 30, 2018 and December 31, 2017 .

	Exelon	Generation	ComEd	PHI	DPL
Total mark-to-market energy contract net assets (liabilities) at December 31, 2017 [(a)]	$ 667	$ 923	$ (256)	$ —	
Total change in fair value during 2018 of contracts recorded in results of operations	385	385	—	—	—
Reclassification to realized of contracts recorded in results of operations	(474)	(474)	—	—	—
Changes in fair value — recorded through regulatory assets and liabilities [(b)]	(2)	—	(3)	1	1
Changes in allocated collateral	(255)	(254)	—	(1)	(1)
Net option premium paid/(received)	36	36	—	—	—
Option premium amortization	(4)	(4)	—	—	—
Upfront payments and amortizations	(28)	(28)	—	—	—
Total mark-to-market energy contract net assets (liabilities) at September 30,2018 [(a)]	$ 325	$ 584	$ (259)	$ —	$ —

(a) Amounts are shown net of collateral paid to and received from counterparties.
(b) For ComEd and DPL, the changes in fair value are recorded as a change in regulatory assets or liabilities. As of September 30, 2018 , ComEd recorded a regulatory liability of $259 million related to its mark-to-market derivative liabilities with Generation and unaffiliated suppliers. For the nine months ended September 30, 2018 , ComEd also recorded $9 million of decreases in fair value and an increase for realized losses due to settlements of $12 million recorded in purchased power expense associated with floating-to-fixed energy swap contracts with unaffiliated suppliers.

Fair Values

The following tables present maturity and source of fair value for Exelon, Generation and ComEd mark-to-market commodity contract net assets (liabilities). The tables provide two fundamental pieces of information. First, the tables provide the source of fair value used in determining the carrying amount of the Registrants' total mark-to-market net assets (liabilities), net of allocated collateral. Second, the tables show the maturity, by year, of the Registrants' commodity contract net assets (liabilities), net of allocated collateral, giving an indication of when these mark-to-market amounts will settle and either generate or require cash. See Note 9 — Fair Value of Financial Assets and Liabilities of the Combined Notes to Consolidated Financial Statements for additional information regarding fair value measurements and the fair value hierarchy.

Exelon

	Maturities Within						Total Fair Value
	2018	2019	2020	2021	2022	2023 and Beyond	
Normal Operations, Commodity derivative contracts [(a)(b)]:							
Actively quoted prices (Level 1)	$ 7	$ (44)	$ (39)	$ (6)	$ (9)	$ 13	$ (78)
Prices provided by external sources (Level 2)	91	37	14	7	1	—	150
Prices based on model or other valuation methods (Level 3) [(c)]	1	353	71	(25)	(61)	(86)	253
Total	$ 99	$ 346	$ 46	$ (24)	$ (69)	$ (73)	$ 325

(a) Mark-to-market gains and losses on other economic hedge and trading derivative contracts that are recorded in results of operations.
(b) Amounts are shown net of collateral paid to and received from counterparties (and offset against mark-to-market assets and liabilities) of $212 million at September 30, 2018 .
(c) Includes ComEd's net liabilities associated with the floating-to-fixed energy swap contracts with unaffiliated suppliers.

Generation

	Maturities Within						Total Fair Value
	2018	2019	2020	2021	2022	2023 and Beyond	
Normal Operations, Commodity derivative contracts [(a)(b)]:							
Actively quoted prices (Level 1)	$ 7	$ (44)	$ (39)	$ (6)	$ (9)	$ 13	$ (78)
Prices provided by external sources (Level 2)	91	37	14	7	1	—	150
Prices based on model or other valuation methods (Level 3)	9	377	96	—	(36)	66	512
Total	$ 107	$ 370	$ 71	$ 1	$ (44)	$ 79	$ 584

(a) Mark-to-market gains and losses on other economic hedge and trading derivative contracts that are recorded in the results of operations.
(b) Amounts are shown net of collateral paid to and received from counterparties (and offset against mark-to-market assets and liabilities) of $212 million at September 30, 2018 .

ComEd

	Maturities Within						Total Fair Value
	2018	2019	2020	2021	2022	2023 and Beyond	
Commodity derivative contracts [(a)]:							
Prices based on model or other valuation methods (Level 3)	$ (8)	$ (24)	$ (25)	$ (25)	$ (25)	$ (152)	$ (259)

(a) Represents ComEd's net liabilities associated with the floating-to-fixed energy swap contracts with unaffiliated suppliers.

Credit Risk, Collateral and Contingent-Related Features (All Registrants)

The Registrants would be exposed to credit-related losses in the event of non-performance by counterparties that execute derivative instruments. The credit exposure of derivative contracts, before collateral, is represented by the fair value of contracts at the reporting date. See Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for detailed information of credit risk, collateral and contingent-related features.

Generation

The following tables provide information on Generation's credit exposure for all derivative instruments, normal purchases and normal sales agreements, and applicable payables and receivables, net of collateral and instruments that are subject to master netting agreements, as of September 30, 2018 . The tables further disaggregate that exposure by credit rating of the counterparties and provide guidance on the concentration of credit risk to individual counterparties and an indication of the duration of a company's credit risk by credit rating of the counterparties. The figures in the tables below exclude credit risk exposure from individual retail customers, uranium procurement contracts, and exposure through RTOs, ISOs and commodity exchanges, which are discussed below. Additionally, the figures in the tables below exclude exposures with affiliates, including net receivables with ComEd, PECO, BGE, Pepco, DPL and ACE of $47 million , $26 million , $23 million , $39 million , $8 million and $6 million as of September 30, 2018 , respectively.

Rating as of September 30, 2018	Total Exposure Before Credit Collateral	Credit Collateral [a]	Net Exposure	Number of Counterparties Greater than 10% of Net Exposure	Net Exposure of Counterparties Greater than 10% of Net Exposure
Investment grade	$ 647	$ —	$ 647	1	$ 176
Non-investment grade	101	20	81		
No external ratings					
Internally rated — investment grade	179	1	178		
Internally rated — non-investment grade	139	17	122		
Total	$ 1,066	$ 38	$ 1,028	1	$ 176

	Maturity of Credit Risk Exposure			
Rating as of September 30, 2018	Less than 2 Years	2-5 Years	Exposure Greater than 5 Years	Total Exposure Before Credit Collateral
Investment grade	$ 615	$ 30	$ 2	$ 647
Non-investment grade	104	(3)	—	101
No external ratings				
Internally rated — investment grade	120	30	29	179
Internally rated — non-investment grade	129	10	—	139
Total	$ 968	$ 67	$ 31	$ 1,066

Net Credit Exposure by Type of Counterparty	As of September 30, 2018
Financial institutions	$ 19
Investor-owned utilities, marketers, power producers	572
Energy cooperatives and municipalities	357
Other	80
Total	$ 1,028

(a) As of September 30, 2018 , credit collateral held from counterparties where Generation had credit exposure included $4 million of cash and $34 million of letters of credit.

The Utility Registrants

There have been no significant changes or additions to the Utility Registrants exposures to credit risk that are described in ITEM 1A. RISK FACTORS of Exelon's 2017 Annual Report on Form 10-K.

See Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information regarding credit exposure to suppliers.

Collateral (All Registrants)

Generation

As part of the normal course of business, Generation routinely enters into physical or financial contracts for the sale and purchase of electricity, natural gas and other commodities. In accordance with the contracts and applicable law, if Generation is downgraded by a credit rating agency, especially if such downgrade is to a level below investment grade, it is possible that a counterparty would attempt to rely on such a downgrade as a basis for making a demand for adequate assurance of future performance. Depending on Generation's net position with a counterparty, the demand could be for the posting of collateral. In the absence of expressly agreed-to provisions that specify the collateral that must be provided, collateral requested will be a function of the facts and circumstances of the situation at the time of the demand. See Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information regarding collateral requirements. See Note 17 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements for additional information regarding the letters of credit supporting the cash collateral.

Generation transacts output through bilateral contracts. The bilateral contracts are subject to credit risk, which relates to the ability of counterparties to meet their contractual payment obligations. Any failure to collect these payments from counterparties could have a material impact on Exelon's and Generation's results of operations, cash flows and financial positions. As market prices rise above or fall below contracted price levels, Generation is required to post collateral with purchasers; as market prices fall below contracted price levels, counterparties are required to post collateral with Generation. To post collateral, Generation depends on access to bank credit facilities, which serve as liquidity sources to fund collateral requirements. See ITEM 2. Liquidity and Capital Resources — Credit Matters — Exelon Credit Facilities for additional information.

The Utility Registrants

As of September 30, 2018 , ComEd held $6 million in collateral from suppliers in association with energy procurement contracts, $20 million in collateral from suppliers for REC and ZEC contract obligations and $19 million in collateral from suppliers for long-term renewable energy contracts. BGE is not required to post collateral under its electric supply contracts but was holding an immaterial amount of collateral under its electric supply procurement contracts. BGE was not required to post collateral

under its natural gas procurement contracts but was holding an immaterial amount of collateral under its natural gas procurement contracts. PECO, Pepco, DPL and ACE were not required to post collateral under their energy and/or natural gas procurement contracts. See Note 6 — Regulatory Matters and Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information.

RTOs an d ISOs (All Registrants)

All Registrants participate in all, or some, of the established wholesale spot energy markets that are administered by PJM, ISO-NE, ISO-NY, CAISO, MISO, SPP, AESO, OIESO and ERCOT. ERCOT is not subject to regulation by FERC but performs a similar function in Texas to that performed by RTOs in markets regulated by FERC. In these areas, power is traded through bilateral agreements between buyers and sellers and on the spot energy markets that are administered by the RTOs or ISOs, as applicable. In areas where there are no spot energy markets, electricity is purchased and sold solely through bilateral agreements. For sales into the spot energy markets administered by an RTO or ISO, the RTO or ISO maintains financial assurance policies that are established and enforced by those administrators. The credit policies of the RTOs and ISOs may, under certain circumstances, require that losses arising from the default of one member on spot energy market transactions be shared by the remaining participants. Non-performance or non-payment by a major counterparty could result in a material adverse impact on the Registrants' results of operations, cash flows and financial positions.

Exchange Traded Transactions (Exelon, Generation, PHI and DPL)

Generation enters into commodity transactions on NYMEX, ICE, NASDAQ, NGX and the Nodal exchange ("the Exchanges"). DPL enters into commodity transactions on ICE. The Exchange clearinghouses act as the counterparty to each trade. Transactions on the Exchanges must adhere to comprehensive collateral and margining requirements. As a result, transactions on the Exchanges are significantly collateralized and have limited counterparty credit risk.

Interest Rate and Foreign Exchange Risk (All Registrants)

The Registrants use a combination of fixed-rate and variable-rate debt to manage interest rate exposure. The Registrants may also utilize interest rate swaps to manage their interest rate exposure. At September 30, 2018 , Exelon had $800 million of notional amounts of fixed-to-floating hedges outstanding and Exelon and Generation had $622 million of notional amounts of floating-to-fixed hedges outstanding. A hypothetical 50 basis point increase in the interest rates associated with unhedged variable-rate debt (excluding Commercial Paper) and fixed-to-floating swaps would result in approximately a $4 million decrease in Exelon Consolidated pre-tax income for the nine months ended September 30, 2018 . To manage foreign exchange rate exposure associated with international energy purchases in currencies other than U.S. dollars, Generation utilizes foreign currency derivatives, which are typically designated as economic hedges. See Note 10 — Derivative Financial Instruments of the Combined Notes to Consolidated Financial Statements for additional information.

Equity Price Risk (Exelon and Generation)

Exelon and Generation maintain trust funds, as required by the NRC, to fund certain costs of decommissioning its nuclear plants. As of September 30, 2018 , Generation's decommissioning trust funds are reflected at fair value on its Consolidated Balance Sheets. The mix of securities in the trust funds is designed to provide returns to be used to fund decommissioning and to compensate Generation for inflationary increases in decommissioning costs; however, the equity securities in the trust funds are exposed to price fluctuations in equity markets, and the value of fixed-rate, fixed-income securities are exposed to changes in interest rates. Generation actively monitors the investment performance of the trust funds and periodically reviews asset allocation in accordance with Generation's NDT fund

investment policy. A hypothetical 10% increase in interest rates and decrease in equity prices would result in a $557 million reduction in the fair value of the trust assets. This calculation holds all other variables constant and assumes only the discussed changes in interest rates and equity prices. See ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS for additional information of equity price risk as a result of the current capital and credit market conditions.

Item 4. Controls and Procedures

During the third quarter of 2018 , each of Exelon's, Generation's, ComEd's, PECO's, BGE's, PHI's, Pepco's, DPL's and ACE's management, including its principal executive officer and principal financial officer, evaluated its disclosure controls and procedures related to the recording, processing, summarizing and reporting of information in its periodic reports that it files with the SEC. These disclosure controls and procedures have been designed by all Registrants to ensure that (a) material information relating to that Registrant, including its consolidated subsidiaries, is accumulated and made known to Exelon's management, including its principal executive officer and principal financial officer, by other employees of that Registrant and its subsidiaries as appropriate to allow timely decisions regarding required disclosure, and (b) this information is recorded, processed, summarized, evaluated and reported, as applicable, within the time periods specified in the SEC's rules and forms. Due to the inherent limitations of control systems, not all misstatements may be detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls could be circumvented by the individual acts of some persons or by collusion of two or more people.

Accordingly, as of September 30, 2018 , the principal executive officer and principal financial officer of each of Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE concluded that such Registrant's disclosure controls and procedures were effective to accomplish its objectives. All Registrants continually strive to improve their disclosure controls and procedures to enhance the quality of its financial reporting and to maintain dynamic systems that change as conditions warrant. There have been no changes in internal control over financial reporting that occurred during the third quarter of 2018 that have materially affected, or are reasonably likely to materially affect, any of Exelon's, Generation's, ComEd's, PECO's, BGE's, PHI's, Pepco's, DPL's and ACE's internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

The Registrants are parties to various lawsuits and regulatory proceedings in the ordinary course of their respective businesses. For information regarding material lawsuits and proceedings, see (a) ITEM 3 . LEGAL PROCEEDINGS of Exelon's 2017 Form 10-K and (b) Notes 6 — Regulatory Matters and 17 — Commitments and Contingencies of the Combined Notes to Consolidated Financial Statements in PART I, ITEM 1. FINANCIAL STATEMENTS of this Report. Such descriptions are incorporated herein by these references.

Item 1A. Risk Factors

Risks Related to Exelon

At September 30, 2018 , the Registrants' risk factors were consistent with the risk factors described in the Registrants' combined 2017 Form 10-K in ITEM 1A. RISK FACTORS.

Item 4. Mine Safety Disclosures

All Registrants

Not applicable to the Registrants.

Item 6. Exhibits

Certain of the following exhibits are incorporated herein by reference under Rule 12b-32 of the Securities and Exchange Act of 1934, as amended. Certain other instruments which would otherwise be required to be listed below have not been so listed because such instruments do not authorize securities in an amount which exceeds 10% of the total assets of the applicable Registrant and its subsidiaries on a consolidated basis and the relevant Registrant agrees to furnish a copy of any such instrument to the Commission upon request.

Exhibit No.	Description
3.1	Amended and Restated Articles of Incorporation of Exelon Corporation (File No. 001-16169, Form 8-K dated July 27, 2018, Exhibit 3.1)
3.2	Amended and Restated Bylaws of Exelon Corporation (File No. 001-16169, Form 8-K dated July 27, 2018, Exhibit 3.2)
4.1	Supplemental Indenture dated as of July 26, 2018 from Commonwealth Edison Company to BNY Mellon Trust Company of Illinois, as trustee, and D. G. Donovan, as co-trustee (File No. 001-01839, Form 8-K dated August 14, 2018, Exhibit 4.1)
4.2	Supplemental Indenture dated as of September 1, 2018 from PECO Energy Company to U.S. Bank National Association, as trustee (File No. 000-16844, Form 8-K dated September 11, 2018, Exhibit 4.1)
4.3	Supplemental Indenture dated as of October 9, 2018 from Atlantic City Electric Company to The Bank of New York Mellon, as trustee (File No. 001-03559, Form 8-K dated October 16, 2018, Exhibit 4.1)
101.INS	XBRL Instance
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation
101.DEF	XBRL Taxonomy Extension Definition
101.LAB	XBRL Taxonomy Extension Labels
101.PRE	XBRL Taxonomy Extension Presentation

Certifications Pursuant to Rule 13a-14(a) and 15d-14(a) of the Securities and Exchange Act of 1934 as to the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2018 filed by the following officers for the following companies:

31-1	— Filed by Christopher M. Crane for Exelon Corporation
31-2	— Filed by Joseph Nigro for Exelon Corporation
31-3	— Filed by Kenneth W. Cornew for Exelon Generation Company, LLC
31-4	— Filed by Bryan P. Wright for Exelon Generation Company, LLC
31-5	— Filed by Joseph Dominguez for Commonwealth Edison Company
31-6	— Filed by Jeanne M. Jones for Commonwealth Edison Company
31-7	— Filed by Michael A. Innocenzo for PECO Energy Company
31-8	— Filed by Robert J. Stefani for PECO Energy Company
31-9	— Filed by Calvin G. Butler, Jr. for Baltimore Gas and Electric Company
31-10	— Filed by David M. Vahos for Baltimore Gas and Electric Company
31-11	— Filed by David M. Velazquez for Pepco Holdings LLC
31-12	— Filed by Phillip S. Barnett for Pepco Holdings LLC
31-13	— Filed by David M. Velazquez for Potomac Electric Power Company
31-14	— Filed by Phillip S. Barnett for Potomac Electric Power Company
31-15	— Filed by David M. Velazquez for Delmarva Power & Light Company
31-16	— Filed by Phillip S. Barnett for Delmarva Power & Light Company
31-17	— Filed by David M. Velazquez for Atlantic City Electric Company
31-18	— Filed by Phillip S. Barnett for Atlantic City Electric Company

Certifications Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code (Sarbanes — Oxley Act of 2002) as to the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2018 filed by the following officers for the following companies:

32-1	— Filed by Christopher M. Crane for Exelon Corporation
32-2	— Filed by Joseph Nigro for Exelon Corporation
32-3	— Filed by Kenneth W. Cornew for Exelon Generation Company, LLC
32-4	— Filed by Bryan P. Wright for Exelon Generation Company, LLC
32-5	— Filed by Joseph Dominguez for Commonwealth Edison Company
32-6	— Filed by Jeanne M. Jones for Commonwealth Edison Company
32-7	— Filed by Michael A. Innocenzo for PECO Energy Company
32-8	— Filed by Robert J. Stefani for PECO Energy Company
32-9	— Filed by Calvin G. Butler, Jr. for Baltimore Gas and Electric Company
32-10	— Filed by David M. Vahos for Baltimore Gas and Electric Company
32-11	— Filed by David M. Velazquez for Pepco Holdings LLC
32-12	— Filed by Phillip S. Barnett for Pepco Holdings LLC
32-13	— Filed by David M. Velazquez for Potomac Electric Power Company
32-14	— Filed by Phillip S. Barnett for Potomac Electric Power Company
32-15	— Filed by David M. Velazquez for Delmarva Power & Light Company
32-16	— Filed by Phillip S. Barnett for Delmarva Power & Light Company
32-17	— Filed by David M. Velazquez for Atlantic City Electric Company
32-18	— Filed by Phillip S. Barnett for Atlantic City Electric Company

SIGNATURES

Pursuant to requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

EXELON CORPORATION

/s/ CHRISTOPHER M. CRANE

Christopher M. Crane

President and Chief Executive Officer
(Principal Executive Officer) and Director

/s/ JOSEPH NIGRO

Joseph Nigro

Senior Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

/s/ FABIAN E. SOUZA

Fabian E. Souza

Senior Vice President and Corporate Controller
(Principal Accounting Officer)

November 1, 2018

Pursuant to requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

EXELON GENERATION COMPANY, LLC

/s/ K ENNETH W. C ORNEW	/s/ B RYAN P. W RIGHT
Kenneth W. Cornew	Bryan P. Wright
President and Chief Executive Officer (Principal Executive Officer)	Senior Vice President and Chief Financial Officer (Principal Financial Officer)
/s/ M ATTHEW N. B AUER	
Matthew N. Bauer	
Vice President and Controller (Principal Accounting Officer)	

November 1, 2018

Pursuant to requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

COMMONWEALTH EDISON COMPANY

/s/ JOSEPH DOMINGUEZ	/s/ JEANNE M. JONES
Joseph Dominguez Chief Executive Officer (Principal Executive Officer)	Jeanne M. Jones Senior Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)
/s/ GERALD J. KOZEL	
Gerald J. Kozel Vice President and Controller (Principal Accounting Officer)	

November 1, 2018

Pursuant to requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PECO ENERGY COMPANY

/s/ MICHAEL A. INNOCENZO

Michael A. Innocenzo
President and Chief Executive Officer
(Principal Executive Officer)

/s/ ROBERT J. STEFANI

Robert J. Stefani
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/s/ SCOTT A. BAILEY

Scott A. Bailey
Vice President and Controller
(Principal Accounting Officer)

November 1, 2018

Pursuant to requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BALTIMORE GAS AND ELECTRIC COMPANY

/s/ CALVIN G. BUTLER, JR.	/s/ DAVID M. VAHOS
Calvin G. Butler, Jr. Chief Executive Officer (Principal Executive Officer)	David M. Vahos Senior Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)
/s/ ANDREW W. HOLMES	
Andrew W. Holmes Vice President and Controller (Principal Accounting Officer)	

November 1, 2018

Pursuant to requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PEPCO HOLDINGS LLC

/s/ DAVID M. VELAZQUEZ
David M. Velazquez
President and Chief Executive Officer
(Principal Executive Officer)

/s/ PHILLIP S. BARNETT
Phillip S. Barnett
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/s/ ROBERT M. AIKEN
Robert M. Aiken
Vice President and Controller
(Principal Accounting Officer)

November 1, 2018

Pursuant to requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

POTOMAC ELECTRIC POWER COMPANY

/s/ DAVID M. VELAZQUEZ

David M. Velazquez

President and Chief Executive Officer
(Principal Executive Officer)

/s/ PHILLIP S. BARNETT

Phillip S. Barnett

Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/s/ ROBERT M. AIKEN

Robert M. Aiken

Vice President and Controller
(Principal Accounting Officer)

November 1, 2018

Pursuant to requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DELMARVA POWER & LIGHT COMPANY

/s/ DAVID M. VELAZQUEZ

David M. Velazquez

President and Chief Executive Officer
(Principal Executive Officer)

/s/ PHILLIP S. BARNETT

Phillip S. Barnett

Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/s/ ROBERT M. AIKEN

Robert M. Aiken

Vice President and Controller
(Principal Accounting Officer)

November 1, 2018

Pursuant to requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ATLANTIC CITY ELECTRIC COMPANY

/s/ DAVID M. VELAZQUEZ
David M. Velazquez
President and Chief Executive Officer
(Principal Executive Officer)

/s/ PHILLIP S. BARNETT
Phillip S. Barnett
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

/s/ ROBERT M. AIKEN
Robert M. Aiken
Vice President and Controller
(Principal Accounting Officer)

November 1, 2018

Exhibit 31-1

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Christopher M. Crane, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ CHRISTOPHER M. CRANE

President and Chief Executive Officer

(Principal Executive Officer)

Date: November 1, 2018

Exhibit 31-2

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Joseph Nigro, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ JOSEPH NIGRO

Senior Executive Vice President and Chief Financial Officer

(Principal Financial Officer)

Date: November 1, 2018

Exhibit 31-3

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Kenneth W. Cornew, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Generation Company, LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ KENNETH W. CORNEW

President and Chief Executive Officer

(Principal Executive Officer)

Date: November 1, 2018

Exhibit 31-4

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Bryan P. Wright, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Exelon Generation Company, LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ BRYAN P. WRIGHT

Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

Date: November 1, 2018

Exhibit 31-5

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Joseph Dominguez, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Commonwealth Edison Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ JOSEPH DOMINGUEZ

Chief Executive Officer
(Principal Executive Officer)

Date: November 1, 2018

Exhibit 31-6

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Jeanne M. Jones, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Commonwealth Edison Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ JEANNE M. JONES

Senior Vice President, Chief Financial Officer and Treasurer

(Principal Financial Officer)

Date: November 1, 2018

Exhibit 31-7

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Michael A. Innocenzo, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PECO Energy Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ MICHAEL A. INNOCENZO

President and Chief Executive Officer

(Principal Executive Officer)

Date: November 1, 2018

Exhibit 31-8

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Robert J. Stefani, certify that:

1. I have reviewed this quarterly report on Form 10-Q of PECO Energy Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ ROBERT J. STEFANI

Senior Vice President, Chief Financial Officer and Treasurer

(Principal Financial Officer)

Date: November 1, 2018

Exhibit 31-9

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Calvin G. Butler, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Baltimore Gas and Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ CALVIN G. BUTLER, JR.

Chief Executive Officer

(Principal Executive Officer)

Date: November 1, 2018

Exhibit 31-10

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, David M. Vahos, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Baltimore Gas and Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ DAVID M. VAHOS

Senior Vice President, Chief Financial Officer
and Treasurer

(Principal Financial Officer)

Date: November 1, 2018

Exhibit 31-11

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, David M. Velazquez, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Pepco Holdings LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ DAVID M. VELAZQUEZ

President and Chief Executive Officer

(Principal Executive Officer)

Date: November 1, 2018

Exhibit 31-12

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Phillip S. Barnett, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Pepco Holdings LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ PHILLIP S. BARNETT

Senior Vice President, Chief Financial Officer and Treasurer

(Principal Financial Officer)

Date: November 1, 2018

Exhibit 31-13

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, David M. Velazquez, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Potomac Electric Power Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ DAVID M. VELAZQUEZ

President and Chief Executive Officer

(Principal Executive Officer)

Date: November 1, 2018

Exhibit 31-14

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Phillip S. Barnett, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Potomac Electric Power Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ PHILLIP S. BARNETT

Senior Vice President, Chief Financial Officer and Treasurer

(Principal Financial Officer)

Date: November 1, 2018

Exhibit 31-15

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, David M. Velazquez, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Delmarva Power & Light Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ DAVID M. VELAZQUEZ

President and Chief Executive Officer

(Principal Executive Officer)

Date: November 1, 2018

Exhibit 31-16

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Phillip S. Barnett, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Delmarva Power & Light Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ PHILLIP S. BARNETT

Senior Vice President, Chief Financial Officer and Treasurer

(Principal Financial Officer)

Date: November 1, 2018

Exhibit 31-17

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, David M. Velazquez, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Atlantic City Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ DAVID M. VELAZQUEZ

President and Chief Executive Officer

(Principal Executive Officer)

Date: November 1, 2018

Exhibit 31-18

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) OF THE SECURITIES AND EXCHANGE ACT OF 1934

I, Phillip S. Barnett, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Atlantic City Electric Company;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ PHILLIP S. BARNETT

Senior Vice President, Chief Financial Officer and Treasurer

(Principal Financial Officer)

Date: November 1, 2018

Exhibit 32-1

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Corporation for the quarterly period ended September 30, 2018 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Corporation.

/s/ CHRISTOPHER M. CRANE

Christopher M. Crane

President and Chief Executive Officer

Date: November 1, 2018

Exhibit 32-2

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Corporation for the quarterly period ended September 30, 2018 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Corporation.

/s/ JOSEPH NIGRO

Joseph Nigro

Senior Executive Vice President and Chief Financial Officer

Date: November 1, 2018

Exhibit 32-3

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Generation Company, LLC for the quarterly period ended September 30, 2018 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Generation Company, LLC.

/s/ KENNETH W. CORNEW

Kenneth W. Cornew

President and Chief Executive Officer

Date: November 1, 2018

Exhibit 32-4

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Exelon Generation Company, LLC for the quarterly period ended September 30, 2018 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Exelon Generation Company, LLC.

/s/ BRYAN P. WRIGHT

Bryan P. Wright

Senior Vice President and Chief Financial Officer

Date: November 1, 2018

Exhibit 32-5

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Commonwealth Edison Company for the quarterly period ended September 30, 2018 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Commonwealth Edison Company.

/s/ J OSEPH D OMINGUEZ

Joseph Dominguez

Chief Executive Officer

Date: November 1, 2018

Exhibit 32-6

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Commonwealth Edison Company for the quarterly period ended September 30, 2018 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Commonwealth Edison Company.

/s/ JEANNE M. JONES

Jeanne M. Jones

Senior Vice President, Chief Financial Officer and Treasurer

Date: November 1, 2018

Exhibit 32-7

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of PECO Energy Company for the quarterly period ended September 30, 2018 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of PECO Energy Company.

/s/ M ICHAEL A. I NNOCENZO

Michael A. Innocenzo

President and Chief Executive Officer

Date: November 1, 2018

Exhibit 32-8

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of PECO Energy Company for the quarterly period ended September 30, 2018 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of PECO Energy Company.

/s/ ROBERT J. STEFANI

Robert J. Stefani

Senior Vice President, Chief Financial Officer and Treasurer

Date: November 1, 2018

Exhibit 32-9

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Baltimore Gas and Electric Company for the quarterly period ended September 30, 2018 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Baltimore Gas and Electric Company.

/s/ CALVIN G. BUTLER, JR.

Calvin G. Butler, Jr.

Chief Executive Officer

Date: November 1, 2018

Exhibit 32-10

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Baltimore Gas and Electric Company for the quarterly period ended September 30, 2018 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Baltimore Gas and Electric Company.

/s/ DAVID M. VAHOS

David M. Vahos

Senior Vice President, Chief Financial Officer and Treasurer

Date: November 1, 2018

Exhibit 32-11

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Pepco Holdings LLC for the quarterly period ended September 30, 2018 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Pepco Holdings LLC.

/s/ DAVID M. VELAZQUEZ

David M. Velazquez

President and Chief Executive Officer

Date: November 1, 2018

Exhibit 32-12

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Pepco Holdings LLC for the quarterly period ended September 30, 2018 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Pepco Holdings LLC.

/s/ PHILLIP S. BARNETT

Phillip S. Barnett

Senior Vice President, Chief Financial Officer and Treasurer

Date: November 1, 2018

Exhibit 32-13

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Potomac Electric Power Company for the quarterly period ended September 30, 2018 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Potomac Electric Power Company.

/s/ DAVID M. VELAZQUEZ

David M. Velazquez

President and Chief Executive Officer

Date: November 1, 2018

Exhibit 32-14

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Potomac Electric Power Company for the quarterly period ended September 30, 2018 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Potomac Electric Power Company .

/s/ PHILLIP S. BARNETT

Phillip S. Barnett

Senior Vice President, Chief Financial Officer and Treasurer

Date: November 1, 2018

Exhibit 32-15

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Delmarva Power & Light Company for the quarterly period ended September 30, 2018 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Delmarva Power & Light Company.

/s/ DAVID M. VELAZQUEZ

David M. Velazquez

President and Chief Executive Officer

Date: November 1, 2018

Exhibit 32-16

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Delmarva Power & Light Company for the quarterly period ended September 30, 2018 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Delmarva Power & Light Company .

/s/ PHILLIP S. BARNETT

Phillip S. Barnett

Senior Vice President, Chief Financial Officer and Treasurer

Date: November 1, 2018

Exhibit 32-17

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Atlantic City Electric Company for the quarterly period ended September 30, 2018 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Atlantic City Electric Company.

/s/ DAVID M. VELAZQUEZ

David M. Velazquez

President and Chief Executive Officer

Date: November 1, 2018

Exhibit 32-18

Certificate Pursuant to Section 1350 of Chapter 63 of Title 18 United States Code

The undersigned officer hereby certifies, as to the quarterly report on Form 10-Q of Atlantic City Electric Company for the quarterly period ended September 30, 2018 , that (i) the report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Atlantic City Electric Company .

/s/ PHILLIP S. BARNETT

Phillip S. Barnett

Senior Vice President, Chief Financial Officer and Treasurer

Date: November 1, 2018

OTHER

424B2 1 e79078_424b2.htm FINAL PROSPECTUS SUPPLEMENT

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities Offered	Maximum Aggregate Offering Price	Amount of Registration Fee(1)
3.850% Senior Notes due 2023	$700,000,000	$87,150
Guarantees(2)		

(1) The filing fee is calculated in accordance with Rule 457(r) of the Securities Act of 1933, as amended (the "Securities Act").

(2) Pursuant to Rule 457(n) of the Securities Act, no separate registration fee is payable for the guarantees.

S1-SSA-0009 - 24684

Filed Pursuant to Rule 424(b)(2)
Registration Statement No. 333-221640

PROSPECTUS SUPPLEMENT
JUNE 4, 2018
TO PROSPECTUS DATED NOVEMBER 17, 2017

$700,000,000

Power LLC
3.850% Senior Notes Due 2023

We will pay interest on the 3.850% Senior Notes due 2023, or the Senior Notes, semi-annually on June 1 and December 1 of each year, beginning on December 1, 2018. The Senior Notes will mature at par on June 1, 2023, unless we redeem or repurchase them in accordance with their terms prior to such date.

The Senior Notes will be our senior unsecured obligations and will rank equally in right of payment with our other existing and future senior unsecured indebtedness; senior in right of payment to any of our indebtedness that is expressly subordinated in right of payment to the Senior Notes; effectively junior in right of payment to any of our future secured indebtedness to the extent of the value of the assets securing such indebtedness; and structurally junior to all indebtedness and other liabilities of our subsidiaries that do not guarantee the Senior Notes. Our subsidiaries, PSEG Fossil LLC, or Fossil, PSEG Nuclear LLC, or Nuclear, and PSEG Energy Resources & Trade LLC, or ER&T, will fully and unconditionally guarantee the Senior Notes on a joint and several basis. The guarantees will rank equally in right of payment to all existing and future senior unsecured indebtedness of the guarantors.

We may redeem some or all of the Senior Notes at any time at the applicable redemption price, as more fully described in this prospectus supplement under the caption "Description of the Senior Notes — Optional Redemption." As described under "Description of the Senior Notes — Change of Control," if we experience a change of control with respect to the Senior Notes, we will be required to offer to repurchase the Senior Notes from the holders thereof unless we have previously fully redeemed the Senior Notes. There is no sinking fund for the Senior Notes.

The Senior Notes will be issued only in registered form in denominations of $2,000 and integral multiples of $1,000 in excess thereof.

Investing in the Senior Notes involves risks. See "Risk Factors" beginning on page 4 of the accompanying prospectus, as well as the risk factors contained in our Annual Report on Form 10-K for the year ended December 31, 2017 and in our other periodic reports filed with the Securities and Exchange Commission, which are incorporated herein by reference.

	Per Senior Note	Total
Public Offering Price[1]	99.947%	$699,629,000
Underwriting Discount	0.600%	$ 4,200,000
Proceeds, before expenses, to PSEG Power LLC[1]	99.347%	$695,429,000

[1] Plus accrued interest, if any, from June 6, 2018, if settlement occurs after that date.

The underwriters expect to deliver the Senior Notes in book-entry form only through The Depository Trust Company, Clearstream Banking, S.A. and Euroclear Bank SA/NV on or about June 6, 2018.

Neither the Securities and Exchange Commission nor any state or other securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Joint Book-Running Managers

S1-SSA-0009 - 24685

Barclays **Goldman Sachs & Co. LLC** **J.P. Morgan** **Morgan Stanley**

Co-Managers

BofA Merrill Lynch **PNC Capital Markets LLC**
Wells Fargo Securities **The Williams Capital Group, L.P.**

S1-SSA-0009 - 24686

You should rely only on the information contained or incorporated by reference or deemed to be incorporated by reference in this prospectus supplement, the accompanying prospectus and any free writing prospectus we may provide to you. We have not, and the underwriters have not, authorized any other person to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted.

You should assume that the information appearing in this prospectus supplement, the accompanying prospectus and any free writing prospectus we may provide to you and any document incorporated by reference herein and therein is only accurate as of the respective dates on the front covers hereof and thereof. Our business, prospects, financial condition, liquidity and results of operations may have changed since such dates.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first is this prospectus supplement, which describes the specific terms of the offering of the Senior Notes and certain other matters relating to us and the underwriters. The second part, the accompanying prospectus, gives more general information about securities we may offer from time to time, some of which information may not apply to the Senior Notes we are offering in this prospectus supplement.

If the description of the Senior Notes varies between this prospectus supplement and the accompanying prospectus, you should rely on the information contained in or incorporated by reference into this prospectus supplement.

Unless we have indicated otherwise, or the context otherwise requires (e.g., in the case of the issuer of the Senior Notes), references in this prospectus supplement and the accompanying prospectus to “PSEG Power,” “we,” “us” and “our” or similar terms are to PSEG Power LLC and its consolidated subsidiaries.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Securities and Exchange Commission, or the SEC, allows us to “incorporate by reference” information that we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference or deemed incorporated by reference is an important part of this prospectus supplement and the accompanying prospectus, and information that we file later with the SEC will be deemed to automatically update and supersede this incorporated information. We incorporate by reference the following documents filed with the SEC and any future filings made with the SEC under Section 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, prior to the termination of the offering of the Senior Notes pursuant to this prospectus supplement.

- Our Annual Report on Form 10-K for the year ended December 31, 2017; and
- Our Quarterly Report on Form 10-Q for the quarter ended March 31, 2018.

Certain of the documents incorporated by reference in this prospectus supplement and the accompanying prospectus are combined documents that are separately filed by Public Service Enterprise Group Incorporated (PSEG), Public Service Electric and Gas Company (PSE&G) and PSEG Power. Only information relating to PSEG Power in such documents has been incorporated by reference in this prospectus supplement and the accompanying prospectus.

You can get a free copy of any of the documents incorporated by reference by making an oral or written request directed to:

Vice President, Investor Relations
PSEG Services Corporation
80 Park Plaza, 4th Floor
Newark, NJ 07102
Telephone (973) 430-6565

FORWARD-LOOKING STATEMENTS

This prospectus supplement or other offering materials may contain or incorporate by reference statements about our and our subsidiaries' future performance, including, without limitation, future revenues, earnings, strategies, prospects, consequences and all other statements that are not purely historical that constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those anticipated. Such statements are based on management's beliefs as well as assumptions made by and information currently available to management. When used herein, the words "anticipate," "intend," "estimate," "believe," "expect," "plan," "should," "hypothetical," "potential," "forecast," "project," variations of such words and similar expressions are intended to identify forward-looking statements. Factors that may cause actual results to differ are often presented with the forward-looking statements themselves. Other factors that could cause actual results to differ materially from those contemplated in any forward-looking statements made by us herein are discussed in filings we make with the SEC, including our Annual Report on Form 10-K and subsequent reports on Form 10-Q and Form 8-K. These factors include, but are not limited to:

- fluctuations in wholesale power and natural gas markets, including the potential impacts on the economic viability of our generation units;
- our ability to obtain adequate fuel supply;
- any inability to manage our energy obligations with available supply;
- increases in competition in wholesale energy and capacity markets;
- changes in technology related to energy generation, distribution and consumption and customer usage patterns;
- economic downturns;
- third-party credit risk relating to our sale of generation output and purchase of fuel;
- adverse performance of our decommissioning and defined benefit plan trust fund investments and changes in funding requirements;
- changes in state and federal legislation and regulations;
- regulatory, financial, environmental, health and safety risks associated with our ownership and operation of nuclear facilities;
- adverse changes in energy industry laws, policies and regulations, including market structures and transmission planning;
- changes in federal and state environmental regulations and enforcement;
- delays in receipt of, or an inability to receive, necessary licenses and permits;
- adverse outcomes of any legal, regulatory or other proceeding, settlement, investigation or claim applicable to us and/or the energy industry;
- changes in tax laws and regulations;
- the impact of our holding company structure on our ability to meet our corporate funding needs, service debt and pay dividends;
- lack of growth or slower growth in the number of customers or changes in customer demand;
- any inability of PSEG Power to meet its commitments under forward sale obligations;
- reliance on transmission facilities that we do not own or control and the impact on our ability to maintain adequate transmission capacity;
- any inability to successfully develop or construct generation projects;
- any equipment failures, accidents, severe weather events or other incidents that impact our ability to provide safe and reliable service to our customers;

- our inability to exercise control over the operations of generation facilities in which we do not maintain a controlling interest;
- any inability to recover the carrying amount of our long-lived assets;
- any inability to maintain sufficient liquidity;
- any inability to realize anticipated tax benefits or retain tax credits;
- challenges associated with recruitment and/or retention of key executives and a qualified workforce;
- the impact of our covenants in our debt instruments on our operations; and
- the impact of acts of terrorism, cybersecurity attacks or intrusions.

Additional information concerning these factors is set forth or referred to under “Risk Factors” in the accompanying prospectus.

All of the forward-looking statements made in this prospectus supplement and the other offering materials are qualified by these cautionary statements and we cannot assure you that the results or developments anticipated by management will be realized or even if realized, will have the expected consequences to, or effects on, us or our business, prospects, financial condition, results of operations or cash flows. Readers are cautioned not to place undue reliance on these forward-looking statements in making any investment decision. Forward-looking statements made in this prospectus supplement or other offering materials apply only as of the date of this prospectus supplement or such other offering materials. While we may elect to update forward-looking statements from time to time, we specifically disclaim any obligation to do so, even in light of new information or future events, unless otherwise required by applicable securities laws.

The forward-looking statements contained in this prospectus supplement and the other offering materials are intended to qualify for the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Exchange Act.

SUMMARY

The following summary contains basic information about us and the offering. It may not contain all of the information that may be important to you in making a decision to purchase the Senior Notes. You should read this entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference or deemed to be incorporated by reference before making your investment decision.

PSEG Power LLC

We are a multi-regional energy supply company that integrates the operations of our merchant nuclear and fossil generating assets with our power marketing businesses and fuel supply functions through competitive energy sales in well-developed energy markets primarily in the Northeast and Mid-Atlantic United States through our principal direct wholly owned subsidiaries: Fossil, Nuclear and ER&T. Fossil and Nuclear own and operate generation and generation-related facilities. ER&T is responsible for the day-to-day management of our energy portfolio. In addition, PSEG Power owns and operates solar generation in various states. PSEG Power's subsidiaries are subject to regulation by the Federal Energy Regulatory Commission (FERC), the Nuclear Regulatory Commission (NRC), the Environmental Protection Agency (EPA) and the states in which they operate.

We are a wholly-owned subsidiary of PSEG. PSEG is a holding company with a diversified business mix within the energy industry. In addition to PSEG Power, PSEG's other direct wholly owned subsidiaries include PSE&G, a public utility engaged principally in the transmission of electricity and distribution of electricity and natural gas in certain areas of New Jersey; PSEG Long Island LLC (PSEG LI), which operates the Long Island Power Authority's (LIPA) electric transmission and distribution system under an Operations Services Agreement; PSEG Energy Holdings L.L.C. (Energy Holdings), which primarily has investments in leveraged leases; and PSEG Services Corporation (Services), which provides certain management, administrative and general services to PSEG and its subsidiaries at cost.

We are a Delaware limited liability company with principal executive offices located at 80 Park Plaza, Newark, New Jersey 07102; our telephone number is 973-430-7000.

The Offering

The following summary of the terms of the offering is provided solely for your convenience and is not intended to be complete. You should read and consider the more specific details contained in this prospectus supplement and the accompanying prospectus prior to making a decision to purchase the Senior Notes. See "Description of the Senior Notes" in this prospectus supplement and "Description of Debt Securities" in the accompanying prospectus.

Issuer	PSEG Power LLC
Guarantors	PSEG Fossil LLC (Fossil), PSEG Nuclear LLC (Nuclear) and PSEG Energy Resources & Trade LLC (ER&T)
Securities Offered	$700,000,000 aggregate principal amount of 3.850% Senior Notes due June 1, 2023.
Guarantees	The Senior Notes will be fully and unconditionally guaranteed by our subsidiaries, Nuclear, Fossil and ER&T, on a joint and several basis. We have issued a guarantee of the obligations of ER&T, which guarantee is subordinated to the Senior Notes.
Ranking	The Senior Notes will be our senior unsecured obligations and will rank equally in right of payment with our other existing and future senior unsecured indebtedness; senior in right of payment to any of our indebtedness that is expressly subordinated in right of payment to the Senior Notes; effectively junior in right of payment to any of our future secured indebtedness to the extent of the value of the assets securing such indebtedness; and structurally junior to all indebtedness and other liabilities of our subsidiaries that do not guarantee the Senior Notes. At March 31, 2018, we had approximately $2.4 billion of outstanding indebtedness that ranks equally with the Senior Notes. The guarantees will rank equally in right of payment to all existing and future senior unsecured indebtedness of the guarantors.
Maturity	The Senior Notes will mature on June 1, 2023, subject to the provisions described below under " — Optional Redemption" and " — Repurchase Upon Change of Control."
Optional Redemption	We may redeem the Senior Notes at any time, in whole or in part, prior to May 1, 2023 (the date that is one month prior to their maturity date) at a price equal to the greater of (a) 100% of the principal amount of the Senior Notes being redeemed and (b) the sum of the present values of the remaining scheduled payments of principal of and interest on the Senior Notes being redeemed that would be due if such Senior Notes matured on May 1, 2023, exclusive of accrued interest to the redemption date, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below) plus 20 basis points, plus any accrued and unpaid interest on the principal amount of the Senior Notes being redeemed to the redemption date.

	In addition, we may redeem the Senior Notes at any time, in whole or in part, on and after May 1, 2023 (the date that is one month prior to their maturity date) at a redemption price equal to 100% of the principal amount of the Senior Notes being redeemed, plus any accrued and unpaid interest on the principal amount of the Senior Notes being redeemed to the redemption date. See "Description of the Senior Notes — Optional Redemption."
Repurchase Upon Change of Control	If we experience a Change of Control (as defined below), we will be required to offer to repurchase all of the Senior Notes at a price equal to 101% of the principal amount thereof, plus any accrued and unpaid interest to the repurchase date unless we have previously fully redeemed the Senior Notes. See "Description of the Senior Notes — Change of Control."
Interest Payment Dates	June 1 and December 1 of each year, beginning on December 1, 2018.
Certain Covenants	The Indenture under which the Senior Notes will be issued contains certain covenants applicable to us and the above-referenced guarantors as restricted subsidiaries. See "Description of the Senior Notes — Certain Covenants" in this prospectus supplement and "Description of Debt Securities — Selected Indenture Covenants" in the accompanying prospectus. These covenants limit our ability, and the ability of our restricted subsidiaries, to, among other things: • in the case of our restricted subsidiaries, incur certain indebtedness; • create liens; • create or permit to exist dividend or payment restrictions with respect to the restricted subsidiaries; • sell assets; and • engage in mergers and consolidations. In addition, the Indenture contains a covenant requiring one of our restricted subsidiaries, ER&T, to pay periodic dividends or distributions to us of the excess cash not required for its business operations. Each of these covenants is subject to a number of important qualifications and exceptions. See "Description of the Senior Notes — Certain Covenants" in this prospectus supplement and "Description of Debt Securities — Selected Indenture Covenants" in the accompanying prospectus.
Use of Proceeds	We expect to use the net proceeds from the sale of the Senior Notes for general corporate purposes. See "Use of Proceeds."
Trustee	The Senior Notes will be issued under an Indenture with The Bank of New York Mellon, as Trustee. The Trustee will also act as paying agent and registrar for the Senior Notes.
Risk Factors	An investment in the Senior Notes involves certain risks. You should carefully consider the risks described in "Risk Factors" beginning on page 4 of the accompanying prospectus, as well as in the risk factors contained in our Annual Report on Form 10-K for the year ended December 31, 2017 and in our other periodic reports filed with the SEC, which are incorporated herein by reference.

CONSOLIDATED RATIOS OF EARNINGS TO FIXED CHARGES

	Three Months Ended March 31, 2018	Years Ended December 31,				
		2017	2016	2015	2014	2013
Ratio of Earnings to Fixed Charges[(1),(2)]	9.51	(0.71)	0.82	9.99	9.37	8.37

(1) The term "earnings" shall be defined as pre-tax Income from Continuing Operations before income or loss from equity method investees plus distributed income from equity investees. Add to pre-tax income the amount of fixed charges adjusted to exclude the amount of any interest capitalized during the period. Fixed Charges represent (a) interest, whether expensed or capitalized, (b) amortization of debt discount, premium and expense, and (c) an estimate of interest implicit in rentals.

(2) The ratio of earnings to fixed charges for the year ended December 31, 2017 was (0.71), as noted above, which represents a deficiency of $237 million. The ratio of earnings to fixed charges for the year ended December 31, 2016 was 0.82, as noted above, which represents a deficiency of $25 million.

USE OF PROCEEDS

We estimate the net proceeds from the sale of the Senior Notes to be approximately $694.5 million after deducting the underwriting discount and estimated offering expenses. We expect to use the net proceeds from the sale of the Senior Notes for general corporate purposes.

DESCRIPTION OF THE SENIOR NOTES

Set forth below is a description of the specific terms of the Senior Notes. This description supplements, and should be read together with, the description of the general terms and provisions of Debt Securities set forth in the accompanying prospectus under the caption "Description of Debt Securities." The following description does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the description in the accompanying prospectus and the Indenture dated as of April 16, 2001, as amended and supplemented by the First Supplemental Indenture dated as of March 13, 2002 (which we refer to collectively as the "Indenture"), between and among us, Fossil, Nuclear and ER&T (which we refer to collectively as the "Subsidiary Guarantors") and The Bank of New York Mellon, as trustee (the "Trustee"). The Trustee's address is 101 Barclay Street, Floor 8 West, New York, NY 10286.

References in this section to "PSEG Power", "we", "us" and "our" refer to PSEG Power LLC without its consolidated subsidiaries. References in this section to the "Subsidiary Guarantors", or any of them individually, refer to Fossil, Nuclear and ER&T, without their respective consolidated subsidiaries. References in this section to "PSEG" refer to Public Service Enterprise Group Incorporated, without its consolidated subsidiaries.

General

We will issue the Senior Notes under the Indenture. The terms of the Senior Notes are stated in the Indenture and include terms made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"). You should refer to the Indenture and the Trust Indenture Act for a statement of these terms. The Indenture is governed by New York law.

Principal, Maturity and Interest

The Indenture does not limit the aggregate principal amount of debt securities that we may issue under it and provides that debt securities may be issued under it up to the principal amount as we may authorize from time to time. The debt securities may be issued from time to time in one or more series. We may "reopen" any series of debt securities, including the Senior Notes, and issue additional debt securities of that series without the consent of existing holders. Any additional notes of a series having similar terms, together with the notes of such series, will constitute a single series of debt securities under the Indenture; provided that if the additional notes are not fungible for U.S. federal income tax purposes, the additional notes will have a separate CUSIP number.

The Senior Notes will initially be limited to $700 million. The Senior Notes will be issued in registered form only, without coupons, in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof. The Senior Notes will mature at par on June 1, 2023, or the Stated Maturity Date, unless we redeem or repurchase them in accordance with their terms prior to such date.

Interest on the Senior Notes will accrue at the rate of 3.850% per annum and will be payable semi-annually in arrears on June 1 and December 1 of each year (each, an "Interest Payment Date") beginning on December 1, 2018. We will make each payment of interest on an Interest Payment Date to the persons in whose names the Senior Notes are registered at the close of business on the 15th day immediately preceding such Interest Payment Date.

Interest on the Senior Notes will accrue from June 6, 2018 or, if interest has already been paid, from the most recent Interest Payment Date to which interest was paid or duly provided for. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

If any Interest Payment Date or the Stated Maturity Date or date of earlier redemption or repurchase is not a Business Day, the required payment shall be made on the next succeeding day that is a Business Day, without any interest or other payment in respect of the payment subject to delay, with the same force and effect as if made on such Interest Payment Date or the Stated Maturity Date or date of earlier redemption or repurchase, as the case may be. "Business Day" means each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in Newark, New Jersey and The City of New York are authorized or obligated by law or executive order to close.

Guarantees

The Senior Notes will be fully and unconditionally guaranteed by the Subsidiary Guarantors on a joint and several basis.

Ranking

The Senior Notes will be our senior unsecured obligations and will rank:

- equally in right of payment with our other existing and future senior unsecured indebtedness;
- senior in right of payment to any of our indebtedness that is expressly subordinated in right of payment to the Senior Notes;
- effectively junior in right of payment to any of our future secured indebtedness to the extent of the value of the assets securing such indebtedness; and
- structurally junior to all indebtedness and other liabilities of our subsidiaries that do not guarantee the Senior Notes.

Each of the guarantees will be the respective guarantor's senior unsecured obligations and will rank:

- equally in right of payment with such guarantor's other existing and future senior unsecured indebtedness;
- senior in right of payment to any of such guarantor's indebtedness that is expressly subordinated in right of payment to the guarantees;
- effectively junior in right of payment to any of such guarantor's future secured indebtedness to the extent of the value of the assets securing such indebtedness; and
- structurally junior to all indebtedness and other liabilities of such guarantor's subsidiaries that do not guarantee the Senior Notes.

As of March 31, 2018, we had issued and outstanding under the Indenture and the Subsidiary Guarantors had guaranteed senior indebtedness totaling $2.4 billion. Included within that total, we had issued and outstanding and the Subsidiary Guarantors had guaranteed an aggregate total of $44 million of our Pollution Control Notes, which are our senior unsecured obligations. We currently do not have any outstanding secured indebtedness.

Other than intercompany debt and guarantees of our indebtedness, the Subsidiary Guarantors currently have no indebtedness outstanding.

Optional Redemption

We may redeem the Senior Notes at any time, in whole or in part, prior to May 1, 2023 (the date that is one month prior to the Stated Maturity Date), upon not less than 10 nor more than 60 days' prior written notice, as more fully described under " — Selection and Notice" below, at a price equal to the greater of:

(a) 100% of the principal amount of the Senior Notes being redeemed and

(b) the sum of the present values of the remaining scheduled payments of principal of and interest on the Senior Notes being redeemed that would be due if such Senior Notes matured on May 1, 2023, exclusive of accrued interest to the redemption date, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 20 basis points,

plus, in either case, any accrued and unpaid interest on the principal amount being redeemed to the redemption date.

In addition, we may redeem the Senior Notes at any time, in whole or in part, on and after May 1, 2023 (the date that is one month prior to the Stated Maturity Date), upon not less than 10 nor more than 60 days' prior written notice, as more fully described under " — Selection and Notice" below, at a redemption price equal to 100% of the principal amount of the Senior Notes being redeemed, plus accrued and unpaid interest on the principal amount of the Senior Notes being redeemed to the redemption date.

"Comparable Treasury Issue" means, with respect to any redemption date for any of the Senior Notes being redeemed, the United States Treasury security selected by an Independent Investment Banker as having the maturity comparable to the remaining term of the Senior Notes to be redeemed (assuming that the Senior Notes matured on May 1, 2023) that would be utilized, at the time of selection and in accordance with the customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Senior Notes.

"Comparable Treasury Price" means, with respect to any redemption date for any of the Senior Notes being redeemed:

(a) the average of three Reference Treasury Dealer Quotations (as defined below) for the redemption date, after excluding the highest and lowest of five Reference Treasury Dealer Quotations, or

(b) if the Independent Investment Banker obtains fewer than five Reference Treasury Dealer Quotations, the average of all Reference Treasury Dealer Quotations obtained.

"Independent Investment Banker" means one of the Reference Treasury Dealers appointed by us.

"Reference Treasury Dealer" means each of (1) Barclays Capital Inc., Goldman Sachs & Co. LLC, J.P. Morgan Securities LLC and Morgan Stanley & Co. LLC, and their respective successors, provided that if any of the foregoing shall cease to be a primary U.S. government securities dealer in the United States (a "Primary Treasury Dealer"), we will substitute therefor another Primary Treasury Dealer and (2) any other Primary Treasury Dealer selected by us.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by that Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding such redemption date.

"Treasury Rate" means, with respect to any redemption date for any of the Senior Notes being redeemed, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date. The Treasury Rate will be calculated by us on the third Business Day preceding the redemption date. The Trustee shall not be responsible for any such calculation.

Unless we default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the Senior Notes called for redemption.

Selection and Notice

In the event that we elect to redeem only a portion of the Senior Notes, the Senior Notes to be redeemed will be selected in accordance with the procedures of The Depository Trust Company, or DTC, in the case of Senior Notes represented by a global security, or by the Trustee by lot, in the case of Senior Notes that are not represented by a global security. Senior Notes in denominations of $2,000 or less may not be redeemed in part. Notices of redemption will be delivered at least 10 but not more than 60 days prior to the redemption date to each holder of Senior Notes to be redeemed at its registered address. The notice of redemption will state the portion of the principal amount to be redeemed if a Senior Note is to be redeemed in part.

Change of Control

Upon the occurrence of a Change of Control, unless we have previously fully redeemed the Senior Notes as described under " — Optional Redemption," each holder of Senior Notes will have the right to require that we purchase all or a portion of such holder's Senior Notes pursuant to the offer described below (the "Change of Control Offer"), at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of repurchase (collectively, a "Change of Control Payment"), subject to the rights of holders of Senior Notes on a record date to receive interest due to the related Interest Payment Date.

Within 30 days following the date upon which the Change of Control occurred, or at our option, prior to any Change of Control, but after the public announcement of the Change of Control, we must send, by first class mail, a notice to each holder of the Senior Notes, with a copy to the Trustee, which notice shall govern the terms of the Change of Control Offer. Such notice shall state, among other things, the repurchase date, which must be no earlier than 30 days nor later than 60 days from the date such notice is mailed, other than as may be required by law (the "Change of Control Payment Date"). The notice, if mailed prior to the date of consummation of the Change of Control, shall state that the Change of Control Offer is conditioned on the Change of Control occurring on or prior to the Change of Control Payment Date. Holders of Senior Notes electing to have Senior Notes repurchased pursuant to a Change of Control Offer will be required to surrender their Senior Notes, with such customary documents of surrender and transfer as we may reasonably request duly completed or transfer their Senior Notes by book-entry transfer, to the paying agent at the address specified in the notice prior to the close of business on the third Business Day prior to the Change of Control Payment Date. If a holder elects to have less than all of its Senior Notes purchased pursuant to a Change of Control Offer, Senior Notes in denominations of $2,000 or less may not be repurchased in part.

On the Change of Control Payment Date, we will, to the extent lawful:

- accept for payment all Senior Notes properly tendered by holders thereof pursuant to the Change of Control Offer;
- deposit with the paying agent an amount equal to the Change of Control Payment in respect of all Senior Notes properly tendered by holders thereof; and
- deliver or cause to be delivered to the Trustee the Senior Notes properly accepted by us, together with an officers' certificate stating the aggregate principal amount of Senior Notes being repurchased.

The paying agent will promptly transmit to each holder of properly tendered Senior Notes the Change of Control Payment for the Senior Notes being repurchased, and the Trustee will promptly authenticate a new Senior Note equal in principal amount to any unrepurchased portion, if any, of any Senior Notes surrendered, provided that each new Senior Note will be in a principal amount of $2,000 or an integral multiple of $1,000 in excess thereof.

We will not be required to make a Change of Control Offer if a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements for such an offer made by us and such third party purchases all Senior Notes properly tendered and not withdrawn under its offer. In addition, we will not repurchase any Senior Notes if there has occurred and is continuing on the Change of Control Payment Date an event of default under the Indenture, other than a default in the payment of the Change of Control Payment upon a Change of Control.

Upon the occurrence of a Change of Control, we may not have sufficient funds to repurchase the Senior Notes in the amount of the Change of Control Payment in cash at such time. In addition, our ability to repurchase the Senior Notes for cash may be limited by law or the terms of other agreements relating to our indebtedness outstanding at the time. The failure to make such repurchase as a result of these or other circumstances would result in a default under the Senior Notes.

Provisions in the Indenture relating to a Change of Control may, in certain circumstances, make it more difficult or discourage any leveraged buyout of us or any of our subsidiaries. The Indenture may not afford the holders of Senior Notes protection in all circumstances from the adverse aspects of a highly leveraged transaction, reorganization, restructuring, merger or similar transaction.

The definition of Change of Control includes a phrase relating to the direct or indirect sale, transfer, conveyance or other disposition of "all or substantially all" of the assets of PSEG Power and its subsidiaries, taken as a whole. There is no precise, established definition of the phrase "substantially all" under applicable law. Accordingly, the ability of a holder of the Senior Notes to require us to repurchase its Senior Notes as a result of the sale, transfer, conveyance or other disposition of less than all of the assets of PSEG Power and its subsidiaries may be uncertain.

We will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with the repurchase of the Senior Notes pursuant to a Change of Control Offer. To the extent that any securities laws or regulations

conflict with the "Change of Control" provisions of the Indenture, we shall comply with the applicable securities laws and regulations and shall be deemed not to have breached our obligations under the "Change of Control" provisions of the Indenture by virtue thereof.

"Change of Control" means the occurrence of any of the following events:

- PSEG ceases to own, directly or indirectly, all of the outstanding Voting Stock of PSEG Power and the Subsidiary Guarantors or their respective successors; or
- the direct or indirect sale, transfer, conveyance or other disposition, in one or a series of related transactions, of all or substantially all of the assets of PSEG Power and its subsidiaries taken as a whole to any "person" or "group" (as those terms are used in Section 13(d)(3) of the Exchange Act) other than to PSEG Power or one of its subsidiaries.

"Voting Stock" means, with respect to any specified person as of any date, the equity interests of such person that are at the time entitled to vote generally in the election of directors to the board of directors (or members of a comparable body) of such person.

Certain Covenants

The Indenture under which the Senior Notes will be issued contains certain covenants applicable to us and the Subsidiary Guarantors as restricted subsidiaries. These covenants limit our ability, and the ability of our restricted subsidiaries, to, among other things:

- in the case of our restricted subsidiaries, incur certain indebtedness;
- create liens;
- create or permit to exist dividend or payment restrictions with respect to the restricted subsidiaries;
- sell assets; and
- engage in mergers and consolidations.

In addition, the Indenture contains a covenant requiring one of our restricted subsidiaries, ER&T, to pay periodic dividends or distributions to us of the excess cash not required for its business operations. Each of these covenants is subject to a number of important qualifications and exceptions.

See also "Description of Debt Securities — Selected Indenture Covenants" in the accompanying prospectus.

Book-Entry Only Issuance

DTC will act as the initial securities depositary for the Senior Notes. The Senior Notes will be issued only as fully registered securities registered in the name of Cede & Co., DTC's nominee. One or more fully registered global Senior Note certificates will be issued, representing in the aggregate the total principal amount of Senior Notes, and will be deposited with or on behalf of DTC. See "Description of Debt Securities — Book-Entry Debt Securities" in the accompanying prospectus.

Investors may elect to hold interests in the global securities through either DTC in the United States or Clearstream Banking, S.A. ("Clearstream, Luxembourg"), or Euroclear Bank SA/NV, as operator (the "Euroclear operator") of the Euroclear system (the "Euroclear system"), in Europe if they are participants of such systems, or indirectly through organizations which are participants in such systems. Clearstream, Luxembourg and the Euroclear system will hold interests on behalf of their participants through customers' securities accounts in Clearstream, Luxembourg's and the Euroclear system's names on the books of their respective U.S. depositaries, which in turn will hold such interests in customers' securities accounts in the depositaries' names on the books of DTC. Because the depositary can act only on behalf of participants, which in turn act on behalf of indirect participants and certain banks, the ability of a person having a beneficial interest in a global security to pledge such interest to persons or entities that do not participate in the depositary system, or otherwise take actions in respect of such interests, may be affected by the lack of physical certificates evidencing such interests.

Clearstream, Luxembourg advises that it is incorporated under the laws of Luxembourg as a professional depositary. Clearstream, Luxembourg holds securities for its participating organizations ("Clearstream participants") and facilitates the clearance and settlement of securities transactions between Clearstream participants through electronic book-entry changes in accounts of Clearstream participants, thereby eliminating the need for physical movement of certificates. Clearstream, Luxembourg provides to Clearstream participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream, Luxembourg interfaces with domestic markets in several countries. As a professional depositary, Clearstream, Luxembourg is subject to regulation by the Luxembourg Commission for the Supervision of the Financial Sector (Commission de Surveillance du Secteur Financier). Clearstream participants are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations and may include the underwriters. Indirect access to Clearstream, Luxembourg is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Clearstream participant, either directly or indirectly.

Distributions with respect to interests in the Senior Notes held beneficially through Clearstream, Luxembourg will be credited to cash accounts of Clearstream participants in accordance with its rules and procedures, to the extent received by the U.S. depositary for Clearstream, Luxembourg.

The Euroclear system advises that it was created in 1968 to hold securities for participants of the Euroclear system ("Euroclear participants") and to clear and settle transactions between Euroclear participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Euroclear provides various other services, including securities lending and borrowing and interfaces with domestic markets in several countries. The Euroclear system is operated by Euroclear Bank SA/NV (the "Euroclear operator") under contract with Euroclear Clearance Systems S.C., a Belgian cooperative corporation (the "cooperative"). All operations are conducted by the Euroclear operator, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear operator, not the cooperative. The cooperative establishes policy for the Euroclear system on behalf of Euroclear participants. Euroclear participants include banks (including central banks), securities brokers and dealers and other professional financial intermediaries and may include the underwriters. Indirect access to the Euroclear system is also available to other firms that clear through or maintain a custodial relationship with a Euroclear participant, either directly or indirectly. The Euroclear operator is a Belgian bank that is licensed by the Belgian Banking and Finance Commission to carry out banking activities on a global basis. As such, it is regulated by the Belgian Banking and Finance Commission. Securities clearance accounts and cash accounts with the Euroclear operator are governed by the Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear system, and applicable Belgian law (collectively, the "terms and conditions"). The terms and conditions govern transfers of securities and cash within the Euroclear system, withdrawals of securities and cash from the Euroclear system, and receipts of payments with respect to securities in the Euroclear system. All securities in the Euroclear system are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear operator acts under the terms and conditions only on behalf of Euroclear participants, and has no records of or relationship with persons holding through Euroclear participants.

Distributions with respect to the Senior Notes held beneficially through the Euroclear system will be credited to the cash accounts of Euroclear participants in accordance with the terms and conditions, to the extent received by the U.S. depositary for the Euroclear system.

The information in this section, together with the information in "Description of Debt Securities — Book-Entry Debt Securities" in the accompanying prospectus concerning DTC, its book-entry system, Clearstream, Luxembourg and the Euroclear system has been obtained from sources that we believe to be reliable, but we have not attempted to verify the accuracy of this information.

Global Clearance and Settlement Procedures

Initial settlement for the Senior Notes will be made in immediately available funds. Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC rules and will be settled in immediately available funds using DTC's Same-Day Funds Settlement System. Secondary market trading

between Clearstream participants and/or Euroclear participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream, Luxembourg and the Euroclear system, as applicable.

Clearstream, Luxembourg and the Euroclear system will record the ownership interests of their participants in much the same way as DTC, and DTC will record the total ownership of each of the U.S. agents of Clearstream, Luxembourg and the Euroclear system, as participants in DTC. When the Senior Notes are to be transferred from the account of a DTC participant to the account of a Clearstream participant or a Euroclear participant, the purchaser must send instructions to Clearstream, Luxembourg or the Euroclear system through a participant at least one day prior to settlement. Clearstream, Luxembourg or the Euroclear system, as the case may be, will instruct its U.S. agent to receive the Senior Notes against payment. After settlement, Clearstream, Luxembourg or the Euroclear system will credit its participant's account. Credit for the Senior Notes will appear on the next day (European time).

Because settlement is taking place during New York business hours, DTC participants will be able to employ their usual procedures for sending the Senior Notes to the relevant U.S. agent acting for the benefit of Clearstream or Euroclear participants. The sale proceeds will be available to the DTC seller on the settlement date. As a result, to the DTC participant, a cross-market transaction will settle no differently than a trade between two DTC participants.

When a Clearstream or Euroclear participant wishes to transfer the Senior Notes to a DTC participant, the seller will be required to send instructions to Clearstream, Luxembourg or the Euroclear system through a participant at least one business day prior to settlement. In these cases, Clearstream, Luxembourg or the Euroclear system will instruct its U.S. agent to transfer these Senior Notes against payment for them. The payment will then be reflected in the account of the Clearstream or Euroclear participant the following day, with the proceeds back valued to the value date, which would be the preceding day, when settlement occurs in New York, if settlement is not completed on the intended value date, that is, the trade fails, proceeds credited to the Clearstream or Euroclear participant's account will instead be valued as of the actual settlement date. Clearstream participants and Euroclear participants may not deliver instructions directly to their respective U.S. depositaries.

You should be aware that you will only be able to make and receive deliveries, payments and other communications involving the Senior Notes through Clearstream, Luxembourg and the Euroclear system on the days when those clearing systems are open for business. Those systems may not be open for business on days when banks, brokers and other institutions are open for business in the United States. Because of time-zone differences, credits of Senior Notes received in Clearstream, Luxembourg or the Euroclear system as a result of a transaction with a DTC participant will be made during subsequent securities settlement processing and dated the business day following the DTC settlement date. Such credits or any transactions in such Senior Notes settled during such processing will be reported to the relevant Euroclear participant or Clearstream participant on such business day. Cash received in Clearstream, Luxembourg or the Euroclear system as a result of sales of the Senior Notes by or through a Clearstream participant or a Euroclear participant to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Clearstream, Luxembourg or the Euroclear system cash account only as of the business day following settlement in DTC.

Although DTC, Clearstream, Luxembourg and the Euroclear system have agreed to the foregoing procedures in order to facilitate transfers of Senior Notes among participants of DTC, Clearstream, Luxembourg and the Euroclear system, they are under no obligation to perform or continue to perform such procedures and such procedures may be discontinued or changed at any time.

MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of certain material U.S. federal income tax consequences of the purchase, ownership and disposition of Senior Notes. Except where noted, this summary deals only with Senior Notes held as capital assets by beneficial owners of Senior Notes who purchase Senior Notes in this offering at the public offering price listed on the cover page of this prospectus supplement. This summary is based upon the provisions of the Internal Revenue Code of 1986, as amended, or the Code, the Treasury Regulations promulgated thereunder and judicial and administrative rulings and decisions now in effect, all of which are subject to change or differing interpretations, possibly with retroactive effect. This summary does not purport to address all aspects of U.S. federal income taxation that may affect particular investors in light of their individual circumstances, or certain types of investors subject to special treatment under the U.S. federal income tax laws, such as persons that mark to market their securities, financial institutions, regulated investment companies, real estate investment trusts, corporations subject to the accumulated earnings tax, holders subject to the alternative minimum tax, individual retirement and other tax-deferred accounts, tax-exempt organizations, brokers, dealers in securities and commodities, certain former U.S. citizens or long-term residents, life insurance companies, certain accrual method taxpayers subject to special tax accounting rules as a result of their use of financial statements under Section 451(b) of the Code persons that hold Senior Notes as part of a hedge against currency or interest rate risks or that hold Senior Notes as part of a position in a constructive sale, straddle, conversion transaction or other integrated transaction for U.S. federal income tax purposes, controlled foreign corporations, passive foreign investment companies, persons that acquire Senior Notes in connection with employment or other performance of personal services, partnerships or other pass-through entities and investors in such entities, subsequent purchasers of Senior Notes, U.S. holders (as defined below) whose "functional currency" is not the U.S. dollar and persons that are members of an "expanded group" or a "modified expanded group," within the meaning of Treasury Regulations Section 1.385-1, of which PSEG is also a member. This summary does not address any aspect of state, local or foreign taxation or any U.S. federal tax other than the income tax.

For purposes of this summary, a "U.S. holder" is a beneficial owner of a Senior Note that, for U.S. federal income tax purposes, is:

- an individual citizen or resident of the United States;
- a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States, any state or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust, if (a) a court within the United States is able to exercise primary jurisdiction over administration of the trust and one or more U.S. persons have authority to control all substantial decisions of the trust or (b) it has a valid election in effect to be treated as a U.S. person.

For purposes of this summary, a "non-U.S. holder" is a beneficial owner of a Senior Note that is not a U.S. holder or a partnership (including an entity or arrangement treated as a partnership for U.S. federal income tax purposes).

If a partnership (including an entity or arrangement treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of Senior Notes, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. Partnerships that hold Senior Notes (and partners in such partnerships) should consult their tax advisors.

We have not requested, and do not intend to request, a ruling from the U.S. Internal Revenue Service, or the IRS, with respect to any of the U.S. federal income tax consequences described below. There can be no assurance that the IRS will not disagree with or challenge any of the conclusions set forth herein.

If you are considering investing in Senior Notes, you should consult your own tax advisor with respect to your particular tax consequences of the purchase, ownership and disposition of the Senior Notes, including the consequences under the laws of any state, local or non-U.S. jurisdiction.

Certain Additional Payments

In certain circumstances, we may be obligated to pay amounts in excess of stated interest or principal on the Senior Notes. For example, we are required to pay 101% of the principal amount of any Senior Note repurchased by us at the holder's election after a Change of Control, as described above under the heading "Description of the

Senior Notes — Change of Control." In addition, we may be required to pay amounts in redemption of the Senior Notes in addition to the stated principal amount of and interest on the Senior Notes as described under "Description of the Senior Notes — Optional Redemption." The obligation to make these payments may implicate the provisions of the Treasury Regulations relating to "contingent payment debt instruments." Treasury Regulations provide special rules for contingent payment debt instruments which, if applicable, could cause the timing, amount and character of a holder's income, gain or loss with respect to the Senior Notes to be different from the consequences discussed herein. Although the issue is not free from doubt, we believe that the possibility of the payment of such additional amounts ought not result in the Senior Notes being treated as contingent payment debt instruments under the applicable Treasury Regulations. This position is not binding on the IRS, which may take a contrary position and treat the Senior Notes as contingent payment debt instruments. If the Senior Notes were deemed to be contingent payment debt instruments, a holder would generally be required to treat any gain recognized on the sale or other disposition of the Senior Notes as ordinary income rather than as capital gain. Furthermore, a holder would be required to accrue interest income on a constant yield basis at an assumed yield determined at the time of issuance of the Senior Notes, with adjustments to such accruals when any payments are made that differ from the payments calculated based on the assumed yield. The remainder of this discussion assumes that the Senior Notes are not treated as contingent payment debt instruments. Holders are urged to consult their own tax advisors regarding the potential application to the Senior Notes of the rules regarding contingent payment debt instruments and the consequences thereof.

U.S. holders

Payments of interest. Stated interest on a Senior Note will generally be taxable to a U.S. holder as ordinary interest income at the time it is paid or accrued in accordance with the U.S. holder's regular method of accounting for U.S. federal income tax purposes.

Sale, exchange, redemption or other taxable disposition of a Senior Note. Upon the sale, exchange, redemption or other taxable disposition of a Senior Note, a U.S. holder will recognize taxable gain or loss equal to the difference between the amount realized on the sale, exchange, redemption or other taxable disposition and the U.S. holder's adjusted tax basis in the Senior Note. For these purposes, the amount realized does not include any amount attributable to accrued interest. Amounts attributable to accrued interest are treated as interest as described under " — Payments of interest" above. A U.S. holder's adjusted tax basis in a Senior Note will generally be such U.S. holder's cost for the Senior Note. Gain or loss realized on the sale, exchange, redemption or other taxable disposition of a Senior Note will generally be capital gain or loss and will be long-term capital gain or loss if at the time of the sale, exchange, redemption or other taxable disposition the Senior Note has been held by the U.S. holder for more than one year. Long-term capital gains of individual U.S. holders are eligible for preferential rates of U.S. federal income taxation. The deductibility of capital losses is subject to limitations under the Code.

Information reporting and backup withholding. Information returns will be filed with the IRS in connection with payments on the Senior Notes and the proceeds from a sale, exchange, redemption or other disposition of the Senior Notes, unless the U.S. holder is an exempt recipient such as a corporation. A U.S. holder will be subject to U.S. backup withholding, currently at a rate of 24%, on these payments if the U.S. holder fails to provide its taxpayer identification number to the payor and comply with certain certification procedures or otherwise establish an exemption from backup withholding. Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a U.S. holder generally will be allowed as a credit against the U.S. holder's U.S. federal income tax liability and may entitle the U.S. holder to a refund, provided that the required information is timely furnished to the IRS.

Medicare Tax. Certain U.S. holders that are individuals, estates or trusts are subject to a 3.8% tax on all or a portion of their "net investment income," which may include all or a portion of their interest and net gains from the disposition of Senior Notes. If you are a U.S. holder that is an individual, estate or trust, you should consult your tax advisors regarding the applicability of the Medicare tax to your income and gains in respect of your investment in the Senior Notes.

Non-U.S. holders

Payments of interest. Subject to the discussion below concerning backup withholding and FATCA (as defined below), payments of interest on a Senior Note received or accrued by a non-U.S. holder generally will not be subject to U.S. federal income or withholding tax, as long as the non-U.S. holder:

- does not conduct a trade or business in the United States with respect to which the interest is effectively connected;
- does not actually, indirectly or constructively own 10% or more of the total combined voting power of all classes of PSEG's stock entitled to vote, within the meaning of Section 871(h)(3) of the Code;
- is not a "controlled foreign corporation" with respect to which we are a "related person" within the meaning of Section 881(c)(3)(C) of the Code;
- is not a bank whose receipt of the interest is described in Section 881(c)(3)(A) of the Code; and
- satisfies the certification requirements described below.

The certification requirements will be satisfied if either (a) the beneficial owner of a Senior Note timely certifies, under penalties of perjury, to us or to the person who otherwise would be required to withhold U.S. tax that such owner is a non-U.S. holder and provides its name and address or (b) a custodian, broker, nominee or other intermediary acting as an agent for the beneficial owner (such as a securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business) that holds the Senior Note in such capacity timely certifies, under penalties of perjury, to us or to the person who otherwise would be required to withhold U.S. tax that such statement has been received from the beneficial owner of the Senior Note by such intermediary, or by any other financial institution between such intermediary and the beneficial owner, and furnishes to us or to the person who otherwise would be required to withhold U.S. tax a copy thereof. In general, the foregoing certification may be provided on a properly completed IRS Form W-8BEN, W-8BEN-E or W-8IMY, as applicable.

A non-U.S. holder that is not exempt from tax under the foregoing rules generally will be subject to U.S. federal income tax withholding on payments of interest at a rate of 30% unless:

- the interest is effectively connected with a U.S. trade or business conducted by such non-U.S. holder (and, if an applicable income tax treaty so provides, is attributable to a permanent establishment maintained in the United States by the non-U.S. holder), in which case the non-U.S. holder will be subject to U.S. federal income tax on a net income basis at the rate applicable to U.S. holders generally; or
- an applicable income tax treaty provides for a lower rate of, or exemption from, withholding tax.

A non-U.S. holder that is treated as a corporation for U.S. federal income tax purposes and has effectively connected interest income (as described in the first bullet point above) may also, under certain circumstances, be subject to an additional "branch profits tax," which is generally imposed on a foreign corporation on the deemed repatriation from the United States of effectively connected earnings and profits, at a 30% rate, unless the rate is reduced or eliminated by an applicable income tax treaty.

To claim the benefit of a reduced rate or exemption from withholding under an income tax treaty or to claim exemption from withholding because income is effectively connected with a U.S. trade or business, the non-U.S. holder must timely provide the appropriate, properly executed IRS forms. Certification to claim income is effectively connected with a U.S. trade or business is generally made on IRS Form W-8ECI. Certification to claim the benefit of a reduced rate or exemption from withholding under an income tax treaty is generally made on IRS Form W-8BEN or W-8BEN-E. These forms may be required to be periodically updated.

Sale, exchange, redemption or other taxable disposition of a Senior Note. Subject to the discussion below concerning FATCA, a non-U.S. holder generally will not be subject to U.S. federal income tax on any gain realized on the sale, exchange, redemption or other taxable disposition of a Senior Note unless (a) such gain is effectively connected with the conduct by the non-U.S. holder of a U.S. trade or business (and, if an applicable income tax treaty so provides, is attributable to a permanent establishment maintained in the United States by the non-U.S. holder) or (b) except to the extent that an applicable income tax treaty otherwise provides, in the case of a non-U.S. holder who is an individual, the non-U.S. holder is present in the United States for 183 days or more during the taxable year in which such gain is realized and certain other conditions exist.

Except to the extent that an applicable income tax treaty otherwise provides, generally a non-U.S. holder will be taxed in the same manner as a U.S. holder with respect to gain that is effectively connected with the non-U.S. holder's conduct of a U.S. trade or business. A non-U.S. holder that is treated as a corporation for U.S. federal income tax purposes may also, under certain circumstances, be subject to the branch profits tax as described above.

Information reporting and backup withholding. Payments of interest on Senior Notes to a non-U.S. holder generally will be reported to the IRS and to the non-U.S. holder. Copies of applicable IRS information returns may be made available under the provisions of a specific tax treaty or agreement to the tax authorities of the country in which the non-U.S. holder resides. Non-U.S. holders are generally exempt from backup withholding, currently at a rate of 24%, and additional information reporting on payments of principal, premium (if any), or interest, provided that the non-U.S. holder (a) certifies its nonresident status on the appropriate IRS Form (or a suitable substitute form) and certain other conditions are met or (b) otherwise establishes an exemption.

Payments of the proceeds from a sale of Senior Notes by a non-U.S. holder made to or through a foreign office of a broker generally will not be subject to information reporting or backup withholding. Information reporting may apply to such payments, however, if the broker is a U.S. person, a controlled foreign corporation for U.S. tax purposes, the U.S. branch of a foreign bank or a foreign insurance company, a foreign partnership controlled by U.S. persons or engaged in a U.S. trade or business, or a foreign person 50% or more of whose gross income is effectively connected with a U.S. trade or business for a specified three-year period. Payments of the proceeds from the sale of Senior Notes through the U.S. office of a broker is subject to information reporting and backup withholding unless the non-U.S. holder certifies as to its non-U.S. status or otherwise establishes an exemption from information reporting and backup withholding.

Backup withholding is not an additional tax. Any backup withholding generally will be allowed as a credit or refund against the non-U.S. holder's U.S. federal income tax liability, provided that the required information is timely furnished to the IRS.

Foreign Account Tax Compliance

Sections 1471 to 1474 of the Code and the Treasury Regulations thereunder ("FATCA") impose withholding taxes on certain types of payments made to "foreign financial institutions," as specially defined under FATCA, and certain other non-U.S. entities. FATCA imposes a 30% withholding tax on payments of interest on, and gross proceeds from the sale, exchange, redemption or other disposition of, Senior Notes paid to a foreign financial institution unless the foreign financial institution is deemed to be compliant with FATCA or enters into an agreement with the IRS to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned foreign entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these reporting and other requirements. In addition, FATCA imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity of a certain type unless the entity certifies that it does not have any substantial U.S. owners or furnishes identifying information to the IRS or to the withholding agent regarding each substantial U.S. owner. These rules currently apply to payments of interest and are expected to apply to payments of gross proceeds from the sale, exchange, redemption or other disposition of Senior Notes after December 31, 2018. Prospective investors should consult their tax advisors regarding the application of FATCA to the acquisition, ownership or disposition of Senior Notes.

UNDERWRITING

Subject to the terms and conditions set forth in the underwriting agreement, dated the date hereof (the "Underwriting Agreement"), for which Barclays Capital Inc., Goldman Sachs & Co. LLC, J.P. Morgan Securities LLC and Morgan Stanley & Co. LLC are acting as representatives, we have agreed to sell to each of the underwriters, and each of the underwriters has severally agreed to purchase from us, the aggregate principal amount of Senior Notes set forth opposite the name of such underwriter:

Underwriter	Principal Amount of Senior Notes
Barclays Capital Inc.	$140,000,000
Goldman Sachs & Co. LLC	140,000,000
J.P. Morgan Securities LLC	140,000,000
Morgan Stanley & Co. LLC	140,000,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated	35,000,000
PNC Capital Markets LLC	35,000,000
Wells Fargo Securities, LLC	35,000,000
The Williams Capital Group, L.P.	35,000,000
Total	$700,000,000

The Underwriting Agreement provides that the obligations of the underwriters to pay for and accept delivery of the Senior Notes are subject to, among other things, the approval of certain legal matters by their counsel and certain other conditions. The underwriters are obligated to take and pay for all the Senior Notes if any are taken. If any underwriter defaults, the Underwriting Agreement provides that the purchase commitments of the non-defaulting underwriters may be increased or the Underwriting Agreement may be terminated.

The underwriters have advised us that they propose initially to offer all or part of the Senior Notes to the public at the public offering price set forth on the cover page of this prospectus supplement and may offer the Senior Notes to certain dealers at such price less a concession not in excess of 0.350% of the principal amount of the Senior Notes. The underwriters may allow, and such dealers may reallow, a discount not in excess of 0.250% of the principal amount of the Senior Notes. After the initial public offering, the public offering price, concession and discount may be changed. The Senior Notes are offered subject to receipt and acceptance by the underwriters and to certain other conditions, including the right to reject orders in whole or in part.

The underwriting discount to be paid by us to the underwriters will be 0.600% per Senior Note, for a total of $4,200,000. In addition, we estimate that we will incur other offering expenses of approximately $900,000.

The Senior Notes will not have an established trading market when issued, and it is not anticipated that the Senior Notes will be listed on any securities exchange. The underwriters have advised us that they intend to make a market for the Senior Notes, but they have no obligation to do so, and may discontinue market making at any time without providing any notice. No assurance can be given as to the development, maintenance or liquidity of any trading market for the Senior Notes.

In connection with the offering, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the Senior Notes. Specifically, the underwriters may over-allot in connection with this offering, creating short positions in the Senior Notes for their own account. In addition, to cover over-allotments or to stabilize the price of the Senior Notes, the underwriters may bid for, and purchase, Senior Notes in the open market. Finally, the underwriters may reclaim selling concessions allowed to a dealer for distributing Senior Notes in this offering, if the underwriters repurchase previously distributed Senior Notes in transactions that cover syndicate short positions, in stabilization transactions or otherwise. Any of these activities may stabilize or maintain the price of the Senior Notes above independent market levels. The underwriters are not required to engage in these activities, and may end any of these activities at any time and, in any case, will end these activities after a limited period.

Neither we nor the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Senior Notes. In addition, neither we nor the underwriters make any representation that such transactions will be engaged in or that such transactions, once commenced, will not be discontinued without notice.

We have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act or to contribute to payments required to be made in respect thereof.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services, including lending under certain of our credit facilities, to us and to persons and entities with relationships with us for which they are paid customary fees and expenses.

In the ordinary course of their various business activities, the underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of ours (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with us. The underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

Selling Restrictions

Notice to Prospective Investors in Canada

The Senior Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Senior Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus supplement and the accompanying prospectus (including any amendment thereto) contain a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts ("NI 33-105"), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Notice to Prospective Investors in the European Economic Area

None of this prospectus supplement, the accompanying prospectus nor any related free writing prospectus is a prospectus for the purposes of the Prospectus Directive (as defined below). This prospectus supplement, the accompanying prospectus and any related free writing prospectus have been prepared on the basis that any offer of Senior Notes in any Member State of the European Economic Area (the "EEA") which has implemented the Prospectus Directive (each, a "Relevant Member State") will only be made to a legal entity which is a qualified investor under the Prospectus Directive ("Qualified Investors"). Accordingly, any person making or intending to make an offer in that Relevant Member State of Senior Notes which are the subject of the offering contemplated in this prospectus supplement, the accompanying prospectus and any related free writing prospectus may only do so with respect to Qualified Investors. Neither PSEG Power nor the underwriters have authorized, nor do they authorize, the making of any offer of Senior Notes other than to Qualified Investors. The expression "Prospectus Directive" means EU Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

PRIIPs Regulation/Prospectus Directive/Prohibition of Sales to EEA Retail Investors. The Senior Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes: (a) a retail investor means a person who is

one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended ("MiFID II"); or (ii) a customer within the meaning of Directive 2002/92/EC (the Insurance Mediation Directive), as amended, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive; and (b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Senior Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Senior Notes. Consequently, no key information document required by Regulation (EU) No 1286/2014, as amended (the "PRIIPs Regulation"), for offering or selling the Senior Notes or otherwise making them available to retail investors in the EEA has been prepared and, therefore, offering or selling the Senior Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Notice to Prospective Investors in the United Kingdom

The communication of this prospectus supplement, the accompanying prospectus, any related free writing prospectus and any other document or materials relating to the issue of the Senior Notes offered hereby is not being made, and such documents and/or materials have not been approved, by an authorized person for the purposes of section 21 of the United Kingdom's Financial Services and Markets Act 2000, as amended (the "FSMA"). Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the United Kingdom who have professional experience in matters relating to investments and who fall within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order")), or who fall within Article 49(2)(a) to (d) of the Financial Promotion Order, or who are any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order (all such persons together being referred to as "relevant persons"). In the United Kingdom, the Senior Notes offered hereby are only available to, and any investment or investment activity to which this prospectus supplement, the accompanying prospectus and any related free writing prospectus relates will be engaged in only with, relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on this prospectus supplement, the accompanying prospectus or any related free writing prospectus or any of their contents.

Any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in connection with the issue or sale of the Senior Notes may only be communicated or caused to be communicated in circumstances in which Section 21(1) of the FSMA does not apply to PSEG Power or the Subsidiary Guarantors.

All applicable provisions of the FSMA must be complied with with respect to anything done by any person in relation to the Senior Notes in, from or otherwise involving the United Kingdom.

Notice to Prospective Investors in Hong Kong

The Senior Notes may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32) of Hong Kong, or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap.571) of Hong Kong and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32) of Hong Kong, and no advertisement, invitation or document relating to the Senior Notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to Senior Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder.

Notice to Prospective Investors in Singapore

This prospectus supplement and the accompanying prospectus have not been registered as prospectuses under the Securities and Futures Act, Chapter 289 of Singapore (the "SFA") by the Monetary Authority of Singapore, and the offer of the Senior Notes in Singapore is made primarily pursuant to the exemptions under Sections 274 and 275 of the SFA. Accordingly, this prospectus supplement and the accompanying prospectus and

any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Senior Notes may not be circulated or distributed, nor may the Senior Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor as defined in Section 4A of the SFA (an "Institutional Investor") pursuant to Section 274 of the SFA, (ii) to an accredited investor as defined in Section 4A of the SFA (an "Accredited Investor") or other relevant person as defined in Section 275(2) of the SFA (a "Relevant Person") and pursuant to Section 275(1) of the SFA, or to any person pursuant to an offer referred to in Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with, the conditions of any other applicable exemption or provision of the SFA.

It is a condition of the offer that where the Senior Notes are subscribed for or acquired pursuant to an offer made in reliance on Section 275 of the SFA by a Relevant Person which is: (a) a corporation (which is not an Accredited Investor), the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an Accredited Investor; or (b) a trust (where the trustee is not an Accredited Investor), the sole purpose of which is to hold investments and each beneficiary of the trust is an individual who is an Accredited Investor, shares, debentures and units of shares and debentures of that corporation, and the beneficiaries' rights and interest (howsoever described) in that trust, shall not be transferred within six months after that corporation or that trust has subscribed for or acquired the Senior Notes except: (1) to an Institutional Investor, or an Accredited Investor or other Relevant Person, or which arises from an offer referred to in Section 275(1A) of the SFA (in the case of that corporation) or Section 276(4)(i)(B) of the SFA (in the case of that trust); (2) where no consideration is or will be given for the transfer; or (3) where the transfer is by operation of law.

Notice to Prospective Investors in Japan

The Senior Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended (the Financial Instruments and Exchange Law)) and each underwriter is deemed to have agreed that it will not offer or sell the Senior Notes, directly or indirectly, in Japan or to, or for the account or benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the account or benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

Notice to Prospective Investors in Switzerland

This document is not intended to constitute an offer or solicitation to purchase or invest in the Senior Notes described herein. The Senior Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. None of this prospectus supplement, the accompanying prospectus or any other offering or marketing material relating to the Senior Notes constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations, and none of this prospectus supplement, the accompanying prospectus or any other offering or marketing material relating to the Senior Notes may be publicly distributed or otherwise made publicly available in Switzerland.

LEGAL MATTERS

Certain legal matters with respect to the offering of the Senior Notes will be passed upon for us by Tamara L. Linde, Esquire, our Executive Vice President and General Counsel. Sidley Austin LLP, New York, New York, will act as counsel to the underwriters in this offering. Sidley Austin LLP will rely on the opinion of Ms. Linde as to all matters of New Jersey law. Ms. Linde is also an employee of our affiliate, PSEG Services Corporation. Ms. Linde beneficially owns or has rights to acquire an aggregate of less than 0.01% of PSEG's common stock. Sidley Austin LLP has from time to time represented, and continues to represent, us and our affiliates in connection with certain unrelated legal matters.

EXPERTS

The consolidated financial statements and the related consolidated financial statement schedule, incorporated in this prospectus supplement and the accompanying prospectus by reference from our Annual Report on Form 10-K for the year ended December 31, 2017, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which is incorporated herein by reference. Such consolidated financial statements and consolidated financial statement schedule have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

PROSPECTUS

Senior Debt Securities

PSEG Power LLC ("Power") may offer from time to time, together or separately, one or more series of its unsecured senior debt securities (the "Debt Securities"). The Debt Securities will rank equally with all of Power's other existing and future unsubordinated and unsecured indebtedness. The Debt Securities will be fully and unconditionally guaranteed jointly and severally by Power's three principal operating subsidiaries as described in this prospectus. The guarantees will rank equally with all of such subsidiary's existing and future unsubordinated and unsecured indebtedness.

When a particular series of Debt Securities is offered, Power will prepare a prospectus supplement setting forth the particular terms of the offered Debt Securities. You should carefully read this prospectus, any prospectus supplement and any free writing prospectus relating to such offering and the documents incorporated by reference herein and therein, before you make any decision to invest in the Debt Securities.

The Debt Securities may be offered in amounts, at initial offering prices, and on terms to be determined at the time of offering.

Power will sell the Debt Securities directly, through agents, underwriters or dealers as designated from time to time, or through a combination of such methods. If any such agents, underwriters or dealers are involved in the sale of the Debt Securities in respect of which this prospectus is being delivered, the names of such agents, underwriters or dealers and any applicable agent's commission, underwriter's discount or dealer's purchase price and the net proceeds to Power from such sale will be set forth in, or may be calculated on the basis set forth in, the applicable prospectus supplement. See "Plan of Distribution" for possible indemnification arrangements for any such agents, underwriters and dealers.

This prospectus may not be used to consummate sales of the Debt Securities without the delivery of one or more prospectus supplements.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed on the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

Investing in the Debt Securities involves risks. You should carefully review "Risk Factors" beginning on page 4 of this prospectus, as well as the risk factors contained in Power's most recently filed Annual Report on Form 10-K and its other periodic reports filed with the Securities and Exchange Commission and incorporated by reference into this prospectus before you invest.

The date of this prospectus is November 17, 2017.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that Power, PSEG Energy Resources & Trade LLC ("ER&T"), PSEG Fossil LLC ("Fossil") and PSEG Nuclear LLC ("Nuclear") filed with the Securities and Exchange Commission (the "SEC") utilizing a "shelf" registration process. Under this shelf process, we may, from time to time, sell the securities described in this prospectus in one or more offerings of one or more series. Each time we sell securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering.

As allowed by the SEC rules, this prospectus does not contain all of the information included in the registration statement. For further information, we refer you to the registration statement, including its exhibits and documents incorporated by reference. Statements contained in this prospectus about the provisions or contents of any agreement or other document are not necessarily complete. If the SEC's rules and regulations require that an agreement or document be filed as an exhibit to the registration statement, please see that agreement or document for a complete description of its provisions.

You should read this prospectus, any prospectus supplement and any free writing prospectus, including in each case, information incorporated by reference together with any additional information you may need to make your investment decision. You should also read and carefully consider the information in the documents we have referred you to in "Where You Can Find More Information" below. Information in any applicable prospectus supplement or free writing prospectus or that is incorporated by reference after the date of this prospectus is considered a part of this prospectus and may add to, update or change information contained in this prospectus. Any information in such subsequent filings that is inconsistent with this prospectus will supersede the information in this prospectus.

You should rely only on the information provided or incorporated by reference in this prospectus and any prospectus supplement and any free writing prospectus relating to an offering. We have not authorized anyone else to provide you with other information. We are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information in this prospectus, any prospectus supplement, any free writing prospectus or any document incorporated by reference is accurate as of any date other than the date of the applicable document. Our business, prospects, financial condition, results of operations and cash flows may have changed since that date.

In this prospectus, unless otherwise stated, or the context otherwise requires, references to "we," "us" and "our" are to PSEG Power LLC and its consolidated subsidiaries, including ER&T, Fossil and Nuclear.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports and other information with the SEC. You may read and copy any material on file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room. Our filings are also available to the public over the Internet on the SEC's web site at http://www.sec.gov, as well as on our web site at http://www.pseg.com. None of the information contained at any time on our web site is incorporated by reference into this prospectus.

The SEC allows us to "incorporate by reference" documents that we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference or deemed incorporated by reference is an important part of this prospectus, and information that we file later with the SEC will be deemed to automatically update and supersede this incorporated information. We incorporate by reference the following documents filed with the SEC.

- Our Annual Report on Form 10-K for the year ended December 31, 2016; and
- Our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2017, June 30, 2017 and September 30, 2017.

We also incorporate by reference any future filings made with the SEC under Section 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), on or after the date of this prospectus and prior to the termination of any particular offering of Debt Securities, except, in each case, for current reports on Form 8-K containing only disclosure furnished under items 2.02 or 7.01 of Form 8-K and exhibits relating to such disclosure, unless otherwise specifically stated in the Form 8-K or the prospectus supplement for such offering.

Certain of the documents incorporated by reference in this prospectus are combined documents that are separately filed by Public Service Enterprise Group Incorporated ("PSEG"), Public Service Electric and Gas Company ("PSE&G") and Power. Only information relating to Power in such documents has been incorporated by reference in this prospectus.

You can get a free copy of any of the documents incorporated by reference by making an oral or written request directed to:

Vice President, Investor Relations
PSEG Services Corporation
80 Park Plaza, 4th Floor
Newark, NJ 07102
Telephone (973) 430-6565

FORWARD-LOOKING STATEMENTS

This prospectus or other offering materials may contain or incorporate by reference statements about our and our subsidiaries' future performance, including, without limitation, future revenues, earnings, strategies, prospects, consequences and all other statements that are not purely historical that constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those anticipated. Such statements are based on management's beliefs as well as assumptions made by and information currently available to management. When used herein, the words "anticipate," "intend," "estimate," "believe," "expect," "plan," "should," "hypothetical," "potential," "forecast," "project," variations of such words and similar expressions are intended to identify forward-looking statements. Factors that may cause actual results to differ are often presented with the forward-looking statements themselves. Other factors that could cause actual results to differ materially from those contemplated in any forward-looking statements made by us herein are discussed in filings we make with the SEC, including our Annual Report on Form 10-K and subsequent reports on Form 10-Q and Form 8-K. These factors include, but are not limited to:

- fluctuations in wholesale power and natural gas markets, including the potential impacts on the economic viability of our generation units;
- our ability to obtain adequate fuel supply;
- any inability to manage our energy obligations with available supply;
- increases in competition in wholesale energy and capacity markets;
- changes in technology related to energy generation, distribution and consumption and customer usage patterns;
- economic downturns;
- third-party credit risk relating to our sale of generation output and purchase of fuel;
- adverse performance of our decommissioning and defined benefit plan trust fund investments and changes in funding requirements;
- changes in state and federal legislation and regulations;
- regulatory, financial, environmental, health and safety risks associated with our ownership and operation of nuclear facilities;
- adverse changes in energy industry laws, policies and regulations, including market structures and transmission planning;
- changes in federal and state environmental regulations and enforcement;
- delays in receipt of, or an inability to receive, necessary licenses and permits;
- adverse outcomes of any legal, regulatory or other proceeding, settlement, investigation or claim applicable to us and/or the energy industry;
- changes in tax laws and regulations;
- the impact of our holding company structure on our ability to meet our corporate funding needs, service debt and pay dividends;
- lack of growth or slower growth in the number of customers or changes in customer demand;
- any inability of Power to meet its commitments under forward sale obligations;
- reliance on transmission facilities that we do not own or control and the impact on our ability to maintain adequate transmission capacity;
- any inability to successfully develop or construct generation projects;
- any equipment failures, accidents, severe weather events or other incidents that impact our ability to provide safe and reliable service to our customers;

- our inability to exercise control over the operations of generation facilities in which we do not maintain a controlling interest;
- any inability to maintain sufficient liquidity;
- any inability to realize anticipated tax benefits or retain tax credits;
- challenges associated with recruitment and/or retention of key executives and a qualified workforce;
- the impact of our covenants in our debt instruments on our operations; and
- the impact of acts of terrorism, cybersecurity attacks or intrusions.

Additional information concerning these factors is set forth or referred to under “Risk Factors.”

All of the forward-looking statements made in this prospectus and the other offering materials are qualified by these cautionary statements and we cannot assure you that the results or developments anticipated by management will be realized or even if realized, will have the expected consequences to, or effects on, us or our business, prospects, financial condition, results of operations or cash flows. Readers are cautioned not to place undue reliance on these forward-looking statements in making any investment decision. Forward-looking statements made in this prospectus or other offering materials apply only as of the date of this prospectus or such other offering materials. While we may elect to update forward-looking statements from time to time, we specifically disclaim any obligation to do so, even in light of new information or future events, unless otherwise required by applicable securities laws.

The forward-looking statements contained in this prospectus and the other offering materials are intended to qualify for the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Exchange Act.

PSEG POWER LLC

We are a multi-regional energy supply company that integrates the operations of our merchant nuclear and fossil generating assets with our power marketing businesses through competitive energy sales in well-developed energy markets and fuel supply functions primarily in the Northeast and Mid-Atlantic United States. Our three principal direct, wholly-owned subsidiaries are Fossil, Nuclear and ER&T. Fossil and Nuclear own and operate generation and generation-related facilities. ER&T is responsible for the day-to-day management of our energy portfolio. Fossil, Nuclear, ER&T are subject to regulation by, among others, the Federal Energy Regulatory Commission, the Nuclear Regulatory Commission, the Environmental Protection Agency and the states in which they operate, and Nuclear is also subject to regulation by the Nuclear Regulatory Commission.

We are a wholly-owned subsidiary of PSEG.

Power, ER&T, Fossil and Nuclear are Delaware limited liability companies with principal executive offices located at 80 Park Plaza, Newark, New Jersey 07102. Their telephone number is 973-430-7000.

RISK FACTORS

In addition to the risk factors contained in our most recently filed Annual Report on Form 10-K and our other periodic reports filed with the SEC and incorporated by reference into this prospectus, as well as those risk factors that may be included in the applicable prospectus supplement or any applicable free writing prospectus, prospective investors should carefully consider the risks described below before making a decision to invest in our securities. Such factors could have a material adverse effect on our business, prospects, financial condition, results of operations or cash flows and on the trading price of our securities. Such factors could affect actual results and cause our results to differ materially from those expressed in any forward-looking statements made by, or on behalf of, us. See “Forward-Looking Statements.”

Because Power is a Holding Company, its Ability to Service its Debt Could Be Limited

Power is a holding company with no material assets other than the stock or membership interests of its subsidiaries. Accordingly, all of Power’s operations are conducted by its subsidiaries, which are separate and distinct legal entities.

Power depends on its subsidiaries' cash flow and access to capital in order to service its indebtedness and satisfy its other funding needs. Any project-related debt agreements of Power's subsidiaries will generally restrict their ability to pay dividends, make cash distributions or otherwise transfer funds to Power. These restrictions may include achieving and maintaining financial performance or debt coverage ratios, absence of events of default, or priority in payment of other current or prospective obligations. Power's subsidiaries' ability to pay dividends, make cash distributions or otherwise transfer funds to Power may also be limited or restricted by regulatory considerations or applicable law.

Power's subsidiaries may finance some investments using non-recourse project level financing. A non-recourse project financing is generally structured to be repaid out of cash flows provided by the investment. In the event of a default under a financing agreement which is not cured, the lenders would generally have rights to the related assets. In the event of foreclosure after a default, Power's subsidiary may lose its equity in the asset or may not be entitled to any cash that the asset may generate. Although a default under a project level financing agreement is not expected to cause a default with respect to Power's debt, other debt of the applicable subsidiary, if any, or debt of Power's other subsidiaries, it may materially affect Power's ability to service its outstanding indebtedness and satisfy its other funding needs.

We can give no assurances that our current and future capital structure, operating performance or financial condition will permit us to access the capital markets or to obtain other financing at the times, in the amounts and on the terms necessary or advisable for us to successfully carry out our business strategy or to service our indebtedness and satisfy our other funding needs.

The Indenture Restricts Our Ability to Enter into Certain Transactions

The Indenture (as defined below under "Description of Debt Securities") restricts Power's ability and the ability of its Restricted Subsidiaries (as defined below under "Description of Debt Securities") to, among other things:

- in the case of Restricted Subsidiaries, incur certain indebtedness;
- create or permit to exist liens;
- in the case of Restricted Subsidiaries, create or permit to exist dividend or payment restrictions with respect to us;
- sell assets; and
- engage in mergers and consolidations.

These restrictions may limit our ability to finance future operations, respond to changing business and economic conditions, secure any needed additional financing and engage in opportunistic transactions. See "Description of Debt Securities — Selected Indenture Covenants."

PSEG Could Exercise Its Control Over Us to the Detriment of Holders of the Debt Securities

Power's sole limited liability company member, PSEG, controls the election of its directors and all other matters submitted for member approval and has control over our management and affairs. In circumstances involving a conflict of interest between PSEG, as the sole member, on the one hand, and our creditors, on the other, we can give no assurance that PSEG would not exercise its power to control us in a manner that would benefit PSEG to the detriment of our creditors, including the holders of the Debt Securities.

The Indenture imposes no limitations on our ability to pay dividends or to make other payments to PSEG or on our ability to enter into transactions with PSEG or our other affiliates.

Federal and State Statutes May Limit Your Rights as a Holder

Each Restricted Subsidiary will guarantee Power's obligations on the Debt Securities (each a "Subsidiary Guarantee"). See "Description of Debt Securities — Selected Indenture Covenants — Guarantee of Debt Securities."

Under the federal bankruptcy law and comparable provisions of state fraudulent transfer laws, a court could find that the Subsidiary Guarantee provided by a Restricted Subsidiary constituted a fraudulent conveyance by that Restricted Subsidiary. To do so, a court would typically have to find that, at the time the Subsidiary Guarantee was issued, the relevant Restricted Subsidiary:

- issued the Subsidiary Guarantee with the intent of hindering, delaying or defrauding its current or future creditors; or
- (a) received less than fair consideration or reasonably equivalent value for incurring the indebtedness represented by its Subsidiary Guarantee; and (b) either (i) was insolvent or was rendered insolvent by reason of the issuance of the Subsidiary Guarantee or would be rendered insolvent upon payment of the Subsidiary Guarantee, (ii) was engaged, or about to engage, in a business or transaction for which its remaining unencumbered assets constituted unreasonably small capital or (iii) intended to incur, or believed or should have believed it would incur, debts beyond its ability to pay as such debts mature.

Many of the foregoing terms are defined in or interpreted under those statutes.

Different jurisdictions define “insolvency” differently. However, an entity generally would be considered insolvent at the time it incurred any particular obligation if (1) its liabilities exceeded its assets, at a fair valuation, (2) the present fair saleable value of its assets was less than the amount required to pay its total existing debts and liabilities (including any probable liability related to contingent liabilities) as they became absolute and matured or (3) it could not pay its debts as they became due. We cannot assure you of the standard a court would apply in order to determine whether any Restricted Subsidiary was “insolvent” as of the date the applicable Subsidiary Guarantee was issued, or that regardless of the method of valuation, a court would not determine, regardless of whether such Restricted Subsidiary was insolvent on the date the Subsidiary Guarantee was issued, that the payments constituted fraudulent transfers on another ground.

If a court were to make any such finding, it could:

- void all or a portion of the relevant Restricted Subsidiary’s obligations on the Subsidiary Guarantees; and/or
- seek to recover any payments made on account of the relevant Subsidiary Guarantee.

In addition, any claims in respect of a Subsidiary Guarantee could be subordinated to all other debts of the relevant Restricted Subsidiary under principles of “equitable subordination,” which generally require that the claimant must have engaged in some type of inequitable conduct; the misconduct must have resulted in injury to the creditors of the debtor or conferred an unfair advantage on the claimant; and equitable subordination must not be inconsistent with other provisions of the U.S. Bankruptcy Code.

In any such event, we cannot assure you that you would receive any payment under the Subsidiary Guarantee of the relevant Restricted Subsidiary.

There is No Trading Market for the Debt Securities

We do not intend to list any series of the Debt Securities on any U.S. securities exchange. We can give no assurance that an active trading market for any series of Debt Securities will develop or, if one develops, will be maintained or be liquid. If an active trading market does not develop or is not maintained, investors may not be able to sell such series of Debt Securities when desired, or perhaps at all, or be able to sell such series of Debt Securities at a price equal to or above the price the investors paid for them. The Debt Securities may not be appropriate as a short-term investment, and investors should consider the potentially illiquid and long-term nature of their investment in the Debt Securities before making an investment decision.

CONSOLIDATED RATIOS OF EARNINGS TO FIXED CHARGES

Our consolidated ratios of earnings to fixed charges for each of the periods indicated are as follows:

	Nine Months Ended September 30, 2017	Years Ended December 31,				
		2016	2015	2014	2013	2012
Ratios of Earnings to Fixed Charges[1]	(0.75)	0.82	9.99	9.37	8.37	7.63

1 The term "earnings" shall be defined as pre-tax income from continuing operations before income or loss from equity method investees plus distributed income from equity investees. Add to pre-tax income the amount of fixed charges adjusted to exclude the amount of any interest capitalized during the period. Fixed Charges represent (a) interest, whether expensed or capitalized, (b) amortization of debt discount, premium and expense and (c) an estimate of interest implicit in rentals. The ratio of earnings to fixed charges for the nine months ended September 30, 2017 and the year ended December 31, 2016, was (0.75) and 0.82, respectively, which represents a deficiency of $182 million and $25 million, respectively.

USE OF PROCEEDS

Unless we state otherwise in the prospectus supplement for a particular offering, the net proceeds from the sale of the Debt Securities will be added to our general funds and will be used for general corporate purposes.

DESCRIPTION OF DEBT SECURITIES

We may issue our Debt Securities from time to time. The Debt Securities will be issued under an Indenture dated as of April 16, 2001, as amended and supplemented by the First Supplemental Indenture dated as of March 13, 2002 (the "Indenture"), among us, the subsidiary guarantors party thereto and The Bank of New York Mellon, as Trustee (the "Trustee"). The Indenture is filed as an exhibit to the registration statement. The Indenture is subject to and governed by the Trust Indenture Act of 1939, as amended (the "TIA"). Selected provisions of the Indenture have been summarized below. This summary is not complete. You should read the Indenture for provisions that may be important to you. In the summary below, references to section numbers of the Indenture are included so that you can easily locate these provisions. Capitalized terms used in the summary have the meanings specified in the Indenture. Parenthetical references below are to the Indenture or to the TIA, as applicable. In this section, references to "we", "our" and "us" refer to PSEG Power LLC without its consolidated subsidiaries.

General

The Debt Securities will be our senior unsecured obligations. They will rank equally with all of our other existing and future unsubordinated and unsecured indebtedness. Each series of Debt Securities will be guaranteed, jointly and severally, by Fossil, Nuclear and ER&T (the "Subsidiary Guarantors") as described below. The Subsidiary Guarantees will rank equally in right of payment to all existing and future unsecured and unsubordinated indebtedness of such Subsidiary Guarantor.

We have the ability to issue Debt Securities with terms different from those of Debt Securities previously issued and, without the consent of the holders thereof, to reopen a previous series of Debt Securities and issue additional Debt Securities of such series (unless such reopening was restricted when such series was created). Any additional Debt Securities of a series having similar terms, together with the Debt Securities of such series, will constitute a single series of Debt Securities under the Indenture; provided that if the additional Debt Securities are not fungible for U.S. federal income tax purposes, the additional Debt Securities will have a separate CUSIP number.

Provisions Applicable to Particular Series

The Indenture provides that any Debt Securities proposed to be sold pursuant to this prospectus and any accompanying prospectus supplement and/or free writing prospectus (the "Offered Securities"), as well as other of our unsecured debt securities, may be issued under the Indenture in one or more series, as authorized by us from time to time. The particular terms of such Offered Securities and any modifications of or additions to the general terms of the Debt Securities as described in this prospectus that may be applicable in the case of the Offered Securities will be described in the applicable prospectus supplement. Accordingly, for a description of the terms of any Offered Securities, you should refer to both the prospectus supplement for that series and the description of Debt Securities set forth in this prospectus.

You should refer to the prospectus supplement for the following information for each particular series of Offered Securities:

- the title of such Debt Securities;
- the aggregate principal amount of such Debt Securities and any limit on the aggregate principal amount of Debt Securities of such series;
- if other than the principal amount thereof, the portion of the principal amount thereof payable upon declaration of acceleration of the maturity thereof or the method by which such portion will be determined;
- the date or dates, or the method by which such date or dates will be determined or extended, on which the principal of such Debt Securities will be payable;
- the rate or rates at which such Debt Securities will bear interest, if any, or the method by which such rate or rates will be determined, the date or dates from which such interest will accrue or the method by which such date or dates will be determined, the date or dates on which such interest, if any, will be payable and the Regular Record Date or Dates, if any, for the interest payable on any Registered Security on any Interest Payment Date, or the method by which any such date will be determined, and the basis upon which interest will be calculated if other than that of a 360-day year of twelve 30-day months;
- the date or dates on which or the period or periods within which, the price or prices at which and the other terms and conditions upon which, such Debt Securities may be redeemed, in whole or in part, at our option and whether we are to have that option;
- our obligation, if any, to redeem, repay or purchase such Debt Securities, in whole or in part, pursuant to any sinking fund or analogous provision or at the option of a holder thereof and the period or periods within which or the date or dates on which, the price or prices at which and the other terms and conditions upon which, such Debt Securities will be so redeemed, repaid or purchased;
- whether such Debt Securities are to be issuable as Registered Securities, Bearer Securities (with or without coupons) or both, any restrictions applicable to the offer, sale or delivery of Bearer Securities and the terms, if any, upon which Bearer Securities of the series may be exchanged for Registered Securities of the series and vice versa (if permitted by applicable laws and regulations), whether such Debt Securities will be issuable initially in temporary global form, whether any such Debt Securities will be issuable in permanent global form with or without coupons and, if so, whether beneficial owners of interests in any such permanent global security may exchange such interests for Debt Securities of such series in certificated form and of like tenor of any authorized form and denomination and the circumstances under which any such exchanges may occur, if other than in the manner provided in the Indenture, and, if Registered Securities are to be issuable as a global security, the identity of the depositary for such Debt Securities;
- whether the amount of payments of principal of (or premium, if any) or interest, if any, on such Debt Securities may be determined with reference to an index, formula or other method (which index, formula or method may be based on one or more currencies, commodities, equity indices or other indices) and the manner in which such amounts will be determined;
- the place or places, if any, other than or in addition to The City of New York, where the principal of (and premium, if any) and interest, if any, on such Debt Securities will be payable, where any Registered Securities may be surrendered for registration of transfer, where such Debt Securities may be surrendered for exchange, where Debt Securities of a series that are convertible or exchangeable may be surrendered for conversion or exchange, as applicable, and where notices or demands to or upon us in respect of such Debt Securities and the Indenture may be served;
- the denomination or denominations in which such Debt Securities will be issuable, if other than $1,000, or any integral multiple thereof, in the case of Registered Securities and $5,000 in the case of Bearer Securities;
- if other than the Trustee, the identity of each Security Registrar and/or Paying Agent;

- the date as of which any Bearer Securities of the series and any temporary Debt Security issued in global form representing Outstanding Securities of the series will be dated if other than the date of original issuance of the first Debt Security of the series to be issued;
- the applicability, if at all, to such Debt Securities of the provisions of Article Fourteen of the Indenture described under " — Satisfaction and Discharge, Legal Defeasance and Covenant Defeasance" and any provisions in modification of, in addition to or in lieu of any of the provisions of such Article;
- the Person to whom any interest on any Registered Security of the series will be payable, if other than the Person in whose name such Registered Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, the manner in which, or the Person to whom, any interest on any Bearer Security of the series shall be payable, if otherwise than upon presentation and surrender of the coupons appertaining thereto as they severally mature, and the extent to which, or the manner in which, any interest payable on a temporary Debt Security issued in global form will be paid if other than in the manner provided in the Indenture;
- if such Debt Securities are to be issuable in definitive form (whether upon original issue or upon exchange of a temporary Debt Security of such series) only upon receipt of certain certificates or other documents or satisfaction of other conditions, the form and/or terms of such certificates, documents or conditions;
- whether and under what circumstances we will pay Additional Amounts, as contemplated by Section 1004 of the Indenture, on such Debt Securities to any holder who is not a United States person (including any modification to the definition of such term as contained in the Indenture as originally executed) in respect of any tax, assessment or governmental charge and, if so, whether we will have the option to redeem such Debt Securities rather than pay such Additional Amounts (and the terms of any such option);
- the provisions, if any, granting special rights to the holders of such Debt Securities upon the occurrence of such events as may be specified;
- any deletions from, modifications of or additions to the Events of Default or covenants with respect to such Debt Securities (which Events of Default or covenants are consistent with the Events of Default or covenants set forth in the general provisions of the Indenture);
- whether such Debt Securities will be convertible into or exchangeable for any other securities and, if so, the terms and conditions upon which such Debt Securities will be so convertible or exchangeable; and
- any other terms of such Debt Securities.

If applicable, the prospectus supplement will also set forth a discussion of federal income tax considerations relevant to the Debt Securities being offered.

For purposes of this prospectus, any reference to the payment of principal of (or premium, if any) or interest, if any, on such Debt Securities will be deemed to include mention of the payment of any Additional Amounts required by the terms of such Debt Securities.

Debt Securities may provide for less than the entire principal amount thereof to be payable upon declaration of acceleration of the maturity thereof ("Original Issue Discount Securities"). Federal income tax and other considerations pertaining to any such Original Issue Discount Securities will be discussed in the applicable prospectus supplement.

The Indenture also provides that there may be more than one Trustee thereunder, each with respect to one or more different series of Debt Securities. See " — The Trustee" herein. At a time when two or more Trustees are acting under the Indenture, each with respect to only certain series, the term Debt Securities, as used herein, will mean the one or more series with respect to which each respective Trustee is acting. In the event that there is more than one Trustee under the Indenture, the powers and trust obligations of each Trustee as described herein will extend only to the one or more series of Debt Securities for which it is Trustee. If two or more Trustees are acting under the Indenture, then the Debt Securities for which each Trustee is acting would in effect be treated as if issued under separate indentures.

The general provisions of the Indenture do not contain any provisions that would limit our ability to incur indebtedness or that would afford holders of Debt Securities protection in the event of a highly leveraged or similar transaction. Reference is made to the prospectus supplement for information with respect to any deletions from, modifications of or additions to the Events of Default or the covenants that are described below, including any addition of a covenant or other provision providing event risk or similar protection.

Denominations, Registration and Transfer

Debt Securities of a series may be issuable solely as Registered Securities, solely as Bearer Securities or as both Registered Securities and Bearer Securities. The Indenture also provides that Debt Securities of a series may be issuable in global form. (Section 203) See " — Book-Entry Debt Securities". Unless otherwise provided in the prospectus supplement, Debt Securities denominated in U.S. dollars (other than Global Securities, which may be of any denomination) are issuable in denominations of $1,000, or any integral multiples of $1,000, in the case of Registered Securities and in the denomination of $5,000 in the case of Bearer Securities. (Section 302) Unless otherwise indicated in the prospectus supplement, Bearer Securities will have interest coupons attached. (Section 201)

Registered Securities will be exchangeable for other Registered Securities of the same series. If (but only if) provided in the prospectus supplement, Bearer Securities (with all unmatured coupons, except as provided below, and all matured coupons which are in default) of any series may be similarly exchanged for Registered Securities of the same series of any authorized denominations and of a like aggregate principal amount and tenor. If so provided, Bearer Securities surrendered in exchange for Registered Securities between a Regular Record Date or a Special Record Date and the relevant date for payment of interest will be surrendered without the coupon relating to such date for payment of interest, and interest will not be payable in respect of the Registered Security issued in exchange for such Bearer Security, but will be payable only to the holder of such coupon when due in accordance with the terms of the Indenture. Unless otherwise specified in the prospectus supplement, Bearer Securities will not be issued in exchange for Registered Securities. (Section 305)

Registered Securities of a series may be presented for registration of transfer and Debt Securities of a series may be presented for exchange:

- at each office or agency required to be maintained by us for payment of such series as described in " — Payment and Paying Agents," and
- at each other office or agency that we may designate from time to time for such purposes.

No service charge will be made for any transfer or exchange of Debt Securities, but we may require payment of any tax or other governmental charge payable in connection therewith. (Section 305)

We will not be required to:

- issue, register the transfer of or exchange Debt Securities during a period beginning at the opening of business 15 days before any selection of Debt Securities of that series to be redeemed and ending at the close of business on (A) the day of mailing of the relevant notice of redemption if Debt Securities of the series are issuable only as Registered Securities and (B) if Debt Securities of the series are issuable as Bearer Securities, the day of the first publication of the relevant notice of redemption, or, if Debt Securities of the series are also issuable as Registered Securities and there is no publication, the day of mailing of the relevant notice of redemption;
- register the transfer of or exchange any Registered Security, or portion thereof, called for redemption, except the unredeemed portion of any Registered Security being redeemed in part;
- exchange any Bearer Security called for redemption, except to exchange such Bearer Security for a Registered Security of that series and like tenor that is simultaneously surrendered for redemption; or
- issue, register the transfer of or exchange any Debt Security which has been surrendered for repayment at the option of the holder, except the portion, if any, of such Debt Security not to be so repaid. (Section 305)

Payment and Paying Agents

Unless otherwise provided in the prospectus supplement, principal, premium, if any, and interest, if any, and Additional Amounts, if any, on Registered Securities will be payable at any office or agency to be maintained by us in Newark, New Jersey and New York, New York, except that at our option interest on an Interest Payment Date (including Additional Amounts, if any) may be paid (1) by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register or (2) by wire transfer to an account maintained by the Person entitled thereto as specified in the Security Register. (Sections 307, 1001 and 1002) Unless otherwise provided in the prospectus supplement, payment of any installment of interest on Registered Securities will be made to the Person in whose name such Registered Security is registered at the close of business on the Regular Record Date for such interest. (Section 307)

If Debt Securities of a series are issuable solely as Bearer Securities or as both Registered Securities and Bearer Securities, unless otherwise provided in the prospectus supplement, we will be required to maintain an office or agency (1) outside the United States at which, subject to any applicable laws and regulations, the principal of (and premium, if any) and interest, if any, on such series will be payable and (2) in The City of New York for payments with respect to any Registered Securities of such series (and for payments with respect to Bearer Securities of such series in the limited circumstances described below, but not otherwise). (Section 1002) The initial locations of such offices and agencies will be specified in the prospectus supplement. Unless otherwise provided in the prospectus supplement, principal of (and premium, if any) and interest, if any, on Bearer Securities may be paid by wire transfer to an account maintained by the Person entitled thereto with a bank located outside the United States. (Sections 307 and 1002) Unless otherwise provided in the prospectus supplement, payment of installments of interest on any Bearer Securities on or before Maturity will be made only against surrender of coupons for such interest installments as they severally mature. (Section 1001) Unless otherwise provided in the prospectus supplement, no payment with respect to any Bearer Security will be made at any office or agency we maintain in the United States or by check mailed to any address in the United States or by transfer to an account maintained with a bank located in the United States. Notwithstanding the foregoing, payments of principal of (and premium, if any) and interest, if any, on Bearer Securities payable in U.S. dollars will be made at the office of our Paying Agent in The City of New York if (but only if) payment of the full amount thereof in U.S. dollars at all offices or agencies outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions. (Section 1002)

We may from time to time designate additional offices or agencies, approve a change in the location of any office or agency and, except as provided above, rescind the designation of any office or agency.

Selected Indenture Covenants

Limitations on Obligations

Restricted Subsidiaries. We will not permit any Restricted Subsidiary to, directly or indirectly, Incur any Obligations (including, without limitation, Acquired Obligations), except for

- the Subsidiary Guarantees;
- Obligations existing on the date of the Indenture;
- Obligations of ER&T related to the purchase and sale of fuel, capacity, energy (including, but not limited to, electric power, natural gas and coal), environmental credits or entitlements, utility services, fuel, water, related transportation services and other similar or related products and services in the ordinary course of business;
- Obligations of Nuclear related to the purchase and sale of fuel and related transportation services in the ordinary course of business;
- Permitted Hedging Obligations of ER&T;
- Obligations incurred in exchange for, or the net proceeds of which are used to refund, refinance, or replace Obligations described under this “Limitations on Obligations”, provided that the average life of the refinancing Obligations shall not be shorter than the average life of the Obligations being refinanced and the principal amount of the refinancing obligations shall not exceed the principal amount of the Obligations being so refinanced; and

- Obligations to us or any other Restricted Subsidiary which are subordinated to the Subsidiary Guarantee with respect to the guaranteed Debt Securities of the Restricted Subsidiary incurring the Obligations.

The foregoing notwithstanding, Restricted Subsidiaries may Incur Obligations not otherwise permitted by the preceding paragraph in an aggregate amount outstanding after giving effect to such Incurrence not to exceed at any one time the greater of $250 million or 15% of Consolidated Net Tangible Assets as of the last day of the preceding month.

Subsidiaries Other Than Restricted Subsidiaries. Except for parental guarantees of debt service reserves, surety bonds, equity guarantees, performance bonds and bid bonds entered into in the ordinary course of business aggregating at any one time not more than $100 million, we shall not permit any Subsidiary that is not a Restricted Subsidiary to, directly or indirectly, Incur any Obligations (including, without limitation, Acquired Obligations) that are recourse to us or any Restricted Subsidiary. For the purposes of this section, preferred securities issued by our special purpose subsidiaries will not be considered to be recourse to us. (Section 1008)

Limitation on Liens

We may not, and may not permit any Restricted Subsidiary to, directly or indirectly, create, incur, assume or permit to exist any Lien of any kind on or with respect to any Property or interest in our Property or that of any of our Restricted Subsidiaries or any income or profits therefrom (in each case, whether the Property is owned at the date of the Indenture or thereafter acquired), unless the Debt Securities are secured equally and ratably with (or prior to) any and all other Obligations secured by the Lien, provided, however, that these restrictions shall not apply to or prevent the creation, incurrence, assumption or existence of Permitted Liens.

Permitted Liens shall include:

- Liens existing on the date of the Indenture;
- Liens to secure or provide for the payment of all or part of the purchase price of any Property or the cost of construction or improvement thereof; *provided* that no such Lien shall extend to or cover any other of our or our Restricted Subsidiaries' Property;
- Liens existing on Property at the time such Property is acquired by us or any Restricted Subsidiary; *provided* that such Liens (i) are not created, Incurred or assumed in contemplation of such Property being acquired and (ii) do not extend to or cover any other of our or our Restricted Subsidiaries' Property;
- Liens existing on Property of any entity at the time such entity is merged with or into or consolidated with us or a Restricted Subsidiary; *provided* that such Liens (i) are not created, Incurred or assumed in contemplation of such merger or consolidation and (ii) do not extend to any other of our or our Restricted Subsidiaries' Property;
- Liens securing Permitted Hedging Obligations;
- Liens for taxes, assessments or governmental charges that are not yet delinquent or that are being contested in good faith by any appropriate legal proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate reserve provision, if any, as is required in conformity with GAAP shall have been made;
- Liens arising by reason of any judgment, decree or order of any court, so long as any such Lien is being contested in good faith and is bonded or such judgment, decree or order does not exceed $50 million, and any appropriate legal proceedings that may have been duly initiated for the review of such judgment, decree or order have not been finally terminated or the period within which such proceedings may be initiated has not expired;
- Liens to secure pledges or deposits made in the ordinary course of business in connection with bids, tenders or contracts (other than for payment of indebtedness) or to secure guarantees, statutory or regulatory obligations or surety or performance bonds each made in the ordinary course of business;

- Liens imposed by law such as carriers', warehousemen's and mechanics' Liens, in each case arising in the ordinary course of business and with respect to amounts not yet due or being contested in good faith by appropriate legal proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as is required in conformity with GAAP shall have been made;
- Survey exceptions, encumbrances, easements or reservations of, or rights of others for, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real properties incidental to the conduct of the business or to the ownership of Properties which were not incurred in connection with indebtedness or other extensions of credit and which do not in the aggregate materially and adversely affect the value of the Properties or materially impair their use in the operation of the business;
- Liens securing letters of credit entered into in the ordinary course of business;
- Liens to secure pollution control revenue bonds or industrial revenue bonds;
- Liens securing Non-Recourse Obligations of Unrestricted Subsidiaries;
- Liens granted on the capital stock of Unrestricted Subsidiaries for the purpose of securing the Obligations of such Unrestricted Subsidiaries;
- Liens pursuant to Capitalized Leases or Synthetic Leases permitted to be entered into under the "Limitation on Obligations" covenant;
- Liens arising by reason of leases and subleases of Property pursuant to a Sale/Leaseback Transaction allowed pursuant to the "Limitation on Sale of Assets" covenant that do not materially interfere with the ordinary conduct of our or any of our Restricted Subsidiaries' business;
- Liens created in connection with worker's compensation, unemployment insurance and other social security statutes or regulations;
- Liens by a Wholly-Owned Subsidiary to us or any Restricted Subsidiary;
- Liens on Property, other than Capital Stock of Restricted Subsidiaries, to secure Obligations so long as the sum of the amount of outstanding Obligations secured by Liens incurred pursuant to this provision does not exceed the greater of $250 million or 15% of Consolidated Net Tangible Assets as of the end of the most recent fiscal quarter for which financial statements are available; and
- The replacement, extension or renewal (or successive replacements, extensions or renewals), as a whole or in part, of any Lien or of any agreement referred to above or the replacement, extension or renewal (not exceeding the outstanding principal amount of Indebtedness secured thereby together with any premium, interest, fee or expense payable in connection with any such replacement, extension or renewal) of Indebtedness secured thereby; provided that such replacement, extension or renewal is limited to all or part of the same Property that secured the Lien replaced, extended or renewed (plus improvements thereon or additions or accessions thereto).

Guarantee of Debt Securities

Each initial Subsidiary Guarantor and any subsequent Subsidiary Guarantor shall execute a Subsidiary Guarantee of each series of Debt Securities in substantially the form provided for by the Indenture at or before the time the definition of Subsidiary Guarantor shall be applicable to it. (Section 1601)

Guarantee of ER&T Obligations

We have executed a guarantee of the Obligations of ER&T substantially in the form provided for by the Indenture. (Section 1009)

Payment of Dividends by ER&T to Us

If and for so long as we guarantee the Obligations of ER&T, we shall cause ER&T, to the extent permitted by applicable law, to pay, at least quarterly, dividends or distributions to us of the excess cash not then required for its business operations. (Section 1010)

Limitation on Dividends and Other Payment Restrictions

Other than pursuant to the Indenture or as otherwise may be required by law, we will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create or cause to become, or as a result of the acquisition of any Person or Property, or upon any Person becoming a Restricted Subsidiary, remain subject to, any consensual encumbrance or consensual restriction of any kind on the ability of any Restricted Subsidiary to:

- pay dividends or make any other distributions on its Capital Stock;
- make payments on any Obligations owed to us or any of our Restricted Subsidiaries;
- make loans or advances to us or to any of our Restricted Subsidiaries;
- transfer any of its Property to us or to any of our Restricted Subsidiaries; or
- make payments under a Subsidiary Guarantee with respect to the Debt Securities.

The foregoing shall not prohibit:

- encumbrances and restrictions resulting from customary provisions relating to (i) transfers of Property that restrict the subletting or assignment of any lease or (ii) transfers of Property that are contained in licenses and that relate to the Property covered thereby, in each case entered into in the ordinary course of business;
- encumbrances and restrictions on transfers of Property existing on any assets at the time such assets are acquired (or the entity owning such assets is acquired) by any Restricted Subsidiary, whether by merger, consolidation, purchase of such assets or otherwise; provided that such restrictions and encumbrances (i) are not created, Incurred or assumed in contemplation of such assets or entity being acquired by the Restricted Subsidiary and (ii) do not extend to any other assets of the Restricted Subsidiary; and
- restrictions on transfers of Property created in connection with sales or purchases of electricity, energy, capacity, natural gas, coal, ancillary services, environmental credits and/or entitlements, utility services, fuel, water, related transportation services and other similar products and services, in each case, in the ordinary course of business; provided that restrictions arising from any transaction or series of related transactions pursuant to this clause shall not be materially more restrictive, taken as a whole, than encumbrances and restrictions customarily accepted as industry standard for similar transactions. (Section 1007)

Limitation on Sale of Assets

Except for a sale of all or substantially all of our assets, as provided in the “Merger, Consolidation or Sale of Assets” covenant, and other than

- assets required to be sold to conform with government regulations, laws or impositions,
- sales or dispositions of surplus, obsolete or worn out equipment,
- sales or dispositions of ownership interests in Unrestricted Subsidiaries, or
- any other sale or disposition so long as after giving effect to such events, the Rating Agencies shall have confirmed their ratings on our Debt Securities in effect immediately prior to such sale or disposition,

we may not, and may not permit any Restricted Subsidiary to, make any Asset Sale (other than short-term, readily marketable investments purchased for cash management purposes with funds not representing the proceeds of other Asset Sales) if, on a pro forma basis, the aggregate net book value of all such Asset Sales during the most recent 12-month period would exceed 15% of Consolidated Net Tangible Assets computed as of the most recent quarter preceding such sale; provided, however, that any such Asset Sale shall be disregarded for purposes of this 15% limitation if the Net Cash Proceeds are within 270 days thereafter (i) invested in a Permitted Business, (ii) used to purchase and retire Obligations ranking equal in right of payment to the Debt Securities or (iii) used to redeem the Debt Securities at a redemption price equal to 100% of the principal amount of the Debt Securities to be redeemed, plus accrued and unpaid interest thereon up to and including the applicable redemption date, plus a make-whole premium.

In addition, on a cumulative basis we may not sell or otherwise dispose of more than 25% of the assets or Capital Stock in Fossil, unless Net Cash Proceeds from such sale are invested in other non-nuclear generation assets or the capital stock of entities engaged in fossil generation and related businesses. (Section 1006)

Definitions

"*Acquired Obligations*" means, with respect to any Person, (1) Obligations of any other Person existing at the time the other Person is merged with or into or became a Subsidiary of the Person, including, without limitation, Obligations Incurred in connection with, or in contemplation of, the other Person merging with or into or becoming a Subsidiary of the Person; and (2) Obligations secured by a Lien encumbering any asset acquired by the Person at the time the asset is acquired by the Person.

"*Asset Sale*" means any sale, transfer, conveyance, lease or other disposition (including by way of merger, consolidation or sale-leaseback) by us or any of our Restricted Subsidiaries to any Person (other than to us or a Restricted Subsidiary of ours and other than in the ordinary course of business) of any Capital Stock or other Property of ours or of any of our Restricted Subsidiaries (including Capital Stock of Subsidiaries). The term "Asset Sale" will not include (1) any sale, transfer, conveyance, lease or other disposition of Property governed by the "Merger, Consolidation or Sale of Assets" covenant and (2) any transaction or series of related transactions consisting of the sale, transfer, conveyance, lease or other disposition of Capital Stock or other Property with a Fair Market Value aggregating less than $50 million in any fiscal year. The term "Asset Sale" also will not include (i) the grant of or realization upon a Lien permitted under the "Limitation on Liens" covenant or the exercise of remedies thereunder and (ii) sales of fuel, capacity, energy (including, but not limited to, electric power, natural gas and coal), environmental credits or entitlements, related transportation services and other related services by ER&T and its Permitted Hedging Obligations as permitted by the "Limitation on Obligations" covenant.

"*Attributable Debt*" means with respect to any Sale/Leaseback Transaction, at the time of determination, the present value (discounted at a rate per annum equal to the weighted average interest rate of all Debt Securities outstanding under the Indenture, compounded semi-annually) of the total obligations of the lessee for rental payments during the remaining term of the lease included in the Sale/Leaseback Transaction (including any period for which the lease has been extended).

"*Board of Directors*" means either the Board of Directors of PSEG Power LLC or any duly authorized committee of such Board.

"*Business Day*" means each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in Newark, New Jersey and The City of New York are authorized or obligated by law or executive order to close.

"*Capital Stock*" means (1) in the case of a corporation, corporate stock, (2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock, (3) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited) and (4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

"*Capitalized Lease*" means as applied to any Person, any lease of any Property of which the discounted present value of the rental obligations of such Person as lessee, in conformity with GAAP, is required to be capitalized on the balance sheet of such Person, and "Capitalized Lease Obligation" means the rental obligations, as aforesaid, under such lease.

"*Commodity Trading Obligations,*" with respect to any Person, means the Obligations of such Person under (1) any commodity swap agreement, commodity future agreement, commodity option agreement, commodity cap agreement, commodity floor agreement, commodity collar agreement, commodity hedge agreement, and any put, call or other agreement or arrangement, or combination thereof, designed to protect such Person against fluctuations in commodity prices or (2) any commodity swap agreement, commodity future agreement, commodity option agreement, commodity hedge agreement, and any put, call or other agreement or arrangement, or combination thereof (including an agreement or arrangement to hedge foreign exchange risks) in respect of commodities entered into by us pursuant to asset optimization and risk management policies and procedures adopted in good faith by the Board of Directors.

"*Consolidated Current Liabilities*," as of the date of determination, means the aggregate amount of our and our Restricted Subsidiaries' liabilities on a consolidated basis which may properly be classified as current liabilities (including taxes accrued as estimated), after eliminating (1) all inter-company items between us and any consolidated Restricted Subsidiary, (2) all current maturities of long-term indebtedness, all as determined in accordance with GAAP, and (3) all liabilities attributable to Subsidiaries that are not Restricted Subsidiaries.

"*Consolidated Net Tangible Assets*" means, as of any date of determination, the total amount of assets (less accumulated depreciation or amortization, allowances for doubtful receivables, other applicable reserves and other properly deductible items) of us and our Restricted Subsidiaries, determined on a consolidated basis in accordance with GAAP, consistently applied, and after giving effect to purchase accounting and after deducting therefrom, to the extent otherwise included, the amounts of:

- Consolidated Current Liabilities;
- excess of cost over fair value of assets of businesses acquired, as determined in good faith by the Board of Directors;
- unamortized debt discount and expense and other unamortized deferred charges, goodwill, patents, trademarks, service marks, trade names, copyrights, licenses, organization or developmental expenses and other intangible items;
- treasury stock;
- any cash set apart and held in a sinking or other analogous fund established for the purpose of redemption or other retirement of Capital Stock to the extent such obligation is not reflected in Consolidated Current Liabilities; and
- all assets attributable to Subsidiaries that are not Restricted Subsidiaries (including Capital Stock thereof), except to the extent of dividends or distributions received from such Subsidiaries.

"*Default*" means any event, act or condition that is, or after notice or the passage of time or both would be, an Event of Default.

"*Event of Default*" has the meaning specified in Section 501 of the Indenture.

"*Fair Market Value*" means the price that would be paid by a purchaser to a seller in an arm's-length transaction.

"*GAAP*" means generally accepted accounting principles in the United States applied on a basis consistent with the principles, methods, procedures and practices employed in the preparation of our audited financial statements, including, without limitation, those set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as approved by a significant segment of the accounting profession.

"*Hedging Obligations*" means, with respect to any Person, the obligations of such Person under any interest rate or currency swap agreement, interest rate or currency future agreement, interest rate cap or collar agreement, interest rate or currency hedge agreement, and any put, call or other agreement or arrangement designed to protect such Person against fluctuations in interest rates or currency exchange rates.

"*Incur*" means, with respect to any Obligation, to directly or indirectly create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable for or with respect to, or become responsible for payment of, contingently or otherwise, such Obligation. The term "Incurrence" has a corresponding meaning.

"*Lien*" means any mortgage, pledge, hypothecation, charge, assignment, deposit arrangement, encumbrance, security interest, lien (statutory or other), or preference, priority, or other security or similar agreement or preferential arrangement of any kind or nature whatsoever (including, without limitation, any agreement to give or grant a Lien or any lease, conditional sale or other title retention agreement having substantially the same economic effect as any of the foregoing).

"*Net Cash Proceeds*" from an Asset Sale is defined to mean cash payments received (including any cash payments received by way of a payment of principal pursuant to a note or installment receivable or otherwise, but only as and when received (including any cash received upon sale or disposition of any such note or receivable), excluding any other consideration received in the form of assumption by the acquiring Person of Obligations relating to the Property disposed of in such Asset Sale or received in any form other than cash) therefrom, in each case, net of (1) all legal, title and recording tax expenses, commissions and other fees and expenses of any kind (including consent and waiver fees and any applicable premiums, earn-out or working interest payments or payments in lieu or in termination thereof) Incurred, (2) all federal, state, provincial, foreign and local taxes and other governmental charges required to be accrued as a liability under GAAP as a consequence of such Asset Sale, (3) a reasonable reserve for the after-tax cost of any indemnification payments (fixed and contingent) attributable to seller's indemnities to the purchaser undertaken by us or any of our Subsidiaries in connection with such Asset Sale, (4) all payments made on any Obligation that is secured by such Property, in accordance with the terms of any Lien upon or with respect to such Property, or that must by its terms or by applicable law or in order to obtain a required consent or waiver be repaid out of the proceeds from or in connection with such Asset Sale and (5) all distributions and other payments made to holders of Capital Stock of Subsidiaries (other than us or our Restricted Subsidiaries) as a result of such Asset Sale.

"*Non-Recourse Obligation*" means, with respect to any Person, any financing that is or was Incurred with respect to the development, acquisition, design, engineering, procurement, construction, operation, ownership, servicing or management of one or more facilities used or useful in a Permitted Business in respect of which such Person has a direct or indirect interest, provided that such financing is without recourse to any Person or Property other than to (1) the Property that constitutes such facilities together with contracts, permits, licenses, reserves and other items related to such facilities, (2) the income from and proceeds of such facilities, (3) the Capital Stock of, and other investments in, the Person that owns the Property that constitutes any such facilities and (4) the Capital Stock of, and other investments in, any Person obligated with respect to such financing and of any Subsidiary of such Person that owns a direct or indirect interest in any such facilities.

"*Obligations*" of any Person shall mean at any date, without duplication,

- all obligations of such Person for borrowed money,
- all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments,
- all obligations of such Person arising under any conditional sale or other title retention arrangement or otherwise to pay the deferred purchase price of Property or services,
- all obligations of such Person Incurred in respect of Attributable Debt associated with any Sale/Leaseback Transaction, Capitalized Lease or Synthetic Lease,
- all obligations of such Person under letters of credit,
- all obligations of such Person under trade or bankers' acceptances,
- all obligations of such Person under Hedging Obligations and Commodity Trading Obligations,
- trade payables in respect of fuel, labor, supplies or other materials or services or the obligation to provide power,
- Preferred Stock and Redeemable Stock issued to any Person other than us or a Restricted Subsidiary,
- all obligations of others secured by a Lien on any asset of such Person, whether or not such obligations are assumed by such Person, and
- all obligations of others to the extent guaranteed by such Person.

The amount of any obligation shall be deemed to be the amount equal to the stated or determinable amount thereof or, if not stated or determinable, the maximum probable liability thereunder as determined by us in good faith.

"*Permitted Business*" means any business in which we or any of our Subsidiaries are engaged on the date of the Indenture or any other power or energy-related business, including the business of acquiring, developing, owning or operating electric power or thermal energy generation or cogeneration facilities, electric power

transmission, fuel supply and fuel transportation facilities, together with their related power supply, thermal energy and fuel contracts and other facilities, services or goods that are ancillary, incidental, complementary or reasonably related to the marketing, trading, development, construction or management servicing, ownership or operation of the foregoing.

"*Permitted Hedging Obligations*" of any Person shall mean (1) Hedging Obligations entered into in the ordinary course of business and in accordance with such Person's established risk management policies that are designed to protect such Person against, among other things, fluctuations in interest rates or currency exchange rates and which in the case of agreements relating to interest rates shall have a notional amount no greater than the payments due with respect to the Obligations being hedged thereby and (2) Commodity Trading Obligations.

"*Person*" means an individual, a corporation, a limited liability company, a partnership, an association, a trust or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

"*Preferred Stock*" means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) or preferred or preference stock of such Person that is outstanding or issued on or after the date of original issuance of the Debt Securities under the Indenture.

"*Property*" of any Person is defined to mean all types of real, personal, tangible or mixed property owned by such Person whether or not included in the most recent consolidated balance sheet of such Person under GAAP.

"*Rating Agencies*" means Moody's Investors Service, Inc., Standard & Poor's Ratings Services, Fitch Inc. and any successor thereof.

"*Redeemable Stock*" is defined to mean any class or series of Capital Stock of any Person that by its terms or otherwise is (1) required to be redeemed prior to the Stated Maturity of the Debt Securities, (2) redeemable at the option of the holder of such Capital Stock at any time prior to the Stated Maturity of the Debt Securities or (3) convertible into or exchangeable for Capital Stock referred to in clause (1) or (2) above or Obligations having a scheduled maturity prior to the Stated Maturity of the Debt Securities.

"*Restricted Subsidiary*" means only Fossil, Nuclear, ER&T and each other of our Subsidiaries that executes a Subsidiary Guarantee with respect to the Debt Securities and is subsequently designated by the Board of Directors by written notice to the Trustee as a Restricted Subsidiary.

"*Sale/Leaseback Transaction*" means an arrangement relating to Property now owned or hereafter acquired whereby we or one of our Subsidiaries transfers the Property to a Person and leases it back from that Person, other than leases for a term of not more than 12 months or between us and one of our Wholly-Owned Subsidiaries that is a Restricted Subsidiary or between Wholly-Owned Subsidiaries that are Restricted Subsidiaries.

"*Stated Maturity*" means with respect to any Debt Security or any installment of principal thereof or interest thereon, the date specified in such Debt Security or a coupon representing such installment of interest as the fixed date on which any principal of such Debt Security or any such installment of interest is due and payable.

"*Subsidiary*" means, with respect to any Person, (1) any corporation, limited liability company, association or other business entity of which more than 50% of the total voting power of Voting Stock is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person (or a combination thereof) and (2) any partnership (i) the sole general partner or the managing general partner of which is such Person or a Subsidiary of such Person or (ii) the only general partners of which are such Person or one or more Subsidiaries of such Person (or any combination thereof).

"*Subsidiary Guarantor*" means all current and subsequently designated Restricted Subsidiaries.

"*Subsidiary Guarantee*" means an unconditional guarantee of a Subsidiary Guarantor of the payment of the principal of or any premium or interest on any Debt Securities in substantially the form provided for by the Indenture or a guarantee of a Subsidiary Guarantor of any other of our Obligations.

"*Synthetic Lease*" means (1) a lease pursuant to which the lessee is treated as the owner of the Property subject to the lease for tax purposes, whether or not such lease is treated as an operating lease for accounting purposes or (2) a lease treated as an operating lease for accounting purposes but having at least three of the following characteristics, (i) the term of the lease, inclusive of all renewal periods at the lessee's option, is greater than 75% of the useful life of the Property subject to the lease as estimated at the inception of the Lease, (ii) the lessee has the right to purchase such Property at a fixed price, (iii) the lessee's payments under the lease are calculated to amortize and service the debt of the lessor incurred in order to acquire the asset and (iv) the lessor obtains 80% or more of the cost of the asset from borrowed funds.

"*Unrestricted Subsidiary*" means a Subsidiary that is not a Restricted Subsidiary.

"*Voting Stock*" means any class or classes of Capital Stock pursuant to which the holders thereof have the general voting power under ordinary circumstances to elect at least a majority of the Board of Directors, managers or trustees of any Person (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency).

"*Weighted Average Life to Maturity*" means, when applied to any Obligations at any date, the number of years obtained by dividing (1) the then outstanding principal amount of such Obligations into (2) the total of the product obtained by multiplying (i) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (ii) the numbers of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment.

"*Wholly-Owned Subsidiary*" means a Subsidiary all the Capital Stock of which (other than directors' qualifying shares) is owned by us and/or one or more of our Wholly-Owned Subsidiaries.

Events of Default and Remedies

The following constitute Events of Default in respect to each series of Debt Securities under the Indenture (Section 501):

- default for five days in the payment when due of interest on any of the Debt Securities of such series;
- default in the payment when due of the principal of, or premium, if any, or make-whole amount, if any, on any of the Debt Securities of such series;
- default in the deposit of any sinking fund payment, when due by the terms of the Debt Securities of such series;
- failure by us or any Restricted Subsidiary to comply with the provisions described under "Limitation on Sale of Assets" or "Merger, Consolidation or Sale of Assets";
- failure by us or any Restricted Subsidiary for 60 days after notice by the Trustee to us or to us and the Trustee by the holders of 25% or more in aggregate principal amount of the Debt Securities of such series to comply with any of our agreements in the Indenture or the Debt Securities of such series that are not otherwise covered in this section;
- default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any of our or any of our Subsidiaries' indebtedness (including indebtedness represented by any other series of Debt Securities under the Indenture or the payment of which is guaranteed by us or by any of our Restricted Subsidiaries) (but other than Non-Recourse Obligations) whether such indebtedness or guarantee now exists or is created after the date of the Indenture, which default (a) is caused by a failure to pay the principal of such indebtedness at the Stated Maturity of such indebtedness after the expiration of grace periods provided in the indebtedness (a "Payment Default") or (b) has resulted in the acceleration of the indebtedness prior to its Stated Maturity; and, in each case the principal amount of the indebtedness, together with the principal amount of any other indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates $50.0 million or more;

- failure by us or any of our Restricted Subsidiaries to pay one or more final judgments not otherwise covered by insurance aggregating in excess of $50.0 million, which judgments are not paid, discharged or stayed for a period of 60 days; and
- certain events of bankruptcy or insolvency with respect to us or any of our Restricted Subsidiaries.

Additional series of Debt Securities issued under the Indenture may specify other events of default for such series of Debt Securities.

We are required to file with the Trustee, annually, an officer's certificate as to our compliance with all conditions and covenants under the Indenture. (Section 1011) The Indenture provides that the Trustee may withhold notice to the holders of Debt Securities of a series of any default (except payment defaults on the Debt Securities of that series) if it considers it in the interest of the holders of Debt Securities of the series to do so. (Section 515)

If an Event of Default (other than an Event of Default occasioned by our or any of our Restricted Subsidiaries' bankruptcy or insolvency) with respect to Debt Securities of a series has occurred and is continuing, the Trustee or the holders of not less than 25% in principal amount of outstanding Debt Securities of that series may declare the principal (or, if the Debt Securities of that series are issued with original issue discount or are "indexed debt securities" (i.e., Debt Securities, the interest and principal payments on which are determined by reference to a particular index, such as a foreign currency or commodity), such portion of the principal as may be specified in the terms of those Debt Securities) of all of the Debt Securities of that series to be due and payable immediately, by a notice in writing to us. (Section 502)

If an Event of Default occasioned by our or any of our Restricted Subsidiaries' bankruptcy or insolvency occurs, the principal of and interest on all Debt Securities shall ipso facto become and be immediately due and payable without any declaration or other act on the part of the Trustee or any holders of Debt Securities.

Subject to the provisions of the Indenture relating to the duties of the Trustee, in case an Event of Default with respect to Debt Securities of any series has occurred and is continuing, the Trustee is under no obligation to exercise any of its rights or powers under the Indenture at the request, order or direction of the holders of Debt Securities of that series, unless those holders have offered the Trustee indemnity satisfactory to the Trustee against the expenses and liabilities which might be incurred by it in compliance with such request. (Section 602)

Subject to certain exceptions, the holders of a majority in principal amount of the outstanding Debt Securities of any series of Debt Securities will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee with respect to the Debt Securities of that series. (Section 512)

The holders of a majority in principal amount of the outstanding Debt Securities of a series may, on behalf of the holders of all Debt Securities of such series and any related coupons, waive any past default under the Indenture with respect to such series and its consequences, except a default (i) in the payment of the principal of (or premium, if any) or interest, if any, on any Debt Security of such series or any related coupons or (ii) in respect of a covenant or provision that cannot be modified or amended without the consent of the holder of each outstanding Debt Security of such series affected thereby. (Section 513)

Merger, Consolidation or Sale of Assets

We may not, directly or indirectly, consolidate or merge with or into (whether or not we are the surviving entity) any other corporation, association, company, business trust or limited liability company, or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of our assets, in one or more related transactions, to another Person unless:

- the Person formed by the consolidation or surviving the merger or the Person that acquires by sale, assignment, transfer, conveyance or other disposition, or that leases, the assets (if other than us) (in each such case, the "Successor Entity"), is a corporation or limited liability company organized and existing under the laws of the United States, any State thereof or the District of Columbia and expressly assumes our obligations under the Indenture and the Debt Securities;

- if any of our or a Restricted Subsidiary's Property or assets would become subject to a Lien other than a Permitted Lien under the "Limitation on Liens" covenant, the Debt Securities shall be equally and ratably secured in accordance with such covenant;
- immediately after such transaction no event exists that is or with the passage of time or the giving of notice or both would be an Event of Default under the Indenture; and
- each Subsidiary Guarantor shall have by amendment to its Subsidiary Guarantee with respect to the Debt Securities confirmed that its Subsidiary Guarantee shall apply to the obligations of the Successor Entity under the Indenture and each series of the Debt Securities. (Section 801)

Modification or Waiver

Modification and amendment of the Indenture may be made by us and the Trustee with the consent of the holders of a majority in principal amount of all Outstanding Debt Securities that are affected by such modification or amendment; provided that no such modification or amendment may, without the consent of the holder of each Outstanding Debt Security affected thereby, among other things:

- change the Stated Maturity of the principal of (or premium, if any, on) or any installment of principal of or interest on any such Debt Security;
- reduce the principal amount of, or the rate (or change the manner of calculating the rate) or amount of interest in respect of, or any premium payable upon the redemption of, any such Debt Security;
- change any of our obligations to pay Additional Amounts in respect of any such Debt Security;
- reduce the portion of the principal of an Original Issue Discount Security or Indexed Security that would be due and payable upon a declaration of acceleration of the Maturity thereof or provable in bankruptcy;
- adversely affect any right of repayment at the option of the holder of any such Debt Security;
- change the place of payment of principal of, or any premium or interest on, any such Debt Security;
- impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof or on or after any Redemption Date or Repayment Date, as the case may be;
- adversely affect any right to convert or exchange any Debt Security;
- reduce the percentage in principal amount of such Outstanding Debt Securities, the consent of whose holders is required to amend or waive compliance with certain provisions of the Indenture or to waive certain defaults thereunder;
- reduce the requirements for voting or quorum described below;
- modify any of the foregoing requirements or any of the provisions relating to waiving past defaults or compliance with certain restrictive provisions, except to increase the percentage of holders required to effect any such waiver or to provide that certain other provisions of the Indenture cannot be modified or waived without the consent of the holder of each Debt Security affected thereby; or
- modify or affect the terms and conditions of the obligations of any Subsidiary Guarantor in respect of the due and punctual payment of principal of, or any premium or interest on, Debt Securities. (Section 902)

The holders of a majority in aggregate principal amount of Outstanding Debt Securities have the right to waive our compliance with certain covenants in the Indenture. (Section 1012)

Modification and amendment of the Indenture may be made by us and the Trustee thereunder, without the consent of any holder, for any of the following purposes:

- to evidence the succession of another Person to us and the assumption by any successor of our covenants under the Indenture and the Debt Securities;

- to add to our covenants for the benefit of the holders of all or any series of Debt Securities issued under the Indenture and any related coupons or to surrender any right or power conferred upon us by the Indenture;
- to add Events of Default for the benefit of the holders of all or any series of Debt Securities issued under the Indenture;
- to add to or change any provisions of the Indenture to facilitate the issuance of, or to liberalize the terms of, Bearer Securities, or to permit or facilitate the issuance of Debt Securities in uncertificated form, provided that any such actions do not adversely affect the holders of such Debt Securities or any related coupons in any material respect;
- to change or eliminate any provisions of the Indenture, provided that any such change or elimination will become effective only when there are no Debt Securities Outstanding of any series created prior thereto which are entitled to the benefit of such provisions;
- to secure the Debt Securities under the Indenture pursuant to the "Merger, Consolidation or Sale of Assets" covenant of the Indenture, or otherwise;
- to establish the form or terms of the Debt Securities of any series and any related coupons;
- to evidence and provide for the acceptance of appointment by a successor Trustee or facilitate the administration of the trusts under the Indenture by more than one Trustee;
- to cure any ambiguity, defect or inconsistency in the Indenture, provided such action does not adversely affect the interests of holders of Debt Securities of any series issued under the Indenture or any related coupons in any material respect; or
- to supplement any of the provisions of the Indenture to the extent necessary to permit or facilitate the defeasance and discharge of any series of Debt Securities, provided that such action shall not adversely affect the interests of the holders of any such Debt Securities and any related coupons in any material respect. (Section 901)

In determining whether the holders of the requisite principal amount of Outstanding Debt Securities have given any request, demand, authorization, direction, notice, consent or waiver under the Indenture or whether a quorum is present at a meeting of holders of Debt Securities, (1) the principal amount of an Original Issue Discount Security that will be deemed to be outstanding will be the amount of the principal thereof that would be due and payable as of the date of such determination upon acceleration of the Maturity thereof; (2) the principal amount of an Indexed Security that may be counted in making such determination or calculation and that will be deemed outstanding for such purpose will be equal to the principal face amount of such Indexed Security at original issuance, unless otherwise provided with respect to such Indexed Security pursuant to Section 301 of the Indenture; and (3) Debt Securities owned by us or any other obligor upon the Debt Securities or any Affiliate of ours or of such other obligor shall be disregarded. (Section 101)

The Indenture contains provisions for convening meetings of the holders of Debt Securities of a series if Debt Securities of that series are issuable as Bearer Securities. (Section 1501) A meeting may be called at any time by the Trustee, and also, upon request, by us or the holders of at least 10% in principal amount of the Outstanding Debt Securities of that series, in any such case upon notice given as provided in the Indenture. (Section 1502) Except for any consent that must be given by the holder of each Debt Security affected thereby, as described above, any resolution presented at a meeting (or an adjourned meeting duly reconvened) at which a quorum is present may be adopted by the affirmative vote of the holders of a majority in principal amount of the Outstanding Debt Securities of that series; provided, however, that any resolution with respect to any request, demand, authorization, direction, notice, consent, waiver or other action that may be made, given or taken by the holders of a specified percentage which is less than a majority in principal amount of the Outstanding Debt Securities of a series may be adopted at a meeting (or an adjourned meeting duly reconvened) at which a quorum is present by the affirmative vote of the holders of such specified percentage in principal amount of the Outstanding Debt Securities of that series. Any resolution passed or decision taken at any meeting of holders of Debt Securities of a series duly held in accordance with the Indenture will be binding on all holders of Debt Securities of that series and any related coupons, whether or not present or represented at the meeting. The quorum at any meeting called to adopt a resolution will be persons holding or representing a majority in

principal amount of the Outstanding Debt Securities of a series; provided, however, that, if any action is to be taken at such meeting with respect to a consent or waiver which may be given by the holders of not less than a specified percentage in principal amount of the Outstanding Debt Securities of a series, the persons holding or representing such specified percentage in principal amount of the Outstanding Debt Securities of that series will constitute a quorum. (Section 1504)

Notwithstanding the foregoing provisions, if any action is to be taken at a meeting of holders of Debt Securities of a series with respect to any request, demand, authorization, direction, notice, consent, waiver or other action that the Indenture expressly provides may be made, given or taken by the holders of a specified percentage in principal amount of all Outstanding Debt Securities affected thereby or of the holders of such series and one or more additional series: (1) there shall be no minimum quorum requirement for such meeting; and (2) the principal amount of the Outstanding Debt Securities of such series that vote in favor of such request, demand, authorization, direction, notice, consent, waiver or other action will be taken into account in determining whether such request, demand, authorization, direction, notice, consent, waiver or other action has been made, given or taken under the Indenture. (Section 1504)

Satisfaction and Discharge, Legal Defeasance and Covenant Defeasance

We may discharge certain obligations to holders of Debt Securities of a series that have not already been delivered to the Trustee for cancellation and that either have become due and payable or are by their terms due and payable within one year (or scheduled for redemption within one year) by irrevocably depositing with the Trustee, in trust, funds in an amount sufficient to pay the entire indebtedness on such Debt Securities for principal (and premium, if any) and interest, if any, and any Additional Amounts with respect thereto, to the date of such deposit (if such Debt Securities have become due and payable) or to the Stated Maturity or Redemption Date, as the case may be. (Section 401)

The Indenture provides that, if the provisions of Article Fourteen are made applicable to the Debt Securities of or within any series and any related coupons pursuant to Section 301 thereunder, we may elect either

- to defease and be discharged from any and all obligations with respect to such Debt Securities and any related coupons (except for the obligations to pay Additional Amounts, if any, upon the occurrence of certain events of tax, assessment or governmental charge with respect to payments on such Debt Securities and the obligations to register the transfer or exchange of such Debt Securities and any related coupons, to replace temporary or mutilated, destroyed, lost or stolen Debt Securities and any related coupons, to maintain an office or agency in respect of such Debt Securities and any related coupons, and to hold moneys for payment in trust) (defeasance) (Section 1402) or

- to be released from our obligations under any covenant specified pursuant to Section 301 with respect to such Debt Securities and any related coupons, and any omission to comply with such obligations shall not constitute a default or an Event of Default with respect to such Debt Securities and any related coupons (covenant defeasance) (Section 1403), in either case upon the irrevocable deposit by us with the Trustee (or other qualifying trustee), in trust, of:

  - an amount in U.S. dollars;

  - Government Obligations (as defined below) applicable to such Debt Securities and coupons that through the payment of principal and interest in accordance with their terms will provide money in an amount; or

  - a combination thereof in an amount

  sufficient to pay the principal of (and premium, if any) and interest, if any, on such Debt Securities and any related coupons, and any mandatory sinking fund or analogous payments thereon, on the scheduled due dates therefor.

Such a trust may only be established if, among other things, we have delivered to the Trustee an Opinion of Counsel (as specified in the Indenture) to the effect that the holders of such Debt Securities and any related coupons will not recognize income, gain or loss for United States federal income tax purposes as a result of such defeasance or covenant defeasance and will be subject to United States federal income tax on the same

amounts, in the same manner and at the same times as would have been the case if such defeasance or covenant defeasance had not occurred, and such Opinion of Counsel, in the case of defeasance under the first clause above, must refer to and be based upon a ruling of the Internal Revenue Service or a change in applicable United States federal income tax law occurring after the date of the Indenture. (Section 1404)

"Government Obligations" means securities which are (1) direct obligations of the United States or (2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States, the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States, which are not callable or redeemable at the option of the issuer thereof. Government Obligations also include a depositary receipt issued by a bank or trust company as custodian with respect to any such Government Obligation or a specific payment of interest on or principal of any such Government Obligation held by such custodian for the account of the holder of a depositary receipt; provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depositary receipt from the amount received by the custodian in respect of the Government Obligation or the specific payment of interest on or principal of the Government Obligation evidenced by such depositary receipt. (Section 101)

In the event we effect covenant defeasance with respect to any Debt Securities and any related coupons and such Debt Securities and coupons are declared due and payable because of the occurrence of any Event of Default, other than Events of Default with respect to any covenant of which there has been defeasance, the amount of Government Obligations and funds on deposit with the Trustee will be sufficient to pay amounts due on such Debt Securities and coupons at the time of their Stated Maturity but may not be sufficient to pay amounts due on such Debt Securities and coupons at the time of the acceleration resulting from such Event of Default. In such case, we would remain liable to make payment of such amounts due at the time of acceleration.

The prospectus supplement may further describe the provisions, if any, permitting such defeasance or covenant defeasance, including any modifications to the provisions described above, with respect to the Debt Securities of or within a particular series and any related coupons.

Book-Entry Debt Securities

Unless otherwise specified in the applicable prospectus supplement, we will issue to investors Debt Securities in the form of one or more book-entry certificates registered in the name of a depositary or a nominee of a depositary. Unless otherwise specified in the applicable prospectus supplement, The Depository Trust Company ("DTC") will act as securities depositary for such book-entry securities. Debt Securities that are issued in book-entry form will be issued as fully-registered securities registered in the name of Cede & Co. ("Cede") (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered global security will be issued for each issue of Debt Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds $500,000,000, one global security will be issued with respect to each $500,000,000 of principal amount and an additional global security will be issued with respect to any remaining principal amount of such issue.

No person that acquires a beneficial interest in Debt Securities issued in book-entry form will be entitled to receive a certificate representing those Debt Securities, except as set forth in this prospectus or in the applicable prospectus supplement. Unless and until definitive securities are issued under the limited circumstances described below, all references to actions by holders or beneficial owners of Debt Securities issued in book-entry form will refer to actions taken by DTC upon instructions from its participants, and all references to payments and notices to holders or beneficial owners will refer to payments and notices to DTC or Cede, as the registered holder of those Debt Securities. The laws of some jurisdictions require some purchasers of securities to take physical delivery of their securities in definitive or paper form. These laws may impair the ability to transfer Debt Securities issued in book-entry form.

Unless otherwise specified in the applicable prospectus supplement, book-entry securities will be exchangeable for definitive securities registered in the names of persons other than DTC or its nominee only if:

- DTC is at any time unwilling, unable or ineligible to continue as depositary and a successor depositary is not appointed by us within 90 days following notice to us;

- we determine, in our sole discretion, not to have any Debt Securities represented in book-entry form; or
- an Event of Default under the Indenture has occurred and is continuing.

Any book-entry security that is exchangeable in accordance with the preceding sentence will be exchangeable for Debt Securities registered in such names as DTC directs.

If one of the events described in the immediately preceding paragraph occurs, DTC is generally required to notify all participants of the availability through DTC of definitive securities. Upon surrender by DTC of the book-entry security representing the Debt Securities and delivery of instructions for re-registration, the Trustee will reissue the Debt Securities as definitive securities. After reissuance of the Debt Securities, the Trustee will recognize the beneficial owners of those definitive securities as registered holders of Debt Securities.

Except as described above:

- a book-entry security may not be transferred except as a whole book-entry security by or among DTC, a nominee of DTC and/or a successor depositary appointed by us; and
- DTC may not sell, assign or otherwise transfer any beneficial interest in a book-entry security unless the beneficial interest is in an amount equal to an authorized denomination for the securities evidenced by the book-entry security.

The following is based on information furnished by DTC:

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities that its participants deposit with it. DTC also facilitates the post-trade settlement among its participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges in its participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct participants of DTC include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation. The Depository Trust & Clearing Corporation is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. The Depository Trust & Clearing Corporation is owned by the users of its regulated subsidiaries. Access to DTC’s system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly. DTC rules applicable to its participants are on file with the SEC.

Purchases of book-entry securities under DTC’s system must be made by or through direct participants, which will receive a credit for those book-entry securities on DTC’s records. The beneficial ownership interest of each actual purchaser of each book-entry security represented by a global security (“beneficial owner”) is in turn to be recorded on the records of the direct and indirect participants’ records. Beneficial owners will not receive written confirmation from DTC of their purchase. Beneficial owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the direct or indirect participants through which the beneficial owner entered into the transaction. Transfers of ownership interests in a global security representing book-entry securities are to be accomplished by entries made on the books of direct and indirect participants acting on behalf of beneficial owners. Beneficial owners of a global security representing book-entry securities will not receive certificates representing their ownership interests in a global security, except in the event that use of the book-entry system for those book-entry securities is discontinued.

To facilitate subsequent transfers, all global securities representing book-entry securities deposited by direct participants with DTC are registered in the name of DTC’s nominee, Cede, or such other name as may be requested by an authorized representative of DTC. The deposit of global securities with DTC and their registration in the name of Cede or such other nominee of DTC do not effect any change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the global securities representing the book-entry securities; DTC’s records reflect only the identity of the direct participants to whose accounts such

book-entry securities are credited, which may or may not be the beneficial owners. The direct and indirect participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants, and by direct participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

If applicable, redemption notices will be sent to Cede. If less than all of the book-entry securities of like tenor and terms within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each direct participant in that issue to be redeemed.

Neither DTC nor Cede (nor any other nominee of DTC) will consent or vote with respect to the global securities representing book-entry securities unless authorized by a direct participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an omnibus proxy to us as soon as possible after the applicable record date. The omnibus proxy assigns Cede's consenting or voting rights to those direct participants to whose accounts book-entry securities are credited on the applicable record date (identified in a listing attached to the omnibus proxy).

Redemption proceeds, distributions and dividend payments on the global securities representing the book-entry securities will be made to Cede, or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit direct participants' accounts, upon DTC's receipt of funds and corresponding detailed information from us or the Trustee, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such participant and not of DTC, the Trustee or us, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments to Cede (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of us or the Trustee, disbursement of such payments to direct participants will be the responsibility of DTC, and disbursement of such payments to the beneficial owners will be the responsibility of direct and indirect participants.

A beneficial owner will give notice of any option to elect to have its book-entry securities purchased or tendered, through its participant, to the Trustee, and will effect delivery of such book-entry securities by causing the direct participant to transfer the participant's interest in the global security representing those book-entry securities, on DTC's records, to the Trustee. The requirement for physical delivery of book-entry securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the global security representing those book-entry securities are transferred by direct participants on DTC's records and followed by a book-entry credit of tendered book-entry securities to the Trustee's account with DTC.

DTC may discontinue providing its services as depositary with respect to book-entry securities at any time by giving reasonable notice to us or the Trustee. Under those circumstances, in the event that a successor depositary is not obtained, certificates are required to be printed and delivered.

We may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that we believe to be reliable, but we take no responsibility for the accuracy thereof.

Unless stated otherwise in the prospectus supplement, the underwriters or agents with respect to a series of Debt Securities issued as book-entry securities will be participants in DTC.

None of any underwriter or agent, the Trustee, any applicable Paying Agent or us will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial interests in a book-entry security, or for maintaining, supervising or reviewing any records relating to such beneficial interests.

The Trustee

We maintain ordinary banking relationships with The Bank of New York Mellon, including credit facilities and lines of credit. The Bank of New York Mellon also serves as trustee under other indentures under which we or our affiliates are the obligor.

The Trustee may resign or be removed with respect to one or more series of Debt Securities and a successor Trustee may be appointed to act with respect to such series. (Section 608) In the event that two or more persons are acting as Trustee with respect to different series of Debt Securities under the Indenture, each such Trustee shall be a Trustee of a trust thereunder separate and apart from the trust administered by any other such Trustee (Section 609), and any action described herein to be taken by the Trustee may then be taken by each such Trustee with respect to, and only with respect to, the one or more series of Debt Securities for which it is Trustee.

Governing Law

The Indenture and the Debt Securities shall be governed by and construed in accordance with the laws of the State of New York without regard to principles of conflicts of laws.

PLAN OF DISTRIBUTION

We may sell the Debt Securities:

- to or through underwriters, dealers, or agents; or
- directly to one or more other purchasers.

The prospectus supplement will set forth the terms of the offering of the particular series or issue of Debt Securities to which such prospectus supplement relates, including, as applicable:

- the name or names of any underwriters or agents;
- the initial public offering or purchase price of such Debt Securities;
- any underwriting discounts, commissions and other items constituting underwriters' compensation from us and any other discounts, concessions or commissions allowed or reallowed or paid by any underwriters to other dealers;
- any commissions paid to any agents;
- the net proceeds to us; and
- the securities exchanges, if any, on which such Debt Securities will be listed.

If underwriters are used in the sale, a particular series or issue of Debt Securities will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. The Debt Securities of a particular series or issue may be either offered to the public through underwriting syndicates represented by managing underwriters or by underwriters without a syndicate. The obligations of the underwriters to purchase such Debt Securities will be subject to certain conditions precedent and each of the underwriters with respect to such Debt Securities will be obligated to purchase all of the Debt Securities of such series or issue allocated to it if any such Debt Securities are purchased. Any initial public offering price and any discounts or concessions allowed or reallowed or paid to dealers may be changed from time to time.

The Debt Securities may be offered and sold by us directly or through agents designated by us from time to time. Any agent involved in the offer or sale of the Debt Securities in respect of which this prospectus is delivered will be named in, and any commissions payable by us to such agent will be set forth in, the applicable prospectus supplement. Unless otherwise indicated in the applicable prospectus supplement, each such agent will be acting on a best efforts basis for the period of its appointment.

The Debt Securities, when first issued, will have no established trading market. Any underwriters, dealers or agents to or through whom we sell Debt Securities for public offering and sale may make a market in those Debt Securities, but the underwriters, dealers or agents will not be obligated to do so and may discontinue any market making at any time without notice. No assurance can be given as to the liquidity of the trading market for the Debt Securities.

If underwriters are used in the sale, to facilitate the offering of a particular series or issue of Debt Securities, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of such Debt Securities. Specifically, the underwriters may over-allot in connection with the offering, creating a short position in such Debt Securities for their own accounts. In addition, to cover over-allotments or to stabilize the price of such Debt Securities, the underwriters may bid for, and purchase, such Debt Securities in the open market. Finally, in any offering of a particular series or issue of Debt Securities through a syndicate of underwriters, the underwriting syndicate may reclaim selling concessions allowed to an underwriter or a dealer for distributing such Debt Securities in the offering, if the syndicate repurchases previously distributed Debt Securities in transactions to cover syndicate short positions, in stabilization transactions or otherwise. Any of these activities may stabilize or maintain the market price of such Debt Securities above independent market levels. The underwriters are not required to engage in these activities, and may end any of these activities at any time.

Certain of the underwriters, dealers or agents and their affiliates who participate in the distribution of Debt Securities may be customers of, engage in other transactions with, lend money to and perform other services for, us and our affiliates in the ordinary course of business.

We will set forth in the relevant prospectus supplement the anticipated delivery date of the Debt Securities and the prospectus delivery obligations of any underwriters, dealers or agents.

Any underwriters, dealers or agents participating in the distribution of the Debt Securities may be deemed to be underwriters, and any discounts or commissions received by them on the sale or resale of Debt Securities may be deemed to be underwriting discounts and commissions, under the Securities Act. Underwriters, dealers and agents may be entitled, under agreements entered into with us, to indemnification by us against certain civil liabilities, including liabilities under the Securities Act.

We will estimate our expenses associated with any offering of a particular series or issue of Debt Securities in the relevant prospectus supplement.

LEGAL MATTERS

Unless otherwise specified in a prospectus supplement accompanying this prospectus, the validity of the Debt Securities will be passed upon for us by Tamara L. Linde, Esquire, our Executive Vice President and General Counsel and Director, or Shawn P. Leyden, Esquire, Vice President and Deputy General Counsel of our affiliate, PSEG Services Corporation, and for any underwriters, dealers or agents by Sidley Austin LLP, New York, New York. Ms. Linde and Mr. Leyden may rely on the opinion of Sidley Austin LLP as to matters of New York law. Ms. Linde and Mr. Leyden each beneficially owns or has rights to acquire an aggregate of less than 0.01% of PSEG's common stock. Sidley Austin LLP has from time to time represented, and continues to represent, PSEG Power LLC and its affiliates in connection with certain unrelated legal matters.

EXPERTS

The consolidated financial statements and the related consolidated financial statement schedule, incorporated in this prospectus by reference from Power's Annual Report on Form 10-K for the year ended December 31, 2016, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which is incorporated herein by reference. Such consolidated financial statements and consolidated financial statement schedule have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

$700,000,000

3.850% Senior Notes Due 2023

PROSPECTUS SUPPLEMENT

June 4, 2018

Joint Book-Running Managers

Barclays

Goldman Sachs & Co. LLC

J.P. Morgan

Morgan Stanley

Co-Managers

BofA Merrill Lynch

PNC Capital Markets LLC

Wells Fargo Securities

The Williams Capital Group, L.P.

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CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities Offered	Maximum Aggregate Offering Price	Amount of Registration Fee(1)
3.000% Senior Notes due 2021	$700,000,000	$70,490
Guarantees(2)		

(1) The filing fee is calculated in accordance with Rule 457(r) of the Securities Act of 1933, as amended (the "Securities Act").

(2) Pursuant to Rule 457(n) of the Securities Act, no separate registration fee is payable for the guarantees.

S1-SSA-0009 - 24742

Filed Pursuant to Rule 424(b)(2)
Registration Statement No. 333-200354

PROSPECTUS SUPPLEMENT
JUNE 6, 2016
TO PROSPECTUS DATED NOVEMBER 18, 2014

$700,000,000

3.000% Senior Notes Due 2021

We will pay interest on the 3.000% Senior Notes due 2021, or the Senior Notes, semi-annually on June 15 and December 15 of each year, beginning on December 15, 2016. The Senior Notes will mature at par on June 15, 2021, unless we redeem or repurchase them in accordance with their terms prior to such date.

The Senior Notes will be our senior unsecured obligations and will rank equally in right of payment with our other existing and future senior unsecured indebtedness; senior in right of payment to any of our indebtedness that is expressly subordinated in right of payment to the Senior Notes; effectively junior in right of payment to any of our future secured indebtedness to the extent of the value of the assets securing such indebtedness; and structurally junior to all indebtedness and other liabilities of our subsidiaries that do not guarantee the Senior Notes. Our subsidiaries, PSEG Fossil LLC, or Fossil, PSEG Nuclear LLC, or Nuclear, and PSEG Energy Resources & Trade LLC, or ER&T, will fully and unconditionally guarantee the Senior Notes on a joint and several basis. The guarantees will rank equally in right of payment to all existing and future senior unsecured indebtedness of the guarantors.

We may redeem some or all of the Senior Notes at any time at the applicable redemption price, as more fully described in this prospectus supplement under the caption "Description of the Senior Notes — Optional Redemption." As described under "Description of the Senior Notes — Change of Control," if we experience a change of control with respect to the Senior Notes, we will be required to offer to repurchase the Senior Notes from the holders thereof unless we have previously fully redeemed the Senior Notes. There is no sinking fund for the Senior Notes.

The Senior Notes will be issued only in registered form in denominations of $2,000 and integral multiples of $1,000 in excess thereof.

Investing in the Senior Notes involves risks. See "Risk Factors" beginning on page 6 of the accompanying prospectus, as well as the risk factors contained in our Annual Report on Form 10-K for the year ended December 31, 2015 and in our other periodic reports filed with the Securities and Exchange Commission, which are incorporated herein by reference.

	Per Senior Note	Total
Public Offering Price[1]	99.819%	$698,733,000
Underwriting Discount	0.600%	$ 4,200,000
Proceeds, before expenses, to PSEG Power LLC[1]	99.219%	$694,533,000

1 Plus accrued interest, if any, from June 9, 2016, if settlement occurs after that date.

The underwriters expect to deliver the Senior Notes in book-entry form only through The Depository Trust Company on or about June 9, 2016.

Neither the Securities and Exchange Commission nor any state or other securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

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Joint Book-Running Managers

Barclays **Goldman, Sachs & Co.** **J.P. Morgan** **Morgan Stanley**

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You should rely only on the information contained or incorporated by reference or deemed to be incorporated by reference in this prospectus supplement, the accompanying prospectus and any free writing prospectus we may provide to you. We have not, and the underwriters have not, authorized any other person to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted.

You should assume that the information appearing in this prospectus supplement, the accompanying prospectus and any free writing prospectus we may provide to you and any document incorporated by reference herein and therein is only accurate as of the respective dates on the front covers hereof and thereof. Our business, prospects, financial condition, liquidity and results of operations may have changed since such dates.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first is this prospectus supplement, which describes the specific terms of the offering of the Senior Notes and certain other matters relating to us and the underwriters. The second part, the accompanying prospectus, gives more general information about securities we may offer from time to time, some of which information may not apply to the Senior Notes we are offering in this prospectus supplement.

If the description of the Senior Notes varies between this prospectus supplement and the accompanying prospectus, you should rely on the information contained in or incorporated by reference into this prospectus supplement.

Unless we have indicated otherwise, or the context otherwise requires (e.g., in the case of the issuer of the Senior Notes), references in this prospectus supplement and the accompanying prospectus to “PSEG Power,” “we,” “us” and “our” or similar terms are to PSEG Power LLC and its consolidated subsidiaries.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Securities and Exchange Commission, or the SEC, allows us to “incorporate by reference” information that we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference or deemed incorporated by reference is an important part of this prospectus supplement and the accompanying prospectus, and information that we file later with the SEC will be deemed to automatically update and supersede this incorporated information. We incorporate by reference the following documents filed with the SEC and any future filings made with the SEC under Section 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, prior to the termination of the offering of the Senior Notes pursuant to this prospectus supplement.

- Our Annual Report on Form 10-K for the year ended December 31, 2015; and
- Our Quarterly Report on Form 10-Q for the quarter ended March 31, 2016.

Certain of the documents incorporated by reference in this prospectus supplement and the accompanying prospectus are combined documents that are separately filed by Public Service Enterprise Group Incorporated (PSEG), Public Service Electric and Gas Company (PSE&G) and PSEG Power. Only information relating to PSEG Power in such documents has been incorporated by reference in this prospectus supplement and the accompanying prospectus.

You can get a free copy of any of the documents incorporated by reference by making an oral or written request directed to:

Vice President, Investor Relations
PSEG Services Corporation
80 Park Plaza, 6th Floor
Newark, NJ 07102
Telephone (973) 430-6565

SUMMARY

The following summary contains basic information about us and the offering. It may not contain all of the information that may b important to you in making a decision to purchase the Senior Notes. You should read this entire prospectus supplement, the accompanyin prospectus and the documents incorporated by reference or deemed to be incorporated by reference before making your investmei decision.

PSEG Power LLC

We are a multi-regional, wholesale energy supply company that integrates our generating asset operations and gas supply commitmen with our wholesale energy, fuel supply and energy trading functions, primarily in the Northeast and Mid-Atlantic United States, through ou principal direct wholly-owned subsidiaries: Fossil, Nuclear and ER&T. Fossil and Nuclear own and operate generation and generatior related facilities. ER&T is responsible for the day-to-day management of our energy portfolio. Fossil, Nuclear and ER&T are subject t regulation by the Federal Energy Regulatory Commission and Nuclear is also subject to regulation by the Nuclear Regulatory Commission

We are a wholly-owned subsidiary of Public Service Enterprise Group Incorporated, or PSEG. PSEG is a public utility holdin company and one of the leading providers of energy and energy-related services in the nation. PSEG is a holding company with diversified business mix within the energy industry. In addition to PSEG Power, PSEG's other direct wholly owned subsidiaries includ Public Service Electric & Gas Company (PSE&G), a public utility engaged principally in the transmission of electricity and distribution c electricity and natural gas in certain areas of New Jersey; PSEG Energy Holdings L.L.C. (Energy Holdings), which primarily ha investments in leveraged leases; PSEG Long Island LLC (PSEG LI), which operates the Long Island Power Authority's (LIPA transmission and distribution system under an Operations Services Agreement; and PSEG Services Corporation (Services), which provide certain management, administrative and general services to PSEG and its subsidiaries at cost.

We are a Delaware limited liability company with principal executive offices located at 80 Park Plaza, Newark, New Jersey 07102; ou telephone number is 973-430-7000.

Recent Developments

On May 26, 2016, PSEG Power reported its results from the PJM capacity auction for planning year 2019/2020. PSEG Power cleare approximately 8,900 megawatts (MW) at a weighted average clearing price of $116 per megawatt-day. Approximately 98% of PSE Power's capacity cleared the auction under PJM's capacity performance requirements.

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The Offering

The following summary of the terms of the offering is provided solely for your convenience and is not intended to be complete. You should read and consider the more specific details contained in this prospectus supplement and the accompanying prospectus prior to making a decision to purchase the Senior Notes. See "Description of the Senior Notes" in this prospectus supplement and "Description of Debt Securities" in the accompanying prospectus.

Issuer	PSEG Power LLC
Guarantors	PSEG Fossil LLC (Fossil), PSEG Nuclear LLC (Nuclear) and PSEG Energy Resources & Trade LLC (ER&T)
Securities Offered	$700,000,000 aggregate principal amount of 3.000% Senior Notes due June 15, 2021.
Guarantees	The Senior Notes will be fully and unconditionally guaranteed by our subsidiaries, Nuclear, Fossil and ER&T, on a joint and several basis. We have issued a guarantee of the obligations of ER&T, which guarantee is subordinated to the Senior Notes.
Ranking	The Senior Notes will be our senior unsecured obligations and will rank equally in right of payment with our other existing and future senior unsecured indebtedness; senior in right of payment to any of our indebtedness that is expressly subordinated in right of payment to the Senior Notes; effectively junior in right of payment to any of our future secured indebtedness to the extent of the value of the assets securing such indebtedness; and structurally junior to all indebtedness and other liabilities of our subsidiaries that do not guarantee the Senior Notes. At March 31, 2016, we had approximately $2.3 billion of outstanding indebtedness that ranks equally with the Senior Notes. The guarantees will rank equally in right of payment to all existing and future senior unsecured indebtedness of the guarantors.
Maturity	The Senior Notes will mature on June 15, 2021, subject to the provisions described below under " — Optional Redemption" and " — Repurchase Upon Change of Control."
Optional Redemption	We may redeem the Senior Notes at any time, in whole or in part, prior to May 15, 2021 (the date that is one month prior to their maturity date) at a price equal to the greater of (a) 100% of the principal amount of the Senior Notes being redeemed and (b) the sum of the present values of the remaining scheduled payments of principal of and interest on the Senior Notes being redeemed that would be due if such Senior Notes matured on May 15, 2021, exclusive of accrued interest to the redemption date, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below) plus 30 basis points, plus any accrued and unpaid interest on the principal amount of the Senior Notes being redeemed to the redemption date.

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	In addition, we may redeem the Senior Notes at any time, in whole or in part, on an after May 15, 2021 (the date that is one month prior to their maturity date) at redemption price equal to 100% of the principal amount of the Senior Notes bein redeemed, plus any accrued and unpaid interest on the principal amount of the Senic Notes being redeemed to the redemption date. See "Description of the Senior Notes — Optional Redemption."
Repurchase Upon Change of Control	If we experience a Change of Control (as defined below), we will be required to offe to repurchase all of the Senior Notes at a price equal to 101% of the principal amour thereof, plus any accrued and unpaid interest to the repurchase date unless we hav previously fully redeemed the Senior Notes. See "Description of the Senior Notes – Change of Control."
Interest Payment Dates	June 15 and December 15 of each year, beginning on December 15, 2016.
Certain Covenants	The Indenture under which the Senior Notes will be issued contains certain covenant applicable to us and the above-referenced guarantors as restricted subsidiaries. Se "Description of the Senior Notes — Certain Covenants" in this prospectu supplement and "Description of Debt Securities — Selected Indenture Covenants" i the accompanying prospectus. These covenants limit our ability, and the ability of ou restricted subsidiaries, to, among other things: • in the case of our restricted subsidiaries, incur certain indebtedness; • create liens; • create or permit to exist dividend or payment restrictions with respect to the restricted subsidiaries; • sell assets; and • engage in mergers and consolidations. In addition, the Indenture contains a covenant requiring one of our restricte subsidiaries, ER&T, to pay periodic dividends or distributions to us of the excess cas not required for its business operations. Each of these covenants is subject to number of important qualifications and exceptions. See "Description of the Senic Notes — Certain Covenants" in this prospectus supplement and "Description of Deb Securities — Selected Indenture Covenants" in the accompanying prospectus.
Use of Proceeds	We expect to use the net proceeds from the sale of the Senior Notes for genera corporate purposes. See "Use of Proceeds."
Trustee	The Senior Notes will be issued under an Indenture with The Bank of New Yor Mellon, as Trustee. The Trustee will also act as paying agent and registrar for th Senior Notes.
Risk Factors	An investment in the Senior Notes involves certain risks. You should carefull consider the risks described in "Risk Factors" beginning on page 6 of th accompanying prospectus, as well as in the risk factors contained in our Annua Report on Form 10-K for the year ended December 31, 2015 and in our other periodi reports filed with the SEC, which are incorporated herein by reference.

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CONSOLIDATED RATIOS OF EARNINGS TO FIXED CHARGES

	Three Months Ended March 31, 2016	Years Ended December 31,				
		2015	2014	2013	2012	2011
Ratio of Earnings to Fixed Charges[1]	10.38x	9.99x	9.37x	8.37x	7.63x	9.08x

1 The term "earnings" is defined as pre-tax Income from Continuing Operations before income or loss from equity method investees plus distributed income from equity investees. Add to pre-tax income the amount of fixed charges adjusted to exclude the amount of any interest capitalized during the period. Fixed Charges represent (a) interest, whether expensed or capitalized, (b) amortization of debt discount, premium and expense, and (c) an estimate of interest implicit in rentals.

USE OF PROCEEDS

We estimate the net proceeds from the sale of the Senior Notes to be approximately $693.7 million after deducting the underwriting discount and estimated offering expenses. We expect to use the net proceeds from the sale of the Senior Notes for general corporate purposes.

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DESCRIPTION OF THE SENIOR NOTES

Set forth below is a description of the specific terms of the Senior Notes. This description supplements, and should be read together with, the description of the general terms and provisions of Debt Securities set forth in the accompanying prospectus under the caption "Description of Debt Securities." The following description does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the description in the accompanying prospectus and the Indenture dated as of April 16, 2001, as amended and supplemented by the First Supplemental Indenture dated as of March 13, 2002 (which we refer to collectively as the "Indenture"), between and among us, Fossil, Nuclear and ER&T (which we refer to collectively as the "Subsidiary Guarantors") and The Bank of New York Mellon, as trustee (the "Trustee"). The Trustee's address is 101 Barclay Street, Floor 8 West, New York, NY 10286.

References in this section to "PSEG Power", "we", "us" and "our" refer to PSEG Power LLC without its consolidated subsidiaries. References in this section to the "Subsidiary Guarantors", or any of them individually, refer to Fossil, Nuclear and ER&T, without their respective consolidated subsidiaries. References in this section to "PSEG" refer to Public Service Enterprise Group Incorporated, without its consolidated subsidiaries.

General

We will issue the Senior Notes under the Indenture. The terms of the Senior Notes are stated in the Indenture and include terms made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"). You should refer to the Indenture and the Trust Indenture Act for a statement of these terms. The Indenture is governed by New York law.

Principal, Maturity and Interest

The Indenture does not limit the aggregate principal amount of debt securities that we may issue under it and provides that debt securities may be issued under it up to the principal amount as we may authorize from time to time. The debt securities may be issued from time to time in one or more series. We may "reopen" any series of debt securities, including the Senior Notes, and issue additional debt securities of that series without the consent of existing holders. Any additional notes of a series having similar terms, together with the notes of such series, will constitute a single series of debt securities under the Indenture; provided that if the additional notes are not fungible for U.S. federal income tax purposes, the additional notes will have a separate CUSIP number.

The Senior Notes will initially be limited to $700 million. The Senior Notes will be issued in registered form only, without coupons, in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof. The Senior Notes will mature at par on June 15, 2021, or the Stated Maturity Date, unless we redeem or repurchase them in accordance with their terms prior to such date.

Interest on the Senior Notes will accrue at the rate of 3.000% per annum and will be payable semi-annually in arrears on June 15 and December 15 of each year (each, an "Interest Payment Date") beginning on December 15, 2016. We will make each payment of interest on an Interest Payment Date to the persons in whose names the Senior Notes are registered at the close of business on the 15th day immediately preceding such Interest Payment Date.

Interest on the Senior Notes will accrue from June 9, 2016 or, if interest has already been paid, from the most recent Interest Payment Date to which interest was paid or duly provided for. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

If any Interest Payment Date or the Stated Maturity Date or date of earlier redemption or repurchase is not a Business Day, the required payment shall be made on the next succeeding day that is a Business Day, without any interest or other payment in respect of the payment subject to delay, with the same force and effect as if made on such Interest Payment Date or the Stated Maturity Date or date of earlier redemption or repurchase, as the case may be. "Business Day" means each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in Newark, New Jersey and The City of New York are authorized or obligated by law or executive order to close.

Guarantees

The Senior Notes will be fully and unconditionally guaranteed by the Subsidiary Guarantors on a joint and several basis.

Ranking

The Senior Notes will be our senior unsecured obligations and will rank:

- equally in right of payment with our other existing and future senior unsecured indebtedness;
- senior in right of payment to any of our indebtedness that is expressly subordinated in right of payment to the Senior Notes;
- effectively junior in right of payment to any of our future secured indebtedness to the extent of the value of the assets securing such indebtedness; and
- structurally junior to all indebtedness and other liabilities of our subsidiaries that do not guarantee the Senior Notes.

Each of the guarantees will be the respective guarantor's senior unsecured obligations and will rank:

- equally in right of payment with such guarantor's other existing and future senior unsecured indebtedness;
- senior in right of payment to any of such guarantor's indebtedness that is expressly subordinated in right of payment to the guarantees;
- effectively junior in right of payment to any of such guarantor's future secured indebtedness to the extent of the value of the assets securing such indebtedness; and
- structurally junior to all indebtedness and other liabilities of such guarantor's subsidiaries that do not guarantee the Senior Notes.

As of March 31, 2016, we had issued and outstanding under the Indenture and the Subsidiary Guarantors had guaranteed senior indebtedness totaling $2.3 billion. Included within that total, we had issued and outstanding and the Subsidiary Guarantors had guaranteed an aggregate total of $44 million of our Pollution Control Notes, which are our senior unsecured obligations. We currently do not have any outstanding secured indebtedness.

Other than intercompany debt and guarantees of our indebtedness, the Subsidiary Guarantors currently have no indebtedness outstanding.

Optional Redemption

We may redeem the Senior Notes at any time, in whole or in part, prior to May 15, 2021 (the date that is one month prior to the Stated Maturity Date), upon not less than 10 nor more than 60 days' prior written notice, as more fully described under " — Selection and Notice" below, at a price equal to the greater of:

(a) 100% of the principal amount of the Senior Notes being redeemed and

(b) the sum of the present values of the remaining scheduled payments of principal of and interest on the Senior Notes being redeemed that would be due if such Senior Notes matured on May 15, 2021, exclusive of accrued interest to the redemption date, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 30 basis points,

plus, in either case, any accrued and unpaid interest on the principal amount being redeemed to the redemption date.

In addition, we may redeem the Senior Notes at any time, in whole or in part, on and after May 15, 2021 (the date that is one month prior to the Stated Maturity Date), upon not less than 10 nor more than 60 days' prior written notice, as more fully described under " — Selection and Notice" below, at a redemption price equal to 100% of the principal amount of the Senior Notes being redeemed, plus accrued and unpaid interest on the principal amount of the Senior Notes being redeemed to the redemption date.

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"Comparable Treasury Issue" means, with respect to any redemption date for any of the Senior Notes being redeemed, the United States Treasury security selected by an Independent Investment Banker as having the maturity comparable to the remaining term of the Senior Notes to be redeemed (assuming that the Senior Notes matured on May 15, 2021) that would be utilized, at the time of selection and in accordance with the customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Senior Notes.

"Comparable Treasury Price" means, with respect to any redemption date for any of the Senior Notes being redeemed:

(a) the average of three Reference Treasury Dealer Quotations (as defined below) for the redemption date, after excluding the highest and lowest of five Reference Treasury Dealer Quotations, or

(b) if the Independent Investment Banker obtains fewer than five Reference Treasury Dealer Quotations, the average of all Reference Treasury Dealer Quotations obtained.

"Independent Investment Banker" means one of the Reference Treasury Dealers appointed by us after consultation with the Trustee.

"Reference Treasury Dealer" means each of (1) Barclays Capital Inc., Goldman, Sachs & Co., J.P. Morgan Securities LLC and Morgan Stanley & Co. LLC, and their respective successors, provided that if any of the foregoing shall cease to be a primary U.S. government securities dealer in the United States (a "Primary Treasury Dealer"), we will substitute therefor another Primary Treasury Dealer and (2) any other Primary Treasury Dealer selected by us.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by that Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding such redemption date.

"Treasury Rate" means, with respect to any redemption date for any of the Senior Notes being redeemed, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date. The Treasury Rate will be calculated by us on the third Business Day preceding the redemption date. The Trustee shall not be responsible for any such calculation.

Unless we default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the Senior Notes called for redemption.

Selection and Notice

If less than all of the Senior Notes are to be redeemed on any redemption date, the Trustee will select the Senior Notes for redemption on a pro rata basis or in accordance with any other method the Trustee considers fair and appropriate, subject to the selection convention applicable to securities in book-entry form. Senior Notes in denominations of $2,000 or less may not be redeemed in part. Notices of redemption will be delivered at least 10 but not more than 60 days prior to the redemption date to each holder of Senior Notes to be redeemed at its registered address. The notice of redemption will state the portion of the principal amount to be redeemed if a Senior Note is to be redeemed in part. A Senior Note in principal amount equal to the unredeemed portion will be issued in the name of the holder upon cancellation of the original Senior Note.

Change of Control

Upon the occurrence of a Change of Control, unless we have previously fully redeemed the Senior Notes as described under " — Optional Redemption," each holder of Senior Notes will have the right to require that we purchase all or a portion of such holder's Senior Notes pursuant to the offer described below (the "Change of Control Offer"), at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of repurchase (collectively, a "Change of Control Payment"), subject to the rights of holders of Senior Notes on a record date to receive interest due to the related Interest Payment Date.

Within 30 days following the date upon which the Change of Control occurred, or at our option, prior to any Change of Control, but after the public announcement of the Change of Control, we must send, by first class mail, a notice to each holder of the Senior Notes, with a copy to the Trustee, which notice shall govern the terms of the Change of Control Offer. Such notice shall state, among other things, the repurchase date, which must be no earlier than 30 days nor later than 60 days from the date such notice is mailed, other than as may be required by law (the "Change of Control Payment Date"). The notice, if mailed prior to the date of consummation of the Change of Control, shall state that the Change of Control Offer is conditioned on the Change of Control occurring on or prior to the Change of Control Payment Date. Holders of Senior Notes electing to have Senior Notes repurchased pursuant to a Change of Control Offer will be required to surrender their Senior Notes, with such customary documents of surrender and transfer as we may reasonably request duly completed or transfer their Senior Notes by book-entry transfer, to the paying agent at the address specified in the notice prior to the close of business on the third Business Day prior to the Change of Control Payment Date. If a holder elects to have less than all of its Senior Notes purchased pursuant to a Change of Control Offer, Senior Notes in denominations of $2,000 or less may not be repurchased in part.

On the Change of Control Payment Date, we will, to the extent lawful:

- accept for payment all Senior Notes properly tendered by holders thereof pursuant to the Change of Control Offer;
- deposit with the paying agent an amount equal to the Change of Control Payment in respect of all Senior Notes properly tendered by holders thereof; and
- deliver or cause to be delivered to the Trustee the Senior Notes properly accepted by us, together with an officers' certificate stating the aggregate principal amount of Senior Notes being repurchased.

The paying agent will promptly transmit to each holder of properly tendered Senior Notes the Change of Control Payment for the Senior Notes being repurchased, and the Trustee will promptly authenticate a new Senior Note equal in principal amount to any unrepurchased portion, if any, of any Senior Notes surrendered, provided that each new Senior Note will be in a principal amount of $2,000 or an integral multiple of $1,000 in excess thereof.

We will not be required to make a Change of Control Offer if a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements for such an offer made by us and such third party purchases all Senior Notes properly tendered and not withdrawn under its offer. In addition, we will not repurchase any Senior Notes if there has occurred and is continuing on the Change of Control Payment Date an event of default under the Indenture, other than a default in the payment of the Change of Control Payment upon a Change of Control.

Upon the occurrence of a Change of Control, we may not have sufficient funds to repurchase the Senior Notes in the amount of the Change of Control Payment in cash at such time. In addition, our ability to repurchase the Senior Notes for cash may be limited by law or the terms of other agreements relating to our indebtedness outstanding at the time. The failure to make such repurchase as a result of these or other circumstances would result in a default under the Senior Notes.

Provisions in the Indenture relating to a Change of Control may, in certain circumstances, make it more difficult or discourage any leveraged buyout of us or any of our subsidiaries. The Indenture may not afford the holders of Senior Notes protection in all circumstances from the adverse aspects of a highly leveraged transaction, reorganization, restructuring, merger or similar transaction.

The definition of Change of Control includes a phrase relating to the direct or indirect sale, transfer, conveyance or other disposition of "all or substantially all" of the assets of PSEG Power and its subsidiaries, taken as a whole. There is no precise, established definition of the phrase "substantially all" under applicable law. Accordingly, the ability of a holder of the Senior Notes to require us to repurchase its Senior Notes as a result of the sale, transfer, conveyance or other disposition of less than all of the assets of PSEG Power and its subsidiaries may be uncertain.

We will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with the repurchase of the Senior Notes pursuant to a Change of Control Offer. To the extent that any securities laws or regulations

conflict with the "Change of Control" provisions of the Indenture, we shall comply with the applicable securities laws and regulations and shall be deemed not to have breached our obligations under the "Change of Control" provisions of the Indenture by virtue thereof.

"Change of Control" means the occurrence of any of the following events:

- PSEG ceases to own, directly or indirectly, all of the outstanding Voting Stock of PSEG Power and the Subsidiary Guarantors or their respective successors; or
- the direct or indirect sale, transfer, conveyance or other disposition, in one or a series of related transactions, of all or substantially all of the assets of PSEG Power and its subsidiaries taken as a whole to any "person" or "group" (as those terms are used in Section 13(d)(3) of the Exchange Act) other than to PSEG Power or one of its subsidiaries.

"Voting Stock" means, with respect to any specified person as of any date, the equity interests of such person that are at the time entitled to vote generally in the election of directors to the board of directors (or members of a comparable body) of such person.

Certain Covenants

The Indenture under which the Senior Notes will be issued contains certain covenants applicable to us and the Subsidiary Guarantors as restricted subsidiaries. These covenants limit our ability, and the ability of our restricted subsidiaries, to, among other things:

- in the case of our restricted subsidiaries, incur certain indebtedness;
- create liens;
- create or permit to exist dividend or payment restrictions with respect to the restricted subsidiaries;
- sell assets; and
- engage in mergers and consolidations.

In addition, the Indenture contains a covenant requiring one of our restricted subsidiaries, ER&T, to pay periodic dividends or distributions to us of the excess cash not required for its business operations. Each of these covenants is subject to a number of important qualifications and exceptions.

See also "Description of Debt Securities — Selected Indenture Covenants" in the accompanying prospectus.

Book-Entry Only Issuance — The Depository Trust Company

The Depository Trust Company ("DTC") will act as the initial securities depositary for the Senior Notes. The Senior Notes will be issued only as fully registered securities registered in the name of Cede & Co., DTC's nominee. One or more fully registered global Senior Note certificates will be issued, representing in the aggregate the total principal amount of Senior Notes, and will be deposited with or on behalf of DTC. See "Description of Debt Securities — Book-Entry Debt Securities" in the accompanying prospectus.

MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of certain material U.S. federal income tax consequences of the purchase, ownership and disposition of Senior Notes. Except where noted, this summary deals only with Senior Notes held as capital assets by beneficial owners of Senior Notes who purchase Senior Notes in this offering at the public offering price listed on the cover page of this prospectus supplement. This summary is based upon the provisions of the Internal Revenue Code of 1986, as amended, or the Code, the Treasury Regulations promulgated thereunder and judicial and administrative rulings and decisions now in effect, all of which are subject to change or differing interpretations, possibly with retroactive effect. This summary does not purport to address all aspects of U.S. federal income taxation that may affect particular investors in light of their individual circumstances, or certain types of investors subject to special treatment under the U.S. federal income tax laws, such as persons that mark to market their securities, financial institutions, regulated investment companies, real estate investment trusts, corporations subject to the accumulated earnings tax, holders subject to the alternative minimum tax, individual retirement and other tax-deferred accounts, tax-exempt organizations, brokers, dealers in securities and commodities, certain former U.S. citizens or long-term residents, life insurance companies, persons that hold Senior Notes as part of a hedge against currency or interest rate risks or that hold Senior Notes as part of a position in a constructive sale, straddle, conversion transaction or other integrated transaction for U.S. federal income tax purposes, controlled foreign corporations, passive foreign investment companies, persons that acquire Senior Notes in connection with employment or other performance of personal services, partnerships or other pass-through entities and investors in such entities, subsequent purchasers of Senior Notes, U.S. holders (as defined below) whose "functional currency" is not the U.S. dollar and persons that are members of an "expanded group" or a "modified expanded group," within the meaning of Proposed Treasury Regulations Section 1.385-1, of which PSEG is also a member. This summary does not address any aspect of state, local or foreign taxation or any U.S. federal tax other than the income tax.

For purposes of this summary, a "U.S. holder" is a beneficial owner of a Senior Note that, for U.S. federal income tax purposes, is:

- an individual citizen or resident of the United States;
- a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States, any state or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust, if (a) a court within the United States is able to exercise primary jurisdiction over administration of the trust and one or more U.S. persons have authority to control all substantial decisions of the trust or (b) it has a valid election in effect to be treated as a U.S. person.

For purposes of this summary, a "non-U.S. holder" is a beneficial owner of a Senior Note that is not a U.S. holder or a partnership (including an entity or arrangement treated as a partnership for U.S. federal income tax purposes).

If a partnership (including an entity or arrangement treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of Senior Notes, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. Partnerships that hold Senior Notes (and partners in such partnerships) should consult their tax advisors.

We have not requested, and do not intend to request, a ruling from the U.S. Internal Revenue Service, or the IRS, with respect to any of the U.S. federal income tax consequences described below. There can be no assurance that the IRS will not disagree with or challenge any of the conclusions set forth herein.

If you are considering investing in Senior Notes, you should consult your own tax advisor with respect to your particular tax consequences of the purchase, ownership and disposition of the Senior Notes, including the consequences under the laws of any state, local or non-U.S. jurisdiction.

Certain Additional Payments

In certain circumstances, we may be obligated to pay amounts in excess of stated interest or principal on the Senior Notes. For example, we are required to pay 101% of the principal amount of any Senior Note repurchased by us at the holder's election after a Change of Control, as described above under the heading "Description of the

Senior Notes — Change of Control." In addition, we may be required to pay amounts in redemption of the Senior Notes in addition to the stated principal amount of and interest on the Senior Notes as described under "Description of the Senior Notes — Optional Redemption." The obligation to make these payments may implicate the provisions of the Treasury Regulations relating to "contingent payment debt instruments." Treasury Regulations provide special rules for contingent payment debt instruments which, if applicable, could cause the timing, amount and character of a holder's income, gain or loss with respect to the Senior Notes to be different from the consequences discussed herein. Although the issue is not free from doubt, we believe that the possibility of the payment of such additional amounts ought not result in the Senior Notes being treated as contingent payment debt instruments under the applicable Treasury Regulations. This position is not binding on the IRS, which may take a contrary position and treat the Senior Notes as contingent payment debt instruments. If the Senior Notes were deemed to be contingent payment debt instruments, a holder would generally be required to treat any gain recognized on the sale or other disposition of the Senior Notes as ordinary income rather than as capital gain. Furthermore, a holder would be required to accrue interest income on a constant yield basis at an assumed yield determined at the time of issuance of the Senior Notes, with adjustments to such accruals when any payments are made that differ from the payments calculated based on the assumed yield. The remainder of this discussion assumes that the Senior Notes are not treated as contingent payment debt instruments. Holders are urged to consult their own tax advisors regarding the potential application to the Senior Notes of the rules regarding contingent payment debt instruments and the consequences thereof.

U.S. holders

Payments of interest. Stated interest on a Senior Note will generally be taxable to a U.S. holder as ordinary interest income at the time it is paid or accrued in accordance with the U.S. holder's regular method of accounting for U.S. federal income tax purposes.

Sale, exchange, redemption or other taxable disposition of a Senior Note. Upon the sale, exchange, redemption or other taxable disposition of a Senior Note, a U.S. holder will recognize taxable gain or loss equal to the difference between the amount realized on the sale, exchange, redemption or other taxable disposition and the U.S. holder's adjusted tax basis in the Senior Note. For these purposes, the amount realized does not include any amount attributable to accrued interest. Amounts attributable to accrued interest are treated as interest as described under " — Payments of interest" above. A U.S. holder's adjusted tax basis in a Senior Note will generally be such U.S. holder's cost for the Senior Note. Gain or loss realized on the sale, exchange, redemption or other taxable disposition of a Senior Note will generally be capital gain or loss and will be long-term capital gain or loss if at the time of the sale, exchange, redemption or other taxable disposition the Senior Note has been held by the U.S. holder for more than one year. Long-term capital gains of individual U.S. holders are eligible for preferential rates of U.S. federal income taxation. The deductibility of capital losses is subject to limitations under the Code.

Information reporting and backup withholding. Information returns will be filed with the IRS in connection with payments on the Senior Notes and the proceeds from a sale, exchange, redemption or other disposition of the Senior Notes, unless the U.S. holder is an exempt recipient such as a corporation. A U.S. holder will be subject to U.S. backup withholding, currently at a rate of 28%, on these payments if the U.S. holder fails to provide its taxpayer identification number to the payor and comply with certain certification procedures or otherwise establish an exemption from backup withholding. Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a U.S. holder will be allowed as a credit against the U.S. holder's U.S. federal income tax liability and may entitle the U.S. holder to a refund, provided that the required information is timely furnished to the IRS.

Medicare Tax. Certain U.S. holders that are individuals, estates or trusts are subject to a 3.8% tax on all or a portion of their "net investment income," which may include all or a portion of their interest and net gains from the disposition of Senior Notes. If you are a U.S. holder that is an individual, estate or trust, you should consult your tax advisors regarding the applicability of the Medicare tax to your income and gains in respect of your investment in the Senior Notes.

Non-U.S. holders

Payments of interest. Subject to the discussion below concerning backup withholding and FATCA (as defined below), payments of interest on a Senior Note received or accrued by a non-U.S. holder generally will not be subject to U.S. federal income or withholding tax, as long as the non-U.S. holder:

- does not conduct a trade or business in the United States with respect to which the interest is effectively connected;
- does not actually, indirectly or constructively own 10% or more of the total combined voting power of all classes of PSEG's stock entitled to vote, within the meaning of Section 871(h)(3) of the Code;
- is not a "controlled foreign corporation" with respect to which we are a "related person" within the meaning of Section 881(c)(3)(C) of the Code;
- is not a bank whose receipt of the interest is described in Section 881(c)(3)(A) of the Code; and
- satisfies the certification requirements described below.

The certification requirements will be satisfied if either (a) the beneficial owner of a Senior Note timely certifies, under penalties of perjury, to us or to the person who otherwise would be required to withhold U.S. tax that such owner is a non-U.S. holder and provides its name and address or (b) a custodian, broker, nominee or other intermediary acting as an agent for the beneficial owner (such as a securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business) that holds the Senior Note in such capacity timely certifies, under penalties of perjury, to us or to the person who otherwise would be required to withhold U.S. tax that such statement has been received from the beneficial owner of the Senior Note by such intermediary, or by any other financial institution between such intermediary and the beneficial owner, and furnishes to us or to the person who otherwise would be required to withhold U.S. tax a copy thereof. In general, the foregoing certification may be provided on a properly completed IRS Form W-8BEN, W-8BEN-E or W-8IMY, as applicable.

A non-U.S. holder that is not exempt from tax under the foregoing rules generally will be subject to U.S. federal income tax withholding on payments of interest at a rate of 30% unless:

- the interest is effectively connected with a U.S. trade or business conducted by such non-U.S. holder (and, if an applicable income tax treaty so provides, is attributable to a permanent establishment maintained in the United States by the non-U.S. holder), in which case the non-U.S. holder will be subject to U.S. federal income tax on a net income basis at the rate applicable to U.S. holders generally; or
- an applicable income tax treaty provides for a lower rate of, or exemption from, withholding tax.

A non-U.S. holder that is treated as a corporation for U.S. federal income tax purposes and has effectively connected interest income (as described in the first bullet point above) may also, under certain circumstances, be subject to an additional "branch profits tax," which is generally imposed on a foreign corporation on the deemed repatriation from the United States of effectively connected earnings and profits, at a 30% rate, unless the rate is reduced or eliminated by an applicable income tax treaty.

To claim the benefit of a reduced rate or exemption from withholding under an income tax treaty or to claim exemption from withholding because income is effectively connected with a U.S. trade or business, the non-U.S. holder must timely provide the appropriate, properly executed IRS forms. Certification to claim income is effectively connected with a U.S. trade or business is generally made on IRS Form W-8ECI. Certification to claim the benefit of a reduced rate or exemption from withholding under an income tax treaty is generally made on IRS Form W-8BEN or W-8BEN-E. These forms may be required to be periodically updated.

Sale, exchange, redemption or other taxable disposition of a Senior Note. Subject to the discussion below concerning FATCA, a non-U.S. holder generally will not be subject to U.S. federal income tax on any gain realized on the sale, exchange, redemption or other taxable disposition of a Senior Note unless (a) such gain is effectively connected with the conduct by the non-U.S. holder of a U.S. trade or business (and, if an applicable income tax treaty so provides, is attributable to a permanent establishment maintained in the United States by the non-U.S. holder) or (b) except to the extent that an applicable income tax treaty otherwise provides, in the case of a non-U.S. holder who is an individual, the non-U.S. holder is present in the United States for 183 days or more during the taxable year in which such gain is realized and certain other conditions exist.

Except to the extent that an applicable income tax treaty otherwise provides, generally a non-U.S. holder will be taxed in the same manner as a U.S. holder with respect to gain that is effectively connected with the non-U.S. holder's conduct of a U.S. trade or business. A non-U.S. holder that is treated as a corporation for U.S. federal income tax purposes may also, under certain circumstances, be subject to the branch profits tax as described above.

Information reporting and backup withholding. Payments of interest on Senior Notes to a non-U.S. holder generally will be reported to the IRS and to the non-U.S. holder. Copies of applicable IRS information returns may be made available under the provisions of a specific tax treaty or agreement to the tax authorities of the country in which the non-U.S. holder resides. Non-U.S. holders are generally exempt from backup withholding, currently at a rate of 28%, and additional information reporting on payments of principal, premium (if any), or interest, provided that the non-U.S. holder (a) certifies its nonresident status on the appropriate IRS Form (or a suitable substitute form) and certain other conditions are met or (b) otherwise establishes an exemption.

Payments of the proceeds from a sale of Senior Notes by a non-U.S. holder made to or through a foreign office of a broker generally will not be subject to information reporting or backup withholding. Information reporting may apply to such payments, however, if the broker is a U.S. person, a controlled foreign corporation for U.S. tax purposes, the U.S. branch of a foreign bank or a foreign insurance company, a foreign partnership controlled by U.S. persons or engaged in a U.S. trade or business, or a foreign person 50% or more of whose gross income is effectively connected with a U.S. trade or business for a specified three-year period. Payments of the proceeds from the sale of Senior Notes through the U.S. office of a broker is subject to information reporting and backup withholding unless the non-U.S. holder certifies as to its non-U.S. status or otherwise establishes an exemption from information reporting and backup withholding.

Backup withholding is not an additional tax. Any backup withholding generally will be allowed as a credit or refund against the non-U.S. holder's U.S. federal income tax liability, provided that the required information is timely furnished to the IRS.

Foreign Account Tax Compliance

Sections 1471 to 1474 of the Code and the Treasury Regulations thereunder ("FATCA") impose withholding taxes on certain types of payments made to "foreign financial institutions," as specially defined under FATCA, and certain other non-U.S. entities. FATCA imposes a 30% withholding tax on payments of interest on, and gross proceeds from the sale, exchange, redemption or other disposition of, Senior Notes paid to a foreign financial institution unless the foreign financial institution is deemed to be compliant with FATCA or enters into an agreement with the IRS to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned foreign entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these reporting and other requirements. In addition, FATCA imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity of a certain type unless the entity certifies that it does not have any substantial U.S. owners or furnishes identifying information to the IRS or to the withholding agent regarding each substantial U.S. owner. These rules currently apply to payments of interest and are expected to apply to payments of gross proceeds from the sale, exchange, redemption or other disposition of Senior Notes after December 31, 2018. Prospective investors should consult their tax advisors regarding the application of FATCA to the acquisition, ownership or disposition of Senior Notes.

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UNDERWRITING

Subject to the terms and conditions set forth in the underwriting agreement, dated the date hereof (the "Underwriting Agreement"), for which Barclays Capital Inc., Goldman, Sachs & Co., J.P. Morgan Securities LLC and Morgan Stanley & Co. LLC are acting as representatives, we have agreed to sell to each of the underwriters, and each of the underwriters has severally agreed to purchase from us, the aggregate principal amount of Senior Notes set forth opposite the name of such underwriter:

Underwriter	Principal Amount of Senior Notes
Barclays Capital Inc.	$ 175,000,000
Goldman, Sachs & Co.	175,000,000
J.P. Morgan Securities LLC	175,000,000
Morgan Stanley & Co. LLC	175,000,000
Total	$ 700,000,000

The Underwriting Agreement provides that the obligations of the underwriters to pay for and accept delivery of the Senior Notes are subject to, among other things, the approval of certain legal matters by their counsel and certain other conditions. The underwriters are obligated to take and pay for all the Senior Notes if any are taken. If any underwriter defaults, the Underwriting Agreement provides that the purchase commitments of the non-defaulting underwriters may be increased or the Underwriting Agreement may be terminated.

The underwriters have advised us that they propose initially to offer all or part of the Senior Notes to the public at the public offering price set forth on the cover page of this prospectus supplement and may offer the Senior Notes to certain dealers at such price less a concession not in excess of 0.350% of the principal amount of the Senior Notes. The underwriters may allow, and such dealers may reallow, a discount not in excess of 0.250% of the principal amount of the Senior Notes. After the initial public offering, the public offering price, concession and discount may be changed. The Senior Notes are offered subject to receipt and acceptance by the underwriters and to certain other conditions, including the right to reject orders in whole or in part.

The underwriting discount to be paid by us to the underwriters will be 0.600% per Senior Note, for a total of $4,200,000. In addition, we estimate that we will incur other offering expenses of approximately $825,000.

The Senior Notes will not have an established trading market when issued, and it is not anticipated that the Senior Notes will be listed on any securities exchange. The underwriters have advised us that they intend to make a market for the Senior Notes, but they have no obligation to do so, and may discontinue market making at any time without providing any notice. No assurance can be given as to the development, maintenance or liquidity of any trading market for the Senior Notes.

In connection with the offering, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the Senior Notes. Specifically, the underwriters may over-allot in connection with this offering, creating short positions in the Senior Notes for their own account. In addition, to cover over-allotments or to stabilize the price of the Senior Notes, the underwriters may bid for, and purchase, Senior Notes in the open market. Finally, the underwriters may reclaim selling concessions allowed to a dealer for distributing Senior Notes in this offering, if the underwriters repurchase previously distributed Senior Notes in transactions that cover syndicate short positions, in stabilization transactions or otherwise. Any of these activities may stabilize or maintain the price of the Senior Notes above independent market levels. The underwriters are not required to engage in these activities, and may end any of these activities at any time and, in any case, will end these activities after a limited period.

Neither we nor the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Senior Notes. In addition, neither we nor the underwriters make any representation that such transactions will be engaged in or that such transactions, once commenced, will not be discontinued without notice.

We have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended, or to contribute to payments required to be made in respect thereof.

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The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services, including lending under certain of our credit facilities, to us and to persons and entities with relationships with us for which they are paid customary fees and expenses.

In the ordinary course of their various business activities, the underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of ours (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with us. The underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

Selling Restrictions

Notice to Prospective Investors in Canada

The Senior Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Senior Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus supplement and the accompanying prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts ("NI 33-105"), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Notice to Prospective Investors in the European Economic Area

This prospectus supplement and the accompanying prospectus are not prospectuses for the purposes of the European Union's Directive 2003/71/EC (and any amendments thereto) as implemented in member states of the European Economic Area (the "Prospectus Directive"). This prospectus supplement and the accompanying prospectus have been prepared on the basis that all offers of the Senior Notes offered hereby made to persons in the European Economic Area will be made pursuant to an exemption under the Prospectus Directive from the requirement to produce a prospectus in connection with offers of such Senior Notes.

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), Senior Notes which are the subject of the offering contemplated by this prospectus supplement and the accompanying prospectus may not be the subject of an offer to the public in that Relevant Member State other than:

(1) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(2) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the representatives for any such offer; or

(3) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Senior Notes shall require us or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Senior Notes to the public" in relation to any Senior Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Senior Notes to be offered so as to enable an investor to decide to purchase or subscribe the Senior Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, and the expression "Prospectus Directive" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in each Relevant Member State.

Notice to Prospective Investors in the United Kingdom

The communication of this prospectus supplement, the accompanying prospectus and any other document or materials relating to the issue of the Senior Notes offered hereby is not being made, and such documents and/or materials have not been approved, by an authorised person for the purposes of section 21 of the United Kingdom's Financial Services and Markets Act 2000, as amended (the "FSMA"). Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the United Kingdom falling within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Financial Promotion Order"), or within Article 49(2)(a) to (d) of the Financial Promotion Order, or to any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order (all such persons together being referred to as "relevant persons"). In the United Kingdom, the Senior Notes offered hereby are only available to, and any investment or investment activity to which this prospectus supplement and the accompanying prospectus relate will be engaged in only with, relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on this prospectus supplement and the accompanying prospectus or any of their contents.

Any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in connection with the issue or sale of the Senior Notes may only be communicated or caused to be communicated in circumstances in which Section 21(1) of the FSMA does not apply to us.

All applicable provisions of the FSMA must be complied with with respect to anything done by any person in relation to the Senior Notes in, from or otherwise involving the United Kingdom.

Notice to Prospective Investors in Hong Kong

The Senior Notes may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the Senior Notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to Senior Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Notice to Prospective Investors in Singapore

This prospectus supplement and the accompanying prospectus have not been registered as prospectuses with the Monetary Authority of Singapore. Accordingly, this prospectus supplement, the accompanying prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Senior Notes may not be circulated or distributed, nor may the Senior Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accor-

dance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Senior Notes are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired the Senior Notes under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; or (3) by operation of law.

Notice to Prospective Investors in Japan

The Senior Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the Financial Instruments and Exchange Law) and each underwriter is deemed to have agreed that it will not offer or sell any securities, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

LEGAL MATTERS

Certain legal matters with respect to the offering of the Senior Notes will be passed upon for us by Tamara L. Linde, Esquire, our Executive Vice President and General Counsel. Sidley Austin LLP, New York, New York, will act as counsel to the underwriters in this offering. Sidley Austin LLP will rely on the opinion of Ms. Linde as to all matters of New Jersey law. Ms. Linde is also an employee of our affiliate, PSEG Services Corporation. Ms. Linde beneficially owns or has rights to acquire an aggregate of less than 0.01% of PSEG's common stock. Sidley Austin LLP has from time to time represented, and continues to represent, us and our affiliates in connection with certain unrelated legal matters.

EXPERTS

The consolidated financial statements and the related consolidated financial statement schedule, incorporated in this prospectus supplement and the accompanying prospectus by reference from our Annual Report on Form 10-K for the year ended December 31, 2015, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which is incorporated herein by reference. Such consolidated financial statements and consolidated financial statement schedule have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

PROSPECTUS

Senior Debt Securities

We may offer from time to time, together or separately, one or more series of our unsecured senior debt securities. The Debt Securities will rank equally with all of our other unsubordinated and unsecured indebtedness. The Debt Securities will be fully and unconditionally guaranteed jointly and severally by our three principal operating subsidiaries as described in this prospectus. The guarantees rank equally with these subsidiaries' unsecured and unsubordinated indebtedness.

When a particular series of Debt Securities is offered, we will prepare a prospectus supplement setting forth the particular terms of the offered Debt Securities. You should read this prospectus and any prospectus supplement carefully before you make any decision to invest in the Debt Securities.

The Senior Debt Securities may be offered in amounts, at initial offering prices, and on terms to be determined at the time of offering.

We will sell the Debt Securities directly, through agents, underwriters or dealers as designated from time to time, or through a combination of such methods. If any such agents, underwriters or dealers are involved in the sale of the Debt Securities in respect of which this prospectus is being delivered, the names of such agents, underwriters or dealers and any applicable agent's commission, underwriter's discount or dealer's purchase price and the net proceeds to us from such sale will be set forth in, or may be calculated on the basis set forth in, the applicable prospectus supplement. See "Plan of Distribution" for possible indemnification arrangements for any such agents, underwriters and dealers.

This prospectus may not be used to consummate sales of the Debt Securities without the delivery of one or more prospectus supplements.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed on the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

Investing in our Debt Securities involves risks. You should carefully review "Risk Factors" beginning on page 6 of this prospectus, as well as the risk factors contained in our most recently filed Annual Report on Form 10-K and our other periodic reports filed with the Securities and Exchange Commission and incorporated by reference into this prospectus before you invest in any of our Debt Securities.

The date of this prospectus is November 18, 2014.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that PSEG Power LLC filed with the Securities and Exchange Commission (the "SEC") utilizing a "shelf" registration process. Under this shelf process, we may, from time to time, sell the Debt Securities described in this prospectus in one or more offerings of one or more series. Each time we sell Debt Securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with the additional information described under the heading "Where You Can Find More Information."

We believe that we have included or incorporated by reference all information material to investors in this prospectus, but certain details that may be important for specific investment purposes have not been included. To see more detail, you should read the exhibits filed with or incorporated by reference into the registration statement.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports and other information with the SEC. You may read and copy any material on file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Our filings are also available to the public over the Internet at the SEC's web site at http://www.sec.gov. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room.

The SEC allows us to "incorporate by reference" information that we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference or deemed incorporated by reference is an important part of this prospectus, and information that we file later with the SEC will be deemed to automatically update and supersede this incorporated information. We incorporate by reference the following documents filed with the SEC.

- Our Annual Report on Form 10-K for the year ended December 31, 2013;
- Our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2014, June 30, 2014 and September 30, 2014; and
- Our Current Reports on Form 8-K filed on February 21, 2014 and July 17, 2014.

We also incorporate by reference any future filings made with the SEC under Section 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), on or after the date of this prospectus and prior to the termination of any particular offering of Debt Securities, except, in each case, for current reports on Form 8-K containing only disclosure furnished under items 2.02 or 7.01 of Form 8-K and exhibits relating to such disclosure, unless otherwise specifically stated in the Form 8-K.

You can get a free copy of any of the documents incorporated by reference by making an oral or written request directed to:

Vice President, Investor Relations
PSEG Services Corporation
80 Park Plaza, 6th Floor
Newark, NJ 07102
Telephone (973) 430-6565

You should rely only on the information contained or incorporated by reference or deemed to be incorporated by reference in this prospectus or in the prospectus supplement or documents to which we otherwise refer you. We have not authorized anyone else to provide you with different or additional information. You should not rely on any other information or representations. Our business, prospects, financial condition and results of operations may change after this prospectus and the prospectus supplement are distributed. You should not assume that the information in this prospectus and the prospectus supplement are accurate as of any date other than the dates on the front of those documents. You should read all information supplementing this prospectus.

FORWARD-LOOKING STATEMENTS

This prospectus and any prospectus supplement, including documents incorporated by reference or deemed to be incorporated by reference, include "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, included in this prospectus and any prospectus supplement or in documents incorporated by reference or deemed to be incorporated by reference that address activities, events or developments that we expect or anticipate will or may occur in the future, including such matters as our future performance, future capital expenditures and growth, revenues, earnings, business strategy, market and industry developments and prospects, are forward-looking statements. When used in this prospectus, any prospectus supplement or in documents incorporated by reference or deemed to be incorporated by reference, the words "will", "anticipate", "intend", "estimate", "believe", "expect", "plan", "should", "hypothetical", "potential", "forecast", "project", variations of such words and similar expressions are intended to identify forward-looking statements. These statements are based on assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions and expected future developments as well as other factors we believe are appropriate under the circumstances. However, actual results and developments may differ materially from our expectations and predictions due to a number of risks and uncertainties, many of which are beyond our control. Certain factors that could cause actual results to differ materially from those contemplated in any forward-looking statements are discussed in the Risk Factors and Management's Discussion and Analysis of Financial Condition and Results of Operations sections of our most recently filed Annual Report on Form 10-K and any subsequently filed Quarterly Reports on Form 10-Q and in the notes to our financial statements and other information filed with the SEC. These factors include, but are not limited to:

- adverse changes in the demand for or the price of the capacity and energy that we sell into wholesale electricity markets;
- adverse changes in energy industry law, policies and regulation, including market structures and a potential shift away from competitive markets toward subsidized market mechanisms, capacity market design, transmission planning and cost allocation rules, including how transmission projects are planned, and reliability standards;
- changes in federal and state environmental regulations and enforcement that could increase our costs or limit our operations;
- changes in nuclear regulation and/or general developments in the nuclear power industry, including various impacts from any accidents or incidents experienced at our facilities or by others in the industry, that could limit operations of our nuclear generating units;
- actions or activities at one of our nuclear units located on a multi-unit site that might adversely affect our ability to continue to operate that unit or other units at the same site;
- any inability to manage our energy obligations, available supply and risks;
- adverse outcomes of any legal, regulatory or other proceeding, settlement, investigation or claim applicable to us and/or the energy industry;
- any deterioration in our credit quality or the credit quality of our counterparties;
- availability of capital and credit at commercially reasonable terms and conditions and our ability to meet cash needs;
- changes in the cost of, or interruption in the supply of, fuel and other commodities necessary to the operation of our generating units;
- delays in the receipt of necessary permits and approvals for our construction and development activities;
- delays or unforeseen cost escalations in our construction and development activities;
- any inability to achieve, or continue to sustain, our expected levels of operating performance;

- any equipment failures, accidents, severe weather events or other incidents that impact our ability to provide safe and reliable service to our customers, and any inability to obtain sufficient coverage or recover proceeds of insurance with respect to such events;
- acts of terrorism, cybersecurity attacks or intrusions that could adversely impact our business;
- increases in competition in energy supply markets;
- any inability to realize anticipated tax benefits or retain tax credits;
- challenges associated with recruitment and/or retention of a qualified workforce;
- adverse performance of our decommissioning and defined benefit plan trust fund investments and changes in funding requirements;
- changes in technology, such as distributed generation and micro grids, and greater reliance on these technologies; and
- changes in customer behaviors, including increases in energy efficiency, net-metering and demand response.

Additional information concerning these factors is set forth or referred to under “Risk Factors”.

All of the forward-looking statements made in this prospectus and any prospectus supplement and in documents incorporated by reference or deemed to be incorporated by reference are qualified by these cautionary statements and we cannot assure you that the results or developments anticipated by us will be realized or, even if realized, will have the expected consequences to, or effects on, us or our business prospects, financial condition or results of operations. You should not place undue reliance on these forward-looking statements in making your investment decision to purchase any Debt Securities. Except as may be required by the federal securities laws, we expressly disclaim any obligation or undertaking to release publicly any updates or revisions to these forward-looking statements to reflect events or circumstances that occur or arise or are anticipated to occur or arise after the date hereof. In making an investment decision regarding the Debt Securities, we are not making, and you should not infer, any representation about the likely existence of any particular future set of facts or circumstances. The forward-looking statements contained in this prospectus, any prospectus supplement and the documents incorporated by reference or deemed to be incorporated by reference into this prospectus and any prospectus supplement are intended to qualify for the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Exchange Act.

PSEG POWER LLC

We are a multi-regional, wholesale energy supply company that integrates our generating asset operations and gas supply commitments with our wholesale energy, fuel supply and energy trading functions, primarily in the Northeast and Mid-Atlantic U.S., through three principal direct, wholly-owned subsidiaries: PSEG Fossil LLC (“Fossil”), PSEG Nuclear LLC (“Nuclear”) and PSEG Energy Resources & Trade LLC (“ER&T”). Fossil and Nuclear own and operate generation and generation-related facilities. ER&T is responsible for the day-to-day management of our energy portfolio. A fourth direct, wholly-owned subsidiary of ours, PSEG Power Ventures LLC (“Ventures”), develops, owns, and operates large renewable energy projects. Fossil, Nuclear, ER&T and certain subsidiaries of Ventures are subject to regulation by, among others, the Federal Energy Regulatory Commission and Nuclear is also subject to regulation by the Nuclear Regulatory Commission.

We are a wholly-owned subsidiary of Public Service Enterprise Group Incorporated (“PSEG”). PSEG is a public utility holding company and one of the leading providers of energy and energy-related services in the nation. PSEG has four other direct, wholly-owned subsidiaries: Public Service Electric and Gas Company (“PSE&G”), PSEG Energy Holdings L.L.C. (“Energy Holdings”), PSEG Long Island LLC (“PSEG LI”) and PSEG Services Corporation (“Services”). PSE&G is New Jersey’s largest public utility and is engaged principally in the transmission, distribution and sale of electric energy and gas service in New Jersey. Energy Holdings earns its revenues primarily from its portfolio of lease investments. PSEG LI operates the Long Island Power Authority’s transmission and distribution system under a contractual agreement. Services provides corporate support and managerial and administrative services to PSEG and its affiliates.

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We are a Delaware limited liability company with principal executive offices located at 80 Park Plaza, Newark, New Jersey 07102; our telephone number is 973-430-7000. In this prospectus, unless otherwise indicated or unless the context otherwise requires, “we”, “our” and “us” refer to PSEG Power LLC and its consolidated subsidiaries.

You can obtain additional information about us in the reports and other documents incorporated by reference in this prospectus. See “Where You Can Find More Information.”

RISK FACTORS

In addition to the risk factors contained in our most recently filed Annual Report on Form 10-K and our other periodic reports filed with the SEC and incorporated by reference into this prospectus, as well as those risk factors that may be included in the applicable prospectus supplement and other information contained in the documents incorporated by reference or elsewhere in this prospectus, prospective investors should carefully consider the risks described below before making a decision to purchase the Debt Securities. Such factors could have a material adverse effect on our business, prospects, financial condition, results of operations or net cash flows and on the trading price of the Debt Securities. Such factors could affect actual results and cause our results to differ materially from those expressed in any forward-looking statements made by, or on behalf of, us. See “Forward-Looking Statements.”

Because We are a Holding Company, our Ability to Service Our Debt Could Be Limited

We are a holding company with no material assets other than the stock or membership interests of our subsidiaries. Accordingly, all of our operations are conducted by our subsidiaries. We depend on our subsidiaries’ cash flow and our access to capital in order to service our indebtedness. Any project-related debt agreements of subsidiaries will generally restrict their ability to pay dividends, make cash distributions or otherwise transfer funds to us. These restrictions may include achieving and maintaining financial performance or debt coverage ratios, absence of events of default, or priority in payment of other current or prospective obligations. Our subsidiaries’ ability to pay dividends, make cash distributions or otherwise transfer funds to us may also be limited or restricted by regulatory considerations or applicable law.

Our subsidiaries may finance some investments using non-recourse project level financing. A non-recourse project financing is generally structured to be repaid out of cash flows provided by the investment. In the event of a default under a financing agreement which is not cured, the lenders would generally have rights to the related assets. In the event of foreclosure after a default, our subsidiary may lose its equity in the asset or may not be entitled to any cash that the asset may generate.

We can give no assurances that our current and future capital structure, operating performance or financial condition will permit us to access the capital markets or to obtain other financing at the times, in the amounts and on the terms necessary or advisable for us to successfully carry out our business strategy or to service our indebtedness.

The Indenture Restricts Our Ability to Enter into Certain Transactions

The Indenture (as defined below under “Description of Debt Securities”) restricts our ability and the ability of our Restricted Subsidiaries (as defined below under “Description of Debt Securities”) to, among other things:

- in the case of our Restricted Subsidiaries, incur certain indebtedness;
- create or permit to exist liens;
- in the case of our Restricted Subsidiaries, create or permit to exist dividend or payment restrictions with respect to us;
- sell assets; and
- engage in mergers and consolidations.

These restrictions may limit our ability to finance future operations, respond to changing business and economic conditions, secure any needed additional financing and engage in opportunistic transactions. See “Description of Debt Securities — Selected Indenture Covenants.”

PSEG Could Exercise Its Control Over Us to the Detriment of Holders of the Debt Securities

Our sole limited liability company member, PSEG, controls the election of our directors and all other matters submitted for member approval and has control over our management and affairs. In circumstances involving a conflict of interest between PSEG, as the sole member, on the one hand, and our creditors, on the other, we can give no assurance that PSEG would not exercise its power to control us in a manner that would benefit PSEG to the detriment of our creditors, including the holders of the Debt Securities.

The Indenture imposes no limitations on our ability to pay dividends or to make other payments to PSEG or on our ability to enter into transactions with PSEG or our other affiliates.

Federal and State Statutes May Limit Your Rights as a Holder

Each of our Restricted Subsidiaries will guarantee our obligations on the Debt Securities (each a "Subsidiary Guarantee"). See "Description of Debt Securities — Selected Indenture Covenants — Guarantee of Debt Securities."

Under the federal bankruptcy law and comparable provisions of state fraudulent transfer laws, a court could find that the Subsidiary Guarantee provided by a Restricted Subsidiary constituted a fraudulent conveyance by that Restricted Subsidiary. To do so, a court would typically have to find that, at the time the Subsidiary Guarantee was issued, the relevant Restricted Subsidiary:

- issued the Subsidiary Guarantee with the intent of hindering, delaying or defrauding its current or future creditors; or
- (a) received less than fair consideration or reasonably equivalent value for incurring the indebtedness represented by its Subsidiary Guarantee; and (b) either (i) was insolvent or was rendered insolvent by reason of the issuance of the Subsidiary Guarantee or would be rendered insolvent upon payment of the Subsidiary Guarantee, (ii) was engaged, or about to engage, in a business or transaction for which its remaining unencumbered assets constituted unreasonably small capital or (iii) intended to incur, or believed or should have believed it would incur, debts beyond its ability to pay as such debts mature.

Many of the foregoing terms are defined in or interpreted under those statutes.

Different jurisdictions define "insolvency" differently. However, an entity generally would be considered insolvent at the time it incurred any particular obligation if (1) its liabilities exceeded its assets, at a fair valuation, (2) the present fair saleable value of its assets was less than the amount required to pay its total existing debts and liabilities (including any probable liability related to contingent liabilities) as they became absolute and matured or (3) it could not pay its debts as they became due. We cannot assure you of the standard a court would apply in order to determine whether any Restricted Subsidiary was "insolvent" as of the date the applicable Subsidiary Guarantee was issued, or that regardless of the method of valuation, a court would not determine, regardless of whether such Restricted Subsidiary was insolvent on the date the Subsidiary Guarantee was issued, that the payments constituted fraudulent transfers on another ground.

If a court were to make any such finding, it could:

- void all or a portion of the relevant Restricted Subsidiary's obligations on the Subsidiary Guarantees; and/or
- seek to recover any payments made on account of the relevant Subsidiary Guarantee.

In addition, any claims in respect of a Subsidiary Guarantee could be subordinated to all other debts of the relevant Restricted Subsidiary under principles of "equitable subordination," which generally require that the claimant must have engaged in some type of inequitable conduct; the misconduct must have resulted in injury to the creditors of the debtor or conferred an unfair advantage on the claimant; and equitable subordination must not be inconsistent with other provisions of the U.S. Bankruptcy Code.

In any such event, we cannot assure you that you would receive any payment under the Subsidiary Guarantee of the relevant Restricted Subsidiary.

There is No Trading Market for the Debt Securities

We do not intend to list any series of the Debt Securities on any U.S. securities exchange. We can give no assurance that an active trading market for the Debt Securities will develop or, if one develops, will be maintained or be liquid. If an active trading market does not develop or is not maintained, investors may not be able to sell their Debt Securities when desired, or perhaps at all, or be able to sell the Debt Securities at a price equal to or above the price the investors paid for them. The Debt Securities may not be appropriate as a short-term investment, and investors should consider the potentially illiquid and long-term nature of their investment in the Debt Securities before making an investment decision.

CONSOLIDATED RATIOS OF EARNINGS TO FIXED CHARGES

Our consolidated ratios of earnings to fixed charges for each of the periods indicated are as follows:

	Nine Months Ended September 30, 2014	Years Ended December 31,				
		2013	2012	2011	2010	2009
Ratios of Earnings to Fixed Charges[1]	7.41	8.37	7.63	9.08	8.82	9.68

1 The term Earnings shall be defined as pre-tax income from continuing operations before income or loss from equity method investees plus distributed income from equity investees, plus the amount of fixed charges adjusted to exclude the amount of any interest capitalized during the period. Fixed Charges represent (a) interest, whether expensed or capitalized, (b) amortization of debt discount, premium and expense and (c) an estimate of interest implicit in rentals.

USE OF PROCEEDS

Unless we state otherwise in the accompanying prospectus supplement, the net proceeds from the sale of the Debt Securities will be added to our general funds and will be used for general corporate purposes.

DESCRIPTION OF DEBT SECURITIES

We may issue our Debt Securities from time to time. The Debt Securities will be issued under an Indenture dated as of April 16, 2001, as amended and supplemented by the First Supplemental Indenture dated as of March 13, 2002 (the “Indenture”), among us and The Bank of New York Mellon as Trustee (the “Trustee”). The Indenture is filed as an exhibit to the registration statement. The Indenture is subject to and governed by the Trust Indenture Act of 1939, as amended (the “TIA”). Selected provisions of the Indenture have been summarized below. This summary is not complete. You should read the Indenture for provisions that may be important to you. In the summary below, references to section numbers of the Indenture are included so that you can easily locate these provisions. Capitalized terms used in the summary have the meanings specified in the Indenture. Parenthetical references below are to the Indenture or to the TIA, as applicable. In this section, references to “we”, “our” and “us” refer to PSEG Power LLC, except where the context otherwise requires.

General

The Debt Securities will be our senior unsecured obligations. They will rank equally with all of our other unsecured and unsubordinated indebtedness. Each series of Debt Securities will be guaranteed, jointly and severally, by Fossil, Nuclear and ER&T (the “Subsidiary Guarantors”) as described below. The Subsidiary Guarantees will rank equally in right of payment to all existing and future senior unsecured indebtedness of the Subsidiary Guarantors. Other than intercompany debt, the Subsidiary Guarantors currently have no indebtedness outstanding. As of October 31, 2014, we had issued and outstanding under the Indenture and the Subsidiary Guarantors had guaranteed senior indebtedness totaling $2.5 billion. As of that date, we had no amounts issued and outstanding under our credit facilities, which have a capacity totaling $2.7 billion and which are guaranteed, jointly and severally, by the Subsidiary Guarantors.

We have the ability to issue Debt Securities with terms different from those of Debt Securities previously issued and, without the consent of the holders thereof, to reopen a previous series of Debt Securities and issue additional Debt Securities of such series (unless such reopening was restricted when such series was created).

Provisions Applicable to Particular Series

The Indenture provides that any Debt Securities proposed to be sold pursuant to this prospectus and an accompanying prospectus supplement (the “Offered Securities”), as well as other of our unsecured debt

securities, may be issued under the Indenture in one or more series, as authorized by us from time to time. The particular terms of such Offered Securities and any modifications of or additions to the general terms of the Debt Securities as described in this prospectus that may be applicable in the case of the Offered Securities will be described in the applicable prospectus supplement. Accordingly, for a description of the terms of any Offered Securities, you should refer to both the prospectus supplement for that series and the description of Debt Securities set forth in this prospectus.

You should refer to the prospectus supplement for the following information for each particular series of Offered Securities:

- The title of such Debt Securities.
- The aggregate principal amount of such Debt Securities and any limit on the aggregate principal amount of Debt Securities of such series.
- If other than the principal amount thereof, the portion of the principal amount thereof payable upon declaration of acceleration of the maturity thereof or the method by which such portion will be determined.
- The date or dates, or the method by which such date or dates will be determined or extended, on which the principal of such Debt Securities will be payable.
- The rate or rates at which such Debt Securities will bear interest, if any, or the method by which such rate or rates will be determined, the date or dates from which such interest will accrue or the method by which such date or dates will be determined, the date or dates on which such interest, if any, will be payable and the Regular Record Date or Dates, if any, for the interest payable on any Registered Security on any Interest Payment Date, or the method by which any such date will be determined, and the basis upon which interest will be calculated if other than that of a 360-day year of twelve 30-day months.
- The date or dates on which or the period or periods within which, the price or prices at which and the other terms and conditions upon which, such Debt Securities may be redeemed, in whole or in part, at our option and whether we are to have that option.
- Our obligation, if any, to redeem, repay or purchase such Debt Securities, in whole or in part, pursuant to any sinking fund or analogous provision or at the option of a holder thereof and the period or periods within which or the date or dates on which, the price or prices at which and the other terms and conditions upon which, such Debt Securities will be so redeemed, repaid or purchased.
- Whether such Debt Securities are to be issuable as Registered Securities, Bearer Securities (with or without coupons) or both, any restrictions applicable to the offer, sale or delivery of Bearer Securities and the terms, if any, upon which Bearer Securities of the series may be exchanged for Registered Securities of the series and vice versa (if permitted by applicable laws and regulations), whether such Debt Securities will be issuable initially in temporary global form, whether any such Debt Securities will be issuable in permanent global form with or without coupons and, if so, whether beneficial owners of interests in any such permanent global security may exchange such interests for Debt Securities of such series in certificated form and of like tenor of any authorized form and denomination and the circumstances under which any such exchanges may occur, if other than in the manner provided in the Indenture, and, if Registered Securities are to be issuable as a global security, the identity of the depositary for such Debt Securities.
- Whether the amount of payments of principal of (or premium, if any) or interest, if any, on such Debt Securities may be determined with reference to an index, formula or other method (which index, formula or method may be based on one or more currencies, commodities, equity indices or other indices) and the manner in which such amounts will be determined.
- The place or places, if any, other than or in addition to The City of New York, where the principal of (and premium, if any) and interest, if any, on such Debt Securities will be payable, where any Registered Securities may be surrendered for registration of transfer, where such Debt Securities may be surrendered for exchange, where Debt Securities of a series that are convertible or exchangeable

may be surrendered for conversion or exchange, as applicable, and where notices or demands to or upon us in respect of such Debt Securities and the Indenture may be served.

- The denomination or denominations in which such Debt Securities will be issuable, if other than $1,000, or any integral multiple thereof, in the case of Registered Securities and $5,000 in the case of Bearer Securities.
- If other than the Trustee, the identity of each Security Registrar and/or Paying Agent.
- The date as of which any Bearer Securities of the series and any temporary Debt Security issued in global form representing Outstanding Securities of the series will be dated if other than the date of original issuance of the first Debt Security of the series to be issued.
- The applicability, if at all, to such Debt Securities of the provisions of Article Fourteen of the Indenture described under " — Satisfaction and Discharge, Legal Defeasance and Covenant Defeasance" and any provisions in modification of, in addition to or in lieu of any of the provisions of such Article.
- The Person to whom any interest on any Registered Security of the series will be payable, if other than the Person in whose name such Registered Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, the manner in which, or the Person to whom, any interest on any Bearer Security of the series shall be payable, if otherwise than upon presentation and surrender of the coupons appertaining thereto as they severally mature, and the extent to which, or the manner in which, any interest payable on a temporary Debt Security issued in global form will be paid if other than in the manner provided in the Indenture.
- If such Debt Securities are to be issuable in definitive form (whether upon original issue or upon exchange of a temporary Debt Security of such series) only upon receipt of certain certificates or other documents or satisfaction of other conditions, the form and/or terms of such certificates, documents or conditions.
- Whether and under what circumstances we will pay Additional Amounts, as contemplated by Section 1004 of the Indenture, on such Debt Securities to any holder who is not a United States person (including any modification to the definition of such term as contained in the Indenture as originally executed) in respect of any tax, assessment or governmental charge and, if so, whether we will have the option to redeem such Debt Securities rather than pay such Additional Amounts (and the terms of any such option).
- The provisions, if any, granting special rights to the holders of such Debt Securities upon the occurrence of such events as may be specified.
- Any deletions from, modifications of or additions to the Events of Default or covenants with respect to such Debt Securities (which Events of Default or covenants are consistent with the Events of Default or covenants set forth in the general provisions of the Indenture).
- Whether such Debt Securities will be convertible into or exchangeable for any other securities and, if so, the terms and conditions upon which such Debt Securities will be so convertible or exchangeable.
- Any other terms of such Debt Securities.

If applicable, the prospectus supplement will also set forth a discussion of federal income tax considerations relevant to the Debt Securities being offered.

For purposes of this prospectus, any reference to the payment of principal of (or premium, if any) or interest, if any, on such Debt Securities will be deemed to include mention of the payment of any Additional Amounts required by the terms of such Debt Securities.

Debt Securities may provide for less than the entire principal amount thereof to be payable upon declaration of acceleration of the maturity thereof ("Original Issue Discount Securities"). Federal income tax and other considerations pertaining to any such Original Issue Discount Securities will be discussed in the applicable prospectus supplement.

The Indenture also provides that there may be more than one Trustee thereunder, each with respect to one or more different series of Debt Securities. See " — The Trustee" herein. At a time when two or more Trustees are acting under the Indenture, each with respect to only certain series, the term Debt Securities, as used herein, will mean the one or more series with respect to which each respective Trustee is acting. In the event that there is more than one Trustee under the Indenture, the powers and trust obligations of each Trustee as described herein will extend only to the one or more series of Debt Securities for which it is Trustee. If two or more Trustees are acting under the Indenture, then the Debt Securities for which each Trustee is acting would in effect be treated as if issued under separate indentures.

The general provisions of the Indenture do not contain any provisions that would limit our ability to incur indebtedness or that would afford holders of Debt Securities protection in the event of a highly leveraged or similar transaction. Reference is made to the prospectus supplement for information with respect to any deletions from, modifications of or additions to the Events of Default or the covenants that are described below, including any addition of a covenant or other provision providing event risk or similar protection.

Denominations, Registration and Transfer

Debt Securities of a series may be issuable solely as Registered Securities, solely as Bearer Securities or as both Registered Securities and Bearer Securities. The Indenture also provides that Debt Securities of a series may be issuable in global form. (Section 203) See " — Book-Entry Debt Securities". Unless otherwise provided in the prospectus supplement, Debt Securities denominated in U.S. dollars (other than Global Securities, which may be of any denomination) are issuable in denominations of $1,000, or any integral multiples of $1,000, in the case of Registered Securities and in the denomination of $5,000 in the case of Bearer Securities. (Section 302) Unless otherwise indicated in the prospectus supplement, Bearer Securities will have interest coupons attached. (Section 201)

Registered Securities will be exchangeable for other Registered Securities of the same series. If (but only if) provided in the prospectus supplement, Bearer Securities (with all unmatured coupons, except as provided below, and all matured coupons which are in default) of any series may be similarly exchanged for Registered Securities of the same series of any authorized denominations and of a like aggregate principal amount and tenor. If so provided, Bearer Securities surrendered in exchange for Registered Securities between a Regular Record Date or a Special Record Date and the relevant date for payment of interest will be surrendered without the coupon relating to such date for payment of interest, and interest will not be payable in respect of the Registered Security issued in exchange for such Bearer Security, but will be payable only to the holder of such coupon when due in accordance with the terms of the Indenture. Unless otherwise specified in the prospectus supplement, Bearer Securities will not be issued in exchange for Registered Securities. (Section 305)

Registered Securities of a series may be presented for registration of transfer and Debt Securities of a series may be presented for exchange

- at each office or agency required to be maintained by us for payment of such series as described in " — Payment and Paying Agents," and
- at each other office or agency that we may designate from time to time for such purposes.

No service charge will be made for any transfer or exchange of Debt Securities, but we may require payment of any tax or other governmental charge payable in connection therewith. (Section 305)

We will not be required to:

- issue, register the transfer of or exchange Debt Securities during a period beginning at the opening of business 15 days before any selection of Debt Securities of that series to be redeemed and ending at the close of business on (A) the day of mailing of the relevant notice of redemption if Debt Securities of the series are issuable only as Registered Securities and (B) if Debt Securities of the series are issuable as Bearer Securities, the day of the first publication of the relevant notice of redemption, or, if Debt Securities of the series are also issuable as Registered Securities and there is no publication, the day of mailing of the relevant notice of redemption;
- register the transfer of or exchange any Registered Security, or portion thereof, called for redemption, except the unredeemed portion of any Registered Security being redeemed in part;

- exchange any Bearer Security called for redemption, except to exchange such Bearer Security for a Registered Security of that series and like tenor that is simultaneously surrendered for redemption; or
- issue, register the transfer of or exchange any Debt Security which has been surrendered for repayment at the option of the holder, except the portion, if any, of such Debt Security not to be so repaid. (Section 305)

Payment and Paying Agents

Unless otherwise provided in the prospectus supplement, principal, premium, if any, and interest, if any, and Additional Amounts, if any, on Registered Securities will be payable at any office or agency to be maintained by us in Newark, New Jersey and New York, New York, except that at our option interest on an Interest Payment Date (including Additional Amounts, if any) may be paid (1) by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register or (2) by wire transfer to an account maintained by the Person entitled thereto as specified in the Security Register. (Sections 307, 1001 and 1002) Unless otherwise provided in the prospectus supplement, payment of any installment of interest on Registered Securities will be made to the Person in whose name such Registered Security is registered at the close of business on the Regular Record Date for such interest. (Section 307)

If Debt Securities of a series are issuable solely as Bearer Securities or as both Registered Securities and Bearer Securities, unless otherwise provided in the prospectus supplement, we will be required to maintain an office or agency (1) outside the United States at which, subject to any applicable laws and regulations, the principal of (and premium, if any) and interest, if any, on such series will be payable and (2) in The City of New York for payments with respect to any Registered Securities of such series (and for payments with respect to Bearer Securities of such series in the limited circumstances described below, but not otherwise). (Section 1002) The initial locations of such offices and agencies will be specified in the prospectus supplement. Unless otherwise provided in the prospectus supplement, principal of (and premium, if any) and interest, if any, on Bearer Securities may be paid by wire transfer to an account maintained by the Person entitled thereto with a bank located outside the United States. (Sections 307 and 1002) Unless otherwise provided in the prospectus supplement, payment of installments of interest on any Bearer Securities on or before Maturity will be made only against surrender of coupons for such interest installments as they severally mature. (Section 1001) Unless otherwise provided in the prospectus supplement, no payment with respect to any Bearer Security will be made at any office or agency we maintain in the United States or by check mailed to any address in the United States or by transfer to an account maintained with a bank located in the United States. Notwithstanding the foregoing, payments of principal of (and premium, if any) and interest, if any, on Bearer Securities payable in U.S. dollars will be made at the office of our Paying Agent in The City of New York if (but only if) payment of the full amount thereof in U.S. dollars at all offices or agencies outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions. (Section 1002)

We may from time to time designate additional offices or agencies, approve a change in the location of any office or agency and, except as provided above, rescind the designation of any office or agency.

Selected Indenture Covenants

Limitations on Obligations

Restricted Subsidiaries. We will not permit any Restricted Subsidiary to, directly or indirectly, Incur any Obligations (including, without limitation, Acquired Obligations), except for

- the Subsidiary Guarantees;
- Obligations existing on the date of the Indenture;
- Obligations of ER&T related to the purchase and sale of fuel, capacity, energy (including, but not limited to, electric power, natural gas and coal), environmental credits or entitlements, utility services, fuel, water, related transportation services and other similar or related products and services in the ordinary course of business;
- Obligations of Nuclear related to the purchase and sale of fuel and related transportation services in the ordinary course of business;

- Permitted Hedging Obligations of ER&T;
- Obligations incurred in exchange for, or the net proceeds of which are used to refund, refinance, or replace Obligations described under this "Limitations on Obligations", provided that the average life of the refinancing Obligations shall not be shorter than the average life of the Obligations being refinanced and the principal amount of the refinancing obligations shall not exceed the principal amount of the Obligations being so refinanced; and
- Obligations to us or any other Restricted Subsidiary which are subordinated to the Subsidiary Guarantee with respect to the guaranteed Debt Securities of the Restricted Subsidiary incurring the Obligations.

The foregoing notwithstanding, Restricted Subsidiaries may Incur Obligations not otherwise permitted by the preceding paragraph in an aggregate amount outstanding after giving effect to such Incurrence not to exceed at any one time the greater of $250 million or 15% of Consolidated Net Tangible Assets as of the last day of the preceding month.

Subsidiaries Other Than Restricted Subsidiaries. Except for parental guarantees of debt service reserves, surety bonds, equity guarantees, performance bonds and bid bonds entered into in the ordinary course of business aggregating at any one time not more than $100 million, we shall not permit any Subsidiary that is not a Restricted Subsidiary to, directly or indirectly, Incur any Obligations (including, without limitation, Acquired Obligations) that are recourse to us or any Restricted Subsidiary. For the purposes of this section, preferred securities issued by our special purpose subsidiaries will not be considered to be recourse to us. (Section 1008)

Limitation on Liens

We may not, and may not permit any Restricted Subsidiary to, directly or indirectly, create, incur, assume or permit to exist any Lien of any kind on or with respect to any Property or interest in our Property or that of any of our Restricted Subsidiaries or any income or profits therefrom (in each case, whether the Property is owned at the date of the Indenture or thereafter acquired), unless the Debt Securities are secured equally and ratably with (or prior to) any and all other Obligations secured by the Lien, provided, however, that these restrictions shall not apply to or prevent the creation, incurrence, assumption or existence of Permitted Liens.

Permitted Liens shall include:

- Liens existing on the date of the Indenture;
- Liens to secure or provide for the payment of all or part of the purchase price of any Property or the cost of construction or improvement thereof; *provided* that no such Lien shall extend to or cover any other of our or our Restricted Subsidiaries' Property;
- Liens existing on Property at the time such Property is acquired by us or any Restricted Subsidiary; *provided* that such Liens (i) are not created, Incurred or assumed in contemplation of such Property being acquired and (ii) do not extend to or cover any other of our or our Restricted Subsidiaries' Property;
- Liens existing on Property of any entity at the time such entity is merged with or into or consolidated with us or a Restricted Subsidiary; *provided* that such Liens (i) are not created, Incurred or assumed in contemplation of such merger or consolidation and (ii) do not extend to any other of our or our Restricted Subsidiaries' Property;
- Liens securing Permitted Hedging Obligations;
- Liens for taxes, assessments or governmental charges that are not yet delinquent or that are being contested in good faith by any appropriate legal proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate reserve provision, if any, as is required in conformity with GAAP shall have been made;
- Liens arising by reason of any judgment, decree or order of any court, so long as any such Lien is being contested in good faith and is bonded or such judgment, decree or order does not exceed $50 million, and any appropriate legal proceedings that may have been duly initiated for the review of such judgment, decree or order have not been finally terminated or the period within which such proceedings may be initiated has not expired;

- Liens to secure pledges or deposits made in the ordinary course of business in connection with bids, tenders or contracts (other than for payment of indebtedness) or to secure guarantees, statutory or regulatory obligations or surety or performance bonds each made in the ordinary course of business;
- Liens imposed by law such as carriers', warehousemen's and mechanics' Liens, in each case arising in the ordinary course of business and with respect to amounts not yet due or being contested in good faith by appropriate legal proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as is required in conformity with GAAP shall have been made;
- Survey exceptions, encumbrances, easements or reservations of, or rights of others for, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real properties incidental to the conduct of the business or to the ownership of Properties which were not incurred in connection with indebtedness or other extensions of credit and which do not in the aggregate materially and adversely affect the value of the Properties or materially impair their use in the operation of the business;
- Liens securing letters of credit entered into in the ordinary course of business;
- Liens to secure pollution control revenue bonds or industrial revenue bonds;
- Liens securing Non-Recourse Obligations of Unrestricted Subsidiaries;
- Liens granted on the capital stock of Unrestricted Subsidiaries for the purpose of securing the Obligations of such Unrestricted Subsidiaries;
- Liens pursuant to Capitalized Leases or Synthetic Leases permitted to be entered into under the "Limitation on Obligations" covenant;
- Liens arising by reason of leases and subleases of Property pursuant to a Sale/Leaseback Transaction allowed pursuant to the "Limitation on Sale of Assets" covenant that do not materially interfere with the ordinary conduct of our or any of our Restricted Subsidiaries' business;
- Liens created in connection with worker's compensation, unemployment insurance and other social security statutes or regulations;
- Liens by a Wholly-Owned Subsidiary to us or any Restricted Subsidiary;
- Liens on Property, other than Capital Stock of Restricted Subsidiaries, to secure Obligations so long as the sum of the amount of outstanding Obligations secured by Liens incurred pursuant to this provision does not exceed the greater of $250 million or 15% of Consolidated Net Tangible Assets as of the end of the most recent fiscal quarter for which financial statements are available; and
- The replacement, extension or renewal (or successive replacements, extensions or renewals), as a whole or in part, of any Lien or of any agreement referred to above or the replacement, extension or renewal (not exceeding the outstanding principal amount of Indebtedness secured thereby together with any premium, interest, fee or expense payable in connection with any such replacement, extension or renewal) of Indebtedness secured thereby; provided that such replacement, extension or renewal is limited to all or part of the same Property that secured the Lien replaced, extended or renewed (plus improvements thereon or additions or accessions thereto).

Guarantee of Debt Securities

Each initial Subsidiary Guarantor and any subsequent Subsidiary Guarantor shall execute a Subsidiary Guarantee of each series of Debt Securities in substantially the form provided for by the Indenture at or before the time the definition of Subsidiary Guarantor shall be applicable to it. (Section 1601)

Guarantee of ER&T Obligations

We have executed a guarantee of the Obligations of ER&T substantially in the form provided for by the Indenture. (Section 1009)

Payment of Dividends by ER&T to Us

If and for so long as we guarantee the Obligations of ER&T, we shall cause ER&T, to the extent permitted by applicable law, to pay, at least quarterly, dividends or distributions to us of the excess cash not then required for its business operations. (Section 1010)

Limitation on Dividends and Other Payment Restrictions

Other than pursuant to the Indenture or as otherwise may be required by law, we will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create or cause to become, or as a result of the acquisition of any Person or Property, or upon any Person becoming a Restricted Subsidiary, remain subject to, any consensual encumbrance or consensual restriction of any kind on the ability of any Restricted Subsidiary to:

- pay dividends or make any other distributions on its Capital Stock;
- make payments on any Obligations owed to us or any of our Restricted Subsidiaries;
- make loans or advances to us or to any of our Restricted Subsidiaries;
- transfer any of its Property to us or to any of our Restricted Subsidiaries; or
- make payments under a Subsidiary Guarantee with respect to the Debt Securities.

The foregoing shall not prohibit:

- encumbrances and restrictions resulting from customary provisions relating to (i) transfers of Property that restrict the subletting or assignment of any lease or (ii) transfers of Property that are contained in licenses and that relate to the Property covered thereby, in each case entered into in the ordinary course of business;
- encumbrances and restrictions on transfers of Property existing on any assets at the time such assets are acquired (or the entity owning such assets is acquired) by any Restricted Subsidiary, whether by merger, consolidation, purchase of such assets or otherwise; provided that such restrictions and encumbrances (i) are not created, Incurred or assumed in contemplation of such assets or entity being acquired by the Restricted Subsidiary and (ii) do not extend to any other assets of the Restricted Subsidiary; and
- restrictions on transfers of Property created in connection with sales or purchases of electricity, energy, capacity, natural gas, coal, ancillary services, environmental credits and/or entitlements, utility services, fuel, water, related transportation services and other similar products and services, in each case, in the ordinary course of business; provided that restrictions arising from any transaction or series of related transactions pursuant to this clause shall not be materially more restrictive, taken as a whole, than encumbrances and restrictions customarily accepted as industry standard for similar transactions. (Section 1007)

Limitation on Sale of Assets

Except for a sale of all or substantially all of our assets, as provided in the “Merger, Consolidation or Sale of Assets” covenant, and other than

- assets required to be sold to conform with government regulations, laws or impositions,
- sales or dispositions of surplus, obsolete or worn out equipment,
- sales or dispositions of ownership interests in Unrestricted Subsidiaries, or
- any other sale or disposition so long as after giving effect to such events, the Rating Agencies shall have confirmed their ratings on our Debt Securities in effect immediately prior to such sale or disposition,

we may not, and may not permit any Restricted Subsidiary to, make any Asset Sale (other than short-term, readily marketable investments purchased for cash management purposes with funds not representing the proceeds of other Asset Sales) if, on a pro forma basis, the aggregate net book value of all such Asset Sales during the most recent 12-month period would exceed 15% of Consolidated Net Tangible Assets computed as of the most recent quarter preceding such sale; provided, however, that any such Asset Sale shall be disregarded for

purposes of this 15% limitation if the Net Cash Proceeds are within 270 days thereafter (i) invested in a Permitted Business, (ii) used to purchase and retire Obligations ranking equal in right of payment to the Debt Securities or (iii) used to redeem the Debt Securities at a redemption price equal to 100% of the principal amount of the Debt Securities to be redeemed, plus accrued and unpaid interest thereon up to and including the applicable redemption date, plus a make-whole premium.

In addition, on a cumulative basis we may not sell or otherwise dispose of more than 25% of the assets or Capital Stock in Fossil, unless Net Cash Proceeds from such sale are invested in other non-nuclear generation assets or the capital stock of entities engaged in fossil generation and related businesses. (Section 1006)

Definitions

"*Acquired Obligations*" means, with respect to any Person, (1) Obligations of any other Person existing at the time the other Person is merged with or into or became a Subsidiary of the Person, including, without limitation, Obligations Incurred in connection with, or in contemplation of, the other Person merging with or into or becoming a Subsidiary of the Person; and (2) Obligations secured by a Lien encumbering any asset acquired by the Person at the time the asset is acquired by the Person.

"*Asset Sale*" means any sale, transfer, conveyance, lease or other disposition (including by way of merger, consolidation or sale-leaseback) by us or any of our Restricted Subsidiaries to any Person (other than to us or a Restricted Subsidiary of ours and other than in the ordinary course of business) of any Capital Stock or other Property of ours or of any of our Restricted Subsidiaries (including Capital Stock of Subsidiaries). The term "Asset Sale" will not include (1) any sale, transfer, conveyance, lease or other disposition of Property governed by the "Merger, Consolidation or Sale of Assets" covenant and (2) any transaction or series of related transactions consisting of the sale, transfer, conveyance, lease or other disposition of Capital Stock or other Property with a Fair Market Value aggregating less than $50 million in any fiscal year. The term "Asset Sale" also will not include (i) the grant of or realization upon a Lien permitted under the "Limitation on Liens" covenant or the exercise of remedies thereunder and (ii) sales of fuel, capacity, energy (including, but not limited to, electric power, natural gas and coal), environmental credits or entitlements, related transportation services and other related services by ER&T and its Permitted Hedging Obligations as permitted by the "Limitation on Obligations" covenant.

"*Attributable Debt*" means with respect to any Sale/Leaseback Transaction, at the time of determination, the present value (discounted at a rate per annum equal to the weighted average interest rate of all Debt Securities outstanding under the Indenture, compounded semi-annually) of the total obligations of the lessee for rental payments during the remaining term of the lease included in the Sale/Leaseback Transaction (including any period for which the lease has been extended).

"*Board of Directors*" means either the Board of Directors of PSEG Power LLC or any duly authorized committee of such Board.

"*Business Day*" means each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in Newark, New Jersey and The City of New York are authorized or obligated by law or executive order to close.

"*Capital Stock*" means (1) in the case of a corporation, corporate stock, (2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock, (3) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited) and (4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

"*Capitalized Lease*" means as applied to any Person, any lease of any Property of which the discounted present value of the rental obligations of such Person as lessee, in conformity with GAAP, is required to be capitalized on the balance sheet of such Person, and "Capitalized Lease Obligation" means the rental obligations, as aforesaid, under such lease.

"*Commodity Trading Obligations,*" with respect to any Person, means the Obligations of such Person under (1) any commodity swap agreement, commodity future agreement, commodity option agreement, commodity cap agreement, commodity floor agreement, commodity collar agreement, commodity hedge

agreement, and any put, call or other agreement or arrangement, or combination thereof, designed to protect such Person against fluctuations in commodity prices or (2) any commodity swap agreement, commodity future agreement, commodity option agreement, commodity hedge agreement, and any put, call or other agreement or arrangement, or combination thereof (including an agreement or arrangement to hedge foreign exchange risks) in respect of commodities entered into by us pursuant to asset optimization and risk management policies and procedures adopted in good faith by the Board of Directors.

"*Consolidated Current Liabilities*," as of the date of determination, means the aggregate amount of our and our Restricted Subsidiaries' liabilities on a consolidated basis which may properly be classified as current liabilities (including taxes accrued as estimated), after eliminating (1) all inter-company items between us and any consolidated Restricted Subsidiary, (2) all current maturities of long-term indebtedness, all as determined in accordance with GAAP, and (3) all liabilities attributable to Subsidiaries that are not Restricted Subsidiaries.

"*Consolidated Net Tangible Assets*" means, as of any date of determination, the total amount of assets (less accumulated depreciation or amortization, allowances for doubtful receivables, other applicable reserves and other properly deductible items) of us and our Restricted Subsidiaries, determined on a consolidated basis in accordance with GAAP, consistently applied, and after giving effect to purchase accounting and after deducting therefrom, to the extent otherwise included, the amounts of:

- Consolidated Current Liabilities;
- excess of cost over fair value of assets of businesses acquired, as determined in good faith by the Board of Directors;
- unamortized debt discount and expense and other unamortized deferred charges, goodwill, patents, trademarks, service marks, trade names, copyrights, licenses, organization or developmental expenses and other intangible items;
- treasury stock;
- any cash set apart and held in a sinking or other analogous fund established for the purpose of redemption or other retirement of Capital Stock to the extent such obligation is not reflected in Consolidated Current Liabilities; and
- all assets attributable to Subsidiaries that are not Restricted Subsidiaries (including Capital Stock thereof), except to the extent of dividends or distributions received from such Subsidiaries.

"*Default*" means any event, act or condition that is, or after notice or the passage of time or both would be, an Event of Default.

"*Event of Default*" has the meaning specified in Section 501 of the Indenture.

"*Fair Market Value*" means the price that would be paid by a purchaser to a seller in an arm's-length transaction.

"*GAAP*" means generally accepted accounting principles in the United States applied on a basis consistent with the principles, methods, procedures and practices employed in the preparation of our audited financial statements, including, without limitation, those set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as approved by a significant segment of the accounting profession.

"*Hedging Obligations*" means, with respect to any Person, the obligations of such Person under any interest rate or currency swap agreement, interest rate or currency future agreement, interest rate cap or collar agreement, interest rate or currency hedge agreement, and any put, call or other agreement or arrangement designed to protect such Person against fluctuations in interest rates or currency exchange rates.

"*Incur*" means, with respect to any Obligation, to directly or indirectly create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable for or with respect to, or become responsible for payment of, contingently or otherwise, such Obligation. The term "Incurrence" has a corresponding meaning.

"*Lien*" means any mortgage, pledge, hypothecation, charge, assignment, deposit arrangement, encumbrance, security interest, lien (statutory or other), or preference, priority, or other security or similar agreement or preferential arrangement of any kind or nature whatsoever (including, without limitation, any agreement to give or grant a Lien or any lease, conditional sale or other title retention agreement having substantially the same economic effect as any of the foregoing).

"*Net Cash Proceeds*" from an Asset Sale is defined to mean cash payments received (including any cash payments received by way of a payment of principal pursuant to a note or installment receivable or otherwise, but only as and when received (including any cash received upon sale or disposition of any such note or receivable), excluding any other consideration received in the form of assumption by the acquiring Person of Obligations relating to the Property disposed of in such Asset Sale or received in any form other than cash) therefrom, in each case, net of (1) all legal, title and recording tax expenses, commissions and other fees and expenses of any kind (including consent and waiver fees and any applicable premiums, earn-out or working interest payments or payments in lieu or in termination thereof) Incurred, (2) all federal, state, provincial, foreign and local taxes and other governmental charges required to be accrued as a liability under GAAP as a consequence of such Asset Sale, (3) a reasonable reserve for the after-tax cost of any indemnification payments (fixed and contingent) attributable to seller's indemnities to the purchaser undertaken by us or any of our Subsidiaries in connection with such Asset Sale, (4) all payments made on any Obligation that is secured by such Property, in accordance with the terms of any Lien upon or with respect to such Property, or that must by its terms or by applicable law or in order to obtain a required consent or waiver be repaid out of the proceeds from or in connection with such Asset Sale and (5) all distributions and other payments made to holders of Capital Stock of Subsidiaries (other than us or our Restricted Subsidiaries) as a result of such Asset Sale.

"*Non-Recourse Obligation*" means, with respect to any Person, any financing that is or was Incurred with respect to the development, acquisition, design, engineering, procurement, construction, operation, ownership, servicing or management of one or more facilities used or useful in a Permitted Business in respect of which such Person has a direct or indirect interest, provided that such financing is without recourse to any Person or Property other than to (1) the Property that constitutes such facilities together with contracts, permits, licenses, reserves and other items related to such facilities, (2) the income from and proceeds of such facilities, (3) the Capital Stock of, and other investments in, the Person that owns the Property that constitutes any such facilities and (4) the Capital Stock of, and other investments in, any Person obligated with respect to such financing and of any Subsidiary of such Person that owns a direct or indirect interest in any such facilities.

"*Obligations*" of any Person shall mean at any date, without duplication,

- all obligations of such Person for borrowed money,
- all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments,
- all obligations of such Person arising under any conditional sale or other title retention arrangement or otherwise to pay the deferred purchase price of Property or services,
- all obligations of such Person Incurred in respect of Attributable Debt associated with any Sale/Leaseback Transaction, Capitalized Lease or Synthetic Lease,
- all obligations of such Person under letters of credit,
- all obligations of such Person under trade or bankers' acceptances,
- all obligations of such Person under Hedging Obligations and Commodity Trading Obligations,
- trade payables in respect of fuel, labor, supplies or other materials or services or the obligation to provide power,
- Preferred Stock and Redeemable Stock issued to any Person other than us or a Restricted Subsidiary,
- all obligations of others secured by a Lien on any asset of such Person, whether or not such obligations are assumed by such Person, and
- all obligations of others to the extent guaranteed by such Person.

The amount of any obligation shall be deemed to be the amount equal to the stated or determinable amount thereof or, if not stated or determinable, the maximum probable liability thereunder as determined by us in good faith.

"*Permitted Business*" means any business in which we or any of our Subsidiaries are engaged on the date of the Indenture or any other power or energy-related business, including the business of acquiring, developing, owning or operating electric power or thermal energy generation or cogeneration facilities, electric power transmission, fuel supply and fuel transportation facilities, together with their related power supply, thermal energy and fuel contracts and other facilities, services or goods that are ancillary, incidental, complementary or reasonably related to the marketing, trading, development, construction or management servicing, ownership or operation of the foregoing.

"*Permitted Hedging Obligations*" of any Person shall mean (1) Hedging Obligations entered into in the ordinary course of business and in accordance with such Person's established risk management policies that are designed to protect such Person against, among other things, fluctuations in interest rates or currency exchange rates and which in the case of agreements relating to interest rates shall have a notional amount no greater than the payments due with respect to the Obligations being hedged thereby and (2) Commodity Trading Obligations.

"*Person*" means an individual, a corporation, a limited liability company, a partnership, an association, a trust or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

"*Preferred Stock*" means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) or preferred or preference stock of such Person that is outstanding or issued on or after the date of original issuance of the Debt Securities under the Indenture.

"*Property*" of any Person is defined to mean all types of real, personal, tangible or mixed property owned by such Person whether or not included in the most recent consolidated balance sheet of such Person under GAAP.

"*Rating Agencies*" means Moody's Investors Service, Inc., Standard & Poor's Ratings Services, Fitch Inc. and any successor thereof.

"*Redeemable Stock*" is defined to mean any class or series of Capital Stock of any Person that by its terms or otherwise is (1) required to be redeemed prior to the Stated Maturity of the Debt Securities, (2) redeemable at the option of the holder of such Capital Stock at any time prior to the Stated Maturity of the Debt Securities or (3) convertible into or exchangeable for Capital Stock referred to in clause (1) or (2) above or Obligations having a scheduled maturity prior to the Stated Maturity of the Debt Securities.

"*Restricted Subsidiary*" means only Fossil, Nuclear, ER&T and each other of our Subsidiaries that executes a Subsidiary Guarantee with respect to the Debt Securities and is subsequently designated by the Board of Directors by written notice to the Trustee as a Restricted Subsidiary.

"*Sale/Leaseback Transaction*" means an arrangement relating to Property now owned or hereafter acquired whereby we or one of our Subsidiaries transfers the Property to a Person and leases it back from that Person, other than leases for a term of not more than 12 months or between us and one of our Wholly-Owned Subsidiaries that is a Restricted Subsidiary or between Wholly-Owned Subsidiaries that are Restricted Subsidiaries.

"*Stated Maturity*" means with respect to any Debt Security or any installment of principal thereof or interest thereon, the date specified in such Debt Security or a coupon representing such installment of interest as the fixed date on which any principal of such Debt Security or any such installment of interest is due and payable.

"*Subsidiary*" means, with respect to any Person, (1) any corporation, limited liability company, association or other business entity of which more than 50% of the total voting power of Voting Stock is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person (or a combination thereof) and (2) any partnership (i) the sole general partner or the managing general partner of which is such Person or a Subsidiary of such Person or (ii) the only general partners of which are such Person or one or more Subsidiaries of such Person (or any combination thereof).

"*Subsidiary Guarantor*" means all current and subsequently designated Restricted Subsidiaries.

"*Subsidiary Guarantee*" means an unconditional guarantee of a Subsidiary Guarantor of the payment of the principal of or any premium or interest on any Debt Securities in substantially the form provided for by the Indenture or a guarantee of a Subsidiary Guarantor of any other of our Obligations.

"*Synthetic Lease*" means (1) a lease pursuant to which the lessee is treated as the owner of the Property subject to the lease for tax purposes, whether or not such lease is treated as an operating lease for accounting purposes or (2) a lease treated as an operating lease for accounting purposes but having at least three of the following characteristics, (i) the term of the lease, inclusive of all renewal periods at the lessee's option, is greater than 75% of the useful life of the Property subject to the lease as estimated at the inception of the Lease, (ii) the lessee has the right to purchase such Property at a fixed price, (iii) the lessee's payments under the lease are calculated to amortize and service the debt of the lessor incurred in order to acquire the asset and (iv) the lessor obtains 80% or more of the cost of the asset from borrowed funds.

"*Unrestricted Subsidiary*" means a Subsidiary that is not a Restricted Subsidiary.

"*Voting Stock*" means any class or classes of Capital Stock pursuant to which the holders thereof have the general voting power under ordinary circumstances to elect at least a majority of the Board of Directors, managers or trustees of any Person (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency).

"*Weighted Average Life to Maturity*" means, when applied to any Obligations at any date, the number of years obtained by dividing (1) the then outstanding principal amount of such Obligations into (2) the total of the product obtained by multiplying (i) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (ii) the numbers of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment.

"*Wholly-Owned Subsidiary*" means a Subsidiary all the Capital Stock of which (other than directors' qualifying shares) is owned by us and/or one or more of our Wholly-Owned Subsidiaries.

Events of Default and Remedies

The following constitute Events of Default in respect to each series of Debt Securities under the Indenture (Section 501):

- default for five days in the payment when due of interest on any of the Debt Securities of such series;
- default in the payment when due of the principal of, or premium, if any, or make-whole amount, if any, on any of the Debt Securities of such series;
- default in the deposit of any sinking fund payment, when due by the terms of the Debt Securities of such series;
- failure by us or any Restricted Subsidiary to comply with the provisions described under "Limitation on Sale of Assets" or "Merger, Consolidation or Sale of Assets";
- failure by us or any Restricted Subsidiary for 60 days after notice by the Trustee to us or to us and the Trustee by the holders of 25% or more in aggregate principal amount of the Debt Securities of such series to comply with any of our agreements in the Indenture or the Debt Securities of such series that are not otherwise covered in this section;
- default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any of our or any of our Subsidiaries' indebtedness (including indebtedness represented by any other series of Debt Securities under the Indenture or the payment of which is guaranteed by us or by any of our Restricted Subsidiaries) (but other than Non-Recourse Obligations) whether such indebtedness or guarantee now exists or is created after the date of the Indenture, which default (a) is caused by a failure to pay the principal of such indebtedness at the Stated Maturity of such indebtedness after the expiration of grace periods provided in the indebtedness (a "Payment Default") or (b) has resulted in the acceleration of the indebtedness prior to its Stated

Maturity; and, in each case the principal amount of the indebtedness, together with the principal amount of any other indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates $50.0 million or more;

- failure by us or any of our Restricted Subsidiaries to pay one or more final judgments not otherwise covered by insurance aggregating in excess of $50.0 million, which judgments are not paid, discharged or stayed for a period of 60 days; and
- certain events of bankruptcy or insolvency with respect to us or any of our Restricted Subsidiaries.

Additional series of Debt Securities issued under the Indenture may specify other events of default for such series of Debt Securities.

We are required to file with the Trustee, annually, an officer's certificate as to our compliance with all conditions and covenants under the Indenture. (Section 1011) The Indenture provides that the Trustee may withhold notice to the holders of Debt Securities of a series of any default (except payment defaults on the Debt Securities of that series) if it considers it in the interest of the holders of Debt Securities of the series to do so. (Section 515)

If an Event of Default (other than an Event of Default occasioned by our or any of our Restricted Subsidiaries' bankruptcy or insolvency) with respect to Debt Securities of a series has occurred and is continuing, the Trustee or the holders of not less than 25% in principal amount of outstanding Debt Securities of that series may declare the principal (or, if the Debt Securities of that series are issued with original issue discount or are "indexed debt securities" (i.e., Debt Securities, the interest and principal payments on which are determined by reference to a particular index, such as a foreign currency or commodity), such portion of the principal as may be specified in the terms of those Debt Securities) of all of the Debt Securities of that series to be due and payable immediately, by a notice in writing to us. (Section 502)

If an Event of Default occasioned by our or any of our Restricted Subsidiaries' bankruptcy or insolvency occurs, the principal of and interest on all Debt Securities shall ipso facto become and be immediately due and payable without any declaration or other act on the part of the Trustee or any holders of Debt Securities.

Subject to the provisions of the Indenture relating to the duties of the Trustee, in case an Event of Default with respect to Debt Securities of any series has occurred and is continuing, the Trustee is under no obligation to exercise any of its rights or powers under the Indenture at the request, order or direction of the holders of Debt Securities of that series, unless those holders have offered the Trustee indemnity satisfactory to the Trustee against the expenses and liabilities which might be incurred by it in compliance with such request. (Section 602)

Subject to certain exceptions, the holders of a majority in principal amount of the outstanding Debt Securities of any series of Debt Securities will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee with respect to the Debt Securities of that series. (Section 512)

The holders of a majority in principal amount of the outstanding Debt Securities of a series may, on behalf of the holders of all Debt Securities of such series and any related coupons, waive any past default under the Indenture with respect to such series and its consequences, except a default (i) in the payment of the principal of (or premium, if any) or interest, if any, on any Debt Security of such series or any related coupons or (ii) in respect of a covenant or provision that cannot be modified or amended without the consent of the holder of each outstanding Debt Security of such series affected thereby. (Section 513)

Merger, Consolidation or Sale of Assets

We may not, directly or indirectly, consolidate or merge with or into (whether or not we are the surviving entity) any other corporation, association, company, business trust or limited liability company, or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of our assets, in one or more related transactions, to another Person unless:

- the Person formed by the consolidation or surviving the merger or the Person that acquires by sale, assignment, transfer, conveyance or other disposition, or that leases, the assets (if other than us) (in

each such case, the "Successor Entity"), is a corporation or limited liability company organized and existing under the laws of the United States, any State thereof or the District of Columbia and expressly assumes our obligations under the Indenture and the Debt Securities;

- if any of our or a Restricted Subsidiary's Property or assets would become subject to a Lien other than a Permitted Lien under the "Limitation on Liens" covenant, the Debt Securities shall be equally and ratably secured in accordance with such covenant;
- immediately after such transaction no event exists that is or with the passage of time or the giving of notice or both would be an Event of Default under the Indenture; and
- each Subsidiary Guarantor shall have by amendment to its Subsidiary Guarantee with respect to the Debt Securities confirmed that its Subsidiary Guarantee shall apply to the obligations of the Successor Entity under the Indenture and each series of the Debt Securities. (Section 801)

Modification or Waiver

Modification and amendment of the Indenture may be made by us and the Trustee with the consent of the holders of a majority in principal amount of all Outstanding Debt Securities that are affected by such modification or amendment; provided that no such modification or amendment may, without the consent of the holder of each Outstanding Debt Security affected thereby, among other things:

- change the Stated Maturity of the principal of (or premium, if any, on) or any installment of principal of or interest on any such Debt Security;
- reduce the principal amount of, or the rate (or change the manner of calculating the rate) or amount of interest in respect of, or any premium payable upon the redemption of, any such Debt Security;
- change any of our obligations to pay Additional Amounts in respect of any such Debt Security;
- reduce the portion of the principal of an Original Issue Discount Security or Indexed Security that would be due and payable upon a declaration of acceleration of the Maturity thereof or provable in bankruptcy;
- adversely affect any right of repayment at the option of the holder of any such Debt Security;
- change the place of payment of principal of, or any premium or interest on, any such Debt Security;
- impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof or on or after any Redemption Date or Repayment Date, as the case may be;
- adversely affect any right to convert or exchange any Debt Security;
- reduce the percentage in principal amount of such Outstanding Debt Securities, the consent of whose holders is required to amend or waive compliance with certain provisions of the Indenture or to waive certain defaults thereunder;
- reduce the requirements for voting or quorum described below;
- modify any of the foregoing requirements or any of the provisions relating to waiving past defaults or compliance with certain restrictive provisions, except to increase the percentage of holders required to effect any such waiver or to provide that certain other provisions of the Indenture cannot be modified or waived without the consent of the holder of each Debt Security affected thereby; or
- modify or affect the terms and conditions of the obligations of any Subsidiary Guarantor in respect of the due and punctual payment of principal of, or any premium or interest on, Debt Securities. (Section 902)

The holders of a majority in aggregate principal amount of Outstanding Debt Securities have the right to waive our compliance with certain covenants in the Indenture. (Section 1012)

Modification and amendment of the Indenture may be made by us and the Trustee thereunder, without the consent of any holder, for any of the following purposes:

- to evidence the succession of another Person to us and the assumption by any successor of our covenants under the Indenture and the Debt Securities;
- to add to our covenants for the benefit of the holders of all or any series of Debt Securities issued under the Indenture and any related coupons or to surrender any right or power conferred upon us by the Indenture;
- to add Events of Default for the benefit of the holders of all or any series of Debt Securities issued under the Indenture;
- to add to or change any provisions of the Indenture to facilitate the issuance of, or to liberalize the terms of, Bearer Securities, or to permit or facilitate the issuance of Debt Securities in uncertificated form, provided that any such actions do not adversely affect the holders of such Debt Securities or any related coupons in any material respect;
- to change or eliminate any provisions of the Indenture, provided that any such change or elimination will become effective only when there are no Debt Securities Outstanding of any series created prior thereto which are entitled to the benefit of such provisions;
- to secure the Debt Securities under the Indenture pursuant to the "Merger, Consolidation or Sale of Assets" covenant of the Indenture, or otherwise;
- to establish the form or terms of the Debt Securities of any series and any related coupons;
- to evidence and provide for the acceptance of appointment by a successor Trustee or facilitate the administration of the trusts under the Indenture by more than one Trustee;
- to cure any ambiguity, defect or inconsistency in the Indenture, provided such action does not adversely affect the interests of holders of Debt Securities of any series issued under the Indenture or any related coupons in any material respect; or
- to supplement any of the provisions of the Indenture to the extent necessary to permit or facilitate the defeasance and discharge of any series of Debt Securities, provided that such action shall not adversely affect the interests of the holders of any such Debt Securities and any related coupons in any material respect. (Section 901)

In determining whether the holders of the requisite principal amount of Outstanding Debt Securities have given any request, demand, authorization, direction, notice, consent or waiver under the Indenture or whether a quorum is present at a meeting of holders of Debt Securities, (1) the principal amount of an Original Issue Discount Security that will be deemed to be outstanding will be the amount of the principal thereof that would be due and payable as of the date of such determination upon acceleration of the Maturity thereof; (2) the principal amount of an Indexed Security that may be counted in making such determination or calculation and that will be deemed outstanding for such purpose will be equal to the principal face amount of such Indexed Security at original issuance, unless otherwise provided with respect to such Indexed Security pursuant to Section 301 of the Indenture; and (3) Debt Securities owned by us or any other obligor upon the Debt Securities or any Affiliate of ours or of such other obligor shall be disregarded. (Section 101)

The Indenture contains provisions for convening meetings of the holders of Debt Securities of a series if Debt Securities of that series are issuable as Bearer Securities. (Section 1501) A meeting may be called at any time by the Trustee, and also, upon request, by us or the holders of at least 10% in principal amount of the Outstanding Debt Securities of that series, in any such case upon notice given as provided in the Indenture. (Section 1502) Except for any consent that must be given by the holder of each Debt Security affected thereby, as described above, any resolution presented at a meeting (or an adjourned meeting duly reconvened) at which a quorum is present may be adopted by the affirmative vote of the holders of a majority in principal amount of the Outstanding Debt Securities of that series; provided, however, that any resolution with respect to any request, demand, authorization, direction, notice, consent, waiver or other action that may be made, given or taken by the holders of a specified percentage which is less than a majority in principal amount of the Outstanding Debt Securities of a series may be adopted at a meeting (or an adjourned meeting duly reconvened) at which a

quorum is present by the affirmative vote of the holders of such specified percentage in principal amount of the Outstanding Debt Securities of that series. Any resolution passed or decision taken at any meeting of holders of Debt Securities of a series duly held in accordance with the Indenture will be binding on all holders of Debt Securities of that series and any related coupons, whether or not present or represented at the meeting. The quorum at any meeting called to adopt a resolution will be persons holding or representing a majority in principal amount of the Outstanding Debt Securities of a series; provided, however, that, if any action is to be taken at such meeting with respect to a consent or waiver which may be given by the holders of not less than a specified percentage in principal amount of the Outstanding Debt Securities of a series, the persons holding or representing such specified percentage in principal amount of the Outstanding Debt Securities of that series will constitute a quorum. (Section 1504)

Notwithstanding the foregoing provisions, if any action is to be taken at a meeting of holders of Debt Securities of a series with respect to any request, demand, authorization, direction, notice, consent, waiver or other action that the Indenture expressly provides may be made, given or taken by the holders of a specified percentage in principal amount of all Outstanding Debt Securities affected thereby or of the holders of such series and one or more additional series: (1) there shall be no minimum quorum requirement for such meeting; and (2) the principal amount of the Outstanding Debt Securities of such series that vote in favor of such request, demand, authorization, direction, notice, consent, waiver or other action will be taken into account in determining whether such request, demand, authorization, direction, notice, consent, waiver or other action has been made, given or taken under the Indenture. (Section 1504)

Satisfaction and Discharge, Legal Defeasance and Covenant Defeasance

We may discharge certain obligations to holders of Debt Securities of a series that have not already been delivered to the Trustee for cancellation and that either have become due and payable or are by their terms due and payable within one year (or scheduled for redemption within one year) by irrevocably depositing with the Trustee, in trust, funds in an amount sufficient to pay the entire indebtedness on such Debt Securities for principal (and premium, if any) and interest, if any, and any Additional Amounts with respect thereto, to the date of such deposit (if such Debt Securities have become due and payable) or to the Stated Maturity or Redemption Date, as the case may be. (Section 401)

The Indenture provides that, if the provisions of Article Fourteen are made applicable to the Debt Securities of or within any series and any related coupons pursuant to Section 301 thereunder, we may elect either

- to defease and be discharged from any and all obligations with respect to such Debt Securities and any related coupons (except for the obligations to pay Additional Amounts, if any, upon the occurrence of certain events of tax, assessment or governmental charge with respect to payments on such Debt Securities and the obligations to register the transfer or exchange of such Debt Securities and any related coupons, to replace temporary or mutilated, destroyed, lost or stolen Debt Securities and any related coupons, to maintain an office or agency in respect of such Debt Securities and any related coupons, and to hold moneys for payment in trust) (defeasance) (Section 1402) or
- to be released from our obligations under any covenant specified pursuant to Section 301 with respect to such Debt Securities and any related coupons, and any omission to comply with such obligations shall not constitute a default or an Event of Default with respect to such Debt Securities and any related coupons (covenant defeasance) (Section 1403), in either case upon the irrevocable deposit by us with the Trustee (or other qualifying trustee), in trust, of:
  - an amount in U.S. dollars;
  - Government Obligations (as defined below) applicable to such Debt Securities and coupons that through the payment of principal and interest in accordance with their terms will provide money in an amount; or
  - a combination thereof in an amount

  sufficient to pay the principal of (and premium, if any) and interest, if any, on such Debt Securities and any related coupons, and any mandatory sinking fund or analogous payments thereon, on the scheduled due dates therefor.

Such a trust may only be established if, among other things, we have delivered to the Trustee an Opinion of Counsel (as specified in the Indenture) to the effect that the holders of such Debt Securities and any related coupons will not recognize income, gain or loss for United States federal income tax purposes as a result of such defeasance or covenant defeasance and will be subject to United States federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such defeasance or covenant defeasance had not occurred, and such Opinion of Counsel, in the case of defeasance under the first clause above, must refer to and be based upon a ruling of the Internal Revenue Service or a change in applicable United States federal income tax law occurring after the date of the Indenture. (Section 1404)

"Government Obligations" means securities which are (1) direct obligations of the United States or (2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States, the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States, which are not callable or redeemable at the option of the issuer thereof. Government Obligations also include a depositary receipt issued by a bank or trust company as custodian with respect to any such Government Obligation or a specific payment of interest on or principal of any such Government Obligation held by such custodian for the account of the holder of a depositary receipt; provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depositary receipt from the amount received by the custodian in respect of the Government Obligation or the specific payment of interest on or principal of the Government Obligation evidenced by such depositary receipt. (Section 101)

In the event we effect covenant defeasance with respect to any Debt Securities and any related coupons and such Debt Securities and coupons are declared due and payable because of the occurrence of any Event of Default, other than Events of Default with respect to any covenant of which there has been defeasance, the amount of Government Obligations and funds on deposit with the Trustee will be sufficient to pay amounts due on such Debt Securities and coupons at the time of their Stated Maturity but may not be sufficient to pay amounts due on such Debt Securities and coupons at the time of the acceleration resulting from such Event of Default. In such case, we would remain liable to make payment of such amounts due at the time of acceleration.

The prospectus supplement may further describe the provisions, if any, permitting such defeasance or covenant defeasance, including any modifications to the provisions described above, with respect to the Debt Securities of or within a particular series and any related coupons.

Book-Entry Debt Securities

Unless otherwise specified in the applicable prospectus supplement, we will issue to investors Debt Securities in the form of one or more book-entry certificates registered in the name of a depositary or a nominee of a depositary. Unless otherwise specified in the applicable prospectus supplement, The Depository Trust Company ("DTC") will act as securities depositary for such book-entry securities. Debt Securities that are issued in book-entry form will be issued as fully-registered securities registered in the name of Cede & Co. ("Cede") (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered global security will be issued for each issue of Debt Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds $500,000,000, one global security will be issued with respect to each $500,000,000 of principal amount and an additional global security will be issued with respect to any remaining principal amount of such issue.

No person that acquires a beneficial interest in Debt Securities issued in book-entry form will be entitled to receive a certificate representing those Debt Securities, except as set forth in this prospectus or in the applicable prospectus supplement. Unless and until definitive securities are issued under the limited circumstances described below, all references to actions by holders or beneficial owners of Debt Securities issued in book-entry form will refer to actions taken by DTC upon instructions from its participants, and all references to payments and notices to holders or beneficial owners will refer to payments and notices to DTC or Cede, as the registered holder of those Debt Securities. The laws of some jurisdictions require some purchasers of securities to take physical delivery of their securities in definitive or paper form. These laws may impair the ability to transfer Debt Securities issued in book-entry form.

Unless otherwise specified in the applicable prospectus supplement, book-entry securities will be exchangeable for definitive securities registered in the names of persons other than DTC or its nominee only if:

- DTC is at any time unwilling, unable or ineligible to continue as depositary and a successor depositary is not appointed by us within 90 days following notice to us;
- we determine, in our sole discretion, not to have any Debt Securities represented in book-entry form; or
- an Event of Default under the Indenture has occurred and is continuing.

Any book-entry security that is exchangeable in accordance with the preceding sentence will be exchangeable for Debt Securities registered in such names as DTC directs.

If one of the events described in the immediately preceding paragraph occurs, DTC is generally required to notify all participants of the availability through DTC of definitive securities. Upon surrender by DTC of the book-entry security representing the Debt Securities and delivery of instructions for re-registration, the Trustee will reissue the Debt Securities as definitive securities. After reissuance of the Debt Securities, the Trustee will recognize the beneficial owners of those definitive securities as registered holders of Debt Securities.

Except as described above:

- a book-entry security may not be transferred except as a whole book-entry security by or among DTC, a nominee of DTC and/or a successor depositary appointed by us; and
- DTC may not sell, assign or otherwise transfer any beneficial interest in a book-entry security unless the beneficial interest is in an amount equal to an authorized denomination for the securities evidenced by the book-entry security.

The following is based on information furnished by DTC:

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities that its participants deposit with it. DTC also facilitates the post-trade settlement among its participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges in its participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct participants of DTC include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation. The Depository Trust & Clearing Corporation is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. The Depository Trust & Clearing Corporation is owned by the users of its regulated subsidiaries. Access to DTC’s system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly. DTC rules applicable to its participants are on file with the SEC.

Purchases of book-entry securities under DTC’s system must be made by or through direct participants, which will receive a credit for those book-entry securities on DTC’s records. The beneficial ownership interest of each actual purchaser of each book-entry security represented by a global security (“beneficial owner”) is in turn to be recorded on the records of the direct and indirect participants’ records. Beneficial owners will not receive written confirmation from DTC of their purchase. Beneficial owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the direct or indirect participants through which the beneficial owner entered into the transaction. Transfers of ownership interests in a global security representing book-entry securities are to be accomplished by entries made on the books of direct and indirect participants acting on behalf of beneficial owners. Beneficial owners of a global security representing book-entry securities will not receive certificates representing their ownership interests in a global security, except in the event that use of the book-entry system for those book-entry securities is discontinued.

To facilitate subsequent transfers, all global securities representing book-entry securities deposited by direct participants with DTC are registered in the name of DTC's nominee, Cede, or such other name as may be requested by an authorized representative of DTC. The deposit of global securities with DTC and their registration in the name of Cede or such other nominee of DTC do not effect any change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the global securities representing the book-entry securities; DTC's records reflect only the identity of the direct participants to whose accounts such book-entry securities are credited, which may or may not be the beneficial owners. The direct and indirect participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants, and by direct participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

If applicable, redemption notices will be sent to Cede. If less than all of the book-entry securities of like tenor and terms within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each direct participant in that issue to be redeemed.

Neither DTC nor Cede (nor any other nominee of DTC) will consent or vote with respect to the global securities representing book-entry securities unless authorized by a direct participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an omnibus proxy to us as soon as possible after the applicable record date. The omnibus proxy assigns Cede's consenting or voting rights to those direct participants to whose accounts book-entry securities are credited on the applicable record date (identified in a listing attached to the omnibus proxy).

Redemption proceeds, distributions and dividend payments on the global securities representing the book-entry securities will be made to Cede, or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit direct participants' accounts, upon DTC's receipt of funds and corresponding detailed information from us or the Trustee, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such participant and not of DTC, the Trustee or us, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments to Cede (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of us or the Trustee, disbursement of such payments to direct participants will be the responsibility of DTC, and disbursement of such payments to the beneficial owners will be the responsibility of direct and indirect participants.

A beneficial owner will give notice of any option to elect to have its book-entry securities purchased or tendered, through its participant, to the Trustee, and will effect delivery of such book-entry securities by causing the direct participant to transfer the participant's interest in the global security representing those book-entry securities, on DTC's records, to the Trustee. The requirement for physical delivery of book-entry securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the global security representing those book-entry securities are transferred by direct participants on DTC's records and followed by a book-entry credit of tendered book-entry securities to the Trustee's account with DTC.

DTC may discontinue providing its services as depositary with respect to book-entry securities at any time by giving reasonable notice to us or the Trustee. Under those circumstances, in the event that a successor depositary is not obtained, certificates are required to be printed and delivered.

We may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that we believe to be reliable, but we take no responsibility for the accuracy thereof.

Unless stated otherwise in the prospectus supplement, the underwriters or agents with respect to a series of Debt Securities issued as book-entry securities will be participants in DTC.

None of any underwriter or agent, the Trustee, any applicable Paying Agent or us will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial interests in a book-entry security, or for maintaining, supervising or reviewing any records relating to such beneficial interests.

The Trustee

We maintain ordinary banking relationships with The Bank of New York Mellon, including credit facilities and lines of credit. The Bank of New York Mellon also serves as trustee under other indentures under which we or our affiliates are the obligor.

The Trustee may resign or be removed with respect to one or more series of Debt Securities and a successor Trustee may be appointed to act with respect to such series. (Section 608) In the event that two or more persons are acting as Trustee with respect to different series of Debt Securities under the Indenture, each such Trustee shall be a Trustee of a trust thereunder separate and apart from the trust administered by any other such Trustee (Section 609), and any action described herein to be taken by the Trustee may then be taken by each such Trustee with respect to, and only with respect to, the one or more series of Debt Securities for which it is Trustee.

Governing Law

The Indenture and the Debt Securities shall be governed by and construed in accordance with the laws of the State of New York without regard to principles of conflicts of laws.

PLAN OF DISTRIBUTION

We may sell the Debt Securities:

- to or through underwriters, dealers, or agents; or
- directly to one or more other purchasers.

The prospectus supplement will set forth the terms of the offering of the particular series or issue of Debt Securities to which such prospectus supplement relates, including, as applicable:

- the name or names of any underwriters or agents;
- the initial public offering or purchase price of such Debt Securities;
- any underwriting discounts, commissions and other items constituting underwriters' compensation from us and any other discounts, concessions or commissions allowed or reallowed or paid by any underwriters to other dealers;
- any commissions paid to any agents;
- the net proceeds to us; and
- the securities exchanges, if any, on which such Debt Securities will be listed.

If underwriters are used in the sale, a particular series or issue of Debt Securities will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. The Debt Securities of a particular series or issue may be either offered to the public through underwriting syndicates represented by managing underwriters or by underwriters without a syndicate. The obligations of the underwriters to purchase such Debt Securities will be subject to certain conditions precedent and each of the underwriters with respect to such Debt Securities will be obligated to purchase all of the Debt Securities of such series or issue allocated to it if any such Debt Securities are purchased. Any initial public offering price and any discounts or concessions allowed or reallowed or paid to dealers may be changed from time to time.

The Debt Securities may be offered and sold by us directly or through agents designated by us from time to time. Any agent involved in the offer or sale of the Debt Securities in respect of which this prospectus is

delivered will be named in, and any commissions payable by us to such agent will be set forth in, the applicable prospectus supplement. Unless otherwise indicated in the applicable prospectus supplement, each such agent will be acting on a best efforts basis for the period of its appointment.

The Debt Securities, when first issued, will have no established trading market. Any underwriters, dealers or agents to or through whom we sell Debt Securities for public offering and sale may make a market in those Debt Securities, but the underwriters, dealers or agents will not be obligated to do so and may discontinue any market making at any time without notice. No assurance can be given as to the liquidity of the trading market for the Debt Securities.

If underwriters are used in the sale, to facilitate the offering of a particular series or issue of Debt Securities, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of such Debt Securities. Specifically, the underwriters may over-allot in connection with the offering, creating a short position in such Debt Securities for their own accounts. In addition, to cover over-allotments or to stabilize the price of such Debt Securities, the underwriters may bid for, and purchase, such Debt Securities in the open market. Finally, in any offering of a particular series or issue of Debt Securities through a syndicate of underwriters, the underwriting syndicate may reclaim selling concessions allowed to an underwriter or a dealer for distributing such Debt Securities in the offering, if the syndicate repurchases previously distributed Debt Securities in transactions to cover syndicate short positions, in stabilization transactions or otherwise. Any of these activities may stabilize or maintain the market price of such Debt Securities above independent market levels. The underwriters are not required to engage in these activities, and may end any of these activities at any time.

Certain of the underwriters, dealers or agents and their affiliates who participate in the distribution of Debt Securities may be customers of, engage in other transactions with, lend money to and perform other services for, us and our affiliates in the ordinary course of business.

We will set forth in the relevant prospectus supplement the anticipated delivery date of the Debt Securities and the prospectus delivery obligations of any underwriters, dealers or agents.

Any underwriters, dealers or agents participating in the distribution of the Debt Securities may be deemed to be underwriters, and any discounts or commissions received by them on the sale or resale of Debt Securities may be deemed to be underwriting discounts and commissions, under the Securities Act. Underwriters, dealers and agents may be entitled, under agreements entered into with us, to indemnification by us against certain civil liabilities, including liabilities under the Securities Act.

We will estimate our expenses associated with any offering of a particular series or issue of Debt Securities in the relevant prospectus supplement.

LEGAL OPINIONS

The validity of the Debt Securities will be passed upon for us by M. Courtney McCormick, Esquire, Deputy General Counsel of PSEG, or Tamara L. Linde, Esquire, our Executive Vice President and General Counsel and Director, and for any underwriters, dealers or agents by Sidley Austin LLP, New York, New York. Mses. McCormick and Linde may rely on the opinion of Sidley Austin LLP as to matters of New York law. Mses. McCormick and Linde own shares of common stock of PSEG. Sidley Austin LLP has from time to time represented, and continues to represent, PSEG Power LLC and its affiliates in connection with certain unrelated legal matters.

EXPERTS

The consolidated financial statements and the related consolidated financial statement schedule, incorporated in this prospectus by reference from our Annual Report on Form 10-K, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which is incorporated herein by reference. Such consolidated financial statements and consolidated financial statement schedule have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

$700,000,000

3.000% Senior Notes Due 2021

PROSPECTUS SUPPLEMENT

June 6, 2016

Joint Book-Running Managers

Barclays

Goldman, Sachs & Co.

J.P. Morgan

Morgan Stanley

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424B2 1 e56134_424b2.htm PROSPECTUS SUPPLEMENT

Filed Pursuant to Rule 424(b)(2)
Registration Statement No. 333-175397

PROSPECTUS SUPPLEMENT TO PROSPECTUS DATED AUGUST 30, 2011

$500,000,000

$250,000,000 2.45% Senior Notes Due 2018
$250,000,000 4.30% Senior Notes Due 2023

We will pay interest on the 2.45% Senior Notes due 2018, or the 2018 Senior Notes, semi-annually on May 15 and November 15 of each year, beginning on May 15, 2014. The 2018 Senior Notes will mature at par on November 15, 2018, unless we redeem them in accordance with their terms prior to such date.

We will pay interest on the 4.30% Senior Notes due 2023, or the 2023 Senior Notes, semi-annually on May 15 and November 15 of each year, beginning on May 15, 2014. The 2023 Senior Notes will mature at par on November 15, 2023, unless we redeem them in accordance with their terms prior to such date. The 2018 Senior Notes together with the 2023 Senior Notes are collectively referred to herein as the Senior Notes.

The Senior Notes will rank equally with any of our other senior unsecured indebtedness. Our subsidiaries, PSEG Fossil LLC, or Fossil, PSEG Nuclear LLC, or Nuclear, and PSEG Energy Resources & Trade LLC, or ER&T, will fully and unconditionally guarantee the Senior Notes on a joint and several basis. The guarantees will rank equally in right of payment to all existing and future senior unsecured indebtedness of the guarantors.

We may redeem some or all of the Senior Notes of either series at any time at the applicable redemption prices, as more fully described in this prospectus supplement under the caption “Description of the Senior Notes — Optional Redemption.” There is no sinking fund for the Senior Notes.

The Senior Notes will be issued only in registered form in denominations of $1,000 and integral multiples in excess thereof.

Investing in the Senior Notes involves risks. See “Risk Factors” beginning on page 6 of the accompanying prospectus, as well as the risk factors contained in our Annual Report on Form 10-K for the year ended December 31, 2012, which is incorporated herein by reference.

	Per 2018 Senior Note	Total	Per 2023 Senior Note	Total
Public Offering Price[1]	99.850%	$249,625,000	99.943%	$248,857,500
Underwriting Discount	0.600%	$ 1,500,000	0.650%	$ 1,625,000
Proceeds, before expenses, to PSEG Power LLC[1]	99.250%	$248,125,000	99.293%	$248,232,500

[1] Plus accrued interest, if any, from November 8, 2013 if settlement occurs after that date.

The underwriters expect to deliver the Senior Notes in book-entry form only through The Depository Trust Company on or about November 8, 2013.

Neither the Securities and Exchange Commission nor any state or other securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

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Joint Book-Running Managers

Barclays **Goldman, Sachs & Co.** **Wells Fargo Securities**

BNP PARIBAS **Mizuho Securities**

Co-Managers

Credit Agricole CIB **TD Securities** **Drexel Hamilton**

The date of this prospectus supplement is November 5, 2013.

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You should rely only on the information contained or incorporated by reference or deemed to be incorporated by reference in this prospectus supplement, the accompanying prospectus and any free writing prospectus we may provide to you. We have not, and the underwriters have not, authorized any other person to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted.

You should assume that the information appearing in this prospectus supplement, the accompanying prospectus and any free writing prospectus we may provide to you and any document incorporated by reference herein and therein is only accurate as of the respective dates on the front covers hereof and thereof. Our business, prospects, financial condition, liquidity and results of operations may have changed since such dates.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first is this prospectus supplement, which describes the specific terms of the offering of each series of Senior Notes and certain other matters relating to us and the underwriters. The second part, the accompanying prospectus, gives more general information about securities we may offer from time to time, some of which information may not apply to either or both series of Senior Notes we are offering in this prospectus supplement.

If the description of the Senior Notes varies between this prospectus supplement and the accompanying prospectus, you should rely on the information contained in or incorporated by reference into this prospectus supplement.

Unless we have indicated otherwise, or the context otherwise requires (e.g., in the case of the issuer of the Senior Notes), references in this prospectus supplement and the accompanying prospectus to “PSEG Power,” “we,” “us” and “our” or similar terms are to PSEG Power LLC and its consolidated subsidiaries.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Securities and Exchange Commission, or the SEC, allows us to “incorporate by reference” information that we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference or deemed incorporated by reference is an important part of this prospectus supplement and the accompanying prospectus, and information that we file later with the SEC will be deemed to automatically update and supersede this incorporated information. We incorporate by reference the following documents filed with the SEC and any future filings made with the SEC under Section 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934, as amended, prior to the termination of the offering of the Senior Notes pursuant to this prospectus supplement.

- Our Annual Report on Form 10-K for the year ended December 31, 2012; and
- Our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2013, June 30, 2013 and September 30, 2013.

You can get a free copy of any of the documents incorporated by reference by making an oral or written request directed to:

Vice President, Investor Relations
PSEG Services Corporation
80 Park Plaza, 6th Floor
Newark, NJ 07102
Telephone (973) 430-6565

SUMMARY

The following summary contains basic information about us and the offering. It may not contain all of the information that may be important to you in making a decision to purchase the Senior Notes of either or both series. You should read this entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference or deemed to be incorporated by reference before making your investment decision.

PSEG Power LLC

We are a multi-regional, wholesale energy supply company that integrates our generating asset operations with our wholesale energy, fuel supply, energy trading and marketing and risk management activities, primarily in the Northeast and Mid-Atlantic U.S., through three principal direct wholly-owned subsidiaries: Fossil, Nuclear and ER&T. Fossil and Nuclear own and operate generation and generation-related facilities. ER&T is responsible for the day-to-day management of our energy portfolio. Fossil, Nuclear and ER&T are subject to regulation by the Federal Energy Regulatory Commission and Nuclear is also subject to regulation by the Nuclear Regulatory Commission.

We are a wholly-owned subsidiary of Public Service Enterprise Group Incorporated, or PSEG. PSEG is a public utility holding company and one of the leading providers of energy and energy-related services in the nation. PSEG has three other direct, wholly-owned subsidiaries: Public Service Electric & Gas Company, or PSE&G, PSEG Energy Holdings L.L.C., or Energy Holdings, and PSEG Services Corporation, or Services. PSE&G is New Jersey's largest public utility and is engaged principally in the transmission, distribution and sale of electric energy and gas service in New Jersey. Energy Holdings participates in energy-related lines of business through its subsidiaries. Services provides corporate support and managerial and administrative services to PSEG and its affiliates.

We are a Delaware limited liability company with principal executive offices located at 80 Park Plaza, Newark, New Jersey 07102; our telephone number is 973-430-7000.

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The Offering

The following summary of the terms of the offering is provided solely for your convenience and is not intended to be complete. You should read and consider the more specific details contained in this prospectus supplement prior to making a decision to purchase the Senior Notes of either or both series. See "Description of the Senior Notes" in this prospectus supplement and "Description of Debt Securities" in the accompanying prospectus.

Issuer	PSEG Power LLC
Securities Offered	$250,000,000 aggregate principal amount of 2.45% Senior Notes due November 15, 2018 and $250,000,000 aggregate principal amount of 4.30% Senior Notes due November 15, 2023.
Ranking	The Senior Notes: • are senior unsecured obligations; • rank equally with all of our senior unsecured indebtedness; and • will rank senior to our subordinated unsecured indebtedness. At September 30, 2013, we had approximately $2.05 billion of outstanding indebtedness tha ranks equally with the Senior Notes.
Maturities	The 2018 Senior Notes will mature on November 15, 2018 and the 2023 Senior Notes will mature on November 15, 2023, in each case subject to the optional redemption provisions described below.
Optional Redemption	We may redeem the 2018 Senior Notes at any time prior to October 15, 2018 and the 2023 Senior Notes at any time prior to August 15, 2023, at a price equal to the sum of (i) 100% of the principal amount of the Senior Notes being redeemed, (ii) a make whole premium and (iii) unpaid interest accrued to the applicable redemption date. On and after October 15, 2018, in the case of the 2018 Senior Notes, and August 15, 2023, in the case of the 2023 Senior Notes, we may redeem the 2018 Senior Notes or the 2023 Senior Notes, as the case may be, at a price equal to the sum of (i) 100% of the principal amount of the Senior Notes being redeemed and (ii) unpaid interest accrued to the applicable redemption date. See "Description of the Senior Notes — Optional Redemption."
Interest Payment Dates	May 15 and November 15 of each year, beginning on May 15, 2014.
Guarantees	The Senior Notes of each series will be fully and unconditionally guaranteed by our subsidiaries, Nuclear, Fossil and ER&T, on a joint and several basis. The guarantees will rank equally in right of payment to all existing and future senior unsecured indebtedness of the guarantors. We have issued a guarantee of the obligations of ER&T, which guarantee is subordinated to the Senior Notes.
Certain Covenants	The Indenture under which the Senior Notes will be issued contains certain covenants applicable to us and the above-referenced restricted subsidiaries. See "Description of the Senior Notes — Certain Covenants" in this prospectus supplement and "Description of Debt Securities — Selected Indenture Covenants" in the accompanying prospectus. These covenants limit our ability, and the ability of our restricted subsidiaries, to, among other things: • in the case of our restricted subsidiaries, incur certain indebtedness; • create liens;

	• in the case of our restricted subsidiaries, create or permit to exist dividend or payment restrictions with respect to us; • sell assets; and • engage in mergers and consolidations. In addition, the Indenture contains a covenant requiring one of our restricted subsidiaries, ER&T, to pay periodic dividends or distributions to us of the excess cash not required for its business operations. Each of these covenants is subject to a number of important qualifications and exceptions. See "Description of the Senior Notes — Certain Covenants" in this prospectus supplement and "Description of Debt Securities — Selected Indenture Covenants" in the accompanying prospectus.
Use of Proceeds	We will use the net proceeds from the sale of the Senior Notes for general corporate purposes. See "Use of Proceeds."
Trustee	Each series of the Senior Notes will be issued under an Indenture with The Bank of New York Mellon, as Trustee. The Trustee will also act as paying agent and registrar for each series of the Senior Notes.
Risk Factors	An investment in the Senior Notes involves certain risks relating to our business, prospects, financial condition, liquidity and results of operations and the terms of the Senior Notes. These risks are described in "Risk Factors" beginning on page 6 of the accompanying prospectus, as well as in the risk factors contained in our Annual Report on Form 10-K for the year ended December 31, 2012 and our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2013, June 30, 2013 and September 30, 2013, each of which is incorporate herein by reference.

USE OF PROCEEDS

The net proceeds from the sale of the Senior Notes, estimated to be approximately $495.7 million after deducting the underwriting discount and estimated offering expenses, will be added to our general funds and used for general corporate purposes.

DESCRIPTION OF THE SENIOR NOTES

Set forth below is a description of the specific terms of the Senior Notes. This description supplements, and should be read together with, the description of the general terms and provisions of Debt Securities set forth in the accompanying prospectus under the caption "Description of Debt Securities." The following description does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the description in the accompanying prospectus and the Indenture dated as of April 16, 2001, as amended and supplemented by the First Supplemental Indenture dated as of March 13, 2002 (which we refer to collectively as the "Indenture"), between and among us, our subsidiaries, Fossil, Nuclear and ER&T (which we refer to collectively as the "Subsidiary Guarantors") and The Bank of New York Mellon, as trustee, or the Trustee. The Trustee's address is 101 Barclay Street, Floor 8 West, New York, NY 10286.

General

We will issue the Senior Notes under the Indenture. The terms of the Senior Notes are stated in the Indenture and include terms made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"). You should refer to the Indenture and the Trust Indenture Act for a statement of these terms. The Indenture is governed by New York law.

Principal, Maturity and Interest

The Indenture does not limit the aggregate principal amount of debt securities that we may issue under it and provides that debt securities may be issued under it up to the principal amount as we may authorize from time to time. The debt securities may be issued from time to time in one or more series. We may "reopen" any series of debt securities, including the Senior Notes of each series, and issue additional debt securities of that series without the consent of existing holders.

The 2018 Senior Notes and the 2023 Senior Notes will initially be limited to $250,000,000 and $250,000,000, respectively. The Senior Notes will be issued in registered form only, without coupons, in minimum denominations of $1,000 and integral multiples of $1,000 in excess thereof. The 2018 Senior Notes will mature at par on November 15, 2018, or the 2018 Stated Maturity Date, and the 2023 Senior Notes will mature at par on November 15, 2023, or the 2023 Stated Maturity Date, unless, in either case, we redeem them in accordance with their terms prior to such date.

Interest on the 2018 Senior Notes will accrue at the rate of 2.45% per annum and interest on the 2023 Senior Notes will accrue at the rate of 4.30% per annum, and, in each case, will be payable semi-annually in arrears on May 15 and November 15 of each year (each, an "Interest Payment Date") beginning on May 15, 2014. We will make each payment of interest on an Interest Payment Date to the persons in whose names the Senior Notes are registered at the close of business on the 15th day immediately preceding such Interest Payment Date.

Interest on the Senior Notes will accrue from November 8, 2013 or, if interest has already been paid, from the most recent Interest Payment Date to which interest was paid or duly provided for. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

If any Interest Payment Date or the 2018 Stated Maturity Date, the 2023 Stated Maturity Date or date of earlier redemption is not a Business Day, the required payment shall be made on the next succeeding day that is a Business Day, without any interest or other payment in respect of the payment subject to delay, with the same force and effect as if made on such Interest Payment Date or the 2018 Stated Maturity Date, the 2023 Stated Maturity Date or date of earlier redemption, as the case may be. "Business Day" means each Monday, Tuesday, Wednesday, Thursday and

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Friday which is not a day on which banking institutions in Newark, New Jersey and The City of New York are authorized or obligated by law or executive order to close.

Ranking

The Senior Notes will be our senior unsecured obligations. They will rank equally in right of payment to all of our existing and future senior unsecured indebtedness. As of September 30, 2013, we had issued and outstanding under the Indenture and the Subsidiary Guarantors had guaranteed senior indebtedness totaling $2.05 billion. Included within that total, we had issued and outstanding and the Subsidiary Guarantors had guaranteed an aggregate total of $44 million of our Pollution Control Notes, which are our senior unsecured obligations. The Senior Notes will rank junior to secured indebtedness to the extent of related collateral. We currently do not have any outstanding secured indebtedness.

Guarantees

The Senior Notes will be guaranteed, jointly and severally, by the Subsidiary Guarantors (which we refer to collectively as the "Subsidiary Guarantees"). The Subsidiary Guarantees will rank equally in right of payment to all existing and future senior unsecured indebtedness of the Subsidiary Guarantors. Other than intercompany debt and guarantees of our indebtedness, the Subsidiary Guarantors currently have no indebtedness outstanding.

Optional Redemption

We may redeem the 2018 Senior Notes at any time, in whole or in part, prior to October 15, 2018 and the 2023 Senior Notes at any time, in whole or in part, prior to August 15, 2023, in each case upon not less than 10 nor more than 60 days' prior written notice, as more fully described under " — Selection and Notice" below, at a price equal to the greater of:

(a) 100% of the principal amount of the Senior Notes being redeemed, or

(b) as determined by the calculation agent, the sum of the present values of the remaining scheduled payments of principal of and interest on the Senior Notes being redeemed, not including any portion of such payment of interest accrued to the date of redemption, from the redemption date to the applicable stated maturity date, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the treasury rate plus 20 basis points for the 2018 Senior Notes and 25 basis points for the 2023 Senior Notes,

plus, in either case, any accrued and unpaid interest on the principal amount being redeemed to the date of redemption.

On and after October 15, 2018, in the case of the 2018 Notes, and August 15, 2023, in the case of the 2023 Notes, we may redeem the 2018 Senior Notes or the 2023 Senior Notes, as the case may be, at any time, in whole or in part, upon not less than 10 nor more than 60 days' prior written notice, as more fully described under "— Selection and Notice" below, at a redemption price equal to 100% of the principal amount of the Senior Notes being redeemed, plus accrued and unpaid interest on the principal amount of the Senior Notes being redeemed to the date of redemption.

"Treasury rate" means, with respect to any redemption date for any of the Senior Notes being redeemed:

(a) the yield for the maturity corresponding to the comparable treasury issue (as defined below), under the heading that represents the average for the immediately preceding week, appearing in the most recently published statistical release designated "H.15(519)" or any successor publication that is published weekly by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption "Treasury Constant Maturities," provided, that if no maturity is within three months before or after the applicable stated maturity date for any of the Senior Notes being redeemed the yields for the two published maturities most closely corresponding to the comparable treasury issue will be determined and the treasury rate shall be interpolated or extrapolated from those yields on a straight line basis, rounding to the nearest month; or

(b) if the release referred to in (a) (or any successor release) is not published during the week preceding the calculation date or does not contain the yields referred to above, the rate per annum equal to the semi-annual equivalent yield to maturity of the

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comparable treasury issue, calculated using a price for the comparable treasury issue (expressed as a percentage of its principal amount) equal to the comparable treasury price for that redemption date.

The treasury rate will be calculated on the third Business Day preceding the redemption date.

"Comparable treasury issue" means, with respect to any redemption date for any of the Senior Notes being redeemed, the United States Treasury security selected by an "independent investment banker" as having the maturity comparable to the remaining term of the Senior Notes to be redeemed that would be utilized, at the time of selection and in accordance with the customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Senior Notes. "Independent investment banker" means one of the reference treasury dealers appointed by us after consultation with the Trustee.

"Comparable treasury price" means, with respect to any redemption date for any of the Senior Notes being redeemed:

(a) the average of three reference treasury dealer quotations (as defined below) for the redemption date, after excluding the highest and lowest of those reference treasury dealer quotations obtained by the calculation agent, or

(b) if the calculation agent obtains fewer than five reference treasury dealer quotations, the average of all reference treasury dealer quotations obtained.

"Reference treasury dealer" means each of five nationally recognized investment banking firms that are primary U.S. Government securities dealers in The City of New York (each, a "Primary Treasury Dealer") selected by us in consultation with the Trustee and initially will include Barclays Capital Inc., Goldman, Sachs & Co., a Primary Treasury Dealer selected by Wells Fargo Securities, LLC, BNP Paribas Securities Corp. and Mizuho Securities USA Inc. and their respective successors. If any reference treasury dealer ceases to be a Primary Treasury Dealer, we will substitute another Primary Treasury Dealer in its place.

"Reference treasury dealer quotations" means, with respect to each reference treasury dealer and any redemption date, the average, as determined by the calculation agent, of the bid and asked prices for the comparable treasury issue (expressed in each case as a percentage of its principal amount) quoted to the calculation agent by that reference treasury dealer at 5:00 p.m., New York City time, on the third Business Day preceding the redemption date.

Unless we default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the Senior Notes called for redemption.

Selection and Notice

The Trustee will select the Senior Notes for redemption on a pro rata basis or in accordance with any other method the Trustee considers fair and appropriate, subject to the selection convention applicable to securities in book-entry form. Senior Notes in denominations of $1,000 or less may not be redeemed in part. Notices of redemption will be delivered at least 10 but not more than 60 days prior to the redemption date to each holder of Senior Notes to be redeemed at its registered address. The notice of redemption will state the portion of the principal amount to be redeemed if a Senior Note is to be redeemed in part. An applicable Senior Note in principal amount equal to the unredeemed portion will be issued in the name of the holder upon cancellation of the original Senior Note.

Certain Covenants

The Indenture under which the Senior Notes will be issued contains the covenants described in the "Description of Debt Securities — Selected Indenture Covenants" section of the accompanying prospectus, including covenants with respect to limitations on obligations, limitations on liens, Subsidiary Guarantees, guarantee of ER&T obligations, payment of dividends by ER&T to us, limitations on dividends and other payment restrictions, and limitations on sales of assets, all as more fully described in the accompanying prospectus.

Book-Entry Only Issuance — The Depository Trust Company

The Depository Trust Company ("DTC") will act as the initial securities depositary for the Senior Notes. The Senior Notes of each series will be issued only as fully registered securities registered in the name of Cede & Co., DTC's nominee. One or more fully registered global Senior Note certificates for each series will be issued, representing in the aggregate the total principal amount of Senior Notes of such series, and will be deposited with or on behalf of DTC. See "Description of Debt Securities — Book-Entry Debt Securities" in the accompanying prospectus.

MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of certain material U.S. federal income tax consequences of the purchase, ownership and disposition of Senior Notes. Except where noted, this summary deals only with Senior Notes held as capital assets by beneficial owners of Senior Notes who purchase Senior Notes in this offering at the public offering price listed on the cover of this prospectus supplement. This summary is based upon the provisions of the Internal Revenue Code of 1986, as amended, or the Code, the Treasury Regulations promulgated thereunder and judicial and administrative rulings and decisions now in effect, all of which are subject to change or differing interpretations, possibly with retroactive effect. This summary does not purport to address all aspects of U.S. federal income taxation that may affect particular investors in light of their individual circumstances, or certain types of investors subject to special treatment under the U.S. federal income tax laws, such as persons that mark to market their securities, financial institutions, regulated investment companies, real estate investment trusts, corporations subject to the accumulated earnings tax, holders subject to the alternative minimum tax, individual retirement and other tax-deferred accounts, tax-exempt organizations, brokers, dealers in securities and commodities, certain former U.S. citizens or long-term residents, life insurance companies, persons that hold Senior Notes as part of a hedge against currency or interest rate risks or that hold Senior Notes as part of a position in a constructive sale, straddle, conversion transaction or other integrated transaction for U.S. federal income tax purposes, controlled foreign corporations, passive foreign investment companies, persons that acquire their Senior Notes in connection with employment or other performance of personal services, partnerships or other pass-through entities and investors in such entities, subsequent purchasers of the Senior Notes and U.S. holders (as defined below) whose "functional currency" is not the U.S. dollar. This summary does not address any aspect of state, local or foreign taxation or any U.S. federal tax other than the income tax.

For purposes of this summary, a "U.S. holder" is a beneficial owner of a Senior Note that, for U.S. federal income tax purposes, is:

- an individual citizen or resident of the United States;
- a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States, any state or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust, if (a) a court within the United States is able to exercise primary jurisdiction over administration of the trust and one or more U.S. persons have authority to control all substantial decisions of the trust or (b) it has a valid election in effect to be treated as a U.S. person.

For purposes of this summary, a "non-U.S. holder" is a beneficial owner of a Senior Note that is not a U.S. holder or a partnership (including an entity or arrangement treated as a partnership for U.S. federal income tax purposes).

If a partnership (including an entity or arrangement treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of Senior Notes, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. Partnerships that hold Senior Notes (and partners in such partnerships) should consult their tax advisors.

We have not requested, and do not intend to request, a ruling from the U.S. Internal Revenue Service, or the IRS, with respect to any of the U.S. federal income tax consequences described below. There can be no assurance that the IRS will not disagree with or challenge any of the conclusions set forth herein.

If you are considering investing in Senior Notes, you should consult your own tax advisor with respect to your particular tax consequences of the purchase, ownership and disposition of the Senior Notes, including the consequences under the laws of any state, local or non-U.S. jurisdiction.

U.S. holders

Payments of interest. Stated interest on a Senior Note will generally be taxable to a U.S. holder as ordinary interest income at the time it is paid or accrued in accordance with the U.S. holder's regular method of accounting for U.S. federal income tax purposes.

Sale, exchange, redemption or other taxable disposition of a Senior Note. Upon the sale, exchange, redemption or other taxable disposition of a Senior Note, a U.S. holder will recognize taxable gain or loss equal to the difference between the amount realized on the sale, exchange, redemption or other taxable disposition and the U.S. holder's adjusted tax basis in the Senior Note. For these purposes, the amount realized does not include any amount attributable to accrued interest. Amounts attributable to accrued interest are treated as interest as described under " — Payments of interest" above. A U.S. holder's adjusted tax basis in a Senior Note will generally be such U.S. holder's cost for the Senior Note. Gain or loss realized on the sale, exchange, redemption or other taxable disposition of a Senior Note will generally be capital gain or loss and will be long-term capital gain or loss if at the time of the sale, exchange, redemption or other taxable disposition the Senior Note has been held by the U.S. holder for more than one year. Long-term capital gains of individual U.S. holders are eligible for preferential rates of U.S. federal income taxation. The deductibility of capital losses is subject to limitations under the Code.

Information reporting and backup withholding. Information returns will be filed with the IRS in connection with payments on the Senior Notes and the proceeds from a sale, exchange, redemption or other disposition of the Senior Notes, unless the U.S. holder is an exempt recipient such as a corporation. A U.S. holder will be subject to U.S. backup withholding, currently at a rate of 28%, on these payments if the U.S. holder fails to provide its taxpayer identification number to the payor and comply with certain certification procedures or otherwise establish an exemption from backup withholding. Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a U.S. holder will be allowed as a credit against the U.S. holder's U.S. federal income tax liability and may entitle the U.S. holder to a refund, provided that the required information is timely furnished to the IRS.

Medicare Tax. Certain U.S. holders that are individuals, estates or trusts will be subject to a 3.8% tax on all or a portion of their "net investment income," which may include all or a portion of their interest and net gains from the disposition of Senior Notes. If you are a U.S. holder that is an individual, estate or trust, you should consult your tax advisors regarding the applicability of the Medicare tax to your income and gains in respect of your investment in the Senior Notes.

Non-U.S. holders

Payments of interest. Subject to the discussion below concerning backup withholding, payments of interest on a Senior Note received or accrued by a non-U.S. holder generally will not be subject to U.S. federal income or withholding tax, as long as the non-U.S. holder:

- does not conduct a trade or business in the United States with respect to which the interest is effectively connected;
- does not actually, indirectly or constructively own 10% or more of the total combined voting power of all classes of PSEG's stock entitled to vote, within the meaning of Section 871(h)(3) of the Code;
- is not a "controlled foreign corporation" with respect to which we are a "related person" within the meaning of Section 881(c)(3)(C) of the Code;
- is not a bank whose receipt of the interest is described in Section 881(c)(3)(A) of the Code; and
- satisfies the certification requirements described below.

The certification requirements will be satisfied if either (a) the beneficial owner of the Senior Note timely certifies, under penalties of perjury, to us or to the person who otherwise would be required to withhold U.S. tax that such owner is a non-U.S. holder and provides its name and address or (b) a custodian, broker, nominee or other intermediary acting as an agent for the beneficial owner (such as a securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business) that holds the Senior Note in such capacity timely certifies, under penalties of perjury, to us or to the person who otherwise would be required to withhold U.S. tax that such statement has been received from the beneficial owner of the Senior Note by such intermediary, or by any other financial institution between such intermediary and the beneficial owner, and furnishes to us or to the person who otherwise would be required to withhold U.S. tax a copy thereof. In addition, the foregoing certification may be provided on a properly completed IRS Form W-8BEN or W-8IMY, as applicable.

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A non-U.S. holder that is not exempt from tax under the foregoing rules generally will be subject to U.S. federal income tax withholding on payments of interest at a rate of 30% unless:

- the interest is effectively connected with a U.S. trade or business conducted by such non-U.S. holder (and, if an applicable income tax treaty so provides, is attributable to a permanent establishment maintained in the United States by the non-U.S. holder), in which case the non-U.S. holder will be subject to U.S. federal income tax on a net income basis at the rate applicable to U.S. holders generally; or
- an applicable income tax treaty provides for a lower rate of, or exemption from, withholding tax.

A non-U.S. holder that is treated as a corporation for U.S. federal income tax purposes and has effectively connected interest income (as described in the first bullet point above) may also, under certain circumstances, be subject to an additional "branch profits tax," which is generally imposed on a foreign corporation on the deemed repatriation from the United States of effectively connected earnings and profits, at a 30% rate, unless the rate is reduced or eliminated by an applicable income tax treaty.

To claim the benefit of a reduced rate or exemption from withholding under an income tax treaty or to claim exemption from withholding because income is effectively connected with a U.S. trade or business, the non-U.S. holder must timely provide the appropriate, properly executed IRS forms. Certification to claim income is effectively connected with a U.S. trade or business is generally made on IRS Form W-8ECI. Certification to claim the benefit of a reduced rate or exemption from withholding under an income tax treaty is generally made on IRS Form W-8BEN. These forms may be required to be periodically updated.

Sale, exchange, redemption or other taxable disposition of a Senior Note. A non-U.S. holder generally will not be subject to U.S. federal income tax on any gain realized on the sale, exchange, redemption or other taxable disposition of a Senior Note unless (a) such gain is effectively connected with the conduct by the non-U.S. holder of a U.S. trade or business (and, if an applicable income tax treaty so provides, is attributable to a permanent establishment maintained in the United States by the non-U.S. holder) or (b) except to the extent that an applicable income tax treaty otherwise provides, in the case of a non-U.S. holder who is an individual, the non-U.S. holder is present in the United States for 183 days or more during the taxable year in which such gain is realized and certain other conditions exist.

Except to the extent that an applicable income tax treaty otherwise provides, generally a non-U.S. holder will be taxed in the same manner as a U.S. holder with respect to gain that is effectively connected with the non-U.S. holder's conduct of a U.S. trade or business. A non-U.S. holder that is treated as a corporation for U.S. federal income tax purposes may also, under certain circumstances, be subject to the branch profits tax as described above.

Information reporting and backup withholding. Payments of interest on Senior Notes to a non-U.S. holder generally will be reported to the IRS and to the non-U.S. holder. Copies of applicable IRS information returns may be made available under the provisions of a specific tax treaty or agreement to the tax authorities of the country in which the non-U.S. holder resides. Non-U.S. holders are generally exempt from backup withholding, currently at a rate of 28%, and additional information reporting on payments of principal, premium (if any), or interest, provided that the non-U.S. holder (a) certifies its nonresident status on the appropriate IRS Form (or a suitable substitute form) and certain other conditions are met or (b) otherwise establishes an exemption.

Payments of the proceeds from a sale of Senior Notes by a non-U.S. holder made to or through a foreign office of a broker generally will not be subject to information reporting or backup withholding. Information reporting may apply to such payments, however, if the broker is a U.S. person, a controlled foreign corporation for U.S. tax purposes, the U.S. branch of a foreign bank or a foreign insurance company, a foreign partnership controlled by U.S. persons or engaged in a U.S. trade or business, or a foreign person 50% or more of whose gross income is effectively connected with a U.S. trade or business for a specified three-year period. Payments of the proceeds from the sale of Senior Notes through the U.S. office of a broker is subject to information reporting and backup withholding unless the non-U.S. holder certifies as to its non-U.S. status or otherwise establishes an exemption from information reporting and backup withholding.

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Backup withholding is not an additional tax. Any backup withholding generally will be allowed as a credit or refund against the non-U.S. holder's U.S. federal income tax liability, provided that the required information is timely furnished to the IRS.

UNDERWRITING

Subject to the terms and conditions set forth in the underwriting agreement and related terms agreement, each dated the date hereof (which we refer to collectively as the "Underwriting Agreement"), for which Barclays Capital Inc., Goldman, Sachs & Co., Wells Fargo Securities, LLC, BNP Paribas Securities Corp. and Mizuho Securities USA Inc. are acting as representatives, we have agreed to sell to each of the underwriters, and each of the underwriters has severally agreed to purchase from us, the aggregate principal amount of 2018 Senior Notes and 2023 Senior Notes set forth opposite the name of such underwriter:

Underwriter	Principal Amount of 2018 Senior Notes	Principal Amount of 2023 Senior Notes
Barclays Capital Inc.	$ 48,750,000	$ 48,750,000
Goldman, Sachs & Co.	48,750,000	48,750,000
Wells Fargo Securities, LLC	48,750,000	48,750,000
BNP Paribas Securities Corp.	32,500,000	32,500,000
Mizuho Securities USA Inc.	32,500,000	32,500,000
Credit Agricole Securities (USA) Inc.	15,625,000	15,625,000
TD Securities (USA) LLC	15,625,000	15,625,000
Drexel Hamilton, LLC	7,500,000	7,500,000
Total	$250,000,000	$250,000,000

The Underwriting Agreement provides that the obligations of the underwriters to pay for and accept delivery of the Senior Notes are subject to, among other things, the approval of certain legal matters by their counsel and certain other conditions. The underwriters are obligated to take and pay for all the Senior Notes if any are taken. If any underwriter in respect of Senior Notes of a series defaults, the Underwriting Agreement provides that the purchase commitments of the non-defaulting underwriters may be increased or the Underwriting Agreement may be terminated.

The underwriters have advised us that they propose initially to offer all or part of the Senior Notes of each series to the public at the applicable public offering price set forth on the cover page of this prospectus supplement and may offer the Senior Notes of each series to certain dealers at such applicable price less a concession not in excess of 0.350% of the principal amount of the 2018 Senior Notes and 0.400% of the principal amount of the 2023 Senior Notes. The underwriters may allow, and such dealers may reallow, a discount not in excess of 0.250% of the principal amount of the 2018 Senior Notes and 0.250% of the principal amount of the 2023 Senior Notes. After the initial public offering, the applicable public offering price, concession and discount may be changed. Each series of Senior Notes is offered subject to receipt and acceptance by the underwriters and to certain other conditions, including the right to reject orders in whole or in part.

The underwriting discount to be paid by us to the underwriters will be 0.600% per 2018 Senior Note and 0.650% per 2023 Senior Note, for a total of $3,125,000. In addition, we estimate that we will incur other offering expenses of approximately $700,000.

Neither series of Senior Notes will have an established trading market when issued. We do not intend to apply for listing of either series of Senior Notes on any securities exchange. The underwriters have advised us that they

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intend to make a market for the Senior Notes of each series, but they have no obligation to do so, and may discontinue market making at any time without providing any notice. No assurance can be given as to the development, maintenance or liquidity of any trading market for the Senior Notes of either or both series.

In connection with the offering, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the prices of the Senior Notes. Specifically, the underwriters may over-allot in connection with this offering, creating short positions in the Senior Notes of either or both series for their own account. In addition, to cover over-allotments or to stabilize the prices of the Senior Notes of either or both series, the underwriters may bid for, and purchase Senior Notes in the open market. Finally, the underwriters may reclaim selling concessions allowed to a dealer for distributing Senior Notes in this offering, if the underwriters repurchase previously distributed Senior Notes in transactions that cover syndicate short positions, in stabilization transactions or otherwise. Any of these activities may stabilize or maintain the prices of the Senior Notes of either or both series above independent market levels. The underwriters are not required to engage in these activities, and may end any of these activities at any time and, in any case, will end these activities after a limited period.

Neither we nor the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the prices of the Senior Notes of either or both series. In addition, neither we nor the underwriters make any representation that such transactions will be engaged in or that such transactions, once commenced, will not be discontinued without notice.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended, or to contribute to payments required to be made in respect thereof.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services, including lending under certain of our credit facilities, to us and to persons and entities with relationships with us for which they are paid customary fees and expenses.

In the ordinary course of their various business activities, the underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of ours (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with us. The underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

LEGAL MATTERS

Certain legal matters with respect to the offering of the Senior Notes will be passed upon for us by M. Courtney McCormick, Esquire, Associate General Counsel of PSEG, or J. A. Bouknight, Jr., Esquire, Executive Vice President and General Counsel of PSEG. Sidley Austin LLP, New York, New York, will act as counsel to the underwriters in this offering. Sidley Austin LLP will rely on the opinion of Ms. McCormick or Mr. Bouknight as to all matters of New Jersey law, and Ms. McCormick or Mr. Bouknight may rely on the opinion of Sidley Austin LLP as to matters of New York law. Ms. McCormick and Mr. Bouknight are also employees of our affiliate, Services. Sidley Austin LLP has from time to time represented, and continues to represent, us and our affiliates in connection with certain unrelated legal matters.

EXPERTS

The consolidated financial statements and the related consolidated financial statement schedule, incorporated in this prospectus supplement and the accompanying prospectus by reference from our Annual Report on Form 10-K for the year ended December 31, 2012, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which is incorporated herein by reference. Such consolidated financial statements and consolidated financial statement schedule have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

PROSPECTUS

PSEG Power LLC
80 Park Plaza, P.O. Box 1171
Newark, New Jersey 07101-1171
(973) 430-7000

$2,500,000,000

Senior Debt Securities

We may offer from time to time, together or separately, one or more series of our unsecured senior debt securities. The Debt Securities will rank equally with all of our other unsubordinated and unsecured indebtedness. The Debt Securities will be fully and unconditionally guaranteed jointly and severally by our three principal operating subsidiaries as described in this prospectus. The guarantees rank equally with these subsidiaries' unsecured and unsubordinated indebtedness.

When a particular series of Debt Securities is offered, we will prepare a prospectus supplement setting forth the particular terms of the offered Debt Securities. You should read this prospectus and any prospectus supplement carefully before you make any decision to invest in the Debt Securities.

The aggregate initial public offering price of all Debt Securities which may be sold under this prospectus shall not exceed $2,500,000,000.

We will sell the Debt Securities directly, through agents, underwriters or dealers as designated from time to time, or through a combination of such methods. If any such agents, underwriters or dealers are involved in the sale of the Debt Securities in respect of which this prospectus is being delivered, the names of such agents, underwriters or dealers and any applicable agent's commission, underwriter's discount or dealer's purchase price and the net proceeds to us from such sale will be set forth in, or may be calculated on the basis set forth in, the applicable prospectus supplement. See "Plan of Distribution" for possible indemnification arrangements for any such agents, underwriters and dealers.

This prospectus may not be used to consummate sales of the Debt Securities without the delivery of one or more prospectus supplements.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed on the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

Investing in our Debt Securities involves risks. You should carefully review "Risk Factors" beginning on page 6 of this prospectus, as well as the risk factors contained in our most recently filed Annual Report on Form 10-K and our other periodic reports filed with the Securities and Exchange Commission and incorporated by reference into this prospectus before you invest in any of our Debt Securities.

The date of this prospectus is August 30, 2011.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that PSEG Power LLC filed with the Securities and Exchange Commission (the "SEC") utilizing a "shelf" registration process. Under this shelf process, we may, from time to time, sell the Debt Securities described in this prospectus in one or more offerings of one or more series. The aggregate principal amount of Debt Securities which we may offer under this prospectus is $2,500,000,000. Each time we sell Debt Securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with the additional information described under the heading "Where You Can Find More Information."

We believe that we have included or incorporated by reference all information material to investors in this prospectus, but certain details that may be important for specific investment purposes have not been included. To see more detail, you should read the exhibits filed with or incorporated by reference into the registration statement.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and special reports and other information with the SEC. You may read and copy any material on file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Our filings are also available to the public over the Internet at the SEC's web site at http://www.sec.gov. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room.

The SEC allows us to "incorporate by reference" information that we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference or deemed incorporated by reference is an important part of this prospectus, and information that we file later with the SEC will be deemed to automatically update and supersede this incorporated information. We incorporate by reference the following documents filed with the SEC.

- Our Annual Report on Form 10-K for the year ended December 31, 2010; and
- Our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2011 and June 30, 2011.

We also incorporate by reference any future filings made with the SEC under Sections 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), (i) after the date of the initial registration statement of which this prospectus is a part and prior to the effectiveness of the registration statement and (ii) on or after the date of this prospectus and prior to the termination of any particular offering of Debt Securities, except, in each case, for current reports on Form 8-K containing only disclosure furnished under items 2.02 or 7.01 of Form 8-K and exhibits relating to such disclosure, unless otherwise specifically stated in the Form 8-K.

You can get a free copy of any of the documents incorporated by reference by making an oral or written request directed to:

Vice President, Investor Relations
PSEG Services Corporation
80 Park Plaza, 6th Floor
Newark, NJ 07102
Telephone (973) 430-6565

You should rely only on the information contained or incorporated by reference or deemed to be incorporated by reference in this prospectus or in the prospectus supplement or documents to which we otherwise refer you. We have not authorized anyone else to provide you with different or additional information. You should not rely on any other information or representations. Our business, prospects, financial condition and results of operations may change after this prospectus and the prospectus supplement are distributed. You should not assume that the information in this prospectus and the prospectus supplement are accurate as of any date other than the dates on the front of those documents. You should read all information supplementing this prospectus.

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FORWARD-LOOKING STATEMENTS

This prospectus and any prospectus supplement, including documents incorporated by reference or deemed to be incorporated by reference, include "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, included in this prospectus and any prospectus supplement or in documents incorporated by reference or deemed to be incorporated by reference that address activities, events or developments that we expect or anticipate will or may occur in the future, including such matters as our future performance, future capital expenditures and growth, revenues, earnings, business strategy, market and industry developments and prospects, are forward-looking statements. When used in this prospectus, any prospectus supplement or in documents incorporated by reference or deemed to be incorporated by reference, the words "will", "anticipate", "intend", "estimate", "believe", "expect", "plan", "should", "hypothetical", "potential", "forecast", "project", variations of such words and similar expressions are intended to identify forward-looking statements. These statements are based on assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions and expected future developments as well as other factors we believe are appropriate under the circumstances. However, actual results and developments may differ materially from our expectations and predictions due to a number of risks and uncertainties, many of which are beyond our control. Certain factors that could cause actual results to differ materially from those contemplated in any forward-looking statements are discussed in the Risk Factors and Management's Discussion and Analysis of Financial Condition and Results of Operations sections of our most recently filed Annual Report on Form 10-K and any subsequently filed Quarterly Reports on Form 10-Q and in the notes to our financial statements and other information filed with the SEC. These factors include, but are not limited to:

- Adverse changes in energy industry law, policies and regulation, including market structures and a potential shift away from competitive markets toward subsidized market mechanisms, transmission planning and cost allocation rules, including rules regarding how transmission is planned and who is permitted to build transmission in the future, and reliability standards.
- Changes in federal and state environmental regulations that could increase our costs or limit operations of our generating units.
- Changes in nuclear regulation and/or general developments in the nuclear power industry, including various impacts from any accidents or incidents experienced at our facilities or by others in the industry, that could limit operations of our nuclear generating units.
- Actions or activities at one of our nuclear units located on a multi-unit site that might adversely affect our ability to continue to operate that unit or other units at the same site.
- Any inability to balance our energy obligations, available supply and trading risks.
- Any deterioration in our credit quality or the credit quality of our counterparties.
- Availability of capital and credit at commercially reasonable terms and conditions and our ability to meet cash needs.
- Any inability to realize anticipated tax benefits or retain tax credits.
- Changes in the cost of, or interruption in the supply of, fuel and other commodities necessary to the operation of our generating units.
- Delays in the receipt of necessary permits and approvals for our construction and development activities.
- Delays or unforeseen cost escalations in our construction and development activities.
- Adverse changes in the demand for or price of the capacity and energy that we sell into wholesale electricity markets.

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- Increase in competition in energy markets in which we compete.
- Challenges associated with recruitment and/or retention of a qualified workforce.

- Adverse performance of our decommissioning and defined benefit plan trust fund investments and changes in discount rates and funding requirements.
- Changes in technology and customer usage patterns.

Additional information concerning these factors is set forth or referred to under “Risk Factors”.

All of the forward-looking statements made in this prospectus and any prospectus supplement or in documents incorporated by reference or deemed to be incorporated by reference are qualified by these cautionary statements and we cannot assure you that the results or developments anticipated by us will be realized or, even if realized, will have the expected consequences to, or effects on, us or our business prospects, financial condition or results of operations. You should not place undue reliance on these forward-looking statements in making your investment decision to purchase any Debt Securities. Except as may be required by the federal securities laws, we expressly disclaim any obligation or undertaking to release publicly any updates or revisions to these forward-looking statements to reflect events or circumstances that occur or arise or are anticipated to occur or arise after the date hereof. In making an investment decision regarding the Debt Securities, we are not making, and you should not infer, any representation about the likely existence of any particular future set of facts or circumstances. The forward-looking statements contained in this prospectus, any prospectus supplement and the documents incorporated by reference or deemed to be incorporated by reference into this prospectus and any prospectus supplement are intended to qualify for the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Exchange Act.

PSEG POWER LLC

We are a multi-regional, wholesale energy supply company that integrates our generating asset operations with our wholesale energy, fuel supply, energy trading and marketing and risk management activities, primarily in the Northeast and Mid-Atlantic U.S., through three principal direct wholly-owned subsidiaries: PSEG Fossil LLC (“Fossil”), PSEG Nuclear LLC (“Nuclear”) and PSEG Energy Resources & Trade LLC (“ER&T”). Fossil and Nuclear own and operate generation and generation-related facilities. ER&T is responsible for the day-to-day management of our energy portfolio. Fossil, Nuclear and ER&T are subject to regulation by the Federal Energy Regulatory Commission and Nuclear is also subject to regulation by the Nuclear Regulatory Commission.

We are a wholly-owned subsidiary of Public Service Enterprise Group Incorporated (“PSEG”). PSEG is a public utility holding company and one of the leading providers of energy and energy-related services in the nation. PSEG has three other direct, wholly-owned subsidiaries: Public Service Electric & Gas Company (“PSE&G”), PSEG Energy Holdings L.L.C. (“Energy Holdings”) and PSEG Services Corporation (“Services”). PSE&G is New Jersey’s largest public utility and is engaged principally in the transmission, distribution and sale of electric energy and gas service in New Jersey. Energy Holdings participates in energy-related lines of business through its subsidiaries. Services provides corporate support and managerial and administrative services to PSEG and its affiliates.

We are a Delaware limited liability company with principal executive offices located at 80 Park Plaza, Newark, New Jersey 07102; our telephone number is 973-430-7000. In this prospectus, unless otherwise indicated or unless the context otherwise requires, “we”, “our” and “us” refer to PSEG Power LLC and its consolidated subsidiaries.

You can obtain additional information about us in the reports and other documents incorporated by reference in this prospectus. See “Where You Can Find More Information.”

RISK FACTORS

In addition to the risk factors contained in our most recently filed Annual Report on Form 10-K and our other periodic reports filed with the SEC and incorporated by reference into this prospectus, as well as those risk factors that may be included in the applicable prospectus supplement and other information contained in the documents incorporated by reference or elsewhere in this prospectus, prospective investors should carefully consider the risks described below before making a decision to purchase the Debt Securities. Such factors could have a material adverse effect on our business, prospects, financial condition, results of operations or net cash flows and on the trading price of the Debt Securities. Such factors could affect actual results and cause our results to differ materially from those expressed in any forward-looking statements made by, or on behalf of, us. See "Forward-Looking Statements."

Because We are a Holding Company, our Ability to Service Our Debt Could Be Limited

We are a holding company with no material assets other than the stock or membership interests of our subsidiaries. Accordingly, all of our operations are conducted by our subsidiaries. We depend on our subsidiaries' cash flow and our access to capital in order to service our indebtedness. Any project-related debt agreements of subsidiaries will generally restrict their ability to pay dividends, make cash distributions or otherwise transfer funds to us. These restrictions may include achieving and maintaining financial performance or debt coverage ratios, absence of events of default, or priority in payment of other current or prospective obligations. Our subsidiaries' ability to pay dividends, make cash distributions or otherwise transfer funds to us may also be limited or restricted by regulatory considerations or applicable law.

Our subsidiaries may finance some investments using non-recourse project level financing. A non-recourse project financing is generally structured to be repaid out of cash flows provided by the investment. In the event of a default under a financing agreement which is not cured, the lenders would generally have rights to the related assets. In the event of foreclosure after a default, our subsidiary may lose its equity in the asset or may not be entitled to any cash that the asset may generate.

We can give no assurances that our current and future capital structure, operating performance or financial condition will permit us to access the capital markets or to obtain other financing at the times, in the amounts and on the terms necessary or advisable for us to successfully carry out our business strategy or to service our indebtedness.

The Indenture Restricts Our Ability to Enter into Certain Transactions

The Indenture (as defined below under "Description of Debt Securities") restricts our ability and the ability of our Restricted Subsidiaries (as defined below under "Description of Debt Securities") to, among other things:

- in the case of our Restricted Subsidiaries, incur certain indebtedness;
- create or permit to exist liens;
- in the case of our Restricted Subsidiaries, create or permit to exist dividend or payment restrictions with respect to us;
- sell assets; and
- engage in mergers and consolidations.

These restrictions may limit our ability to finance future operations, respond to changing business and economic conditions, secure any needed additional financing and engage in opportunistic transactions. See "Description of Debt Securities — Selected Indenture Covenants."

PSEG Could Exercise Its Control Over Us to the Detriment of Holders of the Debt Securities

Our sole limited liability company member, PSEG, controls the election of our directors and all other matters submitted for member approval and has control over our management and affairs. In circumstances involving a conflict of interest between PSEG, as the sole member, on the one hand, and our creditors, on the other, we can give no assurance that PSEG would not exercise its power to control us in a manner that would benefit PSEG to the detriment of our creditors, including the holders of the Debt Securities.

The Indenture imposes no limitations on our ability to pay dividends or to make other payments to PSEG or on our ability to enter into transactions with PSEG or our other affiliates.

Fraudulent Transfer Statutes and Similar Limitations May Limit Your Rights as a Holder

Each of our Restricted Subsidiaries will guarantee our obligations on the Debt Securities (each a "Subsidiary Guarantee"). See "Description of Debt Securities — Selected Indenture Covenants — Guarantee of Debt Securities."

Under federal and state fraudulent transfer laws, a court could find that the Subsidiary Guarantee provided by a Restricted Subsidiary constituted a fraudulent conveyance by that Restricted Subsidiary. To do so, a court would typically have to find that, at the time the Subsidiary Guarantee was issued, the relevant Restricted Subsidiary:

- issued the Subsidiary Guarantee with the intent of hindering, delaying or defrauding its current or future creditors; or
- (a) received less than fair consideration or reasonably equivalent value for incurring the indebtedness represented by its Subsidiary Guarantee; and (b) either (i) was insolvent or was rendered insolvent by reason of the issuance of the Subsidiary Guarantee or would be rendered insolvent upon payment of the Subsidiary Guarantee, (ii) was engaged, or about to engage, in a business or transaction for which its remaining unencumbered assets were unreasonably small or (iii) intended to incur, or believed or should have believed it would incur, debts beyond its ability to pay as such debts mature.

Many of the foregoing terms are defined in or interpreted under those fraudulent transfer statutes.

Different jurisdictions define "insolvency" differently. However, an entity generally would be considered insolvent at the time it incurred any particular obligation if (1) its liabilities exceeded its assets, at a fair valuation, (2) the present fair saleable value of its assets was less than the amount required to pay its total existing debts and liabilities (including any probable liability related to contingent liabilities) as they became absolute and matured or (3) it could not pay its debts as they became due. We cannot assure you of the standard a court would apply in order to determine whether any Restricted Subsidiary was "insolvent" as of the date the applicable Subsidiary Guarantee was issued, or that regardless of the method of valuation, a court would not determine, regardless of whether such Restricted Subsidiary was insolvent on the date the Subsidiary Guarantee was issued, that the payments constituted fraudulent transfers on another ground.

If a court were to make any such finding, it could:

- void all or a portion of the relevant Restricted Subsidiary's obligations on the Subsidiary Guarantees;
- subordinate the relevant Restricted Subsidiary's obligations on the Subsidiary Guarantees to obligations owed to its other existing and future creditors, entitling those creditors to be paid in full before any payment is made on the relevant Subsidiary Guarantee; and/or
- take other actions detrimental to you, including invalidating the relevant Subsidiary Guarantee.

In that event, we cannot assure you that you would receive any payment under the Subsidiary Guarantee of the relevant Restricted Subsidiary.

There is No Trading Market for the Debt Securities

We do not intend to list any series of the Debt Securities on any U.S. securities exchange. We can give no assurance that an active trading market for the Debt Securities will develop or, if one develops, will be maintained or be liquid. If an active trading market does not develop or is not maintained, investors may not be able to sell their Debt Securities when desired, or perhaps at all, or be able to sell the Debt Securities at a price equal to or above the price the investors paid for them. The Debt Securities may not be appropriate as a short-term investment, and investors should consider the potentially illiquid and long-term nature of their investment in the Debt Securities before making an investment decision.

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CONSOLIDATED RATIOS OF EARNINGS TO FIXED CHARGES

Our consolidated ratios of earnings to fixed charges for each of the periods indicated are as follows:

	Six Months Ended June 30, 2011	Years Ended December 31,				
		2010	2009	2008	2007	2006
Ratios of Earnings to Fixed Charges[1]	8.95	8.78	9.67	9.00	9.12	5.46

1 The term Earnings shall be defined as pre-tax income from continuing operations. Add to pre-tax income the amortization of capitalized interest and the amount of fixed charges adjusted to exclude the amount of any interest capitalized during the period. Fixed Charges represent (a) interest, whether expensed or capitalized, (b) amortization of debt discount, premium and expense and (c) an estimate of interest implicit in rentals.

USE OF PROCEEDS

Unless we state otherwise in the accompanying prospectus supplement, the net proceeds from the sale of the Debt Securities will be added to our general funds and will be used for general corporate purposes.

DESCRIPTION OF DEBT SECURITIES

We may issue our Debt Securities from time to time. The Debt Securities will be issued under an Indenture dated as of April 16, 2001, as amended and supplemented by the First Supplemental Indenture dated as of March 13, 2002 (the "Indenture"), among us and The Bank of New York Mellon as Trustee (the "Trustee"). The Indenture is filed as an exhibit to the registration statement. The Indenture is subject to and governed by the Trust Indenture Act of 1939, as amended (the "TIA"). Selected provisions of the Indenture have been summarized below. This summary is not complete. You should read the Indenture for provisions that may be important to you. In the summary below, references to section numbers of the Indenture are included so that you can easily locate these provisions. Capitalized terms used in the summary have the meanings specified in the Indenture. Parenthetical references below are to the Indenture or to the TIA, as applicable. In this section, references to "we", "our" and "us" refer to PSEG Power LLC, except where the context otherwise requires.

General

The Debt Securities will be our senior unsecured obligations. They will rank equally with all of our other unsecured and unsubordinated indebtedness. Each series of Debt Securities will be guaranteed, jointly and severally, by Fossil, Nuclear and ER&T (the "Subsidiary Guarantors") as described below. The Subsidiary Guarantees will rank equally in right of payment to all existing and future senior unsecured indebtedness of the Subsidiary Guarantors. Other than intercompany debt, the Subsidiary Guarantors currently have no indebtedness outstanding. As of June 30, 2011, we had issued and outstanding under the Indenture and the Subsidiary Guarantors had guaranteed senior indebtedness totaling $2.659 billion. In addition, as of that date, we had issued and outstanding and the Subsidiary Guarantors had guaranteed an aggregate total of $208 million of our pollution control notes, which are our senior unsecured obligations.

We have the ability to issue Debt Securities with terms different from those of Debt Securities previously issued and, without the consent of the holders thereof, to reopen a previous series of Debt Securities and issue additional Debt Securities of such series (unless such reopening was restricted when such series was created).

Provisions Applicable to Particular Series

The Indenture provides that any Debt Securities proposed to be sold pursuant to this prospectus and an accompanying prospectus supplement (the "Offered Securities"), as well as other of our unsecured debt securities, may be issued under the Indenture in one or more series, as authorized by us from time to time. The particular terms of such Offered Securities and any modifications of or additions to the general terms of the Debt Securities as described in this prospectus that may be applicable in the case of the Offered Securities will be described in the applicable prospectus supplement. Accordingly, for a description of the terms of any Offered Securities, you should

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refer to both the prospectus supplement for that series and the description of Debt Securities set forth in this prospectus.

You should refer to the prospectus supplement for the following information for each particular series of Offered Securities:

- The title of such Debt Securities.
- The aggregate principal amount of such Debt Securities and any limit on the aggregate principal amount of Debt Securities of such series.
- If other than the principal amount thereof, the portion of the principal amount thereof payable upon declaration of acceleration of the maturity thereof or the method by which such portion will be determined.
- The date or dates, or the method by which such date or dates will be determined or extended, on which the principal of such Debt Securities will be payable.
- The rate or rates at which such Debt Securities will bear interest, if any, or the method by which such rate or rates will be determined, the date or dates from which such interest will accrue or the method by which such date or dates will be determined, the date or dates on which such interest, if any, will be payable and the Regular Record Date or Dates, if any, for the interest payable on any Registered Security on any Interest Payment Date, or the method by which any such date will be determined, and the basis upon which interest will be calculated if other than that of a 360-day year of twelve 30-day months.
- The date or dates on which or the period or periods within which, the price or prices at which and the other terms and conditions upon which, such Debt Securities may be redeemed, in whole or in part, at our option and whether we are to have that option.
- Our obligation, if any, to redeem, repay or purchase such Debt Securities, in whole or in part, pursuant to any sinking fund or analogous provision or at the option of a holder thereof and the period or periods within which or the date or dates on which, the price or prices at which and the other terms and conditions upon which, such Debt Securities will be so redeemed, repaid or purchased.
- Whether such Debt Securities are to be issuable as Registered Securities, Bearer Securities (with or without coupons) or both, any restrictions applicable to the offer, sale or delivery of Bearer Securities and the terms, if any, upon which Bearer Securities of the series may be exchanged for Registered Securities of the series and vice versa (if permitted by applicable laws and regulations), whether such Debt Securities will be issuable initially in temporary global form, whether any such Debt Securities will be issuable in permanent global form with or without coupons and, if so, whether beneficial owners of interests in any such permanent global security may exchange such interests for Debt Securities of such series in certificated form and of like tenor of any authorized form and denomination and the circumstances under which any such exchanges may occur, if other than in the manner provided in the Indenture, and, if Registered Securities are to be issuable as a global security, the identity of the depositary for such Debt Securities.
- Whether the amount of payments of principal of (or premium, if any) or interest, if any, on such Debt Securities may be determined with reference to an index, formula or other method (which index, formula or method may be based on one or more currencies, commodities, equity indices or other indices) and the manner in which such amounts will be determined.
- The place or places, if any, other than or in addition to The City of New York, where the principal of (and premium, if any) and interest, if any, on such Debt Securities will be payable, where any Registered Securities may be surrendered for registration of transfer, where such Debt Securities may be surrendered for exchange, where Debt Securities of a series that are convertible or exchangeable may be surrendered for conversion or exchange, as applicable, and where notices or demands to or upon us in respect of such Debt Securities and the Indenture may be served.
- The denomination or denominations in which such Debt Securities will be issuable, if other than $1,000, or any integral multiple thereof, in the case of Registered Securities and $5,000 in the case of Bearer Securities.

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- If other than the Trustee, the identity of each Security Registrar and/or Paying Agent.
- The date as of which any Bearer Securities of the series and any temporary Debt Security issued in global form representing Outstanding Securities of the series will be dated if other than the date of original issuance of the first Debt Security of the series to be issued.

- The applicability, if at all, to such Debt Securities of the provisions of Article Fourteen of the Indenture described under "— Satisfaction and Discharge, Legal Defeasance and Covenant Defeasance" and any provisions in modification of, in addition to or in lieu of any of the provisions of such Article.

- The Person to whom any interest on any Registered Security of the series will be payable, if other than the Person in whose name such Registered Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, the manner in which, or the Person to whom, any interest on any Bearer Security of the series shall be payable, if otherwise than upon presentation and surrender of the coupons appertaining thereto as they severally mature, and the extent to which, or the manner in which, any interest payable on a temporary Debt Security issued in global form will be paid if other than in the manner provided in the Indenture.

- If such Debt Securities are to be issuable in definitive form (whether upon original issue or upon exchange of a temporary Debt Security of such series) only upon receipt of certain certificates or other documents or satisfaction of other conditions, the form and/or terms of such certificates, documents or conditions.

- Whether and under what circumstances we will pay Additional Amounts, as contemplated by Section 1004 of the Indenture, on such Debt Securities to any holder who is not a United States person (including any modification to the definition of such term as contained in the Indenture as originally executed) in respect of any tax, assessment or governmental charge and, if so, whether we will have the option to redeem such Debt Securities rather than pay such Additional Amounts (and the terms of any such option).

- The provisions, if any, granting special rights to the holders of such Debt Securities upon the occurrence of such events as may be specified.

- Any deletions from, modifications of or additions to the Events of Default or covenants with respect to such Debt Securities (which Events of Default or covenants are consistent with the Events of Default or covenants set forth in the general provisions of the Indenture).

- Whether such Debt Securities will be convertible into or exchangeable for any other securities and, if so, the terms and conditions upon which such Debt Securities will be so convertible or exchangeable.

- Any other terms of such Debt Securities.

If applicable, the prospectus supplement will also set forth a discussion of federal income tax considerations relevant to the Debt Securities being offered.

For purposes of this prospectus, any reference to the payment of principal of (or premium, if any) or interest, if any, on such Debt Securities will be deemed to include mention of the payment of any Additional Amounts required by the terms of such Debt Securities.

Debt Securities may provide for less than the entire principal amount thereof to be payable upon declaration of acceleration of the maturity thereof ("Original Issue Discount Securities"). Federal income tax and other considerations pertaining to any such Original Issue Discount Securities will be discussed in the applicable prospectus supplement.

The Indenture also provides that there may be more than one Trustee thereunder, each with respect to one or more different series of Debt Securities. See "— The Trustee" herein. At a time when two or more Trustees are acting under the Indenture, each with respect to only certain series, the term Debt Securities, as used herein, will mean the one or more series with respect to which each respective Trustee is acting. In the event that there is more than one Trustee under the Indenture, the powers and trust obligations of each Trustee as described herein will extend only to the one or more series of Debt Securities for which it is Trustee. If two or more Trustees are acting under the Indenture, then the Debt Securities for which each Trustee is acting would in effect be treated as if issued under separate indentures.

The general provisions of the Indenture do not contain any provisions that would limit our ability to incur indebtedness or that would afford holders of Debt Securities protection in the event of a highly leveraged or similar transaction. Reference is made to the prospectus supplement for information with respect to any deletions from, modifications of or additions to the Events of Default or the covenants that are described below, including any addition of a covenant or other provision providing event risk or similar protection.

Denominations, Registration and Transfer

Debt Securities of a series may be issuable solely as Registered Securities, solely as Bearer Securities or as both Registered Securities and Bearer Securities. The Indenture also provides that Debt Securities of a series may be issuable in global form. (Section 203) See "— Book-Entry Debt Securities". Unless otherwise provided in the prospectus supplement, Debt Securities denominated in U.S. dollars (other than Global Securities, which may be of any denomination) are issuable in denominations of $1,000, or any integral multiples of $1,000, in the case of Registered Securities and in the denomination of $5,000 in the case of Bearer Securities. (Section 302) Unless otherwise indicated in the prospectus supplement, Bearer Securities will have interest coupons attached. (Section 201)

Registered Securities will be exchangeable for other Registered Securities of the same series. If (but only if) provided in the prospectus supplement, Bearer Securities (with all unmatured coupons, except as provided below, and all matured coupons which are in default) of any series may be similarly exchanged for Registered Securities of the same series of any authorized denominations and of a like aggregate principal amount and tenor. If so provided, Bearer Securities surrendered in exchange for Registered Securities between a Regular Record Date or a Special Record Date and the relevant date for payment of interest will be surrendered without the coupon relating to such date for payment of interest, and interest will not be payable in respect of the Registered Security issued in exchange for such Bearer Security, but will be payable only to the holder of such coupon when due in accordance with the terms of the Indenture. Unless otherwise specified in the prospectus supplement, Bearer Securities will not be issued in exchange for Registered Securities. (Section 305)

Registered Securities of a series may be presented for registration of transfer and Debt Securities of a series may be presented for exchange

- at each office or agency required to be maintained by us for payment of such series as described in "— Payment and Paying Agents," and
- at each other office or agency that we may designate from time to time for such purposes.

No service charge will be made for any transfer or exchange of Debt Securities, but we may require payment of any tax or other governmental charge payable in connection therewith. (Section 305)

We will not be required to:

- issue, register the transfer of or exchange Debt Securities during a period beginning at the opening of business 15 days before any selection of Debt Securities of that series to be redeemed and ending at the close of business on (A) the day of mailing of the relevant notice of redemption if Debt Securities of the series are issuable only as Registered Securities and (B) if Debt Securities of the series are issuable as Bearer Securities, the day of the first publication of the relevant notice of redemption, or, if Debt Securities of the series are also issuable as Registered Securities and there is no publication, the day of mailing of the relevant notice of redemption;
- register the transfer of or exchange any Registered Security, or portion thereof, called for redemption, except the unredeemed portion of any Registered Security being redeemed in part;
- exchange any Bearer Security called for redemption, except to exchange such Bearer Security for a Registered Security of that series and like tenor that is simultaneously surrendered for redemption; or
- issue, register the transfer of or exchange any Debt Security which has been surrendered for repayment at the option of the holder, except the portion, if any, of such Debt Security not to be so repaid. (Section 305)

Payment and Paying Agents

Unless otherwise provided in the prospectus supplement, principal, premium, if any, and interest, if any, and Additional Amounts, if any, on Registered Securities will be payable at any office or agency to be maintained by us in Newark, New Jersey and New York, New York, except that at our option interest on an Interest Payment Date (including Additional Amounts, if any) may be paid (1) by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register or (2) by wire transfer to an account maintained by the Person entitled thereto as specified in the Security Register. (Sections 307, 1001 and

1002) Unless otherwise provided in the prospectus supplement, payment of any installment of interest on Registered Securities will be made to the Person in whose name such Registered Security is registered at the close of business on the Regular Record Date for such interest. (Section 307)

If Debt Securities of a series are issuable solely as Bearer Securities or as both Registered Securities and Bearer Securities, unless otherwise provided in the prospectus supplement, we will be required to maintain an office or agency (1) outside the United States at which, subject to any applicable laws and regulations, the principal of (and premium, if any) and interest, if any, on such series will be payable and (2) in The City of New York for payments with respect to any Registered Securities of such series (and for payments with respect to Bearer Securities of such series in the limited circumstances described below, but not otherwise). (Section 1002) The initial locations of such offices and agencies will be specified in the prospectus supplement. Unless otherwise provided in the prospectus supplement, principal of (and premium, if any) and interest, if any, on Bearer Securities may be paid by wire transfer to an account maintained by the Person entitled thereto with a bank located outside the United States. (Sections 307 and 1002) Unless otherwise provided in the prospectus supplement, payment of installments of interest on any Bearer Securities on or before Maturity will be made only against surrender of coupons for such interest installments as they severally mature. (Section 1001) Unless otherwise provided in the prospectus supplement, no payment with respect to any Bearer Security will be made at any office or agency we maintain in the United States or by check mailed to any address in the United States or by transfer to an account maintained with a bank located in the United States. Notwithstanding the foregoing, payments of principal of (and premium, if any) and interest, if any, on Bearer Securities payable in U.S. dollars will be made at the office of our Paying Agent in The City of New York if (but only if) payment of the full amount thereof in U.S. dollars at all offices or agencies outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions. (Section 1002)

We may from time to time designate additional offices or agencies, approve a change in the location of any office or agency and, except as provided above, rescind the designation of any office or agency.

Selected Indenture Covenants

Limitations on Obligations

Restricted Subsidiaries. We will not permit any Restricted Subsidiary to, directly or indirectly, Incur any Obligations (including, without limitation, Acquired Obligations), except for

- the Subsidiary Guarantees;
- Obligations existing on the date of the Indenture;
- Obligations of ER&T related to the purchase and sale of fuel, capacity, energy (including, but not limited to, electric power, natural gas and coal), environmental credits or entitlements, utility services, fuel, water, related transportation services and other similar or related products and services in the ordinary course of business;
- Obligations of Nuclear related to the purchase and sale of fuel and related transportation services in the ordinary course of business;
- Permitted Hedging Obligations of ER&T;
- Obligations incurred in exchange for, or the net proceeds of which are used to refund, refinance, or replace Obligations described under this “Limitations on Obligations”, provided that the average life of the refinancing Obligations shall not be shorter than the average life of the Obligations being refinanced and the principal amount of the refinancing obligations shall not exceed the principal amount of the Obligations being so refinanced; and
- Obligations to us or any other Restricted Subsidiary which are subordinated to the Subsidiary Guarantee with respect to the guaranteed Debt Securities of the Restricted Subsidiary incurring the Obligations.

The foregoing notwithstanding, Restricted Subsidiaries may Incur Obligations not otherwise permitted by the preceding paragraph in an aggregate amount outstanding after giving effect to such Incurrence not to exceed at any one time the greater of $250 million or 15% of Consolidated Net Tangible Assets as of the last day of the preceding month.

Subsidiaries Other Than Restricted Subsidiaries. Except for parental guarantees of debt service reserves, surety bonds, equity guarantees, performance bonds and bid bonds entered into in the ordinary course of business aggregating at any one time not more than $100 million, we shall not permit any Subsidiary that is not a Restricted Subsidiary to, directly or indirectly, Incur any Obligations (including, without limitation, Acquired Obligations) that are recourse to us or any Restricted Subsidiary. For the purposes of this section, preferred securities issued by our special purpose subsidiaries will not be considered to be recourse to us. (Section 1008)

Limitation on Liens

We may not, and may not permit any Restricted Subsidiary to, directly or indirectly, create, incur, assume or permit to exist any Lien of any kind on or with respect to any Property or interest in our Property or that of any of our Restricted Subsidiaries or any income or profits therefrom (in each case, whether the Property is owned at the date of the Indenture or thereafter acquired), unless the Debt Securities are secured equally and ratably with (or prior to) any and all other Obligations secured by the Lien, provided, however, that these restrictions shall not apply to or prevent the creation, incurrence, assumption or existence of Permitted Liens.

Permitted Liens shall include:

- Liens existing on the date of the Indenture;
- Liens to secure or provide for the payment of all or part of the purchase price of any Property or the cost of construction or improvement thereof; *provided* that no such Lien shall extend to or cover any other of our or our Restricted Subsidiaries' Property;
- Liens existing on Property at the time such Property is acquired by us or any Restricted Subsidiary; *provided* that such Liens (i) are not created, Incurred or assumed in contemplation of such Property being acquired and (ii) do not extend to or cover any other of our or our Restricted Subsidiaries' Property;
- Liens existing on Property of any entity at the time such entity is merged with or into or consolidated with us or a Restricted Subsidiary; *provided* that such Liens (i) are not created, Incurred or assumed in contemplation of such merger or consolidation and (ii) do not extend to any other of our or our Restricted Subsidiaries' Property;
- Liens securing Permitted Hedging Obligations;
- Liens for taxes, assessments or governmental charges that are not yet delinquent or that are being contested in good faith by any appropriate legal proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate reserve provision, if any, as is required in conformity with GAAP shall have been made;
- Liens arising by reason of any judgment, decree or order of any court, so long as any such Lien is being contested in good faith and is bonded or such judgment, decree or order does not exceed $50 million, and any appropriate legal proceedings that may have been duly initiated for the review of such judgment, decree or order have not been finally terminated or the period within which such proceedings may be initiated has not expired;
- Liens to secure pledges or deposits made in the ordinary course of business in connection with bids, tenders or contracts (other than for payment of indebtedness) or to secure guarantees, statutory or regulatory obligations or surety or performance bonds each made in the ordinary course of business;
- Liens imposed by law such as carriers', warehousemen's and mechanics' Liens, in each case arising in the ordinary course of business and with respect to amounts not yet due or being contested in good faith by appropriate legal proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as is required in conformity with GAAP shall have been made;

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- Survey exceptions, encumbrances, easements or reservations of, or rights of others for, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real properties incidental to the conduct of the business or to the ownership of Properties which were not incurred in connection with indebtedness or other extensions of credit and which do not in the aggregate materially and adversely affect the value of the Properties or materially impair their use in the operation of the business;

- Liens securing letters of credit entered into in the ordinary course of business;
- Liens to secure pollution control revenue bonds or industrial revenue bonds;
- Liens securing Non-Recourse Obligations of Unrestricted Subsidiaries;
- Liens granted on the capital stock of Unrestricted Subsidiaries for the purpose of securing the Obligations of such Unrestricted Subsidiaries;
- Liens pursuant to Capitalized Leases or Synthetic Leases permitted to be entered into under the "Limitation on Obligations" covenant;
- Liens arising by reason of leases and subleases of Property pursuant to a Sale/Leaseback Transaction allowed pursuant to the "Limitation on Sale of Assets" covenant that do not materially interfere with the ordinary conduct of our or any of our Restricted Subsidiaries' business;
- Liens created in connection with worker's compensation, unemployment insurance and other social security statutes or regulations;
- Liens by a Wholly-Owned Subsidiary to us or any Restricted Subsidiary;
- Liens on Property, other than Capital Stock of Restricted Subsidiaries, to secure Obligations so long as the sum of the amount of outstanding Obligations secured by Liens incurred pursuant to this provision does not exceed the greater of $250 million or 15% of Consolidated Net Tangible Assets as of the end of the most recent fiscal quarter for which financial statements are available; and
- The replacement, extension or renewal (or successive replacements, extensions or renewals), as a whole or in part, of any Lien or of any agreement referred to above or the replacement, extension or renewal (not exceeding the outstanding principal amount of Indebtedness secured thereby together with any premium, interest, fee or expense payable in connection with any such replacement, extension or renewal) of Indebtedness secured thereby; provided that such replacement, extension or renewal is limited to all or part of the same Property that secured the Lien replaced, extended or renewed (plus improvements thereon or additions or accessions thereto).

Guarantee of Debt Securities

Each initial Subsidiary Guarantor and any subsequent Subsidiary Guarantor shall execute a Subsidiary Guarantee of each series of Debt Securities in substantially the form provided for by the Indenture at or before the time the definition of Subsidiary Guarantor shall be applicable to it. (Section 1601)

Guarantee of ER&T Obligations

We have executed a guarantee of the Obligations of ER&T substantially in the form provided for by the Indenture. (Section 1009)

Payment of Dividends by ER&T to Us

If and for so long as we guarantee the Obligations of ER&T, we shall cause ER&T, to the extent permitted by applicable law, to pay, at least quarterly, dividends or distributions to us of the excess cash not then required for its business operations. (Section 1010)

Limitation on Dividends and Other Payment Restrictions

Other than pursuant to the Indenture or as otherwise may be required by law, we will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create or cause to become, or as a result of the execution of the

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Person or Property, or upon any Person becoming a Restricted Subsidiary, remain subject to, any consensual encumbrance or consensual restriction of any kind on the ability of any Restricted Subsidiary to:

- pay dividends or make any other distributions on its Capital Stock;
- make payments on any Obligations owed to us or any of our Restricted Subsidiaries;
- make loans or advances to us or to any of our Restricted Subsidiaries;
- transfer any of its Property to us or to any of our Restricted Subsidiaries; or
- make payments under a Subsidiary Guarantee with respect to the Debt Securities.

The foregoing shall not prohibit:

- encumbrances and restrictions resulting from customary provisions relating to (i) transfers of Property that restrict the subletting or assignment of any lease or (ii) transfers of Property that are contained in licenses and that relate to the Property covered thereby, in each case entered into in the ordinary course of business;

- encumbrances and restrictions on transfers of Property existing on any assets at the time such assets are acquired (or the entity owning such assets is acquired) by any Restricted Subsidiary, whether by merger, consolidation, purchase of such assets or otherwise; provided that such restrictions and encumbrances (i) are not created, Incurred or assumed in contemplation of such assets or entity being acquired by the Restricted Subsidiary and (ii) do not extend to any other assets of the Restricted Subsidiary; and

- restrictions on transfers of Property created in connection with sales or purchases of electricity, energy, capacity, natural gas, coal, ancillary services, environmental credits and/or entitlements, utility services, fuel, water, related transportation services and other similar products and services, in each case, in the ordinary course of business; provided that restrictions arising from any transaction or series of related transactions pursuant to this clause shall not be materially more restrictive, taken as a whole, than encumbrances and restrictions customarily accepted as industry standard for similar transactions.
(Section 1007)

Limitation on Sale of Assets

Except for a sale of all or substantially all of our assets, as provided in the "Merger, Consolidation or Sale of Assets" covenant, and other than

- assets required to be sold to conform with government regulations, laws or impositions,

- sales or dispositions of surplus, obsolete or worn out equipment,

- sales or dispositions of ownership interests in Unrestricted Subsidiaries, or

- any other sale or disposition so long as after giving effect to such events, the Rating Agencies shall have confirmed their ratings on our Debt Securities in effect immediately prior to such sale or disposition,

we may not, and may not permit any Restricted Subsidiary to, make any Asset Sale (other than short-term, readily marketable investments purchased for cash management purposes with funds not representing the proceeds of other Asset Sales) if, on a pro forma basis, the aggregate net book value of all such Asset Sales during the most recent 12-month period would exceed 15% of Consolidated Net Tangible Assets computed as of the most recent quarter preceding such sale; provided, however, that any such Asset Sale shall be disregarded for purposes of this 15% limitation if the Net Cash Proceeds are within 270 days thereafter (i) invested in a Permitted Business, (ii) used to purchase and retire Obligations ranking equal in right of payment to the Debt Securities or (iii) used to redeem the Debt Securities at a redemption price equal to 100% of the principal amount of the Debt Securities to be redeemed, plus accrued and unpaid interest thereon up to and including the applicable redemption date, plus a make-whole premium.

In addition, on a cumulative basis we may not sell or otherwise dispose of more than 25% of the assets or Capital Stock in Fossil, unless Net Cash Proceeds from such sale are invested in other non-nuclear generation assets or the capital stock of entities engaged in fossil generation and related businesses. (Section 1006)

Definitions

"Acquired Obligations" means, with respect to any Person, (1) Obligations of any other Person existing at the time the other Person is merged with or into or became a Subsidiary of the Person, including, without limitation, Obligations Incurred in connection with, or in contemplation of, the other Person merging with or into or becoming a

Subsidiary of the Person; and (2) Obligations secured by a Lien encumbering any asset acquired by the Person at the time the asset is acquired by the Person.

"Asset Sale" means any sale, transfer, conveyance, lease or other disposition (including by way of merger, consolidation or sale-leaseback) by us or any of our Restricted Subsidiaries to any Person (other than to us or a Restricted Subsidiary of ours and other than in the ordinary course of business) of any Capital Stock or other

Property of ours or of any of our Restricted Subsidiaries (including Capital Stock of Subsidiaries). The term "Asset Sale" will not include (1) any sale, transfer, conveyance, lease or other disposition of Property governed by the "Merger, Consolidation or Sale of Assets" covenant and (2) any transaction or series of related transactions consisting of the sale, transfer, conveyance, lease or other disposition of Capital Stock or other Property with a Fair Market Value aggregating less than $50 million in any fiscal year. The term "Asset Sale" also will not include (i) the grant of or realization upon a Lien permitted under the "Limitation on Liens" covenant or the exercise of remedies thereunder and (ii) sales of fuel, capacity, energy (including, but not limited to, electric power, natural gas and coal), environmental credits or entitlements, related transportation services and other related services by ER&T and its Permitted Hedging Obligations as permitted by the "Limitation on Obligations" covenant.

"Attributable Debt" means with respect to any Sale/Leaseback Transaction, at the time of determination, the present value (discounted at a rate per annum equal to the weighted average interest rate of all Debt Securities outstanding under the Indenture, compounded semi-annually) of the total obligations of the lessee for rental payments during the remaining term of the lease included in the Sale/Leaseback Transaction (including any period for which the lease has been extended).

"Board of Directors" means either the Board of Directors of PSEG Power LLC or any duly authorized committee of such Board.

"Business Day" means each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in Newark, New Jersey and The City of New York are authorized or obligated by law or executive order to close.

"Capital Stock" means (1) in the case of a corporation, corporate stock, (2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock, (3) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited) and (4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

"Capitalized Lease" means as applied to any Person, any lease of any Property of which the discounted present value of the rental obligations of such Person as lessee, in conformity with GAAP, is required to be capitalized on the balance sheet of such Person, and "Capitalized Lease Obligation" means the rental obligations, as aforesaid, under such lease.

"Commodity Trading Obligations," with respect to any Person, means the Obligations of such Person under (1) any commodity swap agreement, commodity future agreement, commodity option agreement, commodity cap agreement, commodity floor agreement, commodity collar agreement, commodity hedge agreement, and any put, call or other agreement or arrangement, or combination thereof, designed to protect such Person against fluctuations in commodity prices or (2) any commodity swap agreement, commodity future agreement, commodity option agreement, commodity hedge agreement, and any put, call or other agreement or arrangement, or combination thereof (including an agreement or arrangement to hedge foreign exchange risks) in respect of commodities entered into by us pursuant to asset optimization and risk management policies and procedures adopted in good faith by the Board of Directors.

"Consolidated Current Liabilities," as of the date of determination, means the aggregate amount of our and our Restricted Subsidiaries' liabilities on a consolidated basis which may properly be classified as current liabilities (including taxes accrued as estimated), after eliminating (1) all inter-company items between us and any consolidated Restricted Subsidiary, (2) all current maturities of long-term indebtedness, all as determined in accordance with GAAP, and (3) all liabilities attributable to Subsidiaries that are not Restricted Subsidiaries.

"Consolidated Net Tangible Assets" means, as of any date of determination, the total amount of assets (less accumulated depreciation or amortization, allowances for doubtful receivables, other applicable reserves and other properly deductible items) of us and our Restricted Subsidiaries, determined on a consolidated basis in accordance with GAAP, consistently applied, and after giving effect to purchase accounting and after deduction therefrom of, to the extent otherwise included, the amounts of:

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- Consolidated Current Liabilities;

- excess of cost over fair value of assets of businesses acquired, as determined in good faith by the Board of Directors;
- unamortized debt discount and expense and other unamortized deferred charges, goodwill, patents, trademarks, service marks, trade names, copyrights, licenses, organization or developmental expenses and other intangible items;
- treasury stock;
- any cash set apart and held in a sinking or other analogous fund established for the purpose of redemption or other retirement of Capital Stock to the extent such obligation is not reflected in Consolidated Current Liabilities; and
- all assets attributable to Subsidiaries that are not Restricted Subsidiaries (including Capital Stock thereof), except to the extent of dividends or distributions received from such Subsidiaries.

"Default" means any event, act or condition that is, or after notice or the passage of time or both would be, an Event of Default.

"Event of Default" has the meaning specified in Section 501 of the Indenture.

"Fair Market Value" means the price that would be paid by a purchaser to a seller in an arm's-length transaction.

"GAAP" means generally accepted accounting principles in the United States applied on a basis consistent with the principles, methods, procedures and practices employed in the preparation of our audited financial statements, including, without limitation, those set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as approved by a significant segment of the accounting profession.

"Hedging Obligations" means, with respect to any Person, the obligations of such Person under any interest rate or currency swap agreement, interest rate or currency future agreement, interest rate cap or collar agreement, interest rate or currency hedge agreement, and any put, call or other agreement or arrangement designed to protect such Person against fluctuations in interest rates or currency exchange rates.

"Incur" means, with respect to any Obligation, to directly or indirectly create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable for or with respect to, or become responsible for payment of, contingently or otherwise, such Obligation. The term "Incurrence" has a corresponding meaning.

"Lien" means any mortgage, pledge, hypothecation, charge, assignment, deposit arrangement, encumbrance, security interest, lien (statutory or other), or preference, priority, or other security or similar agreement or preferential arrangement of any kind or nature whatsoever (including, without limitation, any agreement to give or grant a Lien or any lease, conditional sale or other title retention agreement having substantially the same economic effect as any of the foregoing).

"Net Cash Proceeds" from an Asset Sale is defined to mean cash payments received (including any cash payments received by way of a payment of principal pursuant to a note or installment receivable or otherwise, but only as and when received (including any cash received upon sale or disposition of any such note or receivable), excluding any other consideration received in the form of assumption by the acquiring Person of Obligations relating to the Property disposed of in such Asset Sale or received in any form other than cash) therefrom, in each case, net of (1) all legal, title and recording tax expenses, commissions and other fees and expenses of any kind (including consent and waiver fees and any applicable premiums, earn-out or working interest payments or payments in lieu or in termination thereof) Incurred, (2) all federal, state, provincial, foreign and local taxes and other governmental charges required to be accrued as a liability under GAAP as a consequence of such Asset Sale, (3) a reasonable reserve for the after-tax cost of any indemnification payments (fixed and contingent) attributable to seller's

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indemnities to the purchaser undertaken by us or any of our Subsidiaries in connection with such Asset Sale, (4) all payments made on any Obligation that is secured by such Property, in accordance with the terms of any Lien upon or with respect to such Property, or that must by its terms or by applicable law or in order to obtain a required consent or waiver be repaid out of the proceeds from or in connection with such Asset Sale and (5) all distributions and other payments made to holders of Capital Stock of Subsidiaries (other than us or our Restricted Subsidiaries) as a result of such Asset Sale.

"Non-Recourse Obligation" means, with respect to any Person, any financing that is or was Incurred with respect to the development, acquisition, design, engineering, procurement, construction, operation, ownership, servicing or management of one or more facilities used or useful in a Permitted Business in respect of which such Person has a direct or indirect interest, provided that such financing is without recourse to any Person or Property other than to (1) the Property that constitutes such facilities together with contracts, permits, licenses, reserves and other items related to such facilities, (2) the income from and proceeds of such facilities, (3) the Capital Stock of, and other investments in, the Person that owns the Property that constitutes any such facilities and (4) the Capital Stock of, and other investments in, any Person obligated with respect to such financing and of any Subsidiary of such Person that owns a direct or indirect interest in any such facilities.

"Obligations" of any Person shall mean at any date, without duplication,

- all obligations of such Person for borrowed money,
- all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments,
- all obligations of such Person arising under any conditional sale or other title retention arrangement or otherwise to pay the deferred purchase price of Property or services,
- all obligations of such Person Incurred in respect of Attributable Debt associated with any Sale/Leaseback Transaction, Capitalized Lease or Synthetic Lease,
- all obligations of such Person under letters of credit,
- all obligations of such Person under trade or bankers' acceptances,
- all obligations of such Person under Hedging Obligations and Commodity Trading Obligations,
- trade payables in respect of fuel, labor, supplies or other materials or services or the obligation to provide power,
- Preferred Stock and Redeemable Stock issued to any Person other than us or a Restricted Subsidiary,
- all obligations of others secured by a Lien on any asset of such Person, whether or not such obligations are assumed by such Person, and
- all obligations of others to the extent guaranteed by such Person.

The amount of any obligation shall be deemed to be the amount equal to the stated or determinable amount thereof or, if not stated or determinable, the maximum probable liability thereunder as determined by us in good faith.

"Permitted Business" means any business in which we or any of our Subsidiaries are engaged on the date of the Indenture or any other power or energy-related business, including the business of acquiring, developing, owning or operating electric power or thermal energy generation or cogeneration facilities, electric power transmission, fuel supply and fuel transportation facilities, together with their related power supply, thermal energy and fuel contracts and other facilities, services or goods that are ancillary, incidental, complementary or reasonably related to the marketing, trading, development, construction or management servicing, ownership or operation of the foregoing.

"Permitted Hedging Obligations" of any Person shall mean (1) Hedging Obligations entered into in the ordinary course of business and in accordance with such Person's established risk management policies that are designed to protect such Person against, among other things, fluctuations in interest rates or currency exchange rates and which in the case of agreements relating to interest rates shall have a notional amount no greater than the payments due with respect to the Obligations being hedged thereby and (2) Commodity Trading Obligations.

"Person" means an individual, a corporation, a limited liability company, a partnership, an association, a trust or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

"Preferred Stock" means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) or preferred or preference stock of such Person that is outstanding or issued on or after the date of original issuance of the Debt Securities under the Indenture.

"Property" of any Person is defined to mean all types of real, personal, tangible or mixed property owned by such Person whether or not included in the most recent consolidated balance sheet of such Person under GAAP.

"Rating Agencies" means Moody's Investors Service Inc., Standard & Poor's Ratings Services, Fitch Inc. and any successor thereof.

"Redeemable Stock" is defined to mean any class or series of Capital Stock of any Person that by its terms or otherwise is (1) required to be redeemed prior to the Stated Maturity of the Debt Securities, (2) redeemable at the option of the holder of such Capital Stock at any time prior to the Stated Maturity of the Debt Securities or (3) convertible into or exchangeable for Capital Stock referred to in clause (1) or (2) above or Obligations having a scheduled maturity prior to the Stated Maturity of the Debt Securities.

"Restricted Subsidiary" means only Fossil, Nuclear, ER&T and each other of our Subsidiaries that executes a Subsidiary Guarantee with respect to the Debt Securities and is subsequently designated by the Board of Directors by written notice to the Trustee as a Restricted Subsidiary.

"Sale/Leaseback Transaction" means an arrangement relating to Property now owned or hereafter acquired whereby we or one of our Subsidiaries transfers the Property to a Person and leases it back from that Person, other than leases for a term of not more than 12 months or between us and one of our Wholly-Owned Subsidiaries that is a Restricted Subsidiary or between Wholly-Owned Subsidiaries that are Restricted Subsidiaries.

"Stated Maturity" means with respect to any Debt Security or any installment of principal thereof or interest thereon, the date specified in such Debt Security or a coupon representing such installment of interest as the fixed date on which any principal of such Debt Security or any such installment of interest is due and payable.

"Subsidiary" means, with respect to any Person, (1) any corporation, limited liability company, association or other business entity of which more than 50% of the total voting power of Voting Stock is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person (or a combination thereof) and (2) any partnership (i) the sole general partner or the managing general partner of which is such Person or a Subsidiary of such Person or (ii) the only general partners of which are such Person or one or more Subsidiaries of such Person (or any combination thereof).

"Subsidiary Guarantor" means all current and subsequently designated Restricted Subsidiaries.

"Subsidiary Guarantee" means an unconditional guarantee of a Subsidiary Guarantor of the payment of the principal of or any premium or interest on any Debt Securities in substantially the form provided for by the Indenture or a guarantee of a Subsidiary Guarantor of any other of our Obligations.

"Synthetic Lease" means (1) a lease pursuant to which the lessee is treated as the owner of the Property subject to the lease for tax purposes, whether or not such lease is treated as an operating lease for accounting purposes or (2) a lease treated as an operating lease for accounting purposes but having at least three of the following characteristics, (i) the term of the lease, inclusive of all renewal periods at the lessee's option, is greater than 75% of the useful life of the Property subject to the lease as estimated at the inception of the Lease, (ii) the lessee has the right to purchase such Property at a fixed price, (iii) the lessee's payments under the lease are calculated to amortize and service the debt of the lessor incurred in order to acquire the asset and (iv) the lessor obtains 80% or more of the cost of the asset from borrowed funds.

"Unrestricted Subsidiary" means a Subsidiary that is not a Restricted Subsidiary.

"Voting Stock" means any class or classes of Capital Stock pursuant to which the holders thereof have the general voting power under ordinary circumstances to elect at least a majority of the Board of Directors, managers or

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trustees of any Person (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency).

"Weighted Average Life to Maturity" means, when applied to any Obligations at any date, the number of years obtained by dividing (1) the then outstanding principal amount of such Obligations into (2) the total of the product obtained by multiplying (i) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (ii) the numbers of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment.

"Wholly-Owned Subsidiary" means a Subsidiary all the Capital Stock of which (other than directors' qualifying shares) is owned by us and/or one or more of our Wholly-Owned Subsidiaries.

Events of Default and Remedies

The following constitute Events of Default in respect to each series of Debt Securities under the Indenture (Section 501):

- default for five days in the payment when due of interest on any of the Debt Securities of such series;
- default in the payment when due of the principal of, or premium, if any, or make-whole amount, if any, on any of the Debt Securities of such series;
- default in the deposit of any sinking fund payment, when due by the terms of the Debt Securities of such series;
- failure by us or any Restricted Subsidiary to comply with the provisions described under "Limitation on Sale of Assets" or "Merger, Consolidation or Sale of Assets";
- failure by us or any Restricted Subsidiary for 60 days after notice by the Trustee to us or to us and the Trustee by the holders of 25% or more in aggregate principal amount of the Debt Securities of such series to comply with any of our agreements in the Indenture or the Debt Securities of such series that are not otherwise covered in this section;
- default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any of our or any of our Subsidiaries' indebtedness (including indebtedness represented by any other series of Debt Securities under the Indenture or the payment of which is guaranteed by us or by any of our Restricted Subsidiaries) (but other than Non-Recourse Obligations) whether such indebtedness or guarantee now exists or is created after the date of the Indenture, which default (a) is caused by a failure to pay the principal of such indebtedness at the Stated Maturity of such indebtedness after the expiration of grace periods provided in the indebtedness (a "Payment Default") or (b) has resulted in the acceleration of the indebtedness prior to its Stated Maturity; and, in each case the principal amount of the indebtedness, together with the principal amount of any other indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates $50.0 million or more;
- failure by us or any of our Restricted Subsidiaries to pay one or more final judgments not otherwise covered by insurance aggregating in excess of $50.0 million, which judgments are not paid, discharged or stayed for a period of 60 days; and
- certain events of bankruptcy or insolvency with respect to us or any of our Restricted Subsidiaries.

Additional series of Debt Securities issued under the Indenture may specify other events of default for such series of Debt Securities.

We are required to file with the Trustee, annually, an officer's certificate as to our compliance with all conditions and covenants under the Indenture. (Section 1011) The Indenture provides that the Trustee may withhold notice to the holders of Debt Securities of a series of any default (except payment defaults on the Debt Securities of that series) if it considers it in the interest of the holders of Debt Securities of the series to do so. (Section 515)

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If an Event of Default (other than an Event of Default occasioned by our or any of our Restricted Subsidiaries' bankruptcy or insolvency) with respect to Debt Securities of a series has occurred and is continuing, the Trustee or the holders of not less than 25% in principal amount of outstanding Debt Securities of that series may declare the principal (or, if the Debt Securities of that series are issued with original issue

discount or are "indexed debt securities" (i.e., Debt Securities, the interest and principal payments on which are determined by reference to a particular index, such as a foreign currency or commodity), such portion of the principal as may be specified in the terms of those Debt Securities) of all of the Debt Securities of that series to be due and payable immediately, by a notice in writing to us. (Section 502)

If an Event of Default occasioned by our or any of our Restricted Subsidiaries' bankruptcy or insolvency occurs, the principal of and interest on all Debt Securities shall ipso facto become and be immediately due and payable without any declaration or other act on the part of the Trustee or any holders of Debt Securities.

Subject to the provisions of the Indenture relating to the duties of the Trustee, in case an Event of Default with respect to Debt Securities of any series has occurred and is continuing, the Trustee is under no obligation to exercise any of its rights or powers under the Indenture at the request, order or direction of the holders of Debt Securities of that series, unless those holders have offered the Trustee indemnity satisfactory to the Trustee against the expenses and liabilities which might be incurred by it in compliance with such request. (Section 602)

Subject to certain exceptions, the holders of a majority in principal amount of the outstanding Debt Securities of any series of Debt Securities will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee with respect to the Debt Securities of that series. (Section 512)

The holders of a majority in principal amount of the outstanding Debt Securities of a series may, on behalf of the holders of all Debt Securities of such series and any related coupons, waive any past default under the Indenture with respect to such series and its consequences, except a default (i) in the payment of the principal of (or premium, if any) or interest, if any, on any Debt Security of such series or any related coupons or (ii) in respect of a covenant or provision that cannot be modified or amended without the consent of the holder of each outstanding Debt Security of such series affected thereby. (Section 513)

Merger, Consolidation or Sale of Assets

We may not, directly or indirectly, consolidate or merge with or into (whether or not we are the surviving entity) any other corporation, association, company, business trust or limited liability company, or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of our assets, in one or more related transactions, to another Person unless:

- the Person formed by the consolidation or surviving the merger or the Person that acquires by sale, assignment, transfer, conveyance or other disposition, or that leases, the assets (if other than us) (in each such case, the "Successor Entity"), is a corporation or limited liability company organized and existing under the laws of the United States, any State thereof or the District of Columbia and expressly assumes our obligations under the Indenture and the Debt Securities;

- if any of our or a Restricted Subsidiary's Property or assets would become subject to a Lien other than a Permitted Lien under the "Limitation on Liens" covenant, the Debt Securities shall be equally and ratably secured in accordance with such covenant;

- immediately after such transaction no event exists that is or with the passage of time or the giving of notice or both would be an Event of Default under the Indenture; and

- each Subsidiary Guarantor shall have by amendment to its Subsidiary Guarantee with respect to the Debt Securities confirmed that its Subsidiary Guarantee shall apply to the obligations of the Successor Entity under the Indenture and each series of the Debt Securities. (Section 801)

Modification or Waiver

Modification and amendment of the Indenture may be made by us and the Trustee with the consent of the holders of a majority in principal amount of all Outstanding Debt Securities that are affected by such modification or

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amendment; provided that no such modification or amendment may, without the consent of the holder of each Outstanding Debt Security affected thereby, among other things:

- change the Stated Maturity of the principal of (or premium, if any, on) or any installment of principal of or interest on any such Debt Security;

- reduce the principal amount of, or the rate (or change the manner of calculating the rate) or amount of interest in respect of, or any premium payable upon the redemption of, any such Debt Security;
- change any of our obligations to pay Additional Amounts in respect of any such Debt Security;
- reduce the portion of the principal of an Original Issue Discount Security or Indexed Security that would be due and payable upon a declaration of acceleration of the Maturity thereof or provable in bankruptcy;
- adversely affect any right of repayment at the option of the holder of any such Debt Security;
- change the place of payment of principal of, or any premium or interest on, any such Debt Security;
- impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof or on or after any Redemption Date or Repayment Date, as the case may be;
- adversely affect any right to convert or exchange any Debt Security;
- reduce the percentage in principal amount of such Outstanding Debt Securities, the consent of whose holders is required to amend or waive compliance with certain provisions of the Indenture or to waive certain defaults thereunder;
- reduce the requirements for voting or quorum described below;
- modify any of the foregoing requirements or any of the provisions relating to waiving past defaults or compliance with certain restrictive provisions, except to increase the percentage of holders required to effect any such waiver or to provide that certain other provisions of the Indenture cannot be modified or waived without the consent of the holder of each Debt Security affected thereby; or
- modify or affect the terms and conditions of the obligations of any Subsidiary Guarantor in respect of the due and punctual payment of principal of, or any premium or interest on, Debt Securities.
  (Section 902)

The holders of a majority in aggregate principal amount of Outstanding Debt Securities have the right to waive our compliance with certain covenants in the Indenture. (Section 1012)

Modification and amendment of the Indenture may be made by us and the Trustee thereunder, without the consent of any holder, for any of the following purposes:

- to evidence the succession of another Person to us and the assumption by any successor of our covenants under the Indenture and the Debt Securities;
- to add to our covenants for the benefit of the holders of all or any series of Debt Securities issued under the Indenture and any related coupons or to surrender any right or power conferred upon us by the Indenture;
- to add Events of Default for the benefit of the holders of all or any series of Debt Securities issued under the Indenture;
- to add to or change any provisions of the Indenture to facilitate the issuance of, or to liberalize the terms of, Bearer Securities, or to permit or facilitate the issuance of Debt Securities in uncertificated form, provided that any such actions do not adversely affect the holders of such Debt Securities or any related coupons in any material respect;
- to change or eliminate any provisions of the Indenture, provided that any such change or elimination will become effective only when there are no Debt Securities Outstanding of any series created prior thereto which are entitled to the benefit of such provisions;

- to secure the Debt Securities under the Indenture pursuant to the "Merger, Consolidation or Sale of Assets" covenant of the Indenture, or otherwise;
- to establish the form or terms of the Debt Securities of any series and any related coupons;
- to evidence and provide for the acceptance of appointment by a successor Trustee or facilitate the administration of the trusts under the Indenture by more than one Trustee;

- to cure any ambiguity, defect or inconsistency in the Indenture, provided such action does not adversely affect the interests of holders of Debt Securities of any series issued under the Indenture or any related coupons in any material respect; or

- to supplement any of the provisions of the Indenture to the extent necessary to permit or facilitate the defeasance and discharge of any series of Debt Securities, provided that such action shall not adversely affect the interests of the holders of any such Debt Securities and any related coupons in any material respect. (Section 901)

In determining whether the holders of the requisite principal amount of Outstanding Debt Securities have given any request, demand, authorization, direction, notice, consent or waiver under the Indenture or whether a quorum is present at a meeting of holders of Debt Securities, (1) the principal amount of an Original Issue Discount Security that will be deemed to be outstanding will be the amount of the principal thereof that would be due and payable as of the date of such determination upon acceleration of the Maturity thereof; (2) the principal amount of an Indexed Security that may be counted in making such determination or calculation and that will be deemed outstanding for such purpose will be equal to the principal face amount of such Indexed Security at original issuance, unless otherwise provided with respect to such Indexed Security pursuant to Section 301 of the Indenture; and (3) Debt Securities owned by us or any other obligor upon the Debt Securities or any Affiliate of ours or of such other obligor shall be disregarded. (Section 101)

The Indenture contains provisions for convening meetings of the holders of Debt Securities of a series if Debt Securities of that series are issuable as Bearer Securities. (Section 1501) A meeting may be called at any time by the Trustee, and also, upon request, by us or the holders of at least 10% in principal amount of the Outstanding Debt Securities of that series, in any such case upon notice given as provided in the Indenture. (Section 1502) Except for any consent that must be given by the holder of each Debt Security affected thereby, as described above, any resolution presented at a meeting (or an adjourned meeting duly reconvened) at which a quorum is present may be adopted by the affirmative vote of the holders of a majority in principal amount of the Outstanding Debt Securities of that series; provided, however, that any resolution with respect to any request, demand, authorization, direction, notice, consent, waiver or other action that may be made, given or taken by the holders of a specified percentage which is less than a majority in principal amount of the Outstanding Debt Securities of a series may be adopted at a meeting (or an adjourned meeting duly reconvened) at which a quorum is present by the affirmative vote of the holders of such specified percentage in principal amount of the Outstanding Debt Securities of that series. Any resolution passed or decision taken at any meeting of holders of Debt Securities of a series duly held in accordance with the Indenture will be binding on all holders of Debt Securities of that series and any related coupons, whether or not present or represented at the meeting. The quorum at any meeting called to adopt a resolution will be persons holding or representing a majority in principal amount of the Outstanding Debt Securities of a series; provided, however, that, if any action is to be taken at such meeting with respect to a consent or waiver which may be given by the holders of not less than a specified percentage in principal amount of the Outstanding Debt Securities of a series, the persons holding or representing such specified percentage in principal amount of the Outstanding Debt Securities of that series will constitute a quorum. (Section 1504)

Notwithstanding the foregoing provisions, if any action is to be taken at a meeting of holders of Debt Securities of a series with respect to any request, demand, authorization, direction, notice, consent, waiver or other action that the Indenture expressly provides may be made, given or taken by the holders of a specified percentage in principal amount of all Outstanding Debt Securities affected thereby or of the holders of such series and one or more additional series: (1) there shall be no minimum quorum requirement for such meeting; and (2) the principal amount of the Outstanding Debt Securities of such series that vote in favor of such request, demand, authorization, direction, notice, consent, waiver or other action will be taken into account in determining whether such request, demand, authorization, direction, notice, consent, waiver or other action has been made, given or taken under the Indenture. (Section 1504)

Satisfaction and Discharge, Legal Defeasance and Covenant Defeasance

We may discharge certain obligations to holders of Debt Securities of a series that have not already been delivered to the Trustee for cancellation and that either have become due and payable or are by their terms due and

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payable within one year (or scheduled for redemption within one year) by irrevocably depositing with the

Trustee, in trust, funds in an amount sufficient to pay the entire indebtedness on such Debt Securities for principal (and premium, if any) and interest, if any, and any Additional Amounts with respect thereto, to the date of such deposit (if such Debt Securities have become due and payable) or to the Stated Maturity or Redemption Date, as the case may be. (Section 401)

The Indenture provides that, if the provisions of Article Fourteen are made applicable to the Debt Securities of or within any series and any related coupons pursuant to Section 301 thereunder, we may elect either

- to defease and be discharged from any and all obligations with respect to such Debt Securities and any related coupons (except for the obligations to pay Additional Amounts, if any, upon the occurrence of certain events of tax, assessment or governmental charge with respect to payments on such Debt Securities and the obligations to register the transfer or exchange of such Debt Securities and any related coupons, to replace temporary or mutilated, destroyed, lost or stolen Debt Securities and any related coupons, to maintain an office or agency in respect of such Debt Securities and any related coupons, and to hold moneys for payment in trust) (defeasance) (Section 1402) or

- to be released from our obligations under any covenant specified pursuant to Section 301 with respect to such Debt Securities and any related coupons, and any omission to comply with such obligations shall not constitute a default or an Event of Default with respect to such Debt Securities and any related coupons (covenant defeasance) (Section 1403), in either case upon the irrevocable deposit by us with the Trustee (or other qualifying trustee), in trust, of:

  - an amount in U.S. dollars;

  - Government Obligations (as defined below) applicable to such Debt Securities and coupons that through the payment of principal and interest in accordance with their terms will provide money in an amount; or

  - a combination thereof in an amount

  sufficient to pay the principal of (and premium, if any) and interest, if any, on such Debt Securities and any related coupons, and any mandatory sinking fund or analogous payments thereon, on the scheduled due dates therefor.

Such a trust may only be established if, among other things, we have delivered to the Trustee an Opinion of Counsel (as specified in the Indenture) to the effect that the holders of such Debt Securities and any related coupons will not recognize income, gain or loss for United States federal income tax purposes as a result of such defeasance or covenant defeasance and will be subject to United States federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such defeasance or covenant defeasance had not occurred, and such Opinion of Counsel, in the case of defeasance under the first clause above, must refer to and be based upon a ruling of the Internal Revenue Service or a change in applicable United States federal income tax law occurring after the date of the Indenture. (Section 1404)

“Government Obligations” means securities which are (1) direct obligations of the United States or (2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States, the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States, which are not callable or redeemable at the option of the issuer thereof. Government Obligations also include a depositary receipt issued by a bank or trust company as custodian with respect to any such Government Obligation or a specific payment of interest on or principal of any such Government Obligation held by such custodian for the account of the holder of a depositary receipt; provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depositary receipt from the amount received by the custodian in respect of the Government Obligation or the specific payment of interest on or principal of the Government Obligation evidenced by such depositary receipt. (Section 101)

In the event we effect covenant defeasance with respect to any Debt Securities and any related coupons and such Debt Securities and coupons are declared due and payable because of the occurrence of any Event of Default, other than Events of Default with respect to any covenant of which there has been defeasance, the amount of Government Obligations and funds on deposit with the Trustee will be sufficient to pay amounts due

on such Debt Securities and coupons at the time of their Stated Maturity but may not be sufficient to pay amounts due on such Debt Securities and coupons at the time of the acceleration resulting from such Event of Default. In such case, we would remain liable to make payment of such amounts due at the time of acceleration.

The prospectus supplement may further describe the provisions, if any, permitting such defeasance or covenant defeasance, including any modifications to the provisions described above, with respect to the Debt Securities of or within a particular series and any related coupons.

Book-Entry Debt Securities

Unless otherwise specified in the applicable prospectus supplement, we will issue to investors Debt Securities in the form of one or more book-entry certificates registered in the name of a depositary or a nominee of a depositary. Unless otherwise specified in the applicable prospectus supplement, the depositary will be The Depository Trust Company, also referred to as DTC. We have been informed by DTC that its nominee will be Cede & Co. ("Cede"). Accordingly, Cede is expected to be the initial registered holder of all Debt Securities that are issued in book-entry form.

No person that acquires a beneficial interest in Debt Securities issued in book-entry form will be entitled to receive a certificate representing those Debt Securities, except as set forth in this prospectus or in the applicable prospectus supplement. Unless and until definitive securities are issued under the limited circumstances described below, all references to actions by holders or beneficial owners of Debt Securities issued in book-entry form will refer to actions taken by DTC upon instructions from its participants, and all references to payments and notices to holders or beneficial owners will refer to payments and notices to DTC or Cede, as the registered holder of those Debt Securities. The laws of some jurisdictions require some purchasers of securities to take physical delivery of their securities in definitive or paper form. These laws may impair the ability to transfer Debt Securities issued in book-entry form.

DTC has informed us that it is:

- a limited-purpose trust company organized under the New York Banking Law;
- a "banking organization" within the meaning of the New York Banking Law;
- a member of the Federal Reserve System;
- a "clearing corporation" within the meaning of the New York Uniform Commercial Code; and
- a "clearing agency" registered under Section 17A of the Exchange Act.

DTC has also informed us that it was created to:

- hold securities for "participants"; and
- facilitate the computerized settlement of securities transactions among participants through electronic computerized book-entry changes in participants' accounts, thereby eliminating the need for the physical movement of securities certificates.

Participants have accounts with DTC and include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of its participants and by the New York Stock Exchange, the NYSE Amex Equities and the Financial Industry Regulatory Authority, Inc. Indirect access to the DTC system is also available to indirect participants such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly. The rules applicable to DTC and its participants are on file with the SEC.

Persons that are not participants or indirect participants but desire to buy, sell or otherwise transfer ownership of or interests in Debt Securities may do so only through participants and indirect participants. Under the book-entry

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system, beneficial owners may experience some delay in receiving payments, as payments will be forwarded by the Trustee to Cede, as nominee for DTC. DTC will forward these payments to its participants, which thereafter will forward them to indirect participants or beneficial owners. Beneficial owners will not be recognized by the applicable registrar, transfer agent, trustee or depositary as registered holders of the Debt Securities entitled to the benefits of the Debt Securities or the Indenture. Beneficial owners that are not participants will be permitted to exercise their rights as an owner only indirectly through participants and, if applicable, indirect participants.

Under the current rules and regulations affecting DTC, DTC will be required to make book-entry transfers of Debt Securities among participants and to receive and transmit payments to participants. Participants and indirect participants with which beneficial owners of Debt Securities have accounts are also required by these rules to make book-entry transfers and receive and transmit those payments on behalf of their respective account holders.

Because DTC can act only on behalf of participants, who in turn act only on behalf of other participants or indirect participants, and on behalf of banks, trust companies and other persons approved by it, the ability of a beneficial owner of Debt Securities issued in book-entry form to pledge those Debt Securities to persons or entities that do not participate in the DTC system may be limited due to the unavailability of physical certificates for the Debt Securities.

DTC has advised us that it will take any action permitted to be taken by a registered holder of any Debt Securities under the Indenture only at the direction of one or more participants to whose accounts with DTC the Debt Securities are credited.

According to DTC, the information with respect to DTC has been provided to its participants and other members of the financial community for informational purposes only and is not intended to serve as a representation, warranty, or contract modification of any kind.

Unless otherwise specified in the applicable prospectus supplement, a book-entry security will be exchangeable for definitive securities registered in the names of persons other than DTC or its nominee only if:

- DTC is at any time unwilling, unable or ineligible to continue as depositary and a successor depositary is not appointed by us within 90 days following notice to us;
- we determine, in our sole discretion, not to have any Debt Securities represented in book-entry form; or
- an Event of Default under the Indenture has occurred and is continuing.

Any book-entry security that is exchangeable in accordance with the preceding sentence will be exchangeable for Debt Securities registered in such names as DTC directs.

If one of the events described in the immediately preceding paragraph occurs, DTC is generally required to notify all participants of the availability through DTC of definitive securities. Upon surrender by DTC of the book-entry security representing the Debt Securities and delivery of instructions for re-registration, the Trustee will reissue the Debt Securities as definitive securities. After reissuance of the Debt Securities, the Trustee will recognize the beneficial owners of those definitive securities as registered holders of Debt Securities.

Except as described above:

- a book-entry security may not be transferred except as a whole book-entry security by or among DTC, a nominee of DTC and/or a successor depositary appointed by us; and
- DTC may not sell, assign or otherwise transfer any beneficial interest in a book-entry security unless the beneficial interest is in an amount equal to an authorized denomination for the securities evidenced by the book-entry security.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources (including DTC) that we believe to be reliable, but we take no responsibility for the accuracy thereof.

Unless stated otherwise in the prospectus supplement, the underwriters or agents with respect to a series of Debt Securities issued as book-entry securities will be participants in DTC.

None of any underwriter or agent, the Trustee, any applicable Paying Agent or us will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial interests in a book-entry security, or for maintaining, supervising or reviewing any records relating to such beneficial interests.

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The Trustee

We maintain ordinary banking relationships with The Bank of New York Mellon, including credit facilities and lines of credit. The Bank of New York Mellon also serves as trustee under other indentures under which we or our affiliates are the obligor.

The Trustee may resign or be removed with respect to one or more series of Debt Securities and a successor Trustee may be appointed to act with respect to such series. (Section 608) In the event that two or more persons are acting as Trustee with respect to different series of Debt Securities under the Indenture, each such Trustee shall be a Trustee of a trust thereunder separate and apart from the trust administered by any other such Trustee (Section 609), and any action described herein to be taken by the Trustee may then be taken by each such Trustee with respect to, and only with respect to, the one or more series of Debt Securities for which it is Trustee.

Governing Law

The Indenture and the Debt Securities shall be governed by and construed in accordance with the laws of the State of New York without regard to principles of conflicts of laws.

PLAN OF DISTRIBUTION

We may sell the Debt Securities:

- to or through underwriters, dealers, or agents; or
- directly to one or more other purchasers.

The prospectus supplement will set forth the terms of the offering of the particular series or issue of Debt Securities to which such prospectus supplement relates, including, as applicable:

- the name or names of any underwriters or agents;
- the initial public offering or purchase price of such Debt Securities;
- any underwriting discounts, commissions and other items constituting underwriters' compensation from us and any other discounts, concessions or commissions allowed or reallowed or paid by any underwriters to other dealers;
- any commissions paid to any agents;
- the net proceeds to us; and
- the securities exchanges, if any, on which such Debt Securities will be listed.

If underwriters are used in the sale, a particular series or issue of Debt Securities will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. The Debt Securities of a particular series or issue may be either offered to the public through underwriting syndicates represented by managing underwriters or by underwriters without a syndicate. The obligations of the underwriters to purchase such Debt Securities will be subject to certain conditions precedent and each of the underwriters with respect to such Debt Securities will be obligated to purchase all of the Debt Securities of such series or issue allocated to it if any such Debt Securities are purchased. Any initial public offering price and any discounts or concessions allowed or reallowed or paid to dealers may be changed from time to time.

The Debt Securities may be offered and sold by us directly or through agents designated by us from time to time. Any agent involved in the offer or sale of the Debt Securities in respect of which this prospectus supplement will be named in, and any commissions payable by us to such agent will be set forth in, the applicable prospectus

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supplement. Unless otherwise indicated in the applicable prospectus supplement, each such agent will be acting on a best efforts basis for the period of its appointment.

The Debt Securities, when first issued, will have no established trading market. Any underwriters, dealers or agents to or through whom we sell Debt Securities for public offering and sale may make a market in those

Debt Securities, but the underwriters, dealers or agents will not be obligated to do so and may discontinue any market making at any time without notice. No assurance can be given as to the liquidity of the trading market for the Debt Securities.

If underwriters are used in the sale, to facilitate the offering of a particular series or issue of Debt Securities, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of such Debt Securities. Specifically, the underwriters may over-allot in connection with the offering, creating a short position in such Debt Securities for their own accounts. In addition, to cover over-allotments or to stabilize the price of such Debt Securities, the underwriters may bid for, and purchase, such Debt Securities in the open market. Finally, in any offering of a particular series or issue of Debt Securities through a syndicate of underwriters, the underwriting syndicate may reclaim selling concessions allowed to an underwriter or a dealer for distributing such Debt Securities in the offering, if the syndicate repurchases previously distributed Debt Securities in transactions to cover syndicate short positions, in stabilization transactions or otherwise. Any of these activities may stabilize or maintain the market price of such Debt Securities above independent market levels. The underwriters are not required to engage in these activities, and may end any of these activities at any time.

Certain of the underwriters, dealers or agents and their affiliates who participate in the distribution of Debt Securities may be customers of, engage in other transactions with, lend money to and perform other services for, us and our affiliates in the ordinary course of business.

We will set forth in the relevant prospectus supplement the anticipated delivery date of the Debt Securities and the prospectus delivery obligations of any underwriters, dealers or agents.

Any underwriters, dealers or agents participating in the distribution of the Debt Securities may be deemed to be underwriters, and any discounts or commissions received by them on the sale or resale of Debt Securities may be deemed to be underwriting discounts and commissions, under the Securities Act. Underwriters, dealers and agents may be entitled, under agreements entered into with us, to indemnification by us against certain civil liabilities, including liabilities under the Securities Act.

We will estimate our expenses associated with any offering of a particular series or issue of Debt Securities in the relevant prospectus supplement.

LEGAL OPINIONS

The validity of the Debt Securities will be passed upon for us by James T. Foran, Esquire, Associate General Counsel of PSEG, or J.A. Bouknight, Jr., Esquire, Executive Vice President and General Counsel of PSEG, and for any underwriters, dealers or agents by Sidley Austin LLP, New York, New York. Mr. Foran or Mr. Bouknight may rely on the opinion of Sidley Austin LLP as to matters of New York law. Messrs. Bouknight and Foran are also employees of our affiliate, Services. Sidley Austin LLP has from time to time represented, and continues to represent, PSEG Power LLC and its affiliates in connection with certain unrelated legal matters.

EXPERTS

The consolidated financial statements and the related consolidated financial statement schedule, incorporated in this prospectus by reference from our Annual Report on Form 10-K, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which is incorporated herein by reference. Such consolidated financial statements and consolidated financial statement schedule have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

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424B5 1 e78891_424b5.htm PRELIMINARY PROSPECTUS SUPPLEMENT

This preliminary prospectus supplement relates to an effective registration statement under the Securities Act of 1933, as amended, but is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Filed Pursuant to Rule 424(b)(5)
Registration Statement No. 333-221640

SUBJECT TO COMPLETION, DATED JUNE 4, 2018

PROSPECTUS SUPPLEMENT
JUNE , 2018
TO PROSPECTUS DATED NOVEMBER 17, 2017

$

Power LLC
% Senior Notes Due

We will pay interest on the % Senior Notes due , or the Senior Notes, semi-annually on and of each year, beginning on , 2018. The Senior Notes will mature at par on , , unless we redeem or repurchase them in accordance with their terms prior to such date.

The Senior Notes will be our senior unsecured obligations and will rank equally in right of payment with our other existing and future senior unsecured indebtedness; senior in right of payment to any of our indebtedness that is expressly subordinated in right of payment to the Senior Notes; effectively junior in right of payment to any of our future secured indebtedness to the extent of the value of the assets securing such indebtedness; and structurally junior to all indebtedness and other liabilities of our subsidiaries that do not guarantee the Senior Notes. Our subsidiaries, PSEG Fossil LLC, or Fossil, PSEG Nuclear LLC, or Nuclear, and PSEG Energy Resources & Trade LLC, or ER&T, will fully and unconditionally guarantee the Senior Notes on a joint and several basis. The guarantees will rank equally in right of payment to all existing and future senior unsecured indebtedness of the guarantors.

We may redeem some or all of the Senior Notes at any time at the applicable redemption price, as more fully described in this prospectus supplement under the caption "Description of the Senior Notes — Optional Redemption." As described under "Description of the Senior Notes — Change of Control," if we experience a change of control with respect to the Senior Notes, we will be required to offer to repurchase the Senior Notes from the holders thereof unless we have previously fully redeemed the Senior Notes. There is no sinking fund for the Senior Notes.

The Senior Notes will be issued only in registered form in denominations of $2,000 and integral multiples of $1,000 in excess thereof.

Investing in the Senior Notes involves risks. See "Risk Factors" beginning on page 4 of the accompanying prospectus, as well as the risk factors contained in our Annual Report on Form 10-K for the year ended December 31, 2017 and in our other periodic reports filed with the Securities and Exchange Commission, which are incorporated herein by reference.

	Per Senior Note	Total
Public Offering Price[1]	%	$
Underwriting Discount	%	$
Proceeds, before expenses, to PSEG Power LLC[1]	%	$

[1] Plus accrued interest, if any, from June , 2018, if settlement occurs after that date.

The underwriters expect to deliver the Senior Notes in book-entry form only through The Depository Trust Company, Clearstream Banking, S.A. and Euroclear Bank SA/NV on or about June , 2018.

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Neither the Securities and Exchange Commission nor any state or other securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Joint Book-Running Managers

Barclays **Goldman Sachs & Co. LLC** **J.P. Morgan** **Morgan Stanley**

Co-Managers

BofA Merrill Lynch **PNC Capital Markets LLC**
Wells Fargo Securities **The Williams Capital Group, L.P.**

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You should rely only on the information contained or incorporated by reference or deemed to be incorporated by reference in this prospectus supplement, the accompanying prospectus and any free writing prospectus we may provide to you. We have not, and the underwriters have not, authorized any other person to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted.

You should assume that the information appearing in this prospectus supplement, the accompanying prospectus and any free writing prospectus we may provide to you and any document incorporated by reference herein and therein is only accurate as of the respective dates on the front covers hereof and thereof. Our business, prospects, financial condition, liquidity and results of operations may have changed since such dates.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first is this prospectus supplement, which describes the specific terms of the offering of the Senior Notes and certain other matters relating to us and the underwriters. The second part, the accompanying prospectus, gives more general information about securities we may offer from time to time, some of which information may not apply to the Senior Notes we are offering in this prospectus supplement.

If the description of the Senior Notes varies between this prospectus supplement and the accompanying prospectus, you should rely on the information contained in or incorporated by reference into this prospectus supplement.

Unless we have indicated otherwise, or the context otherwise requires (e.g., in the case of the issuer of the Senior Notes), references in this prospectus supplement and the accompanying prospectus to “PSEG Power,” “we,” “us” and “our” or similar terms are to PSEG Power LLC and its consolidated subsidiaries.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Securities and Exchange Commission, or the SEC, allows us to “incorporate by reference” information that we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference or deemed incorporated by reference is an important part of this prospectus supplement and the accompanying prospectus, and information that we file later with the SEC will be deemed to automatically update and supersede this incorporated information. We incorporate by reference the following documents filed with the SEC and any future filings made with the SEC under Section 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, prior to the termination of the offering of the Senior Notes pursuant to this prospectus supplement.

- Our Annual Report on Form 10-K for the year ended December 31, 2017; and
- Our Quarterly Report on Form 10-Q for the quarter ended March 31, 2018.

Certain of the documents incorporated by reference in this prospectus supplement and the accompanying prospectus are combined documents that are separately filed by Public Service Enterprise Group Incorporated (PSEG), Public Service Electric and Gas Company (PSE&G) and PSEG Power. Only information relating to PSEG Power in such documents has been incorporated by reference in this prospectus supplement and the accompanying prospectus.

You can get a free copy of any of the documents incorporated by reference by making an oral or written request directed to:

Vice President, Investor Relations
PSEG Services Corporation
80 Park Plaza, 4th Floor
Newark, NJ 07102
Telephone (973) 430-6565

FORWARD-LOOKING STATEMENTS

This prospectus supplement or other offering materials may contain or incorporate by reference statements about our and our subsidiaries' future performance, including, without limitation, future revenues, earnings, strategies, prospects, consequences and all other statements that are not purely historical that constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those anticipated. Such statements are based on management's beliefs as well as assumptions made by and information currently available to management. When used herein, the words "anticipate," "intend," "estimate," "believe," "expect," "plan," "should," "hypothetical," "potential," "forecast," "project," variations of such words and similar expressions are intended to identify forward-looking statements. Factors that may cause actual results to differ are often presented with the forward-looking statements themselves. Other factors that could cause actual results to differ materially from those contemplated in any forward-looking statements made by us herein are discussed in filings we make with the SEC, including our Annual Report on Form 10-K and subsequent reports on Form 10-Q and Form 8-K. These factors include, but are not limited to:

- fluctuations in wholesale power and natural gas markets, including the potential impacts on the economic viability of our generation units;
- our ability to obtain adequate fuel supply;
- any inability to manage our energy obligations with available supply;
- increases in competition in wholesale energy and capacity markets;
- changes in technology related to energy generation, distribution and consumption and customer usage patterns;
- economic downturns;
- third-party credit risk relating to our sale of generation output and purchase of fuel;
- adverse performance of our decommissioning and defined benefit plan trust fund investments and changes in funding requirements;
- changes in state and federal legislation and regulations;
- regulatory, financial, environmental, health and safety risks associated with our ownership and operation of nuclear facilities;
- adverse changes in energy industry laws, policies and regulations, including market structures and transmission planning;
- changes in federal and state environmental regulations and enforcement;
- delays in receipt of, or an inability to receive, necessary licenses and permits;
- adverse outcomes of any legal, regulatory or other proceeding, settlement, investigation or claim applicable to us and/or the energy industry;
- changes in tax laws and regulations;
- the impact of our holding company structure on our ability to meet our corporate funding needs, service debt and pay dividends;
- lack of growth or slower growth in the number of customers or changes in customer demand;
- any inability of PSEG Power to meet its commitments under forward sale obligations;
- reliance on transmission facilities that we do not own or control and the impact on our ability to maintain adequate transmission capacity;
- any inability to successfully develop or construct generation projects;
- any equipment failures, accidents, severe weather events or other incidents that impact our ability to provide safe and reliable service to our customers;

- our inability to exercise control over the operations of generation facilities in which we do not maintain a controlling interest;
- any inability to recover the carrying amount of our long-lived assets;
- any inability to maintain sufficient liquidity;
- any inability to realize anticipated tax benefits or retain tax credits;
- challenges associated with recruitment and/or retention of key executives and a qualified workforce;
- the impact of our covenants in our debt instruments on our operations; and
- the impact of acts of terrorism, cybersecurity attacks or intrusions.

Additional information concerning these factors is set forth or referred to under “Risk Factors” in the accompanying prospectus.

All of the forward-looking statements made in this prospectus supplement and the other offering materials are qualified by these cautionary statements and we cannot assure you that the results or developments anticipated by management will be realized or even if realized, will have the expected consequences to, or effects on, us or our business, prospects, financial condition, results of operations or cash flows. Readers are cautioned not to place undue reliance on these forward-looking statements in making any investment decision. Forward-looking statements made in this prospectus supplement or other offering materials apply only as of the date of this prospectus supplement or such other offering materials. While we may elect to update forward-looking statements from time to time, we specifically disclaim any obligation to do so, even in light of new information or future events, unless otherwise required by applicable securities laws.

The forward-looking statements contained in this prospectus supplement and the other offering materials are intended to qualify for the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Exchange Act.

SUMMARY

The following summary contains basic information about us and the offering. It may not contain all of the information that may be important to you in making a decision to purchase the Senior Notes. You should read this entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference or deemed to be incorporated by reference before making your investment decision.

PSEG Power LLC

We are a multi-regional energy supply company that integrates the operations of our merchant nuclear and fossil generating assets with our power marketing businesses and fuel supply functions through competitive energy sales in well-developed energy markets primarily in the Northeast and Mid-Atlantic United States through our principal direct wholly owned subsidiaries: Fossil, Nuclear and ER&T. Fossil and Nuclear own and operate generation and generation-related facilities. ER&T is responsible for the day-to-day management of our energy portfolio. In addition, PSEG Power owns and operates solar generation in various states. PSEG Power's subsidiaries are subject to regulation by the Federal Energy Regulatory Commission (FERC), the Nuclear Regulatory Commission (NRC), the Environmental Protection Agency (EPA) and the states in which they operate.

We are a wholly-owned subsidiary of PSEG. PSEG is a holding company with a diversified business mix within the energy industry. In addition to PSEG Power, PSEG's other direct wholly owned subsidiaries include PSE&G, a public utility engaged principally in the transmission of electricity and distribution of electricity and natural gas in certain areas of New Jersey; PSEG Long Island LLC (PSEG LI), which operates the Long Island Power Authority's (LIPA) electric transmission and distribution system under an Operations Services Agreement; PSEG Energy Holdings L.L.C. (Energy Holdings), which primarily has investments in leveraged leases; and PSEG Services Corporation (Services), which provides certain management, administrative and general services to PSEG and its subsidiaries at cost.

We are a Delaware limited liability company with principal executive offices located at 80 Park Plaza, Newark, New Jersey 07102; our telephone number is 973-430-7000.

The Offering

The following summary of the terms of the offering is provided solely for your convenience and is not intended to be complete. You should read and consider the more specific details contained in this prospectus supplement and the accompanying prospectus prior to making a decision to purchase the Senior Notes. See "Description of the Senior Notes" in this prospectus supplement and "Description of Debt Securities" in the accompanying prospectus.

Issuer	PSEG Power LLC
Guarantors	PSEG Fossil LLC (Fossil), PSEG Nuclear LLC (Nuclear) and PSEG Energy Resources & Trade LLC (ER&T)
Securities Offered	$ aggregate principal amount of % Senior Notes due , .
Guarantees	The Senior Notes will be fully and unconditionally guaranteed by our subsidiaries, Nuclear, Fossil and ER&T, on a joint and several basis. We have issued a guarantee of the obligations of ER&T, which guarantee is subordinated to the Senior Notes.
Ranking	The Senior Notes will be our senior unsecured obligations and will rank equally in right of payment with our other existing and future senior unsecured indebtedness; senior in right of payment to any of our indebtedness that is expressly subordinated in right of payment to the Senior Notes; effectively junior in right of payment to any of our future secured indebtedness to the extent of the value of the assets securing such indebtedness; and structurally junior to all indebtedness and other liabilities of our subsidiaries that do not guarantee the Senior Notes. At March 31, 2018, we had approximately $2.4 billion of outstanding indebtedness that ranks equally with the Senior Notes. The guarantees will rank equally in right of payment to all existing and future senior unsecured indebtedness of the guarantors.
Maturity	The Senior Notes will mature on , , subject to the provisions described below under " — Optional Redemption" and " — Repurchase Upon Change of Control."
Optional Redemption	We may redeem the Senior Notes at any time, in whole or in part, prior to , (the date that is months prior to their maturity date) at a price equal to the greater of (a) 100% of the principal amount of the Senior Notes being redeemed and (b) the sum of the present values of the remaining scheduled payments of principal of and interest on the Senior Notes being redeemed that would be due if such Senior Notes matured on , , exclusive of accrued interest to the redemption date, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below) plus basis points, plus any accrued and unpaid interest on the principal amount of the Senior Notes being redeemed to the redemption date.

	In addition, we may redeem the Senior Notes at any time, in whole or in part, on and after , (the date that is months prior to their maturity date) at a redemption price equal to 100% of the principal amount of the Senior Notes being redeemed, plus any accrued and unpaid interest on the principal amount of the Senior Notes being redeemed to the redemption date. See "Description of the Senior Notes — Optional Redemption."
Repurchase Upon Change of Control	If we experience a Change of Control (as defined below), we will be required to offer to repurchase all of the Senior Notes at a price equal to 101% of the principal amount thereof, plus any accrued and unpaid interest to the repurchase date unless we have previously fully redeemed the Senior Notes. See "Description of the Senior Notes — Change of Control."
Interest Payment Dates	and of each year, beginning on , 2018.
Certain Covenants	The Indenture under which the Senior Notes will be issued contains certain covenants applicable to us and the above-referenced guarantors as restricted subsidiaries. See "Description of the Senior Notes — Certain Covenants" in this prospectus supplement and "Description of Debt Securities — Selected Indenture Covenants" in the accompanying prospectus. These covenants limit our ability, and the ability of our restricted subsidiaries, to, among other things: • in the case of our restricted subsidiaries, incur certain indebtedness; • create liens; • create or permit to exist dividend or payment restrictions with respect to the restricted subsidiaries; • sell assets; and • engage in mergers and consolidations. In addition, the Indenture contains a covenant requiring one of our restricted subsidiaries, ER&T, to pay periodic dividends or distributions to us of the excess cash not required for its business operations. Each of these covenants is subject to a number of important qualifications and exceptions. See "Description of the Senior Notes — Certain Covenants" in this prospectus supplement and "Description of Debt Securities — Selected Indenture Covenants" in the accompanying prospectus.
Use of Proceeds	We expect to use the net proceeds from the sale of the Senior Notes for general corporate purposes. See "Use of Proceeds."
Trustee	The Senior Notes will be issued under an Indenture with The Bank of New York Mellon, as Trustee. The Trustee will also act as paying agent and registrar for the Senior Notes.
Risk Factors	An investment in the Senior Notes involves certain risks. You should carefully consider the risks described in "Risk Factors" beginning on page 4 of the accompanying prospectus, as well as in the risk factors contained in our Annual Report on Form 10-K for the year ended December 31, 2017 and in our other periodic reports filed with the SEC, which are incorporated herein by reference.

CONSOLIDATED RATIOS OF EARNINGS TO FIXED CHARGES

	Three Months Ended March 31, 2018	Years Ended December 31,				
		2017	2016	2015	2014	2013
Ratio of Earnings to Fixed Charges[(1),(2)]	9.51	(0.71)	0.82	9.99	9.37	8.37

(1) The term "earnings" shall be defined as pre-tax Income from Continuing Operations before income or loss from equity method investees plus distributed income from equity investees. Add to pre-tax income the amount of fixed charges adjusted to exclude the amount of any interest capitalized during the period. Fixed Charges represent (a) interest, whether expensed or capitalized, (b) amortization of debt discount, premium and expense, and (c) an estimate of interest implicit in rentals.

(2) The ratio of earnings to fixed charges for the year ended December 31, 2017 was (0.71), as noted above, which represents a deficiency of $237 million. The ratio of earnings to fixed charges for the year ended December 31, 2016 was 0.82, as noted above, which represents a deficiency of $25 million.

USE OF PROCEEDS

We estimate the net proceeds from the sale of the Senior Notes to be approximately $ million after deducting the underwriting discount and estimated offering expenses. We expect to use the net proceeds from the sale of the Senior Notes for general corporate purposes.

DESCRIPTION OF THE SENIOR NOTES

Set forth below is a description of the specific terms of the Senior Notes. This description supplements, and should be read together with, the description of the general terms and provisions of Debt Securities set forth in the accompanying prospectus under the caption "Description of Debt Securities." The following description does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the description in the accompanying prospectus and the Indenture dated as of April 16, 2001, as amended and supplemented by the First Supplemental Indenture dated as of March 13, 2002 (which we refer to collectively as the "Indenture"), between and among us, Fossil, Nuclear and ER&T (which we refer to collectively as the "Subsidiary Guarantors") and The Bank of New York Mellon, as trustee (the "Trustee"). The Trustee's address is 101 Barclay Street, Floor 8 West, New York, NY 10286.

References in this section to "PSEG Power", "we", "us" and "our" refer to PSEG Power LLC without its consolidated subsidiaries. References in this section to the "Subsidiary Guarantors", or any of them individually, refer to Fossil, Nuclear and ER&T, without their respective consolidated subsidiaries. References in this section to "PSEG" refer to Public Service Enterprise Group Incorporated, without its consolidated subsidiaries.

General

We will issue the Senior Notes under the Indenture. The terms of the Senior Notes are stated in the Indenture and include terms made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"). You should refer to the Indenture and the Trust Indenture Act for a statement of these terms. The Indenture is governed by New York law.

Principal, Maturity and Interest

The Indenture does not limit the aggregate principal amount of debt securities that we may issue under it and provides that debt securities may be issued under it up to the principal amount as we may authorize from time to time. The debt securities may be issued from time to time in one or more series. We may "reopen" any series of debt securities, including the Senior Notes, and issue additional debt securities of that series without the consent of existing holders. Any additional notes of a series having similar terms, together with the notes of such series, will constitute a single series of debt securities under the Indenture; provided that if the additional notes are not fungible for U.S. federal income tax purposes, the additional notes will have a separate CUSIP number.

The Senior Notes will initially be limited to $ million. The Senior Notes will be issued in registered form only, without coupons, in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof. The Senior Notes will mature at par on , , or the Stated Maturity Date, unless we redeem or repurchase them in accordance with their terms prior to such date.

Interest on the Senior Notes will accrue at the rate of % per annum and will be payable semi-annually in arrears on and of each year (each, an "Interest Payment Date") beginning on , 2018. We will make each payment of interest on an Interest Payment Date to the persons in whose names the Senior Notes are registered at the close of business on the 15th day immediately preceding such Interest Payment Date.

Interest on the Senior Notes will accrue from June , 2018 or, if interest has already been paid, from the most recent Interest Payment Date to which interest was paid or duly provided for. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

If any Interest Payment Date or the Stated Maturity Date or date of earlier redemption or repurchase is not a Business Day, the required payment shall be made on the next succeeding day that is a Business Day, without any interest or other payment in respect of the payment subject to delay, with the same force and effect as if made on such Interest Payment Date or the Stated Maturity Date or date of earlier redemption or repurchase, as the case may be. "Business Day" means each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in Newark, New Jersey and The City of New York are authorized or obligated by law or executive order to close.

Guarantees

The Senior Notes will be fully and unconditionally guaranteed by the Subsidiary Guarantors on a joint and several basis.

Ranking

The Senior Notes will be our senior unsecured obligations and will rank:

- equally in right of payment with our other existing and future senior unsecured indebtedness;
- senior in right of payment to any of our indebtedness that is expressly subordinated in right of payment to the Senior Notes;
- effectively junior in right of payment to any of our future secured indebtedness to the extent of the value of the assets securing such indebtedness; and
- structurally junior to all indebtedness and other liabilities of our subsidiaries that do not guarantee the Senior Notes.

Each of the guarantees will be the respective guarantor's senior unsecured obligations and will rank:

- equally in right of payment with such guarantor's other existing and future senior unsecured indebtedness;
- senior in right of payment to any of such guarantor's indebtedness that is expressly subordinated in right of payment to the guarantees;
- effectively junior in right of payment to any of such guarantor's future secured indebtedness to the extent of the value of the assets securing such indebtedness; and
- structurally junior to all indebtedness and other liabilities of such guarantor's subsidiaries that do not guarantee the Senior Notes.

As of March 31, 2018, we had issued and outstanding under the Indenture and the Subsidiary Guarantors had guaranteed senior indebtedness totaling $2.4 billion. Included within that total, we had issued and outstanding and the Subsidiary Guarantors had guaranteed an aggregate total of $44 million of our Pollution Control Notes, which are our senior unsecured obligations. We currently do not have any outstanding secured indebtedness.

Other than intercompany debt and guarantees of our indebtedness, the Subsidiary Guarantors currently have no indebtedness outstanding.

Optional Redemption

We may redeem the Senior Notes at any time, in whole or in part, prior to , (the date that is months prior to the Stated Maturity Date), upon not less than 10 nor more than 60 days' prior written notice, as more fully described under " — Selection and Notice" below, at a price equal to the greater of:

(a) 100% of the principal amount of the Senior Notes being redeemed and

(b) the sum of the present values of the remaining scheduled payments of principal of and interest on the Senior Notes being redeemed that would be due if such Senior Notes matured on , , exclusive of accrued interest to the redemption date, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus basis points,

plus, in either case, any accrued and unpaid interest on the principal amount being redeemed to the redemption date.

In addition, we may redeem the Senior Notes at any time, in whole or in part, on and after , (the date that is months prior to the Stated Maturity Date), upon not less than 10 nor more than 60 days' prior written notice, as more fully described under " — Selection and Notice" below, at a redemption price equal to 100% of the principal amount of the Senior Notes being redeemed, plus accrued and unpaid interest on the principal amount of the Senior Notes being redeemed to the redemption date.

"Comparable Treasury Issue" means, with respect to any redemption date for any of the Senior Notes being redeemed, the United States Treasury security selected by an Independent Investment Banker as having the maturity comparable to the remaining term of the Senior Notes to be redeemed (assuming that the Senior Notes matured on ,) that would be utilized, at the time of selection and in accordance with the customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Senior Notes.

"Comparable Treasury Price" means, with respect to any redemption date for any of the Senior Notes being redeemed:

(a) the average of three Reference Treasury Dealer Quotations (as defined below) for the redemption date, after excluding the highest and lowest of five Reference Treasury Dealer Quotations, or

(b) if the Independent Investment Banker obtains fewer than five Reference Treasury Dealer Quotations, the average of all Reference Treasury Dealer Quotations obtained.

"Independent Investment Banker" means one of the Reference Treasury Dealers appointed by us.

"Reference Treasury Dealer" means each of (1) Barclays Capital Inc., Goldman Sachs & Co. LLC, J.P. Morgan Securities LLC and Morgan Stanley & Co. LLC, and their respective successors, provided that if any of the foregoing shall cease to be a primary U.S. government securities dealer in the United States (a "Primary Treasury Dealer"), we will substitute therefor another Primary Treasury Dealer and (2) any other Primary Treasury Dealer selected by us.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by that Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding such redemption date.

"Treasury Rate" means, with respect to any redemption date for any of the Senior Notes being redeemed, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date. The Treasury Rate will be calculated by us on the third Business Day preceding the redemption date. The Trustee shall not be responsible for any such calculation.

Unless we default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the Senior Notes called for redemption.

Selection and Notice

In the event that we elect to redeem only a portion of the Senior Notes, the Senior Notes to be redeemed will be selected in accordance with the procedures of The Depository Trust Company, or DTC, in the case of Senior Notes represented by a global security, or by the Trustee by lot, in the case of Senior Notes that are not represented by a global security. Senior Notes in denominations of $2,000 or less may not be redeemed in part. Notices of redemption will be delivered at least 10 but not more than 60 days prior to the redemption date to each holder of Senior Notes to be redeemed at its registered address. The notice of redemption will state the portion of the principal amount to be redeemed if a Senior Note is to be redeemed in part.

Change of Control

Upon the occurrence of a Change of Control, unless we have previously fully redeemed the Senior Notes as described under " — Optional Redemption," each holder of Senior Notes will have the right to require that we purchase all or a portion of such holder's Senior Notes pursuant to the offer described below (the "Change of Control Offer"), at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of repurchase (collectively, a "Change of Control Payment"), subject to the rights of holders of Senior Notes on a record date to receive interest due to the related Interest Payment Date.

Within 30 days following the date upon which the Change of Control occurred, or at our option, prior to any Change of Control, but after the public announcement of the Change of Control, we must send, by first class mail, a notice to each holder of the Senior Notes, with a copy to the Trustee, which notice shall govern the terms of the Change of Control Offer. Such notice shall state, among other things, the repurchase date, which must be no earlier than 30 days nor later than 60 days from the date such notice is mailed, other than as may be required by law (the "Change of Control Payment Date"). The notice, if mailed prior to the date of consummation of the Change of Control, shall state that the Change of Control Offer is conditioned on the Change of Control occurring on or prior to the Change of Control Payment Date. Holders of Senior Notes electing to have Senior Notes repurchased pursuant to a Change of Control Offer will be required to surrender their Senior Notes, with such customary documents of surrender and transfer as we may reasonably request duly completed or transfer their Senior Notes by book-entry transfer, to the paying agent at the address specified in the notice prior to the close of business on the third Business Day prior to the Change of Control Payment Date. If a holder elects to have less than all of its Senior Notes purchased pursuant to a Change of Control Offer, Senior Notes in denominations of $2,000 or less may not be repurchased in part.

On the Change of Control Payment Date, we will, to the extent lawful:

- accept for payment all Senior Notes properly tendered by holders thereof pursuant to the Change of Control Offer;
- deposit with the paying agent an amount equal to the Change of Control Payment in respect of all Senior Notes properly tendered by holders thereof; and
- deliver or cause to be delivered to the Trustee the Senior Notes properly accepted by us, together with an officers' certificate stating the aggregate principal amount of Senior Notes being repurchased.

The paying agent will promptly transmit to each holder of properly tendered Senior Notes the Change of Control Payment for the Senior Notes being repurchased, and the Trustee will promptly authenticate a new Senior Note equal in principal amount to any unrepurchased portion, if any, of any Senior Notes surrendered, provided that each new Senior Note will be in a principal amount of $2,000 or an integral multiple of $1,000 in excess thereof.

We will not be required to make a Change of Control Offer if a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements for such an offer made by us and such third party purchases all Senior Notes properly tendered and not withdrawn under its offer. In addition, we will not repurchase any Senior Notes if there has occurred and is continuing on the Change of Control Payment Date an event of default under the Indenture, other than a default in the payment of the Change of Control Payment upon a Change of Control.

Upon the occurrence of a Change of Control, we may not have sufficient funds to repurchase the Senior Notes in the amount of the Change of Control Payment in cash at such time. In addition, our ability to repurchase the Senior Notes for cash may be limited by law or the terms of other agreements relating to our indebtedness outstanding at the time. The failure to make such repurchase as a result of these or other circumstances would result in a default under the Senior Notes.

Provisions in the Indenture relating to a Change of Control may, in certain circumstances, make it more difficult or discourage any leveraged buyout of us or any of our subsidiaries. The Indenture may not afford the holders of Senior Notes protection in all circumstances from the adverse aspects of a highly leveraged transaction, reorganization, restructuring, merger or similar transaction.

The definition of Change of Control includes a phrase relating to the direct or indirect sale, transfer, conveyance or other disposition of "all or substantially all" of the assets of PSEG Power and its subsidiaries, taken as a whole. There is no precise, established definition of the phrase "substantially all" under applicable law. Accordingly, the ability of a holder of the Senior Notes to require us to repurchase its Senior Notes as a result of the sale, transfer, conveyance or other disposition of less than all of the assets of PSEG Power and its subsidiaries may be uncertain.

We will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with the repurchase of the Senior Notes pursuant to a Change of Control Offer. To the extent that any securities laws or regulations

conflict with the "Change of Control" provisions of the Indenture, we shall comply with the applicable securities laws and regulations and shall be deemed not to have breached our obligations under the "Change of Control" provisions of the Indenture by virtue thereof.

"Change of Control" means the occurrence of any of the following events:

- PSEG ceases to own, directly or indirectly, all of the outstanding Voting Stock of PSEG Power and the Subsidiary Guarantors or their respective successors; or
- the direct or indirect sale, transfer, conveyance or other disposition, in one or a series of related transactions, of all or substantially all of the assets of PSEG Power and its subsidiaries taken as a whole to any "person" or "group" (as those terms are used in Section 13(d)(3) of the Exchange Act) other than to PSEG Power or one of its subsidiaries.

"Voting Stock" means, with respect to any specified person as of any date, the equity interests of such person that are at the time entitled to vote generally in the election of directors to the board of directors (or members of a comparable body) of such person.

Certain Covenants

The Indenture under which the Senior Notes will be issued contains certain covenants applicable to us and the Subsidiary Guarantors as restricted subsidiaries. These covenants limit our ability, and the ability of our restricted subsidiaries, to, among other things:

- in the case of our restricted subsidiaries, incur certain indebtedness;
- create liens;
- create or permit to exist dividend or payment restrictions with respect to the restricted subsidiaries; • sell assets; and • engage in mergers and consolidations.

In addition, the Indenture contains a covenant requiring one of our restricted subsidiaries, ER&T, to pay periodic dividends or distributions to us of the excess cash not required for its business operations. Each of these covenants is subject to a number of important qualifications and exceptions.

See also "Description of Debt Securities — Selected Indenture Covenants" in the accompanying prospectus.

Book-Entry Only Issuance

DTC will act as the initial securities depositary for the Senior Notes. The Senior Notes will be issued only as fully registered securities registered in the name of Cede & Co., DTC's nominee. One or more fully registered global Senior Note certificates will be issued, representing in the aggregate the total principal amount of Senior Notes, and will be deposited with or on behalf of DTC. See "Description of Debt Securities — Book-Entry Debt Securities" in the accompanying prospectus.

Investors may elect to hold interests in the global securities through either DTC in the United States or Clearstream Banking, S.A. ("Clearstream, Luxembourg"), or Euroclear Bank SA/NV, as operator (the "Euroclear operator") of the Euroclear system (the "Euroclear system"), in Europe if they are participants of such systems, or indirectly through organizations which are participants in such systems. Clearstream, Luxembourg and the Euroclear system will hold interests on behalf of their participants through customers' securities accounts in Clearstream, Luxembourg's and the Euroclear system's names on the books of their respective U.S. depositaries, which in turn will hold such interests in customers' securities accounts in the depositaries' names on the books of DTC. Because the depositary can act only on behalf of participants, which in turn act on behalf of indirect participants and certain banks, the ability of a person having a beneficial interest in a global security to pledge such interest to persons or entities that do not participate in the depositary system, or otherwise take actions in respect of such interests, may be affected by the lack of physical certificates evidencing such interests.

Clearstream, Luxembourg advises that it is incorporated under the laws of Luxembourg as a professional depositary. Clearstream, Luxembourg holds securities for its participating organizations ("Clearstream participants") and facilitates the clearance and settlement of securities transactions between Clearstream participants through electronic book-entry changes in accounts of Clearstream participants, thereby eliminating the need for physical movement of certificates. Clearstream, Luxembourg provides to Clearstream participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream, Luxembourg interfaces with domestic markets in several countries. As a professional depositary, Clearstream, Luxembourg is subject to regulation by the Luxembourg Commission for the Supervision of the Financial Sector (Commission de Surveillance du Secteur Financier). Clearstream participants are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations and may include the underwriters. Indirect access to Clearstream, Luxembourg is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Clearstream participant, either directly or indirectly.

Distributions with respect to interests in the Senior Notes held beneficially through Clearstream, Luxembourg will be credited to cash accounts of Clearstream participants in accordance with its rules and procedures, to the extent received by the U.S. depositary for Clearstream, Luxembourg.

The Euroclear system advises that it was created in 1968 to hold securities for participants of the Euroclear system ("Euroclear participants") and to clear and settle transactions between Euroclear participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Euroclear provides various other services, including securities lending and borrowing and interfaces with domestic markets in several countries. The Euroclear system is operated by Euroclear Bank SA/NV (the "Euroclear operator") under contract with Euroclear Clearance Systems S.C., a Belgian cooperative corporation (the "cooperative"). All operations are conducted by the Euroclear operator, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear operator, not the cooperative. The cooperative establishes policy for the Euroclear system on behalf of Euroclear participants. Euroclear participants include banks (including central banks), securities brokers and dealers and other professional financial intermediaries and may include the underwriters. Indirect access to the Euroclear system is also available to other firms that clear through or maintain a custodial relationship with a Euroclear participant, either directly or indirectly. The Euroclear operator is a Belgian bank that is licensed by the Belgian Banking and Finance Commission to carry out banking activities on a global basis. As such, it is regulated by the Belgian Banking and Finance Commission. Securities clearance accounts and cash accounts with the Euroclear operator are governed by the Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear system, and applicable Belgian law (collectively, the "terms and conditions"). The terms and conditions govern transfers of securities and cash within the Euroclear system, withdrawals of securities and cash from the Euroclear system, and receipts of payments with respect to securities in the Euroclear system. All securities in the Euroclear system are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear operator acts under the terms and conditions only on behalf of Euroclear participants, and has no records of or relationship with persons holding through Euroclear participants.

Distributions with respect to the Senior Notes held beneficially through the Euroclear system will be credited to the cash accounts of Euroclear participants in accordance with the terms and conditions, to the extent received by the U.S. depositary for the Euroclear system.

The information in this section, together with the information in "Description of Debt Securities — Book-Entry Debt Securities" in the accompanying prospectus concerning DTC, its book-entry system, Clearstream, Luxembourg and the Euroclear system has been obtained from sources that we believe to be reliable, but we have not attempted to verify the accuracy of this information.

Global Clearance and Settlement Procedures

Initial settlement for the Senior Notes will be made in immediately available funds. Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC rules and will be settled in immediately available funds using DTC's Same-Day Funds Settlement System. Secondary market trading

between Clearstream participants and/or Euroclear participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream, Luxembourg and the Euroclear system, as applicable.

Clearstream, Luxembourg and the Euroclear system will record the ownership interests of their participants in much the same way as DTC, and DTC will record the total ownership of each of the U.S. agents of Clearstream, Luxembourg and the Euroclear system, as participants in DTC. When the Senior Notes are to be transferred from the account of a DTC participant to the account of a Clearstream participant or a Euroclear participant, the purchaser must send instructions to Clearstream, Luxembourg or the Euroclear system through a participant at least one day prior to settlement. Clearstream, Luxembourg or the Euroclear system, as the case may be, will instruct its U.S. agent to receive the Senior Notes against payment. After settlement, Clearstream, Luxembourg or the Euroclear system will credit its participant's account. Credit for the Senior Notes will appear on the next day (European time).

Because settlement is taking place during New York business hours, DTC participants will be able to employ their usual procedures for sending the Senior Notes to the relevant U.S. agent acting for the benefit of Clearstream or Euroclear participants. The sale proceeds will be available to the DTC seller on the settlement date. As a result, to the DTC participant, a cross-market transaction will settle no differently than a trade between two DTC participants.

When a Clearstream or Euroclear participant wishes to transfer the Senior Notes to a DTC participant, the seller will be required to send instructions to Clearstream, Luxembourg or the Euroclear system through a participant at least one business day prior to settlement. In these cases, Clearstream, Luxembourg or the Euroclear system will instruct its U.S. agent to transfer these Senior Notes against payment for them. The payment will then be reflected in the account of the Clearstream or Euroclear participant the following day, with the proceeds back valued to the value date, which would be the preceding day, when settlement occurs in New York, if settlement is not completed on the intended value date, that is, the trade fails, proceeds credited to the Clearstream or Euroclear participant's account will instead be valued as of the actual settlement date. Clearstream participants and Euroclear participants may not deliver instructions directly to their respective U.S. depositaries.

You should be aware that you will only be able to make and receive deliveries, payments and other communications involving the Senior Notes through Clearstream, Luxembourg and the Euroclear system on the days when those clearing systems are open for business. Those systems may not be open for business on days when banks, brokers and other institutions are open for business in the United States. Because of time-zone differences, credits of Senior Notes received in Clearstream, Luxembourg or the Euroclear system as a result of a transaction with a DTC participant will be made during subsequent securities settlement processing and dated the business day following the DTC settlement date. Such credits or any transactions in such Senior Notes settled during such processing will be reported to the relevant Euroclear participant or Clearstream participant on such business day. Cash received in Clearstream, Luxembourg or the Euroclear system as a result of sales of the Senior Notes by or through a Clearstream participant or a Euroclear participant to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Clearstream, Luxembourg or the Euroclear system cash account only as of the business day following settlement in DTC.

Although DTC, Clearstream, Luxembourg and the Euroclear system have agreed to the foregoing procedures in order to facilitate transfers of Senior Notes among participants of DTC, Clearstream, Luxembourg and the Euroclear system, they are under no obligation to perform or continue to perform such procedures and such procedures may be discontinued or changed at any time.

MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of certain material U.S. federal income tax consequences of the purchase, ownership and disposition of Senior Notes. Except where noted, this summary deals only with Senior Notes held as capital assets by beneficial owners of Senior Notes who purchase Senior Notes in this offering at the public offering price listed on the cover page of this prospectus supplement. This summary is based upon the provisions of the Internal Revenue Code of 1986, as amended, or the Code, the Treasury Regulations promulgated thereunder and judicial and administrative rulings and decisions now in effect, all of which are subject to change or differing interpretations, possibly with retroactive effect. This summary does not purport to address all aspects of U.S. federal income taxation that may affect particular investors in light of their individual circumstances, or certain types of investors subject to special treatment under the U.S. federal income tax laws, such as persons that mark to market their securities, financial institutions, regulated investment companies, real estate investment trusts, corporations subject to the accumulated earnings tax, holders subject to the alternative minimum tax, individual retirement and other tax-deferred accounts, tax-exempt organizations, brokers, dealers in securities and commodities, certain former U.S. citizens or long-term residents, life insurance companies, certain accrual method taxpayers subject to special tax accounting rules as a result of their use of financial statements under Section 451(b) of the Code persons that hold Senior Notes as part of a hedge against currency or interest rate risks or that hold Senior Notes as part of a position in a constructive sale, straddle, conversion transaction or other integrated transaction for U.S. federal income tax purposes, controlled foreign corporations, passive foreign investment companies, persons that acquire Senior Notes in connection with employment or other performance of personal services, partnerships or other pass-through entities and investors in such entities, subsequent purchasers of Senior Notes, U.S. holders (as defined below) whose "functional currency" is not the U.S. dollar and persons that are members of an "expanded group" or a "modified expanded group," within the meaning of Treasury Regulations Section 1.385-1, of which PSEG is also a member. This summary does not address any aspect of state, local or foreign taxation or any U.S. federal tax other than the income tax.

For purposes of this summary, a "U.S. holder" is a beneficial owner of a Senior Note that, for U.S. federal income tax purposes, is:

- an individual citizen or resident of the United States;
- a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States, any state or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust, if (a) a court within the United States is able to exercise primary jurisdiction over administration of the trust and one or more U.S. persons have authority to control all substantial decisions of the trust or (b) it has a valid election in effect to be treated as a U.S. person.

For purposes of this summary, a "non-U.S. holder" is a beneficial owner of a Senior Note that is not a U.S. holder or a partnership (including an entity or arrangement treated as a partnership for U.S. federal income tax purposes).

If a partnership (including an entity or arrangement treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of Senior Notes, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. Partnerships that hold Senior Notes (and partners in such partnerships) should consult their tax advisors.

We have not requested, and do not intend to request, a ruling from the U.S. Internal Revenue Service, or the IRS, with respect to any of the U.S. federal income tax consequences described below. There can be no assurance that the IRS will not disagree with or challenge any of the conclusions set forth herein.

If you are considering investing in Senior Notes, you should consult your own tax advisor with respect to your particular tax consequences of the purchase, ownership and disposition of the Senior Notes, including the consequences under the laws of any state, local or non-U.S. jurisdiction.

Certain Additional Payments

In certain circumstances, we may be obligated to pay amounts in excess of stated interest or principal on the Senior Notes. For example, we are required to pay 101% of the principal amount of any Senior Note repurchased by us at the holder's election after a Change of Control, as described above under the heading "Description of the

Senior Notes — Change of Control." In addition, we may be required to pay amounts in redemption of the Senior Notes in addition to the stated principal amount of and interest on the Senior Notes as described under "Description of the Senior Notes — Optional Redemption." The obligation to make these payments may implicate the provisions of the Treasury Regulations relating to "contingent payment debt instruments." Treasury Regulations provide special rules for contingent payment debt instruments which, if applicable, could cause the timing, amount and character of a holder's income, gain or loss with respect to the Senior Notes to be different from the consequences discussed herein. Although the issue is not free from doubt, we believe that the possibility of the payment of such additional amounts ought not result in the Senior Notes being treated as contingent payment debt instruments under the applicable Treasury Regulations. This position is not binding on the IRS, which may take a contrary position and treat the Senior Notes as contingent payment debt instruments. If the Senior Notes were deemed to be contingent payment debt instruments, a holder would generally be required to treat any gain recognized on the sale or other disposition of the Senior Notes as ordinary income rather than as capital gain. Furthermore, a holder would be required to accrue interest income on a constant yield basis at an assumed yield determined at the time of issuance of the Senior Notes, with adjustments to such accruals when any payments are made that differ from the payments calculated based on the assumed yield. The remainder of this discussion assumes that the Senior Notes are not treated as contingent payment debt instruments. Holders are urged to consult their own tax advisors regarding the potential application to the Senior Notes of the rules regarding contingent payment debt instruments and the consequences thereof.

U.S. holders

Payments of interest. Stated interest on a Senior Note will generally be taxable to a U.S. holder as ordinary interest income at the time it is paid or accrued in accordance with the U.S. holder's regular method of accounting for U.S. federal income tax purposes.

Sale, exchange, redemption or other taxable disposition of a Senior Note. Upon the sale, exchange, redemption or other taxable disposition of a Senior Note, a U.S. holder will recognize taxable gain or loss equal to the difference between the amount realized on the sale, exchange, redemption or other taxable disposition and the U.S. holder's adjusted tax basis in the Senior Note. For these purposes, the amount realized does not include any amount attributable to accrued interest. Amounts attributable to accrued interest are treated as interest as described under " — Payments of interest" above. A U.S. holder's adjusted tax basis in a Senior Note will generally be such U.S. holder's cost for the Senior Note. Gain or loss realized on the sale, exchange, redemption or other taxable disposition of a Senior Note will generally be capital gain or loss and will be long-term capital gain or loss if at the time of the sale, exchange, redemption or other taxable disposition the Senior Note has been held by the U.S. holder for more than one year. Long-term capital gains of individual U.S. holders are eligible for preferential rates of U.S. federal income taxation. The deductibility of capital losses is subject to limitations under the Code.

Information reporting and backup withholding. Information returns will be filed with the IRS in connection with payments on the Senior Notes and the proceeds from a sale, exchange, redemption or other disposition of the Senior Notes, unless the U.S. holder is an exempt recipient such as a corporation. A U.S. holder will be subject to U.S. backup withholding, currently at a rate of 24%, on these payments if the U.S. holder fails to provide its taxpayer identification number to the payor and comply with certain certification procedures or otherwise establish an exemption from backup withholding. Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a U.S. holder generally will be allowed as a credit against the U.S. holder's U.S. federal income tax liability and may entitle the U.S. holder to a refund, provided that the required information is timely furnished to the IRS.

Medicare Tax. Certain U.S. holders that are individuals, estates or trusts are subject to a 3.8% tax on all or a portion of their "net investment income," which may include all or a portion of their interest and net gains from the disposition of Senior Notes. If you are a U.S. holder that is an individual, estate or trust, you should consult your tax advisors regarding the applicability of the Medicare tax to your income and gains in respect of your investment in the Senior Notes.

Non-U.S. holders

Payments of interest. Subject to the discussion below concerning backup withholding and FATCA (as defined below), payments of interest on a Senior Note received or accrued by a non-U.S. holder generally will not be subject to U.S. federal income or withholding tax, as long as the non-U.S. holder:

- does not conduct a trade or business in the United States with respect to which the interest is effectively connected;
- does not actually, indirectly or constructively own 10% or more of the total combined voting power of all classes of PSEG's stock entitled to vote, within the meaning of Section 871(h)(3) of the Code;
- is not a "controlled foreign corporation" with respect to which we are a "related person" within the meaning of Section 881(c)(3)(C) of the Code;
- is not a bank whose receipt of the interest is described in Section 881(c)(3)(A) of the Code; and
- satisfies the certification requirements described below.

The certification requirements will be satisfied if either (a) the beneficial owner of a Senior Note timely certifies, under penalties of perjury, to us or to the person who otherwise would be required to withhold U.S. tax that such owner is a non-U.S. holder and provides its name and address or (b) a custodian, broker, nominee or other intermediary acting as an agent for the beneficial owner (such as a securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business) that holds the Senior Note in such capacity timely certifies, under penalties of perjury, to us or to the person who otherwise would be required to withhold U.S. tax that such statement has been received from the beneficial owner of the Senior Note by such intermediary, or by any other financial institution between such intermediary and the beneficial owner, and furnishes to us or to the person who otherwise would be required to withhold U.S. tax a copy thereof. In general, the foregoing certification may be provided on a properly completed IRS Form W-8BEN, W-8BEN-E or W-8IMY, as applicable.

A non-U.S. holder that is not exempt from tax under the foregoing rules generally will be subject to U.S. federal income tax withholding on payments of interest at a rate of 30% unless:

- the interest is effectively connected with a U.S. trade or business conducted by such non-U.S. holder (and, if an applicable income tax treaty so provides, is attributable to a permanent establishment maintained in the United States by the non-U.S. holder), in which case the non-U.S. holder will be subject to U.S. federal income tax on a net income basis at the rate applicable to U.S. holders generally; or
- an applicable income tax treaty provides for a lower rate of, or exemption from, withholding tax.

A non-U.S. holder that is treated as a corporation for U.S. federal income tax purposes and has effectively connected interest income (as described in the first bullet point above) may also, under certain circumstances, be subject to an additional "branch profits tax," which is generally imposed on a foreign corporation on the deemed repatriation from the United States of effectively connected earnings and profits, at a 30% rate, unless the rate is reduced or eliminated by an applicable income tax treaty.

To claim the benefit of a reduced rate or exemption from withholding under an income tax treaty or to claim exemption from withholding because income is effectively connected with a U.S. trade or business, the non-U.S. holder must timely provide the appropriate, properly executed IRS forms. Certification to claim income is effectively connected with a U.S. trade or business is generally made on IRS Form W-8ECI. Certification to claim the benefit of a reduced rate or exemption from withholding under an income tax treaty is generally made on IRS Form W-8BEN or W-8BEN-E. These forms may be required to be periodically updated.

Sale, exchange, redemption or other taxable disposition of a Senior Note. Subject to the discussion below concerning FATCA, a non-U.S. holder generally will not be subject to U.S. federal income tax on any gain realized on the sale, exchange, redemption or other taxable disposition of a Senior Note unless (a) such gain is effectively connected with the conduct by the non-U.S. holder of a U.S. trade or business (and, if an applicable income tax treaty so provides, is attributable to a permanent establishment maintained in the United States by the non-U.S. holder) or (b) except to the extent that an applicable income tax treaty otherwise provides, in the case of a non-U.S. holder who is an individual, the non-U.S. holder is present in the United States for 183 days or more during the taxable year in which such gain is realized and certain other conditions exist.

Except to the extent that an applicable income tax treaty otherwise provides, generally a non-U.S. holder will be taxed in the same manner as a U.S. holder with respect to gain that is effectively connected with the non-U.S. holder's conduct of a U.S. trade or business. A non-U.S. holder that is treated as a corporation for U.S. federal income tax purposes may also, under certain circumstances, be subject to the branch profits tax as described above.

Information reporting and backup withholding. Payments of interest on Senior Notes to a non-U.S. holder generally will be reported to the IRS and to the non-U.S. holder. Copies of applicable IRS information returns may be made available under the provisions of a specific tax treaty or agreement to the tax authorities of the country in which the non-U.S. holder resides. Non-U.S. holders are generally exempt from backup withholding, currently at a rate of 24%, and additional information reporting on payments of principal, premium (if any), or interest, provided that the non-U.S. holder (a) certifies its nonresident status on the appropriate IRS Form (or a suitable substitute form) and certain other conditions are met or (b) otherwise establishes an exemption.

Payments of the proceeds from a sale of Senior Notes by a non-U.S. holder made to or through a foreign office of a broker generally will not be subject to information reporting or backup withholding. Information reporting may apply to such payments, however, if the broker is a U.S. person, a controlled foreign corporation for U.S. tax purposes, the U.S. branch of a foreign bank or a foreign insurance company, a foreign partnership controlled by U.S. persons or engaged in a U.S. trade or business, or a foreign person 50% or more of whose gross income is effectively connected with a U.S. trade or business for a specified three-year period. Payments of the proceeds from the sale of Senior Notes through the U.S. office of a broker is subject to information reporting and backup withholding unless the non-U.S. holder certifies as to its non-U.S. status or otherwise establishes an exemption from information reporting and backup withholding.

Backup withholding is not an additional tax. Any backup withholding generally will be allowed as a credit or refund against the non-U.S. holder's U.S. federal income tax liability, provided that the required information is timely furnished to the IRS.

Foreign Account Tax Compliance

Sections 1471 to 1474 of the Code and the Treasury Regulations thereunder ("FATCA") impose withholding taxes on certain types of payments made to "foreign financial institutions," as specially defined under FATCA, and certain other non-U.S. entities. FATCA imposes a 30% withholding tax on payments of interest on, and gross proceeds from the sale, exchange, redemption or other disposition of, Senior Notes paid to a foreign financial institution unless the foreign financial institution is deemed to be compliant with FATCA or enters into an agreement with the IRS to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned foreign entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these reporting and other requirements. In addition, FATCA imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity of a certain type unless the entity certifies that it does not have any substantial U.S. owners or furnishes identifying information to the IRS or to the withholding agent regarding each substantial U.S. owner. These rules currently apply to payments of interest and are expected to apply to payments of gross proceeds from the sale, exchange, redemption or other disposition of Senior Notes after December 31, 2018. Prospective investors should consult their tax advisors regarding the application of FATCA to the acquisition, ownership or disposition of Senior Notes.

UNDERWRITING

Subject to the terms and conditions set forth in the underwriting agreement, dated the date hereof (the "Underwriting Agreement"), for which Barclays Capital Inc., Goldman Sachs & Co. LLC, J.P. Morgan Securities LLC and Morgan Stanley & Co. LLC are acting as representatives, we have agreed to sell to each of the underwriters, and each of the underwriters has severally agreed to purchase from us, the aggregate principal amount of Senior Notes set forth opposite the name of such underwriter:

Underwriter	Principal Amount of Senior Notes
Barclays Capital Inc.	$
Goldman Sachs & Co. LLC	
J.P. Morgan Securities LLC	
Morgan Stanley & Co. LLC	
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
PNC Capital Markets LLC	
Wells Fargo Securities, LLC	
The Williams Capital Group, L.P.	
Total	$

The Underwriting Agreement provides that the obligations of the underwriters to pay for and accept delivery of the Senior Notes are subject to, among other things, the approval of certain legal matters by their counsel and certain other conditions. The underwriters are obligated to take and pay for all the Senior Notes if any are taken. If any underwriter defaults, the Underwriting Agreement provides that the purchase commitments of the non-defaulting underwriters may be increased or the Underwriting Agreement may be terminated.

The underwriters have advised us that they propose initially to offer all or part of the Senior Notes to the public at the public offering price set forth on the cover page of this prospectus supplement and may offer the Senior Notes to certain dealers at such price less a concession not in excess of % of the principal amount of the Senior Notes. The underwriters may allow, and such dealers may reallow, a discount not in excess of % of the principal amount of the Senior Notes. After the initial public offering, the public offering price, concession and discount may be changed. The Senior Notes are offered subject to receipt and acceptance by the underwriters and to certain other conditions, including the right to reject orders in whole or in part.

The underwriting discount to be paid by us to the underwriters will be % per Senior Note, for a total of $. In addition, we estimate that we will incur other offering expenses of approximately $.

The Senior Notes will not have an established trading market when issued, and it is not anticipated that the Senior Notes will be listed on any securities exchange. The underwriters have advised us that they intend to make a market for the Senior Notes, but they have no obligation to do so, and may discontinue market making at any time without providing any notice. No assurance can be given as to the development, maintenance or liquidity of any trading market for the Senior Notes.

In connection with the offering, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the Senior Notes. Specifically, the underwriters may over-allot in connection with this offering, creating short positions in the Senior Notes for their own account. In addition, to cover over-allotments or to stabilize the price of the Senior Notes, the underwriters may bid for, and purchase, Senior Notes in the open market. Finally, the underwriters may reclaim selling concessions allowed to a dealer for distributing Senior Notes in this offering, if the underwriters repurchase previously distributed Senior Notes in transactions that cover syndicate short positions, in stabilization transactions or otherwise. Any of these activities may stabilize or maintain the price of the Senior Notes above independent market levels. The underwriters are not required to engage in these activities, and may end any of these activities at any time and, in any case, will end these activities after a limited period.

Neither we nor the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Senior Notes. In addition, neither we nor the underwriters make any representation that such transactions will be engaged in or that such transactions, once commenced, will not be discontinued without notice.

We have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act or to contribute to payments required to be made in respect thereof.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services, including lending under certain of our credit facilities, to us and to persons and entities with relationships with us for which they are paid customary fees and expenses.

In the ordinary course of their various business activities, the underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of ours (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with us. The underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

Selling Restrictions

Notice to Prospective Investors in Canada

The Senior Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Senior Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus supplement and the accompanying prospectus (including any amendment thereto) contain a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts ("NI 33-105"), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Notice to Prospective Investors in the European Economic Area

None of this prospectus supplement, the accompanying prospectus nor any related free writing prospectus is a prospectus for the purposes of the Prospectus Directive (as defined below). This prospectus supplement, the accompanying prospectus and any related free writing prospectus have been prepared on the basis that any offer of Senior Notes in any Member State of the European Economic Area (the "EEA") which has implemented the Prospectus Directive (each, a "Relevant Member State") will only be made to a legal entity which is a qualified investor under the Prospectus Directive ("Qualified Investors"). Accordingly, any person making or intending to make an offer in that Relevant Member State of Senior Notes which are the subject of the offering contemplated in this prospectus supplement, the accompanying prospectus and any related free writing prospectus may only do so with respect to Qualified Investors. Neither PSEG Power nor the underwriters have authorized, nor do they authorize, the making of any offer of Senior Notes other than to Qualified Investors. The expression "Prospectus Directive" means EU Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

PRIIPs Regulation/Prospectus Directive/Prohibition of Sales to EEA Retail Investors. The Senior Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes: (a) a retail investor means a person who is

one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended ("MiFID II"); or (ii) a customer within the meaning of Directive 2002/92/EC (the Insurance Mediation Directive), as amended, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive; and (b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Senior Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Senior Notes. Consequently, no key information document required by Regulation (EU) No 1286/2014, as amended (the "PRIIPs Regulation"), for offering or selling the Senior Notes or otherwise making them available to retail investors in the EEA has been prepared and, therefore, offering or selling the Senior Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Notice to Prospective Investors in the United Kingdom

The communication of this prospectus supplement, the accompanying prospectus, any related free writing prospectus and any other document or materials relating to the issue of the Senior Notes offered hereby is not being made, and such documents and/or materials have not been approved, by an authorized person for the purposes of section 21 of the United Kingdom's Financial Services and Markets Act 2000, as amended (the "FSMA"). Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the United Kingdom who have professional experience in matters relating to investments and who fall within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order")), or who fall within Article 49(2)(a) to (d) of the Financial Promotion Order, or who are any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order (all such persons together being referred to as "relevant persons"). In the United Kingdom, the Senior Notes offered hereby are only available to, and any investment or investment activity to which this prospectus supplement, the accompanying prospectus and any related free writing prospectus relates will be engaged in only with, relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on this prospectus supplement, the accompanying prospectus or any related free writing prospectus or any of their contents.

Any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in connection with the issue or sale of the Senior Notes may only be communicated or caused to be communicated in circumstances in which Section 21(1) of the FSMA does not apply to PSEG Power or the Subsidiary Guarantors.

All applicable provisions of the FSMA must be complied with with respect to anything done by any person in relation to the Senior Notes in, from or otherwise involving the United Kingdom.

Notice to Prospective Investors in Hong Kong

The Senior Notes may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32) of Hong Kong, or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap.571) of Hong Kong and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32) of Hong Kong, and no advertisement, invitation or document relating to the Senior Notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to Senior Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder.

Notice to Prospective Investors in Singapore

This prospectus supplement and the accompanying prospectus have not been registered as prospectuses under the Securities and Futures Act, Chapter 289 of Singapore (the "SFA") by the Monetary Authority of Singapore, and the offer of the Senior Notes in Singapore is made primarily pursuant to the exemptions under Sections 274 and 275 of the SFA. Accordingly, this prospectus supplement and the accompanying prospectus and

any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Senior Notes may not be circulated or distributed, nor may the Senior Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor as defined in Section 4A of the SFA (an "Institutional Investor") pursuant to Section 274 of the SFA, (ii) to an accredited investor as defined in Section 4A of the SFA (an "Accredited Investor") or other relevant person as defined in Section 275(2) of the SFA (a "Relevant Person") and pursuant to Section 275(1) of the SFA, or to any person pursuant to an offer referred to in Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with, the conditions of any other applicable exemption or provision of the SFA.

It is a condition of the offer that where the Senior Notes are subscribed for or acquired pursuant to an offer made in reliance on Section 275 of the SFA by a Relevant Person which is: (a) a corporation (which is not an Accredited Investor), the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an Accredited Investor; or (b) a trust (where the trustee is not an Accredited Investor), the sole purpose of which is to hold investments and each beneficiary of the trust is an individual who is an Accredited Investor, shares, debentures and units of shares and debentures of that corporation, and the beneficiaries' rights and interest (howsoever described) in that trust, shall not be transferred within six months after that corporation or that trust has subscribed for or acquired the Senior Notes except: (1) to an Institutional Investor, or an Accredited Investor or other Relevant Person, or which arises from an offer referred to in Section 275(1A) of the SFA (in the case of that corporation) or Section 276(4)(i)(B) of the SFA (in the case of that trust); (2) where no consideration is or will be given for the transfer; or (3) where the transfer is by operation of law.

Notice to Prospective Investors in Japan

The Senior Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended (the Financial Instruments and Exchange Law)) and each underwriter is deemed to have agreed that it will not offer or sell the Senior Notes, directly or indirectly, in Japan or to, or for the account or benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the account or benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

Notice to Prospective Investors in Switzerland

This document is not intended to constitute an offer or solicitation to purchase or invest in the Senior Notes described herein. The Senior Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. None of this prospectus supplement, the accompanying prospectus or any other offering or marketing material relating to the Senior Notes constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations, and none of this prospectus supplement, the accompanying prospectus or any other offering or marketing material relating to the Senior Notes may be publicly distributed or otherwise made publicly available in Switzerland.

LEGAL MATTERS

Certain legal matters with respect to the offering of the Senior Notes will be passed upon for us by Tamara L. Linde, Esquire, our Executive Vice President and General Counsel. Sidley Austin LLP, New York, New York, will act as counsel to the underwriters in this offering. Sidley Austin LLP will rely on the opinion of Ms. Linde as to all matters of New Jersey law. Ms. Linde is also an employee of our affiliate, PSEG Services Corporation. Ms. Linde beneficially owns or has rights to acquire an aggregate of less than 0.01% of PSEG's common stock. Sidley Austin LLP has from time to time represented, and continues to represent, us and our affiliates in connection with certain unrelated legal matters.

EXPERTS

The consolidated financial statements and the related consolidated financial statement schedule, incorporated in this prospectus supplement and the accompanying prospectus by reference from our Annual Report on Form 10-K for the year ended December 31, 2017, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which is incorporated herein by reference. Such consolidated financial statements and consolidated financial statement schedule have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

PROSPECTUS

Senior Debt Securities

PSEG Power LLC ("Power") may offer from time to time, together or separately, one or more series of its unsecured senior debt securities (the "Debt Securities"). The Debt Securities will rank equally with all of Power's other existing and future unsubordinated and unsecured indebtedness. The Debt Securities will be fully and unconditionally guaranteed jointly and severally by Power's three principal operating subsidiaries as described in this prospectus. The guarantees will rank equally with all of such subsidiary's existing and future unsubordinated and unsecured indebtedness.

When a particular series of Debt Securities is offered, Power will prepare a prospectus supplement setting forth the particular terms of the offered Debt Securities. You should carefully read this prospectus, any prospectus supplement and any free writing prospectus relating to such offering and the documents incorporated by reference herein and therein, before you make any decision to invest in the Debt Securities.

The Debt Securities may be offered in amounts, at initial offering prices, and on terms to be determined at the time of offering.

Power will sell the Debt Securities directly, through agents, underwriters or dealers as designated from time to time, or through a combination of such methods. If any such agents, underwriters or dealers are involved in the sale of the Debt Securities in respect of which this prospectus is being delivered, the names of such agents, underwriters or dealers and any applicable agent's commission, underwriter's discount or dealer's purchase price and the net proceeds to Power from such sale will be set forth in, or may be calculated on the basis set forth in, the applicable prospectus supplement. See "Plan of Distribution" for possible indemnification arrangements for any such agents, underwriters and dealers.

This prospectus may not be used to consummate sales of the Debt Securities without the delivery of one or more prospectus supplements.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed on the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

Investing in the Debt Securities involves risks. You should carefully review "Risk Factors" beginning on page 4 of this prospectus, as well as the risk factors contained in Power's most recently filed Annual Report on Form 10-K and its other periodic reports filed with the Securities and Exchange Commission and incorporated by reference into this prospectus before you invest.

The date of this prospectus is November 17, 2017.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that Power, PSEG Energy Resources & Trade LLC ("ER&T"), PSEG Fossil LLC ("Fossil") and PSEG Nuclear LLC ("Nuclear") filed with the Securities and Exchange Commission (the "SEC") utilizing a "shelf" registration process. Under this shelf process, we may, from time to time, sell the securities described in this prospectus in one or more offerings of one or more series. Each time we sell securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering.

As allowed by the SEC rules, this prospectus does not contain all of the information included in the registration statement. For further information, we refer you to the registration statement, including its exhibits and documents incorporated by reference. Statements contained in this prospectus about the provisions or contents of any agreement or other document are not necessarily complete. If the SEC's rules and regulations require that an agreement or document be filed as an exhibit to the registration statement, please see that agreement or document for a complete description of its provisions.

You should read this prospectus, any prospectus supplement and any free writing prospectus, including in each case, information incorporated by reference together with any additional information you may need to make your investment decision. You should also read and carefully consider the information in the documents we have referred you to in "Where You Can Find More Information" below. Information in any applicable prospectus supplement or free writing prospectus or that is incorporated by reference after the date of this prospectus is considered a part of this prospectus and may add to, update or change information contained in this prospectus. Any information in such subsequent filings that is inconsistent with this prospectus will supersede the information in this prospectus.

You should rely only on the information provided or incorporated by reference in this prospectus and any prospectus supplement and any free writing prospectus relating to an offering. We have not authorized anyone else to provide you with other information. We are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information in this prospectus, any prospectus supplement, any free writing prospectus or any document incorporated by reference is accurate as of any date other than the date of the applicable document. Our business, prospects, financial condition, results of operations and cash flows may have changed since that date.

In this prospectus, unless otherwise stated, or the context otherwise requires, references to "we," "us" and "our" are to PSEG Power LLC and its consolidated subsidiaries, including ER&T, Fossil and Nuclear.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports and other information with the SEC. You may read and copy any material on file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room. Our filings are also available to the public over the Internet on the SEC's web site at http://www.sec.gov, as well as on our web site at http://www.pseg.com. None of the information contained at any time on our web site is incorporated by reference into this prospectus.

The SEC allows us to "incorporate by reference" documents that we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference or deemed incorporated by reference is an important part of this prospectus, and information that we file later with the SEC will be deemed to automatically update and supersede this incorporated information. We incorporate by reference the following documents filed with the SEC.

- Our Annual Report on Form 10-K for the year ended December 31, 2016; and
- Our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2017, June 30, 2017 and September 30, 2017.

We also incorporate by reference any future filings made with the SEC under Section 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), on or after the date of this prospectus and prior to the termination of any particular offering of Debt Securities, except, in each case, for current reports on Form 8-K containing only disclosure furnished under items 2.02 or 7.01 of Form 8-K and exhibits relating to such disclosure, unless otherwise specifically stated in the Form 8-K or the prospectus supplement for such offering.

Certain of the documents incorporated by reference in this prospectus are combined documents that are separately filed by Public Service Enterprise Group Incorporated ("PSEG"), Public Service Electric and Gas Company ("PSE&G") and Power. Only information relating to Power in such documents has been incorporated by reference in this prospectus.

You can get a free copy of any of the documents incorporated by reference by making an oral or written request directed to:

Vice President, Investor Relations
PSEG Services Corporation
80 Park Plaza, 4th Floor
Newark, NJ 07102
Telephone (973) 430-6565

FORWARD-LOOKING STATEMENTS

This prospectus or other offering materials may contain or incorporate by reference statements about our and our subsidiaries' future performance, including, without limitation, future revenues, earnings, strategies, prospects, consequences and all other statements that are not purely historical that constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those anticipated. Such statements are based on management's beliefs as well as assumptions made by and information currently available to management. When used herein, the words "anticipate," "intend," "estimate," "believe," "expect," "plan," "should," "hypothetical," "potential," "forecast," "project," variations of such words and similar expressions are intended to identify forward-looking statements. Factors that may cause actual results to differ are often presented with the forward-looking statements themselves. Other factors that could cause actual results to differ materially from those contemplated in any forward-looking statements made by us herein are discussed in filings we make with the SEC, including our Annual Report on Form 10-K and subsequent reports on Form 10-Q and Form 8-K. These factors include, but are not limited to:

- fluctuations in wholesale power and natural gas markets, including the potential impacts on the economic viability of our generation units;
- our ability to obtain adequate fuel supply;
- any inability to manage our energy obligations with available supply;
- increases in competition in wholesale energy and capacity markets;
- changes in technology related to energy generation, distribution and consumption and customer usage patterns;
- economic downturns;
- third-party credit risk relating to our sale of generation output and purchase of fuel;
- adverse performance of our decommissioning and defined benefit plan trust fund investments and changes in funding requirements;
- changes in state and federal legislation and regulations;
- regulatory, financial, environmental, health and safety risks associated with our ownership and operation of nuclear facilities;
- adverse changes in energy industry laws, policies and regulations, including market structures and transmission planning;
- changes in federal and state environmental regulations and enforcement;
- delays in receipt of, or an inability to receive, necessary licenses and permits;
- adverse outcomes of any legal, regulatory or other proceeding, settlement, investigation or claim applicable to us and/or the energy industry;
- changes in tax laws and regulations;
- the impact of our holding company structure on our ability to meet our corporate funding needs, service debt and pay dividends;
- lack of growth or slower growth in the number of customers or changes in customer demand;
- any inability of Power to meet its commitments under forward sale obligations;
- reliance on transmission facilities that we do not own or control and the impact on our ability to maintain adequate transmission capacity;
- any inability to successfully develop or construct generation projects;
- any equipment failures, accidents, severe weather events or other incidents that impact our ability to provide safe and reliable service to our customers;

- our inability to exercise control over the operations of generation facilities in which we do not maintain a controlling interest;
- any inability to maintain sufficient liquidity;
- any inability to realize anticipated tax benefits or retain tax credits;
- challenges associated with recruitment and/or retention of key executives and a qualified workforce;
- the impact of our covenants in our debt instruments on our operations; and
- the impact of acts of terrorism, cybersecurity attacks or intrusions.

Additional information concerning these factors is set forth or referred to under “Risk Factors.”

All of the forward-looking statements made in this prospectus and the other offering materials are qualified by these cautionary statements and we cannot assure you that the results or developments anticipated by management will be realized or even if realized, will have the expected consequences to, or effects on, us or our business, prospects, financial condition, results of operations or cash flows. Readers are cautioned not to place undue reliance on these forward-looking statements in making any investment decision. Forward-looking statements made in this prospectus or other offering materials apply only as of the date of this prospectus or such other offering materials. While we may elect to update forward-looking statements from time to time, we specifically disclaim any obligation to do so, even in light of new information or future events, unless otherwise required by applicable securities laws.

The forward-looking statements contained in this prospectus and the other offering materials are intended to qualify for the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Exchange Act.

PSEG POWER LLC

We are a multi-regional energy supply company that integrates the operations of our merchant nuclear and fossil generating assets with our power marketing businesses through competitive energy sales in well-developed energy markets and fuel supply functions primarily in the Northeast and Mid-Atlantic United States. Our three principal direct, wholly-owned subsidiaries are Fossil, Nuclear and ER&T. Fossil and Nuclear own and operate generation and generation-related facilities. ER&T is responsible for the day-to-day management of our energy portfolio. Fossil, Nuclear, ER&T are subject to regulation by, among others, the Federal Energy Regulatory Commission, the Nuclear Regulatory Commission, the Environmental Protection Agency and the states in which they operate, and Nuclear is also subject to regulation by the Nuclear Regulatory Commission.

We are a wholly-owned subsidiary of PSEG.

Power, ER&T, Fossil and Nuclear are Delaware limited liability companies with principal executive offices located at 80 Park Plaza, Newark, New Jersey 07102. Their telephone number is 973-430-7000.

RISK FACTORS

In addition to the risk factors contained in our most recently filed Annual Report on Form 10-K and our other periodic reports filed with the SEC and incorporated by reference into this prospectus, as well as those risk factors that may be included in the applicable prospectus supplement or any applicable free writing prospectus, prospective investors should carefully consider the risks described below before making a decision to invest in our securities. Such factors could have a material adverse effect on our business, prospects, financial condition, results of operations or cash flows and on the trading price of our securities. Such factors could affect actual results and cause our results to differ materially from those expressed in any forward-looking statements made by, or on behalf of, us. See “Forward-Looking Statements.”

Because Power is a Holding Company, its Ability to Service its Debt Could Be Limited

Power is a holding company with no material assets other than the stock or membership interests of its subsidiaries. Accordingly, all of Power’s operations are conducted by its subsidiaries, which are separate and distinct legal entities.

Power depends on its subsidiaries' cash flow and access to capital in order to service its indebtedness and satisfy its other funding needs. Any project-related debt agreements of Power's subsidiaries will generally restrict their ability to pay dividends, make cash distributions or otherwise transfer funds to Power. These restrictions may include achieving and maintaining financial performance or debt coverage ratios, absence of events of default, or priority in payment of other current or prospective obligations. Power's subsidiaries' ability to pay dividends, make cash distributions or otherwise transfer funds to Power may also be limited or restricted by regulatory considerations or applicable law.

Power's subsidiaries may finance some investments using non-recourse project level financing. A non-recourse project financing is generally structured to be repaid out of cash flows provided by the investment. In the event of a default under a financing agreement which is not cured, the lenders would generally have rights to the related assets. In the event of foreclosure after a default, Power's subsidiary may lose its equity in the asset or may not be entitled to any cash that the asset may generate. Although a default under a project level financing agreement is not expected to cause a default with respect to Power's debt, other debt of the applicable subsidiary, if any, or debt of Power's other subsidiaries, it may materially affect Power's ability to service its outstanding indebtedness and satisfy its other funding needs.

We can give no assurances that our current and future capital structure, operating performance or financial condition will permit us to access the capital markets or to obtain other financing at the times, in the amounts and on the terms necessary or advisable for us to successfully carry out our business strategy or to service our indebtedness and satisfy our other funding needs.

The Indenture Restricts Our Ability to Enter into Certain Transactions

The Indenture (as defined below under "Description of Debt Securities") restricts Power's ability and the ability of its Restricted Subsidiaries (as defined below under "Description of Debt Securities") to, among other things:

- in the case of Restricted Subsidiaries, incur certain indebtedness;
- create or permit to exist liens;
- in the case of Restricted Subsidiaries, create or permit to exist dividend or payment restrictions with respect to us;
- sell assets; and
- engage in mergers and consolidations.

These restrictions may limit our ability to finance future operations, respond to changing business and economic conditions, secure any needed additional financing and engage in opportunistic transactions. See "Description of Debt Securities — Selected Indenture Covenants."

PSEG Could Exercise Its Control Over Us to the Detriment of Holders of the Debt Securities

Power's sole limited liability company member, PSEG, controls the election of its directors and all other matters submitted for member approval and has control over our management and affairs. In circumstances involving a conflict of interest between PSEG, as the sole member, on the one hand, and our creditors, on the other, we can give no assurance that PSEG would not exercise its power to control us in a manner that would benefit PSEG to the detriment of our creditors, including the holders of the Debt Securities.

The Indenture imposes no limitations on our ability to pay dividends or to make other payments to PSEG or on our ability to enter into transactions with PSEG or our other affiliates.

Federal and State Statutes May Limit Your Rights as a Holder

Each Restricted Subsidiary will guarantee Power's obligations on the Debt Securities (each a "Subsidiary Guarantee"). See "Description of Debt Securities — Selected Indenture Covenants — Guarantee of Debt Securities."

Under the federal bankruptcy law and comparable provisions of state fraudulent transfer laws, a court could find that the Subsidiary Guarantee provided by a Restricted Subsidiary constituted a fraudulent conveyance by that Restricted Subsidiary. To do so, a court would typically have to find that, at the time the Subsidiary Guarantee was issued, the relevant Restricted Subsidiary:

- issued the Subsidiary Guarantee with the intent of hindering, delaying or defrauding its current or future creditors; or
- (a) received less than fair consideration or reasonably equivalent value for incurring the indebtedness represented by its Subsidiary Guarantee; and (b) either (i) was insolvent or was rendered insolvent by reason of the issuance of the Subsidiary Guarantee or would be rendered insolvent upon payment of the Subsidiary Guarantee, (ii) was engaged, or about to engage, in a business or transaction for which its remaining unencumbered assets constituted unreasonably small capital or (iii) intended to incur, or believed or should have believed it would incur, debts beyond its ability to pay as such debts mature.

Many of the foregoing terms are defined in or interpreted under those statutes.

Different jurisdictions define “insolvency” differently. However, an entity generally would be considered insolvent at the time it incurred any particular obligation if (1) its liabilities exceeded its assets, at a fair valuation, (2) the present fair saleable value of its assets was less than the amount required to pay its total existing debts and liabilities (including any probable liability related to contingent liabilities) as they became absolute and matured or (3) it could not pay its debts as they became due. We cannot assure you of the standard a court would apply in order to determine whether any Restricted Subsidiary was “insolvent” as of the date the applicable Subsidiary Guarantee was issued, or that regardless of the method of valuation, a court would not determine, regardless of whether such Restricted Subsidiary was insolvent on the date the Subsidiary Guarantee was issued, that the payments constituted fraudulent transfers on another ground.

If a court were to make any such finding, it could:

- void all or a portion of the relevant Restricted Subsidiary’s obligations on the Subsidiary Guarantees; and/or
- seek to recover any payments made on account of the relevant Subsidiary Guarantee.

In addition, any claims in respect of a Subsidiary Guarantee could be subordinated to all other debts of the relevant Restricted Subsidiary under principles of “equitable subordination,” which generally require that the claimant must have engaged in some type of inequitable conduct; the misconduct must have resulted in injury to the creditors of the debtor or conferred an unfair advantage on the claimant; and equitable subordination must not be inconsistent with other provisions of the U.S. Bankruptcy Code.

In any such event, we cannot assure you that you would receive any payment under the Subsidiary Guarantee of the relevant Restricted Subsidiary.

There is No Trading Market for the Debt Securities

We do not intend to list any series of the Debt Securities on any U.S. securities exchange. We can give no assurance that an active trading market for any series of Debt Securities will develop or, if one develops, will be maintained or be liquid. If an active trading market does not develop or is not maintained, investors may not be able to sell such series of Debt Securities when desired, or perhaps at all, or be able to sell such series of Debt Securities at a price equal to or above the price the investors paid for them. The Debt Securities may not be appropriate as a short-term investment, and investors should consider the potentially illiquid and long-term nature of their investment in the Debt Securities before making an investment decision.

CONSOLIDATED RATIOS OF EARNINGS TO FIXED CHARGES

Our consolidated ratios of earnings to fixed charges for each of the periods indicated are as follows:

	Nine Months Ended September 30, 2017	Years Ended December 31,				
		2016	2015	2014	2013	2012
Ratios of Earnings to Fixed Charges[1]	(0.75)	0.82	9.99	9.37	8.37	7.63

1 The term "earnings" shall be defined as pre-tax income from continuing operations before income or loss from equity method investees plus distributed income from equity investees. Add to pre-tax income the amount of fixed charges adjusted to exclude the amount of any interest capitalized during the period. Fixed Charges represent (a) interest, whether expensed or capitalized, (b) amortization of debt discount, premium and expense and (c) an estimate of interest implicit in rentals. The ratio of earnings to fixed charges for the nine months ended September 30, 2017 and the year ended December 31, 2016, was (0.75) and 0.82, respectively, which represents a deficiency of $182 million and $25 million, respectively.

USE OF PROCEEDS

Unless we state otherwise in the prospectus supplement for a particular offering, the net proceeds from the sale of the Debt Securities will be added to our general funds and will be used for general corporate purposes.

DESCRIPTION OF DEBT SECURITIES

We may issue our Debt Securities from time to time. The Debt Securities will be issued under an Indenture dated as of April 16, 2001, as amended and supplemented by the First Supplemental Indenture dated as of March 13, 2002 (the "Indenture"), among us, the subsidiary guarantors party thereto and The Bank of New York Mellon, as Trustee (the "Trustee"). The Indenture is filed as an exhibit to the registration statement. The Indenture is subject to and governed by the Trust Indenture Act of 1939, as amended (the "TIA"). Selected provisions of the Indenture have been summarized below. This summary is not complete. You should read the Indenture for provisions that may be important to you. In the summary below, references to section numbers of the Indenture are included so that you can easily locate these provisions. Capitalized terms used in the summary have the meanings specified in the Indenture. Parenthetical references below are to the Indenture or to the TIA, as applicable. In this section, references to "we", "our" and "us" refer to PSEG Power LLC without its consolidated subsidiaries.

General

The Debt Securities will be our senior unsecured obligations. They will rank equally with all of our other existing and future unsubordinated and unsecured indebtedness. Each series of Debt Securities will be guaranteed, jointly and severally, by Fossil, Nuclear and ER&T (the "Subsidiary Guarantors") as described below. The Subsidiary Guarantees will rank equally in right of payment to all existing and future unsecured and unsubordinated indebtedness of such Subsidiary Guarantor.

We have the ability to issue Debt Securities with terms different from those of Debt Securities previously issued and, without the consent of the holders thereof, to reopen a previous series of Debt Securities and issue additional Debt Securities of such series (unless such reopening was restricted when such series was created). Any additional Debt Securities of a series having similar terms, together with the Debt Securities of such series, will constitute a single series of Debt Securities under the Indenture; provided that if the additional Debt Securities are not fungible for U.S. federal income tax purposes, the additional Debt Securities will have a separate CUSIP number.

Provisions Applicable to Particular Series

The Indenture provides that any Debt Securities proposed to be sold pursuant to this prospectus and any accompanying prospectus supplement and/or free writing prospectus (the "Offered Securities"), as well as other of our unsecured debt securities, may be issued under the Indenture in one or more series, as authorized by us from time to time. The particular terms of such Offered Securities and any modifications of or additions to the general terms of the Debt Securities as described in this prospectus that may be applicable in the case of the Offered Securities will be described in the applicable prospectus supplement. Accordingly, for a description of the terms of any Offered Securities, you should refer to both the prospectus supplement for that series and the description of Debt Securities set forth in this prospectus.

You should refer to the prospectus supplement for the following information for each particular series of Offered Securities:

- the title of such Debt Securities;
- the aggregate principal amount of such Debt Securities and any limit on the aggregate principal amount of Debt Securities of such series;
- if other than the principal amount thereof, the portion of the principal amount thereof payable upon declaration of acceleration of the maturity thereof or the method by which such portion will be determined;
- the date or dates, or the method by which such date or dates will be determined or extended, on which the principal of such Debt Securities will be payable;
- the rate or rates at which such Debt Securities will bear interest, if any, or the method by which such rate or rates will be determined, the date or dates from which such interest will accrue or the method by which such date or dates will be determined, the date or dates on which such interest, if any, will be payable and the Regular Record Date or Dates, if any, for the interest payable on any Registered Security on any Interest Payment Date, or the method by which any such date will be determined, and the basis upon which interest will be calculated if other than that of a 360-day year of twelve 30-day months;
- the date or dates on which or the period or periods within which, the price or prices at which and the other terms and conditions upon which, such Debt Securities may be redeemed, in whole or in part, at our option and whether we are to have that option;
- our obligation, if any, to redeem, repay or purchase such Debt Securities, in whole or in part, pursuant to any sinking fund or analogous provision or at the option of a holder thereof and the period or periods within which or the date or dates on which, the price or prices at which and the other terms and conditions upon which, such Debt Securities will be so redeemed, repaid or purchased;
- whether such Debt Securities are to be issuable as Registered Securities, Bearer Securities (with or without coupons) or both, any restrictions applicable to the offer, sale or delivery of Bearer Securities and the terms, if any, upon which Bearer Securities of the series may be exchanged for Registered Securities of the series and vice versa (if permitted by applicable laws and regulations), whether such Debt Securities will be issuable initially in temporary global form, whether any such Debt Securities will be issuable in permanent global form with or without coupons and, if so, whether beneficial owners of interests in any such permanent global security may exchange such interests for Debt Securities of such series in certificated form and of like tenor of any authorized form and denomination and the circumstances under which any such exchanges may occur, if other than in the manner provided in the Indenture, and, if Registered Securities are to be issuable as a global security, the identity of the depositary for such Debt Securities;
- whether the amount of payments of principal of (or premium, if any) or interest, if any, on such Debt Securities may be determined with reference to an index, formula or other method (which index, formula or method may be based on one or more currencies, commodities, equity indices or other indices) and the manner in which such amounts will be determined;
- the place or places, if any, other than or in addition to The City of New York, where the principal of (and premium, if any) and interest, if any, on such Debt Securities will be payable, where any Registered Securities may be surrendered for registration of transfer, where such Debt Securities may be surrendered for exchange, where Debt Securities of a series that are convertible or exchangeable may be surrendered for conversion or exchange, as applicable, and where notices or demands to or upon us in respect of such Debt Securities and the Indenture may be served;
- the denomination or denominations in which such Debt Securities will be issuable, if other than $1,000, or any integral multiple thereof, in the case of Registered Securities and $5,000 in the case of Bearer Securities;
- if other than the Trustee, the identity of each Security Registrar and/or Paying Agent;

- the date as of which any Bearer Securities of the series and any temporary Debt Security issued in global form representing Outstanding Securities of the series will be dated if other than the date of original issuance of the first Debt Security of the series to be issued;
- the applicability, if at all, to such Debt Securities of the provisions of Article Fourteen of the Indenture described under " — Satisfaction and Discharge, Legal Defeasance and Covenant Defeasance" and any provisions in modification of, in addition to or in lieu of any of the provisions of such Article;
- the Person to whom any interest on any Registered Security of the series will be payable, if other than the Person in whose name such Registered Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, the manner in which, or the Person to whom, any interest on any Bearer Security of the series shall be payable, if otherwise than upon presentation and surrender of the coupons appertaining thereto as they severally mature, and the extent to which, or the manner in which, any interest payable on a temporary Debt Security issued in global form will be paid if other than in the manner provided in the Indenture;
- if such Debt Securities are to be issuable in definitive form (whether upon original issue or upon exchange of a temporary Debt Security of such series) only upon receipt of certain certificates or other documents or satisfaction of other conditions, the form and/or terms of such certificates, documents or conditions;
- whether and under what circumstances we will pay Additional Amounts, as contemplated by Section 1004 of the Indenture, on such Debt Securities to any holder who is not a United States person (including any modification to the definition of such term as contained in the Indenture as originally executed) in respect of any tax, assessment or governmental charge and, if so, whether we will have the option to redeem such Debt Securities rather than pay such Additional Amounts (and the terms of any such option);
- the provisions, if any, granting special rights to the holders of such Debt Securities upon the occurrence of such events as may be specified;
- any deletions from, modifications of or additions to the Events of Default or covenants with respect to such Debt Securities (which Events of Default or covenants are consistent with the Events of Default or covenants set forth in the general provisions of the Indenture);
- whether such Debt Securities will be convertible into or exchangeable for any other securities and, if so, the terms and conditions upon which such Debt Securities will be so convertible or exchangeable; and
- any other terms of such Debt Securities.

If applicable, the prospectus supplement will also set forth a discussion of federal income tax considerations relevant to the Debt Securities being offered.

For purposes of this prospectus, any reference to the payment of principal of (or premium, if any) or interest, if any, on such Debt Securities will be deemed to include mention of the payment of any Additional Amounts required by the terms of such Debt Securities.

Debt Securities may provide for less than the entire principal amount thereof to be payable upon declaration of acceleration of the maturity thereof ("Original Issue Discount Securities"). Federal income tax and other considerations pertaining to any such Original Issue Discount Securities will be discussed in the applicable prospectus supplement.

The Indenture also provides that there may be more than one Trustee thereunder, each with respect to one or more different series of Debt Securities. See " — The Trustee" herein. At a time when two or more Trustees are acting under the Indenture, each with respect to only certain series, the term Debt Securities, as used herein, will mean the one or more series with respect to which each respective Trustee is acting. In the event that there is more than one Trustee under the Indenture, the powers and trust obligations of each Trustee as described herein will extend only to the one or more series of Debt Securities for which it is Trustee. If two or more Trustees are acting under the Indenture, then the Debt Securities for which each Trustee is acting would in effect be treated as if issued under separate indentures.

The general provisions of the Indenture do not contain any provisions that would limit our ability to incur indebtedness or that would afford holders of Debt Securities protection in the event of a highly leveraged or similar transaction. Reference is made to the prospectus supplement for information with respect to any deletions from, modifications of or additions to the Events of Default or the covenants that are described below, including any addition of a covenant or other provision providing event risk or similar protection.

Denominations, Registration and Transfer

Debt Securities of a series may be issuable solely as Registered Securities, solely as Bearer Securities or as both Registered Securities and Bearer Securities. The Indenture also provides that Debt Securities of a series may be issuable in global form. (Section 203) See " — Book-Entry Debt Securities". Unless otherwise provided in the prospectus supplement, Debt Securities denominated in U.S. dollars (other than Global Securities, which may be of any denomination) are issuable in denominations of $1,000, or any integral multiples of $1,000, in the case of Registered Securities and in the denomination of $5,000 in the case of Bearer Securities. (Section 302) Unless otherwise indicated in the prospectus supplement, Bearer Securities will have interest coupons attached. (Section 201)

Registered Securities will be exchangeable for other Registered Securities of the same series. If (but only if) provided in the prospectus supplement, Bearer Securities (with all unmatured coupons, except as provided below, and all matured coupons which are in default) of any series may be similarly exchanged for Registered Securities of the same series of any authorized denominations and of a like aggregate principal amount and tenor. If so provided, Bearer Securities surrendered in exchange for Registered Securities between a Regular Record Date or a Special Record Date and the relevant date for payment of interest will be surrendered without the coupon relating to such date for payment of interest, and interest will not be payable in respect of the Registered Security issued in exchange for such Bearer Security, but will be payable only to the holder of such coupon when due in accordance with the terms of the Indenture. Unless otherwise specified in the prospectus supplement, Bearer Securities will not be issued in exchange for Registered Securities. (Section 305)

Registered Securities of a series may be presented for registration of transfer and Debt Securities of a series may be presented for exchange:

- at each office or agency required to be maintained by us for payment of such series as described in " — Payment and Paying Agents," and
- at each other office or agency that we may designate from time to time for such purposes.

No service charge will be made for any transfer or exchange of Debt Securities, but we may require payment of any tax or other governmental charge payable in connection therewith. (Section 305)

We will not be required to:

- issue, register the transfer of or exchange Debt Securities during a period beginning at the opening of business 15 days before any selection of Debt Securities of that series to be redeemed and ending at the close of business on (A) the day of mailing of the relevant notice of redemption if Debt Securities of the series are issuable only as Registered Securities and (B) if Debt Securities of the series are issuable as Bearer Securities, the day of the first publication of the relevant notice of redemption, or, if Debt Securities of the series are also issuable as Registered Securities and there is no publication, the day of mailing of the relevant notice of redemption;
- register the transfer of or exchange any Registered Security, or portion thereof, called for redemption, except the unredeemed portion of any Registered Security being redeemed in part;
- exchange any Bearer Security called for redemption, except to exchange such Bearer Security for a Registered Security of that series and like tenor that is simultaneously surrendered for redemption; or
- issue, register the transfer of or exchange any Debt Security which has been surrendered for repayment at the option of the holder, except the portion, if any, of such Debt Security not to be so repaid. (Section 305)

Payment and Paying Agents

Unless otherwise provided in the prospectus supplement, principal, premium, if any, and interest, if any, and Additional Amounts, if any, on Registered Securities will be payable at any office or agency to be maintained by us in Newark, New Jersey and New York, New York, except that at our option interest on an Interest Payment Date (including Additional Amounts, if any) may be paid (1) by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register or (2) by wire transfer to an account maintained by the Person entitled thereto as specified in the Security Register. (Sections 307, 1001 and 1002) Unless otherwise provided in the prospectus supplement, payment of any installment of interest on Registered Securities will be made to the Person in whose name such Registered Security is registered at the close of business on the Regular Record Date for such interest. (Section 307)

If Debt Securities of a series are issuable solely as Bearer Securities or as both Registered Securities and Bearer Securities, unless otherwise provided in the prospectus supplement, we will be required to maintain an office or agency (1) outside the United States at which, subject to any applicable laws and regulations, the principal of (and premium, if any) and interest, if any, on such series will be payable and (2) in The City of New York for payments with respect to any Registered Securities of such series (and for payments with respect to Bearer Securities of such series in the limited circumstances described below, but not otherwise). (Section 1002) The initial locations of such offices and agencies will be specified in the prospectus supplement. Unless otherwise provided in the prospectus supplement, principal of (and premium, if any) and interest, if any, on Bearer Securities may be paid by wire transfer to an account maintained by the Person entitled thereto with a bank located outside the United States. (Sections 307 and 1002) Unless otherwise provided in the prospectus supplement, payment of installments of interest on any Bearer Securities on or before Maturity will be made only against surrender of coupons for such interest installments as they severally mature. (Section 1001) Unless otherwise provided in the prospectus supplement, no payment with respect to any Bearer Security will be made at any office or agency we maintain in the United States or by check mailed to any address in the United States or by transfer to an account maintained with a bank located in the United States. Notwithstanding the foregoing, payments of principal of (and premium, if any) and interest, if any, on Bearer Securities payable in U.S. dollars will be made at the office of our Paying Agent in The City of New York if (but only if) payment of the full amount thereof in U.S. dollars at all offices or agencies outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions. (Section 1002)

We may from time to time designate additional offices or agencies, approve a change in the location of any office or agency and, except as provided above, rescind the designation of any office or agency.

Selected Indenture Covenants

Limitations on Obligations

Restricted Subsidiaries. We will not permit any Restricted Subsidiary to, directly or indirectly, Incur any Obligations (including, without limitation, Acquired Obligations), except for

- the Subsidiary Guarantees;
- Obligations existing on the date of the Indenture;
- Obligations of ER&T related to the purchase and sale of fuel, capacity, energy (including, but not limited to, electric power, natural gas and coal), environmental credits or entitlements, utility services, fuel, water, related transportation services and other similar or related products and services in the ordinary course of business;
- Obligations of Nuclear related to the purchase and sale of fuel and related transportation services in the ordinary course of business;
- Permitted Hedging Obligations of ER&T;
- Obligations incurred in exchange for, or the net proceeds of which are used to refund, refinance, or replace Obligations described under this “Limitations on Obligations”, provided that the average life of the refinancing Obligations shall not be shorter than the average life of the Obligations being refinanced and the principal amount of the refinancing obligations shall not exceed the principal amount of the Obligations being so refinanced; and

- Obligations to us or any other Restricted Subsidiary which are subordinated to the Subsidiary Guarantee with respect to the guaranteed Debt Securities of the Restricted Subsidiary incurring the Obligations.

The foregoing notwithstanding, Restricted Subsidiaries may Incur Obligations not otherwise permitted by the preceding paragraph in an aggregate amount outstanding after giving effect to such Incurrence not to exceed at any one time the greater of $250 million or 15% of Consolidated Net Tangible Assets as of the last day of the preceding month.

Subsidiaries Other Than Restricted Subsidiaries. Except for parental guarantees of debt service reserves, surety bonds, equity guarantees, performance bonds and bid bonds entered into in the ordinary course of business aggregating at any one time not more than $100 million, we shall not permit any Subsidiary that is not a Restricted Subsidiary to, directly or indirectly, Incur any Obligations (including, without limitation, Acquired Obligations) that are recourse to us or any Restricted Subsidiary. For the purposes of this section, preferred securities issued by our special purpose subsidiaries will not be considered to be recourse to us. (Section 1008)

Limitation on Liens

We may not, and may not permit any Restricted Subsidiary to, directly or indirectly, create, incur, assume or permit to exist any Lien of any kind on or with respect to any Property or interest in our Property or that of any of our Restricted Subsidiaries or any income or profits therefrom (in each case, whether the Property is owned at the date of the Indenture or thereafter acquired), unless the Debt Securities are secured equally and ratably with (or prior to) any and all other Obligations secured by the Lien, provided, however, that these restrictions shall not apply to or prevent the creation, incurrence, assumption or existence of Permitted Liens.

Permitted Liens shall include:

- Liens existing on the date of the Indenture;
- Liens to secure or provide for the payment of all or part of the purchase price of any Property or the cost of construction or improvement thereof; *provided* that no such Lien shall extend to or cover any other of our or our Restricted Subsidiaries' Property;
- Liens existing on Property at the time such Property is acquired by us or any Restricted Subsidiary; *provided* that such Liens (i) are not created, Incurred or assumed in contemplation of such Property being acquired and (ii) do not extend to or cover any other of our or our Restricted Subsidiaries' Property;
- Liens existing on Property of any entity at the time such entity is merged with or into or consolidated with us or a Restricted Subsidiary; *provided* that such Liens (i) are not created, Incurred or assumed in contemplation of such merger or consolidation and (ii) do not extend to any other of our or our Restricted Subsidiaries' Property;
- Liens securing Permitted Hedging Obligations;
- Liens for taxes, assessments or governmental charges that are not yet delinquent or that are being contested in good faith by any appropriate legal proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate reserve provision, if any, as is required in conformity with GAAP shall have been made;
- Liens arising by reason of any judgment, decree or order of any court, so long as any such Lien is being contested in good faith and is bonded or such judgment, decree or order does not exceed $50 million, and any appropriate legal proceedings that may have been duly initiated for the review of such judgment, decree or order have not been finally terminated or the period within which such proceedings may be initiated has not expired;
- Liens to secure pledges or deposits made in the ordinary course of business in connection with bids, tenders or contracts (other than for payment of indebtedness) or to secure guarantees, statutory or regulatory obligations or surety or performance bonds each made in the ordinary course of business;

- Liens imposed by law such as carriers', warehousemen's and mechanics' Liens, in each case arising in the ordinary course of business and with respect to amounts not yet due or being contested in good faith by appropriate legal proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as is required in conformity with GAAP shall have been made;
- Survey exceptions, encumbrances, easements or reservations of, or rights of others for, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real properties incidental to the conduct of the business or to the ownership of Properties which were not incurred in connection with indebtedness or other extensions of credit and which do not in the aggregate materially and adversely affect the value of the Properties or materially impair their use in the operation of the business;
- Liens securing letters of credit entered into in the ordinary course of business;
- Liens to secure pollution control revenue bonds or industrial revenue bonds;
- Liens securing Non-Recourse Obligations of Unrestricted Subsidiaries;
- Liens granted on the capital stock of Unrestricted Subsidiaries for the purpose of securing the Obligations of such Unrestricted Subsidiaries;
- Liens pursuant to Capitalized Leases or Synthetic Leases permitted to be entered into under the "Limitation on Obligations" covenant;
- Liens arising by reason of leases and subleases of Property pursuant to a Sale/Leaseback Transaction allowed pursuant to the "Limitation on Sale of Assets" covenant that do not materially interfere with the ordinary conduct of our or any of our Restricted Subsidiaries' business;
- Liens created in connection with worker's compensation, unemployment insurance and other social security statutes or regulations;
- Liens by a Wholly-Owned Subsidiary to us or any Restricted Subsidiary;
- Liens on Property, other than Capital Stock of Restricted Subsidiaries, to secure Obligations so long as the sum of the amount of outstanding Obligations secured by Liens incurred pursuant to this provision does not exceed the greater of $250 million or 15% of Consolidated Net Tangible Assets as of the end of the most recent fiscal quarter for which financial statements are available; and
- The replacement, extension or renewal (or successive replacements, extensions or renewals), as a whole or in part, of any Lien or of any agreement referred to above or the replacement, extension or renewal (not exceeding the outstanding principal amount of Indebtedness secured thereby together with any premium, interest, fee or expense payable in connection with any such replacement, extension or renewal) of Indebtedness secured thereby; provided that such replacement, extension or renewal is limited to all or part of the same Property that secured the Lien replaced, extended or renewed (plus improvements thereon or additions or accessions thereto).

Guarantee of Debt Securities

Each initial Subsidiary Guarantor and any subsequent Subsidiary Guarantor shall execute a Subsidiary Guarantee of each series of Debt Securities in substantially the form provided for by the Indenture at or before the time the definition of Subsidiary Guarantor shall be applicable to it. (Section 1601)

Guarantee of ER&T Obligations

We have executed a guarantee of the Obligations of ER&T substantially in the form provided for by the Indenture. (Section 1009)

Payment of Dividends by ER&T to Us

If and for so long as we guarantee the Obligations of ER&T, we shall cause ER&T, to the extent permitted by applicable law, to pay, at least quarterly, dividends or distributions to us of the excess cash not then required for its business operations. (Section 1010)

Limitation on Dividends and Other Payment Restrictions

Other than pursuant to the Indenture or as otherwise may be required by law, we will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create or cause to become, or as a result of the acquisition of any Person or Property, or upon any Person becoming a Restricted Subsidiary, remain subject to, any consensual encumbrance or consensual restriction of any kind on the ability of any Restricted Subsidiary to:

- pay dividends or make any other distributions on its Capital Stock;
- make payments on any Obligations owed to us or any of our Restricted Subsidiaries;
- make loans or advances to us or to any of our Restricted Subsidiaries;
- transfer any of its Property to us or to any of our Restricted Subsidiaries; or
- make payments under a Subsidiary Guarantee with respect to the Debt Securities.

The foregoing shall not prohibit:

- encumbrances and restrictions resulting from customary provisions relating to (i) transfers of Property that restrict the subletting or assignment of any lease or (ii) transfers of Property that are contained in licenses and that relate to the Property covered thereby, in each case entered into in the ordinary course of business;
- encumbrances and restrictions on transfers of Property existing on any assets at the time such assets are acquired (or the entity owning such assets is acquired) by any Restricted Subsidiary, whether by merger, consolidation, purchase of such assets or otherwise; provided that such restrictions and encumbrances (i) are not created, Incurred or assumed in contemplation of such assets or entity being acquired by the Restricted Subsidiary and (ii) do not extend to any other assets of the Restricted Subsidiary; and
- restrictions on transfers of Property created in connection with sales or purchases of electricity, energy, capacity, natural gas, coal, ancillary services, environmental credits and/or entitlements, utility services, fuel, water, related transportation services and other similar products and services, in each case, in the ordinary course of business; provided that restrictions arising from any transaction or series of related transactions pursuant to this clause shall not be materially more restrictive, taken as a whole, than encumbrances and restrictions customarily accepted as industry standard for similar transactions. (Section 1007)

Limitation on Sale of Assets

Except for a sale of all or substantially all of our assets, as provided in the “Merger, Consolidation or Sale of Assets” covenant, and other than

- assets required to be sold to conform with government regulations, laws or impositions,
- sales or dispositions of surplus, obsolete or worn out equipment,
- sales or dispositions of ownership interests in Unrestricted Subsidiaries, or
- any other sale or disposition so long as after giving effect to such events, the Rating Agencies shall have confirmed their ratings on our Debt Securities in effect immediately prior to such sale or disposition,

we may not, and may not permit any Restricted Subsidiary to, make any Asset Sale (other than short-term, readily marketable investments purchased for cash management purposes with funds not representing the proceeds of other Asset Sales) if, on a pro forma basis, the aggregate net book value of all such Asset Sales during the most recent 12-month period would exceed 15% of Consolidated Net Tangible Assets computed as of the most recent quarter preceding such sale; provided, however, that any such Asset Sale shall be disregarded for purposes of this 15% limitation if the Net Cash Proceeds are within 270 days thereafter (i) invested in a Permitted Business, (ii) used to purchase and retire Obligations ranking equal in right of payment to the Debt Securities or (iii) used to redeem the Debt Securities at a redemption price equal to 100% of the principal amount of the Debt Securities to be redeemed, plus accrued and unpaid interest thereon up to and including the applicable redemption date, plus a make-whole premium.

In addition, on a cumulative basis we may not sell or otherwise dispose of more than 25% of the assets or Capital Stock in Fossil, unless Net Cash Proceeds from such sale are invested in other non-nuclear generation assets or the capital stock of entities engaged in fossil generation and related businesses. (Section 1006)

Definitions

"*Acquired Obligations*" means, with respect to any Person, (1) Obligations of any other Person existing at the time the other Person is merged with or into or became a Subsidiary of the Person, including, without limitation, Obligations Incurred in connection with, or in contemplation of, the other Person merging with or into or becoming a Subsidiary of the Person; and (2) Obligations secured by a Lien encumbering any asset acquired by the Person at the time the asset is acquired by the Person.

"*Asset Sale*" means any sale, transfer, conveyance, lease or other disposition (including by way of merger, consolidation or sale-leaseback) by us or any of our Restricted Subsidiaries to any Person (other than to us or a Restricted Subsidiary of ours and other than in the ordinary course of business) of any Capital Stock or other Property of ours or of any of our Restricted Subsidiaries (including Capital Stock of Subsidiaries). The term "Asset Sale" will not include (1) any sale, transfer, conveyance, lease or other disposition of Property governed by the "Merger, Consolidation or Sale of Assets" covenant and (2) any transaction or series of related transactions consisting of the sale, transfer, conveyance, lease or other disposition of Capital Stock or other Property with a Fair Market Value aggregating less than $50 million in any fiscal year. The term "Asset Sale" also will not include (i) the grant of or realization upon a Lien permitted under the "Limitation on Liens" covenant or the exercise of remedies thereunder and (ii) sales of fuel, capacity, energy (including, but not limited to, electric power, natural gas and coal), environmental credits or entitlements, related transportation services and other related services by ER&T and its Permitted Hedging Obligations as permitted by the "Limitation on Obligations" covenant.

"*Attributable Debt*" means with respect to any Sale/Leaseback Transaction, at the time of determination, the present value (discounted at a rate per annum equal to the weighted average interest rate of all Debt Securities outstanding under the Indenture, compounded semi-annually) of the total obligations of the lessee for rental payments during the remaining term of the lease included in the Sale/Leaseback Transaction (including any period for which the lease has been extended).

"*Board of Directors*" means either the Board of Directors of PSEG Power LLC or any duly authorized committee of such Board.

"*Business Day*" means each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in Newark, New Jersey and The City of New York are authorized or obligated by law or executive order to close.

"*Capital Stock*" means (1) in the case of a corporation, corporate stock, (2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock, (3) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited) and (4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

"*Capitalized Lease*" means as applied to any Person, any lease of any Property of which the discounted present value of the rental obligations of such Person as lessee, in conformity with GAAP, is required to be capitalized on the balance sheet of such Person, and "Capitalized Lease Obligation" means the rental obligations, as aforesaid, under such lease.

"*Commodity Trading Obligations,*" with respect to any Person, means the Obligations of such Person under (1) any commodity swap agreement, commodity future agreement, commodity option agreement, commodity cap agreement, commodity floor agreement, commodity collar agreement, commodity hedge agreement, and any put, call or other agreement or arrangement, or combination thereof, designed to protect such Person against fluctuations in commodity prices or (2) any commodity swap agreement, commodity future agreement, commodity option agreement, commodity hedge agreement, and any put, call or other agreement or arrangement, or combination thereof (including an agreement or arrangement to hedge foreign exchange risks) in respect of commodities entered into by us pursuant to asset optimization and risk management policies and procedures adopted in good faith by the Board of Directors.

"*Consolidated Current Liabilities*," as of the date of determination, means the aggregate amount of our and our Restricted Subsidiaries' liabilities on a consolidated basis which may properly be classified as current liabilities (including taxes accrued as estimated), after eliminating (1) all inter-company items between us and any consolidated Restricted Subsidiary, (2) all current maturities of long-term indebtedness, all as determined in accordance with GAAP, and (3) all liabilities attributable to Subsidiaries that are not Restricted Subsidiaries.

"*Consolidated Net Tangible Assets*" means, as of any date of determination, the total amount of assets (less accumulated depreciation or amortization, allowances for doubtful receivables, other applicable reserves and other properly deductible items) of us and our Restricted Subsidiaries, determined on a consolidated basis in accordance with GAAP, consistently applied, and after giving effect to purchase accounting and after deducting therefrom, to the extent otherwise included, the amounts of:

- Consolidated Current Liabilities;
- excess of cost over fair value of assets of businesses acquired, as determined in good faith by the Board of Directors;
- unamortized debt discount and expense and other unamortized deferred charges, goodwill, patents, trademarks, service marks, trade names, copyrights, licenses, organization or developmental expenses and other intangible items;
- treasury stock;
- any cash set apart and held in a sinking or other analogous fund established for the purpose of redemption or other retirement of Capital Stock to the extent such obligation is not reflected in Consolidated Current Liabilities; and
- all assets attributable to Subsidiaries that are not Restricted Subsidiaries (including Capital Stock thereof), except to the extent of dividends or distributions received from such Subsidiaries.

"*Default*" means any event, act or condition that is, or after notice or the passage of time or both would be, an Event of Default.

"*Event of Default*" has the meaning specified in Section 501 of the Indenture.

"*Fair Market Value*" means the price that would be paid by a purchaser to a seller in an arm's-length transaction.

"*GAAP*" means generally accepted accounting principles in the United States applied on a basis consistent with the principles, methods, procedures and practices employed in the preparation of our audited financial statements, including, without limitation, those set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as approved by a significant segment of the accounting profession.

"*Hedging Obligations*" means, with respect to any Person, the obligations of such Person under any interest rate or currency swap agreement, interest rate or currency future agreement, interest rate cap or collar agreement, interest rate or currency hedge agreement, and any put, call or other agreement or arrangement designed to protect such Person against fluctuations in interest rates or currency exchange rates.

"*Incur*" means, with respect to any Obligation, to directly or indirectly create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable for or with respect to, or become responsible for payment of, contingently or otherwise, such Obligation. The term "Incurrence" has a corresponding meaning.

"*Lien*" means any mortgage, pledge, hypothecation, charge, assignment, deposit arrangement, encumbrance, security interest, lien (statutory or other), or preference, priority, or other security or similar agreement or preferential arrangement of any kind or nature whatsoever (including, without limitation, any agreement to give or grant a Lien or any lease, conditional sale or other title retention agreement having substantially the same economic effect as any of the foregoing).

"*Net Cash Proceeds*" from an Asset Sale is defined to mean cash payments received (including any cash payments received by way of a payment of principal pursuant to a note or installment receivable or otherwise, but only as and when received (including any cash received upon sale or disposition of any such note or receivable), excluding any other consideration received in the form of assumption by the acquiring Person of Obligations relating to the Property disposed of in such Asset Sale or received in any form other than cash) therefrom, in each case, net of (1) all legal, title and recording tax expenses, commissions and other fees and expenses of any kind (including consent and waiver fees and any applicable premiums, earn-out or working interest payments or payments in lieu or in termination thereof) Incurred, (2) all federal, state, provincial, foreign and local taxes and other governmental charges required to be accrued as a liability under GAAP as a consequence of such Asset Sale, (3) a reasonable reserve for the after-tax cost of any indemnification payments (fixed and contingent) attributable to seller's indemnities to the purchaser undertaken by us or any of our Subsidiaries in connection with such Asset Sale, (4) all payments made on any Obligation that is secured by such Property, in accordance with the terms of any Lien upon or with respect to such Property, or that must by its terms or by applicable law or in order to obtain a required consent or waiver be repaid out of the proceeds from or in connection with such Asset Sale and (5) all distributions and other payments made to holders of Capital Stock of Subsidiaries (other than us or our Restricted Subsidiaries) as a result of such Asset Sale.

"*Non-Recourse Obligation*" means, with respect to any Person, any financing that is or was Incurred with respect to the development, acquisition, design, engineering, procurement, construction, operation, ownership, servicing or management of one or more facilities used or useful in a Permitted Business in respect of which such Person has a direct or indirect interest, provided that such financing is without recourse to any Person or Property other than to (1) the Property that constitutes such facilities together with contracts, permits, licenses, reserves and other items related to such facilities, (2) the income from and proceeds of such facilities, (3) the Capital Stock of, and other investments in, the Person that owns the Property that constitutes any such facilities and (4) the Capital Stock of, and other investments in, any Person obligated with respect to such financing and of any Subsidiary of such Person that owns a direct or indirect interest in any such facilities.

"*Obligations*" of any Person shall mean at any date, without duplication,

- all obligations of such Person for borrowed money,
- all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments,
- all obligations of such Person arising under any conditional sale or other title retention arrangement or otherwise to pay the deferred purchase price of Property or services,
- all obligations of such Person Incurred in respect of Attributable Debt associated with any Sale/Leaseback Transaction, Capitalized Lease or Synthetic Lease,
- all obligations of such Person under letters of credit,
- all obligations of such Person under trade or bankers' acceptances,
- all obligations of such Person under Hedging Obligations and Commodity Trading Obligations,
- trade payables in respect of fuel, labor, supplies or other materials or services or the obligation to provide power,
- Preferred Stock and Redeemable Stock issued to any Person other than us or a Restricted Subsidiary,
- all obligations of others secured by a Lien on any asset of such Person, whether or not such obligations are assumed by such Person, and
- all obligations of others to the extent guaranteed by such Person.

The amount of any obligation shall be deemed to be the amount equal to the stated or determinable amount thereof or, if not stated or determinable, the maximum probable liability thereunder as determined by us in good faith.

"*Permitted Business*" means any business in which we or any of our Subsidiaries are engaged on the date of the Indenture or any other power or energy-related business, including the business of acquiring, developing, owning or operating electric power or thermal energy generation or cogeneration facilities, electric power

transmission, fuel supply and fuel transportation facilities, together with their related power supply, thermal energy and fuel contracts and other facilities, services or goods that are ancillary, incidental, complementary or reasonably related to the marketing, trading, development, construction or management servicing, ownership or operation of the foregoing.

"*Permitted Hedging Obligations*" of any Person shall mean (1) Hedging Obligations entered into in the ordinary course of business and in accordance with such Person's established risk management policies that are designed to protect such Person against, among other things, fluctuations in interest rates or currency exchange rates and which in the case of agreements relating to interest rates shall have a notional amount no greater than the payments due with respect to the Obligations being hedged thereby and (2) Commodity Trading Obligations.

"*Person*" means an individual, a corporation, a limited liability company, a partnership, an association, a trust or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

"*Preferred Stock*" means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) or preferred or preference stock of such Person that is outstanding or issued on or after the date of original issuance of the Debt Securities under the Indenture.

"*Property*" of any Person is defined to mean all types of real, personal, tangible or mixed property owned by such Person whether or not included in the most recent consolidated balance sheet of such Person under GAAP.

"*Rating Agencies*" means Moody's Investors Service, Inc., Standard & Poor's Ratings Services, Fitch Inc. and any successor thereof.

"*Redeemable Stock*" is defined to mean any class or series of Capital Stock of any Person that by its terms or otherwise is (1) required to be redeemed prior to the Stated Maturity of the Debt Securities, (2) redeemable at the option of the holder of such Capital Stock at any time prior to the Stated Maturity of the Debt Securities or (3) convertible into or exchangeable for Capital Stock referred to in clause (1) or (2) above or Obligations having a scheduled maturity prior to the Stated Maturity of the Debt Securities.

"*Restricted Subsidiary*" means only Fossil, Nuclear, ER&T and each other of our Subsidiaries that executes a Subsidiary Guarantee with respect to the Debt Securities and is subsequently designated by the Board of Directors by written notice to the Trustee as a Restricted Subsidiary.

"*Sale/Leaseback Transaction*" means an arrangement relating to Property now owned or hereafter acquired whereby we or one of our Subsidiaries transfers the Property to a Person and leases it back from that Person, other than leases for a term of not more than 12 months or between us and one of our Wholly-Owned Subsidiaries that is a Restricted Subsidiary or between Wholly-Owned Subsidiaries that are Restricted Subsidiaries.

"*Stated Maturity*" means with respect to any Debt Security or any installment of principal thereof or interest thereon, the date specified in such Debt Security or a coupon representing such installment of interest as the fixed date on which any principal of such Debt Security or any such installment of interest is due and payable.

"*Subsidiary*" means, with respect to any Person, (1) any corporation, limited liability company, association or other business entity of which more than 50% of the total voting power of Voting Stock is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person (or a combination thereof) and (2) any partnership (i) the sole general partner or the managing general partner of which is such Person or a Subsidiary of such Person or (ii) the only general partners of which are such Person or one or more Subsidiaries of such Person (or any combination thereof).

"*Subsidiary Guarantor*" means all current and subsequently designated Restricted Subsidiaries.

"*Subsidiary Guarantee*" means an unconditional guarantee of a Subsidiary Guarantor of the payment of the principal of or any premium or interest on any Debt Securities in substantially the form provided for by the Indenture or a guarantee of a Subsidiary Guarantor of any other of our Obligations.

"*Synthetic Lease*" means (1) a lease pursuant to which the lessee is treated as the owner of the Property subject to the lease for tax purposes, whether or not such lease is treated as an operating lease for accounting purposes or (2) a lease treated as an operating lease for accounting purposes but having at least three of the following characteristics, (i) the term of the lease, inclusive of all renewal periods at the lessee's option, is greater than 75% of the useful life of the Property subject to the lease as estimated at the inception of the Lease, (ii) the lessee has the right to purchase such Property at a fixed price, (iii) the lessee's payments under the lease are calculated to amortize and service the debt of the lessor incurred in order to acquire the asset and (iv) the lessor obtains 80% or more of the cost of the asset from borrowed funds.

"*Unrestricted Subsidiary*" means a Subsidiary that is not a Restricted Subsidiary.

"*Voting Stock*" means any class or classes of Capital Stock pursuant to which the holders thereof have the general voting power under ordinary circumstances to elect at least a majority of the Board of Directors, managers or trustees of any Person (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency).

"*Weighted Average Life to Maturity*" means, when applied to any Obligations at any date, the number of years obtained by dividing (1) the then outstanding principal amount of such Obligations into (2) the total of the product obtained by multiplying (i) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (ii) the numbers of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment.

"*Wholly-Owned Subsidiary*" means a Subsidiary all the Capital Stock of which (other than directors' qualifying shares) is owned by us and/or one or more of our Wholly-Owned Subsidiaries.

Events of Default and Remedies

The following constitute Events of Default in respect to each series of Debt Securities under the Indenture (Section 501):

- default for five days in the payment when due of interest on any of the Debt Securities of such series;
- default in the payment when due of the principal of, or premium, if any, or make-whole amount, if any, on any of the Debt Securities of such series;
- default in the deposit of any sinking fund payment, when due by the terms of the Debt Securities of such series;
- failure by us or any Restricted Subsidiary to comply with the provisions described under "Limitation on Sale of Assets" or "Merger, Consolidation or Sale of Assets";
- failure by us or any Restricted Subsidiary for 60 days after notice by the Trustee to us or to us and the Trustee by the holders of 25% or more in aggregate principal amount of the Debt Securities of such series to comply with any of our agreements in the Indenture or the Debt Securities of such series that are not otherwise covered in this section;
- default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any of our or any of our Subsidiaries' indebtedness (including indebtedness represented by any other series of Debt Securities under the Indenture or the payment of which is guaranteed by us or by any of our Restricted Subsidiaries) (but other than Non-Recourse Obligations) whether such indebtedness or guarantee now exists or is created after the date of the Indenture, which default (a) is caused by a failure to pay the principal of such indebtedness at the Stated Maturity of such indebtedness after the expiration of grace periods provided in the indebtedness (a "Payment Default") or (b) has resulted in the acceleration of the indebtedness prior to its Stated Maturity; and, in each case the principal amount of the indebtedness, together with the principal amount of any other indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates $50.0 million or more;

- failure by us or any of our Restricted Subsidiaries to pay one or more final judgments not otherwise covered by insurance aggregating in excess of $50.0 million, which judgments are not paid, discharged or stayed for a period of 60 days; and
- certain events of bankruptcy or insolvency with respect to us or any of our Restricted Subsidiaries.

Additional series of Debt Securities issued under the Indenture may specify other events of default for such series of Debt Securities.

We are required to file with the Trustee, annually, an officer's certificate as to our compliance with all conditions and covenants under the Indenture. (Section 1011) The Indenture provides that the Trustee may withhold notice to the holders of Debt Securities of a series of any default (except payment defaults on the Debt Securities of that series) if it considers it in the interest of the holders of Debt Securities of the series to do so. (Section 515)

If an Event of Default (other than an Event of Default occasioned by our or any of our Restricted Subsidiaries' bankruptcy or insolvency) with respect to Debt Securities of a series has occurred and is continuing, the Trustee or the holders of not less than 25% in principal amount of outstanding Debt Securities of that series may declare the principal (or, if the Debt Securities of that series are issued with original issue discount or are "indexed debt securities" (i.e., Debt Securities, the interest and principal payments on which are determined by reference to a particular index, such as a foreign currency or commodity), such portion of the principal as may be specified in the terms of those Debt Securities) of all of the Debt Securities of that series to be due and payable immediately, by a notice in writing to us. (Section 502)

If an Event of Default occasioned by our or any of our Restricted Subsidiaries' bankruptcy or insolvency occurs, the principal of and interest on all Debt Securities shall ipso facto become and be immediately due and payable without any declaration or other act on the part of the Trustee or any holders of Debt Securities.

Subject to the provisions of the Indenture relating to the duties of the Trustee, in case an Event of Default with respect to Debt Securities of any series has occurred and is continuing, the Trustee is under no obligation to exercise any of its rights or powers under the Indenture at the request, order or direction of the holders of Debt Securities of that series, unless those holders have offered the Trustee indemnity satisfactory to the Trustee against the expenses and liabilities which might be incurred by it in compliance with such request. (Section 602)

Subject to certain exceptions, the holders of a majority in principal amount of the outstanding Debt Securities of any series of Debt Securities will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee with respect to the Debt Securities of that series. (Section 512)

The holders of a majority in principal amount of the outstanding Debt Securities of a series may, on behalf of the holders of all Debt Securities of such series and any related coupons, waive any past default under the Indenture with respect to such series and its consequences, except a default (i) in the payment of the principal of (or premium, if any) or interest, if any, on any Debt Security of such series or any related coupons or (ii) in respect of a covenant or provision that cannot be modified or amended without the consent of the holder of each outstanding Debt Security of such series affected thereby. (Section 513)

Merger, Consolidation or Sale of Assets

We may not, directly or indirectly, consolidate or merge with or into (whether or not we are the surviving entity) any other corporation, association, company, business trust or limited liability company, or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of our assets, in one or more related transactions, to another Person unless:

- the Person formed by the consolidation or surviving the merger or the Person that acquires by sale, assignment, transfer, conveyance or other disposition, or that leases, the assets (if other than us) (in each such case, the "Successor Entity"), is a corporation or limited liability company organized and existing under the laws of the United States, any State thereof or the District of Columbia and expressly assumes our obligations under the Indenture and the Debt Securities;

- if any of our or a Restricted Subsidiary's Property or assets would become subject to a Lien other than a Permitted Lien under the "Limitation on Liens" covenant, the Debt Securities shall be equally and ratably secured in accordance with such covenant;
- immediately after such transaction no event exists that is or with the passage of time or the giving of notice or both would be an Event of Default under the Indenture; and
- each Subsidiary Guarantor shall have by amendment to its Subsidiary Guarantee with respect to the Debt Securities confirmed that its Subsidiary Guarantee shall apply to the obligations of the Successor Entity under the Indenture and each series of the Debt Securities. (Section 801)

Modification or Waiver

Modification and amendment of the Indenture may be made by us and the Trustee with the consent of the holders of a majority in principal amount of all Outstanding Debt Securities that are affected by such modification or amendment; provided that no such modification or amendment may, without the consent of the holder of each Outstanding Debt Security affected thereby, among other things:

- change the Stated Maturity of the principal of (or premium, if any, on) or any installment of principal of or interest on any such Debt Security;
- reduce the principal amount of, or the rate (or change the manner of calculating the rate) or amount of interest in respect of, or any premium payable upon the redemption of, any such Debt Security;
- change any of our obligations to pay Additional Amounts in respect of any such Debt Security;
- reduce the portion of the principal of an Original Issue Discount Security or Indexed Security that would be due and payable upon a declaration of acceleration of the Maturity thereof or provable in bankruptcy;
- adversely affect any right of repayment at the option of the holder of any such Debt Security;
- change the place of payment of principal of, or any premium or interest on, any such Debt Security;
- impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof or on or after any Redemption Date or Repayment Date, as the case may be;
- adversely affect any right to convert or exchange any Debt Security;
- reduce the percentage in principal amount of such Outstanding Debt Securities, the consent of whose holders is required to amend or waive compliance with certain provisions of the Indenture or to waive certain defaults thereunder;
- reduce the requirements for voting or quorum described below;
- modify any of the foregoing requirements or any of the provisions relating to waiving past defaults or compliance with certain restrictive provisions, except to increase the percentage of holders required to effect any such waiver or to provide that certain other provisions of the Indenture cannot be modified or waived without the consent of the holder of each Debt Security affected thereby; or
- modify or affect the terms and conditions of the obligations of any Subsidiary Guarantor in respect of the due and punctual payment of principal of, or any premium or interest on, Debt Securities. (Section 902)

The holders of a majority in aggregate principal amount of Outstanding Debt Securities have the right to waive our compliance with certain covenants in the Indenture. (Section 1012)

Modification and amendment of the Indenture may be made by us and the Trustee thereunder, without the consent of any holder, for any of the following purposes:

- to evidence the succession of another Person to us and the assumption by any successor of our covenants under the Indenture and the Debt Securities;

- to add to our covenants for the benefit of the holders of all or any series of Debt Securities issued under the Indenture and any related coupons or to surrender any right or power conferred upon us by the Indenture;
- to add Events of Default for the benefit of the holders of all or any series of Debt Securities issued under the Indenture;
- to add to or change any provisions of the Indenture to facilitate the issuance of, or to liberalize the terms of, Bearer Securities, or to permit or facilitate the issuance of Debt Securities in uncertificated form, provided that any such actions do not adversely affect the holders of such Debt Securities or any related coupons in any material respect;
- to change or eliminate any provisions of the Indenture, provided that any such change or elimination will become effective only when there are no Debt Securities Outstanding of any series created prior thereto which are entitled to the benefit of such provisions;
- to secure the Debt Securities under the Indenture pursuant to the "Merger, Consolidation or Sale of Assets" covenant of the Indenture, or otherwise;
- to establish the form or terms of the Debt Securities of any series and any related coupons;
- to evidence and provide for the acceptance of appointment by a successor Trustee or facilitate the administration of the trusts under the Indenture by more than one Trustee;
- to cure any ambiguity, defect or inconsistency in the Indenture, provided such action does not adversely affect the interests of holders of Debt Securities of any series issued under the Indenture or any related coupons in any material respect; or
- to supplement any of the provisions of the Indenture to the extent necessary to permit or facilitate the defeasance and discharge of any series of Debt Securities, provided that such action shall not adversely affect the interests of the holders of any such Debt Securities and any related coupons in any material respect. (Section 901)

In determining whether the holders of the requisite principal amount of Outstanding Debt Securities have given any request, demand, authorization, direction, notice, consent or waiver under the Indenture or whether a quorum is present at a meeting of holders of Debt Securities, (1) the principal amount of an Original Issue Discount Security that will be deemed to be outstanding will be the amount of the principal thereof that would be due and payable as of the date of such determination upon acceleration of the Maturity thereof; (2) the principal amount of an Indexed Security that may be counted in making such determination or calculation and that will be deemed outstanding for such purpose will be equal to the principal face amount of such Indexed Security at original issuance, unless otherwise provided with respect to such Indexed Security pursuant to Section 301 of the Indenture; and (3) Debt Securities owned by us or any other obligor upon the Debt Securities or any Affiliate of ours or of such other obligor shall be disregarded. (Section 101)

The Indenture contains provisions for convening meetings of the holders of Debt Securities of a series if Debt Securities of that series are issuable as Bearer Securities. (Section 1501) A meeting may be called at any time by the Trustee, and also, upon request, by us or the holders of at least 10% in principal amount of the Outstanding Debt Securities of that series, in any such case upon notice given as provided in the Indenture. (Section 1502) Except for any consent that must be given by the holder of each Debt Security affected thereby, as described above, any resolution presented at a meeting (or an adjourned meeting duly reconvened) at which a quorum is present may be adopted by the affirmative vote of the holders of a majority in principal amount of the Outstanding Debt Securities of that series; provided, however, that any resolution with respect to any request, demand, authorization, direction, notice, consent, waiver or other action that may be made, given or taken by the holders of a specified percentage which is less than a majority in principal amount of the Outstanding Debt Securities of a series may be adopted at a meeting (or an adjourned meeting duly reconvened) at which a quorum is present by the affirmative vote of the holders of such specified percentage in principal amount of the Outstanding Debt Securities of that series. Any resolution passed or decision taken at any meeting of holders of Debt Securities of a series duly held in accordance with the Indenture will be binding on all holders of Debt Securities of that series and any related coupons, whether or not present or represented at the meeting. The quorum at any meeting called to adopt a resolution will be persons holding or representing a majority in

principal amount of the Outstanding Debt Securities of a series; provided, however, that, if any action is to be taken at such meeting with respect to a consent or waiver which may be given by the holders of not less than a specified percentage in principal amount of the Outstanding Debt Securities of a series, the persons holding or representing such specified percentage in principal amount of the Outstanding Debt Securities of that series will constitute a quorum. (Section 1504)

Notwithstanding the foregoing provisions, if any action is to be taken at a meeting of holders of Debt Securities of a series with respect to any request, demand, authorization, direction, notice, consent, waiver or other action that the Indenture expressly provides may be made, given or taken by the holders of a specified percentage in principal amount of all Outstanding Debt Securities affected thereby or of the holders of such series and one or more additional series: (1) there shall be no minimum quorum requirement for such meeting; and (2) the principal amount of the Outstanding Debt Securities of such series that vote in favor of such request, demand, authorization, direction, notice, consent, waiver or other action will be taken into account in determining whether such request, demand, authorization, direction, notice, consent, waiver or other action has been made, given or taken under the Indenture. (Section 1504)

Satisfaction and Discharge, Legal Defeasance and Covenant Defeasance

We may discharge certain obligations to holders of Debt Securities of a series that have not already been delivered to the Trustee for cancellation and that either have become due and payable or are by their terms due and payable within one year (or scheduled for redemption within one year) by irrevocably depositing with the Trustee, in trust, funds in an amount sufficient to pay the entire indebtedness on such Debt Securities for principal (and premium, if any) and interest, if any, and any Additional Amounts with respect thereto, to the date of such deposit (if such Debt Securities have become due and payable) or to the Stated Maturity or Redemption Date, as the case may be. (Section 401)

The Indenture provides that, if the provisions of Article Fourteen are made applicable to the Debt Securities of or within any series and any related coupons pursuant to Section 301 thereunder, we may elect either

- to defease and be discharged from any and all obligations with respect to such Debt Securities and any related coupons (except for the obligations to pay Additional Amounts, if any, upon the occurrence of certain events of tax, assessment or governmental charge with respect to payments on such Debt Securities and the obligations to register the transfer or exchange of such Debt Securities and any related coupons, to replace temporary or mutilated, destroyed, lost or stolen Debt Securities and any related coupons, to maintain an office or agency in respect of such Debt Securities and any related coupons, and to hold moneys for payment in trust) (defeasance) (Section 1402) or

- to be released from our obligations under any covenant specified pursuant to Section 301 with respect to such Debt Securities and any related coupons, and any omission to comply with such obligations shall not constitute a default or an Event of Default with respect to such Debt Securities and any related coupons (covenant defeasance) (Section 1403), in either case upon the irrevocable deposit by us with the Trustee (or other qualifying trustee), in trust, of:

  - an amount in U.S. dollars;

  - Government Obligations (as defined below) applicable to such Debt Securities and coupons that through the payment of principal and interest in accordance with their terms will provide money in an amount; or

  - a combination thereof in an amount

  sufficient to pay the principal of (and premium, if any) and interest, if any, on such Debt Securities and any related coupons, and any mandatory sinking fund or analogous payments thereon, on the scheduled due dates therefor.

Such a trust may only be established if, among other things, we have delivered to the Trustee an Opinion of Counsel (as specified in the Indenture) to the effect that the holders of such Debt Securities and any related coupons will not recognize income, gain or loss for United States federal income tax purposes as a result of such defeasance or covenant defeasance and will be subject to United States federal income tax on the same

amounts, in the same manner and at the same times as would have been the case if such defeasance or covenant defeasance had not occurred, and such Opinion of Counsel, in the case of defeasance under the first clause above, must refer to and be based upon a ruling of the Internal Revenue Service or a change in applicable United States federal income tax law occurring after the date of the Indenture. (Section 1404)

"Government Obligations" means securities which are (1) direct obligations of the United States or (2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States, the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States, which are not callable or redeemable at the option of the issuer thereof. Government Obligations also include a depositary receipt issued by a bank or trust company as custodian with respect to any such Government Obligation or a specific payment of interest on or principal of any such Government Obligation held by such custodian for the account of the holder of a depositary receipt; provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depositary receipt from the amount received by the custodian in respect of the Government Obligation or the specific payment of interest on or principal of the Government Obligation evidenced by such depositary receipt. (Section 101)

In the event we effect covenant defeasance with respect to any Debt Securities and any related coupons and such Debt Securities and coupons are declared due and payable because of the occurrence of any Event of Default, other than Events of Default with respect to any covenant of which there has been defeasance, the amount of Government Obligations and funds on deposit with the Trustee will be sufficient to pay amounts due on such Debt Securities and coupons at the time of their Stated Maturity but may not be sufficient to pay amounts due on such Debt Securities and coupons at the time of the acceleration resulting from such Event of Default. In such case, we would remain liable to make payment of such amounts due at the time of acceleration.

The prospectus supplement may further describe the provisions, if any, permitting such defeasance or covenant defeasance, including any modifications to the provisions described above, with respect to the Debt Securities of or within a particular series and any related coupons.

Book-Entry Debt Securities

Unless otherwise specified in the applicable prospectus supplement, we will issue to investors Debt Securities in the form of one or more book-entry certificates registered in the name of a depositary or a nominee of a depositary. Unless otherwise specified in the applicable prospectus supplement, The Depository Trust Company ("DTC") will act as securities depositary for such book-entry securities. Debt Securities that are issued in book-entry form will be issued as fully-registered securities registered in the name of Cede & Co. ("Cede") (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered global security will be issued for each issue of Debt Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds $500,000,000, one global security will be issued with respect to each $500,000,000 of principal amount and an additional global security will be issued with respect to any remaining principal amount of such issue.

No person that acquires a beneficial interest in Debt Securities issued in book-entry form will be entitled to receive a certificate representing those Debt Securities, except as set forth in this prospectus or in the applicable prospectus supplement. Unless and until definitive securities are issued under the limited circumstances described below, all references to actions by holders or beneficial owners of Debt Securities issued in book-entry form will refer to actions taken by DTC upon instructions from its participants, and all references to payments and notices to holders or beneficial owners will refer to payments and notices to DTC or Cede, as the registered holder of those Debt Securities. The laws of some jurisdictions require some purchasers of securities to take physical delivery of their securities in definitive or paper form. These laws may impair the ability to transfer Debt Securities issued in book-entry form.

Unless otherwise specified in the applicable prospectus supplement, book-entry securities will be exchangeable for definitive securities registered in the names of persons other than DTC or its nominee only if:

- DTC is at any time unwilling, unable or ineligible to continue as depositary and a successor depositary is not appointed by us within 90 days following notice to us;

- we determine, in our sole discretion, not to have any Debt Securities represented in book-entry form; or
- an Event of Default under the Indenture has occurred and is continuing.

Any book-entry security that is exchangeable in accordance with the preceding sentence will be exchangeable for Debt Securities registered in such names as DTC directs.

If one of the events described in the immediately preceding paragraph occurs, DTC is generally required to notify all participants of the availability through DTC of definitive securities. Upon surrender by DTC of the book-entry security representing the Debt Securities and delivery of instructions for re-registration, the Trustee will reissue the Debt Securities as definitive securities. After reissuance of the Debt Securities, the Trustee will recognize the beneficial owners of those definitive securities as registered holders of Debt Securities.

Except as described above:

- a book-entry security may not be transferred except as a whole book-entry security by or among DTC, a nominee of DTC and/or a successor depositary appointed by us; and
- DTC may not sell, assign or otherwise transfer any beneficial interest in a book-entry security unless the beneficial interest is in an amount equal to an authorized denomination for the securities evidenced by the book-entry security.

The following is based on information furnished by DTC:

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities that its participants deposit with it. DTC also facilitates the post-trade settlement among its participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges in its participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct participants of DTC include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation. The Depository Trust & Clearing Corporation is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. The Depository Trust & Clearing Corporation is owned by the users of its regulated subsidiaries. Access to DTC’s system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly. DTC rules applicable to its participants are on file with the SEC.

Purchases of book-entry securities under DTC’s system must be made by or through direct participants, which will receive a credit for those book-entry securities on DTC’s records. The beneficial ownership interest of each actual purchaser of each book-entry security represented by a global security (“beneficial owner”) is in turn to be recorded on the records of the direct and indirect participants’ records. Beneficial owners will not receive written confirmation from DTC of their purchase. Beneficial owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the direct or indirect participants through which the beneficial owner entered into the transaction. Transfers of ownership interests in a global security representing book-entry securities are to be accomplished by entries made on the books of direct and indirect participants acting on behalf of beneficial owners. Beneficial owners of a global security representing book-entry securities will not receive certificates representing their ownership interests in a global security, except in the event that use of the book-entry system for those book-entry securities is discontinued.

To facilitate subsequent transfers, all global securities representing book-entry securities deposited by direct participants with DTC are registered in the name of DTC’s nominee, Cede, or such other name as may be requested by an authorized representative of DTC. The deposit of global securities with DTC and their registration in the name of Cede or such other nominee of DTC do not effect any change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the global securities representing the book-entry securities; DTC’s records reflect only the identity of the direct participants to whose accounts such

book-entry securities are credited, which may or may not be the beneficial owners. The direct and indirect participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants, and by direct participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

If applicable, redemption notices will be sent to Cede. If less than all of the book-entry securities of like tenor and terms within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each direct participant in that issue to be redeemed.

Neither DTC nor Cede (nor any other nominee of DTC) will consent or vote with respect to the global securities representing book-entry securities unless authorized by a direct participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an omnibus proxy to us as soon as possible after the applicable record date. The omnibus proxy assigns Cede's consenting or voting rights to those direct participants to whose accounts book-entry securities are credited on the applicable record date (identified in a listing attached to the omnibus proxy).

Redemption proceeds, distributions and dividend payments on the global securities representing the book-entry securities will be made to Cede, or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit direct participants' accounts, upon DTC's receipt of funds and corresponding detailed information from us or the Trustee, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such participant and not of DTC, the Trustee or us, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments to Cede (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of us or the Trustee, disbursement of such payments to direct participants will be the responsibility of DTC, and disbursement of such payments to the beneficial owners will be the responsibility of direct and indirect participants.

A beneficial owner will give notice of any option to elect to have its book-entry securities purchased or tendered, through its participant, to the Trustee, and will effect delivery of such book-entry securities by causing the direct participant to transfer the participant's interest in the global security representing those book-entry securities, on DTC's records, to the Trustee. The requirement for physical delivery of book-entry securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the global security representing those book-entry securities are transferred by direct participants on DTC's records and followed by a book-entry credit of tendered book-entry securities to the Trustee's account with DTC.

DTC may discontinue providing its services as depositary with respect to book-entry securities at any time by giving reasonable notice to us or the Trustee. Under those circumstances, in the event that a successor depositary is not obtained, certificates are required to be printed and delivered.

We may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that we believe to be reliable, but we take no responsibility for the accuracy thereof.

Unless stated otherwise in the prospectus supplement, the underwriters or agents with respect to a series of Debt Securities issued as book-entry securities will be participants in DTC.

None of any underwriter or agent, the Trustee, any applicable Paying Agent or us will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial interests in a book-entry security, or for maintaining, supervising or reviewing any records relating to such beneficial interests.

The Trustee

We maintain ordinary banking relationships with The Bank of New York Mellon, including credit facilities and lines of credit. The Bank of New York Mellon also serves as trustee under other indentures under which we or our affiliates are the obligor.

The Trustee may resign or be removed with respect to one or more series of Debt Securities and a successor Trustee may be appointed to act with respect to such series. (Section 608) In the event that two or more persons are acting as Trustee with respect to different series of Debt Securities under the Indenture, each such Trustee shall be a Trustee of a trust thereunder separate and apart from the trust administered by any other such Trustee (Section 609), and any action described herein to be taken by the Trustee may then be taken by each such Trustee with respect to, and only with respect to, the one or more series of Debt Securities for which it is Trustee.

Governing Law

The Indenture and the Debt Securities shall be governed by and construed in accordance with the laws of the State of New York without regard to principles of conflicts of laws.

PLAN OF DISTRIBUTION

We may sell the Debt Securities:

- to or through underwriters, dealers, or agents; or
- directly to one or more other purchasers.

The prospectus supplement will set forth the terms of the offering of the particular series or issue of Debt Securities to which such prospectus supplement relates, including, as applicable:

- the name or names of any underwriters or agents;
- the initial public offering or purchase price of such Debt Securities;
- any underwriting discounts, commissions and other items constituting underwriters' compensation from us and any other discounts, concessions or commissions allowed or reallowed or paid by any underwriters to other dealers;
- any commissions paid to any agents;
- the net proceeds to us; and
- the securities exchanges, if any, on which such Debt Securities will be listed.

If underwriters are used in the sale, a particular series or issue of Debt Securities will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. The Debt Securities of a particular series or issue may be either offered to the public through underwriting syndicates represented by managing underwriters or by underwriters without a syndicate. The obligations of the underwriters to purchase such Debt Securities will be subject to certain conditions precedent and each of the underwriters with respect to such Debt Securities will be obligated to purchase all of the Debt Securities of such series or issue allocated to it if any such Debt Securities are purchased. Any initial public offering price and any discounts or concessions allowed or reallowed or paid to dealers may be changed from time to time.

The Debt Securities may be offered and sold by us directly or through agents designated by us from time to time. Any agent involved in the offer or sale of the Debt Securities in respect of which this prospectus is delivered will be named in, and any commissions payable by us to such agent will be set forth in, the applicable prospectus supplement. Unless otherwise indicated in the applicable prospectus supplement, each such agent will be acting on a best efforts basis for the period of its appointment.

The Debt Securities, when first issued, will have no established trading market. Any underwriters, dealers or agents to or through whom we sell Debt Securities for public offering and sale may make a market in those Debt Securities, but the underwriters, dealers or agents will not be obligated to do so and may discontinue any market making at any time without notice. No assurance can be given as to the liquidity of the trading market for the Debt Securities.

If underwriters are used in the sale, to facilitate the offering of a particular series or issue of Debt Securities, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of such Debt Securities. Specifically, the underwriters may over-allot in connection with the offering, creating a short position in such Debt Securities for their own accounts. In addition, to cover over-allotments or to stabilize the price of such Debt Securities, the underwriters may bid for, and purchase, such Debt Securities in the open market. Finally, in any offering of a particular series or issue of Debt Securities through a syndicate of underwriters, the underwriting syndicate may reclaim selling concessions allowed to an underwriter or a dealer for distributing such Debt Securities in the offering, if the syndicate repurchases previously distributed Debt Securities in transactions to cover syndicate short positions, in stabilization transactions or otherwise. Any of these activities may stabilize or maintain the market price of such Debt Securities above independent market levels. The underwriters are not required to engage in these activities, and may end any of these activities at any time.

Certain of the underwriters, dealers or agents and their affiliates who participate in the distribution of Debt Securities may be customers of, engage in other transactions with, lend money to and perform other services for, us and our affiliates in the ordinary course of business.

We will set forth in the relevant prospectus supplement the anticipated delivery date of the Debt Securities and the prospectus delivery obligations of any underwriters, dealers or agents.

Any underwriters, dealers or agents participating in the distribution of the Debt Securities may be deemed to be underwriters, and any discounts or commissions received by them on the sale or resale of Debt Securities may be deemed to be underwriting discounts and commissions, under the Securities Act. Underwriters, dealers and agents may be entitled, under agreements entered into with us, to indemnification by us against certain civil liabilities, including liabilities under the Securities Act.

We will estimate our expenses associated with any offering of a particular series or issue of Debt Securities in the relevant prospectus supplement.

LEGAL MATTERS

Unless otherwise specified in a prospectus supplement accompanying this prospectus, the validity of the Debt Securities will be passed upon for us by Tamara L. Linde, Esquire, our Executive Vice President and General Counsel and Director, or Shawn P. Leyden, Esquire, Vice President and Deputy General Counsel of our affiliate, PSEG Services Corporation, and for any underwriters, dealers or agents by Sidley Austin LLP, New York, New York. Ms. Linde and Mr. Leyden may rely on the opinion of Sidley Austin LLP as to matters of New York law. Ms. Linde and Mr. Leyden each beneficially owns or has rights to acquire an aggregate of less than 0.01% of PSEG's common stock. Sidley Austin LLP has from time to time represented, and continues to represent, PSEG Power LLC and its affiliates in connection with certain unrelated legal matters.

EXPERTS

The consolidated financial statements and the related consolidated financial statement schedule, incorporated in this prospectus by reference from Power's Annual Report on Form 10-K for the year ended December 31, 2016, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which is incorporated herein by reference. Such consolidated financial statements and consolidated financial statement schedule have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

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% Senior Notes Due

PROSPECTUS SUPPLEMENT

June , 2018

Joint Book-Running Managers

Barclays

Goldman Sachs & Co. LLC

J.P. Morgan

Morgan Stanley

Co-Managers

BofA Merrill Lynch

PNC Capital Markets LLC

Wells Fargo Securities

The Williams Capital Group, L.P.

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424B5 1 e70018_424b5.htm PRELIMINARY PROSPECTUS SUPPLEMENT

This preliminary prospectus supplement relates to an effective registration statement under the Securities Act of 1933, as amended, but is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Filed Pursuant to Rule 424(b)(5)
Registration Statement No. 333-200354

SUBJECT TO COMPLETION, DATED JUNE 6, 2016

PROSPECTUS SUPPLEMENT
JUNE , 2016
TO PROSPECTUS DATED NOVEMBER 18, 2014

$

PSEG
Power LLC

% Senior Notes Due

We will pay interest on the % Senior Notes due , or the Senior Notes, semi-annually on and of each year, beginning on , 2016. The Senior Notes will mature at par on , , unless we redeem or repurchase them in accordance with their terms prior to such date.

The Senior Notes will be our senior unsecured obligations and will rank equally in right of payment with our other existing and future senior unsecured indebtedness; senior in right of payment to any of our indebtedness that is expressly subordinated in right of payment to the Senior Notes; effectively junior in right of payment to any of our future secured indebtedness to the extent of the value of the assets securing such indebtedness; and structurally junior to all indebtedness and other liabilities of our subsidiaries that do not guarantee the Senior Notes. Our subsidiaries, PSEG Fossil LLC, or Fossil, PSEG Nuclear LLC, or Nuclear, and PSEG Energy Resources & Trade LLC, or ER&T, will fully and unconditionally guarantee the Senior Notes on a joint and several basis. The guarantees will rank equally in right of payment to all existing and future senior unsecured indebtedness of the guarantors.

We may redeem some or all of the Senior Notes at any time at the applicable redemption price, as more fully described in this prospectus supplement under the caption "Description of the Senior Notes — Optional Redemption." As described under "Description of the Senior Notes — Change of Control," if we experience a change of control with respect to the Senior Notes, we will be required to offer to repurchase the Senior Notes from the holders thereof unless we have previously fully redeemed the Senior Notes. There is no sinking fund for the Senior Notes.

The Senior Notes will be issued only in registered form in denominations of $2,000 and integral multiples of $1,000 in excess thereof.

Investing in the Senior Notes involves risks. See "Risk Factors" beginning on page 6 of the accompanying prospectus, as well as the risk factors contained in our Annual Report on Form 10-K for the year ended December 31, 2015 and in our other periodic reports filed with the Securities and Exchange Commission, which are incorporated herein by reference.

	Per Senior Note	Total
Public Offering Price[1]	%	$
Underwriting Discount	%	$
Proceeds, before expenses, to PSEG Power LLC[1]	%	$

[1] Plus accrued interest, if any, from June , 2016, if settlement occurs after that date.

The underwriters expect to deliver the Senior Notes in book-entry form only through The Depository Trust Company on or about June , 2016.

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Neither the Securities and Exchange Commission nor any state or other securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Joint Book-Running Managers

Barclays **Goldman, Sachs & Co.** **J.P. Morgan** **Morgan Stanley**

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You should rely only on the information contained or incorporated by reference or deemed to be incorporated by reference in this prospectus supplement, the accompanying prospectus and any free writing prospectus we may provide to you. We have not, and the underwriters have not, authorized any other person to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted.

You should assume that the information appearing in this prospectus supplement, the accompanying prospectus and any free writing prospectus we may provide to you and any document incorporated by reference herein and therein is only accurate as of the respective dates on the front covers hereof and thereof. Our business, prospects, financial condition, liquidity and results of operations may have changed since such dates.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first is this prospectus supplement, which describes the specific terms of the offering of the Senior Notes and certain other matters relating to us and the underwriters. The second part, the accompanying prospectus, gives more general information about securities we may offer from time to time, some of which information may not apply to the Senior Notes we are offering in this prospectus supplement.

If the description of the Senior Notes varies between this prospectus supplement and the accompanying prospectus, you should rely on the information contained in or incorporated by reference into this prospectus supplement.

Unless we have indicated otherwise, or the context otherwise requires (e.g., in the case of the issuer of the Senior Notes), references in this prospectus supplement and the accompanying prospectus to “PSEG Power,” “we,” “us” and “our” or similar terms are to PSEG Power LLC and its consolidated subsidiaries.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Securities and Exchange Commission, or the SEC, allows us to “incorporate by reference” information that we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference or deemed incorporated by reference is an important part of this prospectus supplement and the accompanying prospectus, and information that we file later with the SEC will be deemed to automatically update and supersede this incorporated information. We incorporate by reference the following documents filed with the SEC and any future filings made with the SEC under Section 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, prior to the termination of the offering of the Senior Notes pursuant to this prospectus supplement.

- Our Annual Report on Form 10-K for the year ended December 31, 2015; and
- Our Quarterly Report on Form 10-Q for the quarter ended March 31, 2016.

Certain of the documents incorporated by reference in this prospectus supplement and the accompanying prospectus are combined documents that are separately filed by Public Service Enterprise Group Incorporated (PSEG), Public Service Electric and Gas Company (PSE&G) and PSEG Power. Only information relating to PSEG Power in such documents has been incorporated by reference in this prospectus supplement and the accompanying prospectus.

You can get a free copy of any of the documents incorporated by reference by making an oral or written request directed to:

Vice President, Investor Relations
PSEG Services Corporation
80 Park Plaza, 6th Floor
Newark, NJ 07102
Telephone (973) 430-6565

SUMMARY

The following summary contains basic information about us and the offering. It may not contain all of the information that may b important to you in making a decision to purchase the Senior Notes. You should read this entire prospectus supplement, the accompanyin prospectus and the documents incorporated by reference or deemed to be incorporated by reference before making your investmei decision.

PSEG Power LLC

We are a multi-regional, wholesale energy supply company that integrates our generating asset operations and gas supply commitmen with our wholesale energy, fuel supply and energy trading functions, primarily in the Northeast and Mid-Atlantic United States, through ou principal direct wholly-owned subsidiaries: Fossil, Nuclear and ER&T. Fossil and Nuclear own and operate generation and generatior related facilities. ER&T is responsible for the day-to-day management of our energy portfolio. Fossil, Nuclear and ER&T are subject t regulation by the Federal Energy Regulatory Commission and Nuclear is also subject to regulation by the Nuclear Regulatory Commission

We are a wholly-owned subsidiary of Public Service Enterprise Group Incorporated, or PSEG. PSEG is a public utility holdin company and one of the leading providers of energy and energy-related services in the nation. PSEG is a holding company with diversified business mix within the energy industry. In addition to PSEG Power, PSEG's other direct wholly owned subsidiaries includ Public Service Electric & Gas Company (PSE&G), a public utility engaged principally in the transmission of electricity and distribution c electricity and natural gas in certain areas of New Jersey; PSEG Energy Holdings L.L.C. (Energy Holdings), which primarily ha investments in leveraged leases; PSEG Long Island LLC (PSEG LI), which operates the Long Island Power Authority's (LIPA transmission and distribution system under an Operations Services Agreement; and PSEG Services Corporation (Services), which provide certain management, administrative and general services to PSEG and its subsidiaries at cost.

We are a Delaware limited liability company with principal executive offices located at 80 Park Plaza, Newark, New Jersey 07102; ou telephone number is 973-430-7000.

Recent Developments

On May 26, 2016, PSEG Power reported its results from the PJM capacity auction for planning year 2019/2020. PSEG Power cleare approximately 8,900 megawatts (MW) at a weighted average clearing price of $116 per megawatt-day. Approximately 98% of PSE Power's capacity cleared the auction under PJM's capacity performance requirements.

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The Offering

The following summary of the terms of the offering is provided solely for your convenience and is not intended to be complete. You should read and consider the more specific details contained in this prospectus supplement and the accompanying prospectus prior to making a decision to purchase the Senior Notes. See "Description of the Senior Notes" in this prospectus supplement and "Description of Debt Securities" in the accompanying prospectus.

Issuer	PSEG Power LLC
Guarantors	PSEG Fossil LLC (Fossil), PSEG Nuclear LLC (Nuclear) and PSEG Energy Resources & Trade LLC (ER&T)
Securities Offered	$ aggregate principal amount of % Senior Notes due , .
Guarantees	The Senior Notes will be fully and unconditionally guaranteed by our subsidiaries, Nuclear, Fossil and ER&T, on a joint and several basis. We have issued a guarantee of the obligations of ER&T, which guarantee is subordinated to the Senior Notes.
Ranking	The Senior Notes will be our senior unsecured obligations and will rank equally in right of payment with our other existing and future senior unsecured indebtedness; senior in right of payment to any of our indebtedness that is expressly subordinated in right of payment to the Senior Notes; effectively junior in right of payment to any of our future secured indebtedness to the extent of the value of the assets securing such indebtedness; and structurally junior to all indebtedness and other liabilities of our subsidiaries that do not guarantee the Senior Notes. At March 31, 2016, we had approximately $2.3 billion of outstanding indebtedness that ranks equally with the Senior Notes. The guarantees will rank equally in right of payment to all existing and future senior unsecured indebtedness of the guarantors.
Maturity	The Senior Notes will mature on , , subject to the provisions described below under " — Optional Redemption" and " — Repurchase Upon Change of Control."
Optional Redemption	We may redeem the Senior Notes at any time, in whole or in part, prior to , (the date that is months prior to their maturity date) at a price equal to the greater of (a) 100% of the principal amount of the Senior Notes being redeemed and (b) the sum of the present values of the remaining scheduled payments of principal of and interest on the Senior Notes being redeemed that would be due if such Senior Notes matured on , , exclusive of accrued interest to the redemption date, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below) plus basis points, plus any accrued and unpaid interest on the principal amount of the Senior Notes being redeemed to the redemption date.

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	In addition, we may redeem the Senior Notes at any time, in whole or in part, on an after , (the date that is months prior to their maturity date at a redemption price equal to 100% of the principal amount of the Senior Note being redeemed, plus any accrued and unpaid interest on the principal amount of th Senior Notes being redeemed to the redemption date. See "Description of the Senior Notes — Optional Redemption."
Repurchase Upon Change of Control	If we experience a Change of Control (as defined below), we will be required to offe to repurchase all of the Senior Notes at a price equal to 101% of the principal amour thereof, plus any accrued and unpaid interest to the repurchase date unless we hav previously fully redeemed the Senior Notes. See "Description of the Senior Notes – Change of Control."
Interest Payment Dates	and of each year, beginning on , 2016.
Certain Covenants	The Indenture under which the Senior Notes will be issued contains certain covenant applicable to us and the above-referenced guarantors as restricted subsidiaries. Se "Description of the Senior Notes — Certain Covenants" in this prospectu supplement and "Description of Debt Securities — Selected Indenture Covenants" i the accompanying prospectus. These covenants limit our ability, and the ability of ou restricted subsidiaries, to, among other things: • in the case of our restricted subsidiaries, incur certain indebtedness; • create liens; • create or permit to exist dividend or payment restrictions with respect to the restricted subsidiaries; • sell assets; and • engage in mergers and consolidations. In addition, the Indenture contains a covenant requiring one of our restricte subsidiaries, ER&T, to pay periodic dividends or distributions to us of the excess cas not required for its business operations. Each of these covenants is subject to number of important qualifications and exceptions. See "Description of the Senic Notes — Certain Covenants" in this prospectus supplement and "Description of Deb Securities — Selected Indenture Covenants" in the accompanying prospectus.
Use of Proceeds	We expect to use the net proceeds from the sale of the Senior Notes for genera corporate purposes. See "Use of Proceeds."
Trustee	The Senior Notes will be issued under an Indenture with The Bank of New Yor Mellon, as Trustee. The Trustee will also act as paying agent and registrar for th Senior Notes.
Risk Factors	An investment in the Senior Notes involves certain risks. You should carefull consider the risks described in "Risk Factors" beginning on page 6 of th accompanying prospectus, as well as in the risk factors contained in our Annua Report on Form 10-K for the year ended December 31, 2015 and in our other periodi reports filed with the SEC, which are incorporated herein by reference.

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CONSOLIDATED RATIOS OF EARNINGS TO FIXED CHARGES

	Three Months Ended March 31, 2016	Years Ended December 31,				
		2015	2014	2013	2012	2011
Ratio of Earnings to Fixed Charges[1]	10.38x	9.99x	9.37x	8.37x	7.63x	9.08x

1 The term "earnings" is defined as pre-tax Income from Continuing Operations before income or loss from equity method investees plus distributed income from equity investees. Add to pre-tax income the amount of fixed charges adjusted to exclude the amount of any interest capitalized during the period. Fixed Charges represent (a) interest, whether expensed or capitalized, (b) amortization of debt discount, premium and expense, and (c) an estimate of interest implicit in rentals.

USE OF PROCEEDS

We estimate the net proceeds from the sale of the Senior Notes to be approximately $ million after deducting the underwriting discount and estimated offering expenses. We expect to use the net proceeds from the sale of the Senior Notes for general corporate purposes.

DESCRIPTION OF THE SENIOR NOTES

Set forth below is a description of the specific terms of the Senior Notes. This description supplements, and should be read together with, the description of the general terms and provisions of Debt Securities set forth in the accompanying prospectus under the caption "Description of Debt Securities." The following description does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the description in the accompanying prospectus and the Indenture dated as of April 16, 2001, as amended and supplemented by the First Supplemental Indenture dated as of March 13, 2002 (which we refer to collectively as the "Indenture"), between and among us, Fossil, Nuclear and ER&T (which we refer to collectively as the "Subsidiary Guarantors") and The Bank of New York Mellon, as trustee (the "Trustee"). The Trustee's address is 101 Barclay Street, Floor 8 West, New York, NY 10286.

References in this section to "PSEG Power", "we", "us" and "our" refer to PSEG Power LLC without its consolidated subsidiaries. References in this section to the "Subsidiary Guarantors", or any of them individually, refer to Fossil, Nuclear and ER&T, without their respective consolidated subsidiaries. References in this section to "PSEG" refer to Public Service Enterprise Group Incorporated, without its consolidated subsidiaries.

General

We will issue the Senior Notes under the Indenture. The terms of the Senior Notes are stated in the Indenture and include terms made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"). You should refer to the Indenture and the Trust Indenture Act for a statement of these terms. The Indenture is governed by New York law.

Principal, Maturity and Interest

The Indenture does not limit the aggregate principal amount of debt securities that we may issue under it and provides that debt securities may be issued under it up to the principal amount as we may authorize from time to time. The debt securities may be issued from time to time in one or more series. We may "reopen" any series of debt securities, including the Senior Notes, and issue additional debt securities of that series without the consent of existing holders. Any additional notes of a series having similar terms, together with the notes of such series, will constitute a single series of debt securities under the Indenture; provided that if the additional notes are not fungible for U.S. federal income tax purposes, the additional notes will have a separate CUSIP number.

The Senior Notes will initially be limited to $ million. The Senior Notes will be issued in registered form only, without coupons, in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof. The Senior Notes will mature at par on , , or the Stated Maturity Date, unless we redeem or repurchase them in accordance with their terms prior to such date.

Interest on the Senior Notes will accrue at the rate of % per annum and will be payable semi-annually in arrears on and of each year (each, an "Interest Payment Date") beginning on , 2016. We will make each payment of interest on an Interest Payment Date to the persons in whose names the Senior Notes are registered at the close of business on the 15th day immediately preceding such Interest Payment Date.

Interest on the Senior Notes will accrue from June , 2016 or, if interest has already been paid, from the most recent Interest Payment Date to which interest was paid or duly provided for. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

If any Interest Payment Date or the Stated Maturity Date or date of earlier redemption or repurchase is not a Business Day, the required payment shall be made on the next succeeding day that is a Business Day, without any interest or other payment in respect of the payment subject to delay, with the same force and effect as if made on such Interest Payment Date or the Stated Maturity Date or date of earlier redemption or repurchase, as the case may be. "Business Day" means each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in Newark, New Jersey and The City of New York are authorized or obligated by law or executive order to close.

Guarantees

The Senior Notes will be fully and unconditionally guaranteed by the Subsidiary Guarantors on a joint and several basis.

Ranking

The Senior Notes will be our senior unsecured obligations and will rank:

- equally in right of payment with our other existing and future senior unsecured indebtedness;
- senior in right of payment to any of our indebtedness that is expressly subordinated in right of payment to the Senior Notes;
- effectively junior in right of payment to any of our future secured indebtedness to the extent of the value of the assets securing such indebtedness; and
- structurally junior to all indebtedness and other liabilities of our subsidiaries that do not guarantee the Senior Notes.

Each of the guarantees will be the respective guarantor's senior unsecured obligations and will rank:

- equally in right of payment with such guarantor's other existing and future senior unsecured indebtedness;
- senior in right of payment to any of such guarantor's indebtedness that is expressly subordinated in right of payment to the guarantees;
- effectively junior in right of payment to any of such guarantor's future secured indebtedness to the extent of the value of the assets securing such indebtedness; and
- structurally junior to all indebtedness and other liabilities of such guarantor's subsidiaries that do not guarantee the Senior Notes.

As of March 31, 2016, we had issued and outstanding under the Indenture and the Subsidiary Guarantors had guaranteed senior indebtedness totaling $2.3 billion. Included within that total, we had issued and outstanding and the Subsidiary Guarantors had guaranteed an aggregate total of $44 million of our Pollution Control Notes, which are our senior unsecured obligations. We currently do not have any outstanding secured indebtedness.

Other than intercompany debt and guarantees of our indebtedness, the Subsidiary Guarantors currently have no indebtedness outstanding.

Optional Redemption

We may redeem the Senior Notes at any time, in whole or in part, prior to , (the date that is months prior to the Stated Maturity Date), upon not less than 10 nor more than 60 days' prior written notice, as more fully described under " — Selection and Notice" below, at a price equal to the greater of:

(a) 100% of the principal amount of the Senior Notes being redeemed and

(b) the sum of the present values of the remaining scheduled payments of principal of and interest on the Senior Notes being redeemed that would be due if such Senior Notes matured on , , exclusive of accrued interest to the redemption date, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus basis points,

plus, in either case, any accrued and unpaid interest on the principal amount being redeemed to the redemption date.

In addition, we may redeem the Senior Notes at any time, in whole or in part, on and after , (the date that is months prior to the Stated Maturity Date), upon not less than 10 nor more than 60 days' prior written notice, as more fully described under " — Selection and Notice" below, at a redemption price equal to 100% of the principal amount of the Senior Notes being redeemed, plus accrued and unpaid interest on the principal amount of the Senior Notes being redeemed to the redemption date.

"Comparable Treasury Issue" means, with respect to any redemption date for any of the Senior Notes being redeemed, the United States Treasury security selected by an Independent Investment Banker as having the maturity comparable to the remaining term of the Senior Notes to be redeemed (assuming that the Senior Notes matured on ,) that would be utilized, at the time of selection and in accordance with the customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Senior Notes.

"Comparable Treasury Price" means, with respect to any redemption date for any of the Senior Notes being redeemed:

(a) the average of three Reference Treasury Dealer Quotations (as defined below) for the redemption date, after excluding the highest and lowest of five Reference Treasury Dealer Quotations, or

(b) if the Independent Investment Banker obtains fewer than five Reference Treasury Dealer Quotations, the average of all Reference Treasury Dealer Quotations obtained.

"Independent Investment Banker" means one of the Reference Treasury Dealers appointed by us after consultation with the Trustee.

"Reference Treasury Dealer" means each of (1) Barclays Capital Inc., Goldman, Sachs & Co., J.P. Morgan Securities LLC and Morgan Stanley & Co. LLC, and their respective successors, provided that if any of the foregoing shall cease to be a primary U.S. government securities dealer in the United States (a "Primary Treasury Dealer"), we will substitute therefor another Primary Treasury Dealer and (2) any other Primary Treasury Dealer selected by us.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by that Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding such redemption date.

"Treasury Rate" means, with respect to any redemption date for any of the Senior Notes being redeemed, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date. The Treasury Rate will be calculated by us on the third Business Day preceding the redemption date. The Trustee shall not be responsible for any such calculation.

Unless we default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the Senior Notes called for redemption.

Selection and Notice

If less than all of the Senior Notes are to be redeemed on any redemption date, the Trustee will select the Senior Notes for redemption on a pro rata basis or in accordance with any other method the Trustee considers fair and appropriate, subject to the selection convention applicable to securities in book-entry form. Senior Notes in denominations of $2,000 or less may not be redeemed in part. Notices of redemption will be delivered at least 10 but not more than 60 days prior to the redemption date to each holder of Senior Notes to be redeemed at its registered address. The notice of redemption will state the portion of the principal amount to be redeemed if a Senior Note is to be redeemed in part. A Senior Note in principal amount equal to the unredeemed portion will be issued in the name of the holder upon cancellation of the original Senior Note.

Change of Control

Upon the occurrence of a Change of Control, unless we have previously fully redeemed the Senior Notes as described under " — Optional Redemption," each holder of Senior Notes will have the right to require that we purchase all or a portion of such holder's Senior Notes pursuant to the offer described below (the "Change of Control Offer"), at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of repurchase (collectively, a "Change of Control Payment"), subject to the rights of holders of Senior Notes on a record date to receive interest due to the related Interest Payment Date.

Within 30 days following the date upon which the Change of Control occurred, or at our option, prior to any Change of Control, but after the public announcement of the Change of Control, we must send, by first class mail, a notice to each holder of the Senior Notes, with a copy to the Trustee, which notice shall govern the terms of the Change of Control Offer. Such notice shall state, among other things, the repurchase date, which must be no earlier than 30 days nor later than 60 days from the date such notice is mailed, other than as may be required by law (the "Change of Control Payment Date"). The notice, if mailed prior to the date of consummation of the Change of Control, shall state that the Change of Control Offer is conditioned on the Change of Control occurring on or prior to the Change of Control Payment Date. Holders of Senior Notes electing to have Senior Notes repurchased pursuant to a Change of Control Offer will be required to surrender their Senior Notes, with such customary documents of surrender and transfer as we may reasonably request duly completed or transfer their Senior Notes by book-entry transfer, to the paying agent at the address specified in the notice prior to the close of business on the third Business Day prior to the Change of Control Payment Date. If a holder elects to have less than all of its Senior Notes purchased pursuant to a Change of Control Offer, Senior Notes in denominations of $2,000 or less may not be repurchased in part.

On the Change of Control Payment Date, we will, to the extent lawful:

- accept for payment all Senior Notes properly tendered by holders thereof pursuant to the Change of Control Offer;
- deposit with the paying agent an amount equal to the Change of Control Payment in respect of all Senior Notes properly tendered by holders thereof; and
- deliver or cause to be delivered to the Trustee the Senior Notes properly accepted by us, together with an officers' certificate stating the aggregate principal amount of Senior Notes being repurchased.

The paying agent will promptly transmit to each holder of properly tendered Senior Notes the Change of Control Payment for the Senior Notes being repurchased, and the Trustee will promptly authenticate a new Senior Note equal in principal amount to any unrepurchased portion, if any, of any Senior Notes surrendered, provided that each new Senior Note will be in a principal amount of $2,000 or an integral multiple of $1,000 in excess thereof.

We will not be required to make a Change of Control Offer if a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements for such an offer made by us and such third party purchases all Senior Notes properly tendered and not withdrawn under its offer. In addition, we will not repurchase any Senior Notes if there has occurred and is continuing on the Change of Control Payment Date an event of default under the Indenture, other than a default in the payment of the Change of Control Payment upon a Change of Control.

Upon the occurrence of a Change of Control, we may not have sufficient funds to repurchase the Senior Notes in the amount of the Change of Control Payment in cash at such time. In addition, our ability to repurchase the Senior Notes for cash may be limited by law or the terms of other agreements relating to our indebtedness outstanding at the time. The failure to make such repurchase as a result of these or other circumstances would result in a default under the Senior Notes.

Provisions in the Indenture relating to a Change of Control may, in certain circumstances, make it more difficult or discourage any leveraged buyout of us or any of our subsidiaries. The Indenture may not afford the holders of Senior Notes protection in all circumstances from the adverse aspects of a highly leveraged transaction, reorganization, restructuring, merger or similar transaction.

The definition of Change of Control includes a phrase relating to the direct or indirect sale, transfer, conveyance or other disposition of "all or substantially all" of the assets of PSEG Power and its subsidiaries, taken as a whole. There is no precise, established definition of the phrase "substantially all" under applicable law. Accordingly, the ability of a holder of the Senior Notes to require us to repurchase its Senior Notes as a result of the sale, transfer, conveyance or other disposition of less than all of the assets of PSEG Power and its subsidiaries may be uncertain.

We will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with the repurchase of the Senior Notes pursuant to a Change of Control Offer. To the extent that any securities laws or regulations

conflict with the "Change of Control" provisions of the Indenture, we shall comply with the applicable securities laws and regulations and shall be deemed not to have breached our obligations under the "Change of Control" provisions of the Indenture by virtue thereof.

"Change of Control" means the occurrence of any of the following events:

- PSEG ceases to own, directly or indirectly, all of the outstanding Voting Stock of PSEG Power and the Subsidiary Guarantors or their respective successors; or
- the direct or indirect sale, transfer, conveyance or other disposition, in one or a series of related transactions, of all or substantially all of the assets of PSEG Power and its subsidiaries taken as a whole to any "person" or "group" (as those terms are used in Section 13(d)(3) of the Exchange Act) other than to PSEG Power or one of its subsidiaries.

"Voting Stock" means, with respect to any specified person as of any date, the equity interests of such person that are at the time entitled to vote generally in the election of directors to the board of directors (or members of a comparable body) of such person.

Certain Covenants

The Indenture under which the Senior Notes will be issued contains certain covenants applicable to us and the Subsidiary Guarantors as restricted subsidiaries. These covenants limit our ability, and the ability of our restricted subsidiaries, to, among other things:

- in the case of our restricted subsidiaries, incur certain indebtedness;
- create liens;
- create or permit to exist dividend or payment restrictions with respect to the restricted subsidiaries;
- sell assets; and
- engage in mergers and consolidations.

In addition, the Indenture contains a covenant requiring one of our restricted subsidiaries, ER&T, to pay periodic dividends or distributions to us of the excess cash not required for its business operations. Each of these covenants is subject to a number of important qualifications and exceptions.

See also "Description of Debt Securities — Selected Indenture Covenants" in the accompanying prospectus.

Book-Entry Only Issuance — The Depository Trust Company

The Depository Trust Company ("DTC") will act as the initial securities depositary for the Senior Notes. The Senior Notes will be issued only as fully registered securities registered in the name of Cede & Co., DTC's nominee. One or more fully registered global Senior Note certificates will be issued, representing in the aggregate the total principal amount of Senior Notes, and will be deposited with or on behalf of DTC. See "Description of Debt Securities — Book-Entry Debt Securities" in the accompanying prospectus.

MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of certain material U.S. federal income tax consequences of the purchase, ownership and disposition of Senior Notes. Except where noted, this summary deals only with Senior Notes held as capital assets by beneficial owners of Senior Notes who purchase Senior Notes in this offering at the public offering price listed on the cover page of this prospectus supplement. This summary is based upon the provisions of the Internal Revenue Code of 1986, as amended, or the Code, the Treasury Regulations promulgated thereunder and judicial and administrative rulings and decisions now in effect, all of which are subject to change or differing interpretations, possibly with retroactive effect. This summary does not purport to address all aspects of U.S. federal income taxation that may affect particular investors in light of their individual circumstances, or certain types of investors subject to special treatment under the U.S. federal income tax laws, such as persons that mark to market their securities, financial institutions, regulated investment companies, real estate investment trusts, corporations subject to the accumulated earnings tax, holders subject to the alternative minimum tax, individual retirement and other tax-deferred accounts, tax-exempt organizations, brokers, dealers in securities and commodities, certain former U.S. citizens or long-term residents, life insurance companies, persons that hold Senior Notes as part of a hedge against currency or interest rate risks or that hold Senior Notes as part of a position in a constructive sale, straddle, conversion transaction or other integrated transaction for U.S. federal income tax purposes, controlled foreign corporations, passive foreign investment companies, persons that acquire Senior Notes in connection with employment or other performance of personal services, partnerships or other pass-through entities and investors in such entities, subsequent purchasers of Senior Notes, U.S. holders (as defined below) whose "functional currency" is not the U.S. dollar and persons that are members of an "expanded group" or a "modified expanded group," within the meaning of Proposed Treasury Regulations Section 1.385-1, of which PSEG is also a member. This summary does not address any aspect of state, local or foreign taxation or any U.S. federal tax other than the income tax.

For purposes of this summary, a "U.S. holder" is a beneficial owner of a Senior Note that, for U.S. federal income tax purposes, is:

- an individual citizen or resident of the United States;
- a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States, any state or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust, if (a) a court within the United States is able to exercise primary jurisdiction over administration of the trust and one or more U.S. persons have authority to control all substantial decisions of the trust or (b) it has a valid election in effect to be treated as a U.S. person.

For purposes of this summary, a "non-U.S. holder" is a beneficial owner of a Senior Note that is not a U.S. holder or a partnership (including an entity or arrangement treated as a partnership for U.S. federal income tax purposes).

If a partnership (including an entity or arrangement treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of Senior Notes, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. Partnerships that hold Senior Notes (and partners in such partnerships) should consult their tax advisors.

We have not requested, and do not intend to request, a ruling from the U.S. Internal Revenue Service, or the IRS, with respect to any of the U.S. federal income tax consequences described below. There can be no assurance that the IRS will not disagree with or challenge any of the conclusions set forth herein.

If you are considering investing in Senior Notes, you should consult your own tax advisor with respect to your particular tax consequences of the purchase, ownership and disposition of the Senior Notes, including the consequences under the laws of any state, local or non-U.S. jurisdiction.

Certain Additional Payments

In certain circumstances, we may be obligated to pay amounts in excess of stated interest or principal on the Senior Notes. For example, we are required to pay 101% of the principal amount of any Senior Note repurchased by us at the holder's election after a Change of Control, as described above under the heading "Description of the

Senior Notes — Change of Control." In addition, we may be required to pay amounts in redemption of the Senior Notes in addition to the stated principal amount of and interest on the Senior Notes as described under "Description of the Senior Notes — Optional Redemption." The obligation to make these payments may implicate the provisions of the Treasury Regulations relating to "contingent payment debt instruments." Treasury Regulations provide special rules for contingent payment debt instruments which, if applicable, could cause the timing, amount and character of a holder's income, gain or loss with respect to the Senior Notes to be different from the consequences discussed herein. Although the issue is not free from doubt, we believe that the possibility of the payment of such additional amounts ought not result in the Senior Notes being treated as contingent payment debt instruments under the applicable Treasury Regulations. This position is not binding on the IRS, which may take a contrary position and treat the Senior Notes as contingent payment debt instruments. If the Senior Notes were deemed to be contingent payment debt instruments, a holder would generally be required to treat any gain recognized on the sale or other disposition of the Senior Notes as ordinary income rather than as capital gain. Furthermore, a holder would be required to accrue interest income on a constant yield basis at an assumed yield determined at the time of issuance of the Senior Notes, with adjustments to such accruals when any payments are made that differ from the payments calculated based on the assumed yield. The remainder of this discussion assumes that the Senior Notes are not treated as contingent payment debt instruments. Holders are urged to consult their own tax advisors regarding the potential application to the Senior Notes of the rules regarding contingent payment debt instruments and the consequences thereof.

U.S. holders

Payments of interest. Stated interest on a Senior Note will generally be taxable to a U.S. holder as ordinary interest income at the time it is paid or accrued in accordance with the U.S. holder's regular method of accounting for U.S. federal income tax purposes.

Sale, exchange, redemption or other taxable disposition of a Senior Note. Upon the sale, exchange, redemption or other taxable disposition of a Senior Note, a U.S. holder will recognize taxable gain or loss equal to the difference between the amount realized on the sale, exchange, redemption or other taxable disposition and the U.S. holder's adjusted tax basis in the Senior Note. For these purposes, the amount realized does not include any amount attributable to accrued interest. Amounts attributable to accrued interest are treated as interest as described under " — Payments of interest" above. A U.S. holder's adjusted tax basis in a Senior Note will generally be such U.S. holder's cost for the Senior Note. Gain or loss realized on the sale, exchange, redemption or other taxable disposition of a Senior Note will generally be capital gain or loss and will be long-term capital gain or loss if at the time of the sale, exchange, redemption or other taxable disposition the Senior Note has been held by the U.S. holder for more than one year. Long-term capital gains of individual U.S. holders are eligible for preferential rates of U.S. federal income taxation. The deductibility of capital losses is subject to limitations under the Code.

Information reporting and backup withholding. Information returns will be filed with the IRS in connection with payments on the Senior Notes and the proceeds from a sale, exchange, redemption or other disposition of the Senior Notes, unless the U.S. holder is an exempt recipient such as a corporation. A U.S. holder will be subject to U.S. backup withholding, currently at a rate of 28%, on these payments if the U.S. holder fails to provide its taxpayer identification number to the payor and comply with certain certification procedures or otherwise establish an exemption from backup withholding. Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a U.S. holder will be allowed as a credit against the U.S. holder's U.S. federal income tax liability and may entitle the U.S. holder to a refund, provided that the required information is timely furnished to the IRS.

Medicare Tax. Certain U.S. holders that are individuals, estates or trusts are subject to a 3.8% tax on all or a portion of their "net investment income," which may include all or a portion of their interest and net gains from the disposition of Senior Notes. If you are a U.S. holder that is an individual, estate or trust, you should consult your tax advisors regarding the applicability of the Medicare tax to your income and gains in respect of your investment in the Senior Notes.

Non-U.S. holders

Payments of interest. Subject to the discussion below concerning backup withholding and FATCA (as defined below), payments of interest on a Senior Note received or accrued by a non-U.S. holder generally will not be subject to U.S. federal income or withholding tax, as long as the non-U.S. holder:

- does not conduct a trade or business in the United States with respect to which the interest is effectively connected;
- does not actually, indirectly or constructively own 10% or more of the total combined voting power of all classes of PSEG's stock entitled to vote, within the meaning of Section 871(h)(3) of the Code;
- is not a "controlled foreign corporation" with respect to which we are a "related person" within the meaning of Section 881(c)(3)(C) of the Code;
- is not a bank whose receipt of the interest is described in Section 881(c)(3)(A) of the Code; and
- satisfies the certification requirements described below.

The certification requirements will be satisfied if either (a) the beneficial owner of a Senior Note timely certifies, under penalties of perjury, to us or to the person who otherwise would be required to withhold U.S. tax that such owner is a non-U.S. holder and provides its name and address or (b) a custodian, broker, nominee or other intermediary acting as an agent for the beneficial owner (such as a securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business) that holds the Senior Note in such capacity timely certifies, under penalties of perjury, to us or to the person who otherwise would be required to withhold U.S. tax that such statement has been received from the beneficial owner of the Senior Note by such intermediary, or by any other financial institution between such intermediary and the beneficial owner, and furnishes to us or to the person who otherwise would be required to withhold U.S. tax a copy thereof. In general, the foregoing certification may be provided on a properly completed IRS Form W-8BEN, W-8BEN-E or W-8IMY, as applicable.

A non-U.S. holder that is not exempt from tax under the foregoing rules generally will be subject to U.S. federal income tax withholding on payments of interest at a rate of 30% unless:

- the interest is effectively connected with a U.S. trade or business conducted by such non-U.S. holder (and, if an applicable income tax treaty so provides, is attributable to a permanent establishment maintained in the United States by the non-U.S. holder), in which case the non-U.S. holder will be subject to U.S. federal income tax on a net income basis at the rate applicable to U.S. holders generally; or
- an applicable income tax treaty provides for a lower rate of, or exemption from, withholding tax.

A non-U.S. holder that is treated as a corporation for U.S. federal income tax purposes and has effectively connected interest income (as described in the first bullet point above) may also, under certain circumstances, be subject to an additional "branch profits tax," which is generally imposed on a foreign corporation on the deemed repatriation from the United States of effectively connected earnings and profits, at a 30% rate, unless the rate is reduced or eliminated by an applicable income tax treaty.

To claim the benefit of a reduced rate or exemption from withholding under an income tax treaty or to claim exemption from withholding because income is effectively connected with a U.S. trade or business, the non-U.S. holder must timely provide the appropriate, properly executed IRS forms. Certification to claim income is effectively connected with a U.S. trade or business is generally made on IRS Form W-8ECI. Certification to claim the benefit of a reduced rate or exemption from withholding under an income tax treaty is generally made on IRS Form W-8BEN or W-8BEN-E. These forms may be required to be periodically updated.

Sale, exchange, redemption or other taxable disposition of a Senior Note. Subject to the discussion below concerning FATCA, a non-U.S. holder generally will not be subject to U.S. federal income tax on any gain realized on the sale, exchange, redemption or other taxable disposition of a Senior Note unless (a) such gain is effectively connected with the conduct by the non-U.S. holder of a U.S. trade or business (and, if an applicable income tax treaty so provides, is attributable to a permanent establishment maintained in the United States by the non-U.S. holder) or (b) except to the extent that an applicable income tax treaty otherwise provides, in the case of a non-U.S. holder who is an individual, the non-U.S. holder is present in the United States for 183 days or more during the taxable year in which such gain is realized and certain other conditions exist.

Except to the extent that an applicable income tax treaty otherwise provides, generally a non-U.S. holder will be taxed in the same manner as a U.S. holder with respect to gain that is effectively connected with the non-U.S. holder's conduct of a U.S. trade or business. A non-U.S. holder that is treated as a corporation for U.S. federal income tax purposes may also, under certain circumstances, be subject to the branch profits tax as described above.

Information reporting and backup withholding. Payments of interest on Senior Notes to a non-U.S. holder generally will be reported to the IRS and to the non-U.S. holder. Copies of applicable IRS information returns may be made available under the provisions of a specific tax treaty or agreement to the tax authorities of the country in which the non-U.S. holder resides. Non-U.S. holders are generally exempt from backup withholding, currently at a rate of 28%, and additional information reporting on payments of principal, premium (if any), or interest, provided that the non-U.S. holder (a) certifies its nonresident status on the appropriate IRS Form (or a suitable substitute form) and certain other conditions are met or (b) otherwise establishes an exemption.

Payments of the proceeds from a sale of Senior Notes by a non-U.S. holder made to or through a foreign office of a broker generally will not be subject to information reporting or backup withholding. Information reporting may apply to such payments, however, if the broker is a U.S. person, a controlled foreign corporation for U.S. tax purposes, the U.S. branch of a foreign bank or a foreign insurance company, a foreign partnership controlled by U.S. persons or engaged in a U.S. trade or business, or a foreign person 50% or more of whose gross income is effectively connected with a U.S. trade or business for a specified three-year period. Payments of the proceeds from the sale of Senior Notes through the U.S. office of a broker is subject to information reporting and backup withholding unless the non-U.S. holder certifies as to its non-U.S. status or otherwise establishes an exemption from information reporting and backup withholding.

Backup withholding is not an additional tax. Any backup withholding generally will be allowed as a credit or refund against the non-U.S. holder's U.S. federal income tax liability, provided that the required information is timely furnished to the IRS.

Foreign Account Tax Compliance

Sections 1471 to 1474 of the Code and the Treasury Regulations thereunder ("FATCA") impose withholding taxes on certain types of payments made to "foreign financial institutions," as specially defined under FATCA, and certain other non-U.S. entities. FATCA imposes a 30% withholding tax on payments of interest on, and gross proceeds from the sale, exchange, redemption or other disposition of, Senior Notes paid to a foreign financial institution unless the foreign financial institution is deemed to be compliant with FATCA or enters into an agreement with the IRS to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned foreign entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these reporting and other requirements. In addition, FATCA imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity of a certain type unless the entity certifies that it does not have any substantial U.S. owners or furnishes identifying information to the IRS or to the withholding agent regarding each substantial U.S. owner. These rules currently apply to payments of interest and are expected to apply to payments of gross proceeds from the sale, exchange, redemption or other disposition of Senior Notes after December 31, 2018. Prospective investors should consult their tax advisors regarding the application of FATCA to the acquisition, ownership or disposition of Senior Notes.

UNDERWRITING

Subject to the terms and conditions set forth in the underwriting agreement, dated the date hereof (the "Underwriting Agreement"), for which Barclays Capital Inc., Goldman, Sachs & Co., J.P. Morgan Securities LLC and Morgan Stanley & Co. LLC are acting as representatives, we have agreed to sell to each of the underwriters, and each of the underwriters has severally agreed to purchase from us, the aggregate principal amount of Senior Notes set forth opposite the name of such underwriter:

Underwriter	Principal Amount of Senior Notes
Barclays Capital Inc.	$
Goldman, Sachs & Co.	
J.P. Morgan Securities LLC	
Morgan Stanley & Co. LLC	
Total	$

The Underwriting Agreement provides that the obligations of the underwriters to pay for and accept delivery of the Senior Notes are subject to, among other things, the approval of certain legal matters by their counsel and certain other conditions. The underwriters are obligated to take and pay for all the Senior Notes if any are taken. If any underwriter defaults, the Underwriting Agreement provides that the purchase commitments of the non-defaulting underwriters may be increased or the Underwriting Agreement may be terminated.

The underwriters have advised us that they propose initially to offer all or part of the Senior Notes to the public at the public offering price set forth on the cover page of this prospectus supplement and may offer the Senior Notes to certain dealers at such price less a concession not in excess of % of the principal amount of the Senior Notes. The underwriters may allow, and such dealers may reallow, a discount not in excess of % of the principal amount of the Senior Notes. After the initial public offering, the public offering price, concession and discount may be changed. The Senior Notes are offered subject to receipt and acceptance by the underwriters and to certain other conditions, including the right to reject orders in whole or in part.

The underwriting discount to be paid by us to the underwriters will be % per Senior Note, for a total of $. In addition, we estimate that we will incur other offering expenses of approximately $.

The Senior Notes will not have an established trading market when issued, and it is not anticipated that the Senior Notes will be listed on any securities exchange. The underwriters have advised us that they intend to make a market for the Senior Notes, but they have no obligation to do so, and may discontinue market making at any time without providing any notice. No assurance can be given as to the development, maintenance or liquidity of any trading market for the Senior Notes.

In connection with the offering, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the Senior Notes. Specifically, the underwriters may over-allot in connection with this offering, creating short positions in the Senior Notes for their own account. In addition, to cover over-allotments or to stabilize the price of the Senior Notes, the underwriters may bid for, and purchase, Senior Notes in the open market. Finally, the underwriters may reclaim selling concessions allowed to a dealer for distributing Senior Notes in this offering, if the underwriters repurchase previously distributed Senior Notes in transactions that cover syndicate short positions, in stabilization transactions or otherwise. Any of these activities may stabilize or maintain the price of the Senior Notes above independent market levels. The underwriters are not required to engage in these activities, and may end any of these activities at any time and, in any case, will end these activities after a limited period.

Neither we nor the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Senior Notes. In addition, neither we nor the underwriters make any representation that such transactions will be engaged in or that such transactions, once commenced, will not be discontinued without notice.

We have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended, or to contribute to payments required to be made in respect thereof.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services, including lending under certain of our credit facilities, to us and to persons and entities with relationships with us for which they are paid customary fees and expenses.

In the ordinary course of their various business activities, the underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of ours (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with us. The underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

Selling Restrictions

Notice to Prospective Investors in Canada

The Senior Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Senior Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus supplement and the accompanying prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts ("NI 33-105"), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Notice to Prospective Investors in the European Economic Area

This prospectus supplement and the accompanying prospectus are not prospectuses for the purposes of the European Union's Directive 2003/71/EC (and any amendments thereto) as implemented in member states of the European Economic Area (the "Prospectus Directive"). This prospectus supplement and the accompanying prospectus have been prepared on the basis that all offers of the Senior Notes offered hereby made to persons in the European Economic Area will be made pursuant to an exemption under the Prospectus Directive from the requirement to produce a prospectus in connection with offers of such Senior Notes.

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), Senior Notes which are the subject of the offering contemplated by this prospectus supplement and the accompanying prospectus may not be the subject of an offer to the public in that Relevant Member State other than:

(1) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(2) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the representatives for any such offer; or

(3) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Senior Notes shall require us or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Senior Notes to the public" in relation to any Senior Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Senior Notes to be offered so as to enable an investor to decide to purchase or subscribe the Senior Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, and the expression "Prospectus Directive" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in each Relevant Member State.

Notice to Prospective Investors in the United Kingdom

The communication of this prospectus supplement, the accompanying prospectus and any other document or materials relating to the issue of the Senior Notes offered hereby is not being made, and such documents and/or materials have not been approved, by an authorised person for the purposes of section 21 of the United Kingdom's Financial Services and Markets Act 2000, as amended (the "FSMA"). Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the United Kingdom falling within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Financial Promotion Order"), or within Article 49(2)(a) to (d) of the Financial Promotion Order, or to any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order (all such persons together being referred to as "relevant persons"). In the United Kingdom, the Senior Notes offered hereby are only available to, and any investment or investment activity to which this prospectus supplement and the accompanying prospectus relate will be engaged in only with, relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on this prospectus supplement and the accompanying prospectus or any of their contents.

Any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in connection with the issue or sale of the Senior Notes may only be communicated or caused to be communicated in circumstances in which Section 21(1) of the FSMA does not apply to us.

All applicable provisions of the FSMA must be complied with with respect to anything done by any person in relation to the Senior Notes in, from or otherwise involving the United Kingdom.

Notice to Prospective Investors in Hong Kong

The Senior Notes may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the Senior Notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to Senior Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Notice to Prospective Investors in Singapore

This prospectus supplement and the accompanying prospectus have not been registered as prospectuses with the Monetary Authority of Singapore. Accordingly, this prospectus supplement, the accompanying prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Senior Notes may not be circulated or distributed, nor may the Senior Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accor-

dance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Senior Notes are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired the Senior Notes under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; or (3) by operation of law.

Notice to Prospective Investors in Japan

The Senior Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the Financial Instruments and Exchange Law) and each underwriter is deemed to have agreed that it will not offer or sell any securities, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

LEGAL MATTERS

Certain legal matters with respect to the offering of the Senior Notes will be passed upon for us by Tamara L. Linde, Esquire, our Executive Vice President and General Counsel. Sidley Austin LLP, New York, New York, will act as counsel to the underwriters in this offering. Sidley Austin LLP will rely on the opinion of Ms. Linde as to all matters of New Jersey law. Ms. Linde is also an employee of our affiliate, PSEG Services Corporation. Ms. Linde beneficially owns or has rights to acquire an aggregate of less than 0.01% of PSEG's common stock. Sidley Austin LLP has from time to time represented, and continues to represent, us and our affiliates in connection with certain unrelated legal matters.

EXPERTS

The consolidated financial statements and the related consolidated financial statement schedule, incorporated in this prospectus supplement and the accompanying prospectus by reference from our Annual Report on Form 10-K for the year ended December 31, 2015, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which is incorporated herein by reference. Such consolidated financial statements and consolidated financial statement schedule have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

PROSPECTUS

Senior Debt Securities

We may offer from time to time, together or separately, one or more series of our unsecured senior debt securities. The Debt Securities will rank equally with all of our other unsubordinated and unsecured indebtedness. The Debt Securities will be fully and unconditionally guaranteed jointly and severally by our three principal operating subsidiaries as described in this prospectus. The guarantees rank equally with these subsidiaries' unsecured and unsubordinated indebtedness.

When a particular series of Debt Securities is offered, we will prepare a prospectus supplement setting forth the particular terms of the offered Debt Securities. You should read this prospectus and any prospectus supplement carefully before you make any decision to invest in the Debt Securities.

The Senior Debt Securities may be offered in amounts, at initial offering prices, and on terms to be determined at the time of offering.

We will sell the Debt Securities directly, through agents, underwriters or dealers as designated from time to time, or through a combination of such methods. If any such agents, underwriters or dealers are involved in the sale of the Debt Securities in respect of which this prospectus is being delivered, the names of such agents, underwriters or dealers and any applicable agent's commission, underwriter's discount or dealer's purchase price and the net proceeds to us from such sale will be set forth in, or may be calculated on the basis set forth in, the applicable prospectus supplement. See "Plan of Distribution" for possible indemnification arrangements for any such agents, underwriters and dealers.

This prospectus may not be used to consummate sales of the Debt Securities without the delivery of one or more prospectus supplements.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed on the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

Investing in our Debt Securities involves risks. You should carefully review "Risk Factors" beginning on page 6 of this prospectus, as well as the risk factors contained in our most recently filed Annual Report on Form 10-K and our other periodic reports filed with the Securities and Exchange Commission and incorporated by reference into this prospectus before you invest in any of our Debt Securities.

The date of this prospectus is November 18, 2014.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that PSEG Power LLC filed with the Securities and Exchange Commission (the "SEC") utilizing a "shelf" registration process. Under this shelf process, we may, from time to time, sell the Debt Securities described in this prospectus in one or more offerings of one or more series. Each time we sell Debt Securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with the additional information described under the heading "Where You Can Find More Information."

We believe that we have included or incorporated by reference all information material to investors in this prospectus, but certain details that may be important for specific investment purposes have not been included. To see more detail, you should read the exhibits filed with or incorporated by reference into the registration statement.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports and other information with the SEC. You may read and copy any material on file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Our filings are also available to the public over the Internet at the SEC's web site at http://www.sec.gov. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room.

The SEC allows us to "incorporate by reference" information that we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference or deemed incorporated by reference is an important part of this prospectus, and information that we file later with the SEC will be deemed to automatically update and supersede this incorporated information. We incorporate by reference the following documents filed with the SEC.

- Our Annual Report on Form 10-K for the year ended December 31, 2013;
- Our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2014, June 30, 2014 and September 30, 2014; and
- Our Current Reports on Form 8-K filed on February 21, 2014 and July 17, 2014.

We also incorporate by reference any future filings made with the SEC under Section 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), on or after the date of this prospectus and prior to the termination of any particular offering of Debt Securities, except, in each case, for current reports on Form 8-K containing only disclosure furnished under items 2.02 or 7.01 of Form 8-K and exhibits relating to such disclosure, unless otherwise specifically stated in the Form 8-K.

You can get a free copy of any of the documents incorporated by reference by making an oral or written request directed to:

Vice President, Investor Relations
PSEG Services Corporation
80 Park Plaza, 6th Floor
Newark, NJ 07102
Telephone (973) 430-6565

You should rely only on the information contained or incorporated by reference or deemed to be incorporated by reference in this prospectus or in the prospectus supplement or documents to which we otherwise refer you. We have not authorized anyone else to provide you with different or additional information. You should not rely on any other information or representations. Our business, prospects, financial condition and results of operations may change after this prospectus and the prospectus supplement are distributed. You should not assume that the information in this prospectus and the prospectus supplement are accurate as of any date other than the dates on the front of those documents. You should read all information supplementing this prospectus.

FORWARD-LOOKING STATEMENTS

This prospectus and any prospectus supplement, including documents incorporated by reference or deemed to be incorporated by reference, include “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, included in this prospectus and any prospectus supplement or in documents incorporated by reference or deemed to be incorporated by reference that address activities, events or developments that we expect or anticipate will or may occur in the future, including such matters as our future performance, future capital expenditures and growth, revenues, earnings, business strategy, market and industry developments and prospects, are forward-looking statements. When used in this prospectus, any prospectus supplement or in documents incorporated by reference or deemed to be incorporated by reference, the words “will”, “anticipate”, “intend”, “estimate”, “believe”, “expect”, “plan”, “should”, “hypothetical”, “potential”, “forecast”, “project”, variations of such words and similar expressions are intended to identify forward-looking statements. These statements are based on assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions and expected future developments as well as other factors we believe are appropriate under the circumstances. However, actual results and developments may differ materially from our expectations and predictions due to a number of risks and uncertainties, many of which are beyond our control. Certain factors that could cause actual results to differ materially from those contemplated in any forward-looking statements are discussed in the Risk Factors and Management’s Discussion and Analysis of Financial Condition and Results of Operations sections of our most recently filed Annual Report on Form 10-K and any subsequently filed Quarterly Reports on Form 10-Q and in the notes to our financial statements and other information filed with the SEC. These factors include, but are not limited to:

- adverse changes in the demand for or the price of the capacity and energy that we sell into wholesale electricity markets;
- adverse changes in energy industry law, policies and regulation, including market structures and a potential shift away from competitive markets toward subsidized market mechanisms, capacity market design, transmission planning and cost allocation rules, including how transmission projects are planned, and reliability standards;
- changes in federal and state environmental regulations and enforcement that could increase our costs or limit our operations;
- changes in nuclear regulation and/or general developments in the nuclear power industry, including various impacts from any accidents or incidents experienced at our facilities or by others in the industry, that could limit operations of our nuclear generating units;
- actions or activities at one of our nuclear units located on a multi-unit site that might adversely affect our ability to continue to operate that unit or other units at the same site;
- any inability to manage our energy obligations, available supply and risks;
- adverse outcomes of any legal, regulatory or other proceeding, settlement, investigation or claim applicable to us and/or the energy industry;
- any deterioration in our credit quality or the credit quality of our counterparties;
- availability of capital and credit at commercially reasonable terms and conditions and our ability to meet cash needs;
- changes in the cost of, or interruption in the supply of, fuel and other commodities necessary to the operation of our generating units;
- delays in the receipt of necessary permits and approvals for our construction and development activities;
- delays or unforeseen cost escalations in our construction and development activities;
- any inability to achieve, or continue to sustain, our expected levels of operating performance;

- any equipment failures, accidents, severe weather events or other incidents that impact our ability to provide safe and reliable service to our customers, and any inability to obtain sufficient coverage or recover proceeds of insurance with respect to such events;
- acts of terrorism, cybersecurity attacks or intrusions that could adversely impact our business;
- increases in competition in energy supply markets;
- any inability to realize anticipated tax benefits or retain tax credits;
- challenges associated with recruitment and/or retention of a qualified workforce;
- adverse performance of our decommissioning and defined benefit plan trust fund investments and changes in funding requirements;
- changes in technology, such as distributed generation and micro grids, and greater reliance on these technologies; and
- changes in customer behaviors, including increases in energy efficiency, net-metering and demand response.

Additional information concerning these factors is set forth or referred to under “Risk Factors”.

All of the forward-looking statements made in this prospectus and any prospectus supplement and in documents incorporated by reference or deemed to be incorporated by reference are qualified by these cautionary statements and we cannot assure you that the results or developments anticipated by us will be realized or, even if realized, will have the expected consequences to, or effects on, us or our business prospects, financial condition or results of operations. You should not place undue reliance on these forward-looking statements in making your investment decision to purchase any Debt Securities. Except as may be required by the federal securities laws, we expressly disclaim any obligation or undertaking to release publicly any updates or revisions to these forward-looking statements to reflect events or circumstances that occur or arise or are anticipated to occur or arise after the date hereof. In making an investment decision regarding the Debt Securities, we are not making, and you should not infer, any representation about the likely existence of any particular future set of facts or circumstances. The forward-looking statements contained in this prospectus, any prospectus supplement and the documents incorporated by reference or deemed to be incorporated by reference into this prospectus and any prospectus supplement are intended to qualify for the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Exchange Act.

PSEG POWER LLC

We are a multi-regional, wholesale energy supply company that integrates our generating asset operations and gas supply commitments with our wholesale energy, fuel supply and energy trading functions, primarily in the Northeast and Mid-Atlantic U.S., through three principal direct, wholly-owned subsidiaries: PSEG Fossil LLC (“Fossil”), PSEG Nuclear LLC (“Nuclear”) and PSEG Energy Resources & Trade LLC (“ER&T”). Fossil and Nuclear own and operate generation and generation-related facilities. ER&T is responsible for the day-to-day management of our energy portfolio. A fourth direct, wholly-owned subsidiary of ours, PSEG Power Ventures LLC (“Ventures”), develops, owns, and operates large renewable energy projects. Fossil, Nuclear, ER&T and certain subsidiaries of Ventures are subject to regulation by, among others, the Federal Energy Regulatory Commission and Nuclear is also subject to regulation by the Nuclear Regulatory Commission.

We are a wholly-owned subsidiary of Public Service Enterprise Group Incorporated (“PSEG”). PSEG is a public utility holding company and one of the leading providers of energy and energy-related services in the nation. PSEG has four other direct, wholly-owned subsidiaries: Public Service Electric and Gas Company (“PSE&G”), PSEG Energy Holdings L.L.C. (“Energy Holdings”), PSEG Long Island LLC (“PSEG LI”) and PSEG Services Corporation (“Services”). PSE&G is New Jersey’s largest public utility and is engaged principally in the transmission, distribution and sale of electric energy and gas service in New Jersey. Energy Holdings earns its revenues primarily from its portfolio of lease investments. PSEG LI operates the Long Island Power Authority’s transmission and distribution system under a contractual agreement. Services provides corporate support and managerial and administrative services to PSEG and its affiliates.

We are a Delaware limited liability company with principal executive offices located at 80 Park Plaza, Newark, New Jersey 07102; our telephone number is 973-430-7000. In this prospectus, unless otherwise indicated or unless the context otherwise requires, “we”, “our” and “us” refer to PSEG Power LLC and its consolidated subsidiaries.

You can obtain additional information about us in the reports and other documents incorporated by reference in this prospectus. See “Where You Can Find More Information.”

RISK FACTORS

In addition to the risk factors contained in our most recently filed Annual Report on Form 10-K and our other periodic reports filed with the SEC and incorporated by reference into this prospectus, as well as those risk factors that may be included in the applicable prospectus supplement and other information contained in the documents incorporated by reference or elsewhere in this prospectus, prospective investors should carefully consider the risks described below before making a decision to purchase the Debt Securities. Such factors could have a material adverse effect on our business, prospects, financial condition, results of operations or net cash flows and on the trading price of the Debt Securities. Such factors could affect actual results and cause our results to differ materially from those expressed in any forward-looking statements made by, or on behalf of, us. See “Forward-Looking Statements.”

Because We are a Holding Company, our Ability to Service Our Debt Could Be Limited

We are a holding company with no material assets other than the stock or membership interests of our subsidiaries. Accordingly, all of our operations are conducted by our subsidiaries. We depend on our subsidiaries’ cash flow and our access to capital in order to service our indebtedness. Any project-related debt agreements of subsidiaries will generally restrict their ability to pay dividends, make cash distributions or otherwise transfer funds to us. These restrictions may include achieving and maintaining financial performance or debt coverage ratios, absence of events of default, or priority in payment of other current or prospective obligations. Our subsidiaries’ ability to pay dividends, make cash distributions or otherwise transfer funds to us may also be limited or restricted by regulatory considerations or applicable law.

Our subsidiaries may finance some investments using non-recourse project level financing. A non-recourse project financing is generally structured to be repaid out of cash flows provided by the investment. In the event of a default under a financing agreement which is not cured, the lenders would generally have rights to the related assets. In the event of foreclosure after a default, our subsidiary may lose its equity in the asset or may not be entitled to any cash that the asset may generate.

We can give no assurances that our current and future capital structure, operating performance or financial condition will permit us to access the capital markets or to obtain other financing at the times, in the amounts and on the terms necessary or advisable for us to successfully carry out our business strategy or to service our indebtedness.

The Indenture Restricts Our Ability to Enter into Certain Transactions

The Indenture (as defined below under “Description of Debt Securities”) restricts our ability and the ability of our Restricted Subsidiaries (as defined below under “Description of Debt Securities”) to, among other things:

- in the case of our Restricted Subsidiaries, incur certain indebtedness;
- create or permit to exist liens;
- in the case of our Restricted Subsidiaries, create or permit to exist dividend or payment restrictions with respect to us;
- sell assets; and
- engage in mergers and consolidations.

These restrictions may limit our ability to finance future operations, respond to changing business and economic conditions, secure any needed additional financing and engage in opportunistic transactions. See “Description of Debt Securities — Selected Indenture Covenants.”

PSEG Could Exercise Its Control Over Us to the Detriment of Holders of the Debt Securities

Our sole limited liability company member, PSEG, controls the election of our directors and all other matters submitted for member approval and has control over our management and affairs. In circumstances involving a conflict of interest between PSEG, as the sole member, on the one hand, and our creditors, on the other, we can give no assurance that PSEG would not exercise its power to control us in a manner that would benefit PSEG to the detriment of our creditors, including the holders of the Debt Securities.

The Indenture imposes no limitations on our ability to pay dividends or to make other payments to PSEG or on our ability to enter into transactions with PSEG or our other affiliates.

Federal and State Statutes May Limit Your Rights as a Holder

Each of our Restricted Subsidiaries will guarantee our obligations on the Debt Securities (each a "Subsidiary Guarantee"). See "Description of Debt Securities — Selected Indenture Covenants — Guarantee of Debt Securities."

Under the federal bankruptcy law and comparable provisions of state fraudulent transfer laws, a court could find that the Subsidiary Guarantee provided by a Restricted Subsidiary constituted a fraudulent conveyance by that Restricted Subsidiary. To do so, a court would typically have to find that, at the time the Subsidiary Guarantee was issued, the relevant Restricted Subsidiary:

- issued the Subsidiary Guarantee with the intent of hindering, delaying or defrauding its current or future creditors; or
- (a) received less than fair consideration or reasonably equivalent value for incurring the indebtedness represented by its Subsidiary Guarantee; and (b) either (i) was insolvent or was rendered insolvent by reason of the issuance of the Subsidiary Guarantee or would be rendered insolvent upon payment of the Subsidiary Guarantee, (ii) was engaged, or about to engage, in a business or transaction for which its remaining unencumbered assets constituted unreasonably small capital or (iii) intended to incur, or believed or should have believed it would incur, debts beyond its ability to pay as such debts mature.

Many of the foregoing terms are defined in or interpreted under those statutes.

Different jurisdictions define "insolvency" differently. However, an entity generally would be considered insolvent at the time it incurred any particular obligation if (1) its liabilities exceeded its assets, at a fair valuation, (2) the present fair saleable value of its assets was less than the amount required to pay its total existing debts and liabilities (including any probable liability related to contingent liabilities) as they became absolute and matured or (3) it could not pay its debts as they became due. We cannot assure you of the standard a court would apply in order to determine whether any Restricted Subsidiary was "insolvent" as of the date the applicable Subsidiary Guarantee was issued, or that regardless of the method of valuation, a court would not determine, regardless of whether such Restricted Subsidiary was insolvent on the date the Subsidiary Guarantee was issued, that the payments constituted fraudulent transfers on another ground.

If a court were to make any such finding, it could:

- void all or a portion of the relevant Restricted Subsidiary's obligations on the Subsidiary Guarantees; and/or
- seek to recover any payments made on account of the relevant Subsidiary Guarantee.

In addition, any claims in respect of a Subsidiary Guarantee could be subordinated to all other debts of the relevant Restricted Subsidiary under principles of "equitable subordination," which generally require that the claimant must have engaged in some type of inequitable conduct; the misconduct must have resulted in injury to the creditors of the debtor or conferred an unfair advantage on the claimant; and equitable subordination must not be inconsistent with other provisions of the U.S. Bankruptcy Code.

In any such event, we cannot assure you that you would receive any payment under the Subsidiary Guarantee of the relevant Restricted Subsidiary.

There is No Trading Market for the Debt Securities

We do not intend to list any series of the Debt Securities on any U.S. securities exchange. We can give no assurance that an active trading market for the Debt Securities will develop or, if one develops, will be maintained or be liquid. If an active trading market does not develop or is not maintained, investors may not be able to sell their Debt Securities when desired, or perhaps at all, or be able to sell the Debt Securities at a price equal to or above the price the investors paid for them. The Debt Securities may not be appropriate as a short-term investment, and investors should consider the potentially illiquid and long-term nature of their investment in the Debt Securities before making an investment decision.

CONSOLIDATED RATIOS OF EARNINGS TO FIXED CHARGES

Our consolidated ratios of earnings to fixed charges for each of the periods indicated are as follows:

	Nine Months Ended September 30, 2014	Years Ended December 31,				
		2013	2012	2011	2010	2009
Ratios of Earnings to Fixed Charges[1]	7.41	8.37	7.63	9.08	8.82	9.68

1 The term Earnings shall be defined as pre-tax income from continuing operations before income or loss from equity method investees plus distributed income from equity investees, plus the amount of fixed charges adjusted to exclude the amount of any interest capitalized during the period. Fixed Charges represent (a) interest, whether expensed or capitalized, (b) amortization of debt discount, premium and expense and (c) an estimate of interest implicit in rentals.

USE OF PROCEEDS

Unless we state otherwise in the accompanying prospectus supplement, the net proceeds from the sale of the Debt Securities will be added to our general funds and will be used for general corporate purposes.

DESCRIPTION OF DEBT SECURITIES

We may issue our Debt Securities from time to time. The Debt Securities will be issued under an Indenture dated as of April 16, 2001, as amended and supplemented by the First Supplemental Indenture dated as of March 13, 2002 (the “Indenture”), among us and The Bank of New York Mellon as Trustee (the “Trustee”). The Indenture is filed as an exhibit to the registration statement. The Indenture is subject to and governed by the Trust Indenture Act of 1939, as amended (the “TIA”). Selected provisions of the Indenture have been summarized below. This summary is not complete. You should read the Indenture for provisions that may be important to you. In the summary below, references to section numbers of the Indenture are included so that you can easily locate these provisions. Capitalized terms used in the summary have the meanings specified in the Indenture. Parenthetical references below are to the Indenture or to the TIA, as applicable. In this section, references to “we”, “our” and “us” refer to PSEG Power LLC, except where the context otherwise requires.

General

The Debt Securities will be our senior unsecured obligations. They will rank equally with all of our other unsecured and unsubordinated indebtedness. Each series of Debt Securities will be guaranteed, jointly and severally, by Fossil, Nuclear and ER&T (the “Subsidiary Guarantors”) as described below. The Subsidiary Guarantees will rank equally in right of payment to all existing and future senior unsecured indebtedness of the Subsidiary Guarantors. Other than intercompany debt, the Subsidiary Guarantors currently have no indebtedness outstanding. As of October 31, 2014, we had issued and outstanding under the Indenture and the Subsidiary Guarantors had guaranteed senior indebtedness totaling $2.5 billion. As of that date, we had no amounts issued and outstanding under our credit facilities, which have a capacity totaling $2.7 billion and which are guaranteed, jointly and severally, by the Subsidiary Guarantors.

We have the ability to issue Debt Securities with terms different from those of Debt Securities previously issued and, without the consent of the holders thereof, to reopen a previous series of Debt Securities and issue additional Debt Securities of such series (unless such reopening was restricted when such series was created).

Provisions Applicable to Particular Series

The Indenture provides that any Debt Securities proposed to be sold pursuant to this prospectus and an accompanying prospectus supplement (the “Offered Securities”), as well as other of our unsecured debt

securities, may be issued under the Indenture in one or more series, as authorized by us from time to time. The particular terms of such Offered Securities and any modifications of or additions to the general terms of the Debt Securities as described in this prospectus that may be applicable in the case of the Offered Securities will be described in the applicable prospectus supplement. Accordingly, for a description of the terms of any Offered Securities, you should refer to both the prospectus supplement for that series and the description of Debt Securities set forth in this prospectus.

You should refer to the prospectus supplement for the following information for each particular series of Offered Securities:

- The title of such Debt Securities.
- The aggregate principal amount of such Debt Securities and any limit on the aggregate principal amount of Debt Securities of such series.
- If other than the principal amount thereof, the portion of the principal amount thereof payable upon declaration of acceleration of the maturity thereof or the method by which such portion will be determined.
- The date or dates, or the method by which such date or dates will be determined or extended, on which the principal of such Debt Securities will be payable.
- The rate or rates at which such Debt Securities will bear interest, if any, or the method by which such rate or rates will be determined, the date or dates from which such interest will accrue or the method by which such date or dates will be determined, the date or dates on which such interest, if any, will be payable and the Regular Record Date or Dates, if any, for the interest payable on any Registered Security on any Interest Payment Date, or the method by which any such date will be determined, and the basis upon which interest will be calculated if other than that of a 360-day year of twelve 30-day months.
- The date or dates on which or the period or periods within which, the price or prices at which and the other terms and conditions upon which, such Debt Securities may be redeemed, in whole or in part, at our option and whether we are to have that option.
- Our obligation, if any, to redeem, repay or purchase such Debt Securities, in whole or in part, pursuant to any sinking fund or analogous provision or at the option of a holder thereof and the period or periods within which or the date or dates on which, the price or prices at which and the other terms and conditions upon which, such Debt Securities will be so redeemed, repaid or purchased.
- Whether such Debt Securities are to be issuable as Registered Securities, Bearer Securities (with or without coupons) or both, any restrictions applicable to the offer, sale or delivery of Bearer Securities and the terms, if any, upon which Bearer Securities of the series may be exchanged for Registered Securities of the series and vice versa (if permitted by applicable laws and regulations), whether such Debt Securities will be issuable initially in temporary global form, whether any such Debt Securities will be issuable in permanent global form with or without coupons and, if so, whether beneficial owners of interests in any such permanent global security may exchange such interests for Debt Securities of such series in certificated form and of like tenor of any authorized form and denomination and the circumstances under which any such exchanges may occur, if other than in the manner provided in the Indenture, and, if Registered Securities are to be issuable as a global security, the identity of the depositary for such Debt Securities.
- Whether the amount of payments of principal of (or premium, if any) or interest, if any, on such Debt Securities may be determined with reference to an index, formula or other method (which index, formula or method may be based on one or more currencies, commodities, equity indices or other indices) and the manner in which such amounts will be determined.
- The place or places, if any, other than or in addition to The City of New York, where the principal of (and premium, if any) and interest, if any, on such Debt Securities will be payable, where any Registered Securities may be surrendered for registration of transfer, where such Debt Securities may be surrendered for exchange, where Debt Securities of a series that are convertible or exchangeable

may be surrendered for conversion or exchange, as applicable, and where notices or demands to or upon us in respect of such Debt Securities and the Indenture may be served.

- The denomination or denominations in which such Debt Securities will be issuable, if other than $1,000, or any integral multiple thereof, in the case of Registered Securities and $5,000 in the case of Bearer Securities.
- If other than the Trustee, the identity of each Security Registrar and/or Paying Agent.
- The date as of which any Bearer Securities of the series and any temporary Debt Security issued in global form representing Outstanding Securities of the series will be dated if other than the date of original issuance of the first Debt Security of the series to be issued.
- The applicability, if at all, to such Debt Securities of the provisions of Article Fourteen of the Indenture described under " — Satisfaction and Discharge, Legal Defeasance and Covenant Defeasance" and any provisions in modification of, in addition to or in lieu of any of the provisions of such Article.
- The Person to whom any interest on any Registered Security of the series will be payable, if other than the Person in whose name such Registered Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, the manner in which, or the Person to whom, any interest on any Bearer Security of the series shall be payable, if otherwise than upon presentation and surrender of the coupons appertaining thereto as they severally mature, and the extent to which, or the manner in which, any interest payable on a temporary Debt Security issued in global form will be paid if other than in the manner provided in the Indenture.
- If such Debt Securities are to be issuable in definitive form (whether upon original issue or upon exchange of a temporary Debt Security of such series) only upon receipt of certain certificates or other documents or satisfaction of other conditions, the form and/or terms of such certificates, documents or conditions.
- Whether and under what circumstances we will pay Additional Amounts, as contemplated by Section 1004 of the Indenture, on such Debt Securities to any holder who is not a United States person (including any modification to the definition of such term as contained in the Indenture as originally executed) in respect of any tax, assessment or governmental charge and, if so, whether we will have the option to redeem such Debt Securities rather than pay such Additional Amounts (and the terms of any such option).
- The provisions, if any, granting special rights to the holders of such Debt Securities upon the occurrence of such events as may be specified.
- Any deletions from, modifications of or additions to the Events of Default or covenants with respect to such Debt Securities (which Events of Default or covenants are consistent with the Events of Default or covenants set forth in the general provisions of the Indenture).
- Whether such Debt Securities will be convertible into or exchangeable for any other securities and, if so, the terms and conditions upon which such Debt Securities will be so convertible or exchangeable.
- Any other terms of such Debt Securities.

If applicable, the prospectus supplement will also set forth a discussion of federal income tax considerations relevant to the Debt Securities being offered.

For purposes of this prospectus, any reference to the payment of principal of (or premium, if any) or interest, if any, on such Debt Securities will be deemed to include mention of the payment of any Additional Amounts required by the terms of such Debt Securities.

Debt Securities may provide for less than the entire principal amount thereof to be payable upon declaration of acceleration of the maturity thereof ("Original Issue Discount Securities"). Federal income tax and other considerations pertaining to any such Original Issue Discount Securities will be discussed in the applicable prospectus supplement.

The Indenture also provides that there may be more than one Trustee thereunder, each with respect to one or more different series of Debt Securities. See " — The Trustee" herein. At a time when two or more Trustees are acting under the Indenture, each with respect to only certain series, the term Debt Securities, as used herein, will mean the one or more series with respect to which each respective Trustee is acting. In the event that there is more than one Trustee under the Indenture, the powers and trust obligations of each Trustee as described herein will extend only to the one or more series of Debt Securities for which it is Trustee. If two or more Trustees are acting under the Indenture, then the Debt Securities for which each Trustee is acting would in effect be treated as if issued under separate indentures.

The general provisions of the Indenture do not contain any provisions that would limit our ability to incur indebtedness or that would afford holders of Debt Securities protection in the event of a highly leveraged or similar transaction. Reference is made to the prospectus supplement for information with respect to any deletions from, modifications of or additions to the Events of Default or the covenants that are described below, including any addition of a covenant or other provision providing event risk or similar protection.

Denominations, Registration and Transfer

Debt Securities of a series may be issuable solely as Registered Securities, solely as Bearer Securities or as both Registered Securities and Bearer Securities. The Indenture also provides that Debt Securities of a series may be issuable in global form. (Section 203) See " — Book-Entry Debt Securities". Unless otherwise provided in the prospectus supplement, Debt Securities denominated in U.S. dollars (other than Global Securities, which may be of any denomination) are issuable in denominations of $1,000, or any integral multiples of $1,000, in the case of Registered Securities and in the denomination of $5,000 in the case of Bearer Securities. (Section 302) Unless otherwise indicated in the prospectus supplement, Bearer Securities will have interest coupons attached. (Section 201)

Registered Securities will be exchangeable for other Registered Securities of the same series. If (but only if) provided in the prospectus supplement, Bearer Securities (with all unmatured coupons, except as provided below, and all matured coupons which are in default) of any series may be similarly exchanged for Registered Securities of the same series of any authorized denominations and of a like aggregate principal amount and tenor. If so provided, Bearer Securities surrendered in exchange for Registered Securities between a Regular Record Date or a Special Record Date and the relevant date for payment of interest will be surrendered without the coupon relating to such date for payment of interest, and interest will not be payable in respect of the Registered Security issued in exchange for such Bearer Security, but will be payable only to the holder of such coupon when due in accordance with the terms of the Indenture. Unless otherwise specified in the prospectus supplement, Bearer Securities will not be issued in exchange for Registered Securities. (Section 305)

Registered Securities of a series may be presented for registration of transfer and Debt Securities of a series may be presented for exchange

- at each office or agency required to be maintained by us for payment of such series as described in " — Payment and Paying Agents," and
- at each other office or agency that we may designate from time to time for such purposes.

No service charge will be made for any transfer or exchange of Debt Securities, but we may require payment of any tax or other governmental charge payable in connection therewith. (Section 305)

We will not be required to:

- issue, register the transfer of or exchange Debt Securities during a period beginning at the opening of business 15 days before any selection of Debt Securities of that series to be redeemed and ending at the close of business on (A) the day of mailing of the relevant notice of redemption if Debt Securities of the series are issuable only as Registered Securities and (B) if Debt Securities of the series are issuable as Bearer Securities, the day of the first publication of the relevant notice of redemption, or, if Debt Securities of the series are also issuable as Registered Securities and there is no publication, the day of mailing of the relevant notice of redemption;
- register the transfer of or exchange any Registered Security, or portion thereof, called for redemption, except the unredeemed portion of any Registered Security being redeemed in part;

- exchange any Bearer Security called for redemption, except to exchange such Bearer Security for a Registered Security of that series and like tenor that is simultaneously surrendered for redemption; or
- issue, register the transfer of or exchange any Debt Security which has been surrendered for repayment at the option of the holder, except the portion, if any, of such Debt Security not to be so repaid. (Section 305)

Payment and Paying Agents

Unless otherwise provided in the prospectus supplement, principal, premium, if any, and interest, if any, and Additional Amounts, if any, on Registered Securities will be payable at any office or agency to be maintained by us in Newark, New Jersey and New York, New York, except that at our option interest on an Interest Payment Date (including Additional Amounts, if any) may be paid (1) by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register or (2) by wire transfer to an account maintained by the Person entitled thereto as specified in the Security Register. (Sections 307, 1001 and 1002) Unless otherwise provided in the prospectus supplement, payment of any installment of interest on Registered Securities will be made to the Person in whose name such Registered Security is registered at the close of business on the Regular Record Date for such interest. (Section 307)

If Debt Securities of a series are issuable solely as Bearer Securities or as both Registered Securities and Bearer Securities, unless otherwise provided in the prospectus supplement, we will be required to maintain an office or agency (1) outside the United States at which, subject to any applicable laws and regulations, the principal of (and premium, if any) and interest, if any, on such series will be payable and (2) in The City of New York for payments with respect to any Registered Securities of such series (and for payments with respect to Bearer Securities of such series in the limited circumstances described below, but not otherwise). (Section 1002) The initial locations of such offices and agencies will be specified in the prospectus supplement. Unless otherwise provided in the prospectus supplement, principal of (and premium, if any) and interest, if any, on Bearer Securities may be paid by wire transfer to an account maintained by the Person entitled thereto with a bank located outside the United States. (Sections 307 and 1002) Unless otherwise provided in the prospectus supplement, payment of installments of interest on any Bearer Securities on or before Maturity will be made only against surrender of coupons for such interest installments as they severally mature. (Section 1001) Unless otherwise provided in the prospectus supplement, no payment with respect to any Bearer Security will be made at any office or agency we maintain in the United States or by check mailed to any address in the United States or by transfer to an account maintained with a bank located in the United States. Notwithstanding the foregoing, payments of principal of (and premium, if any) and interest, if any, on Bearer Securities payable in U.S. dollars will be made at the office of our Paying Agent in The City of New York if (but only if) payment of the full amount thereof in U.S. dollars at all offices or agencies outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions. (Section 1002)

We may from time to time designate additional offices or agencies, approve a change in the location of any office or agency and, except as provided above, rescind the designation of any office or agency.

Selected Indenture Covenants

Limitations on Obligations

Restricted Subsidiaries. We will not permit any Restricted Subsidiary to, directly or indirectly, Incur any Obligations (including, without limitation, Acquired Obligations), except for

- the Subsidiary Guarantees;
- Obligations existing on the date of the Indenture;
- Obligations of ER&T related to the purchase and sale of fuel, capacity, energy (including, but not limited to, electric power, natural gas and coal), environmental credits or entitlements, utility services, fuel, water, related transportation services and other similar or related products and services in the ordinary course of business;
- Obligations of Nuclear related to the purchase and sale of fuel and related transportation services in the ordinary course of business;

- Permitted Hedging Obligations of ER&T;
- Obligations incurred in exchange for, or the net proceeds of which are used to refund, refinance, or replace Obligations described under this "Limitations on Obligations", provided that the average life of the refinancing Obligations shall not be shorter than the average life of the Obligations being refinanced and the principal amount of the refinancing obligations shall not exceed the principal amount of the Obligations being so refinanced; and
- Obligations to us or any other Restricted Subsidiary which are subordinated to the Subsidiary Guarantee with respect to the guaranteed Debt Securities of the Restricted Subsidiary incurring the Obligations.

The foregoing notwithstanding, Restricted Subsidiaries may Incur Obligations not otherwise permitted by the preceding paragraph in an aggregate amount outstanding after giving effect to such Incurrence not to exceed at any one time the greater of $250 million or 15% of Consolidated Net Tangible Assets as of the last day of the preceding month.

Subsidiaries Other Than Restricted Subsidiaries. Except for parental guarantees of debt service reserves, surety bonds, equity guarantees, performance bonds and bid bonds entered into in the ordinary course of business aggregating at any one time not more than $100 million, we shall not permit any Subsidiary that is not a Restricted Subsidiary to, directly or indirectly, Incur any Obligations (including, without limitation, Acquired Obligations) that are recourse to us or any Restricted Subsidiary. For the purposes of this section, preferred securities issued by our special purpose subsidiaries will not be considered to be recourse to us. (Section 1008)

Limitation on Liens

We may not, and may not permit any Restricted Subsidiary to, directly or indirectly, create, incur, assume or permit to exist any Lien of any kind on or with respect to any Property or interest in our Property or that of any of our Restricted Subsidiaries or any income or profits therefrom (in each case, whether the Property is owned at the date of the Indenture or thereafter acquired), unless the Debt Securities are secured equally and ratably with (or prior to) any and all other Obligations secured by the Lien, provided, however, that these restrictions shall not apply to or prevent the creation, incurrence, assumption or existence of Permitted Liens.

Permitted Liens shall include:

- Liens existing on the date of the Indenture;
- Liens to secure or provide for the payment of all or part of the purchase price of any Property or the cost of construction or improvement thereof; *provided* that no such Lien shall extend to or cover any other of our or our Restricted Subsidiaries' Property;
- Liens existing on Property at the time such Property is acquired by us or any Restricted Subsidiary; *provided* that such Liens (i) are not created, Incurred or assumed in contemplation of such Property being acquired and (ii) do not extend to or cover any other of our or our Restricted Subsidiaries' Property;
- Liens existing on Property of any entity at the time such entity is merged with or into or consolidated with us or a Restricted Subsidiary; *provided* that such Liens (i) are not created, Incurred or assumed in contemplation of such merger or consolidation and (ii) do not extend to any other of our or our Restricted Subsidiaries' Property;
- Liens securing Permitted Hedging Obligations;
- Liens for taxes, assessments or governmental charges that are not yet delinquent or that are being contested in good faith by any appropriate legal proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate reserve provision, if any, as is required in conformity with GAAP shall have been made;
- Liens arising by reason of any judgment, decree or order of any court, so long as any such Lien is being contested in good faith and is bonded or such judgment, decree or order does not exceed $50 million, and any appropriate legal proceedings that may have been duly initiated for the review of such judgment, decree or order have not been finally terminated or the period within which such proceedings may be initiated has not expired;

- Liens to secure pledges or deposits made in the ordinary course of business in connection with bids, tenders or contracts (other than for payment of indebtedness) or to secure guarantees, statutory or regulatory obligations or surety or performance bonds each made in the ordinary course of business;
- Liens imposed by law such as carriers', warehousemen's and mechanics' Liens, in each case arising in the ordinary course of business and with respect to amounts not yet due or being contested in good faith by appropriate legal proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as is required in conformity with GAAP shall have been made;
- Survey exceptions, encumbrances, easements or reservations of, or rights of others for, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real properties incidental to the conduct of the business or to the ownership of Properties which were not incurred in connection with indebtedness or other extensions of credit and which do not in the aggregate materially and adversely affect the value of the Properties or materially impair their use in the operation of the business;
- Liens securing letters of credit entered into in the ordinary course of business;
- Liens to secure pollution control revenue bonds or industrial revenue bonds;
- Liens securing Non-Recourse Obligations of Unrestricted Subsidiaries;
- Liens granted on the capital stock of Unrestricted Subsidiaries for the purpose of securing the Obligations of such Unrestricted Subsidiaries;
- Liens pursuant to Capitalized Leases or Synthetic Leases permitted to be entered into under the "Limitation on Obligations" covenant;
- Liens arising by reason of leases and subleases of Property pursuant to a Sale/Leaseback Transaction allowed pursuant to the "Limitation on Sale of Assets" covenant that do not materially interfere with the ordinary conduct of our or any of our Restricted Subsidiaries' business;
- Liens created in connection with worker's compensation, unemployment insurance and other social security statutes or regulations;
- Liens by a Wholly-Owned Subsidiary to us or any Restricted Subsidiary;
- Liens on Property, other than Capital Stock of Restricted Subsidiaries, to secure Obligations so long as the sum of the amount of outstanding Obligations secured by Liens incurred pursuant to this provision does not exceed the greater of $250 million or 15% of Consolidated Net Tangible Assets as of the end of the most recent fiscal quarter for which financial statements are available; and
- The replacement, extension or renewal (or successive replacements, extensions or renewals), as a whole or in part, of any Lien or of any agreement referred to above or the replacement, extension or renewal (not exceeding the outstanding principal amount of Indebtedness secured thereby together with any premium, interest, fee or expense payable in connection with any such replacement, extension or renewal) of Indebtedness secured thereby; provided that such replacement, extension or renewal is limited to all or part of the same Property that secured the Lien replaced, extended or renewed (plus improvements thereon or additions or accessions thereto).

Guarantee of Debt Securities

Each initial Subsidiary Guarantor and any subsequent Subsidiary Guarantor shall execute a Subsidiary Guarantee of each series of Debt Securities in substantially the form provided for by the Indenture at or before the time the definition of Subsidiary Guarantor shall be applicable to it. (Section 1601)

Guarantee of ER&T Obligations

We have executed a guarantee of the Obligations of ER&T substantially in the form provided for by the Indenture. (Section 1009)

Payment of Dividends by ER&T to Us

If and for so long as we guarantee the Obligations of ER&T, we shall cause ER&T, to the extent permitted by applicable law, to pay, at least quarterly, dividends or distributions to us of the excess cash not then required for its business operations. (Section 1010)

Limitation on Dividends and Other Payment Restrictions

Other than pursuant to the Indenture or as otherwise may be required by law, we will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create or cause to become, or as a result of the acquisition of any Person or Property, or upon any Person becoming a Restricted Subsidiary, remain subject to, any consensual encumbrance or consensual restriction of any kind on the ability of any Restricted Subsidiary to:

- pay dividends or make any other distributions on its Capital Stock;
- make payments on any Obligations owed to us or any of our Restricted Subsidiaries;
- make loans or advances to us or to any of our Restricted Subsidiaries;
- transfer any of its Property to us or to any of our Restricted Subsidiaries; or
- make payments under a Subsidiary Guarantee with respect to the Debt Securities.

The foregoing shall not prohibit:

- encumbrances and restrictions resulting from customary provisions relating to (i) transfers of Property that restrict the subletting or assignment of any lease or (ii) transfers of Property that are contained in licenses and that relate to the Property covered thereby, in each case entered into in the ordinary course of business;
- encumbrances and restrictions on transfers of Property existing on any assets at the time such assets are acquired (or the entity owning such assets is acquired) by any Restricted Subsidiary, whether by merger, consolidation, purchase of such assets or otherwise; provided that such restrictions and encumbrances (i) are not created, Incurred or assumed in contemplation of such assets or entity being acquired by the Restricted Subsidiary and (ii) do not extend to any other assets of the Restricted Subsidiary; and
- restrictions on transfers of Property created in connection with sales or purchases of electricity, energy, capacity, natural gas, coal, ancillary services, environmental credits and/or entitlements, utility services, fuel, water, related transportation services and other similar products and services, in each case, in the ordinary course of business; provided that restrictions arising from any transaction or series of related transactions pursuant to this clause shall not be materially more restrictive, taken as a whole, than encumbrances and restrictions customarily accepted as industry standard for similar transactions. (Section 1007)

Limitation on Sale of Assets

Except for a sale of all or substantially all of our assets, as provided in the “Merger, Consolidation or Sale of Assets” covenant, and other than

- assets required to be sold to conform with government regulations, laws or impositions,
- sales or dispositions of surplus, obsolete or worn out equipment,
- sales or dispositions of ownership interests in Unrestricted Subsidiaries, or
- any other sale or disposition so long as after giving effect to such events, the Rating Agencies shall have confirmed their ratings on our Debt Securities in effect immediately prior to such sale or disposition,

we may not, and may not permit any Restricted Subsidiary to, make any Asset Sale (other than short-term, readily marketable investments purchased for cash management purposes with funds not representing the proceeds of other Asset Sales) if, on a pro forma basis, the aggregate net book value of all such Asset Sales during the most recent 12-month period would exceed 15% of Consolidated Net Tangible Assets computed as of the most recent quarter preceding such sale; provided, however, that any such Asset Sale shall be disregarded for

purposes of this 15% limitation if the Net Cash Proceeds are within 270 days thereafter (i) invested in a Permitted Business, (ii) used to purchase and retire Obligations ranking equal in right of payment to the Debt Securities or (iii) used to redeem the Debt Securities at a redemption price equal to 100% of the principal amount of the Debt Securities to be redeemed, plus accrued and unpaid interest thereon up to and including the applicable redemption date, plus a make-whole premium.

In addition, on a cumulative basis we may not sell or otherwise dispose of more than 25% of the assets or Capital Stock in Fossil, unless Net Cash Proceeds from such sale are invested in other non-nuclear generation assets or the capital stock of entities engaged in fossil generation and related businesses. (Section 1006)

Definitions

"*Acquired Obligations*" means, with respect to any Person, (1) Obligations of any other Person existing at the time the other Person is merged with or into or became a Subsidiary of the Person, including, without limitation, Obligations Incurred in connection with, or in contemplation of, the other Person merging with or into or becoming a Subsidiary of the Person; and (2) Obligations secured by a Lien encumbering any asset acquired by the Person at the time the asset is acquired by the Person.

"*Asset Sale*" means any sale, transfer, conveyance, lease or other disposition (including by way of merger, consolidation or sale-leaseback) by us or any of our Restricted Subsidiaries to any Person (other than to us or a Restricted Subsidiary of ours and other than in the ordinary course of business) of any Capital Stock or other Property of ours or of any of our Restricted Subsidiaries (including Capital Stock of Subsidiaries). The term "Asset Sale" will not include (1) any sale, transfer, conveyance, lease or other disposition of Property governed by the "Merger, Consolidation or Sale of Assets" covenant and (2) any transaction or series of related transactions consisting of the sale, transfer, conveyance, lease or other disposition of Capital Stock or other Property with a Fair Market Value aggregating less than $50 million in any fiscal year. The term "Asset Sale" also will not include (i) the grant of or realization upon a Lien permitted under the "Limitation on Liens" covenant or the exercise of remedies thereunder and (ii) sales of fuel, capacity, energy (including, but not limited to, electric power, natural gas and coal), environmental credits or entitlements, related transportation services and other related services by ER&T and its Permitted Hedging Obligations as permitted by the "Limitation on Obligations" covenant.

"*Attributable Debt*" means with respect to any Sale/Leaseback Transaction, at the time of determination, the present value (discounted at a rate per annum equal to the weighted average interest rate of all Debt Securities outstanding under the Indenture, compounded semi-annually) of the total obligations of the lessee for rental payments during the remaining term of the lease included in the Sale/Leaseback Transaction (including any period for which the lease has been extended).

"*Board of Directors*" means either the Board of Directors of PSEG Power LLC or any duly authorized committee of such Board.

"*Business Day*" means each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in Newark, New Jersey and The City of New York are authorized or obligated by law or executive order to close.

"*Capital Stock*" means (1) in the case of a corporation, corporate stock, (2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock, (3) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited) and (4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

"*Capitalized Lease*" means as applied to any Person, any lease of any Property of which the discounted present value of the rental obligations of such Person as lessee, in conformity with GAAP, is required to be capitalized on the balance sheet of such Person, and "Capitalized Lease Obligation" means the rental obligations, as aforesaid, under such lease.

"*Commodity Trading Obligations,*" with respect to any Person, means the Obligations of such Person under (1) any commodity swap agreement, commodity future agreement, commodity option agreement, commodity cap agreement, commodity floor agreement, commodity collar agreement, commodity hedge

agreement, and any put, call or other agreement or arrangement, or combination thereof, designed to protect such Person against fluctuations in commodity prices or (2) any commodity swap agreement, commodity future agreement, commodity option agreement, commodity hedge agreement, and any put, call or other agreement or arrangement, or combination thereof (including an agreement or arrangement to hedge foreign exchange risks) in respect of commodities entered into by us pursuant to asset optimization and risk management policies and procedures adopted in good faith by the Board of Directors.

"*Consolidated Current Liabilities*," as of the date of determination, means the aggregate amount of our and our Restricted Subsidiaries' liabilities on a consolidated basis which may properly be classified as current liabilities (including taxes accrued as estimated), after eliminating (1) all inter-company items between us and any consolidated Restricted Subsidiary, (2) all current maturities of long-term indebtedness, all as determined in accordance with GAAP, and (3) all liabilities attributable to Subsidiaries that are not Restricted Subsidiaries.

"*Consolidated Net Tangible Assets*" means, as of any date of determination, the total amount of assets (less accumulated depreciation or amortization, allowances for doubtful receivables, other applicable reserves and other properly deductible items) of us and our Restricted Subsidiaries, determined on a consolidated basis in accordance with GAAP, consistently applied, and after giving effect to purchase accounting and after deducting therefrom, to the extent otherwise included, the amounts of:

- Consolidated Current Liabilities;
- excess of cost over fair value of assets of businesses acquired, as determined in good faith by the Board of Directors;
- unamortized debt discount and expense and other unamortized deferred charges, goodwill, patents, trademarks, service marks, trade names, copyrights, licenses, organization or developmental expenses and other intangible items;
- treasury stock;
- any cash set apart and held in a sinking or other analogous fund established for the purpose of redemption or other retirement of Capital Stock to the extent such obligation is not reflected in Consolidated Current Liabilities; and
- all assets attributable to Subsidiaries that are not Restricted Subsidiaries (including Capital Stock thereof), except to the extent of dividends or distributions received from such Subsidiaries.

"*Default*" means any event, act or condition that is, or after notice or the passage of time or both would be, an Event of Default.

"*Event of Default*" has the meaning specified in Section 501 of the Indenture.

"*Fair Market Value*" means the price that would be paid by a purchaser to a seller in an arm's-length transaction.

"*GAAP*" means generally accepted accounting principles in the United States applied on a basis consistent with the principles, methods, procedures and practices employed in the preparation of our audited financial statements, including, without limitation, those set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as approved by a significant segment of the accounting profession.

"*Hedging Obligations*" means, with respect to any Person, the obligations of such Person under any interest rate or currency swap agreement, interest rate or currency future agreement, interest rate cap or collar agreement, interest rate or currency hedge agreement, and any put, call or other agreement or arrangement designed to protect such Person against fluctuations in interest rates or currency exchange rates.

"*Incur*" means, with respect to any Obligation, to directly or indirectly create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable for or with respect to, or become responsible for payment of, contingently or otherwise, such Obligation. The term "Incurrence" has a corresponding meaning.

"*Lien*" means any mortgage, pledge, hypothecation, charge, assignment, deposit arrangement, encumbrance, security interest, lien (statutory or other), or preference, priority, or other security or similar agreement or preferential arrangement of any kind or nature whatsoever (including, without limitation, any agreement to give or grant a Lien or any lease, conditional sale or other title retention agreement having substantially the same economic effect as any of the foregoing).

"*Net Cash Proceeds*" from an Asset Sale is defined to mean cash payments received (including any cash payments received by way of a payment of principal pursuant to a note or installment receivable or otherwise, but only as and when received (including any cash received upon sale or disposition of any such note or receivable), excluding any other consideration received in the form of assumption by the acquiring Person of Obligations relating to the Property disposed of in such Asset Sale or received in any form other than cash) therefrom, in each case, net of (1) all legal, title and recording tax expenses, commissions and other fees and expenses of any kind (including consent and waiver fees and any applicable premiums, earn-out or working interest payments or payments in lieu or in termination thereof) Incurred, (2) all federal, state, provincial, foreign and local taxes and other governmental charges required to be accrued as a liability under GAAP as a consequence of such Asset Sale, (3) a reasonable reserve for the after-tax cost of any indemnification payments (fixed and contingent) attributable to seller's indemnities to the purchaser undertaken by us or any of our Subsidiaries in connection with such Asset Sale, (4) all payments made on any Obligation that is secured by such Property, in accordance with the terms of any Lien upon or with respect to such Property, or that must by its terms or by applicable law or in order to obtain a required consent or waiver be repaid out of the proceeds from or in connection with such Asset Sale and (5) all distributions and other payments made to holders of Capital Stock of Subsidiaries (other than us or our Restricted Subsidiaries) as a result of such Asset Sale.

"*Non-Recourse Obligation*" means, with respect to any Person, any financing that is or was Incurred with respect to the development, acquisition, design, engineering, procurement, construction, operation, ownership, servicing or management of one or more facilities used or useful in a Permitted Business in respect of which such Person has a direct or indirect interest, provided that such financing is without recourse to any Person or Property other than to (1) the Property that constitutes such facilities together with contracts, permits, licenses, reserves and other items related to such facilities, (2) the income from and proceeds of such facilities, (3) the Capital Stock of, and other investments in, the Person that owns the Property that constitutes any such facilities and (4) the Capital Stock of, and other investments in, any Person obligated with respect to such financing and of any Subsidiary of such Person that owns a direct or indirect interest in any such facilities.

"*Obligations*" of any Person shall mean at any date, without duplication,

- all obligations of such Person for borrowed money,
- all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments,
- all obligations of such Person arising under any conditional sale or other title retention arrangement or otherwise to pay the deferred purchase price of Property or services,
- all obligations of such Person Incurred in respect of Attributable Debt associated with any Sale/Leaseback Transaction, Capitalized Lease or Synthetic Lease,
- all obligations of such Person under letters of credit,
- all obligations of such Person under trade or bankers' acceptances,
- all obligations of such Person under Hedging Obligations and Commodity Trading Obligations,
- trade payables in respect of fuel, labor, supplies or other materials or services or the obligation to provide power,
- Preferred Stock and Redeemable Stock issued to any Person other than us or a Restricted Subsidiary,
- all obligations of others secured by a Lien on any asset of such Person, whether or not such obligations are assumed by such Person, and
- all obligations of others to the extent guaranteed by such Person.

The amount of any obligation shall be deemed to be the amount equal to the stated or determinable amount thereof or, if not stated or determinable, the maximum probable liability thereunder as determined by us in good faith.

"*Permitted Business*" means any business in which we or any of our Subsidiaries are engaged on the date of the Indenture or any other power or energy-related business, including the business of acquiring, developing, owning or operating electric power or thermal energy generation or cogeneration facilities, electric power transmission, fuel supply and fuel transportation facilities, together with their related power supply, thermal energy and fuel contracts and other facilities, services or goods that are ancillary, incidental, complementary or reasonably related to the marketing, trading, development, construction or management servicing, ownership or operation of the foregoing.

"*Permitted Hedging Obligations*" of any Person shall mean (1) Hedging Obligations entered into in the ordinary course of business and in accordance with such Person's established risk management policies that are designed to protect such Person against, among other things, fluctuations in interest rates or currency exchange rates and which in the case of agreements relating to interest rates shall have a notional amount no greater than the payments due with respect to the Obligations being hedged thereby and (2) Commodity Trading Obligations.

"*Person*" means an individual, a corporation, a limited liability company, a partnership, an association, a trust or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

"*Preferred Stock*" means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) or preferred or preference stock of such Person that is outstanding or issued on or after the date of original issuance of the Debt Securities under the Indenture.

"*Property*" of any Person is defined to mean all types of real, personal, tangible or mixed property owned by such Person whether or not included in the most recent consolidated balance sheet of such Person under GAAP.

"*Rating Agencies*" means Moody's Investors Service, Inc., Standard & Poor's Ratings Services, Fitch Inc. and any successor thereof.

"*Redeemable Stock*" is defined to mean any class or series of Capital Stock of any Person that by its terms or otherwise is (1) required to be redeemed prior to the Stated Maturity of the Debt Securities, (2) redeemable at the option of the holder of such Capital Stock at any time prior to the Stated Maturity of the Debt Securities or (3) convertible into or exchangeable for Capital Stock referred to in clause (1) or (2) above or Obligations having a scheduled maturity prior to the Stated Maturity of the Debt Securities.

"*Restricted Subsidiary*" means only Fossil, Nuclear, ER&T and each other of our Subsidiaries that executes a Subsidiary Guarantee with respect to the Debt Securities and is subsequently designated by the Board of Directors by written notice to the Trustee as a Restricted Subsidiary.

"*Sale/Leaseback Transaction*" means an arrangement relating to Property now owned or hereafter acquired whereby we or one of our Subsidiaries transfers the Property to a Person and leases it back from that Person, other than leases for a term of not more than 12 months or between us and one of our Wholly-Owned Subsidiaries that is a Restricted Subsidiary or between Wholly-Owned Subsidiaries that are Restricted Subsidiaries.

"*Stated Maturity*" means with respect to any Debt Security or any installment of principal thereof or interest thereon, the date specified in such Debt Security or a coupon representing such installment of interest as the fixed date on which any principal of such Debt Security or any such installment of interest is due and payable.

"*Subsidiary*" means, with respect to any Person, (1) any corporation, limited liability company, association or other business entity of which more than 50% of the total voting power of Voting Stock is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person (or a combination thereof) and (2) any partnership (i) the sole general partner or the managing general partner of which is such Person or a Subsidiary of such Person or (ii) the only general partners of which are such Person or one or more Subsidiaries of such Person (or any combination thereof).

"*Subsidiary Guarantor*" means all current and subsequently designated Restricted Subsidiaries.

"*Subsidiary Guarantee*" means an unconditional guarantee of a Subsidiary Guarantor of the payment of the principal of or any premium or interest on any Debt Securities in substantially the form provided for by the Indenture or a guarantee of a Subsidiary Guarantor of any other of our Obligations.

"*Synthetic Lease*" means (1) a lease pursuant to which the lessee is treated as the owner of the Property subject to the lease for tax purposes, whether or not such lease is treated as an operating lease for accounting purposes or (2) a lease treated as an operating lease for accounting purposes but having at least three of the following characteristics, (i) the term of the lease, inclusive of all renewal periods at the lessee's option, is greater than 75% of the useful life of the Property subject to the lease as estimated at the inception of the Lease, (ii) the lessee has the right to purchase such Property at a fixed price, (iii) the lessee's payments under the lease are calculated to amortize and service the debt of the lessor incurred in order to acquire the asset and (iv) the lessor obtains 80% or more of the cost of the asset from borrowed funds.

"*Unrestricted Subsidiary*" means a Subsidiary that is not a Restricted Subsidiary.

"*Voting Stock*" means any class or classes of Capital Stock pursuant to which the holders thereof have the general voting power under ordinary circumstances to elect at least a majority of the Board of Directors, managers or trustees of any Person (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency).

"*Weighted Average Life to Maturity*" means, when applied to any Obligations at any date, the number of years obtained by dividing (1) the then outstanding principal amount of such Obligations into (2) the total of the product obtained by multiplying (i) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (ii) the numbers of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment.

"*Wholly-Owned Subsidiary*" means a Subsidiary all the Capital Stock of which (other than directors' qualifying shares) is owned by us and/or one or more of our Wholly-Owned Subsidiaries.

Events of Default and Remedies

The following constitute Events of Default in respect to each series of Debt Securities under the Indenture (Section 501):

- default for five days in the payment when due of interest on any of the Debt Securities of such series;
- default in the payment when due of the principal of, or premium, if any, or make-whole amount, if any, on any of the Debt Securities of such series;
- default in the deposit of any sinking fund payment, when due by the terms of the Debt Securities of such series;
- failure by us or any Restricted Subsidiary to comply with the provisions described under "Limitation on Sale of Assets" or "Merger, Consolidation or Sale of Assets";
- failure by us or any Restricted Subsidiary for 60 days after notice by the Trustee to us or to us and the Trustee by the holders of 25% or more in aggregate principal amount of the Debt Securities of such series to comply with any of our agreements in the Indenture or the Debt Securities of such series that are not otherwise covered in this section;
- default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any of our or any of our Subsidiaries' indebtedness (including indebtedness represented by any other series of Debt Securities under the Indenture or the payment of which is guaranteed by us or by any of our Restricted Subsidiaries) (but other than Non-Recourse Obligations) whether such indebtedness or guarantee now exists or is created after the date of the Indenture, which default (a) is caused by a failure to pay the principal of such indebtedness at the Stated Maturity of such indebtedness after the expiration of grace periods provided in the indebtedness (a "Payment Default") or (b) has resulted in the acceleration of the indebtedness prior to its Stated

Maturity; and, in each case the principal amount of the indebtedness, together with the principal amount of any other indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates $50.0 million or more;

- failure by us or any of our Restricted Subsidiaries to pay one or more final judgments not otherwise covered by insurance aggregating in excess of $50.0 million, which judgments are not paid, discharged or stayed for a period of 60 days; and
- certain events of bankruptcy or insolvency with respect to us or any of our Restricted Subsidiaries.

Additional series of Debt Securities issued under the Indenture may specify other events of default for such series of Debt Securities.

We are required to file with the Trustee, annually, an officer's certificate as to our compliance with all conditions and covenants under the Indenture. (Section 1011) The Indenture provides that the Trustee may withhold notice to the holders of Debt Securities of a series of any default (except payment defaults on the Debt Securities of that series) if it considers it in the interest of the holders of Debt Securities of the series to do so. (Section 515)

If an Event of Default (other than an Event of Default occasioned by our or any of our Restricted Subsidiaries' bankruptcy or insolvency) with respect to Debt Securities of a series has occurred and is continuing, the Trustee or the holders of not less than 25% in principal amount of outstanding Debt Securities of that series may declare the principal (or, if the Debt Securities of that series are issued with original issue discount or are "indexed debt securities" (i.e., Debt Securities, the interest and principal payments on which are determined by reference to a particular index, such as a foreign currency or commodity), such portion of the principal as may be specified in the terms of those Debt Securities) of all of the Debt Securities of that series to be due and payable immediately, by a notice in writing to us. (Section 502)

If an Event of Default occasioned by our or any of our Restricted Subsidiaries' bankruptcy or insolvency occurs, the principal of and interest on all Debt Securities shall ipso facto become and be immediately due and payable without any declaration or other act on the part of the Trustee or any holders of Debt Securities.

Subject to the provisions of the Indenture relating to the duties of the Trustee, in case an Event of Default with respect to Debt Securities of any series has occurred and is continuing, the Trustee is under no obligation to exercise any of its rights or powers under the Indenture at the request, order or direction of the holders of Debt Securities of that series, unless those holders have offered the Trustee indemnity satisfactory to the Trustee against the expenses and liabilities which might be incurred by it in compliance with such request. (Section 602)

Subject to certain exceptions, the holders of a majority in principal amount of the outstanding Debt Securities of any series of Debt Securities will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee with respect to the Debt Securities of that series. (Section 512)

The holders of a majority in principal amount of the outstanding Debt Securities of a series may, on behalf of the holders of all Debt Securities of such series and any related coupons, waive any past default under the Indenture with respect to such series and its consequences, except a default (i) in the payment of the principal of (or premium, if any) or interest, if any, on any Debt Security of such series or any related coupons or (ii) in respect of a covenant or provision that cannot be modified or amended without the consent of the holder of each outstanding Debt Security of such series affected thereby. (Section 513)

Merger, Consolidation or Sale of Assets

We may not, directly or indirectly, consolidate or merge with or into (whether or not we are the surviving entity) any other corporation, association, company, business trust or limited liability company, or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of our assets, in one or more related transactions, to another Person unless:

- the Person formed by the consolidation or surviving the merger or the Person that acquires by sale, assignment, transfer, conveyance or other disposition, or that leases, the assets (if other than us) (in

each such case, the "Successor Entity"), is a corporation or limited liability company organized and existing under the laws of the United States, any State thereof or the District of Columbia and expressly assumes our obligations under the Indenture and the Debt Securities;

- if any of our or a Restricted Subsidiary's Property or assets would become subject to a Lien other than a Permitted Lien under the "Limitation on Liens" covenant, the Debt Securities shall be equally and ratably secured in accordance with such covenant;
- immediately after such transaction no event exists that is or with the passage of time or the giving of notice or both would be an Event of Default under the Indenture; and
- each Subsidiary Guarantor shall have by amendment to its Subsidiary Guarantee with respect to the Debt Securities confirmed that its Subsidiary Guarantee shall apply to the obligations of the Successor Entity under the Indenture and each series of the Debt Securities. (Section 801)

Modification or Waiver

Modification and amendment of the Indenture may be made by us and the Trustee with the consent of the holders of a majority in principal amount of all Outstanding Debt Securities that are affected by such modification or amendment; provided that no such modification or amendment may, without the consent of the holder of each Outstanding Debt Security affected thereby, among other things:

- change the Stated Maturity of the principal of (or premium, if any, on) or any installment of principal of or interest on any such Debt Security;
- reduce the principal amount of, or the rate (or change the manner of calculating the rate) or amount of interest in respect of, or any premium payable upon the redemption of, any such Debt Security;
- change any of our obligations to pay Additional Amounts in respect of any such Debt Security;
- reduce the portion of the principal of an Original Issue Discount Security or Indexed Security that would be due and payable upon a declaration of acceleration of the Maturity thereof or provable in bankruptcy;
- adversely affect any right of repayment at the option of the holder of any such Debt Security;
- change the place of payment of principal of, or any premium or interest on, any such Debt Security;
- impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof or on or after any Redemption Date or Repayment Date, as the case may be;
- adversely affect any right to convert or exchange any Debt Security;
- reduce the percentage in principal amount of such Outstanding Debt Securities, the consent of whose holders is required to amend or waive compliance with certain provisions of the Indenture or to waive certain defaults thereunder;
- reduce the requirements for voting or quorum described below;
- modify any of the foregoing requirements or any of the provisions relating to waiving past defaults or compliance with certain restrictive provisions, except to increase the percentage of holders required to effect any such waiver or to provide that certain other provisions of the Indenture cannot be modified or waived without the consent of the holder of each Debt Security affected thereby; or
- modify or affect the terms and conditions of the obligations of any Subsidiary Guarantor in respect of the due and punctual payment of principal of, or any premium or interest on, Debt Securities. (Section 902)

The holders of a majority in aggregate principal amount of Outstanding Debt Securities have the right to waive our compliance with certain covenants in the Indenture. (Section 1012)

Modification and amendment of the Indenture may be made by us and the Trustee thereunder, without the consent of any holder, for any of the following purposes:

- to evidence the succession of another Person to us and the assumption by any successor of our covenants under the Indenture and the Debt Securities;
- to add to our covenants for the benefit of the holders of all or any series of Debt Securities issued under the Indenture and any related coupons or to surrender any right or power conferred upon us by the Indenture;
- to add Events of Default for the benefit of the holders of all or any series of Debt Securities issued under the Indenture;
- to add to or change any provisions of the Indenture to facilitate the issuance of, or to liberalize the terms of, Bearer Securities, or to permit or facilitate the issuance of Debt Securities in uncertificated form, provided that any such actions do not adversely affect the holders of such Debt Securities or any related coupons in any material respect;
- to change or eliminate any provisions of the Indenture, provided that any such change or elimination will become effective only when there are no Debt Securities Outstanding of any series created prior thereto which are entitled to the benefit of such provisions;
- to secure the Debt Securities under the Indenture pursuant to the "Merger, Consolidation or Sale of Assets" covenant of the Indenture, or otherwise;
- to establish the form or terms of the Debt Securities of any series and any related coupons;
- to evidence and provide for the acceptance of appointment by a successor Trustee or facilitate the administration of the trusts under the Indenture by more than one Trustee;
- to cure any ambiguity, defect or inconsistency in the Indenture, provided such action does not adversely affect the interests of holders of Debt Securities of any series issued under the Indenture or any related coupons in any material respect; or
- to supplement any of the provisions of the Indenture to the extent necessary to permit or facilitate the defeasance and discharge of any series of Debt Securities, provided that such action shall not adversely affect the interests of the holders of any such Debt Securities and any related coupons in any material respect. (Section 901)

In determining whether the holders of the requisite principal amount of Outstanding Debt Securities have given any request, demand, authorization, direction, notice, consent or waiver under the Indenture or whether a quorum is present at a meeting of holders of Debt Securities, (1) the principal amount of an Original Issue Discount Security that will be deemed to be outstanding will be the amount of the principal thereof that would be due and payable as of the date of such determination upon acceleration of the Maturity thereof; (2) the principal amount of an Indexed Security that may be counted in making such determination or calculation and that will be deemed outstanding for such purpose will be equal to the principal face amount of such Indexed Security at original issuance, unless otherwise provided with respect to such Indexed Security pursuant to Section 301 of the Indenture; and (3) Debt Securities owned by us or any other obligor upon the Debt Securities or any Affiliate of ours or of such other obligor shall be disregarded. (Section 101)

The Indenture contains provisions for convening meetings of the holders of Debt Securities of a series if Debt Securities of that series are issuable as Bearer Securities. (Section 1501) A meeting may be called at any time by the Trustee, and also, upon request, by us or the holders of at least 10% in principal amount of the Outstanding Debt Securities of that series, in any such case upon notice given as provided in the Indenture. (Section 1502) Except for any consent that must be given by the holder of each Debt Security affected thereby, as described above, any resolution presented at a meeting (or an adjourned meeting duly reconvened) at which a quorum is present may be adopted by the affirmative vote of the holders of a majority in principal amount of the Outstanding Debt Securities of that series; provided, however, that any resolution with respect to any request, demand, authorization, direction, notice, consent, waiver or other action that may be made, given or taken by the holders of a specified percentage which is less than a majority in principal amount of the Outstanding Debt Securities of a series may be adopted at a meeting (or an adjourned meeting duly reconvened) at which a

quorum is present by the affirmative vote of the holders of such specified percentage in principal amount of the Outstanding Debt Securities of that series. Any resolution passed or decision taken at any meeting of holders of Debt Securities of a series duly held in accordance with the Indenture will be binding on all holders of Debt Securities of that series and any related coupons, whether or not present or represented at the meeting. The quorum at any meeting called to adopt a resolution will be persons holding or representing a majority in principal amount of the Outstanding Debt Securities of a series; provided, however, that, if any action is to be taken at such meeting with respect to a consent or waiver which may be given by the holders of not less than a specified percentage in principal amount of the Outstanding Debt Securities of a series, the persons holding or representing such specified percentage in principal amount of the Outstanding Debt Securities of that series will constitute a quorum. (Section 1504)

Notwithstanding the foregoing provisions, if any action is to be taken at a meeting of holders of Debt Securities of a series with respect to any request, demand, authorization, direction, notice, consent, waiver or other action that the Indenture expressly provides may be made, given or taken by the holders of a specified percentage in principal amount of all Outstanding Debt Securities affected thereby or of the holders of such series and one or more additional series: (1) there shall be no minimum quorum requirement for such meeting; and (2) the principal amount of the Outstanding Debt Securities of such series that vote in favor of such request, demand, authorization, direction, notice, consent, waiver or other action will be taken into account in determining whether such request, demand, authorization, direction, notice, consent, waiver or other action has been made, given or taken under the Indenture. (Section 1504)

Satisfaction and Discharge, Legal Defeasance and Covenant Defeasance

We may discharge certain obligations to holders of Debt Securities of a series that have not already been delivered to the Trustee for cancellation and that either have become due and payable or are by their terms due and payable within one year (or scheduled for redemption within one year) by irrevocably depositing with the Trustee, in trust, funds in an amount sufficient to pay the entire indebtedness on such Debt Securities for principal (and premium, if any) and interest, if any, and any Additional Amounts with respect thereto, to the date of such deposit (if such Debt Securities have become due and payable) or to the Stated Maturity or Redemption Date, as the case may be. (Section 401)

The Indenture provides that, if the provisions of Article Fourteen are made applicable to the Debt Securities of or within any series and any related coupons pursuant to Section 301 thereunder, we may elect either

- to defease and be discharged from any and all obligations with respect to such Debt Securities and any related coupons (except for the obligations to pay Additional Amounts, if any, upon the occurrence of certain events of tax, assessment or governmental charge with respect to payments on such Debt Securities and the obligations to register the transfer or exchange of such Debt Securities and any related coupons, to replace temporary or mutilated, destroyed, lost or stolen Debt Securities and any related coupons, to maintain an office or agency in respect of such Debt Securities and any related coupons, and to hold moneys for payment in trust) (defeasance) (Section 1402) or
- to be released from our obligations under any covenant specified pursuant to Section 301 with respect to such Debt Securities and any related coupons, and any omission to comply with such obligations shall not constitute a default or an Event of Default with respect to such Debt Securities and any related coupons (covenant defeasance) (Section 1403), in either case upon the irrevocable deposit by us with the Trustee (or other qualifying trustee), in trust, of:
  - an amount in U.S. dollars;
  - Government Obligations (as defined below) applicable to such Debt Securities and coupons that through the payment of principal and interest in accordance with their terms will provide money in an amount; or
  - a combination thereof in an amount

  sufficient to pay the principal of (and premium, if any) and interest, if any, on such Debt Securities and any related coupons, and any mandatory sinking fund or analogous payments thereon, on the scheduled due dates therefor.

Such a trust may only be established if, among other things, we have delivered to the Trustee an Opinion of Counsel (as specified in the Indenture) to the effect that the holders of such Debt Securities and any related coupons will not recognize income, gain or loss for United States federal income tax purposes as a result of such defeasance or covenant defeasance and will be subject to United States federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such defeasance or covenant defeasance had not occurred, and such Opinion of Counsel, in the case of defeasance under the first clause above, must refer to and be based upon a ruling of the Internal Revenue Service or a change in applicable United States federal income tax law occurring after the date of the Indenture. (Section 1404)

"Government Obligations" means securities which are (1) direct obligations of the United States or (2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States, the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States, which are not callable or redeemable at the option of the issuer thereof. Government Obligations also include a depositary receipt issued by a bank or trust company as custodian with respect to any such Government Obligation or a specific payment of interest on or principal of any such Government Obligation held by such custodian for the account of the holder of a depositary receipt; provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depositary receipt from the amount received by the custodian in respect of the Government Obligation or the specific payment of interest on or principal of the Government Obligation evidenced by such depositary receipt. (Section 101)

In the event we effect covenant defeasance with respect to any Debt Securities and any related coupons and such Debt Securities and coupons are declared due and payable because of the occurrence of any Event of Default, other than Events of Default with respect to any covenant of which there has been defeasance, the amount of Government Obligations and funds on deposit with the Trustee will be sufficient to pay amounts due on such Debt Securities and coupons at the time of their Stated Maturity but may not be sufficient to pay amounts due on such Debt Securities and coupons at the time of the acceleration resulting from such Event of Default. In such case, we would remain liable to make payment of such amounts due at the time of acceleration.

The prospectus supplement may further describe the provisions, if any, permitting such defeasance or covenant defeasance, including any modifications to the provisions described above, with respect to the Debt Securities of or within a particular series and any related coupons.

Book-Entry Debt Securities

Unless otherwise specified in the applicable prospectus supplement, we will issue to investors Debt Securities in the form of one or more book-entry certificates registered in the name of a depositary or a nominee of a depositary. Unless otherwise specified in the applicable prospectus supplement, The Depository Trust Company ("DTC") will act as securities depositary for such book-entry securities. Debt Securities that are issued in book-entry form will be issued as fully-registered securities registered in the name of Cede & Co. ("Cede") (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered global security will be issued for each issue of Debt Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds $500,000,000, one global security will be issued with respect to each $500,000,000 of principal amount and an additional global security will be issued with respect to any remaining principal amount of such issue.

No person that acquires a beneficial interest in Debt Securities issued in book-entry form will be entitled to receive a certificate representing those Debt Securities, except as set forth in this prospectus or in the applicable prospectus supplement. Unless and until definitive securities are issued under the limited circumstances described below, all references to actions by holders or beneficial owners of Debt Securities issued in book-entry form will refer to actions taken by DTC upon instructions from its participants, and all references to payments and notices to holders or beneficial owners will refer to payments and notices to DTC or Cede, as the registered holder of those Debt Securities. The laws of some jurisdictions require some purchasers of securities to take physical delivery of their securities in definitive or paper form. These laws may impair the ability to transfer Debt Securities issued in book-entry form.

Unless otherwise specified in the applicable prospectus supplement, book-entry securities will be exchangeable for definitive securities registered in the names of persons other than DTC or its nominee only if:

- DTC is at any time unwilling, unable or ineligible to continue as depositary and a successor depositary is not appointed by us within 90 days following notice to us;
- we determine, in our sole discretion, not to have any Debt Securities represented in book-entry form; or
- an Event of Default under the Indenture has occurred and is continuing.

Any book-entry security that is exchangeable in accordance with the preceding sentence will be exchangeable for Debt Securities registered in such names as DTC directs.

If one of the events described in the immediately preceding paragraph occurs, DTC is generally required to notify all participants of the availability through DTC of definitive securities. Upon surrender by DTC of the book-entry security representing the Debt Securities and delivery of instructions for re-registration, the Trustee will reissue the Debt Securities as definitive securities. After reissuance of the Debt Securities, the Trustee will recognize the beneficial owners of those definitive securities as registered holders of Debt Securities.

Except as described above:

- a book-entry security may not be transferred except as a whole book-entry security by or among DTC, a nominee of DTC and/or a successor depositary appointed by us; and
- DTC may not sell, assign or otherwise transfer any beneficial interest in a book-entry security unless the beneficial interest is in an amount equal to an authorized denomination for the securities evidenced by the book-entry security.

The following is based on information furnished by DTC:

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities that its participants deposit with it. DTC also facilitates the post-trade settlement among its participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges in its participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct participants of DTC include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation. The Depository Trust & Clearing Corporation is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. The Depository Trust & Clearing Corporation is owned by the users of its regulated subsidiaries. Access to DTC’s system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly. DTC rules applicable to its participants are on file with the SEC.

Purchases of book-entry securities under DTC’s system must be made by or through direct participants, which will receive a credit for those book-entry securities on DTC’s records. The beneficial ownership interest of each actual purchaser of each book-entry security represented by a global security (“beneficial owner”) is in turn to be recorded on the records of the direct and indirect participants’ records. Beneficial owners will not receive written confirmation from DTC of their purchase. Beneficial owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the direct or indirect participants through which the beneficial owner entered into the transaction. Transfers of ownership interests in a global security representing book-entry securities are to be accomplished by entries made on the books of direct and indirect participants acting on behalf of beneficial owners. Beneficial owners of a global security representing book-entry securities will not receive certificates representing their ownership interests in a global security, except in the event that use of the book-entry system for those book-entry securities is discontinued.

To facilitate subsequent transfers, all global securities representing book-entry securities deposited by direct participants with DTC are registered in the name of DTC's nominee, Cede, or such other name as may be requested by an authorized representative of DTC. The deposit of global securities with DTC and their registration in the name of Cede or such other nominee of DTC do not effect any change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the global securities representing the book-entry securities; DTC's records reflect only the identity of the direct participants to whose accounts such book-entry securities are credited, which may or may not be the beneficial owners. The direct and indirect participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants, and by direct participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

If applicable, redemption notices will be sent to Cede. If less than all of the book-entry securities of like tenor and terms within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each direct participant in that issue to be redeemed.

Neither DTC nor Cede (nor any other nominee of DTC) will consent or vote with respect to the global securities representing book-entry securities unless authorized by a direct participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an omnibus proxy to us as soon as possible after the applicable record date. The omnibus proxy assigns Cede's consenting or voting rights to those direct participants to whose accounts book-entry securities are credited on the applicable record date (identified in a listing attached to the omnibus proxy).

Redemption proceeds, distributions and dividend payments on the global securities representing the book-entry securities will be made to Cede, or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit direct participants' accounts, upon DTC's receipt of funds and corresponding detailed information from us or the Trustee, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such participant and not of DTC, the Trustee or us, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments to Cede (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of us or the Trustee, disbursement of such payments to direct participants will be the responsibility of DTC, and disbursement of such payments to the beneficial owners will be the responsibility of direct and indirect participants.

A beneficial owner will give notice of any option to elect to have its book-entry securities purchased or tendered, through its participant, to the Trustee, and will effect delivery of such book-entry securities by causing the direct participant to transfer the participant's interest in the global security representing those book-entry securities, on DTC's records, to the Trustee. The requirement for physical delivery of book-entry securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the global security representing those book-entry securities are transferred by direct participants on DTC's records and followed by a book-entry credit of tendered book-entry securities to the Trustee's account with DTC.

DTC may discontinue providing its services as depositary with respect to book-entry securities at any time by giving reasonable notice to us or the Trustee. Under those circumstances, in the event that a successor depositary is not obtained, certificates are required to be printed and delivered.

We may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that we believe to be reliable, but we take no responsibility for the accuracy thereof.

Unless stated otherwise in the prospectus supplement, the underwriters or agents with respect to a series of Debt Securities issued as book-entry securities will be participants in DTC.

None of any underwriter or agent, the Trustee, any applicable Paying Agent or us will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial interests in a book-entry security, or for maintaining, supervising or reviewing any records relating to such beneficial interests.

The Trustee

We maintain ordinary banking relationships with The Bank of New York Mellon, including credit facilities and lines of credit. The Bank of New York Mellon also serves as trustee under other indentures under which we or our affiliates are the obligor.

The Trustee may resign or be removed with respect to one or more series of Debt Securities and a successor Trustee may be appointed to act with respect to such series. (Section 608) In the event that two or more persons are acting as Trustee with respect to different series of Debt Securities under the Indenture, each such Trustee shall be a Trustee of a trust thereunder separate and apart from the trust administered by any other such Trustee (Section 609), and any action described herein to be taken by the Trustee may then be taken by each such Trustee with respect to, and only with respect to, the one or more series of Debt Securities for which it is Trustee.

Governing Law

The Indenture and the Debt Securities shall be governed by and construed in accordance with the laws of the State of New York without regard to principles of conflicts of laws.

PLAN OF DISTRIBUTION

We may sell the Debt Securities:

- to or through underwriters, dealers, or agents; or
- directly to one or more other purchasers.

The prospectus supplement will set forth the terms of the offering of the particular series or issue of Debt Securities to which such prospectus supplement relates, including, as applicable:

- the name or names of any underwriters or agents;
- the initial public offering or purchase price of such Debt Securities;
- any underwriting discounts, commissions and other items constituting underwriters' compensation from us and any other discounts, concessions or commissions allowed or reallowed or paid by any underwriters to other dealers;
- any commissions paid to any agents;
- the net proceeds to us; and
- the securities exchanges, if any, on which such Debt Securities will be listed.

If underwriters are used in the sale, a particular series or issue of Debt Securities will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. The Debt Securities of a particular series or issue may be either offered to the public through underwriting syndicates represented by managing underwriters or by underwriters without a syndicate. The obligations of the underwriters to purchase such Debt Securities will be subject to certain conditions precedent and each of the underwriters with respect to such Debt Securities will be obligated to purchase all of the Debt Securities of such series or issue allocated to it if any such Debt Securities are purchased. Any initial public offering price and any discounts or concessions allowed or reallowed or paid to dealers may be changed from time to time.

The Debt Securities may be offered and sold by us directly or through agents designated by us from time to time. Any agent involved in the offer or sale of the Debt Securities in respect of which this prospectus is

delivered will be named in, and any commissions payable by us to such agent will be set forth in, the applicable prospectus supplement. Unless otherwise indicated in the applicable prospectus supplement, each such agent will be acting on a best efforts basis for the period of its appointment.

The Debt Securities, when first issued, will have no established trading market. Any underwriters, dealers or agents to or through whom we sell Debt Securities for public offering and sale may make a market in those Debt Securities, but the underwriters, dealers or agents will not be obligated to do so and may discontinue any market making at any time without notice. No assurance can be given as to the liquidity of the trading market for the Debt Securities.

If underwriters are used in the sale, to facilitate the offering of a particular series or issue of Debt Securities, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of such Debt Securities. Specifically, the underwriters may over-allot in connection with the offering, creating a short position in such Debt Securities for their own accounts. In addition, to cover over-allotments or to stabilize the price of such Debt Securities, the underwriters may bid for, and purchase, such Debt Securities in the open market. Finally, in any offering of a particular series or issue of Debt Securities through a syndicate of underwriters, the underwriting syndicate may reclaim selling concessions allowed to an underwriter or a dealer for distributing such Debt Securities in the offering, if the syndicate repurchases previously distributed Debt Securities in transactions to cover syndicate short positions, in stabilization transactions or otherwise. Any of these activities may stabilize or maintain the market price of such Debt Securities above independent market levels. The underwriters are not required to engage in these activities, and may end any of these activities at any time.

Certain of the underwriters, dealers or agents and their affiliates who participate in the distribution of Debt Securities may be customers of, engage in other transactions with, lend money to and perform other services for, us and our affiliates in the ordinary course of business.

We will set forth in the relevant prospectus supplement the anticipated delivery date of the Debt Securities and the prospectus delivery obligations of any underwriters, dealers or agents.

Any underwriters, dealers or agents participating in the distribution of the Debt Securities may be deemed to be underwriters, and any discounts or commissions received by them on the sale or resale of Debt Securities may be deemed to be underwriting discounts and commissions, under the Securities Act. Underwriters, dealers and agents may be entitled, under agreements entered into with us, to indemnification by us against certain civil liabilities, including liabilities under the Securities Act.

We will estimate our expenses associated with any offering of a particular series or issue of Debt Securities in the relevant prospectus supplement.

LEGAL OPINIONS

The validity of the Debt Securities will be passed upon for us by M. Courtney McCormick, Esquire, Deputy General Counsel of PSEG, or Tamara L. Linde, Esquire, our Executive Vice President and General Counsel and Director, and for any underwriters, dealers or agents by Sidley Austin LLP, New York, New York. Mses. McCormick and Linde may rely on the opinion of Sidley Austin LLP as to matters of New York law. Mses. McCormick and Linde own shares of common stock of PSEG. Sidley Austin LLP has from time to time represented, and continues to represent, PSEG Power LLC and its affiliates in connection with certain unrelated legal matters.

EXPERTS

The consolidated financial statements and the related consolidated financial statement schedule, incorporated in this prospectus by reference from our Annual Report on Form 10-K, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which is incorporated herein by reference. Such consolidated financial statements and consolidated financial statement schedule have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

$

% Senior Notes Due

PROSPECTUS SUPPLEMENT

June , 2016

Joint Book-Running Managers

Barclays

Goldman, Sachs & Co.

J.P. Morgan

Morgan Stanley

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424B5 1 e56100_424b5.htm PRELIMINARY PROSPECTUS SUPPLEMENT

This preliminary prospectus supplement relates to an effective registration statement under the Securities Act of 1933, as amended, but is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Filed Pursuant to Rule 424(b)(5)
Registration Statement No. 333-175397

SUBJECT TO COMPLETION, DATED NOVEMBER 5, 2013
PROSPECTUS SUPPLEMENT TO PROSPECTUS DATED AUGUST 30, 2011

$ % Senior Notes Due 2018

$ % Senior Notes Due 2023

We will pay interest on the % Senior Notes due 2018, or the 2018 Senior Notes, semi-annually on and of each year, beginning on , 2014. The 2018 Senior Notes will mature at par on , 2018, unless we redeem them in accordance with their terms prior to such date.

We will pay interest on the % Senior Notes due 2023, or the 2023 Senior Notes, semi-annually on and of each year, beginning on , 2014. The 2023 Senior Notes will mature at par on , 2023, unless we redeem them in accordance with their terms prior to such date. The 2018 Senior Notes together with the 2023 Senior Notes are collectively referred to herein as the Senior Notes.

The Senior Notes will rank equally with any of our other senior unsecured indebtedness. Our subsidiaries, PSEG Fossil LLC, or Fossil, PSEG Nuclear LLC, or Nuclear, and PSEG Energy Resources & Trade LLC, or ER&T, will fully and unconditionally guarantee the Senior Notes on a joint and several basis. The guarantees will rank equally in right of payment to all existing and future senior unsecured indebtedness of the guarantors.

We may redeem some or all of the Senior Notes of either series at any time at the applicable redemption prices, as more fully described in this prospectus supplement under the caption "Description of the Senior Notes — Optional Redemption." There is no sinking fund for the Senior Notes.

The Senior Notes will be issued only in registered form in denominations of $1,000 and integral multiples in excess thereof.

Investing in the Senior Notes involves risks. See "Risk Factors" beginning on page 6 of the accompanying prospectus, as well as the risk factors contained in our Annual Report on Form 10-K for the year ended December 31, 2012, which is incorporated herein by reference.

	Per 2018 Senior Note	Total	Per 2023 Senior Note	Total
Public Offering Price[1]	%	$	%	$
Underwriting Discount	%	$	%	$
Proceeds, before expenses, to PSEG Power LLC[1]	%	$	%	$

[1] Plus accrued interest, if any, from November , 2013 if settlement occurs after that date.

The underwriters expect to deliver the Senior Notes in book-entry form only through The Depository Trust Company on or about November , 2013.

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Neither the Securities and Exchange Commission nor any state or other securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Joint Book-Running Managers

Barclays **Goldman, Sachs & Co.** **Wells Fargo Securities**

BNP PARIBAS **Mizuho Securities**

Co-Managers

Credit Agricole CIB **TD Securities** **Drexel Hamilton**

The date of this prospectus supplement is November , 2013.

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You should rely only on the information contained or incorporated by reference or deemed to be incorporated by reference in this prospectus supplement, the accompanying prospectus and any free writing prospectus we may provide to you. We have not, and the underwriters have not, authorized any other person to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted.

You should assume that the information appearing in this prospectus supplement, the accompanying prospectus and any free writing prospectus we may provide to you and any document incorporated by reference herein and therein is only accurate as of the respective dates on the front covers hereof and thereof. Our business, prospects, financial condition, liquidity and results of operations may have changed since such dates.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first is this prospectus supplement, which describes the specific terms of the offering of each series of Senior Notes and certain other matters relating to us and the underwriters. The second part, the accompanying prospectus, gives more general information about securities we may offer from time to time, some of which information may not apply to either or both series of Senior Notes we are offering in this prospectus supplement.

If the description of the Senior Notes varies between this prospectus supplement and the accompanying prospectus, you should rely on the information contained in or incorporated by reference into this prospectus supplement.

Unless we have indicated otherwise, or the context otherwise requires (e.g., in the case of the issuer of the Senior Notes), references in this prospectus supplement and the accompanying prospectus to “PSEG Power,” “we,” “us” and “our” or similar terms are to PSEG Power LLC and its consolidated subsidiaries.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Securities and Exchange Commission, or the SEC, allows us to “incorporate by reference” information that we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference or deemed incorporated by reference is an important part of this prospectus supplement and the accompanying prospectus, and information that we file later with the SEC will be deemed to automatically update and supersede this incorporated information. We incorporate by reference the following documents filed with the SEC and any future filings made with the SEC under Section 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934, as amended, prior to the termination of the offering of the Senior Notes pursuant to this prospectus supplement.

- Our Annual Report on Form 10-K for the year ended December 31, 2012; and
- Our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2013, June 30, 2013 and September 30, 2013.

You can get a free copy of any of the documents incorporated by reference by making an oral or written request directed to:

Vice President, Investor Relations
PSEG Services Corporation
80 Park Plaza, 6th Floor
Newark, NJ 07102
Telephone (973) 430-6565

SUMMARY

The following summary contains basic information about us and the offering. It may not contain all of the information that may be important to you in making a decision to purchase the Senior Notes of either or both series. You should read this entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference or deemed to be incorporated by reference before making your investment decision.

PSEG Power LLC

We are a multi-regional, wholesale energy supply company that integrates our generating asset operations with our wholesale energy, fuel supply, energy trading and marketing and risk management activities, primarily in the Northeast and Mid-Atlantic U.S., through three principal direct wholly-owned subsidiaries: Fossil, Nuclear and ER&T. Fossil and Nuclear own and operate generation and generation-related facilities. ER&T is responsible for the day-to-day management of our energy portfolio. Fossil, Nuclear and ER&T are subject to regulation by the Federal Energy Regulatory Commission and Nuclear is also subject to regulation by the Nuclear Regulatory Commission.

We are a wholly-owned subsidiary of Public Service Enterprise Group Incorporated, or PSEG. PSEG is a public utility holding company and one of the leading providers of energy and energy-related services in the nation. PSEG has three other direct, wholly-owned subsidiaries: Public Service Electric & Gas Company, or PSE&G, PSEG Energy Holdings L.L.C., or Energy Holdings, and PSEG Services Corporation, or Services. PSE&G is New Jersey's largest public utility and is engaged principally in the transmission, distribution and sale of electric energy and gas service in New Jersey. Energy Holdings participates in energy-related lines of business through its subsidiaries. Services provides corporate support and managerial and administrative services to PSEG and its affiliates.

We are a Delaware limited liability company with principal executive offices located at 80 Park Plaza, Newark, New Jersey 07102; our telephone number is 973-430-7000.

The Offering

The following summary of the terms of the offering is provided solely for your convenience and is not intended to be complete. You should read and consider the more specific details contained in this prospectus supplement prior to making a decision to purchase the Senior Notes of either or both series. See "Description of the Senior Notes" in this prospectus supplement and "Description of Debt Securities" in the accompanying prospectus.

Issuer	PSEG Power LLC
Securities Offered	$ aggregate principal amount of % Senior Notes due , 2018 and $ aggregate principal amount of % Senior Notes due , 2023.
Ranking	The Senior Notes: • are senior unsecured obligations; • rank equally with all of our senior unsecured indebtedness; and • will rank senior to our subordinated unsecured indebtedness. At September 30, 2013, we had approximately $2.05 billion of outstanding indebtedness tha ranks equally with the Senior Notes.
Maturities	The 2018 Senior Notes will mature on , 2018 and the 2023 Senior Notes will mature on , 2023, in each case subject to the optional redemption provisions described below.
Optional Redemption	We may redeem the 2018 Senior Notes at any time prior to , 2018 and the 2023 Senior Notes at any time prior to , 2023, at a price equal to the sum of (i) 100% of the principal amount of the Senior Notes being redeemed, (ii) a make whole premium and (iii) unpaid interest accrued to the applicable redemption date. On and after , 2018, in the case of the 2018 Senior Notes, and , 2023, in the case of the 2023 Senior Notes, we may redeem the 2018 Senior Notes or the 2023 Senior Notes, as the case may be, at a price equal to the sum of (i) 100% of the principal amount of the Senior Notes being redeemed and (ii) unpaid interest accrued to the applicable redemption date. See "Description of the Senior Notes — Optional Redemption."
Interest Payment Dates	and of each year, beginning on , 2014.
Guarantees	The Senior Notes of each series will be fully and unconditionally guaranteed by our subsidiaries, Nuclear, Fossil and ER&T, on a joint and several basis. The guarantees will rank equally in right of payment to all existing and future senior unsecured indebtedness of the guarantors. We have issued a guarantee of the obligations of ER&T, which guarantee is subordinated to the Senior Notes.
Certain Covenants	The Indenture under which the Senior Notes will be issued contains certain covenants applicable to us and the above-referenced restricted subsidiaries. See "Description of the Senior Notes — Certain Covenants" in this prospectus supplement and "Description of Debt Securities — Selected Indenture Covenants" in the accompanying prospectus. These covenants limit our ability, and the ability of our restricted subsidiaries, to, among other things: • in the case of our restricted subsidiaries, incur certain indebtedness; • create liens;

	• in the case of our restricted subsidiaries, create or permit to exist dividend or payment restrictions with respect to us; • sell assets; and • engage in mergers and consolidations. In addition, the Indenture contains a covenant requiring one of our restricted subsidiaries, ER&T, to pay periodic dividends or distributions to us of the excess cash not required for its business operations. Each of these covenants is subject to a number of important qualifications and exceptions. See "Description of the Senior Notes — Certain Covenants" in this prospectus supplement and "Description of Debt Securities — Selected Indenture Covenants" in the accompanying prospectus.
Use of Proceeds	We will use the net proceeds from the sale of the Senior Notes for general corporate purposes. See "Use of Proceeds."
Trustee	Each series of the Senior Notes will be issued under an Indenture with The Bank of New York Mellon, as Trustee. The Trustee will also act as paying agent and registrar for each series of the Senior Notes.
Risk Factors	An investment in the Senior Notes involves certain risks relating to our business, prospects, financial condition, liquidity and results of operations and the terms of the Senior Notes. These risks are described in "Risk Factors" beginning on page 6 of the accompanying prospectus, as well as in the risk factors contained in our Annual Report on Form 10-K for the year ended December 31, 2012 and our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2013, June 30, 2013 and September 30, 2013, each of which is incorporate herein by reference.

USE OF PROCEEDS

The net proceeds from the sale of the Senior Notes, estimated to be approximately $ million after deducting the underwriting discount and estimated offering expenses, will be added to our general funds and used for general corporate purposes.

DESCRIPTION OF THE SENIOR NOTES

Set forth below is a description of the specific terms of the Senior Notes. This description supplements, and should be read together with, the description of the general terms and provisions of Debt Securities set forth in the accompanying prospectus under the caption "Description of Debt Securities." The following description does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the description in the accompanying prospectus and the Indenture dated as of April 16, 2001, as amended and supplemented by the First Supplemental Indenture dated as of March 13, 2002 (which we refer to collectively as the "Indenture"), between and among us, our subsidiaries, Fossil, Nuclear and ER&T (which we refer to collectively as the "Subsidiary Guarantors") and The Bank of New York Mellon, as trustee, or the Trustee. The Trustee's address is 101 Barclay Street, Floor 8 West, New York, NY 10286.

General

We will issue the Senior Notes under the Indenture. The terms of the Senior Notes are stated in the Indenture and include terms made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"). You should refer to the Indenture and the Trust Indenture Act for a statement of these terms. The Indenture is governed by New York law.

Principal, Maturity and Interest

The Indenture does not limit the aggregate principal amount of debt securities that we may issue under it and provides that debt securities may be issued under it up to the principal amount as we may authorize from time to time. The debt securities may be issued from time to time in one or more series. We may "reopen" any series of debt securities, including the Senior Notes of each series, and issue additional debt securities of that series without the consent of existing holders.

The 2018 Senior Notes and the 2023 Senior Notes will initially be limited to $ million and $ million, respectively. The Senior Notes will be issued in registered form only, without coupons, in minimum denominations of $1,000 and integral multiples of $1,000 in excess thereof. The 2018 Senior Notes will mature at par on , 2018, or the 2018 Stated Maturity Date, and the 2023 Senior Notes will mature at par on , 2023, or the 2023 Stated Maturity Date, unless, in either case, we redeem them in accordance with their terms prior to such date.

Interest on the 2018 Senior Notes will accrue at the rate of % per annum and interest on the 2023 Senior Notes will accrue at the rate of % per annum, and, in each case, will be payable semi-annually in arrears on and of each year (each, an "Interest Payment Date") beginning on , 2014. We will make each payment of interest on an Interest Payment Date to the persons in whose names the Senior Notes are registered at the close of business on the 15th day immediately preceding such Interest Payment Date.

Interest on the Senior Notes will accrue from November , 2013 or, if interest has already been paid, from the most recent Interest Payment Date to which interest was paid or duly provided for. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

If any Interest Payment Date or the 2018 Stated Maturity Date, the 2023 Stated Maturity Date or date of earlier redemption is not a Business Day, the required payment shall be made on the next succeeding day that is a Business Day, without any interest or other payment in respect of the payment subject to delay, with the same force and effect as if made on such Interest Payment Date or the 2018 Stated Maturity Date, the 2023 Stated Maturity Date or date of earlier redemption, as the case may be. "Business Day" means each Monday, Tuesday, Wednesday, Thursday and

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Friday which is not a day on which banking institutions in Newark, New Jersey and The City of New York are authorized or obligated by law or executive order to close.

Ranking

The Senior Notes will be our senior unsecured obligations. They will rank equally in right of payment to all of our existing and future senior unsecured indebtedness. As of September 30, 2013, we had issued and outstanding under the Indenture and the Subsidiary Guarantors had guaranteed senior indebtedness totaling $2.05 billion. Included within that total, we had issued and outstanding and the Subsidiary Guarantors had guaranteed an aggregate total of $44 million of our Pollution Control Notes, which are our senior unsecured obligations. The Senior Notes will rank junior to secured indebtedness to the extent of related collateral. We currently do not have any outstanding secured indebtedness.

Guarantees

The Senior Notes will be guaranteed, jointly and severally, by the Subsidiary Guarantors (which we refer to collectively as the "Subsidiary Guarantees"). The Subsidiary Guarantees will rank equally in right of payment to all existing and future senior unsecured indebtedness of the Subsidiary Guarantors. Other than intercompany debt and guarantees of our indebtedness, the Subsidiary Guarantors currently have no indebtedness outstanding.

Optional Redemption

We may redeem the 2018 Senior Notes at any time, in whole or in part, prior to , 2018 and the 2023 Senior Notes at any time, in whole or in part, prior to , 2023, in each case upon not less than 10 nor more than 60 days' prior written notice, as more fully described under " — Selection and Notice" below, at a price equal to the greater of:

(a) 100% of the principal amount of the Senior Notes being redeemed, or

(b) as determined by the calculation agent, the sum of the present values of the remaining scheduled payments of principal of and interest on the Senior Notes being redeemed, not including any portion of such payment of interest accrued to the date of redemption, from the redemption date to the applicable stated maturity date, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the treasury rate plus basis points for the 2018 Senior Notes and basis points for the 2023 Senior Notes,

plus, in either case, any accrued and unpaid interest on the principal amount being redeemed to the date of redemption.

On and after , 2018, in the case of the 2018 Notes, and , 2023, in the case of the 2023 Notes, we may redeem the 2018 Senior Notes or the 2023 Senior Notes, as the case may be, at any time, in whole or in part, upon not less than 10 nor more than 60 days' prior written notice, as more fully described under "— Selection and Notice" below, at a redemption price equal to 100% of the principal amount of the Senior Notes being redeemed, plus accrued and unpaid interest on the principal amount of the Senior Notes being redeemed to the date of redemption.

"Treasury rate" means, with respect to any redemption date for any of the Senior Notes being redeemed:

(a) the yield for the maturity corresponding to the comparable treasury issue (as defined below), under the heading that represents the average for the immediately preceding week, appearing in the most recently published statistical release designated "H.15(519)" or any successor publication that is published weekly by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption "Treasury Constant Maturities," provided, that if no maturity is within three months before or after the applicable stated maturity date for any of the Senior Notes being redeemed the yields for the two published maturities most closely corresponding to the comparable treasury issue will be determined and the treasury rate shall be interpolated or extrapolated from those yields on a straight line basis, rounding to the nearest month; or

(b) if the release referred to in (a) (or any successor release) is not published during the week preceding the calculation date or does not contain the yields referred to above, the rate per annum equal to the semi-annual equivalent yield to maturity of the

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comparable treasury issue, calculated using a price for the comparable treasury issue (expressed as a percentage of its principal amount) equal to the comparable treasury price for that redemption date.

The treasury rate will be calculated on the third Business Day preceding the redemption date.

"Comparable treasury issue" means, with respect to any redemption date for any of the Senior Notes being redeemed, the United States Treasury security selected by an "independent investment banker" as having the maturity comparable to the remaining term of the Senior Notes to be redeemed that would be utilized, at the time of selection and in accordance with the customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Senior Notes. "Independent investment banker" means one of the reference treasury dealers appointed by us after consultation with the Trustee.

"Comparable treasury price" means, with respect to any redemption date for any of the Senior Notes being redeemed:

(a) the average of three reference treasury dealer quotations (as defined below) for the redemption date, after excluding the highest and lowest of those reference treasury dealer quotations obtained by the calculation agent, or

(b) if the calculation agent obtains fewer than five reference treasury dealer quotations, the average of all reference treasury dealer quotations obtained.

"Reference treasury dealer" means each of five nationally recognized investment banking firms that are primary U.S. Government securities dealers in The City of New York (each, a "Primary Treasury Dealer") selected by us in consultation with the Trustee and initially will include Barclays Capital Inc., Goldman, Sachs & Co., a Primary Treasury Dealer selected by Wells Fargo Securities, LLC, BNP Paribas Securities Corp. and Mizuho Securities USA Inc. and their respective successors. If any reference treasury dealer ceases to be a Primary Treasury Dealer, we will substitute another Primary Treasury Dealer in its place.

"Reference treasury dealer quotations" means, with respect to each reference treasury dealer and any redemption date, the average, as determined by the calculation agent, of the bid and asked prices for the comparable treasury issue (expressed in each case as a percentage of its principal amount) quoted to the calculation agent by that reference treasury dealer at 5:00 p.m., New York City time, on the third Business Day preceding the redemption date.

Unless we default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the Senior Notes called for redemption.

Selection and Notice

The Trustee will select the Senior Notes for redemption on a pro rata basis or in accordance with any other method the Trustee considers fair and appropriate, subject to the selection convention applicable to securities in book-entry form. Senior Notes in denominations of $1,000 or less may not be redeemed in part. Notices of redemption will be delivered at least 10 but not more than 60 days prior to the redemption date to each holder of Senior Notes to be redeemed at its registered address. The notice of redemption will state the portion of the principal amount to be redeemed if a Senior Note is to be redeemed in part. An applicable Senior Note in principal amount equal to the unredeemed portion will be issued in the name of the holder upon cancellation of the original Senior Note.

Certain Covenants

The Indenture under which the Senior Notes will be issued contains the covenants described in the "Description of Debt Securities — Selected Indenture Covenants" section of the accompanying prospectus, including covenants with respect to limitations on obligations, limitations on liens, Subsidiary Guarantees, guarantee of ER&T obligations, payment of dividends by ER&T to us, limitations on dividends and other payment restrictions, and limitations on sales of assets, all as more fully described in the accompanying prospectus.

Book-Entry Only Issuance — The Depository Trust Company

The Depository Trust Company ("DTC") will act as the initial securities depositary for the Senior Notes. The Senior Notes of each series will be issued only as fully registered securities registered in the name of Cede & Co., DTC's nominee. One or more fully registered global Senior Note certificates for each series will be issued, representing in the aggregate the total principal amount of Senior Notes of such series, and will be deposited with or on behalf of DTC. See "Description of Debt Securities — Book-Entry Debt Securities" in the accompanying prospectus.

MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of certain material U.S. federal income tax consequences of the purchase, ownership and disposition of Senior Notes. Except where noted, this summary deals only with Senior Notes held as capital assets by beneficial owners of Senior Notes who purchase Senior Notes in this offering at the public offering price listed on the cover of this prospectus supplement. This summary is based upon the provisions of the Internal Revenue Code of 1986, as amended, or the Code, the Treasury Regulations promulgated thereunder and judicial and administrative rulings and decisions now in effect, all of which are subject to change or differing interpretations, possibly with retroactive effect. This summary does not purport to address all aspects of U.S. federal income taxation that may affect particular investors in light of their individual circumstances, or certain types of investors subject to special treatment under the U.S. federal income tax laws, such as persons that mark to market their securities, financial institutions, regulated investment companies, real estate investment trusts, corporations subject to the accumulated earnings tax, holders subject to the alternative minimum tax, individual retirement and other tax-deferred accounts, tax-exempt organizations, brokers, dealers in securities and commodities, certain former U.S. citizens or long-term residents, life insurance companies, persons that hold Senior Notes as part of a hedge against currency or interest rate risks or that hold Senior Notes as part of a position in a constructive sale, straddle, conversion transaction or other integrated transaction for U.S. federal income tax purposes, controlled foreign corporations, passive foreign investment companies, persons that acquire their Senior Notes in connection with employment or other performance of personal services, partnerships or other pass-through entities and investors in such entities, subsequent purchasers of the Senior Notes and U.S. holders (as defined below) whose "functional currency" is not the U.S. dollar. This summary does not address any aspect of state, local or foreign taxation or any U.S. federal tax other than the income tax.

For purposes of this summary, a "U.S. holder" is a beneficial owner of a Senior Note that, for U.S. federal income tax purposes, is:

- an individual citizen or resident of the United States;
- a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States, any state or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust, if (a) a court within the United States is able to exercise primary jurisdiction over administration of the trust and one or more U.S. persons have authority to control all substantial decisions of the trust or (b) it has a valid election in effect to be treated as a U.S. person.

For purposes of this summary, a "non-U.S. holder" is a beneficial owner of a Senior Note that is not a U.S. holder or a partnership (including an entity or arrangement treated as a partnership for U.S. federal income tax purposes).

If a partnership (including an entity or arrangement treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of Senior Notes, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. Partnerships that hold Senior Notes (and partners in such partnerships) should consult their tax advisors.

We have not requested, and do not intend to request, a ruling from the U.S. Internal Revenue Service, or the IRS, with respect to any of the U.S. federal income tax consequences described below. There can be no assurance that the IRS will not disagree with or challenge any of the conclusions set forth herein.

If you are considering investing in Senior Notes, you should consult your own tax advisor with respect to your particular tax consequences of the purchase, ownership and disposition of the Senior Notes, including the consequences under the laws of any state, local or non-U.S. jurisdiction.

U.S. holders

Payments of interest. Stated interest on a Senior Note will generally be taxable to a U.S. holder as ordinary interest income at the time it is paid or accrued in accordance with the U.S. holder's regular method of accounting for U.S. federal income tax purposes.

Sale, exchange, redemption or other taxable disposition of a Senior Note. Upon the sale, exchange, redemption or other taxable disposition of a Senior Note, a U.S. holder will recognize taxable gain or loss equal to the difference between the amount realized on the sale, exchange, redemption or other taxable disposition and the U.S. holder's adjusted tax basis in the Senior Note. For these purposes, the amount realized does not include any amount attributable to accrued interest. Amounts attributable to accrued interest are treated as interest as described under " — Payments of interest" above. A U.S. holder's adjusted tax basis in a Senior Note will generally be such U.S. holder's cost for the Senior Note. Gain or loss realized on the sale, exchange, redemption or other taxable disposition of a Senior Note will generally be capital gain or loss and will be long-term capital gain or loss if at the time of the sale, exchange, redemption or other taxable disposition the Senior Note has been held by the U.S. holder for more than one year. Long-term capital gains of individual U.S. holders are eligible for preferential rates of U.S. federal income taxation. The deductibility of capital losses is subject to limitations under the Code.

Information reporting and backup withholding. Information returns will be filed with the IRS in connection with payments on the Senior Notes and the proceeds from a sale, exchange, redemption or other disposition of the Senior Notes, unless the U.S. holder is an exempt recipient such as a corporation. A U.S. holder will be subject to U.S. backup withholding, currently at a rate of 28%, on these payments if the U.S. holder fails to provide its taxpayer identification number to the payor and comply with certain certification procedures or otherwise establish an exemption from backup withholding. Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a U.S. holder will be allowed as a credit against the U.S. holder's U.S. federal income tax liability and may entitle the U.S. holder to a refund, provided that the required information is timely furnished to the IRS.

Medicare Tax. Certain U.S. holders that are individuals, estates or trusts will be subject to a 3.8% tax on all or a portion of their "net investment income," which may include all or a portion of their interest and net gains from the disposition of Senior Notes. If you are a U.S. holder that is an individual, estate or trust, you should consult your tax advisors regarding the applicability of the Medicare tax to your income and gains in respect of your investment in the Senior Notes.

Non-U.S. holders

Payments of interest. Subject to the discussion below concerning backup withholding, payments of interest on a Senior Note received or accrued by a non-U.S. holder generally will not be subject to U.S. federal income or withholding tax, as long as the non-U.S. holder:

- does not conduct a trade or business in the United States with respect to which the interest is effectively connected;
- does not actually, indirectly or constructively own 10% or more of the total combined voting power of all classes of PSEG's stock entitled to vote, within the meaning of Section 871(h)(3) of the Code;
- is not a "controlled foreign corporation" with respect to which we are a "related person" within the meaning of Section 881(c)(3)(C) of the Code;
- is not a bank whose receipt of the interest is described in Section 881(c)(3)(A) of the Code; and
- satisfies the certification requirements described below.

The certification requirements will be satisfied if either (a) the beneficial owner of the Senior Note timely certifies, under penalties of perjury, to us or to the person who otherwise would be required to withhold U.S. tax that such owner is a non-U.S. holder and provides its name and address or (b) a custodian, broker, nominee or other intermediary acting as an agent for the beneficial owner (such as a securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business) that holds the Senior Note in such capacity timely certifies, under penalties of perjury, to us or to the person who otherwise would be required to withhold U.S. tax that such statement has been received from the beneficial owner of the Senior Note by such intermediary, or by any other financial institution between such intermediary and the beneficial owner, and furnishes to us or to the person who otherwise would be required to withhold U.S. tax a copy thereof. In addition, the foregoing certification may be provided on a properly completed IRS Form W-8BEN or W-8IMY, as applicable.

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A non-U.S. holder that is not exempt from tax under the foregoing rules generally will be subject to U.S. federal income tax withholding on payments of interest at a rate of 30% unless:

- the interest is effectively connected with a U.S. trade or business conducted by such non-U.S. holder (and, if an applicable income tax treaty so provides, is attributable to a permanent establishment maintained in the United States by the non-U.S. holder), in which case the non-U.S. holder will be subject to U.S. federal income tax on a net income basis at the rate applicable to U.S. holders generally; or
- an applicable income tax treaty provides for a lower rate of, or exemption from, withholding tax.

A non-U.S. holder that is treated as a corporation for U.S. federal income tax purposes and has effectively connected interest income (as described in the first bullet point above) may also, under certain circumstances, be subject to an additional "branch profits tax," which is generally imposed on a foreign corporation on the deemed repatriation from the United States of effectively connected earnings and profits, at a 30% rate, unless the rate is reduced or eliminated by an applicable income tax treaty.

To claim the benefit of a reduced rate or exemption from withholding under an income tax treaty or to claim exemption from withholding because income is effectively connected with a U.S. trade or business, the non-U.S. holder must timely provide the appropriate, properly executed IRS forms. Certification to claim income is effectively connected with a U.S. trade or business is generally made on IRS Form W-8ECI. Certification to claim the benefit of a reduced rate or exemption from withholding under an income tax treaty is generally made on IRS Form W-8BEN. These forms may be required to be periodically updated.

Sale, exchange, redemption or other taxable disposition of a Senior Note. A non-U.S. holder generally will not be subject to U.S. federal income tax on any gain realized on the sale, exchange, redemption or other taxable disposition of a Senior Note unless (a) such gain is effectively connected with the conduct by the non-U.S. holder of a U.S. trade or business (and, if an applicable income tax treaty so provides, is attributable to a permanent establishment maintained in the United States by the non-U.S. holder) or (b) except to the extent that an applicable income tax treaty otherwise provides, in the case of a non-U.S. holder who is an individual, the non-U.S. holder is present in the United States for 183 days or more during the taxable year in which such gain is realized and certain other conditions exist.

Except to the extent that an applicable income tax treaty otherwise provides, generally a non-U.S. holder will be taxed in the same manner as a U.S. holder with respect to gain that is effectively connected with the non-U.S. holder's conduct of a U.S. trade or business. A non-U.S. holder that is treated as a corporation for U.S. federal income tax purposes may also, under certain circumstances, be subject to the branch profits tax as described above.

Information reporting and backup withholding. Payments of interest on Senior Notes to a non-U.S. holder generally will be reported to the IRS and to the non-U.S. holder. Copies of applicable IRS information returns may be made available under the provisions of a specific tax treaty or agreement to the tax authorities of the country in which the non-U.S. holder resides. Non-U.S. holders are generally exempt from backup withholding, currently at a rate of 28%, and additional information reporting on payments of principal, premium (if any), or interest, provided that the non-U.S. holder (a) certifies its nonresident status on the appropriate IRS Form (or a suitable substitute form) and certain other conditions are met or (b) otherwise establishes an exemption.

Payments of the proceeds from a sale of Senior Notes by a non-U.S. holder made to or through a foreign office of a broker generally will not be subject to information reporting or backup withholding. Information reporting may apply to such payments, however, if the broker is a U.S. person, a controlled foreign corporation for U.S. tax purposes, the U.S. branch of a foreign bank or a foreign insurance company, a foreign partnership controlled by U.S. persons or engaged in a U.S. trade or business, or a foreign person 50% or more of whose gross income is effectively connected with a U.S. trade or business for a specified three-year period. Payments of the proceeds from the sale of Senior Notes through the U.S. office of a broker is subject to information reporting and backup withholding unless the non-U.S. holder certifies as to its non-U.S. status or otherwise establishes an exemption from information reporting and backup withholding.

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Backup withholding is not an additional tax. Any backup withholding generally will be allowed as a credit or refund against the non-U.S. holder's U.S. federal income tax liability, provided that the required information is timely furnished to the IRS.

UNDERWRITING

Subject to the terms and conditions set forth in the underwriting agreement and related terms agreement, each dated the date hereof (which we refer to collectively as the "Underwriting Agreement"), for which Barclays Capital Inc., Goldman, Sachs & Co., Wells Fargo Securities, LLC, BNP Paribas Securities Corp. and Mizuho Securities USA Inc. are acting as representatives, we have agreed to sell to each of the underwriters, and each of the underwriters has severally agreed to purchase from us, the aggregate principal amount of 2018 Senior Notes and 2023 Senior Notes set forth opposite the name of such underwriter:

Underwriter	Principal Amount of 2018 Senior Notes	Principal Amount of 2023 Senior Notes
Barclays Capital Inc.	$	$
Goldman, Sachs & Co.		
Wells Fargo Securities, LLC		
BNP Paribas Securities Corp.		
Mizuho Securities USA Inc.		
Credit Agricole Securities (USA) Inc.		
TD Securities (USA) LLC		
Drexel Hamilton, LLC		
Total	$	$

The Underwriting Agreement provides that the obligations of the underwriters to pay for and accept delivery of the Senior Notes are subject to, among other things, the approval of certain legal matters by their counsel and certain other conditions. The underwriters are obligated to take and pay for all the Senior Notes if any are taken. If any underwriter in respect of Senior Notes of a series defaults, the Underwriting Agreement provides that the purchase commitments of the non-defaulting underwriters may be increased or the Underwriting Agreement may be terminated.

The underwriters have advised us that they propose initially to offer all or part of the Senior Notes of each series to the public at the applicable public offering price set forth on the cover page of this prospectus supplement and may offer the Senior Notes of each series to certain dealers at such applicable price less a concession not in excess of % of the principal amount of the 2018 Senior Notes and % of the principal amount of the 2023 Senior Notes. The underwriters may allow, and such dealers may reallow, a discount not in excess of % of the principal amount of the 2018 Senior Notes and % of the principal amount of the 2023 Senior Notes. After the initial public offering, the applicable public offering price, concession and discount may be changed. Each series of Senior Notes is offered subject to receipt and acceptance by the underwriters and to certain other conditions, including the right to reject orders in whole or in part.

The underwriting discount to be paid by us to the underwriters will be % per 2018 Senior Note and % per 2023 Senior Note, for a total of $. In addition, we estimate that we will incur other offering expenses of approximately $.

Neither series of Senior Notes will have an established trading market when issued, and it is not anticipated that either series of Senior Notes will be listed on any securities exchange. The underwriters have advised us that they intend to make a market for the Senior Notes of each series, but they have no obligation to do so, and may discontinue market making at any time without providing any notice. No assurance can be given as to the development, maintenance or liquidity of any trading market for the Senior Notes of either or both series.

In connection with the offering, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the prices of the Senior Notes. Specifically, the underwriters may over-allot in connection with this offering, creating short positions in the Senior Notes of either or both series for their own account. In addition, to cover over-allotments or to stabilize the prices of the Senior Notes of either or both series, the underwriters may bid for, and purchase Senior Notes in the open market. Finally, the underwriters may reclaim selling concessions allowed to a dealer for distributing Senior Notes in this offering, if the underwriters repurchase previously distributed Senior Notes in transactions that cover syndicate short positions, in stabilization transactions or otherwise. Any of these activities may stabilize or maintain the prices of the Senior Notes of either or both series above independent market levels. The underwriters are not required to engage in these activities, and may end any of these activities at any time and, in any case, will end these activities after a limited period.

Neither we nor the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the prices of the Senior Notes of either or both series. In addition, neither we nor the underwriters make any representation that such transactions will be engaged in or that such transactions, once commenced, will not be discontinued without notice.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended, or to contribute to payments required to be made in respect thereof.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services, including lending under certain of our credit facilities, to us and to persons and entities with relationships with us for which they are paid customary fees and expenses.

In the ordinary course of their various business activities, the underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of ours (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with us. The underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

LEGAL MATTERS

Certain legal matters with respect to the offering of the Senior Notes will be passed upon for us by M. Courtney McCormick, Esquire, Associate General Counsel of PSEG, or J. A. Bouknight, Jr., Esquire, Executive Vice President and General Counsel of PSEG. Sidley Austin LLP, New York, New York, will act as counsel to the underwriters in this offering. Sidley Austin LLP will rely on the opinion of Ms. McCormick or Mr. Bouknight as to all matters of New Jersey law, and Ms. McCormick or Mr. Bouknight may rely on the opinion of Sidley Austin LLP as to matters of New York law. Ms. McCormick and Mr. Bouknight are also employees of our affiliate, Services. Sidley Austin LLP has from time to time represented, and continues to represent, us and our affiliates in connection with certain unrelated legal matters.

EXPERTS

The consolidated financial statements and the related consolidated financial statement schedule, incorporated in this prospectus supplement and the accompanying prospectus by reference from our Annual Report on Form 10-K for the year ended December 31, 2012, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which is incorporated herein by reference. Such consolidated financial statements and consolidated financial statement schedule have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

PROSPECTUS

PSEG Power LLC
80 Park Plaza, P.O. Box 1171
Newark, New Jersey 07101-1171
(973) 430-7000

$2,500,000,000

Senior Debt Securities

We may offer from time to time, together or separately, one or more series of our unsecured senior debt securities. The Debt Securities will rank equally with all of our other unsubordinated and unsecured indebtedness. The Debt Securities will be fully and unconditionally guaranteed jointly and severally by our three principal operating subsidiaries as described in this prospectus. The guarantees rank equally with these subsidiaries' unsecured and unsubordinated indebtedness.

When a particular series of Debt Securities is offered, we will prepare a prospectus supplement setting forth the particular terms of the offered Debt Securities. You should read this prospectus and any prospectus supplement carefully before you make any decision to invest in the Debt Securities.

The aggregate initial public offering price of all Debt Securities which may be sold under this prospectus shall not exceed $2,500,000,000.

We will sell the Debt Securities directly, through agents, underwriters or dealers as designated from time to time, or through a combination of such methods. If any such agents, underwriters or dealers are involved in the sale of the Debt Securities in respect of which this prospectus is being delivered, the names of such agents, underwriters or dealers and any applicable agent's commission, underwriter's discount or dealer's purchase price and the net proceeds to us from such sale will be set forth in, or may be calculated on the basis set forth in, the applicable prospectus supplement. See "Plan of Distribution" for possible indemnification arrangements for any such agents, underwriters and dealers.

This prospectus may not be used to consummate sales of the Debt Securities without the delivery of one or more prospectus supplements.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed on the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

Investing in our Debt Securities involves risks. You should carefully review "Risk Factors" beginning on page 6 of this prospectus, as well as the risk factors contained in our most recently filed Annual Report on Form 10-K and our other periodic reports filed with the Securities and Exchange Commission and incorporated by reference into this prospectus before you invest in any of our Debt Securities.

The date of this prospectus is August 30, 2011.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that PSEG Power LLC filed with the Securities and Exchange Commission (the "SEC") utilizing a "shelf" registration process. Under this shelf process, we may, from time to time, sell the Debt Securities described in this prospectus in one or more offerings of one or more series. The aggregate principal amount of Debt Securities which we may offer under this prospectus is $2,500,000,000. Each time we sell Debt Securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with the additional information described under the heading "Where You Can Find More Information."

We believe that we have included or incorporated by reference all information material to investors in this prospectus, but certain details that may be important for specific investment purposes have not been included. To see more detail, you should read the exhibits filed with or incorporated by reference into the registration statement.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and special reports and other information with the SEC. You may read and copy any material on file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Our filings are also available to the public over the Internet at the SEC's web site at http://www.sec.gov. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room.

The SEC allows us to "incorporate by reference" information that we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference or deemed incorporated by reference is an important part of this prospectus, and information that we file later with the SEC will be deemed to automatically update and supersede this incorporated information. We incorporate by reference the following documents filed with the SEC.

- Our Annual Report on Form 10-K for the year ended December 31, 2010; and
- Our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2011 and June 30, 2011.

We also incorporate by reference any future filings made with the SEC under Sections 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), (i) after the date of the initial registration statement of which this prospectus is a part and prior to the effectiveness of the registration statement and (ii) on or after the date of this prospectus and prior to the termination of any particular offering of Debt Securities, except, in each case, for current reports on Form 8-K containing only disclosure furnished under items 2.02 or 7.01 of Form 8-K and exhibits relating to such disclosure, unless otherwise specifically stated in the Form 8-K.

You can get a free copy of any of the documents incorporated by reference by making an oral or written request directed to:

Vice President, Investor Relations
PSEG Services Corporation
80 Park Plaza, 6th Floor
Newark, NJ 07102
Telephone (973) 430-6565

You should rely only on the information contained or incorporated by reference or deemed to be incorporated by reference in this prospectus or in the prospectus supplement or documents to which we otherwise refer you. We have not authorized anyone else to provide you with different or additional information. You should not rely on any other information or representations. Our business, prospects, financial condition and results of operations may change after this prospectus and the prospectus supplement are distributed. You should not assume that the information in this prospectus and the prospectus supplement are accurate as of any date other than the dates on the front of those documents. You should read all information supplementing this prospectus.

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FORWARD-LOOKING STATEMENTS

This prospectus and any prospectus supplement, including documents incorporated by reference or deemed to be incorporated by reference, include "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, included in this prospectus and any prospectus supplement or in documents incorporated by reference or deemed to be incorporated by reference that address activities, events or developments that we expect or anticipate will or may occur in the future, including such matters as our future performance, future capital expenditures and growth, revenues, earnings, business strategy, market and industry developments and prospects, are forward-looking statements. When used in this prospectus, any prospectus supplement or in documents incorporated by reference or deemed to be incorporated by reference, the words "will", "anticipate", "intend", "estimate", "believe", "expect", "plan", "should", "hypothetical", "potential", "forecast", "project", variations of such words and similar expressions are intended to identify forward-looking statements. These statements are based on assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions and expected future developments as well as other factors we believe are appropriate under the circumstances. However, actual results and developments may differ materially from our expectations and predictions due to a number of risks and uncertainties, many of which are beyond our control. Certain factors that could cause actual results to differ materially from those contemplated in any forward-looking statements are discussed in the Risk Factors and Management's Discussion and Analysis of Financial Condition and Results of Operations sections of our most recently filed Annual Report on Form 10-K and any subsequently filed Quarterly Reports on Form 10-Q and in the notes to our financial statements and other information filed with the SEC. These factors include, but are not limited to:

- Adverse changes in energy industry law, policies and regulation, including market structures and a potential shift away from competitive markets toward subsidized market mechanisms, transmission planning and cost allocation rules, including rules regarding how transmission is planned and who is permitted to build transmission in the future, and reliability standards.
- Changes in federal and state environmental regulations that could increase our costs or limit operations of our generating units.
- Changes in nuclear regulation and/or general developments in the nuclear power industry, including various impacts from any accidents or incidents experienced at our facilities or by others in the industry, that could limit operations of our nuclear generating units.
- Actions or activities at one of our nuclear units located on a multi-unit site that might adversely affect our ability to continue to operate that unit or other units at the same site.
- Any inability to balance our energy obligations, available supply and trading risks.
- Any deterioration in our credit quality or the credit quality of our counterparties.
- Availability of capital and credit at commercially reasonable terms and conditions and our ability to meet cash needs.
- Any inability to realize anticipated tax benefits or retain tax credits.
- Changes in the cost of, or interruption in the supply of, fuel and other commodities necessary to the operation of our generating units.
- Delays in the receipt of necessary permits and approvals for our construction and development activities.
- Delays or unforeseen cost escalations in our construction and development activities.
- Adverse changes in the demand for or price of the capacity and energy that we sell into wholesale electricity markets.

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- Increase in competition in energy markets in which we compete.
- Challenges associated with recruitment and/or retention of a qualified workforce.

- Adverse performance of our decommissioning and defined benefit plan trust fund investments and changes in discount rates and funding requirements.
- Changes in technology and customer usage patterns.

Additional information concerning these factors is set forth or referred to under “Risk Factors”.

All of the forward-looking statements made in this prospectus and any prospectus supplement or in documents incorporated by reference or deemed to be incorporated by reference are qualified by these cautionary statements and we cannot assure you that the results or developments anticipated by us will be realized or, even if realized, will have the expected consequences to, or effects on, us or our business prospects, financial condition or results of operations. You should not place undue reliance on these forward-looking statements in making your investment decision to purchase any Debt Securities. Except as may be required by the federal securities laws, we expressly disclaim any obligation or undertaking to release publicly any updates or revisions to these forward-looking statements to reflect events or circumstances that occur or arise or are anticipated to occur or arise after the date hereof. In making an investment decision regarding the Debt Securities, we are not making, and you should not infer, any representation about the likely existence of any particular future set of facts or circumstances. The forward-looking statements contained in this prospectus, any prospectus supplement and the documents incorporated by reference or deemed to be incorporated by reference into this prospectus and any prospectus supplement are intended to qualify for the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Exchange Act.

PSEG POWER LLC

We are a multi-regional, wholesale energy supply company that integrates our generating asset operations with our wholesale energy, fuel supply, energy trading and marketing and risk management activities, primarily in the Northeast and Mid-Atlantic U.S., through three principal direct wholly-owned subsidiaries: PSEG Fossil LLC (“Fossil”), PSEG Nuclear LLC (“Nuclear”) and PSEG Energy Resources & Trade LLC (“ER&T”). Fossil and Nuclear own and operate generation and generation-related facilities. ER&T is responsible for the day-to-day management of our energy portfolio. Fossil, Nuclear and ER&T are subject to regulation by the Federal Energy Regulatory Commission and Nuclear is also subject to regulation by the Nuclear Regulatory Commission.

We are a wholly-owned subsidiary of Public Service Enterprise Group Incorporated (“PSEG”). PSEG is a public utility holding company and one of the leading providers of energy and energy-related services in the nation. PSEG has three other direct, wholly-owned subsidiaries: Public Service Electric & Gas Company (“PSE&G”), PSEG Energy Holdings L.L.C. (“Energy Holdings”) and PSEG Services Corporation (“Services”). PSE&G is New Jersey’s largest public utility and is engaged principally in the transmission, distribution and sale of electric energy and gas service in New Jersey. Energy Holdings participates in energy-related lines of business through its subsidiaries. Services provides corporate support and managerial and administrative services to PSEG and its affiliates.

We are a Delaware limited liability company with principal executive offices located at 80 Park Plaza, Newark, New Jersey 07102; our telephone number is 973-430-7000. In this prospectus, unless otherwise indicated or unless the context otherwise requires, “we”, “our” and “us” refer to PSEG Power LLC and its consolidated subsidiaries.

You can obtain additional information about us in the reports and other documents incorporated by reference in this prospectus. See “Where You Can Find More Information.”

RISK FACTORS

In addition to the risk factors contained in our most recently filed Annual Report on Form 10-K and our other periodic reports filed with the SEC and incorporated by reference into this prospectus, as well as those risk factors that may be included in the applicable prospectus supplement and other information contained in the documents incorporated by reference or elsewhere in this prospectus, prospective investors should carefully consider the risks described below before making a decision to purchase the Debt Securities. Such factors could have a material adverse effect on our business, prospects, financial condition, results of operations or net cash flows and on the trading price of the Debt Securities. Such factors could affect actual results and cause our results to differ materially from those expressed in any forward-looking statements made by, or on behalf of, us. See "Forward-Looking Statements."

Because We are a Holding Company, our Ability to Service Our Debt Could Be Limited

We are a holding company with no material assets other than the stock or membership interests of our subsidiaries. Accordingly, all of our operations are conducted by our subsidiaries. We depend on our subsidiaries' cash flow and our access to capital in order to service our indebtedness. Any project-related debt agreements of subsidiaries will generally restrict their ability to pay dividends, make cash distributions or otherwise transfer funds to us. These restrictions may include achieving and maintaining financial performance or debt coverage ratios, absence of events of default, or priority in payment of other current or prospective obligations. Our subsidiaries' ability to pay dividends, make cash distributions or otherwise transfer funds to us may also be limited or restricted by regulatory considerations or applicable law.

Our subsidiaries may finance some investments using non-recourse project level financing. A non-recourse project financing is generally structured to be repaid out of cash flows provided by the investment. In the event of a default under a financing agreement which is not cured, the lenders would generally have rights to the related assets. In the event of foreclosure after a default, our subsidiary may lose its equity in the asset or may not be entitled to any cash that the asset may generate.

We can give no assurances that our current and future capital structure, operating performance or financial condition will permit us to access the capital markets or to obtain other financing at the times, in the amounts and on the terms necessary or advisable for us to successfully carry out our business strategy or to service our indebtedness.

The Indenture Restricts Our Ability to Enter into Certain Transactions

The Indenture (as defined below under "Description of Debt Securities") restricts our ability and the ability of our Restricted Subsidiaries (as defined below under "Description of Debt Securities") to, among other things:

- in the case of our Restricted Subsidiaries, incur certain indebtedness;
- create or permit to exist liens;
- in the case of our Restricted Subsidiaries, create or permit to exist dividend or payment restrictions with respect to us;
- sell assets; and
- engage in mergers and consolidations.

These restrictions may limit our ability to finance future operations, respond to changing business and economic conditions, secure any needed additional financing and engage in opportunistic transactions. See "Description of Debt Securities — Selected Indenture Covenants."

PSEG Could Exercise Its Control Over Us to the Detriment of Holders of the Debt Securities

Our sole limited liability company member, PSEG, controls the election of our directors and all other matters submitted for member approval and has control over our management and affairs. In circumstances involving a conflict of interest between PSEG, as the sole member, on the one hand, and our creditors, on the other, we can give no assurance that PSEG would not exercise its power to control us in a manner that would benefit PSEG to the detriment of our creditors, including the holders of the Debt Securities.

The Indenture imposes no limitations on our ability to pay dividends or to make other payments to PSEG or on our ability to enter into transactions with PSEG or our other affiliates.

Fraudulent Transfer Statutes and Similar Limitations May Limit Your Rights as a Holder

Each of our Restricted Subsidiaries will guarantee our obligations on the Debt Securities (each a "Subsidiary Guarantee"). See "Description of Debt Securities — Selected Indenture Covenants — Guarantee of Debt Securities."

Under federal and state fraudulent transfer laws, a court could find that the Subsidiary Guarantee provided by a Restricted Subsidiary constituted a fraudulent conveyance by that Restricted Subsidiary. To do so, a court would typically have to find that, at the time the Subsidiary Guarantee was issued, the relevant Restricted Subsidiary:

- issued the Subsidiary Guarantee with the intent of hindering, delaying or defrauding its current or future creditors; or
- (a) received less than fair consideration or reasonably equivalent value for incurring the indebtedness represented by its Subsidiary Guarantee; and (b) either (i) was insolvent or was rendered insolvent by reason of the issuance of the Subsidiary Guarantee or would be rendered insolvent upon payment of the Subsidiary Guarantee, (ii) was engaged, or about to engage, in a business or transaction for which its remaining unencumbered assets were unreasonably small or (iii) intended to incur, or believed or should have believed it would incur, debts beyond its ability to pay as such debts mature.

Many of the foregoing terms are defined in or interpreted under those fraudulent transfer statutes.

Different jurisdictions define "insolvency" differently. However, an entity generally would be considered insolvent at the time it incurred any particular obligation if (1) its liabilities exceeded its assets, at a fair valuation, (2) the present fair saleable value of its assets was less than the amount required to pay its total existing debts and liabilities (including any probable liability related to contingent liabilities) as they became absolute and matured or (3) it could not pay its debts as they became due. We cannot assure you of the standard a court would apply in order to determine whether any Restricted Subsidiary was "insolvent" as of the date the applicable Subsidiary Guarantee was issued, or that regardless of the method of valuation, a court would not determine, regardless of whether such Restricted Subsidiary was insolvent on the date the Subsidiary Guarantee was issued, that the payments constituted fraudulent transfers on another ground.

If a court were to make any such finding, it could:

- void all or a portion of the relevant Restricted Subsidiary's obligations on the Subsidiary Guarantees;
- subordinate the relevant Restricted Subsidiary's obligations on the Subsidiary Guarantees to obligations owed to its other existing and future creditors, entitling those creditors to be paid in full before any payment is made on the relevant Subsidiary Guarantee; and/or
- take other actions detrimental to you, including invalidating the relevant Subsidiary Guarantee.

In that event, we cannot assure you that you would receive any payment under the Subsidiary Guarantee of the relevant Restricted Subsidiary.

There is No Trading Market for the Debt Securities

We do not intend to list any series of the Debt Securities on any U.S. securities exchange. We can give no assurance that an active trading market for the Debt Securities will develop or, if one develops, will be maintained or be liquid. If an active trading market does not develop or is not maintained, investors may not be able to sell their Debt Securities when desired, or perhaps at all, or be able to sell the Debt Securities at a price equal to or above the price the investors paid for them. The Debt Securities may not be appropriate as a short-term investment, and investors should consider the potentially illiquid and long-term nature of their investment in the Debt Securities before making an investment decision.

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CONSOLIDATED RATIOS OF EARNINGS TO FIXED CHARGES

Our consolidated ratios of earnings to fixed charges for each of the periods indicated are as follows:

	Six Months Ended June 30, 2011	Years Ended December 31,				
		2010	2009	2008	2007	2006
Ratios of Earnings to Fixed Charges[1]	8.95	8.78	9.67	9.00	9.12	5.46

1 The term Earnings shall be defined as pre-tax income from continuing operations. Add to pre-tax income the amortization of capitalized interest and the amount of fixed charges adjusted to exclude the amount of any interest capitalized during the period. Fixed Charges represent (a) interest, whether expensed or capitalized, (b) amortization of debt discount, premium and expense and (c) an estimate of interest implicit in rentals.

USE OF PROCEEDS

Unless we state otherwise in the accompanying prospectus supplement, the net proceeds from the sale of the Debt Securities will be added to our general funds and will be used for general corporate purposes.

DESCRIPTION OF DEBT SECURITIES

We may issue our Debt Securities from time to time. The Debt Securities will be issued under an Indenture dated as of April 16, 2001, as amended and supplemented by the First Supplemental Indenture dated as of March 13, 2002 (the "Indenture"), among us and The Bank of New York Mellon as Trustee (the "Trustee"). The Indenture is filed as an exhibit to the registration statement. The Indenture is subject to and governed by the Trust Indenture Act of 1939, as amended (the "TIA"). Selected provisions of the Indenture have been summarized below. This summary is not complete. You should read the Indenture for provisions that may be important to you. In the summary below, references to section numbers of the Indenture are included so that you can easily locate these provisions. Capitalized terms used in the summary have the meanings specified in the Indenture. Parenthetical references below are to the Indenture or to the TIA, as applicable. In this section, references to "we", "our" and "us" refer to PSEG Power LLC, except where the context otherwise requires.

General

The Debt Securities will be our senior unsecured obligations. They will rank equally with all of our other unsecured and unsubordinated indebtedness. Each series of Debt Securities will be guaranteed, jointly and severally, by Fossil, Nuclear and ER&T (the "Subsidiary Guarantors") as described below. The Subsidiary Guarantees will rank equally in right of payment to all existing and future senior unsecured indebtedness of the Subsidiary Guarantors. Other than intercompany debt, the Subsidiary Guarantors currently have no indebtedness outstanding. As of June 30, 2011, we had issued and outstanding under the Indenture and the Subsidiary Guarantors had guaranteed senior indebtedness totaling $2.659 billion. In addition, as of that date, we had issued and outstanding and the Subsidiary Guarantors had guaranteed an aggregate total of $208 million of our pollution control notes, which are our senior unsecured obligations.

We have the ability to issue Debt Securities with terms different from those of Debt Securities previously issued and, without the consent of the holders thereof, to reopen a previous series of Debt Securities and issue additional Debt Securities of such series (unless such reopening was restricted when such series was created).

Provisions Applicable to Particular Series

The Indenture provides that any Debt Securities proposed to be sold pursuant to this prospectus and an accompanying prospectus supplement (the "Offered Securities"), as well as other of our unsecured debt securities, may be issued under the Indenture in one or more series, as authorized by us from time to time. The particular terms of such Offered Securities and any modifications of or additions to the general terms of the Debt Securities as described in this prospectus that may be applicable in the case of the Offered Securities will be described in the applicable prospectus supplement. Accordingly, for a description of the terms of any Offered Securities, you should

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refer to both the prospectus supplement for that series and the description of Debt Securities set forth in this prospectus.

You should refer to the prospectus supplement for the following information for each particular series of Offered Securities:

- The title of such Debt Securities.
- The aggregate principal amount of such Debt Securities and any limit on the aggregate principal amount of Debt Securities of such series.
- If other than the principal amount thereof, the portion of the principal amount thereof payable upon declaration of acceleration of the maturity thereof or the method by which such portion will be determined.
- The date or dates, or the method by which such date or dates will be determined or extended, on which the principal of such Debt Securities will be payable.
- The rate or rates at which such Debt Securities will bear interest, if any, or the method by which such rate or rates will be determined, the date or dates from which such interest will accrue or the method by which such date or dates will be determined, the date or dates on which such interest, if any, will be payable and the Regular Record Date or Dates, if any, for the interest payable on any Registered Security on any Interest Payment Date, or the method by which any such date will be determined, and the basis upon which interest will be calculated if other than that of a 360-day year of twelve 30-day months.
- The date or dates on which or the period or periods within which, the price or prices at which and the other terms and conditions upon which, such Debt Securities may be redeemed, in whole or in part, at our option and whether we are to have that option.
- Our obligation, if any, to redeem, repay or purchase such Debt Securities, in whole or in part, pursuant to any sinking fund or analogous provision or at the option of a holder thereof and the period or periods within which or the date or dates on which, the price or prices at which and the other terms and conditions upon which, such Debt Securities will be so redeemed, repaid or purchased.
- Whether such Debt Securities are to be issuable as Registered Securities, Bearer Securities (with or without coupons) or both, any restrictions applicable to the offer, sale or delivery of Bearer Securities and the terms, if any, upon which Bearer Securities of the series may be exchanged for Registered Securities of the series and vice versa (if permitted by applicable laws and regulations), whether such Debt Securities will be issuable initially in temporary global form, whether any such Debt Securities will be issuable in permanent global form with or without coupons and, if so, whether beneficial owners of interests in any such permanent global security may exchange such interests for Debt Securities of such series in certificated form and of like tenor of any authorized form and denomination and the circumstances under which any such exchanges may occur, if other than in the manner provided in the Indenture, and, if Registered Securities are to be issuable as a global security, the identity of the depositary for such Debt Securities.
- Whether the amount of payments of principal of (or premium, if any) or interest, if any, on such Debt Securities may be determined with reference to an index, formula or other method (which index, formula or method may be based on one or more currencies, commodities, equity indices or other indices) and the manner in which such amounts will be determined.
- The place or places, if any, other than or in addition to The City of New York, where the principal of (and premium, if any) and interest, if any, on such Debt Securities will be payable, where any Registered Securities may be surrendered for registration of transfer, where such Debt Securities may be surrendered for exchange, where Debt Securities of a series that are convertible or exchangeable may be surrendered for conversion or exchange, as applicable, and where notices or demands to or upon us in respect of such Debt Securities and the Indenture may be served.
- The denomination or denominations in which such Debt Securities will be issuable, if other than $1,000, or any integral multiple thereof, in the case of Registered Securities and $5,000 in the case of Bearer Securities.

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- If other than the Trustee, the identity of each Security Registrar and/or Paying Agent.
- The date as of which any Bearer Securities of the series and any temporary Debt Security issued in global form representing Outstanding Securities of the series will be dated if other than the date of original issuance of the first Debt Security of the series to be issued.

- The applicability, if at all, to such Debt Securities of the provisions of Article Fourteen of the Indenture described under "— Satisfaction and Discharge, Legal Defeasance and Covenant Defeasance" and any provisions in modification of, in addition to or in lieu of any of the provisions of such Article.

- The Person to whom any interest on any Registered Security of the series will be payable, if other than the Person in whose name such Registered Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, the manner in which, or the Person to whom, any interest on any Bearer Security of the series shall be payable, if otherwise than upon presentation and surrender of the coupons appertaining thereto as they severally mature, and the extent to which, or the manner in which, any interest payable on a temporary Debt Security issued in global form will be paid if other than in the manner provided in the Indenture.

- If such Debt Securities are to be issuable in definitive form (whether upon original issue or upon exchange of a temporary Debt Security of such series) only upon receipt of certain certificates or other documents or satisfaction of other conditions, the form and/or terms of such certificates, documents or conditions.

- Whether and under what circumstances we will pay Additional Amounts, as contemplated by Section 1004 of the Indenture, on such Debt Securities to any holder who is not a United States person (including any modification to the definition of such term as contained in the Indenture as originally executed) in respect of any tax, assessment or governmental charge and, if so, whether we will have the option to redeem such Debt Securities rather than pay such Additional Amounts (and the terms of any such option).

- The provisions, if any, granting special rights to the holders of such Debt Securities upon the occurrence of such events as may be specified.

- Any deletions from, modifications of or additions to the Events of Default or covenants with respect to such Debt Securities (which Events of Default or covenants are consistent with the Events of Default or covenants set forth in the general provisions of the Indenture).

- Whether such Debt Securities will be convertible into or exchangeable for any other securities and, if so, the terms and conditions upon which such Debt Securities will be so convertible or exchangeable.

- Any other terms of such Debt Securities.

If applicable, the prospectus supplement will also set forth a discussion of federal income tax considerations relevant to the Debt Securities being offered.

For purposes of this prospectus, any reference to the payment of principal of (or premium, if any) or interest, if any, on such Debt Securities will be deemed to include mention of the payment of any Additional Amounts required by the terms of such Debt Securities.

Debt Securities may provide for less than the entire principal amount thereof to be payable upon declaration of acceleration of the maturity thereof ("Original Issue Discount Securities"). Federal income tax and other considerations pertaining to any such Original Issue Discount Securities will be discussed in the applicable prospectus supplement.

The Indenture also provides that there may be more than one Trustee thereunder, each with respect to one or more different series of Debt Securities. See "— The Trustee" herein. At a time when two or more Trustees are acting under the Indenture, each with respect to only certain series, the term Debt Securities, as used herein, will mean the one or more series with respect to which each respective Trustee is acting. In the event that there is more than one Trustee under the Indenture, the powers and trust obligations of each Trustee as described herein will extend only to the one or more series of Debt Securities for which it is Trustee. If two or more Trustees are acting under the Indenture, then the Debt Securities for which each Trustee is acting would in effect be treated as if issued under separate indentures.

The general provisions of the Indenture do not contain any provisions that would limit our ability to incur indebtedness or that would afford holders of Debt Securities protection in the event of a highly leveraged or similar transaction. Reference is made to the prospectus supplement for information with respect to any deletions from, modifications of or additions to the Events of Default or the covenants that are described below, including any addition of a covenant or other provision providing event risk or similar protection.

Denominations, Registration and Transfer

Debt Securities of a series may be issuable solely as Registered Securities, solely as Bearer Securities or as both Registered Securities and Bearer Securities. The Indenture also provides that Debt Securities of a series may be issuable in global form. (Section 203) See "— Book-Entry Debt Securities". Unless otherwise provided in the prospectus supplement, Debt Securities denominated in U.S. dollars (other than Global Securities, which may be of any denomination) are issuable in denominations of $1,000, or any integral multiples of $1,000, in the case of Registered Securities and in the denomination of $5,000 in the case of Bearer Securities. (Section 302) Unless otherwise indicated in the prospectus supplement, Bearer Securities will have interest coupons attached. (Section 201)

Registered Securities will be exchangeable for other Registered Securities of the same series. If (but only if) provided in the prospectus supplement, Bearer Securities (with all unmatured coupons, except as provided below, and all matured coupons which are in default) of any series may be similarly exchanged for Registered Securities of the same series of any authorized denominations and of a like aggregate principal amount and tenor. If so provided, Bearer Securities surrendered in exchange for Registered Securities between a Regular Record Date or a Special Record Date and the relevant date for payment of interest will be surrendered without the coupon relating to such date for payment of interest, and interest will not be payable in respect of the Registered Security issued in exchange for such Bearer Security, but will be payable only to the holder of such coupon when due in accordance with the terms of the Indenture. Unless otherwise specified in the prospectus supplement, Bearer Securities will not be issued in exchange for Registered Securities. (Section 305)

Registered Securities of a series may be presented for registration of transfer and Debt Securities of a series may be presented for exchange

- at each office or agency required to be maintained by us for payment of such series as described in "— Payment and Paying Agents," and
- at each other office or agency that we may designate from time to time for such purposes.

No service charge will be made for any transfer or exchange of Debt Securities, but we may require payment of any tax or other governmental charge payable in connection therewith. (Section 305)

We will not be required to:

- issue, register the transfer of or exchange Debt Securities during a period beginning at the opening of business 15 days before any selection of Debt Securities of that series to be redeemed and ending at the close of business on (A) the day of mailing of the relevant notice of redemption if Debt Securities of the series are issuable only as Registered Securities and (B) if Debt Securities of the series are issuable as Bearer Securities, the day of the first publication of the relevant notice of redemption, or, if Debt Securities of the series are also issuable as Registered Securities and there is no publication, the day of mailing of the relevant notice of redemption;
- register the transfer of or exchange any Registered Security, or portion thereof, called for redemption, except the unredeemed portion of any Registered Security being redeemed in part;
- exchange any Bearer Security called for redemption, except to exchange such Bearer Security for a Registered Security of that series and like tenor that is simultaneously surrendered for redemption; or
- issue, register the transfer of or exchange any Debt Security which has been surrendered for repayment at the option of the holder, except the portion, if any, of such Debt Security not to be so repaid. (Section 305)

Payment and Paying Agents

Unless otherwise provided in the prospectus supplement, principal, premium, if any, and interest, if any, and Additional Amounts, if any, on Registered Securities will be payable at any office or agency to be maintained by us in Newark, New Jersey and New York, New York, except that at our option interest on an Interest Payment Date (including Additional Amounts, if any) may be paid (1) by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register or (2) by wire transfer to an account maintained by the Person entitled thereto as specified in the Security Register. (Sections 307, 1001 and

1002) Unless otherwise provided in the prospectus supplement, payment of any installment of interest on Registered Securities will be made to the Person in whose name such Registered Security is registered at the close of business on the Regular Record Date for such interest. (Section 307)

If Debt Securities of a series are issuable solely as Bearer Securities or as both Registered Securities and Bearer Securities, unless otherwise provided in the prospectus supplement, we will be required to maintain an office or agency (1) outside the United States at which, subject to any applicable laws and regulations, the principal of (and premium, if any) and interest, if any, on such series will be payable and (2) in The City of New York for payments with respect to any Registered Securities of such series (and for payments with respect to Bearer Securities of such series in the limited circumstances described below, but not otherwise). (Section 1002) The initial locations of such offices and agencies will be specified in the prospectus supplement. Unless otherwise provided in the prospectus supplement, principal of (and premium, if any) and interest, if any, on Bearer Securities may be paid by wire transfer to an account maintained by the Person entitled thereto with a bank located outside the United States. (Sections 307 and 1002) Unless otherwise provided in the prospectus supplement, payment of installments of interest on any Bearer Securities on or before Maturity will be made only against surrender of coupons for such interest installments as they severally mature. (Section 1001) Unless otherwise provided in the prospectus supplement, no payment with respect to any Bearer Security will be made at any office or agency we maintain in the United States or by check mailed to any address in the United States or by transfer to an account maintained with a bank located in the United States. Notwithstanding the foregoing, payments of principal of (and premium, if any) and interest, if any, on Bearer Securities payable in U.S. dollars will be made at the office of our Paying Agent in The City of New York if (but only if) payment of the full amount thereof in U.S. dollars at all offices or agencies outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions. (Section 1002)

We may from time to time designate additional offices or agencies, approve a change in the location of any office or agency and, except as provided above, rescind the designation of any office or agency.

Selected Indenture Covenants

Limitations on Obligations

Restricted Subsidiaries. We will not permit any Restricted Subsidiary to, directly or indirectly, Incur any Obligations (including, without limitation, Acquired Obligations), except for

- the Subsidiary Guarantees;
- Obligations existing on the date of the Indenture;
- Obligations of ER&T related to the purchase and sale of fuel, capacity, energy (including, but not limited to, electric power, natural gas and coal), environmental credits or entitlements, utility services, fuel, water, related transportation services and other similar or related products and services in the ordinary course of business;
- Obligations of Nuclear related to the purchase and sale of fuel and related transportation services in the ordinary course of business;
- Permitted Hedging Obligations of ER&T;
- Obligations incurred in exchange for, or the net proceeds of which are used to refund, refinance, or replace Obligations described under this “Limitations on Obligations”, provided that the average life of the refinancing Obligations shall not be shorter than the average life of the Obligations being refinanced and the principal amount of the refinancing obligations shall not exceed the principal amount of the Obligations being so refinanced; and
- Obligations to us or any other Restricted Subsidiary which are subordinated to the Subsidiary Guarantee with respect to the guaranteed Debt Securities of the Restricted Subsidiary incurring the Obligations.

The foregoing notwithstanding, Restricted Subsidiaries may Incur Obligations not otherwise permitted by the preceding paragraph in an aggregate amount outstanding after giving effect to such Incurrence not to exceed at any one time the greater of $250 million or 15% of Consolidated Net Tangible Assets as of the last day of the preceding month.

Subsidiaries Other Than Restricted Subsidiaries. Except for parental guarantees of debt service reserves, surety bonds, equity guarantees, performance bonds and bid bonds entered into in the ordinary course of business aggregating at any one time not more than $100 million, we shall not permit any Subsidiary that is not a Restricted Subsidiary to, directly or indirectly, Incur any Obligations (including, without limitation, Acquired Obligations) that are recourse to us or any Restricted Subsidiary. For the purposes of this section, preferred securities issued by our special purpose subsidiaries will not be considered to be recourse to us. (Section 1008)

Limitation on Liens

We may not, and may not permit any Restricted Subsidiary to, directly or indirectly, create, incur, assume or permit to exist any Lien of any kind on or with respect to any Property or interest in our Property or that of any of our Restricted Subsidiaries or any income or profits therefrom (in each case, whether the Property is owned at the date of the Indenture or thereafter acquired), unless the Debt Securities are secured equally and ratably with (or prior to) any and all other Obligations secured by the Lien, provided, however, that these restrictions shall not apply to or prevent the creation, incurrence, assumption or existence of Permitted Liens.

Permitted Liens shall include:

- Liens existing on the date of the Indenture;
- Liens to secure or provide for the payment of all or part of the purchase price of any Property or the cost of construction or improvement thereof; *provided* that no such Lien shall extend to or cover any other of our or our Restricted Subsidiaries' Property;
- Liens existing on Property at the time such Property is acquired by us or any Restricted Subsidiary; *provided* that such Liens (i) are not created, Incurred or assumed in contemplation of such Property being acquired and (ii) do not extend to or cover any other of our or our Restricted Subsidiaries' Property;
- Liens existing on Property of any entity at the time such entity is merged with or into or consolidated with us or a Restricted Subsidiary; *provided* that such Liens (i) are not created, Incurred or assumed in contemplation of such merger or consolidation and (ii) do not extend to any other of our or our Restricted Subsidiaries' Property;
- Liens securing Permitted Hedging Obligations;
- Liens for taxes, assessments or governmental charges that are not yet delinquent or that are being contested in good faith by any appropriate legal proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate reserve provision, if any, as is required in conformity with GAAP shall have been made;
- Liens arising by reason of any judgment, decree or order of any court, so long as any such Lien is being contested in good faith and is bonded or such judgment, decree or order does not exceed $50 million, and any appropriate legal proceedings that may have been duly initiated for the review of such judgment, decree or order have not been finally terminated or the period within which such proceedings may be initiated has not expired;
- Liens to secure pledges or deposits made in the ordinary course of business in connection with bids, tenders or contracts (other than for payment of indebtedness) or to secure guarantees, statutory or regulatory obligations or surety or performance bonds each made in the ordinary course of business;
- Liens imposed by law such as carriers', warehousemen's and mechanics' Liens, in each case arising in the ordinary course of business and with respect to amounts not yet due or being contested in good faith by appropriate legal proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as is required in conformity with GAAP shall have been made;

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- Survey exceptions, encumbrances, easements or reservations of, or rights of others for, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real properties incidental to the conduct of the business or to the ownership of Properties which were not incurred in connection with indebtedness or other extensions of credit and which do not in the aggregate materially and adversely affect the value of the Properties or materially impair their use in the operation of the business;

- Liens securing letters of credit entered into in the ordinary course of business;
- Liens to secure pollution control revenue bonds or industrial revenue bonds;
- Liens securing Non-Recourse Obligations of Unrestricted Subsidiaries;
- Liens granted on the capital stock of Unrestricted Subsidiaries for the purpose of securing the Obligations of such Unrestricted Subsidiaries;
- Liens pursuant to Capitalized Leases or Synthetic Leases permitted to be entered into under the "Limitation on Obligations" covenant;
- Liens arising by reason of leases and subleases of Property pursuant to a Sale/Leaseback Transaction allowed pursuant to the "Limitation on Sale of Assets" covenant that do not materially interfere with the ordinary conduct of our or any of our Restricted Subsidiaries' business;
- Liens created in connection with worker's compensation, unemployment insurance and other social security statutes or regulations;
- Liens by a Wholly-Owned Subsidiary to us or any Restricted Subsidiary;
- Liens on Property, other than Capital Stock of Restricted Subsidiaries, to secure Obligations so long as the sum of the amount of outstanding Obligations secured by Liens incurred pursuant to this provision does not exceed the greater of $250 million or 15% of Consolidated Net Tangible Assets as of the end of the most recent fiscal quarter for which financial statements are available; and
- The replacement, extension or renewal (or successive replacements, extensions or renewals), as a whole or in part, of any Lien or of any agreement referred to above or the replacement, extension or renewal (not exceeding the outstanding principal amount of Indebtedness secured thereby together with any premium, interest, fee or expense payable in connection with any such replacement, extension or renewal) of Indebtedness secured thereby; provided that such replacement, extension or renewal is limited to all or part of the same Property that secured the Lien replaced, extended or renewed (plus improvements thereon or additions or accessions thereto).

Guarantee of Debt Securities

Each initial Subsidiary Guarantor and any subsequent Subsidiary Guarantor shall execute a Subsidiary Guarantee of each series of Debt Securities in substantially the form provided for by the Indenture at or before the time the definition of Subsidiary Guarantor shall be applicable to it. (Section 1601)

Guarantee of ER&T Obligations

We have executed a guarantee of the Obligations of ER&T substantially in the form provided for by the Indenture. (Section 1009)

Payment of Dividends by ER&T to Us

If and for so long as we guarantee the Obligations of ER&T, we shall cause ER&T, to the extent permitted by applicable law, to pay, at least quarterly, dividends or distributions to us of the excess cash not then required for its business operations. (Section 1010)

Limitation on Dividends and Other Payment Restrictions

Other than pursuant to the Indenture or as otherwise may be required by law, we will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create or cause to become, or as a result of the execution of the

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Person or Property, or upon any Person becoming a Restricted Subsidiary, remain subject to, any consensual encumbrance or consensual restriction of any kind on the ability of any Restricted Subsidiary to:

- pay dividends or make any other distributions on its Capital Stock;
- make payments on any Obligations owed to us or any of our Restricted Subsidiaries;
- make loans or advances to us or to any of our Restricted Subsidiaries;
- transfer any of its Property to us or to any of our Restricted Subsidiaries; or
- make payments under a Subsidiary Guarantee with respect to the Debt Securities.

The foregoing shall not prohibit:

- encumbrances and restrictions resulting from customary provisions relating to (i) transfers of Property that restrict the subletting or assignment of any lease or (ii) transfers of Property that are contained in licenses and that relate to the Property covered thereby, in each case entered into in the ordinary course of business;

- encumbrances and restrictions on transfers of Property existing on any assets at the time such assets are acquired (or the entity owning such assets is acquired) by any Restricted Subsidiary, whether by merger, consolidation, purchase of such assets or otherwise; provided that such restrictions and encumbrances (i) are not created, Incurred or assumed in contemplation of such assets or entity being acquired by the Restricted Subsidiary and (ii) do not extend to any other assets of the Restricted Subsidiary; and

- restrictions on transfers of Property created in connection with sales or purchases of electricity, energy, capacity, natural gas, coal, ancillary services, environmental credits and/or entitlements, utility services, fuel, water, related transportation services and other similar products and services, in each case, in the ordinary course of business; provided that restrictions arising from any transaction or series of related transactions pursuant to this clause shall not be materially more restrictive, taken as a whole, than encumbrances and restrictions customarily accepted as industry standard for similar transactions.
(Section 1007)

Limitation on Sale of Assets

Except for a sale of all or substantially all of our assets, as provided in the "Merger, Consolidation or Sale of Assets" covenant, and other than

- assets required to be sold to conform with government regulations, laws or impositions,

- sales or dispositions of surplus, obsolete or worn out equipment,

- sales or dispositions of ownership interests in Unrestricted Subsidiaries, or

- any other sale or disposition so long as after giving effect to such events, the Rating Agencies shall have confirmed their ratings on our Debt Securities in effect immediately prior to such sale or disposition,

we may not, and may not permit any Restricted Subsidiary to, make any Asset Sale (other than short-term, readily marketable investments purchased for cash management purposes with funds not representing the proceeds of other Asset Sales) if, on a pro forma basis, the aggregate net book value of all such Asset Sales during the most recent 12-month period would exceed 15% of Consolidated Net Tangible Assets computed as of the most recent quarter preceding such sale; provided, however, that any such Asset Sale shall be disregarded for purposes of this 15% limitation if the Net Cash Proceeds are within 270 days thereafter (i) invested in a Permitted Business, (ii) used to purchase and retire Obligations ranking equal in right of payment to the Debt Securities or (iii) used to redeem the Debt Securities at a redemption price equal to 100% of the principal amount of the Debt Securities to be redeemed, plus accrued and unpaid interest thereon up to and including the applicable redemption date, plus a make-whole premium.

In addition, on a cumulative basis we may not sell or otherwise dispose of more than 25% of the assets or Capital Stock in Fossil, unless Net Cash Proceeds from such sale are invested in other non-nuclear generation assets or the capital stock of entities engaged in fossil generation and related businesses. (Section 1006)

Definitions

"Acquired Obligations" means, with respect to any Person, (1) Obligations of any other Person existing at the time the other Person is merged with or into or became a Subsidiary of the Person, including, without limitation, Obligations Incurred in connection with, or in contemplation of, the other Person merging with or into or becoming a

Subsidiary of the Person; and (2) Obligations secured by a Lien encumbering any asset acquired by the Person at the time the asset is acquired by the Person.

"Asset Sale" means any sale, transfer, conveyance, lease or other disposition (including by way of merger, consolidation or sale-leaseback) by us or any of our Restricted Subsidiaries to any Person (other than to us or a Restricted Subsidiary of ours and other than in the ordinary course of business) of any Capital Stock or other

Property of ours or of any of our Restricted Subsidiaries (including Capital Stock of Subsidiaries). The term "Asset Sale" will not include (1) any sale, transfer, conveyance, lease or other disposition of Property governed by the "Merger, Consolidation or Sale of Assets" covenant and (2) any transaction or series of related transactions consisting of the sale, transfer, conveyance, lease or other disposition of Capital Stock or other Property with a Fair Market Value aggregating less than $50 million in any fiscal year. The term "Asset Sale" also will not include (i) the grant of or realization upon a Lien permitted under the "Limitation on Liens" covenant or the exercise of remedies thereunder and (ii) sales of fuel, capacity, energy (including, but not limited to, electric power, natural gas and coal), environmental credits or entitlements, related transportation services and other related services by ER&T and its Permitted Hedging Obligations as permitted by the "Limitation on Obligations" covenant.

"Attributable Debt" means with respect to any Sale/Leaseback Transaction, at the time of determination, the present value (discounted at a rate per annum equal to the weighted average interest rate of all Debt Securities outstanding under the Indenture, compounded semi-annually) of the total obligations of the lessee for rental payments during the remaining term of the lease included in the Sale/Leaseback Transaction (including any period for which the lease has been extended).

"Board of Directors" means either the Board of Directors of PSEG Power LLC or any duly authorized committee of such Board.

"Business Day" means each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in Newark, New Jersey and The City of New York are authorized or obligated by law or executive order to close.

"Capital Stock" means (1) in the case of a corporation, corporate stock, (2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock, (3) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited) and (4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

"Capitalized Lease" means as applied to any Person, any lease of any Property of which the discounted present value of the rental obligations of such Person as lessee, in conformity with GAAP, is required to be capitalized on the balance sheet of such Person, and "Capitalized Lease Obligation" means the rental obligations, as aforesaid, under such lease.

"Commodity Trading Obligations," with respect to any Person, means the Obligations of such Person under (1) any commodity swap agreement, commodity future agreement, commodity option agreement, commodity cap agreement, commodity floor agreement, commodity collar agreement, commodity hedge agreement, and any put, call or other agreement or arrangement, or combination thereof, designed to protect such Person against fluctuations in commodity prices or (2) any commodity swap agreement, commodity future agreement, commodity option agreement, commodity hedge agreement, and any put, call or other agreement or arrangement, or combination thereof (including an agreement or arrangement to hedge foreign exchange risks) in respect of commodities entered into by us pursuant to asset optimization and risk management policies and procedures adopted in good faith by the Board of Directors.

"Consolidated Current Liabilities," as of the date of determination, means the aggregate amount of our and our Restricted Subsidiaries' liabilities on a consolidated basis which may properly be classified as current liabilities (including taxes accrued as estimated), after eliminating (1) all inter-company items between us and any consolidated Restricted Subsidiary, (2) all current maturities of long-term indebtedness, all as determined in accordance with GAAP, and (3) all liabilities attributable to Subsidiaries that are not Restricted Subsidiaries.

"Consolidated Net Tangible Assets" means, as of any date of determination, the total amount of assets (less accumulated depreciation or amortization, allowances for doubtful receivables, other applicable reserves and other properly deductible items) of us and our Restricted Subsidiaries, determined on a consolidated basis in accordance with GAAP, consistently applied, and after giving effect to purchase accounting and after deduction therefrom of, to the extent otherwise included, the amounts of:

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- Consolidated Current Liabilities;

- excess of cost over fair value of assets of businesses acquired, as determined in good faith by the Board of Directors;
- unamortized debt discount and expense and other unamortized deferred charges, goodwill, patents, trademarks, service marks, trade names, copyrights, licenses, organization or developmental expenses and other intangible items;
- treasury stock;
- any cash set apart and held in a sinking or other analogous fund established for the purpose of redemption or other retirement of Capital Stock to the extent such obligation is not reflected in Consolidated Current Liabilities; and
- all assets attributable to Subsidiaries that are not Restricted Subsidiaries (including Capital Stock thereof), except to the extent of dividends or distributions received from such Subsidiaries.

"Default" means any event, act or condition that is, or after notice or the passage of time or both would be, an Event of Default.

"Event of Default" has the meaning specified in Section 501 of the Indenture.

"Fair Market Value" means the price that would be paid by a purchaser to a seller in an arm's-length transaction.

"GAAP" means generally accepted accounting principles in the United States applied on a basis consistent with the principles, methods, procedures and practices employed in the preparation of our audited financial statements, including, without limitation, those set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as approved by a significant segment of the accounting profession.

"Hedging Obligations" means, with respect to any Person, the obligations of such Person under any interest rate or currency swap agreement, interest rate or currency future agreement, interest rate cap or collar agreement, interest rate or currency hedge agreement, and any put, call or other agreement or arrangement designed to protect such Person against fluctuations in interest rates or currency exchange rates.

"Incur" means, with respect to any Obligation, to directly or indirectly create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable for or with respect to, or become responsible for payment of, contingently or otherwise, such Obligation. The term "Incurrence" has a corresponding meaning.

"Lien" means any mortgage, pledge, hypothecation, charge, assignment, deposit arrangement, encumbrance, security interest, lien (statutory or other), or preference, priority, or other security or similar agreement or preferential arrangement of any kind or nature whatsoever (including, without limitation, any agreement to give or grant a Lien or any lease, conditional sale or other title retention agreement having substantially the same economic effect as any of the foregoing).

"Net Cash Proceeds" from an Asset Sale is defined to mean cash payments received (including any cash payments received by way of a payment of principal pursuant to a note or installment receivable or otherwise, but only as and when received (including any cash received upon sale or disposition of any such note or receivable), excluding any other consideration received in the form of assumption by the acquiring Person of Obligations relating to the Property disposed of in such Asset Sale or received in any form other than cash) therefrom, in each case, net of (1) all legal, title and recording tax expenses, commissions and other fees and expenses of any kind (including consent and waiver fees and any applicable premiums, earn-out or working interest payments or payments in lieu or in termination thereof) Incurred, (2) all federal, state, provincial, foreign and local taxes and other governmental charges required to be accrued as a liability under GAAP as a consequence of such Asset Sale, (3) a reasonable reserve for the after-tax cost of any indemnification payments (fixed and contingent) attributable to seller's

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indemnities to the purchaser undertaken by us or any of our Subsidiaries in connection with such Asset Sale, (4) all payments made on any Obligation that is secured by such Property, in accordance with the terms of any Lien upon or with respect to such Property, or that must by its terms or by applicable law or in order to obtain a required consent or waiver be repaid out of the proceeds from or in connection with such Asset Sale and (5) all distributions and other payments made to holders of Capital Stock of Subsidiaries (other than us or our Restricted Subsidiaries) as a result of such Asset Sale.

"Non-Recourse Obligation" means, with respect to any Person, any financing that is or was Incurred with respect to the development, acquisition, design, engineering, procurement, construction, operation, ownership, servicing or management of one or more facilities used or useful in a Permitted Business in respect of which such Person has a direct or indirect interest, provided that such financing is without recourse to any Person or Property other than to (1) the Property that constitutes such facilities together with contracts, permits, licenses, reserves and other items related to such facilities, (2) the income from and proceeds of such facilities, (3) the Capital Stock of, and other investments in, the Person that owns the Property that constitutes any such facilities and (4) the Capital Stock of, and other investments in, any Person obligated with respect to such financing and of any Subsidiary of such Person that owns a direct or indirect interest in any such facilities.

"Obligations" of any Person shall mean at any date, without duplication,

- all obligations of such Person for borrowed money,
- all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments,
- all obligations of such Person arising under any conditional sale or other title retention arrangement or otherwise to pay the deferred purchase price of Property or services,
- all obligations of such Person Incurred in respect of Attributable Debt associated with any Sale/Leaseback Transaction, Capitalized Lease or Synthetic Lease,
- all obligations of such Person under letters of credit,
- all obligations of such Person under trade or bankers' acceptances,
- all obligations of such Person under Hedging Obligations and Commodity Trading Obligations,
- trade payables in respect of fuel, labor, supplies or other materials or services or the obligation to provide power,
- Preferred Stock and Redeemable Stock issued to any Person other than us or a Restricted Subsidiary,
- all obligations of others secured by a Lien on any asset of such Person, whether or not such obligations are assumed by such Person, and
- all obligations of others to the extent guaranteed by such Person.

The amount of any obligation shall be deemed to be the amount equal to the stated or determinable amount thereof or, if not stated or determinable, the maximum probable liability thereunder as determined by us in good faith.

"Permitted Business" means any business in which we or any of our Subsidiaries are engaged on the date of the Indenture or any other power or energy-related business, including the business of acquiring, developing, owning or operating electric power or thermal energy generation or cogeneration facilities, electric power transmission, fuel supply and fuel transportation facilities, together with their related power supply, thermal energy and fuel contracts and other facilities, services or goods that are ancillary, incidental, complementary or reasonably related to the marketing, trading, development, construction or management servicing, ownership or operation of the foregoing.

"Permitted Hedging Obligations" of any Person shall mean (1) Hedging Obligations entered into in the ordinary course of business and in accordance with such Person's established risk management policies that are designed to protect such Person against, among other things, fluctuations in interest rates or currency exchange rates and which in the case of agreements relating to interest rates shall have a notional amount no greater than the payments due with respect to the Obligations being hedged thereby and (2) Commodity Trading Obligations.

"Person" means an individual, a corporation, a limited liability company, a partnership, an association, a trust or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

"Preferred Stock" means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) or preferred or preference stock of such Person that is outstanding or issued on or after the date of original issuance of the Debt Securities under the Indenture.

"Property" of any Person is defined to mean all types of real, personal, tangible or mixed property owned by such Person whether or not included in the most recent consolidated balance sheet of such Person under GAAP.

"Rating Agencies" means Moody's Investors Service Inc., Standard & Poor's Ratings Services, Fitch Inc. and any successor thereof.

"Redeemable Stock" is defined to mean any class or series of Capital Stock of any Person that by its terms or otherwise is (1) required to be redeemed prior to the Stated Maturity of the Debt Securities, (2) redeemable at the option of the holder of such Capital Stock at any time prior to the Stated Maturity of the Debt Securities or (3) convertible into or exchangeable for Capital Stock referred to in clause (1) or (2) above or Obligations having a scheduled maturity prior to the Stated Maturity of the Debt Securities.

"Restricted Subsidiary" means only Fossil, Nuclear, ER&T and each other of our Subsidiaries that executes a Subsidiary Guarantee with respect to the Debt Securities and is subsequently designated by the Board of Directors by written notice to the Trustee as a Restricted Subsidiary.

"Sale/Leaseback Transaction" means an arrangement relating to Property now owned or hereafter acquired whereby we or one of our Subsidiaries transfers the Property to a Person and leases it back from that Person, other than leases for a term of not more than 12 months or between us and one of our Wholly-Owned Subsidiaries that is a Restricted Subsidiary or between Wholly-Owned Subsidiaries that are Restricted Subsidiaries.

"Stated Maturity" means with respect to any Debt Security or any installment of principal thereof or interest thereon, the date specified in such Debt Security or a coupon representing such installment of interest as the fixed date on which any principal of such Debt Security or any such installment of interest is due and payable.

"Subsidiary" means, with respect to any Person, (1) any corporation, limited liability company, association or other business entity of which more than 50% of the total voting power of Voting Stock is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person (or a combination thereof) and (2) any partnership (i) the sole general partner or the managing general partner of which is such Person or a Subsidiary of such Person or (ii) the only general partners of which are such Person or one or more Subsidiaries of such Person (or any combination thereof).

"Subsidiary Guarantor" means all current and subsequently designated Restricted Subsidiaries.

"Subsidiary Guarantee" means an unconditional guarantee of a Subsidiary Guarantor of the payment of the principal of or any premium or interest on any Debt Securities in substantially the form provided for by the Indenture or a guarantee of a Subsidiary Guarantor of any other of our Obligations.

"Synthetic Lease" means (1) a lease pursuant to which the lessee is treated as the owner of the Property subject to the lease for tax purposes, whether or not such lease is treated as an operating lease for accounting purposes or (2) a lease treated as an operating lease for accounting purposes but having at least three of the following characteristics, (i) the term of the lease, inclusive of all renewal periods at the lessee's option, is greater than 75% of the useful life of the Property subject to the lease as estimated at the inception of the Lease, (ii) the lessee has the right to purchase such Property at a fixed price, (iii) the lessee's payments under the lease are calculated to amortize and service the debt of the lessor incurred in order to acquire the asset and (iv) the lessor obtains 80% or more of the cost of the asset from borrowed funds.

"Unrestricted Subsidiary" means a Subsidiary that is not a Restricted Subsidiary.

"Voting Stock" means any class or classes of Capital Stock pursuant to which the holders thereof have the general voting power under ordinary circumstances to elect at least a majority of the Board of Directors, managers or

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trustees of any Person (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency).

"Weighted Average Life to Maturity" means, when applied to any Obligations at any date, the number of years obtained by dividing (1) the then outstanding principal amount of such Obligations into (2) the total of the product obtained by multiplying (i) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (ii) the numbers of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment.

"Wholly-Owned Subsidiary" means a Subsidiary all the Capital Stock of which (other than directors' qualifying shares) is owned by us and/or one or more of our Wholly-Owned Subsidiaries.

Events of Default and Remedies

The following constitute Events of Default in respect to each series of Debt Securities under the Indenture (Section 501):

- default for five days in the payment when due of interest on any of the Debt Securities of such series;
- default in the payment when due of the principal of, or premium, if any, or make-whole amount, if any, on any of the Debt Securities of such series;
- default in the deposit of any sinking fund payment, when due by the terms of the Debt Securities of such series;
- failure by us or any Restricted Subsidiary to comply with the provisions described under "Limitation on Sale of Assets" or "Merger, Consolidation or Sale of Assets";
- failure by us or any Restricted Subsidiary for 60 days after notice by the Trustee to us or to us and the Trustee by the holders of 25% or more in aggregate principal amount of the Debt Securities of such series to comply with any of our agreements in the Indenture or the Debt Securities of such series that are not otherwise covered in this section;
- default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any of our or any of our Subsidiaries' indebtedness (including indebtedness represented by any other series of Debt Securities under the Indenture or the payment of which is guaranteed by us or by any of our Restricted Subsidiaries) (but other than Non-Recourse Obligations) whether such indebtedness or guarantee now exists or is created after the date of the Indenture, which default (a) is caused by a failure to pay the principal of such indebtedness at the Stated Maturity of such indebtedness after the expiration of grace periods provided in the indebtedness (a "Payment Default") or (b) has resulted in the acceleration of the indebtedness prior to its Stated Maturity; and, in each case the principal amount of the indebtedness, together with the principal amount of any other indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates $50.0 million or more;
- failure by us or any of our Restricted Subsidiaries to pay one or more final judgments not otherwise covered by insurance aggregating in excess of $50.0 million, which judgments are not paid, discharged or stayed for a period of 60 days; and
- certain events of bankruptcy or insolvency with respect to us or any of our Restricted Subsidiaries.

Additional series of Debt Securities issued under the Indenture may specify other events of default for such series of Debt Securities.

We are required to file with the Trustee, annually, an officer's certificate as to our compliance with all conditions and covenants under the Indenture. (Section 1011) The Indenture provides that the Trustee may withhold notice to the holders of Debt Securities of a series of any default (except payment defaults on the Debt Securities of that series) if it considers it in the interest of the holders of Debt Securities of the series to do so. (Section 515)

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If an Event of Default (other than an Event of Default occasioned by our or any of our Restricted Subsidiaries' bankruptcy or insolvency) with respect to Debt Securities of a series has occurred and is continuing, the Trustee or the holders of not less than 25% in principal amount of outstanding Debt Securities of that series may declare the principal (or, if the Debt Securities of that series are issued with original issue

discount or are "indexed debt securities" (i.e., Debt Securities, the interest and principal payments on which are determined by reference to a particular index, such as a foreign currency or commodity), such portion of the principal as may be specified in the terms of those Debt Securities) of all of the Debt Securities of that series to be due and payable immediately, by a notice in writing to us. (Section 502)

If an Event of Default occasioned by our or any of our Restricted Subsidiaries' bankruptcy or insolvency occurs, the principal of and interest on all Debt Securities shall ipso facto become and be immediately due and payable without any declaration or other act on the part of the Trustee or any holders of Debt Securities.

Subject to the provisions of the Indenture relating to the duties of the Trustee, in case an Event of Default with respect to Debt Securities of any series has occurred and is continuing, the Trustee is under no obligation to exercise any of its rights or powers under the Indenture at the request, order or direction of the holders of Debt Securities of that series, unless those holders have offered the Trustee indemnity satisfactory to the Trustee against the expenses and liabilities which might be incurred by it in compliance with such request. (Section 602)

Subject to certain exceptions, the holders of a majority in principal amount of the outstanding Debt Securities of any series of Debt Securities will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee with respect to the Debt Securities of that series. (Section 512)

The holders of a majority in principal amount of the outstanding Debt Securities of a series may, on behalf of the holders of all Debt Securities of such series and any related coupons, waive any past default under the Indenture with respect to such series and its consequences, except a default (i) in the payment of the principal of (or premium, if any) or interest, if any, on any Debt Security of such series or any related coupons or (ii) in respect of a covenant or provision that cannot be modified or amended without the consent of the holder of each outstanding Debt Security of such series affected thereby. (Section 513)

Merger, Consolidation or Sale of Assets

We may not, directly or indirectly, consolidate or merge with or into (whether or not we are the surviving entity) any other corporation, association, company, business trust or limited liability company, or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of our assets, in one or more related transactions, to another Person unless:

- the Person formed by the consolidation or surviving the merger or the Person that acquires by sale, assignment, transfer, conveyance or other disposition, or that leases, the assets (if other than us) (in each such case, the "Successor Entity"), is a corporation or limited liability company organized and existing under the laws of the United States, any State thereof or the District of Columbia and expressly assumes our obligations under the Indenture and the Debt Securities;

- if any of our or a Restricted Subsidiary's Property or assets would become subject to a Lien other than a Permitted Lien under the "Limitation on Liens" covenant, the Debt Securities shall be equally and ratably secured in accordance with such covenant;

- immediately after such transaction no event exists that is or with the passage of time or the giving of notice or both would be an Event of Default under the Indenture; and

- each Subsidiary Guarantor shall have by amendment to its Subsidiary Guarantee with respect to the Debt Securities confirmed that its Subsidiary Guarantee shall apply to the obligations of the Successor Entity under the Indenture and each series of the Debt Securities. (Section 801)

Modification or Waiver

Modification and amendment of the Indenture may be made by us and the Trustee with the consent of the holders of a majority in principal amount of all Outstanding Debt Securities that are affected by such modification or

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amendment; provided that no such modification or amendment may, without the consent of the holder of each Outstanding Debt Security affected thereby, among other things:

- change the Stated Maturity of the principal of (or premium, if any, on) or any installment of principal of or interest on any such Debt Security;

- reduce the principal amount of, or the rate (or change the manner of calculating the rate) or amount of interest in respect of, or any premium payable upon the redemption of, any such Debt Security;
- change any of our obligations to pay Additional Amounts in respect of any such Debt Security;
- reduce the portion of the principal of an Original Issue Discount Security or Indexed Security that would be due and payable upon a declaration of acceleration of the Maturity thereof or provable in bankruptcy;
- adversely affect any right of repayment at the option of the holder of any such Debt Security;
- change the place of payment of principal of, or any premium or interest on, any such Debt Security;
- impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof or on or after any Redemption Date or Repayment Date, as the case may be;
- adversely affect any right to convert or exchange any Debt Security;
- reduce the percentage in principal amount of such Outstanding Debt Securities, the consent of whose holders is required to amend or waive compliance with certain provisions of the Indenture or to waive certain defaults thereunder;
- reduce the requirements for voting or quorum described below;
- modify any of the foregoing requirements or any of the provisions relating to waiving past defaults or compliance with certain restrictive provisions, except to increase the percentage of holders required to effect any such waiver or to provide that certain other provisions of the Indenture cannot be modified or waived without the consent of the holder of each Debt Security affected thereby; or
- modify or affect the terms and conditions of the obligations of any Subsidiary Guarantor in respect of the due and punctual payment of principal of, or any premium or interest on, Debt Securities.
  (Section 902)

The holders of a majority in aggregate principal amount of Outstanding Debt Securities have the right to waive our compliance with certain covenants in the Indenture. (Section 1012)

Modification and amendment of the Indenture may be made by us and the Trustee thereunder, without the consent of any holder, for any of the following purposes:

- to evidence the succession of another Person to us and the assumption by any successor of our covenants under the Indenture and the Debt Securities;
- to add to our covenants for the benefit of the holders of all or any series of Debt Securities issued under the Indenture and any related coupons or to surrender any right or power conferred upon us by the Indenture;
- to add Events of Default for the benefit of the holders of all or any series of Debt Securities issued under the Indenture;
- to add to or change any provisions of the Indenture to facilitate the issuance of, or to liberalize the terms of, Bearer Securities, or to permit or facilitate the issuance of Debt Securities in uncertificated form, provided that any such actions do not adversely affect the holders of such Debt Securities or any related coupons in any material respect;
- to change or eliminate any provisions of the Indenture, provided that any such change or elimination will become effective only when there are no Debt Securities Outstanding of any series created prior thereto which are entitled to the benefit of such provisions;

- to secure the Debt Securities under the Indenture pursuant to the "Merger, Consolidation or Sale of Assets" covenant of the Indenture, or otherwise;
- to establish the form or terms of the Debt Securities of any series and any related coupons;
- to evidence and provide for the acceptance of appointment by a successor Trustee or facilitate the administration of the trusts under the Indenture by more than one Trustee;

- to cure any ambiguity, defect or inconsistency in the Indenture, provided such action does not adversely affect the interests of holders of Debt Securities of any series issued under the Indenture or any related coupons in any material respect; or

- to supplement any of the provisions of the Indenture to the extent necessary to permit or facilitate the defeasance and discharge of any series of Debt Securities, provided that such action shall not adversely affect the interests of the holders of any such Debt Securities and any related coupons in any material respect. (Section 901)

In determining whether the holders of the requisite principal amount of Outstanding Debt Securities have given any request, demand, authorization, direction, notice, consent or waiver under the Indenture or whether a quorum is present at a meeting of holders of Debt Securities, (1) the principal amount of an Original Issue Discount Security that will be deemed to be outstanding will be the amount of the principal thereof that would be due and payable as of the date of such determination upon acceleration of the Maturity thereof; (2) the principal amount of an Indexed Security that may be counted in making such determination or calculation and that will be deemed outstanding for such purpose will be equal to the principal face amount of such Indexed Security at original issuance, unless otherwise provided with respect to such Indexed Security pursuant to Section 301 of the Indenture; and (3) Debt Securities owned by us or any other obligor upon the Debt Securities or any Affiliate of ours or of such other obligor shall be disregarded. (Section 101)

The Indenture contains provisions for convening meetings of the holders of Debt Securities of a series if Debt Securities of that series are issuable as Bearer Securities. (Section 1501) A meeting may be called at any time by the Trustee, and also, upon request, by us or the holders of at least 10% in principal amount of the Outstanding Debt Securities of that series, in any such case upon notice given as provided in the Indenture. (Section 1502) Except for any consent that must be given by the holder of each Debt Security affected thereby, as described above, any resolution presented at a meeting (or an adjourned meeting duly reconvened) at which a quorum is present may be adopted by the affirmative vote of the holders of a majority in principal amount of the Outstanding Debt Securities of that series; provided, however, that any resolution with respect to any request, demand, authorization, direction, notice, consent, waiver or other action that may be made, given or taken by the holders of a specified percentage which is less than a majority in principal amount of the Outstanding Debt Securities of a series may be adopted at a meeting (or an adjourned meeting duly reconvened) at which a quorum is present by the affirmative vote of the holders of such specified percentage in principal amount of the Outstanding Debt Securities of that series. Any resolution passed or decision taken at any meeting of holders of Debt Securities of a series duly held in accordance with the Indenture will be binding on all holders of Debt Securities of that series and any related coupons, whether or not present or represented at the meeting. The quorum at any meeting called to adopt a resolution will be persons holding or representing a majority in principal amount of the Outstanding Debt Securities of a series; provided, however, that, if any action is to be taken at such meeting with respect to a consent or waiver which may be given by the holders of not less than a specified percentage in principal amount of the Outstanding Debt Securities of a series, the persons holding or representing such specified percentage in principal amount of the Outstanding Debt Securities of that series will constitute a quorum. (Section 1504)

Notwithstanding the foregoing provisions, if any action is to be taken at a meeting of holders of Debt Securities of a series with respect to any request, demand, authorization, direction, notice, consent, waiver or other action that the Indenture expressly provides may be made, given or taken by the holders of a specified percentage in principal amount of all Outstanding Debt Securities affected thereby or of the holders of such series and one or more additional series: (1) there shall be no minimum quorum requirement for such meeting; and (2) the principal amount of the Outstanding Debt Securities of such series that vote in favor of such request, demand, authorization, direction, notice, consent, waiver or other action will be taken into account in determining whether such request, demand, authorization, direction, notice, consent, waiver or other action has been made, given or taken under the Indenture. (Section 1504)

Satisfaction and Discharge, Legal Defeasance and Covenant Defeasance

We may discharge certain obligations to holders of Debt Securities of a series that have not already been delivered to the Trustee for cancellation and that either have become due and payable or are by their terms due and

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payable within one year (or scheduled for redemption within one year) by irrevocably depositing with the

Trustee, in trust, funds in an amount sufficient to pay the entire indebtedness on such Debt Securities for principal (and premium, if any) and interest, if any, and any Additional Amounts with respect thereto, to the date of such deposit (if such Debt Securities have become due and payable) or to the Stated Maturity or Redemption Date, as the case may be. (Section 401)

The Indenture provides that, if the provisions of Article Fourteen are made applicable to the Debt Securities of or within any series and any related coupons pursuant to Section 301 thereunder, we may elect either

- to defease and be discharged from any and all obligations with respect to such Debt Securities and any related coupons (except for the obligations to pay Additional Amounts, if any, upon the occurrence of certain events of tax, assessment or governmental charge with respect to payments on such Debt Securities and the obligations to register the transfer or exchange of such Debt Securities and any related coupons, to replace temporary or mutilated, destroyed, lost or stolen Debt Securities and any related coupons, to maintain an office or agency in respect of such Debt Securities and any related coupons, and to hold moneys for payment in trust) (defeasance) (Section 1402) or

- to be released from our obligations under any covenant specified pursuant to Section 301 with respect to such Debt Securities and any related coupons, and any omission to comply with such obligations shall not constitute a default or an Event of Default with respect to such Debt Securities and any related coupons (covenant defeasance) (Section 1403), in either case upon the irrevocable deposit by us with the Trustee (or other qualifying trustee), in trust, of:

  - an amount in U.S. dollars;

  - Government Obligations (as defined below) applicable to such Debt Securities and coupons that through the payment of principal and interest in accordance with their terms will provide money in an amount; or

  - a combination thereof in an amount

  sufficient to pay the principal of (and premium, if any) and interest, if any, on such Debt Securities and any related coupons, and any mandatory sinking fund or analogous payments thereon, on the scheduled due dates therefor.

Such a trust may only be established if, among other things, we have delivered to the Trustee an Opinion of Counsel (as specified in the Indenture) to the effect that the holders of such Debt Securities and any related coupons will not recognize income, gain or loss for United States federal income tax purposes as a result of such defeasance or covenant defeasance and will be subject to United States federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such defeasance or covenant defeasance had not occurred, and such Opinion of Counsel, in the case of defeasance under the first clause above, must refer to and be based upon a ruling of the Internal Revenue Service or a change in applicable United States federal income tax law occurring after the date of the Indenture. (Section 1404)

“Government Obligations” means securities which are (1) direct obligations of the United States or (2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States, the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States, which are not callable or redeemable at the option of the issuer thereof. Government Obligations also include a depositary receipt issued by a bank or trust company as custodian with respect to any such Government Obligation or a specific payment of interest on or principal of any such Government Obligation held by such custodian for the account of the holder of a depositary receipt; provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depositary receipt from the amount received by the custodian in respect of the Government Obligation or the specific payment of interest on or principal of the Government Obligation evidenced by such depositary receipt. (Section 101)

In the event we effect covenant defeasance with respect to any Debt Securities and any related coupons and such Debt Securities and coupons are declared due and payable because of the occurrence of any Event of Default, other than Events of Default with respect to any covenant of which there has been defeasance, the amount of Government Obligations and funds on deposit with the Trustee will be sufficient to pay amounts due

on such Debt Securities and coupons at the time of their Stated Maturity but may not be sufficient to pay amounts due on such Debt Securities and coupons at the time of the acceleration resulting from such Event of Default. In such case, we would remain liable to make payment of such amounts due at the time of acceleration.

The prospectus supplement may further describe the provisions, if any, permitting such defeasance or covenant defeasance, including any modifications to the provisions described above, with respect to the Debt Securities of or within a particular series and any related coupons.

Book-Entry Debt Securities

Unless otherwise specified in the applicable prospectus supplement, we will issue to investors Debt Securities in the form of one or more book-entry certificates registered in the name of a depositary or a nominee of a depositary. Unless otherwise specified in the applicable prospectus supplement, the depositary will be The Depository Trust Company, also referred to as DTC. We have been informed by DTC that its nominee will be Cede & Co. ("Cede"). Accordingly, Cede is expected to be the initial registered holder of all Debt Securities that are issued in book-entry form.

No person that acquires a beneficial interest in Debt Securities issued in book-entry form will be entitled to receive a certificate representing those Debt Securities, except as set forth in this prospectus or in the applicable prospectus supplement. Unless and until definitive securities are issued under the limited circumstances described below, all references to actions by holders or beneficial owners of Debt Securities issued in book-entry form will refer to actions taken by DTC upon instructions from its participants, and all references to payments and notices to holders or beneficial owners will refer to payments and notices to DTC or Cede, as the registered holder of those Debt Securities. The laws of some jurisdictions require some purchasers of securities to take physical delivery of their securities in definitive or paper form. These laws may impair the ability to transfer Debt Securities issued in book-entry form.

DTC has informed us that it is:

- a limited-purpose trust company organized under the New York Banking Law;
- a "banking organization" within the meaning of the New York Banking Law;
- a member of the Federal Reserve System;
- a "clearing corporation" within the meaning of the New York Uniform Commercial Code; and
- a "clearing agency" registered under Section 17A of the Exchange Act.

DTC has also informed us that it was created to:

- hold securities for "participants"; and
- facilitate the computerized settlement of securities transactions among participants through electronic computerized book-entry changes in participants' accounts, thereby eliminating the need for the physical movement of securities certificates.

Participants have accounts with DTC and include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of its participants and by the New York Stock Exchange, the NYSE Amex Equities and the Financial Industry Regulatory Authority, Inc. Indirect access to the DTC system is also available to indirect participants such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly. The rules applicable to DTC and its participants are on file with the SEC.

Persons that are not participants or indirect participants but desire to buy, sell or otherwise transfer ownership of or interests in Debt Securities may do so only through participants and indirect participants. Under the book-entry

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system, beneficial owners may experience some delay in receiving payments, as payments will be forwarded by the Trustee to Cede, as nominee for DTC. DTC will forward these payments to its participants, which thereafter will forward them to indirect participants or beneficial owners. Beneficial owners will not be recognized by the applicable registrar, transfer agent, trustee or depositary as registered holders of the Debt Securities entitled to the benefits of the Debt Securities or the Indenture. Beneficial owners that are not participants will be permitted to exercise their rights as an owner only indirectly through participants and, if applicable, indirect participants.

Under the current rules and regulations affecting DTC, DTC will be required to make book-entry transfers of Debt Securities among participants and to receive and transmit payments to participants. Participants and indirect participants with which beneficial owners of Debt Securities have accounts are also required by these rules to make book-entry transfers and receive and transmit those payments on behalf of their respective account holders.

Because DTC can act only on behalf of participants, who in turn act only on behalf of other participants or indirect participants, and on behalf of banks, trust companies and other persons approved by it, the ability of a beneficial owner of Debt Securities issued in book-entry form to pledge those Debt Securities to persons or entities that do not participate in the DTC system may be limited due to the unavailability of physical certificates for the Debt Securities.

DTC has advised us that it will take any action permitted to be taken by a registered holder of any Debt Securities under the Indenture only at the direction of one or more participants to whose accounts with DTC the Debt Securities are credited.

According to DTC, the information with respect to DTC has been provided to its participants and other members of the financial community for informational purposes only and is not intended to serve as a representation, warranty, or contract modification of any kind.

Unless otherwise specified in the applicable prospectus supplement, a book-entry security will be exchangeable for definitive securities registered in the names of persons other than DTC or its nominee only if:

- DTC is at any time unwilling, unable or ineligible to continue as depositary and a successor depositary is not appointed by us within 90 days following notice to us;
- we determine, in our sole discretion, not to have any Debt Securities represented in book-entry form; or
- an Event of Default under the Indenture has occurred and is continuing.

Any book-entry security that is exchangeable in accordance with the preceding sentence will be exchangeable for Debt Securities registered in such names as DTC directs.

If one of the events described in the immediately preceding paragraph occurs, DTC is generally required to notify all participants of the availability through DTC of definitive securities. Upon surrender by DTC of the book-entry security representing the Debt Securities and delivery of instructions for re-registration, the Trustee will reissue the Debt Securities as definitive securities. After reissuance of the Debt Securities, the Trustee will recognize the beneficial owners of those definitive securities as registered holders of Debt Securities.

Except as described above:

- a book-entry security may not be transferred except as a whole book-entry security by or among DTC, a nominee of DTC and/or a successor depositary appointed by us; and
- DTC may not sell, assign or otherwise transfer any beneficial interest in a book-entry security unless the beneficial interest is in an amount equal to an authorized denomination for the securities evidenced by the book-entry security.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources (including DTC) that we believe to be reliable, but we take no responsibility for the accuracy thereof.

Unless stated otherwise in the prospectus supplement, the underwriters or agents with respect to a series of Debt Securities issued as book-entry securities will be participants in DTC.

None of any underwriter or agent, the Trustee, any applicable Paying Agent or us will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial interests in a book-entry security, or for maintaining, supervising or reviewing any records relating to such beneficial interests.

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The Trustee

We maintain ordinary banking relationships with The Bank of New York Mellon, including credit facilities and lines of credit. The Bank of New York Mellon also serves as trustee under other indentures under which we or our affiliates are the obligor.

The Trustee may resign or be removed with respect to one or more series of Debt Securities and a successor Trustee may be appointed to act with respect to such series. (Section 608) In the event that two or more persons are acting as Trustee with respect to different series of Debt Securities under the Indenture, each such Trustee shall be a Trustee of a trust thereunder separate and apart from the trust administered by any other such Trustee (Section 609), and any action described herein to be taken by the Trustee may then be taken by each such Trustee with respect to, and only with respect to, the one or more series of Debt Securities for which it is Trustee.

Governing Law

The Indenture and the Debt Securities shall be governed by and construed in accordance with the laws of the State of New York without regard to principles of conflicts of laws.

PLAN OF DISTRIBUTION

We may sell the Debt Securities:

- to or through underwriters, dealers, or agents; or
- directly to one or more other purchasers.

The prospectus supplement will set forth the terms of the offering of the particular series or issue of Debt Securities to which such prospectus supplement relates, including, as applicable:

- the name or names of any underwriters or agents;
- the initial public offering or purchase price of such Debt Securities;
- any underwriting discounts, commissions and other items constituting underwriters' compensation from us and any other discounts, concessions or commissions allowed or reallowed or paid by any underwriters to other dealers;
- any commissions paid to any agents;
- the net proceeds to us; and
- the securities exchanges, if any, on which such Debt Securities will be listed.

If underwriters are used in the sale, a particular series or issue of Debt Securities will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. The Debt Securities of a particular series or issue may be either offered to the public through underwriting syndicates represented by managing underwriters or by underwriters without a syndicate. The obligations of the underwriters to purchase such Debt Securities will be subject to certain conditions precedent and each of the underwriters with respect to such Debt Securities will be obligated to purchase all of the Debt Securities of such series or issue allocated to it if any such Debt Securities are purchased. Any initial public offering price and any discounts or concessions allowed or reallowed or paid to dealers may be changed from time to time.

The Debt Securities may be offered and sold by us directly or through agents designated by us from time to time. Any agent involved in the offer or sale of the Debt Securities in respect of which this prospectus supplement will be named in, and any commissions payable by us to such agent will be set forth in, the applicable prospectus

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supplement. Unless otherwise indicated in the applicable prospectus supplement, each such agent will be acting on a best efforts basis for the period of its appointment.

The Debt Securities, when first issued, will have no established trading market. Any underwriters, dealers or agents to or through whom we sell Debt Securities for public offering and sale may make a market in those

Debt Securities, but the underwriters, dealers or agents will not be obligated to do so and may discontinue any market making at any time without notice. No assurance can be given as to the liquidity of the trading market for the Debt Securities.

If underwriters are used in the sale, to facilitate the offering of a particular series or issue of Debt Securities, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of such Debt Securities. Specifically, the underwriters may over-allot in connection with the offering, creating a short position in such Debt Securities for their own accounts. In addition, to cover over-allotments or to stabilize the price of such Debt Securities, the underwriters may bid for, and purchase, such Debt Securities in the open market. Finally, in any offering of a particular series or issue of Debt Securities through a syndicate of underwriters, the underwriting syndicate may reclaim selling concessions allowed to an underwriter or a dealer for distributing such Debt Securities in the offering, if the syndicate repurchases previously distributed Debt Securities in transactions to cover syndicate short positions, in stabilization transactions or otherwise. Any of these activities may stabilize or maintain the market price of such Debt Securities above independent market levels. The underwriters are not required to engage in these activities, and may end any of these activities at any time.

Certain of the underwriters, dealers or agents and their affiliates who participate in the distribution of Debt Securities may be customers of, engage in other transactions with, lend money to and perform other services for, us and our affiliates in the ordinary course of business.

We will set forth in the relevant prospectus supplement the anticipated delivery date of the Debt Securities and the prospectus delivery obligations of any underwriters, dealers or agents.

Any underwriters, dealers or agents participating in the distribution of the Debt Securities may be deemed to be underwriters, and any discounts or commissions received by them on the sale or resale of Debt Securities may be deemed to be underwriting discounts and commissions, under the Securities Act. Underwriters, dealers and agents may be entitled, under agreements entered into with us, to indemnification by us against certain civil liabilities, including liabilities under the Securities Act.

We will estimate our expenses associated with any offering of a particular series or issue of Debt Securities in the relevant prospectus supplement.

LEGAL OPINIONS

The validity of the Debt Securities will be passed upon for us by James T. Foran, Esquire, Associate General Counsel of PSEG, or J.A. Bouknight, Jr., Esquire, Executive Vice President and General Counsel of PSEG, and for any underwriters, dealers or agents by Sidley Austin LLP, New York, New York. Mr. Foran or Mr. Bouknight may rely on the opinion of Sidley Austin LLP as to matters of New York law. Messrs. Bouknight and Foran are also employees of our affiliate, Services. Sidley Austin LLP has from time to time represented, and continues to represent, PSEG Power LLC and its affiliates in connection with certain unrelated legal matters.

EXPERTS

The consolidated financial statements and the related consolidated financial statement schedule, incorporated in this prospectus by reference from our Annual Report on Form 10-K, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which is incorporated herein by reference. Such consolidated financial statements and consolidated financial statement schedule have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

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CORRESP 1 filename1.htm

Public Service Enterprise Group Incorporated
80 Park Plaza, Newark, New Jersey 07102-4194

August 31, 2018

VIA EDGAR

William H. Thompson
Branch Chief
Office of Consumer Products
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: Public Service Enterprise Group Incorporated
PSEG Power LLC
Form 10-K for the Fiscal Year Ended December 31, 2017
Filed February 26, 2018
File Nos. 1-09120 and 1-34232

Dear Mr. Thompson:

Reference is made to your letter dated August 21, 2018 to Ralph Izzo, Chairman of the Board, President and Chief Executive Officer, Public Service Enterprise Group Incorporated (the "Company" or "we"), setting forth the Staff's comments on the above-referenced filing (the "Comment Letter"). We are submitting this letter in response to the Staff's Comment Letter. The headings and numbered paragraphs in this letter correspond to the original headings and numbered paragraphs in the Comment Letter. For ease of reference, we have repeated each of the Staff's comments before our responses.

Critical Accounting Estimates, page 68

1. **We note your disclosures in note 3 to the financial statements regarding the challenges faced by your nuclear generating stations and the resulting potential for early retirement or shutdown of the Salem and Hope Creek nuclear units, as well as your disclosure that Power recorded an increase to its ARO liabilities primarily due to a higher assumed probability of early retirement of its nuclear units. Please tell us your consideration of providing additional critical accounting policy disclosure that allows for an assessment of the probability, magnitude and timing of future material charges associated with early retirement or shutdown of these units, along with a description of the specific events and/or changes in circumstances that could reasonably be expected to result in early retirement or shutdown. Refer to Section V of SEC Release 34-48960 and Item 303(a)(3)(ii), which requires a description of a known uncertainty.**

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Our disclosure in Note 3. Early Plant Retirements to our consolidated financial statements ("Note 3") is intended to identify and describe significant known uncertainties, including the reasons for such uncertainties, as required by Item 303(a)(3)(ii). Specifically, Note 3 discusses the circumstances under which PSEG Power LLC would cease operations at its New Jersey-based nuclear generating stations prior to the end of their current estimated useful lives.

In addition, the tabular presentation summarizing the significant assets and liabilities of our nuclear generating stations included in Note 3 was intended to provide investors the ability to estimate the material potential future financial statement impact caused by any early retirement of our nuclear generating stations. Note 3 also includes a description of the specific events and/or changes in circumstances that could reasonably be expected to result in the early retirement of our New Jersey-based nuclear generating stations.

We believe this disclosure provides sufficient information to allow investors to perform their own sensitivity analysis of the reasonably likely outcomes as the magnitude of remaining net book values of capitalized assets are presented.

Consistent with the guidance in Section V of SEC Release 34-48960, and due to the potential future impact on our results of operations, a similar discussion to that appearing in Note 3 also appears in Management's Discussion and Analysis of Financial Condition and Results of Operations under the heading "Executive Overview of 2017 and Future Outlook."

In response to the Staff's comment, beginning with our annual report on Form 10-K for the year ended December 31, 2018, we propose revising our discussion of Critical Accounting Estimates relating to Long-Lived Assets included in our MD&A as follows (underline indicates additions, strike-through indicates deletions):

Long-Lived Assets

Management evaluates long-lived assets for impairment and reassesses the reasonableness of their related estimated useful lives whenever events or changes in circumstances, such as significant adverse changes in regulation, business climate or market conditions, could potentially indicate an asset's or asset group's carrying amount may not be recoverable or an asset's probability of operating through its estimated remaining useful life changes.

Assumptions and Approach Used: In the event certain triggers exist indicating an asset/asset group may not be recoverable, an undiscounted cash flow test is performed to determine if an impairment exists. When the carrying value of a long-lived asset/asset group exceeds the undiscounted estimate of future cash flows associated with the asset/asset group, an impairment may exist to the extent that the fair value of the asset/asset group is less than its carrying amount. These tests require significant estimates and judgment when developing expected future cash flows. Significant inputs include forward power prices, fuel costs, dispatch rates, other operating and capital expenditures and the cost of borrowing.

In addition, long-lived assets are depreciated under the straight-line method based on estimated useful lives. An asset's operating useful life is generally based upon operational experience with similar asset types and other non-operational factors. In the ordinary course, management, together with an asset's co-owners in the case of certain of our jointly-owned assets, makes a number of decisions that impact the operation of our generation assets beyond the current year. These decisions may have a direct impact on the estimated remaining useful lives of our assets and will be influenced by the financial outlook of the assets, including future market conditions such as forward energy and capacity prices, operating and capital investment costs and any state or federal legislation and regulations, among other items.

The assumptions used by management incorporate inherent uncertainties that are at times difficult to predict and could result in impairment charges or accelerated depreciation in future periods if actual results materially differ from the estimated assumptions utilized in our forecasts.

Effect if Different Assumptions Used: The above cash flow tests, ~~and~~ fair value estimates and estimated remaining useful lives may be impacted by a change in the assumptions noted above and could significantly impact the outcome, triggering additional impairment tests, ~~or~~ write-offs or accelerated depreciation. For additional information on the potential impacts on our future financial statements that may be caused by a change in useful lives of certain of our generating assets, see Note 3. Early Plant Retirements and Note 5. Property, Plant and Equipment and Jointly-Owned Facilities.

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2. Similar to the preceding comment, please tell us your consideration of providing investors with additional information that allows for an assessment of the probability, magnitude and timing of future material charges due to a significant shortening of the expected economic useful lives of the Keystone and Conemaugh generating stations, along with a description of the specific events and/or changes in circumstances that could reasonably be expected to negatively affect the economic viability of these assets through their currently designated useful lives. Refer to Section V of SEC Release 34-48960 and Item 303(a)(3)(ii), which requires a description of a known uncertainty.

Similar to our response in Comment 1 above, we discuss factors that may impact the useful lives of our generating assets in Note 3. We further disclose the then-current book value of each of our Keystone and Conemaugh interests, including accumulated depreciation, in Note 5. Property, Plant and Equipment and Jointly-Owned Facilities to our consolidated financial statements, which serve as quantitative estimates of the magnitude of the potential for future income statement charges should these plants be retired or shut down earlier then their current estimated useful lives.

The proposed revisions to our discussion of Critical Accounting Estimates relating to Long-Lived Assets, discussed in response to Comment 1 above, are also in response to this Comment 2.

* * * *

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Once you have had time to review our responses to the Staff's comments, we would appreciate the opportunity to discuss any additional questions or concerns that you may have. Please feel free to call me at (973) 430-6424.

Sincerely,

/s/ Stuart J. Black

Stuart J. Black
Vice President and Controller

cc:

Ralph Izzo, Chairman of the Board, President and Chief Executive Officer
Daniel Cregg, Executive Vice President and Chief Financial Officer
Tamara Linde, Executive Vice President and General Counsel

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CORRESP 1 filename1.htm

Public Service Enterprise Group Incorporated
80 Park Plaza, Newark, New Jersey 07102-4194
Mailing Address: 80 Park Plaza, P.O. Box 1171, Newark, New Jersey 07101

September 25, 2014

William H. Thompson, Accounting Branch Chief
Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

Re: Public Service Enterprise Group Incorporated
Form 10-K for the Fiscal Year Ended December 31, 2013
Filed February 26, 2014
Form 10-Q for the Quarterly Period Ended June 30, 2014
Filed August 1, 2014
File No. 1-9120

Dear Mr. Thompson:

We respectfully request an extension until October 10, 2014, of the date by which we are to provide you with a response to your letter dated September 15th regarding the above referenced filings.

Very truly yours,

/s/ M. Courtney McCormick

M. Courtney McCormick
Vice President Deputy General Counsel
Public Service Enterprise Group Incorporated

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CORRESP 1 filename1.htm

Public Service Enterprise Group Incorporated
80 Park Plaza, Newark, New Jersey 07102-4194
Mailing Address: 80 Park Plaza, P.O. Box 1171, Newark, New Jersey 07101

October 9, 2014

William H. Thompson, Accounting Branch Chief
Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

Re: Public Service Enterprise Group Incorporated
Form 10-K for the Fiscal Year Ended December 31, 2013
Filed February 26, 2014
Form 10-Q for the Quarterly Period Ended June 30, 2014
Filed August 1, 2014
File No. 1-09120

Dear Mr. Thompson:

In connection with your comment regarding the above referenced filings and consistent with our conversation with you on September 25, 2014 during which we discussed our request to extend filing our response until October 10, 2014, we offer the following response. For the convenience of the Staff of the Commission, we have reproduced the comment set forth in your letter dated September 15, 2014.

Form 10-Q for the Quarterly Period Ended June 30, 2014

Item 1. Financial Statements

Note 8. Commitments and Contingent Liabilities, page 28

Regulatory Proceedings, page 34

1. We note your disclosure that you discovered you had made certain incorrect calculations, recorded a charge to income for past errors based on your best estimate, and at this time you cannot estimate the amount or range of any additional losses. Regarding your reference to the charge to income for “past errors,” please tell us the periods impacted and your consideration of ASC 250.

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Response:

Please note that the "past errors" referenced in our disclosure and described more fully herein relate to our bidding into the PJM Interconnection LLC ("PJM") electricity markets in a manner that was inconsistent with PJM's tariff requirements and related regulations, but did not result in errors in the Company's financial statements, as defined in ASC 250, for any accounting period. A proceeding regarding this matter is pending before the Federal Energy Regulatory Commission ("FERC"). FERC has the broad authority to investigate this matter and to impose a range of consequences, including disgorgement of any profits, civil penalties and non-financial remedies. We cannot predict or reasonably estimate the ultimate impact associated with this matter as it will be resolved in the future through the regulatory process by FERC or ultimately by a court should the matter be litigated, and that outcome is not known to us at this time.

We concluded that ASC 250 was not relevant because the financial reporting process begins once PJM determines market revenues for all suppliers, and not when we submit offers to PJM. As described more fully below, our financial statements appropriately reflected PJM determined market revenues. As a result, we evaluated the potential consequence of these inconsistencies as a contingent liability under ASC 450. The charge to income recorded in the first quarter of 2014 for this contingent liability represented our estimate of the disgorgement of profits that it was probable would be required, based on our analysis of the regulatory exposure in relation to the facts known at the time, considered in consultation with outside counsel.

PJM Market Rules and Requirements

We sell electricity into the PJM Interconnection LLC ("PJM") energy and capacity markets pursuant to the Market Based Rate Authorization granted to us by FERC. Our authorization from FERC, and accompanying FERC regulations require that we participate in these energy and capacity markets in accordance with PJM's tariff. In accordance with its tariffs and technical manuals, PJM determines which generation units it will dispatch to operate and produce electricity, and determines the payment that these generators will receive for their sales of electricity. These tariff requirements and related technical manuals require the submission and, when required, the updating of certain estimated cost and quantity data in a specified manner as part of PJM's regulated electricity market construct.

Specifically, PJM's technical manuals set forth the parameters to be used when market participants calculate the prices at which they are prepared to generate and sell energy ("bids"). The components of the bids are market fuel prices, unit efficiency, estimated variable operation and maintenance costs and "other fuel-related costs." PJM sets forth in its technical manuals the methods for calculating each of these components. As noted above, in the first quarter of 2014 we discovered that the calculations for certain components of the bids for our New Jersey fossil fuel powered generating units were inconsistent with PJM's technical requirements.

As further disclosed in our Form 10-Q for the Quarterly Period Ended June 30, 2014, upon discovery of this issue, we retained outside counsel and initiated an extensive internal factual investigation into the matter, including an assessment of all inputs into our bids submitted to PJM. During the second quarter of 2014, our investigation identified additional components of the bids that were inconsistent with PJM's technical requirements, as well as differences in the quantities offered into the energy market for our fossil peaking units from the amounts for which we were compensated in the capacity markets for those units. We informed FERC of these additional issues. On September 2, 2014, FERC staff verbally informed us that they have initiated a preliminary, nonpublic staff investigation into the matter.

Consideration of ASC 250

Under ASC 250-10-20, an error in previously issued financial statements is defined as "an error in recognition, measurement, presentation, or disclosure in financial statements resulting from mathematical mistakes, mistakes in the application of generally accepted accounting principles ("GAAP"), or oversight or misuse of facts that existed at the time the financial statements were prepared."

We do not believe the issues described above constitute accounting errors under this definition. As part of our consideration of ASC 250, we reviewed our revenue recognition policy and the related guidance under ASC 605 and SAB Topic 13. ASC 605-10-25-1 generally states that revenue is not recognized until it is realized or realizable and earned. Under SAB Topic 13, revenue generally is realized or realizable and earned when all of the following criteria are met:

- Persuasive evidence of an arrangement exists,
- Delivery has occurred or services have been rendered,
- The seller's price to the buyer is fixed or determinable, and
- Collectability is reasonably assured.

Under our accounting policy, energy revenue is recognized in the month of delivery to the grid controlled by PJM based upon the actual amount of energy delivered into the market at the market price determined by PJM based upon bids from all market participants. We believe this policy complies with SAB Topic 13 and GAAP since:

- The weekly invoices PJM issues to us and the related PJM tariff and related agreements meet the requirement of "persuasive evidence of an arrangement."
- We recognize revenue in the month that delivery has occurred to the grid controlled by PJM and energy is not subject to a right of return. Further, PJM takes title to the energy delivered.

- PJM sets the market price for energy delivered to the grid based upon bids submitted by all market participants. PJM then invoices and pays market participants who have delivered energy to the grid on a weekly basis based upon the market price for energy PJM has determined. We believe this regulatory construct meets the requirement of a fixed or determinable price.
- PJM invoices and pays market participants on a weekly basis for the energy they have delivered. Collectability of amounts due from PJM is "reasonably assured."

Based on these facts, we believe that all of the revenue recognition criteria have been met and no errors existed in our historical financial statements. While FERC has the authority to impose a range of consequences, including disgorgement of any profits, civil penalties and non-financial remedies, our prior period revenue was appropriately recognized based on our contractual relationship with PJM and settled transactions for which delivery of the product had occurred and payment was received. Accordingly, we concluded ASC 450 was the appropriate accounting guidance to use in determining the proper accounting and disclosures related to this matter.

Contingent Liability Analysis under ASC 450

ASC 450-20 defines a contingency as "an existing condition, situation, or set of circumstances involving uncertainty as to possible gain (gain contingency) or loss (loss contingency) to an entity that will ultimately be resolved when one or more future events occur or fail to occur." ASC 450-20 then requires the accrual of a loss contingency when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. This matter surrounding our bidding into the PJM electricity markets will be resolved in the future through the regulatory process by FERC or ultimately by a court should the matter be litigated, and that outcome is not known to us at this time.

In the first quarter of 2014, upon discovery and subsequent internal investigation of the matter described above, we concluded that it was probable that a liability had been incurred. As previously noted, we recorded the charge to income in the first quarter, which represented our estimate of the potential disgorgement of profits that it was probable would be required, based on our analysis of the probable regulatory exposure in relation to the facts known at the time, considered in consultation with outside counsel. This estimate was calculated in reference to the period from March 2012 to March 2014, based on facts known at the time. As our investigation proceeded through the second quarter, we identified additional instances of inconsistency with PJM's technical requirements but also certain previously unidentified mitigating factors. The combined effect of this new information is not clear, and in consideration of these developments, we concluded that the entirety of the amount of any probable loss could not be reasonably estimated. It is possible that we will incur additional losses, and that such losses may be material, but we cannot at the current time estimate the amount or range of any additional losses. We believe our accounting and disclosure meet the requirements set forth in ASC 450 and will provide the appropriate updates in future filings as the matter proceeds at FERC.

We acknowledge that:

- we are responsible for the adequacy and accuracy of the disclosure in the filings;
- staff comments or changes to disclosure in response to staff comments do not foreclose the Commission from taking any action with respect to the filings;
- we may not assert staff comments as a defense in any proceeding initiated by the Commission or any person under the federal securities laws of the United States;

If the Commission has any question regarding this letter, please contact the undersigned at 973-430-6424 or Stuart.Black@pseg.com.

Respectfully submitted,

/s/ Stuart J. Black

Stuart J. Black
Vice President and Controller
Public Service Enterprise Group Incorporated

FWP 1 e79058fwp.htm FINAL TERM SHEET

Final Term Sheet

Filed Pursuant to Rule 433
dated June 4, 2018
Relating to
Preliminary Prospectus Supplement
dated June 4, 2018 and
Prospectus dated November 17, 2017
Registration Statement No. 333-221640

PSEG Power LLC

$700,000,000 3.850% Senior Notes due 2023

June 4, 2018

Issuer:	PSEG Power LLC
Guarantors:	PSEG Nuclear LLC PSEG Fossil LLC PSEG Energy Resources & Trade LLC
Trade Date:	June 4, 2018
Settlement Date:	June 6, 2018
Proceeds to Issuer Before Expenses:	$695,429,000
Security:	3.850% Senior Notes due 2023
Ratings*:	Baa1 (stable) by Moody's Investor Service, Inc. BBB+ (stable) by S&P Global Ratings
Security Type:	Senior Unsecured Fixed Rate Notes
Principal Amount:	$700,000,000
Maturity Date:	June 1, 2023
Coupon:	3.850% per annum
Interest Payment Dates:	The 1st of each June and December, beginning December 1, 2018
Redemption Provisions:	At any time prior to May 1, 2023, at a price equal to the greater of (a) 100% of the principal amount of the Senior Notes being redeemed and (b) the sum of the present values of the remaining scheduled payments of principal of and interest on

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	the Senior Notes being redeemed that would be due if the Senior Notes matured on May 1, 2023, exclusive of accrued interest to the redemption date, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the treasury rate plus 20 basis points (0.200%), plus, in either case, accrued and unpaid interest to the redemption date. At any time on and after May 1, 2023, at a redemption price equal to 100% of the principal amount of the Senior Notes being redeemed, plus accrued and unpaid interest to the redemption date.
Change of Control Provision:	If the Issuer experiences a Change of Control (as defined in the preliminary prospectus supplement), the Issuer will be required to offer to repurchase all of the Senior Notes at a price equal to 101% of the principal amount thereof, plus any accrued and unpaid interest to the repurchase date unless the Issuer has previously fully redeemed the Senior Notes.
Benchmark Treasury:	2.750% due May 31, 2023
Benchmark Treasury Yield:	2.782%
Re-offer Spread to Benchmark:	108 basis points
Re-offer Yield:	3.862%
Price to Public:	99.947% of Principal Amount
CUSIP / ISIN:	69362B BC5/US69362BBC54
Joint Book-Running Managers:	Barclays Capital Inc. Goldman Sachs & Co. LLC J.P. Morgan Securities LLC Morgan Stanley & Co. LLC
Co-Managers:	Merrill Lynch, Pierce, Fenner & Smith Incorporated PNC Capital Markets LLC Wells Fargo Securities, LLC The Williams Capital Group, L.P.

* Note: A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. Each credit rating should be evaluated independently of any other credit rating.

No PRIIPs KID: No PRIIPs key information document (KID) has been prepared as not available to retail in the EEA.

The Issuer and the Guarantors have filed a registration statement (including a prospectus) and a preliminary prospectus supplement with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement, the preliminary prospectus supplement and the other documents the Issuer and the Guarantors have filed with the SEC for more complete information about the Issuer, the Guarantors and the offering. You may get these documents for free by visiting EDGAR on the SEC's website at www.sec.gov. Alternatively, any underwriter or any dealer participating in the offering will arrange to send you these documents if you request them by calling Barclays Capital Inc. toll-free at 1-888-603-5847, Goldman Sachs & Co. LLC toll-free at 1-866-471-2526, J.P. Morgan Securities LLC collect at 1-212-834-4533 or Morgan Stanley & Co. LLC toll-free at 1-866-718-1649.

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FWP 1 e70066fwp.htm TERM SHEET

Filed Pursuant to Rule 433
dated June 6, 2016
Relating to
Preliminary Prospectus Supplement
dated June 6, 2016 and
Prospectus dated November 18, 2014
Registration Statement No. 333-200354

PSEG Power LLC

$700,000,000 3.000% Senior Notes due 2021

June 6, 2016

Issuer:	PSEG Power LLC
Guarantors:	PSEG Nuclear LLC PSEG Fossil LLC PSEG Energy Resources & Trade LLC
Trade Date:	June 6, 2016
Settlement Date:	June 9, 2016
Proceeds to Issuer Before Expenses:	$694,533,000
Security:	3.000% Senior Notes due 2021
Ratings*:	Baa1 (stable) by Moody's Investor Service, Inc. BBB+ (stable) by S&P Global Ratings
Security Type:	Senior Unsecured Fixed Rate Notes
Principal Amount:	$700,000,000
Maturity Date:	June 15, 2021
Coupon:	3.000% per annum
Interest Payment Dates:	The 15th of each June and December, beginning December 15, 2016
Redemption Provisions:	At any time prior to May 15, 2021, at a price equal to the greater of (a) 100% of the principal amount of the Senior Notes being redeemed and (b) the sum of the present values of the remaining scheduled payments of principal of and interest on the Senior Notes being redeemed that would be due if the Senior Notes matured on May 15, 2021,

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	exclusive of accrued interest to the redemption date, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the treasury rate plus 30 basis points (0.300%), plus, in either case, unpaid interest accrued to the redemption date.
	At any time on and after May 15, 2021, at a price equal to 100% of the principal amount of the Senior Notes being redeemed, plus unpaid interest accrued to the redemption date.
Change of Control Provision:	If the Issuer experiences a Change of Control (as defined in the preliminary prospectus supplement), the Issuer will be required to offer to repurchase all of the Senior Notes at a price equal to 101% of the principal amount thereof, plus any accrued and unpaid interest to the repurchase date unless the Issuer has previously fully redeemed the Senior Notes.
Benchmark Treasury:	1.375% due May 31, 2021
Benchmark Treasury Yield:	1.239%
Re-offer Spread to Benchmark:	180 basis points
Re-offer Yield:	3.039%
Price to Public:	99.819% of Principal Amount
CUSIP / ISIN:	69362BBB7 / US69362BBB71
Joint Book-Running Managers:	Barclays Capital Inc. Goldman, Sachs & Co. J.P. Morgan Securities LLC Morgan Stanley & Co. LLC

***** Note: A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. Each credit rating should be evaluated independently of any other credit rating.

The Issuer and the Guarantors have filed a registration statement (including a prospectus) and a preliminary prospectus supplement with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement, the preliminary prospectus supplement and the other documents the Issuer and the Guarantors have filed with the SEC for more complete information about the Issuer, the Guarantors and the offering. You may get these documents for free by visiting EDGAR on the SEC's website at www.sec.gov. Alternatively, any underwriter or any dealer participating in the offering will arrange to send you these documents if you request them by calling Barclays Capital Inc. toll-free at 1-888-603-5847, Goldman, Sachs & Co. toll-free at 1-866-471-2526, J.P. Morgan Securities LLC collect at 1-212-834-4533 or Morgan Stanley & Co. LLC toll-free at 1-866-718-1649.

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FWP 1 e56141fwp.htm TERM SHEET (2018)

Filed Pursuant to Rule 433
dated November 5, 2013
Relating to
Preliminary Prospectus Supplement
dated November 5, 2013 and
Prospectus dated August 30, 2011
Registration Statement No. 333-175397

PSEG Power LLC

$250,000,000 2.45% Senior Notes due 2018

November 5, 2013

Issuer:	PSEG Power LLC
Security Type:	Senior Unsecured Fixed Rate Notes
Principal Amount:	$250,000,000
Trade Date:	November 5, 2013
Settlement Date:	November 8, 2013
Maturity Date:	November 15, 2018
Coupon:	2.45% per annum
Interest Payment Dates:	The 15th of each May and November, beginning May 15, 2014
Redemption Provisions:	At any time prior to October 15, 2018, at a price equal to the sum of (i) 100% of the principal amount of the 2018 Senior Notes being redeemed, (ii) a make whole premium determined at a discount rate equal to the Treasury Rate plus 20 basis points (0.20%) and (iii) unpaid interest accrued to the redemption date. At any time on and after October 15, 2018, at a price equal to the sum of (i) 100% of the principal amount of the 2018 Senior Notes being redeemed and (ii) unpaid interest accrued to the redemption date.
Benchmark Treasury:	1.25% due October 31, 2018
Benchmark Treasury Yield:	1.382%

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Re-offer Spread to Benchmark:	110 basis points
Re-offer Yield:	2.482%
Price to Public:	99.850% of Principal Amount
Proceeds to Issuer Before Expenses:	$248,125,000
Concurrent Debt Offering:	We are also offering $250,000,000 4.30% Senior Notes due 2023
CUSIP:	69362BAZ5
Joint Book-Running Managers:	Barclays Capital Inc. Goldman, Sachs & Co. Wells Fargo Securities, LLC BNP Paribas Securities Corp. Mizuho Securities USA Inc.
Co-Managers:	Credit Agricole Securities (USA) Inc. TD Securities (USA) LLC Drexel Hamilton, LLC

The issuer has filed a registration statement (including a prospectus and a preliminary prospectus supplement) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus and the preliminary prospectus supplement in that registration statement and other documents the issuer has filed with the SEC for more complete information about the issuer and this offering. You may get these documents for free by visiting EDGAR on the SEC's website at www.sec.gov. Alternatively, the issuer, any underwriter or any dealer participating in the offering will arrange to send you these documents if you request them by calling Barclays Capital Inc. toll-free at 1-888-603-5847, Goldman, Sachs & Co. toll-free at 1-866-471-2526 or Wells Fargo Securities, LLC toll-free at 1-800-326-5897.

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FWP 1 e56140fwp.htm TERM SHEET (2023)

Filed Pursuant to Rule 433
dated November 5, 2013
Relating to
Preliminary Prospectus Supplement
dated November 5, 2013 and
Prospectus dated August 30, 2011
Registration Statement No. 333-175397

PSEG Power LLC

$250,000,000 4.30% Senior Notes due 2023

November 5, 2013

Issuer:	PSEG Power LLC
Security Type:	Senior Unsecured Fixed Rate Notes
Principal Amount:	$250,000,000
Trade Date:	November 5, 2013
Settlement Date:	November 8, 2013
Maturity Date:	November 15, 2023
Coupon:	4.30% per annum
Interest Payment Dates:	The 15th of each May and November, beginning May 15, 2014
Redemption Provisions:	At any time prior to August 15, 2023, at a price equal to the sum of (i) 100% of the principal amount of the 2023 Senior Notes being redeemed, (ii) a make whole premium determined at a discount rate equal to the Treasury Rate plus 25 basis points (0.25%) and (iii) unpaid interest accrued to the redemption date. At any time on and after August 15, 2023, at a price equal to the sum of (i) 100% of the principal amount of the 2023 Senior Notes being redeemed and (ii) unpaid interest accrued to the redemption date.
Benchmark Treasury:	2.50% due August 15, 2023
Benchmark Treasury Yield:	2.657%

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Re-offer Spread to Benchmark:	165 basis points
Re-offer Yield:	4.307%
Price to Public:	99.943% of Principal Amount
Proceeds to Issuer Before Expenses:	$248,232,500
Concurrent Debt Offering:	We are also offering $250,000,000 2.45% Senior Notes due 2018
CUSIP:	69362BBA9
Joint Book-Running Managers:	Barclays Capital Inc. Goldman, Sachs & Co. Wells Fargo Securities, LLC BNP Paribas Securities Corp. Mizuho Securities USA Inc.
Co-Managers:	Credit Agricole Securities (USA) Inc. TD Securities (USA) LLC Drexel Hamilton, LLC

The issuer has filed a registration statement (including a prospectus and a preliminary prospectus supplement) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus and the preliminary prospectus supplement in that registration statement and other documents the issuer has filed with the SEC for more complete information about the issuer and this offering. You may get these documents for free by visiting EDGAR on the SEC's website at www.sec.gov. Alternatively, the issuer, any underwriter or any dealer participating in the offering will arrange to send you these documents if you request them by calling Barclays Capital Inc. toll-free at 1-888-603-5847, Goldman, Sachs & Co. toll-free at 1-866-471-2526 or Wells Fargo Securities, LLC toll-free at 1-800-326-5897.

S-3ASR 1 e74557s3asr.htm FORM S-3ASR

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON NOVEMBER 17, 2017

Registration Nos. 333-
333-
333-
and
333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM S-3

REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933

PSEG POWER LLC

(Exact name of registrant as specified in charter)

DELAWARE	**22-3663480**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

SEE TABLE OF ADDITIONAL REGISTRANTS ON THE FOLLOWING PAGE

80 PARK PLAZA
NEWARK, NEW JERSEY 07102
(973) 430-7000
(Address, including zip code, and telephone number, including area code, of registrants' principal executive offices)

DANIEL J. CREGG
EXECUTIVE VICE PRESIDENT AND
CHIEF FINANCIAL OFFICER
80 PARK PLAZA
NEWARK, NEW JERSEY 07102
(973) 430-7000
(Name, address, including zip code, and telephone number, including area code, of agent for service for each registrant)

WITH COPIES TO:

TAMARA L. LINDE, ESQUIRE
EXECUTIVE VICE PRESIDENT AND GENERAL COUNSEL
80 PARK PLAZA
NEWARK, NEW JERSEY 07102

Approximate Date of Commencement of Proposed Sale to the Public: From time to time after the effective date of this Registration Statement.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. ☐

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, please check the following box. ☒

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same

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offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box. ☒

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box. ☐

(continued on following page)

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Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☐
(Do not check if a smaller reporting company)		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act. ☐

CALCULATION OF REGISTRATION FEE

Title Of Each Class Of Securities To Be Registered (1)	Amount To Be Registered (2)	Proposed Maximum Offering Price Per Unit (2)	Proposed Maximum Aggregate Offering Price (2)	Amount of Registration Fee (3)
Senior Debt Securities				
Guarantees				
Total				

(1) Securities registered hereunder may be sold separately, together or as units with other securities registered hereunder.

(2) An indeterminate amount of securities and aggregate offering price of each identified class is being registered as may from time to time be offered and sold at indeterminate prices.

(3) In accordance with Rules 456(b) and 457(r) under the Securities Act of 1933, as amended (the "Securities Act"), the Registrants are deferring payment of all of the registration fee. Pursuant to Rule 457(n) under the Securities Act, no separate registration fee is due for guarantees.

TABLE OF ADDITIONAL REGISTRANTS

Exact Name of Registrant as Specified in its Charter*	State or Other Jurisdiction of Incorporation or Organization	I.R.S. Employer Identification Number
PSEG Energy Resources & Trade LLC	Delaware	22-3663483
PSEG Fossil LLC	Delaware	22-3663481
PSEG Nuclear LLC	Delaware	22-3663482

* The address, including zip code, and telephone number, including area code, of the principal executive offices of each of the Registrants listed in this table are the same as those of PSEG Power LLC.

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PROSPECTUS

Senior Debt Securities

PSEG Power LLC ("Power") may offer from time to time, together or separately, one or more series of its unsecured senior debt securities (the "Debt Securities"). The Debt Securities will rank equally with all of Power's other existing and future unsubordinated and unsecured indebtedness. The Debt Securities will be fully and unconditionally guaranteed jointly and severally by Power's three principal operating subsidiaries as described in this prospectus. The guarantees will rank equally with all of such subsidiary's existing and future unsubordinated and unsecured indebtedness.

When a particular series of Debt Securities is offered, Power will prepare a prospectus supplement setting forth the particular terms of the offered Debt Securities. You should carefully read this prospectus, any prospectus supplement and any free writing prospectus relating to such offering and the documents incorporated by reference herein and therein, before you make any decision to invest in the Debt Securities.

The Debt Securities may be offered in amounts, at initial offering prices, and on terms to be determined at the time of offering.

Power will sell the Debt Securities directly, through agents, underwriters or dealers as designated from time to time, or through a combination of such methods. If any such agents, underwriters or dealers are involved in the sale of the Debt Securities in respect of which this prospectus is being delivered, the names of such agents, underwriters or dealers and any applicable agent's commission, underwriter's discount or dealer's purchase price and the net proceeds to Power from such sale will be set forth in, or may be calculated on the basis set forth in, the applicable prospectus supplement. See "Plan of Distribution" for possible indemnification arrangements for any such agents, underwriters and dealers.

This prospectus may not be used to consummate sales of the Debt Securities without the delivery of one or more prospectus supplements.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed on the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

Investing in the Debt Securities involves risks. You should carefully review "Risk Factors" beginning on page 4 of this prospectus, as well as the risk factors contained in Power's most recently filed Annual Report on Form 10-K and its other periodic reports filed with the Securities and Exchange Commission and incorporated by reference into this prospectus before you invest.

The date of this prospectus is November 17, 2017.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that Power, PSEG Energy Resources & Trade LLC ("ER&T"), PSEG Fossil LLC ("Fossil") and PSEG Nuclear LLC ("Nuclear") filed with the Securities and Exchange Commission (the "SEC") utilizing a "shelf" registration process. Under this shelf process, we may, from time to time, sell the securities described in this prospectus in one or more offerings of one or more series. Each time we sell securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering.

As allowed by the SEC rules, this prospectus does not contain all of the information included in the registration statement. For further information, we refer you to the registration statement, including its exhibits and documents incorporated by reference. Statements contained in this prospectus about the provisions or contents of any agreement or other document are not necessarily complete. If the SEC's rules and regulations require that an agreement or document be filed as an exhibit to the registration statement, please see that agreement or document for a complete description of its provisions.

You should read this prospectus, any prospectus supplement and any free writing prospectus, including in each case, information incorporated by reference together with any additional information you may need to make your investment decision. You should also read and carefully consider the information in the documents we have referred you to in "Where You Can Find More Information" below. Information in any applicable prospectus supplement or free writing prospectus or that is incorporated by reference after the date of this prospectus is considered a part of this prospectus and may add to, update or change information contained in this prospectus. Any information in such subsequent filings that is inconsistent with this prospectus will supersede the information in this prospectus.

You should rely only on the information provided or incorporated by reference in this prospectus and any prospectus supplement and any free writing prospectus relating to an offering. We have not authorized anyone else to provide you with other information. We are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information in this prospectus, any prospectus supplement, any free writing prospectus or any document incorporated by reference is accurate as of any date other than the date of the applicable document. Our business, prospects, financial condition, results of operations and cash flows may have changed since that date.

In this prospectus, unless otherwise stated, or the context otherwise requires, references to "we," "us" and "our" are to PSEG Power LLC and its consolidated subsidiaries, including ER&T, Fossil and Nuclear.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports and other information with the SEC. You may read and copy any material on file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room. Our filings are also available to the public over the Internet on the SEC's web site at http://www.sec.gov, as well as on our web site at http://www.pseg.com. None of the information contained at any time on our web site is incorporated by reference into this prospectus.

The SEC allows us to "incorporate by reference" documents that we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference or deemed incorporated by reference is an important part of this prospectus, and information that we file later with the SEC will be deemed to automatically update and supersede this incorporated information. We incorporate by reference the following documents filed with the SEC.

- Our Annual Report on Form 10-K for the year ended December 31, 2016; and
- Our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2017, June 30, 2017 and September 30, 2017.

We also incorporate by reference any future filings made with the SEC under Section 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), on or after the date of this prospectus and prior to the termination of any particular offering of Debt Securities, except, in each case, for current reports on Form 8-K containing only disclosure furnished under items 2.02 or 7.01 of Form 8-K and exhibits relating to such disclosure, unless otherwise specifically stated in the Form 8-K or the prospectus supplement for such offering.

Certain of the documents incorporated by reference in this prospectus are combined documents that are separately filed by Public Service Enterprise Group Incorporated ("PSEG"), Public Service Electric and Gas Company ("PSE&G") and Power. Only information relating to Power in such documents has been incorporated by reference in this prospectus.

You can get a free copy of any of the documents incorporated by reference by making an oral or written request directed to:

Vice President, Investor Relations
PSEG Services Corporation
80 Park Plaza, 4th Floor
Newark, NJ 07102
Telephone (973) 430-6565

FORWARD-LOOKING STATEMENTS

This prospectus or other offering materials may contain or incorporate by reference statements about our and our subsidiaries' future performance, including, without limitation, future revenues, earnings, strategies, prospects, consequences and all other statements that are not purely historical that constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those anticipated. Such statements are based on management's beliefs as well as assumptions made by and information currently available to management. When used herein, the words "anticipate," "intend," "estimate," "believe," "expect," "plan," "should," "hypothetical," "potential," "forecast," "project," variations of such words and similar expressions are intended to identify forward-looking statements. Factors that may cause actual results to differ are often presented with the forward-looking statements themselves. Other factors that could cause actual results to differ materially from those contemplated in any forward-looking statements made by us herein are discussed in filings we make with the SEC, including our Annual Report on Form 10-K and subsequent reports on Form 10-Q and Form 8-K. These factors include, but are not limited to:

- fluctuations in wholesale power and natural gas markets, including the potential impacts on the economic viability of our generation units;
- our ability to obtain adequate fuel supply;
- any inability to manage our energy obligations with available supply;
- increases in competition in wholesale energy and capacity markets;
- changes in technology related to energy generation, distribution and consumption and customer usage patterns;
- economic downturns;
- third-party credit risk relating to our sale of generation output and purchase of fuel;
- adverse performance of our decommissioning and defined benefit plan trust fund investments and changes in funding requirements;
- changes in state and federal legislation and regulations;
- regulatory, financial, environmental, health and safety risks associated with our ownership and operation of nuclear facilities;
- adverse changes in energy industry laws, policies and regulations, including market structures and transmission planning;
- changes in federal and state environmental regulations and enforcement;
- delays in receipt of, or an inability to receive, necessary licenses and permits;
- adverse outcomes of any legal, regulatory or other proceeding, settlement, investigation or claim applicable to us and/or the energy industry;
- changes in tax laws and regulations;
- the impact of our holding company structure on our ability to meet our corporate funding needs, service debt and pay dividends;
- lack of growth or slower growth in the number of customers or changes in customer demand;
- any inability of Power to meet its commitments under forward sale obligations;
- reliance on transmission facilities that we do not own or control and the impact on our ability to maintain adequate transmission capacity;
- any inability to successfully develop or construct generation projects;
- any equipment failures, accidents, severe weather events or other incidents that impact our ability to provide safe and reliable service to our customers;

- our inability to exercise control over the operations of generation facilities in which we do not maintain a controlling interest;
- any inability to maintain sufficient liquidity;
- any inability to realize anticipated tax benefits or retain tax credits;
- challenges associated with recruitment and/or retention of key executives and a qualified workforce;
- the impact of our covenants in our debt instruments on our operations; and
- the impact of acts of terrorism, cybersecurity attacks or intrusions.

Additional information concerning these factors is set forth or referred to under “Risk Factors.”

All of the forward-looking statements made in this prospectus and the other offering materials are qualified by these cautionary statements and we cannot assure you that the results or developments anticipated by management will be realized or even if realized, will have the expected consequences to, or effects on, us or our business, prospects, financial condition, results of operations or cash flows. Readers are cautioned not to place undue reliance on these forward-looking statements in making any investment decision. Forward-looking statements made in this prospectus or other offering materials apply only as of the date of this prospectus or such other offering materials. While we may elect to update forward-looking statements from time to time, we specifically disclaim any obligation to do so, even in light of new information or future events, unless otherwise required by applicable securities laws.

The forward-looking statements contained in this prospectus and the other offering materials are intended to qualify for the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Exchange Act.

PSEG POWER LLC

We are a multi-regional energy supply company that integrates the operations of our merchant nuclear and fossil generating assets with our power marketing businesses through competitive energy sales in well-developed energy markets and fuel supply functions primarily in the Northeast and Mid-Atlantic United States. Our three principal direct, wholly-owned subsidiaries are Fossil, Nuclear and ER&T. Fossil and Nuclear own and operate generation and generation-related facilities. ER&T is responsible for the day-to-day management of our energy portfolio. Fossil, Nuclear, ER&T are subject to regulation by, among others, the Federal Energy Regulatory Commission, the Nuclear Regulatory Commission, the Environmental Protection Agency and the states in which they operate, and Nuclear is also subject to regulation by the Nuclear Regulatory Commission.

We are a wholly-owned subsidiary of PSEG.

Power, ER&T, Fossil and Nuclear are Delaware limited liability companies with principal executive offices located at 80 Park Plaza, Newark, New Jersey 07102. Their telephone number is 973-430-7000.

RISK FACTORS

In addition to the risk factors contained in our most recently filed Annual Report on Form 10-K and our other periodic reports filed with the SEC and incorporated by reference into this prospectus, as well as those risk factors that may be included in the applicable prospectus supplement or any applicable free writing prospectus, prospective investors should carefully consider the risks described below before making a decision to invest in our securities. Such factors could have a material adverse effect on our business, prospects, financial condition, results of operations or cash flows and on the trading price of our securities. Such factors could affect actual results and cause our results to differ materially from those expressed in any forward-looking statements made by, or on behalf of, us. See “Forward-Looking Statements.”

Because Power is a Holding Company, its Ability to Service its Debt Could Be Limited

Power is a holding company with no material assets other than the stock or membership interests of its subsidiaries. Accordingly, all of Power’s operations are conducted by its subsidiaries, which are separate and distinct legal entities.

Power depends on its subsidiaries' cash flow and access to capital in order to service its indebtedness and satisfy its other funding needs. Any project-related debt agreements of Power's subsidiaries will generally restrict their ability to pay dividends, make cash distributions or otherwise transfer funds to Power. These restrictions may include achieving and maintaining financial performance or debt coverage ratios, absence of events of default, or priority in payment of other current or prospective obligations. Power's subsidiaries' ability to pay dividends, make cash distributions or otherwise transfer funds to Power may also be limited or restricted by regulatory considerations or applicable law.

Power's subsidiaries may finance some investments using non-recourse project level financing. A non-recourse project financing is generally structured to be repaid out of cash flows provided by the investment. In the event of a default under a financing agreement which is not cured, the lenders would generally have rights to the related assets. In the event of foreclosure after a default, Power's subsidiary may lose its equity in the asset or may not be entitled to any cash that the asset may generate. Although a default under a project level financing agreement is not expected to cause a default with respect to Power's debt, other debt of the applicable subsidiary, if any, or debt of Power's other subsidiaries, it may materially affect Power's ability to service its outstanding indebtedness and satisfy its other funding needs.

We can give no assurances that our current and future capital structure, operating performance or financial condition will permit us to access the capital markets or to obtain other financing at the times, in the amounts and on the terms necessary or advisable for us to successfully carry out our business strategy or to service our indebtedness and satisfy our other funding needs.

The Indenture Restricts Our Ability to Enter into Certain Transactions

The Indenture (as defined below under "Description of Debt Securities") restricts Power's ability and the ability of its Restricted Subsidiaries (as defined below under "Description of Debt Securities") to, among other things:

- in the case of Restricted Subsidiaries, incur certain indebtedness;
- create or permit to exist liens;
- in the case of Restricted Subsidiaries, create or permit to exist dividend or payment restrictions with respect to us;
- sell assets; and
- engage in mergers and consolidations.

These restrictions may limit our ability to finance future operations, respond to changing business and economic conditions, secure any needed additional financing and engage in opportunistic transactions. See "Description of Debt Securities — Selected Indenture Covenants."

PSEG Could Exercise Its Control Over Us to the Detriment of Holders of the Debt Securities

Power's sole limited liability company member, PSEG, controls the election of its directors and all other matters submitted for member approval and has control over our management and affairs. In circumstances involving a conflict of interest between PSEG, as the sole member, on the one hand, and our creditors, on the other, we can give no assurance that PSEG would not exercise its power to control us in a manner that would benefit PSEG to the detriment of our creditors, including the holders of the Debt Securities.

The Indenture imposes no limitations on our ability to pay dividends or to make other payments to PSEG or on our ability to enter into transactions with PSEG or our other affiliates.

Federal and State Statutes May Limit Your Rights as a Holder

Each Restricted Subsidiary will guarantee Power's obligations on the Debt Securities (each a "Subsidiary Guarantee"). See "Description of Debt Securities — Selected Indenture Covenants — Guarantee of Debt Securities."

Under the federal bankruptcy law and comparable provisions of state fraudulent transfer laws, a court could find that the Subsidiary Guarantee provided by a Restricted Subsidiary constituted a fraudulent conveyance by that Restricted Subsidiary. To do so, a court would typically have to find that, at the time the Subsidiary Guarantee was issued, the relevant Restricted Subsidiary:

- issued the Subsidiary Guarantee with the intent of hindering, delaying or defrauding its current or future creditors; or
- (a) received less than fair consideration or reasonably equivalent value for incurring the indebtedness represented by its Subsidiary Guarantee; and (b) either (i) was insolvent or was rendered insolvent by reason of the issuance of the Subsidiary Guarantee or would be rendered insolvent upon payment of the Subsidiary Guarantee, (ii) was engaged, or about to engage, in a business or transaction for which its remaining unencumbered assets constituted unreasonably small capital or (iii) intended to incur, or believed or should have believed it would incur, debts beyond its ability to pay as such debts mature.

Many of the foregoing terms are defined in or interpreted under those statutes.

Different jurisdictions define “insolvency” differently. However, an entity generally would be considered insolvent at the time it incurred any particular obligation if (1) its liabilities exceeded its assets, at a fair valuation, (2) the present fair saleable value of its assets was less than the amount required to pay its total existing debts and liabilities (including any probable liability related to contingent liabilities) as they became absolute and matured or (3) it could not pay its debts as they became due. We cannot assure you of the standard a court would apply in order to determine whether any Restricted Subsidiary was “insolvent” as of the date the applicable Subsidiary Guarantee was issued, or that regardless of the method of valuation, a court would not determine, regardless of whether such Restricted Subsidiary was insolvent on the date the Subsidiary Guarantee was issued, that the payments constituted fraudulent transfers on another ground.

If a court were to make any such finding, it could:

- void all or a portion of the relevant Restricted Subsidiary’s obligations on the Subsidiary Guarantees; and/or
- seek to recover any payments made on account of the relevant Subsidiary Guarantee.

In addition, any claims in respect of a Subsidiary Guarantee could be subordinated to all other debts of the relevant Restricted Subsidiary under principles of “equitable subordination,” which generally require that the claimant must have engaged in some type of inequitable conduct; the misconduct must have resulted in injury to the creditors of the debtor or conferred an unfair advantage on the claimant; and equitable subordination must not be inconsistent with other provisions of the U.S. Bankruptcy Code.

In any such event, we cannot assure you that you would receive any payment under the Subsidiary Guarantee of the relevant Restricted Subsidiary.

There is No Trading Market for the Debt Securities

We do not intend to list any series of the Debt Securities on any U.S. securities exchange. We can give no assurance that an active trading market for any series of Debt Securities will develop or, if one develops, will be maintained or be liquid. If an active trading market does not develop or is not maintained, investors may not be able to sell such series of Debt Securities when desired, or perhaps at all, or be able to sell such series of Debt Securities at a price equal to or above the price the investors paid for them. The Debt Securities may not be appropriate as a short-term investment, and investors should consider the potentially illiquid and long-term nature of their investment in the Debt Securities before making an investment decision.

CONSOLIDATED RATIOS OF EARNINGS TO FIXED CHARGES

Our consolidated ratios of earnings to fixed charges for each of the periods indicated are as follows:

	Nine Months Ended September 30, 2017	Years Ended December 31, 2016	2015	2014	2013	2012
Ratios of Earnings to Fixed Charges[1]	(0.75)	0.82	9.99	9.37	8.37	7.63

1 The term "earnings" shall be defined as pre-tax income from continuing operations before income or loss from equity method investees plus distributed income from equity investees. Add to pre-tax income the amount of fixed charges adjusted to exclude the amount of any interest capitalized during the period. Fixed Charges represent (a) interest, whether expensed or capitalized, (b) amortization of debt discount, premium and expense and (c) an estimate of interest implicit in rentals. The ratio of earnings to fixed charges for the nine months ended September 30, 2017 and the year ended December 31, 2016, was (0.75) and 0.82, respectively, which represents a deficiency of $182 million and $25 million, respectively.

USE OF PROCEEDS

Unless we state otherwise in the prospectus supplement for a particular offering, the net proceeds from the sale of the Debt Securities will be added to our general funds and will be used for general corporate purposes.

DESCRIPTION OF DEBT SECURITIES

We may issue our Debt Securities from time to time. The Debt Securities will be issued under an Indenture dated as of April 16, 2001, as amended and supplemented by the First Supplemental Indenture dated as of March 13, 2002 (the "Indenture"), among us, the subsidiary guarantors party thereto and The Bank of New York Mellon, as Trustee (the "Trustee"). The Indenture is filed as an exhibit to the registration statement. The Indenture is subject to and governed by the Trust Indenture Act of 1939, as amended (the "TIA"). Selected provisions of the Indenture have been summarized below. This summary is not complete. You should read the Indenture for provisions that may be important to you. In the summary below, references to section numbers of the Indenture are included so that you can easily locate these provisions. Capitalized terms used in the summary have the meanings specified in the Indenture. Parenthetical references below are to the Indenture or to the TIA, as applicable. In this section, references to "we", "our" and "us" refer to PSEG Power LLC without its consolidated subsidiaries.

General

The Debt Securities will be our senior unsecured obligations. They will rank equally with all of our other existing and future unsubordinated and unsecured indebtedness. Each series of Debt Securities will be guaranteed, jointly and severally, by Fossil, Nuclear and ER&T (the "Subsidiary Guarantors") as described below. The Subsidiary Guarantees will rank equally in right of payment to all existing and future unsecured and unsubordinated indebtedness of such Subsidiary Guarantor.

We have the ability to issue Debt Securities with terms different from those of Debt Securities previously issued and, without the consent of the holders thereof, to reopen a previous series of Debt Securities and issue additional Debt Securities of such series (unless such reopening was restricted when such series was created). Any additional Debt Securities of a series having similar terms, together with the Debt Securities of such series, will constitute a single series of Debt Securities under the Indenture; provided that if the additional Debt Securities are not fungible for U.S. federal income tax purposes, the additional Debt Securities will have a separate CUSIP number.

Provisions Applicable to Particular Series

The Indenture provides that any Debt Securities proposed to be sold pursuant to this prospectus and any accompanying prospectus supplement and/or free writing prospectus (the "Offered Securities"), as well as other of our unsecured debt securities, may be issued under the Indenture in one or more series, as authorized by us from time to time. The particular terms of such Offered Securities and any modifications of or additions to the general terms of the Debt Securities as described in this prospectus that may be applicable in the case of the Offered Securities will be described in the applicable prospectus supplement. Accordingly, for a description of the terms of any Offered Securities, you should refer to both the prospectus supplement for that series and the description of Debt Securities set forth in this prospectus.

You should refer to the prospectus supplement for the following information for each particular series of Offered Securities:

- the title of such Debt Securities;
- the aggregate principal amount of such Debt Securities and any limit on the aggregate principal amount of Debt Securities of such series;
- if other than the principal amount thereof, the portion of the principal amount thereof payable upon declaration of acceleration of the maturity thereof or the method by which such portion will be determined;
- the date or dates, or the method by which such date or dates will be determined or extended, on which the principal of such Debt Securities will be payable;
- the rate or rates at which such Debt Securities will bear interest, if any, or the method by which such rate or rates will be determined, the date or dates from which such interest will accrue or the method by which such date or dates will be determined, the date or dates on which such interest, if any, will be payable and the Regular Record Date or Dates, if any, for the interest payable on any Registered Security on any Interest Payment Date, or the method by which any such date will be determined, and the basis upon which interest will be calculated if other than that of a 360-day year of twelve 30-day months;
- the date or dates on which or the period or periods within which, the price or prices at which and the other terms and conditions upon which, such Debt Securities may be redeemed, in whole or in part, at our option and whether we are to have that option;
- our obligation, if any, to redeem, repay or purchase such Debt Securities, in whole or in part, pursuant to any sinking fund or analogous provision or at the option of a holder thereof and the period or periods within which or the date or dates on which, the price or prices at which and the other terms and conditions upon which, such Debt Securities will be so redeemed, repaid or purchased;
- whether such Debt Securities are to be issuable as Registered Securities, Bearer Securities (with or without coupons) or both, any restrictions applicable to the offer, sale or delivery of Bearer Securities and the terms, if any, upon which Bearer Securities of the series may be exchanged for Registered Securities of the series and vice versa (if permitted by applicable laws and regulations), whether such Debt Securities will be issuable initially in temporary global form, whether any such Debt Securities will be issuable in permanent global form with or without coupons and, if so, whether beneficial owners of interests in any such permanent global security may exchange such interests for Debt Securities of such series in certificated form and of like tenor of any authorized form and denomination and the circumstances under which any such exchanges may occur, if other than in the manner provided in the Indenture, and, if Registered Securities are to be issuable as a global security, the identity of the depositary for such Debt Securities;
- whether the amount of payments of principal of (or premium, if any) or interest, if any, on such Debt Securities may be determined with reference to an index, formula or other method (which index, formula or method may be based on one or more currencies, commodities, equity indices or other indices) and the manner in which such amounts will be determined;
- the place or places, if any, other than or in addition to The City of New York, where the principal of (and premium, if any) and interest, if any, on such Debt Securities will be payable, where any Registered Securities may be surrendered for registration of transfer, where such Debt Securities may be surrendered for exchange, where Debt Securities of a series that are convertible or exchangeable may be surrendered for conversion or exchange, as applicable, and where notices or demands to or upon us in respect of such Debt Securities and the Indenture may be served;
- the denomination or denominations in which such Debt Securities will be issuable, if other than $1,000, or any integral multiple thereof, in the case of Registered Securities and $5,000 in the case of Bearer Securities;
- if other than the Trustee, the identity of each Security Registrar and/or Paying Agent;

- the date as of which any Bearer Securities of the series and any temporary Debt Security issued in global form representing Outstanding Securities of the series will be dated if other than the date of original issuance of the first Debt Security of the series to be issued;
- the applicability, if at all, to such Debt Securities of the provisions of Article Fourteen of the Indenture described under " — Satisfaction and Discharge, Legal Defeasance and Covenant Defeasance" and any provisions in modification of, in addition to or in lieu of any of the provisions of such Article;
- the Person to whom any interest on any Registered Security of the series will be payable, if other than the Person in whose name such Registered Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, the manner in which, or the Person to whom, any interest on any Bearer Security of the series shall be payable, if otherwise than upon presentation and surrender of the coupons appertaining thereto as they severally mature, and the extent to which, or the manner in which, any interest payable on a temporary Debt Security issued in global form will be paid if other than in the manner provided in the Indenture;
- if such Debt Securities are to be issuable in definitive form (whether upon original issue or upon exchange of a temporary Debt Security of such series) only upon receipt of certain certificates or other documents or satisfaction of other conditions, the form and/or terms of such certificates, documents or conditions;
- whether and under what circumstances we will pay Additional Amounts, as contemplated by Section 1004 of the Indenture, on such Debt Securities to any holder who is not a United States person (including any modification to the definition of such term as contained in the Indenture as originally executed) in respect of any tax, assessment or governmental charge and, if so, whether we will have the option to redeem such Debt Securities rather than pay such Additional Amounts (and the terms of any such option);
- the provisions, if any, granting special rights to the holders of such Debt Securities upon the occurrence of such events as may be specified;
- any deletions from, modifications of or additions to the Events of Default or covenants with respect to such Debt Securities (which Events of Default or covenants are consistent with the Events of Default or covenants set forth in the general provisions of the Indenture);
- whether such Debt Securities will be convertible into or exchangeable for any other securities and, if so, the terms and conditions upon which such Debt Securities will be so convertible or exchangeable; and
- any other terms of such Debt Securities.

If applicable, the prospectus supplement will also set forth a discussion of federal income tax considerations relevant to the Debt Securities being offered.

For purposes of this prospectus, any reference to the payment of principal of (or premium, if any) or interest, if any, on such Debt Securities will be deemed to include mention of the payment of any Additional Amounts required by the terms of such Debt Securities.

Debt Securities may provide for less than the entire principal amount thereof to be payable upon declaration of acceleration of the maturity thereof ("Original Issue Discount Securities"). Federal income tax and other considerations pertaining to any such Original Issue Discount Securities will be discussed in the applicable prospectus supplement.

The Indenture also provides that there may be more than one Trustee thereunder, each with respect to one or more different series of Debt Securities. See " — The Trustee" herein. At a time when two or more Trustees are acting under the Indenture, each with respect to only certain series, the term Debt Securities, as used herein, will mean the one or more series with respect to which each respective Trustee is acting. In the event that there is more than one Trustee under the Indenture, the powers and trust obligations of each Trustee as described herein will extend only to the one or more series of Debt Securities for which it is Trustee. If two or more Trustees are acting under the Indenture, then the Debt Securities for which each Trustee is acting would in effect be treated as if issued under separate indentures.

The general provisions of the Indenture do not contain any provisions that would limit our ability to incur indebtedness or that would afford holders of Debt Securities protection in the event of a highly leveraged or similar transaction. Reference is made to the prospectus supplement for information with respect to any deletions from, modifications of or additions to the Events of Default or the covenants that are described below, including any addition of a covenant or other provision providing event risk or similar protection.

Denominations, Registration and Transfer

Debt Securities of a series may be issuable solely as Registered Securities, solely as Bearer Securities or as both Registered Securities and Bearer Securities. The Indenture also provides that Debt Securities of a series may be issuable in global form. (Section 203) See " — Book-Entry Debt Securities". Unless otherwise provided in the prospectus supplement, Debt Securities denominated in U.S. dollars (other than Global Securities, which may be of any denomination) are issuable in denominations of $1,000, or any integral multiples of $1,000, in the case of Registered Securities and in the denomination of $5,000 in the case of Bearer Securities. (Section 302) Unless otherwise indicated in the prospectus supplement, Bearer Securities will have interest coupons attached. (Section 201)

Registered Securities will be exchangeable for other Registered Securities of the same series. If (but only if) provided in the prospectus supplement, Bearer Securities (with all unmatured coupons, except as provided below, and all matured coupons which are in default) of any series may be similarly exchanged for Registered Securities of the same series of any authorized denominations and of a like aggregate principal amount and tenor. If so provided, Bearer Securities surrendered in exchange for Registered Securities between a Regular Record Date or a Special Record Date and the relevant date for payment of interest will be surrendered without the coupon relating to such date for payment of interest, and interest will not be payable in respect of the Registered Security issued in exchange for such Bearer Security, but will be payable only to the holder of such coupon when due in accordance with the terms of the Indenture. Unless otherwise specified in the prospectus supplement, Bearer Securities will not be issued in exchange for Registered Securities. (Section 305)

Registered Securities of a series may be presented for registration of transfer and Debt Securities of a series may be presented for exchange:

- at each office or agency required to be maintained by us for payment of such series as described in " — Payment and Paying Agents," and
- at each other office or agency that we may designate from time to time for such purposes.

No service charge will be made for any transfer or exchange of Debt Securities, but we may require payment of any tax or other governmental charge payable in connection therewith. (Section 305)

We will not be required to:

- issue, register the transfer of or exchange Debt Securities during a period beginning at the opening of business 15 days before any selection of Debt Securities of that series to be redeemed and ending at the close of business on (A) the day of mailing of the relevant notice of redemption if Debt Securities of the series are issuable only as Registered Securities and (B) if Debt Securities of the series are issuable as Bearer Securities, the day of the first publication of the relevant notice of redemption, or, if Debt Securities of the series are also issuable as Registered Securities and there is no publication, the day of mailing of the relevant notice of redemption;
- register the transfer of or exchange any Registered Security, or portion thereof, called for redemption, except the unredeemed portion of any Registered Security being redeemed in part;
- exchange any Bearer Security called for redemption, except to exchange such Bearer Security for a Registered Security of that series and like tenor that is simultaneously surrendered for redemption; or
- issue, register the transfer of or exchange any Debt Security which has been surrendered for repayment at the option of the holder, except the portion, if any, of such Debt Security not to be so repaid. (Section 305)

Payment and Paying Agents

Unless otherwise provided in the prospectus supplement, principal, premium, if any, and interest, if any, and Additional Amounts, if any, on Registered Securities will be payable at any office or agency to be maintained by us in Newark, New Jersey and New York, New York, except that at our option interest on an Interest Payment Date (including Additional Amounts, if any) may be paid (1) by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register or (2) by wire transfer to an account maintained by the Person entitled thereto as specified in the Security Register. (Sections 307, 1001 and 1002) Unless otherwise provided in the prospectus supplement, payment of any installment of interest on Registered Securities will be made to the Person in whose name such Registered Security is registered at the close of business on the Regular Record Date for such interest. (Section 307)

If Debt Securities of a series are issuable solely as Bearer Securities or as both Registered Securities and Bearer Securities, unless otherwise provided in the prospectus supplement, we will be required to maintain an office or agency (1) outside the United States at which, subject to any applicable laws and regulations, the principal of (and premium, if any) and interest, if any, on such series will be payable and (2) in The City of New York for payments with respect to any Registered Securities of such series (and for payments with respect to Bearer Securities of such series in the limited circumstances described below, but not otherwise). (Section 1002) The initial locations of such offices and agencies will be specified in the prospectus supplement. Unless otherwise provided in the prospectus supplement, principal of (and premium, if any) and interest, if any, on Bearer Securities may be paid by wire transfer to an account maintained by the Person entitled thereto with a bank located outside the United States. (Sections 307 and 1002) Unless otherwise provided in the prospectus supplement, payment of installments of interest on any Bearer Securities on or before Maturity will be made only against surrender of coupons for such interest installments as they severally mature. (Section 1001) Unless otherwise provided in the prospectus supplement, no payment with respect to any Bearer Security will be made at any office or agency we maintain in the United States or by check mailed to any address in the United States or by transfer to an account maintained with a bank located in the United States. Notwithstanding the foregoing, payments of principal of (and premium, if any) and interest, if any, on Bearer Securities payable in U.S. dollars will be made at the office of our Paying Agent in The City of New York if (but only if) payment of the full amount thereof in U.S. dollars at all offices or agencies outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions. (Section 1002)

We may from time to time designate additional offices or agencies, approve a change in the location of any office or agency and, except as provided above, rescind the designation of any office or agency.

Selected Indenture Covenants

Limitations on Obligations

Restricted Subsidiaries. We will not permit any Restricted Subsidiary to, directly or indirectly, Incur any Obligations (including, without limitation, Acquired Obligations), except for

- the Subsidiary Guarantees;
- Obligations existing on the date of the Indenture;
- Obligations of ER&T related to the purchase and sale of fuel, capacity, energy (including, but not limited to, electric power, natural gas and coal), environmental credits or entitlements, utility services, fuel, water, related transportation services and other similar or related products and services in the ordinary course of business;
- Obligations of Nuclear related to the purchase and sale of fuel and related transportation services in the ordinary course of business;
- Permitted Hedging Obligations of ER&T;
- Obligations incurred in exchange for, or the net proceeds of which are used to refund, refinance, or replace Obligations described under this “Limitations on Obligations”, provided that the average life of the refinancing Obligations shall not be shorter than the average life of the Obligations being refinanced and the principal amount of the refinancing obligations shall not exceed the principal amount of the Obligations being so refinanced; and

- Obligations to us or any other Restricted Subsidiary which are subordinated to the Subsidiary Guarantee with respect to the guaranteed Debt Securities of the Restricted Subsidiary incurring the Obligations.

The foregoing notwithstanding, Restricted Subsidiaries may Incur Obligations not otherwise permitted by the preceding paragraph in an aggregate amount outstanding after giving effect to such Incurrence not to exceed at any one time the greater of $250 million or 15% of Consolidated Net Tangible Assets as of the last day of the preceding month.

Subsidiaries Other Than Restricted Subsidiaries. Except for parental guarantees of debt service reserves, surety bonds, equity guarantees, performance bonds and bid bonds entered into in the ordinary course of business aggregating at any one time not more than $100 million, we shall not permit any Subsidiary that is not a Restricted Subsidiary to, directly or indirectly, Incur any Obligations (including, without limitation, Acquired Obligations) that are recourse to us or any Restricted Subsidiary. For the purposes of this section, preferred securities issued by our special purpose subsidiaries will not be considered to be recourse to us. (Section 1008)

Limitation on Liens

We may not, and may not permit any Restricted Subsidiary to, directly or indirectly, create, incur, assume or permit to exist any Lien of any kind on or with respect to any Property or interest in our Property or that of any of our Restricted Subsidiaries or any income or profits therefrom (in each case, whether the Property is owned at the date of the Indenture or thereafter acquired), unless the Debt Securities are secured equally and ratably with (or prior to) any and all other Obligations secured by the Lien, provided, however, that these restrictions shall not apply to or prevent the creation, incurrence, assumption or existence of Permitted Liens.

Permitted Liens shall include:

- Liens existing on the date of the Indenture;
- Liens to secure or provide for the payment of all or part of the purchase price of any Property or the cost of construction or improvement thereof; *provided* that no such Lien shall extend to or cover any other of our or our Restricted Subsidiaries' Property;
- Liens existing on Property at the time such Property is acquired by us or any Restricted Subsidiary; *provided* that such Liens (i) are not created, Incurred or assumed in contemplation of such Property being acquired and (ii) do not extend to or cover any other of our or our Restricted Subsidiaries' Property;
- Liens existing on Property of any entity at the time such entity is merged with or into or consolidated with us or a Restricted Subsidiary; *provided* that such Liens (i) are not created, Incurred or assumed in contemplation of such merger or consolidation and (ii) do not extend to any other of our or our Restricted Subsidiaries' Property;
- Liens securing Permitted Hedging Obligations;
- Liens for taxes, assessments or governmental charges that are not yet delinquent or that are being contested in good faith by any appropriate legal proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate reserve provision, if any, as is required in conformity with GAAP shall have been made;
- Liens arising by reason of any judgment, decree or order of any court, so long as any such Lien is being contested in good faith and is bonded or such judgment, decree or order does not exceed $50 million, and any appropriate legal proceedings that may have been duly initiated for the review of such judgment, decree or order have not been finally terminated or the period within which such proceedings may be initiated has not expired;
- Liens to secure pledges or deposits made in the ordinary course of business in connection with bids, tenders or contracts (other than for payment of indebtedness) or to secure guarantees, statutory or regulatory obligations or surety or performance bonds each made in the ordinary course of business;

- Liens imposed by law such as carriers', warehousemen's and mechanics' Liens, in each case arising in the ordinary course of business and with respect to amounts not yet due or being contested in good faith by appropriate legal proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as is required in conformity with GAAP shall have been made;
- Survey exceptions, encumbrances, easements or reservations of, or rights of others for, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real properties incidental to the conduct of the business or to the ownership of Properties which were not incurred in connection with indebtedness or other extensions of credit and which do not in the aggregate materially and adversely affect the value of the Properties or materially impair their use in the operation of the business;
- Liens securing letters of credit entered into in the ordinary course of business;
- Liens to secure pollution control revenue bonds or industrial revenue bonds;
- Liens securing Non-Recourse Obligations of Unrestricted Subsidiaries;
- Liens granted on the capital stock of Unrestricted Subsidiaries for the purpose of securing the Obligations of such Unrestricted Subsidiaries;
- Liens pursuant to Capitalized Leases or Synthetic Leases permitted to be entered into under the "Limitation on Obligations" covenant;
- Liens arising by reason of leases and subleases of Property pursuant to a Sale/Leaseback Transaction allowed pursuant to the "Limitation on Sale of Assets" covenant that do not materially interfere with the ordinary conduct of our or any of our Restricted Subsidiaries' business;
- Liens created in connection with worker's compensation, unemployment insurance and other social security statutes or regulations;
- Liens by a Wholly-Owned Subsidiary to us or any Restricted Subsidiary;
- Liens on Property, other than Capital Stock of Restricted Subsidiaries, to secure Obligations so long as the sum of the amount of outstanding Obligations secured by Liens incurred pursuant to this provision does not exceed the greater of $250 million or 15% of Consolidated Net Tangible Assets as of the end of the most recent fiscal quarter for which financial statements are available; and
- The replacement, extension or renewal (or successive replacements, extensions or renewals), as a whole or in part, of any Lien or of any agreement referred to above or the replacement, extension or renewal (not exceeding the outstanding principal amount of Indebtedness secured thereby together with any premium, interest, fee or expense payable in connection with any such replacement, extension or renewal) of Indebtedness secured thereby; provided that such replacement, extension or renewal is limited to all or part of the same Property that secured the Lien replaced, extended or renewed (plus improvements thereon or additions or accessions thereto).

Guarantee of Debt Securities

Each initial Subsidiary Guarantor and any subsequent Subsidiary Guarantor shall execute a Subsidiary Guarantee of each series of Debt Securities in substantially the form provided for by the Indenture at or before the time the definition of Subsidiary Guarantor shall be applicable to it. (Section 1601)

Guarantee of ER&T Obligations

We have executed a guarantee of the Obligations of ER&T substantially in the form provided for by the Indenture. (Section 1009)

Payment of Dividends by ER&T to Us

If and for so long as we guarantee the Obligations of ER&T, we shall cause ER&T, to the extent permitted by applicable law, to pay, at least quarterly, dividends or distributions to us of the excess cash not then required for its business operations. (Section 1010)

Limitation on Dividends and Other Payment Restrictions

Other than pursuant to the Indenture or as otherwise may be required by law, we will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create or cause to become, or as a result of the acquisition of any Person or Property, or upon any Person becoming a Restricted Subsidiary, remain subject to, any consensual encumbrance or consensual restriction of any kind on the ability of any Restricted Subsidiary to:

- pay dividends or make any other distributions on its Capital Stock;
- make payments on any Obligations owed to us or any of our Restricted Subsidiaries;
- make loans or advances to us or to any of our Restricted Subsidiaries;
- transfer any of its Property to us or to any of our Restricted Subsidiaries; or
- make payments under a Subsidiary Guarantee with respect to the Debt Securities.

The foregoing shall not prohibit:

- encumbrances and restrictions resulting from customary provisions relating to (i) transfers of Property that restrict the subletting or assignment of any lease or (ii) transfers of Property that are contained in licenses and that relate to the Property covered thereby, in each case entered into in the ordinary course of business;
- encumbrances and restrictions on transfers of Property existing on any assets at the time such assets are acquired (or the entity owning such assets is acquired) by any Restricted Subsidiary, whether by merger, consolidation, purchase of such assets or otherwise; provided that such restrictions and encumbrances (i) are not created, Incurred or assumed in contemplation of such assets or entity being acquired by the Restricted Subsidiary and (ii) do not extend to any other assets of the Restricted Subsidiary; and
- restrictions on transfers of Property created in connection with sales or purchases of electricity, energy, capacity, natural gas, coal, ancillary services, environmental credits and/or entitlements, utility services, fuel, water, related transportation services and other similar products and services, in each case, in the ordinary course of business; provided that restrictions arising from any transaction or series of related transactions pursuant to this clause shall not be materially more restrictive, taken as a whole, than encumbrances and restrictions customarily accepted as industry standard for similar transactions. (Section 1007)

Limitation on Sale of Assets

Except for a sale of all or substantially all of our assets, as provided in the “Merger, Consolidation or Sale of Assets” covenant, and other than

- assets required to be sold to conform with government regulations, laws or impositions,
- sales or dispositions of surplus, obsolete or worn out equipment,
- sales or dispositions of ownership interests in Unrestricted Subsidiaries, or
- any other sale or disposition so long as after giving effect to such events, the Rating Agencies shall have confirmed their ratings on our Debt Securities in effect immediately prior to such sale or disposition,

we may not, and may not permit any Restricted Subsidiary to, make any Asset Sale (other than short-term, readily marketable investments purchased for cash management purposes with funds not representing the proceeds of other Asset Sales) if, on a pro forma basis, the aggregate net book value of all such Asset Sales during the most recent 12-month period would exceed 15% of Consolidated Net Tangible Assets computed as of the most recent quarter preceding such sale; provided, however, that any such Asset Sale shall be disregarded for purposes of this 15% limitation if the Net Cash Proceeds are within 270 days thereafter (i) invested in a Permitted Business, (ii) used to purchase and retire Obligations ranking equal in right of payment to the Debt Securities or (iii) used to redeem the Debt Securities at a redemption price equal to 100% of the principal amount of the Debt Securities to be redeemed, plus accrued and unpaid interest thereon up to and including the applicable redemption date, plus a make-whole premium.

In addition, on a cumulative basis we may not sell or otherwise dispose of more than 25% of the assets or Capital Stock in Fossil, unless Net Cash Proceeds from such sale are invested in other non-nuclear generation assets or the capital stock of entities engaged in fossil generation and related businesses. (Section 1006)

Definitions

"*Acquired Obligations*" means, with respect to any Person, (1) Obligations of any other Person existing at the time the other Person is merged with or into or became a Subsidiary of the Person, including, without limitation, Obligations Incurred in connection with, or in contemplation of, the other Person merging with or into or becoming a Subsidiary of the Person; and (2) Obligations secured by a Lien encumbering any asset acquired by the Person at the time the asset is acquired by the Person.

"*Asset Sale*" means any sale, transfer, conveyance, lease or other disposition (including by way of merger, consolidation or sale-leaseback) by us or any of our Restricted Subsidiaries to any Person (other than to us or a Restricted Subsidiary of ours and other than in the ordinary course of business) of any Capital Stock or other Property of ours or of any of our Restricted Subsidiaries (including Capital Stock of Subsidiaries). The term "Asset Sale" will not include (1) any sale, transfer, conveyance, lease or other disposition of Property governed by the "Merger, Consolidation or Sale of Assets" covenant and (2) any transaction or series of related transactions consisting of the sale, transfer, conveyance, lease or other disposition of Capital Stock or other Property with a Fair Market Value aggregating less than $50 million in any fiscal year. The term "Asset Sale" also will not include (i) the grant of or realization upon a Lien permitted under the "Limitation on Liens" covenant or the exercise of remedies thereunder and (ii) sales of fuel, capacity, energy (including, but not limited to, electric power, natural gas and coal), environmental credits or entitlements, related transportation services and other related services by ER&T and its Permitted Hedging Obligations as permitted by the "Limitation on Obligations" covenant.

"*Attributable Debt*" means with respect to any Sale/Leaseback Transaction, at the time of determination, the present value (discounted at a rate per annum equal to the weighted average interest rate of all Debt Securities outstanding under the Indenture, compounded semi-annually) of the total obligations of the lessee for rental payments during the remaining term of the lease included in the Sale/Leaseback Transaction (including any period for which the lease has been extended).

"*Board of Directors*" means either the Board of Directors of PSEG Power LLC or any duly authorized committee of such Board.

"*Business Day*" means each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in Newark, New Jersey and The City of New York are authorized or obligated by law or executive order to close.

"*Capital Stock*" means (1) in the case of a corporation, corporate stock, (2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock, (3) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited) and (4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

"*Capitalized Lease*" means as applied to any Person, any lease of any Property of which the discounted present value of the rental obligations of such Person as lessee, in conformity with GAAP, is required to be capitalized on the balance sheet of such Person, and "Capitalized Lease Obligation" means the rental obligations, as aforesaid, under such lease.

"*Commodity Trading Obligations,*" with respect to any Person, means the Obligations of such Person under (1) any commodity swap agreement, commodity future agreement, commodity option agreement, commodity cap agreement, commodity floor agreement, commodity collar agreement, commodity hedge agreement, and any put, call or other agreement or arrangement, or combination thereof, designed to protect such Person against fluctuations in commodity prices or (2) any commodity swap agreement, commodity future agreement, commodity option agreement, commodity hedge agreement, and any put, call or other agreement or arrangement, or combination thereof (including an agreement or arrangement to hedge foreign exchange risks) in respect of commodities entered into by us pursuant to asset optimization and risk management policies and procedures adopted in good faith by the Board of Directors.

"*Consolidated Current Liabilities*," as of the date of determination, means the aggregate amount of our and our Restricted Subsidiaries' liabilities on a consolidated basis which may properly be classified as current liabilities (including taxes accrued as estimated), after eliminating (1) all inter-company items between us and any consolidated Restricted Subsidiary, (2) all current maturities of long-term indebtedness, all as determined in accordance with GAAP, and (3) all liabilities attributable to Subsidiaries that are not Restricted Subsidiaries.

"*Consolidated Net Tangible Assets*" means, as of any date of determination, the total amount of assets (less accumulated depreciation or amortization, allowances for doubtful receivables, other applicable reserves and other properly deductible items) of us and our Restricted Subsidiaries, determined on a consolidated basis in accordance with GAAP, consistently applied, and after giving effect to purchase accounting and after deducting therefrom, to the extent otherwise included, the amounts of:

- Consolidated Current Liabilities;
- excess of cost over fair value of assets of businesses acquired, as determined in good faith by the Board of Directors;
- unamortized debt discount and expense and other unamortized deferred charges, goodwill, patents, trademarks, service marks, trade names, copyrights, licenses, organization or developmental expenses and other intangible items;
- treasury stock;
- any cash set apart and held in a sinking or other analogous fund established for the purpose of redemption or other retirement of Capital Stock to the extent such obligation is not reflected in Consolidated Current Liabilities; and
- all assets attributable to Subsidiaries that are not Restricted Subsidiaries (including Capital Stock thereof), except to the extent of dividends or distributions received from such Subsidiaries.

"*Default*" means any event, act or condition that is, or after notice or the passage of time or both would be, an Event of Default.

"*Event of Default*" has the meaning specified in Section 501 of the Indenture.

"*Fair Market Value*" means the price that would be paid by a purchaser to a seller in an arm's-length transaction.

"*GAAP*" means generally accepted accounting principles in the United States applied on a basis consistent with the principles, methods, procedures and practices employed in the preparation of our audited financial statements, including, without limitation, those set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as approved by a significant segment of the accounting profession.

"*Hedging Obligations*" means, with respect to any Person, the obligations of such Person under any interest rate or currency swap agreement, interest rate or currency future agreement, interest rate cap or collar agreement, interest rate or currency hedge agreement, and any put, call or other agreement or arrangement designed to protect such Person against fluctuations in interest rates or currency exchange rates.

"*Incur*" means, with respect to any Obligation, to directly or indirectly create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable for or with respect to, or become responsible for payment of, contingently or otherwise, such Obligation. The term "Incurrence" has a corresponding meaning.

"*Lien*" means any mortgage, pledge, hypothecation, charge, assignment, deposit arrangement, encumbrance, security interest, lien (statutory or other), or preference, priority, or other security or similar agreement or preferential arrangement of any kind or nature whatsoever (including, without limitation, any agreement to give or grant a Lien or any lease, conditional sale or other title retention agreement having substantially the same economic effect as any of the foregoing).

"*Net Cash Proceeds*" from an Asset Sale is defined to mean cash payments received (including any cash payments received by way of a payment of principal pursuant to a note or installment receivable or otherwise, but only as and when received (including any cash received upon sale or disposition of any such note or receivable), excluding any other consideration received in the form of assumption by the acquiring Person of Obligations relating to the Property disposed of in such Asset Sale or received in any form other than cash) therefrom, in each case, net of (1) all legal, title and recording tax expenses, commissions and other fees and expenses of any kind (including consent and waiver fees and any applicable premiums, earn-out or working interest payments or payments in lieu or in termination thereof) Incurred, (2) all federal, state, provincial, foreign and local taxes and other governmental charges required to be accrued as a liability under GAAP as a consequence of such Asset Sale, (3) a reasonable reserve for the after-tax cost of any indemnification payments (fixed and contingent) attributable to seller's indemnities to the purchaser undertaken by us or any of our Subsidiaries in connection with such Asset Sale, (4) all payments made on any Obligation that is secured by such Property, in accordance with the terms of any Lien upon or with respect to such Property, or that must by its terms or by applicable law or in order to obtain a required consent or waiver be repaid out of the proceeds from or in connection with such Asset Sale and (5) all distributions and other payments made to holders of Capital Stock of Subsidiaries (other than us or our Restricted Subsidiaries) as a result of such Asset Sale.

"*Non-Recourse Obligation*" means, with respect to any Person, any financing that is or was Incurred with respect to the development, acquisition, design, engineering, procurement, construction, operation, ownership, servicing or management of one or more facilities used or useful in a Permitted Business in respect of which such Person has a direct or indirect interest, provided that such financing is without recourse to any Person or Property other than to (1) the Property that constitutes such facilities together with contracts, permits, licenses, reserves and other items related to such facilities, (2) the income from and proceeds of such facilities, (3) the Capital Stock of, and other investments in, the Person that owns the Property that constitutes any such facilities and (4) the Capital Stock of, and other investments in, any Person obligated with respect to such financing and of any Subsidiary of such Person that owns a direct or indirect interest in any such facilities.

"*Obligations*" of any Person shall mean at any date, without duplication,

- all obligations of such Person for borrowed money,
- all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments,
- all obligations of such Person arising under any conditional sale or other title retention arrangement or otherwise to pay the deferred purchase price of Property or services,
- all obligations of such Person Incurred in respect of Attributable Debt associated with any Sale/Leaseback Transaction, Capitalized Lease or Synthetic Lease,
- all obligations of such Person under letters of credit,
- all obligations of such Person under trade or bankers' acceptances,
- all obligations of such Person under Hedging Obligations and Commodity Trading Obligations,
- trade payables in respect of fuel, labor, supplies or other materials or services or the obligation to provide power,
- Preferred Stock and Redeemable Stock issued to any Person other than us or a Restricted Subsidiary,
- all obligations of others secured by a Lien on any asset of such Person, whether or not such obligations are assumed by such Person, and
- all obligations of others to the extent guaranteed by such Person.

The amount of any obligation shall be deemed to be the amount equal to the stated or determinable amount thereof or, if not stated or determinable, the maximum probable liability thereunder as determined by us in good faith.

"*Permitted Business*" means any business in which we or any of our Subsidiaries are engaged on the date of the Indenture or any other power or energy-related business, including the business of acquiring, developing, owning or operating electric power or thermal energy generation or cogeneration facilities, electric power

transmission, fuel supply and fuel transportation facilities, together with their related power supply, thermal energy and fuel contracts and other facilities, services or goods that are ancillary, incidental, complementary or reasonably related to the marketing, trading, development, construction or management servicing, ownership or operation of the foregoing.

"*Permitted Hedging Obligations*" of any Person shall mean (1) Hedging Obligations entered into in the ordinary course of business and in accordance with such Person's established risk management policies that are designed to protect such Person against, among other things, fluctuations in interest rates or currency exchange rates and which in the case of agreements relating to interest rates shall have a notional amount no greater than the payments due with respect to the Obligations being hedged thereby and (2) Commodity Trading Obligations.

"*Person*" means an individual, a corporation, a limited liability company, a partnership, an association, a trust or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

"*Preferred Stock*" means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) or preferred or preference stock of such Person that is outstanding or issued on or after the date of original issuance of the Debt Securities under the Indenture.

"*Property*" of any Person is defined to mean all types of real, personal, tangible or mixed property owned by such Person whether or not included in the most recent consolidated balance sheet of such Person under GAAP.

"*Rating Agencies*" means Moody's Investors Service, Inc., Standard & Poor's Ratings Services, Fitch Inc. and any successor thereof.

"*Redeemable Stock*" is defined to mean any class or series of Capital Stock of any Person that by its terms or otherwise is (1) required to be redeemed prior to the Stated Maturity of the Debt Securities, (2) redeemable at the option of the holder of such Capital Stock at any time prior to the Stated Maturity of the Debt Securities or (3) convertible into or exchangeable for Capital Stock referred to in clause (1) or (2) above or Obligations having a scheduled maturity prior to the Stated Maturity of the Debt Securities.

"*Restricted Subsidiary*" means only Fossil, Nuclear, ER&T and each other of our Subsidiaries that executes a Subsidiary Guarantee with respect to the Debt Securities and is subsequently designated by the Board of Directors by written notice to the Trustee as a Restricted Subsidiary.

"*Sale/Leaseback Transaction*" means an arrangement relating to Property now owned or hereafter acquired whereby we or one of our Subsidiaries transfers the Property to a Person and leases it back from that Person, other than leases for a term of not more than 12 months or between us and one of our Wholly-Owned Subsidiaries that is a Restricted Subsidiary or between Wholly-Owned Subsidiaries that are Restricted Subsidiaries.

"*Stated Maturity*" means with respect to any Debt Security or any installment of principal thereof or interest thereon, the date specified in such Debt Security or a coupon representing such installment of interest as the fixed date on which any principal of such Debt Security or any such installment of interest is due and payable.

"*Subsidiary*" means, with respect to any Person, (1) any corporation, limited liability company, association or other business entity of which more than 50% of the total voting power of Voting Stock is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person (or a combination thereof) and (2) any partnership (i) the sole general partner or the managing general partner of which is such Person or a Subsidiary of such Person or (ii) the only general partners of which are such Person or one or more Subsidiaries of such Person (or any combination thereof).

"*Subsidiary Guarantor*" means all current and subsequently designated Restricted Subsidiaries.

"*Subsidiary Guarantee*" means an unconditional guarantee of a Subsidiary Guarantor of the payment of the principal of or any premium or interest on any Debt Securities in substantially the form provided for by the Indenture or a guarantee of a Subsidiary Guarantor of any other of our Obligations.

"*Synthetic Lease*" means (1) a lease pursuant to which the lessee is treated as the owner of the Property subject to the lease for tax purposes, whether or not such lease is treated as an operating lease for accounting purposes or (2) a lease treated as an operating lease for accounting purposes but having at least three of the following characteristics, (i) the term of the lease, inclusive of all renewal periods at the lessee's option, is greater than 75% of the useful life of the Property subject to the lease as estimated at the inception of the Lease, (ii) the lessee has the right to purchase such Property at a fixed price, (iii) the lessee's payments under the lease are calculated to amortize and service the debt of the lessor incurred in order to acquire the asset and (iv) the lessor obtains 80% or more of the cost of the asset from borrowed funds.

"*Unrestricted Subsidiary*" means a Subsidiary that is not a Restricted Subsidiary.

"*Voting Stock*" means any class or classes of Capital Stock pursuant to which the holders thereof have the general voting power under ordinary circumstances to elect at least a majority of the Board of Directors, managers or trustees of any Person (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency).

"*Weighted Average Life to Maturity*" means, when applied to any Obligations at any date, the number of years obtained by dividing (1) the then outstanding principal amount of such Obligations into (2) the total of the product obtained by multiplying (i) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (ii) the numbers of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment.

"*Wholly-Owned Subsidiary*" means a Subsidiary all the Capital Stock of which (other than directors' qualifying shares) is owned by us and/or one or more of our Wholly-Owned Subsidiaries.

Events of Default and Remedies

The following constitute Events of Default in respect to each series of Debt Securities under the Indenture (Section 501):

- default for five days in the payment when due of interest on any of the Debt Securities of such series;
- default in the payment when due of the principal of, or premium, if any, or make-whole amount, if any, on any of the Debt Securities of such series;
- default in the deposit of any sinking fund payment, when due by the terms of the Debt Securities of such series;
- failure by us or any Restricted Subsidiary to comply with the provisions described under "Limitation on Sale of Assets" or "Merger, Consolidation or Sale of Assets";
- failure by us or any Restricted Subsidiary for 60 days after notice by the Trustee to us or to us and the Trustee by the holders of 25% or more in aggregate principal amount of the Debt Securities of such series to comply with any of our agreements in the Indenture or the Debt Securities of such series that are not otherwise covered in this section;
- default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any of our or any of our Subsidiaries' indebtedness (including indebtedness represented by any other series of Debt Securities under the Indenture or the payment of which is guaranteed by us or by any of our Restricted Subsidiaries) (but other than Non-Recourse Obligations) whether such indebtedness or guarantee now exists or is created after the date of the Indenture, which default (a) is caused by a failure to pay the principal of such indebtedness at the Stated Maturity of such indebtedness after the expiration of grace periods provided in the indebtedness (a "Payment Default") or (b) has resulted in the acceleration of the indebtedness prior to its Stated Maturity; and, in each case the principal amount of the indebtedness, together with the principal amount of any other indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates $50.0 million or more;

- failure by us or any of our Restricted Subsidiaries to pay one or more final judgments not otherwise covered by insurance aggregating in excess of $50.0 million, which judgments are not paid, discharged or stayed for a period of 60 days; and
- certain events of bankruptcy or insolvency with respect to us or any of our Restricted Subsidiaries.

Additional series of Debt Securities issued under the Indenture may specify other events of default for such series of Debt Securities.

We are required to file with the Trustee, annually, an officer's certificate as to our compliance with all conditions and covenants under the Indenture. (Section 1011) The Indenture provides that the Trustee may withhold notice to the holders of Debt Securities of a series of any default (except payment defaults on the Debt Securities of that series) if it considers it in the interest of the holders of Debt Securities of the series to do so. (Section 515)

If an Event of Default (other than an Event of Default occasioned by our or any of our Restricted Subsidiaries' bankruptcy or insolvency) with respect to Debt Securities of a series has occurred and is continuing, the Trustee or the holders of not less than 25% in principal amount of outstanding Debt Securities of that series may declare the principal (or, if the Debt Securities of that series are issued with original issue discount or are "indexed debt securities" (i.e., Debt Securities, the interest and principal payments on which are determined by reference to a particular index, such as a foreign currency or commodity), such portion of the principal as may be specified in the terms of those Debt Securities) of all of the Debt Securities of that series to be due and payable immediately, by a notice in writing to us. (Section 502)

If an Event of Default occasioned by our or any of our Restricted Subsidiaries' bankruptcy or insolvency occurs, the principal of and interest on all Debt Securities shall ipso facto become and be immediately due and payable without any declaration or other act on the part of the Trustee or any holders of Debt Securities.

Subject to the provisions of the Indenture relating to the duties of the Trustee, in case an Event of Default with respect to Debt Securities of any series has occurred and is continuing, the Trustee is under no obligation to exercise any of its rights or powers under the Indenture at the request, order or direction of the holders of Debt Securities of that series, unless those holders have offered the Trustee indemnity satisfactory to the Trustee against the expenses and liabilities which might be incurred by it in compliance with such request. (Section 602)

Subject to certain exceptions, the holders of a majority in principal amount of the outstanding Debt Securities of any series of Debt Securities will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee with respect to the Debt Securities of that series. (Section 512)

The holders of a majority in principal amount of the outstanding Debt Securities of a series may, on behalf of the holders of all Debt Securities of such series and any related coupons, waive any past default under the Indenture with respect to such series and its consequences, except a default (i) in the payment of the principal of (or premium, if any) or interest, if any, on any Debt Security of such series or any related coupons or (ii) in respect of a covenant or provision that cannot be modified or amended without the consent of the holder of each outstanding Debt Security of such series affected thereby. (Section 513)

Merger, Consolidation or Sale of Assets

We may not, directly or indirectly, consolidate or merge with or into (whether or not we are the surviving entity) any other corporation, association, company, business trust or limited liability company, or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of our assets, in one or more related transactions, to another Person unless:

- the Person formed by the consolidation or surviving the merger or the Person that acquires by sale, assignment, transfer, conveyance or other disposition, or that leases, the assets (if other than us) (in each such case, the "Successor Entity"), is a corporation or limited liability company organized and existing under the laws of the United States, any State thereof or the District of Columbia and expressly assumes our obligations under the Indenture and the Debt Securities;

- if any of our or a Restricted Subsidiary's Property or assets would become subject to a Lien other than a Permitted Lien under the "Limitation on Liens" covenant, the Debt Securities shall be equally and ratably secured in accordance with such covenant;
- immediately after such transaction no event exists that is or with the passage of time or the giving of notice or both would be an Event of Default under the Indenture; and
- each Subsidiary Guarantor shall have by amendment to its Subsidiary Guarantee with respect to the Debt Securities confirmed that its Subsidiary Guarantee shall apply to the obligations of the Successor Entity under the Indenture and each series of the Debt Securities. (Section 801)

Modification or Waiver

Modification and amendment of the Indenture may be made by us and the Trustee with the consent of the holders of a majority in principal amount of all Outstanding Debt Securities that are affected by such modification or amendment; provided that no such modification or amendment may, without the consent of the holder of each Outstanding Debt Security affected thereby, among other things:

- change the Stated Maturity of the principal of (or premium, if any, on) or any installment of principal of or interest on any such Debt Security;
- reduce the principal amount of, or the rate (or change the manner of calculating the rate) or amount of interest in respect of, or any premium payable upon the redemption of, any such Debt Security;
- change any of our obligations to pay Additional Amounts in respect of any such Debt Security;
- reduce the portion of the principal of an Original Issue Discount Security or Indexed Security that would be due and payable upon a declaration of acceleration of the Maturity thereof or provable in bankruptcy;
- adversely affect any right of repayment at the option of the holder of any such Debt Security;
- change the place of payment of principal of, or any premium or interest on, any such Debt Security;
- impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof or on or after any Redemption Date or Repayment Date, as the case may be;
- adversely affect any right to convert or exchange any Debt Security;
- reduce the percentage in principal amount of such Outstanding Debt Securities, the consent of whose holders is required to amend or waive compliance with certain provisions of the Indenture or to waive certain defaults thereunder;
- reduce the requirements for voting or quorum described below;
- modify any of the foregoing requirements or any of the provisions relating to waiving past defaults or compliance with certain restrictive provisions, except to increase the percentage of holders required to effect any such waiver or to provide that certain other provisions of the Indenture cannot be modified or waived without the consent of the holder of each Debt Security affected thereby; or
- modify or affect the terms and conditions of the obligations of any Subsidiary Guarantor in respect of the due and punctual payment of principal of, or any premium or interest on, Debt Securities. (Section 902)

The holders of a majority in aggregate principal amount of Outstanding Debt Securities have the right to waive our compliance with certain covenants in the Indenture. (Section 1012)

Modification and amendment of the Indenture may be made by us and the Trustee thereunder, without the consent of any holder, for any of the following purposes:

- to evidence the succession of another Person to us and the assumption by any successor of our covenants under the Indenture and the Debt Securities;

- to add to our covenants for the benefit of the holders of all or any series of Debt Securities issued under the Indenture and any related coupons or to surrender any right or power conferred upon us by the Indenture;
- to add Events of Default for the benefit of the holders of all or any series of Debt Securities issued under the Indenture;
- to add to or change any provisions of the Indenture to facilitate the issuance of, or to liberalize the terms of, Bearer Securities, or to permit or facilitate the issuance of Debt Securities in uncertificated form, provided that any such actions do not adversely affect the holders of such Debt Securities or any related coupons in any material respect;
- to change or eliminate any provisions of the Indenture, provided that any such change or elimination will become effective only when there are no Debt Securities Outstanding of any series created prior thereto which are entitled to the benefit of such provisions;
- to secure the Debt Securities under the Indenture pursuant to the "Merger, Consolidation or Sale of Assets" covenant of the Indenture, or otherwise;
- to establish the form or terms of the Debt Securities of any series and any related coupons;
- to evidence and provide for the acceptance of appointment by a successor Trustee or facilitate the administration of the trusts under the Indenture by more than one Trustee;
- to cure any ambiguity, defect or inconsistency in the Indenture, provided such action does not adversely affect the interests of holders of Debt Securities of any series issued under the Indenture or any related coupons in any material respect; or
- to supplement any of the provisions of the Indenture to the extent necessary to permit or facilitate the defeasance and discharge of any series of Debt Securities, provided that such action shall not adversely affect the interests of the holders of any such Debt Securities and any related coupons in any material respect. (Section 901)

In determining whether the holders of the requisite principal amount of Outstanding Debt Securities have given any request, demand, authorization, direction, notice, consent or waiver under the Indenture or whether a quorum is present at a meeting of holders of Debt Securities, (1) the principal amount of an Original Issue Discount Security that will be deemed to be outstanding will be the amount of the principal thereof that would be due and payable as of the date of such determination upon acceleration of the Maturity thereof; (2) the principal amount of an Indexed Security that may be counted in making such determination or calculation and that will be deemed outstanding for such purpose will be equal to the principal face amount of such Indexed Security at original issuance, unless otherwise provided with respect to such Indexed Security pursuant to Section 301 of the Indenture; and (3) Debt Securities owned by us or any other obligor upon the Debt Securities or any Affiliate of ours or of such other obligor shall be disregarded. (Section 101)

The Indenture contains provisions for convening meetings of the holders of Debt Securities of a series if Debt Securities of that series are issuable as Bearer Securities. (Section 1501) A meeting may be called at any time by the Trustee, and also, upon request, by us or the holders of at least 10% in principal amount of the Outstanding Debt Securities of that series, in any such case upon notice given as provided in the Indenture. (Section 1502) Except for any consent that must be given by the holder of each Debt Security affected thereby, as described above, any resolution presented at a meeting (or an adjourned meeting duly reconvened) at which a quorum is present may be adopted by the affirmative vote of the holders of a majority in principal amount of the Outstanding Debt Securities of that series; provided, however, that any resolution with respect to any request, demand, authorization, direction, notice, consent, waiver or other action that may be made, given or taken by the holders of a specified percentage which is less than a majority in principal amount of the Outstanding Debt Securities of a series may be adopted at a meeting (or an adjourned meeting duly reconvened) at which a quorum is present by the affirmative vote of the holders of such specified percentage in principal amount of the Outstanding Debt Securities of that series. Any resolution passed or decision taken at any meeting of holders of Debt Securities of a series duly held in accordance with the Indenture will be binding on all holders of Debt Securities of that series and any related coupons, whether or not present or represented at the meeting. The quorum at any meeting called to adopt a resolution will be persons holding or representing a majority in

principal amount of the Outstanding Debt Securities of a series; provided, however, that, if any action is to be taken at such meeting with respect to a consent or waiver which may be given by the holders of not less than a specified percentage in principal amount of the Outstanding Debt Securities of a series, the persons holding or representing such specified percentage in principal amount of the Outstanding Debt Securities of that series will constitute a quorum. (Section 1504)

Notwithstanding the foregoing provisions, if any action is to be taken at a meeting of holders of Debt Securities of a series with respect to any request, demand, authorization, direction, notice, consent, waiver or other action that the Indenture expressly provides may be made, given or taken by the holders of a specified percentage in principal amount of all Outstanding Debt Securities affected thereby or of the holders of such series and one or more additional series: (1) there shall be no minimum quorum requirement for such meeting; and (2) the principal amount of the Outstanding Debt Securities of such series that vote in favor of such request, demand, authorization, direction, notice, consent, waiver or other action will be taken into account in determining whether such request, demand, authorization, direction, notice, consent, waiver or other action has been made, given or taken under the Indenture. (Section 1504)

Satisfaction and Discharge, Legal Defeasance and Covenant Defeasance

We may discharge certain obligations to holders of Debt Securities of a series that have not already been delivered to the Trustee for cancellation and that either have become due and payable or are by their terms due and payable within one year (or scheduled for redemption within one year) by irrevocably depositing with the Trustee, in trust, funds in an amount sufficient to pay the entire indebtedness on such Debt Securities for principal (and premium, if any) and interest, if any, and any Additional Amounts with respect thereto, to the date of such deposit (if such Debt Securities have become due and payable) or to the Stated Maturity or Redemption Date, as the case may be. (Section 401)

The Indenture provides that, if the provisions of Article Fourteen are made applicable to the Debt Securities of or within any series and any related coupons pursuant to Section 301 thereunder, we may elect either

- to defease and be discharged from any and all obligations with respect to such Debt Securities and any related coupons (except for the obligations to pay Additional Amounts, if any, upon the occurrence of certain events of tax, assessment or governmental charge with respect to payments on such Debt Securities and the obligations to register the transfer or exchange of such Debt Securities and any related coupons, to replace temporary or mutilated, destroyed, lost or stolen Debt Securities and any related coupons, to maintain an office or agency in respect of such Debt Securities and any related coupons, and to hold moneys for payment in trust) (defeasance) (Section 1402) or

- to be released from our obligations under any covenant specified pursuant to Section 301 with respect to such Debt Securities and any related coupons, and any omission to comply with such obligations shall not constitute a default or an Event of Default with respect to such Debt Securities and any related coupons (covenant defeasance) (Section 1403), in either case upon the irrevocable deposit by us with the Trustee (or other qualifying trustee), in trust, of:

  - an amount in U.S. dollars;

  - Government Obligations (as defined below) applicable to such Debt Securities and coupons that through the payment of principal and interest in accordance with their terms will provide money in an amount; or

  - a combination thereof in an amount

  sufficient to pay the principal of (and premium, if any) and interest, if any, on such Debt Securities and any related coupons, and any mandatory sinking fund or analogous payments thereon, on the scheduled due dates therefor.

Such a trust may only be established if, among other things, we have delivered to the Trustee an Opinion of Counsel (as specified in the Indenture) to the effect that the holders of such Debt Securities and any related coupons will not recognize income, gain or loss for United States federal income tax purposes as a result of such defeasance or covenant defeasance and will be subject to United States federal income tax on the same

amounts, in the same manner and at the same times as would have been the case if such defeasance or covenant defeasance had not occurred, and such Opinion of Counsel, in the case of defeasance under the first clause above, must refer to and be based upon a ruling of the Internal Revenue Service or a change in applicable United States federal income tax law occurring after the date of the Indenture. (Section 1404)

"Government Obligations" means securities which are (1) direct obligations of the United States or (2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States, the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States, which are not callable or redeemable at the option of the issuer thereof. Government Obligations also include a depositary receipt issued by a bank or trust company as custodian with respect to any such Government Obligation or a specific payment of interest on or principal of any such Government Obligation held by such custodian for the account of the holder of a depositary receipt; provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depositary receipt from the amount received by the custodian in respect of the Government Obligation or the specific payment of interest on or principal of the Government Obligation evidenced by such depositary receipt. (Section 101)

In the event we effect covenant defeasance with respect to any Debt Securities and any related coupons and such Debt Securities and coupons are declared due and payable because of the occurrence of any Event of Default, other than Events of Default with respect to any covenant of which there has been defeasance, the amount of Government Obligations and funds on deposit with the Trustee will be sufficient to pay amounts due on such Debt Securities and coupons at the time of their Stated Maturity but may not be sufficient to pay amounts due on such Debt Securities and coupons at the time of the acceleration resulting from such Event of Default. In such case, we would remain liable to make payment of such amounts due at the time of acceleration.

The prospectus supplement may further describe the provisions, if any, permitting such defeasance or covenant defeasance, including any modifications to the provisions described above, with respect to the Debt Securities of or within a particular series and any related coupons.

Book-Entry Debt Securities

Unless otherwise specified in the applicable prospectus supplement, we will issue to investors Debt Securities in the form of one or more book-entry certificates registered in the name of a depositary or a nominee of a depositary. Unless otherwise specified in the applicable prospectus supplement, The Depository Trust Company ("DTC") will act as securities depositary for such book-entry securities. Debt Securities that are issued in book-entry form will be issued as fully-registered securities registered in the name of Cede & Co. ("Cede") (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered global security will be issued for each issue of Debt Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds $500,000,000, one global security will be issued with respect to each $500,000,000 of principal amount and an additional global security will be issued with respect to any remaining principal amount of such issue.

No person that acquires a beneficial interest in Debt Securities issued in book-entry form will be entitled to receive a certificate representing those Debt Securities, except as set forth in this prospectus or in the applicable prospectus supplement. Unless and until definitive securities are issued under the limited circumstances described below, all references to actions by holders or beneficial owners of Debt Securities issued in book-entry form will refer to actions taken by DTC upon instructions from its participants, and all references to payments and notices to holders or beneficial owners will refer to payments and notices to DTC or Cede, as the registered holder of those Debt Securities. The laws of some jurisdictions require some purchasers of securities to take physical delivery of their securities in definitive or paper form. These laws may impair the ability to transfer Debt Securities issued in book-entry form.

Unless otherwise specified in the applicable prospectus supplement, book-entry securities will be exchangeable for definitive securities registered in the names of persons other than DTC or its nominee only if:

- DTC is at any time unwilling, unable or ineligible to continue as depositary and a successor depositary is not appointed by us within 90 days following notice to us;

- we determine, in our sole discretion, not to have any Debt Securities represented in book-entry form; or
- an Event of Default under the Indenture has occurred and is continuing.

Any book-entry security that is exchangeable in accordance with the preceding sentence will be exchangeable for Debt Securities registered in such names as DTC directs.

If one of the events described in the immediately preceding paragraph occurs, DTC is generally required to notify all participants of the availability through DTC of definitive securities. Upon surrender by DTC of the book-entry security representing the Debt Securities and delivery of instructions for re-registration, the Trustee will reissue the Debt Securities as definitive securities. After reissuance of the Debt Securities, the Trustee will recognize the beneficial owners of those definitive securities as registered holders of Debt Securities.

Except as described above:

- a book-entry security may not be transferred except as a whole book-entry security by or among DTC, a nominee of DTC and/or a successor depositary appointed by us; and
- DTC may not sell, assign or otherwise transfer any beneficial interest in a book-entry security unless the beneficial interest is in an amount equal to an authorized denomination for the securities evidenced by the book-entry security.

The following is based on information furnished by DTC:

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities that its participants deposit with it. DTC also facilitates the post-trade settlement among its participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges in its participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct participants of DTC include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation. The Depository Trust & Clearing Corporation is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. The Depository Trust & Clearing Corporation is owned by the users of its regulated subsidiaries. Access to DTC’s system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly. DTC rules applicable to its participants are on file with the SEC.

Purchases of book-entry securities under DTC’s system must be made by or through direct participants, which will receive a credit for those book-entry securities on DTC’s records. The beneficial ownership interest of each actual purchaser of each book-entry security represented by a global security (“beneficial owner”) is in turn to be recorded on the records of the direct and indirect participants’ records. Beneficial owners will not receive written confirmation from DTC of their purchase. Beneficial owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the direct or indirect participants through which the beneficial owner entered into the transaction. Transfers of ownership interests in a global security representing book-entry securities are to be accomplished by entries made on the books of direct and indirect participants acting on behalf of beneficial owners. Beneficial owners of a global security representing book-entry securities will not receive certificates representing their ownership interests in a global security, except in the event that use of the book-entry system for those book-entry securities is discontinued.

To facilitate subsequent transfers, all global securities representing book-entry securities deposited by direct participants with DTC are registered in the name of DTC’s nominee, Cede, or such other name as may be requested by an authorized representative of DTC. The deposit of global securities with DTC and their registration in the name of Cede or such other nominee of DTC do not effect any change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the global securities representing the book-entry securities; DTC’s records reflect only the identity of the direct participants to whose accounts such

book-entry securities are credited, which may or may not be the beneficial owners. The direct and indirect participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants, and by direct participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

If applicable, redemption notices will be sent to Cede. If less than all of the book-entry securities of like tenor and terms within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each direct participant in that issue to be redeemed.

Neither DTC nor Cede (nor any other nominee of DTC) will consent or vote with respect to the global securities representing book-entry securities unless authorized by a direct participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an omnibus proxy to us as soon as possible after the applicable record date. The omnibus proxy assigns Cede's consenting or voting rights to those direct participants to whose accounts book-entry securities are credited on the applicable record date (identified in a listing attached to the omnibus proxy).

Redemption proceeds, distributions and dividend payments on the global securities representing the book-entry securities will be made to Cede, or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit direct participants' accounts, upon DTC's receipt of funds and corresponding detailed information from us or the Trustee, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such participant and not of DTC, the Trustee or us, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments to Cede (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of us or the Trustee, disbursement of such payments to direct participants will be the responsibility of DTC, and disbursement of such payments to the beneficial owners will be the responsibility of direct and indirect participants.

A beneficial owner will give notice of any option to elect to have its book-entry securities purchased or tendered, through its participant, to the Trustee, and will effect delivery of such book-entry securities by causing the direct participant to transfer the participant's interest in the global security representing those book-entry securities, on DTC's records, to the Trustee. The requirement for physical delivery of book-entry securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the global security representing those book-entry securities are transferred by direct participants on DTC's records and followed by a book-entry credit of tendered book-entry securities to the Trustee's account with DTC.

DTC may discontinue providing its services as depositary with respect to book-entry securities at any time by giving reasonable notice to us or the Trustee. Under those circumstances, in the event that a successor depositary is not obtained, certificates are required to be printed and delivered.

We may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that we believe to be reliable, but we take no responsibility for the accuracy thereof.

Unless stated otherwise in the prospectus supplement, the underwriters or agents with respect to a series of Debt Securities issued as book-entry securities will be participants in DTC.

None of any underwriter or agent, the Trustee, any applicable Paying Agent or us will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial interests in a book-entry security, or for maintaining, supervising or reviewing any records relating to such beneficial interests.

The Trustee

We maintain ordinary banking relationships with The Bank of New York Mellon, including credit facilities and lines of credit. The Bank of New York Mellon also serves as trustee under other indentures under which we or our affiliates are the obligor.

The Trustee may resign or be removed with respect to one or more series of Debt Securities and a successor Trustee may be appointed to act with respect to such series. (Section 608) In the event that two or more persons are acting as Trustee with respect to different series of Debt Securities under the Indenture, each such Trustee shall be a Trustee of a trust thereunder separate and apart from the trust administered by any other such Trustee (Section 609), and any action described herein to be taken by the Trustee may then be taken by each such Trustee with respect to, and only with respect to, the one or more series of Debt Securities for which it is Trustee.

Governing Law

The Indenture and the Debt Securities shall be governed by and construed in accordance with the laws of the State of New York without regard to principles of conflicts of laws.

PLAN OF DISTRIBUTION

We may sell the Debt Securities:

- to or through underwriters, dealers, or agents; or
- directly to one or more other purchasers.

The prospectus supplement will set forth the terms of the offering of the particular series or issue of Debt Securities to which such prospectus supplement relates, including, as applicable:

- the name or names of any underwriters or agents;
- the initial public offering or purchase price of such Debt Securities;
- any underwriting discounts, commissions and other items constituting underwriters' compensation from us and any other discounts, concessions or commissions allowed or reallowed or paid by any underwriters to other dealers;
- any commissions paid to any agents;
- the net proceeds to us; and
- the securities exchanges, if any, on which such Debt Securities will be listed.

If underwriters are used in the sale, a particular series or issue of Debt Securities will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. The Debt Securities of a particular series or issue may be either offered to the public through underwriting syndicates represented by managing underwriters or by underwriters without a syndicate. The obligations of the underwriters to purchase such Debt Securities will be subject to certain conditions precedent and each of the underwriters with respect to such Debt Securities will be obligated to purchase all of the Debt Securities of such series or issue allocated to it if any such Debt Securities are purchased. Any initial public offering price and any discounts or concessions allowed or reallowed or paid to dealers may be changed from time to time.

The Debt Securities may be offered and sold by us directly or through agents designated by us from time to time. Any agent involved in the offer or sale of the Debt Securities in respect of which this prospectus is delivered will be named in, and any commissions payable by us to such agent will be set forth in, the applicable prospectus supplement. Unless otherwise indicated in the applicable prospectus supplement, each such agent will be acting on a best efforts basis for the period of its appointment.

The Debt Securities, when first issued, will have no established trading market. Any underwriters, dealers or agents to or through whom we sell Debt Securities for public offering and sale may make a market in those Debt Securities, but the underwriters, dealers or agents will not be obligated to do so and may discontinue any market making at any time without notice. No assurance can be given as to the liquidity of the trading market for the Debt Securities.

If underwriters are used in the sale, to facilitate the offering of a particular series or issue of Debt Securities, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of such Debt Securities. Specifically, the underwriters may over-allot in connection with the offering, creating a short position in such Debt Securities for their own accounts. In addition, to cover over-allotments or to stabilize the price of such Debt Securities, the underwriters may bid for, and purchase, such Debt Securities in the open market. Finally, in any offering of a particular series or issue of Debt Securities through a syndicate of underwriters, the underwriting syndicate may reclaim selling concessions allowed to an underwriter or a dealer for distributing such Debt Securities in the offering, if the syndicate repurchases previously distributed Debt Securities in transactions to cover syndicate short positions, in stabilization transactions or otherwise. Any of these activities may stabilize or maintain the market price of such Debt Securities above independent market levels. The underwriters are not required to engage in these activities, and may end any of these activities at any time.

Certain of the underwriters, dealers or agents and their affiliates who participate in the distribution of Debt Securities may be customers of, engage in other transactions with, lend money to and perform other services for, us and our affiliates in the ordinary course of business.

We will set forth in the relevant prospectus supplement the anticipated delivery date of the Debt Securities and the prospectus delivery obligations of any underwriters, dealers or agents.

Any underwriters, dealers or agents participating in the distribution of the Debt Securities may be deemed to be underwriters, and any discounts or commissions received by them on the sale or resale of Debt Securities may be deemed to be underwriting discounts and commissions, under the Securities Act. Underwriters, dealers and agents may be entitled, under agreements entered into with us, to indemnification by us against certain civil liabilities, including liabilities under the Securities Act.

We will estimate our expenses associated with any offering of a particular series or issue of Debt Securities in the relevant prospectus supplement.

LEGAL MATTERS

Unless otherwise specified in a prospectus supplement accompanying this prospectus, the validity of the Debt Securities will be passed upon for us by Tamara L. Linde, Esquire, our Executive Vice President and General Counsel and Director, or Shawn P. Leyden, Esquire, Vice President and Deputy General Counsel of our affiliate, PSEG Services Corporation, and for any underwriters, dealers or agents by Sidley Austin LLP, New York, New York. Ms. Linde and Mr. Leyden may rely on the opinion of Sidley Austin LLP as to matters of New York law. Ms. Linde and Mr. Leyden each beneficially owns or has rights to acquire an aggregate of less than 0.01% of PSEG's common stock. Sidley Austin LLP has from time to time represented, and continues to represent, PSEG Power LLC and its affiliates in connection with certain unrelated legal matters.

EXPERTS

The consolidated financial statements and the related consolidated financial statement schedule, incorporated in this prospectus by reference from Power's Annual Report on Form 10-K for the year ended December 31, 2016, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which is incorporated herein by reference. Such consolidated financial statements and consolidated financial statement schedule have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

PART II. INFORMATION NOT REQUIRED IN PROSPECTUS

Item 14. ***Other Expenses of Issuance and Distribution.***

The following table sets forth the expenses in connection with the issuance and distribution of the securities being registered, other than underwriting discounts and commissions. All of the amounts shown are estimates.

SEC registration fee	$ *
Printing	**
Legal fees and expenses	**
Fees of accountants	**
Fees of trustees	**
Blue sky fees and expenses	**
Rating agency fees	**
Miscellaneous	**
Total	$ **

* Deferred in accordance with Rules 456(b) and 457(r) under the Securities Act of 1933, as amended (the "Securities Act").

** These fees and expenses depend on the securities offered and the number of issuances, and accordingly cannot be estimated at this time.

Item 15. ***Indemnification of Directors and Officers.***

Section 18 of the limited liability company agreement of each of PSEG Power LLC, PSEG Fossil LLC, PSEG Nuclear LLC and PSEG Energy Resources & Trade LLC (each, a "Company") provides, as follows:

- No Member, Officer, Director, employee or agent of a Company and no employee, representative, agent or Affiliate of the member of such Company (collectively, the "Covered Persons") shall be liable to such Company or any other Person who has an interest in or claim against such Company for any loss, damage or claim incurred by reason of any act or omission performed or omitted by such Covered Person in good faith on behalf of such Company and in a manner reasonably believed to be within the scope of the authority conferred on such Covered Person by such Company's limited liability company agreement, except that a Covered Person shall be liable for any such loss, damage or claim incurred by reason of such Covered Person's willful misconduct.

Section 18 also provides as follows:

- To the fullest extent permitted by applicable law, a Covered Person shall be entitled to indemnification from such Company for any loss, damage or claim incurred by such Covered Person by reason of any act or omission performed or omitted by such Covered Person in good faith on behalf of such Company and in a manner reasonably believed to be within the scope of the authority conferred on such Covered Person by such Company's limited liability company agreement, except that no Covered Person shall be entitled to be indemnified in respect of any loss, damage or claim incurred by such Covered Person by reason of such Covered Person's willful misconduct with respect to such acts or omissions; provided, however, that any indemnity under this Section 18 shall be provided out of and to the extent of such Company's assets only, and no member shall have personal liability on account thereof.

The form of Underwriting Agreement filed herewith contains a provision under which each underwriter agrees to indemnify the directors and officers of a registrant who signed the registration statement against certain liabilities which might arise under the Securities Act from information furnished to it in writing by or on behalf of such underwriter.

The directors and officers of the registrants are insured under policies of insurance, within the limits and subject to the limitations of the policies, against claims made against them for acts in the discharge of their duties, and each registrant is insured to the extent that it is required or permitted by law to indemnify the directors and officers for such loss. The premiums for such insurance are paid by the respective registrants.

Item 16. *Exhibits*.

Exhibit	
1	Form of Underwriting Agreement for Debt Securities.[1]
4-1	Indenture dated as of April 16, 2001 among PSEG Power LLC, PSEG Nuclear LLC, PSEG Fossil LLC, PSEG Energy Resources & Trade LLC and The Bank of New York Mellon, as Trustee, providing for Senior Debt Securities.[2]
4-2	First Supplemental Indenture dated as of March 13, 2002.[3]
4-3	Form of Senior Debt Security.
5	Opinion of Tamara L. Linde, Esquire.
12	Computation of Ratio of Earnings to Fixed Charges.[4]
23-1	Consent of Independent Registered Public Accounting Firm.
23-2	Consent of Tamara L. Linde, Esquire (included in Exhibit 5).
24	Power of Attorney.
25	Statement of Eligibility under the Trust Indenture Act of 1939 of The Bank of New York Mellon, as Trustee under the Senior Indenture for PSEG Power LLC.

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1 To be filed by amendment or pursuant to a Current Report on Form 8-K, if applicable.
2 Previously filed as Exhibit 4.1 to Registration Statement on Form S-4, No. 333-69228, and incorporated herein by reference.
3 Previously filed as Exhibit 4.7 to Quarterly Report on Form 10-Q for the quarter ended March 31, 2002, File No. 000-49614, and incorporated herein by reference.
4 Previously filed as Exhibit 12.2 to Quarterly Report on Form 10-Q for the quarter ended September 30, 2017, File No. 001-34232, and incorporated herein by reference.

Item 17. *Undertakings*.

(a) Each undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by section 10(a)(3) of the Securities Act of 1933:

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Securities and Exchange Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

Provided, however, that:

Paragraphs (a)(1)(i), (a)(1)(ii) and (a)(1)(iii) above do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in reports filed with or furnished to the Securities and Exchange Commission by such registrant pursuant to section 13 or section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement, or is contained in a form of prospectus filed pursuant to Rule 424(b) that is part of the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser:

(i) Each prospectus filed by such registrant pursuant to Rule 424(b)(3) shall be deemed to be part of the registration statement as of the date the filed prospectus was deemed part of and included in the registration statement; and (ii) Each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5), or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (vii), or (x) for the purpose of providing the information required by section 10(a) of the Securities Act of 1933 shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration statement to which that prospectus relates, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof. *Provided, however,* that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date.

(5) That, for the purpose of determining liability of such registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities such undersigned registrant undertakes that in a primary offering of securities of such undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of such undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of such undersigned registrant or used or referred to by such undersigned registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about such undersigned registrant or its securities provided by or on behalf of such undersigned registrant; and

(iv) Any other communication that is an offer in the offering made by such undersigned registrant to the purchaser.

(b) Such undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of such registrant's annual report pursuant to section 13(a) or section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of such registrant pursuant to the foregoing provisions, or otherwise, such registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by such registrant of expenses incurred or paid by a director, officer or controlling person of such registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, such registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant, PSEG Power LLC, certifies that it has reasonable grounds to believe it meets all of the requirements for filing on Form S-3 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Newark, State of New Jersey, on this 17th day of November, 2017.

PSEG Power LLC

By: /s/ Bradford D. Huntington

Bradford D. Huntington
Vice President And Treasurer

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities indicated on November 17, 2017.

Name	Capacity
/s/ Ralph Izzo Ralph Izzo	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)
/s/ Daniel J. Cregg Daniel J. Cregg	Executive Vice President and Chief Financial Officer (Principal Financial Officer and Director)
/s/ Stuart J. Black Stuart J. Black	Vice President and Controller (Principal Accounting Officer)
Derek M. Dirisio	Director
Tamara L. Linde	Director
Ralph A. Larossa	Director
Margaret M. Pego	Director

By: /s/ Bradford D. Huntington

Bradford D. Huntington
Attorney-In-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant, PSEG Energy Resources & Trade LLC, certifies that it has reasonable grounds to believe it meets all of the requirements for filing on Form S-3 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Newark, State of New Jersey, on this 17th day of November, 2017.

PSEG Energy Resources & Trade LLC

By: /s/ Bradford D. Huntington

Bradford D. Huntington
Vice President And Treasurer

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities indicated on November 17, 2017.

Name	Capacity
/s/ Shahid Malik Shahid Malik	President and Director (Principal Executive Officer and Principal Financial Officer)
/s/ Stuart J. Black Stuart J. Black	Vice President and Controller (Principal Accounting Officer)
Ralph A. Larossa	Director
Peter P. Sena	Director

By: /s/ Bradford D. Huntington

Bradford D. Huntington
Attorney-In-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant, PSEG Fossil LLC, certifies that it has reasonable grounds to believe it meets all of the requirements for filing on Form S-3 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Newark, State of New Jersey, on this 17th day of November, 2017.

PSEG Fossil LLC

By: /s/ Bradford D. Huntington

Bradford D. Huntington
Vice President And Treasurer

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities indicated on November 17, 2017.

Name	Capacity
/s/ Ralph A. Larossa Ralph A. Larossa	President and Director (Principal Executive Officer and Principal Financial Officer)
/s/ Stuart J. Black Stuart J. Black	Vice President and Controller (Principal Accounting Officer)
Shahid Malik	Director
Peter P. Sena	Director

By: /s/ Bradford D. Huntington

Bradford D. Huntington
Attorney-In-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant, PSEG Nuclear LLC, certifies that it has reasonable grounds to believe it meets all of the requirements for filing on Form S-3 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Newark, State of New Jersey, on this 17th day of November, 2017.

PSEG Nuclear LLC

By: /s/ Bradford D. Huntington

Bradford D. Huntington
Vice President And Treasurer

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities indicated on November 17, 2017.

Name	Capacity
/s/ Peter P. Sena Peter P. Sena	President, Chief Nuclear Officer and Director (Principal Executive Officer and Principal Financial Officer)
/s/ Stuart J. Black Stuart J. Black	Vice President and Controller (Principal Accounting Officer)
Shahid Malik	Director
Ralph A. Larossa	Director

By: /s/ Bradford D. Huntington

Bradford D. Huntington
Attorney-In-Fact

EX-4.3 2 e74557ex4-3.htm GLOBAL NOTE

Exhibit 4-3

GLOBAL NOTE

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) (THE "DEPOSITORY") TO PSEG POWER LLC OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND SUCH CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO., OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY, ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL, SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

UNLESS AND UNTIL THIS CERTIFICATE IS EXCHANGED IN WHOLE OR IN PART FOR NOTES IN CERTIFICATED FORM, THIS CERTIFICATE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITORY TO A NOMINEE THEREOF OR BY A NOMINEE THEREOF TO THE DEPOSITORY OR ANOTHER NOMINEE OF THE DEPOSITORY OR BY THE DEPOSITORY OR ANY SUCH NOMINEE TO A SUCCESSOR OF THE DEPOSITORY OR A NOMINEE OF SUCH SUCCESSOR.

CUSIP NO. $
No.

PSEG POWER LLC
Senior Note due

GLOBAL NOTE

PSEG POWER LLC, a Delaware limited liability company (herein referred to as the "Company," which term includes any successor corporation under the Indenture hereinafter referred to), for value received, hereby promises to pay to Cede & Co., or registered assigns, the principal sum of $ (or such lesser amount as shall be the outstanding principal amount of this Global Note shown in Schedule A hereto) on (the "Stated Maturity Date"), unless redeemed in accordance with the provisions of this Global Note, and to pay interest on the outstanding principal amount of this Global Note from , semi-annually in arrears on and of each year, commencing (each, an "Interest Payment Date") at % per annum until the principal hereof is paid or duly provided for. Interest payable on each Interest Payment Date will include interest accrued from and including or from and including the most recent Interest Payment Date to which interest has been paid or duly provided for, as the case may be, to but excluding such Interest Payment Date. Interest will be computed based on a 360-day year consisting of twelve 30-day months.

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Each of Nuclear, Fossil and ER&T has jointly, severally and unconditionally, guaranteed the payment of principal, premium, if any, and interest with respect to this Global Note.

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, except as provided below, be paid to the person (the "Holder") in whose name this Global Note (or one or more Predecessor Notes) is registered at the close of business on the fifteenth day (whether or not a Business Day (as defined below)) immediately preceding the applicable Interest Payment Date (a "Regular Record Date"). Any such interest not so punctually paid or duly provided for ("Defaulted Interest") will forthwith cease to be payable to the Holder on such Regular Record Date and may either be paid to the person in whose name this Global Note (or one or more Predecessor Notes) is registered at the close of business on a special record date (the "Special Record Date") for the payment of such Defaulted Interest to be fixed by the Trustee hereinafter referred to, notice whereof shall be given to the Holder of this Global Note not less than ten days prior to such Special Record Date, or may be paid at any time in any other lawful manner, all as more fully provided in the Indenture.

For purposes of this Global Note, "Business Day" means each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in Newark, New Jersey and The City of New York are authorized or obligated by law or executive order to close.

Payments of principal, premium, if any, and interest with respect to this Global Note will be made in such coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts. Payment of the principal of and any premium on this Global Note on the Stated Maturity Date or date of earlier redemption will be made in immediately available funds against presentation of this Global Note at the office or agency of the Company maintained for that purpose in the Borough of Manhattan, The City of New York. Payments of interest on an Interest Payment Date will be made, at the option of the Company, by check mailed to the Holder entitled thereto at the applicable address appearing in the Security Register or by transfer of immediately available funds to an account maintained by the payee with a bank located in the United States of America; provided, however, that so long as Cede & Co. is the Holder of this Global Note, payments of interest on an Interest Payment Date will be made in immediately available funds.

Any payment of principal, premium or interest required to be made with respect to this Global Note on a day that is not a Business Day need not be made on such day, but may be made on the next succeeding Business Day with the same force and effect as if made on such day and no additional interest shall be payable on the next succeeding Business Day as a result of such delayed payment.

General. This Global Note is one of the duly authorized series of securities of the Company (the "Securities"), issued or to be issued under the Indenture, dated as of April 16, 2001, among The Bank of New York, as trustee (the "Trustee"), the Company, Fossil, Nuclear and ER&T (together with all supplements thereto, the "Indenture"), to which Indenture reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, Fossil, Nuclear, ER&T, the Trustee and each of the holders of the Securities and of the terms upon which the Securities are, and are to be,

authenticated and delivered and transferred. The Notes will be limited to $ aggregate principal amount, except as permitted in the Indenture, and will be subject, without the consent of the holders of any series of Securities under the Indenture, to the issuance of additional Notes in the future having the same terms, other than the date of original issuance and the date on which interest begins to accrue, so as to form one series with the Notes. All terms used in this Global Note which are not defined herein shall have the meanings given to them in the Indenture.

Guarantee of ER&T Obligations; Payment of Dividends by ER&T to the Company. The provisions of Section 1009 of the Indenture relating to the guarantee of the Obligations of ER&T by the Company and the provisions of Section 1010 of the Indenture relating to the payment of dividends by ER&T to the Company shall apply to this Global Note.

Events of Default. If an Event of Default with respect to the Notes shall have occurred and be continuing, the principal of the Notes may be declared due and payable in the manner and with the effect provided in the Indenture.

Redemption. This Global Note (or portion thereof) will be redeemable at the option of the Company, in whole or in part at any time, on at least 30 days but not more than 60 days prior written notice mailed to the Holder hereof, at a price the (the "Redemption Price") equal to the greater of (i) 100% of the principal amount of this Global Note (or portion thereof) to be redeemed, or (ii) the sum, as determined by the Calculation Agent (as defined below), of the present values of the principal amount of this Global Note (or portion thereof) to be redeemed and the remaining scheduled payments of interest thereon from the date of redemption (the "Redemption Date") to (the "Remaining Life"), discounted from their respective payment dates to the Redemption Date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below) plus basis points, plus, in either case, unpaid interest thereon accrued to the Redemption Date.

If money sufficient to pay the Redemption Price of this Global Note (or portion hereof) to be redeemed on a Redemption Date is deposited with the Trustee or a Paying Agent on or before such Redemption Date and certain other conditions are satisfied, then on and after such Redemption Date, interest will cease to accrue on this Global Note (or such portion hereof) called for redemption.

This Global Note will not be entitled to the benefit of, or be subject to, any sinking fund.

Certain Definitions. "Comparable Treasury Issue" means, with respect to any Redemption Date for this Global Note (or portion hereof) to be redeemed, the United States Treasury security selected by the Independent Investment Banker (as defined below) as having the maturity comparable to the Remaining Life of this Global Note (or portion hereof) to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity with the Remaining Life of this Global Note (or portion hereof) to be redeemed.

"Calculation Agent" means The Bank of New York or such successor Calculation Agent as is appointed by the Company.

"Comparable Treasury Price" means, with respect to any Redemption Date for this Global Note (or portion hereof) to be redeemed, (a) the average of four Reference Treasury Dealer Quotations (as defined below) for the Redemption Date for this Global Note (or portion hereof) to be redeemed, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, obtained by the Calculation Agent, or, (b) if the Calculation Agent obtains fewer than four Reference Treasury Dealer Quotations, the average of all such quotations.

"Independent Investment Banker" means the Reference Treasury Dealer appointed by the Trustee after consultation with the Company.

"Reference Treasury Dealer" means each of primary U.S. Government securities dealers in New York City selected by the Trustee in consultation with the Company and initially will include . If any Reference Treasury Dealer ceases to be a primary U.S. government securities dealer, the Trustee will substitute another primary U.S. government securities dealer for that dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any Redemption Date, the average, as determined by the Calculation Agent, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Calculation Agent by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding such Redemption Date.

"Treasury Rate" means, with respect to any Redemption Date: (a) the yield for the maturity corresponding to the Comparable Treasury Issue, under the heading that represents the average for the immediately preceding week appearing in the most recently published statistical release designated "H.15(519)" or any successor publication that is published weekly by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption "Treasury Constant Maturities," provided, that if no maturity is within three months before or after the Stated Maturity Date, the yields for the two published maturities most closely corresponding to the Comparable Treasury Issue will be determined and the Treasury Rate shall be interpolated or extrapolated from those yields on a straight line basis, rounding to the nearest month; or (b) if the release referred to in clause (a) (or any successor release) is not published during the week preceding the calculation date or does not contain the yields referred to above, the rate per annum equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Redemption Date. The Treasury Rate will be calculated on the third Business Day preceding the Redemption Date.

Reports. So long as this Global Note remains Outstanding, the Company will file with the Trustee, within 30 days of filing them with the Securities and Exchange Commission (the "SEC"), copies of the current, quarterly and annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as the SEC may by rules and regulations prescribe) that the Company is required to file with the SEC pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). If the Company is not subject to the requirements of Section 13 or Section 15(d) of the Exchange Act and this Global Note remains Outstanding, the Company must nevertheless file with the SEC

(if permitted) and the Trustee, on the date upon which the Company would have been required to file with the SEC, current, quarterly and annual financial statements, including any notes thereto (and with respect to annual reports, an auditor's report by a firm of established national reputation, upon which the Trustee may conclusively rely), and a "Management's Discussion and Analysis of Financial Condition and Results of Operations," both comparable to that which the Company would have been required to include in such current, quarterly and annual reports, information, documents or other reports on Forms 8-K, 10-Q and 10-K if the Company was subject to the requirements of Section 13 or 15(d) of the Exchange Act; provided that the Company will not be required to register under the Exchange Act by virtue of this provision, if not otherwise required to do so.

Modification and Waivers; Obligations of the Company Absolute. The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and each Guarantor and the rights of the Holders of the Securities of each series. Such amendment may be effected under the Indenture at any time by the Company, each Guarantor and the Trustee with the consent of the Holders of a majority in aggregate principal amount of all Securities issued under the Indenture at the time Outstanding and affected thereby. The Indenture also contains provisions permitting the Holders of a majority in aggregate principal amount of the Securities at the time Outstanding, on behalf of the Holders of all Outstanding Securities, to waive compliance by the Company with certain provisions of the Indenture. Furthermore, provisions in the Indenture permit the Holders of a majority in aggregate principal amount of the Outstanding Securities of an individual series, to waive, on behalf of all of the Holders of Securities of such individual series, certain past defaults under the Indenture and their consequences. Any such consent or waiver shall be conclusive and binding upon the Holder of this Global Note and upon all future Holders of this Global Note and of any Note issued upon the registration of transfer hereof or in exchange hereof or in lieu hereof, whether or not notation of such consent or waiver is made upon this Note.

No reference herein to the Indenture and no provision of this Global Note or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal, premium, if any, and interest with respect to this Global Note at the times, place and rate, and in the coin or currency herein prescribed.

Defeasance and Covenant Defeasance. The Indenture contains provisions for defeasance at any time of (a) the entire indebtedness of the Company on this Global Note and (b) certain restrictive covenants and the related defaults and Events of Default, upon compliance by the Company with certain conditions set forth in the Indenture, which provisions apply to this Global Note.

Authorized Denominations. The Notes are issuable only in registered form without coupons in minimum denominations of $1,000 and integral multiples of $1,000 in excess thereof.

Registration of Transfer or Exchange of this Global Note. As provided in the Indenture and subject to certain limitations herein and therein set forth, the transfer of this Global Note is registrable in the Security Register upon surrender of this Global Note for registration of transfer at the office or agency of the Company in any place where the principal of (and premium, if any) and interest on this Global Note are payable, duly endorsed by, or accompanied by a written

instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Global Notes, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

As provided in the Indenture and subject to certain limitations herein and therein set forth, the Global Notes are exchangeable for a like aggregate principal amount of Global Notes of different authorized denominations, as requested by the Holders surrendering the same.

This Global Note is a Global Security within the meaning of the Indenture. If The Depository Trust Company is at any time unwilling, unable or ineligible to continue as depository and a successor depository is not appointed by the Company within 90 days or an Event of Default under the Indenture has occurred and is continuing, the Company will issue Notes in certificated form in exchange for this Global Security. In addition, the Company may at any time determine not to have Notes represented by one or more Global Securities and, in such event, will issue Notes in certificated form in exchange in whole for this Global Security. In any such instance, an owner of a beneficial interest in this Global Note will receive Notes in certificated form equal in principal amount to such beneficial interest and to have such Notes registered in its name. Notes so issued in certificated form will be issued in denominations of $1,000 and integral multiples of $1,000 in excess thereof and will be issued in registered form only, without coupons.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Global Note for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Holder of this Global Note as the owner hereof for all purposes, whether or not this Global Note be overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

Interests in this Global Note are exchangeable or transferable in whole or in part for interests in the Temporary Regulation S Global Note or Regulation S Global Note, in each case of the same series, only if such exchange or transfer complies with the Indenture.

Governing Law. This Global Note shall be governed by and construed in accordance with the law of the State of New York.

Unless the certificate of authentication hereon has been executed by the Trustee by manual signature, this Global Note shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

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IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed under its facsimile corporate seal.

Dated: _____

PSEG POWER LLC

By: _____
Vice President and Treasurer

Attest: _____
Assistant Secretary

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

THE BANK OF NEW YORK,
as Trustee

Dated: _____

By: _____
Authorized Signatory

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ASSIGNMENT FORM

To assign this Security, fill in the form below:

I or we assign and transfer this Security to

(Insert assignee's soc. sec. or tax I.D. No.)

(Print or type assignee's name, address and zip code)

and irrevocably appoint _____ agent to transfer this Security on the books of the Company. The agent may substitute another to act for him.

Dated: _____ Signed: _____

_____
(Sign exactly as your name appears on the other side of this Security)

Signature Guarantee: _____

Dated: _____ Signed: _____
(Sign exactly as your name appears on the other side of this Security)

Signature Guarantee: _____

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SCHEDULE A

SCHEDULE OF EXCHANGES

The following exchanges of Notes for Notes represented by this Global Note have been made:

Principal amount of this Global Note as of	**Date exchange made**	**Change in Principal Amount of this Global Note due to exchange**	**Principal amount of this Global Note due to exchange**	**Notation made by or on behalf of the Company**
$				

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EX-5 3 e74557ex-5.htm OPINION OF TAMARA L. LINDE, ESQUIRE

Exhibit 5

Tamara L. Linde
Executive Vice President
and General Counsel

PSEG Power LLC
80 Park Plaza, T4, Newark, NJ 07102
tel: 973-430-8058 fax: 973-639-0741

November 17, 2017

PSEG Power LLC
PSEG Energy Resources & Trade LLC
PSEG Fossil LLC
PSEG Nuclear LLC
80 Park Plaza
Newark, NJ 07102

Ladies and Gentlemen:

This opinion is furnished in connection with the preparation and filing by PSEG Power LLC (the "Company"), PSEG Energy Resources & Trade LLC ("ER&T"), PSEG Fossil LLC ("Fossil") and PSEG Nuclear LLC ("Nuclear" and together with ER&T and Fossil, the "Guarantors"), each a Delaware limited liability company, of a Registration Statement on Form S-3 (the "Registration Statement") under the Securities Act of 1933, as amended (the "Act"), relating to the registration of the offer, issuance and sale from time to time of an indeterminate amount of senior debt securities by the Company (the "Debt Securities") and the guarantees thereof (the "Guarantees"), jointly and severally, by the Guarantors. The Debt Securities and the Guarantees will be issued under the Indenture, dated as of April 16, 2001 (as amended and supplemented to the date hereof, the "Indenture"), among the Company, the Guarantors and The Bank of New York Mellon, as trustee (the "Trustee").

I have examined the Registration Statement, the Indenture (including the form of Guarantee) and such other agreements, instruments, documents and records and such certificates or comparable documents of public officials which I deemed relevant and necessary for the basis of the opinion hereinafter expressed. In such examination, I have assumed the following: (a) the authenticity of original documents and the genuineness of all signatures; (b) the conformity to the originals of all documents submitted to me as copies; and (c) the truth, accuracy, and completeness of the information, representations, and warranties contained in the records, documents, instruments, and certificates I have reviewed.

The opinions expressed below are based on the following assumptions:

(a) the Registration Statement will have become effective;

(b) the proposed transactions contemplated by the Registration Statement will have been carried out on the basis set forth therein and in conformity with the authorizations, approvals, consents, or exemptions under the securities laws of various states and other jurisdictions of the United States;

(c) prior to the issuance of any series of Debt Securities and related Guarantees, the Boards of Directors of the Company and the Guarantors (each, a "Board"), a committee thereof or an officer of the

Company and the Guarantors, pursuant to delegated authority from each applicable Board, will have authorized the issuance of, and established the terms of, such Debt Securities and related Guarantees; and

(d) the Indenture will have been qualified in accordance with the provisions of the Trust Indenture Act of 1939, as amended.

Based upon the foregoing and subject to the limitations herein, I am of the opinion that:

1. When the Debt Securities have been duly executed by the Company and authenticated by the Trustee and when delivered against payment of the requisite consideration therefor, such Debt Securities will constitute valid and binding obligations of the Company, enforceable against the Company in accordance with their terms.

2. When (i) the Debt Securities have been duly executed by the Company and authenticated by the Trustee, (ii) when the Debt Securities have been delivered against payment of the requisite consideration therefor and (iii) when the Guarantees have been duly executed by each of the Guarantors, such Guarantees will constitute valid and binding obligations of each Guarantor, enforceable against such Guarantor in accordance with their terms.

With respect to enforceability, the above opinions are qualified to the extent that enforcement of the Indenture, the Debt Securities and the Guarantees may be limited by applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally and subject, as to enforceability, to general principles of equity, including principles of commercial reasonableness, good faith and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity).

The foregoing opinions are given as of the date hereof and are limited to matters arising under the limited liability company laws of the State of Delaware and the laws of the State of New York as in effect on the date hereof and I express no opinion as to the effect on the matters covered by this letter of the laws of any other jurisdiction. I hereby consent to the incorporation by reference of this letter as an exhibit to the Registration Statement and to the use of my name wherever it appears in the Registration Statement. In giving such consent, I do not thereby admit that I am within the category of persons whose consent is required by Section 7 of the Act or the related rules and regulations of the Securities and Exchange Commission issued thereunder with respect to any part of the Registration Statement, including this letter as an exhibit or otherwise.

Very truly yours,

/s/ Tamara L. Linde

Tamara L. Linde
Executive Vice President and
General Counsel

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EX-23.1 4 e74557ex23-1.htm CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Exhibit 23-1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in this Registration Statement on Form S-3 of our report dated February 27, 2017, relating to the consolidated financial statements and consolidated financial statement schedule of PSEG Power LLC and subsidiaries appearing in the Annual Report on Form 10-K of PSEG Power LLC for the year ended December 31, 2016 and to the reference to us under the heading “Experts” in the Prospectus, which is part of this Registration Statement.

/s/ Deloitte & Touche LLP
Parsippany, New Jersey

November 17, 2017

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EX-24 5 e74557ex24.htm POWER OF ATTORNEY

Exhibit 24

POWER OF ATTORNEY

Each of the undersigned hereby severally constitutes and appoints Bradford D. Huntington and Tamara L. Linde, and each of them individually (with full power to act without the other), the true and lawful attorneys-in-fact and agents (with full power of substitution and resubstitution) for and on behalf of the undersigned, and in the undersigned's name, place and stead, in the undersigned's capacity as a Director or Officer or both, as the case may be, of PSEG Power LLC ("Power"), PSEG Energy Resources & Trade LLC ("ER&T"), PSEG Fossil LLC ("Fossil"), and/or PSEG Nuclear LLC ("Nuclear") (together, the "Registrants") to sign the Registration Statement on Form S-3 under the Securities Act of 1933, as amended (the "Securities Act"), or on such other form as such attorneys-in-fact, or any of them, may deem necessary or desirable and any amendments thereto, and all post-effective amendments and supplements to such Registration Statement, for the registration of the securities of the Registrants, each in such form as they or any one of them may approve, and to file the same with all exhibits thereto and other documents in connection therewith with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents and their substitutes and resubstitutes, and each of them individually, full power and authority to do and perform each and every act and thing requisite and necessary to be done to the end that such Registration Statement shall comply with the Securities Act and the applicable rules and regulations adopted or issued pursuant thereto, as fully and to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them or their or his or her substitutes or resubstitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, each of the undersigned has executed this instrument, this 17th day of November, 2017.

/s/ Ralph Izzo
Ralph Izzo

/s/ Ralph A. LaRossa
Ralph A. LaRossa

/s/ Daniel J. Cregg
Daniel J. Cregg

/s/ Tamara L. Linde
Tamara L. Linde

/s/ Stuart J. Black
Stuart J. Black

/s/ Peter P. Sena
Peter P. Sena

/s/ Derek M. DiRisio
Derek M. DiRisio

/s/ Shahid Malik
Shahid Malik

/s/ Margaret M. Pego
Margaret M. Pego

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EX-25 6 e74557ex25.htm STATEMENT OF ELIGIBILITY

Exhibit 25

= = = =

PSEG Energy Resources & Trade LLC
(Exact name of obligor as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	22-3663483 (I.R.S. employer identification no.)

PSEG Fossil LLC
(Exact name of obligor as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	22-3663481 (I.R.S. employer identification no.)

PSEG Nuclear LLC
(Exact name of obligor as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	22-3663482 (I.R.S. employer identification no.)

80 Park Plaza Newark, New Jersey (Address of principal executive offices)	07102 (Zip code)

Senior Debt Securities
and Guarantees of Senior Debt Securities
(Title of the indenture securities)

= = = =

1. General information. Furnish the following information as to the Trustee:

(a) Name and address of each examining or supervising authority to which it is subject.

Name	Address
Superintendent of the Department of Financial Services of the State of New York	One State Street, New York, N.Y. 10004-1417, and Albany, N.Y. 12223
Federal Reserve Bank of New York	33 Liberty Street, New York, N.Y. 10045
Federal Deposit Insurance Corporation	550 17th Street, NW Washington, D.C. 20429
The Clearing House Association L.L.C.	100 Broad Street New York, N.Y. 10004

(b) Whether it is authorized to exercise corporate trust powers.

Yes.

2. Affiliations with Obligor.

If the obligor is an affiliate of the trustee, describe each such affiliation.

None.

16. List of Exhibits.

Exhibits identified in parentheses below, on file with the Commission, are incorporated herein by reference as an exhibit hereto, pursuant to Rule 7a-29 under the Trust Indenture Act of 1939 (the "Act") and 17 C.F.R. 229.10(d).

1. A copy of the Organization Certificate of The Bank of New York Mellon (formerly known as The Bank of New York, itself formerly Irving Trust Company) as now in effect, which contains the authority to commence business and a grant of powers to exercise corporate trust powers. (Exhibit 1 to Amendment No. 1 to Form T-1 filed with Registration Statement No. 33-6215, Exhibits 1a and 1b to Form T-1 filed with Registration Statement No. 33-21672, Exhibit 1 to Form T-1 filed with Registration Statement No. 33-29637, Exhibit 1 to Form T-1 filed with Registration Statement No. 333-121195 and Exhibit 1 to Form T-1 filed with Registration Statement No. 333-152735).

4. A copy of the existing By-laws of the Trustee (Exhibit 4 to Form T-1 filed with Registration Statement No. 333-207042).

6. The consent of the Trustee required by Section 321(b) of the Act (Exhibit 6 to Form T-1 filed with Registration Statement No. 333-188382).

7. A copy of the latest report of condition of the Trustee published pursuant to law or to the requirements of its supervising or examining authority.

SIGNATURE

Pursuant to the requirements of the Act, the trustee, The Bank of New York Mellon, a corporation organized and existing under the laws of the State of New York, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of Woodland Park, and State of New Jersey, on the 3rd day of November, 2017.

THE BANK OF NEW YORK MELLON

By: /s/ Laurence J. O'Brien
Name: Laurence J. O'Brien
Title: Vice President

EXHIBIT 7

Consolidated Report of Condition of

THE BANK OF NEW YORK MELLON

of 225 Liberty Street, New York, N.Y. 10286
And Foreign and Domestic Subsidiaries,
a member of the Federal Reserve System, at the close of business September 30, 2017, published in accordance with a call made by the Federal Reserve Bank of this District pursuant to the provisions of the Federal Reserve Act.

ASSETS	Dollar amounts in thousands
Cash and balances due from depository institutions:	
Noninterest-bearing balances and currency and coin	4,915,000
Interest-bearing balances	89,278,000
Securities:	
Held-to-maturity securities	39,433,000
Available-for-sale securities	76,289,000
Federal funds sold and securities purchased under agreements to resell:	
Federal funds sold in domestic offices	0
Securities purchased under agreements to resell	14,181,000
Loans and lease financing receivables:	
Loans and leases held for sale	0
Loans and leases held for investment	29,492,000
LESS: Allowance for loan and lease losses	136,000
Loans and leases held for investment, net of allowance	29,356,000
Trading assets	3,201,000
Premises and fixed assets (including capitalized leases)	1,386,000
Other real estate owned	4,000
Investments in unconsolidated subsidiaries and associated companies	584,000
Direct and indirect investments in real estate ventures	0
Intangible assets:	
Goodwill	6,378,000
Other intangible assets	861,000
Other assets	15,476,000
Total assets	281,342,000

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LIABILITIES	
Deposits:	
In domestic offices	120,206,000
Noninterest-bearing	74,342,000
Interest-bearing	45,864,000
In foreign offices, Edge and Agreement subsidiaries, and IBFs	116,952,000
Noninterest-bearing	6,351,000
Interest-bearing	110,601,000
Federal funds purchased and securities sold under agreements to repurchase:	
Federal funds purchased in domestic offices	260,000
Securities sold under agreements to repurchase	2,833,000
Trading liabilities	2,409,000
Other borrowed money:	
(includes mortgage indebtedness and obligations under capitalized leases	4,522,000
Not applicable	
Not applicable	
Subordinated notes and debentures	515,000
Other liabilities	6,939,000
Total liabilities	254,636,000
EQUITY CAPITAL	
Perpetual preferred stock and related surplus	0
Common stock	1,135,000
Surplus (exclude all surplus related to preferred stock)	10,744,000
Retained earnings	15,995,000
Accumulated other comprehensive income	-1,518,000
Other equity capital components	0
Total bank equity capital	26,356,000
Noncontrolling (minority) interests in consolidated subsidiaries	350,000
Total equity capital	26,706,000
Total liabilities and equity capital	281,342,000

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I, Thomas P. Gibbons, Chief Financial Officer of the above-named bank do hereby declare that this Report of Condition is true and correct to the best of my knowledge and belief.

Thomas P. Gibbons,
Chief Financial Officer

We, the undersigned directors, attest to the correctness of this statement of resources and liabilities. We declare that it has been examined by us, and to the best of our knowledge and belief has been prepared in conformance with the instructions and is true and correct.

Gerald L. Hassell
Samuel C. Scott
Joseph J. Echevarria

Directors

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S-3ASR 1 e61448s3asr.htm FORM S-3ASR

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON NOVEMBER 18, 2014

Registration Nos. 333-
333-
333-
and
333-

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM S-3

REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933

PSEG POWER LLC

(Exact name of registrant as specified in charter)

DELAWARE	**22-3663480**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

SEE TABLE OF ADDITIONAL REGISTRANTS ON THE FOLLOWING PAGE

80 PARK PLAZA, P.O. BOX 1171
NEWARK, NEW JERSEY 07101-1171
(973) 430-7000
(Address, including zip code, and telephone number, including area code, of registrants' principal executive offices)

CAROLINE DORSA
EXECUTIVE VICE PRESIDENT AND
CHIEF FINANCIAL OFFICER
PSEG POWER LLC
80 PARK PLAZA, P.O. BOX 1171
NEWARK, NEW JERSEY 07101-1171
(973) 430-7000
(Name, address, including zip code, and telephone number, including area code, of agent for service for each registrant)

WITH COPIES TO:

M. COURTNEY MCCORMICK, ESQUIRE **DEPUTY GENERAL COUNSEL** **PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED** **80 PARK PLAZA, P.O. BOX 1171** **NEWARK, NEW JERSEY 07101-1171**	**JAMES O'CONNOR, ESQUIRE** **SIDLEY AUSTIN LLP** **787 SEVENTH AVENUE** **NEW YORK, NEW YORK 10019**

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC:

From time to time, after the Registration Statement becomes effective, as determined by market conditions and other factors.

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If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. ☐

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, please check the following box. ☒

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.☐

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box. ☒

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box. ☐

(continued on following page)

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Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer (Do not check if a smaller reporting company)	☒	Smaller reporting company	☐

CALCULATION OF REGISTRATION FEE

Title Of Each Class Of Securities To Be Registered (1)	Amount To Be Registered (2)	Proposed Maximum Offering Price Per Unit (2)	Proposed Maximum Aggregate Offering Price (2)	Amount of Registration Fee (3)
PSEG Power LLC Senior Debt Securities				
Guarantees with respect to Senior Debt Securities				
Total				

(1) Securities registered hereunder may be sold separately, together or as units with other securities registered hereunder.

(2) There is being registered hereunder a presently indeterminate principal amount of PSEG Power LLC Senior Debt Securities and related Guarantees of PSEG Energy Resources & Trade LLC, PSEG Fossil LLC and PSEG Nuclear LLC for which no separate consideration will be received.

(3) In accordance with Rules 456(b) and 457(r) under the Securities Act of 1933, as amended (the "Securities Act"), the Registrants are deferring payment of all of the registration fee except for the $83,685.60 of fees previously paid with respect to $1,500,000,000 aggregate amount of securities which were previously registered on registration statement on Form S-3 (No. 333-175397) (the "Prior Registration Statement"), which securities as of the date hereof are unsold. The Prior Registration Statement was originally filed with the Securities and Exchange Commission on July 8, 2011 and was declared effective on August 30, 2011. Pursuant to Rule 457(p) under the Securities Act, such unutilized filing fee may be applied to the filing fee payable pursuant to this Registration Statement.

TABLE OF ADDITIONAL REGISTRANTS

The following direct subsidiaries of PSEG Power LLC will guarantee the Senior Debt Securities of PSEG Power LLC and are additional Registrants under this registration statement.

Name of Additional Registrant*	Jurisdiction of Organization	I.R.S. Employer Identification Number
PSEG Energy Resources & Trade LLC	Delaware	22-3663483
PSEG Fossil LLC	Delaware	22-3663481
PSEG Nuclear LLC	Delaware	22-3663482

* The address, including zip code, and telephone number, including area code, of the principal executive officers of each of the Registrants listed in this table are the same as those of PSEG Power LLC.

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PROSPECTUS

Senior Debt Securities

We may offer from time to time, together or separately, one or more series of our unsecured senior debt securities. The Debt Securities will rank equally with all of our other unsubordinated and unsecured indebtedness. The Debt Securities will be fully and unconditionally guaranteed jointly and severally by our three principal operating subsidiaries as described in this prospectus. The guarantees rank equally with these subsidiaries' unsecured and unsubordinated indebtedness.

When a particular series of Debt Securities is offered, we will prepare a prospectus supplement setting forth the particular terms of the offered Debt Securities. You should read this prospectus and any prospectus supplement carefully before you make any decision to invest in the Debt Securities.

The Senior Debt Securities may be offered in amounts, at initial offering prices, and on terms to be determined at the time of offering.

We will sell the Debt Securities directly, through agents, underwriters or dealers as designated from time to time, or through a combination of such methods. If any such agents, underwriters or dealers are involved in the sale of the Debt Securities in respect of which this prospectus is being delivered, the names of such agents, underwriters or dealers and any applicable agent's commission, underwriter's discount or dealer's purchase price and the net proceeds to us from such sale will be set forth in, or may be calculated on the basis set forth in, the applicable prospectus supplement. See "Plan of Distribution" for possible indemnification arrangements for any such agents, underwriters and dealers.

This prospectus may not be used to consummate sales of the Debt Securities without the delivery of one or more prospectus supplements.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed on the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

Investing in our Debt Securities involves risks. You should carefully review "Risk Factors" beginning on page 6 of this prospectus, as well as the risk factors contained in our most recently filed Annual Report on Form 10-K and our other periodic reports filed with the Securities and Exchange Commission and incorporated by reference into this prospectus before you invest in any of our Debt Securities.

The date of this prospectus is November 18, 2014.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that PSEG Power LLC filed with the Securities and Exchange Commission (the "SEC") utilizing a "shelf" registration process. Under this shelf process, we may, from time to time, sell the Debt Securities described in this prospectus in one or more offerings of one or more series. Each time we sell Debt Securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with the additional information described under the heading "Where You Can Find More Information."

We believe that we have included or incorporated by reference all information material to investors in this prospectus, but certain details that may be important for specific investment purposes have not been included. To see more detail, you should read the exhibits filed with or incorporated by reference into the registration statement.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports and other information with the SEC. You may read and copy any material on file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Our filings are also available to the public over the Internet at the SEC's web site at http://www.sec.gov. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room.

The SEC allows us to "incorporate by reference" information that we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference or deemed incorporated by reference is an important part of this prospectus, and information that we file later with the SEC will be deemed to automatically update and supersede this incorporated information. We incorporate by reference the following documents filed with the SEC.

- Our Annual Report on Form 10-K for the year ended December 31, 2013;
- Our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2014, June 30, 2014 and September 30, 2014; and
- Our Current Reports on Form 8-K filed on February 21, 2014 and July 17, 2014.

We also incorporate by reference any future filings made with the SEC under Section 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), on or after the date of this prospectus and prior to the termination of any particular offering of Debt Securities, except, in each case, for current reports on Form 8-K containing only disclosure furnished under items 2.02 or 7.01 of Form 8-K and exhibits relating to such disclosure, unless otherwise specifically stated in the Form 8-K.

You can get a free copy of any of the documents incorporated by reference by making an oral or written request directed to:

Vice President, Investor Relations
PSEG Services Corporation
80 Park Plaza, 6th Floor
Newark, NJ 07102
Telephone (973) 430-6565

You should rely only on the information contained or incorporated by reference or deemed to be incorporated by reference in this prospectus or in the prospectus supplement or documents to which we otherwise refer you. We have not authorized anyone else to provide you with different or additional information. You should not rely on any other information or representations. Our business, prospects, financial condition and results of operations may change after this prospectus and the prospectus supplement are distributed. You should not assume that the information in this prospectus and the prospectus supplement are accurate as of any date other than the dates on the front of those documents. You should read all information supplementing this prospectus.

FORWARD-LOOKING STATEMENTS

This prospectus and any prospectus supplement, including documents incorporated by reference or deemed to be incorporated by reference, include “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, included in this prospectus and any prospectus supplement or in documents incorporated by reference or deemed to be incorporated by reference that address activities, events or developments that we expect or anticipate will or may occur in the future, including such matters as our future performance, future capital expenditures and growth, revenues, earnings, business strategy, market and industry developments and prospects, are forward-looking statements. When used in this prospectus, any prospectus supplement or in documents incorporated by reference or deemed to be incorporated by reference, the words “will”, “anticipate”, “intend”, “estimate”, “believe”, “expect”, “plan”, “should”, “hypothetical”, “potential”, “forecast”, “project”, variations of such words and similar expressions are intended to identify forward-looking statements. These statements are based on assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions and expected future developments as well as other factors we believe are appropriate under the circumstances. However, actual results and developments may differ materially from our expectations and predictions due to a number of risks and uncertainties, many of which are beyond our control. Certain factors that could cause actual results to differ materially from those contemplated in any forward-looking statements are discussed in the Risk Factors and Management’s Discussion and Analysis of Financial Condition and Results of Operations sections of our most recently filed Annual Report on Form 10-K and any subsequently filed Quarterly Reports on Form 10-Q and in the notes to our financial statements and other information filed with the SEC. These factors include, but are not limited to:

- adverse changes in the demand for or the price of the capacity and energy that we sell into wholesale electricity markets;
- adverse changes in energy industry law, policies and regulation, including market structures and a potential shift away from competitive markets toward subsidized market mechanisms, capacity market design, transmission planning and cost allocation rules, including how transmission projects are planned, and reliability standards;
- changes in federal and state environmental regulations and enforcement that could increase our costs or limit our operations;
- changes in nuclear regulation and/or general developments in the nuclear power industry, including various impacts from any accidents or incidents experienced at our facilities or by others in the industry, that could limit operations of our nuclear generating units;
- actions or activities at one of our nuclear units located on a multi-unit site that might adversely affect our ability to continue to operate that unit or other units at the same site;
- any inability to manage our energy obligations, available supply and risks;
- adverse outcomes of any legal, regulatory or other proceeding, settlement, investigation or claim applicable to us and/or the energy industry;
- any deterioration in our credit quality or the credit quality of our counterparties;
- availability of capital and credit at commercially reasonable terms and conditions and our ability to meet cash needs;
- changes in the cost of, or interruption in the supply of, fuel and other commodities necessary to the operation of our generating units;
- delays in the receipt of necessary permits and approvals for our construction and development activities;
- delays or unforeseen cost escalations in our construction and development activities;
- any inability to achieve, or continue to sustain, our expected levels of operating performance;

- any equipment failures, accidents, severe weather events or other incidents that impact our ability to provide safe and reliable service to our customers, and any inability to obtain sufficient coverage or recover proceeds of insurance with respect to such events;
- acts of terrorism, cybersecurity attacks or intrusions that could adversely impact our business;
- increases in competition in energy supply markets;
- any inability to realize anticipated tax benefits or retain tax credits;
- challenges associated with recruitment and/or retention of a qualified workforce;
- adverse performance of our decommissioning and defined benefit plan trust fund investments and changes in funding requirements;
- changes in technology, such as distributed generation and micro grids, and greater reliance on these technologies; and
- changes in customer behaviors, including increases in energy efficiency, net-metering and demand response.

Additional information concerning these factors is set forth or referred to under “Risk Factors”.

All of the forward-looking statements made in this prospectus and any prospectus supplement and in documents incorporated by reference or deemed to be incorporated by reference are qualified by these cautionary statements and we cannot assure you that the results or developments anticipated by us will be realized or, even if realized, will have the expected consequences to, or effects on, us or our business prospects, financial condition or results of operations. You should not place undue reliance on these forward-looking statements in making your investment decision to purchase any Debt Securities. Except as may be required by the federal securities laws, we expressly disclaim any obligation or undertaking to release publicly any updates or revisions to these forward-looking statements to reflect events or circumstances that occur or arise or are anticipated to occur or arise after the date hereof. In making an investment decision regarding the Debt Securities, we are not making, and you should not infer, any representation about the likely existence of any particular future set of facts or circumstances. The forward-looking statements contained in this prospectus, any prospectus supplement and the documents incorporated by reference or deemed to be incorporated by reference into this prospectus and any prospectus supplement are intended to qualify for the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Exchange Act.

PSEG POWER LLC

We are a multi-regional, wholesale energy supply company that integrates our generating asset operations and gas supply commitments with our wholesale energy, fuel supply and energy trading functions, primarily in the Northeast and Mid-Atlantic U.S., through three principal direct, wholly-owned subsidiaries: PSEG Fossil LLC (“Fossil”), PSEG Nuclear LLC (“Nuclear”) and PSEG Energy Resources & Trade LLC (“ER&T”). Fossil and Nuclear own and operate generation and generation-related facilities. ER&T is responsible for the day-to-day management of our energy portfolio. A fourth direct, wholly-owned subsidiary of ours, PSEG Power Ventures LLC (“Ventures”), develops, owns, and operates large renewable energy projects. Fossil, Nuclear, ER&T and certain subsidiaries of Ventures are subject to regulation by, among others, the Federal Energy Regulatory Commission and Nuclear is also subject to regulation by the Nuclear Regulatory Commission.

We are a wholly-owned subsidiary of Public Service Enterprise Group Incorporated (“PSEG”). PSEG is a public utility holding company and one of the leading providers of energy and energy-related services in the nation. PSEG has four other direct, wholly-owned subsidiaries: Public Service Electric and Gas Company (“PSE&G”), PSEG Energy Holdings L.L.C. (“Energy Holdings”), PSEG Long Island LLC (“PSEG LI”) and PSEG Services Corporation (“Services”). PSE&G is New Jersey’s largest public utility and is engaged principally in the transmission, distribution and sale of electric energy and gas service in New Jersey. Energy Holdings earns its revenues primarily from its portfolio of lease investments. PSEG LI operates the Long Island Power Authority’s transmission and distribution system under a contractual agreement. Services provides corporate support and managerial and administrative services to PSEG and its affiliates.

We are a Delaware limited liability company with principal executive offices located at 80 Park Plaza, Newark, New Jersey 07102; our telephone number is 973-430-7000. In this prospectus, unless otherwise indicated or unless the context otherwise requires, “we”, “our” and “us” refer to PSEG Power LLC and its consolidated subsidiaries.

You can obtain additional information about us in the reports and other documents incorporated by reference in this prospectus. See “Where You Can Find More Information.”

RISK FACTORS

In addition to the risk factors contained in our most recently filed Annual Report on Form 10-K and our other periodic reports filed with the SEC and incorporated by reference into this prospectus, as well as those risk factors that may be included in the applicable prospectus supplement and other information contained in the documents incorporated by reference or elsewhere in this prospectus, prospective investors should carefully consider the risks described below before making a decision to purchase the Debt Securities. Such factors could have a material adverse effect on our business, prospects, financial condition, results of operations or net cash flows and on the trading price of the Debt Securities. Such factors could affect actual results and cause our results to differ materially from those expressed in any forward-looking statements made by, or on behalf of, us. See “Forward-Looking Statements.”

Because We are a Holding Company, our Ability to Service Our Debt Could Be Limited

We are a holding company with no material assets other than the stock or membership interests of our subsidiaries. Accordingly, all of our operations are conducted by our subsidiaries. We depend on our subsidiaries’ cash flow and our access to capital in order to service our indebtedness. Any project-related debt agreements of subsidiaries will generally restrict their ability to pay dividends, make cash distributions or otherwise transfer funds to us. These restrictions may include achieving and maintaining financial performance or debt coverage ratios, absence of events of default, or priority in payment of other current or prospective obligations. Our subsidiaries’ ability to pay dividends, make cash distributions or otherwise transfer funds to us may also be limited or restricted by regulatory considerations or applicable law.

Our subsidiaries may finance some investments using non-recourse project level financing. A non-recourse project financing is generally structured to be repaid out of cash flows provided by the investment. In the event of a default under a financing agreement which is not cured, the lenders would generally have rights to the related assets. In the event of foreclosure after a default, our subsidiary may lose its equity in the asset or may not be entitled to any cash that the asset may generate.

We can give no assurances that our current and future capital structure, operating performance or financial condition will permit us to access the capital markets or to obtain other financing at the times, in the amounts and on the terms necessary or advisable for us to successfully carry out our business strategy or to service our indebtedness.

The Indenture Restricts Our Ability to Enter into Certain Transactions

The Indenture (as defined below under “Description of Debt Securities”) restricts our ability and the ability of our Restricted Subsidiaries (as defined below under “Description of Debt Securities”) to, among other things:

- in the case of our Restricted Subsidiaries, incur certain indebtedness;
- create or permit to exist liens;
- in the case of our Restricted Subsidiaries, create or permit to exist dividend or payment restrictions with respect to us;
- sell assets; and
- engage in mergers and consolidations.

These restrictions may limit our ability to finance future operations, respond to changing business and economic conditions, secure any needed additional financing and engage in opportunistic transactions. See “Description of Debt Securities — Selected Indenture Covenants.”

PSEG Could Exercise Its Control Over Us to the Detriment of Holders of the Debt Securities

Our sole limited liability company member, PSEG, controls the election of our directors and all other matters submitted for member approval and has control over our management and affairs. In circumstances involving a conflict of interest between PSEG, as the sole member, on the one hand, and our creditors, on the other, we can give no assurance that PSEG would not exercise its power to control us in a manner that would benefit PSEG to the detriment of our creditors, including the holders of the Debt Securities.

The Indenture imposes no limitations on our ability to pay dividends or to make other payments to PSEG or on our ability to enter into transactions with PSEG or our other affiliates.

Federal and State Statutes May Limit Your Rights as a Holder

Each of our Restricted Subsidiaries will guarantee our obligations on the Debt Securities (each a "Subsidiary Guarantee"). See "Description of Debt Securities — Selected Indenture Covenants — Guarantee of Debt Securities."

Under the federal bankruptcy law and comparable provisions of state fraudulent transfer laws, a court could find that the Subsidiary Guarantee provided by a Restricted Subsidiary constituted a fraudulent conveyance by that Restricted Subsidiary. To do so, a court would typically have to find that, at the time the Subsidiary Guarantee was issued, the relevant Restricted Subsidiary:

- issued the Subsidiary Guarantee with the intent of hindering, delaying or defrauding its current or future creditors; or
- (a) received less than fair consideration or reasonably equivalent value for incurring the indebtedness represented by its Subsidiary Guarantee; and (b) either (i) was insolvent or was rendered insolvent by reason of the issuance of the Subsidiary Guarantee or would be rendered insolvent upon payment of the Subsidiary Guarantee, (ii) was engaged, or about to engage, in a business or transaction for which its remaining unencumbered assets constituted unreasonably small capital or (iii) intended to incur, or believed or should have believed it would incur, debts beyond its ability to pay as such debts mature.

Many of the foregoing terms are defined in or interpreted under those statutes.

Different jurisdictions define "insolvency" differently. However, an entity generally would be considered insolvent at the time it incurred any particular obligation if (1) its liabilities exceeded its assets, at a fair valuation, (2) the present fair saleable value of its assets was less than the amount required to pay its total existing debts and liabilities (including any probable liability related to contingent liabilities) as they became absolute and matured or (3) it could not pay its debts as they became due. We cannot assure you of the standard a court would apply in order to determine whether any Restricted Subsidiary was "insolvent" as of the date the applicable Subsidiary Guarantee was issued, or that regardless of the method of valuation, a court would not determine, regardless of whether such Restricted Subsidiary was insolvent on the date the Subsidiary Guarantee was issued, that the payments constituted fraudulent transfers on another ground.

If a court were to make any such finding, it could:

- void all or a portion of the relevant Restricted Subsidiary's obligations on the Subsidiary Guarantees; and/or
- seek to recover any payments made on account of the relevant Subsidiary Guarantee.

In addition, any claims in respect of a Subsidiary Guarantee could be subordinated to all other debts of the relevant Restricted Subsidiary under principles of "equitable subordination," which generally require that the claimant must have engaged in some type of inequitable conduct; the misconduct must have resulted in injury to the creditors of the debtor or conferred an unfair advantage on the claimant; and equitable subordination must not be inconsistent with other provisions of the U.S. Bankruptcy Code.

In any such event, we cannot assure you that you would receive any payment under the Subsidiary Guarantee of the relevant Restricted Subsidiary.

There is No Trading Market for the Debt Securities

We do not intend to list any series of the Debt Securities on any U.S. securities exchange. We can give no assurance that an active trading market for the Debt Securities will develop or, if one develops, will be maintained or be liquid. If an active trading market does not develop or is not maintained, investors may not be able to sell their Debt Securities when desired, or perhaps at all, or be able to sell the Debt Securities at a price equal to or above the price the investors paid for them. The Debt Securities may not be appropriate as a short-term investment, and investors should consider the potentially illiquid and long-term nature of their investment in the Debt Securities before making an investment decision.

CONSOLIDATED RATIOS OF EARNINGS TO FIXED CHARGES

Our consolidated ratios of earnings to fixed charges for each of the periods indicated are as follows:

	Nine Months Ended September 30, 2014	Years Ended December 31,				
		2013	2012	2011	2010	2009
Ratios of Earnings to Fixed Charges[1]	7.41	8.37	7.63	9.08	8.82	9.68

1 The term Earnings shall be defined as pre-tax income from continuing operations before income or loss from equity method investees plus distributed income from equity investees, plus the amount of fixed charges adjusted to exclude the amount of any interest capitalized during the period. Fixed Charges represent (a) interest, whether expensed or capitalized, (b) amortization of debt discount, premium and expense and (c) an estimate of interest implicit in rentals.

USE OF PROCEEDS

Unless we state otherwise in the accompanying prospectus supplement, the net proceeds from the sale of the Debt Securities will be added to our general funds and will be used for general corporate purposes.

DESCRIPTION OF DEBT SECURITIES

We may issue our Debt Securities from time to time. The Debt Securities will be issued under an Indenture dated as of April 16, 2001, as amended and supplemented by the First Supplemental Indenture dated as of March 13, 2002 (the “Indenture”), among us and The Bank of New York Mellon as Trustee (the “Trustee”). The Indenture is filed as an exhibit to the registration statement. The Indenture is subject to and governed by the Trust Indenture Act of 1939, as amended (the “TIA”). Selected provisions of the Indenture have been summarized below. This summary is not complete. You should read the Indenture for provisions that may be important to you. In the summary below, references to section numbers of the Indenture are included so that you can easily locate these provisions. Capitalized terms used in the summary have the meanings specified in the Indenture. Parenthetical references below are to the Indenture or to the TIA, as applicable. In this section, references to “we”, “our” and “us” refer to PSEG Power LLC, except where the context otherwise requires.

General

The Debt Securities will be our senior unsecured obligations. They will rank equally with all of our other unsecured and unsubordinated indebtedness. Each series of Debt Securities will be guaranteed, jointly and severally, by Fossil, Nuclear and ER&T (the “Subsidiary Guarantors”) as described below. The Subsidiary Guarantees will rank equally in right of payment to all existing and future senior unsecured indebtedness of the Subsidiary Guarantors. Other than intercompany debt, the Subsidiary Guarantors currently have no indebtedness outstanding. As of October 31, 2014, we had issued and outstanding under the Indenture and the Subsidiary Guarantors had guaranteed senior indebtedness totaling $2.5 billion. As of that date, we had no amounts issued and outstanding under our credit facilities, which have a capacity totaling $2.7 billion and which are guaranteed, jointly and severally, by the Subsidiary Guarantors.

We have the ability to issue Debt Securities with terms different from those of Debt Securities previously issued and, without the consent of the holders thereof, to reopen a previous series of Debt Securities and issue additional Debt Securities of such series (unless such reopening was restricted when such series was created).

Provisions Applicable to Particular Series

The Indenture provides that any Debt Securities proposed to be sold pursuant to this prospectus and an accompanying prospectus supplement (the "Offered Securities"), as well as other of our unsecured debt

securities, may be issued under the Indenture in one or more series, as authorized by us from time to time. The particular terms of such Offered Securities and any modifications of or additions to the general terms of the Debt Securities as described in this prospectus that may be applicable in the case of the Offered Securities will be described in the applicable prospectus supplement. Accordingly, for a description of the terms of any Offered Securities, you should refer to both the prospectus supplement for that series and the description of Debt Securities set forth in this prospectus.

You should refer to the prospectus supplement for the following information for each particular series of Offered Securities:

- The title of such Debt Securities.
- The aggregate principal amount of such Debt Securities and any limit on the aggregate principal amount of Debt Securities of such series.
- If other than the principal amount thereof, the portion of the principal amount thereof payable upon declaration of acceleration of the maturity thereof or the method by which such portion will be determined.
- The date or dates, or the method by which such date or dates will be determined or extended, on which the principal of such Debt Securities will be payable.
- The rate or rates at which such Debt Securities will bear interest, if any, or the method by which such rate or rates will be determined, the date or dates from which such interest will accrue or the method by which such date or dates will be determined, the date or dates on which such interest, if any, will be payable and the Regular Record Date or Dates, if any, for the interest payable on any Registered Security on any Interest Payment Date, or the method by which any such date will be determined, and the basis upon which interest will be calculated if other than that of a 360-day year of twelve 30-day months.
- The date or dates on which or the period or periods within which, the price or prices at which and the other terms and conditions upon which, such Debt Securities may be redeemed, in whole or in part, at our option and whether we are to have that option.
- Our obligation, if any, to redeem, repay or purchase such Debt Securities, in whole or in part, pursuant to any sinking fund or analogous provision or at the option of a holder thereof and the period or periods within which or the date or dates on which, the price or prices at which and the other terms and conditions upon which, such Debt Securities will be so redeemed, repaid or purchased.
- Whether such Debt Securities are to be issuable as Registered Securities, Bearer Securities (with or without coupons) or both, any restrictions applicable to the offer, sale or delivery of Bearer Securities and the terms, if any, upon which Bearer Securities of the series may be exchanged for Registered Securities of the series and vice versa (if permitted by applicable laws and regulations), whether such Debt Securities will be issuable initially in temporary global form, whether any such Debt Securities will be issuable in permanent global form with or without coupons and, if so, whether beneficial owners of interests in any such permanent global security may exchange such interests for Debt Securities of such series in certificated form and of like tenor of any authorized form and denomination and the circumstances under which any such exchanges may occur, if other than in the manner provided in the Indenture, and, if Registered Securities are to be issuable as a global security, the identity of the depositary for such Debt Securities.
- Whether the amount of payments of principal of (or premium, if any) or interest, if any, on such Debt Securities may be determined with reference to an index, formula or other method (which index, formula or method may be based on one or more currencies, commodities, equity indices or other indices) and the manner in which such amounts will be determined.
- The place or places, if any, other than or in addition to The City of New York, where the principal of (and premium, if any) and interest, if any, on such Debt Securities will be payable, where any Registered Securities may be surrendered for registration of transfer, where such Debt Securities may be surrendered for exchange, where Debt Securities of a series that are convertible or exchangeable

may be surrendered for conversion or exchange, as applicable, and where notices or demands to or upon us in respect of such Debt Securities and the Indenture may be served.

- The denomination or denominations in which such Debt Securities will be issuable, if other than $1,000, or any integral multiple thereof, in the case of Registered Securities and $5,000 in the case of Bearer Securities.
- If other than the Trustee, the identity of each Security Registrar and/or Paying Agent.
- The date as of which any Bearer Securities of the series and any temporary Debt Security issued in global form representing Outstanding Securities of the series will be dated if other than the date of original issuance of the first Debt Security of the series to be issued.
- The applicability, if at all, to such Debt Securities of the provisions of Article Fourteen of the Indenture described under " — Satisfaction and Discharge, Legal Defeasance and Covenant Defeasance" and any provisions in modification of, in addition to or in lieu of any of the provisions of such Article.
- The Person to whom any interest on any Registered Security of the series will be payable, if other than the Person in whose name such Registered Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, the manner in which, or the Person to whom, any interest on any Bearer Security of the series shall be payable, if otherwise than upon presentation and surrender of the coupons appertaining thereto as they severally mature, and the extent to which, or the manner in which, any interest payable on a temporary Debt Security issued in global form will be paid if other than in the manner provided in the Indenture.
- If such Debt Securities are to be issuable in definitive form (whether upon original issue or upon exchange of a temporary Debt Security of such series) only upon receipt of certain certificates or other documents or satisfaction of other conditions, the form and/or terms of such certificates, documents or conditions.
- Whether and under what circumstances we will pay Additional Amounts, as contemplated by Section 1004 of the Indenture, on such Debt Securities to any holder who is not a United States person (including any modification to the definition of such term as contained in the Indenture as originally executed) in respect of any tax, assessment or governmental charge and, if so, whether we will have the option to redeem such Debt Securities rather than pay such Additional Amounts (and the terms of any such option).
- The provisions, if any, granting special rights to the holders of such Debt Securities upon the occurrence of such events as may be specified.
- Any deletions from, modifications of or additions to the Events of Default or covenants with respect to such Debt Securities (which Events of Default or covenants are consistent with the Events of Default or covenants set forth in the general provisions of the Indenture).
- Whether such Debt Securities will be convertible into or exchangeable for any other securities and, if so, the terms and conditions upon which such Debt Securities will be so convertible or exchangeable.
- Any other terms of such Debt Securities.

If applicable, the prospectus supplement will also set forth a discussion of federal income tax considerations relevant to the Debt Securities being offered.

For purposes of this prospectus, any reference to the payment of principal of (or premium, if any) or interest, if any, on such Debt Securities will be deemed to include mention of the payment of any Additional Amounts required by the terms of such Debt Securities.

Debt Securities may provide for less than the entire principal amount thereof to be payable upon declaration of acceleration of the maturity thereof ("Original Issue Discount Securities"). Federal income tax and other considerations pertaining to any such Original Issue Discount Securities will be discussed in the applicable prospectus supplement.

The Indenture also provides that there may be more than one Trustee thereunder, each with respect to one or more different series of Debt Securities. See " — The Trustee" herein. At a time when two or more Trustees are acting under the Indenture, each with respect to only certain series, the term Debt Securities, as used herein, will mean the one or more series with respect to which each respective Trustee is acting. In the event that there is more than one Trustee under the Indenture, the powers and trust obligations of each Trustee as described herein will extend only to the one or more series of Debt Securities for which it is Trustee. If two or more Trustees are acting under the Indenture, then the Debt Securities for which each Trustee is acting would in effect be treated as if issued under separate indentures.

The general provisions of the Indenture do not contain any provisions that would limit our ability to incur indebtedness or that would afford holders of Debt Securities protection in the event of a highly leveraged or similar transaction. Reference is made to the prospectus supplement for information with respect to any deletions from, modifications of or additions to the Events of Default or the covenants that are described below, including any addition of a covenant or other provision providing event risk or similar protection.

Denominations, Registration and Transfer

Debt Securities of a series may be issuable solely as Registered Securities, solely as Bearer Securities or as both Registered Securities and Bearer Securities. The Indenture also provides that Debt Securities of a series may be issuable in global form. (Section 203) See " — Book-Entry Debt Securities". Unless otherwise provided in the prospectus supplement, Debt Securities denominated in U.S. dollars (other than Global Securities, which may be of any denomination) are issuable in denominations of $1,000, or any integral multiples of $1,000, in the case of Registered Securities and in the denomination of $5,000 in the case of Bearer Securities. (Section 302) Unless otherwise indicated in the prospectus supplement, Bearer Securities will have interest coupons attached. (Section 201)

Registered Securities will be exchangeable for other Registered Securities of the same series. If (but only if) provided in the prospectus supplement, Bearer Securities (with all unmatured coupons, except as provided below, and all matured coupons which are in default) of any series may be similarly exchanged for Registered Securities of the same series of any authorized denominations and of a like aggregate principal amount and tenor. If so provided, Bearer Securities surrendered in exchange for Registered Securities between a Regular Record Date or a Special Record Date and the relevant date for payment of interest will be surrendered without the coupon relating to such date for payment of interest, and interest will not be payable in respect of the Registered Security issued in exchange for such Bearer Security, but will be payable only to the holder of such coupon when due in accordance with the terms of the Indenture. Unless otherwise specified in the prospectus supplement, Bearer Securities will not be issued in exchange for Registered Securities. (Section 305)

Registered Securities of a series may be presented for registration of transfer and Debt Securities of a series may be presented for exchange

- at each office or agency required to be maintained by us for payment of such series as described in " — Payment and Paying Agents," and
- at each other office or agency that we may designate from time to time for such purposes.

No service charge will be made for any transfer or exchange of Debt Securities, but we may require payment of any tax or other governmental charge payable in connection therewith. (Section 305)

We will not be required to:

- issue, register the transfer of or exchange Debt Securities during a period beginning at the opening of business 15 days before any selection of Debt Securities of that series to be redeemed and ending at the close of business on (A) the day of mailing of the relevant notice of redemption if Debt Securities of the series are issuable only as Registered Securities and (B) if Debt Securities of the series are issuable as Bearer Securities, the day of the first publication of the relevant notice of redemption, or, if Debt Securities of the series are also issuable as Registered Securities and there is no publication, the day of mailing of the relevant notice of redemption;
- register the transfer of or exchange any Registered Security, or portion thereof, called for redemption, except the unredeemed portion of any Registered Security being redeemed in part;

- exchange any Bearer Security called for redemption, except to exchange such Bearer Security for a Registered Security of that series and like tenor that is simultaneously surrendered for redemption; or
- issue, register the transfer of or exchange any Debt Security which has been surrendered for repayment at the option of the holder, except the portion, if any, of such Debt Security not to be so repaid. (Section 305)

Payment and Paying Agents

Unless otherwise provided in the prospectus supplement, principal, premium, if any, and interest, if any, and Additional Amounts, if any, on Registered Securities will be payable at any office or agency to be maintained by us in Newark, New Jersey and New York, New York, except that at our option interest on an Interest Payment Date (including Additional Amounts, if any) may be paid (1) by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register or (2) by wire transfer to an account maintained by the Person entitled thereto as specified in the Security Register. (Sections 307, 1001 and 1002) Unless otherwise provided in the prospectus supplement, payment of any installment of interest on Registered Securities will be made to the Person in whose name such Registered Security is registered at the close of business on the Regular Record Date for such interest. (Section 307)

If Debt Securities of a series are issuable solely as Bearer Securities or as both Registered Securities and Bearer Securities, unless otherwise provided in the prospectus supplement, we will be required to maintain an office or agency (1) outside the United States at which, subject to any applicable laws and regulations, the principal of (and premium, if any) and interest, if any, on such series will be payable and (2) in The City of New York for payments with respect to any Registered Securities of such series (and for payments with respect to Bearer Securities of such series in the limited circumstances described below, but not otherwise). (Section 1002) The initial locations of such offices and agencies will be specified in the prospectus supplement. Unless otherwise provided in the prospectus supplement, principal of (and premium, if any) and interest, if any, on Bearer Securities may be paid by wire transfer to an account maintained by the Person entitled thereto with a bank located outside the United States. (Sections 307 and 1002) Unless otherwise provided in the prospectus supplement, payment of installments of interest on any Bearer Securities on or before Maturity will be made only against surrender of coupons for such interest installments as they severally mature. (Section 1001) Unless otherwise provided in the prospectus supplement, no payment with respect to any Bearer Security will be made at any office or agency we maintain in the United States or by check mailed to any address in the United States or by transfer to an account maintained with a bank located in the United States. Notwithstanding the foregoing, payments of principal of (and premium, if any) and interest, if any, on Bearer Securities payable in U.S. dollars will be made at the office of our Paying Agent in The City of New York if (but only if) payment of the full amount thereof in U.S. dollars at all offices or agencies outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions. (Section 1002)

We may from time to time designate additional offices or agencies, approve a change in the location of any office or agency and, except as provided above, rescind the designation of any office or agency.

Selected Indenture Covenants

Limitations on Obligations

Restricted Subsidiaries. We will not permit any Restricted Subsidiary to, directly or indirectly, Incur any Obligations (including, without limitation, Acquired Obligations), except for

- the Subsidiary Guarantees;
- Obligations existing on the date of the Indenture;
- Obligations of ER&T related to the purchase and sale of fuel, capacity, energy (including, but not limited to, electric power, natural gas and coal), environmental credits or entitlements, utility services, fuel, water, related transportation services and other similar or related products and services in the ordinary course of business;
- Obligations of Nuclear related to the purchase and sale of fuel and related transportation services in the ordinary course of business;

- Permitted Hedging Obligations of ER&T;
- Obligations incurred in exchange for, or the net proceeds of which are used to refund, refinance, or replace Obligations described under this "Limitations on Obligations", provided that the average life of the refinancing Obligations shall not be shorter than the average life of the Obligations being refinanced and the principal amount of the refinancing obligations shall not exceed the principal amount of the Obligations being so refinanced; and
- Obligations to us or any other Restricted Subsidiary which are subordinated to the Subsidiary Guarantee with respect to the guaranteed Debt Securities of the Restricted Subsidiary incurring the Obligations.

The foregoing notwithstanding, Restricted Subsidiaries may Incur Obligations not otherwise permitted by the preceding paragraph in an aggregate amount outstanding after giving effect to such Incurrence not to exceed at any one time the greater of $250 million or 15% of Consolidated Net Tangible Assets as of the last day of the preceding month.

Subsidiaries Other Than Restricted Subsidiaries. Except for parental guarantees of debt service reserves, surety bonds, equity guarantees, performance bonds and bid bonds entered into in the ordinary course of business aggregating at any one time not more than $100 million, we shall not permit any Subsidiary that is not a Restricted Subsidiary to, directly or indirectly, Incur any Obligations (including, without limitation, Acquired Obligations) that are recourse to us or any Restricted Subsidiary. For the purposes of this section, preferred securities issued by our special purpose subsidiaries will not be considered to be recourse to us. (Section 1008)

Limitation on Liens

We may not, and may not permit any Restricted Subsidiary to, directly or indirectly, create, incur, assume or permit to exist any Lien of any kind on or with respect to any Property or interest in our Property or that of any of our Restricted Subsidiaries or any income or profits therefrom (in each case, whether the Property is owned at the date of the Indenture or thereafter acquired), unless the Debt Securities are secured equally and ratably with (or prior to) any and all other Obligations secured by the Lien, provided, however, that these restrictions shall not apply to or prevent the creation, incurrence, assumption or existence of Permitted Liens.

Permitted Liens shall include:

- Liens existing on the date of the Indenture;
- Liens to secure or provide for the payment of all or part of the purchase price of any Property or the cost of construction or improvement thereof; *provided* that no such Lien shall extend to or cover any other of our or our Restricted Subsidiaries' Property;
- Liens existing on Property at the time such Property is acquired by us or any Restricted Subsidiary; *provided* that such Liens (i) are not created, Incurred or assumed in contemplation of such Property being acquired and (ii) do not extend to or cover any other of our or our Restricted Subsidiaries' Property;
- Liens existing on Property of any entity at the time such entity is merged with or into or consolidated with us or a Restricted Subsidiary; *provided* that such Liens (i) are not created, Incurred or assumed in contemplation of such merger or consolidation and (ii) do not extend to any other of our or our Restricted Subsidiaries' Property;
- Liens securing Permitted Hedging Obligations;
- Liens for taxes, assessments or governmental charges that are not yet delinquent or that are being contested in good faith by any appropriate legal proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate reserve provision, if any, as is required in conformity with GAAP shall have been made;
- Liens arising by reason of any judgment, decree or order of any court, so long as any such Lien is being contested in good faith and is bonded or such judgment, decree or order does not exceed $50 million, and any appropriate legal proceedings that may have been duly initiated for the review of such judgment, decree or order have not been finally terminated or the period within which such proceedings may be initiated has not expired;

- Liens to secure pledges or deposits made in the ordinary course of business in connection with bids, tenders or contracts (other than for payment of indebtedness) or to secure guarantees, statutory or regulatory obligations or surety or performance bonds each made in the ordinary course of business;
- Liens imposed by law such as carriers', warehousemen's and mechanics' Liens, in each case arising in the ordinary course of business and with respect to amounts not yet due or being contested in good faith by appropriate legal proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as is required in conformity with GAAP shall have been made;
- Survey exceptions, encumbrances, easements or reservations of, or rights of others for, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real properties incidental to the conduct of the business or to the ownership of Properties which were not incurred in connection with indebtedness or other extensions of credit and which do not in the aggregate materially and adversely affect the value of the Properties or materially impair their use in the operation of the business;
- Liens securing letters of credit entered into in the ordinary course of business;
- Liens to secure pollution control revenue bonds or industrial revenue bonds;
- Liens securing Non-Recourse Obligations of Unrestricted Subsidiaries;
- Liens granted on the capital stock of Unrestricted Subsidiaries for the purpose of securing the Obligations of such Unrestricted Subsidiaries;
- Liens pursuant to Capitalized Leases or Synthetic Leases permitted to be entered into under the "Limitation on Obligations" covenant;
- Liens arising by reason of leases and subleases of Property pursuant to a Sale/Leaseback Transaction allowed pursuant to the "Limitation on Sale of Assets" covenant that do not materially interfere with the ordinary conduct of our or any of our Restricted Subsidiaries' business;
- Liens created in connection with worker's compensation, unemployment insurance and other social security statutes or regulations;
- Liens by a Wholly-Owned Subsidiary to us or any Restricted Subsidiary;
- Liens on Property, other than Capital Stock of Restricted Subsidiaries, to secure Obligations so long as the sum of the amount of outstanding Obligations secured by Liens incurred pursuant to this provision does not exceed the greater of $250 million or 15% of Consolidated Net Tangible Assets as of the end of the most recent fiscal quarter for which financial statements are available; and
- The replacement, extension or renewal (or successive replacements, extensions or renewals), as a whole or in part, of any Lien or of any agreement referred to above or the replacement, extension or renewal (not exceeding the outstanding principal amount of Indebtedness secured thereby together with any premium, interest, fee or expense payable in connection with any such replacement, extension or renewal) of Indebtedness secured thereby; provided that such replacement, extension or renewal is limited to all or part of the same Property that secured the Lien replaced, extended or renewed (plus improvements thereon or additions or accessions thereto).

Guarantee of Debt Securities

Each initial Subsidiary Guarantor and any subsequent Subsidiary Guarantor shall execute a Subsidiary Guarantee of each series of Debt Securities in substantially the form provided for by the Indenture at or before the time the definition of Subsidiary Guarantor shall be applicable to it. (Section 1601)

Guarantee of ER&T Obligations

We have executed a guarantee of the Obligations of ER&T substantially in the form provided for by the Indenture. (Section 1009)

Payment of Dividends by ER&T to Us

If and for so long as we guarantee the Obligations of ER&T, we shall cause ER&T, to the extent permitted by applicable law, to pay, at least quarterly, dividends or distributions to us of the excess cash not then required for its business operations. (Section 1010)

Limitation on Dividends and Other Payment Restrictions

Other than pursuant to the Indenture or as otherwise may be required by law, we will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create or cause to become, or as a result of the acquisition of any Person or Property, or upon any Person becoming a Restricted Subsidiary, remain subject to, any consensual encumbrance or consensual restriction of any kind on the ability of any Restricted Subsidiary to:

- pay dividends or make any other distributions on its Capital Stock;
- make payments on any Obligations owed to us or any of our Restricted Subsidiaries;
- make loans or advances to us or to any of our Restricted Subsidiaries;
- transfer any of its Property to us or to any of our Restricted Subsidiaries; or
- make payments under a Subsidiary Guarantee with respect to the Debt Securities.

The foregoing shall not prohibit:

- encumbrances and restrictions resulting from customary provisions relating to (i) transfers of Property that restrict the subletting or assignment of any lease or (ii) transfers of Property that are contained in licenses and that relate to the Property covered thereby, in each case entered into in the ordinary course of business;
- encumbrances and restrictions on transfers of Property existing on any assets at the time such assets are acquired (or the entity owning such assets is acquired) by any Restricted Subsidiary, whether by merger, consolidation, purchase of such assets or otherwise; provided that such restrictions and encumbrances (i) are not created, Incurred or assumed in contemplation of such assets or entity being acquired by the Restricted Subsidiary and (ii) do not extend to any other assets of the Restricted Subsidiary; and
- restrictions on transfers of Property created in connection with sales or purchases of electricity, energy, capacity, natural gas, coal, ancillary services, environmental credits and/or entitlements, utility services, fuel, water, related transportation services and other similar products and services, in each case, in the ordinary course of business; provided that restrictions arising from any transaction or series of related transactions pursuant to this clause shall not be materially more restrictive, taken as a whole, than encumbrances and restrictions customarily accepted as industry standard for similar transactions. (Section 1007)

Limitation on Sale of Assets

Except for a sale of all or substantially all of our assets, as provided in the “Merger, Consolidation or Sale of Assets” covenant, and other than

- assets required to be sold to conform with government regulations, laws or impositions,
- sales or dispositions of surplus, obsolete or worn out equipment,
- sales or dispositions of ownership interests in Unrestricted Subsidiaries, or
- any other sale or disposition so long as after giving effect to such events, the Rating Agencies shall have confirmed their ratings on our Debt Securities in effect immediately prior to such sale or disposition,

we may not, and may not permit any Restricted Subsidiary to, make any Asset Sale (other than short-term, readily marketable investments purchased for cash management purposes with funds not representing the proceeds of other Asset Sales) if, on a pro forma basis, the aggregate net book value of all such Asset Sales during the most recent 12-month period would exceed 15% of Consolidated Net Tangible Assets computed as of the most recent quarter preceding such sale; provided, however, that any such Asset Sale shall be disregarded for

purposes of this 15% limitation if the Net Cash Proceeds are within 270 days thereafter (i) invested in a Permitted Business, (ii) used to purchase and retire Obligations ranking equal in right of payment to the Debt Securities or (iii) used to redeem the Debt Securities at a redemption price equal to 100% of the principal amount of the Debt Securities to be redeemed, plus accrued and unpaid interest thereon up to and including the applicable redemption date, plus a make-whole premium.

In addition, on a cumulative basis we may not sell or otherwise dispose of more than 25% of the assets or Capital Stock in Fossil, unless Net Cash Proceeds from such sale are invested in other non-nuclear generation assets or the capital stock of entities engaged in fossil generation and related businesses. (Section 1006)

Definitions

"*Acquired Obligations*" means, with respect to any Person, (1) Obligations of any other Person existing at the time the other Person is merged with or into or became a Subsidiary of the Person, including, without limitation, Obligations Incurred in connection with, or in contemplation of, the other Person merging with or into or becoming a Subsidiary of the Person; and (2) Obligations secured by a Lien encumbering any asset acquired by the Person at the time the asset is acquired by the Person.

"*Asset Sale*" means any sale, transfer, conveyance, lease or other disposition (including by way of merger, consolidation or sale-leaseback) by us or any of our Restricted Subsidiaries to any Person (other than to us or a Restricted Subsidiary of ours and other than in the ordinary course of business) of any Capital Stock or other Property of ours or of any of our Restricted Subsidiaries (including Capital Stock of Subsidiaries). The term "Asset Sale" will not include (1) any sale, transfer, conveyance, lease or other disposition of Property governed by the "Merger, Consolidation or Sale of Assets" covenant and (2) any transaction or series of related transactions consisting of the sale, transfer, conveyance, lease or other disposition of Capital Stock or other Property with a Fair Market Value aggregating less than $50 million in any fiscal year. The term "Asset Sale" also will not include (i) the grant of or realization upon a Lien permitted under the "Limitation on Liens" covenant or the exercise of remedies thereunder and (ii) sales of fuel, capacity, energy (including, but not limited to, electric power, natural gas and coal), environmental credits or entitlements, related transportation services and other related services by ER&T and its Permitted Hedging Obligations as permitted by the "Limitation on Obligations" covenant.

"*Attributable Debt*" means with respect to any Sale/Leaseback Transaction, at the time of determination, the present value (discounted at a rate per annum equal to the weighted average interest rate of all Debt Securities outstanding under the Indenture, compounded semi-annually) of the total obligations of the lessee for rental payments during the remaining term of the lease included in the Sale/Leaseback Transaction (including any period for which the lease has been extended).

"*Board of Directors*" means either the Board of Directors of PSEG Power LLC or any duly authorized committee of such Board.

"*Business Day*" means each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in Newark, New Jersey and The City of New York are authorized or obligated by law or executive order to close.

"*Capital Stock*" means (1) in the case of a corporation, corporate stock, (2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock, (3) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited) and (4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

"*Capitalized Lease*" means as applied to any Person, any lease of any Property of which the discounted present value of the rental obligations of such Person as lessee, in conformity with GAAP, is required to be capitalized on the balance sheet of such Person, and "Capitalized Lease Obligation" means the rental obligations, as aforesaid, under such lease.

"*Commodity Trading Obligations,*" with respect to any Person, means the Obligations of such Person under (1) any commodity swap agreement, commodity future agreement, commodity option agreement, commodity cap agreement, commodity floor agreement, commodity collar agreement, commodity hedge

agreement, and any put, call or other agreement or arrangement, or combination thereof, designed to protect such Person against fluctuations in commodity prices or (2) any commodity swap agreement, commodity future agreement, commodity option agreement, commodity hedge agreement, and any put, call or other agreement or arrangement, or combination thereof (including an agreement or arrangement to hedge foreign exchange risks) in respect of commodities entered into by us pursuant to asset optimization and risk management policies and procedures adopted in good faith by the Board of Directors.

"*Consolidated Current Liabilities*," as of the date of determination, means the aggregate amount of our and our Restricted Subsidiaries' liabilities on a consolidated basis which may properly be classified as current liabilities (including taxes accrued as estimated), after eliminating (1) all inter-company items between us and any consolidated Restricted Subsidiary, (2) all current maturities of long-term indebtedness, all as determined in accordance with GAAP, and (3) all liabilities attributable to Subsidiaries that are not Restricted Subsidiaries.

"*Consolidated Net Tangible Assets*" means, as of any date of determination, the total amount of assets (less accumulated depreciation or amortization, allowances for doubtful receivables, other applicable reserves and other properly deductible items) of us and our Restricted Subsidiaries, determined on a consolidated basis in accordance with GAAP, consistently applied, and after giving effect to purchase accounting and after deducting therefrom, to the extent otherwise included, the amounts of:

- Consolidated Current Liabilities;
- excess of cost over fair value of assets of businesses acquired, as determined in good faith by the Board of Directors;
- unamortized debt discount and expense and other unamortized deferred charges, goodwill, patents, trademarks, service marks, trade names, copyrights, licenses, organization or developmental expenses and other intangible items;
- treasury stock;
- any cash set apart and held in a sinking or other analogous fund established for the purpose of redemption or other retirement of Capital Stock to the extent such obligation is not reflected in Consolidated Current Liabilities; and
- all assets attributable to Subsidiaries that are not Restricted Subsidiaries (including Capital Stock thereof), except to the extent of dividends or distributions received from such Subsidiaries.

"*Default*" means any event, act or condition that is, or after notice or the passage of time or both would be, an Event of Default.

"*Event of Default*" has the meaning specified in Section 501 of the Indenture.

"*Fair Market Value*" means the price that would be paid by a purchaser to a seller in an arm's-length transaction.

"*GAAP*" means generally accepted accounting principles in the United States applied on a basis consistent with the principles, methods, procedures and practices employed in the preparation of our audited financial statements, including, without limitation, those set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as approved by a significant segment of the accounting profession.

"*Hedging Obligations*" means, with respect to any Person, the obligations of such Person under any interest rate or currency swap agreement, interest rate or currency future agreement, interest rate cap or collar agreement, interest rate or currency hedge agreement, and any put, call or other agreement or arrangement designed to protect such Person against fluctuations in interest rates or currency exchange rates.

"*Incur*" means, with respect to any Obligation, to directly or indirectly create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable for or with respect to, or become responsible for payment of, contingently or otherwise, such Obligation. The term "Incurrence" has a corresponding meaning.

"*Lien*" means any mortgage, pledge, hypothecation, charge, assignment, deposit arrangement, encumbrance, security interest, lien (statutory or other), or preference, priority, or other security or similar agreement or preferential arrangement of any kind or nature whatsoever (including, without limitation, any agreement to give or grant a Lien or any lease, conditional sale or other title retention agreement having substantially the same economic effect as any of the foregoing).

"*Net Cash Proceeds*" from an Asset Sale is defined to mean cash payments received (including any cash payments received by way of a payment of principal pursuant to a note or installment receivable or otherwise, but only as and when received (including any cash received upon sale or disposition of any such note or receivable), excluding any other consideration received in the form of assumption by the acquiring Person of Obligations relating to the Property disposed of in such Asset Sale or received in any form other than cash) therefrom, in each case, net of (1) all legal, title and recording tax expenses, commissions and other fees and expenses of any kind (including consent and waiver fees and any applicable premiums, earn-out or working interest payments or payments in lieu or in termination thereof) Incurred, (2) all federal, state, provincial, foreign and local taxes and other governmental charges required to be accrued as a liability under GAAP as a consequence of such Asset Sale, (3) a reasonable reserve for the after-tax cost of any indemnification payments (fixed and contingent) attributable to seller's indemnities to the purchaser undertaken by us or any of our Subsidiaries in connection with such Asset Sale, (4) all payments made on any Obligation that is secured by such Property, in accordance with the terms of any Lien upon or with respect to such Property, or that must by its terms or by applicable law or in order to obtain a required consent or waiver be repaid out of the proceeds from or in connection with such Asset Sale and (5) all distributions and other payments made to holders of Capital Stock of Subsidiaries (other than us or our Restricted Subsidiaries) as a result of such Asset Sale.

"*Non-Recourse Obligation*" means, with respect to any Person, any financing that is or was Incurred with respect to the development, acquisition, design, engineering, procurement, construction, operation, ownership, servicing or management of one or more facilities used or useful in a Permitted Business in respect of which such Person has a direct or indirect interest, provided that such financing is without recourse to any Person or Property other than to (1) the Property that constitutes such facilities together with contracts, permits, licenses, reserves and other items related to such facilities, (2) the income from and proceeds of such facilities, (3) the Capital Stock of, and other investments in, the Person that owns the Property that constitutes any such facilities and (4) the Capital Stock of, and other investments in, any Person obligated with respect to such financing and of any Subsidiary of such Person that owns a direct or indirect interest in any such facilities.

"*Obligations*" of any Person shall mean at any date, without duplication,

- all obligations of such Person for borrowed money,
- all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments,
- all obligations of such Person arising under any conditional sale or other title retention arrangement or otherwise to pay the deferred purchase price of Property or services,
- all obligations of such Person Incurred in respect of Attributable Debt associated with any Sale/Leaseback Transaction, Capitalized Lease or Synthetic Lease,
- all obligations of such Person under letters of credit,
- all obligations of such Person under trade or bankers' acceptances,
- all obligations of such Person under Hedging Obligations and Commodity Trading Obligations,
- trade payables in respect of fuel, labor, supplies or other materials or services or the obligation to provide power,
- Preferred Stock and Redeemable Stock issued to any Person other than us or a Restricted Subsidiary,
- all obligations of others secured by a Lien on any asset of such Person, whether or not such obligations are assumed by such Person, and
- all obligations of others to the extent guaranteed by such Person.

The amount of any obligation shall be deemed to be the amount equal to the stated or determinable amount thereof or, if not stated or determinable, the maximum probable liability thereunder as determined by us in good faith.

"*Permitted Business*" means any business in which we or any of our Subsidiaries are engaged on the date of the Indenture or any other power or energy-related business, including the business of acquiring, developing, owning or operating electric power or thermal energy generation or cogeneration facilities, electric power transmission, fuel supply and fuel transportation facilities, together with their related power supply, thermal energy and fuel contracts and other facilities, services or goods that are ancillary, incidental, complementary or reasonably related to the marketing, trading, development, construction or management servicing, ownership or operation of the foregoing.

"*Permitted Hedging Obligations*" of any Person shall mean (1) Hedging Obligations entered into in the ordinary course of business and in accordance with such Person's established risk management policies that are designed to protect such Person against, among other things, fluctuations in interest rates or currency exchange rates and which in the case of agreements relating to interest rates shall have a notional amount no greater than the payments due with respect to the Obligations being hedged thereby and (2) Commodity Trading Obligations.

"*Person*" means an individual, a corporation, a limited liability company, a partnership, an association, a trust or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

"*Preferred Stock*" means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) or preferred or preference stock of such Person that is outstanding or issued on or after the date of original issuance of the Debt Securities under the Indenture.

"*Property*" of any Person is defined to mean all types of real, personal, tangible or mixed property owned by such Person whether or not included in the most recent consolidated balance sheet of such Person under GAAP.

"*Rating Agencies*" means Moody's Investors Service, Inc., Standard & Poor's Ratings Services, Fitch Inc. and any successor thereof.

"*Redeemable Stock*" is defined to mean any class or series of Capital Stock of any Person that by its terms or otherwise is (1) required to be redeemed prior to the Stated Maturity of the Debt Securities, (2) redeemable at the option of the holder of such Capital Stock at any time prior to the Stated Maturity of the Debt Securities or (3) convertible into or exchangeable for Capital Stock referred to in clause (1) or (2) above or Obligations having a scheduled maturity prior to the Stated Maturity of the Debt Securities.

"*Restricted Subsidiary*" means only Fossil, Nuclear, ER&T and each other of our Subsidiaries that executes a Subsidiary Guarantee with respect to the Debt Securities and is subsequently designated by the Board of Directors by written notice to the Trustee as a Restricted Subsidiary.

"*Sale/Leaseback Transaction*" means an arrangement relating to Property now owned or hereafter acquired whereby we or one of our Subsidiaries transfers the Property to a Person and leases it back from that Person, other than leases for a term of not more than 12 months or between us and one of our Wholly-Owned Subsidiaries that is a Restricted Subsidiary or between Wholly-Owned Subsidiaries that are Restricted Subsidiaries.

"*Stated Maturity*" means with respect to any Debt Security or any installment of principal thereof or interest thereon, the date specified in such Debt Security or a coupon representing such installment of interest as the fixed date on which any principal of such Debt Security or any such installment of interest is due and payable.

"*Subsidiary*" means, with respect to any Person, (1) any corporation, limited liability company, association or other business entity of which more than 50% of the total voting power of Voting Stock is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person (or a combination thereof) and (2) any partnership (i) the sole general partner or the managing general partner of which is such Person or a Subsidiary of such Person or (ii) the only general partners of which are such Person or one or more Subsidiaries of such Person (or any combination thereof).

"*Subsidiary Guarantor*" means all current and subsequently designated Restricted Subsidiaries.

"*Subsidiary Guarantee*" means an unconditional guarantee of a Subsidiary Guarantor of the payment of the principal of or any premium or interest on any Debt Securities in substantially the form provided for by the Indenture or a guarantee of a Subsidiary Guarantor of any other of our Obligations.

"*Synthetic Lease*" means (1) a lease pursuant to which the lessee is treated as the owner of the Property subject to the lease for tax purposes, whether or not such lease is treated as an operating lease for accounting purposes or (2) a lease treated as an operating lease for accounting purposes but having at least three of the following characteristics, (i) the term of the lease, inclusive of all renewal periods at the lessee's option, is greater than 75% of the useful life of the Property subject to the lease as estimated at the inception of the Lease, (ii) the lessee has the right to purchase such Property at a fixed price, (iii) the lessee's payments under the lease are calculated to amortize and service the debt of the lessor incurred in order to acquire the asset and (iv) the lessor obtains 80% or more of the cost of the asset from borrowed funds.

"*Unrestricted Subsidiary*" means a Subsidiary that is not a Restricted Subsidiary.

"*Voting Stock*" means any class or classes of Capital Stock pursuant to which the holders thereof have the general voting power under ordinary circumstances to elect at least a majority of the Board of Directors, managers or trustees of any Person (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency).

"*Weighted Average Life to Maturity*" means, when applied to any Obligations at any date, the number of years obtained by dividing (1) the then outstanding principal amount of such Obligations into (2) the total of the product obtained by multiplying (i) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (ii) the numbers of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment.

"*Wholly-Owned Subsidiary*" means a Subsidiary all the Capital Stock of which (other than directors' qualifying shares) is owned by us and/or one or more of our Wholly-Owned Subsidiaries.

Events of Default and Remedies

The following constitute Events of Default in respect to each series of Debt Securities under the Indenture (Section 501):

- default for five days in the payment when due of interest on any of the Debt Securities of such series;
- default in the payment when due of the principal of, or premium, if any, or make-whole amount, if any, on any of the Debt Securities of such series;
- default in the deposit of any sinking fund payment, when due by the terms of the Debt Securities of such series;
- failure by us or any Restricted Subsidiary to comply with the provisions described under "Limitation on Sale of Assets" or "Merger, Consolidation or Sale of Assets";
- failure by us or any Restricted Subsidiary for 60 days after notice by the Trustee to us or to us and the Trustee by the holders of 25% or more in aggregate principal amount of the Debt Securities of such series to comply with any of our agreements in the Indenture or the Debt Securities of such series that are not otherwise covered in this section;
- default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any of our or any of our Subsidiaries' indebtedness (including indebtedness represented by any other series of Debt Securities under the Indenture or the payment of which is guaranteed by us or by any of our Restricted Subsidiaries) (but other than Non-Recourse Obligations) whether such indebtedness or guarantee now exists or is created after the date of the Indenture, which default (a) is caused by a failure to pay the principal of such indebtedness at the Stated Maturity of such indebtedness after the expiration of grace periods provided in the indebtedness (a "Payment Default") or (b) has resulted in the acceleration of the indebtedness prior to its Stated

Maturity; and, in each case the principal amount of the indebtedness, together with the principal amount of any other indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates $50.0 million or more;

- failure by us or any of our Restricted Subsidiaries to pay one or more final judgments not otherwise covered by insurance aggregating in excess of $50.0 million, which judgments are not paid, discharged or stayed for a period of 60 days; and
- certain events of bankruptcy or insolvency with respect to us or any of our Restricted Subsidiaries.

Additional series of Debt Securities issued under the Indenture may specify other events of default for such series of Debt Securities.

We are required to file with the Trustee, annually, an officer's certificate as to our compliance with all conditions and covenants under the Indenture. (Section 1011) The Indenture provides that the Trustee may withhold notice to the holders of Debt Securities of a series of any default (except payment defaults on the Debt Securities of that series) if it considers it in the interest of the holders of Debt Securities of the series to do so. (Section 515)

If an Event of Default (other than an Event of Default occasioned by our or any of our Restricted Subsidiaries' bankruptcy or insolvency) with respect to Debt Securities of a series has occurred and is continuing, the Trustee or the holders of not less than 25% in principal amount of outstanding Debt Securities of that series may declare the principal (or, if the Debt Securities of that series are issued with original issue discount or are "indexed debt securities" (i.e., Debt Securities, the interest and principal payments on which are determined by reference to a particular index, such as a foreign currency or commodity), such portion of the principal as may be specified in the terms of those Debt Securities) of all of the Debt Securities of that series to be due and payable immediately, by a notice in writing to us. (Section 502)

If an Event of Default occasioned by our or any of our Restricted Subsidiaries' bankruptcy or insolvency occurs, the principal of and interest on all Debt Securities shall ipso facto become and be immediately due and payable without any declaration or other act on the part of the Trustee or any holders of Debt Securities.

Subject to the provisions of the Indenture relating to the duties of the Trustee, in case an Event of Default with respect to Debt Securities of any series has occurred and is continuing, the Trustee is under no obligation to exercise any of its rights or powers under the Indenture at the request, order or direction of the holders of Debt Securities of that series, unless those holders have offered the Trustee indemnity satisfactory to the Trustee against the expenses and liabilities which might be incurred by it in compliance with such request. (Section 602)

Subject to certain exceptions, the holders of a majority in principal amount of the outstanding Debt Securities of any series of Debt Securities will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee with respect to the Debt Securities of that series. (Section 512)

The holders of a majority in principal amount of the outstanding Debt Securities of a series may, on behalf of the holders of all Debt Securities of such series and any related coupons, waive any past default under the Indenture with respect to such series and its consequences, except a default (i) in the payment of the principal of (or premium, if any) or interest, if any, on any Debt Security of such series or any related coupons or (ii) in respect of a covenant or provision that cannot be modified or amended without the consent of the holder of each outstanding Debt Security of such series affected thereby. (Section 513)

Merger, Consolidation or Sale of Assets

We may not, directly or indirectly, consolidate or merge with or into (whether or not we are the surviving entity) any other corporation, association, company, business trust or limited liability company, or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of our assets, in one or more related transactions, to another Person unless:

- the Person formed by the consolidation or surviving the merger or the Person that acquires by sale, assignment, transfer, conveyance or other disposition, or that leases, the assets (if other than us) (in

each such case, the "Successor Entity"), is a corporation or limited liability company organized and existing under the laws of the United States, any State thereof or the District of Columbia and expressly assumes our obligations under the Indenture and the Debt Securities;

- if any of our or a Restricted Subsidiary's Property or assets would become subject to a Lien other than a Permitted Lien under the "Limitation on Liens" covenant, the Debt Securities shall be equally and ratably secured in accordance with such covenant;
- immediately after such transaction no event exists that is or with the passage of time or the giving of notice or both would be an Event of Default under the Indenture; and
- each Subsidiary Guarantor shall have by amendment to its Subsidiary Guarantee with respect to the Debt Securities confirmed that its Subsidiary Guarantee shall apply to the obligations of the Successor Entity under the Indenture and each series of the Debt Securities. (Section 801)

Modification or Waiver

Modification and amendment of the Indenture may be made by us and the Trustee with the consent of the holders of a majority in principal amount of all Outstanding Debt Securities that are affected by such modification or amendment; provided that no such modification or amendment may, without the consent of the holder of each Outstanding Debt Security affected thereby, among other things:

- change the Stated Maturity of the principal of (or premium, if any, on) or any installment of principal of or interest on any such Debt Security;
- reduce the principal amount of, or the rate (or change the manner of calculating the rate) or amount of interest in respect of, or any premium payable upon the redemption of, any such Debt Security;
- change any of our obligations to pay Additional Amounts in respect of any such Debt Security;
- reduce the portion of the principal of an Original Issue Discount Security or Indexed Security that would be due and payable upon a declaration of acceleration of the Maturity thereof or provable in bankruptcy;
- adversely affect any right of repayment at the option of the holder of any such Debt Security;
- change the place of payment of principal of, or any premium or interest on, any such Debt Security;
- impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof or on or after any Redemption Date or Repayment Date, as the case may be;
- adversely affect any right to convert or exchange any Debt Security;
- reduce the percentage in principal amount of such Outstanding Debt Securities, the consent of whose holders is required to amend or waive compliance with certain provisions of the Indenture or to waive certain defaults thereunder;
- reduce the requirements for voting or quorum described below;
- modify any of the foregoing requirements or any of the provisions relating to waiving past defaults or compliance with certain restrictive provisions, except to increase the percentage of holders required to effect any such waiver or to provide that certain other provisions of the Indenture cannot be modified or waived without the consent of the holder of each Debt Security affected thereby; or
- modify or affect the terms and conditions of the obligations of any Subsidiary Guarantor in respect of the due and punctual payment of principal of, or any premium or interest on, Debt Securities. (Section 902)

The holders of a majority in aggregate principal amount of Outstanding Debt Securities have the right to waive our compliance with certain covenants in the Indenture. (Section 1012)

Modification and amendment of the Indenture may be made by us and the Trustee thereunder, without the consent of any holder, for any of the following purposes:

- to evidence the succession of another Person to us and the assumption by any successor of our covenants under the Indenture and the Debt Securities;
- to add to our covenants for the benefit of the holders of all or any series of Debt Securities issued under the Indenture and any related coupons or to surrender any right or power conferred upon us by the Indenture;
- to add Events of Default for the benefit of the holders of all or any series of Debt Securities issued under the Indenture;
- to add to or change any provisions of the Indenture to facilitate the issuance of, or to liberalize the terms of, Bearer Securities, or to permit or facilitate the issuance of Debt Securities in uncertificated form, provided that any such actions do not adversely affect the holders of such Debt Securities or any related coupons in any material respect;
- to change or eliminate any provisions of the Indenture, provided that any such change or elimination will become effective only when there are no Debt Securities Outstanding of any series created prior thereto which are entitled to the benefit of such provisions;
- to secure the Debt Securities under the Indenture pursuant to the "Merger, Consolidation or Sale of Assets" covenant of the Indenture, or otherwise;
- to establish the form or terms of the Debt Securities of any series and any related coupons;
- to evidence and provide for the acceptance of appointment by a successor Trustee or facilitate the administration of the trusts under the Indenture by more than one Trustee;
- to cure any ambiguity, defect or inconsistency in the Indenture, provided such action does not adversely affect the interests of holders of Debt Securities of any series issued under the Indenture or any related coupons in any material respect; or
- to supplement any of the provisions of the Indenture to the extent necessary to permit or facilitate the defeasance and discharge of any series of Debt Securities, provided that such action shall not adversely affect the interests of the holders of any such Debt Securities and any related coupons in any material respect. (Section 901)

In determining whether the holders of the requisite principal amount of Outstanding Debt Securities have given any request, demand, authorization, direction, notice, consent or waiver under the Indenture or whether a quorum is present at a meeting of holders of Debt Securities, (1) the principal amount of an Original Issue Discount Security that will be deemed to be outstanding will be the amount of the principal thereof that would be due and payable as of the date of such determination upon acceleration of the Maturity thereof; (2) the principal amount of an Indexed Security that may be counted in making such determination or calculation and that will be deemed outstanding for such purpose will be equal to the principal face amount of such Indexed Security at original issuance, unless otherwise provided with respect to such Indexed Security pursuant to Section 301 of the Indenture; and (3) Debt Securities owned by us or any other obligor upon the Debt Securities or any Affiliate of ours or of such other obligor shall be disregarded. (Section 101)

The Indenture contains provisions for convening meetings of the holders of Debt Securities of a series if Debt Securities of that series are issuable as Bearer Securities. (Section 1501) A meeting may be called at any time by the Trustee, and also, upon request, by us or the holders of at least 10% in principal amount of the Outstanding Debt Securities of that series, in any such case upon notice given as provided in the Indenture. (Section 1502) Except for any consent that must be given by the holder of each Debt Security affected thereby, as described above, any resolution presented at a meeting (or an adjourned meeting duly reconvened) at which a quorum is present may be adopted by the affirmative vote of the holders of a majority in principal amount of the Outstanding Debt Securities of that series; provided, however, that any resolution with respect to any request, demand, authorization, direction, notice, consent, waiver or other action that may be made, given or taken by the holders of a specified percentage which is less than a majority in principal amount of the Outstanding Debt Securities of a series may be adopted at a meeting (or an adjourned meeting duly reconvened) at which a

quorum is present by the affirmative vote of the holders of such specified percentage in principal amount of the Outstanding Debt Securities of that series. Any resolution passed or decision taken at any meeting of holders of Debt Securities of a series duly held in accordance with the Indenture will be binding on all holders of Debt Securities of that series and any related coupons, whether or not present or represented at the meeting. The quorum at any meeting called to adopt a resolution will be persons holding or representing a majority in principal amount of the Outstanding Debt Securities of a series; provided, however, that, if any action is to be taken at such meeting with respect to a consent or waiver which may be given by the holders of not less than a specified percentage in principal amount of the Outstanding Debt Securities of a series, the persons holding or representing such specified percentage in principal amount of the Outstanding Debt Securities of that series will constitute a quorum. (Section 1504)

Notwithstanding the foregoing provisions, if any action is to be taken at a meeting of holders of Debt Securities of a series with respect to any request, demand, authorization, direction, notice, consent, waiver or other action that the Indenture expressly provides may be made, given or taken by the holders of a specified percentage in principal amount of all Outstanding Debt Securities affected thereby or of the holders of such series and one or more additional series: (1) there shall be no minimum quorum requirement for such meeting; and (2) the principal amount of the Outstanding Debt Securities of such series that vote in favor of such request, demand, authorization, direction, notice, consent, waiver or other action will be taken into account in determining whether such request, demand, authorization, direction, notice, consent, waiver or other action has been made, given or taken under the Indenture. (Section 1504)

Satisfaction and Discharge, Legal Defeasance and Covenant Defeasance

We may discharge certain obligations to holders of Debt Securities of a series that have not already been delivered to the Trustee for cancellation and that either have become due and payable or are by their terms due and payable within one year (or scheduled for redemption within one year) by irrevocably depositing with the Trustee, in trust, funds in an amount sufficient to pay the entire indebtedness on such Debt Securities for principal (and premium, if any) and interest, if any, and any Additional Amounts with respect thereto, to the date of such deposit (if such Debt Securities have become due and payable) or to the Stated Maturity or Redemption Date, as the case may be. (Section 401)

The Indenture provides that, if the provisions of Article Fourteen are made applicable to the Debt Securities of or within any series and any related coupons pursuant to Section 301 thereunder, we may elect either

- to defease and be discharged from any and all obligations with respect to such Debt Securities and any related coupons (except for the obligations to pay Additional Amounts, if any, upon the occurrence of certain events of tax, assessment or governmental charge with respect to payments on such Debt Securities and the obligations to register the transfer or exchange of such Debt Securities and any related coupons, to replace temporary or mutilated, destroyed, lost or stolen Debt Securities and any related coupons, to maintain an office or agency in respect of such Debt Securities and any related coupons, and to hold moneys for payment in trust) (defeasance) (Section 1402) or
- to be released from our obligations under any covenant specified pursuant to Section 301 with respect to such Debt Securities and any related coupons, and any omission to comply with such obligations shall not constitute a default or an Event of Default with respect to such Debt Securities and any related coupons (covenant defeasance) (Section 1403), in either case upon the irrevocable deposit by us with the Trustee (or other qualifying trustee), in trust, of:
  - an amount in U.S. dollars;
  - Government Obligations (as defined below) applicable to such Debt Securities and coupons that through the payment of principal and interest in accordance with their terms will provide money in an amount; or
  - a combination thereof in an amount

  sufficient to pay the principal of (and premium, if any) and interest, if any, on such Debt Securities and any related coupons, and any mandatory sinking fund or analogous payments thereon, on the scheduled due dates therefor.

Such a trust may only be established if, among other things, we have delivered to the Trustee an Opinion of Counsel (as specified in the Indenture) to the effect that the holders of such Debt Securities and any related coupons will not recognize income, gain or loss for United States federal income tax purposes as a result of such defeasance or covenant defeasance and will be subject to United States federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such defeasance or covenant defeasance had not occurred, and such Opinion of Counsel, in the case of defeasance under the first clause above, must refer to and be based upon a ruling of the Internal Revenue Service or a change in applicable United States federal income tax law occurring after the date of the Indenture. (Section 1404)

"Government Obligations" means securities which are (1) direct obligations of the United States or (2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States, the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States, which are not callable or redeemable at the option of the issuer thereof. Government Obligations also include a depositary receipt issued by a bank or trust company as custodian with respect to any such Government Obligation or a specific payment of interest on or principal of any such Government Obligation held by such custodian for the account of the holder of a depositary receipt; provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depositary receipt from the amount received by the custodian in respect of the Government Obligation or the specific payment of interest on or principal of the Government Obligation evidenced by such depositary receipt. (Section 101)

In the event we effect covenant defeasance with respect to any Debt Securities and any related coupons and such Debt Securities and coupons are declared due and payable because of the occurrence of any Event of Default, other than Events of Default with respect to any covenant of which there has been defeasance, the amount of Government Obligations and funds on deposit with the Trustee will be sufficient to pay amounts due on such Debt Securities and coupons at the time of their Stated Maturity but may not be sufficient to pay amounts due on such Debt Securities and coupons at the time of the acceleration resulting from such Event of Default. In such case, we would remain liable to make payment of such amounts due at the time of acceleration.

The prospectus supplement may further describe the provisions, if any, permitting such defeasance or covenant defeasance, including any modifications to the provisions described above, with respect to the Debt Securities of or within a particular series and any related coupons.

Book-Entry Debt Securities

Unless otherwise specified in the applicable prospectus supplement, we will issue to investors Debt Securities in the form of one or more book-entry certificates registered in the name of a depositary or a nominee of a depositary. Unless otherwise specified in the applicable prospectus supplement, The Depository Trust Company ("DTC") will act as securities depositary for such book-entry securities. Debt Securities that are issued in book-entry form will be issued as fully-registered securities registered in the name of Cede & Co. ("Cede") (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered global security will be issued for each issue of Debt Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds $500,000,000, one global security will be issued with respect to each $500,000,000 of principal amount and an additional global security will be issued with respect to any remaining principal amount of such issue.

No person that acquires a beneficial interest in Debt Securities issued in book-entry form will be entitled to receive a certificate representing those Debt Securities, except as set forth in this prospectus or in the applicable prospectus supplement. Unless and until definitive securities are issued under the limited circumstances described below, all references to actions by holders or beneficial owners of Debt Securities issued in book-entry form will refer to actions taken by DTC upon instructions from its participants, and all references to payments and notices to holders or beneficial owners will refer to payments and notices to DTC or Cede, as the registered holder of those Debt Securities. The laws of some jurisdictions require some purchasers of securities to take physical delivery of their securities in definitive or paper form. These laws may impair the ability to transfer Debt Securities issued in book-entry form.

Unless otherwise specified in the applicable prospectus supplement, book-entry securities will be exchangeable for definitive securities registered in the names of persons other than DTC or its nominee only if:

- DTC is at any time unwilling, unable or ineligible to continue as depositary and a successor depositary is not appointed by us within 90 days following notice to us;
- we determine, in our sole discretion, not to have any Debt Securities represented in book-entry form; or
- an Event of Default under the Indenture has occurred and is continuing.

Any book-entry security that is exchangeable in accordance with the preceding sentence will be exchangeable for Debt Securities registered in such names as DTC directs.

If one of the events described in the immediately preceding paragraph occurs, DTC is generally required to notify all participants of the availability through DTC of definitive securities. Upon surrender by DTC of the book-entry security representing the Debt Securities and delivery of instructions for re-registration, the Trustee will reissue the Debt Securities as definitive securities. After reissuance of the Debt Securities, the Trustee will recognize the beneficial owners of those definitive securities as registered holders of Debt Securities.

Except as described above:

- a book-entry security may not be transferred except as a whole book-entry security by or among DTC, a nominee of DTC and/or a successor depositary appointed by us; and
- DTC may not sell, assign or otherwise transfer any beneficial interest in a book-entry security unless the beneficial interest is in an amount equal to an authorized denomination for the securities evidenced by the book-entry security.

The following is based on information furnished by DTC:

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities that its participants deposit with it. DTC also facilitates the post-trade settlement among its participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges in its participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct participants of DTC include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation. The Depository Trust & Clearing Corporation is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. The Depository Trust & Clearing Corporation is owned by the users of its regulated subsidiaries. Access to DTC’s system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly. DTC rules applicable to its participants are on file with the SEC.

Purchases of book-entry securities under DTC’s system must be made by or through direct participants, which will receive a credit for those book-entry securities on DTC’s records. The beneficial ownership interest of each actual purchaser of each book-entry security represented by a global security (“beneficial owner”) is in turn to be recorded on the records of the direct and indirect participants’ records. Beneficial owners will not receive written confirmation from DTC of their purchase. Beneficial owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the direct or indirect participants through which the beneficial owner entered into the transaction. Transfers of ownership interests in a global security representing book-entry securities are to be accomplished by entries made on the books of direct and indirect participants acting on behalf of beneficial owners. Beneficial owners of a global security representing book-entry securities will not receive certificates representing their ownership interests in a global security, except in the event that use of the book-entry system for those book-entry securities is discontinued.

To facilitate subsequent transfers, all global securities representing book-entry securities deposited by direct participants with DTC are registered in the name of DTC's nominee, Cede, or such other name as may be requested by an authorized representative of DTC. The deposit of global securities with DTC and their registration in the name of Cede or such other nominee of DTC do not effect any change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the global securities representing the book-entry securities; DTC's records reflect only the identity of the direct participants to whose accounts such book-entry securities are credited, which may or may not be the beneficial owners. The direct and indirect participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants, and by direct participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

If applicable, redemption notices will be sent to Cede. If less than all of the book-entry securities of like tenor and terms within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each direct participant in that issue to be redeemed.

Neither DTC nor Cede (nor any other nominee of DTC) will consent or vote with respect to the global securities representing book-entry securities unless authorized by a direct participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an omnibus proxy to us as soon as possible after the applicable record date. The omnibus proxy assigns Cede's consenting or voting rights to those direct participants to whose accounts book-entry securities are credited on the applicable record date (identified in a listing attached to the omnibus proxy).

Redemption proceeds, distributions and dividend payments on the global securities representing the book-entry securities will be made to Cede, or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit direct participants' accounts, upon DTC's receipt of funds and corresponding detailed information from us or the Trustee, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such participant and not of DTC, the Trustee or us, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments to Cede (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of us or the Trustee, disbursement of such payments to direct participants will be the responsibility of DTC, and disbursement of such payments to the beneficial owners will be the responsibility of direct and indirect participants.

A beneficial owner will give notice of any option to elect to have its book-entry securities purchased or tendered, through its participant, to the Trustee, and will effect delivery of such book-entry securities by causing the direct participant to transfer the participant's interest in the global security representing those book-entry securities, on DTC's records, to the Trustee. The requirement for physical delivery of book-entry securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the global security representing those book-entry securities are transferred by direct participants on DTC's records and followed by a book-entry credit of tendered book-entry securities to the Trustee's account with DTC.

DTC may discontinue providing its services as depositary with respect to book-entry securities at any time by giving reasonable notice to us or the Trustee. Under those circumstances, in the event that a successor depositary is not obtained, certificates are required to be printed and delivered.

We may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that we believe to be reliable, but we take no responsibility for the accuracy thereof.

Unless stated otherwise in the prospectus supplement, the underwriters or agents with respect to a series of Debt Securities issued as book-entry securities will be participants in DTC.

None of any underwriter or agent, the Trustee, any applicable Paying Agent or us will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial interests in a book-entry security, or for maintaining, supervising or reviewing any records relating to such beneficial interests.

The Trustee

We maintain ordinary banking relationships with The Bank of New York Mellon, including credit facilities and lines of credit. The Bank of New York Mellon also serves as trustee under other indentures under which we or our affiliates are the obligor.

The Trustee may resign or be removed with respect to one or more series of Debt Securities and a successor Trustee may be appointed to act with respect to such series. (Section 608) In the event that two or more persons are acting as Trustee with respect to different series of Debt Securities under the Indenture, each such Trustee shall be a Trustee of a trust thereunder separate and apart from the trust administered by any other such Trustee (Section 609), and any action described herein to be taken by the Trustee may then be taken by each such Trustee with respect to, and only with respect to, the one or more series of Debt Securities for which it is Trustee.

Governing Law

The Indenture and the Debt Securities shall be governed by and construed in accordance with the laws of the State of New York without regard to principles of conflicts of laws.

PLAN OF DISTRIBUTION

We may sell the Debt Securities:

- to or through underwriters, dealers, or agents; or
- directly to one or more other purchasers.

The prospectus supplement will set forth the terms of the offering of the particular series or issue of Debt Securities to which such prospectus supplement relates, including, as applicable:

- the name or names of any underwriters or agents;
- the initial public offering or purchase price of such Debt Securities;
- any underwriting discounts, commissions and other items constituting underwriters' compensation from us and any other discounts, concessions or commissions allowed or reallowed or paid by any underwriters to other dealers;
- any commissions paid to any agents;
- the net proceeds to us; and
- the securities exchanges, if any, on which such Debt Securities will be listed.

If underwriters are used in the sale, a particular series or issue of Debt Securities will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. The Debt Securities of a particular series or issue may be either offered to the public through underwriting syndicates represented by managing underwriters or by underwriters without a syndicate. The obligations of the underwriters to purchase such Debt Securities will be subject to certain conditions precedent and each of the underwriters with respect to such Debt Securities will be obligated to purchase all of the Debt Securities of such series or issue allocated to it if any such Debt Securities are purchased. Any initial public offering price and any discounts or concessions allowed or reallowed or paid to dealers may be changed from time to time.

The Debt Securities may be offered and sold by us directly or through agents designated by us from time to time. Any agent involved in the offer or sale of the Debt Securities in respect of which this prospectus is

delivered will be named in, and any commissions payable by us to such agent will be set forth in, the applicable prospectus supplement. Unless otherwise indicated in the applicable prospectus supplement, each such agent will be acting on a best efforts basis for the period of its appointment.

The Debt Securities, when first issued, will have no established trading market. Any underwriters, dealers or agents to or through whom we sell Debt Securities for public offering and sale may make a market in those Debt Securities, but the underwriters, dealers or agents will not be obligated to do so and may discontinue any market making at any time without notice. No assurance can be given as to the liquidity of the trading market for the Debt Securities.

If underwriters are used in the sale, to facilitate the offering of a particular series or issue of Debt Securities, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of such Debt Securities. Specifically, the underwriters may over-allot in connection with the offering, creating a short position in such Debt Securities for their own accounts. In addition, to cover over-allotments or to stabilize the price of such Debt Securities, the underwriters may bid for, and purchase, such Debt Securities in the open market. Finally, in any offering of a particular series or issue of Debt Securities through a syndicate of underwriters, the underwriting syndicate may reclaim selling concessions allowed to an underwriter or a dealer for distributing such Debt Securities in the offering, if the syndicate repurchases previously distributed Debt Securities in transactions to cover syndicate short positions, in stabilization transactions or otherwise. Any of these activities may stabilize or maintain the market price of such Debt Securities above independent market levels. The underwriters are not required to engage in these activities, and may end any of these activities at any time.

Certain of the underwriters, dealers or agents and their affiliates who participate in the distribution of Debt Securities may be customers of, engage in other transactions with, lend money to and perform other services for, us and our affiliates in the ordinary course of business.

We will set forth in the relevant prospectus supplement the anticipated delivery date of the Debt Securities and the prospectus delivery obligations of any underwriters, dealers or agents.

Any underwriters, dealers or agents participating in the distribution of the Debt Securities may be deemed to be underwriters, and any discounts or commissions received by them on the sale or resale of Debt Securities may be deemed to be underwriting discounts and commissions, under the Securities Act. Underwriters, dealers and agents may be entitled, under agreements entered into with us, to indemnification by us against certain civil liabilities, including liabilities under the Securities Act.

We will estimate our expenses associated with any offering of a particular series or issue of Debt Securities in the relevant prospectus supplement.

LEGAL OPINIONS

The validity of the Debt Securities will be passed upon for us by M. Courtney McCormick, Esquire, Deputy General Counsel of PSEG, or Tamara L. Linde, Esquire, our Executive Vice President and General Counsel and Director, and for any underwriters, dealers or agents by Sidley Austin LLP, New York, New York. Mses. McCormick and Linde may rely on the opinion of Sidley Austin LLP as to matters of New York law. Mses. McCormick and Linde own shares of common stock of PSEG. Sidley Austin LLP has from time to time represented, and continues to represent, PSEG Power LLC and its affiliates in connection with certain unrelated legal matters.

EXPERTS

The consolidated financial statements and the related consolidated financial statement schedule, incorporated in this prospectus by reference from our Annual Report on Form 10-K, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which is incorporated herein by reference. Such consolidated financial statements and consolidated financial statement schedule have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

PSEG

Power LLC

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PART II. INFORMATION NOT REQUIRED IN PROSPECTUS

Item 14. ***Other Expenses of Issuance and Distribution.***

The following table sets forth the expenses in connection with the issuance and distribution of the securities being registered, other than underwriting discounts and commissions. All of the amounts shown are estimates.

SEC registration fee	$ *
Printing	**
Legal fees and expenses	**
Fees of accountants	**
Fees of trustees	**
Blue sky fees and expenses	**
Rating agency fees	**
Miscellaneous	**
Total	$ **

* Deferred in accordance with Rules 456(b) and 457(r) under the Securities Act of 1933, as amended (the "Securities Act"), except for SEC registration fees of $83,685.60 which the Registrants previously paid with respect to $1,500,000,000 aggregate amount of unsold securities covered by registration statement on Form S-3 (No. 333-175397). Pursuant to Rule 457(p) under the Securities Act, such unutilized filing fee may be applied to the filing fee payable pursuant to this Registration Statement.

** These fees and expenses depend on the securities offered and the number of issuances, and accordingly cannot be estimated at this time.

Item 15. ***Indemnification of Directors and Officers.***

Section 18 of the limited liability company agreement of each of PSEG Power LLC, PSEG Fossil LLC, PSEG Nuclear LLC and PSEG Energy Resources & Trade LLC (each, a "Company") provides, as follows:

- No Member, Officer, Director, employee or agent of a Company and no employee, representative, agent or Affiliate of the member of such Company (collectively, the "Covered Persons") shall be liable to such Company or any other Person who has an interest in or claim against such Company for any loss, damage or claim incurred by reason of any act or omission performed or omitted by such Covered Person in good faith on behalf of such Company and in a manner reasonably believed to be within the scope of the authority conferred on such Covered Person by such Company's limited liability company agreement, except that a Covered Person shall be liable for any such loss, damage or claim incurred by reason of such Covered Person's willful misconduct.

Section 18 also provides as follows:

- To the fullest extent permitted by applicable law, a Covered Person shall be entitled to indemnification from such Company for any loss, damage or claim incurred by such Covered Person by reason of any act or omission performed or omitted by such Covered Person in good faith on behalf of such Company and in a manner reasonably believed to be within the scope of the authority conferred on such Covered Person by such Company's limited liability company agreement, except that no Covered Person shall be entitled to be indemnified in respect of any loss, damage or claim incurred by such Covered Person by reason of such Covered Person's willful misconduct with respect to such acts or omissions; provided, however, that any indemnity under this Section 18 shall be provided out of and to the extent of such Company's assets only, and no member shall have personal liability on account thereof.

The form of Underwriting Agreement filed herewith contains a provision under which each underwriter agrees to indemnify the directors and officers of a registrant who signed the registration statement against certain liabilities which might arise under the Securities Act from information furnished to it in writing by or on behalf of such underwriter.

The directors and officers of the registrants are insured under policies of insurance, within the limits and subject to the limitations of the policies, against claims made against them for acts in the discharge of their duties, and each registrant is insured to the extent that it

is required or permitted by law to indemnify the directors and officers for such loss. The premiums for such insurance are paid by the respective registrants.

Item 16. ***Exhibits*****.**

Exhibit	
1	Form of Underwriting Agreement for Debt Securities.[1]
4-1	Indenture dated as of April 16, 2001 among PSEG Power LLC, PSEG Nuclear LLC, PSEG Fossil LLC, PSEG Energy Resources and Trade LLC and The Bank of New York Mellon, as Trustee, providing for Senior Debt Securities.[2]
4-2	First Supplemental Indenture dated as of March 13, 2002.[3]
4-3	Form of Senior Debt Security.[4]
5	Opinion of M. Courtney McCormick, Esquire relating to the validity of the Debt Securities and the Guarantees, including consent.
12	Computation of Ratio of Earnings to Fixed Charges.[5]
23-1	Consent of Independent Registered Public Accounting Firm.
23-2	Consent of M. Courtney McCormick, Esquire (included in Exhibit 5).
24	Power of Attorney.
25	Statement of Eligibility under the Trust Indenture Act of 1939 of The Bank of New York Mellon, as Trustee under the Senior Indenture for PSEG Power LLC.

1 To be filed by amendment or pursuant to a Current Report on Form 8-K, if applicable.

2 Previously filed as Exhibit 4.1 to Registration Statement on Form S-4, No. 333-69228, and incorporated herein by reference.

3 Previously filed as Exhibit 4.7 to Quarterly Report on Form 10-Q for the Quarter ended March 31, 2002, File No. 000-49614, and incorporated herein by reference.

4 Previously filed as Exhibit 4.7 to Registration Statement on Form S-3, No. 333-105704, and incorporated herein by reference.

5 Previously filed as Exhibit 12.1 to Quarterly Report on Form 10-Q for the Quarter ended September 30, 2014, File No. 001-34232, and incorporated herein by reference.

Item 17. ***Undertakings*****.**

(a) Each undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by section 10(a)(3) of the Securities Act of 1933:

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Securities and Exchange Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

Provided, however, that:

Paragraphs (a)(1)(i), (a)(1)(ii) and (a)(1)(iii) above do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in reports filed with or furnished to the Securities and Exchange Commission by such registrant pursuant to section 13 or section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement, or is contained in a form of prospectus filed pursuant to Rule 424(b) that is part of the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such

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securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser:

(i) Each prospectus filed by such registrant pursuant to Rule 424(b)(3) shall be deemed to be part of the registration statement as of the date the filed prospectus was deemed part of and included in the registration statement; and

(ii) Each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5), or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (vii), or (x) for the purpose of providing the information required by section 10(a) of the Securities Act of 1933 shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration statement to which that prospectus relates, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof. *Provided, however,* that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date.

(5) That, for the purpose of determining liability of such registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities such undersigned registrant undertakes that in a primary offering of securities of such undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of such undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of such undersigned registrant or used or referred to by such undersigned registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about such undersigned registrant or its securities provided by or on behalf of such undersigned registrant; and

(iv) Any other communication that is an offer in the offering made by such undersigned registrant to the purchaser.

(b) Such undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of such registrant's annual report pursuant to section 13(a) or section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of such registrant pursuant to the foregoing provisions, or otherwise, such registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by such registrant of expenses incurred or paid by a director, officer or controlling person of such registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, such registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant, PSEG Power LLC, certifies that it has reasonable grounds to believe it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Newark, State of New Jersey, on this 18th day of November, 2014.

PSEG Power LLC

By: /s/ Bradford D. Huntington

Bradford D. Huntington
Vice President And Treasurer

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by Bradford D. Huntington, Attorney-In-Fact, on behalf of the following persons in the capacities indicated on November 18, 2014.

Name	Capacity
Ralph Izzo	Principal Executive Officer and Director
Caroline Dorsa	Principal Financial Officer and Director
Stuart J. Black	Principal Accounting Officer
Derek M. DiRisio	Director
Tamara L. Linde	Director
William Levis	Director
Margaret M. Pego	Director

By: /s/ Bradford D. Huntington

Bradford D. Huntington
Attorney-In-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant, PSEG Energy Resources & Trade LLC, certifies that it has reasonable grounds to believe it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Newark, State of New Jersey, on this 18th day of November, 2014.

PSEG Energy Resources & Trade LLC

By: /s/ Bradford D. Huntington

Bradford D. Huntington
Vice President And Treasurer

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by Bradford D. Huntington, Attorney-In-Fact, on behalf of the following persons in the capacities indicated on November 18, 2014.

Name	Capacity
Shahid Malik	Principal Executive Officer, Principal Financial Officer and Director
Stuart J. Black	Principal Accounting Officer
Thomas P. Joyce	Director
Richard P. Lopriore	Director

By: /s/ Bradford D. Huntington

Bradford D. Huntington
Attorney-In-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant, PSEG Fossil LLC, certifies that it has reasonable grounds to believe it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Newark, State of New Jersey, on this 18th day of November, 2014.

PSEG Fossil LLC

By: /s/ Bradford D. Huntington

Bradford D. Huntington
Vice President And Treasurer

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by Bradford D. Huntington, Attorney-In-Fact, on behalf of the following persons in the capacities indicated on November 18, 2014.

Name	Capacity
Richard P. Lopriore	Principal Executive Officer, Principal Financial Officer and Director
Stuart J. Black	Principal Accounting Officer
Shahid Malik	Director
Thomas P. Joyce	Director

By: /s/ Bradford D. Huntington

Bradford D. Huntington
Attorney-In-Fact

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant, PSEG Nuclear LLC, certifies that it has reasonable grounds to believe it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Newark, State of New Jersey, on this 18th day of November, 2014.

PSEG Nuclear LLC

By: /s/ Bradford D. Huntington

Bradford D. Huntington
Vice President And Treasurer

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by Bradford D. Huntington, Attorney-In-Fact, on behalf of the following persons in the capacities indicated on November 18, 2014.

Name	Capacity
Thomas P. Joyce	Principal Executive Officer, Principal Financial Officer and Director
Stuart J. Black	Principal Accounting Officer
Shahid Malik	Director
Richard P. Lopriore	Director

By: /s/ Bradford D. Huntington

Bradford D. Huntington
Attorney-In-Fact

EXHIBIT INDEX

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1 To be filed by amendment or pursuant to a Current Report on Form 8-K, if applicable.

2 Previously filed as Exhibit 4.1 to Registration Statement on Form S-4, No. 333-69228, and incorporated herein by reference.

3 Previously filed as Exhibit 4.7 to Quarterly Report on Form 10-Q for the Quarter ended March 31, 2002, File No. 000-49614, and incorporated herein by reference.

4 Previously filed as Exhibit 4.7 to Registration Statement on Form S-3, No. 333-105704, and incorporated herein by reference.

5 Previously filed as Exhibit 12.1 to Quarterly Report on Form 10-Q for the Quarter ended September 30, 2014, File No. 001-34232, and incorporated herein by reference.

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EX-5 2 e61448ex5.htm OPINION OF M. COURTNEY MCCORMICK

Exhibit 5

PSEG Power LLC
80 Park Plaza, Newark, NJ 07102-4194

November 18, 2014

PSEG Power LLC
80 Park Plaza, P.O. Box 1171
Newark, NJ 07101-1171

RE: Senior Debt Securities (the "Senior Debt Securities") to be issued in one or more series by PSEG Power LLC (the "Company")

Ladies and Gentlemen:

I am Deputy General Counsel of the Company and, in that capacity, I have represented the Company and its wholly-owned subsidiaries, PSEG Fossil LLC ("Fossil"), PSEG Nuclear LLC ("Nuclear"), and PSEG Energy Resources & Trade LLC ("ER&T" and together with Fossil and Nuclear, the "Guarantors") in connection with the preparation and filing with the Securities and Exchange Commission (the "Commission") of a registration statement on Form S-3 (the "Registration Statement") under the Securities Act of 1933, as amended (the "Act"), relating to the registration under the Act of the Company's Senior Debt Securities and the related joint and several Guarantees (collectively, the "Guarantees") of the Senior Debt Securities by the Guarantors to be issued in one or more series under an indenture, dated as of April 16, 2001, as amended and supplemented by the First Supplemental Indenture dated as of March 13, 2002 (as further supplemented from time to time, the "Indenture") among the Company, the Guarantors and The Bank of New York Mellon, as successor Trustee.

I and/or attorneys working under my supervision have conducted such investigations of laws and regulations as I have deemed necessary or appropriate for the purpose of rendering the opinions hereinafter expressed.

The opinions expressed below are based on the following assumptions:

(a) the Registration Statement will have become effective;

(b) the proposed transactions contemplated by the Registration Statement will have been carried out on the basis set forth therein and in conformity with the authorizations, approvals, consents, or exemptions under the securities laws of various states and other jurisdictions of the United States;

(c) prior to the issuance of any series of Senior Debt Securities and related Guarantees, the Boards of Directors of the Company and the Guarantors (each, a "Board"), respectively, a committee thereof or an officer of the Company and the Guarantors, respectively, pursuant to delegated authority from each Board, will have authorized the issuance of, and established the terms of such series of, the Senior Debt Securities and related Guarantees; and

(d) the Indenture will have been qualified in accordance with the provisions of the Trust Indenture Act of 1939, as amended.

Based upon the foregoing and subject to the limitations herein, I am of the opinion that:

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1. The Company and each of the Guarantors is a limited liability company duly organized and validly existing and authorized to exercise its powers, rights, and privileges under the laws of the State of Delaware.

2. When properly executed, authenticated, and delivered as provided in the Indenture, against payment of the requisite consideration therefor, the Senior Debt Securities will be legally issued, valid, and binding obligations of the Company.

3. When properly executed and delivered, the Guarantees will be legally issued, valid, and binding obligations of the respective Guarantors.

I express no opinions as to matters of law in jurisdictions other than the States of New Jersey, Delaware, and New York. My opinions are rendered only with respect to the laws of the States of New Jersey, Delaware, and New York and rules, regulations, and orders thereunder which are currently in effect.

This opinion does not cover the necessity of filings under the provisions of securities laws of any state in which the Senior Debt Securities may be sold.

The opinions set forth above are subject, as to enforcement, to (i) bankruptcy, insolvency (including, without limitation, all laws relating to fraudulent transfers), reorganization, moratorium, or other similar laws relating to or affecting the enforcement of creditors' rights generally and (ii) general equitable principles (regardless of whether enforcement is considered in a proceeding in equity or at law).

I hereby consent to the use of this opinion as Exhibit 5 to the Registration Statement and to the reference to me under the heading "Legal Opinions" in the Prospectus contained therein. In giving this consent, I do not hereby admit that I am in the category of persons whose consent is required under Section 7 of the Act or the rules and regulations of the Commission promulgated thereunder.

Very truly yours,

/s/ M. Courtney McCormick

M. Courtney McCormick
Deputy General Counsel

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EX-23.1 3 e61448ex23_1.htm CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Exhibit 23-1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in this Registration Statement on Form S-3 of our report dated February 26, 2014, relating to the consolidated financial statements and consolidated financial statement schedule of PSEG Power LLC and subsidiaries appearing in the annual report on Form 10-K of PSEG Power LLC for the year ended December 31, 2013, which is incorporated by reference in this Registration Statement, and to the reference to us under the heading "Experts" in the Prospectus, which is part of this Registration Statement.

/s/ Deloitte & Touche LLP
Parsippany, New Jersey

November 18, 2014

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EX-24 4 e61448ex24.htm POWER OF ATTORNEY

Exhibit 24

POWER OF ATTORNEY

The undersigned hereby constitutes and appoints Bradford D. Huntington and M. Courtney McCormick, and each of them (with full power to act without the other), the true and lawful attorney-in-fact and agent for and on behalf of the undersigned, and in the undersigned's name, place and stead, in the undersigned's capacity as a Director or Officer or both, as the case may be, of PSEG Power LLC ("Power"), PSEG Energy Resources & Trade LLC ("ER&T"), PSEG Fossil LLC ("Fossil"), and/or PSEG Nuclear LLC ("Nuclear") (together, the "Registrants") to sign the Registration Statement on Form S-3 to be filed by the Registrants with the Securities and Exchange Commission ("SEC") for the registration under the Securities Act of 1933, as amended ("Securities Act"), of Power's Senior Debt Securities and the Guarantees with respect thereto of ER&T, Fossil and Nuclear and any and all amendments thereto and any additional related registration statement to be filed with the SEC under the Securities Act (including any post-effective amendments to such registration statements).

IN WITNESS WHEREOF, each of the undersigned has executed this instrument, this 18th day of November, 2014.

/s/ Stuart J. Black	/s/ William Levis
Stuart J. Black	Williams Levis
/s/ Derek M. DiRisio	/s/ Tamara L. Linde
Derek M. DiRisio	Tamara L. Linde
/s/ Caroline Dorsa	/s/ Richard P. Lopriore
Caroline Dorsa	Richard P. Lopriore
/s/ Ralph Izzo	/s/ Shahid Malik
Ralph Izzo	Shahid Malik
/s/ Thomas P. Joyce	/s/ Margaret M. Pego
Thomas P. Joyce	Margaret M. Pego

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EX-25 5 e61448ex25.htm STATEMENT OF ELIGIBILITY UNDER THE TRUST INDENTURE ACT

Exhibit 25

= = = =

PSEG Energy Resources & Trade LLC
(Exact name of obligor as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	22-3663483 (I.R.S. employer identification no.)

PSEG Fossil LLC
(Exact name of obligor as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	22-3663481 (I.R.S. employer identification no.)

PSEG Nuclear LLC
(Exact name of obligor as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	22-3663482 (I.R.S. employer identification no.)

80 Park Plaza, P.O. Box 1171 Newark, New Jersey (Address of principal executive offices)	07101-1171 (Zip code)

Senior Debt Securities
and Guarantees of Senior Debt Securities
(Title of the indenture securities)

= = = =

1. General information. Furnish the following information as to the Trustee:

(a) Name and address of each examining or supervising authority to which it is subject.

Name	Address
Superintendent of the Department of Financial Services of the State of New York	One State Street, New York, N.Y. 10004-1417, and Albany, N.Y. 12223
Federal Reserve Bank of New York	33 Liberty Street, New York, N.Y. 10045
Federal Deposit Insurance Corporation	Washington, D.C. 20429
New York Clearing House Association	New York, N.Y. 10005

(b) Whether it is authorized to exercise corporate trust powers.

Yes.

2. Affiliations with Obligor.

If the obligor is an affiliate of the trustee, describe each such affiliation.

None.

16. List of Exhibits.

Exhibits identified in parentheses below, on file with the Commission, are incorporated herein by reference as an exhibit hereto, pursuant to Rule 7a-29 under the Trust Indenture Act of 1939 (the "Act") and 17 C.F.R. 229.10(d).

1. A copy of the Organization Certificate of The Bank of New York Mellon (formerly known as The Bank of New York, itself formerly Irving Trust Company) as now in effect, which contains the authority to commence business and a grant of powers to exercise corporate trust powers. (Exhibit 1 to Amendment No. 1 to Form T-1 filed with Registration Statement No. 33-6215, Exhibits 1a and 1b to Form T-1 filed with Registration Statement No. 33-21672, Exhibit 1 to Form T-1 filed with Registration Statement No. 33-29637, Exhibit 1 to Form T-1 filed with Registration Statement No. 333-121195 and Exhibit 1 to Form T-1 filed with Registration Statement No. 333-152735).

4. A copy of the existing By-laws of the Trustee (Exhibit 4 to Form T-1 filed with Registration Statement No. 333-188382).

6. The consent of the Trustee required by Section 321(b) of the Act (Exhibit 6 to Form T-1 filed with Registration Statement No. 333-188382).

7. A copy of the latest report of condition of the Trustee published pursuant to law or to the requirements of its supervising or examining authority.

SIGNATURE

Pursuant to the requirements of the Act, the Trustee, The Bank of New York Mellon, a corporation organized and existing under the laws of the State of New York, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in The City of New York, and State of New York, on the 13th day of November, 2014.

THE BANK OF NEW YORK MELLON

By: /s/ Laurence J. O'Brien
Name: Laurence J. O'Brien
Title: Vice President

EXHIBIT 7

Consolidated Report of Condition of

THE BANK OF NEW YORK MELLON

of One Wall Street, New York, N.Y. 10286
And Foreign and Domestic Subsidiaries,
a member of the Federal Reserve System, at the close of business September 30, 2014, published in accordance with a call made by the Federal Reserve Bank of this District pursuant to the provisions of the Federal Reserve Act.

ASSETS	Dollar amounts in thousands
Cash and balances due from depository institutions:	
Noninterest-bearing balances and currency and coin	5,811,000
Interest-bearing balances	114,306,000
Securities:	
Held-to-maturity securities	19,391,000
Available-for-sale securities	92,289,000
Federal funds sold and securities purchased under agreements to resell:	
Federal funds sold in domestic offices	17,000
Securities purchased under agreements to resell	8,055,000
Loans and lease financing receivables:	
Loans and leases held for sale	0
Loans and leases, net of unearned income	34,349,000
LESS: Allowance for loan and lease losses	176,000
Loans and leases, net of unearned income and allowance	34,173,000
Trading assets	7,806,000
Premises and fixed assets (including capitalized leases)	998,000
Other real estate owned	4,000
Investments in unconsolidated subsidiaries and associated companies	575,000
Direct and indirect investments in real estate ventures	0
Intangible assets:	
Goodwill	6,447,000
Other intangible assets	1,187,000

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Other assets	13,808,000
Total assets	304,867,000
LIABILITIES	
Deposits:	
In domestic offices	140,468,000
Noninterest-bearing	93,405,000
Interest-bearing	47,063,000
In foreign offices, Edge and Agreement subsidiaries, and IBFs	117,531,000
Noninterest-bearing	7,533,000
Interest-bearing	109,998,000
Federal funds purchased and securities sold under agreements to repurchase:	
Federal funds purchased in domestic offices	1,165,000
Securities sold under agreements to repurchase	1,166,000
Trading liabilities	6,732,000
Other borrowed money:	
(includes mortgage indebtedness and obligations under capitalized leases)	7,867,000
Not applicable	
Not applicable	
Subordinated notes and debentures	1,065,000
Other liabilities	7,327,000
Total liabilities	283,321,000
EQUITY CAPITAL	
Perpetual preferred stock and related surplus	0
Common stock	1,135,000
Surplus (exclude all surplus related to preferred stock)	10,035,000
Retained earnings	10,642,000
Accumulated other comprehensive income	-616,000
Other equity capital components	0
Total bank equity capital	21,196,000
Noncontrolling (minority) interests in consolidated subsidiaries	350,000
Total equity capital	21,546,000
Total liabilities and equity capital	304,867,000

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I, Thomas P. Gibbons, Chief Financial Officer of the above-named bank do hereby declare that this Report of Condition is true and correct to the best of my knowledge and belief.

Thomas P. Gibbons,
Chief Financial Officer

We, the undersigned directors, attest to the correctness of this statement of resources and liabilities. We declare that it has been examined by us, and to the best of our knowledge and belief has been prepared in conformance with the instructions and is true and correct.

Gerald L. Hassell
Catherine A. Rein
Michael J. Kowalski

Directors

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 25

NOTIFICATION OF REMOVAL FROM LISTING AND/OR REGISTRATION UNDER SECTION 12(b) OF THE SECURITIES EXCHANGE ACT OF 1934.

Commission File Number 001-16169

Issuer: EXELON CORP
Exchange: NEW YORK STOCK EXCHANGE LLC

(Exact name of Issuer as specified in its charter, and name of Exchange where security is listed and/or registered)

Address: 10 South Dearborn Street
Chicago,
ILLINOIS
60680-5379
Telephone number: (800) 483-3220

(Address, including zip code, and telephone number, including area code, of Issuer's principal executive offices)

Corporate Units

(Description of class of securities)

Please place an X in the box to designate the rule provision relied upon to strike the class of securities from listing and registration:

☐ 17 CFR 240.12d2-2(a)(1)

☐ 17 CFR 240.12d2-2(a)(2)

☒ 17 CFR 240.12d2-2(a)(3)

☐ 17 CFR 240.12d2-2(a)(4)

☐ Pursuant to 17 CFR 240.12d2-2(b), the Exchange has complied with its rules to strike the class of securities from listing and/or withdraw registration on the Exchange. [1]

☐ Pursuant to 17 CFR 240.12d2-2(c), the Issuer has complied with its rules of the Exchange and the requirements of 17 CFR 240.12d-2(c) governing the voluntary withdrawal of the class of securities from listing and registration on the Exchange.

Pursuant to the requirements for the Securities Exchange Act of 1934, NEW YORK STOCK EXCHANGE LLC certifies that it has reasonable grounds to believe that it meets all of the requirements for filing the Form 25 and has caused this notification to be signed on its behalf by the undersigned duly authorized person.

2017-06-01	By	Benjamin Sawyer	Manager
Date		Name	Title

1 Form 25 and attached Notice will be considered compliance with the provisions of 17 CFR 240.19d-1 as applicable. See General Instructions.

NOTIFICATION OF THE REMOVAL FROM LISTING AND REGISTRATION OF THE STATED SECURITIES

The New York Stock Exchange hereby notifies the SEC of its intention to remove the entire class of the stated securities from listing and registration on the Exchange at the opening of business on June 12, 2017, pursuant to the provisions of Rule 12d2-2 (a).

[X] 17 CFR 240.12d2-2(a)(3) That on June 1, 2017 the instruments representing the securities comprising the entire class of this security came to evidence, by operation of law or otherwise, other securities in substitution therefore and represent no other right except, if such be the fact, the right to receive an immediate cash payment.

The mandatory conversion of Exelon Corporation Corporate Units became effective on June 1, 2017. Each Corporate Unit purchase contract had a final settlement rate of 1.4309 shares of Exelon Corporation Common Stock.

The Exchange also notifies the Securities and Exchange Commission that as a result of the above indicated conditions this security was suspended from trading on June 1, 2017.

Filed Pursuant to Rule 424(b)(2)
Registration No. 333-196220

The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and we are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion
Preliminary Prospectus Supplement dated April 4, 2016

PROSPECTUS SUPPLEMENT
(To Prospectus Dated May 23, 2014)

$

Exelon Corporation

$ % Notes due 2021
$ % Notes due 2026
$ % Notes due 2046

Exelon Corporation ("Exelon") is offering $ of its % notes due 2021 (the "2021 notes"), $ of its % notes due 2026 (the "2026 notes") and $ of its % notes due 2046 (the "2046 notes" and, together with the 2021 notes and the 2026 notes, the "notes").

The 2021 notes will mature on April 15, 2021, the 2026 notes will mature on April 15, 2026 and the 2046 notes will mature on April 15, 2046. We will pay interest on the 2021 notes, the 2026 notes and the 2046 notes semi-annually on April 15 and October 15 of each year, beginning on October 15, 2016.

The notes are being issued for general corporate purposes, which may include the repayment of outstanding indebtedness. We may also redeem any series of the notes at any time prior to maturity, in whole or in part, upon at least 15 days' and not more than 60 days' notice, at the redemption prices described in this prospectus supplement under "Description of the Notes—Optional Redemption."

The notes will be our direct unsecured general obligations and will rank equally with all of our existing and future unsecured and unsubordinated debt.

Investing in our notes involves certain risks. You should carefully read this prospectus supplement and the accompanying base prospectus, including the documents incorporated by reference herein and therein, before you make your investment decision. See the " Risk Factors " section beginning on page S-9 of this prospectus supplement, as well as under " Risk Factors " in our Annual Report on Form 10-K for the year ended December 31, 2015, which is incorporated by reference herein, for more information.

	Price to Public [1]		Underwriting Discount		Proceeds, before expenses, to Exelon	
	Per Note	Total	Per Note	Total	Per Note	Total
Per 2021 note	%	$	%	$	%	$
Per 2026 note	%	$	%	$	%	$
Per 2046 note	%	$	%	$	%	$

(1) Plus accrued interest from April , 2016, if settlement occurs after that date.

Neither the Securities and Exchange Commission (the "SEC") nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The notes are expected to be delivered in book-entry form only through the facilities of The Depository Trust Company ("DTC"), including Clearstream Banking, *société anonyme* ("Clearstream"), and/or Euroclear Bank S.A./N.V. ("Euroclear"), against payment in New York, New York on or about April , 2016.

Joint Book-Running Managers

Barclays **Goldman, Sachs & Co.** **J.P. Morgan** **Scotiabank**
Credit Suisse **RBC Capital Markets** **TD Securities**

Senior Co-Manager

BNY Mellon Capital Markets, LLC

The date of this prospectus supplement is April , 2016.

We urge you to carefully read this prospectus supplement and the accompanying prospectus, which describe the terms of the offering of the notes, before you make your investment decision. You should rely only on the information contained in or incorporated by reference in this prospectus supplement, the accompanying prospectus and any related free writing prospectus required to be filed with the SEC. We have not, and the underwriters have not, authorized anyone else to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information appearing in this prospectus supplement and the accompanying prospectus is accurate as of any date other than the date on the front of those documents or that the information incorporated by reference is accurate as of any date other than the date that the document incorporated by reference was filed with the SEC.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement and the accompanying prospectus contain information about Exelon and the notes offered hereby. This prospectus supplement and the accompanying prospectus also refer to information contained in other documents that we file with the SEC. To the extent the information in this prospectus supplement is inconsistent with information in the prospectus, you should rely on this prospectus supplement.

The accompanying prospectus also includes information about our subsidiaries Exelon Generation Company, LLC ("Generation"), Commonwealth Edison Company ("ComEd"), PECO Energy Company ("PECO"), and Baltimore Gas and Electric Company ("BGE") and their securities. Exelon, Generation, ComEd, PECO and BGE file combined reports under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Information contained in the combined reports relating to each registrant is filed separately by such registrant on its own behalf and only the information related to Exelon is incorporated by reference in this prospectus supplement and the accompanying prospectus. Exelon does not make any representations as to information relating to any other registrant or securities issued by any other registrant and you should not rely on any information relating to any registrant other than Exelon in determining whether to invest in the notes offered hereby.

When we refer to "Exelon," "the Company," "we," "us" or "our" in this prospectus supplement, we mean Exelon and, unless the context otherwise indicates, does not include any of our subsidiaries or affiliates.

FORWARD LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus and the documents incorporated or deemed incorporated by reference as described under the heading “Where You Can Find More Information” contain forward-looking statements that are not based entirely on historical facts and are subject to risks and uncertainties. Words such as “believes,” “anticipates,” “expects,” “intends,” “plans,” “predicts,” “estimates” and similar expressions are intended to identify forward-looking statements but are not the only means to identify those statements. These forward-looking statements are based on assumptions, expectations and assessments made by our management in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe to be appropriate. Any forward-looking statements are not guarantees of our future performance and are subject to risks and uncertainties.

This prospectus supplement and the accompanying prospectus contain certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which are subject to risks and uncertainties. The factors that could cause actual results to differ materially from the forward-looking statements include: (a) any risk factors discussed in this prospectus supplement or the accompanying prospectus; (b) those factors discussed in the following sections of Exelon’s Annual Report on Form 10-K for the year ended December 31, 2015, which are incorporated herein by reference: (1) ITEM 1A. Risk Factors, (2) ITEM 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations and (3) ITEM 8. Financial Statements and Supplementary Data: Note 23; and (c) other factors discussed herein and in other filings with the SEC by Exelon, as applicable.

You are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date on the front of this prospectus supplement or, as the case may be, as of the date on which we make any subsequent forward-looking statement that is deemed incorporated by reference. We do not undertake any obligation to update or revise any forward-looking statement to reflect events or circumstances after the date as of which any such forward-looking statement is made.

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SUMMARY

The following summary is provided solely for your convenience. It is not intended to be complete and may not contain all of the information that you should consider before investing in the notes. You should read carefully this entire prospectus supplement, the accompanying prospectus and all the information included or incorporated by reference herein or therein.

Our Company

Exelon, incorporated in Pennsylvania in February 1999, is a utility services holding company engaged, through Generation, in the energy generation business and, through ComEd, PECO and BGE, and now the Pepco Holdings Utilities (defined below), in the energy delivery business. Exelon's principal executive offices are located at 10 South Dearborn Street, Chicago, Illinois 60603, and its telephone number is 312-394-7398.

Generation's integrated business consists of the generation, physical delivery and marketing of power across multiple geographical regions through its customer-facing business, Constellation Energy Group, Inc. ("Constellation"), which sells electricity and natural gas to both wholesale and retail customers. Generation also sells renewable energy and other energy-related products and services, and engages in natural gas and oil exploration and production activities. Generation has six reportable segments consisting of the Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Regions.

ComEd's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of electricity transmission and distribution services to retail customers in northern Illinois, including the City of Chicago.

PECO's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of electricity transmission and distribution services to retail customers in southeastern Pennsylvania, including the City of Philadelphia, as well as the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services to retail customers in the Pennsylvania counties surrounding the City of Philadelphia.

BGE's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of electricity transmission and distribution services to retail customers in central Maryland, including the City of Baltimore, as well as the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services to retail customers in central Maryland, including the City of Baltimore.

Pepco Holdings Utilities

On March 23, 2016 (the "Closing Date"), Exelon, completed its previously announced acquisition of Pepco Holdings, Inc., a Delaware corporation ("PHI") through a merger (the "Merger") of Purple Acquisition Corp., an indirect, wholly-owned subsidiary of Exelon, with PHI pursuant to the Amended and Restated Agreement and Plan of Merger, dated as of July 18, 2014, by and among Exelon, PHI and Purple Acquisition Corp. (the "Merger Agreement"). As a result of the Merger, PHI became an indirect, wholly-owned subsidiary of Exelon at 4:58 pm Eastern Daylight Time (the "Effective Time") on the Closing Date. After the Effective Time, PHI was converted to a limited liability company under Delaware law. Pursuant to the conversion, the name of PHI was changed to Pepco Holdings LLC ("PH LLC").

PH LLC is a holding company. Through its regulated public utility subsidiaries, Potomac Electric Power Company ("Pepco"), Delmarva Power & Light Company ("Delmarva"), and Atlantic City Electric Company ("ACE," and together with Pepco and Delmarva, the "Pepco Holdings Utilities"), PH LLC is engaged primarily

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in the transmission, distribution and default supply of electricity, and, to a lesser extent, the distribution and supply of natural gas. Following the Merger, Pepco, Delmarva and ACE will remain as separate companies and retain their local headquarters in Washington DC, Newark, DE., and Mays Landing, NJ, respectively.

Pepco's electric distribution service territory consists of the District of Columbia and major portions of Prince George's County and Montgomery County in Maryland. Delmarva is engaged in the transmission, distribution and default supply of electricity in portions of Delaware and Maryland. In northern Delaware, Delmarva also supplies and delivers natural gas to retail customers and provides transportation-only services to retail customers that purchase natural gas from another supplier. ACE's electric distribution service territory consists of Gloucester, Camden, Burlington, Ocean, Atlantic, Cape May, Cumberland and Salem counties in southern New Jersey.

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SUMMARY FINANCIAL INFORMATION

We have provided the following summary financial information for your reference. We have derived the summary information presented here as of and for the years ended December 31, 2015, 2014 and 2013 from our audited consolidated financial statements, incorporated herein by reference. You should read this summary information together with our audited consolidated financial statements, each incorporated herein by reference. See "Where You Can Find More Information" in this prospectus supplement.

	For the Year Ended December 31,		
	2015	2014 [a]	2013
	($ in millions)		
Statement of Operations Data			
Operating revenues	$29,447	$27,429	$24,888
Operating income	4,409	3,096	3,669
Net income	2,250	1,820	1,729
Cash Flow Data			
Net cash flows provided by operating activities	7,616	4,457	6,343
Net cash flows used in investing activities	(7,822)	(4,599)	(5,394)
Net cash flows provided by (used in) financing activities	4,830	411	(826)

	As of December 31,		
	2015	2014	2013
	($ in millions)		
Balance Sheet Data			
Property, plant and equipment, net	$57,439	$52,170	$47,330
Noncurrent regulatory assets	6,065	6,076	5,910
Goodwill	2,672	2,672	2,625
Other deferred debits and other assets	13,874	13,645	13,816
Total assets	95,384	$86,416	$79,243
Long-term debt, including long-term debt to financing trusts	24,286	19,853	18,165
Noncurrent regulatory liabilities	4,201	4,550	4,388
Other deferred credits and other liabilities	30,457	29,118	26,064
Shareholders' equity	25,793	22,608	22,732
Total liabilities and shareholders' equity	95,384	$86,416	$79,243

(a) On April 1, 2014, Generation assumed operational control of Constellation Energy Nuclear Group, LLC's ("CENG") nuclear fleet. As a result, the 2014 financial results include CENG's results of operations on a fully consolidated basis.

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THE OFFERING

The following summary contains basic information about the notes and this offering. It does not contain all of the information that may be important to you. For a more complete understanding of this offering, we encourage you to read this entire prospectus supplement and the accompanying prospectus, including "Description of the Notes."

Issuer	Exelon Corporation

Securities Offered	$ aggregate principal amount of % notes due 2021;
	$ aggregate principal amount of % notes due 2026; and
	$ aggregate principal amount of % notes due 2046.

Maturity Date	The 2021 notes will mature on April 15, 2021; The 2026 notes will mature on April 15, 2026; and The 2046 notes will mature on April 15, 2046.
Interest Rate	% per annum for the 2021 notes; % per annum for the 2026 notes; and % per annum for the 2046 notes.
Interest Payment Dates	Interest on the notes will be paid semi-annually on April 15 and October 15 of each year, beginning on October 15, 2016, and on the maturity date for each series of notes.
Optional Redemption	At our option, any or all of the notes may be redeemed, in whole or in part, at any time prior to maturity at a redemption price equal to the greater of: • 100% of the principal amount of the notes then outstanding to be redeemed; and • the sum of the present values of the remaining scheduled payments of principal and interest on the notes being redeemed (exclusive of interest accrued to the redemption date) in the case of the 2021 notes, the 2026 notes and the 2046 notes, to March 15, 2021, January 15, 2026 or October 15, 2045, as applicable, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined herein) plus basis points in the case of the 2021 notes, plus basis points in the case of the 2026 notes and plus basis points in the case of the 2046 notes, plus, in each case, accrued and unpaid interest on the principal amount being redeemed to but excluding the date of redemption. If we elect to redeem the 2021 notes at any time on or after March 15, 2021 (one month prior to the maturity date of the 2021 notes), the 2026 notes at any time on or after January 15, 2026 (three months

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	prior to the maturity date of the 2026 notes) or the 2046 notes at any time on or after October 15, 2045 (six months prior to the maturity date of the 2046 notes), we may redeem some or all of the 2021 notes, the 2026 notes and the 2046 notes, respectively, in each case upon at least 15 days' and not more than 60 days' notice at a redemption price equal to 100% of the principal amount of the notes then outstanding to be redeemed plus accrued and unpaid interest on the principal amount being redeemed to but excluding the redemption date. See "Description of the Notes—Optional Redemption."
Ranking	The notes will be our direct unsecured general obligations and will rank equally with all of our existing and future unsecured and unsubordinated debt, will be senior in right of payment to all of our existing and future subordinated debt and will be junior to any of our future secured debt to the extent of the value of the collateral securing such secured debt. Because we are a holding company with no material assets other than our ownership interests in our subsidiaries and all of our operations are conducted by our subsidiaries, our debt is effectively subordinated to all existing and future debt, trade creditors, and other liabilities of our subsidiaries. Our rights, and hence the rights of our creditors, to participate in any distribution of assets of any subsidiary upon its liquidation or reorganization or otherwise would be subject to the prior claims of that subsidiary's creditors, except to the extent that our claims as a creditor of such subsidiary may be recognized. As of December 31, 2015, our subsidiaries had outstanding approximately $20.6 billion of long-term debt, including long-term debt to financing trusts and the portion of long-term debt due within one year. The notes will not be obligations of or guaranteed by any of our subsidiaries. The Indenture (as defined below) does not limit our ability to issue debt senior to the notes or the amount of debt we or our subsidiaries may issue.
Denominations	The notes will be issued in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof.
Additional Notes	Subject to the limitations described in this prospectus supplement and the accompanying prospectus, we may issue additional notes under the Indenture with the same priority as the notes offered hereby, including notes having the same series designation and terms (except for the public offering prices and the issue date) as the notes offered hereby, without the approval of the holders of outstanding notes under the Indenture, including the holders of the outstanding notes offered hereby.
No Listing	We do not intend to list the notes on any securities exchange or automated dealer quotation system. The notes will be new securities for which there currently is no public market. See "Risk Factors—There may be no public market for the notes."
Use of Proceeds	We estimate that the net proceeds from the sale of the notes in this offering will be approximately $, after deducting the

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	underwriting discounts and commissions but before deducting other offering expenses. A portion of the net proceeds from the sale of the notes will be used to repay commercial paper issued by PH LLC having an approximate weighted average interest rate of 1.05% per annum as of April 1, 2016. As of April 1, 2016, PH LLC had $446 million of outstanding commercial paper obligations. The remainder of the net proceeds will be used for general corporate purposes, which may include the repayment of outstanding indebtedness. See “Use of Proceeds.”
Risk Factors	You should consider carefully all the information set forth and incorporated by reference in this prospectus supplement and the accompanying prospectus and, in particular, you should evaluate the specific factors set forth under the heading “Risk Factors” beginning on page S-9 of this prospectus supplement, as well as the other information contained or incorporated herein by reference, before investing in the notes offered hereby.
Trustee	The Bank of New York Mellon Trust Company, N.A.
Governing Law	The Indenture and the notes will be governed by the laws of the State of New York.

RISK FACTORS

Investing in the notes involves risks. You should carefully consider the following discussion and the risks described under "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2015, incorporated by reference in this prospectus supplement and the accompanying prospectus, the factors listed under "Forward Looking Statements" in this prospectus supplement and the other information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus before making a decision to invest in the notes. See "Where You Can Find More Information."

There may be no public market for the notes.

We can give no assurances concerning the liquidity of any markets that may develop for the notes offered by this prospectus supplement, the ability of any investor to sell any of the notes or the price at which investors would be able to sell them. If markets for the notes do not develop, investors may be unable to resell the notes for an extended period of time, if at all. If markets for the notes do develop, they may not continue or it may not be sufficiently liquid to allow holders to resell any of the notes. Consequently, investors may not be able to liquidate their investment readily, and lenders may not readily accept the notes as collateral for loans.

The Indenture does not restrict the amount of additional debt that we may incur.

The notes and Indenture pursuant to which the notes will be issued do not place any limitation on the amount of indebtedness that we or our subsidiaries may incur. Our incurrence of additional debt may have important consequences for you as a holder of the notes, including making it more difficult for us to satisfy our obligations with respect to the notes, a loss in the trading value of your notes and a risk that one or more of the credit ratings of the notes are lowered or withdrawn.

Our debt, including the notes, is effectively subordinated to the debt of our subsidiaries.

Because we are a holding company with no material assets other than our ownership interests in our subsidiaries and all of our operations are conducted by our subsidiaries, our debt is effectively subordinated to all existing and future debt, trade creditors, and other liabilities of our subsidiaries. Our rights, and hence the rights of our creditors, to participate in any distribution of assets of any subsidiary upon its liquidation or reorganization or otherwise would be subject to the prior claims of that subsidiary's creditors, except to the extent that our claims as a creditor of such subsidiary may be recognized. As of December 31, 2015, our subsidiaries had outstanding approximately $20.6 billion of long-term debt, including long-term debt to financing trusts and the portion of long-term debt due within one year. The Indenture does not restrict our or our subsidiaries' ability to incur additional indebtedness.

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USE OF PROCEEDS

We estimate that the net proceeds from the sale of the notes in this offering will be approximately $, after deducting the underwriting discounts and commissions but before deducting other offering expenses. A portion of the net proceeds from the sale of the notes will be used to repay commercial paper issued by PH LLC having an approximate weighted average interest rate of 1.05% per annum as of April 1, 2016. As of April 1, 2016, PH LLC had $446 million of outstanding commercial paper obligations. The remainder of the net proceeds will be used for general corporate purposes, which may include the repayment of outstanding indebtedness.

To the extent we do not use the net proceeds immediately, we may temporarily invest them in short-term, interest bearing obligations.

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RATIO OF EARNINGS TO FIXED CHARGES

The following are Exelon's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,				
	2015	2014	2013	2012	2011
Ratio of earnings to fixed charges	3.3x	2.7x	2.6x	2.4x	4.9x

The ratio of earnings to fixed charges represents, on a pre-tax basis, the number of times earnings cover fixed charges. Earnings consist of pre-tax net income from continuing operations after adjustment for income from equity investees and capitalized interest or allowance for funds used during construction, to which has been added fixed charges. Fixed charges consist of interest costs and amortization of debt discount and premium on all indebtedness and estimated interest portion of all rental expense.

CAPITALIZATION AND SHORT-TERM BORROWINGS

The following table shows our consolidated capitalization and short-term borrowings as of December 31, 2015 and as adjusted to reflect the issuance of the notes offered by this prospectus supplement and the application of the net proceeds thereof. See "Use of Proceeds." This table is qualified in its entirety by, and should be considered in conjunction with, the more detailed information incorporated by reference or provided in this prospectus supplement or in the accompanying prospectus.

	As of December 31, 2015	
(in millions)	Actual	As Adjusted
Short-term borrowings	$ 533	$ 533
Long-term debt:		
Long-term debt, including long-term debt to financing trusts (a)	25,786	25,786
2021 notes offered hereby	—	
2026 notes offered hereby	—	
2046 notes offered hereby	—	
Shareholders' equity	25,793	
Total capitalization and short-term borrowings	$52,112	

(a) Includes approximately $1.5 billion of long-term debt due within one year.

DESCRIPTION OF THE NOTES

The following description of the notes is only a summary and is not intended to be comprehensive. In the event that information in this prospectus supplement is inconsistent with information in the accompanying prospectus, you should rely on this prospectus supplement.

General

We will issue $ of the % notes due 2021, $ of the % notes due 2026 and $ of the % notes due 2046 under an indenture, which is a contract between us and the trustee, The Bank of New York Mellon Trust Company, N.A. (the "Trustee"), dated June 11, 2015 as will be supplemented by the supplemental indenture dated April , 2016 and as it may be further supplemented from time to time, which is referred to herein collectively as the "Indenture." Subject to the limitations described in this prospectus supplement and the accompanying prospectus, we may issue additional notes under the Indenture with the same priority as the notes offered hereby, including notes having the same series designation and terms (except for the public offering prices and the issue date) as the notes offered hereby, without the approval of the holders of outstanding notes under the Indenture, including the holders of any series the outstanding notes offered hereby.

The terms of the notes will not necessarily afford you protection in the event of particular transactions or upon the occurrence of particular events that may adversely affect you, including a reorganization, recapitalization, restructuring, merger or other similar transactions involving us or our subsidiaries, whether or not in connection with a change of control. As a result, we could enter into such transactions even though the transaction could adversely affect our capital structure or credit ratings or otherwise adversely affect the holders of the notes. The notes will not contain any provisions that will require us to redeem, or permit the holders of the notes to cause a redemption or purchase of, the notes upon the occurrence of any particular event. However, we may redeem some or all of the notes at any time or from time to time prior to maturity, at our option, as described in this prospectus supplement under "—Optional Redemption" below.

Interest Rate and Maturity

The 2021 notes will pay interest at the fixed rate of % per annum, the 2026 notes will pay interest at the fixed rate of % per annum and the 2046 notes will pay interest at the fixed rate of % per annum. Interest on the notes will be payable semi-annually on April 15 and October 15 of each year, beginning on October 15, 2016. The 2021 notes will mature on April 15, 2021, the 2026 notes will mature on April 15, 2026 and the 2046 notes will mature on April 15, 2046.

Interest on the notes will accrue from and include the date that the notes are issued to and excluding the date of maturity or redemption. Interest will be computed on the basis of a 360-day year of twelve 30-day months. On each interest payment date, we will pay interest on each note to the person in whose name the note is registered at the close of business on the record date for such interest. The record date for each interest payment date in respect of the notes will be the close of business on the Business Day immediately preceding the applicable interest payment date. If any interest payment date falls on a day that is not a Business Day, payment will be made on the next Business Day and no additional interest or other payment will be paid in respect of such delay. "Business Day" means any day that is not a Saturday, a Sunday or a day on which commercial banking institutions in New York City are generally authorized or required by law or executive order to be closed.

Ranking

The notes will be our direct unsecured general obligations and will rank equally with all of our existing and future unsecured and unsubordinated debt, will be senior in right of payment to all of our existing and future subordinated debt and will be junior to any of our future secured debt to the extent of the value of the collateral securing such secured debt. Because we are a holding company with no material assets other than our ownership

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interests in our subsidiaries and all of our operations are conducted by our subsidiaries, our debt is effectively subordinated to all existing and future debt, trade creditors, and other liabilities of our subsidiaries. Our rights, and hence the rights of our creditors, to participate in any distribution of assets of any subsidiary upon its liquidation or reorganization or otherwise would be subject to the prior claims of that subsidiary's creditors, except to the extent that our claims as a creditor of such subsidiary may be recognized. As of December 31, 2015, our subsidiaries had outstanding approximately $20.6 billion of long-term debt, including long-term debt to financing trusts and the portion of long-term debt due within one year. The Indenture does not restrict our or our subsidiaries' ability to incur additional indebtedness. In addition, the notes will not be obligations of or guaranteed by any of our subsidiaries. The Indenture does not limit our ability to issue secured debt senior to the notes or the amount of debt we or our subsidiaries may issue, whether secured or unsecured.

Please see "Capitalization and Short-Term Borrowings" in this prospectus supplement for information with respect to the long-term debt and short-term borrowings of us and our subsidiaries as of December 31, 2015.

Form and Denomination

The notes will be issued in registered form in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof.

The notes will initially be issued in "book-entry only form," represented by a permanent global debt security registered in the name of DTC, including Clearstream and/or Euroclear, or its nominee. However, we reserve the right to issue notes in certificated form registered in the name of the noteholders. For so long as the notes are registered in the name of DTC or its nominee, we will pay the principal, premium, if any, and interest due on the notes to DTC for payment to its participants for subsequent disbursement to the beneficial owners. For further information on DTC and its practices, see "Book-Entry System" below.

Optional Redemption

General

At our option, any or all of the notes may be redeemed, in whole or in part, at any time prior to maturity at a redemption price equal to the greater of:

- 100% of the principal amount of the notes then outstanding to be redeemed; and
- the sum of the present values of the remaining scheduled payments of principal and interest on the notes being redeemed (exclusive of interest accrued to the redemption date) in the case of the 2021 notes, the 2026 notes and the 2046 notes, to March 15, 2021, January 15, 2026 or October 15, 2045, as applicable, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined herein) plus basis points in the case of the 2021 notes, plus basis points in the case of the 2026 notes and plus basis points in the case of the 2046 notes, plus, in each case, accrued and unpaid interest on the principal amount being redeemed to but excluding the date of redemption.

If we elect to redeem the 2021 notes at any time on or after March 15, 2021 (one month prior to the maturity date of the 2021 notes), the 2026 notes at any time on or after January 15, 2026 (three months prior to the maturity date of the 2026 notes) or the 2046 notes at any time on or after October 15, 2045 (six months prior to the maturity date of the 2046 notes), we may redeem some or all of the 2021 notes, the 2026 notes and the 2046 notes, respectively, in each case upon at least 15 days' and not more than 60 days' notice at a redemption price equal to 100% of the principal amount of the notes then outstanding to be redeemed plus accrued and unpaid interest on the principal amount being redeemed to but excluding the redemption date.

Any optional redemption may be conditioned upon the consummation of one or more other transactions, including any debt or equity issuance by us or any of our parent companies or subsidiaries. The Trustee shall not have responsibility for calculating any redemption price.

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Certain Definitions

"Comparable Treasury Issue" means the United States Treasury security or securities selected by an Independent Investment Banker (as defined below) as having an actual or interpolated maturity comparable to the remaining term of the notes being redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a comparable maturity to the remaining term of the notes.

"Comparable Treasury Price" means, with respect to any redemption date, the average of the Reference Treasury Dealer Quotations (as defined below) for such redemption date.

"Independent Investment Banker" means one of the Reference Treasury Dealers (as defined below) appointed by us.

"Reference Treasury Dealer" means (1) any of Barclays Capital Inc., Goldman, Sachs & Co., J.P. Morgan Securities LLC or Scotia Capital (USA) Inc. or their respective affiliates or successors and (2) one other primary U.S. Government securities dealer in the United States of America (each, a "Primary Treasury Dealer") selected by us; provided, however, that if any of the foregoing shall cease to be a Primary Treasury Dealer, or is unwilling or unable to serve in such role, we shall substitute therefor another Primary Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by us, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to us at 3:30 p.m. New York City time on the third Business Day preceding such redemption date.

"Treasury Rate" means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to actual or interpolated maturity (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

Events of Default

An "Event of Default" with respect to a series of debt securities issued under the Indenture means any of the following:

- we fail to pay the principal of (or premium, if any, on) any debt security of that series when due and payable;
- we fail to pay any interest on any debt security of that series for 30 days after such is due;
- we fail to observe or perform any other covenants or agreements set forth in the debt securities of that series, or in the Indenture in regard to such debt securities, continuously for 90 days after notice (which must be sent either by the Trustee or holders of at least 33% of the principal amount of the affected series);
- our failure to pay principal at maturity or acceleration following a default in an aggregate amount of $100 million or more with respect to any Indebtedness (as defined below) of Exelon Corporation (not including Indebtedness of our subsidiaries), or the acceleration of any of our Indebtedness aggregating $100 million or more which default is not cured, waived or postponed pursuant to an agreement with the holders of the Indebtedness within 30 days after written notice as provided in the Indenture, or the acceleration is not rescinded or annulled within 30 days after written notice as provided in the Indenture; or
- we file for bankruptcy or certain other events of bankruptcy, insolvency or reorganization occur.

As used in the immediately preceding paragraph, "Indebtedness" means all obligations for borrowed money.

An Event of Default for a particular series of debt securities does not necessarily mean that an Event of Default has occurred for any other series of debt securities issued under the Indenture. If an Event of Default has occurred and has not been cured, the Trustee or the holders of not less than 33% of the principal amount of the debt securities of the affected series may declare the entire principal of the debt securities of such series due and payable immediately. Subject to certain conditions, if we deposit with the Trustee enough money to remedy the default and there is no default continuing, this acceleration of payment may be rescinded by the holders of at least a majority in aggregate principal amount of the debt securities of such series.

The Trustee must, within 90 days after a default occurs, notify the holders of the debt securities of the series of the default if we have not remedied it (default is defined to include the events specified above without the grace periods or notice). The Trustee may withhold notice to the holders of such debt securities of any default (except in the payment of principal or interest) if it in good faith considers such withholding in the interest of the holders. We are required to file an annual certificate with the Trustee, signed by an officer, stating any default by us under any provisions of the Indenture.

Prior to any declaration of acceleration of maturity, the holders holding a majority of the principal amount of the debt securities of the particular series affected, on behalf of the holders of all debt securities of that series, may waive any past default or Event of Default. We cannot, however, obtain a waiver of a payment default.

Other than the duty to act with the required standard of care during an event of default, the Trustee is not required to take any action under the Indenture at the request of any holders unless such holders offer the Trustee reasonable indemnity. Subject to the provisions for indemnification and certain other limitations, the holders of a majority in principal amount of the debt securities of any series may direct the time, method and place of conducting any proceedings for any remedy available to the Trustee with respect to such debt securities.

In order to bypass the Trustee and take steps to enforce your rights or protect your interests relating to the debt securities, the following must occur:

- you must give the Trustee written notice that an Event of Default has occurred and remains uncured;
- the holders of 33% of the principal amount of all outstanding debt securities of the relevant series must make a written request that the Trustee take action because of the default, and must offer reasonable indemnity to the Trustee against the cost and other liabilities of taking that action; and
- the Trustee must have not taken action for 60 days after receipt of the above notice and offer of indemnity.

However, you are entitled at any time to bring a lawsuit for the payment of money due on your debt security on or after its due date.

“Street name” and other indirect holders should consult their banks or brokers for information on how to give notice or direction to, or make a request of, the Trustee and to make or cancel a declaration of acceleration.

Supplemental Indentures

There are three types of changes we can make to the Indenture and the debt securities issued thereunder, including the notes.

Changes Requiring Each Holder’s Approval

The following changes require the approval of each holder of debt securities of the series affected then outstanding:

- extending the fixed maturity of any debt security;

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- reducing the interest rate or extending the time of payment of interest;
- reducing any premium payable upon redemption;
- reducing the principal amount;
- reducing the amount of principal payable upon acceleration of the maturity of a discounted debt security following default;
- changing the currency of payment on a debt security; or
- reducing the percentage of securityholders whose consent is required to modify or amend the Indenture.

Changes Not Requiring Holder Approval

Changes not requiring holder approval are limited to those changes specified in the Indenture, including those which are of an administrative nature or are changes that would not adversely affect holders of the debt securities.

Changes Requiring a Majority of all Holders to Approve

A vote in favor by securityholders owning a majority of the principal amount of the debt securities of a particular series of affected debt securities is required for any other matter listed in the Indenture.

Consolidation, Merger or Sale

We may not merge or consolidate with any person (as defined in the Indenture) or sell substantially all of our assets as an entirety unless:

- we are the continuing corporation or the successor person is organized under the laws of the United States or a state or is organized under the laws of a foreign jurisdiction and consents to the jurisdiction of the courts of the United States or a state and expressly assumes the payment of principal, and premium, if any, and interest on the debt securities and the performance and observance of all the covenants and conditions of the Indenture binding on us; and
- we, or the successor person, are not immediately after the merger, consolidation or sale in default in the performance of a covenant or condition in the Indenture binding on us.

Discharge, Defeasance and Covenant Defeasance

We may discharge certain obligations to holders of the notes of a series that have not already been delivered to the Trustee for cancellation and that either have become due and payable or will become due and payable within one year (or scheduled for redemption within one year) by irrevocably depositing with the Trustee, in trust, funds in U.S. dollars in an amount sufficient to pay the entire indebtedness including, but not limited to, the principal and premium, if any, and interest to the date of such deposit (if the debt securities have become due and payable) or to the maturity thereof or the redemption date of the debt securities of that series, as the case may be. We may direct the Trustee to invest such funds in U.S. Treasury securities with a maturity of one year or less or in a money market fund that invests solely in short-term U.S. Treasury securities.

The Indenture provides that we may elect either (1) to defease and be discharged from any and all obligations with respect to the notes of a series (except for, among other things, obligations to maintain an office or agency with respect to the debt securities and to hold moneys for payment in trust) (“legal defeasance”) or (2) to be released from our obligations to comply with the restrictive covenants under the Indenture, and any omission to comply with such obligations will not constitute a default or an event of default with respect to the

notes of a series and such related clause under "—Events of Default" will no longer be applied ("covenant defeasance"). Legal defeasance or covenant defeasance, as the case may be, will be conditioned upon, among other things, the irrevocable deposit by us with the Trustee, in trust, of an amount in U.S. dollars, or U.S. government obligations, or both, applicable to the debt securities of that series which through the scheduled payment of principal and interest in accordance with their terms will provide money in an amount sufficient to pay the principal or premium, if any, and interest on the notes on the scheduled due dates therefor.

If we effect covenant defeasance with respect to the notes of any series, the amount in U.S. dollars, or U.S. government obligations, or both, on deposit with the Trustee will be sufficient, in the opinion of a nationally recognized firm of independent accountants, to pay amounts due on the notes of that series at the time of the stated maturity but may not be sufficient to pay amounts due on the notes of that series at the time of the acceleration resulting from such event of default. However, we would remain liable to make payment of such amounts due at the time of acceleration.

We will be required to deliver to the Trustee an opinion of counsel that the deposit and related defeasance will not cause the holders and beneficial owners of the notes of that series to recognize income, gain or loss for federal income tax purposes. If we elect legal defeasance, that opinion of counsel must be based upon a ruling from the U.S. Internal Revenue Service or a change in law to that effect.

We may exercise our legal defeasance option notwithstanding our prior exercise of our covenant defeasance option.

Open Market Purchases

We may acquire the notes by means other than a redemption, whether by tender offer, open market purchases, negotiated transactions or otherwise, in accordance with applicable securities laws, so long as such acquisition does not otherwise violate the terms of the Indenture.

Governing Law

The Indenture and the notes will be governed by the laws of the State of New York.

Concerning the Trustee

We and our affiliates use or may use some of the banking services of the Trustee in the normal course of business.

Book-Entry System

We will issue the notes in the form of one or more global notes in fully registered form initially in the name of Cede & Co., as nominee of DTC, or such other name as may be requested by an authorized representative of DTC. The global notes will be deposited with DTC and may not be transferred except as a whole by DTC to a nominee of DTC or by a nominee of DTC to DTC or another nominee of DTC or by DTC or any nominee to a successor of DTC or a nominee of such successor.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds and provides asset servicing for U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments that DTC's participants (direct participants) deposit with DTC. DTC also facilitates the post-trade settlement among direct participants of sales and other securities transactions in deposited securities

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through electronic computerized book-entry transfers and pledges between direct participants' accounts. This eliminates the need for physical movement of securities certificates. Direct participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (DTCC). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly (indirect participants). The rules applicable to DTC and its direct and indirect participants are on file with the SEC. More information about DTC can be found at www.dtcc.com. We do not intend this internet address to be an active link or to otherwise incorporate the content of the website into this prospectus supplement.

Clearstream advises that it is incorporated under the laws of Luxembourg as a bank. Clearstream holds securities for its customers and facilitates the clearance and settlement of securities transactions between its customers through electronic book-entry transfers between their accounts. Clearstream provides to its customers among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream interfaces with domestic securities markets in over 30 countries through established depository and custodial relationships. As a bank, Clearstream is subject to regulation by the Luxembourg Commission for the Supervision of the Financial Sector, also known as the *Commission de Surveillance du Secteur Financier* . Its customers are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Its customers in the United States are limited to securities brokers and dealers and banks. Indirect access to Clearstream is also available to other institutions such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with the customer.

Euroclear advises that it was created in 1968 to hold securities for its participants and to clear and settle transactions between Euroclear participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Euroclear provides various other services, including securities lending and borrowing and interfaces with domestic markets in several countries. Euroclear is operated by Euroclear Bank S.A./N.V. Euroclear Clearance establishes policy for Euroclear on behalf of Euroclear participants. Euroclear participants include banks, including central banks, securities brokers and dealers and other professional financial intermediaries and may include the Initial purchasers. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear participant, either directly or indirectly. Securities clearance accounts and cash accounts with the Euroclear operator are governed by the terms and conditions governing use of Euroclear and the related operating procedures of Euroclear. These terms and conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear operator acts under the terms and conditions only on behalf of Euroclear participants and has no record of or relationship with persons holding through Euroclear participants.

Euroclear further advises that investors that acquire, hold and transfer interests in the notes by book-entry through accounts with the Euroclear operator or any other securities intermediary are subject to the laws and contractual provisions governing their relationship with their intermediary, as well as the laws and contractual provisions governing the relationship between such an intermediary and each other intermediary, if any, standing between themselves and the global securities.

Purchases of notes under the DTC system must be made by or through direct participants, which will receive a credit for the notes in DTC's records. The ownership interest of each actual purchaser of notes is in turn to be recorded on the direct and indirect participants' records. Beneficial owners of the notes will not receive

written confirmation from DTC of their purchase, but beneficial owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the direct or indirect participant through which the beneficial owner entered into the transaction. Transfers of ownership interests in the notes are to be accomplished by entries made on the books of direct and indirect participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates representing their ownership interests in the notes, except in the event that use of the book-entry system for the notes is discontinued.

To facilitate subsequent transfers, all notes deposited by direct participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of notes with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the notes; DTC's records reflect only the identity of the direct participants to whose accounts such notes are credited, which may or may not be the beneficial owners. The direct and indirect participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants, and by direct participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. The laws of some jurisdictions may require that certain persons take physical delivery in definitive form of securities which they own. Consequently, those persons may be prohibited from purchasing beneficial interests in the global notes from any beneficial owner or otherwise.

Redemption notices shall be sent to DTC. If less than all of the notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each direct participant in such issue to be redeemed.

So long as DTC's nominee is the registered owner of the global notes, such nominee for all purposes will be considered the sole owner or holder of the notes for all purposes under the Indenture. Except as provided below, beneficial owners will not be entitled to have any of the notes registered in their names, will not receive or be entitled to receive physical delivery of the notes in definitive form and will not be considered the owners or holders thereof under the Indenture.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the notes. Under its usual procedures, DTC mails an omnibus proxy to the issuer as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those direct participants to whose accounts the notes are credited on the record date (identified in a listing attached to the omnibus proxy).

All payments on the global notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit direct participants' accounts upon DTC's receipt of funds and corresponding detail information from trustees or issuers on payment dates in accordance with their respective holdings shown on DTC's records. Payments by participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such participant and not of DTC, the Trustee or us, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) shall be the responsibility of the Trustee or us, disbursement of such payments to direct participants shall be the responsibility of DTC, and disbursement of such payments to the beneficial owners shall be the responsibility of direct and indirect participants.

DTC may discontinue providing its service as securities depositary with respect to the notes at any time by giving reasonable notice to us or the Trustee. In addition, we may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depositary). In the event that a successor securities

depositary is not obtained under the above circumstances, or, alternatively, if an event of default with respect to the notes has occurred and is outstanding, note certificates in fully registered form are required to be printed and delivered to beneficial owners of the global notes representing such notes.

Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC's rules and will be settled in immediately available funds using DTC's same-day funds settlement system. Secondary market trading between Clearstream customers and/or Euroclear participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream and Euroclear and will be settled using the procedures applicable to conventional Eurobonds in immediately available funds.

Cross market transfers between persons holding directly or indirectly through DTC on the one hand, and directly or indirectly through Clearstream customers or Euroclear participants, on the other, will be effected in DTC in accordance with DTC's rules on behalf of the relevant European international clearing system by its U.S. depositary; however, such cross market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in such system in accordance with its rules and procedures and within its established deadlines, in European time. The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to its U.S. depository to take action to effect final settlement on its behalf by delivering interests in the notes to or receiving interests in the notes from DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Clearstream customers and Euroclear participants may not deliver instructions directly to their respective U.S. depositaries.

Because of time-zone differences, credits of interests in the notes received by Clearstream or Euroclear as a result of a transaction with a DTC participant will be made during subsequent securities settlement processing and dated the Business Day following the DTC settlement date. Such credits or any transactions involving interests in such notes settled during such processing will be reported to the relevant Clearstream customers or Euroclear participants on such Business Day. Cash received by Clearstream or Euroclear as a result of sales of interests in the notes by or through a Clearstream customer or a Euroclear participant to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Clearstream or Euroclear cash account only as of the Business Day following settlement in DTC.

The information in this section has been obtained from sources that we believe to be reliable, but we take no responsibility for its accuracy.

Neither we, the Trustee nor the underwriters will have any responsibility or obligation to direct participants, or the persons for whom they act as nominees, with respect to the accuracy of the records of DTC, its nominee or any direct participant with respect to any ownership interest in the notes, or payments to, or the providing of notice to direct participants or beneficial owners.

MATERIAL UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of the material United States federal income tax considerations relating to the purchase, ownership and disposition of the notes, but does not purport to be a complete analysis of all potential tax considerations. This summary is based on the United States Internal Revenue Code of 1986, as amended (the "Code"), the Treasury regulations promulgated thereunder, judicial authority, published administrative positions of the United States Internal Revenue Service ("IRS") and other applicable authorities, all as in effect on the date of this document, and all of which are subject to change, possibly on a retroactive basis. We have not sought any ruling from the IRS with respect to the statements made and the conclusions reached in the following summary and there can be no assurance that the IRS will agree with our statements and conclusions or that a court would not sustain any challenge by the IRS in the event of litigation.

This summary deals only with beneficial owners of notes that acquire the notes for cash in this offering at their issue price (generally, the first price at which a substantial amount of the notes are sold for money to investors (excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers)) and that will hold the notes as "capital assets" within the meaning of section 1221 of the Code (generally, property held for investment). This summary does not purport to deal with all aspects of United States federal income taxation that might be relevant to particular beneficial owners in light of their personal investment circumstances or status, nor does it address tax considerations applicable to beneficial owners that may be subject to special tax rules, such as banks and financial institutions, individual retirement and other tax-deferred accounts, tax-exempt entities, governments or government instrumentalities, S corporations, partnerships or other pass-through entities for United States federal income tax purposes or investors in such entities, insurance companies, regulated investment companies, real estate investment trusts, broker-dealers, dealers or traders in securities or currencies, certain former citizens or residents of the United States subject to section 877 of the Code, controlled foreign corporations, non-United States trusts or estates with United States beneficiaries, passive foreign investment companies, corporations that accumulate earnings to avoid United States federal income tax and taxpayers subject to the alternative minimum tax. This summary also does not discuss notes held as part of a hedge, straddle, synthetic security, constructive sale transaction or conversion transaction, situations in which the "functional currency" of a United States Holder (as defined below) is not the United States dollar or situations where a United States Holder (as defined below) holds a note through a bank, financial institution or other entity or a branch thereof, that is located, organized or resident outside the United States. Moreover, the effect of any United States federal non-income taxes (such as estate or gift taxes) and any state, local or non-United States tax laws or tax treaties are not discussed.

In the case of a beneficial owner of notes that is classified as a partnership for United States federal income tax purposes, the tax treatment of the notes to a partner in the partnership generally will depend upon the tax status of the partner and the activities of the partner and the partnership. If you are a partner of a partnership holding notes, then you should consult your own tax advisors about the United States federal income tax consequences to you of the purchase, ownership and disposition of the notes by the partnership.

The following discussion is for informational purposes only and is not a substitute for careful tax planning and advice. Investors considering the purchase of notes should consult their own tax advisors with respect to the application of the United States federal income tax laws to their particular situations, as well as any tax consequences arising under any other federal tax laws or the laws of any state, local or non-United States taxing jurisdiction or under any applicable tax treaty, and the possible effects of changes in United States federal tax laws, or in any applicable tax treaty.

Effect of Certain Contingencies

In certain circumstances, we may be required to pay amounts in excess of stated interest and principal on the notes. Our obligation to pay such excess amounts may implicate the provisions of the Treasury regulations relating to "contingent payment debt instruments," in which case the timing and amount of income inclusions

and the character of income recognized may be different from the consequences discussed herein. However, under these Treasury regulations, one or more contingencies will not cause a series of the notes to be treated as contingent payment debt instruments if, as of the issue date of such series of notes, such contingencies, in the aggregate, are considered remote or incidental. Although the issue is not free from doubt, we intend to take the position that the possibility of payment of such excess amounts should be treated as remote and/or incidental and do not result in the notes being treated as contingent payment debt instruments under applicable Treasury regulations.

Our position that these contingencies are remote or incidental is binding on a holder, unless such holder explicitly discloses to the IRS on its tax return for the taxable year during which it acquires the notes that it is taking a different position. However, this determination is inherently factual and we can give you no assurance that our position would be sustained if challenged by the IRS. A successful challenge of this position by the IRS may require a holder to accrue ordinary interest income on the notes at a rate in excess of the stated interest rate, and to treat any gain realized on the sale, exchange, redemption, retirement or other taxable disposition of the notes as ordinary income rather than capital gain. Holders of notes should consult their own tax advisors regarding the tax consequences of the notes being treated as contingent payment debt instruments. The remainder of this discussion assumes that the notes will not be treated as contingent payment debt instruments for United States federal income tax purposes.

United States Holders

The following is a summary of certain United States federal income tax considerations for a United States Holder. For purposes of this summary, the term “United States Holder” means a beneficial owner of a note that is, for United States federal income tax purposes:

- an individual who is a citizen or a resident of the United States;
- a corporation, or any other entity treated as a corporation for United States federal income tax purposes, created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is subject to United States federal income taxation regardless of its source; or
- a trust, if (1) a court within the United States is able to exercise primary jurisdiction over its administration and one or more “United States persons” (within the meaning of the Code) have the authority to control all of its substantial decisions, or (2) the trust has a valid election in place under applicable Treasury regulations to be treated as a domestic trust for United States federal income tax purposes.

Taxation of stated interest on a note

Stated interest on a note generally will be included in the gross income of a United States Holder as ordinary income at the time such interest is accrued or received, in accordance with the United States Holder’s method of tax accounting for United States federal income tax purposes.

Sale, exchange, redemption, retirement or other taxable disposition of a note

Upon the sale, exchange, redemption, retirement or other taxable disposition of a note, a United States Holder generally will recognize gain or loss equal to the difference, if any, between (1) the amount realized on the disposition, except any portion of such amount that is attributable to accrued but unpaid interest, which will be taxed as ordinary interest income to the extent not previously so taxed, and (2) the United States Holder’s adjusted tax basis in the note. A United States Holder’s adjusted tax basis in a note generally will equal the cost of the note to such United States Holder, reduced by any principal payments on the note received by such United

States Holder. Any such gain or loss generally will be long-term capital gain or loss if, at the time of such disposition, the United States Holder has held the note for more than one year. Individuals and other non-corporate taxpayers are, under certain circumstances, subject to United States federal income tax on long-term capital gains at a reduced tax rate. The deductibility of capital losses is subject to limitations. Each United States Holder should consult its own tax advisors as to the deductibility of capital losses in its particular circumstances.

Information reporting and backup withholding

In general, we must report certain information to the IRS with respect to payments of stated interest and payments of the proceeds of the sale or other taxable disposition (including a retirement or redemption) of a note to certain United States Holders, except in the case of an exempt recipient (such as a corporation). The payor (which may be us or an intermediate payor) will be required to impose backup withholding tax, currently at a rate of 28 percent, with respect to the foregoing amounts if (1) the payee fails to furnish a taxpayer identification number ("TIN") to the payor or to establish an exemption from backup withholding, (2) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (3) there has been a notified payee underreporting described in section 3406(c) of the Code or (4) the payee has not certified under penalties of perjury that it has furnished a correct TIN, that it is a United States person and that the IRS has not notified the payee that it is subject to backup withholding under the Code. Backup withholding tax is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a United States Holder will be allowed as a credit against the holder's United States federal income tax liability, if any, and may entitle the United States Holder to a refund, provided that the required information is timely furnished to the IRS. United States Holders should consult their own tax advisors regarding the effect, if any, of the backup withholding rules on their particular circumstances.

Medicare contribution tax

An additional 3.8% tax will be imposed on certain United States Holders who are individuals, estates or trusts (other than certain exempt trusts or estates) on the lesser of (1) the United States Holder's "net investment income" (or undistributed net investment income in the case of an estate or trust) for the relevant taxable year and (2) the excess of the United States Holder's modified adjusted gross income (or adjusted gross income in the case of an estate or trust) for the taxable year over a certain threshold. A United States Holder's net investment income will generally include its interest income and its net gains from the disposition of notes, unless such interest income or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). If you are a United States Holder that is an individual, estate or trust, you should consult your tax advisor regarding the applicability of the Medicare contribution tax to your income and gains in respect of your investment in the notes.

Non-United States Holders

The following is a summary of certain United States federal income tax considerations for a non-United States Holder. For purposes of this summary, the term "non-United States Holder" means a beneficial owner of a note that is, for United States federal income tax purposes:

- a nonresident alien individual;
- a foreign corporation; or
- a foreign estate or trust.

The following discussion assumes that no item of income, gain, deduction or loss derived by any non-United States Holder in respect of the notes at any time is effectively connected with the conduct of a United States trade or business. Non-United States Holders with any item of income, gain, deduction or loss in respect of the notes that is effectively connected with the conduct of a United States trade or business should consult their own tax advisors regarding the United States federal income and branch profits tax consequences of the purchase, ownership and disposition of the notes.

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Payment of interest

Subject to the discussions on backup withholding and FATCA, interest paid on a note by us or any paying agent to a non-United States Holder will be exempt from United States income and withholding tax under the "portfolio interest exemption" provided that (1) the non-United States Holder does not, actually or constructively, own 10 percent or more of the total combined voting power of all classes of our stock entitled to vote, (2) the non-United States Holder is not a controlled foreign corporation related to us, actually or constructively, through stock ownership, (3) the non-United States Holder is not a bank that acquired the notes in consideration for an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business and (4) either (a) the non-United States Holder provides to us or our paying agent an applicable properly completed IRS Form W-8BEN or W-8BEN-E (or applicable successor form) and any applicable attachments, signed under penalties of perjury, that includes its name and address and that certifies that it is not a United States person or in the case of an individual, that the person is neither a citizen or a resident (for United States federal income tax purposes) of the United States, in compliance with applicable law and regulations, or (b) a securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business on behalf of the non-United States Holder provides a statement to us or our agent under penalties of perjury in which it certifies that a properly completed applicable IRS Form W-8BEN or W-8BEN-E (or applicable successor form) has been received by it from the non-United States Holder or (c) the non-United States Holder holds its notes through a "qualified intermediary" and the qualified intermediary furnishes a copy to us or our agent of a properly executed IRS Form W-8IMY (or applicable successor form) and any applicable attachments on behalf of itself (which may, in some circumstances, include a withholding statement and applicable underlying IRS forms sufficient to establish that the non-United States Holder is not a United States Holder). This certification requirement may be satisfied with other documentary evidence in the case of a note held as an offshore obligation or through certain foreign intermediaries, if certain requirements are met. If a non-United States Holder cannot satisfy the requirements of the portfolio interest exemption described above, payments of interest made to such non-United States Holder generally will be subject to United States withholding tax at the rate of 30 percent, unless the non-United States Holder provides us or our agent with a properly executed IRS Form W-8BEN or W-8BEN-E or applicable successor form) establishing an exemption from, or reduction of the withholding tax under the benefit of an applicable tax treaty.

Sale, exchange, redemption, retirement or other disposition of a note

Subject to the discussions on backup withholding tax and FATCA below, a non-United States Holder generally will not be subject to United States federal income tax or withholding tax on any gain realized on a sale, exchange, redemption, retirement or other taxable disposition of a note (other than any amount representing accrued but unpaid interest on the note, which is subject to the rules discussed above under "—Payment of interest"). However, if a non-United States Holder is an individual who is present in the United States for 183 days or more in the taxable year of the disposition, and certain other requirements are met, such non-United States Holder generally will be subject to United States federal income tax at a flat rate of 30 percent (unless a lower applicable treaty rate applies) on any such non-United States Holder's United States-source gain, which may be offset by certain United States-source losses.

Information reporting and backup withholding

The amount of interest on a note paid to a non-United States Holder and the amount of tax, if any, withheld from such payment generally must be reported annually to the non-United States Holder and to the IRS. The IRS may make this information available under the provisions of an applicable income tax treaty to the tax authorities in the country in which the non-United States Holder is resident.

Provided that a non-United States Holder has complied with certain reporting procedures (usually satisfied by providing an applicable properly completed IRS Form W-8BEN or IRS Form W-8BEN-E) or otherwise establishes an exemption, the non-United States Holder generally will not be subject to backup withholding tax

with respect to interest payments on, and the proceeds from a disposition of, a note, unless we or our paying agent know or have reason to know that the holder is a United States person. Rules relating to information reporting requirements and backup withholding with respect to the payment of proceeds from the taxable disposition (including a redemption or retirement) of a note are as follows:

- If the proceeds are paid to or through the United States office of a broker, a non-United States Holder generally will be subject to backup withholding and information reporting unless the non-United States Holder certifies under penalties of perjury that it is not a United States person (usually on an IRS Form W-8BEN or W-8BEN-E) or otherwise establishes an exemption.
- If the proceeds are paid to or through a non-United States office of a broker that is not a United States person and does not have certain specified United States connections (a "United States Related Person"), a non-United States Holder will not be subject to backup withholding or information reporting.
- If the proceeds are paid to or through a non-United States office of a broker that is a United States person or a United States Related Person, a non-United States Holder generally will be subject to information reporting (but generally not backup withholding) unless the non-United States Holder certifies under penalties of perjury that it is not a United States person (usually on an IRS Form W-8BEN) or otherwise establishes an exemption.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will be allowed as a credit against the non-United States Holder's United States federal income tax liability, if any, and may entitle the non-United States Holder to a refund, provided that the required information is timely furnished to the IRS. Non-United States Holders should consult their own tax advisors regarding the application of the backup withholding rules in their particular circumstances and the availability of, and procedure for, obtaining an exemption from backup withholding under current Treasury regulations.

"FATCA" legislation

The Hiring Incentives to Restore Employment Act and the final Treasury regulations and official IRS guidance associated with such provisions (such provisions, regulations and guidance commonly known as FATCA) generally imposes a United States federal withholding tax of 30 percent on interest income paid on a debt obligation and on the gross proceeds of a sale or other disposition (including a retirement or redemption) of a debt obligation paid to (1) a foreign financial institution (as the beneficial owner or as an intermediary for the beneficial owner), unless such institution (a) enters into, and is in compliance with, a withholding and information reporting agreement with the United States government to collect and provide to the United States tax authorities substantial information regarding United States account holders of such institution (which would include certain equity and debt holders of such institution, as well as certain account holders that are foreign entities with United States owners) or (b) is a resident in a country that has entered into an intergovernmental agreement with the United States in relation to such withholding and information reporting and the financial institution complies with the related information reporting requirements of such country or (2) a foreign entity that is not a financial institution (as the beneficial owner or as an intermediary for the beneficial owner), unless such entity provides the withholding agent with a certification identifying the substantial United States owners of the entity, which generally includes any United States person who directly or indirectly owns more than 10 percent of the entity or certifies that it does not have any substantial United States owners.

Withholding under FATCA generally will apply to payments of interest on a note regardless of when they are made. However, under the applicable Treasury Regulations, withholding under FATCA generally will only apply to payments of gross proceeds from the sale or other disposition of a note on or after January 1, 2019. An intergovernmental agreement between the United States and the applicable non-United States country, or future Treasury regulations or other official IRS guidance, may modify these requirements. Investors should consult with their own tax advisors regarding the implications of this legislation on their investment in our notes.

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UNDERWRITING

Barclays Capital Inc., Goldman, Sachs & Co., J.P. Morgan Securities LLC and Scotia Capital (USA) Inc. are acting as representatives of the underwriters set forth below. Subject to the terms and conditions contained in an underwriting agreement between us and the underwriters, we have agreed to sell to the underwriters and the underwriters have severally agreed to purchase from us, the principal amount of the notes listed opposite their names below:

Underwriter	Principal Amount of 2021 Notes	Principal Amount of 2026 Notes	Principal Amount of 2046 Notes
Barclays Capital Inc.	$	$	$
Goldman, Sachs & Co.			
J.P. Morgan Securities LLC			
Scotia Capital (USA) Inc.			
Credit Suisse Securities (USA), Inc.			
RBC Capital Markets, LLC			
TD Securities (USA) LLC			
BNY Mellon Capital Markets, LLC			
Total			

The obligations of the several underwriters to purchase the notes are subject to certain conditions as set forth in the underwriting agreement. The underwriters are obligated to purchase all of the notes if they purchase any of the notes. The underwriting agreement also provides that if an underwriter defaults, the purchase commitments of the non-defaulting underwriter may be increased or the offering of notes may be terminated. The offering of the notes by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part.

The underwriters have advised us that they propose to initially offer the notes to the public at the relevant price to public appearing on the cover page of this prospectus supplement and may also offer the notes to certain securities dealers at the relevant price to public on the cover of this prospectus supplement less a concession of % of the principal amount of the 2021 notes, % of the principal amount of the 2026 notes and % of the principal amount of the 2046 notes. The underwriters may allow, and such dealers may re-allow, a discount to certain brokers and dealers not in excess of % of the principal amount of the 2021 notes, % of the principal amount of the 2026 notes and % of the principal amount of the 2046 notes. After the initial public offering, the relevant price to public, concession and discount may be changed.

There is no established trading market for the notes, and the underwriters are not obligated to make a market in the notes. We do not intend to apply for listing of the notes on any securities exchange. The underwriters have advised us that they intend to make a market in the notes but are not obligated to do so and may discontinue such market-making activities at any time without notice. We cannot give any assurance as to the maintenance of the trading market for, or the liquidity of, the notes, the ability of the holders to sell their notes or the price at which holders will be able to sell their notes.

In connection with the offering, the underwriters may engage in transactions that stabilize the price of the notes. These transactions may include purchases for the purpose of fixing or maintaining the price of the notes.

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The underwriters may create a short position in the notes in connection with the offering. That means they sell a larger principal amount of the notes than is shown on the cover page of this prospectus supplement. If they create a short position, the underwriters may purchase notes in the open market to reduce the short position.

If the underwriters purchase the notes to stabilize the price or to reduce their short position, the price of the notes could be higher than it might be if they had not made such purchases. The underwriters make no representation or prediction about any effect that purchases may have on the price of the notes and any of such transactions may be discontinued at any time.

The underwriters also may impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the underwriters or their affiliates have repurchased notes sold by or for the account of such underwriter in stabilizing or short covering transactions.

We have agreed to indemnify the several underwriters against certain civil liabilities, including liabilities under the Securities Act of 1933, or to contribute with respect to payments which the underwriters may be required to make in respect of any of those liabilities.

Our expenses associated with the offer and sale of the notes, excluding underwriting discounts, are estimated to be approximately $.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities. From time to time, in the ordinary course of business, the underwriters and their respective affiliates have engaged and may in the future engage, in sales and trading, commercial banking, investment banking advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services and/or other transactions of a financial nature with us and our affiliates. Consequently, they have received, and in the future may continue to receive, customary fees and commissions for these services. The underwriters or their affiliates may provide credit to us or our affiliates as lenders from time to time, including under our existing revolving credit facility.

In addition, in the ordinary course of their business activities, the underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. If any of the underwriters or their affiliates have a lending relationship with us, certain of those underwriters or their affiliates routinely hedge, and certain other of those underwriters or their affiliates may hedge, their credit exposure to us consistent with their customary risk management policies. Typically, such underwriters and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the notes offered hereby. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Canada

Notice to Canadian Residents

This prospectus supplement and accompanying prospectus constitute an “exempt offering document” as defined in and for the purposes of applicable Canadian securities laws. No prospectus has been filed with any securities commission or similar regulatory authority in Canada in connection with the offer and sale of the notes. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon this prospectus supplement and accompanying prospectus or on the merits of the notes and any representation to the contrary is an offence.

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Canadian investors are advised that this prospectus supplement and accompanying prospectus has been prepared in reliance on section 3A.3 of National Instrument 33-105 *Underwriting Conflicts* ("NI 33-105"). Pursuant to section 3A.3 of NI 33-105, this prospectus supplement and accompanying prospectus is exempt from the requirement to provide investors with certain conflicts of interest disclosure pertaining to "connected issuer" and/or "related issuer" relationships as would otherwise be required pursuant to subsection 2.1(1) of NI 33-105.

Resale Restrictions

The offer and sale of the notes in Canada is being made on a private placement basis only and is exempt from the requirement to prepare and file a prospectus under applicable Canadian securities laws. Any resale of notes acquired by a Canadian investor in this offering must be made in accordance with applicable Canadian securities laws, which may vary depending on the relevant jurisdiction, and which may require resales to be made in accordance with Canadian prospectus requirements, a statutory exemption from the prospectus requirements, in a transaction exempt from the prospectus requirements or otherwise under a discretionary exemption from the prospectus requirements granted by the applicable local Canadian securities regulatory authority. These resale restrictions may under certain circumstances apply to resales of the notes outside of Canada.

Representations of Purchasers

Each Canadian investor who purchases notes will be deemed to have represented to the issuer and to each dealer from whom a purchase confirmation is received, as applicable, that the investor (i) is purchasing as principal, or is deemed to be purchasing as principal in accordance with applicable Canadian securities laws, for investment only and not with a view to resale or redistribution; (ii) is an "accredited investor" as such term is defined in section 1.1 of National Instrument 45-106 *Prospectus Exemptions* ("NI 45-106") or, in Ontario, as such term is defined in section 73.3(1) of the *Securities Act* (Ontario); and (iii) is a "permitted client" as such term is defined in section 1.1 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* .

Taxation and Eligibility for Investment

Any discussion of taxation and related matters contained in this prospectus supplement and accompanying prospectus does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a Canadian investor when deciding to purchase the notes and, in particular, does not address any Canadian tax considerations. No representation or warranty is hereby made as to the tax consequences to a resident, or deemed resident, of Canada of an investment in the notes or with respect to the eligibility of the notes for investment by such investor under relevant Canadian federal and provincial legislation and regulations.

Rights of Action for Damages or Rescission

Securities legislation in certain of the Canadian jurisdictions provides certain purchasers of securities pursuant to an offering memorandum, including where the distribution involves an "eligible foreign security" as such term is defined in Ontario Securities Commission Rule 45-501 *Ontario Prospectus and Registration Exemptions* and in Multilateral Instrument 45-107 *Listing Representation and Statutory Rights of Action Disclosure Exemptions* , as applicable, with a remedy for damages or rescission, or both, in addition to any other rights they may have at law, where the offering memorandum, or other offering document that constitutes an offering memorandum, and any amendment thereto, contains a "misrepresentation" as defined under applicable Canadian securities laws. These remedies, or notice with respect to these remedies, must be exercised or delivered, as the case may be, by the purchaser within the time limits prescribed under, and are subject to limitations and defences under, applicable Canadian securities legislation. In addition, these remedies are in addition to and without derogation from any other right or remedy available at law to the investor.

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Language of Documents

Upon receipt of this prospectus supplement and accompanying prospectus, each Canadian investor hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the securities described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.*

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), each underwriter has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) it has not made and will not make an offer of notes which are the subject of the offering contemplated by this prospectus supplement to the public in that Relevant Member State other than:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the issuer for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of notes shall require the issuer or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of notes to the public" in relation to any notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe the notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

United Kingdom

Each underwriter has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the notes in circumstances in which Section 21(1) of the FSMA does not apply to the issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the notes in, from or otherwise involving the United Kingdom.

Hong Kong

The notes may not be offered or sold by means of any document other than (1) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong

Kong), or (2) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (3) in other circumstances which do not result in the document being a “prospectus” within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Japan

The notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the Financial Instruments and Exchange Law) and each underwriter has agreed that it will not offer or sell any securities, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the notes may not be circulated or distributed, nor may the notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (1) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), (2) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (3) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the notes are subscribed or purchased under Section 275 by a relevant person which is: (1) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (2) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries’ rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the notes under Section 275 except: (a) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (b) where no consideration is given for the transfer; or (c) by operation of law.

LEGAL MATTERS

Ballard Spahr LLP will render an opinion as to the validity of the notes for us. Certain legal matters will be passed on for the underwriters by Winston & Strawn LLP, Chicago, Illinois. Winston & Strawn LLP provides legal services to Exelon and its subsidiaries from time to time.

EXPERTS

The financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) incorporated in this prospectus supplement by reference to the Annual Report on Form 10-K for the year ended December 31, 2015 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

The SEC allows us to "incorporate by reference" the information filed by us with the SEC, which means that we can refer you to important information without restating it in this prospectus supplement and the accompanying prospectus. The information incorporated by reference is considered to be part of this prospectus supplement and the accompanying prospectus and should be read with the same care. This incorporation by reference does not include documents that are furnished, but not filed, with the SEC. We incorporate by reference our Annual Report on Form 10-K for the year ended December 31, 2015, our Current Reports on Form 8-K filed with the SEC on January 7, 2016, January 28, 2016, February 26, 2016, March 7, 2016, March 24, 2016 and any future filings that we make with the SEC under the Exchange Act if the filings are made prior to the time that all of the notes are sold in this offering.

You can also find more information about us from the sources described under "Documents Incorporated by Reference" in the accompanying prospectus.

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Preferred Stock

Exelon Corporation (Exelon) may use this prospectus to offer and sell from time to time:

- senior debt securities;
- subordinated debt securities;
- common stock;
- stock purchase contracts;
- stock purchase units;
- preferred stock in one or more series;
- depositary shares.

Exelon Generation Company, LLC (Generation) may use this prospectus to offer and sell from time to time:

- senior debt securities; and
- preferred limited liability company interests in one or more series.

Commonwealth Edison Company (ComEd) may use this prospectus to offer and sell from time to time:

- first mortgage bonds; and
- unsecured notes.

PECO Energy Company (PECO) may use this prospectus to offer and sell from time to time:

- first and refunding mortgage bonds; and
- preferred stock in one or more series

Baltimore Gas and Electric Company (BGE) may use this prospectus to offer and sell from time to time:

- unsecured debt securities;
- senior secured bonds; and
- preferred stock in one or more series.

Exelon, Generation, ComEd, PECO and BGE sometimes refer to the securities listed above as the “Securities.”

Exelon, Generation, ComEd, PECO and BGE will provide the specific terms of the Securities in supplements to this prospectus prepared in connection with each offering. Please read this prospectus and the applicable prospectus supplement carefully before you invest. This prospectus may not be used to consummate sales of the offered Securities unless accompanied by a prospectus supplement.

Exelon’s common shares are listed on the New York Stock Exchange, under the symbol “EXC.”

Please see “ Risk Factors ” beginning on page 2 for a discussion of factors you should consider in connection with a purchase of the Securities offered in this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is May 23, 2014.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that Exelon, Generation, ComEd, PECO and BGE have each filed with the Securities and Exchange Commission (SEC) using a "shelf" registration process. Under this shelf registration process, each of us may, from time to time, sell our Securities described in this prospectus in one or more offerings. Each time Exelon, Generation, ComEd, PECO or BGE (each, a registrant) sells Securities, the registrant will provide a prospectus supplement that will contain a description of the Securities the registrant will offer and specific information about the terms of the offering. The prospectus supplement may also add, update or change information contained in this prospectus. If there is any inconsistency between the information in this prospectus and the prospectus supplement, you should rely on the prospectus supplement. You should read both this prospectus and any prospectus supplement together with additional information described under "Where You Can Find More Information."

Information contained herein relating to each registrant is filed separately by such registrant on its own behalf. No registrant makes any representation as to information relating to any other registrant or Securities issued by any other registrant.

As used in this prospectus, the terms "we," "our" and "us" generally refer to:

- Exelon with respect to Securities issued by Exelon.
- Generation with respect to Securities issued by Generation.
- ComEd with respect to Securities issued by ComEd.
- PECO with respect to Securities issued by PECO.
- BGE with respect to Securities issued by BGE.

None of the registrants will guarantee or provide other credit or funding support for the Securities to be offered by another registrant pursuant to this prospectus.

We are not offering the Securities in any state where the offer is not permitted.

For more detailed information about the Securities, you should read the exhibits to the registration statement. Those exhibits have either been filed with the registration statement or incorporated by reference to earlier SEC filings listed in the registration statement.

You should rely only on information contained in this prospectus and which is incorporated by reference or the documents to which we have referred you. We have not authorized anyone to provide you with information that is different. This prospectus and related prospectus supplement may be used only where it is legal to sell these securities. The information in this prospectus and any prospectus supplement may only be accurate on the date of this document. The business of the registrant, financial condition, results of operations and prospects may have changed since that date.

Please see "Risk Factors" beginning on page 2 for a discussion of factors you should consider in connection with a purchase of the Securities offered in this prospectus.

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FORWARD-LOOKING ST ATEMENTS

This prospectus and the documents incorporated or deemed incorporated by reference as described under the heading “Where You Can Find More Information” contain forward-looking statements that are not based entirely on historical facts and are subject to risks and uncertainties. Words such as “believes,” “anticipates,” “expects,” “intends,” “plans,” “predicts” and “estimates” and similar expressions are intended to identify forward-looking statements but are not the only means to identify those statements. These forward-looking statements are based on assumptions, expectations and assessments made by our management in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe to be appropriate. Any forward-looking statements are not guarantees of our future performance and are subject to risks and uncertainties.

This presentation contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which are subject to risks and uncertainties. The factors that could cause actual results to differ materially from the forward-looking statements made by the registrants include those factors discussed herein, as well as the items discussed in (1) each registrant’s 2013 Annual Report on Form 10-K in (a) ITEM 1A. Risk Factors, (b) ITEM 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations and (c) ITEM 8. Financial Statements and Supplementary Data: Note 22; and (2) other factors discussed herein and in other filings with the SEC by Exelon, Generation, ComEd, PECO and BGE, as applicable.

You are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date on the front of this prospectus or, as the case may be, as of the date on which we make any subsequent forward-looking statement that is deemed incorporated by reference. We do not undertake any obligation to update or revise any forward-looking statement to reflect events or circumstances after the date as of which any such forward-looking statement is made.

RISK FACT ORS

Investing in the Securities involves various risks. You are urged to read and consider the risk factors described in the combined Annual Reports on Form 10-K of Exelon, Generation, ComEd, PECO, and BGE, as applicable, for the year ended December 31, 2013, filed with the SEC on February 13, 2014. Before making an investment decision, you should carefully consider these risks as well as other information we include or incorporate by reference in this prospectus. The prospectus supplement applicable to each type or series of Securities offered by one of the registrants will contain a discussion of additional risks applicable to an investment in such registrant and the particular type of Securities the registrant is offering under that prospectus supplement.

EXELON CORP ORATION

Exelon, incorporated in Pennsylvania in February 1999, is a utility services holding company engaged, through Generation, in the energy generation business, and through ComEd, PECO and BGE, in the energy delivery businesses. Exelon’s principal executive offices are located at 10 South Dearborn Street, Chicago, Illinois 60603, and its telephone number is 312-394-7398.

EXELON GENERATI ON COMPANY, LLC

Generation’s integrated business consists of its owned and contracted electric generating facilities and investments in generation ventures that are marketed through its leading customer-facing activities. These customer-facing activities include, wholesale energy marketing operations and its competitive retail customer

supply of electric and natural gas products and services, including renewable energy products, risk management services and natural gas exploration and production activities. Generation has six reportable segments consisting of the Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Regions.

Generation was formed in 2000 as a Pennsylvania limited liability company. Generation began operations as a result of a corporate restructuring, effective January 1, 2001, in which Exelon separated its generation and other competitive businesses from its regulated energy delivery businesses at ComEd and PECO. Generation's principal executive offices are located at 300 Exelon Way, Kennett Square, Pennsylvania 19348, and its telephone number is 610-765-5959.

COMMONWE ALTH EDISON COMPANY

ComEd's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in northern Illinois, including the City of Chicago.

ComEd was organized in the State of Illinois in 1913 as a result of the merger of Cosmopolitan Electric Company into the original corporation named Commonwealth Edison Company, which was incorporated in 1907. ComEd's principal executive offices are located at 440 South LaSalle Street, Chicago, Illinois 60605, and its telephone number is 312-394-4321.

PECO ENERGY CO MPANY

PECO's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in southeastern Pennsylvania, including the City of Philadelphia, as well as the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services to retail customers in the Pennsylvania counties surrounding the City of Philadelphia.

PECO was incorporated in Pennsylvania in 1929. PECO's principal executive offices are located at 2301 Market Street, Philadelphia, Pennsylvania 19103, and its telephone number is 215-841-4000.

BALTIMORE GAS AND ELECTRIC COMPANY

BGE's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in central Maryland, including the City of Baltimore, as well as the purchase and regulated retail sale of natural gas and the provision of gas distribution services to retail customers in central Maryland, including the City of Baltimore.

BGE was incorporated in Maryland in 1906. BGE's principal executive offices are located at 110 West Fayette Street, Baltimore, Maryland 21201, and its telephone number is 410-234-5000.

USE OF PR OCEEDS

Except as otherwise indicated in the applicable prospectus supplement, each registrant expects to use the net proceeds from the sale of the Securities for general corporate purposes, including to discharge or refund (by redemption, by purchase on the open market, by purchase in private transactions, by tender offer or otherwise) outstanding long-term debt. Each registrant will describe in the applicable prospectus supplement any specific allocation of the proceeds to a particular purpose that the registrant has made at the date of that prospectus

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supplement. Please refer to our annual and quarterly reports incorporated by reference into this prospectus and any prospectus supplement for information concerning each registrant's outstanding long-term debt. See "Where You Can Find More Information."

RATIO OF EARNINGS TO FIXED CHARGES AND RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERENCE SECURITY DIVIDENDS

Exelon

The following are Exelon's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	5.4	4.9	4.9	2.3	2.6	1.1

The following are Exelon's consolidated ratios of earnings to combined fixed charges and preference stock dividends for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to combined fixed charges and preference stock dividends	5.4	4.8	4.9	2.3	2.5	1.1

Generation

The following are Generation's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	10.4	8.5	7.3	2.6	3.3	(a)

(a) The ratio coverage was less than 1:1. Generation required additional earnings of $380 million in order to achieve a coverage ratio of 1:1.

Generation had no preference securities outstanding during the periods indicated; therefore, the ratio of earnings to combined fixed charges and preference security dividends is the same as the ratio of earnings to fixed charges for Generation.

ComEd

The following are ComEd's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	2.9	2.8	3.0	3.0	1.7	3.0

ComEd had no preference securities outstanding during the periods indicated; therefore, the ratio of earnings to combined fixed charges and preference security dividends is the same as the ratio of earnings to fixed charges for ComEd.

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PECO

The following are PECO's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	3.7	3.3	4.7	4.9	5.6	5.1

The following are PECO's consolidated ratios of earnings to combined fixed charges and preference security dividends for each of the periods indicated:

	Years Ended December 31,				
	2009	2010	2011	2012	2013
Ratio of earnings to combined fixed charges and preferred stock dividends	3.6	3.2	4.5	4.7	5.2

On May 1, 2013, PECO redeemed all of its outstanding preferred securities; therefore, the ratio of earnings to combined fixed charges and preferred stock dividends is the same as the ratio of earnings to fixed charges for PECO for the three months ended March 31, 2014.

BGE

The following are BGE's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	2.0	2.7	2.4	1.0	3.6	5.8

The following are BGE's consolidated ratios of earnings to combined fixed charges and preference stock dividends for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to combined fixed charges and preference stock dividends	1.7	2.4	2.1	(a)	3.1	5.0

(a) The ratio coverage was less than 1:1. BGE required additional earnings of $14 million in order to achieve a coverage ratio of 1:1.

DESCRIPTION OF SECUR ITIES

Each time one of the registrants sells securities, it will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with additional information described under "Where You Can Find More Information."

PLAN OF DISTRIBUT ION

We may sell the Securities offered (a) through agents; (b) by underwriters or dealers; (c) directly to one or more purchasers; or (d) through a combination of any of these methods of sale.

In some cases we may also repurchase the Securities and reoffer them to the public by one or more of the methods described above.

This prospectus may be used in connection with any offering of securities through any of these methods or other methods described in the applicable prospectus supplement.

Any underwriter or agent involved in the offer and sale of the Securities will be named in the applicable prospectus supplement.

By Agents

Offered securities may be sold on a one time or a continuing basis by agents designated by the applicable registrant. The agents will use their reasonable efforts to solicit purchases for the period of their appointment under the terms of an agency agreement between the agents and the applicable issuer.

By Underwriters or Dealers

If underwriters are used in the sale, the underwriters may be designated by the applicable registrant or selected through a bidding process. The securities will be acquired by the underwriters for their own account. The underwriters may resell the Securities in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. Underwriters may sell the Securities to or through dealers, and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or commissions from the purchasers for whom they may act as agents. The obligations of the underwriters to purchase the Securities will be subject to certain conditions. The underwriters will be obligated to purchase all the Securities of the series offered if any of the securities are purchased. Any initial public offering price and any discounts or concessions allowed or re-allowed or paid to dealers may be changed from time to time.

Only underwriters named in the applicable prospectus supplement are deemed to be underwriters in connection with the Securities offered hereby.

If dealers are utilized in the sale of the Securities, the applicable registrant will sell the Securities to the dealers as principals. The dealers may then resell the Securities to the public at varying prices to be determined by such dealers at the time of resale. The names of the dealers and the terms of the transaction will be set forth in the applicable prospectus supplement.

Direct Sales

We may also sell Securities directly to the public. In this case, no underwriters or agents would be involved.

General Information

We may authorize agents, underwriters or dealers to solicit offers by certain institutions to purchase Securities from us at the public offering price pursuant to delayed delivery contracts providing for payment and delivery on a later date or dates, all as described in the applicable prospectus supplement. Each delayed delivery contract will be for an amount not less than, and the aggregate amount of the Securities shall be not less nor more than, the respective amounts stated in the applicable prospectus supplement. Such institutions may include commercial and savings banks, insurance companies, pension funds, investment companies, educational and charitable institutions, and other institutions, but will in all cases be subject to our approval. The delayed delivery contracts will not be subject to any conditions except:

- the purchase by an institution of the Securities covered by its delayed delivery contract shall not, at any time of delivery, be prohibited under the laws of any jurisdiction in the United States to which such delayed delivery contract is subject; and

- if the Securities are being sold to underwriters, we shall have sold to those underwriters the total amount of the Securities less the amount thereof covered by the delayed delivery contracts. The underwriters will not have any responsibility in respect of the validity or performance of the delayed delivery contracts.

Unless otherwise specified in the related prospectus supplement, each series of the Securities will be a new issue with no established trading market, other than the common stock. Any common stock sold pursuant to a prospectus supplement or issuable upon conversion of another offered Security will be listed on the New York Stock Exchange, subject to official notice of issuance. We may elect to list any of the other securities on an exchange, but are not obligated to do so. It is possible that one or more underwriters may make a market in a series of the Securities, but no underwriter will be obligated to do so and any underwriter may discontinue any market making at any time without notice. We cannot predict the activity of trading in, or liquidity of, our Securities.

In connection with sales by an agent or in an underwritten offering, the SEC rules permit the underwriters or agents to engage in transactions that stabilize the price of the Securities. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters or agents of a greater number of securities than they are required to purchase in an offering. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Securities while an offering is in progress.

The underwriters also may impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the underwriters have repurchased Securities sold by or for the account of that underwriter in stabilizing or short-covering transactions.

These activities by the underwriters may stabilize, maintain or otherwise affect the market price of the Securities. As a result, the price of the Securities may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the underwriters at any time. These transactions may be effected on an exchange or automated quotation system, if the Securities are listed on that exchange or admitted for trading on that automated quotation system, in the over-the-counter market or otherwise.

We may from time to time, without the consent of the existing Security holders, create and issue further Securities having the same terms and conditions as the Securities being offered hereby in all respects, except for issue date, issue price and if applicable, the first payment of interest or dividends therein or other terms as noted in the applicable prospectus supplement. Additional Securities issued in this manner will be consolidated with, and will form a single series with, the previously outstanding securities.

Underwriters, dealers and agents that participate in the distribution of the Securities may be underwriters as defined in the Securities Act of 1933, and any discounts or commissions received by them from us and any profit on the resale of the Securities by them may be treated as underwriting discounts and commissions under the Securities Act.

We may have agreements with the underwriters, dealers and agents to indemnify them against certain civil liabilities, including liabilities under the Securities Act of 1933, or to contribute with respect to payments which the underwriters, dealers or agents may be required to make.

Underwriters, dealers and agents may engage in transactions with, or perform services for, us or our subsidiaries or affiliates in the ordinary course of their businesses.

LEGAL MATTE RS

Ballard Spahr LLP, Philadelphia, Pennsylvania, will render an opinion as to the validity of the Securities for us.

Winston & Strawn LLP, Chicago, Illinois, will render an opinion as to the validity of the Securities for any underwriters, dealers, purchasers or agents. Winston & Strawn LLP provides legal services to Exelon and its subsidiaries from time to time.

EXP ERTS

The financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) of Exelon, Generation, ComEd, PECO and BGE incorporated in this prospectus by reference to the combined Annual Reports on Form 10-K for the year ended December 31, 2013 have been so incorporated in reliance on the reports of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MO RE INFORMATION

Exelon, Generation, ComEd, PECO and BGE each file reports and other information with the SEC. The public may read and copy any reports or other information that we file with the SEC at the SEC's public reference room, 100 F Street, N.E., Room 1580, Washington, D.C. 20549. The public may obtain information on the operation of the public reference room by calling the SEC at 1-800-SEC-0330. These documents are also available to the public from commercial document retrieval services and at the web site maintained by the SEC at http://www.sec.gov. Reports, proxy statements and other information concerning Exelon may also be inspected at the offices of the New York Stock Exchange, which is located at 20 Broad Street, New York, New York 10005. You may also obtain a copy of the registration statement at no cost by writing us at the following address:

Exelon Corporation
Attn: Investor Relations
10 South Dearborn Street—52 nd Floor
P.O. Box 805398
Chicago, IL 60680-5398

This prospectus is one part of a registration statement filed on Form S-3 with the SEC under the Securities Act of 1933, as amended, known as the Securities Act. This prospectus does not contain all of the information set forth in the registration statement and the exhibits and schedules to the registration statement. For further information concerning us and the Securities, you should read the entire registration statement, including this prospectus and any related prospectus supplements, and the additional information described under the sub-heading "Documents Incorporated By Reference" below. The registration statement has been filed electronically and may be obtained in any manner listed above. Any statements contained herein concerning the provisions of any document are not necessarily complete, and, in each instance, reference is made to the copy of such document filed as an exhibit to the registration statement or otherwise filed with the SEC. Each such statement is qualified in its entirety by such reference.

Information about us is also available on Exelon's web site at http://www.exeloncorp.com. The information on Exelon's web site is not incorporated into this prospectus by reference, and you should not consider it a part of this prospectus.

DOCUMENTS INCORPORATED B Y REFERENCE

The SEC allows us to "incorporate by reference" information that we file with the SEC, which means that we can disclose important information to you by referring you to the documents we file with the SEC. The information incorporated by reference is an important part of this prospectus, and information that we file later with the SEC will automatically update and supersede this information. This incorporation by reference does not include documents that are furnished but not filed with the SEC. We incorporate by reference the documents listed below and any future documents that we file with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (known as the Exchange Act) but prior to the termination of any offering of securities made by this prospectus:

Exelon Corporation (Exchange Act File No. 1-16169)

- Exelon's Annual Report on Form 10-K for the year ended December 31, 2013;
- Exelon's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014;
- The description of Exelon's common stock contained in the registration statement on Form 8-A filed under the Securities Exchange Act of 1934, as amended, including any amendment thereto or report filed for the purpose of updating such description; and
- Exelon's Current Reports on Form 8-K filed with the SEC on February 12, 2014, February 13, 2014, February 28, 2014, April 1, 2014, April 30, 2014 and May 7, 2014.

Exelon Generation Company, LLC (Exchange Act File No. 333-85496)

- Generation's Annual Report on Form 10-K for the year ended December 31, 2013;
- Generation's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014; and
- Generation's Current Reports on Form 8-K filed with the SEC on February 12, 2014 and April 1, 2014.

Commonwealth Edison Company (Exchange Act File No. 1-1839)

- ComEd's Annual Report on Form 10-K for the year ended December 31, 2013;
- ComEd's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014; and
- ComEd's Current Reports on Form 8-K filed with the SEC on January 10, 2014 and February 28, 2014.

PECO Energy Company (Exchange Act File No. 000-16844)

- PECO's Annual Report on Form 10-K for the year ended December 31, 2013; and
- PECO's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014.

Baltimore Gas and Electric Company (Exchange Act File No. 1-1910)

- BGE's Annual Report on Form 10-K for the year ended December 31, 2013;
- BGE's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014; and
- BGE's Current Reports on Form 8-K filed with the SEC on February 13, 2014 and May 16, 2014.

Upon written or oral request, we will provide without charge to each person, including any beneficial owner, to whom this prospectus is delivered, a copy of any or all of such documents which are incorporated herein by reference (other than exhibits to such documents unless such exhibits are specifically incorporated by reference

into the documents that this prospectus incorporates). Written or oral requests for copies should be directed to Exelon Corporation, Attn: Investor Relations, 10 South Dearborn Street, 52 nd Floor, P.O. Box 805398, Chicago, IL 60680-5398, 312-394-2345.

Any statement contained in this prospectus, or in a document all or a portion of which is incorporated by reference, shall be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus, any supplement or any document incorporated by reference modifies or supersedes such statement. Any such statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this prospectus.

All reports and other documents subsequently filed by us pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act, prior to the filing of a post-effective amendment, which indicates that all of a class of securities offered hereby have been sold or which deregisters all of a class of securities then remaining unsold, shall be deemed incorporated by reference herein and to be a part hereof from the date of filing of such documents.

$

$	**% Notes due 2021**
$	**% Notes due 2026**
$	**% Notes due 2046**

Exelon Corporation

PROSPECTUS SUPPLEMENT

Joint Book-Running Managers

Barclays
Goldman, Sachs & Co.
J.P. Morgan
Scotiabank
Credit Suisse
RBC Capital Markets
TD Securities

Senior Co-Manager

BNY Mellon Capital Markets, LLC

April , 2016

Calculation of Registration Fee

Title of each class of securities to be registered	Proposed maximum offering price	Amount of registration fee
Senior Debt Securities	$1,795,653,000	$180,822.26

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Filed Pursuant to Rule 424(b)(2)
Registration No. 333-196220

PROSPECTUS SUPPLEMENT
(To Prospectus Dated May 23, 2014)

$1,800,000,000

Exelon Corporation

$300,000,000 2.450% Notes due 2021
$750,000,000 3.400% Notes due 2026
$750,000,000 4.450% Notes due 2046

Exelon Corporation ("Exelon") is offering $300,000,000 of its 2.450% notes due 2021 (the "2021 notes"), $750,000,000 of its 3.400% notes due 2026 (the "2026 notes") and $750,000,000 of its 4.450% notes due 2046 (the "2046 notes" and, together with the 2021 notes and the 2026 notes, the "notes").

The 2021 notes will mature on April 15, 2021, the 2026 notes will mature on April 15, 2026 and the 2046 notes will mature on April 15, 2046. We will pay interest on the 2021 notes, the 2026 notes and the 2046 notes semi-annually on April 15 and October 15 of each year, beginning on October 15, 2016.

The notes are being issued for general corporate purposes, which may include the repayment of outstanding indebtedness. We may also redeem any series of the notes at any time prior to maturity, in whole or in part, upon at least 15 days' and not more than 60 days' notice, at the redemption prices described in this prospectus supplement under "Description of the Notes—Optional Redemption."

The notes will be our direct unsecured general obligations and will rank equally with all of our existing and future unsecured and unsubordinated debt.

Investing in our notes involves certain risks. You should carefully read this prospectus supplement and the accompanying base prospectus, including the documents incorporated by reference herein and therein, before you make your investment decision. See the " Risk Factors " section beginning on page S-9 of this prospectus supplement, as well as under " Risk Factors " in our Annual Report on Form 10-K for the year ended December 31, 2015, which is incorporated by reference herein, for more information.

	Price to Public (1)		Underwriting Discount		Proceeds, before expenses, to Exelon	
	Per Note	Total	Per Note	Total	Per Note	Total
Per 2021 note	99.976%	$299,928,000	0.600%	$1,800,000	99.376%	$298,128,000
Per 2026 note	99.940%	$749,550,000	0.650%	$4,875,000	99.290%	$744,675,000
Per 2046 note	99.490%	$746,175,000	0.875%	$6,562,500	98.615%	$739,612,500

(1) Plus accrued interest from April 7, 2016, if settlement occurs after that date.

Neither the Securities and Exchange Commission (the "SEC") nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The notes are expected to be delivered in book-entry form only through the facilities of The Depository Trust Company ("DTC"), including Clearstream Banking, *société anonyme* ("Clearstream"), and/or Euroclear Bank S.A./N.V. ("Euroclear"), against payment in New York, New York on or about April 7, 2016.

Joint Book-Running Managers

Barclays **Goldman, Sachs & Co.** **J.P. Morgan** **Scotiabank**

Credit Suisse **RBC Capital Markets** **TD Securities**

Senior Co-Manager

BNY Mellon Capital Markets, LLC

Co-Managers

Lebenthal Capital Markets **Mischler Financial Group, Inc.** **Ramirez & Co., Inc.** **The Williams Capital Group, L.P.**

The date of this prospectus supplement is April 4, 2016.

We urge you to carefully read this prospectus supplement and the accompanying prospectus, which describe the terms of the offering of the notes, before you make your investment decision. You should rely only on the information contained in or incorporated by reference in this prospectus supplement, the accompanying prospectus and any related free writing prospectus required to be filed with the SEC. We have not, and the underwriters have not, authorized anyone else to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information appearing in this prospectus supplement and the accompanying prospectus is accurate as of any date other than the date on the front of those documents or that the information incorporated by reference is accurate as of any date other than the date that the document incorporated by reference was filed with the SEC.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement and the accompanying prospectus contain information about Exelon and the notes offered hereby. This prospectus supplement and the accompanying prospectus also refer to information contained in other documents that we file with the SEC. To the extent the information in this prospectus supplement is inconsistent with information in the prospectus, you should rely on this prospectus supplement.

The accompanying prospectus also includes information about our subsidiaries Exelon Generation Company, LLC ("Generation"), Commonwealth Edison Company ("ComEd"), PECO Energy Company ("PECO"), and Baltimore Gas and Electric Company ("BGE") and their securities. Exelon, Generation, ComEd, PECO and BGE file combined reports under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Information contained in the combined reports relating to each registrant is filed separately by such registrant on its own behalf and only the information related to Exelon is incorporated by reference in this prospectus supplement and the accompanying prospectus. Exelon does not make any representations as to information relating to any other registrant or securities issued by any other registrant and you should not rely on any information relating to any registrant other than Exelon in determining whether to invest in the notes offered hereby.

When we refer to "Exelon," "the Company," "we," "us" or "our" in this prospectus supplement, we mean Exelon and, unless the context otherwise indicates, does not include any of our subsidiaries or affiliates.

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FORWARD LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus and the documents incorporated or deemed incorporated by reference as described under the heading “Where You Can Find More Information” contain forward-looking statements that are not based entirely on historical facts and are subject to risks and uncertainties. Words such as “believes,” “anticipates,” “expects,” “intends,” “plans,” “predicts,” “estimates” and similar expressions are intended to identify forward-looking statements but are not the only means to identify those statements. These forward-looking statements are based on assumptions, expectations and assessments made by our management in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe to be appropriate. Any forward-looking statements are not guarantees of our future performance and are subject to risks and uncertainties.

This prospectus supplement and the accompanying prospectus contain certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which are subject to risks and uncertainties. The factors that could cause actual results to differ materially from the forward-looking statements include: (a) any risk factors discussed in this prospectus supplement or the accompanying prospectus; (b) those factors discussed in the following sections of Exelon’s Annual Report on Form 10-K for the year ended December 31, 2015, which are incorporated herein by reference: (1) ITEM 1A. Risk Factors, (2) ITEM 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations and (3) ITEM 8. Financial Statements and Supplementary Data: Note 23; and (c) other factors discussed herein and in other filings with the SEC by Exelon, as applicable.

You are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date on the front of this prospectus supplement or, as the case may be, as of the date on which we make any subsequent forward-looking statement that is deemed incorporated by reference. We do not undertake any obligation to update or revise any forward-looking statement to reflect events or circumstances after the date as of which any such forward-looking statement is made.

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SUMMARY

The following summary is provided solely for your convenience. It is not intended to be complete and may not contain all of the information that you should consider before investing in the notes. You should read carefully this entire prospectus supplement, the accompanying prospectus and all the information included or incorporated by reference herein or therein.

Our Company

Exelon, incorporated in Pennsylvania in February 1999, is a utility services holding company engaged, through Generation, in the energy generation business and, through ComEd, PECO and BGE, and now the Pepco Holdings Utilities (defined below), in the energy delivery business. Exelon's principal executive offices are located at 10 South Dearborn Street, Chicago, Illinois 60603, and its telephone number is 312-394-7398.

Generation's integrated business consists of the generation, physical delivery and marketing of power across multiple geographical regions through its customer-facing business, Constellation Energy Group, Inc. ("Constellation"), which sells electricity and natural gas to both wholesale and retail customers. Generation also sells renewable energy and other energy-related products and services, and engages in natural gas and oil exploration and production activities. Generation has six reportable segments consisting of the Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Regions.

ComEd's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of electricity transmission and distribution services to retail customers in northern Illinois, including the City of Chicago.

PECO's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of electricity transmission and distribution services to retail customers in southeastern Pennsylvania, including the City of Philadelphia, as well as the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services to retail customers in the Pennsylvania counties surrounding the City of Philadelphia.

BGE's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of electricity transmission and distribution services to retail customers in central Maryland, including the City of Baltimore, as well as the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services to retail customers in central Maryland, including the City of Baltimore.

Pepco Holdings Utilities

On March 23, 2016 (the "Closing Date"), Exelon, completed its previously announced acquisition of Pepco Holdings, Inc., a Delaware corporation ("PHI") through a merger (the "Merger") of Purple Acquisition Corp., an indirect, wholly-owned subsidiary of Exelon, with PHI pursuant to the Amended and Restated Agreement and Plan of Merger, dated as of July 18, 2014, by and among Exelon, PHI and Purple Acquisition Corp. (the "Merger Agreement"). As a result of the Merger, PHI became an indirect, wholly-owned subsidiary of Exelon at 4:58 pm Eastern Daylight Time (the "Effective Time") on the Closing Date. After the Effective Time, PHI was converted to a limited liability company under Delaware law. Pursuant to the conversion, the name of PHI was changed to Pepco Holdings LLC ("PH LLC").

PH LLC is a holding company. Through its regulated public utility subsidiaries, Potomac Electric Power Company ("Pepco"), Delmarva Power & Light Company ("Delmarva"), and Atlantic City Electric Company ("ACE," and together with Pepco and Delmarva, the "Pepco Holdings Utilities"), PH LLC is engaged primarily

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in the transmission, distribution and default supply of electricity, and, to a lesser extent, the distribution and supply of natural gas. Following the Merger, Pepco, Delmarva and ACE will remain as separate companies and retain their local headquarters in Washington DC, Newark, DE., and Mays Landing, NJ, respectively.

Pepco's electric distribution service territory consists of the District of Columbia and major portions of Prince George's County and Montgomery County in Maryland. Delmarva is engaged in the transmission, distribution and default supply of electricity in portions of Delaware and Maryland. In northern Delaware, Delmarva also supplies and delivers natural gas to retail customers and provides transportation-only services to retail customers that purchase natural gas from another supplier. ACE's electric distribution service territory consists of Gloucester, Camden, Burlington, Ocean, Atlantic, Cape May, Cumberland and Salem counties in southern New Jersey.

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SUMMARY FINANCIAL INFORMATION

We have provided the following summary financial information for your reference. We have derived the summary information presented here as of and for the years ended December 31, 2015, 2014 and 2013 from our audited consolidated financial statements, incorporated herein by reference. You should read this summary information together with our audited consolidated financial statements, each incorporated herein by reference. See "Where You Can Find More Information" in this prospectus supplement.

	For the Year Ended December 31,		
	2015	2014 [a]	2013
	($ in millions)		
Statement of Operations Data			
Operating revenues	$29,447	$27,429	$24,888
Operating income	4,409	3,096	3,669
Net income	2,250	1,820	1,729
Cash Flow Data			
Net cash flows provided by operating activities	7,616	4,457	6,343
Net cash flows used in investing activities	(7,822)	(4,599)	(5,394)
Net cash flows provided by (used in) financing activities	4,830	411	(826)

	As of December 31,		
	2015	2014	2013
	($ in millions)		
Balance Sheet Data			
Property, plant and equipment, net	$57,439	$52,170	$47,330
Noncurrent regulatory assets	6,065	6,076	5,910
Goodwill	2,672	2,672	2,625
Other deferred debits and other assets	13,874	13,645	13,816
Total assets	95,384	$86,416	$79,243
Long-term debt, including long-term debt to financing trusts	24,286	19,853	18,165
Noncurrent regulatory liabilities	4,201	4,550	4,388
Other deferred credits and other liabilities	30,457	29,118	26,064
Shareholders' equity	25,793	22,608	22,732
Total liabilities and shareholders' equity	95,384	$86,416	$79,243

(a) On April 1, 2014, Generation assumed operational control of Constellation Energy Nuclear Group, LLC's ("CENG") nuclear fleet. As a result, the 2014 financial results include CENG's results of operations on a fully consolidated basis.

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THE OFFERING

The following summary contains basic information about the notes and this offering. It does not contain all of the information that may be important to you. For a more complete understanding of this offering, we encourage you to read this entire prospectus supplement and the accompanying prospectus, including "Description of the Notes."

Issuer	Exelon Corporation
Securities Offered	$300,000,000 aggregate principal amount of 2.450% notes due 2021; $750,000,000 aggregate principal amount of 3.400% notes due 2026; and $750,000,000 aggregate principal amount of 4.450% notes due 2046.
Maturity Date	The 2021 notes will mature on April 15, 2021; The 2026 notes will mature on April 15, 2026; and The 2046 notes will mature on April 15, 2046.
Interest Rate	2.450% per annum for the 2021 notes; 3.400% per annum for the 2026 notes; and 4.450% per annum for the 2046 notes.
Interest Payment Dates	Interest on the notes will be paid semi-annually on April 15 and October 15 of each year, beginning on October 15, 2016, and on the maturity date for each series of notes.
Optional Redemption	At our option, any or all of the notes may be redeemed, in whole or in part, at any time prior to maturity at a redemption price equal to the greater of: • 100% of the principal amount of the notes then outstanding to be redeemed; and • the sum of the present values of the remaining scheduled payments of principal and interest on the notes being redeemed (exclusive of interest accrued to the redemption date) in the case of the 2021 notes, the 2026 notes and the 2046 notes, to March 15, 2021, January 15, 2026 or October 15, 2045, as applicable, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined herein) plus 20 basis points in the case of the 2021 notes, plus 25 basis points in the case of the 2026 notes and plus 30 basis points in the case of the 2046 notes, plus, in each case, accrued and unpaid interest on the principal amount being redeemed to but excluding the date of redemption. If we elect to redeem the 2021 notes at any time on or after March 15, 2021 (one month prior to the maturity date of the 2021 notes), the 2026 notes at any time on or after January 15, 2026 (three months

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	prior to the maturity date of the 2026 notes) or the 2046 notes at any time on or after October 15, 2045 (six months prior to the maturity date of the 2046 notes), we may redeem some or all of the 2021 notes, the 2026 notes and the 2046 notes, respectively, in each case upon at least 15 days' and not more than 60 days' notice at a redemption price equal to 100% of the principal amount of the notes then outstanding to be redeemed plus accrued and unpaid interest on the principal amount being redeemed to but excluding the redemption date. See "Description of the Notes—Optional Redemption."
Ranking	The notes will be our direct unsecured general obligations and will rank equally with all of our existing and future unsecured and unsubordinated debt, will be senior in right of payment to all of our existing and future subordinated debt and will be junior to any of our future secured debt to the extent of the value of the collateral securing such secured debt. Because we are a holding company with no material assets other than our ownership interests in our subsidiaries and all of our operations are conducted by our subsidiaries, our debt is effectively subordinated to all existing and future debt, trade creditors, and other liabilities of our subsidiaries. Our rights, and hence the rights of our creditors, to participate in any distribution of assets of any subsidiary upon its liquidation or reorganization or otherwise would be subject to the prior claims of that subsidiary's creditors, except to the extent that our claims as a creditor of such subsidiary may be recognized. As of December 31, 2015, our subsidiaries had outstanding approximately $20.6 billion of long-term debt, including long-term debt to financing trusts and the portion of long-term debt due within one year. The notes will not be obligations of or guaranteed by any of our subsidiaries. The Indenture (as defined below) does not limit our ability to issue debt senior to the notes or the amount of debt we or our subsidiaries may issue.
Denominations	The notes will be issued in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof.
Additional Notes	Subject to the limitations described in this prospectus supplement and the accompanying prospectus, we may issue additional notes under the Indenture with the same priority as the notes offered hereby, including notes having the same series designation and terms (except for the public offering prices and the issue date) as the notes offered hereby, without the approval of the holders of outstanding notes under the Indenture, including the holders of the outstanding notes offered hereby.
No Listing	We do not intend to list the notes on any securities exchange or automated dealer quotation system. The notes will be new securities for which there currently is no public market. See "Risk Factors—There may be no public market for the notes."
Use of Proceeds	We estimate that the net proceeds from the sale of the notes in this offering will be approximately $1,782,415,500, after deducting the

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	underwriting discounts and commissions but before deducting other offering expenses. A portion of the net proceeds from the sale of the notes will be used to repay commercial paper issued by PH LLC having an approximate weighted average interest rate of 1.05% per annum as of April 1, 2016. As of April 1, 2016, PH LLC had $446 million of outstanding commercial paper obligations. The remainder of the net proceeds will be used for general corporate purposes, which may include the repayment of outstanding indebtedness. See “Use of Proceeds.”
Risk Factors	You should consider carefully all the information set forth and incorporated by reference in this prospectus supplement and the accompanying prospectus and, in particular, you should evaluate the specific factors set forth under the heading “Risk Factors” beginning on page S-9 of this prospectus supplement, as well as the other information contained or incorporated herein by reference, before investing in the notes offered hereby.
Trustee	The Bank of New York Mellon Trust Company, N.A.
Governing Law	The Indenture and the notes will be governed by the laws of the State of New York.

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RISK FACTORS

Investing in the notes involves risks. You should carefully consider the following discussion and the risks described under "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2015, incorporated by reference in this prospectus supplement and the accompanying prospectus, the factors listed under "Forward Looking Statements" in this prospectus supplement and the other information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus before making a decision to invest in the notes. See "Where You Can Find More Information."

There may be no public market for the notes.

We can give no assurances concerning the liquidity of any markets that may develop for the notes offered by this prospectus supplement, the ability of any investor to sell any of the notes or the price at which investors would be able to sell them. If markets for the notes do not develop, investors may be unable to resell the notes for an extended period of time, if at all. If markets for the notes do develop, they may not continue or it may not be sufficiently liquid to allow holders to resell any of the notes. Consequently, investors may not be able to liquidate their investment readily, and lenders may not readily accept the notes as collateral for loans.

The Indenture does not restrict the amount of additional debt that we may incur.

The notes and Indenture pursuant to which the notes will be issued do not place any limitation on the amount of indebtedness that we or our subsidiaries may incur. Our incurrence of additional debt may have important consequences for you as a holder of the notes, including making it more difficult for us to satisfy our obligations with respect to the notes, a loss in the trading value of your notes and a risk that one or more of the credit ratings of the notes are lowered or withdrawn.

Our debt, including the notes, is effectively subordinated to the debt of our subsidiaries.

Because we are a holding company with no material assets other than our ownership interests in our subsidiaries and all of our operations are conducted by our subsidiaries, our debt is effectively subordinated to all existing and future debt, trade creditors, and other liabilities of our subsidiaries. Our rights, and hence the rights of our creditors, to participate in any distribution of assets of any subsidiary upon its liquidation or reorganization or otherwise would be subject to the prior claims of that subsidiary's creditors, except to the extent that our claims as a creditor of such subsidiary may be recognized. As of December 31, 2015, our subsidiaries had outstanding approximately $20.6 billion of long-term debt, including long-term debt to financing trusts and the portion of long-term debt due within one year. The Indenture does not restrict our or our subsidiaries' ability to incur additional indebtedness.

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USE OF PROCEEDS

We estimate that the net proceeds from the sale of the notes in this offering will be approximately $1,782,415,500, after deducting the underwriting discounts and commissions but before deducting other offering expenses. A portion of the net proceeds from the sale of the notes will be used to repay commercial paper issued by PH LLC having an approximate weighted average interest rate of 1.05% per annum as of April 1, 2016. As of April 1, 2016, PH LLC had $446 million of outstanding commercial paper obligations. The remainder of the net proceeds will be used for general corporate purposes, which may include the repayment of outstanding indebtedness.

To the extent we do not use the net proceeds immediately, we may temporarily invest them in short-term, interest bearing obligations.

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RATIO OF EARNINGS TO FIXED CHARGES

The following are Exelon's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,				
	2015	2014	2013	2012	2011
Ratio of earnings to fixed charges	3.3x	2.7x	2.6x	2.4x	4.9x

The ratio of earnings to fixed charges represents, on a pre-tax basis, the number of times earnings cover fixed charges. Earnings consist of pre-tax net income from continuing operations after adjustment for income from equity investees and capitalized interest or allowance for funds used during construction, to which has been added fixed charges. Fixed charges consist of interest costs and amortization of debt discount and premium on all indebtedness and estimated interest portion of all rental expense.

CAPITALIZATION AND SHORT-TERM BORROWINGS

The following table shows our consolidated capitalization and short-term borrowings as of December 31, 2015 and as adjusted to reflect the issuance of the notes offered by this prospectus supplement and the application of the net proceeds thereof. See "Use of Proceeds." This table is qualified in its entirety by, and should be considered in conjunction with, the more detailed information incorporated by reference or provided in this prospectus supplement or in the accompanying prospectus.

	As of December 31, 2015	
(in millions)	Actual	As Adjusted
Short-term borrowings	$ 533	$ 533
Long-term debt:		
Long-term debt, including long-term debt to financing trusts (a)	25,786	25,786
2021 notes offered hereby	—	300
2026 notes offered hereby	—	750
2046 notes offered hereby	—	750
Shareholders' equity	25,793	25,793
Total capitalization and short-term borrowings	$52,112	$ 53,912

(a) Includes approximately $1.5 billion of long-term debt due within one year.

DESCRIPTION OF THE NOTES

The following description of the notes is only a summary and is not intended to be comprehensive. In the event that information in this prospectus supplement is inconsistent with information in the accompanying prospectus, you should rely on this prospectus supplement.

General

We will issue $300,000,000 of the 2.450% notes due 2021, $750,000,000 of the 3.400% notes due 2026 and $750,000,000 of the 4.450% notes due 2046 under an indenture, which is a contract between us and the trustee, The Bank of New York Mellon Trust Company, N.A. (the "Trustee"), dated June 11, 2015 as will be supplemented by the supplemental indenture dated April 7, 2016 and as it may be further supplemented from time to time, which is referred to herein collectively as the "Indenture." Subject to the limitations described in this prospectus supplement and the accompanying prospectus, we may issue additional notes under the Indenture with the same priority as the notes offered hereby, including notes having the same series designation and terms (except for the public offering prices and the issue date) as the notes offered hereby, without the approval of the holders of outstanding notes under the Indenture, including the holders of any series the outstanding notes offered hereby.

The terms of the notes will not necessarily afford you protection in the event of particular transactions or upon the occurrence of particular events that may adversely affect you, including a reorganization, recapitalization, restructuring, merger or other similar transactions involving us or our subsidiaries, whether or not in connection with a change of control. As a result, we could enter into such transactions even though the transaction could adversely affect our capital structure or credit ratings or otherwise adversely affect the holders of the notes. The notes will not contain any provisions that will require us to redeem, or permit the holders of the notes to cause a redemption or purchase of, the notes upon the occurrence of any particular event. However, we may redeem some or all of the notes at any time or from time to time prior to maturity, at our option, as described in this prospectus supplement under "—Optional Redemption" below.

Interest Rate and Maturity

The 2021 notes will pay interest at the fixed rate of 2.450% per annum, the 2026 notes will pay interest at the fixed rate of 3.400% per annum and the 2046 notes will pay interest at the fixed rate of 4.450% per annum. Interest on the notes will be payable semi-annually on April 15 and October 15 of each year, beginning on October 15, 2016. The 2021 notes will mature on April 15, 2021, the 2026 notes will mature on April 15, 2026 and the 2046 notes will mature on April 15, 2046.

Interest on the notes will accrue from and include the date that the notes are issued to and excluding the date of maturity or redemption. Interest will be computed on the basis of a 360-day year of twelve 30-day months. On each interest payment date, we will pay interest on each note to the person in whose name the note is registered at the close of business on the record date for such interest. The record date for each interest payment date in respect of the notes will be the close of business on the Business Day immediately preceding the applicable interest payment date. If any interest payment date falls on a day that is not a Business Day, payment will be made on the next Business Day and no additional interest or other payment will be paid in respect of such delay. "Business Day" means any day that is not a Saturday, a Sunday or a day on which commercial banking institutions in New York City are generally authorized or required by law or executive order to be closed.

Ranking

The notes will be our direct unsecured general obligations and will rank equally with all of our existing and future unsecured and unsubordinated debt, will be senior in right of payment to all of our existing and future subordinated debt and will be junior to any of our future secured debt to the extent of the value of the collateral securing such secured debt. Because we are a holding company with no material assets other than our ownership

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interests in our subsidiaries and all of our operations are conducted by our subsidiaries, our debt is effectively subordinated to all existing and future debt, trade creditors, and other liabilities of our subsidiaries. Our rights, and hence the rights of our creditors, to participate in any distribution of assets of any subsidiary upon its liquidation or reorganization or otherwise would be subject to the prior claims of that subsidiary's creditors, except to the extent that our claims as a creditor of such subsidiary may be recognized. As of December 31, 2015, our subsidiaries had outstanding approximately $20.6 billion of long-term debt, including long-term debt to financing trusts and the portion of long-term debt due within one year. The Indenture does not restrict our or our subsidiaries' ability to incur additional indebtedness. In addition, the notes will not be obligations of or guaranteed by any of our subsidiaries. The Indenture does not limit our ability to issue secured debt senior to the notes or the amount of debt we or our subsidiaries may issue, whether secured or unsecured.

Please see "Capitalization and Short-Term Borrowings" in this prospectus supplement for information with respect to the long-term debt and short-term borrowings of us and our subsidiaries as of December 31, 2015.

Form and Denomination

The notes will be issued in registered form in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof.

The notes will initially be issued in "book-entry only form," represented by a permanent global debt security registered in the name of DTC, including Clearstream and/or Euroclear, or its nominee. However, we reserve the right to issue notes in certificated form registered in the name of the noteholders. For so long as the notes are registered in the name of DTC or its nominee, we will pay the principal, premium, if any, and interest due on the notes to DTC for payment to its participants for subsequent disbursement to the beneficial owners. For further information on DTC and its practices, see "Book-Entry System" below.

Optional Redemption

General

At our option, any or all of the notes may be redeemed, in whole or in part, at any time prior to maturity at a redemption price equal to the greater of:

- 100% of the principal amount of the notes then outstanding to be redeemed; and
- the sum of the present values of the remaining scheduled payments of principal and interest on the notes being redeemed (exclusive of interest accrued to the redemption date) in the case of the 2021 notes, the 2026 notes and the 2046 notes, to March 15, 2021, January 15, 2026 or October 15, 2045, as applicable, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined herein) plus 20 basis points in the case of the 2021 notes, plus 25 basis points in the case of the 2026 notes and plus 30 basis points in the case of the 2046 notes, plus, in each case, accrued and unpaid interest on the principal amount being redeemed to but excluding the date of redemption.

If we elect to redeem the 2021 notes at any time on or after March 15, 2021 (one month prior to the maturity date of the 2021 notes), the 2026 notes at any time on or after January 15, 2026 (three months prior to the maturity date of the 2026 notes) or the 2046 notes at any time on or after October 15, 2045 (six months prior to the maturity date of the 2046 notes), we may redeem some or all of the 2021 notes, the 2026 notes and the 2046 notes, respectively, in each case upon at least 15 days' and not more than 60 days' notice at a redemption price equal to 100% of the principal amount of the notes then outstanding to be redeemed plus accrued and unpaid interest on the principal amount being redeemed to but excluding the redemption date.

Any optional redemption may be conditioned upon the consummation of one or more other transactions, including any debt or equity issuance by us or any of our parent companies or subsidiaries. The Trustee shall not have responsibility for calculating any redemption price.

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Certain Definitions

"Comparable Treasury Issue" means the United States Treasury security or securities selected by an Independent Investment Banker (as defined below) as having an actual or interpolated maturity comparable to the remaining term of the notes being redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a comparable maturity to the remaining term of the notes.

"Comparable Treasury Price" means, with respect to any redemption date, the average of the Reference Treasury Dealer Quotations (as defined below) for such redemption date.

"Independent Investment Banker" means one of the Reference Treasury Dealers (as defined below) appointed by us.

"Reference Treasury Dealer" means (1) any of Barclays Capital Inc., Goldman, Sachs & Co., J.P. Morgan Securities LLC or Scotia Capital (USA) Inc. or their respective affiliates or successors and (2) one other primary U.S. Government securities dealer in the United States of America (each, a "Primary Treasury Dealer") selected by us; provided, however, that if any of the foregoing shall cease to be a Primary Treasury Dealer, or is unwilling or unable to serve in such role, we shall substitute therefor another Primary Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by us, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to us at 3:30 p.m. New York City time on the third Business Day preceding such redemption date.

"Treasury Rate" means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to actual or interpolated maturity (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

Events of Default

An "Event of Default" with respect to a series of debt securities issued under the Indenture means any of the following:

- we fail to pay the principal of (or premium, if any, on) any debt security of that series when due and payable;
- we fail to pay any interest on any debt security of that series for 30 days after such is due;
- we fail to observe or perform any other covenants or agreements set forth in the debt securities of that series, or in the Indenture in regard to such debt securities, continuously for 90 days after notice (which must be sent either by the Trustee or holders of at least 33% of the principal amount of the affected series);
- our failure to pay principal at maturity or acceleration following a default in an aggregate amount of $100 million or more with respect to any Indebtedness (as defined below) of Exelon Corporation (not including Indebtedness of our subsidiaries), or the acceleration of any of our Indebtedness aggregating $100 million or more which default is not cured, waived or postponed pursuant to an agreement with the holders of the Indebtedness within 30 days after written notice as provided in the Indenture, or the acceleration is not rescinded or annulled within 30 days after written notice as provided in the Indenture; or
- we file for bankruptcy or certain other events of bankruptcy, insolvency or reorganization occur.

As used in the immediately preceding paragraph, "Indebtedness" means all obligations for borrowed money.

An Event of Default for a particular series of debt securities does not necessarily mean that an Event of Default has occurred for any other series of debt securities issued under the Indenture. If an Event of Default has occurred and has not been cured, the Trustee or the holders of not less than 33% of the principal amount of the debt securities of the affected series may declare the entire principal of the debt securities of such series due and payable immediately. Subject to certain conditions, if we deposit with the Trustee enough money to remedy the default and there is no default continuing, this acceleration of payment may be rescinded by the holders of at least a majority in aggregate principal amount of the debt securities of such series.

The Trustee must, within 90 days after a default occurs, notify the holders of the debt securities of the series of the default if we have not remedied it (default is defined to include the events specified above without the grace periods or notice). The Trustee may withhold notice to the holders of such debt securities of any default (except in the payment of principal or interest) if it in good faith considers such withholding in the interest of the holders. We are required to file an annual certificate with the Trustee, signed by an officer, stating any default by us under any provisions of the Indenture.

Prior to any declaration of acceleration of maturity, the holders holding a majority of the principal amount of the debt securities of the particular series affected, on behalf of the holders of all debt securities of that series, may waive any past default or Event of Default. We cannot, however, obtain a waiver of a payment default.

Other than the duty to act with the required standard of care during an event of default, the Trustee is not required to take any action under the Indenture at the request of any holders unless such holders offer the Trustee reasonable indemnity. Subject to the provisions for indemnification and certain other limitations, the holders of a majority in principal amount of the debt securities of any series may direct the time, method and place of conducting any proceedings for any remedy available to the Trustee with respect to such debt securities.

In order to bypass the Trustee and take steps to enforce your rights or protect your interests relating to the debt securities, the following must occur:

- you must give the Trustee written notice that an Event of Default has occurred and remains uncured;
- the holders of 33% of the principal amount of all outstanding debt securities of the relevant series must make a written request that the Trustee take action because of the default, and must offer reasonable indemnity to the Trustee against the cost and other liabilities of taking that action; and
- the Trustee must have not taken action for 60 days after receipt of the above notice and offer of indemnity.

However, you are entitled at any time to bring a lawsuit for the payment of money due on your debt security on or after its due date.

“Street name” and other indirect holders should consult their banks or brokers for information on how to give notice or direction to, or make a request of, the Trustee and to make or cancel a declaration of acceleration.

Supplemental Indentures

There are three types of changes we can make to the Indenture and the debt securities issued thereunder, including the notes.

Changes Requiring Each Holder’s Approval

The following changes require the approval of each holder of debt securities of the series affected then outstanding:

- extending the fixed maturity of any debt security;

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- reducing the interest rate or extending the time of payment of interest;
- reducing any premium payable upon redemption;
- reducing the principal amount;
- reducing the amount of principal payable upon acceleration of the maturity of a discounted debt security following default;
- changing the currency of payment on a debt security; or
- reducing the percentage of securityholders whose consent is required to modify or amend the Indenture.

Changes Not Requiring Holder Approval

Changes not requiring holder approval are limited to those changes specified in the Indenture, including those which are of an administrative nature or are changes that would not adversely affect holders of the debt securities.

Changes Requiring a Majority of all Holders to Approve

A vote in favor by securityholders owning a majority of the principal amount of the debt securities of a particular series of affected debt securities is required for any other matter listed in the Indenture.

Consolidation, Merger or Sale

We may not merge or consolidate with any person (as defined in the Indenture) or sell substantially all of our assets as an entirety unless:

- we are the continuing corporation or the successor person is organized under the laws of the United States or a state or is organized under the laws of a foreign jurisdiction and consents to the jurisdiction of the courts of the United States or a state and expressly assumes the payment of principal, and premium, if any, and interest on the debt securities and the performance and observance of all the covenants and conditions of the Indenture binding on us; and
- we, or the successor person, are not immediately after the merger, consolidation or sale in default in the performance of a covenant or condition in the Indenture binding on us.

Discharge, Defeasance and Covenant Defeasance

We may discharge certain obligations to holders of the notes of a series that have not already been delivered to the Trustee for cancellation and that either have become due and payable or will become due and payable within one year (or scheduled for redemption within one year) by irrevocably depositing with the Trustee, in trust, funds in U.S. dollars in an amount sufficient to pay the entire indebtedness including, but not limited to, the principal and premium, if any, and interest to the date of such deposit (if the debt securities have become due and payable) or to the maturity thereof or the redemption date of the debt securities of that series, as the case may be. We may direct the Trustee to invest such funds in U.S. Treasury securities with a maturity of one year or less or in a money market fund that invests solely in short-term U.S. Treasury securities.

The Indenture provides that we may elect either (1) to defease and be discharged from any and all obligations with respect to the notes of a series (except for, among other things, obligations to maintain an office or agency with respect to the debt securities and to hold moneys for payment in trust) (“legal defeasance”) or (2) to be released from our obligations to comply with the restrictive covenants under the Indenture, and any omission to comply with such obligations will not constitute a default or an event of default with respect to the

notes of a series and such related clause under "—Events of Default" will no longer be applied ("covenant defeasance"). Legal defeasance or covenant defeasance, as the case may be, will be conditioned upon, among other things, the irrevocable deposit by us with the Trustee, in trust, of an amount in U.S. dollars, or U.S. government obligations, or both, applicable to the debt securities of that series which through the scheduled payment of principal and interest in accordance with their terms will provide money in an amount sufficient to pay the principal or premium, if any, and interest on the notes on the scheduled due dates therefor.

If we effect covenant defeasance with respect to the notes of any series, the amount in U.S. dollars, or U.S. government obligations, or both, on deposit with the Trustee will be sufficient, in the opinion of a nationally recognized firm of independent accountants, to pay amounts due on the notes of that series at the time of the stated maturity but may not be sufficient to pay amounts due on the notes of that series at the time of the acceleration resulting from such event of default. However, we would remain liable to make payment of such amounts due at the time of acceleration.

We will be required to deliver to the Trustee an opinion of counsel that the deposit and related defeasance will not cause the holders and beneficial owners of the notes of that series to recognize income, gain or loss for federal income tax purposes. If we elect legal defeasance, that opinion of counsel must be based upon a ruling from the U.S. Internal Revenue Service or a change in law to that effect.

We may exercise our legal defeasance option notwithstanding our prior exercise of our covenant defeasance option.

Open Market Purchases

We may acquire the notes by means other than a redemption, whether by tender offer, open market purchases, negotiated transactions or otherwise, in accordance with applicable securities laws, so long as such acquisition does not otherwise violate the terms of the Indenture.

Governing Law

The Indenture and the notes will be governed by the laws of the State of New York.

Concerning the Trustee

We and our affiliates use or may use some of the banking services of the Trustee in the normal course of business.

Book-Entry System

We will issue the notes in the form of one or more global notes in fully registered form initially in the name of Cede & Co., as nominee of DTC, or such other name as may be requested by an authorized representative of DTC. The global notes will be deposited with DTC and may not be transferred except as a whole by DTC to a nominee of DTC or by a nominee of DTC to DTC or another nominee of DTC or by DTC or any nominee to a successor of DTC or a nominee of such successor.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds and provides asset servicing for U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments that DTC's participants (direct participants) deposit with DTC. DTC also facilitates the post-trade settlement among direct participants of sales and other securities transactions in deposited securities

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through electronic computerized book-entry transfers and pledges between direct participants' accounts. This eliminates the need for physical movement of securities certificates. Direct participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (DTCC). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly (indirect participants). The rules applicable to DTC and its direct and indirect participants are on file with the SEC. More information about DTC can be found at www.dtcc.com. We do not intend this internet address to be an active link or to otherwise incorporate the content of the website into this prospectus supplement.

Clearstream advises that it is incorporated under the laws of Luxembourg as a bank. Clearstream holds securities for its customers and facilitates the clearance and settlement of securities transactions between its customers through electronic book-entry transfers between their accounts. Clearstream provides to its customers among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream interfaces with domestic securities markets in over 30 countries through established depository and custodial relationships. As a bank, Clearstream is subject to regulation by the Luxembourg Commission for the Supervision of the Financial Sector, also known as the *Commission de Surveillance du Secteur Financier* . Its customers are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Its customers in the United States are limited to securities brokers and dealers and banks. Indirect access to Clearstream is also available to other institutions such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with the customer.

Euroclear advises that it was created in 1968 to hold securities for its participants and to clear and settle transactions between Euroclear participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Euroclear provides various other services, including securities lending and borrowing and interfaces with domestic markets in several countries. Euroclear is operated by Euroclear Bank S.A./N.V. Euroclear Clearance establishes policy for Euroclear on behalf of Euroclear participants. Euroclear participants include banks, including central banks, securities brokers and dealers and other professional financial intermediaries and may include the Initial purchasers. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear participant, either directly or indirectly. Securities clearance accounts and cash accounts with the Euroclear operator are governed by the terms and conditions governing use of Euroclear and the related operating procedures of Euroclear. These terms and conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear operator acts under the terms and conditions only on behalf of Euroclear participants and has no record of or relationship with persons holding through Euroclear participants.

Euroclear further advises that investors that acquire, hold and transfer interests in the notes by book-entry through accounts with the Euroclear operator or any other securities intermediary are subject to the laws and contractual provisions governing their relationship with their intermediary, as well as the laws and contractual provisions governing the relationship between such an intermediary and each other intermediary, if any, standing between themselves and the global securities.

Purchases of notes under the DTC system must be made by or through direct participants, which will receive a credit for the notes in DTC's records. The ownership interest of each actual purchaser of notes is in turn to be recorded on the direct and indirect participants' records. Beneficial owners of the notes will not receive

written confirmation from DTC of their purchase, but beneficial owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the direct or indirect participant through which the beneficial owner entered into the transaction. Transfers of ownership interests in the notes are to be accomplished by entries made on the books of direct and indirect participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates representing their ownership interests in the notes, except in the event that use of the book-entry system for the notes is discontinued.

To facilitate subsequent transfers, all notes deposited by direct participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of notes with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the notes; DTC's records reflect only the identity of the direct participants to whose accounts such notes are credited, which may or may not be the beneficial owners. The direct and indirect participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants, and by direct participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. The laws of some jurisdictions may require that certain persons take physical delivery in definitive form of securities which they own. Consequently, those persons may be prohibited from purchasing beneficial interests in the global notes from any beneficial owner or otherwise.

Redemption notices shall be sent to DTC. If less than all of the notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each direct participant in such issue to be redeemed.

So long as DTC's nominee is the registered owner of the global notes, such nominee for all purposes will be considered the sole owner or holder of the notes for all purposes under the Indenture. Except as provided below, beneficial owners will not be entitled to have any of the notes registered in their names, will not receive or be entitled to receive physical delivery of the notes in definitive form and will not be considered the owners or holders thereof under the Indenture.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the notes. Under its usual procedures, DTC mails an omnibus proxy to the issuer as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those direct participants to whose accounts the notes are credited on the record date (identified in a listing attached to the omnibus proxy).

All payments on the global notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit direct participants' accounts upon DTC's receipt of funds and corresponding detail information from trustees or issuers on payment dates in accordance with their respective holdings shown on DTC's records. Payments by participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such participant and not of DTC, the Trustee or us, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) shall be the responsibility of the Trustee or us, disbursement of such payments to direct participants shall be the responsibility of DTC, and disbursement of such payments to the beneficial owners shall be the responsibility of direct and indirect participants.

DTC may discontinue providing its service as securities depositary with respect to the notes at any time by giving reasonable notice to us or the Trustee. In addition, we may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depositary). In the event that a successor securities

depositary is not obtained under the above circumstances, or, alternatively, if an event of default with respect to the notes has occurred and is outstanding, note certificates in fully registered form are required to be printed and delivered to beneficial owners of the global notes representing such notes.

Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC's rules and will be settled in immediately available funds using DTC's same-day funds settlement system. Secondary market trading between Clearstream customers and/or Euroclear participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream and Euroclear and will be settled using the procedures applicable to conventional Eurobonds in immediately available funds.

Cross market transfers between persons holding directly or indirectly through DTC on the one hand, and directly or indirectly through Clearstream customers or Euroclear participants, on the other, will be effected in DTC in accordance with DTC's rules on behalf of the relevant European international clearing system by its U.S. depositary; however, such cross market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in such system in accordance with its rules and procedures and within its established deadlines, in European time. The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to its U.S. depository to take action to effect final settlement on its behalf by delivering interests in the notes to or receiving interests in the notes from DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Clearstream customers and Euroclear participants may not deliver instructions directly to their respective U.S. depositaries.

Because of time-zone differences, credits of interests in the notes received by Clearstream or Euroclear as a result of a transaction with a DTC participant will be made during subsequent securities settlement processing and dated the Business Day following the DTC settlement date. Such credits or any transactions involving interests in such notes settled during such processing will be reported to the relevant Clearstream customers or Euroclear participants on such Business Day. Cash received by Clearstream or Euroclear as a result of sales of interests in the notes by or through a Clearstream customer or a Euroclear participant to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Clearstream or Euroclear cash account only as of the Business Day following settlement in DTC.

The information in this section has been obtained from sources that we believe to be reliable, but we take no responsibility for its accuracy.

Neither we, the Trustee nor the underwriters will have any responsibility or obligation to direct participants, or the persons for whom they act as nominees, with respect to the accuracy of the records of DTC, its nominee or any direct participant with respect to any ownership interest in the notes, or payments to, or the providing of notice to direct participants or beneficial owners.

MATERIAL UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of the material United States federal income tax considerations relating to the purchase, ownership and disposition of the notes, but does not purport to be a complete analysis of all potential tax considerations. This summary is based on the United States Internal Revenue Code of 1986, as amended (the "Code"), the Treasury regulations promulgated thereunder, judicial authority, published administrative positions of the United States Internal Revenue Service ("IRS") and other applicable authorities, all as in effect on the date of this document, and all of which are subject to change, possibly on a retroactive basis. We have not sought any ruling from the IRS with respect to the statements made and the conclusions reached in the following summary and there can be no assurance that the IRS will agree with our statements and conclusions or that a court would not sustain any challenge by the IRS in the event of litigation.

This summary deals only with beneficial owners of notes that acquire the notes for cash in this offering at their issue price (generally, the first price at which a substantial amount of the notes are sold for money to investors (excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers)) and that will hold the notes as "capital assets" within the meaning of section 1221 of the Code (generally, property held for investment). This summary does not purport to deal with all aspects of United States federal income taxation that might be relevant to particular beneficial owners in light of their personal investment circumstances or status, nor does it address tax considerations applicable to beneficial owners that may be subject to special tax rules, such as banks and financial institutions, individual retirement and other tax-deferred accounts, tax-exempt entities, governments or government instrumentalities, S corporations, partnerships or other pass-through entities for United States federal income tax purposes or investors in such entities, insurance companies, regulated investment companies, real estate investment trusts, broker-dealers, dealers or traders in securities or currencies, certain former citizens or residents of the United States subject to section 877 of the Code, controlled foreign corporations, non-United States trusts or estates with United States beneficiaries, passive foreign investment companies, corporations that accumulate earnings to avoid United States federal income tax and taxpayers subject to the alternative minimum tax. This summary also does not discuss notes held as part of a hedge, straddle, synthetic security, constructive sale transaction or conversion transaction, situations in which the "functional currency" of a United States Holder (as defined below) is not the United States dollar or situations where a United States Holder (as defined below) holds a note through a bank, financial institution or other entity or a branch thereof, that is located, organized or resident outside the United States. Moreover, the effect of any United States federal non-income taxes (such as estate or gift taxes) and any state, local or non-United States tax laws or tax treaties are not discussed.

In the case of a beneficial owner of notes that is classified as a partnership for United States federal income tax purposes, the tax treatment of the notes to a partner in the partnership generally will depend upon the tax status of the partner and the activities of the partner and the partnership. If you are a partner of a partnership holding notes, then you should consult your own tax advisors about the United States federal income tax consequences to you of the purchase, ownership and disposition of the notes by the partnership.

The following discussion is for informational purposes only and is not a substitute for careful tax planning and advice. Investors considering the purchase of notes should consult their own tax advisors with respect to the application of the United States federal income tax laws to their particular situations, as well as any tax consequences arising under any other federal tax laws or the laws of any state, local or non-United States taxing jurisdiction or under any applicable tax treaty, and the possible effects of changes in United States federal tax laws, or in any applicable tax treaty.

Effect of Certain Contingencies

In certain circumstances, we may be required to pay amounts in excess of stated interest and principal on the notes. Our obligation to pay such excess amounts may implicate the provisions of the Treasury regulations relating to "contingent payment debt instruments," in which case the timing and amount of income inclusions

and the character of income recognized may be different from the consequences discussed herein. However, under these Treasury regulations, one or more contingencies will not cause a series of the notes to be treated as contingent payment debt instruments if, as of the issue date of such series of notes, such contingencies, in the aggregate, are considered remote or incidental. Although the issue is not free from doubt, we intend to take the position that the possibility of payment of such excess amounts should be treated as remote and/or incidental and do not result in the notes being treated as contingent payment debt instruments under applicable Treasury regulations.

Our position that these contingencies are remote or incidental is binding on a holder, unless such holder explicitly discloses to the IRS on its tax return for the taxable year during which it acquires the notes that it is taking a different position. However, this determination is inherently factual and we can give you no assurance that our position would be sustained if challenged by the IRS. A successful challenge of this position by the IRS may require a holder to accrue ordinary interest income on the notes at a rate in excess of the stated interest rate, and to treat any gain realized on the sale, exchange, redemption, retirement or other taxable disposition of the notes as ordinary income rather than capital gain. Holders of notes should consult their own tax advisors regarding the tax consequences of the notes being treated as contingent payment debt instruments. The remainder of this discussion assumes that the notes will not be treated as contingent payment debt instruments for United States federal income tax purposes.

United States Holders

The following is a summary of certain United States federal income tax considerations for a United States Holder. For purposes of this summary, the term “United States Holder” means a beneficial owner of a note that is, for United States federal income tax purposes:

- an individual who is a citizen or a resident of the United States;
- a corporation, or any other entity treated as a corporation for United States federal income tax purposes, created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is subject to United States federal income taxation regardless of its source; or
- a trust, if (1) a court within the United States is able to exercise primary jurisdiction over its administration and one or more “United States persons” (within the meaning of the Code) have the authority to control all of its substantial decisions, or (2) the trust has a valid election in place under applicable Treasury regulations to be treated as a domestic trust for United States federal income tax purposes.

Taxation of stated interest on a note

Stated interest on a note generally will be included in the gross income of a United States Holder as ordinary income at the time such interest is accrued or received, in accordance with the United States Holder’s method of tax accounting for United States federal income tax purposes.

Sale, exchange, redemption, retirement or other taxable disposition of a note

Upon the sale, exchange, redemption, retirement or other taxable disposition of a note, a United States Holder generally will recognize gain or loss equal to the difference, if any, between (1) the amount realized on the disposition, except any portion of such amount that is attributable to accrued but unpaid interest, which will be taxed as ordinary interest income to the extent not previously so taxed, and (2) the United States Holder’s adjusted tax basis in the note. A United States Holder’s adjusted tax basis in a note generally will equal the cost of the note to such United States Holder, reduced by any principal payments on the note received by such United

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States Holder. Any such gain or loss generally will be long-term capital gain or loss if, at the time of such disposition, the United States Holder has held the note for more than one year. Individuals and other non-corporate taxpayers are, under certain circumstances, subject to United States federal income tax on long-term capital gains at a reduced tax rate. The deductibility of capital losses is subject to limitations. Each United States Holder should consult its own tax advisors as to the deductibility of capital losses in its particular circumstances.

Information reporting and backup withholding

In general, we must report certain information to the IRS with respect to payments of stated interest and payments of the proceeds of the sale or other taxable disposition (including a retirement or redemption) of a note to certain United States Holders, except in the case of an exempt recipient (such as a corporation). The payor (which may be us or an intermediate payor) will be required to impose backup withholding tax, currently at a rate of 28 percent, with respect to the foregoing amounts if (1) the payee fails to furnish a taxpayer identification number ("TIN") to the payor or to establish an exemption from backup withholding, (2) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (3) there has been a notified payee underreporting described in section 3406(c) of the Code or (4) the payee has not certified under penalties of perjury that it has furnished a correct TIN, that it is a United States person and that the IRS has not notified the payee that it is subject to backup withholding under the Code. Backup withholding tax is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a United States Holder will be allowed as a credit against the holder's United States federal income tax liability, if any, and may entitle the United States Holder to a refund, provided that the required information is timely furnished to the IRS. United States Holders should consult their own tax advisors regarding the effect, if any, of the backup withholding rules on their particular circumstances.

Medicare contribution tax

An additional 3.8% tax will be imposed on certain United States Holders who are individuals, estates or trusts (other than certain exempt trusts or estates) on the lesser of (1) the United States Holder's "net investment income" (or undistributed net investment income in the case of an estate or trust) for the relevant taxable year and (2) the excess of the United States Holder's modified adjusted gross income (or adjusted gross income in the case of an estate or trust) for the taxable year over a certain threshold. A United States Holder's net investment income will generally include its interest income and its net gains from the disposition of notes, unless such interest income or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). If you are a United States Holder that is an individual, estate or trust, you should consult your tax advisor regarding the applicability of the Medicare contribution tax to your income and gains in respect of your investment in the notes.

Non-United States Holders

The following is a summary of certain United States federal income tax considerations for a non-United States Holder. For purposes of this summary, the term "non-United States Holder" means a beneficial owner of a note that is, for United States federal income tax purposes:

- a nonresident alien individual;
- a foreign corporation; or
- a foreign estate or trust.

The following discussion assumes that no item of income, gain, deduction or loss derived by any non-United States Holder in respect of the notes at any time is effectively connected with the conduct of a United States trade or business. Non-United States Holders with any item of income, gain, deduction or loss in respect of the notes that is effectively connected with the conduct of a United States trade or business should consult their own tax advisors regarding the United States federal income and branch profits tax consequences of the purchase, ownership and disposition of the notes.

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Payment of interest

Subject to the discussions on backup withholding and FATCA, interest paid on a note by us or any paying agent to a non-United States Holder will be exempt from United States income and withholding tax under the "portfolio interest exemption" provided that (1) the non-United States Holder does not, actually or constructively, own 10 percent or more of the total combined voting power of all classes of our stock entitled to vote, (2) the non-United States Holder is not a controlled foreign corporation related to us, actually or constructively, through stock ownership, (3) the non-United States Holder is not a bank that acquired the notes in consideration for an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business and (4) either (a) the non-United States Holder provides to us or our paying agent an applicable properly completed IRS Form W-8BEN or W-8BEN-E (or applicable successor form) and any applicable attachments, signed under penalties of perjury, that includes its name and address and that certifies that it is not a United States person or in the case of an individual, that the person is neither a citizen or a resident (for United States federal income tax purposes) of the United States, in compliance with applicable law and regulations, or (b) a securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business on behalf of the non-United States Holder provides a statement to us or our agent under penalties of perjury in which it certifies that a properly completed applicable IRS Form W-8BEN or W-8BEN-E (or applicable successor form) has been received by it from the non-United States Holder or (c) the non-United States Holder holds its notes through a "qualified intermediary" and the qualified intermediary furnishes a copy to us or our agent of a properly executed IRS Form W-8IMY (or applicable successor form) and any applicable attachments on behalf of itself (which may, in some circumstances, include a withholding statement and applicable underlying IRS forms sufficient to establish that the non-United States Holder is not a United States Holder). This certification requirement may be satisfied with other documentary evidence in the case of a note held as an offshore obligation or through certain foreign intermediaries, if certain requirements are met. If a non-United States Holder cannot satisfy the requirements of the portfolio interest exemption described above, payments of interest made to such non-United States Holder generally will be subject to United States withholding tax at the rate of 30 percent, unless the non-United States Holder provides us or our agent with a properly executed IRS Form W-8BEN or W-8BEN-E or applicable successor form) establishing an exemption from, or reduction of the withholding tax under the benefit of an applicable tax treaty.

Sale, exchange, redemption, retirement or other disposition of a note

Subject to the discussions on backup withholding tax and FATCA below, a non-United States Holder generally will not be subject to United States federal income tax or withholding tax on any gain realized on a sale, exchange, redemption, retirement or other taxable disposition of a note (other than any amount representing accrued but unpaid interest on the note, which is subject to the rules discussed above under "—Payment of interest"). However, if a non-United States Holder is an individual who is present in the United States for 183 days or more in the taxable year of the disposition, and certain other requirements are met, such non-United States Holder generally will be subject to United States federal income tax at a flat rate of 30 percent (unless a lower applicable treaty rate applies) on any such non-United States Holder's United States-source gain, which may be offset by certain United States-source losses.

Information reporting and backup withholding

The amount of interest on a note paid to a non-United States Holder and the amount of tax, if any, withheld from such payment generally must be reported annually to the non-United States Holder and to the IRS. The IRS may make this information available under the provisions of an applicable income tax treaty to the tax authorities in the country in which the non-United States Holder is resident.

Provided that a non-United States Holder has complied with certain reporting procedures (usually satisfied by providing an applicable properly completed IRS Form W-8BEN or IRS Form W-8BEN-E) or otherwise establishes an exemption, the non-United States Holder generally will not be subject to backup withholding tax

with respect to interest payments on, and the proceeds from a disposition of, a note, unless we or our paying agent know or have reason to know that the holder is a United States person. Rules relating to information reporting requirements and backup withholding with respect to the payment of proceeds from the taxable disposition (including a redemption or retirement) of a note are as follows:

- If the proceeds are paid to or through the United States office of a broker, a non-United States Holder generally will be subject to backup withholding and information reporting unless the non-United States Holder certifies under penalties of perjury that it is not a United States person (usually on an IRS Form W-8BEN or W-8BEN-E) or otherwise establishes an exemption.
- If the proceeds are paid to or through a non-United States office of a broker that is not a United States person and does not have certain specified United States connections (a "United States Related Person"), a non-United States Holder will not be subject to backup withholding or information reporting.
- If the proceeds are paid to or through a non-United States office of a broker that is a United States person or a United States Related Person, a non-United States Holder generally will be subject to information reporting (but generally not backup withholding) unless the non-United States Holder certifies under penalties of perjury that it is not a United States person (usually on an IRS Form W-8BEN) or otherwise establishes an exemption.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will be allowed as a credit against the non-United States Holder's United States federal income tax liability, if any, and may entitle the non-United States Holder to a refund, provided that the required information is timely furnished to the IRS. Non-United States Holders should consult their own tax advisors regarding the application of the backup withholding rules in their particular circumstances and the availability of, and procedure for, obtaining an exemption from backup withholding under current Treasury regulations.

"FATCA" legislation

The Hiring Incentives to Restore Employment Act and the final Treasury regulations and official IRS guidance associated with such provisions (such provisions, regulations and guidance commonly known as FATCA) generally imposes a United States federal withholding tax of 30 percent on interest income paid on a debt obligation and on the gross proceeds of a sale or other disposition (including a retirement or redemption) of a debt obligation paid to (1) a foreign financial institution (as the beneficial owner or as an intermediary for the beneficial owner), unless such institution (a) enters into, and is in compliance with, a withholding and information reporting agreement with the United States government to collect and provide to the United States tax authorities substantial information regarding United States account holders of such institution (which would include certain equity and debt holders of such institution, as well as certain account holders that are foreign entities with United States owners) or (b) is a resident in a country that has entered into an intergovernmental agreement with the United States in relation to such withholding and information reporting and the financial institution complies with the related information reporting requirements of such country or (2) a foreign entity that is not a financial institution (as the beneficial owner or as an intermediary for the beneficial owner), unless such entity provides the withholding agent with a certification identifying the substantial United States owners of the entity, which generally includes any United States person who directly or indirectly owns more than 10 percent of the entity or certifies that it does not have any substantial United States owners.

Withholding under FATCA generally will apply to payments of interest on a note regardless of when they are made. However, under the applicable Treasury Regulations, withholding under FATCA generally will only apply to payments of gross proceeds from the sale or other disposition of a note on or after January 1, 2019. An intergovernmental agreement between the United States and the applicable non-United States country, or future Treasury regulations or other official IRS guidance, may modify these requirements. Investors should consult with their own tax advisors regarding the implications of this legislation on their investment in our notes.

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UNDERWRITING

Barclays Capital Inc., Goldman, Sachs & Co., J.P. Morgan Securities LLC and Scotia Capital (USA) Inc. are acting as representatives of the underwriters set forth below. Subject to the terms and conditions contained in an underwriting agreement between us and the underwriters, we have agreed to sell to the underwriters and the underwriters have severally agreed to purchase from us, the principal amount of the notes listed opposite their names below:

Underwriter	Principal Amount of 2021 Notes	Principal Amount of 2026 Notes	Principal Amount of 2046 Notes
Barclays Capital Inc.	$ 45,000,000	$ 112,500,000	$ 112,500,000
Goldman, Sachs & Co.	45,000,000	112,500,000	112,500,000
J.P. Morgan Securities LLC	45,000,000	112,500,000	112,500,000
Scotia Capital (USA) Inc.	45,000,000	112,500,000	112,500,000
Credit Suisse Securities (USA), Inc.	30,000,000	75,000,000	75,000,000
RBC Capital Markets, LLC	30,000,000	75,000,000	75,000,000
TD Securities (USA) LLC	30,000,000	75,000,000	75,000,000
BNY Mellon Capital Markets, LLC	15,000,000	37,500,000	37,500,000
Lebenthal & Co., LLC	3,750,000	9,375,000	9,375,000
Mischler Financial Group, Inc.	3,750,000	9,375,000	9,375,000
Samuel A. Ramirez & Company, Inc.	3,750,000	9,375,000	9,375,000
The Williams Group, L.P.	3,750,000	9,375,000	9,375,000
Total	$ 300,000,000	$ 750,000,000	$ 750,000,000

The obligations of the several underwriters to purchase the notes are subject to certain conditions as set forth in the underwriting agreement. The underwriters are obligated to purchase all of the notes if they purchase any of the notes. The underwriting agreement also provides that if an underwriter defaults, the purchase commitments of the non-defaulting underwriter may be increased or the offering of notes may be terminated. The offering of the notes by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part.

The underwriters have advised us that they propose to initially offer the notes to the public at the relevant price to public appearing on the cover page of this prospectus supplement and may also offer the notes to certain securities dealers at the relevant price to public on the cover of this prospectus supplement less a concession of 0.350% of the principal amount of the 2021 notes, 0.400% of the principal amount of the 2026 notes and 0.500% of the principal amount of the 2046 notes. The underwriters may allow, and such dealers may re-allow, a discount to certain brokers and dealers not in excess of 0.250% of the principal amount of the 2021 notes, 0.250% of the principal amount of the 2026 notes and 0.250% of the principal amount of the 2046 notes. After the initial public offering, the relevant price to public, concession and discount may be changed.

There is no established trading market for the notes, and the underwriters are not obligated to make a market in the notes. We do not intend to apply for listing of the notes on any securities exchange. The underwriters have advised us that they intend to make a market in the notes but are not obligated to do so and may discontinue such market-making activities at any time without notice. We cannot give any assurance as to the maintenance of the trading market for, or the liquidity of, the notes, the ability of the holders to sell their notes or the price at which holders will be able to sell their notes.

In connection with the offering, the underwriters may engage in transactions that stabilize the price of the notes. These transactions may include purchases for the purpose of fixing or maintaining the price of the notes.

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The underwriters may create a short position in the notes in connection with the offering. That means they sell a larger principal amount of the notes than is shown on the cover page of this prospectus supplement. If they create a short position, the underwriters may purchase notes in the open market to reduce the short position.

If the underwriters purchase the notes to stabilize the price or to reduce their short position, the price of the notes could be higher than it might be if they had not made such purchases. The underwriters make no representation or prediction about any effect that purchases may have on the price of the notes and any of such transactions may be discontinued at any time.

The underwriters also may impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the underwriters or their affiliates have repurchased notes sold by or for the account of such underwriter in stabilizing or short covering transactions.

We have agreed to indemnify the several underwriters against certain civil liabilities, including liabilities under the Securities Act of 1933, or to contribute with respect to payments which the underwriters may be required to make in respect of any of those liabilities.

Our expenses associated with the offer and sale of the notes, excluding underwriting discounts, are estimated to be approximately $2,400,000.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities. From time to time, in the ordinary course of business, the underwriters and their respective affiliates have engaged and may in the future engage, in sales and trading, commercial banking, investment banking advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services and/or other transactions of a financial nature with us and our affiliates. Consequently, they have received, and in the future may continue to receive, customary fees and commissions for these services. The underwriters or their affiliates may provide credit to us or our affiliates as lenders from time to time, including under our existing revolving credit facility.

In addition, in the ordinary course of their business activities, the underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. If any of the underwriters or their affiliates have a lending relationship with us, certain of those underwriters or their affiliates routinely hedge, and certain other of those underwriters or their affiliates may hedge, their credit exposure to us consistent with their customary risk management policies. Typically, such underwriters and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the notes offered hereby. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Canada

Notice to Canadian Residents

This prospectus supplement and accompanying prospectus constitute an “exempt offering document” as defined in and for the purposes of applicable Canadian securities laws. No prospectus has been filed with any securities commission or similar regulatory authority in Canada in connection with the offer and sale of the notes. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon this prospectus supplement and accompanying prospectus or on the merits of the notes and any representation to the contrary is an offence.

Canadian investors are advised that this prospectus supplement and accompanying prospectus has been prepared in reliance on section 3A.3 of National Instrument 33-105 *Underwriting Conflicts* ("NI 33-105"). Pursuant to section 3A.3 of NI 33-105, this prospectus supplement and accompanying prospectus is exempt from the requirement to provide investors with certain conflicts of interest disclosure pertaining to "connected issuer" and/or "related issuer" relationships as would otherwise be required pursuant to subsection 2.1(1) of NI 33-105.

Resale Restrictions

The offer and sale of the notes in Canada is being made on a private placement basis only and is exempt from the requirement to prepare and file a prospectus under applicable Canadian securities laws. Any resale of notes acquired by a Canadian investor in this offering must be made in accordance with applicable Canadian securities laws, which may vary depending on the relevant jurisdiction, and which may require resales to be made in accordance with Canadian prospectus requirements, a statutory exemption from the prospectus requirements, in a transaction exempt from the prospectus requirements or otherwise under a discretionary exemption from the prospectus requirements granted by the applicable local Canadian securities regulatory authority. These resale restrictions may under certain circumstances apply to resales of the notes outside of Canada.

Representations of Purchasers

Each Canadian investor who purchases notes will be deemed to have represented to the issuer and to each dealer from whom a purchase confirmation is received, as applicable, that the investor (i) is purchasing as principal, or is deemed to be purchasing as principal in accordance with applicable Canadian securities laws, for investment only and not with a view to resale or redistribution; (ii) is an "accredited investor" as such term is defined in section 1.1 of National Instrument 45-106 *Prospectus Exemptions* ("NI 45-106") or, in Ontario, as such term is defined in section 73.3(1) of the *Securities Act* (Ontario); and (iii) is a "permitted client" as such term is defined in section 1.1 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* .

Taxation and Eligibility for Investment

Any discussion of taxation and related matters contained in this prospectus supplement and accompanying prospectus does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a Canadian investor when deciding to purchase the notes and, in particular, does not address any Canadian tax considerations. No representation or warranty is hereby made as to the tax consequences to a resident, or deemed resident, of Canada of an investment in the notes or with respect to the eligibility of the notes for investment by such investor under relevant Canadian federal and provincial legislation and regulations.

Rights of Action for Damages or Rescission

Securities legislation in certain of the Canadian jurisdictions provides certain purchasers of securities pursuant to an offering memorandum, including where the distribution involves an "eligible foreign security" as such term is defined in Ontario Securities Commission Rule 45-501 *Ontario Prospectus and Registration Exemptions* and in Multilateral Instrument 45-107 *Listing Representation and Statutory Rights of Action Disclosure Exemptions* , as applicable, with a remedy for damages or rescission, or both, in addition to any other rights they may have at law, where the offering memorandum, or other offering document that constitutes an offering memorandum, and any amendment thereto, contains a "misrepresentation" as defined under applicable Canadian securities laws. These remedies, or notice with respect to these remedies, must be exercised or delivered, as the case may be, by the purchaser within the time limits prescribed under, and are subject to limitations and defences under, applicable Canadian securities legislation. In addition, these remedies are in addition to and without derogation from any other right or remedy available at law to the investor.

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Language of Documents

Upon receipt of this prospectus supplement and accompanying prospectus, each Canadian investor hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the securities described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.*

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), each underwriter has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) it has not made and will not make an offer of notes which are the subject of the offering contemplated by this prospectus supplement to the public in that Relevant Member State other than:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the issuer for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of notes shall require the issuer or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of notes to the public" in relation to any notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe the notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

United Kingdom

Each underwriter has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the notes in circumstances in which Section 21(1) of the FSMA does not apply to the issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the notes in, from or otherwise involving the United Kingdom.

Hong Kong

The notes may not be offered or sold by means of any document other than (1) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong

Kong), or (2) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (3) in other circumstances which do not result in the document being a “prospectus” within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Japan

The notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the Financial Instruments and Exchange Law) and each underwriter has agreed that it will not offer or sell any securities, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the notes may not be circulated or distributed, nor may the notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (1) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), (2) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (3) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the notes are subscribed or purchased under Section 275 by a relevant person which is: (1) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (2) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries’ rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the notes under Section 275 except: (a) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (b) where no consideration is given for the transfer; or (c) by operation of law.

LEGAL MATTERS

Ballard Spahr LLP will render an opinion as to the validity of the notes for us. Certain legal matters will be passed on for the underwriters by Winston & Strawn LLP, Chicago, Illinois. Winston & Strawn LLP provides legal services to Exelon and its subsidiaries from time to time.

EXPERTS

The financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) incorporated in this prospectus supplement by reference to the Annual Report on Form 10-K for the year ended December 31, 2015 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

The SEC allows us to "incorporate by reference" the information filed by us with the SEC, which means that we can refer you to important information without restating it in this prospectus supplement and the accompanying prospectus. The information incorporated by reference is considered to be part of this prospectus supplement and the accompanying prospectus and should be read with the same care. This incorporation by reference does not include documents that are furnished, but not filed, with the SEC. We incorporate by reference our Annual Report on Form 10-K for the year ended December 31, 2015, our Current Reports on Form 8-K filed with the SEC on January 7, 2016, January 28, 2016, February 26, 2016, March 7, 2016, March 24, 2016 and any future filings that we make with the SEC under the Exchange Act if the filings are made prior to the time that all of the notes are sold in this offering.

You can also find more information about us from the sources described under "Documents Incorporated by Reference" in the accompanying prospectus.

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Unsecured Debt Securities
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Exelon Corporation (Exelon) may use this prospectus to offer and sell from time to time:

- senior debt securities;
- subordinated debt securities;
- common stock;
- stock purchase contracts;
- stock purchase units;
- preferred stock in one or more series;
- depositary shares.

Exelon Generation Company, LLC (Generation) may use this prospectus to offer and sell from time to time:

- senior debt securities; and
- preferred limited liability company interests in one or more series.

Commonwealth Edison Company (ComEd) may use this prospectus to offer and sell from time to time:

- first mortgage bonds; and
- unsecured notes.

PECO Energy Company (PECO) may use this prospectus to offer and sell from time to time:

- first and refunding mortgage bonds; and
- preferred stock in one or more series

Baltimore Gas and Electric Company (BGE) may use this prospectus to offer and sell from time to time:

- unsecured debt securities;
- senior secured bonds; and
- preferred stock in one or more series.

Exelon, Generation, ComEd, PECO and BGE sometimes refer to the securities listed above as the “Securities.”

Exelon, Generation, ComEd, PECO and BGE will provide the specific terms of the Securities in supplements to this prospectus prepared in connection with each offering. Please read this prospectus and the applicable prospectus supplement carefully before you invest. This prospectus may not be used to consummate sales of the offered Securities unless accompanied by a prospectus supplement.

Exelon’s common shares are listed on the New York Stock Exchange, under the symbol “EXC.”

Please see “ Risk Factors ” beginning on page 2 for a discussion of factors you should consider in connection with a purchase of the Securities offered in this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is May 23, 2014.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that Exelon, Generation, ComEd, PECO and BGE have each filed with the Securities and Exchange Commission (SEC) using a "shelf" registration process. Under this shelf registration process, each of us may, from time to time, sell our Securities described in this prospectus in one or more offerings. Each time Exelon, Generation, ComEd, PECO or BGE (each, a registrant) sells Securities, the registrant will provide a prospectus supplement that will contain a description of the Securities the registrant will offer and specific information about the terms of the offering. The prospectus supplement may also add, update or change information contained in this prospectus. If there is any inconsistency between the information in this prospectus and the prospectus supplement, you should rely on the prospectus supplement. You should read both this prospectus and any prospectus supplement together with additional information described under "Where You Can Find More Information."

Information contained herein relating to each registrant is filed separately by such registrant on its own behalf. No registrant makes any representation as to information relating to any other registrant or Securities issued by any other registrant.

As used in this prospectus, the terms "we," "our" and "us" generally refer to:

- Exelon with respect to Securities issued by Exelon.
- Generation with respect to Securities issued by Generation.
- ComEd with respect to Securities issued by ComEd.
- PECO with respect to Securities issued by PECO.
- BGE with respect to Securities issued by BGE.

None of the registrants will guarantee or provide other credit or funding support for the Securities to be offered by another registrant pursuant to this prospectus.

We are not offering the Securities in any state where the offer is not permitted.

For more detailed information about the Securities, you should read the exhibits to the registration statement. Those exhibits have either been filed with the registration statement or incorporated by reference to earlier SEC filings listed in the registration statement.

You should rely only on information contained in this prospectus and which is incorporated by reference or the documents to which we have referred you. We have not authorized anyone to provide you with information that is different. This prospectus and related prospectus supplement may be used only where it is legal to sell these securities. The information in this prospectus and any prospectus supplement may only be accurate on the date of this document. The business of the registrant, financial condition, results of operations and prospects may have changed since that date.

Please see "Risk Factors" beginning on page 2 for a discussion of factors you should consider in connection with a purchase of the Securities offered in this prospectus.

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FORWARD-LOOKING ST ATEMENTS

This prospectus and the documents incorporated or deemed incorporated by reference as described under the heading “Where You Can Find More Information” contain forward-looking statements that are not based entirely on historical facts and are subject to risks and uncertainties. Words such as “believes,” “anticipates,” “expects,” “intends,” “plans,” “predicts” and “estimates” and similar expressions are intended to identify forward-looking statements but are not the only means to identify those statements. These forward-looking statements are based on assumptions, expectations and assessments made by our management in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe to be appropriate. Any forward-looking statements are not guarantees of our future performance and are subject to risks and uncertainties.

This presentation contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which are subject to risks and uncertainties. The factors that could cause actual results to differ materially from the forward-looking statements made by the registrants include those factors discussed herein, as well as the items discussed in (1) each registrant’s 2013 Annual Report on Form 10-K in (a) ITEM 1A. Risk Factors, (b) ITEM 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations and (c) ITEM 8. Financial Statements and Supplementary Data: Note 22; and (2) other factors discussed herein and in other filings with the SEC by Exelon, Generation, ComEd, PECO and BGE, as applicable.

You are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date on the front of this prospectus or, as the case may be, as of the date on which we make any subsequent forward-looking statement that is deemed incorporated by reference. We do not undertake any obligation to update or revise any forward-looking statement to reflect events or circumstances after the date as of which any such forward-looking statement is made.

RISK FACT ORS

Investing in the Securities involves various risks. You are urged to read and consider the risk factors described in the combined Annual Reports on Form 10-K of Exelon, Generation, ComEd, PECO, and BGE, as applicable, for the year ended December 31, 2013, filed with the SEC on February 13, 2014. Before making an investment decision, you should carefully consider these risks as well as other information we include or incorporate by reference in this prospectus. The prospectus supplement applicable to each type or series of Securities offered by one of the registrants will contain a discussion of additional risks applicable to an investment in such registrant and the particular type of Securities the registrant is offering under that prospectus supplement.

EXELON CORP ORATION

Exelon, incorporated in Pennsylvania in February 1999, is a utility services holding company engaged, through Generation, in the energy generation business, and through ComEd, PECO and BGE, in the energy delivery businesses. Exelon’s principal executive offices are located at 10 South Dearborn Street, Chicago, Illinois 60603, and its telephone number is 312-394-7398.

EXELON GENERATI ON COMPANY, LLC

Generation’s integrated business consists of its owned and contracted electric generating facilities and investments in generation ventures that are marketed through its leading customer-facing activities. These customer-facing activities include, wholesale energy marketing operations and its competitive retail customer

supply of electric and natural gas products and services, including renewable energy products, risk management services and natural gas exploration and production activities. Generation has six reportable segments consisting of the Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Regions.

Generation was formed in 2000 as a Pennsylvania limited liability company. Generation began operations as a result of a corporate restructuring, effective January 1, 2001, in which Exelon separated its generation and other competitive businesses from its regulated energy delivery businesses at ComEd and PECO. Generation's principal executive offices are located at 300 Exelon Way, Kennett Square, Pennsylvania 19348, and its telephone number is 610-765-5959.

COMMONWE ALTH EDISON COMPANY

ComEd's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in northern Illinois, including the City of Chicago.

ComEd was organized in the State of Illinois in 1913 as a result of the merger of Cosmopolitan Electric Company into the original corporation named Commonwealth Edison Company, which was incorporated in 1907. ComEd's principal executive offices are located at 440 South LaSalle Street, Chicago, Illinois 60605, and its telephone number is 312-394-4321.

PECO ENERGY CO MPANY

PECO's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in southeastern Pennsylvania, including the City of Philadelphia, as well as the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services to retail customers in the Pennsylvania counties surrounding the City of Philadelphia.

PECO was incorporated in Pennsylvania in 1929. PECO's principal executive offices are located at 2301 Market Street, Philadelphia, Pennsylvania 19103, and its telephone number is 215-841-4000.

BALTIMORE GAS AND ELECTRIC COMPANY

BGE's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in central Maryland, including the City of Baltimore, as well as the purchase and regulated retail sale of natural gas and the provision of gas distribution services to retail customers in central Maryland, including the City of Baltimore.

BGE was incorporated in Maryland in 1906. BGE's principal executive offices are located at 110 West Fayette Street, Baltimore, Maryland 21201, and its telephone number is 410-234-5000.

USE OF PR OCEEDS

Except as otherwise indicated in the applicable prospectus supplement, each registrant expects to use the net proceeds from the sale of the Securities for general corporate purposes, including to discharge or refund (by redemption, by purchase on the open market, by purchase in private transactions, by tender offer or otherwise) outstanding long-term debt. Each registrant will describe in the applicable prospectus supplement any specific allocation of the proceeds to a particular purpose that the registrant has made at the date of that prospectus

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supplement. Please refer to our annual and quarterly reports incorporated by reference into this prospectus and any prospectus supplement for information concerning each registrant's outstanding long-term debt. See "Where You Can Find More Information."

RATIO OF EARNINGS TO FIXED CHARGES AND RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERENCE SECURITY DIVIDENDS

Exelon

The following are Exelon's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	5.4	4.9	4.9	2.3	2.6	1.1

The following are Exelon's consolidated ratios of earnings to combined fixed charges and preference stock dividends for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to combined fixed charges and preference stock dividends	5.4	4.8	4.9	2.3	2.5	1.1

Generation

The following are Generation's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	10.4	8.5	7.3	2.6	3.3	(a)

(a) The ratio coverage was less than 1:1. Generation required additional earnings of $380 million in order to achieve a coverage ratio of 1:1.

Generation had no preference securities outstanding during the periods indicated; therefore, the ratio of earnings to combined fixed charges and preference security dividends is the same as the ratio of earnings to fixed charges for Generation.

ComEd

The following are ComEd's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	2.9	2.8	3.0	3.0	1.7	3.0

ComEd had no preference securities outstanding during the periods indicated; therefore, the ratio of earnings to combined fixed charges and preference security dividends is the same as the ratio of earnings to fixed charges for ComEd.

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PECO

The following are PECO's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	3.7	3.3	4.7	4.9	5.6	5.1

The following are PECO's consolidated ratios of earnings to combined fixed charges and preference security dividends for each of the periods indicated:

	Years Ended December 31,				
	2009	2010	2011	2012	2013
Ratio of earnings to combined fixed charges and preferred stock dividends	3.6	3.2	4.5	4.7	5.2

On May 1, 2013, PECO redeemed all of its outstanding preferred securities; therefore, the ratio of earnings to combined fixed charges and preferred stock dividends is the same as the ratio of earnings to fixed charges for PECO for the three months ended March 31, 2014.

BGE

The following are BGE's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	2.0	2.7	2.4	1.0	3.6	5.8

The following are BGE's consolidated ratios of earnings to combined fixed charges and preference stock dividends for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to combined fixed charges and preference stock dividends	1.7	2.4	2.1	(a)	3.1	5.0

(a) The ratio coverage was less than 1:1. BGE required additional earnings of $14 million in order to achieve a coverage ratio of 1:1.

DESCRIPTION OF SECUR ITIES

Each time one of the registrants sells securities, it will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with additional information described under "Where You Can Find More Information."

PLAN OF DISTRIBUT ION

We may sell the Securities offered (a) through agents; (b) by underwriters or dealers; (c) directly to one or more purchasers; or (d) through a combination of any of these methods of sale.

In some cases we may also repurchase the Securities and reoffer them to the public by one or more of the methods described above.

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This prospectus may be used in connection with any offering of securities through any of these methods or other methods described in the applicable prospectus supplement.

Any underwriter or agent involved in the offer and sale of the Securities will be named in the applicable prospectus supplement.

By Agents

Offered securities may be sold on a one time or a continuing basis by agents designated by the applicable registrant. The agents will use their reasonable efforts to solicit purchases for the period of their appointment under the terms of an agency agreement between the agents and the applicable issuer.

By Underwriters or Dealers

If underwriters are used in the sale, the underwriters may be designated by the applicable registrant or selected through a bidding process. The securities will be acquired by the underwriters for their own account. The underwriters may resell the Securities in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. Underwriters may sell the Securities to or through dealers, and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or commissions from the purchasers for whom they may act as agents. The obligations of the underwriters to purchase the Securities will be subject to certain conditions. The underwriters will be obligated to purchase all the Securities of the series offered if any of the securities are purchased. Any initial public offering price and any discounts or concessions allowed or re-allowed or paid to dealers may be changed from time to time.

Only underwriters named in the applicable prospectus supplement are deemed to be underwriters in connection with the Securities offered hereby.

If dealers are utilized in the sale of the Securities, the applicable registrant will sell the Securities to the dealers as principals. The dealers may then resell the Securities to the public at varying prices to be determined by such dealers at the time of resale. The names of the dealers and the terms of the transaction will be set forth in the applicable prospectus supplement.

Direct Sales

We may also sell Securities directly to the public. In this case, no underwriters or agents would be involved.

General Information

We may authorize agents, underwriters or dealers to solicit offers by certain institutions to purchase Securities from us at the public offering price pursuant to delayed delivery contracts providing for payment and delivery on a later date or dates, all as described in the applicable prospectus supplement. Each delayed delivery contract will be for an amount not less than, and the aggregate amount of the Securities shall be not less nor more than, the respective amounts stated in the applicable prospectus supplement. Such institutions may include commercial and savings banks, insurance companies, pension funds, investment companies, educational and charitable institutions, and other institutions, but will in all cases be subject to our approval. The delayed delivery contracts will not be subject to any conditions except:

- the purchase by an institution of the Securities covered by its delayed delivery contract shall not, at any time of delivery, be prohibited under the laws of any jurisdiction in the United States to which such delayed delivery contract is subject; and

- if the Securities are being sold to underwriters, we shall have sold to those underwriters the total amount of the Securities less the amount thereof covered by the delayed delivery contracts. The underwriters will not have any responsibility in respect of the validity or performance of the delayed delivery contracts.

Unless otherwise specified in the related prospectus supplement, each series of the Securities will be a new issue with no established trading market, other than the common stock. Any common stock sold pursuant to a prospectus supplement or issuable upon conversion of another offered Security will be listed on the New York Stock Exchange, subject to official notice of issuance. We may elect to list any of the other securities on an exchange, but are not obligated to do so. It is possible that one or more underwriters may make a market in a series of the Securities, but no underwriter will be obligated to do so and any underwriter may discontinue any market making at any time without notice. We cannot predict the activity of trading in, or liquidity of, our Securities.

In connection with sales by an agent or in an underwritten offering, the SEC rules permit the underwriters or agents to engage in transactions that stabilize the price of the Securities. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters or agents of a greater number of securities than they are required to purchase in an offering. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Securities while an offering is in progress.

The underwriters also may impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the underwriters have repurchased Securities sold by or for the account of that underwriter in stabilizing or short-covering transactions.

These activities by the underwriters may stabilize, maintain or otherwise affect the market price of the Securities. As a result, the price of the Securities may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the underwriters at any time. These transactions may be effected on an exchange or automated quotation system, if the Securities are listed on that exchange or admitted for trading on that automated quotation system, in the over-the-counter market or otherwise.

We may from time to time, without the consent of the existing Security holders, create and issue further Securities having the same terms and conditions as the Securities being offered hereby in all respects, except for issue date, issue price and if applicable, the first payment of interest or dividends therein or other terms as noted in the applicable prospectus supplement. Additional Securities issued in this manner will be consolidated with, and will form a single series with, the previously outstanding securities.

Underwriters, dealers and agents that participate in the distribution of the Securities may be underwriters as defined in the Securities Act of 1933, and any discounts or commissions received by them from us and any profit on the resale of the Securities by them may be treated as underwriting discounts and commissions under the Securities Act.

We may have agreements with the underwriters, dealers and agents to indemnify them against certain civil liabilities, including liabilities under the Securities Act of 1933, or to contribute with respect to payments which the underwriters, dealers or agents may be required to make.

Underwriters, dealers and agents may engage in transactions with, or perform services for, us or our subsidiaries or affiliates in the ordinary course of their businesses.

LEGAL MATTE RS

Ballard Spahr LLP, Philadelphia, Pennsylvania, will render an opinion as to the validity of the Securities for us.

Winston & Strawn LLP, Chicago, Illinois, will render an opinion as to the validity of the Securities for any underwriters, dealers, purchasers or agents. Winston & Strawn LLP provides legal services to Exelon and its subsidiaries from time to time.

EXP ERTS

The financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) of Exelon, Generation, ComEd, PECO and BGE incorporated in this prospectus by reference to the combined Annual Reports on Form 10-K for the year ended December 31, 2013 have been so incorporated in reliance on the reports of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MO RE INFORMATION

Exelon, Generation, ComEd, PECO and BGE each file reports and other information with the SEC. The public may read and copy any reports or other information that we file with the SEC at the SEC's public reference room, 100 F Street, N.E., Room 1580, Washington, D.C. 20549. The public may obtain information on the operation of the public reference room by calling the SEC at 1-800-SEC-0330. These documents are also available to the public from commercial document retrieval services and at the web site maintained by the SEC at http://www.sec.gov. Reports, proxy statements and other information concerning Exelon may also be inspected at the offices of the New York Stock Exchange, which is located at 20 Broad Street, New York, New York 10005. You may also obtain a copy of the registration statement at no cost by writing us at the following address:

Exelon Corporation
Attn: Investor Relations
10 South Dearborn Street—52 nd Floor
P.O. Box 805398
Chicago, IL 60680-5398

This prospectus is one part of a registration statement filed on Form S-3 with the SEC under the Securities Act of 1933, as amended, known as the Securities Act. This prospectus does not contain all of the information set forth in the registration statement and the exhibits and schedules to the registration statement. For further information concerning us and the Securities, you should read the entire registration statement, including this prospectus and any related prospectus supplements, and the additional information described under the sub-heading "Documents Incorporated By Reference" below. The registration statement has been filed electronically and may be obtained in any manner listed above. Any statements contained herein concerning the provisions of any document are not necessarily complete, and, in each instance, reference is made to the copy of such document filed as an exhibit to the registration statement or otherwise filed with the SEC. Each such statement is qualified in its entirety by such reference.

Information about us is also available on Exelon's web site at http://www.exeloncorp.com. The information on Exelon's web site is not incorporated into this prospectus by reference, and you should not consider it a part of this prospectus.

DOCUMENTS INCORPORATED B Y REFERENCE

The SEC allows us to "incorporate by reference" information that we file with the SEC, which means that we can disclose important information to you by referring you to the documents we file with the SEC. The information incorporated by reference is an important part of this prospectus, and information that we file later with the SEC will automatically update and supersede this information. This incorporation by reference does not include documents that are furnished but not filed with the SEC. We incorporate by reference the documents listed below and any future documents that we file with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (known as the Exchange Act) but prior to the termination of any offering of securities made by this prospectus:

Exelon Corporation (Exchange Act File No. 1-16169)

- Exelon's Annual Report on Form 10-K for the year ended December 31, 2013;
- Exelon's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014;
- The description of Exelon's common stock contained in the registration statement on Form 8-A filed under the Securities Exchange Act of 1934, as amended, including any amendment thereto or report filed for the purpose of updating such description; and
- Exelon's Current Reports on Form 8-K filed with the SEC on February 12, 2014, February 13, 2014, February 28, 2014, April 1, 2014, April 30, 2014 and May 7, 2014.

Exelon Generation Company, LLC (Exchange Act File No. 333-85496)

- Generation's Annual Report on Form 10-K for the year ended December 31, 2013;
- Generation's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014; and
- Generation's Current Reports on Form 8-K filed with the SEC on February 12, 2014 and April 1, 2014.

Commonwealth Edison Company (Exchange Act File No. 1-1839)

- ComEd's Annual Report on Form 10-K for the year ended December 31, 2013;
- ComEd's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014; and
- ComEd's Current Reports on Form 8-K filed with the SEC on January 10, 2014 and February 28, 2014.

PECO Energy Company (Exchange Act File No. 000-16844)

- PECO's Annual Report on Form 10-K for the year ended December 31, 2013; and
- PECO's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014.

Baltimore Gas and Electric Company (Exchange Act File No. 1-1910)

- BGE's Annual Report on Form 10-K for the year ended December 31, 2013;
- BGE's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014; and
- BGE's Current Reports on Form 8-K filed with the SEC on February 13, 2014 and May 16, 2014.

Upon written or oral request, we will provide without charge to each person, including any beneficial owner, to whom this prospectus is delivered, a copy of any or all of such documents which are incorporated herein by reference (other than exhibits to such documents unless such exhibits are specifically incorporated by reference

into the documents that this prospectus incorporates). Written or oral requests for copies should be directed to Exelon Corporation, Attn: Investor Relations, 10 South Dearborn Street, 52 nd Floor, P.O. Box 805398, Chicago, IL 60680-5398, 312-394-2345.

Any statement contained in this prospectus, or in a document all or a portion of which is incorporated by reference, shall be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus, any supplement or any document incorporated by reference modifies or supersedes such statement. Any such statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this prospectus.

All reports and other documents subsequently filed by us pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act, prior to the filing of a post-effective amendment, which indicates that all of a class of securities offered hereby have been sold or which deregisters all of a class of securities then remaining unsold, shall be deemed incorporated by reference herein and to be a part hereof from the date of filing of such documents.

$1,800,000,000

$300,000,000 2.450% Notes due 2021
$750,000,000 3.400% Notes due 2026
$750,000,000 4.450% Notes due 2046

Exelon Corporation

PROSPECTUS SUPPLEMENT

Joint Book-Running Managers

Barclays
Goldman, Sachs & Co.
J.P. Morgan
Scotiabank
Credit Suisse
RBC Capital Markets
TD Securities

Senior Co-Manager

BNY Mellon Capital Markets, LLC

Co-Managers

Lebenthal Capital Markets
Mischler Financial Group, Inc.
Ramirez & Co., Inc.
The Williams Capital Group, L.P.

April 4, 2016

Filed Pursuant to Rule 424(b)(2)
Registration No. 333-196220

The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying base prospectus are not an offer to sell these securities, and are not soliciting an offer to buy these securities, in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION
PRELIMINARY PROSPECTUS SUPPLEMENT DATED MARCH 29, 2017

PROSPECTUS SUPPLEMENT
(To Prospectus Dated May 23, 2014)

$1,150,000,000

Exelon Corporation

% Junior Subordinated Notes due 2022

This prospectus supplement relates to the remarketing of $1,150,000,000 aggregate principal amount of our 2.50% junior subordinated notes due 2024 (the "Original Notes"), originally issued as components of our Equity Units issued in June 2014 (the "Equity Units"). The Equity Units were initially issued in the form of a Corporate Unit consisting of a purchase contract issued for shares of our common stock and a 1/20, or a 5%, undivided beneficial ownership interest in $1,000 principal amount of the Original Notes. This remarketing is on behalf of holders of the Corporate Units. As used herein, the term "Junior Subordinated Notes" refers to the Original Notes after the remarketing.

The Original Notes are being remarketed into $1,150,000,000 aggregate principal amount of % Junior Subordinated Notes due 2022. The Junior Subordinated Notes will be sold with accrued interest at an annual rate of 2.50% from, and including, March 1, 2017 to, but excluding, , 2017. From and after , 2017, the interest rate on the Original Notes will be reset to % per year. The interest on Junior Subordinated Notes will be payable semi-annually in arrears on June 1 and December 1 of each year, beginning on June 1, 2017. The Junior Subordinated Notes will mature on June 1, 2022.

The Junior Subordinated Notes will be subordinated to all of our existing and future "Senior Indebtedness" (as defined under "DESCRIPTION OF THE JUNIOR SUBORDINATED NOTES—Subordination"). In addition, the Junior Subordinated Notes will be effectively subordinated to all liabilities of our subsidiaries.

At any time on or after May 1, 2022 (1 month prior to the maturity date of the Junior Subordinated Notes), the Junior Subordinated Notes may be redeemed, at our option, in whole or in part, at a redemption price equal to 100% of the principal amount of the Junior Subordinated Notes then outstanding to be redeemed plus accrued and unpaid interest on the principal amount being redeemed to, but excluding, the redemption date. See "DESCRIPTION OF THE JUNIOR SUBORDINATED NOTES—Redemption."

Investing in the Junior Subordinated Notes involves risks. For a description of these risks, see " Risk Factors " on page S-4 of this prospectus supplement, the Risk Factors section of our most recent Annual Report (as defined below) incorporated by reference herein and in our other reports we file with the Securities and Exchange Commission (the "SEC") that are incorporated by reference herein.

	Public Offering Price (1)	Remarketing Fee (2)(3)
Per Junior Subordinated Note	%	%
Total	$	$

(1) Plus interest accrued at an annual rate of 2.50% from, and including, March 1, 2017, to, but excluding, the date of delivery of the Junior Subordinated Notes, which must be paid by the purchasers thereof.
(2) We will not directly receive any proceeds from this remarketing. See "USE OF PROCEEDS" on page S-6.
(3) We will pay all fees and expenses of the remarketing agents.

This prospectus supplement does not constitute an offer to sell or the solicitation of an offer to buy the Equity Units or any other securities issued by us other than the Junior Subordinated Notes offered hereby. The information contained herein regarding the Equity Units is qualified in its entirety by reference to Exelon Corporation's prospectus dated May 23, 2014 and the related prospectus supplement dated June 11, 2014, pursuant to which the Equity Units were issued on June 17, 2014.

Neither the SEC nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying base prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The Junior Subordinated Notes are expected to be delivered in book-entry form only through The Depository Trust Company ("DTC") including Clearstream Banking, société anonyme and/or Eurostream Bank S.A./N.V., against payment in New York, New York, on or about , 2017.

The offering of the notes by the remarketing agents is subject to receipt and acceptance and subject to the remarketing agents' right to reject any order in whole or in part.

Joint Book-Running Remarketing Agents

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BofA Merrill Lynch | **Citigroup** | **Goldman, Sachs & Co.**
Credit Agricole CIB | **Credit Suisse** | **PNC Capital Markets LLC**

Senior Co-Managing Remarketing Agent

Loop Capital Markets

The date of this prospectus supplement is , 2017.

ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement and the accompanying base prospectus are each part of an automatic shelf registration statement on Form S-3 that we filed with the SEC as a "well-known seasoned issuer" as defined in Rule 405 of the Securities Act of 1933, as amended (the "Securities Act"). Under the shelf registration process, we may from time to time offer and sell to the public any or all of the securities described in the registration statement in one or more offerings. This document is in two parts. The first part is the prospectus supplement, which describes the specific terms of the Junior Subordinated Notes and certain other matters relating to us and our financial condition. The second part, which is the accompanying base prospectus, gives more general information about the securities we may offer from time to time, some of which does not apply to the Junior Subordinated Notes we are offering at this time. Generally, when we refer to the "prospectus," we are referring to both parts of this document combined. To the extent the description of the Junior Subordinated Notes in the prospectus supplement differs from the description of the securities and Junior Subordinated Notes in the accompanying base prospectus, you should only rely on the information in the prospectus supplement.

You should rely only on the information contained in this document or to which this document refers you, or in other offering materials filed by us with the SEC. We have not authorized anyone, and we have not authorized the remarketing agents to authorize anyone, to provide you with different information. We take no responsibility for, and can provide no assurance as to the reliability of, any different or inconsistent information. This document may only be used where it is legal to sell these securities. The information which appears in this document and which is incorporated by reference in this document may only be accurate as of the date of this prospectus supplement or the date of the document in which incorporated information appears. Our business, financial condition, results of operations and prospects may have changed since the date of such information.

The accompanying prospectus includes and other documents incorporated or deemed incorporated by reference herein may include information about our subsidiaries Exelon Generation Company, LLC ("Generation"), Commonwealth Edison Company ("ComEd"), PECO Energy Company ("PECO"), Baltimore Gas and Electric Company ("BGE"), Pepco Holdings LLC (formerly Pepco Holdings, Inc.) ("PHI"), Potomac Electric Power Company ("Pepco"), Delmarva Power & Light Company ("DPL") and Atlantic City Electric Company ("ACE") and their securities. Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE file combined reports under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Information contained in the combined reports relating to each of Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE is filed separately by such registrant on its own behalf and only the information related to Exelon is incorporated by reference in this prospectus supplement and the accompanying prospectus. Exelon does not make any representations as to information relating to any other registrant or securities issued by any other registrant and you should not rely on any information relating to any registrant other than Exelon in determining whether to invest in the Junior Subordinated Notes.

When we refer to "Exelon," "the Company," "we," "us" or "our" in this prospectus supplement, we mean Exelon and, unless the context otherwise indicates, does not include any of our subsidiaries or affiliates.

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WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any document we file at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our SEC filings are also available to the public from the SEC's web site at www.sec.gov or from our web site at www.exeloncorp.com. However, the information that appears on our website is not incorporated by reference into this prospectus and does not constitute a part of this prospectus.

INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

We are "incorporating by reference" into this prospectus certain information we file with the SEC. This means we are disclosing important information to you by referring you to the documents containing the information. The information we incorporate by reference is considered to be part of this prospectus. Information that we file later with the SEC that is deemed incorporated by reference into this prospectus (but not information deemed pursuant to the SEC's rules to be furnished to and not filed with the SEC) will automatically update and supersede information previously included.

The accompanying prospectus includes and other documents incorporated or deemed incorporated by reference herein may include information about our subsidiaries Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE and their securities. Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE file combined reports under the Exchange Act. Information contained in the combined reports relating to each of Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE is filed separately by such registrant on its own behalf and only the information related to Exelon is incorporated by reference in this prospectus supplement and the accompanying prospectus. Exelon does not make any representations as to information relating to any other registrant or securities issued by any other registrant and you should not rely on any information relating to any registrant other than Exelon in determining whether to invest in the Junior Subordinated Notes.

We are incorporating by reference into this prospectus the documents listed below relating to Exelon and any subsequent filings Exelon makes with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act (excluding any documents, or any portions of documents, deemed pursuant to the SEC's rules to be furnished and not filed with the SEC) until the remarketing is consummated or terminated:

- Annual Report on Form 10-K for the year ended December 31, 2016 filed with the SEC on February 13, 2017 (the "Annual Report");
- Definitive Proxy Statement on Schedule 14A filed with the SEC on March 15, 2017; and
- Current Report on Form 8-K filed with the SEC on March 10, 2017.

FORWARD-LOOKING INFORMATION

This prospectus and the documents incorporated or deemed incorporated by reference as described under the section “INCORPORATION OF CERTAIN INFORMATION BY REFERENCE” contain forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act that are not based entirely on historical facts and are subject to risks and uncertainties. Words such as “believes,” “anticipates,” “expects,” “intends,” “plans,” “predicts” and “estimates” and similar expressions are intended to identify forward-looking statements but are not the only means to identify those statements. We intend for any forward-looking statements to be covered by, and we claim the protection under, the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on assumptions, expectations and assessments made by our management in light of their experience and their perception of historical results and trends, current conditions, expected future developments and other factors they believe to be appropriate that often involve judgments, estimates, assumptions and projections. Forward-looking statements reflect current views about our plans, strategies and prospects, which are based on information currently available. Although we believe that our plans, intentions and expectations as reflected in or suggested by any forward-looking statements are reasonable, we do not guarantee or give assurance that such plans, intentions or expectations will be achieved. Actual results are subject to risks and uncertainties and may differ materially from our anticipated results described or implied in our forward-looking statements, and such differences may be due to a variety of factors.

The factors that could cause actual results to differ materially from the forward-looking statements include: (a) any risk factors discussed in this prospectus; (b) those factors discussed in the following sections of Exelon’s Annual Report, which is incorporated herein by reference: (1) ITEM 1A. Risk Factors, (2) ITEM 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations, (3) ITEM 8. Financial Statements and Supplementary Data and (4) Note 24: Commitments and Contingencies (All Registrants) to the consolidated financial statements; and (c) other factors discussed herein and in other filings with the SEC by Exelon, which are incorporated or deemed incorporated by reference herein, as applicable. Our business could also be affected by additional factors that are presently unknown to us or that we currently believe to be immaterial to our business.

You are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date on which they are made. We do not undertake any obligation to update or revise any forward-looking statement to reflect events or circumstances after the date as of which any such forward-looking statement is made.

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PROSPECTUS SUPPLEMENT SUMMARY

The following summary contains basic information about this offering. It may not contain all the information that is important to you. The "DESCRIPTION OF THE JUNIOR SUBORDINATED NOTES" section of this prospectus supplement and the "DESCRIPTION OF SECURITIES" section of the accompanying base prospectus contain more detailed information regarding the terms and conditions of the Junior Subordinated Notes. The following summary is qualified in its entirety by reference to the more detailed information appearing elsewhere in this prospectus supplement and in the accompanying base prospectus.

Exelon Corporation

Our Company

Exelon Corporation, incorporated in Pennsylvania in February 1999, is a utility services holding company engaged, through Generation, in the energy generation business and, through ComEd, PECO, BGE, PHI, Pepco, DPL and ACE, in the energy delivery business. Exelon's principal executive offices are located at 10 South Dearborn Street, Chicago, Illinois 60603, and its telephone number is (800) 483-3220.

Generation's integrated business consists of the generation, physical delivery and marketing of power across multiple geographical regions through its customer-facing business, Constellation Energy, which sells electricity and natural gas to both wholesale and retail customers. Generation also sells renewable energy and other energy-related products and services. Generation has six reportable segments consisting of the Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Regions.

ComEd's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of electricity transmission and distribution services to retail customers in northern Illinois, including the City of Chicago.

PHI is a utility services holding company engaged, through its reportable segments Pepco, DPL and ACE, in the energy delivery business. On March 23, 2016, Pepco Holdings, Inc., converted from a Delaware corporation to a Delaware limited liability company, Pepco Holdings LLC.

PECO's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of electricity transmission and distribution services to retail customers in southeastern Pennsylvania, including the City of Philadelphia, as well as the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services to retail customers in the Pennsylvania counties surrounding the City of Philadelphia.

BGE's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of electricity transmission and distribution services to retail customers in central Maryland, including the City of Baltimore, as well as the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services to retail customers in central Maryland, including the City of Baltimore.

Pepco's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of electricity transmission and distribution services to retail customers in the District of Columbia and major portions of Montgomery County and Prince George's County in Maryland.

DPL's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of electricity transmission and distribution services to retail customers in portions of Delaware and Maryland, as well as the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services to retail customers in portions of New Castle County in Delaware.

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ACE's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of electricity transmission and distribution services to retail customers in portions of southern New Jersey.

The Offering

The Junior Subordinated Notes

We are offering on behalf of holders of the Corporate Units $1,150,000,000 aggregate principal amount of the Junior Subordinated Notes. The Junior Subordinated Notes will mature on June 1, 2022.

The Junior Subordinated Notes will be sold with accrued interest at an annual rate of 2.50% from, and including, March 1, 2017 to, but excluding, , 2017.

The Junior Subordinated Notes will be issued in the form of one or more global securities in fully registered form initially in the name of Cede & Co., as nominee of DTC, or such other name as may be requested by an authorized representative of DTC. This means that you will not receive a security for your Junior Subordinated Notes but, instead, will hold your interest through DTC's system. The global securities will be deposited with DTC and may not be transferred except as a whole by DTC to a nominee of DTC or by a nominee of DTC to DTC or another nominee of DTC or by DTC or any nominee to a successor of DTC or a nominee of such successor. See "BOOK-ENTRY PROCEDURES AND SETTLEMENT."

Interest

Interest on the Junior Subordinated Notes will be payable semi-annually in arrears on June 1 and December 1 (each, an "Interest Payment Date"). The first interest payment following this remarketing will be made on June 1, 2017 and will include interest accrued (i) at an annual rate of 2.50% from, and including, March 1, 2017 to, but excluding, , 2017 and (ii) at an annual rate of % from, and including, , 2017 to, but excluding, June 1, 2017. On and after , 2017, the Junior Subordinated Notes will bear interest at % per year.

Record Dates

So long as the Junior Subordinated Notes remain in book-entry only form, the record date for each Interest Payment Date will be the close of business on the business day before the applicable Interest Payment Date.

If the Junior Subordinated Notes are not in book-entry only form, the record date for each Interest Payment Date will be the fifteenth day of the calendar month immediately preceding the calendar month in which the applicable Interest Payment Date falls (or, if such day is not a business day, the next preceding business day).

Ranking

The Junior Subordinated Notes will be subordinated to all of our existing and future Senior Indebtedness. In addition, the Junior Subordinated Notes will be effectively subordinated to all liabilities of our subsidiaries. See "DESCRIPTION OF THE JUNIOR SUBORDINATED NOTES—Subordination" and "DESCRIPTION OF THE JUNIOR SUBORDINATED NOTES—Ranking."

Redemption

At any time on or after May 1, 2022 (1 month prior to the maturity date of the Junior Subordinated Notes), the Junior Subordinated Notes may be redeemed, at our option, in whole or in part, at at a redemption price equal

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to 100% of the principal amount of the Junior Subordinated Notes then outstanding to be redeemed plus accrued and unpaid interest on the principal amount being redeemed to, but excluding, the redemption date. See “DESCRIPTION OF THE JUNIOR SUBORDINATED NOTES—Redemption.”

No Listing of the Junior Subordinated Notes

The Junior Subordinated Notes are not listed and we do not plan to apply to list the Junior Subordinated Notes on any securities exchange or to include them in any automated quotation system.

Use of Proceeds

We are conducting the remarketing on behalf of holders of the Corporate Units and will not directly receive any proceeds therefrom. The proceeds will be used to purchase a portfolio of treasury securities maturing on or about May 31, 2017. We expect that a portion of the funds generated upon maturity of the portfolio will be used to settle with us the purchase contracts entered into as a part of the Equity Units (the Purchase Contracts) on June 1, 2017. See “USE OF PROCEEDS.”

RISK FACTORS

Your investment in the Junior Subordinated Notes involves certain risks. Our business is influenced by many factors that are difficult to predict, involve uncertainties that may materially affect actual results and are often beyond our control. We have identified a number of these factors under the section "RISK FACTORS" in our Annual Report, which is incorporated by reference in this prospectus supplement. In consultation with your own financial and legal advisers, you should carefully consider, among other matters, the discussions of risks that we have incorporated by reference before deciding whether an investment in the Junior Subordinated Notes is suitable for you. See "INCORPORATION OF CERTAIN INFORMATION BY REFERENCE."

Risks Relating to the Junior Subordinated Notes

There may be no public market for the Junior Subordinated Notes.

We can give no assurances concerning the liquidity of any markets that may develop for the Junior Subordinated Notes offered by this prospectus supplement, the ability of any investor to sell any of the Junior Subordinated Notes or the price at which investors would be able to sell them. If markets for the Junior Subordinated Notes do not develop, investors may be unable to resell the Junior Subordinated Notes for an extended period of time, if at all. If markets for the Junior Subordinated Notes do develop, they may not continue or may not be sufficiently liquid to allow holders to resell any of the Junior Subordinated Notes. In addition, the condition of the financial markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future, which could have an adverse effect on the market prices of the Junior Subordinated Notes. Consequently, investors may not be able to liquidate their investment readily or at the price they desire, and lenders may not readily accept the Junior Subordinated Notes as collateral for loans.

The Indenture (as defined below) does not restrict the amount of additional debt that we may incur.

The Junior Subordinated Notes and the Indenture pursuant to which the Junior Subordinated Notes will be issued do not place any limitation on the amount of indebtedness that we or our subsidiaries may incur. As of December 31, 2016, we had approximately $34.6 billion principal amount of outstanding long-term debt, including long-term debt to financing trusts and the portion of long-term debt due within one year, on a consolidated basis. Our incurrence of additional debt may have important consequences for you as a holder of the Junior Subordinated Notes, including making it more difficult for us to satisfy our obligations with respect to the Junior Subordinated Notes, a loss in the trading value of your Junior Subordinated Notes and a risk that one or more of the credit ratings of the Junior Subordinated Notes are lowered or withdrawn.

The Junior Subordinated Notes are subordinated to our existing and future Senior Indebtedness.

The Junior Subordinated Notes are subordinated to our existing and future Senior Indebtedness (as defined under "DESCRIPTION OF THE JUNIOR SUBORDINATED NOTES—Subordination"). The Indenture under which the Junior Subordinated Notes will be issued will not restrict us or our subsidiaries from incurring substantial additional indebtedness in the future. As of December 31, 2016, we had approximately $32.9 billion principal amount of outstanding long-term debt, including the portion of long-term debt due within one year and excluding long-term debt to financing trusts, on a consolidated basis that will be senior to the Junior Subordinated Notes.

Our debt, including the Junior Subordinated Notes, is effectively subordinated to the debt of our subsidiaries.

The Junior Subordinated Notes are obligations exclusively of Exelon and will not be guaranteed by any of our subsidiaries. Because we are a holding company with no material assets other than our ownership interests in our subsidiaries and all of our operations are conducted by our subsidiaries, our debt is effectively subordinated

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to all existing and future debt, trade credit and other liabilities of our subsidiaries. Our rights, and hence the rights of our creditors, to participate in any distribution of assets of any subsidiary upon its liquidation or reorganization or otherwise would be subject to the prior claims of that subsidiary's creditors, except to the extent that our claims as a creditor of such subsidiary may be recognized. As of December 31, 2016, our subsidiaries had outstanding approximately $27.7 billion of long-term debt, including long-term debt to financing trusts and the portion of long-term debt due within one year. The Indenture will not restrict our or our subsidiaries' ability to incur additional indebtedness.

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USE OF PROCEEDS

The remarketing agents are remarketing $1,150,000,000 aggregate principal amount of the Original Notes on behalf of holders of the Corporate Units.

We will not directly receive any proceeds from the remarketing. The proceeds will be used to purchase a portfolio of treasury securities maturing on or about May 31, 2017. We expect that a portion of the funds generated upon maturity of the portfolio will be used to settle with us the Purchase Contracts on June 1, 2017.

We currently intend to use the proceeds from the settlement of the Purchase Contracts for general corporate purposes. To the extent we do not use such proceeds immediately, we may temporarily invest them in short-term, interest-bearing obligations.

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CAPITALIZATION AND SHORT TERM-BORROWINGS

The table below shows Exelon's consolidated capitalization and short-term borrowings as of December 31, 2016. The "As Adjusted" column reflects our capitalization after giving effect to this remarketing of the Original Notes. We will not directly receive any cash proceeds from this remarketing, and the table does not reflect the settlement of the Purchase Contracts, which is expected to take place on June 1, 2017. You should read this table along with our audited financial statements contained in our Annual Report. See "INCORPORATION OF CERTAIN INFORMATION BY REFERENCE" and "USE OF PROCEEDS."

	December 31, 2016	
(in millions)	Actual	As Adjusted (1)
Short-term borrowings	$ 1,267	$ 1,267
Long-term debt:		
Long-term debt, including long-term debt to financing trusts (2)	33,496	33,496
Junior Subordinated Notes offered hereby	—	1, 150
Original Notes	1,150	—
Total long-term debt	34,646	34,646
Shareholders' equity	25,837	25,837
Total capitalization and short-term borrowings	$61,750	$ 61,750

(1) Assumes that all Original Notes will be remarketed for Junior Subordinated Notes.
(2) Includes approximately $2,430 million of long-term debt due within one year.

RATIO OF EARNINGS TO FIXED CHARGES

The following are Exelon's consolidated ratios of earnings to fixed charges for each of the periods indicated:

Years Ended December 31,				
2016	2015	2014	2013	2012
2.0x	3.2x	2.7x	2.6x	2.4x

The ratio of earnings to fixed charges represents, on a pre-tax basis, the number of times earnings cover fixed charges. Earnings consist of pre-tax net income from continuing operations after adjustment for income from equity investees and capitalized interest or allowance for funds used during construction, to which has been added fixed charges. Fixed charges consist of interest costs and amortization of debt discount and premium on all indebtedness and estimated interest portion of all rental expense.

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DESCRIPTION OF THE JUNIOR SUBORDINATED NOTES

In this Description of the Junior Subordinated Notes, "Exelon," "we," "us," "our" and the "Company" refer only to Exelon Corporation, and not to any of its subsidiaries.

The following summary description sets forth certain terms and provisions of the Junior Subordinated Notes, and, to the extent inconsistent therewith, replaces the descriptions set forth in the accompanying base prospectus under the caption "DESCRIPTION OF SECURITIES," to which we refer you. Because this description is a summary, it does not describe every aspect of the Junior Subordinated Notes and should be read together with the form of the Junior Subordinated Notes, the Subordinated Indenture (defined below under "—Ranking"), the First Supplemental Indenture (defined below under "—Ranking") establishing the terms of the Original Notes, and the Second Supplemental Indenture, which will redesignate the Original Notes as the Junior Subordinated Notes. The Subordinated Indenture and the First Supplemental Indenture were included as exhibits to our Form 8-K filed with the SEC on June 23, 2014 and our Annual Report, which is incorporated by reference herein. In this summary, we refer to the Subordinated Indenture, as supplemented by the First Supplemental Indenture and the Second Supplemental Indenture, together, as the "Indenture."

The Indenture and its associated documents contain the full legal text of the matters described in this section. The Indenture has been qualified under the Trust Indenture Act of 1939, as amended (the Trust Indenture Act), and you should refer to the Trust Indenture Act for provisions that apply to the Junior Subordinated Notes.

General

The Junior Subordinated Notes will be our unsecured and subordinated obligations and will be subordinated to all of our Senior Indebtedness (as defined under "—Subordination"). Additional information about our current outstanding indebtedness and the relative priorities of our indebtedness is described below under "—Ranking."

The Junior Subordinated Notes will be initially represented by one or more fully registered global securities (the global securities) deposited with the Trustee (as defined below under "—Ranking"), as custodian for DTC, as depository, and registered in the name of DTC or DTC's nominee. A beneficial interest in a global security will be shown on, and transfers or exchanges thereof will be effected only through, records maintained by DTC and its participants, as described below under "BOOK-ENTRY PROCEDURES AND SETTLEMENT." The authorized denominations of the Junior Subordinated Notes will be $1,000 and any larger amount that is an integral multiple of $1,000. Except in certain circumstances described below, the Junior Subordinated Notes that are issued as global securities will not be exchangeable for Junior Subordinated Notes in definitive certificated form.

The Junior Subordinated Notes will be limited in aggregate principal amount to $1,150,000,000. The Junior Subordinated Notes will not be subject to a sinking fund provision or repayable at the option of the holders. Pursuant to Section 701 of the Subordinated Indenture and Sections 2.07 and 8.01 of the First Supplemental Indenture, after the Purchase Contracts' settlement date, the Junior Subordinated Notes will be subject to satisfaction and discharge.

The entire principal amount of the Junior Subordinated Notes will mature and become due and payable, together with any accrued and unpaid interest thereon, on June 1, 2022. The Indenture will not contain any financial covenants or restrict us from paying dividends, making investments, incurring indebtedness or repurchasing our securities. Except for the covenant described below under "—Consolidation, Merger or Sale," the Indenture will not contain provisions that afford holders of the Junior Subordinated Notes protection in the event we are involved in a highly leveraged transaction or other similar transaction that may adversely affect such holders. The Indenture will not limit our ability to issue or incur other debt or issue preferred stock.

The Junior Subordinated Notes will be sold with accrued interest at an annual rate of 2.50% from, and including, March 1, 2017 to, but excluding, , 2017.

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We will not pay any additional amounts to holders of the Junior Subordinated Notes that are not U.S. persons in respect of any tax, assessment or governmental charge.

Ranking

The Original Notes were issued by us under our Indenture (for Unsecured Subordinated Debt Securities), dated as of June 17, 2014 (the "Subordinated Indenture"), between us and The Bank of New York Mellon Trust Company, N.A. (the "Trustee"), as supplemented by the First Supplemental Indenture, dated as of June 17, 2014 (the "First Supplemental Indenture"). The Original Notes will be redesignated as the % Junior Subordinated Notes due 2022. We may issue, under the Subordinated Indenture, additional debt securities that rank on parity with the Junior Subordinated Notes. See "—Subordination."

The Junior Subordinated Notes will be unsecured and will rank junior in payment to all of our existing and future Senior Indebtedness, as described under "—Subordination." The Junior Subordinated Notes will also be effectively subordinated to all liabilities of our subsidiaries. A significant portion of our existing indebtedness is Senior Indebtedness. See "—Subordination."

Because we are a holding company and conduct all of our operations through our subsidiaries, our ability to meet our obligations under the Junior Subordinated Notes will be dependent on the earnings and cash flows of those subsidiaries and the ability of those subsidiaries to pay dividends or to advance or repay funds to us. Holders of the Junior Subordinated Notes will generally have a junior position to claims of creditors of our subsidiaries, including trade creditors, debtholders, secured creditors, taxing authorities, guarantee holders and any preferred stockholders. As of December 31, 2016, we had approximately $32.9 billion principal amount of outstanding long-term debt, including the portion of long-term debt due within one year and excluding long-term debt to financing trusts, on a consolidated basis that will be senior to the Junior Subordinated Notes. Additionally, as of December 31, 2016, our subsidiaries had approximately $27.7 billion principal amount of outstanding long-term debt, including long-term debt to financing trusts and the portion of long-term debt due within one year. The provisions of the Indenture do not limit the amount of indebtedness or preferred stock issuable by our subsidiaries. We and our subsidiaries expect to incur additional indebtedness from time to time.

Interest

Interest on the Junior Subordinated Notes will be payable semi-annually in arrears on June 1 and December 1. The first interest payment following this remarketing will be made on June 1, 2017 and will include interest accrued (i) at an annual rate of 2.50% from, and including, March 1, 2017 to, but excluding, , 2017 and (ii) at an annual rate of % from, and including, , 2017 to, but excluding, June 1, 2017. On and after , 2017, the Junior Subordinated Notes will bear interest at % per year. Subject to certain exceptions, the Indenture will provide for the payment of interest on an Interest Payment Date only to persons in whose names the Junior Subordinated Notes are registered at the close of business on the record date; if the Junior Subordinated Notes are held by a securities depository in book-entry form, the record date will be the close of business on the business day immediately preceding the applicable Interest Payment Date; if the Junior Subordinated Notes are not held by a securities depository in book-entry form, then the record date will be the 15th day of the calendar month immediately preceding the calendar month in which the applicable Interest Payment Date falls (or, if such day is not a business day, the business day next preceding such day). Notwithstanding the foregoing, any interest payable at maturity will be paid to the person to whom principal is payable. Interest will be calculated on the basis of a 360-day year of twelve 30-day months, and with respect to any period less than a full calendar month, on the basis of the actual number of days elapsed during the period.

If any Interest Payment Date or the maturity date is not a business day, then the applicable payment will be made on the next succeeding day that is a business day, and no interest will accrue or be paid in respect of such delay. "Business day," for purposes of the Indenture, will mean any day that is not a Saturday or Sunday or a day on which banking institutions in The City of New York are authorized or required by law or executive order to close.

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Redemption

On and after May 1, 2022 (1 month prior to the maturity date of the Junior Subordinated Notes), the Junior Subordinated Notes may be redeemed, at our option, in whole or in part, at any time or from time to time, upon not less than 15 days nor more than 60 days' prior notice delivered to registered holders of the Junior Subordinated Notes to be redeemed, at a redemption price equal to 100% of the principal amount of the Junior Subordinated Notes then outstanding to be redeemed plus accrued and unpaid interest on the principal amount being redeemed to, but excluding, the redemption date.

Unless we default in the payment of the redemption price, interest will cease to accrue on the Junior Subordinated Notes or portions thereof called for redemption on the applicable redemption date.

Redemption Procedures

We will deliver, or cause the Trustee to deliver notice of the redemption to the holders of record of the Junior Subordinated Notes to be redeemed at their addresses appearing in the register. Any notice delivered as provided herein will be conclusively presumed to have been duly given, whether or not the holder receives such notice.

If less than all of the Junior Subordinated Notes are to be redeemed at any time, the Trustee will select the Junior Subordinated Notes for redemption on a pro rata basis (or as nearly as practicable) if the Junior Subordinated Notes are represented by physical certificates or by lot or such other similar method in accordance with the procedures of DTC if the Junior Subordinated Notes are represented by global certificates.

Any redemption or notice of any redemption may, at our discretion, be subject to one or more conditions precedent, including, but not limited to, completion of an equity offering, other offering, issuance of indebtedness or other transaction or event. Notice of any redemption in respect thereof may be given prior to the completion thereof and may be partial as a result of only some of the conditions being satisfied.

If such redemption or notice is subject to satisfaction of one or more conditions precedent, such notice shall state that, in our discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied (or waived by us in our sole discretion), or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied (or waived by us in our sole discretion) by the redemption date, or by the redemption date so delayed.

Events of Default

The Events of Default and related provisions in the Base Indenture will apply to the Junior Subordinated Notes, including:

- failure to pay interest, on any Junior Subordinated Note within 30 days after the same becomes due and payable (whether or not payment is prohibited by the subordination provisions of the Indenture); or
- failure to pay the principal of or premium, if any, on any Junior Subordinated Note when it becomes due and payable (whether or not payment is prohibited by the subordination provisions of the Indenture); or
- failure to perform, or breach of, any covenant or warranty of the Company in the Indenture (other than a covenant or warranty a default in the performance of which or breach of which is elsewhere in the applicable section of the Indenture specifically dealt with or which has expressly been included in the Indenture solely for the benefit of one or more series of securities other than the Junior Subordinated Notes) and the continuance of such default or breach for a period of 90 days after there has been given, by registered or certified mail, to the Company by the Trustee, or to the Company and the Trustee by the holders of at least 33% in principal amount of the outstanding Junior Subordinated Notes, a written

notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" under the Indenture, unless the Trustee, or the Trustee and the holders of a principal amount of Junior Subordinated Notes not less than the principal amount of Junior Subordinated Notes the holders of which gave such notice, as the case may be, shall agree in writing to an extension of such period prior to its expiration; *provided, however* , that the Trustee, or the Trustee and the holders of such principal amount of Junior Subordinated Notes, as the case may be, shall be deemed to have agreed to an extension of such period if corrective action is initiated by the Company within such period and is being diligently pursued in good faith; or

- the entry by a court having jurisdiction in the premises of (1) a decree or order for relief in respect of the Company in an involuntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or (2) a decree or order adjudging the Company a bankrupt or insolvent, or approving as properly filed a petition by one or more Persons other than the Company seeking reorganization, arrangement, adjustment or composition of or in respect of the Company under any applicable Federal or State law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official for the Company or for any substantial part of its property, or ordering the winding up or liquidation of its affairs, and any such decree or order for relief or any such other decree or order shall have remained unstayed and in effect for a period of 90 consecutive days; or
- the commencement by the Company of a voluntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or of any other case or proceeding to be adjudicated a bankrupt or insolvent, or the consent by the Company to the entry of a decree or order for relief in respect of the Company in a case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding against the Company, or the filing by the Company of a petition or answer or consent seeking reorganization or relief under any applicable Federal or State law, or the consent by the Company to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or similar official of the Company or of any substantial part of its property, or the making by the Company of an assignment for the benefit of creditors, or the admission by the Company in writing of its inability to pay its debts generally as they become due, or the authorization of such action by the Board of Directors of the Company.

In addition, an "Event of Default" with respect to the Junior Subordinated Notes will occur if we fail to pay the purchase price on the purchase contract settlement date, if required.

The holders of a majority in principal amount of outstanding Junior Subordinated Notes may waive a default or Event of Default, other than a default in the payment of principal of, or interest on, the Junior Subordinated Notes (including the redemption price or purchase price of the Junior Subordinated Notes, if applicable), or a default or Event of Default with respect to a covenant or provision that cannot be modified or amended without the consent of the holder of each outstanding Junior Subordinated Note.

If any portion of the amount payable on the Junior Subordinated Notes upon acceleration is considered by a court to be unearned interest, the court could disallow recovery of such portion.

Consolidation, Merger or Sale

We will agree not to merge or consolidate with any other person or sell or convey all or substantially all of our assets to any person unless (1) either we are the continuing person, or the successor person (if other than us) is organized and existing under the laws of the United States of America or a State thereof or the District of Columbia and expressly assumes the due and punctual payment of the principal of and interest on the Junior Subordinated Notes, and the due and punctual performance and observance of all of the covenants and conditions of the Indenture to be performed by us by supplemental indenture in form satisfactory to the Trustee, executed

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and delivered to the Trustee by such person, and (2) we or such successor person, as the case may be, will not, immediately after such merger or consolidation, or such sale or conveyance, be in default in the performance of any such covenant or condition.

In case of any such consolidation, merger or conveyance, such successor person will succeed to and be substituted for us, with the same effect as if it had been named as us in the Indenture, and in the event of such conveyance (other than by way of a lease), we will be discharged of all of our obligations and covenants under the Indenture and the Junior Subordinated Notes.

Modification of Indenture

Without Holder Consent

Without the consent of any holders of the Junior Subordinated Notes, we and the Trustee may from time to time amend and/or supplement the Indenture and the Junior Subordinated Notes for the following purposes:

- to evidence the succession of another corporation to us, or successive successions, and the assumption by such successor corporation of our covenants, agreements and obligations pursuant to the provisions described herein under "—Consolidation, Merger or Sale";
- to add to our covenants such further covenants, restrictions or conditions as we and the Trustee consider to be for the protection of the holders of the Junior Subordinated Notes, and to make the occurrence, or the occurrence and continuance, of a default in any such additional covenants, restrictions or conditions a default or an Event of Default; *provided* that such supplemental indenture may provide for a particular grace period or an immediate enforcement upon such default or limit the remedies available to the Trustee upon such default;
- to change or eliminate any provision of the Indenture; *provided* , *however* , that any such change or elimination becomes effective only when there are no Junior Subordinated Notes outstanding, or the Junior Subordinated Notes are not entitled to the benefit of such provision;
- to cure any ambiguity or to correct or supplement any provision contained in the Indenture that may be defective or inconsistent with any other provisions contained therein, or to make such other provision in regard to matters or questions arising under the Indenture; *provided* that such action will not adversely affect the interest of the holders of the Junior Subordinated Notes in any material respect;
- to mortgage or pledge to the Trustee as security for the Junior Subordinated Notes any property or assets that we may desire to mortgage or pledge as security for the Junior Subordinated Notes;
- to qualify, or maintain the qualification of, the Indenture under the Trust Indenture Act;
- following the Purchase Contracts' settlement date, to supplement any of the provisions of the Junior Subordinated Notes to such extent as shall be necessary to permit or facilitate the defeasance and discharge of the Junior Subordinated Notes pursuant to the Indenture, *provided* that any such action will not adversely affect the interests of any holder of any Junior Subordinated Note in any material respect; and
- to conform the terms of the Indenture and the Junior Subordinated Notes to the descriptions thereof contained in the "DESCRIPTION OF THE JUNIOR SUBORDINATED NOTES" section in this prospectus supplement and the "DESCRIPTION OF THE JUNIOR SUBORDINATED NOTES," "DESCRIPTION OF THE EQUITY UNITS, DESCRIPTION OF THE PURCHASE CONTRACTS" and "CERTAIN PROVISIONS OF THE PURCHASE CONTRACT AND PLEDGE AGREEMENT" sections in the preliminary prospectus supplement for the Equity Units, dated June 10, 2014, as supplemented and/or amended by the related pricing term sheet.

With Holder Consent

Under the Indenture, supplemental indentures for the purposes of adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of modifying in any manner the rights of the

holders of the Junior Subordinated Notes under the Indenture may be entered into by us, when authorized by board resolution, and the Trustee, with the consent of the holders of not less than a majority in principal amount of the Junior Subordinated Notes affected. However, no such supplemental indenture shall:

- change the maturity of the Junior Subordinated Notes, or reduce the rate or extend the time of payment of any interest thereon or on any overdue principal amount or reduce the principal amount thereof, or change the provisions pursuant to which the rate of interest on the Junior Subordinated Notes is determined if such change could reduce the rate of interest thereon, or reduce the minimum rate of interest thereon (if any), or reduce any amount payable upon any redemption thereof, or reduce the amount to be paid at maturity or make the principal thereof or any interest thereon or on any overdue principal amount payable in any coin or currency other than U.S. dollars without the consent of each holder of each Junior Subordinated Note so affected;
- reduce the percentage of the Junior Subordinated Notes, the holders of which are required to consent to any such supplemental indenture, without the consent of the holders of all Junior Subordinated Notes then outstanding;
- modify any of the provisions of the Indenture relating to modifications, waivers of our compliance with covenants thereunder or direction of the Trustee by holders of the Junior Subordinated Notes, except to increase the percentage of holders who must consent thereto or to provide that certain other provisions cannot be modified or waived without the consent of the holders of all Junior Subordinated Notes then outstanding; and
- modify the provisions relating to the subordination of the Junior Subordinated Notes in a manner adverse to the holders thereof without the consent of the holder of each Junior Subordinated Note so affected.

A supplemental indenture that changes or eliminates any covenant or other provision of the Indenture expressly included solely for the benefit of holders of securities other than the Junior Subordinated Notes, or which modifies the rights of the holders of securities other than the Junior Subordinated Notes with respect to such covenant or other provision, will be deemed not to affect the rights under the Indenture of the holders of the Junior Subordinated Notes.

We may omit to comply with any covenant or condition contained in the Indenture if holders of a majority in principal amount of Junior Subordinated Notes waive such compliance.

Subordination

The Junior Subordinated Notes will be subordinate and junior in right of payment to all Senior Indebtedness as defined below.

If:

- we make a payment or distribution of any of our assets to creditors upon our dissolution, winding-up, liquidation or reorganization, whether in bankruptcy, insolvency or otherwise;
- a default beyond any grace period has occurred and is continuing with respect to the payment of principal, interest or any other monetary amounts due and payable on any Senior Indebtedness; or
- the maturity of any Senior Indebtedness has been accelerated because of a default on that Senior Indebtedness,

then the holders of Senior Indebtedness generally will have the right to receive payment of all amounts due on that Senior Indebtedness, or we will make provision for those payments, before the holders of any Junior Subordinated Notes have the right to receive any payments of principal or interest on their Junior Subordinated Notes.

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"Senior Indebtedness" means all of our obligations, as the case may be, whether presently existing or from time to time hereafter incurred, created, assumed or existing, to pay principal, premium, interest, penalties, fees and any other payment in respect of any of the following:

- obligations for borrowed money, including without limitation, such obligations as are evidenced by credit agreements, notes, debentures, bonds or other securities or instruments;
- capitalized lease obligations;
- all obligations of the types referred to in the two clauses above of others which the we have assumed, endorsed, guaranteed, contingently agreed to purchase or provide funds for the payment of, or otherwise becomes liable for, under any agreement; or
- all renewals, extensions or refundings of obligations of the kinds described in any of the preceding categories,

unless, in the case of any particular obligation, indebtedness, renewal, extension or refunding, the instrument creating or evidencing the same or the assumption or guarantee of the same expressly provides that such obligation, indebtedness, renewal, extension or refunding is not superior in right of payment to or is pari passu with the Junior Subordinated Notes; *provided* that trade accounts payable and accrued liabilities arising in the ordinary course of business shall not be deemed to be Senior Indebtedness.

Senior Indebtedness will be entitled to the benefits of the subordination provisions in the Indenture irrespective of the amendment, modification or waiver of any term of the Senior Indebtedness. We may not amend the Indenture to change the subordination provisions without the consent of each holder of Senior Indebtedness that the amendment would adversely affect.

The Junior Subordinated Notes will be unsecured and will be subordinated to all of our existing and future senior and subordinated debt, and any other debt that is expressly excluded from the definition of "Senior Indebtedness," as described above. The Junior Subordinated Notes will be effectively subordinated to all liabilities of our subsidiaries.

Holders of the Junior Subordinated Notes should recognize that contractual provisions in the Indenture may prohibit us from making payments on the Junior Subordinated Notes. The Junior Subordinated Notes are subordinate and junior in right of payment, to the extent and in the manner stated in the Indenture, to all of our Senior Indebtedness, as defined above.

The Indenture does not restrict or limit in any way our ability to incur Senior Indebtedness. As of December 31, 2016, we had approximately $32.9 billion principal amount of outstanding long-term debt, including the portion of long-term debt due within one year and excluding long-term debt to financing trusts, on a consolidated basis that will be senior to the Junior Subordinated Notes. Additionally, as of December 31, 2016, our subsidiaries had approximately $27.7 billion principal amount of outstanding long-term debt, including long-term debt to financing trusts and the portion of long-term debt due within one year.

Title

Prior to due presentment for registration of transfer of any Junior Subordinated Note, we, the Trustee and any agent of ours or the Trustee may deem and treat the person in whose name such Junior Subordinated Note is registered as the absolute owner of such Junior Subordinated Note (whether or not payments in respect of such Junior Subordinated Note are overdue and notwithstanding any notation of ownership or other writing thereon) for the purpose of receiving payment of or an account of the principal of and interest on such Junior Subordinated Note and for all other purposes; and neither we nor the Trustee nor any agent of ours or the Trustee will be affected by any notice to the contrary.

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Governing Law

The Indenture and the Junior Subordinated Notes provide that they will be governed by and for all purposes construed in accordance with the laws of the State of New York (without regard to conflicts of laws principles thereof).

The Trustee

The Trustee is The Bank of New York Mellon Trust Company, N.A. The Trustee will administer its corporate trust business at 2 North LaSalle Street, Suite 1020, Chicago, Illinois 60602. We and certain of our affiliates maintain banking relationships with The Bank of New York Mellon Trust Company, N.A. or its affiliates. The Bank of New York Mellon Trust Company, N.A. also serves as trustee under other indentures under which we and certain of our affiliates have issued securities. The Bank of New York Mellon Trust Company, N.A. and its affiliates have purchased, and are likely to purchase in the future, our securities and securities of our affiliates.

BOOK-ENTRY PROCEDURES AND SETTLEMENT

We will issue the Junior Subordinated Notes in the form of one or more global securities in fully registered form initially in the name of Cede & Co., as nominee of DTC, or such other name as may be requested by an authorized representative of DTC. The global securities will be deposited with DTC and may not be transferred except as a whole by DTC to a nominee of DTC or by a nominee of DTC to DTC or another nominee of DTC or by DTC or any nominee to a successor of DTC or a nominee of such successor.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended (Exchange Act). DTC holds and provides asset servicing for (over 3.5 million issues of) U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants (direct participants) deposit with DTC. DTC also facilitates the post-trade settlement among direct participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between direct participants' accounts. This eliminates the need for physical movement of securities certificates. Direct participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (DTCC). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly (indirect participants). The rules applicable to DTC and its direct and indirect participants are on file with the SEC. More information about DTC can be found at www.dtcc.com. We do not intend this internet address to be an active link or to otherwise incorporate the content of the website into this prospectus supplement.

Clearstream advises that it is incorporated under the laws of Luxembourg as a bank. Clearstream holds securities for its customers and facilitates the clearance and settlement of securities transactions between its customers through electronic book-entry transfers between their accounts. Clearstream provides to its customers among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream interfaces with domestic securities markets in over 30 countries through established depository and custodial relationships. As a bank, Clearstream is subject to regulation by the Luxembourg Commission for the Supervision of the Financial Sector, also known as the *Commission de Surveillance du Secteur Financier* . Its customers are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Its customers in the United States are limited to securities brokers and dealers and banks. Indirect access to Clearstream is also available to other institutions such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with the customer.

Euroclear advises that it was created in 1968 to hold securities for its participants and to clear and settle transactions between Euroclear participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Euroclear provides various other services, including securities lending and borrowing and interfaces with domestic markets in several countries. Euroclear is operated by Euroclear Bank S.A./N.V. Euroclear Clearance establishes policy for Euroclear on behalf of Euroclear participants. Euroclear participants include banks, including central banks, securities brokers and dealers and other professional financial intermediaries and may include the Initial purchasers. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear participant, either directly or indirectly. Securities clearance accounts and cash accounts with the Euroclear operator are

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governed by the terms and conditions governing use of Euroclear and the related operating procedures of Euroclear. These terms and conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear operator acts under the terms and conditions only on behalf of Euroclear participants and has no record of or relationship with persons holding through Euroclear participants.

Euroclear further advises that investors that acquire, hold and transfer interests in the Junior Subordinated Notes by book-entry through accounts with the Euroclear operator or any other securities intermediary are subject to the laws and contractual provisions governing their relationship with their intermediary, as well as the laws and contractual provisions governing the relationship between such an intermediary and each other intermediary, if any, standing between themselves and the global securities.

Purchases of the Junior Subordinated Notes under the DTC system must be made by or through direct participants, which will receive a credit for the Junior Subordinated Notes in DTC's records. The ownership interest of each actual purchaser of the Junior Subordinated Notes is in turn to be recorded on the direct and indirect participants' records. Beneficial owners of the Junior Subordinated Notes will not receive written confirmation from DTC of their purchase, but beneficial owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the direct or indirect participant through which the beneficial owner entered into the transaction. Transfers of ownership interests in the Junior Subordinated Notes are to be accomplished by entries made on the books of direct and indirect participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates representing their ownership interests in the Junior Subordinated Notes, except in the event that use of the book-entry system for the Junior Subordinated Notes is discontinued.

To facilitate subsequent transfers, all Junior Subordinated Notes deposited by direct participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Junior Subordinated Notes with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the Junior Subordinated Notes; DTC's records reflect only the identity of the direct participants to whose accounts such Junior Subordinated Notes are credited, which may or may not be the beneficial owners. The direct and indirect participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants, and by direct participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. The laws of some jurisdictions may require that certain persons take physical delivery in definitive form of securities which they own. Consequently, those persons may be prohibited from purchasing beneficial interests in the global securities from any beneficial owner or otherwise.

Redemption notices shall be sent to DTC. If less than all of the Junior Subordinated Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each direct participant in such issue to be redeemed.

So long as DTC's nominee is the registered owner of the global securities, such nominee for all purposes will be considered the sole owner or holder of the Junior Subordinated Notes for all purposes under the Mortgage. Except as provided below, beneficial owners will not be entitled to have any of the Junior Subordinated Notes registered in their names, will not receive or be entitled to receive physical delivery of the Junior Subordinated Notes in definitive form and will not be considered the owners or holders thereof under the Indenture.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Junior Subordinated Notes. Under its usual procedures, DTC mails an omnibus proxy to the issuer as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those direct participants to whose accounts the Junior Subordinated Notes are credited on the record date (identified in a listing attached to the omnibus proxy).

All payments on the global securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit direct participants' accounts upon DTC's receipt of funds and corresponding detail information from trustees or issuers on payment dates in accordance with their respective holdings shown on DTC's records. Payments by participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such participant and not of DTC, the trustee or us, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) shall be the responsibility of the Trustee or us, disbursement of such payments to direct participants shall be the responsibility of DTC, and disbursement of such payments to the beneficial owners shall be the responsibility of direct and indirect participants.

DTC may discontinue providing its service as securities depositary with respect to the Junior Subordinated Notes at any time by giving reasonable notice to us or the Trustee. In addition, we may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depositary). In the event that a successor securities depositary is not obtained under the above circumstances, or, alternatively, if an event of default with respect to the Junior Subordinated Notes has occurred and is continuing, Junior Subordinated Notes certificates in fully registered form are required to be printed and delivered to beneficial owners of the global securities representing such Junior Subordinated Notes.

Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC's rules and will be settled in immediately available funds using DTC's same-day funds settlement system. Secondary market trading between Clearstream customers and/or Euroclear participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream and Euroclear and will be settled using the procedures applicable to conventional Eurobonds in immediately available funds.

Cross market transfers between persons holding directly or indirectly through DTC on the one hand, and directly or indirectly through Clearstream customers or Euroclear participants, on the other, will be effected in DTC in accordance with DTC's rules on behalf of the relevant European international clearing system by its U.S. depositary; however, such cross market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in such system in accordance with its rules and procedures and within its established deadlines, in European time. The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to its U.S. depository to take action to effect final settlement on its behalf by delivering interests in the Junior Subordinated Notes to or receiving interests in the Junior Subordinated Notes from DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Clearstream customers and Euroclear participants may not deliver instructions directly to their respective U.S. depositaries.

Because of time-zone differences, credits of interests in the Junior Subordinated Notes received by Clearstream or Euroclear as a result of a transaction with a DTC participant will be made during subsequent securities settlement processing and dated the business day following the DTC settlement date. Such credits or any transactions involving interests in such Junior Subordinated Notes settled during such processing will be reported to the relevant Clearstream customers or Euroclear participants on such business day. Cash received by Clearstream or Euroclear as a result of sales of interests in the Junior Subordinated Notes by or through a Clearstream customer or a Euroclear participant to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Clearstream or Euroclear cash account only as of the business day following settlement in DTC.

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The information in this section has been obtained from sources that we believe to be reliable, but we take no responsibility for its accuracy.

Neither we, the trustee nor the remarketing agents will have any responsibility or obligation to direct participants, or the persons for whom they act as nominees, with respect to the accuracy of the records of DTC, its nominee or any direct participant with respect to any ownership interest in the Junior Subordinated Notes, or payments to, or the providing of notice to direct participants or beneficial owners.

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MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a general discussion of certain material U.S. federal income tax considerations applicable to U.S. holders and non-U.S. holders (each as defined below) with respect to the purchase, ownership and disposition of Junior Subordinated Notes acquired in this offering, but does not purport to be a complete analysis of all the potential tax considerations. This discussion is limited to the U.S. federal income tax consequences relevant to holders who acquire Junior Subordinated Notes in the remarketing for cash at the offering price and did not hold the Original Notes, and that beneficially hold the Junior Subordinated Notes as "capital assets" within the meaning of Section 1221 of the U.S. Internal Revenue Code of 1986, as amended (the Code) (generally, property held for investment). This discussion does not address tax consequences relevant to subsequent purchasers of the notes. This discussion is based on current provisions of the Code, proposed, temporary and final Treasury regulations promulgated thereunder, judicial interpretations thereof and administrative rulings and published positions of the Internal Revenue Service (the IRS), each as in effect as of the date hereof and all of which are subject to change or differing interpretations, possibly with retroactive effect. Any such change could affect the accuracy of the statements and conclusions set forth herein. We have not sought any ruling from the IRS with respect to the statements made and the conclusions reached in the following summary, and there can be no assurance that the IRS will agree with our statements and conclusions or that a court would not sustain any challenge by the IRS in the event of litigation.

This discussion is for general information only and does not purport to address all aspects of U.S. federal income taxation that may be relevant to particular holders in light of their particular circumstances and does not apply to holders subject to special rules under the U.S. federal income tax laws (including, for example, banks or other financial institutions, dealers in securities or currencies, traders in securities that elect to apply a mark-to-market method of accounting, insurance companies, tax-exempt entities, governments or government instrumentalities, entities or arrangements treated as partnerships for U.S. federal income tax purposes or other flow-through entities (and investors therein), subchapter S corporations, retirement plans, non-United States trusts or estates with United States beneficiaries, corporations that accumulate earnings to avoid U.S. federal income tax, individual retirement accounts or other tax-deferred accounts, real estate investment trusts, regulated investment companies and shareholders of such companies, holders liable for the alternative minimum tax, certain former citizens or former long-term residents of the United States, U.S. holders having a "functional currency" other than the U.S. dollar, holders who hold the Junior Subordinated Notes as part of a hedge, straddle, constructive sale, conversion transaction or other integrated transaction, "controlled foreign corporations," and "passive foreign investment companies"). This discussion also does not address any considerations under U.S. federal tax laws other than those pertaining to the income tax, nor does it address any considerations under any state, local or non-U.S. tax laws. Prospective investors should consult with their own tax advisors as to the particular tax consequences to them of the ownership and disposition of the Junior Subordinated Notes, including with respect to the applicability and effect of any U.S. federal, state, local or non-U.S. income or other tax laws or any tax treaty.

If an entity or arrangement treated as a partnership (or other flow-through entity) for U.S. federal income tax purposes holds Junior Subordinated Notes, the tax treatment of a person treated as a partner or other owner in such entity generally will depend on the status of the partner or other owner and the activities of the partner or other owner and the entity. Persons that for U.S. federal income tax purposes are treated as a partner or other owner in a partnership or other flow-through entity holding Junior Subordinated Notes should consult their tax advisors regarding the tax consequences to them of the ownership and disposition of Junior Subordinated Notes.

THIS DISCUSSION IS FOR GENERAL INFORMATION PURPOSES ONLY, AND IS NOT INTENDED TO CONSTITUTE A COMPLETE DESCRIPTION OF ALL TAX CONSEQUENCES RELATING TO THE OWNERSHIP AND DISPOSITION OF THE JUNIOR SUBORDINATED NOTES. PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE OWNERSHIP AND DISPOSITION OF THE NOTES, INCLUDING WITH RESPECT TO THE APPLICABILITY AND EFFECT OF ANY U.S.

FEDERAL, STATE, LOCAL OR NON-U.S. INCOME OR OTHER TAX LAWS OR ANY TAX TREATY.

For purposes of this discussion, the term "U.S. holder" means a beneficial owner of a Junior Subordinated Note that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation (or any other entity treated as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States, any state thereof, or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust (a) if a court within the United States is able to exercise primary supervision over the trust's administration and one or more U.S. persons (for U.S. federal tax purposes) have the authority to control all substantial decisions of the trust or (b) that has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person for U.S. federal income tax purposes.

For purposes of this discussion, the term "non-U.S. holder" means a beneficial owner of a Junior Subordinated Note that is neither a U.S. holder nor a partnership (or other flow-through entity) for U.S. federal income tax purposes.

We have treated and will continue to treat, and, by purchasing the Junior Subordinated Notes, each holder agrees to treat, the Junior Subordinated Notes as indebtedness for U.S. federal income tax purposes. The remainder of this discussion assumes that the Junior Subordinated Notes will be so treated.

Alterations Occurring as a Result of the Remarketing

A modification of the terms of a debt instrument is treated for U.S. federal income tax purposes as resulting in a deemed exchange of the debt instrument if the modification is a "significant modification" within the meaning of section 1.1001-3 of the Treasury regulations promulgated under the Code. Under this regulation section, an alteration that occurs by operation of the terms of the debt instrument (including alterations resulting from the exercise of an option held by us) is not treated as a "modification," unless (i) the alteration results in the substitution of a new obligor, the addition or deletion of a co-obligor, or a change in the recourse nature of the debt instrument, (ii) the alteration creates an instrument that is not indebtedness for U.S. federal income tax purposes or (iii) the alteration results from the exercise of an option that is not unilateral.

All the alterations in the terms of the Junior Subordinated Notes that result from the remarketing occur by operation of the original terms of the Junior Subordinated Notes. Although not free from doubt, we believe that these alterations do not constitute a "modification" for purposes of the applicable Treasury regulation. Accordingly, for U.S. federal income tax purposes, we believe that the Junior Subordinated Notes (as in existence immediately after the remarketing) will be treated as a continuation of the original Junior Subordinated Notes and the rest of this discussion so assumes.

Treatment of the Junior Subordinated Notes

Because of the manner in which the interest rate on the Original Notes is reset, we have treated the Original Notes as "contingent payment debt interests" subject to the "noncontingent bond method" for accruing original issue discount ("OID"), as set forth in the applicable Treasury Regulations. Because we believe the Junior Subordinated Notes are a continuation of the Original Notes for U.S. federal income tax purposes, we will continue to treat the Junior Subordinated Notes as subject to the applicable Treasury Regulations governing contingent payment debt instruments, and the rest of this discussion assumes such treatment is respected. Accordingly, all payments on the Junior Subordinated Notes, including stated interest, will be taken into account under the contingent payment debt regulations and actual cash payments of interest on the Junior Subordinated

Notes will not be reported separately as taxable income. As discussed more fully below, the effect of the contingent payment debt regulations will be to require a holder, regardless of such holder's usual method of tax accounting, to use the accrual method with respect to the interest income on the Junior Subordinated Notes.

The precise method for accruing interest income for contingent payment bond instruments after all future contingent payments are fixed (as in the case of the Junior Subordinated Notes) is uncertain in many respects. The discussion below describes the method we will use for calculating interest income on the Junior Subordinated Notes. However, it is possible methods other than that described below are reasonable, such as accruing interest income at the Junior Subordinated Notes' stated rate, in lieu of accruing income at the comparable yield and making the adjustments described below. No assurances can be given that the IRS will agree with our methodology for accruing interest, or that a court would not sustain any challenge by the IRS in the event of litigation. U.S. holders should consult their tax advisors regarding the proper method for accruing interest income.

U.S. Holders

Accrual of Interest

Under the contingent payment debt regulations, each year a U.S. holder will be required to include in income OID, as adjusted in the manner described below, regardless of such U.S. holder's usual method of tax accounting. This amount may differ from the interest payments actually received by a U.S. holder.

Pursuant to the contingent payment debt regulations, we are required to provide the comparable yield for the Junior Subordinated Notes and, solely for tax purposes, are also required to provide a projected payment schedule, both as originally projected under the Original Notes (which are described below) and, as adjusted with respect to the Junior Subordinated Notes based on the fixed payments for the Junior Subordinated Notes. Although the matter is not free from doubt, we will treat the comparable yield of the Junior Subordinated Notes as equal to the comparable yield of the Original Notes. We determined, as of the issue date of the Original Notes, that the comparable yield for the Original Notes was 4.875%.

The projected payment schedule per 1/20 undivided beneficial ownership interest in an Original Note was $0.26 on September 1, 2014, $0.31 for each subsequent quarter ending on or prior to June 1, 2017, $1.54 for each subsequent semester ending after June 1, 2017 and $51.54 at maturity (which includes the stated principal amount of the Original Notes as well as the final projected interest payment). The Junior Subordinated Notes will have a revised projected payment schedule corresponding to the stated interest and principal amounts due thereon. A U.S. holder must make adjustments reflecting the difference between the payments that are fixed under the Junior Subordinated Notes, if any, and the payments that were projected under the projected payment schedule for the Original Notes. The timing and amount of such positive or negative adjustments is not clear. We intend to make such adjustments on the date each payment is required to be made under the Junior Subordinated Notes. The amount of interest income includable on a Junior Subordinated Note for each accrual period is determined by multiplying the comparable yield of the Junior Subordinated Note, adjusted for the length of the accrual period, by the Junior Subordinated Note's adjusted issue price at the beginning of the accrual period, determined in accordance with the rules set forth in the contingent payment debt regulations, and increased (or decreased) by the amount of any positive (or negative) adjustments described above. The amount of interest income so determined is then allocated on a ratable basis to each day in the accrual period that a U.S. holder held the Junior Subordinated Notes.

We have determined that the adjusted issue price of each Junior Subordinated Note on March 1, 2017, which is the beginning of the accrual period that includes the date the Junior Subordinated Notes were sold, is equal to $53.41. The adjusted issue price of each Junior Subordinated Note at the beginning of each subsequent accrual period will be equal to such amount, increased by the interest previously accrued on the Junior Subordinated Notes at the comparable yield, decreased by the projected amount of any payments previously scheduled to be made on the Junior Subordinated Notes through such date, and increased (or decreased) by the amount of any positive (or negative) adjustments described above.

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A U.S. holder is generally bound by the comparable yield and projected payment schedules for applicable ownership interests in Junior Subordinated Note provided by us unless either is unreasonable. If a U.S. holder decides to use its own comparable yield and projected payment schedules, the U.S. holder must explicitly disclose this fact and the reason for using different comparable yield and projected payment schedules. In general, this disclosure must be made on a statement attached to the U.S. holder's timely filed U.S. federal income tax return for the taxable year that includes the date of the U.S. holder's acquisition of the Junior Subordinated Notes.

The comparable yield and the projected payment schedule are not provided for any purpose other than the determination of a U.S. holder's interest accruals and adjustments thereof in respect of the Junior Subordinated Notes and do not constitute a representation regarding the actual amount of any payment on a Junior Subordinated Note.

The adjusted issue price of the Junior Subordinated Notes, on the date such Junior Subordinated Notes are sold, will exceed the offering price of the Junior Subordinated Notes. U.S. holders that have purchased the Junior Subordinated Notes at the offering price will still be required to accrue interest on the Junior Subordinated Notes in accordance with the comparable yield, as adjusted in the manner described above. In addition, a U.S. holder will be required to accrue further interest income reflecting positive adjustments resulting from the difference between the adjusted issue price and such U.S. holder's tax basis in the Junior Subordinated Notes. Such difference should generally be allocated under a reasonable method to daily portions of interest or projected payments over the remaining term of the Junior Subordinated Notes. The amount so allocated to a daily portion of interest should be taken into account by a U.S. holder as an increase in such interest on the date the daily portion accrues.

Certain U.S. holders will receive IRS Forms 1099-OID, which report interest accruals on their Junior Subordinated Notes. Those forms will not, however, reflect the effect of any positive or negative adjustments resulting from such U.S. holders' purchase of the Junior Subordinated Notes in the remarketing at a price that differs from its adjusted issue price on the date of purchase. U.S. holders are urged to consult their tax advisors as to whether, and how, such adjustments should be made to the amounts reported on any IRS Form 1099-OID.

Sale, Exchange or Other Taxable Disposition of the Junior Subordinated Notes

Upon the sale, exchange, or other taxable disposition of a Junior Subordinated Note, a U.S. holder will generally recognize gain or loss equal to the difference between such U.S. holder's amount realized on the taxable disposition (not including any amount attributable to accrued but unpaid interest) and such U.S. holder's adjusted tax basis in the Junior Subordinated Note (described below). Gain recognized on the sale, exchange or other taxable disposition of a Junior Subordinated Note occurring after March 1, 2017 will generally be ordinary interest income to the extent there are positive adjustments required in respect of differences between the Original Notes' projected payment schedule and payments fixed under the Junior Subordinated Notes, and such positive adjustments have not yet been accrued and included in income by the U.S. holder. Any gain in excess of such amount or any loss recognized on a sale, exchange or other taxable disposition of a Junior Subordinated Note generally will be treated as capital gain or loss. In the case of a U.S. holder that is not a corporation, capital gains derived in respect of capital assets held for more than one year are subject to tax at preferential rates. The deductibility of capital losses is subject to certain limitations.

A U.S. holder's adjusted tax basis in a Junior Subordinated Note is generally its purchase price, increased by the amount accrued at the comparable yield, decreased by the amount of projected payments, increased by any positive adjustments described above and decreased by any negative adjustments described above.

Medicare Tax

Certain U.S. holders that are individuals, estates or trusts will be subject to an additional 3.8% tax on all or a portion of their "net investment income," which may include all or a portion of their interest income and net gains from the disposition of the Junior Subordinated Notes, if their adjusted gross income exceeds certain thresholds. Each U.S. holder that is an individual, estate or trust is urged to consult its tax advisors regarding the applicability of this Medicare tax to its income and gains in respect of its investment in the Junior Subordinated Notes.

Information Reporting and Backup Withholding

Information reporting requirements generally apply in connection with payments of principal, premium, and interest on the Junior Subordinated Notes to, and proceeds from a sale, exchange or other taxable disposition of Junior Subordinated Notes by, non-corporate U.S. holders. A U.S. holder will be subject to backup withholding tax (currently at a 28% rate) on such payments and proceeds if the U.S. Holder fails to provide its correct taxpayer identification number to the paying agent in the manner required under U.S. federal income tax law, fails to comply with applicable backup withholding tax rules or does not otherwise establish an exemption from backup withholding. Any amounts withheld under the backup withholding rules will generally entitle that U.S. holder to a credit against that U.S. holder's U.S. federal income tax liability and may entitle that U.S. holder to a refund, provided that the required information is timely and properly furnished to the IRS. Certain penalties may be imposed by the IRS on a recipient of payments that is required to supply information but that does not do so in the proper manner.

U.S. holders should consult their tax advisors regarding the application of backup withholding in their particular situation, the availability of an exemption from backup withholding and the procedure for obtaining such an exemption, if available.

Additional Disclosure Requirements

If a U.S. holder sells, exchanges, or otherwise has a taxable disposition of the Junior Subordinated Notes and such sale, exchange, or other taxable disposition is at a loss that meets certain thresholds, the U.S. holder (and/or the shareholder of the U.S. holder if the U.S. holder is an S corporation for U.S. federal income tax purposes) may be required to file a disclosure statement with the IRS. U.S. holders and their shareholders should consult their own tax advisors with respect to any disclosure requirements that may apply to them in their own particular circumstances.

Non–U.S. Holders

Interest

Subject to the discussion below in this section of the information reporting and backup withholding rules as applied to non-U.S. holders and below under "Foreign Account Tax Compliance Act," no withholding of U.S. federal income tax will apply to interest paid on a Junior Subordinated Note (including any interest income realized upon the sale, exchange or other disposition to the extent of positive adjustments required in respect of differences between the Original Notes' projected payment schedule and payments fixed under the Junior Subordinated Notes that have not yet been accrued and included in income) to a non-U.S. holder under the "portfolio interest exemption," provided that:

- the interest is not effectively connected with the non-U.S. holder's conduct of a trade or business in the U.S. (or, if required under an applicable U.S. income tax treaty, is not attributable to a U.S. permanent establishment or fixed base maintained by such Non-U.S. Holder);
- the non-U.S. holder does not actually or constructively own 10% or more of the total combined voting power of all classes of our stock entitled to vote within the meaning of Section 871(h)(3) of the Code and Treasury regulations thereunder;

- the non-U.S. holder is not a bank acquiring the Junior Subordinated Notes as an extension of credit entered into in the ordinary course of its trade or business and is not a controlled foreign corporation that is related directly or constructively to us through stock ownership; and
- the non-U.S. holder provides to the withholding agent, in accordance with specified procedures, a statement to the effect that that such non-U.S. holder is not a U.S. person (generally by providing a properly executed IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, or other applicable and/or successor forms) or a securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business and holds the Junior Subordinated Notes on behalf of such non-U.S. holder properly provides a copy of such certification.

If a non-U.S. holder cannot satisfy the requirements of the portfolio interest exemption described above, interest paid on the Junior Subordinated Notes (including payments in respect of OID on the Junior Subordinated Notes) made to a non-U.S. holder generally will be subject to a 30% U.S. federal withholding tax, unless that non-U.S. holder provides the withholding agent with a properly executed statement (i) claiming an exemption from or reduction of withholding under an applicable U.S. income tax treaty or (ii) stating that the interest is not subject to withholding tax because it is effectively connected with that non-U.S. holder's conduct of a trade or business in the U.S.

If a non-U.S. holder is engaged in a trade or business in the U.S. (or, if an applicable U.S. income tax treaty applies and if the non-U.S. holder maintains a permanent establishment or fixed base within the U.S.) and the interest is effectively connected with the conduct of that trade or business (or, if an applicable U.S. income tax treaty applies, attributable to that permanent establishment or fixed base), that non-U.S. holder will be subject to U.S. federal income tax on the interest on a net income basis in the same manner as if that non-U.S. holder were a U.S. holder (unless an applicable U.S. income tax treaty provides otherwise). In addition, if such non-U.S. holder is a foreign corporation, it may also, under certain circumstances, be subject to an additional branch profits tax at a 30% rate or such lower rate as may be specified by an applicable U.S. income tax treaty.

Sale, Exchange or Other Taxable Disposition of the Junior Subordinated Notes

Subject to the discussion below in this section of the information reporting and backup withholding rules as applied to non-U.S. holders and below under "Foreign Account Tax Compliance Act," any gain (excluding any portion treated as interest income) realized on the sale, exchange, or other taxable disposition of a Junior Subordinated Note generally will not be subject to U.S. federal income tax unless:

- that gain is effectively connected with the non-U.S. holder's conduct of a trade or business in the U.S. (or, if an applicable U.S. income tax treaty applies, is attributable to a permanent establishment or fixed base maintained by the non-U.S. holder within the U.S.); or
- the non-U.S. holder is an individual who is present in the U.S. for 183 days or more in the taxable year of the disposition and certain other conditions are met.

Gain described in the first bullet point above generally will be subject to U.S. federal income tax on a net income basis at the regular graduated U.S. federal income tax rates in the same manner as if such non-U.S. holder were a U.S. person. A non-U.S. holder that is a corporation also may be subject to an additional "branch profits tax" at a rate of 30% (or such lower rate as may be specified by an applicable U.S. income tax treaty) of its "effectively connected earnings and profits" for the taxable year, subject to certain adjustments.

Gain described in the second bullet point above generally will be subject to U.S. federal income tax at a 30% rate (or such lower rate as may be specified by an applicable U.S. income tax treaty), but may be offset by U.S.-source capital losses, if any, of the non-U.S. holder.

Information Reporting and Backup Withholding

The amount of interest paid on the Junior Subordinated Notes to non-U.S. holders generally must be reported annually to the IRS. These reporting requirements apply regardless of whether withholding was reduced or eliminated by any applicable U.S. income tax treaty or provision of the Code. Copies of the information returns reflecting income in respect of the Junior Subordinated Notes may also be made available to the tax authorities in the country in which the non-U.S. holder is a resident under the provisions of an applicable U.S. income tax treaty or information sharing agreement.

A Non-U.S. Holder will generally not be subject to additional information reporting or to backup withholding with respect to payments on the Junior Subordinated Notes or to information reporting or backup withholding with respect to proceeds from the sale, exchange, or other taxable disposition of Junior Subordinated Notes to or through a U.S. office of any broker, as long as the non-U.S. holder:

- has furnished to the payor or broker a valid IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, or other applicable and/or successor forms, certifying, under penalties of perjury, the non-U.S. holder's status as a non-U.S. person;
- has furnished to the payor or broker other documentation upon which it may rely to treat the payments as made to a non-U.S. person in accordance with applicable Treasury regulations; or
- otherwise establishes an exemption.

The payment of the proceeds from a sale, exchange, or other taxable disposition of Junior Subordinated Notes to or through a foreign office of a broker will generally not be subject to information reporting or backup withholding. However, a sale, exchange, or other taxable disposition of Junior Subordinated Notes will be subject to information reporting, but not backup withholding, if it is to or through a foreign office of a U.S. broker or a non-U.S. broker with certain enumerated connections with the U.S. unless the documentation requirements described above are met or the non-U.S. holder otherwise establishes an exemption.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a non-U.S. holder will be allowed as a credit against such non-U.S. holder's U.S. federal income tax liability, if any, or will otherwise be refundable, provided that the requisite procedures are followed and the proper information is filed with the IRS on a timely basis. Non-U.S. holders should consult their own tax advisors regarding their qualification for exemption from backup withholding and the procedure for obtaining such exemption, if applicable.

Foreign Account Tax Compliance Act

Under Sections 1471 through 1474 of the Code and the Treasury regulations promulgated thereunder (collectively, FATCA), U.S. federal withholding tax at a rate of 30% generally applies to payments of interest on, and beginning after December 31, 2018, to gross proceeds from the sale, exchange, or other taxable disposition of, debt instruments and other "obligations" paid to certain non-U.S. entities (including, in some circumstances, where such an entity is acting as an intermediary) that fail to comply with certain certification and information reporting requirements. Notwithstanding the foregoing, FATCA withholding generally will not apply to any obligation (other than an instrument that is treated as equity for U.S. tax purposes or that lacks a stated expiration or term) that is outstanding on July 1, 2014 (and is not "significantly modified" after June 30, 2014).

As discussed above under "Alterations Occurring as a Result of the Remarketing," all the alterations in the terms of the Junior Subordinated Notes that result from the remarketing occur by operation of the original terms of the Junior Subordinated Notes. Thus, we believe that all the alterations in the terms of the Junior Subordinated Notes that result from the remarketing do not constitute a "significant modification" for purposes of the applicable Treasury regulation and, therefore, we believe that the remarketing should not prevent the Junior Subordinated Notes (as in existence immediately after the remarketing) from being considered outstanding on

July 1, 2014 for purposes of FATCA. Holders of Junior Subordinated Notes should consult their tax advisors regarding the potential application of FATCA to their investment in the Junior Subordinated Notes.

The U.S. federal income tax discussion set forth above is included for general information only and may not be applicable depending upon a holder's particular situation. Holders should consult their tax advisors regarding the tax consequences to them of the purchase, ownership and disposition of Junior Subordinated Notes, including the tax consequences under state, local, foreign and other tax laws.

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REMARKETING

Under the terms and subject to the conditions contained in the remarketing agreement, as supplemented by the joinder thereto, among us and Citigroup Global Markets Inc., Goldman, Sachs & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Credit Agricole Securities (USA) Inc., Credit Suisse Securities (USA) LLC, PNC Capital Markets LLC and Loop Capital Markets LLC, as remarketing agents, and The Bank of New York Mellon Trust Company, N.A., solely in its capacity as purchase contract agent and as attorney-in-fact of the holders of purchase contracts, the remarketing agents have agreed to use their commercially reasonable efforts to remarket the Original Notes at a public offering price that will result in proceeds sufficient to purchase the treasury portfolio at the treasury portfolio purchase price, as required by the terms of the Corporate Units.

The remarketing agents have no obligation to purchase any of the Junior Subordinated Notes. The remarketing agreement provides that the remarketing is subject to customary conditions precedent, including the delivery of legal opinions.

In the event of a successful remarketing, we will pay the remarketing agents a remarketing fee equal to % of the principal amount of the Junior Subordinated Notes. We will also pay all expenses of the remarketing agents. We estimate that our total expenses for this offering, excluding remarketing fees, will be $.

Indemnification

We have agreed to indemnify each of the remarketing agents and their controlling persons against certain liabilities, including liabilities under the Securities Act of 1933, as amended.

Listing

We do not intend to apply for listing of the Junior Subordinated Notes on a national securities exchange or for quotation on any automated quotation system, but have been advised by the remarketing agents that they intend to make a market in the Junior Subordinated Notes. The remarketing agents are not obligated, however, to do so and may discontinue their market making at any time without notice. No assurance can be given as to the development, maintenance or liquidity of the trading market for the Junior Subordinated Notes.

Stabilization

In order to facilitate the offering of the Junior Subordinated Notes, the remarketing agents may engage in transactions that stabilize, maintain or otherwise affect the price of the Junior Subordinated Notes. Specifically, the remarketing agents may overallot in connection with the remarketing, creating a short position in the Junior Subordinated Notes for the remarketing agents. In addition, to cover overallotments or to stabilize the price of the Junior Subordinated Notes, the remarketing agents may bid for, and purchase, the Junior Subordinated Notes in the open market. Finally, the remarketing agents may reclaim selling concessions allowed to a dealer for distributing the Junior Subordinated Notes in the remarketing, if they repurchase previously distributed Junior Subordinated Notes in transactions to cover short positions, in stabilization transactions or otherwise. Any of these activities may stabilize or maintain the market price for the Junior Subordinated Notes above independent market levels. The remarketing agents are not required to engage in these activities and may end any of these activities at any time.

Other Relationships

The remarketing agents and their affiliates are full service financial institutions engaged in various activities. From time to time, in the ordinary course of business, certain of the remarketing agents and their respective affiliates have engaged and may in the future engage, in sales and trading, commercial banking, investment banking advisory, investment management, investment research, principal investment, hedging,

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market making, brokerage and other financial and non-financial activities and services and/or other transactions of a financial nature with us and our affiliates. Consequently, they have received, and in the future may continue to receive, customary fees and commissions for these services.

In addition, in the ordinary course of their business activities, certain of the remarketing agents and their affiliates may make or hold a broad array of investments, including serving as counterparties to certain derivative and hedging arrangements, and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates.

The remarketing agents and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Selling Restrictions

Canada

Notice to Canadian Residents

This prospectus supplement and accompanying prospectus constitute an "exempt offering document" as defined in and for the purposes of applicable Canadian securities laws. No prospectus has been filed with any securities commission or similar regulatory authority in Canada in connection with the offer and sale of the Junior Subordinated Notes. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon this prospectus supplement and accompanying prospectus or on the merits of the Junior Subordinated Notes and any representation to the contrary is an offence.

Canadian investors are advised that this prospectus supplement and accompanying prospectus has been prepared in reliance on section 3A.3 of National Instrument 33-105 Underwriting Conflicts ("NI 33-105"). Pursuant to section 3A.3 of NI 33-105, this prospectus supplement and accompanying prospectus is exempt from the requirement to provide investors with certain conflicts of interest disclosure pertaining to "connected issuer" and/or "related issuer" relationships as would otherwise be required pursuant to subsection 2.1(1) of NI 33-105.

Resale Restrictions

The offer and sale of the Junior Subordinated Notes in Canada is being made on a private placement basis only and is exempt from the requirement to prepare and file a prospectus under applicable Canadian securities laws. Any resale of Junior Subordinated Notes acquired by a Canadian investor in this offering must be made in accordance with applicable Canadian securities laws, which may vary depending on the relevant jurisdiction, and which may require resales to be made in accordance with Canadian prospectus requirements, a statutory exemption from the prospectus requirements, in a transaction exempt from the prospectus requirements or otherwise under a discretionary exemption from the prospectus requirements granted by the applicable local Canadian securities regulatory authority. These resale restrictions may under certain circumstances apply to resales of the Junior Subordinated Notes outside of Canada.

Representations of Purchasers

Each Canadian investor who purchases Junior Subordinated Notes will be deemed to have represented to the issuer and to each dealer from whom a purchase confirmation is received, as applicable, that the investor (i) is purchasing as principal, or is deemed to be purchasing as principal in accordance with applicable Canadian securities laws, for investment only and not with a view to resale or redistribution; (ii) is an "accredited investor" as such term is defined in section 1.1 of National Instrument 45-106 *Prospectus Exemptions* ("NI 45-106") or, in

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Ontario, as such term is defined in section 73.3(1) of the Securities Act (Ontario); and (iii) is a "permitted client" as such term is defined in section 1.1 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* .

Taxation and Eligibility for Investment

Any discussion of taxation and related matters contained in this prospectus supplement and accompanying prospectus does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a Canadian investor when deciding to purchase the Junior Subordinated Notes and, in particular, does not address any Canadian tax considerations. No representation or warranty is hereby made as to the tax consequences to a resident, or deemed resident, of Canada of an investment in the Junior Subordinated Notes or with respect to the eligibility of the Junior Subordinated Notes for investment by such investor under relevant Canadian federal and provincial legislation and regulations.

Rights of Action for Damages or Rescission

Securities legislation in certain of the Canadian jurisdictions provides certain purchasers of securities pursuant to an offering memorandum, including where the distribution involves an "eligible foreign security" as such term is defined in Ontario Securities Commission Rule 45-501 *Ontario Prospectus and Registration Exemptions* and in Multilateral Instrument 45-107 *Listing Representation and Statutory Rights of Action Disclosure Exemptions* , as applicable, with a remedy for damages or rescission, or both, in addition to any other rights they may have at law, where the offering memorandum, or other offering document that constitutes an offering memorandum, and any amendment thereto, contains a "misrepresentation" as defined under applicable Canadian securities laws. These remedies, or notice with respect to these remedies, must be exercised or delivered, as the case may be, by the purchaser within the time limits prescribed under, and are subject to limitations and defenses under, applicable Canadian securities legislation. In addition, these remedies are in addition to and without derogation from any other right or remedy available at law to the investor.

Language of Documents

Upon receipt of this prospectus supplement and accompanying prospectus, each Canadian investor hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the securities described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.*

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), each remarketing agent has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) it has not made and will not make an offer of Junior Subordinated Notes which are the subject of the offering contemplated by this prospectus supplement to the public in that Relevant Member State other than:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the issuer for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Junior Subordinated Notes shall require the issuer or any remarketing agent to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of notes to the public" in relation to any Junior Subordinated Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Junior Subordinated Notes to be offered so as to enable an investor to decide to purchase or subscribe the Junior Subordinated Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

United Kingdom

Each remarketing agent has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Junior Subordinated Notes in circumstances in which Section 21(1) of the FSMA does not apply to the issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Junior Subordinated Notes in, from or otherwise involving the United Kingdom.

Hong Kong

The Junior Subordinated Notes may not be offered or sold by means of any document other than (1) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), or (2) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (3) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the Junior Subordinated Notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to Junior Subordinated Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Japan

The Junior Subordinated Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the Financial Instruments and Exchange Law) and each remarketing agent has agreed that it will not offer or sell any securities, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

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Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Junior Subordinated Notes may not be circulated or distributed, nor may the Junior Subordinated Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (1) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (2) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (3) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Junior Subordinated Notes are subscribed or purchased under Section 275 by a relevant person which is: (1) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (2) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the Junior Subordinated Notes under Section 275 except: (a) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (b) where no consideration is given for the transfer; or (c) by operation of law.

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LEGAL MATTERS

Certain legal matters in connection with the remarketing will be passed upon for us by Kirkland & Ellis LLP, New York, New York and by Ballard Spahr LLP, Philadelphia, Pennsylvania and for the remarketing agents by Winston & Strawn LLP, Chicago, Illinois and by Latham & Watkins LLP, New York, New York. Winston & Strawn LLP and Latham & Watkins LLP provide legal services to Exelon and its subsidiaries from time to time.

EXPERTS

The consolidated financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) incorporated in this prospectus supplement by reference to the Annual Report on Form 10-K for the year ended December 31, 2016 have been so incorporated in reliance on the report (which contains an explanatory paragraph on the effectiveness of internal control over financial reporting due to the exclusion of certain elements of the internal control over financial reporting of the Consolidated Edison Solutions, Inc. business Generation acquired during 2016) of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

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Exelon Corporation (Exelon) may use this prospectus to offer and sell from time to time:

- senior debt securities;
- subordinated debt securities;
- common stock;
- stock purchase contracts;
- stock purchase units;
- preferred stock in one or more series;
- depositary shares.

Exelon Generation Company, LLC (Generation) may use this prospectus to offer and sell from time to time:

- senior debt securities; and
- preferred limited liability company interests in one or more series.

Commonwealth Edison Company (ComEd) may use this prospectus to offer and sell from time to time:

- first mortgage bonds; and
- unsecured notes.

PECO Energy Company (PECO) may use this prospectus to offer and sell from time to time:

- first and refunding mortgage bonds; and
- preferred stock in one or more series

Baltimore Gas and Electric Company (BGE) may use this prospectus to offer and sell from time to time:

- unsecured debt securities;
- senior secured bonds; and
- preferred stock in one or more series.

Exelon, Generation, ComEd, PECO and BGE sometimes refer to the securities listed above as the “Securities.”

Exelon, Generation, ComEd, PECO and BGE will provide the specific terms of the Securities in supplements to this prospectus prepared in connection with each offering. Please read this prospectus and the applicable prospectus supplement carefully before you invest. This prospectus may not be used to consummate sales of the offered Securities unless accompanied by a prospectus supplement.

Exelon’s common shares are listed on the New York Stock Exchange, under the symbol “EXC.”

Please see “ Risk Factors ” beginning on page 2 for a discussion of factors you should consider in connection with a purchase of the Securities offered in this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is May 23, 2014.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that Exelon, Generation, ComEd, PECO and BGE have each filed with the Securities and Exchange Commission (SEC) using a "shelf" registration process. Under this shelf registration process, each of us may, from time to time, sell our Securities described in this prospectus in one or more offerings. Each time Exelon, Generation, ComEd, PECO or BGE (each, a registrant) sells Securities, the registrant will provide a prospectus supplement that will contain a description of the Securities the registrant will offer and specific information about the terms of the offering. The prospectus supplement may also add, update or change information contained in this prospectus. If there is any inconsistency between the information in this prospectus and the prospectus supplement, you should rely on the prospectus supplement. You should read both this prospectus and any prospectus supplement together with additional information described under "Where You Can Find More Information."

Information contained herein relating to each registrant is filed separately by such registrant on its own behalf. No registrant makes any representation as to information relating to any other registrant or Securities issued by any other registrant.

As used in this prospectus, the terms "we," "our" and "us" generally refer to:

- Exelon with respect to Securities issued by Exelon.
- Generation with respect to Securities issued by Generation.
- ComEd with respect to Securities issued by ComEd.
- PECO with respect to Securities issued by PECO.
- BGE with respect to Securities issued by BGE.

None of the registrants will guarantee or provide other credit or funding support for the Securities to be offered by another registrant pursuant to this prospectus.

We are not offering the Securities in any state where the offer is not permitted.

For more detailed information about the Securities, you should read the exhibits to the registration statement. Those exhibits have either been filed with the registration statement or incorporated by reference to earlier SEC filings listed in the registration statement.

You should rely only on information contained in this prospectus and which is incorporated by reference or the documents to which we have referred you. We have not authorized anyone to provide you with information that is different. This prospectus and related prospectus supplement may be used only where it is legal to sell these securities. The information in this prospectus and any prospectus supplement may only be accurate on the date of this document. The business of the registrant, financial condition, results of operations and prospects may have changed since that date.

Please see "Risk Factors" beginning on page 2 for a discussion of factors you should consider in connection with a purchase of the Securities offered in this prospectus.

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FORWARD-LOOKING STATEMENTS

This prospectus and the documents incorporated or deemed incorporated by reference as described under the heading “Where You Can Find More Information” contain forward-looking statements that are not based entirely on historical facts and are subject to risks and uncertainties. Words such as “believes,” “anticipates,” “expects,” “intends,” “plans,” “predicts” and “estimates” and similar expressions are intended to identify forward-looking statements but are not the only means to identify those statements. These forward-looking statements are based on assumptions, expectations and assessments made by our management in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe to be appropriate. Any forward-looking statements are not guarantees of our future performance and are subject to risks and uncertainties.

This presentation contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which are subject to risks and uncertainties. The factors that could cause actual results to differ materially from the forward-looking statements made by the registrants include those factors discussed herein, as well as the items discussed in (1) each registrant’s 2013 Annual Report on Form 10-K in (a) ITEM 1A. Risk Factors, (b) ITEM 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations and (c) ITEM 8. Financial Statements and Supplementary Data: Note 22; and (2) other factors discussed herein and in other filings with the SEC by Exelon, Generation, ComEd, PECO and BGE, as applicable.

You are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date on the front of this prospectus or, as the case may be, as of the date on which we make any subsequent forward-looking statement that is deemed incorporated by reference. We do not undertake any obligation to update or revise any forward-looking statement to reflect events or circumstances after the date as of which any such forward-looking statement is made.

RISK FACTORS

Investing in the Securities involves various risks. You are urged to read and consider the risk factors described in the combined Annual Reports on Form 10-K of Exelon, Generation, ComEd, PECO, and BGE, as applicable, for the year ended December 31, 2013, filed with the SEC on February 13, 2014. Before making an investment decision, you should carefully consider these risks as well as other information we include or incorporate by reference in this prospectus. The prospectus supplement applicable to each type or series of Securities offered by one of the registrants will contain a discussion of additional risks applicable to an investment in such registrant and the particular type of Securities the registrant is offering under that prospectus supplement.

EXELON CORPORATION

Exelon, incorporated in Pennsylvania in February 1999, is a utility services holding company engaged, through Generation, in the energy generation business, and through ComEd, PECO and BGE, in the energy delivery businesses. Exelon’s principal executive offices are located at 10 South Dearborn Street, Chicago, Illinois 60603, and its telephone number is 312-394-7398.

EXELON GENERATION COMPANY, LLC

Generation’s integrated business consists of its owned and contracted electric generating facilities and investments in generation ventures that are marketed through its leading customer-facing activities. These customer-facing activities include, wholesale energy marketing operations and its competitive retail customer

supply of electric and natural gas products and services, including renewable energy products, risk management services and natural gas exploration and production activities. Generation has six reportable segments consisting of the Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Regions.

Generation was formed in 2000 as a Pennsylvania limited liability company. Generation began operations as a result of a corporate restructuring, effective January 1, 2001, in which Exelon separated its generation and other competitive businesses from its regulated energy delivery businesses at ComEd and PECO. Generation's principal executive offices are located at 300 Exelon Way, Kennett Square, Pennsylvania 19348, and its telephone number is 610-765-5959.

COMMONWEALTH EDISON COMPANY

ComEd's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in northern Illinois, including the City of Chicago.

ComEd was organized in the State of Illinois in 1913 as a result of the merger of Cosmopolitan Electric Company into the original corporation named Commonwealth Edison Company, which was incorporated in 1907. ComEd's principal executive offices are located at 440 South LaSalle Street, Chicago, Illinois 60605, and its telephone number is 312-394-4321.

PECO ENERGY COMPANY

PECO's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in southeastern Pennsylvania, including the City of Philadelphia, as well as the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services to retail customers in the Pennsylvania counties surrounding the City of Philadelphia.

PECO was incorporated in Pennsylvania in 1929. PECO's principal executive offices are located at 2301 Market Street, Philadelphia, Pennsylvania 19103, and its telephone number is 215-841-4000.

BALTIMORE GAS AND ELECTRIC COMPANY

BGE's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in central Maryland, including the City of Baltimore, as well as the purchase and regulated retail sale of natural gas and the provision of gas distribution services to retail customers in central Maryland, including the City of Baltimore.

BGE was incorporated in Maryland in 1906. BGE's principal executive offices are located at 110 West Fayette Street, Baltimore, Maryland 21201, and its telephone number is 410-234-5000.

USE OF PROCEEDS

Except as otherwise indicated in the applicable prospectus supplement, each registrant expects to use the net proceeds from the sale of the Securities for general corporate purposes, including to discharge or refund (by redemption, by purchase on the open market, by purchase in private transactions, by tender offer or otherwise) outstanding long-term debt. Each registrant will describe in the applicable prospectus supplement any specific allocation of the proceeds to a particular purpose that the registrant has made at the date of that prospectus

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supplement. Please refer to our annual and quarterly reports incorporated by reference into this prospectus and any prospectus supplement for information concerning each registrant's outstanding long-term debt. See "Where You Can Find More Information."

RATIO OF EARNINGS TO FIXED CHARGES AND RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERENCE SECURITY DIVIDENDS

Exelon

The following are Exelon's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	5.4	4.9	4.9	2.3	2.6	1.1

The following are Exelon's consolidated ratios of earnings to combined fixed charges and preference stock dividends for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to combined fixed charges and preference stock dividends	5.4	4.8	4.9	2.3	2.5	1.1

Generation

The following are Generation's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	10.4	8.5	7.3	2.6	3.3	(a)

(a) The ratio coverage was less than 1:1. Generation required additional earnings of $380 million in order to achieve a coverage ratio of 1:1.

Generation had no preference securities outstanding during the periods indicated; therefore, the ratio of earnings to combined fixed charges and preference security dividends is the same as the ratio of earnings to fixed charges for Generation.

ComEd

The following are ComEd's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	2.9	2.8	3.0	3.0	1.7	3.0

ComEd had no preference securities outstanding during the periods indicated; therefore, the ratio of earnings to combined fixed charges and preference security dividends is the same as the ratio of earnings to fixed charges for ComEd.

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PECO

The following are PECO's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	3.7	3.3	4.7	4.9	5.6	5.1

The following are PECO's consolidated ratios of earnings to combined fixed charges and preference security dividends for each of the periods indicated:

	Years Ended December 31,				
	2009	2010	2011	2012	2013
Ratio of earnings to combined fixed charges and preferred stock dividends	3.6	3.2	4.5	4.7	5.2

On May 1, 2013, PECO redeemed all of its outstanding preferred securities; therefore, the ratio of earnings to combined fixed charges and preferred stock dividends is the same as the ratio of earnings to fixed charges for PECO for the three months ended March 31, 2014.

BGE

The following are BGE's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	2.0	2.7	2.4	1.0	3.6	5.8

The following are BGE's consolidated ratios of earnings to combined fixed charges and preference stock dividends for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to combined fixed charges and preference stock dividends	1.7	2.4	2.1	(a)	3.1	5.0

(a) The ratio coverage was less than 1:1. BGE required additional earnings of $14 million in order to achieve a coverage ratio of 1:1.

DESCRIPTION OF SECURITIES

Each time one of the registrants sells securities, it will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with additional information described under "Where You Can Find More Information."

PLAN OF DISTRIBUTION

We may sell the Securities offered (a) through agents; (b) by underwriters or dealers; (c) directly to one or more purchasers; or (d) through a combination of any of these methods of sale.

In some cases we may also repurchase the Securities and reoffer them to the public by one or more of the methods described above.

This prospectus may be used in connection with any offering of securities through any of these methods or other methods described in the applicable prospectus supplement.

Any underwriter or agent involved in the offer and sale of the Securities will be named in the applicable prospectus supplement.

By Agents

Offered securities may be sold on a one time or a continuing basis by agents designated by the applicable registrant. The agents will use their reasonable efforts to solicit purchases for the period of their appointment under the terms of an agency agreement between the agents and the applicable issuer.

By Underwriters or Dealers

If underwriters are used in the sale, the underwriters may be designated by the applicable registrant or selected through a bidding process. The securities will be acquired by the underwriters for their own account. The underwriters may resell the Securities in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. Underwriters may sell the Securities to or through dealers, and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or commissions from the purchasers for whom they may act as agents. The obligations of the underwriters to purchase the Securities will be subject to certain conditions. The underwriters will be obligated to purchase all the Securities of the series offered if any of the securities are purchased. Any initial public offering price and any discounts or concessions allowed or re-allowed or paid to dealers may be changed from time to time.

Only underwriters named in the applicable prospectus supplement are deemed to be underwriters in connection with the Securities offered hereby.

If dealers are utilized in the sale of the Securities, the applicable registrant will sell the Securities to the dealers as principals. The dealers may then resell the Securities to the public at varying prices to be determined by such dealers at the time of resale. The names of the dealers and the terms of the transaction will be set forth in the applicable prospectus supplement.

Direct Sales

We may also sell Securities directly to the public. In this case, no underwriters or agents would be involved.

General Information

We may authorize agents, underwriters or dealers to solicit offers by certain institutions to purchase Securities from us at the public offering price pursuant to delayed delivery contracts providing for payment and delivery on a later date or dates, all as described in the applicable prospectus supplement. Each delayed delivery contract will be for an amount not less than, and the aggregate amount of the Securities shall be not less nor more than, the respective amounts stated in the applicable prospectus supplement. Such institutions may include commercial and savings banks, insurance companies, pension funds, investment companies, educational and charitable institutions, and other institutions, but will in all cases be subject to our approval. The delayed delivery contracts will not be subject to any conditions except:

- the purchase by an institution of the Securities covered by its delayed delivery contract shall not, at any time of delivery, be prohibited under the laws of any jurisdiction in the United States to which such delayed delivery contract is subject; and

- if the Securities are being sold to underwriters, we shall have sold to those underwriters the total amount of the Securities less the amount thereof covered by the delayed delivery contracts. The underwriters will not have any responsibility in respect of the validity or performance of the delayed delivery contracts.

Unless otherwise specified in the related prospectus supplement, each series of the Securities will be a new issue with no established trading market, other than the common stock. Any common stock sold pursuant to a prospectus supplement or issuable upon conversion of another offered Security will be listed on the New York Stock Exchange, subject to official notice of issuance. We may elect to list any of the other securities on an exchange, but are not obligated to do so. It is possible that one or more underwriters may make a market in a series of the Securities, but no underwriter will be obligated to do so and any underwriter may discontinue any market making at any time without notice. We cannot predict the activity of trading in, or liquidity of, our Securities.

In connection with sales by an agent or in an underwritten offering, the SEC rules permit the underwriters or agents to engage in transactions that stabilize the price of the Securities. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters or agents of a greater number of securities than they are required to purchase in an offering. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Securities while an offering is in progress.

The underwriters also may impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the underwriters have repurchased Securities sold by or for the account of that underwriter in stabilizing or short-covering transactions.

These activities by the underwriters may stabilize, maintain or otherwise affect the market price of the Securities. As a result, the price of the Securities may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the underwriters at any time. These transactions may be effected on an exchange or automated quotation system, if the Securities are listed on that exchange or admitted for trading on that automated quotation system, in the over-the-counter market or otherwise.

We may from time to time, without the consent of the existing Security holders, create and issue further Securities having the same terms and conditions as the Securities being offered hereby in all respects, except for issue date, issue price and if applicable, the first payment of interest or dividends therein or other terms as noted in the applicable prospectus supplement. Additional Securities issued in this manner will be consolidated with, and will form a single series with, the previously outstanding securities.

Underwriters, dealers and agents that participate in the distribution of the Securities may be underwriters as defined in the Securities Act of 1933, and any discounts or commissions received by them from us and any profit on the resale of the Securities by them may be treated as underwriting discounts and commissions under the Securities Act.

We may have agreements with the underwriters, dealers and agents to indemnify them against certain civil liabilities, including liabilities under the Securities Act of 1933, or to contribute with respect to payments which the underwriters, dealers or agents may be required to make.

Underwriters, dealers and agents may engage in transactions with, or perform services for, us or our subsidiaries or affiliates in the ordinary course of their businesses.

LEGAL MATTERS

Ballard Spahr LLP, Philadelphia, Pennsylvania, will render an opinion as to the validity of the Securities for us.

Winston & Strawn LLP, Chicago, Illinois, will render an opinion as to the validity of the Securities for any underwriters, dealers, purchasers or agents. Winston & Strawn LLP provides legal services to Exelon and its subsidiaries from time to time.

EXPERTS

The financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) of Exelon, Generation, ComEd, PECO and BGE incorporated in this prospectus by reference to the combined Annual Reports on Form 10-K for the year ended December 31, 2013 have been so incorporated in reliance on the reports of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

Exelon, Generation, ComEd, PECO and BGE each file reports and other information with the SEC. The public may read and copy any reports or other information that we file with the SEC at the SEC's public reference room, 100 F Street, N.E., Room 1580, Washington, D.C. 20549. The public may obtain information on the operation of the public reference room by calling the SEC at 1-800-SEC-0330. These documents are also available to the public from commercial document retrieval services and at the web site maintained by the SEC at http://www.sec.gov. Reports, proxy statements and other information concerning Exelon may also be inspected at the offices of the New York Stock Exchange, which is located at 20 Broad Street, New York, New York 10005. You may also obtain a copy of the registration statement at no cost by writing us at the following address:

Exelon Corporation
Attn: Investor Relations
10 South Dearborn Street—52 nd Floor
P.O. Box 805398
Chicago, IL 60680-5398

This prospectus is one part of a registration statement filed on Form S-3 with the SEC under the Securities Act of 1933, as amended, known as the Securities Act. This prospectus does not contain all of the information set forth in the registration statement and the exhibits and schedules to the registration statement. For further information concerning us and the Securities, you should read the entire registration statement, including this prospectus and any related prospectus supplements, and the additional information described under the sub-heading "Documents Incorporated By Reference" below. The registration statement has been filed electronically and may be obtained in any manner listed above. Any statements contained herein concerning the provisions of any document are not necessarily complete, and, in each instance, reference is made to the copy of such document filed as an exhibit to the registration statement or otherwise filed with the SEC. Each such statement is qualified in its entirety by such reference.

Information about us is also available on Exelon's web site at http://www.exeloncorp.com. The information on Exelon's web site is not incorporated into this prospectus by reference, and you should not consider it a part of this prospectus.

DOCUMENTS INCORPORATED BY REFERENCE

The SEC allows us to "incorporate by reference" information that we file with the SEC, which means that we can disclose important information to you by referring you to the documents we file with the SEC. The information incorporated by reference is an important part of this prospectus, and information that we file later with the SEC will automatically update and supersede this information. This incorporation by reference does not include documents that are furnished but not filed with the SEC. We incorporate by reference the documents listed below and any future documents that we file with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (known as the Exchange Act) but prior to the termination of any offering of securities made by this prospectus:

Exelon Corporation (Exchange Act File No. 1-16169)

- Exelon's Annual Report on Form 10-K for the year ended December 31, 2013;
- Exelon's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014;
- The description of Exelon's common stock contained in the registration statement on Form 8-A filed under the Securities Exchange Act of 1934, as amended, including any amendment thereto or report filed for the purpose of updating such description; and
- Exelon's Current Reports on Form 8-K filed with the SEC on February 12, 2014, February 13, 2014, February 28, 2014, April 1, 2014, April 30, 2014 and May 7, 2014.

Exelon Generation Company, LLC (Exchange Act File No. 333-85496)

- Generation's Annual Report on Form 10-K for the year ended December 31, 2013;
- Generation's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014; and
- Generation's Current Reports on Form 8-K filed with the SEC on February 12, 2014 and April 1, 2014.

Commonwealth Edison Company (Exchange Act File No. 1-1839)

- ComEd's Annual Report on Form 10-K for the year ended December 31, 2013;
- ComEd's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014; and
- ComEd's Current Reports on Form 8-K filed with the SEC on January 10, 2014 and February 28, 2014.

PECO Energy Company (Exchange Act File No. 000-16844)

- PECO's Annual Report on Form 10-K for the year ended December 31, 2013; and
- PECO's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014.

Baltimore Gas and Electric Company (Exchange Act File No. 1-1910)

- BGE's Annual Report on Form 10-K for the year ended December 31, 2013;
- BGE's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014; and
- BGE's Current Reports on Form 8-K filed with the SEC on February 13, 2014 and May 16, 2014.

Upon written or oral request, we will provide without charge to each person, including any beneficial owner, to whom this prospectus is delivered, a copy of any or all of such documents which are incorporated herein by reference (other than exhibits to such documents unless such exhibits are specifically incorporated by reference

into the documents that this prospectus incorporates). Written or oral requests for copies should be directed to Exelon Corporation, Attn: Investor Relations, 10 South Dearborn Street, 52 nd Floor, P.O. Box 805398, Chicago, IL 60680-5398, 312-394-2345.

Any statement contained in this prospectus, or in a document all or a portion of which is incorporated by reference, shall be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus, any supplement or any document incorporated by reference modifies or supersedes such statement. Any such statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this prospectus.

All reports and other documents subsequently filed by us pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act, prior to the filing of a post-effective amendment, which indicates that all of a class of securities offered hereby have been sold or which deregisters all of a class of securities then remaining unsold, shall be deemed incorporated by reference herein and to be a part hereof from the date of filing of such documents.

$1,150,000,000

Exelon Corporation

% Junior Subordinated Notes due 2022

PROSPECTUS SUPPLEMENT

Joint Book-Running Remarketing Agents

BofA Merrill Lynch
Citigroup
Goldman, Sachs & Co.
Credit Agricole CIB
Credit Suisse
PNC Capital Markets LLC

Senior Co-Managing Remarketing Agent

Loop Capital Markets

, 2017

Filed Pursuant to Rule 424(b)(2)
Registration No. 333-196220

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Maximum Offering Price per Security	Maximum Aggregate Offering Price	Amount of Registration Fee(1)
3.497% Junior Subordinated Notes due 2022	$1,150,000,000	100.303%	$1,153,484,500	$133,689

(1) The registration fee, calculated in accordance with Rule 457(o) and 457(r), is being transmitted to the SEC on a deferred basis pursuant to Rule 456(b). This "Calculation of Registration Fee" table shall be deemed to update the "Calculation of Registration Fee" table in the Company's Registration Statement on Form S-3 (File No. 333-196220).

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PROSPECTUS SUPPLEMENT
(To Prospectus Dated May 23, 2014)

$1,150,000,000

Exelon Corporation

3.497% Junior Subordinated Notes due 2022

This prospectus supplement relates to the remarketing of $1,150,000,000 aggregate principal amount of our 2.50% junior subordinated notes due 2024 (the "Original Notes"), originally issued as components of our Equity Units issued in June 2014 (the "Equity Units"). The Equity Units were initially issued in the form of a Corporate Unit consisting of a purchase contract issued for shares of our common stock and a 1/20, or a 5%, undivided beneficial ownership interest in $1,000 principal amount of the Original Notes. This remarketing is on behalf of holders of the Corporate Units. As used herein, the term "Junior Subordinated Notes" refers to the Original Notes after the remarketing.

The Original Notes are being remarketed into $1,150,000,000 aggregate principal amount of 3.497% Junior Subordinated Notes due 2022. The Junior Subordinated Notes will be sold with accrued interest at an annual rate of 2.50% from, and including, March 1, 2017 to, but excluding, April 3, 2017. From and after April 3, 2017, the interest rate on the Original Notes will be reset to 3.497% per year. The interest on Junior Subordinated Notes will be payable semi-annually in arrears on June 1 and December 1 of each year, beginning on June 1, 2017. The Junior Subordinated Notes will mature on June 1, 2022.

The Junior Subordinated Notes will be subordinated to all of our existing and future "Senior Indebtedness" (as defined under "DESCRIPTION OF THE JUNIOR SUBORDINATED NOTES—Subordination"). In addition, the Junior Subordinated Notes will be effectively subordinated to all liabilities of our subsidiaries.

At any time on or after May 1, 2022 (1 month prior to the maturity date of the Junior Subordinated Notes), the Junior Subordinated Notes may be redeemed, at our option, in whole or in part, at a redemption price equal to 100% of the principal amount of the Junior Subordinated Notes then outstanding to be redeemed plus accrued and unpaid interest on the principal amount being redeemed to, but excluding, the redemption date. See "DESCRIPTION OF THE JUNIOR SUBORDINATED NOTES—Redemption."

Investing in the Junior Subordinated Notes involves risks. For a description of these risks, see " Risk Factors " on page S-4 of this prospectus supplement, the Risk Factors section of our most recent Annual Report (as defined below) incorporated by reference herein and in our other reports we file with the Securities and Exchange Commission (the "SEC") that are incorporated by reference herein.

	Public Offering Price (1)	Remarketing Fee (2)(3)
Per Junior Subordinated Note	100.303%	0.600%
Total	$ 1,153,484,500	$ 6,900,000

(1) Plus interest accrued at an annual rate of 2.50% from, and including, March 1, 2017, to, but excluding, the date of delivery of the Junior Subordinated Notes, which must be paid by the purchasers thereof.
(2) We will not directly receive any proceeds from this remarketing. See "USE OF PROCEEDS" on page S-6.
(3) We will pay all fees and expenses of the remarketing agents.

This prospectus supplement does not constitute an offer to sell or the solicitation of an offer to buy the Equity Units or any other securities issued by us other than the Junior Subordinated Notes offered hereby. The information contained herein regarding the Equity Units is qualified in its entirety by reference to Exelon Corporation's prospectus dated May 23, 2014 and the related prospectus supplement dated June 11, 2014, pursuant to which the Equity Units were issued on June 17, 2014.

Neither the SEC nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying base prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The Junior Subordinated Notes are expected to be delivered in book-entry form only through The Depository Trust Company ("DTC") including Clearstream Banking, société anonyme and/or Eurostream Bank S.A./N.V., against payment in New York, New York, on or about April 3, 2017.

The offering of the notes by the remarketing agents is subject to receipt and acceptance and subject to the remarketing agents' right to reject any order in whole or in part.

Joint Book-Running Remarketing Agents

BofA Merrill Lynch | **Citigroup** | **Goldman, Sachs & Co.**
Credit Agricole CIB | **Credit Suisse** | **PNC Capital Markets LLC**

Senior Co-Managing Remarketing Agent

Loop Capital Markets

Co-Managing Remarketing Agents

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The date of this prospectus supplement is March 29, 2017.

ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement and the accompanying base prospectus are each part of an automatic shelf registration statement on Form S-3 that we filed with the SEC as a "well-known seasoned issuer" as defined in Rule 405 of the Securities Act of 1933, as amended (the "Securities Act"). Under the shelf registration process, we may from time to time offer and sell to the public any or all of the securities described in the registration statement in one or more offerings. This document is in two parts. The first part is the prospectus supplement, which describes the specific terms of the Junior Subordinated Notes and certain other matters relating to us and our financial condition. The second part, which is the accompanying base prospectus, gives more general information about the securities we may offer from time to time, some of which does not apply to the Junior Subordinated Notes we are offering at this time. Generally, when we refer to the "prospectus," we are referring to both parts of this document combined. To the extent the description of the Junior Subordinated Notes in the prospectus supplement differs from the description of the securities and Junior Subordinated Notes in the accompanying base prospectus, you should only rely on the information in the prospectus supplement.

You should rely only on the information contained in this document or to which this document refers you, or in other offering materials filed by us with the SEC. We have not authorized anyone, and we have not authorized the remarketing agents to authorize anyone, to provide you with different information. We take no responsibility for, and can provide no assurance as to the reliability of, any different or inconsistent information. This document may only be used where it is legal to sell these securities. The information which appears in this document and which is incorporated by reference in this document may only be accurate as of the date of this prospectus supplement or the date of the document in which incorporated information appears. Our business, financial condition, results of operations and prospects may have changed since the date of such information.

The accompanying prospectus includes and other documents incorporated or deemed incorporated by reference herein may include information about our subsidiaries Exelon Generation Company, LLC ("Generation"), Commonwealth Edison Company ("ComEd"), PECO Energy Company ("PECO"), Baltimore Gas and Electric Company ("BGE"), Pepco Holdings LLC (formerly Pepco Holdings, Inc.) ("PHI"), Potomac Electric Power Company ("Pepco"), Delmarva Power & Light Company ("DPL") and Atlantic City Electric Company ("ACE") and their securities. Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE file combined reports under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Information contained in the combined reports relating to each of Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE is filed separately by such registrant on its own behalf and only the information related to Exelon is incorporated by reference in this prospectus supplement and the accompanying prospectus. Exelon does not make any representations as to information relating to any other registrant or securities issued by any other registrant and you should not rely on any information relating to any registrant other than Exelon in determining whether to invest in the Junior Subordinated Notes.

When we refer to "Exelon," "the Company," "we," "us" or "our" in this prospectus supplement, we mean Exelon and, unless the context otherwise indicates, does not include any of our subsidiaries or affiliates.

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WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any document we file at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our SEC filings are also available to the public from the SEC's web site at www.sec.gov or from our web site at www.exeloncorp.com. However, the information that appears on our website is not incorporated by reference into this prospectus and does not constitute a part of this prospectus.

INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

We are "incorporating by reference" into this prospectus certain information we file with the SEC. This means we are disclosing important information to you by referring you to the documents containing the information. The information we incorporate by reference is considered to be part of this prospectus. Information that we file later with the SEC that is deemed incorporated by reference into this prospectus (but not information deemed pursuant to the SEC's rules to be furnished to and not filed with the SEC) will automatically update and supersede information previously included.

The accompanying prospectus includes and other documents incorporated or deemed incorporated by reference herein may include information about our subsidiaries Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE and their securities. Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE file combined reports under the Exchange Act. Information contained in the combined reports relating to each of Exelon, Generation, ComEd, PECO, BGE, PHI, Pepco, DPL and ACE is filed separately by such registrant on its own behalf and only the information related to Exelon is incorporated by reference in this prospectus supplement and the accompanying prospectus. Exelon does not make any representations as to information relating to any other registrant or securities issued by any other registrant and you should not rely on any information relating to any registrant other than Exelon in determining whether to invest in the Junior Subordinated Notes.

We are incorporating by reference into this prospectus the documents listed below relating to Exelon and any subsequent filings Exelon makes with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act (excluding any documents, or any portions of documents, deemed pursuant to the SEC's rules to be furnished and not filed with the SEC) until the remarketing is consummated or terminated:

- Annual Report on Form 10-K for the year ended December 31, 2016 filed with the SEC on February 13, 2017 (the "Annual Report");
- Definitive Proxy Statement on Schedule 14A filed with the SEC on March 15, 2017; and
- Current Report on Form 8-K filed with the SEC on March 10, 2017.

FORWARD-LOOKING INFORMATION

This prospectus and the documents incorporated or deemed incorporated by reference as described under the section “INCORPORATION OF CERTAIN INFORMATION BY REFERENCE” contain forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act that are not based entirely on historical facts and are subject to risks and uncertainties. Words such as “believes,” “anticipates,” “expects,” “intends,” “plans,” “predicts” and “estimates” and similar expressions are intended to identify forward-looking statements but are not the only means to identify those statements. We intend for any forward-looking statements to be covered by, and we claim the protection under, the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on assumptions, expectations and assessments made by our management in light of their experience and their perception of historical results and trends, current conditions, expected future developments and other factors they believe to be appropriate that often involve judgments, estimates, assumptions and projections. Forward-looking statements reflect current views about our plans, strategies and prospects, which are based on information currently available. Although we believe that our plans, intentions and expectations as reflected in or suggested by any forward-looking statements are reasonable, we do not guarantee or give assurance that such plans, intentions or expectations will be achieved. Actual results are subject to risks and uncertainties and may differ materially from our anticipated results described or implied in our forward-looking statements, and such differences may be due to a variety of factors.

The factors that could cause actual results to differ materially from the forward-looking statements include: (a) any risk factors discussed in this prospectus; (b) those factors discussed in the following sections of Exelon’s Annual Report, which is incorporated herein by reference: (1) ITEM 1A. Risk Factors, (2) ITEM 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations, (3) ITEM 8. Financial Statements and Supplementary Data and (4) Note 24: Commitments and Contingencies (All Registrants) to the consolidated financial statements; and (c) other factors discussed herein and in other filings with the SEC by Exelon, which are incorporated or deemed incorporated by reference herein, as applicable. Our business could also be affected by additional factors that are presently unknown to us or that we currently believe to be immaterial to our business.

You are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date on which they are made. We do not undertake any obligation to update or revise any forward-looking statement to reflect events or circumstances after the date as of which any such forward-looking statement is made.

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PROSPECTUS SUPPLEMENT SUMMARY

The following summary contains basic information about this offering. It may not contain all the information that is important to you. The "DESCRIPTION OF THE JUNIOR SUBORDINATED NOTES" section of this prospectus supplement and the "DESCRIPTION OF SECURITIES" section of the accompanying base prospectus contain more detailed information regarding the terms and conditions of the Junior Subordinated Notes. The following summary is qualified in its entirety by reference to the more detailed information appearing elsewhere in this prospectus supplement and in the accompanying base prospectus.

Exelon Corporation

Our Company

Exelon Corporation, incorporated in Pennsylvania in February 1999, is a utility services holding company engaged, through Generation, in the energy generation business and, through ComEd, PECO, BGE, PHI, Pepco, DPL and ACE, in the energy delivery business. Exelon's principal executive offices are located at 10 South Dearborn Street, Chicago, Illinois 60603, and its telephone number is (800) 483-3220.

Generation's integrated business consists of the generation, physical delivery and marketing of power across multiple geographical regions through its customer-facing business, Constellation Energy, which sells electricity and natural gas to both wholesale and retail customers. Generation also sells renewable energy and other energy-related products and services. Generation has six reportable segments consisting of the Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Regions.

ComEd's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of electricity transmission and distribution services to retail customers in northern Illinois, including the City of Chicago.

PHI is a utility services holding company engaged, through its reportable segments Pepco, DPL and ACE, in the energy delivery business. On March 23, 2016, Pepco Holdings, Inc., converted from a Delaware corporation to a Delaware limited liability company, Pepco Holdings LLC.

PECO's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of electricity transmission and distribution services to retail customers in southeastern Pennsylvania, including the City of Philadelphia, as well as the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services to retail customers in the Pennsylvania counties surrounding the City of Philadelphia.

BGE's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of electricity transmission and distribution services to retail customers in central Maryland, including the City of Baltimore, as well as the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services to retail customers in central Maryland, including the City of Baltimore.

Pepco's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of electricity transmission and distribution services to retail customers in the District of Columbia and major portions of Montgomery County and Prince George's County in Maryland.

DPL's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of electricity transmission and distribution services to retail customers in portions of Delaware and Maryland, as well as the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services to retail customers in portions of New Castle County in Delaware.

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ACE's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of electricity transmission and distribution services to retail customers in portions of southern New Jersey.

The Offering

The Junior Subordinated Notes

We are offering on behalf of holders of the Corporate Units $1,150,000,000 aggregate principal amount of the Junior Subordinated Notes. The Junior Subordinated Notes will mature on June 1, 2022.

The Junior Subordinated Notes will be sold with accrued interest at an annual rate of 2.50% from, and including, March 1, 2017 to, but excluding, April 3, 2017.

The Junior Subordinated Notes will be issued in the form of one or more global securities in fully registered form initially in the name of Cede & Co., as nominee of DTC, or such other name as may be requested by an authorized representative of DTC. This means that you will not receive a security for your Junior Subordinated Notes but, instead, will hold your interest through DTC's system. The global securities will be deposited with DTC and may not be transferred except as a whole by DTC to a nominee of DTC or by a nominee of DTC to DTC or another nominee of DTC or by DTC or any nominee to a successor of DTC or a nominee of such successor. See "BOOK-ENTRY PROCEDURES AND SETTLEMENT."

Interest

Interest on the Junior Subordinated Notes will be payable semi-annually in arrears on June 1 and December 1 (each, an "Interest Payment Date"). The first interest payment following this remarketing will be made on June 1, 2017 and will include interest accrued (i) at an annual rate of 2.50% from, and including, March 1, 2017 to, but excluding, April 3, 2017 and (ii) at an annual rate of 3.497% from, and including, April 3, 2017 to, but excluding, June 1, 2017. On and after April 3, 2017, the Junior Subordinated Notes will bear interest at 3.497% per year.

Record Dates

So long as the Junior Subordinated Notes remain in book-entry only form, the record date for each Interest Payment Date will be the close of business on the business day before the applicable Interest Payment Date.

If the Junior Subordinated Notes are not in book-entry only form, the record date for each Interest Payment Date will be the fifteenth day of the calendar month immediately preceding the calendar month in which the applicable Interest Payment Date falls (or, if such day is not a business day, the next preceding business day).

Ranking

The Junior Subordinated Notes will be subordinated to all of our existing and future Senior Indebtedness. In addition, the Junior Subordinated Notes will be effectively subordinated to all liabilities of our subsidiaries. See "DESCRIPTION OF THE JUNIOR SUBORDINATED NOTES—Subordination" and "DESCRIPTION OF THE JUNIOR SUBORDINATED NOTES—Ranking."

Redemption

At any time on or after May 1, 2022 (1 month prior to the maturity date of the Junior Subordinated Notes), the Junior Subordinated Notes may be redeemed, at our option, in whole or in part, at at a redemption price equal

to 100% of the principal amount of the Junior Subordinated Notes then outstanding to be redeemed plus accrued and unpaid interest on the principal amount being redeemed to, but excluding, the redemption date. See “DESCRIPTION OF THE JUNIOR SUBORDINATED NOTES—Redemption.”

No Listing of the Junior Subordinated Notes

The Junior Subordinated Notes are not listed and we do not plan to apply to list the Junior Subordinated Notes on any securities exchange or to include them in any automated quotation system.

Use of Proceeds

We are conducting the remarketing on behalf of holders of the Corporate Units and will not directly receive any proceeds therefrom. The proceeds will be used to purchase a portfolio of treasury securities maturing on or about May 31, 2017. We expect that a portion of the funds generated upon maturity of the portfolio will be used to settle with us the purchase contracts entered into as a part of the Equity Units (the Purchase Contracts) on June 1, 2017. See “USE OF PROCEEDS.”

RISK FACTORS

Your investment in the Junior Subordinated Notes involves certain risks. Our business is influenced by many factors that are difficult to predict, involve uncertainties that may materially affect actual results and are often beyond our control. We have identified a number of these factors under the section "RISK FACTORS" in our Annual Report, which is incorporated by reference in this prospectus supplement. In consultation with your own financial and legal advisers, you should carefully consider, among other matters, the discussions of risks that we have incorporated by reference before deciding whether an investment in the Junior Subordinated Notes is suitable for you. See "INCORPORATION OF CERTAIN INFORMATION BY REFERENCE."

Risks Relating to the Junior Subordinated Notes

There may be no public market for the Junior Subordinated Notes.

We can give no assurances concerning the liquidity of any markets that may develop for the Junior Subordinated Notes offered by this prospectus supplement, the ability of any investor to sell any of the Junior Subordinated Notes or the price at which investors would be able to sell them. If markets for the Junior Subordinated Notes do not develop, investors may be unable to resell the Junior Subordinated Notes for an extended period of time, if at all. If markets for the Junior Subordinated Notes do develop, they may not continue or may not be sufficiently liquid to allow holders to resell any of the Junior Subordinated Notes. In addition, the condition of the financial markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future, which could have an adverse effect on the market prices of the Junior Subordinated Notes. Consequently, investors may not be able to liquidate their investment readily or at the price they desire, and lenders may not readily accept the Junior Subordinated Notes as collateral for loans.

The Indenture (as defined below) does not restrict the amount of additional debt that we may incur.

The Junior Subordinated Notes and the Indenture pursuant to which the Junior Subordinated Notes will be issued do not place any limitation on the amount of indebtedness that we or our subsidiaries may incur. As of December 31, 2016, we had approximately $34.6 billion principal amount of outstanding long-term debt, including long-term debt to financing trusts and the portion of long-term debt due within one year, on a consolidated basis. Our incurrence of additional debt may have important consequences for you as a holder of the Junior Subordinated Notes, including making it more difficult for us to satisfy our obligations with respect to the Junior Subordinated Notes, a loss in the trading value of your Junior Subordinated Notes and a risk that one or more of the credit ratings of the Junior Subordinated Notes are lowered or withdrawn.

The Junior Subordinated Notes are subordinated to our existing and future Senior Indebtedness.

The Junior Subordinated Notes are subordinated to our existing and future Senior Indebtedness (as defined under "DESCRIPTION OF THE JUNIOR SUBORDINATED NOTES—Subordination"). The Indenture under which the Junior Subordinated Notes will be issued will not restrict us or our subsidiaries from incurring substantial additional indebtedness in the future. As of December 31, 2016, we had approximately $32.9 billion principal amount of outstanding long-term debt, including the portion of long-term debt due within one year and excluding long-term debt to financing trusts, on a consolidated basis that will be senior to the Junior Subordinated Notes.

Our debt, including the Junior Subordinated Notes, is effectively subordinated to the debt of our subsidiaries.

The Junior Subordinated Notes are obligations exclusively of Exelon and will not be guaranteed by any of our subsidiaries. Because we are a holding company with no material assets other than our ownership interests in our subsidiaries and all of our operations are conducted by our subsidiaries, our debt is effectively subordinated

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to all existing and future debt, trade credit and other liabilities of our subsidiaries. Our rights, and hence the rights of our creditors, to participate in any distribution of assets of any subsidiary upon its liquidation or reorganization or otherwise would be subject to the prior claims of that subsidiary's creditors, except to the extent that our claims as a creditor of such subsidiary may be recognized. As of December 31, 2016, our subsidiaries had outstanding approximately $27.7 billion of long-term debt, including long-term debt to financing trusts and the portion of long-term debt due within one year. The Indenture will not restrict our or our subsidiaries' ability to incur additional indebtedness.

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USE OF PROCEEDS

The remarketing agents are remarketing $1,150,000,000 aggregate principal amount of the Original Notes on behalf of holders of the Corporate Units.

We will not directly receive any proceeds from the remarketing. The proceeds will be used to purchase a portfolio of treasury securities maturing on or about May 31, 2017. We expect that a portion of the funds generated upon maturity of the portfolio will be used to settle with us the Purchase Contracts on June 1, 2017.

We currently intend to use the proceeds from the settlement of the Purchase Contracts for general corporate purposes. To the extent we do not use such proceeds immediately, we may temporarily invest them in short-term, interest-bearing obligations.

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CAPITALIZATION AND SHORT TERM-BORROWINGS

The table below shows Exelon's consolidated capitalization and short-term borrowings as of December 31, 2016. The "As Adjusted" column reflects our capitalization after giving effect to this remarketing of the Original Notes. We will not directly receive any cash proceeds from this remarketing, and the table does not reflect the settlement of the Purchase Contracts, which is expected to take place on June 1, 2017. You should read this table along with our audited financial statements contained in our Annual Report. See "INCORPORATION OF CERTAIN INFORMATION BY REFERENCE" and "USE OF PROCEEDS."

	December 31, 2016	
(in millions)	Actual	As Adjusted (1)
Short-term borrowings	$ 1,267	$ 1,267
Long-term debt:		
Long-term debt, including long-term debt to financing trusts (2)	33,496	33,496
Junior Subordinated Notes offered hereby	—	1, 150
Original Notes	1,150	—
Total long-term debt	34,646	34,646
Shareholders' equity	25,837	25,837
Total capitalization and short-term borrowings	$61,750	$ 61,750

(1) Assumes that all Original Notes will be remarketed for Junior Subordinated Notes.
(2) Includes approximately $2,430 million of long-term debt due within one year.

RATIO OF EARNINGS TO FIXED CHARGES

The following are Exelon's consolidated ratios of earnings to fixed charges for each of the periods indicated:

Years Ended December 31,				
2016	2015	2014	2013	2012
2.0x	3.2x	2.7x	2.6x	2.4x

The ratio of earnings to fixed charges represents, on a pre-tax basis, the number of times earnings cover fixed charges. Earnings consist of pre-tax net income from continuing operations after adjustment for income from equity investees and capitalized interest or allowance for funds used during construction, to which has been added fixed charges. Fixed charges consist of interest costs and amortization of debt discount and premium on all indebtedness and estimated interest portion of all rental expense.

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DESCRIPTION OF THE JUNIOR SUBORDINATED NOTES

In this Description of the Junior Subordinated Notes, "Exelon," "we," "us," "our" and the "Company" refer only to Exelon Corporation, and not to any of its subsidiaries.

The following summary description sets forth certain terms and provisions of the Junior Subordinated Notes, and, to the extent inconsistent therewith, replaces the descriptions set forth in the accompanying base prospectus under the caption "DESCRIPTION OF SECURITIES," to which we refer you. Because this description is a summary, it does not describe every aspect of the Junior Subordinated Notes and should be read together with the form of the Junior Subordinated Notes, the Subordinated Indenture (defined below under "—Ranking"), the First Supplemental Indenture (defined below under "—Ranking") establishing the terms of the Original Notes, and the Second Supplemental Indenture, which will redesignate the Original Notes as the Junior Subordinated Notes. The Subordinated Indenture and the First Supplemental Indenture were included as exhibits to our Form 8-K filed with the SEC on June 23, 2014 and our Annual Report, which is incorporated by reference herein. In this summary, we refer to the Subordinated Indenture, as supplemented by the First Supplemental Indenture and the Second Supplemental Indenture, together, as the "Indenture."

The Indenture and its associated documents contain the full legal text of the matters described in this section. The Indenture has been qualified under the Trust Indenture Act of 1939, as amended (the Trust Indenture Act), and you should refer to the Trust Indenture Act for provisions that apply to the Junior Subordinated Notes.

General

The Junior Subordinated Notes will be our unsecured and subordinated obligations and will be subordinated to all of our Senior Indebtedness (as defined under "—Subordination"). Additional information about our current outstanding indebtedness and the relative priorities of our indebtedness is described below under "—Ranking."

The Junior Subordinated Notes will be initially represented by one or more fully registered global securities (the global securities) deposited with the Trustee (as defined below under "—Ranking"), as custodian for DTC, as depository, and registered in the name of DTC or DTC's nominee. A beneficial interest in a global security will be shown on, and transfers or exchanges thereof will be effected only through, records maintained by DTC and its participants, as described below under "BOOK-ENTRY PROCEDURES AND SETTLEMENT." The authorized denominations of the Junior Subordinated Notes will be $1,000 and any larger amount that is an integral multiple of $1,000. Except in certain circumstances described below, the Junior Subordinated Notes that are issued as global securities will not be exchangeable for Junior Subordinated Notes in definitive certificated form.

The Junior Subordinated Notes will be limited in aggregate principal amount to $1,150,000,000. The Junior Subordinated Notes will not be subject to a sinking fund provision or repayable at the option of the holders. Pursuant to Section 701 of the Subordinated Indenture and Sections 2.07 and 8.01 of the First Supplemental Indenture, after the Purchase Contracts' settlement date, the Junior Subordinated Notes will be subject to satisfaction and discharge.

The entire principal amount of the Junior Subordinated Notes will mature and become due and payable, together with any accrued and unpaid interest thereon, on June 1, 2022. The Indenture will not contain any financial covenants or restrict us from paying dividends, making investments, incurring indebtedness or repurchasing our securities. Except for the covenant described below under "—Consolidation, Merger or Sale," the Indenture will not contain provisions that afford holders of the Junior Subordinated Notes protection in the event we are involved in a highly leveraged transaction or other similar transaction that may adversely affect such holders. The Indenture will not limit our ability to issue or incur other debt or issue preferred stock.

The Junior Subordinated Notes will be sold with accrued interest at an annual rate of 2.50% from, and including, March 1, 2017 to, but excluding, April 3, 2017.

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We will not pay any additional amounts to holders of the Junior Subordinated Notes that are not U.S. persons in respect of any tax, assessment or governmental charge.

Ranking

The Original Notes were issued by us under our Indenture (for Unsecured Subordinated Debt Securities), dated as of June 17, 2014 (the "Subordinated Indenture"), between us and The Bank of New York Mellon Trust Company, N.A. (the "Trustee"), as supplemented by the First Supplemental Indenture, dated as of June 17, 2014 (the "First Supplemental Indenture"). The Original Notes will be redesignated as the 3.497% Junior Subordinated Notes due 2022. We may issue, under the Subordinated Indenture, additional debt securities that rank on parity with the Junior Subordinated Notes. See "—Subordination."

The Junior Subordinated Notes will be unsecured and will rank junior in payment to all of our existing and future Senior Indebtedness, as described under "—Subordination." The Junior Subordinated Notes will also be effectively subordinated to all liabilities of our subsidiaries. A significant portion of our existing indebtedness is Senior Indebtedness. See "—Subordination."

Because we are a holding company and conduct all of our operations through our subsidiaries, our ability to meet our obligations under the Junior Subordinated Notes will be dependent on the earnings and cash flows of those subsidiaries and the ability of those subsidiaries to pay dividends or to advance or repay funds to us. Holders of the Junior Subordinated Notes will generally have a junior position to claims of creditors of our subsidiaries, including trade creditors, debtholders, secured creditors, taxing authorities, guarantee holders and any preferred stockholders. As of December 31, 2016, we had approximately $32.9 billion principal amount of outstanding long-term debt, including the portion of long-term debt due within one year and excluding long-term debt to financing trusts, on a consolidated basis that will be senior to the Junior Subordinated Notes. Additionally, as of December 31, 2016, our subsidiaries had approximately $27.7 billion principal amount of outstanding long-term debt, including long-term debt to financing trusts and the portion of long-term debt due within one year. The provisions of the Indenture do not limit the amount of indebtedness or preferred stock issuable by our subsidiaries. We and our subsidiaries expect to incur additional indebtedness from time to time.

Interest

Interest on the Junior Subordinated Notes will be payable semi-annually in arrears on June 1 and December 1. The first interest payment following this remarketing will be made on June 1, 2017 and will include interest accrued (i) at an annual rate of 2.50% from, and including, March 1, 2017 to, but excluding, April 3, 2017 and (ii) at an annual rate of 3.497% from, and including, April 3, 2017 to, but excluding, June 1, 2017. On and after April 3, 2017, the Junior Subordinated Notes will bear interest at 3.497% per year. Subject to certain exceptions, the Indenture will provide for the payment of interest on an Interest Payment Date only to persons in whose names the Junior Subordinated Notes are registered at the close of business on the record date; if the Junior Subordinated Notes are held by a securities depository in book-entry form, the record date will be the close of business on the business day immediately preceding the applicable Interest Payment Date; if the Junior Subordinated Notes are not held by a securities depository in book-entry form, then the record date will be the 15th day of the calendar month immediately preceding the calendar month in which the applicable Interest Payment Date falls (or, if such day is not a business day, the business day next preceding such day). Notwithstanding the foregoing, any interest payable at maturity will be paid to the person to whom principal is payable. Interest will be calculated on the basis of a 360-day year of twelve 30-day months, and with respect to any period less than a full calendar month, on the basis of the actual number of days elapsed during the period.

If any Interest Payment Date or the maturity date is not a business day, then the applicable payment will be made on the next succeeding day that is a business day, and no interest will accrue or be paid in respect of such delay. "Business day," for purposes of the Indenture, will mean any day that is not a Saturday or Sunday or a day on which banking institutions in The City of New York are authorized or required by law or executive order to close.

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Redemption

On and after May 1, 2022 (1 month prior to the maturity date of the Junior Subordinated Notes), the Junior Subordinated Notes may be redeemed, at our option, in whole or in part, at any time or from time to time, upon not less than 15 days nor more than 60 days' prior notice delivered to registered holders of the Junior Subordinated Notes to be redeemed, at a redemption price equal to 100% of the principal amount of the Junior Subordinated Notes then outstanding to be redeemed plus accrued and unpaid interest on the principal amount being redeemed to, but excluding, the redemption date.

Unless we default in the payment of the redemption price, interest will cease to accrue on the Junior Subordinated Notes or portions thereof called for redemption on the applicable redemption date.

Redemption Procedures

We will deliver, or cause the Trustee to deliver notice of the redemption to the holders of record of the Junior Subordinated Notes to be redeemed at their addresses appearing in the register. Any notice delivered as provided herein will be conclusively presumed to have been duly given, whether or not the holder receives such notice.

If less than all of the Junior Subordinated Notes are to be redeemed at any time, the Trustee will select the Junior Subordinated Notes for redemption on a pro rata basis (or as nearly as practicable) if the Junior Subordinated Notes are represented by physical certificates or by lot or such other similar method in accordance with the procedures of DTC if the Junior Subordinated Notes are represented by global certificates.

Any redemption or notice of any redemption may, at our discretion, be subject to one or more conditions precedent, including, but not limited to, completion of an equity offering, other offering, issuance of indebtedness or other transaction or event. Notice of any redemption in respect thereof may be given prior to the completion thereof and may be partial as a result of only some of the conditions being satisfied.

If such redemption or notice is subject to satisfaction of one or more conditions precedent, such notice shall state that, in our discretion, the redemption date may be delayed until such time as any or all such conditions shall be satisfied (or waived by us in our sole discretion), or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied (or waived by us in our sole discretion) by the redemption date, or by the redemption date so delayed.

Events of Default

The Events of Default and related provisions in the Base Indenture will apply to the Junior Subordinated Notes, including:

- failure to pay interest, on any Junior Subordinated Note within 30 days after the same becomes due and payable (whether or not payment is prohibited by the subordination provisions of the Indenture); or
- failure to pay the principal of or premium, if any, on any Junior Subordinated Note when it becomes due and payable (whether or not payment is prohibited by the subordination provisions of the Indenture); or
- failure to perform, or breach of, any covenant or warranty of the Company in the Indenture (other than a covenant or warranty a default in the performance of which or breach of which is elsewhere in the applicable section of the Indenture specifically dealt with or which has expressly been included in the Indenture solely for the benefit of one or more series of securities other than the Junior Subordinated Notes) and the continuance of such default or breach for a period of 90 days after there has been given, by registered or certified mail, to the Company by the Trustee, or to the Company and the Trustee by the holders of at least 33% in principal amount of the outstanding Junior Subordinated Notes, a written

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notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" under the Indenture, unless the Trustee, or the Trustee and the holders of a principal amount of Junior Subordinated Notes not less than the principal amount of Junior Subordinated Notes the holders of which gave such notice, as the case may be, shall agree in writing to an extension of such period prior to its expiration; *provided, however* , that the Trustee, or the Trustee and the holders of such principal amount of Junior Subordinated Notes, as the case may be, shall be deemed to have agreed to an extension of such period if corrective action is initiated by the Company within such period and is being diligently pursued in good faith; or

- the entry by a court having jurisdiction in the premises of (1) a decree or order for relief in respect of the Company in an involuntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or (2) a decree or order adjudging the Company a bankrupt or insolvent, or approving as properly filed a petition by one or more Persons other than the Company seeking reorganization, arrangement, adjustment or composition of or in respect of the Company under any applicable Federal or State law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official for the Company or for any substantial part of its property, or ordering the winding up or liquidation of its affairs, and any such decree or order for relief or any such other decree or order shall have remained unstayed and in effect for a period of 90 consecutive days; or
- the commencement by the Company of a voluntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or of any other case or proceeding to be adjudicated a bankrupt or insolvent, or the consent by the Company to the entry of a decree or order for relief in respect of the Company in a case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding against the Company, or the filing by the Company of a petition or answer or consent seeking reorganization or relief under any applicable Federal or State law, or the consent by the Company to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or similar official of the Company or of any substantial part of its property, or the making by the Company of an assignment for the benefit of creditors, or the admission by the Company in writing of its inability to pay its debts generally as they become due, or the authorization of such action by the Board of Directors of the Company.

In addition, an "Event of Default" with respect to the Junior Subordinated Notes will occur if we fail to pay the purchase price on the purchase contract settlement date, if required.

The holders of a majority in principal amount of outstanding Junior Subordinated Notes may waive a default or Event of Default, other than a default in the payment of principal of, or interest on, the Junior Subordinated Notes (including the redemption price or purchase price of the Junior Subordinated Notes, if applicable), or a default or Event of Default with respect to a covenant or provision that cannot be modified or amended without the consent of the holder of each outstanding Junior Subordinated Note.

If any portion of the amount payable on the Junior Subordinated Notes upon acceleration is considered by a court to be unearned interest, the court could disallow recovery of such portion.

Consolidation, Merger or Sale

We will agree not to merge or consolidate with any other person or sell or convey all or substantially all of our assets to any person unless (1) either we are the continuing person, or the successor person (if other than us) is organized and existing under the laws of the United States of America or a State thereof or the District of Columbia and expressly assumes the due and punctual payment of the principal of and interest on the Junior Subordinated Notes, and the due and punctual performance and observance of all of the covenants and conditions of the Indenture to be performed by us by supplemental indenture in form satisfactory to the Trustee, executed

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and delivered to the Trustee by such person, and (2) we or such successor person, as the case may be, will not, immediately after such merger or consolidation, or such sale or conveyance, be in default in the performance of any such covenant or condition.

In case of any such consolidation, merger or conveyance, such successor person will succeed to and be substituted for us, with the same effect as if it had been named as us in the Indenture, and in the event of such conveyance (other than by way of a lease), we will be discharged of all of our obligations and covenants under the Indenture and the Junior Subordinated Notes.

Modification of Indenture

Without Holder Consent

Without the consent of any holders of the Junior Subordinated Notes, we and the Trustee may from time to time amend and/or supplement the Indenture and the Junior Subordinated Notes for the following purposes:

- to evidence the succession of another corporation to us, or successive successions, and the assumption by such successor corporation of our covenants, agreements and obligations pursuant to the provisions described herein under "—Consolidation, Merger or Sale";
- to add to our covenants such further covenants, restrictions or conditions as we and the Trustee consider to be for the protection of the holders of the Junior Subordinated Notes, and to make the occurrence, or the occurrence and continuance, of a default in any such additional covenants, restrictions or conditions a default or an Event of Default; *provided* that such supplemental indenture may provide for a particular grace period or an immediate enforcement upon such default or limit the remedies available to the Trustee upon such default;
- to change or eliminate any provision of the Indenture; *provided* , *however* , that any such change or elimination becomes effective only when there are no Junior Subordinated Notes outstanding, or the Junior Subordinated Notes are not entitled to the benefit of such provision;
- to cure any ambiguity or to correct or supplement any provision contained in the Indenture that may be defective or inconsistent with any other provisions contained therein, or to make such other provision in regard to matters or questions arising under the Indenture; *provided* that such action will not adversely affect the interest of the holders of the Junior Subordinated Notes in any material respect;
- to mortgage or pledge to the Trustee as security for the Junior Subordinated Notes any property or assets that we may desire to mortgage or pledge as security for the Junior Subordinated Notes;
- to qualify, or maintain the qualification of, the Indenture under the Trust Indenture Act;
- following the Purchase Contracts' settlement date, to supplement any of the provisions of the Junior Subordinated Notes to such extent as shall be necessary to permit or facilitate the defeasance and discharge of the Junior Subordinated Notes pursuant to the Indenture, *provided* that any such action will not adversely affect the interests of any holder of any Junior Subordinated Note in any material respect; and
- to conform the terms of the Indenture and the Junior Subordinated Notes to the descriptions thereof contained in the "DESCRIPTION OF THE JUNIOR SUBORDINATED NOTES" section in this prospectus supplement and the "DESCRIPTION OF THE JUNIOR SUBORDINATED NOTES," "DESCRIPTION OF THE EQUITY UNITS, DESCRIPTION OF THE PURCHASE CONTRACTS" and "CERTAIN PROVISIONS OF THE PURCHASE CONTRACT AND PLEDGE AGREEMENT" sections in the preliminary prospectus supplement for the Equity Units, dated June 10, 2014, as supplemented and/or amended by the related pricing term sheet.

With Holder Consent

Under the Indenture, supplemental indentures for the purposes of adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of modifying in any manner the rights of the

holders of the Junior Subordinated Notes under the Indenture may be entered into by us, when authorized by board resolution, and the Trustee, with the consent of the holders of not less than a majority in principal amount of the Junior Subordinated Notes affected. However, no such supplemental indenture shall:

- change the maturity of the Junior Subordinated Notes, or reduce the rate or extend the time of payment of any interest thereon or on any overdue principal amount or reduce the principal amount thereof, or change the provisions pursuant to which the rate of interest on the Junior Subordinated Notes is determined if such change could reduce the rate of interest thereon, or reduce the minimum rate of interest thereon (if any), or reduce any amount payable upon any redemption thereof, or reduce the amount to be paid at maturity or make the principal thereof or any interest thereon or on any overdue principal amount payable in any coin or currency other than U.S. dollars without the consent of each holder of each Junior Subordinated Note so affected;
- reduce the percentage of the Junior Subordinated Notes, the holders of which are required to consent to any such supplemental indenture, without the consent of the holders of all Junior Subordinated Notes then outstanding;
- modify any of the provisions of the Indenture relating to modifications, waivers of our compliance with covenants thereunder or direction of the Trustee by holders of the Junior Subordinated Notes, except to increase the percentage of holders who must consent thereto or to provide that certain other provisions cannot be modified or waived without the consent of the holders of all Junior Subordinated Notes then outstanding; and
- modify the provisions relating to the subordination of the Junior Subordinated Notes in a manner adverse to the holders thereof without the consent of the holder of each Junior Subordinated Note so affected.

A supplemental indenture that changes or eliminates any covenant or other provision of the Indenture expressly included solely for the benefit of holders of securities other than the Junior Subordinated Notes, or which modifies the rights of the holders of securities other than the Junior Subordinated Notes with respect to such covenant or other provision, will be deemed not to affect the rights under the Indenture of the holders of the Junior Subordinated Notes.

We may omit to comply with any covenant or condition contained in the Indenture if holders of a majority in principal amount of Junior Subordinated Notes waive such compliance.

Subordination

The Junior Subordinated Notes will be subordinate and junior in right of payment to all Senior Indebtedness as defined below.

If:

- we make a payment or distribution of any of our assets to creditors upon our dissolution, winding-up, liquidation or reorganization, whether in bankruptcy, insolvency or otherwise;
- a default beyond any grace period has occurred and is continuing with respect to the payment of principal, interest or any other monetary amounts due and payable on any Senior Indebtedness; or
- the maturity of any Senior Indebtedness has been accelerated because of a default on that Senior Indebtedness,

then the holders of Senior Indebtedness generally will have the right to receive payment of all amounts due on that Senior Indebtedness, or we will make provision for those payments, before the holders of any Junior Subordinated Notes have the right to receive any payments of principal or interest on their Junior Subordinated Notes.

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"Senior Indebtedness" means all of our obligations, as the case may be, whether presently existing or from time to time hereafter incurred, created, assumed or existing, to pay principal, premium, interest, penalties, fees and any other payment in respect of any of the following:

- obligations for borrowed money, including without limitation, such obligations as are evidenced by credit agreements, notes, debentures, bonds or other securities or instruments;
- capitalized lease obligations;
- all obligations of the types referred to in the two clauses above of others which the we have assumed, endorsed, guaranteed, contingently agreed to purchase or provide funds for the payment of, or otherwise becomes liable for, under any agreement; or
- all renewals, extensions or refundings of obligations of the kinds described in any of the preceding categories,

unless, in the case of any particular obligation, indebtedness, renewal, extension or refunding, the instrument creating or evidencing the same or the assumption or guarantee of the same expressly provides that such obligation, indebtedness, renewal, extension or refunding is not superior in right of payment to or is pari passu with the Junior Subordinated Notes; *provided* that trade accounts payable and accrued liabilities arising in the ordinary course of business shall not be deemed to be Senior Indebtedness.

Senior Indebtedness will be entitled to the benefits of the subordination provisions in the Indenture irrespective of the amendment, modification or waiver of any term of the Senior Indebtedness. We may not amend the Indenture to change the subordination provisions without the consent of each holder of Senior Indebtedness that the amendment would adversely affect.

The Junior Subordinated Notes will be unsecured and will be subordinated to all of our existing and future senior and subordinated debt, and any other debt that is expressly excluded from the definition of "Senior Indebtedness," as described above. The Junior Subordinated Notes will be effectively subordinated to all liabilities of our subsidiaries.

Holders of the Junior Subordinated Notes should recognize that contractual provisions in the Indenture may prohibit us from making payments on the Junior Subordinated Notes. The Junior Subordinated Notes are subordinate and junior in right of payment, to the extent and in the manner stated in the Indenture, to all of our Senior Indebtedness, as defined above.

The Indenture does not restrict or limit in any way our ability to incur Senior Indebtedness. As of December 31, 2016, we had approximately $32.9 billion principal amount of outstanding long-term debt, including the portion of long-term debt due within one year and excluding long-term debt to financing trusts, on a consolidated basis that will be senior to the Junior Subordinated Notes. Additionally, as of December 31, 2016, our subsidiaries had approximately $27.7 billion principal amount of outstanding long-term debt, including long-term debt to financing trusts and the portion of long-term debt due within one year.

Title

Prior to due presentment for registration of transfer of any Junior Subordinated Note, we, the Trustee and any agent of ours or the Trustee may deem and treat the person in whose name such Junior Subordinated Note is registered as the absolute owner of such Junior Subordinated Note (whether or not payments in respect of such Junior Subordinated Note are overdue and notwithstanding any notation of ownership or other writing thereon) for the purpose of receiving payment of or an account of the principal of and interest on such Junior Subordinated Note and for all other purposes; and neither we nor the Trustee nor any agent of ours or the Trustee will be affected by any notice to the contrary.

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Governing Law

The Indenture and the Junior Subordinated Notes provide that they will be governed by and for all purposes construed in accordance with the laws of the State of New York (without regard to conflicts of laws principles thereof).

The Trustee

The Trustee is The Bank of New York Mellon Trust Company, N.A. The Trustee will administer its corporate trust business at 2 North LaSalle Street, Suite 1020, Chicago, Illinois 60602. We and certain of our affiliates maintain banking relationships with The Bank of New York Mellon Trust Company, N.A. or its affiliates. The Bank of New York Mellon Trust Company, N.A. also serves as trustee under other indentures under which we and certain of our affiliates have issued securities. The Bank of New York Mellon Trust Company, N.A. and its affiliates have purchased, and are likely to purchase in the future, our securities and securities of our affiliates.

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BOOK-ENTRY PROCEDURES AND SETTLEMENT

We will issue the Junior Subordinated Notes in the form of one or more global securities in fully registered form initially in the name of Cede & Co., as nominee of DTC, or such other name as may be requested by an authorized representative of DTC. The global securities will be deposited with DTC and may not be transferred except as a whole by DTC to a nominee of DTC or by a nominee of DTC to DTC or another nominee of DTC or by DTC or any nominee to a successor of DTC or a nominee of such successor.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended (Exchange Act). DTC holds and provides asset servicing for (over 3.5 million issues of) U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants (direct participants) deposit with DTC. DTC also facilitates the post-trade settlement among direct participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between direct participants' accounts. This eliminates the need for physical movement of securities certificates. Direct participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (DTCC). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly (indirect participants). The rules applicable to DTC and its direct and indirect participants are on file with the SEC. More information about DTC can be found at www.dtcc.com. We do not intend this internet address to be an active link or to otherwise incorporate the content of the website into this prospectus supplement.

Clearstream advises that it is incorporated under the laws of Luxembourg as a bank. Clearstream holds securities for its customers and facilitates the clearance and settlement of securities transactions between its customers through electronic book-entry transfers between their accounts. Clearstream provides to its customers among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream interfaces with domestic securities markets in over 30 countries through established depository and custodial relationships. As a bank, Clearstream is subject to regulation by the Luxembourg Commission for the Supervision of the Financial Sector, also known as the *Commission de Surveillance du Secteur Financier* . Its customers are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Its customers in the United States are limited to securities brokers and dealers and banks. Indirect access to Clearstream is also available to other institutions such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with the customer.

Euroclear advises that it was created in 1968 to hold securities for its participants and to clear and settle transactions between Euroclear participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Euroclear provides various other services, including securities lending and borrowing and interfaces with domestic markets in several countries. Euroclear is operated by Euroclear Bank S.A./N.V. Euroclear Clearance establishes policy for Euroclear on behalf of Euroclear participants. Euroclear participants include banks, including central banks, securities brokers and dealers and other professional financial intermediaries and may include the Initial purchasers. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear participant, either directly or indirectly. Securities clearance accounts and cash accounts with the Euroclear operator are

governed by the terms and conditions governing use of Euroclear and the related operating procedures of Euroclear. These terms and conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear operator acts under the terms and conditions only on behalf of Euroclear participants and has no record of or relationship with persons holding through Euroclear participants.

Euroclear further advises that investors that acquire, hold and transfer interests in the Junior Subordinated Notes by book-entry through accounts with the Euroclear operator or any other securities intermediary are subject to the laws and contractual provisions governing their relationship with their intermediary, as well as the laws and contractual provisions governing the relationship between such an intermediary and each other intermediary, if any, standing between themselves and the global securities.

Purchases of the Junior Subordinated Notes under the DTC system must be made by or through direct participants, which will receive a credit for the Junior Subordinated Notes in DTC's records. The ownership interest of each actual purchaser of the Junior Subordinated Notes is in turn to be recorded on the direct and indirect participants' records. Beneficial owners of the Junior Subordinated Notes will not receive written confirmation from DTC of their purchase, but beneficial owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the direct or indirect participant through which the beneficial owner entered into the transaction. Transfers of ownership interests in the Junior Subordinated Notes are to be accomplished by entries made on the books of direct and indirect participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates representing their ownership interests in the Junior Subordinated Notes, except in the event that use of the book-entry system for the Junior Subordinated Notes is discontinued.

To facilitate subsequent transfers, all Junior Subordinated Notes deposited by direct participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Junior Subordinated Notes with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the Junior Subordinated Notes; DTC's records reflect only the identity of the direct participants to whose accounts such Junior Subordinated Notes are credited, which may or may not be the beneficial owners. The direct and indirect participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants, and by direct participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. The laws of some jurisdictions may require that certain persons take physical delivery in definitive form of securities which they own. Consequently, those persons may be prohibited from purchasing beneficial interests in the global securities from any beneficial owner or otherwise.

Redemption notices shall be sent to DTC. If less than all of the Junior Subordinated Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each direct participant in such issue to be redeemed.

So long as DTC's nominee is the registered owner of the global securities, such nominee for all purposes will be considered the sole owner or holder of the Junior Subordinated Notes for all purposes under the Mortgage. Except as provided below, beneficial owners will not be entitled to have any of the Junior Subordinated Notes registered in their names, will not receive or be entitled to receive physical delivery of the Junior Subordinated Notes in definitive form and will not be considered the owners or holders thereof under the Indenture.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Junior Subordinated Notes. Under its usual procedures, DTC mails an omnibus proxy to the issuer as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those direct participants to whose accounts the Junior Subordinated Notes are credited on the record date (identified in a listing attached to the omnibus proxy).

All payments on the global securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit direct participants' accounts upon DTC's receipt of funds and corresponding detail information from trustees or issuers on payment dates in accordance with their respective holdings shown on DTC's records. Payments by participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such participant and not of DTC, the trustee or us, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) shall be the responsibility of the Trustee or us, disbursement of such payments to direct participants shall be the responsibility of DTC, and disbursement of such payments to the beneficial owners shall be the responsibility of direct and indirect participants.

DTC may discontinue providing its service as securities depositary with respect to the Junior Subordinated Notes at any time by giving reasonable notice to us or the Trustee. In addition, we may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depositary). In the event that a successor securities depositary is not obtained under the above circumstances, or, alternatively, if an event of default with respect to the Junior Subordinated Notes has occurred and is continuing, Junior Subordinated Notes certificates in fully registered form are required to be printed and delivered to beneficial owners of the global securities representing such Junior Subordinated Notes.

Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC's rules and will be settled in immediately available funds using DTC's same-day funds settlement system. Secondary market trading between Clearstream customers and/or Euroclear participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream and Euroclear and will be settled using the procedures applicable to conventional Eurobonds in immediately available funds.

Cross market transfers between persons holding directly or indirectly through DTC on the one hand, and directly or indirectly through Clearstream customers or Euroclear participants, on the other, will be effected in DTC in accordance with DTC's rules on behalf of the relevant European international clearing system by its U.S. depositary; however, such cross market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in such system in accordance with its rules and procedures and within its established deadlines, in European time. The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to its U.S. depository to take action to effect final settlement on its behalf by delivering interests in the Junior Subordinated Notes to or receiving interests in the Junior Subordinated Notes from DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Clearstream customers and Euroclear participants may not deliver instructions directly to their respective U.S. depositaries.

Because of time-zone differences, credits of interests in the Junior Subordinated Notes received by Clearstream or Euroclear as a result of a transaction with a DTC participant will be made during subsequent securities settlement processing and dated the business day following the DTC settlement date. Such credits or any transactions involving interests in such Junior Subordinated Notes settled during such processing will be reported to the relevant Clearstream customers or Euroclear participants on such business day. Cash received by Clearstream or Euroclear as a result of sales of interests in the Junior Subordinated Notes by or through a Clearstream customer or a Euroclear participant to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Clearstream or Euroclear cash account only as of the business day following settlement in DTC.

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The information in this section has been obtained from sources that we believe to be reliable, but we take no responsibility for its accuracy.

Neither we, the trustee nor the remarketing agents will have any responsibility or obligation to direct participants, or the persons for whom they act as nominees, with respect to the accuracy of the records of DTC, its nominee or any direct participant with respect to any ownership interest in the Junior Subordinated Notes, or payments to, or the providing of notice to direct participants or beneficial owners.

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MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a general discussion of certain material U.S. federal income tax considerations applicable to U.S. holders and non-U.S. holders (each as defined below) with respect to the purchase, ownership and disposition of Junior Subordinated Notes acquired in this offering, but does not purport to be a complete analysis of all the potential tax considerations. This discussion is limited to the U.S. federal income tax consequences relevant to holders who acquire Junior Subordinated Notes in the remarketing for cash at the offering price and did not hold the Original Notes, and that beneficially hold the Junior Subordinated Notes as "capital assets" within the meaning of Section 1221 of the U.S. Internal Revenue Code of 1986, as amended (the Code) (generally, property held for investment). This discussion does not address tax consequences relevant to subsequent purchasers of the notes. This discussion is based on current provisions of the Code, proposed, temporary and final Treasury regulations promulgated thereunder, judicial interpretations thereof and administrative rulings and published positions of the Internal Revenue Service (the IRS), each as in effect as of the date hereof and all of which are subject to change or differing interpretations, possibly with retroactive effect. Any such change could affect the accuracy of the statements and conclusions set forth herein. We have not sought any ruling from the IRS with respect to the statements made and the conclusions reached in the following summary, and there can be no assurance that the IRS will agree with our statements and conclusions or that a court would not sustain any challenge by the IRS in the event of litigation.

This discussion is for general information only and does not purport to address all aspects of U.S. federal income taxation that may be relevant to particular holders in light of their particular circumstances and does not apply to holders subject to special rules under the U.S. federal income tax laws (including, for example, banks or other financial institutions, dealers in securities or currencies, traders in securities that elect to apply a mark-to-market method of accounting, insurance companies, tax-exempt entities, governments or government instrumentalities, entities or arrangements treated as partnerships for U.S. federal income tax purposes or other flow-through entities (and investors therein), subchapter S corporations, retirement plans, non-United States trusts or estates with United States beneficiaries, corporations that accumulate earnings to avoid U.S. federal income tax, individual retirement accounts or other tax-deferred accounts, real estate investment trusts, regulated investment companies and shareholders of such companies, holders liable for the alternative minimum tax, certain former citizens or former long-term residents of the United States, U.S. holders having a "functional currency" other than the U.S. dollar, holders who hold the Junior Subordinated Notes as part of a hedge, straddle, constructive sale, conversion transaction or other integrated transaction, "controlled foreign corporations," and "passive foreign investment companies"). This discussion also does not address any considerations under U.S. federal tax laws other than those pertaining to the income tax, nor does it address any considerations under any state, local or non-U.S. tax laws. Prospective investors should consult with their own tax advisors as to the particular tax consequences to them of the ownership and disposition of the Junior Subordinated Notes, including with respect to the applicability and effect of any U.S. federal, state, local or non-U.S. income or other tax laws or any tax treaty.

If an entity or arrangement treated as a partnership (or other flow-through entity) for U.S. federal income tax purposes holds Junior Subordinated Notes, the tax treatment of a person treated as a partner or other owner in such entity generally will depend on the status of the partner or other owner and the activities of the partner or other owner and the entity. Persons that for U.S. federal income tax purposes are treated as a partner or other owner in a partnership or other flow-through entity holding Junior Subordinated Notes should consult their tax advisors regarding the tax consequences to them of the ownership and disposition of Junior Subordinated Notes.

THIS DISCUSSION IS FOR GENERAL INFORMATION PURPOSES ONLY, AND IS NOT INTENDED TO CONSTITUTE A COMPLETE DESCRIPTION OF ALL TAX CONSEQUENCES RELATING TO THE OWNERSHIP AND DISPOSITION OF THE JUNIOR SUBORDINATED NOTES. PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE OWNERSHIP AND DISPOSITION OF THE NOTES, INCLUDING WITH RESPECT TO THE APPLICABILITY AND EFFECT OF ANY U.S.

FEDERAL, STATE, LOCAL OR NON-U.S. INCOME OR OTHER TAX LAWS OR ANY TAX TREATY.

For purposes of this discussion, the term "U.S. holder" means a beneficial owner of a Junior Subordinated Note that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation (or any other entity treated as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States, any state thereof, or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust (a) if a court within the United States is able to exercise primary supervision over the trust's administration and one or more U.S. persons (for U.S. federal tax purposes) have the authority to control all substantial decisions of the trust or (b) that has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person for U.S. federal income tax purposes.

For purposes of this discussion, the term "non-U.S. holder" means a beneficial owner of a Junior Subordinated Note that is neither a U.S. holder nor a partnership (or other flow-through entity) for U.S. federal income tax purposes.

We have treated and will continue to treat, and, by purchasing the Junior Subordinated Notes, each holder agrees to treat, the Junior Subordinated Notes as indebtedness for U.S. federal income tax purposes. The remainder of this discussion assumes that the Junior Subordinated Notes will be so treated.

Alterations Occurring as a Result of the Remarketing

A modification of the terms of a debt instrument is treated for U.S. federal income tax purposes as resulting in a deemed exchange of the debt instrument if the modification is a "significant modification" within the meaning of section 1.1001-3 of the Treasury regulations promulgated under the Code. Under this regulation section, an alteration that occurs by operation of the terms of the debt instrument (including alterations resulting from the exercise of an option held by us) is not treated as a "modification," unless (i) the alteration results in the substitution of a new obligor, the addition or deletion of a co-obligor, or a change in the recourse nature of the debt instrument, (ii) the alteration creates an instrument that is not indebtedness for U.S. federal income tax purposes or (iii) the alteration results from the exercise of an option that is not unilateral.

All the alterations in the terms of the Junior Subordinated Notes that result from the remarketing occur by operation of the original terms of the Junior Subordinated Notes. Although not free from doubt, we believe that these alterations do not constitute a "modification" for purposes of the applicable Treasury regulation. Accordingly, for U.S. federal income tax purposes, we believe that the Junior Subordinated Notes (as in existence immediately after the remarketing) will be treated as a continuation of the original Junior Subordinated Notes and the rest of this discussion so assumes.

Treatment of the Junior Subordinated Notes

Because of the manner in which the interest rate on the Original Notes is reset, we have treated the Original Notes as "contingent payment debt interests" subject to the "noncontingent bond method" for accruing original issue discount ("OID"), as set forth in the applicable Treasury Regulations. Because we believe the Junior Subordinated Notes are a continuation of the Original Notes for U.S. federal income tax purposes, we will continue to treat the Junior Subordinated Notes as subject to the applicable Treasury Regulations governing contingent payment debt instruments, and the rest of this discussion assumes such treatment is respected. Accordingly, all payments on the Junior Subordinated Notes, including stated interest, will be taken into account under the contingent payment debt regulations and actual cash payments of interest on the Junior Subordinated

Notes will not be reported separately as taxable income. As discussed more fully below, the effect of the contingent payment debt regulations will be to require a holder, regardless of such holder's usual method of tax accounting, to use the accrual method with respect to the interest income on the Junior Subordinated Notes.

The precise method for accruing interest income for contingent payment bond instruments after all future contingent payments are fixed (as in the case of the Junior Subordinated Notes) is uncertain in many respects. The discussion below describes the method we will use for calculating interest income on the Junior Subordinated Notes. However, it is possible methods other than that described below are reasonable, such as accruing interest income at the Junior Subordinated Notes' stated rate, in lieu of accruing income at the comparable yield and making the adjustments described below. No assurances can be given that the IRS will agree with our methodology for accruing interest, or that a court would not sustain any challenge by the IRS in the event of litigation. U.S. holders should consult their tax advisors regarding the proper method for accruing interest income.

U.S. Holders

Accrual of Interest

Under the contingent payment debt regulations, each year a U.S. holder will be required to include in income OID, as adjusted in the manner described below, regardless of such U.S. holder's usual method of tax accounting. This amount may differ from the interest payments actually received by a U.S. holder.

Pursuant to the contingent payment debt regulations, we are required to provide the comparable yield for the Junior Subordinated Notes and, solely for tax purposes, are also required to provide a projected payment schedule, both as originally projected under the Original Notes (which are described below) and, as adjusted with respect to the Junior Subordinated Notes based on the fixed payments for the Junior Subordinated Notes. Although the matter is not free from doubt, we will treat the comparable yield of the Junior Subordinated Notes as equal to the comparable yield of the Original Notes. We determined, as of the issue date of the Original Notes, that the comparable yield for the Original Notes was 4.875%.

The projected payment schedule per 1/20 undivided beneficial ownership interest in an Original Note was $0.26 on September 1, 2014, $0.31 for each subsequent quarter ending on or prior to June 1, 2017, $1.54 for each subsequent semester ending after June 1, 2017 and $51.54 at maturity (which includes the stated principal amount of the Original Notes as well as the final projected interest payment). The Junior Subordinated Notes will have a revised projected payment schedule corresponding to the stated interest and principal amounts due thereon. A U.S. holder must make adjustments reflecting the difference between the payments that are fixed under the Junior Subordinated Notes, if any, and the payments that were projected under the projected payment schedule for the Original Notes. The timing and amount of such positive or negative adjustments is not clear. We intend to make such adjustments on the date each payment is required to be made under the Junior Subordinated Notes. The amount of interest income includable on a Junior Subordinated Note for each accrual period is determined by multiplying the comparable yield of the Junior Subordinated Note, adjusted for the length of the accrual period, by the Junior Subordinated Note's adjusted issue price at the beginning of the accrual period, determined in accordance with the rules set forth in the contingent payment debt regulations, and increased (or decreased) by the amount of any positive (or negative) adjustments described above. The amount of interest income so determined is then allocated on a ratable basis to each day in the accrual period that a U.S. holder held the Junior Subordinated Notes.

We have determined that the adjusted issue price of each Junior Subordinated Note on March 1, 2017, which is the beginning of the accrual period that includes the date the Junior Subordinated Notes were sold, is equal to $53.41. The adjusted issue price of each Junior Subordinated Note at the beginning of each subsequent accrual period will be equal to such amount, increased by the interest previously accrued on the Junior Subordinated Notes at the comparable yield, decreased by the projected amount of any payments previously scheduled to be made on the Junior Subordinated Notes through such date, and increased (or decreased) by the amount of any positive (or negative) adjustments described above.

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A U.S. holder is generally bound by the comparable yield and projected payment schedules for applicable ownership interests in Junior Subordinated Note provided by us unless either is unreasonable. If a U.S. holder decides to use its own comparable yield and projected payment schedules, the U.S. holder must explicitly disclose this fact and the reason for using different comparable yield and projected payment schedules. In general, this disclosure must be made on a statement attached to the U.S. holder's timely filed U.S. federal income tax return for the taxable year that includes the date of the U.S. holder's acquisition of the Junior Subordinated Notes.

The comparable yield and the projected payment schedule are not provided for any purpose other than the determination of a U.S. holder's interest accruals and adjustments thereof in respect of the Junior Subordinated Notes and do not constitute a representation regarding the actual amount of any payment on a Junior Subordinated Note.

The adjusted issue price of the Junior Subordinated Notes, on the date such Junior Subordinated Notes are sold, will exceed the offering price of the Junior Subordinated Notes. U.S. holders that have purchased the Junior Subordinated Notes at the offering price will still be required to accrue interest on the Junior Subordinated Notes in accordance with the comparable yield, as adjusted in the manner described above. In addition, a U.S. holder will be required to accrue further interest income reflecting positive adjustments resulting from the difference between the adjusted issue price and such U.S. holder's tax basis in the Junior Subordinated Notes. Such difference should generally be allocated under a reasonable method to daily portions of interest or projected payments over the remaining term of the Junior Subordinated Notes. The amount so allocated to a daily portion of interest should be taken into account by a U.S. holder as an increase in such interest on the date the daily portion accrues.

Certain U.S. holders will receive IRS Forms 1099-OID, which report interest accruals on their Junior Subordinated Notes. Those forms will not, however, reflect the effect of any positive or negative adjustments resulting from such U.S. holders' purchase of the Junior Subordinated Notes in the remarketing at a price that differs from its adjusted issue price on the date of purchase. U.S. holders are urged to consult their tax advisors as to whether, and how, such adjustments should be made to the amounts reported on any IRS Form 1099-OID.

Sale, Exchange or Other Taxable Disposition of the Junior Subordinated Notes

Upon the sale, exchange, or other taxable disposition of a Junior Subordinated Note, a U.S. holder will generally recognize gain or loss equal to the difference between such U.S. holder's amount realized on the taxable disposition (not including any amount attributable to accrued but unpaid interest) and such U.S. holder's adjusted tax basis in the Junior Subordinated Note (described below). Gain recognized on the sale, exchange or other taxable disposition of a Junior Subordinated Note occurring after March 1, 2017 will generally be ordinary interest income to the extent there are positive adjustments required in respect of differences between the Original Notes' projected payment schedule and payments fixed under the Junior Subordinated Notes, and such positive adjustments have not yet been accrued and included in income by the U.S. holder. Any gain in excess of such amount or any loss recognized on a sale, exchange or other taxable disposition of a Junior Subordinated Note generally will be treated as capital gain or loss. In the case of a U.S. holder that is not a corporation, capital gains derived in respect of capital assets held for more than one year are subject to tax at preferential rates. The deductibility of capital losses is subject to certain limitations.

A U.S. holder's adjusted tax basis in a Junior Subordinated Note is generally its purchase price, increased by the amount accrued at the comparable yield, decreased by the amount of projected payments, increased by any positive adjustments described above and decreased by any negative adjustments described above.

Medicare Tax

Certain U.S. holders that are individuals, estates or trusts will be subject to an additional 3.8% tax on all or a portion of their "net investment income," which may include all or a portion of their interest income and net gains from the disposition of the Junior Subordinated Notes, if their adjusted gross income exceeds certain thresholds. Each U.S. holder that is an individual, estate or trust is urged to consult its tax advisors regarding the applicability of this Medicare tax to its income and gains in respect of its investment in the Junior Subordinated Notes.

Information Reporting and Backup Withholding

Information reporting requirements generally apply in connection with payments of principal, premium, and interest on the Junior Subordinated Notes to, and proceeds from a sale, exchange or other taxable disposition of Junior Subordinated Notes by, non-corporate U.S. holders. A U.S. holder will be subject to backup withholding tax (currently at a 28% rate) on such payments and proceeds if the U.S. Holder fails to provide its correct taxpayer identification number to the paying agent in the manner required under U.S. federal income tax law, fails to comply with applicable backup withholding tax rules or does not otherwise establish an exemption from backup withholding. Any amounts withheld under the backup withholding rules will generally entitle that U.S. holder to a credit against that U.S. holder's U.S. federal income tax liability and may entitle that U.S. holder to a refund, provided that the required information is timely and properly furnished to the IRS. Certain penalties may be imposed by the IRS on a recipient of payments that is required to supply information but that does not do so in the proper manner.

U.S. holders should consult their tax advisors regarding the application of backup withholding in their particular situation, the availability of an exemption from backup withholding and the procedure for obtaining such an exemption, if available.

Additional Disclosure Requirements

If a U.S. holder sells, exchanges, or otherwise has a taxable disposition of the Junior Subordinated Notes and such sale, exchange, or other taxable disposition is at a loss that meets certain thresholds, the U.S. holder (and/or the shareholder of the U.S. holder if the U.S. holder is an S corporation for U.S. federal income tax purposes) may be required to file a disclosure statement with the IRS. U.S. holders and their shareholders should consult their own tax advisors with respect to any disclosure requirements that may apply to them in their own particular circumstances.

Non–U.S. Holders

Interest

Subject to the discussion below in this section of the information reporting and backup withholding rules as applied to non-U.S. holders and below under "Foreign Account Tax Compliance Act," no withholding of U.S. federal income tax will apply to interest paid on a Junior Subordinated Note (including any interest income realized upon the sale, exchange or other disposition to the extent of positive adjustments required in respect of differences between the Original Notes' projected payment schedule and payments fixed under the Junior Subordinated Notes that have not yet been accrued and included in income) to a non-U.S. holder under the "portfolio interest exemption," provided that:

- the interest is not effectively connected with the non-U.S. holder's conduct of a trade or business in the U.S. (or, if required under an applicable U.S. income tax treaty, is not attributable to a U.S. permanent establishment or fixed base maintained by such Non-U.S. Holder);
- the non-U.S. holder does not actually or constructively own 10% or more of the total combined voting power of all classes of our stock entitled to vote within the meaning of Section 871(h)(3) of the Code and Treasury regulations thereunder;

- the non-U.S. holder is not a bank acquiring the Junior Subordinated Notes as an extension of credit entered into in the ordinary course of its trade or business and is not a controlled foreign corporation that is related directly or constructively to us through stock ownership; and
- the non-U.S. holder provides to the withholding agent, in accordance with specified procedures, a statement to the effect that that such non-U.S. holder is not a U.S. person (generally by providing a properly executed IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, or other applicable and/or successor forms) or a securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business and holds the Junior Subordinated Notes on behalf of such non-U.S. holder properly provides a copy of such certification.

If a non-U.S. holder cannot satisfy the requirements of the portfolio interest exemption described above, interest paid on the Junior Subordinated Notes (including payments in respect of OID on the Junior Subordinated Notes) made to a non-U.S. holder generally will be subject to a 30% U.S. federal withholding tax, unless that non-U.S. holder provides the withholding agent with a properly executed statement (i) claiming an exemption from or reduction of withholding under an applicable U.S. income tax treaty or (ii) stating that the interest is not subject to withholding tax because it is effectively connected with that non-U.S. holder's conduct of a trade or business in the U.S.

If a non-U.S. holder is engaged in a trade or business in the U.S. (or, if an applicable U.S. income tax treaty applies and if the non-U.S. holder maintains a permanent establishment or fixed base within the U.S.) and the interest is effectively connected with the conduct of that trade or business (or, if an applicable U.S. income tax treaty applies, attributable to that permanent establishment or fixed base), that non-U.S. holder will be subject to U.S. federal income tax on the interest on a net income basis in the same manner as if that non-U.S. holder were a U.S. holder (unless an applicable U.S. income tax treaty provides otherwise). In addition, if such non-U.S. holder is a foreign corporation, it may also, under certain circumstances, be subject to an additional branch profits tax at a 30% rate or such lower rate as may be specified by an applicable U.S. income tax treaty.

Sale, Exchange or Other Taxable Disposition of the Junior Subordinated Notes

Subject to the discussion below in this section of the information reporting and backup withholding rules as applied to non-U.S. holders and below under "Foreign Account Tax Compliance Act," any gain (excluding any portion treated as interest income) realized on the sale, exchange, or other taxable disposition of a Junior Subordinated Note generally will not be subject to U.S. federal income tax unless:

- that gain is effectively connected with the non-U.S. holder's conduct of a trade or business in the U.S. (or, if an applicable U.S. income tax treaty applies, is attributable to a permanent establishment or fixed base maintained by the non-U.S. holder within the U.S.); or
- the non-U.S. holder is an individual who is present in the U.S. for 183 days or more in the taxable year of the disposition and certain other conditions are met.

Gain described in the first bullet point above generally will be subject to U.S. federal income tax on a net income basis at the regular graduated U.S. federal income tax rates in the same manner as if such non-U.S. holder were a U.S. person. A non-U.S. holder that is a corporation also may be subject to an additional "branch profits tax" at a rate of 30% (or such lower rate as may be specified by an applicable U.S. income tax treaty) of its "effectively connected earnings and profits" for the taxable year, subject to certain adjustments.

Gain described in the second bullet point above generally will be subject to U.S. federal income tax at a 30% rate (or such lower rate as may be specified by an applicable U.S. income tax treaty), but may be offset by U.S.-source capital losses, if any, of the non-U.S. holder.

Information Reporting and Backup Withholding

The amount of interest paid on the Junior Subordinated Notes to non-U.S. holders generally must be reported annually to the IRS. These reporting requirements apply regardless of whether withholding was reduced or eliminated by any applicable U.S. income tax treaty or provision of the Code. Copies of the information returns reflecting income in respect of the Junior Subordinated Notes may also be made available to the tax authorities in the country in which the non-U.S. holder is a resident under the provisions of an applicable U.S. income tax treaty or information sharing agreement.

A Non-U.S. Holder will generally not be subject to additional information reporting or to backup withholding with respect to payments on the Junior Subordinated Notes or to information reporting or backup withholding with respect to proceeds from the sale, exchange, or other taxable disposition of Junior Subordinated Notes to or through a U.S. office of any broker, as long as the non-U.S. holder:

- has furnished to the payor or broker a valid IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, or other applicable and/or successor forms, certifying, under penalties of perjury, the non-U.S. holder's status as a non-U.S. person;
- has furnished to the payor or broker other documentation upon which it may rely to treat the payments as made to a non-U.S. person in accordance with applicable Treasury regulations; or
- otherwise establishes an exemption.

The payment of the proceeds from a sale, exchange, or other taxable disposition of Junior Subordinated Notes to or through a foreign office of a broker will generally not be subject to information reporting or backup withholding. However, a sale, exchange, or other taxable disposition of Junior Subordinated Notes will be subject to information reporting, but not backup withholding, if it is to or through a foreign office of a U.S. broker or a non-U.S. broker with certain enumerated connections with the U.S. unless the documentation requirements described above are met or the non-U.S. holder otherwise establishes an exemption.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a non-U.S. holder will be allowed as a credit against such non-U.S. holder's U.S. federal income tax liability, if any, or will otherwise be refundable, provided that the requisite procedures are followed and the proper information is filed with the IRS on a timely basis. Non-U.S. holders should consult their own tax advisors regarding their qualification for exemption from backup withholding and the procedure for obtaining such exemption, if applicable.

Foreign Account Tax Compliance Act

Under Sections 1471 through 1474 of the Code and the Treasury regulations promulgated thereunder (collectively, FATCA), U.S. federal withholding tax at a rate of 30% generally applies to payments of interest on, and beginning after December 31, 2018, to gross proceeds from the sale, exchange, or other taxable disposition of, debt instruments and other "obligations" paid to certain non-U.S. entities (including, in some circumstances, where such an entity is acting as an intermediary) that fail to comply with certain certification and information reporting requirements. Notwithstanding the foregoing, FATCA withholding generally will not apply to any obligation (other than an instrument that is treated as equity for U.S. tax purposes or that lacks a stated expiration or term) that is outstanding on July 1, 2014 (and is not "significantly modified" after June 30, 2014).

As discussed above under "Alterations Occurring as a Result of the Remarketing," all the alterations in the terms of the Junior Subordinated Notes that result from the remarketing occur by operation of the original terms of the Junior Subordinated Notes. Thus, we believe that all the alterations in the terms of the Junior Subordinated Notes that result from the remarketing do not constitute a "significant modification" for purposes of the applicable Treasury regulation and, therefore, we believe that the remarketing should not prevent the Junior Subordinated Notes (as in existence immediately after the remarketing) from being considered outstanding on

July 1, 2014 for purposes of FATCA. Holders of Junior Subordinated Notes should consult their tax advisors regarding the potential application of FATCA to their investment in the Junior Subordinated Notes.

The U.S. federal income tax discussion set forth above is included for general information only and may not be applicable depending upon a holder's particular situation. Holders should consult their tax advisors regarding the tax consequences to them of the purchase, ownership and disposition of Junior Subordinated Notes, including the tax consequences under state, local, foreign and other tax laws.

REMARKETING

Under the terms and subject to the conditions contained in the remarketing agreement, as supplemented and amended by the amendment and joinder thereto, among us and Citigroup Global Markets Inc., Goldman, Sachs & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Credit Agricole Securities (USA) Inc., Credit Suisse Securities (USA) LLC, PNC Capital Markets LLC, Loop Capital Markets LLC, Lebenthal & Co., LLC and Mischler Financial Group, Inc., as remarketing agents, Goldman, Sachs & Co., as quotation agent, and The Bank of New York Mellon Trust Company, N.A., solely in its capacity as purchase contract agent and as attorney-in-fact of the holders of purchase contracts, the remarketing agents have agreed to use their commercially reasonable efforts to remarket the Original Notes at a public offering price that will result in proceeds sufficient to purchase the treasury portfolio at the treasury portfolio purchase price, as required by the terms of the Corporate Units.

The remarketing agents have no obligation to purchase any of the Junior Subordinated Notes. The remarketing agreement provides that the remarketing is subject to customary conditions precedent, including the delivery of legal opinions.

In the event of a successful remarketing, we will pay the remarketing agents a remarketing fee equal to 0.600% of the principal amount of the Junior Subordinated Notes. We will also pay all expenses of the remarketing agents. We estimate that our total expenses for this offering, excluding remarketing fees, will be $2,300,000.

Indemnification

We have agreed to indemnify each of the remarketing agents and their controlling persons against certain liabilities, including liabilities under the Securities Act of 1933, as amended.

Listing

We do not intend to apply for listing of the Junior Subordinated Notes on a national securities exchange or for quotation on any automated quotation system, but have been advised by the remarketing agents that they intend to make a market in the Junior Subordinated Notes. The remarketing agents are not obligated, however, to do so and may discontinue their market making at any time without notice. No assurance can be given as to the development, maintenance or liquidity of the trading market for the Junior Subordinated Notes.

Stabilization

In order to facilitate the offering of the Junior Subordinated Notes, the remarketing agents may engage in transactions that stabilize, maintain or otherwise affect the price of the Junior Subordinated Notes. Specifically, the remarketing agents may overallot in connection with the remarketing, creating a short position in the Junior Subordinated Notes for the remarketing agents. In addition, to cover overallotments or to stabilize the price of the Junior Subordinated Notes, the remarketing agents may bid for, and purchase, the Junior Subordinated Notes in the open market. Finally, the remarketing agents may reclaim selling concessions allowed to a dealer for distributing the Junior Subordinated Notes in the remarketing, if they repurchase previously distributed Junior Subordinated Notes in transactions to cover short positions, in stabilization transactions or otherwise. Any of these activities may stabilize or maintain the market price for the Junior Subordinated Notes above independent market levels. The remarketing agents are not required to engage in these activities and may end any of these activities at any time.

Other Relationships

The remarketing agents and their affiliates are full service financial institutions engaged in various activities. From time to time, in the ordinary course of business, certain of the remarketing agents and their respective affiliates have engaged and may in the future engage, in sales and trading, commercial banking, investment banking advisory, investment management, investment research, principal investment, hedging,

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market making, brokerage and other financial and non-financial activities and services and/or other transactions of a financial nature with us and our affiliates. Consequently, they have received, and in the future may continue to receive, customary fees and commissions for these services.

In addition, in the ordinary course of their business activities, certain of the remarketing agents and their affiliates may make or hold a broad array of investments, including serving as counterparties to certain derivative and hedging arrangements, and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates.

The remarketing agents and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Selling Restrictions

Canada

Notice to Canadian Residents

This prospectus supplement and accompanying prospectus constitute an "exempt offering document" as defined in and for the purposes of applicable Canadian securities laws. No prospectus has been filed with any securities commission or similar regulatory authority in Canada in connection with the offer and sale of the Junior Subordinated Notes. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon this prospectus supplement and accompanying prospectus or on the merits of the Junior Subordinated Notes and any representation to the contrary is an offence.

Canadian investors are advised that this prospectus supplement and accompanying prospectus has been prepared in reliance on section 3A.3 of National Instrument 33-105 Underwriting Conflicts ("NI 33-105"). Pursuant to section 3A.3 of NI 33-105, this prospectus supplement and accompanying prospectus is exempt from the requirement to provide investors with certain conflicts of interest disclosure pertaining to "connected issuer" and/or "related issuer" relationships as would otherwise be required pursuant to subsection 2.1(1) of NI 33-105.

Resale Restrictions

The offer and sale of the Junior Subordinated Notes in Canada is being made on a private placement basis only and is exempt from the requirement to prepare and file a prospectus under applicable Canadian securities laws. Any resale of Junior Subordinated Notes acquired by a Canadian investor in this offering must be made in accordance with applicable Canadian securities laws, which may vary depending on the relevant jurisdiction, and which may require resales to be made in accordance with Canadian prospectus requirements, a statutory exemption from the prospectus requirements, in a transaction exempt from the prospectus requirements or otherwise under a discretionary exemption from the prospectus requirements granted by the applicable local Canadian securities regulatory authority. These resale restrictions may under certain circumstances apply to resales of the Junior Subordinated Notes outside of Canada.

Representations of Purchasers

Each Canadian investor who purchases Junior Subordinated Notes will be deemed to have represented to the issuer and to each dealer from whom a purchase confirmation is received, as applicable, that the investor (i) is purchasing as principal, or is deemed to be purchasing as principal in accordance with applicable Canadian securities laws, for investment only and not with a view to resale or redistribution; (ii) is an "accredited investor" as such term is defined in section 1.1 of National Instrument 45-106 *Prospectus Exemptions* ("NI 45-106") or, in

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Ontario, as such term is defined in section 73.3(1) of the Securities Act (Ontario); and (iii) is a "permitted client" as such term is defined in section 1.1 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* .

Taxation and Eligibility for Investment

Any discussion of taxation and related matters contained in this prospectus supplement and accompanying prospectus does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a Canadian investor when deciding to purchase the Junior Subordinated Notes and, in particular, does not address any Canadian tax considerations. No representation or warranty is hereby made as to the tax consequences to a resident, or deemed resident, of Canada of an investment in the Junior Subordinated Notes or with respect to the eligibility of the Junior Subordinated Notes for investment by such investor under relevant Canadian federal and provincial legislation and regulations.

Rights of Action for Damages or Rescission

Securities legislation in certain of the Canadian jurisdictions provides certain purchasers of securities pursuant to an offering memorandum, including where the distribution involves an "eligible foreign security" as such term is defined in Ontario Securities Commission Rule 45-501 *Ontario Prospectus and Registration Exemptions* and in Multilateral Instrument 45-107 *Listing Representation and Statutory Rights of Action Disclosure Exemptions* , as applicable, with a remedy for damages or rescission, or both, in addition to any other rights they may have at law, where the offering memorandum, or other offering document that constitutes an offering memorandum, and any amendment thereto, contains a "misrepresentation" as defined under applicable Canadian securities laws. These remedies, or notice with respect to these remedies, must be exercised or delivered, as the case may be, by the purchaser within the time limits prescribed under, and are subject to limitations and defenses under, applicable Canadian securities legislation. In addition, these remedies are in addition to and without derogation from any other right or remedy available at law to the investor.

Language of Documents

Upon receipt of this prospectus supplement and accompanying prospectus, each Canadian investor hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the securities described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.*

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), each remarketing agent has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) it has not made and will not make an offer of Junior Subordinated Notes which are the subject of the offering contemplated by this prospectus supplement to the public in that Relevant Member State other than:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the issuer for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Junior Subordinated Notes shall require the issuer or any remarketing agent to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of notes to the public" in relation to any Junior Subordinated Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Junior Subordinated Notes to be offered so as to enable an investor to decide to purchase or subscribe the Junior Subordinated Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

United Kingdom

Each remarketing agent has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Junior Subordinated Notes in circumstances in which Section 21(1) of the FSMA does not apply to the issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Junior Subordinated Notes in, from or otherwise involving the United Kingdom.

Hong Kong

The Junior Subordinated Notes may not be offered or sold by means of any document other than (1) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), or (2) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (3) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the Junior Subordinated Notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to Junior Subordinated Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Japan

The Junior Subordinated Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the Financial Instruments and Exchange Law) and each remarketing agent has agreed that it will not offer or sell any securities, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

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Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Junior Subordinated Notes may not be circulated or distributed, nor may the Junior Subordinated Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (1) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (2) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (3) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Junior Subordinated Notes are subscribed or purchased under Section 275 by a relevant person which is: (1) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (2) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the Junior Subordinated Notes under Section 275 except: (a) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (b) where no consideration is given for the transfer; or (c) by operation of law.

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LEGAL MATTERS

Certain legal matters in connection with the remarketing will be passed upon for us by Kirkland & Ellis LLP, New York, New York and by Ballard Spahr LLP, Philadelphia, Pennsylvania and for the remarketing agents by Winston & Strawn LLP, Chicago, Illinois and by Latham & Watkins LLP, New York, New York. Winston & Strawn LLP and Latham & Watkins LLP provide legal services to Exelon and its subsidiaries from time to time.

EXPERTS

The consolidated financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) incorporated in this prospectus supplement by reference to the Annual Report on Form 10-K for the year ended December 31, 2016 have been so incorporated in reliance on the report (which contains an explanatory paragraph on the effectiveness of internal control over financial reporting due to the exclusion of certain elements of the internal control over financial reporting of the Consolidated Edison Solutions, Inc. business Generation acquired during 2016) of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

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BALTIMORE GAS AND ELECTRIC COMPANY

Unsecured Debt Securities
Senior Secured Bonds
Preferred Stock

Exelon Corporation (Exelon) may use this prospectus to offer and sell from time to time:

- senior debt securities;
- subordinated debt securities;
- common stock;
- stock purchase contracts;
- stock purchase units;
- preferred stock in one or more series;
- depositary shares.

Exelon Generation Company, LLC (Generation) may use this prospectus to offer and sell from time to time:

- senior debt securities; and
- preferred limited liability company interests in one or more series.

Commonwealth Edison Company (ComEd) may use this prospectus to offer and sell from time to time:

- first mortgage bonds; and
- unsecured notes.

PECO Energy Company (PECO) may use this prospectus to offer and sell from time to time:

- first and refunding mortgage bonds; and
- preferred stock in one or more series

Baltimore Gas and Electric Company (BGE) may use this prospectus to offer and sell from time to time:

- unsecured debt securities;
- senior secured bonds; and
- preferred stock in one or more series.

Exelon, Generation, ComEd, PECO and BGE sometimes refer to the securities listed above as the “Securities.”

Exelon, Generation, ComEd, PECO and BGE will provide the specific terms of the Securities in supplements to this prospectus prepared in connection with each offering. Please read this prospectus and the applicable prospectus supplement carefully before you invest. This prospectus may not be used to consummate sales of the offered Securities unless accompanied by a prospectus supplement.

Exelon’s common shares are listed on the New York Stock Exchange, under the symbol “EXC.”

Please see “ Risk Factors ” beginning on page 2 for a discussion of factors you should consider in connection with a purchase of the Securities offered in this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is May 23, 2014.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that Exelon, Generation, ComEd, PECO and BGE have each filed with the Securities and Exchange Commission (SEC) using a "shelf" registration process. Under this shelf registration process, each of us may, from time to time, sell our Securities described in this prospectus in one or more offerings. Each time Exelon, Generation, ComEd, PECO or BGE (each, a registrant) sells Securities, the registrant will provide a prospectus supplement that will contain a description of the Securities the registrant will offer and specific information about the terms of the offering. The prospectus supplement may also add, update or change information contained in this prospectus. If there is any inconsistency between the information in this prospectus and the prospectus supplement, you should rely on the prospectus supplement. You should read both this prospectus and any prospectus supplement together with additional information described under "Where You Can Find More Information."

Information contained herein relating to each registrant is filed separately by such registrant on its own behalf. No registrant makes any representation as to information relating to any other registrant or Securities issued by any other registrant.

As used in this prospectus, the terms "we," "our" and "us" generally refer to:

- Exelon with respect to Securities issued by Exelon.
- Generation with respect to Securities issued by Generation.
- ComEd with respect to Securities issued by ComEd.
- PECO with respect to Securities issued by PECO.
- BGE with respect to Securities issued by BGE.

None of the registrants will guarantee or provide other credit or funding support for the Securities to be offered by another registrant pursuant to this prospectus.

We are not offering the Securities in any state where the offer is not permitted.

For more detailed information about the Securities, you should read the exhibits to the registration statement. Those exhibits have either been filed with the registration statement or incorporated by reference to earlier SEC filings listed in the registration statement.

You should rely only on information contained in this prospectus and which is incorporated by reference or the documents to which we have referred you. We have not authorized anyone to provide you with information that is different. This prospectus and related prospectus supplement may be used only where it is legal to sell these securities. The information in this prospectus and any prospectus supplement may only be accurate on the date of this document. The business of the registrant, financial condition, results of operations and prospects may have changed since that date.

Please see "Risk Factors" beginning on page 2 for a discussion of factors you should consider in connection with a purchase of the Securities offered in this prospectus.

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FORWARD-LOOKING STATEMENTS

This prospectus and the documents incorporated or deemed incorporated by reference as described under the heading “Where You Can Find More Information” contain forward-looking statements that are not based entirely on historical facts and are subject to risks and uncertainties. Words such as “believes,” “anticipates,” “expects,” “intends,” “plans,” “predicts” and “estimates” and similar expressions are intended to identify forward-looking statements but are not the only means to identify those statements. These forward-looking statements are based on assumptions, expectations and assessments made by our management in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe to be appropriate. Any forward-looking statements are not guarantees of our future performance and are subject to risks and uncertainties.

This presentation contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which are subject to risks and uncertainties. The factors that could cause actual results to differ materially from the forward-looking statements made by the registrants include those factors discussed herein, as well as the items discussed in (1) each registrant’s 2013 Annual Report on Form 10-K in (a) ITEM 1A. Risk Factors, (b) ITEM 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations and (c) ITEM 8. Financial Statements and Supplementary Data: Note 22; and (2) other factors discussed herein and in other filings with the SEC by Exelon, Generation, ComEd, PECO and BGE, as applicable.

You are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date on the front of this prospectus or, as the case may be, as of the date on which we make any subsequent forward-looking statement that is deemed incorporated by reference. We do not undertake any obligation to update or revise any forward-looking statement to reflect events or circumstances after the date as of which any such forward-looking statement is made.

RISK FACTORS

Investing in the Securities involves various risks. You are urged to read and consider the risk factors described in the combined Annual Reports on Form 10-K of Exelon, Generation, ComEd, PECO, and BGE, as applicable, for the year ended December 31, 2013, filed with the SEC on February 13, 2014. Before making an investment decision, you should carefully consider these risks as well as other information we include or incorporate by reference in this prospectus. The prospectus supplement applicable to each type or series of Securities offered by one of the registrants will contain a discussion of additional risks applicable to an investment in such registrant and the particular type of Securities the registrant is offering under that prospectus supplement.

EXELON CORPORATION

Exelon, incorporated in Pennsylvania in February 1999, is a utility services holding company engaged, through Generation, in the energy generation business, and through ComEd, PECO and BGE, in the energy delivery businesses. Exelon’s principal executive offices are located at 10 South Dearborn Street, Chicago, Illinois 60603, and its telephone number is 312-394-7398.

EXELON GENERATION COMPANY, LLC

Generation’s integrated business consists of its owned and contracted electric generating facilities and investments in generation ventures that are marketed through its leading customer-facing activities. These customer-facing activities include, wholesale energy marketing operations and its competitive retail customer

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supply of electric and natural gas products and services, including renewable energy products, risk management services and natural gas exploration and production activities. Generation has six reportable segments consisting of the Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Regions.

Generation was formed in 2000 as a Pennsylvania limited liability company. Generation began operations as a result of a corporate restructuring, effective January 1, 2001, in which Exelon separated its generation and other competitive businesses from its regulated energy delivery businesses at ComEd and PECO. Generation's principal executive offices are located at 300 Exelon Way, Kennett Square, Pennsylvania 19348, and its telephone number is 610-765-5959.

COMMONWEALTH EDISON COMPANY

ComEd's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in northern Illinois, including the City of Chicago.

ComEd was organized in the State of Illinois in 1913 as a result of the merger of Cosmopolitan Electric Company into the original corporation named Commonwealth Edison Company, which was incorporated in 1907. ComEd's principal executive offices are located at 440 South LaSalle Street, Chicago, Illinois 60605, and its telephone number is 312-394-4321.

PECO ENERGY COMPANY

PECO's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in southeastern Pennsylvania, including the City of Philadelphia, as well as the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services to retail customers in the Pennsylvania counties surrounding the City of Philadelphia.

PECO was incorporated in Pennsylvania in 1929. PECO's principal executive offices are located at 2301 Market Street, Philadelphia, Pennsylvania 19103, and its telephone number is 215-841-4000.

BALTIMORE GAS AND ELECTRIC COMPANY

BGE's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in central Maryland, including the City of Baltimore, as well as the purchase and regulated retail sale of natural gas and the provision of gas distribution services to retail customers in central Maryland, including the City of Baltimore.

BGE was incorporated in Maryland in 1906. BGE's principal executive offices are located at 110 West Fayette Street, Baltimore, Maryland 21201, and its telephone number is 410-234-5000.

USE OF PROCEEDS

Except as otherwise indicated in the applicable prospectus supplement, each registrant expects to use the net proceeds from the sale of the Securities for general corporate purposes, including to discharge or refund (by redemption, by purchase on the open market, by purchase in private transactions, by tender offer or otherwise) outstanding long-term debt. Each registrant will describe in the applicable prospectus supplement any specific allocation of the proceeds to a particular purpose that the registrant has made at the date of that prospectus

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supplement. Please refer to our annual and quarterly reports incorporated by reference into this prospectus and any prospectus supplement for information concerning each registrant's outstanding long-term debt. See "Where You Can Find More Information."

RATIO OF EARNINGS TO FIXED CHARGES AND RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERENCE SECURITY DIVIDENDS

Exelon

The following are Exelon's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	5.4	4.9	4.9	2.3	2.6	1.1

The following are Exelon's consolidated ratios of earnings to combined fixed charges and preference stock dividends for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to combined fixed charges and preference stock dividends	5.4	4.8	4.9	2.3	2.5	1.1

Generation

The following are Generation's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	10.4	8.5	7.3	2.6	3.3	(a)

(a) The ratio coverage was less than 1:1. Generation required additional earnings of $380 million in order to achieve a coverage ratio of 1:1.

Generation had no preference securities outstanding during the periods indicated; therefore, the ratio of earnings to combined fixed charges and preference security dividends is the same as the ratio of earnings to fixed charges for Generation.

ComEd

The following are ComEd's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	2.9	2.8	3.0	3.0	1.7	3.0

ComEd had no preference securities outstanding during the periods indicated; therefore, the ratio of earnings to combined fixed charges and preference security dividends is the same as the ratio of earnings to fixed charges for ComEd.

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PECO

The following are PECO's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	3.7	3.3	4.7	4.9	5.6	5.1

The following are PECO's consolidated ratios of earnings to combined fixed charges and preference security dividends for each of the periods indicated:

	Years Ended December 31,				
	2009	2010	2011	2012	2013
Ratio of earnings to combined fixed charges and preferred stock dividends	3.6	3.2	4.5	4.7	5.2

On May 1, 2013, PECO redeemed all of its outstanding preferred securities; therefore, the ratio of earnings to combined fixed charges and preferred stock dividends is the same as the ratio of earnings to fixed charges for PECO for the three months ended March 31, 2014.

BGE

The following are BGE's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	2.0	2.7	2.4	1.0	3.6	5.8

The following are BGE's consolidated ratios of earnings to combined fixed charges and preference stock dividends for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to combined fixed charges and preference stock dividends	1.7	2.4	2.1	(a)	3.1	5.0

(a) The ratio coverage was less than 1:1. BGE required additional earnings of $14 million in order to achieve a coverage ratio of 1:1.

DESCRIPTION OF SECURITIES

Each time one of the registrants sells securities, it will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with additional information described under "Where You Can Find More Information."

PLAN OF DISTRIBUTION

We may sell the Securities offered (a) through agents; (b) by underwriters or dealers; (c) directly to one or more purchasers; or (d) through a combination of any of these methods of sale.

In some cases we may also repurchase the Securities and reoffer them to the public by one or more of the methods described above.

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This prospectus may be used in connection with any offering of securities through any of these methods or other methods described in the applicable prospectus supplement.

Any underwriter or agent involved in the offer and sale of the Securities will be named in the applicable prospectus supplement.

By Agents

Offered securities may be sold on a one time or a continuing basis by agents designated by the applicable registrant. The agents will use their reasonable efforts to solicit purchases for the period of their appointment under the terms of an agency agreement between the agents and the applicable issuer.

By Underwriters or Dealers

If underwriters are used in the sale, the underwriters may be designated by the applicable registrant or selected through a bidding process. The securities will be acquired by the underwriters for their own account. The underwriters may resell the Securities in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. Underwriters may sell the Securities to or through dealers, and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or commissions from the purchasers for whom they may act as agents. The obligations of the underwriters to purchase the Securities will be subject to certain conditions. The underwriters will be obligated to purchase all the Securities of the series offered if any of the securities are purchased. Any initial public offering price and any discounts or concessions allowed or re-allowed or paid to dealers may be changed from time to time.

Only underwriters named in the applicable prospectus supplement are deemed to be underwriters in connection with the Securities offered hereby.

If dealers are utilized in the sale of the Securities, the applicable registrant will sell the Securities to the dealers as principals. The dealers may then resell the Securities to the public at varying prices to be determined by such dealers at the time of resale. The names of the dealers and the terms of the transaction will be set forth in the applicable prospectus supplement.

Direct Sales

We may also sell Securities directly to the public. In this case, no underwriters or agents would be involved.

General Information

We may authorize agents, underwriters or dealers to solicit offers by certain institutions to purchase Securities from us at the public offering price pursuant to delayed delivery contracts providing for payment and delivery on a later date or dates, all as described in the applicable prospectus supplement. Each delayed delivery contract will be for an amount not less than, and the aggregate amount of the Securities shall be not less nor more than, the respective amounts stated in the applicable prospectus supplement. Such institutions may include commercial and savings banks, insurance companies, pension funds, investment companies, educational and charitable institutions, and other institutions, but will in all cases be subject to our approval. The delayed delivery contracts will not be subject to any conditions except:

- the purchase by an institution of the Securities covered by its delayed delivery contract shall not, at any time of delivery, be prohibited under the laws of any jurisdiction in the United States to which such delayed delivery contract is subject; and

- if the Securities are being sold to underwriters, we shall have sold to those underwriters the total amount of the Securities less the amount thereof covered by the delayed delivery contracts. The underwriters will not have any responsibility in respect of the validity or performance of the delayed delivery contracts.

Unless otherwise specified in the related prospectus supplement, each series of the Securities will be a new issue with no established trading market, other than the common stock. Any common stock sold pursuant to a prospectus supplement or issuable upon conversion of another offered Security will be listed on the New York Stock Exchange, subject to official notice of issuance. We may elect to list any of the other securities on an exchange, but are not obligated to do so. It is possible that one or more underwriters may make a market in a series of the Securities, but no underwriter will be obligated to do so and any underwriter may discontinue any market making at any time without notice. We cannot predict the activity of trading in, or liquidity of, our Securities.

In connection with sales by an agent or in an underwritten offering, the SEC rules permit the underwriters or agents to engage in transactions that stabilize the price of the Securities. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters or agents of a greater number of securities than they are required to purchase in an offering. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Securities while an offering is in progress.

The underwriters also may impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the underwriters have repurchased Securities sold by or for the account of that underwriter in stabilizing or short-covering transactions.

These activities by the underwriters may stabilize, maintain or otherwise affect the market price of the Securities. As a result, the price of the Securities may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the underwriters at any time. These transactions may be effected on an exchange or automated quotation system, if the Securities are listed on that exchange or admitted for trading on that automated quotation system, in the over-the-counter market or otherwise.

We may from time to time, without the consent of the existing Security holders, create and issue further Securities having the same terms and conditions as the Securities being offered hereby in all respects, except for issue date, issue price and if applicable, the first payment of interest or dividends therein or other terms as noted in the applicable prospectus supplement. Additional Securities issued in this manner will be consolidated with, and will form a single series with, the previously outstanding securities.

Underwriters, dealers and agents that participate in the distribution of the Securities may be underwriters as defined in the Securities Act of 1933, and any discounts or commissions received by them from us and any profit on the resale of the Securities by them may be treated as underwriting discounts and commissions under the Securities Act.

We may have agreements with the underwriters, dealers and agents to indemnify them against certain civil liabilities, including liabilities under the Securities Act of 1933, or to contribute with respect to payments which the underwriters, dealers or agents may be required to make.

Underwriters, dealers and agents may engage in transactions with, or perform services for, us or our subsidiaries or affiliates in the ordinary course of their businesses.

LEGAL MATTERS

Ballard Spahr LLP, Philadelphia, Pennsylvania, will render an opinion as to the validity of the Securities for us.

Winston & Strawn LLP, Chicago, Illinois, will render an opinion as to the validity of the Securities for any underwriters, dealers, purchasers or agents. Winston & Strawn LLP provides legal services to Exelon and its subsidiaries from time to time.

EXPERTS

The financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) of Exelon, Generation, ComEd, PECO and BGE incorporated in this prospectus by reference to the combined Annual Reports on Form 10-K for the year ended December 31, 2013 have been so incorporated in reliance on the reports of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

Exelon, Generation, ComEd, PECO and BGE each file reports and other information with the SEC. The public may read and copy any reports or other information that we file with the SEC at the SEC's public reference room, 100 F Street, N.E., Room 1580, Washington, D.C. 20549. The public may obtain information on the operation of the public reference room by calling the SEC at 1-800-SEC-0330. These documents are also available to the public from commercial document retrieval services and at the web site maintained by the SEC at http://www.sec.gov. Reports, proxy statements and other information concerning Exelon may also be inspected at the offices of the New York Stock Exchange, which is located at 20 Broad Street, New York, New York 10005. You may also obtain a copy of the registration statement at no cost by writing us at the following address:

Exelon Corporation
Attn: Investor Relations
10 South Dearborn Street—52 nd Floor
P.O. Box 805398
Chicago, IL 60680-5398

This prospectus is one part of a registration statement filed on Form S-3 with the SEC under the Securities Act of 1933, as amended, known as the Securities Act. This prospectus does not contain all of the information set forth in the registration statement and the exhibits and schedules to the registration statement. For further information concerning us and the Securities, you should read the entire registration statement, including this prospectus and any related prospectus supplements, and the additional information described under the sub-heading "Documents Incorporated By Reference" below. The registration statement has been filed electronically and may be obtained in any manner listed above. Any statements contained herein concerning the provisions of any document are not necessarily complete, and, in each instance, reference is made to the copy of such document filed as an exhibit to the registration statement or otherwise filed with the SEC. Each such statement is qualified in its entirety by such reference.

Information about us is also available on Exelon's web site at http://www.exeloncorp.com. The information on Exelon's web site is not incorporated into this prospectus by reference, and you should not consider it a part of this prospectus.

DOCUMENTS INCORPORATED BY REFERENCE

The SEC allows us to "incorporate by reference" information that we file with the SEC, which means that we can disclose important information to you by referring you to the documents we file with the SEC. The information incorporated by reference is an important part of this prospectus, and information that we file later with the SEC will automatically update and supersede this information. This incorporation by reference does not include documents that are furnished but not filed with the SEC. We incorporate by reference the documents listed below and any future documents that we file with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (known as the Exchange Act) but prior to the termination of any offering of securities made by this prospectus:

Exelon Corporation (Exchange Act File No. 1-16169)

- Exelon's Annual Report on Form 10-K for the year ended December 31, 2013;
- Exelon's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014;
- The description of Exelon's common stock contained in the registration statement on Form 8-A filed under the Securities Exchange Act of 1934, as amended, including any amendment thereto or report filed for the purpose of updating such description; and
- Exelon's Current Reports on Form 8-K filed with the SEC on February 12, 2014, February 13, 2014, February 28, 2014, April 1, 2014, April 30, 2014 and May 7, 2014.

Exelon Generation Company, LLC (Exchange Act File No. 333-85496)

- Generation's Annual Report on Form 10-K for the year ended December 31, 2013;
- Generation's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014; and
- Generation's Current Reports on Form 8-K filed with the SEC on February 12, 2014 and April 1, 2014.

Commonwealth Edison Company (Exchange Act File No. 1-1839)

- ComEd's Annual Report on Form 10-K for the year ended December 31, 2013;
- ComEd's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014; and
- ComEd's Current Reports on Form 8-K filed with the SEC on January 10, 2014 and February 28, 2014.

PECO Energy Company (Exchange Act File No. 000-16844)

- PECO's Annual Report on Form 10-K for the year ended December 31, 2013; and
- PECO's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014.

Baltimore Gas and Electric Company (Exchange Act File No. 1-1910)

- BGE's Annual Report on Form 10-K for the year ended December 31, 2013;
- BGE's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014; and
- BGE's Current Reports on Form 8-K filed with the SEC on February 13, 2014 and May 16, 2014.

Upon written or oral request, we will provide without charge to each person, including any beneficial owner, to whom this prospectus is delivered, a copy of any or all of such documents which are incorporated herein by reference (other than exhibits to such documents unless such exhibits are specifically incorporated by reference

into the documents that this prospectus incorporates). Written or oral requests for copies should be directed to Exelon Corporation, Attn: Investor Relations, 10 South Dearborn Street, 52 nd Floor, P.O. Box 805398, Chicago, IL 60680-5398, 312-394-2345.

Any statement contained in this prospectus, or in a document all or a portion of which is incorporated by reference, shall be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus, any supplement or any document incorporated by reference modifies or supersedes such statement. Any such statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this prospectus.

All reports and other documents subsequently filed by us pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act, prior to the filing of a post-effective amendment, which indicates that all of a class of securities offered hereby have been sold or which deregisters all of a class of securities then remaining unsold, shall be deemed incorporated by reference herein and to be a part hereof from the date of filing of such documents.

$1,150,000,000

Exelon Corporation

3.497% Junior Subordinated Notes due 2022

PROSPECTUS SUPPLEMENT

Joint Book-Running Remarketing Agents

BofA Merrill Lynch
Citigroup
Goldman, Sachs & Co.
Credit Agricole CIB
Credit Suisse
PNC Capital Markets LLC

Senior Co-Managing Remarketing Agent

Loop Capital Markets

Co-Managing Remarketing Agents

Lebenthal Capital Markets
Mischler Financial Group, Inc.

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Filed pursuant to Rule 424(b)(2)
Registration No. 333-196220

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Maximum Offering Price per Security	Maximum Aggregate Offering Price	Amount of Registration Fee (1)
1.550% Notes due 2017	$550,000,000	99.932%	$549,626,000	$63,866.54
2.850% Notes due 2020	$900,000,000	99.981%	$899,829,000	$104,560.13
3.950% Notes due 2025	$1,250,000,000	99.795%	$1,247,437,500	$144,952.24
4.950% Notes due 2035	$500,000,000	99.722%	$498,610,000	$57,938.48
5.100% Notes due 2045	$1,000,000,000	99.664%	$996,640,000	$115,809.57
Total	$4,200,000,000		$4,192,142,500	$487,126.96

(1) Calculated in accordance with Rule 457(r) under the Securities Act of 1933, as amended.

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PROSPECTUS SUPPLEMENT
(To Prospectus Dated May 23, 2014)

$4,200,000,000

Exelon Corporation

$550,000,000 1.550% Notes due 2017
$900,000,000 2.850% Notes due 2020
$1,250,000,000 3.950% Notes due 2025
$500,000,000 4.950% Notes due 2035
$1,000,000,000 5.100% Notes due 2045

Exelon Corporation ("Exelon") is offering $550,000,000 of its 1.550% notes due 2017 (the "2017 notes"), $900,000,000 of its 2.850% notes due 2020 (the "2020 notes"), $1,250,000,000 of its 3.950% notes due 2025 (the "2025 notes"), $500,000,000 of its 4.950% notes due 2035 (the "2035 notes") and $1,000,000,000 of its 5.100% notes due 2045 (the "2045 notes" and, together with the 2017 notes, the 2020 notes, the 2025 notes and the 2035 notes, the "notes").

The 2017 notes will mature on June 9, 2017, the 2020 notes will mature on June 15, 2020, the 2025 notes will mature on June 15, 2025, the 2035 notes will mature on June 15, 2035 and the 2045 notes will mature on June 15, 2045. We will pay interest on the 2017 notes semi-annually on June 9 and December 9 of each year, beginning on December 9, 2015. We will pay interest on the 2020 notes, the 2025 notes, the 2035 notes and the 2045 notes semi-annually on June 15 and December 15 of each year, beginning on December 15, 2015.

The notes are being issued to fund a portion of the purchase price of the merger (the "Merger") between Exelon and Pepco Holdings, Inc. ("PHI"). However, this offering is not conditioned upon the completion of the Merger, which, if completed, will occur subsequent to the closing of this offering. Upon the first to occur of either (i) December 31, 2015, if the Merger is not consummated on or prior to such date, or (ii) the date on which the agreement relating to the Merger is terminated (each, a "Special Mandatory Redemption Trigger"), Exelon will be required to redeem the 2025 notes, the 2035 notes and the 2045 notes, in whole, at a redemption price equal to 101% of the aggregate principal amount of such series of notes, plus accrued and unpaid interest from and including the date of initial issuance, or the most recent date to which interest has been paid, whichever is later, to but not including the date of the special mandatory redemption (the "Special Mandatory Redemption"). There is no escrow account for, or security interest in, the proceeds of this offering for the benefit of holders of the notes. See "Description of the Notes—Special Mandatory Redemption." The 2025 notes, the 2035 notes and the 2045 notes may also be redeemed at our option, in whole, at a redemption price equal to 101% of the aggregate principal amount of such series of notes, plus accrued and unpaid interest from and including the date of initial issuance, or the most recent date to which interest has been paid, whichever is later, to but not including the date of redemption, if, in our judgment, our acquisition of PHI will not be consummated on or prior to December 31, 2015. In addition, we may also redeem any series of the notes at any time prior to maturity, in whole or in part, upon at least 15 days' and not more than 60 days' notice, at the redemption prices described in this prospectus supplement under "Description of the Notes—Optional Redemption."

The notes will be our direct unsecured general obligations and will rank equally with all of our existing and future unsecured and unsubordinated debt.

Investing in our notes involves certain risks. You should carefully read this prospectus supplement and the accompanying base prospectus, including the documents incorporated by reference herein and therein, before you make your investment decision. See the " Risk Factors " section beginning on page S-9 of this prospectus supplement, as well as under "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2014, which is incorporated by reference herein, for more information.

	Price to Public [1]		Underwriting Discount		Proceeds, before expenses, to Exelon	
	Per Note	Total	Per Note	Total	Per Note	Total
Per 2017 note	99.932%	$ 549,626,000	0.300%	$1,650,000	99.632%	$ 547,976,000
Per 2020 note	99.981%	$ 899,829,000	0.600%	$5,400,000	99.381%	$ 894,429,000
Per 2025 note	99.795%	$1,247,437,500	0.650%	$8,125,000	99.145%	$1,239,312,500
Per 2035 note	99.722%	$ 498,610,000	0.875%	$4,375,000	98.847%	$ 494,235,000
Per 2045 note	99.664%	$ 996,640,000	0.875%	$8,750,000	98.789%	$ 987,890,000

(1) Plus accrued interest from June 11, 2015, if settlement occurs after that date.

Neither the Securities and Exchange Commission (the "SEC") nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The notes are expected to be delivered in book-entry form only through the facilities of The Depository Trust Company ("DTC"), including Clearstream Banking, *société anonyme* ("Clearstream"), and/or Euroclear Bank S.A./N.V. ("Euroclear"), against payment in New York, New York on or about June 11, 2015.

Joint Book-Running Managers

Barclays **Goldman, Sachs & Co.**
BNP PARIBAS **MUFG** **Mizuho Securities** **Scotiabank**

Senior Co-Managers

BofA Merrill Lynch **Citigroup** **Credit Suisse** **J.P. Morgan**
RBC Capital Markets **US Bancorp** **Wells Fargo Securities**

Co-Managers

Apto Partners, LLC **Blaylock Beal Van, LLC** **BNY Mellon Capital Markets, LLC**
CIBC **Credit Agricole CIB** **KeyBanc Capital Markets**
Loop Capital Markets **Mischler Financial Group, Inc.** **PNC Capital Markets LLC**
TD Securities **The Huntington Investment Company** **The Williams Capital Group, L.P.**
Siebert Brandford Shank & Co., L.L.C. **SMBC Nikko**

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The date of this prospectus supplement is June 8, 2015.

We urge you to carefully read this prospectus supplement and the accompanying prospectus, which describe the terms of the offering of the notes, before you make your investment decision. You should rely only on the information contained in or incorporated by reference in this prospectus supplement, the accompanying prospectus and any related free writing prospectus required to be filed with the SEC. We have not, and the underwriters have not, authorized anyone else to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information appearing in this prospectus supplement and the accompanying prospectus is accurate as of any date other than the date on the front of those documents or that the information incorporated by reference is accurate as of any date other than the date that the document incorporated by reference was filed with the SEC.

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Prospectus

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ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement and the accompanying prospectus contain information about Exelon and the notes offered hereby. This prospectus supplement and the accompanying prospectus also refer to information contained in other documents that we file with the SEC. To the extent the information in this prospectus supplement is inconsistent with information in the prospectus, you should rely on this prospectus supplement.

The accompanying prospectus also includes information about our subsidiaries Exelon Generation Company, LLC ("Generation"), Commonwealth Edison Company ("ComEd"), PECO Energy Company ("PECO"), and Baltimore Gas and Electric Company ("BGE") and their securities. Exelon, Generation, ComEd, PECO and BGE file combined reports under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Information contained in the combined reports relating to each registrant is filed separately by such registrant on its own behalf and only the information related to Exelon is incorporated by reference in this prospectus supplement and the accompanying prospectus. Exelon does not make any representations as to information relating to any other registrant or securities issued by any other registrant and you should not rely on any information relating to any registrant other than Exelon in determining whether to invest in the notes offered hereby.

When we refer to "Exelon," "the Company," "we," "us" or "our" in this prospectus supplement, we mean Exelon and, unless the context otherwise indicates, does not include any of our subsidiaries or affiliates.

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FORWARD LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus and the documents incorporated or deemed incorporated by reference as described under the heading “Where You Can Find More Information” contain forward-looking statements that are not based entirely on historical facts and are subject to risks and uncertainties. Words such as “believes,” “anticipates,” “expects,” “intends,” “plans,” “predicts,” “estimates” and similar expressions are intended to identify forward-looking statements but are not the only means to identify those statements. These forward-looking statements are based on assumptions, expectations and assessments made by our management in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe to be appropriate. Any forward-looking statements are not guarantees of our future performance and are subject to risks and uncertainties.

This prospectus supplement and the accompanying prospectus contain certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which are subject to risks and uncertainties. The factors that could cause actual results to differ materially from the forward-looking statements include: (a) any risk factors discussed in this prospectus supplement or the accompanying prospectus; (b) those factors discussed in the following sections of Exelon’s Annual Report on Form 10-K, which are incorporated herein by reference: (1) ITEM 1A. Risk Factors, (2) ITEM 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations and (3) ITEM 8. Financial Statements and Supplementary Data: Note 22; (c) those factors discussed in the following sections of Exelon’s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2015, which are incorporated herein by reference: (1) Part I, Financial Information, ITEM 1. Financial Statements: Note 17, (2) Part 1, Financial Information, ITEM 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations and (3) Part II, Other Information, ITEM 1A. Risk Factors; and (d) other factors discussed herein and in other filings with the SEC by Exelon, as applicable.

You are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date on the front of this prospectus supplement or, as the case may be, as of the date on which we make any subsequent forward-looking statement that is deemed incorporated by reference. We do not undertake any obligation to update or revise any forward-looking statement to reflect events or circumstances after the date as of which any such forward-looking statement is made.

SUMMARY

The following summary is provided solely for your convenience. It is not intended to be complete and may not contain all of the information that you should consider before investing in the notes. You should read carefully this entire prospectus supplement, the accompanying prospectus and all the information included or incorporated by reference herein or therein.

Our Company

Exelon, incorporated in Pennsylvania in February 1999, is a utility services holding company engaged, through Generation, in the energy generation business and, through ComEd, PECO and BGE, in the energy delivery business. Exelon's principal executive offices are located at 10 South Dearborn Street, Chicago, Illinois 60603, and its telephone number is 312-394-7398.

Generation's integrated business consists of the generation, physical delivery and marketing of power across multiple geographical regions through its customer-facing business, Constellation Energy Group, Inc. ("Constellation"), which sells electricity and natural gas to both wholesale and retail customers. Generation also sells renewable energy and other energy-related products and services, and engages in natural gas and oil exploration and production activities. Generation has six reportable segments consisting of the Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Regions.

ComEd's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of electricity transmission and distribution services to retail customers in northern Illinois, including the City of Chicago.

PECO's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of electricity transmission and distribution services to retail customers in southeastern Pennsylvania, including the City of Philadelphia, as well as the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services to retail customers in the Pennsylvania counties surrounding the City of Philadelphia.

BGE's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of electricity transmission and distribution services to retail customers in central Maryland, including the City of Baltimore, as well as the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services to retail customers in central Maryland, including the City of Baltimore.

Proposed Merger with PHI

On April 29, 2014, Exelon and PHI signed an agreement and plan of merger (as subsequently amended and restated as of July 18, 2014) to combine the two companies in an all cash transaction. The resulting company will retain the Exelon name and be headquartered in Chicago, and PHI will become an indirect, wholly-owned subsidiary of Exelon. The Merger is expected to be completed in the second or third quarter of 2015.

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SUMMARY FINANCIAL INFORMATION

We have provided the following summary financial information for your reference. We have derived the summary information presented here as of and for the years ended December 31, 2012, 2013 and 2014 from our audited consolidated financial statements, incorporated herein by reference. We have derived the summary information presented here as of and for the three months ended March 31, 2014 and 2015 from our unaudited consolidated financial statements, incorporated herein by reference. You should read this summary information together with our audited consolidated financial statements and the related notes and our unaudited consolidated financial statements and the related notes, each incorporated herein by reference. See "Where You Can Find More Information" in this prospectus supplement.

	For the Year Ended December 31,			For the Three Months Ended March 31,	
	2014 [a]	2013	2012 [b]	2015	2014
			($ in millions)		
Statement of Operations Data					
Operating revenues	$27,429	$24,888	$23,489	$ 8,830	$ 7,237
Operating income	3,096	3,669	2,373	1,366	168
Net income	1,820	1,729	1,171	738	93
Cash Flow Data					
Net cash flows provided by operating activities	4,457	6,343	6,131	1,490	165
Net cash flows used in investing activities	(4,599)	(5,394)	(4,576)	(1,751)	(1,011)
Net cash flows provided by (used in) financing activities	411	(826)	(1,085)	208	151

	As of December 31,			As of March 31,	
	2014	2013	2012	2015	2014
			($ in millions)		
Balance Sheet Data					
Property, plant and equipment, net	$52,087	$47,330	$45,186	$53,001	$47,742
Noncurrent regulatory assets	6,076	5,910	6,497	6,068	5,863
Goodwill	2,672	2,625	2,625	2,672	2,625
Other deferred debits and other assets	13,882	13,922	14,113	14,293	13,563
Total assets	$86,814	$79,924	$78,561	$87,391	$79,468
Long-term debt, including long-term debt to financing trusts	20,010	18,271	18,346	21,167	19,195
Noncurrent regulatory liabilities	4,550	4,388	3,981	4,566	4,458
Other deferred credits and other liabilities	29,359	26,597	26,626	29,646	25,686
Shareholders' equity	22,608	22,732	21,431	24,638	22,778
Total liabilities and shareholders' equity	$86,814	$79,924	$78,561	$87,391	$79,468

(a) On April 1, 2014, Generation assumed operational control of Constellation Energy Nuclear Group, LLC's ("CENG") nuclear fleet. As a result, the 2014 financial results include CENG's results of operations on a fully consolidated basis.

(b) 2012 financial results include the activity of Constellation from the merger effective date of March 12, 2012 through December 31, 2012.

THE OFFERING

The following summary contains basic information about the notes and this offering. It does not contain all of the information that may be important to you. For a more complete understanding of this offering, we encourage you to read this entire prospectus supplement and the accompanying prospectus, including "Description of the Notes."

Issuer	Exelon Corporation
Securities Offered	$550,000,000 aggregate principal amount of 1.550% notes due 2017; $900,000,000 aggregate principal amount of 2.850% notes due 2020; $1,250,000,000 aggregate principal amount of 3.950% notes due 2025; $500,000,000 aggregate principal amount of 4.950% notes due 2035; and $1,000,000,000 aggregate principal amount of 5.100% notes due 2045.
Maturity Date	The 2017 notes will mature on June 9, 2017; The 2020 notes will mature on June 15, 2020; The 2025 notes will mature on June 15, 2025; The 2035 notes will mature on June 15, 2035; and The 2045 notes will mature on June 15, 2045.
Interest Rate	1.550% per annum for the 2017 notes; 2.850% per annum for the 2020 notes; 3.950% per annum for the 2025 notes; 4.950% per annum for the 2035 notes; and 5.100% per annum for the 2045 notes.
Interest Payment Dates	Interest on the 2017 notes will be paid semi-annually on June 9 and December 9 of each year, beginning on December 9, 2015, and on the maturity date for the 2017 notes. Interest on the 2020 notes, the 2025 notes, the 2035 notes and the 2045 notes will be paid semi-annually on June 15 and December 15 of each year, beginning on December 15, 2015, and on the maturity date for each series of notes.

Special Mandatory Redemption	This offering is not conditioned upon the completion of the Merger, which, if completed, will occur subsequent to the closing of this offering. Upon the occurrence of a Special Mandatory Redemption Trigger, we will be required to redeem the 2025 notes, the 2035 notes and the 2045 notes, in whole, at a redemption price equal to 101% of the aggregate principal amount of such series of notes, plus accrued and unpaid interest from and including the date of initial issuance, or the most recent date to which interest has been paid, whichever is later, to, but not including, the date of Special Mandatory Redemption. See "Use of Proceeds" and "Description of the Notes—Special Mandatory Redemption."
Optional Redemption	The 2025 notes, the 2035 notes and the 2045 notes may be redeemed at our option, in whole, at a redemption price equal to 101% of the aggregate principal amount of such series of notes, plus accrued and unpaid interest from and including the date of initial issuance, or the most recent date to which interest has been paid, whichever is later, to but not including the date of redemption, if, in our judgment, our acquisition of PHI will not be consummated on or prior to December 31, 2015. At our option, any or all of the notes may be redeemed, in whole or in part, at any time prior to maturity. If we elect to redeem the 2017 notes at any time, the 2020 notes at any time prior to May 15, 2020 (one month prior to the maturity date of the 2020 notes), the 2025 notes at any time prior to March 15, 2025 (three months prior to the maturity date of the 2025 notes), the 2035 notes at any time prior to December 15, 2034 (six months prior to the maturity date of the 2035 notes) or the 2045 notes at any time prior to December 15, 2044 (six months prior to the maturity date of the 2045 notes), we may redeem some or all of the 2017 notes, the 2020 notes, the 2025 notes, the 2035 notes and the 2045 notes, respectively, in each case upon at least 15 days' and not more than 60 days' notice at a redemption price equal to the greater of: • 100% of the principal amount of the notes then outstanding to be redeemed; and • the sum of the present values of the remaining scheduled payments of principal and interest on the notes being redeemed (exclusive of interest accrued to the redemption date) to maturity in the case of the 2017 notes or, in the case of the 2020 notes, the 2025 notes, the 2035 notes and the 2045 notes, to May 15, 2020, March 15, 2025, December 15, 2034 or December 15, 2044, as applicable, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined herein) plus 15 basis points in the case of the 2017 notes, plus 20 basis points in the case of the 2020 notes, plus 25 basis points in the case of the 2025 notes, plus 30 basis points in the case of the 2035 notes and plus 30 basis points in the case of the 2045 notes, plus, in each

	case, accrued and unpaid interest on the principal amount being redeemed to but excluding the date of redemption. If we elect to redeem the 2020 notes at any time on or after May 15, 2020 (one month prior to the maturity date of the 2020 notes), the 2025 notes at any time on or after March 15, 2025 (three months prior to the maturity date of the 2025 notes), the 2035 notes at any time on or after December 15, 2034 (six months prior to the maturity date of the 2035 notes) or the 2045 notes at any time on or after December 15, 2044 (six months prior to the maturity date of the 2045 notes), we may redeem some or all of the 2020 notes, the 2025 notes, the 2035 notes and the 2045 notes, respectively, in each case upon at least 15 days' and not more than 60 days' notice at a redemption price equal to 100% of the principal amount of the notes then outstanding to be redeemed plus accrued and unpaid interest on the principal amount being redeemed to but excluding the redemption date. See "Description of the Notes—Optional Redemption."
Ranking	The notes will be our direct unsecured general obligations and will rank equally with all of our existing and future unsecured and unsubordinated debt, will be senior in right of payment to all of our existing and future subordinated debt and will be junior to any of our future secured debt to the extent of the value of the collateral securing such secured debt. Because we are a holding company with no material assets other than our ownership interests in our subsidiaries and all of our operations are conducted by our subsidiaries, our debt is effectively subordinated to all existing and future debt, trade creditors, and other liabilities of our subsidiaries. Our rights, and hence the rights of our creditors, to participate in any distribution of assets of any subsidiary upon its liquidation or reorganization or otherwise would be subject to the prior claims of that subsidiary's creditors, except to the extent that our claims as a creditor of such subsidiary may be recognized. As of March 31, 2015, our subsidiaries had outstanding approximately $19.7 billion of long-term debt, including long-term debt to financing trusts and the portion of long-term debt due within one year. The notes will not be obligations of or guaranteed by any of our subsidiaries. The Indenture (as defined below) does not limit our ability to issue debt senior to the notes or the amount of debt we or our subsidiaries may issue.
Denominations	The notes will be issued in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof.
Additional Notes	Subject to the limitations described in this prospectus supplement and the accompanying prospectus, we may issue additional notes under the Indenture with the same priority as the notes offered hereby, including notes having the same series designation and terms (except for the public offering prices and the issue date) as the notes offered hereby, without the approval of the holders of outstanding notes under the Indenture, including the holders of the outstanding notes offered hereby.

No Listing	We do not intend to list the notes on any securities exchange or automated dealer quotation system. The notes will be new securities for which there currently is no public market. See “Risk Factors—There may be no public market for the notes.”
Use of Proceeds	We estimate that the net proceeds from the sale of the notes in this offering will be approximately $4,163.8 million, after deducting the underwriting discounts and commissions but before deducting other offering expenses. These net proceeds will be used to finance a portion of the consideration for the Merger, with any remaining balance of the net proceeds (or the full amount of the net proceeds realized from the 2017 notes and the 2020 notes in the event that the Merger is not consummated) used for general corporate purposes, which may include the repayment of outstanding indebtedness. See “Use of Proceeds.”
Risk Factors	You should consider carefully all the information set forth and incorporated by reference in this prospectus supplement and the accompanying prospectus and, in particular, you should evaluate the specific factors set forth under the heading “Risk Factors” beginning on page S-9 of this prospectus supplement, as well as the other information contained or incorporated herein by reference, before investing in the notes offered hereby.
Trustee	The Bank of New York Mellon Trust Company, N.A.
Governing Law	The Indenture and the notes will be governed by the laws of the State of New York.

RISK FACTORS

Investing in the notes involves risks. You should carefully consider the following discussion and the risks described under "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2014, incorporated by reference in this prospectus supplement and the accompanying prospectus, the factors listed under "Forward Looking Statements" in this prospectus supplement and the other information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus before making a decision to invest in the notes. See "Where You Can Find More Information."

Upon the occurrence of a Special Mandatory Redemption Trigger, we will be required to redeem the 2025 notes, the 2035 notes and the 2045 notes. In addition, the 2025 notes, the 2035 notes and the 2045 notes may also be redeemed at our option, if, in our judgment, our acquisition of PHI will not be consummated on or prior to December 31, 2015. If we redeem the notes, you may not obtain your expected return on the notes.

The closing of this offering is not conditioned on, and is expected to be consummated before, the closing of the Merger, which is expected to occur in the second or third quarter of 2015. We may not be able to consummate the transactions contemplated by the merger agreement within the timeframe specified under "Description of the Notes—Special Mandatory Redemption" or at all. Many of the conditions to closing in the merger agreement are beyond our control, and we may not be able to complete the transactions contemplated by the merger agreement on or prior to December 31, 2015. Our obligation to consummate the closing under the merger agreement is subject to certain conditions, including, among others, receipt of certain governmental approvals.

Upon the occurrence of a Special Mandatory Redemption Trigger, we will be required to redeem the 2025 notes, the 2035 notes and the 2045 notes at a redemption price equal to 101% of the aggregate principal amount thereof, plus accrued and unpaid interest from and including the date of initial issuance, or the most recent date to which interest has been paid, whichever is later, to, but not including, the special mandatory redemption date. The 2025 notes, the 2035 notes and the 2045 notes may also be redeemed at our option, in whole, at a redemption price equal to 101% of the aggregate principal amount of such series of notes, plus accrued and unpaid interest from and including the date of initial issuance, or the most recent date to which interest has been paid, whichever is later, to but not including the date of the redemption, if, in our judgment, our acquisition of PHI will not be consummated on or prior to December 31, 2015. If your notes are redeemed, you may not obtain your expected return on the notes and may not be able to reinvest the proceeds from redemption in an investment that results in a comparable return. In addition, as a result of such redemption provisions of the notes, the trading prices of such series of notes may not reflect the financial results of our business or macroeconomic factors.

We are not obligated to place the net proceeds of the offering of the notes in escrow prior to the closing of the Merger and, as a result, we may not be able to repurchase the notes upon a Special Mandatory Redemption.

We are not obligated to place the net proceeds of the offering of the notes in escrow prior to the closing of the Merger or to provide a security interest in those proceeds, and the Indenture imposes no other restrictions on our use of these proceeds during that time. Accordingly, the source of funds for any redemption of notes upon a Special Mandatory Redemption would be the proceeds that we have voluntarily retained or other sources of liquidity, including available cash, borrowings, sales of assets or sales of equity. We may not be able to satisfy our obligation to redeem the notes following a Special Mandatory Redemption Trigger because we may not have sufficient financial resources to pay the aggregate redemption price on the notes. Our failure to redeem or repurchase the notes as required under the Indenture governing the notes would result in a default under the Indenture, which could result in defaults under our other debt agreements and have material adverse consequences for us and the holders of the notes. In addition, our ability to redeem or repurchase the notes for cash may be limited by law or the terms of other agreements relating to our indebtedness outstanding at the time.

There may be no public market for the notes.

We can give no assurances concerning the liquidity of any markets that may develop for the notes offered by this prospectus supplement, the ability of any investor to sell any of the notes or the price at which investors would be able to sell them. If markets for the notes do not develop, investors may be unable to resell the notes for an extended period of time, if at all. If markets for the notes do develop, they may not continue or it may not be sufficiently liquid to allow holders to resell any of the notes. Consequently, investors may not be able to liquidate their investment readily, and lenders may not readily accept the notes as collateral for loans.

The Indenture does not restrict the amount of additional debt that we may incur.

The notes and Indenture pursuant to which the notes will be issued do not place any limitation on the amount of indebtedness that we or our subsidiaries may incur. Our incurrence of additional debt may have important consequences for you as a holder of the notes, including making it more difficult for us to satisfy our obligations with respect to the notes, a loss in the trading value of your notes and a risk that one or more of the credit ratings of the notes are lowered or withdrawn.

Our debt, including the notes, is effectively subordinated to the debt of our subsidiaries.

Because we are a holding company with no material assets other than our ownership interests in our subsidiaries and all of our operations are conducted by our subsidiaries, our debt is effectively subordinated to all existing and future debt, trade creditors, and other liabilities of our subsidiaries. Our rights, and hence the rights of our creditors, to participate in any distribution of assets of any subsidiary upon its liquidation or reorganization or otherwise would be subject to the prior claims of that subsidiary's creditors, except to the extent that our claims as a creditor of such subsidiary may be recognized. As of March 31, 2015, our subsidiaries had outstanding approximately $19.7 billion of long-term debt, including long-term debt to financing trusts and the portion of long-term debt due within one year. The Indenture does not restrict our or our subsidiaries' ability to incur additional indebtedness.

USE OF PROCEEDS

We estimate that the net proceeds from the sale of the notes in this offering will be approximately $4,163.8 million, after deducting the underwriting discounts and commissions but before deducting other offering expenses. These net proceeds will be used to finance a portion of the consideration for the Merger. Any remaining balance of the net proceeds (or the full amount of the net proceeds realized from the 2017 notes and the 2020 notes in the event that the Merger is not consummated) will be used for general corporate purposes, which may include the repayment of outstanding indebtedness.

To the extent we do not use the net proceeds immediately, we may temporarily invest them in short-term, interest bearing obligations.

Subject to the satisfaction of certain closing conditions, including, among others, receipt of certain governmental approvals, we expect the closing of the Merger to occur during the second or third quarter of 2015. This offering is not conditioned upon the completion of the Merger. See “Summary—Proposed Merger with PHI.”

RATIO OF EARNINGS TO FIXED CHARGES

The following are Exelon's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2014	2013	2012	2011	2010	March 31, 2015
Ratio of earnings to fixed charges	2.7x	2.6x	2.4x	4.9x	4.9x	3.6x

The ratio of earnings to fixed charges represents, on a pre-tax basis, the number of times earnings cover fixed charges. Earnings consist of pre-tax net income from continuing operations after adjustment for income from equity investees and capitalized interest or allowance for funds used during construction, to which has been added fixed charges. Fixed charges consist of interest costs and amortization of debt discount and premium on all indebtedness and estimated interest portion of all rental expense.

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CAPITALIZATION AND SHORT-TERM BORROWINGS

The following table shows our consolidated capitalization and short-term borrowings as of March 31, 2015 and as adjusted to reflect the issuance of the notes offered by this prospectus supplement and the application of the net proceeds thereof. See "Use of Proceeds." This table is qualified in its entirety by, and should be considered in conjunction with, the more detailed information incorporated by reference or provided in this prospectus supplement or in the accompanying prospectus.

	As of March 31, 2015	
(in millions)	Actual	As Adjusted
Short-term borrowings	$ 309	$ 309
Long-term debt:		
Long-term debt, including long-term debt to financing trusts [(a)]	22,427	22,427
2017 notes offered hereby	—	550
2020 notes offered hereby	—	900
2025 notes offered hereby	—	1,250
2035 notes offered hereby	—	500
2045 notes offered hereby	—	1,000
Shareholders' equity	24,638	24,638
Total capitalization and short-term borrowings	$47,374	$ 51,574

(a) Includes approximately $1.26 billion of long-term debt due within one year.

DESCRIPTION OF THE NOTES

The following description of the notes is only a summary and is not intended to be comprehensive. In the event that information in this prospectus supplement is inconsistent with information in the accompanying prospectus, you should rely on this prospectus supplement.

General

We will issue $550,000,000 of the 1.550% notes due 2017, $900,000,000 of the 2.850% notes due 2020, $1,250,000,000 of the 3.950% notes due 2025, $500,000,000 of the 4.950% notes due 2035 and $1,000,000,000 of the 5.100% notes due 2045 under an indenture, which is a contract between us and the trustee, The Bank of New York Mellon Trust Company, N.A. (the "Trustee"), to be dated as of June 11, 2015, as supplemented and as it may be further supplemented from time to time, which is referred to herein as the "Indenture." Subject to the limitations described in this prospectus supplement and the accompanying prospectus, we may issue additional notes under the Indenture with the same priority as the notes offered hereby, including notes having the same series designation and terms (except for the public offering prices and the issue date) as the notes offered hereby, without the approval of the holders of outstanding notes under the Indenture, including the holders of any series the outstanding notes offered hereby.

The terms of the notes will not necessarily afford you protection in the event of particular transactions or upon the occurrence of particular events that may adversely affect you, including a reorganization, recapitalization, restructuring, merger or other similar transactions involving us or our subsidiaries, whether or not in connection with a change of control. As a result, we could enter into such transactions even though the transaction could adversely affect our capital structure or credit ratings or otherwise adversely affect the holders of the notes. The notes will not contain any provisions that will require us to redeem, or permit the holders of the notes to cause a redemption or purchase of, the notes upon the occurrence of any particular event, other than as described below under "—Special Mandatory Redemption." However, we may redeem some or all of the notes at any time or from time to time prior to maturity, at our option, as described in this prospectus supplement under "—Optional Redemption" below.

Interest Rate and Maturity

The 2017 notes will pay interest at the fixed rate of 1.550% per annum, the 2020 notes will pay interest at the fixed rate of 2.850% per annum, the 2025 notes will pay interest at the fixed rate of 3.950% per annum, the 2035 notes will pay interest at the fixed rate of 4.950% per annum and the 2045 notes will pay interest at the fixed rate of 5.100% per annum. Interest on the 2017 notes will be payable semi-annually on June 9 and December 9 of each year, beginning on December 9, 2015. Interest on the 2020 notes, the 2025 notes, the 2035 notes and the 2045 notes will be payable semi-annually on June 15 and December 15 of each year, beginning on December 15, 2015. The 2017 notes will mature on June 9, 2017, the 2020 notes will mature on June 15, 2020, the 2025 notes will mature on June 15, 2025, the 2035 notes will mature on June 15, 2035 and the 2045 notes will mature on June 15, 2045.

Interest on the notes will accrue from and include the date that the notes are issued to and excluding the date of maturity or redemption. Interest will be computed on the basis of a 360-day year of twelve 30-day months. On each interest payment date, we will pay interest on each note to the person in whose name the note is registered at the close of business on the record date for such interest. The record date for each interest payment date in respect of the notes will be the close of business on the Business Day immediately preceding the applicable interest payment date. If any interest payment date falls on a day that is not a Business Day, payment will be made on the next Business Day and no additional interest or other payment will be paid in respect of such delay. "Business Day" means any day that is not a Saturday, a Sunday or a day on which commercial banking institutions in New York City are generally authorized or required by law or executive order to be closed.

Ranking

The notes will be our direct unsecured general obligations and will rank equally with all of our existing and future unsecured and unsubordinated debt, will be senior in right of payment to all of our existing and future subordinated debt and will be junior to any of our future secured debt to the extent of the value of the collateral securing such secured debt. Because we are a holding company with no material assets other than our ownership interests in our subsidiaries and all of our operations are conducted by our subsidiaries, our debt is effectively subordinated to all existing and future debt, trade creditors, and other liabilities of our subsidiaries. Our rights, and hence the rights of our creditors, to participate in any distribution of assets of any subsidiary upon its liquidation or reorganization or otherwise would be subject to the prior claims of that subsidiary's creditors, except to the extent that our claims as a creditor of such subsidiary may be recognized. As of March 31, 2015, our subsidiaries had outstanding approximately $19.7 billion of long-term debt, including long-term debt to financing trusts and the portion of long-term debt due within one year. The Indenture does not restrict our or our subsidiaries' ability to incur additional indebtedness. In addition, the notes will not be obligations of or guaranteed by any of our subsidiaries. The Indenture does not limit our ability to issue secured debt senior to the notes or the amount of debt we or our subsidiaries may issue, whether secured or unsecured.

Please see "Capitalization and Short-Term Borrowings" in this prospectus supplement for information with respect to the long-term debt and short-term borrowings of us and our subsidiaries as of March 31, 2015.

Form and Denomination

The notes will be issued in registered form in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof.

The notes will initially be issued in "book-entry only form," represented by a permanent global debt security registered in the name of DTC, including Clearstream and/or Euroclear, or its nominee. However, we reserve the right to issue notes in certificated form registered in the name of the noteholders. For so long as the notes are registered in the name of DTC or its nominee, we will pay the principal, premium, if any, and interest due on the notes to DTC for payment to its participants for subsequent disbursement to the beneficial owners. For further information on DTC and its practices, see "Book-Entry System" below.

Special Mandatory Redemption

Upon the first to occur of either (i) December 31, 2015, if the Merger is not consummated on or prior to such date, or (ii) the date on which the agreement relating to the Merger is terminated, we will be required to redeem the 2025 notes, the 2035 notes and the 2045 notes, in whole, at a redemption price equal to 101% of the aggregate principal amount of such series of notes, plus accrued and unpaid interest from and including the date of initial issuance, or the most recent date to which interest has been paid, whichever is later, to but not including the date of the Special Mandatory Redemption.

Within five Business Days after the occurrence of the Special Mandatory Redemption Trigger, we will give notice of the Special Mandatory Redemption to each holder of 2025 notes, the 2035 notes and the 2045 notes and to the Trustee, stating, among other matters prescribed in the Indenture, that a Special Mandatory Redemption Trigger has occurred and that all of such series of notes will be redeemed on the redemption date set forth in such notice (which will be no earlier than three Business Days and no later than 30 days from the date such notice is given).

Upon the occurrence of the closing of the Merger, the foregoing provisions regarding the Special Mandatory Redemption will cease to apply. The merger agreement may be terminated by either Exelon or PHI if the closing of the Merger has not occurred on or before July 29, 2015, except that, under certain circumstances the date may be extended by Exelon or PHI to October 29, 2015, subject to amendment by the parties thereto.

Certain provisions of the Indenture relating to our obligation to redeem notes in a Special Mandatory Redemption may not be waived or modified without the written consent of each holder of the notes.

Optional Redemption

General

The Indenture will allow us to redeem the 2025 notes, the 2035 notes and the 2045 notes, at our option, in whole, at any time prior to December 31, 2015, at a redemption price equal to 101% of the aggregate principal amount of such series of notes, plus accrued and unpaid interest from and including the date of initial issuance, or the most recent date to which interest has been paid, whichever is later, to but not including the date of redemption, if, in our judgment, our acquisition of PHI will not be consummated on or prior to December 31, 2015. We refer to such a redemption as a "Special Optional Redemption." If we exercise our Special Optional Redemption right, we will provide notice to each holder of the 2025 notes, the 2035 notes and the 2045 notes and to the Trustee, stating, among other matters prescribed in the Indenture, the exercise of our Special Optional Redemption right and that all of such series of notes will be redeemed on the redemption date set forth in such notice (which will be no earlier than three Business Days and no later than 30 days from the date such notice is given). Upon the occurrence of the closing of the Merger, the foregoing provisions regarding the Special Optional Redemption will cease to apply.

At our option, any or all of the notes may be redeemed, in whole or in part, at any time prior to maturity.

If we elect to redeem the 2017 notes at any time, the 2020 notes at any time prior to May 15, 2020 (one month prior to the maturity date of the 2020 notes), the 2025 notes at any time prior to March 15, 2025 (three months prior to the maturity date of the 2025 notes), the 2035 notes at any time prior to December 15, 2034 (six months prior to the maturity date of the 2035 notes) or the 2045 notes at any time prior to December 15, 2044 (six months prior to the maturity date of the 2045 notes), we may redeem some or all of the 2017 notes, the 2020 notes, the 2025 notes, the 2035 notes and the 2045 notes, respectively, in each case upon at least 15 days' and not more than 60 days' notice at a redemption price equal to the greater of:

- 100% of the principal amount of the notes then outstanding to be redeemed; and
- the sum of the present values of the remaining scheduled payments of principal and interest on the notes being redeemed (exclusive of interest accrued to the redemption date) to maturity in the case of the 2017 notes or, in the case of the 2020 notes, the 2025 notes, the 2035 notes, and the 2045 notes, to May 15, 2020, March 15, 2025, December 15, 2034 or December 15, 2044, as applicable, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 15 basis points in the case of the 2017 notes, plus 20 basis points in the case of the 2020 notes, plus 25 basis points in the case of the 2025 notes, plus 30 basis points in the case of the 2035 notes and plus 30 basis points in the case of the 2045 notes, plus, in each case, accrued and unpaid interest on the principal amount being redeemed to but excluding the date of redemption.

If we elect to redeem the 2020 notes at any time on or after May 15, 2020 (one month prior to the maturity date of the 2020 notes), the 2025 notes at any time on or after March 15, 2025 (three months prior to the maturity date of the 2025 notes), the 2035 notes at any time on or after December 15, 2034 (six months prior to the maturity date of the 2035 notes) or the 2045 notes at any time on or after December 15, 2044 (six months prior to the maturity date of the 2045 notes), we may redeem some or all of the 2020 notes, the 2025 notes, the 2035 notes and the 2045 notes, respectively, in each case upon at least 15 days' and not more than 60 days' notice at a redemption price equal to 100% of the principal amount of the notes then outstanding to be redeemed plus accrued and unpaid interest on the principal amount being redeemed to but excluding the redemption date.

Any optional redemption, other than the Special Optional Redemption, may be conditioned upon the consummation of one or more other transactions, including any debt or equity issuance by us or any of our parent companies or subsidiaries. The Trustee shall not have responsibility for calculating any redemption price.

Certain Definitions

"Comparable Treasury Issue" means the United States Treasury security or securities selected by an Independent Investment Banker (as defined below) as having an actual or interpolated maturity comparable to the remaining term of the notes being redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a comparable maturity to the remaining term of the notes.

"Comparable Treasury Price" means, with respect to any redemption date, the average of the Reference Treasury Dealer Quotations (as defined below) for such redemption date.

"Independent Investment Banker" means one of the Reference Treasury Dealers (as defined below) appointed by us.

"Reference Treasury Dealer" means (1) any of Barclays Capital, Inc. or Goldman, Sachs & Co. or their respective affiliates and (2) one other primary U.S. Government securities dealer in the United States of America (each, a "Primary Treasury Dealer") selected by us; provided, however, that if any of the foregoing shall cease to be a Primary Treasury Dealer, or is unwilling or unable to serve in such role, we shall substitute therefor another Primary Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by us, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to us at 3:30 p.m. New York City time on the third Business Day preceding such redemption date.

"Treasury Rate" means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to actual or interpolated maturity (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

Events of Default

An "Event of Default" with respect to a series of debt securities issued under the Indenture means any of the following:

- we fail to pay the principal of (or premium, if any, on) any debt security of that series when due and payable;
- we fail to pay any interest on any debt security of that series for 30 days after such is due;
- we fail to observe or perform any other covenants or agreements set forth in the debt securities of that series, or in the Indenture in regard to such debt securities, continuously for 90 days after notice (which must be sent either by the Trustee or holders of at least 33% of the principal amount of the affected series);
- our failure to pay principal at maturity or acceleration following a default in an aggregate amount of $100 million or more with respect to any Indebtedness (as defined below) of Exelon Corporation (not including Indebtedness of our subsidiaries), or the acceleration of any of our Indebtedness aggregating $100 million or more which default is not cured, waived or postponed pursuant to an agreement with the holders of the Indebtedness within 30 days after written notice as provided in the Indenture, or the acceleration is not rescinded or annulled within 30 days after written notice as provided in the Indenture; or
- we file for bankruptcy or certain other events of bankruptcy, insolvency or reorganization occur.

As used in the immediately preceding paragraph, "Indebtedness" means all obligations for borrowed money.

An Event of Default for a particular series of debt securities does not necessarily mean that an Event of Default has occurred for any other series of debt securities issued under the Indenture. If an Event of Default has occurred and has not been cured, the Trustee or the holders of not less than 33% of the principal amount of the debt securities of the affected series may declare the entire principal of the debt securities of such series due and payable immediately. Subject to certain conditions, if we deposit with the Trustee enough money to remedy the default and there is no default continuing, this acceleration of payment may be rescinded by the holders of at least a majority in aggregate principal amount of the debt securities of such series.

The Trustee must, within 90 days after a default occurs, notify the holders of the debt securities of the series of the default if we have not remedied it (default is defined to include the events specified above without the grace periods or notice). The Trustee may withhold notice to the holders of such debt securities of any default (except in the payment of principal or interest) if it in good faith considers such withholding in the interest of the holders. We are required to file an annual certificate with the Trustee, signed by an officer, stating any default by us under any provisions of the Indenture.

Prior to any declaration of acceleration of maturity, the holders holding a majority of the principal amount of the debt securities of the particular series affected, on behalf of the holders of all debt securities of that series, may waive any past default or Event of Default. We cannot, however, obtain a waiver of a payment default.

Other than the duty to act with the required standard of care during an event of default, the Trustee is not required to take any action under the Indenture at the request of any holders unless such holders offer the Trustee reasonable indemnity. Subject to the provisions for indemnification and certain other limitations, the holders of a majority in principal amount of the debt securities of any series may direct the time, method and place of conducting any proceedings for any remedy available to the Trustee with respect to such debt securities.

In order to bypass the Trustee and take steps to enforce your rights or protect your interests relating to the debt securities, the following must occur:

- you must give the Trustee written notice that an Event of Default has occurred and remains uncured;
- the holders of 33% of the principal amount of all outstanding debt securities of the relevant series must make a written request that the Trustee take action because of the default, and must offer reasonable indemnity to the Trustee against the cost and other liabilities of taking that action; and
- the Trustee must have not taken action for 60 days after receipt of the above notice and offer of indemnity.

However, you are entitled at any time to bring a lawsuit for the payment of money due on your debt security on or after its due date.

“Street name” and other indirect holders should consult their banks or brokers for information on how to give notice or direction to, or make a request of, the Trustee and to make or cancel a declaration of acceleration.

Supplemental Indentures

There are three types of changes we can make to the Indenture and the debt securities issued thereunder, including the notes.

Changes Requiring Each Holder’s Approval

The following changes require the approval of each holder of debt securities of the series affected then outstanding:

- extending the fixed maturity of any debt security;

- reducing the interest rate or extending the time of payment of interest;
- reducing any premium payable upon redemption;
- reducing the principal amount;
- reducing the amount of principal payable upon acceleration of the maturity of a discounted debt security following default;
- changing the currency of payment on a debt security;
- reducing the percentage of securityholders whose consent is required to modify or amend the Indenture; or
- changing provisions relating to the Special Mandatory Redemption.

Changes Not Requiring Holder Approval

Changes not requiring holder approval are limited to those changes specified in the Indenture, including those which are of an administrative nature or are changes that would not adversely affect holders of the debt securities.

Changes Requiring a Majority of all Holders to Approve

A vote in favor by securityholders owning a majority of the principal amount of the debt securities of a particular series of affected debt securities is required for any other matter listed in the Indenture.

Consolidation, Merger or Sale

We may not merge or consolidate with any person (as defined in the Indenture) or sell substantially all of our assets as an entirety unless:

- we are the continuing corporation or the successor person is organized under the laws of the United States or a state or is organized under the laws of a foreign jurisdiction and consents to the jurisdiction of the courts of the United States or a state and expressly assumes the payment of principal, and premium, if any, and interest on the debt securities and the performance and observance of all the covenants and conditions of the Indenture binding on us; and
- we, or the successor person, is not immediately after the merger, consolidation or sale in default in the performance of a covenant or condition in the Indenture binding on us.

Discharge, Defeasance and Covenant Defeasance

We may discharge certain obligations to holders of the notes of a series that have not already been delivered to the Trustee for cancellation and that either have become due and payable or will become due and payable within one year (or scheduled for redemption within one year) by irrevocably depositing with the Trustee, in trust, funds in U.S. dollars in an amount sufficient to pay the entire indebtedness including, but not limited to, the principal and premium, if any, and interest to the date of such deposit (if the debt securities have become due and payable) or to the maturity thereof or the redemption date of the debt securities of that series, as the case may be. We may direct the Trustee to invest such funds in U.S. Treasury securities with a maturity of one year or less or in a money market fund that invests solely in short-term U.S. Treasury securities.

The Indenture provides that we may elect either (1) to defease and be discharged from any and all obligations with respect to the notes of a series (except for, among other things, obligations to maintain an office or agency with respect to the debt securities and to hold moneys for payment in trust) (“legal defeasance”) or (2) to be released from our obligations to comply with the restrictive covenants under the Indenture, and any

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omission to comply with such obligations will not constitute a default or an event of default with respect to the notes of a series and such related clause under "—Events of Default" will no longer be applied ("covenant defeasance"). Legal defeasance or covenant defeasance, as the case may be, will be conditioned upon, among other things, the irrevocable deposit by us with the Trustee, in trust, of an amount in U.S. dollars, or U.S. government obligations, or both, applicable to the debt securities of that series which through the scheduled payment of principal and interest in accordance with their terms will provide money in an amount sufficient to pay the principal or premium, if any, and interest on the notes on the scheduled due dates therefor.

If we effect covenant defeasance with respect to the notes of any series, the amount in U.S. dollars, or U.S. government obligations, or both, on deposit with the Trustee will be sufficient, in the opinion of a nationally recognized firm of independent accountants, to pay amounts due on the notes of that series at the time of the stated maturity but may not be sufficient to pay amounts due on the notes of that series at the time of the acceleration resulting from such event of default. However, we would remain liable to make payment of such amounts due at the time of acceleration.

We will be required to deliver to the Trustee an opinion of counsel that the deposit and related defeasance will not cause the holders and beneficial owners of the notes of that series to recognize income, gain or loss for federal income tax purposes. If we elect legal defeasance, that opinion of counsel must be based upon a ruling from the U.S. Internal Revenue Service or a change in law to that effect.

We may exercise our legal defeasance option notwithstanding our prior exercise of our covenant defeasance option.

Open Market Purchases

We may acquire the notes by means other than a redemption, whether by tender offer, open market purchases, negotiated transactions or otherwise, in accordance with applicable securities laws, so long as such acquisition does not otherwise violate the terms of the Indenture.

Governing Law

The Indenture and the notes will be governed by the laws of the State of New York.

Concerning the Trustee

We and our affiliates use or may use some of the banking services of the Trustee in the normal course of business.

Book-Entry System

We will issue the notes in the form of one or more global notes in fully registered form initially in the name of Cede & Co., as nominee of DTC, or such other name as may be requested by an authorized representative of DTC. The global notes will be deposited with DTC and may not be transferred except as a whole by DTC to a nominee of DTC or by a nominee of DTC to DTC or another nominee of DTC or by DTC or any nominee to a successor of DTC or a nominee of such successor.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds and provides asset servicing for U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments that DTC's participants (direct participants) deposit with DTC. DTC also facilitates the post-trade settlement among direct participants of sales and other securities transactions in deposited securities

through electronic computerized book-entry transfers and pledges between direct participants' accounts. This eliminates the need for physical movement of securities certificates. Direct participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (DTCC). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly (indirect participants). The rules applicable to DTC and its direct and indirect participants are on file with the SEC. More information about DTC can be found at www.dtcc.com. We do not intend this internet address to be an active link or to otherwise incorporate the content of the website into this prospectus supplement.

Clearstream advises that it is incorporated under the laws of Luxembourg as a bank. Clearstream holds securities for its customers and facilitates the clearance and settlement of securities transactions between its customers through electronic book-entry transfers between their accounts. Clearstream provides to its customers among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream interfaces with domestic securities markets in over 30 countries through established depository and custodial relationships. As a bank, Clearstream is subject to regulation by the Luxembourg Commission for the Supervision of the Financial Sector, also known as the *Commission de Surveillance du Secteur Financier* . Its customers are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Its customers in the United States are limited to securities brokers and dealers and banks. Indirect access to Clearstream is also available to other institutions such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with the customer.

Euroclear advises that it was created in 1968 to hold securities for its participants and to clear and settle transactions between Euroclear participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Euroclear provides various other services, including securities lending and borrowing and interfaces with domestic markets in several countries. Euroclear is operated by Euroclear Bank S.A./N.V. Euroclear Clearance establishes policy for Euroclear on behalf of Euroclear participants. Euroclear participants include banks, including central banks, securities brokers and dealers and other professional financial intermediaries and may include the Initial purchasers. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear participant, either directly or indirectly. Securities clearance accounts and cash accounts with the Euroclear operator are governed by the terms and conditions governing use of Euroclear and the related operating procedures of Euroclear. These terms and conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear operator acts under the terms and conditions only on behalf of Euroclear participants and has no record of or relationship with persons holding through Euroclear participants.

Euroclear further advises that investors that acquire, hold and transfer interests in the notes by book-entry through accounts with the Euroclear operator or any other securities intermediary are subject to the laws and contractual provisions governing their relationship with their intermediary, as well as the laws and contractual provisions governing the relationship between such an intermediary and each other intermediary, if any, standing between themselves and the global securities.

Purchases of notes under the DTC system must be made by or through direct participants, which will receive a credit for the notes in DTC's records. The ownership interest of each actual purchaser of notes is in turn to be recorded on the direct and indirect participants' records. Beneficial owners of the notes will not receive

written confirmation from DTC of their purchase, but beneficial owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the direct or indirect participant through which the beneficial owner entered into the transaction. Transfers of ownership interests in the notes are to be accomplished by entries made on the books of direct and indirect participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates representing their ownership interests in the notes, except in the event that use of the book-entry system for the notes is discontinued.

To facilitate subsequent transfers, all notes deposited by direct participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of notes with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the notes; DTC's records reflect only the identity of the direct participants to whose accounts such notes are credited, which may or may not be the beneficial owners. The direct and indirect participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants, and by direct participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. The laws of some jurisdictions may require that certain persons take physical delivery in definitive form of securities which they own. Consequently, those persons may be prohibited from purchasing beneficial interests in the global notes from any beneficial owner or otherwise.

Redemption notices shall be sent to DTC. If less than all of the notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each direct participant in such issue to be redeemed.

So long as DTC's nominee is the registered owner of the global notes, such nominee for all purposes will be considered the sole owner or holder of the notes for all purposes under the Indenture. Except as provided below, beneficial owners will not be entitled to have any of the notes registered in their names, will not receive or be entitled to receive physical delivery of the notes in definitive form and will not be considered the owners or holders thereof under the Indenture.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the notes. Under its usual procedures, DTC mails an omnibus proxy to the issuer as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those direct participants to whose accounts the notes are credited on the record date (identified in a listing attached to the omnibus proxy).

All payments on the global notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit direct participants' accounts upon DTC's receipt of funds and corresponding detail information from trustees or issuers on payment dates in accordance with their respective holdings shown on DTC's records. Payments by participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such participant and not of DTC, the Trustee or us, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) shall be the responsibility of the Trustee or us, disbursement of such payments to direct participants shall be the responsibility of DTC, and disbursement of such payments to the beneficial owners shall be the responsibility of direct and indirect participants.

DTC may discontinue providing its service as securities depositary with respect to the notes at any time by giving reasonable notice to us or the Trustee. In addition, we may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depositary). In the event that a successor securities

depositary is not obtained under the above circumstances, or, alternatively, if an event of default with respect to the notes has occurred and is outstanding, note certificates in fully registered form are required to be printed and delivered to beneficial owners of the global notes representing such notes.

Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC's rules and will be settled in immediately available funds using DTC's same-day funds settlement system. Secondary market trading between Clearstream customers and/or Euroclear participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream and Euroclear and will be settled using the procedures applicable to conventional Eurobonds in immediately available funds.

Cross market transfers between persons holding directly or indirectly through DTC on the one hand, and directly or indirectly through Clearstream customers or Euroclear participants, on the other, will be effected in DTC in accordance with DTC's rules on behalf of the relevant European international clearing system by its U.S. depositary; however, such cross market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in such system in accordance with its rules and procedures and within its established deadlines, in European time. The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to its U.S. depository to take action to effect final settlement on its behalf by delivering interests in the notes to or receiving interests in the notes from DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Clearstream customers and Euroclear participants may not deliver instructions directly to their respective U.S. depositaries.

Because of time-zone differences, credits of interests in the notes received by Clearstream or Euroclear as a result of a transaction with a DTC participant will be made during subsequent securities settlement processing and dated the Business Day following the DTC settlement date. Such credits or any transactions involving interests in such notes settled during such processing will be reported to the relevant Clearstream customers or Euroclear participants on such Business Day. Cash received by Clearstream or Euroclear as a result of sales of interests in the notes by or through a Clearstream customer or a Euroclear participant to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Clearstream or Euroclear cash account only as of the Business Day following settlement in DTC.

The information in this section has been obtained from sources that we believe to be reliable, but we take no responsibility for its accuracy.

Neither we, the Trustee nor the underwriters will have any responsibility or obligation to direct participants, or the persons for whom they act as nominees, with respect to the accuracy of the records of DTC, its nominee or any direct participant with respect to any ownership interest in the notes, or payments to, or the providing of notice to direct participants or beneficial owners.

MATERIAL UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of the material United States federal income tax considerations relating to the purchase, ownership and disposition of the notes, but does not purport to be a complete analysis of all potential tax considerations. This summary is based on the United States Internal Revenue Code of 1986, as amended (the "Code"), the Treasury regulations promulgated thereunder, judicial authority, published administrative positions of the United States Internal Revenue Service ("IRS") and other applicable authorities, all as in effect on the date of this document, and all of which are subject to change, possibly on a retroactive basis. We have not sought any ruling from the IRS with respect to the statements made and the conclusions reached in the following summary and there can be no assurance that the IRS will agree with our statements and conclusions or that a court would not sustain any challenge by the IRS in the event of litigation.

This summary deals only with beneficial owners of notes that acquire the notes for cash in this offering at their issue price (generally, the first price at which a substantial amount of the notes are sold for money to investors (excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers)) and that will hold the notes as "capital assets" within the meaning of section 1221 of the Code (generally, property held for investment). This summary does not purport to deal with all aspects of United States federal income taxation that might be relevant to particular beneficial owners in light of their personal investment circumstances or status, nor does it address tax considerations applicable to beneficial owners that may be subject to special tax rules, such as banks and financial institutions, individual retirement and other tax-deferred accounts, tax-exempt entities, governments or government instrumentalities, S corporations, partnerships or other pass-through entities for United States federal income tax purposes or investors in such entities, insurance companies, regulated investment companies, real estate investment trusts, broker-dealers, dealers or traders in securities or currencies, certain former citizens or residents of the United States subject to section 877 of the Code, controlled foreign corporations, non-United States trusts or estates with United States beneficiaries, passive foreign investment companies, corporations that accumulate earnings to avoid United States federal income tax and taxpayers subject to the alternative minimum tax. This summary also does not discuss notes held as part of a hedge, straddle, synthetic security, constructive sale transaction or conversion transaction, situations in which the "functional currency" of a United States Holder (as defined below) is not the United States dollar or situations where a United States Holder (as defined below) holds a note through a bank, financial institution or other entity or a branch thereof, that is located, organized or resident outside the United States. Moreover, the effect of any United States federal non-income taxes (such as estate or gift taxes) and any state, local or non-United States tax laws or tax treaties are not discussed.

In the case of a beneficial owner of notes that is classified as a partnership for United States federal income tax purposes, the tax treatment of the notes to a partner in the partnership generally will depend upon the tax status of the partner and the activities of the partner and the partnership. If you are a partner of a partnership holding notes, then you should consult your own tax advisors about the United States federal income tax consequences to you of the purchase, ownership and disposition of the notes by the partnership.

The following discussion is for informational purposes only and is not a substitute for careful tax planning and advice. Investors considering the purchase of notes should consult their own tax advisors with respect to the application of the United States federal income tax laws to their particular situations, as well as any tax consequences arising under any other federal tax laws or the laws of any state, local or non-United States taxing jurisdiction or under any applicable tax treaty, and the possible effects of changes in United States federal tax laws, or in any applicable tax treaty.

Effect of Certain Contingencies

In certain circumstances, we may be required to pay amounts in excess of stated interest and principal on the notes. Our obligation to pay such excess amounts may implicate the provisions of the Treasury regulations relating to "contingent payment debt instruments," in which case the timing and amount of income inclusions

and the character of income recognized may be different from the consequences discussed herein. However, under these Treasury regulations, one or more contingencies will not cause a series of the notes to be treated as contingent payment debt instruments if, as of the issue date of such series of notes, such contingencies, in the aggregate, are considered remote or incidental. Although the issue is not free from doubt, we intend to take the position that the possibility of payment of such excess amounts should be treated as remote and/or incidental and do not result in the notes being treated as contingent payment debt instruments under applicable Treasury regulations.

Our position that these contingencies are remote or incidental is binding on a holder, unless such holder explicitly discloses to the IRS on its tax return for the taxable year during which it acquires the notes that it is taking a different position. However, this determination is inherently factual and we can give you no assurance that our position would be sustained if challenged by the IRS. A successful challenge of this position by the IRS may require a holder to accrue ordinary interest income on the notes at a rate in excess of the stated interest rate, and to treat any gain realized on the sale, exchange, redemption, retirement or other taxable disposition of the notes as ordinary income rather than capital gain. Holders of notes should consult their own tax advisors regarding the tax consequences of the notes being treated as contingent payment debt instruments. The remainder of this discussion assumes that the notes will not be treated as contingent payment debt instruments for United States federal income tax purposes.

United States Holders

The following is a summary of certain United States federal income tax considerations for a United States Holder. For purposes of this summary, the term “United States Holder” means a beneficial owner of a note that is, for United States federal income tax purposes:

- an individual who is a citizen or a resident of the United States;
- a corporation, or any other entity treated as a corporation for United States federal income tax purposes, created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is subject to United States federal income taxation regardless of its source; or
- a trust, if (1) a court within the United States is able to exercise primary jurisdiction over its administration and one or more “United States persons” (within the meaning of the Code) have the authority to control all of its substantial decisions, or (2) the trust has a valid election in place under applicable Treasury regulations to be treated as a domestic trust for United States federal income tax purposes.

Taxation of stated interest on a note

Stated interest on a note generally will be included in the gross income of a United States Holder as ordinary income at the time such interest is accrued or received, in accordance with the United States Holder’s method of tax accounting for United States federal income tax purposes.

Sale, exchange, redemption, retirement or other taxable disposition of a note

Upon the sale, exchange, redemption, retirement or other taxable disposition of a note, a United States Holder generally will recognize gain or loss equal to the difference, if any, between (1) the amount realized on the disposition, except any portion of such amount that is attributable to accrued but unpaid interest, which will be taxed as ordinary interest income to the extent not previously so taxed, and (2) the United States Holder’s adjusted tax basis in the note. A United States Holder’s adjusted tax basis in a note generally will equal the cost of the note to such United States Holder, reduced by any principal payments on the note received by such United

States Holder. Any such gain or loss generally will be long- term capital gain or loss if, at the time of such disposition, the United States Holder has held the note for more than one year. Individuals and other non-corporate taxpayers are, under certain circumstances, subject to United States federal income tax on long-term capital gains at a reduced tax rate. The deductibility of capital losses is subject to limitations. Each United States Holder should consult its own tax advisors as to the deductibility of capital losses in its particular circumstances.

Information reporting and backup withholding

In general, we must report certain information to the IRS with respect to payments of stated interest and payments of the proceeds of the sale or other taxable disposition (including a retirement or redemption) of a note to certain United States Holders, except in the case of an exempt recipient (such as a corporation). The payor (which may be us or an intermediate payor) will be required to impose backup withholding tax, currently at a rate of 28 percent, with respect to the foregoing amounts if (1) the payee fails to furnish a taxpayer identification number ("TIN") to the payor or to establish an exemption from backup withholding, (2) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (3) there has been a notified payee underreporting described in section 3406(c) of the Code or (4) the payee has not certified under penalties of perjury that it has furnished a correct TIN, that it is a United States person and that the IRS has not notified the payee that it is subject to backup withholding under the Code. Backup withholding tax is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a United States Holder will be allowed as a credit against the holder's United States federal income tax liability, if any, and may entitle the United States Holder to a refund, provided that the required information is timely furnished to the IRS. United States Holders should consult their own tax advisors regarding the effect, if any, of the backup withholding rules on their particular circumstances.

Medicare contribution tax

An additional 3.8% tax will be imposed on certain United States Holders who are individuals, estates or trusts (other than certain exempt trusts or estates) on the lesser of (1) the United States Holder's "net investment income" (or undistributed net investment income in the case of an estate or trust) for the relevant taxable year and (2) the excess of the United States Holder's modified adjusted gross income (or adjusted gross income in the case of an estate or trust) for the taxable year over a certain threshold. A United States Holder's net investment income will generally include its interest income and its net gains from the disposition of notes, unless such interest income or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). If you are a United States Holder that is an individual, estate or trust, you should consult your tax advisor regarding the applicability of the Medicare contribution tax to your income and gains in respect of your investment in the notes.

Non-United States Holders

The following is a summary of certain United States federal income tax considerations for a non-United States Holder. For purposes of this summary, the term "non-United States Holder" means a beneficial owner of a note that is, for United States federal income tax purposes:

- a nonresident alien individual;
- a foreign corporation; or
- a foreign estate or trust.

The following discussion assumes that no item of income, gain, deduction or loss derived by any non-United States Holder in respect of the notes at any time is effectively connected with the conduct of a United States trade or business. Non-United States Holders with any item of income, gain, deduction or loss in respect of the notes that is effectively connected with the conduct of a United States trade or business should consult their own tax advisors regarding the possible United States federal income and branch profits tax consequences of the purchase, ownership and disposition of the notes.

Payment of interest

Subject to the discussions on backup withholding and FATCA, interest paid on a note by us or any paying agent to a non-United States Holder will be exempt from United States income and withholding tax under the "portfolio interest exemption" provided that (1) the non-United States Holder does not, actually or constructively, own 10 percent or more of the total combined voting power of all classes of our stock entitled to vote, (2) the non-United States Holder is not a controlled foreign corporation related to us, actually or constructively, through stock ownership, (3) the non-United States Holder is not a bank that acquired the notes in consideration for an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business and (4) either (a) the non-United States Holder provides to us or our paying agent an applicable properly completed IRS Form W-8BEN or W-8BEN-E (or applicable successor form) and any applicable attachments, signed under penalties of perjury, that includes its name and address and that certifies that it is not a United States person or in the case of an individual, that the person is neither a citizen or a resident (for United States federal income tax purposes) of the United States, in compliance with applicable law and regulations, or (b) a securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business on behalf of the non-United States Holder provides a statement to us or our agent under penalties of perjury in which it certifies that a properly completed applicable IRS Form W-8BEN or W-8BEN-E (or applicable successor form) has been received by it from the non-United States Holder or (c) the non-United States Holder holds its notes through a "qualified intermediary" and the qualified intermediary furnishes a copy to us or our agent of a properly executed IRS Form W-8IMY (or applicable successor form) and any applicable attachments on behalf of itself (which may, in some circumstances, include a withholding statement and applicable underlying IRS forms sufficient to establish that the non-United States Holder is not a United States Holder). This certification requirement may be satisfied with other documentary evidence in the case of a note held as an offshore obligation or through certain foreign intermediaries, if certain requirements are met. If a non-United States Holder cannot satisfy the requirements of the portfolio interest exemption described above, payments of interest made to such non-United States Holder generally will be subject to United States withholding tax at the rate of 30 percent, unless the non-United States Holder provides us or our agent with a properly executed IRS Form W-8BEN or W-8BEN-E or applicable successor form) establishing an exemption from, or reduction of the withholding tax under the benefit of an applicable tax treaty.

Sale, exchange, redemption, retirement or other disposition of a note

Subject to the discussions on backup withholding tax and FATCA below, a non-United States Holder generally will not be subject to United States federal income tax or withholding tax on any gain realized on a sale, exchange, redemption, retirement or other taxable disposition of a note (other than any amount representing accrued but unpaid interest on the note, which is subject to the rules discussed above under "—Payment of interest"). However, if a non-United States Holder is an individual who is present in the United States for 183 days or more in the taxable year of the disposition, and certain other requirements are met, such non-United States Holder generally will be subject to United States federal income tax at a flat rate of 30 percent (unless a lower applicable treaty rate applies) on any such non-United States Holder's United States-source gain, which may be offset by certain United States-source losses.

Information reporting and backup withholding

The amount of interest on a note paid to a non-United States Holder and the amount of tax, if any, withheld from such payment generally must be reported annually to the non-United States Holder and to the IRS. The IRS may make this information available under the provisions of an applicable income tax treaty to the tax authorities in the country in which the non-United States Holder is resident.

Provided that a non-United States Holder has complied with certain reporting procedures (usually satisfied by providing an applicable properly completed IRS Form W-8BEN or IRS Form W-8BEN-E) or otherwise establishes an exemption, the non-United States Holder generally will not be subject to backup withholding tax with respect to interest payments on, and the proceeds from a disposition of, a note, unless we or our paying

agent know or have reason to know that the holder is a United States person. Rules relating to information reporting requirements and backup withholding with respect to the payment of proceeds from the taxable disposition (including a redemption or retirement) of a note are as follows:

- If the proceeds are paid to or through the United States office of a broker, a non-United States Holder generally will be subject to backup withholding and information reporting unless the non-United States Holder certifies under penalties of perjury that it is not a United States person (usually on an IRS Form W-8BEN or W-8BEN-E) or otherwise establishes an exemption.
- If the proceeds are paid to or through a non-United States office of a broker that is not a United States person and does not have certain specified United States connections (a "United States Related Person"), a non-United States Holder will not be subject to backup withholding or information reporting.
- If the proceeds are paid to or through a non-United States office of a broker that is a United States person or a United States Related Person, a non-United States Holder generally will be subject to information reporting (but generally not backup withholding) unless the non-United States Holder certifies under penalties of perjury that it is not a United States person (usually on an IRS Form W-8BEN) or otherwise establishes an exemption.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will be allowed as a credit against the non-United States Holder's United States federal income tax liability, if any, and may entitle the non-United States Holder to a refund, provided that the required information is timely furnished to the IRS. Non-United States Holders should consult their own tax advisors regarding the application of the backup withholding rules in their particular circumstances and the availability of, and procedure for, obtaining an exemption from backup withholding under current Treasury regulations.

"FATCA" legislation

The Hiring Incentives to Restore Employment Act and the final Treasury regulations and official IRS guidance associated with such provisions (such provisions, regulations and guidance commonly known as FATCA) generally imposes a United States federal withholding tax of 30 percent on interest income paid on a debt obligation and on the gross proceeds of a sale or other disposition (including a retirement or redemption) of a debt obligation paid to (1) a foreign financial institution (as the beneficial owner or as an intermediary for the beneficial owner), unless such institution (a) enters into, and is in compliance with, a withholding and information reporting agreement with the United States government to collect and provide to the United States tax authorities substantial information regarding United States account holders of such institution (which would include certain equity and debt holders of such institution, as well as certain account holders that are foreign entities with United States owners) or (b) is a resident in a country that has entered into an intergovernmental agreement with the United States in relation to such withholding and information reporting and the financial institution complies with the related information reporting requirements of such country or (2) a foreign entity that is not a financial institution (as the beneficial owner or as an intermediary for the beneficial owner), unless such entity provides the withholding agent with a certification identifying the substantial United States owners of the entity, which generally includes any United States person who directly or indirectly owns more than 10 percent of the entity or certifies that it does not have any substantial United States owners.

Withholding under FATCA generally will apply to payments of interest on a note regardless of when they are made. However, under the applicable Treasury Regulations, withholding under FATCA generally will only apply to payments of gross proceeds from the sale or other disposition of a note on or after January 1, 2017. An intergovernmental agreement between the United States and the applicable non-United States country, or future Treasury regulations or other official IRS guidance, may modify these requirements. Investors should consult with their own tax advisors regarding the implications of this legislation on their investment in our notes.

UNDERWRITING

Barclays Capital, Inc. and Goldman, Sachs & Co. are acting as representatives of the underwriters set forth below. Subject to the terms and conditions contained in an underwriting agreement between us and the underwriters, we have agreed to sell to the underwriters and the underwriters have severally agreed to purchase from us, the principal amount of the notes listed opposite their names below:

Underwriter	Principal Amount of 2017 Notes	Principal Amount of 2020 Notes	Principal Amount of 2025 Notes	Principal Amount of 2035 Notes	Principal Amount of 2045 Notes
Barclays Capital Inc.	$110,000,000	$180,000,000	$250,000,000	$100,000,000	$200,000,000
Goldman, Sachs & Co.	110,000,000	180,000,000	250,000,000	100,000,000	200,000,000
Mizuho Securities USA Inc.	50,050,000	81,900,000	113,750,000	45,500,000	91,000,000
BNP Paribas Securities Corp.	34,650,000	56,700,000	78,750,000	31,500,000	63,000,000
Mitsubishi UFJ Securities (USA), Inc.	34,650,000	56,700,000	78,750,000	31,500,000	63,000,000
Scotia Capital (USA) Inc.	34,650,000	56,700,000	78,750,000	31,500,000	63,000,000
Citigroup Global Markets Inc.	16,005,000	26,190,000	36,375,000	14,550,000	29,100,000
Credit Suisse Securities (USA) LLC	16,005,000	26,190,000	36,375,000	14,550,000	29,100,000
J.P. Morgan Securities LLC	16,005,000	26,190,000	36,375,000	14,550,000	29,100,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated	16,005,000	26,190,000	36,375,000	14,550,000	29,100,000
Wells Fargo Securities, LLC	16,005,000	26,190,000	36,375,000	14,550,000	29,100,000
RBC Capital Markets, LLC	15,400,000	25,200,000	35,000,000	14,000,000	28,000,000
U.S. Bancorp Investments, Inc.	15,400,000	25,200,000	35,000,000	14,000,000	28,000,000
BNY Mellon Capital Markets, LLC	6,600,000	10,800,000	15,000,000	6,000,000	12,000,000
CIBC World Markets Corp.	6,600,000	10,800,000	15,000,000	6,000,000	12,000,000
Credit Agricole Securities (USA) Inc.	6,600,000	10,800,000	15,000,000	6,000,000	12,000,000
KeyBanc Capital Markets Inc.	6,600,000	10,800,000	15,000,000	6,000,000	12,000,000
PNC Capital Markets LLC	6,600,000	10,800,000	15,000,000	6,000,000	12,000,000
SMBC Nikko Securities America, Inc.	6,600,000	10,800,000	15,000,000	6,000,000	12,000,000
TD Securities (USA) LLC	6,600,000	10,800,000	15,000,000	6,000,000	12,000,000
The Williams Capital Group, L.P.	6,600,000	10,800,000	15,000,000	6,000,000	12,000,000
Apto Partners, LLC	2,063,000	3,375,000	4,687,000	1,875,000	3,750,000
Blaylock Beal Van, LLC	2,063,000	3,375,000	4,687,000	1,875,000	3,750,000
Loop Capital Markets LLC	2,063,000	3,375,000	4,687,000	1,875,000	3,750,000
Mischler Financial Group, Inc.	2,062,000	3,375,000	4,688,000	1,875,000	3,750,000
Siebert Brandford Shank & Co., L.L.C.	2,062,000	3,375,000	4,688,000	1,875,000	3,750,000
The Huntington Investment Company	2,062,000	3,375,000	4,688,000	1,875,000	3,750,000
Total	$550,000,000	$900,000,000	$1,250,000,000	$500,000,000	$1,000,000,000

The obligations of the several underwriters to purchase the notes are subject to certain conditions as set forth in the underwriting agreement. The underwriters are obligated to purchase all of the notes if they purchase any of the notes. The underwriting agreement also provides that if an underwriter defaults, the purchase commitments of the non-defaulting underwriter may be increased or the offering of notes may be terminated. The offering of the notes by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part.

The underwriters have advised us that they propose to initially offer the notes to the public at the relevant price to public appearing on the cover page of this prospectus supplement and may also offer the notes to certain securities dealers at the relevant price to public on the cover of this prospectus supplement less a concession of 0.180% of the principal amount of the 2017 notes, 0.360% of the principal amount of the 2020 notes, 0.390% of the principal amount of the 2025 notes, 0.525% of the principal amount of the 2035 notes and 0.525% of the principal amount of the 2045 notes. The underwriters may allow, and such dealers may re-allow, a discount to certain brokers and dealers not in excess of 0.100% of the principal amount of the 2017 notes, 0.200% of the

principal amount of the 2020 notes, 0.250% of the principal amount of the 2025 notes, 0.250% of the principal amount of the 2035 notes and 0.250% of the principal amount of the 2045 notes. After the initial public offering, the relevant price to public, concession and discount may be changed.

There is no established trading market for the notes, and the underwriters are not obligated to make a market in the notes. We do not intend to apply for listing of the notes on any securities exchange. The underwriters have advised us that they intend to make a market in the notes but are not obligated to do so and may discontinue such market-making activities at any time without notice. We cannot give any assurance as to the maintenance of the trading market for, or the liquidity of, the notes, the ability of the holders to sell their notes or the price at which holders will be able to sell their notes.

In connection with the offering, the underwriters may engage in transactions that stabilize the price of the notes. These transactions may include purchases for the purpose of fixing or maintaining the price of the notes.

The underwriters may create a short position in the notes in connection with the offering. That means they sell a larger principal amount of the notes than is shown on the cover page of this prospectus supplement. If they create a short position, the underwriters may purchase notes in the open market to reduce the short position.

If the underwriters purchase the notes to stabilize the price or to reduce their short position, the price of the notes could be higher than it might be if they had not made such purchases. The underwriters make no representation or prediction about any effect that purchases may have on the price of the notes and any of such transactions may be discontinued at any time.

The underwriters also may impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the underwriters or their affiliates have repurchased notes sold by or for the account of such underwriter in stabilizing or short covering transactions.

We have agreed to indemnify the several underwriters against certain civil liabilities, including liabilities under the Securities Act of 1933, or to contribute with respect to payments which the underwriters may be required to make in respect of any of those liabilities.

Our expenses associated with the offer and sale of the notes, excluding underwriting discounts, are estimated to be approximately $5.9 million.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities. From time to time, in the ordinary course of business, the underwriters and their respective affiliates have engaged and may in the future engage, in sales and trading, commercial banking, investment banking advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services and/or other transactions of a financial nature with us and our affiliates. Consequently, they have received, and in the future may continue to receive, customary fees and commissions for these services. The underwriters or their affiliates may provide credit to us or our affiliates as lenders from time to time, including under our existing revolving credit facility.

In addition, in the ordinary course of their business activities, the underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. Certain of the underwriters or their affiliates that have a lending relationship with us routinely hedge their credit exposure to us consistent with their customary risk management policies. Typically, such underwriters and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the notes offered

hereby. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), each underwriter has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) it has not made and will not make an offer of notes which are the subject of the offering contemplated by this prospectus supplement to the public in that Relevant Member State other than:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the issuer for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of notes shall require the issuer or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of notes to the public” in relation to any notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe the notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

United Kingdom

Each underwriter has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the notes in circumstances in which Section 21(1) of the FSMA does not apply to the issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the notes in, from or otherwise involving the United Kingdom.

Hong Kong

The notes may not be offered or sold by means of any document other than (1) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), or (2) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (3) in other circumstances which do not result in the document being a “prospectus” within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if

permitted to do so under the laws of Hong Kong) other than with respect to notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Japan

The notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the Financial Instruments and Exchange Law) and each underwriter has agreed that it will not offer or sell any securities, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the notes may not be circulated or distributed, nor may the notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (1) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (2) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (3) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the notes are subscribed or purchased under Section 275 by a relevant person which is: (1) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (2) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the notes under Section 275 except: (a) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (b) where no consideration is given for the transfer; or (c) by operation of law.

LEGAL MATTERS

Kirkland & Ellis LLP will render an opinion as to the validity of the notes for us. Certain legal matters will be passed on for the underwriters by Winston & Strawn LLP, Chicago, Illinois. Winston & Strawn LLP provides legal services to Exelon and its subsidiaries from time to time.

EXPERTS

The financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) incorporated in this prospectus supplement by reference to the Annual Report on Form 10-K for the year ended December 31, 2014 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

The SEC allows us to "incorporate by reference" the information filed by us with the SEC, which means that we can refer you to important information without restating it in this prospectus supplement and the accompanying prospectus. The information incorporated by reference is considered to be part of this prospectus supplement and the accompanying prospectus and should be read with the same care. This incorporation by reference does not include documents that are furnished, but not filed, with the SEC. We incorporate by reference our Annual Report on Form 10-K for the year ended December 31, 2014, our Definitive Proxy Statement on Schedule 14A filed with the SEC on March 19, 2015, our Quarterly Report on Form 10-Q for the three months ended March 31, 2015 filed with the SEC on April 29, 2015, our Current Reports on Form 8-K filed with the SEC on January 14, 2015, January 15, 2015, February 17, 2015, March 27, 2015, April 29, 2015, May 18, 2015, June 1, 2015 and June 2, 2015 and any future filings that we make with the SEC under the Exchange Act if the filings are made prior to the time that all of the notes are sold in this offering.

You can also find more information about us from the sources described under "Documents Incorporated by Reference" in the accompanying prospectus.

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PROSPECTUS

EXELON CORPORATION

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Subordinated Debt Securities
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Depositary Shares

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Senior Debt Securities
Preferred Securities

COMMONWEALTH EDISON COMPANY

First Mortgage Bonds
Notes

PECO ENERGY COMPANY

First and Refunding Mortgage Bonds
Preferred Stock

BALTIMORE GAS AND ELECTRIC COMPANY

Unsecured Debt Securities
Senior Secured Bonds
Preferred Stock

Exelon Corporation (Exelon) may use this prospectus to offer and sell from time to time:

- senior debt securities;
- subordinated debt securities;
- common stock;
- stock purchase contracts;
- stock purchase units;
- preferred stock in one or more series;
- depositary shares.

Exelon Generation Company, LLC (Generation) may use this prospectus to offer and sell from time to time:

- senior debt securities; and
- preferred limited liability company interests in one or more series.

Commonwealth Edison Company (ComEd) may use this prospectus to offer and sell from time to time:

- first mortgage bonds; and
- unsecured notes.

PECO Energy Company (PECO) may use this prospectus to offer and sell from time to time:

- first and refunding mortgage bonds; and
- preferred stock in one or more series

Baltimore Gas and Electric Company (BGE) may use this prospectus to offer and sell from time to time:

- unsecured debt securities;
- senior secured bonds; and
- preferred stock in one or more series.

Exelon, Generation, ComEd, PECO and BGE sometimes refer to the securities listed above as the "Securities."

Exelon, Generation, ComEd, PECO and BGE will provide the specific terms of the Securities in supplements to this prospectus prepared in connection with each offering. Please read this prospectus and the applicable prospectus supplement carefully before you invest. This prospectus may not be used to consummate sales of the offered Securities unless accompanied by a prospectus supplement.

Exelon's common shares are listed on the New York Stock Exchange, under the symbol "EXC."

S1-SSA-0009 - 25428

Please see " Risk Factors " beginning on page 2 for a discussion of factors you should consider in connection with a purchase of the Securities offered in this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is May 23, 2014.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that Exelon, Generation, ComEd, PECO and BGE have each filed with the Securities and Exchange Commission (SEC) using a "shelf" registration process. Under this shelf registration process, each of us may, from time to time, sell our Securities described in this prospectus in one or more offerings. Each time Exelon, Generation, ComEd, PECO or BGE (each, a registrant) sells Securities, the registrant will provide a prospectus supplement that will contain a description of the Securities the registrant will offer and specific information about the terms of the offering. The prospectus supplement may also add, update or change information contained in this prospectus. If there is any inconsistency between the information in this prospectus and the prospectus supplement, you should rely on the prospectus supplement. You should read both this prospectus and any prospectus supplement together with additional information described under "Where You Can Find More Information."

Information contained herein relating to each registrant is filed separately by such registrant on its own behalf. No registrant makes any representation as to information relating to any other registrant or Securities issued by any other registrant.

As used in this prospectus, the terms "we," "our" and "us" generally refer to:

- Exelon with respect to Securities issued by Exelon.
- Generation with respect to Securities issued by Generation.
- ComEd with respect to Securities issued by ComEd.
- PECO with respect to Securities issued by PECO.
- BGE with respect to Securities issued by BGE.

None of the registrants will guarantee or provide other credit or funding support for the Securities to be offered by another registrant pursuant to this prospectus.

We are not offering the Securities in any state where the offer is not permitted.

For more detailed information about the Securities, you should read the exhibits to the registration statement. Those exhibits have either been filed with the registration statement or incorporated by reference to earlier SEC filings listed in the registration statement.

You should rely only on information contained in this prospectus and which is incorporated by reference or the documents to which we have referred you. We have not authorized anyone to provide you with information that is different. This prospectus and related prospectus supplement may be used only where it is legal to sell these securities. The information in this prospectus and any prospectus supplement may only be accurate on the date of this document. The business of the registrant, financial condition, results of operations and prospects may have changed since that date.

Please see "Risk Factors" beginning on page 2 for a discussion of factors you should consider in connection with a purchase of the Securities offered in this prospectus.

FORWARD-LOOKING ST ATEMENTS

This prospectus and the documents incorporated or deemed incorporated by reference as described under the heading “Where You Can Find More Information” contain forward-looking statements that are not based entirely on historical facts and are subject to risks and uncertainties. Words such as “believes,” “anticipates,” “expects,” “intends,” “plans,” “predicts” and “estimates” and similar expressions are intended to identify forward-looking statements but are not the only means to identify those statements. These forward-looking statements are based on assumptions, expectations and assessments made by our management in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe to be appropriate. Any forward-looking statements are not guarantees of our future performance and are subject to risks and uncertainties.

This presentation contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which are subject to risks and uncertainties. The factors that could cause actual results to differ materially from the forward-looking statements made by the registrants include those factors discussed herein, as well as the items discussed in (1) each registrant’s 2013 Annual Report on Form 10-K in (a) ITEM 1A. Risk Factors, (b) ITEM 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations and (c) ITEM 8. Financial Statements and Supplementary Data: Note 22; and (2) other factors discussed herein and in other filings with the SEC by Exelon, Generation, ComEd, PECO and BGE, as applicable.

You are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date on the front of this prospectus or, as the case may be, as of the date on which we make any subsequent forward-looking statement that is deemed incorporated by reference. We do not undertake any obligation to update or revise any forward-looking statement to reflect events or circumstances after the date as of which any such forward-looking statement is made.

RISK FACT ORS

Investing in the Securities involves various risks. You are urged to read and consider the risk factors described in the combined Annual Reports on Form 10-K of Exelon, Generation, ComEd, PECO, and BGE, as applicable, for the year ended December 31, 2013, filed with the SEC on February 13, 2014. Before making an investment decision, you should carefully consider these risks as well as other information we include or incorporate by reference in this prospectus. The prospectus supplement applicable to each type or series of Securities offered by one of the registrants will contain a discussion of additional risks applicable to an investment in such registrant and the particular type of Securities the registrant is offering under that prospectus supplement.

EXELON CORP ORATION

Exelon, incorporated in Pennsylvania in February 1999, is a utility services holding company engaged, through Generation, in the energy generation business, and through ComEd, PECO and BGE, in the energy delivery businesses. Exelon’s principal executive offices are located at 10 South Dearborn Street, Chicago, Illinois 60603, and its telephone number is 312-394-7398.

EXELON GENERATI ON COMPANY, LLC

Generation’s integrated business consists of its owned and contracted electric generating facilities and investments in generation ventures that are marketed through its leading customer-facing activities. These customer-facing activities include, wholesale energy marketing operations and its competitive retail customer

supply of electric and natural gas products and services, including renewable energy products, risk management services and natural gas exploration and production activities. Generation has six reportable segments consisting of the Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Regions.

Generation was formed in 2000 as a Pennsylvania limited liability company. Generation began operations as a result of a corporate restructuring, effective January 1, 2001, in which Exelon separated its generation and other competitive businesses from its regulated energy delivery businesses at ComEd and PECO. Generation's principal executive offices are located at 300 Exelon Way, Kennett Square, Pennsylvania 19348, and its telephone number is 610-765-5959.

COMMONWE ALTH EDISON COMPANY

ComEd's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in northern Illinois, including the City of Chicago.

ComEd was organized in the State of Illinois in 1913 as a result of the merger of Cosmopolitan Electric Company into the original corporation named Commonwealth Edison Company, which was incorporated in 1907. ComEd's principal executive offices are located at 440 South LaSalle Street, Chicago, Illinois 60605, and its telephone number is 312-394-4321.

PECO ENERGY CO MPANY

PECO's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in southeastern Pennsylvania, including the City of Philadelphia, as well as the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services to retail customers in the Pennsylvania counties surrounding the City of Philadelphia.

PECO was incorporated in Pennsylvania in 1929. PECO's principal executive offices are located at 2301 Market Street, Philadelphia, Pennsylvania 19103, and its telephone number is 215-841-4000.

BALTIMORE GAS AND ELECTRIC COMPANY

BGE's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in central Maryland, including the City of Baltimore, as well as the purchase and regulated retail sale of natural gas and the provision of gas distribution services to retail customers in central Maryland, including the City of Baltimore.

BGE was incorporated in Maryland in 1906. BGE's principal executive offices are located at 110 West Fayette Street, Baltimore, Maryland 21201, and its telephone number is 410-234-5000.

USE OF PR OCEEDS

Except as otherwise indicated in the applicable prospectus supplement, each registrant expects to use the net proceeds from the sale of the Securities for general corporate purposes, including to discharge or refund (by redemption, by purchase on the open market, by purchase in private transactions, by tender offer or otherwise) outstanding long-term debt. Each registrant will describe in the applicable prospectus supplement any specific allocation of the proceeds to a particular purpose that the registrant has made at the date of that prospectus

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supplement. Please refer to our annual and quarterly reports incorporated by reference into this prospectus and any prospectus supplement for information concerning each registrant's outstanding long-term debt. See "Where You Can Find More Information."

RATIO OF EARNINGS TO FIXED CHARGES AND RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERENCE SECURITY DIVIDENDS

Exelon

The following are Exelon's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	5.4	4.9	4.9	2.3	2.6	1.1

The following are Exelon's consolidated ratios of earnings to combined fixed charges and preference stock dividends for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to combined fixed charges and preference stock dividends	5.4	4.8	4.9	2.3	2.5	1.1

Generation

The following are Generation's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	10.4	8.5	7.3	2.6	3.3	(a)

(a) The ratio coverage was less than 1:1. Generation required additional earnings of $380 million in order to achieve a coverage ratio of 1:1.

Generation had no preference securities outstanding during the periods indicated; therefore, the ratio of earnings to combined fixed charges and preference security dividends is the same as the ratio of earnings to fixed charges for Generation.

ComEd

The following are ComEd's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	2.9	2.8	3.0	3.0	1.7	3.0

ComEd had no preference securities outstanding during the periods indicated; therefore, the ratio of earnings to combined fixed charges and preference security dividends is the same as the ratio of earnings to fixed charges for ComEd.

PECO

The following are PECO's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	3.7	3.3	4.7	4.9	5.6	5.1

The following are PECO's consolidated ratios of earnings to combined fixed charges and preference security dividends for each of the periods indicated:

	Years Ended December 31,				
	2009	2010	2011	2012	2013
Ratio of earnings to combined fixed charges and preferred stock dividends	3.6	3.2	4.5	4.7	5.2

On May 1, 2013, PECO redeemed all of its outstanding preferred securities; therefore, the ratio of earnings to combined fixed charges and preferred stock dividends is the same as the ratio of earnings to fixed charges for PECO for the three months ended March 31, 2014.

BGE

The following are BGE's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	2.0	2.7	2.4	1.0	3.6	5.8

The following are BGE's consolidated ratios of earnings to combined fixed charges and preference stock dividends for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to combined fixed charges and preference stock dividends	1.7	2.4	2.1	(a)	3.1	5.0

(a) The ratio coverage was less than 1:1. BGE required additional earnings of $14 million in order to achieve a coverage ratio of 1:1.

DESCRIPTION OF SECUR ITIES

Each time one of the registrants sells securities, it will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with additional information described under "Where You Can Find More Information."

PLAN OF DISTRIBUT ION

We may sell the Securities offered (a) through agents; (b) by underwriters or dealers; (c) directly to one or more purchasers; or (d) through a combination of any of these methods of sale.

In some cases we may also repurchase the Securities and reoffer them to the public by one or more of the methods described above.

This prospectus may be used in connection with any offering of securities through any of these methods or other methods described in the applicable prospectus supplement.

Any underwriter or agent involved in the offer and sale of the Securities will be named in the applicable prospectus supplement.

By Agents

Offered securities may be sold on a one time or a continuing basis by agents designated by the applicable registrant. The agents will use their reasonable efforts to solicit purchases for the period of their appointment under the terms of an agency agreement between the agents and the applicable issuer.

By Underwriters or Dealers

If underwriters are used in the sale, the underwriters may be designated by the applicable registrant or selected through a bidding process. The securities will be acquired by the underwriters for their own account. The underwriters may resell the Securities in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. Underwriters may sell the Securities to or through dealers, and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or commissions from the purchasers for whom they may act as agents. The obligations of the underwriters to purchase the Securities will be subject to certain conditions. The underwriters will be obligated to purchase all the Securities of the series offered if any of the securities are purchased. Any initial public offering price and any discounts or concessions allowed or re-allowed or paid to dealers may be changed from time to time.

Only underwriters named in the applicable prospectus supplement are deemed to be underwriters in connection with the Securities offered hereby.

If dealers are utilized in the sale of the Securities, the applicable registrant will sell the Securities to the dealers as principals. The dealers may then resell the Securities to the public at varying prices to be determined by such dealers at the time of resale. The names of the dealers and the terms of the transaction will be set forth in the applicable prospectus supplement.

Direct Sales

We may also sell Securities directly to the public. In this case, no underwriters or agents would be involved.

General Information

We may authorize agents, underwriters or dealers to solicit offers by certain institutions to purchase Securities from us at the public offering price pursuant to delayed delivery contracts providing for payment and delivery on a later date or dates, all as described in the applicable prospectus supplement. Each delayed delivery contract will be for an amount not less than, and the aggregate amount of the Securities shall be not less nor more than, the respective amounts stated in the applicable prospectus supplement. Such institutions may include commercial and savings banks, insurance companies, pension funds, investment companies, educational and charitable institutions, and other institutions, but will in all cases be subject to our approval. The delayed delivery contracts will not be subject to any conditions except:

- the purchase by an institution of the Securities covered by its delayed delivery contract shall not, at any time of delivery, be prohibited under the laws of any jurisdiction in the United States to which such delayed delivery contract is subject; and

- if the Securities are being sold to underwriters, we shall have sold to those underwriters the total amount of the Securities less the amount thereof covered by the delayed delivery contracts. The underwriters will not have any responsibility in respect of the validity or performance of the delayed delivery contracts.

Unless otherwise specified in the related prospectus supplement, each series of the Securities will be a new issue with no established trading market, other than the common stock. Any common stock sold pursuant to a prospectus supplement or issuable upon conversion of another offered Security will be listed on the New York Stock Exchange, subject to official notice of issuance. We may elect to list any of the other securities on an exchange, but are not obligated to do so. It is possible that one or more underwriters may make a market in a series of the Securities, but no underwriter will be obligated to do so and any underwriter may discontinue any market making at any time without notice. We cannot predict the activity of trading in, or liquidity of, our Securities.

In connection with sales by an agent or in an underwritten offering, the SEC rules permit the underwriters or agents to engage in transactions that stabilize the price of the Securities. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters or agents of a greater number of securities than they are required to purchase in an offering. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Securities while an offering is in progress.

The underwriters also may impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the underwriters have repurchased Securities sold by or for the account of that underwriter in stabilizing or short-covering transactions.

These activities by the underwriters may stabilize, maintain or otherwise affect the market price of the Securities. As a result, the price of the Securities may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the underwriters at any time. These transactions may be effected on an exchange or automated quotation system, if the Securities are listed on that exchange or admitted for trading on that automated quotation system, in the over-the-counter market or otherwise.

We may from time to time, without the consent of the existing Security holders, create and issue further Securities having the same terms and conditions as the Securities being offered hereby in all respects, except for issue date, issue price and if applicable, the first payment of interest or dividends therein or other terms as noted in the applicable prospectus supplement. Additional Securities issued in this manner will be consolidated with, and will form a single series with, the previously outstanding securities.

Underwriters, dealers and agents that participate in the distribution of the Securities may be underwriters as defined in the Securities Act of 1933, and any discounts or commissions received by them from us and any profit on the resale of the Securities by them may be treated as underwriting discounts and commissions under the Securities Act.

We may have agreements with the underwriters, dealers and agents to indemnify them against certain civil liabilities, including liabilities under the Securities Act of 1933, or to contribute with respect to payments which the underwriters, dealers or agents may be required to make.

Underwriters, dealers and agents may engage in transactions with, or perform services for, us or our subsidiaries or affiliates in the ordinary course of their businesses.

LEGAL MATTE RS

Ballard Spahr LLP, Philadelphia, Pennsylvania, will render an opinion as to the validity of the Securities for us.

Winston & Strawn LLP, Chicago, Illinois, will render an opinion as to the validity of the Securities for any underwriters, dealers, purchasers or agents. Winston & Strawn LLP provides legal services to Exelon and its subsidiaries from time to time.

EXP ERTS

The financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) of Exelon, Generation, ComEd, PECO and BGE incorporated in this prospectus by reference to the combined Annual Reports on Form 10-K for the year ended December 31, 2013 have been so incorporated in reliance on the reports of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MO RE INFORMATION

Exelon, Generation, ComEd, PECO and BGE each file reports and other information with the SEC. The public may read and copy any reports or other information that we file with the SEC at the SEC's public reference room, 100 F Street, N.E., Room 1580, Washington, D.C. 20549. The public may obtain information on the operation of the public reference room by calling the SEC at 1-800-SEC-0330. These documents are also available to the public from commercial document retrieval services and at the web site maintained by the SEC at http://www.sec.gov. Reports, proxy statements and other information concerning Exelon may also be inspected at the offices of the New York Stock Exchange, which is located at 20 Broad Street, New York, New York 10005. You may also obtain a copy of the registration statement at no cost by writing us at the following address:

Exelon Corporation
Attn: Investor Relations
10 South Dearborn Street—52nd Floor
P.O. Box 805398
Chicago, IL 60680-5398

This prospectus is one part of a registration statement filed on Form S-3 with the SEC under the Securities Act of 1933, as amended, known as the Securities Act. This prospectus does not contain all of the information set forth in the registration statement and the exhibits and schedules to the registration statement. For further information concerning us and the Securities, you should read the entire registration statement, including this prospectus and any related prospectus supplements, and the additional information described under the sub-heading "Documents Incorporated By Reference" below. The registration statement has been filed electronically and may be obtained in any manner listed above. Any statements contained herein concerning the provisions of any document are not necessarily complete, and, in each instance, reference is made to the copy of such document filed as an exhibit to the registration statement or otherwise filed with the SEC. Each such statement is qualified in its entirety by such reference.

Information about us is also available on Exelon's web site at http://www.exeloncorp.com. The information on Exelon's web site is not incorporated into this prospectus by reference, and you should not consider it a part of this prospectus.

DOCUMENTS INCORPORATED B Y REFERENCE

The SEC allows us to "incorporate by reference" information that we file with the SEC, which means that we can disclose important information to you by referring you to the documents we file with the SEC. The information incorporated by reference is an important part of this prospectus, and information that we file later with the SEC will automatically update and supersede this information. This incorporation by reference does not include documents that are furnished but not filed with the SEC. We incorporate by reference the documents listed below and any future documents that we file with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (known as the Exchange Act) but prior to the termination of any offering of securities made by this prospectus:

Exelon Corporation (Exchange Act File No. 1-16169)

- Exelon's Annual Report on Form 10-K for the year ended December 31, 2013;
- Exelon's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014;
- The description of Exelon's common stock contained in the registration statement on Form 8-A filed under the Securities Exchange Act of 1934, as amended, including any amendment thereto or report filed for the purpose of updating such description; and
- Exelon's Current Reports on Form 8-K filed with the SEC on February 12, 2014, February 13, 2014, February 28, 2014, April 1, 2014, April 30, 2014 and May 7, 2014.

Exelon Generation Company, LLC (Exchange Act File No. 333-85496)

- Generation's Annual Report on Form 10-K for the year ended December 31, 2013;
- Generation's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014; and
- Generation's Current Reports on Form 8-K filed with the SEC on February 12, 2014 and April 1, 2014.

Commonwealth Edison Company (Exchange Act File No. 1-1839)

- ComEd's Annual Report on Form 10-K for the year ended December 31, 2013;
- ComEd's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014; and
- ComEd's Current Reports on Form 8-K filed with the SEC on January 10, 2014 and February 28, 2014.

PECO Energy Company (Exchange Act File No. 000-16844)

- PECO's Annual Report on Form 10-K for the year ended December 31, 2013; and
- PECO's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014.

Baltimore Gas and Electric Company (Exchange Act File No. 1-1910)

- BGE's Annual Report on Form 10-K for the year ended December 31, 2013;
- BGE's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014; and
- BGE's Current Reports on Form 8-K filed with the SEC on February 13, 2014 and May 16, 2014.

Upon written or oral request, we will provide without charge to each person, including any beneficial owner, to whom this prospectus is delivered, a copy of any or all of such documents which are incorporated herein by reference (other than exhibits to such documents unless such exhibits are specifically incorporated by reference

into the documents that this prospectus incorporates). Written or oral requests for copies should be directed to Exelon Corporation, Attn: Investor Relations, 10 South Dearborn Street, 52 nd Floor, P.O. Box 805398, Chicago, IL 60680-5398, 312-394-2345.

Any statement contained in this prospectus, or in a document all or a portion of which is incorporated by reference, shall be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus, any supplement or any document incorporated by reference modifies or supersedes such statement. Any such statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this prospectus.

All reports and other documents subsequently filed by us pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act, prior to the filing of a post-effective amendment, which indicates that all of a class of securities offered hereby have been sold or which deregisters all of a class of securities then remaining unsold, shall be deemed incorporated by reference herein and to be a part hereof from the date of filing of such documents.

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$4,200,000,000

$550,000,000 1.550% Notes due 2017
$900,000,000 2.850% Notes due 2020
$1,250,000,000 3.950% Notes due 2025
$500,000,000 4.950% Notes due 2035
$1,000,000,000 5.100% Notes due 2045

Exelon Corporation

PROSPECTUS SUPPLEMENT

Joint Book-Running Managers

Barclays
Goldman, Sachs & Co.
BNP PARIBAS
MUFG
Mizuho Securities
Scotiabank

Senior Co-Managers

BofA Merrill Lynch
Citigroup
Credit Suisse
J.P. Morgan
RBC Capital Markets
US Bancorp
Wells Fargo Securities

Co-Managers

Apto Partners, LLC
Blaylock Beal Van, LLC
BNY Mellon Capital Markets, LLC
CIBC
Credit Agricole CIB
KeyBanc Capital Markets
Loop Capital Markets
Mischler Financial Group, Inc.
PNC Capital Markets LLC
TD Securities
The Huntington Investment Company
The Williams Capital Group, L.P.
Siebert Brandford Shank & Co., L.L.C.
SMBC Nikko

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Filed pursuant to Rule 424(b)(2)
Registration No. 333-196220

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Maximum Aggregate Offering Price (1)(2)	Amount of Registration Fee (3)(4)
Equity Units		
Stock Purchase Contracts		
Common Stock		
Junior Subordinated Debt Securities	$2,300,000,000	$296,240

(1) Represents an aggregate amount of $1,000,000,000 of the Equity Units offered hereby and an aggregate amount of $1,000,000,000 of the common stock for which consideration will be received upon settlement of the related purchase contracts.
(2) Includes an aggregate amount of $150,000,000 of the Equity Units that may be purchased by the underwriters upon the exercise of their option to purchase additional Corporate Units and an aggregate amount of $150,000,000 of the common stock for which consideration would be received upon settlement of the related purchase contracts.
(3) Calculated in accordance with Rules 457(i), 457(o) and 457(r) under the Securities Act of 1933, as amended.
(4) This "Calculation of Registration Fee" table shall be deemed to update the "Calculation of Registration Fee" table in the Company's Registration Statement of Form S-3 (File No. 333-196220) in accordance with Rules 456(b), 457(i), 457(o) and 457(r) under the Securities Act of 1933, as amended.

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PROSPECTUS SUPPLEMENT
(To Prospectus Dated May 23, 2014)

Exelon Corporation

20,000,000 Equity Units
(Initially Consisting of 20,000,000 Corporate Units)

This is an offering of Equity Units ("Equity Units") by Exelon Corporation ("Exelon"). Each Equity Unit will have a stated amount of $50.00 and initially will be in the form of a Corporate Unit ("Corporate Unit") consisting of a purchase contract issued by Exelon and a 1/20 undivided beneficial ownership interest in $1,000 principal amount of Exelon's 2.50% junior subordinated notes due 2024, which we refer to as the Notes.

We intend to apply to list the Corporate Units on the New York Stock Exchange and expect trading to commence within 30 days of the date of initial issuance of the Corporate Units under the symbol "EXCU" but there is no guarantee that such listing will be approved. Prior to this offering, there has been no public market for the Corporate Units.

Our common stock is listed on the New York Stock Exchange under the symbol "EXC. " On June 11, 2014, the closing price of our common stock on the New York Stock Exchange was $35.75 per share.

Concurrently with this offering, we are conducting a common stock offering of 50,000,000 shares of our common stock (or 57,500,000 shares if the common stock underwriters exercise their option to purchase additional shares of our common stock in full) in connection with which we will enter into forward sale agreements with certain forward purchasers and such forward purchasers, or their affiliates, will offer to sell to the common stock underwriters 50,000,000 shares of our common stock (or 57,500,000 shares of our common stock if the common stock underwriters exercise their option to purchase additional shares of our common stock in full) that they will borrow from third parties. The offering of the Equity Units and the offering of the common stock are not contingent on each other. See "Recent Developments—Concurrent Common Stock Offering."

Investing in the Equity Units involves certain risks. You should carefully read this prospectus supplement and the accompanying base prospectus, including the documents incorporated by reference herein, and therein, before you make your investment decision. See the " Risk Factors " section beginning on page S-27 of this prospectus supplement, as well as under "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2013 which is incorporated by reference herein, for more information.

Each Corporate Unit will be issued in a stated amount of $50.00, for a total stated amount of $1,000,000,000. The Corporate Units are being offered to the underwriters at a price of $48.50 per Corporate Unit (a discount of $1.50 from the stated amount per Corporate Unit or $30,000,000 total discount from the total stated amount). The Corporate Units are being offered to the public at a price of $50.00 per Corporate Unit, for a total of $1,000,000,000. Exelon's proceeds from the offering (after underwriting discounts of $1.50 per Corporate Unit from the public offering price (totaling $30,000,000) and before expenses) will equal $48.50 per Corporate Unit, for a total of $970,000,000.

We have granted the underwriters the option to purchase from us, within the 13-day period beginning on the date we first issue the Equity Units, up to an additional 3,000,000 Corporate Units at the public offering price per Corporate Unit, less the underwriting discounts and commissions.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying base prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the Corporate Units to purchasers in book-entry form only through The Depository Trust Company on or about June 17, 2014.

Joint Book-Running Managers

Barclays **Goldman, Sachs & Co.**
Citigroup **Wells Fargo Securities**

Senior Co-Managers

BofA Merrill Lynch **Credit Suisse** **BNP PARIBAS** **J.P. Morgan**
Mitsubishi UFJ Securities **RBS** **Scotiabank**
Mizuho Securities **RBC Capital Markets** **US Bancorp**

Co-Managers

BNY Mellon Capital Markets, LLC **CIBC** **Credit Agricole CIB** **KeyBanc Capital Markets**
Lebenthal Capital Markets **PNC Capital Markets LLC** **SMBC Nikko**
TD Securities **The Huntington Investment Company** **The Williams Capital Group, L.P.**

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The date of this prospectus supplement is June 11, 2014.

(continued from cover)

- The purchase contract will obligate you to purchase from Exelon, on June 1, 2017 (or if such day is not a business day, on the following business day), for a price of $50.00 in cash, the following number of shares of our common stock, subject to adjustments as described herein:
  - if the applicable market value, which is the average volume-weighted average price of our common stock on each trading day during the 20 consecutive scheduled trading day period ending on the third scheduled trading day prior to June 1, 2017, subject to adjustment as described herein if a market disruption event occurs, equals or exceeds $43.7484, 1.1429 shares of our common stock;
  - if the applicable market value is less than $43.7484 but greater than $35.00, a number of shares of our common stock equal to $50.00 divided by the applicable market value, rounded to the nearest ten thousandth of a share; and
  - if the applicable market value is less than or equal to $35.00, 1.4286 shares of our common stock.
- Exelon will pay you quarterly contract adjustment payments at a rate of 4.0% per year on the stated amount of $50.00 per Equity Unit, or $2.00 per year, in respect of each purchase contract, subject to our right to defer these payments, as described in this prospectus supplement. No deferral period will extend beyond the purchase contract settlement date. The contract adjustment payments are payable quarterly on March 1, June 1, September 1 and December 1 of each year (except that if such date is not a business day, contract adjustment payments will be payable on the following business day, without adjustment), commencing on September 1, 2014. The contract adjustment payments will be subordinated to all of our existing and future “Senior Indebtedness” (as defined under “Description of the Junior Subordinated Notes—Subordination”), and will be structurally subordinated to all liabilities of our subsidiaries.
- The Notes will initially bear interest at a rate of 2.50% per year. The Notes will be subordinated to all of Exelon’s existing and future “Senior Indebtedness” (as defined under “Description of the Junior Subordinated Notes—Subordination”). In addition, the Notes will be structurally subordinated to all liabilities of our subsidiaries.
- We will have the right to defer interest payments on the Notes one or more times for one or more consecutive interest periods without giving rise to an event of default; provided that no deferral period will extend beyond the purchase contract settlement date or the maturity date. The Notes will be remarketed in 2017 as described in this prospectus supplement. In connection with the remarketing, we may elect to shorten the maturity of the Notes to a date not earlier than June 1, 2020, to remarket the Notes as either fixed-rate or floating-rate Notes and to modify certain other terms of the Notes. Following any successful remarketing of the Notes, the interest rate on the Notes will be reset, interest will be payable on a semi-annual basis and we will cease to have the ability to redeem the Notes at our option or defer interest payments on the Notes, all as described under “Description of the Purchase Contracts—Remarketing.”
- Your ownership interest in the Notes (or after a successful optional remarketing, your related ownership interest in the Treasury portfolio or, in certain circumstances, cash) or the Treasury securities, as the case may be, will be pledged to us to secure your obligation under the related purchase contract.
- Other than during a blackout period (as defined under “Description of the Equity Units—Creating Treasury Units by Substituting a Treasury Security for a Note”) or after a successful remarketing of the Notes, you can create Treasury Units (“Treasury Units”) from Corporate Units by substituting Treasury securities for your pledged ownership interest in the Notes comprising a part of the Corporate Units. You can also recreate Corporate Units from Treasury Units by substituting an undivided beneficial ownership interest in the Notes for the Treasury securities previously pledged and comprising a part of your Treasury Units.
- If there is a successful optional remarketing of the Notes and, at such time, you hold Corporate Units, your applicable ownership interest in the Treasury portfolio purchased with the proceeds from the remarketing (or, in certain circumstances, cash) will be used to satisfy your payment obligation under the purchase contract. If there is a successful final remarketing of the Notes and you hold Corporate Units, the proceeds from the remarketing will be used to satisfy your payment obligation under the purchase contract, unless you have elected to settle with separate cash.

We urge you to carefully read this prospectus supplement and the accompanying prospectus, which describe the terms of the offering of the Equity Units, before you make your investment decision. You should rely only on the information contained in or incorporated by reference in this prospectus supplement, the accompanying prospectus and any related free writing prospectus required to be filed with the Securities and Exchange Commission ("SEC"). We have not, and the underwriters have not, authorized anyone else to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information appearing in this prospectus supplement and the accompanying prospectus is accurate as of any date other than the date on the front of those documents or that the information incorporated by reference is accurate as of any date other than the date that the document incorporated by reference was filed with the SEC.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement and the accompanying prospectus contain information about Exelon Corporation and the Equity Units offered hereby. This prospectus supplement and the accompanying prospectus also refer to information contained in other documents that we file with the SEC. To the extent the information in this prospectus supplement is inconsistent with information in the prospectus, you should rely on this prospectus supplement.

The accompanying prospectus also includes information about our subsidiaries Exelon Generation Company, LLC ("Generation"), Commonwealth Edison Company ("ComEd"), PECO Energy Company ("PECO"), and Baltimore Gas and Electric Company ("BGE") and their securities, which does not apply to us or the Equity Units offered hereby.

When we refer to "Exelon," "the Company," "we," "us," or "our" in this prospectus supplement, we mean Exelon Corporation and, unless the context otherwise indicates, does not include any of our subsidiaries or affiliates.

EXELON CORPORATION

Exelon, incorporated in Pennsylvania in February 1999, is a utility services holding company engaged, through Generation, in the energy generation business, and through ComEd, PECO and BGE, in the energy delivery businesses. Exelon's principal executive offices are located at 10 South Dearborn Street, Chicago, Illinois 60603, and its telephone number is 312-394-7398.

RECENT DEVELOPMENTS

Concurrent Common Stock Offering

Concurrently with this offering, we are conducting an offering of 50,000,000 shares of our common stock (or 57,500,000 shares of our common stock if the common stock underwriters exercise their option to purchase additional shares of our common stock in full) in connection with which we will enter into forward sale agreements with certain forward purchasers and such forward purchasers, or their affiliates, will offer to sell to the common stock underwriters 50,000,000 shares of our common shares (or 57,500,000 shares of our common stock if the common stock underwriters exercise their option to purchase additional shares of our common stock in full) that they will borrow from third parties. The underwriters are offering such shares of common stock to the public at a price of $35.00 per share by means of a separate prospectus supplement. We expect to settle the forward sale agreements and receive proceeds, subject to certain adjustments, from the sale of such common stock only upon one or more future physical settlements of the forward sale agreements on or about October 29, 2015. We intend to use the net proceeds, if any, received upon the settlement of the forward sale agreements to finance a portion of the acquisition of Pepco Holdings, Inc., a Delaware corporation ("PHI"), and for general corporate purposes. See "—PHI Merger." The offering of the Equity Units and the offering of the common stock are not contingent on each other. There can be no assurance that the common stock offering or our sale of common shares pursuant to the related forward sale agreements will be completed. This prospectus supplement is not an offer to sell any securities other than the Equity Units.

PHI Merger

On April 29, 2014, we entered into an Agreement and Plan of Merger (the "Merger Agreement") with Purple Acquisition Corp., a Delaware corporation, our indirect, wholly-owned subsidiary ("Merger Sub") and PHI.

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The Merger Agreement provides for the merger of Merger Sub with and into PHI on the terms and subject to the conditions set forth in the Merger Agreement (the "Merger"), with PHI continuing as the surviving corporation in the Merger and an indirect, wholly-owned subsidiary of Exelon. At the effective time of the Merger, each outstanding share of the common stock, par value $0.01 per share, of PHI (the "PHI Common Stock"), other than those held by PHI, Exelon or Merger Sub, any wholly-owned subsidiary of Exelon or any wholly-owned subsidiary of PHI, and any shares held by any stockholders who have not voted in favor of adoption of the Merger Agreement or consented thereto in writing and who have properly demanded and not withdrawn a demand for appraisal pursuant to Section 262 of the Delaware General Corporation Law with respect to such shares, will be converted into the right to receive $27.25 in cash, without interest.

Consummation of the Merger is subject to the satisfaction or waiver of specified closing conditions, including (1) the approval of the Merger by the holders of a majority of the outstanding shares of the PHI Common Stock, (2) the receipt of regulatory approvals required to consummate the Merger, including, approvals from the Federal Energy Regulatory Commission, the Federal Communications Commission, the Delaware Public Service Commission, the District of Columbia Public Service Commission, the Maryland Public Service Commission, the New Jersey Board of Public Utilities and the Virginia State Corporation Commission, (3) the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the "HSR Act") and (4) other customary closing conditions, including (a) the accuracy of each party's representations and warranties (subject to customary materiality qualifiers) and (b) each party's compliance with its obligations and covenants contained in the Merger Agreement. In addition, the obligations of Exelon and Merger Sub to consummate the Merger are subject to the required regulatory approvals not, individually or in the aggregate, imposing terms, conditions, obligations or commitments that constitute a burdensome condition (as defined in the Merger Agreement).

The Merger Agreement also contains customary representations, warranties and covenants of both PHI and us. These covenants include, among others, an obligation on behalf of PHI to operate its business in the ordinary course until the Merger is consummated, limitations on the right of PHI to solicit or engage in negotiations regarding alternative acquisition proposals or to withdraw its support of the Merger and that the parties use reasonable best efforts to obtain governmental and regulatory approvals.

The Merger Agreement may be terminated by each of PHI and us under certain circumstances, including if the Merger is not consummated by July 29, 2015 (subject to extension to October 29, 2015, if all of the conditions to closing, other than the conditions related to obtaining regulatory approvals, have been satisfied). The Merger Agreement also provides for certain termination rights for both PHI and us, and further provides that, upon termination of the Merger Agreement under certain specified circumstances, PHI will be required to pay us a termination fee of $259 million or reimburse our expenses up to $40 million (which reimbursement shall reduce on a dollar for dollar basis any termination fee subsequently payable by PHI), provided, however, that if the Merger Agreement is terminated in connection with an acquisition proposal made under certain circumstances by a person who made an acquisition proposal between April 1, 2014 and the date of the Merger Agreement, the termination fee will be $293 million plus reimbursement of our expenses up to $40 million (not subject to offset). In addition, if the Merger Agreement is terminated under certain circumstances due to the failure to obtain regulatory approvals or the breach by us of our obligations in respect of obtaining regulatory approvals (a "Regulatory Termination"), we will pay PHI a reverse termination fee of up to $180 million. If the Merger Agreement is terminated other than for a Regulatory Termination, PHI will redeem the Non-voting Preferred Stock for a redemption price equal to the purchase price paid up to the date of termination by us to purchase the Non-voting Preferred Stock. Neither this offering nor the concurrent equity units offering are contingent on the successful completion of the Merger. See "Risk Factors—Risks Related to Our Contemplated Acquisition of PHI."

THE OFFERING

In this offering summary, "Exelon," "we," "us," "our" and the "Company" refer only to Exelon Corporation and any successor obligor, and not to any of its subsidiaries.

What are Equity Units?

Equity Units may be either Corporate Units or Treasury Units, as described below. The Equity Units will initially consist of 20,000,000 Corporate Units (or 23,000,000 Corporate Units if the underwriters exercise their option to purchase additional Corporate Units in full), each with a stated amount of $50.00. You can create Treasury Units from Corporate Units that you own as described below under "How can I create Treasury Units from Corporate Units?". You can also recreate Corporate Units from Treasury Units that you own as described below under "How can I recreate Corporate Units from Treasury Units?".

What are the components of a Corporate Unit?

Each Corporate Unit initially consists of a contract to purchase Exelon's common stock in the future and a 1/20 undivided beneficial ownership interest in $1,000 principal amount of Exelon's 2.50% junior subordinated notes due 2024. The undivided beneficial ownership interest in the Notes corresponds to $50.00 principal amount of the Notes. Initially, the Notes will be issued in minimum denominations of $1,000 and integral multiples of $1,000. You will own the undivided beneficial ownership interest in the Notes comprising part of each of your Corporate Units, but the Notes will be pledged to us through the collateral agent to secure your obligation under the related purchase contract.

Upon a successful optional remarketing (as defined under "What is an optional remarketing?"), the Notes comprising part of the Corporate Units will be replaced by the Treasury portfolio described below under "What is the Treasury portfolio?". Once replaced, the applicable ownership interest in the Treasury portfolio will be pledged to us through the collateral agent to secure your obligation under the related purchase contract.

What is a purchase contract?

Each purchase contract, whether part of a Corporate Unit or Treasury Unit, that is a component of an Equity Unit obligates you to purchase, and obligates us to sell, on June 1, 2017, or if such day is not a business day, the following business day (which we refer to as the "purchase contract settlement date"), for $50.00 in cash, a number of shares of our common stock equal to the "settlement rate." You may satisfy your obligation to purchase our common stock under the purchase contracts as described under "How can I satisfy my obligation under the purchase contracts?" below.

The settlement rate will be calculated (subject to adjustment under the circumstances set forth in "Description of the Purchase Contracts—Anti-dilution Adjustments" and "Description of the Purchase Contracts—Early Settlement Upon a Fundamental Change") as follows:

- if the applicable market value (as defined below) of our common stock is equal to or greater than the "threshold appreciation price" of $43.7484, the settlement rate will be 1.1429 shares of our common stock (we refer to this settlement rate as the "minimum settlement rate");
- if the applicable market value of our common stock is less than the threshold appreciation price but greater than the "reference price" of $35.00, which will be the closing price of our common stock on the New York Stock Exchange on the date the Equity Units are priced, the settlement rate will be a number of shares of our common stock equal to $50.00 divided by the applicable market value, rounded to the nearest ten thousandth of a share; and

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- if the applicable market value of our common stock is less than or equal to the reference price, the settlement rate will be 1.4286 shares of our common stock (we refer to this settlement rate as the "maximum settlement rate").

"Applicable market value" means the average volume-weighted average price, or VWAP, of our common stock on each trading day during the 20 consecutive scheduled trading day period ending on the third scheduled trading day immediately preceding the purchase contract settlement date (the "market value averaging period"). The "VWAP" of our common stock means, for the relevant trading day, the per share VWAP on the principal exchange or quotation system on which our common stock is listed or admitted for trading as displayed under the heading Bloomberg VWAP on Bloomberg page "EXC <EQUITY> AQR" (or its equivalent successor if such page is not available) in respect of the period from the scheduled open of trading on the relevant trading day until the scheduled close of trading on the relevant trading day (or if such VWAP is unavailable, the market price of one share of our common stock on such trading day determined, using a volume-weighted average method, by a nationally recognized independent investment banking firm retained for this purpose by us). A "trading day" means, for purposes of determining a VWAP or closing price, a day (1) on which the principal exchange or quotation system on which our common stock is listed or admitted for trading is scheduled to be open for business and (2) on which there has not occurred or does not exist a market disruption event, as defined in "Description of the Purchase Contracts—Purchase of Common Stock." The threshold appreciation price is equal to $50.00 divided by the minimum settlement rate (such quotient rounded to the nearest $0.0001), which is $43.7484 and represents appreciation of approximately 25.0% over the reference price.

If 20 trading days for our common stock have not occurred during the market value averaging period, all remaining trading days will be deemed to occur on the third scheduled trading day immediately prior to the purchase contract settlement date and the VWAP of our common stock for each of the remaining trading days will be the VWAP of our common stock on that third scheduled trading day or, if such day is not a trading day, the closing price, as defined in "Description of the Purchase Contracts—Purchase of Common Stock," as of such date.

We will not issue any fractional shares of our common stock upon settlement of a purchase contract. Instead of a fractional share, you will receive an amount of cash equal to the percentage of a whole share represented by such fractional share multiplied by the closing price of our common stock on the trading day immediately preceding the purchase contract settlement date (or the trading day immediately preceding an early settlement date, in the case of early settlement). If, however, a holder surrenders for settlement at one time more than one purchase contract, then the number of shares of our common stock issuable pursuant to such purchase contracts will be computed based upon the aggregate number of purchase contracts surrendered.

Can I settle the purchase contract early?

Prior to the purchase contract settlement date, subject to certain blackout periods (as described herein), you can settle a purchase contract by paying $50.00 in cash per Corporate Unit or Treasury Unit (and, under certain circumstances, accrued and unpaid contract adjustment payments payable on the next contract adjustment payment date). If you settle a purchase contract early, your pledged ownership interest in the Notes, the applicable ownership interests in the Treasury portfolio or the Treasury securities underlying the relevant Treasury Unit, as applicable, will be released to you and 1.1429 shares of our common stock, subject to adjustments, will be issued to you pursuant to the purchase contract (subject to adjustment as described below under "Description of the Purchase Contracts—Anti-dilution Adjustments"), subject to the provisions described below under "What happens if there is early settlement upon a fundamental change?" with respect to early settlements upon a fundamental change. You may only elect early settlement in integral multiples of 20 Corporate Units or 20 Treasury Units; *provided* that, if the Treasury portfolio has replaced the Notes as a component of the Corporate Units as a result of a successful optional remarketing, holders of Corporate Units may settle early only in integral multiples of 80,000 Corporate Units. See "Description of the Purchase Contracts—Early Settlement."

Your early settlement right is subject to the condition that, if required under the U.S. federal securities laws, we have a registration statement under the Securities Act of 1933, as amended (the "Securities Act"), in effect and an available prospectus covering any securities deliverable upon settlement of a purchase contract. We have agreed that, if such a registration statement is required, we will use our commercially reasonable efforts to have a registration statement in effect on the applicable early settlement date and to provide a prospectus in connection therewith, covering any securities to be delivered in respect of the purchase contracts being settled, subject to certain exceptions. In the event that you seek to exercise your early settlement right and a registration statement is required to be effective in connection with the exercise of such right but no such registration statement is then effective, your exercise of such right will be void unless and until such a registration statement is effective. For so long as there is a material business transaction or development that has not yet been publicly disclosed, we will not be required to file such registration statement or provide such a prospectus, and the early settlement right will not be available, until we have publicly disclosed such transaction or development; *provided* that we will use commercially reasonable efforts to make such disclosure as soon as it is commercially reasonable to do so.

What is the Treasury portfolio?

Upon a successful optional remarketing, the Notes will be replaced by the Treasury portfolio. The Treasury portfolio is a portfolio of U.S. Treasury securities consisting of:

- U.S. Treasury securities (or principal or interest strips thereof) that mature on or prior to the purchase contract settlement date in an aggregate amount at maturity equal to the principal amount of the Notes underlying the undivided beneficial ownership interests in the Notes included in the Corporate Units on the optional remarketing date; and
- U.S. Treasury securities (or principal or interest strips thereof) that mature on or prior to the purchase contract settlement date in an aggregate amount at maturity equal to the aggregate interest payment (assuming no reset of the interest rate) that would have been paid to the holders of the Corporate Units on the purchase contract settlement date on the principal amount of the Notes underlying the undivided beneficial ownership interests in the Notes included in the Corporate Units on the optional remarketing date.

If, on the optional remarketing date, U.S. Treasury securities (or principal or interest strips thereof) that are to be included in the Treasury portfolio have a yield that is less than zero, then the cash proceeds from the remarketing (and not the U.S. Treasury securities) will be substituted for the Notes that are components of the Corporate Units and will be pledged to us through the collateral agent to secure the Corporate Unit holders' obligation to purchase our common stock under the related purchase contracts. In addition, in such case, references to "Treasury security" and "U.S. Treasury securities (or principal or interest strips thereof)" in connection with the Treasury portfolio will, thereafter, be deemed to be references to such amount of cash.

What is a Treasury Unit?

A Treasury Unit is a unit created from a Corporate Unit by substituting the pledged undivided beneficial ownership interest in the Notes that secure a holder's obligation under the purchase contract with a sufficient amount of Treasury securities. A Treasury Unit consists of a purchase contract and a 1/20 undivided beneficial ownership interest in a zero-coupon U.S. Treasury security with a principal amount at maturity of $1,000 that matures on May 31, 2017 (for example, CUSIP No. 912820WA1), which we refer to as a "Treasury security." The ownership interest in the Treasury security that is a component of a Treasury Unit will be owned by you, but will be pledged to us through the collateral agent to secure your obligation under the related purchase contract.

How can I create Treasury Units from Corporate Units?

Each holder of Corporate Units will have the right, at any time prior to a successful remarketing and other than during a blackout period, to substitute Treasury securities which must be purchased in the open market at the expense of the Corporate Unit holder (unless otherwise owned by the holder) for the related undivided beneficial ownership interest in Notes held by the collateral agent. The Treasury securities must have an aggregate principal amount at maturity equal to the aggregate principal amount of the Notes underlying such holder's Corporate Units. Because Treasury securities and the Notes are issued in minimum denominations of $1,000, holders of Corporate Units may only make these substitutions in integral multiples of 20 Corporate Units. Each of these substitutions will create Treasury Units, and the Notes underlying the holder's Corporate Units will be released upon substitution to the holder and will be tradable separately from the Treasury Units.

How can I recreate Corporate Units from Treasury Units?

Each holder of Treasury Units will have the right, at any time prior to a successful remarketing and other than during a blackout period, to recreate Corporate Units, by substituting for the related Treasury securities held by the collateral agent Notes having an aggregate principal amount equal to the aggregate principal amount at maturity of the Treasury securities for which substitution is being made. Because Treasury securities and the Notes are issued in minimum denominations of $1,000, holders of Treasury Units may make these substitutions only in integral multiples of 20 Treasury Units. Each of these substitutions will recreate Corporate Units and the applicable Treasury securities will be released to the holder and will be tradable separately from the Corporate Units.

What payments am I entitled to as a holder of Corporate Units?

Subject to any deferral as described under "Are payments subject to deferral?" below, holders of Corporate Units will be entitled to receive:

- quarterly cash distributions consisting of their pro rata share of interest payments on the Notes, at the rate of 2.50% per year, and
- quarterly contract adjustment payments at the rate of 4.0% per year on the stated amount of $50.00 per Corporate Unit until the earliest of the occurrence of:
  - a termination event,
  - the purchase contract settlement date;
  - the fundamental change early settlement date (in the case of early settlement upon a fundamental change); or
  - the most recent contract adjustment payment date on or before any early settlement with respect to the related purchase contracts (in the case of early settlement other than upon a fundamental change).

Our obligations with respect to the contract adjustment payments will be subordinated and junior in right of payment to our obligations under any of our Senior Indebtedness (as defined under "Description of the Junior Subordinated Notes—Subordination").

What payments will I be entitled to if I convert my Corporate Units to Treasury Units?

Subject to any deferral as described under "Are payments subject to deferral?" below, holders of Treasury Units will be entitled to receive quarterly contract adjustment payments from us at the rate of 4.0% per year on the stated amount of $50.00 per Treasury Unit. There will be no interest payments in respect of the interest in

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Treasury securities that is a component of the Treasury Units. To the extent that such holders of Treasury Units continue to hold the Notes that were released to them when they created the Treasury Units, such holders will continue to receive the scheduled interest payments on their separate Notes, subject to our right to defer such payments and subject to any modifications made thereto pursuant to a successful remarketing.

Are payments subject to deferral?

We have the right to defer all or part of the contract adjustment payments but not beyond the purchase contract settlement date (or, with respect to an early settlement upon a fundamental change, not beyond the fundamental change early settlement date or, with respect to an early settlement other than upon a fundamental change, not beyond the contract adjustment payment date immediately preceding the early settlement date).

Any deferred contract adjustment payments will accrue additional contract adjustment payments at the rate equal to 6.50% per annum (which is equal to the rate of total distributions on the Corporate Units), compounded on each contract adjustment payment date, to, but excluding, the contract adjustment payment date on which such deferred contract adjustment payments are paid. We refer to additional contract adjustment payments that accrue on deferred contract adjustment payments as “compounded contract adjustment payments.” We may pay any deferred contract adjustment payments (including compounded contract adjustment payments thereon) on any scheduled contract adjustment payment date.

If we exercise our option to defer the payment of contract adjustment payments, then until the deferred contract adjustment payments (including compounded contract adjustment payments thereon) have been paid, we generally will not declare or pay dividends or distributions on, or redeem, purchase or acquire or make a liquidation payment with respect to, any shares of our capital stock, or make any payment of principal of, or interest or premium, if any, on, or repay, repurchase or redeem any of our debt securities that upon a liquidation ranks on parity with, or junior to, the contract adjustment payments, or make any guarantee payments under any guarantee by us of securities of any of our subsidiaries if our guarantee ranks on parity with, or junior to, the contract adjustment payments, in each case, subject to the exceptions set forth under “Description of the Purchase Contracts—Contract Adjustment Payments.”

In addition, prior to any successful remarketing of the Notes, we may elect at one or more times to defer payment of interest on the Notes for one or more consecutive interest periods; *provided* that no deferral period may extend beyond the purchase contract settlement date or the maturity date. We may pay any deferred interest on any scheduled interest payment date occurring on or prior to the earlier of:

(a) the purchase contract settlement date, in the case of a deferral period beginning prior to the purchase contract settlement date or

(b) the maturity date, in the case of a deferral period beginning after the purchase contract settlement date.

Deferred interest on the Notes will bear interest at the interest rate applicable to the Notes, compounded on each interest payment date to, but excluding, the interest payment date on which such deferred interest is paid. In connection with any successful remarketing during the final remarketing period, all accrued and unpaid deferred interest (including compounded interest thereon) will be paid to the holders of the Notes (whether or not the Notes were remarketed in the remarketing) on the purchase contract settlement date in cash. In the event there is any deferred interest outstanding, we may not elect to conduct an optional remarketing.

In the event that we exercise our option to defer the payment of interest, then until the deferred interest payments (including compounded interest thereon) have been paid, we generally will not declare or pay dividends or distributions on, or redeem, purchase or acquire or make a liquidation payment with respect to, any shares of our capital stock, or make any payment of principal of, or interest or premium, if any, on, or repay,

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repurchase or redeem any of our debt securities that upon a liquidation rank on parity with, or junior to, the Notes, or make any guarantee payments under any guarantee by us of securities of any of our subsidiaries if our guarantee ranks on parity with, or junior to, the Notes, in each case, subject to the exceptions set forth under "Description of the Junior Subordinated Notes—Dividend and Other Payment Stoppages During Interest Deferral and Under Certain Other Circumstances."

In connection with any successful remarketing of the Notes, the interest deferral provisions will cease to apply to the Notes.

What are the payment dates for the Corporate Units and Treasury Units?

Subject to any deferral as described under "Are payments subject to deferral?" above, the payments described above in respect of the Equity Units will be payable quarterly in arrears on March 1, June 1, September 1 and December 1 of each year (except that if any such date is not a business day, interest and contract adjustment payments will be payable on the following business day, without adjustment for such delay), commencing September 1, 2014. We will make these payments to the person in whose name the Equity Unit is registered on the close of business on the record date, subject to certain exceptions described herein. If the Equity Units are held in book-entry form, the "record date" means the business day immediately preceding the applicable payment date. If the Equity Units are not held in book-entry form, the "record date" means the 15th day of the calendar month immediately preceding the month in which the relevant payment date falls (or, if such day is not a business day, the next preceding business day).

What is a remarketing?

We refer to each of an "optional remarketing" and a "final remarketing" as a "remarketing." In a remarketing, the Notes that are a part of Corporate Units (except, with respect to a final remarketing, where the holder has elected to settle the purchase contract through payment of separate cash) and any separate Notes which were formerly part of Corporate Units but are now held by a holder as a separate security (the "separate Notes") whose holders have elected to participate in the remarketing will be remarketed as described below under "What is an optional remarketing?" or, if no optional remarketing has occurred or is successful, in a final remarketing as described below under "What is a final remarketing?"

In consultation with the remarketing agent and without the consent of any holders of Notes, we may elect (but will not be required to elect) to:

- move up the maturity date of the Notes to a date earlier than June 1, 2024 but not earlier than June 1, 2020;
- eliminate the redemption provisions of the Notes; and/or
- remarket the Notes as fixed-rate Notes or floating-rate Notes.

All such modifications will take effect only if the remarketing is successful, without the consent of holders, on the optional remarketing settlement date or the purchase contract settlement date, as the case may be, and will apply for all Notes, even if they were not included in the remarketing. If we conduct an optional remarketing that is not successful, we may change the elections described above prior to the final remarketing period.

In order to remarket the Notes, the remarketing agent, in consultation with us, may reset the interest rate on the Notes (either upward or downward), or if the Notes are remarketed as floating-rate Notes, determine the interest rate spread applicable to the Notes, in order to produce the required price in the remarketing, as discussed under "What is an optional remarketing?" and "What is a final remarketing?" The interest deferral provisions of the Notes will not apply after a successful remarketing.

During the applicable blackout period relating to a remarketing:

- you may not settle a purchase contract early;
- you may not create Treasury Units; and
- you may not recreate Corporate Units from Treasury Units.

We have agreed to enter into a remarketing agreement with one or more remarketing agents, which we refer to as the remarketing agent, no later than 20 days prior to the first day of the final remarketing period or, if we elect to conduct an optional remarketing, no later than 20 days prior to the first day of the optional remarketing period. We will separately pay a fee to the remarketing agent for its services. The holders of the Notes included in any remarketing will not be responsible for such fee.

What is an optional remarketing?

Unless a termination event has occurred, we may elect, at our option, to remarket the Notes over a period selected by us that begins on or after February 27, 2017 (the second business day immediately preceding the interest payment date prior to the purchase contract settlement date) and ends any time on or before May 14, 2017 (the eighth calendar day prior to the beginning of the final remarketing period). In any optional remarketing, the aggregate principal amount of the Notes that are a part of Corporate Units and any separate Notes whose holders have elected to participate in the optional remarketing will be remarketed. We refer to this period as the "optional remarketing period," a remarketing that occurs during the optional remarketing period as an "optional remarketing" and the date the Notes are priced in an optional remarketing as the "optional remarketing date." If we elect to conduct an optional remarketing, the remarketing agent will use its commercially reasonable efforts to obtain a price for the Notes that results in proceeds of at least 100% of the aggregate of the price of the Treasury portfolio described below under "What is the Treasury portfolio?", which we refer to as the "Treasury portfolio purchase price," and the separate Notes purchase price as defined under "Description of the Junior Subordinated Notes—Remarketing of Notes That Are Not Included in Corporate Units." We will request that The Depository Trust Company, or DTC, which we refer to as the "depository," notify its participants holding Corporate Units, Treasury Units and separate Notes of our election to conduct an optional remarketing no later than five business days prior to the first day of the optional remarketing period.

We may not elect to conduct an optional remarketing if we are then deferring interest on the Notes.

An optional remarketing will be considered successful if the remarketing agent is able to remarket the Notes for a price of at least 100% of the Treasury portfolio purchase price and the separate Notes purchase price.

Following a successful optional remarketing, on the optional remarketing settlement date (as defined below), the portion of the remarketing proceeds equal to the Treasury portfolio purchase price will, except as described in the following paragraph, be used to purchase the Treasury portfolio and the remaining proceeds attributable to the Notes underlying the Corporate Units will be remitted to the purchase contract agent for distribution pro rata to the holders of such Corporate Units. The portion of the proceeds attributable to the separate Notes sold in the remarketing will be remitted to the custodial agent for distribution on the optional remarketing settlement date pro rata to the holders of such separate Notes.

Following a successful optional remarketing, each Corporate Unit holder's applicable ownership interest in the Treasury portfolio or cash will be substituted for the holder's undivided beneficial ownership interest in the Notes as a component of the Corporate Units, and the portion of the Treasury portfolio described in the first

bullet under “What is the Treasury portfolio?” or such cash will be pledged to us through the collateral agent to secure the Corporate Unit holder’s obligation under the related purchase contract. On the purchase contract settlement date, for each Corporate Unit, $50.00 of the proceeds from the Treasury portfolio will automatically be applied to satisfy the Corporate Unit holder’s obligation to purchase common stock under the purchase contract and the proceeds from the portion of the Treasury portfolio described in the second bullet under “What is the Treasury portfolio?”, which will equal the interest payment (assuming no reset of the interest rate) that would have been paid on the Notes that were components of the Corporate Units at the time of the remarketing, will be paid on the purchase contract settlement date to the Corporate Unit holders.

If we elect to conduct an optional remarketing and that remarketing is successful:

- settlement with respect to the remarketed Notes will occur on the third business day following the optional remarketing date, unless the remarketed Notes are priced after 4:30 p.m. New York time on the optional remarketing date, in which case settlement will occur on the fourth business day following the optional remarketing date (we refer to such settlement date as the “optional remarketing settlement date”);
- the interest rate on the Notes will be reset, or, if we remarketed the Notes as floating-rate Notes, the interest rate spread will be determined, by the remarketing agent in consultation with us on the optional remarketing date and will become effective on the optional remarketing settlement date, if applicable;
- except in the case when the Notes are remarketed as floating-rate Notes, interest on the Notes will be payable semi-annually;
- the interest deferral provisions will cease to apply to the Notes;
- the other modifications to the terms of the Notes, as described under “What is a remarketing?” above will become effective;
- after the optional remarketing settlement date, your Corporate Units will consist of a purchase contract and the applicable ownership interest in the Treasury portfolio or cash, as described above; and
- you may no longer create Treasury Units or recreate Corporate Units from Treasury Units.

If we do not elect to conduct an optional remarketing, or no optional remarketing succeeds for any reason, the Notes will continue to be a component of the Corporate Units or will continue to be held separately and the remarketing agent will use its commercially reasonable efforts to remarket the Notes during the final remarketing period, as described under “What is a final remarketing?” below.

At any time and from time to time during the optional remarketing period prior to the announcement of a successful optional remarketing, we have the right to postpone any remarketing in our sole and absolute discretion.

What is a final remarketing?

Unless a termination event or a successful optional remarketing has previously occurred, we will remarket the Notes during the five business day period ending on, and including, May 26, 2017 (the third business day immediately preceding the purchase contract settlement date). We refer to such period as the “final remarketing period,” the remarketing during this period as the “final remarketing” and the date the Notes are priced in the final remarketing as the “final remarketing date.” In the final remarketing, the aggregate principal amount of the Notes that are a part of Corporate Units (except where the holder thereof has elected to settle the purchase

contract through payment of separate cash) and any separate Notes whose holders have elected to participate in the final remarketing will be remarketed. The remarketing agent will use its commercially reasonable efforts to obtain a price for the Notes that results in proceeds of at least 100% of the aggregate principal amount of all the Notes offered in the remarketing. We will request that the depository notify its participants holding Corporate Units, Treasury Units and separate Notes of the final remarketing no later than seven days prior to the first day of the final remarketing period. We have the right to postpone the final remarketing in our sole and absolute discretion on any day prior to the last three business days of the final remarketing period.

A remarketing during the final remarketing period will be considered successful if the remarketing agent is able to remarket the Notes for at least 100% of the aggregate principal amount of all the Notes offered in the remarketing.

Upon a successful final remarketing, settlement with respect to the remarketed Notes will occur on the purchase contract settlement date. On the final remarketing date, if applicable, the interest rate on the Notes remarketed as fixed-rate Notes will be reset, or, if the Notes are remarketed as floating-rate Notes, the interest rate spread will be determined, by the remarketing agent in consultation with us, and in each case will become effective on the purchase contract settlement date.

Following a successful final remarketing, the collateral agent will remit the portion of the proceeds equal to the total principal amount of the Notes underlying the Corporate Units to us to satisfy in full the Corporate Unit holders' obligations to purchase common stock under the related purchase contracts. Any excess proceeds attributable to Notes underlying Corporate Units that were remarketed will be remitted to the purchase contract agent for distribution pro rata to the holders of such Notes. Proceeds from the final remarketing attributable to the separate Notes remarketed will be remitted to the custodial agent for distribution pro rata to the holders of the separate Notes that were remarketed.

What happens if the Notes are not successfully remarketed?

If, in spite of using its commercially reasonable efforts, the remarketing agent cannot remarket the Notes during the final remarketing period at a price at least equal to 100% of the aggregate principal amount of Notes offered in the remarketing, a condition precedent set forth in the remarketing agreement has not been fulfilled or a successful remarketing has not occurred for any other reason, in each case resulting in a "failed remarketing," holders of all Notes will have the right to put their Notes to us for an amount equal to the principal amount of their Notes. A holder of Corporate Units will be deemed to have automatically exercised this put right with respect to the Notes underlying the Corporate Units unless, prior to 4:00 p.m., New York City time, on the second business day immediately prior to the purchase contract settlement date, the holder provides written notice of an intention to settle the related purchase contracts with separate cash and on or prior to the business day immediately preceding the purchase contract settlement date delivers to the securities intermediary $50.00 in cash per purchase contract. This settlement with separate cash may only be effected in integral multiples of 20 Corporate Units. Unless a holder of Corporate Units has elected to settle the related purchase contracts with separate cash, and delivered the separate cash on or prior to the business day immediately preceding the purchase contract settlement date, the holder will be deemed to have elected to apply the proceeds of the put price against the holder's obligations to us under the related purchase contracts, thereby satisfying the holder's obligations in full, and the Notes underlying such Corporate Units will be delivered to us and cancelled.

Do I have to participate in the remarketing?

No. You may elect not to participate in any remarketing and to retain the Notes underlying the undivided beneficial ownership interests in Notes comprising part of your Corporate Units by (1) creating Treasury Units at any time other than during a blackout period, (2) settling the related purchase contracts early at any time other

than during a blackout period or (3) in the case of a final remarketing, notifying the purchase contract agent prior to 4:00 p.m., New York City time, on the second business day immediately prior to the first day of the final remarketing period of your intention to settle your obligation under the related purchase contracts on the purchase contract settlement date in cash, and delivering such cash payment required under the purchase contracts to the securities intermediary on or prior to 4:00 p.m., New York City time, on the business day immediately prior to the first day of the final remarketing period. You can only elect to satisfy your obligation in cash in increments of 20 Corporate Units. See "Description of the Purchase Contracts—Notice to Settle with Cash."

Which provisions will govern the Notes following the remarketing?

The remarketed Notes will be governed by the indenture under which they were issued as part of the Corporate Units. However, in connection with the remarketing we may shorten the maturity of the Notes, or eliminate the optional redemption provisions for the Notes and remarket the Notes as fixed-rate or floating-rate Notes, all without the consent of any holders of Notes and as described under "What is a remarketing?" above.

If I am holding separate Notes, can I still participate in a remarketing of the Notes?

Yes. If you hold separate Notes, you may elect to have your Notes remarketed by the remarketing agent along with the Notes underlying the Corporate Units as described under "Description of the Junior Subordinated Notes—Remarketing of Notes That Are Not Included in Corporate Units." You may also participate in any remarketing by recreating Corporate Units at any time prior to the remarketing, other than during a blackout period.

How can I satisfy my obligation under the purchase contracts?

You may satisfy your obligation under the purchase contracts as follows:

- on an early settlement date as described under "Can I settle the purchase contract early?" above and under "What happens if there is early settlement upon a fundamental change?" below;
- on the purchase contract settlement date if you own Corporate Units:
  - through the automatic application of the portion of the proceeds of a successful remarketing during the final remarketing period equal to the principal amount of the Notes underlying the Corporate Units, as described under "What is a final remarketing?" above; or
  - in the case of a successful optional remarketing, through the automatic application of the portion of the proceeds from the Treasury portfolio or cash equal to the principal amount of the Notes if the Treasury portfolio or cash has replaced the Notes as a component of the Corporate Units as a result of a successful optional remarketing, as described under "What is an optional remarketing?" above; or
  - through cash settlement as described under "Do I have to participate in the remarketing?" above or through exercise of the put right or cash settlement as described under "What happens if the Notes are not successfully remarketed?" above; or
- on the purchase contract settlement date if you own Treasury Units through the automatic application of the proceeds of the interest in Treasury securities.

In addition, the purchase contract and pledge agreement that governs the Equity Units provides that your obligation under the purchase contract will be terminated without any further action or notice upon the occurrence of a termination event, as defined under "Description of the Purchase Contracts—Termination."

If you settle a purchase contract early (other than pursuant to your fundamental change early settlement right), you will be entitled to receive any accrued and unpaid contract adjustment payments (including any accrued and unpaid deferred contract adjustment payments and compounded contract adjustment payments thereon) to, but excluding, the contract adjustment payment date immediately preceding the early settlement date; *provided* that, under certain circumstances, you will be required to pay all contract adjustment payments payable on the contract adjustment payment date next succeeding the early settlement date to us in order to exercise the early settlement right. If you settle a purchase contract early pursuant to your fundamental change early settlement right, you will be entitled to receive any accrued and unpaid contract adjustment payments (including any accrued and unpaid deferred contract adjustment payments and compounded contract adjustment payments thereon) to, but excluding, the fundamental change early settlement date, unless the date on which the fundamental change early settlement right is exercised occurs following any record date and prior to the related scheduled contract adjustment payment date, and we are not deferring the related contract adjustment payment, in which case we will instead pay accrued and unpaid contract adjustment payments to the holder of the purchase contract as of such record date.

If the purchase contracts are terminated as a result of a termination event, you will not have any right to receive accrued and unpaid contract adjustment payments (including any deferred contract adjustment payments and compounded contract adjustment payments thereon). See “Description of the Purchase Contracts—Early Settlement” and “Description of the Purchase Contracts—Termination.”

What interest payments will I receive on the Notes or on the undivided beneficial ownership interests in the Notes?

Subject to any deferral as described in “Are payments subject to deferral?” above, the Notes will bear interest at the rate of 2.50% per year from the original issuance date to the purchase contract settlement date or, if earlier, the optional remarketing settlement date, payable quarterly in arrears on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2014 (except that if any such date is not a business day, interest will be payable on the following business day, without adjustment for such delay). On and after the purchase contract settlement date or, if earlier, the optional remarketing settlement date, interest on each Note will be payable at the relevant reset rate (as defined under “When will the interest rate on the Notes be reset and what is the reset rate?”), or if the interest rate has not been reset, at the initial interest rate of 2.50% per year. Except in the case when the Notes are remarketed as floating-rate Notes or in the case of a failed remarketing, following the purchase contract settlement date or, if applicable, the optional remarketing settlement date, interest on the Notes will be payable semi-annually. See “What is a remarketing?” above.

When will the interest rate on the Notes be reset and what is the reset rate?

The interest rate on the Notes may be reset in connection with a successful remarketing as described above under “What is an optional remarketing?” and “What is a final remarketing?”. The “reset rate” or, if we elect to remarket the Notes as floating-rate Notes, the “reset spread” will be the interest rate or spread determined by the remarketing agent, in consultation with us, as the rate or spread the Notes should bear in order for the remarketing agent to remarket the Notes on the remarketing date for a price of at least 100% of the Treasury portfolio purchase price plus the separate Notes purchase price, if any, in the case of an optional remarketing, or at least 100% of the aggregate principal amount of the Notes being offered in the remarketing, in the case of a final remarketing. In any case, the reset rate of Notes remarketed as fixed-rate Notes or, if we elect to remarket the Notes as floating-rate Notes, the applicable index plus the reset spread, may be higher or lower than the initial interest rate on the Notes depending on the results of the remarketing and market conditions at that time. The interest rate on the Notes will not be reset if there is not a successful remarketing and the Notes will continue to bear interest at the initial interest rate. The reset rate or, if we elect to remarket the Notes as floating-rate Notes, the applicable index plus the reset spread, will not exceed the maximum rate permitted by applicable law.

When may the Notes be redeemed?

We may redeem the Notes at our option only if there has been a failed final remarketing. In that event, any Notes that remain outstanding after the purchase contract settlement date will be redeemable on or after June 1, 2020 at our option, in whole or in part, at any time and from time to time, at a redemption price equal to the principal amount thereof plus accrued and unpaid interest, if any, to but excluding the redemption date.

What happens if there is early settlement upon a fundamental change?

If we are involved in a transaction that constitutes a fundamental change (as defined below) prior to the 30 th scheduled trading day preceding the purchase contract settlement date, you will have the right, subject to certain conditions, to accelerate and settle a purchase contract early at the settlement rate determined as described under "Description of the Purchase Contracts—Early Settlement Upon a Fundamental Change," plus an additional make-whole amount of shares, or the "make-whole shares," so long as at such time, if required under the U.S. federal securities laws, there is in effect a registration statement covering any securities to be issued and delivered in connection with such fundamental change early settlement. We refer to this right as the "fundamental change early settlement right."

A "fundamental change" means:

(1) a "person" or "group" within the meaning of Section 13(d) of the Exchange Act, as in effect on the issue date of the Corporate Units, has become the direct or indirect "beneficial owner," as defined in Rule 13d-3 under the Exchange Act, of shares of our common stock representing more than 50% of the voting power of our common stock;

(2) (A) we are involved in a consolidation with or merger into any other person, or any merger of another person into us, or any other similar transaction or series of related transactions (other than a merger, consolidation or similar transaction that does not result in the conversion or exchange of outstanding shares of our common stock) , in each case, in which 90% or more of the outstanding shares of our common stock are exchanged for or converted into cash, securities or other property, greater than 10% of the value of which consists of cash, securities or other property that is not (or will not be upon or immediately following the effectiveness of such consolidation, merger or other transaction) common stock listed on the New York Stock Exchange, the NASDAQ Global Select Market or the NASDAQ Global Market (or any of their respective successors) or (B) the consummation of any sale, lease or other transfer in one transaction or a series of related transactions of all or substantially all of our consolidated assets to any person other than one of our wholly-owned subsidiaries;

(3) our common stock ceases to be listed on at least one of the New York Stock Exchange, the NASDAQ Global Select Market or the NASDAQ Global Market (or any of their respective successors) or the announcement by any of such exchanges on which our common stock is then listed or admitted for trading that our common stock will no longer be so listed or admitted for trading, unless our common stock has been accepted for listing or admitted for trading on another of such exchanges; or

(4) our shareholders approve our liquidation, dissolution or termination;

provided that a transaction or event that constitutes a fundamental change pursuant to both clauses (1) and (2) above will be deemed to constitute a fundamental change solely pursuant to clause (2) of this definition of "fundamental change."

We will provide each of the holders of Equity Units with a notice of the completion of a fundamental change within four scheduled trading days after the effective date of such fundamental change. The notice will specify (1) a date (subject to postponement, as described below, the "fundamental change early settlement date"),

which will be at least 26 scheduled trading days after the date of such notice and one business day before the purchase contract settlement date, on which date we will deliver shares of our common stock to holders who exercise the fundamental change early settlement right, (2) the date by which holders must exercise the fundamental change early settlement right, which will be no earlier than the second scheduled trading day before the fundamental change early settlement date, (3) the first scheduled trading day of the deemed market value averaging period, which will be the 23 rd scheduled trading day prior to the fundamental change early settlement date, the reference price, the threshold appreciation price, the fixed settlement rates and the number of make-whole shares, (4) the amount and kind (per share of common stock) of the cash, securities and other consideration receivable upon settlement and (5) the amount of accrued and unpaid contract adjustment payments (including any deferred contract adjustment payments and compounded contract adjustment payments thereon), if any, that will be paid upon settlement to holders exercising the fundamental change early settlement right. To exercise the fundamental change early settlement right with respect to any purchase contracts, you must deliver to the purchase contract agent at the corporate trust office of the purchase contract agent or its agent, in each case, in the Borough of Manhattan, The City of New York, during the period beginning on the date we deliver notice to holders that a fundamental change has occurred and ending at 4:00 p.m., New York City time, on the second scheduled trading day before the fundamental change early settlement date (such period, subject to extension as described below, the "fundamental change exercise period"), payment of $50.00 for each purchase contract being settled in immediately available funds.

If you exercise the fundamental change early settlement right, we will deliver to you on the fundamental change early settlement date for each purchase contract with respect to which you have elected fundamental change early settlement, a number of shares (or exchange property units, if applicable) equal to the settlement rate described above, plus the number of make-whole shares determined by reference to the table set forth under "Description of the Purchase Contracts—Early Settlement Upon a Fundamental Change." In addition, on the fundamental change early settlement date, we will pay you the amount of any accrued and unpaid contract adjustment payments (including any deferred contract adjustment payments and compounded contract adjustment payments thereon) to, but excluding, the fundamental change early settlement date, unless the date on which the fundamental change early settlement right is exercised occurs following any record date and prior to the related scheduled contract adjustment payment date, and we are not deferring the related contract adjustment payment, in which case we will instead pay all accrued and unpaid contract adjustment payments to the holder as of such record date. The Notes or applicable ownership interests in the Treasury portfolio or Treasury securities underlying the Corporate Units or Treasury Units, as the case may be, with respect to which you are effecting a fundamental change early settlement, will be released from the pledge under the purchase contract and pledge agreement and delivered to you on the fundamental change early settlement date. If you do not elect to exercise your fundamental change early settlement right, your Corporate Units or Treasury Units will remain outstanding and be subject to normal settlement on the purchase contract settlement date.

We have agreed that, if required under the U.S. federal securities laws, we will use our commercially reasonable efforts to (1) have in effect throughout the fundamental change exercise period a registration statement covering the common stock and other securities, if any, to be delivered in respect of the purchase contracts being settled and (2) provide a prospectus in connection therewith, in each case in a form that may be used in connection with the fundamental change early settlement, subject to certain exceptions. In the event that a holder seeks to exercise its fundamental change early settlement right and a registration statement is required to be effective in connection with the exercise of such right but no such registration statement is then effective or a blackout period is continuing, the holder's exercise of such right will be void unless and until the registration statement is effective and no blackout period is continuing. The fundamental change exercise period will be extended by the number of days during such period on which no such registration statement is effective or a blackout period is continuing (*provided* that the fundamental change exercise period will not be extended beyond the third scheduled trading day preceding the purchase contract settlement date) and the fundamental change early settlement date will be postponed to the third scheduled trading day following the end of the fundamental

change exercise period. We will provide each of the holders with a notice of any such extension and postponement at least 23 scheduled trading days prior to any such extension and postponement.

Unless the Treasury portfolio has replaced the Notes as a component of the Corporate Units as a result of a successful optional remarketing, holders of Corporate Units may exercise the fundamental change early settlement right only in integral multiples of 20 Corporate Units. If the Treasury portfolio has replaced the Notes as a component of Corporate Units, holders of the Corporate Units may exercise the fundamental change early settlement right only in integral multiples of 80,000 Corporate Units.

A holder of Treasury Units may exercise the fundamental change early settlement right only in integral multiples of 20 Treasury Units.

What is the ranking of the Notes?

The Notes will be subordinated to all our existing and future Senior Indebtedness. The Notes will be structurally subordinated to existing or future preferred stock and indebtedness, guarantees and other liabilities, including trade payables, of our subsidiaries. See "Description of the Junior Subordinated Notes—Subordination."

How will the Notes be evidenced?

The Notes that form a part of the Corporate Units will be issued in fully registered form and will be registered in the name of the purchase contract agent. The Notes that do not form a part of the Corporate Units will be evidenced by one or more global notes registered in the name of DTC's nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC.

In a few special situations described in "Description of the Junior Subordinated Notes—Book Entry Issuance—The Depository Trust Company," a book-entry security representing the Notes will terminate and interests in it will be exchanged for physical certificates representing the Notes.

What are the United States federal income tax considerations related to the Equity Units and Notes?

Although the Internal Revenue Service (the "IRS") has issued a Revenue Ruling addressing the treatment of units similar to the Equity Units, the U.S. federal income tax consequences of the purchase, ownership, and disposition of the Equity Units are unclear. No statutory, judicial or administrative authority directly addresses all aspects of the treatment of the Equity Units or instruments similar to the Equity Units for U.S. federal income tax purposes, and no assurance can be given that the conclusions in the Revenue Ruling would apply to the Equity Units. In addition, there can be no assurance that the IRS or a court will agree with the characterization of the Notes as indebtedness for U.S. federal income tax purposes.

A beneficial owner of Equity Units will be treated for U.S. federal income tax purposes as separately owning the purchase contract and the undivided beneficial ownership interests in the Notes, the Treasury portfolio or the Treasury securities constituting the Equity Unit, as applicable. By purchasing the Corporate Units, you will be deemed to have agreed to treat the Equity Units in that manner for all U.S. federal income tax purposes. In addition, you will be deemed to have agreed to treat the Notes as our indebtedness for U.S. federal income tax purposes. You must allocate the purchase price of the Corporate Units between the Notes and the purchase contract in proportion to their respective fair market values, which will establish your initial tax basis in the Notes and the purchase contract. With respect to each Corporate Unit purchased in the offering, you will be deemed to have agreed to allocate $50.00 to the undivided beneficial ownership interest in the Notes and $0.00 to the purchase contract.

Because of the manner in which the interest rate on the Notes is to be reset, we intend to treat the Notes as "contingent payment debt instruments" that are subject to the contingent payment debt instrument rules for U.S. federal income tax purposes. Consequently, through the reset effective date, and possibly thereafter, a U.S. holder of Corporate Units or Notes will be required to include original issue discount ("OID") in gross income in an amount in excess of the interest actually received in respect of such applicable ownership interests in the Notes, regardless of the holder's usual method of tax accounting, and will generally be required to recognize ordinary income or loss, rather than capital gain or loss, on the sale, exchange or other disposition of the Notes or the Corporate Units, to the extent such income is allocable to the Notes. A beneficial owner of Treasury Units will be required to include in gross income any OID with respect to the Treasury securities as it accrues on a constant yield to maturity basis. If the Treasury portfolio has replaced applicable ownership interests in the Notes as a component of Corporate Units as a result of a successful remarketing of the Notes, a beneficial owner of Corporate Units will be required to include in gross income its allocable share of OID on the applicable ownership interest in the Treasury portfolio as it accrues on a constant yield to maturity basis. To the extent we are required to file information returns with respect to contract adjustment payments or deferred contract adjustment payments, we intend to treat such payments as taxable ordinary income to beneficial owners of Equity Units, but holders may want to consult their tax advisors concerting possible alternative characterizations.

For a more comprehensive discussion of the U.S. federal income tax considerations of an investment in the Equity Units, please see "Material U.S. Federal Income Tax Considerations." Prospective investors in Equity Units should consult their tax advisors regarding the particular tax consequences to them of the purchase, ownership and disposition of Equity Units (including the application and effects of any state, local, or foreign and other tax laws).

Are there limitations on the purchase, holding or disposition of the Corporate Units with assets of, or on behalf of, an employee benefit plan?

Yes. The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), Section 4975 of the Internal Revenue Code of 1986, as amended (the "Code"), and similar federal, state, local and foreign laws that are substantively similar or are of similar effect impose restrictions on the purchase, holding and disposition of Corporate Units (and the securities underlying the Corporate Units) by employee benefit plans that are subject to those laws. Corporate Units (and the securities underlying the Corporate Units) may be purchased with assets of, or on behalf of, an employee benefit plan subject to the investing fiduciary's determination that the investment satisfies ERISA's fiduciary standards and other requirements under ERISA, the Code and/or similar federal, state, local and non-U.S. laws applicable to investments by such employee benefit plan. An investing fiduciary that proposes to cause an employee benefit plan, or to act on behalf of an employee benefit plan, to purchase Corporate Units (and the securities underlying the Corporate Units) should consult its own counsel regarding the potential applicability of ERISA, the Code and/or similar federal, state, local or non-U.S. that are substantively similar or are of similar effect applicable to such investment (such federal, state, local or non-U.S. laws, "Similar Laws"), the potential consequences in its specific circumstances, and whether any exemption or exemptions would be applicable and should determine on its own whether all conditions of such exemption or exemptions have been satisfied. See "Certain Considerations for Employee Benefit Plans and other Retirement Arrangements."

What are the uses of proceeds from the offering?

We estimate that the net proceeds from the sale of the Equity Units in this offering will be approximately $970 million (approximately $1,115.50 million if the underwriters exercise their option to purchase additional Corporate Units in full), after deducting the underwriting discounts and commissions but before deducting other offering expenses. These net proceeds will be used to finance a portion of the acquisition of PHI and for general corporate purposes.

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We currently intend to use the proceeds from the settlement of the purchase contracts to finance a portion of the acquisition of PHI and for general corporate purposes or for other corporate purposes as soon as practicable following such settlement. We do not intend to use such proceeds to repurchase shares of our common stock.

What are the risks relating to the Equity Units?

See “Risk Factors” and the risk factors set forth in the documents and reports filed with the SEC that are incorporated by reference in this prospectus supplement and in the accompanying base prospectus, including the risk factors set forth under “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2013, before you make an investment decision pursuant to this prospectus supplement and the accompanying base prospectus.

The Offering—Explanatory Diagrams

The following diagrams illustrate some of the key features of the purchase contracts and the undivided beneficial ownership interests in Notes, Corporate Units and Treasury Units.

Corporate Units

A Corporate Unit consists of two components as described below:

Purchase Contract	1/20 Ownership Interest in Notes[2]
(Owed to Holder) Our Common Stock at Purchase Contract Settlement Date (June 1, 2017) + Contract Adjustment Payments 4.0% per annum paid quarterly[1]	(Owed to Holder) Interest 2.50% per annum paid quarterly[3] (following a successful remarketing, interest will be payable at reset rate and will be payable semi-annually)
(Owed to Exelon Corporation) $50.00 at Purchase Contract Settlement Date (June 1, 2017)	(Owed to Holder) $50.00 at Maturity (June 1, 2024)[4]

(1) Contract adjustment payments may be deferred as described under “Description of the Purchase Contracts— Contract Adjustment Payments” below.
(2) Each owner of an undivided beneficial ownership interest in Notes will be entitled to 1/20 of each interest payment paid in respect of a $1,000 principal amount Note.
(3) Interest payments may be deferred as described under “Description of the Junior Subordinated Notes—Option to Defer Interest Payments” below. In connection with any successful remarketing of the Notes, the interest deferral provisions will cease to apply to the Notes.
(4) Notes will be issued in minimum denominations of $1,000, except in limited circumstances following a termination event. Each undivided beneficial ownership interest in Notes represents a 1/20 undivided beneficial ownership interest in a Note having a principal amount of $1,000.

The holder of a Corporate Unit owns the 1/20 undivided beneficial ownership interest in a Note having a principal amount of $1,000 that forms a part of the Corporate Unit, but will pledge it to us through the collateral agent to secure its obligations under the related purchase contract.

If the Treasury portfolio has replaced the Notes as a result of a successful optional remarketing, the applicable ownership interests in the Treasury portfolio or cash, as applicable, will replace the Notes as a component of the Corporate Unit.

Treasury Units

A Treasury Unit consists of two components as described below: (1)

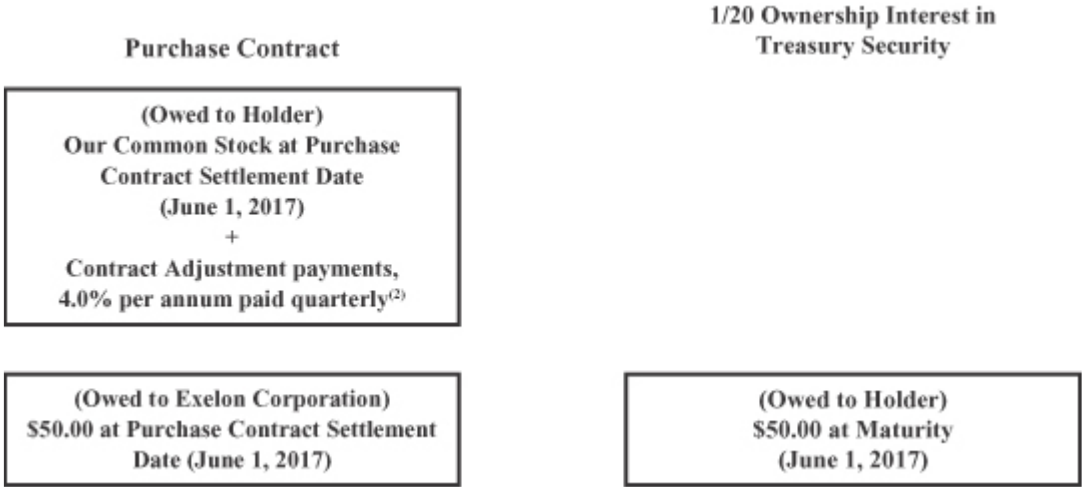

(1) Treasury Units may only be created in integral multiples of 20 Corporate Units. As a result, the creation of 20 Treasury Units will release $1,000 principal amount of the Notes held by the collateral agent. During a blackout period or following a successful remarketing, you may not create Treasury Units or recreate Corporate Units.

(2) Contract adjustment payments may be deferred as described under “Description of the Purchase Contracts— Contract Adjustment Payments” below.

The holder of a Treasury Unit owns the 1/20 undivided beneficial ownership interest in the Treasury security that forms a part of the Treasury Unit, but will pledge it to us through the collateral agent to secure its obligation under the related purchase contract.

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Purchase Contract

Corporate Units and Treasury Units both include a purchase contract under which the holder agrees to purchase shares of our common stock on the purchase contract settlement date. In addition, the purchase contracts require us to make contract adjustment payments as shown in the diagrams on the preceding pages.

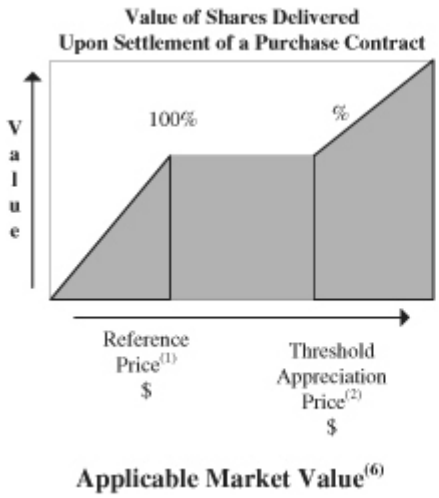

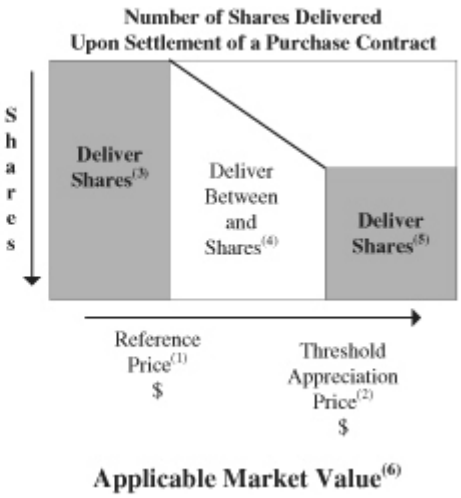

(1) The "reference price" is $35.00, which is the public offering price in the concurrent common stock offering. See "Recent Developments—Concurrent Common Stock Offering."

(2) The "threshold appreciation price" is equal to $50.00 divided by the minimum settlement rate (such quotient rounded to the nearest $0.0001), which is $43.7484 and represents appreciation of approximately 25.0% over the reference price.

(3) If the applicable market value of our common stock is less than or equal to the reference price of $35.00, 1.4286 shares of our common stock (subject to adjustment).

(4) If the applicable market value of our common stock is greater than the reference price and less than the threshold appreciation price of $43.7484, the number of shares of our common stock to be delivered to a holder of an Equity Unit will be calculated by dividing the stated amount of $50.00 by the applicable market value, rounded to the nearest ten thousandth of a share (subject to adjustment).

(5) If the applicable market value of our common stock is greater than or equal to the threshold appreciation price, the number of shares of our common stock to be delivered to a holder of an Equity Unit will be 1.1429 shares (subject to adjustment).

(6) The "applicable market value" means the average VWAP of our common stock on each trading day during the 20 consecutive scheduled trading day period ending on the third scheduled trading day immediately preceding the purchase contract settlement date (subject to adjustment as described herein if a market disruption event occurs).

The Notes

The Notes have the terms described below:

Notes

(Owed to Holder) Interest 2.50% per annum paid quarterly[1] (following a successful remarketing, interest will be payable at reset rate and will be payable semi-annually or, if the Notes are remarketed as floating-rate Notes, quarterly)

(Owed to Holder) $1,000 at Maturity (June 1, 2024)[2]

(1) Interest payments may be deferred as described under "Description of the Junior Subordinated Notes—Option to Defer Interest Payments" and interest payment dates will be adjusted in a successful remarketing as described under "Description of the Junior Subordinated Notes—Remarketing." In connection with any successful remarketing of the Notes, the interest deferral provisions will cease to apply to the Notes.

(2) In connection with a remarketing, we may shorten the maturity of the Notes to a date no earlier than June 1, 2020, or eliminate the optional redemption provisions of the Notes and remarket the Notes as fixed-rate Notes or floating-rate Notes, all as described under "Description of the Purchase Contracts—Remarketing."

Transforming Corporate Units into Treasury Units and Notes

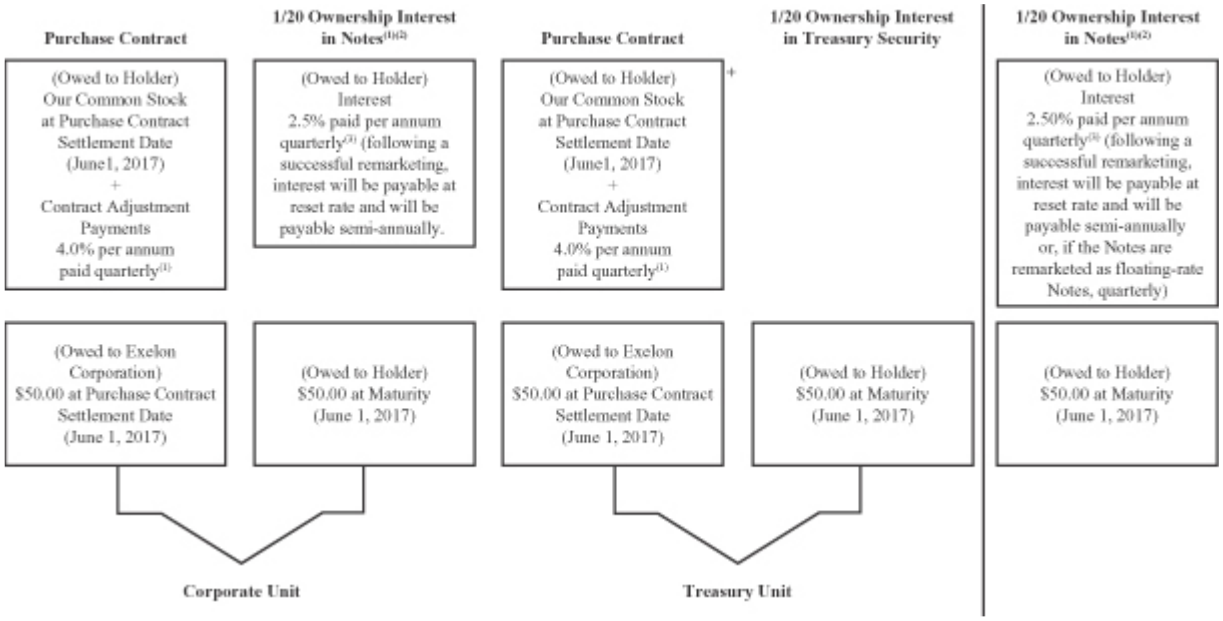

(1) Each holder will own a 1/20 undivided beneficial ownership interest in, and will be entitled to a corresponding portion of each interest payment payable in respect of, a Note having a principal amount of $1,000.

(2) Notes will be issued in minimum denominations of $1,000 and integral multiples thereof, except in limited circumstances following a termination event. In connection with a remarketing, we may shorten the maturity of the Notes to a date no earlier than June 1, 2020, or eliminate the optional redemption provisions of the Notes and remarket the Notes as fixed-rate Notes or floating-rate Notes, all as described under "Description of the Junior Subordinated Notes—Remarketing."

(3) Interest payments may be deferred as described in this prospectus supplement and interest payment dates will be adjusted in a successful remarketing as described under "Description of the Junior Subordinated Notes—Option to Defer Interest." In connection with any successful remarketing of the Notes, the interest deferral provisions will cease to apply to the Notes.

(4) Contract adjustment payments may be deferred as described under "Description of the Purchase Contracts— Remarketing." The diagram above describes each of a Corporate Unit, a Treasury Unit and a separate Note.

- Because the Notes and the Treasury securities are issued in minimum denominations of $1,000, holders of Corporate Units may only create Treasury Units in integral multiples of 20 Corporate Units.
- To create 20 Treasury Units, a holder separates 20 Corporate Units into their two components—20 purchase contracts and a Note having a principal amount of $1,000—and then combines the purchase contracts with a Treasury security having a principal amount at maturity of $1,000 that matures on June 1, 2017.
- The Note, which is no longer a component of Corporate Units, is released from the pledge under the purchase contract and pledge agreement and delivered to the holder and is tradable as a separate security.
- A holder owns the Treasury security that forms a part of the 20 Treasury Units but will pledge it to us through the collateral agent to secure its obligation under the related purchase contract.
- The Treasury security together with the 20 purchase contracts constitute 20 Treasury Units.

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- During a blackout period or following a successful remarketing, you may not create Treasury Units or recreate Corporate Units.
- Unless a blackout period is occurring or there has been a successful remarketing, the holder can also transform 20 Treasury Units and a Note having a principal amount of $1,000 into 20 Corporate Units. Following that transformation, the Treasury security, which will no longer be a component of the Treasury Unit, will be released from the pledge under the purchase contract and pledge agreement and delivered to the holder and will be tradable as a separate security.

Illustrative Remarketing Timeline

The following timeline is for illustrative purposes only. The dates in this timeline are based on the time periods set forth in the purchase contract and pledge agreement and the form of remarketing agreement that will be an exhibit to the purchase contract and pledge agreement. This timeline assumes that we will elect to conduct an optional remarketing during the maximum permissible optional remarketing period.

Date	Event
February 20, 2017 (five business days prior to the first day of the optional remarketing period)	We will, or we will request that the depository, notify holders of Corporate Units, Treasury Units and separate Notes of our election to conduct an optional remarketing. Such notice will specify the first day of the optional remarketing period and the procedures to be followed in the optional remarketing.
February 23, 2017 (two business days prior to the beginning of the optional remarketing period)	• Last day prior to the optional remarketing to create Treasury Units from Corporate Units and recreate Corporate Units from Treasury Units (holders may once again be able to create and recreate units if the optional remarketing is not successful); • Last day prior to the optional remarketing for holders of Corporate Units to settle the related purchase contracts early (holders may once again be able to settle early if the optional remarketing is not successful or after the blackout period has concluded for such optional remarketing); and • Last day for holders of separate Notes to give notice of their election or to revoke their election to participate in the optional remarketing.
February 27, 2017 to May 14, 2017	Optional remarketing period: • if the optional remarketing is successful, we will issue a press release on the business day after the optional remarketing date, the remarketing agent will purchase the Treasury portfolio and the settlement date for the optional remarketing will occur

Date	Event
	on the third business day following the optional remarketing date (unless the remarketed Notes are priced after 4:30 p.m. New York time on the optional remarketing date, in which case settlement will occur on the fourth business day following the optional remarketing date); and • if the optional remarketing is not successful, we will issue a press release at the end of the optional remarketing period.
No later than May 15, 2017 (seven calendar days prior to the first day of the final remarketing period)	If there has not been a successful optional remarketing, we will request that the depository notify its participants holding Corporate Units, Treasury Units and separate Notes of the final remarketing. Such notice will specify the final remarketing period and the procedures to be followed in the final remarketing.
May 15, 2017 (seven calendar days prior to the first day of the final remarketing period)	First day for holders of Corporate Units to give notice of election to settle purchase contracts with separate cash.
May 18, 2017 (two business days prior to the first day of the final remarketing period)	• Last day to create Treasury Units from Corporate Units and recreate Corporate Units from Treasury Units if no successful optional remarketing has occurred; • Last day for holders of Corporate Units to give notice of election to settle the related purchase contracts with separate cash on the purchase contract settlement date (holders may once again be able to settle the related purchase contracts with separate cash on the purchase contract settlement date if the final remarketing is not successful); • Last day for holders of separate Notes to give notice of their election or to revoke their election to participate in the final remarketing; and • Last day for holders of Corporate Units or Treasury Units to settle the related purchase contracts early.
May 19, 2017 (one business day prior to the first day of the final remarketing period)	Last day for holders of Corporate Units who have elected to settle the related purchase contracts with separate cash on the purchase contract date to pay the

Date	Event
	purchase price (holders may once again be able to settle the related purchase contracts with separate cash on the purchase contract settlement date if the final remarketing is not successful).
May 22, 2017 to May 26, 2017 (final remarketing period)	If there has not been a successful optional remarketing, we will attempt a remarketing during the final remarketing period. We may elect to postpone the final remarketing on any day other than one of the last three business days of the final remarketing period.
May 30, 2017 (two business days prior to the purchase contract settlement date)	If the final remarketing has not been successful, last day for holders of Corporate Units to elect to settle the related purchase contracts with separate cash on the purchase contract settlement date.
May 31, 2017 (one business day prior to the purchase contract settlement date)	If the final remarketing has not been successful, last day for holders of Corporate Units who have elected to settle the related purchase contracts with separate cash on the purchase contract settlement date to pay the purchase price.
June 1, 2017 (or if such day is not a business day, the following business day)	Purchase contract settlement date and settlement date for any successful final remarketing of the Notes.

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RISK FACTORS

Your investment in the Equity Units involves certain risks. In addition to the Risk Factors related to the Equity Units set forth below, our business is influenced by many factors that are difficult to predict, involve uncertainties that may materially affect actual results and are often beyond our control. We have identified a number of these factors under the heading “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2013 which is incorporated by reference in this prospectus supplement. In consultation with your own financial and legal advisers, you should carefully consider, among other matters, the discussions of risks that we have presented below and incorporated by reference before deciding whether an investment in the Equity Units is suitable for you.

The Corporate Units consist of a purchase contract to acquire our common stock and an interest in Notes issued by us. When considering an investment in our Corporate Units, you are making an investment decision with respect to our common stock and the Notes as well as the Corporate Units. You can create Treasury Units from Corporate Units by substituting Treasury securities for the Notes; you would be making an investment decision with respect to our common stock and the Notes as well as the Treasury Units in such case. You should carefully review the information in this prospectus supplement and the accompanying base prospectus about these securities.

Risks Related to Our Contemplated Acquisition of PHI

We may not realize the expected benefits of the PHI acquisition because of integration difficulties and other challenges.

The success of the PHI acquisition will depend, in part, on our ability to realize all or some of the anticipated benefits from integrating PHI’s business with our existing businesses. The integration process may be complex, costly and time-consuming. The challenges associated with integrating the operations of PHI’s business include, among others:

- delay in implementation of our business plan for the combined business;
- unanticipated issues or costs in integrating financial, information technology, communications and other systems;
- possible inconsistencies in standards, controls, procedures and policies, and compensation structures between PHI’ s structure and our structure;
- unanticipated changes in applicable laws and regulations;
- difficulties in retention of key employees;
- operating risks inherent in PHI’s business and our business; and
- unexpected regulatory requirements.

The parties to the anticipated Merger may be unable to satisfy the conditions to the completion of the Merger and the Merger may not be completed within the expected timeframe or at all.

Consummation of the Merger is subject to the satisfaction or waiver of specified closing conditions, including (1) the approval of the Merger by the holders of a majority of the outstanding shares of the PHI Common Stock, (2) the receipt of regulatory approvals required to consummate the Merger, including, approvals from the Federal Energy Regulatory Commission, the Federal Communications Commission, the Delaware Public Service Commission, the District of Columbia Public Service Commission, the Maryland Public Service Commission, the New Jersey Board of Public Utilities and the Virginia State Corporation Commission, (3) the expiration or termination of the applicable waiting period under the HSR Act of 1976 and (4) other customary closing conditions, including (a) the accuracy of each party’s representations and warranties (subject to

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customary materiality qualifiers) and (b) each party's compliance with its obligations and covenants contained in the Merger Agreement. In addition, the obligations of Exelon and Merger Sub to consummate the Merger are subject to the required regulatory approvals not, individually or in the aggregate, imposing terms, conditions, obligations or commitments that constitute a burdensome condition (as defined in the Merger Agreement)

These and other conditions to the completion of the Merger may fail to be satisfied. In addition, satisfying the conditions to and completion of the Merger may take longer, and could cost more, than PHI or we expect. Any delay in completing the Merger or any additional conditions imposed in order to complete the Merger may materially adversely affect the synergies and other benefits that we expect to achieve if the Merger and the integration of the companies' respective businesses are completed within the expected timeframe.

In addition, we or PHI may terminate the Merger Agreement if the Merger is not completed by July 29, 2015 except that, under certain circumstances, the date may be extended by PHI or us to October 29, 2015.

Regulatory approvals that are required to complete the Merger may not be received, may take longer than expected or may impose conditions which are not presently anticipated.

Under the provisions of the HSR Act, the Merger may not be completed until notification and report forms have been filed with the Antitrust Division of the Department of Justice (the "DOJ") and the Federal Trade Commission (the "FTC") and the expiration of a 30 calendar day waiting period (unless the waiting period is set to expire on a weekend or federal holiday, in which case the waiting period is automatically extended until 11:59 p.m. of the next business day), or the early termination of that waiting period, following the parties' filing of their respective notification and report forms. If the Antitrust Division of the DOJ or the FTC issues a Request for Additional Information and Documentary Material prior to the expiration of the waiting period, the parties must observe a second 30 calendar day waiting period (unless the waiting period is set to expire on a weekend or federal holiday, in which case the waiting period is automatically extended until 11:59 p.m. of the next business day), which would begin to run only after both parties have substantially complied with the request for additional information, unless the waiting period is terminated earlier.

Failure to obtain regulatory approval may result in Exelon's payment of a regulatory reverse termination fee.

If the Merger Agreement is terminated under certain circumstances due to the failure to obtain regulatory approvals or the breach by Exelon of its obligations in respect of obtaining regulatory approvals (a Regulatory Termination), Exelon will be required to pay PHI a reverse termination fee of up to $180 million.

Legal proceedings in connection with the Merger, the outcomes of which are uncertain, could delay or prevent the completion of the Merger.

One of the conditions to the closing of the Merger is that no judgment (whether preliminary, temporary or permanent) or other order by any court or other governmental entity shall be in effect that restrains, enjoins or otherwise prohibits or makes illegal the consummation of the Merger.

PHI and its directors have been named as defendants in a purported class action lawsuit filed by a plaintiff on behalf of herself and other public stockholders challenging the proposed Merger and seeking, among other things, to enjoin the defendants from consummating the Merger on the agreed-upon terms.

If a plaintiff in this or any other litigation that may be filed in the future is successful in obtaining an injunction prohibiting the parties from completing the Merger on the terms contemplated by the Merger Agreement, the injunction may prevent the completion of the Merger in the expected timeframe or altogether. If completion of the Merger is prevented or delayed, it could result in substantial costs to us and PHI. In addition, we and PHI could incur significant costs in connection with the lawsuits, including costs associated with the indemnification of PHI's directors and officers.

The Merger may prove disruptive and could result in our business failing to meet our expectations.

The process of integrating the operations of PHI may require a disproportionate amount of resources and management attention. Our future operations and cash flows will depend to a significant degree upon our ability to operate PHI efficiently, achieve the strategic operating objectives for our business and realize cost savings and synergies. Our management team may encounter unforeseen difficulties in managing the integration. In order to successfully integrate PHI, our management team will need to focus on realizing anticipated synergies and cost savings on a timely basis while maintaining the efficiency of our operations. Any substantial diversion of management attention could affect our ability to achieve operational, financial and strategic objectives.

The Merger may be completed on different terms from those contained in the Merger Agreement.

Prior to the completion of the Merger, the parties may, by their mutual agreement, amend or alter the terms of the Merger Agreement, including with respect to, among other things, the Merger consideration to be received by PHI stockholders or any covenants or agreements with respect to the parties' respective operations during the pendency thereof (certain of these changes, including those with respect to the Merger consideration to be received by PHI stockholders, may be made only prior to the requisite stockholder approval). Any such amendments or alterations may have negative consequences to Exelon or PHI stockholders including, among other things, reducing the cash available for our or PHI's operations or to meet respective obligations or restricting or limiting assets or operations of either of us or PHI. Under certain circumstances, PHI shareholders may be permitted or required to adopt any such amendments, which could delay the closing of the Merger and subject PHI and us to additional expense.

We have and will incur significant transaction and Merger-related costs in connection with the Merger.

We expect to incur a number of non-recurring costs associated with combining the operations of the two companies. Most of these costs will be transaction costs, including fees paid to financial and legal advisors related to the Merger and related financing arrangements, and employment-related costs, including change-in-control related payments made to certain PHI executives. In addition, if the closing of the Merger is materially delayed after this offering, we may be required to pay financing costs without having realized any benefits from the Merger during the period of delay. We will also incur transaction fees and costs related to formulating integration plans. Additional unanticipated costs may be incurred in the integration of the two companies' businesses. Although we expect that the elimination of costs, as well as the realization of other efficiencies related to the integration of the businesses, should allow us to offset incremental transaction and Merger-related costs over time, this net benefit may not be achieved in the near term, or at all.

Private parties may bring legal action under antitrust laws or intervene in regulatory proceedings.

Private parties who may believe they are adversely affected by the Merger and individual states may bring legal actions under the antitrust laws in certain circumstances or intervene in regulatory proceedings. Although we and PHI believe the completion of Merger will not conflict with any antitrust law, there can be no assurance that a challenge to the Merger on antitrust grounds will not be made or, if a challenge is made, what the result will be. Under the Merger Agreement, we and PHI have agreed to use our reasonable best efforts to obtain all regulatory clearances necessary to complete the Merger as promptly as practicable. In addition, in order to complete the Merger, we and PHI may be required to comply with conditions, terms, obligations or restrictions imposed by regulatory entities and such conditions, terms, obligations or restrictions may have the effect of delaying completion of the Merger, imposing additional material costs on or materially limiting our revenues after the completion of the Merger, or otherwise reducing our anticipated benefits to the Merger. In addition, such conditions, terms, obligations or restrictions could result in the delay or abandonment of the Merger.

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Risks Relating to the Equity Units

You assume the risk that the market value of our common stock may decline.

The number of shares of our common stock that you will receive upon the settlement of a purchase contract is not fixed but instead will depend on the average VWAP of our common stock on each trading day of the 20 consecutive scheduled trading day period ending on the third scheduled trading day immediately preceding the purchase contract settlement date (subject to adjustment as described herein if a market disruption event occurs), which we refer to as the applicable market value. There can be no assurance that the market value of common stock you receive on the purchase contract settlement date will be equal to or greater than the effective price per share you paid for our common stock. If the applicable market value of the common stock is less than the reference price of $35.00, the market value of the common stock issued to you pursuant to each purchase contract on the purchase contract settlement date (assuming that the market value on the purchase contract settlement date is the same as the applicable market value of the common stock) will be less than the effective price per share you paid for the common stock. Accordingly, you assume the risk that the market value of our common stock may decline, and that the decline could be substantial.

In addition, because the number of shares delivered to you on the purchase contract settlement date will be based upon the applicable market value, which is in turn calculated on the basis of the average of the VWAP per share of our common stock on each trading day of the 20 consecutive scheduled trading day period ending on the third scheduled trading day immediately preceding the purchase contract settlement date (subject to adjustment as described herein if a market disruption event occurs), the shares of common stock you receive on the purchase contract settlement date may be worth less than the shares of common stock you would have received had the applicable market value been equal to the VWAP per share of our common stock on the purchase contract settlement date or the average VWAP of our common stock over a different period of days.

The opportunity for equity appreciation provided by an investment in the Equity Units is less than that provided by a direct investment in our common stock.

Your opportunity for equity appreciation afforded by investing in the Equity Units is less than your opportunity for equity appreciation if you directly invested in our common stock. This opportunity is less, because the market value of the common stock to be received by you pursuant to the purchase contract on the purchase contract settlement date (assuming that the market value on the purchase contract settlement date is the same as the applicable market value of the common stock) will only exceed the effective price per share you paid for our common stock if the applicable market value of the common stock exceeds the threshold appreciation price (which represents an appreciation of approximately 25.0% over the reference price). If the applicable market value of our common stock exceeds the reference price but does not exceed the threshold appreciation price, you will realize no equity appreciation of the common stock for the period during which you own the purchase contract. Furthermore, if the applicable market value of our common stock equals or exceeds the threshold appreciation price, you would receive on the purchase contract settlement date only approximately 80.00% of the value of the shares of common stock you could have purchased with $50.00 at the closing price of our common stock on the date of the pricing of the Equity Units.

The trading prices for the Corporate Units and Treasury Units are expected to be affected by, among other things, the trading prices of our common stock, the general level of interest rates and our credit quality.

The trading prices of Corporate Units, which we intend to apply to list on the New York Stock Exchange, and Treasury Units in the secondary market are expected to be affected by, among other things, the trading prices of our common stock, the general level of interest rates and our credit quality. It is impossible to predict whether the price of our common stock or interest rates will rise or fall. The price of our common stock could be subject to wide fluctuations in the future in response to many events or factors, including those discussed in the risk factors herein and in our Annual Report on Form 10-K for the year ended December 31, 2013 as well as under “Forward-Looking Information” in this prospectus supplement, many of which events and factors are beyond our

control. Fluctuations in interest rates may give rise to arbitrage opportunities based upon changes in the relative value of the common stock underlying the purchase contracts and of the other components of the Equity Units. Any such arbitrage could, in turn, affect the trading prices of the Corporate Units, Treasury Units, Notes and our common stock.

If you hold Corporate Units or Treasury Units, you will not be entitled to any rights with respect to our common stock, but you will be subject to all changes made with respect to our common stock.

If you hold Corporate Units or Treasury Units, you will not be entitled to any rights with respect to our common stock, such as voting rights and rights to receive dividends or other distributions on our common stock. However, you will be subject to all changes affecting our common stock. You will only be entitled to rights with respect to our common stock if and when we deliver shares of common stock in exchange for Corporate Units or Treasury Units on the purchase contract settlement date, or on the settlement date for any early settlement, as the case may be, and the applicable record date, if any, for the exercise of those rights or the receipt of those dividends or distributions occurs after that date.

The delivery of make-whole shares upon a fundamental change early settlement may not adequately compensate you.

If a fundamental change (as defined below under “Description of the Purchase Contracts—Early Settlement Upon a Fundamental Change”) occurs prior to the 30 th scheduled trading day preceding the purchase contract settlement date and you exercise your fundamental change early settlement right, you will be entitled to receive additional value in respect of make-whole shares unless the stock price (as defined under “Description of the Purchase Contracts—Early Settlement Upon a Fundamental Change” below), is in excess of $70.00 per share (subject to adjustment). A description of how the number of make-whole shares will be determined is set forth under “Description of the Purchase Contracts—Early Settlement Upon a Fundamental Change—Calculation of Make-Whole Shares.” Although the make-whole shares are designed to compensate you for the lost value of your Equity Units as a result of the fundamental change, this feature may not adequately compensate you for such loss.

In addition, in the event that a holder seeks to exercise its fundamental change early settlement right and a registration statement is required to be effective in connection with the exercise of such right but no such registration statement is then effective or a blackout period is continuing, the holder’s exercise of such right will be void unless and until the registration statement is effective. For so long as there is a material business transaction or development that has not yet been publicly disclosed (but in no event for a period longer than 90 days), we will not be required to file such registration statement or provide such a prospectus, and the fundamental change early settlement right will not be available, until we have publicly disclosed such transaction or development; *provided* that we will use commercially reasonable efforts to make such disclosure as soon as it is commercially reasonable to do so.

The Equity Units provide limited fixed settlement rate adjustments, and an event could occur that adversely affects the value of the Equity Units or our common stock but that does not result in an adjustment to the fixed settlement rates.

The number of shares of common stock that you are entitled to receive on the purchase contract settlement date, or as a result of early settlement of a stock purchase contract, is subject to adjustment for certain events arising from stock splits and combinations, stock dividends, certain cash dividends and certain other events. We will not adjust the number of shares of common stock that you are to receive on the purchase contract settlement date, or as a result of early settlement of a purchase contract, for other events, including without limitation issuances and purchases of our common stock in connection with dividend reinvestment plans, employee stock option grants, ordinary dividends, offerings of common stock by us for cash or in connection with an acquisition, and share issuances pursuant to options and other convertible securities outstanding on the date we issue the

Equity Units. See “Description of the Purchase Contracts—Anti-dilution Adjustments.” There can be no assurance that an event that adversely affects the value of the Equity Units or our common stock, but does not result in an adjustment to the settlement rate, will not occur. Further, other than as described under “Underwriting,” we are not restricted from issuing additional common stock during the term of the stock purchase contracts and have no obligation to consider your interests for any reason. If we issue additional shares of common stock, it may materially and adversely affect the trading price of our common stock and the Equity Units. If we issue additional shares of common stock, those issuances may materially and adversely affect the price of our common stock and, because of the relationship of the number of shares holders are to receive on the purchase contract settlement date to the price of our common stock, those issuances may adversely affect the trading prices of the Equity Units.

The secondary market for the Corporate Units, Treasury Units or Notes may be illiquid.

It is not possible to predict how Corporate Units, Treasury Units or Notes will trade or whether a market for them will be liquid or illiquid. There is currently no market for our Corporate Units, Treasury Units or Notes. We intend to apply to list the Corporate Units on the New York Stock Exchange under the symbol “EXCU” and expect trading to commence within 30 days of the date of initial issuance of the Corporate Units, although there is no guarantee that the Corporate Units will be approved for listing. If the Treasury Units or the Notes are separately traded to a sufficient extent that applicable exchange listing or quotation system requirements are met, we may endeavor to list the Treasury Units or the Notes on the same exchange or quotation system as the Corporate Units. However, there can be no assurance that we will list the Treasury Units or the Notes. There can be no assurance as to the liquidity of any market that may develop for the Corporate Units, the Treasury Units or the Notes, your ability to sell these securities or whether a trading market, if one develops, will continue. In addition, in the event a sufficient number of holders of Equity Units were to convert their Treasury Units to Corporate Units or their Corporate Units to Treasury Units, as the case may be, the liquidity of Corporate Units or Treasury Units could be adversely affected. There can be no assurance that the Corporate Units, if approved for listing, will not be de-listed from the New York Stock Exchange or that trading in the Corporate Units will not be suspended as a result of holders’ elections to create Treasury Units, which could cause the number of Corporate Units to fall below the requirement for listing securities on the New York Stock Exchange.

Your rights to the pledged securities will be subject to our security interest and may be affected by a bankruptcy proceeding.

Although you will be the beneficial owner of the undivided beneficial ownership interests in Notes, Treasury securities or applicable ownership interests in the portion of the Treasury portfolio described in the first bullet under “What is the Treasury portfolio?”, as applicable, those securities will be pledged to us through the collateral agent to secure your obligations under the related purchase contracts. Your rights to the pledged securities will be subject to our security interest. Additionally, notwithstanding the automatic termination of the purchase contracts in the event that we become the subject of a case under the U.S. Bankruptcy Code, the effectiveness of such termination and the delivery of the pledged securities to you may be contested or delayed as a result of the imposition of the automatic stay under Section 362 of the U.S. Bankruptcy Code or by exercise of the bankruptcy court’s power under Section 105(a) of the U.S. Bankruptcy Code, and claims arising out of the Notes, like all other claims in bankruptcy proceedings, will be subject to the equitable jurisdiction and powers of the bankruptcy court.

Upon a successful remarketing of the Notes, the terms of your Notes will be modified even if you elect not to participate in the remarketing.

When we attempt to remarket the Notes, the remarketing agent will agree to use its commercially reasonable efforts to sell the Notes included in the remarketing. In connection with the remarketing, we may elect to shorten the maturity of the Notes to a date not earlier than June 1, 2020, to modify the optional redemption terms and to change the method of calculating interest payments on the Notes. If the remarketing is successful, the modified

terms will apply to all the Notes, even if they were not included in the remarketing. However, holders of the Notes must elect to participate in the remarketing before knowing what the modified terms of the Notes will be. Whenever we remarket the Notes, we will notify holders of Corporate Units, Treasury Units and separate Notes of such remarketing. You may determine that the revised terms of the Notes you receive are not as favorable to you as you would deem appropriate, and the modified terms may be less favorable to you than the initial terms of the Notes. For example, the interest rate on the Notes may be reduced in connection with the remarketing.

The purchase contract and pledge agreement will not be qualified under the Trust Indenture Act and the obligations of the purchase contract agent are limited.

The purchase contract and pledge agreement among us, the purchase contract agent and the collateral agent will not be qualified as an indenture under the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"), and the purchase contract agent and collateral agent will not be required to qualify as a trustee under the Trust Indenture Act. You will not have the benefit of the protection of the Trust Indenture Act with respect to the purchase contract and pledge agreement or the purchase contract agent. The Notes constituting a part of the Corporate Units will be issued pursuant to an indenture that has been qualified under the Trust Indenture Act. Accordingly, if you hold Corporate Units, you will have the benefit of the protections of the Trust Indenture Act only to the extent applicable to the ownership interests in Notes included in the Corporate Units. The protections generally afforded the holder of a security issued under an indenture that has been qualified under the Trust Indenture Act include:

- disqualification of the indenture trustee for "conflicting interests," as defined under the Trust Indenture Act;
- provisions preventing a trustee that is also a creditor of the issuer from improving its own credit position at the expense of the security holders immediately prior to or after a default under such indenture; and
- the requirement that the indenture trustee deliver reports at least annually with respect to certain matters concerning the indenture trustee and the securities.

You may not be able to exercise your rights to settle a purchase contract prior to the purchase contract settlement date unless a registration statement under the Securities Act is in effect and a prospectus is available covering the shares of common stock and other securities, if any, deliverable upon early settlement of a purchase contract.

The early settlement rights under the purchase contracts are subject to the condition that, if required under the U.S. federal securities laws, we have a registration statement under the Securities Act in effect on the applicable early settlement date. If such registration statement is so required, we have agreed to use our commercially reasonable efforts to have a registration statement in effect on the applicable early settlement date and have an available prospectus in connection therewith covering the shares of common stock and other securities, if any, deliverable upon settlement of the purchase contract, subject to certain exceptions. In the event that a holder seeks to exercise its early settlement right and a registration statement is required to be effective in connection with the exercise of such right but no such registration statement is then effective, the holder's exercise of such right will be void unless and until such a registration statement is effective.

The indenture under which the Notes will be issued does not limit our indebtedness, prevent dividends or generally prevent highly leveraged transactions; there are no financial covenants in the indenture.

Neither we nor any of our subsidiaries are restricted from incurring additional debt or other liabilities, including additional Senior Indebtedness, under the indenture pursuant to which the Notes will be issued. As of March 31, 2014, we, and our subsidiaries, had total consolidated indebtedness of $19.6 billion, including $648 million in utility long term debt to financing trusts. If we incur additional debt or liabilities, our ability to pay our obligations on the Notes could be adversely affected. We expect that we will from time to time incur additional

debt and other liabilities. In addition, except as described under “Description of the Junior Subordinated Notes—Dividend and Other Payment Stoppages During Interest Deferral and Under Certain Other Circumstances,” we are not restricted under the indenture from paying dividends or issuing or repurchasing our securities.

As of March 31, 2014, Exelon had approximately $3.0 billion principal amount of outstanding long-term debt on an unconsolidated basis that will be senior to the Notes, including the legal obligations of Exelon Corporation to the holders of approximately $1.4 billion in senior notes that have been transferred to Generation through mirror notes from Generation to Exelon Corporation. During consolidation the debt is eliminated from Exelon Corporation and consolidated from Generation into total consolidated indebtedness. Additionally, as of March 31, 2014, our subsidiaries had approximately $17.8 billion of outstanding long-term debt (including securities due within one year) excluding $1.4 billion in senior notes that are mirrored down to Generation which is eliminated during consolidation and consolidated from generation into total consolidated indebtedness principal amount.

There are no financial covenants in the indenture. Except for the covenants described under “Description of the Junior Subordinated Notes—Consolidation, Merger or Sale,” there are no covenants or any other provisions in the indenture which may afford you protection in the event of a highly leveraged transaction including one that may or may not result in a change of control of the Company.

The Notes and the contract adjustment payments are subordinated to our existing and future Senior Indebtedness and are structurally subordinated to any existing or future preferred stock, indebtedness, guarantees and other liabilities of our subsidiaries.

The Notes and the contract adjustment payments will be obligations exclusively of Exelon and will not be guaranteed by any of our subsidiaries. The Notes and contract adjustment payments are subordinated to our existing and future Senior Indebtedness (as defined under “Description of the Junior Subordinated Notes—Subordination”) and will be structurally subordinated to existing or future preferred stock, indebtedness, guarantees and other liabilities, including trade payables, of our subsidiaries. The indenture under which the Notes will be issued will not restrict us or our subsidiaries from incurring substantial additional indebtedness in the future.

As of March 31, 2014, Exelon had approximately $3.0 billion principal amount of outstanding long-term debt on an unconsolidated basis that will be senior to the Notes, including the legal obligations of Exelon Corporation to the holders of approximately $1.4 billion in senior notes that have been transferred to Generation through mirror notes from Generation to Exelon Corporation. During consolidation the debt is eliminated from Exelon Corporation and consolidated from Generation into total consolidated indebtedness. Additionally, as of March 31, 2014, our subsidiaries had approximately $17.8 billion of outstanding long-term debt (including securities due within one year) excluding $1.4 billion in senior notes that are mirrored down to Generation which is eliminated during consolidation and consolidated from generation into total consolidated indebtedness principal amount.

Our subsidiaries are separate and distinct legal entities from us. Our subsidiaries have no obligation to pay any amounts due on the Notes or the purchase contracts or to provide us with funds to meet our respective payment obligations on the Notes or purchase contracts. Any payment of dividends, loans or advances by our subsidiaries to us could be subject to statutory or contractual restrictions and will be contingent upon the subsidiaries’ earnings and business considerations. Our right to receive any assets of any of our subsidiaries upon their bankruptcy, liquidation or similar reorganization, and therefore the right of the holders of the Notes or purchase contracts to participate in those assets, will be structurally subordinated to the claims of that subsidiary’s creditors, including trade creditors. Even if we are a creditor of any of our subsidiaries, our rights as a creditor would be subordinate to any security interest in the assets of our subsidiaries and any indebtedness of our subsidiaries senior to that held by us.

Recent and future regulatory actions and other events may adversely affect the trading price and liquidity of the Equity Units.

We expect that many investors in, and potential purchasers of, the Equity Units will employ, or seek to employ, an arbitrage strategy with respect to the Equity Units. Investors would typically implement such a strategy by selling short the common stock underlying the Equity Units and dynamically adjusting their short position while continuing to hold the Equity Units. Investors may also implement this type of strategy by entering into swaps on our common stock in lieu of or in addition to short selling the common stock.

The SEC and other regulatory and self-regulatory authorities have implemented various rules and taken certain actions, and may in the future adopt additional rules and take other actions, that may impact those engaging in short selling activity involving equity securities (including our common stock). Such rules and actions include Rule 201 of SEC Regulation SHO, the adoption by the Financial Industry Regulatory Authority, Inc. and the national securities exchanges of a “Limit Up-Limit Down” program, the imposition of market-wide circuit breakers that halt trading of securities for certain periods following specific market declines, and the implementation of certain regulatory reforms required by the Dodd-Frank Act. Any governmental or regulatory action that restricts the ability of investors in, or potential purchasers of, the Equity Units to effect short sales of our common stock or enter into swaps on our common stock could adversely affect the trading price and the liquidity of the Equity Units.

In addition, if investors and potential purchasers seeking to employ an arbitrage strategy are unable to borrow or enter into swaps on our common stock, in each case on commercially reasonable terms, the trading price and liquidity of the Equity Units may be adversely affected.

We may defer contract adjustment payments under the purchase contracts, and this may have an adverse effect on the trading prices of the Equity Units.

We may at our option defer the payment of all or part of the contract adjustment payments under the purchase contracts. If we exercise our right to defer contract adjustment payments, the market price of the Equity Units is likely to be adversely affected. As a result of the existence of our deferral rights, the market price of the Equity Units may be more volatile than would otherwise be the case. In addition, there is a risk that we may not be able to pay such deferred contract adjustment payments (including compounded contract adjustment payments thereon) in the future. If we make such a deferral you may be required to continue to recognize income for U.S. federal income tax purposes in respect of the purchase contracts in advance of your receipt of any corresponding cash distributions.

If we exercise our right to defer interest payments on the Notes, the market price of the Corporate Units and any separate Notes is likely to be adversely affected.

Prior to any successful remarketing of the Notes, we may at our option defer interest payments on the Notes for one or more consecutive interest periods. During any “deferral period” (as defined under “Description of the Junior Subordinated Notes—Option to Defer Interest Payments” below), holders of the Notes will receive no current payments and, so long as we are otherwise in compliance with our obligations, holders will have no remedies against us for nonpayment unless we fail to pay all previously deferred interest (including compounded interest thereon) in cash within 30 days of the date due after the end of the deferral period. If we exercise our right to defer interest, the market price of the Corporate Units and any separate Notes is likely to be adversely affected. As a result of the existence of our deferral rights, the market price of the Corporate Units and any separate Notes may be more volatile than would otherwise be the case. In addition, there is the risk that we may not be able to pay such deferred interest (including compounded interest thereon) in the future.

Because the Notes will be issued with OID, holders of Corporate Units and separate Notes will be required to include interest in their taxable income before they receive cash.

Because of the manner in which the interest rate on the Notes is to be reset, we intend to treat the Notes as "contingent payment debt instruments" for U.S. federal income tax purposes. As such, the Notes will be treated as issued with OID. OID will accrue from the issue date of the Notes and will be included in the gross income of holders of Equity Units and separate Notes for U.S. federal income tax purposes before the holders receive the cash payments to which the income is attributable. Moreover, prior to any remarketing, the amount of interest that will be included in gross income generally will exceed the actual cash payments to which the income is attributable. The treatment of the Notes as contingent payment debt instruments will also generally cause any gain recognized on the sale, exchange or other taxable disposition of the Notes to be treated as ordinary income rather than capital gain. See "Material U.S. Federal Income Tax Considerations."

The U.S. federal income tax consequences of the purchase, ownership and disposition of the Equity Units are unclear.

Although the IRS has issued a Revenue Ruling addressing the treatment of units similar to the Equity Units, the U.S. federal income tax consequences of the purchase, ownership, and disposition of the Equity Units are unclear. No statutory, judicial or administrative authority directly addresses all aspects of the treatment of the Equity Units or instruments similar to the Equity Units for U.S. federal income tax purposes. Accordingly, no assurance can be given that the conclusions in the Revenue Ruling would apply to the Equity Units. In addition, there can be no assurance that the IRS or a court will agree with the characterization of the Notes as indebtedness for U.S. federal income tax purposes. You should consult with your tax advisors regarding the tax consequences of an investment in the Equity Units. See "Material U.S. Federal Income Tax Considerations."

Under certain circumstances, you may be treated as receiving a taxable distribution on our common stock even though you do not receive any actual distribution.

For U.S. federal income tax purposes, you may be treated as receiving a constructive distribution from us with respect to the purchase contract if (1) the fixed settlement rates are adjusted (or fail to be adjusted) and, as a result of the adjustment (or failure to adjust), your proportionate interest in our assets or earnings and profits is increased, and (2) the adjustment (or failure to adjust) is not made pursuant to a bona fide, reasonable anti-dilution formula. The adjustment of the fixed settlement rate (or a failure to adjust the fixed settlement rate) may result in a constructive distribution that is taxable to you for U.S. federal income tax purposes in the year of such constructive distribution notwithstanding the fact that you do not actually receive any distribution related thereto. Non-U.S. holders (as defined under "Material U.S. Federal Income Tax Considerations") may be subject to U.S. federal withholding tax at a 30% rate on such constructive distributions, unless an income tax treaty reduces or eliminates such tax and any such withholding may be satisfied from payments on the Equity Units or purchase contract. See "Material U.S. Federal Income Tax Considerations—U.S. Holders—Purchase Contracts" and "Material U.S. Federal Income Tax Considerations—Non-U.S. Holders—Dividends."

We will report contract adjustment payments as ordinary income and we will withhold tax on contract adjustment payments made to non-U.S. holders.

We intend to treat contract adjustment payments as taxable ordinary income to a U.S. holder (as defined under "Material U.S. Federal Income Tax Considerations") when received or accrued, in accordance with the U.S. holder's regular method of tax accounting. We intend to treat any contract adjustment payments paid to a non-U.S. holder (as defined under "Material U.S. Federal Income Tax Considerations") as payments generally subject to withholding tax at a 30% rate, unless an income tax treaty reduces or eliminates such tax and the holder satisfies the relevant certification requirements. See "Material U.S. Federal Income Tax Considerations— U.S. Holders—Purchase Contracts" and "Material U.S. Federal Income Tax Considerations—Non-U.S. Holders—Contract Adjustment Payments." Persons considering the purchase of Equity Units should consult their tax advisors concerning the possible alternative characterization and tax treatment of Equity Units and the contract adjustment payments.

Non-U.S. holders may be subject to U.S. federal income tax.

We have not determined whether we are a "United States real property holding corporation" for U.S. federal income tax purposes. If we are a United States real property holding corporation, non-U.S. holders (as defined in "Material U.S. Federal Income Tax Considerations") of the Equity Units, the purchase contracts or our common stock may be subject to U.S. federal income or withholding tax, or both, in respect of payments in connection with a sale, a transfer or other taxable disposition of the Equity Units, the purchase contracts and/or our common stock if they exceed certain ownership levels. Prospective non-U.S. holders are urged to consult their tax advisors with respect to the U.S. federal income tax consequences of acquiring, owning, settling and disposing of the Equity Units, the purchase contracts and our common stock. See "Material U.S. Federal Income Tax Considerations—Non-U.S. Holders."

FORWARD LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus and the documents incorporated or deemed incorporated by reference as described under the heading “Where You Can Find More Information” contain forward-looking statements that are not based entirely on historical facts and are subject to risks and uncertainties. Words such as “believes,” “anticipates,” “expects,” “intends,” “plans,” “predicts” and “estimates” and similar expressions are intended to identify forward-looking statements but are not the only means to identify those statements. These forward-looking statements are based on assumptions, expectations and assessments made by our management in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe to be appropriate. Any forward-looking statements are not guarantees of our future performance and are subject to risks and uncertainties.

This prospectus supplement and the accompanying prospectus contain certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which are subject to risks and uncertainties. The factors that could cause actual results to differ materially from the forward-looking statements include: (a) any risk factors discussed in this prospectus supplement or the accompanying prospectus; (b) those risk factors discussed in our 2013 Annual Report on Form 10-K in (1) ITEM 1A. Risk Factors, (2) ITEM 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations and (3) ITEM 8. Financial Statements and Supplementary Data: Note 22; and (c) other factors discussed herein and in other filings with the SEC by Exelon, as applicable.

You are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date on the front of this prospectus supplement or, as the case may be, as of the date on which we make any subsequent forward-looking statement that is deemed incorporated by reference. We do not undertake any obligation to update or revise any forward-looking statement to reflect events or circumstances after the date as of which any such forward-looking statement is made.

WHERE YOU CAN FIND MORE INFORMATION

The SEC allows us to “incorporate by reference” the information filed by us with the SEC, which means that we can refer you to important information without restating it in this prospectus supplement and the accompanying prospectus. The information incorporated by reference is considered to be part of this prospectus supplement and the accompanying prospectus and should be read with the same care. This incorporation by reference does not include documents that are furnished, but not filed, with the SEC. Exelon, Generation, ComEd, PECO and BGE file combined reports under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Information contained in the combined reports relating to each registrant is filed separately by such registrant on its own behalf and only the information related to Exelon is incorporated by reference in this prospectus supplement and the accompanying prospectus. Exelon does not make any representation as to information relating to any other registrant or securities issued by any other registrant and you should not rely on any information relating to any registrant other than Exelon in determining whether to invest in the Equity Units offered hereby. We incorporate by reference our Annual Report on Form 10-K for the year ended December 31, 2013, our Quarterly Report on Form 10-Q for the quarter ended March 31, 2014, our Definitive Proxy Statement on Schedule 14A filed with the SEC on April 2, 2014, our Current Reports on Form 8-K filed with the SEC on February 12, 2014, February 13, 2014, February 28, 2014, April 1, 2014, April 30, 2014, May 12, 2014, May 27, 2014 and June 4, 2014 and any future filings that we make with the SEC under the Exchange Act if the filings are made prior to the time that all of the Equity Units are sold in this offering.

You can also find more information about us from the sources described under “Documents Incorporated by Reference” in the accompanying prospectus.

USE OF PROCEEDS

We estimate that the net proceeds from the sale of the Equity Units in this offering will be approximately $970 million (approximately $1,115.50 million if the underwriters exercise their option to purchase additional Corporate Units in full), after deducting the underwriting discounts and commissions but before deducting other offering expenses. These net proceeds will be used to finance a portion of the acquisition of PHI and for general corporate purposes. See “Recent Developments—PHI Merger.”

We currently intend to use the proceeds from the settlement of the purchase contracts to pay, in part, consideration for the acquisition of PHI or for other corporate purposes as soon as practicable following such settlement. To the extent we do not use the net proceeds immediately; we may temporarily invest them in short-term, interest-bearing obligations.

CAPITALIZATION

The table below shows our unaudited capitalization on a consolidated basis as of March 31, 2014. The "As Adjusted for Concurrent Offering" column reflects our capitalization after giving effect to our concurrent offering of common stock and use of proceeds therefrom. The "As Fully Adjusted" column reflects our capitalization after giving effect to the concurrent offering, this offering of Equity Units and the intended use of the net proceeds from both of these offerings. The table below assumes that the over-allotment option is not exercised in this offering or the concurrent offering. You should read this table along with our audited financial statements contained in our Annual Report on Form 10-K for the year ended December 31, 2013, as well as the unaudited information presented in our most recent Quarterly Report on Form 10-Q filed for the quarter ended March 31, 2014. See "Where You Can Find More Information" and "Use of Proceeds."

	As of March 31, 2014		
	Actual	As Adjusted for the Concurrent Offering	As Fully Adjusted
	(In millions)	(In millions)	(In millions)
Short-term borrowings	$ 980	$ 980	$ 980
Long-term debt:			
Long-term	19,568	19,568	19,568
Junior subordinated notes offered hereby	—	—	1,000
Shareholders' equity	22,778	24,632	24,632
Total Capitalization	$ 43,326	$ 45,180	$ 46,180

COMMON STOCK DIVIDENDS AND PRICE RANGE

Our common stock is listed on the New York Stock Exchange under the symbol "EXC". The following table sets forth the range of intra-day high and low sale prices, as reported on the New York Stock Exchange, and the cash dividends declared on the common stock for the periods indicated:

Price Range	High	Low	Dividends
2012			
First Quarter	$43.70	$38.31	$ 0.525
Second Quarter	39.37	36.27	0.525
Third Quarter	39.82	34.54	0.525
Fourth Quarter	37.50	28.40	0.525
2013			
First Quarter	$34.56	$29.10	$ 0.556
Second Quarter	37.80	29.84	0.310
Third Quarter	32.42	29.42	0.310
Fourth Quarter	30.59	26.64	0.310
2014			
First Quarter	$33.94	$26.45	$ 0.310
Second Quarter (through June 11, 2014)	$37.73	$33.11	$ 0.310

On June 11, 2014, the last reported sale price of the common stock on the New York Stock Exchange was $35.75 per share.

Our board of directors declared the second quarter 2014 dividend of $0.31 per share on Exelon's common stock. The second quarter dividend was paid on June 10, 2014 to shareholders of record as of 5:00 p.m. New York time on May 16, 2014. All future quarterly dividends require approval by Exelon's board of directors.

As of June 6, 2014, we had approximately 858,876,681 shares of common stock outstanding and approximately 127,869 holders of record of our common stock.

ACCOUNTING TREATMENT

The net proceeds from the sale of the Equity Units will be allocated between the purchase contracts and the Notes in proportion to their respective fair market values at the time of issuance. The present value of the contract adjustment payments will be initially charged to shareholders' equity, with an offsetting credit to liabilities. This liability is accreted over the life of the purchase contract by interest charges to the income statement based on a constant rate calculation. Subsequent contract adjustment payments reduce this liability.

The purchase contracts are forward transactions in our common stock. Upon settlement of each purchase contract, we will receive $50.00 on the purchase contract and will issue the requisite number of shares of our common stock. The $50.00 that we receive will be credited to shareholders ' equity.

Before the issuance of our common stock upon settlement of the purchase contracts, the purchase contracts will be reflected in our diluted earnings per share calculations using the treasury stock method. Under this method, the number of shares of our common stock used in calculating diluted earnings per share (based on the settlement formula applied at the end of the reporting period) is deemed to be increased by the excess, if any, of the number of shares that would be issued upon settlement of the purchase contracts over the number of shares that could be purchased by us in the market (at the average market price during the period) using the proceeds receivable upon settlement. Consequently, we anticipate that there will be no dilutive effect on our earnings per share except during periods when the average market price of our common stock is above the adjusted forward sale price, which is initially $33.95 per share, subject to increase or decrease based on the federal funds rate, less a spread, and subject to price reductions on our shares of common stock during the term of the forward sale agreements.

Both the Financial Accounting Standards Board and its Emerging Issues Task Force continue to study the accounting for financial instruments and derivative instruments, including instruments such as the Equity Units. It is possible that our accounting for the purchase contracts and the notes could be affected by any new accounting rules that might be issued by these groups.

DESCRIPTION OF THE EQUITY UNITS

In this Description of the Equity Units, "Exelon," "we," "us," "our" and the "Company" refer only to Exelon Corporation and any successor obligor, and not to any of its subsidiaries.

The following is a summary of some of the terms of the Equity Units. This summary, together with the summaries of the terms of the purchase contracts, the purchase contract and pledge agreement and the Notes set forth under the captions "Description of the Purchase Contracts," "Certain Provisions of the Purchase Contract and Pledge Agreement" and "Description of the Junior Subordinated Notes" in this prospectus supplement, contain a description of the material terms of the Equity Units, but are only summaries and are not complete. This summary is subject to and is qualified by reference to all the provisions of the purchase contract and pledge agreement, the subordinated indenture (as defined under "Description of the Junior Subordinated Notes— Ranking"), the supplemental indenture (as defined under "Description of the Junior Subordinated Notes—Ranking"), the Notes and the form of remarketing agreement, which has been attached as an exhibit to the purchase contract and pledge agreement, including the definitions of certain terms used therein, forms of which have been or will be filed and incorporated by reference as exhibits to the registration statement of which this prospectus supplement and the accompanying base prospectus form a part.

General

We will issue the Equity Units under the purchase contract and pledge agreement among us and The Bank of New York Mellon Trust Company, N.A., as purchase contract agent (the "purchase contract agent"), collateral agent (the "collateral agent"), custodial agent (the "custodial agent") and securities intermediary. The Equity Units may be either Corporate Units or Treasury Units. The Equity Units will initially consist of 20,000,000 Corporate Units (or 23,000,000 Corporate Units if the underwriters exercise their option to purchase additional Corporate Units in full), each with a stated amount of $50.00.

Each Corporate Unit offered will consist of:

- a purchase contract under which
  - the holder will agree to purchase from us, and we will agree to sell to the holder, on June 1, 2017 (or if such day is not a business day, the following business day), which we refer to as the "purchase contract settlement date," or earlier upon early settlement, for $50.00, a number of shares of our common stock equal to the applicable settlement rate described under "Description of the Purchase Contracts—Purchase of Common Stock," "Description of the Purchase Contracts—Early Settlement" or "Description of the Purchase Contracts—Early Settlement Upon a Fundamental Change," as the case may be, plus, in the case of an early settlement upon a fundamental change, the number of make-whole shares; and
  - we will pay the holder quarterly contract adjustment payments at the rate of 4.0% per year on the stated amount of $50.00, or $2.00 per year, subject to our right to defer such contract adjustment payments as described under "Description of the Purchase Contracts—Contract Adjustment Payments," and

either:

- a 1/20 undivided beneficial ownership interest in a $1,000 principal amount 2.50% junior subordinated note due 2024 issued by us, and under which we will pay to the holder 1/20 of the interest payment on a $1,000 principal amount Note at the initial rate of 2.50%, or $25.00 per year per $1,000 principal amount of Notes, subject to our right to defer such interest payments as described under "Description of the Junior Subordinated Notes—Option to Defer Interest Payments;" or
- following a successful optional remarketing, the applicable ownership interest in a portfolio of U.S. Treasury securities, which we refer to as the "Treasury portfolio."

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"Applicable ownership interest" means, with respect to the Treasury portfolio,

(1) a 1/20 undivided beneficial ownership interest in $1,000 face amount of U.S. Treasury securities (or principal or interest strips thereof) included in the Treasury portfolio that mature on or prior to the purchase contract settlement date; and

(2) for the scheduled interest payment occurring on the purchase contract settlement date, a 0.03125% undivided beneficial ownership interest in $1,000 face amount of U.S. Treasury securities (or principal or interest strips thereof) that mature on or prior to the purchase contract settlement date.

If U.S. Treasury securities (or principal or interest strips thereof) that are to be included in the Treasury portfolio in connection with a successful optional remarketing have a yield that is less than zero, the Treasury portfolio will consist of an amount in cash equal to the aggregate principal amount at maturity of the U.S. Treasury securities described in clauses (1) and (2) above. If the provisions set forth in this paragraph apply, references to "Treasury security" and "U.S. Treasury securities (or principal or interest strips thereof)" in connection with the Treasury portfolio will, thereafter, be deemed to be references to such amount of cash.

So long as the Equity Units are in the form of Corporate Units, the related undivided beneficial ownership interest in the Note or the applicable ownership interest in the Treasury portfolio described in clause (1) of the definition of "applicable ownership interest" above (or $50.00 in cash, if the immediately preceding paragraph applies), as the case may be, will be pledged to us through the collateral agent to secure the holders' obligations to purchase our common stock under the related purchase contracts.

Creating Treasury Units by Substituting a Treasury Security for a Note

Each holder of 20 Corporate Units may create, at any time other than after a successful remarketing or during a blackout period (as defined below), 20 Treasury Units by substituting for a Note a zero-coupon U.S. Treasury security (for example, CUSIP No. 912820WA1) with a principal amount at maturity equal to $1,000 and maturing on May 31, 2017, which we refer to as a "Treasury security." This substitution would create 20 Treasury Units and the Note would be released from the pledge under the purchase contract and pledge agreement and delivered to the holder and would be tradable and transferable separately from the Treasury Units. Because Treasury securities and Notes are issued in integral multiples of $1,000, holders of Corporate Units may make the substitution only in integral multiples of 20 Corporate Units. After a successful remarketing, holders may not create Treasury Units from Corporate Units or recreate Corporate Units from Treasury Units.

Each Treasury Unit will consist of:

- a purchase contract under which
  - the holder will agree to purchase from us, and we will agree to sell to the holder, on the purchase contract settlement date, or earlier upon early settlement, for $50.00, a number of shares of our common stock equal to the applicable settlement rate, plus, in the case of an early settlement upon a fundamental change, the number of make-whole shares; and
  - we will pay the holder quarterly contract adjustment payments at the rate of 4.0% per year on the stated amount of $50.00, or $2.00 per year, subject to our right to defer the contract adjustment payments; and
- a 1/20 undivided beneficial ownership interest in a Treasury security.

The term "blackout period" means the period (1) if we elect to conduct an optional remarketing, from 4:00 p.m., New York City time, on the second business day (as defined below) immediately preceding the first day of the optional remarking period until the settlement date of such optional remarketing or the date we announce that such remarketing was unsuccessful and (2) after 4:00 p.m., New York City time, on the second business day immediately preceding the first day of the final remarketing period.

The term “business day” means any day that is not a Saturday or Sunday or a day on which banking institutions in The City of New York are authorized or required by law or executive order to close.

The Treasury Unit holder’s beneficial ownership interest in the Treasury security will be pledged to us through the collateral agent to secure the holder’s obligation to purchase our common stock under the related purchase contracts.

To create 20 Treasury Units, a holder is required to:

- deposit with the collateral agent a Treasury security that has a principal amount at maturity of $1,000, which must be purchased in the open market at the expense of the Corporate Unit holder, unless otherwise owned by the holder; and
- transfer to the purchase contract agent 20 Corporate Units, accompanied by a notice stating that the holder of the Corporate Units has deposited a Treasury security with the collateral agent, and requesting that the purchase contract agent instruct the collateral agent to release the related Note.

Upon receiving instructions from the purchase contract agent and receipt of the Treasury security, the collateral agent will release the related Note from the pledge and deliver it to the purchase contract agent on behalf of the holder, free and clear of our security interest. The purchase contract agent then will:

- cancel the 20 Corporate Units;
- transfer the related Note to the holder; and
- deliver 20 Treasury Units to the holder.

The Treasury security will be substituted for the Note and will be pledged to us through the collateral agent to secure the holder’s obligation to purchase shares of our common stock under the related purchase contracts. The Note thereafter will trade and be transferable separately from the Treasury Units.

Holders who create Treasury Units will be responsible for any taxes, governmental charges or other fees or expenses (including, without limitation, fees and expenses payable to the collateral agent) attributable to such collateral substitution. See “Certain Provisions of the Purchase Contract and Pledge Agreement—Miscellaneous.”

Recreating Corporate Units

Each holder of 20 Treasury Units will have the right, at any time, other than during a blackout period or after a successful remarketing, to substitute for the related Treasury security held by the collateral agent a Note having a principal amount equal to $1,000. This substitution would recreate 20 Corporate Units and the applicable Treasury security would be released from the pledge under the purchase contract and pledge agreement and delivered to the holder and would be tradable and transferable separately from the Corporate Units. Because Treasury securities and Notes are issued in integral multiples of $1,000, holders of Treasury Units may make this substitution only in integral multiples of 20 Treasury Units. After a successful remarketing, holders may not recreate Corporate Units from Treasury Units.

To recreate 20 Corporate Units, a holder is required to:

- deposit with the collateral agent a Note having a principal amount of $1,000, which must be purchased in the open market at the expense of the Treasury Unit holder, unless otherwise owned by the holder; and
- transfer to the purchase contract agent 20 Treasury Units, accompanied by a notice stating that the holder of the Treasury Units has deposited a Note having a principal amount of $1,000 with the collateral agent and requesting that the purchase contract agent instruct the collateral agent to release the related Treasury security.

Upon receiving instructions from the purchase contract agent and receipt of the Note having a principal amount of $1,000, the collateral agent will promptly release the related Treasury security from the pledge and promptly instruct the securities intermediary to transfer such Treasury security to the purchase contract agent for distribution to the holder, free and clear of our security interest. The purchase contract agent then will:

- cancel the 20 Treasury Units;
- transfer the related Treasury security to the holder; and
- deliver 20 Corporate Units to the holder.

The $1,000 principal amount Note will be substituted for the Treasury security and will be pledged to us through the collateral agent to secure the holder's obligation to purchase shares of our common stock under the related purchase contracts. The Treasury security thereafter will trade and be transferable separately from the Corporate Units.

Holders who recreate Corporate Units will be responsible for any taxes, governmental charges or other fees or expenses (including, without limitation, fees and expenses payable to the collateral agent) attributable to the collateral substitution. See "Certain Provisions of the Purchase Contract and Pledge Agreement—Miscellaneous."

Payments on the Equity Units

Holders of Corporate Units and Treasury Units will receive quarterly contract adjustment payments payable by us at the rate of 4.0% per year on the stated amount of $50.00 per Equity Unit. We will make all contract adjustment payments on the Corporate Units and the Treasury Units quarterly in arrears on March 1, June 1, September 1 and December 1 of each year (except that if any such date is not a business day, contract adjustment payments will be payable on the following business day, without adjustment), commencing September 1, 2014. Unless the purchase contracts have been terminated (as described under "Description of the Purchase Contracts—Termination" below), we will make such contract adjustment payments until the earliest of the purchase contract settlement date, the fundamental change early settlement date (in the case of a fundamental change early settlement, as described under "Description of the Purchase Contracts—Early Settlement Upon a Fundamental Change" below) and the most recent contract adjustment payment date on or before any other early settlement with respect to the related purchase contracts (in the case of an early settlement as described under "Description of the Purchase Contracts—Early Settlement" below). If the purchase contracts have been terminated, our obligation to pay the contract adjustment payments, including any accrued and unpaid contract adjustment payments and deferred contract adjustment payments (including compounded contract adjustment payments thereon), will cease. In addition, holders of Corporate Units will receive quarterly cash distributions consisting of their pro rata share of interest payments on the Notes (or distributions on the applicable ownership interest in the Treasury portfolio, as applicable), equivalent to the rate of 2.50% per year. There will be no interest payments in respect of the Treasury securities that are a component of the Treasury Units, but to the extent that such holders of Treasury Units continue to hold the Notes that were delivered to them when they created the Treasury Units, such holders will continue to receive the scheduled interest payments on their separate Notes for as long as they hold the Notes.

We have the right to defer payment of quarterly contract adjustment payments and of interest on the Notes as described under "Description of the Purchase Contracts—Contract Adjustment Payments" and "Description of the Junior Subordinated Notes—Option to Defer Interest Payments," respectively.

Listing

We intend to apply to list the Corporate Units on the New York Stock Exchange and expect trading to commence within 30 days of the initial issuance of the Corporate Units under the symbol "EXCU." Except in connection with early settlement, fundamental change early settlement, a termination event or settlement on the

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purchase contract settlement date with separate cash, unless and until substitution has been made as described in "—Creating Treasury Units by Substituting a Treasury Security for a Note" or "—Recreating Corporate Units," neither the Note or applicable ownership interest in the Treasury portfolio component of a Corporate Unit nor the Treasury security component of a Treasury Unit will trade separately from Corporate Units or Treasury Units. The Note or applicable ownership interest in the Treasury portfolio component will trade as a unit with the purchase contract component of the Corporate Units, and the Treasury security component will trade as a unit with the purchase contract component of the Treasury Units. In addition, if Treasury Units or Notes are separately traded to a sufficient extent that the applicable exchange listing requirements are met, we may endeavor to cause the Treasury Units or Notes to be listed on the exchange on which the Corporate Units are then listed, including, if applicable, the New York Stock Exchange. However, there can be no assurance that we will list the Treasury Units or the Notes.

Ranking

The Notes, which are included in the Equity Units, will be our junior subordinated obligations, subordinated to our existing and future Senior Indebtedness (as defined under "Description of the Junior Subordinated Notes—Subordination"). The Notes will be issued under our subordinated indenture and the supplemental indenture (each defined under "Description of the Junior Subordinated Notes— Ranking").

In addition, our obligations with respect to contract adjustment payments will be subordinate in right of payment to our existing and future Senior Indebtedness (as defined under "Description of the Junior Subordinated Notes—Subordination").

The Notes and our obligations with respect to contract adjustments payments will be structurally subordinated to existing or future preferred stock and indebtedness, guarantees and other liabilities, including trade payables, of our subsidiaries.

Our subsidiaries are separate and distinct legal entities from us. Our subsidiaries have no obligation to pay any amounts due on the Notes or the purchase contracts or to provide us with funds to meet our respective payment obligations on the Notes or purchase contracts. Any payment of dividends, loans or advances by our subsidiaries to us could be subject to statutory or contractual restrictions and will be contingent upon the subsidiaries' earnings and business considerations. Our right to receive any assets of any of our subsidiaries upon their bankruptcy, liquidation or similar reorganization, and therefore the right of the holders of the Notes or purchase contracts to participate in those assets, will be structurally subordinated to the claims of that subsidiary's creditors, including trade creditors. Even if we are a creditor of any of our subsidiaries, our rights as a creditor would be subordinate to any security interest in the assets of our subsidiaries and any indebtedness of our subsidiaries senior to that held by us.

Voting and Certain Other Rights

Prior to the delivery of shares of common stock under each purchase contract, such purchase contract shall not entitle the holder of the Corporate Units or Treasury Units to any rights of a holder of shares of our common stock, including, without limitation, the right to vote or receive any dividends or other payments or distributions or to consent to or to receive notice as a shareholder or other rights in respect of our common stock.

Agreed U.S. Federal Income Tax Treatment

Each beneficial owner of an Equity Unit, by purchasing a Corporate Unit, will be deemed to have agreed (unless otherwise required by any taxing authority) (1) to be treated as the owner of each of the purchase contract, the related Note and the applicable ownership interests in the Treasury portfolio or Treasury security, as the case may be, for U.S. federal, state and local income tax purposes, (2) to treat the Note as indebtedness that are contingent payment debt instruments (as that term is used in U.S. Treasury Regulations Section 1.1275-4) for

all U.S. federal and state tax purposes, and (3) to allocate, as of the issue date, 100.00% of the purchase price paid for the Corporate Units to its ownership interest in the Notes and 0.00% to each purchase contract, which will establish its initial tax basis in each purchase contract as $0.00 and the beneficial owner's initial tax basis in the Note as $50.00. This position will be binding on each beneficial owner of each Equity Unit, but not on the IRS. See "Material U.S. Federal Income Tax Considerations."

Repurchase of the Equity Units

We may purchase from time to time any of the Equity Units that are then outstanding by tender, in the open market, by private agreement or otherwise, subject to compliance with applicable law, *provided* that any of the Equity Units repurchased by us will be cancelled.

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DESCRIPTION OF THE PURCHASE CONTRACTS

In this Description of the Purchase Contracts, "Exelon," "we," "us," "our" and the "Company" refer only to Exelon Corporation and any successor obligor, and not to any of its subsidiaries.

The following is a summary of some of the terms of the purchase contracts. The purchase contracts will be issued pursuant to the purchase contract and pledge agreement among us, the purchase contract agent, the collateral agent, the custodial agent and the securities intermediary. The summaries of the purchase contracts and the purchase contract and pledge agreement contain a description of the material terms of the contracts but are only summaries and are not complete. This summary is subject to and is qualified by reference to all the provisions of the purchase contract and pledge agreement, the subordinated indenture (as defined under "Description of the Junior Subordinated Notes—Ranking"), the supplemental indenture (as defined under "Description of the Junior Subordinated Notes—Ranking"), the Notes and the form of remarketing agreement, including the definitions of certain terms used therein, forms of which have been or will be filed and incorporated by reference as an exhibit to the registration statement of which this prospectus supplement and the accompanying base prospectus form a part.

Purchase of Common Stock

Each purchase contract that is a component of a Corporate Unit or a Treasury Unit will obligate its holder to purchase, and us to issue and deliver, on June 1, 2017 (or if such day is not a business day, the following business day) (the "purchase contract settlement date"), for $50.00 in cash a number of shares of our common stock equal to the settlement rate (together with cash, if applicable, in lieu of any fractional shares of common stock in the manner described below), in each case, unless the purchase contract terminates prior to that date or is settled early at the holder's option. The number of shares of our common stock issuable upon settlement of each purchase contract on the purchase contract settlement date (which we refer to as the "settlement rate") will be determined as follows, subject to adjustment as described under "—Anti-dilution Adjustments" below:

(1) If the applicable market value of our common stock is equal to or greater than the "threshold appreciation price" of $43.7484, the settlement rate will be 1.1429 shares of our common stock (we refer to this settlement rate as the "minimum settlement rate").

Accordingly, if the market price for the common stock increases between the date of this prospectus supplement and the period during which the applicable market value is measured and the applicable market value is greater than the threshold appreciation price, the aggregate market value of the shares of common stock issued upon settlement of each purchase contract will be higher than the stated amount, assuming that the market price of the common stock on the purchase contract settlement date is the same as the applicable market value of the common stock. If the applicable market value is the same as the threshold appreciation price, the aggregate market value of the shares issued upon settlement will be equal to the stated amount, assuming that the market price of the common stock on the purchase contract settlement date is the same as the applicable market value of the common stock.

(2) If the applicable market value of our common stock is less than the threshold appreciation price but greater than the "reference price" of $35.00, which is the public offering price in the concurrent common stock offering (See "Recent Developments—Concurrent Common Stock Offering"), the settlement rate will be a number of shares of our common stock equal to $50.00 divided by the applicable market value, rounded to the nearest ten thousandth of a share.

Accordingly, if the market price for the common stock increases between the date of this prospectus supplement and the period during which the applicable market value is measured, but the market price does not exceed the threshold appreciation price, the aggregate market value of the shares of common stock issued upon settlement of each purchase contract will be equal to the stated amount, assuming that the market price of the common stock on the purchase contract settlement date is the same as the applicable market value of the common stock.

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(3) If the applicable market value of our common stock is less than or equal to the reference price of $35.00, the settlement rate will be 1.4286 shares of our common stock, which is equal to the stated amount divided by the reference price (we refer to this settlement rate as the "maximum settlement rate").

Accordingly, if the market price for the common stock decreases between the date of this prospectus supplement and the period during which the applicable market value is measured and the market price is less than the reference price, the aggregate market value of the shares of common stock issued upon settlement of each purchase contract will be less than the stated amount, assuming that the market price on the purchase contract settlement date is the same as the applicable market value of the common stock. If the market price of the common stock is the same as the reference price, the aggregate market value of the shares will be equal to the stated amount, assuming that the market price of the common stock on the purchase contract settlement date is the same as the applicable market value of the common stock.

The threshold appreciation price is equal to $50.00 divided by the minimum settlement rate (such quotient rounded to the nearest $0.0001), which is $43.7484 and represents appreciation of approximately 25.0% over the reference price.

If you elect to settle your purchase contract early in the manner described under "—Early Settlement," the number of shares of our common stock issuable upon settlement of such purchase contract will be 1.1429, the minimum settlement rate, subject to adjustment as described under "—Anti-dilution Adjustments." If you elect to settle your purchase contract early upon a fundamental change, the number of shares of our common stock issuable upon settlement will be determined as described under "—Early Settlement Upon a Fundamental Change." We refer to the minimum settlement rate and the maximum settlement rate as the "fixed settlement rates."

The "applicable market value" means the average volume-weighted average price, or VWAP, of our common stock on each trading day during the 20 consecutive scheduled trading day period ending on the third scheduled trading day immediately preceding the purchase contract settlement date (the "market value averaging period"). The "VWAP" of our common stock means, for the relevant trading day, the per share VWAP on the principal exchange or quotation system on which our common stock is listed or admitted for trading as displayed under the heading Bloomberg VWAP on Bloomberg page EXC <EQUITY> AQR (or its equivalent successor if that page is not available) in respect of the period from the scheduled open of trading on the relevant trading day until the scheduled close of trading on the relevant trading day (or if such VWAP is unavailable, the market price of one share of our common stock on such trading day determined, using a volume-weighted average method, by a nationally recognized independent investment banking firm retained for this purpose by us).

A "trading day" means, for purposes of determining a VWAP or closing price, a day (1) on which the principal exchange or quotation system on which our common stock is listed or admitted for trading is scheduled to be open for business and (2) on which there has not occurred or does not exist a market disruption event.

A "market disruption event" means any of the following events:

- any suspension of, or limitation imposed on, trading by the principal exchange or quotation system on which our common stock is listed or admitted for trading during the one-hour period prior to the close of trading for the regular trading session on such exchange or quotation system (or for purposes of determining a VWAP any period or periods prior to 1:00 p.m. New York City time aggregating one half hour or longer) and whether by reason of movements in price exceeding limits permitted by the relevant exchange or quotation system or otherwise relating to our common stock or in futures or option contracts relating to our common stock on the relevant exchange or quotation system; or
- any event (other than a failure to open or, except for purposes of determining a VWAP, a closure as described below) that disrupts or impairs the ability of market participants during the one-hour period prior to the close of trading for the regular trading session on the principal exchange or quotation

system on which our common stock is listed or admitted for trading (or for purposes of determining a VWAP any period or periods prior to 1:00 p.m. New York City time aggregating one half hour or longer) in general to effect transactions in, or obtain market values for, our common stock on the relevant exchange or quotation system or futures or options contracts relating to our common stock on any relevant exchange or quotation system; or

- the failure to open of the principal exchange or quotation system on which futures or options contracts relating to our common stock are traded or, except for purposes of determining a VWAP, the closure of such exchange or quotation system prior to its respective scheduled closing time for the regular trading session on such day (without regard to after hours or other trading outside the regular trading session hours) unless such earlier closing time is announced by such exchange or quotation system at least one hour prior to the earlier of the actual closing time for the regular trading session on such day and the submission deadline for orders to be entered into such exchange or quotation system for execution at the actual closing time on such day.

If a market disruption event occurs on any scheduled trading day during the market value averaging period, we will notify investors on the calendar day on which such event occurs.

If 20 trading days for our common stock have not occurred during the market value averaging period, all remaining trading days will be deemed to occur on the third scheduled trading day immediately prior to the purchase contract settlement date and the VWAP of our common stock for each of the remaining trading days will be the VWAP of our common stock on that third scheduled trading day or, if such day is not a trading day, the closing price as of such day.

The “closing price” per share of our common stock means, on any date of determination, the closing sale price or, if no closing sale price is reported, the last reported sale price of our common stock on the principal U.S. securities exchange on which our common stock is listed, or if our common stock is not so listed on a U.S. securities exchange, the average of the last quoted bid and ask prices for our common stock in the over-the-counter market as reported by OTC Markets Group Inc. or similar organization, or, if those bid and ask prices are not available, the market value of our common stock on that date as determined by a nationally recognized independent investment banking firm retained by us for this purpose.

We will not issue any fractional shares of our common stock upon settlement of a purchase contract. Instead of a fractional share, the holder will receive an amount of cash equal to the percentage of a whole share represented by such fractional share multiplied by the closing price of our common stock on the trading day immediately preceding the purchase contract settlement date (or the trading day immediately preceding the relevant settlement date, in the case of early settlement). If, however, a holder surrenders for settlement at one time more than one purchase contract, then the number of shares of our common stock issuable pursuant to such purchase contracts will be computed based upon the aggregate number of purchase contracts surrendered.

Unless:

- a holder has settled early the related purchase contracts by delivery of cash to the purchase contract agent in the manner described under “—Early Settlement” or “—Early Settlement Upon a Fundamental Change;”
- a holder of Corporate Units has settled the related purchase contracts with separate cash in the manner described under “—Notice to Settle with Cash;” or
- an event described under “—Termination” has occurred;

then, on the purchase contract settlement date,

- in the case of Corporate Units where there has not been a successful optional or final remarketing, the holder will be deemed to have exercised its put right as described under “—Remarketing” (unless it

shall have elected not to exercise such put right by delivering cash as described thereunder) and to have elected to apply the proceeds of the put price to satisfy in full the holder's obligation to purchase our common stock under the related purchase contracts;

- in the case of Corporate Units where the Treasury portfolio or cash has replaced the Notes as a component of the Corporate Units following a successful optional remarketing, the portion of the proceeds of the applicable ownership interests in the Treasury portfolio when paid at maturity or an amount of cash equal to the stated amount of $50.00 per Corporate Unit will be applied to satisfy in full the holder's obligation to purchase common stock under the related purchase contracts and any excess proceeds will be delivered to the purchase contract agent for the benefit of the holders of Corporate Units;
- in the case of Corporate Units where the Notes have been successfully remarketed during the final remarketing period, the portion of the remarketing proceeds sufficient to satisfy the holder's obligation to purchase our common stock under the related purchase contracts will be applied to satisfy in full the holder's obligation to purchase common stock under the related purchase contracts and any excess proceeds will be delivered to the purchase contract agent for the benefit of the holders of Corporate Units; and
- in the case of Treasury Units, the proceeds of the related Treasury securities, when paid at maturity, will be applied to satisfy in full the holder's obligation to purchase our common stock under the related purchase contracts and any excess proceeds will be delivered to the purchase contract agent for the benefit of the holders of Treasury Units.

The common stock will then be issued and delivered to the holder or the holder's designee on the purchase contract settlement date. We will pay all stock transfer and similar taxes attributable to the initial issuance and delivery of the shares of our common stock pursuant to the purchase contracts, unless any such tax is due because the holder requests such shares to be issued in a name other than such holder's name.

Prior to the settlement of a purchase contract, the shares of our common stock underlying each purchase contract will not be outstanding, and the holder of the purchase contract will not have any voting rights, rights to dividends or other distributions or other rights of a holder of our common stock by virtue of holding such purchase contract.

By purchasing a Corporate Unit or a Treasury Unit, a holder will be deemed to have, among other things:

- irrevocably appointed the purchase contract agent as its attorney-in-fact to enter into and perform the related purchase contract and the purchase contract and pledge agreement in the name of and on behalf of such holder;
- agreed to be bound by the terms and provisions of the Corporate Units or Treasury Units, as applicable, including, but not limited to, the terms of the related purchase contract and the purchase contract and pledge agreement, for so long as the holder remains a holder of Corporate Units or Treasury Units;
- consented to and agreed to be bound by the pledge of such holder's right, title and interest in and to its undivided beneficial ownership interest in Notes, the portion of the Treasury portfolio (or cash) described in the first clause of the definition of "applicable ownership interest," or the Treasury securities, as applicable, and the delivery of such collateral by the purchase contract agent to the collateral agent; and
- agreed to the satisfaction of the holder's obligations under the purchase contracts with the proceeds of the pledged undivided beneficial ownership in the Notes, Treasury portfolio (or cash), Treasury securities or put price, as applicable, in the manner described above.

Remarketing

We have agreed to enter into a remarketing agreement with one or more remarketing agents, the "remarketing agent," no later than 20 days prior to the first day of the final remarketing period or, if we elect to conduct an optional remarketing, no later than 20 days prior to the optional remarketing period.

During a blackout period that relates to each remarketing period:

- you may not settle a purchase contract early;
- you may not create Treasury Units; and
- you may not recreate Corporate Units from Treasury Units.

We refer to each of an "optional remarketing" and a "final remarketing" as a "remarketing." In a remarketing, the Notes that are a part of Corporate Units (except, in the case of a final remarketing, where the holder has elected to settle the purchase contract through payment of separate cash) and any separate Notes whose holders have elected to participate in the remarketing, as described under "Description of the Junior Subordinated Notes—Remarketing of the Notes That Are Not Included in Corporate Units," will be remarketed.

In consultation with the remarketing agent and without the consent of any holders of Notes, we may elect (but shall not be required to elect) to:

- move up the maturity date of the Notes to a date earlier than June 1, 2024 but not earlier than June 1, 2020;
- eliminate the redemption provisions of the Notes altogether; and
- remarket the Notes as fixed-rate Notes or floating-rate Notes and, in the case of floating-rate Notes, provide that the interest on the Notes will be equal to an index rate determined by the Company plus a spread determined by the remarketing agent, in consultation with the Company, in which case interest on the Notes may be calculated on the basis of a 365 day year and the actual number of days elapsed (or such other basis as is customarily used for floating-rate Notes bearing interest at a rate based on such index rate).

All such modifications shall take effect only if the remarketing is successful, without the consent of the holders, upon the earlier of the optional remarketing settlement date and the purchase contract settlement date, and will apply to all of the Notes whether or not included in the remarketing. See "Description of the Junior Subordinated Notes—Remarketing." If we conduct an optional remarketing that is not successful, we may change the elections described above prior to the final remarketing period.

In order to remarket the Notes, the remarketing agent, in consultation with us, may reset the interest rate on the Notes (either upward or downward), or if the Notes are remarketed as floating-rate Notes, determine the interest rate spread applicable to the Notes, in order to produce the required price in the remarketing, as discussed under "—Optional Remarketing" and "—Final Remarketing" below. The interest deferral provisions of the Notes will not apply after a successful remarketing.

We will use commercially reasonable efforts to ensure that, if required by applicable law, a registration statement, including a prospectus, with regard to the full amount of the Notes to be remarketed will be effective under the securities laws in a form that may be used by the remarketing agent in connection with the remarketing (unless a registration statement is not required under the applicable laws and regulations that are in effect at that time or unless we conduct any remarketing in accordance with an exemption under the securities laws).

We will separately pay a fee to the remarketing agent for its services as remarketing agent. Holders whose Notes are remarketed will not be responsible for the payment of any remarketing fee in connection with the remarketing.

Optional Remarketing

Unless a termination event has occurred, we may elect, at our option, to engage the remarketing agent pursuant to the terms of the remarketing agreement, to remarket the Notes over a period selected by us that begins on or after February 27, 2017 (the second business day immediately preceding the last interest payment date prior to the purchase contract settlement date) and ends any time on or before May 14, 2017 (the eighth calendar day immediately preceding the first day of the final remarketing period). We refer to this period as the "optional remarketing period," a remarketing that occurs during the optional remarketing period as an "optional remarketing" and the date the Notes are priced in an optional remarketing as the "optional remarketing date." In any optional remarketing, the aggregate principal amount of the Notes that are a part of Corporate Units and any separate Notes whose holders have elected to participate in the optional remarketing, as described under "Description of the Junior Subordinated Notes—Remarketing of the Notes That Are Not Included in Corporate Units," will be remarketed. If we elect to conduct an optional remarketing, the remarketing agent will use its commercially reasonable efforts to obtain a price for the Notes that results in proceeds of at least 100% of the aggregate of the Treasury portfolio purchase price (as defined below) and the separate Notes purchase price (as defined below). To obtain that price, the remarketing agent may, in consultation with us, reset the interest rate on the Notes remarketed as fixed-rate Notes, or determine the interest rate spread for the Notes remarketed as floating-rate Notes, as described under "Description of the Junior Subordinated Notes—Interest Rate Reset." We will request that the depository notify its participants holding Corporate Units, Treasury Units and separate Notes of our election to conduct an optional remarketing no later than five business days prior to the date we begin the optional remarketing.

Notwithstanding anything in this prospectus supplement to the contrary, we may not elect to conduct an optional remarketing if we are then deferring interest on the Notes. See "Description of the Junior Subordinated Notes—Option to Defer Interest Payments."

An optional remarketing on any remarketing date will be considered successful if the remarketing agent is able to remarket the Notes for a price of at least 100% of the Treasury portfolio purchase price and the separate Notes purchase price.

Following a successful optional remarketing of the Notes, on the optional remarketing settlement date (as defined below), the portion of the remarketing proceeds equal to the Treasury portfolio purchase price will, except as described below, be used to purchase the Treasury portfolio and the remaining proceeds attributable to the Notes underlying the Corporate Units will be remitted to the purchase contract agent for distribution pro rata to the holders of such Corporate Units. The portion of the proceeds attributable to the separate Notes sold in the remarketing will be remitted to the custodial agent for distribution on the optional remarketing settlement date pro rata to the holders of such separate Notes.

If we elect to conduct an optional remarketing and the remarketing is successful:

- settlement with respect to the remarketed Notes will occur on the third business day following the optional remarketing date, unless the remarketed Notes are priced after 4:30 p.m. New York time on the optional remarketing date, in which case settlement will occur on the fourth business day following the optional remarketing date (we refer to such settlement date as the "optional remarketing settlement date");

- the interest rate on the Notes will be reset, or, if we remarketed the Notes as floating-rate Notes, the interest rate spread will be determined, by the remarketing agent in consultation with us on the optional remarketing date and will become effective on the optional remarketing settlement date, if applicable;
- except in the case when the Notes are remarketed as floating-rate Notes, interest on the Notes will be payable semi-annually;
- the interest deferral provisions will cease to apply to the Notes;
- the other modifications to the terms of the Notes, as described under "—Remarketing," will become effective;
- after the optional remarketing settlement date, your Corporate Units will consist of a purchase contract and the applicable ownership interest in the Treasury portfolio (or cash), as described herein; and
- you may no longer create Treasury Units or recreate Corporate Units from Treasury Units.

If we do not elect to conduct an optional remarketing during the optional remarketing period or no optional remarketing succeeds for any reason, the Notes will continue to be a component of the Corporate Units or will continue to be held separately and the remarketing agent will use its commercially reasonable efforts to remarket the Notes during the final remarketing period.

For the purposes of a successful optional remarketing, "Treasury portfolio purchase price" means the lowest aggregate ask-side price quoted by a primary U.S. government securities dealer in New York City to the quotation agent selected by us between 9:00 a.m. and 4:00 p.m., New York City time, on the optional remarketing date for the purchase of the Treasury portfolio for settlement on the optional remarketing settlement date; *provided* that if the Treasury portfolio consists of cash, "Treasury portfolio purchase price" means the amount of such cash.

Following a successful optional remarketing, the collateral agent will purchase, at the Treasury portfolio purchase price, a Treasury portfolio consisting of:

- U.S. Treasury securities (or principal or interest strips thereof) that mature on or prior to the purchase contract settlement date in an aggregate amount at maturity equal to the principal amount of the Notes underlying the undivided beneficial ownership interests in Notes included in the Corporate Units on the optional remarketing date; and
- U.S. Treasury securities (or principal or interest strips thereof) that mature on or prior to the purchase contract settlement date in an aggregate amount equal to the aggregate interest payment (assuming no reset of the interest rate) that would have been paid to the holders of the Corporate Units on the purchase contract settlement date on the principal amount of the Notes underlying the undivided beneficial ownership interests in Notes included in the Corporate Units on the optional remarketing date.

If U.S. Treasury securities (or principal or interest strips thereof) that are to be included in the Treasury portfolio in connection with a successful optional remarketing have a yield that is less than zero, the Treasury portfolio will consist of an amount in cash equal to the aggregate principal amount at maturity of the U.S. Treasury securities described in the bullet points above. If the provisions set forth in this paragraph apply, references in this prospectus supplement to a "Treasury security" and "U.S. Treasury securities (or principal or interest strips thereof)" in connection with the Treasury portfolio will, thereafter, be deemed to be references to such amount in cash.

The applicable ownership interests in the Treasury portfolio will be substituted for the undivided beneficial ownership interests in Notes that are components of the Corporate Units and the portion of the Treasury portfolio described in the first bullet will be pledged to us through the collateral agent to secure the Corporate Unit

holders' obligation under the purchase contracts. On the purchase contract settlement date, for each Corporate Unit, $50.00 of the proceeds from the Treasury portfolio will automatically be applied to satisfy the Corporate Unit holder's obligation to purchase common stock under the purchase contract. In addition, proceeds from the portion of the Treasury portfolio described in the second bullet, which will equal the interest payment (assuming no reset of the interest rate) that would have been paid on the Notes that were components of the Corporate Units at the time of remarketing, will be paid on the purchase contract settlement date to the holders of the Corporate Units.

If we elect to remarket the Notes during the optional remarketing period and a successful remarketing has not occurred on or prior to May 14, 2017 (the last day of the optional remarketing period), we will cause a notice of the failed remarketing to be published no later than 9:00 a.m., New York City time, on the business day immediately following the last date of the optional remarketing period. This notice will be validly published by making a timely release to any appropriate news agency, including Bloomberg Business News and the Dow Jones News Service. We will similarly cause a notice of a successful remarketing of the Notes to be published no later than 9:00 a.m., New York City time, on the business day immediately following the date of such successful remarketing.

On each business day during any optional remarketing period, we have the right in our sole and absolute discretion to determine whether or not an optional remarketing will be attempted. At any time and from time to time during the optional remarketing period prior to the announcement of a successful optional remarketing, we have the right to postpone any optional remarketing in our sole and absolute discretion.

Final Remarketing

Unless a termination event or a successful optional remarketing has previously occurred, we will remarket the Notes during the five business day period ending on, and including, May 26, 2017 (the third business day immediately preceding the purchase contract settlement date). We refer to this period as the "final remarketing period," the remarketing during this period as the "final remarketing" and the date the Notes are priced in the final marketing as the "final remarketing date." In the final remarketing, the aggregate principal amount of the Notes that are a part of Corporate Units (except where the holder has elected to settle the purchase contract through payment of separate cash) and any separate Notes whose holders have elected to participate in the final remarketing will be remarketed. The remarketing agent will use its commercially reasonable efforts to obtain a price for the Notes to be remarketed that results in proceeds of at least 100% of the principal amount of all the Notes offered in the remarketing. To obtain that price, the remarketing agent, in consultation with us, may reset the interest rate on the Notes if the Notes are remarketed as fixed-rate Notes, or determine the interest rate spread on the Notes if the Notes are remarketed as floating-rate Notes, as described under "Description of the Junior Subordinated Notes—Interest Rate Reset." We will request that the depository notify its participants holding Corporate Units, Treasury Units and separate Notes of the final remarketing no later than seven days prior to the first day of the final remarketing period. In such notice, we will set forth the dates of the final remarketing period, applicable procedures for holders of separate Notes to participate in the final remarketing, the applicable procedures for holders of Corporate Units to create Treasury Units and for holders of Treasury Units to recreate Corporate Units, the applicable procedures for holders of Corporate Units to settle their purchase contracts early and any other applicable procedures, including the procedures that must be followed by a holder of separate Notes in the case of a failed remarketing if a holder of separate Notes wishes to exercise its right to put its Notes to us as described below and under "Description of the Junior Subordinated Notes—Put Option upon Failed Remarketing." We have the right to postpone the final remarketing in our sole and absolute discretion on any day prior to the last three business days of the final remarketing period.

A remarketing during the final remarketing period will be considered successful if the remarketing agent is able to remarket the Notes for a price of at least 100% of the aggregate principal amount of all the Notes offered in the remarketing.

If the final remarketing is successful:

- settlement with respect to the remarketed Notes will occur on the purchase contract settlement date;
- the interest rate of the Notes will be reset, or, if the Notes are remarketed as floating-rate Notes, the interest rate spread will be determined, by the remarketing agent in consultation with us, and will become effective on the reset effective date, which will be the purchase contract settlement date, as described under "Description of the Junior Subordinated Notes—Interest Rate Reset" below;
- the other modifications to the terms of the Notes, as described under "—Remarketing," will become effective; and
- the collateral agent will remit the portion of the proceeds equal to the total principal amount of the Notes underlying the Corporate Units to us to satisfy in full the Corporate Unit holders' obligations to purchase common stock under the related purchase contracts, any excess proceeds attributable to Notes underlying Corporate Units that were remarketed will be remitted to the purchase contract agent for distribution pro rata to the holders of such Notes and proceeds from the final remarketing attributable to the separate Notes remarketed will be remitted to the custodial agent for distribution pro rata to the holders of the remarketed separate Notes.

Unless a termination event has occurred, a holder has effected an early settlement or a fundamental change early settlement, or there has been a successful optional remarketing, each Corporate Unit holder has the option at any time on or after the date we give notice of a final remarketing to notify the purchase contract agent at any time prior to 4:00 p.m., New York City time, on the second business day immediately prior to the first day of the final remarketing period of its intention to settle the related purchase contracts on the purchase contract settlement date with separate cash and to provide that cash on or prior to the business day immediately prior to the first day of the final remarketing period, as described under "—Notice to Settle with Cash." The Notes of any holder of Corporate Units who has not given this notice or failed to deliver the cash will be remarketed during the final remarketing period. In addition, holders of Notes that do not underlie Corporate Units may elect to participate in the remarketing as described under "Description of the Junior Subordinated Notes—Remarketing of Notes That Are Not Included in Corporate Units."

If, in spite of using its commercially reasonable efforts, the remarketing agent cannot remarket the Notes during the final remarketing period at a price equal to or greater than 100% of the aggregate principal amount of the Notes offered in the remarketing, a condition precedent set forth in the remarketing agreement has not been fulfilled or a successful remarketing has not occurred for any other reason, in each case resulting in a "failed remarketing," holders of all Notes will have the right to put their Notes to us for an amount equal to the principal amount of their Notes (the "put price"). The conditions precedent in the remarketing agreement will include, but not be limited to, the timely filing with the SEC of all material related to the remarketing required to be filed by us, the truth and correctness of certain representations and warranties made by us in the remarketing agreement, the furnishing of certain officer's certificates to the remarketing agent, and the receipt by the remarketing agent of customary "comfort letters" from our auditors and opinions of counsel. A holder of Corporate Units will be deemed to have automatically exercised this put right with respect to the Notes underlying such Corporate Units unless the holder has provided a written notice to the purchase contract agent of its intention to settle the purchase contract with separate cash as described below under "—Notice to Settle with Cash" prior to 4:00 p.m., New York City time, on the second business day immediately prior to the purchase contract settlement date, and on or prior to the business day immediately preceding the purchase contract settlement date has delivered the $50.00 in cash per purchase contract. Settlement with separate cash may only be effected in integral multiples of 20 Corporate Units. If a holder of Corporate Units elects to settle with separate cash, upon receipt of the required cash payment, the related Notes underlying the Corporate Units will be released from the pledge under the purchase contract and pledge agreement and delivered promptly to the purchase contract agent for delivery to the holder. The holder of the Corporate Units will then receive the applicable number of shares of our common stock on the purchase contract settlement date. The cash received by the collateral agent upon this settlement with

separate cash may be invested in permitted investments, as defined in the purchase contract and pledge agreement, and the portion of the proceeds equal to the aggregate purchase price of all purchase contracts of such holders will be paid to us on the purchase contract settlement date. Any excess funds received by the collateral agent in respect of any such permitted investments over the aggregate purchase price remitted to us in satisfaction of the obligations of the holders under the purchase contracts will be distributed to the purchase contract agent for ratable payment to the applicable holders who settled with separate cash. Unless a holder of Corporate Units has elected to settle the related purchase contracts with separate cash and delivered the separate cash on or prior to the business day immediately preceding the purchase contract settlement date, the holder will be deemed to have elected to apply the put price against the holder's obligations to pay the aggregate purchase price for the shares of our common stock to be issued under the related purchase contracts, thereby satisfying the obligations in full, and we will deliver to the holder our common stock pursuant to the related purchase contracts.

If a successful final remarketing has not occurred on or prior to May 26, 2017 (the last day of the final remarketing period), we will cause a notice of the failed remarketing of the Notes to be published no later than 9:00 a.m., New York City time, on the business day immediately following the last date of the final remarketing period. This notice will be validly published by making a timely release to any appropriate news agency, including Bloomberg Business News and the Dow Jones News Service.

Early Settlement

Subject to the conditions described below, a holder of Corporate Units or Treasury Units may settle the related purchase contracts at any time prior to 4:00 p.m., New York City time, on the second business day immediately preceding the purchase contract settlement date, other than during a blackout period in the case of Corporate Units. An early settlement may be made only in integral multiples of 20 Corporate Units or 20 Treasury Units; however, if the Treasury portfolio has replaced the Notes as a component of the Corporate Units following a successful optional remarketing, holders of Corporate Units may settle early only in integral multiples of 80,000 Corporate Units. In order to settle purchase contracts early, a holder of Equity Units must deliver to the purchase contract agent at the corporate trust office of the purchase contract agent or its agent, in each case, in the Borough of Manhattan, The City of New York (1) a completed "Election to Settle Early" form, along with the Corporate Unit or Treasury Unit certificate, if they are in certificated form and (2) a cash payment in immediately available funds in an amount equal to:

- $50.00 times the number of purchase contracts being settled; plus
- if the early settlement date occurs during the period from the close of business on any record date next preceding any contract adjustment payment date to the opening of business on such contract adjustment payment date, an amount equal to the contract adjustment payments payable on such contract adjustment payment date, unless we have elected to defer the contract adjustment payments payable on such contract adjustment payment date.

So long as you hold Equity Units as a beneficial interest in a global security certificate deposited with the depository, procedures for early settlement will also be governed by standing arrangements between the depository and the purchase contract agent.

The early settlement right is also subject to the condition that, if required under U.S. federal securities laws, we have a registration statement under the Securities Act in effect with respect to the shares of common stock and other securities, if any, deliverable upon settlement of a purchase contract. We have agreed that, if such a registration statement is required, we will use our commercially reasonable efforts to (1) have a registration statement in effect covering those shares of common stock and other securities, if any, to be delivered in respect of the purchase contracts being settled and (2) provide a prospectus in connection therewith, in each case in a form that may be used in connection with the early settlement right (it being understood that if there is a material business transaction or development that has not yet been publicly disclosed, we will not be required to file such registration statement or provide such a prospectus, and the early settlement right will not be available, until we

have publicly disclosed such transaction or development; *provided* that we will use commercially reasonable efforts to make such disclosure as soon as it is commercially reasonable to do so). In the event that a holder seeks to exercise its early settlement right and a registration statement is required to be effective in connection with the exercise of such right but no such registration statement is then effective, the holder's exercise of such right will be void unless and until such a registration statement is effective.

Upon early settlement, except as described below in "—Early Settlement Upon a Fundamental Change," we will sell, and the holder will be entitled to buy, the minimum settlement rate of 1.1429 shares of our common stock (or in the case of an early settlement following a reorganization event, such number of exchange property units, as described under "—Reorganization Events" below) for each purchase contract being settled (regardless of the market price of our common stock on the date of early settlement), subject to adjustment under the circumstances described under "—Anti-dilution Adjustments" below. We will cause, no later than the third business day after the applicable early settlement date, (1) the shares of our common stock to be issued and (2) the related Notes or applicable ownership interests in the Treasury portfolio or Treasury securities, as the case may be, underlying the Equity Units and securing such purchase contracts to be released from the pledge under the purchase contract and pledge agreement, and delivered to the purchase contract agent for delivery to the holder. Upon early settlement, the holder will be entitled to receive any accrued and unpaid contract adjustment payments (including any accrued and unpaid deferred contract adjustment payments and compounded contract adjustment payments thereon) to, but excluding, the contract adjustment payment date immediately preceding the early settlement date. The holder's right to receive future contract adjustment payments will also terminate.

If the purchase contract agent receives a completed "Election to Settle Early" form (along with the Corporate Unit or Treasury Unit certificate, if they are in certificated form) and payment of $50.00 for each purchase contract being settled (and, if required, an amount equal to the contract adjustment payments payable on the next contract adjustment payment date) prior to 4:00 p.m., New York City time, on any business day and all conditions to early settlement have been satisfied, then that day will be considered the early settlement date. If the purchase contract agent receives the foregoing at or after 4:00 p.m., New York City time, on any business day or at any time on a day that is not a business day, then the next business day will be considered the early settlement date.

Early Settlement Upon a Fundamental Change

If a "fundamental change" (as defined below) occurs prior to the 30th scheduled trading day preceding the purchase contract settlement date, then, following the fundamental change, each holder of a purchase contract, subject to certain conditions described in this prospectus supplement, will have the right to accelerate and settle the purchase contract early on the fundamental change early settlement date (defined below) at the settlement rate determined as if the applicable market value were determined, for such purpose, based on the market value averaging period starting on the 23rd scheduled trading day prior to the fundamental change early settlement date and ending on the third scheduled trading day immediately preceding the fundamental change early settlement date, plus an additional make-whole amount of shares (such additional make-whole amount of shares being hereafter referred to as the "make-whole shares"). We refer to this right as the "fundamental change early settlement right."

If 20 trading days for our common stock have not occurred during the deemed market value averaging period referred to in the preceding paragraph, all remaining trading days will be deemed to occur on the third scheduled trading day immediately prior to the fundamental change early settlement date and the VWAP of our common stock for each of the remaining trading days will be the VWAP of our common stock on that third scheduled trading day or, if such day is not a trading day, the closing price as of such day.

We will provide each of the holders with a notice of the completion of a fundamental change within four scheduled trading days after the effective date of a fundamental change. The notice will specify (1) a date (subject to postponement as described below, the "fundamental change early settlement date"), which will be at

least 26 scheduled trading days after the date of such notice and one business day before the purchase contract settlement date, on which date we will deliver shares of our common stock to holders who exercise the fundamental change early settlement right, (2) the date by which holders must exercise the fundamental change early settlement right, which will be no earlier than the second scheduled trading day before the fundamental change early settlement date, (3) the first scheduled trading day of the deemed market value averaging period, which will be the 23rd scheduled trading day prior to the fundamental change early settlement date, the reference price, the threshold appreciation price, the fixed settlement rates and the number of make-whole shares, (4) the amount and kind (per share of common stock) of the cash, securities and other consideration receivable by the holder upon settlement and (5) the amount of accrued and unpaid contract adjustment payments (including any deferred contract adjustment payments and compounded contract adjustment payments thereon), if any, that will be paid upon settlement to holders exercising the fundamental change early settlement right. To exercise the fundamental change early settlement right, you must deliver to the purchase contract agent at the corporate trust office of the purchase contract agent or its agent, in each case, in the Borough of Manhattan, The City of New York, during the period beginning on the date we deliver notice that a fundamental change has occurred and ending at 4:00 p.m., New York City time, on the second scheduled trading day immediately preceding the fundamental change early settlement date (such period, subject to extension as described below, the "fundamental change exercise period"), the certificate evidencing your Corporate Units or Treasury Units if they are held in certificated form, and payment of $50.00 for each purchase contract being settled in immediately available funds.

A "fundamental change" will be deemed to have occurred if any of the following occurs:

(1) a "person" or "group" within the meaning of Section 13(d) of the Exchange Act, as in effect on the issue date of the Corporate Units, has become the direct or indirect "beneficial owner," as defined in Rule 13d-3 under the Exchange Act, of shares of our common stock representing more than 50% of the voting power of our common stock;

(2)(A) we are involved in a consolidation with or merger into any other person, or any merger of another person into us, or any other similar transaction or series of related transactions (other than a merger, consolidation or similar transaction that does not result in the conversion or exchange of outstanding shares of our common stock), in each case, in which 90% or more of the outstanding shares of our common stock are exchanged for or converted into cash, securities or other property, greater than 10% of the value of which consists of cash, securities or other property that is not (or will not be upon or immediately following the effectiveness of such consolidation, merger or other transaction) common stock listed on the New York Stock Exchange, the NASDAQ Global Select Market or the NASDAQ Global Market (or any of their respective successors) or (B) the consummation of any sale, lease or other transfer in one transaction or a series of related transactions of all or substantially all of our consolidated assets to any person other than one of our wholly-owned subsidiaries;

(3) our common stock ceases to be listed on at least one of the New York Stock Exchange, the NASDAQ Global Select Market or the NASDAQ Global Market (or any of their respective successors) or the announcement by any of such exchanges on which our common stock is then listed or admitted for trading that our common stock will no longer be so listed or admitted for trading, unless our common stock has been accepted for listing or admitted for trading on another of such exchanges; or

(4) our shareholders approve our liquidation, dissolution or termination;

provided that a transaction or event that constitutes a fundamental change pursuant to both clauses (1) and (2) above will be deemed to constitute a fundamental change solely pursuant to clause (2) of this definition of "fundamental change."

If you exercise the fundamental change early settlement right, we will deliver to you on the fundamental change early settlement date for each purchase contract with respect to which you have elected fundamental change early settlement, a number of shares (or exchange property units, if applicable) equal to the settlement rate described above plus the additional make-whole shares. In addition, on the fundamental change early

settlement date, we will pay you the amount of any accrued and unpaid contract adjustment payments (including any deferred contract adjustment payments and compounded contract adjustment payments thereon) to, but excluding, the fundamental change early settlement date, unless the date on which the fundamental change early settlement right is exercised occurs following any record date and prior to the related scheduled contract adjustment payment date, and we are not deferring the related contract adjustment payment, in which case we will instead pay all accrued and unpaid contract adjustment payments to the holder as of such record date. You will also receive on the fundamental change early settlement date the Notes or the applicable ownership interest in the Treasury portfolio or Treasury securities underlying the Corporate Units or Treasury Units, as the case may be, with respect to which you are effecting a fundamental change early settlement, which, in each case, shall have been released from the pledge under the purchase contract and pledge agreement. If you do not elect to exercise your fundamental change early settlement right, your Corporate Units or Treasury Units will remain outstanding and will be subject to normal settlement on the purchase contract settlement date.

We have agreed that, if required under the U.S. federal securities laws, we will use our commercially reasonable efforts to (1) have in effect throughout the fundamental change exercise period a registration statement covering the common stock and other securities, if any, to be delivered in respect of the purchase contracts being settled and (2) provide a prospectus in connection therewith, in each case in a form that may be used in connection with the fundamental change early settlement (it being understood that for so long as there is a material business transaction or development that has not yet been publicly disclosed (but in no event for a period longer than 90 days), we will not be required to file such registration statement or provide such a prospectus, and the fundamental change early settlement right will not be available, until we have publicly disclosed such transaction or development; *provided* that we will use commercially reasonable efforts to make such disclosure as soon as it is commercially reasonable to do so). In the event that a holder seeks to exercise its fundamental change early settlement right and a registration statement is required to be effective in connection with the exercise of such right but no such registration statement is then effective or a blackout period is continuing, the holder's exercise of such right will be void unless and until such a registration statement is effective and no blackout period is continuing. The fundamental change exercise period will be extended by the number of days during such period on which no such registration statement is effective or a blackout period is continuing (*provided* that the fundamental change exercise period will not be extended beyond the third scheduled trading day preceding the purchase contract settlement date) and the fundamental change early settlement date will be postponed to the third scheduled trading day following the end of the fundamental change exercise period. We will provide each of the holders with a notice of any such extension and postponement at least 23 scheduled trading days prior to any such extension and postponement.

Unless the Treasury portfolio has replaced the Notes as a component of the Corporate Units as result of a successful remarketing, holders of Corporate Units may exercise the fundamental change early settlement right only in integral multiples of 20 Corporate Units. If the Treasury portfolio has replaced the Notes as a component of Corporate Units, holders of the Corporate Units may exercise the fundamental change early settlement right only in integral multiples of 80,000 Corporate Units.

A holder of Treasury Units may exercise the fundamental change early settlement right only in integral multiples of 20 Treasury Units.

Calculation of Make-Whole Shares. The number of make-whole shares per purchase contract applicable to a fundamental change early settlement will be determined by reference to the table below, based on the date on which the fundamental change occurs or becomes effective (the "effective date") and the "stock price" in the fundamental change, which will be:

- in the case of a fundamental change described in clause (2) above where the holders of our common stock receive only cash in the fundamental change, the cash amount paid per share of our common stock; or
- otherwise, the average of the closing prices of our common stock over the 20 trading-day period ending on the trading day immediately preceding the effective date of the fundamental change.

	Stock Price on Effective Date													
Effective Date	**$10.00**	**$20.00**	**$30.00**	**$32.50**	**$35.00**	**$37.50**	**$40.00**	**$42.50**	**$43.75**	**$45.00**	**$50.00**	**$55.00**	**$60.00**	**$70.00**
June 17, 2014	0.3951	0.1880	0.0653	0.0323	0.0000	0.0639	0.1184	0.1659	0.1877	0.1766	0.1396	0.0540	0.0434	0.0344
June 1, 2015	0.2763	0.1330	0.0364	0.0040	0.0000	0.0322	0.0845	0.1301	0.1511	0.1395	0.1028	0.0377	0.0294	0.0231
June 1, 2016	0.1404	0.0686	0.0138	0.0000	0.0000	0.0019	0.0464	0.0858	0.1047	0.0917	0.0555	0.0181	0.0138	0.0113
June 1, 2017	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

The stock prices set forth in the second row of the table (i.e., the column headers) will be adjusted upon the occurrence of certain events requiring anti-dilution adjustments to the fixed settlement rates in a manner inversely proportional to the adjustments to the fixed settlement rates.

Each of the make-whole share amounts in the table will be subject to adjustment in the same manner and at the same time as the fixed settlement rates as set forth under "—Anti-dilution Adjustments."

The exact stock price and effective date applicable to a fundamental change may not be set forth on the table, in which case:

- if the stock price is between two stock prices on the table or the effective date is between two effective dates on the table, the amount of make-whole shares will be determined by straight line interpolation between the make-whole share amounts set forth for the higher and lower stock prices and the two effective dates based on a 365-day year, as applicable;
- if the stock price is in excess of $70.00 per share (subject to adjustment in the same manner as the stock prices set forth in the second row of the table as described above), then the make-whole share amount will be zero; and
- if the stock price is less than $10.00 per share (subject to adjustment in the same manner as the stock prices set forth in the second row of the table as described above) (the "minimum stock price"), then the make-whole share amount will be determined as if the stock price equaled the minimum stock price, using straight line interpolation, as described above, if the effective date is between two effective dates on the table.

Notice to Settle with Cash

Unless a termination event has occurred, a holder effects an early settlement or a fundamental change early settlement with respect to the underlying purchase contract, or a successful remarketing has occurred, a holder of Corporate Units may settle the related purchase contract with separate cash by delivering the Corporate Unit certificate, if in certificated form, to the purchase contract agent at the corporate trust office of the purchase contract agent or its agent, in each case, in the Borough of Manhattan, The City of New York with the completed "Notice to Settle with Cash" form at any time on or after the date we give notice of a final remarketing and prior to 4:00 p.m., New York City time on the second business day immediately preceding the first day of the final remarketing period or, if there has been a failed final remarketing, on the second business day immediately preceding the purchase contract settlement date. Holders of Corporate Units may only cash-settle Corporate Units in integral multiples of 20 Corporate Units.

The holder must also deliver to the securities intermediary the required cash payment in immediately available funds. Such payment must be delivered prior to 4:00 p.m., New York City time, on the first business day immediately preceding the final remarketing period or, if there has been a failed remarketing, on the first business day immediately preceding the purchase contract settlement date.

Upon receipt of the cash payment, the related Note will be released from the pledge arrangement and transferred to the purchase contract agent for distribution to the holder of the related Corporate Units. The holder of the Corporate Units will then receive the applicable number of shares of our common stock on the purchase contract settlement date.

If a holder of Corporate Units that has given notice of its election to settle with cash fails to deliver the cash by the applicable time and date specified above, such holder shall be deemed to have consented to the disposition of its Notes in the final remarketing, or to have exercised its put right (as described under "—Remarketing" above), in each case, as applicable.

Any cash received by the collateral agent upon cash settlement may be invested in permitted investments, as defined in the purchase contract and pledge agreement, and the portion of the proceeds equal to the aggregate purchase price of all purchase contracts of such holders will be paid to us on the purchase contract settlement date. Any excess funds received by the collateral agent in respect of permitted investments over the aggregate purchase price remitted to us in satisfaction of the obligations of the holders under the purchase contracts will be distributed to the purchase contract agent for payment to the holders who settled with cash.

Contract Adjustment Payments

Contract adjustment payments in respect of Corporate Units and Treasury Units will be fixed at a rate per year of 4.0% of the stated amount of $50.00 per purchase contract. Contract adjustment payments payable for any period will be computed on the basis of a 360-day year of twelve 30-day months. Contract adjustment payments will accrue from the date of issuance of the purchase contracts and will be payable quarterly in arrears on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2014.

Contract adjustment payments will be payable to the holders of purchase contracts as they appear on the books and records of the purchase contract agent at the close of business on the relevant record dates, which will be the 15th day of the month immediately preceding the month in which the relevant payment date falls (or, if such day is not a business day, the next preceding business day) or if the Equity Units are held in book-entry form, the "record date" will be the business day immediately preceding the applicable payment date. These distributions will be paid through the purchase contract agent, which will hold amounts received in respect of the contract adjustment payments for the benefit of the holders of the purchase contracts relating to the Equity Units. Subject to any applicable laws and regulations, each such payment will be made as described under "Certain Provisions of the Purchase Contract and Pledge Agreement—Book-Entry System."

If any date on which contract adjustment payments are to be made on the purchase contracts related to the Corporate Units or Treasury Units is not a business day, then payment of the contract adjustment payments payable on that date will be made on the next succeeding day that is a business day, and no interest or payment will be paid in respect of the delay.

For the avoidance of doubt, subject to our right to defer contract adjustment payments, all record holders of purchase contracts on any record date will be entitled to receive the full contract adjustment payment due on the related contract adjustment payment date regardless of whether the holder of such purchase contract elects to settle such purchase contract early (whether at its option or in connection with a fundamental change) following such record date.

Our obligations with respect to contract adjustment payments will be subordinated and junior in right of payment to our obligations under any of our Senior Indebtedness (as defined under "Description of the Junior Subordinated Notes—Subordination") and will rank on parity with the Notes.

We may, at our option and upon prior written notice to the purchase contract agent, defer all or part of the contract adjustment payments, but not beyond the purchase contract settlement date (or, with respect to an early settlement upon a fundamental change, not beyond the fundamental change early settlement date or, with respect to an early settlement other than upon a fundamental change, not beyond the contract adjustment payment date immediately preceding the early settlement date).

Deferred contract adjustment payments will accrue additional contract adjustment payments at the rate equal to 6.50% per annum (which is equal to the rate of total distributions on the Corporate Units), compounded on each contract adjustment payment date, to, but excluding, the contract adjustment payment date on which such

deferred contract adjustment payments are paid. We refer to additional contract adjustment payments that accrue on deferred contract adjustment payments as "compounded contract adjustment payments." We may pay any such deferred contract adjustment payments (including compounded contract adjustment payments thereon) on any scheduled contract adjustment payment date; *provided* that in order to pay deferred contract adjustment payments on any scheduled contract adjustment payment date other than the purchase contract settlement date, we must deliver written notice thereof to holders of the Equity Units and the purchase contract agent on or before the relevant record date. If the purchase contracts are terminated (upon the occurrence of certain events of bankruptcy, insolvency or similar reorganization with respect to us), the right to receive contract adjustment payments and deferred contract adjustment payments (including compounded contract adjustment payments thereon) will also terminate.

If we exercise our option to defer the payment of contract adjustment payments, then, until the deferred contract adjustment payments (including compounded contract adjustment payments thereon) have been paid, we will not (1) declare or pay any dividends on, or make any distributions on, or redeem, purchase or acquire, or make a liquidation payment with respect to, any shares of our capital stock, (2) make any payment of principal of, or interest or premium, if any, on, or repay, repurchase or redeem any of our debt securities that rank on parity with, or junior to, the contract adjustment payments, or (3) make any guarantee payments under any guarantee by us of securities of any of our subsidiaries if our guarantee ranks on parity with, or junior to, the contract adjustment payments.

The restrictions listed above do not apply to:

(a) purchases, redemptions or other acquisitions of our capital stock in connection with any employment contract, benefit plan or other similar arrangement with or for the benefit of employees, officers, directors, agents or consultants or a stock purchase or dividend reinvestment plan, or the satisfaction of our obligations pursuant to any contract or security outstanding on the date that the contract adjustment payment is deferred requiring us to purchase, redeem or acquire our capital stock;

(b) any payment, repayment, redemption, purchase, acquisition or declaration of dividends described in clause (1) above as a result of a reclassification of our capital stock, or the exchange or conversion of all or a portion of one class or series of our capital stock, for another class or series of our capital stock;

(c) the purchase of fractional interests in shares of our capital stock pursuant to the conversion or exchange provisions of our capital stock or the security being converted or exchanged, or in connection with the settlement of stock purchase contracts outstanding on the date that the contract adjustment payment is deferred;

(d) dividends or distributions paid or made in our capital stock (or rights to acquire our capital stock), or repurchases, redemptions or acquisitions of capital stock in connection with the issuance or exchange of capital stock (or of securities convertible into or exchangeable for shares of our capital stock) and distributions in connection with the settlement of stock purchase contracts outstanding on the date that the contract adjustment payment is deferred;

(e) redemptions, exchanges or repurchases of, or with respect to, any rights outstanding under a shareholder rights plan outstanding on the date that the contract adjustment payment is deferred or the declaration or payment thereunder of a dividend or distribution of or with respect to rights in the future;

(f) payments on the Notes, any trust preferred securities, subordinated debentures, junior subordinated debentures or junior subordinated notes, or any guarantees of any of the foregoing, in each case, that rank equal in right of payment to the contract adjustment payments, so long as the amount of payments made on account of such securities or guarantees and the purchase contracts is paid on all such securities and guarantees and the purchase contracts then outstanding on a pro rata basis in proportion to the full payment to which each series of such securities, guarantees or purchase contracts is then entitled if paid in full; *provided* that, for the avoidance of doubt, we will not be permitted under the purchase contract and pledge agreement to make contract adjustment payments in part; or

(g) any payment of deferred interest or principal on, or repayment, redemption or repurchase of, parity or junior securities that, if not made, would cause us to breach the terms of the instrument governing such parity or junior securities.

Anti-dilution Adjustments

Each fixed settlement rate will be subject to the following adjustments:

(1) *Stock Dividends* . If we pay or make a dividend or other distribution on our common stock in common stock, each fixed settlement rate in effect at the opening of business on the day following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution will be increased by dividing:

- each fixed settlement rate by
- a fraction, the numerator of which will be the number of shares of our common stock outstanding at the close of business on the date fixed for such determination and the denominator of which will be the sum of such number of shares and the total number of shares constituting the dividend or other distribution.

If any dividend or distribution in this paragraph (1) is declared but not so paid or made, the new fixed settlement rates shall be readjusted, on the date that our board of directors determines not to pay or make such dividend or distribution, to the fixed settlement rates that would then be in effect if such dividend or distribution had not been declared.

(2) *Stock Purchase Rights* . If we issue to all or substantially all holders of our common stock rights, options, warrants or other securities (other than pursuant to a dividend reinvestment, share purchase or similar plan), entitling them to subscribe for or purchase shares of our common stock for a period expiring within 45 days from the date of issuance of such rights, options, warrants or other securities at a price per share of our common stock less than the current market price (as defined below) calculated as of the date fixed for the determination of stockholders entitled to receive such rights, options, warrants or other securities, each fixed settlement rate in effect at the opening of business on the day following the date fixed for such determination will be increased by dividing:

- each fixed settlement rate by
- a fraction, the numerator of which will be the number of shares of our common stock outstanding at the close of business on the date fixed for such determination plus the number of shares of our common stock which the aggregate consideration expected to be received by us upon the exercise of such rights, options, warrants or other securities would purchase at such current market price and the denominator of which will be the number of shares of our common stock outstanding at the close of business on the date fixed for such determination plus the number of shares of our common stock so offered for subscription or purchase.

If any right, option, warrant or other security described in this paragraph (2) is not exercised or converted prior to the expiration of the exercisability or convertibility thereof (and as a result no additional shares of common stock are delivered or issued pursuant to such right, option, or warrant or other security), the new fixed settlement rates shall be readjusted, as of the date of such expiration, to the fixed settlement rates that would then be in effect had the increase with respect to the issuance of such rights, options, warrants or other securities been made on the basis of delivery or issuance of only the number of shares of common stock actually delivered.

For purposes of this clause (2), in determining whether any rights, options, warrants or other securities entitle the holders to subscribe for or purchase shares of the common stock at a price per share of our common stock less than the current market price on the date fixed for the determination of stockholders entitled to receive such rights, options, warrants or other securities, and in determining the aggregate price payable to exercise such

rights, options, warrants or other securities, there shall be taken into account any consideration received by us for such rights, options, warrants or other securities and any amount payable on exercise or conversion thereof, the value of such consideration, if other than cash, to be determined in good faith by our board of directors.

(3) *Stock Splits; Reverse Splits; and Combinations* . If outstanding shares of our common stock shall be subdivided, split or reclassified into a greater number of shares of common stock, each fixed settlement rate in effect at the opening of business on the day following the day upon which such subdivision, split or reclassification becomes effective shall be proportionately increased, and, conversely, in case outstanding shares of our common stock shall each be combined or reclassified into a smaller number of shares of common stock, each fixed settlement rate in effect at the opening of business on the day following the day upon which such combination or reclassification becomes effective shall be proportionately reduced.

(4) *Debt, Asset or Security Distributions* . If we, by dividend or otherwise, distribute to all or substantially all holders of our common stock evidences of our indebtedness, assets or securities or any rights, options or warrants (or similar securities) to subscribe for, purchase or otherwise acquire evidences of our indebtedness, other assets or property of ours or other securities (but excluding any rights, options, warrants or other securities referred to in paragraph (2) above, any dividend or distribution paid exclusively in cash referred to in paragraph (5) below (in each case, whether or not an adjustment to the fixed settlement rates is required by such paragraph) and any dividend paid in shares of capital stock of any class or series, or similar equity interests, of or relating to a subsidiary or other business unit of ours in the case of a spin-off referred to below, or dividends or distributions referred to in paragraph (1) above), each fixed settlement rate in effect immediately prior to the close of business on the date fixed for the determination of stockholders entitled to receive such dividend or distribution shall be increased by dividing:

- each fixed settlement rate by
- a fraction, the numerator of which shall be the current market price of our common stock calculated as of the date fixed for such determination less the then fair market value (as determined in good faith by our board of directors) of the portion of the assets, securities or evidences of indebtedness so distributed applicable to one share of our common stock and the denominator of which shall be such current market price.

Notwithstanding the foregoing, if the then fair market value (as determined in good faith by our board of directors) of the portion of the assets, securities or evidences of indebtedness so distributed applicable to one share of our common stock exceeds the current market price of our common stock on the date fixed for the determination of stockholders entitled to receive such distribution, in lieu of the foregoing increase, each holder of a purchase contract shall receive, for each purchase contract, at the same time and upon the same terms as holders of shares of our common stock, the amount of such distributed assets, securities or evidences of indebtedness that such holder would have received if such holder owned a number of shares of our common stock equal to the maximum settlement rate on the record date for such dividend or distribution.

In the case of the payment of a dividend or other distribution on our common stock of shares of capital stock of any class or series, or similar equity interests, of or relating to a subsidiary or other business unit of ours, which are or will, upon issuance, be listed on a U.S. securities exchange or quotation system, which we refer to as a “spin-off,” each fixed settlement rate in effect immediately before the close of business on the date fixed for determination of stockholders entitled to receive that dividend or distribution will be increased by dividing:

- each fixed settlement rate by
- a fraction, the numerator of which is the current market price of our common stock and the denominator of which is such current market price plus the fair market value, determined as described below, of those shares of capital stock or similar equity interests so distributed applicable to one share of common stock.

The adjustment to the fixed settlement rate under the preceding paragraph will occur on:

- the 10th trading day from and including the effective date of the spin-off; or
- if the spin-off is effected simultaneously with an initial public offering of the securities being distributed in the spin-off and the ex-date for the spin-off occurs on or before the date that the initial public offering price of the securities being distributed in the spin-off is determined, the issue date of the securities being offered in such initial public offering.

For purposes of this section, “initial public offering” means the first time securities of the same class or type as the securities being distributed in the spin-off are offered to the public for cash.

Subject to the immediately following paragraph, the fair market value of the securities to be distributed to holders of our common stock means the average of the closing sale prices of those securities on the principal U.S. securities exchange or quotation system on which such securities are listed or quoted at that time over the first 10 trading days following the effective date of the spin-off. Also, for purposes of such a spin-off, the current market price of our common stock means the average of the closing sale prices of our common stock on the principal U.S. securities exchange or quotation system on which our common stock is listed or quoted at that time over the first 10 trading days following the effective date of the spin-off.

If, however, an initial public offering of the securities being distributed in the spin-off is to be effected simultaneously with the spin-off and the ex-date for the spin-off occurs on or before the date that the initial public offering price of the securities being distributed in the spin-off is determined, the fair market value of the securities being distributed in the spin-off means the initial public offering price, while the current market price of our common stock means the closing sale price of our common stock on the principal U.S. securities exchange or quotation system on which our common stock is listed or quoted at that time on the trading day on which the initial public offering price of the securities being distributed in the spin-off is determined.

If any dividend or distribution described in this paragraph (4) is declared but not so paid or made, the new fixed settlement rates shall be readjusted, as of the date our board of directors determines not to pay or make such dividend or distribution, to the fixed settlement rates that would then be in effect if such dividend or distribution had not been declared.

(5) *Cash Distributions* . If we, by dividend or otherwise, make distributions to all or substantially all holders of our common stock exclusively in cash during any quarterly period in an amount that exceeds $0.31 per share per quarter in the case of a regular quarterly dividend (such per share amount being referred to as the “reference dividend”), then immediately after the close of business on the date fixed for determination of the stockholders entitled to receive such distribution, each fixed settlement rate in effect immediately prior to the close of business on such date will be increased by dividing:

- each fixed settlement rate by
- a fraction, the numerator of which will be equal to the current market price on the date fixed for such determination less the amount, if any, by which the per share amount of the distribution exceeds the reference dividend and the denominator of which will be equal to such current market price.

Notwithstanding the foregoing, if (1) the amount by which the per share amount of the cash distribution exceeds the reference dividend exceeds (2) the current market price of our common stock on the date fixed for the determination of stockholders entitled to receive such distribution, in lieu of the foregoing increase, each holder of a purchase contract shall receive, for each purchase contract, at the same time and upon the same terms as holders of shares of our common stock, the amount of distributed cash that such holder would have received if such holder owned a number of shares of our common stock equal to the maximum settlement rate on the record date for such cash dividend or distribution.

The reference dividend will be subject to an inversely proportional adjustment whenever each fixed settlement rate is adjusted, other than pursuant to this paragraph (5). For the avoidance of doubt, the reference dividend will be zero in the case of a cash dividend that is not a regular quarterly dividend.

If any dividend or distribution described in this paragraph (5) is declared but not so paid or made, the new fixed settlement rate shall be readjusted, as of the date our board of directors determines not to pay or make such dividend or distribution, to the fixed settlement rate that would then be in effect if such dividend or distribution had not been declared.

(6) *Tender and Exchange Offers* . In the case that a tender offer or exchange offer made by us or any subsidiary for all or any portion of our common stock shall expire and such tender or exchange offer (as amended through the expiration thereof) requires the payment to stockholders (based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of purchased shares) of an aggregate consideration having a fair market value per share of our common stock that exceeds the closing price of our common stock on the trading day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer, then, immediately prior to the opening of business on the day after the date of the last time (which we refer to as the “expiration time”) tenders or exchanges could have been made pursuant to such tender offer or exchange offer (as amended through the expiration thereof), each fixed settlement rate in effect immediately prior to the close of business on the date of the expiration time will be increased by dividing:

- each fixed settlement rate by
- a fraction (1) the numerator of which will be equal to (a) the product of (i) the current market price on the date of the expiration time and (ii) the number of shares of common stock outstanding (including any tendered or exchanged shares) on the date of the expiration time less (b) the amount of cash plus the fair market value of the aggregate consideration payable to stockholders pursuant to the tender offer or exchange offer (assuming the acceptance by us of purchased shares (as defined below)), and (2) the denominator of which will be equal to the product of (a) the current market price on the date of the expiration time and (b) the result of (i) the number of shares of our common stock outstanding (including any tendered or exchanged shares) on the date of the expiration time less (ii) the number of all shares validly tendered, not withdrawn and accepted for payment on the date of the expiration time (such actually validly tendered or exchanged shares, up to any maximum acceptance amount specified by us in the terms of the tender offer or exchange offer, being referred to as the “purchased shares”).

For purposes of paragraphs (2) through (6) (except as otherwise expressly provided therein with respect to spin-offs) above, the “current market price” per share of our common stock or any other security on any day means the average VWAP of our common stock or such other security on the principal U.S. securities exchange or quotation system on which our common stock or such other security, as applicable, is listed or quoted at that time for the 10 consecutive trading days preceding the earlier of the trading day preceding the day in question and the trading day before the “ex-date” with respect to the issuance or distribution requiring such computation. For purposes of paragraph (6) above, the last day of the measurement period shall be the trading day next succeeding the last date on which tenders or exchanges may be made pursuant to the relevant tender offer or exchange offer. The term “ex-date,” when used with respect to any issuance or distribution on our common stock or any other security, means the first date on which our common stock or such other security, as applicable, trades, regular way, on the principal U.S. securities exchange or quotation system on which our common stock or such other security, as applicable, is listed or quoted at that time, without the right to receive the issuance or distribution.

We currently do not have a shareholders rights plan with respect to our common stock. To the extent that we have a shareholders rights plan involving the issuance of share purchase rights or other similar rights to all or substantially all holders of our common stock in effect upon settlement of a purchase contract, you will receive, in addition to the common stock issuable upon settlement of any purchase contract, the related rights for the

common stock under the shareholders rights plan, unless, prior to any settlement of a purchase contract, the rights have separated from the common stock, in which case each fixed settlement rate will be adjusted at the time of separation as if we made a distribution to all holders of our common stock as described in clause (4) above, subject to readjustment in the event of the expiration, termination or redemption of the rights under the shareholder rights plan.

You may be treated as receiving a constructive distribution from us with respect to the purchase contract if (1) the fixed settlement rates are adjusted (or fail to be adjusted) and, as a result of the adjustment (or failure to adjust), your proportionate interest in our assets or earnings and profits is increased, and (2) the adjustment (or failure to adjust) is not made pursuant to a bona fide, reasonable anti-dilution formula. For example, if the fixed settlement rate is adjusted as a result of a distribution that is taxable to the holders of our common stock, such as a cash dividend, you will be deemed to have received a “constructive distribution” of our stock. Thus, under certain circumstances, an adjustment to the fixed settlement rates might give rise to a taxable dividend to you even though you will not receive any cash in connection with such adjustment. In addition, non-U.S. holders (as defined in “Material U.S. Federal Income Tax Considerations”) may, in certain circumstances, be deemed to have received a distribution subject to U.S. federal withholding tax. See “Material U.S. Federal Income Tax Considerations—U.S. Holders—Purchase Contracts” and “Material U.S. Federal Income Tax Considerations—Non-U.S. Holders—Dividends.”

In addition, we may increase the fixed settlement rates if our board of directors deems it advisable to avoid or diminish any income tax to holders of our common stock resulting from any dividend or distribution of shares (or rights to acquire shares) or from any event treated as a dividend or distribution for income tax purposes or for any other reasons. We may only make such a discretionary adjustment if we make the same proportionate adjustment to each fixed settlement rate.

Adjustments to the fixed settlement rates will be calculated to the nearest ten thousandth of a share. No adjustment to the fixed settlement rates will be required unless the adjustment would require an increase or decrease of at least one percent in one or both fixed settlement rates. If any adjustment is not required to be made because it would not change one or both fixed settlement rates by at least one percent, then the adjustment will be carried forward and taken into account in any subsequent adjustment. All anti-dilution adjustments will be made not later than each day of any market value averaging period and the time at which we are otherwise required to determine the relevant settlement rate or amount of make-whole shares (if applicable) in connection with any settlement with respect to the purchase contracts.

No adjustment to the fixed settlement rates will be made if holders of Equity Units participate, as a result of holding the Equity Units and without having to settle the purchase contracts that form part of the Equity Units, in the transaction that would otherwise give rise to an adjustment as if they held a number of shares of our common stock equal to the maximum settlement rate, at the same time and upon the same terms as the holders of common stock participate in the transaction.

The fixed settlement rates will not be adjusted (subject to our right to increase them if our board of directors deems it advisable as described in the third preceding paragraph):

- upon the issuance of any shares of our common stock pursuant to any present or future plan providing for the reinvestment of dividends or interest payable on our securities and the investment of additional optional amounts in shares of our common stock under any plan;
- upon the issuance of options, restricted stock or other awards in connection with any employment contract, executive compensation plan, benefit plan or other similar arrangement with or for the benefit of any one or more employees, officers, directors, consultants or independent contractors or the exercise of such options or other awards;
- upon the issuance of any shares of our common stock pursuant to any option, warrant, right or exercisable, exchangeable or convertible security outstanding as of the date the Equity Units were first issued;

- for a change in the par value or no par value of the common stock; or
- for accumulated and unpaid contract adjustment payments.

We will, as promptly as practicable after the fixed settlement rate is adjusted, provide written notice of the adjustment to the holders of Equity Units.

If an adjustment is made to the fixed settlement rates, an adjustment also will be made to the reference price and the threshold appreciation price on an inversely proportional basis solely to determine which of the clauses of the definition of settlement rate will be applicable to determine the settlement rate with respect to the purchase contract settlement date or any fundamental change early settlement date.

If any adjustment to the fixed settlement rates becomes effective, or any effective date, expiration time, ex-date or record date for any stock split or reverse stock split, tender or exchange offer, issuance, dividend or distribution (relating to a required fixed settlement rate adjustment) occurs, during the period beginning on, and including, (1) the open of business on a first trading day of the 20 scheduled trading-day period during which the applicable market value is calculated or (2) in the case of the optional early settlement or fundamental change early settlement, the relevant early settlement date or the date on which the fundamental change early settlement right is exercised and, in each case, ending on, and including, the date on which we deliver shares of our common stock under the related purchase contract, we will make appropriate adjustments to the fixed settlement rates and/or the number of shares of our common stock deliverable upon settlement with respect to the purchase contract, in each case, consistent with the methodology used to determine the anti-dilution adjustments set forth above. If any adjustment to the fixed settlement rates becomes effective, or any effective date, expiration time, ex-date or record date for any stock split or reverse stock split, tender or exchange offer, issuance, dividend or distribution (relating to a required fixed settlement rate adjustment) occurs, during the period used to determine the “stock price” or any other averaging period hereunder, we will make appropriate adjustments to the applicable prices, consistent with the methodology used to determine the anti-dilution adjustments set forth above.

Reorganization Events

The following events are defined as “reorganization events”:

- any consolidation or merger of the Company with or into another person or of another person with or into the Company or a similar transaction (other than a consolidation, merger or similar transaction in which the Company is the continuing corporation and in which the shares of our common stock outstanding immediately prior to the merger or consolidation are not exchanged for cash, securities or other property of the Company or another person);
- any sale, transfer, lease or conveyance to another person of the property of the Company as an entirety or substantially as an entirety, as a result of which the shares of our common stock are exchanged for cash, securities or other property;
- any statutory exchange of the common stock of the Company with another corporation (other than in connection with a merger or acquisition); and
- any liquidation, dissolution or termination of the Company (other than as a result of or after the occurrence of a termination event described below under “—Termination”).

Following the effective date of a reorganization event, the settlement rate shall be determined by reference to the value of an exchange property unit, and we shall deliver, upon settlement of any purchase contract, a number of exchange property units equal to the number of shares of our common stock that we would otherwise be required to deliver. An “exchange property unit” is the kind and amount of common stock, other securities, other property or assets (including cash or any combination thereof) receivable in such reorganization event (without any interest thereon, and without any right to dividends or distribution thereon which have a record date that is prior to the applicable settlement date) per share of our common stock by a holder of common stock that is

not a person with which we are consolidated or into which we are merged or which merged into us or to which such sale or transfer was made, as the case may be (we refer to any such person as a "constituent person"), or an affiliate of a constituent person, to the extent such reorganization event provides for different treatment of common stock held by the constituent person and/or the affiliates of the constituent person, on the one hand, and non-affiliates of a constituent person, on the other hand. In the event holders of our common stock (other than any constituent person or affiliate thereof) have the opportunity to elect the form of consideration to be received in such transaction, the exchange property unit that holders of the Corporate Units or Treasury Units are entitled to receive will be deemed to be (1) the weighted average of the types and amounts of consideration received by the holders of our common stock that affirmatively make an election or (2) if no holders of our common stock affirmatively make such an election, the types and amounts of consideration actually received by the holders of our common stock.

In the event of such a reorganization event, the person formed by such consolidation or merger or the person which acquires our assets shall execute and deliver to the purchase contract agent an agreement providing that the holder of each Equity Unit that remains outstanding after the reorganization event (if any) shall have the rights described in the preceding paragraph. Such supplemental agreement shall provide for adjustments to the amount of any securities constituting all or a portion of an exchange property unit and/or adjustments to the fixed settlement rates, which, for events subsequent to the effective date of such reorganization event, shall be as nearly equivalent as may be practicable to the adjustments provided for under "—Anti-dilution Adjustments" above. The provisions described in the preceding two paragraphs shall similarly apply to successive reorganization events.

In connection with any reorganization event, we will also adjust the reference dividend based on the number of shares of common stock comprising an exchange property unit and (if applicable) the value of any non-stock consideration comprising an exchange property unit. If an exchange property unit is composed solely of non-stock consideration, the reference dividend will be zero.

Termination

The purchase contract and pledge agreement provides that the purchase contracts and the obligations and rights of us and of the holders of Corporate Units and Treasury Units thereunder (including the holders' obligation and right to purchase and receive shares of our common stock and to receive accrued and unpaid contract adjustment payments, including deferred contract adjustment payments and compounded contract adjustment payments thereon) will immediately and automatically terminate upon the occurrence of a termination event (as defined below).

Upon any termination event, the Equity Units will represent the right to receive the Notes underlying the undivided beneficial interest in the Notes, applicable ownership interests in the Treasury Portfolio, or the Treasury securities, as the case may be, forming part of such Equity Units. Upon the occurrence of a termination event, we will promptly give the purchase contract agent, the collateral agent and the holders notice of such termination event and the collateral agent will release the related interests in the Notes, applicable ownership interests in the Treasury portfolio or Treasury securities, as the case may be, from the pledge arrangement and transfer such interests in the Notes, applicable ownership interests in the Treasury portfolio or Treasury securities to the purchase contract agent for distribution to the holders of Corporate Units and Treasury Units. If a holder is entitled to receive Notes in an aggregate principal amount that is not an integral multiple of $1,000, the purchase contract agent may request that we issue Notes in denominations of $50.00 and integral multiples thereof in exchange for Notes in denominations of $1,000 or integral multiples thereof. In addition, if any holder is entitled to receive, with respect to its applicable ownership interests in the Treasury portfolio or its pledged Treasury securities, any securities having a principal amount at maturity of less than $1,000, the purchase contract agent will dispose of such securities for cash and pay the cash received to the holder in lieu of such applicable ownership in the Treasury portfolio or such Treasury securities. Upon any termination event, however, such release and distribution may be subject to a delay. In the event that the Company becomes the subject of a case

under the U.S. Bankruptcy Code, such delay may occur as a result of the automatic stay under the U.S. Bankruptcy Code and continue until such automatic stay has been lifted. Moreover, claims arising out of the Notes will be subject to the equitable jurisdiction and powers of the bankruptcy court.

A "termination event" means any of the following events with respect to the Company:

(1) at any time on or prior to the purchase contract settlement date, a decree or order by a court having jurisdiction in the premises shall have been entered adjudicating the Company a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization arrangement, adjustment or composition of or in respect of the Company under the U.S. Bankruptcy Code or any other similar applicable federal or state law and such decree or order shall have been entered more than 90 days prior to the purchase contract settlement date and shall have continued undischarged and unstayed for a period of 90 consecutive days;

(2) at any time on or prior to the purchase contract settlement date, a decree or order of a court having jurisdiction in the premises shall have been entered for the appointment of a receiver, liquidator, trustee, assignee, sequestrator or other similar official in bankruptcy or insolvency of the Company or of all or any substantial part of the Company's property, or for the winding up or liquidation of the Company's affairs, and such decree or order shall have been entered more than 90 days prior to the purchase contract settlement date and shall have continued undischarged and unstayed for a period of 90 consecutive days; or

(3) at any time on or prior to the purchase contract settlement date, the Company shall institute proceedings to be adjudicated a bankrupt or insolvent, or shall consent to the institution of bankruptcy or insolvency proceedings against it, or shall file a petition or answer or consent seeking reorganization under the U.S. Bankruptcy Code or any other similar applicable federal or state law, or shall consent to the filing of any such petition, or shall consent to the appointment of a receiver, liquidator, trustee, assignee, sequestrator or other similar official of the Company or of all or any substantial part of the Company's property, or shall make an assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due.

Pledged Securities and Pledge

The undivided beneficial ownership interests in the Notes, or, following a successful optional remarketing, the applicable ownership interests in the Treasury portfolio (as described under the first bullet of the definition of "Treasury portfolio"), that are a component of the Corporate Units or, if substituted, the beneficial ownership interest in the Treasury securities that are a component of the Treasury Units, collectively, the "pledged securities," will be pledged to the collateral agent for our benefit pursuant to the purchase contract and pledge agreement to secure your obligation to purchase shares of our common stock under the related purchase contracts. The rights of the holders of the Corporate Units and Treasury Units with respect to the pledged securities will be subject to our security interest therein. No holder of Corporate Units or Treasury Units will be permitted to withdraw the pledged securities related to such Corporate Units or Treasury Units from the pledge arrangement except:

- in the case of Corporate Units, to substitute a Treasury security for the related Note, as provided under "Description of the Equity Units—Creating Treasury Units by Substituting a Treasury Security for a Note;"
- in the case of Treasury Units, to substitute a Note for the related Treasury security, as provided under "Description of the Equity Units—Recreating Corporate Units;" and
- upon early settlement, settlement through the payment of separate cash or termination of the related purchase contracts.

Subject to our security interest and the terms of the purchase contract and pledge agreement, each holder of a Corporate Unit (unless the Treasury portfolio has replaced the Notes as a component of the Corporate Unit),

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will be entitled through the purchase contract agent and the collateral agent to all of the proportional rights and preferences of the related Notes (including distribution, voting, redemption, repayment and liquidation rights). Each holder of Treasury Units and each holder of Corporate Units (if the Treasury portfolio has replaced the Notes as a component of the Corporate Units), will retain beneficial ownership of the related Treasury securities or the applicable ownership interests in the Treasury portfolio, as applicable, pledged in respect of the related purchase contracts. We will have no interest in the pledged securities other than our security interest.

Except as described in “Certain Provisions of the Purchase Contract and Pledge Agreement—General,” upon receipt of distributions on the pledged securities, the collateral agent will distribute such payments to the purchase contract agent, which in turn will distribute those payments to the holders in whose names the Corporate Units or Treasury Units are registered at the close of business on the record date for the distribution.

CERTAIN PROVISIONS OF THE PURCHASE CONTRACT AND PLEDGE AGREEMENT

In this Description of the Purchase Contract and Pledge Agreement, "Exelon," "we," "us," "our" and the "Company" refer only to Exelon Corporation and any successor obligor, and not to any of its subsidiaries.

The following is a summary of some of the other terms of the purchase contract and pledge agreement. The summary contains a description of additional material terms of the agreement but is only a summary and is not complete. This summary is subject to and is qualified by reference to all the provisions of the purchase contract and pledge agreement, including the definitions of certain terms used therein, the form of which has been or will be filed and incorporated by reference as an exhibit to the registration statement of which this prospectus supplement and the accompanying base prospectus form a part.

General

Except as described under "—Book-Entry System" below, payments on the Corporate Units and Treasury Units will be payable, the purchase contracts will be settled, and transfers of the Corporate Units and Treasury Units will be registrable at, the office of the purchase contract agent or its agent, in each case, in the Borough of Manhattan, The City of New York. In addition, if the Corporate Units or Treasury Units do not remain in book-entry form, we will make payments on the Corporate Units and Treasury Units by check mailed to the address of the person entitled thereto as shown on the security register or by a wire transfer to the account designated by the holder by a prior written notice.

Shares of common stock will be delivered on the purchase contract settlement date (or earlier upon early settlement), or, if the purchase contracts have terminated, the related pledged securities will be delivered (subject to delays, including potentially as a result of the imposition of the automatic stay under the U.S. Bankruptcy Code, as described under "Description of the Purchase Contracts—Termination") at the office of the purchase contract agent or its agent upon presentation and surrender of the applicable Corporate Unit or Treasury Unit certificate, if in certificated form.

If Corporate Units or Treasury Units are in certificated form and the holder fails to present and surrender the certificate evidencing the Corporate Units or Treasury Units to the purchase contract agent on or prior to the purchase contract settlement date, the shares of common stock issuable upon settlement with respect to the related purchase contract will be registered in the name of the purchase contract agent or its nominee. The shares, together with any distributions, will be held by the purchase contract agent as agent for the benefit of the holder until the certificate is presented and surrendered or the holder provides satisfactory evidence that the certificate has been destroyed, lost or stolen, together with any indemnity that may be required by the purchase contract agent and us.

If the purchase contracts terminate prior to the purchase contract settlement date, the related pledged securities are transferred to the purchase contract agent for distribution to the holders, and a holder fails to present and surrender the certificate evidencing the holder's Corporate Units or Treasury Units, if in certificated form, to the purchase contract agent, the related pledged securities delivered to the purchase contract agent and payments on the pledged securities will be held by the purchase contract agent as agent for the benefit of the holder until the applicable certificate is presented, if in certificated form, or the holder provides the evidence and indemnity described above.

No service charge will be made for any registration of transfer or exchange of the Corporate Units or Treasury Units, except for any tax or other governmental charge that may be imposed in connection therewith.

The purchase contract agent will have no obligation to invest or to pay interest on any amounts it holds pending payment to any holder.

Modification

The purchase contract and pledge agreement will contain provisions permitting us, the purchase contract agent and the collateral agent, to modify the purchase contract and pledge agreement without the consent of the holders for any of the following purposes:

- to evidence the succession of another person to our obligations;
- to add to the covenants for the benefit of holders or to surrender any of our rights or powers under the purchase contract and pledge agreement;
- to evidence and provide for the acceptance of appointment of a successor purchase contract agent or a successor collateral agent or securities intermediary;
- to make provision with respect to the rights of holders pursuant to the requirements applicable to reorganization events;
- to cure any ambiguity or to correct or supplement any provisions that may be inconsistent with any other provision in the purchase contract and pledge agreement or to make such other provisions in regard to matters or questions arising under the purchase contract and pledge agreement that do not adversely affect the rights of any holders of Equity Units; and
- to conform the provisions of the purchase contract and pledge agreement to the description of such agreement, the Equity Units and the purchase contracts contained in the preliminary prospectus supplement for the Equity Units as supplemented and/or amended by the related pricing term sheet.

The purchase contract and pledge agreement will contain provisions allowing us, the purchase contract agent and the collateral agent, subject to certain limited exceptions, to modify the terms of the purchase contracts or the purchase contract and pledge agreement with the consent of the holders of not less than a majority of the outstanding Equity Units, with holders of Corporate Units and Treasury Units voting as a single class. However, no such modification may, without the consent of the holder of each outstanding purchase contract affected thereby:

- subject to our right to defer contract adjustment payments, change any payment date;
- impair the holders' right to institute suit for the enforcement of a purchase contract or payment of any contract adjustment payments (including compounded contract adjustment payments);
- except as required pursuant to any anti-dilution adjustment, reduce the number of shares of our common stock purchasable under a purchase contract, increase the purchase price of the shares of our common stock on settlement of any purchase contract, change the purchase contract settlement date or change the right to early settlement or fundamental change early settlement in a manner adverse to the rights of the holders or otherwise adversely affect the holder's rights under any purchase contract, the purchase contract and pledge agreement or remarketing agreement in any respect;
- increase the amount or change the type of collateral required to be pledged to secure a holder's obligations under the purchase contract and pledge agreement;
- impair the right of the holder of any purchase contract to receive distributions on the collateral, or otherwise adversely affect the holder's rights in or to such collateral;
- reduce any contract adjustment payments or any deferred contract adjustment payments (including compounded contract adjustment payments) or change any place where, or the coin or currency in which, any contract adjustment payment is payable; or
- reduce the percentage of the outstanding purchase contracts whose holders' consent is required for the modification, amendment or waiver of the provisions of the purchase contracts and the purchase contract and pledge agreement.

However, if any amendment or proposal would adversely affect only the Corporate Units or only the Treasury Units, then only the affected class of holders will be entitled to vote on such amendment or proposal, and such amendment or proposal will not be effective except with the consent of the holders of not less than a majority of such class or, if referred to in the seven bullets above, each holder affected thereby.

No Consent to Assumption

Each holder of a Corporate Unit or a Treasury Unit will be deemed under the terms of the purchase contract and pledge agreement, by the purchase of such Corporate Unit or Treasury Unit, to have expressly withheld any consent to the assumption under Section 365 of the U.S. Bankruptcy Code or otherwise, of the related purchase contracts by us, our receiver, liquidator or trustee or person or entity performing similar functions in the event that we become a debtor under the U.S. Bankruptcy Code or other similar state or federal law providing for reorganization or liquidation.

Consolidation, Merger and Conveyance of Assets as an Entirety

We will agree not to merge or consolidate with any other person or sell or convey all or substantially all of our assets to any person unless (1) either we are the continuing entity, or the successor entity (if other than us) is a corporation organized and existing under the laws of the United States of America or a State thereof or the District of Columbia and such corporation expressly assumes all of our responsibilities and liabilities under the purchase contracts, the Corporate Units, the Treasury Units, the purchase contract and pledge agreement, the remarketing agreement (if any) and the indenture by one or more supplemental agreements in form satisfactory to the purchase contract agent, the collateral agent and the notes trustee, executed and delivered to the purchase contract agent, the collateral agent and the notes trustee by such corporation, and (2) we or such successor corporation, as the case may be, will not, immediately after such merger or consolidation, or such sale or conveyance, be in default in the performance of any of its obligations or covenants under such agreements.

In case of any such consolidation, merger, sale or conveyance, and upon any such assumption by the successor corporation, such successor corporation shall succeed to and be substituted for us, with the same effect as if it had been named in the purchase contracts, the Corporate Units, the Treasury Units, the purchase contract and pledge agreement and the remarketing agreement (if any) as us and (other than in the case of a lease) we shall be relieved of any further obligation under the purchase contracts, the Corporate Units, the Treasury Units, the purchase contract and pledge agreement and the remarketing agreement (if any).

Title

We, the purchase contract agent and the collateral agent may treat the registered owner of any Corporate Units or Treasury Units as the absolute owner of the Corporate Units or Treasury Units for the purpose of making payment (subject to the record date provisions described above), settling the related purchase contracts and for all other purposes.

Replacement of Equity Unit Certificates

In the event that physical certificates have been issued, any mutilated Corporate Unit or Treasury Unit certificate will be replaced by us at the expense of the holder upon surrender of the certificate to the purchase contract agent at the corporate trust office of the purchase contract agent or its agent, in each case, in the Borough of Manhattan, The City of New York. Corporate Unit or Treasury Unit certificates that become destroyed, lost or stolen will be replaced by us at the expense of the holder upon delivery to us and the purchase contract agent of evidence of their destruction, loss or theft satisfactory to us and the purchase contract agent. In the case of a destroyed, lost or stolen Corporate Unit or Treasury Unit certificate, an indemnity satisfactory to the purchase contract agent and us may be required at the expense of the holder before a replacement certificate will be issued.

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Notwithstanding the foregoing, we will not be obligated to issue any Corporate Unit or Treasury Unit certificates on or after the business day immediately preceding the purchase contract settlement date or the date on which the purchase contracts have terminated. The purchase contract and pledge agreement will provide that, in lieu of the delivery of a replacement Corporate Unit or Treasury Unit certificate, the purchase contract agent, upon delivery of the evidence and indemnity described above, will, in the case of the purchase contract settlement date, deliver the shares of common stock issuable pursuant to the purchase contracts included in the Corporate Units or Treasury Units evidenced by the certificate, or, if the purchase contracts have terminated prior to the purchase contract settlement date, transfer the pledged securities included in the Corporate Units or Treasury Units evidenced by the certificate.

Governing Law

The purchase contracts and the purchase contract and pledge agreement and the remarketing agreement will be governed by, and construed in accordance with, the laws of the State of New York (without regard to conflicts of laws principles thereof).

Information Concerning the Purchase Contract Agent

The Bank of New York Mellon Trust Company, N.A. (or its successor) will be the purchase contract agent. The purchase contract agent will act as the agent for the holders of Corporate Units and Treasury Units. The purchase contract agent will not be obligated to take any discretionary action in connection with a default under the terms of the Corporate Units, the Treasury Units or the purchase contract and pledge agreement.

The purchase contract and pledge agreement will contain provisions limiting the liability of the purchase contract agent. The purchase contract and pledge agreement also will contain provisions under which the purchase contract agent may resign or be replaced. Such resignation or replacement will be effective upon the appointment of a successor.

In addition to serving as the purchase contract agent, The Bank of New York Mellon Trust Company, N.A. will serve as the “notes trustee” for the Notes. We and certain of our affiliates maintain banking relationships with The Bank of New York Mellon Trust Company, N.A. or its affiliates. The Bank of New York Mellon Trust Company, N.A. also serves as trustee under our indentures under which we and certain of our affiliates have issued securities. The Bank of New York Mellon Trust Company, N.A. and its affiliates have purchased, and are likely to purchase in the future, our securities and securities of our affiliates.

Information Concerning the Collateral Agent

The Bank of New York Mellon Trust Company, N.A. (or its successor) will be the collateral agent. The collateral agent will act solely as our agent and will not assume any obligation or relationship of agency or trust for or with any of the holders of the Corporate Units and the Treasury Units except for the obligations owed by a pledgee of property to the owner thereof under the purchase contract and pledge agreement and applicable law.

The purchase contract and pledge agreement will contain provisions limiting the liability of the collateral agent. The purchase contract and pledge agreement also will contain provisions under which the collateral agent may resign or be replaced. Such resignation or replacement will be effective upon the appointment of a successor.

In addition to serving as the collateral agent, The Bank of New York Mellon Trust Company, N.A. will serve as the “notes trustee” for the Notes. We and certain of our affiliates maintain banking relationships with The Bank of New York Mellon Trust Company, N.A. or its affiliates. The Bank of New York Mellon Trust Company, N.A. also serves as trustee under our indentures under which we and certain of our affiliates have

issued securities. The Bank of New York Mellon Trust Company, N.A. and its affiliates have purchased, and are likely to purchase in the future, our securities and securities of our affiliates.

Miscellaneous

The purchase contract and pledge agreement will provide that we will, at all times prior to the purchase contract settlement date, reserve and keep available, free from preemptive rights, out of our authorized but unissued common stock the maximum number of shares of our common stock issuable against payment (including the maximum number of make-whole shares issuable upon a fundamental change early settlement) in respect of all purchase contracts included in the Corporate Units or Treasury Units evidenced by the outstanding certificates.

The purchase contract and pledge agreement will provide that we will pay all fees and expenses related to (1) the retention of the purchase contract agent, the collateral agent, the custodial agent and the securities intermediary and (2) any enforcement by the purchase contract agent of the rights of the holders of the Corporate Units and Treasury Units. Holders who elect to substitute the related pledged securities, thereby creating Treasury Units or recreating Corporate Units, however, will be responsible for any fees or expenses payable in connection with such substitution, as well as for any commissions, fees or other expenses incurred in acquiring the pledged securities to be substituted. We will not be responsible for any such fees or expenses. The purchase contract agent shall be under no obligation to exercise any of the rights or powers vested in it by the purchase contract and pledge agreement at the request or direction of any of the holders pursuant to the purchase contract and pledge agreement, unless such holders shall have offered to the purchase contract agent security or indemnity reasonably satisfactory to the purchase contract agent against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

The purchase contract and pledge agreement will also provide that any court of competent jurisdiction may in its discretion require, in any suit for the enforcement of any right or remedy under the purchase contract and pledge agreement, or in any suit against the purchase contract agent for any action taken, suffered or omitted by it as purchase contract agent, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees and costs against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant. The foregoing shall not apply to any suit instituted by the purchase contract agent, to any suit instituted by any holder, or group of holders, holding in the aggregate more than 10% of the outstanding Equity Units, or to any suit instituted by any holder for the enforcement of any interest on any Notes owed pursuant to such holder's applicable ownership interests in Notes or contract adjustment payments on or after the respective payment date therefor in respect of any Equity Unit held by such holder, or for enforcement of the right to purchase shares of our common stock under the purchase contracts constituting part of any Equity Unit held by such holder.

Book-Entry System

The Depository Trust Company, or DTC, which we refer to along with its successors in this capacity as the "depository," will act as securities depository for the Corporate Units and Treasury Units. The Corporate Units and Treasury Units will be issued only as fully registered securities registered in the name of Cede & Co., the depository's nominee, or such other name as may be requested by an authorized representative of DTC. One or more fully registered global security certificates, representing the total aggregate number of Corporate Units and Treasury Units, will be issued and will be deposited with the depository or its custodian and will bear a legend regarding the restrictions on exchanges and registration of transfer referred to below.

The laws of some jurisdictions may require that some purchasers of securities take physical delivery of securities in definitive form. These laws may impair the ability to transfer beneficial interests in the Corporate Units and Treasury Units so long as the Corporate Units and Treasury Units are represented by global security certificates.

DTC advises that it is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Exchange Act. The depository holds securities that its participants (“direct participants”) deposit with the depository. The depository also facilitates the post-trade settlement among direct participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between participants’ accounts, thereby eliminating the need for physical movement of securities certificates. Direct participants include U.S. and Non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. The depository is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the depository’s system is also available to others, including securities brokers and dealers, banks, trust companies and clearing corporations that clear transactions through or maintain a custodial relationship with a direct participant, either directly or indirectly. The rules applicable to the depository and its participants are on file with the SEC.

If (1) the depository notifies us that it is unwilling or unable to continue its services as depository and no successor depository has been appointed within 90 days after our receipt of such notice; (2) the depository ceases to be a clearing agency registered under the Exchange Act when the depository is required to be so registered and we receive notice of such cessation, and no successor depository has been appointed within 90 days after our receipt of such notice or our becoming aware of such cessation; or (3) any Event of Default (as defined in “Description of the Junior Subordinated Notes—Events of Default”) has occurred and is continuing or any other event has occurred and is continuing, which after notice or lapse of time, would become an Event of Default with respect to the Notes, or we have failed to perform any of our obligations under the purchase contract and pledge agreement, the Corporate Units, the Treasury Units or the purchase contracts, and any beneficial owner requests that its beneficial interest be exchanged for a physical certificate, then (a) we will prepare definitive certificates with respect to such Corporate Units or Treasury Units, as applicable, and will deliver such certificates to the purchase contract agent and (b) upon surrender of the global security certificates representing Corporate Units or Treasury Units by the depository, accompanied by registration instructions, we will cause definitive certificates to be delivered to the beneficial owners in accordance with instructions provided by the depository. We and the purchase contract agent will not be liable for any delay in delivery of such instructions and may conclusively rely on, and will be authorized and protected in relying on, such instructions. Each definitive certificate so delivered will evidence Corporate Units or Treasury Units, as applicable, of the same kind and tenor as the global security certificate so surrendered in respect thereof.

As long as the depository or its nominee is the registered owner of the global security certificates, the depository or its nominee, as the case may be, will be considered the sole owner and holder of the global security certificates and all Corporate Units and Treasury Units represented by these certificates for all purposes under the Corporate Units, Treasury Units and the purchase contract and pledge agreement. Except in the limited circumstances referred to above, owners of beneficial interests in global security certificates:

- will not be entitled to have the Corporate Units or the Treasury Units represented by these global security certificates registered in their names; and
- will not be considered to be owners or holders of the global security certificates or any Corporate Units or Treasury Units represented by these certificates for any purpose under the Corporate Units, Treasury Units or the purchase contract and pledge agreement.

All payments on the Corporate Units and Treasury Units represented by the global security certificates and all transfers and deliveries of related Notes, Treasury securities and common stock will be made to the depository or its nominee, as the case may be, as the holder of the securities.

Ownership of beneficial interests in the global security certificates will be limited to participants or persons that may hold beneficial interests through institutions that have accounts with the depository or its nominee. Ownership of beneficial interests in global security certificates will be shown only on, and the transfer of those ownership interests will be effected only through, records maintained by the depository or its nominee, with respect to participants' interests, or any participant, with respect to interests of persons held by the participant on their behalf. Procedures for settlement of purchase contracts on the purchase contract settlement date or upon early settlement will be governed by arrangements among the depository, participants and persons that may hold beneficial interests through participants designed to permit settlement without the physical movement of certificates. Payments, transfers, deliveries, exchanges and other matters relating to beneficial interests in global security certificates may be subject to various policies and procedures adopted by the depository from time to time. None of us, the purchase contract agent or any agent of us or the purchase contract agent will have any responsibility or liability for any aspect of the depository's or any participant's records relating to, or for payments made on account of, beneficial interests in global security certificates, or for maintaining, supervising or reviewing any of the depository's records or any participant's records relating to these beneficial ownership interests.

Although the depository has agreed to the foregoing procedures in order to facilitate transfers of interest in the global security certificates among participants, the depository is under no obligation to perform or continue to perform these procedures, and these procedures may be discontinued at any time. Neither we nor any agent nor the notes trustee will have any responsibility for the performance by the depository or its direct participants or indirect participants under the rules and procedures governing the depository.

The information in this section concerning the depository and its book-entry system has been obtained from sources that we believe to be reliable, but we have not attempted to verify the accuracy of this information.

DESCRIPTION OF THE JUNIOR SUBORDINATED NOTES

In this Description of the Junior Subordinated Notes, "Exelon," "we," "us," "our" and the "Company" refer only to Exelon Corporation, and not to any of its subsidiaries.

The following summary description sets forth certain terms and provisions of the 2.5% junior subordinated notes due 2024 (the "Notes"), and to the extent inconsistent therewith replaces the description of the general terms and provisions of the Junior Subordinated Notes set forth in the accompanying base prospectus, to which we refer you. Because this description is a summary, it does not describe every aspect of the Notes and should be read together with the forms of the Notes, the subordinated indenture (defined below under "—Ranking") under which the Notes will be issued, and the supplemental indenture (defined below under "—Ranking") establishing the terms of the Notes. The subordinated indenture is filed as an exhibit to, and incorporated by reference in, the registration statement of which the accompanying base prospectus is a part. In this summary, we refer to the subordinated indenture, as supplemented by the supplemental indenture, together, as the "indenture."

The indenture and its associated documents contain the full legal text of the matters described in this section. The indenture has been qualified under the Trust Indenture Act and you should refer to the Trust Indenture Act for provisions that apply to the Notes.

General

We will issue the Notes as a series of debt securities under the subordinated indenture. We may issue an unlimited amount of other securities under the subordinated indenture which are on parity with the Notes.

The Notes will be our unsecured and subordinated obligations and will be subordinated to all of our Senior Indebtedness (as defined under "—Subordination"). Additional information about our current outstanding indebtedness and the relative priorities of our indebtedness is described below under "—Ranking."

The Notes will be issued in fully registered form only, without coupons. Any Notes that are issued as separate securities as a result of the creation of Treasury Units or in connection with an early settlement, early settlement upon a fundamental change, a remarketing, a termination or a settlement with separate cash will be initially represented by one or more fully registered global securities (the "global securities") deposited with the notes trustee, as custodian for DTC, as depository, and registered in the name of DTC or DTC's nominee. A beneficial interest in a global security will be shown on, and transfers or exchanges thereof will be effected only through, records maintained by DTC and its participants, as described below under "—Book-Entry Issuance—The Depository Trust Company." The authorized denominations of the Notes will be $1,000 and any larger amount that is an integral multiple of $1,000. However, if a holder is entitled to receive Notes in an aggregate principal amount that is not an integral multiple of $1,000 upon termination of the purchase contracts as described under "Description of the Purchase Contracts—Termination" above, the purchase contract agent may request that we issue Notes in denominations of $50.00 and integral multiples thereof. Except in certain circumstances described below, the Notes that are issued as global securities will not be exchangeable for Notes in definitive certificated form.

Each Corporate Unit includes a 1/20 undivided beneficial ownership interest in a Note having a principal amount of $1,000 that corresponds to the stated amount of $50.00 per Corporate Unit.

The Notes will not be subject to a sinking fund provision or repayable at the option of the holders and, prior to the purchase contract settlement date, will not be subject to defeasance. After the purchase contract settlement date, the Notes will be subject to defeasance as described under "Description of Debt Securities—Defeasance" in the accompanying base prospectus. The entire principal amount of the Notes will mature and become due and payable, together with any accrued and unpaid interest thereon (other than deferred interest payments and compound interest thereon, with respect to any deferral period that begins prior to the purchase contract settlement date, which will be due and payable at the end of such deferral period as described below under "—Option to Defer Interest Payments"), on June 1, 2024. As described below under "—Put Option upon Failed

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Remarketing," holders will have the right to require us to purchase their Notes under certain circumstances. Except as set forth under "—Put Option upon Failed Remarketing" and "—Dividend and Other Payment Stoppages During Interest Deferral and Under Certain Other Circumstances," the indenture will not contain any financial covenants or restrict us from paying dividends, making investments, incurring indebtedness or repurchasing our securities. Except for the covenants described under "—Consolidation, Merger or Sale," the indenture does not contain provisions that afford holders of the Notes protection in the event we are involved in a highly leveraged transaction or other similar transaction that may adversely affect such holders. The indenture does not limit our ability to issue or incur other debt or issue preferred stock.

The Notes are initially being offered in one series in the principal amount of $1,000,000,000. If we issue additional Equity Units as a result of the underwriters' exercise of their option to buy additional Corporate Units, we may, without the consent of the holders of the Notes, increase the principal amount of the series and issue up to an additional $150,000,000 principal amount of Notes of such series having the same ranking, interest rate, maturity and other terms as the Notes. Any such new Notes, together with the existing Notes, will constitute a single series of securities under the indenture. The existing Notes and any new Notes of the same series having the same terms as the Notes offered hereby subsequently issued under the indenture will be treated as a single class for all purposes under the indenture, including, without limitation, voting waivers and amendments.

We will not pay any additional amounts to holders of the Notes in respect of any tax, assessment or governmental charge.

Ranking

The Notes will be issued by us under our Unsecured Subordinated Indenture, to be dated as of the issue date of the Notes between us and The Bank of New York Mellon Trust Company, N.A. (referred to herein as the "Indenture Trustee"), for the series of which the Notes are a part (the Unsecured Subordinated Indenture is referred to herein as the "subordinated indenture") and the First Supplemental Indenture to be dated as of the issue date of the Notes (the "supplemental indenture"). We may issue under the subordinated indenture additional debt securities that rank on parity with to the Notes.

The Notes will be unsecured and will rank junior in payment to all of our existing and future Senior Indebtedness, as described under "—Subordination." The Notes will also be effectively subordinated to all liabilities of our subsidiaries. A significant portion of our existing indebtedness is Senior Indebtedness. See "—Subordination."

Because we are a holding company and conduct all of our operations through our subsidiaries, our ability to meet our obligations under the Notes is dependent on the earnings and cash flows of those subsidiaries and the ability of those subsidiaries to pay dividends or to advance or repay funds to us. Holders of the Notes will generally have a junior position to claims of creditors of our subsidiaries, including trade creditors, debtholders, secured creditors, taxing authorities, guarantee holders and any preferred stockholders. As of March 31, 2014, Exelon had approximately $3.0 billion principal amount of outstanding long-term debt on an unconsolidated basis that will be senior to the Notes which includes legal obligations of Exelon Corporate to the holders of approximately $1.4 billion in senior notes, the obligations for which have been transferred to Generation through mirror notes from Generation to Exelon Corporation. During consolidation the debt is eliminated from Exelon Corporate and consolidated from Generation into total consolidated indebtedness. Additionally, as of March 31, 2014, our subsidiaries had approximately $17.8 billion of outstanding long-term debt (including securities due within one year) excluding $1.4 billion in senior notes that are mirrored down to Generation which is eliminated during consolidation and consolidated from generation into total consolidated indebtedness principal amount. The provisions of the indenture do not limit the amount of indebtedness or preferred stock issuable by our subsidiaries. We and our subsidiaries expect to incur additional indebtedness from time to time.

Principal and Interest

The Notes will initially mature on June 1, 2024 (the "stated maturity date") and will initially bear interest from the date of original issuance at the rate of 2.50% per annum. In connection with a successful remarketing, we may shorten the stated maturity date of the Notes to any date not earlier than June 1, 2020. Subject to any deferral as described below under "—Option to Defer Interest Payments," and subject to any changes to the interest payment dates made pursuant to a successful remarketing, interest will be payable quarterly on March 1, June 1, September 1 and December 1 of each year (each, an "interest payment date"), commencing on September 1, 2014, and at maturity (whether at the stated maturity date or otherwise). Subject to certain exceptions, the indenture provides for the payment of interest on an interest payment date only to persons in whose names the Notes are registered at the close of business on the record date; if the Corporate Units or the Notes are held by a securities depository in book-entry form, the record date will be the close of business on the business day immediately preceding the applicable interest payment date; if the Corporate Units or the Notes are not held by a securities depository in book-entry form, then the record date will be the 15th day of the calendar month immediately preceding the calendar month in which the applicable interest payment date falls (or, if such day is not a business day, the business day next preceding such day). Notwithstanding the foregoing, any interest payable at maturity will be paid to the person to whom principal is payable. Interest will be calculated on the basis of a 360-day year of twelve 30-day months, and with respect to any period less than a full calendar month, on the basis of the actual number of days elapsed during the period; *however* , if we remarket the Notes as floating-rate Notes, without the consent of any holder of Notes we may modify the basis on which interest will be calculated after the optional remarketing settlement date or the purchase contract settlement date, as applicable, to conform to the market convention applicable to floating-rate Notes using the same index.

If any interest payment date, redemption date, maturity date or the date (if any) on which we are required to purchase the Notes is not a business day, then the applicable payment will be made on the next succeeding day that is a business day, and no interest will accrue or be paid in respect of such delay. If we remarket the Notes as floating-rate Notes, without the consent of any holder of Notes we may modify the interest payment dates to provide that if any March 1, June 1, September 1 and December 1 is not a business day, the relevant interest payment date shall be the immediately succeeding business day. "Business day," for purposes of the indenture, means any day that is not a Saturday or Sunday or a day on which banking institutions in The City of New York are authorized or required by law or executive order to close.

The interest rate on the Notes may be reset in connection with a successful remarketing, as described below under "—Interest Rate Reset." However, if there is not a successful remarketing, the interest rate will not be reset and the Notes will continue to bear interest at the initial interest rate, all as described below under "—Interest Rate Reset." Except in the case when the Notes are remarketed as floating-rate Notes or in the case of a failed final remarketing, interest on the Notes following the optional remarketing settlement date or the purchase contract settlement date, as applicable, will be payable on a semi-annual basis.

Option to Defer Interest Payments

Prior to any successful remarketing of the Notes, we may elect at one or more times to defer payment of interest on the Notes for one or more consecutive interest periods. However, we will not be permitted to defer the interest payable on the purchase contract settlement date or the maturity date, and no interest payment may be deferred beyond the purchase contract settlement date or the maturity date.

Deferred interest on the Notes will bear interest at the interest rate applicable to the Notes, compounded on each interest payment date to, but excluding, the interest payment date on which such deferred interest is paid, subject to applicable law. As used in this prospectus supplement, a "deferral period" refers to the period beginning on an interest payment date with respect to which we elect to defer interest and ending on the earlier of (1) the next interest payment date on which we have paid all accrued and previously unpaid interest (including compounded interest thereon) on the Notes and (2) (a) the purchase contract settlement date, in the case of a

deferral period that begins prior to the purchase contract settlement date, or (b) the maturity date, in the case of a deferral period that begins after the purchase contract settlement date.

We will give the holders of the Notes and the notes trustee written notice of our election to begin a deferral period at least one business day before the record date for the interest payment date on which we intend to begin a deferral period. However, our failure to pay interest on any interest payment date will itself constitute the commencement of a deferral period unless we pay such interest within five business days after the interest payment date, whether or not we provide a notice of deferral. We may pay deferred interest (including compounded interest thereon) in cash on any scheduled interest payment date occurring on or prior to (1) the purchase contract settlement date, in the case of a deferral period that begins prior to the purchase contract settlement date, or (2) the maturity date, in the case of a deferral period that begins after the purchase contract settlement date; *provided* that in order to end a deferral period on any scheduled interest payment date other than the purchase contract settlement date or the maturity date, we must deliver written notice thereof to holders of the Notes and the notes trustee on or before the relevant record date.

In connection with any successful remarketing during the final remarketing period, all accrued and unpaid deferred interest (including compounded interest thereon) will be paid to the holders of the Notes (whether or not such Notes were remarketed in such remarketing) on the purchase contract settlement date in cash.

If we have paid all deferred interest (including compounded interest thereon) on the Notes, we can again defer interest payments on Notes as described above. The indenture does not limit the number or frequency of interest deferral periods.

If we have not paid all such deferred amounts (including compounded interest thereon) in cash for a period of 30 days following the end of the deferral period, we will be in default under the indenture. See “Description of Junior Subordinated Debt Securities—Events of Default.” We currently do not intend to exercise our option to defer interest on the Notes.

In connection with any successful remarketing of the Notes, the interest deferral provisions will cease to apply to the Notes.

Dividend and Other Payment Stoppages During Interest Deferral and Under Certain Other Circumstances

We have agreed that if a deferral period is continuing with respect to the Notes or we have given notice of a deferral period and the deferral period has not yet commenced, then until all deferred interest (including compounded interest thereon) has been paid, we will not:

(i) declare or pay any dividends or distributions on, or redeem, purchase, acquire or make a liquidation payment with respect to, any shares of our capital stock;

(ii) make any payment of principal of, or interest or premium, if any, on, or repay, repurchase or redeem any of our debt securities that rank on parity with, or junior to, the Notes (including the “junior subordinated notes” (as defined in the accompanying base prospectus)); or

(iii) make any guarantee payments under any guarantee by us of debt securities if the guarantee ranks on parity with, or junior to, the Notes.

The restrictions listed above do not apply to:

(a) purchases, redemptions or other acquisitions of our capital stock in connection with any employment contract, benefit plan or other similar arrangement with or for the benefit of employees, officers, directors, agents or consultants or a stock purchase or dividend reinvestment plan, or the satisfaction of our obligations pursuant to any contract or security outstanding on the date the payment of interest is deferred requiring us to purchase, redeem or acquire our capital stock;

(b) any payment, repayment, redemption, purchase, acquisition or declaration of dividends described in clause (i) above as a result of a reclassification of our capital stock, or the exchange or conversion of all or a portion of one class or series of our capital stock, for another class or series of our capital stock;

(c) the purchase of fractional interests in shares of our capital stock pursuant to the conversion or exchange provisions of our capital stock or the security being converted or exchanged, or in connection with the settlement of stock purchase contracts outstanding on the date the payment of interest is deferred;

(d) dividends or distributions paid or made in our capital stock (or rights to acquire our capital stock), or repurchases, redemptions or acquisitions of capital stock in connection with the issuance or exchange of capital stock (or of securities convertible into or exchangeable for shares of our capital stock) and distributions in connection with the settlement of stock purchase contracts outstanding on the date the payment of interest is deferred;

(e) redemptions, exchanges or repurchases of, or with respect to, any rights outstanding under a shareholder rights plan outstanding on the date the payment of interest is deferred or the declaration or payment thereunder of a dividend or distribution of or with respect to rights in the future;

(f) payments on the Notes, any trust preferred securities, subordinated debentures, junior subordinated debentures or junior subordinated notes, or any guarantees of any of the foregoing, in each case, that rank equal in right of payment to the Notes, so long as the amount of payments made on account of such securities or guarantees is paid on all such securities and guarantees then outstanding on a pro rata basis in proportion to the full payment to which each series of such securities and guarantees is then entitled if paid in full; *provided* that, for the avoidance of doubt, we will not be permitted under the indenture to make interest payments in part; or

(g) any payment of deferred interest or principal on, or repayment, redemption or repurchase of, parity or junior securities that, if not made, would cause us to breach the terms of the instrument governing such parity or junior securities.

Remarketing

The Notes will be remarketed as described under “Description of the Purchase Contracts—Remarketing.”

In consultation with the remarketing agent and without the consent of any holders of Notes, we may elect (but will not be required to elect) to:

- move up the maturity date of the Notes to a date earlier than June 1, 2024 but not earlier than June 1, 2020;
- eliminate the redemption provisions of the Notes altogether; and
- remarket the Notes as fixed-rate Notes or floating-rate Notes and, in the case of floating-rate Notes, provide that the interest rate on the Notes will be equal to an index selected by us plus a spread determined by the Remarketing Agent, in consultation with us, in which case interest on the Notes may be calculated on the basis of a 365 day year and the actual number of days elapsed (or such other basis as is customarily used for floating-rate Notes bearing interest at a rate based on such index rate).

All such modifications will take effect only if the remarketing is successful, without the consent of holders, on the optional remarketing settlement date or the purchase contract settlement date, as the case may be, and will apply to all Notes, whether or not included in the remarketing. If we conduct an optional remarketing that is not successful, we may change the elections described above prior to the final remarketing period.

We will use commercially reasonable efforts to ensure that, if required by applicable law, a registration statement, including a prospectus, with regard to the full amount of the Notes to be remarketed will be effective under the securities laws in a form that may be used by the remarketing agent in connection with the remarketing (unless a registration statement is not required under the applicable laws and regulations that are in effect at that time or unless we conduct any remarketing in accordance with an exemption under the securities laws).

In order to remarket the Notes, the remarketing agent, in consultation with us, may reset the interest rate on the Notes (either upward or downward), or if the Notes are remarketed as floating-rate Notes, determine the interest rate spread applicable to the Notes, in order to produce the required price in the remarketing, even if they were not included in the remarketing, as discussed under “Description of the Purchase Contracts—Remarketing” The interest deferral provisions of the Notes will not apply after a successful remarketing.

Except in the case of Notes remarketed as floating-rate Notes or in the case of a failed final remarketing, interest on the Notes following the optional remarketing settlement date or the purchase contract settlement date, as applicable, will be payable on a semi-annual basis.

Remarketing of Notes That Are Not Included in Corporate Units

At any time after we give notice of a remarketing (other than during a blackout period), holders of Notes that do not underlie Corporate Units may elect to have their Notes remarketed in such remarketing in the same manner as Notes that underlie Corporate Units by delivering their Notes along with a notice of this election to the custodial agent. The custodial agent will hold the Notes separate from the collateral account in which the pledged securities will be held. Holders of Notes electing to have their Notes remarketed will also have the right to make or withdraw such election at any time on or prior to 4:00 p.m., New York City time, on the second business day immediately preceding the first day of an optional remarketing period or final remarketing period, as the case may be, in each case, other than during a blackout period. In the event of a successful remarketing during the optional remarketing period, each holder of separate Notes that elects to have its Notes remarketed will receive, for each $1,000 principal amount of Notes sold, the remarketing price per Note. The “remarketing price per Note” means, for each $1,000 principal amount of Notes, an amount in cash equal to the quotient of the Treasury portfolio purchase price divided by the number of Notes having a principal amount of $1,000 included in such remarketing that are held as components of Corporate Units. For the purposes of determining the proceeds that the remarketing agent will seek to obtain for the Notes in an optional remarketing, the “separate Notes purchase price” means the amount in cash equal to the product of (1) the remarketing price per Note and (2) the number of Notes having a principal amount of $1,000 included in such remarketing that are not part of Corporate Units. In the event of a successful remarketing during the final remarketing period, each holder of separate Notes that elects to have its Notes remarketed will receive an amount, for each $1,000 principal amount of Notes, equal to $1,000 in cash. Any accrued and unpaid interest on such Notes, including any accrued and unpaid deferred interest (including compounded interest thereon), will be paid in cash by us, on the purchase contract settlement date.

Interest Rate Reset

In the case of a successful remarketing, the interest rate on the Notes may be reset, or if the Notes are remarketed as floating-rate Notes may be changed to a floating rate equal to an index selected by us plus a reset spread, on the date of a successful remarketing and the relevant reset rate will become effective on the settlement date of the remarketing, which will be, in the case of an optional remarketing, the third business day following the optional remarketing date (or, if the remarketed Notes are priced after 4:30 p.m. New York time on the optional remarketing date, the fourth business day following the optional remarketing date) and, in the case of the final remarketing period, the purchase contract settlement date. If a reset occurs pursuant to a successful optional remarketing, the reset rate or, if the Notes are remarketed as floating-rate Notes, the reset spread will be the interest rate or spread determined by the remarketing agent, in consultation with us, as the rate or spread the Notes should bear in order for the remarketing proceeds to equal at least 100% of the Treasury portfolio purchase price plus the separate Notes purchase price, if any. If a reset occurs pursuant to a successful final remarketing, the reset rate or reset spread will be the interest rate or spread determined by the remarketing agent, in consultation with us, as the rate the Notes should bear in order for the remarketing proceeds to equal at least 100% of the principal amount of the Notes being remarketed. In any case, a reset rate or the applicable index plus the reset spread may be higher or lower than the initial interest rate of the Notes depending on the results of the remarketing and market conditions at that time. However, in no event will the reset rate or the applicable index plus the reset spread exceed the maximum rate permitted by applicable law. In addition, following a successful remarketing, interest on the Notes remarketed as fixed-rate Notes will be payable on a semi-annual basis on June 1 and December 1 of each year.

If the Notes are not successfully remarketed, the interest rate will not be reset and the Notes will continue to bear interest at the initial annual interest rate of 2.50%.

The remarketing agent is not obligated to purchase any Notes that would otherwise remain unsold in the remarketing. None of the Company, the remarketing agent or any agent of the Company or the remarketing agent will be obligated in any case to provide funds to make payment upon tender of Notes for remarketing.

Put Option upon Failed Remarketing

If the Notes have not been successfully remarketed on or prior to the last day of the final remarketing period, holders of Notes will have the right to require us to purchase their Notes on the purchase contract settlement date, upon at least two business days' prior notice in the case of Notes that are not included in Corporate Units, at a price equal to the principal amount of such Notes. In such circumstances, holders of Notes that underlie Corporate Units will be deemed to have exercised such put right as described under "Description of the Purchase Contracts—Remarketing," unless they settle the related purchase contracts with separate cash.

Redemption at Our Option

We may redeem the Notes at our option only if there has been a failed final remarketing. In that event, any Notes that remain outstanding after the purchase contract settlement date will be redeemable on or after June 1, 2020 at our option, in whole or in part, at any time and from time to time, at a redemption price equal to the principal amount thereof plus accrued and unpaid interest, if any, to but excluding the redemption date. We may at any time irrevocably waive the right to redeem the Notes for any specified period (including the remaining term of the Notes). We may not redeem the Notes if the Notes have been accelerated and such acceleration has not been rescinded or unless all accrued and unpaid interest has been paid in full on all outstanding Notes for all interest periods terminating on or prior to the redemption date. Following a successful remarketing of the Notes, the Notes will cease to be redeemable at our option.

The “Description of Debt Securities—Conversion or Redemption” section of the accompanying base prospectus does not apply to the Notes.

Redemption Procedures

We will mail notice of any optional redemption to the registered holder of the Notes being redeemed not less than 20 days and not more than 60 days before the redemption date. The notice of redemption will identify, among other things, the redemption date, the redemption price and that on the redemption date, the redemption price will become due and payable and that Notes called for redemption will cease to accrue interest on and after the redemption date (unless there is a default on payment of the redemption price). Prior to the redemption date, we will deposit with the paying agent or the notes trustee money sufficient to pay the redemption price of the Notes to be redeemed on that date. If we redeem less than all of the Notes, the notes trustee will choose the Notes to be redeemed by lot or in any manner that it deems fair, provided that, if any Notes to be redeemed are held in the form of global notes, the Notes to be selected for redemption will be chosen in accordance with the procedures of DTC.

In the event the final remarketing fails and you do not settle the related purchase contracts with separate cash, if you hold Notes as part of Corporate Units you will be deemed to exercise your option to put the Notes to us unless you elect to settle the purchase contracts with separate cash as described under “Description of the Purchase Contracts—Notice to Settle with Cash,” and we will apply the put price against your obligations under the purchase contracts. This remedy has the effect similar to an automatic redemption of the Notes, but we do not have to give you prior notice or follow any of the other redemption procedures.

We may block the transfer or exchange of (1) all Notes during a period of 15 days prior to the date on which notice of selection of the Notes for optional redemption is given or (2) any Note being redeemed, except with respect to the unredeemed portion of any Note being redeemed solely in part.

Events of Default

The Events of Default and related provisions in the base indenture will apply to the Notes including:

(a) failure to pay interest, on any Note within 30 days after the same becomes due and payable (whether or not payment is prohibited by the subordination provisions of the indenture); provided, however, that a valid extension of the interest payment period by the Company as contemplated in the indenture shall not constitute a default in the payment of interest for this purpose; or

(b) failure to pay the principal of or premium, if any, on any Note when it becomes due and payable (whether or not payment is prohibited by the subordination provisions of the indenture); or

(c) failure to perform, or breach of, any covenant or warranty of the Company in the indenture (other than a covenant or warranty a default in the performance of which or breach of which is elsewhere in the applicable section of the indenture specifically dealt with or which has expressly been included in the indenture solely for the benefit of one or more series of securities other than the Notes) and the continuance of such default or breach for a period of 90 days after there has been given, by registered or certified mail, to the Company by the notes trustee, or to the Company and the trustee by the holders of at least 33% in principal amount of the outstanding Notes, a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a “Notice of Default” under the indenture, unless the notes trustee, or the notes trustee and the holders of a principal amount of Notes not less than the principal amount of Notes the holders of which gave such notice, as the case may be, shall agree in writing to an extension of such period prior to its expiration; provided, however, that the notes trustee, or the notes trustee and the holders of such principal amount of Notes, as the case may be, shall be deemed to have agreed to an extension of such period if corrective action is initiated by the Company within such period and is being diligently pursued in good faith; or

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(d) the entry by a court having jurisdiction in the premises of (1) a decree or order for relief in respect of the Company in an involuntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or (2) a decree or order adjudging the Company a bankrupt or insolvent, or approving as properly filed a petition by one or more Persons other than the Company seeking reorganization, arrangement, adjustment or composition of or in respect of the Company under any applicable Federal or State law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official for the Company or for any substantial part of its property, or ordering the winding up or liquidation of its affairs, and any such decree or order for relief or any such other decree or order shall have remained unstayed and in effect for a period of 90 consecutive days; or

(e) the commencement by the Company of a voluntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or of any other case or proceeding to be adjudicated a bankrupt or insolvent, or the consent by the Company to the entry of a decree or order for relief in respect of the Company in a case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding against the Company, or the filing by the Company of a petition or answer or consent seeking reorganization or relief under any applicable Federal or State law, or the consent by the Company to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or similar official of the Company or of any substantial part of its property, or the making by the Company of an assignment for the benefit of creditors, or the admission by the Company in writing of its inability to pay its debts generally as they become due, or the authorization of such action by the Board of Directors of the Company.

In addition, an “Event of Default” with respect to the Notes will occur if we fail to pay the purchase price of any Note on the purchase contract settlement date, if required under “—Put Option upon Failed Remarketing” above.

The holders of a majority in principal amount of outstanding Notes may waive a default or Event of Default, other than a default in the payment of principal of, or interest on, the Notes (including the redemption price or purchase price of the Notes, if applicable), or a default or Event of Default with respect to a covenant or provision that cannot be modified or amended without the consent of the holder of each outstanding Note.

If any portion of the amount payable on the Notes upon acceleration is considered by a court to be unearned interest, the court could disallow recovery of such portion.

Consolidation, Merger or Sale

We will agree not to merge or consolidate with any other person or sell or convey all or substantially all of our assets to any person unless (1) either we are the continuing person, or the successor person (if other than us) is organized and existing under the laws of the United States of America or a State thereof or the District of Columbia and expressly assumes the due and punctual payment of the principal of and interest on the Notes, and the due and punctual performance and observance of all of the covenants and conditions of the indenture to be performed by us by supplemental indenture in form satisfactory to the notes trustee, executed and delivered to the notes trustee by such person, and (2) we or such successor person, as the case may be, will not, immediately after such merger or consolidation, or such sale or conveyance, be in default in the performance of any such covenant or condition.

In case of any such consolidation, merger or conveyance, such successor person will succeed to and be substituted for us, with the same effect as if it had been named as us in the indenture, and in the event of such conveyance (other than by way of a lease), we will be discharged of all of our obligations and covenants under the indenture and the Notes.

Modification of Indenture

Without Holder Consent

Without the consent of any holders of Notes, we and the notes trustee may from time to time amend and/or supplement the indenture and the Notes for the following purposes:

- to evidence the succession of another corporation to us, or successive successions, and the assumption by such successor corporation of our covenants, agreements and obligations pursuant to the provisions described under "—Consolidation, Merger or Sale";
- to add to our covenants such further covenants, restrictions or conditions as we and the notes trustee consider to be for the protection of the holders of the Notes, and to make the occurrence, or the occurrence and continuance, of a default in any such additional covenants, restrictions or conditions a default or an Event of Default; *provided* that such supplemental indenture may provide for a particular grace period or an immediate enforcement upon such default or limit the remedies available to the notes trustee upon such default;
- to change or eliminate any provision of the indenture; *provided* , *however* , that any such change or elimination becomes effective only when there are no Notes outstanding, or the Notes are not entitled to the benefit of such provision;
- to cure any ambiguity or to correct or supplement any provision contained in the indenture that may be defective or inconsistent with any other provisions contained therein, or to make such other provision in regard to matters or questions arising under the indenture; *provided* that such action will not adversely affect the interest of the holders of the Notes in any material respect;
- to mortgage or pledge to the notes trustee as security for the Notes any property or assets that we may desire to mortgage or pledge as security for the Notes;
- to qualify, or maintain the qualification of, the indenture under the Trust Indenture Act;
- following the purchase contract settlement date, to supplement any of the provisions of the Notes to such extent as shall be necessary to permit or facilitate the defeasance and discharge of the Notes pursuant to the indenture, provided that any such action will not adversely affect the interests of any
- holder of any Note in any material respect;
- modify the remarketing provisions of the Notes in a manner not materially adverse to the rights of the holders (it being understood that any modification of the terms of the Notes in connection with a remarketing that is made in accordance with the terms of the indenture may be made without the consent of any holders of the Notes); and
- to conform the terms of the indenture and the Notes to the descriptions thereof contained in the "Description of the Junior Subordinated Notes," "Description of the Equity Units," "Description of the Purchase Contracts" and "Certain Provisions of the Purchase Contract and Pledge Agreement" sections in the preliminary prospectus supplement for the Equity Units, as supplemented and/or amended by the related pricing term sheet.

With Holder Consent

Under the indenture, supplemental indentures for the purposes of adding any provisions to or changing in any manner or eliminating any of the provisions of the indenture or of modifying in any manner the rights of the holders of the Notes under the indenture may be entered into by us, when authorized by board resolution, and the notes trustee, with the consent of the holders of not less than a majority in principal amount of the Notes. However, no such supplemental indenture shall:

- change the maturity of the Notes, or reduce the rate or extend the time of payment of any interest thereon or on any overdue principal amount or reduce the principal amount thereof, or change the

provisions pursuant to which the rate of interest on the Notes is determined if such change could reduce the rate of interest thereon, or reduce the minimum rate of interest thereon (if any), or reduce any amount payable upon any redemption thereof, or reduce the amount to be paid at maturity or make the principal thereof or any interest thereon or on any overdue principal amount payable in any coin or currency other than U.S. dollars without the consent of the holder of each Note so affected;

- reduce the percentage of Notes, the holders of which are required to consent to any such supplemental indenture, without the consent of the holders of all Notes then outstanding;
- modify any of the provisions of the indenture relating to modifications, waivers of our compliance with covenants thereunder or direction of the notes trustee by holders of Notes, except to increase the percentage of holders who must consent thereto or to provide that certain other provisions cannot be modified or waived without the consent of the holders of all Notes then outstanding;
- modify the provisions relating to the subordination of the Notes in a manner adverse to the rights of the holders thereof without the consent of the holder of each Note so affected;
- modify the put right of holders of the Notes upon a failed remarketing in a manner materially adverse to the rights of the holders without the consent of the holder of each Note so affected; or
- modify the remarketing provisions of the Notes in a manner materially adverse to the rights of the holders without the consent of the holder of each Note so affected.

For the avoidance of doubt, the immediately preceding sentence will not limit our ability to modify the terms of the Notes in connection with a remarketing that is made in accordance with the terms of the indenture.

A supplemental indenture that changes or eliminates any covenant or other provision of the indenture expressly included solely for the benefit of holders of securities other than the Notes, or which modifies the rights of the holders of securities other than the Notes with respect to such covenant or other provision, will be deemed not to affect the rights under the indenture of the holders of the Notes.

We may omit to comply with any covenant or condition contained in the indenture if holders of a majority in principal amount of the Notes waive such compliance.

The “Description of Debt Securities—Modification of Indentures; Waiver” section of the accompanying base prospectus does not apply to the Notes.

Subordination

The Notes will be subordinate and junior in right of payment to all Senior Indebtedness as defined below.

If:

- we make a payment or distribution of any of our assets to creditors upon our dissolution, winding-up, liquidation or reorganization, whether in bankruptcy, insolvency or otherwise;
- a default beyond any grace period has occurred and is continuing with respect to the payment of principal, interest or any other monetary amounts due and payable on any Senior Indebtedness; or
- the maturity of any Senior Indebtedness has been accelerated because of a default on that Senior Indebtedness,

then the holders of Senior Indebtedness generally will have the right to receive payment of all amounts due on that Senior Indebtedness, or we will make provision for those payments, before the holders of any Notes have the right to receive any payments of principal or interest on their Notes.

"Senior Indebtedness" means all of the our obligations, as the case may be, whether presently existing or from time to time hereafter incurred, created, assumed or existing, to pay principal, premium, interest, penalties, fees and any other payment in respect of any of the following:

- obligations for borrowed money, including without limitation, such obligations as are evidenced by credit agreements, notes, debentures, bonds or other securities or instruments;
- capitalized lease obligations;
- all obligations of the types referred to in clauses (a) and (b) above of others which the we have assumed, endorsed, guaranteed, contingently agreed to purchase or provide funds for the payment of, or otherwise becomes liable for, under any agreement; or
- all renewals, extensions or refundings of obligations of the kinds described in any of the preceding categories;

unless, in the case of any particular obligation, indebtedness, renewal, extension or refunding, the instrument creating or evidencing the same or the assumption or guarantee of the same expressly provides that such obligation, indebtedness, renewal, extension or refunding is not superior in right of payment to or is pari passu with the Securities; and provided further that trade accounts payable and accrued liabilities arising in the ordinary course of business shall not be deemed to be Senior Indebtedness

Senior Indebtedness will be entitled to the benefits of the subordination provisions in the indenture irrespective of the amendment, modification or waiver of any term of the Senior Indebtedness. We may not amend the indenture to change the subordination provisions without the consent of each holder of Senior Indebtedness that the amendment would adversely affect.

The Notes will be unsecured and will be subordinated to all of our existing and future senior and subordinated debt, and any other debt that is expressly excluded from the definition of "Senior Indebtedness," as described above. The Notes will rank equally with these enhanced junior subordinated notes. The Notes will be effectively subordinated to all liabilities of our subsidiaries.

Holders of the Notes should recognize that contractual provisions in the indenture may prohibit us from making payments on the Notes. The Notes are subordinate and junior in right of payment, to the extent and in the manner stated in the indenture, to all of our Senior Indebtedness, as defined above.

The indenture does not restrict or limit in any way our ability to incur Senior Indebtedness. As of March 31, 2014, Exelon had approximately $3.0 billion principal amount of outstanding long-term debt on an unconsolidated basis that will be senior to the Notes which includes legal obligations of Exelon Corporate to the holders of approximately $1.4 billion in senior notes, the obligations for which have been transferred to Generation through mirror notes from Generation to Exelon Corporation. During consolidation the debt is eliminated from Exelon Corporate and consolidated from Generation into total consolidated indebtedness. Additionally, as of March 31, 2014, our subsidiaries had approximately $17.8 billion of outstanding long-term debt (including securities due within one year) excluding $1.4 billion in senior notes that are mirrored down to Generation which is eliminated during consolidation and consolidated from generation into total consolidated indebtedness principal amount.

The "Additional Terms of the Junior Subordinated Notes," "Additional Terms of the Junior Subordinated Debentures" and "Additional Terms of the Senior Debt Securities" sections of the accompanying base prospectus will not apply to the Notes.

Title

Prior to due presentment for registration of transfer of any Note, we, the notes trustee and any agent of ours or the notes trustee may deem and treat the person in whose name such Note is registered as the absolute owner of such Note (whether or not payments in respect of such Note are overdue and notwithstanding any notation of

ownership or other writing thereon) for the purpose of receiving payment of or an account of the principal of and interest on such Note and for all other purposes; and neither we nor the notes trustee nor any agent of ours or the notes trustee will be affected by any notice to the contrary.

Governing Law

The indenture and the Notes provide that they will be governed by and for all purposes construed in accordance with the laws of the State of New York (without regard to conflicts of laws principles thereof).

The Notes Trustee and Indenture Trustee

The notes trustee will be The Bank of New York Mellon Trust Company, N.A. The notes trustee will administer its corporate trust business at 2 North LaSalle Street, Suite 1020, Chicago, Illinois 60602. We and certain of our affiliates maintain banking relationships with The Bank of New York Mellon Trust Company, N.A. or its affiliates. The Bank of New York Mellon Trust Company, N.A. also serves as trustee under other indentures under which we and certain of our affiliates have issued securities. The Bank of New York Mellon Trust Company, N.A. and its affiliates have purchased, and are likely to purchase in the future, our securities and securities of our affiliates.

The trustee under the subordinated indenture is The Bank of New York Mellon Trust Company, N.A. We and certain of our affiliates maintain deposit accounts and banking relationships with The Bank of New York Mellon Trust Company, N.A. or its affiliates. The Bank of New York Mellon Trust Company, N.A. also serves as trustee under other indentures under which securities of certain of our affiliates are outstanding. The Bank of New York Mellon Trust Company, N.A. and its affiliates have purchased, and are likely to purchase in the future, our securities and securities of our affiliates.

Book-Entry Issuance—The Depository Trust Company

The Notes that form a part of the Corporate Units will be issued in fully registered form and will be registered in the name of the purchase contract agent. The Notes that do not form a part of the Corporate Units will be evidenced by one or more global notes registered in the name of DTC's nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. Such global notes will be deposited with the notes trustee as custodian for DTC. See "Certain Provisions of the Purchase Contract and Pledge Agreement—Book-Entry System" for a description of DTC.

Purchases of the Notes under the DTC system must be made by or through direct participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("beneficial owner") is in turn to be recorded on the direct and indirect participants' records. Beneficial owners will not receive written confirmation from DTC of their purchases, but beneficial owners are expected to receive written confirmations providing details of the transactions, as well as periodic statements of their holdings, from the direct or indirect participant through which they purchased the Notes. Transfers of ownership interests on the Notes are to be accomplished by entries made on the books of direct and indirect participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by direct participants with DTC are registered in the name of DTC's nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Notes with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the Notes; DTC's records reflect only the identity of the direct participants to whose accounts the Notes are credited, which may or may not be the beneficial owners. The direct and indirect participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants, and by direct participants and indirect participants to beneficial owners, will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Notices will be sent to DTC.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Notes unless authorized by a direct participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an omnibus proxy to us as soon as possible after the record date. The omnibus proxy assigns the voting or consenting rights of Cede & Co. to those direct participants to whose accounts the Notes are credited on the record date. We believe that these arrangements will enable the beneficial owners to exercise rights equivalent in substance to the rights that can be directly exercised by a registered holder of the Notes.

Payments of principal and interest on the Notes will be made to Cede & Co. (or such other nominee of DTC). DTC's practice is to credit direct participants' accounts upon DTC's receipt of funds and corresponding detail information from us or the notes trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by participants to beneficial owners will be governed by standing instructions and customary practices and will be the responsibility of each participant and not of DTC, the notes trustee or us, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or other such nominee of DTC) is our responsibility. Disbursement of such payments to direct participants will be the responsibility of DTC, and disbursement of such payments to the beneficial owners is the responsibility of direct and indirect participants.

In a few special situations described below, a book-entry security representing Exelon securities will terminate and interests in it will be exchanged for physical certificates representing the securities. After that exchange, the choice of whether to hold securities directly or in street name will be up to you. You must consult your bank, broker or other financial institution to find out how to have your interests in the securities transferred to your name, so that you will be a direct holder.

The special situations for termination of a global security representing the Notes are:

- DTC notifies us that it is unwilling or unable to continue as depository for that global security or DTC ceases to be a "clearing agency" registered under the Exchange Act and we are unable to find a qualified replacement for DTC within 90 days; or
- any Event of Default with respect to the Notes has occurred and is continuing, or any other event has occurred and is continuing, which after notice or lapse of time, would become an Event of Default with respect to the Notes, and any beneficial owner requests that its beneficial interest be exchanged for a physical certificate.

DTC may discontinue providing its services as securities depository with respect to the Notes at any time by giving us or the notes trustee reasonable notice. In the event no successor securities depository is obtained, certificates for the Notes will be printed and delivered.

The information in this section concerning DTC's book-entry system has been obtained from sources that we believe to be reliable, but neither we nor the underwriters take any responsibility for the accuracy of this information.

The notes trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under the indenture or under applicable law with respect to any transfer of any interest in any Note (including any transfers between or among direct participant of DTC or beneficial owners of interests in any Note) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the terms of, the indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

Neither the notes trustee nor any agent shall have any responsibility or liability for any actions taken or not taken by DTC.

MATERIAL U.S. FED ERAL INCOME TAX CONSIDERATIONS

The following discussion describes the material U.S. federal income tax considerations to U.S. holders (as defined below) and non-U.S. holders (as defined below) of the ownership and disposition of Equity Units acquired in this offering and our common stock acquired under a purchase contract and, unless otherwise noted in the following discussion, is the opinion of Kirkland & Ellis LLP, counsel to Exelon, insofar as it relates to legal conclusions with respect to matters of U.S. federal income tax law. This discussion is based on current provisions of the Code, U.S. Treasury Regulations promulgated thereunder, and administrative rulings and judicial decisions, each as in effect as of the date of this prospectus supplement. These authorities may change, possibly with retroactive effect, and any such change could affect the accuracy of the statements and conclusions set forth herein.

For purposes of this discussion, the term “U.S. holder” means an owner of Equity Units that, for U.S. federal income tax purposes, is:

- an individual who is a citizen or resident of the United States;
- a corporation (or any other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if (a) a U.S. court has the authority to exercise primary supervision over the administration of the trust and one or more United States persons (as defined under the Code) are authorized to control all substantial decisions of the trust or (b) the trust has a valid election in place to be treated as a domestic trust for U.S. federal income tax purposes.

A “non-U.S. holder” is a holder that is an individual, corporation, estate or trust that is not a U.S. holder.

If a partnership (or any other entity treated as a partnership for U.S. federal income tax purposes) holds Equity Units, any component thereof including applicable ownership interests in the Notes (or the Treasury portfolio or Treasury securities), or any of our common stock acquired under the purchase contracts, the U.S. federal income tax treatment of a partner will generally depend upon the status of the partner and upon the activities of the partnership. Partners of partnerships holding any of the above instruments should consult their tax advisors.

The U.S. federal income tax treatment of a holder may vary depending on the holder’s particular situation. This discussion does not address U.S. federal tax laws other than those pertaining to income tax, such as the unearned income Medicare contribution tax pursuant to the Health Care and Education Reconciliation Act of 2010, and the effect of such tax on the ownership and disposition of the Equity Units, applicable ownership interests in the Notes (or the Treasury portfolio or Treasury securities) or our common stock acquired under the purchase contracts. This discussion does not address any aspects of state, local, or foreign tax laws. Additionally, this discussion does not address tax consequences to special classes of holders, including:

- U.S. holders who may be subject to special tax treatment, such as certain financial institutions, real estate investment trusts, regulated investment companies, insurance companies, dealers in securities or currencies, tax-exempt investors, payors of non-U.S. taxes, and U.S. holders whose functional currency is not the U.S. dollar;
- U.S. holders who hold Equity Units, applicable ownership interests in the Notes (or the Treasury portfolio or Treasury securities), or shares of our common stock as part of a straddle, hedge, conversion transaction or integrated transaction (as such terms are used in the Code);
- non-U.S. holders that are engaged in the conduct of a trade or business in the United States, controlled foreign corporations or passive foreign investment companies; or

- non-U.S. holders that actually or constructively own 10% or more of the Equity Units or that own or are deemed to own, for purposes of Code Section 871(h), 10% or more of the total combined voting power of all classes of our common stock entitled to vote.

This discussion is based on the Code, Treasury Regulations, IRS rulings and pronouncements and judicial decisions now in effect, all of which are subject to change or differing interpretations, possibly on a retroactive basis. **All holders should consult their own tax advisors with respect to the particular tax consequences to them of purchasing, owning, and disposing of the Equity Units, applicable ownership interests in the Notes (or the Treasury portfolio, or Treasury securities) or shares of our common stock acquired under the purchase contracts, including the tax consequences under U.S. federal, state, local and foreign tax laws.**

The IRS has issued Revenue Ruling 2003-97, 2003-2 C.B. 380, addressing certain aspects of instruments substantially similar to the Equity Units. In the ruling, the IRS concluded that an interest in a unit comprising a note and a purchase contract would be treated as a separate interest in such note and a separate interest in such purchase contract for U.S. federal income tax purposes. The IRS also concluded that the notes issued as part of such a unit were debt for U.S. federal income tax purposes. In the opinion of Kirkland & Ellis LLP, under current law and based on the facts contained in this prospectus supplement and in other relevant documents and certain assumptions and representations relied upon in rendering the opinion, the Notes issued as part of an Equity Unit with a purchase contract will be indebtedness for U.S. federal income tax purposes. The opinion of Kirkland & Ellis LLP is not binding on the IRS or any court and there can be no assurance that the IRS or a court will agree with this opinion. The remainder of this discussion assumes that the Notes will be respected as indebtedness for U.S. federal income tax purposes.

U.S. Holders

The following section generally applies to U.S. holders.

Ownership of Applicable Interests in the Notes, the Treasury Portfolio or Treasury Securities

Each holder will be treated as owning the applicable interests in the Notes or the Treasury portfolio or Treasury securities constituting a part of a Corporate Unit or Treasury Unit, respectively, for U.S. federal income tax purposes. We and, by virtue of acquiring Equity Units, each holder agree to treat the applicable interests in the Notes or the Treasury portfolio or Treasury securities constituting a part of the Equity Units as owned by such holder for all tax purposes, and the remainder of this discussion assumes such treatment. The U.S. federal income tax consequences of owning the applicable interests in the Notes or Treasury portfolio or Treasury securities are discussed below (see “—The Notes,” “—Treasury Securities” and “—Treasury Portfolio Purchased on Remarketing”.)

Allocation of Purchase Price

A holder’s acquisition of an Equity Unit will be treated as an acquisition of an applicable ownership interest in a Note (or the Treasury portfolio or Treasury securities) and a purchase contract constituting such Equity Unit. The purchase price of each Equity Unit will be allocated between the ownership interest in the Note and the purchase contract in proportion to their respective fair market values at the time of purchase. This allocation will establish a holder’s initial tax basis in the applicable ownership interest in the Note (or the Treasury portfolio, or Treasury securities) and the purchase contract. We will report the fair market value of the applicable undivided beneficial ownership interest in the Note as $50.00 and we will report the fair market value of each purchase contract as $0.00. By purchasing an Equity Unit, each U.S. holder (but not the IRS) will be deemed to have agreed to this allocation. The remainder of this discussion assumes that this allocation of the purchase price of an Equity Unit will be respected for U.S. federal income tax purposes.

Sale, Exchange or Other Taxable Disposition of Equity Units

If a holder sells, exchanges or otherwise disposes of an Equity Unit in a taxable disposition, the holder will be treated as having disposed of each of the purchase contract and the applicable ownership interest in the Note or the Treasury portfolio or Treasury securities, as the case may be, that constitute such Equity Unit. The proceeds realized on such disposition will be allocated among the components of the Equity Unit in proportion to the respective fair market values of the components at the time of disposition. As a result, a holder generally will recognize gain or loss equal to the difference between the portion of the proceeds allocable to each of the purchase contract and the applicable ownership interest in the Note or the Treasury portfolio or Treasury securities, as the case may be, and the holder's adjusted tax basis in each of the purchase contract and the applicable ownership interest in the Note or the Treasury portfolio or Treasury securities, as the case may be. Any gain or loss attributable to the applicable ownership interest in the Treasury portfolio or Treasury securities will generally be capital gain or loss, and such gain or loss generally will be long-term capital gain or loss if the holder held the applicable ownership interest in the Treasury portfolio or Treasury securities for more than one year immediately prior to such disposition. Under U.S. federal income tax law, certain non-corporate holders, including individuals, are eligible for preferential tax rates with respect to long-term capital gains. The deductibility of capital losses is subject to certain limitations under the Code. The rules governing the determination of the character of gain or loss on the taxable disposition of applicable ownership interests in the Notes are summarized under "—The Notes—Sale, Exchange or Other Taxable Disposition of a Note."

In the case of the purchase contract, such gain or loss generally will be capital gain or loss, except to the extent that the holder is treated as receiving an amount with respect to accrued contract adjustment payments or deferred contract adjustment payments, which amount may be treated as ordinary income to the extent not previously included in income. If the disposition of an Equity Unit occurs when the purchase contract has a negative value, a holder should be considered to have received additional consideration for the applicable ownership interest in the Note or the Treasury portfolio or Treasury securities, as the case may be, in an amount equal to such negative value and then to have paid such amount to be released from such holder's obligation under the purchase contract. Holders should consult their tax advisors regarding a disposition of an Equity Unit at a time when the purchase contract has negative value.

The Notes

Interest Income and Original Issue Discount . While the matter is not free from doubt, because of the manner in which the interest rate on the Notes is to be reset, we intend to treat the Notes as contingent payment debt instruments subject to the "noncontingent bond method" for accruing original issue discount ("OID"), as set forth in the applicable Treasury Regulations. By purchasing the Equity Units, each holder will be deemed to have agreed to this treatment, and this discussion assumes that the Notes will be so treated for U.S. federal income tax purposes. As discussed more fully below, the effects of applying such method to the Notes will be:

- to require each holder, regardless of the holder's usual method of tax accounting, to use an accrual method with respect to the interest income on their applicable ownership interests in Notes;
- to require each holder to accrue interest income in excess of interest payments actually received for all accrual periods through the reset effective date, and possibly for accrual periods thereafter with respect to applicable ownership interests in the Notes; and
- generally to result in ordinary, rather than capital, treatment of any gain or loss on the sale, exchange or other disposition of applicable ownership interests in the Notes.

See "—Sale, Exchange or Other Taxable Disposition of a Note."

Under the noncontingent bond method, each holder will be required to accrue OID on a constant yield to maturity basis based on the "comparable yield" of the Notes, which generally is the rate at which we would issue a fixed rate debt instrument with terms and conditions similar to the Notes (which rate will exceed the current

interest payments on the Notes). We are required to provide to each holder of the Notes the comparable yield and, solely for tax purposes, a projected payment schedule based on the comparable yield. We have determined that the comparable yield for the Notes is 4.875% and the projected payments, per 1/20 undivided beneficial ownership interest in a Note, are $0.26 on September 1, 2014, $0.31 for each subsequent quarter ending on or prior to June 1, 2017, and $1.54 for each subsequent semester ending after June 1, 2017. We have also determined the projected payment per 1/20 undivided beneficial ownership interest in a Note at the maturity date is $51.54 (which includes the stated principal amount as well as the final projected interest payment).

The amount of OID accruing on a Note for each accrual period is determined by multiplying the comparable yield of the Note (adjusted for the length of the accrual period) by the Note's adjusted issue price at the beginning of the accrual period. Based on the allocation of the purchase price of each Corporate Unit described above, the adjusted issue price of each applicable ownership interest in a Note at the beginning of the first accrual period will be $50.00, and the adjusted issue price at the beginning of each subsequent accrual period will be equal to $50.00, increased by any OID previously accrued by the holder on such applicable ownership interest in the Note and decreased by the amount of projected payments received on such applicable ownership interest in the Note through such date (without regard to the actual amounts received). The amount of OID so determined will then be allocated on a ratable basis to each day in the accrual period that the holder holds such applicable ownership interest in the Note.

If the amount of an actual payment is different from the projected payment set forth in the projected payment schedule, a holder will be required to take into account the amount of such difference (which may result in additional interest income or a reduction in the amount a holder is required to include in income based on the comparable yield, depending on whether such difference is positive (a "positive adjustment") or negative (a "negative adjustment")) for the taxable year. A net positive adjustment will be treated as additional interest income. A net negative adjustment (1) will first reduce the amount of interest in respect of the Note that a holder would otherwise be required to include in the taxable year and (2) to the extent of any excess, will give rise to an ordinary loss equal to that portion of such excess that does not exceed the excess of (a) the amount of all previous interest inclusions under the Note over (b) the total amount of the holder's net negative adjustments treated as ordinary loss on the Note in prior taxable years. A net negative adjustment is not subject to the two percent floor limitation imposed on miscellaneous deductions under Section 67 of the Code. Any net negative adjustment in excess of the amounts described in clauses (1) and (2) will be carried forward to offset future interest income in respect of the Note or to reduce the amount realized on a sale or other taxable disposition of the Note.

If, after the optional remarketing settlement date or reset effective date, as applicable (the "Reset Date"), the remaining amounts of principal and interest payable on the Notes differ from the payments set forth on the foregoing projected payment schedule, negative or positive adjustments reflecting such difference should be taken into account by a holder as adjustments to interest income in a reasonable manner over the period to which they relate.

A holder is generally bound by the comparable yield and projected payment schedule for the Notes that we provided, unless our determinations are unreasonable. If a holder decides to use its own comparable yield and projected payment schedules, the holder must explicitly disclose this fact and the reason for using a different comparable yield and projected payment schedules than those that we provided. In general, this disclosure must be made on a statement attached to the holder's timely filed U.S. federal income tax return for the taxable year that includes the date of the holder's acquisition of the applicable ownership interests in the Notes.

The foregoing comparable yield and projected payment schedule are supplied by us solely for determining the holders' accrual of OID and adjustments in respect of the Notes in computing income under the noncontingent bond method for U.S. federal income tax purposes and do not constitute projections or representations as to the amounts that holders of Notes will actually receive.

Adjustment to Tax Basis in Notes . A holder's adjusted tax basis in the Notes will be increased by the amount of OID included in income by such holder with respect to such Notes and decreased by the amount of any projected payments with respect to such Notes.

Sale, Exchange or Other Taxable Disposition of a Note. A holder will recognize gain or loss on a sale, exchange or other taxable disposition of a Note (including in connection with a redemption for cash or a remarketing of the Note) in an amount equal to the difference between the amount realized by the holder on the disposition of the Note and the holder's adjusted tax basis in the Note. Selling expenses incurred by a holder in respect of an applicable ownership interest in a Note, including the remarketing fee, will reduce the amount of gain or increase the amount of loss recognized by such holder upon a disposition of the Note.

Gain recognized on the sale, exchange or other taxable disposition of a Note before the Reset Date will be treated as ordinary interest income. Loss realized on the sale, exchange or other taxable disposition of a Note before the Reset Date will be treated as ordinary loss to the extent of a holder's prior net income inclusions on the Note. Any loss in excess of such holder's prior net income inclusions will be treated as a capital loss. The treatment of gain or loss recognized on the sale, exchange, or other taxable disposition of a Note, on or after the Reset Date may vary depending on whether the new interest rate is fixed or floating, and on whether interest payments are made semi-annually or quarterly. Holders of the Notes should consult with their tax advisors regarding the treatment as capital or ordinary of any such gain or loss. Under U.S. federal income tax law, certain non-corporate holders, including individuals, are eligible for preferential tax rates in respect of long-term capital gains. The deductibility of capital losses is subject to certain limitations under the Code.

Treasury Securities

Original Issue Discount . A holder of a Treasury Unit generally will be required to treat its ownership interest in the Treasury securities included in such Treasury Unit as an interest in a bond that was originally issued on the date such holder acquired the Treasury securities. Any such Treasury securities will have OID equal to the excess of the amount payable at maturity of such Treasury securities over the purchase price thereof. A holder will be required to include such OID (other than OID on short-term U.S. Treasury securities as defined below) in income on a constant yield to maturity basis over the period between the purchase date of the Treasury securities and the maturity date of the Treasury securities, regardless of such holder's method of tax accounting and in advance of the receipt of cash attributable to such OID. Amounts of OID included in such holder's gross income will increase such holder's adjusted tax basis in the Treasury securities.

Sale, Exchange or Other Taxable Disposition of Treasury Securities . As discussed below, in the event that a holder obtains the release of Treasury securities by delivering Notes to the collateral agent, the holder generally will not recognize gain or loss upon such substitution. The holder generally will recognize gain or loss on a subsequent taxable disposition of the Treasury securities in an amount equal to the difference between the amount realized by the holder on such disposition and the holder's adjusted tax basis in the Treasury securities. Such gain or loss generally will be capital gain or loss and generally will be long-term capital gain or loss if a holder held such Treasury securities for more than one year immediately prior to such disposition. Under U.S. federal income tax law, certain non-corporate holders, including individuals, are eligible for preferential tax rates in respect of long-term capital gains. The deductibility of capital losses is subject to certain limitations under the Code.

Purchase Contracts

Contract Adjustment Payments and Deferred Contract Adjustment Payments . There is no direct authority addressing the treatment, under current law, of the contract adjustment payments or deferred contract adjustment payments, and such treatment therefore, is unclear. Contract adjustment payments and deferred contract adjustment payments may constitute taxable ordinary income to a holder when received or accrued, in accordance with the holder's method of tax accounting. To the extent we are required to file information returns with respect to contract adjustment payments or deferred contract adjustment payments, we intend to report such payments as taxable ordinary income to the holder. Holders should consult their tax advisors concerning the treatment of contract adjustment payments and deferred contract adjustment payments.

The treatment of contract adjustment payments and deferred contract adjustment payments could affect a holder's adjusted tax basis in a purchase contract or our common stock received under a purchase contract or the

amount realized by a holder upon the sale, exchange or other disposition of an Equity Unit or the termination of a purchase contract.

Acquisition of Our Common Stock Under a Purchase Contract . A holder generally will not recognize gain or loss on the purchase of our common stock under a purchase contract, including upon an early settlement of the purchase contract, except with respect to any cash received in lieu of a fractional share of our common stock. A holder's aggregate initial tax basis in the common stock received under a purchase contract will generally equal the purchase price paid for such common stock, plus the properly allocable portion of such holder's adjusted tax basis in the purchase contract, less the portion of such purchase price and adjusted tax basis allocable to the fractional share. For tax purposes, the holding period for common stock received under a purchase contract will commence on the day following the acquisition of such common stock.

Ownership of Our Common Stock Acquired Under the Purchase Contract . Any distribution on our common stock paid by us out of our current or accumulated earnings and profits (as determined for U.S. federal income tax purposes) will constitute a dividend and will be includible in income by a holder of common stock when received. Any such dividend will be eligible for the dividends received deduction if the holder is an otherwise qualifying corporate holder that meets the holding period and other requirements for the dividends received deduction. Under U.S. federal income tax law, individuals who receive dividends are eligible for a reduced rate of taxation if certain holding period and other requirements are satisfied.

Upon a disposition of our common stock, a holder generally will recognize capital gain or loss in an amount equal to the difference between the amount realized and the holder's adjusted tax basis in the common stock. Such capital gain or loss generally will be long-term capital gain or loss if the holder held such common stock for more than one year immediately prior to such disposition. Under U.S. federal income tax law, certain non-corporate holders, including individuals, are eligible for preferential tax rates in respect of long-term capital gains. The deductibility of capital losses is subject to certain limitations under the Code.

Early Settlement of a Purchase Contract . A holder will not recognize gain or loss on the receipt of the holder's ownership interest in the Notes or Treasury securities or Treasury portfolio upon early settlement of a purchase contract, and such holder's tax basis in the ownership interest in the Notes, Treasury securities or Treasury portfolio will not be affected by such early settlement.

Termination of a Purchase Contract . If a purchase contract terminates, a holder will recognize loss equal to the holder's adjusted tax basis (if any) in the purchase contract at the time of such termination. Such loss generally will be capital loss and generally will be long-term capital loss if such holder held such purchase contract for more than one year immediately prior to such termination. The deductibility of capital losses is subject to certain limitations. A holder will not recognize gain or loss on the receipt of its Notes, Treasury securities or the applicable ownership interest in a Treasury portfolio upon termination of the purchase contract and such holder will have the same adjusted tax basis in such Notes, Treasury securities or the applicable ownership interest in a Treasury portfolio as before such termination.

Adjustment to Settlement Rate . A holder may be treated as receiving a constructive distribution from us if (1) the settlement rate is adjusted and as a result of such adjustment such holder's proportionate interest in our assets or earnings and profits is increased, and (2) the adjustment is not made pursuant to a bona fide, reasonable anti-dilution formula. An adjustment in the settlement rate would not be considered made pursuant to such a formula if the adjustment were made to compensate a holder for certain taxable distributions with respect to the common stock. Thus, under certain circumstances, an increase in the settlement rate might give rise to a taxable dividend to a holder even though such holder would not receive any cash in connection therewith.

Substitution of Treasury Securities to Create or Recreate Treasury Units

A holder of Corporate Units that delivers Treasury securities to the collateral agent in substitution for Notes or the applicable ownership interest in a Treasury portfolio will not recognize gain or loss upon the delivery of

such Treasury securities or the release of the Notes or the applicable ownership interest in a Treasury portfolio to such holder. Such holder will continue to take into account items of income or deduction otherwise includible or deductible, respectively, by such holder with respect to such Treasury securities and Notes or the applicable ownership interest in a Treasury portfolio, and such holder's adjusted tax basis in the Treasury securities, the Notes or the applicable ownership interest in a Treasury portfolio and the purchase contracts will not be affected by such delivery and release. Holders should consult their tax advisors regarding the tax consequences of purchasing, owning and disposing of the Treasury securities so delivered to the collateral agent.

Substitution of the Notes or the Applicable Ownership Interest in a Treasury Portfolio to Recreate Corporate Units

A holder of Treasury Units that delivers Notes or the applicable ownership interest in a Treasury portfolio to the collateral agent in substitution for pledged Treasury securities to recreate Corporate Units generally will not recognize gain or loss upon the delivery of such Notes or the applicable ownership interest in a Treasury portfolio or the release of the pledged Treasury securities to such holder. Such holder will continue to take into account items of income or deduction otherwise includible or deductible, respectively, by such holder with respect to such pledged Treasury securities and such Notes or the applicable ownership interest in a Treasury portfolio. Such holder's adjusted tax basis in the Treasury securities, the Notes or the applicable ownership interest in a Treasury portfolio and the purchase contract will not be affected by such delivery and release.

Treasury Portfolio Purchased on Remarketing

A remarketing will be a taxable event for holders of Notes, which will be subject to tax in the manner described above under "—The Notes—Sale, Exchange or Other Taxable Disposition of a Note."

Ownership of Treasury Portfolio . In the event of a successful optional remarketing of the Notes, a holder's Equity Units will include a beneficial interest in a Treasury portfolio instead of a Note. We, and, by acquiring an Equity Unit, a holder, agree to treat the holder as the owner, for U.S. federal tax purposes, of the beneficial interest in the Treasury portfolio that is a part of the Equity Unit owned by the holder. In such a case, a holder will be required to include in income any amount earned on such pro rata portion of the Treasury portfolio for U.S. federal income tax purposes. The remainder of this discussion assumes that a holder of Corporate Units will be treated as the owner of the applicable ownership interest in the Treasury portfolio constituting a part of such Corporate Units for U.S. federal income tax purposes.

Interest Income and Original Issue Discount . The Treasury portfolio will consist of U.S. Treasury securities (or principal or interest strips thereof). Following a successful remarketing of the Notes, a holder will be required to treat its pro rata portion of each U.S. Treasury security in the Treasury portfolio as a bond that was originally issued on the date the collateral agent acquired the relevant U.S. Treasury securities and that has OID equal to the holder's pro rata portion of the excess of the amounts payable on such U.S. Treasury securities over the value of the U.S. Treasury securities at the time the collateral agent acquires them on behalf of the holder of Corporate Units. A holder will generally be required to include such OID (other than OID on short-term U.S. Treasury securities as defined below) in income for U.S. federal income tax purposes as it accrues on a constant yield to maturity basis, regardless of such holder's regular method of tax accounting.

In the case of any U.S. Treasury security with a remaining maturity of one year or less from the date of its acquisition (a "short-term U.S. Treasury security"), a holder will generally be required to include OID in income as it accrues only if such holder is an accrual basis taxpayer. If a holder is an accrual basis taxpayer, the holder will generally accrue such OID on a straight line basis, unless such holder makes an election to accrue such OID on a constant yield to maturity basis. If a holder is a cash basis taxpayer, such holder will be required to recognize any OID as ordinary income upon the taxable disposition of a short-term U.S Treasury security to the extent that OID accrued through the date of disposition and has not previously been included in income.

Tax Basis of the Applicable Ownership Interest in a Treasury Portfolio . A holder's initial tax basis in its applicable ownership interest in a Treasury portfolio will equal such holder's pro rata portion of the aggregate amount paid by the collateral agent for the Treasury portfolio. A holder's adjusted tax basis in the applicable ownership interest in a Treasury portfolio will be increased by the amount of OID included in income with respect thereto and decreased by the amount of cash received in respect of that Treasury portfolio.

Sale, Exchange or Other Disposition of the Applicable Ownership Interest in a Treasury Portfolio . A holder that obtains the release of the applicable ownership interest in a Treasury portfolio and subsequently disposes of such interest will generally recognize gain or loss on such disposition in an amount equal to the difference between the amount realized upon such disposition and such holder's adjusted tax basis in the applicable ownership interest in that Treasury portfolio. Such gain or loss generally will be capital gain or loss and generally will be long-term capital gain or loss if the holder held such applicable interest in the Treasury portfolio for more than one year immediately prior to such disposition. Under U.S. federal income tax law, certain non-corporate holders, including individuals, are eligible for preferential tax rates in respect of long-term capital gains. The deductibility of capital losses is subject to certain limitations under the Code.

Backup Withholding Tax and Information Reporting

Unless a holder is an exempt recipient, such as a corporation, interest, OID, contract adjustment payments or deferred contract adjustment payments, and dividends received on, and proceeds received from the sale of Equity Units, the Notes, purchase contracts, Treasury securities, the applicable ownership interest in a Treasury portfolio, or common stock acquired under a purchase contract, as the case may be, may be subject to information reporting and may also be subject to U.S. federal backup withholding tax if such holder fails to supply an accurate taxpayer identification number or otherwise fails to comply with applicable U.S. information reporting or certification requirements. Any amounts so withheld from a payment to a holder may be allowed as a credit against such holder's U.S. federal income tax liability or as a refund, provided that the required information is timely and properly furnished to the IRS.

Additional Disclosure Requirements

If a holder sells Equity Units, Notes, the applicable ownership interest in the Treasury portfolio, Treasury securities, or common stock at a loss that meets certain thresholds, the holder (and/or the shareholders of the holder, if the holder is an S corporation for U.S. federal income tax purposes) may be required to file a disclosure statement with the IRS. Holders and their shareholders should consult their own tax advisors with respect to any disclosure requirements that may apply to them in their own particular circumstances.

Non-U.S. Holders

This section generally applies to non-U.S. holders.

Payments of Principal and Interest on the Notes, Treasury Securities, and the Applicable Ownership Interest in the Treasury Portfolio

Except as provided below under "—Additional Withholding Requirements," no U.S. withholding tax will be imposed on any payment of principal or interest (including any OID) on the Notes, Treasury securities or the applicable ownership interest in the Treasury portfolio, provided that the non-U.S. holder provides a properly executed IRS Form W-8BEN (or other applicable form).

Dividends

Dividends received by a non-U.S. holder on shares of our common stock generally will be subject to U.S. federal withholding tax at a 30% rate. In certain circumstances, a non-U.S. holder may be entitled to a reduced rate of withholding pursuant to an applicable income tax treaty. In order to claim the benefits of an applicable income tax treaty, a non-U.S. holder will be required to provide a properly executed IRS Form W-8BEN (or other applicable form). As discussed above, an adjustment to the settlement rate may result in a constructive distribution that is treated as a taxable constructive dividend to the holder of Equity Units. See "U.S. Holders—Purchase Contracts—Adjustment to Settlement Rate". If we determine that any such adjustment results in a constructive dividend to a non-U.S. Holder of Equity Units, we, or the applicable withholding agent, may withhold on amounts otherwise paid to such non-U.S. holder in order to pay the proper U.S. federal withholding tax on such constructive dividend.

Contract Adjustment Payments

Although the tax rules are not clear, we intend to treat any contract adjustment payments paid to a non-U.S. holder as amounts generally subject to U.S. federal withholding tax at a 30% rate. In certain circumstances, a non-U.S. holder may be entitled to a reduced rate of withholding (or a complete exemption from withholding) pursuant to an applicable income tax treaty. In order to claim any benefits of an applicable income tax treaty that may be available, a non-U.S. holder will be required to provide a properly executed IRS Form W-8BEN (or other applicable form). Prospective investors should consult their own tax advisors concerning the U.S. federal income tax treatment of contract adjustment payments.

Sale, Exchange, or Other Disposition of Equity Units, Notes, Purchase Contracts, Treasury Securities, the Applicable Ownership Interest in the Treasury Portfolio or Shares of Our Common Stock

Except as provided below under "—Additional Withholding Requirements," any gain recognized by a non-U.S. holder upon the sale, exchange, or other taxable disposition of Equity Units, Notes, purchase contracts, Treasury securities, the applicable ownership interest in the Treasury portfolio, or shares of our common stock generally will not be subject to U.S. federal income tax, unless (1) the non-U.S. holder is an individual who is present in the United States for 183 days or more during the taxable year in which the disposition takes place and certain other conditions are met or (2) in the case of purchase contracts or shares of our common stock, we are or become a "United States real property holding corporation" (a "USRPHC") for U.S. federal income tax purposes during the periods described below.

We have not determined whether we are a USRPHC. Generally, we will be a USRPHC if the fair market value of our U.S. real property assets is 50% or more of the fair market value of all of our real property assets and other assets used or held for use in our trade or business. However, even if we were a USRPHC, so long as our common stock continues to be regularly traded on an established securities market in the United States, within the meaning of applicable Treasury Regulations, a holder will not be subject to U.S. federal income tax on the disposition of our common stock if the holder has not held more than 5% (actually or constructively) of our

total outstanding common stock at any time during the shorter of the five-year period preceding the date of disposition or such holder's holding period. In addition, a holder will not be subject to U.S. federal income tax on the disposition of our purchase contracts (including purchase contracts that form part of Equity Units) if we are a USRPHC, provided that the purchase contracts are considered to be regularly traded on an established securities market and the holder has not held more than 5% (actually or constructively) of the total outstanding purchase contracts at any time during the shorter of the five-year period preceding the date of disposition or such holder's holding period. A holder will also not be subject to U.S. federal income tax on the disposition of our purchase contracts (including purchase contracts that form part of Equity Units) if we are a USRPHC, provided that the purchase contracts are not considered to be regularly traded on an established securities market and our common stock continues to be so traded, and on the date such holder originally acquires purchase contracts or on any date on which such holder makes subsequent acquisitions of purchase contracts, all purchase contracts held (actually or constructively) by such holder after each such acquisition has a fair market value of no more than 5% of the fair market value of our total outstanding common stock on each such acquisition date.

If a holder exceeds the limits described in the above paragraph with respect to common stock or purchase contracts, and we are a USRPHC, the holder generally will be subject to U.S. federal income tax at the regular graduated rates applicable to U.S. holders upon its disposition at a gain, and a 10% U.S. federal withholding tax may apply to the gross proceeds received upon such disposition. A holder generally would also be subject to such tax with respect to any distribution (including any deemed distribution) on such common stock or purchase contracts to the extent such distribution would not be treated as a dividend if such holder were a U.S. holder. If a holder is subject to the tax described in the preceding sentences, the holder will be required to file a U.S. federal income tax return with the IRS.

Holders should consult their tax advisors regarding the U.S. federal income tax consequences of investing in the Equity Units if we were to be treated as a USRPHC.

Backup Withholding Tax and Information Reporting

In general, information reporting but not backup withholding will be required with respect to payments made by us on the Equity Units or the Notes if the non-U.S. holder has provided us with a properly executed IRS Form W-8BEN (or other applicable form) and we do not have actual knowledge or reason to know that the non-U.S. holder is a U.S. person. In addition, no information reporting or backup withholding will be required with respect to proceeds from a disposition of Equity Units, Notes, Treasury securities, the applicable ownership interest in the Treasury portfolio, or shares of our common stock (even if the disposition is considered to be effected within the United States or through a U.S. financial intermediary) if the payor receives a properly executed IRS Form W-8BEN (or other applicable form) and does not have actual knowledge or reason to know that the non-U.S. holder is a U.S. person, or if the non-U.S. holder otherwise establishes an exemption. Any amounts withheld under the backup withholding rules will be creditable against the non-U.S. holder's U.S. federal income tax liability, or allowed as a refund, provided that the required information is timely and properly provided to the IRS.

Additional Withholding Requirements

Under legislation enacted in 2010, commonly referred to as "FATCA," and under recently finalized Treasury Regulations, the relevant withholding agent may be required to withhold 30% of any "withholdable payments," which would include any interest (including OID), dividends and contract adjustment payments paid after June 30, 2014, and the gross proceeds of a sale paid after December 31, 2016, in each case with respect to shares of our common stock, the Notes, Treasury securities or an applicable ownership interest in a Treasury portfolio, to (1) a foreign financial institution unless such foreign financial institution agrees to verify, report and disclose its holders of U.S. accounts and meets certain other specified requirements or (2) a nonfinancial foreign entity that is the beneficial owner of the payment unless such entity certifies that it does not have any substantial U.S. owners or provides the name, address and taxpayer identification number of each substantial U.S. owner and

such entity meets certain other specified requirements. FATCA exempts from withholding payment on, or proceeds in respect of, obligations outstanding on July 1, 2014. It is anticipated that the Notes will be outstanding on July 1, 2014, and therefore this provision excludes the Notes and other obligations from FATCA's broader provisions (unless the Notes and other obligations are significantly modified after that date). Prospective holders should consult with their own tax advisors regarding the possible implications of FATCA on their investment in the Equity Units.

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CERTAIN CONSIDERATIONS FOR EMPLOYEE BENEFIT PLANS AND OTHER RETIREMENT ARRANGEMENTS

The following is a summary of certain considerations associated with the purchase of the Corporate Units (and the securities underlying the Corporate Units) by employee benefit plans that are subject to Title I of ERISA, individual retirement accounts and other plans and arrangements that are subject to Section 4975 of the Code or provisions under any Similar Laws and entities whose underlying assets are considered to include "plan assets" (as defined in Section 3(42) of ERISA or any applicable Similar Laws, "Plan Assets") of any such plan, account or arrangement (each, a "Plan").

General Fiduciary Matters

ERISA and the Code impose certain duties on persons who are fiduciaries of a Plan subject to Title I of ERISA or Section 4975 of the Code (an "ERISA Plan"), and both ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of an ERISA Plan and its fiduciaries or other interested parties. Under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of such an ERISA Plan or the management or disposition of the assets of such ERISA Plan, or who renders investment advice for a fee or other compensation (direct or indirect) to such an ERISA Plan, is generally considered to be a fiduciary of the ERISA Plan.

In considering an investment in the Corporate Units (and the securities underlying the Corporate Units) with the assets of any Plan, a fiduciary should consult with its counsel in order to determine whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any Similar Laws. In addition, a fiduciary of a Plan should consult with its counsel in order to determine if the investment satisfies the fiduciary's duties to the Plan including, if applicable and without limitation, the prudence, diversification, delegation of control and prohibited transaction provisions of ERISA, the Code and any other applicable Similar Laws.

Prohibited Transaction Issues

Section 406 of ERISA and Section 4975 of the Code prohibit ERISA Plans from engaging in specified transactions involving plan assets with persons or entities who are "parties in interest," within the meaning of ERISA, or "disqualified persons," within the meaning of Section 4975 of the Code, unless an exemption is available. A party in interest or disqualified person who engages in a nonexempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. In addition, the fiduciary of the ERISA Plan that engaged in such a nonexempt prohibited transaction may be subject to penalties and liabilities under ERISA and the Code. The acquisition and/or holding of Corporate Units (and the securities underlying the Corporate Units) by an ERISA Plan with respect to which Exelon or an underwriter is or becomes a party in interest or disqualified person may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, unless the investment is acquired and is held in accordance with an applicable statutory, class or individual prohibited transaction exemption. Certain exemptions from the prohibited transaction rules could be applicable to the purchase and holding of Corporate Units (and the securities underlying the Corporate Units) by an ERISA Plan depending on the type and circumstances of the fiduciary making the decision to acquire such Corporate Units (and the securities underlying the Corporate Units) and the relationship of the party in interest or disqualified person to the ERISA Plan. Included among these exemptions are Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code for certain transactions between an ERISA Plan and non-fiduciary service providers to the ERISA Plan. In addition, the United States Department of Labor has issued prohibited transaction class exemptions ("PTCEs") that may apply to the acquisition and holding of the Corporate Units (and the securities underlying the Corporate Units). These class exemptions (as may be amended from time to time) include, without limitation, PTCE 84-14, respecting transactions determined by independent qualified professional asset managers, PTCE 90-1, respecting insurance

company pooled separate accounts, PTCE 91-38, respecting bank collective investment funds, PTCE 95-60, respecting life insurance company general accounts and PTCE 96-23, respecting transactions determined by in-house asset managers.

Each of these exemptions contains conditions and limitations on its application. Fiduciaries of Plans considering acquiring and/or holding the Corporate Units (and the securities underlying the Corporate Units) in reliance of these or any other exemption should carefully review the exemption to assure it is applicable. There can be no assurance that all of the conditions of any such exemptions will be satisfied.

Because of the foregoing, the Corporate Units (and the securities underlying the Corporate Units) should not be purchased or held by any person investing Plan Assets of any Plan, unless such purchase and holding (i) is entitled to exemptive relief from the prohibited transaction provisions of ERISA and Section 4975 of the Code and is otherwise permissible under all applicable Similar Laws or (ii) would not otherwise constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code.

Representation

By acceptance of the Corporate Units (and the securities underlying the Corporate Units) or any interest therein, each purchaser and subsequent transferee will be deemed to have represented and warranted that either (1) no portion of the assets used by such purchaser or transferee to acquire or hold the Corporate Units (and the securities underlying the Corporate Units) constitutes Plan Assets or (2) the acquisition and holding of the Corporate Units (and the securities underlying the Corporate Units) by such purchaser or transferee would not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation of Similar Laws.

The foregoing discussion is general in nature and is not intended to be all-inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in nonexempt prohibited transactions, it is particularly important that fiduciaries or other persons considering acquiring the Corporate Units (and the securities underlying the Corporate Units) on behalf of, or with the assets of, any Plan, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any Similar Laws to such investments and whether an exemption would be applicable to the purchase and holding of the Corporate Units (and the securities underlying the Corporate Units).

UNDERWRITING

Barclays Capital Inc. and Goldman, Sachs & Co. are acting as the representatives of the underwriters for this offering. Under the terms and subject to the conditions of an underwriting agreement dated the date of this prospectus supplement, each of the underwriters have agreed, severally and not jointly, to purchase the number of Corporate Units shown opposite its name below:

Underwriters	Number of Corporate Units
Barclays Capital Inc	4,000,000
Goldman, Sachs & Co	4,000,000
Citigroup Global Markets Inc	1,276,500
Wells Fargo Securities, LLC	1,276,500
Merrill Lynch, Pierce, Fenner & Smith Incorporated	760,000
Credit Suisse Securities (USA) LLC	760,000
BNP Paribas Securities Corp	760,000
J.P. Morgan Securities LLC	760,000
Mitsubishi UFJ Securities (USA), Inc	760,000
RBS Securities Inc	760,000
Scotia Capital (USA) Inc	760,000
Mizuho Securities USA Inc	675,000
RBC Capital Markets, LLC	675,000
U.S. Bancorp Investments, Inc	675,000
The Williams Capital Group, L.P	403,375
BNY Mellon Capital Markets, LLC	203,375
CIBC World Markets Corp	203,375
Credit Agricole Securities (USA) Inc	203,375
KeyBanc Capital Markets Inc	203,375
PNC Capital Markets LLC	203,375
SMBC Nikko Securities America, Inc	203,375
TD Securities (USA) LLC	203,375
Lebenthal & Co., LLC	200,000
The Huntington Investment Company	75,000
Total	20,000,000

The underwriting agreement provides that the obligation of the several underwriters to purchase and pay for the Corporate Units is subject to, among other things, the approval of certain legal matters by their counsel and certain other conditions. The underwriters are obligated to take and pay for all of the Corporate Units if any are taken.

The underwriters initially propose to offer the Corporate Units directly to the public at the respective public offering prices set forth on the cover page of this prospectus supplement. The underwriters may also offer part of the Corporate Units to certain dealers at prices that represent a concession not in excess of $0.900 per Corporate Unit. After the initial offering of the Corporate Units, the offering prices and other selling terms may from time to time be varied by the underwriters. The offering of the Corporate Units by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part.

The Corporate Units are a new issue of securities with no established trading market. We intend to apply to list the Corporate Units on the New York Stock Exchange and expect trading to begin within 30 days of the initial issuance of the Corporate Units under the symbol "EXCU." The underwriters have advised us that they intend to make a market in the Corporate Units before commencement of trading on the New York Stock Exchange. They will have no obligation to make a market in the Corporate Units, however, and may cease

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market-making activities, if commenced, at any time. Accordingly, an active trading market on the New York Stock Exchange for the Corporate Units may not develop or, even if one develops, may not last, in which case the liquidity and market price of the Corporate Units could be adversely affected, the difference between bid and asked prices could be substantial and your ability to transfer Corporate Units at the time and price desired will be limited.

This prospectus supplement, as amended or supplemented, may be used by the remarketing agents for remarketing of the Notes at such time as is necessary or upon early settlement with respect to the stock purchase contracts.

We estimate that the total expenses of the offering and the concurrent offering, not including the underwriting discount, will be approximately $1 million.

Option to Purchase Additional Corporate Units

We have granted an option to the underwriters to purchase, on one or more dates within a 13-day period beginning on, and including, the first date of original issuance of the Corporate Units, up to an additional 3,000,000 Corporate Units in the aggregate at the public offering price per Corporate Unit, less the underwriting discounts and commissions. If the underwriters exercise this option, each will be obligated, subject to conditions contained in the underwriting agreement, to purchase an additional amount of the Corporate Units proportionate to that underwriter's initial amount reflected in the above table.

Lock-Up Agreement

We have entered into a lock-up agreement with the underwriters prior to the commencement of this offering pursuant to which we, for a period of 60 days after the date of this prospectus supplement, may not, without the prior written consent of Barclays Capital Inc. and Goldman, Sachs & Co., (1) offer, sell, contract to sell, pledge, grant any option to purchase, make any short sale or otherwise dispose of, directly or indirectly, or file with the SEC a registration Statement under the Securities Act, relating to, any securities of the Company that are substantially similar to the shares of common stock being offered hereby, including but not limited to any options or warrants to purchase shares of common stock or any securities convertible into or exchangeable for, or that represent the right to receive, common stock or any such substantially similar securities, or publicly disclose the intention to make any offer, sale, pledge disposition or filing, or (2) enter into any swap or other agreement that transfers, in whole or part, any of the economic consequences of ownership of the common stock or any such other securities, whether any such transaction described in clause (1) or (2) above is to be settled by the delivery of common stock or such other securities in cash or otherwise.

Our directors and executive officers have entered into lock-up agreements with the underwriters prior to the commencement of this offering pursuant to which each of these persons, with limited exceptions, for a period of 60 days after the date of this prospectus supplement, may not, without the prior written consent of Barclays Capital Inc. and Goldman, Sachs & Co., offer, sell, contract to sell, pledge, grant any option to purchase, make any short sale or otherwise dispose of any shares of common stock, or any options or warrants to purchase shares of common stock, or any securities convertible into, exchangeable for or that represent the right to receive shares of common stock, whether now owned or hereinafter acquired, owned directly by such persons or with respect to which such persons have beneficial ownership within the rules and regulations of the SEC. Notwithstanding the foregoing, such directors and executive officers may (1) transfer such shares (a) as a bona fide gift or gifts or (b) to any trust for his or her direct or indirect benefit or the immediate family of such person, provided that the transferee agrees to be bound in writing by the limitations set forth above, and provided further that any such transfer shall not involve a disposition for value, or (2) sell such shares (a) pursuant to the plan adopted by such director or executive officer under the Exchange Act (the "10b5-1 Plan") in accordance with the terms of such 10b5-1 Plan in existence as of this prospectus supplement without any further amendment or modification, but only to the extent that any filing made pursuant to Section 16(a) under the Exchange Act reporting any such sale

made pursuant to this exception shall indicate that the sale was made pursuant to the 10b5-1 Plan or (b) held as of the date of this prospectus supplement through our 401(k) plan pursuant to portfolio balancing opportunities provided by the terms of such 401(k) plan.

Barclays Capital Inc. and Goldman, Sachs & Co., in their sole discretion, may release the common stock and other securities subject to the lock-up agreements described above in whole or in part at any time with or without notice. When determining whether or not to release common stock and other securities from lock-up agreements, Barclays Capital Inc. and Goldman, Sachs & Co. will consider, among other factors, the holder's reasons for requesting the release, the number of shares of common stock and other securities for which the release is being requested and market conditions at the time.

Indemnification

We have agreed to indemnify each of the underwriters and their controlling persons against certain liabilities, including liabilities under the Securities Act and to contribute to payments that the underwriters may be required to make for these liabilities.

Stabilization

In order to facilitate the offering of the Corporate Units, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the Corporate Units. Specifically, the underwriters may overallot in connection with the offering, creating a short position in the Corporate Units for the underwriters. In addition, to cover overallotments or to stabilize the price of the Corporate Units, the underwriters may bid for, and purchase, the Corporate Units in the open market. Finally, the underwriters may reclaim selling concessions allowed to a dealer for distributing the Corporate Units in the offering, if they repurchase previously distributed Corporate Units in transactions to cover short positions, in stabilization transactions or otherwise. Any of these activities may stabilize or maintain the market price for the Corporate Units above independent market levels. The underwriters are not required to engage in these activities and may end any of these activities at any time.

Electronic Distribution

A prospectus in electronic format may be made available on the Internet sites or through other online services maintained by one or more of the underwriters and/or selling group members participating in this offering, or by their affiliates. In those cases, prospective investors may view offering terms online and, depending upon the particular underwriter or selling group member, prospective investors may be allowed to place orders online. The underwriters may agree with us to allocate a specific number of Corporate Units for sale to online brokerage account holders. Any such allocation for online distributions will be made by the representatives on the same basis as other allocations.

Other than the prospectus in electronic format, the information on any underwriter's or selling group member's web site and any information contained in any other web site maintained by an underwriter or selling group member is not part of the prospectus or the registration statement of which this prospectus forms a part, has not been approved and/or endorsed by us or any underwriter or selling group member in its capacity as underwriter or selling group member and should not be relied upon by investors.

Other Relationships

Certain of the underwriters are participating as an underwriter in the concurrent common stock offering and an affiliate of Barclays Capital Inc. and Goldman, Sachs & Co., as forward purchasers, will receive more than 5% of the proceeds of such offering. In addition, the underwriters and their respective affiliates are full service financial institutions engaged in various activities. From time to time, in the ordinary course of business, certain of the underwriters and their respective affiliates have engaged and may in the future engage, in sales and

trading, commercial banking, investment banking advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services and/or other transactions of a financial nature with us and our affiliates. Consequently, they have received, and in the future may continue to receive, customary fees and commissions for these services. Specifically, certain of the underwriters are lenders under our existing credit facilities. Additionally, Barclays Capital Inc. and Goldman, Sachs & Co. are serving as financial advisors to us in connection with the acquisition of PHI.

In addition, in the ordinary course of their business activities, certain of the underwriters and their affiliates may make or hold a broad array of investments, including serving as counterparties to certain derivative and hedging arrangements, and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates.

Selling Restrictions

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive, or a Relevant Member State, with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State, or Relevant Implementation Date, no offer of Corporate Units may be made to the public in that Relevant Member State other than:

- to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the representatives; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Corporate Units shall require Exelon or the representatives to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purpose of the above provisions, the expression “an offer to the public” in relation to any Corporate Units in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Corporate Units to be offered so as to enable an investor to decide to purchase or subscribe the Corporate Units, as the same may be varied in the Relevant Member State by any measure implementing the Prospectus Directive in the Relevant Member State and the expression “Prospectus Directive” means Directive 2003/71/EC (including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member States) and includes any relevant implementing measure in the Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

The sellers of the Corporate Units have not authorized and do not authorize the making of any offer of Corporate Units through any financial intermediary on their behalf, other than offers made by the underwriter with a view to the final placement of the Corporate Units as contemplated in this prospectus. Accordingly, no purchaser of the Corporate Units, other than the underwriter, is authorized to make any further offer of the Corporate Units on behalf of the sellers or the underwriter.

United Kingdom

This prospectus has only been communicated or caused to have been communicated and will only be communicated or caused to be communicated as an invitation or inducement to engage in investment activity

(within the meaning of Section 21 of the Financial Services and Markets Act of 2000 (as amended), or FSMA) as received in connection with the issue or sale of the Corporate Units in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer. All applicable provisions of the FSMA will be complied with in respect to anything done in relation to the Corporate Units in, from or otherwise involving the United Kingdom.

Switzerland

The Corporate Units may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the Corporate Units or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the offering, the Company, the Corporate Units have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of Corporate Units will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA (FINMA), and the offer of Corporate Units has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes ("CISA"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of Corporate Units.

Dubai International Financial Centre

This prospectus supplement relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority ("DFSA"). This prospectus supplement is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus supplement nor taken steps to verify the information set forth herein and has no responsibility for the prospectus supplement. The Corporate Units to which this prospectus supplement relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Corporate Units offered should conduct their own due diligence on the Corporate Units. If you do not understand the contents of this prospectus supplement you should consult an authorized financial advisor.

Hong Kong

The Corporate Units may not be offered or sold by means of any document other than (i) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (ii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the Corporate Units may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to Corporate Units which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Japan

The Corporate Units have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the Financial Instruments and Exchange Law) and each underwriter has agreed that it will not

offer or sell any securities, directly or indirectly, in Japan or to, or for the account or the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the account or the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

Singapore

This prospectus has not been registered as a prospectus under the Securities and Futures Act, Chapter 289 of Singapore (the "SFA") by the Monetary Authority of Singapore, and the offer of the Corporate Units in Singapore is made primarily pursuant to the exemptions under Sections 274 and 275 of the SFA. Accordingly, the Corporate Units may not be offered or sold, or made the subject of an invitation for subscription or purchase, nor may this prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the Corporate Units be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor as defined in Section 4A of the SFA pursuant to Section 274 of the SFA, (ii) to an accredited investor as defined in Section 4A of the SFA or other relevant person as defined in Section 275(2) of the SFA, or to any person pursuant to an offer referred to in Section 275(1A) of the SFA, and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable exemption or provision of the SFA.

Where the Corporate Units are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the Corporate Units under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275 (1A), and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; or (3) by operation of law

LEGAL MATTERS

Ballard Spahr LLP, Philadelphia, Pennsylvania of Exelon, will render an opinion as to the validity of the common stock for us. Kirkland & Ellis, LLP, New York, New York will render an opinion as to certain other legal matters, and certain legal matters will be passed on for the underwriters by Winston & Strawn LLP, Chicago, Illinois and Latham & Watkins LLP, New York, New York. Winston & Strawn LLP and Latham & Watkins LLP provide legal services to Exelon and its subsidiaries from time to time.

EXPERTS

The financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) incorporated in this Prospectus by reference to the Annual Report on Form 10-K for the year ended December 31, 2013 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

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Preferred Securities

COMMONWEALTH EDISON COMPANY

First Mortgage Bonds
Notes

PECO ENERGY COMPANY

First and Refunding Mortgage Bonds
Preferred Stock

BALTIMORE GAS AND ELECTRIC COMPANY

Unsecured Debt Securities
Senior Secured Bonds
Preferred Stock

Exelon Corporation (Exelon) may use this prospectus to offer and sell from time to time:

- senior debt securities;
- subordinated debt securities;
- common stock;
- stock purchase contracts;
- stock purchase units;
- preferred stock in one or more series;
- depositary shares.

Exelon Generation Company, LLC (Generation) may use this prospectus to offer and sell from time to time:

- senior debt securities; and
- preferred limited liability company interests in one or more series.

Commonwealth Edison Company (ComEd) may use this prospectus to offer and sell from time to time:

- first mortgage bonds; and
- unsecured notes.

PECO Energy Company (PECO) may use this prospectus to offer and sell from time to time:

- first and refunding mortgage bonds; and
- preferred stock in one or more series

Baltimore Gas and Electric Company (BGE) may use this prospectus to offer and sell from time to time:

- unsecured debt securities;
- senior secured bonds; and
- preferred stock in one or more series.

Exelon, Generation, ComEd, PECO and BGE sometimes refer to the securities listed above as the "Securities."

Exelon, Generation, ComEd, PECO and BGE will provide the specific terms of the Securities in supplements to this prospectus prepared in connection with each offering. Please read this prospectus and the applicable prospectus supplement carefully before you invest. This prospectus may not be used to consummate sales of the offered Securities unless accompanied by a prospectus supplement.

Exelon's common shares are listed on the New York Stock Exchange, under the symbol "EXC."

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Please see " Risk Factors " beginning on page 2 for a discussion of factors you should consider in connection with a purchase of the Securities offered in this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Securities or determined if this prospectus is truthful

or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is May 23, 2014.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that Exelon, Generation, ComEd, PECO and BGE have each filed with the Securities and Exchange Commission (SEC) using a "shelf" registration process. Under this shelf registration process, each of us may, from time to time, sell our Securities described in this prospectus in one or more offerings. Each time Exelon, Generation, ComEd, PECO or BGE (each, a registrant) sells Securities, the registrant will provide a prospectus supplement that will contain a description of the Securities the registrant will offer and specific information about the terms of the offering. The prospectus supplement may also add, update or change information contained in this prospectus. If there is any inconsistency between the information in this prospectus and the prospectus supplement, you should rely on the prospectus supplement. You should read both this prospectus and any prospectus supplement together with additional information described under "Where You Can Find More Information."

Information contained herein relating to each registrant is filed separately by such registrant on its own behalf. No registrant makes any representation as to information relating to any other registrant or Securities issued by any other registrant.

As used in this prospectus, the terms "we," "our" and "us" generally refer to:

- Exelon with respect to Securities issued by Exelon.
- Generation with respect to Securities issued by Generation.
- ComEd with respect to Securities issued by ComEd.
- PECO with respect to Securities issued by PECO.
- BGE with respect to Securities issued by BGE.

None of the registrants will guarantee or provide other credit or funding support for the Securities to be offered by another registrant pursuant to this prospectus.

We are not offering the Securities in any state where the offer is not permitted.

For more detailed information about the Securities, you should read the exhibits to the registration statement. Those exhibits have either been filed with the registration statement or incorporated by reference to earlier SEC filings listed in the registration statement.

You should rely only on information contained in this prospectus and which is incorporated by reference or the documents to which we have referred you. We have not authorized anyone to provide you with information that is different. This prospectus and related prospectus supplement may be used only where it is legal to sell these securities. The information in this prospectus and any prospectus supplement may only be accurate on the date of this document. The business of the registrant, financial condition, results of operations and prospects may have changed since that date.

Please see "Risk Factors" beginning on page 2 for a discussion of factors you should consider in connection with a purchase of the Securities offered in this prospectus.

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FORWARD-LOOKING ST ATEMENTS

This prospectus and the documents incorporated or deemed incorporated by reference as described under the heading “Where You Can Find More Information” contain forward-looking statements that are not based entirely on historical facts and are subject to risks and uncertainties. Words such as “believes,” “anticipates,” “expects,” “intends,” “plans,” “predicts” and “estimates” and similar expressions are intended to identify forward-looking statements but are not the only means to identify those statements. These forward-looking statements are based on assumptions, expectations and assessments made by our management in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe to be appropriate. Any forward-looking statements are not guarantees of our future performance and are subject to risks and uncertainties.

This presentation contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which are subject to risks and uncertainties. The factors that could cause actual results to differ materially from the forward-looking statements made by the registrants include those factors discussed herein, as well as the items discussed in (1) each registrant’s 2013 Annual Report on Form 10-K in (a) ITEM 1A. Risk Factors, (b) ITEM 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations and (c) ITEM 8. Financial Statements and Supplementary Data: Note 22; and (2) other factors discussed herein and in other filings with the SEC by Exelon, Generation, ComEd, PECO and BGE, as applicable.

You are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date on the front of this prospectus or, as the case may be, as of the date on which we make any subsequent forward-looking statement that is deemed incorporated by reference. We do not undertake any obligation to update or revise any forward-looking statement to reflect events or circumstances after the date as of which any such forward-looking statement is made.

RISK FACT ORS

Investing in the Securities involves various risks. You are urged to read and consider the risk factors described in the combined Annual Reports on Form 10-K of Exelon, Generation, ComEd, PECO, and BGE, as applicable, for the year ended December 31, 2013, filed with the SEC on February 13, 2014. Before making an investment decision, you should carefully consider these risks as well as other information we include or incorporate by reference in this prospectus. The prospectus supplement applicable to each type or series of Securities offered by one of the registrants will contain a discussion of additional risks applicable to an investment in such registrant and the particular type of Securities the registrant is offering under that prospectus supplement.

EXELON CORP ORATION

Exelon, incorporated in Pennsylvania in February 1999, is a utility services holding company engaged, through Generation, in the energy generation business, and through ComEd, PECO and BGE, in the energy delivery businesses. Exelon’s principal executive offices are located at 10 South Dearborn Street, Chicago, Illinois 60603, and its telephone number is 312-394-7398.

EXELON GENERATI ON COMPANY, LLC

Generation’s integrated business consists of its owned and contracted electric generating facilities and investments in generation ventures that are marketed through its leading customer-facing activities. These customer-facing activities include, wholesale energy marketing operations and its competitive retail customer

supply of electric and natural gas products and services, including renewable energy products, risk management services and natural gas exploration and production activities. Generation has six reportable segments consisting of the Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Regions.

Generation was formed in 2000 as a Pennsylvania limited liability company. Generation began operations as a result of a corporate restructuring, effective January 1, 2001, in which Exelon separated its generation and other competitive businesses from its regulated energy delivery businesses at ComEd and PECO. Generation's principal executive offices are located at 300 Exelon Way, Kennett Square, Pennsylvania 19348, and its telephone number is 610-765-5959.

COMMONWE ALTH EDISON COMPANY

ComEd's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in northern Illinois, including the City of Chicago.

ComEd was organized in the State of Illinois in 1913 as a result of the merger of Cosmopolitan Electric Company into the original corporation named Commonwealth Edison Company, which was incorporated in 1907. ComEd's principal executive offices are located at 440 South LaSalle Street, Chicago, Illinois 60605, and its telephone number is 312-394-4321.

PECO ENERGY CO MPANY

PECO's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in southeastern Pennsylvania, including the City of Philadelphia, as well as the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services to retail customers in the Pennsylvania counties surrounding the City of Philadelphia.

PECO was incorporated in Pennsylvania in 1929. PECO's principal executive offices are located at 2301 Market Street, Philadelphia, Pennsylvania 19103, and its telephone number is 215-841-4000.

BALTIMORE GAS AND ELECTRI C COMPANY

BGE's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in central Maryland, including the City of Baltimore, as well as the purchase and regulated retail sale of natural gas and the provision of gas distribution services to retail customers in central Maryland, including the City of Baltimore.

BGE was incorporated in Maryland in 1906. BGE's principal executive offices are located at 110 West Fayette Street, Baltimore, Maryland 21201, and its telephone number is 410-234-5000.

USE OF PR OCEEDS

Except as otherwise indicated in the applicable prospectus supplement, each registrant expects to use the net proceeds from the sale of the Securities for general corporate purposes, including to discharge or refund (by redemption, by purchase on the open market, by purchase in private transactions, by tender offer or otherwise) outstanding long-term debt. Each registrant will describe in the applicable prospectus supplement any specific allocation of the proceeds to a particular purpose that the registrant has made at the date of that prospectus

supplement. Please refer to our annual and quarterly reports incorporated by reference into this prospectus and any prospectus supplement for information concerning each registrant's outstanding long-term debt. See "Where You Can Find More Information."

RATIO OF EARNINGS TO FIXED CHARGES AND RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERENCE SECURITY DIVIDENDS

Exelon

The following are Exelon's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	5.4	4.9	4.9	2.3	2.6	1.1

The following are Exelon's consolidated ratios of earnings to combined fixed charges and preference stock dividends for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to combined fixed charges and preference stock dividends	5.4	4.8	4.9	2.3	2.5	1.1

Generation

The following are Generation's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	10.4	8.5	7.3	2.6	3.3	(a)

(a) The ratio coverage was less than 1:1. Generation required additional earnings of $380 million in order to achieve a coverage ratio of 1:1.

Generation had no preference securities outstanding during the periods indicated; therefore, the ratio of earnings to combined fixed charges and preference security dividends is the same as the ratio of earnings to fixed charges for Generation.

ComEd

The following are ComEd's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	2.9	2.8	3.0	3.0	1.7	3.0

ComEd had no preference securities outstanding during the periods indicated; therefore, the ratio of earnings to combined fixed charges and preference security dividends is the same as the ratio of earnings to fixed charges for ComEd.

PECO

The following are PECO's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	3.7	3.3	4.7	4.9	5.6	5.1

The following are PECO's consolidated ratios of earnings to combined fixed charges and preference security dividends for each of the periods indicated:

	Years Ended December 31,				
	2009	2010	2011	2012	2013
Ratio of earnings to combined fixed charges and preferred stock dividends	3.6	3.2	4.5	4.7	5.2

On May 1, 2013, PECO redeemed all of its outstanding preferred securities; therefore, the ratio of earnings to combined fixed charges and preferred stock dividends is the same as the ratio of earnings to fixed charges for PECO for the three months ended March 31, 2014.

BGE

The following are BGE's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	2.0	2.7	2.4	1.0	3.6	5.8

The following are BGE's consolidated ratios of earnings to combined fixed charges and preference stock dividends for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to combined fixed charges and preference stock dividends	1.7	2.4	2.1	(a)	3.1	5.0

(a) The ratio coverage was less than 1:1. BGE required additional earnings of $14 million in order to achieve a coverage ratio of 1:1.

DESCRIPTION OF SECUR ITIES

Each time one of the registrants sells securities, it will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with additional information described under "Where You Can Find More Information."

PLAN OF DISTRIBUT ION

We may sell the Securities offered (a) through agents; (b) by underwriters or dealers; (c) directly to one or more purchasers; or (d) through a combination of any of these methods of sale.

In some cases we may also repurchase the Securities and reoffer them to the public by one or more of the methods described above.

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This prospectus may be used in connection with any offering of securities through any of these methods or other methods described in the applicable prospectus supplement.

Any underwriter or agent involved in the offer and sale of the Securities will be named in the applicable prospectus supplement.

By Agents

Offered securities may be sold on a one time or a continuing basis by agents designated by the applicable registrant. The agents will use their reasonable efforts to solicit purchases for the period of their appointment under the terms of an agency agreement between the agents and the applicable issuer.

By Underwriters or Dealers

If underwriters are used in the sale, the underwriters may be designated by the applicable registrant or selected through a bidding process. The securities will be acquired by the underwriters for their own account. The underwriters may resell the Securities in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. Underwriters may sell the Securities to or through dealers, and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or commissions from the purchasers for whom they may act as agents. The obligations of the underwriters to purchase the Securities will be subject to certain conditions. The underwriters will be obligated to purchase all the Securities of the series offered if any of the securities are purchased. Any initial public offering price and any discounts or concessions allowed or re-allowed or paid to dealers may be changed from time to time.

Only underwriters named in the applicable prospectus supplement are deemed to be underwriters in connection with the Securities offered hereby.

If dealers are utilized in the sale of the Securities, the applicable registrant will sell the Securities to the dealers as principals. The dealers may then resell the Securities to the public at varying prices to be determined by such dealers at the time of resale. The names of the dealers and the terms of the transaction will be set forth in the applicable prospectus supplement.

Direct Sales

We may also sell Securities directly to the public. In this case, no underwriters or agents would be involved.

General Information

We may authorize agents, underwriters or dealers to solicit offers by certain institutions to purchase Securities from us at the public offering price pursuant to delayed delivery contracts providing for payment and delivery on a later date or dates, all as described in the applicable prospectus supplement. Each delayed delivery contract will be for an amount not less than, and the aggregate amount of the Securities shall be not less nor more than, the respective amounts stated in the applicable prospectus supplement. Such institutions may include commercial and savings banks, insurance companies, pension funds, investment companies, educational and charitable institutions, and other institutions, but will in all cases be subject to our approval. The delayed delivery contracts will not be subject to any conditions except:

- the purchase by an institution of the Securities covered by its delayed delivery contract shall not, at any time of delivery, be prohibited under the laws of any jurisdiction in the United States to which such delayed delivery contract is subject; and

- if the Securities are being sold to underwriters, we shall have sold to those underwriters the total amount of the Securities less the amount thereof covered by the delayed delivery contracts. The underwriters will not have any responsibility in respect of the validity or performance of the delayed delivery contracts.

Unless otherwise specified in the related prospectus supplement, each series of the Securities will be a new issue with no established trading market, other than the common stock. Any common stock sold pursuant to a prospectus supplement or issuable upon conversion of another offered Security will be listed on the New York Stock Exchange, subject to official notice of issuance. We may elect to list any of the other securities on an exchange, but are not obligated to do so. It is possible that one or more underwriters may make a market in a series of the Securities, but no underwriter will be obligated to do so and any underwriter may discontinue any market making at any time without notice. We cannot predict the activity of trading in, or liquidity of, our Securities.

In connection with sales by an agent or in an underwritten offering, the SEC rules permit the underwriters or agents to engage in transactions that stabilize the price of the Securities. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters or agents of a greater number of securities than they are required to purchase in an offering. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Securities while an offering is in progress.

The underwriters also may impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the underwriters have repurchased Securities sold by or for the account of that underwriter in stabilizing or short-covering transactions.

These activities by the underwriters may stabilize, maintain or otherwise affect the market price of the Securities. As a result, the price of the Securities may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the underwriters at any time. These transactions may be effected on an exchange or automated quotation system, if the Securities are listed on that exchange or admitted for trading on that automated quotation system, in the over-the-counter market or otherwise.

We may from time to time, without the consent of the existing Security holders, create and issue further Securities having the same terms and conditions as the Securities being offered hereby in all respects, except for issue date, issue price and if applicable, the first payment of interest or dividends therein or other terms as noted in the applicable prospectus supplement. Additional Securities issued in this manner will be consolidated with, and will form a single series with, the previously outstanding securities.

Underwriters, dealers and agents that participate in the distribution of the Securities may be underwriters as defined in the Securities Act of 1933, and any discounts or commissions received by them from us and any profit on the resale of the Securities by them may be treated as underwriting discounts and commissions under the Securities Act.

We may have agreements with the underwriters, dealers and agents to indemnify them against certain civil liabilities, including liabilities under the Securities Act of 1933, or to contribute with respect to payments which the underwriters, dealers or agents may be required to make.

Underwriters, dealers and agents may engage in transactions with, or perform services for, us or our subsidiaries or affiliates in the ordinary course of their businesses.

LEGAL MATTE RS

Ballard Spahr LLP, Philadelphia, Pennsylvania, will render an opinion as to the validity of the Securities for us.

Winston & Strawn LLP, Chicago, Illinois, will render an opinion as to the validity of the Securities for any underwriters, dealers, purchasers or agents. Winston & Strawn LLP provides legal services to Exelon and its subsidiaries from time to time.

EXP ERTS

The financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) of Exelon, Generation, ComEd, PECO and BGE incorporated in this prospectus by reference to the combined Annual Reports on Form 10-K for the year ended December 31, 2013 have been so incorporated in reliance on the reports of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MO RE INFORMATION

Exelon, Generation, ComEd, PECO and BGE each file reports and other information with the SEC. The public may read and copy any reports or other information that we file with the SEC at the SEC's public reference room, 100 F Street, N.E., Room 1580, Washington, D.C. 20549. The public may obtain information on the operation of the public reference room by calling the SEC at 1-800-SEC-0330. These documents are also available to the public from commercial document retrieval services and at the web site maintained by the SEC at http://www.sec.gov. Reports, proxy statements and other information concerning Exelon may also be inspected at the offices of the New York Stock Exchange, which is located at 20 Broad Street, New York, New York 10005. You may also obtain a copy of the registration statement at no cost by writing us at the following address:

Exelon Corporation
Attn: Investor Relations
10 South Dearborn Street—52 nd Floor
P.O. Box 805398
Chicago, IL 60680-5398

This prospectus is one part of a registration statement filed on Form S-3 with the SEC under the Securities Act of 1933, as amended, known as the Securities Act. This prospectus does not contain all of the information set forth in the registration statement and the exhibits and schedules to the registration statement. For further information concerning us and the Securities, you should read the entire registration statement, including this prospectus and any related prospectus supplements, and the additional information described under the sub-heading "Documents Incorporated By Reference" below. The registration statement has been filed electronically and may be obtained in any manner listed above. Any statements contained herein concerning the provisions of any document are not necessarily complete, and, in each instance, reference is made to the copy of such document filed as an exhibit to the registration statement or otherwise filed with the SEC. Each such statement is qualified in its entirety by such reference.

Information about us is also available on Exelon's web site at http://www.exeloncorp.com. The information on Exelon's web site is not incorporated into this prospectus by reference, and you should not consider it a part of this prospectus.

DOCUMENTS INCORPORATED B Y REFERENCE

The SEC allows us to "incorporate by reference" information that we file with the SEC, which means that we can disclose important information to you by referring you to the documents we file with the SEC. The information incorporated by reference is an important part of this prospectus, and information that we file later with the SEC will automatically update and supersede this information. This incorporation by reference does not include documents that are furnished but not filed with the SEC. We incorporate by reference the documents listed below and any future documents that we file with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (known as the Exchange Act) but prior to the termination of any offering of securities made by this prospectus:

Exelon Corporation (Exchange Act File No. 1-16169)

- Exelon's Annual Report on Form 10-K for the year ended December 31, 2013;
- Exelon's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014;
- The description of Exelon's common stock contained in the registration statement on Form 8-A filed under the Securities Exchange Act of 1934, as amended, including any amendment thereto or report filed for the purpose of updating such description; and
- Exelon's Current Reports on Form 8-K filed with the SEC on February 12, 2014, February 13, 2014, February 28, 2014, April 1, 2014, April 30, 2014 and May 7, 2014.

Exelon Generation Company, LLC (Exchange Act File No. 333-85496)

- Generation's Annual Report on Form 10-K for the year ended December 31, 2013;
- Generation's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014; and
- Generation's Current Reports on Form 8-K filed with the SEC on February 12, 2014 and April 1, 2014.

Commonwealth Edison Company (Exchange Act File No. 1-1839)

- ComEd's Annual Report on Form 10-K for the year ended December 31, 2013;
- ComEd's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014; and
- ComEd's Current Reports on Form 8-K filed with the SEC on January 10, 2014 and February 28, 2014.

PECO Energy Company (Exchange Act File No. 000-16844)

- PECO's Annual Report on Form 10-K for the year ended December 31, 2013; and
- PECO's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014.

Baltimore Gas and Electric Company (Exchange Act File No. 1-1910)

- BGE's Annual Report on Form 10-K for the year ended December 31, 2013;
- BGE's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014; and
- BGE's Current Reports on Form 8-K filed with the SEC on February 13, 2014 and May 16, 2014.

Upon written or oral request, we will provide without charge to each person, including any beneficial owner, to whom this prospectus is delivered, a copy of any or all of such documents which are incorporated herein by reference (other than exhibits to such documents unless such exhibits are specifically incorporated by reference

into the documents that this prospectus incorporates). Written or oral requests for copies should be directed to Exelon Corporation, Attn: Investor Relations, 10 South Dearborn Street, 52 nd Floor, P.O. Box 805398, Chicago, IL 60680-5398, 312-394-2345.

Any statement contained in this prospectus, or in a document all or a portion of which is incorporated by reference, shall be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus, any supplement or any document incorporated by reference modifies or supersedes such statement. Any such statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this prospectus.

All reports and other documents subsequently filed by us pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act, prior to the filing of a post-effective amendment, which indicates that all of a class of securities offered hereby have been sold or which deregisters all of a class of securities then remaining unsold, shall be deemed incorporated by reference herein and to be a part hereof from the date of filing of such documents.

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20,000,000 Equity Units
(Initially Consisting of 20,000,000 Corporate Units)

Exelon Corporation

PROSPECTUS SUPPLEMENT

Joint Book-Running Managers

Barclays
Goldman, Sachs & Co.
Citigroup
Wells Fargo Securities

Senior Co-Managers

BofA Merrill Lynch
Credit Suisse
BNP PARIBAS
J.P. Morgan
Mitsubishi UFJ Securities
RBS
Scotiabank
Mizuho Securities
RBC Capital Markets
US Bancorp

Co-Managers

BNY Mellon Capital Markets, LLC
CIBC
Credit Agricole CIB
KeyBanc Capital Markets
Lebenthal Capital Markets
PNC Capital Markets LLC
SMBC Nikko
TD Securities
The Huntington Investment Company
The Williams Capital Group, L.P.

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June 11, 2014

Filed Pursuant to Rule 424(b)(2)
Registration No. 333-196220

CALCULATION OF REGISTRATION FEE

Title of each Class of Securities to be Registered	Amount to be Registered (1)	Maximum Offering Price Per Share	Maximum Aggregate Offering Price	Amount of Registration Fee (2)
Common Stock, without par value	57,500,000 Shares	$35.00	$2,012,500,000	$259,210

(1) Includes 7,500,000 shares of common stock that may be purchased by the underwriters upon the exercise of their over-allotment option.
(2) Calculated in accordance with Rule 457(r). This "Calculation of Registration Fee" table shall be deemed to update the "Calculation of Registration Fee" table in Registration Statement No. 333-190335.

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PROSPECTUS SUPPLEMENT
(To Prospectus Dated May 23, 2014)

50,000,000 Shares

Exelon Corporation

Common Stock

We have entered into forward sale agreements with an affiliate of Barclays Capital Inc. and Goldman, Sachs & Co., which we refer to as the forward purchasers. Barclays Capital Inc., as agent for its affiliated forward purchaser, and Goldman, Sachs & Co., whom we refer to in such capacity as the forward sellers, at our request, are borrowing from third parties and selling to the underwriters an aggregate of 50,000,000 of our shares of common stock, without par value, (or 57,500,000 shares of our common stock if the underwriters exercise their option to purchase additional shares of our common stock in full) in connection with the forward sale agreements between us and the forward purchasers. If the forward sellers are unable to borrow and deliver for sale on the anticipated closing date such number of shares of our common stock, or if the forward purchasers determine, in their commercially reasonable judgment, that the forward sellers are unable to borrow, at a stock loan rate not greater than a specified amount, and deliver for sale on the anticipated closing date such number of shares of our common stock, then we will issue and sell to the underwriters a number of shares equal to the number of shares that the forward sellers do not borrow and sell.

We will not receive any proceeds from the sale of our shares of common stock offered hereby, except in certain circumstances described in this prospectus supplement. We will receive proceeds, subject to certain adjustments, from the sale of those shares of common stock covered by the forward sale agreements only upon one or more future physical settlements of the forward sale agreements, which, at our election, may occur on any one or more trading days between the effective date of the forward sale agreements and October 29, 2015. If we elect to cash settle the forward sale agreements, we will not receive any proceeds from the sale of our shares of common stock and may either receive from, or owe a cash payment to, the forward purchasers. If we elect to net share settle the forward sale agreements, we will not receive any proceeds from the sale of our shares of common stock, and we may either receive from or owe to the forward purchasers shares of our common stock. See “Underwriting (Conflicts of Interest)—Forward Sale Agreements” for a description of the forward sale agreements.

Our common stock is listed on the New York Stock Exchange under the symbol “EXC.” On June 11, 2014, the closing price of our common stock on the New York Stock Exchange was $35.75 per share.

Concurrently with this offering, we are conducting an offering of 20,000,000 of our equity units for a stated value of $1.0 billion (or an offering of 23,000,000 of our equity units for a stated value of $1.15 billion if the equity units underwriters exercise their option to purchase additional equity units in full). The offering of the common stock and the offering of the equity units are not contingent on each other. See “Recent Developments—Concurrent Equity Units Offering.”

Investing in our common stock involves certain risks. You should carefully read this prospectus supplement and the accompanying base prospectus, including the documents incorporated by reference herein, and therein, before you make your investment decision. See the “ Risk Factors ” section beginning on page S-6 of this prospectus supplement, as well as under “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2013, which is incorporated by reference herein, for more information.

	Per Share	Total
Initial price to public	$35.00	$1,750,000,000
Underwriting discount	$ 1.05	$ 52,500,000
Proceeds, before expenses, to us (1)	$33.95	$1,697,500,000

(1) We expect to receive net proceeds from the sale of our common stock, before estimated fees and expenses, of $1.6975 billion, upon full physical settlement of the forward sale agreements, which we expect will occur on or about October 29, 2015. For the purpose of calculating the aggregate net proceeds to us, we have assumed the forward sale agreements are fully physically settled based on the initial forward sale price of $33.95 per share. The forward sale price is subject to adjustment pursuant to the forward sale agreements, and the actual proceeds, if any, will be calculated as described in this prospectus supplement. Although we expect to settle the forward sale agreements entirely by the full physical delivery of our shares of common stock in exchange for cash proceeds, we may elect cash settlement or net share settlement for all or a portion of the forward sale agreements. See “Underwriting (Conflicts of Interest)—Forward Sale Agreements” for a description of the forward sale agreements.

We have granted the underwriters a 30-day option from the date of this prospectus supplement, exercisable in whole or in part from time to time, to purchase up to an additional 7,500,000 shares of our common stock at the initial price to public less the underwriting discount. If such option is exercised, we will enter into additional forward sale agreements with the forward purchasers in respect of the number of shares that are subject to the exercise of such option. Unless the context requires otherwise, the term “forward sale agreements” as used in this prospectus supplement includes any additional forward sale agreements that we elect to enter into in connection with the exercise, by the underwriters, of their option to purchase additional shares of our common stock. In the event that we enter into additional forward sale agreements, if any forward seller does not borrow and sell all of the shares of common stock to be sold by it in connection with the exercise of such option, we will issue and sell to the underwriters a number of our shares of common stock equal to the number of shares of common stock that the forward seller does not borrow and sell.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters are offering the shares of our common stock as set forth under “Underwriting (Conflicts of Interest).” The underwriters expect that the shares of common stock will be ready for delivery on or about June 17, 2014.

Joint Book-Running Managers

Barclays | **Goldman, Sachs & Co.**
BofA Merrill Lynch | **Credit Suisse** | **J.P. Morgan**

Senior Co-Managers

BNP PARIBAS | **Citigroup** | **Mitsubishi UFJ Securities**
RBS | **Scotiabank** | **Wells Fargo Securities**
Mizuho Securities | **RBC Capital Markets** | **Piper Jaffray**

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Co-Managers

BNY Mellon Capital Markets, LLC	**Blaylock Beal Van, LLC**	**CIBC**	**Credit Agricole CIB**
KeyBanc Capital Markets	**Loop Capital Markets**	**PNC Capital Markets LLC**	**Ramirez & Co., Inc.**
SMBC Nikko	**TD Securities**		**The Huntington Investment Company**

The date of this prospectus supplement is June 11, 2014

We urge you to carefully read this prospectus supplement and the accompanying prospectus, which describe the terms of the offering of the common stock, before you make your investment decision. You should rely only on the information contained in or incorporated by reference in this prospectus supplement, the accompanying prospectus and any related free writing prospectus required to be filed with the Securities and Exchange Commission ("SEC"). We have not, and the underwriters have not, authorized anyone else to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information appearing in this prospectus supplement and the accompanying prospectus is accurate as of any date other than the date on the front of those documents or that the information incorporated by reference is accurate as of any date other than the date that the document incorporated by reference was filed with the SEC.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement and the accompanying prospectus contain information about Exelon Corporation and the common stock offered hereby. This prospectus supplement and the accompanying prospectus also refer to information contained in other documents that we file with the SEC. To the extent the information in this prospectus supplement is inconsistent with information in the prospectus, you should rely on this prospectus supplement.

The accompanying prospectus also includes information about our subsidiaries, Exelon Generation Company, LLC ("Generation"), Commonwealth Edison Company ("ComEd"), PECO Energy Company ("PECO") and Baltimore Gas and Electric Company ("BGE") and their securities, which does not apply to us or the common stock offered hereby.

When we refer to "Exelon," "the Company," "we," "us," or "our" in this prospectus supplement, we mean Exelon Corporation and, unless the context otherwise indicates, does not include any of our subsidiaries or affiliates.

EXELON CORPORATION

Exelon, incorporated in Pennsylvania in February 1999, is a utility services holding company engaged, through Generation, in the energy generation business, and through ComEd, PECO and BGE, in the energy delivery businesses. Exelon's principal executive offices are located at 10 South Dearborn Street, Chicago, Illinois 60603, and its telephone number is 312-394-7398.

RECENT DEVELOPMENTS

Concurrent Equity Units Offering

Concurrently with this offering, we are conducting a $1.0 billion offering of 20,000,000 of our equity units (or $1.15 billion offering of 23,000,000 of our equity units if the underwriters exercise their option to purchase additional equity units in full). Each equity unit will have a stated amount of $50.00 and initially will be in the form of a corporate unit consisting of a purchase contract issued by Exelon and a 1/20 undivided beneficial ownership interest in $1,000 principal amount of Exelon's 2014 2.50% junior subordinated notes due 2024. The underwriters are offering such equity units to the public at a price of $48.50 per equity unit by means of a separate prospectus supplement. We expect to settle the equity units offering and receive proceeds on or about June 17, 2014. We intend to use the net proceeds received in the offering of the equity units to finance a portion of the acquisition of Pepco Holdings, Inc., a Delaware corporation ("PHI") and for general corporate purposes. See "—PHI Merger." The two offerings are not contingent on each other. There can be no assurance that the sale of equity units will be consummated or otherwise completed. This prospectus supplement is not an offer to sell any securities other than the common stock.

PHI Merger

On April 29, 2014, we entered into an Agreement and Plan of Merger (the "Merger Agreement") with Purple Acquisition Corp., a Delaware corporation, our indirect, wholly-owned subsidiary ("Merger Sub"), and PHI.

The Merger Agreement provides for the merger of Merger Sub with and into PHI on the terms and subject to the conditions set forth in the Merger Agreement (the "Merger"), with PHI continuing as the surviving

corporation in the Merger and an indirect, wholly-owned subsidiary of Exelon. At the effective time of the Merger, each outstanding share of the common stock, par value $0.01 per share, of PHI (the "PHI Common Stock"), other than those held by PHI, Exelon or Merger Sub, any wholly-owned subsidiary of Exelon or any wholly-owned subsidiary of PHI, and any shares held by any stockholders who have not voted in favor of adoption of the Merger Agreement or consented thereto in writing and who have properly demanded and not withdrawn a demand for appraisal pursuant to Section 262 of the Delaware General Corporation Law with respect to such shares, will be converted into the right to receive $27.25 in cash, without interest.

Consummation of the Merger is subject to the satisfaction or waiver of specified closing conditions, including (1) the approval of the Merger by the holders of a majority of the outstanding shares of the PHI Common Stock, (2) the receipt of regulatory approvals required to consummate the Merger, including, approvals from the Federal Energy Regulatory Commission, the Federal Communications Commission, the Delaware Public Service Commission, the District of Columbia Public Service Commission, the Maryland Public Service Commission, the New Jersey Board of Public Utilities and the Virginia State Corporation Commission, (3) the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the "HSR Act") and (4) other customary closing conditions, including (a) the accuracy of each party's representations and warranties (subject to customary materiality qualifiers) and (b) each party's compliance with its obligations and covenants contained in the Merger Agreement. In addition, the obligations of Exelon and Merger Sub to consummate the Merger are subject to the required regulatory approvals not, individually or in the aggregate, imposing terms, conditions, obligations or commitments that constitute a burdensome condition (as defined in the Merger Agreement).

The Merger Agreement also contains customary representations, warranties and covenants of both PHI and us. These covenants include, among others, an obligation on behalf of PHI to operate its business in the ordinary course until the Merger is consummated, limitations on the right of PHI to solicit or engage in negotiations regarding alternative acquisition proposals or to withdraw its support of the Merger and that the parties use reasonable best efforts to obtain governmental and regulatory approvals.

The Merger Agreement may be terminated by each of PHI and us under certain circumstances, including if the Merger is not consummated by July 29, 2015 (subject to extension to October 29, 2015, if all of the conditions to closing, other than the conditions related to obtaining regulatory approvals, have been satisfied). The Merger Agreement also provides for certain termination rights for both PHI and us, and further provides that, upon termination of the Merger Agreement under certain specified circumstances, PHI will be required to pay us a termination fee of $259 million or reimburse our expenses up to $40 million (which reimbursement shall reduce on a dollar for dollar basis any termination fee subsequently payable by PHI), provided, however, that if the Merger Agreement is terminated in connection with an acquisition proposal made under certain circumstances by a person who made an acquisition proposal between April 1, 2014 and the date of the Merger Agreement, the termination fee will be $293 million plus reimbursement of our expenses up to $40 million (not subject to offset). In addition, if the Merger Agreement is terminated under certain circumstances due to the failure to obtain regulatory approvals or the breach by us of our obligations in respect of obtaining regulatory approvals (a "Regulatory Termination"), we will pay PHI a reverse termination fee of up to $180 million. If the Merger Agreement is terminated other than for a Regulatory Termination, PHI will redeem the Non-voting Preferred Stock for a redemption price equal to the purchase price paid up to the date of termination by us to purchase the Non-voting Preferred Stock.

Neither this offering nor the concurrent equity units offering are contingent on the successful completion of the Merger. See "Risk Factors—Risks Related to Our Contemplated Acquisition of PHI."

THE OFFERING	
Shares of common stock offered by the forward sellers [1]	50,000,000 shares of common stock (57,500,000 shares of common stock if the underwriters' option to purchase additional shares of common stock is exercised in full).
Shares of common stock to be outstanding immediately after the offering [1]	858,876,681 shares of common stock.
Shares of common stock to be outstanding after settlement of the forward sale agreements assuming full physical settlement [1]	908,876,681 shares of common stock (916,376,681 shares of common stock if the underwriters' option to purchase additional shares of common stock is exercised in full).
Use of proceeds [2]	We expect that the net proceeds from this offering will be approximately $1,697,500,000 (before deducting fees and estimated expenses related to the forward sale agreements), subject to certain adjustments pursuant to the forward sale agreements, only upon full physical settlement of the forward sale agreements, which we expect to occur on or about October 29, 2015. We will not receive any proceeds from the sale of the shares of common stock offered by the forward sellers pursuant to this prospectus supplement at the time we enter into the forward sale agreements unless (1) an event occurs that requires us to sell our common stock to the underwriters in lieu of the forward sellers selling our common stock to the underwriters, or (2) the underwriters exercise their option to purchase additional shares of common stock in full and, if the forward sellers are unable to borrow and deliver for sale on the anticipated closing date for the exercise of such option the number of shares of our common stock with respect to which such option has been exercised, or if the forward purchasers determine, in their commercially reasonable judgment, that the forward sellers are unable to borrow, at a stock loan rate not greater than a specified amount, and deliver for sale on the anticipated closing date for the exercise of such option the number of shares of our common stock with respect to which such option has been exercised, in which case we will issue and sell to the underwriters a number of shares equal to the number of shares that the forward sellers do not borrow and sell. We intend to use any net proceeds we receive from any such sales in the manner described below. We intend to use the net proceeds, if any, from the settlement of the forward sale agreements to finance a portion of the acquisition of PHI and for general corporate purposes. See "Recent Developments—PHI Merger" and "Use of Proceeds."

Accounting treatment of the transaction	Before the issuance of our shares of common stock, if any, upon settlement of the forward sale agreements, the forward sale agreements will be reflected in our diluted earnings per share calculations using the treasury stock method. Under this method, the number of our shares of common stock used in calculating diluted earnings per share is deemed to be increased by the excess, if any, of the number of shares of common stock that would be issued upon full physical settlement of the forward sale agreements over the number of shares of common stock that could be purchased by us in the market (based on the average market price during the period) using the proceeds receivable upon full physical settlement (based on the adjusted forward sale price at the end of the reporting period). Consequently, we anticipate there will be no dilutive effect on our earnings per share except during periods when the average market price of our shares of common stock is above the applicable adjusted forward sale price, which is initially $33.95 per share, subject to increase or decrease based on the federal funds rate, less a spread, and subject to price reductions on our shares of common stock during the term of the forward sale agreements.
Listing	Our shares of common stock are listed on the New York Stock Exchange under the symbol “EXC.”
Risk factors	An investment in our common stock involves risks, and prospective investors should carefully consider the matters discussed under “Risk Factors” beginning on page S-6 of this prospectus supplement and the reports we file with the SEC pursuant to the Exchange Act, incorporated by reference in this prospectus supplement and the accompanying prospectus, before making an investment in our common stock.
Conflicts of Interest	All of the proceeds of this offering (excluding proceeds paid to us with respect to any common stock that we may sell to the underwriters in lieu of the forward sellers selling our common stock to the underwriters) will be paid to the forward purchasers. Because an affiliate of Barclays Capital Inc. and Goldman, Sachs & Co. each will receive more than 5% of the net proceeds of this offering, Barclays Capital Inc. and Goldman, Sachs & Co. are deemed to have a conflict of interest within the meaning of Rule 5121 of the Financial Industry Regulatory Authority, Inc. (“FINRA”). Accordingly, this offering will be conducted in compliance with the applicable provisions of FINRA Rule 5121. Pursuant to that rule, the appointment of a “qualified independent underwriter” is not required in connection with this offering, as the shares of common stock have a “bona fide public market” (as defined in FINRA Rule 5121). See “Use of Proceeds” and “Underwriting (Conflicts of Interest)” for additional information.

(1) The forward sellers have advised us that they intend to acquire shares of common stock to be sold under this prospectus supplement through borrowings from third-party stock lenders. Subject to the occurrence of certain events, we will not be obligated to deliver shares of common stock, if any, under the forward sale agreements until final settlement of the forward sale agreements, which we expect to occur on or about October 29, 2015. Except in certain circumstances, we have the right to elect cash settlement or net share settlement under the forward sale agreements. See "Underwriting (Conflicts of Interest)—Forward Sale Agreements" for a description of the forward sale agreements. The number of shares of common stock to be outstanding after this offering is based on 858,876,681 shares of common stock outstanding as of June 6, 2014, and excludes 18,827,004 shares of common stock issuable upon the exercise of outstanding options and any additional shares of common stock we may issue from and after, June 6, 2014 through final settlement of the forward sale agreements, including any shares of common stock issued pursuant to the purchase contract included in the equity units being offered in the concurrent equity units offering. These numbers assume no event occurs that would require us to sell shares of our common stock to the underwriters in lieu of the forward sellers selling shares of our common stock to the underwriters. If such an event occurs, then (a) the number of shares of our common stock to be outstanding immediately after the offering would be increased by such number of shares and (b) the number of shares of our common stock issuable pursuant to physical settlement of the forward sale agreements would be reduced by such number of shares.

(2) Calculated as of June 11, 2014 (assuming that the forward sale agreements are fully physically settled based on the initial forward sale price of $33.95 per share by the delivery of 50,000,000 shares of our common stock and that the underwriters have not exercised their option to purchase additional shares of common stock). The forward sale price is subject to adjustment pursuant to the forward sale agreements, and the actual proceeds are subject to settlement of the forward sale agreements.

RISK FACTORS

Your investment in the common stock involves certain risks. In addition to the Risk Factors related to the common stock set forth below, our business is influenced by many factors that are difficult to predict, involve uncertainties that may materially affect actual results and are often beyond our control. We have identified a number of these factors under the heading “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2013 which is incorporated by reference in this prospectus supplement. All of these risks could adversely affect our business, financial condition, results of operations and cash flows. As a result, our ability to pay dividends on, and the market price of, our common stock may be adversely affected if any of such risks is realized. In consultation with your own financial and legal advisers, you should carefully consider, among other matters, the discussions of risks that we have presented below and incorporated by reference before deciding whether an investment in the common stock is suitable for you.

Risks Related to Our Contemplated Acquisition of PHI

We may not realize the expected benefits of the PHI acquisition because of integration difficulties and other challenges.

The success of the PHI acquisition will depend, in part, on our ability to realize all or some of the anticipated benefits from integrating PHI’s business with our existing businesses. The integration process may be complex, costly and time-consuming. The challenges associated with integrating the operations of PHI’s business include, among others:

- delay in implementation of our business plan for the combined business;
- unanticipated issues or costs in integrating financial, information technology, communications and other systems;
- possible inconsistencies in standards, controls, procedures and policies, and compensation structures between PHI’ s structure and our structure;
- unanticipated changes in applicable laws and regulations;
- difficulties in retention of key employees;
- operating risks inherent in PHI’s business and our business; and
- unexpected regulatory requirements.

The parties to the anticipated Merger may be unable to satisfy the conditions to the completion of the Merger and the Merger may not be completed within the expected timeframe or at all.

Consummation of the Merger is subject to the satisfaction or waiver of specified closing conditions, including (1) the approval of the Merger by the holders of a majority of the outstanding shares of the PHI Common Stock, (2) the receipt of regulatory approvals required to consummate the Merger, including, approvals from the Federal Energy Regulatory Commission, the Federal Communications Commission, the Delaware Public Service Commission, the District of Columbia Public Service Commission, the Maryland Public Service Commission, the New Jersey Board of Public Utilities and the Virginia State Corporation Commission, (3) the expiration or termination of the applicable waiting period under the HSR Act and (4) other customary closing conditions, including (a) the accuracy of each party’s representations and warranties (subject to customary materiality qualifiers) and (b) each party’s compliance with its obligations and covenants contained in the Merger Agreement. In addition, the obligations of Exelon and Merger Sub to consummate the Merger are subject to the required regulatory approvals not, individually or in the aggregate, imposing terms, conditions, obligations or commitments that constitute a burdensome condition (as defined in the Merger Agreement)

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These and other conditions to the completion of the Merger may fail to be satisfied. In addition, satisfying the conditions to and completion of the Merger may take longer, and could cost more, than PHI or we expect. Any delay in completing the Merger or any additional conditions imposed in order to complete the Merger may materially adversely affect the synergies and other benefits that we expect to achieve if the Merger and the integration of the companies' respective businesses are completed within the expected timeframe.

In addition, we or PHI may terminate the Merger Agreement if the Merger is not completed by July 29, 2015 except that, under certain circumstances, such date may be extended by PHI or us to October 29, 2015.

Regulatory approvals that are required to complete the Merger may not be received, may take longer than expected or may impose conditions which are not presently anticipated.

Under the provisions of the HSR Act, the Merger may not be completed until notification and report forms have been filed with the Antitrust Division of the Department of Justice (the "DOJ") and the Federal Trade Commission (the "FTC") and the expiration of a 30 calendar day waiting period (unless the waiting period is set to expire on a weekend or federal holiday, in which case the waiting period is automatically extended until 11:59 p.m. of the next business day), or the early termination of that waiting period, following the parties' filing of their respective notification and report forms. If the Antitrust Division of the DOJ or the FTC issues a Request for Additional Information and Documentary Material prior to the expiration of the waiting period, the parties must observe a second 30 calendar day waiting period (unless the waiting period is set to expire on a weekend or federal holiday, in which case the waiting period is automatically extended until 11:59 p.m. of the next business day), which would begin to run only after both parties have substantially complied with the request for additional information, unless the waiting period is terminated earlier.

Failure to obtain regulatory approval may result in Exelon's payment of a regulatory reverse termination fee.

If the Merger Agreement is terminated under certain circumstances due to the failure to obtain regulatory approvals or the breach by Exelon of its obligations in respect of obtaining regulatory approvals (a Regulatory Termination), Exelon will be required to pay PHI a reverse termination fee of up to $180 million.

Legal proceedings in connection with the Merger, the outcomes of which are uncertain, could delay or prevent the completion of the Merger.

One of the conditions to the closing of the Merger is that no judgment (whether preliminary, temporary or permanent) or other order by any court or other governmental entity shall be in effect that restrains, enjoins or otherwise prohibits or makes illegal the consummation of the Merger.

PHI and its directors have been named as defendants in a purported class action lawsuit filed by a plaintiff on behalf of herself and other public stockholders challenging the proposed Merger and seeking, among other things, to enjoin the defendants from consummating the Merger on the agreed-upon terms.

If a plaintiff in this or any other litigation that may be filed in the future is successful in obtaining an injunction prohibiting the parties from completing the Merger on the terms contemplated by the Merger Agreement, the injunction may prevent the completion of the Merger in the expected timeframe or altogether. If completion of the Merger is prevented or delayed, it could result in substantial costs to us and PHI. In addition, we and PHI could incur significant costs in connection with the lawsuits, including costs associated with the indemnification of PHI's directors and officers.

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The Merger may prove disruptive and could result in our business failing to meet our expectations.

The process of integrating the operations of PHI may require a disproportionate amount of resources and management attention. Our future operations and cash flows will depend to a significant degree upon our ability to operate PHI efficiently, achieve the strategic operating objectives for our business and realize cost savings and synergies. Our management team may encounter unforeseen difficulties in managing the integration. In order to successfully integrate PHI, our management team will need to focus on realizing anticipated synergies and cost savings on a timely basis while maintaining the efficiency of our operations. Any substantial diversion of management attention could affect our ability to achieve operational, financial and strategic objectives.

The Merger may be completed on different terms from those contained in the Merger Agreement.

Prior to the completion of the Merger, the parties may, by their mutual agreement, amend or alter the terms of the Merger Agreement, including with respect to, among other things, the Merger consideration to be received by PHI stockholders or any covenants or agreements with respect to the parties' respective operations during the pendency thereof (certain of these changes, including those with respect to the Merger consideration to be received by PHI stockholders, may be made only prior to the requisite stockholder approval). Any such amendments or alterations may have negative consequences to Exelon or PHI stockholders including, among other things, reducing the cash available for our or PHI's operations or to meet respective obligations or restricting or limiting assets or operations of either of us or PHI. Under certain circumstances, PHI shareholders may be permitted or required to adopt any such amendments, which could delay the closing of the Merger and subject PHI and us to additional expense.

We have and will incur significant transaction and Merger-related costs in connection with the Merger.

We expect to incur a number of non-recurring costs associated with combining the operations of the two companies. Most of these costs will be transaction costs, including fees paid to financial and legal advisors related to the Merger and related financing arrangements, and employment-related costs, including change-in-control related payments made to certain PHI executives. In addition, if the closing of the Merger is materially delayed after this offering, we may be required to pay financing costs without having realized any benefits from the Merger during the period of delay. We will also incur transaction fees and costs related to formulating integration plans. Additional unanticipated costs may be incurred in the integration of the two companies' businesses. Although we expect that the elimination of costs, as well as the realization of other efficiencies related to the integration of the businesses, should allow us to offset incremental transaction and Merger-related costs over time, this net benefit may not be achieved in the near term, or at all.

Private parties may bring legal action under antitrust laws or intervene in regulatory proceedings.

Private parties who may believe they are adversely affected by the Merger and individual states may bring legal actions under the antitrust laws in certain circumstances or intervene in regulatory proceedings. Although we and PHI believe the completion of Merger will not conflict with any antitrust law, there can be no assurance that a challenge to the Merger on antitrust grounds will not be made or, if a challenge is made, what the result will be. Under the Merger Agreement, we and PHI have agreed to use our reasonable best efforts to obtain all regulatory clearances necessary to complete the Merger as promptly as practicable. In addition, in order to complete the Merger, we and PHI may be required to comply with conditions, terms, obligations or restrictions imposed by regulatory entities and such conditions, terms, obligations or restrictions may have the effect of delaying completion of the Merger, imposing additional material costs on or materially limiting our revenues after the completion of the Merger, or otherwise reducing our anticipated benefits to the Merger. In addition, such conditions, terms, obligations or restrictions could result in the delay or abandonment of the Merger.

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Risks Related to the Forward Sale Agreements

Settlement provisions contained in the forward sale agreements subject us to certain risks .

Each forward purchaser will have the right to accelerate its forward sale agreement (with respect to all or any portion of the transaction under the forward sale agreement that the forward purchaser determines is affected by such event) and require us to settle on a date specified by such forward purchaser if:

- such forward purchaser is unable to, or would incur a materially increased cost to, establish, maintain or unwind its hedge position with respect to its forward sale agreement, subject to certain exceptions in the case of such a materially increased cost;
- such forward purchaser determines it is unable to, or it is commercially impracticable for it to, continue to borrow a number of our shares of common stock equal to the number of shares of common stock underlying its forward sale agreement or that, with respect to borrowing such number of shares of common stock, it would incur a rate that is greater than the borrow cost specified in such forward sale agreement, subject to certain exceptions in the case of such a rate of borrowing that is greater than such specified borrow cost;
- such forward purchaser determines that it has an excess Section 13 ownership position, an excess FPA ownership position or an excess regulatory ownership position (as such terms are defined in such forward sale agreement) with respect to certain ownership restrictions and related filing requirements under federal securities laws, Pennsylvania corporate laws and federal power regulations or other applicable laws and regulations, as applicable;
- we declare a dividend or distribution on our shares of common stock with a cash value in excess of a specified amount, an ex-dividend date that occurs earlier than a specified date or certain non-cash dividends;
- there occurs a public announcement of an event or transaction that, if consummated, would result in a merger event, tender offer, nationalization or change in law (in each case, as determined pursuant to the terms of the forward sale agreement); or
- certain other events of default, termination events or other specified events occur, including, among other things, any material misrepresentation made by us in connection with entering into such forward sale agreement or a market disruption event during a specified period that lasts for more than eight scheduled trading days (in each case, as determined pursuant to the terms of the forward sale agreement).

Each forward purchaser’s decision to exercise its right to accelerate the settlement of the relevant forward sale agreement will be made irrespective of our need for capital. In such cases, we could be required to issue and deliver shares of common stock under the physical settlement provisions, which would result in dilution to our earnings per share, return on equity and dividends per share, or, if we so elect and such forward purchaser so permits our election, net share settlement provisions of the relevant forward sale agreement which could result in dilution to our earnings per share, return on equity and dividends per share, or cash settlement, irrespective of our capital needs.

We expect that each forward sale agreement will settle on or about October 29, 2015, but each forward sale agreement may be settled earlier in whole or in part at our option, subject to the satisfaction of certain conditions. Each forward sale agreement will be physically settled by delivery of our shares of common stock, unless we elect to cash settle or net share settle such forward sale agreement, subject to the satisfaction of certain conditions. Upon physical settlement or, if we so elect, net share settlement of the forward sale agreements, delivery of our shares of common stock in connection with such physical settlement or, to the extent we are obligated to deliver our shares of common stock, net share settlement will result in dilution to our earnings per share and return on equity. If we elect cash settlement or net share settlement with respect to all or a portion of the shares of common stock underlying the forward sale agreements, we expect each forward purchaser (or an

affiliate thereof) to purchase a number of shares of common stock necessary to satisfy its or its affiliate's obligation to return the shares of common stock borrowed from third parties in connection with sales of our shares of common stock under this prospectus supplement. In addition, the purchase of our shares of common stock in connection with such forward purchaser or its affiliate unwinding its hedge positions could result in an increase (or a reduction in the amount of any decrease) in the price of our shares of common stock over such time, thereby increasing the amount of cash we would owe to such forward purchaser (or decreasing the amount of cash such forward purchaser would owe us) upon a cash settlement of the relevant forward sale agreement or increasing the number of shares of common stock we would deliver to such forward purchaser (or decreasing the number of shares of common stock such forward purchaser would deliver to us) upon net share settlement of the relevant forward sale agreement. The forward sale price we expect to receive upon physical settlement of the forward sale agreements will be subject to adjustment on a daily basis based on a floating interest rate factor equal to the federal funds rate less a spread, and will be subject to price reductions on our shares of common stock during the term of the forward sale agreements. If the federal funds rate is less than the spread on any day, the interest factor will result in a daily reduction of the forward sale price. As of the date of this prospectus supplement, the federal funds rate was less than the spread. If the market value of our shares of common stock during the relevant valuation period under the respective forward sale agreement is above the relevant forward sale price, in the case of cash settlement, we would pay the forward purchaser under such forward sale agreement an amount in cash equal to the difference or, in the case of net share settlement, we would deliver to such forward purchaser a number of shares of common stock having a value equal to the difference. Thus, we could be responsible for a potentially substantial cash payment. If the market value of our shares of common stock during the relevant valuation period under the respective forward sale agreement is below the relevant forward sale price, in the case of cash settlement, we would be paid the difference in cash by the forward purchaser under such forward sale agreement or, in the case of net share settlement, we would receive from such forward purchaser a number of shares of common stock having a value equal to the difference. See "Underwriting (Conflicts of Interest)—Forward Sale Agreements" for information on the forward sale agreements.

In case of our bankruptcy or insolvency, the forward sale agreements will automatically terminate, and we would not receive the expected proceeds from the sale of our common stock.

If we file for or consent to a proceeding seeking a judgment in bankruptcy or insolvency or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or we or a regulatory authority with jurisdiction over us presents a petition for our winding-up or liquidation, and we consent to such a petition, the forward sale agreements will automatically terminate. If the forward sale agreements so terminate, we would not be obligated to deliver to the relevant forward purchaser any shares of common stock not previously delivered, and the relevant forward purchaser would be discharged from its obligation to pay the relevant forward sale price per share in respect of any shares of common stock not previously settled. Therefore, to the extent there are any shares of common stock with respect to which the forward sale agreements have not been settled at the time of the commencement of any such bankruptcy or insolvency proceedings, we would not receive the relevant forward sale price per share in respect of those shares of common stock.

Risks Related to Taxes

Non-U.S. holders may be subject to U.S. federal income tax.

We have not determined whether we are a "United States real property holding corporation" for U.S. federal income tax purposes. If we are a United States real property holding corporation, non-U.S. holders (as defined in "Certain United States Federal Income Tax Considerations for Non-U.S. Holders") of our common stock may be subject to U.S. federal income tax in respect of payments in connection with a sale, a transfer or other taxable disposition of our common stock if they exceed certain ownership levels. Prospective non-U.S. holders are urged to consult their tax advisors with respect to the U.S. federal income tax consequences of acquiring, owning and disposing of our common stock. See the discussion under the heading "Certain United States Federal Income Tax Considerations for Non-U.S. Holders."

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FORWARD LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus and the documents incorporated or deemed incorporated by reference as described under the heading “Where You Can Find More Information” contain forward-looking statements that are not based entirely on historical facts and are subject to risks and uncertainties. Words such as “believes,” “anticipates,” “expects,” “intends,” “plans,” “predicts” and “estimates” and similar expressions are intended to identify forward-looking statements but are not the only means to identify those statements. These forward-looking statements are based on assumptions, expectations and assessments made by our management in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe to be appropriate. Any forward-looking statements are not guarantees of our future performance and are subject to risks and uncertainties.

This prospectus supplement and the accompanying prospectus contain certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which are subject to risks and uncertainties. The factors that could cause actual results to differ materially from the forward-looking statements include: (a) any risk factors discussed in this prospectus supplement or the accompanying prospectus; (b) those risk factors discussed in our 2013 Annual Report on Form 10-K in (1) ITEM 1A. Risk Factors, (2) ITEM 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations and (3) ITEM 8. Financial Statements and Supplementary Data: Note 22; and (c) other factors discussed herein and in other filings with the SEC by Exelon, as applicable.

You are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date on the front of this prospectus supplement or, as the case may be, as of the date on which we make any subsequent forward-looking statement that is deemed incorporated by reference. We do not undertake any obligation to update or revise any forward-looking statement to reflect events or circumstances after the date as of which any such forward-looking statement is made.

WHERE YOU CAN FIND MORE INFORMATION

The SEC allows us to “incorporate by reference” the information filed by us with the SEC, which means that we can refer you to important information without restating it in this prospectus supplement and the accompanying prospectus. The information incorporated by reference is considered to be part of this prospectus supplement and the accompanying prospectus and should be read with the same care. This incorporation by reference does not include documents that are furnished, but not filed, with the SEC. Exelon, Generation, ComEd, PECO and BGE file combined reports under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Information contained in the combined reports relating to each registrant is filed separately by such registrant on its own behalf and only the information related to Exelon is incorporated by reference in this prospectus supplement and the accompanying prospectus. Exelon does not make any representation as to information relating to any other registrant or securities issued by any other registrant and you should not rely on any information relating to any registrant other than Exelon in determining whether to invest in the common stock offered hereby. We incorporate by reference our Annual Report on Form 10-K for the year ended December 31, 2013, our Quarterly Report on Form 10-Q for the quarter ended March 31, 2014 our Definitive Proxy Statement on Schedule 14A filed with the SEC on April 2, 2014, our Current Reports on Form 8-K filed with the SEC on February 12, 2014, February 13, 2014, February 28, 2014, April 1, 2014, April 30, 2014, May 12, 2014, May 27, 2014 and June 4, 2014, and any future filings that we make with the SEC under the Exchange Act if the filings are made prior to the time that all of the common stock are sold in this offering. You can also find more information about us from the sources described under “Documents Incorporated by Reference” in the accompanying prospectus.

USE OF PROCEEDS

We expect that the net proceeds from this offering will be approximately $1,697,500,000 (before deducting fees and estimated expenses related to the forward sale agreements), subject to certain adjustments pursuant to the forward sale agreements, only upon full physical settlement of the forward sale agreements, which we expect to occur on or about October 29, 2015.

We will not receive any proceeds from the sale of the shares of common stock offered by the forward sellers pursuant to this prospectus supplement, unless (1) an event occurs that requires us to sell our common stock to the underwriters in lieu of the forward sellers selling our common stock to the underwriters, or (2) the underwriters exercise their option to purchase additional shares of common stock in full and, if the forward sellers are unable to borrow and deliver for sale on the anticipated closing date for the exercise of such option the number of shares of our common stock with respect to which such option has been exercised, or if the forward purchasers determine, in their commercially reasonable judgment, that the forward sellers are unable to borrow, at a stock loan rate not greater than a specified amount, and deliver for sale on the anticipated closing date for the exercise of such option the number of shares of our common stock with respect to which such option has been exercised, then we will issue and sell to the underwriters a number of shares equal to the number of shares that the forward sellers do not borrow and sell. We intend to use any net proceeds we receive from any such sales in the manner described below.

We intend to use the net proceeds, if any, from the settlement of the forward sale agreements to finance a portion of the acquisition of PHI and for general corporate purposes. See “Recent Developments—PHI Merger.”

CAPITALIZATION

The table below shows our unaudited capitalization on a consolidated basis as of March 31, 2014. The "As Adjusted for Concurrent Offering" column reflects our capitalization after giving effect to our concurrent offering of equity units and use of proceeds therefrom. The "As Fully Adjusted" column reflects our capitalization after giving effect to the concurrent offering of equity units, this offering of common stock and the intended use of the net proceeds from both of these offerings. The table below assumes that the underwriters' option to purchase additional shares of our common stock is not exercised in this offering or the concurrent offering of equity units.

Unless the federal funds rate increases substantially prior to the settlement of the forward sale agreements, we expect to receive less than the net proceeds calculated based on the initial forward price upon physical settlement of the forward sale agreements. See "Use of Proceeds." You should read this table along with our audited financial statements contained in our Annual Report on Form 10-K for the year ended December 31, 2013, as well as the unaudited information presented in our most recent Quarterly Report on Form 10-Q filed for the quarter ended March 31, 2014. See "Where You Can Find More Information" and "Use of Proceeds."

	As of March 31, 2014		
	Actual	As Adjusted for Concurrent Offering	As Fully Adjusted
	(In millions)	(In millions)	(In millions)
Short-term borrowings	$ 980	$ 980	$ 980
Long-term debt:			
Long-term	19,568	19,568	19,568
Junior subordinated notes	—	1,000	1,000
Shareholders' equity	22,778	22,778	24,632
Total Capitalization	$ 43,326	$ 44,326	$ 46,180

COMMON STOCK DIVIDENDS AND PRICE RANGE

Our common stock is listed on the New York Stock Exchange under the symbol "EXC". The following table sets forth the range of intra-day high and low sale prices, as reported on the New York Stock Exchange, and the cash dividends declared on the common stock for the periods indicated:

Price Range	High	Low	Dividends
2012			
First Quarter	$43.70	$38.31	$ 0.525
Second Quarter	39.37	36.27	0.525
Third Quarter	39.82	34.54	0.525
Fourth Quarter	37.50	28.40	0.525
2013			
First Quarter	$34.56	$29.10	$ 0.556
Second Quarter	37.80	29.84	0.310
Third Quarter	32.42	29.42	0.310
Fourth Quarter	30.59	26.64	0.310
2014			
First Quarter	$33.94	$26.45	$ 0.310
Second Quarter (through June 11, 2014)	$37.73	$33.11	$ 0.310

On June 11, 2014, the last reported sale price of the common stock on the New York Stock Exchange was $35.75 per share.

Our board of directors declared the second quarter 2014 dividend of $0.31 per share on Exelon's common stock. The second quarter dividend was paid on June 10, 2014 to shareholders of record as of 5:00 p.m. New York Time on May 16, 2014. All future quarterly dividends require approval by Exelon's board of directors.

As of June 6, 2014, we had approximately 858,876,681 shares of common stock outstanding and approximately 127,869 holders of record of our common stock.

ACCOUNTING TREATMENT

Before the issuance of our shares of common stock, if any, upon settlement of the forward sale agreements, the forward sale agreements will be reflected in our diluted earnings per share calculations using the treasury stock method. Under this method, the number of our shares of common stock used in calculating diluted earnings per share is deemed to be increased by the excess, if any, of the number of shares of common stock that would be issued upon full physical settlement of the forward sale agreements over the number of shares of common stock that could be purchased by us in the market (based on the average market price during the period) using the proceeds receivable upon full physical settlement (based on the adjusted forward sale price at the end of the reporting period). Consequently, we anticipate there will be no dilutive effect on our earnings per share except during periods when the average market price of our shares of common stock is above the applicable adjusted forward sale price, which is initially $33.95 per share, subject to increase or decrease based on the federal funds rate, less a spread, and subject to price reductions on our shares of common stock during the term of the forward sale agreements. See “Underwriting (Conflicts of Interest)—Forward Sale Agreements.”

DESCRIPTION OF COMMON STOCK

The description below is a summary of certain provisions of our common stock. The Pennsylvania Business Corporation Law and our Amended and Restated Articles of Incorporation and Amended and Restated Bylaws determine the rights and privileges of holders of our common stock. We encourage you to read our Amended and Restated Articles of Incorporation and Amended and Restated Bylaws, which have been filed with the SEC and are incorporated herein by reference, and the laws of the Commonwealth of Pennsylvania for more information regarding such common stock.

General

Our authorized capital stock consists of 2,000,000,000 shares of common stock, without par value per share. Our common stock is listed on the New York Stock Exchange under the trading symbol “EXC.” Our common stock is also traded on the Chicago Stock Exchange under the trading symbol “EXC.”

Dividends

Dividends on the common stock will be paid if, when and as determined by our Board of Directors out of funds legally available for this purpose. The rate and timing of future dividends will depend upon our future earnings and financial condition and upon other relevant factors affecting our dividend policy, which we cannot presently determine. As a practical matter, our ability to pay dividends will be governed by the ability of our operating subsidiaries to pay dividends to us.

Voting Rights

Holders of common stock are entitled to one vote for each share held of record by them on all matters presented to shareholders. Pursuant to our Amended and Restated Articles of Incorporation, the holders of common stock do not have cumulative voting rights in the election of directors. Our directors are not classified in respect to the time for which they may hold office. The directors are elected at each annual meeting of shareholders for a one year term expiring at the next annual meeting of shareholders. Our Amended and Restated Bylaws also provide for certain notice requirements for shareholder nominations and proposals at annual meetings and preclude shareholders from bringing business before any special meeting. Our Amended and Restated Articles of Incorporation and certain provisions of the laws of the Commonwealth of Pennsylvania require a supermajority vote of holders or a majority vote of disinterested directors to approve certain business combinations and other major transactions involving us.

Liquidation Rights

After satisfaction of the preferential liquidation rights of any preferred stock, the holders of our common stock are entitled to share, ratably, in the distribution of all remaining net assets.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS FOR NON-U.S. HOLDERS

The following discussion describes certain U.S. federal income tax considerations to the non-U.S. holders (as defined below) of the ownership and disposition of our common stock acquired in this offering.

For purposes of this discussion, a "non-U.S. holder" means a beneficial owner of our common stock that, for U.S. federal income tax purposes, is not any of the following:

- an individual who is a citizen or resident of the United States;
- a corporation (or any other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if (a) a U.S. court has the authority to exercise primary supervision over the administration of the trust and one or more U.S. persons (as defined under the Internal Revenue Code of 1986, as amended (the "Code")) are authorized to control all substantial decisions of the trust or (b) the trust has a valid election in place to be treated as a domestic trust for U.S. federal income tax purposes.

This discussion assumes that each non-U.S. holder will hold each share of our common stock issued and purchased pursuant to this offering as a "capital asset" within the meaning of Section 1221 of the Code. This discussion does not address all U.S. federal income tax consequences relevant to a non-U.S. holder's individual circumstances. Specifically, this discussion does not address consequences relevant to U.S. expatriates and certain former citizens or long-term residents of the United States and partnerships or other entities or arrangements treated as partnerships for U.S. federal income tax purposes.

This discussion is based on the Code, Treasury regulations, Internal Revenue Service ("IRS") rulings and pronouncements and judicial decisions now in effect, all of which are subject to change or differing interpretations, possibly on a retroactive basis. No ruling has been or will be sought from the IRS with respect to the matters discussed below, and there can be no assurance that the IRS will not take a contrary position regarding the tax consequences of the ownership or disposition of our common stock, or that such contrary position would not be sustained by a court. Moreover, this discussion does not address the U.S. state and local, U.S. federal estate or gift, or non-U.S. tax considerations relating to the ownership and disposition of our common stock. This discussion also does not address the impact of the U.S. unearned income Medicare contribution tax on non-U.S. holders.

If a partnership (or other entity treated as a partnership for U.S. federal income tax purposes) holds our common stock, the tax treatment of a partner in the partnership will depend on the status of the partner, the activities of the partnership and certain determinations made at the partner level. Accordingly, partnerships holding our common stock and the partners in such partnerships should consult their tax advisors regarding the U.S. federal income tax consequences to them.

This discussion is for information purposes only and is not tax advice. Investors should consult their tax advisors with respect to the particular tax consequences to such investors of the purchase, ownership and disposition of our common stock arising under the U.S. federal income tax laws, U.S. federal estate or gift tax laws or under the laws of any state, local or non-U.S. taxing jurisdiction or under any applicable income tax treaty.

Distributions

In general, a distribution that we make to a non-U.S. holder with respect to shares of our common stock will constitute a dividend for U.S. federal income tax purposes to the extent paid out of our current or accumulated earnings and profits as determined under the Code. Subject to the discussions below on backup withholding and

foreign accounts, dividends paid to a non-U.S. holder that are not effectively connected with the non-U.S. holder's conduct of a trade or business within the United States will generally be subject to U.S. federal withholding tax at a rate of 30% of the gross amount of the dividends (unless such dividend is eligible for a reduced rate under an applicable income tax treaty). In order to obtain a reduced rate of withholding, a non-U.S. holder is generally required to provide to the applicable withholding agent an IRS Form W-8BEN (or suitable substitute form) properly certifying such holder's eligibility for the reduced rate. Non-U.S. holders that do not timely provide the applicable withholding agent with the required certification, but that qualify for a reduced withholding rate, may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for a refund with the IRS. Non-U.S. holders should consult their tax advisors regarding their entitlement to benefits under an applicable income tax treaty and the timing and manner of claiming the benefits.

Subject to the discussions below on backup withholding and foreign accounts, dividends that are effectively connected with a non-U.S. holder's conduct of a trade or business in the United States and, if an applicable income tax treaty so requires, are attributable to a permanent establishment maintained by the non-U.S. holder in the United States, are taxed on a net-income basis at the regular graduated rates and in the manner applicable to U.S. persons. The non-U.S. holder is generally required to provide to the applicable withholding agent a properly executed IRS Form W-8ECI (or suitable substitute form) in order to claim an exemption from, or reduction in, U.S. federal withholding. In addition, a "branch profits tax" may be imposed at a 30% rate (or a reduced rate under an applicable income tax treaty) on a foreign corporation's effectively connected earnings and profits for the taxable year, as adjusted for certain items.

Sale or Other Taxable Disposition of Our Common Stock

Subject to the discussions below on backup withholding and foreign accounts, a non-U.S. holder will generally not be subject to U.S. federal income tax on any gain recognized upon the sale or other disposition of our common stock unless:

- the gain is effectively connected with the non-U.S. holder's conduct of a trade or business within the United States (subject to an applicable income tax treaty providing otherwise);
- the non-U.S. holder is an individual who is present in the United States for 183 days or more in the taxable year of the disposition and certain other requirements are met; or
- our common stock constitutes a U.S. real property interest by reason of our status as a U.S. real property holding corporation, or a "USRPHC," for U.S. federal income tax purposes.

Gain described in the first bullet point above will generally be subject to U.S. federal income tax on a net-income basis at the regular graduated U.S. federal income tax rates and in the manner applicable to U.S. persons. A non-U.S. holder that is a foreign corporation for U.S. federal income tax purposes also may be subject to a branch profits tax at a rate of 30% (or a reduced rate under an applicable income tax treaty) upon its effectively connected earnings and profits for the taxable year, as adjusted for certain items.

A non-U.S. holder described in the second bullet point above will be subject to U.S. federal income tax at a rate of 30% (or a reduced rate under an applicable income tax treaty) on any gain derived from the disposition, which may be offset by certain U.S.-source capital losses of the non-U.S. holder (even though the individual is not considered a resident of the United States for U.S. federal income tax purposes) provided that the non-U.S. holder has timely filed U.S. federal income tax returns with respect to such losses.

With respect to the third bullet point above, we have not determined whether we are a "United States real property holding corporation" for U.S. federal income tax purposes (a "USRPHC"). However, even if we were a USRPHC, so long as our common stock continues to be regularly traded on an established securities market in the United States, within the meaning of applicable Treasury Regulations, a non-U.S. holder will not be subject to U.S. federal income tax on the disposition of our common stock if the non-U.S. holder has not held more than

5% (actually or constructively) of our total outstanding common stock at any time during the shorter of the five-year period preceding the date of disposition or such non-U.S. holder's holding period.

If a non-U.S. holder exceeds the limits described in the above paragraph with respect to common stock and we are a USRPHC, the non-U.S. holder generally will be subject to U.S. federal income tax at the regular graduated rates applicable to U.S. persons upon its disposition at a gain. A non-U.S. holder generally would also be subject to such tax with respect to any distribution on such common stock to the extent such distribution would not be treated as a dividend if such non-U.S. holder were a U.S. person. If a non-U.S. holder is subject to the tax described in the preceding sentences, the non-U.S. holder will be required to file a U.S. federal income tax return with the IRS.

Non-U.S. holders should consult their tax advisors regarding the U.S. federal income tax consequences of investing in our common stock if we were to be treated as a USRPHC.

Non-U.S. holders should also consult their tax advisors regarding potentially applicable income tax treaties that may provide for different rules.

Backup Withholding Tax and Information Reporting

A non-U.S. holder will not be subject to backup withholding with respect to payments of dividends on our common stock that we make to the non-U.S. holder, provided that the applicable withholding agent does not have actual knowledge or reason to know such holder is a U.S. person and that the holder certifies its non-U.S. status by providing a valid IRS Form W-8BEN or W-8ECI or other applicable certification. However, when and to the extent required by law, information returns will be filed with the IRS in connection with any dividends on our common stock paid to the non-U.S. holder, regardless of whether any tax was actually withheld. Copies of such information returns may also be made available, and withholding taxes paid, to the tax authorities in the country in which the non-U.S. holder resides or is established under the provisions of an applicable income tax treaty or agreement.

Unless the non-U.S. holder complies with certification procedures to establish that such holder is not a U.S. person (and the payor does not have actual knowledge or reason to know that the beneficial owner is a U.S. person), the non-U.S. holder may be subject to information reporting and, depending on the circumstances, backup withholding on the proceeds of a sale or disposition of our common stock.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a non-U.S. holder may be allowed as a credit against such non-U.S. holder's U.S. federal income tax liability, and may entitle such non-U.S. holder to a refund, provided the required information is timely and appropriately furnished to the IRS.

Additional Withholding Tax on Payments Made to Foreign Accounts

Withholding tax may be imposed under legislation commonly referred to as the Foreign Account Tax Compliance Act, or "FATCA," on certain types of payments made to non-U.S. financial institutions and certain other non-U.S. entities. Specifically, a 30% withholding tax may be imposed on dividends on, or gross proceeds from the sale or other disposition of, our common stock paid to a "foreign financial institution" or a "non-financial foreign entity" (each as defined in the Code), unless (a) the foreign financial institution undertakes certain diligence and reporting obligations, (b) the non-financial foreign entity either certifies it does not have any "substantial United States owners" (as defined in the Code) or furnishes identifying information regarding each substantial U.S. owner or (c) the foreign financial institution or non-financial foreign entity otherwise qualifies for an exemption from these rules.

If the payee is a foreign financial institution and is subject to the diligence and reporting requirements in (a) above, it must enter into an agreement with the U.S. Department of the Treasury requiring, among other

things, that it undertake to identify accounts held by certain “specified United States persons” or “United States owned foreign entities” (each as defined in the Code), annually report certain information about such accounts and withhold 30% on payments to non-compliant foreign financial institutions and certain other account holders. Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the United States governing FATCA may be subject to different rules.

Under the applicable Treasury regulations, withholding under FATCA generally will apply to dividends on our common stock made on or after July 1, 2014, and to gross proceeds from the sale or other disposition of such stock on or after January 1, 2017. Prospective investors should consult their tax advisors regarding the applicability of withholding under FATCA with respect to our common stock.

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CERTAIN CONSIDERATIONS FOR EMPLOYEE BENEFIT PLANS AND OTHER RETIREMENT ARRANGEMENTS

The following is a summary of certain considerations associated with the purchase of the shares by employee benefit plans that are subject to Title I of the U.S. Employee Retirement Income Security Act of 1974 ("ERISA"), individual retirement accounts and other plans and arrangements that are subject to Section 4975 of the Code or provisions under federal, state, local or non-U.S. laws that are substantively similar to Title I of ERISA or Section 4975 of the Code (such federal, state, local or non-U.S. laws, "Similar Laws") and entities whose underlying assets are considered to include "plan assets" (as defined in Section 3(42) of ERISA or any applicable Similar Laws, "Plan Assets") of any such plan, account or arrangement (each, a "Plan").

General Fiduciary Matters

ERISA and the Code impose certain duties on persons who are fiduciaries of a Plan subject to Title I of ERISA or Section 4975 of the Code (an "ERISA Plan"), and both ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of an ERISA Plan and its fiduciaries or other interested parties. Under Title I of ERISA and the Code, any person who exercises any discretionary authority or control over the administration of such an ERISA Plan or the management or disposition of the assets of such an ERISA Plan, or who renders investment advice for a fee or other compensation (direct or indirect) to such an ERISA Plan, is generally considered to be a fiduciary of the ERISA Plan.

In considering an investment in the shares with the assets of any Plan, a fiduciary should consult with its counsel in order to determine whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any Similar Laws. In addition, a fiduciary of a Plan should consult with its counsel in order to determine if the investment satisfies the fiduciary's duties to the Plan including, without limitation, the prudence, diversification, delegation of control and prohibited transaction provisions of ERISA, the Code and any other applicable Similar Laws.

Prohibited Transaction Issues

Section 406 of ERISA and Section 4975 of the Code prohibit ERISA Plans from engaging in specified transactions involving plan assets with persons or entities who are "parties in interest," within the meaning of ERISA, or "disqualified persons," within the meaning of Section 4975 of the Code, unless an exemption is available. A party in interest or disqualified person who engages in a nonexempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. In addition, the fiduciary of the ERISA Plan that engaged in such a nonexempt prohibited transaction may be subject to penalties and liabilities under ERISA and the Code. The acquisition and/or holding of shares by an ERISA Plan with respect to which Exelon or an underwriter is or becomes a party in interest or disqualified person may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, unless the investment is acquired and is held in accordance with an applicable statutory, class or individual prohibited transaction exemption. Certain exemptions from the prohibited transaction rules could be applicable to the purchase and holding of shares by an ERISA Plan depending on the type and circumstances of the fiduciary making the decision to acquire such shares and the relationship of the party in interest or disqualified person to the ERISA Plan. Included among these exemptions are Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code for certain transactions between an ERISA Plan and non-fiduciary service providers to the ERISA Plan. In addition, the United States Department of Labor has issued prohibited transaction class exemptions ("PTCEs") that may apply to the acquisition and holding of the shares. These class exemptions (as may be amended from time to time) include, without limitation, PTCE 84-14, respecting transactions determined by independent qualified professional asset managers, PTCE 90-1, respecting insurance company pooled separate accounts, PTCE 91-38, respecting bank collective investment funds, PTCE 95-60, respecting life insurance company general accounts and PTCE 96-23, respecting transactions determined by in-house asset managers.

Each of these exemptions contains conditions and limitations on its application. Fiduciaries of Plans considering acquiring and/or holding the shares in reliance of these or any other exemption should carefully review the exemption to assure it is applicable. There can be no assurance that all of the conditions of any such exemptions will be satisfied.

Because of the foregoing, the shares should not be purchased or held by any person investing Plan Assets of any Plan, unless such purchase and holding (1) is entitled to exemptive relief from the prohibited transaction provisions of ERISA and Section 4975 of the Code and is otherwise permissible under all applicable Similar Laws or (2) would not otherwise constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code.

Representation

By acceptance of the shares or any interest therein, each purchaser will be deemed to have represented and warranted that either (1) no portion of the assets used by such purchaser to acquire or hold the shares constitutes Plan Assets or (2) the acquisition and holding of the shares by such purchaser would not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation of Similar Laws.

The foregoing discussion is general in nature and is not intended to be all-inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in nonexempt prohibited transactions, it is particularly important that fiduciaries or other persons considering acquiring the shares on behalf of, or with the assets of, any Plan, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any Similar Laws to such investments and whether an exemption would be applicable to the purchase and holding of the shares.

UNDERWRITING (CONFLICTS OF INTEREST)

Barclays Capital Inc. and Goldman, Sachs & Co. are acting as the representatives of the underwriters and the joint book-running managers of this offering. Under the terms and subject to the conditions of an underwriting agreement dated the date of this prospectus supplement, each of the underwriters have agreed, severally and not jointly, to purchase, and the forward purchasers have agreed to sell to the underwriters, the number of shares of common stock shown opposite its name below:

Underwriters	Number of Shares
Barclays Capital Inc	10,000,000
Goldman, Sachs & Co	10,000,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated	2,750,000
Credit Suisse Securities (USA) LLC	2,750,000
J.P. Morgan Securities LLC	2,750,000
BNP Paribas Securities Corp.	2,000,000
Citigroup Global Markets Inc.	2,000,000
Mitsubishi UFJ Securities (USA), Inc.	2,000,000
RBS Securities Inc.	2,000,000
Scotia Capital (USA) Inc.	2,000,000
Wells Fargo Securities, LLC	2,000,000
Mizuho Securities USA Inc.	1,500,000
Piper Jaffray & Co.	1,500,000
RBC Capital Markets, LLC	1,500,000
Loop Capital Markets LLC	857,812
BNY Mellon Capital Markets, LLC	507,813
CIBC World Markets Corp	507,813
Credit Agricole Securities (USA) Inc	507,813
KeyBanc Capital Markets Inc	507,813
PNC Capital Markets LLC	507,812
SMBC Nikko Securities America, Inc	507,812
TD Securities (USA) LLC	507,812
Blaylock Beal Van, LLC	325,000
Samuel A. Ramirez & Company, Inc	325,000
The Huntington Investment Company	187,500
Total	50,000,000

The underwriters are offering the shares of common stock subject to their acceptance of the shares from the forward purchasers and subject to prior sale. The underwriting agreement provides that the obligations of the underwriters to pay for and accept delivery of the common stock offered by this prospectus supplement are subject to the approval of certain legal matters by their counsel and to certain other conditions. The underwriters are obligated to take and pay for all of the common stock offered by this prospectus supplement if any such shares are taken.

Our common stock is listed on the New York Stock Exchange under the symbol “EXC.”

The underwriters initially propose to offer our common stock directly to the public at the public offering price set forth on the cover page of this prospectus supplement. The underwriters may also offer our common stock to certain dealers at prices that represent a concession not in excess of $0.630 per share. After this offering, the public offering price and other selling terms may from time to time be varied by the underwriters. The offering of our common stock by the underwriters is subject to receipt and acceptance and subject to the underwriters’ right to reject any order in whole or in part.

The expenses of the offering that are payable by us are estimated to be approximately $0.6 million (excluding underwriting discount).

Option to Purchase Additional Shares

We have granted the underwriters a 30-day option from the date of this prospectus supplement, exercisable at one time in whole or in part, to purchase up to an additional 7,500,000 shares of our common stock at the initial price to public less the underwriting discount. If such option is exercised, we will enter into additional forward sale agreements with the forward purchasers in respect of the number of shares that are subject to the exercise of such option. In the event that we enter into additional forward sale agreements, if any forward seller does not borrow and sell all of the shares of common stock to be sold by it in connection with the exercise of such option, we will issue and sell to the underwriters a number of our shares of common stock equal to the number of shares of common stock that the forward seller does not borrow and sell.

Lock-Up Agreements

We have entered into a lock-up agreement with the underwriters prior to the commencement of this offering pursuant to which we, for a period of 60 days after the date of this prospectus supplement, may not, without the prior written consent of Barclays Capital Inc. and Goldman, Sachs & Co., (1) offer, sell, contract to sell, pledge, grant any option to purchase, make any short sale or otherwise dispose of, directly or indirectly, or file with the SEC a registration Statement under the Securities Act of 1933, as amended (the “Securities Act”), relating to, any securities of the Company that are substantially similar to the shares of common stock being offered hereby, including but not limited to any options or warrants to purchase shares of common stock or any securities convertible into or exchangeable for, or that represent the right to receive, common stock or any such substantially similar securities, or publicly disclose the intention to make any offer, sale, pledge disposition or filing, or (2) enter into any swap or other agreement that transfers, in whole or part, any of the economic consequences of ownership of the common stock or any such other securities, whether any such transaction described in clause (1) or (2) above is to be settled by the delivery of common stock or such other securities in cash or otherwise.

Our directors and executive officers have entered into lock-up agreements with the underwriters prior to the commencement of this offering pursuant to which each of these persons, with limited exceptions, for a period of 60 days after the date of this prospectus supplement, may not, without the prior written consent of Barclays Capital Inc. and Goldman, Sachs & Co., offer, sell, contract to sell, pledge, grant any option to purchase, make any short sale or otherwise dispose of any shares of common stock, or any options or warrants to purchase shares of common stock, or any securities convertible into, exchangeable for or that represent the right to receive shares of common stock, whether now owned or hereinafter acquired, owned directly by such persons or with respect to which such persons have beneficial ownership within the rules and regulations of the SEC. Notwithstanding the foregoing, such directors and executive officers may (1) transfer such shares (a) as a bona fide gift or gifts or (b) to any trust for his or her direct or indirect benefit or the immediate family of such person, provided that the transferee agrees to be bound in writing by the limitations set forth above, and provided further that any such transfer shall not involve a disposition for value, or (2) sell such shares (a) pursuant to the plan adopted by such director or executive officer under the Exchange Act (the “10b5-1 Plan”) in accordance with the terms of such 10b5-1 Plan in existence as of the date of this prospectus supplement without any further amendment or modification, but only to the extent that any filing made pursuant to Section 16(a) under the Exchange Act reporting any such sale made pursuant to this exception shall indicate that the sale was made pursuant to the 10b5-1 Plan or (b) held as of the date of this prospectus supplement through our 401(k) plan pursuant to portfolio balancing opportunities provided by the terms of such 401(k) plan.

Barclays Capital Inc. and Goldman, Sachs & Co., in their sole discretion, may release the common stock and other securities subject to the lock-up agreements described above in whole or in part at any time with or without notice. When determining whether or not to release common stock and other securities from lock-up

agreements, Barclays Capital Inc. and Goldman, Sachs & Co. will consider, among other factors, the holder's reasons for requesting the release, the number of shares of common stock and other securities for which the release is being requested and market conditions at the time.

Indemnification

We have agreed to indemnify the underwriters and the forward purchasers against certain liabilities, including liabilities under the Securities Act, and to contribute to payments that the underwriters may be required to make for these liabilities.

Forward Sale Agreements

We have entered into forward sale agreements on the date of this prospectus supplement with an affiliate of Barclays Capital Inc. and Goldman, Sachs & Co., as the forward purchasers relating to an aggregate of 50,000,000 shares of our common stock (or 57,500,000 shares of our common stock if the underwriters exercise their option to purchase additional shares of our common stock in full). In connection with the execution of such forward sale agreements and at our request, the forward sellers are borrowing from third parties and selling in this offering an aggregate of 50,000,000 shares of our common stock (or 57,500,000 shares of our common stock. If any forward seller does not borrow and sell all of the shares of common stock to be sold by it pursuant to the terms of the underwriting agreement, we will issue and sell directly to the underwriters the number of shares of common stock not borrowed and delivered by the relevant forward seller, and the number of shares of common stock underlying the relevant forward sale agreement will be decreased in respect of the number of shares of common stock we issue and sell. Under any such circumstance, the commitment of the underwriters to purchase our shares of common stock from the forward sellers, as described above, will be replaced with the commitment to purchase from us, at the price set forth on the cover page of this prospectus supplement at which the underwriters have agreed to purchase the shares of common stock from the forward sellers, the relevant number of shares of common stock not borrowed and delivered by the forward sellers. In such event, we or the underwriters may postpone the closing date by up to three business days to effect any necessary changes to the documents or arrangements.

We will receive an amount equal to the net proceeds from the sale of the borrowed shares of common stock sold in this offering, subject to certain adjustments pursuant to the forward sale agreements, at the applicable forward sale price (as described below), from the forward purchasers upon full physical settlement of the forward sale agreements. We will only receive such proceeds if we elect to fully physically settle the forward sale agreements.

We expect each forward sale agreement to settle on or about October 29, 2015, although we may, subject to certain conditions, elect to accelerate the settlement of all or a portion of the number of shares of common stock underlying the relevant forward sale agreement and the relevant forward purchasers may accelerate the forward purchase agreements upon the occurrence of certain events. On a settlement date, if we decide to physically settle a forward sale agreement, we will issue our shares of common stock to the forward purchaser under its forward sale agreement at the then-applicable forward sale price. The forward sale price initially will be equal to the initial price to public less the underwriting discount per share, as set forth on the cover page of this prospectus supplement. The forward sale agreements provide that the forward sale price will be subject to adjustment on a daily basis based on a floating interest rate factor equal to the federal funds rate less a spread, and will be subject to price reductions on our shares of common stock during the term of the forward sale agreements. If the federal funds rate is less than the spread on any day, the interest factor will result in a daily reduction of the forward sale price. As of the date of this prospectus supplement, the federal funds rate was less than the spread.

Before settlement of the forward sale agreements, the forward sale agreements will be reflected in our diluted earnings per share, return on equity and dividends per share calculations using the treasury stock method.

Under this method, the number of our shares of common stock used in calculating diluted earnings per share, return on equity and dividends per share is deemed to be increased by the excess, if any, of the number of shares of common stock that would be issued upon full physical settlement of the forward sale agreements over the number of shares of common stock that could be purchased by us in the market (based on the average market price during the period) using the proceeds receivable upon full physical settlement (based on the adjusted forward sale price at the end of the reporting period). Consequently, we anticipate there will be no dilutive effect on our earnings per share, except during periods when the average market price of our shares of common stock is above the applicable forward sale price, which is initially $33.95 per share (equal to the initial price to public less the underwriting discount per share, as set forth on the cover page of this prospectus supplement).

Except under the circumstances described below and set forth in the forward sale agreements, we have the right to elect physical, cash or net share settlement under the forward sale agreements. Although we expect to settle the forward sale agreements entirely by delivering our shares of common stock in connection with full physical settlement, we may, subject to certain conditions, elect cash settlement or net share settlement for all or a portion of our obligations if we conclude it is in our interest to cash settle or net share settle. For example, we may conclude it is in our interest to cash settle or net share settle if we have no then current use for all or a portion of the net proceeds we would receive upon physical settlement. In addition, subject to certain conditions, we may elect to accelerate the settlement of all or a portion of the number of shares of common stock underlying the relevant forward sale agreement. In the event we elect to cash settle or net share settle, the settlement amount will be generally related to (1) (a) the market value of our shares of common stock during the relevant valuation period under the relevant forward sale agreement (which valuation period will consist of alternating scheduled trading days that do not coincide with the scheduled trading days comprising the valuation period under the other forward sale agreement) minus (b) the applicable forward sale price; multiplied by (2) the number of shares of common stock underlying the relevant forward sale agreement subject to such cash settlement or net share settlement. If this settlement amount is a negative number, the relevant forward purchaser will pay us the absolute value of that amount or deliver to us a number of our shares of common stock having a value equal to the absolute value of such amount. If this settlement amount is a positive number, we will pay the relevant forward purchaser that amount or deliver to such forward purchaser a number of our shares of common stock having a value equal to such amount. In connection with any cash settlement or net share settlement, we would expect the relevant forward purchaser or its affiliate to purchase our shares of common stock in secondary market transactions for delivery to third-party stock lenders in order to close out its, or its affiliate's, hedge position in respect of its forward sale agreement. The purchase of our shares of common stock in connection with a forward purchaser or its affiliate unwinding its hedge positions could result in an increase (or a reduction in the amount of any decrease) in the price of our shares of common stock over such time, thereby increasing the amount of cash we owe to the relevant forward purchaser (or decreasing the amount of cash such forward purchaser owes us) upon cash settlement or increasing the number of our shares of common stock we are obligated to deliver to such forward purchaser (or decreasing the number of our shares of common stock such forward purchaser is obligated to deliver to us) upon net share settlement. See "Risk Factors—Risks Related to the Forward Sale Agreements."

Each forward purchaser will have the right to accelerate its forward sale agreement (with respect to all or any portion of the transaction under the forward sale agreement that the forward purchaser determines is affected by such event) and require us to settle on a date specified by such forward purchaser if (1) such forward purchaser is unable to, or would incur a materially increased cost to, establish, maintain or unwind its hedge position with respect to its forward sale agreement, subject to certain exceptions in the case of such a materially increased cost; (2) such forward purchaser determines it is unable to, or it is commercially impracticable for it to, continue to borrow a number of our shares of common stock equal to the number of shares of common stock underlying its forward sale agreement or that, with respect to borrowing such number of shares of common stock, it would incur a rate that is greater than the borrow cost specified in such forward sale agreement, subject to certain exceptions in the case of such a rate of borrowing that is greater than such specified borrow cost; (3) such forward purchaser determines that it has an excess Section 13 ownership position, an FPA excess ownership position or an excess regulatory ownership position (as such terms are defined in such forward sale agreement) with respect to certain ownership restrictions and related filing requirements under federal securities laws,

Pennsylvania corporate laws and federal power regulations or other applicable laws and regulations, as applicable; (4) we declare a dividend or distribution on our shares of common stock with a cash value in excess of a specified amount, an ex-dividend date that occurs earlier than a specified date or certain non-cash dividends; (5) there occurs a public announcement of an event or transaction that, if consummated, would result in a merger event, tender offer, nationalization or change in law (in each case, as determined pursuant to the terms of the forward sale agreement); or (6) certain other events of default, termination events or other specified events occur, including, among other things, any material misrepresentation made by us in connection with entering into such forward sale agreement or a market disruption event during a specified period that lasts for more than eight scheduled trading days (in each case, as determined pursuant to the terms of the forward sale agreement). Each forward purchaser's decision to exercise its right to accelerate the settlement of the relevant forward sale agreement will be made irrespective of our need for capital. In such cases, we could be required to issue and deliver shares of common stock under the physical settlement provisions, which would result in dilution to our earnings per share, return on equity and dividends per share, or, if we so elect and such forward purchaser so permits our election, net share settlement provisions of the relevant forward sale agreement, which could result in dilution to our earnings per share, return on equity and dividends per share, or cash settlement, irrespective of our capital needs In addition, upon certain events of bankruptcy, insolvency or reorganization relating to us, the forward sale agreements will terminate without further liability of either party. Following any such termination, we would not issue any shares of common stock and we would not receive any proceeds pursuant to the applicable forward sale agreements. See "Risk Factors—Risks Related to the Forward Sale Agreements."

Stabilization, Short Positions and Penalty Bids

The representatives may engage in stabilizing transactions, short sales and purchases to cover positions created by short sales, and penalty bids or purchases for the purpose of pegging, fixing or maintaining the price of the common stock, in accordance with Regulation M under the Exchange Act:

- Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum.
- A short position involves a sale by the underwriters of shares in excess of the number of shares the underwriters are obligated to purchase in the offering, which creates the syndicate short position. This short position may be either a covered short position or a naked short position. In a covered short position, the number of shares involved in the sales made by the underwriters in excess of the number of shares they are obligated to purchase is not greater than the number of shares that they may purchase by exercising their option to purchase additional shares. In a naked short position, the number of shares involved is greater than the number of shares in their option to purchase additional shares. The underwriters may close out any short position by either exercising their option to purchase additional shares and/or purchasing shares in the open market. In determining the source of shares to close out the short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through their option to purchase additional shares. A naked short position is more likely to be created if the underwriters are concerned that there could be downward pressure on the price of the shares in the open market after pricing that could adversely affect investors who purchase in the offering.
- Syndicate covering transactions involve purchases of the common stock in the open market after the distribution has been completed in order to cover syndicate short positions.
- Penalty bids permit the representatives to reclaim a selling concession from a syndicate member when the common stock originally sold by the syndicate member is purchased in a stabilizing or syndicate covering transaction to cover syndicate short positions.

These stabilizing transactions, syndicate covering transactions and penalty bids may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of the common stock. As a result, the price of the common stock may be higher than the price that might

otherwise exist in the open market. These transactions may be effected on the New York Stock Exchange or otherwise and, if commenced, may be discontinued at any time.

Neither we nor any of the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the common stock. In addition, neither we nor any of the underwriters make representation that the representatives will engage in these stabilizing transactions or that any transaction, once commenced, will not be discontinued without notice.

Electronic Distribution

A prospectus in electronic format may be made available on the Internet sites or through other online services maintained by one or more of the underwriters and/or selling group members participating in this offering, or by their affiliates. In those cases, prospective investors may view offering terms online and, depending upon the particular underwriter or selling group member, prospective investors may be allowed to place orders online. The underwriters may agree with us to allocate a specific number of shares for sale to online brokerage account holders. Any such allocation for online distributions will be made by the representatives on the same basis as other allocations.

Other than the prospectus in electronic format, the information on any underwriter's or selling group member's web site and any information contained in any other web site maintained by an underwriter or selling group member is not part of the prospectus or the registration statement of which this prospectus forms a part, has not been approved and/or endorsed by us or any underwriter or selling group member in its capacity as underwriter or selling group member and should not be relied upon by investors.

Other Relationships

Certain of the underwriters are participating in the concurrent equity units offering. In addition, the underwriters and their respective affiliates are full service financial institutions engaged in various activities. From time to time, in the ordinary course of business, the underwriters and their respective affiliates have engaged and may in the future engage, in sales and trading, commercial banking, investment banking advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services and/or other transactions of a financial nature with us and our affiliates. Consequently, they have received, and in the future may continue to receive, customary fees and commissions for these services. Specifically, certain of the underwriters are lenders under our existing credit facilities. Additionally, Barclays Capital Inc. and Goldman, Sachs & Co. are serving as financial advisors to us in connection with the acquisition of PHI.

In addition, in the ordinary course of their business activities, certain of the underwriters and their affiliates may make or hold a broad array of investments, including serving as counterparties to certain derivative and hedging arrangements, and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates.

Conflicts of Interest

All of the proceeds of this offering (excluding proceeds paid to us with respect to any common stock that we may sell to the underwriters in lieu of the forward sellers selling our common stock to the underwriters) will be paid to the forward purchasers. Because an affiliate of Barclays Capital Inc. and Goldman, Sachs & Co. each will receive more than 5% of the net proceeds of this offering, Barclays Capital Inc. and Goldman, Sachs & Co. are deemed to have a conflict of interest within the meaning of FINRA Rule 5121. Accordingly, this offering will be conducted in compliance with the applicable provisions of FINRA Rule 5121. Pursuant to that rule, the appointment of a "qualified independent underwriter" is not required in connection with this offering, as the

shares of common stock have a “bona fide public market” (as defined in FINRA Rule 5121). In accordance with FINRA Rule 5121, each of Barclays Capital Inc. and Goldman, Sachs & Co. will not confirm any sales to any account over which it exercises discretionary authority without the specific written approval of the transaction from the account holder. See “Use of Proceeds” for additional information.

Selling Restrictions

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive, or a Relevant Member State, with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State, or Relevant Implementation Date, no offer of shares may be made to the public in that Relevant Member State other than:

- to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the representatives; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of shares shall require Exelon or the representatives to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purpose of the above provisions, the expression “an offer to the public” in relation to any shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the shares to be offered so as to enable an investor to decide to purchase or subscribe the shares, as the same may be varied in the Relevant Member State by any measure implementing the Prospectus Directive in the Relevant Member State and the expression “Prospectus Directive” means Directive 2003/71/EC (including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member States) and includes any relevant implementing measure in the Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

The sellers of the shares have not authorized and do not authorize the making of any offer of shares through any financial intermediary on their behalf, other than offers made by the underwriter with a view to the final placement of the shares as contemplated in this prospectus. Accordingly, no purchaser of the shares, other than the underwriter, is authorized to make any further offer of the shares on behalf of the sellers or the underwriter.

United Kingdom

This prospectus has only been communicated or caused to have been communicated and will only be communicated or caused to be communicated as an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act of 2000 (as amended), or FSMA) as received in connection with the issue or sale of the shares in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer. All applicable provisions of the FSMA will be complied with in respect to anything done in relation to the shares in, from or otherwise involving the United Kingdom.

Switzerland

The shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (“SIX”) or on any other stock exchange or regulated trading facility in Switzerland. This document has been

prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the offering, the Company, the shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of shares will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA (FINMA), and the offer of shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes ("CISA"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of shares.

Dubai International Financial Centre

This prospectus supplement relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority ("DFSA"). This prospectus supplement is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus supplement nor taken steps to verify the information set forth herein and has no responsibility for the prospectus supplement. The shares to which this prospectus supplement relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the shares offered should conduct their own due diligence on the shares. If you do not understand the contents of this prospectus supplement you should consult an authorized financial advisor.

Hong Kong

The shares may not be offered or sold by means of any document other than (1) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (2) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Japan

The shares have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the Financial Instruments and Exchange Law) and each underwriter has agreed that it will not offer or sell any securities, directly or indirectly, in Japan or to, or for the account or the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the account or the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

Singapore

This prospectus has not been registered as a prospectus under the Securities and Futures Act, Chapter 289 of Singapore (the "SFA") by the Monetary Authority of Singapore, and the offer of the shares in Singapore is made

primarily pursuant to the exemptions under Sections 274 and 275 of the SFA. Accordingly, the shares may not be offered or sold, or made the subject of an invitation for subscription or purchase, nor may this prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the shares be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (1) to an institutional investor as defined in Section 4A of the SFA pursuant to Section 274 of the SFA, (2) to an accredited investor as defined in Section 4A of the SFA or other relevant person as defined in Section 275(2) of the SFA, or to any person pursuant to an offer referred to in Section 275(1A) of the SFA, and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable exemption or provision of the SFA.

Where the shares are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the shares under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275 (1A), and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; or (3) by operation of law.

LEGAL MATTERS

Ballard Spahr LLP, Philadelphia, Pennsylvania, will render an opinion as to the validity of the common stock for us. Kirkland & Ellis, LLP, New York, New York will render an opinion as to certain other legal matters, and certain legal matters will be passed on for the underwriters by Winston & Strawn LLP, Chicago, Illinois and Latham & Watkins LLP, New York, New York. Winston & Strawn LLP and Latham & Watkins LLP provide legal services to Exelon and its subsidiaries from time to time.

EXPERTS

The financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) incorporated in this Prospectus by reference to the Annual Report on Form 10-K for the year ended December 31, 2013 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

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Subordinated Debt Securities
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First Mortgage Bonds
Notes

PECO ENERGY COMPANY

First and Refunding Mortgage Bonds
Preferred Stock

BALTIMORE GAS AND ELECTRIC COMPANY

Unsecured Debt Securities
Senior Secured Bonds
Preferred Stock

Exelon Corporation (Exelon) may use this prospectus to offer and sell from time to time:

- senior debt securities;
- subordinated debt securities;
- common stock;
- stock purchase contracts;
- stock purchase units;
- preferred stock in one or more series;
- depositary shares.

Exelon Generation Company, LLC (Generation) may use this prospectus to offer and sell from time to time:

- senior debt securities; and
- preferred limited liability company interests in one or more series.

Commonwealth Edison Company (ComEd) may use this prospectus to offer and sell from time to time:

- first mortgage bonds; and
- unsecured notes.

PECO Energy Company (PECO) may use this prospectus to offer and sell from time to time:

- first and refunding mortgage bonds; and
- preferred stock in one or more series

Baltimore Gas and Electric Company (BGE) may use this prospectus to offer and sell from time to time:

- unsecured debt securities;
- senior secured bonds; and
- preferred stock in one or more series.

Exelon, Generation, ComEd, PECO and BGE sometimes refer to the securities listed above as the "Securities."

Exelon, Generation, ComEd, PECO and BGE will provide the specific terms of the Securities in supplements to this prospectus prepared in connection with each offering. Please read this prospectus and the applicable prospectus supplement carefully before you invest. This prospectus may not be used to consummate sales of the offered Securities unless accompanied by a prospectus supplement.

Exelon's common shares are listed on the New York Stock Exchange, under the symbol "EXC."

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Please see " Risk Factors " beginning on page 2 for a discussion of factors you should consider in connection with a purchase of the Securities offered in this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is May 23, 2014.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that Exelon, Generation, ComEd, PECO and BGE have each filed with the Securities and Exchange Commission (SEC) using a "shelf" registration process. Under this shelf registration process, each of us may, from time to time, sell our Securities described in this prospectus in one or more offerings. Each time Exelon, Generation, ComEd, PECO or BGE (each, a registrant) sells Securities, the registrant will provide a prospectus supplement that will contain a description of the Securities the registrant will offer and specific information about the terms of the offering. The prospectus supplement may also add, update or change information contained in this prospectus. If there is any inconsistency between the information in this prospectus and the prospectus supplement, you should rely on the prospectus supplement. You should read both this prospectus and any prospectus supplement together with additional information described under "Where You Can Find More Information."

Information contained herein relating to each registrant is filed separately by such registrant on its own behalf. No registrant makes any representation as to information relating to any other registrant or Securities issued by any other registrant.

As used in this prospectus, the terms "we," "our" and "us" generally refer to:

- Exelon with respect to Securities issued by Exelon.
- Generation with respect to Securities issued by Generation.
- ComEd with respect to Securities issued by ComEd.
- PECO with respect to Securities issued by PECO.
- BGE with respect to Securities issued by BGE.

None of the registrants will guarantee or provide other credit or funding support for the Securities to be offered by another registrant pursuant to this prospectus.

We are not offering the Securities in any state where the offer is not permitted.

For more detailed information about the Securities, you should read the exhibits to the registration statement. Those exhibits have either been filed with the registration statement or incorporated by reference to earlier SEC filings listed in the registration statement.

You should rely only on information contained in this prospectus and which is incorporated by reference or the documents to which we have referred you. We have not authorized anyone to provide you with information that is different. This prospectus and related prospectus supplement may be used only where it is legal to sell these securities. The information in this prospectus and any prospectus supplement may only be accurate on the date of this document. The business of the registrant, financial condition, results of operations and prospects may have changed since that date.

Please see "Risk Factors" beginning on page 2 for a discussion of factors you should consider in connection with a purchase of the Securities offered in this prospectus.

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FORWARD-LOOKING STATEMENTS

This prospectus and the documents incorporated or deemed incorporated by reference as described under the heading “Where You Can Find More Information” contain forward-looking statements that are not based entirely on historical facts and are subject to risks and uncertainties. Words such as “believes,” “anticipates,” “expects,” “intends,” “plans,” “predicts” and “estimates” and similar expressions are intended to identify forward-looking statements but are not the only means to identify those statements. These forward-looking statements are based on assumptions, expectations and assessments made by our management in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe to be appropriate. Any forward-looking statements are not guarantees of our future performance and are subject to risks and uncertainties.

This presentation contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which are subject to risks and uncertainties. The factors that could cause actual results to differ materially from the forward-looking statements made by the registrants include those factors discussed herein, as well as the items discussed in (1) each registrant’s 2013 Annual Report on Form 10-K in (a) ITEM 1A. Risk Factors, (b) ITEM 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations and (c) ITEM 8. Financial Statements and Supplementary Data: Note 22; and (2) other factors discussed herein and in other filings with the SEC by Exelon, Generation, ComEd, PECO and BGE, as applicable.

You are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date on the front of this prospectus or, as the case may be, as of the date on which we make any subsequent forward-looking statement that is deemed incorporated by reference. We do not undertake any obligation to update or revise any forward-looking statement to reflect events or circumstances after the date as of which any such forward-looking statement is made.

RISK FACTORS

Investing in the Securities involves various risks. You are urged to read and consider the risk factors described in the combined Annual Reports on Form 10-K of Exelon, Generation, ComEd, PECO, and BGE, as applicable, for the year ended December 31, 2013, filed with the SEC on February 13, 2014. Before making an investment decision, you should carefully consider these risks as well as other information we include or incorporate by reference in this prospectus. The prospectus supplement applicable to each type or series of Securities offered by one of the registrants will contain a discussion of additional risks applicable to an investment in such registrant and the particular type of Securities the registrant is offering under that prospectus supplement.

EXELON CORPORATION

Exelon, incorporated in Pennsylvania in February 1999, is a utility services holding company engaged, through Generation, in the energy generation business, and through ComEd, PECO and BGE, in the energy delivery businesses. Exelon’s principal executive offices are located at 10 South Dearborn Street, Chicago, Illinois 60603, and its telephone number is 312-394-7398.

EXELON GENERATION COMPANY, LLC

Generation’s integrated business consists of its owned and contracted electric generating facilities and investments in generation ventures that are marketed through its leading customer-facing activities. These customer-facing activities include, wholesale energy marketing operations and its competitive retail customer

supply of electric and natural gas products and services, including renewable energy products, risk management services and natural gas exploration and production activities. Generation has six reportable segments consisting of the Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Regions.

Generation was formed in 2000 as a Pennsylvania limited liability company. Generation began operations as a result of a corporate restructuring, effective January 1, 2001, in which Exelon separated its generation and other competitive businesses from its regulated energy delivery businesses at ComEd and PECO. Generation's principal executive offices are located at 300 Exelon Way, Kennett Square, Pennsylvania 19348, and its telephone number is 610-765-5959.

COMMONWEALTH EDISON COMPANY

ComEd's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in northern Illinois, including the City of Chicago.

ComEd was organized in the State of Illinois in 1913 as a result of the merger of Cosmopolitan Electric Company into the original corporation named Commonwealth Edison Company, which was incorporated in 1907. ComEd's principal executive offices are located at 440 South LaSalle Street, Chicago, Illinois 60605, and its telephone number is 312-394-4321.

PECO ENERGY COMPANY

PECO's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in southeastern Pennsylvania, including the City of Philadelphia, as well as the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services to retail customers in the Pennsylvania counties surrounding the City of Philadelphia.

PECO was incorporated in Pennsylvania in 1929. PECO's principal executive offices are located at 2301 Market Street, Philadelphia, Pennsylvania 19103, and its telephone number is 215-841-4000.

BALTIMORE GAS AND ELECTRIC COMPANY

BGE's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in central Maryland, including the City of Baltimore, as well as the purchase and regulated retail sale of natural gas and the provision of gas distribution services to retail customers in central Maryland, including the City of Baltimore.

BGE was incorporated in Maryland in 1906. BGE's principal executive offices are located at 110 West Fayette Street, Baltimore, Maryland 21201, and its telephone number is 410-234-5000.

USE OF PROCEEDS

Except as otherwise indicated in the applicable prospectus supplement, each registrant expects to use the net proceeds from the sale of the Securities for general corporate purposes, including to discharge or refund (by redemption, by purchase on the open market, by purchase in private transactions, by tender offer or otherwise) outstanding long-term debt. Each registrant will describe in the applicable prospectus supplement any specific allocation of the proceeds to a particular purpose that the registrant has made at the date of that prospectus

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supplement. Please refer to our annual and quarterly reports incorporated by reference into this prospectus and any prospectus supplement for information concerning each registrant's outstanding long-term debt. See "Where You Can Find More Information."

RATIO OF EARNINGS TO FIXED CHARGES AND RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERENCE SECURITY DIVIDENDS

Exelon

The following are Exelon's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	5.4	4.9	4.9	2.3	2.6	1.1

The following are Exelon's consolidated ratios of earnings to combined fixed charges and preference stock dividends for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to combined fixed charges and preference stock dividends	5.4	4.8	4.9	2.3	2.5	1.1

Generation

The following are Generation's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	10.4	8.5	7.3	2.6	3.3	(a)

(a) The ratio coverage was less than 1:1. Generation required additional earnings of $380 million in order to achieve a coverage ratio of 1:1.

Generation had no preference securities outstanding during the periods indicated; therefore, the ratio of earnings to combined fixed charges and preference security dividends is the same as the ratio of earnings to fixed charges for Generation.

ComEd

The following are ComEd's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	2.9	2.8	3.0	3.0	1.7	3.0

ComEd had no preference securities outstanding during the periods indicated; therefore, the ratio of earnings to combined fixed charges and preference security dividends is the same as the ratio of earnings to fixed charges for ComEd.

PECO

The following are PECO's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	3.7	3.3	4.7	4.9	5.6	5.1

The following are PECO's consolidated ratios of earnings to combined fixed charges and preference security dividends for each of the periods indicated:

	Years Ended December 31,				
	2009	2010	2011	2012	2013
Ratio of earnings to combined fixed charges and preferred stock dividends	3.6	3.2	4.5	4.7	5.2

On May 1, 2013, PECO redeemed all of its outstanding preferred securities; therefore, the ratio of earnings to combined fixed charges and preferred stock dividends is the same as the ratio of earnings to fixed charges for PECO for the three months ended March 31, 2014.

BGE

The following are BGE's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	2.0	2.7	2.4	1.0	3.6	5.8

The following are BGE's consolidated ratios of earnings to combined fixed charges and preference stock dividends for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to combined fixed charges and preference stock dividends	1.7	2.4	2.1	(a)	3.1	5.0

(a) The ratio coverage was less than 1:1. BGE required additional earnings of $14 million in order to achieve a coverage ratio of 1:1.

DESCRIPTION OF SECURITIES

Each time one of the registrants sells securities, it will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with additional information described under "Where You Can Find More Information."

PLAN OF DISTRIBUTION

We may sell the Securities offered (a) through agents; (b) by underwriters or dealers; (c) directly to one or more purchasers; or (d) through a combination of any of these methods of sale.

In some cases we may also repurchase the Securities and reoffer them to the public by one or more of the methods described above.

This prospectus may be used in connection with any offering of securities through any of these methods or other methods described in the applicable prospectus supplement.

Any underwriter or agent involved in the offer and sale of the Securities will be named in the applicable prospectus supplement.

By Agents

Offered securities may be sold on a one time or a continuing basis by agents designated by the applicable registrant. The agents will use their reasonable efforts to solicit purchases for the period of their appointment under the terms of an agency agreement between the agents and the applicable issuer.

By Underwriters or Dealers

If underwriters are used in the sale, the underwriters may be designated by the applicable registrant or selected through a bidding process. The securities will be acquired by the underwriters for their own account. The underwriters may resell the Securities in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. Underwriters may sell the Securities to or through dealers, and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or commissions from the purchasers for whom they may act as agents. The obligations of the underwriters to purchase the Securities will be subject to certain conditions. The underwriters will be obligated to purchase all the Securities of the series offered if any of the securities are purchased. Any initial public offering price and any discounts or concessions allowed or re-allowed or paid to dealers may be changed from time to time.

Only underwriters named in the applicable prospectus supplement are deemed to be underwriters in connection with the Securities offered hereby.

If dealers are utilized in the sale of the Securities, the applicable registrant will sell the Securities to the dealers as principals. The dealers may then resell the Securities to the public at varying prices to be determined by such dealers at the time of resale. The names of the dealers and the terms of the transaction will be set forth in the applicable prospectus supplement.

Direct Sales

We may also sell Securities directly to the public. In this case, no underwriters or agents would be involved.

General Information

We may authorize agents, underwriters or dealers to solicit offers by certain institutions to purchase Securities from us at the public offering price pursuant to delayed delivery contracts providing for payment and delivery on a later date or dates, all as described in the applicable prospectus supplement. Each delayed delivery contract will be for an amount not less than, and the aggregate amount of the Securities shall be not less nor more than, the respective amounts stated in the applicable prospectus supplement. Such institutions may include commercial and savings banks, insurance companies, pension funds, investment companies, educational and charitable institutions, and other institutions, but will in all cases be subject to our approval. The delayed delivery contracts will not be subject to any conditions except:

- the purchase by an institution of the Securities covered by its delayed delivery contract shall not, at any time of delivery, be prohibited under the laws of any jurisdiction in the United States to which such delayed delivery contract is subject; and

- if the Securities are being sold to underwriters, we shall have sold to those underwriters the total amount of the Securities less the amount thereof covered by the delayed delivery contracts. The underwriters will not have any responsibility in respect of the validity or performance of the delayed delivery contracts.

Unless otherwise specified in the related prospectus supplement, each series of the Securities will be a new issue with no established trading market, other than the common stock. Any common stock sold pursuant to a prospectus supplement or issuable upon conversion of another offered Security will be listed on the New York Stock Exchange, subject to official notice of issuance. We may elect to list any of the other securities on an exchange, but are not obligated to do so. It is possible that one or more underwriters may make a market in a series of the Securities, but no underwriter will be obligated to do so and any underwriter may discontinue any market making at any time without notice. We cannot predict the activity of trading in, or liquidity of, our Securities.

In connection with sales by an agent or in an underwritten offering, the SEC rules permit the underwriters or agents to engage in transactions that stabilize the price of the Securities. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters or agents of a greater number of securities than they are required to purchase in an offering. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Securities while an offering is in progress.

The underwriters also may impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the underwriters have repurchased Securities sold by or for the account of that underwriter in stabilizing or short-covering transactions.

These activities by the underwriters may stabilize, maintain or otherwise affect the market price of the Securities. As a result, the price of the Securities may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the underwriters at any time. These transactions may be effected on an exchange or automated quotation system, if the Securities are listed on that exchange or admitted for trading on that automated quotation system, in the over-the-counter market or otherwise.

We may from time to time, without the consent of the existing Security holders, create and issue further Securities having the same terms and conditions as the Securities being offered hereby in all respects, except for issue date, issue price and if applicable, the first payment of interest or dividends therein or other terms as noted in the applicable prospectus supplement. Additional Securities issued in this manner will be consolidated with, and will form a single series with, the previously outstanding securities.

Underwriters, dealers and agents that participate in the distribution of the Securities may be underwriters as defined in the Securities Act of 1933, and any discounts or commissions received by them from us and any profit on the resale of the Securities by them may be treated as underwriting discounts and commissions under the Securities Act.

We may have agreements with the underwriters, dealers and agents to indemnify them against certain civil liabilities, including liabilities under the Securities Act of 1933, or to contribute with respect to payments which the underwriters, dealers or agents may be required to make.

Underwriters, dealers and agents may engage in transactions with, or perform services for, us or our subsidiaries or affiliates in the ordinary course of their businesses.

LEGAL MATTERS

Ballard Spahr LLP, Philadelphia, Pennsylvania, will render an opinion as to the validity of the Securities for us. Winston & Strawn LLP, Chicago, Illinois, will render an opinion as to the validity of the Securities for any underwriters, dealers, purchasers or agents. Winston & Strawn LLP provides legal services to Exelon and its subsidiaries from time to time.

EXPERTS

The financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) of Exelon, Generation, ComEd, PECO and BGE incorporated in this prospectus by reference to the combined Annual Reports on Form 10-K for the year ended December 31, 2013 have been so incorporated in reliance on the reports of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

Exelon, Generation, ComEd, PECO and BGE each file reports and other information with the SEC. The public may read and copy any reports or other information that we file with the SEC at the SEC's public reference room, 100 F Street, N.E., Room 1580, Washington, D.C. 20549. The public may obtain information on the operation of the public reference room by calling the SEC at 1-800-SEC-0330. These documents are also available to the public from commercial document retrieval services and at the web site maintained by the SEC at http://www.sec.gov. Reports, proxy statements and other information concerning Exelon may also be inspected at the offices of the New York Stock Exchange, which is located at 20 Broad Street, New York, New York 10005. You may also obtain a copy of the registration statement at no cost by writing us at the following address:

Exelon Corporation
Attn: Investor Relations
10 South Dearborn Street—52nd Floor
P.O. Box 805398
Chicago, IL 60680-5398

This prospectus is one part of a registration statement filed on Form S-3 with the SEC under the Securities Act of 1933, as amended, known as the Securities Act. This prospectus does not contain all of the information set forth in the registration statement and the exhibits and schedules to the registration statement. For further information concerning us and the Securities, you should read the entire registration statement, including this prospectus and any related prospectus supplements, and the additional information described under the sub-heading "Documents Incorporated By Reference" below. The registration statement has been filed electronically and may be obtained in any manner listed above. Any statements contained herein concerning the provisions of any document are not necessarily complete, and, in each instance, reference is made to the copy of such document filed as an exhibit to the registration statement or otherwise filed with the SEC. Each such statement is qualified in its entirety by such reference.

Information about us is also available on Exelon's web site at http://www.exeloncorp.com. The information on Exelon's web site is not incorporated into this prospectus by reference, and you should not consider it a part of this prospectus.

DOCUMENTS INCORPORATED BY REFERENCE

The SEC allows us to "incorporate by reference" information that we file with the SEC, which means that we can disclose important information to you by referring you to the documents we file with the SEC. The information incorporated by reference is an important part of this prospectus, and information that we file later with the SEC will automatically update and supersede this information. This incorporation by reference does not include documents that are furnished but not filed with the SEC. We incorporate by reference the documents listed below and any future documents that we file with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (known as the Exchange Act) but prior to the termination of any offering of securities made by this prospectus:

Exelon Corporation (Exchange Act File No. 1-16169)

- Exelon's Annual Report on Form 10-K for the year ended December 31, 2013;
- Exelon's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014;
- The description of Exelon's common stock contained in the registration statement on Form 8-A filed under the Securities Exchange Act of 1934, as amended, including any amendment thereto or report filed for the purpose of updating such description; and
- Exelon's Current Reports on Form 8-K filed with the SEC on February 12, 2014, February 13, 2014, February 28, 2014, April 1, 2014, April 30, 2014 and May 7, 2014.

Exelon Generation Company, LLC (Exchange Act File No. 333-85496)

- Generation's Annual Report on Form 10-K for the year ended December 31, 2013;
- Generation's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014; and
- Generation's Current Reports on Form 8-K filed with the SEC on February 12, 2014 and April 1, 2014.

Commonwealth Edison Company (Exchange Act File No. 1-1839)

- ComEd's Annual Report on Form 10-K for the year ended December 31, 2013;
- ComEd's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014; and
- ComEd's Current Reports on Form 8-K filed with the SEC on January 10, 2014 and February 28, 2014.

PECO Energy Company (Exchange Act File No. 000-16844)

- PECO's Annual Report on Form 10-K for the year ended December 31, 2013; and
- PECO's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014.

Baltimore Gas and Electric Company (Exchange Act File No. 1-1910)

- BGE's Annual Report on Form 10-K for the year ended December 31, 2013;
- BGE's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014; and
- BGE's Current Reports on Form 8-K filed with the SEC on February 13, 2014 and May 16, 2014.

Upon written or oral request, we will provide without charge to each person, including any beneficial owner, to whom this prospectus is delivered, a copy of any or all of such documents which are incorporated herein by reference (other than exhibits to such documents unless such exhibits are specifically incorporated by reference

into the documents that this prospectus incorporates). Written or oral requests for copies should be directed to Exelon Corporation, Attn: Investor Relations, 10 South Dearborn Street, 52 nd Floor, P.O. Box 805398, Chicago, IL 60680-5398, 312-394-2345.

Any statement contained in this prospectus, or in a document all or a portion of which is incorporated by reference, shall be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus, any supplement or any document incorporated by reference modifies or supersedes such statement. Any such statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this prospectus.

All reports and other documents subsequently filed by us pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act, prior to the filing of a post-effective amendment, which indicates that all of a class of securities offered hereby have been sold or which deregisters all of a class of securities then remaining unsold, shall be deemed incorporated by reference herein and to be a part hereof from the date of filing of such documents.

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50,000,000 Shares

Exelon Corporation

Common Stock

PROSPECTUS SUPPLEMENT

Joint Book-Running Managers

Barclays
Goldman, Sachs & Co.
BofA Merrill Lynch
Credit Suisse
J.P. Morgan

Senior Co-Managers

BNP PARIBAS
Citigroup
Mitsubishi UFJ Securities
RBS
Scotiabank
Wells Fargo Securities
Mizuho Securities
RBC Capital Markets
Piper Jaffray

Co-Managers

BNY Mellon Capital Markets, LLC
Blaylock Beal Van, LLC
CIBC
Credit Agricole CIB

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KeyBanc Capital Markets
Loop Capital Markets
PNC Capital Markets LLC
Ramirez & Co., Inc.
SMBC Nikko
TD Securities
The Huntington Investment Company

June 11, 2014

Filed Pursuant to Rule 424 (b)(3)
Registration No. 333-209209

PROSPECTUS

Exelon Corporation

Offer to Exchange
$807,082,000 aggregate principal amount of outstanding 3.950% Notes due 2025
(CUSIP Nos. 30161N AM3 and U3002L AA0)
for
$807,082,000 aggregate principal amount of newly issued 3.950% Notes due 2025 that will be issued in a transaction registered under the Securities Act of 1933, as amended (the "Securities Act")
(CUSIP No. 30161N AN1)
and
$333,485,000 aggregate principal amount of outstanding 4.950% Notes due 2035
(CUSIP Nos. 30161N AP6 and U3002L AB8)
for
$333,485,000 aggregate principal amount of newly issued 4.950% Notes due 2035 that will be issued in a transaction registered under the Securities Act
(CUSIP No. 30161N AQ4)
and
$741,001,000 aggregate principal amount of outstanding 5.100% Notes due 2045
(CUSIP Nos. 30161N AR2 and U3002L AC6)
for
$741,001,000 aggregate principal amount of newly issued 5.100% Notes due 2045 that will be issued in a transaction registered under the Securities Act
(CUSIP No. 30161N AS0)

The exchange offers will expire at 5:00 p.m., New York City time, on May 13, 2016, unless extended with respect to any or all series.

Exelon Corporation ("Exelon," "we" or "us") hereby offers, upon the terms and subject to the conditions set forth in this prospectus and the accompanying letter of transmittal (which together constitute the "exchange offers"), to exchange (i) up to $807,082,000 aggregate principal amount of our outstanding 3.950% Notes due 2025 (CUSIP Nos. 30161N AM3 and U3002L AA0) (the "original 2025 notes") for a like principal amount of our 3.950% Notes due 2025 that will be issued in a transaction registered under the Securities Act (CUSIP No. 30161N AN1) (the "exchange 2025 notes"), (ii) up to $333,485,000 aggregate principal amount of our outstanding 4.950% Notes due 2035 (CUSIP Nos. 30161N AP6 and U3002L AB8) (the "original 2035 notes") for a like principal amount of our 4.950% Notes due 2035 that will be issued in a transaction registered under the Securities Act (CUSIP No. 30161N AQ4) (the "exchange 2035 notes") and (iii) up to $741,001,000 aggregate principal amount of our outstanding 5.100% Notes due 2045 (CUSIP Nos. 30161N AR2 and U3002L AC6) (the "original 2045 notes" and, together with the original 2025 notes and the original 2035 notes, the "original notes") for a like principal amount of our 5.100% Notes due 2045 that will be issued in a transaction registered under the Securities Act (CUSIP No. 30161N AS0) (the "exchange 2045 notes" and, together with the exchange 2025 notes and the exchange 2035 notes, the "exchange notes"). The terms of the exchange offers are summarized below and are more fully described in this prospectus.

The terms of each series of exchange notes are identical to the terms of the corresponding series of original notes, except that the transfer restrictions, registration rights and additional interest provisions applicable to the original notes do not apply to the exchange notes.

We will accept for exchange any and all original notes of each series validly tendered and not validly withdrawn prior to 5:00 p.m., New York City time, on May 13, 2016, unless extended (the "expiration date").

You may withdraw tenders of original notes of each series at any time prior to the expiration of the relevant exchange offer.

We will not receive any proceeds from the exchange offers. The original notes surrendered in exchange for the exchange notes will be retired and cancelled and will not be reissued. Accordingly, issuance of the exchange notes will not result in any increase in our outstanding indebtedness.

The exchange of original notes of each series for the corresponding series of exchange notes will not be a taxable event for U.S. federal income tax purposes.

No public market currently exists for any series of original notes. We do not intend to list any series of exchange notes on a securities exchange and, therefore, no active public market is anticipated.

Each broker-dealer that receives exchange notes for its own account pursuant to the exchange offers must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes. The letter of transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of exchange notes received in exchange for original notes where such original notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. We have agreed that, for a period of 180 days after the expiration date, we will make this prospectus available to any broker-dealer for use in connection with any such resale. See "Plan of Distribution."

See " Risk Factors " beginning on page 12 to read about important factors you should consider before tendering your original notes.

Neither the Securities and Exchange Commission (the "SEC") nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is April 15, 2016

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We are responsible only for the information contained in or incorporated by reference into this prospectus. We have not authorized anyone to provide you with information that is different, and we take no responsibility for any other information or representations that others may give you. This prospectus is an offer to sell only the securities it describes, but only under circumstances and in jurisdictions where it is lawful to do so. The information incorporated by reference into or contained in this prospectus may only be accurate on the date of the relevant incorporated document or of this prospectus, as the case may be.

This prospectus contains summaries of the material terms of certain documents and refers you to certain documents that we have filed with the SEC. See “Incorporation of Certain Information by Reference.” Copies of these documents, except for certain exhibits and schedules, will be made available to you without charge upon written or oral request to:

Exelon Corporation
Attn: Investor Relations
10 South Dearborn Street—52nd Floor
P.O. Box 805398
Chicago, IL 60680-5398

In order to obtain timely delivery of such materials, you must request such information from us no later than five business days prior to the expiration of the relevant exchange offer.

No information in this prospectus constitutes legal, business or tax advice, and you should not consider it as such. You should consult your own attorney, business advisor and tax advisor for legal, business and tax advice regarding the exchange offers.

Forward Looking Statements

This prospectus and the documents incorporated by reference herein, as described under the headings “Where You Can Find More Information” and “Incorporation of Certain Information by Reference” contain forward-looking statements that are not based entirely on historical facts and are subject to risks and uncertainties. Words such as “believes,” “anticipates,” “expects,” “intends,” “plans,” “predicts,” “estimates” and similar expressions are intended to identify forward-looking statements but are not the only means to identify those statements. These forward-looking statements are based on assumptions, expectations and assessments made by our management in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe to be appropriate. Any forward-looking statements are not guarantees of our future performance and are subject to risks and uncertainties.

This prospectus contains certain forward-looking statements, which are subject to risks and uncertainties. The factors that could cause actual results to differ materially from the forward-looking statements include: (a) any risk factors discussed in this prospectus; (b) those factors discussed in the following sections of Exelon's Annual Report on Form 10-K for the year ended December 31, 2015, which are incorporated herein by reference: (1) ITEM 1A. Risk Factors, (2) ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and (3) ITEM 8. Financial Statements and Supplementary Data: Note 23; and (c) other factors discussed herein and in other filings with the SEC by Exelon, as applicable.

You are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date on the front of this prospectus or, as the case may be, as of the date on which we make any subsequent forward-looking statement that is deemed incorporated by reference. We do not undertake any obligation to update or revise any forward-looking statement to reflect events or circumstances after the date as of which any such forward-looking statement is made.

Where You Can Find More Information

We file annual, quarterly and current reports and other information with the SEC. You may read and copy any document we file at the SEC's public reference room in Washington, D.C. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. Our SEC filings are also available to the public from the SEC's web site at www.sec.gov or from our web site at www.exeloncorp.com. However, the information that appears on our website is not incorporated by reference into this prospectus and does not constitute a part of this prospectus.

Incorporation of Certain Information by Reference

We are "incorporating by reference" into this prospectus certain information we file with the SEC. This means we are disclosing important information to you by referring you to the documents containing the information. The information we incorporate by reference is considered to be part of this prospectus. Information that we file later with the SEC that is deemed incorporated by reference into this prospectus (but not information deemed pursuant to the SEC's rules to be furnished to and not filed with the SEC) will automatically update and supersede information previously included.

This prospectus also includes information about our subsidiaries Exelon Generation Company, LLC ("Generation"), Commonwealth Edison Company ("ComEd"), PECO Energy Company ("PECO"), and Baltimore Gas and Electric Company ("BGE") and their securities. Exelon, Generation, ComEd, PECO and BGE file combined reports under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Information contained in the combined reports relating to each registrant is filed separately by such registrant on its own behalf and only the information related to Exelon is incorporated by reference in this prospectus. Exelon does not make any representations as to information relating to any other registrant or securities issued by any other registrant and you should not rely on any information relating to any registrant other than Exelon in determining whether to participate in the exchange offers and invest in the exchange notes offered hereby. We are incorporating by reference into this prospectus the portions of the documents listed below relating to Exelon and any subsequent filings Exelon makes with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act (excluding information deemed pursuant to the SEC's rules to be furnished and not filed with the SEC) until the exchange offers are consummated or terminated:

- Annual Report on Form 10-K for the year ended December 31, 2015 filed with the SEC on February 10, 2016;
- Definitive Proxy Statement on Schedule 14A filed with the SEC on March 16, 2016; and
- Current Reports on Form 8-K filed with the SEC on January 7, 2016, January 28, 2016, February 26, 2016, March 7, 2016, March 24, 2016, April 1, 2016, April 5, 2016, April 7, 2016 and April 15, 2016.

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Any future filings that we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this prospectus and prior to the consummation or termination of the exchange offers shall be deemed to be incorporated by reference into the prospectus from the date such documents are filed. In addition, all filings filed by Exelon pursuant to the Exchange Act after the date of the initial registration statement of which this prospectus forms a part and prior to effectiveness of the registration statement shall be deemed to be incorporated by reference into this prospectus.

Summary

The following summary is provided solely for your convenience. It is not intended to be complete and may not contain all of the information that you should consider before participating in the exchange offers and investing in the exchange notes. You should read carefully this entire prospectus and all the information included or incorporated by reference herein.

Our Company

Exelon Corporation, incorporated in Pennsylvania in February 1999, is a utility services holding company engaged, through Exelon Generation Company, LLC ("Generation"), in the energy generation business and, through Commonwealth Edison Company ("ComEd"), PECO Energy Company ("PECO") and Baltimore Gas and Electric Company ("BGE"), in the energy delivery business. Exelon's principal executive offices are located at 10 South Dearborn Street, Chicago, Illinois 60603, and its telephone number is 312-394-7398.

Generation's integrated business consists of the generation, physical delivery and marketing of power across multiple geographical regions through its customer-facing business, Constellation Energy, which sells electricity and natural gas to both wholesale and retail customers. Generation also sells renewable energy and other energy-related products and services, and engages in natural gas and oil exploration and production activities. Generation has six reportable segments consisting of the Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Regions.

ComEd's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of electricity transmission and distribution services to retail customers in northern Illinois, including the City of Chicago.

PECO's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of electricity transmission and distribution services to retail customers in southeastern Pennsylvania, including the City of Philadelphia, as well as the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services to retail customers in the Pennsylvania counties surrounding the City of Philadelphia.

BGE's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of electricity transmission and distribution services to retail customers in central Maryland, including the City of Baltimore, as well as the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services to retail customers in central Maryland, including the City of Baltimore.

Merger with Pepco Holdings, Inc. ("PHI")

On March 23, 2016, Exelon completed its previously announced acquisition of PHI pursuant to the Amended and Restated Agreement and Plan of Merger, dated as of July 18, 2014 (the "Merger"). As a result of the Merger, PHI became an indirect, wholly-owned subsidiary of Exelon on March 23, 2016.

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Summary Financial Information

We have provided the following summary financial information for your reference. We have derived the summary financial information presented here as of and for the years ended December 31, 2013, 2014 and 2015 from our audited consolidated financial statements, incorporated herein by reference. You should read this summary financial information together with our audited consolidated financial statements and the related notes, incorporated herein by reference. See "Where You Can Find More Information" and "Incorporation of Certain Information by Reference" in this prospectus.

	For the Year Ended December 31,		
	2015	2014 [a]	2013
	($ in millions)		
Statement of Operations Data			
Operating revenues	$29,447	$27,429	$24,888
Operating income	4,409	3,096	3,669
Net income	2,250	1,820	1,729
Cash Flow Data			
Net cash flows provided by operating activities	7,616	4,457	6,343
Net cash flows used in investing activities	(7,822)	(4,599)	(5,394)
Net cash flows provided by (used in) financing activities.	4,830	411	(826)

	As of December 31,		
	2015	2014	2013
	($ in millions)		
Balance Sheet Data			
Property, plant and equipment, net	$57,439	$52,170	$47,330
Noncurrent regulatory assets	6,065	6,076	5,910
Goodwill	2,672	2,672	2,625
Other deferred debits and other assets	13,874	13,645	13,816
Total assets	$95,384	$86,416	$79,243
Long-term debt, including long-term debt to financing trusts	24,286	19,853	18,165
Noncurrent regulatory liabilities	4,201	4,550	4,388
Other deferred credits and other liabilities	30,457	29,118	26,064
Shareholders' equity	25,793	22,608	22,732
Total liabilities and shareholders' equity	$95,384	$86,416	$79,243

(a) On April 1, 2014, Generation assumed operational control of Constellation Energy Nuclear Group, LLC's ("CENG") nuclear fleet. As a result, the 2014 financial results include CENG's results of operations on a fully consolidated basis.

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Summary of the Exchange Offers

On December 2, 2015, in connection with private exchange offers, we issued $807,082,000 aggregate principal amount of 3.950% Notes due 2025, $333,485,000 aggregate principal amount of 4.950% Notes due 2035 and $741,001,000 aggregate principal amount of 5.100% Notes due 2045. As part of those issuances, we entered into a registration rights agreement, dated as of December 2, 2015, with respect to the original notes, with the dealer managers of the private exchange offers, in which we agreed, among other things, to deliver this prospectus to you and to use our reasonable commercial efforts to complete an exchange offer for each series of original notes. Below is a summary of the exchange offers.

Securities Offered	$807,082,000 aggregate principal amount of 3.950% Notes due 2025, $333,485,000 aggregate principal amount of 4.950% Notes due 2035 and $741,001,000 aggregate principal amount of 5.100% Notes due 2045, in each case that will be issued in a transaction registered under the Securities Act. The form and terms of each series of exchange notes are identical to the corresponding series of original notes except that the transfer restrictions, registration rights and additional interest provisions applicable to the original notes do not apply to the exchange notes.
Exchange Offers	We are offering to exchange up to $807,082,000 aggregate principal amount of the outstanding original 2025 notes, up to $333,485,000 aggregate principal amount of outstanding original 2035 and up to $741,001,000 aggregate principal amount of the outstanding original 2045 notes for like principal amounts of the exchange 2025 notes, the exchange 2035 notes and the exchange 2045 notes, respectively. You may tender original notes only in denominations of $2,000 and any integral multiple of $1,000 in excess thereof. We will issue each series of exchange notes promptly after the expiration of the applicable exchange offer. In order to be exchanged, an original note must be validly tendered, not validly withdrawn and accepted. Subject to the satisfaction or waiver of the conditions of the exchange offers, all original notes that are validly tendered and not validly withdrawn will be exchanged. As of the date of this prospectus, $807,082,000 aggregate principal amount of original 2025 notes is outstanding, $333,485,000 aggregate principal amount of original 2035 notes is outstanding and $741,001,000 aggregate principal amount of original 2045 notes is outstanding. The original notes were issued under an indenture, dated as of June 11, 2015 (the “Base Indenture”), between Exelon and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), as supplemented by the first supplemental indenture, dated as of June 11, 2015, and the second supplemental indenture, dated as of December 2, 2015 (together with the Base Indenture, the “Indenture”). If all outstanding original notes are tendered for exchange, there will be $807,082,000 aggregate principal amount of 3.950% Notes due 2025 (that will be issued in a transaction registered under the Securities Act), $333,485,000 aggregate principal amount of 4.950% Notes due 2035 (that will be issued in a transaction

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	registered under the Securities Act) and $740,001,000 aggregate principal amount of 5.100% Notes due 2045 (that will be issued in a transaction registered under the Securities Act) outstanding after these exchange offers.
Expiration Date; Tenders	The exchange offers will expire at 5:00 p.m., New York City time, on May 13, 2016, which is the twentieth day of the offering period, unless we extend the period of time during which any or all of the exchange offers are open. In the event of any material change in any of the exchange offers, we will extend the period of time during which the relevant exchange offer is open if necessary so that at least five business days remain in the relevant exchange offer period following notice of the material change. By signing or agreeing to be bound by the letter of transmittal, you will represent, among other things, that: • you are not an affiliate of ours; • you are acquiring the exchange notes in the ordinary course of your business; • you are not participating, do not intend to participate and have no arrangement or understanding with anyone to participate, in the distribution (within the meaning of the Securities Act) of the exchange notes; and • if you are a broker-dealer that will receive exchange notes for its own account in exchange for original notes that were acquired as a result of market-making activities or other trading activities, you will deliver a prospectus (or to the extent permitted by law, make available a prospectus to purchasers) in connection with any resale of such exchange notes. For further information regarding resales of the exchange notes by broker-dealers, see the discussion under the caption “Plan of Distribution.”
Accrued Interest on the Exchange Notes and the Original Notes	Each series of exchange notes will bear interest from (and including) the last interest payment date on which interest was paid on the original notes. Accordingly, if your original notes are accepted for exchange, you will receive interest on the corresponding series of exchange notes for the period commencing on (and including) the last interest payment date on which interest was paid on the original notes, and not on such original notes. Any original notes not tendered will remain outstanding and continue to accrue interest according to their terms.
Conditions to the Exchange Offers	The exchange offers are subject to customary conditions. If we materially change the terms of any or all of the exchange offers, we will resolicit tenders of the applicable series of original notes and extend the applicable exchange offer period if necessary so that at least five business days remain in the relevant exchange offer period

	following notice of any such material change. See "The Exchange Offers—Conditions to the Exchange Offers" for more information regarding conditions to the exchange offers.
Procedures for Tendering Original Notes	A tendering holder must, at or prior to the expiration date: • transmit a properly completed and duly executed letter of transmittal, including all other documents required by the letter of transmittal, to the exchange agent at the address listed in this prospectus; or • if original notes are tendered in accordance with the book-entry procedures described in this prospectus, the tendering holder must transmit an agent's message to the exchange agent at the address listed in this prospectus. See "The Exchange Offers—Procedures for Tendering."
Withdrawal Rights	Tenders may be withdrawn at any time before 5:00 p.m., New York City time, on the expiration date. See "The Exchange Offers—Withdrawal Rights."
Acceptance of Original Notes and Delivery of Exchange Notes	Subject to the conditions stated in the section "The Exchange Offers—Conditions to the Exchange Offers" of this prospectus, we will accept for exchange any and all original notes of each series that are properly tendered in the exchange offers and not validly withdrawn before 5:00 p.m., New York City time, on the expiration date. The corresponding exchange notes will be delivered promptly after the expiration date. See "The Exchange Offers—Terms of the Exchange Offers."
Material U.S. Federal Tax Consequences	Your exchange of original notes for exchange notes pursuant to the exchange offers will not be a taxable event for U.S. federal income tax purposes. See "Material U.S. Federal Income Tax Consequences."
Exchange Agent	The Bank of New York Mellon Trust Company, N.A. is serving as exchange agent in connection with the exchange offers. The address and telephone number of the exchange agent are listed under the heading "The Exchange Offers—Exchange Agent."
Use of Proceeds; Expenses	We will not receive any proceeds from the issuance of any series of exchange notes in the exchange offers. We have agreed to pay all expenses incident to the exchange offers (including the expenses of one counsel for the holders of the original notes and the exchange notes) other than underwriting discounts and commissions and transfer taxes, if any.

Resales	Based on existing interpretations of the Securities Act by the SEC staff set forth in several no-action letters to third parties, and subject to the immediately following sentence, we believe exchange notes issued under these exchange offers in exchange for original notes may be offered for resale, resold and otherwise transferred by the holders thereof (other than holders that are broker-dealers) without further compliance with the registration and prospectus delivery provisions of the Securities Act. However, any holder of original notes that is an affiliate of ours or that intends to participate in the exchange offers for the purpose of distributing any of the exchange notes, or any broker-dealer that purchased any of the original notes from us for resale pursuant to Rule 144A or any other available exemption under the Securities Act, (i) will not be able to rely on the interpretations of the SEC staff set forth in the above mentioned no-action letters, (ii) will not be entitled to tender its original notes in the exchange offers and (iii) must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any sale or transfer of the original notes unless such sale or transfer is made pursuant to an exemption from such requirements. Any broker-dealer that will receive exchange notes for its own account in exchange for original notes that were acquired as a result of market-making activities or other trading activities must deliver a prospectus (or to the extent permitted by law, make available a prospectus to purchasers) in connection with any resale of such exchange notes.
Consequences of Not Exchanging Original Notes	If you do not exchange your original notes in the exchange offers, you will continue to be subject to the restrictions on transfer described in the legend on your original notes. In general, you may offer or sell your original notes only: • if they are registered under the Securities Act and applicable state securities laws; • if they are offered or sold under an exemption from registration under the Securities Act and applicable state securities laws; or • if they are offered or sold in a transaction not subject to the Securities Act and applicable state securities laws. Although your original notes will continue to accrue interest, they will generally retain no rights under the registration rights agreement applicable to the original notes. We currently do not intend to register any series of original notes under the Securities Act. Under some circumstances, holders of the original notes, including holders that are not permitted to participate in the exchange offers or that may not freely sell exchange notes received in the exchange offers, may require us to file, and to cause to become effective, a shelf registration statement covering resales of original notes by these holders. For more information regarding the consequences of not tendering your

	original notes and our obligations to file a shelf registration statement, see “The Exchange Offers—Consequences of Exchanging or Failing to Exchange the Original Notes” and “The Exchange Offers—Registration Rights Agreement.”
Risk Factors	For a discussion of significant factors you should consider carefully before deciding to participate in the exchange offers, see “Risk Factors” beginning on page 12 of this prospectus.

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Summary of the Terms of the Exchange Notes

The following is a brief summary of the principal terms of the exchange notes. The form and terms of each series of exchange notes are identical to those of the corresponding series of original notes except that the transfer restrictions, registration rights and additional interest provisions applicable to the original notes do not apply to the exchange notes. Each series of exchange notes will evidence the same debt as the corresponding series of original notes exchanged and will be governed by the same Indenture. Certain of the terms and conditions described below are subject to important limitations and exceptions. For a more detailed description of the terms and conditions of the exchange notes, see the section of this prospectus entitled "Description of the Exchange Notes."

Issuer	Exelon Corporation.
Securities Offered	$807,082,000 aggregate principal amount of 3.950% Notes due 2025, $333,485,000 aggregate principal amount of 4.950% Notes due 2035 and $741,001,000 aggregate principal amount of 5.100% Notes due 2045, in each case that will be issued in a transaction registered under the Securities Act.
Maturity	The exchange 2025 notes mature on June 15, 2025, the exchange 2035 notes mature on June 15, 2035 and the exchange 2045 notes mature on June 15, 2045.
Interest	If your original notes are accepted for exchange, you will receive interest on the corresponding series of exchange notes for the period commencing on (and including) the last interest payment date on which interest was paid on the original notes, and not on such original notes. Any original notes not tendered will remain outstanding and continue to accrue interest according to their terms. Interest on the exchange notes will be paid semi-annually on June 15 and December 15 of each year, beginning on June 15, 2016.
Special Mandatory Redemption	The exchange notes include a "special mandatory redemption" provision, pursuant to which Exelon is required to redeem the exchange notes, in whole, at a redemption price equal to 101% of the aggregate principal amount of the exchange notes so redeemed, plus accrued and unpaid interest from and including the most recent date on which interest has been paid on the original notes or the exchange notes, as applicable, to but not including the date of such redemption, upon the first to occur of either (i) June 30, 2016, if the Merger is not consummated on or prior to such date, provided that, if all conditions to closing the Merger have been satisfied by June 30, 2016 (other than those to be satisfied on the closing date thereof and the receipt of approvals from all applicable regulatory authorities) and, in our judgment, all conditions to closing the Merger are reasonably likely to be satisfied by August 31, 2016, then August 31, 2016, or (ii) the date on which the agreement relating to the Merger is terminated. The Merger closed on March 23, 2016. Accordingly, the special mandatory redemption provisions of the exchange notes are no longer operative. See "Description of the Exchange Notes—Special Mandatory Redemption."

Optional Redemption	The exchange notes include a “special optional redemption” provision, pursuant to which the exchange notes may be redeemed at our option at any time prior to August 31, 2016, in whole, at a redemption price equal to 101% of the aggregate principal amount of such series of exchange notes, plus accrued and unpaid interest from and including the most recent date on which interest has been paid on the original notes or the exchange notes, as applicable, to but not including the date of redemption, if, in our judgment, our acquisition of PHI will not be consummated on or prior to August 31, 2016. The Merger closed on March 23, 2016. Accordingly, the special optional redemption provisions of the exchange notes are no longer operative. At our option, any or all of the exchange notes may be redeemed, in whole or in part, at any time prior to maturity. If we elect to redeem the exchange 2025 notes at any time prior to March 15, 2025 (three months prior to the maturity date of the exchange 2025 notes), the exchange 2035 notes at any time prior to December 15, 2034 (six months prior to the maturity date of the exchange 2035 notes) or the exchange 2045 notes at any time prior to December 15, 2044 (six months prior to the maturity date of the exchange 2045 notes), we may redeem some or all of the exchange 2025 notes, the exchange 2035 notes and the exchange 2045 notes, respectively, in each case upon at least 15 days’ and not more than 60 days’ notice at a redemption price equal to the greater of: • 100% of the principal amount of the exchange notes then outstanding to be redeemed; and • The sum of the present values of the remaining scheduled payments of principal and interest on the exchange notes being redeemed (exclusive of interest accrued to the redemption date) to March 15, 2025, December 15, 2034 or December 15, 2044, as applicable, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined herein) plus 25 basis points in the case of the exchange 2025 notes, 30 basis points in the case of the exchange 2035 notes and 30 basis points in the case of the exchange 2045 notes, plus, in each case, accrued and unpaid interest on the principal amount being redeemed to but excluding the date of redemption. If we elect to redeem the exchange 2025 notes at any time on or after March 15, 2025 (three months prior to the maturity date of the exchange 2025 notes), the exchange 2035 notes at any time on or after December 15, 2034 (six months prior to the maturity date of the exchange 2035 notes) or the exchange 2045 notes at any time on or after December 15, 2044 (six months prior to the maturity date of the exchange 2045 notes), we may redeem some or all of the exchange 2025 notes, the exchange 2035 notes and the exchange 2045 notes, respectively, in each case upon at least 15 days’ and not more than

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	60 days' notice at a redemption price equal to 100% of the principal amount of the exchange notes then outstanding to be redeemed plus accrued and unpaid interest on the principal amount being redeemed to but excluding the redemption date. See "Description of the Exchange Notes—Optional Redemption."
Ranking	The exchange notes will be Exelon's direct unsecured general obligations and will rank equally with all of our existing and future unsecured and unsubordinated debt, including any original notes not exchanged in the exchange offer, will be senior in right of payment to all of our existing and future subordinated debt and will be junior to any of our future secured debt to the extent of the value of the collateral securing such secured debt. Because we are a holding company with no material assets other than our ownership interests in our subsidiaries and all of our operations are conducted by our subsidiaries, our debt is effectively subordinated to all existing and future debt, trade credit and other liabilities of our subsidiaries. Our rights, and hence the rights of our creditors, to participate in any distribution of assets of any subsidiary upon its liquidation or reorganization or otherwise would be subject to the prior claims of that subsidiary's creditors, except to the extent that our claims as a creditor of such subsidiary may be recognized. As of December 31, 2015, our subsidiaries had outstanding approximately $20.6 billion of long-term debt, including long-term debt to financing trusts and the portion of long-term debt due within one year. The exchange notes will not be obligations of or guaranteed by any of our subsidiaries. The Base Indenture does not limit our ability to issue debt senior to the exchange notes or the amount of debt we or our subsidiaries may issue.
Denominations	The exchange notes will be issued in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof.
No Listing	We do not intend to list the exchange notes on any securities exchange or automated dealer quotation system. The exchange notes will be new securities for which there currently is no public market. See "Risk Factors—There may be no public market for the exchange notes."
Risk Factors	You should consider carefully all the information set forth and incorporated by reference in this prospectus and, in particular, you should evaluate the specific factors set forth under the heading "Risk Factors" beginning on page 12 of this prospectus, as well as the other information contained or incorporated herein by reference, before participating in the exchange offers and investing in the exchange notes offered hereby.
Use of Proceeds	We will not receive any proceeds from the issuance of any series of exchange notes in the exchange offers.

Trustee	The Bank of New York Mellon Trust Company, N.A.
Indenture	The exchange notes will be issued under the same Indenture as the original notes.
	The Base Indenture provides for the issuance, from time to time, of debt securities in series (including the exchange notes to be issued in connection with the exchange offer) in an unlimited amount. We may issue additional securities from the Base Indenture from time to time.
Governing Law	The Indenture and the exchange notes will be governed by the laws of the State of New York.

Risk Factors

The decision to participate in the exchange offers and invest in the exchange notes involves substantial risk. You should carefully consider the following risk factors and all other information contained in or incorporated by reference into this prospectus, including Exelon's financial statements and the related notes, before deciding to participate in the exchange offers. The risks described below are not the only risks facing us. Additional risks and uncertainties not currently known to us or those we currently view to be immaterial may also materially and adversely affect our business, financial condition or results of operations. If any of the following risks materialize, our business, financial condition or results of operations could be materially and adversely affected. In that case, you may lose some or all of your investment.

Risks Related to the Exchange Notes and the Exchange Offer

There may be no public market for the exchange notes.

We can give no assurances concerning the liquidity of any markets that may develop for the exchange notes offered by this prospectus, the ability of any investor to sell any of the exchange notes or the price at which investors would be able to sell them. If markets for the exchange notes do not develop, investors may be unable to resell the exchange notes for an extended period of time, if at all. If markets for the exchange notes do develop, they may not continue or it may not be sufficiently liquid to allow holders to resell any of the exchange notes. Consequently, investors may not be able to liquidate their investment readily, and lenders may not readily accept the exchange notes as collateral for loans.

The Indenture does not restrict the amount of additional debt that we may incur.

The exchange notes and the Indenture pursuant to which the exchange notes will be issued do not place any limitation on the amount of indebtedness that we or our subsidiaries may incur. Our incurrence of additional debt may have important consequences for you as a holder of the exchange notes, including making it more difficult for us to satisfy our obligations with respect to the exchange notes, a loss in the trading value of your exchange notes and a risk that one or more of the credit ratings of the exchange notes are lowered or withdrawn.

Our debt, including the exchange notes, is effectively subordinated to the debt of our subsidiaries.

Because we are a holding company with no material assets other than our ownership interests in our subsidiaries and all of our operations are conducted by our subsidiaries, our debt is effectively subordinated to all existing and future debt, trade credit and other liabilities of our subsidiaries. Our rights, and hence the rights of our creditors, to participate in any distribution of assets of any subsidiary upon its liquidation or reorganization or otherwise would be subject to the prior claims of that subsidiary's creditors, except to the extent that our claims as a creditor of such subsidiary may be recognized. As of December 31, 2015, our subsidiaries had outstanding approximately $20.6 billion of long-term debt, including long-term debt to financing trusts and the portion of long-term debt due within one year. The Indenture does not restrict our or our subsidiaries' ability to incur additional indebtedness.

If we consummate the exchange offers, the liquidity and market value of any remaining non-exchanged original notes may be adversely affected.

Upon consummation of the exchange offer, the aggregate principal amount of original notes will be reduced by the amount of original notes exchanged. Securities with a smaller outstanding principal amount available for trading, or float, generally command a lower price than do comparable securities with a greater float. Therefore, the market price for original notes that are not submitted for exchange or not accepted by us may be adversely affected. A reduced float may also make the trading prices of any original notes that are not exchanged more volatile.

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If you fail to exchange your original notes, they will continue to be restricted securities.

If you do not exchange your original notes for exchange notes pursuant to the exchange offers, the original notes you hold will continue to be subject to the existing transfer restrictions. The original notes may not be offered, sold or otherwise transferred, except in compliance with the registration requirements of the Securities Act, pursuant to an exemption from registration under the Securities Act or in a transaction not subject to the registration requirements of the Securities Act, and in compliance with applicable state securities laws. We do not anticipate that we will register any series of original notes under the Securities Act. After the exchange offers are consummated, the trading market for the remaining untendered original notes of each series may be small and inactive. In addition, if you are eligible to exchange your original notes in the exchanges offers and do not exchange your original notes in the exchange offers, you will no longer be entitled to have those original notes registered under the Securities Act.

The exchange offers may be cancelled or delayed.

We have reserved the right to terminate or withdraw the exchange offers, including solely in respect of one or more series of the original notes, in our sole discretion at any time and for any reason. Therefore, even if you properly submit a letter of transmittal prior to the expiration date and otherwise comply with the terms and conditions of the exchange offers, the exchange offers may not be consummated. Because of adjustments or other logistical challenges in exchanging original notes for exchange notes, among other things, the settlement of the exchange offers may be delayed. Accordingly, you may have to wait longer than expected to receive your exchange notes, during which time you will not be able to effect transfers of your original notes or exchange notes you are to receive in the exchange offer.

Holders of original notes that exchange could be subject to a different preference risk and period in bankruptcy than holders of original notes that do not participate in the exchange offer.

If we were to file a bankruptcy petition (or one were filed against us) within 90 days of the closing date of the exchange offers (or one year with respect to any statutory insiders of ours that participate in the exchange offers), and to the extent a bankruptcy court or other court of competent jurisdiction were then to conclude that the consideration received as part of the exchange offers constituted a transfer on account of antecedent debt related to the original notes, and any applicable defenses or exceptions do not apply, then those holders that participated in the exchange offers (or any subsequent transferee) may be subject to the avoidance of any consideration received as part of the exchange offers as a preferential transfer under applicable bankruptcy law. In contrast, those holders that do not participate in the exchange offers (and consequently would not be the beneficiaries of any new transfers from us on the closing date of the exchange offers) would not similarly be at risk in the event that we were to file a bankruptcy petition (or one were filed against us) within 90 days of the closing date of the exchange offers (or one year with respect to any statutory insiders of ours that participate in the exchange offers); instead, such parties would be at risk with regards to a potentially avoidable preferences only for any other transfers they may receive within 90 days (or one year, in the case of statutory insiders) of any bankruptcy filing by or against us.

Some noteholders may be required to comply with the registration and prospectus delivery requirements of the Securities Act.

If you exchange your original notes in the exchange offers for the purpose of participating in a distribution of the exchange notes, you may be deemed to have received restricted securities and, if so, you will be required to comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction. In addition, a broker-dealer that purchased original notes for its own account as part of market-making activities or other trading activities must deliver a prospectus when it sells the exchange notes it receives in exchange for original notes in the exchange offers. Our obligation to keep the registration statement of which this prospectus forms a part effective is limited. Accordingly, we cannot guarantee that a current prospectus will be available at all times to broker-dealers wishing to resell their exchange notes.

Use of Proceeds

We will not receive any proceeds from the exchange offers. In consideration for issuing exchange notes, we will receive in exchange the applicable original notes of like principal amount. The original notes surrendered in exchange for exchange notes will be retired and cancelled.

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Ratio of Earnings to Fixed Charges

The following are Exelon's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,				
	2015	2014	2013	2012	2011
Ratio of earnings to fixed charges	3.3x	2.7x	2.6x	2.4x	4.9x

The ratio of earnings to fixed charges represents, on a pre-tax basis, the number of times earnings cover fixed charges. Earnings consist of pre-tax net income from continuing operations after adjustment for income from equity investees and capitalized interest or allowance for funds used during construction, to which has been added fixed charges. Fixed charges consist of interest costs and amortization of debt discount and premium on all indebtedness and estimated interest portion of all rental expense.

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Capitalization and Short-Term Borrowings

The following table shows Exelon's consolidated capitalization and short-term borrowings as of December 31, 2015 and as adjusted to reflect the consummation of the exchange offers, assuming that all of the original notes are exchanged for exchange notes. This table is qualified in its entirety by, and should be considered in conjunction with, the more detailed information incorporated by reference or provided in this prospectus.

	As of December 31, 2015	
(in millions)	Actual	As Adjusted [a]
Short-term borrowings	$ 533	$ 533
Long-term debt:		
Long-term debt, including long-term debt to financing trusts [b]	23,905	23,905
Original 2025 notes	807	—
Original 2035 notes	333	—
Original 2045 notes	741	—
Exchange 2025 notes offered hereby	—	807
Exchange 2035 notes offered hereby	—	333
Exchange 2045 notes offered hereby	—	741
Shareholders' equity	25,793	25,793
Total capitalization and short-term borrowings	$52,112	$ 52,112

(a) Assumes that all original notes will be tendered and exchanged for the exchange notes offered hereby, pursuant to the terms of the exchange offers.

(b) Includes approximately $1,500 million of long-term debt due within one year.

The Exchange Offers

Purpose of the Exchange Offers

When we completed the issuance of the original notes in connection with the private exchange offers on December 2, 2015, we entered into a registration rights agreement with respect to the original notes with the dealer managers of the private exchange offers. Under the registration rights agreement, we agreed to use our reasonable commercial efforts to file a registration statement with the SEC relating to the exchange offers within 120 days of the issuance of the original notes. We also agreed to use our reasonable commercial efforts to cause the registration statement to be declared effective under the Securities Act within 180 days of the issuance of the original notes (unless the registration statement is reviewed by the SEC, in which case within 240 days of the issuance of the original notes) and to consummate the exchange offers within 225 days of the issuance of the original notes (unless the registration statement is reviewed by the SEC, in which case within 285 days of the issuance of the original notes). The registration rights agreement provides that we will be required to pay additional interest to the holders of the original notes of the applicable series if we fail to comply with such filing, effectiveness and offer consummation requirements. See "—Registration Rights Agreement" below for more information on the additional interest we will owe if we do not complete the exchange offers within a specified timeline.

The exchange offers are not being made to holders of original notes in any jurisdiction where the exchange would not comply with the securities or blue sky laws of such jurisdiction. A copy of the registration rights agreement has been filed as an exhibit to the registration statement of which this prospectus forms a part, and is available from us upon request. See "Where You Can Find More Information."

Each broker-dealer that receives exchange notes for its own account in exchange for original notes, where such original notes were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes. See "Plan of Distribution."

Terms of the Exchange Offers

Upon the terms and subject to the conditions described in this prospectus and in the accompanying letter of transmittal, we will accept for exchange original notes that are properly tendered before 5:00 p.m., New York City time, on the expiration date and not validly withdrawn as permitted below. We will issue a like principal amount of exchange notes in exchange for the principal amount of the corresponding series of original notes tendered under the respective exchange offers. As used in this prospectus, the term "expiration date" means May 13, 2016, which is the twentieth day of the offering period. However, if we have extended the period of time for which the exchange offers are open with respect to any series of original notes, the term "expiration date" means the latest date to which we extend the relevant exchange offer.

As of the date of this prospectus, $807,082,000 aggregate principal amount of the original 2025 notes is outstanding, $333,485,000 aggregate principal amount of the original 2035 notes is outstanding and $741,001,000 aggregate principal amount of the original 2045 notes is outstanding. The original notes of each series were issued under the Indenture. Our obligation to accept original notes of each series for exchange in the exchange offers is subject to the conditions described below under "—Conditions to the Exchange Offers." We reserve the right to extend the period of time during which any or all of the exchange offers is open. We may elect to extend the relevant exchange offer period if less than 100% of the original notes of the relevant series are tendered or if any condition to consummation of the relevant exchange offer has not been satisfied as of the expiration date and it is likely that such condition will be satisfied after such date. In addition, in the event of any material change in any or all of the exchange offers, we will extend the period of time during which the relevant exchange offer is open if necessary so that at least five business days remain in the relevant offering period following notice of the material change. In the event of such extension, and only in such event, we may delay

acceptance for exchange of any original notes of the relevant series by giving written notice of the extension to the holders of original notes of such series as described below. During any extension period, all original notes of such series previously tendered will remain subject to the exchange offers and may be accepted for exchange by us. Any original notes not accepted for exchange will be returned to the tendering holder promptly after the expiration or termination of the exchange offers.

Original notes of each series tendered in the exchange offers must be in denominations of $2,000 and any integral multiple of $1,000 in excess thereof. No dissenter's rights of appraisal exist with respect to the exchange offers.

We reserve the right to amend or terminate any or all of the exchange offers, and not to accept for exchange any original notes of the relevant series not previously accepted for exchange, upon the occurrence of any of the conditions of the relevant exchange offer specified below under "—Conditions to the Exchange Offers." We will give written notice of any extension, amendment, non-acceptance or termination to the holders of the original notes of the relevant series as promptly as practicable. Such notice, in the case of any extension, will be issued by means of a press release or other public announcement no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled expiration date for such series.

Our acceptance of the tender of original notes by a tendering holder will form a binding agreement upon the terms and subject to the conditions provided in this prospectus and the accompanying letter of transmittal.

Procedures for Tendering

Except as described below, a tendering holder must, at or prior to 5:00 p.m., New York City time, on the applicable expiration date:

- transmit a properly completed and duly executed letter of transmittal, including all other documents required by the letter of transmittal, to The Bank of New York Mellon Trust Company, N.A., as the exchange agent, at the address listed below under the heading "—Exchange Agent;" or
- if original notes are tendered in accordance with the book-entry procedures described below, the tendering holder must transmit an agent's message to the exchange agent at the address listed below under the heading "—Exchange Agent."

In addition:

- the exchange agent must receive, at or before 5:00 p.m., New York City time, on the applicable expiration date, certificates for the original notes, if any; or
- the exchange agent must receive a timely confirmation of book-entry transfer of the original notes into the exchange agent's account at DTC, the book-entry transfer facility.

The term "agent's message" means a message, transmitted to DTC and received by the exchange agent and forming a part of a book-entry transfer, that states that DTC has received an express acknowledgment that the tendering holder agrees to be bound by the letter of transmittal and that we may enforce the letter of transmittal against this holder.

The method of delivery of original notes, letters of transmittal and all other required documents is at your election and risk. If the delivery is by mail, we recommend that you use registered mail, properly insured, with return receipt requested. In all cases, you should allow sufficient time to assure timely delivery. You should not send letters of transmittal or original notes to anyone other than the exchange agent.

If you are a beneficial owner whose original notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee, and wish to tender, you should promptly instruct the registered holder to

tender on your behalf. Any registered holder that is a participant in DTC's book-entry transfer facility system may make book-entry delivery of the original notes by causing DTC to transfer the original notes into the exchange agent's account.

Signatures on a letter of transmittal or a notice of withdrawal must be guaranteed unless the original notes surrendered for exchange are tendered:

- by a registered holder of the original notes that has not completed the box entitled "Special Issuance Instructions" or "Special Delivery Instructions" on the letter of transmittal; or
- for the account of an "eligible institution."

If signatures on a letter of transmittal or a notice of withdrawal are required to be guaranteed, the guarantees must be by an "eligible institution." An "eligible institution" is a financial institution, including most banks, savings and loan associations and brokerage houses, that is a participant in the Securities Transfer Agents Medallion Program, the New York Stock Exchange Medallion Signature Program or the Stock Exchanges Medallion Program.

We will reasonably determine all questions as to the validity, form and eligibility of original notes tendered for exchange and all questions concerning the timing of receipts and acceptance of tenders. These determinations will be final and binding.

We reserve the right to reject any particular original note not properly tendered, or any acceptance that might, in our judgment or our counsel's judgment, be unlawful. We also reserve the right to waive any defects or irregularities with respect to the form or procedures applicable to the tender of any particular original note prior to the expiration date. Unless waived, any defects or irregularities in connection with tenders of original notes must be cured prior to the applicable expiration dates of the exchange offers. Neither we, the exchange agent nor any other person will be under any duty to give notification of any defect or irregularity in any tender of original notes. Nor will we, the exchange agent or any other person incur any liability for failing to give notification of any defect or irregularity.

If the letter of transmittal is signed by a person other than the registered holder of original notes, the letter of transmittal must be accompanied by a certificate of the original notes endorsed by the registered holder or written instrument of transfer or exchange in satisfactory form, duly executed by the registered holder, in either case with the signature guaranteed by an eligible institution. In addition, in either case, the original endorsement or the instrument of transfer must be signed exactly as the name of any registered holder appears on the original notes.

If the letter of transmittal or any original notes or powers of attorney are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, these persons should so indicate when signing. Unless waived by us, proper evidence satisfactory to us of their authority to so act must be submitted.

By signing or agreeing to be bound by the letter of transmittal, each tendering holder of original notes will represent, among other things:

- that it is not an affiliate of ours;
- the exchange notes will be acquired in the ordinary course of its business;
- that it is not participating, does not intend to participate, and has no arrangement or understanding with anyone to participate, in the distribution (within the meaning of the Securities Act) of the exchange notes; and
- if such holder is a broker-dealer that will receive exchange notes for its own account in exchange for original notes that were acquired as a result of market-making activities or other trading activities, that it will deliver a prospectus (or to the extent permitted by law, make available a prospectus to purchasers) in connection with any resale of such exchange notes.

Each broker-dealer that receives exchange notes for its own account in exchange for original notes, where such original notes were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes. See “Plan of Distribution.”

Acceptance of Original Notes for Exchange; Delivery of Exchange Notes

Upon satisfaction of all of the conditions to an exchange offer, we will accept, promptly after the expiration date, all original notes of the relevant series properly tendered. We will issue the applicable exchange notes promptly after the expiration of the relevant exchange offer and acceptance of the corresponding original notes. See “—Conditions to the Exchange Offers” below. For purposes of the exchange offers, we will be deemed to have accepted properly tendered original notes for exchange when, as and if we have given written notice of such acceptance to the exchange agent.

For each original note accepted for exchange, the holder of the original note will receive an exchange note of the corresponding series having a principal amount equal to that of the surrendered original note. Each series of exchange notes will bear interest from (and including) the last interest payment date on which interest was paid on the original notes. Accordingly, if your original notes are accepted for exchange, you will receive interest on the corresponding series of exchange notes for the period commencing on (and including) the last interest payment date on which interest was paid on the original notes, and not on such original notes. Any original notes not tendered will remain outstanding and continue to accrue interest according to their terms.

In all cases, issuance of exchange notes for original notes will be made only after timely receipt by the exchange agent of:

- certificates for the original notes, or a timely book-entry confirmation of the original notes into the exchange agent’s account at the book-entry transfer facility;
- a properly completed and duly executed letter of transmittal or a transmitted agent’s message; and
- all other required documents.

Unaccepted or non-exchanged original notes will be returned without expense to the tendering holder of the original notes promptly after the expiration of the relevant exchange offer. In the case of original notes tendered by book-entry transfer in accordance with the book-entry procedures described below, the non-exchanged original notes will be returned or recredited promptly after the expiration of the relevant exchange offer.

Book-Entry Transfer

The exchange agent will make a request to establish an account for the original notes at DTC for purposes of the exchange offers within two business days after the date of this prospectus. Any financial institution that is a participant in DTC’s systems must make book-entry delivery of original notes by causing DTC to transfer those original notes into the exchange agent’s account at DTC in accordance with DTC’s procedure for transfer. This participant should transmit its acceptance to DTC at or prior to 5:00 p.m., New York City time, on the applicable expiration date. DTC will verify this acceptance, execute a book-entry transfer of the tendered original notes into the exchange agent’s account at DTC and then send to the exchange agent confirmation of this book-entry transfer. The confirmation of this book-entry transfer will include an agent’s message confirming that DTC has received an express acknowledgment from this participant that this participant has received and agrees to be bound by the letter of transmittal and that we may enforce the letter of transmittal against this participant. Delivery of exchange notes issued in the exchange offers may be effected through book-entry transfer at DTC. However, the letter of transmittal or facsimile of it or an agent’s message, with any required signature guarantees and any other required documents, must be transmitted to and received by the exchange agent at the address listed below under “—Exchange Agent” at or prior to 5:00 p.m., New York City time, on the applicable expiration date.

Exchanging Book-Entry Notes

The exchange agent and the book-entry transfer facility have confirmed that any financial institution that is a participant in the book-entry transfer facility may utilize the book-entry transfer facility's Automated Tender Offer Program ("ATOP") procedures to tender original notes. Any participant in the book-entry transfer facility may make book-entry delivery of original notes by causing the book-entry transfer facility to transfer such original notes into the exchange agent's account in accordance with the book-entry transfer facility's ATOP procedures for transfer. However, the exchange for the original notes so tendered will only be made after a book-entry confirmation of the book-entry transfer of original notes into the exchange agent's account, and timely receipt by the exchange agent of an agent's message and any other documents required by the letter of transmittal. The term "agent's message" means a message, transmitted by the book-entry transfer facility and received by the exchange agent and forming part of a book-entry confirmation, which states that the book-entry transfer facility has received an express acknowledgment from a participant tendering original notes that are the subject of such book-entry confirmation that such participant has received and agrees to be bound by the terms of the letter of transmittal, and that we may enforce such agreement against such participant.

Withdrawal Rights

For a withdrawal to be effective, the exchange agent must receive a written notice of withdrawal at the address or, in the case of eligible institutions, at the facsimile number, indicated below under "—Exchange Agent" before 5:00 p.m., New York City time, on the applicable expiration date. Any notice of withdrawal must:

- specify the name of the person, referred to as the depositor, having tendered the original notes to be withdrawn;
- identify the original notes to be withdrawn, including the relevant series, certificate number or numbers and principal amount of the original notes;
- in the case of original notes tendered by book-entry transfer, specify the number of the account at the book-entry transfer facility from which the original notes were tendered and specify the name and number of the account at the book-entry transfer facility to be credited with the withdrawn original notes and otherwise comply with the procedures of such facility;
- contain a statement that the holder is withdrawing his election to have the original notes exchanged;
- be signed by the holder in the same manner as the original signature on the letter of transmittal by which the original notes were tendered, including any required signature guarantees, or be accompanied by documents of transfer to have the Trustee with respect to the original notes register the transfer of the original notes in the name of the person withdrawing the tender; and
- specify the name in which the original notes are registered, if different from that of the depositor.

If certificates for original notes have been delivered or otherwise identified to the exchange agent, then, prior to the release of these certificates, the withdrawing holder must also submit the serial numbers of the particular certificates to be withdrawn and signed notice of withdrawal with signatures guaranteed by an eligible institution unless this holder is an eligible institution. We will determine all questions as to the validity, form and eligibility, including time of receipt, of notices of withdrawal. Any original notes so withdrawn will be deemed not to have been validly tendered for exchange. No exchange notes will be issued unless the original notes so withdrawn are validly re-tendered. Any original notes that have been tendered for exchange, but which are not exchanged for any reason, will be returned to the tendering holder without cost to the holder promptly after the expiration of the relevant exchange offer. In the case of original notes tendered by book-entry transfer, the original notes will be credited to an account maintained with the book-entry transfer facility for the original notes promptly after the expiration of the relevant exchange offer. Properly withdrawn original notes may be re-tendered by following the procedures described under " — Procedures for Tendering" above at any time on or before 5:00 p.m., New York City time, on the applicable expiration date.

Conditions to the Exchange Offers

Notwithstanding any other provision of the exchange offers, we shall not be required to accept for exchange, or to issue applicable exchange notes in exchange for, any original notes of the corresponding series, and may terminate or amend any of the exchange offers, if at any time prior to 5:00 p.m., New York City time, on the applicable expiration date any of the following events occurs:

- there is threatened, instituted or pending any action or proceeding before, or any injunction, order or decree issued by, any court or governmental agency or other governmental regulatory or administrative agency or commission that (i) might materially impair our ability to proceed with the applicable exchange offer; (ii) seeks to restrain or prohibit the making of the exchange offers; (iii) assesses or seeks any damages as a result thereof; of (iv) could result in a material delay in our ability to accept for exchange or exchange some or all of the original notes pursuant to the exchange offers; or
- the applicable exchange offer or the making of any exchange by a holder of original notes of the relevant series would violate applicable law or any applicable interpretation of the SEC staff.

These conditions are for our sole benefit and may be asserted by us with respect to all or any portion of the exchange offers regardless of the circumstances, including any action or inaction by us, giving rise to the condition or may be waived by us in whole or in part at any time or from time to time in our sole discretion. The failure by us at any time to exercise any of the foregoing rights will not be deemed a waiver of any right, and each right will be deemed an ongoing right that may be asserted at any time or from time to time. We reserve the right, notwithstanding the satisfaction of these conditions, to terminate or amend the exchange offers.

Any determination by us concerning the fulfillment or non-fulfillment of any conditions will be final and binding upon all parties.

In addition, we will not accept for exchange any original notes tendered, and no exchange notes will be issued in exchange for any original notes, if any stop order is threatened by the SEC or in effect relating to the registration statement of which this prospectus constitutes a part or the qualification of the Indenture under the Trust Indenture Act of 1939, as amended. We are required to make every reasonable effort to obtain the withdrawal of any order suspending the effectiveness of a registration statement at the earliest possible moment.

Exchange Agent

We have appointed The Bank of New York Mellon Trust Company, N.A. as the exchange agent for the exchange offers. You should direct all executed letters of transmittal to the exchange agent at the address indicated below. You should direct questions and requests for assistance, requests for additional copies of this prospectus or of the letter of transmittal to the exchange agent addressed as follows:

The Bank of New York Mellon Trust Company, N.A., as Exchange Agent c/o The Bank of New York Mellon Corporation
Corporate Trust Operations-Reorganization Unit
111 Sanders Creek Parkway
East Syracuse, NY 13057
Attn: Pamela Adamo
Tel: 315-414-3317
Fax: 732-667-9408

All other questions should be addressed to Exelon Corporation, Attn: Investor Relations 10 South Dearborn Street—52nd Floor, P.O. Box 805398, Chicago, IL 60680-5398. If you deliver the letter of transmittal to an address other than any address indicated above or transmit instructions via facsimile other than to any facsimile number indicated above, then your delivery or transmission will not constitute a valid delivery of the letter of transmittal.

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Fees and Expenses

We will not make any payment to brokers, dealers or others soliciting acceptances of the exchange offers. We have agreed to pay all expenses incident to the exchange offers (including the expenses of one counsel for the holders of the original notes and the exchange notes) other than underwriting discounts and commissions and transfer taxes, if any, and will indemnify the holders of the original notes and the exchange notes (including any broker-dealers) against certain liabilities, including liabilities under the Securities Act. The cash expenses to be incurred in connection with the exchange offers, including out-of-pocket expenses for the exchange agent, will be paid by us.

Transfer Taxes

We will pay any transfer taxes in connection with the tender of original notes in the exchange offers unless you instruct us to register exchange notes in the name of, or request that original notes not tendered or not accepted in the exchange offers be returned to, a person other than the registered tendering holder. In those cases, you will be responsible for the payment of any applicable transfer taxes.

Consequences of Exchanging or Failing to Exchange the Original Notes

Holders of original notes that do not exchange their original notes for exchange notes under the exchange offers will remain subject to the restrictions on transfer of such original notes as set forth in the legend printed on the original notes as a consequence of the issuance of the original notes pursuant to exemptions from, or in transactions not subject to, the registration requirements of the Securities Act and applicable state securities laws. In general, you may not offer or sell the original notes unless they are registered under the Securities Act, or if the offer or sale is exempt from registration under the Securities Act and applicable state securities laws. Except as required by the registration rights agreement, we do not intend to register resales of either series of original notes under the Securities Act.

Under existing interpretations of the Securities Act by the SEC staff contained in several no-action letters to third parties, and subject to the immediately following sentence, we believe the exchange notes of each series would generally be freely transferable by holders after the exchange offers without further registration under the Securities Act, subject to certain representations required to be made by each holder of exchange notes, as set forth below. However, any holder of original notes that is one of our “affiliates” (as defined in Rule 405 under the Securities Act) or that intends to participate in the exchange offers for the purpose of distributing the exchange notes, or any broker-dealer that purchased any of the original notes from us for resale pursuant to Rule 144A or any other available exemption under the Securities Act:

- will not be able to rely on the interpretation of the SEC staff;
- will not be able to tender its original notes of either series in the exchange offer; and
- must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any sale or transfer of original notes unless such sale or transfer is made pursuant to an exemption from such requirements. See “Plan of Distribution.”

We do not intend to seek our own interpretation regarding the exchange offers and there can be no assurance that the SEC staff would make a similar determination with respect to any or all series of exchange notes as it has in other interpretations to other parties, although we have no reason to believe otherwise.

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Registration Rights Agreement

The following description is a summary of the material provisions of the registration rights agreement. It does not restate the registration rights agreement in its entirety. We urge you to read the registration rights agreement in its entirety because it, and not this description, defines your registration rights as holders of the original notes. A copy of the registration rights agreement has been filed as an exhibit to the registration statement of which this prospectus forms a part and is available from us upon request. See “Where You Can Find More Information.”

On December 2, 2015, we and the dealer managers of the private exchange offers entered into a registration rights agreement with respect to the original notes. In the registration rights agreement, we agreed for the benefit of the holders of the original notes, to file a registration statement on an appropriate form under the Securities Act with respect to a proposed offer (each a “Registered Exchange Offer”) to exchange the original notes for a corresponding series of exchange notes issued under the Indenture and identical in all material respects to such original notes (except that the exchange notes will not contain terms with respect to transfer restrictions or any increase in annual interest rate). We agreed to use our reasonable commercial efforts to make this filing within 120 days of the issuance of the original notes. We also agreed to use our reasonable commercial efforts to cause the registration statement to be declared effective under the Securities Act within 180 days of the issuance of the original notes (unless the registration statement is reviewed by the SEC, in which case within 240 days of the issuance of the original notes) and to consummate the exchange offers within 225 days of the issuance of the original notes (unless the registration statement is reviewed by the SEC, in which case within 285 days of the issuance of the original notes). Upon the effectiveness of this registration statement, we will offer exchange notes of each series in return for original notes of the corresponding series.

In the event that (i) we reasonably determine that changes in law, SEC rules or regulations or applicable interpretations of the SEC staff do not permit us to effect the Registered Exchange Offer; (ii) the Registered Exchange Offer is not consummated on or prior to the 225th day following the issuance of the original notes (unless the registration statement is reviewed by the SEC, in which case on or prior to the 285th day following the issuance of the original notes); or (iii) a holder notifies us within 20 business days following consummation of the Registered Exchange Offer that it is not permitted by applicable law, SEC rules or regulations or applicable interpretations of the SEC staff to participate in the Registered Exchange Offer, that it may not resell exchange notes with the prospectus contained in the registration statement or that it is a broker dealer and owns original notes acquired directly from us or one of our affiliates, then we will at our cost in lieu of effecting (or, in the case of such a request by a holder, in addition to effecting) the registration of the exchange notes pursuant to the registration statement (x) as promptly as practicable, file with the SEC a shelf registration statement (a “Shelf Registration Statement”) to cover resales of the original notes; (y) use our reasonable commercial efforts to cause the Shelf Registration Statement to be declared effective under the Securities Act not later than 225 days after the issuance of the original notes (unless the Shelf Registration Statement is reviewed by the SEC, in which case, not later than 285 days after the issuance of the original notes); and (z) use our reasonable commercial efforts to keep effective the Shelf Registration Statement until the earlier of one year after the issuance of the original notes (plus the number of days in any suspension period described below) and the date all of the original notes covered by the Shelf Registration Statement have been sold. We have the ability to suspend the availability of the Shelf Registration Statement for up to 45 consecutive days, but no more than an aggregate of 90 days during any consecutive 12-month period if we determine in our reasonable judgment, upon advice of counsel, that there is a valid purpose for such suspension under the registration rights agreement.

In the event that (i) we fail to file the registration statement with the SEC on or prior to the 120th day following the issuance of the original notes; (ii) the registration statement is not declared effective by the SEC on or prior to the 180th day following the issuance of the original notes (unless the registration statement is reviewed by the SEC, in which case on or prior to the 240th day following the issuance of the original notes); (iii) the Registered Exchange Offer is not consummated or the Shelf Registration Statement is not declared effective on or prior to the 225th day following the issuance of the original notes (unless the registration statement or the Shelf Registration Statement is reviewed by the SEC, in which case on or prior to the 285th day

following the issuance of the original notes); or (iv) any required registration statement or Shelf Registration Statement relating to the original notes is filed and declared effective but shall thereafter either be withdrawn by us or becomes subject to an effective stop order suspending the effectiveness of such registration statement (except as specifically permitted in the registration rights agreement) without being succeeded within 30 days by an amendment thereto or an additional registration statement filed and declared effective (each of (i), (ii), (iii) and (iv) a "registration default"), then the interest rate borne by the applicable original notes will be increased by one-fourth of one percent (0.25%) per annum upon the occurrence of each registration default, which rate will increase by an additional one-fourth of one percent (0.25%) per annum if such registration default has not been cured within 90 days after the occurrence thereof and continuing until all registration defaults have been cured, provided that the aggregate amount of any such increase in the interest rate on the applicable original notes shall in no event exceed one-half of one percent (0.50%) per annum; and provided, further, that if the registration statement is not declared effective on or prior to the 180th day following the issuance of the original notes (unless the registration statement is reviewed by the SEC, in which case on or prior to the 240th day following the issuance of the original notes) and we shall request holders of original notes to provide the information called for by the registration rights agreement for including in the Shelf Registration Statement, then original notes owned by holders who do not deliver such information to us or who do not provide comments to us on the Shelf Registration Statement when required pursuant to the registration rights agreement will not be entitled to any such increase in the interest rate for any day after the 225th day following the issuance of the original notes (unless the registration statement or the Shelf Registration Statement is reviewed by the SEC, in which case for any day after the 285th day following the issuance of the original notes). All accrued interest will be paid to holders of original notes in the same manner and at the same time as regular payments of interest on the original notes. Following the cure of all registration defaults, the accrual of additional interest will cease and the interest rate will revert to the original rate.

Holders of the original notes will be required to make certain representations to us in order to participate in the Registered Exchange Offers and will be required to deliver certain information to be used in connection with the Shelf Registration Statement in order to have their original notes included in the Shelf Registration Statement and benefit from the provisions regarding additional interest set forth above. By including the original notes in the Shelf Registration Statement, a holder will be deemed to have agreed to indemnify us against certain losses arising out of information furnished by such holder in writing for inclusion in any shelf registration statement. Holders of original notes will also be required to suspend their use of the prospectus included in the Shelf Registration Statement under certain circumstances upon receipt of written notice to that effect from us.

This summary of the provisions of the registration rights agreement does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all the provisions of the registration rights agreement, a copy of which is available from us upon request.

Description of the Exchange Notes

The following description of the exchange notes is only a summary and is not intended to be comprehensive.

General

The original notes were issued and the exchange notes will be issued under the Indenture. Subject to the limitations described in this prospectus, we may issue additional notes under the Indenture with the same priority as the exchange notes offered hereby, including notes having the same series designation and terms (except for the issue date) as the exchange notes offered hereby, without the approval of the holders of any notes outstanding under the Indenture, including the holders of any series the exchange notes offered hereby.

The terms of the exchange notes will not necessarily afford you protection in the event of particular transactions or upon the occurrence of particular events that may adversely affect you, including a reorganization, recapitalization, restructuring, merger or other similar transactions involving us or our subsidiaries, whether or not in connection with a change of control. As a result, we could enter into such transactions even though the transaction could adversely affect our capital structure or credit ratings or otherwise adversely affect the holders of the exchange notes. The exchange notes will not contain any provisions that will require us to redeem, or permit the holders of the exchange notes to cause a redemption or purchase of, the exchange notes upon the occurrence of any particular event, other than as described below under "—Special Mandatory Redemption," (though, as described below, such redemption provisions are no longer operative due to the closing of the Merger). However, we may redeem some or all of the exchange notes at any time or from time to time prior to maturity, at our option, as described in this prospectus under "—Optional Redemption" below.

Interest Rate and Maturity

The exchange 2025 notes will pay interest at the fixed rate of 3.950% per annum, the exchange 2035 notes will pay interest at the fixed rate of 4.950% per annum and the exchange 2045 notes will pay interest at the fixed rate of 5.100% per annum. Interest on the exchange notes will be payable semi-annually on June 15 and December 15 of each year, beginning on June 15, 2016. The exchange 2025 notes will mature on June 15, 2025, the exchange 2035 notes will mature on June 15, 2035 and the exchange 2045 notes will mature on June 15, 2045.

Each series of exchange notes will bear interest from (and including) the last interest payment date on which interest was paid on the original notes. Accordingly, if your original notes are accepted for exchange, you will receive interest on the corresponding series of exchange notes for the period commencing on (and including) the last interest payment date on which interest was paid on the original notes, and not on such original notes. Interest will be computed on the basis of a 360-day year of twelve 30-day months. On each interest payment date, we will pay interest on each exchange note to the person in whose name the exchange note is registered at the close of business on the record date for such interest. The record date for each interest payment date in respect of the exchange notes will be the close of business on the Business Day immediately preceding the applicable interest payment date. If any interest payment date falls on a day that is not a Business Day, payment will be made on the next Business Day and no additional interest or other payment will be paid in respect of such delay. "Business Day" means any day that is not a Saturday, a Sunday or a day on which commercial banking institutions in New York City are generally authorized or required by law or executive order to be closed.

Ranking

The exchange notes will be our direct unsecured general obligations and will rank equally with all of our existing and future unsecured and unsubordinated debt, will be senior in right of payment to all of our existing and future subordinated debt and will be junior to any of our future secured debt to the extent of the value of the

collateral securing such secured debt. Because we are a holding company with no material assets other than our ownership interests in our subsidiaries and all of our operations are conducted by our subsidiaries, our debt is effectively subordinated to all existing and future debt, trade creditors, and other liabilities of our subsidiaries. Our rights, and hence the rights of our creditors, to participate in any distribution of assets of any subsidiary upon its liquidation or reorganization or otherwise would be subject to the prior claims of that subsidiary's creditors, except to the extent that our claims as a creditor of such subsidiary may be recognized. As of December 31, 2015, our subsidiaries had outstanding approximately $20.6 billion of long-term debt, including long-term debt to financing trusts and the portion of long-term debt due within one year. The Indenture does not restrict our or our subsidiaries' ability to incur additional indebtedness. In addition, the exchange notes will not be obligations of or guaranteed by any of our subsidiaries. The Indenture does not limit our ability to issue secured debt senior to the exchange notes or the amount of debt we or our subsidiaries may issue, whether secured or unsecured.

Please see "Capitalization and Short-Term Borrowings" in this prospectus for information with respect to the long-term debt and short-term borrowings of us and our subsidiaries as of December 31, 2015.

Form and Denomination

The exchange notes will be issued in registered form in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof.

The exchange notes will initially be issued in "book-entry only form," represented by a permanent global debt security registered in the name of DTC, including Clearstream and/or Euroclear, or its nominee. However, we reserve the right to issue exchange notes in certificated form registered in the name of the noteholders. For so long as the exchange notes are registered in the name of DTC or its nominee, we will pay the principal, premium, if any, and interest due on the exchange notes to DTC for payment to its participants for subsequent disbursement to the beneficial owners. For further information on DTC and its practices, see "Book-Entry System" below.

Special Mandatory Redemption

The exchange notes include a "special mandatory redemption" provision, pursuant to which Exelon is required to redeem the exchange notes, in whole, at a redemption price equal to 101% of the aggregate principal amount of the exchange notes so redeemed, plus accrued and unpaid interest from and including the most recent date on which interest has been paid on the original notes or the exchange notes, as applicable, to but not including the date of such redemption, upon the first to occur of either (i) June 30, 2016, if the Merger is not consummated on or prior to such date, provided that, if all conditions to closing the Merger have been satisfied by June 30, 2016 (other than those to be satisfied on the closing date thereof and the receipt of approvals from all applicable regulatory authorities) and, in our judgment, all conditions to closing the Merger are reasonably likely to be satisfied by August 31, 2016, then August 31, 2016, or (ii) the date on which the agreement relating to the Merger is terminated. The Merger closed on March 23, 2016. Accordingly, the special mandatory redemption provisions of the exchange notes are no longer operative.

Optional Redemption

General

The "special optional redemption" provisions of the Indenture will allow us to redeem the exchange notes, at our option, in whole, at any time prior to August 31, 2016, at a redemption price equal to 101% of the aggregate principal amount of such series of exchange notes, plus accrued and unpaid interest from and including the most recent date on which interest has been paid on the original notes or the exchange notes, as applicable, to but not including the date of redemption, if, in our judgment, our acquisition of PHI will not be consummated on or prior to August 31, 2016. The Merger closed on March 23, 2016. Accordingly, the special optional redemption provisions of the exchange notes are no longer operative.

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At our option, any or all of the exchange notes may be redeemed, in whole or in part, at any time prior to maturity.

If we elect to redeem the exchange 2025 notes at any time prior to March 15, 2025 (three months prior to the maturity date of the exchange 2025 notes), the exchange 2035 notes at any time prior to December 15, 2034 (six months prior to the maturity date of the exchange 2035 notes) or the exchange 2045 notes at any time prior to December 15, 2044 (six months prior to the maturity date of the exchange 2045 notes), we may redeem some or all of the exchange 2025 notes, the exchange 2035 notes and the exchange 2045 notes, respectively, in each case upon at least 15 days' and not more than 60 days' notice at a redemption price equal to the greater of:

- 100% of the principal amount of the exchange notes then outstanding to be redeemed; and
- the sum of the present values of the remaining scheduled payments of principal and interest on the exchange notes being redeemed (exclusive of interest accrued to the redemption date) to March 15, 2025, in the case of the exchange 2025 notes, to December 15, 2034, in the case of the exchange 2035 notes, and to December 15, 2044, in the case of the exchange 2045 notes, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 25 basis points in the case of the exchange 2025 notes, plus 30 basis points in the case of the exchange 2035 notes and plus 30 basis points in the case of the exchange 2045 notes, plus, in each case, accrued and unpaid interest on the principal amount being redeemed to but excluding the date of redemption.

If we elect to redeem the exchange 2025 notes at any time on or after March 15, 2025 (three months prior to the maturity date of exchange 2025 notes), the exchange 2035 notes at any time on or after December 15, 2034 (six months prior to the maturity date of the exchange 2035 notes) or the exchange 2045 notes at any time on or December 15, 2044 (six months prior to the maturity date of the exchange 2045 notes), we may redeem some or all of the exchange 2025 notes, the exchange 2035 notes and the exchange 2045 notes, respectively, in each case upon at least 15 days' and not more than 60 days' notice at a redemption price equal to 100% of the principal amount of the exchange notes then outstanding to be redeemed plus accrued and unpaid interest on the principal amount being redeemed to but excluding the redemption date.

Any optional redemption, other than the Special Optional Redemption (which is no longer operative), may be conditioned upon the consummation of one or more other transactions, including any debt or equity issuance by us or any of our subsidiaries. The Trustee shall not have responsibility for calculating any redemption price.

Certain Definitions

"Comparable Treasury Issue" means the United States Treasury security or securities selected by an Independent Investment Banker (as defined below) as having an actual or interpolated maturity comparable to the remaining term of the exchange notes being redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a comparable maturity to the remaining term of the exchange notes.

"Comparable Treasury Price" means, with respect to any redemption date, the average of the Reference Treasury Dealer Quotations (as defined below) for such redemption date.

"Independent Investment Banker" means one of the Reference Treasury Dealers (as defined below) appointed by us.

"Reference Treasury Dealer" means (1) any of Barclays Capital, Inc., Goldman, Sachs & Co. or their respective affiliates and (2) one other primary U.S. Government securities dealer in the United States of America (each, a "Primary Treasury Dealer") selected by us; provided, however, that if any of the foregoing shall cease to be a Primary Treasury Dealer, or is unwilling or unable to serve in such role, we shall substitute therefor another Primary Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by us, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to us at 3:30 p.m., New York City time, on the third Business Day preceding such redemption date.

"Treasury Rate" means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to actual or interpolated maturity (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

Events of Default

An "Event of Default" with respect to a series of debt securities issued under the Indenture means any of the following:

- we fail to pay the principal of (or premium, if any, on) any debt security of that series when due and payable;
- we fail to pay any interest on any debt security of that series for 30 days after such is due;
- we fail to observe or perform any other covenants or agreements set forth in the debt securities of that series, or in the Indenture in regard to such debt securities, continuously for 90 days after notice (which must be sent either by the Trustee or holders of at least 33% of the principal amount of the affected series);
- our failure to pay principal at maturity or acceleration following a default in an aggregate amount of $100 million or more with respect to any Indebtedness (as defined below) of Exelon Corporation (not including Indebtedness of our subsidiaries), or the acceleration of any of our Indebtedness aggregating $100 million or more which default is not cured, waived or postponed pursuant to an agreement with the holders of the Indebtedness within 30 days after written notice as provided in the Indenture, or the acceleration is not rescinded or annulled within 30 days after written notice as provided in the Indenture; or
- we file for bankruptcy or certain other events of bankruptcy, insolvency or reorganization occur.

As used in the immediately preceding paragraph, "Indebtedness" means all obligations for borrowed money.

An Event of Default for a particular series of debt securities does not necessarily mean that an Event of Default has occurred for any other series of debt securities issued under the Indenture. If an Event of Default has occurred and has not been cured, the Trustee or the holders of not less than 33% of the principal amount of the debt securities of the affected series may declare the entire principal of the debt securities of such series due and payable immediately. Subject to certain conditions, if we deposit with the Trustee enough money to remedy the default and there is no default continuing, this acceleration of payment may be rescinded by the holders of at least a majority in aggregate principal amount of the debt securities of such series.

The Trustee must, within 90 days after a default occurs, notify the holders of the debt securities of the series of the default if we have not remedied it (default is defined to include the events specified above without the grace periods or notice). The Trustee may withhold notice to the holders of such debt securities of any default (except in the payment of principal or interest) if it in good faith considers such withholding in the interest of the holders. We are required to file an annual certificate with the Trustee, signed by an officer, stating any default by us under any provisions of the Indenture.

Prior to any declaration of acceleration of maturity, the holders holding a majority of the principal amount of the debt securities of the particular series affected, on behalf of the holders of all debt securities of that series, may waive any past default or Event of Default. We cannot, however, obtain a waiver of a payment default.

Other than the duty to act with the required standard of care during an event of default, the Trustee is not required to take any action under the Indenture at the request of any holders unless such holders offer the Trustee reasonable indemnity. Subject to the provisions for indemnification and certain other limitations, the holders of a majority in principal amount of the debt securities of any series may direct the time, method and place of conducting any proceedings for any remedy available to the Trustee with respect to such debt securities.

In order to bypass the Trustee and take steps to enforce your rights or protect your interests relating to the debt securities, the following must occur:

- you must give the Trustee written notice that an Event of Default has occurred and remains uncured;
- the holders of 33% of the principal amount of all outstanding debt securities of the relevant series must make a written request that the Trustee take action because of the default, and must offer reasonable indemnity to the Trustee against the cost and other liabilities of taking that action; and
- the Trustee must have not taken action for 60 days after receipt of the above notice and offer of indemnity.

However, you are entitled at any time to bring a lawsuit for the payment of money due on your debt security on or after its due date.

“Street name” and other indirect holders should consult their banks or brokers for information on how to give notice or direction to, or make a request of, the Trustee and to make or cancel a declaration of acceleration.

Supplemental Indentures

There are three types of changes we can make to the Indenture and the debt securities issued thereunder, including the exchange notes.

Changes Requiring Each Holder’s Approval

The following changes require the approval of each holder of debt securities of the series affected then outstanding:

- extending the fixed maturity of any debt security;
- reducing the interest rate or extending the time of payment of interest;
- reducing any premium payable upon redemption;
- reducing the principal amount;
- reducing the amount of principal payable upon acceleration of the maturity of a discounted debt security following default;
- changing the currency of payment on a debt security;
- reducing the percentage of securityholders whose consent is required to modify or amend the Indenture; or
- changing provisions relating to the Special Mandatory Redemption (which are no longer operative).

Changes Not Requiring Holder Approval

Changes not requiring holder approval are limited to those changes specified in the Indenture, including those which are of an administrative nature or are changes that would not adversely affect holders of the debt securities.

Changes Requiring a Majority of all Holders to Approve

A vote in favor by securityholders owning a majority of the principal amount of the debt securities of a particular series of affected debt securities is required for any other matter listed in the Indenture.

Consolidation, Merger or Sale

We may not merge or consolidate with any person (as defined in the Indenture) or sell substantially all of our assets as an entirety unless:

- we are the continuing corporation or the successor person is organized under the laws of the United States or a state or is organized under the laws of a foreign jurisdiction and consents to the jurisdiction of the courts of the United States or a state and expressly assumes the payment of principal, and premium, if any, and interest on the debt securities and the performance and observance of all the covenants and conditions of the Indenture binding on us; and
- we, or the successor person, is not immediately after the merger, consolidation or sale in default in the performance of a covenant or condition in the Indenture binding on us.

Discharge, Defeasance and Covenant Defeasance

We may discharge certain obligations to holders of the exchange notes of a series that have not already been delivered to the Trustee for cancellation and that either have become due and payable or will become due and payable within one year (or scheduled for redemption within one year) by irrevocably depositing with the Trustee, in trust, funds in U.S. dollars in an amount sufficient to pay the entire indebtedness including, but not limited to, the principal and premium, if any, and interest to the date of such deposit (if the debt securities have become due and payable) or to the maturity thereof or the redemption date of the debt securities of that series, as the case may be. We may direct the Trustee to invest such funds in U.S. Treasury securities with a maturity of one year or less or in a money market fund that invests solely in short-term U.S. Treasury securities.

The Indenture provides that we may elect either (1) to defease and be discharged from any and all obligations with respect to the exchange notes of a series (except for, among other things, obligations to maintain an office or agency with respect to the debt securities and to hold moneys for payment in trust) (“legal defeasance”) or (2) to be released from our obligations to comply with the restrictive covenants under the Indenture, and any omission to comply with such obligations will not constitute a default or an event of default with respect to the exchange notes of a series and such related clause under “—Events of Default” will no longer be applied (“covenant defeasance”). Legal defeasance or covenant defeasance, as the case may be, will be conditioned upon, among other things, the irrevocable deposit by us with the Trustee, in trust, of an amount in U.S. dollars, or U.S. government obligations, or both, applicable to the debt securities of that series which through the scheduled payment of principal and interest in accordance with their terms will provide money in an amount sufficient to pay the principal or premium, if any, and interest on the exchange notes on the scheduled due dates therefor.

If we effect covenant defeasance with respect to the exchange notes of any series, the amount in U.S. dollars, or U.S. government obligations, or both, on deposit with the Trustee will be sufficient, in the opinion of a nationally recognized firm of independent accountants, to pay amounts due on the exchange notes of that series at the time of the stated maturity but may not be sufficient to pay amounts due on the exchange notes of that series at the time of the acceleration resulting from such event of default. However, we would remain liable to make payment of such amounts due at the time of acceleration.

We will be required to deliver to the Trustee an opinion of counsel that the deposit and related defeasance will not cause the holders and beneficial owners of the exchange notes of that series to recognize income, gain or loss for federal income tax purposes. If we elect legal defeasance, that opinion of counsel must be based upon a ruling from the U.S. Internal Revenue Service or a change in law to that effect.

We may exercise our legal defeasance option notwithstanding our prior exercise of our covenant defeasance option.

Open Market Purchases

We may acquire the exchange notes by means other than a redemption, whether by tender offer, open market purchases, negotiated transactions or otherwise, in accordance with applicable securities laws, so long as such acquisition does not otherwise violate the terms of the Indenture.

Governing Law

The Indenture and the exchange notes will be governed by the laws of the State of New York.

Concerning the Trustee

We and our affiliates use or may use some of the banking services of the Trustee in the normal course of business.

Book-Entry System

We will issue the exchange notes in the form of one or more global notes in fully registered form initially in the name of Cede & Co., as nominee of DTC, or such other name as may be requested by an authorized representative of DTC. The global notes will be deposited with DTC and may not be transferred except as a whole by DTC to a nominee of DTC or by a nominee of DTC to DTC or another nominee of DTC or by DTC or any nominee to a successor of DTC or a nominee of such successor.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds and provides asset servicing for U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments that DTC's participants (direct participants) deposit with DTC. DTC also facilitates the post-trade settlement among direct participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between direct participants' accounts. This eliminates the need for physical movement of securities certificates. Direct participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly (indirect participants). The rules applicable to DTC and its direct and indirect participants are on file with the SEC. More information about DTC can be found at www.dtcc.com. We do not intend this internet address to be an active link or to otherwise incorporate the content of the website into this prospectus.

Clearstream advises that it is incorporated under the laws of Luxembourg as a bank. Clearstream holds securities for its customers and facilitates the clearance and settlement of securities transactions between its customers through electronic book-entry transfers between their accounts. Clearstream provides to its customers among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream interfaces with domestic securities markets in over 30 countries through established depository and custodial relationships. As a bank, Clearstream is subject to

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regulation by the Luxembourg Commission for the Supervision of the Financial Sector, also known as the *Commission de Surveillance du Secteur Financier* . Its customers are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Its customers in the United States are limited to securities brokers and dealers and banks. Indirect access to Clearstream is also available to other institutions such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with the customer.

Euroclear advises that it was created in 1968 to hold securities for its participants and to clear and settle transactions between Euroclear participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Euroclear provides various other services, including securities lending and borrowing and interfaces with domestic markets in several countries. Euroclear is operated by Euroclear Bank S.A./N.V. Euroclear Clearance establishes policy for Euroclear on behalf of Euroclear participants. Euroclear participants include banks, including central banks, securities brokers and dealers and other professional financial intermediaries and may include the Initial purchasers. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear participant, either directly or indirectly. Securities clearance accounts and cash accounts with the Euroclear operator are governed by the terms and conditions governing use of Euroclear and the related operating procedures of Euroclear. These terms and conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear operator acts under the terms and conditions only on behalf of Euroclear participants and has no record of or relationship with persons holding through Euroclear participants.

Euroclear further advises that investors that acquire, hold and transfer interests in the exchange notes by book-entry through accounts with the Euroclear operator or any other securities intermediary are subject to the laws and contractual provisions governing their relationship with their intermediary, as well as the laws and contractual provisions governing the relationship between such an intermediary and each other intermediary, if any, standing between themselves and the global securities.

Purchases of exchange notes under the DTC system must be made by or through direct participants, which will receive a credit for the exchange notes in DTC's records. The ownership interest of each actual purchaser of exchange notes is in turn to be recorded on the direct and indirect participants' records. Beneficial owners of the exchange notes will not receive written confirmation from DTC of their purchase, but beneficial owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the direct or indirect participant through which the beneficial owner entered into the transaction. Transfers of ownership interests in the exchange notes are to be accomplished by entries made on the books of direct and indirect participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates representing their ownership interests in the exchange notes, except in the event that use of the book-entry system for the exchange notes is discontinued.

To facilitate subsequent transfers, all exchange notes deposited by direct participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of exchange notes with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the exchange notes; DTC's records reflect only the identity of the direct participants to whose accounts such exchange notes are credited, which may or may not be the beneficial owners. The direct and indirect participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants, and by direct participants and indirect participants to beneficial owners will be governed by

arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. The laws of some jurisdictions may require that certain persons take physical delivery in definitive form of securities which they own. Consequently, those persons may be prohibited from purchasing beneficial interests in the global notes from any beneficial owner or otherwise.

Redemption notices shall be sent to DTC. If less than all of the notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each direct participant in such issue to be redeemed.

So long as DTC's nominee is the registered owner of the global notes, such nominee for all purposes will be considered the sole owner or holder of the exchange notes for all purposes under the Indenture. Except as provided below, beneficial owners will not be entitled to have any of the exchange notes registered in their names, will not receive or be entitled to receive physical delivery of the exchange notes in definitive form and will not be considered the owners or holders thereof under the Indenture.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the exchange notes. Under its usual procedures, DTC mails an omnibus proxy to the issuer as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those direct participants to whose accounts the exchange notes are credited on the record date (identified in a listing attached to the omnibus proxy).

All payments on the global notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit direct participants' accounts upon DTC's receipt of funds and corresponding detail information from trustees or issuers on payment dates in accordance with their respective holdings shown on DTC's records. Payments by participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such participant and not of DTC, the Trustee or us, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) shall be the responsibility of the Trustee or us, disbursement of such payments to direct participants shall be the responsibility of DTC, and disbursement of such payments to the beneficial owners shall be the responsibility of direct and indirect participants.

DTC may discontinue providing its service as securities depositary with respect to the exchange notes at any time by giving reasonable notice to us or the Trustee. In addition, we may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depositary). In the event that a successor securities depositary is not obtained under the above circumstances, or, alternatively, if an event of default with respect to the exchange notes has occurred and is outstanding, note certificates in fully registered form are required to be printed and delivered to beneficial owners of the global notes representing such exchange notes.

Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC's rules and will be settled in immediately available funds using DTC's same-day funds settlement system. Secondary market trading between Clearstream customers and/or Euroclear participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream and Euroclear and will be settled using the procedures applicable to conventional Eurobonds in immediately available funds.

Cross market transfers between persons holding directly or indirectly through DTC on the one hand, and directly or indirectly through Clearstream customers or Euroclear participants, on the other, will be effected in DTC in accordance with DTC's rules on behalf of the relevant European international clearing system by its U.S. depositary; however, such cross market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in such system in accordance with its rules and procedures and within its established deadlines, in European time. The relevant European international clearing system will, if

the transaction meets its settlement requirements, deliver instructions to its U.S. depository to take action to effect final settlement on its behalf by delivering interests in the exchange notes to or receiving interests in the exchange notes from DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Clearstream customers and Euroclear participants may not deliver instructions directly to their respective U.S. depositaries.

Because of time-zone differences, credits of interests in the exchange notes received by Clearstream or Euroclear as a result of a transaction with a DTC participant will be made during subsequent securities settlement processing and dated the Business Day following the DTC settlement date. Such credits or any transactions involving interests in such exchange notes settled during such processing will be reported to the relevant Clearstream customers or Euroclear participants on such Business Day. Cash received by Clearstream or Euroclear as a result of sales of interests in the exchange notes by or through a Clearstream customer or a Euroclear participant to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Clearstream or Euroclear cash account only as of the Business Day following settlement in DTC.

The information in this section has been obtained from sources that we believe to be reliable, but we take no responsibility for its accuracy.

Neither we, the Trustee nor the dealer managers will have any responsibility or obligation to direct participants, or the persons for whom they act as nominees, with respect to the accuracy of the records of DTC, its nominee or any direct participant with respect to any ownership interest in the exchange notes, or payments to, or the providing of notice to direct participants or beneficial owners.

Material United States Federal Income Tax Considerations

The following is a summary of certain U.S. federal income tax consequences of the exchange offers to beneficial holders whose unregistered original notes are tendered and accepted in the exchange offer, including the acquisition, ownership, and disposition of registered exchange notes acquired pursuant to the exchange offer. This summary is general in nature and does not discuss all aspects of U.S. federal income taxation that may be relevant to a particular holder in light of the holder's particular circumstances or to certain types of holders subject to special treatment under U.S. federal income tax laws (such as banks and thrifts, insurance companies, tax-exempt organizations, regulated investment companies, real estate investment trusts, trusts and estates, partnerships or other pass-through entities, or investors in such pass-through entities, persons holding original notes or exchange notes as part of a hedging, integrated, conversion or constructive sale transaction or a straddle, financial institutions, brokers, dealers in securities or currencies, traders in securities that elect to use a mark-to-market method of tax accounting for their securities holdings, government agencies or instrumentalities, persons that acquire original notes or exchange notes in connection with employment or other performance of services, U.S. Holders (as defined below) that have a functional currency other than the U.S. dollar, controlled foreign corporations, passive foreign investment companies, and U.S. expatriates). In addition, the discussion does not consider the effect of any alternative minimum taxes or foreign, state, local or other tax laws, or any U.S. tax considerations (such as estate or gift tax laws) other than certain U.S. federal income tax considerations that may be applicable to particular holders. Further, this summary assumes that holders hold their original notes and exchange notes as "capital assets" (generally, property held for investment) within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the "Code"). This summary does not address the tax consequences to any shareholder, beneficiary or other owner of a holder of original notes or exchange notes.

This summary is based on the Code and the U.S. Treasury regulations, rulings, administrative pronouncements, and judicial decisions thereunder as of the date hereof, all of which are subject to differing interpretations and may be changed, perhaps retroactively, resulting in U.S. federal income tax consequences different from those discussed in this summary. We have not obtained, nor do we intend to obtain, a ruling from the U.S. Internal Revenue Service (the "IRS") with respect to the statements made and the conclusions reached in the following summary, and there can be no assurance that the IRS will not challenge any of the conclusions set forth herein.

If a partnership (including an entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds original notes or exchange notes, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. Holders that are partnerships holding original notes or exchange notes (and partners in such partnerships) are urged to consult their tax advisors with respect to the U.S. federal income tax consequences of the exchange offers and the acquisition, ownership, and disposition of exchange notes acquired pursuant thereto.

As used in this summary, a "U.S. Holder" means a beneficial owner of original notes or exchange notes that is, for U.S. federal income tax purposes:

- an individual citizen or resident of the United States,
- a corporation, including any entity treated as a corporation for U.S. federal income tax purposes, created or organized in, or under the laws of, the United States, any state thereof, or the District of Columbia,
- an estate the income of which is subject to U.S. federal income taxation regardless of its source, or
- a trust, if (i) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (ii) it has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person.

As used herein, a "Non-U.S. Holder" means a beneficial owner of original notes or exchange notes that is, for U.S. federal income tax purposes, an individual, corporation, estate or trust that is not a U.S. Holder.

EACH HOLDER OF ORIGINAL NOTES IS URGED TO CONSULT ITS TAX ADVISOR REGARDING THE POTENTIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE EXCHANGE OF THE ORIGINAL NOTES AND THE ACQUISITION, OWNERSHIP AND DISPOSITION OF EXCHANGE NOTES IF SUCH HOLDER TENDERS ORIGINAL NOTES IN THE EXCHANGE OFFER, INCLUDING THE EXTENT TO WHICH SUCH HOLDER'S INDIVIDUAL CIRCUMSTANCES MAY AFFECT THE GENERAL RESULTS OUTLINED HEREIN, AS WELL AS THE CONSEQUENCES OF THE TAX LAWS OF ANY NON-U.S. OR U.S. STATE OR LOCAL TAXING JURISDICTION OR TAX TREATY.

Tax Consequences to U.S. Holders

Tax Consequences to U.S. Holders Who Do Not Participate in the Exchange Offer

We believe that the exchange offers (described under "Description of the Exchange Offer") will not be taxable events to a U.S. Holder for U.S. federal income tax purposes if such holder does not exchange any original notes in the exchange offer. Such holder will have the same adjusted tax basis and accrued market discount (if any) in, and holding period for the original notes held by such holder as such holder had immediately prior to the exchange. A U.S. Holder who does not elect to participate in the exchange should consult its own tax advisor regarding the consequences of not participating in the exchange.

Tax Consequences to U.S. Holders Who Participate in the Exchange Offer

The exchange of an original note for an exchange note pursuant to the exchange offers will not constitute a taxable exchange for U.S. federal income tax purposes. Consequently, a U.S. Holder will not recognize any gain or loss upon the receipt of an exchange note pursuant to the exchange offer. The holding period for an exchange note will include the holding period of the original note exchanged pursuant to the exchange offer, and the initial tax basis in an exchange note will be the same as the adjusted tax basis in the original note as of the time of the exchange. The U.S. federal income tax consequences of holding and disposing of an exchange note received pursuant to the exchange offers generally will be the same as the U.S. federal income tax consequences of holding and disposing of an original note.

Ownership of the Exchange Notes by U.S. Holders

Stated Interest of the Exchange Notes . Interest on an exchange note will generally be taxable to a U.S. Holder as ordinary interest income at the time it accrues or is received in accordance with the U.S. Holder's regular method of accounting for U.S. federal income tax purposes.

Amortizable Bond Premium . If a U.S. Holder purchased original notes after their original issuance date for an amount that is greater than the sum of all remaining payments on the notes other than stated interest, such U.S. Holder will have an initial tax basis in the notes in excess of the stated principal amount of the notes and will be treated as having purchased the notes with "amortizable bond premium" in an amount equal to such excess. Amortizable bond premium on original notes should carry over to the exchange notes received in exchange therefor. A U.S. Holder may elect to amortize this premium using a constant yield method over the term of the notes and generally may offset interest in respect of the notes otherwise required to be included in income by the amortized amount of the premium for the taxable year. A U.S. Holder that elects to amortize bond premium may reduce its tax basis in its notes by the amount of the premium amortized in any taxable year. An election to amortize bond premium is binding once made and applies to all notes held by the U.S. Holder at the beginning of the first taxable year to which this election applies and to all bonds thereafter acquired. U.S. Holders are urged to consult their own tax advisors concerning the computation and amortization of any bond premium on their exchange notes.

Market Discount . If a U.S. Holder purchased original notes after their original issuance date for an amount that is less than their stated principal amount, such Holder will be treated as having purchased the notes with

"market discount" unless the discount is less than a specified *de minimis* amount. Market discount on original notes should carry over to the exchange notes received in exchange therefor. Under the market discount rules, a U.S. Holder generally will be required to treat any gain realized on the sale, exchange, retirement or other disposition of an exchange note as ordinary income to the extent of any accrued market discount that has not previously been included in income. For this purpose, market discount will be considered to accrue ratably during the period from the date of the U.S. Holder's acquisition of the note to the maturity date of the note, unless the U.S. Holder made an election to accrue market discount on a constant yield basis. Accrued market discount on original notes that has not previously been included in income by a U.S. Holder should carry over to the exchange notes received in exchange therefor. A U.S. Holder may be required to defer the deduction of all or a portion of the interest paid or accrued on any indebtedness incurred or maintained to purchase or carry a note with market discount until the maturity date or certain earlier dispositions. A U.S. Holder may elect to include market discount in income currently as it accrues on either a ratable or a constant yield basis, in which case the rules described above regarding (1) the treatment as ordinary income of gain upon the disposition of the note and (2) the deferral of interest deductions will not apply. Currently included market discount is generally treated as ordinary interest income for U.S. federal income tax purposes. An election to include market discount in income as it accrues will apply to all debt instruments with market discount acquired by the U.S. Holder on or after the first day of the taxable year to which the election applies and may be revoked only with the consent of the IRS. U.S. Holders are urged to consult their own tax advisors before making this election.

Sale, Exchange or other Taxable Disposition of the Exchange Notes . Upon the disposition of exchange notes by sale, exchange, retirement, redemption or other taxable disposition, a U.S. Holder will recognize taxable gain or loss equal to the difference between (i) the amount realized on the disposition (other than any amounts attributable to accrued but unpaid cash interest, which will be taxed as ordinary interest income to the extent not previously so taxed) and (ii) the U.S. Holder's adjusted tax basis in the exchange notes immediately before the disposition. A U.S. Holder's adjusted tax basis generally will be equal to the U.S. Holder's initial tax basis in the exchange notes, increased by any market discount and decreased by any bond premium amortized by such holder with respect to the exchange notes. Except to the extent of any accrued market discount on the exchange notes (or carried over from the original notes) as described above under "—Market Discount," with respect to which any gain will be treated as ordinary income, a U.S. Holder's gain or loss will generally constitute capital gain or loss and will be long-term capital gain or loss if the U.S. Holder has held such note for longer than one year. Certain non-corporate U.S. Holders are generally subject to a reduced federal income tax rate on net long-term capital gains. The deductibility of capital losses is subject to certain limitations.

Information Reporting and Backup Withholding.

In general, we must report certain information to the IRS with respect to payments of stated interest and payments of the proceeds of the sale or other taxable disposition (including a retirement or redemption) of a note to certain U.S. Holders, except in the case of an exempt recipient (such as a corporation). The payor (which may be us or an intermediate payor) will be required to impose backup withholding tax, currently at a rate of 28 percent, with respect to the foregoing amounts if (1) the payee fails to furnish a taxpayer identification number ("TIN") to the payor or to establish an exemption from backup withholding, (2) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (3) there has been a notified payee underreporting described in Section 3406(c) of the Code or (4) the payee has not certified under penalties of perjury that it has furnished a correct TIN, that it is a United States person and that the IRS has not notified the payee that it is subject to backup withholding under the Code.

Backup withholding tax is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a U.S. Holder will be allowed as a credit against the U.S. Holder's United States federal income tax liability, if any, and may entitle the U.S. Holder to a refund, provided that the required information is timely furnished to the IRS. U.S. Holders should consult their own tax advisors regarding the effect, if any, of the backup withholding rules on their particular circumstances.

Net Investment Income.

An additional 3.8% tax will be imposed on certain U.S. Holders who are individuals, trusts, or estates (other than certain exempt trusts or estates) on the lesser of (1) the U.S. Holder's "net investment income" (or undistributed net investment income in the case of an estate or trust) for the relevant taxable year and (2) the excess of the U.S. Holder's modified adjusted gross income (or adjusted gross income in the case of an estate or trust) for the taxable year over a certain threshold. A U.S. Holder's net investment income will generally include its interest income and its net gains from the disposition of notes, unless such interest income or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). U.S. Holders that are individuals, estates or trusts, should consult their tax advisors regarding the applicability of the net investment income tax to income and gains in respect of their investment in the notes.

Tax Consequences to Non-U.S. Holders

Tax Consequences to Non-U.S. Holders Who Do Not Participate in the Exchange Offer

We believe that the exchange offers will not result in a taxable event to a Non-U.S. Holder for U.S. federal income tax purposes if such holder does not exchange any original notes in the exchange offers (described under "Description of the Exchange Offer"). A Non-U.S. Holder who does not elect to participate in the exchange offers should consult its own tax advisor regarding the consequences of not participating in the exchange offers.

Tax Consequences to Non-U.S. Holders Who Participate in the Exchange Offer

A Non-U.S. Holder will generally not be subject to tax on any gain recognized on the exchange of original notes for exchange notes except to the extent described below under "—Ownership of the Exchange Notes by Non-U.S. Holders—Sale, Exchange or Other Taxable Disposition of the Exchange Notes," treating the reference therein to the exchange notes as a reference to the original notes. Amounts attributable to accrued but unpaid interest on the original notes will be treated as ordinary interest income and will generally be subject to the rules described below under "—Ownership of the Exchange Notes by Non-U.S. Holders—Stated Interest of the Exchange Notes," treating the references therein to interest as references to accrued but unpaid interest and the references therein to exchange notes as references to the original notes. Non-U.S. Holders should consult their own tax advisors on the treatment of accrued but unpaid interest on the original notes.

Ownership of the Exchange Notes by Non-U.S. Holders

Stated Interest of the Exchange Notes . Subject to the discussions of backup withholding and FATCA below, interest income of a Non-U.S. Holder that is not effectively connected with a U.S. trade or business carried on by the Non-U.S. Holder will qualify for the "portfolio interest exemption" and, therefore, will not be subject to U.S. federal income tax or withholding, provided that:

- the Non-U.S. Holder does not own, actually or constructively, 10% or more of the total combined voting power of all classes of our stock entitled to vote within the meaning of Section 871(h)(3) of the Code and Treasury regulations thereunder;
- the Non-U.S. Holder is not a controlled foreign corporation related to us, actually or constructively through the stock ownership rules under Section 864(d)(4) of the Code;
- the Non-U.S. Holder is not a bank that is receiving the interest on an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business; and
- the beneficial owner gives us or our paying agent an appropriate IRS Form W-8 (or a suitable substitute or successor form or such other form as the IRS may prescribe) that has been properly completed and duly executed establishing its status as a Non-U.S. Holder.

If not all of these conditions are met, interest on the exchange notes paid to a Non-U.S. Holder that is not effectively connected with a U.S. trade or business (and not attributable to a permanent establishment maintained

in the U.S. under an applicable income tax treaty) carried on by the Non-U.S. Holder will generally be subject to federal income tax and withholding at a 30% rate, unless an applicable income tax treaty reduces or eliminates such tax and the Non-U.S. Holder claims the benefit of that treaty by providing an appropriate IRS Form W-8 (or a suitable substitute or successor form or such other form as the IRS may prescribe) that has been properly completed and duly executed.

If interest on the exchange notes is effectively connected with a U.S. trade or business carried on by the Non-U.S. Holder ("ECI"), the Non-U.S. Holder will be required to pay U.S. federal income tax on that interest on a net income basis generally in the same manner as a U.S. Holder (and the 30% withholding tax described above will not apply, provided the appropriate statement is provided to the applicable withholding agent) unless an applicable income tax treaty provides otherwise. If a Non-U.S. Holder is eligible for the benefits of any income tax treaty between the United States and its country of residence, any interest income that is ECI will be subject to U.S. federal income tax in the manner specified by the treaty if the Non-U.S. Holder claims the benefit of the treaty by providing an appropriate IRS Form W-8 (or a suitable substitute or successor form or such other form as the IRS may prescribe) that has been properly completed and duly executed). In addition, a corporate Non-U.S. Holder may, under certain circumstances, be subject to an additional "branch profits tax" at a 30% rate, or, if applicable, a lower treaty rate, on its effectively connected earnings and profits attributable to such interest (subject to adjustments).

Sale, Exchange or Other Taxable Disposition of the Exchange Notes . Subject to the discussion below on FATCA (as defined below), a Non-U.S. Holder will generally not be subject to U.S. federal income tax on any gain realized on a sale, exchange, retirement, redemption or other taxable disposition of exchange notes (other than any amount representing accrued but unpaid interest on the exchange note, which is subject to the rules discussed above under "— Ownership of the Exchange Notes by Non-U.S. Holders — Stated Interest of the Exchange Notes") unless:

- the gain is effectively connected with the conduct of a trade or business within the U.S. by the Non-U.S. Holder, or
- in the case of a Non-U.S. Holder who is a nonresident alien individual, such holder is present in the United States for 183 or more days in the taxable year and certain other requirements are met.

If a Non-U.S. Holder falls under the first of these exceptions, unless an applicable income tax treaty provides otherwise, the Non-U.S. Holder will be taxed on the net gain derived from the disposition of the exchange notes under the graduated U.S. federal income tax rates that are applicable to U.S. Holders and, if the Non-U.S. Holder is a foreign corporation, it may also be subject to the branch profits tax described above (unless a treaty reduces or eliminates such tax).

If an individual Non-U.S. Holder falls under the second of these exceptions, the Non-U.S. Holder generally will be subject to U.S. federal income tax at a rate of 30% (unless a lower applicable treaty rate applies) on the amount by which all capital gains allocable to sources within the United States, including any gain derived from the taxable disposition of the exchange notes, exceeds such Non-U.S. Holder's capital losses allocable to sources within the United States for the taxable year of the sale.

Information Reporting and Backup Withholding

The amount of interest on an exchange note paid to a Non-U.S. Holder and the amount of tax, if any, withheld from such payment generally must be reported annually to the Non-U.S. Holder and to the IRS. The IRS may make this information available under the provisions of an applicable income tax treaty (or information exchange agreement) to the tax authorities in the country in which the Non-U.S. Holder is resident.

Provided that a Non-U.S. Holder has complied with certain reporting procedures (usually satisfied by providing an applicable properly completed IRS Form W-8BEN or IRS Form W-8BEN-E) or otherwise establishes an exemption, the Non-U.S. Holder generally will not be subject to backup withholding tax with

respect to interest payments on, and the proceeds from a disposition of, an exchange note, unless we or our paying agent know or have reason to know that the holder is a U.S. person. Rules relating to information reporting requirements and backup withholding with respect to the payment of proceeds from the taxable disposition (including a redemption or retirement) of an exchange note are as follows:

If the proceeds are paid to or through the United States office of a broker, a Non-U.S. Holder generally will be subject to backup withholding and information reporting unless the Non-U.S. Holder certifies under penalties of perjury that it is not a U.S. person (usually on an IRS Form W-8BEN or W-8BEN-E) or otherwise establishes an exemption.

If the proceeds are paid to or through a non-U.S. office of a broker that is not a U.S. person and does not have certain specified U.S. connections (a "U.S. Related Person"), a Non-U.S. Holder will not be subject to backup withholding or information reporting.

If the proceeds are paid to or through a non-U.S. office of a broker that is a U.S. person or a U.S. Related Person, a Non-U.S. Holder generally will be subject to information reporting (but generally not backup withholding) unless the Non-U.S. Holder certifies under penalties of perjury that it is not a U.S. person (usually on an IRS Form W-8BEN or W-8BEN-E) or otherwise establishes an exemption.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will be allowed as a credit against the Non-U.S. Holder's U.S. federal income tax liability, if any, and may entitle the Non-U.S. Holder to a refund, provided that the required information is timely furnished to the IRS. Non-U.S. Holders should consult their own tax advisors regarding the application of the backup withholding rules in their particular circumstances and the availability of, and procedure for, obtaining an exemption from backup withholding under current Treasury regulations.

Foreign Account Tax Compliance

The Hiring Incentives to Restore Employment Act and the final Treasury regulations and official IRS guidance associated with such provisions (such provisions, regulations and guidance commonly known as "FATCA") generally impose a U.S. federal withholding tax of 30% on interest (including original issue discount, if any) income paid on a debt obligation and on the gross proceeds of a sale or other disposition (including a retirement or redemption) of a debt obligation paid to (1) a foreign financial institution (as the beneficial owner or as an intermediary for the beneficial owner), unless such institution (a) enters into, and is in compliance with, a withholding and information reporting agreement with the U.S. government to collect and provide to the U.S. tax authorities substantial information regarding U.S. account holders of such institution (which would include certain equity and debt holders of such institution, as well as certain account holders that are foreign entities with U.S. owners) or (b) is a resident in a country that has entered into an intergovernmental agreement with the United States in relation to such withholding and information reporting and the financial institution complies with the related information reporting requirements of such country or (2) a foreign entity that is not a financial institution (as the beneficial owner or as an intermediary for the beneficial owner), unless such entity provides the withholding agent with a certification identifying the substantial United States owners of the entity, which generally includes any U.S. person who directly or indirectly owns more than 10% of the entity, or certifies that it does not have any substantial U.S. owners.

Withholding under FATCA generally will apply to payments of interest (including original issue discount, if any, and any amounts attributable to accrued but unpaid interest on the original notes) on an exchange note regardless of when the payments are made. However, under the applicable Treasury Regulations, withholding under FATCA generally will only apply to payments of gross proceeds from the sale or other disposition of an exchange note on or after January 1, 2019. An intergovernmental agreement between the United States and the applicable non-U.S. country, or future Treasury regulations or other official IRS guidance, may modify these requirements. Holders should consult with their own tax advisors regarding the implications of FATCA on their investment in our exchange notes.

S1-SSA-0009 - 25671

Plan of Distribution

Based on existing interpretations of the Securities Act by the SEC staff set forth in several no-action letters to third parties, and subject to the immediately following sentence, we believe exchange notes issued under the exchange offers in exchange for original notes may be offered for resale, resold and otherwise transferred by the holders thereof (other than holders that are broker-dealers) without further compliance with the registration and prospectus delivery provisions of the Securities Act. However, any holder of original notes that is an affiliate of ours or that intends to participate in the exchange offers for the purpose of distributing the exchange notes, or any broker-dealer that purchased any of the original notes from us for resale pursuant to Rule 144A or any other available exemption under the Securities Act, (i) will not be able to rely on the interpretations of the SEC staff set forth in the above-mentioned no-action letters, (ii) will not be entitled to tender its original notes in the exchange offers, and (iii) must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any sale or transfer of the original notes unless such sale or transfer is made pursuant to an exemption from such requirements.

Each broker-dealer that receives exchange notes for its own account pursuant to the exchange offers must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of exchange notes received in exchange for original notes where such original notes were acquired as a result of market-making activities or other trading activities. We have agreed that, for a period of 180 days after the expiration date, we will make this prospectus, as amended or supplemented, available to any broker-dealer for use in connection with any such resale.

We will not receive any proceeds from any sale of exchange notes by broker-dealers. Exchange notes received by broker-dealers for their own account pursuant to the exchange offers may be sold from time to time in one or more transactions in the over-the-counter market, in negotiated transactions, through the writing of options on the exchange notes or a combination of such methods of resale, at market prices prevailing at the time of resale, at prices related to such prevailing market prices or negotiated prices. Any such resale may be made directly to purchasers or to or through brokers or dealers that may receive compensation in the form of commissions or concessions from any such broker-dealer or the purchasers of any such exchange notes. Any broker-dealer that resells exchange notes that were received by it for its own account pursuant to the exchange offers and any broker or dealer that participates in a distribution of such exchange notes may be deemed to be an “underwriter” within the meaning of the Securities Act and any profit on any such resale of exchange notes and any commission or concessions received by any such persons may be deemed to be underwriting compensation under the Securities Act. The letter of transmittal states that, by acknowledging that it will deliver and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an “underwriter” within the meaning of the Securities Act.

For a period of 180 days after the expiration date we will promptly send additional copies of this prospectus and any amendment or supplement to this prospectus to any broker-dealer that requests such documents in the letter of transmittal. We have agreed to pay all expenses incident to the exchange offers (including the expenses of one counsel for the holders of the original notes and the exchange notes) other than underwriting discounts and commissions and transfer taxes, if any, and will indemnify the holders of the original notes and the exchange notes (including any broker-dealers) against certain liabilities, including liabilities under the Securities Act.

Notwithstanding the foregoing, we may suspend the use of this prospectus by broker-dealers under specified circumstances. For example, we may suspend the use of this prospectus if:

- the SEC or any state securities authority requests an amendment or supplement to this prospectus or the related registration statement or requests additional information;
- the SEC or any state securities authority issues any stop order suspending the effectiveness of the registration statement or initiates proceedings for that purpose;

- we receive notification of the suspension of the qualification of the exchange notes for sale in any jurisdiction or the initiation or threatening of any proceeding for that purpose;
- the suspension is required by law;
- we determine that the continued effectiveness of the registration statement of which this prospectus forms a part and use of this prospectus would require disclosure of confidential information related to a material acquisition or divestiture of assets or a material corporate transaction, event or development; or
- an event occurs or we discover any fact that makes any statement made in the registration statement of which this prospectus forms a part untrue in any material respect or that requires the making of any changes in such registration statement in order to make the statements therein not misleading.

We will not receive any proceeds from the issuance of the exchange notes in the exchange offers.

Validity of the Exchange Notes

Kirkland & Ellis LLP will opine for us on whether the exchange notes are valid and binding obligations of Exelon and will rely on the opinion of Ballard Spahr LLP with respect to certain matters under the laws of the Commonwealth of Pennsylvania.

Experts

The financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) incorporated in this prospectus by reference to the Annual Report on Form 10-K for the year ended December 31, 2015 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

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Exelon Corporation

Offer to Exchange
$807,082,000 aggregate principal amount of outstanding 3.950% Notes due 2025
(CUSIP Nos. 30161N AM3 and U3002L AA0)
for
$807,082,000 aggregate principal amount of newly issued 3.950% Notes due 2025 that will be issued in a transaction registered under the Securities Act
(CUSIP No. 30161N AN1)
and
$333,485,000 aggregate principal amount of outstanding 4.950% Notes due 2035
(CUSIP Nos. 30161N AP6 and U3002L AB8)
for
$333,485,000 aggregate principal amount of newly issued 4.950% Notes due 2035 that will be issued in a transaction registered under the Securities Act
(CUSIP No. 30161N AQ4)
and
$741,001,000 aggregate principal amount of outstanding 5.100% Notes due 2045
(CUSIP Nos. 30161N AR2 and U3002L AC6)
for
$741,001,000 aggregate principal amount of newly issued 5.100% Notes due 2045 that will be issued in a transaction registered under the Securities Act
(CUSIP No. 30161N AS0)

PROSPECTUS

April 15, 2016

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Filed Pursuant to Rule 424(b)(5)
Registration No. 333-196220

The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not offers to sell these securities nor solicitations of offers to buy these securities in any jurisdiction where the offer and sale is not permitted.

Subject to Completion
Preliminary Prospectus Supplement dated June 8, 2015

PROSPECTUS SUPPLEMENT
(To Prospectus Dated May 23, 2014)

$

Exelon Corporation

$ Floating Rate Notes due 2017
$ % Notes due 2017
$ % Notes due 2020
$ % Notes due 2025
$ % Notes due 2035
$ % Notes due 2045

Exelon Corporation ("Exelon") is offering $ of its floating rate notes due 2017 (the "floating rate notes"), $ of its % notes due 2017 (the "2017 notes"), $ of its % notes due 2020 (the "2020 notes"), $ of its % notes due 2025 (the "2025 notes"), $ of its % notes due 2035 (the "2035 notes") and $ of its % notes due 2045 (the "2045 notes" and, together with the 2017 notes, the 2020 notes, the 2025 notes and the 2035 notes, the "fixed rate notes"). In this prospectus supplement, we refer to the fixed rate notes and the floating rate notes collectively as the "notes."

The floating rate notes will bear interest at a floating rate equal to three-month LIBOR plus % and mature on , 2017. We will pay interest on the floating rate notes quarterly in arrears on , , and of each year, beginning on , 2015. The 2017 notes will mature on , 2017, the 2020 notes will mature on , 2020, the 2025 notes will mature on , 2025, the 2035 notes will mature on , 2035 and the 2045 notes will mature on , 2045. We will pay interest on the fixed rate notes semi-annually on and of each year, beginning on , 2015.

The notes are being issued to fund a portion of the purchase price of the merger (the "Merger") between Exelon and Pepco Holdings, Inc. ("PHI"). However, this offering is not conditioned upon the completion of the Merger, which, if completed, will occur subsequent to the closing of this offering. Upon the first to occur of either (i) December 31, 2015, if the Merger is not consummated on or prior to such date, or (ii) the date on which the agreement relating to the Merger is terminated (each, a "Special Mandatory Redemption Trigger"), Exelon will be required to redeem the 2025 notes, the 2035 notes and the 2045 notes, in whole, at a redemption price equal to 101% of the aggregate principal amount of such series of notes, plus accrued and unpaid interest from and including the date of initial issuance, or the most recent date to which interest has been paid, whichever is later, to but not including the date of the special mandatory redemption (the "Special Mandatory Redemption"). There is no escrow account for, or security interest in, the proceeds of this offering for the benefit of holders of the notes. See "Description of the Notes—Special Mandatory Redemption." The 2025 notes, the 2035 notes and the 2045 notes may also be redeemed at our option, in whole, at a redemption price equal to 101% of the aggregate principal amount of such series of notes, plus accrued and unpaid interest from and including the date of initial issuance, or the most recent date to which interest has been paid, whichever is later, to but not including the date of redemption, if, in our judgment, our acquisition of PHI will not be consummated on or prior to December 31, 2015. In addition, we may also redeem any series of the fixed rate notes at any time prior to maturity, in whole or in part, upon at least 15 days' and not more than 60 days' notice, at the redemption prices described in this prospectus supplement under "Description of the Notes—Optional Redemption." The floating rate notes may not be redeemed prior to maturity.

The notes will be our direct unsecured general obligations and will rank equally with all of our existing and future unsecured and unsubordinated debt.

Investing in our notes involves certain risks. You should carefully read this prospectus supplement and the accompanying base prospectus, including the documents incorporated by reference herein and therein, before you make your investment decision. See the " Risk Factors " section beginning on page S-9 of this prospectus supplement, as well as under "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2014, which is incorporated by reference herein, for more information.

	Price to Public [1]		Underwriting Discount		Proceeds, before expenses, to Exelon	
	Per Note	Total	Per Note	Total	Per Note	Total
Per floating rate note	%	$	%	$	%	$
Per 2017 note	%	$	%	$	%	$
Per 2020 note	%	$	%	$	%	$
Per 2025 note	%	$	%	$	%	$
Per 2035 note	%	$	%	$	%	$
Per 2045 note	%	$	%	$	%	$

(1) Plus accrued interest from , 2015, if settlement occurs after that date.

Neither the Securities and Exchange Commission (the "SEC") nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The notes are expected to be delivered in book-entry form only through the facilities of the Depository Trust Company ("DTC"), including Clearstream Banking, *société anonyme* ("Clearstream"), and/or Euroclear Bank S.A./N.V. ("Euroclear"), against payment in New York, New York on or about , 2015.

Joint Book-Running Managers

Barclays **Goldman, Sachs & Co.**

BNP PARIBAS **MUFG** **Mizuho Securities** **Scotiabank**

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Senior Co-Managers

BofA Merrill Lynch **Citigroup** **Credit Suisse** **J.P. Morgan**
RBC Capital Markets **US Bancorp** **Wells Fargo Securities**

The date of this prospectus supplement is , 2015.

We urge you to carefully read this prospectus supplement and the accompanying prospectus, which describe the terms of the offering of the notes, before you make your investment decision. You should rely only on the information contained in or incorporated by reference in this prospectus supplement, the accompanying prospectus and any related free writing prospectus required to be filed with the SEC. We have not, and the underwriters have not, authorized anyone else to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information appearing in this prospectus supplement and the accompanying prospectus is accurate as of any date other than the date on the front of those documents or that the information incorporated by reference is accurate as of any date other than the date that the document incorporated by reference was filed with the SEC.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement and the accompanying prospectus contain information about Exelon and the notes offered hereby. This prospectus supplement and the accompanying prospectus also refer to information contained in other documents that we file with the SEC. To the extent the information in this prospectus supplement is inconsistent with information in the prospectus, you should rely on this prospectus supplement.

The accompanying prospectus also includes information about our subsidiaries Exelon Generation Company, LLC ("Generation"), Commonwealth Edison Company ("ComEd"), PECO Energy Company ("PECO"), and Baltimore Gas and Electric Company ("BGE") and their securities. Exelon, Generation, ComEd, PECO and BGE file combined reports under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Information contained in the combined reports relating to each registrant is filed separately by such registrant on its own behalf and only the information related to Exelon is incorporated by reference in this prospectus supplement and the accompanying prospectus. Exelon does not make any representations as to information relating to any other registrant or securities issued by any other registrant and you should not rely on any information relating to any registrant other than Exelon in determining whether to invest in the notes offered hereby.

When we refer to "Exelon," "the Company," "we," "us" or "our" in this prospectus supplement, we mean Exelon and, unless the context otherwise indicates, does not include any of our subsidiaries or affiliates.

FORWARD LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus and the documents incorporated or deemed incorporated by reference as described under the heading “Where You Can Find More Information” contain forward-looking statements that are not based entirely on historical facts and are subject to risks and uncertainties. Words such as “believes,” “anticipates,” “expects,” “intends,” “plans,” “predicts,” “estimates” and similar expressions are intended to identify forward-looking statements but are not the only means to identify those statements. These forward-looking statements are based on assumptions, expectations and assessments made by our management in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe to be appropriate. Any forward-looking statements are not guarantees of our future performance and are subject to risks and uncertainties.

This prospectus supplement and the accompanying prospectus contain certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which are subject to risks and uncertainties. The factors that could cause actual results to differ materially from the forward-looking statements include: (a) any risk factors discussed in this prospectus supplement or the accompanying prospectus; (b) those factors discussed in the following sections of Exelon’s Annual Report on Form 10-K, which are incorporated herein by reference: (1) ITEM 1A. Risk Factors, (2) ITEM 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations and (3) ITEM 8. Financial Statements and Supplementary Data: Note 22; (c) those factors discussed in the following sections of Exelon’s Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2015, which are incorporated herein by reference: (1) Part I, Financial Information, ITEM 1. Financial Statements: Note 17, (2) Part 1, Financial Information, ITEM 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations and (3) Part II, Other Information, ITEM 1A. Risk Factors; and (d) other factors discussed herein and in other filings with the SEC by Exelon, as applicable.

You are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date on the front of this prospectus supplement or, as the case may be, as of the date on which we make any subsequent forward-looking statement that is deemed incorporated by reference. We do not undertake any obligation to update or revise any forward-looking statement to reflect events or circumstances after the date as of which any such forward-looking statement is made.

SUMMARY

The following summary is provided solely for your convenience. It is not intended to be complete and may not contain all of the information that you should consider before investing in the notes. You should read carefully this entire prospectus supplement, the accompanying prospectus and all the information included or incorporated by reference herein or therein.

Our Company

Exelon, incorporated in Pennsylvania in February 1999, is a utility services holding company engaged, through Generation, in the energy generation business and, through ComEd, PECO and BGE, in the energy delivery business. Exelon's principal executive offices are located at 10 South Dearborn Street, Chicago, Illinois 60603, and its telephone number is 312-394-7398.

Generation's integrated business consists of the generation, physical delivery and marketing of power across multiple geographical regions through its customer-facing business, Constellation Energy Group, Inc. ("Constellation"), which sells electricity and natural gas to both wholesale and retail customers. Generation also sells renewable energy and other energy-related products and services, and engages in natural gas and oil exploration and production activities. Generation has six reportable segments consisting of the Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Regions.

ComEd's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of electricity transmission and distribution services to retail customers in northern Illinois, including the City of Chicago.

PECO's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of electricity transmission and distribution services to retail customers in southeastern Pennsylvania, including the City of Philadelphia, as well as the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services to retail customers in the Pennsylvania counties surrounding the City of Philadelphia.

BGE's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of electricity transmission and distribution services to retail customers in central Maryland, including the City of Baltimore, as well as the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services to retail customers in central Maryland, including the City of Baltimore.

Proposed Merger with PHI

On April 29, 2014, Exelon and PHI signed an agreement and plan of merger (as subsequently amended and restated as of July 18, 2014) to combine the two companies in an all cash transaction. The resulting company will retain the Exelon name and be headquartered in Chicago, and PHI will become an indirect, wholly-owned subsidiary of Exelon. The Merger is expected to be completed in the second or third quarter of 2015.

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SUMMARY FINANCIAL INFORMATION

We have provided the following summary financial information for your reference. We have derived the summary information presented here as of and for the years ended December 31, 2012, 2013 and 2014 from our audited consolidated financial statements, incorporated herein by reference. We have derived the summary information presented here as of and for the three months ended March 31, 2014 and 2015 from our unaudited consolidated financial statements, incorporated herein by reference. You should read this summary information together with our audited consolidated financial statements and the related notes and our unaudited consolidated financial statements and the related notes, each incorporated herein by reference. See "Where You Can Find More Information" in this prospectus supplement.

	For the Year Ended December 31,			For the Three Months Ended March 31,	
	2014 [a]	2013	2012 [b]	2015	2014
			($ in millions)		
Statement of Operations Data					
Operating revenues	$27,429	$24,888	$23,489	$ 8,830	$ 7,237
Operating income	3,096	3,669	2,373	1,366	168
Net income	1,820	1,729	1,171	738	93
Cash Flow Data					
Net cash flows provided by operating activities	4,457	6,343	6,131	1,490	165
Net cash flows used in investing activities	(4,599)	(5,394)	(4,576)	(1,751)	(1,011)
Net cash flows provided by (used in) financing activities	411	(826)	(1,085)	208	151

	As of December 31,			As of March 31,	
	2014	2013	2012	2015	2014
			($ in millions)		
Balance Sheet Data					
Property, plant and equipment, net	$52,087	$47,330	$45,186	$53,001	$47,742
Noncurrent regulatory assets	6,076	5,910	6,497	6,068	5,863
Goodwill	2,672	2,625	2,625	2,672	2,625
Other deferred debits and other assets	13,882	13,922	14,113	14,293	13,563
Total assets	$86,814	$79,924	$78,561	$87,391	$79,468
Long-term debt, including long-term debt to financing trusts	20,010	18,271	18,346	21,167	19,195
Noncurrent regulatory liabilities	4,550	4,388	3,981	4,566	4,458
Other deferred credits and other liabilities	29,359	26,597	26,626	29,646	25,686
Shareholders' equity	22,608	22,732	21,431	24,638	22,778
Total liabilities and shareholders' equity	$86,814	$79,924	$78,561	$87,391	$79,468

(a) On April 1, 2014, Generation assumed operational control of Constellation Energy Nuclear Group, LLC's ("CENG") nuclear fleet. As a result, the 2014 financial results include CENG's results of operations on a fully consolidated basis.

(b) 2012 financial results include the activity of Constellation from the merger effective date of March 12, 2012 through December 31, 2012.

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THE OFFERING

The following summary contains basic information about the notes and this offering. It does not contain all of the information that may be important to you. For a more complete understanding of this offering, we encourage you to read this entire prospectus supplement and the accompanying prospectus, including "Description of the Notes."

Issuer	Exelon Corporation
Securities Offered	$ aggregate principal amount of floating rate notes due 2017;
	$ aggregate principal amount of % notes due 2017;
	$ aggregate principal amount of % notes due 2020;
	$ aggregate principal amount of % notes due 2025;
	$ aggregate principal amount of % notes due 2035; and
	$ aggregate principal amount of % notes due 2045.
Maturity Date	The floating rate notes will mature on , 2017;
	The 2017 notes will mature on , 2017;
	The 2020 notes will mature on , 2020;
	The 2025 notes will mature on , 2025;
	The 2035 notes will mature on , 2035; and
	The 2045 notes will mature on , 2045.
Interest Rate	Three-month LIBOR plus % per annum for the floating rate notes;
	% per annum for the 2017 notes;
	% per annum for the 2020 notes;
	% per annum for the 2025 notes;
	% per annum for the 2035 notes; and
	% per annum for the 2045 notes.
Interest Payment Dates	Interest on the floating rate notes will be paid quarterly in arrears on , , and of each year, beginning on , 2015 and on the maturity date of the floating rate notes.
	Interest on the fixed rate notes will be paid semi-annually on and of each year, commencing on , 2015, and on the maturity date for each series of notes.

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Special Mandatory Redemption	This offering is not conditioned upon the completion of the Merger, which, if completed, will occur subsequent to the closing of this offering. Upon the occurrence of a Special Mandatory Redemption Trigger, we will be required to redeem the 2025 notes, the 2035 notes and the 2045 notes, in whole, at a redemption price equal to 101% of the aggregate principal amount of such series of notes, plus accrued and unpaid interest from and including the date of initial issuance, or the most recent date to which interest has been paid, whichever is later, to, but not including, the date of Special Mandatory Redemption. See "Use of Proceeds" and "Description of the Notes—Special Mandatory Redemption."
Optional Redemption	We do not have the right to redeem the floating rate notes prior to maturity. The 2025 notes, the 2035 notes and the 2045 notes may be redeemed at our option, in whole, at a redemption price equal to 101% of the aggregate principal amount of such series of notes, plus accrued and unpaid interest from and including the date of initial issuance, or the most recent date to which interest has been paid, whichever is later, to but not including the date of redemption, if, in our judgment, our acquisition of PHI will not be consummated on or prior to December 31, 2015. At our option, any or all of the fixed rate notes may be redeemed, in whole or in part, at any time prior to maturity. If we elect to redeem the 2017 notes at any time, the 2020 notes at any time prior to , (one month prior to the maturity date of the 2020 notes), the 2025 notes at any time prior to , (three months prior to the maturity date of the 2025 notes), the 2035 notes at any time prior to , (six months prior to the maturity date of the 2035 notes) or the 2045 notes at any time prior to , (six months prior to the maturity date of the 2045 notes), we may redeem some or all of the 2017 notes, the 2020 notes, the 2025 notes, the 2035 notes and the 2045 notes, respectively, in each case upon at least 15 days' and not more than 60 days' notice at a redemption price equal to the greater of: • 100% of the principal amount of the notes then outstanding to be redeemed; and • the sum of the present values of the remaining scheduled payments of principal and interest on the notes being redeemed (exclusive of interest accrued to the redemption date) to maturity in the case of the 2017 notes or, in the case of the 2020 notes, the 2025 notes, the 2035 notes and the 2045 notes, to , , , , , or , , as applicable, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined herein) plus basis points in the case of the 2017 notes, plus

	basis points in the case of the 2020 notes, plus basis points in the case of the 2025 notes, plus basis points in the case of the 2035 notes and plus basis points in the case of the 2045 notes, plus, in each case, accrued and unpaid interest on the principal amount being redeemed to but excluding the date of redemption. If we elect to redeem the 2020 notes at any time on or after , (one month prior to the maturity date of the 2020 notes), the 2025 notes at any time on or after , (three months prior to the maturity date of the 2025 notes), the 2035 notes at any time on or after , (six months prior to the maturity date of the 2035 notes) or the 2045 notes at any time on or after , (six months prior to the maturity date of the 2045 notes), we may redeem some or all of the 2020 notes, the 2025 notes, the 2035 notes and the 2045 notes, respectively, in each case upon at least 15 days' and not more than 60 days' notice at a redemption price equal to 100% of the principal amount of the notes then outstanding to be redeemed plus accrued and unpaid interest on the principal amount being redeemed to but excluding the redemption date. See "Description of the Notes—Optional Redemption."
Ranking	The notes will be our direct unsecured general obligations and will rank equally with all of our existing and future unsecured and unsubordinated debt, will be senior in right of payment to all of our existing and future subordinated debt and will be junior to any of our future secured debt to the extent of the value of the collateral securing such secured debt. Because we are a holding company with no material assets other than our ownership interests in our subsidiaries and all of our operations are conducted by our subsidiaries, our debt is effectively subordinated to all existing and future debt, trade creditors, and other liabilities of our subsidiaries. Our rights, and hence the rights of our creditors, to participate in any distribution of assets of any subsidiary upon its liquidation or reorganization or otherwise would be subject to the prior claims of that subsidiary's creditors, except to the extent that our claims as a creditor of such subsidiary may be recognized. As of March 31, 2015, our subsidiaries had outstanding approximately $19.7 billion of long-term debt, including long-term debt to financing trusts and the portion of long-term debt due within one year. The notes will not be obligations of or guaranteed by any of our subsidiaries. The Indenture (as defined below) does not limit our ability to issue debt senior to the notes or the amount of debt we or our subsidiaries may issue.
Denominations	The notes will be issued in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof.
Additional Notes	Subject to the limitations described in this prospectus supplement and the accompanying prospectus, we may issue additional notes under the Indenture with the same priority as the notes offered hereby, including notes having the same series designation and terms (except

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	for the public offering prices and the issue date) as the notes offered hereby, without the approval of the holders of outstanding notes under the Indenture, including the holders of the outstanding notes offered hereby.
No Listing	We do not intend to list the notes on any securities exchange or automated dealer quotation system. The notes will be new securities for which there currently is no public market. See "Risk Factors—There may be no public market for the notes."
Use of Proceeds	We estimate that the net proceeds from the sale of the notes in this offering will be approximately $ billion, after deducting the underwriting discounts and commissions. These net proceeds will be used to finance a portion of the consideration for the Merger, with any remaining balance of the net proceeds (or the full amount of the net proceeds realized from the floating rate notes, the 2017 notes and the 2020 notes in the event that the Merger is not consummated) used for general corporate purposes, which may include the repayment of outstanding indebtedness. See "Use of Proceeds."
Risk Factors	You should consider carefully all the information set forth and incorporated by reference in this prospectus supplement and the accompanying prospectus and, in particular, you should evaluate the specific factors set forth under the heading "Risk Factors" beginning on page S-9 of this prospectus supplement, as well as the other information contained or incorporated herein by reference, before investing in the notes offered hereby.
Trustee	The Bank of New York Mellon Trust Company, N.A.
Governing Law	The Indenture and the notes will be governed by the laws of the State of New York.

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RISK FACTORS

Investing in the notes involves risks. You should carefully consider the following discussion and the risks described under "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2014, incorporated by reference in this prospectus supplement and the accompanying prospectus, the factors listed under "Forward Looking Statements" in this prospectus supplement and the other information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus before making a decision to invest in the notes. See "Where You Can Find More Information."

Upon the occurrence of a Special Mandatory Redemption Trigger, we will be required to redeem the 2025 notes, the 2035 notes and the 2045 notes. In addition, the 2025 notes, the 2035 notes and the 2045 notes may also be redeemed at our option, if, in our judgment, our acquisition of PHI will not be consummated on or prior to December 31, 2015. If we redeem the notes, you may not obtain your expected return on the notes.

The closing of this offering is not conditioned on, and is expected to be consummated before, the closing of the Merger, which is expected to occur in the second or third quarter of 2015. We may not be able to consummate the transactions contemplated by the merger agreement within the timeframe specified under "Description of the Notes—Special Mandatory Redemption" or at all. Many of the conditions to closing in the merger agreement are beyond our control, and we may not be able to complete the transactions contemplated by the merger agreement on or prior to December 31, 2015. Our obligation to consummate the closing under the merger agreement is subject to certain conditions, including, among others, receipt of certain governmental approvals.

Upon the occurrence of a Special Mandatory Redemption Trigger, we will be required to redeem the 2025 notes, the 2035 notes and the 2045 notes at a redemption price equal to 101% of the aggregate principal amount thereof, plus accrued and unpaid interest from and including the date of initial issuance, or the most recent date to which interest has been paid, whichever is later, to, but not including, the special mandatory redemption date. The 2025 notes, the 2035 notes and the 2045 notes may also be redeemed at our option, in whole, at a redemption price equal to 101% of the aggregate principal amount of such series of notes, plus accrued and unpaid interest from and including the date of initial issuance, or the most recent date to which interest has been paid, whichever is later, to but not including the date of the redemption, if, in our judgment, our acquisition of PHI will not be consummated on or prior to December 31, 2015. If your notes are redeemed, you may not obtain your expected return on the notes and may not be able to reinvest the proceeds from redemption in an investment that results in a comparable return. In addition, as a result of such redemption provisions of the notes, the trading prices of such series of notes may not reflect the financial results of our business or macroeconomic factors.

We are not obligated to place the net proceeds of the offering of the notes in escrow prior to the closing of the Merger and, as a result, we may not be able to repurchase the notes upon a Special Mandatory Redemption.

We are not obligated to place the net proceeds of the offering of the notes in escrow prior to the closing of the Merger or to provide a security interest in those proceeds, and the Indenture imposes no other restrictions on our use of these proceeds during that time. Accordingly, the source of funds for any redemption of notes upon a Special Mandatory Redemption would be the proceeds that we have voluntarily retained or other sources of liquidity, including available cash, borrowings, sales of assets or sales of equity. We may not be able to satisfy our obligation to redeem the notes following a Special Mandatory Redemption Trigger because we may not have sufficient financial resources to pay the aggregate redemption price on the notes. Our failure to redeem or repurchase the notes as required under the Indenture governing the notes would result in a default under the Indenture, which could result in defaults under our other debt agreements and have material adverse consequences for us and the holders of the notes. In addition, our ability to redeem or repurchase the notes for cash may be limited by law or the terms of other agreements relating to our indebtedness outstanding at the time.

There may be no public market for the notes.

We can give no assurances concerning the liquidity of any markets that may develop for the notes offered by this prospectus supplement, the ability of any investor to sell any of the notes or the price at which investors would be able to sell them. If markets for the notes do not develop, investors may be unable to resell the notes for an extended period of time, if at all. If markets for the notes do develop, they may not continue or it may not be sufficiently liquid to allow holders to resell any of the notes. Consequently, investors may not be able to liquidate their investment readily, and lenders may not readily accept the notes as collateral for loans.

The Indenture does not restrict the amount of additional debt that we may incur.

The notes and Indenture pursuant to which the notes will be issued do not place any limitation on the amount of indebtedness that we or our subsidiaries may incur. Our incurrence of additional debt may have important consequences for you as a holder of the notes, including making it more difficult for us to satisfy our obligations with respect to the notes, a loss in the trading value of your notes and a risk that one or more of the credit ratings of the notes are lowered or withdrawn.

Our debt, including the notes, is effectively subordinated to the debt of our subsidiaries.

Because we are a holding company with no material assets other than our ownership interests in our subsidiaries and all of our operations are conducted by our subsidiaries, our debt is effectively subordinated to all existing and future debt, trade creditors, and other liabilities of our subsidiaries. Our rights, and hence the rights of our creditors, to participate in any distribution of assets of any subsidiary upon its liquidation or reorganization or otherwise would be subject to the prior claims of that subsidiary's creditors, except to the extent that our claims as a creditor of such subsidiary may be recognized. As of March 31, 2015, our subsidiaries had outstanding approximately $19.7 billion of long-term debt, including long-term debt to financing trusts and the portion of long-term debt due within one year. The Indenture does not restrict our or our subsidiaries' ability to incur additional indebtedness.

The amount of interest payable on the floating rate notes is set only once per period based on the three-month LIBOR rate on the interest determination date, which rate may fluctuate substantially.

In the past, the level of the three-month LIBOR rate has experienced significant fluctuations. You should note that historical levels, fluctuations and trends of the three-month LIBOR rate are not necessarily indicative of future levels. Any historical upward or downward trend in the three-month LIBOR rate is not an indication that the three-month LIBOR rate is more or less likely to increase or decrease at any time during a floating rate interest period, and you should not take the historical levels of the three-month LIBOR rate as an indication of its future performance. You should further note that although the actual three-month LIBOR rate on an interest payment date or at other times during an interest period may be higher than the three-month LIBOR rate on the applicable interest determination date, you will not benefit from the three-month LIBOR rate at any time other than on the interest determination date for such interest period. As a result, changes in the three-month LIBOR rate may not result in a comparable change in the market value of the floating rate notes.

Uncertainty relating to the LIBOR calculation process may adversely affect the value of your floating rate notes.

Regulators and law enforcement agencies in the United Kingdom and elsewhere are conducting civil and criminal investigations into whether the banks that contribute to the British Bankers' Association, or the BBA, in connection with the calculation of daily LIBOR may have been under-reporting or otherwise manipulating or attempting to manipulate LIBOR. A number of BBA member banks have entered into settlements with their regulators and law enforcement agencies with respect to alleged manipulation of LIBOR.

Actions by the BBA, regulators or law enforcement agencies may result in changes to the manner in which LIBOR is determined. At this time, it is not possible to predict the effect of any such changes and any other reforms to LIBOR that may be enacted in the United Kingdom or elsewhere. Uncertainty as to the nature of such potential changes may adversely affect the trading market for LIBOR-based securities, including the floating rate notes.

USE OF PROCEEDS

We estimate that the net proceeds from the sale of the notes in this offering will be approximately $ billion, after deducting the underwriting discounts and commissions but before deducting other offering expenses. These net proceeds will be used to finance a portion of the consideration for the Merger. Any remaining balance of the net proceeds (or the full amount of the net proceeds realized from the floating rate notes, the 2017 notes and the 2020 notes in the event that the Merger is not consummated) will be used for general corporate purposes, which may include the repayment of outstanding indebtedness.

To the extent we do not use the net proceeds immediately, we may temporarily invest them in short-term, interest bearing obligations.

Subject to the satisfaction of certain closing conditions, including, among others, receipt of certain governmental approvals, we expect the closing of the Merger to occur during the second or third quarter of 2015. This offering is not conditioned upon the completion of the Merger. See “Summary—Proposed Merger with PHI.”

RATIO OF EARNINGS TO FIXED CHARGES

The following are Exelon's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2014	2013	2012	2011	2010	March 31, 2015
Ratio of earnings to fixed charges	2.7x	2.6x	2.4x	4.9x	4.9x	3.6x

The ratio of earnings to fixed charges represents, on a pre-tax basis, the number of times earnings cover fixed charges. Earnings consist of pre-tax net income from continuing operations after adjustment for income from equity investees and capitalized interest or allowance for funds used during construction, to which has been added fixed charges. Fixed charges consist of interest costs and amortization of debt discount and premium on all indebtedness and estimated interest portion of all rental expense.

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CAPITALIZATION AND SHORT-TERM BORROWINGS

The following table shows our consolidated capitalization and short-term borrowings as of March 31, 2015 and as adjusted to reflect the issuance of the notes offered by this prospectus supplement and the application of the net proceeds thereof. See "Use of Proceeds." This table is qualified in its entirety by, and should be considered in conjunction with, the more detailed information incorporated by reference or provided in this prospectus supplement or in the accompanying prospectus.

	As of March 31, 2015	
(in millions)	Actual	As Adjusted
Short-term borrowings	$ 309	$ 309
Long-term debt:		
Long-term debt, including long-term debt to financing trusts [(a)]	22,427	22,427
Floating rate notes due 2017 offered hereby	—	
2017 notes offered hereby	—	
2020 notes offered hereby	—	
2025 notes offered hereby	—	
2035 notes offered hereby	—	
2045 notes offered hereby	—	
Shareholders' equity	24,638	24,638
Total capitalization and short-term borrowings	$87,391	$

(a) Includes approximately $1.26 billion of long-term debt due within one year.

DESCRIPTION OF THE NOTES

The following description of the notes is only a summary and is not intended to be comprehensive. In the event that information in this prospectus supplement is inconsistent with information in the accompanying prospectus, you should rely on this prospectus supplement.

General

We will issue $ of the floating rate notes due 2017, $ of the % notes due 2017, $ of the % notes due 2020, $ of the % notes due 2025, $ of the % notes due 2035 and $ of the % notes due 2045 under an indenture, which is a contract between us and the trustee, The Bank of New York Mellon Trust Company, N.A. (the "Trustee"), to be dated as of , 2015, as supplemented and as it may be further supplemented from time to time, which is referred to herein as the "Indenture." Subject to the limitations described in this prospectus supplement and the accompanying prospectus, we may issue additional notes under the Indenture with the same priority as the notes offered hereby, including notes having the same series designation and terms (except for the public offering prices and the issue date) as the notes offered hereby, without the approval of the holders of outstanding notes under the Indenture, including the holders of any series the outstanding notes offered hereby.

The terms of the notes will not necessarily afford you protection in the event of particular transactions or upon the occurrence of particular events that may adversely affect you, including a reorganization, recapitalization, restructuring, merger or other similar transactions involving us or our subsidiaries, whether or not in connection with a change of control. As a result, we could enter into such transactions even though the transaction could adversely affect our capital structure or credit ratings or otherwise adversely affect the holders of the notes. The notes will not contain any provisions that will require us to redeem, or permit the holders of the notes to cause a redemption or purchase of, the notes upon the occurrence of any particular event, other than as described below under "—Special Mandatory Redemption." However, we may redeem some or all of the fixed rate notes at any time or from time to time prior to maturity, at our option, as described in this prospectus supplement under "—Optional Redemption" below.

Interest Rate and Maturity

Fixed Rate Notes

The 2017 notes will pay interest at the fixed rate of % per annum, the 2020 notes will pay interest at the fixed rate of % per annum, the 2025 notes will pay interest at the fixed rate of % per annum, the 2035 notes will pay interest at the fixed rate of % per annum and the 2045 notes will pay interest at the fixed rate of % per annum. Interest on the fixed rate notes will be payable semi-annually on and of each year, beginning , 2015. The 2017 notes will mature on , 2017, the 2020 notes will mature on , 2020, the 2025 notes will mature on , 2025, the 2035 notes will mature on , 2035 and the 2045 notes will mature on , 2045.

Interest on the fixed rate notes will accrue from and include the date that the fixed rate notes are issued to and excluding the date of maturity or redemption. Interest will be computed on the basis of a 360-day year of twelve 30-day months. On each interest payment date, we will pay interest on each fixed rate note to the person in whose name the fixed rate note is registered at the close of business on the record date for such interest. The record date for each interest payment date in respect of the fixed rate notes will be the close of business on the Business Day immediately preceding the applicable interest payment date. If any interest payment date falls on a day that is not a Business Day, payment will be made on the next Business Day and no additional interest or other payment will be paid in respect of such delay. "Business Day" means any day that is not a Saturday, a Sunday or a day on which commercial banking institutions in New York City are generally authorized or required by law or executive order to be closed.

Floating Rate Notes

The floating rate notes will mature on , 2017. We will pay interest on the floating rate notes quarterly in arrears on , , and of each year, beginning on , 2015, and on the maturity date of the floating rate notes, to the to the person in whose name the floating rate note is registered at the close of business on the record date for such interest. The record date for each interest payment date in respect of the floating rate notes will be the close of business on the Business Day immediately preceding the applicable interest payment date. Interest will be computed on the basis of a 360-day year and the actual number of days that have elapsed in the applicable interest period.

The floating rate notes will bear interest for each interest period at a rate calculated by the calculation agent appointed by us. The interest rate on the floating rate notes for a particular interest period will be a rate equal to three-month LIBOR on the interest determination date plus %. The interest determination date for an interest period will be the second London Business Day preceding the first day of such interest period. Promptly upon calculation, the trustee will inform us of the interest rate for the next interest period.

On any interest determination date, LIBOR will be equal to the offered rate to leading banks in the London interbank market for deposits in U.S. dollars having an index maturity of three months, as such rate appears on the Reuters Monitor Money Rates Service (“Reuters”) page LIBOR 01 (or such other page as may replace Reuters page LIBOR 01 on the Reuters service), or, if on such interest determination date, the three-month LIBOR does not appear or is not available on the designated Reuters page, on such other comparable publicly available service for displaying offered rates for deposits in U.S. dollars in the London interbank market as may be selected by the Company with the consent of the calculation agent, in each case as of approximately 11:00 a.m., London time, on such interest determination date.

If three-month LIBOR does not appear on the pages described above, the three-month LIBOR, in respect of such interest determination date, will be determined as follows: the calculation agent will request the principal London offices of each of four major reference banks in the London interbank market, as selected by the calculation agent (after consultation with us), to provide the calculation agent with its offered quotation for deposits in U.S. dollars for the period of three months commencing on the applicable interest reset date, to prime banks in the London interbank market at approximately 11:00 a.m., London time, on that interest determination date and in a principal amount of not less than $1,000,000 for a single transaction in U.S. dollars in such market at such time. If at least two quotations are provided, then the three-month LIBOR on such interest determination date will be the arithmetic mean of such quotations. If fewer than two such quotations are provided, then the three-month LIBOR on such interest determination date will be the arithmetic mean of the rates quoted at approximately 11:00 a.m., New York City time, on such interest determination date by three major reference banks in New York City selected by the calculation agent (after consultation with us) for loans in U.S. dollars to leading European banks, having an index maturity of three months and in a principal amount of not less than $1,000,000 for a single transaction in U.S. dollars in such market at such time; provided, however, that if the banks selected by the calculation agent (after consultation with us) are not providing quotations in the manner described by this sentence, the three-month LIBOR determined as of such interest determination date will be the three-month LIBOR in effect prior to such interest determination date.

All percentages resulting from any calculation of any interest rate for the floating rate notes will be rounded, if necessary, to the nearest one hundred thousandth of a percentage point, with five one-millionths of a percentage point rounded upward (e.g., 3.876545% (or .03876545) would be rounded to 3.87655% (or .0387655)), and all U.S. dollar amounts will be rounded to the nearest cent, with one-half cent being rounded upward. Each calculation of the interest rate on the floating rate notes by the trustee will (in the absence of manifest error) be final and binding on the holders of the floating rate notes and us.

Upon written request from any holder of floating rate notes, the trustee will provide the interest rate in effect on such floating rate notes for the current interest period and, if it has been determined, the interest rate to be in effect for the next interest period.

The interest rate on the floating rate notes will in no event be higher than the maximum rate permitted by New York law as the same may be modified by United States law of general application.

Ranking

The notes will be our direct unsecured general obligations and will rank equally with all of our existing and future unsecured and unsubordinated debt, will be senior in right of payment to all of our existing and future subordinated debt and will be junior to any of our future secured debt to the extent of the value of the collateral securing such secured debt. Because we are a holding company with no material assets other than our ownership interests in our subsidiaries and all of our operations are conducted by our subsidiaries, our debt is effectively subordinated to all existing and future debt, trade creditors, and other liabilities of our subsidiaries. Our rights, and hence the rights of our creditors, to participate in any distribution of assets of any subsidiary upon its liquidation or reorganization or otherwise would be subject to the prior claims of that subsidiary's creditors, except to the extent that our claims as a creditor of such subsidiary may be recognized. As of March 31, 2015, our subsidiaries had outstanding approximately $19.7 billion of long-term debt, including long-term debt to financing trusts and the portion of long-term debt due within one year. The Indenture does not restrict our or our subsidiaries' ability to incur additional indebtedness. In addition, the notes will not be obligations of or guaranteed by any of our subsidiaries. The Indenture does not limit our ability to issue secured debt senior to the notes or the amount of debt we or our subsidiaries may issue, whether secured or unsecured.

Please see "Capitalization and Short-Term Borrowings" in this prospectus supplement for information with respect to the long-term debt and short-term borrowings of us and our subsidiaries as of March 31, 2015.

Form and Denomination

The notes will be issued in registered form in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof.

The notes will initially be issued in "book-entry only form," represented by a permanent global debt security registered in the name of DTC, including Clearstream and/or Euroclear, or its nominee. However, we reserve the right to issue notes in certificated form registered in the name of the noteholders. For so long as the notes are registered in the name of DTC or its nominee, we will pay the principal, premium, if any, and interest due on the notes to DTC for payment to its participants for subsequent disbursement to the beneficial owners. For further information on DTC and its practices, see "Book-Entry System" below.

Special Mandatory Redemption

Upon the first to occur of either (i) December 31, 2015, if the Merger is not consummated on or prior to such date or (ii) the date on which the agreement relating to the Merger is terminated, we will be required to redeem the 2025 notes, the 2035 notes and the 2045 notes, in whole, at a redemption price equal to 101% of the aggregate principal amount of such series of notes, plus accrued and unpaid interest from and including the date of initial issuance, or the most recent date to which interest has been paid, whichever is later, to but not including the date of the Special Mandatory Redemption.

Within five Business Days after the occurrence of the Special Mandatory Redemption Trigger, we will give notice of the Special Mandatory Redemption to each holder of 2025 notes, the 2035 notes and the 2045 notes and to the Trustee, stating, among other matters prescribed in the Indenture, that a Special Mandatory Redemption Trigger has occurred and that all of such series of notes will be redeemed on the redemption date set forth in such notice (which will be no earlier than three Business Days and no later than 30 days from the date such notice is given).

Upon the occurrence of the closing of the Merger, the foregoing provisions regarding the Special Mandatory Redemption will cease to apply. The merger agreement may be terminated by either Exelon or PHI if the closing of the Merger has not occurred on or before July 29, 2015, except that, under certain circumstances the date may be extended by Exelon or PHI to October 29, 2015, subject to amendment by the parties thereto.

Certain provisions of the Indenture relating to our obligation to redeem notes in a Special Mandatory Redemption may not be waived or modified without the written consent of each holder of the notes.

Optional Redemption

General

We do not have the right to redeem the floating rate notes prior to maturity.

The Indenture will allow us to redeem the 2025 notes, the 2035 notes and the 2045 notes, at our option, in whole, at any time prior to December 31, 2015, at a redemption price equal to 101% of the aggregate principal amount of such series of notes, plus accrued and unpaid interest from and including the date of initial issuance, or the most recent date to which interest has been paid, whichever is later, to but not including the date of redemption, if, in our judgment, our acquisition of PHI will not be consummated on or prior to December 31, 2015. We refer to such a redemption as a "Special Optional Redemption." If we exercise our Special Optional Redemption right, we will provide notice to each holder of the 2025 notes, the 2035 notes and the 2045 notes and to the Trustee, stating, among other matters prescribed in the Indenture, the exercise of our Special Optional Redemption right and that all of such series of notes will be redeemed on the redemption date set forth in such notice (which will be no earlier than three Business Days and no later than 30 days from the date such notice is given). Upon the occurrence of the closing of the Merger, the foregoing provisions regarding the Special Optional Redemption will cease to apply.

At our option, any or all of the fixed rate notes may be redeemed, in whole or in part, at any time prior to maturity.

If we elect to redeem the 2017 notes at any time, the 2020 notes at any time prior to , (one month prior to the maturity date of the 2020 notes), the 2025 notes at any time prior to , (three months prior to the maturity date of the 2025 notes), the 2035 notes at any time prior to , (six months prior to the maturity date of the 2035 notes) or the 2045 notes at any time prior to , (six months prior to the maturity date of the 2045 notes), we may redeem some or all of the 2017 notes, the 2020 notes, the 2025 notes, the 2035 notes and the 2045 notes, respectively, in each case upon at least 15 days' and not more than 60 days' notice at a redemption price equal to the greater of:

- 100% of the principal amount of the notes then outstanding to be redeemed; and
- the sum of the present values of the remaining scheduled payments of principal and interest on the notes being redeemed (exclusive of interest accrued to the redemption date) to maturity in the case of the 2017 notes or, in the case of the 2020 notes, the 2025 notes, the 2035 notes, and the 2045 notes, to , , , , , or , , as applicable, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus basis points in the case of the 2017 notes, plus basis points in the case of the 2020 notes, plus basis points in the case of the 2025 notes, plus basis points in the case of the 2035 notes and plus basis points in the case of the 2045 notes, plus, in each case, accrued and unpaid interest on the principal amount being redeemed to but excluding the date of redemption.

If we elect to redeem the 2020 notes at any time on or after , (one month prior to the maturity date of the 2020 notes), the 2025 notes at any time on or after , (three months prior to the maturity date of the 2025 notes), the 2035 notes at any time on or after , (six months prior to the maturity date of the 2035 notes) or the 2045 notes at any time on or after , (six months prior to the maturity date of the 2045 notes), we may redeem some or all of the 2020 notes, the 2025 notes, the 2035 notes and the 2045 notes, respectively, in each case upon at least 15 days' and not more than 60 days' notice at a redemption price equal to 100% of the principal amount of the notes then outstanding to be redeemed plus accrued and unpaid interest on the principal amount being redeemed to but excluding the redemption date.

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Any optional redemption, other than the Special Optional Redemption, may be conditioned upon the consummation of one or more other transactions, including any debt or equity issuance by us or any of our parent companies or subsidiaries. The Trustee shall not have responsibility for calculating any redemption price.

Certain Definitions

"Comparable Treasury Issue" means the United States Treasury security or securities selected by an Independent Investment Banker (as defined below) as having an actual or interpolated maturity comparable to the remaining term of the notes being redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a comparable maturity to the remaining term of the notes.

"Comparable Treasury Price" means, with respect to any redemption date, the average of the Reference Treasury Dealer Quotations (as defined below) for such redemption date.

"Independent Investment Banker" means one of the Reference Treasury Dealers (as defined below) appointed by us.

"Reference Treasury Dealer" means (1) any of Barclays Capital, Inc. or Goldman, Sachs & Co. or their respective affiliates and (2) one other primary U.S. Government securities dealer in the United States of America (each, a "Primary Treasury Dealer") selected by us; provided, however, that if any of the foregoing shall cease to be a Primary Treasury Dealer, or is unwilling or unable to serve in such role, we shall substitute therefor another Primary Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by us, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to us at 3:30 p.m. New York City time on the third Business Day preceding such redemption date.

"Treasury Rate" means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to actual or interpolated maturity (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

Events of Default

An "Event of Default" with respect to a series of debt securities issued under the Indenture means any of the following:

- we fail to pay the principal of (or premium, if any, on) any debt security of that series when due and payable;
- we fail to pay any interest on any debt security of that series for 30 days after such is due;
- we fail to observe or perform any other covenants or agreements set forth in the debt securities of that series, or in the Indenture in regard to such debt securities, continuously for 90 days after notice (which must be sent either by the Trustee or holders of at least 33% of the principal amount of the affected series);
- our failure to pay principal at maturity or acceleration following a default in an aggregate amount of $100 million or more with respect to any Indebtedness (as defined below) of Exelon Corporation (not including Indebtedness of our subsidiaries), or the acceleration of any of our Indebtedness aggregating $100 million or more which default is not cured, waived or postponed pursuant to an agreement with the holders of the Indebtedness within 30 days after written notice as provided in the Indenture, or the acceleration is not rescinded or annulled within 30 days after written notice as provided in the Indenture; or
- we file for bankruptcy or certain other events of bankruptcy, insolvency or reorganization occur.

As used in the immediately preceding paragraph, "Indebtedness" means all obligations for borrowed money.

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An Event of Default for a particular series of debt securities does not necessarily mean that an Event of Default has occurred for any other series of debt securities issued under the Indenture. If an Event of Default has occurred and has not been cured, the Trustee or the holders of not less than 33% of the principal amount of the debt securities of the affected series may declare the entire principal of the debt securities of such series due and payable immediately. Subject to certain conditions, if we deposit with the Trustee enough money to remedy the default and there is no default continuing, this acceleration of payment may be rescinded by the holders of at least a majority in aggregate principal amount of the debt securities of such series.

The Trustee must, within 90 days after a default occurs, notify the holders of the debt securities of the series of the default if we have not remedied it (default is defined to include the events specified above without the grace periods or notice). The Trustee may withhold notice to the holders of such debt securities of any default (except in the payment of principal or interest) if it in good faith considers such withholding in the interest of the holders. We are required to file an annual certificate with the Trustee, signed by an officer, stating any default by us under any provisions of the Indenture.

Prior to any declaration of acceleration of maturity, the holders holding a majority of the principal amount of the debt securities of the particular series affected, on behalf of the holders of all debt securities of that series, may waive any past default or Event of Default. We cannot, however, obtain a waiver of a payment default.

Other than the duty to act with the required standard of care during an event of default, the Trustee is not required to take any action under the Indenture at the request of any holders unless such holders offer the Trustee reasonable indemnity. Subject to the provisions for indemnification and certain other limitations, the holders of a majority in principal amount of the debt securities of any series may direct the time, method and place of conducting any proceedings for any remedy available to the Trustee with respect to such debt securities.

In order to bypass the Trustee and take steps to enforce your rights or protect your interests relating to the debt securities, the following must occur:

- you must give the Trustee written notice that an Event of Default has occurred and remains uncured;
- the holders of 33% of the principal amount of all outstanding debt securities of the relevant series must make a written request that the Trustee take action because of the default, and must offer reasonable indemnity to the Trustee against the cost and other liabilities of taking that action; and
- the Trustee must have not taken action for 60 days after receipt of the above notice and offer of indemnity.

However, you are entitled at any time to bring a lawsuit for the payment of money due on your debt security on or after its due date.

“Street name” and other indirect holders should consult their banks or brokers for information on how to give notice or direction to, or make a request of, the Trustee and to make or cancel a declaration of acceleration.

Supplemental Indentures

There are three types of changes we can make to the Indenture and the debt securities issued thereunder, including the notes.

Changes Requiring Each Holder’s Approval

The following changes require the approval of each holder of debt securities of the series affected then outstanding:

- extending the fixed maturity of any debt security;

- reducing the interest rate or extending the time of payment of interest;
- reducing any premium payable upon redemption;
- reducing the principal amount;
- reducing the amount of principal payable upon acceleration of the maturity of a discounted debt security following default;
- changing the currency of payment on a debt security;
- reducing the percentage of securityholders whose consent is required to modify or amend the Indenture; or
- changing provisions relating to the Special Mandatory Redemption.

Changes Not Requiring Holder Approval

Changes not requiring holder approval are limited to those changes specified in the Indenture, including those which are of an administrative nature or are changes that would not adversely affect holders of the debt securities.

Changes Requiring a Majority of all Holders to Approve

A vote in favor by securityholders owning a majority of the principal amount of the debt securities of a particular series of affected debt securities is required for any other matter listed in the Indenture.

Consolidation, Merger or Sale

We may not merge or consolidate with any person (as defined in the Indenture) or sell substantially all of our assets as an entirety unless:

- we are the continuing corporation or the successor person is organized under the laws of the United States or a state or is organized under the laws of a foreign jurisdiction and consents to the jurisdiction of the courts of the United States or a state and expressly assumes the payment of principal, and premium, if any, and interest on the debt securities and the performance and observance of all the covenants and conditions of the Indenture binding on us; and
- we, or the successor person, is not immediately after the merger, consolidation or sale in default in the performance of a covenant or condition in the Indenture binding on us.

Discharge, Defeasance and Covenant Defeasance

We may discharge certain obligations to holders of the notes of a series that have not already been delivered to the Trustee for cancellation and that either have become due and payable or will become due and payable within one year (or scheduled for redemption within one year) by irrevocably depositing with the Trustee, in trust, funds in U.S. dollars in an amount sufficient to pay the entire indebtedness including, but not limited to, the principal and premium, if any, and interest to the date of such deposit (if the debt securities have become due and payable) or to the maturity thereof or the redemption date of the debt securities of that series, as the case may be. We may direct the Trustee to invest such funds in U.S. Treasury securities with a maturity of one year or less or in a money market fund that invests solely in short-term U.S. Treasury securities.

The Indenture provides that we may elect either (1) to defease and be discharged from any and all obligations with respect to the notes of a series (except for, among other things, obligations to maintain an office or agency with respect to the debt securities and to hold moneys for payment in trust) (“legal defeasance”) or (2) to be released from our obligations to comply with the restrictive covenants under the Indenture, and any

omission to comply with such obligations will not constitute a default or an event of default with respect to the notes of a series and such related clause under "—Events of Default" will no longer be applied ("covenant defeasance"). Legal defeasance or covenant defeasance, as the case may be, will be conditioned upon, among other things, the irrevocable deposit by us with the Trustee, in trust, of an amount in U.S. dollars, or U.S. government obligations, or both, applicable to the debt securities of that series which through the scheduled payment of principal and interest in accordance with their terms will provide money in an amount sufficient to pay the principal or premium, if any, and interest on the notes on the scheduled due dates therefor.

If we effect covenant defeasance with respect to the notes of any series, the amount in U.S. dollars, or U.S. government obligations, or both, on deposit with the Trustee will be sufficient, in the opinion of a nationally recognized firm of independent accountants, to pay amounts due on the notes of that series at the time of the stated maturity but may not be sufficient to pay amounts due on the notes of that series at the time of the acceleration resulting from such event of default. However, we would remain liable to make payment of such amounts due at the time of acceleration.

We will be required to deliver to the Trustee an opinion of counsel that the deposit and related defeasance will not cause the holders and beneficial owners of the notes of that series to recognize income, gain or loss for federal income tax purposes. If we elect legal defeasance, that opinion of counsel must be based upon a ruling from the U.S. Internal Revenue Service or a change in law to that effect.

We may exercise our legal defeasance option notwithstanding our prior exercise of our covenant defeasance option.

Open Market Purchases

We may acquire the notes by means other than a redemption, whether by tender offer, open market purchases, negotiated transactions or otherwise, in accordance with applicable securities laws, so long as such acquisition does not otherwise violate the terms of the Indenture.

Governing Law

The Indenture and the notes will be governed by the laws of the State of New York.

Concerning the Trustee

We and our affiliates use or may use some of the banking services of the Trustee in the normal course of business.

Book-Entry System

We will issue the notes in the form of one or more global notes in fully registered form initially in the name of Cede & Co., as nominee of DTC, or such other name as may be requested by an authorized representative of DTC. The global notes will be deposited with DTC and may not be transferred except as a whole by DTC to a nominee of DTC or by a nominee of DTC to DTC or another nominee of DTC or by DTC or any nominee to a successor of DTC or a nominee of such successor.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds and provides asset servicing for U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments that DTC's participants (direct participants) deposit with DTC. DTC also facilitates the post-trade settlement among direct participants of sales and other securities transactions in deposited securities

through electronic computerized book-entry transfers and pledges between direct participants' accounts. This eliminates the need for physical movement of securities certificates. Direct participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (DTCC). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly (indirect participants). The rules applicable to DTC and its direct and indirect participants are on file with the SEC. More information about DTC can be found at www.dtcc.com. We do not intend this internet address to be an active link or to otherwise incorporate the content of the website into this prospectus supplement.

Clearstream advises that it is incorporated under the laws of Luxembourg as a bank. Clearstream holds securities for its customers and facilitates the clearance and settlement of securities transactions between its customers through electronic book-entry transfers between their accounts. Clearstream provides to its customers among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream interfaces with domestic securities markets in over 30 countries through established depository and custodial relationships. As a bank, Clearstream is subject to regulation by the Luxembourg Commission for the Supervision of the Financial Sector, also known as the *Commission de Surveillance du Secteur Financier* . Its customers are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Its customers in the United States are limited to securities brokers and dealers and banks. Indirect access to Clearstream is also available to other institutions such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with the customer.

Euroclear advises that it was created in 1968 to hold securities for its participants and to clear and settle transactions between Euroclear participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Euroclear provides various other services, including securities lending and borrowing and interfaces with domestic markets in several countries. Euroclear is operated by Euroclear Bank S.A./N.V. Euroclear Clearance establishes policy for Euroclear on behalf of Euroclear participants. Euroclear participants include banks, including central banks, securities brokers and dealers and other professional financial intermediaries and may include the Initial purchasers. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear participant, either directly or indirectly. Securities clearance accounts and cash accounts with the Euroclear operator are governed by the terms and conditions governing use of Euroclear and the related operating procedures of Euroclear. These terms and conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear operator acts under the terms and conditions only on behalf of Euroclear participants and has no record of or relationship with persons holding through Euroclear participants.

Euroclear further advises that investors that acquire, hold and transfer interests in the notes by book-entry through accounts with the Euroclear operator or any other securities intermediary are subject to the laws and contractual provisions governing their relationship with their intermediary, as well as the laws and contractual provisions governing the relationship between such an intermediary and each other intermediary, if any, standing between themselves and the global securities.

Purchases of notes under the DTC system must be made by or through direct participants, which will receive a credit for the notes in DTC's records. The ownership interest of each actual purchaser of notes is in turn to be recorded on the direct and indirect participants' records. Beneficial owners of the notes will not receive

written confirmation from DTC of their purchase, but beneficial owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the direct or indirect participant through which the beneficial owner entered into the transaction. Transfers of ownership interests in the notes are to be accomplished by entries made on the books of direct and indirect participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates representing their ownership interests in the notes, except in the event that use of the book-entry system for the notes is discontinued.

To facilitate subsequent transfers, all notes deposited by direct participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of notes with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the notes; DTC's records reflect only the identity of the direct participants to whose accounts such notes are credited, which may or may not be the beneficial owners. The direct and indirect participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants, and by direct participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. The laws of some jurisdictions may require that certain persons take physical delivery in definitive form of securities which they own. Consequently, those persons may be prohibited from purchasing beneficial interests in the global notes from any beneficial owner or otherwise.

Redemption notices shall be sent to DTC. If less than all of the notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each direct participant in such issue to be redeemed.

So long as DTC's nominee is the registered owner of the global notes, such nominee for all purposes will be considered the sole owner or holder of the notes for all purposes under the Indenture. Except as provided below, beneficial owners will not be entitled to have any of the notes registered in their names, will not receive or be entitled to receive physical delivery of the notes in definitive form and will not be considered the owners or holders thereof under the Indenture.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the notes. Under its usual procedures, DTC mails an omnibus proxy to the issuer as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those direct participants to whose accounts the notes are credited on the record date (identified in a listing attached to the omnibus proxy).

All payments on the global notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit direct participants' accounts upon DTC's receipt of funds and corresponding detail information from trustees or issuers on payment dates in accordance with their respective holdings shown on DTC's records. Payments by participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such participant and not of DTC, the Trustee or us, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) shall be the responsibility of the Trustee or us, disbursement of such payments to direct participants shall be the responsibility of DTC, and disbursement of such payments to the beneficial owners shall be the responsibility of direct and indirect participants.

DTC may discontinue providing its service as securities depositary with respect to the notes at any time by giving reasonable notice to us or the Trustee. In addition, we may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depositary). In the event that a successor securities

depositary is not obtained under the above circumstances, or, alternatively, if an event of default with respect to the notes has occurred and is outstanding, note certificates in fully registered form are required to be printed and delivered to beneficial owners of the global notes representing such notes.

Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC's rules and will be settled in immediately available funds using DTC's same-day funds settlement system. Secondary market trading between Clearstream customers and/or Euroclear participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream and Euroclear and will be settled using the procedures applicable to conventional Eurobonds in immediately available funds.

Cross market transfers between persons holding directly or indirectly through DTC on the one hand, and directly or indirectly through Clearstream customers or Euroclear participants, on the other, will be effected in DTC in accordance with DTC's rules on behalf of the relevant European international clearing system by its U.S. depositary; however, such cross market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in such system in accordance with its rules and procedures and within its established deadlines, in European time. The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to its U.S. depository to take action to effect final settlement on its behalf by delivering interests in the notes to or receiving interests in the notes from DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Clearstream customers and Euroclear participants may not deliver instructions directly to their respective U.S. depositaries.

Because of time-zone differences, credits of interests in the notes received by Clearstream or Euroclear as a result of a transaction with a DTC participant will be made during subsequent securities settlement processing and dated the Business Day following the DTC settlement date. Such credits or any transactions involving interests in such notes settled during such processing will be reported to the relevant Clearstream customers or Euroclear participants on such Business Day. Cash received by Clearstream or Euroclear as a result of sales of interests in the notes by or through a Clearstream customer or a Euroclear participant to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Clearstream or Euroclear cash account only as of the Business Day following settlement in DTC.

The information in this section has been obtained from sources that we believe to be reliable, but we take no responsibility for its accuracy.

Neither we, the Trustee nor the underwriters will have any responsibility or obligation to direct participants, or the persons for whom they act as nominees, with respect to the accuracy of the records of DTC, its nominee or any direct participant with respect to any ownership interest in the notes, or payments to, or the providing of notice to direct participants or beneficial owners.

MATERIAL UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of the material United States federal income tax considerations relating to the purchase, ownership and disposition of the notes, but does not purport to be a complete analysis of all potential tax considerations. This summary is based on the United States Internal Revenue Code of 1986, as amended (the "Code"), the Treasury regulations promulgated thereunder, judicial authority, published administrative positions of the United States Internal Revenue Service ("IRS") and other applicable authorities, all as in effect on the date of this document, and all of which are subject to change, possibly on a retroactive basis. We have not sought any ruling from the IRS with respect to the statements made and the conclusions reached in the following summary and there can be no assurance that the IRS will agree with our statements and conclusions or that a court would not sustain any challenge by the IRS in the event of litigation.

This summary deals only with beneficial owners of notes that acquire the notes for cash in this offering at their issue price (generally, the first price at which a substantial amount of the notes are sold for money to investors (excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers)) and that will hold the notes as "capital assets" within the meaning of section 1221 of the Code (generally, property held for investment). This summary does not purport to deal with all aspects of United States federal income taxation that might be relevant to particular beneficial owners in light of their personal investment circumstances or status, nor does it address tax considerations applicable to beneficial owners that may be subject to special tax rules, such as banks and financial institutions, individual retirement and other tax-deferred accounts, tax-exempt entities, governments or government instrumentalities, S corporations, partnerships or other pass-through entities for United States federal income tax purposes or investors in such entities, insurance companies, regulated investment companies, real estate investment trusts, broker-dealers, dealers or traders in securities or currencies, certain former citizens or residents of the United States subject to section 877 of the Code, controlled foreign corporations, non-United States trusts or estates with United States beneficiaries, passive foreign investment companies, corporations that accumulate earnings to avoid United States federal income tax and taxpayers subject to the alternative minimum tax. This summary also does not discuss notes held as part of a hedge, straddle, synthetic security, constructive sale transaction or conversion transaction, situations in which the "functional currency" of a United States Holder (as defined below) is not the United States dollar or situations where a United States Holder (as defined below) holds a note through a bank, financial institution or other entity or a branch thereof, that is located, organized or resident outside the United States. Moreover, the effect of any United States federal non-income taxes (such as estate or gift taxes) and any state, local or non-United States tax laws or tax treaties are not discussed.

In the case of a beneficial owner of notes that is classified as a partnership for United States federal income tax purposes, the tax treatment of the notes to a partner in the partnership generally will depend upon the tax status of the partner and the activities of the partner and the partnership. If you are a partner of a partnership holding notes, then you should consult your own tax advisors about the United States federal income tax consequences to you of the purchase, ownership and disposition of the notes by the partnership.

The following discussion is for informational purposes only and is not a substitute for careful tax planning and advice. Investors considering the purchase of notes should consult their own tax advisors with respect to the application of the United States federal income tax laws to their particular situations, as well as any tax consequences arising under any other federal tax laws or the laws of any state, local or non-United States taxing jurisdiction or under any applicable tax treaty, and the possible effects of changes in United States federal tax laws, or in any applicable tax treaty.

Effect of Certain Contingencies

In certain circumstances, we may be required to pay amounts in excess of stated interest and principal on the notes. Our obligation to pay such excess amounts may implicate the provisions of the Treasury regulations relating to "contingent payment debt instruments," in which case the timing and amount of income inclusions

and the character of income recognized may be different from the consequences discussed herein. However, under these Treasury regulations, one or more contingencies will not cause a series of the notes to be treated as contingent payment debt instruments if, as of the issue date of such series of notes, such contingencies, in the aggregate, are considered remote or incidental. Although the issue is not free from doubt, we intend to take the position that the possibility of payment of such excess amounts should be treated as remote and/or incidental and do not result in the notes being treated as contingent payment debt instruments under applicable Treasury regulations.

Our position that these contingencies are remote or incidental is binding on a holder, unless such holder explicitly discloses to the IRS on its tax return for the taxable year during which it acquires the notes that it is taking a different position. However, this determination is inherently factual and we can give you no assurance that our position would be sustained if challenged by the IRS. A successful challenge of this position by the IRS may require a holder to accrue ordinary interest income on the notes at a rate in excess of the stated interest rate, and to treat any gain realized on the sale, exchange, redemption, retirement or other taxable disposition of the notes as ordinary income rather than capital gain. Holders of notes should consult their own tax advisors regarding the tax consequences of the notes being treated as contingent payment debt instruments. The remainder of this discussion assumes that the notes will not be treated as contingent payment debt instruments for United States federal income tax purposes.

Floating Rate Notes

We are offering floating rate notes. In general, if a note qualifies for treatment as a “variable rate debt instrument” under Treasury Regulations and provides for stated interest that is unconditionally payable at least annually at a variable rate that, subject to certain exceptions, is a single “qualified floating rate” or “objective rate,” each as defined below, all stated interest on the note is treated as qualified stated interest and taxed according to the holder’s regular method of tax accounting.

A note will generally qualify as a variable rate debt instrument if (a) the note’s issue price does not exceed the total noncontingent principal payments by more than the lesser of: (i) .015 multiplied by the product of the total noncontingent principal payments and the number of complete years to maturity from the issue date, or (ii) 15% of the total noncontingent principal payments; (b) the note provides for stated interest, compounded or paid at least annually, only at one or more qualified floating rates, a single fixed rate and one or more qualified floating rates, a single objective rate, or a single fixed rate and a single objective rate that is a qualified inverse floating rate; and (c) the value of the rate on any date during the term of the note is set no earlier than three months prior to the first day on which that value is in effect or no later than one year following that first day.

Generally, a rate is a qualified floating rate if variations in the rate can reasonably be expected to measure contemporaneous fluctuations in the cost of newly borrowed funds in the currency in which the debt instrument is denominated. A rate that equals LIBOR or LIBOR plus or minus a fixed spread is, in general, a qualified floating rate. However, a rate (including a rate based on LIBOR) will generally not be a qualified floating rate if, among other circumstances:

- the rate is subject to one or more minimum or maximum rate floors or ceilings or one or more governors limiting the amount of increase or decrease in each case which are not fixed throughout the term of the note and which are reasonably expected as of the issue date to cause the rate in some accrual periods to be significantly higher or lower than the overall expected return on the note determined without the floor, ceiling, or governor; or
- the rate is a multiple of a qualified floating rate unless the multiple is a fixed multiple that is greater than 0.65 but not more than 1.35 (provided, however, that if a multiple of a qualified floating rate is not within such limits and thus is not itself a qualified floating rate, it may nevertheless qualify as an “objective rate”).

If a note provides for two or more qualified floating rates that are within 0.25 percentage points of each other on the issue date or can reasonably be expected to have approximately the same values throughout the term of the note, the qualified floating rates together constitute a single qualified floating rate.

Generally, an objective rate is a rate that is determined using a single fixed formula that is based on objective financial or economic information such as one or more qualified floating rates. An objective rate is a qualified inverse floating rate if that rate is equal to a fixed rate minus a qualified floating rate and variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate. A variable rate will generally not qualify as an objective rate if, among other circumstances, it is reasonably expected that the average value of the variable rate during the first half of the term of the note will be either significantly less than or significantly greater than the average value of the rate during the final half of the term of the note.

Special rules apply if a floating rate note provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof, qualifies as a variable rate debt instrument, and is originally issued at a discount (i.e., at a price below the floating rate note's stated principal amount) in excess of a specified de minimis amount. In addition, if a floating rate note does not qualify as a "variable rate debt instrument," the note generally will be subject to taxation under special rules applicable to contingent payment debt instruments. U.S. noteholders should consult their own tax advisors with respect to the specific U.S. federal income tax considerations regarding such notes.

United States Holders

The following is a summary of certain United States federal income tax considerations for a United States Holder. For purposes of this summary, the term "United States Holder" means a beneficial owner of a note that is, for United States federal income tax purposes:

- an individual who is a citizen or a resident of the United States;
- a corporation, or any other entity treated as a corporation for United States federal income tax purposes, created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is subject to United States federal income taxation regardless of its source; or
- a trust, if (1) a court within the United States is able to exercise primary jurisdiction over its administration and one or more "United States persons" (within the meaning of the Code) have the authority to control all of its substantial decisions, or (2) the trust has a valid election in place under applicable Treasury regulations to be treated as a domestic trust for United States federal income tax purposes.

Taxation of stated interest on a note

Stated interest on a note generally will be included in the gross income of a United States Holder as ordinary income at the time such interest is accrued or received, in accordance with the United States Holder's method of tax accounting for United States federal income tax purposes.

Sale, exchange, redemption, retirement or other taxable disposition of a note

Upon the sale, exchange, redemption, retirement or other taxable disposition of a note, a United States Holder generally will recognize gain or loss equal to the difference, if any, between (1) the amount realized on the disposition, except any portion of such amount that is attributable to accrued but unpaid interest, which will be taxed as ordinary interest income to the extent not previously so taxed, and (2) the United States Holder's

adjusted tax basis in the note. A United States Holder's adjusted tax basis in a note generally will equal the cost of the note to such United States Holder, reduced by any principal payments on the note received by such United States Holder. Any such gain or loss generally will be long- term capital gain or loss if, at the time of such disposition, the United States Holder has held the note for more than one year. Individuals and other non-corporate taxpayers are, under certain circumstances, subject to United States federal income tax on long-term capital gains at a reduced tax rate. The deductibility of capital losses is subject to limitations. Each United States Holder should consult its own tax advisors as to the deductibility of capital losses in its particular circumstances.

Information reporting and backup withholding

In general, we must report certain information to the IRS with respect to payments of stated interest and payments of the proceeds of the sale or other taxable disposition (including a retirement or redemption) of a note to certain United States Holders, except in the case of an exempt recipient (such as a corporation). The payor (which may be us or an intermediate payor) will be required to impose backup withholding tax, currently at a rate of 28 percent, with respect to the foregoing amounts if (1) the payee fails to furnish a taxpayer identification number ("TIN") to the payor or to establish an exemption from backup withholding, (2) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (3) there has been a notified payee underreporting described in section 3406(c) of the Code or (4) the payee has not certified under penalties of perjury that it has furnished a correct TIN, that it is a United States person and that the IRS has not notified the payee that it is subject to backup withholding under the Code. Backup withholding tax is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a United States Holder will be allowed as a credit against the holder's United States federal income tax liability, if any, and may entitle the United States Holder to a refund, provided that the required information is timely furnished to the IRS. United States Holders should consult their own tax advisors regarding the effect, if any, of the backup withholding rules on their particular circumstances.

Medicare contribution tax

An additional 3.8% tax will be imposed on certain United States Holders who are individuals, estates or trusts (other than certain exempt trusts or estates) on the lesser of (1) the United States Holder's "net investment income" (or undistributed net investment income in the case of an estate or trust) for the relevant taxable year and (2) the excess of the United States Holder's modified adjusted gross income (or adjusted gross income in the case of an estate or trust) for the taxable year over a certain threshold. A United States Holder's net investment income will generally include its interest income and its net gains from the disposition of notes, unless such interest income or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). If you are a United States Holder that is an individual, estate or trust, you should consult your tax advisor regarding the applicability of the Medicare contribution tax to your income and gains in respect of your investment in the notes.

Non-United States Holders

The following is a summary of certain United States federal income tax considerations for a non-United States Holder. For purposes of this summary, the term "non-United States Holder" means a beneficial owner of a note that is, for United States federal income tax purposes:

- a nonresident alien individual;
- a foreign corporation; or
- a foreign estate or trust.

The following discussion assumes that no item of income, gain, deduction or loss derived by any non-United States Holder in respect of the notes at any time is effectively connected with the conduct of a United States trade or business. Non-United States Holders with any item of income, gain, deduction or loss in respect of

the notes that is effectively connected with the conduct of a United States trade or business should consult their own tax advisors regarding the possible United States federal income and branch profits tax consequences of the purchase, ownership and disposition of the notes.

Payment of interest

Subject to the discussions on backup withholding and FATCA, interest paid on a note by us or any paying agent to a non-United States Holder will be exempt from United States income and withholding tax under the "portfolio interest exemption" provided that (1) the non-United States Holder does not, actually or constructively, own 10 percent or more of the total combined voting power of all classes of our stock entitled to vote, (2) the non-United States Holder is not a controlled foreign corporation related to us, actually or constructively, through stock ownership, (3) the non-United States Holder is not a bank that acquired the notes in consideration for an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business and (4) either (a) the non-United States Holder provides to us or our paying agent an applicable properly completed IRS Form W-8BEN or W-8BEN-E (or applicable successor form) and any applicable attachments, signed under penalties of perjury, that includes its name and address and that certifies that it is not a United States person or in the case of an individual, that the person is neither a citizen or a resident (for United States federal income tax purposes) of the United States, in compliance with applicable law and regulations, or (b) a securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business on behalf of the non-United States Holder provides a statement to us or our agent under penalties of perjury in which it certifies that a properly completed applicable IRS Form W-8BEN or W-8BEN-E (or applicable successor form) has been received by it from the non-United States Holder or (c) the non-United States Holder holds its notes through a "qualified intermediary" and the qualified intermediary furnishes a copy to us or our agent of a properly executed IRS Form W-8IMY (or applicable successor form) and any applicable attachments on behalf of itself (which may, in some circumstances, include a withholding statement and applicable underlying IRS forms sufficient to establish that the non-United States Holder is not a United States Holder). This certification requirement may be satisfied with other documentary evidence in the case of a note held as an offshore obligation or through certain foreign intermediaries, if certain requirements are met. If a non-United States Holder cannot satisfy the requirements of the portfolio interest exemption described above, payments of interest made to such non-United States Holder generally will be subject to United States withholding tax at the rate of 30 percent, unless the non-United States Holder provides us or our agent with a properly executed IRS Form W-8BEN or W-8BEN-E or applicable successor form) establishing an exemption from, or reduction of the withholding tax under the benefit of an applicable tax treaty.

Sale, exchange, redemption, retirement or other disposition of a note

Subject to the discussions on backup withholding tax and FATCA below, a non-United States Holder generally will not be subject to United States federal income tax or withholding tax on any gain realized on a sale, exchange, redemption, retirement or other taxable disposition of a note (other than any amount representing accrued but unpaid interest on the note, which is subject to the rules discussed above under "—Payment of interest"). However, if a non-United States Holder is an individual who is present in the United States for 183 days or more in the taxable year of the disposition, and certain other requirements are met, such non-United States Holder generally will be subject to United States federal income tax at a flat rate of 30 percent (unless a lower applicable treaty rate applies) on any such non-United States Holder's United States-source gain, which may be offset by certain United States-source losses.

Information reporting and backup withholding

The amount of interest on a note paid to a non-United States Holder and the amount of tax, if any, withheld from such payment generally must be reported annually to the non-United States Holder and to the IRS. The IRS may make this information available under the provisions of an applicable income tax treaty to the tax authorities in the country in which the non-United States Holder is resident.

Provided that a non-United States Holder has complied with certain reporting procedures (usually satisfied by providing an applicable properly completed IRS Form W-8BEN or IRS Form W-8BEN-E) or otherwise

establishes an exemption, the non-United States Holder generally will not be subject to backup withholding tax with respect to interest payments on, and the proceeds from a disposition of, a note, unless we or our paying agent know or have reason to know that the holder is a United States person. Rules relating to information reporting requirements and backup withholding with respect to the payment of proceeds from the taxable disposition (including a redemption or retirement) of a note are as follows:

- If the proceeds are paid to or through the United States office of a broker, a non-United States Holder generally will be subject to backup withholding and information reporting unless the non-United States Holder certifies under penalties of perjury that it is not a United States person (usually on an IRS Form W-8BEN or W-8BEN-E) or otherwise establishes an exemption.
- If the proceeds are paid to or through a non-United States office of a broker that is not a United States person and does not have certain specified United States connections (a "United States Related Person"), a non-United States Holder will not be subject to backup withholding or information reporting.
- If the proceeds are paid to or through a non-United States office of a broker that is a United States person or a United States Related Person, a non-United States Holder generally will be subject to information reporting (but generally not backup withholding) unless the non-United States Holder certifies under penalties of perjury that it is not a United States person (usually on an IRS Form W-8BEN) or otherwise establishes an exemption.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will be allowed as a credit against the non-United States Holder's United States federal income tax liability, if any, and may entitle the non-United States Holder to a refund, provided that the required information is timely furnished to the IRS. Non-United States Holders should consult their own tax advisors regarding the application of the backup withholding rules in their particular circumstances and the availability of, and procedure for, obtaining an exemption from backup withholding under current Treasury regulations.

"FATCA" legislation

The Hiring Incentives to Restore Employment Act and the final Treasury regulations and official IRS guidance associated with such provisions (such provisions, regulations and guidance commonly known as FATCA) generally imposes a United States federal withholding tax of 30 percent on interest income paid on a debt obligation and on the gross proceeds of a sale or other disposition (including a retirement or redemption) of a debt obligation paid to (1) a foreign financial institution (as the beneficial owner or as an intermediary for the beneficial owner), unless such institution (a) enters into, and is in compliance with, a withholding and information reporting agreement with the United States government to collect and provide to the United States tax authorities substantial information regarding United States account holders of such institution (which would include certain equity and debt holders of such institution, as well as certain account holders that are foreign entities with United States owners) or (b) is a resident in a country that has entered into an intergovernmental agreement with the United States in relation to such withholding and information reporting and the financial institution complies with the related information reporting requirements of such country or (2) a foreign entity that is not a financial institution (as the beneficial owner or as an intermediary for the beneficial owner), unless such entity provides the withholding agent with a certification identifying the substantial United States owners of the entity, which generally includes any United States person who directly or indirectly owns more than 10 percent of the entity or certifies that it does not have any substantial United States owners.

Withholding under FATCA generally will apply to payments of interest on a note regardless of when they are made. However, under the applicable Treasury Regulations, withholding under FATCA generally will only apply to payments of gross proceeds from the sale or other disposition of a note on or after January 1, 2017. An intergovernmental agreement between the United States and the applicable non-United States country, or future Treasury regulations or other official IRS guidance, may modify these requirements. Investors should consult with their own tax advisors regarding the implications of this legislation on their investment in our notes.

UNDERWRITING

Barclays Capital, Inc. and Goldman, Sachs & Co. are acting as representatives of the underwriters set forth below. Subject to the terms and conditions contained in an underwriting agreement between us and the underwriters, we have agreed to sell to the underwriters and the underwriters have severally agreed to purchase from us, the principal amount of the notes listed opposite their names below:

Underwriter	Principal Amount of Floating Rate Notes	Principal Amount of 2017 Notes	Principal Amount of 2020 Notes	Principal Amount of 2025 Notes	Principal Amount of 2035 Notes	Principal Amount of 2045 Notes
Barclays Capital Inc.	$	$	$	$	$	$
Goldman, Sachs & Co.						
BNP Paribas Securities Corp.						
Mitsubishi UFJ Securities (USA), Inc.						
Mizuho Securities USA Inc.						
Scotia Capital (USA) Inc.						
Merrill Lynch, Pierce, Fenner & Smith Incorporated						
Citigroup Global Markets Inc.						
Credit Suisse Securities (USA) LLC						
J.P. Morgan Securities LLC						
RBC Capital Markets, LLC						
U.S. Bancorp Investments, Inc.						
Wells Fargo Securities, LLC						
Total	$	$	$	$	$	$

The obligations of the several underwriters to purchase the notes are subject to certain conditions as set forth in the underwriting agreement. The underwriters are obligated to purchase all of the notes if they purchase any of the notes. The underwriting agreement also provides that if an underwriter defaults, the purchase commitments of the non-defaulting underwriter may be increased or the offering of notes may be terminated. The offering of the notes by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part.

The underwriters have advised us that they propose to initially offer the notes to the public at the price to public appearing on the cover page of this prospectus supplement and may also offer the notes to certain securities dealers at the price to public on the cover of this prospectus supplement less a concession of % of the principal amount of the floating rate notes, % of the principal amount of the 2017 notes, % of the principal amount of the 2020 notes, % of the principal amount of the 2025 notes, % of the principal amount of the 2035 notes and % of the principal amount of the 2045 notes. The underwriters may allow, and such dealers may re-allow, a discount to certain brokers and dealers not in excess of % of the principal amount of the floating rate notes, % of the principal amount of the 2017 notes, % of the principal amount of the 2020 notes, % of the principal amount of the 2025 notes, % of the principal amount of the 2035 notes and % of the principal amount of the 2045 notes. After the initial public offering, the price to public, concession and discount may be changed.

There is no established trading market for the notes, and the underwriters are not obligated to make a market in the notes. We do not intend to apply for listing of the notes on any securities exchange. The underwriters have advised us that they intend to make a market in the notes but are not obligated to do so and may discontinue such market-making activities at any time without notice. We cannot give any assurance as to the maintenance of the trading market for, or the liquidity of, the notes, the ability of the holders to sell their notes or the price at which holders will be able to sell their notes.

In connection with the offering, the underwriters may engage in transactions that stabilize the price of the notes. These transactions may include purchases for the purpose of fixing or maintaining the price of the notes.

The underwriters may create a short position in the notes in connection with the offering. That means they sell a larger principal amount of the notes than is shown on the cover page of this prospectus supplement. If they create a short position, the underwriters may purchase notes in the open market to reduce the short position.

If the underwriters purchase the notes to stabilize the price or to reduce their short position, the price of the notes could be higher than it might be if they had not made such purchases. The underwriters make no representation or prediction about any effect that purchases may have on the price of the notes and any of such transactions may be discontinued at any time.

The underwriters also may impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the underwriters or their affiliates have repurchased notes sold by or for the account of such underwriter in stabilizing or short covering transactions.

We have agreed to indemnify the several underwriters against certain civil liabilities, including liabilities under the Securities Act of 1933, or to contribute with respect to payments which the underwriters may be required to make in respect of any of those liabilities.

Our expenses associated with the offer and sale of the notes, excluding underwriting discounts, are estimated to be approximately $.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities. From time to time, in the ordinary course of business, the underwriters and their respective affiliates have engaged and may in the future engage, in sales and trading, commercial banking, investment banking advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services and/or other transactions of a financial nature with us and our affiliates. Consequently, they have received, and in the future may continue to receive, customary fees and commissions for these services. The underwriters or their affiliates may provide credit to us or our affiliates as lenders from time to time, including under our existing revolving credit facility.

In addition, in the ordinary course of their business activities, the underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. Certain of the underwriters or their affiliates that have a lending relationship with us routinely hedge their credit exposure to us consistent with their customary risk management policies. Typically, such underwriters and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the notes offered hereby. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), each underwriter has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) it has not made and will not make an offer of notes which are the subject of the offering contemplated by this prospectus supplement to the public in that Relevant Member State other than:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the

Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the issuer for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of notes shall require the issuer or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of notes to the public" in relation to any notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe the notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

United Kingdom

Each underwriter has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the notes in circumstances in which Section 21(1) of the FSMA does not apply to the issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the notes in, from or otherwise involving the United Kingdom.

Hong Kong

The notes may not be offered or sold by means of any document other than (1) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), or (2) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (3) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Japan

The notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the Financial Instruments and Exchange Law) and each underwriter has agreed that it will not offer or sell any securities, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the notes may not be circulated or distributed, nor may the notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (1) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (2) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (3) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the notes are subscribed or purchased under Section 275 by a relevant person which is: (1) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (2) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the notes under Section 275 except: (a) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (b) where no consideration is given for the transfer; or (c) by operation of law.

LEGAL MATTERS

Kirkland & Ellis LLP will render an opinion as to the validity of the notes for us. Certain legal matters will be passed on for the underwriters by Winston & Strawn LLP, Chicago, Illinois. Winston & Strawn LLP provides legal services to Exelon and its subsidiaries from time to time.

EXPERTS

The financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) incorporated in this prospectus supplement by reference to the Annual Report on Form 10-K for the year ended December 31, 2014 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

The SEC allows us to "incorporate by reference" the information filed by us with the SEC, which means that we can refer you to important information without restating it in this prospectus supplement and the accompanying prospectus. The information incorporated by reference is considered to be part of this prospectus supplement and the accompanying prospectus and should be read with the same care. This incorporation by reference does not include documents that are furnished, but not filed, with the SEC. We incorporate by reference our Annual Report on Form 10-K for the year ended December 31, 2014, our Definitive Proxy Statement on Schedule 14A filed with the SEC on March 19, 2015, our Quarterly Report on Form 10-Q for the three months ended March 31, 2015 filed with the SEC on April 29, 2015, our Current Reports on Form 8-K filed with the SEC on January 14, 2015, January 15, 2015, February 17, 2015, March 27, 2015, April 29, 2015, May 18, 2015, June 1, 2015 and June 2, 2015 and any future filings that we make with the SEC under the Exchange Act if the filings are made prior to the time that all of the notes are sold in this offering.

You can also find more information about us from the sources described under "Documents Incorporated by Reference" in the accompanying prospectus.

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Subordinated Debt Securities
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Depositary Shares

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Senior Debt Securities
Preferred Securities

COMMONWEALTH EDISON COMPANY

First Mortgage Bonds
Notes

PECO ENERGY COMPANY

First and Refunding Mortgage Bonds
Preferred Stock

BALTIMORE GAS AND ELECTRIC COMPANY

Unsecured Debt Securities
Senior Secured Bonds
Preferred Stock

Exelon Corporation (Exelon) may use this prospectus to offer and sell from time to time:

- senior debt securities;
- subordinated debt securities;
- common stock;
- stock purchase contracts;
- stock purchase units;
- preferred stock in one or more series;
- depositary shares.

Exelon Generation Company, LLC (Generation) may use this prospectus to offer and sell from time to time:

- senior debt securities; and
- preferred limited liability company interests in one or more series.

Commonwealth Edison Company (ComEd) may use this prospectus to offer and sell from time to time:

- first mortgage bonds; and
- unsecured notes.

PECO Energy Company (PECO) may use this prospectus to offer and sell from time to time:

- first and refunding mortgage bonds; and
- preferred stock in one or more series

Baltimore Gas and Electric Company (BGE) may use this prospectus to offer and sell from time to time:

- unsecured debt securities;
- senior secured bonds; and
- preferred stock in one or more series.

Exelon, Generation, ComEd, PECO and BGE sometimes refer to the securities listed above as the "Securities."

Exelon, Generation, ComEd, PECO and BGE will provide the specific terms of the Securities in supplements to this prospectus prepared in connection with each offering. Please read this prospectus and the applicable prospectus supplement carefully before you invest. This prospectus may not be used to consummate sales of the offered Securities unless accompanied by a prospectus supplement.

Exelon's common shares are listed on the New York Stock Exchange, under the symbol "EXC."

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Please see " Risk Factors " beginning on page 2 for a discussion of factors you should consider in connection with a purchase of the Securities offered in this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is May 23, 2014.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that Exelon, Generation, ComEd, PECO and BGE have each filed with the Securities and Exchange Commission (SEC) using a "shelf" registration process. Under this shelf registration process, each of us may, from time to time, sell our Securities described in this prospectus in one or more offerings. Each time Exelon, Generation, ComEd, PECO or BGE (each, a registrant) sells Securities, the registrant will provide a prospectus supplement that will contain a description of the Securities the registrant will offer and specific information about the terms of the offering. The prospectus supplement may also add, update or change information contained in this prospectus. If there is any inconsistency between the information in this prospectus and the prospectus supplement, you should rely on the prospectus supplement. You should read both this prospectus and any prospectus supplement together with additional information described under "Where You Can Find More Information."

Information contained herein relating to each registrant is filed separately by such registrant on its own behalf. No registrant makes any representation as to information relating to any other registrant or Securities issued by any other registrant.

As used in this prospectus, the terms "we," "our" and "us" generally refer to:

- Exelon with respect to Securities issued by Exelon.
- Generation with respect to Securities issued by Generation.
- ComEd with respect to Securities issued by ComEd.
- PECO with respect to Securities issued by PECO.
- BGE with respect to Securities issued by BGE.

None of the registrants will guarantee or provide other credit or funding support for the Securities to be offered by another registrant pursuant to this prospectus.

We are not offering the Securities in any state where the offer is not permitted.

For more detailed information about the Securities, you should read the exhibits to the registration statement. Those exhibits have either been filed with the registration statement or incorporated by reference to earlier SEC filings listed in the registration statement.

You should rely only on information contained in this prospectus and which is incorporated by reference or the documents to which we have referred you. We have not authorized anyone to provide you with information that is different. This prospectus and related prospectus supplement may be used only where it is legal to sell these securities. The information in this prospectus and any prospectus supplement may only be accurate on the date of this document. The business of the registrant, financial condition, results of operations and prospects may have changed since that date.

Please see "Risk Factors" beginning on page 2 for a discussion of factors you should consider in connection with a purchase of the Securities offered in this prospectus.

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FORWARD-LOOKING ST ATEMENTS

This prospectus and the documents incorporated or deemed incorporated by reference as described under the heading “Where You Can Find More Information” contain forward-looking statements that are not based entirely on historical facts and are subject to risks and uncertainties. Words such as “believes,” “anticipates,” “expects,” “intends,” “plans,” “predicts” and “estimates” and similar expressions are intended to identify forward-looking statements but are not the only means to identify those statements. These forward-looking statements are based on assumptions, expectations and assessments made by our management in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe to be appropriate. Any forward-looking statements are not guarantees of our future performance and are subject to risks and uncertainties.

This presentation contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which are subject to risks and uncertainties. The factors that could cause actual results to differ materially from the forward-looking statements made by the registrants include those factors discussed herein, as well as the items discussed in (1) each registrant’s 2013 Annual Report on Form 10-K in (a) ITEM 1A. Risk Factors, (b) ITEM 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations and (c) ITEM 8. Financial Statements and Supplementary Data: Note 22; and (2) other factors discussed herein and in other filings with the SEC by Exelon, Generation, ComEd, PECO and BGE, as applicable.

You are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date on the front of this prospectus or, as the case may be, as of the date on which we make any subsequent forward-looking statement that is deemed incorporated by reference. We do not undertake any obligation to update or revise any forward-looking statement to reflect events or circumstances after the date as of which any such forward-looking statement is made.

RISK FACT ORS

Investing in the Securities involves various risks. You are urged to read and consider the risk factors described in the combined Annual Reports on Form 10-K of Exelon, Generation, ComEd, PECO, and BGE, as applicable, for the year ended December 31, 2013, filed with the SEC on February 13, 2014. Before making an investment decision, you should carefully consider these risks as well as other information we include or incorporate by reference in this prospectus. The prospectus supplement applicable to each type or series of Securities offered by one of the registrants will contain a discussion of additional risks applicable to an investment in such registrant and the particular type of Securities the registrant is offering under that prospectus supplement.

EXELON CORP ORATION

Exelon, incorporated in Pennsylvania in February 1999, is a utility services holding company engaged, through Generation, in the energy generation business, and through ComEd, PECO and BGE, in the energy delivery businesses. Exelon’s principal executive offices are located at 10 South Dearborn Street, Chicago, Illinois 60603, and its telephone number is 312-394-7398.

EXELON GENERATI ON COMPANY, LLC

Generation’s integrated business consists of its owned and contracted electric generating facilities and investments in generation ventures that are marketed through its leading customer-facing activities. These customer-facing activities include, wholesale energy marketing operations and its competitive retail customer

supply of electric and natural gas products and services, including renewable energy products, risk management services and natural gas exploration and production activities. Generation has six reportable segments consisting of the Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Regions.

Generation was formed in 2000 as a Pennsylvania limited liability company. Generation began operations as a result of a corporate restructuring, effective January 1, 2001, in which Exelon separated its generation and other competitive businesses from its regulated energy delivery businesses at ComEd and PECO. Generation's principal executive offices are located at 300 Exelon Way, Kennett Square, Pennsylvania 19348, and its telephone number is 610-765-5959.

COMMONWE ALTH EDISON COMPANY

ComEd's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in northern Illinois, including the City of Chicago.

ComEd was organized in the State of Illinois in 1913 as a result of the merger of Cosmopolitan Electric Company into the original corporation named Commonwealth Edison Company, which was incorporated in 1907. ComEd's principal executive offices are located at 440 South LaSalle Street, Chicago, Illinois 60605, and its telephone number is 312-394-4321.

PECO ENERGY CO MPANY

PECO's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in southeastern Pennsylvania, including the City of Philadelphia, as well as the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services to retail customers in the Pennsylvania counties surrounding the City of Philadelphia.

PECO was incorporated in Pennsylvania in 1929. PECO's principal executive offices are located at 2301 Market Street, Philadelphia, Pennsylvania 19103, and its telephone number is 215-841-4000.

BALTIMORE GAS AND ELECTRI C COMPANY

BGE's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in central Maryland, including the City of Baltimore, as well as the purchase and regulated retail sale of natural gas and the provision of gas distribution services to retail customers in central Maryland, including the City of Baltimore.

BGE was incorporated in Maryland in 1906. BGE's principal executive offices are located at 110 West Fayette Street, Baltimore, Maryland 21201, and its telephone number is 410-234-5000.

USE OF PR OCEEDS

Except as otherwise indicated in the applicable prospectus supplement, each registrant expects to use the net proceeds from the sale of the Securities for general corporate purposes, including to discharge or refund (by redemption, by purchase on the open market, by purchase in private transactions, by tender offer or otherwise) outstanding long-term debt. Each registrant will describe in the applicable prospectus supplement any specific allocation of the proceeds to a particular purpose that the registrant has made at the date of that prospectus

supplement. Please refer to our annual and quarterly reports incorporated by reference into this prospectus and any prospectus supplement for information concerning each registrant's outstanding long-term debt. See "Where You Can Find More Information."

RATIO OF EARNINGS TO FIXED CHARGES AND RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERENCE SECURITY DIVIDENDS

Exelon

The following are Exelon's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	5.4	4.9	4.9	2.3	2.6	1.1

The following are Exelon's consolidated ratios of earnings to combined fixed charges and preference stock dividends for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to combined fixed charges and preference stock dividends	5.4	4.8	4.9	2.3	2.5	1.1

Generation

The following are Generation's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	10.4	8.5	7.3	2.6	3.3	(a)

(a) The ratio coverage was less than 1:1. Generation required additional earnings of $380 million in order to achieve a coverage ratio of 1:1.

Generation had no preference securities outstanding during the periods indicated; therefore, the ratio of earnings to combined fixed charges and preference security dividends is the same as the ratio of earnings to fixed charges for Generation.

ComEd

The following are ComEd's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	2.9	2.8	3.0	3.0	1.7	3.0

ComEd had no preference securities outstanding during the periods indicated; therefore, the ratio of earnings to combined fixed charges and preference security dividends is the same as the ratio of earnings to fixed charges for ComEd.

PECO

The following are PECO's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	3.7	3.3	4.7	4.9	5.6	5.1

The following are PECO's consolidated ratios of earnings to combined fixed charges and preference security dividends for each of the periods indicated:

	Years Ended December 31,				
	2009	2010	2011	2012	2013
Ratio of earnings to combined fixed charges and preferred stock dividends	3.6	3.2	4.5	4.7	5.2

On May 1, 2013, PECO redeemed all of its outstanding preferred securities; therefore, the ratio of earnings to combined fixed charges and preferred stock dividends is the same as the ratio of earnings to fixed charges for PECO for the three months ended March 31, 2014.

BGE

The following are BGE's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	2.0	2.7	2.4	1.0	3.6	5.8

The following are BGE's consolidated ratios of earnings to combined fixed charges and preference stock dividends for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to combined fixed charges and preference stock dividends	1.7	2.4	2.1	(a)	3.1	5.0

(a) The ratio coverage was less than 1:1. BGE required additional earnings of $14 million in order to achieve a coverage ratio of 1:1.

DESCRIPTION OF SECUR ITIES

Each time one of the registrants sells securities, it will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with additional information described under "Where You Can Find More Information."

PLAN OF DISTRIBUT ION

We may sell the Securities offered (a) through agents; (b) by underwriters or dealers; (c) directly to one or more purchasers; or (d) through a combination of any of these methods of sale.

In some cases we may also repurchase the Securities and reoffer them to the public by one or more of the methods described above.

This prospectus may be used in connection with any offering of securities through any of these methods or other methods described in the applicable prospectus supplement.

Any underwriter or agent involved in the offer and sale of the Securities will be named in the applicable prospectus supplement.

By Agents

Offered securities may be sold on a one time or a continuing basis by agents designated by the applicable registrant. The agents will use their reasonable efforts to solicit purchases for the period of their appointment under the terms of an agency agreement between the agents and the applicable issuer.

By Underwriters or Dealers

If underwriters are used in the sale, the underwriters may be designated by the applicable registrant or selected through a bidding process. The securities will be acquired by the underwriters for their own account. The underwriters may resell the Securities in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. Underwriters may sell the Securities to or through dealers, and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or commissions from the purchasers for whom they may act as agents. The obligations of the underwriters to purchase the Securities will be subject to certain conditions. The underwriters will be obligated to purchase all the Securities of the series offered if any of the securities are purchased. Any initial public offering price and any discounts or concessions allowed or re-allowed or paid to dealers may be changed from time to time.

Only underwriters named in the applicable prospectus supplement are deemed to be underwriters in connection with the Securities offered hereby.

If dealers are utilized in the sale of the Securities, the applicable registrant will sell the Securities to the dealers as principals. The dealers may then resell the Securities to the public at varying prices to be determined by such dealers at the time of resale. The names of the dealers and the terms of the transaction will be set forth in the applicable prospectus supplement.

Direct Sales

We may also sell Securities directly to the public. In this case, no underwriters or agents would be involved.

General Information

We may authorize agents, underwriters or dealers to solicit offers by certain institutions to purchase Securities from us at the public offering price pursuant to delayed delivery contracts providing for payment and delivery on a later date or dates, all as described in the applicable prospectus supplement. Each delayed delivery contract will be for an amount not less than, and the aggregate amount of the Securities shall be not less nor more than, the respective amounts stated in the applicable prospectus supplement. Such institutions may include commercial and savings banks, insurance companies, pension funds, investment companies, educational and charitable institutions, and other institutions, but will in all cases be subject to our approval. The delayed delivery contracts will not be subject to any conditions except:

- the purchase by an institution of the Securities covered by its delayed delivery contract shall not, at any time of delivery, be prohibited under the laws of any jurisdiction in the United States to which such delayed delivery contract is subject; and

- if the Securities are being sold to underwriters, we shall have sold to those underwriters the total amount of the Securities less the amount thereof covered by the delayed delivery contracts. The underwriters will not have any responsibility in respect of the validity or performance of the delayed delivery contracts.

Unless otherwise specified in the related prospectus supplement, each series of the Securities will be a new issue with no established trading market, other than the common stock. Any common stock sold pursuant to a prospectus supplement or issuable upon conversion of another offered Security will be listed on the New York Stock Exchange, subject to official notice of issuance. We may elect to list any of the other securities on an exchange, but are not obligated to do so. It is possible that one or more underwriters may make a market in a series of the Securities, but no underwriter will be obligated to do so and any underwriter may discontinue any market making at any time without notice. We cannot predict the activity of trading in, or liquidity of, our Securities.

In connection with sales by an agent or in an underwritten offering, the SEC rules permit the underwriters or agents to engage in transactions that stabilize the price of the Securities. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters or agents of a greater number of securities than they are required to purchase in an offering. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Securities while an offering is in progress.

The underwriters also may impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the underwriters have repurchased Securities sold by or for the account of that underwriter in stabilizing or short-covering transactions.

These activities by the underwriters may stabilize, maintain or otherwise affect the market price of the Securities. As a result, the price of the Securities may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the underwriters at any time. These transactions may be effected on an exchange or automated quotation system, if the Securities are listed on that exchange or admitted for trading on that automated quotation system, in the over-the-counter market or otherwise.

We may from time to time, without the consent of the existing Security holders, create and issue further Securities having the same terms and conditions as the Securities being offered hereby in all respects, except for issue date, issue price and if applicable, the first payment of interest or dividends therein or other terms as noted in the applicable prospectus supplement. Additional Securities issued in this manner will be consolidated with, and will form a single series with, the previously outstanding securities.

Underwriters, dealers and agents that participate in the distribution of the Securities may be underwriters as defined in the Securities Act of 1933, and any discounts or commissions received by them from us and any profit on the resale of the Securities by them may be treated as underwriting discounts and commissions under the Securities Act.

We may have agreements with the underwriters, dealers and agents to indemnify them against certain civil liabilities, including liabilities under the Securities Act of 1933, or to contribute with respect to payments which the underwriters, dealers or agents may be required to make.

Underwriters, dealers and agents may engage in transactions with, or perform services for, us or our subsidiaries or affiliates in the ordinary course of their businesses.

LEGAL MATTE RS

Ballard Spahr LLP, Philadelphia, Pennsylvania, will render an opinion as to the validity of the Securities for us.

Winston & Strawn LLP, Chicago, Illinois, will render an opinion as to the validity of the Securities for any underwriters, dealers, purchasers or agents. Winston & Strawn LLP provides legal services to Exelon and its subsidiaries from time to time.

EXP ERTS

The financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) of Exelon, Generation, ComEd, PECO and BGE incorporated in this prospectus by reference to the combined Annual Reports on Form 10-K for the year ended December 31, 2013 have been so incorporated in reliance on the reports of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MO RE INFORMATION

Exelon, Generation, ComEd, PECO and BGE each file reports and other information with the SEC. The public may read and copy any reports or other information that we file with the SEC at the SEC's public reference room, 100 F Street, N.E., Room 1580, Washington, D.C. 20549. The public may obtain information on the operation of the public reference room by calling the SEC at 1-800-SEC-0330. These documents are also available to the public from commercial document retrieval services and at the web site maintained by the SEC at http://www.sec.gov. Reports, proxy statements and other information concerning Exelon may also be inspected at the offices of the New York Stock Exchange, which is located at 20 Broad Street, New York, New York 10005. You may also obtain a copy of the registration statement at no cost by writing us at the following address:

Exelon Corporation
Attn: Investor Relations
10 South Dearborn Street—52nd Floor
P.O. Box 805398
Chicago, IL 60680-5398

This prospectus is one part of a registration statement filed on Form S-3 with the SEC under the Securities Act of 1933, as amended, known as the Securities Act. This prospectus does not contain all of the information set forth in the registration statement and the exhibits and schedules to the registration statement. For further information concerning us and the Securities, you should read the entire registration statement, including this prospectus and any related prospectus supplements, and the additional information described under the sub-heading "Documents Incorporated By Reference" below. The registration statement has been filed electronically and may be obtained in any manner listed above. Any statements contained herein concerning the provisions of any document are not necessarily complete, and, in each instance, reference is made to the copy of such document filed as an exhibit to the registration statement or otherwise filed with the SEC. Each such statement is qualified in its entirety by such reference.

Information about us is also available on Exelon's web site at http://www.exeloncorp.com. The information on Exelon's web site is not incorporated into this prospectus by reference, and you should not consider it a part of this prospectus.

DOCUMENTS INCORPORATED B Y REFERENCE

The SEC allows us to "incorporate by reference" information that we file with the SEC, which means that we can disclose important information to you by referring you to the documents we file with the SEC. The information incorporated by reference is an important part of this prospectus, and information that we file later with the SEC will automatically update and supersede this information. This incorporation by reference does not include documents that are furnished but not filed with the SEC. We incorporate by reference the documents listed below and any future documents that we file with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (known as the Exchange Act) but prior to the termination of any offering of securities made by this prospectus:

Exelon Corporation (Exchange Act File No. 1-16169)

- Exelon's Annual Report on Form 10-K for the year ended December 31, 2013;
- Exelon's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014;
- The description of Exelon's common stock contained in the registration statement on Form 8-A filed under the Securities Exchange Act of 1934, as amended, including any amendment thereto or report filed for the purpose of updating such description; and
- Exelon's Current Reports on Form 8-K filed with the SEC on February 12, 2014, February 13, 2014, February 28, 2014, April 1, 2014, April 30, 2014 and May 7, 2014.

Exelon Generation Company, LLC (Exchange Act File No. 333-85496)

- Generation's Annual Report on Form 10-K for the year ended December 31, 2013;
- Generation's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014; and
- Generation's Current Reports on Form 8-K filed with the SEC on February 12, 2014 and April 1, 2014.

Commonwealth Edison Company (Exchange Act File No. 1-1839)

- ComEd's Annual Report on Form 10-K for the year ended December 31, 2013;
- ComEd's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014; and
- ComEd's Current Reports on Form 8-K filed with the SEC on January 10, 2014 and February 28, 2014.

PECO Energy Company (Exchange Act File No. 000-16844)

- PECO's Annual Report on Form 10-K for the year ended December 31, 2013; and
- PECO's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014.

Baltimore Gas and Electric Company (Exchange Act File No. 1-1910)

- BGE's Annual Report on Form 10-K for the year ended December 31, 2013;
- BGE's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014; and
- BGE's Current Reports on Form 8-K filed with the SEC on February 13, 2014 and May 16, 2014.

Upon written or oral request, we will provide without charge to each person, including any beneficial owner, to whom this prospectus is delivered, a copy of any or all of such documents which are incorporated herein by reference (other than exhibits to such documents unless such exhibits are specifically incorporated by reference

into the documents that this prospectus incorporates). Written or oral requests for copies should be directed to Exelon Corporation, Attn: Investor Relations, 10 South Dearborn Street, 52 nd Floor, P.O. Box 805398, Chicago, IL 60680-5398, 312-394-2345.

Any statement contained in this prospectus, or in a document all or a portion of which is incorporated by reference, shall be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus, any supplement or any document incorporated by reference modifies or supersedes such statement. Any such statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this prospectus.

All reports and other documents subsequently filed by us pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act, prior to the filing of a post-effective amendment, which indicates that all of a class of securities offered hereby have been sold or which deregisters all of a class of securities then remaining unsold, shall be deemed incorporated by reference herein and to be a part hereof from the date of filing of such documents.

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$

$ Floating Rate Notes due 2017
$ % Notes due 2017
$ % Notes due 2020
$ % Notes due 2025
$ % Notes due 2035
$ % Notes due 2045

Exelon Corporation

PROSPECTUS SUPPLEMENT

Joint Book-Running Managers

Barclays
Goldman, Sachs & Co.
BNP PARIBAS
MUFG
Mizuho Securities
Scotiabank

Senior Co-Managers

BofA Merrill Lynch
Citigroup
Credit Suisse
J.P. Morgan
RBC Capital Markets
US Bancorp
Wells Fargo Securities

, 2015

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Filed Pursuant to Rule 424(b)(5)
Registration No. 333-196220

This preliminary prospectus supplement relates to an effective registration statement under the Securities Act of 1933, but the information contained in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion
Preliminary Prospectus Supplement dated June 10, 2014

PROSPECTUS SUPPLEMENT
(To Prospectus Dated May 23, 2014)

50,000,000 Shares

Exelon Corporation

Common Stock

We expect to enter into forward sale agreements with an affiliate of Barclays Capital Inc. and Goldman, Sachs & Co., which we refer to as the forward purchasers. Barclays Capital Inc., as agent for its affiliated forward purchaser, and Goldman, Sachs & Co., whom we refer to in such capacity as the forward sellers, at our request, are borrowing from third parties and selling to the underwriters an aggregate of 50,000,000 of our shares of common stock, without par value, (or 57,500,000 shares of our common stock if the underwriters exercise their option to purchase additional shares of our common stock in full) in connection with the forward sale agreements between us and the forward purchasers. If the forward sellers are unable to borrow and deliver for sale on the anticipated closing date such number of shares of our common stock, or if the forward purchasers determine, in their commercially reasonable judgment, that the forward sellers are unable to borrow, at a stock loan rate not greater than a specified amount, and deliver for sale on the anticipated closing date such number of shares of our common stock, then we will issue and sell to the underwriters a number of shares equal to the number of shares that the forward sellers do not borrow and sell.

We will not receive any proceeds from the sale of our shares of common stock offered hereby, except in certain circumstances described in this prospectus supplement. We will receive proceeds, subject to certain adjustments, from the sale of those shares of common stock covered by the forward sale agreements only upon one or more future physical settlements of the forward sale agreements, which, at our election, may occur on any one or more trading days between the effective date of the forward sale agreements and October 29, 2015. If we elect to cash settle the forward sale agreements, we will not receive any proceeds from the sale of our shares of common stock and may either receive from, or owe a cash payment to, the forward purchasers. If we elect to net share settle the forward sale agreements, we will not receive any proceeds from the sale of our shares of common stock, and we may either receive from or owe to the forward purchasers shares of our common stock. See “Underwriting (Conflicts of Interest)—Forward Sale Agreements” for a description of the forward sale agreements.

Our common stock is listed on the New York Stock Exchange under the symbol “EXC.” On June 9, 2014, the closing price of our common stock on the New York Stock Exchange was $37.08 per share.

Concurrently with this offering, we are conducting an offering of 20,000,000 of our equity units for a stated value of $1.0 billion (or an offering of 23,000,000 of our equity units for a stated value of $1.15 billion if the equity units underwriters exercise their option to purchase additional equity units in full). The offering of the common stock and the offering of the equity units are not contingent on each other. See “Recent Developments—Concurrent Equity Units Offering.”

Investing in our common stock involves certain risks. You should carefully read this prospectus supplement and the accompanying base prospectus, including the documents incorporated by reference herein, and therein, before you make your investment decision. See the “ Risk Factors ” section beginning on page S-6 of this prospectus supplement, as well as under “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2013, which is incorporated by reference herein, for more information .

	Per Share	Total
Initial price to public	$	$
Underwriting discount	$	$
Proceeds, before expenses, to us (1)	$	$

(1) We expect to receive net proceeds from the sale of our common stock, before estimated fees and expenses, of $ million, upon full physical settlement of the forward sale agreements, which we expect will occur on or about October 29, 2015. For the purpose of calculating the aggregate net proceeds to us, we have assumed the forward sale agreements are fully physically settled based on the initial forward sale price of $ per share. The forward sale price is subject to adjustment pursuant to the forward sale agreements, and the actual proceeds, if any, will be calculated as described in this prospectus supplement. Although we expect to settle the forward sale agreements entirely by the full physical delivery of our shares of common stock in exchange for cash proceeds, we may elect cash settlement or net share settlement for all or a portion of the forward sale agreements. See “Underwriting (Conflicts of Interest)—Forward Sale Agreements” for a description of the forward sale agreements.

We have granted the underwriters a 30-day option from the date of this prospectus supplement, exercisable in whole or in part from time to time, to purchase up to an additional 7,500,000 shares of our common stock at the initial price to public less the underwriting discount. If such option is exercised, we will enter into additional forward sale agreements with the forward purchasers in respect of the number of shares that are subject to the exercise of such option. Unless the context requires otherwise, the term “forward sale agreements” as used in this prospectus supplement includes any additional forward sale agreements that we elect to enter into in connection with the exercise, by the underwriters, of their option to purchase additional shares of our common stock. In the event that we enter into additional forward sale agreements, if any forward seller does not borrow and sell all of the shares of common stock to be sold by it in connection with the exercise of such option, we will issue and sell to the underwriters a number of our shares of common stock equal to the number of shares of common stock that the forward seller does not borrow and sell.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters are offering the shares of our common stock as set forth under “Underwriting (Conflicts of Interest).” The underwriters expect that the shares of common stock will be ready for delivery on or about June , 2014.

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Joint Book-Running Managers

Barclays **Goldman, Sachs & Co.**

BofA Merrill Lynch **Credit Suisse** **J.P. Morgan**

Senior Co-Managers

BNP PARIBAS **Citigroup** **Mitsubishi UFJ Securities**

RBS **Scotiabank** **Wells Fargo Securities**

Mizuho Securities **RBC Capital Markets** **Piper Jaffray**

The date of this prospectus supplement is June , 2014

We urge you to carefully read this prospectus supplement and the accompanying prospectus, which describe the terms of the offering of the common stock, before you make your investment decision. You should rely only on the information contained in or incorporated by reference in this prospectus supplement, the accompanying prospectus and any related free writing prospectus required to be filed with the Securities and Exchange Commission ("SEC"). We have not, and the underwriters have not, authorized anyone else to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information appearing in this prospectus supplement and the accompanying prospectus is accurate as of any date other than the date on the front of those documents or that the information incorporated by reference is accurate as of any date other than the date that the document incorporated by reference was filed with the SEC.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement and the accompanying prospectus contain information about Exelon Corporation and the common stock offered hereby. This prospectus supplement and the accompanying prospectus also refer to information contained in other documents that we file with the SEC. To the extent the information in this prospectus supplement is inconsistent with information in the prospectus, you should rely on this prospectus supplement.

The accompanying prospectus also includes information about our subsidiaries, Exelon Generation Company, LLC ("Generation"), Commonwealth Edison Company ("ComEd"), PECO Energy Company ("PECO") and Baltimore Gas and Electric Company ("BGE") and their securities, which does not apply to us or the common stock offered hereby.

When we refer to "Exelon," "the Company," "we," "us," or "our" in this prospectus supplement, we mean Exelon Corporation and, unless the context otherwise indicates, does not include any of our subsidiaries or affiliates.

EXELON CORPORATION

Exelon, incorporated in Pennsylvania in February 1999, is a utility services holding company engaged, through Generation, in the energy generation business, and through ComEd, PECO and BGE, in the energy delivery businesses. Exelon's principal executive offices are located at 10 South Dearborn Street, Chicago, Illinois 60603, and its telephone number is 312-394-7398.

RECENT DEVELOPMENTS

Concurrent Equity Units Offering

Concurrently with this offering, we are conducting a $1.0 billion offering of 20,000,000 of our equity units (or $1.15 billion offering of 23,000,000 of our equity units if the underwriters exercise their option to purchase additional equity units in full). Each equity unit will have a stated amount of $50 and initially will be in the form of a corporate unit consisting of a purchase contract issued by Exelon and a 1/20 undivided beneficial ownership interest in $1,000 principal amount of Exelon's 2014 % junior subordinated notes due 2024. The underwriters are offering such equity units to the public at a price of $ per equity unit by means of a separate prospectus supplement. We expect to settle the equity units offering and receive proceeds on or about June , 2014. We intend to use the net proceeds received in the offering of the equity units to finance a portion of the acquisition of Pepco Holdings, Inc., a Delaware corporation ("PHI") and for general corporate purposes. See "—PHI Merger." The two offerings are not contingent on each other. There can be no assurance that the sale of equity units will be consummated or otherwise completed. This prospectus supplement is not an offer to sell any securities other than the common stock.

PHI Merger

On April 29, 2014, we entered into an Agreement and Plan of Merger (the "Merger Agreement") with Purple Acquisition Corp., a Delaware corporation, our indirect, wholly-owned subsidiary ("Merger Sub"), and PHI.

The Merger Agreement provides for the merger of Merger Sub with and into PHI on the terms and subject to the conditions set forth in the Merger Agreement (the "Merger"), with PHI continuing as the surviving

corporation in the Merger and an indirect, wholly-owned subsidiary of Exelon. At the effective time of the Merger, each outstanding share of the common stock, par value $0.01 per share, of PHI (the "PHI Common Stock"), other than those held by PHI, Exelon or Merger Sub, any wholly-owned subsidiary of Exelon or any wholly-owned subsidiary of PHI, and any shares held by any stockholders who have not voted in favor of adoption of the Merger Agreement or consented thereto in writing and who have properly demanded and not withdrawn a demand for appraisal pursuant to Section 262 of the Delaware General Corporation Law with respect to such shares, will be converted into the right to receive $27.25 in cash, without interest.

Consummation of the Merger is subject to the satisfaction or waiver of specified closing conditions, including (1) the approval of the Merger by the holders of a majority of the outstanding shares of the PHI Common Stock, (2) the receipt of regulatory approvals required to consummate the Merger, including, approvals from the Federal Energy Regulatory Commission, the Federal Communications Commission, the Delaware Public Service Commission, the District of Columbia Public Service Commission, the Maryland Public Service Commission, the New Jersey Board of Public Utilities and the Virginia State Corporation Commission, (3) the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the "HSR Act") and (4) other customary closing conditions, including (a) the accuracy of each party's representations and warranties (subject to customary materiality qualifiers) and (b) each party's compliance with its obligations and covenants contained in the Merger Agreement. In addition, the obligations of Exelon and Merger Sub to consummate the Merger are subject to the required regulatory approvals not, individually or in the aggregate, imposing terms, conditions, obligations or commitments that constitute a burdensome condition (as defined in the Merger Agreement).

The Merger Agreement also contains customary representations, warranties and covenants of both PHI and us. These covenants include, among others, an obligation on behalf of PHI to operate its business in the ordinary course until the Merger is consummated, limitations on the right of PHI to solicit or engage in negotiations regarding alternative acquisition proposals or to withdraw its support of the Merger and that the parties use reasonable best efforts to obtain governmental and regulatory approvals.

The Merger Agreement may be terminated by each of PHI and us under certain circumstances, including if the Merger is not consummated by July 29, 2015 (subject to extension to October 29, 2015, if all of the conditions to closing, other than the conditions related to obtaining regulatory approvals, have been satisfied). The Merger Agreement also provides for certain termination rights for both PHI and us, and further provides that, upon termination of the Merger Agreement under certain specified circumstances, PHI will be required to pay us a termination fee of $259 million or reimburse our expenses up to $40 million (which reimbursement shall reduce on a dollar for dollar basis any termination fee subsequently payable by PHI), provided, however, that if the Merger Agreement is terminated in connection with an acquisition proposal made under certain circumstances by a person who made an acquisition proposal between April 1, 2014 and the date of the Merger Agreement, the termination fee will be $293 million plus reimbursement of our expenses up to $40 million (not subject to offset). In addition, if the Merger Agreement is terminated under certain circumstances due to the failure to obtain regulatory approvals or the breach by us of our obligations in respect of obtaining regulatory approvals (a "Regulatory Termination"), we will pay PHI a reverse termination fee of up to $180 million. If the Merger Agreement is terminated other than for a Regulatory Termination, PHI will redeem the Non-voting Preferred Stock for a redemption price equal to the purchase price paid up to the date of termination by us to purchase the Non-voting Preferred Stock.

Neither this offering nor the concurrent equity units offering are contingent on the successful completion of the Merger. See "Risk Factors—Risks Related to Our Contemplated Acquisition of PHI."

THE OFFERING	
Shares of common stock offered by the forward sellers [1]	50,000,000 shares of common stock (57,500,000 shares of common stock if the underwriters' option to purchase additional shares of common stock is exercised in full).
Shares of common stock to be outstanding immediately after the offering [1]	858,876,681 shares of common stock.
Shares of common stock to be outstanding after settlement of the forward sale agreements assuming full physical settlement [1]	908,876,681 shares of common stock (916,376,681 shares of common stock if the underwriters' option to purchase additional shares of common stock is exercised in full).
Use of proceeds	We expect that the net proceeds from this offering will be approximately $ million (after deducting fees and estimated expenses related to the forward sale agreements), subject to certain adjustments pursuant to the forward sale agreements, only upon full physical settlement of the forward sale agreements, which we expect to occur on or about October 29, 2015. We will not receive any proceeds from the sale of the shares of common stock offered by the forward sellers pursuant to this prospectus supplement at the time we enter into the forward sale agreements unless (1) an event occurs that requires us to sell our common stock to the underwriters in lieu of the forward sellers selling our common stock to the underwriters, or (2) the underwriters exercise their over-allotment option and, if the forward sellers are unable to borrow and deliver for sale on the anticipated closing date for the exercise of such option the number of shares of our common stock with respect to which such option has been exercised, or if the forward purchasers determine, in their commercially reasonable judgment, that the forward sellers are unable to borrow, at a stock loan rate not greater than a specified amount, and deliver for sale on the anticipated closing date for the exercise of such option the number of shares of our common stock with respect to which such option has been exercised, in which case we will issue and sell to the underwriters a number of shares equal to the number of shares that the forward sellers do not borrow and sell. We intend to use any net proceeds we receive from any such sales in the manner described below. We intend to use the net proceeds, if any, from the settlement of the forward sale agreements to finance a portion of the acquisition of PHI and for general corporate purposes. See "Recent Developments—PHI Merger" and "Use of Proceeds."

Accounting treatment of the transaction	Before the issuance of our shares of common stock, if any, upon settlement of the forward sale agreements, the forward sale agreements will be reflected in our diluted earnings per share calculations using the treasury stock method. Under this method, the number of our shares of common stock used in calculating diluted earnings per share is deemed to be increased by the excess, if any, of the number of shares of common stock that would be issued upon full physical settlement of the forward sale agreements over the number of shares of common stock that could be purchased by us in the market (based on the average market price during the period) using the proceeds receivable upon full physical settlement (based on the adjusted forward sale price at the end of the reporting period). Consequently, we anticipate there will be no dilutive effect on our earnings per share except during periods when the average market price of our shares of common stock is above the applicable adjusted forward sale price, which is initially $ per share, subject to increase or decrease based on the federal funds rate, less a spread, and subject to decrease by amounts related to expected dividends on our shares of common stock during the term of the forward sale agreements.
Listing	Our shares of common stock are listed on the New York Stock Exchange under the symbol "EXC."
Risk factors	An investment in our common stock involves risks, and prospective investors should carefully consider the matters discussed under "Risk Factors" beginning on page S-6 of this prospectus supplement and the reports we file with the SEC pursuant to the Exchange Act, incorporated by reference in this prospectus supplement and the accompanying prospectus, before making an investment in our common stock.
Conflicts of Interest	All of the proceeds of this offering (excluding proceeds paid to us with respect to any common stock that we may sell to the underwriters in lieu of the forward sellers selling our common stock to the underwriters) will be paid to the forward purchasers. Because an affiliate of Barclays Capital Inc. and Goldman, Sachs & Co. each will receive more than 5% of the net proceeds of this offering, Barclays Capital Inc. and Goldman, Sachs & Co. are deemed to have a conflict of interest within the meaning of Rule 5121 of the Financial Industry Regulatory Authority, Inc. ("FINRA"). Accordingly, this offering will be conducted in compliance with the applicable provisions of FINRA Rule 5121. Pursuant to that rule, the appointment of a "qualified independent underwriter" is not required in connection with this offering, as the shares of common stock have a "bona fide public market" (as defined in FINRA Rule 5121). See "Use of Proceeds" and "Underwriting (Conflicts of Interest)" for additional information.

(1) The forward sellers have advised us that they intend to acquire shares of common stock to be sold under this prospectus supplement through borrowings from third-party stock lenders. Subject to the occurrence of certain events, we will not be obligated to deliver shares of common stock, if any, under the forward sale agreements until final settlement of the forward sale agreements, which we expect to occur on or about October 29, 2015. Except in certain circumstances, we have the right to elect cash settlement or net share settlement under the forward sale agreements. See "Underwriting (Conflicts of Interest)—Forward Sale Agreements" for a description of the forward sale agreements. The number of shares of common stock to be outstanding after this offering is based on 858,876,681 shares of common stock outstanding as of June 6, 2014, and excludes 18,827,004 shares of common stock issuable upon the exercise of outstanding options and any additional shares of common stock we may issue from and after, June 6, 2014 through final settlement of the forward sale agreements, including any shares of common stock issued pursuant to the purchase contract included in the equity units being offered in the concurrent equity units offering. These numbers assume no event occurs that would require us to sell shares of our common stock to the underwriters in lieu of the forward sellers selling shares of our common stock to the underwriters. If such an event occurs, then (a) the number of shares of our common stock to be outstanding immediately after the offering would be increased by such number of shares and (b) the number of shares of our common stock issuable pursuant to physical settlement of the forward sale agreements would be reduced by such number of shares.

(2) Calculated as of June , 2014 (assuming that the forward sale agreements are fully physically settled based on the initial forward sale price of $ per share by the delivery of 50,000,000 shares of our common stock and that the underwriters have not exercised their option to purchase additional shares of common stock). The forward sale price is subject to adjustment pursuant to the forward sale agreements, and the actual proceeds are subject to settlement of the forward sale agreements.

RISK FACTORS

Your investment in the common stock involves certain risks. In addition to the Risk Factors related to the common stock set forth below, our business is influenced by many factors that are difficult to predict, involve uncertainties that may materially affect actual results and are often beyond our control. We have identified a number of these factors under the heading “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2013 which is incorporated by reference in this prospectus supplement. All of these risks could adversely affect our business, financial condition, results of operations and cash flows. As a result, our ability to pay dividends on, and the market price of, our common stock may be adversely affected if any of such risks is realized. In consultation with your own financial and legal advisers, you should carefully consider, among other matters, the discussions of risks that we have presented below and incorporated by reference before deciding whether an investment in the common stock is suitable for you.

Risks Related to Our Contemplated Acquisition of PHI

We may not realize the expected benefits of the PHI acquisition because of integration difficulties and other challenges.

The success of the PHI acquisition will depend, in part, on our ability to realize all or some of the anticipated benefits from integrating PHI’s business with our existing businesses. The integration process may be complex, costly and time-consuming. The challenges associated with integrating the operations of PHI’s business include, among others:

- delay in implementation of our business plan for the combined business;
- unanticipated issues or costs in integrating financial, information technology, communications and other systems;
- possible inconsistencies in standards, controls, procedures and policies, and compensation structures between PHI’ s structure and our structure;
- unanticipated changes in applicable laws and regulations;
- difficulties in retention of key employees;
- operating risks inherent in PHI’s business and our business; and
- unexpected regulatory requirements.

The parties to the anticipated Merger may be unable to satisfy the conditions to the completion of the Merger and the Merger may not be completed within the expected timeframe or at all.

Consummation of the Merger is subject to the satisfaction or waiver of specified closing conditions, including (1) the approval of the Merger by the holders of a majority of the outstanding shares of the PHI Common Stock, (2) the receipt of regulatory approvals required to consummate the Merger, including, approvals from the Federal Energy Regulatory Commission, the Federal Communications Commission, the Delaware Public Service Commission, the District of Columbia Public Service Commission, the Maryland Public Service Commission, the New Jersey Board of Public Utilities and the Virginia State Corporation Commission, (3) the expiration or termination of the applicable waiting period under the HSR Act and (4) other customary closing conditions, including (a) the accuracy of each party’s representations and warranties (subject to customary materiality qualifiers) and (b) each party’s compliance with its obligations and covenants contained in the Merger Agreement. In addition, the obligations of Exelon and Merger Sub to consummate the Merger are subject to the required regulatory approvals not, individually or in the aggregate, imposing terms, conditions, obligations or commitments that constitute a burdensome condition (as defined in the Merger Agreement)

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These and other conditions to the completion of the Merger may fail to be satisfied. In addition, satisfying the conditions to and completion of the Merger may take longer, and could cost more, than PHI or we expect. Any delay in completing the Merger or any additional conditions imposed in order to complete the Merger may materially adversely affect the synergies and other benefits that we expect to achieve if the Merger and the integration of the companies' respective businesses are completed within the expected timeframe.

In addition, we or PHI may terminate the Merger Agreement if the Merger is not completed by July 29, 2015 except that, under certain circumstances, such date may be extended by PHI or us to October 29, 2015.

Regulatory approvals that are required to complete the Merger may not be received, may take longer than expected or may impose conditions which are not presently anticipated.

Under the provisions of the HSR Act, the Merger may not be completed until notification and report forms have been filed with the Antitrust Division of the Department of Justice (the "DOJ") and the Federal Trade Commission (the "FTC") and the expiration of a 30 calendar day waiting period (unless the waiting period is set to expire on a weekend or federal holiday, in which case the waiting period is automatically extended until 11:59 p.m. of the next business day), or the early termination of that waiting period, following the parties' filing of their respective notification and report forms. If the Antitrust Division of the DOJ or the FTC issues a Request for Additional Information and Documentary Material prior to the expiration of the waiting period, the parties must observe a second 30 calendar day waiting period (unless the waiting period is set to expire on a weekend or federal holiday, in which case the waiting period is automatically extended until 11:59 p.m. of the next business day), which would begin to run only after both parties have substantially complied with the request for additional information, unless the waiting period is terminated earlier.

Failure to obtain regulatory approval may result in Exelon's payment of a regulatory reverse termination fee.

If the Merger Agreement is terminated under certain circumstances due to the failure to obtain regulatory approvals or the breach by Exelon of its obligations in respect of obtaining regulatory approvals (a Regulatory Termination), Exelon will be required to pay PHI a reverse termination fee of up to $180 million.

Legal proceedings in connection with the Merger, the outcomes of which are uncertain, could delay or prevent the completion of the Merger.

One of the conditions to the closing of the Merger is that no judgment (whether preliminary, temporary or permanent) or other order by any court or other governmental entity shall be in effect that restrains, enjoins or otherwise prohibits or makes illegal the consummation of the Merger.

PHI and its directors have been named as defendants in a purported class action lawsuit filed by a plaintiff on behalf of herself and other public stockholders challenging the proposed Merger and seeking, among other things, to enjoin the defendants from consummating the Merger on the agreed-upon terms.

If a plaintiff in this or any other litigation that may be filed in the future is successful in obtaining an injunction prohibiting the parties from completing the Merger on the terms contemplated by the Merger Agreement, the injunction may prevent the completion of the Merger in the expected timeframe or altogether. If completion of the Merger is prevented or delayed, it could result in substantial costs to us and PHI. In addition, we and PHI could incur significant costs in connection with the lawsuits, including costs associated with the indemnification of PHI's directors and officers.

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The Merger may prove disruptive and could result in our business failing to meet our expectations.

The process of integrating the operations of PHI may require a disproportionate amount of resources and management attention. Our future operations and cash flows will depend to a significant degree upon our ability to operate PHI efficiently, achieve the strategic operating objectives for our business and realize cost savings and synergies. Our management team may encounter unforeseen difficulties in managing the integration. In order to successfully integrate PHI, our management team will need to focus on realizing anticipated synergies and cost savings on a timely basis while maintaining the efficiency of our operations. Any substantial diversion of management attention could affect our ability to achieve operational, financial and strategic objectives.

The Merger may be completed on different terms from those contained in the Merger Agreement.

Prior to the completion of the Merger, the parties may, by their mutual agreement, amend or alter the terms of the Merger Agreement, including with respect to, among other things, the Merger consideration to be received by PHI stockholders or any covenants or agreements with respect to the parties' respective operations during the pendency thereof (certain of these changes, including those with respect to the Merger consideration to be received by PHI stockholders, may be made only prior to the requisite stockholder approval). Any such amendments or alterations may have negative consequences to Exelon or PHI stockholders including, among other things, reducing the cash available for our or PHI's operations or to meet respective obligations or restricting or limiting assets or operations of either of us or PHI. Under certain circumstances, PHI shareholders may be permitted or required to adopt any such amendments, which could delay the closing of the Merger and subject PHI and us to additional expense.

We have and will incur significant transaction and Merger-related costs in connection with the Merger.

We expect to incur a number of non-recurring costs associated with combining the operations of the two companies. Most of these costs will be transaction costs, including fees paid to financial and legal advisors related to the Merger and related financing arrangements, and employment-related costs, including change-in-control related payments made to certain PHI executives. In addition, if the closing of the Merger is materially delayed after this offering, we may be required to pay financing costs without having realized any benefits from the Merger during the period of delay. We will also incur transaction fees and costs related to formulating integration plans. Additional unanticipated costs may be incurred in the integration of the two companies' businesses. Although we expect that the elimination of costs, as well as the realization of other efficiencies related to the integration of the businesses, should allow us to offset incremental transaction and Merger-related costs over time, this net benefit may not be achieved in the near term, or at all.

Private parties may bring legal action under antitrust laws or intervene in regulatory proceedings.

Private parties who may believe they are adversely affected by the Merger and individual states may bring legal actions under the antitrust laws in certain circumstances or intervene in regulatory proceedings. Although we and PHI believe the completion of Merger will not conflict with any antitrust law, there can be no assurance that a challenge to the Merger on antitrust grounds will not be made or, if a challenge is made, what the result will be. Under the Merger Agreement, we and PHI have agreed to use our reasonable best efforts to obtain all regulatory clearances necessary to complete the Merger as promptly as practicable. In addition, in order to complete the Merger, we and PHI may be required to comply with conditions, terms, obligations or restrictions imposed by regulatory entities and such conditions, terms, obligations or restrictions may have the effect of delaying completion of the Merger, imposing additional material costs on or materially limiting our revenues after the completion of the Merger, or otherwise reducing our anticipated benefits to the Merger. In addition, such conditions, terms, obligations or restrictions could result in the delay or abandonment of the Merger.

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Risks Related to the Forward Sale Agreements

Settlement provisions contained in the forward sale agreements subject us to certain risks .

Each forward purchaser will have the right to accelerate its forward sale agreement (with respect to all or any portion of the transaction under the forward sale agreement that the forward purchaser determines is affected by such event) and require us to settle on a date specified by such forward purchaser if:

- such forward purchaser is unable to, or would incur a materially increased cost to, establish, maintain or unwind its hedge position with respect to its forward sale agreement, subject to certain exceptions in the case of such a materially increased cost;
- such forward purchaser determines it is unable to, or it is commercially impracticable for it to, continue to borrow a number of our shares of common stock equal to the number of shares of common stock underlying its forward sale agreement or that, with respect to borrowing such number of shares of common stock, it would incur a rate that is greater than the borrow cost specified in such forward sale agreement, subject to certain exceptions in the case of such a rate of borrowing that is greater than such specified borrow cost;
- such forward purchaser determines that it has an excess Section 13 ownership position, an excess FPA ownership position or an excess regulatory ownership position (as such terms are defined in such forward sale agreement) with respect to certain ownership restrictions and related filing requirements under federal securities laws, Pennsylvania corporate laws and federal power regulations or other applicable laws and regulations, as applicable;
- we declare a dividend or distribution on our shares of common stock with a cash value in excess of a specified amount, an ex-dividend date that occurs earlier than a specified date or certain non-cash dividends;
- there occurs a public announcement of an event or transaction that, if consummated, would result in a merger event, tender offer, nationalization or change in law (in each case, as determined pursuant to the terms of the forward sale agreement); or
- certain other events of default, termination events or other specified events occur, including, among other things, any material misrepresentation made by us in connection with entering into such forward sale agreement or a market disruption event during a specified period that lasts for more than eight scheduled trading days (in each case, as determined pursuant to the terms of the forward sale agreement).

Each forward purchaser’s decision to exercise its right to accelerate the settlement of the relevant forward sale agreement will be made irrespective of our need for capital. In such cases, we could be required to issue and deliver shares of common stock under the physical settlement provisions, which would result in dilution to our earnings per share, return on equity and dividends per share, or, if we so elect and such forward purchaser so permits our election, net share settlement provisions of the relevant forward sale agreement which could result in dilution to our earnings per share, return on equity and dividends per share, or cash settlement, irrespective of our capital needs.

We expect that each forward sale agreement will settle on or about October 29, 2015, but each forward sale agreement may be settled earlier in whole or in part at our option, subject to the satisfaction of certain conditions. Each forward sale agreement will be physically settled by delivery of our shares of common stock, unless we elect to cash settle or net share settle such forward sale agreement, subject to the satisfaction of certain conditions. Upon physical settlement or, if we so elect, net share settlement of the forward sale agreements, delivery of our shares of common stock in connection with such physical settlement or, to the extent we are obligated to deliver our shares of common stock, net share settlement will result in dilution to our earnings per share and return on equity. If we elect cash settlement or net share settlement with respect to all or a portion of the shares of common stock underlying the forward sale agreements, we expect each forward purchaser (or an

affiliate thereof) to purchase a number of shares of common stock necessary to satisfy its or its affiliate's obligation to return the shares of common stock borrowed from third parties in connection with sales of our shares of common stock under this prospectus supplement. In addition, the purchase of our shares of common stock in connection with such forward purchaser or its affiliate unwinding its hedge positions could result in an increase (or a reduction in the amount of any decrease) in the price of our shares of common stock over such time, thereby increasing the amount of cash we would owe to such forward purchaser (or decreasing the amount of cash such forward purchaser would owe us) upon a cash settlement of the relevant forward sale agreement or increasing the number of shares of common stock we would deliver to such forward purchaser (or decreasing the number of shares of common stock such forward purchaser would deliver to us) upon net share settlement of the relevant forward sale agreement. The forward sale price we expect to receive upon physical settlement of the forward sale agreements will be subject to adjustment on a daily basis based on a floating interest rate factor equal to the federal funds rate less a spread, and will be decreased based on amounts related to expected dividends on our shares of common stock during the term of the forward sale agreements. If the federal funds rate is less than the spread on any day, the interest factor will result in a daily reduction of the forward sale price. As of the date of this prospectus supplement, the federal funds rate was less than the spread. If the market value of our shares of common stock during the relevant valuation period under the respective forward sale agreement is above the relevant forward sale price, in the case of cash settlement, we would pay the forward purchaser under such forward sale agreement an amount in cash equal to the difference or, in the case of net share settlement, we would deliver to such forward purchaser a number of shares of common stock having a value equal to the difference. Thus, we could be responsible for a potentially substantial cash payment. If the market value of our shares of common stock during the relevant valuation period under the respective forward sale agreement is below the relevant forward sale price, in the case of cash settlement, we would be paid the difference in cash by the forward purchaser under such forward sale agreement or, in the case of net share settlement, we would receive from such forward purchaser a number of shares of common stock having a value equal to the difference. See "Underwriting (Conflicts of Interest)—Forward Sale Agreements" for information on the forward sale agreements.

In case of our bankruptcy or insolvency, the forward sale agreements will automatically terminate, and we would not receive the expected proceeds from the sale of our common stock.

If we file for or consent to a proceeding seeking a judgment in bankruptcy or insolvency or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or we or a regulatory authority with jurisdiction over us presents a petition for our winding-up or liquidation, and we consent to such a petition, the forward sale agreements will automatically terminate. If the forward sale agreements so terminate, we would not be obligated to deliver to the relevant forward purchaser any shares of common stock not previously delivered, and the relevant forward purchaser would be discharged from its obligation to pay the relevant forward sale price per share in respect of any shares of common stock not previously settled. Therefore, to the extent there are any shares of common stock with respect to which the forward sale agreements have not been settled at the time of the commencement of any such bankruptcy or insolvency proceedings, we would not receive the relevant forward sale price per share in respect of those shares of common stock.

Risks Related to Taxes

Non-U.S. holders may be subject to U.S. federal income tax.

We have not determined whether we are a "United States real property holding corporation" for U.S. federal income tax purposes. If we are a United States real property holding corporation, non-U.S. holders (as defined in "Certain United States Federal Income Tax Considerations for Non-U.S. Holders") of our common stock may be subject to U.S. federal income tax in respect of payments in connection with a sale, a transfer or other taxable disposition of our common stock if they exceed certain ownership levels. Prospective non-U.S. holders are urged to consult their tax advisors with respect to the U.S. federal income tax consequences of acquiring, owning and disposing of our common stock. See the discussion under the heading "Certain United States Federal Income Tax Considerations for Non-U.S. Holders."

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FORWARD LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus and the documents incorporated or deemed incorporated by reference as described under the heading “Where You Can Find More Information” contain forward-looking statements that are not based entirely on historical facts and are subject to risks and uncertainties. Words such as “believes,” “anticipates,” “expects,” “intends,” “plans,” “predicts” and “estimates” and similar expressions are intended to identify forward-looking statements but are not the only means to identify those statements. These forward-looking statements are based on assumptions, expectations and assessments made by our management in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe to be appropriate. Any forward-looking statements are not guarantees of our future performance and are subject to risks and uncertainties.

This prospectus supplement and the accompanying prospectus contain certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which are subject to risks and uncertainties. The factors that could cause actual results to differ materially from the forward-looking statements include: (a) any risk factors discussed in this prospectus supplement or the accompanying prospectus; (b) those risk factors discussed in our 2013 Annual Report on Form 10-K in (1) ITEM 1A. Risk Factors, (2) ITEM 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations and (3) ITEM 8. Financial Statements and Supplementary Data: Note 22; and (c) other factors discussed herein and in other filings with the SEC by Exelon, as applicable.

You are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date on the front of this prospectus supplement or, as the case may be, as of the date on which we make any subsequent forward-looking statement that is deemed incorporated by reference. We do not undertake any obligation to update or revise any forward-looking statement to reflect events or circumstances after the date as of which any such forward-looking statement is made.

WHERE YOU CAN FIND MORE INFORMATION

The SEC allows us to “incorporate by reference” the information filed by us with the SEC, which means that we can refer you to important information without restating it in this prospectus supplement and the accompanying prospectus. The information incorporated by reference is considered to be part of this prospectus supplement and the accompanying prospectus and should be read with the same care. This incorporation by reference does not include documents that are furnished, but not filed, with the SEC. Exelon, Generation, ComEd, PECO and BGE file combined reports under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Information contained in the combined reports relating to each registrant is filed separately by such registrant on its own behalf and only the information related to Exelon is incorporated by reference in this prospectus supplement and the accompanying prospectus. Exelon does not make any representation as to information relating to any other registrant or securities issued by any other registrant and you should not rely on any information relating to any registrant other than Exelon in determining whether to invest in the common stock offered hereby. We incorporate by reference our Annual Report on Form 10-K for the year ended December 31, 2013, our Quarterly Report on Form 10-Q for the quarter ended March 31, 2014 our Definitive Proxy Statement on Schedule 14A filed with the SEC on April 2, 2014, our Current Reports on Form 8-K filed with the SEC on February 12, 2014, February 13, 2014, February 28, 2014, April 1, 2014, April 30, 2014, May 12, 2014, May 27, 2014 and June 4, 2014, and any future filings that we make with the SEC under the Exchange Act if the filings are made prior to the time that all of the common stock are sold in this offering. You can also find more information about us from the sources described under “Documents Incorporated by Reference” in the accompanying prospectus.

USE OF PROCEEDS

We expect that the net proceeds from this offering will be approximately $ million (after deducting fees and estimated expenses related to the forward sale agreements), subject to certain adjustments pursuant to the forward sale agreements, only upon full physical settlement of the forward sale agreements, which we expect to occur on or about October 29, 2015.

We will not receive any proceeds from the sale of the shares of common stock offered by the forward sellers pursuant to this prospectus supplement, unless (1) an event occurs that requires us to sell our common stock to the underwriters in lieu of the forward sellers selling our common stock to the underwriters, or (2) the underwriters exercise their over-allotment option and, if the forward sellers are unable to borrow and deliver for sale on the anticipated closing date for the exercise of such option the number of shares of our common stock with respect to which such option has been exercised, or if the forward purchasers determine, in their commercially reasonable judgment, that the forward sellers are unable to borrow, at a stock loan rate not greater than a specified amount, and deliver for sale on the anticipated closing date for the exercise of such option the number of shares of our common stock with respect to which such option has been exercised, then we will issue and sell to the underwriters a number of shares equal to the number of shares that the forward sellers do not borrow and sell. We intend to use any net proceeds we receive from any such sales in the manner described below.

We intend to use the net proceeds, if any, from the settlement of the forward sale agreements to finance a portion of the acquisition of PHI and for general corporate purposes. See “Recent Developments—PHI Merger.”

CAPITALIZATION

The table below shows our unaudited capitalization on a consolidated basis as of March 31, 2014. The "As Adjusted for Concurrent Offering" column reflects our capitalization after giving effect to our concurrent offering of equity units and use of proceeds therefrom. The "As Fully Adjusted" column reflects our capitalization after giving effect to the concurrent offering of equity units, this offering of common stock and the intended use of the net proceeds from both of these offerings. The table below assumes that the over-allotment option is not exercised in this offering or the concurrent offering of equity units.

Unless the federal funds rate increases substantially prior to the settlement of the forward sale agreements, we expect to receive less than the net proceeds calculated based on the initial forward price upon physical settlement of the forward sale agreements. See "Use of Proceeds." You should read this table along with our audited financial statements contained in our Annual Report on Form 10-K for the year ended December 31, 2013, as well as the unaudited information presented in our most recent Quarterly Report on Form 10-Q filed for the quarter ended March 31, 2014. See "Where You Can Find More Information" and "Use of Proceeds."

	As of March 31, 2014		
	Actual	As Adjusted for Concurrent Offering	As Fully Adjusted
	(In millions)	(In millions)	(In millions)
Short-term borrowings	$ 980	$ 980	$ 980
Long-term debt:			
Long-term	19,568	19,568	19,568
Junior subordinated notes	—	1,000	1,000
Shareholders' equity	22,778	22,778	24,632
Total Capitalization	$ 43,326	44,326	$ 46,180

COMMON STOCK DIVIDENDS AND PRICE RANGE

Our common stock is listed on the New York Stock Exchange under the symbol "EXC". The following table sets forth the range of intra-day high and low sale prices, as reported on the New York Stock Exchange, and the cash dividends declared on the common stock for the periods indicated:

Price Range	High	Low	Dividends
2012			
First Quarter	$43.70	$38.31	$ 0.525
Second Quarter	39.37	36.27	0.525
Third Quarter	39.82	34.54	0.525
Fourth Quarter	37.50	28.40	0.525
2013			
First Quarter	$34.56	$29.10	$ 0.556
Second Quarter	37.80	29.84	0.310
Third Quarter	32.42	29.42	0.310
Fourth Quarter	30.59	26.64	0.310
2014			
First Quarter	$33.94	$26.45	$ 0.310
Second Quarter (through June 9, 2014)	$37.73	$33.11	$ 0.310

On June 9, 2014, the last reported sale price of the common stock on the New York Stock Exchange was $37.08 per share.

Our board of directors declared the second quarter 2014 dividend of $0.31 per share on Exelon's common stock. The second quarter dividend is payable on June 10, 2014 to shareholders of record as of 5:00 p.m. New York Time on May 16, 2014. All future quarterly dividends require approval by Exelon's board of directors.

As of June 6, 2014, we had approximately 858,876,681 shares of common stock outstanding and approximately 127,869 holders of record of our common stock.

ACCOUNTING TREATMENT

Before the issuance of our shares of common stock, if any, upon settlement of the forward sale agreements, the forward sale agreements will be reflected in our diluted earnings per share calculations using the treasury stock method. Under this method, the number of our shares of common stock used in calculating diluted earnings per share is deemed to be increased by the excess, if any, of the number of shares of common stock that would be issued upon full physical settlement of the forward sale agreements over the number of shares of common stock that could be purchased by us in the market (based on the average market price during the period) using the proceeds receivable upon full physical settlement (based on the adjusted forward sale price at the end of the reporting period). Consequently, we anticipate there will be no dilutive effect on our earnings per share except during periods when the average market price of our shares of common stock is above the applicable adjusted forward sale price, which is initially $ per share, subject to increase or decrease based on the federal funds rate, less a spread, and subject to decrease by amounts related to expected dividends on our shares of common stock during the term of the forward sale agreements.

DESCRIPTION OF COMMON STOCK

The description below is a summary of certain provisions of our common stock. The Pennsylvania Business Corporation Law and our Amended and Restated Articles of Incorporation and Amended and Restated Bylaws determine the rights and privileges of holders of our common stock. We encourage you to read our Amended and Restated Articles of Incorporation and Amended and Restated Bylaws, which have been filed with the SEC and are incorporated herein by reference, and the laws of the Commonwealth of Pennsylvania for more information regarding such common stock.

General

Our authorized capital stock consists of 2,000,000,000 shares of common stock, without par value per share. Our common stock is listed on the New York Stock Exchange under the trading symbol “EXC.” Our common stock is also traded on the Chicago Stock Exchange under the trading symbol “EXC.”

Dividends

Dividends on the common stock will be paid if, when and as determined by our Board of Directors out of funds legally available for this purpose. The rate and timing of future dividends will depend upon our future earnings and financial condition and upon other relevant factors affecting our dividend policy, which we cannot presently determine. As a practical matter, our ability to pay dividends will be governed by the ability of our operating subsidiaries to pay dividends to us.

Voting Rights

Holders of common stock are entitled to one vote for each share held of record by them on all matters presented to shareholders. Pursuant to our Amended and Restated Articles of Incorporation, the holders of common stock do not have cumulative voting rights in the election of directors. Our directors are not classified in respect to the time for which they may hold office. The directors are elected at each annual meeting of shareholders for a one year term expiring at the next annual meeting of shareholders. Our Amended and Restated Bylaws also provide for certain notice requirements for shareholder nominations and proposals at annual meetings and preclude shareholders from bringing business before any special meeting. Our Amended and Restated Articles of Incorporation and certain provisions of the laws of the Commonwealth of Pennsylvania require a supermajority vote of holders or a majority vote of disinterested directors to approve certain business combinations and other major transactions involving us.

Liquidation Rights

After satisfaction of the preferential liquidation rights of any preferred stock, the holders of our common stock are entitled to share, ratably, in the distribution of all remaining net assets.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS FOR NON-U.S. HOLDERS

The following discussion describes the material U.S. federal income tax considerations to the non-U.S. holders (as defined below) of the ownership and disposition of our common stock acquired in this offering and, unless otherwise noted in the following discussion, is the opinion of Kirkland & Ellis LLP, counsel to Exelon, insofar as it relates to legal conclusions with respect to matters of U.S. federal income tax law.

For purposes of this discussion, a "non-U.S. holder" means a beneficial owner of our common stock that, for U.S. federal income tax purposes, is not any of the following:

- an individual who is a citizen or resident of the United States;
- a corporation (or any other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if (a) a U.S. court has the authority to exercise primary supervision over the administration of the trust and one or more U.S. persons (as defined under the Internal Revenue Code of 1986, as amended (the "Code")) are authorized to control all substantial decisions of the trust or (b) the trust has a valid election in place to be treated as a domestic trust for U.S. federal income tax purposes.

This discussion assumes that each non-U.S. holder will hold each share of our common stock issued and purchased pursuant to this offering as a "capital asset" within the meaning of Section 1221 of the Code. This discussion does not address all U.S. federal income tax consequences relevant to a non-U.S. holder's individual circumstances. Specifically, this discussion does not address consequences relevant to U.S. expatriates and certain former citizens or long-term residents of the United States and partnerships or other entities or arrangements treated as partnerships for U.S. federal income tax purposes.

This discussion is based on the Code, Treasury regulations, Internal Revenue Service ("IRS") rulings and pronouncements and judicial decisions now in effect, all of which are subject to change or differing interpretations, possibly on a retroactive basis. No ruling has been or will be sought from the IRS with respect to the matters discussed below, and there can be no assurance that the IRS will not take a contrary position regarding the tax consequences of the ownership or disposition of our common stock, or that such contrary position would not be sustained by a court. Moreover, this discussion does not address the U.S. state and local, U.S. federal estate or gift, or non-U.S. tax considerations relating to the ownership and disposition of our common stock. This discussion also does not address the impact of the U.S. unearned income Medicare contribution tax on non-U.S. holders.

If a partnership (or other entity treated as a partnership for U.S. federal income tax purposes) holds our common stock, the tax treatment of a partner in the partnership will depend on the status of the partner, the activities of the partnership and certain determinations made at the partner level. Accordingly, partnerships holding our common stock and the partners in such partnerships should consult their tax advisors regarding the U.S. federal income tax consequences to them.

This discussion is for information purposes only and is not tax advice. Investors should consult their tax advisors with respect to the particular tax consequences to such investors of the purchase, ownership and disposition of our common stock arising under the U.S. federal income tax laws, U.S. federal estate or gift tax laws or under the laws of any state, local or non-U.S. taxing jurisdiction or under any applicable income tax treaty.

Distributions

In general, a distribution that we make to a non-U.S. holder with respect to shares of our common stock will constitute a dividend for U.S. federal income tax purposes to the extent paid out of our current or accumulated earnings and profits as determined under the Code. Subject to the discussions below on backup withholding and

foreign accounts, dividends paid to a non-U.S. holder that are not effectively connected with the non-U.S. holder's conduct of a trade or business within the United States will generally be subject to U.S. federal withholding tax at a rate of 30% of the gross amount of the dividends (unless such dividend is eligible for a reduced rate under an applicable income tax treaty). In order to obtain a reduced rate of withholding, a non-U.S. holder is generally required to provide to the applicable withholding agent an IRS Form W-8BEN (or suitable substitute form) properly certifying such holder's eligibility for the reduced rate. Non-U.S. holders that do not timely provide the applicable withholding agent with the required certification, but that qualify for a reduced withholding rate, may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for a refund with the IRS. Non-U.S. holders should consult their tax advisors regarding their entitlement to benefits under an applicable income tax treaty and the timing and manner of claiming the benefits.

Subject to the discussions below on backup withholding and foreign accounts, dividends that are effectively connected with a non-U.S. holder's conduct of a trade or business in the United States and, if an applicable income tax treaty so requires, are attributable to a permanent establishment maintained by the non-U.S. holder in the United States, are taxed on a net-income basis at the regular graduated rates and in the manner applicable to U.S. persons. The non-U.S. holder is generally required to provide to the applicable withholding agent a properly executed IRS Form W-8ECI (or suitable substitute form) in order to claim an exemption from, or reduction in, U.S. federal withholding. In addition, a "branch profits tax" may be imposed at a 30% rate (or a reduced rate under an applicable income tax treaty) on a foreign corporation's effectively connected earnings and profits for the taxable year, as adjusted for certain items.

Sale or Other Taxable Disposition of Our Common Stock

Subject to the discussions below on backup withholding and foreign accounts, a non-U.S. holder will generally not be subject to U.S. federal income tax on any gain recognized upon the sale or other disposition of our common stock unless:

- the gain is effectively connected with the non-U.S. holder's conduct of a trade or business within the United States (subject to an applicable income tax treaty providing otherwise);
- the non-U.S. holder is an individual who is present in the United States for 183 days or more in the taxable year of the disposition and certain other requirements are met; or
- our common stock constitutes a U.S. real property interest by reason of our status as a U.S. real property holding corporation, or a "USRPHC," for U.S. federal income tax purposes.

Gain described in the first bullet point above will generally be subject to U.S. federal income tax on a net-income basis at the regular graduated U.S. federal income tax rates and in the manner applicable to U.S. persons. A non-U.S. holder that is a foreign corporation for U.S. federal income tax purposes also may be subject to a branch profits tax at a rate of 30% (or a reduced rate under an applicable income tax treaty) upon its effectively connected earnings and profits for the taxable year, as adjusted for certain items.

A non-U.S. holder described in the second bullet point above will be subject to U.S. federal income tax at a rate of 30% (or a reduced rate under an applicable income tax treaty) on any gain derived from the disposition, which may be offset by certain U.S.-source capital losses of the non-U.S. holder (even though the individual is not considered a resident of the United States for U.S. federal income tax purposes) provided that the non-U.S. holder has timely filed U.S. federal income tax returns with respect to such losses.

With respect to the third bullet point above, we have not determined whether we are a "United States real property holding corporation" for U.S. federal income tax purposes (a "USRPHC"). However, even if we were a USRPHC, so long as our common stock continues to be regularly traded on an established securities market in the United States, within the meaning of applicable Treasury Regulations, a non-U.S. holder will not be subject to U.S. federal income tax on the disposition of our common stock if the non-U.S. holder has not held more than

5% (actually or constructively) of our total outstanding common stock at any time during the shorter of the five-year period preceding the date of disposition or such non-U.S. holder's holding period.

If a non-U.S. holder exceeds the limits described in the above paragraph with respect to common stock and we are a USRPHC, the non-U.S. holder generally will be subject to U.S. federal income tax at the regular graduated rates applicable to U.S. persons upon its disposition at a gain. A non-U.S. holder generally would also be subject to such tax with respect to any distribution on such common stock to the extent such distribution would not be treated as a dividend if such non-U.S. holder were a U.S. person. If a non-U.S. holder is subject to the tax described in the preceding sentences, the non-U.S. holder will be required to file a U.S. federal income tax return with the IRS.

Non-U.S. holders should consult their tax advisors regarding the U.S. federal income tax consequences of investing in our common stock if we were to be treated as a USRPHC.

Non-U.S. holders should also consult their tax advisors regarding potentially applicable income tax treaties that may provide for different rules.

Backup Withholding Tax and Information Reporting

A non-U.S. holder will not be subject to backup withholding with respect to payments of dividends on our common stock that we make to the non-U.S. holder, provided that the applicable withholding agent does not have actual knowledge or reason to know such holder is a U.S. person and that the holder certifies its non-U.S. status by providing a valid IRS Form W-8BEN or W-8ECI or other applicable certification. However, when and to the extent required by law, information returns will be filed with the IRS in connection with any dividends on our common stock paid to the non-U.S. holder, regardless of whether any tax was actually withheld. Copies of such information returns may also be made available, and withholding taxes paid, to the tax authorities in the country in which the non-U.S. holder resides or is established under the provisions of an applicable income tax treaty or agreement.

Unless the non-U.S. holder complies with certification procedures to establish that such holder is not a U.S. person (and the payor does not have actual knowledge or reason to know that the beneficial owner is a U.S. person), the non-U.S. holder may be subject to information reporting and, depending on the circumstances, backup withholding on the proceeds of a sale or disposition of our common stock.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a non-U.S. holder may be allowed as a credit against such non-U.S. holder's U.S. federal income tax liability, and may entitle such non-U.S. holder to a refund, provided the required information is timely and appropriately furnished to the IRS.

Additional Withholding Tax on Payments Made to Foreign Accounts

Withholding tax may be imposed under legislation commonly referred to as the Foreign Account Tax Compliance Act, or "FATCA," on certain types of payments made to non-U.S. financial institutions and certain other non-U.S. entities. Specifically, a 30% withholding tax may be imposed on dividends on, or gross proceeds from the sale or other disposition of, our common stock paid to a "foreign financial institution" or a "non-financial foreign entity" (each as defined in the Code), unless (a) the foreign financial institution undertakes certain diligence and reporting obligations, (b) the non-financial foreign entity either certifies it does not have any "substantial United States owners" (as defined in the Code) or furnishes identifying information regarding each substantial U.S. owner or (c) the foreign financial institution or non-financial foreign entity otherwise qualifies for an exemption from these rules.

If the payee is a foreign financial institution and is subject to the diligence and reporting requirements in (a) above, it must enter into an agreement with the U.S. Department of the Treasury requiring, among other

things, that it undertake to identify accounts held by certain “specified United States persons” or “United States owned foreign entities” (each as defined in the Code), annually report certain information about such accounts and withhold 30% on payments to non-compliant foreign financial institutions and certain other account holders. Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the United States governing FATCA may be subject to different rules.

Under the applicable Treasury regulations, withholding under FATCA generally will apply to dividends on our common stock made on or after July 1, 2014, and to gross proceeds from the sale or other disposition of such stock on or after January 1, 2017. Prospective investors should consult their tax advisors regarding the applicability of withholding under FATCA with respect to our common stock.

CERTAIN CONSIDERATIONS FOR EMPLOYEE BENEFIT PLANS AND OTHER RETIREMENT ARRANGEMENTS

The following is a summary of certain considerations associated with the purchase of the shares by employee benefit plans that are subject to Title I of the U.S. Employee Retirement Income Security Act of 1974 ("ERISA"), individual retirement accounts and other plans and arrangements that are subject to Section 4975 of the Code or provisions under federal, state, local or non-U.S. laws that are substantively similar to Title I of ERISA or Section 4975 of the Code (such federal, state, local or non-U.S. laws, "Similar Laws") and entities whose underlying assets are considered to include "plan assets" (as defined in Section 3(42) of ERISA or any applicable Similar Laws, "Plan Assets") of any such plan, account or arrangement (each, a "Plan").

General Fiduciary Matters

ERISA and the Code impose certain duties on persons who are fiduciaries of a Plan subject to Title I of ERISA or Section 4975 of the Code (an "ERISA Plan"), and both ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of an ERISA Plan and its fiduciaries or other interested parties. Under Title I of ERISA and the Code, any person who exercises any discretionary authority or control over the administration of such an ERISA Plan or the management or disposition of the assets of such an ERISA Plan, or who renders investment advice for a fee or other compensation (direct or indirect) to such an ERISA Plan, is generally considered to be a fiduciary of the ERISA Plan.

In considering an investment in the shares with the assets of any Plan, a fiduciary should consult with its counsel in order to determine whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any Similar Laws. In addition, a fiduciary of a Plan should consult with its counsel in order to determine if the investment satisfies the fiduciary's duties to the Plan including, without limitation, the prudence, diversification, delegation of control and prohibited transaction provisions of ERISA, the Code and any other applicable Similar Laws.

Prohibited Transaction Issues

Section 406 of ERISA and Section 4975 of the Code prohibit ERISA Plans from engaging in specified transactions involving plan assets with persons or entities who are "parties in interest," within the meaning of ERISA, or "disqualified persons," within the meaning of Section 4975 of the Code, unless an exemption is available. A party in interest or disqualified person who engages in a nonexempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. In addition, the fiduciary of the ERISA Plan that engaged in such a nonexempt prohibited transaction may be subject to penalties and liabilities under ERISA and the Code. The acquisition and/or holding of shares by an ERISA Plan with respect to which Exelon or an underwriter is or becomes a party in interest or disqualified person may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, unless the investment is acquired and is held in accordance with an applicable statutory, class or individual prohibited transaction exemption. Certain exemptions from the prohibited transaction rules could be applicable to the purchase and holding of shares by an ERISA Plan depending on the type and circumstances of the fiduciary making the decision to acquire such shares and the relationship of the party in interest or disqualified person to the ERISA Plan. Included among these exemptions are Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code for certain transactions between an ERISA Plan and non-fiduciary service providers to the ERISA Plan. In addition, the United States Department of Labor has issued prohibited transaction class exemptions ("PTCEs") that may apply to the acquisition and holding of the shares. These class exemptions (as may be amended from time to time) include, without limitation, PTCE 84-14, respecting transactions determined by independent qualified professional asset managers, PTCE 90-1, respecting insurance company pooled separate accounts, PTCE 91-38, respecting bank collective investment funds, PTCE 95-60, respecting life insurance company general accounts and PTCE 96-23, respecting transactions determined by in-house asset managers.

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Each of these exemptions contains conditions and limitations on its application. Fiduciaries of Plans considering acquiring and/or holding the shares in reliance of these or any other exemption should carefully review the exemption to assure it is applicable. There can be no assurance that all of the conditions of any such exemptions will be satisfied.

Because of the foregoing, the shares should not be purchased or held by any person investing Plan Assets of any Plan, unless such purchase and holding (1) is entitled to exemptive relief from the prohibited transaction provisions of ERISA and Section 4975 of the Code and is otherwise permissible under all applicable Similar Laws or (2) would not otherwise constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code.

Representation

By acceptance of the shares or any interest therein, each purchaser will be deemed to have represented and warranted that either (1) no portion of the assets used by such purchaser to acquire or hold the shares constitutes Plan Assets or (2) the acquisition and holding of the shares by such purchaser would not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation of Similar Laws.

The foregoing discussion is general in nature and is not intended to be all-inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in nonexempt prohibited transactions, it is particularly important that fiduciaries or other persons considering acquiring the shares on behalf of, or with the assets of, any Plan, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any Similar Laws to such investments and whether an exemption would be applicable to the purchase and holding of the shares.

UNDERWRITING (CONFLICTS OF INTEREST)

Barclays Capital Inc. and Goldman, Sachs & Co. are acting as the representatives of the underwriters and the joint book-running managers of this offering. Under the terms and subject to the conditions of an underwriting agreement dated the date of this prospectus supplement, each of the underwriters have agreed, severally and not jointly, to purchase, and the forward purchasers have agreed to sell to the underwriters, the number of shares of common stock shown opposite its name below:

Underwriters	Number of Shares
Barclays Capital Inc.	
Goldman, Sachs & Co.	
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
Credit Suisse Securities (USA) LLC	
J.P. Morgan Securities LLC	
BNP Paribas Securities Corp.	
Citigroup Global Markets Inc.	
Mitsubishi UFJ Securities (USA), Inc.	
RBS Securities Inc.	
Scotia Capital (USA) Inc.	
Wells Fargo Securities, LLC	
Mizuho Securities USA Inc.	
RBC Capital Markets, LLC	
Piper Jaffray & Co.	
Total	50,000,000

The underwriters are offering the shares of common stock subject to their acceptance of the shares from the forward purchasers and subject to prior sale. The underwriting agreement provides that the obligations of the underwriters to pay for and accept delivery of the common stock offered by this prospectus supplement are subject to the approval of certain legal matters by their counsel and to certain other conditions. The underwriters are obligated to take and pay for all of the common stock offered by this prospectus supplement if any such shares are taken.

Our common stock is listed on the New York Stock Exchange under the symbol “EXC.”

The underwriters propose to offer our common stock from time to time for sale in one or more transactions on the New York Stock Exchange, in the over-the-counter market, through negotiated transactions or otherwise at market prices prevailing at the time of sale, at prices related to prevailing market prices or at negotiated prices, subject to receipt and acceptance by them and subject to their right to reject any order in whole or in part. In connection with the sale of our common stock offered hereby, the underwriters may be deemed to have received compensation in the form of underwriting discounts. The underwriters may effect such transactions by selling our common stock to or through dealers, and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or purchasers of our common stock for whom they may act as agents or to whom they may sell as principal. The difference between the price at which the underwriters purchase common stock and the price at which the underwriters resell such common stock may be deemed underwriting compensation.

The expenses of the offering that are payable by us are estimated to be approximately $ (excluding underwriting discount).

Option to Purchase Additional Shares

We have granted the underwriters a 30-day option from the date of this prospectus supplement, exercisable at one time in whole or in part, to purchase up to an additional 7,500,000 shares of our common stock at the initial price to public less the underwriting discount. If such option is exercised, we will enter into additional forward sale agreements with the forward purchasers in respect of the number of shares that are subject to the exercise of such option. In the event that we enter into additional forward sale agreements, if any forward seller does not borrow and sell all of the shares of common stock to be sold by it in connection with the exercise of such option, we will issue and sell to the underwriters a number of our shares of common stock equal to the number of shares of common stock that the forward seller does not borrow and sell.

Lock-Up Agreements

We have entered into a lock-up agreement with the underwriters prior to the commencement of this offering pursuant to which we, for a period of 60 days after the date of this prospectus supplement, may not, without the prior written consent of Barclays Capital Inc. and Goldman, Sachs & Co., (1) offer, sell, contract to sell, pledge, grant any option to purchase, make any short sale or otherwise dispose of, directly or indirectly, or file with the SEC a registration Statement under the Securities Act of 1933, as amended (the “Securities Act”), relating to, any securities of the Company that are substantially similar to the shares of common stock being offered herby, including but not limited to any options or warrants to purchase shares of common stock or any securities convertible into or exchangeable for, or that represent the right to receive, common stock or any such substantially similar securities, or publicly disclose the intention to make any offer, sale, pledge disposition or filing, or (2) enter into any swap or other agreement that transfers, in whole or part, any of the economic consequences of ownership of the common stock or any such other securities, whether any such transaction described in clause (1) or (2) above is to be settled by the delivery of common stock or such other securities in cash or otherwise.

Our directors and executive officers have entered into lock-up agreements with the underwriters prior to the commencement of this offering pursuant to which each of these persons, with limited exceptions, for a period of 60 days after the date of this prospectus supplement, may not, without the prior written consent of Barclays Capital Inc. and Goldman, Sachs & Co., offer, sell, contract to sell, pledge, grant any option to purchase, make any short sale or otherwise dispose of any shares of common stock, or any options or warrants to purchase shares of common stock, or any securities convertible into, exchangeable for or that represent the right to receive shares of common stock, whether now owned or hereinafter acquired, owned directly by such persons or with respect to which such persons have beneficial ownership within the rules and regulations of the SEC. Notwithstanding the foregoing, such directors and executive officers may (1) transfer such shares (a) as a bona fide gift or gifts or (b) to any trust for his or her direct or indirect benefit or the immediate family of such person, provided that the transferee agrees to be bound in writing by the limitations set forth above, and provided further that any such transfer shall not involve a disposition for value, or (2) sell such shares (a) pursuant to the plan adopted by such director or executive officer under the Exchange Act (the “10b5-1 Plan”) in accordance with the terms of such 10b5-1 Plan in existence as of the date of this prospectus supplement without any further amendment or modification, but only to the extent that any filing made pursuant to Section 16(a) under the Exchange Act reporting any such sale made pursuant to this exception shall indicate that the sale was made pursuant to the 10b5-1 Plan or (b) held as of the date of this prospectus supplement through our 401(k) plan pursuant to portfolio balancing opportunities provided by the terms of such 401(k) plan.

Barclays Capital Inc. and Goldman, Sachs & Co., in their sole discretion, may release the common stock and other securities subject to the lock-up agreements described above in whole or in part at any time with or without notice. When determining whether or not to release common stock and other securities from lock-up agreements, Barclays Capital Inc. and Goldman, Sachs & Co. will consider, among other factors, the holder’s reasons for requesting the release, the number of shares of common stock and other securities for which the release is being requested and market conditions at the time.

Indemnification

We have agreed to indemnify the underwriters and the forward purchasers against certain liabilities, including liabilities under the Securities Act, and to contribute to payments that the underwriters may be required to make for these liabilities.

Forward Sale Agreements

We expect to enter into forward sale agreements on the date of this prospectus supplement with an affiliate of Barclays Capital Inc. and Goldman, Sachs & Co., as the forward purchasers relating to an aggregate of 50,000,000 shares of our common stock (or 57,500,000 shares of our common stock if the underwriters exercise their option to purchase additional shares of our common stock in full). In connection with the execution of such forward sale agreements and at our request, the forward sellers are borrowing from third parties and selling in this offering an aggregate of 50,000,000 shares of our common stock (or 57,500,000 shares of our common stock. If any forward seller does not borrow and sell all of the shares of common stock to be sold by it pursuant to the terms of the underwriting agreement, we will issue and sell directly to the underwriters the number of shares of common stock not borrowed and delivered by the relevant forward seller, and the number of shares of common stock underlying the relevant forward sale agreement will be decreased in respect of the number of shares of common stock we issue and sell. Under any such circumstance, the commitment of the underwriters to purchase our shares of common stock from the forward sellers, as described above, will be replaced with the commitment to purchase from us, at the price set forth on the cover page of this prospectus supplement at which the underwriters have agreed to purchase the shares of common stock from the forward sellers, the relevant number of shares of common stock not borrowed and delivered by the forward sellers. In such event, we or the underwriters may postpone the closing date by up to three business days to effect any necessary changes to the documents or arrangements.

We will receive an amount equal to the net proceeds from the sale of the borrowed shares of common stock sold in this offering, subject to certain adjustments pursuant to the forward sale agreements, at the applicable forward sale price (as described below), from the forward purchasers upon full physical settlement of the forward sale agreements. We will only receive such proceeds if we elect to fully physically settle the forward sale agreements.

We expect each forward sale agreement to settle on or about October 29, 2015, although we may, subject to certain conditions, elect to accelerate the settlement of all or a portion of the number of shares of common stock underlying the relevant forward sale agreement and the relevant forward purchasers may accelerate the forward purchase agreements upon the occurrence of certain events. On a settlement date, if we decide to physically settle a forward sale agreement, we will issue our shares of common stock to the forward purchaser under its forward sale agreement at the then-applicable forward sale price. The forward sale price initially will be equal to the initial price to public less the underwriting discount per share, as set forth on the cover page of this prospectus supplement. The forward sale agreements provide that the forward sale price will be subject to adjustment on a daily basis based on a floating interest rate factor equal to the federal funds rate less a spread, and will be decreased based on amounts related to expected dividends on our shares of common stock during the term of the forward sale agreements. If the federal funds rate is less than the spread on any day, the interest factor will result in a daily reduction of the forward sale price. As of the date of this prospectus supplement, the federal funds rate was less than the spread.

Before settlement of the forward sale agreements, the forward sale agreements will be reflected in our diluted earnings per share, return on equity and dividends per share calculations using the treasury stock method. Under this method, the number of our shares of common stock used in calculating diluted earnings per share, return on equity and dividends per share is deemed to be increased by the excess, if any, of the number of shares of common stock that would be issued upon full physical settlement of the forward sale agreements over the number of shares of common stock that could be purchased by us in the market (based on the average market

price during the period) using the proceeds receivable upon full physical settlement (based on the adjusted forward sale price at the end of the reporting period). Consequently, we anticipate there will be no dilutive effect on our earnings per share, except during periods when the average market price of our shares of common stock is above the applicable forward sale price, which is initially $ per share (equal to the initial price to public less the underwriting discount per share, as set forth on the cover page of this prospectus supplement).

Except under the circumstances described below and set forth in the forward sale agreements, we have the right to elect physical, cash or net share settlement under the forward sale agreements. Although we expect to settle the forward sale agreements entirely by delivering our shares of common stock in connection with full physical settlement, we may, subject to certain conditions, elect cash settlement or net share settlement for all or a portion of our obligations if we conclude it is in our interest to cash settle or net share settle. For example, we may conclude it is in our interest to cash settle or net share settle if we have no then current use for all or a portion of the net proceeds we would receive upon physical settlement. In addition, subject to certain conditions, we may elect to accelerate the settlement of all or a portion of the number of shares of common stock underlying the relevant forward sale agreement. In the event we elect to cash settle or net share settle, the settlement amount will be generally related to (1) (a) the market value of our shares of common stock during the relevant valuation period under the relevant forward sale agreement (which valuation period will consist of alternating scheduled trading days that do not coincide with the scheduled trading days comprising the valuation period under the other forward sale agreement) minus (b) the applicable forward sale price; multiplied by (2) the number of shares of common stock underlying the relevant forward sale agreement subject to such cash settlement or net share settlement. If this settlement amount is a negative number, the relevant forward purchaser will pay us the absolute value of that amount or deliver to us a number of our shares of common stock having a value equal to the absolute value of such amount. If this settlement amount is a positive number, we will pay the relevant forward purchaser that amount or deliver to such forward purchaser a number of our shares of common stock having a value equal to such amount. In connection with any cash settlement or net share settlement, we would expect the relevant forward purchaser or its affiliate to purchase our shares of common stock in secondary market transactions for delivery to third-party stock lenders in order to close out its, or its affiliate's, hedge position in respect of its forward sale agreement. The purchase of our shares of common stock in connection with a forward purchaser or its affiliate unwinding its hedge positions could result in an increase (or a reduction in the amount of any decrease) in the price of our shares of common stock over such time, thereby increasing the amount of cash we owe to the relevant forward purchaser (or decreasing the amount of cash such forward purchaser owes us) upon cash settlement or increasing the number of our shares of common stock we are obligated to deliver to such forward purchaser (or decreasing the number of our shares of common stock such forward purchaser is obligated to deliver to us) upon net share settlement. See "Risk Factors—Risks Related to the Forward Sale Agreements."

Each forward purchaser will have the right to accelerate its forward sale agreement (with respect to all or any portion of the transaction under the forward sale agreement that the forward purchaser determines is affected by such event) and require us to settle on a date specified by such forward purchaser if (1) such forward purchaser is unable to, or would incur a materially increased cost to, establish, maintain or unwind its hedge position with respect to its forward sale agreement, subject to certain exceptions in the case of such a materially increased cost; (2) such forward purchaser determines it is unable to, or it is commercially impracticable for it to, continue to borrow a number of our shares of common stock equal to the number of shares of common stock underlying its forward sale agreement or that, with respect to borrowing such number of shares of common stock, it would incur a rate that is greater than the borrow cost specified in such forward sale agreement, subject to certain exceptions in the case of such a rate of borrowing that is greater than such specified borrow cost; (3) such forward purchaser determines that it has an excess Section 13 ownership position, an FPA excess ownership position or an excess regulatory ownership position (as such terms are defined in such forward sale agreement) with respect to certain ownership restrictions and related filing requirements under federal securities laws, Pennsylvania corporate laws and federal power regulations or other applicable laws and regulations, as applicable; (4) we declare a dividend or distribution on our shares of common stock with a cash value in excess of a specified amount, an ex-dividend date that occurs earlier than a specified date or certain non-cash dividends; (5) there occurs a public announcement of an event or transaction that, if consummated, would result in a merger

event, tender offer, nationalization or change in law (in each case, as determined pursuant to the terms of the forward sale agreement); or (6) certain other events of default, termination events or other specified events occur, including, among other things, any material misrepresentation made by us in connection with entering into such forward sale agreement or a market disruption event during a specified period that lasts for more than eight scheduled trading days (in each case, as determined pursuant to the terms of the forward sale agreement). Each forward purchaser's decision to exercise its right to accelerate the settlement of the relevant forward sale agreement will be made irrespective of our need for capital. In such cases, we could be required to issue and deliver shares of common stock under the physical settlement provisions, which would result in dilution to our earnings per share, return on equity and dividends per share, or, if we so elect and such forward purchaser so permits our election, net share settlement provisions of the relevant forward sale agreement, which could result in dilution to our earnings per share, return on equity and dividends per share, or cash settlement, irrespective of our capital needs In addition, upon certain events of bankruptcy, insolvency or reorganization relating to us, the forward sale agreements will terminate without further liability of either party. Following any such termination, we would not issue any shares of common stock and we would not receive any proceeds pursuant to the applicable forward sale agreements. See "Risk Factors—Risks Related to the Forward Sale Agreements."

Stabilization, Short Positions and Penalty Bids

The representatives may engage in stabilizing transactions, short sales and purchases to cover positions created by short sales, and penalty bids or purchases for the purpose of pegging, fixing or maintaining the price of the common stock, in accordance with Regulation M under the Exchange Act:

- Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum.
- A short position involves a sale by the underwriters of shares in excess of the number of shares the underwriters are obligated to purchase in the offering, which creates the syndicate short position. This short position may be either a covered short position or a naked short position. In a covered short position, the number of shares involved in the sales made by the underwriters in excess of the number of shares they are obligated to purchase is not greater than the number of shares that they may purchase by exercising their option to purchase additional shares. In a naked short position, the number of shares involved is greater than the number of shares in their option to purchase additional shares. The underwriters may close out any short position by either exercising their option to purchase additional shares and/or purchasing shares in the open market. In determining the source of shares to close out the short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through their option to purchase additional shares. A naked short position is more likely to be created if the underwriters are concerned that there could be downward pressure on the price of the shares in the open market after pricing that could adversely affect investors who purchase in the offering.
- Syndicate covering transactions involve purchases of the common stock in the open market after the distribution has been completed in order to cover syndicate short positions.
- Penalty bids permit the representatives to reclaim a selling concession from a syndicate member when the common stock originally sold by the syndicate member is purchased in a stabilizing or syndicate covering transaction to cover syndicate short positions.

These stabilizing transactions, syndicate covering transactions and penalty bids may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of the common stock. As a result, the price of the common stock may be higher than the price that might otherwise exist in the open market. These transactions may be effected on the New York Stock Exchange or otherwise and, if commenced, may be discontinued at any time.

Neither we nor any of the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the common stock. In addition, neither we nor any of the underwriters make representation that the representatives will engage in these stabilizing transactions or that any transaction, once commenced, will not be discontinued without notice.

Electronic Distribution

A prospectus in electronic format may be made available on the Internet sites or through other online services maintained by one or more of the underwriters and/or selling group members participating in this offering, or by their affiliates. In those cases, prospective investors may view offering terms online and, depending upon the particular underwriter or selling group member, prospective investors may be allowed to place orders online. The underwriters may agree with us to allocate a specific number of shares for sale to online brokerage account holders. Any such allocation for online distributions will be made by the representatives on the same basis as other allocations.

Other than the prospectus in electronic format, the information on any underwriter's or selling group member's web site and any information contained in any other web site maintained by an underwriter or selling group member is not part of the prospectus or the registration statement of which this prospectus forms a part, has not been approved and/or endorsed by us or any underwriter or selling group member in its capacity as underwriter or selling group member and should not be relied upon by investors.

Other Relationships

Certain of the underwriters are participating in the concurrent equity units offering. In addition, the underwriters and their respective affiliates are full service financial institutions engaged in various activities. From time to time, in the ordinary course of business, the underwriters and their respective affiliates have engaged and may in the future engage, in sales and trading, commercial banking, investment banking advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services and/or other transactions of a financial nature with us and our affiliates. Consequently, they have received, and in the future may continue to receive, customary fees and commissions for these services. Specifically, certain of the underwriters are lenders under our existing credit facilities. Additionally, Barclays Capital Inc. and Goldman, Sachs & Co. are serving as financial advisors to us in connection with the acquisition of PHI.

In addition, in the ordinary course of their business activities, the underwriters and their affiliates may make or hold a broad array of investments, including serving as counterparties to certain derivative and hedging arrangements, and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates.

Conflicts of Interest

All of the proceeds of this offering (excluding proceeds paid to us with respect to any common stock that we may sell to the underwriters in lieu of the forward sellers selling our common stock to the underwriters) will be paid to the forward purchasers. Because an affiliate of Barclays Capital Inc. and Goldman, Sachs & Co. each will receive more than 5% of the net proceeds of this offering, Barclays Capital Inc. and Goldman, Sachs & Co. are deemed to have a conflict of interest within the meaning of FINRA Rule 5121. Accordingly, this offering will be conducted in compliance with the applicable provisions of FINRA Rule 5121. Pursuant to that rule, the appointment of a "qualified independent underwriter" is not required in connection with this offering, as the shares of common stock have a "bona fide public market" (as defined in FINRA Rule 5121). In accordance with FINRA Rule 5121, each of Barclays Capital Inc. and Goldman, Sachs & Co. will not confirm any sales to any account over which it exercises discretionary authority without the specific written approval of the transaction from the account holder. See "Use of Proceeds" for additional information.

Selling Restrictions

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive, or a Relevant Member State, with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State, or Relevant Implementation Date, no offer of shares may be made to the public in that Relevant Member State other than:

- to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the representatives; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of shares shall require Exelon or the representatives to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purpose of the above provisions, the expression “an offer to the public” in relation to any shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the shares to be offered so as to enable an investor to decide to purchase or subscribe the shares, as the same may be varied in the Relevant Member State by any measure implementing the Prospectus Directive in the Relevant Member State and the expression “Prospectus Directive” means Directive 2003/71/EC (including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member States) and includes any relevant implementing measure in the Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

The sellers of the shares have not authorized and do not authorize the making of any offer of shares through any financial intermediary on their behalf, other than offers made by the underwriter with a view to the final placement of the shares as contemplated in this prospectus. Accordingly, no purchaser of the shares, other than the underwriter, is authorized to make any further offer of the shares on behalf of the sellers or the underwriter.

United Kingdom

This prospectus has only been communicated or caused to have been communicated and will only be communicated or caused to be communicated as an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act of 2000 (as amended), or FSMA) as received in connection with the issue or sale of the shares in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer. All applicable provisions of the FSMA will be complied with in respect to anything done in relation to the shares in, from or otherwise involving the United Kingdom.

Switzerland

The shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (“SIX”) or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

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Neither this document nor any other offering or marketing material relating to the offering, the Company, the shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of shares will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA (FINMA), and the offer of shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes ("CISA"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of shares.

Dubai International Financial Centre

This prospectus supplement relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority ("DFSA"). This prospectus supplement is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus supplement nor taken steps to verify the information set forth herein and has no responsibility for the prospectus supplement. The shares to which this prospectus supplement relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the shares offered should conduct their own due diligence on the shares. If you do not understand the contents of this prospectus supplement you should consult an authorized financial advisor.

Hong Kong

The shares may not be offered or sold by means of any document other than (1) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (2) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Japan

The shares have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the Financial Instruments and Exchange Law) and each underwriter has agreed that it will not offer or sell any securities, directly or indirectly, in Japan or to, or for the account or the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the account or the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

Singapore

This prospectus has not been registered as a prospectus under the Securities and Futures Act, Chapter 289 of Singapore (the "SFA") by the Monetary Authority of Singapore, and the offer of the shares in Singapore is made primarily pursuant to the exemptions under Sections 274 and 275 of the SFA. Accordingly, the shares may not be offered or sold, or made the subject of an invitation for subscription or purchase, nor may this prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the shares be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (1) to an

institutional investor as defined in Section 4A of the SFA pursuant to Section 274 of the SFA, (2) to an accredited investor as defined in Section 4A of the SFA or other relevant person as defined in Section 275(2) of the SFA, or to any person pursuant to an offer referred to in Section 275(1A) of the SFA, and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable exemption or provision of the SFA.

Where the shares are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the shares under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275 (1A), and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; or (3) by operation of law.

LEGAL MATTERS

Ballard Spahr LLP, Philadelphia, Pennsylvania, will render an opinion as to the validity of the common stock for us. Kirkland & Ellis, LLP, New York, New York will render an opinion as to certain other legal matters, and certain legal matters will be passed on for the underwriters by Winston & Strawn LLP, Chicago, Illinois and Latham & Watkins LLP, New York. Winston & Strawn LLP and Latham & Watkins LLP provide legal services to Exelon and its subsidiaries from time to time.

EXPERTS

The financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) incorporated in this Prospectus by reference to the Annual Report on Form 10-K for the year ended December 31, 2013 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

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Unsecured Debt Securities
Senior Secured Bonds
Preferred Stock

Exelon Corporation (Exelon) may use this prospectus to offer and sell from time to time:

- senior debt securities;
- subordinated debt securities;
- common stock;
- stock purchase contracts;
- stock purchase units;
- preferred stock in one or more series;
- depositary shares.

Exelon Generation Company, LLC (Generation) may use this prospectus to offer and sell from time to time:

- senior debt securities; and
- preferred limited liability company interests in one or more series.

Commonwealth Edison Company (ComEd) may use this prospectus to offer and sell from time to time:

- first mortgage bonds; and
- unsecured notes.

PECO Energy Company (PECO) may use this prospectus to offer and sell from time to time:

- first and refunding mortgage bonds; and
- preferred stock in one or more series

Baltimore Gas and Electric Company (BGE) may use this prospectus to offer and sell from time to time:

- unsecured debt securities;
- senior secured bonds; and
- preferred stock in one or more series.

Exelon, Generation, ComEd, PECO and BGE sometimes refer to the securities listed above as the "Securities."

Exelon, Generation, ComEd, PECO and BGE will provide the specific terms of the Securities in supplements to this prospectus prepared in connection with each offering. Please read this prospectus and the applicable prospectus supplement carefully before you invest. This prospectus may not be used to consummate sales of the offered Securities unless accompanied by a prospectus supplement.

Exelon's common shares are listed on the New York Stock Exchange, under the symbol "EXC."

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Please see " Risk Factors " beginning on page 2 for a discussion of factors you should consider in connection with a purchase of the Securities offered in this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is May 23, 2014.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that Exelon, Generation, ComEd, PECO and BGE have each filed with the Securities and Exchange Commission (SEC) using a "shelf" registration process. Under this shelf registration process, each of us may, from time to time, sell our Securities described in this prospectus in one or more offerings. Each time Exelon, Generation, ComEd, PECO or BGE (each, a registrant) sells Securities, the registrant will provide a prospectus supplement that will contain a description of the Securities the registrant will offer and specific information about the terms of the offering. The prospectus supplement may also add, update or change information contained in this prospectus. If there is any inconsistency between the information in this prospectus and the prospectus supplement, you should rely on the prospectus supplement. You should read both this prospectus and any prospectus supplement together with additional information described under "Where You Can Find More Information."

Information contained herein relating to each registrant is filed separately by such registrant on its own behalf. No registrant makes any representation as to information relating to any other registrant or Securities issued by any other registrant.

As used in this prospectus, the terms "we," "our" and "us" generally refer to:

- Exelon with respect to Securities issued by Exelon.
- Generation with respect to Securities issued by Generation.
- ComEd with respect to Securities issued by ComEd.
- PECO with respect to Securities issued by PECO.
- BGE with respect to Securities issued by BGE.

None of the registrants will guarantee or provide other credit or funding support for the Securities to be offered by another registrant pursuant to this prospectus.

We are not offering the Securities in any state where the offer is not permitted.

For more detailed information about the Securities, you should read the exhibits to the registration statement. Those exhibits have either been filed with the registration statement or incorporated by reference to earlier SEC filings listed in the registration statement.

You should rely only on information contained in this prospectus and which is incorporated by reference or the documents to which we have referred you. We have not authorized anyone to provide you with information that is different. This prospectus and related prospectus supplement may be used only where it is legal to sell these securities. The information in this prospectus and any prospectus supplement may only be accurate on the date of this document. The business of the registrant, financial condition, results of operations and prospects may have changed since that date.

Please see "Risk Factors" beginning on page 2 for a discussion of factors you should consider in connection with a purchase of the Securities offered in this prospectus.

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FORWARD-LOOKING STATEMENTS

This prospectus and the documents incorporated or deemed incorporated by reference as described under the heading “Where You Can Find More Information” contain forward-looking statements that are not based entirely on historical facts and are subject to risks and uncertainties. Words such as “believes,” “anticipates,” “expects,” “intends,” “plans,” “predicts” and “estimates” and similar expressions are intended to identify forward-looking statements but are not the only means to identify those statements. These forward-looking statements are based on assumptions, expectations and assessments made by our management in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe to be appropriate. Any forward-looking statements are not guarantees of our future performance and are subject to risks and uncertainties.

This presentation contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which are subject to risks and uncertainties. The factors that could cause actual results to differ materially from the forward-looking statements made by the registrants include those factors discussed herein, as well as the items discussed in (1) each registrant’s 2013 Annual Report on Form 10-K in (a) ITEM 1A. Risk Factors, (b) ITEM 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations and (c) ITEM 8. Financial Statements and Supplementary Data: Note 22; and (2) other factors discussed herein and in other filings with the SEC by Exelon, Generation, ComEd, PECO and BGE, as applicable.

You are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date on the front of this prospectus or, as the case may be, as of the date on which we make any subsequent forward-looking statement that is deemed incorporated by reference. We do not undertake any obligation to update or revise any forward-looking statement to reflect events or circumstances after the date as of which any such forward-looking statement is made.

RISK FACTORS

Investing in the Securities involves various risks. You are urged to read and consider the risk factors described in the combined Annual Reports on Form 10-K of Exelon, Generation, ComEd, PECO, and BGE, as applicable, for the year ended December 31, 2013, filed with the SEC on February 13, 2014. Before making an investment decision, you should carefully consider these risks as well as other information we include or incorporate by reference in this prospectus. The prospectus supplement applicable to each type or series of Securities offered by one of the registrants will contain a discussion of additional risks applicable to an investment in such registrant and the particular type of Securities the registrant is offering under that prospectus supplement.

EXELON CORPORATION

Exelon, incorporated in Pennsylvania in February 1999, is a utility services holding company engaged, through Generation, in the energy generation business, and through ComEd, PECO and BGE, in the energy delivery businesses. Exelon’s principal executive offices are located at 10 South Dearborn Street, Chicago, Illinois 60603, and its telephone number is 312-394-7398.

EXELON GENERATION COMPANY, LLC

Generation’s integrated business consists of its owned and contracted electric generating facilities and investments in generation ventures that are marketed through its leading customer-facing activities. These customer-facing activities include, wholesale energy marketing operations and its competitive retail customer

supply of electric and natural gas products and services, including renewable energy products, risk management services and natural gas exploration and production activities. Generation has six reportable segments consisting of the Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Regions.

Generation was formed in 2000 as a Pennsylvania limited liability company. Generation began operations as a result of a corporate restructuring, effective January 1, 2001, in which Exelon separated its generation and other competitive businesses from its regulated energy delivery businesses at ComEd and PECO. Generation's principal executive offices are located at 300 Exelon Way, Kennett Square, Pennsylvania 19348, and its telephone number is 610-765-5959.

COMMONWEALTH EDISON COMPANY

ComEd's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in northern Illinois, including the City of Chicago.

ComEd was organized in the State of Illinois in 1913 as a result of the merger of Cosmopolitan Electric Company into the original corporation named Commonwealth Edison Company, which was incorporated in 1907. ComEd's principal executive offices are located at 440 South LaSalle Street, Chicago, Illinois 60605, and its telephone number is 312-394-4321.

PECO ENERGY COMPANY

PECO's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in southeastern Pennsylvania, including the City of Philadelphia, as well as the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services to retail customers in the Pennsylvania counties surrounding the City of Philadelphia.

PECO was incorporated in Pennsylvania in 1929. PECO's principal executive offices are located at 2301 Market Street, Philadelphia, Pennsylvania 19103, and its telephone number is 215-841-4000.

BALTIMORE GAS AND ELECTRIC COMPANY

BGE's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in central Maryland, including the City of Baltimore, as well as the purchase and regulated retail sale of natural gas and the provision of gas distribution services to retail customers in central Maryland, including the City of Baltimore.

BGE was incorporated in Maryland in 1906. BGE's principal executive offices are located at 110 West Fayette Street, Baltimore, Maryland 21201, and its telephone number is 410-234-5000.

USE OF PROCEEDS

Except as otherwise indicated in the applicable prospectus supplement, each registrant expects to use the net proceeds from the sale of the Securities for general corporate purposes, including to discharge or refund (by redemption, by purchase on the open market, by purchase in private transactions, by tender offer or otherwise) outstanding long-term debt. Each registrant will describe in the applicable prospectus supplement any specific allocation of the proceeds to a particular purpose that the registrant has made at the date of that prospectus

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supplement. Please refer to our annual and quarterly reports incorporated by reference into this prospectus and any prospectus supplement for information concerning each registrant's outstanding long-term debt. See "Where You Can Find More Information."

RATIO OF EARNINGS TO FIXED CHARGES AND RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERENCE SECURITY DIVIDENDS

Exelon

The following are Exelon's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	5.4	4.9	4.9	2.3	2.6	1.1

The following are Exelon's consolidated ratios of earnings to combined fixed charges and preference stock dividends for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to combined fixed charges and preference stock dividends	5.4	4.8	4.9	2.3	2.5	1.1

Generation

The following are Generation's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	10.4	8.5	7.3	2.6	3.3	(a)

(a) The ratio coverage was less than 1:1. Generation required additional earnings of $380 million in order to achieve a coverage ratio of 1:1.

Generation had no preference securities outstanding during the periods indicated; therefore, the ratio of earnings to combined fixed charges and preference security dividends is the same as the ratio of earnings to fixed charges for Generation.

ComEd

The following are ComEd's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	2.9	2.8	3.0	3.0	1.7	3.0

ComEd had no preference securities outstanding during the periods indicated; therefore, the ratio of earnings to combined fixed charges and preference security dividends is the same as the ratio of earnings to fixed charges for ComEd.

PECO

The following are PECO's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	3.7	3.3	4.7	4.9	5.6	5.1

The following are PECO's consolidated ratios of earnings to combined fixed charges and preference security dividends for each of the periods indicated:

	Years Ended December 31,				
	2009	2010	2011	2012	2013
Ratio of earnings to combined fixed charges and preferred stock dividends	3.6	3.2	4.5	4.7	5.2

On May 1, 2013, PECO redeemed all of its outstanding preferred securities; therefore, the ratio of earnings to combined fixed charges and preferred stock dividends is the same as the ratio of earnings to fixed charges for PECO for the three months ended March 31, 2014.

BGE

The following are BGE's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	2.0	2.7	2.4	1.0	3.6	5.8

The following are BGE's consolidated ratios of earnings to combined fixed charges and preference stock dividends for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to combined fixed charges and preference stock dividends	1.7	2.4	2.1	(a)	3.1	5.0

(a) The ratio coverage was less than 1:1. BGE required additional earnings of $14 million in order to achieve a coverage ratio of 1:1.

DESCRIPTION OF SECURITIES

Each time one of the registrants sells securities, it will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with additional information described under "Where You Can Find More Information."

PLAN OF DISTRIBUTION

We may sell the Securities offered (a) through agents; (b) by underwriters or dealers; (c) directly to one or more purchasers; or (d) through a combination of any of these methods of sale.

In some cases we may also repurchase the Securities and reoffer them to the public by one or more of the methods described above.

This prospectus may be used in connection with any offering of securities through any of these methods or other methods described in the applicable prospectus supplement.

Any underwriter or agent involved in the offer and sale of the Securities will be named in the applicable prospectus supplement.

By Agents

Offered securities may be sold on a one time or a continuing basis by agents designated by the applicable registrant. The agents will use their reasonable efforts to solicit purchases for the period of their appointment under the terms of an agency agreement between the agents and the applicable issuer.

By Underwriters or Dealers

If underwriters are used in the sale, the underwriters may be designated by the applicable registrant or selected through a bidding process. The securities will be acquired by the underwriters for their own account. The underwriters may resell the Securities in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. Underwriters may sell the Securities to or through dealers, and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or commissions from the purchasers for whom they may act as agents. The obligations of the underwriters to purchase the Securities will be subject to certain conditions. The underwriters will be obligated to purchase all the Securities of the series offered if any of the securities are purchased. Any initial public offering price and any discounts or concessions allowed or re-allowed or paid to dealers may be changed from time to time.

Only underwriters named in the applicable prospectus supplement are deemed to be underwriters in connection with the Securities offered hereby.

If dealers are utilized in the sale of the Securities, the applicable registrant will sell the Securities to the dealers as principals. The dealers may then resell the Securities to the public at varying prices to be determined by such dealers at the time of resale. The names of the dealers and the terms of the transaction will be set forth in the applicable prospectus supplement.

Direct Sales

We may also sell Securities directly to the public. In this case, no underwriters or agents would be involved.

General Information

We may authorize agents, underwriters or dealers to solicit offers by certain institutions to purchase Securities from us at the public offering price pursuant to delayed delivery contracts providing for payment and delivery on a later date or dates, all as described in the applicable prospectus supplement. Each delayed delivery contract will be for an amount not less than, and the aggregate amount of the Securities shall be not less nor more than, the respective amounts stated in the applicable prospectus supplement. Such institutions may include commercial and savings banks, insurance companies, pension funds, investment companies, educational and charitable institutions, and other institutions, but will in all cases be subject to our approval. The delayed delivery contracts will not be subject to any conditions except:

- the purchase by an institution of the Securities covered by its delayed delivery contract shall not, at any time of delivery, be prohibited under the laws of any jurisdiction in the United States to which such delayed delivery contract is subject; and

- if the Securities are being sold to underwriters, we shall have sold to those underwriters the total amount of the Securities less the amount thereof covered by the delayed delivery contracts. The underwriters will not have any responsibility in respect of the validity or performance of the delayed delivery contracts.

Unless otherwise specified in the related prospectus supplement, each series of the Securities will be a new issue with no established trading market, other than the common stock. Any common stock sold pursuant to a prospectus supplement or issuable upon conversion of another offered Security will be listed on the New York Stock Exchange, subject to official notice of issuance. We may elect to list any of the other securities on an exchange, but are not obligated to do so. It is possible that one or more underwriters may make a market in a series of the Securities, but no underwriter will be obligated to do so and any underwriter may discontinue any market making at any time without notice. We cannot predict the activity of trading in, or liquidity of, our Securities.

In connection with sales by an agent or in an underwritten offering, the SEC rules permit the underwriters or agents to engage in transactions that stabilize the price of the Securities. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters or agents of a greater number of securities than they are required to purchase in an offering. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Securities while an offering is in progress.

The underwriters also may impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the underwriters have repurchased Securities sold by or for the account of that underwriter in stabilizing or short-covering transactions.

These activities by the underwriters may stabilize, maintain or otherwise affect the market price of the Securities. As a result, the price of the Securities may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the underwriters at any time. These transactions may be effected on an exchange or automated quotation system, if the Securities are listed on that exchange or admitted for trading on that automated quotation system, in the over-the-counter market or otherwise.

We may from time to time, without the consent of the existing Security holders, create and issue further Securities having the same terms and conditions as the Securities being offered hereby in all respects, except for issue date, issue price and if applicable, the first payment of interest or dividends therein or other terms as noted in the applicable prospectus supplement. Additional Securities issued in this manner will be consolidated with, and will form a single series with, the previously outstanding securities.

Underwriters, dealers and agents that participate in the distribution of the Securities may be underwriters as defined in the Securities Act of 1933, and any discounts or commissions received by them from us and any profit on the resale of the Securities by them may be treated as underwriting discounts and commissions under the Securities Act.

We may have agreements with the underwriters, dealers and agents to indemnify them against certain civil liabilities, including liabilities under the Securities Act of 1933, or to contribute with respect to payments which the underwriters, dealers or agents may be required to make.

Underwriters, dealers and agents may engage in transactions with, or perform services for, us or our subsidiaries or affiliates in the ordinary course of their businesses.

LEGAL MATTERS

Ballard Spahr LLP, Philadelphia, Pennsylvania, will render an opinion as to the validity of the Securities for us. Winston & Strawn LLP, Chicago, Illinois, will render an opinion as to the validity of the Securities for any underwriters, dealers, purchasers or agents. Winston & Strawn LLP provides legal services to Exelon and its subsidiaries from time to time.

EXPERTS

The financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) of Exelon, Generation, ComEd, PECO and BGE incorporated in this prospectus by reference to the combined Annual Reports on Form 10-K for the year ended December 31, 2013 have been so incorporated in reliance on the reports of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

Exelon, Generation, ComEd, PECO and BGE each file reports and other information with the SEC. The public may read and copy any reports or other information that we file with the SEC at the SEC's public reference room, 100 F Street, N.E., Room 1580, Washington, D.C. 20549. The public may obtain information on the operation of the public reference room by calling the SEC at 1-800-SEC-0330. These documents are also available to the public from commercial document retrieval services and at the web site maintained by the SEC at http://www.sec.gov. Reports, proxy statements and other information concerning Exelon may also be inspected at the offices of the New York Stock Exchange, which is located at 20 Broad Street, New York, New York 10005. You may also obtain a copy of the registration statement at no cost by writing us at the following address:

Exelon Corporation
Attn: Investor Relations
10 South Dearborn Street—52 nd Floor
P.O. Box 805398
Chicago, IL 60680-5398

This prospectus is one part of a registration statement filed on Form S-3 with the SEC under the Securities Act of 1933, as amended, known as the Securities Act. This prospectus does not contain all of the information set forth in the registration statement and the exhibits and schedules to the registration statement. For further information concerning us and the Securities, you should read the entire registration statement, including this prospectus and any related prospectus supplements, and the additional information described under the sub-heading "Documents Incorporated By Reference" below. The registration statement has been filed electronically and may be obtained in any manner listed above. Any statements contained herein concerning the provisions of any document are not necessarily complete, and, in each instance, reference is made to the copy of such document filed as an exhibit to the registration statement or otherwise filed with the SEC. Each such statement is qualified in its entirety by such reference.

Information about us is also available on Exelon's web site at http://www.exeloncorp.com. The information on Exelon's web site is not incorporated into this prospectus by reference, and you should not consider it a part of this prospectus.

DOCUMENTS INCORPORATED BY REFERENCE

The SEC allows us to "incorporate by reference" information that we file with the SEC, which means that we can disclose important information to you by referring you to the documents we file with the SEC. The information incorporated by reference is an important part of this prospectus, and information that we file later with the SEC will automatically update and supersede this information. This incorporation by reference does not include documents that are furnished but not filed with the SEC. We incorporate by reference the documents listed below and any future documents that we file with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (known as the Exchange Act) but prior to the termination of any offering of securities made by this prospectus:

Exelon Corporation (Exchange Act File No. 1-16169)

- Exelon's Annual Report on Form 10-K for the year ended December 31, 2013;
- Exelon's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014;
- The description of Exelon's common stock contained in the registration statement on Form 8-A filed under the Securities Exchange Act of 1934, as amended, including any amendment thereto or report filed for the purpose of updating such description; and
- Exelon's Current Reports on Form 8-K filed with the SEC on February 12, 2014, February 13, 2014, February 28, 2014, April 1, 2014, April 30, 2014 and May 7, 2014.

Exelon Generation Company, LLC (Exchange Act File No. 333-85496)

- Generation's Annual Report on Form 10-K for the year ended December 31, 2013;
- Generation's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014; and
- Generation's Current Reports on Form 8-K filed with the SEC on February 12, 2014 and April 1, 2014.

Commonwealth Edison Company (Exchange Act File No. 1-1839)

- ComEd's Annual Report on Form 10-K for the year ended December 31, 2013;
- ComEd's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014; and
- ComEd's Current Reports on Form 8-K filed with the SEC on January 10, 2014 and February 28, 2014.

PECO Energy Company (Exchange Act File No. 000-16844)

- PECO's Annual Report on Form 10-K for the year ended December 31, 2013; and
- PECO's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014.

Baltimore Gas and Electric Company (Exchange Act File No. 1-1910)

- BGE's Annual Report on Form 10-K for the year ended December 31, 2013;
- BGE's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014; and
- BGE's Current Reports on Form 8-K filed with the SEC on February 13, 2014 and May 16, 2014.

Upon written or oral request, we will provide without charge to each person, including any beneficial owner, to whom this prospectus is delivered, a copy of any or all of such documents which are incorporated herein by reference (other than exhibits to such documents unless such exhibits are specifically incorporated by reference

into the documents that this prospectus incorporates). Written or oral requests for copies should be directed to Exelon Corporation, Attn: Investor Relations, 10 South Dearborn Street, 52 nd Floor, P.O. Box 805398, Chicago, IL 60680-5398, 312-394-2345.

Any statement contained in this prospectus, or in a document all or a portion of which is incorporated by reference, shall be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus, any supplement or any document incorporated by reference modifies or supersedes such statement. Any such statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this prospectus.

All reports and other documents subsequently filed by us pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act, prior to the filing of a post-effective amendment, which indicates that all of a class of securities offered hereby have been sold or which deregisters all of a class of securities then remaining unsold, shall be deemed incorporated by reference herein and to be a part hereof from the date of filing of such documents.

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50,000,000 Shares

Exelon Corporation

Common Stock

PROSPECTUS SUPPLEMENT

Joint Book-Running Managers

Barclays
Goldman, Sachs & Co.
BofA Merrill Lynch
Credit Suisse
J.P. Morgan

Senior Co-Managers

BNP PARIBAS
Citigroup
Mitsubishi UFJ Securities
RBS
Scotiabank
Wells Fargo Securities
Mizuho Securities

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RBC Capital Markets
Piper Jaffray

June , 2014

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This preliminary prospectus supplement relates to an effective registration statement under the Securities Act of 1933, but the information contained in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Filed Pursuant to Rule 424(b)(5)
Registration No. 333-196220

Subject to Completion
Preliminary Prospectus Supplement dated June 10, 2014

PROSPECTUS SUPPLEMENT
(To Prospectus Dated May 23, 2014)

Exelon Corporation

20,000,000 Equity Units
(Initially Consisting of 20,000,000 Corporate Units)

This is an offering of Equity Units ("Equity Units") by Exelon Corporation ("Exelon"). Each Equity Unit will have a stated amount of $50 and initially will be in the form of a Corporate Unit ("Corporate Unit") consisting of a purchase contract issued by Exelon and a 1/20 undivided beneficial ownership interest in $1,000 principal amount of Exelon's % junior subordinated notes due 2024, which we refer to as the Notes.

We intend to apply to list the Corporate Units on the New York Stock Exchange and expect trading to commence within 30 days of the date of initial issuance of the Corporate Units under the symbol "EXCU" but there is no guarantee that such listing will be approved. Prior to this offering, there has been no public market for the Corporate Units.

Our common stock is listed on the New York Stock Exchange under the symbol "EXC. " On June 9, 2014, the closing price of our common stock on the New York Stock Exchange was $37.08 per share.

Concurrently with this offering, we are conducting a common stock offering of 50,000,000 shares of our common stock (or 57,500,000 shares if the common stock underwriters exercise their option to purchase additional shares of our common stock in full) in connection with which we will enter into forward sale agreements with certain forward purchasers and such forward purchasers, or their affiliates, will offer to sell to the common stock underwriters 50,000,000 shares of our common stock (or 57,500,000 shares of our common stock if the common stock underwriters exercise their option to purchase additional shares of our common stock in full) that they will borrow from third parties. The offering of the Equity Units and the offering of the common stock are not contingent on each other. See "Recent Developments—Concurrent Common Stock Offering."

Investing in the Equity Units involves certain risks. You should carefully read this prospectus supplement and the accompanying base prospectus, including the documents incorporated by reference herein, and therein, before you make your investment decision. See the " Risk Factors " section beginning on page S-27 of this prospectus supplement, as well as under "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2013 which is incorporated by reference herein, for more information.

Each Corporate Unit will be issued in a stated amount of $50, for a total stated amount of $1,000,000,000. The Corporate Units are being offered to the underwriters at a price of $ per Corporate Unit (a discount of $ from the stated amount per Corporate Unit or $ total discount from the total stated amount). The Corporate Units are being offered to the public at a price of $ per Corporate Unit, for a total of $1,000,000,000. Exelon's proceeds from the offering (after underwriting discounts of $ per Corporate Unit from the public offering price (totaling $) and before expenses) will equal $ per Corporate Unit, for a total of $.

We have granted the underwriters the option to purchase from us, within the 13-day period beginning on the date we first issue the Equity Units, up to an additional 3,000,000 Corporate Units at the public offering price per Corporate Unit, less the underwriting discounts and commissions.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying base prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the Corporate Units to purchasers in book-entry form only through The Depository Trust Company on or about June , 2014.

Joint Book-Running Managers

Barclays **Goldman, Sachs & Co.**
Citigroup **Wells Fargo Securities**

Senior Co-Managers

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BofA Merrill Lynch **Credit Suisse** **BNP PARIBAS** **J.P. Morgan**
Mitsubishi UFJ Securities **RBS** **Scotiabank**
Mizuho Securities **RBC Capital Markets** **US Bancorp**

The date of this prospectus supplement is June , 2014.

(continued from cover)

- The purchase contract will obligate you to purchase from Exelon, on June 1, 2017 (or if such day is not a business day, on the following business day), for a price of $50 in cash, the following number of shares of our common stock, subject to adjustments as described herein:
  - if the applicable market value, which is the average volume-weighted average price of our common stock on each trading day during the 20 consecutive scheduled trading day period ending on the third scheduled trading day prior to June 1, 2017, subject to adjustment as described herein if a market disruption event occurs, equals or exceeds $, shares of our common stock;
  - if the applicable market value is less than $ but greater than $, a number of shares of our common stock equal to $50 divided by the applicable market value, rounded to the nearest ten thousandth of a share; and
  - if the applicable market value is less than or equal to $, shares of our common stock.
- Exelon will pay you quarterly contract adjustment payments at a rate of % per year on the stated amount of $50 per Equity Unit, or $ per year, in respect of each purchase contract, subject to our right to defer these payments, as described in this prospectus supplement. No deferral period will extend beyond the purchase contract settlement date. The contract adjustment payments are payable quarterly on March 1, June 1, September 1 and December 1 of each year (except that if such date is not a business day, contract adjustment payments will be payable on the following business day, without adjustment), commencing on September 1, 2014. The contract adjustment payments will be subordinated to all of our existing and future "Senior Indebtedness" (as defined under "Description of the Junior Subordinated Notes—Subordination"), and will be structurally subordinated to all liabilities of our subsidiaries.
- The Notes will initially bear interest at a rate of % per year. The Notes will be subordinated to all of Exelon's existing and future "Senior Indebtedness" (as defined under "Description of the Junior Subordinated Notes—Subordination"). In addition, the Notes will be structurally subordinated to all liabilities of our subsidiaries.
- We will have the right to defer interest payments on the Notes one or more times for one or more consecutive interest periods without giving rise to an event of default; provided that no deferral period will extend beyond the purchase contract settlement date or the maturity date. The Notes will be remarketed in 2017 as described in this prospectus supplement. In connection with the remarketing, we may elect to shorten the maturity of the Notes to a date not earlier than June 1, 2020, to remarket the Notes as either fixed-rate or floating-rate Notes and to modify certain other terms of the Notes. Following any successful remarketing of the Notes, the interest rate on the Notes will be reset, interest will be payable on a semi-annual basis and we will cease to have the ability to redeem the Notes at our option or defer interest payments on the Notes, all as described under "Description of the Purchase Contracts—Remarketing."
- Your ownership interest in the Notes (or after a successful optional remarketing, your related ownership interest in the Treasury portfolio or, in certain circumstances, cash) or the Treasury securities, as the case may be, will be pledged to us to secure your obligation under the related purchase contract.
- Other than during a blackout period (as defined under "Description of the Equity Units—Creating Treasury Units by Substituting a Treasury Security for a Note") or after a successful remarketing of the Notes, you can create Treasury Units ("Treasury Units") from Corporate Units by substituting Treasury securities for your pledged ownership interest in the Notes comprising a part of the Corporate Units. You can also recreate Corporate Units from Treasury Units by substituting an undivided beneficial ownership interest in the Notes for the Treasury securities previously pledged and comprising a part of your Treasury Units.
- If there is a successful optional remarketing of the Notes and, at such time, you hold Corporate Units, your applicable ownership interest in the Treasury portfolio purchased with the proceeds from the remarketing (or, in certain circumstances, cash) will be used to satisfy your payment obligation under the purchase contract. If there is a successful final remarketing of the Notes and you hold Corporate Units, the proceeds from the remarketing will be used to satisfy your payment obligation under the purchase contract, unless you have elected to settle with separate cash.

We urge you to carefully read this prospectus supplement and the accompanying prospectus, which describe the terms of the offering of the Equity Units, before you make your investment decision. You should rely only on the information contained in or incorporated by reference in this prospectus supplement, the accompanying prospectus and any related free writing prospectus required to be filed with the Securities and Exchange Commission ("SEC"). We have not, and the underwriters have not, authorized anyone else to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information appearing in this prospectus supplement and the accompanying prospectus is accurate as of any date other than the date on the front of those documents or that the information incorporated by reference is accurate as of any date other than the date that the document incorporated by reference was filed with the SEC.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement and the accompanying prospectus contain information about Exelon Corporation and the Equity Units offered hereby. This prospectus supplement and the accompanying prospectus also refer to information contained in other documents that we file with the SEC. To the extent the information in this prospectus supplement is inconsistent with information in the prospectus, you should rely on this prospectus supplement.

The accompanying prospectus also includes information about our subsidiaries Exelon Generation Company, LLC ("Generation"), Commonwealth Edison Company ("ComEd"), PECO Energy Company ("PECO"), and Baltimore Gas and Electric Company ("BGE") and their securities, which does not apply to us or the Equity Units offered hereby.

When we refer to "Exelon," "the Company," "we," "us," or "our" in this prospectus supplement, we mean Exelon Corporation and, unless the context otherwise indicates, does not include any of our subsidiaries or affiliates.

EXELON CORPORATION

Exelon, incorporated in Pennsylvania in February 1999, is a utility services holding company engaged, through Generation, in the energy generation business, and through ComEd, PECO and BGE, in the energy delivery businesses. Exelon's principal executive offices are located at 10 South Dearborn Street, Chicago, Illinois 60603, and its telephone number is 312-394-7398.

RECENT DEVELOPMENTS

Concurrent Common Stock Offering

Concurrently with this offering, we are conducting an offering of 50,000,000 shares of our common stock (or 57,500,000 shares of our common stock if the common stock underwriters exercise their option to purchase additional shares of our common stock in full) in connection with which we will enter into forward sale agreements with certain forward purchasers and such forward purchasers, or their affiliates, will offer to sell to the common stock underwriters 50,000,000 shares of our common shares (or 57,500,000 shares of our common stock if the common stock underwriters exercise their option to purchase additional shares of our common stock in full) that they will borrow from third parties. The underwriters are offering such shares of common stock to the public at a price of $ per share by means of a separate prospectus supplement. We expect to settle the forward sale agreements and receive proceeds, subject to certain adjustments, from the sale of such common stock only upon one or more future physical settlements of the forward sale agreements on or about October 29, 2015. We intend to use the net proceeds, if any, received upon the settlement of the forward sale agreements to finance a portion of the acquisition of Pepco Holdings, Inc., a Delaware corporation ("PHI"), and for general corporate purposes. See "—PHI Merger." The offering of the Equity Units and the offering of the common stock are not contingent on each other. There can be no assurance that the common stock offering or our sale of common shares pursuant to the related forward sale agreements will be completed. This prospectus supplement is not an offer to sell any securities other than the Equity Units.

PHI Merger

On April 29, 2014, we entered into an Agreement and Plan of Merger (the "Merger Agreement") with Purple Acquisition Corp., a Delaware corporation, our indirect, wholly-owned subsidiary ("Merger Sub") and PHI.

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The Merger Agreement provides for the merger of Merger Sub with and into PHI on the terms and subject to the conditions set forth in the Merger Agreement (the "Merger"), with PHI continuing as the surviving corporation in the Merger and an indirect, wholly-owned subsidiary of Exelon. At the effective time of the Merger, each outstanding share of the common stock, par value $0.01 per share, of PHI (the "PHI Common Stock"), other than those held by PHI, Exelon or Merger Sub, any wholly-owned subsidiary of Exelon or any wholly-owned subsidiary of PHI, and any shares held by any stockholders who have not voted in favor of adoption of the Merger Agreement or consented thereto in writing and who have properly demanded and not withdrawn a demand for appraisal pursuant to Section 262 of the Delaware General Corporation Law with respect to such shares, will be converted into the right to receive $27.25 in cash, without interest.

Consummation of the Merger is subject to the satisfaction or waiver of specified closing conditions, including (1) the approval of the Merger by the holders of a majority of the outstanding shares of the PHI Common Stock, (2) the receipt of regulatory approvals required to consummate the Merger, including, approvals from the Federal Energy Regulatory Commission, the Federal Communications Commission, the Delaware Public Service Commission, the District of Columbia Public Service Commission, the Maryland Public Service Commission, the New Jersey Board of Public Utilities and the Virginia State Corporation Commission, (3) the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the "HSR Act") and (4) other customary closing conditions, including (a) the accuracy of each party's representations and warranties (subject to customary materiality qualifiers) and (b) each party's compliance with its obligations and covenants contained in the Merger Agreement. In addition, the obligations of Exelon and Merger Sub to consummate the Merger are subject to the required regulatory approvals not, individually or in the aggregate, imposing terms, conditions, obligations or commitments that constitute a burdensome condition (as defined in the Merger Agreement).

The Merger Agreement also contains customary representations, warranties and covenants of both PHI and us. These covenants include, among others, an obligation on behalf of PHI to operate its business in the ordinary course until the Merger is consummated, limitations on the right of PHI to solicit or engage in negotiations regarding alternative acquisition proposals or to withdraw its support of the Merger and that the parties use reasonable best efforts to obtain governmental and regulatory approvals.

The Merger Agreement may be terminated by each of PHI and us under certain circumstances, including if the Merger is not consummated by July 29, 2015 (subject to extension to October 29, 2015, if all of the conditions to closing, other than the conditions related to obtaining regulatory approvals, have been satisfied). The Merger Agreement also provides for certain termination rights for both PHI and us, and further provides that, upon termination of the Merger Agreement under certain specified circumstances, PHI will be required to pay us a termination fee of $259 million or reimburse our expenses up to $40 million (which reimbursement shall reduce on a dollar for dollar basis any termination fee subsequently payable by PHI), provided, however, that if the Merger Agreement is terminated in connection with an acquisition proposal made under certain circumstances by a person who made an acquisition proposal between April 1, 2014 and the date of the Merger Agreement, the termination fee will be $293 million plus reimbursement of our expenses up to $40 million (not subject to offset). In addition, if the Merger Agreement is terminated under certain circumstances due to the failure to obtain regulatory approvals or the breach by us of our obligations in respect of obtaining regulatory approvals (a "Regulatory Termination"), we will pay PHI a reverse termination fee of up to $180 million. If the Merger Agreement is terminated other than for a Regulatory Termination, PHI will redeem the Non-voting Preferred Stock for a redemption price equal to the purchase price paid up to the date of termination by us to purchase the Non-voting Preferred Stock. Neither this offering nor the concurrent equity units offering are contingent on the successful completion of the Merger. See "Risk Factors—Risks Related to Our Contemplated Acquisition of PHI."

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THE OFFERING

In this offering summary, "Exelon," "we," "us," "our" and the "Company" refer only to Exelon Corporation and any successor obligor, and not to any of its subsidiaries.

What are Equity Units?

Equity Units may be either Corporate Units or Treasury Units, as described below. The Equity Units will initially consist of 20,000,000 Corporate Units (or 23,000,000 Corporate Units if the underwriters exercise their option to purchase additional Corporate Units in full), each with a stated amount of $50. You can create Treasury Units from Corporate Units that you own as described below under "How can I create Treasury Units from Corporate Units?". You can also recreate Corporate Units from Treasury Units that you own as described below under "How can I recreate Corporate Units from Treasury Units?".

What are the components of a Corporate Unit?

Each Corporate Unit initially consists of a contract to purchase Exelon's common stock in the future and a 1/20 undivided beneficial ownership interest in $1,000 principal amount of Exelon's % junior subordinated notes due 2024. The undivided beneficial ownership interest in the Notes corresponds to $50 principal amount of the Notes. Initially, the Notes will be issued in minimum denominations of $1,000 and integral multiples of $1,000. You will own the undivided beneficial ownership interest in the Notes comprising part of each of your Corporate Units, but the Notes will be pledged to us through the collateral agent to secure your obligation under the related purchase contract.

Upon a successful optional remarketing (as defined under "What is an optional remarketing?"), the Notes comprising part of the Corporate Units will be replaced by the Treasury portfolio described below under "What is the Treasury portfolio?". Once replaced, the applicable ownership interest in the Treasury portfolio will be pledged to us through the collateral agent to secure your obligation under the related purchase contract.

What is a purchase contract?

Each purchase contract, whether part of a Corporate Unit or Treasury Unit, that is a component of an Equity Unit obligates you to purchase, and obligates us to sell, on June 1, 2017, or if such day is not a business day, the following business day (which we refer to as the "purchase contract settlement date"), for $50 in cash, a number of shares of our common stock equal to the "settlement rate." You may satisfy your obligation to purchase our common stock under the purchase contracts as described under "How can I satisfy my obligation under the purchase contracts?" below.

The settlement rate will be calculated (subject to adjustment under the circumstances set forth in "Description of the Purchase Contracts—Anti-dilution Adjustments" and "Description of the Purchase Contracts—Early Settlement Upon a Fundamental Change") as follows:

- if the applicable market value (as defined below) of our common stock is equal to or greater than the "threshold appreciation price" of $, the settlement rate will be shares of our common stock (we refer to this settlement rate as the "minimum settlement rate");
- if the applicable market value of our common stock is less than the threshold appreciation price but greater than the "reference price" of $, which will be the closing price of our common stock on the New York Stock Exchange on the date the Equity Units are priced, the settlement rate will be a number of shares of our common stock equal to $50 divided by the applicable market value, rounded to the nearest ten thousandth of a share; and

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- if the applicable market value of our common stock is less than or equal to the reference price, the settlement rate will be shares of our common stock (we refer to this settlement rate as the "maximum settlement rate").

"Applicable market value" means the average volume-weighted average price, or VWAP, of our common stock on each trading day during the 20 consecutive scheduled trading day period ending on the third scheduled trading day immediately preceding the purchase contract settlement date (the "market value averaging period"). The "VWAP" of our common stock means, for the relevant trading day, the per share VWAP on the principal exchange or quotation system on which our common stock is listed or admitted for trading as displayed under the heading Bloomberg VWAP on Bloomberg page "EXC <EQUITY> AQR" (or its equivalent successor if such page is not available) in respect of the period from the scheduled open of trading on the relevant trading day until the scheduled close of trading on the relevant trading day (or if such VWAP is unavailable, the market price of one share of our common stock on such trading day determined, using a volume-weighted average method, by a nationally recognized independent investment banking firm retained for this purpose by us). A "trading day" means, for purposes of determining a VWAP or closing price, a day (1) on which the principal exchange or quotation system on which our common stock is listed or admitted for trading is scheduled to be open for business and (2) on which there has not occurred or does not exist a market disruption event, as defined in "Description of the Purchase Contracts—Purchase of Common Stock." The threshold appreciation price is equal to $50 divided by the minimum settlement rate (such quotient rounded to the nearest $0.0001), which is $ and represents appreciation of approximately % over the reference price.

If 20 trading days for our common stock have not occurred during the market value averaging period, all remaining trading days will be deemed to occur on the third scheduled trading day immediately prior to the purchase contract settlement date and the VWAP of our common stock for each of the remaining trading days will be the VWAP of our common stock on that third scheduled trading day or, if such day is not a trading day, the closing price, as defined in "Description of the Purchase Contracts—Purchase of Common Stock," as of such date.

We will not issue any fractional shares of our common stock upon settlement of a purchase contract. Instead of a fractional share, you will receive an amount of cash equal to the percentage of a whole share represented by such fractional share multiplied by the closing price of our common stock on the trading day immediately preceding the purchase contract settlement date (or the trading day immediately preceding an early settlement date, in the case of early settlement). If, however, a holder surrenders for settlement at one time more than one purchase contract, then the number of shares of our common stock issuable pursuant to such purchase contracts will be computed based upon the aggregate number of purchase contracts surrendered.

Can I settle the purchase contract early?

Prior to the purchase contract settlement date, subject to certain blackout periods (as described herein), you can settle a purchase contract by paying $50 in cash per Corporate Unit or Treasury Unit (and, under certain circumstances, accrued and unpaid contract adjustment payments payable on the next contract adjustment payment date). If you settle a purchase contract early, your pledged ownership interest in the Notes, the applicable ownership interests in the Treasury portfolio or the Treasury securities underlying the relevant Treasury Unit, as applicable, will be released to you and shares of our common stock, subject to adjustments, will be issued to you pursuant to the purchase contract (subject to adjustment as described below under "Description of the Purchase Contracts—Anti-dilution Adjustments"), subject to the provisions described below under "What happens if there is early settlement upon a fundamental change?" with respect to early settlements upon a fundamental change. You may only elect early settlement in integral multiples of 20 Corporate Units or 20 Treasury Units; *provided* that, if the Treasury portfolio has replaced the Notes as a component of the Corporate Units as a result of a successful optional remarketing, holders of Corporate Units may settle early only in integral multiples of Corporate Units. See "Description of the Purchase Contracts—Early Settlement."

Your early settlement right is subject to the condition that, if required under the U.S. federal securities laws, we have a registration statement under the Securities Act of 1933, as amended (the "Securities Act"), in effect and an available prospectus covering any securities deliverable upon settlement of a purchase contract. We have agreed that, if such a registration statement is required, we will use our commercially reasonable efforts to have a registration statement in effect on the applicable early settlement date and to provide a prospectus in connection therewith, covering any securities to be delivered in respect of the purchase contracts being settled, subject to certain exceptions. In the event that you seek to exercise your early settlement right and a registration statement is required to be effective in connection with the exercise of such right but no such registration statement is then effective, your exercise of such right will be void unless and until such a registration statement is effective. For so long as there is a material business transaction or development that has not yet been publicly disclosed, we will not be required to file such registration statement or provide such a prospectus, and the early settlement right will not be available, until we have publicly disclosed such transaction or development; *provided* that we will use commercially reasonable efforts to make such disclosure as soon as it is commercially reasonable to do so.

What is the Treasury portfolio?

Upon a successful optional remarketing, the Notes will be replaced by the Treasury portfolio. The Treasury portfolio is a portfolio of U.S. Treasury securities consisting of:

- U.S. Treasury securities (or principal or interest strips thereof) that mature on or prior to the purchase contract settlement date in an aggregate amount at maturity equal to the principal amount of the Notes underlying the undivided beneficial ownership interests in the Notes included in the Corporate Units on the optional remarketing date; and
- U.S. Treasury securities (or principal or interest strips thereof) that mature on or prior to the purchase contract settlement date in an aggregate amount at maturity equal to the aggregate interest payment (assuming no reset of the interest rate) that would have been paid to the holders of the Corporate Units on the purchase contract settlement date on the principal amount of the Notes underlying the undivided beneficial ownership interests in the Notes included in the Corporate Units on the optional remarketing date.

If, on the optional remarketing date, U.S. Treasury securities (or principal or interest strips thereof) that are to be included in the Treasury portfolio have a yield that is less than zero, then the cash proceeds from the remarketing (and not the U.S. Treasury securities) will be substituted for the Notes that are components of the Corporate Units and will be pledged to us through the collateral agent to secure the Corporate Unit holders' obligation to purchase our common stock under the related purchase contracts. In addition, in such case, references to "Treasury security" and "U.S. Treasury securities (or principal or interest strips thereof)" in connection with the Treasury portfolio will, thereafter, be deemed to be references to such amount of cash.

What is a Treasury Unit?

A Treasury Unit is a unit created from a Corporate Unit by substituting the pledged undivided beneficial ownership interest in the Notes that secure a holder's obligation under the purchase contract with a sufficient amount of Treasury securities. A Treasury Unit consists of a purchase contract and a 1/20 undivided beneficial ownership interest in a zero-coupon U.S. Treasury security with a principal amount at maturity of $1,000 that matures on May 31, 2017 (for example, CUSIP No. 912820WA1), which we refer to as a "Treasury security." The ownership interest in the Treasury security that is a component of a Treasury Unit will be owned by you, but will be pledged to us through the collateral agent to secure your obligation under the related purchase contract.

How can I create Treasury Units from Corporate Units?

Each holder of Corporate Units will have the right, at any time prior to a successful remarketing and other than during a blackout period, to substitute Treasury securities which must be purchased in the open market at the expense of the Corporate Unit holder (unless otherwise owned by the holder) for the related undivided beneficial ownership interest in Notes held by the collateral agent. The Treasury securities must have an aggregate principal amount at maturity equal to the aggregate principal amount of the Notes underlying such holder's Corporate Units. Because Treasury securities and the Notes are issued in minimum denominations of $1,000, holders of Corporate Units may only make these substitutions in integral multiples of 20 Corporate Units. Each of these substitutions will create Treasury Units, and the Notes underlying the holder's Corporate Units will be released upon substitution to the holder and will be tradable separately from the Treasury Units.

How can I recreate Corporate Units from Treasury Units?

Each holder of Treasury Units will have the right, at any time prior to a successful remarketing and other than during a blackout period, to recreate Corporate Units, by substituting for the related Treasury securities held by the collateral agent Notes having an aggregate principal amount equal to the aggregate principal amount at maturity of the Treasury securities for which substitution is being made. Because Treasury securities and the Notes are issued in minimum denominations of $1,000, holders of Treasury Units may make these substitutions only in integral multiples of 20 Treasury Units. Each of these substitutions will recreate Corporate Units and the applicable Treasury securities will be released to the holder and will be tradable separately from the Corporate Units.

What payments am I entitled to as a holder of Corporate Units?

Subject to any deferral as described under "Are payments subject to deferral?" below, holders of Corporate Units will be entitled to receive:

- quarterly cash distributions consisting of their pro rata share of interest payments on the Notes, at the rate of % per year, and
- quarterly contract adjustment payments at the rate of % per year on the stated amount of $50 per Corporate Unit until the earliest of the occurrence of:
  - a termination event,
  - the purchase contract settlement date;
  - the fundamental change early settlement date (in the case of early settlement upon a fundamental change); or
  - the most recent contract adjustment payment date on or before any early settlement with respect to the related purchase contracts (in the case of early settlement other than upon a fundamental change).

Our obligations with respect to the contract adjustment payments will be subordinated and junior in right of payment to our obligations under any of our Senior Indebtedness (as defined under "Description of the Junior Subordinated Notes—Subordination").

What payments will I be entitled to if I convert my Corporate Units to Treasury Units?

Subject to any deferral as described under "Are payments subject to deferral?" below, holders of Treasury Units will be entitled to receive quarterly contract adjustment payments from us at the rate of % per year on the stated amount of $50 per Treasury Unit. There will be no interest payments in respect of the interest in

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Treasury securities that is a component of the Treasury Units. To the extent that such holders of Treasury Units continue to hold the Notes that were released to them when they created the Treasury Units, such holders will continue to receive the scheduled interest payments on their separate Notes, subject to our right to defer such payments and subject to any modifications made thereto pursuant to a successful remarketing.

Are payments subject to deferral?

We have the right to defer all or part of the contract adjustment payments but not beyond the purchase contract settlement date (or, with respect to an early settlement upon a fundamental change, not beyond the fundamental change early settlement date or, with respect to an early settlement other than upon a fundamental change, not beyond the contract adjustment payment date immediately preceding the early settlement date).

Any deferred contract adjustment payments will accrue additional contract adjustment payments at the rate equal to % per annum (which is equal to the rate of total distributions on the Corporate Units), compounded on each contract adjustment payment date, to, but excluding, the contract adjustment payment date on which such deferred contract adjustment payments are paid. We refer to additional contract adjustment payments that accrue on deferred contract adjustment payments as "compounded contract adjustment payments." We may pay any deferred contract adjustment payments (including compounded contract adjustment payments thereon) on any scheduled contract adjustment payment date.

If we exercise our option to defer the payment of contract adjustment payments, then until the deferred contract adjustment payments (including compounded contract adjustment payments thereon) have been paid, we generally will not declare or pay dividends or distributions on, or redeem, purchase or acquire or make a liquidation payment with respect to, any shares of our capital stock, or make any payment of principal of, or interest or premium, if any, on, or repay, repurchase or redeem any of our debt securities that upon a liquidation ranks on parity with, or junior to, the contract adjustment payments, or make any guarantee payments under any guarantee by us of securities of any of our subsidiaries if our guarantee ranks on parity with, or junior to, the contract adjustment payments, in each case, subject to the exceptions set forth under "Description of the Purchase Contracts—Contract Adjustment Payments."

In addition, prior to any successful remarketing of the Notes, we may elect at one or more times to defer payment of interest on the Notes for one or more consecutive interest periods; *provided* that no deferral period may extend beyond the purchase contract settlement date or the maturity date. We may pay any deferred interest on any scheduled interest payment date occurring on or prior to the earlier of:

(a) the purchase contract settlement date, in the case of a deferral period beginning prior to the purchase contract settlement date or

(b) the maturity date, in the case of a deferral period beginning after the purchase contract settlement date.

Deferred interest on the Notes will bear interest at the interest rate applicable to the Notes, compounded on each interest payment date to, but excluding, the interest payment date on which such deferred interest is paid. In connection with any successful remarketing during the final remarketing period, all accrued and unpaid deferred interest (including compounded interest thereon) will be paid to the holders of the Notes (whether or not the Notes were remarketed in the remarketing) on the purchase contract settlement date in cash. In the event there is any deferred interest outstanding, we may not elect to conduct an optional remarketing.

In the event that we exercise our option to defer the payment of interest, then until the deferred interest payments (including compounded interest thereon) have been paid, we generally will not declare or pay dividends or distributions on, or redeem, purchase or acquire or make a liquidation payment with respect to, any shares of our capital stock, or make any payment of principal of, or interest or premium, if any, on, or repay,

repurchase or redeem any of our debt securities that upon a liquidation rank on parity with, or junior to, the Notes, or make any guarantee payments under any guarantee by us of securities of any of our subsidiaries if our guarantee ranks on parity with, or junior to, the Notes, in each case, subject to the exceptions set forth under "Description of the Junior Subordinated Notes—Dividend and Other Payment Stoppages During Interest Deferral and Under Certain Other Circumstances."

In connection with any successful remarketing of the Notes, the interest deferral provisions will cease to apply to the Notes.

What are the payment dates for the Corporate Units and Treasury Units?

Subject to any deferral as described under "Are payments subject to deferral?" above, the payments described above in respect of the Equity Units will be payable quarterly in arrears on March 1, June 1, September 1 and December 1 of each year (except that if any such date is not a business day, interest and contract adjustment payments will be payable on the following business day, without adjustment for such delay), commencing September 1, 2014. We will make these payments to the person in whose name the Equity Unit is registered on the close of business on the record date, subject to certain exceptions described herein. If the Equity Units are held in book-entry form, the "record date" means the business day immediately preceding the applicable payment date. If the Equity Units are not held in book-entry form, the "record date" means the 15th day of the calendar month immediately preceding the month in which the relevant payment date falls (or, if such day is not a business day, the next preceding business day).

What is a remarketing?

We refer to each of an "optional remarketing" and a "final remarketing" as a "remarketing." In a remarketing, the Notes that are a part of Corporate Units (except, with respect to a final remarketing, where the holder has elected to settle the purchase contract through payment of separate cash) and any separate Notes which were formerly part of Corporate Units but are now held by a holder as a separate security (the "separate Notes") whose holders have elected to participate in the remarketing will be remarketed as described below under "What is an optional remarketing?" or, if no optional remarketing has occurred or is successful, in a final remarketing as described below under "What is a final remarketing?"

In consultation with the remarketing agent and without the consent of any holders of Notes, we may elect (but will not be required to elect) to:

- move up the maturity date of the Notes to a date earlier than June 1, 2024 but not earlier than June 1, 2020;
- eliminate the redemption provisions of the Notes; and/or
- remarket the Notes as fixed-rate Notes or floating-rate Notes.

All such modifications will take effect only if the remarketing is successful, without the consent of holders, on the optional remarketing settlement date or the purchase contract settlement date, as the case may be, and will apply for all Notes, even if they were not included in the remarketing. If we conduct an optional remarketing that is not successful, we may change the elections described above prior to the final remarketing period.

In order to remarket the Notes, the remarketing agent, in consultation with us, may reset the interest rate on the Notes (either upward or downward), or if the Notes are remarketed as floating-rate Notes, determine the interest rate spread applicable to the Notes, in order to produce the required price in the remarketing, as discussed under "What is an optional remarketing?" and "What is a final remarketing?" The interest deferral provisions of the Notes will not apply after a successful remarketing.

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During the applicable blackout period relating to a remarketing:

- you may not settle a purchase contract early;
- you may not create Treasury Units; and
- you may not recreate Corporate Units from Treasury Units.

We have agreed to enter into a remarketing agreement with one or more remarketing agents, which we refer to as the remarketing agent, no later than 20 days prior to the first day of the final remarketing period or, if we elect to conduct an optional remarketing, no later than 20 days prior to the first day of the optional remarketing period. We will separately pay a fee to the remarketing agent for its services. The holders of the Notes included in any remarketing will not be responsible for such fee.

What is an optional remarketing?

Unless a termination event has occurred, we may elect, at our option, to remarket the Notes over a period selected by us that begins on or after February 27, 2017 (the second business day immediately preceding the interest payment date prior to the purchase contract settlement date) and ends any time on or before May 14, 2017 (the eighth calendar day prior to the beginning of the final remarketing period). In any optional remarketing, the aggregate principal amount of the Notes that are a part of Corporate Units and any separate Notes whose holders have elected to participate in the optional remarketing will be remarketed. We refer to this period as the "optional remarketing period," a remarketing that occurs during the optional remarketing period as an "optional remarketing" and the date the Notes are priced in an optional remarketing as the "optional remarketing date." If we elect to conduct an optional remarketing, the remarketing agent will use its commercially reasonable efforts to obtain a price for the Notes that results in proceeds of at least 100% of the aggregate of the price of the Treasury portfolio described below under "What is the Treasury portfolio?", which we refer to as the "Treasury portfolio purchase price," and the separate Notes purchase price as defined under "Description of the Junior Subordinated Notes—Remarketing of Notes That Are Not Included in Corporate Units." We will request that The Depository Trust Company, or DTC, which we refer to as the "depository," notify its participants holding Corporate Units, Treasury Units and separate Notes of our election to conduct an optional remarketing no later than five business days prior to the first day of the optional remarketing period.

We may not elect to conduct an optional remarketing if we are then deferring interest on the Notes.

An optional remarketing will be considered successful if the remarketing agent is able to remarket the Notes for a price of at least 100% of the Treasury portfolio purchase price and the separate Notes purchase price.

Following a successful optional remarketing, on the optional remarketing settlement date (as defined below), the portion of the remarketing proceeds equal to the Treasury portfolio purchase price will, except as described in the following paragraph, be used to purchase the Treasury portfolio and the remaining proceeds attributable to the Notes underlying the Corporate Units will be remitted to the purchase contract agent for distribution pro rata to the holders of such Corporate Units. The portion of the proceeds attributable to the separate Notes sold in the remarketing will be remitted to the custodial agent for distribution on the optional remarketing settlement date pro rata to the holders of such separate Notes.

Following a successful optional remarketing, each Corporate Unit holder's applicable ownership interest in the Treasury portfolio or cash will be substituted for the holder's undivided beneficial ownership interest in the Notes as a component of the Corporate Units, and the portion of the Treasury portfolio described in the first

bullet under “What is the Treasury portfolio?” or such cash will be pledged to us through the collateral agent to secure the Corporate Unit holder’s obligation under the related purchase contract. On the purchase contract settlement date, for each Corporate Unit, $50 of the proceeds from the Treasury portfolio will automatically be applied to satisfy the Corporate Unit holder’s obligation to purchase common stock under the purchase contract and the proceeds from the portion of the Treasury portfolio described in the second bullet under “What is the Treasury portfolio?”, which will equal the interest payment (assuming no reset of the interest rate) that would have been paid on the Notes that were components of the Corporate Units at the time of the remarketing, will be paid on the purchase contract settlement date to the Corporate Unit holders.

If we elect to conduct an optional remarketing and that remarketing is successful:

- settlement with respect to the remarketed Notes will occur on the third business day following the optional remarketing date, unless the remarketed Notes are priced after 4:30 p.m. New York time on the optional remarketing date, in which case settlement will occur on the fourth business day following the optional remarketing date (we refer to such settlement date as the “optional remarketing settlement date”);
- the interest rate on the Notes will be reset, or, if we remarketed the Notes as floating-rate Notes, the interest rate spread will be determined, by the remarketing agent in consultation with us on the optional remarketing date and will become effective on the optional remarketing settlement date, if applicable;
- except in the case when the Notes are remarketed as floating-rate Notes, interest on the Notes will be payable semi-annually;
- the interest deferral provisions will cease to apply to the Notes;
- the other modifications to the terms of the Notes, as described under “What is a remarketing?” above will become effective;
- after the optional remarketing settlement date, your Corporate Units will consist of a purchase contract and the applicable ownership interest in the Treasury portfolio or cash, as described above; and
- you may no longer create Treasury Units or recreate Corporate Units from Treasury Units.

If we do not elect to conduct an optional remarketing, or no optional remarketing succeeds for any reason, the Notes will continue to be a component of the Corporate Units or will continue to be held separately and the remarketing agent will use its commercially reasonable efforts to remarket the Notes during the final remarketing period, as described under “What is a final remarketing?” below.

At any time and from time to time during the optional remarketing period prior to the announcement of a successful optional remarketing, we have the right to postpone any remarketing in our sole and absolute discretion.

What is a final remarketing?

Unless a termination event or a successful optional remarketing has previously occurred, we will remarket the Notes during the five business day period ending on, and including, May 26, 2017 (the third business day immediately preceding the purchase contract settlement date). We refer to such period as the “final remarketing period,” the remarketing during this period as the “final remarketing” and the date the Notes are priced in the final remarketing as the “final remarketing date.” In the final remarketing, the aggregate principal amount of the Notes that are a part of Corporate Units (except where the holder thereof has elected to settle the purchase

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contract through payment of separate cash) and any separate Notes whose holders have elected to participate in the final remarketing will be remarketed. The remarketing agent will use its commercially reasonable efforts to obtain a price for the Notes that results in proceeds of at least 100% of the aggregate principal amount of all the Notes offered in the remarketing. We will request that the depository notify its participants holding Corporate Units, Treasury Units and separate Notes of the final remarketing no later than seven days prior to the first day of the final remarketing period. We have the right to postpone the final remarketing in our sole and absolute discretion on any day prior to the last three business days of the final remarketing period.

A remarketing during the final remarketing period will be considered successful if the remarketing agent is able to remarket the Notes for at least 100% of the aggregate principal amount of all the Notes offered in the remarketing.

Upon a successful final remarketing, settlement with respect to the remarketed Notes will occur on the purchase contract settlement date. On the final remarketing date, if applicable, the interest rate on the Notes remarketed as fixed-rate Notes will be reset, or, if the Notes are remarketed as floating-rate Notes, the interest rate spread will be determined, by the remarketing agent in consultation with us, and in each case will become effective on the purchase contract settlement date.

Following a successful final remarketing, the collateral agent will remit the portion of the proceeds equal to the total principal amount of the Notes underlying the Corporate Units to us to satisfy in full the Corporate Unit holders' obligations to purchase common stock under the related purchase contracts. Any excess proceeds attributable to Notes underlying Corporate Units that were remarketed will be remitted to the purchase contract agent for distribution pro rata to the holders of such Notes. Proceeds from the final remarketing attributable to the separate Notes remarketed will be remitted to the custodial agent for distribution pro rata to the holders of the separate Notes that were remarketed.

What happens if the Notes are not successfully remarketed?

If, in spite of using its commercially reasonable efforts, the remarketing agent cannot remarket the Notes during the final remarketing period at a price at least equal to 100% of the aggregate principal amount of Notes offered in the remarketing, a condition precedent set forth in the remarketing agreement has not been fulfilled or a successful remarketing has not occurred for any other reason, in each case resulting in a "failed remarketing," holders of all Notes will have the right to put their Notes to us for an amount equal to the principal amount of their Notes. A holder of Corporate Units will be deemed to have automatically exercised this put right with respect to the Notes underlying the Corporate Units unless, prior to 4:00 p.m., New York City time, on the second business day immediately prior to the purchase contract settlement date, the holder provides written notice of an intention to settle the related purchase contracts with separate cash and on or prior to the business day immediately preceding the purchase contract settlement date delivers to the securities intermediary $50 in cash per purchase contract. This settlement with separate cash may only be effected in integral multiples of 20

Corporate Units. Unless a holder of Corporate Units has elected to settle the related purchase contracts with separate cash, and delivered the separate cash on or prior to the business day immediately preceding the purchase contract settlement date, the holder will be deemed to have elected to apply the proceeds of the put price against the holder's obligations to us under the related purchase contracts, thereby satisfying the holder's obligations in full, and the Notes underlying such Corporate Units will be delivered to us and cancelled.

Do I have to participate in the remarketing?

No. You may elect not to participate in any remarketing and to retain the Notes underlying the undivided beneficial ownership interests in Notes comprising part of your Corporate Units by (1) creating Treasury Units at any time other than during a blackout period, (2) settling the related purchase contracts early at any time other than during a blackout period or (3) in the case of a final remarketing, notifying the purchase contract agent prior to 4:00 p.m., New York City time, on the second business day immediately prior to the first day of the final remarketing period of your intention to settle your obligation under the related purchase contracts on the purchase contract settlement date in cash, and delivering such cash payment required under the purchase contracts to the securities intermediary on or prior to 4:00 p.m., New York City time, on the business day immediately prior to the first day of the final remarketing period. You can only elect to satisfy your obligation in cash in increments of 20 Corporate Units. See "Description of the Purchase Contracts—Notice to Settle with Cash."

Which provisions will govern the Notes following the remarketing?

The remarketed Notes will be governed by the indenture under which they were issued as part of the Corporate Units. However, in connection with the remarketing we may shorten the maturity of the Notes, or eliminate the optional redemption provisions for the Notes and remarket the Notes as fixed-rate or floating-rate Notes, all without the consent of any holders of Notes and as described under "What is a remarketing?" above.

If I am holding separate Notes, can I still participate in a remarketing of the Notes?

Yes. If you hold separate Notes, you may elect to have your Notes remarketed by the remarketing agent along with the Notes underlying the Corporate Units as described under "Description of the Junior Subordinated Notes—Remarketing of Notes That Are Not Included in Corporate Units." You may also participate in any remarketing by recreating Corporate Units at any time prior to the remarketing, other than during a blackout period.

How can I satisfy my obligation under the purchase contracts?

You may satisfy your obligation under the purchase contracts as follows:

- on an early settlement date as described under "Can I settle the purchase contract early?" above and under "What happens if there is early settlement upon a fundamental change?" below;
- on the purchase contract settlement date if you own Corporate Units:
  - through the automatic application of the portion of the proceeds of a successful remarketing during the final remarketing period equal to the principal amount of the Notes underlying the Corporate Units, as described under "What is a final remarketing?" above; or
  - in the case of a successful optional remarketing, through the automatic application of the portion of the proceeds from the Treasury portfolio or cash equal to the principal amount of the Notes if the Treasury portfolio or cash has replaced the Notes as a component of the Corporate Units as a result of a successful optional remarketing, as described under "What is an optional remarketing?" above; or

- through cash settlement as described under "Do I have to participate in the remarketing?" above or through exercise of the put right or cash settlement as described under "What happens if the Notes are not successfully remarketed?" above; or

- on the purchase contract settlement date if you own Treasury Units through the automatic application of the proceeds of the interest in Treasury securities.

In addition, the purchase contract and pledge agreement that governs the Equity Units provides that your obligation under the purchase contract will be terminated without any further action or notice upon the occurrence of a termination event, as defined under "Description of the Purchase Contracts—Termination."

If you settle a purchase contract early (other than pursuant to your fundamental change early settlement right), you will be entitled to receive any accrued and unpaid contract adjustment payments (including any accrued and unpaid deferred contract adjustment payments and compounded contract adjustment payments thereon) to, but excluding, the contract adjustment payment date immediately preceding the early settlement date; *provided* that, under certain circumstances, you will be required to pay all contract adjustment payments payable on the contract adjustment payment date next succeeding the early settlement date to us in order to exercise the early settlement right. If you settle a purchase contract early pursuant to your fundamental change early settlement right, you will be entitled to receive any accrued and unpaid contract adjustment payments (including any accrued and unpaid deferred contract adjustment payments and compounded contract adjustment payments thereon) to, but excluding, the fundamental change early settlement date, unless the date on which the fundamental change early settlement right is exercised occurs following any record date and prior to the related scheduled contract adjustment payment date, and we are not deferring the related contract adjustment payment, in which case we will instead pay accrued and unpaid contract adjustment payments to the holder of the purchase contract as of such record date.

If the purchase contracts are terminated as a result of a termination event, you will not have any right to receive accrued and unpaid contract adjustment payments (including any deferred contract adjustment payments and compounded contract adjustment payments thereon). See "Description of the Purchase Contracts—Early Settlement" and "Description of the Purchase Contracts—Termination."

What interest payments will I receive on the Notes or on the undivided beneficial ownership interests in the Notes?

Subject to any deferral as described in "Are payments subject to deferral?" above, the Notes will bear interest at the rate of % per year from the original issuance date to the purchase contract settlement date or, if earlier, the optional remarketing settlement date, payable quarterly in arrears on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2014 (except that if any such date is not a business day, interest will be payable on the following business day, without adjustment for such delay). On and after the purchase contract settlement date or, if earlier, the optional remarketing settlement date, interest on each Note will be payable at the relevant reset rate (as defined under "When will the interest rate on the Notes be reset and what is the reset rate?"), or if the interest rate has not been reset, at the initial interest rate of % per year. Except in the case when the Notes are remarketed as floating-rate Notes or in the case of a failed remarketing, following the purchase contract settlement date or, if applicable, the optional remarketing settlement date, interest on the Notes will be payable semi-annually. See "What is a remarketing?" above.

When will the interest rate on the Notes be reset and what is the reset rate?

The interest rate on the Notes may be reset in connection with a successful remarketing as described above under "What is an optional remarketing?" and "What is a final remarketing?". The "reset rate" or, if we elect to remarket the Notes as floating-rate Notes, the "reset spread" will be the interest rate or spread determined by the remarketing agent, in consultation with us, as the rate or spread the Notes should bear in order for the

remarketing agent to remarket the Notes on the remarketing date for a price of at least 100% of the Treasury portfolio purchase price plus the separate Notes purchase price, if any, in the case of an optional remarketing, or at least 100% of the aggregate principal amount of the Notes being offered in the remarketing, in the case of a final remarketing. In any case, the reset rate of Notes remarketed as fixed-rate Notes or, if we elect to remarket the Notes as floating-rate Notes, the applicable index plus the reset spread, may be higher or lower than the initial interest rate on the Notes depending on the results of the remarketing and market conditions at that time. The interest rate on the Notes will not be reset if there is not a successful remarketing and the Notes will continue to bear interest at the initial interest rate. The reset rate or, if we elect to remarket the Notes as floating-rate Notes, the applicable index plus the reset spread, will not exceed the maximum rate permitted by applicable law.

When may the Notes be redeemed?

We may redeem the Notes at our option only if there has been a failed final remarketing. In that event, any Notes that remain outstanding after the purchase contract settlement date will be redeemable on or after June 1, 2020 at our option, in whole or in part, at any time and from time to time, at a redemption price equal to the principal amount thereof plus accrued and unpaid interest, if any, to but excluding the redemption date.

What happens if there is early settlement upon a fundamental change?

If we are involved in a transaction that constitutes a fundamental change (as defined below) prior to the 30 th scheduled trading day preceding the purchase contract settlement date, you will have the right, subject to certain conditions, to accelerate and settle a purchase contract early at the settlement rate determined as described under “Description of the Purchase Contracts—Early Settlement Upon a Fundamental Change,” plus an additional make-whole amount of shares, or the “make-whole shares,” so long as at such time, if required under the U.S. federal securities laws, there is in effect a registration statement covering any securities to be issued and delivered in connection with such fundamental change early settlement. We refer to this right as the “fundamental change early settlement right.”

A “fundamental change” means:

(1) a “person” or “group” within the meaning of Section 13(d) of the Exchange Act, as in effect on the issue date of the Corporate Units, has become the direct or indirect “beneficial owner,” as defined in Rule 13d-3 under the Exchange Act, of shares of our common stock representing more than 50% of the voting power of our common stock;

(2) (A) we are involved in a consolidation with or merger into any other person, or any merger of another person into us, or any other similar transaction or series of related transactions (other than a merger, consolidation or similar transaction that does not result in the conversion or exchange of outstanding shares of our common stock) , in each case, in which 90% or more of the outstanding shares of our common stock are exchanged for or converted into cash, securities or other property, greater than 10% of the value of which consists of cash, securities or other property that is not (or will not be upon or immediately following the effectiveness of such consolidation, merger or other transaction) common stock listed on the New York Stock Exchange, the NASDAQ Global Select Market or the NASDAQ Global Market (or any of their respective successors) or (B) the consummation of any sale, lease or other transfer in one transaction or a series of related transactions of all or substantially all of our consolidated assets to any person other than one of our wholly-owned subsidiaries;

(3) our common stock ceases to be listed on at least one of the New York Stock Exchange, the NASDAQ Global Select Market or the NASDAQ Global Market (or any of their respective successors) or

the announcement by any of such exchanges on which our common stock is then listed or admitted for trading that our common stock will no longer be so listed or admitted for trading, unless our common stock has been accepted for listing or admitted for trading on another of such exchanges; or

(4) our shareholders approve our liquidation, dissolution or termination;

provided that a transaction or event that constitutes a fundamental change pursuant to both clauses (1) and (2) above will be deemed to constitute a fundamental change solely pursuant to clause (2) of this definition of "fundamental change."

We will provide each of the holders of Equity Units with a notice of the completion of a fundamental change within four scheduled trading days after the effective date of such fundamental change. The notice will specify (1) a date (subject to postponement, as described below, the "fundamental change early settlement date"), which will be at least 26 scheduled trading days after the date of such notice and one business day before the purchase contract settlement date, on which date we will deliver shares of our common stock to holders who exercise the fundamental change early settlement right, (2) the date by which holders must exercise the fundamental change early settlement right, which will be no earlier than the second scheduled trading day before the fundamental change early settlement date, (3) the first scheduled trading day of the deemed market value averaging period, which will be the 23 rd scheduled trading day prior to the fundamental change early settlement date, the reference price, the threshold appreciation price, the fixed settlement rates and the number of make-whole shares, (4) the amount and kind (per share of common stock) of the cash, securities and other consideration receivable upon settlement and (5) the amount of accrued and unpaid contract adjustment payments (including any deferred contract adjustment payments and compounded contract adjustment payments thereon), if any, that will be paid upon settlement to holders exercising the fundamental change early settlement right. To exercise the fundamental change early settlement right with respect to any purchase contracts, you must deliver to the purchase contract agent at the corporate trust office of the purchase contract agent or its agent, in each case, in the Borough of Manhattan, The City of New York, during the period beginning on the date we deliver notice to holders that a fundamental change has occurred and ending at 4:00 p.m., New York City time, on the second scheduled trading day before the fundamental change early settlement date (such period, subject to extension as described below, the "fundamental change exercise period"), payment of $50 for each purchase contract being settled in immediately available funds.

If you exercise the fundamental change early settlement right, we will deliver to you on the fundamental change early settlement date for each purchase contract with respect to which you have elected fundamental change early settlement, a number of shares (or exchange property units, if applicable) equal to the settlement rate described above, plus the number of make-whole shares determined by reference to the table set forth under "Description of the Purchase Contracts—Early Settlement Upon a Fundamental Change." In addition, on the fundamental change early settlement date, we will pay you the amount of any accrued and unpaid contract adjustment payments (including any deferred contract adjustment payments and compounded contract adjustment payments thereon) to, but excluding, the fundamental change early settlement date, unless the date on which the fundamental change early settlement right is exercised occurs following any record date and prior to the related scheduled contract adjustment payment date, and we are not deferring the related contract adjustment payment, in which case we will instead pay all accrued and unpaid contract adjustment payments to the holder as of such record date. The Notes or applicable ownership interests in the Treasury portfolio or Treasury securities underlying the Corporate Units or Treasury Units, as the case may be, with respect to which you are effecting a fundamental change early settlement, will be released from the pledge under the purchase contract and pledge agreement and delivered to you on the fundamental change early settlement date. If you do not elect to exercise your fundamental change early settlement right, your Corporate Units or Treasury Units will remain outstanding and be subject to normal settlement on the purchase contract settlement date.

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We have agreed that, if required under the U.S. federal securities laws, we will use our commercially reasonable efforts to (1) have in effect throughout the fundamental change exercise period a registration statement covering the common stock and other securities, if any, to be delivered in respect of the purchase contracts being settled and (2) provide a prospectus in connection therewith, in each case in a form that may be used in connection with the fundamental change early settlement, subject to certain exceptions. In the event that a holder seeks to exercise its fundamental change early settlement right and a registration statement is required to be effective in connection with the exercise of such right but no such registration statement is then effective or a blackout period is continuing, the holder's exercise of such right will be void unless and until the registration statement is effective and no blackout period is continuing. The fundamental change exercise period will be extended by the number of days during such period on which no such registration statement is effective or a blackout period is continuing (*provided* that the fundamental change exercise period will not be extended beyond the third scheduled trading day preceding the purchase contract settlement date) and the fundamental change early settlement date will be postponed to the third scheduled trading day following the end of the fundamental change exercise period. We will provide each of the holders with a notice of any such extension and postponement at least 23 scheduled trading days prior to any such extension and postponement.

Unless the Treasury portfolio has replaced the Notes as a component of the Corporate Units as a result of a successful optional remarketing, holders of Corporate Units may exercise the fundamental change early settlement right only in integral multiples of 20 Corporate Units. If the Treasury portfolio has replaced the Notes as a component of Corporate Units, holders of the Corporate Units may exercise the fundamental change early settlement right only in integral multiples of Corporate Units.

A holder of Treasury Units may exercise the fundamental change early settlement right only in integral multiples of 20 Treasury Units.

What is the ranking of the Notes?

The Notes will be subordinated to all our existing and future Senior Indebtedness. The Notes will be structurally subordinated to existing or future preferred stock and indebtedness, guarantees and other liabilities, including trade payables, of our subsidiaries. See "Description of the Junior Subordinated Notes—Subordination."

How will the Notes be evidenced?

The Notes that form a part of the Corporate Units will be issued in fully registered form and will be registered in the name of the purchase contract agent. The Notes that do not form a part of the Corporate Units will be evidenced by one or more global notes registered in the name of DTC's nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC.

In a few special situations described in "Description of the Junior Subordinated Notes—Book Entry Issuance—The Depository Trust Company," a book-entry security representing the Notes will terminate and interests in it will be exchanged for physical certificates representing the Notes.

What are the United States federal income tax considerations related to the Equity Units and Notes?

Although the Internal Revenue Service (the "IRS") has issued a Revenue Ruling addressing the treatment of units similar to the Equity Units, the U.S. federal income tax consequences of the purchase, ownership, and disposition of the Equity Units are unclear. No statutory, judicial or administrative authority directly addresses all aspects of the treatment of the Equity Units or instruments similar to the Equity Units for U.S. federal income tax purposes, and no assurance can be given that the conclusions in the Revenue Ruling would apply to the Equity Units. In addition, there can be no assurance that the IRS or a court will agree with the characterization of the Notes as indebtedness for U.S. federal income tax purposes.

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A beneficial owner of Equity Units will be treated for U.S. federal income tax purposes as separately owning the purchase contract and the undivided beneficial ownership interests in the Notes, the Treasury portfolio or the Treasury securities constituting the Equity Unit, as applicable. By purchasing the Corporate Units, you will be deemed to have agreed to treat the Equity Units in that manner for all U.S. federal income tax purposes. In addition, you will be deemed to have agreed to treat the Notes as our indebtedness for U.S. federal income tax purposes. You must allocate the purchase price of the Corporate Units between the Notes and the purchase contract in proportion to their respective fair market values, which will establish your initial tax basis in the Notes and the purchase contract. With respect to each Corporate Unit purchased in the offering, you will be deemed to have agreed to allocate $ to the undivided beneficial ownership interest in the Notes and $ to the purchase contract.

Because of the manner in which the interest rate on the Notes is to be reset, we intend to treat the Notes as "contingent payment debt instruments" that are subject to the contingent payment debt instrument rules for U.S. federal income tax purposes. Consequently, through the reset effective date, and possibly thereafter, a U.S. holder of Corporate Units or Notes will be required to include original issue discount ("OID") in gross income in an amount in excess of the interest actually received in respect of such applicable ownership interests in the Notes, regardless of the holder's usual method of tax accounting, and will generally be required to recognize ordinary income or loss, rather than capital gain or loss, on the sale, exchange or other disposition of the Notes or the Corporate Units, to the extent such income is allocable to the Notes. A beneficial owner of Treasury Units will be required to include in gross income any OID with respect to the Treasury securities as it accrues on a constant yield to maturity basis. If the Treasury portfolio has replaced applicable ownership interests in the Notes as a component of Corporate Units as a result of a successful remarketing of the Notes, a beneficial owner of Corporate Units will be required to include in gross income its allocable share of OID on the applicable ownership interest in the Treasury portfolio as it accrues on a constant yield to maturity basis. To the extent we are required to file information returns with respect to contract adjustment payments or deferred contract adjustment payments, we intend to treat such payments as taxable ordinary income to beneficial owners of Equity Units, but holders may want to consult their tax advisors concerting possible alternative characterizations.

For a more comprehensive discussion of the U.S. federal income tax considerations of an investment in the Equity Units, please see "Material U.S. Federal Income Tax Considerations." Prospective investors in Equity Units should consult their tax advisors regarding the particular tax consequences to them of the purchase, ownership and disposition of Equity Units (including the application and effects of any state, local, or foreign and other tax laws).

Are there limitations on the purchase, holding or disposition of the Corporate Units with assets of, or on behalf of, an employee benefit plan?

Yes. The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), Section 4975 of the Internal Revenue Code of 1986, as amended (the "Code"), and similar federal, state, local and foreign laws that are substantively similar or are of similar effect impose restrictions on the purchase, holding and disposition of Corporate Units (and the securities underlying the Corporate Units) by employee benefit plans that are subject to those laws. Corporate Units (and the securities underlying the Corporate Units) may be purchased with assets of, or on behalf of, an employee benefit plan subject to the investing fiduciary's determination that the investment satisfies ERISA's fiduciary standards and other requirements under ERISA, the Code and/or similar federal, state, local and non-U.S. laws applicable to investments by such employee benefit plan. An investing fiduciary that proposes to cause an employee benefit plan, or to act on behalf of an employee benefit plan, to purchase Corporate Units (and the securities underlying the Corporate Units) should consult its own counsel regarding the potential applicability of ERISA, the Code and/or similar federal, state, local or non-U.S. that are substantively

similar or are of similar effect applicable to such investment (such federal, state, local or non-U.S. laws, "Similar Laws"), the potential consequences in its specific circumstances, and whether any exemption or exemptions would be applicable and should determine on its own whether all conditions of such exemption or exemptions have been satisfied. See "Certain Considerations for Employee Benefit Plans and other Retirement Arrangements."

What are the uses of proceeds from the offering?

We estimate that the net proceeds from the sale of the Equity Units in this offering will be approximately $ million (approximately $ million if the underwriters exercise their option to purchase additional Corporate Units in full), after deducting the underwriting discounts and commissions but before deducting other offering expenses. These net proceeds will be used to finance a portion of the acquisition of PHI and for general corporate purposes.

We currently intend to use the proceeds from the settlement of the purchase contracts to finance a portion of the acquisition of PHI and for general corporate purposes or for other corporate purposes as soon as practicable following such settlement. We do not intend to use such proceeds to repurchase shares of our common stock.

What are the risks relating to the Equity Units?

See "Risk Factors" and the risk factors set forth in the documents and reports filed with the SEC that are incorporated by reference in this prospectus supplement and in the accompanying base prospectus, including the risk factors set forth under "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2013, before you make an investment decision pursuant to this prospectus supplement and the accompanying base prospectus.

The Offering—Explanatory Diagrams

The following diagrams illustrate some of the key features of the purchase contracts and the undivided beneficial ownership interests in Notes, Corporate Units and Treasury Units.

Corporate Units

A Corporate Unit consists of two components as described below:

Purchase Contract	1/20 Ownership Interest in Notes[2]
(Owed to Holder) Our Common Stock at Purchase Contract Settlement Date (June 1, 2017) + Contract Adjustment Payments % per annum paid quarterly[1]	(Owed to Holder) Interest % per annum paid quarterly[3] (following a successful remarketing, interest will be payable at reset rate and will be payable semi-annually)
(Owed to Exelon Corporation) $50 at Purchase Contract Settlement Date (June 1, 2017)	(Owed to Holder) $50 at Maturity (June 1, 2024)[4]

(1) Contract adjustment payments may be deferred as described under “Description of the Purchase Contracts— Contract Adjustment Payments” below.
(2) Each owner of an undivided beneficial ownership interest in Notes will be entitled to 1/20 of each interest payment paid in respect of a $1,000 principal amount Note.
(3) Interest payments may be deferred as described under “Description of the Junior Subordinated Notes—Option to Defer Interest Payments” below. In connection with any successful remarketing of the Notes, the interest deferral provisions will cease to apply to the Notes.
(4) Notes will be issued in minimum denominations of $1,000, except in limited circumstances following a termination event. Each undivided beneficial ownership interest in Notes represents a 1/20 undivided beneficial ownership interest in a Note having a principal amount of $1,000.

The holder of a Corporate Unit owns the 1/20 undivided beneficial ownership interest in a Note having a principal amount of $1,000 that forms a part of the Corporate Unit, but will pledge it to us through the collateral agent to secure its obligations under the related purchase contract.

If the Treasury portfolio has replaced the Notes as a result of a successful optional remarketing, the applicable ownership interests in the Treasury portfolio or cash, as applicable, will replace the Notes as a component of the Corporate Unit.

Treasury Units

A Treasury Unit consists of two components as described below: (1)

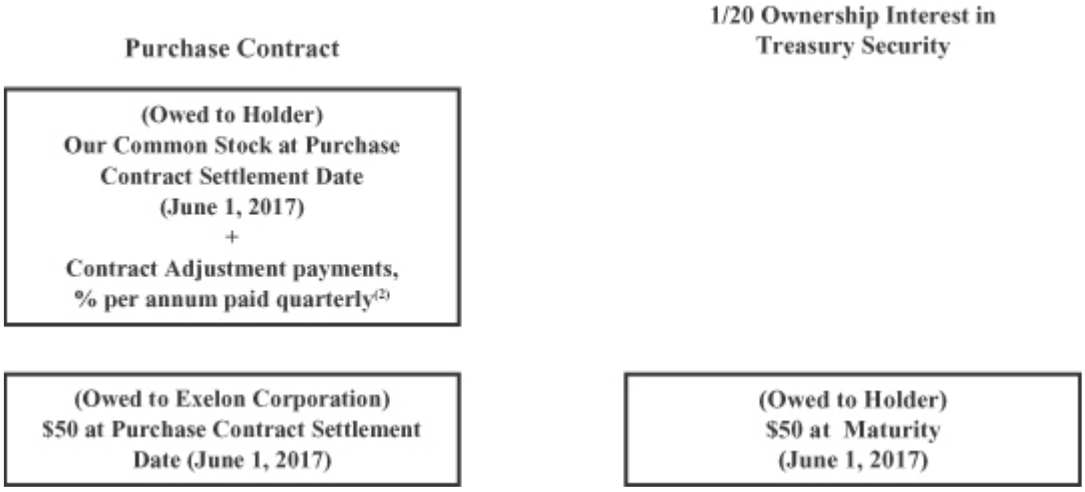

(1) Treasury Units may only be created in integral multiples of 20 Corporate Units. As a result, the creation of 20 Treasury Units will release $1,000 principal amount of the Notes held by the collateral agent. During a blackout period or following a successful remarketing, you may not create Treasury Units or recreate Corporate Units.

(2) Contract adjustment payments may be deferred as described under “Description of the Purchase Contracts— Contract Adjustment Payments” below.

The holder of a Treasury Unit owns the 1/20 undivided beneficial ownership interest in the Treasury security that forms a part of the Treasury Unit, but will pledge it to us through the collateral agent to secure its obligation under the related purchase contract.

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Purchase Contract

Corporate Units and Treasury Units both include a purchase contract under which the holder agrees to purchase shares of our common stock on the purchase contract settlement date. In addition, the purchase contracts require us to make contract adjustment payments as shown in the diagrams on the preceding pages.

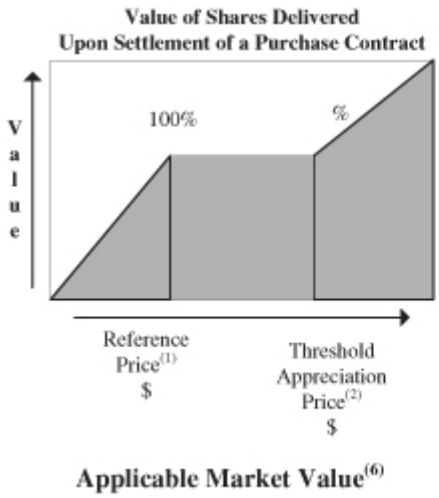

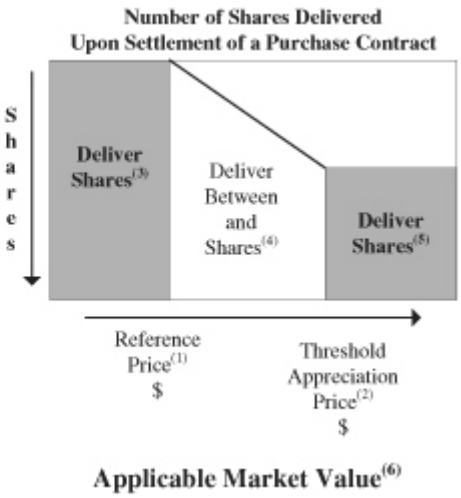

(1) The "reference price" is $, which will be the closing price of our common stock on the New York Stock Exchange on the date the Equity Units are priced.

(2) The "threshold appreciation price" is equal to $50 divided by the minimum settlement rate (such quotient rounded to the nearest $0.0001), which is $ and represents appreciation of approximately % over the reference price.

(3) If the applicable market value of our common stock is less than or equal to the reference price of $, shares of our common stock (subject to adjustment).

(4) If the applicable market value of our common stock is greater than the reference price and less than the threshold appreciation price of $, the number of shares of our common stock to be delivered to a holder of an Equity Unit will be calculated by dividing the stated amount of $50 by the applicable market value, rounded to the nearest ten thousandth of a share (subject to adjustment).

(5) If the applicable market value of our common stock is greater than or equal to the threshold appreciation price, the number of shares of our common stock to be delivered to a holder of an Equity Unit will be shares (subject to adjustment).

(6) The "applicable market value" means the average VWAP of our common stock on each trading day during the 20 consecutive scheduled trading day period ending on the third scheduled trading day immediately preceding the purchase contract settlement date (subject to adjustment as described herein if a market disruption event occurs).

The Notes

The Notes have the terms described below:

Notes

(Owed to Holder) Interest % per annum paid quarterly[1] (following a successful remarketing, interest will be payable at reset rate and will be payable semi-annually)

(Owed to Holder) $1,000 at Maturity (June 1, 2024)[2]

(1) Interest payments may be deferred as described under "Description of the Junior Subordinated Notes—Option to Defer Interest Payments" and interest payment dates will be adjusted in a successful remarketing as described under "Description of the Junior Subordinated Notes—Remarketing." In connection with any successful remarketing of the Notes, the interest deferral provisions will cease to apply to the Notes.

(2) In connection with a remarketing, we may shorten the maturity of the Notes to a date no earlier than June 1, 2020, or eliminate the optional redemption provisions of the Notes and remarket the Notes as fixed-rate Notes or floating-rate Notes, all as described under "Description of the Purchase Contracts—Remarketing."

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Transforming Corporate Units into Treasury Units and Notes

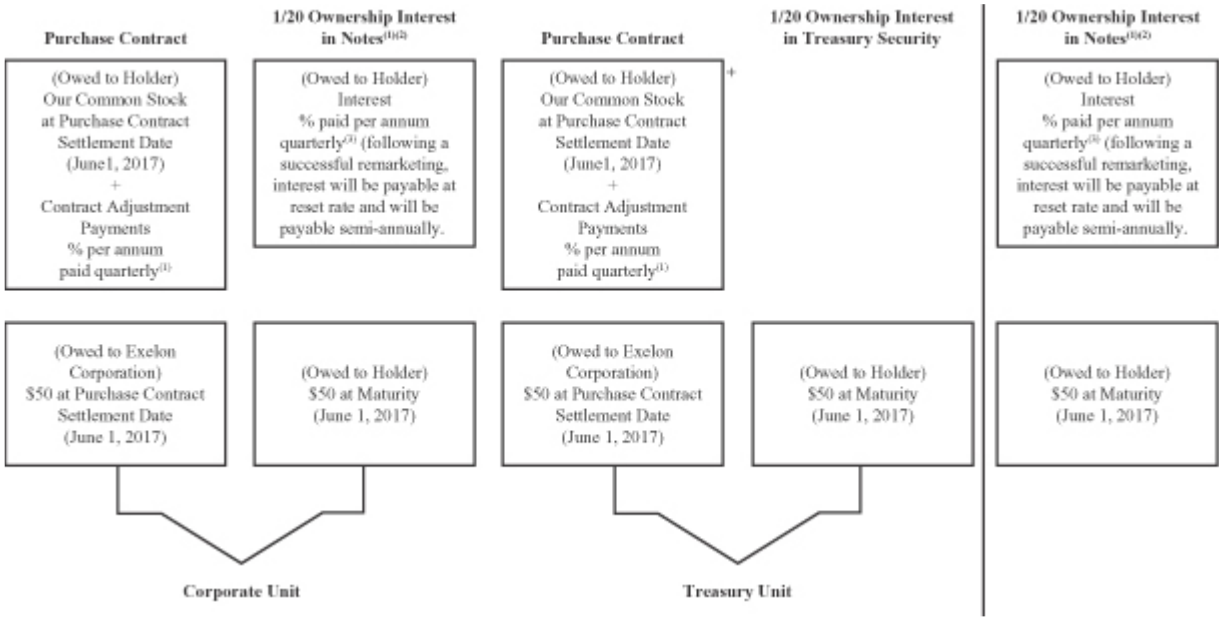

(1) Each holder will own a 1/20 undivided beneficial ownership interest in, and will be entitled to a corresponding portion of each interest payment payable in respect of, a Note having a principal amount of $1,000.

(2) Notes will be issued in minimum denominations of $1,000 and integral multiples thereof, except in limited circumstances following a termination event. In connection with a remarketing, we may shorten the maturity of the Notes to a date no earlier than June 1, 2020, or eliminate the optional redemption provisions of the Notes and remarket the Notes as fixed-rate Notes or floating-rate Notes, all as described under "Description of the Junior Subordinated Notes—Remarketing."

(3) Interest payments may be deferred as described in this prospectus supplement and interest payment dates will be adjusted in a successful remarketing as described under "Description of the Junior Subordinated Notes—Option to Defer Interest." In connection with any successful remarketing of the Notes, the interest deferral provisions will cease to apply to the Notes.

(4) Contract adjustment payments may be deferred as described under "Description of the Purchase Contracts— Remarketing." The diagram above describes each of a Corporate Unit, a Treasury Unit and a separate Note.

- Because the Notes and the Treasury securities are issued in minimum denominations of $1,000, holders of Corporate Units may only create Treasury Units in integral multiples of 20 Corporate Units.
- To create 20 Treasury Units, a holder separates 20 Corporate Units into their two components—20 purchase contracts and a Note having a principal amount of $1,000—and then combines the purchase contracts with a Treasury security having a principal amount at maturity of $1,000 that matures on June 1 2017.
- The Note, which is no longer a component of Corporate Units, is released from the pledge under the purchase contract and pledge agreement and delivered to the holder and is tradable as a separate security.
- A holder owns the Treasury security that forms a part of the 20 Treasury Units but will pledge it to us through the collateral agent to secure its obligation under the related purchase contract.
- The Treasury security together with the 20 purchase contracts constitute 20 Treasury Units.

- During a blackout period or following a successful remarketing, you may not create Treasury Units or recreate Corporate Units.
- Unless a blackout period is occurring or there has been a successful remarketing, the holder can also transform 20 Treasury Units and a Note having a principal amount of $1,000 into 20 Corporate Units. Following that transformation, the Treasury security, which will no longer be a component of the Treasury Unit, will be released from the pledge under the purchase contract and pledge agreement and delivered to the holder and will be tradable as a separate security.

Illustrative Remarketing Timeline

The following timeline is for illustrative purposes only. The dates in this timeline are based on the time periods set forth in the purchase contract and pledge agreement and the form of remarketing agreement that will be an exhibit to the purchase contract and pledge agreement. This timeline assumes that we will elect to conduct an optional remarketing during the maximum permissible optional remarketing period.

Date	Event
February 20, 2017 (five business days prior to the first day of the optional remarketing period)	We will, or we will request that the depository, notify holders of Corporate Units, Treasury Units and separate Notes of our election to conduct an optional remarketing. Such notice will specify the first day of the optional remarketing period and the procedures to be followed in the optional remarketing.
February 23, 2017 (two business days prior to the beginning of the optional remarketing period)	• Last day prior to the optional remarketing to create Treasury Units from Corporate Units and recreate Corporate Units from Treasury Units (holders may once again be able to create and recreate units if the optional remarketing is not successful); • Last day prior to the optional remarketing for holders of Corporate Units to settle the related purchase contracts early (holders may once again be able to settle early if the optional remarketing is not successful or after the blackout period has concluded for such optional remarketing); and • Last day for holders of separate Notes to give notice of their election or to revoke their election to participate in the optional remarketing.
February 27, 2017 to May 14, 2017	Optional remarketing period: • if the optional remarketing is successful, we will issue a press release on the business day after the optional remarketing date, the remarketing agent will purchase the Treasury portfolio and the settlement date for the optional remarketing will occur

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Date	Event
	on the third business day following the optional remarketing date (unless the remarketed Notes are priced after 4:30 p.m. New York time on the optional remarketing date, in which case settlement will occur on the fourth business day following the optional remarketing date); and • if the optional remarketing is not successful, we will issue a press release at the end of the optional remarketing period.
No later than May 15, 2017 (seven calendar days prior to the first day of the final remarketing period)	If there has not been a successful optional remarketing, we will request that the depository notify its participants holding Corporate Units, Treasury Units and separate Notes of the final remarketing. Such notice will specify the final remarketing period and the procedures to be followed in the final remarketing.
May 15, 2017 (seven calendar days prior to the first day of the final remarketing period)	First day for holders of Corporate Units to give notice of election to settle purchase contracts with separate cash.
May 18, 2017 (two business days prior to the first day of the final remarketing period)	• Last day to create Treasury Units from Corporate Units and recreate Corporate Units from Treasury Units if no successful optional remarketing has occurred; • Last day for holders of Corporate Units to give notice of election to settle the related purchase contracts with separate cash on the purchase contract settlement date (holders may once again be able to settle the related purchase contracts with separate cash on the purchase contract settlement date if the final remarketing is not successful); • Last day for holders of separate Notes to give notice of their election or to revoke their election to participate in the final remarketing; and • Last day for holders of Corporate Units or Treasury Units to settle the related purchase contracts early.
May 19, 2017 (one business day prior to the first day of the final remarketing period)	Last day for holders of Corporate Units who have elected to settle the related purchase contracts with separate cash on the purchase contract date to pay the

Date	Event
	purchase price (holders may once again be able to settle the related purchase contracts with separate cash on the purchase contract settlement date if the final remarketing is not successful).
May 22, 2017 to May 26, 2017 (final remarketing period)	If there has not been a successful optional remarketing, we will attempt a remarketing during the final remarketing period. We may elect to postpone the final remarketing on any day other than one of the last three business days of the final remarketing period.
May 30, 2017 (two business days prior to the purchase contract settlement date)	If the final remarketing has not been successful, last day for holders of Corporate Units to elect to settle the related purchase contracts with separate cash on the purchase contract settlement date.
May 31, 2017 (one business day prior to the purchase contract settlement date)	If the final remarketing has not been successful, last day for holders of Corporate Units who have elected to settle the related purchase contracts with separate cash on the purchase contract settlement date to pay the purchase price.
June 1, 2017 (or if such day is not a business day, the following business day)	Purchase contract settlement date and settlement date for any successful final remarketing of the Notes.

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RISK FACTORS

Your investment in the Equity Units involves certain risks. In addition to the Risk Factors related to the Equity Units set forth below, our business is influenced by many factors that are difficult to predict, involve uncertainties that may materially affect actual results and are often beyond our control. We have identified a number of these factors under the heading “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2013 which is incorporated by reference in this prospectus supplement. In consultation with your own financial and legal advisers, you should carefully consider, among other matters, the discussions of risks that we have presented below and incorporated by reference before deciding whether an investment in the Equity Units is suitable for you.

The Corporate Units consist of a purchase contract to acquire our common stock and an interest in Notes issued by us. When considering an investment in our Corporate Units, you are making an investment decision with respect to our common stock and the Notes as well as the Corporate Units. You can create Treasury Units from Corporate Units by substituting Treasury securities for the Notes; you would be making an investment decision with respect to our common stock and the Notes as well as the Treasury Units in such case. You should carefully review the information in this prospectus supplement and the accompanying base prospectus about these securities.

Risks Related to Our Contemplated Acquisition of PHI

We may not realize the expected benefits of the PHI acquisition because of integration difficulties and other challenges.

The success of the PHI acquisition will depend, in part, on our ability to realize all or some of the anticipated benefits from integrating PHI’s business with our existing businesses. The integration process may be complex, costly and time-consuming. The challenges associated with integrating the operations of PHI’s business include, among others:

- delay in implementation of our business plan for the combined business;
- unanticipated issues or costs in integrating financial, information technology, communications and other systems;
- possible inconsistencies in standards, controls, procedures and policies, and compensation structures between PHI’ s structure and our structure;
- unanticipated changes in applicable laws and regulations;
- difficulties in retention of key employees;
- operating risks inherent in PHI’s business and our business; and
- unexpected regulatory requirements.

The parties to the anticipated Merger may be unable to satisfy the conditions to the completion of the Merger and the Merger may not be completed within the expected timeframe or at all.

Consummation of the Merger is subject to the satisfaction or waiver of specified closing conditions, including (1) the approval of the Merger by the holders of a majority of the outstanding shares of the PHI Common Stock, (2) the receipt of regulatory approvals required to consummate the Merger, including, approvals from the Federal Energy Regulatory Commission, the Federal Communications Commission, the Delaware Public Service Commission, the District of Columbia Public Service Commission, the Maryland Public Service Commission, the New Jersey Board of Public Utilities and the Virginia State Corporation Commission, (3) the expiration or termination of the applicable waiting period under the HSR Act of 1976 and (4) other customary closing conditions, including (a) the accuracy of each party’s representations and warranties (subject to

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customary materiality qualifiers) and (b) each party's compliance with its obligations and covenants contained in the Merger Agreement. In addition, the obligations of Exelon and Merger Sub to consummate the Merger are subject to the required regulatory approvals not, individually or in the aggregate, imposing terms, conditions, obligations or commitments that constitute a burdensome condition (as defined in the Merger Agreement)

These and other conditions to the completion of the Merger may fail to be satisfied. In addition, satisfying the conditions to and completion of the Merger may take longer, and could cost more, than PHI or we expect. Any delay in completing the Merger or any additional conditions imposed in order to complete the Merger may materially adversely affect the synergies and other benefits that we expect to achieve if the Merger and the integration of the companies' respective businesses are completed within the expected timeframe.

In addition, we or PHI may terminate the Merger Agreement if the Merger is not completed by July 29, 2015 except that, under certain circumstances, the date may be extended by PHI or us to October 29, 2015.

Regulatory approvals that are required to complete the Merger may not be received, may take longer than expected or may impose conditions which are not presently anticipated.

Under the provisions of the HSR Act, the Merger may not be completed until notification and report forms have been filed with the Antitrust Division of the Department of Justice (the "DOJ") and the Federal Trade Commission (the "FTC") and the expiration of a 30 calendar day waiting period (unless the waiting period is set to expire on a weekend or federal holiday, in which case the waiting period is automatically extended until 11:59 p.m. of the next business day), or the early termination of that waiting period, following the parties' filing of their respective notification and report forms. If the Antitrust Division of the DOJ or the FTC issues a Request for Additional Information and Documentary Material prior to the expiration of the waiting period, the parties must observe a second 30 calendar day waiting period (unless the waiting period is set to expire on a weekend or federal holiday, in which case the waiting period is automatically extended until 11:59 p.m. of the next business day), which would begin to run only after both parties have substantially complied with the request for additional information, unless the waiting period is terminated earlier.

Failure to obtain regulatory approval may result in Exelon's payment of a regulatory reverse termination fee.

If the Merger Agreement is terminated under certain circumstances due to the failure to obtain regulatory approvals or the breach by Exelon of its obligations in respect of obtaining regulatory approvals (a Regulatory Termination), Exelon will be required to pay PHI a reverse termination fee of up to $180 million.

Legal proceedings in connection with the Merger, the outcomes of which are uncertain, could delay or prevent the completion of the Merger.

One of the conditions to the closing of the Merger is that no judgment (whether preliminary, temporary or permanent) or other order by any court or other governmental entity shall be in effect that restrains, enjoins or otherwise prohibits or makes illegal the consummation of the Merger.

PHI and its directors have been named as defendants in a purported class action lawsuit filed by a plaintiff on behalf of herself and other public stockholders challenging the proposed Merger and seeking, among other things, to enjoin the defendants from consummating the Merger on the agreed-upon terms.

If a plaintiff in this or any other litigation that may be filed in the future is successful in obtaining an injunction prohibiting the parties from completing the Merger on the terms contemplated by the Merger Agreement, the injunction may prevent the completion of the Merger in the expected timeframe or altogether. If completion of the Merger is prevented or delayed, it could result in substantial costs to us and PHI. In addition, we and PHI could incur significant costs in connection with the lawsuits, including costs associated with the indemnification of PHI's directors and officers.

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The Merger may prove disruptive and could result in our business failing to meet our expectations.

The process of integrating the operations of PHI may require a disproportionate amount of resources and management attention. Our future operations and cash flows will depend to a significant degree upon our ability to operate PHI efficiently, achieve the strategic operating objectives for our business and realize cost savings and synergies. Our management team may encounter unforeseen difficulties in managing the integration. In order to successfully integrate PHI, our management team will need to focus on realizing anticipated synergies and cost savings on a timely basis while maintaining the efficiency of our operations. Any substantial diversion of management attention could affect our ability to achieve operational, financial and strategic objectives.

The Merger may be completed on different terms from those contained in the Merger Agreement.

Prior to the completion of the Merger, the parties may, by their mutual agreement, amend or alter the terms of the Merger Agreement, including with respect to, among other things, the Merger consideration to be received by PHI stockholders or any covenants or agreements with respect to the parties' respective operations during the pendency thereof (certain of these changes, including those with respect to the Merger consideration to be received by PHI stockholders, may be made only prior to the requisite stockholder approval). Any such amendments or alterations may have negative consequences to Exelon or PHI stockholders including, among other things, reducing the cash available for our or PHI's operations or to meet respective obligations or restricting or limiting assets or operations of either of us or PHI. Under certain circumstances, PHI shareholders may be permitted or required to adopt any such amendments, which could delay the closing of the Merger and subject PHI and us to additional expense.

We have and will incur significant transaction and Merger-related costs in connection with the Merger.

We expect to incur a number of non-recurring costs associated with combining the operations of the two companies. Most of these costs will be transaction costs, including fees paid to financial and legal advisors related to the Merger and related financing arrangements, and employment-related costs, including change-in-control related payments made to certain PHI executives. In addition, if the closing of the Merger is materially delayed after this offering, we may be required to pay financing costs without having realized any benefits from the Merger during the period of delay. We will also incur transaction fees and costs related to formulating integration plans. Additional unanticipated costs may be incurred in the integration of the two companies' businesses. Although we expect that the elimination of costs, as well as the realization of other efficiencies related to the integration of the businesses, should allow us to offset incremental transaction and Merger-related costs over time, this net benefit may not be achieved in the near term, or at all.

Private parties may bring legal action under antitrust laws or intervene in regulatory proceedings.

Private parties who may believe they are adversely affected by the Merger and individual states may bring legal actions under the antitrust laws in certain circumstances or intervene in regulatory proceedings. Although we and PHI believe the completion of Merger will not conflict with any antitrust law, there can be no assurance that a challenge to the Merger on antitrust grounds will not be made or, if a challenge is made, what the result will be. Under the Merger Agreement, we and PHI have agreed to use our reasonable best efforts to obtain all regulatory clearances necessary to complete the Merger as promptly as practicable. In addition, in order to complete the Merger, we and PHI may be required to comply with conditions, terms, obligations or restrictions imposed by regulatory entities and such conditions, terms, obligations or restrictions may have the effect of delaying completion of the Merger, imposing additional material costs on or materially limiting our revenues after the completion of the Merger, or otherwise reducing our anticipated benefits to the Merger. In addition, such conditions, terms, obligations or restrictions could result in the delay or abandonment of the Merger.

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Risks Relating to the Equity Units

You assume the risk that the market value of our common stock may decline.

The number of shares of our common stock that you will receive upon the settlement of a purchase contract is not fixed but instead will depend on the average VWAP of our common stock on each trading day of the 20 consecutive scheduled trading day period ending on the third scheduled trading day immediately preceding the purchase contract settlement date (subject to adjustment as described herein if a market disruption event occurs), which we refer to as the applicable market value. There can be no assurance that the market value of common stock you receive on the purchase contract settlement date will be equal to or greater than the effective price per share you paid for our common stock. If the applicable market value of the common stock is less than the reference price of $, the market value of the common stock issued to you pursuant to each purchase contract on the purchase contract settlement date (assuming that the market value on the purchase contract settlement date is the same as the applicable market value of the common stock) will be less than the effective price per share you paid for the common stock. Accordingly, you assume the risk that the market value of our common stock may decline, and that the decline could be substantial.

In addition, because the number of shares delivered to you on the purchase contract settlement date will be based upon the applicable market value, which is in turn calculated on the basis of the average of the VWAP per share of our common stock on each trading day of the 20 consecutive scheduled trading day period ending on the third scheduled trading day immediately preceding the purchase contract settlement date (subject to adjustment as described herein if a market disruption event occurs), the shares of common stock you receive on the purchase contract settlement date may be worth less than the shares of common stock you would have received had the applicable market value been equal to the VWAP per share of our common stock on the purchase contract settlement date or the average VWAP of our common stock over a different period of days.

The opportunity for equity appreciation provided by an investment in the Equity Units is less than that provided by a direct investment in our common stock.

Your opportunity for equity appreciation afforded by investing in the Equity Units is less than your opportunity for equity appreciation if you directly invested in our common stock. This opportunity is less, because the market value of the common stock to be received by you pursuant to the purchase contract on the purchase contract settlement date (assuming that the market value on the purchase contract settlement date is the same as the applicable market value of the common stock) will only exceed the effective price per share you paid for our common stock if the applicable market value of the common stock exceeds the threshold appreciation price (which represents an appreciation of approximately % over the reference price). If the applicable market value of our common stock exceeds the reference price but does not exceed the threshold appreciation price, you will realize no equity appreciation of the common stock for the period during which you own the purchase contract. Furthermore, if the applicable market value of our common stock equals or exceeds the threshold appreciation price, you would receive on the purchase contract settlement date only approximately % of the value of the shares of common stock you could have purchased with $ at the closing price of our common stock on the date of the pricing of the Equity Units.

The trading prices for the Corporate Units and Treasury Units are expected to be affected by, among other things, the trading prices of our common stock, the general level of interest rates and our credit quality.

The trading prices of Corporate Units, which we intend to apply to list on the New York Stock Exchange, and Treasury Units in the secondary market are expected to be affected by, among other things, the trading prices of our common stock, the general level of interest rates and our credit quality. It is impossible to predict whether the price of our common stock or interest rates will rise or fall. The price of our common stock could be subject to wide fluctuations in the future in response to many events or factors, including those discussed in the risk factors herein and in our Annual Report on Form 10-K for the year ended December 31, 2013 as well as under “Forward-Looking Information” in this prospectus supplement, many of which events and factors are beyond our

control. Fluctuations in interest rates may give rise to arbitrage opportunities based upon changes in the relative value of the common stock underlying the purchase contracts and of the other components of the Equity Units. Any such arbitrage could, in turn, affect the trading prices of the Corporate Units, Treasury Units, Notes and our common stock.

If you hold Corporate Units or Treasury Units, you will not be entitled to any rights with respect to our common stock, but you will be subject to all changes made with respect to our common stock.

If you hold Corporate Units or Treasury Units, you will not be entitled to any rights with respect to our common stock, such as voting rights and rights to receive dividends or other distributions on our common stock. However, you will be subject to all changes affecting our common stock. You will only be entitled to rights with respect to our common stock if and when we deliver shares of common stock in exchange for Corporate Units or Treasury Units on the purchase contract settlement date, or on the settlement date for any early settlement, as the case may be, and the applicable record date, if any, for the exercise of those rights or the receipt of those dividends or distributions occurs after that date.

The delivery of make-whole shares upon a fundamental change early settlement may not adequately compensate you.

If a fundamental change (as defined below under "Description of the Purchase Contracts—Early Settlement Upon a Fundamental Change") occurs prior to the 30 th scheduled trading day preceding the purchase contract settlement date and you exercise your fundamental change early settlement right, you will be entitled to receive additional value in respect of make-whole shares unless the stock price (as defined under "Description of the Purchase Contracts—Early Settlement Upon a Fundamental Change" below), is in excess of $ per share (subject to adjustment). A description of how the number of make-whole shares will be determined is set forth under "Description of the Purchase Contracts—Early Settlement Upon a Fundamental Change—Calculation of Make-Whole Shares." Although the make-whole shares are designed to compensate you for the lost value of your Equity Units as a result of the fundamental change, this feature may not adequately compensate you for such loss.

In addition, in the event that a holder seeks to exercise its fundamental change early settlement right and a registration statement is required to be effective in connection with the exercise of such right but no such registration statement is then effective or a blackout period is continuing, the holder's exercise of such right will be void unless and until the registration statement is effective. For so long as there is a material business transaction or development that has not yet been publicly disclosed (but in no event for a period longer than 90 days), we will not be required to file such registration statement or provide such a prospectus, and the fundamental change early settlement right will not be available, until we have publicly disclosed such transaction or development; *provided* that we will use commercially reasonable efforts to make such disclosure as soon as it is commercially reasonable to do so.

The Equity Units provide limited fixed settlement rate adjustments, and an event could occur that adversely affects the value of the Equity Units or our common stock but that does not result in an adjustment to the fixed settlement rates.

The number of shares of common stock that you are entitled to receive on the purchase contract settlement date, or as a result of early settlement of a stock purchase contract, is subject to adjustment for certain events arising from stock splits and combinations, stock dividends, certain cash dividends and certain other events. We will not adjust the number of shares of common stock that you are to receive on the purchase contract settlement date, or as a result of early settlement of a purchase contract, for other events, including without limitation issuances and purchases of our common stock in connection with dividend reinvestment plans, employee stock option grants, ordinary dividends, offerings of common stock by us for cash or in connection with an acquisition, and share issuances pursuant to options and other convertible securities outstanding on the date we issue the

Equity Units. See “Description of the Purchase Contracts—Anti-dilution Adjustments.” There can be no assurance that an event that adversely affects the value of the Equity Units or our common stock, but does not result in an adjustment to the settlement rate, will not occur. Further, other than as described under “Underwriting,” we are not restricted from issuing additional common stock during the term of the stock purchase contracts and have no obligation to consider your interests for any reason. If we issue additional shares of common stock, it may materially and adversely affect the trading price of our common stock and the Equity Units. If we issue additional shares of common stock, those issuances may materially and adversely affect the price of our common stock and, because of the relationship of the number of shares holders are to receive on the purchase contract settlement date to the price of our common stock, those issuances may adversely affect the trading prices of the Equity Units.

The secondary market for the Corporate Units, Treasury Units or Notes may be illiquid.

It is not possible to predict how Corporate Units, Treasury Units or Notes will trade or whether a market for them will be liquid or illiquid. There is currently no market for our Corporate Units, Treasury Units or Notes. We intend to apply to list the Corporate Units on the New York Stock Exchange under the symbol “EXCU” and expect trading to commence within 30 days of the date of initial issuance of the Corporate Units, although there is no guarantee that the Corporate Units will be approved for listing. If the Treasury Units or the Notes are separately traded to a sufficient extent that applicable exchange listing or quotation system requirements are met, we may endeavor to list the Treasury Units or the Notes on the same exchange or quotation system as the Corporate Units. However, there can be no assurance that we will list the Treasury Units or the Notes. There can be no assurance as to the liquidity of any market that may develop for the Corporate Units, the Treasury Units or the Notes, your ability to sell these securities or whether a trading market, if one develops, will continue. In addition, in the event a sufficient number of holders of Equity Units were to convert their Treasury Units to Corporate Units or their Corporate Units to Treasury Units, as the case may be, the liquidity of Corporate Units or Treasury Units could be adversely affected. There can be no assurance that the Corporate Units, if approved for listing, will not be de-listed from the New York Stock Exchange or that trading in the Corporate Units will not be suspended as a result of holders’ elections to create Treasury Units, which could cause the number of Corporate Units to fall below the requirement for listing securities on the New York Stock Exchange.

Your rights to the pledged securities will be subject to our security interest and may be affected by a bankruptcy proceeding.

Although you will be the beneficial owner of the undivided beneficial ownership interests in Notes, Treasury securities or applicable ownership interests in the portion of the Treasury portfolio described in the first bullet under “What is the Treasury portfolio?”, as applicable, those securities will be pledged to us through the collateral agent to secure your obligations under the related purchase contracts. Your rights to the pledged securities will be subject to our security interest. Additionally, notwithstanding the automatic termination of the purchase contracts in the event that we become the subject of a case under the U.S. Bankruptcy Code, the effectiveness of such termination and the delivery of the pledged securities to you may be contested or delayed as a result of the imposition of the automatic stay under Section 362 of the U.S. Bankruptcy Code or by exercise of the bankruptcy court’s power under Section 105(a) of the U.S. Bankruptcy Code, and claims arising out of the Notes, like all other claims in bankruptcy proceedings, will be subject to the equitable jurisdiction and powers of the bankruptcy court.

Upon a successful remarketing of the Notes, the terms of your Notes will be modified even if you elect not to participate in the remarketing.

When we attempt to remarket the Notes, the remarketing agent will agree to use its commercially reasonable efforts to sell the Notes included in the remarketing. In connection with the remarketing, we may elect to shorten the maturity of the Notes to a date not earlier than June 1, 2020, to modify the optional redemption terms and to change the method of calculating interest payments on the Notes. If the remarketing is successful, the modified

terms will apply to all the Notes, even if they were not included in the remarketing. However, holders of the Notes must elect to participate in the remarketing before knowing what the modified terms of the Notes will be. Whenever we remarket the Notes, we will notify holders of Corporate Units, Treasury Units and separate Notes of such remarketing. You may determine that the revised terms of the Notes you receive are not as favorable to you as you would deem appropriate, and the modified terms may be less favorable to you than the initial terms of the Notes. For example, the interest rate on the Notes may be reduced in connection with the remarketing.

The purchase contract and pledge agreement will not be qualified under the Trust Indenture Act and the obligations of the purchase contract agent are limited.

The purchase contract and pledge agreement among us, the purchase contract agent and the collateral agent will not be qualified as an indenture under the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"), and the purchase contract agent and collateral agent will not be required to qualify as a trustee under the Trust Indenture Act. You will not have the benefit of the protection of the Trust Indenture Act with respect to the purchase contract and pledge agreement or the purchase contract agent. The Notes constituting a part of the Corporate Units will be issued pursuant to an indenture that has been qualified under the Trust Indenture Act. Accordingly, if you hold Corporate Units, you will have the benefit of the protections of the Trust Indenture Act only to the extent applicable to the ownership interests in Notes included in the Corporate Units. The protections generally afforded the holder of a security issued under an indenture that has been qualified under the Trust Indenture Act include:

- disqualification of the indenture trustee for "conflicting interests," as defined under the Trust Indenture Act;
- provisions preventing a trustee that is also a creditor of the issuer from improving its own credit position at the expense of the security holders immediately prior to or after a default under such indenture; and
- the requirement that the indenture trustee deliver reports at least annually with respect to certain matters concerning the indenture trustee and the securities.

You may not be able to exercise your rights to settle a purchase contract prior to the purchase contract settlement date unless a registration statement under the Securities Act is in effect and a prospectus is available covering the shares of common stock and other securities, if any, deliverable upon early settlement of a purchase contract.

The early settlement rights under the purchase contracts are subject to the condition that, if required under the U.S. federal securities laws, we have a registration statement under the Securities Act in effect on the applicable early settlement date. If such registration statement is so required, we have agreed to use our commercially reasonable efforts to have a registration statement in effect on the applicable early settlement date and have an available prospectus in connection therewith covering the shares of common stock and other securities, if any, deliverable upon settlement of the purchase contract, subject to certain exceptions. In the event that a holder seeks to exercise its early settlement right and a registration statement is required to be effective in connection with the exercise of such right but no such registration statement is then effective, the holder's exercise of such right will be void unless and until such a registration statement is effective.

The indenture under which the Notes will be issued does not limit our indebtedness, prevent dividends or generally prevent highly leveraged transactions; there are no financial covenants in the indenture.

Neither we nor any of our subsidiaries are restricted from incurring additional debt or other liabilities, including additional Senior Indebtedness, under the indenture pursuant to which the Notes will be issued. As of March 31, 2014, we, and our subsidiaries, had total consolidated indebtedness of $19.6 billion, including $648 million in utility long term debt to financing trusts. If we incur additional debt or liabilities, our ability to pay our obligations on the Notes could be adversely affected. We expect that we will from time to time incur additional

debt and other liabilities. In addition, except as described under “Description of the Junior Subordinated Notes—Dividend and Other Payment Stoppages During Interest Deferral and Under Certain Other Circumstances,” we are not restricted under the indenture from paying dividends or issuing or repurchasing our securities.

As of March 31, 2014, Exelon had approximately $3.0 billion principal amount of outstanding long-term debt on an unconsolidated basis that will be senior to the Notes, including the legal obligations of Exelon Corporation to the holders of approximately $1.4 billion in senior notes that have been transferred to Generation through mirror notes from Generation to Exelon Corporation. During consolidation the debt is eliminated from Exelon Corporation and consolidated from Generation into total consolidated indebtedness. Additionally, as of March 31, 2014, our subsidiaries had approximately $17.8 billion of outstanding long-term debt (including securities due within one year) excluding $1.4 billion in senior notes that are mirrored down to Generation which is eliminated during consolidation and consolidated from generation into total consolidated indebtedness principal amount.

There are no financial covenants in the indenture. Except for the covenants described under “Description of the Junior Subordinated Notes—Consolidation, Merger or Sale,” there are no covenants or any other provisions in the indenture which may afford you protection in the event of a highly leveraged transaction including one that may or may not result in a change of control of the Company.

The Notes and the contract adjustment payments are subordinated to our existing and future Senior Indebtedness and are structurally subordinated to any existing or future preferred stock, indebtedness, guarantees and other liabilities of our subsidiaries.

The Notes and the contract adjustment payments will be obligations exclusively of Exelon and will not be guaranteed by any of our subsidiaries. The Notes and contract adjustment payments are subordinated to our existing and future Senior Indebtedness (as defined under “Description of the Junior Subordinated Notes—Subordination”) and will be structurally subordinated to existing or future preferred stock, indebtedness, guarantees and other liabilities, including trade payables, of our subsidiaries. The indenture under which the Notes will be issued will not restrict us or our subsidiaries from incurring substantial additional indebtedness in the future.

As of March 31, 2014, Exelon had approximately $3.0 billion principal amount of outstanding long-term debt on an unconsolidated basis that will be senior to the Notes, including the legal obligations of Exelon Corporation to the holders of approximately $1.4 billion in senior notes that have been transferred to Generation through mirror notes from Generation to Exelon Corporation. During consolidation the debt is eliminated from Exelon Corporation and consolidated from Generation into total consolidated indebtedness. Additionally, as of March 31, 2014, our subsidiaries had approximately $17.8 billion of outstanding long-term debt (including securities due within one year) excluding $1.4 billion in senior notes that are mirrored down to Generation which is eliminated during consolidation and consolidated from generation into total consolidated indebtedness principal amount.

Our subsidiaries are separate and distinct legal entities from us. Our subsidiaries have no obligation to pay any amounts due on the Notes or the purchase contracts or to provide us with funds to meet our respective payment obligations on the Notes or purchase contracts. Any payment of dividends, loans or advances by our subsidiaries to us could be subject to statutory or contractual restrictions and will be contingent upon the subsidiaries’ earnings and business considerations. Our right to receive any assets of any of our subsidiaries upon their bankruptcy, liquidation or similar reorganization, and therefore the right of the holders of the Notes or purchase contracts to participate in those assets, will be structurally subordinated to the claims of that subsidiary’s creditors, including trade creditors. Even if we are a creditor of any of our subsidiaries, our rights as a creditor would be subordinate to any security interest in the assets of our subsidiaries and any indebtedness of our subsidiaries senior to that held by us.

Recent and future regulatory actions and other events may adversely affect the trading price and liquidity of the Equity Units.

We expect that many investors in, and potential purchasers of, the Equity Units will employ, or seek to employ, an arbitrage strategy with respect to the Equity Units. Investors would typically implement such a strategy by selling short the common stock underlying the Equity Units and dynamically adjusting their short position while continuing to hold the Equity Units. Investors may also implement this type of strategy by entering into swaps on our common stock in lieu of or in addition to short selling the common stock.

The SEC and other regulatory and self-regulatory authorities have implemented various rules and taken certain actions, and may in the future adopt additional rules and take other actions, that may impact those engaging in short selling activity involving equity securities (including our common stock). Such rules and actions include Rule 201 of SEC Regulation SHO, the adoption by the Financial Industry Regulatory Authority, Inc. and the national securities exchanges of a “Limit Up-Limit Down” program, the imposition of market-wide circuit breakers that halt trading of securities for certain periods following specific market declines, and the implementation of certain regulatory reforms required by the Dodd-Frank Act. Any governmental or regulatory action that restricts the ability of investors in, or potential purchasers of, the Equity Units to effect short sales of our common stock or enter into swaps on our common stock could adversely affect the trading price and the liquidity of the Equity Units.

In addition, if investors and potential purchasers seeking to employ an arbitrage strategy are unable to borrow or enter into swaps on our common stock, in each case on commercially reasonable terms, the trading price and liquidity of the Equity Units may be adversely affected.

We may defer contract adjustment payments under the purchase contracts, and this may have an adverse effect on the trading prices of the Equity Units.

We may at our option defer the payment of all or part of the contract adjustment payments under the purchase contracts. If we exercise our right to defer contract adjustment payments, the market price of the Equity Units is likely to be adversely affected. As a result of the existence of our deferral rights, the market price of the Equity Units may be more volatile than would otherwise be the case. In addition, there is a risk that we may not be able to pay such deferred contract adjustment payments (including compounded contract adjustment payments thereon) in the future. If we make such a deferral you may be required to continue to recognize income for U.S. federal income tax purposes in respect of the purchase contracts in advance of your receipt of any corresponding cash distributions.

If we exercise our right to defer interest payments on the Notes, the market price of the Corporate Units and any separate Notes is likely to be adversely affected.

Prior to any successful remarketing of the Notes, we may at our option defer interest payments on the Notes for one or more consecutive interest periods. During any “deferral period” (as defined under “Description of the Junior Subordinated Notes—Option to Defer Interest Payments” below), holders of the Notes will receive no current payments and, so long as we are otherwise in compliance with our obligations, holders will have no remedies against us for nonpayment unless we fail to pay all previously deferred interest (including compounded interest thereon) in cash within 30 days of the date due after the end of the deferral period. If we exercise our right to defer interest, the market price of the Corporate Units and any separate Notes is likely to be adversely affected. As a result of the existence of our deferral rights, the market price of the Corporate Units and any separate Notes may be more volatile than would otherwise be the case. In addition, there is the risk that we may not be able to pay such deferred interest (including compounded interest thereon) in the future.

Because the Notes will be issued with OID, holders of Corporate Units and separate Notes will be required to include interest in their taxable income before they receive cash.

Because of the manner in which the interest rate on the Notes is to be reset, we intend to treat the Notes as "contingent payment debt instruments" for U.S. federal income tax purposes. As such, the Notes will be treated as issued with OID. OID will accrue from the issue date of the Notes and will be included in the gross income of holders of Equity Units and separate Notes for U.S. federal income tax purposes before the holders receive the cash payments to which the income is attributable. Moreover, the amount of interest that will be included in gross income may exceed the actual cash payments to which the income is attributable. The treatment of the Notes as contingent payment debt instruments will also generally cause any gain recognized on the sale, exchange or other taxable disposition of the Notes to be treated as ordinary income rather than capital gain. See "Material U.S. Federal Income Tax Considerations."

The U.S. federal income tax consequences of the purchase, ownership and disposition of the Equity Units are unclear.

Although the IRS has issued a Revenue Ruling addressing the treatment of units similar to the Equity Units, the U.S. federal income tax consequences of the purchase, ownership, and disposition of the Equity Units are unclear. No statutory, judicial or administrative authority directly addresses all aspects of the treatment of the Equity Units or instruments similar to the Equity Units for U.S. federal income tax purposes. Accordingly, no assurance can be given that the conclusions in the Revenue Ruling would apply to the Equity Units. In addition, there can be no assurance that the IRS or a court will agree with the characterization of the Notes as indebtedness for U.S. federal income tax purposes. You should consult with your tax advisors regarding the tax consequences of an investment in the Equity Units. See "Material U.S. Federal Income Tax Considerations."

Under certain circumstances, you may be treated as receiving a taxable distribution on our common stock even though you do not receive any actual distribution.

For U.S. federal income tax purposes, you may be treated as receiving a constructive distribution from us with respect to the purchase contract if (1) the fixed settlement rates are adjusted (or fail to be adjusted) and, as a result of the adjustment (or failure to adjust), your proportionate interest in our assets or earnings and profits is increased, and (2) the adjustment (or failure to adjust) is not made pursuant to a bona fide, reasonable anti-dilution formula. The adjustment of the fixed settlement rate (or a failure to adjust the fixed settlement rate) may result in a constructive distribution that is taxable to you for U.S. federal income tax purposes in the year of such constructive distribution notwithstanding the fact that you do not actually receive any distribution related thereto. Non-U.S. holders (as defined under "Material U.S. Federal Income Tax Considerations") may be subject to U.S. federal withholding tax at a 30% rate on such constructive distributions, unless an income tax treaty reduces or eliminates such tax and any such withholding may be satisfied from payments on the Equity Units or purchase contract. See "Material U.S. Federal Income Tax Considerations—U.S. Holders—Purchase Contracts" and "Material U.S. Federal Income Tax Considerations— Non-U.S. Holders—Dividends."

We will report contract adjustment payments as ordinary income and we will withhold tax on contract adjustment payments made to non-U.S. holders.

We intend to treat contract adjustment payments as taxable ordinary income to a U.S. holder (as defined under "Material U.S. Federal Income Tax Considerations") when received or accrued, in accordance with the U.S. holder's regular method of tax accounting. We intend to treat any contract adjustment payments paid to a non-U.S. holder (as defined under "Material U.S. Federal Income Tax Considerations") as payments generally subject to withholding tax at a 30% rate, unless an income tax treaty reduces or eliminates such tax and the holder satisfies the relevant certification requirements. See "Material U.S. Federal Income Tax Considerations— U.S. Holders—Purchase Contracts" and "Material U.S. Federal Income Tax Considerations—Non-U.S. Holders—Contract Adjustment Payments." Persons considering the purchase of Equity Units should consult their tax advisors concerning the possible alternative characterization and tax treatment of Equity Units and the contract adjustment payments.

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Non-U.S. holders may be subject to U.S. federal income tax.

We have not determined whether we are a "United States real property holding corporation" for U.S. federal income tax purposes. If we are a United States real property holding corporation, non-U.S. holders (as defined in "Material U.S. Federal Income Tax Considerations") of the Equity Units, the purchase contracts or our common stock may be subject to U.S. federal income or withholding tax, or both, in respect of payments in connection with a sale, a transfer or other taxable disposition of the Equity Units, the purchase contracts and/or our common stock if they exceed certain ownership levels. Prospective non-U.S. holders are urged to consult their tax advisors with respect to the U.S. federal income tax consequences of acquiring, owning, settling and disposing of the Equity Units, the purchase contracts and our common stock. See "Material U.S. Federal Income Tax Considerations—Non-U.S. Holders."

FORWARD LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus and the documents incorporated or deemed incorporated by reference as described under the heading “Where You Can Find More Information” contain forward-looking statements that are not based entirely on historical facts and are subject to risks and uncertainties. Words such as “believes,” “anticipates,” “expects,” “intends,” “plans,” “predicts” and “estimates” and similar expressions are intended to identify forward-looking statements but are not the only means to identify those statements. These forward-looking statements are based on assumptions, expectations and assessments made by our management in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe to be appropriate. Any forward-looking statements are not guarantees of our future performance and are subject to risks and uncertainties.

This prospectus supplement and the accompanying prospectus contain certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which are subject to risks and uncertainties. The factors that could cause actual results to differ materially from the forward-looking statements include: (a) any risk factors discussed in this prospectus supplement or the accompanying prospectus; (b) those risk factors discussed in our 2013 Annual Report on Form 10-K in (1) ITEM 1A. Risk Factors, (2) ITEM 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations and (3) ITEM 8. Financial Statements and Supplementary Data: Note 22; and (c) other factors discussed herein and in other filings with the SEC by Exelon, as applicable.

You are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date on the front of this prospectus supplement or, as the case may be, as of the date on which we make any subsequent forward-looking statement that is deemed incorporated by reference. We do not undertake any obligation to update or revise any forward-looking statement to reflect events or circumstances after the date as of which any such forward-looking statement is made.

WHERE YOU CAN FIND MORE INFORMATION

The SEC allows us to “incorporate by reference” the information filed by us with the SEC, which means that we can refer you to important information without restating it in this prospectus supplement and the accompanying prospectus. The information incorporated by reference is considered to be part of this prospectus supplement and the accompanying prospectus and should be read with the same care. This incorporation by reference does not include documents that are furnished, but not filed, with the SEC. Exelon, Generation, ComEd, PECO and BGE file combined reports under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Information contained in the combined reports relating to each registrant is filed separately by such registrant on its own behalf and only the information related to Exelon is incorporated by reference in this prospectus supplement and the accompanying prospectus. Exelon does not make any representation as to information relating to any other registrant or securities issued by any other registrant and you should not rely on any information relating to any registrant other than Exelon in determining whether to invest in the Equity Units offered hereby. We incorporate by reference our Annual Report on Form 10-K for the year ended December 31, 2013, our Quarterly Report on Form 10-Q for the quarter ended March 31, 2014, our Definitive Proxy Statement on Schedule 14A filed with the SEC on April 2, 2014, our Current Reports on Form 8-K filed with the SEC on February 12, 2014, February 13, 2014, February 28, 2014, April 1, 2014, April 30, 2014, May 12, 2014, May 27, 2014 and June 4, 2014 and any future filings that we make with the SEC under the Exchange Act if the filings are made prior to the time that all of the Equity Units are sold in this offering.

You can also find more information about us from the sources described under “Documents Incorporated by Reference” in the accompanying prospectus.

USE OF PROCEEDS

We estimate that the net proceeds from the sale of the Equity Units in this offering will be approximately $ million (approximately $ million if the underwriters exercise their option to purchase additional Corporate Units in full), after deducting the underwriting discounts and commissions but before deducting other offering expenses. These net proceeds will be used to finance a portion of the acquisition of PHI and for general corporate purposes. See “Recent Developments—PHI Merger.”

We currently intend to use the proceeds from the settlement of the purchase contracts to pay, in part, consideration for the acquisition of PHI or for other corporate purposes as soon as practicable following such settlement. To the extent we do not use the net proceeds immediately; we may temporarily invest them in short-term, interest-bearing obligations.

CAPITALIZATION

The table below shows our unaudited capitalization on a consolidated basis as of March 31, 2014. The "As Adjusted for Concurrent Offering" column reflects our capitalization after giving effect to our concurrent offering of common stock and use of proceeds therefrom. The "As Fully Adjusted" column reflects our capitalization after giving effect to the concurrent offering, this offering of Equity Units and the intended use of the net proceeds from both of these offerings. The table below assumes that the over-allotment option is not exercised in this offering or the concurrent offering. You should read this table along with our audited financial statements contained in our Annual Report on Form 10-K for the year ended December 31, 2013, as well as the unaudited information presented in our most recent Quarterly Report on Form 10-Q filed for the quarter ended March 31, 2014. See "Where You Can Find More Information" and "Use of Proceeds."

	As of March 31, 2014		
	Actual	As Adjusted for the Concurrent Offering	As Fully Adjusted
	(In millions)	(In millions)	(In millions)
Short-term borrowings	$ 980	$ 980	$ 980
Long-term debt:			
Long-term	19,568	19,568	19,568
Junior subordinated notes offered hereby	—	—	1,000
Shareholders' equity	22,778	24,632	24,632
Total Capitalization	$ 43,326	$ 45,180	$ 46,180

COMMON STOCK DIVIDENDS AND PRICE RANGE

Our common stock is listed on the New York Stock Exchange under the symbol "EXC". The following table sets forth the range of intra-day high and low sale prices, as reported on the New York Stock Exchange, and the cash dividends declared on the common stock for the periods indicated:

Price Range	High	Low	Dividends
2012			
First Quarter	$43.70	$38.31	$ 0.525
Second Quarter	39.37	36.27	0.525
Third Quarter	39.82	34.54	0.525
Fourth Quarter	37.50	28.40	0.525
2013			
First Quarter	$34.56	$29.10	$ 0.556
Second Quarter	37.80	29.84	0.310
Third Quarter	32.42	29.42	0.310
Fourth Quarter	30.59	26.64	0.310
2014			
First Quarter	$33.94	$26.45	$ 0.310
Second Quarter (through June 9, 2014)	$37.73	$33.11	$ 0.310

On June 9, 2014, the last reported sale price of the common stock on the New York Stock Exchange was $37.08 per share.

Our board of directors declared the second quarter 2014 dividend of $0.31 per share on Exelon's common stock. The second quarter dividend is payable on June 10, 2014 to shareholders of record as of 5:00 p.m. New York time on May 16, 2014. All future quarterly dividends require approval by Exelon's board of directors.

As of June 6, 2014, we had approximately 858,876,681 shares of common stock outstanding and approximately 127,869 holders of record of our common stock.

ACCOUNTING TREATMENT

The net proceeds from the sale of the Equity Units will be allocated between the purchase contracts and the Notes in proportion to their respective fair market values at the time of issuance. The present value of the contract adjustment payments will be initially charged to shareholders' equity, with an offsetting credit to liabilities. This liability is accreted over the life of the purchase contract by interest charges to the income statement based on a constant rate calculation. Subsequent contract adjustment payments reduce this liability.

The purchase contracts are forward transactions in our common stock. Upon settlement of each purchase contract, we will receive $50 on the purchase contract and will issue the requisite number of shares of our common stock. The $50 that we receive will be credited to shareholders ' equity.

Before the issuance of our common stock upon settlement of the purchase contracts, the purchase contracts will be reflected in our diluted earnings per share calculations using the treasury stock method. Under this method, the number of shares of our common stock used in calculating diluted earnings per share (based on the settlement formula applied at the end of the reporting period) is deemed to be increased by the excess, if any, of the number of shares that would be issued upon settlement of the purchase contracts over the number of shares that could be purchased by us in the market (at the average market price during the period) using the proceeds receivable upon settlement. Consequently, we anticipate that there will be no dilutive effect on our earnings per share except during periods when the average market price of our common stock is above adjusted forward sale price, which is initially $ per share, subject to increase or decrease based on the federal funds rate, less a spread, and subject to decrease by amounts related to expected dividends on our shares of common stock during the term of the forward sale agreements.

Both the Financial Accounting Standards Board and its Emerging Issues Task Force continue to study the accounting for financial instruments and derivative instruments, including instruments such as the Equity Units. It is possible that our accounting for the purchase contracts and the notes could be affected by any new accounting rules that might be issued by these groups.

DESCRIPTION OF THE EQUITY UNITS

In this Description of the Equity Units, "Exelon," "we," "us," "our" and the "Company" refer only to Exelon Corporation and any successor obligor, and not to any of its subsidiaries.

The following is a summary of some of the terms of the Equity Units. This summary, together with the summaries of the terms of the purchase contracts, the purchase contract and pledge agreement and the Notes set forth under the captions "Description of the Purchase Contracts," "Certain Provisions of the Purchase Contract and Pledge Agreement" and "Description of the Junior Subordinated Notes" in this prospectus supplement, contain a description of the material terms of the Equity Units, but are only summaries and are not complete. This summary is subject to and is qualified by reference to all the provisions of the purchase contract and pledge agreement, the subordinated indenture (as defined under "Description of the Junior Subordinated Notes— Ranking"), the supplemental indenture (as defined under "Description of the Junior Subordinated Notes—Ranking"), the Notes and the form of remarketing agreement, which has been attached as an exhibit to the purchase contract and pledge agreement, including the definitions of certain terms used therein, forms of which have been or will be filed and incorporated by reference as exhibits to the registration statement of which this prospectus supplement and the accompanying base prospectus form a part.

General

We will issue the Equity Units under the purchase contract and pledge agreement among us and The Bank of New York Mellon Trust Company, N.A., as purchase contract agent (the "purchase contract agent"), collateral agent (the "collateral agent"), custodial agent (the "custodial agent") and securities intermediary. The Equity Units may be either Corporate Units or Treasury Units. The Equity Units will initially consist of 20,000,000 Corporate Units (or 23,000,000 Corporate Units if the underwriters exercise their option to purchase additional Corporate Units in full), each with a stated amount of $50.

Each Corporate Unit offered will consist of:

- a purchase contract under which
  - the holder will agree to purchase from us, and we will agree to sell to the holder, on June 1, 2017 (or if such day is not a business day, the following business day), which we refer to as the "purchase contract settlement date," or earlier upon early settlement, for $50, a number of shares of our common stock equal to the applicable settlement rate described under "Description of the Purchase Contracts—Purchase of Common Stock," "Description of the Purchase Contracts—Early Settlement" or "Description of the Purchase Contracts—Early Settlement Upon a Fundamental Change," as the case may be, plus, in the case of an early settlement upon a fundamental change, the number of make-whole shares; and
  - we will pay the holder quarterly contract adjustment payments at the rate of % per year on the stated amount of $50, or $ per year, subject to our right to defer such contract adjustment payments as described under "Description of the Purchase Contracts—Contract Adjustment Payments," and

either:

- a 1/20 undivided beneficial ownership interest in a $1,000 principal amount % junior subordinated note due 2024 issued by us, and under which we will pay to the holder 1/20 of the interest payment on a $1,000 principal amount Note at the initial rate of %, or $ per year per $1,000 principal amount of Notes, subject to our right to defer such interest payments as described under "Description of the Junior Subordinated Notes—Option to Defer Interest Payments;" or
- following a successful optional remarketing, the applicable ownership interest in a portfolio of U.S. Treasury securities, which we refer to as the "Treasury portfolio."

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"Applicable ownership interest" means, with respect to the Treasury portfolio,

(1) a 1/20 undivided beneficial ownership interest in $1,000 face amount of U.S. Treasury securities (or principal or interest strips thereof) included in the Treasury portfolio that mature on or prior to the purchase contract settlement date; and

(2) for the scheduled interest payment occurring on the purchase contract settlement date, a % undivided beneficial ownership interest in $1,000 face amount of U.S. Treasury securities (or principal or interest strips thereof) that mature on or prior to the purchase contract settlement date.

If U.S. Treasury securities (or principal or interest strips thereof) that are to be included in the Treasury portfolio in connection with a successful optional remarketing have a yield that is less than zero, the Treasury portfolio will consist of an amount in cash equal to the aggregate principal amount at maturity of the U.S. Treasury securities described in clauses (1) and (2) above. If the provisions set forth in this paragraph apply, references to "Treasury security" and "U.S. Treasury securities (or principal or interest strips thereof)" in connection with the Treasury portfolio will, thereafter, be deemed to be references to such amount of cash.

So long as the Equity Units are in the form of Corporate Units, the related undivided beneficial ownership interest in the Note or the applicable ownership interest in the Treasury portfolio described in clause (1) of the definition of "applicable ownership interest" above (or $50 in cash, if the immediately preceding paragraph applies), as the case may be, will be pledged to us through the collateral agent to secure the holders' obligations to purchase our common stock under the related purchase contracts.

Creating Treasury Units by Substituting a Treasury Security for a Note

Each holder of 20 Corporate Units may create, at any time other than after a successful remarketing or during a blackout period (as defined below), 20 Treasury Units by substituting for a Note a zero-coupon U.S. Treasury security (for example, CUSIP No. 912820WA1) with a principal amount at maturity equal to $1,000 and maturing on May 31, 2017, which we refer to as a "Treasury security." This substitution would create 20 Treasury Units and the Note would be released from the pledge under the purchase contract and pledge agreement and delivered to the holder and would be tradable and transferable separately from the Treasury Units. Because Treasury securities and Notes are issued in integral multiples of $1,000, holders of Corporate Units may make the substitution only in integral multiples of 20 Corporate Units. After a successful remarketing, holders may not create Treasury Units from Corporate Units or recreate Corporate Units from Treasury Units.

Each Treasury Unit will consist of:

- a purchase contract under which
  - the holder will agree to purchase from us, and we will agree to sell to the holder, on the purchase contract settlement date, or earlier upon early settlement, for $50, a number of shares of our common stock equal to the applicable settlement rate, plus, in the case of an early settlement upon a fundamental change, the number of make-whole shares; and
  - we will pay the holder quarterly contract adjustment payments at the rate of % per year on the stated amount of $50, or $ per year, subject to our right to defer the contract adjustment payments; and
- a 1/20 undivided beneficial ownership interest in a Treasury security.

The term "blackout period" means the period (1) if we elect to conduct an optional remarketing, from 4:00 p.m., New York City time, on the second business day (as defined below) immediately preceding the first day of the optional remarking period until the settlement date of such optional remarketing or the date we announce that such remarketing was unsuccessful and (2) after 4:00 p.m., New York City time, on the second business day immediately preceding the first day of the final remarketing period.

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The term “business day” means any day that is not a Saturday or Sunday or a day on which banking institutions in The City of New York are authorized or required by law or executive order to close.

The Treasury Unit holder’s beneficial ownership interest in the Treasury security will be pledged to us through the collateral agent to secure the holder’s obligation to purchase our common stock under the related purchase contracts.

To create 20 Treasury Units, a holder is required to:

- deposit with the collateral agent a Treasury security that has a principal amount at maturity of $1,000, which must be purchased in the open market at the expense of the Corporate Unit holder, unless otherwise owned by the holder; and
- transfer to the purchase contract agent 20 Corporate Units, accompanied by a notice stating that the holder of the Corporate Units has deposited a Treasury security with the collateral agent, and requesting that the purchase contract agent instruct the collateral agent to release the related Note.

Upon receiving instructions from the purchase contract agent and receipt of the Treasury security, the collateral agent will release the related Note from the pledge and deliver it to the purchase contract agent on behalf of the holder, free and clear of our security interest. The purchase contract agent then will:

- cancel the 20 Corporate Units;
- transfer the related Note to the holder; and
- deliver 20 Treasury Units to the holder.

The Treasury security will be substituted for the Note and will be pledged to us through the collateral agent to secure the holder’s obligation to purchase shares of our common stock under the related purchase contracts. The Note thereafter will trade and be transferable separately from the Treasury Units.

Holders who create Treasury Units will be responsible for any taxes, governmental charges or other fees or expenses (including, without limitation, fees and expenses payable to the collateral agent) attributable to such collateral substitution. See “Certain Provisions of the Purchase Contract and Pledge Agreement—Miscellaneous.”

Recreating Corporate Units

Each holder of 20 Treasury Units will have the right, at any time, other than during a blackout period or after a successful remarketing, to substitute for the related Treasury security held by the collateral agent a Note having a principal amount equal to $1,000. This substitution would recreate 20 Corporate Units and the applicable Treasury security would be released from the pledge under the purchase contract and pledge agreement and delivered to the holder and would be tradable and transferable separately from the Corporate Units. Because Treasury securities and Notes are issued in integral multiples of $1,000, holders of Treasury Units may make this substitution only in integral multiples of 20 Treasury Units. After a successful remarketing, holders may not recreate Corporate Units from Treasury Units.

To recreate 20 Corporate Units, a holder is required to:

- deposit with the collateral agent a Note having a principal amount of $1,000, which must be purchased in the open market at the expense of the Treasury Unit holder, unless otherwise owned by the holder; and
- transfer to the purchase contract agent 20 Treasury Units, accompanied by a notice stating that the holder of the Treasury Units has deposited a Note having a principal amount of $1,000 with the collateral agent and requesting that the purchase contract agent instruct the collateral agent to release the related Treasury security.

Upon receiving instructions from the purchase contract agent and receipt of the Note having a principal amount of $1,000, the collateral agent will promptly release the related Treasury security from the pledge and promptly instruct the securities intermediary to transfer such Treasury security to the purchase contract agent for distribution to the holder, free and clear of our security interest. The purchase contract agent then will:

- cancel the 20 Treasury Units;
- transfer the related Treasury security to the holder; and
- deliver 20 Corporate Units to the holder.

The $1,000 principal amount Note will be substituted for the Treasury security and will be pledged to us through the collateral agent to secure the holder's obligation to purchase shares of our common stock under the related purchase contracts. The Treasury security thereafter will trade and be transferable separately from the Corporate Units.

Holders who recreate Corporate Units will be responsible for any taxes, governmental charges or other fees or expenses (including, without limitation, fees and expenses payable to the collateral agent) attributable to the collateral substitution. See "Certain Provisions of the Purchase Contract and Pledge Agreement—Miscellaneous."

Payments on the Equity Units

Holders of Corporate Units and Treasury Units will receive quarterly contract adjustment payments payable by us at the rate of % per year on the stated amount of $50 per Equity Unit. We will make all contract adjustment payments on the Corporate Units and the Treasury Units quarterly in arrears on March 1, June 1, September 1 and December 1 of each year (except that if any such date is not a business day, contract adjustment payments will be payable on the following business day, without adjustment), commencing September 1, 2014. Unless the purchase contracts have been terminated (as described under "Description of the Purchase Contracts—Termination" below), we will make such contract adjustment payments until the earliest of the purchase contract settlement date, the fundamental change early settlement date (in the case of a fundamental change early settlement, as described under "Description of the Purchase Contracts—Early Settlement Upon a Fundamental Change" below) and the most recent contract adjustment payment date on or before any other early settlement with respect to the related purchase contracts (in the case of an early settlement as described under "Description of the Purchase Contracts—Early Settlement" below). If the purchase contracts have been terminated, our obligation to pay the contract adjustment payments, including any accrued and unpaid contract adjustment payments and deferred contract adjustment payments (including compounded contract adjustment payments thereon), will cease. In addition, holders of Corporate Units will receive quarterly cash distributions consisting of their pro rata share of interest payments on the Notes (or distributions on the applicable ownership interest in the Treasury portfolio, as applicable), equivalent to the rate of % per year. There will be no interest payments in respect of the Treasury securities that are a component of the Treasury Units, but to the extent that such holders of Treasury Units continue to hold the Notes that were delivered to them when they created the Treasury Units, such holders will continue to receive the scheduled interest payments on their separate Notes for as long as they hold the Notes.

We have the right to defer payment of quarterly contract adjustment payments and of interest on the Notes as described under "Description of the Purchase Contracts—Contract Adjustment Payments" and "Description of the Junior Subordinated Notes—Option to Defer Interest Payments," respectively.

Listing

We intend to apply to list the Corporate Units on the New York Stock Exchange and expect trading to commence within 30 days of the initial issuance of the Corporate Units under the symbol "EXCU." Except in connection with early settlement, fundamental change early settlement, a termination event or settlement on the

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purchase contract settlement date with separate cash, unless and until substitution has been made as described in "—Creating Treasury Units by Substituting a Treasury Security for a Note" or "—Recreating Corporate Units," neither the Note or applicable ownership interest in the Treasury portfolio component of a Corporate Unit nor the Treasury security component of a Treasury Unit will trade separately from Corporate Units or Treasury Units. The Note or applicable ownership interest in the Treasury portfolio component will trade as a unit with the purchase contract component of the Corporate Units, and the Treasury security component will trade as a unit with the purchase contract component of the Treasury Units. In addition, if Treasury Units or Notes are separately traded to a sufficient extent that the applicable exchange listing requirements are met, we may endeavor to cause the Treasury Units or Notes to be listed on the exchange on which the Corporate Units are then listed, including, if applicable, the New York Stock Exchange. However, there can be no assurance that we will list the Treasury Units or the Notes.

Ranking

The Notes, which are included in the Equity Units, will be our junior subordinated obligations, subordinated to our existing and future Senior Indebtedness (as defined under "Description of the Junior Subordinated Notes—Subordination"). The Notes will be issued under our subordinated indenture and the supplemental indenture (each defined under "Description of the Junior Subordinated Notes— Ranking").

In addition, our obligations with respect to contract adjustment payments will be subordinate in right of payment to our existing and future Senior Indebtedness (as defined under "Description of the Junior Subordinated Notes—Subordination").

The Notes and our obligations with respect to contract adjustments payments will be structurally subordinated to existing or future preferred stock and indebtedness, guarantees and other liabilities, including trade payables, of our subsidiaries.

Our subsidiaries are separate and distinct legal entities from us. Our subsidiaries have no obligation to pay any amounts due on the Notes or the purchase contracts or to provide us with funds to meet our respective payment obligations on the Notes or purchase contracts. Any payment of dividends, loans or advances by our subsidiaries to us could be subject to statutory or contractual restrictions and will be contingent upon the subsidiaries' earnings and business considerations. Our right to receive any assets of any of our subsidiaries upon their bankruptcy, liquidation or similar reorganization, and therefore the right of the holders of the Notes or purchase contracts to participate in those assets, will be structurally subordinated to the claims of that subsidiary's creditors, including trade creditors. Even if we are a creditor of any of our subsidiaries, our rights as a creditor would be subordinate to any security interest in the assets of our subsidiaries and any indebtedness of our subsidiaries senior to that held by us.

Voting and Certain Other Rights

Prior to the delivery of shares of common stock under each purchase contract, such purchase contract shall not entitle the holder of the Corporate Units or Treasury Units to any rights of a holder of shares of our common stock, including, without limitation, the right to vote or receive any dividends or other payments or distributions or to consent to or to receive notice as a shareholder or other rights in respect of our common stock.

Agreed U.S. Federal Income Tax Treatment

Each beneficial owner of an Equity Unit, by purchasing a Corporate Unit, will be deemed to have agreed (unless otherwise required by any taxing authority) (1) to be treated as the owner of each of the purchase contract, the related Note and the applicable ownership interests in the Treasury portfolio or Treasury security, as the case may be, for U.S. federal, state and local income tax purposes, (2) to treat the Note as indebtedness that are contingent payment debt instruments (as that term is used in U.S. Treasury Regulations Section 1.1275-4) for

all U.S. federal and state tax purposes, and (3) to allocate, as of the issue date, % of the purchase price paid for the Corporate Units to its ownership interest in the Notes and % to each purchase contract, which will establish its initial tax basis in each purchase contract as $ and the beneficial owner's initial tax basis in the Note as $. This position will be binding on each beneficial owner of each Equity Unit, but not on the IRS. See "Material U.S. Federal Income Tax Considerations."

Repurchase of the Equity Units

We may purchase from time to time any of the Equity Units that are then outstanding by tender, in the open market, by private agreement or otherwise, subject to compliance with applicable law, *provided* that any of the Equity Units repurchased by us will be cancelled.

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DESCRIPTION OF THE PURCHASE CONTRACTS

In this Description of the Purchase Contracts, "Exelon," "we," "us," "our" and the "Company" refer only to Exelon Corporation and any successor obligor, and not to any of its subsidiaries.

The following is a summary of some of the terms of the purchase contracts. The purchase contracts will be issued pursuant to the purchase contract and pledge agreement among us, the purchase contract agent, the collateral agent, the custodial agent and the securities intermediary. The summaries of the purchase contracts and the purchase contract and pledge agreement contain a description of the material terms of the contracts but are only summaries and are not complete. This summary is subject to and is qualified by reference to all the provisions of the purchase contract and pledge agreement, the subordinated indenture (as defined under "Description of the Junior Subordinated Notes—Ranking"), the supplemental indenture (as defined under "Description of the Junior Subordinated Notes—Ranking"), the Notes and the form of remarketing agreement, including the definitions of certain terms used therein, forms of which have been or will be filed and incorporated by reference as an exhibit to the registration statement of which this prospectus supplement and the accompanying base prospectus form a part.

Purchase of Common Stock

Each purchase contract that is a component of a Corporate Unit or a Treasury Unit will obligate its holder to purchase, and us to issue and deliver, on June 1, 2017 (or if such day is not a business day, the following business day) (the "purchase contract settlement date"), for $50 in cash a number of shares of our common stock equal to the settlement rate (together with cash, if applicable, in lieu of any fractional shares of common stock in the manner described below), in each case, unless the purchase contract terminates prior to that date or is settled early at the holder's option. The number of shares of our common stock issuable upon settlement of each purchase contract on the purchase contract settlement date (which we refer to as the "settlement rate") will be determined as follows, subject to adjustment as described under "—Anti-dilution Adjustments" below:

(1) If the applicable market value of our common stock is equal to or greater than the "threshold appreciation price" of $, the settlement rate will be shares of our common stock (we refer to this settlement rate as the "minimum settlement rate").

Accordingly, if the market price for the common stock increases between the date of this prospectus supplement and the period during which the applicable market value is measured and the applicable market value is greater than the threshold appreciation price, the aggregate market value of the shares of common stock issued upon settlement of each purchase contract will be higher than the stated amount, assuming that the market price of the common stock on the purchase contract settlement date is the same as the applicable market value of the common stock. If the applicable market value is the same as the threshold appreciation price, the aggregate market value of the shares issued upon settlement will be equal to the stated amount, assuming that the market price of the common stock on the purchase contract settlement date is the same as the applicable market value of the common stock.

(2) If the applicable market value of our common stock is less than the threshold appreciation price but greater than the "reference price" of $, which will be the closing price of our common stock on the New York Stock Exchange on the date the Equity Units are priced, the settlement rate will be a number of shares of our common stock equal to $50 divided by the applicable market value, rounded to the nearest ten thousandth of a share.

Accordingly, if the market price for the common stock increases between the date of this prospectus supplement and the period during which the applicable market value is measured, but the market price does not exceed the threshold appreciation price, the aggregate market value of the shares of common stock issued upon settlement of each purchase contract will be equal to the stated amount, assuming that the market price of the common stock on the purchase contract settlement date is the same as the applicable market value of the common stock.

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(3) If the applicable market value of our common stock is less than or equal to the reference price of $, the settlement rate will be shares of our common stock, which is equal to the stated amount divided by the reference price (we refer to this settlement rate as the "maximum settlement rate").

Accordingly, if the market price for the common stock decreases between the date of this prospectus supplement and the period during which the applicable market value is measured and the market price is less than the reference price, the aggregate market value of the shares of common stock issued upon settlement of each purchase contract will be less than the stated amount, assuming that the market price on the purchase contract settlement date is the same as the applicable market value of the common stock. If the market price of the common stock is the same as the reference price, the aggregate market value of the shares will be equal to the stated amount, assuming that the market price of the common stock on the purchase contract settlement date is the same as the applicable market value of the common stock.

The threshold appreciation price is equal to $50 divided by the minimum settlement rate (such quotient rounded to the nearest $0.0001), which is $ and represents appreciation of approximately % over the reference price.

If you elect to settle your purchase contract early in the manner described under "—Early Settlement," the number of shares of our common stock issuable upon settlement of such purchase contract will be , the minimum settlement rate, subject to adjustment as described under "—Anti-dilution Adjustments." If you elect to settle your purchase contract early upon a fundamental change, the number of shares of our common stock issuable upon settlement will be determined as described under "—Early Settlement Upon a Fundamental Change." We refer to the minimum settlement rate and the maximum settlement rate as the "fixed settlement rates."

The "applicable market value" means the average volume-weighted average price, or VWAP, of our common stock on each trading day during the 20 consecutive scheduled trading day period ending on the third scheduled trading day immediately preceding the purchase contract settlement date (the "market value averaging period"). The "VWAP" of our common stock means, for the relevant trading day, the per share VWAP on the principal exchange or quotation system on which our common stock is listed or admitted for trading as displayed under the heading Bloomberg VWAP on Bloomberg page EXC <EQUITY> AQR (or its equivalent successor if that page is not available) in respect of the period from the scheduled open of trading on the relevant trading day until the scheduled close of trading on the relevant trading day (or if such VWAP is unavailable, the market price of one share of our common stock on such trading day determined, using a volume-weighted average method, by a nationally recognized independent investment banking firm retained for this purpose by us).

A "trading day" means, for purposes of determining a VWAP or closing price, a day (1) on which the principal exchange or quotation system on which our common stock is listed or admitted for trading is scheduled to be open for business and (2) on which there has not occurred or does not exist a market disruption event.

A "market disruption event" means any of the following events:

- any suspension of, or limitation imposed on, trading by the principal exchange or quotation system on which our common stock is listed or admitted for trading during the one-hour period prior to the close of trading for the regular trading session on such exchange or quotation system (or for purposes of determining a VWAP any period or periods prior to 1:00 p.m. New York City time aggregating one half hour or longer) and whether by reason of movements in price exceeding limits permitted by the relevant exchange or quotation system or otherwise relating to our common stock or in futures or option contracts relating to our common stock on the relevant exchange or quotation system; or
- any event (other than a failure to open or, except for purposes of determining a VWAP, a closure as described below) that disrupts or impairs the ability of market participants during the one-hour period prior to the close of trading for the regular trading session on the principal exchange or quotation

system on which our common stock is listed or admitted for trading (or for purposes of determining a VWAP any period or periods prior to 1:00 p.m. New York City time aggregating one half hour or longer) in general to effect transactions in, or obtain market values for, our common stock on the relevant exchange or quotation system or futures or options contracts relating to our common stock on any relevant exchange or quotation system; or

- the failure to open of the principal exchange or quotation system on which futures or options contracts relating to our common stock are traded or, except for purposes of determining a VWAP, the closure of such exchange or quotation system prior to its respective scheduled closing time for the regular trading session on such day (without regard to after hours or other trading outside the regular trading session hours) unless such earlier closing time is announced by such exchange or quotation system at least one hour prior to the earlier of the actual closing time for the regular trading session on such day and the submission deadline for orders to be entered into such exchange or quotation system for execution at the actual closing time on such day.

If a market disruption event occurs on any scheduled trading day during the market value averaging period, we will notify investors on the calendar day on which such event occurs.

If 20 trading days for our common stock have not occurred during the market value averaging period, all remaining trading days will be deemed to occur on the third scheduled trading day immediately prior to the purchase contract settlement date and the VWAP of our common stock for each of the remaining trading days will be the VWAP of our common stock on that third scheduled trading day or, if such day is not a trading day, the closing price as of such day.

The “closing price” per share of our common stock means, on any date of determination, the closing sale price or, if no closing sale price is reported, the last reported sale price of our common stock on the principal U.S. securities exchange on which our common stock is listed, or if our common stock is not so listed on a U.S. securities exchange, the average of the last quoted bid and ask prices for our common stock in the over-the-counter market as reported by OTC Markets Group Inc. or similar organization, or, if those bid and ask prices are not available, the market value of our common stock on that date as determined by a nationally recognized independent investment banking firm retained by us for this purpose.

We will not issue any fractional shares of our common stock upon settlement of a purchase contract. Instead of a fractional share, the holder will receive an amount of cash equal to the percentage of a whole share represented by such fractional share multiplied by the closing price of our common stock on the trading day immediately preceding the purchase contract settlement date (or the trading day immediately preceding the relevant settlement date, in the case of early settlement). If, however, a holder surrenders for settlement at one time more than one purchase contract, then the number of shares of our common stock issuable pursuant to such purchase contracts will be computed based upon the aggregate number of purchase contracts surrendered.

Unless:

- a holder has settled early the related purchase contracts by delivery of cash to the purchase contract agent in the manner described under “—Early Settlement” or “—Early Settlement Upon a Fundamental Change;”
- a holder of Corporate Units has settled the related purchase contracts with separate cash in the manner described under “—Notice to Settle with Cash;” or
- an event described under “—Termination” has occurred;

then, on the purchase contract settlement date,

- in the case of Corporate Units where there has not been a successful optional or final remarketing, the holder will be deemed to have exercised its put right as described under “—Remarketing” (unless it

shall have elected not to exercise such put right by delivering cash as described thereunder) and to have elected to apply the proceeds of the put price to satisfy in full the holder's obligation to purchase our common stock under the related purchase contracts;

- in the case of Corporate Units where the Treasury portfolio or cash has replaced the Notes as a component of the Corporate Units following a successful optional remarketing, the portion of the proceeds of the applicable ownership interests in the Treasury portfolio when paid at maturity or an amount of cash equal to the stated amount of $50 per Corporate Unit will be applied to satisfy in full the holder's obligation to purchase common stock under the related purchase contracts and any excess proceeds will be delivered to the purchase contract agent for the benefit of the holders of Corporate Units;
- in the case of Corporate Units where the Notes have been successfully remarketed during the final remarketing period, the portion of the remarketing proceeds sufficient to satisfy the holder's obligation to purchase our common stock under the related purchase contracts will be applied to satisfy in full the holder's obligation to purchase common stock under the related purchase contracts and any excess proceeds will be delivered to the purchase contract agent for the benefit of the holders of Corporate Units; and
- in the case of Treasury Units, the proceeds of the related Treasury securities, when paid at maturity, will be applied to satisfy in full the holder's obligation to purchase our common stock under the related purchase contracts and any excess proceeds will be delivered to the purchase contract agent for the benefit of the holders of Treasury Units.

The common stock will then be issued and delivered to the holder or the holder's designee on the purchase contract settlement date. We will pay all stock transfer and similar taxes attributable to the initial issuance and delivery of the shares of our common stock pursuant to the purchase contracts, unless any such tax is due because the holder requests such shares to be issued in a name other than such holder's name.

Prior to the settlement of a purchase contract, the shares of our common stock underlying each purchase contract will not be outstanding, and the holder of the purchase contract will not have any voting rights, rights to dividends or other distributions or other rights of a holder of our common stock by virtue of holding such purchase contract.

By purchasing a Corporate Unit or a Treasury Unit, a holder will be deemed to have, among other things:

- irrevocably appointed the purchase contract agent as its attorney-in-fact to enter into and perform the related purchase contract and the purchase contract and pledge agreement in the name of and on behalf of such holder;
- agreed to be bound by the terms and provisions of the Corporate Units or Treasury Units, as applicable, including, but not limited to, the terms of the related purchase contract and the purchase contract and pledge agreement, for so long as the holder remains a holder of Corporate Units or Treasury Units;
- consented to and agreed to be bound by the pledge of such holder's right, title and interest in and to its undivided beneficial ownership interest in Notes, the portion of the Treasury portfolio (or cash) described in the first clause of the definition of "applicable ownership interest," or the Treasury securities, as applicable, and the delivery of such collateral by the purchase contract agent to the collateral agent; and
- agreed to the satisfaction of the holder's obligations under the purchase contracts with the proceeds of the pledged undivided beneficial ownership in the Notes, Treasury portfolio (or cash), Treasury securities or put price, as applicable, in the manner described above.

Remarketing

We have agreed to enter into a remarketing agreement with one or more remarketing agents, the "remarketing agent," no later than 20 days prior to the first day of the final remarketing period or, if we elect to conduct an optional remarketing, no later than 20 days prior to the optional remarketing period.

During a blackout period that relates to each remarketing period:

- you may not settle a purchase contract early;
- you may not create Treasury Units; and
- you may not recreate Corporate Units from Treasury Units.

We refer to each of an "optional remarketing" and a "final remarketing" as a "remarketing." In a remarketing, the Notes that are a part of Corporate Units (except, in the case of a final remarketing, where the holder has elected to settle the purchase contract through payment of separate cash) and any separate Notes whose holders have elected to participate in the remarketing, as described under "Description of the Junior Subordinated Notes—Remarketing of the Notes That Are Not Included in Corporate Units," will be remarketed.

In consultation with the remarketing agent and without the consent of any holders of Notes, we may elect (but shall not be required to elect) to:

- move up the maturity date of the Notes to a date earlier than June 1, 2024 but not earlier than June 1, 2020;
- eliminate the redemption provisions of the Notes altogether; and
- remarket the Notes as fixed-rate Notes or floating-rate Notes and, in the case of floating-rate Notes, provide that the interest on the Notes will be equal to an index rate determined by the Company plus a spread determined by the remarketing agent, in consultation with the Company, in which case interest on the Notes may be calculated on the basis of a 365 day year and the actual number of days elapsed (or such other basis as is customarily used for floating-rate Notes bearing interest at a rate based on such index rate).

All such modifications shall take effect only if the remarketing is successful, without the consent of the holders, upon the earlier of the optional remarketing settlement date and the purchase contract settlement date, and will apply to all of the Notes whether or not included in the remarketing. See "Description of the Junior Subordinated Notes—Remarketing." If we conduct an optional remarketing that is not successful, we may change the elections described above prior to the final remarketing period.

In order to remarket the Notes, the remarketing agent, in consultation with us, may reset the interest rate on the Notes (either upward or downward), or if the Notes are remarketed as floating-rate Notes, determine the interest rate spread applicable to the Notes, in order to produce the required price in the remarketing, as discussed under "—Optional Remarketing" and "—Final Remarketing" below. The interest deferral provisions of the Notes will not apply after a successful remarketing.

We will use commercially reasonable efforts to ensure that, if required by applicable law, a registration statement, including a prospectus, with regard to the full amount of the Notes to be remarketed will be effective under the securities laws in a form that may be used by the remarketing agent in connection with the remarketing (unless a registration statement is not required under the applicable laws and regulations that are in effect at that time or unless we conduct any remarketing in accordance with an exemption under the securities laws).

We will separately pay a fee to the remarketing agent for its services as remarketing agent. Holders whose Notes are remarketed will not be responsible for the payment of any remarketing fee in connection with the remarketing.

Optional Remarketing

Unless a termination event has occurred, we may elect, at our option, to engage the remarketing agent pursuant to the terms of the remarketing agreement, to remarket the Notes over a period selected by us that begins on or after February 27, 2017 (the second business day immediately preceding the last interest payment date prior to the purchase contract settlement date) and ends any time on or before May 14, 2017 (the eighth calendar day immediately preceding the first day of the final remarketing period). We refer to this period as the "optional remarketing period," a remarketing that occurs during the optional remarketing period as an "optional remarketing" and the date the Notes are priced in an optional remarketing as the "optional remarketing date." In any optional remarketing, the aggregate principal amount of the Notes that are a part of Corporate Units and any separate Notes whose holders have elected to participate in the optional remarketing, as described under "Description of the Junior Subordinated Notes—Remarketing of the Notes That Are Not Included in Corporate Units," will be remarketed. If we elect to conduct an optional remarketing, the remarketing agent will use its commercially reasonable efforts to obtain a price for the Notes that results in proceeds of at least 100% of the aggregate of the Treasury portfolio purchase price (as defined below) and the separate Notes purchase price (as defined below). To obtain that price, the remarketing agent may, in consultation with us, reset the interest rate on the Notes remarketed as fixed-rate Notes, or determine the interest rate spread for the Notes remarketed as floating-rate Notes, as described under "Description of the Junior Subordinated Notes—Interest Rate Reset." We will request that the depository notify its participants holding Corporate Units, Treasury Units and separate Notes of our election to conduct an optional remarketing no later than five business days prior to the date we begin the optional remarketing.

Notwithstanding anything in this prospectus supplement to the contrary, we may not elect to conduct an optional remarketing if we are then deferring interest on the Notes. See "Description of the Junior Subordinated Notes—Option to Defer Interest Payments."

An optional remarketing on any remarketing date will be considered successful if the remarketing agent is able to remarket the Notes for a price of at least 100% of the Treasury portfolio purchase price and the separate Notes purchase price.

Following a successful optional remarketing of the Notes, on the optional remarketing settlement date (as defined below), the portion of the remarketing proceeds equal to the Treasury portfolio purchase price will, except as described below, be used to purchase the Treasury portfolio and the remaining proceeds attributable to the Notes underlying the Corporate Units will be remitted to the purchase contract agent for distribution pro rata to the holders of such Corporate Units. The portion of the proceeds attributable to the separate Notes sold in the remarketing will be remitted to the custodial agent for distribution on the optional remarketing settlement date pro rata to the holders of such separate Notes.

If we elect to conduct an optional remarketing and the remarketing is successful:

- settlement with respect to the remarketed Notes will occur on the third business day following the optional remarketing date, unless the remarketed Notes are priced after 4:30 p.m. New York time on the optional remarketing date, in which case settlement will occur on the fourth business day following the optional remarketing date (we refer to such settlement date as the "optional remarketing settlement date");

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- the interest rate on the Notes will be reset, or, if we remarketed the Notes as floating-rate Notes, the interest rate spread will be determined, by the remarketing agent in consultation with us on the optional remarketing date and will become effective on the optional remarketing settlement date, if applicable;
- except in the case when the Notes are remarketed as floating-rate Notes, interest on the Notes will be payable semi-annually;
- the interest deferral provisions will cease to apply to the Notes;
- the other modifications to the terms of the Notes, as described under "—Remarketing," will become effective;
- after the optional remarketing settlement date, your Corporate Units will consist of a purchase contract and the applicable ownership interest in the Treasury portfolio (or cash), as described herein; and
- you may no longer create Treasury Units or recreate Corporate Units from Treasury Units.

If we do not elect to conduct an optional remarketing during the optional remarketing period or no optional remarketing succeeds for any reason, the Notes will continue to be a component of the Corporate Units or will continue to be held separately and the remarketing agent will use its commercially reasonable efforts to remarket the Notes during the final remarketing period.

For the purposes of a successful optional remarketing, "Treasury portfolio purchase price" means the lowest aggregate ask-side price quoted by a primary U.S. government securities dealer in New York City to the quotation agent selected by us between 9:00 a.m. and 4:00 p.m., New York City time, on the optional remarketing date for the purchase of the Treasury portfolio for settlement on the optional remarketing settlement date; *provided* that if the Treasury portfolio consists of cash, "Treasury portfolio purchase price" means the amount of such cash.

Following a successful optional remarketing, the collateral agent will purchase, at the Treasury portfolio purchase price, a Treasury portfolio consisting of:

- U.S. Treasury securities (or principal or interest strips thereof) that mature on or prior to the purchase contract settlement date in an aggregate amount at maturity equal to the principal amount of the Notes underlying the undivided beneficial ownership interests in Notes included in the Corporate Units on the optional remarketing date; and
- U.S. Treasury securities (or principal or interest strips thereof) that mature on or prior to the purchase contract settlement date in an aggregate amount equal to the aggregate interest payment (assuming no reset of the interest rate) that would have been paid to the holders of the Corporate Units on the purchase contract settlement date on the principal amount of the Notes underlying the undivided beneficial ownership interests in Notes included in the Corporate Units on the optional remarketing date.

If U.S. Treasury securities (or principal or interest strips thereof) that are to be included in the Treasury portfolio in connection with a successful optional remarketing have a yield that is less than zero, the Treasury portfolio will consist of an amount in cash equal to the aggregate principal amount at maturity of the U.S. Treasury securities described in the bullet points above. If the provisions set forth in this paragraph apply, references in this prospectus supplement to a "Treasury security" and "U.S. Treasury securities (or principal or interest strips thereof)" in connection with the Treasury portfolio will, thereafter, be deemed to be references to such amount in cash.

The applicable ownership interests in the Treasury portfolio will be substituted for the undivided beneficial ownership interests in Notes that are components of the Corporate Units and the portion of the Treasury portfolio described in the first bullet will be pledged to us through the collateral agent to secure the Corporate Unit

holders' obligation under the purchase contracts. On the purchase contract settlement date, for each Corporate Unit, $50 of the proceeds from the Treasury portfolio will automatically be applied to satisfy the Corporate Unit holder's obligation to purchase common stock under the purchase contract. In addition, proceeds from the portion of the Treasury portfolio described in the second bullet, which will equal the interest payment (assuming no reset of the interest rate) that would have been paid on the Notes that were components of the Corporate Units at the time of remarketing, will be paid on the purchase contract settlement date to the holders of the Corporate Units.

If we elect to remarket the Notes during the optional remarketing period and a successful remarketing has not occurred on or prior to May 14, 2017 (the last day of the optional remarketing period), we will cause a notice of the failed remarketing to be published no later than 9:00 a.m., New York City time, on the business day immediately following the last date of the optional remarketing period. This notice will be validly published by making a timely release to any appropriate news agency, including Bloomberg Business News and the Dow Jones News Service. We will similarly cause a notice of a successful remarketing of the Notes to be published no later than 9:00 a.m., New York City time, on the business day immediately following the date of such successful remarketing.

On each business day during any optional remarketing period, we have the right in our sole and absolute discretion to determine whether or not an optional remarketing will be attempted. At any time and from time to time during the optional remarketing period prior to the announcement of a successful optional remarketing, we have the right to postpone any optional remarketing in our sole and absolute discretion.

Final Remarketing

Unless a termination event or a successful optional remarketing has previously occurred, we will remarket the Notes during the five business day period ending on, and including, May 26, 2017 (the third business day immediately preceding the purchase contract settlement date). We refer to this period as the "final remarketing period," the remarketing during this period as the "final remarketing" and the date the Notes are priced in the final marketing as the "final remarketing date." In the final remarketing, the aggregate principal amount of the Notes that are a part of Corporate Units (except where the holder has elected to settle the purchase contract through payment of separate cash) and any separate Notes whose holders have elected to participate in the final remarketing will be remarketed. The remarketing agent will use its commercially reasonable efforts to obtain a price for the Notes to be remarketed that results in proceeds of at least 100% of the principal amount of all the Notes offered in the remarketing. To obtain that price, the remarketing agent, in consultation with us, may reset the interest rate on the Notes if the Notes are remarketed as fixed-rate Notes, or determine the interest rate spread on the Notes if the Notes are remarketed as floating-rate Notes, as described under "Description of the Junior Subordinated Notes—Interest Rate Reset." We will request that the depository notify its participants holding Corporate Units, Treasury Units and separate Notes of the final remarketing no later than seven days prior to the first day of the final remarketing period. In such notice, we will set forth the dates of the final remarketing period, applicable procedures for holders of separate Notes to participate in the final remarketing, the applicable procedures for holders of Corporate Units to create Treasury Units and for holders of Treasury Units to recreate Corporate Units, the applicable procedures for holders of Corporate Units to settle their purchase contracts early and any other applicable procedures, including the procedures that must be followed by a holder of separate Notes in the case of a failed remarketing if a holder of separate Notes wishes to exercise its right to put its Notes to us as described below and under "Description of the Junior Subordinated Notes—Put Option upon Failed Remarketing." We have the right to postpone the final remarketing in our sole and absolute discretion on any day prior to the last three business days of the final remarketing period.

A remarketing during the final remarketing period will be considered successful if the remarketing agent is able to remarket the Notes for a price of at least 100% of the aggregate principal amount of all the Notes offered in the remarketing.

If the final remarketing is successful:

- settlement with respect to the remarketed Notes will occur on the purchase contract settlement date;
- the interest rate of the Notes will be reset, or, if the Notes are remarketed as floating-rate Notes, the interest rate spread will be determined, by the remarketing agent in consultation with us, and will become effective on the reset effective date, which will be the purchase contract settlement date, as described under "Description of the Junior Subordinated Notes—Interest Rate Reset" below;
- the other modifications to the terms of the Notes, as described under "—Remarketing," will become effective; and
- the collateral agent will remit the portion of the proceeds equal to the total principal amount of the Notes underlying the Corporate Units to us to satisfy in full the Corporate Unit holders' obligations to purchase common stock under the related purchase contracts, any excess proceeds attributable to Notes underlying Corporate Units that were remarketed will be remitted to the purchase contract agent for distribution pro rata to the holders of such Notes and proceeds from the final remarketing attributable to the separate Notes remarketed will be remitted to the custodial agent for distribution pro rata to the holders of the remarketed separate Notes.

Unless a termination event has occurred, a holder has effected an early settlement or a fundamental change early settlement, or there has been a successful optional remarketing, each Corporate Unit holder has the option at any time on or after the date we give notice of a final remarketing to notify the purchase contract agent at any time prior to 4:00 p.m., New York City time, on the second business day immediately prior to the first day of the final remarketing period of its intention to settle the related purchase contracts on the purchase contract settlement date with separate cash and to provide that cash on or prior to the business day immediately prior to the first day of the final remarketing period, as described under "—Notice to Settle with Cash." The Notes of any holder of Corporate Units who has not given this notice or failed to deliver the cash will be remarketed during the final remarketing period. In addition, holders of Notes that do not underlie Corporate Units may elect to participate in the remarketing as described under "Description of the Junior Subordinated Notes—Remarketing of Notes That Are Not Included in Corporate Units."

If, in spite of using its commercially reasonable efforts, the remarketing agent cannot remarket the Notes during the final remarketing period at a price equal to or greater than 100% of the aggregate principal amount of the Notes offered in the remarketing, a condition precedent set forth in the remarketing agreement has not been fulfilled or a successful remarketing has not occurred for any other reason, in each case resulting in a "failed remarketing," holders of all Notes will have the right to put their Notes to us for an amount equal to the principal amount of their Notes (the "put price"). The conditions precedent in the remarketing agreement will include, but not be limited to, the timely filing with the SEC of all material related to the remarketing required to be filed by us, the truth and correctness of certain representations and warranties made by us in the remarketing agreement, the furnishing of certain officer's certificates to the remarketing agent, and the receipt by the remarketing agent of customary "comfort letters" from our auditors and opinions of counsel. A holder of Corporate Units will be deemed to have automatically exercised this put right with respect to the Notes underlying such Corporate Units unless the holder has provided a written notice to the purchase contract agent of its intention to settle the purchase contract with separate cash as described below under "—Notice to Settle with Cash" prior to 4:00 p.m., New York City time, on the second business day immediately prior to the purchase contract settlement date, and on or prior to the business day immediately preceding the purchase contract settlement date has delivered the $50 in cash per purchase contract. Settlement with separate cash may only be effected in integral multiples of 20 Corporate Units. If a holder of Corporate Units elects to settle with separate cash, upon receipt of the required cash payment, the related Notes underlying the Corporate Units will be released from the pledge under the purchase contract and pledge agreement and delivered promptly to the purchase contract agent for delivery to the holder. The holder of the Corporate Units will then receive the applicable number of shares of our common stock on the purchase contract settlement date. The cash received by the collateral agent upon this settlement with

separate cash may be invested in permitted investments, as defined in the purchase contract and pledge agreement, and the portion of the proceeds equal to the aggregate purchase price of all purchase contracts of such holders will be paid to us on the purchase contract settlement date. Any excess funds received by the collateral agent in respect of any such permitted investments over the aggregate purchase price remitted to us in satisfaction of the obligations of the holders under the purchase contracts will be distributed to the purchase contract agent for ratable payment to the applicable holders who settled with separate cash. Unless a holder of Corporate Units has elected to settle the related purchase contracts with separate cash and delivered the separate cash on or prior to the business day immediately preceding the purchase contract settlement date, the holder will be deemed to have elected to apply the put price against the holder's obligations to pay the aggregate purchase price for the shares of our common stock to be issued under the related purchase contracts, thereby satisfying the obligations in full, and we will deliver to the holder our common stock pursuant to the related purchase contracts.

If a successful final remarketing has not occurred on or prior to May 26, 2017 (the last day of the final remarketing period), we will cause a notice of the failed remarketing of the Notes to be published no later than 9:00 a.m., New York City time, on the business day immediately following the last date of the final remarketing period. This notice will be validly published by making a timely release to any appropriate news agency, including Bloomberg Business News and the Dow Jones News Service.

Early Settlement

Subject to the conditions described below, a holder of Corporate Units or Treasury Units may settle the related purchase contracts at any time prior to 4:00 p.m., New York City time, on the second business day immediately preceding the purchase contract settlement date, other than during a blackout period in the case of Corporate Units. An early settlement may be made only in integral multiples of 20 Corporate Units or 20 Treasury Units; however, if the Treasury portfolio has replaced the Notes as a component of the Corporate Units following a successful optional remarketing, holders of Corporate Units may settle early only in integral multiples of Corporate Units. In order to settle purchase contracts early, a holder of Equity Units must deliver to the purchase contract agent at the corporate trust office of the purchase contract agent or its agent, in each case, in the Borough of Manhattan, The City of New York (1) a completed "Election to Settle Early" form, along with the Corporate Unit or Treasury Unit certificate, if they are in certificated form and (2) a cash payment in immediately available funds in an amount equal to:

- $50 times the number of purchase contracts being settled; plus
- if the early settlement date occurs during the period from the close of business on any record date next preceding any contract adjustment payment date to the opening of business on such contract adjustment payment date, an amount equal to the contract adjustment payments payable on such contract adjustment payment date, unless we have elected to defer the contract adjustment payments payable on such contract adjustment payment date.

So long as you hold Equity Units as a beneficial interest in a global security certificate deposited with the depository, procedures for early settlement will also be governed by standing arrangements between the depository and the purchase contract agent.

The early settlement right is also subject to the condition that, if required under U.S. federal securities laws, we have a registration statement under the Securities Act in effect with respect to the shares of common stock and other securities, if any, deliverable upon settlement of a purchase contract. We have agreed that, if such a registration statement is required, we will use our commercially reasonable efforts to (1) have a registration statement in effect covering those shares of common stock and other securities, if any, to be delivered in respect of the purchase contracts being settled and (2) provide a prospectus in connection therewith, in each case in a form that may be used in connection with the early settlement right (it being understood that if there is a material business transaction or development that has not yet been publicly disclosed, we will not be required to file such registration statement or provide such a prospectus, and the early settlement right will not be available, until we

have publicly disclosed such transaction or development; *provided* that we will use commercially reasonable efforts to make such disclosure as soon as it is commercially reasonable to do so). In the event that a holder seeks to exercise its early settlement right and a registration statement is required to be effective in connection with the exercise of such right but no such registration statement is then effective, the holder's exercise of such right will be void unless and until such a registration statement is effective.

Upon early settlement, except as described below in "—Early Settlement Upon a Fundamental Change," we will sell, and the holder will be entitled to buy, the minimum settlement rate of shares of our common stock (or in the case of an early settlement following a reorganization event, such number of exchange property units, as described under "—Reorganization Events" below) for each purchase contract being settled (regardless of the market price of our common stock on the date of early settlement), subject to adjustment under the circumstances described under "—Anti-dilution Adjustments" below. We will cause, no later than the third business day after the applicable early settlement date, (1) the shares of our common stock to be issued and (2) the related Notes or applicable ownership interests in the Treasury portfolio or Treasury securities, as the case may be, underlying the Equity Units and securing such purchase contracts to be released from the pledge under the purchase contract and pledge agreement, and delivered to the purchase contract agent for delivery to the holder. Upon early settlement, the holder will be entitled to receive any accrued and unpaid contract adjustment payments (including any accrued and unpaid deferred contract adjustment payments and compounded contract adjustment payments thereon) to, but excluding, the contract adjustment payment date immediately preceding the early settlement date. The holder's right to receive future contract adjustment payments will also terminate.

If the purchase contract agent receives a completed "Election to Settle Early" form (along with the Corporate Unit or Treasury Unit certificate, if they are in certificated form) and payment of $50 for each purchase contract being settled (and, if required, an amount equal to the contract adjustment payments payable on the next contract adjustment payment date) prior to 4:00 p.m., New York City time, on any business day and all conditions to early settlement have been satisfied, then that day will be considered the early settlement date. If the purchase contract agent receives the foregoing at or after 4:00 p.m., New York City time, on any business day or at any time on a day that is not a business day, then the next business day will be considered the early settlement date.

Early Settlement Upon a Fundamental Change

If a "fundamental change" (as defined below) occurs prior to the 30th scheduled trading day preceding the purchase contract settlement date, then, following the fundamental change, each holder of a purchase contract, subject to certain conditions described in this prospectus supplement, will have the right to accelerate and settle the purchase contract early on the fundamental change early settlement date (defined below) at the settlement rate determined as if the applicable market value were determined, for such purpose, based on the market value averaging period starting on the 23rd scheduled trading day prior to the fundamental change early settlement date and ending on the third scheduled trading day immediately preceding the fundamental change early settlement date, plus an additional make-whole amount of shares (such additional make-whole amount of shares being hereafter referred to as the "make-whole shares"). We refer to this right as the "fundamental change early settlement right."

If 20 trading days for our common stock have not occurred during the deemed market value averaging period referred to in the preceding paragraph, all remaining trading days will be deemed to occur on the third scheduled trading day immediately prior to the fundamental change early settlement date and the VWAP of our common stock for each of the remaining trading days will be the VWAP of our common stock on that third scheduled trading day or, if such day is not a trading day, the closing price as of such day.

We will provide each of the holders with a notice of the completion of a fundamental change within four scheduled trading days after the effective date of a fundamental change. The notice will specify (1) a date (subject to postponement as described below, the "fundamental change early settlement date"), which will be at

least 26 scheduled trading days after the date of such notice and one business day before the purchase contract settlement date, on which date we will deliver shares of our common stock to holders who exercise the fundamental change early settlement right, (2) the date by which holders must exercise the fundamental change early settlement right, which will be no earlier than the second scheduled trading day before the fundamental change early settlement date, (3) the first scheduled trading day of the deemed market value averaging period, which will be the 23rd scheduled trading day prior to the fundamental change early settlement date, the reference price, the threshold appreciation price, the fixed settlement rates and the number of make-whole shares, (4) the amount and kind (per share of common stock) of the cash, securities and other consideration receivable by the holder upon settlement and (5) the amount of accrued and unpaid contract adjustment payments (including any deferred contract adjustment payments and compounded contract adjustment payments thereon), if any, that will be paid upon settlement to holders exercising the fundamental change early settlement right. To exercise the fundamental change early settlement right, you must deliver to the purchase contract agent at the corporate trust office of the purchase contract agent or its agent, in each case, in the Borough of Manhattan, The City of New York, during the period beginning on the date we deliver notice that a fundamental change has occurred and ending at 4:00 p.m., New York City time, on the second scheduled trading day immediately preceding the fundamental change early settlement date (such period, subject to extension as described below, the "fundamental change exercise period"), the certificate evidencing your Corporate Units or Treasury Units if they are held in certificated form, and payment of $50 for each purchase contract being settled in immediately available funds.

A "fundamental change" will be deemed to have occurred if any of the following occurs:

(1) a "person" or "group" within the meaning of Section 13(d) of the Exchange Act, as in effect on the issue date of the Corporate Units, has become the direct or indirect "beneficial owner," as defined in Rule 13d-3 under the Exchange Act, of shares of our common stock representing more than 50% of the voting power of our common stock;

(2)(A) we are involved in a consolidation with or merger into any other person, or any merger of another person into us, or any other similar transaction or series of related transactions (other than a merger, consolidation or similar transaction that does not result in the conversion or exchange of outstanding shares of our common stock), in each case, in which 90% or more of the outstanding shares of our common stock are exchanged for or converted into cash, securities or other property, greater than 10% of the value of which consists of cash, securities or other property that is not (or will not be upon or immediately following the effectiveness of such consolidation, merger or other transaction) common stock listed on the New York Stock Exchange, the NASDAQ Global Select Market or the NASDAQ Global Market (or any of their respective successors) or (B) the consummation of any sale, lease or other transfer in one transaction or a series of related transactions of all or substantially all of our consolidated assets to any person other than one of our wholly-owned subsidiaries;

(3) our common stock ceases to be listed on at least one of the New York Stock Exchange, the NASDAQ Global Select Market or the NASDAQ Global Market (or any of their respective successors) or the announcement by any of such exchanges on which our common stock is then listed or admitted for trading that our common stock will no longer be so listed or admitted for trading, unless our common stock has been accepted for listing or admitted for trading on another of such exchanges; or

(4) our shareholders approve our liquidation, dissolution or termination;

provided that a transaction or event that constitutes a fundamental change pursuant to both clauses (1) and (2) above will be deemed to constitute a fundamental change solely pursuant to clause (2) of this definition of "fundamental change."

If you exercise the fundamental change early settlement right, we will deliver to you on the fundamental change early settlement date for each purchase contract with respect to which you have elected fundamental change early settlement, a number of shares (or exchange property units, if applicable) equal to the settlement rate described above plus the additional make-whole shares. In addition, on the fundamental change early

settlement date, we will pay you the amount of any accrued and unpaid contract adjustment payments (including any deferred contract adjustment payments and compounded contract adjustment payments thereon) to, but excluding, the fundamental change early settlement date, unless the date on which the fundamental change early settlement right is exercised occurs following any record date and prior to the related scheduled contract adjustment payment date, and we are not deferring the related contract adjustment payment, in which case we will instead pay all accrued and unpaid contract adjustment payments to the holder as of such record date. You will also receive on the fundamental change early settlement date the Notes or the applicable ownership interest in the Treasury portfolio or Treasury securities underlying the Corporate Units or Treasury Units, as the case may be, with respect to which you are effecting a fundamental change early settlement, which, in each case, shall have been released from the pledge under the purchase contract and pledge agreement. If you do not elect to exercise your fundamental change early settlement right, your Corporate Units or Treasury Units will remain outstanding and will be subject to normal settlement on the purchase contract settlement date.

We have agreed that, if required under the U.S. federal securities laws, we will use our commercially reasonable efforts to (1) have in effect throughout the fundamental change exercise period a registration statement covering the common stock and other securities, if any, to be delivered in respect of the purchase contracts being settled and (2) provide a prospectus in connection therewith, in each case in a form that may be used in connection with the fundamental change early settlement (it being understood that for so long as there is a material business transaction or development that has not yet been publicly disclosed (but in no event for a period longer than 90 days), we will not be required to file such registration statement or provide such a prospectus, and the fundamental change early settlement right will not be available, until we have publicly disclosed such transaction or development; *provided* that we will use commercially reasonable efforts to make such disclosure as soon as it is commercially reasonable to do so). In the event that a holder seeks to exercise its fundamental change early settlement right and a registration statement is required to be effective in connection with the exercise of such right but no such registration statement is then effective or a blackout period is continuing, the holder's exercise of such right will be void unless and until such a registration statement is effective and no blackout period is continuing. The fundamental change exercise period will be extended by the number of days during such period on which no such registration statement is effective or a blackout period is continuing (*provided* that the fundamental change exercise period will not be extended beyond the third scheduled trading day preceding the purchase contract settlement date) and the fundamental change early settlement date will be postponed to the third scheduled trading day following the end of the fundamental change exercise period. We will provide each of the holders with a notice of any such extension and postponement at least 23 scheduled trading days prior to any such extension and postponement.

Unless the Treasury portfolio has replaced the Notes as a component of the Corporate Units as result of a successful remarketing, holders of Corporate Units may exercise the fundamental change early settlement right only in integral multiples of 20 Corporate Units. If the Treasury portfolio has replaced the Notes as a component of Corporate Units, holders of the Corporate Units may exercise the fundamental change early settlement right only in integral multiples of Corporate Units.

A holder of Treasury Units may exercise the fundamental change early settlement right only in integral multiples of 20 Treasury Units.

Calculation of Make-Whole Shares. The number of make-whole shares per purchase contract applicable to a fundamental change early settlement will be determined by reference to the table below, based on the date on which the fundamental change occurs or becomes effective (the "effective date") and the "stock price" in the fundamental change, which will be:

- in the case of a fundamental change described in clause (2) above where the holders of our common stock receive only cash in the fundamental change, the cash amount paid per share of our common stock; or
- otherwise, the average of the closing prices of our common stock over the 20 trading-day period ending on the trading day immediately preceding the effective date of the fundamental change.

	Stock Price on Effective Date													
Effective Date	$	$	$	$	$	$	$	$	$	$	$	$	$	$
June , 2014														
June 1, 2015														
June 1, 2016														
June 1, 2017														

The stock prices set forth in the second row of the table (i.e., the column headers) will be adjusted upon the occurrence of certain events requiring anti-dilution adjustments to the fixed settlement rates in a manner inversely proportional to the adjustments to the fixed settlement rates.

Each of the make-whole share amounts in the table will be subject to adjustment in the same manner and at the same time as the fixed settlement rates as set forth under "—Anti-dilution Adjustments."

The exact stock price and effective date applicable to a fundamental change may not be set forth on the table, in which case:

- if the stock price is between two stock prices on the table or the effective date is between two effective dates on the table, the amount of make-whole shares will be determined by straight line interpolation between the make-whole share amounts set forth for the higher and lower stock prices and the two effective dates based on a 365-day year, as applicable;
- if the stock price is in excess of $ per share (subject to adjustment in the same manner as the stock prices set forth in the second row of the table as described above), then the make-whole share amount will be zero; and
- if the stock price is less than $ per share (subject to adjustment in the same manner as the stock prices set forth in the second row of the table as described above) (the "minimum stock price"), then the make-whole share amount will be determined as if the stock price equaled the minimum stock price, using straight line interpolation, as described above, if the effective date is between two effective dates on the table.

Notice to Settle with Cash

Unless a termination event has occurred, a holder effects an early settlement or a fundamental change early settlement with respect to the underlying purchase contract, or a successful remarketing has occurred, a holder of Corporate Units may settle the related purchase contract with separate cash by delivering the Corporate Unit certificate, if in certificated form, to the purchase contract agent at the corporate trust office of the purchase contract agent or its agent, in each case, in the Borough of Manhattan, The City of New York with the completed "Notice to Settle with Cash" form at any time on or after the date we give notice of a final remarketing and prior to 4:00 p.m., New York City time on the second business day immediately preceding the first day of the final remarketing period or, if there has been a failed final remarketing, on the second business day immediately preceding the purchase contract settlement date. Holders of Corporate Units may only cash-settle Corporate Units in integral multiples of 20 Corporate Units.

The holder must also deliver to the securities intermediary the required cash payment in immediately available funds. Such payment must be delivered prior to 4:00 p.m., New York City time, on the first business day immediately preceding the final remarketing period or, if there has been a failed remarketing, on the first business day immediately preceding the purchase contract settlement date.

Upon receipt of the cash payment, the related Note will be released from the pledge arrangement and transferred to the purchase contract agent for distribution to the holder of the related Corporate Units. The holder of the Corporate Units will then receive the applicable number of shares of our common stock on the purchase contract settlement date.

If a holder of Corporate Units that has given notice of its election to settle with cash fails to deliver the cash by the applicable time and date specified above, such holder shall be deemed to have consented to the disposition of its Notes in the final remarketing, or to have exercised its put right (as described under "—Remarketing" above), in each case, as applicable.

Any cash received by the collateral agent upon cash settlement may be invested in permitted investments, as defined in the purchase contract and pledge agreement, and the portion of the proceeds equal to the aggregate purchase price of all purchase contracts of such holders will be paid to us on the purchase contract settlement date. Any excess funds received by the collateral agent in respect of permitted investments over the aggregate purchase price remitted to us in satisfaction of the obligations of the holders under the purchase contracts will be distributed to the purchase contract agent for payment to the holders who settled with cash.

Contract Adjustment Payments

Contract adjustment payments in respect of Corporate Units and Treasury Units will be fixed at a rate per year of % of the stated amount of $50 per purchase contract. Contract adjustment payments payable for any period will be computed on the basis of a 360-day year of twelve 30-day months. Contract adjustment payments will accrue from the date of issuance of the purchase contracts and will be payable quarterly in arrears on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2014.

Contract adjustment payments will be payable to the holders of purchase contracts as they appear on the books and records of the purchase contract agent at the close of business on the relevant record dates, which will be the 15th day of the month immediately preceding the month in which the relevant payment date falls (or, if such day is not a business day, the next preceding business day) or if the Equity Units are held in book-entry form, the "record date" will be the business day immediately preceding the applicable payment date. These distributions will be paid through the purchase contract agent, which will hold amounts received in respect of the contract adjustment payments for the benefit of the holders of the purchase contracts relating to the Equity Units. Subject to any applicable laws and regulations, each such payment will be made as described under "Certain Provisions of the Purchase Contract and Pledge Agreement—Book-Entry System."

If any date on which contract adjustment payments are to be made on the purchase contracts related to the Corporate Units or Treasury Units is not a business day, then payment of the contract adjustment payments payable on that date will be made on the next succeeding day that is a business day, and no interest or payment will be paid in respect of the delay.

For the avoidance of doubt, subject to our right to defer contract adjustment payments, all record holders of purchase contracts on any record date will be entitled to receive the full contract adjustment payment due on the related contract adjustment payment date regardless of whether the holder of such purchase contract elects to settle such purchase contract early (whether at its option or in connection with a fundamental change) following such record date.

Our obligations with respect to contract adjustment payments will be subordinated and junior in right of payment to our obligations under any of our Senior Indebtedness (as defined under "Description of the Junior Subordinated Notes—Subordination") and will rank on parity with the Notes.

We may, at our option and upon prior written notice to the purchase contract agent, defer all or part of the contract adjustment payments, but not beyond the purchase contract settlement date (or, with respect to an early settlement upon a fundamental change, not beyond the fundamental change early settlement date or, with respect to an early settlement other than upon a fundamental change, not beyond the contract adjustment payment date immediately preceding the early settlement date).

Deferred contract adjustment payments will accrue additional contract adjustment payments at the rate equal to % per annum (which is equal to the rate of total distributions on the Corporate Units), compounded on each contract adjustment payment date, to, but excluding, the contract adjustment payment date on which such

deferred contract adjustment payments are paid. We refer to additional contract adjustment payments that accrue on deferred contract adjustment payments as "compounded contract adjustment payments." We may pay any such deferred contract adjustment payments (including compounded contract adjustment payments thereon) on any scheduled contract adjustment payment date; *provided* that in order to pay deferred contract adjustment payments on any scheduled contract adjustment payment date other than the purchase contract settlement date, we must deliver written notice thereof to holders of the Equity Units and the purchase contract agent on or before the relevant record date. If the purchase contracts are terminated (upon the occurrence of certain events of bankruptcy, insolvency or similar reorganization with respect to us), the right to receive contract adjustment payments and deferred contract adjustment payments (including compounded contract adjustment payments thereon) will also terminate.

If we exercise our option to defer the payment of contract adjustment payments, then, until the deferred contract adjustment payments (including compounded contract adjustment payments thereon) have been paid, we will not (1) declare or pay any dividends on, or make any distributions on, or redeem, purchase or acquire, or make a liquidation payment with respect to, any shares of our capital stock, (2) make any payment of principal of, or interest or premium, if any, on, or repay, repurchase or redeem any of our debt securities that rank on parity with, or junior to, the contract adjustment payments, or (3) make any guarantee payments under any guarantee by us of securities of any of our subsidiaries if our guarantee ranks on parity with, or junior to, the contract adjustment payments.

The restrictions listed above do not apply to:

(a) purchases, redemptions or other acquisitions of our capital stock in connection with any employment contract, benefit plan or other similar arrangement with or for the benefit of employees, officers, directors, agents or consultants or a stock purchase or dividend reinvestment plan, or the satisfaction of our obligations pursuant to any contract or security outstanding on the date that the contract adjustment payment is deferred requiring us to purchase, redeem or acquire our capital stock;

(b) any payment, repayment, redemption, purchase, acquisition or declaration of dividends described in clause (1) above as a result of a reclassification of our capital stock, or the exchange or conversion of all or a portion of one class or series of our capital stock, for another class or series of our capital stock;

(c) the purchase of fractional interests in shares of our capital stock pursuant to the conversion or exchange provisions of our capital stock or the security being converted or exchanged, or in connection with the settlement of stock purchase contracts outstanding on the date that the contract adjustment payment is deferred;

(d) dividends or distributions paid or made in our capital stock (or rights to acquire our capital stock), or repurchases, redemptions or acquisitions of capital stock in connection with the issuance or exchange of capital stock (or of securities convertible into or exchangeable for shares of our capital stock) and distributions in connection with the settlement of stock purchase contracts outstanding on the date that the contract adjustment payment is deferred;

(e) redemptions, exchanges or repurchases of, or with respect to, any rights outstanding under a shareholder rights plan outstanding on the date that the contract adjustment payment is deferred or the declaration or payment thereunder of a dividend or distribution of or with respect to rights in the future;

(f) payments on the Notes, any trust preferred securities, subordinated debentures, junior subordinated debentures or junior subordinated notes, or any guarantees of any of the foregoing, in each case, that rank equal in right of payment to the contract adjustment payments, so long as the amount of payments made on account of such securities or guarantees and the purchase contracts is paid on all such securities and guarantees and the purchase contracts then outstanding on a pro rata basis in proportion to the full payment to which each series of such securities, guarantees or purchase contracts is then entitled if paid in full; *provided* that, for the avoidance of doubt, we will not be permitted under the purchase contract and pledge agreement to make contract adjustment payments in part; or

(g) any payment of deferred interest or principal on, or repayment, redemption or repurchase of, parity or junior securities that, if not made, would cause us to breach the terms of the instrument governing such parity or junior securities.

Anti-dilution Adjustments

Each fixed settlement rate will be subject to the following adjustments:

(1) *Stock Dividends* . If we pay or make a dividend or other distribution on our common stock in common stock, each fixed settlement rate in effect at the opening of business on the day following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution will be increased by dividing:

- each fixed settlement rate by
- a fraction, the numerator of which will be the number of shares of our common stock outstanding at the close of business on the date fixed for such determination and the denominator of which will be the sum of such number of shares and the total number of shares constituting the dividend or other distribution.

If any dividend or distribution in this paragraph (1) is declared but not so paid or made, the new fixed settlement rates shall be readjusted, on the date that our board of directors determines not to pay or make such dividend or distribution, to the fixed settlement rates that would then be in effect if such dividend or distribution had not been declared.

(2) *Stock Purchase Rights* . If we issue to all or substantially all holders of our common stock rights, options, warrants or other securities (other than pursuant to a dividend reinvestment, share purchase or similar plan), entitling them to subscribe for or purchase shares of our common stock for a period expiring within 45 days from the date of issuance of such rights, options, warrants or other securities at a price per share of our common stock less than the current market price (as defined below) calculated as of the date fixed for the determination of stockholders entitled to receive such rights, options, warrants or other securities, each fixed settlement rate in effect at the opening of business on the day following the date fixed for such determination will be increased by dividing:

- each fixed settlement rate by
- a fraction, the numerator of which will be the number of shares of our common stock outstanding at the close of business on the date fixed for such determination plus the number of shares of our common stock which the aggregate consideration expected to be received by us upon the exercise of such rights, options, warrants or other securities would purchase at such current market price and the denominator of which will be the number of shares of our common stock outstanding at the close of business on the date fixed for such determination plus the number of shares of our common stock so offered for subscription or purchase.

If any right, option, warrant or other security described in this paragraph (2) is not exercised or converted prior to the expiration of the exercisability or convertibility thereof (and as a result no additional shares of common stock are delivered or issued pursuant to such right, option, or warrant or other security), the new fixed settlement rates shall be readjusted, as of the date of such expiration, to the fixed settlement rates that would then be in effect had the increase with respect to the issuance of such rights, options, warrants or other securities been made on the basis of delivery or issuance of only the number of shares of common stock actually delivered.

For purposes of this clause (2), in determining whether any rights, options, warrants or other securities entitle the holders to subscribe for or purchase shares of the common stock at a price per share of our common stock less than the current market price on the date fixed for the determination of stockholders entitled to receive such rights, options, warrants or other securities, and in determining the aggregate price payable to exercise such

rights, options, warrants or other securities, there shall be taken into account any consideration received by us for such rights, options, warrants or other securities and any amount payable on exercise or conversion thereof, the value of such consideration, if other than cash, to be determined in good faith by our board of directors.

(3) *Stock Splits; Reverse Splits; and Combinations* . If outstanding shares of our common stock shall be subdivided, split or reclassified into a greater number of shares of common stock, each fixed settlement rate in effect at the opening of business on the day following the day upon which such subdivision, split or reclassification becomes effective shall be proportionately increased, and, conversely, in case outstanding shares of our common stock shall each be combined or reclassified into a smaller number of shares of common stock, each fixed settlement rate in effect at the opening of business on the day following the day upon which such combination or reclassification becomes effective shall be proportionately reduced.

(4) *Debt, Asset or Security Distributions* . If we, by dividend or otherwise, distribute to all or substantially all holders of our common stock evidences of our indebtedness, assets or securities or any rights, options or warrants (or similar securities) to subscribe for, purchase or otherwise acquire evidences of our indebtedness, other assets or property of ours or other securities (but excluding any rights, options, warrants or other securities referred to in paragraph (2) above, any dividend or distribution paid exclusively in cash referred to in paragraph (5) below (in each case, whether or not an adjustment to the fixed settlement rates is required by such paragraph) and any dividend paid in shares of capital stock of any class or series, or similar equity interests, of or relating to a subsidiary or other business unit of ours in the case of a spin-off referred to below, or dividends or distributions referred to in paragraph (1) above), each fixed settlement rate in effect immediately prior to the close of business on the date fixed for the determination of stockholders entitled to receive such dividend or distribution shall be increased by dividing:

- each fixed settlement rate by
- a fraction, the numerator of which shall be the current market price of our common stock calculated as of the date fixed for such determination less the then fair market value (as determined in good faith by our board of directors) of the portion of the assets, securities or evidences of indebtedness so distributed applicable to one share of our common stock and the denominator of which shall be such current market price.

Notwithstanding the foregoing, if the then fair market value (as determined in good faith by our board of directors) of the portion of the assets, securities or evidences of indebtedness so distributed applicable to one share of our common stock exceeds the current market price of our common stock on the date fixed for the determination of stockholders entitled to receive such distribution, in lieu of the foregoing increase, each holder of a purchase contract shall receive, for each purchase contract, at the same time and upon the same terms as holders of shares of our common stock, the amount of such distributed assets, securities or evidences of indebtedness that such holder would have received if such holder owned a number of shares of our common stock equal to the maximum settlement rate on the record date for such dividend or distribution.

In the case of the payment of a dividend or other distribution on our common stock of shares of capital stock of any class or series, or similar equity interests, of or relating to a subsidiary or other business unit of ours, which are or will, upon issuance, be listed on a U.S. securities exchange or quotation system, which we refer to as a “spin-off,” each fixed settlement rate in effect immediately before the close of business on the date fixed for determination of stockholders entitled to receive that dividend or distribution will be increased by dividing:

- each fixed settlement rate by
- a fraction, the numerator of which is the current market price of our common stock and the denominator of which is such current market price plus the fair market value, determined as described below, of those shares of capital stock or similar equity interests so distributed applicable to one share of common stock.

The adjustment to the fixed settlement rate under the preceding paragraph will occur on:

- the 10th trading day from and including the effective date of the spin-off; or
- if the spin-off is effected simultaneously with an initial public offering of the securities being distributed in the spin-off and the ex-date for the spin-off occurs on or before the date that the initial public offering price of the securities being distributed in the spin-off is determined, the issue date of the securities being offered in such initial public offering.

For purposes of this section, “initial public offering” means the first time securities of the same class or type as the securities being distributed in the spin-off are offered to the public for cash.

Subject to the immediately following paragraph, the fair market value of the securities to be distributed to holders of our common stock means the average of the closing sale prices of those securities on the principal U.S. securities exchange or quotation system on which such securities are listed or quoted at that time over the first 10 trading days following the effective date of the spin-off. Also, for purposes of such a spin-off, the current market price of our common stock means the average of the closing sale prices of our common stock on the principal U.S. securities exchange or quotation system on which our common stock is listed or quoted at that time over the first 10 trading days following the effective date of the spin-off.

If, however, an initial public offering of the securities being distributed in the spin-off is to be effected simultaneously with the spin-off and the ex-date for the spin-off occurs on or before the date that the initial public offering price of the securities being distributed in the spin-off is determined, the fair market value of the securities being distributed in the spin-off means the initial public offering price, while the current market price of our common stock means the closing sale price of our common stock on the principal U.S. securities exchange or quotation system on which our common stock is listed or quoted at that time on the trading day on which the initial public offering price of the securities being distributed in the spin-off is determined.

If any dividend or distribution described in this paragraph (4) is declared but not so paid or made, the new fixed settlement rates shall be readjusted, as of the date our board of directors determines not to pay or make such dividend or distribution, to the fixed settlement rates that would then be in effect if such dividend or distribution had not been declared.

(5) *Cash Distributions* . If we, by dividend or otherwise, make distributions to all or substantially all holders of our common stock exclusively in cash during any quarterly period in an amount that exceeds $0.31 per share per quarter in the case of a regular quarterly dividend (such per share amount being referred to as the “reference dividend”), then immediately after the close of business on the date fixed for determination of the stockholders entitled to receive such distribution, each fixed settlement rate in effect immediately prior to the close of business on such date will be increased by dividing:

- each fixed settlement rate by
- a fraction, the numerator of which will be equal to the current market price on the date fixed for such determination less the amount, if any, by which the per share amount of the distribution exceeds the reference dividend and the denominator of which will be equal to such current market price.

Notwithstanding the foregoing, if (1) the amount by which the per share amount of the cash distribution exceeds the reference dividend exceeds (2) the current market price of our common stock on the date fixed for the determination of stockholders entitled to receive such distribution, in lieu of the foregoing increase, each holder of a purchase contract shall receive, for each purchase contract, at the same time and upon the same terms as holders of shares of our common stock, the amount of distributed cash that such holder would have received if such holder owned a number of shares of our common stock equal to the maximum settlement rate on the record date for such cash dividend or distribution.

The reference dividend will be subject to an inversely proportional adjustment whenever each fixed settlement rate is adjusted, other than pursuant to this paragraph (5). For the avoidance of doubt, the reference dividend will be zero in the case of a cash dividend that is not a regular quarterly dividend.

If any dividend or distribution described in this paragraph (5) is declared but not so paid or made, the new fixed settlement rate shall be readjusted, as of the date our board of directors determines not to pay or make such dividend or distribution, to the fixed settlement rate that would then be in effect if such dividend or distribution had not been declared.

(6) *Tender and Exchange Offers* . In the case that a tender offer or exchange offer made by us or any subsidiary for all or any portion of our common stock shall expire and such tender or exchange offer (as amended through the expiration thereof) requires the payment to stockholders (based on the acceptance (up to any maximum specified in the terms of the tender offer or exchange offer) of purchased shares) of an aggregate consideration having a fair market value per share of our common stock that exceeds the closing price of our common stock on the trading day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender offer or exchange offer, then, immediately prior to the opening of business on the day after the date of the last time (which we refer to as the “expiration time”) tenders or exchanges could have been made pursuant to such tender offer or exchange offer (as amended through the expiration thereof), each fixed settlement rate in effect immediately prior to the close of business on the date of the expiration time will be increased by dividing:

- each fixed settlement rate by
- a fraction (1) the numerator of which will be equal to (a) the product of (i) the current market price on the date of the expiration time and (ii) the number of shares of common stock outstanding (including any tendered or exchanged shares) on the date of the expiration time less (b) the amount of cash plus the fair market value of the aggregate consideration payable to stockholders pursuant to the tender offer or exchange offer (assuming the acceptance by us of purchased shares (as defined below)), and (2) the denominator of which will be equal to the product of (a) the current market price on the date of the expiration time and (b) the result of (i) the number of shares of our common stock outstanding (including any tendered or exchanged shares) on the date of the expiration time less (ii) the number of all shares validly tendered, not withdrawn and accepted for payment on the date of the expiration time (such actually validly tendered or exchanged shares, up to any maximum acceptance amount specified by us in the terms of the tender offer or exchange offer, being referred to as the “purchased shares”).

For purposes of paragraphs (2) through (6) (except as otherwise expressly provided therein with respect to spin-offs) above, the “current market price” per share of our common stock or any other security on any day means the average VWAP of our common stock or such other security on the principal U.S. securities exchange or quotation system on which our common stock or such other security, as applicable, is listed or quoted at that time for the 10 consecutive trading days preceding the earlier of the trading day preceding the day in question and the trading day before the “ex-date” with respect to the issuance or distribution requiring such computation. For purposes of paragraph (6) above, the last day of the measurement period shall be the trading day next succeeding the last date on which tenders or exchanges may be made pursuant to the relevant tender offer or exchange offer. The term “ex-date,” when used with respect to any issuance or distribution on our common stock or any other security, means the first date on which our common stock or such other security, as applicable, trades, regular way, on the principal U.S. securities exchange or quotation system on which our common stock or such other security, as applicable, is listed or quoted at that time, without the right to receive the issuance or distribution.

We currently do not have a shareholders rights plan with respect to our common stock. To the extent that we have a shareholders rights plan involving the issuance of share purchase rights or other similar rights to all or substantially all holders of our common stock in effect upon settlement of a purchase contract, you will receive, in addition to the common stock issuable upon settlement of any purchase contract, the related rights for the

common stock under the shareholders rights plan, unless, prior to any settlement of a purchase contract, the rights have separated from the common stock, in which case each fixed settlement rate will be adjusted at the time of separation as if we made a distribution to all holders of our common stock as described in clause (4) above, subject to readjustment in the event of the expiration, termination or redemption of the rights under the shareholder rights plan.

You may be treated as receiving a constructive distribution from us with respect to the purchase contract if (1) the fixed settlement rates are adjusted (or fail to be adjusted) and, as a result of the adjustment (or failure to adjust), your proportionate interest in our assets or earnings and profits is increased, and (2) the adjustment (or failure to adjust) is not made pursuant to a bona fide, reasonable anti-dilution formula. For example, if the fixed settlement rate is adjusted as a result of a distribution that is taxable to the holders of our common stock, such as a cash dividend, you will be deemed to have received a “constructive distribution” of our stock. Thus, under certain circumstances, an adjustment to the fixed settlement rates might give rise to a taxable dividend to you even though you will not receive any cash in connection with such adjustment. In addition, non-U.S. holders (as defined in “Material U.S. Federal Income Tax Considerations”) may, in certain circumstances, be deemed to have received a distribution subject to U.S. federal withholding tax. See “Material U.S. Federal Income Tax Considerations—U.S. Holders—Purchase Contracts” and “Material U.S. Federal Income Tax Considerations—Non-U.S. Holders—Dividends.”

In addition, we may increase the fixed settlement rates if our board of directors deems it advisable to avoid or diminish any income tax to holders of our common stock resulting from any dividend or distribution of shares (or rights to acquire shares) or from any event treated as a dividend or distribution for income tax purposes or for any other reasons. We may only make such a discretionary adjustment if we make the same proportionate adjustment to each fixed settlement rate.

Adjustments to the fixed settlement rates will be calculated to the nearest ten thousandth of a share. No adjustment to the fixed settlement rates will be required unless the adjustment would require an increase or decrease of at least one percent in one or both fixed settlement rates. If any adjustment is not required to be made because it would not change one or both fixed settlement rates by at least one percent, then the adjustment will be carried forward and taken into account in any subsequent adjustment. All anti-dilution adjustments will be made not later than each day of any market value averaging period and the time at which we are otherwise required to determine the relevant settlement rate or amount of make-whole shares (if applicable) in connection with any settlement with respect to the purchase contracts.

No adjustment to the fixed settlement rates will be made if holders of Equity Units participate, as a result of holding the Equity Units and without having to settle the purchase contracts that form part of the Equity Units, in the transaction that would otherwise give rise to an adjustment as if they held a number of shares of our common stock equal to the maximum settlement rate, at the same time and upon the same terms as the holders of common stock participate in the transaction.

The fixed settlement rates will not be adjusted (subject to our right to increase them if our board of directors deems it advisable as described in the third preceding paragraph):

- upon the issuance of any shares of our common stock pursuant to any present or future plan providing for the reinvestment of dividends or interest payable on our securities and the investment of additional optional amounts in shares of our common stock under any plan;
- upon the issuance of options, restricted stock or other awards in connection with any employment contract, executive compensation plan, benefit plan or other similar arrangement with or for the benefit of any one or more employees, officers, directors, consultants or independent contractors or the exercise of such options or other awards;
- upon the issuance of any shares of our common stock pursuant to any option, warrant, right or exercisable, exchangeable or convertible security outstanding as of the date the Equity Units were first issued;

- for a change in the par value or no par value of the common stock; or
- for accumulated and unpaid contract adjustment payments.

We will, as promptly as practicable after the fixed settlement rate is adjusted, provide written notice of the adjustment to the holders of Equity Units.

If an adjustment is made to the fixed settlement rates, an adjustment also will be made to the reference price and the threshold appreciation price on an inversely proportional basis solely to determine which of the clauses of the definition of settlement rate will be applicable to determine the settlement rate with respect to the purchase contract settlement date or any fundamental change early settlement date.

If any adjustment to the fixed settlement rates becomes effective, or any effective date, expiration time, ex-date or record date for any stock split or reverse stock split, tender or exchange offer, issuance, dividend or distribution (relating to a required fixed settlement rate adjustment) occurs, during the period beginning on, and including, (1) the open of business on a first trading day of the 20 scheduled trading-day period during which the applicable market value is calculated or (2) in the case of the optional early settlement or fundamental change early settlement, the relevant early settlement date or the date on which the fundamental change early settlement right is exercised and, in each case, ending on, and including, the date on which we deliver shares of our common stock under the related purchase contract, we will make appropriate adjustments to the fixed settlement rates and/or the number of shares of our common stock deliverable upon settlement with respect to the purchase contract, in each case, consistent with the methodology used to determine the anti-dilution adjustments set forth above. If any adjustment to the fixed settlement rates becomes effective, or any effective date, expiration time, ex-date or record date for any stock split or reverse stock split, tender or exchange offer, issuance, dividend or distribution (relating to a required fixed settlement rate adjustment) occurs, during the period used to determine the “stock price” or any other averaging period hereunder, we will make appropriate adjustments to the applicable prices, consistent with the methodology used to determine the anti-dilution adjustments set forth above.

Reorganization Events

The following events are defined as “reorganization events”:

- any consolidation or merger of the Company with or into another person or of another person with or into the Company or a similar transaction (other than a consolidation, merger or similar transaction in which the Company is the continuing corporation and in which the shares of our common stock outstanding immediately prior to the merger or consolidation are not exchanged for cash, securities or other property of the Company or another person);
- any sale, transfer, lease or conveyance to another person of the property of the Company as an entirety or substantially as an entirety, as a result of which the shares of our common stock are exchanged for cash, securities or other property;
- any statutory exchange of the common stock of the Company with another corporation (other than in connection with a merger or acquisition); and
- any liquidation, dissolution or termination of the Company (other than as a result of or after the occurrence of a termination event described below under “—Termination”).

Following the effective date of a reorganization event, the settlement rate shall be determined by reference to the value of an exchange property unit, and we shall deliver, upon settlement of any purchase contract, a number of exchange property units equal to the number of shares of our common stock that we would otherwise be required to deliver. An “exchange property unit” is the kind and amount of common stock, other securities, other property or assets (including cash or any combination thereof) receivable in such reorganization event (without any interest thereon, and without any right to dividends or distribution thereon which have a record date that is prior to the applicable settlement date) per share of our common stock by a holder of common stock that is

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not a person with which we are consolidated or into which we are merged or which merged into us or to which such sale or transfer was made, as the case may be (we refer to any such person as a “constituent person”), or an affiliate of a constituent person, to the extent such reorganization event provides for different treatment of common stock held by the constituent person and/or the affiliates of the constituent person, on the one hand, and non-affiliates of a constituent person, on the other hand. In the event holders of our common stock (other than any constituent person or affiliate thereof) have the opportunity to elect the form of consideration to be received in such transaction, the exchange property unit that holders of the Corporate Units or Treasury Units are entitled to receive will be deemed to be (1) the weighted average of the types and amounts of consideration received by the holders of our common stock that affirmatively make an election or (2) if no holders of our common stock affirmatively make such an election, the types and amounts of consideration actually received by the holders of our common stock.

In the event of such a reorganization event, the person formed by such consolidation or merger or the person which acquires our assets shall execute and deliver to the purchase contract agent an agreement providing that the holder of each Equity Unit that remains outstanding after the reorganization event (if any) shall have the rights described in the preceding paragraph. Such supplemental agreement shall provide for adjustments to the amount of any securities constituting all or a portion of an exchange property unit and/or adjustments to the fixed settlement rates, which, for events subsequent to the effective date of such reorganization event, shall be as nearly equivalent as may be practicable to the adjustments provided for under “—Anti-dilution Adjustments” above. The provisions described in the preceding two paragraphs shall similarly apply to successive reorganization events.

In connection with any reorganization event, we will also adjust the reference dividend based on the number of shares of common stock comprising an exchange property unit and (if applicable) the value of any non-stock consideration comprising an exchange property unit. If an exchange property unit is composed solely of non-stock consideration, the reference dividend will be zero.

Termination

The purchase contract and pledge agreement provides that the purchase contracts and the obligations and rights of us and of the holders of Corporate Units and Treasury Units thereunder (including the holders’ obligation and right to purchase and receive shares of our common stock and to receive accrued and unpaid contract adjustment payments, including deferred contract adjustment payments and compounded contract adjustment payments thereon) will immediately and automatically terminate upon the occurrence of a termination event (as defined below).

Upon any termination event, the Equity Units will represent the right to receive the Notes underlying the undivided beneficial interest in the Notes, applicable ownership interests in the Treasury Portfolio, or the Treasury securities, as the case may be, forming part of such Equity Units. Upon the occurrence of a termination event, we will promptly give the purchase contract agent, the collateral agent and the holders notice of such termination event and the collateral agent will release the related interests in the Notes, applicable ownership interests in the Treasury portfolio or Treasury securities, as the case may be, from the pledge arrangement and transfer such interests in the Notes, applicable ownership interests in the Treasury portfolio or Treasury securities to the purchase contract agent for distribution to the holders of Corporate Units and Treasury Units. If a holder is entitled to receive Notes in an aggregate principal amount that is not an integral multiple of $1,000, the purchase contract agent may request that we issue Notes in denominations of $50 and integral multiples thereof in exchange for Notes in denominations of $1,000 or integral multiples thereof. In addition, if any holder is entitled to receive, with respect to its applicable ownership interests in the Treasury portfolio or its pledged Treasury securities, any securities having a principal amount at maturity of less than $1,000, the purchase contract agent will dispose of such securities for cash and pay the cash received to the holder in lieu of such applicable ownership in the Treasury portfolio or such Treasury securities. Upon any termination event, however, such release and distribution may be subject to a delay. In the event that the Company becomes the subject of a case

under the U.S. Bankruptcy Code, such delay may occur as a result of the automatic stay under the U.S. Bankruptcy Code and continue until such automatic stay has been lifted. Moreover, claims arising out of the Notes will be subject to the equitable jurisdiction and powers of the bankruptcy court.

A "termination event" means any of the following events with respect to the Company:

(1) at any time on or prior to the purchase contract settlement date, a decree or order by a court having jurisdiction in the premises shall have been entered adjudicating the Company a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization arrangement, adjustment or composition of or in respect of the Company under the U.S. Bankruptcy Code or any other similar applicable federal or state law and such decree or order shall have been entered more than 90 days prior to the purchase contract settlement date and shall have continued undischarged and unstayed for a period of 90 consecutive days;

(2) at any time on or prior to the purchase contract settlement date, a decree or order of a court having jurisdiction in the premises shall have been entered for the appointment of a receiver, liquidator, trustee, assignee, sequestrator or other similar official in bankruptcy or insolvency of the Company or of all or any substantial part of the Company's property, or for the winding up or liquidation of the Company's affairs, and such decree or order shall have been entered more than 90 days prior to the purchase contract settlement date and shall have continued undischarged and unstayed for a period of 90 consecutive days; or

(3) at any time on or prior to the purchase contract settlement date, the Company shall institute proceedings to be adjudicated a bankrupt or insolvent, or shall consent to the institution of bankruptcy or insolvency proceedings against it, or shall file a petition or answer or consent seeking reorganization under the U.S. Bankruptcy Code or any other similar applicable federal or state law, or shall consent to the filing of any such petition, or shall consent to the appointment of a receiver, liquidator, trustee, assignee, sequestrator or other similar official of the Company or of all or any substantial part of the Company's property, or shall make an assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due.

Pledged Securities and Pledge

The undivided beneficial ownership interests in the Notes, or, following a successful optional remarketing, the applicable ownership interests in the Treasury portfolio (as described under the first bullet of the definition of "Treasury portfolio"), that are a component of the Corporate Units or, if substituted, the beneficial ownership interest in the Treasury securities that are a component of the Treasury Units, collectively, the "pledged securities," will be pledged to the collateral agent for our benefit pursuant to the purchase contract and pledge agreement to secure your obligation to purchase shares of our common stock under the related purchase contracts. The rights of the holders of the Corporate Units and Treasury Units with respect to the pledged securities will be subject to our security interest therein. No holder of Corporate Units or Treasury Units will be permitted to withdraw the pledged securities related to such Corporate Units or Treasury Units from the pledge arrangement except:

- in the case of Corporate Units, to substitute a Treasury security for the related Note, as provided under "Description of the Equity Units—Creating Treasury Units by Substituting a Treasury Security for a Note;"
- in the case of Treasury Units, to substitute a Note for the related Treasury security, as provided under "Description of the Equity Units—Recreating Corporate Units;" and
- upon early settlement, settlement through the payment of separate cash or termination of the related purchase contracts.

Subject to our security interest and the terms of the purchase contract and pledge agreement, each holder of a Corporate Unit (unless the Treasury portfolio has replaced the Notes as a component of the Corporate Unit),

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will be entitled through the purchase contract agent and the collateral agent to all of the proportional rights and preferences of the related Notes (including distribution, voting, redemption, repayment and liquidation rights). Each holder of Treasury Units and each holder of Corporate Units (if the Treasury portfolio has replaced the Notes as a component of the Corporate Units), will retain beneficial ownership of the related Treasury securities or the applicable ownership interests in the Treasury portfolio, as applicable, pledged in respect of the related purchase contracts. We will have no interest in the pledged securities other than our security interest.

Except as described in “Certain Provisions of the Purchase Contract and Pledge Agreement—General,” upon receipt of distributions on the pledged securities, the collateral agent will distribute such payments to the purchase contract agent, which in turn will distribute those payments to the holders in whose names the Corporate Units or Treasury Units are registered at the close of business on the record date for the distribution.

CERTAIN PROVISIONS OF THE PURCHASE CONTRACT AND PLEDGE AGREEMENT

In this Description of the Purchase Contract and Pledge Agreement, "Exelon," "we," "us," "our" and the "Company" refer only to Exelon Corporation and any successor obligor, and not to any of its subsidiaries.

The following is a summary of some of the other terms of the purchase contract and pledge agreement. The summary contains a description of additional material terms of the agreement but is only a summary and is not complete. This summary is subject to and is qualified by reference to all the provisions of the purchase contract and pledge agreement, including the definitions of certain terms used therein, the form of which has been or will be filed and incorporated by reference as an exhibit to the registration statement of which this prospectus supplement and the accompanying base prospectus form a part.

General

Except as described under "—Book-Entry System" below, payments on the Corporate Units and Treasury Units will be payable, the purchase contracts will be settled, and transfers of the Corporate Units and Treasury Units will be registrable at, the office of the purchase contract agent or its agent, in each case, in the Borough of Manhattan, The City of New York. In addition, if the Corporate Units or Treasury Units do not remain in book-entry form, we will make payments on the Corporate Units and Treasury Units by check mailed to the address of the person entitled thereto as shown on the security register or by a wire transfer to the account designated by the holder by a prior written notice.

Shares of common stock will be delivered on the purchase contract settlement date (or earlier upon early settlement), or, if the purchase contracts have terminated, the related pledged securities will be delivered (subject to delays, including potentially as a result of the imposition of the automatic stay under the U.S. Bankruptcy Code, as described under "Description of the Purchase Contracts—Termination") at the office of the purchase contract agent or its agent upon presentation and surrender of the applicable Corporate Unit or Treasury Unit certificate, if in certificated form.

If Corporate Units or Treasury Units are in certificated form and the holder fails to present and surrender the certificate evidencing the Corporate Units or Treasury Units to the purchase contract agent on or prior to the purchase contract settlement date, the shares of common stock issuable upon settlement with respect to the related purchase contract will be registered in the name of the purchase contract agent or its nominee. The shares, together with any distributions, will be held by the purchase contract agent as agent for the benefit of the holder until the certificate is presented and surrendered or the holder provides satisfactory evidence that the certificate has been destroyed, lost or stolen, together with any indemnity that may be required by the purchase contract agent and us.

If the purchase contracts terminate prior to the purchase contract settlement date, the related pledged securities are transferred to the purchase contract agent for distribution to the holders, and a holder fails to present and surrender the certificate evidencing the holder's Corporate Units or Treasury Units, if in certificated form, to the purchase contract agent, the related pledged securities delivered to the purchase contract agent and payments on the pledged securities will be held by the purchase contract agent as agent for the benefit of the holder until the applicable certificate is presented, if in certificated form, or the holder provides the evidence and indemnity described above.

No service charge will be made for any registration of transfer or exchange of the Corporate Units or Treasury Units, except for any tax or other governmental charge that may be imposed in connection therewith.

The purchase contract agent will have no obligation to invest or to pay interest on any amounts it holds pending payment to any holder.

Modification

The purchase contract and pledge agreement will contain provisions permitting us, the purchase contract agent and the collateral agent, to modify the purchase contract and pledge agreement without the consent of the holders for any of the following purposes:

- to evidence the succession of another person to our obligations;
- to add to the covenants for the benefit of holders or to surrender any of our rights or powers under the purchase contract and pledge agreement;
- to evidence and provide for the acceptance of appointment of a successor purchase contract agent or a successor collateral agent or securities intermediary;
- to make provision with respect to the rights of holders pursuant to the requirements applicable to reorganization events;
- to cure any ambiguity or to correct or supplement any provisions that may be inconsistent with any other provision in the purchase contract and pledge agreement or to make such other provisions in regard to matters or questions arising under the purchase contract and pledge agreement that do not adversely affect the rights of any holders of Equity Units; and
- to conform the provisions of the purchase contract and pledge agreement to the description of such agreement, the Equity Units and the purchase contracts contained in the preliminary prospectus supplement for the Equity Units as supplemented and/or amended by the related pricing term sheet.

The purchase contract and pledge agreement will contain provisions allowing us, the purchase contract agent and the collateral agent, subject to certain limited exceptions, to modify the terms of the purchase contracts or the purchase contract and pledge agreement with the consent of the holders of not less than a majority of the outstanding Equity Units, with holders of Corporate Units and Treasury Units voting as a single class. However, no such modification may, without the consent of the holder of each outstanding purchase contract affected thereby:

- subject to our right to defer contract adjustment payments, change any payment date;
- impair the holders' right to institute suit for the enforcement of a purchase contract or payment of any contract adjustment payments (including compounded contract adjustment payments);
- except as required pursuant to any anti-dilution adjustment, reduce the number of shares of our common stock purchasable under a purchase contract, increase the purchase price of the shares of our common stock on settlement of any purchase contract, change the purchase contract settlement date or change the right to early settlement or fundamental change early settlement in a manner adverse to the holders or otherwise adversely affect the holder's rights under any purchase contract, the purchase contract and pledge agreement or remarketing agreement in any respect;
- increase the amount or change the type of collateral required to be pledged to secure a holder's obligations under the purchase contract and pledge agreement;
- impair the right of the holder of any purchase contract to receive distributions on the collateral, or otherwise adversely affect the holder's rights in or to such collateral;
- reduce any contract adjustment payments or any deferred contract adjustment payments (including compounded contract adjustment payments) or change any place where, or the coin or currency in which, any contract adjustment payment is payable; or
- reduce the percentage of the outstanding purchase contracts whose holders' consent is required for the modification, amendment or waiver of the provisions of the purchase contracts and the purchase contract and pledge agreement.

However, if any amendment or proposal would adversely affect only the Corporate Units or only the Treasury Units, then only the affected class of holders will be entitled to vote on such amendment or proposal, and such amendment or proposal will not be effective except with the consent of the holders of not less than a majority of such class or, if referred to in the seven bullets above, each holder affected thereby.

No Consent to Assumption

Each holder of a Corporate Unit or a Treasury Unit will be deemed under the terms of the purchase contract and pledge agreement, by the purchase of such Corporate Unit or Treasury Unit, to have expressly withheld any consent to the assumption under Section 365 of the U.S. Bankruptcy Code or otherwise, of the related purchase contracts by us, our receiver, liquidator or trustee or person or entity performing similar functions in the event that we become a debtor under the U.S. Bankruptcy Code or other similar state or federal law providing for reorganization or liquidation.

Consolidation, Merger and Conveyance of Assets as an Entirety

We will agree not to merge or consolidate with any other person or sell or convey all or substantially all of our assets to any person unless (1) either we are the continuing entity, or the successor entity (if other than us) is a corporation organized and existing under the laws of the United States of America or a State thereof or the District of Columbia and such corporation expressly assumes all of our responsibilities and liabilities under the purchase contracts, the Corporate Units, the Treasury Units, the purchase contract and pledge agreement, the remarketing agreement (if any) and the indenture by one or more supplemental agreements in form satisfactory to the purchase contract agent, the collateral agent and the notes trustee, executed and delivered to the purchase contract agent, the collateral agent and the notes trustee by such corporation, and (2) we or such successor corporation, as the case may be, will not, immediately after such merger or consolidation, or such sale or conveyance, be in default in the performance of any of its obligations or covenants under such agreements.

In case of any such consolidation, merger, sale or conveyance, and upon any such assumption by the successor corporation, such successor corporation shall succeed to and be substituted for us, with the same effect as if it had been named in the purchase contracts, the Corporate Units, the Treasury Units, the purchase contract and pledge agreement and the remarketing agreement (if any) as us and (other than in the case of a lease) we shall be relieved of any further obligation under the purchase contracts, the Corporate Units, the Treasury Units, the purchase contract and pledge agreement and the remarketing agreement (if any).

Title

We, the purchase contract agent and the collateral agent may treat the registered owner of any Corporate Units or Treasury Units as the absolute owner of the Corporate Units or Treasury Units for the purpose of making payment (subject to the record date provisions described above), settling the related purchase contracts and for all other purposes.

Replacement of Equity Unit Certificates

In the event that physical certificates have been issued, any mutilated Corporate Unit or Treasury Unit certificate will be replaced by us at the expense of the holder upon surrender of the certificate to the purchase contract agent at the corporate trust office of the purchase contract agent or its agent, in each case, in the Borough of Manhattan, The City of New York. Corporate Unit or Treasury Unit certificates that become destroyed, lost or stolen will be replaced by us at the expense of the holder upon delivery to us and the purchase contract agent of evidence of their destruction, loss or theft satisfactory to us and the purchase contract agent. In the case of a destroyed, lost or stolen Corporate Unit or Treasury Unit certificate, an indemnity satisfactory to the purchase contract agent and us may be required at the expense of the holder before a replacement certificate will be issued.

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Notwithstanding the foregoing, we will not be obligated to issue any Corporate Unit or Treasury Unit certificates on or after the business day immediately preceding the purchase contract settlement date or the date on which the purchase contracts have terminated. The purchase contract and pledge agreement will provide that, in lieu of the delivery of a replacement Corporate Unit or Treasury Unit certificate, the purchase contract agent, upon delivery of the evidence and indemnity described above, will, in the case of the purchase contract settlement date, deliver the shares of common stock issuable pursuant to the purchase contracts included in the Corporate Units or Treasury Units evidenced by the certificate, or, if the purchase contracts have terminated prior to the purchase contract settlement date, transfer the pledged securities included in the Corporate Units or Treasury Units evidenced by the certificate.

Governing Law

The purchase contracts and the purchase contract and pledge agreement and the remarketing agreement will be governed by, and construed in accordance with, the laws of the State of New York (without regard to conflicts of laws principles thereof).

Information Concerning the Purchase Contract Agent

The Bank of New York Mellon Trust Company, N.A. (or its successor) will be the purchase contract agent. The purchase contract agent will act as the agent for the holders of Corporate Units and Treasury Units. The purchase contract agent will not be obligated to take any discretionary action in connection with a default under the terms of the Corporate Units, the Treasury Units or the purchase contract and pledge agreement.

The purchase contract and pledge agreement will contain provisions limiting the liability of the purchase contract agent. The purchase contract and pledge agreement also will contain provisions under which the purchase contract agent may resign or be replaced. Such resignation or replacement will be effective upon the appointment of a successor.

In addition to serving as the purchase contract agent, The Bank of New York Mellon Trust Company, N.A. will serve as the “notes trustee” for the Notes. We and certain of our affiliates maintain banking relationships with The Bank of New York Mellon Trust Company, N.A. or its affiliates. The Bank of New York Mellon Trust Company, N.A. also serves as trustee under our indentures under which we and certain of our affiliates have issued securities. The Bank of New York Mellon Trust Company, N.A. and its affiliates have purchased, and are likely to purchase in the future, our securities and securities of our affiliates.

Information Concerning the Collateral Agent

The Bank of New York Mellon Trust Company, N.A. (or its successor) will be the collateral agent. The collateral agent will act solely as our agent and will not assume any obligation or relationship of agency or trust for or with any of the holders of the Corporate Units and the Treasury Units except for the obligations owed by a pledgee of property to the owner thereof under the purchase contract and pledge agreement and applicable law.

The purchase contract and pledge agreement will contain provisions limiting the liability of the collateral agent. The purchase contract and pledge agreement also will contain provisions under which the collateral agent may resign or be replaced. Such resignation or replacement will be effective upon the appointment of a successor.

In addition to serving as the collateral agent, The Bank of New York Mellon Trust Company, N.A. will serve as the “notes trustee” for the Notes. We and certain of our affiliates maintain banking relationships with The Bank of New York Mellon Trust Company, N.A. or its affiliates. The Bank of New York Mellon Trust Company, N.A. also serves as trustee under our indentures under which we and certain of our affiliates have

issued securities. The Bank of New York Mellon Trust Company, N.A. and its affiliates have purchased, and are likely to purchase in the future, our securities and securities of our affiliates.

Miscellaneous

The purchase contract and pledge agreement will provide that we will, at all times prior to the purchase contract settlement date, reserve and keep available, free from preemptive rights, out of our authorized but unissued common stock the maximum number of shares of our common stock issuable against payment (including the maximum number of make-whole shares issuable upon a fundamental change early settlement) in respect of all purchase contracts included in the Corporate Units or Treasury Units evidenced by the outstanding certificates.

The purchase contract and pledge agreement will provide that we will pay all fees and expenses related to (1) the retention of the purchase contract agent, the collateral agent, the custodial agent and the securities intermediary and (2) any enforcement by the purchase contract agent of the rights of the holders of the Corporate Units and Treasury Units. Holders who elect to substitute the related pledged securities, thereby creating Treasury Units or recreating Corporate Units, however, will be responsible for any fees or expenses payable in connection with such substitution, as well as for any commissions, fees or other expenses incurred in acquiring the pledged securities to be substituted. We will not be responsible for any such fees or expenses. The purchase contract agent shall be under no obligation to exercise any of the rights or powers vested in it by the purchase contract and pledge agreement at the request or direction of any of the holders pursuant to the purchase contract and pledge agreement, unless such holders shall have offered to the purchase contract agent security or indemnity reasonably satisfactory to the purchase contract agent against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

The purchase contract and pledge agreement will also provide that any court of competent jurisdiction may in its discretion require, in any suit for the enforcement of any right or remedy under the purchase contract and pledge agreement, or in any suit against the purchase contract agent for any action taken, suffered or omitted by it as purchase contract agent, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees and costs against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant. The foregoing shall not apply to any suit instituted by the purchase contract agent, to any suit instituted by any holder, or group of holders, holding in the aggregate more than 10% of the outstanding Equity Units, or to any suit instituted by any holder for the enforcement of any interest on any Notes owed pursuant to such holder's applicable ownership interests in Notes or contract adjustment payments on or after the respective payment date therefor in respect of any Equity Unit held by such holder, or for enforcement of the right to purchase shares of our common stock under the purchase contracts constituting part of any Equity Unit held by such holder.

Book-Entry System

The Depository Trust Company, or DTC, which we refer to along with its successors in this capacity as the "depository," will act as securities depository for the Corporate Units and Treasury Units. The Corporate Units and Treasury Units will be issued only as fully registered securities registered in the name of Cede & Co., the depository's nominee, or such other name as may be requested by an authorized representative of DTC. One or more fully registered global security certificates, representing the total aggregate number of Corporate Units and Treasury Units, will be issued and will be deposited with the depository or its custodian and will bear a legend regarding the restrictions on exchanges and registration of transfer referred to below.

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The laws of some jurisdictions may require that some purchasers of securities take physical delivery of securities in definitive form. These laws may impair the ability to transfer beneficial interests in the Corporate Units and Treasury Units so long as the Corporate Units and Treasury Units are represented by global security certificates.

DTC advises that it is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Exchange Act. The depository holds securities that its participants (“direct participants”) deposit with the depository. The depository also facilitates the post-trade settlement among direct participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between participants’ accounts, thereby eliminating the need for physical movement of securities certificates. Direct participants include U.S. and Non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. The depository is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the depository’s system is also available to others, including securities brokers and dealers, banks, trust companies and clearing corporations that clear transactions through or maintain a custodial relationship with a direct participant, either directly or indirectly. The rules applicable to the depository and its participants are on file with the SEC.

If (1) the depository notifies us that it is unwilling or unable to continue its services as depository and no successor depository has been appointed within 90 days after our receipt of such notice; (2) the depository ceases to be a clearing agency registered under the Exchange Act when the depository is required to be so registered and we receive notice of such cessation, and no successor depository has been appointed within 90 days after our receipt of such notice or our becoming aware of such cessation; or (3) any Event of Default (as defined in “Description of the Junior Subordinated Notes—Events of Default”) has occurred and is continuing or any other event has occurred and is continuing, which after notice or lapse of time, would become an Event of Default with respect to the Notes, or we have failed to perform any of our obligations under the purchase contract and pledge agreement, the Corporate Units, the Treasury Units or the purchase contracts, and any beneficial owner requests that its beneficial interest be exchanged for a physical certificate, then (a) we will prepare definitive certificates with respect to such Corporate Units or Treasury Units, as applicable, and will deliver such certificates to the purchase contract agent and (b) upon surrender of the global security certificates representing Corporate Units or Treasury Units by the depository, accompanied by registration instructions, we will cause definitive certificates to be delivered to the beneficial owners in accordance with instructions provided by the depository. We and the purchase contract agent will not be liable for any delay in delivery of such instructions and may conclusively rely on, and will be authorized and protected in relying on, such instructions. Each definitive certificate so delivered will evidence Corporate Units or Treasury Units, as applicable, of the same kind and tenor as the global security certificate so surrendered in respect thereof.

As long as the depository or its nominee is the registered owner of the global security certificates, the depository or its nominee, as the case may be, will be considered the sole owner and holder of the global security certificates and all Corporate Units and Treasury Units represented by these certificates for all purposes under the Corporate Units, Treasury Units and the purchase contract and pledge agreement. Except in the limited circumstances referred to above, owners of beneficial interests in global security certificates:

- will not be entitled to have the Corporate Units or the Treasury Units represented by these global security certificates registered in their names; and
- will not be considered to be owners or holders of the global security certificates or any Corporate Units or Treasury Units represented by these certificates for any purpose under the Corporate Units, Treasury Units or the purchase contract and pledge agreement.

All payments on the Corporate Units and Treasury Units represented by the global security certificates and all transfers and deliveries of related Notes, Treasury securities and common stock will be made to the depository or its nominee, as the case may be, as the holder of the securities.

Ownership of beneficial interests in the global security certificates will be limited to participants or persons that may hold beneficial interests through institutions that have accounts with the depository or its nominee. Ownership of beneficial interests in global security certificates will be shown only on, and the transfer of those ownership interests will be effected only through, records maintained by the depository or its nominee, with respect to participants' interests, or any participant, with respect to interests of persons held by the participant on their behalf. Procedures for settlement of purchase contracts on the purchase contract settlement date or upon early settlement will be governed by arrangements among the depository, participants and persons that may hold beneficial interests through participants designed to permit settlement without the physical movement of certificates. Payments, transfers, deliveries, exchanges and other matters relating to beneficial interests in global security certificates may be subject to various policies and procedures adopted by the depository from time to time. None of us, the purchase contract agent or any agent of us or the purchase contract agent will have any responsibility or liability for any aspect of the depository's or any participant's records relating to, or for payments made on account of, beneficial interests in global security certificates, or for maintaining, supervising or reviewing any of the depository's records or any participant's records relating to these beneficial ownership interests.

Although the depository has agreed to the foregoing procedures in order to facilitate transfers of interest in the global security certificates among participants, the depository is under no obligation to perform or continue to perform these procedures, and these procedures may be discontinued at any time. Neither we nor any agent nor the notes trustee will have any responsibility for the performance by the depository or its direct participants or indirect participants under the rules and procedures governing the depository.

The information in this section concerning the depository and its book-entry system has been obtained from sources that we believe to be reliable, but we have not attempted to verify the accuracy of this information.

DESCRIPTION OF THE JUNIOR SUBORDINATED NOTES

In this Description of the Junior Subordinated Notes, "Exelon," "we," "us," "our" and the "Company" refer only to Exelon Corporation, and not to any of its subsidiaries.

The following summary description sets forth certain terms and provisions of the % junior subordinated notes due 2024 (the "Notes"), and to the extent inconsistent therewith replaces the description of the general terms and provisions of the Junior Subordinated Notes set forth in the accompanying base prospectus, to which we refer you. Because this description is a summary, it does not describe every aspect of the Notes and should be read together with the forms of the Notes, the subordinated indenture (defined below under "—Ranking") under which the Notes will be issued, and the supplemental indenture (defined below under "—Ranking") establishing the terms of the Notes. The subordinated indenture is filed as an exhibit to, and incorporated by reference in, the registration statement of which the accompanying base prospectus is a part. In this summary, we refer to the subordinated indenture, as supplemented by the supplemental indenture, together, as the "indenture."

The indenture and its associated documents contain the full legal text of the matters described in this section. The indenture has been qualified under the Trust Indenture Act and you should refer to the Trust Indenture Act for provisions that apply to the Notes.

General

We will issue the Notes as a series of debt securities under the subordinated indenture. We may issue an unlimited amount of other securities under the subordinated indenture which are on parity with the Notes.

The Notes will be our unsecured and subordinated obligations and will be subordinated to all of our Senior Indebtedness (as defined under "—Subordination"). Additional information about our current outstanding indebtedness and the relative priorities of our indebtedness is described below under "—Ranking."

The Notes will be issued in fully registered form only, without coupons. Any Notes that are issued as separate securities as a result of the creation of Treasury Units or in connection with an early settlement, early settlement upon a fundamental change, a remarketing, a termination or a settlement with separate cash will be initially represented by one or more fully registered global securities (the "global securities") deposited with the notes trustee, as custodian for DTC, as depository, and registered in the name of DTC or DTC's nominee. A beneficial interest in a global security will be shown on, and transfers or exchanges thereof will be effected only through, records maintained by DTC and its participants, as described below under "—Book-Entry Issuance—The Depository Trust Company." The authorized denominations of the Notes will be $1,000 and any larger amount that is an integral multiple of $1,000. However, if a holder is entitled to receive Notes in an aggregate principal amount that is not an integral multiple of $1,000 upon termination of the purchase contracts as described under "Description of the Purchase Contracts—Termination" above, the purchase contract agent may request that we issue Notes in denominations of $50 and integral multiples thereof. Except in certain circumstances described below, the Notes that are issued as global securities will not be exchangeable for Notes in definitive certificated form.

Each Corporate Unit includes a 1/20 undivided beneficial ownership interest in a Note having a principal amount of $1,000 that corresponds to the stated amount of $50 per Corporate Unit.

The Notes will not be subject to a sinking fund provision or repayable at the option of the holders and, prior to the purchase contract settlement date, will not be subject to defeasance. After the purchase contract settlement date, the Notes will be subject to defeasance as described under "Description of Debt Securities—Defeasance" in the accompanying base prospectus. The entire principal amount of the Notes will mature and become due and payable, together with any accrued and unpaid interest thereon (other than deferred interest payments and compound interest thereon, with respect to any deferral period that begins prior to the purchase contract settlement date, which will be due and payable at the end of such deferral period as described below under "—Option to Defer Interest Payments"), on June 1, 2024. As described below under "—Put Option upon Failed

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Remarketing," holders will have the right to require us to purchase their Notes under certain circumstances. Except as set forth under "—Put Option upon Failed Remarketing" and "—Dividend and Other Payment Stoppages During Interest Deferral and Under Certain Other Circumstances," the indenture will not contain any financial covenants or restrict us from paying dividends, making investments, incurring indebtedness or repurchasing our securities. Except for the covenants described under "—Consolidation, Merger or Sale," the indenture does not contain provisions that afford holders of the Notes protection in the event we are involved in a highly leveraged transaction or other similar transaction that may adversely affect such holders. The indenture does not limit our ability to issue or incur other debt or issue preferred stock.

The Notes are initially being offered in one series in the principal amount of $1,000,000,000. If we issue additional Equity Units as a result of the underwriters' exercise of their option to buy additional Corporate Units, we may, without the consent of the holders of the Notes, increase the principal amount of the series and issue up to an additional $150,000,000 principal amount of Notes of such series having the same ranking, interest rate, maturity and other terms as the Notes. Any such new Notes, together with the existing Notes, will constitute a single series of securities under the indenture. The existing Notes and any new Notes of the same series having the same terms as the Notes offered hereby subsequently issued under the indenture will be treated as a single class for all purposes under the indenture, including, without limitation, voting waivers and amendments.

We will not pay any additional amounts to holders of the Notes in respect of any tax, assessment or governmental charge.

Ranking

The Notes will be issued by us under our Unsecured Subordinated Indenture, to be dated as of the issue date of the Notes between us and The Bank of New York Mellon Trust Company, N.A. (referred to herein as the "Indenture Trustee"), for the series of which the Notes are a part (the Unsecured Subordinated Indenture is referred to herein as the "subordinated indenture") and the First Supplemental Indenture to be dated as of the issue date of the Notes (the "supplemental indenture"). We may issue under the subordinated indenture additional debt securities that rank on parity with to the Notes.

The Notes will be unsecured and will rank junior in payment to all of our existing and future Senior Indebtedness, as described under "—Subordination." The Notes will also be effectively subordinated to all liabilities of our subsidiaries. A significant portion of our existing indebtedness is Senior Indebtedness. See "—Subordination."

Because we are a holding company and conduct all of our operations through our subsidiaries, our ability to meet our obligations under the Notes is dependent on the earnings and cash flows of those subsidiaries and the ability of those subsidiaries to pay dividends or to advance or repay funds to us. Holders of the Notes will generally have a junior position to claims of creditors of our subsidiaries, including trade creditors, debtholders, secured creditors, taxing authorities, guarantee holders and any preferred stockholders. As of March 31, 2014, Exelon had approximately $3.0 billion principal amount of outstanding long-term debt on an unconsolidated basis that will be senior to the Notes which includes legal obligations of Exelon Corporate to the holders of approximately $1.4 billion in senior notes, the obligations for which have been transferred to Generation through mirror notes from Generation to Exelon Corporation. During consolidation the debt is eliminated from Exelon Corporate and consolidated from Generation into total consolidated indebtedness. Additionally, as of March 31, 2014, our subsidiaries had approximately $17.8 billion of outstanding long-term debt (including securities due within one year) excluding $1.4 billion in senior notes that are mirrored down to Generation which is eliminated during consolidation and consolidated from generation into total consolidated indebtedness principal amount. The provisions of the indenture do not limit the amount of indebtedness or preferred stock issuable by our subsidiaries. We and our subsidiaries expect to incur additional indebtedness from time to time.

Principal and Interest

The Notes will initially mature on June 1, 2024 (the "stated maturity date") and will initially bear interest from the date of original issuance at the rate of % per annum. In connection with a successful remarketing, we may shorten the stated maturity date of the Notes to any date not earlier than June 1, 2020. Subject to any deferral as described below under "—Option to Defer Interest Payments," and subject to any changes to the interest payment dates made pursuant to a successful remarketing, interest will be payable quarterly on March 1, June 1, September 1 and December 1 of each year (each, an "interest payment date"), commencing on September 1, 2014, and at maturity (whether at the stated maturity date or otherwise). Subject to certain exceptions, the indenture provides for the payment of interest on an interest payment date only to persons in whose names the Notes are registered at the close of business on the record date; if the Corporate Units or the Notes are held by a securities depository in book-entry form, the record date will be the close of business on the business day immediately preceding the applicable interest payment date; if the Corporate Units or the Notes are not held by a securities depository in book-entry form, then the record date will be the 15th day of the calendar month immediately preceding the calendar month in which the applicable interest payment date falls (or, if such day is not a business day, the business day next preceding such day). Notwithstanding the foregoing, any interest payable at maturity will be paid to the person to whom principal is payable. Interest will be calculated on the basis of a 360-day year of twelve 30-day months, and with respect to any period less than a full calendar month, on the basis of the actual number of days elapsed during the period; *however* , if we remarket the Notes as floating-rate Notes, without the consent of any holder of Notes we may modify the basis on which interest will be calculated after the optional remarketing settlement date or the purchase contract settlement date, as applicable, to conform to the market convention applicable to floating-rate Notes using the same index.

If any interest payment date, redemption date, maturity date or the date (if any) on which we are required to purchase the Notes is not a business day, then the applicable payment will be made on the next succeeding day that is a business day, and no interest will accrue or be paid in respect of such delay. If we remarket the Notes as floating-rate Notes, without the consent of any holder of Notes we may modify the interest payment dates to provide that if any March 1, June 1, September 1 and December 1 is not a business day, the relevant interest payment date shall be the immediately succeeding business day. "Business day," for purposes of the indenture, means any day that is not a Saturday or Sunday or a day on which banking institutions in The City of New York are authorized or required by law or executive order to close.

The interest rate on the Notes may be reset in connection with a successful remarketing, as described below under "—Interest Rate Reset." However, if there is not a successful remarketing, the interest rate will not be reset and the Notes will continue to bear interest at the initial interest rate, all as described below under "—Interest Rate Reset." Except in the case when the Notes are remarketed as floating-rate Notes or in the case of a failed final remarketing, interest on the Notes following the optional remarketing settlement date or the purchase contract settlement date, as applicable, will be payable on a semi-annual basis.

Option to Defer Interest Payments

Prior to any successful remarketing of the Notes, we may elect at one or more times to defer payment of interest on the Notes for one or more consecutive interest periods. However, we will not be permitted to defer the interest payable on the purchase contract settlement date or the maturity date, and no interest payment may be deferred beyond the purchase contract settlement date or the maturity date.

Deferred interest on the Notes will bear interest at the interest rate applicable to the Notes, compounded on each interest payment date to, but excluding, the interest payment date on which such deferred interest is paid, subject to applicable law. As used in this prospectus supplement, a "deferral period" refers to the period beginning on an interest payment date with respect to which we elect to defer interest and ending on the earlier of (1) the next interest payment date on which we have paid all accrued and previously unpaid interest (including compounded interest thereon) on the Notes and (2) (a) the purchase contract settlement date, in the case of a

deferral period that begins prior to the purchase contract settlement date, or (b) the maturity date, in the case of a deferral period that begins after the purchase contract settlement date.

We will give the holders of the Notes and the notes trustee written notice of our election to begin a deferral period at least one business day before the record date for the interest payment date on which we intend to begin a deferral period. However, our failure to pay interest on any interest payment date will itself constitute the commencement of a deferral period unless we pay such interest within five business days after the interest payment date, whether or not we provide a notice of deferral. We may pay deferred interest (including compounded interest thereon) in cash on any scheduled interest payment date occurring on or prior to (1) the purchase contract settlement date, in the case of a deferral period that begins prior to the purchase contract settlement date, or (2) the maturity date, in the case of a deferral period that begins after the purchase contract settlement date; *provided* that in order to end a deferral period on any scheduled interest payment date other than the purchase contract settlement date or the maturity date, we must deliver written notice thereof to holders of the Notes and the notes trustee on or before the relevant record date.

In connection with any successful remarketing during the final remarketing period, all accrued and unpaid deferred interest (including compounded interest thereon) will be paid to the holders of the Notes (whether or not such Notes were remarketed in such remarketing) on the purchase contract settlement date in cash.

If we have paid all deferred interest (including compounded interest thereon) on the Notes, we can again defer interest payments on Notes as described above. The indenture does not limit the number or frequency of interest deferral periods.

If we have not paid all such deferred amounts (including compounded interest thereon) in cash for a period of 30 days following the end of the deferral period, we will be in default under the indenture. See “Description of Junior Subordinated Debt Securities—Events of Default.” We currently do not intend to exercise our option to defer interest on the Notes.

In connection with any successful remarketing of the Notes, the interest deferral provisions will cease to apply to the Notes.

Dividend and Other Payment Stoppages During Interest Deferral and Under Certain Other Circumstances

We have agreed that if a deferral period is continuing with respect to the Notes or we have given notice of a deferral period and the deferral period has not yet commenced, then until all deferred interest (including compounded interest thereon) has been paid, we will not:

(i) declare or pay any dividends or distributions on, or redeem, purchase, acquire or make a liquidation payment with respect to, any shares of our capital stock;

(ii) make any payment of principal of, or interest or premium, if any, on, or repay, repurchase or redeem any of our debt securities that rank on parity with, or junior to, the Notes (including the “junior subordinated notes” (as defined in the accompanying base prospectus)); or

(iii) make any guarantee payments under any guarantee by us of debt securities if the guarantee ranks on parity with, or junior to, the Notes.

The restrictions listed above do not apply to:

(a) purchases, redemptions or other acquisitions of our capital stock in connection with any employment contract, benefit plan or other similar arrangement with or for the benefit of employees, officers, directors, agents or consultants or a stock purchase or dividend reinvestment plan, or the satisfaction of our obligations pursuant to any contract or security outstanding on the date the payment of interest is deferred requiring us to purchase, redeem or acquire our capital stock;

(b) any payment, repayment, redemption, purchase, acquisition or declaration of dividends described in clause (i) above as a result of a reclassification of our capital stock, or the exchange or conversion of all or a portion of one class or series of our capital stock, for another class or series of our capital stock;

(c) the purchase of fractional interests in shares of our capital stock pursuant to the conversion or exchange provisions of our capital stock or the security being converted or exchanged, or in connection with the settlement of stock purchase contracts outstanding on the date the payment of interest is deferred;

(d) dividends or distributions paid or made in our capital stock (or rights to acquire our capital stock), or repurchases, redemptions or acquisitions of capital stock in connection with the issuance or exchange of capital stock (or of securities convertible into or exchangeable for shares of our capital stock) and distributions in connection with the settlement of stock purchase contracts outstanding on the date the payment of interest is deferred;

(e) redemptions, exchanges or repurchases of, or with respect to, any rights outstanding under a shareholder rights plan outstanding on the date the payment of interest is deferred or the declaration or payment thereunder of a dividend or distribution of or with respect to rights in the future;

(f) payments on the Notes, any trust preferred securities, subordinated debentures, junior subordinated debentures or junior subordinated notes, or any guarantees of any of the foregoing, in each case, that rank equal in right of payment to the Notes, so long as the amount of payments made on account of such securities or guarantees is paid on all such securities and guarantees then outstanding on a pro rata basis in proportion to the full payment to which each series of such securities and guarantees is then entitled if paid in full; *provided* that, for the avoidance of doubt, we will not be permitted under the indenture to make interest payments in part; or

(g) any payment of deferred interest or principal on, or repayment, redemption or repurchase of, parity or junior securities that, if not made, would cause us to breach the terms of the instrument governing such parity or junior securities.

Remarketing

The Notes will be remarketed as described under “Description of the Purchase Contracts—Remarketing.”

In consultation with the remarketing agent and without the consent of any holders of Notes, we may elect (but will not be required to elect) to:

- move up the maturity date of the Notes to a date earlier than June 1, 2024 but not earlier than June 1, 2020;
- eliminate the redemption provisions of the Notes altogether; and
- remarket the Notes as fixed-rate Notes or floating-rate Notes and, in the case of floating-rate Notes, provide that the interest rate on the Notes will be equal to an index selected by us plus a spread determined by the Remarketing Agent, in consultation with us, in which case interest on the Notes may be calculated on the basis of a 365 day year and the actual number of days elapsed (or such other basis as is customarily used for floating-rate Notes bearing interest at a rate based on such index rate).

All such modifications will take effect only if the remarketing is successful, without the consent of holders, on the optional remarketing settlement date or the purchase contract settlement date, as the case may be, and will apply to all Notes, whether or not included in the remarketing. If we conduct an optional remarketing that is not successful, we may change the elections described above prior to the final remarketing period.

We will use commercially reasonable efforts to ensure that, if required by applicable law, a registration statement, including a prospectus, with regard to the full amount of the Notes to be remarketed will be effective under the securities laws in a form that may be used by the remarketing agent in connection with the remarketing (unless a registration statement is not required under the applicable laws and regulations that are in effect at that time or unless we conduct any remarketing in accordance with an exemption under the securities laws).

In order to remarket the Notes, the remarketing agent, in consultation with us, may reset the interest rate on the Notes (either upward or downward), or if the Notes are remarketed as floating-rate Notes, determine the interest rate spread applicable to the Notes, in order to produce the required price in the remarketing, even if they were not included in the remarketing, as discussed under “Description of the Purchase Contracts—Remarketing” The interest deferral provisions of the Notes will not apply after a successful remarketing.

Except in the case of Notes remarketed as floating-rate Notes or in the case of a failed final remarketing, interest on the Notes following the optional remarketing settlement date or the purchase contract settlement date, as applicable, will be payable on a semi-annual basis.

Remarketing of Notes That Are Not Included in Corporate Units

At any time after we give notice of a remarketing (other than during a blackout period), holders of Notes that do not underlie Corporate Units may elect to have their Notes remarketed in such remarketing in the same manner as Notes that underlie Corporate Units by delivering their Notes along with a notice of this election to the custodial agent. The custodial agent will hold the Notes separate from the collateral account in which the pledged securities will be held. Holders of Notes electing to have their Notes remarketed will also have the right to make or withdraw such election at any time on or prior to 4:00 p.m., New York City time, on the second business day immediately preceding the first day of an optional remarketing period or final remarketing period, as the case may be, in each case, other than during a blackout period. In the event of a successful remarketing during the optional remarketing period, each holder of separate Notes that elects to have its Notes remarketed will receive, for each $1,000 principal amount of Notes sold, the remarketing price per Note. The “remarketing price per Note” means, for each $1,000 principal amount of Notes, an amount in cash equal to the quotient of the Treasury portfolio purchase price divided by the number of Notes having a principal amount of $1,000 included in such remarketing that are held as components of Corporate Units. For the purposes of determining the proceeds that the remarketing agent will seek to obtain for the Notes in an optional remarketing, the “separate Notes purchase price” means the amount in cash equal to the product of (1) the remarketing price per Note and (2) the number of Notes having a principal amount of $1,000 included in such remarketing that are not part of Corporate Units. In the event of a successful remarketing during the final remarketing period, each holder of separate Notes that elects to have its Notes remarketed will receive an amount, for each $1,000 principal amount of Notes, equal to $1,000 in cash. Any accrued and unpaid interest on such Notes, including any accrued and unpaid deferred interest (including compounded interest thereon), will be paid in cash by us, on the purchase contract settlement date.

Interest Rate Reset

In the case of a successful remarketing, the interest rate on the Notes may be reset, or if the Notes are remarketed as floating-rate Notes may be changed to a floating rate equal to an index selected by us plus a reset spread, on the date of a successful remarketing and the relevant reset rate will become effective on the settlement date of the remarketing, which will be, in the case of an optional remarketing, the third business day following the optional remarketing date (or, if the remarketed Notes are priced after 4:30 p.m. New York time on the optional remarketing date, the fourth business day following the optional remarketing date) and, in the case of the final remarketing period, the purchase contract settlement date. If a reset occurs pursuant to a successful optional remarketing, the reset rate or, if the Notes are remarketed as floating-rate Notes, the reset spread will be the interest rate or spread determined by the remarketing agent, in consultation with us, as the rate or spread the Notes should bear in order for the remarketing proceeds to equal at least 100% of the Treasury portfolio purchase price plus the separate Notes purchase price, if any. If a reset occurs pursuant to a successful final remarketing, the reset rate or reset spread will be the interest rate or spread determined by the remarketing agent, in consultation with us, as the rate the Notes should bear in order for the remarketing proceeds to equal at least 100% of the principal amount of the Notes being remarketed. In any case, a reset rate or the applicable index plus the reset spread may be higher or lower than the initial interest rate of the Notes depending on the results of the remarketing and market conditions at that time. However, in no event will the reset rate or the applicable index plus the reset spread exceed the maximum rate permitted by applicable law. In addition, following a successful remarketing, interest on the Notes remarketed as fixed-rate Notes will be payable on a semi-annual basis on June 1 and December 1 of each year.

If the Notes are not successfully remarketed, the interest rate will not be reset and the Notes will continue to bear interest at the initial annual interest rate of %.

The remarketing agent is not obligated to purchase any Notes that would otherwise remain unsold in the remarketing. None of the Company, the remarketing agent or any agent of the Company or the remarketing agent will be obligated in any case to provide funds to make payment upon tender of Notes for remarketing.

Put Option upon Failed Remarketing

If the Notes have not been successfully remarketed on or prior to the last day of the final remarketing period, holders of Notes will have the right to require us to purchase their Notes on the purchase contract settlement date, upon at least two business days' prior notice in the case of Notes that are not included in Corporate Units, at a price equal to the principal amount of such Notes. In such circumstances, holders of Notes that underlie Corporate Units will be deemed to have exercised such put right as described under "Description of the Purchase Contracts—Remarketing," unless they settle the related purchase contracts with separate cash.

Redemption at Our Option

We may redeem the Notes at our option only if there has been a failed final remarketing. In that event, any Notes that remain outstanding after the purchase contract settlement date will be redeemable on or after June 1, 2020 at our option, in whole or in part, at any time and from time to time, at a redemption price equal to the principal amount thereof plus accrued and unpaid interest, if any, to but excluding the redemption date. We may at any time irrevocably waive the right to redeem the Notes for any specified period (including the remaining term of the Notes). We may not redeem the Notes if the Notes have been accelerated and such acceleration has not been rescinded or unless all accrued and unpaid interest has been paid in full on all outstanding Notes for all interest periods terminating on or prior to the redemption date. Following a successful remarketing of the Notes, the Notes will cease to be redeemable at our option.

The “Description of Debt Securities—Conversion or Redemption” section of the accompanying base prospectus does not apply to the Notes.

Redemption Procedures

We will mail notice of any optional redemption to the registered holder of the Notes being redeemed not less than 20 days and not more than 60 days before the redemption date. The notice of redemption will identify, among other things, the redemption date, the redemption price and that on the redemption date, the redemption price will become due and payable and that Notes called for redemption will cease to accrue interest on and after the redemption date (unless there is a default on payment of the redemption price). Prior to the redemption date, we will deposit with the paying agent or the notes trustee money sufficient to pay the redemption price of the Notes to be redeemed on that date. If we redeem less than all of the Notes, the notes trustee will choose the Notes to be redeemed by lot or in any manner that it deems fair, provided that, if any Notes to be redeemed are held in the form of global notes, the Notes to be selected for redemption will be chosen in accordance with the procedures of DTC.

In the event the final remarketing fails and you do not settle the related purchase contracts with separate cash, if you hold Notes as part of Corporate Units you will be deemed to exercise your option to put the Notes to us unless you elect to settle the purchase contracts with separate cash as described under “Description of the Purchase Contracts—Notice to Settle with Cash,” and we will apply the put price against your obligations under the purchase contracts. This remedy has the effect similar to an automatic redemption of the Notes, but we do not have to give you prior notice or follow any of the other redemption procedures.

We may block the transfer or exchange of (1) all Notes during a period of 15 days prior to the date on which notice of selection of the Notes for optional redemption is given or (2) any Note being redeemed, except with respect to the unredeemed portion of any Note being redeemed solely in part.

Events of Default

The Events of Default and related provisions in the base indenture will apply to the Notes including:

(a) failure to pay interest, on any Note within 30 days after the same becomes due and payable (whether or not payment is prohibited by the subordination provisions of the indenture); provided, however, that a valid extension of the interest payment period by the Company as contemplated in the indenture shall not constitute a default in the payment of interest for this purpose; or

(b) failure to pay the principal of or premium, if any, on any Note when it becomes due and payable (whether or not payment is prohibited by the subordination provisions of the indenture); or

(c) failure to perform, or breach of, any covenant or warranty of the Company in the indenture (other than a covenant or warranty a default in the performance of which or breach of which is elsewhere in the applicable section of the indenture specifically dealt with or which has expressly been included in the indenture solely for the benefit of one or more series of securities other than the Notes) and the continuance of such default or breach for a period of 90 days after there has been given, by registered or certified mail, to the Company by the notes trustee, or to the Company and the trustee by the holders of at least 33% in principal amount of the outstanding Notes, a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a “Notice of Default” under the indenture, unless the notes trustee, or the notes trustee and the holders of a principal amount of Notes not less than the principal amount of Notes the holders of which gave such notice, as the case may be, shall agree in writing to an extension of such period prior to its expiration; provided, however, that the notes trustee, or the notes trustee and the holders of such principal amount of Notes, as the case may be, shall be deemed to have agreed to an extension of such period if corrective action is initiated by the Company within such period and is being diligently pursued in good faith; or

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(d) the entry by a court having jurisdiction in the premises of (1) a decree or order for relief in respect of the Company in an involuntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or (2) a decree or order adjudging the Company a bankrupt or insolvent, or approving as properly filed a petition by one or more Persons other than the Company seeking reorganization, arrangement, adjustment or composition of or in respect of the Company under any applicable Federal or State law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official for the Company or for any substantial part of its property, or ordering the winding up or liquidation of its affairs, and any such decree or order for relief or any such other decree or order shall have remained unstayed and in effect for a period of 90 consecutive days; or

(e) the commencement by the Company of a voluntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or of any other case or proceeding to be adjudicated a bankrupt or insolvent, or the consent by the Company to the entry of a decree or order for relief in respect of the Company in a case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding against the Company, or the filing by the Company of a petition or answer or consent seeking reorganization or relief under any applicable Federal or State law, or the consent by the Company to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or similar official of the Company or of any substantial part of its property, or the making by the Company of an assignment for the benefit of creditors, or the admission by the Company in writing of its inability to pay its debts generally as they become due, or the authorization of such action by the Board of Directors of the Company.

In addition, an “Event of Default” with respect to the Notes will occur if we fail to pay the purchase price of any Note on the purchase contract settlement date, if required under “—Put Option upon Failed Remarketing” above.

The holders of a majority in principal amount of outstanding Notes may waive a default or Event of Default, other than a default in the payment of principal of, or interest on, the Notes (including the redemption price or purchase price of the Notes, if applicable), or a default or Event of Default with respect to a covenant or provision that cannot be modified or amended without the consent of the holder of each outstanding Note.

If any portion of the amount payable on the Notes upon acceleration is considered by a court to be unearned interest, the court could disallow recovery of such portion.

Consolidation, Merger or Sale

We will agree not to merge or consolidate with any other corporation or sell or convey all or substantially all of our assets to any person unless (1) either we are the continuing corporation, or the successor corporation (if other than us) is organized and existing under the laws of the United States of America or a State thereof or the District of Columbia and expressly assumes the due and punctual payment of the principal of and interest on the Notes, and the due and punctual performance and observance of all of the covenants and conditions of the indenture to be performed by us by supplemental indenture in form satisfactory to the notes trustee, executed and delivered to the notes trustee by such corporation, and (2) we or such successor corporation, as the case may be, will not, immediately after such merger or consolidation, or such sale or conveyance, be in default in the performance of any such covenant or condition.

In case of any such consolidation, merger or conveyance, such successor person will succeed to and be substituted for us, with the same effect as if it had been named as us in the indenture, and in the event of such conveyance (other than by way of a lease), we will be discharged of all of our obligations and covenants under the indenture and the Notes.

This "—Consolidation, Merger or Sale" section replaces the "Description of Debt Securities—Consolidation, Merger or Sale" section of the accompanying base prospectus in its entirety.

Modification of Indenture

Without Holder Consent

Without the consent of any holders of Notes, we and the notes trustee may from time to time amend and/or supplement the indenture and the Notes for the following purposes:

- to evidence the succession of another corporation to us, or successive successions, and the assumption by such successor corporation of our covenants, agreements and obligations pursuant to the provisions described under "—Consolidation, Merger or Sale;"
- to add to our covenants such further covenants, restrictions or conditions as we and the notes trustee consider to be for the protection of the holders of the Notes, and to make the occurrence, or the occurrence and continuance, of a default in any such additional covenants, restrictions or conditions a default or an Event of Default; *provided* that such supplemental indenture may provide for a particular grace period or an immediate enforcement upon such default or limit the remedies available to the notes trustee upon such default;
- to change or eliminate any provision of the indenture; *provided* , *however* , that any such change or elimination becomes effective only when there are no Notes outstanding, or the Notes are not entitled to the benefit of such provision;
- to cure any ambiguity or to correct or supplement any provision contained in the indenture that may be defective or inconsistent with any other provisions contained therein, or to make such other provision in regard to matters or questions arising under the indenture; *provided* that such action will not adversely affect the interest of the holders of the Notes in any material respect;
- to mortgage or pledge to the notes trustee as security for the Notes any property or assets that we may desire to mortgage or pledge as security for the Notes;
- to qualify, or maintain the qualification of, the indenture under the Trust Indenture Act;
- following the purchase contract settlement date, to supplement any of the provisions of the Notes to such extent as shall be necessary to permit or facilitate the defeasance and discharge of the Notes pursuant to the indenture, provided that any such action will not adversely affect the interests of any holder of any Note in any material respect;
- modify the remarketing provisions of the Notes in a manner materially adverse to the holders (it being understood that any modification of the terms of the Notes in connection with a remarketing that is made in accordance with the terms of the indenture may be made without the consent of any holders of the Notes); and
- to conform the terms of the indenture and the Notes to the descriptions thereof contained in the "Description of the Junior Subordinated Notes," "Description of the Equity Units," "Description of the Purchase Contracts" and "Certain Provisions of the Purchase Contract and Pledge Agreement" sections in the preliminary prospectus supplement for the Equity Units, as supplemented and/or amended by the related pricing term sheet.

With Holder Consent

Under the indenture, supplemental indentures for the purposes of adding any provisions to or changing in any manner or eliminating any of the provisions of the indenture or of modifying in any manner the rights of the holders of the Notes under the indenture may be entered into by us, when authorized by board resolution, and the notes trustee, with the consent of the holders of not less than a majority in principal amount of the Notes. However, no such supplemental indenture shall:

- change the maturity of the Notes, or reduce the rate or extend the time of payment of any interest thereon or on any overdue principal amount or reduce the principal amount thereof, or change the

provisions pursuant to which the rate of interest on the Notes is determined if such change could reduce the rate of interest thereon, or reduce the minimum rate of interest thereon (if any), or reduce any amount payable upon any redemption thereof, or reduce the amount to be paid at maturity or make the principal thereof or any interest thereon or on any overdue principal amount payable in any coin or currency other than U.S. dollars without the consent of the holder of each Note so affected;

- reduce the percentage of Notes, the holders of which are required to consent to any such supplemental indenture, without the consent of the holders of all Notes then outstanding;
- modify any of the provisions of the indenture relating to modifications, waivers of our compliance with covenants thereunder or direction of the notes trustee by holders of Notes, except to increase the percentage of holders who must consent thereto or to provide that certain other provisions cannot be modified or waived without the consent of the holders of all Notes then outstanding;
- modify the provisions relating to the subordination of the Notes in a manner adverse to the holders thereof without the consent of the holder of each Note so affected;
- modify the put right of holders of the Notes upon a failed remarketing in a manner materially adverse to the holders without the consent of the holder of each Note so affected; or
- modify the remarketing provisions of the Notes in a manner materially adverse to the holders without the consent of the holder of each Note so affected.

For the avoidance of doubt, the immediately preceding sentence will not limit our ability to modify the terms of the Notes in connection with a remarketing that is made in accordance with the terms of the indenture.

A supplemental indenture that changes or eliminates any covenant or other provision of the indenture expressly included solely for the benefit of holders of securities other than the Notes, or which modifies the rights of the holders of securities other than the Notes with respect to such covenant or other provision, will be deemed not to affect the rights under the indenture of the holders of the Notes.

We may omit to comply with any covenant or condition contained in the indenture if holders of a majority in principal amount of the Notes waive such compliance.

The “Description of Debt Securities—Modification of Indentures; Waiver” section of the accompanying base prospectus does not apply to the Notes.

Subordination

The Notes will be subordinate and junior in right of payment to all Senior Indebtedness as defined below.

If:

- we make a payment or distribution of any of our assets to creditors upon our dissolution, winding-up, liquidation or reorganization, whether in bankruptcy, insolvency or otherwise;
- a default beyond any grace period has occurred and is continuing with respect to the payment of principal, interest or any other monetary amounts due and payable on any Senior Indebtedness; or
- the maturity of any Senior Indebtedness has been accelerated because of a default on that Senior Indebtedness,

then the holders of Senior Indebtedness generally will have the right to receive payment of all amounts due on that Senior Indebtedness, or we will make provision for those payments, before the holders of any Notes have the right to receive any payments of principal or interest on their Notes.

"Senior Indebtedness" means all of the our obligations, as the case may be, whether presently existing or from time to time hereafter incurred, created, assumed or existing, to pay principal, premium, interest, penalties, fees and any other payment in respect of any of the following:

- obligations for borrowed money, including without limitation, such obligations as are evidenced by credit agreements, notes, debentures, bonds or other securities or instruments;
- capitalized lease obligations;
- all obligations of the types referred to in clauses (a) and (b) above of others which the we have assumed, endorsed, guaranteed, contingently agreed to purchase or provide funds for the payment of, or otherwise becomes liable for, under any agreement; or
- all renewals, extensions or refundings of obligations of the kinds described in any of the preceding categories;

unless, in the case of any particular obligation, indebtedness, renewal, extension or refunding, the instrument creating or evidencing the same or the assumption or guarantee of the same expressly provides that such obligation, indebtedness, renewal, extension or refunding is not superior in right of payment to or is pari passu with the Securities; and provided further that trade accounts payable and accrued liabilities arising in the ordinary course of business shall not be deemed to be Senior Indebtedness

Senior Indebtedness will be entitled to the benefits of the subordination provisions in the indenture irrespective of the amendment, modification or waiver of any term of the Senior Indebtedness. We may not amend the indenture to change the subordination provisions without the consent of each holder of Senior Indebtedness that the amendment would adversely affect.

The Notes will be unsecured and will be subordinated to all of our existing and future senior and subordinated debt, and any other debt that is expressly excluded from the definition of "Senior Indebtedness," as described above. The Notes will rank equally with these enhanced junior subordinated notes. The Notes will be effectively subordinated to all liabilities of our subsidiaries.

Holders of the Notes should recognize that contractual provisions in the indenture may prohibit us from making payments on the Notes. The Notes are subordinate and junior in right of payment, to the extent and in the manner stated in the indenture, to all of our Senior Indebtedness, as defined above.

The indenture does not restrict or limit in any way our ability to incur Senior Indebtedness. As of March 31, 2014, Exelon had approximately $3.0 billion principal amount of outstanding long-term debt on an unconsolidated basis that will be senior to the Notes which includes legal obligations of Exelon Corporate to the holders of approximately $1.4 billion in senior notes, the obligations for which have been transferred to Generation through mirror notes from Generation to Exelon Corporation. During consolidation the debt is eliminated from Exelon Corporate and consolidated from Generation into total consolidated indebtedness. Additionally, as of March 31, 2014, our subsidiaries had approximately $17.8 billion of outstanding long-term debt (including securities due within one year) excluding $1.4 billion in senior notes that are mirrored down to Generation which is eliminated during consolidation and consolidated from generation into total consolidated indebtedness principal amount.

The "Additional Terms of the Junior Subordinated Notes," "Additional Terms of the Junior Subordinated Debentures" and "Additional Terms of the Senior Debt Securities" sections of the accompanying base prospectus will not apply to the Notes.

Title

Prior to due presentment for registration of transfer of any Note, we, the notes trustee and any agent of ours or the notes trustee may deem and treat the person in whose name such Note is registered as the absolute owner of such Note (whether or not payments in respect of such Note are overdue and notwithstanding any notation of

ownership or other writing thereon) for the purpose of receiving payment of or an account of the principal of and interest on such Note and for all other purposes; and neither we nor the notes trustee nor any agent of ours or the notes trustee will be affected by any notice to the contrary.

Governing Law

The indenture and the Notes provide that they will be governed by and for all purposes construed in accordance with the laws of the State of New York (without regard to conflicts of laws principles thereof).

The Notes Trustee and Indenture Trustee

The notes trustee will be The Bank of New York Mellon Trust Company, N.A. The notes trustee will administer its corporate trust business at 2 North LaSalle Street, Suite 1020, Chicago, Illinois 60602. We and certain of our affiliates maintain banking relationships with The Bank of New York Mellon Trust Company, N.A. or its affiliates. The Bank of New York Mellon Trust Company, N.A. also serves as trustee under other indentures under which we and certain of our affiliates have issued securities. The Bank of New York Mellon Trust Company, N.A. and its affiliates have purchased, and are likely to purchase in the future, our securities and securities of our affiliates.

The trustee under the subordinated indenture is The Bank of New York Mellon Trust Company, N.A. We and certain of our affiliates maintain deposit accounts and banking relationships with The Bank of New York Mellon Trust Company, N.A. or its affiliates. The Bank of New York Mellon Trust Company, N.A. also serves as trustee under other indentures under which securities of certain of our affiliates are outstanding. The Bank of New York Mellon Trust Company, N.A. and its affiliates have purchased, and are likely to purchase in the future, our securities and securities of our affiliates.

Book-Entry Issuance—The Depository Trust Company

The Notes that form a part of the Corporate Units will be issued in fully registered form and will be registered in the name of the purchase contract agent. The Notes that do not form a part of the Corporate Units will be evidenced by one or more global notes registered in the name of DTC's nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. Such global notes will be deposited with the notes trustee as custodian for DTC. See "Certain Provisions of the Purchase Contract and Pledge Agreement—Book-Entry System" for a description of DTC.

Purchases of the Notes under the DTC system must be made by or through direct participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("beneficial owner") is in turn to be recorded on the direct and indirect participants' records. Beneficial owners will not receive written confirmation from DTC of their purchases, but beneficial owners are expected to receive written confirmations providing details of the transactions, as well as periodic statements of their holdings, from the direct or indirect participant through which they purchased the Notes. Transfers of ownership interests on the Notes are to be accomplished by entries made on the books of direct and indirect participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by direct participants with DTC are registered in the name of DTC's nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Notes with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the Notes; DTC's records reflect only the identity of the direct participants to whose accounts the Notes are credited, which may or may not be the beneficial owners. The direct and indirect participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants, and by direct participants and indirect participants to beneficial owners, will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Notices will be sent to DTC.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Notes unless authorized by a direct participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an omnibus proxy to us as soon as possible after the record date. The omnibus proxy assigns the voting or consenting rights of Cede & Co. to those direct participants to whose accounts the Notes are credited on the record date. We believe that these arrangements will enable the beneficial owners to exercise rights equivalent in substance to the rights that can be directly exercised by a registered holder of the Notes.

Payments of principal and interest on the Notes will be made to Cede & Co. (or such other nominee of DTC). DTC's practice is to credit direct participants' accounts upon DTC's receipt of funds and corresponding detail information from us or the notes trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by participants to beneficial owners will be governed by standing instructions and customary practices and will be the responsibility of each participant and not of DTC, the notes trustee or us, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or other such nominee of DTC) is our responsibility. Disbursement of such payments to direct participants will be the responsibility of DTC, and disbursement of such payments to the beneficial owners is the responsibility of direct and indirect participants.

In a few special situations described below, a book-entry security representing Exelon securities will terminate and interests in it will be exchanged for physical certificates representing the securities. After that exchange, the choice of whether to hold securities directly or in street name will be up to you. You must consult your bank, broker or other financial institution to find out how to have your interests in the securities transferred to your name, so that you will be a direct holder.

The special situations for termination of a global security representing the Notes are:

- DTC notifies us that it is unwilling or unable to continue as depository for that global security or DTC ceases to be a "clearing agency" registered under the Exchange Act and we are unable to find a qualified replacement for DTC within 90 days; or
- any Event of Default with respect to the Notes has occurred and is continuing, or any other event has occurred and is continuing, which after notice or lapse of time, would become an Event of Default with respect to the Notes, and any beneficial owner requests that its beneficial interest be exchanged for a physical certificate.

DTC may discontinue providing its services as securities depository with respect to the Notes at any time by giving us or the notes trustee reasonable notice. In the event no successor securities depository is obtained, certificates for the Notes will be printed and delivered.

The information in this section concerning DTC's book-entry system has been obtained from sources that we believe to be reliable, but neither we nor the underwriters take any responsibility for the accuracy of this information.

The notes trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under the indenture or under applicable law with respect to any transfer of any interest in any Note (including any transfers between or among direct participant of DTC or beneficial owners of interests in any Note) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the terms of, the indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

Neither the notes trustee nor any agent shall have any responsibility or liability for any actions taken or not taken by DTC.

MATERIAL U.S. FED ERAL INCOME TAX CONSIDERATIONS

The following discussion describes the material U.S. federal income tax considerations to U.S. holders (as defined below) and non-U.S. holders (as defined below) of the ownership and disposition of Equity Units acquired in this offering and our common stock acquired under a purchase contract and, unless otherwise noted in the following discussion, is the opinion of Kirkland & Ellis LLP, counsel to Exelon, insofar as it relates to legal conclusions with respect to matters of U.S. federal income tax law. This discussion is based on current provisions of the Code, U.S. Treasury Regulations promulgated thereunder, and administrative rulings and judicial decisions, each as in effect as of the date of this prospectus supplement. These authorities may change, possibly with retroactive effect, and any such change could affect the accuracy of the statements and conclusions set forth herein.

For purposes of this discussion, the term “U.S. holder” means an owner of Equity Units that, for U.S. federal income tax purposes, is:

- an individual who is a citizen or resident of the United States;
- a corporation (or any other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if (a) a U.S. court has the authority to exercise primary supervision over the administration of the trust and one or more United States persons (as defined under the Code) are authorized to control all substantial decisions of the trust or (b) the trust has a valid election in place to be treated as a domestic trust for U.S. federal income tax purposes.

A “non-U.S. holder” is a holder that is an individual, corporation, estate or trust that is not a U.S. holder.

If a partnership (or any other entity treated as a partnership for U.S. federal income tax purposes) holds Equity Units, any component thereof including applicable ownership interests in the Notes (or the Treasury portfolio or Treasury securities), or any of our common stock acquired under the purchase contracts, the U.S. federal income tax treatment of a partner will generally depend upon the status of the partner and upon the activities of the partnership. Partners of partnerships holding any of the above instruments should consult their tax advisors.

The U.S. federal income tax treatment of a holder may vary depending on the holder’s particular situation. This discussion does not address U.S. federal tax laws other than those pertaining to income tax, such as the unearned income Medicare contribution tax pursuant to the Health Care and Education Reconciliation Act of 2010, and the effect of such tax on the ownership and disposition of the Equity Units, applicable ownership interests in the Notes (or the Treasury portfolio or Treasury securities) or our common stock acquired under the purchase contracts. This discussion does not address any aspects of state, local, or foreign tax laws. Additionally, this discussion does not address tax consequences to special classes of holders, including:

- U.S. holders who may be subject to special tax treatment, such as certain financial institutions, real estate investment trusts, regulated investment companies, insurance companies, dealers in securities or currencies, tax-exempt investors, payors of non-U.S. taxes, and U.S. holders whose functional currency is not the U.S. dollar;
- U.S. holders who hold Equity Units, applicable ownership interests in the Notes (or the Treasury portfolio or Treasury securities), or shares of our common stock as part of a straddle, hedge, conversion transaction or integrated transaction (as such terms are used in the Code);
- non-U.S. holders that are engaged in the conduct of a trade or business in the United States, controlled foreign corporations or passive foreign investment companies; or

- non-U.S. holders that actually or constructively own 10% or more of the Equity Units or that own or are deemed to own, for purposes of Code Section 871(h), 10% or more of the total combined voting power of all classes of our common stock entitled to vote.

This discussion is based on the Code, Treasury Regulations, IRS rulings and pronouncements and judicial decisions now in effect, all of which are subject to change or differing interpretations, possibly on a retroactive basis. **All holders should consult their own tax advisors with respect to the particular tax consequences to them of purchasing, owning, and disposing of the Equity Units, applicable ownership interests in the Notes (or the Treasury portfolio, or Treasury securities) or shares of our common stock acquired under the purchase contracts, including the tax consequences under U.S. federal, state, local and foreign tax laws.**

The IRS has issued Revenue Ruling 2003-97, 2003-2 C.B. 380, addressing certain aspects of instruments substantially similar to the Equity Units. In the ruling, the IRS concluded that an interest in a unit comprising a note and a purchase contract would be treated as a separate interest in such note and a separate interest in such purchase contract for U.S. federal income tax purposes. The IRS also concluded that the notes issued as part of such a unit were debt for U.S. federal income tax purposes. In the opinion of Kirkland & Ellis LLP, under current law and based on the facts contained in this prospectus supplement and in other relevant documents and certain assumptions and representations relied upon in rendering the opinion, the Notes issued as part of an Equity Unit with a purchase contract will be indebtedness for U.S. federal income tax purposes. The opinion of Kirkland & Ellis LLP is not binding on the IRS or any court and there can be no assurance that the IRS or a court will agree with this opinion. The remainder of this discussion assumes that the Notes will be respected as indebtedness for U.S. federal income tax purposes.

U.S. HOLDERS

The following section generally applies to U.S. holders.

Ownership of Applicable Interests in the Notes, the Treasury Portfolio or Treasury Securities

Each holder will be treated as owning the applicable interests in the Notes or the Treasury portfolio or Treasury securities constituting a part of a Corporate Unit or Treasury Unit, respectively, for U.S. federal income tax purposes. We and, by virtue of acquiring Equity Units, each holder agree to treat the applicable interests in the Notes or the Treasury portfolio or Treasury securities constituting a part of the Equity Units as owned by such holder for all tax purposes, and the remainder of this discussion assumes such treatment. The U.S. federal income tax consequences of owning the applicable interests in the Notes or Treasury portfolio or Treasury securities are discussed below (see “—The Notes,” “—Treasury Securities” and “—Treasury Portfolio Purchased on Remarketing”.)

Allocation of Purchase Price

A holder’s acquisition of an Equity Unit will be treated as an acquisition of an applicable ownership interest in a Note (or the Treasury portfolio or Treasury securities) and a purchase contract constituting such Equity Unit. The purchase price of each Equity Unit will be allocated between the ownership interest in the Note and the purchase contract in proportion to their respective fair market values at the time of purchase. This allocation will establish a holder’s initial tax basis in the applicable ownership interest in the Note (or the Treasury portfolio, or Treasury securities) and the purchase contract. We will report the fair market value of the applicable undivided beneficial ownership interest in the Note as $ and we will report the fair market value of each purchase contract as $. By purchasing an Equity Unit, each U.S. holder (but not the IRS) will be deemed to have agreed to this allocation. The remainder of this discussion assumes that this allocation of the purchase price of an Equity Unit will be respected for U.S. federal income tax purposes.

Sale, Exchange or Other Taxable Disposition of Equity Units

If a holder sells, exchanges or otherwise disposes of an Equity Unit in a taxable disposition, the holder will be treated as having disposed of each of the purchase contract and the applicable ownership interest in the Note or the Treasury portfolio or Treasury securities, as the case may be, that constitute such Equity Unit. The proceeds realized on such disposition will be allocated among the components of the Equity Unit in proportion to the respective fair market values of the components at the time of disposition. As a result, a holder generally will recognize gain or loss equal to the difference between the portion of the proceeds allocable to each of the purchase contract and the applicable ownership interest in the Note or the Treasury portfolio or Treasury securities, as the case may be, and the holder's adjusted tax basis in each of the purchase contract and the applicable ownership interest in the Note or the Treasury portfolio or Treasury securities, as the case may be. Any gain or loss attributable to the applicable ownership interest in the Treasury portfolio or Treasury securities will generally be capital gain or loss, and such gain or loss generally will be long-term capital gain or loss if the holder held the applicable ownership interest in the Treasury portfolio or Treasury securities for more than one year immediately prior to such disposition. Under U.S. federal income tax law, certain non-corporate holders, including individuals, are eligible for preferential tax rates with respect to long-term capital gains. The deductibility of capital losses is subject to certain limitations under the Code. The rules governing the determination of the character of gain or loss on the taxable disposition of applicable ownership interests in the Notes are summarized under "—The Notes—Sale, Exchange or Other Taxable Disposition of a Note."

In the case of the purchase contract, such gain or loss generally will be capital gain or loss, except to the extent that the holder is treated as receiving an amount with respect to accrued contract adjustment payments or deferred contract adjustment payments, which amount may be treated as ordinary income to the extent not previously included in income. If the disposition of an Equity Unit occurs when the purchase contract has a negative value, a holder should be considered to have received additional consideration for the applicable ownership interest in the Note or the Treasury portfolio or Treasury securities, as the case may be, in an amount equal to such negative value and then to have paid such amount to be released from such holder's obligation under the purchase contract. Holders should consult their tax advisors regarding a disposition of an Equity Unit at a time when the purchase contract has negative value.

The Notes

Interest Income and Original Issue Discount . While the matter is not free from doubt, because of the manner in which the interest rate on the Notes is to be reset, we intend to treat the Notes as contingent payment debt instruments subject to the "noncontingent bond method" for accruing original issue discount ("OID"), as set forth in the applicable Treasury Regulations. By purchasing the Equity Units, each holder will be deemed to have agreed to this treatment, and this discussion assumes that the Notes will be so treated for U.S. federal income tax purposes. As discussed more fully below, the effects of applying such method to the Notes will be:

- to require each holder, regardless of the holder's usual method of tax accounting, to use an accrual method with respect to the interest income on their applicable ownership interests in Notes;
- to require each holder to accrue interest income in excess of interest payments actually received for all accrual periods through the reset effective date, and possibly for accrual periods thereafter with respect to applicable ownership interests in the Notes; and
- generally to result in ordinary, rather than capital, treatment of any gain or loss on the sale, exchange or other disposition of applicable ownership interests in the Notes.

See "—Sale, Exchange or Other Taxable Disposition of a Note."

Under the noncontingent bond method, each holder will be required to accrue OID on a constant yield to maturity basis based on the "comparable yield" of the Notes, which generally is the rate at which we would issue a fixed rate debt instrument with terms and conditions similar to the Notes (which rate will exceed the current

interest payments on the Notes). We are required to provide to each holder of the Notes the comparable yield and, solely for tax purposes, a projected payment schedule based on the comparable yield. We have determined that the comparable yield for the Notes is % and the projected payments are .

The amount of OID accruing on a Note for each accrual period is determined by multiplying the comparable yield of the Note (adjusted for the length of the accrual period) by the Note's adjusted issue price at the beginning of the accrual period. Based on the allocation of the purchase price of each Corporate Unit described above, the adjusted issue price of each applicable ownership interest in a Note, per $ of principal amount, at the beginning of each accrual period will be equal to $, increased by any OID previously accrued by the holder on such applicable ownership interest in the Note and decreased by the amount of projected payments received on such applicable ownership interest in the Note through such date (without regard to the actual amounts received). The amount of OID so determined will then be allocated on a ratable basis to each day in the accrual period that the holder holds such applicable ownership interest in the Note.

If the amount of an actual payment is different from the projected payment set forth in the projected payment schedule, a holder will be required to take into account the amount of such difference (which may result in additional interest income or a reduction in the amount a holder is required to include in income based on the comparable yield, depending on whether such difference is positive (a "positive adjustment") or negative (a "negative adjustment")) for the taxable year. A net positive adjustment will be treated as additional interest income. A net negative adjustment (1) will first reduce the amount of interest in respect of the Note that a holder would otherwise be required to include in the taxable year and (2) to the extent of any excess, will give rise to an ordinary loss equal to that portion of such excess that does not exceed the excess of (a) the amount of all previous interest inclusions under the Note over (b) the total amount of the holder's net negative adjustments treated as ordinary loss on the Note in prior taxable years. A net negative adjustment is not subject to the two percent floor limitation imposed on miscellaneous deductions under Section 67 of the Code. Any net negative adjustment in excess of the amounts described in clauses (1) and (2) will be carried forward to offset future interest income in respect of the Note or to reduce the amount realized on a sale or other taxable disposition of the Note.

If, after the optional remarketing settlement date or reset effective date, as applicable (the "Reset Date"), the remaining amounts of principal and interest payable on the Notes differ from the payments set forth on the foregoing projected payment schedule, negative or positive adjustments reflecting such difference should be taken into account by a holder as adjustments to interest income in a reasonable manner over the period to which they relate.

A holder is generally bound by the comparable yield and projected payment schedule for the Notes that we provided, unless our determinations are unreasonable. If a holder decides to use its own comparable yield and projected payment schedules, the holder must explicitly disclose this fact and the reason for using a different comparable yield and projected payment schedules than those that we provided. In general, this disclosure must be made on a statement attached to the holder's timely filed U.S. federal income tax return for the taxable year that includes the date of the holder's acquisition of the applicable ownership interests in the Notes.

The foregoing comparable yield and projected payment schedule are supplied by us solely for determining the holders' accrual of OID and adjustments in respect of the Notes in computing income under the noncontingent bond method for U.S. federal income tax purposes and do not constitute projections or representations as to the amounts that holders of Notes will actually receive.

Adjustment to Tax Basis in Notes . A holder's adjusted tax basis in the Notes will be increased by the amount of OID included in income by such holder with respect to such Notes and decreased by the amount of any projected payments with respect to such Notes.

Sale, Exchange or Other Taxable Disposition of a Note. A holder will recognize gain or loss on a sale, exchange or other taxable disposition of a Note (including in connection with a redemption for cash or a

remarketing of the Note) in an amount equal to the difference between the amount realized by the holder on the disposition of the Note and the holder's adjusted tax basis in the Note. Selling expenses incurred by a holder in respect of an applicable ownership interest in a Note, including the remarketing fee, will reduce the amount of gain or increase the amount of loss recognized by such holder upon a disposition of the Note.

Gain recognized on the sale, exchange or other taxable disposition of a Note before the Reset Date will be treated as ordinary interest income. Loss realized on the sale, exchange or other taxable disposition of a Note before the Reset Date will be treated as ordinary loss to the extent of a holder's prior net income inclusions on the Note. Any loss in excess of such holder's prior net income inclusions will be treated as a capital loss. The treatment of gain or loss recognized on the sale, exchange, or other taxable disposition of a Note, on or after the Reset Date may vary depending on whether the new interest rate is fixed or floating, and on whether interest payments are made semi-annually or quarterly. Holders of the Notes should consult with their tax advisors regarding the treatment as capital or ordinary of any such gain or loss. Under U.S. federal income tax law, certain non-corporate holders, including individuals, are eligible for preferential tax rates in respect of long-term capital gains. The deductibility of capital losses is subject to certain limitations under the Code.

Treasury Securities

Original Issue Discount . A holder of a Treasury Unit generally will be required to treat its ownership interest in the Treasury securities included in such Treasury Unit as an interest in a bond that was originally issued on the date such holder acquired the Treasury securities. Any such Treasury securities will have OID equal to the excess of the amount payable at maturity of such Treasury securities over the purchase price thereof. A holder will be required to include such OID (other than OID on short-term U.S. Treasury securities as defined below) in income on a constant yield to maturity basis over the period between the purchase date of the Treasury securities and the maturity date of the Treasury securities, regardless of such holder's method of tax accounting and in advance of the receipt of cash attributable to such OID. Amounts of OID included in such holder's gross income will increase such holder's adjusted tax basis in the Treasury securities.

Sale, Exchange or Other Taxable Disposition of Treasury Securities . As discussed below, in the event that a holder obtains the release of Treasury securities by delivering Notes to the collateral agent, the holder generally will not recognize gain or loss upon such substitution. The holder generally will recognize gain or loss on a subsequent taxable disposition of the Treasury securities in an amount equal to the difference between the amount realized by the holder on such disposition and the holder's adjusted tax basis in the Treasury securities. Such gain or loss generally will be capital gain or loss and generally will be long-term capital gain or loss if a holder held such Treasury securities for more than one year immediately prior to such disposition. Under U.S. federal income tax law, certain non-corporate holders, including individuals, are eligible for preferential tax rates in respect of long-term capital gains. The deductibility of capital losses is subject to certain limitations under the Code.

Purchase Contracts

Contract Adjustment Payments and Deferred Contract Adjustment Payments . There is no direct authority addressing the treatment, under current law, of the contract adjustment payments or deferred contract adjustment payments, and such treatment therefore, is unclear. Contract adjustment payments and deferred contract adjustment payments may constitute taxable ordinary income to a holder when received or accrued, in accordance with the holder's method of tax accounting. To the extent we are required to file information returns with respect to contract adjustment payments or deferred contract adjustment payments, we intend to report such payments as taxable ordinary income to the holder. Holders should consult their tax advisors concerning the treatment of contract adjustment payments and deferred contract adjustment payments.

The treatment of contract adjustment payments and deferred contract adjustment payments could affect a holder's adjusted tax basis in a purchase contract or our common stock received under a purchase contract or the amount realized by a holder upon the sale, exchange or other disposition of an Equity Unit or the termination of a purchase contract.

Acquisition of Our Common Stock Under a Purchase Contract . A holder generally will not recognize gain or loss on the purchase of our common stock under a purchase contract, including upon an early settlement of the purchase contract, except with respect to any cash received in lieu of a fractional share of our common stock. A holder's aggregate initial tax basis in the common stock received under a purchase contract will generally equal the purchase price paid for such common stock, plus the properly allocable portion of such holder's adjusted tax basis in the purchase contract, less the portion of such purchase price and adjusted tax basis allocable to the fractional share. For tax purposes, the holding period for common stock received under a purchase contract will commence on the day following the acquisition of such common stock.

Ownership of Our Common Stock Acquired Under the Purchase Contract . Any distribution on our common stock paid by us out of our current or accumulated earnings and profits (as determined for U.S. federal income tax purposes) will constitute a dividend and will be includible in income by a holder of common stock when received. Any such dividend will be eligible for the dividends received deduction if the holder is an otherwise qualifying corporate holder that meets the holding period and other requirements for the dividends received deduction. Under U.S. federal income tax law, individuals who receive dividends are eligible for a reduced rate of taxation if certain holding period and other requirements are satisfied.

Upon a disposition of our common stock, a holder generally will recognize capital gain or loss in an amount equal to the difference between the amount realized and the holder's adjusted tax basis in the common stock. Such capital gain or loss generally will be long-term capital gain or loss if the holder held such common stock for more than one year immediately prior to such disposition. Under U.S. federal income tax law, certain non-corporate holders, including individuals, are eligible for preferential tax rates in respect of long-term capital gains. The deductibility of capital losses is subject to certain limitations under the Code.

Early Settlement of a Purchase Contract . A holder will not recognize gain or loss on the receipt of the holder's ownership interest in the Notes or Treasury securities or Treasury portfolio upon early settlement of a purchase contract, and such holder's tax basis in the ownership interest in the Notes, Treasury securities or Treasury portfolio will not be affected by such early settlement.

Termination of a Purchase Contract . If a purchase contract terminates, a holder will recognize loss equal to the holder's adjusted tax basis (if any) in the purchase contract at the time of such termination. Such loss generally will be capital loss and generally will be long-term capital loss if such holder held such purchase contract for more than one year immediately prior to such termination. The deductibility of capital losses is subject to certain limitations. A holder will not recognize gain or loss on the receipt of its Notes, Treasury securities or the applicable ownership interest in a Treasury portfolio upon termination of the purchase contract and such holder will have the same adjusted tax basis in such Notes, Treasury securities or the applicable ownership interest in a Treasury portfolio as before such termination.

Adjustment to Settlement Rate . A holder may be treated as receiving a constructive distribution from us if (1) the settlement rate is adjusted and as a result of such adjustment such holder's proportionate interest in our assets or earnings and profits is increased, and (2) the adjustment is not made pursuant to a bona fide, reasonable anti-dilution formula. An adjustment in the settlement rate would not be considered made pursuant to such a formula if the adjustment were made to compensate a holder for certain taxable distributions with respect to the common stock. Thus, under certain circumstances, an increase in the settlement rate might give rise to a taxable dividend to a holder even though such holder would not receive any cash in connection therewith.

Substitution of Treasury Securities to Create or Recreate Treasury Units

A holder of Corporate Units that delivers Treasury securities to the collateral agent in substitution for Notes or the applicable ownership interest in a Treasury portfolio will not recognize gain or loss upon the delivery of such Treasury securities or the release of the Notes or the applicable ownership interest in a Treasury portfolio to such holder. Such holder will continue to take into account items of income or deduction otherwise includible or

deductible, respectively, by such holder with respect to such Treasury securities and Notes or the applicable ownership interest in a Treasury portfolio, and such holder's adjusted tax basis in the Treasury securities, the Notes or the applicable ownership interest in a Treasury portfolio and the purchase contracts will not be affected by such delivery and release. Holders should consult their tax advisors regarding the tax consequences of purchasing, owning and disposing of the Treasury securities so delivered to the collateral agent.

Substitution of the Notes or the Applicable Ownership Interest in a Treasury Portfolio to Recreate Corporate Units

A holder of Treasury Units that delivers Notes or the applicable ownership interest in a Treasury portfolio to the collateral agent in substitution for pledged Treasury securities to recreate Corporate Units generally will not recognize gain or loss upon the delivery of such Notes or the applicable ownership interest in a Treasury portfolio or the release of the pledged Treasury securities to such holder. Such holder will continue to take into account items of income or deduction otherwise includible or deductible, respectively, by such holder with respect to such pledged Treasury securities and such Notes or the applicable ownership interest in a Treasury portfolio. Such holder's adjusted tax basis in the Treasury securities, the Notes or the applicable ownership interest in a Treasury portfolio and the purchase contract will not be affected by such delivery and release.

Treasury Portfolio Purchased on Remarketing

A remarketing will be a taxable event for holders of Notes, which will be subject to tax in the manner described above under "—The Notes—Sale, Exchange or Other Taxable Disposition of a Note."

Ownership of Treasury Portfolio . In the event of a successful optional remarketing of the Notes, a holder's Equity Units will include a beneficial interest in a Treasury portfolio instead of a Note. We, and, by acquiring an Equity Unit, a holder, agree to treat the holder as the owner, for U.S. federal tax purposes, of the beneficial interest in the Treasury portfolio that is a part of the Equity Unit owned by the holder. In such a case, a holder will be required to include in income any amount earned on such pro rata portion of the Treasury portfolio for U.S. federal income tax purposes. The remainder of this discussion assumes that a holder of Corporate Units will be treated as the owner of the applicable ownership interest in the Treasury portfolio constituting a part of such Corporate Units for U.S. federal income tax purposes.

Interest Income and Original Issue Discount . The Treasury portfolio will consist of U.S. Treasury securities (or principal or interest strips thereof). Following a successful remarketing of the Notes, a holder will be required to treat its pro rata portion of each U.S. Treasury security in the Treasury portfolio as a bond that was originally issued on the date the collateral agent acquired the relevant U.S. Treasury securities and that has OID equal to the holder's pro rata portion of the excess of the amounts payable on such U.S. Treasury securities over the value of the U.S. Treasury securities at the time the collateral agent acquires them on behalf of the holder of Corporate Units. A holder will generally be required to include such OID (other than OID on short-term U.S. Treasury securities as defined below) in income for U.S. federal income tax purposes as it accrues on a constant yield to maturity basis, regardless of such holder's regular method of tax accounting.

In the case of any U.S. Treasury security with a remaining maturity of one year or less from the date of its acquisition (a "short-term U.S. Treasury security"), a holder will generally be required to include OID in income as it accrues only if such holder is an accrual basis taxpayer. If a holder is an accrual basis taxpayer, the holder will generally accrue such OID on a straight line basis, unless such holder makes an election to accrue such OID on a constant yield to maturity basis. If a holder is a cash basis taxpayer, such holder will be required to recognize any OID as ordinary income upon the taxable disposition of a short-term U.S Treasury security to the extent that OID accrued through the date of disposition and has not previously been included in income.

Tax Basis of the Applicable Ownership Interest in a Treasury Portfolio . A holder's initial tax basis in its applicable ownership interest in a Treasury portfolio will equal such holder's pro rata portion of the aggregate

amount paid by the collateral agent for the Treasury portfolio. A holder's adjusted tax basis in the applicable ownership interest in a Treasury portfolio will be increased by the amount of OID included in income with respect thereto and decreased by the amount of cash received in respect of that Treasury portfolio.

Sale, Exchange or Other Disposition of the Applicable Ownership Interest in a Treasury Portfolio . A holder that obtains the release of the applicable ownership interest in a Treasury portfolio and subsequently disposes of such interest will generally recognize gain or loss on such disposition in an amount equal to the difference between the amount realized upon such disposition and such holder's adjusted tax basis in the applicable ownership interest in that Treasury portfolio. Such gain or loss generally will be capital gain or loss and generally will be long-term capital gain or loss if the holder held such applicable interest in the Treasury portfolio for more than one year immediately prior to such disposition. Under U.S. federal income tax law, certain non-corporate holders, including individuals, are eligible for preferential tax rates in respect of long-term capital gains. The deductibility of capital losses is subject to certain limitations under the Code.

Backup Withholding Tax and Information Reporting

Unless a holder is an exempt recipient, such as a corporation, interest, OID, contract adjustment payments or deferred contract adjustment payments, and dividends received on, and proceeds received from the sale of Equity Units, the Notes, purchase contracts, Treasury securities, the applicable ownership interest in a Treasury portfolio, or common stock acquired under a purchase contract, as the case may be, may be subject to information reporting and may also be subject to U.S. federal backup withholding tax if such holder fails to supply an accurate taxpayer identification number or otherwise fails to comply with applicable U.S. information reporting or certification requirements. Any amounts so withheld from a payment to a holder may be allowed as a credit against such holder's U.S. federal income tax liability or as a refund, provided that the required information is timely and properly furnished to the IRS.

Additional Disclosure Requirements

If a holder sells Equity Units, Notes, the applicable ownership interest in the Treasury portfolio, Treasury securities, or common stock at a loss that meets certain thresholds, the holder (and/or the shareholders of the holder, if the holder is an S corporation for U.S. federal income tax purposes) may be required to file a disclosure statement with the IRS. Holders and their shareholders should consult their own tax advisors with respect to any disclosure requirements that may apply to them in their own particular circumstances.

NON-U.S. HOLDERS

This section generally applies to non-U.S. holders.

Payments of Principal and Interest on the Notes, Treasury Securities, and the Applicable Ownership Interest in the Treasury Portfolio

Except as provided below under "—Additional Withholding Requirements," no U.S. withholding tax will be imposed on any payment of principal or interest (including any OID) on the Notes, Treasury securities or the applicable ownership interest in the Treasury portfolio, provided that the non-U.S. holder provides a properly executed IRS Form W-8BEN (or other applicable form).

Dividends

Dividends received by a non-U.S. holder on shares of our common stock generally will be subject to U.S. federal withholding tax at a 30% rate. In certain circumstances, a non-U.S. holder may be entitled to a reduced rate of withholding pursuant to an applicable income tax treaty. In order to claim the benefits of an applicable income tax treaty, a non-U.S. holder will be required to provide a properly executed IRS Form W-8BEN (or other applicable form). As discussed above, an adjustment to the settlement rate may result in a constructive distribution that is treated as a taxable constructive dividend to the holder of Equity Units. See "U.S. Holders—Purchase Contracts—Adjustment to Settlement Rate". If we determine that any such adjustment results in a constructive dividend to a non-U.S. Holder of Equity Units, we, or the applicable withholding agent, may withhold on amounts otherwise paid to such non-U.S. holder in order to pay the proper U.S. federal withholding tax on such constructive dividend.

Contract Adjustment Payments

Although the tax rules are not clear, we intend to treat any contract adjustment payments paid to a non-U.S. holder as amounts generally subject to U.S. federal withholding tax at a 30% rate. In certain circumstances, a non-U.S. holder may be entitled to a reduced rate of withholding (or a complete exemption from withholding) pursuant to an applicable income tax treaty. In order to claim any benefits of an applicable income tax treaty that may be available, a non-U.S. holder will be required to provide a properly executed IRS Form W-8BEN (or other applicable form). Prospective investors should consult their own tax advisors concerning the U.S. federal income tax treatment of contract adjustment payments.

Sale, Exchange, or Other Disposition of Equity Units, Notes, Purchase Contracts, Treasury Securities, the Applicable Ownership Interest in the Treasury Portfolio or Shares of Our Common Stock

Except as provided below under "—Additional Withholding Requirements," any gain recognized by a non-U.S. holder upon the sale, exchange, or other taxable disposition of Equity Units, Notes, purchase contracts, Treasury securities, the applicable ownership interest in the Treasury portfolio, or shares of our common stock generally will not be subject to U.S. federal income tax, unless (1) the non-U.S. holder is an individual who is present in the United States for 183 days or more during the taxable year in which the disposition takes place and certain other conditions are met or (2) in the case of purchase contracts or shares of our common stock, we are or become a "United States real property holding corporation" (a "USRPHC") for U.S. federal income tax purposes during the periods described below.

We have not determined whether we are a USRPHC. Generally, we will be a USRPHC if the fair market value of our U.S. real property assets is 50% or more of the fair market value of all of our real property assets and other assets used or held for use in our trade or business. However, even if we were a USRPHC, so long as our common stock continues to be regularly traded on an established securities market in the United States, within the meaning of applicable Treasury Regulations, a holder will not be subject to U.S. federal income tax on the disposition of our common stock if the holder has not held more than 5% (actually or constructively) of our

total outstanding common stock at any time during the shorter of the five-year period preceding the date of disposition or such holder's holding period. In addition, a holder will not be subject to U.S. federal income tax on the disposition of our purchase contracts (including purchase contracts that form part of Equity Units) if we are a USRPHC, provided that the purchase contracts are considered to be regularly traded on an established securities market and the holder has not held more than 5% (actually or constructively) of the total outstanding purchase contracts at any time during the shorter of the five-year period preceding the date of disposition or such holder's holding period. A holder will also not be subject to U.S. federal income tax on the disposition of our purchase contracts (including purchase contracts that form part of Equity Units) if we are a USRPHC, provided that the purchase contracts are not considered to be regularly traded on an established securities market and our common stock continues to be so traded, and on the date such holder originally acquires purchase contracts or on any date on which such holder makes subsequent acquisitions of purchase contracts, all purchase contracts held (actually or constructively) by such holder after each such acquisition has a fair market value of no more than 5% of the fair market value of our total outstanding common stock on each such acquisition date.

If a holder exceeds the limits described in the above paragraph with respect to common stock or purchase contracts, and we are a USRPHC, the holder generally will be subject to U.S. federal income tax at the regular graduated rates applicable to U.S. holders upon its disposition at a gain, and a 10% U.S. federal withholding tax may apply to the gross proceeds received upon such disposition. A holder generally would also be subject to such tax with respect to any distribution (including any deemed distribution) on such common stock or purchase contracts to the extent such distribution would not be treated as a dividend if such holder were a U.S. holder. If a holder is subject to the tax described in the preceding sentences, the holder will be required to file a U.S. federal income tax return with the IRS.

Holders should consult their tax advisors regarding the U.S. federal income tax consequences of investing in the Equity Units if we were to be treated as a USRPHC.

Backup Withholding Tax and Information Reporting

In general, information reporting but not backup withholding will be required with respect to payments made by us on the Equity Units or the Notes if the non-U.S. holder has provided us with a properly executed IRS Form W-8BEN (or other applicable form) and we do not have actual knowledge or reason to know that the non-U.S. holder is a U.S. person. In addition, no information reporting or backup withholding will be required with respect to proceeds from a disposition of Equity Units, Notes, Treasury securities, the applicable ownership interest in the Treasury portfolio, or shares of our common stock (even if the disposition is considered to be effected within the United States or through a U.S. financial intermediary) if the payor receives a properly executed IRS Form W-8BEN (or other applicable form) and does not have actual knowledge or reason to know that the non-U.S. holder is a U.S. person, or if the non-U.S. holder otherwise establishes an exemption. Any amounts withheld under the backup withholding rules will be creditable against the non-U.S. holder's U.S. federal income tax liability, or allowed as a refund, provided that the required information is timely and properly provided to the IRS.

Additional Withholding Requirements

Under legislation enacted in 2010, commonly referred to as "FATCA," and under recently finalized Treasury Regulations, the relevant withholding agent may be required to withhold 30% of any "withholdable payments," which would include any interest (including OID), dividends and contract adjustment payments paid after June 30, 2014, and the gross proceeds of a sale paid after December 31, 2016, in each case with respect to shares of our common stock, the Notes, Treasury securities or an applicable ownership interest in a Treasury portfolio, to (1) a foreign financial institution unless such foreign financial institution agrees to verify, report and disclose its holders of U.S. accounts and meets certain other specified requirements or (2) a nonfinancial foreign entity that is the beneficial owner of the payment unless such entity certifies that it does not have any substantial U.S. owners or provides the name, address and taxpayer identification number of each substantial U.S. owner and

such entity meets certain other specified requirements. FATCA exempts from withholding payment on, or proceeds in respect of, obligations outstanding on July 1, 2014. It is anticipated that the Notes will be outstanding on July 1, 2014, and therefore this provision excludes the Notes and other obligations from FATCA's broader provisions (unless the Notes and other obligations are significantly modified after that date). Prospective holders should consult with their own tax advisors regarding the possible implications of FATCA on their investment in the Equity Units.

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CERTAIN CONSIDERATIONS FOR EMPLOYEE BENEFIT PLANS AND OTHER RETIREMENT ARRANGEMENTS

The following is a summary of certain considerations associated with the purchase of the Corporate Units (and the securities underlying the Corporate Units) by employee benefit plans that are subject to Title I of ERISA, individual retirement accounts and other plans and arrangements that are subject to Section 4975 of the Code or provisions under any Similar Laws and entities whose underlying assets are considered to include "plan assets" (as defined in Section 3(42) of ERISA or any applicable Similar Laws, "Plan Assets") of any such plan, account or arrangement (each, a "Plan").

General Fiduciary Matters

ERISA and the Code impose certain duties on persons who are fiduciaries of a Plan subject to Title I of ERISA or Section 4975 of the Code (an "ERISA Plan"), and both ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of an ERISA Plan and its fiduciaries or other interested parties. Under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of such an ERISA Plan or the management or disposition of the assets of such ERISA Plan, or who renders investment advice for a fee or other compensation (direct or indirect) to such an ERISA Plan, is generally considered to be a fiduciary of the ERISA Plan.

In considering an investment in the Corporate Units (and the securities underlying the Corporate Units) with the assets of any Plan, a fiduciary should consult with its counsel in order to determine whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any Similar Laws. In addition, a fiduciary of a Plan should consult with its counsel in order to determine if the investment satisfies the fiduciary's duties to the Plan including, if applicable and without limitation, the prudence, diversification, delegation of control and prohibited transaction provisions of ERISA, the Code and any other applicable Similar Laws.

Prohibited Transaction Issues

Section 406 of ERISA and Section 4975 of the Code prohibit ERISA Plans from engaging in specified transactions involving plan assets with persons or entities who are "parties in interest," within the meaning of ERISA, or "disqualified persons," within the meaning of Section 4975 of the Code, unless an exemption is available. A party in interest or disqualified person who engages in a nonexempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. In addition, the fiduciary of the ERISA Plan that engaged in such a nonexempt prohibited transaction may be subject to penalties and liabilities under ERISA and the Code. The acquisition and/or holding of Corporate Units (and the securities underlying the Corporate Units) by an ERISA Plan with respect to which Exelon or an underwriter is or becomes a party in interest or disqualified person may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, unless the investment is acquired and is held in accordance with an applicable statutory, class or individual prohibited transaction exemption. Certain exemptions from the prohibited transaction rules could be applicable to the purchase and holding of Corporate Units (and the securities underlying the Corporate Units) by an ERISA Plan depending on the type and circumstances of the fiduciary making the decision to acquire such Corporate Units (and the securities underlying the Corporate Units) and the relationship of the party in interest or disqualified person to the ERISA Plan. Included among these exemptions are Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code for certain transactions between an ERISA Plan and non-fiduciary service providers to the ERISA Plan. In addition, the United States Department of Labor has issued prohibited transaction class exemptions ("PTCEs") that may apply to the acquisition and holding of the Corporate Units (and the securities underlying the Corporate Units). These class exemptions (as may be amended from time to time) include, without limitation, PTCE 84-14, respecting transactions determined by independent qualified professional asset managers, PTCE 90-1, respecting insurance

company pooled separate accounts, PTCE 91-38, respecting bank collective investment funds, PTCE 95-60, respecting life insurance company general accounts and PTCE 96-23, respecting transactions determined by in-house asset managers.

Each of these exemptions contains conditions and limitations on its application. Fiduciaries of Plans considering acquiring and/or holding the Corporate Units (and the securities underlying the Corporate Units) in reliance of these or any other exemption should carefully review the exemption to assure it is applicable. There can be no assurance that all of the conditions of any such exemptions will be satisfied.

Because of the foregoing, the Corporate Units (and the securities underlying the Corporate Units) should not be purchased or held by any person investing Plan Assets of any Plan, unless such purchase and holding (i) is entitled to exemptive relief from the prohibited transaction provisions of ERISA and Section 4975 of the Code and is otherwise permissible under all applicable Similar Laws or (ii) would not otherwise constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code.

Representation

By acceptance of the Corporate Units (and the securities underlying the Corporate Units) or any interest therein, each purchaser and subsequent transferee will be deemed to have represented and warranted that either (1) no portion of the assets used by such purchaser or transferee to acquire or hold the Corporate Units (and the securities underlying the Corporate Units) constitutes Plan Assets or (2) the acquisition and holding of the Corporate Units (and the securities underlying the Corporate Units) by such purchaser or transferee would not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation of Similar Laws.

The foregoing discussion is general in nature and is not intended to be all-inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in nonexempt prohibited transactions, it is particularly important that fiduciaries or other persons considering acquiring the Corporate Units (and the securities underlying the Corporate Units) on behalf of, or with the assets of, any Plan, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any Similar Laws to such investments and whether an exemption would be applicable to the purchase and holding of the Corporate Units (and the securities underlying the Corporate Units).

UNDERWRITING

Barclays Capital Inc. and Goldman, Sachs & Co. are acting as the representatives of the underwriters for this offering. Under the terms and subject to the conditions of an underwriting agreement dated the date of this prospectus supplement, each of the underwriters have agreed, severally and not jointly, to purchase the number of Corporate Units shown opposite its name below:

Underwriters	Number of Corporate Units
Barclays Capital Inc.	
Goldman, Sachs & Co.	
Citigroup Global Markets Inc.	
Wells Fargo Securities, LLC	
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
Credit Suisse Securities (USA) LLC	
BNP Paribas Securities Corp.	
J.P. Morgan Securities LLC	
Mitsubishi UFJ Securities (USA), Inc.	
RBS Securities Inc.	
Scotia Capital (USA) Inc.	
Mizuho Securities USA Inc	
RBC Capital Markets, LLC	
U.S. Bancorp Investments, Inc.	
Total	20,000,000

The underwriting agreement provides that the obligation of the several underwriters to purchase and pay for the Corporate Units is subject to, among other things, the approval of certain legal matters by their counsel and certain other conditions. The underwriters are obligated to take and pay for all of the Corporate Units if any are taken.

The underwriters initially propose to offer the Corporate Units directly to the public at the respective public offering prices set forth on the cover page of this prospectus supplement. The underwriters may also offer part of the Corporate Units to certain dealers at prices that represent a concession not in excess of $ per Corporate Unit. After the initial offering of the Corporate Units, the offering prices and other selling terms may from time to time be varied by the underwriters. The offering of the Corporate Units by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part.

The Corporate Units are a new issue of securities with no established trading market. We intend to apply to list the Corporate Units on the New York Stock Exchange and expect trading to begin within 30 days of the initial issuance of the Corporate Units under the symbol "EXCU". The underwriters have advised us that they intend to make a market in the Corporate Units before commencement of trading on the New York Stock Exchange. They will have no obligation to make a market in the Corporate Units, however, and may cease market-making activities, if commenced, at any time. Accordingly, an active trading market on the New York Stock Exchange for the Corporate Units may not develop or, even if one develops, may not last, in which case the liquidity and market price of the Corporate Units could be adversely affected, the difference between bid and asked prices could be substantial and your ability to transfer Corporate Units at the time and price desired will be limited.

This prospectus supplement, as amended or supplemented, may be used by the remarketing agents for remarketing of the Notes at such time as is necessary or upon early settlement with respect to the stock purchase contracts.

We estimate that the total expenses of the offering and the concurrent offering, not including the underwriting discount, will be approximately $.

Option to Purchase Additional Corporate Units

We have granted an option to the underwriters to purchase, on one or more dates within a 13-day period beginning on, and including, the first date of original issuance of the Corporate Units, up to an additional 3,000,000 Corporate Units in the aggregate at the public offering price per Corporate Unit, less the underwriting discounts and commissions. If the underwriters exercise this option, each will be obligated, subject to conditions contained in the underwriting agreement, to purchase an additional amount of the Corporate Units proportionate to that underwriter's initial amount reflected in the above table.

Lock-Up Agreement

We have entered into a lock-up agreement with the underwriters prior to the commencement of this offering pursuant to which we, for a period of 60 days after the date of this prospectus supplement, may not, without the prior written consent of Barclays Capital Inc. and Goldman, Sachs & Co., (1) offer, sell, contract to sell, pledge, grant any option to purchase, make any short sale or otherwise dispose of, directly or indirectly, or file with the SEC a registration Statement under the Securities Act, relating to, any securities of the Company that are substantially similar to the shares of common stock being offered herby, including but not limited to any options or warrants to purchase shares of common stock or any securities convertible into or exchangeable for, or that represent the right to receive, common stock or any such substantially similar securities, or publicly disclose the intention to make any offer, sale, pledge disposition or filing, or (2) enter into any swap or other agreement that transfers, in whole or part, any of the economic consequences of ownership of the common stock or any such other securities, whether any such transaction described in clause (1) or (2) above is to be settled by the delivery of common stock or such other securities in cash or otherwise.

Our directors and executive officers have entered into lock-up agreements with the underwriters prior to the commencement of this offering pursuant to which each of these persons, with limited exceptions, for a period of 60 days after the date of this prospectus supplement, may not, without the prior written consent of Barclays Capital Inc. and Goldman, Sachs & Co., offer, sell, contract to sell, pledge, grant any option to purchase, make any short sale or otherwise dispose of any shares of common stock, or any options or warrants to purchase shares of common stock, or any securities convertible into, exchangeable for or that represent the right to receive shares of common stock, whether now owned or hereinafter acquired, owned directly by such persons or with respect to which such persons have beneficial ownership within the rules and regulations of the SEC. Notwithstanding the foregoing, such directors and executive officers may (1) transfer such shares (a) as a bona fide gift or gifts or (b) to any trust for his or her direct or indirect benefit or the immediate family of such person, provided that the transferee agrees to be bound in writing by the limitations set forth above, and provided further that any such transfer shall not involve a disposition for value, or (2) sell such shares (a) pursuant to the plan adopted by such director or executive officer under the Exchange Act (the "10b5-1 Plan") in accordance with the terms of such 10b5-1 Plan in existence as of this prospectus supplement without any further amendment or modification, but only to the extent that any filing made pursuant to Section 16(a) under the Exchange Act reporting any such sale made pursuant to this exception shall indicate that the sale was made pursuant to the 10b5-1 Plan or (b) held as of the date of this prospectus supplement through our 401(k) plan pursuant to portfolio balancing opportunities provided by the terms of such 401(k) plan.

Barclays Capital Inc. and Goldman, Sachs & Co., in their sole discretion, may release the common stock and other securities subject to the lock-up agreements described above in whole or in part at any time with or without notice. When determining whether or not to release common stock and other securities from lock-up agreements, Barclays Capital Inc. and Goldman, Sachs & Co. will consider, among other factors, the holder's reasons for requesting the release, the number of shares of common stock and other securities for which the release is being requested and market conditions at the time.

Indemnification

We have agreed to indemnify each of the underwriters and their controlling persons against certain liabilities, including liabilities under the Securities Act and to contribute to payments that the underwriters may be required to make for these liabilities.

Stabilization

In order to facilitate the offering of the Corporate Units, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the Corporate Units. Specifically, the underwriters may overallot in connection with the offering, creating a short position in the Corporate Units for the underwriters. In addition, to cover overallotments or to stabilize the price of the Corporate Units, the underwriters may bid for, and purchase, the Corporate Units in the open market. Finally, the underwriters may reclaim selling concessions allowed to a dealer for distributing the Corporate Units in the offering, if they repurchase previously distributed Corporate Units in transactions to cover short positions, in stabilization transactions or otherwise. Any of these activities may stabilize or maintain the market price for the Corporate Units above independent market levels. The underwriters are not required to engage in these activities and may end any of these activities at any time.

Electronic Distribution

A prospectus in electronic format may be made available on the Internet sites or through other online services maintained by one or more of the underwriters and/or selling group members participating in this offering, or by their affiliates. In those cases, prospective investors may view offering terms online and, depending upon the particular underwriter or selling group member, prospective investors may be allowed to place orders online. The underwriters may agree with us to allocate a specific number of Corporate Units for sale to online brokerage account holders. Any such allocation for online distributions will be made by the representatives on the same basis as other allocations.

Other than the prospectus in electronic format, the information on any underwriter's or selling group member's web site and any information contained in any other web site maintained by an underwriter or selling group member is not part of the prospectus or the registration statement of which this prospectus forms a part, has not been approved and/or endorsed by us or any underwriter or selling group member in its capacity as underwriter or selling group member and should not be relied upon by investors.

Other Relationships

Certain of the underwriters are participating as an underwriter in the concurrent common stock offering and an affiliate of Barclays Capital Inc. and Goldman, Sachs & Co., as forward purchasers, will receive more than 5% of the proceeds of such offering. In addition, the underwriters and their respective affiliates are full service financial institutions engaged in various activities. From time to time, in the ordinary course of business, the underwriters and their respective affiliates have engaged and may in the future engage, in sales and trading, commercial banking, investment banking advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services and/or other transactions of a financial nature with us and our affiliates. Consequently, they have received, and in the future may continue to receive, customary fees and commissions for these services. Specifically, certain of the underwriters are lenders under our existing credit facilities. Additionally, Barclays Capital Inc. and Goldman, Sachs & Co. are serving as financial advisors to us in connection with the acquisition of PHI.

In addition, in the ordinary course of their business activities, the underwriters and their affiliates may make or hold a broad array of investments, including serving as counterparties to certain derivative and hedging arrangements, and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates.

Selling Restrictions

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive, or a Relevant Member State, with effect from and including the date on which the Prospectus Directive

is implemented in that Relevant Member State, or Relevant Implementation Date, no offer of Corporate Units may be made to the public in that Relevant Member State other than:

- to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the representatives; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Corporate Units shall require Exelon or the representatives to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purpose of the above provisions, the expression “an offer to the public” in relation to any Corporate Units in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Corporate Units to be offered so as to enable an investor to decide to purchase or subscribe the Corporate Units, as the same may be varied in the Relevant Member State by any measure implementing the Prospectus Directive in the Relevant Member State and the expression “Prospectus Directive” means Directive 2003/71/EC (including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member States) and includes any relevant implementing measure in the Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

The sellers of the Corporate Units have not authorized and do not authorize the making of any offer of Corporate Units through any financial intermediary on their behalf, other than offers made by the underwriter with a view to the final placement of the Corporate Units as contemplated in this prospectus. Accordingly, no purchaser of the Corporate Units, other than the underwriter, is authorized to make any further offer of the Corporate Units on behalf of the sellers or the underwriter.

United Kingdom

This prospectus has only been communicated or caused to have been communicated and will only be communicated or caused to be communicated as an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act of 2000 (as amended), or FSMA) as received in connection with the issue or sale of the Corporate Units in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer. All applicable provisions of the FSMA will be complied with in respect to anything done in relation to the Corporate Units in, from or otherwise involving the United Kingdom.

Switzerland

The Corporate Units may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (“SIX”) or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the Corporate Units or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the offering, the Company, the Corporate Units have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of Corporate Units will not be supervised by, the Swiss

Financial Market Supervisory Authority FINMA (FINMA), and the offer of Corporate Units has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes ("CISA"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of Corporate Units.

Dubai International Financial Centre

This prospectus supplement relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority ("DFSA"). This prospectus supplement is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus supplement nor taken steps to verify the information set forth herein and has no responsibility for the prospectus supplement. The Corporate Units to which this prospectus supplement relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Corporate Units offered should conduct their own due diligence on the Corporate Units. If you do not understand the contents of this prospectus supplement you should consult an authorized financial advisor.

Hong Kong

The Corporate Units may not be offered or sold by means of any document other than (i) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (ii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the Corporate Units may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to Corporate Units which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Japan

The Corporate Units have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the Financial Instruments and Exchange Law) and each underwriter has agreed that it will not offer or sell any securities, directly or indirectly, in Japan or to, or for the account or the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the account or the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

Singapore

This prospectus has not been registered as a prospectus under the Securities and Futures Act, Chapter 289 of Singapore (the "SFA") by the Monetary Authority of Singapore, and the offer of the Corporate Units in Singapore is made primarily pursuant to the exemptions under Sections 274 and 275 of the SFA. Accordingly, the Corporate Units may not be offered or sold, or made the subject of an invitation for subscription or purchase, nor may this prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the Corporate Units be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor as defined in Section 4A of the SFA pursuant to Section 274 of the SFA, (ii) to an accredited investor as defined in Section 4A of the SFA or other relevant person as defined in Section 275(2) of the SFA, or to any person pursuant to an offer referred to in

Section 275(1A) of the SFA, and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable exemption or provision of the SFA.

Where the Corporate Units are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the Corporate Units under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275 (1A), and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; or (3) by operation of law

LEGAL MATTERS

Ballard Spahr LLP, Philadelphia, Pennsylvania of Exelon, will render an opinion as to the validity of the common stock for us. Kirkland & Ellis, LLP, New York, New York will render an opinion as to certain other legal matters, and certain legal matters will be passed on for the underwriters by Winston & Strawn LLP, Chicago, Illinois and Latham & Watkins LLP, New York. Winston & Strawn LLP and Latham & Watkins LLP provide legal services to Exelon and its subsidiaries from time to time.

EXPERTS

The financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) incorporated in this Prospectus by reference to the Annual Report on Form 10-K for the year ended December 31, 2013 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

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BALTIMORE GAS AND ELECTRIC COMPANY

Unsecured Debt Securities
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Preferred Stock

Exelon Corporation (Exelon) may use this prospectus to offer and sell from time to time:

- senior debt securities;
- subordinated debt securities;
- common stock;
- stock purchase contracts;
- stock purchase units;
- preferred stock in one or more series;
- depositary shares.

Exelon Generation Company, LLC (Generation) may use this prospectus to offer and sell from time to time:

- senior debt securities; and
- preferred limited liability company interests in one or more series.

Commonwealth Edison Company (ComEd) may use this prospectus to offer and sell from time to time:

- first mortgage bonds; and
- unsecured notes.

PECO Energy Company (PECO) may use this prospectus to offer and sell from time to time:

- first and refunding mortgage bonds; and
- preferred stock in one or more series

Baltimore Gas and Electric Company (BGE) may use this prospectus to offer and sell from time to time:

- unsecured debt securities;
- senior secured bonds; and
- preferred stock in one or more series.

Exelon, Generation, ComEd, PECO and BGE sometimes refer to the securities listed above as the "Securities."

Exelon, Generation, ComEd, PECO and BGE will provide the specific terms of the Securities in supplements to this prospectus prepared in connection with each offering. Please read this prospectus and the applicable prospectus supplement carefully before you invest. This prospectus may not be used to consummate sales of the offered Securities unless accompanied by a prospectus supplement.

Exelon's common shares are listed on the New York Stock Exchange, under the symbol "EXC."

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Please see " Risk Factors " beginning on page 2 for a discussion of factors you should consider in connection with a purchase of the Securities offered in this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Securities or determined if this prospectus is truthful

or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is May 23, 2014.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that Exelon, Generation, ComEd, PECO and BGE have each filed with the Securities and Exchange Commission (SEC) using a "shelf" registration process. Under this shelf registration process, each of us may, from time to time, sell our Securities described in this prospectus in one or more offerings. Each time Exelon, Generation, ComEd, PECO or BGE (each, a registrant) sells Securities, the registrant will provide a prospectus supplement that will contain a description of the Securities the registrant will offer and specific information about the terms of the offering. The prospectus supplement may also add, update or change information contained in this prospectus. If there is any inconsistency between the information in this prospectus and the prospectus supplement, you should rely on the prospectus supplement. You should read both this prospectus and any prospectus supplement together with additional information described under "Where You Can Find More Information."

Information contained herein relating to each registrant is filed separately by such registrant on its own behalf. No registrant makes any representation as to information relating to any other registrant or Securities issued by any other registrant.

As used in this prospectus, the terms "we," "our" and "us" generally refer to:

- Exelon with respect to Securities issued by Exelon.
- Generation with respect to Securities issued by Generation.
- ComEd with respect to Securities issued by ComEd.
- PECO with respect to Securities issued by PECO.
- BGE with respect to Securities issued by BGE.

None of the registrants will guarantee or provide other credit or funding support for the Securities to be offered by another registrant pursuant to this prospectus.

We are not offering the Securities in any state where the offer is not permitted.

For more detailed information about the Securities, you should read the exhibits to the registration statement. Those exhibits have either been filed with the registration statement or incorporated by reference to earlier SEC filings listed in the registration statement.

You should rely only on information contained in this prospectus and which is incorporated by reference or the documents to which we have referred you. We have not authorized anyone to provide you with information that is different. This prospectus and related prospectus supplement may be used only where it is legal to sell these securities. The information in this prospectus and any prospectus supplement may only be accurate on the date of this document. The business of the registrant, financial condition, results of operations and prospects may have changed since that date.

Please see "Risk Factors" beginning on page 2 for a discussion of factors you should consider in connection with a purchase of the Securities offered in this prospectus.

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FORWARD-LOOKING ST ATEMENTS

This prospectus and the documents incorporated or deemed incorporated by reference as described under the heading “Where You Can Find More Information” contain forward-looking statements that are not based entirely on historical facts and are subject to risks and uncertainties. Words such as “believes,” “anticipates,” “expects,” “intends,” “plans,” “predicts” and “estimates” and similar expressions are intended to identify forward-looking statements but are not the only means to identify those statements. These forward-looking statements are based on assumptions, expectations and assessments made by our management in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe to be appropriate. Any forward-looking statements are not guarantees of our future performance and are subject to risks and uncertainties.

This presentation contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which are subject to risks and uncertainties. The factors that could cause actual results to differ materially from the forward-looking statements made by the registrants include those factors discussed herein, as well as the items discussed in (1) each registrant’s 2013 Annual Report on Form 10-K in (a) ITEM 1A. Risk Factors, (b) ITEM 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations and (c) ITEM 8. Financial Statements and Supplementary Data: Note 22; and (2) other factors discussed herein and in other filings with the SEC by Exelon, Generation, ComEd, PECO and BGE, as applicable.

You are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date on the front of this prospectus or, as the case may be, as of the date on which we make any subsequent forward-looking statement that is deemed incorporated by reference. We do not undertake any obligation to update or revise any forward-looking statement to reflect events or circumstances after the date as of which any such forward-looking statement is made.

RISK FACT ORS

Investing in the Securities involves various risks. You are urged to read and consider the risk factors described in the combined Annual Reports on Form 10-K of Exelon, Generation, ComEd, PECO, and BGE, as applicable, for the year ended December 31, 2013, filed with the SEC on February 13, 2014. Before making an investment decision, you should carefully consider these risks as well as other information we include or incorporate by reference in this prospectus. The prospectus supplement applicable to each type or series of Securities offered by one of the registrants will contain a discussion of additional risks applicable to an investment in such registrant and the particular type of Securities the registrant is offering under that prospectus supplement.

EXELON CORP ORATION

Exelon, incorporated in Pennsylvania in February 1999, is a utility services holding company engaged, through Generation, in the energy generation business, and through ComEd, PECO and BGE, in the energy delivery businesses. Exelon’s principal executive offices are located at 10 South Dearborn Street, Chicago, Illinois 60603, and its telephone number is 312-394-7398.

EXELON GENERATI ON COMPANY, LLC

Generation’s integrated business consists of its owned and contracted electric generating facilities and investments in generation ventures that are marketed through its leading customer-facing activities. These customer-facing activities include, wholesale energy marketing operations and its competitive retail customer

supply of electric and natural gas products and services, including renewable energy products, risk management services and natural gas exploration and production activities. Generation has six reportable segments consisting of the Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Regions.

Generation was formed in 2000 as a Pennsylvania limited liability company. Generation began operations as a result of a corporate restructuring, effective January 1, 2001, in which Exelon separated its generation and other competitive businesses from its regulated energy delivery businesses at ComEd and PECO. Generation's principal executive offices are located at 300 Exelon Way, Kennett Square, Pennsylvania 19348, and its telephone number is 610-765-5959.

COMMONWE ALTH EDISON COMPANY

ComEd's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in northern Illinois, including the City of Chicago.

ComEd was organized in the State of Illinois in 1913 as a result of the merger of Cosmopolitan Electric Company into the original corporation named Commonwealth Edison Company, which was incorporated in 1907. ComEd's principal executive offices are located at 440 South LaSalle Street, Chicago, Illinois 60605, and its telephone number is 312-394-4321.

PECO ENERGY CO MPANY

PECO's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in southeastern Pennsylvania, including the City of Philadelphia, as well as the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services to retail customers in the Pennsylvania counties surrounding the City of Philadelphia.

PECO was incorporated in Pennsylvania in 1929. PECO's principal executive offices are located at 2301 Market Street, Philadelphia, Pennsylvania 19103, and its telephone number is 215-841-4000.

BALTIMORE GAS AND ELECTRI C COMPANY

BGE's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in central Maryland, including the City of Baltimore, as well as the purchase and regulated retail sale of natural gas and the provision of gas distribution services to retail customers in central Maryland, including the City of Baltimore.

BGE was incorporated in Maryland in 1906. BGE's principal executive offices are located at 110 West Fayette Street, Baltimore, Maryland 21201, and its telephone number is 410-234-5000.

USE OF PR OCEEDS

Except as otherwise indicated in the applicable prospectus supplement, each registrant expects to use the net proceeds from the sale of the Securities for general corporate purposes, including to discharge or refund (by redemption, by purchase on the open market, by purchase in private transactions, by tender offer or otherwise) outstanding long-term debt. Each registrant will describe in the applicable prospectus supplement any specific allocation of the proceeds to a particular purpose that the registrant has made at the date of that prospectus

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supplement. Please refer to our annual and quarterly reports incorporated by reference into this prospectus and any prospectus supplement for information concerning each registrant's outstanding long-term debt. See "Where You Can Find More Information."

RATIO OF EARNINGS TO FIXED CHARGES AND RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERENCE SECURITY DIVIDENDS

Exelon

The following are Exelon's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	5.4	4.9	4.9	2.3	2.6	1.1

The following are Exelon's consolidated ratios of earnings to combined fixed charges and preference stock dividends for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to combined fixed charges and preference stock dividends	5.4	4.8	4.9	2.3	2.5	1.1

Generation

The following are Generation's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	10.4	8.5	7.3	2.6	3.3	(a)

(a) The ratio coverage was less than 1:1. Generation required additional earnings of $380 million in order to achieve a coverage ratio of 1:1.

Generation had no preference securities outstanding during the periods indicated; therefore, the ratio of earnings to combined fixed charges and preference security dividends is the same as the ratio of earnings to fixed charges for Generation.

ComEd

The following are ComEd's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	2.9	2.8	3.0	3.0	1.7	3.0

ComEd had no preference securities outstanding during the periods indicated; therefore, the ratio of earnings to combined fixed charges and preference security dividends is the same as the ratio of earnings to fixed charges for ComEd.

PECO

The following are PECO's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	3.7	3.3	4.7	4.9	5.6	5.1

The following are PECO's consolidated ratios of earnings to combined fixed charges and preference security dividends for each of the periods indicated:

	Years Ended December 31,				
	2009	2010	2011	2012	2013
Ratio of earnings to combined fixed charges and preferred stock dividends	3.6	3.2	4.5	4.7	5.2

On May 1, 2013, PECO redeemed all of its outstanding preferred securities; therefore, the ratio of earnings to combined fixed charges and preferred stock dividends is the same as the ratio of earnings to fixed charges for PECO for the three months ended March 31, 2014.

BGE

The following are BGE's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	2.0	2.7	2.4	1.0	3.6	5.8

The following are BGE's consolidated ratios of earnings to combined fixed charges and preference stock dividends for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to combined fixed charges and preference stock dividends	1.7	2.4	2.1	(a)	3.1	5.0

(a) The ratio coverage was less than 1:1. BGE required additional earnings of $14 million in order to achieve a coverage ratio of 1:1.

DESCRIPTION OF SECUR ITIES

Each time one of the registrants sells securities, it will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with additional information described under "Where You Can Find More Information."

PLAN OF DISTRIBUT ION

We may sell the Securities offered (a) through agents; (b) by underwriters or dealers; (c) directly to one or more purchasers; or (d) through a combination of any of these methods of sale.

In some cases we may also repurchase the Securities and reoffer them to the public by one or more of the methods described above.

This prospectus may be used in connection with any offering of securities through any of these methods or other methods described in the applicable prospectus supplement.

Any underwriter or agent involved in the offer and sale of the Securities will be named in the applicable prospectus supplement.

By Agents

Offered securities may be sold on a one time or a continuing basis by agents designated by the applicable registrant. The agents will use their reasonable efforts to solicit purchases for the period of their appointment under the terms of an agency agreement between the agents and the applicable issuer.

By Underwriters or Dealers

If underwriters are used in the sale, the underwriters may be designated by the applicable registrant or selected through a bidding process. The securities will be acquired by the underwriters for their own account. The underwriters may resell the Securities in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. Underwriters may sell the Securities to or through dealers, and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or commissions from the purchasers for whom they may act as agents. The obligations of the underwriters to purchase the Securities will be subject to certain conditions. The underwriters will be obligated to purchase all the Securities of the series offered if any of the securities are purchased. Any initial public offering price and any discounts or concessions allowed or re-allowed or paid to dealers may be changed from time to time.

Only underwriters named in the applicable prospectus supplement are deemed to be underwriters in connection with the Securities offered hereby.

If dealers are utilized in the sale of the Securities, the applicable registrant will sell the Securities to the dealers as principals. The dealers may then resell the Securities to the public at varying prices to be determined by such dealers at the time of resale. The names of the dealers and the terms of the transaction will be set forth in the applicable prospectus supplement.

Direct Sales

We may also sell Securities directly to the public. In this case, no underwriters or agents would be involved.

General Information

We may authorize agents, underwriters or dealers to solicit offers by certain institutions to purchase Securities from us at the public offering price pursuant to delayed delivery contracts providing for payment and delivery on a later date or dates, all as described in the applicable prospectus supplement. Each delayed delivery contract will be for an amount not less than, and the aggregate amount of the Securities shall be not less nor more than, the respective amounts stated in the applicable prospectus supplement. Such institutions may include commercial and savings banks, insurance companies, pension funds, investment companies, educational and charitable institutions, and other institutions, but will in all cases be subject to our approval. The delayed delivery contracts will not be subject to any conditions except:

- the purchase by an institution of the Securities covered by its delayed delivery contract shall not, at any time of delivery, be prohibited under the laws of any jurisdiction in the United States to which such delayed delivery contract is subject; and

- if the Securities are being sold to underwriters, we shall have sold to those underwriters the total amount of the Securities less the amount thereof covered by the delayed delivery contracts. The underwriters will not have any responsibility in respect of the validity or performance of the delayed delivery contracts.

Unless otherwise specified in the related prospectus supplement, each series of the Securities will be a new issue with no established trading market, other than the common stock. Any common stock sold pursuant to a prospectus supplement or issuable upon conversion of another offered Security will be listed on the New York Stock Exchange, subject to official notice of issuance. We may elect to list any of the other securities on an exchange, but are not obligated to do so. It is possible that one or more underwriters may make a market in a series of the Securities, but no underwriter will be obligated to do so and any underwriter may discontinue any market making at any time without notice. We cannot predict the activity of trading in, or liquidity of, our Securities.

In connection with sales by an agent or in an underwritten offering, the SEC rules permit the underwriters or agents to engage in transactions that stabilize the price of the Securities. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters or agents of a greater number of securities than they are required to purchase in an offering. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Securities while an offering is in progress.

The underwriters also may impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the underwriters have repurchased Securities sold by or for the account of that underwriter in stabilizing or short-covering transactions.

These activities by the underwriters may stabilize, maintain or otherwise affect the market price of the Securities. As a result, the price of the Securities may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the underwriters at any time. These transactions may be effected on an exchange or automated quotation system, if the Securities are listed on that exchange or admitted for trading on that automated quotation system, in the over-the-counter market or otherwise.

We may from time to time, without the consent of the existing Security holders, create and issue further Securities having the same terms and conditions as the Securities being offered hereby in all respects, except for issue date, issue price and if applicable, the first payment of interest or dividends therein or other terms as noted in the applicable prospectus supplement. Additional Securities issued in this manner will be consolidated with, and will form a single series with, the previously outstanding securities.

Underwriters, dealers and agents that participate in the distribution of the Securities may be underwriters as defined in the Securities Act of 1933, and any discounts or commissions received by them from us and any profit on the resale of the Securities by them may be treated as underwriting discounts and commissions under the Securities Act.

We may have agreements with the underwriters, dealers and agents to indemnify them against certain civil liabilities, including liabilities under the Securities Act of 1933, or to contribute with respect to payments which the underwriters, dealers or agents may be required to make.

Underwriters, dealers and agents may engage in transactions with, or perform services for, us or our subsidiaries or affiliates in the ordinary course of their businesses.

LEGAL MATTE RS

Ballard Spahr LLP, Philadelphia, Pennsylvania, will render an opinion as to the validity of the Securities for us.

Winston & Strawn LLP, Chicago, Illinois, will render an opinion as to the validity of the Securities for any underwriters, dealers, purchasers or agents. Winston & Strawn LLP provides legal services to Exelon and its subsidiaries from time to time.

EXP ERTS

The financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) of Exelon, Generation, ComEd, PECO and BGE incorporated in this prospectus by reference to the combined Annual Reports on Form 10-K for the year ended December 31, 2013 have been so incorporated in reliance on the reports of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MO RE INFORMATION

Exelon, Generation, ComEd, PECO and BGE each file reports and other information with the SEC. The public may read and copy any reports or other information that we file with the SEC at the SEC's public reference room, 100 F Street, N.E., Room 1580, Washington, D.C. 20549. The public may obtain information on the operation of the public reference room by calling the SEC at 1-800-SEC-0330. These documents are also available to the public from commercial document retrieval services and at the web site maintained by the SEC at http://www.sec.gov. Reports, proxy statements and other information concerning Exelon may also be inspected at the offices of the New York Stock Exchange, which is located at 20 Broad Street, New York, New York 10005. You may also obtain a copy of the registration statement at no cost by writing us at the following address:

Exelon Corporation
Attn: Investor Relations
10 South Dearborn Street—52 nd Floor
P.O. Box 805398
Chicago, IL 60680-5398

This prospectus is one part of a registration statement filed on Form S-3 with the SEC under the Securities Act of 1933, as amended, known as the Securities Act. This prospectus does not contain all of the information set forth in the registration statement and the exhibits and schedules to the registration statement. For further information concerning us and the Securities, you should read the entire registration statement, including this prospectus and any related prospectus supplements, and the additional information described under the sub-heading "Documents Incorporated By Reference" below. The registration statement has been filed electronically and may be obtained in any manner listed above. Any statements contained herein concerning the provisions of any document are not necessarily complete, and, in each instance, reference is made to the copy of such document filed as an exhibit to the registration statement or otherwise filed with the SEC. Each such statement is qualified in its entirety by such reference.

Information about us is also available on Exelon's web site at http://www.exeloncorp.com. The information on Exelon's web site is not incorporated into this prospectus by reference, and you should not consider it a part of this prospectus.

DOCUMENTS INCORPORATED B Y REFERENCE

The SEC allows us to "incorporate by reference" information that we file with the SEC, which means that we can disclose important information to you by referring you to the documents we file with the SEC. The information incorporated by reference is an important part of this prospectus, and information that we file later with the SEC will automatically update and supersede this information. This incorporation by reference does not include documents that are furnished but not filed with the SEC. We incorporate by reference the documents listed below and any future documents that we file with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (known as the Exchange Act) but prior to the termination of any offering of securities made by this prospectus:

Exelon Corporation (Exchange Act File No. 1-16169)

- Exelon's Annual Report on Form 10-K for the year ended December 31, 2013;
- Exelon's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014;
- The description of Exelon's common stock contained in the registration statement on Form 8-A filed under the Securities Exchange Act of 1934, as amended, including any amendment thereto or report filed for the purpose of updating such description; and
- Exelon's Current Reports on Form 8-K filed with the SEC on February 12, 2014, February 13, 2014, February 28, 2014, April 1, 2014, April 30, 2014 and May 7, 2014.

Exelon Generation Company, LLC (Exchange Act File No. 333-85496)

- Generation's Annual Report on Form 10-K for the year ended December 31, 2013;
- Generation's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014; and
- Generation's Current Reports on Form 8-K filed with the SEC on February 12, 2014 and April 1, 2014.

Commonwealth Edison Company (Exchange Act File No. 1-1839)

- ComEd's Annual Report on Form 10-K for the year ended December 31, 2013;
- ComEd's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014; and
- ComEd's Current Reports on Form 8-K filed with the SEC on January 10, 2014 and February 28, 2014.

PECO Energy Company (Exchange Act File No. 000-16844)

- PECO's Annual Report on Form 10-K for the year ended December 31, 2013; and
- PECO's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014.

Baltimore Gas and Electric Company (Exchange Act File No. 1-1910)

- BGE's Annual Report on Form 10-K for the year ended December 31, 2013;
- BGE's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014; and
- BGE's Current Reports on Form 8-K filed with the SEC on February 13, 2014 and May 16, 2014.

Upon written or oral request, we will provide without charge to each person, including any beneficial owner, to whom this prospectus is delivered, a copy of any or all of such documents which are incorporated herein by reference (other than exhibits to such documents unless such exhibits are specifically incorporated by reference

into the documents that this prospectus incorporates). Written or oral requests for copies should be directed to Exelon Corporation, Attn: Investor Relations, 10 South Dearborn Street, 52 nd Floor, P.O. Box 805398, Chicago, IL 60680-5398, 312-394-2345.

Any statement contained in this prospectus, or in a document all or a portion of which is incorporated by reference, shall be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus, any supplement or any document incorporated by reference modifies or supersedes such statement. Any such statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this prospectus.

All reports and other documents subsequently filed by us pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act, prior to the filing of a post-effective amendment, which indicates that all of a class of securities offered hereby have been sold or which deregisters all of a class of securities then remaining unsold, shall be deemed incorporated by reference herein and to be a part hereof from the date of filing of such documents.

Table of Contents

20,000,000 Equity Units
(Initially Consisting of 20,000,000 Corporate Units)

Exelon Corporation

PROSPECTUS SUPPLEMENT

Joint Book-Running Managers

Barclays
Goldman, Sachs & Co.
Citigroup
Wells Fargo Securities

Senior Co-Managers

BofA Merrill Lynch
Credit Suisse
BNP PARIBAS
J.P. Morgan
Mitsubishi UFJ Securities
RBS
Scotiabank
Mizuho Securities
RBC Capital Markets
US Bancorp

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June , 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-A

FOR REGISTRATION OF CERTAIN CLASSES OF SECURITIES
PURSUANT TO SECTION 12(b) OR (g) OF THE
SECURITIES EXCHANGE ACT OF 1934

Exelon Corporation
(Exact name of registrant as specified in its charter)

Pennsylvania **(State of incorporation or organization)**	**23-2990190** **(I.R.S. Employer Identification No.)**
10 South Dearborn Street **P.O. Box 805379** **Chicago, Illinois 60680-5379** **(Address of principal executive offices)**	**60680** **(Zip Code)**

Securities to be registered pursuant to Section 12(b) of the Act:

Title of each class to be registered	Name of each exchange on which each class is to be registered
Corporate Units	**New York Stock Exchange**

If this form relates to the registration of a class of securities pursuant to Section 12(b) of the Exchange Act and is effective pursuant to General Instruction A.(c), check the following box. ☒

If this form relates to the registration of a class of securities pursuant to Section 12(g) of the Exchange Act and is effective pursuant to General Instruction A.(d), check the following box. ☐

Securities Act registration statement file number to which this form relates: **333-196220**

Securities to be registered pursuant to Section 12(g) of the Act:

None
(Title of class)

EXPLANATORY NOTE

Item 1. Description of Registrant's Securities to be Registered

The description of the Registrant's Corporate Units to be registered hereunder is set forth under the captions "Description of the Equity Units," "Description of the Purchase Contracts," "Certain Provisions of the Purchase Contract and the Pledge Agreement" and "Description of the Junior Subordinated Notes" included in the Prospectus Supplement filed with the Commission on June 13, 2014, pursuant to Rule 424(b) under the Securities Act.

The Prospectus Supplement was filed pursuant to the Company's Registrant's registration statement on Form S-3 (File No. 333-196220) originally filed with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933 (the "Securities Act") on May 23, 2014.

Such descriptions are incorporated herein by reference.

Item 2. Exhibits

Exhibit No	Description
1.	Amended and Restated Articles of Incorporation of Exelon Corporation, as amended May 8, 2007 (File No. 001-16169, Form 10-Q for the quarter ended September 30, 2008, Exhibit 3-1-2).
2.	Exelon Corporation Amended and Restated Bylaws, effective as of March 12, 2012 (File No. 001-16169, Form 8-K dated March 14, 2012, Exhibit 3-1).
3.	Purchase Contract and Pledge Agreement between Exelon Corporation and The Bank of New York Mellon Trust Company, N.A., as Purchase Contract Agent, Collateral Agent, Custodial Agent and Securities Intermediary, dated June 17, 2014 (File No. 001-16169, Form 8-K dated June 23, 2014, Exhibit 4.4).
4.	Form of Remarketing Agreement (included in Exhibit 3 above).
5.	Form of Corporate Unit Certificate (included in Exhibit 3 above).
6.	Form of Treasury Unit Certificate (included in Exhibit 3 above).
7.	Indenture between Exelon Corporation and The Bank of New York Mellon Trust Company, N.A., as Trustee, dated June 17, 2014 (File No. 001-16169, Form 8-K dated June 23, 2014, Exhibit 4.1).
8.	First Supplemental Indenture between Exelon Corporation and The Bank of New York Mellon Trust Company, N.A., as Trustee, dated as of June 17, 2014 (File No. 001-16169, Form 8-K dated June 23, 2014, Exhibit 4.2).
9.	Form of 2.50% Junior Subordinated Note due 2024 of Exelon Corporation (included in Exhibit 8 above).

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Pursuant to the requirements of Section 12 of Securities Exchange Act of 1934, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereto duly authorized.

Exelon Corporation

By: /s/ Jonathan W. Thayer
Jonathan W. Thayer
Executive Vice President and Chief Financial Officer Exelon Corporation

Dated: June 30, 2014

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April 13, 2016

Via EDGAR Submission

Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Re: **Exelon Corporation**
Registration Statement on Form S-4
File No. 333-209209

Ladies and Gentlemen:

Reference is made to the registration statement of Exelon Corporation (the "Issuer") on Form S-4 (File No. 333-209209), as amended (the "Registration Statement"), registering the Issuer's offer to exchange (i) up to $807,082,000 aggregate principal amount of the Issuer's outstanding 3.950% Notes due 2025 (the "original 2025 notes") for a like aggregate principal amount of the Issuer's 3.950% Notes due 2025 that will be issued in a transaction registered under the Securities Act of 1933, as amended (the "Securities Act") (the "exchange 2025 notes"), (ii) up to $333,485,000 aggregate principal amount of the Issuer's outstanding 4.950% Notes due 2035 (the "original 2035 notes") for a like aggregate principal amount of the Issuer's 4.950% Notes due 2035 that will be issued in a transaction registered under the Securities Act (the "exchange 2035 notes") and (iii) up to $741,001,000 aggregate principal amount of the Issuer's outstanding 5.100% Notes due 2045 (the "original 2045 notes" and, together with the original 2025 notes and the original 2035 notes, the "original notes") for a like aggregate principal amount of the Issuer's 5.100% Notes due 2045 that will be issued in a transaction registered under the Securities Act (the "exchange 2045 notes" and, together with the exchange 2025 notes and the exchange 2035 notes, the "exchange notes") (collectively, the "exchange offer").

Please be advised that the Issuer is registering the exchange offer in reliance on the position of the staff of the Securities and Exchange Commission (the "Staff") enunciated in: Exxon Capital Holdings Corporation (available May 13, 1988); Morgan Stanley & Co. Incorporated (available June 5, 1991); and Shearman & Sterling (available July 2, 1993). In addition, the Issuer hereby represents that it has not entered into any arrangement or understanding with any person to distribute the exchange notes to be received in the exchange offer and, to the best of the Issuer's information and belief, each person participating in the exchange offer will be acquiring the exchange notes in its ordinary course of business and will not have any arrangement or understanding with any person to participate in the distribution of the exchange notes to be received in the exchange offer. In this regard, the Issuer will make each person participating in the exchange offer, by means of the exchange offer prospectus and the related letter of transmittal, aware that if such person is participating in the exchange offer for the purpose of distributing the exchange notes to be acquired in the exchange offer, such person (i) can not rely on the Staff position enunciated in Exxon Capital Holdings Corporation or interpretative letters to similar effect and (ii) must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a secondary resale transaction. The Issuer acknowledges that such a secondary resale transaction by

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such person participating in the exchange offer for the purpose of distributing the exchange notes should be covered by an effective registration statement containing the selling securityholder information required by Item 507 of Regulation S-K under the Securities Act.

The Issuer will make each person participating in the exchange offer aware (through the exchange offer prospectus) that any broker-dealer who holds original notes acquired for its own account as a result of market-making activities or other trading activities, and who receives exchange notes in exchange for such original notes pursuant to the exchange offer, may be a statutory underwriter and, in connection with any resale of such exchange notes, must deliver a prospectus meeting the requirements of the Securities Act, which may be the prospectus for the exchange offer so long as it contains a plan of distribution with respect to such resale transactions (such plan of distribution need not name the broker-dealer or disclose the amount of exchange notes held by the broker-dealer). In addition, the Issuer will include in the letter of transmittal or similar documentation to be executed by an exchange offeree in order to participate in the exchange offer the following additional provision, in substantially the form set forth below:

> if the exchange offeree is a broker-dealer holding original notes acquired for its own account as a result of market-making activities or other trading activities, such broker-dealer acknowledges that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of exchange notes received in respect of such original notes pursuant to the exchange offer.

If you have any further questions or comments or desire further information in respect of the Registration Statement, please do not hesitate to contact Richard B. Aftanas of Kirkland & Ellis LLP, special counsel to the Issuer, at (212) 446-4722.

Sincerely,

EXELON CORPORATION

By: /s/ Jonathan W. Thayer
Name: Jonathan W. Thayer
Title: Senior Executive Vice President and
Chief Financial Officer

cc: Bruce G. Wilson, Esq.
Senior Vice President and Deputy General Counsel
Exelon Corporation

Richard B. Aftanas, Esq.
Ross M. Leff, Esq.
Kirkland & Ellis LLP

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April 13, 2016

Via EDGAR Submission

Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Attention: Mara Ransom
Assistant Director
Office of Consumer Products

Re: Exelon Corporation
Registration Statement on Form S-4
File No. 333-209209

Ladies and Gentlemen:

Pursuant to Rule 461 of the Securities Act of 1933, as amended, Exelon Corporation (the "Company") hereby requests acceleration of the effective date of the above referenced Registration Statement on Form S-4 (the "Registration Statement") to 4:30 p.m. Eastern Daylight Time, on April 15, 2016 or as soon thereafter as practicable. The Company hereby acknowledges its responsibilities under the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, as they relate to the proposed offering of the securities specified in the above-referenced Registration Statement. In addition, the Company acknowledges that:

- should the Securities and Exchange Commission (the "Commission") or the staff, acting pursuant to delegated authority, declare the filing effective, it does not foreclose the Commission from taking any action with respect to the filing;
- the action of the Commission or the staff, acting pursuant to delegated authority, in declaring the filing effective, does not relieve the Company from its full responsibility for the adequacy and accuracy of the disclosure in the filing; and
- the Company may not assert staff comments and the declaration of effectiveness as a defense in any proceeding initiated by the Commission or any person under the federal securities laws of the United States.

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Please contact Richard B. Aftanas of Kirkland & Ellis LLP, special counsel to the Registrants, at (212) 446-4722, as soon as the Registration Statement has been declared effective, or if you have any other questions or concerns regarding this matter.

Sincerely,

EXELON CORPORATION

By: /s/ Jonathan W. Thayer
Name: Jonathan W. Thayer
Title: Senior Executive Vice President and Chief Financial Officer

cc: Bruce G. Wilson, Esq.
Senior Vice President and Deputy General Counsel
Exelon Corporation

Richard B. Aftanas, Esq.
Ross M. Leff, Esq.
Kirkland & Ellis LLP

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CORRESP 1 filename1.htm

June 21, 2013

VIA EDGAR SUBMISSION AND COURIER

Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-3561
Attention: William H. Thompson

Re: Exelon Corporation
Form 10-K for the Fiscal Year Ended December 31, 2012
Filed February 22, 2013
File No. 1-16169

Ladies and Gentlemen:

We are writing in response to the comment contained in the Staff's comment letter dated June 7, 2013 (the "Comment Letter") with respect to Exelon Corporation's ("Exelon") Form 10-K for Fiscal Year Ended December 31, 2012, as filed with the Commission on February 22, 2013 ("2012 Form 10-K").

For the convenience of the Staff's review, we have set forth the comment contained in the Staff's Comment Letter along with Exelon's response. The response to this letter is provided on a supplemental basis.

* * * *

Item 8. Financial Statements and Supplementary Data, page 181

Combined Notes to Consolidated Financial Statements, page 216

Note 19. Commitments and Contingencies (Exelon, Generation, ComEd, PECO and BGE), page 377

Federal Energy Regulatory Commission Investigation (Exelon and Generation), page 398

1. With reference to applicable GAAP literature, please explain to us why the full amount of the civil penalty and disgorgement settlement was not recorded as a liability when accounting for the merger with Constellation. In this regard, we note that the merger with Constellation was completed on March 12, 2013 and Constellation announced on March 9, 2013 that it had resolved the FERC investigation.

Response:

Prior to Exelon's March 12, 2012, merger with Constellation Energy Group. Inc. ("Constellation"), the Federal Energy Regulatory Commission ("FERC") staff in the Office of Enforcement, Division of Investigations, conducted an investigation of Constellation Energy Commodities Group's ("CECG") virtual transactions and physical schedules in and around the New York ISO from September 2007 through December 2008. The FERC investigation was related solely to Constellation's pre-merger power trading activities, and was initiated in 2008 prior to the merger discussions between Exelon and Constellation. On March 9, 2012, FERC approved a Stipulation and Consent Agreement ("Agreement") between CECG and FERC's Office of Enforcement to resolve FERC Staff's allegations that CECG violated FERC's power trading Anti-Manipulation Rule for physical and financial electric energy trading activities.

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Pursuant to the Agreement, under which CECG neither admitted nor denied any violations as alleged by FERC Staff, CECG agreed to pay a $135 million civil penalty and $110 million for disgorgement of alleged "unjust profits" (including interest). CECG paid the total $245 million settlement amount by March 31, 2012.

Exelon and Exelon Generation Company, LLC ("Generation") management evaluated the settlement for financial reporting purposes, and determined that approximately $195 million met the criteria for being recorded by Exelon and Generation as expense, and $50 million met the criteria for being recorded in acquisition accounting.

As noted above, FERC approved the Agreement prior to Exelon's acquisition of Constellation. As a result, Exelon looked first to the accounting guidance in ASC 805-10-25-20 through ASC 805-10-25-23 and ASC 805-10-55-18 *Business Combinations—Determining What Is Part of the Business Combination Transaction,* to determine if the settlement reached in the Agreement should be accounted for by Exelon or Constellation.

ASC 805-10-25-21 states that "A transaction [in this case, the Agreement] entered into by or on behalf of the acquirer or primarily for the benefit of the acquirer or the combined entity, rather than primarily for the benefit of the acquiree (or its former owners) before the combination, is likely to be a separate transaction" that should not be included in applying the acquisition method of accounting.

ASC 805-10-55-18 also provides factors to consider in determining whether a transaction (i.e., the Agreement) is part of the exchange with the acquiree or whether the transaction is separate from the business combination. Such factors that we considered included:

a. The reasons for the transaction. Understanding the reasons why the parties to the combination (the acquirer, the acquiree, and their owners, directors, managers, and their agents) entered into a particular transaction or arrangement may provide insight into whether it is part of the consideration transferred and the assets acquired or liabilities assumed.

b. Who initiated the transaction. Understanding who initiated the transaction may also provide insight into whether it is part of the exchange for the acquiree. For example, a transaction or other event that is initiated by the acquirer may be entered into for the purpose of providing future economic benefits to the acquirer or combined entity with little or no benefit received by the acquiree or its former owners before the combination. On the other hand, a transaction or arrangement initiated by the acquiree or its former owners is less likely to be for the benefit of the acquirer or the combined entity and more likely to be part of the business combination transaction.

c. The timing of the transaction. The timing of the transaction may also provide insight into whether it is part of the exchange for the acquiree. For example, a transaction between the acquirer and the acquiree that takes place during the negotiations of the terms of a business combination may have been entered into in contemplation of the business combination to provide future economic benefits to the acquirer or the combined entity. If so, the acquiree or its former owners before the business combination are likely to receive little or no benefit from the transaction except for benefits they receive as part of the combined entity.

Under section 6.1 (b) (xviii) of the Agreement and Plan of Merger dated as of April 28, 2011 (the "Merger Agreement"), as a condition of closing, Exelon's consent was required for any settlement agreement entered into by Constellation in excess of $100 million. The Constellation settlement with FERC triggered this consent requirement. Exelon consented to the Agreement, and in fact encouraged it, to avoid

expensive, protracted litigation with FERC, which could have damaged the reputation of the newly formed combined power marketing business and distracted management from effectively integrating and fully realizing the expected benefits of the merger transaction. The Agreement was, however, dependent on the successful closing of the merger with Constellation. Accordingly, we concluded, based on the aforementioned accounting guidance, that a portion of the overall settlement be treated as a separate transaction cost and not included in the application of acquisition accounting.

At the same time, the Agreement was contingent on the successful closing of the merger between Exelon and Constellation, such that Constellation would not have been bound by the Agreement in the event the merger did not close, and FERC's investigation would have remained open. As such, we concluded that a portion of the settlement amount in the Agreement represented resolution of a pre-acquisition contingency. Under guidance set forth in ASC 805-20-25-19, *Business Combinations—Identifiable Assets and Liabilities, and Any Non-Controlling Interests – Recognition—Acquisition Date Fair Value Determinable during Measurement Period*, pre-acquisition contingencies of acquired companies shall be recorded on the opening balance sheet of the acquired company and measured at fair value as of the acquisition date, if such fair value is determinable (i.e., The estimated amount Exelon and Generation would have been required to pay for an independent, third party market participant to assume the exposure associated with the FERC investigation.)

In evaluating the FERC Staff's allegations, Constellation and Exelon each hired independent economists to analyze the Constellation energy trading positions under investigation. The economists calculated conservatively high estimates of potential unjust profit amounts in a range of approximately $40 million to $60 million, and shared their conclusions with both FERC Staff and each company's respective Board of Directors. Exelon's economist also shared with Exelon's Board a separate analysis deriving potential unjust profits in a range of $20 million to $60 million. Based in part on these analyses, and on discussions with both internal and external counsel, Exelon and Generation determined $50 million to be a reasonable estimate of the fair value of the pre-acquisition investigation contingency, which was reflected as a liability in the application of acquisition accounting.

The remaining $195 million of the total $245 million settlement amount in excess of the $50 million was expensed by Exelon and Generation to represent, as previously discussed, costs incurred primarily for the benefit of Exelon and Generation that should not be included in applying the acquisition method of accounting in accordance with the guidance in ASC 805-10-55-18 and ASC 805-10-25-20 through ASC 805-10-25-23, as set forth above.

* * * *

Exelon acknowledges that:

- the company is responsible for the adequacy and accuracy of the disclosure in the filing;
- staff comments or changes to disclosure in response to staff comments do not foreclose the Commission from taking any action with respect to the filing; and
- the company may not assert staff comments as a defense in any proceeding initiated by the Commission or any person under the federal securities laws of the United States.

If you have any questions regarding the foregoing, please contact me at (312) 394-4736.

Very truly yours,

/s/ Duane M. DesParte
Duane M. DesParte
Senior Vice President and Corporate Controller
Exelon Corporation

CORRESP 1 filename1.htm

July 19, 2017

VIA EDGAR SUBMISSION AND COURIER

Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-3561
Attention: William H. Thompson

Re: Exelon Corporation
Form 10-K for the Fiscal Year Ended December 31, 2016
Filed February 13, 2017
Form 10-Q for Fiscal Quarter Ended March 31, 2017
Filed May 3, 2017
Form 8-K Filed February 8, 2017
File No. 1-16169

Ladies and Gentlemen:

We are writing in response to the comments contained in the Staff's letter dated July 6, 2017 (the "Comment Letter") with respect to Exelon Corporation's ("Exelon") Form 10-K for Fiscal Year Ended December 31, 2016, as filed with the Commission on February 13, 2017 ("2016 Form 10-K"), Form 10-Q for Fiscal Quarter Ended March 31, 2017, as filed with the Commission on May 3, 2017 ("March 2017 Form 10-Q") and Form 8-K, as filed with the Commission on February 8, 2017.

For the convenience of the Staff's review, we have set forth the comments contained in the Staff's Comment Letter along with Exelon's responses.

* * * *

Form 10-K for the Fiscal Year Ended December 31, 2016
Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations
Financial Results of Operations
Adjusted (non-GAAP) Operating Earnings, page 89

1. We note the adjustments to reconcile GAAP net income attributable to common shareholders to adjusted non-GAAP operating earnings are presented net of income taxes. Please revise your disclosure in future filings to show income taxes as a separate adjustment and clearly explain how the adjustment is determined. Please refer to Question 102.11 of the updated Compliance and Disclosure Interpretations issued on May 17, 2016. Please note that this comment is also applicable to earnings releases filed on Form 8-K.

Response:
On pages 89 and 90 of Exelon's 2016 Form 10-K, the footnotes to the table reconciling GAAP net income attributable to common shareholders to adjusted non-GAAP operating earnings separately set forth the income tax amounts associated with each reconciling adjustment. We believe this disclosure approach is aligned with the guidance in Question 102.11 of the May 2016 Compliance and Disclosure Interpretations, whereby the income tax impacts are shown separately in a succinct and transparent manner, enabling the reader to determine the before and after income tax impacts of each reconciling adjustment. Upon further consideration, to more clearly link the income tax impact to the specific associated reconciling adjustment, going forward Exelon will disclose such income tax impact within the line item caption for each reconciling adjustment instead of in the related footnote explanation. As an example:

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(All amounts after tax; in million, except per share amounts)	For the years ended December 31, 2016		2015	
		Earnings per Diluted Share		Earnings per Diluted Share
Mark-to-Market Impact of Economic Hedging Activities (net of taxes of $18 and $99, respectively)	$24	0.03	$(158)	(0.18)
Merger and Integration Costs (net of taxes of $50 and $38, respectively)	114	0.12	58	0.07

Exelon will also provide similar expanded income tax impact disclosures in the line item captions of the GAAP to non-GAAP reconciliation tables such as those included on pages 8 and 12-15 of its earnings release filed in its February 8, 2017, Form 8-K. (Please note that the GAAP to non-GAAP reconciliations on pages 8-11 and 16-23 of Exelon's earnings release separately set forth reconciling adjustments for Exelon and each of its subsidiary registrants on a pre-tax basis, with the aggregate income tax impact of such pre-tax items shown as a separate reconciling adjustment.)

Additionally, consistent with its approach in its first quarter 2017 Form 10-Q and earnings releases filings, Exelon will add the following footnote disclosure to its GAAP to non-GAAP reconciliation tables in its Forms 10-Q and 10-K and earnings release filings to explain the bases for income tax impacts of reconciling adjustments:

> "Unless otherwise noted, the income tax impact of each reconciling item between GAAP Net Income and Adjusted (non-GAAP) Operating Earnings is based on the marginal statutory federal and state income tax rates for each Registrant, taking into account whether the income or expense item is taxable or deductible, respectively, in whole or in part. For all items except the unrealized gains and losses related to NDT fund investments, the marginal statutory income tax rates ranged from 39% to 41%. Under IRS regulations, NDT fund investment returns are taxed at differing rates for investments in qualified vs. non-qualified funds. The tax rates applied to unrealized gains and losses related to NDT Fund investments were 76.2%, 48.7%, 49.1% and 56.3% for the three months and twelve months ended December 31, 2016 and 2015, respectively."

Finally, as information, based on benchmarking of other public utility SEC filings, we have noted diversity in practice in disclosing the income tax impacts of non-GAAP reconciling adjustments, including certain SEC filers that disclosed the income tax impacts in footnotes to a table and others that disclosed such impacts in line item captions as we plan for future filings.

Item 8. Financial Statements and Supplementary Data
Combined Notes to Consolidated Financial Statements
1. Significant Accounting Policies
Asset Impairments (All Registrants), page 320

2. We note your disclosure that the amount of the impairment loss for assets held and used is determined by measuring the excess of the carrying amount of the long-lived asset or asset group over its fair value less costs to sell. Please tell us how your measurements of impairment losses for long-lived assets held and used comply with ASC 360-10-35-17.

Response:
Both the Significant Accounting Policies (page 320) and Critical Accounting Policies and Estimates (page 110) disclosures in Exelon's 2016 Form 10-K erroneously stated that costs to sell are reflected in the measurement of impairment losses for long-lived assets held and used. In fact, as disclosed in Note 8-Impairment of Long-Lived Assets (pages 395 and 396), impairment losses for long-lived assets held and used are determined by measuring the excess of the carrying amount of the long-lived asset or asset group over its fair value, without any consideration of costs to sell. In future Form 10-K filings, Exelon will remove the "less costs to sell" reference from the Asset Impairments-Long Lived Assets section of Significant Accounting Policies and from the Impairment of Long-lived Assets disclosure in the Critical Accounting Policies and Estimates section of the Form 10-K.

As information, as disclosed in Note 8-Impairment of Long-Lived Assets (page 396), in accordance with ASC 360, the Registrants only reflect costs to sell in determining impairment losses for long-lived assets classified as held for sale.

19. Mezzanine Equity (Exelon, Generation and PHI), page 508

3. Please tell how the release of the redeemable noncontrolling interests contingency during the year ended December 31, 2016 is reflected in the consolidated statements of changes in shareholders' equity. Please refer to paragraph 16 of ASC 480-10-S99-3A.

Response:
The contingently redeemable noncontrolling interests relate to 2015 ESA Investco, LLC, which is a partially owned, consolidated subsidiary of Generation. As described in Note 19-Mezzanine Equity, the 2016 year-to-date amount of the contingency that was released was $157 million. In accordance with ASC 480-10-S99-3A, this amount was reclassified to permanent equity when the contingency was released. The reclassification for the year ended December 31, 2016 was included in the *Sale of noncontrolling interests* line within the consolidated statement of changes in equity. Through the third quarter of 2016, Exelon and Generation had presented the reclassification as a separate line item within the consolidated statement of changes in equity labeled *Adjustment of contingently redeemable noncontrolling interests due to release of contingency.*

Unrelated to 2015 ESA Investco, LLC, during the fourth quarter of 2016, Generation sold a portion of the equity interest in one of its wind projects to a tax equity investor for $243 million. (Additional details related to this transaction are included in Note 2-Variable Interest Entities within 2016 Form 10-K.) Within the Consolidated Statement of Changes in Equity in the 2016 Form 10-K, we combined the sale of the equity interest in the wind projects and the year-to-date contingency released by 2015 ESA Investco, LLC within the same line item *Sale of noncontrolling interests* for a total of $400 million.

Upon receiving this Comment Letter, we reviewed our decision to combine the two items into a single line item. Pursuant to our review, to provide additional transparency, we will revise our presentation on the Consolidated Statements of Changes in Equity for Exelon and Generation to reflect separately (1) the release of the redeemable noncontrolling interests contingency, and (2) the partial sale of the wind projects. We will make this change for all periods presented beginning with the 2017 Form 10-K. The table below depicts the changes that will be made:

	Member's Equity			Noncontrolling Interests	Total Equity
(In millions)	Membership Interest	Undistributed Earnings	Accumulated Other Comprehensive Income (Loss)		
Balance, December 31, 2015	$ 8,997	$ 2,701	$ (63)	$ 1,307	$ 12,942
Net income	—	496	—	62	558
Sale of noncontrolling interests	(4)	—	—	243	239
Adjustment of contingently redeemable noncontrolling interests due to release of contingency	—	—	—	157	157
Changes in equity of noncontrolling interests	—	—	—	5	5
Allocation of tax benefit from member	98	—	—	—	98
Contribution from member	170	—	—	—	170
Distribution to member	—	(922)	—	—	(922)
Other comprehensive income, net of income taxes	—	—	9	—	9
Balance, December 31, 2016	$ 9,261	$ 2,275	$ (54)	$ 1,774	$ 13,256

Form 10-Q for Fiscal Quarter Ended March 31, 2017

4. We note you omitted the disclosure required by Item 308(c) of Regulation S-K. Please file an amendment containing the disclosure required by Item 308(c) of Regulation S-K.

Response:
Item 308(c) of Regulation S-K requires a registrant to "disclose any change in the registrant's internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Rules 13a-15 or 15d-15 that occurred during the registrant's last fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting." During the first quarter of 2017, there were no changes in the Registrants' internal control over financial reporting that occurred that materially affected, or were reasonably likely to materially affect, any of the Registrants' internal control over financial reporting. Therefore, we do not believe disclosure was required, the omission of disclosure misled users of the financial statements, or that amendment of the March 2017 Form 10-Q is warranted. Nevertheless, to provide further transparency and to be consistent

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with the practice of some other registrants, in future Form 10-K and Form 10-Q filings, we will explicitly disclose whether or not there have been any changes in internal control over financial reporting as set forth in Item 308(c) of Regulation S-K.

Form 8-K Filed February 8, 2017

5. Presenting full non-GAAP income statements when reconciling non-GAAP measures to the most directly comparable GAAP measures is inconsistent with the updated Compliance and Disclosure Interpretations issued on May 17, 2016. Please review this guidance when preparing your next earnings release.

Response:
We understand and share the SEC's concerns of placing undo prominence on non-GAAP measures in disclosures, while also balancing the need to provide useful and relevant information to users of the financial statements. To address those concerns, we do not provide the full non-GAAP income statements in the actual Earnings Release document itself. Rather, full non-GAAP income statement reconciliations are not presented until page 8 of the Earnings Release Attachments (the equivalent of an appendix to the Earnings Release document), which is after the presentation of the complete GAAP income statements, balance sheets and cash flow statements on pages 1-7.

We believe the level of detail presented in the full income statement reconciliation provides transparency to our disclosures by providing useful information addressing questions we routinely receive from our securities analysts and investors, who seek detailed information as to specific line items to which reconciling adjustments are recorded to assist them in modeling their views of Exelon's future financial performance. By providing this information in the Earnings Release Attachments, we are able to make such information equally and consistently available to all investors and analysts, consistent with the requirements of Regulation FD. Given the usefulness and relevance of this information, we plan to continue to present a full non-GAAP income statement in the Earnings Release Attachments, but will further emphasize the full GAAP income statement on those pages through other presentation style techniques such as larger font, bolding, or highlighting.

* * * *

If you have any questions regarding the foregoing, please contact me at (312) 394-4736.

Very truly yours,

/s/ Duane M. DesParte

Duane M. DesParte
Senior Vice President and Corporate Controller
Exelon Corporation

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CORRESP 1 filename1.htm

August 1, 2017

VIA EDGAR SUBMISSION AND COURIER

Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-3561
Attention: William H. Thompson

Re: Exelon Corporation
Form 10-K for the Fiscal Year Ended December 31, 2016
Filed February 13, 2017
Form 8-K Filed February 8, 2017
Response Dated July 19, 2017
File No. 1-16169

Ladies and Gentlemen:

We are writing in response to the comment contained in the Staff's letter dated July 31, 2017 (the "Comment Letter") with respect to Exelon Corporation's ("Exelon") Form 10-K for Fiscal Year Ended December 31, 2016, as filed with the Commission on February 13, 2017 ("2016 Form 10-K") and Form 8-K, as filed with the Commission on February 8, 2017.

For the convenience of the Staff's review, we have set forth the comment contained in the Staff's Comment Letter along with Exelon's response.

* * * *

Form 10-K Filed February 8, 2017

1. We reviewed your response to comment 5. We still believe that such presentation is inconsistent with the updated Compliance and Disclosure Interpretations issued on May 17, 2016. In that regard, please confirm to us that you will discontinue the presentation of a full non-GAAP income statement when reconciling non-GAAP measures to the most directly comparable GAAP measures in your future earnings releases.

Response:
In acknowledgment of the updated Compliance and Disclosure Interpretations issued last year, we confirm that beginning with our second quarter 2017 earnings release, we will no longer provide a full non-GAAP income statement when reconciling the Adjusted (non-GAAP) Operating Earnings measure for each registrant to the corresponding most directly comparable GAAP Net Income measure. Instead, we will disclose the amounts that should be added to or subtracted from each GAAP income statement line item to reconcile to the total Adjusted (non-GAAP) Operating Earnings measure, in a format as set forth in the following example:

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EXELON CORPORATION
GAAP Consolidated Statements of Operations and Adjusted (non-GAAP) Operating Earnings Reconciling Adjustments
(unaudited)
(in millions, except per share data)

	Three Months Ended June 30, 2017			Three Months Ended June 30, 2016		
	GAAP (a)	Non-GAAP Adjustments		GAAP (a)	Non-GAAP Adjustments	
Operating revenues	$ 7,623	$ 158	(b),(d)	$ 6,910	$ 626	(b),(d),(e)
Operating expenses						
Purchased power and fuel	3,086	(48)	(b),(d)	2,454	300	(b),(d),(h)
Operating and maintenance	2,971	(524)	(e),(f),(g),(h),(i)	2,505	(172)	(e),(g),(h),(i)
Depreciation and amortization	915	(35)	(h)	941	(114)	(h)
Taxes other than income	420			394		
Total operating expenses	7,392			6,294		
Gain on sales of assets	1			31		
Operating income	232			647		
Other income and (deductions)						
Interest expense, net	(436)	63	(g),(j)	(376)		
Other, net	205	(66)	(c),(j)	144	(89)	(c),(h)
Total other income and (deductions)	(231)			(232)		
Income before income taxes	1			415		
Income taxes	(72)	353	(b),(c),(d),(e),(f),(g),(h),(i),(j)	102	194	(b),(c),(d),(e),(f),(g),(h),(i)
Equity in losses of unconsolidated affiliates	(9)			(7)		
Net income	64			306		
Net income (loss) attributable to noncontrolling interests and preference stock dividends	(16)	(20)	(k)	39	(8)	(k)
Net income attributable to common shareholders	$ 80			$ 267		
Effective tax rate[1]	(7,200.0)%			24.6%		
Earnings per average common share						
Basic	$ 0.09			$ 0.29		
Diluted	$ 0.09			$ 0.29		
Average common shares outstanding						
Basic	934			924		
Diluted	936			926		
Effect of adjustments on earnings per average diluted common share recorded in accordance with GAAP:						
Mark-to-market impact of economic hedging activities (b)		$ 0.12			$ 0.20	
Unrealized gains related to NDT fund investments (c)		(0.05)			(0.03)	
Amortization of commodity contract intangibles (d)		0.01			0.01	
Merger and integration costs (e)		0.01			—	
Merger commitments (f)		—			—	
Long-lived asset impairments (g)		0.29			0.02	
Plant retirements and divestitures (h)		0.07			0.14	
Cost management program (i)		0.01			0.01	
Like-kind exchange tax position (j)		(0.03)			—	
CENG noncontrolling interest (k)		0.02			0.01	
Total adjustments		$ 0.45			$ 0.32	

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(a) Results reported in accordance with accounting principles generally accepted in the United States (GAAP).
(b) Adjustment to exclude the mark-to-market impact of Exelon's economic hedging activities, net of intercompany eliminations.
(c) Adjustment to exclude the unrealized gains and losses on NDT fund investments to the extent not offset by contractual accounting as described in the notes to the consolidated financial statements.
(d) Adjustment to exclude the non-cash amortization of intangible assets, net, primarily related to commodity contracts recorded at fair value related to the Integrys acquisition in 2016, and in 2017, the ConEdison Solutions and FitzPatrick acquisitions.
(e) Adjustment to exclude certain costs associated with mergers and acquisitions, including, if and when applicable, professional fees, employee-related expenses and integration activities related to the PHI acquisition in 2016, partially offset in 2016 at BGE and PHI by the anticipated recovery of previously incurred PHI acquisition costs, and in 2017, the PHI and FitzPatrick acquisitions.
(f) Adjustment to exclude costs incurred as part of the settlement orders approving the PHI acquisition.
(g) Adjustment to exclude charges to earnings related to the impairment of certain wind projects at Generation in 2016, and in 2017, impairments as a result of the ExGen Texas Power, LLC assets held for sale.

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(h) Adjustment to exclude accelerated depreciation and amortization expenses, increases to materials and supplies inventory reserves, charges for severance reserves and construction work in progress impairments associated with Generation's previous decision to early retire the Clinton and Quad Cities nuclear facilities in 2016, and Generation's decision to early retire the Three Mile Island nuclear facility in 2017, partially offset in 2016 by a gain associated with Generation's sale of the New Boston generating site.
(i) Adjustment to exclude reorganization costs, and in 2016 severance costs, related to a cost management program.
(j) Adjustment to excluded income tax, penalties and interest expenses in the second quarter of 2017 as a result of the finalization of the IRS tax computation related to Exelon's like-kind exchange tax position.
(k) Adjustment to eliminate from Generation's results of the noncontrolling interest related to CENG exclusion items, primarily related to the impact of unrealized gains and losses on NDT fund investments and mark-to-market activity.
(l) The effective tax rate related to Adjusted (non-GAAP) Operating Earnings is 36.8% and 31.6% for the three months ended June 30, 2017 and June 30, 2016, respectively. The effective tax rate for the three months ended June 30, 2017 is disproportionately impacted due to the decline in pre-tax GAAP earnings and changes in other reconciling items.

* * * *

If you have any questions regarding the foregoing, please contact me at (312) 394-4736.

Very truly yours,

/s/ Duane M. DesParte

Duane M. DesParte
Senior Vice President and Corporate Controller
Exelon Corporation

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CORRESP 1 filename1.htm

August 28, 2015

VIA EDGAR SUBMISSION AND COURIER

Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-3561
Attention: William H. Thompson

Re: Exelon Corporation
Form 10-K for the Fiscal Year Ended December 31, 2014
Filed February 13, 2015
Form 10-Q for the Quarterly Period Ended June 30, 2015
Filed July 29, 2015
File No. 1-16169

Ladies and Gentlemen:

We are writing in response to the comments contained in the Staff's letter dated August 14, 2015 (the "Comment Letter") with respect to Exelon Corporation's ("Exelon") Form 10-K for Fiscal Year Ended December 31, 2014, as filed with the Commission on February 13, 2015 ("2014 Form 10-K") and Form 10-Q for Quarterly Period Ended June 30, 2015, as filed with the Commission on July 29, 2015.

For the convenience of the Staff's review, we have set forth the comments contained in the Staff's Comment Letter along with Exelon's responses. The response to this letter is provided on a supplemental basis.

* * * *

Form 10-K for the Fiscal Year Ended December 31, 2014

Item 8. Financial Statements and Supplementary Data

Combined Notes to Consolidated Financial Statements

Consolidated Statements of Operations and Comprehensive Income

1. **Please tell us what consideration each registrant gave to separately presenting revenues and related costs and expenses applicable to revenues from tangible goods, services and other revenues pursuant to Rule 5-03 (b)(1) and (b)(2) of Regulation S-X.**

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Response:

Exelon is a utility services holding company engaged through its principal subsidiaries in the energy generation and energy distribution businesses.

Rate-Regulated Utility Registrants

Exelon's rate-regulated utility businesses include Commonwealth Edison Company (ComEd), PECO Energy Company (PECO), and Baltimore Gas and Electric Company (BGE) (collectively the rate-regulated utilities), each of which is a separate debt registrant. ComEd, PECO and BGE are primarily engaged in the purchase and rate-regulated retail sale of electricity and the provision of electric transmission and distribution services. PECO and BGE are also engaged in the purchase and rate-regulated retail sale of natural gas and the provision of natural gas distribution services. The rate-regulated utilities are public utilities under the applicable state public utility regulations and are subject to rate regulation by their respective state utility commissions. Additionally, the rate-regulated utilities are public utilities under the Federal Power Act subject to regulation by the Federal Energy Regulatory Commission (FERC).

Rule 5-03(b)(1) requires a registrant to state separately (a) net sales of tangible products; (b) operating revenues of public utilities or others; (c) income from rentals; (d) revenues from services; and (e) other revenues. Rule 5-03(b) also indicates that a public utility company using a uniform system of accounts or a form for annual report prescribed by federal or state authorities, or a similar system or report, shall follow the general segregation of operating revenues and operating expenses reported under Rule 5-03(b)(2) prescribed by such system or report. As noted above, all three of Exelon's rate-regulated utilities are subject to FERC and state public utility commission regulation which requires them to maintain their books and records in accordance with FERC's uniform system of accounts. The FERC uniform system of accounts requires operating revenues for public electric and natural gas utilities to be recorded within the single utility account 400 - Operating Revenues. As a result, we have historically reported all revenue from utility operations within a single line item on the face of the statement of operations and comprehensive income. Correspondingly, we have historically reported the expenses for the purchases of both electricity and natural gas for resale within a single line item within the operating expenses section of the statement of operations and comprehensive income. We believe the presentation of the rate-regulated utilities' operating revenues and expenses is consistent with the requirements in Rule 5-03(b)(1)(b) and Rule 5-03(b)(2)(b) for the operating revenues and expenses of public utilities.

Upon receiving this Comment Letter, we performed benchmarking of other public utilities with both rate-regulated electricity and natural gas operations. Pursuant to our review, to more closely align with our peers for comparability purposes, we will revise our presentation on the statements of operations and comprehensive income for PECO and BGE to reflect separately (1) operating revenues from the rate-regulated sale of electricity and operating revenues from the rate-regulated sale of natural gas, and (2) purchased power expense and purchased fuel expense within the operating expenses section of the statement of operations and comprehensive income. We will make this change for all periods presented beginning with the Form 10-K for the Fiscal Year Ending December 31, 2015 ("2015 Form 10-K"). We also note that separate disclosure of PECO and BGE's revenues from the rate-regulated sales of electricity and of natural gas has historically been provided within Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations. ComEd's operating revenues are derived only from the rate-regulated sale of electricity, and thus no similar change in presentation will be made.

Exelon Generation Registrant

Exelon Generation Company (Generation), a subsidiary of Exelon and a debt registrant, is primarily engaged in the physical delivery and marketing of electric generation capacity and natural gas, the provision of renewable and other energy-related products and services, and natural gas and oil exploration and production activities. For the year ended December 31, 2014, Generation's operating revenues of $17.4 billion consisted of electricity sales of approximately $14.2 billion, natural gas sales of approximately $3.0 billion, and other revenues of approximately $0.1 billion. Other revenues at Generation are derived primarily from oil and natural gas exploration and production activities, sales of home products and services, and sales of distributed generation and energy efficiency services. As noted in Item 1. General Business of the 2014 Form 10-K, Generation is a public utility under the Federal Power Act subject to regulation by the FERC. However, unlike ComEd, PECO and BGE, the prices that Generation charges its customers are not rates established by state public utility commissions or FERC. Generation prices its sales of electricity and natural gas for re-sale at market-based rates. Furthermore, Generation is not required to use a uniform system of accounts or a form for annual report prescribed by federal or state authorities segregating and reporting operating revenues and operating expenses by such system or report. Accordingly, Generation believes its historical practice of presenting its operating revenues from the sale of electricity and natural gas as a single line on the face of its statement of operations and comprehensive income is appropriate under Rule 5-03(b)(1)(b) as operating revenues of public utilities. Additionally, Rule 5-03 permits the aggregation of revenue classes if each class is not more than 10% of consolidated revenues. As such, Generation has also combined all other revenue classes into this single line item on the face of its statement of operations and comprehensive income.

Exelon Corporation Registrant

As noted, each of Exelon's principal subsidiaries (ComEd, PECO, BGE and Generation) is a public utility. Exelon's presentation of operating revenues in a single line item on the face of its consolidated statement of operations and comprehensive income accordingly is consistent with the guidance in Rule 5-03(b)(1)(b). At the same time, through our benchmarking, we noted that many, but not all, public companies similar to Exelon with both rate-regulated public utility revenues and non-rate regulated competitive public utility revenues present rate-regulated and non-rate regulated revenues separately on the face of their statements of operations and comprehensive income. Upon further reflection, we believe the separate presentation of rate-regulated public utility revenues and non-rate regulated competitive public utility revenues provides more transparency to financial statement users. As a result, beginning with the 2015 Form 10-K, we will separately present total operating revenues from rate-regulated utilities and total operating revenues from competitive businesses on the face of Exelon's consolidated statement of operations and comprehensive income for all periods presented. Similarly, Exelon will separately present rate-regulated purchased power and fuel expense and non-rate regulated purchased power and fuel expense. Exelon will not separately present on a consolidated basis the revenues or expenses associated with PECO's and BGE's sales of electricity and natural gas in accordance with Rule 5-03(b) as total consolidated sales of rate-regulated natural gas are less than 10% of Exelon's consolidated revenues.

16. Retirement Benefits (Exelon, Generation, ComEd, PECO and BGE), page 386

2. **Please tell us whether the defined benefit plans and other postretirement plans are multiemployer plans as defined in ASC 715-80-20 or multiple-employer plans as defined in ASC 715-30-20, and describe the characteristics of the plans that support your determination.**

Response:

Exelon sponsors single-employer pension and other postretirement benefit plans for its employees, including employees of its subsidiaries.

Exelon's subsidiaries account for their participation in Exelon's single-employer pension and other postretirement benefit plans as participation in multiemployer plans for purposes of their stand-alone financial statements (as disclosed on p. 395 of the 2014 Form 10-K). ASC 715-30-55-64 discusses parent-subsidiary arrangements and states that the subsidiaries should report their participation in the parent's overall single-employer pension plan as a participation in a multiemployer pension plan. As described in ASC 715-80-20, a multiemployer plan is "a pension or postretirement benefit plan to which two or more unrelated employers contribute, usually pursuant to one or more collective-bargaining agreements. A characteristic of multiemployer plans is that assets contributed by one participating employer may be used to provide benefits to employees of other participating employers since assets contributed by an employer are not segregated in a separate account or restricted to provide benefits only to employees of that employer". Exelon has a Master Trust with various sub-trusts supporting its pension and other postretirement benefit plans. The assets in the Master Trust and related sub-trusts are not legally segregated by subsidiary and can be used to provide benefits to eligible employees of any subsidiary participating in the plans. This structure supports Exelon's use of multiemployer accounting at the subsidiary financial statement level.

The availability of assets to participants of any subsidiary differentiates multiemployer plans from multiple-employer plans. As defined in ASC 715-30-20, a multiple-employer plan is "a pension plan or other postretirement benefit plan maintained by more than one employer but not treated as a multiemployer plan. Multiple-employer plans are generally not collectively bargained and are intended to allow participating employers, commonly in the same industry, to pool their plan assets for investment purposes and to reduce the cost of plan administration. A multiple-employer plan maintains separate accounts for each employer so that contributions provide benefits only for employees of the contributing employer. Multiple-employer plans may have features that allow participating employers to have different benefit formulas, with the employer's contributions to the plan based on the benefit formula selected by the employer." In addition to not segregating assets, Exelon also does not allow the participating subsidiaries to establish different benefit formulas. Exelon, as plan sponsor, determines the benefits available to employee plan participants across all of its subsidiaries. Therefore, it would not be appropriate for Exelon's subsidiaries to account for their participation in Exelon's single-employer plans as multiple-employer plans for purposes of their stand-alone financial reporting.

24. Segment Information (Exelon, Generation, ComEd, PECO and BGE), page 451

3. **We note that the regulated utilities generate revenues from the sale of electricity, distribution of gas and electricity, transmission of electricity and riders to recover costs incurred for regulatory programs and uncollectible accounts, among other sources. We also note that Generation generates revenues from gas and oil exploration and production activities, retail and wholesale electricity and gas sales, distributed generation, heating, cooling and cogeneration facilities, home improvements, sales of appliances and servicing of heating, air conditioning, plumbing, electrical and indoor quality systems. Please provide us with a summary of revenues from external customers for each product and service for each registrant. In addition, please tell us why you did not provide the disclosures in ASC 280-10-50-40.**

Response:

ASC 280-10-50-40 requires entity-wide disclosures related to products and services. The entity-wide disclosures pertain to those entities whose reportable segments are not based on products and services or geographic areas, and to reporting entities whose segment revenues are derived from a broad range of different products and services.

Rate-Regulated Utility Registrants

Consistent with the enhancements to the presentation of revenues on the face of the statements of operations as explained in the response to comment 1 above, PECO and BGE will revise their presentations within the Segment Information footnote to reflect separately operating revenues from the rate-regulated sale of electricity and operating revenues from the rate-regulated sale of natural gas for all periods presented beginning with the 2015 Form 10-K. Reference is made to the first table below for the 2014 operating revenue amounts for sales of rate-regulated natural gas and sales of rate-regulated electricity for each of the utility registrants.

Exelon Generation Registrant

We consider Generation's sale of competitive electricity and sale of competitive natural gas products and services as similar in nature, and thus believe grouping them into a single line item under operating revenues within our Segment Information footnote is consistent with the guidance in ASC 280-10-50-40. The second table below sets forth the products and services comprising Generation's 2014 operating revenues. As shown, operating revenues for the dissimilar products or services within Generation, such as oil and gas exploration and production activities, home products and services, distributed generation and energy efficiency, and proprietary trading activities, individually represent less than 1% of Generation's total operating revenues, and thus such amounts have not been separately reported within the Segment Information footnote.

While we believe our historical disclosure of operating revenues for Generation under ASC 280-10-50-40 has been appropriate as described above, we do acknowledge that in 2014 operating revenues for natural gas sales of $2.957 billion represented 17% of Generation's $17.393 billion total operating revenues. In 2013, natural gas sales operating revenues were $1.9 billion, or 12% of the total $15.6 billion. The absolute and proportional growth in the natural gas sales operating revenues is in part driven by Generation's acquisitions in 2014 of natural gas businesses, including Integrys Energy Services, Inc. Given the increasing significance of natural gas sales to Generation's overall business, and consistent with the expanded disclosures above for the rate-regulated utility registrants, Generation will revise its presentation within the Segment Information footnote for all periods presented beginning with the 2015 Form 10-K to separately disclose operating revenues from the competitive sale of electricity and operating revenues from the competitive sale of natural gas and/or other non-operating segment products and services as set forth in the second table below. Generation is in the process of evaluating the specific categorizations it will present in such expanded operating revenue disclosures. These expanded disclosures in the 2015 Form 10-K for both the rate-regulated utilities and for Generation will be presented in the Operating Revenues section of the table as set forth for 2014 in Footnote 24. Segment Information on page 453 in the 2014 Form 10-K.

As requested, the following tables set forth revenues from external customers by product and service for the rate-regulated utilities and Generation.

Summary of Revenues from External Customers (in millions)

	Rate-regulated Gas	Rate-regulated Electric	Non-Regulated	Eliminations	Total Operating Revenues For the Year Ended December 31, 2014
ComEd	$ —	$ 4,564	$ —	$ (4)	$ 4,560
PECO	646	2,448	—	(2)	3,092
BGE	705	2,460	—	(25)	3,140
Generation	—	—	17,393	(756)	16,637
Exelon	$ 1,351	$ 9,472	$ 17,393	$ (787)	$ 27,429

Detail of Generation Non-Regulated Revenues from External Customers
($ in millions)

Electricity	
Mid-Atlantic	$ 5,265
Mid-West	4,467
New England	1,417
New York	843
ERCOT	938
Other Regions	1,319
Total Reportable Segments	$14,249
Other Business Activities (Non-Operating Segments)	
Natural Gas	$ 2,957
Amortization of certain unamortized energy contracts	(289)
Unrealized mark to market activities	(174)
Distributed generation and energy efficiency	159
Home products and services	139
Oil and gas exploration and production activities	107
Proprietary trading activities	42
Other miscellaneous	203
Total Other Business Activities (Non-Operating Segments)	$ 3,144
Total Operating Revenues for the Year Ended December 31, 2014	$17,393

4. **Please tell us what consideration you gave to disclosing the factors used to identify reportable segments, including the basis of organization. Please refer to ASC 280-10-50-21a.**

Response:

Exelon's intention within its segment disclosures is to provide financial statement users insight as to how management views and operates the company; that is, to see the business through the eyes of management. The Registrants' reportable segments are based primarily upon how each chief operating decision maker (CODM) views and manages his or her respective business, including how the CODM assesses performance and allocates resources. We consider the types of financial information and operating results that are provided regularly to the CODM internally, as well as the information the company presents externally. Such factors are explained in our current disclosure of the Segment Information footnote in accordance with ASC 280-10-50-21a.

Generation

Management views and operates Generation's electricity business as an integrated business located in different geographic regions, largely representative of the footprints of an ISO/RTO and/or NERC region, with multiple supply sources (nuclear, fossil, renewables) and providing commodities (electric capacity, energy, ancillary products) through multiple distribution channels (wholesale and retail) in each region. Decisions in running the overall Generation business cannot be made by reviewing its activities separately due to the many interdependencies. For example, hedging strategies are employed at the regional level based on the overall exposure of the portfolio within each region. Hedge ratios and risk positions are reviewed by senior management by geographical region. Management decisions are focused around creating value for the entire portfolio and maximizing cash flows for Generation as a whole. Managing Generation's owned generating assets and customer-facing, contract based activities on an integrated basis helps to mitigate commodity price risk, reduce collateral requirements and improve overall operational efficiency.

Within the 2014 Form 10-K, Exelon indicated that the operating segments of the registrants are determined based on information used by the CODM in deciding how to evaluate performance and allocate resources. Generation further disclosed the basis of Generation's reportable segments as the geographic location of its assets, which is largely representative of the footprints of an ISO/RTO and/or NERC region. Upon further review, we have concluded additional language to further clarify the basis for Generation's reportable segments could be beneficial to financial statement users. As a result, Generation intends to enhance its Third Quarter 2015 Form 10-Q Segment Information footnote as follows:

> The basis for Generation's reportable segments is the integrated management of its electricity business located in different geographic regions, largely representative of the footprints of an ISO/RTO and/or NERC region, which utilize multiple supply sources to provide electricity through multiple distribution channels (wholesale and retail). Generation's hedging strategies and risk metrics are also aligned to these same geographic regions. ~~The foundation of Generation's six reportable segments is based on the geographic location of its assets, and is largely representative of the footprints of an ISO / RTO and/or NERC region.~~ Descriptions of each of Generation's six geographic reportable segments are as follows:
>
> - Mid-Atlantic represents operations in the eastern half of PJM, which includes Pennsylvania, New Jersey, Maryland, Virginia, West Virginia, Delaware, the District of Columbia and parts of North Carolina.
> - Midwest represents operations in the western half of PJM, which includes portions of Illinois, Indiana, Ohio, Michigan, Kentucky and Tennessee, and the United States footprint of MISO excluding MISO's Southern Region, which covers all or most of North Dakota, South Dakota, Nebraska, Minnesota, Iowa, Wisconsin, the remaining parts of Illinois, Indiana, Michigan and Ohio not covered by PJM, and parts of Montana, Missouri and Kentucky.
> - New England represents the operations within ISO-NE covering the states of Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.
> - New York represents operations within ISO-NY, which covers the state of New York in its entirety.
> - ERCOT represents operations within Electric Reliability Council of Texas, covering most of the state of Texas.
> - Other Power Regions:
> - South represents operations in the FRCC, MISO's Southern Region, and the remaining portions of the SERC not included within MISO or PJM, which includes all or most of Florida, Arkansas, Louisiana, Mississippi, Alabama, Georgia, Tennessee, North Carolina, South Carolina and parts of Missouri, Kentucky and Texas. Generation's South region also includes operations in the SPP, covering Kansas, Oklahoma, most of Nebraska and parts of New Mexico, Texas, Louisiana, Missouri, Mississippi and Arkansas.

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- West represents operations in the WECC, which includes California ISO, and covers the states of California, Oregon, Washington, Arizona, Nevada, Utah, Idaho, Colorado, and parts of New Mexico, Wyoming and South Dakota.
- Canada represents operations across the entire country of Canada and includes the AESO, OIESO and the Canadian portion of MISO.

Furthermore, as shown in the table of revenues for Generation's products and services provided in response to question #3 of this letter, the revenues for other business activities are relatively insignificant to Generation's total revenues, with the exception of wholesale and retail gas activities, which Generation has determined to not be an operating segment as the CODM does not regularly review measures of profitability for this activity. Taking this into consideration, we plan to also modify our Third Quarter 2015 Form 10-Q Segment Information footnote with regards to Generation's other business activities as follows:

> The CODMs for Exelon and Generation evaluate the performance of Generation's power marketing activities and allocate resources based on revenue net of purchased power and fuel expense (RNF). Generation believes that RNF is a useful measurement of operational performance. RNF is not a presentation defined under GAAP and may not be comparable to other companies' presentations or deemed more useful than the GAAP information provided elsewhere in this report. Generation's operating revenues include all sales to third parties and affiliate sales to ComEd, PECO, and BGE. Purchased power costs include all costs associated with the procurement and supply of electricity including capacity, energy and ancillary services. Fuel expense includes the fuel costs for Generation's owned generation and fuel costs associated with tolling agreements. ~~Generation's other business activities, including retail and wholesale gas, investments in gas and oil exploration and production activities, proprietary trading, compressed natural gas fueling stations, energy efficiency and cogeneration projects, sales of electric and gas appliances, servicing of heating, air conditioning, plumbing, electrical, indoor quality systems and home improvements, and investments in energy-related proprietary technology are not allocated to regions~~ The results of Generation's other business activities are not regularly reviewed by the CODM and as such are not operating segments and are not included in the regional reportable segment amounts. These activities include natural gas, as well as other miscellaneous business activities which are not significant to Generation's overall operating revenues or results of operations. Further, Generation's unrealized mark-to-market gains and losses on economic hedging activities and its amortization of certain intangible assets and liabilities relating to commodity contracts recorded at fair value from mergers and acquisitions are also not included in the regional reportable segment amounts ~~allocated to a region~~. Exelon and Generation do not use a measure of total assets in making decisions regarding allocating resources to or assessing the performance of these reportable segments.

Rate-regulated Utilities

ComEd, PECO and BGE are each considered a single operating segment as no lower level of profitability information is regularly reviewed by each respective CODM in assessing performance and allocating resources. Therefore, there is no aggregation of operating segments in determining the reportable segments. For reference, our disclosure is as follows:

> The CODMs for ComEd, PECO and BGE evaluate performance and allocate resources for the respective companies based on net income and return on equity for ComEd, PECO and BGE each as single integrated businesses.

We believe our current disclosure adequately conveys that ComEd, PECO and BGE are managed and assessed by each respective CODM from the perspective of a single, integrated business. Indeed, each utility maintains a targeted, overall capitalization structure, implements one overall annual financing plan, and measures performance on an entity-wide basis, primarily focusing on overall net income and overall return on equity measures of profitability.

Form 10-Q for the Quarterly Period Ended June 30, 2015

Item1. Financial Statements

Combined Notes to Consolidated Financial Statements

3. Variable Interest Entities (Exelon, Generation, ComEd, PECO and BGE), page 37

5. **We note that ESA Investco, LLC entered into an arrangement to purchase a 90% equity interest and 99% of the tax attributes of a distributed energy company that was determined to be a VIE for which Generation is not the primary beneficiary. In addition, we note you entered into an arrangement to purchase a 90% equity interest and 90% of the tax attributes of another distributed energy company that did not meet the definition of a VIE. In regard to these transactions, please explain to us in detail:**
   - **why ESA Investco is not the primary beneficiary of the VIE;**
   - **why the other distributed energy company did not meet the definition of a VIE;**
   - **how the investment in the VIE is accounted for and the basis in GAAP therefor; and**
   - **why Generation does not control the other distributed energy company given that Generation has a 90% equity interest in the entity.**

Response:

Generation has investments in two companies in which Bloom Energy Corporation (Bloom) is the co-owner. Bloom is a leading distributed power generation company with a proprietary fuel cell technology. One of Bloom's business models is to create project companies with a partner investor whereby Bloom allows the project company to utilize Bloom's proprietary technology for a finite period of time. The proprietary technology is the key driver of value for both Bloom and the project companies, and in order to protect the proprietary technology, Bloom retains control over the project company by maintaining decision-making authority over the daily operations and providing all services required to operate the company. Accordingly, Generation is essentially a passive financial investor in the project company.

For purposes of this discussion, we will refer to Generation's two project company investments as Bloom IV and Bloom V. Generation owns its interest in Bloom V through a wholly owned subsidiary, ESA Investco. For simplicity, we will discuss Generation's investment in Bloom V as if it owned its interest directly rather than through ESA Investco.

The most significant accounting consideration with respect to both of the Bloom investments was whether to account for and report the investments using consolidation accounting, equity method accounting, or cost method accounting. This involved evaluating the investments under both a Variable Interest model and a Voting Interest model. Decisions regarding consolidation accounting and VIE accounting are complex and involve professional judgment. Upon entering into these investments, we thoroughly evaluated the appropriate accounting and reviewed our conclusions with the audit committee of our board of directors.

The basis for our accounting is discussed in detail in the sections below, but a summary is presented in the following paragraphs.

Bloom V is a VIE because it is thinly capitalized; however, Generation is not the primary beneficiary of the VIE because it does not have the power to direct the activities that most significantly impact the VIE's economic performance. Accordingly, Generation does not consolidate its investment in Bloom V.

Bloom IV is not a VIE because Bloom IV is sufficiently capitalized and the holders of the equity investment at risk do not lack the characteristics of a controlling financial interest per ASC 810. Furthermore, from a voting rights perspective, Generation does not have control of the investee because it does not have voting rights or otherwise have the ability to control the company. Accordingly, it is not appropriate for Generation to consolidate Bloom IV, from either a VIE perspective or a voting rights perspective.

However, Generation does apply the equity method of accounting (rather than the cost method) for both Bloom IV and Bloom V because it has significant influence over the investees due to the significance of its economic interests and the protective rights to which it is entitled.

Generation's Investment in Bloom V:

Why Generation is not the primary beneficiary of the VIE

Per ASC 810-10-25, the primary beneficiary of a VIE has both of the following characteristics: (1) the power to direct the activities of a VIE that most significantly impact the VIE's economic performance and (2) the obligation to absorb losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE.

With respect to the first characteristic, by design Bloom V is structured to protect Bloom's proprietary technology by excluding Generation from being involved in the day-to-day operation of the company. The activities of Bloom V that most significantly impact its economic performance are the construction, operation, and maintenance of the power generating assets. Per the operating agreement, the minority owner, Bloom, not Generation, is the Managing Member of Bloom V. As the Managing Member, Bloom manages the day-to-day activities of Bloom V, including the construction, operation, and maintenance of the power generating assets. Bloom's interest in its proprietary technology is thus protected by Bloom having control of the day-to-day activities. Furthermore, through an administrative agreement, Bloom also manages the administrative side of Bloom V, including the accounting, forecasting, and budgeting. Thus, while Generation is the majority economic owner, by design Generation is a passive investor that does not have access to the proprietary technology and does not have the power to direct the activities that most significantly impact the economic performance.

Generation has protective rights (including the approval of tax elections, mergers, the issuance of loans, and the borrowing of funds) designed to protect its economic interest in Bloom V. Also, Generation provides significant economic funding to the company and in return receives the benefits of the tax attributes of Bloom V. Nevertheless, these interests do not represent the power to direct the activities that most significantly impact the entity's economic performance.

Accordingly, Generation is not the primary beneficiary of Bloom V pursuant to ASC 810-10-25.

How the investment in the VIE is accounted for and the basis in GAAP therefor

The investment in Bloom V is accounted for under the equity method of accounting.

Because Bloom V is thinly capitalized (meaning, the total equity investment at risk is not sufficient to permit the entity to finance its activities without additional subordinated financial support as defined in the accounting guidance), it is a VIE. However, because Generation is not the primary beneficiary, it does not consolidate Bloom V.

Per ASC 323, the equity method of accounting should be used in situations where an investor has the ability to exercise significant influence over the operating and financial policies of the investee. Typically, it is presumed that when an investor has an ownership interest of 20% or more of the voting stock of an investee, the investor has significant influence for purposes of applying equity method accounting.

While Generation does not have voting rights, it does have a 90% ownership interest in Bloom V, and it provides significant economic funding to Bloom V. In addition, Generation has protective rights which require Generation's approval in certain circumstances. These circumstances include (but are not limited to) entering into a new business or activity that is not within the defined purpose of the business, making any tax election other than what was agreed to in the operating agreement, admitting additional members, filing for bankruptcy, borrowing money, making loans to third parties, prepaying loans, and refinancing/modifying the terms of loans. Accordingly, Generation does have the ability to significantly influence Bloom V, and Generation accounts for its investment in Bloom V under the equity method.

Investment in Bloom IV (the "Other Distributed Energy Company"):

Why the other distributed energy company did not meet the definition of a VIE

An entity is subject to the Variable Interest Entity guidance if, by design, any of the conditions of ASC 810-10-15-14 exist. An entity would be considered to be a VIE if the equity investment at risk is not sufficient for the entity to finance its activities without additional subordinated financial support (ASC 810-10-15-14a) or if the holders of the equity investment at risk lack the characteristics of a controlling financial interest (ASC 810-10-15-14b).

As an equity interest holder in Bloom IV, Generation evaluated the sufficiency of the equity investment at risk and determined that Bloom IV was sufficiently capitalized (ASC 810-10-15-14a). This conclusion was supported by the fact that Bloom IV was able to obtain third-party financing without additional subordinated financial support from the equity holders. Furthermore, Generation determined that the equity holders of the investment at risk did not lack any of the characteristics of a controlling financial interest as detailed in ASC 810-10-15-14b. Accordingly, Bloom IV did not meet the definition of a VIE, and it is being accounted for under the voting interest model using equity method accounting.

Why Generation does not control the other distributed energy company given that Generation has a 90% equity interest in the entity

Majority-owned subsidiaries must be consolidated unless control does not rest with the majority owner. While a majority ownership interest of outstanding voting shares often indicates control, it is not the sole criterion for control under the relevant guidance. The definition of control in Regulation S-X Rule 1-02(g) includes "…the possession, direct or indirect, of the power to direct or cause the direction of management and policies of a person, whether through the ownership of voting in shares, by contract, or otherwise."

While Generation has a 90% equity interest in Bloom IV, it does not have voting rights and does not otherwise have the ability to direct the management of (i.e., control) the entity.

The control structure is similar to that of Bloom V discussed above. Per the operating agreement, the minority owner, Bloom, is the Managing Member of the company. As the Managing Member, Bloom manages the day-to-day activities of the company, including the construction, operation, and maintenance of the power generating assets. In addition, through an administrative agreement, Bloom manages the administrative side of the business, including the accounting, forecasting, and budgeting.

Also similar to Bloom V, Generation does have protective rights (including the approval of tax elections, mergers, the issuance of loans, and the borrowing of funds) designed to protect its economic interest in the company, but these rights do not represent the power to control the company. Also, Generation provides significant economic funding to the company and in return receives the benefits of the tax attributes of the company, but again this does not represent the ability to direct the management of the company.

Accordingly, Generation does not consolidate the entity and instead accounts for the investment under the equity method of accounting based on considerations similar to those discussed above for Bloom V.

* * * *

Exelon acknowledges that:

- the company is responsible for the adequacy and accuracy of the disclosure in the filing;
- staff comments or changes to disclosure in response to staff comments do not foreclose the Commission from taking any action with respect to the filing; and
- the company may not assert staff comments as a defense in any proceeding initiated by the Commission or any person under the federal securities laws of the United States.

If you have any questions regarding the foregoing, please contact me at (312) 394-4736.

Very truly yours,

/s/ Duane M. DesParte

Duane M. DesParte
Senior Vice President and Corporate Controller
Exelon Corporation

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a)
of the Securities Exchange Act of 1934
(Amendment No.)

Filed by the Registrant ☒ Filed by a Party other than the Registrant ☐

Check the appropriate box:

☐ Preliminary Proxy Statement

☐ **CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14a-6(e)(2))**

☒ Definitive Proxy Statement

☐ Definitive Additional Materials

☐ Soliciting Material Pursuant to §240.14a-12

EXELON CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

☒ No fee required.

☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

☐ Fee paid previously with preliminary materials.

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☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee

was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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NOTICE OF THE ANNUAL MEETING
AND 2013 PROXY STATEMENT

March 14, 2013

To the shareholders of Exelon Corporation:

Our Annual Meeting of Shareholders will be held on Tuesday, April 23, 2013 at 9:00 a.m. Eastern Time in the Sky Lobby Conference Center, 750 E. Pratt Street, Baltimore, Maryland to:

1) Elect director nominees named in the attached proxy statement;
2) Ratify PricewaterhouseCoopers LLP as Exelon's independent accountant for 2013;
3) Approve the compensation of our named executive officers as disclosed in the attached proxy statement;
4) Approve the amended and restated Employee Stock Purchase Plan; and
5) Conduct any other business that properly comes before the meeting.

Shareholders of record as of March 1, 2013 are entitled to vote at the annual meeting.

On or about March 14, 2013, we will mail to our shareholders a Notice Regarding the Availability of Proxy Materials, which will indicate how to access our proxy materials on the internet. By furnishing the Notice Regarding Availability of Proxy Materials, we are lowering the costs and reducing the environmental impact of our annual meeting.

Bruce G. Wilson
Senior Vice President,
Deputy General Counsel and Corporate Secretary

Your vote is important. We encourage you to vote promptly.
Internet and telephone voting are available through 11:59 p.m. Eastern Time on April 22, 2013.

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- Exelon Corporation Employee Stock Purchase Plan as Amended and Restated Effective July 1, 2013 A-1

Frequently Asked Questions

Why did I receive these proxy materials?

We are providing these proxy materials in connection with the solicitation by the board of directors of Exelon Corporation ("Exelon," the "company," "we," "us," or "our"), a Pennsylvania corporation, of proxies to be voted at our 2013 annual meeting of shareholders and at any adjournment or postponement.

You are invited to attend the annual meeting of shareholders. It will take place on April 23, 2013, beginning at 9:00 a.m., Eastern Time, in the Sky Lobby Conference Center, 750 E. Pratt Street, Baltimore, Maryland.

Can I access the Notice of Annual Meeting and Proxy Statement and the 2012 Financial Report on the Internet?

As permitted by SEC rules, we are making this proxy statement and our annual report available to shareholders electronically via the internet at www.proxyvote.com. On March 14, 2013, we began mailing to our shareholders a notice containing instructions on how to access this proxy statement and our annual report and how to vote online. If you received that notice, you will not receive a printed copy of the proxy materials unless you request it by following the instructions for requesting such materials contained on the notice.

In addition, shareholders may request to receive proxy materials in printed form or electronically by email on an ongoing basis. Exelon encourages shareholders to take advantage of the availability of the proxy materials on the internet in order to save Exelon the cost of producing and mailing documents to you, reduce the amount of mail you receive and help preserve resources.

Shareholders of Record: If you vote on the internet at www.proxyvote.com, simply follow the prompts for enrolling in the electronic delivery service.

Beneficial Owners: You also may be able to receive copies of these documents electronically. Please check the information provided in the proxy materials sent to you by your bank, broker or other holder of record regarding the availability of this service.

Do I need a ticket to attend the annual meeting?

You will need an admission ticket or proof of ownership to enter the annual meeting. You may present any of the following in order to enter: (1) the Notice Regarding Availability of Proxy Materials, which contains instructions on how to access this proxy statement; (2) the bottom half of your proxy card; or (3) if you received your proxy materials through the internet, the e-mail with your control number.

If your shares are held in the name of a bank, broker, or other holder of record and you plan to attend the meeting, you must present proof of your ownership of Exelon stock as you enter the meeting, such as a bank or brokerage account statement. If you would rather have an admission ticket, you can obtain one in advance by mailing a written request, along with proof of your ownership of Exelon stock, to:

> Annual Meeting Admission Tickets c/o Bruce G. Wilson, Senior Vice President, Deputy General Counsel and Corporate Secretary, Exelon Corporation, 10 South Dearborn Street, P.O. Box 805398 Chicago, Illinois 60680-5398.

Shareholders also must present a form of personal photo identification in order to be admitted into the meeting.

No cameras, audio or video recording equipment, similar electronic devices, large bags, briefcases or packages will be permitted into the meeting or adjacent areas. Cell phones and similar wireless communication devices will be permitted in the meeting only if turned off. All items brought into the meeting will be subject to search.

Who is entitled to vote at the annual meeting?

Holders of Exelon common stock as of 5:00 p.m. New York Time on March 1, 2013 are entitled to receive notice of the annual meeting and to vote their shares at the meeting. As of that date, there were 855,558,753 shares of common stock outstanding and entitled to vote. Each share of common stock is entitled to one vote on each matter properly brought before the meeting.

What is the difference between holding shares as a shareholder of record and as a beneficial owner?

If your shares are registered directly in your name with Exelon's transfer agent, Wells Fargo Shareowner Services, you are the "shareholder of record" of those shares. This Notice of Annual Meeting and Proxy Statement and accompanying documents have been provided directly to you by Exelon.

If your shares are held in a stock brokerage account or by a bank or other holder of record, you are considered the "beneficial owner" of those shares. This Notice of Annual Meeting and Proxy Statement and the accompanying documents have been forwarded to you by your broker, bank or other holder of record. As the beneficial owner, you have the right to direct your broker, bank or other holder of record how to vote your shares by using the voting instruction card or by following their instructions for voting by telephone or on the Internet.

How do I vote?

Your vote is important. We encourage you to vote promptly. Internet and telephone voting are available through 11:59 p.m. Eastern Time on April 22, 2013. You may vote in the following ways:

- **By Internet.** If you have internet access, you may vote by internet. You will need the control number included on your Notice Regarding the Availability of Proxy Materials, proxy card or voting instruction form ("VIF"), as applicable. You may vote in a secure manner at www.proxyvote.com 24 hours a day. You will be able to confirm that the system has properly recorded your votes, and you do not need to return your proxy card or VIF.
- **By Telephone.** If you are located in the United States or Canada, you can vote by calling the toll-free telephone number and following the recorded instructions. You will need the control number included on your Notice Regarding the Availability of Proxy Materials, proxy card or VIF, as applicable. You may vote by telephone 24 hours a day. The telephone voting system has easy-to-follow instructions and allows you to confirm that the system has properly recorded your votes. If you vote by telephone, you do not need to return your proxy card or your VIF.
- **By Mail.** If you are a holder of record and received a full paper set of materials, you can vote by marking, dating and signing your proxy card and returning it by mail in the postage-paid envelope provided. If you are a beneficial holder of shares held of record by a bank or broker or other street name, please complete and mail the VIF provided by the holder of record.
- **At the Annual Meeting.** If you are a shareholder of record and attend the annual meeting in person, you may use a ballot provided at the meeting to cast your vote. If you are a beneficial owner, you will need to have a legal proxy from your broker, bank or other holder of record in order to vote by ballot at the meeting.

May I revoke a proxy?

Yes. You may revoke a proxy at any time before the proxy is exercised by filing with the Corporate Secretary a notice of revocation, or by submitting a later-dated proxy by mail, telephone or electronically through the Internet. You may also revoke your proxy by attending the annual meeting and voting in person.

What is householding and how does it affect me?

Exelon has adopted a procedure approved by the SEC called "householding." Under this procedure, shareholders of record who have the same address and last name and do not participate in electronic delivery of proxy materials will receive only one copy of this Notice of Annual Meeting and Proxy Statement and the 2012 Annual Report, unless we are notified that one or more of these shareholders wishes to continue receiving individual copies. This procedure will reduce our printing costs and postage fees.

What are the voting requirements to elect the directors and to approve each of the proposals discussed in the Proxy Statement?

The presence of the holders of a majority of the outstanding shares of common stock entitled to vote at the annual meeting, in person or represented by proxy, is necessary to constitute a quorum.

Election of Directors: Majority Vote Policy

Under our Bylaws, directors must be elected by a majority of votes cast in uncontested elections. This means that the number of votes cast “for” a director nominee must exceed the number of votes cast “against” the nominee. In contested elections, the vote standard would be a plurality of votes cast.

Our Bylaws provide that, in an uncontested election, each director nominee must submit to the board before the annual meeting a letter of resignation that becomes effective only if the director fails to receive a majority of the votes cast at the annual meeting. The resignation of a director nominee who is not an incumbent director is automatically accepted by the board. The resignation of an incumbent director is tendered to the independent directors of the board for a determination of whether or not to accept the resignation. The board’s decision and the basis for the decision would be disclosed within 90 days following the certification of the final vote results.

Ratification of PricewaterhouseCoopers as Independent Accountant

The appointment of PricewaterhouseCoopers LLP as Exelon Corporation’s independent accountant requires an affirmative vote of a majority of shares of common stock represented at the annual meeting and entitled to vote thereon in order to be adopted.

Executive Compensation

The vote on executive compensation is advisory and is not binding on the company, the board of directors, or the compensation committee in any way, as provided by law. Our board and the compensation committee will review the results of the vote and will take it into account in making a determination concerning executive compensation consistent with our record of shareowner engagement.

Amended and Restated Employee Stock Purchase Plan

The approval of the amended and restated Employee Stock Purchase Plan requires an affirmative vote of a majority of shares represented at the annual meeting and entitled to vote thereon in order to be adopted.

How frequently will I have an opportunity to vote on executive compensation?

Every year. The Exelon board of directors has decided to hold the advisory vote on executive compensation annually until the next required vote on the frequency of shareholder votes on the compensation of executives.

Could other matters be decided at the annual meeting?

At the date this proxy statement went to press, we did not know of any matters to be raised at the annual meeting other than those referred to in this proxy statement.

Who will count the votes?

Representatives of Broadridge Financial Communications and Exelon’s Office of Corporate Governance will tabulate the votes and act as inspectors of the election.

Where can I find the voting results?

We will report the voting results in a Form 8-K to be filed with the SEC within four business days following the end of our annual meeting.

Who will pay for the cost of this proxy solicitation?

Exelon will pay the cost of soliciting proxies. Proxies may be solicited on our behalf by directors, officers or employees in person or by telephone, electronic transmission and facsimile transmission. We have hired Alliance Advisors, LLC to distribute and solicit proxies. We will pay Alliance Advisors, LLC a fee of $10,000 plus reasonable expenses for these services.

Communication with the Board of Directors

Process for Shareholder Communications with the Board

Shareholders and other interested persons can communicate with the Lead Director or with the independent directors as a group by writing to them, c/o Bruce G. Wilson, Senior Vice President, Deputy General Counsel and Corporate Secretary, Exelon Corporation, 10 South Dearborn Street, P.O. Box 805398, Chicago, Illinois 60680-5398. The board has instructed the Corporate Secretary to review communications initially and transmit a summary to the directors and to exclude from transmittal any communications that are commercial advertisements, other forms of solicitation, general shareholder service matters or individual service or billing complaints. Under the board policy, the Corporate Secretary will forward to the directors any communication raising substantial issues. All communications are available to the directors upon request. Shareholders may also report an ethics concern with the Exelon Ethics Hotline by calling 1-800-23-Ethic (1-800-233-8442). You may also report an ethics concern via the Internet at EthicsOffice@ExelonCorp.com.

Shareholder Proposals

If you want to submit a proposal for possible inclusion in next year's proxy statement, you must submit it in writing to the Corporate Secretary, Exelon Corporation, 10 South Dearborn Street, P.O. Box 805398, Chicago, Illinois 60680-5398. Exelon must receive your proposal on or before October 25, 2013. Exelon will consider only proposals meeting the requirements of the applicable rules of the Securities and Exchange Commission ("SEC"). Under our Bylaws, the proposal must also disclose fully all ownership interests the proponent has in Exelon and contain a representation as to whether the shareholder has any intention of delivering a proxy statement to the other shareholders of Exelon.

We strongly encourage any shareholder interested in submitting a proposal to contact our Corporate Secretary in advance of this deadline to discuss the proposal, and shareholders may want to consult knowledgeable counsel with regard to the detailed requirements of applicable securities laws. Submitting a shareholder proposal does not guarantee that we will include it in our proxy statement. Our corporate governance committee reviews all shareholder proposals and makes recommendations to the board for action on such proposals.

Additionally, under our Bylaws, for a shareholder to bring any matter before the 2014 annual meeting that is not included in the 2014 proxy statement, the shareholder's written notice must be received by the Corporate Secretary not less than 120 days prior to the first anniversary of the 2013 annual meeting, which will be December 24, 2013. Exelon's offices will be closed December 24 and 25, 2013 and therefore the deadline will be extended until December 26, 2013.

Director Nominations

A shareholder who wishes to recommend a candidate (including a self-nomination) to be considered by the Exelon corporate governance committee for nomination as a director must submit the recommendation in writing to the Chair of the Corporate Governance Committee, c/o Bruce G. Wilson, Senior Vice President, Deputy General Counsel and Corporate Secretary, Exelon Corporation, 10 South Dearborn Street, P.O. Box 805398, Chicago, Illinois 60680-5398. The corporate governance committee will consider all recommended candidates and self-nominees when making its recommendation to the full board of directors to nominate a slate of directors for election.

- **Nominations for 2013.** Under the Exelon Bylaws, the deadline has passed for a shareholder to nominate a candidate (or nominate himself or herself) for election to the board of directors at the 2013 annual meeting.
- **Nominations for 2014.** To nominate a candidate for election as a director or to stand for election at the 2014 annual meeting, a shareholder must either submit a recommendation to the corporate governance committee or provide the proper notice and the other information required by Exelon's Bylaws. The Bylaws currently require the following: (1) notice of the proposed nomination must be received by Exelon no later than October 25, 2013; (2) the notice must include information required under the Bylaws, including: (a) information about the nominating shareholder, (b) information about the candidate that would be required to be included in a proxy statement under the rules of the SEC, (c) a representation as to whether the shareholder intends to deliver a proxy statement to the other shareholders of Exelon, and (d) the signed consent of the candidate to serve as a director of Exelon, if elected. Exelon's Bylaws are amended from time to time. Please review the Bylaws on our website to determine if any changes to the nomination process or requirements have been made.

Availability of Corporate Documents

The Exelon Corporate Governance Principles, the Exelon Code of Business Conduct, the Exelon Amended and Restated Bylaws, and the charters for the audit, corporate governance, compensation and other committees of the board of directors are available on the Exelon website at www.exeloncorp.com, on the corporate governance page under the Investors tab. Copies may be printed from the Exelon website and copies are available without charge to any shareholder who requests them by writing to Bruce G. Wilson, Senior Vice President, Deputy General Counsel and Corporate Secretary, Exelon Corporation, 10 South Dearborn Street, P.O. Box 805398, Chicago, Illinois 60680-5398. In addition, our Articles of Incorporation, Compensation Consultant Independence Policy, Political Contributions Guidelines, biographical information concerning each director, and all of our filings submitted to the SEC are available on our website. Access to this information is free of charge to any user with internet access. Information contained on our website is not part of this proxy statement.

Corporate Governance at Exelon

Exelon is committed to maintaining the highest standards of corporate governance. We believe that strong corporate governance is critical to achieving our performance goals and maintaining the trust and confidence of investors, employees, customers, regulatory agencies and other stakeholders. The Corporate Governance Principles are revised from time to time to reflect emerging governance trends and to better address the particular needs of the company as they change over time. A summary of our Corporate Governance Principles is set forth below.

Corporate Governance Principles

Our Corporate Governance Principles, together with the board committee charters, provide the framework for the effective governance of Exelon. The board of directors has adopted our Corporate Governance Principles to address matters including qualifications for directors, standards of independence for directors, election of directors, responsibilities and expectations of directors, and evaluating board, committee and individual director performance. The Corporate Governance Principles also address director orientation and training, the evaluation of the chief executive officer and succession planning.

The Board's Function and Structure

Exelon's business, property and affairs are managed under the direction of the board of directors. The board is elected by shareholders to oversee management of the company in the long-term interest of all shareholders. The board considers the interests of other constituencies, which include customers, employees, annuitants, suppliers, the communities we serve, and the environment. The board is committed to ensuring that Exelon conducts business in accordance with the highest standards of ethics, integrity, and transparency.

Lead Director; Chairman of the Board

Exelon's Corporate Governance Principles establish the position of Lead Director. The Lead Director is an independent director elected by the independent directors of the Exelon board, upon the recommendation of the corporate governance committee, with responsibilities to act at any time when (1) the positions of chairman of the board and the chief executive officer are held by the same person; or (2) for other reasons the person holding the position of chairman of the board is not an independent director under the applicable director independence standards.

As specified in the Corporate Governance Principles, the role of the Lead Director includes:

- presiding at executive sessions of non-management or independent directors;
- calling meetings of the independent directors;
- serving as an advisor to the chairman and the chief executive officer ("CEO");
- functioning as the non-exclusive liaison between the non-management directors and the chairman and the CEO;
- adding items to agendas for board meetings;
- assuring the sufficiency of the time for discussion at board meetings;

- leading, in conjunction with the corporate governance and compensation committees, the process for evaluating the performance of the chairman and the CEO and determining their respective compensation;
- leading on corporate governance initiatives relevant to board and committee operations;
- in the event of the death or incapacity of the chairman of the board, serving as the acting chairman of the board until such time as a chairman of the board is selected;
- receiving and responding to mail addressed to the board of directors; and
- having such additional powers and responsibilities as the board of directors may from time to time assign or request.

Upon the completion of the merger between Exelon and Constellation Energy Group, Inc. ("Constellation") on March 12, 2012 (the "Merger"), the board of directors separated the positions of chairman of the board and chief executive officer. The board appointed Mayo A. Shattuck III to the position of executive chairman and Christopher M. Crane to the position of chief executive officer.

The board believes that Exelon has in place effective arrangements and structures to ensure that the company maintains the highest standard of corporate governance and board independence and independent board leadership and continued accountability of the chairman and the CEO to the board. These arrangements and structures include:

- 15 of the 17 directors on the board are independent and meet the independence requirements under the NYSE listing standards and the additional independence requirements under the company's Corporate Governance Principles.
- In 2012, the board elected William C. Richardson as the independent Lead Director. Dr. Richardson has been a member of our board since 2005. Dr. Richardson's responsibilities as Lead Director complement Mr. Shattuck's role as chairman and Mr. Crane's role as CEO while providing independent board leadership and the necessary checks and balances to hold the board, the chairman and the CEO accountable in their respective roles.
- The audit, compensation, corporate governance, energy delivery oversight, investment oversight and risk oversight committees are composed solely of and chaired by independent directors. The generation oversight committee is chaired by an independent director and includes Mr. Crane as a member of the committee.
- A significant portion of the business of the Exelon board is reviewed or approved by the board's committees, and the agendas of the board's committees are driven by the independent chairs through their discussions with management.
- The board agendas, in turn, are determined in large part by the committee agendas, and discussions at board meetings are driven to a significant degree by the reports the committee chairs present to the full board.
- The performance and compensation of the chairman and the CEO are reviewed annually by the full board in executive session under the leadership of the Lead Director and the corporate governance and compensation committees.

Information About the Board of Directors and Committees

The board of directors held eleven meetings during 2012. The board also attended a two-day strategy retreat with the senior officers of Exelon and subsidiary companies. All directors attended at least 75% of all board and committee meetings that they were eligible to attend, with an average attendance of 99.5% across all directors for all board and committee meetings. Although Exelon does not have a formal policy requiring attendance at the annual shareholders meeting, all directors generally attend the annual meeting and all of them did so in 2012.

The chairman and the CEO are invited guests and are welcome to attend all committee meetings, except when the independent directors meet in executive session, such as when they conduct performance evaluations or discuss the compensation of the chairman or the CEO, or both.

Upon the closing of the Merger, four directors who served on the Constellation board of directors were appointed to the Exelon board of directors. These directors were Ms. Ann Berzin and Messrs. Yves de Balmann, Robert Lawless and

Mayo Shattuck III. On March 12, 2012 the newly constituted Exelon board of directors made changes to the committee memberships and certain of the committee chairs. Mr. John W. Rowe and Dr. John M. Palms also retired from the Exelon board of directors on March 12, 2012.

Ms. Berzin and Messrs. de Balmann, Lawless and Shattuck were nominated and reelected to the Exelon board of directors at the Annual Meeting of Exelon's shareholders on April 2, 2012.

On December 31, 2012, Ms. Rosemarie B. Greco and Mr. M. Water D'Alessio retired from the Exelon board. On January 29, 2013, the Exelon board appointed Mr. Anthony K. Anderson to the Exelon board. Also, Mr. Don Thompson announced that he would not stand for reelection as a director at the 2013 Annual Meeting.

In 2012, seven standing committees assisted the board in carrying out its duties: the audit committee, the compensation committee, the corporate governance committee, the energy delivery oversight committee, the generation oversight committee, the investment oversight committee, and the risk oversight committee. The committees, their membership during 2012 and their principal responsibilities are described below:

Audit	Compensation	Corporate Governance	Energy Delivery Oversight	Generation Oversight	Investment Oversight	Risk Oversight
Anderson [1]	Canning (Chair) [7]	Canning	Berzin [2]	Crane	Gin	Berzin [2]
Berzin [2]	D'Alessio [8]	D'Alessio [6,8]	DeBenedictis (Chair)	DeBenedictis	Joskow	de Balmann [2]
Canning [3]	Greco [8]	DeBenedictis	Diaz	Diaz	Richardson	Diaz
de Balmann [2]	Lawless [2]	Gin	Greco [8]	Mies (Chair)	Rogers (Chair)	Gin [6]
Gin (Chair) [4]	Richardson	Greco [8]	Joskow	Palms [5]		Joskow
Joskow	Steinour	Lawless (Chair) [2]	Ridge			Mies
Mies	Thompson	Mies	Thompson			Palms [5]
Palms [5,6]		Palms [5]				Richardson [9]
Richardson		Richardson				Ridge
Steinour		Rogers				Rogers [9]
						Steinour (Chair) [2]

Notes to Committee Membership Table:
1) Anthony K. Anderson became a member of the audit committee effective March 1, 2013.
2) Effective March 12, 2012.
3) John A. Canning, Jr. resigned from the audit committee effective August 1, 2012.
4) Sue L. Gin was appointed chair of the audit committee effective March 12, 2012.
5) John M. Palms retired from the Exelon board effective March 12, 2012.
6) Chair through March 12, 2012.
7) John A. Canning, Jr. was appointed chair of the compensation committee effective January 1, 2013.
8) Rosemarie B. Greco and M. Walter D'Alessio retired from the Exelon board effective December 31, 2012.
9) Member through March 12, 2012.

Board Oversight of Risk

The company operates in a market and regulatory environment that involves significant risks, many of which are beyond its control. The company has an enterprise risk management group consisting of a Chief Risk Officer and a full-time staff of 161. The risk management group draws upon other company personnel for additional support on various matters related to the identification, assessment and management of enterprise risks. The company also has a risk management committee of company officers and other management personnel, who meet regularly to discuss matters related to enterprise risk management generally and particular risks associated with new developments or proposed transactions under consideration. Management of the company regularly meets with the Chief Risk Officer and the risk management committee to identify and evaluate the most significant risks of the businesses and appropriate steps to manage and

mitigate those risks. In addition, the Chief Risk Officer and risk management group perform an annual assessment of enterprise risks, drawing upon resources throughout the company for an assessment of the likelihood and magnitude of the identified risks. The Chief Risk Officer and senior executives of the company discuss those risks with the risk oversight and audit committees of the Exelon board of directors and, when appropriate, the Baltimore Gas & Electric Company ("BGE"), the Commonwealth Edison Company ("ComEd") and PECO Energy Company ("PECO") boards of directors. In addition, the Exelon board's generation oversight and energy delivery oversight committees, respectively, evaluate risks related to the company's generation and energy delivery businesses. The committees of the Exelon board regularly report to the full board on the committees' discussions of enterprise risks. In addition, the Exelon board regularly discusses enterprise risks in connection with consideration of emerging trends or developments and in connection with the evaluation of capital investments and other business opportunities.

Board/Committee/Director Evaluation

The board has a three-part annual evaluation process that is coordinated by the Lead Director and the corporate governance committee: committee self-evaluations; a full board evaluation; and the evaluation of the individual directors. The committee self-evaluations consider whether and how well each committee has performed the responsibilities in its charter, whether the committee members possess the right skills and experience to perform their responsibilities or whether additional education or training is required, whether there are sufficient meetings covering the right topics, whether the meeting materials are effective, and other matters. The full board evaluation considers the following factors, among others, in light of the committee self-assessments: (1) the effectiveness of the board organization and committee structure; (2) the quality of meetings, agendas, presentations and meeting materials; (3) the effectiveness of director preparation and participation in discussions; (4) the effectiveness of director selection, orientation and continuing education processes; (5) the effectiveness of the process for establishing the CEO's performance criteria and evaluating his performance; and (6) the quality of administrative planning and logistical support.

Individual director performance assessments involve a discussion among the Lead Director and other directors, including members of the corporate governance committee, using the performance expectations for directors contained in the Corporate Governance Principles. In addition, the Lead Director, the chairman of the corporate governance committee or the chairman of the board provides individual feedback, as necessary. The assessments focus on both strengths and opportunities for improvement.

Director Education

The board has a program for orienting new directors and providing continuing education for all directors that is overseen by the corporate governance committee. The orientation program is tailored to the needs of each new director depending on his or her level of experience serving on other boards and knowledge of the company or industry acquired before joining the board. New directors receive materials about Exelon, the board and board policies and operations and attend meetings with the CEO and executive vice presidents and members of their staff for a briefing on the executives' responsibilities, programs and challenges. New directors are also scheduled for tours of various company facilities, depending on their orientation needs (incumbent directors are also invited to participate in the site visits, if available).

Continuing director education is provided during portions of regular board and committee meetings and focuses on the topics necessary to enable the board to consider effectively issues before them at that time (such as new regulatory or accounting standards). The education often takes the form of "white papers," covering timely subjects or topics, which a director can review before the meeting and ask questions about during the meeting. The audit committee devotes a meeting each year to educating the committee members about new accounting rules and standards, and topics that are necessary to having a good understanding of our accounting practices and financial statements. The generation oversight committee uses site visits as a regular part of education for its members; the committee holds each meeting at a different generating station (nuclear, fossil or hydro) and the agenda always includes a briefing by local plant management, a tour of the facility and lunch with plant personnel. Continuing director education also involves individual directors' attendance at director education seminars. The company pays the cost for any director to attend outside director education seminars on corporate governance or other topics relevant to their service as directors.

Audit Committee

The audit committee is composed entirely of independent directors and is governed by a board-approved charter stating its responsibilities. The audit committee met ten times in 2012. Under its charter, the audit committee's principal duties include:

- Reviewing financial reporting, accounting practices and internal control functions;
- With the assistance of the risk oversight committee, reviewing and making recommendations to the full board regarding risk management policy and legal and regulatory compliance;
- Recommending the independent accountant;
- Approving the scope of the annual audits by the independent accountant and internal auditors; and
- Reviewing officers' and directors' expenses and compliance with Exelon's Code of Business Conduct.

The audit committee receives an annual report from the risk oversight committee regarding corporate risk management policy and other areas overseen by the risk oversight committee. On occasion, the audit and risk committees meet jointly to review areas of overlap between the two committees.

The committee meets outside the presence of management for portions of its meetings to hold separate discussions with the independent accountant, the internal auditors and the chief legal officer.

The board of directors has determined that each of the members of the audit committee is an "audit committee financial expert" for purposes of the SEC's rules.

The board of directors also has determined that each of the members of the audit committee is independent as defined by the rules of the NYSE and our Corporate Governance Principles.

Report of the Audit Committee

In fulfilling its responsibilities, the Exelon audit committee has reviewed and discussed the audited financial statements contained in the 2012 Annual Report on SEC Form 10-K with Exelon Corporation's management and the independent accountant. The Exelon audit committee discussed with the independent accountant the matters required to be discussed by Statement on Auditing Standards No. 61, as amended (AICPA, Professional Standards, Vol. 1. AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T. In addition, the Exelon audit committee has received the written disclosures and the letter from the independent accountant required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the audit committee regarding independence and has discussed with the independent accountant the independent accountant's independence.

In reliance on the reviews and discussions referred to above, the Exelon audit committee recommended to the Exelon board of directors (and the Exelon board of directors has approved) that the audited financial statements be included in Exelon Corporation's Annual Report on Form 10-K for the year ended December 31, 2012, for filing with the SEC.

The committee has a charter that has been approved by the Exelon board of directors.

February 18, 2013

The Audit Committee
Sue L. Gin, Chair
Ann C. Berzin
Yves C. de Balmann
Paul L. Joskow
Richard W. Mies
William C. Richardson
Stephen D. Steinour

Compensation Committee

The compensation committee is composed entirely of independent directors and is governed by a board-approved charter stating its responsibilities. The compensation committee met eight times in 2012.

The compensation committee's principal duties, as discussed in its charter, include:

- Ensuring that executive compensation levels and targets are aligned with, and designed to achieve, Exelon's strategic and operating objectives; and
- Reviewing recommendations from management and outside consultants and approving or recommending approval of matters of executive compensation for officers of Exelon and its subsidiaries, including base salary, incentive awards, equity grants, perquisites, and other forms of compensation.

Executive officers are involved in evaluation of the performance and development of initial recommendations with respect to compensation adjustments; however, the compensation committee (and the independent directors with respect to the compensation of executive vice presidents and higher officers) makes the final determinations with respect to compensation programs and adjustments. The executive chairman and the CEO are considered invited guests and are welcome to attend the meetings of the compensation committee, except when the compensation committee meets in executive session to discuss, for example, the executive chairman's or the CEO's own compensation. The executive chairman and the CEO cannot call meetings of the compensation committee.

Management, including the executive officers, makes recommendations as to goals for the incentive compensation programs that are aligned with Exelon's business plan. The compensation committee reviews the recommendations and establishes the final goals. The compensation committee strives to ensure that the goals are consistent with the overall strategic goals set by the board of directors (including the individual goals of subsidiaries, as appropriate), that they are sufficiently difficult to meaningfully incent management performance, and, if the targets are met, that the payouts will be consistent with the design for the overall compensation program. Executive officers take an active role in evaluating the performance of the executives who report to them, directly or indirectly, and in recommending the amount of compensation their subordinate executives receive. Executive officers review peer group compensation data for each of their subordinates in conjunction with their annual performance reviews to formulate a recommendation for base salary and whether to apply an individual performance multiplier to the subordinate executive's incentive payouts, and if so, the amount of the multiplier. Executive officers generally do not make recommendations with respect to annual and long-term incentive target percentages or payouts. The CEO reviews all of the recommendations of the executive officers before they are presented to the compensation committee. The human resources function provides to the compensation committee and the independent directors data showing the history of the compensation of the chairman and the CEO and data that analyzes the cost of a range of several alternatives for changes to the compensation of the chairman and the CEO, but the executive officers the chairman and the CEO do not make any recommendation to the compensation committee or the independent directors with respect to the compensation of the chairman or the CEO.

The compensation committee has delegated to the CEO the authority to make off-cycle awards to employees who are not subject to the limitations of Section 162(m), are not executive officers for purposes of reporting under Section 16 of the Securities Exchange Act of 1934, and are not executive vice presidents or higher officers of Exelon, provided that such authority is limited to making grants of up to 1,200,000 options in the aggregate, and 20,000 options per recipient in any year. The compensation committee reviews and ratifies these grants. On rare occasions, stock options are granted to new hires on the date they commence employment.

Compensation Consultant

Pursuant to the compensation committee's charter, the committee is authorized to retain and terminate, without board or management approval, the services of an independent compensation consultant to provide advice and assistance, as the committee deems appropriate. The committee has the sole authority to approve the consultant's fees and other retention terms, and reviews the independence of the consultant and any other services that the consultant or the consultant's firm may provide to the company. The chair of the compensation committee reviews, negotiates and executes an engagement letter with the compensation consultant. The compensation consultant directly reports to the committee. For many years the committee relied on Mr. Richard Meischeid of Pay Governance LLC as its independent compensation consultant.

In July 2012 the compensation committee determined that because of the changes to the company that resulted from the completion of the Merger with Constellation, it would be appropriate to conduct a request for proposal (RFP) process to determine whether to continue to retain Pay Governance as its independent consultant or to retain a different firm. Seven firms (including Pay Governance) were invited to participate in the RFP process; six firms responded. The RFP elicited information about the scope of services the firms would provide; their independence; their diversity; their understanding of the energy industry, Exelon's business environment, and specific executive compensation issues. After reviewing the responses to the RFP and meetings of three committee members with three of the responding firms, the committee determined in November 2012 to engage Semler Brossy Consulting Group, LLC and its Managing Principal Ms. Blair Jones as its consultant. In engaging Semler Brossy, the compensation committee considered the following factors in determining that Ms. Jones and the firm would be independent consultants and did not have any conflicts of interest:

- The compensation committee members who screened and interviewed the candidates determined that Semler Brossy offered the strongest and most responsive team and would provide the most reliable and cost-competitive advice through experience, research and benchmarking;
- Semler Brossy performs no other services for the company or its affiliates and received no other fees from the company;
- the firm's policies would preclude any of the firm's consultants providing services to the committee from owning any Exelon stock and none of the persons identified for the consulting team owned any Exelon stock;
- the firm has formal written policies designed to prevent conflicts of interest; and
- there were no relationships of the firm and its consultants and Exelon and its officers, directors or affiliates except that Ms. Greco, then the chair of the compensation committee, had known Ms. Jones in connection with her previous engagement as a consultant to the compensation committee at another company where Ms. Greco had served as a member of the compensation committee, and Dr. Richardson had known another consultant from the firm in connection with his consulting for the compensation committee at another company where Dr. Richardson had previously served as a director.

As part of its ongoing services to the compensation committee, the compensation consultant supports the committee in executing its duties and responsibilities with respect to Exelon's executive compensation programs by providing information regarding market trends and competitive compensation programs and strategies. In supporting the compensation committee, the compensation consultant does the following:

- Prepares market data for each senior executive position, including evaluating Exelon's compensation strategy and reviewing and confirming the peer group used to prepare the market data;
- Provides the committee with an independent assessment of management recommendations for changes in the compensation structure;
- Works with management to ensure that the company's executive compensation programs are designed and administered consistent with the committee's requirements; and
- Provides ad hoc support to the committee, including discussing executive compensation and related corporate governance trends.

Exelon's human resources staff and senior management use the data provided by the compensation consultant to prepare documents for use by the compensation committee in preparing their recommendations to the full board of directors or, in the case of the CEO and the executive chairman, the independent directors, on compensation for the senior executives. In addition to its general responsibilities, the compensation consultant attends the compensation committee's meetings, if requested. The committee, or Exelon's management on behalf of the committee, may also ask the compensation consultant to perform other executive and non-executive compensation-related projects. The committee has established a process for determining whether any significant additional services will be needed and whether a separate engagement for such services is necessary.

The committee adopted a formal compensation consultant independence policy in July 2009 that codified its past practices. The compensation consultant independence policy is available on the Exelon website at www.exeloncorp.com, under the investor relations tab. The purpose of the policy is to ensure that the advisers or

consultants retained by the committee are independent of the company and its management, as determined by the committee using its reasonable business judgment. The committee considers all facts and circumstances it deems relevant, such as the nature of any relationship between a compensation consultant, the compensation consultant's firm, and the company and the nature of any services provided by the compensation consultant's firm to the company that are unrelated to the compensation consultant's work for the committee. Under the policy, a compensation consultant shall not be considered independent if the compensation consultant or the compensation consultant's firm receives more than one percent of its annual gross revenues for services provided to the company. Under the policy, the compensation consultant reports directly to the chair of the compensation committee, and the committee approves the aggregate amount of fees to be paid to the compensation consultant or the compensation consultant's firm. The policy requires that the compensation consultant and any associates providing services to the compensation committee have no direct involvement with any other aspects of the compensation consultant's firm's relationship with Exelon (other than any director compensation services that may be performed for the corporate governance committee), and that no element of the compensation consultant's compensation may be based on any consideration of the revenues for other services that the firm may provide to Exelon. For 2012, the total fees paid to Pay Governance was $554,000, of which $6,000 was for additional services for Exelon unrelated to its service as consultant to the compensation committee and $183,000 was for additional services to a subsidiary of Constellation under an ongoing engagement that began before the Merger closed in March 2012. Such additional services were approved by management. For 2012, the total fees paid to Semler Brossy was $92,000; no fees were paid to Semler Brossy for additional services beyond its work as consultant to the compensation committee.

Compensation Committee Interlocks and Insider Participation

During fiscal 2012 and as of the date of this proxy statement, none of the members of the compensation committee was or is an officer or employee of the company, and no executive officer of the company served or serves on any compensation committee or board of any company that employed or employs any members of the company's compensation committee or board of directors.

Corporate Governance Committee

The corporate governance committee met four times in 2012. All members of the committee are independent directors.

In addition to its other duties described elsewhere in this proxy statement, the corporate governance committee's principal duties, as discussed in its charter, include:

- Reviewing and making recommendations on corporate, board and committee structure, organization, committee membership, functions, compensation and effectiveness;
- Monitoring corporate governance trends and making recommendations to the board regarding the Corporate Governance Principles;
- Identifying potential director candidates and coordinating the nominating process for directors;
- Coordinating the board's role in establishing performance criteria for the chairman and the CEO and evaluating the performance of the chairman and the CEO;
- Monitoring succession planning and executive leadership development;
- Overseeing Exelon's strategies and efforts to protect and improve the environment, including climate change, sustainability and the Exelon 2020 plan;
- Approving or amending delegations of authority for Exelon and its subsidiaries; and
- Overseeing Exelon's efforts to promote diversity among its directors, officers, employees and contractors.

The committee may act on behalf of the full board when the board is not in session. The committee utilizes an independent compensation consultant to assist it in evaluating directors' compensation, and for this purpose it periodically asks the consultant to prepare a study of the compensation of the company's directors compared to the directors of companies in the same peer group used for executive compensation. This study is used as the basis for the corporate governance committee's recommendations to the full board with respect to director compensation. The corporate governance committee may utilize other consultants, such as specialized search firms to identify candidates for director.

Energy Delivery Oversight Committee

The energy delivery oversight committee met four times in 2012.

The energy delivery oversight committee's principal duties, as discussed in its charter, include:

- Overseeing the operating utilities' (BGE, ComEd, PECO and Exelon Transmission Company) performance trends, compared to benchmarks, focusing on issues having cross-utility impact or opportunities for sharing best practices and lessons learned;
- Reviewing issues having significant impact on utility capital budgets and resource adequacy to meet utility service obligations;
- Overseeing the establishment of and compliance with policies and procedures for the management and mitigation of risks associated with the security and integrity of the transmission and distribution assets of BGE, ComEd, PECO and Exelon Transmission Company;
- Reviewing significant legislative, regulatory and investment and recovery strategies, focusing on those with potential multi-state or multi-utility impact;
- Reviewing significant labor and human relations policies or issues related to the operating utilities, focusing on those with potential cross-utility impact and sharing of best practices and lessons learned; and
- Reviewing significant environmental, health and safety policies or practices related to the operating utilities.

Generation Oversight Committee

The generation oversight committee met five times in 2012.

The generation oversight committee's principal duties, as discussed in its charter, include:

- Advising and assisting the full board in fulfilling its responsibilities to oversee the safe and reliable operation of all generating facilities owned or operated by Exelon or its subsidiaries, including those in which Exelon has significant equity or operational interests;
- Reviewing major investments and changes in strategy regarding the generating facilities;
- Reviewing the budget and business plans of Exelon Generation and monitoring its operating and financial performance;
- Overseeing the establishment of and compliance with policies and procedures to manage and mitigate risks associated with the security and integrity of Exelon Generation's assets; and
- Reviewing environmental, health and safety issues related to Exelon Generation.

Investment Oversight Committee

The investment oversight committee is responsible for general oversight of Exelon's investment management functions. The committee serves as a resource and advisory panel for Exelon's management-level investment management team and reports to the board.

The investment oversight committee met three times in 2012.

The investment oversight committee's principal duties, as discussed in its charter, include:

- Overseeing the management and investment of the assets held in trusts established or maintained by the company or any subsidiary for the purpose of funding the expense of decommissioning nuclear facilities;
- Monitoring the performance of the nuclear decommissioning trusts and the trustees, investment managers and other advisors and service providers for the trusts;
- Overseeing the evaluation, selection and retention of investment advisory and management, consulting, accounting, financial, clerical or other services with respect to the nuclear decommissioning trusts;

- Overseeing the evaluation, selection and appointment of trustees and other fiduciaries for the nuclear decommissioning trusts;
- Overseeing the administration of the nuclear decommissioning trusts; and
- Monitoring and receiving periodic reports concerning the investment performance of the trusts under the pension and post-retirement welfare plans and the investment options under the savings plans.

Risk Oversight Committee

The risk oversight committee met four times in 2012.

The risk oversight committee's principal duties, as discussed in its current charter, include:

- Overseeing the company's risk management functions;
- Reporting to the audit committee and to the full board regarding corporate risk management policy (including financial risks, legal and regulatory risks), power marketing, power trading risk management strategy, nuclear fuels procurement and performance, and the hedged condition of the generation portfolio; and
- Reviewing and approving risk policies relating to power marketing, hedging and the use of derivatives.

The risk oversight committee also monitors the financial condition, capital structure, financing plans and programs, dividend policy, treasury policies, and liquidity and related financial risks of Exelon and its major subsidiaries. The committee also oversees or approves the capital management and planning process, including capital investments, acquisitions and divestitures.

Director Independence

Under Exelon's Corporate Governance Principles, a substantial majority of the board must be composed of independent directors, as defined by the NYSE. In addition to complying with the NYSE rules, Exelon monitors the independence of audit and compensation committee members under rules of the SEC (for members of the audit and compensation committees) and the Internal Revenue Service (for members of the compensation committee). The board has adopted independence criteria corresponding to the NYSE rules for director independence and the following categorical standards to address those relationships that are not specifically covered by the NYSE rules:

1. A director's relationship with another company with which Exelon does business will not be considered a material relationship that would impair the director's independence if the aggregate of payments made by Exelon to that other company, or received by Exelon from that other company, in the most recent fiscal year, is less than the greater of $1 million or 5% of the recipient's consolidated gross revenues in that year. In making this determination, a commercial transaction will not be deemed to affect a director's independence, if and to the extent that: (a) the transaction involves rates or charges that are determined by competitive bidding, set with reference to prevailing market prices set by a well-established commodity market, or fixed in conformity with law or governmental authority; or (b) the provider of goods or services in the transaction is determined by the purchaser to be the only practical source for the purchaser to obtain the goods or services.
2. If a director is a current employee, or a director's immediate family member is an executive officer, of a charitable or other tax-exempt organization to which Exelon has made contributions, the contributions will not be considered a material relationship that would impair the director's independence if the aggregate of contributions made by Exelon to that organization in its most recent fiscal year is less than the greater of $1 million or 2% of that organization's consolidated gross receipts in that year. In any other circumstance, a director's relationship with a charity or other tax-exempt organization to which Exelon makes contributions will not be considered a material relationship that would impair the director's independence if the aggregate of all contributions made by Exelon to that organization in its most recent fiscal year is less than the greater of $1 million or 5% of that organization's consolidated gross receipts in that year. Transactions and relationships with charitable and other tax-exempt organizations that exceed these standards will be evaluated by the board to determine whether there is any effect on a director's independence.

Each year, directors are requested to provide information about their business relationships with Exelon, including other boards on which they may serve, and their charitable, civic, cultural and professional affiliations. We also gather

information on significant relationships between their immediate family members and Exelon. All relationships are evaluated by Exelon's Office of Corporate Governance for materiality. Data on transactions between Exelon and companies for which an Exelon director or an immediate family member serves as a director or executive officer are presented to the corporate governance committee, which reviews the data and makes recommendations to the full board regarding the materiality of such relationships for the purpose of assessing director independence. The same information is considered by the full board in making the final determination of independence.

Mr. Shattuck is not considered an independent director because of his recent employment as executive chairman. Mr. Crane is not considered an independent director because of his employment as chief executive officer of Exelon. Each of the other current Exelon directors and each director who retired in 2012 (other than Mr. Rowe) was determined by our board of directors to be "independent" under applicable guidelines presented above. The amounts involved in the transactions between Exelon and its subsidiaries, on the one hand, and the companies with which a director or an immediate family member is associated, on the other hand, all fell below the thresholds specified by the NYSE rules and the categorical standards specified in the company's Corporate Governance Principles. Because Exelon provides utility services through its subsidiaries BGE, ComEd, PECO and Constellation and many of its directors live in areas served by the Exelon subsidiaries, many of the directors are affiliated with businesses and charities that receive utility services from Exelon's subsidiaries. The corporate governance committee does not review transactions pursuant to which Exelon sells gas or electricity to these businesses or charities at tariffed rates. Similarly, because Exelon and its subsidiaries are active in their communities and make substantial charitable contributions, and many of Exelon's directors live in communities served by Exelon and its subsidiaries and are active in those communities, many of Exelon's directors are affiliated with charities that receive contributions from Exelon and its subsidiaries.

None of the directors or their immediate family members is an executive officer of any charitable organizations to which Exelon or its subsidiaries contribute. All such payments to charitable organizations were immaterial under the applicable independence criteria.

We describe below various transactions and relationships considered by the board in assessing the independence of Exelon directors.

Anthony K. Anderson

Mr. Anderson serves as a director of a public company that provides title insurance and settlement services to Exelon. In 2012, Exelon paid the company approximately $22 million. Mr. Anderson was first appointed to the Exelon board of directors in January 2013.

Ann C. Berzin

Ms. Berzin serves as a director of a public company that provides equipment and services to Exelon Generation. In 2012, Exelon paid that company approximately $413,000.

M. Walter D'Alessio

Mr. D'Alessio is the non-executive chairman and a director of a company that received $5,000,000 from Exelon for health care coverage for Exelon employees.

Nicholas DeBenedictis

Mr. DeBenedictis serves as the chairman, president and chief executive officer of a public utility company that received approximately $633,000 from Exelon for water supplies. Exelon made these purchases under tariffed utility rates.
Mr. DeBenedictis serves as a director of a company that received $5,000,000 from Exelon for health care coverage for Exelon employees.

Sue L. Gin

Ms. Gin is the chairman and chief executive officer of a company that is a customer of Exelon. The company paid Exelon approximately $600,000 in 2012 under contracts that were competitively bid.

Richard W. Mies

Admiral Mies serves as the director of a public company that provides services to Exelon Generation. In 2012, Exelon paid that company approximately $7,000,000.

Dr. William C. Richardson
Dr. Richardson serves as a director of a public company that provided financial services to Exelon. In 2012, Exelon paid the company approximately $2,450,000.

Thomas J. Ridge
Governor Ridge is a senior advisor to a major accounting firm that provided non-audit services to Exelon. In 2012, Exelon paid the firm approximately $29,200,000.

John W. Rogers, Jr.
Mr. Rogers served, during the first part of 2012, as a director of a company that provides benefit administration services to Exelon. In 2012, Exelon paid the company approximately $5,200,000. Mr. Rogers also serves a director of a company that is a customer of Exelon. The company paid Exelon approximately $11,500,000 in 2012. For additional information, see Related Person Transactions below.

Stephen D. Steinour
Mr. Steinour is the chairman, president and chief executive officer of a company that is a customer of Exelon. The company paid Exelon approximately $400,000 in 2012.

Don Thompson
Mr. Thompson is the president and chief executive officer of a company that is a customer of Exelon. The company paid Exelon approximately $11,500,000 in 2012. For additional information, see Related Person Transactions below.

Related Person Transactions
Exelon has a written policy for the review and approval or the ratification of related person transactions. Transactions covered by the policy include commercial transactions for goods and services and the purchase of electricity or gas at non-tariffed rates from Exelon or any of its subsidiaries by an entity affiliated with a director or officer of Exelon. The retail purchase of electricity or gas from BGE, ComEd or PECO at rates set by tariff, and transactions between or among Exelon or its subsidiaries are not considered. Charitable contributions approved in accordance with Exelon's Charitable Contribution Guidelines are deemed approved or ratified under the Related Persons Transaction policy and do not require separate consideration and ratification.

As required by the policy, the board reviewed all commercial, charitable, civic and other relationships with Exelon in 2012 that were disclosed by directors and executive officers of Exelon, BGE, ComEd and PECO, and by executive officers of Exelon Generation that required separate consideration and ratification. The Office of Corporate Governance collected information about each of these transactions, including the related persons and entities involved and the dollar amounts either paid by or received by Exelon. The Office of Corporate Governance also conducted additional due diligence, where required to determine the specific circumstances of the particular transaction, including whether it was competitively bid or whether the consideration paid was based on tariffed rates.

The corporate governance committee and the board reviewed the analysis prepared by the Office of Corporate Governance, which identified those related person transactions which required ratification or approval, under the terms of the policy, or disclosure under the SEC regulations. The corporate governance committee and the board considered the facts and circumstances of each of these related person transactions, including the amounts involved, the nature of the director's or officer's relationship with the other party to the transaction, whether the transaction was competitively bid and whether the price was fixed or determined by a tariffed rate.

The committee recommended that the board ratify all of the transactions. On the basis of the committee's recommendation, the board did so. Several transactions were ratified because the related person served only as a director of the affiliated company, was not an officer or employee of the affiliated company and did not have a pecuniary or material interest in the transaction. For some of these transactions, the value or cost of the transaction was very small, and the board considered the de minimis nature of the transaction as further reason for ratifying it. The board approved and ratified other transactions that were the result of a competitive bidding process, and therefore were considered fairly priced, or arms length, regardless of any relationship. The remaining transactions were approved by the board, even though the director is an executive officer of the affiliated company, because the transactions involved only retail electricity or gas purchases under set, tariffed rates or the price and terms were determined as a result of a

competitive bidding process. Only one of the related person transactions is required to be disclosed in this proxy statement.

McDonald's Corporation and its subsidiaries purchase both gas and electricity from Exelon in the ordinary course of business. McDonald's independently-owned and operated franchisees also purchase gas and electricity from Exelon in the ordinary course of business. Purchases from BGE, ComEd and PECO are at tariffed rates and therefore do not require disclosure. Gas purchases from Exelon are made based on fixed prices for contract quantities with differences settled at market prices based on an independent, publicly available index. Electricity purchases made from Exelon are fixed price for power in the ComEd Zone within the PJM Interconnection. In 2012, McDonald's USA procured electricity services from Exelon at market rates in the amount of approximately $6 million and gas services at market rates in the amount of approximately $342,000. McDonald's USA will procure electricity and gas from Exelon under the same agreements in 2013. Director Don Thompson is also President and Chief Executive Officer of McDonald's Corporation. Director John Rogers is also a director of McDonald's Corporation, of which McDonald's USA is a subsidiary.

The corporate governance committee and the Exelon board reviewed the sales at market prices to McDonald's as related person transactions and concluded that the transactions were in the best interests of Exelon because they involved the sale of electricity and gas in the ordinary course at prices based on independent, publicly available indices. There was no indication that either of Exelon's directors was involved in the negotiations of the contracts or had any direct or indirect material interest in the transactions or influence over them. As compared to Exelon's and McDonald's overall sales, the transactions are immaterial, individually and in the aggregate.

Director Nomination Process

The corporate governance committee serves as the nominating committee and recommends director nominees. The board of directors receives the proposed nominations from the corporate governance committee and approves the nominees to be included in the Exelon proxy materials that are distributed to shareholders.

The corporate governance committee considers all candidates for director, including directors currently serving on the board and candidates recommended by shareholders and others. The committee may also utilize specialized search firms to identify and assess potential candidates.

The committee determines the appropriate mix of skills and characteristics required to best fill the needs of the board and periodically reviews and updates the criteria as deemed necessary. The board believes that diversity in personal background, race, gender, age and nationality are important considerations in selecting candidates. All candidates are considered in light of the following standards and qualifications for director that are contained in the Exelon Corporate Governance Principles:

- Highest personal and professional ethics, integrity and values;
- An inquiring and independent mind;
- Practical wisdom and mature judgment;
- Broad training and experience at the policy-making level in business, government, education or technology;
- Expertise useful to Exelon and complementary to the background and experience of other Exelon board members;
- Willingness to devote the required amount of time to the duties and responsibilities of board membership;
- A commitment to serve over a period of years to develop knowledge about Exelon; and
- Involvement only in activities or interests that do not create a conflict with responsibilities to Exelon and its shareholders.

The satisfaction of these criteria is implemented and assessed through consideration of directors and nominees by the corporate governance committee and the board of directors and through the process for evaluation of the board's effectiveness. The corporate governance committee and the board believe that the criteria have been satisfied to create an effective mix of experience, skills, specialized knowledge, diversity, and other qualifications and attributes among members of the board of directors.

Composition of the Board of Directors and Committees

The corporate governance committee believes that the current membership of the board and the committees represents an effective mix of directors in terms of the range of backgrounds and experience and diversity. The current board consists of directors who range in age from 54 to 72, with an average age of 63 and a median age of 65.5. The tenure of the directors is similarly varied, with two directors having served since the company's creation in 2000, one since 2002, one since 2004, two since 2005, three since 2007, one since 2008, one since 2009, five since 2012 and one joining in 2013. Five directors come from the Chicago area, two from the Philadelphia area, and two from the Baltimore area, the company's three primary markets, while seven come from other parts of the country. Three directors are African-Americans, two are women, one is Hispanic, and one is Asian-American.

The current directors have a wide diversity of experiences that fill the needs of the board and its committees. Nine directors are current or former CEOs of corporations; one is the former CEO of a university. Two directors have strong nuclear experience. Six directors have experience in banking and investment management. Three have served in government and one has flag officer military experience. Individual directors have experience or expertise in accounting, utility and environmental matters, law, and the economics of energy.

In determining the membership of the committees, the corporate governance committee has sought to have each committee reflect a range of backgrounds and experience and diversity. Every member of the audit committee qualifies as an "audit committee financial expert", as defined by SEC rules, and most of the members serve or have served on audit committees of other companies. The chairs of the audit and risk oversight committees sit on each other's committees, and there is significant overlap in the membership of the committees reflecting the overlap in responsibilities. Similarly, the chairs of the corporate governance and compensation committees sit on each other's committees, which is helpful in the company's process for evaluating the performance and setting the compensation of the chairman or the CEO, or both. Almost all of the members of the corporate governance committee serve or have served on the corporate governance committees of other corporations. Several of the members of the compensation committee have served on the compensation committees of other corporations. The energy delivery oversight committee includes members with experience in utility operations, environmental matters, the economics of energy, law, and governmental affairs, facilitating the committee's oversight of the heavily-regulated energy delivery businesses. The investment oversight committee includes members with experience in investment banking and the economics of energy. The risk oversight committee includes members with experience in the economics of energy, nuclear operations, and banking and investment management, reflecting experience in dealing with the range of risks that the company faces. Biographical information about each of the directors and nominees follows.

Proposal 1: Election of Directors

Upon the recommendation of the corporate governance committee, the board nominated the following candidates for election as directors, each to serve a term ending with the annual meeting in 2014. Each of the following nominees has agreed to be named in this proxy statement and to serve as a director, if elected. If any director is unable to stand for election, the board may reduce the number of directors or designate a substitute. In that case, shares represented by proxies may be voted for a substitute director. Exelon does not expect that any director nominee will be unable to serve.

On December 31, 2012, Ms. Rosemarie Greco and Mr. M. Walter D'Alessio retired from the Exelon board of directors after twelve years of service to the board by each of them. On January 29, 2013, Mr. Don Thompson announced that he would not be standing for reelection to the Exelon board at the 2013 Annual Meeting. Mr. Thompson has served the Exelon board since 2007. In January 2013, Mr. Anthony Anderson was appointed to the Exelon board and will be standing for reelection at the 2013 Annual Meeting.

The board of directors recommends a vote "FOR" each of the director nominees below.

Anthony K. Anderson
Director since January 2013
Age 57

Member-Audit Committee (effective March 1, 2013)

In 2012, Mr. Anderson retired as the Vice Chair and Midwest Area Managing Partner of Ernst & Young, after a 35-year career with E&Y. In that capacity, Mr. Anderson oversaw a practice of 3,500 audit, tax, and transaction professionals serving clients throughout the Midwest. Mr. Anderson also served for six years in the Los Angeles area as managing partner of E&Y's Pacific Southwest region. Mr. Anderson also served as a member of E&Y's governing body, the Americas Executive Board. Mr. Anderson currently serves on the boards of AAR Corp. (aerospace and defense), where he serves on the audit and compensation committees; Avery Dennison Corporation (labeling and packaging materials); and First American Financial Corporation (financial services). Mr. Anderson also served as a director of the Federal Reserve Bank of Chicago from 2008-2010. Mr. Anderson is the chairman of the board of the Chicago Urban League. He is also a member of the boards of The Chicago Council on Global Affairs, the Lyric Opera of Chicago, The Field Museum of Chicago and the Chicago Symphony Orchestra. In Los Angeles, Mr. Anderson served as chairman of Town Hall Los Angeles, the Children's Bureau of Southern California, and the California Science Center. Mr. Anderson is a member of the American, California, and Illinois Institute of Certified Public Accountants. Mr. Anderson's experience as the vice chair of a global professional services firm and his training and experience as an audit partner and certified public accountant enhance his contribution to the Exelon board and add value to his service on the audit committee. As an African-American man, Mr. Anderson adds to the diversity of the Exelon board and enhances Exelon's diversity initiatives and community outreach.

Ann C. Berzin
Director since 2012
Age 60

Member-Audit Committee
Member-Energy Delivery Oversight Committee
Member-Risk Oversight Committee

Ms. Berzin has been a director of Exelon since March 12, 2012. Previously, Ms. Berzin served as a director of Constellation from 2008 through March 2012 when Constellation merged with Exelon. From 1992 to 2001, Ms. Berzin served as Chairman and Chief Executive Officer of Financial Guaranty Insurance Company (FGIC), an insurer of municipal bonds, asset-backed securities and structured finance obligations. Ms. Berzin joined FGIC in 1985 as its General Counsel following seven years of securities practice in New York City. Ms Berzin is a director of Ingersoll-Rand plc and a member of its audit and finance committees, and previously served as a director of Kindred Healthcare, Inc. (healthcare services) from 2006-2012. Ms. Berzin also serves as the chair of the Visiting Committee on the College and Student Activities at the University of Chicago. Ms. Berzin has broad business and executive leadership experience, as well as expertise in the financial services sector, which is particularly valuable in the area of risk management. Her risk management skills and expertise make her a valued member of the audit, energy delivery oversight and risk oversight committees.

John A. Canning, Jr.
Director since 2008
Age 68

Chair-Compensation Committee (effective January 1, 2013)
Member-Corporate Governance Committee

Mr. Canning is the Chairman and co-founder of Madison Dearborn Partners, LLC (MDP), which specializes in management buyout and special equity investing. MDP has raised investment funds with more than $18 billion in limited partner commitments from over 400 endowments, pension funds and other sophisticated investors. MDP has made significant investments in the energy and power industry. Prior to co-founding Madison Dearborn Partners, Mr. Canning spent 24 years with First Chicago Corporation, where he managed the bank's venture investments. Mr. Canning has over 30 years of experience in private equity investing, including reviewing financial statements and audit results and making investment and acquisition decisions. Mr. Canning is a former director and Chairman of the Federal Reserve Bank of Chicago, giving him insight into economic trends important to the business of Exelon. Mr. Canning also serves on the board of Corning, Inc., a specialty glass and ceramics producer. He is also a Commissioner of the Irish Pension Reserve Fund. Mr. Canning has also served on the board of directors of Jefferson Smurfit Group plc and on the audit committees of several charitable organizations, including the Irish Pension Reserve Fund. In addition to his business experience, he also has a law degree. Mr. Canning is a recognized leader in the Chicago business community with knowledge of the economy of the Midwestern United States and the northern Illinois communities that Exelon serves. Mr. Canning's business experience and service on the boards of other companies and organizations enable him to contribute to the work of the Exelon board. Mr. Canning's experience in banking and in managing investments, and his experience on the audit committees of other organizations, make him a valued member of the compensation and corporate governance committees.

Christopher M. Crane
Director since 2012
Age 54

Member-Generation Oversight Committee

Mr. Crane is President and Chief Executive Officer of Exelon Corporation since March 12, 2012. Previously, he served as President and Chief Operating Officer, Exelon; President and Chief Operating Officer, Exelon Generation since 2008. In that role, he oversaw one of the U.S. industry's largest portfolios of electric generating capacity, with a multi-regional reach and the nation's largest fleet of nuclear power plants. He directed a broad range of business including major acquisitions, transmission strategy, cost management initiatives, oversight of major capital programs, generation asset optimization and generation development. Mr. Crane is one of the leading executives in the electric utility and power industries. Mr. Crane has served as a director of Aleris International Inc. since 2010 (manufacture and sale of aluminum rolled and extruded products), where he serves on the compensation committee and as the chair of the nominating and corporate governance committee. He is a member of the executive committee of the Edison Electric Institute and the board of directors of the Institute of Nuclear Power Operations, the industry organization promoting the highest levels of safety and reliability in nuclear plant operation. He is vice chairman of the Nuclear Energy Institute, the nation's nuclear industry trade association, where he has also served as chairman of the New Plant Oversight Committee and as a member of the Nuclear Strategic Issues Advisory Committee, the Nuclear Fuel Supply Committee and the Materials Initiative Group.

Yves C. de Balmann
Director since 2012
Age 66

Member-Audit Committee
Member-Risk Oversight Committee

Mr. Yves C. de Balmann has been a director of Exelon since March 12, 2012. Mr. de Balmann served as a director of Constellation from 2003 through March 2012 when Constellation merged with Exelon. Mr. de Balmann served as the Co-Chairman of Bregal Investments LP, a private equity investing firm, from September 2002 through December 2012. He was Vice-Chairman of Bankers Trust Corporation, in charge of Global Investment Banking, until its merger with Deutsche Bank in 1999 when he became Co-Head of Deutsche Bank's Global Investment Bank, and Co-Chairman and Co-Chief Executive Officer of Deutsche Banc Alex. Brown from June 1999 to April 2001, and then a Senior Advisor to Deutsche Bank AG from April 2001 to June 2003. Mr. de Balmann is a director of Laureate Education, Inc. He also has served as a director of ESI Group, a technology company based in France, in the past five years. Mr. de Balmann has extensive experience in corporate finance, including the derivatives and capital markets, which contributes to his work on the Exelon audit and risk oversight committees.

Nicholas DeBenedictis
Director since 2002
Age 67

Chair-Energy Delivery Oversight Committee
Member-Corporate Governance Committee
Member-Generation Oversight Committee

Mr. DeBenedictis is the Chairman (since 1993), President and Chief Executive Officer (since 1992) of Aqua America Inc., a water utility with operations in 10 states. Aqua America is the second largest U.S.-based, publicly-traded water and wastewater company in the country. As CEO, Mr. DeBenedictis has experience in dealing with many of the same development, land use and utility regulatory issues that affect Exelon and its subsidiaries. Mr. DeBenedictis also has extensive experience in environmental regulation and economic development, having served in two cabinet

positions in the Pennsylvania government, as Secretary of the Pennsylvania Department of Environmental Resources and as Director of the Office of Economic Development. He also spent eight years with the U.S. Environmental Protection Agency. Mr. DeBenedictis is vice president of The Pennsylvania Society, a non-profit charitable organization which celebrates service to the Commonwealth of Pennsylvania and was President of the Greater Philadelphia Chamber of Commerce for three years. Mr. DeBenedictis has also served as a director of P.H. Glatfelter, Inc. (global supplier of specialty papers and engineered products) since 1995, where he currently serves as chairman of the finance committee and as a member of the compensation committee and formerly served as chair of the audit committee and as a member of the nominating and corporate governance committee. Mr. DeBenedictis served as a director of Met-Pro Corporation (global provider of solutions and products for product recovery, pollution control, and fluid handling applications) (1997-February 2010). While a director of Met-Pro, he served as presiding independent director, chair of the corporate governance and nominating committee and a member of the audit committee. Mr. DeBenedictis has a master's degree in environmental engineering and science. As a leader in the greater Philadelphia business community, he has knowledge of the communities and local economies served by PECO. Mr. DeBenedictis' contribution to the Exelon board is enhanced by his experience as the CEO of a public company, his experience on the boards of other companies, his experience as a utility executive, and his experience with environmental regulation, all of which bring useful perspectives to the Exelon board's energy delivery oversight committee and the generation oversight committee. His experience as the presiding director and chair of the corporate governance committee of another public company offer additional insight to the functions of the Exelon corporate governance committee.

Nelson A. Diaz
Director since 2004
Age 65

Member-Energy Delivery Oversight Committee
Member-Generation Oversight Committee
Member-Risk Oversight Committee

Judge Diaz is a contract partner at Dilworth Paxson LLP, a Philadelphia-based regional law firm. Previously, he was Of Counsel to Cozen O'Connor from May 2007 through June 2011. He was also previously a partner of Blank Rome LLP (a law firm), from March 2004 through May 2007, and from February 1997 through December 2001. He served as the City Solicitor for the City of Philadelphia from December 2001 through January 2004, and Judge of the Court of Common Pleas, First Judicial District of Pennsylvania (1981-1993), where he served as Administrative Judge responsible for supervising judges and staff and managing the budget. Judge Diaz also served as General Counsel, United States Department of Housing and Urban Affairs (1993-1997). He serves as a director of PECO and formerly served as Chairman of the board of trustees of Paradigm Multi Strategy Fund I, LLC. Judge Diaz is a Trustee of Temple University. His undergraduate education was in accounting, and he has participated in a number of seminars and conferences on corporate governance. Judge Diaz's legal and governmental experience at the federal level and in a city and state where a significant portion of Exelon's business is conducted has enabled him to contribute to the board and its committees on matters related to federal, state and local regulation and public policy. In addition, Judge Diaz's Puerto Rican heritage adds diversity to the Exelon board. He serves on the boards of the National Association for Hispanic Elderly and the National Foundation for Credit Counseling. Judge Diaz is also a member of the President's Commission on White House Fellowships. He is active in Philadelphia government and community affairs and neighborhood development and has made contributions to Exelon's outreach to diverse groups within Philadelphia and neighboring communities. Judge Diaz serves on the Exelon board's energy delivery, generation, and risk oversight committees, where his experience in legal matters and government regulation is best utilized in overseeing Exelon's business operations and the legal and regulatory risks that Exelon faces.

Sue L. Gin
Director since 2000
Age 71

Chair-Audit Committee (effective March 12, 2012)
Member-Corporate Governance Committee
Member-Investment Oversight Committee
Member-Risk Oversight Committee (served as Chair until March 12, 2012)

Ms. Gin chairs the audit committee and serves on the corporate governance, investment oversight and risk oversight committees. Ms. Gin has also served since 2000 as a director of ComEd, an Exelon subsidiary. Ms. Gin also serves on the board of Servair, the global Air France catering arm. She is on the board of The Foundation for the National Archives, Washington, D.C. Ms. Gin's Chicago-area board memberships include DePaul University, The Field Museum, Chicago Botanic Gardens and Rush University Medical Center. A Chicago-based entrepreneur, Ms. Gin is the founder (1983), owner, chairman and CEO of Flying Food Group LLC, a leading wholesale food production company with 17 U.S. kitchens providing passenger meals to over 70 leading airlines – primarily international – and to retail partners in grocery, food service and specialty markets. She is also president and founder of New Management Ltd., a real estate sales, management and development firm with strategic Chicago-area commercial and residential holdings. Ms. Gin brings diversity to the Exelon board and helps advance the company's diversity initiatives and community outreach.

Paul L. Joskow, Ph. D.
Director since 2007
Age 65

Member-Audit Committee
Member-Energy Delivery Oversight Committee
Member-Investment Oversight Committee
Member-Risk Oversight Committee

Professor Joskow has been the President of the Alfred P. Sloan Foundation since January 1, 2008. The Sloan Foundation is a philanthropic institution that supports research and education in science, technology and economic performance. He is also the Elizabeth and James Killian Professor of Economics, Emeritus, at the Massachusetts Institute of Technology (MIT). Professor Joskow joined the MIT faculty in 1972 and served as head of the MIT Department of Economics (1994-1998) and Director of the MIT Center for Energy and Environmental Policy Research (1999-2007). At MIT he was engaged in teaching and research in the areas of industrial organization, energy and environmental economics, competition policy, and government regulation of industry for over 35 years. Much of his research and consulting activity has focused on the electric power industry, electricity pricing, fuel supply, demand, generating technology, and regulation. He is a Fellow of the American Academy of Arts and Sciences and the Econometric Society. He has served on the U.S. Environmental Protection Agency's (EPA) Acid Rain Advisory Committee, on the Environmental Economics Committee of EPA's Science Advisory Board, and on the National Commission on Energy Policy. He is the Chair of the National Academies Board on Science, Technology and Economic Policy. He is also a Trustee of the Putnam Mutual Funds. In addition to his teaching, research, publishing and consulting activities, he has experience in the energy business, serving as a director of New England Electric System, a public utility holding company (1987-2000), until it was acquired by National Grid. He then served as a director of National Grid plc, an international electric and gas utility holding company, and one of the largest investor-owned utilities in the world (2000-2007). Since 2004 he has been a director of TransCanada Corporation, which is an energy infrastructure company with oil and gas pipelines, electric power operations, and natural gas storage facilities. He currently serves on the audit and governance committees of TransCanada. He previously served on the audit committee of National Grid (2000-2005) and was chair of its

finance committee until 2007. He also served on the audit committee of New England Electric System and as the chair of the audit committee of the Putnam Mutual Funds (2002-2005). With his experience in the energy industry and economics, Mr. Joskow makes a contribution to the Exelon board discussions of economics, energy markets, energy policy, industry trends, and risk and the work of the audit, risk oversight, and energy delivery oversight committees in these fields.

Robert J. Lawless
Director since 2012
Age 66

Chair-Corporate Governance Committee (effective March 12, 2012)
Member-Compensation Committee

Mr. Robert J. Lawless has been a director of Exelon since March 12, 2012. Mr. Lawless served as a director of Constellation from 2002 through March 2012 when Constellation merged with Exelon. Mr. Lawless served as Chairman of the Board of McCormick & Company, Inc. (food manufacturing industry) from January 1997 until March 2009, having also served as President until December 2006 and Chief Executive Officer until January 2008, and is now retired. He is also a director of The Baltimore Life Insurance Company where he serves as the chair of the governance committee and serves on the compensation committee. Mr. Lawless is the retired chairman and a past director of the Kennedy Kreiger Institute. He also serves as a director of the Maryland Business Roundtable for Education, Inc. and London Health Services. Mr. Lawless has extensive executive leadership and strategic planning experience. As a former chief executive officer of a public company, he provides a critical perspective on issues affecting public companies. With his experience as a former chief executive officer and a member of other governance and compensation committees, Mr. Lawless brings valuable insight and contributions to the compensation committee and his role as the chair of the corporate governance committee.

Richard W. Mies
Director since 2009
Age 68

Chair-Generation Oversight Committee
Member-Audit Committee
Member-Corporate Governance Committee
Member-Risk Oversight Committee

Admiral Mies has experience in oversight of nuclear operations, with a combination of nuclear, policy and business experience gained through military service and providing strategic counsel on national security. He is President and Chief Executive Officer of The Mies Group, Ltd., a private consulting firm. Admiral Mies retired from the United States Navy in 2002 following 35 years of service. A nuclear submariner, Admiral Mies has a wide range of operational command experience; he commanded the United States Strategic Command for four years prior to his retirement. Following his military service, Admiral Mies served as a Senior Vice President of Science Applications International Corporation and as President and Chief Executive Officer of its wholly-owned subsidiary, Hicks and Associates, until September 2007. Admiral Mies served from 2008 to 2010 as a director of McDermott International, Inc., an engineering and construction company focused on energy infrastructure, where he served on the audit and governance committees. In 2010, he transitioned to the Babcock & Wilcox Company board when that company spun off from McDermott International. He is chair of the Babcock & Wilcox board's safety and security committee and serves on the governance committee. Since 2002 has served as a director of Mutual of Omaha, an insurance and banking company, where he served on the audit committee (2002-2007), as chair of the corporate governance committee and currently serves as a member of the investment, audit and executive committees. He is also a member of the Board of Governors of Los Alamos and Lawrence Livermore National Security LLCs. In

addition to an undergraduate degree in mechanical engineering and mathematics, he has a master's degree in government administration and international relations. Admiral Mies makes a contribution to the Exelon board through his experience with the Navy and in business and his experience on boards of other companies. He contributes to Exelon's generation and risk oversight committees through his training as an engineer and his experience with nuclear power. His contributions to the audit committee and corporate governance committees are enhanced by his business experience and his experience on the corporate governance and audit committees of other companies.

William C. Richardson, Ph. D.
Director since 2005
Age 72

Lead Director
Member-Audit Committee
Member-Compensation Committee
Member-Corporate Governance Committee
Member-Investment Oversight Committee

Dr. Richardson serves as Lead Director. Dr. Richardson is the President and Chief Executive Officer Emeritus of the W.K. Kellogg Foundation, a private foundation, and the President and Chief Executive Officer Emeritus of Johns Hopkins University. Dr. Richardson served as the President and CEO of the W. K. Kellogg Foundation until his retirement (1995-2005). He also served as chairman of the Kellogg Trust (1996-2007). In that position he and two other trustees directly oversaw the management of an approximately $7.7 billion fund, including a significant position in Kellogg Company (cereal and convenience foods). He was the President of Johns Hopkins University (1990-1995), and Executive Vice President and Provost of Pennsylvania State University (1984-1990). He is a member of the Institute of Medicine, National Academy of Sciences. Dr. Richardson has served as a director of The Bank of New York Mellon Corporation since 1998; of CSX Corporation (railroad) (1992-2008); and of Kellogg Company (1996-2007). Dr. Richardson serves on the audit and corporate governance and nominating committees of Bank of New York Mellon Corporation, and previously served on the audit, governance, and compensation committees of CSX. He was chair of the governance and compensation committees and lead director of CSX, and chair of the finance committee of Kellogg. Dr. Richardson has an MBA and PhD. from the University of Chicago Graduate School of Business. Dr. Richardson's experience as CEO of a large international research university and in leading a large investment fund and serving as a director of three major corporations and as a member of their governance, audit, risk and compensation committees make him qualified to serve as a director of Exelon. Through his experience, including experience on the committees of other organizations, Dr. Richardson contributes to the work of the Exelon audit, compensation, corporate governance, and investment oversight committees.

Thomas J. Ridge
Director since 2005
Age 67

Member-Energy Delivery Oversight Committee
Member-Risk Oversight Committee

Governor Ridge is President of Ridge Global LLC, a consulting firm. Formerly, he served as Secretary of the United States Department of Homeland Security from January 2003 through January 2005, and Assistant to the President for Homeland Security, an Executive Office created by President George W. Bush, from October 2001 through December 2002. He served as Governor of the Commonwealth of Pennsylvania (1994-October 2001) and in the U.S. House of Representatives (1982-1994). Governor Ridge is also a director of Lifelock (identity theft protection) since 2012 where he currently serves on the audit committee and The Hershey Company (chocolate and sugar confectionery) since 2007, serving on the finance and risk

management and governance committees. Governor Ridge previously served as a director of Brightpoint, Inc. from 2009 to 2012, where he served on the strategy committee; Vonage Holdings Corp. (software technology for voice and messaging services) (2005-2011), where he served on the nominating and governance and compensation committees; and from 2005-2007 he served as a director of Home Depot Corporation (home improvement specialty retailer). He also serves as a director of PECO. Governor Ridge is also a director of the National Organization for Disability. Governor Ridge's governmental service at the federal level and in Pennsylvania is valued by the board. His Department of Homeland Security experience provides valuable insight into issues relating to the security of Exelon's generation and transmission and distribution facilities. His service as a director of other companies brings additional perspective to the Exelon board. Exelon's energy delivery oversight committee benefits greatly from Governor Ridge's insights from his experience in state government and his expertise on matters relating to the security of critical infrastructure.

John W. Rogers, Jr.
Director since 2000
Age 54

Chair-Investment Oversight Committee
Member-Corporate Governance Committee

Mr. Rogers is the founder, Chairman and CEO of Ariel Investments, LLC, an institutional money management firm with $5 billion in assets under management, and serves as trustee of the Ariel Investment Trust. Since 2003, he has served as a director of McDonald's Corporation (global foodservice retailer) where he has served on the compensation and corporate responsibility committees. Previously, he served as a director of Aon Corporation (risk management services, insurance and reinsurance brokerage and human capital and management consulting services) (1993-2012), where he served on the finance committee and as chair of the audit committee; GATX corporation (rail, marine and industrial equipment leasing) (1998-2004), where he served on the audit committee; Bank One Corporation (bank) (1998-2004), where he served on the audit and risk management and public responsibility committees; and Bally Total Fitness (fitness and health clubs) (2003-2006), where he served as the lead independent director and as chair of the compensation committee. Mr. Rogers' experience on the boards of a number of major corporations based in Chicago in a variety of industries has made him a leader in the Chicago business community with perspective into Chicago business developments. His role in Chicago's and the nation's African-American community brings diversity to the board and emphasis to Exelon's diversity initiatives and community outreach. His experience in investment management and financial markets and as a director of an insurance brokerage and services company are useful to Exelon, particularly with respect to risk management and the management of Exelon's extensive nuclear decommissioning and pension and post-retirement benefit trust funds, which are overseen by the investment oversight committee, which he chairs. Mr. Rogers' service on the boards and committees of other companies has given him experience that adds further depth to the Exelon corporate governance committee. He has spoken at and participated in a number of corporate governance conferences. He was named by the Outstanding Directors Exchange as one of six 2010 Outstanding Directors.

Mayo A. Shattuck III
Director since 2012
Age 58

Mr. Shattuck is the Chairman of Exelon Corporation. He served as Executive Chairman from March 2012 through February 2013. Prior to joining Exelon, Mr. Shattuck was the Chairman, President and Chief Executive Officer of Constellation, a position he held from 2001 to March 2012. Mr. Shattuck was previously at Deutsche Bank, where he served as Chairman of the Board of Deutsche Bank Alex. Brown and, during his tenure, served as Global Head of Investment Banking and Global Head of Private Banking. From 1997 to 1999, he served as Vice Chairman of Bankers Trust

Corporation, which merged with Deutsche Bank in June 1999. From 1991 until 1997, Mr. Shattuck was President and Chief Operating Officer and a Director of Alex. Brown Inc., which merged with Bankers Trust in September 1997. Mr. Shattuck is the immediate past Chairman of the Board of the Institute of Nuclear Power Operations and is a member of the Executive Committee of the Board of Edison Electric Institute. He is also Co-Chairman of the Center for Strategic & International Commission on Nuclear Policy in the United States. He currently serves on the board of directors for Gap Inc. and is chairman of its audit and finance committee. He also serves as a director for Capital One Financial Corporation, where he is chairman of its compensation committee. Mr. Shattuck's qualifications to serve as director include his extensive experience in business and the energy industry in particular, gained from his service as Constellation Energy's Chief Executive Officer, which enables him to effectively identify strategic priorities and execute strategy. His financial expertise gained from his years of experience in the financial services industry also brings a valuable perspective to the board.

Stephen D. Steinour
Director since 2007
Age 54

Chair-Risk Oversight Committee (effective March 12, 2012)
Member-Audit Committee
Member-Compensation Committee

Mr. Steinour is Chairman, President and Chief Executive Officer (since January 2009) of Huntington Bancshares Incorporated, a $56 billion regional bank holding company. Previously, he was the Chairman and Managing Partner of CrossHarbor Capital Partners, a private equity firm (2008-January 2009). From 2006 to 2008, he was President and CEO of Citizens Financial Group, Inc., a multistate commercial bank holding company. Prior to that, Mr. Steinour served as Vice Chairman and Chief Executive Officer of Citizens Mid-States regional banking (2005-2006). He served as Vice Chairman and Chief Executive Officer of Citizens Mid-Atlantic Region (2001-2005). At the beginning of his career, Mr. Steinour was an analyst for the U.S. Treasury Department and subsequently worked for the Federal Deposit Insurance Corporation. Mr. Steinour was appointed to the Board of Trustees of the Liberty Property Trust (an office and industrial property real estate investment trust) in February 2010, and he serves on its audit committee. Mr. Steinour is a member of council of The Pennsylvania Society, a non-profit, charitable organization which celebrates service to the Commonwealth of Pennsylvania. He also serves as a trustee of the Eisenhower Fellowships and is a member of the Columbus Partnership and a Trustee of the Columbus Downtown Development Corporation. He is a member of the American Bankers Association. Mr. Steinour also served as a member on the policy and legal affairs committees of the Pennsylvania Business Roundtable, an association of CEOs in large Pennsylvania companies representing significant employment and economic activity in the Commonwealth. He also has served on the board of and as chairman of the Greater Philadelphia Chamber of Commerce and is a former trustee of the National Constitution Center. His experience at Citizens Bank gave him knowledge of the markets that Exelon and PECO serve. His experience as a banker, with strong credit and risk management experience and knowledge of credit and capital markets, and his experience as Chairman and CEO of Huntington Bank enhance Mr. Steinour's value to the Exelon board and to the risk oversight, audit and compensation committees.

Director Retirement Policy

For several years prior to 2010, the board had a retirement policy under which a director must retire at the end of the calendar year in which he or she reached the age of 72. In 2010, the corporate governance committee and the board re-evaluated the company's retirement policy and matters related to director succession. The board found that directors can normally continue to provide a valuable service to the company for several years beyond age 72. In addition, the board noted that under the retirement policy there have been repeated instances where a number of director retirements would fall in the same year. For these reasons, the board has been generally flexible in the application of the retirement policy and has waived or suspended the policy when the purposes of the policy are outweighed by factors such as a desire for

director continuity, the desire to retain the leadership or experience of a particular director, a need to identify equally qualified successors, a desire to avoid multiple retirements in one year, or other factors that mitigate against mandatory retirement. The board also recognized that, beginning with the annual meeting in 2010, shareholders are entitled to vote for the election of the entire board of directors. Accordingly, during 2010 the board amended the director retirement policy to provide that a director must retire at the end of the calendar year in which he or she reaches the age of 75. In addition, the board suspended the retirement policy for Dr. Palms until the Merger was consummated and Mr. D'Alessio until the end of 2012. The suspension of the retirement policy for Dr. Palms and Mr. D'Alessio ensured that the company continued to benefit from their unique experience and leadership on the board and its committees and facilitated a smooth transition through the closing of the Merger.

Compensation of Non-Employee Directors

For their service as directors of the corporation, Exelon's non-employee directors receive the compensation shown in the following table and explained in the accompanying notes. Two employee directors, Messrs. Crane and Shattuck, not shown in the table, received no additional compensation for service as a director in 2012.

	Committee Memberships	Fees Earned or Paid in Cash		Stock Awards (see description below)	Change in Pension Value and Nonqualified Compensation Earnings (Note 1)	All Other Compensation (Note 2)	Total
		Annual Board & Committee Retainers	Board & Committee Meeting Fees				
Berzin (3)	A, E, R	$ 44,272	$ 46,000	$ 80,376	—	$ 15,000	$ 185,648
Canning	A, C, G	52,921	58,000	100,000	—	15,000	225,921
D'Alessio	C, G	56,827	50,000	100,000	—	—	206,827
de Balmann (3)	A, R	44,272	38,000	80,376	—	15,000	177,648
DeBenedictis	E(Ch), G, P	65,000	57,000	100,000	—	15,000	237,000
Diaz	E, P, R	55,000	55,000	100,000	—	5,000	215,000
Gin	A(Ch), G, I, R	73,049	64,000	100,000	—	—	237,049
Greco (5)	C(Ch), E, G	60,000	50,000	100,000	—	—	210,000
Joskow	A, E, I, R	55,000	66,000	100,000	—	5,000	226,000
Lawless (3)(5)	C, G(Ch)	48,297	36,000	80,376	—	—	164,673
Mies	A, G, P(Ch), R	80,000	73,000	100,000	—	—	253,000
Palms (4)		15,604	19,000	19,355	—	—	53,959
Richardson (5)	A, C, G, I, L	75,124	76,000	100,000	—	15,000	266,124
Ridge	E, R	50,000	40,000	100,000	—	15,000	205,000
Rogers	G, I(Ch)	60,000	40,000	100,000	—	15,000	215,000
Steinour	A, C, R(Ch)	63,049	66,000	100,000	—	15,000	244,049
Thompson	C, E	50,000	46,000	100,000	—	—	196,000
Total All Directors		**948,415**	**880,000**	**1,560,483**	**0**	**130,000**	**3,518,898**

Committee Membership Key

Audit = A, Chairman = Ch, Compensation = C, Corporate Governance = G, Energy Delivery Oversight = E, Investment Oversight = I, Generation Oversight = P, Risk Oversight = R,
Lead Director = L

Notes:

(1) Values in this column represent that portion of the directors accrued earnings in their non-qualified deferred compensation account that were considered as above market. See the description below under the heading “Deferred Compensation.” For 2012, none of the directors recognized any such earnings.

(2) Values in this column represent the company’s matching portion of the director’s contribution to qualified educational institutions pursuant to Exelon’s matching gift plan described below in Other Compensation.

(3) Ms. Berzin, Mr. de Balmann and Mr. Lawless joined the board on March 12, 2012. All retainers were prorated from that date.

(4) Dr. Palms retired from the board on March 12, 2012. All retainers were prorated through that date.

(5) In addition to the amounts shown in the table Ms. Greco, Mr. Lawless and Dr. Richardson, who also served as directors of the Exelon Foundation during 2012, received $6,000, $4,000 and $8,000 respectively from the Foundation for attending meetings of the Foundation’s board. Exelon contributes to the Foundation to pay for the Foundation’s operating expenses.

Fees Earned or Paid in Cash

The Exelon board has a policy of targeting their compensation to the median board compensation of the same peer group of companies used to benchmark executive compensation. All directors receive an annual retainer of $50,000 paid in cash. The Lead Director received an annual retainer of $25,000. Committee chairs receive an additional $10,000 retainer per year. In recognition of the additional time commitment and responsibility, members of the audit committee and generation oversight committee, including the committee chairs, receive an additional $5,000 per year for their participation on these committees, and the chairs of these committees receive a $20,000 annual retainer. Effective March 1, 2013, the non-executive chairman of the board will receive an annual retainer of $300,000.

Directors receive $2,000 for each meeting of the board, board committee or sub-committee that they attend, whether in person or by means of teleconferencing or video conferencing equipment. Directors serving on the generation oversight committee receive $3,000 for each meeting of that committee they attend due to the additional travel that is required and the length of those meetings. Directors also receive a $2,000 meeting fee for attending the annual shareholders meeting and the annual strategy retreat.

Stock Awards

Rather than paying directors entirely in cash, Exelon pays a significant portion of director compensation in the form of deferred stock units. The deferred stock units are not paid out to the directors until they retire from the board, leaving these amounts at risk during the director’s entire tenure on the board. Directors are required under the Exelon Corporate Governance Principles to own 5,000 shares of Exelon common stock or deferred stock units within five years after their election to the board.

Directors receive deferred stock units worth $100,000 per year. Deferred stock units are granted and credited to a notional account maintained on the books of the corporation at the end of each calendar quarter based upon the closing price of Exelon common stock on the day the quarterly dividend is paid. Deferred stock units earn the same dividends available to all holders of Exelon common stock, which are reinvested in the account as additional stock units.

As of December 31, 2012, the directors held the following amounts of deferred Exelon common stock units. The units are valued at the closing price of Exelon common stock on December 31, 2012, which was $29.74. Legacy plans include those stock units earned from Exelon's predecessor and merged companies, PECO Energy Company, Unicom Corporation and Constellation Energy Group, Inc. For Mr. Rogers, the legacy deferred stock units reflect accrued benefits from the Unicom 1996 Directors Fee Plan, which was terminated in 2000; for Ms. Berzin, Mr. de Balmann and Mr. Lawless the legacy units reflect accrued benefits from the Constellation Energy Group, Inc. Deferred Compensation Plan for Non-employee Directors that was terminated on March 12, 2012.

	Year First Elected to the Board	Deferred Stock Units From Legacy Plans #	Deferred Stock Units From Exelon Plan #	Total Deferred Stock Units #	Fair Market Value as of 12/31/12 $
Anthony K. Anderson	2013	0	0	0	0
Ann C. Berzin	2012	22,960	2,388	25,348	$ 753,850
John A. Canning	2008	0	11,511	11,511	342,337
M. Walter D'Alessio	1983	0	21,330	21,330	634,354
Yves C. de Balmann	2012	31,705	2,388	34,093	1,013,926
Nicholas DeBenedictis	2002	0	18,614	18,614	553,580
Nelson A. Diaz	2004	0	18,470	18,470	549,298
Sue L. Gin	1993	0	12,315	12,315	366,248
Rosemarie B. Greco	1998	0	23,405	23,405	696,065
Paul L. Joskow	2007	0	12,901	12,901	383,676
Robert J. Lawless	2012	35,178	2,388	37,566	1,117,213
Richard W. Mies	2009	0	10,400	10,400	309,296
John M. Palms	1990	0	16,218	16,218	482,323
William C. Richardson	2005	0	16,417	16,417	488,242
Thomas J. Ridge	2005	0	16,127	16,127	479,617
John W. Rogers, Jr	1999	4,204	27,180	31,384	933,360
Stephen D. Steinour	2007	0	13,215	13,215	393,014
Donald Thompson	2007	0	13,215	13,215	393,014
Total All Directors		**94,047**	**238,482**	**332,529**	**$ 9,889,412**

Deferred Compensation

Directors may elect to defer any portion their cash compensation in a non-qualified multi-fund deferred compensation plan. Each director has an unfunded account where the dollar balance can be invested in one or more of several mutual funds, including one fund composed entirely of Exelon common stock. Fund balances (including those amounts invested in the Exelon common stock fund) will be settled in cash and may be distributed in a lump sum or in annual installment payments upon a director's reaching age 65, age 72 or upon retirement from the board. These funds are identical to those that are available to executive officers and are generally identical to those available to company employees who participate in the Exelon Employee Savings Plan. Directors and executive officers have one additional fund not available to employees that, through its composition, provides returns that can be in excess of 120% of the federal long-term rate that is used by the IRS to determine above market returns. However, during 2012 none of the directors had investments in this fund.

Other Compensation

Exelon pays the cost of a director's spouse's travel, meals, lodging and related activities when the spouses are invited to attend company or industry related events where it is customary and expected that directors attend with their spouses. The cost of such travel, meals and other activities is imputed to the director as additional taxable income. However, in most cases there is no incremental cost to Exelon of providing transportation and lodging for a director's spouse when he or she accompanies the director, and the only additional costs to Exelon are those for meals and activities and to reimburse the director for the taxes on the imputed income. In 2012, incremental cost to the company to provide these perquisites was less than $10,000 per director and the aggregate amount for all directors as a group, a total of 17 directors, was $12,017. The aggregate amount paid to all directors as a group (17 directors) for reimbursement of taxes on imputed income was $10,624.

Exelon has a board compensation and expense reimbursement policy under which directors are reimbursed for reasonable travel to and from their primary or secondary residence and lodging expenses incurred when attending board and committee meetings or other events on behalf of Exelon (including director's orientation or continuing education programs, facility visits or other business related activities for the benefit of Exelon). Under the policy, Exelon will arrange for its corporate aircraft to transport groups of directors, or when necessary, individual directors, to meetings in order to maximize the time available for meetings and discussion. Directors may bring their spouses on Exelon's corporate aircraft when they are invited to an Exelon event, and the value of this travel, calculated according to IRS regulations, is imputed to the director as additional taxable income. Exelon has a matching gift program available to directors and officers that matches their contributions to educational institutions up to $15,000 per year and a matching gift program for other employees that matches their contributions to educational institutions up to $10,000 per year for executives and up to $5,000 per year for other officers.

Exelon's Independent Accountant for 2013

Proposal 2: The Ratification of PricewaterhouseCoopers LLP as Exelon's Independent Accountant for 2013

The audit committee and the board of directors believe that PricewaterhouseCoopers' knowledge of Exelon is invaluable. Representatives of PricewaterhouseCoopers working on Exelon matters are periodically changed, providing Exelon with audit personnel with a variety of experiences. PricewaterhouseCoopers has direct access to members of the audit committee, and PricewaterhouseCoopers' representatives regularly attend audit committee meetings. Representatives of PricewaterhouseCoopers will attend the annual meeting to answer appropriate questions, and may make a statement if they desire.

In July 2002, the Exelon audit committee adopted a policy for pre-approval of services to be performed by the independent accountants. The committee pre-approves annual budgets for audit, audit-related and tax compliance and planning services. The services that the committee will consider include services that do not impair the accountant's independence and add value to the audit, including audit services such as attest services and scope changes in the audit of the financial statements, the issuance of comfort letters and consents in relation to financings, audit-related services such as accounting advisory services related to proposed transactions and new accounting pronouncements, the provision of attest services in relation to regulatory filings and contractual obligations, and tax compliance and planning services. With respect to non-budgeted services in amounts less than $500,000, the committee delegated authority to the committee's chair to pre-approve such services. All other services must be pre-approved by the committee. The committee receives quarterly reports on all fees paid to the independent accountants. None of the services provided by the independent accountants was provided pursuant to the de minimis exception to the pre-approval requirements contained in the SEC's rules.

The following table presents fees for professional audit services rendered by PricewaterhouseCoopers LLP for the audit of Exelon's annual financial statements for the years ended December 31, 2012 and 2011, and fees billed for other services rendered by PricewaterhouseCoopers LLP during those periods. Fees include amounts related to the year indicated, which may differ from amounts billed.

(in thousands)	Year Ended December 31, 2012	2011
Audit fees (a)	$23,572	$9,807
Audit related fees (b)	1,649	3,933
Tax fees (c)	2,076	738
All other fees (d)	45	185

(a) Audit fees include financial statement audits and reviews under statutory or regulatory requirements and services that generally only the auditor reasonably can provide, including issuance of comfort letters and consents for debt and equity issuances and other attest services required by statute or regulation. The significant fee increase in 2012 as compared to 2011 is primarily due to the impact of Exelon's March 2012 Merger with Constellation.

(b) Audit related fees consist of assurance and related services that are traditionally performed by the auditor. This category includes fees for accounting assistance and due diligence in connection with proposed acquisitions or sales and consultations concerning financial accounting and reporting standards.

(c) Tax fees consist of the aggregate fees billed for professional services rendered by PricewaterhouseCoopers LLP for tax compliance, tax advice, and tax planning. These services included tax compliance and preparation services, including the preparation of original and amended tax returns, claims for refunds, and tax payment planning, and tax advice and consulting services, including assistance and representation in connection with tax audits and appeals, tax advice related to proposed acquisitions or sales, employee benefit plans and requests for rulings or technical advice from taxing authorities.

(d) All other fees reflect work performed primarily in connection with research and audit software licenses.

The board of directors recommends a vote "FOR" the ratification of PricewaterhouseCoopers LLP as Exelon's Independent Accountant for 2013

Ownership of Exelon Stock

Stock Ownership Requirements for Directors and Officers

Under Exelon's Corporate Governance Principles, all directors are required to own within five years after election to the board at least 5,000 shares of Exelon common stock or deferred stock units or shares accrued in the Exelon common stock fund of the directors' deferred compensation plan. The corporate governance committee utilized an independent compensation consultant who determined that, compared to its peer group, Exelon's ownership requirement is reasonable.

Officers of Exelon and its subsidiaries are required to own certain amounts of Exelon common stock, depending on their seniority, in order to closely align their interests with those of Exelon's shareholders. Ownership guidelines were first established in 2001 and have been revised from time to time by the compensation committee of the board of directors. The ownership guidelines are expressed both a fixed number of shares and a multiple of annualized base salary to avoid arbitrary changes to the ownership requirements that could arise from ordinary course volatility in the market price for Exelon's shares.

Prior to 2012, Exelon shares held through registered or beneficial ownership, either directly or by the officer or family members living in the same household, as well as shares held in employee benefit plans, earned but un-vested performance shares, and deferred shares counted toward an officer's ownership target. In 2011 Exelon modified its long-term incentive award program to use restricted stock, instead of stock options, for awards for executives below the level of senior vice president as disclosed in Exelon's proxy statement for its annual meeting in 2012. At that time, unvested restricted shares were not counted toward officers' stock ownership requirements.

In July 2012, the compensation committee approved the addition of unvested restricted shares and restricted stock units to the holdings of Exelon stock that count toward officers' stock ownership requirements. The compensation committee determined that this change was consistent with common practice, based on the advice of the compensation consultant and management's knowledge of practices at other companies, and was warranted following the change in long-term incentive awards in 2011. In 2012, the compensation committee also recalibrated the fixed number of shares for senior vice presidents as a group and for vice presidents as a group, based on the 60-day average stock price as of September 30, 2012, and then-current executive base pay average and the applicable multiple of annual salary, resulting in an increase in the fixed number of shares from 10,000 to 17,500 for senior vice presidents and from 4,000 to 6,500 for vice presidents. The fixed number of shares for each officer above the level of senior vice president was also recalculated, based on the 60-day average stock price as of September 30, 2012, and the individual executive's annual salary and the applicable multiple of annual salary. The compensation committee also restarted the five-year acquisition period for all executives, effective September 30, 2012. The following revised ownership targets were established for all officers on September 30, 2012.

Officer	Number of Exelon Shares
Chief Executive Officer	5 x annual salary divided by 60-day average share price
Exelon executive vice presidents and above	3 x annual salary divided by 60-day average share price
Presidents of subsidiary companies	2 x annual salary divided by 60-day average share price
Senior vice presidents	The lesser of 17,500 shares or 2 x annual salary divided by 60-day average share price
Vice presidents and other executives	The lesser of 6,500 shares or 1 x annual salary divided by 60-day average share price

The following table shows the status of each currently-employed NEO against the new ownership targets as of March 1, 2013.

Name	Stock Ownership Target (Shares) (a)	Total Shares and Share Equivalents Held as of 2/1/2013 (b)	Stock Ownership (Percent) (b)/(a) (c)
Christopher M. Crane	156,718	290,162	185%
Jonathan W. Thayer	53,148	109,411	206%
Denis P. O'Brien	59,280	114,407	193%
William A. Von Hoene, Jr.	57,236	106,281	186%

Beneficial Ownership Table

The following table shows the ownership of Exelon common stock as of December 31, 2012 by each director, each named executive officer in the Summary Compensation Table, and for all directors and executive officers as a group.

	[A] Beneficially Owned Shares	[B] Shares Held in Company Plans (Note 1)	[C] Vested Stock Options and Options that Vest Within 60 days	[D]=[A]+[B]+[C] Total Shares Held	[E] Share Equivalents to be Settled in Cash or Stock (Note 2)	[F]=[D]+[E] Total Share Interest
Directors (Note 3)						
Ann C. Berzin		25,348		25,348		25,348
John A. Canning, Jr.	5,000	11,511		16,511	1,026	17,537
M. Walter D'Alessio	14,481	21,330		35,811		35,811
Yves C. de Balmann	1,910	34,093		36,003		36,003
Nicholas DeBenedictis	5,000	18,614		23,614		23,614
Nelson A. Diaz	1,500	18,470		19,970	5,803	25,773
Sue L. Gin	53,837	12,315		66,152	16,360	82,512
Rosemarie B. Greco	2,000	23,405		25,405	5,655	31,060
Paul L. Joskow	2,000	12,901		14,901	5,598	20,499
Robert J. Lawless	3,273	37,566		40,839		40,839
Richard W. Mies		10,400		10,400		10,400
John M. Palms		16,218		16,218		16,218
William C. Richardson	1,578	16,417		17,995		17,995
Thomas J. Ridge		16,127		16,127	11,998	28,125
John W. Rogers, Jr.	11,374	31,384		42,758	12,760	55,518
Stephen D. Steinour	4,666	13,215		17,881	15,487	33,368
Donald Thompson		13,215		13,215	10,807	24,022
Named Officers						
Christopher M. Crane	56,144	41,067	297,750	394,961	4,397	399,358
Jonathan W. Thayer	5,619	18,637	393,768	418,024	0	418,024
Mayo A. Shattuck III	446,286	69,224	2,608,224	3,123,734	0	3,123,734
Denis P. O'Brien	31,692	21,483	195,450	248,625	4,669	253,294
William A. Von Hoene, Jr.	33,107	24,167	156,950	214,224	2,337	216,561
John W. Rowe	379,953	0	1,353,000	1,732,953	0	1,732,953
Matthew F. Hilzinger	7,258	0	130,700	137,958	1,138	139,096
Total						
Directors & Executive Officers as a group (31 people) See Note 4	1,188,466	634,437	5,867,881	7,690,784	101,826	7,792,610

(1) The shares listed under Shares Held in Company Plans, Column [B], include restricted shares, shares held in the 401(k) plan, and deferred shares held in the Stock Deferral Plan.

(2) The shares listed above under Share Equivalents to be Settled in Cash, Column [E], include unvested performance shares that may be settled in cash or stock depending on where the named officer stands with respect to the stock ownership requirement, and phantom shares held in a non-qualified deferred compensation plan which will be settled in cash on a 1 for 1 basis upon retirement or termination.

(3) Mr. Anthony K. Anderson was first elected to the board in January 2013 and he does not yet own any Exelon shares.

(4) Beneficial ownership, shown in Column [A], of directors and executive officers as a group represents less than 1% of the outstanding shares of Exelon common stock. Total includes share holdings from all directors and NEOs as well as those executive officers listed in Item 1, Executive Officers of the Registrants in Exelon's 2012 Annual Report on Form 10-K filed on February 22, 2013, who are not NEOs for purposes of compensation disclosure.

Other Significant Owners of Exelon Stock

Shown in the table below are those owners who are known to Exelon to hold more than 5% of the outstanding common stock. This information is based on the most recent Schedule 13Gs filed with the SEC by BlackRock, Inc. on February 4, 2013 and State Street Corporation on February 8, 2013.

Name and address of beneficial owner	Amount and nature of beneficial ownership	Percent of class
State Street Corporation State Street Financial Center One Lincoln Street Boston, MA 02111	52,982,662	6.2%
BlackRock, Inc. 40 East 52 nd Street New York, NY 10022	45,657,522	5.35%

State Street Corporation disclosed in its Schedule 13G that it has shared voting and dispositive power over 52,982,662 shares.

BlackRock, Inc. disclosed in its Schedule 13G that it has sole power to vote or to direct the vote and sole power to dispose or direct the disposition of 45,657,522 shares.

Securities Authorized for Issuance under Exelon Equity Compensation Plans

Plan Category	Number of securities to be issued upon exercise of outstanding options (Note 1) (a)	Weighted-average exercise price of outstanding options (b)	Number of securities remaining available for future issuance under equity compensation plans (Note 2) (c)
Equity compensation plans approved by security holders	23,998,000	$ 45.91	27,735,000

(1) Balance includes stock options, unvested performance shares and unvested restricted shares granted under the Exelon Long Term Incentive Plan or predecessor company plans and shares awarded under those plans and deferred into the Stock Deferral Plan. Balance also includes 9,057,000 shares to be issued pursuant to converted stock options, performance share and restricted stock awards granted under the Constellation Energy Group Inc. Long Term Incentive Plan and converted to Exelon awards on March 12, 2012. Each Constellation award was converted into the right to receive 0.93 shares of Exelon common stock for each share of Constellation common stock awarded under the Plan. The balance excludes 20,965,000 shares from awards that will be settled in cash only, and 548,000 shares from restricted stock awards in which the underlying shares are already issued and

outstanding. The balance also includes 318,000 deferred stock units granted to members of the board of directors pursuant to the Exelon Corporation Non-employee Directors Deferred Stock Unit Plan and the Constellation Energy Group Inc. Deferred Compensation Plan for Non-employee Directors.

(2) Balance includes 7,460,000 shares reserved by Constellation for issuance under its Long Term Incentive Plan and converted to the right to receive Exelon common stock at the rate of 0.93 shares for each share of Constellation common stock. Balance excludes all securities that are shown in column (a).

Section 16(a) Beneficial Ownership Reporting Compliance

Based upon signed affirmations received from directors and officers, as well as administrative review of company plans and accounts administered by private brokers on behalf of directors and officers which have been disclosed to Exelon by the individual directors and officers, Exelon believes that its directors and officers made all required filings on a timely basis during 2012, with the exception of reports that the company filed late on behalf of Ms. Anne Pramaggiore and Messrs. Crane and Shattuck, which reported an off-cycle grant of restricted stock units to Ms. Pramaggiore effective upon the closing of the Merger with Constellation and grants made to Messrs. Crane and Shattuck when the board determined their compensation after the Merger. The filings were made as soon as the company became aware of the delinquency.

Stock Performance Chart

The performance graph below illustrates a ten-year comparison of cumulative total returns based on an initial investment of $100 in Exelon Corporation common stock, as compared with the S&P 500 Stock Index and the S&P Utility Index for the period 2003 through 2012.

The performance chart assumes $100 invested on December 31, 2002 in Exelon Corporation common stock, in the S&P 500 Stock Index and in the S&P Utility Index, and that all dividends are reinvested.

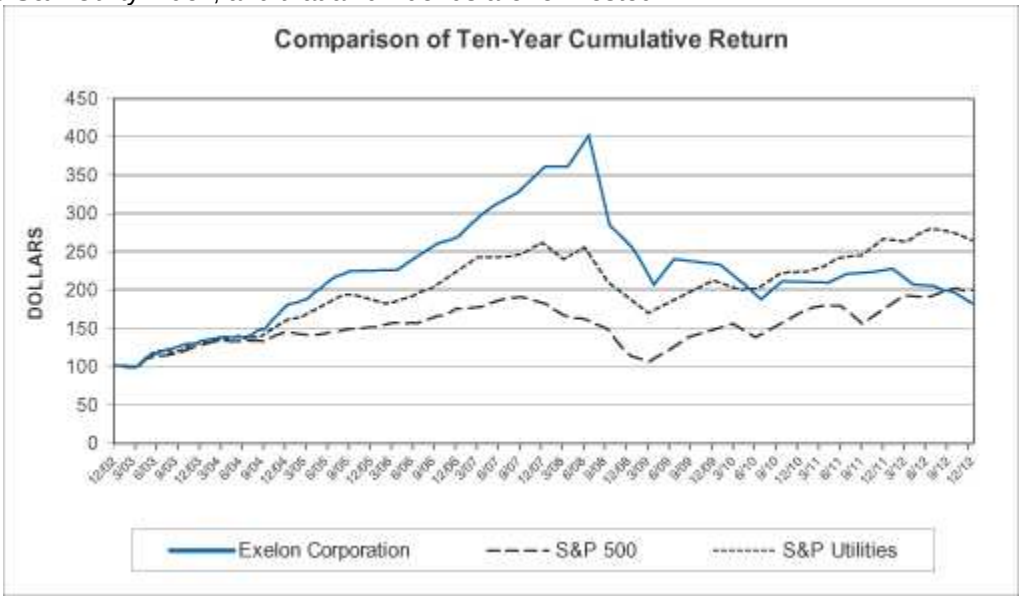

	Value of Investment at December 31,										
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Exelon Corporation	$100.00	$130.17	$179.06	$223.07	$267.20	$361.11	$253.28	$232.02	$207.79	$227.35	$165.16
S&P 500	$100.00	$128.68	$142.68	$149.69	$173.33	$182.85	$115.20	$145.69	$167.63	$171.17	$198.57
S&P Utilities	$100.00	$126.26	$156.92	$183.33	$221.82	$264.80	$188.06	$210.46	$221.95	$266.24	$269.73

Source: Bloomberg

Compensation Discussion and Analysis

Exelon's named executive officers ("NEOs") in 2012 are listed below.

Officer	Title
Christopher M. Crane	President and Chief Executive Officer (CEO)
Jonathan W. Thayer	Executive Vice President and Chief Financial Officer (CFO)
Mayo A. Shattuck III	Executive Chairman
Denis P. O'Brien	Senior Executive Vice President, Exelon and CEO, Exelon Utilities
William A. Von Hoene, Jr.	Senior Executive Vice President and Chief Strategy Officer
John W. Rowe	Chairman and CEO
Matthew F. Hilzinger	Senior Vice President and Chief Financial Officer

Messrs. Crane, Thayer, Shattuck, O'Brien and Von Hoene all assumed their positions on March 12, 2012 upon the completion of the Merger with Constellation. Mr. Rowe retired on March 12, 2012. Mr. Hilzinger became Executive Vice President and Chief Integration Officer on March 12, 2012 and retired on April 15, 2012.

Mr. Shattuck retired as executive chairman and ceased to be an employee of Exelon on February 28, 2013. He continues to serve as non-executive chairman and as a director of Exelon.

Executive Summary

This Executive Summary is intended to provide an overview of the key 2012 compensation decisions made and the business and market context influencing those decisions. In particular, we have included a discussion of our organization, 2012 business highlights and performance, compensation philosophy and objectives, key 2012 pay actions, initial 2013 pay program changes, and other key pay practices.

Business Organization

Exelon is the nation's leading competitive energy provider, with 2012 revenues of approximately $23.5 billion. Headquartered in Chicago, Exelon has operations and business activities in 47 states, the District of Columbia and Canada. Exelon has approximately 35,000 megawatts of owned capacity comprising one of the nation's cleanest and lowest-cost power generation fleets. The company's Constellation business unit provides energy products and services to approximately 100,000 business and public sector customers and more than 1 million residential customers. Exelon's utilities deliver electricity and natural gas to more than 6.6 million customers in central Maryland (BGE), northern Illinois (ComEd) and southeastern Pennsylvania (PECO) **.**

2012 Performance Highlights

The 2012 compensation decisions made reflected the company's strategic, operational, financial and stock performance results which are outlined below:

Successful strategic Merger . The company successfully consummated its strategic Merger with Constellation, resulting in one of the largest competitive integrated energy companies in the United States.

- The Merger allows the company to achieve scale and operational synergies that will create a strong foundation for long-term growth and stability.
  - Aligns Exelon's clean generation fleet with Constellation's customer-facing leading retail and wholesale platform.
  - Creates a diversified portfolio across competitive and regulated businesses and geographies.
  - Provides a unique presence and perspective across the energy value chain – from generation and energy supply to transmission and delivery, giving the company unmatched perspective on today's energy challenges and the resources to address them.

- The Merger integration was completed successfully.
  - Exelon cleared many regulatory hurdles in multiple jurisdictions in record time.
  - The Merger was recognized as Platt's Global Energy Award strategic deal of the year.
  - The company achieved desired synergies and fulfilled all Merger commitments.
  - The combined commercial business successfully merged operations and traded as a single operation on the day after the Merger closed.
- The leadership team and new organization structure are now in place.
  - We expect the new organizational structure and leadership team to serve the company well going forward, allowing us to realize significant improvements in both operational and financial performance in the coming years.

Continued success around client service and capacity. Exelon continued to provide superior service to customers and expanded capacity for future service.

- Each of our utilities achieved industry best quartile performance in safety, and all three achieved their best reliability performances on record.
- The company instituted an aggressive and effective response to Hurricane Sandy. The three utilities won Edison Electric Institute's 2012 Emergency Response awards for their actions.
- Exelon demonstrated leadership in the nuclear industry with an overall nuclear capacity factor of 92.7%. This is the tenth consecutive year with capacity factor over 92% and our annual capacity factor continued our run as a leading nuclear generator in the U.S.
- Large wind, hydro, and gas-fired generating facilities performed above production plan.
- The company added nearly 500 MW of new capacity, including 404 MW of wind, 31 MW of solar and increase of 63 MW in nuclear uprates.

Financial and stock performance below our expectations due to challenging market environment. We continued to face a challenging external environment driven largely by lower natural gas prices.

- Natural gas prices have been falling consistently with rising supplies, due in large part to the expansion and success of fracking technology, leading to depressed forward prices that resulted in lower margins for the Exelon portfolio.
- Exelon faces unique exposure to natural gas price movements:
  - Natural gas sets the market clearing price for a majority of the markets in which Exelon participates. As the price of natural gas decreases, so does the price of power. For a company with generation fueled by natural gas, a reduction in revenues is offset by a reduction in fuel costs. But for Exelon, with a significant majority of its unregulated generation from nuclear plants, a reduction in revenue is not offset by lower fuel costs, giving Exelon unique exposure to falling natural gas prices.
- Despite the challenging operating environment, the company closed the year within adjusted earnings guidance.
- We took several steps during 2012 to strengthen our strong credit metrics. Most significantly, we reduced our growth investment plans by $2.3 billion during the year by delaying or canceling nuclear uprate projects and reducing other investment targets.
  - Achievement of favorable results relative to guidance for funds from operations to debt ratio at Exelon Generation and holding company (31%).
  - Free cash flow of $1.4 billion, primarily due to lower capital expenditures.

- Despite an otherwise very strong year operationally, Exelon's stock price has underperformed relative to its peers. This largely reflects our unique exposure to the impact of lower gas prices as discussed above. The graph below shows the high correlation between Exelon's stock price and spot natural gas prices.

Compensation Philosophy and Objectives

Exelon's executive compensation program is designed to attract, retain, motivate and reward senior management for achieving financial, operational, strategic objectives to further Exelon's vision of providing superior value to its customers, employees, and investors as well as the communities it serves. Exelon's compensation program has three guiding principles.

- **Link compensation to performance results** . The program is weighted in favor of incentive pay, in the form of annual and long-term performance incentives, to motivate and reward strong operational and financial performance and the creation of shareholder value. The program provides the compensation committee with some level of discretion to modify awards based on individual performance and other compelling performance factors, recognizing that some performance needs to be assessed in context, and some performance cannot be planned for, particularly in a time of transition.
- **Align the interests of our NEOs and shareholders** . As noted above, both the annual and long-term incentive programs reward our NEOs for achievement of key financial and operational measures. These measures of success create a close alignment between our NEOs and long-term shareholder interests. Further, a substantial portion of compensation is granted as equity-based awards that align NEOs with the interests of Exelon's shareholders.
- **Attract, motivate, and retain high caliber leadership by providing competitive compensation opportunities** . The program assesses total compensation opportunities against appropriate external companies to enable it to attract and retain executives with the experience and talent required to achieve our strategic objectives.

The discussion below explains how we put this philosophy into practice in 2012 and 2013.

2012 Compensation Highlights

In making compensation decisions for our NEOs in 2012, the compensation committee focused on finding an appropriate balance between rewarding our strategic success and continued strong operational performance during this pivotal year with our recent stock price performance, which has been so heavily influenced by falling natural gas prices. The compensation committee believes that 2012 pay decisions reflect this balance, recognizing the outsized efforts and strong performance associated with the Merger and integration, our national leadership in client service and capacity, the establishment of a new leadership team for the merged entity, and our ability to retain key leaders during a time of significant transition. We believe our company is now well positioned to effectively manage the current downturn in the electricity market and drive the company forward.

Based on the performance highlighted above, the committee made the following compensation decisions for 2012 for the NEOs:

- **Increased salary and target bonus levels for select NEOs based on increased organizational size, complexity and broader responsibilities** . In connection with the completion of the Merger and increased responsibilities select NEOs received increased base salary and target bonus levels.
- **Provided annual incentive payouts for corporate executives at 95% of target based on the achievement of adjusted (non-GAAP) operating EPS of $2.91 vs. target of $2.95. For a reconciliation of adjusted (non-GAPP) operating EPS, see below.**
- **Capped and reduced annual incentive payouts for Messrs. O'Brien and Hilzinger under the Shareholder Protection Feature ("SPF").** The SPF is designed to ensure business unit payouts take into account overall corporate performance (even if independent unit performance is strong).
- **Applied Individual Performance Multipliers ("IPMs") of 110% to annual incentive payouts for all continuing NEOs to reflect the extraordinary effort associated with the successful consummation of the Merger.** Messrs. Rowe and Hilzinger received IPMs of 100%.
- **Determined performance under the Performance Share Unit ("PSU") program at 125% of target.** Payout was based on overall achievement versus the six PSU goal categories that were chosen to reflect the business priorities the committee identified in this year of transition (i.e., operational excellence, financial management, policy advocacy, opportunistic M&A, organic growth, and risk management), with the greatest weight given to the successful consummation of the Merger and delivery of outstanding client service during the year, including the response to Hurricane Sandy.

Note: Adjusted (non-GAAP) Operating Earnings

Adjusted (non-GAAP) operating earnings, which generally exclude significant one-time charges or credits that are not normally associated with ongoing operations, mark-to-market adjustments from economic hedging activities and unrealized gains or losses from nuclear decommissioning trust fund investments, are provided as a supplement to results reported in accordance with GAAP. Management uses such adjusted (non-GAAP) operating earnings internally to evaluate the company's performance and manage its operations.

Twelve months ended December 31, 2012	Exelon
2012 Adjusted (non-GAAP Operating Earnings (Loss) Per Share for Compensation Purposes	**$ 2.91**
Adjustment by Compensation Committee	**$ 0.06**
2012 Adjusted (non-GAAP) Operating Earnings (Loss) Per Share as Reported in Earnings Release	**$ 2.85**
Mark-to-market impact of economic hedging activities	0.38
Unrealized gains related to nuclear decommissioning trust funds	0.07
Plant retirements and divestitures	(0.29)
Constellation merger and integration costs	(0.31)
Maryland commitments related to Constellation merger	(0.28)
Amortization of commodity contract intangibles	(0.93)
FERC settlement	(0.21)
Reassessment of state deferred income taxes	0.14
Amortization of the fair value of certain debt	0.01
Midwest Generation bankruptcy charges	(0.01)
FY 2012 GAAP Earnings (Loss) Per Share	**$ 1.42**

Compensation Changes in 2013 Based on Shareholder Outreach and Voting

As has been our practice, prior to our 2012 annual meeting, we reached out to 30 of our largest shareholders to discuss our compensation program and the upcoming vote. During these meetings, we also discussed proxy advisory firm recommendations and solicited feedback from our shareholders on the 2011 compensation of our named executive officers.

In response to feedback from our shareholders (including the 2012 say-on-pay vote results that were 74.9% in favor), and to reflect the challenges to our business highlighted above, the compensation committee has made the following changes to the compensation program for 2013, which were primarily focused on long-term incentives:

- Reduced the number of goal categories from six to two in our PSU plan (i.e., operational excellence (40%) and financial management (60%)) to reflect the fact that the transition brought about by the Merger is complete, and our path forward is clear. The two goal categories will improve focus on two of our key strategic imperatives, protecting our credit rating and continuing to deliver reliable energy to our customers.
- Moved to a more quantitative assessment approach for the PSU goals to enhance objectivity and transparency.
- Reinstated total shareholder return ("TSR") as a formulaic award modifier in the PSU plan to strengthen alignment with shareholders: awards can be increased or decreased by up to 25% based on TSR performance relative to other energy services companies with business models most similar to ours.
- Increased the duration of the PSU performance cycle from one year to three years to provide a longer-term focus.
- Changed the PSU payout range from 75%-125% to 50%-150% in recognition of the more highly quantitative/formulaic approach to assess goal attainment.
- Eliminated all grants of stock options by changing the mix of long-term incentives for NEOs from 75% performance shares and 25% stock options to two-thirds performance shares and one-third restricted stock units ("RSUs"). The mix of vehicles now better aligns with industry practice.

Executive Compensation Practices

Exelon's executive compensation philosophy focuses on pay-for-performance and reflects appropriate governance practices aligned with the needs of our business. Below is a summary of our executive compensation practices as well as a list of those practices we avoid.

What We Do	*What We Don't Do*
Pay-for-performance : A majority of executive compensation is performance-based and is tied to our financial and operational performance, individual performance and Exelon stock price performance. ***Stock Ownership*** : NEOs must acquire and hold Exelon stock, including a requirement for our CEO to own stock equal in value to at least five times his annual salary within five years of appointment. Executive officers may not sell Exelon stock except through a stock trading plan designed to comply with Rule 10b5-1. ***Double Trigger Change-in-Control Benefits*** : Change-in-Control agreements provide for benefits only if the executive is involuntarily terminated (without cause) in conjunction with a change-in-control. ***Mitigation of Undue Risk*** : Our compensation plans have provisions to mitigate undue risk, including caps on the maximum level of payouts (200% on annual awards and 137.5% on PSUs), recoupment ("clawback") provisions, multiple performance metrics and board and management processes to identify risk. We do not believe any of our compensation programs create risks that are reasonably likely to have a material adverse impact on the company. ***Independent Executive Compensation Consultant*** : The compensation committee works with an independent executive compensation consultant on matters concerning executive pay and governance. This consultant provides no other services to Exelon.	***No Excise Tax Gross-Ups Upon Change in Control*** : We have eliminated the excise tax gross-ups on termination payments in change in control agreements entered into after April 2009. ***No Excessive Executive Perquisites*** : We provide only standard benefits and perquisites (e.g., executive disability, annual medical exam and life insurance) that are consistent with competitive practices. ***No CEO Employment Agreement.*** ***No Additional Credited Service Under Benefit Plans:*** We have not granted additional years of credited service under supplemental executive retirement plans since 2004. ***No Repricing of Out of the Money Stock Options; No Grants Below 100% of Fair Market Value.*** ***No Inclusion of Long-term Incentive Awards in Severance Calculations.*** ***No Hedging, Short Sales, Derivative Transactions or Pledging in Company Stock Are Permitted.***

Pay for Performance Analysis

As discussed under Compensation Philosophy and Objectives above, the executive pay program is focused on linking executive compensation outcomes to company performance and long-term shareholder interests. We believe the analysis and discussion below demonstrate this commitment to pay for performance.

2012 Pay Mix

As the following charts show, 86% of our CEO's target pay – and, on average, 82% of the pay for our other NEOs – is performance-based and subject to the achievement of pre-defined performance targets.

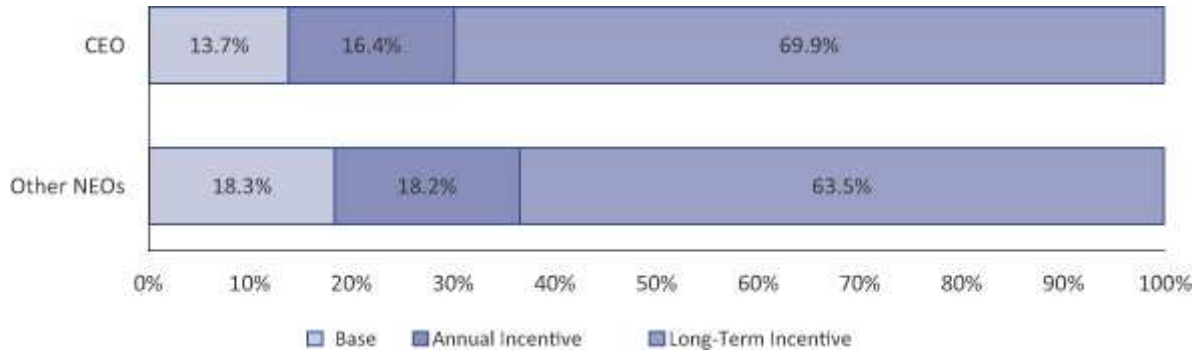

Realizable CEO Compensation

Equity-based long-term incentive awards represent a large part of our NEOs' compensation. The performance-based nature of these awards ties their value directly to the value realized by shareholders and results in a loss of compensation when the underlying performance measures are not met and when the stock price declines.

By analyzing realized and realizable values, we find that our long-term incentive plans have operated as designed and have aligned our executives with the value delivered to our shareholders.

For example, the Summary Compensation Table reports the potential value of stock options granted to Mr. Crane at their grant date fair value. However, as of March 14, 2013, Mr. Crane has realized no value from the stock options granted to him since 2004 because their strike prices are higher than the current price of Exelon's stock.

Similarly, no value was realized from performance shares awarded in 2010 when performance share payouts were 0%, even though the Summary Compensation Table shows the potential value of the performance shares at their grant date fair value.

The following chart illustrates the difference in the grant date fair value of long-term incentive awards over the past five years versus the realizable value of these awards as of December 31, 2012. While this chart applies specifically to the CEO, the results for the other named executive officers are similar. For years 2008-2011, the chart refers to compensation for Mr. Rowe. The compensation in 2012 represents compensation paid to Mr. Crane.

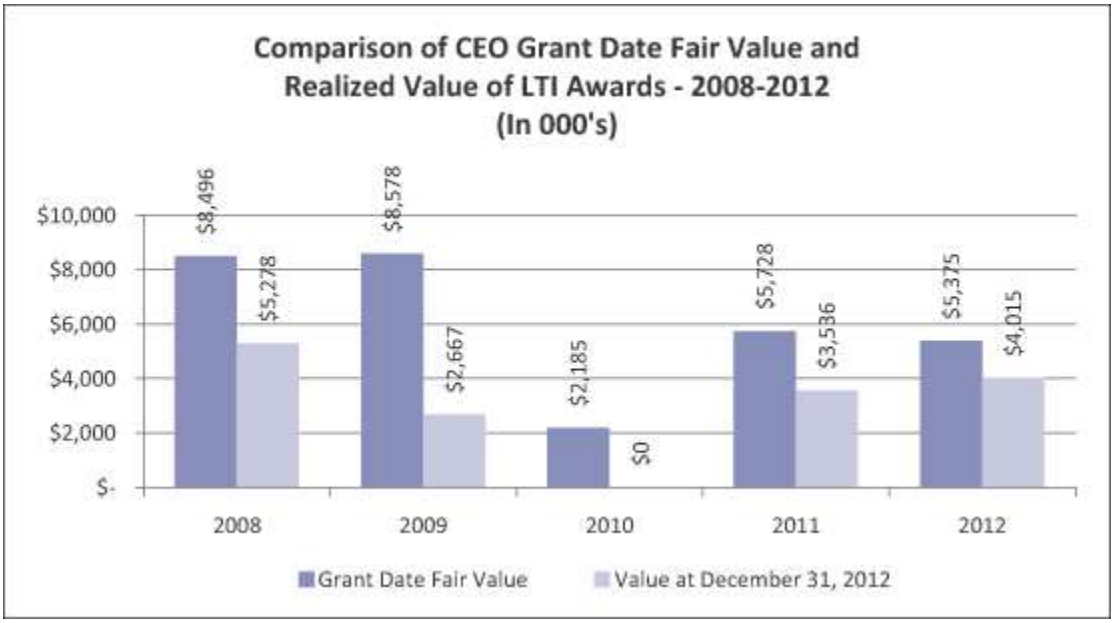

Note: Grant Date Fair Value represents values presented in the Summary Compensation Table for stock and option awards for the applicable years. Value at December 31, 2012 represents cash payments for performance shares made upon vesting dates and valued at the stock price on vesting date for 2008 and 2009. Value for 2011 and 2012 is based on number of outstanding shares at closing price on December 31, 2012 of $29.74. No value is included for options because as of December 31, 2012 all options were out of the money.

The result of these differences in grant date fair value and realized value is that the long-term incentive plans have operated as designed and reduced the realized compensation of our executives when the value to our shareholders has declined. The table below shows Exelon's CEO compensation (base salary, annual incentive and long-term incentives) versus Exelon's total shareholder return over the last five years indexed to a $100 investment in Exelon stock as of December 31, 2007. TSR represents the total return of an investment in stock, including changes in stock price and assuming that dividends are reinvested. Note that for years 2008-2011, the chart refers to compensation for Mr. Rowe. The compensation in 2012 represents compensation paid to Mr. Crane.

Note: Grant Value represents values presented in the Summary Compensation Table for salary, stock awards, option awards and non-equity incentive plan compensation for the applicable years. Value at December 31, 2012 represents values presented in the Summary Compensation Table for salary and non-equity incentive plan compensation for the applicable years. It also reflects cash payments for performance shares made upon vesting dates and valued at the stock price on vesting date for 2008 and 2009. Value for 2011 and 2012 is based on number of outstanding shares at closing price on December 31, 2012 of $29.74. No value is included for options because as of December 31, 2012 all options were out of the money.

Process for Determining NEO Compensation

Key Features of 2012 Executive Compensation

Exelon's executive compensation program comprises four elements: base salary; annual incentives; long-term incentives; and other benefits. Cash compensation comprises base salary and annual incentives. Equity compensation is delivered through long-term incentives. Together, these elements are designed to balance short-term and longer-range business objectives and to align NEOs' financial rewards with shareholders' interests. The range in the mix of cash and equity compensation is consistent with competitive compensation practices among companies in the peer group. The compensation committee believes that this mix of cash and equity compensation strikes the right balance of incentives to pursue specific short and long-term performance goals that drive shareholder value. Compensation programs in 2012 were substantially similar to compensation programs in 2011.

Cash Compensation

Type	Focus	Terms
Salary	Short-term business objectives	Fixed compensation based on competitive market data for position; generally eligible for annual increase based on market movement, performance and internal equity.
Annual Incentive Plan (AIP)		A cash-based plan rewarding executives for the achievement of short-term financial and operational goals. The goals include adjusted (non-GAAP) operating earnings per share for all executives and business-unit specific objectives for executives with specific business unit responsibilities.

Equity-Based Compensation

Type	Focus	Terms
Exelon Non-Qualified Stock Options	Long-term business objectives	Stock options vest ratably over four years and expire at the end of a 10 year term. Number of shares determined by compensation committee annually. Provide value to executive only when stock price increases. Stock option repricing is prohibited by policy or the terms of the company's long-term incentive plans. Awards are generally granted annually at the regularly scheduled January compensation committee meeting when the committee reviews results for the preceding year and establishes the compensation program for the coming year. Stock options will no longer be granted after 2012.
Exelon Performance Share Unit Awards (PSUs)		A PSU is the right to receive a specified number of shares of Exelon common stock or the fair market value thereof, contingent upon the attainment of specified performance measures within a performance period and the expiration of any applicable restriction periods. In 2012, PSUs had a one year performance period and awards were paid ratably over three years in combination of cash and stock based on performance against six goals and initiatives enhancing the long-term value of the company. The goals were: • Operational excellence • Financial management • Policy advocacy • Opportunistic M&A • Organic growth • Risk Management Total Shareholder Return (TSR) performance was also considered as a secondary factor.
Restricted Stock Unit Awards (RSUs)		A RSU is the right to receive one share of Exelon common stock or the fair market value of a share of Exelon common stock, contingent upon the expiration of a specified period, called a vesting period. Restricted stock units are occasionally provided to executives to deliver additional retention value. Retention restricted stock units vest 100% at the end of the requisite vesting period. Beginning in 2013, restricted stock units vesting ratably over three years will replace stock options in the mix of long-term incentives.

Retirement and Other compensation

Type	Focus	Terms
Pension	Attraction and retention of key executive talent	Qualified defined benefit pension plans are provided to executives.
Supplemental Pension (SERP)		Exelon offers supplemental executive retirement plans to our NEOs.
Savings Plan		Executives may elect to participate in the Employee Savings Plan, a tax-qualified plan under IRS Code Section 401(k) to which the company may also make matching contributions.
Deferred Compensation Plan		Executives may elect to participate in a non-qualified plan that permits them to defer receipt of Savings Plan contributions above the qualified plan limits.
Perquisites		Exelon provides limited perquisites intended to serve specific business needs.

Key Factors Influencing Compensation Determination

On an annual basis, or when changes in NEO leadership occur, the committee reviews and determines NEO target pay opportunities. The committee takes a balanced approach to determining compensation for NEOs, taking into consideration several factors as outlined below, without prescribing specific weightings for these factors.

In establishing the compensation opportunity for each NEO, the compensation committee carefully considers competitive factors, including competitive pay levels and the roles and responsibilities of each of the NEOs relative to the peer group positions, as well as individual factors, including the individual's performance and contribution to the performance of the business. The differences in the amounts of targeted compensation awarded to the NEOs reflect a balanced assessment of these two sets of factors as described in more detail below.

Competitive Factors	Individual Factors
▪ Current compensation relative to competitive market references ▪ Company size and scope of business as compared to companies used in competitive market references ▪ Scope, complexity, and contribution of the position compared to competitive positions	▪ Individual performance ▪ Contribution to the performance of the business and relative strategic value of the role ▪ Internal pay equity ▪ Change in responsibilities / Newness to role (if applicable)

Assessing the Competitive Market

The compensation committee seeks to provide competitive pay opportunities in order to attract, motivate, and retain high caliber leadership. In assessing the appropriateness of each NEO's compensation, the committee considers pay level relative to market as one of many inputs. The company does not target NEO compensation at a specific level relative to competitive data. However, competitive pay levels for the NEOs in 2012 ranged from below median for Mr. Crane to 75th percentile for the other NEOs, reflecting previous pay decisions from the legacy companies and, in some cases, roles that are larger than the market comparators.

Each year the compensation committee commissions its consultant to prepare a study to assess total direct compensation against a peer group of companies. The members of the peer group are reviewed annually to determine whether their inclusion continues to be appropriate.

In 2012, in connection with the Merger with Constellation, Exelon's board of directors requested that the compensation consultant [1] review the peer companies to develop a peer group of high-performing, asset intensive companies that would be appropriate for developing competitive compensation data for the newly merged company. Exelon is larger than all but one of the energy services peers on a revenue basis. As a result, it was necessary to include companies outside the industry to better reflect the company's size and complexity. The following criteria were used to select the new peer group:

Ownership structure	Only US publicly traded parent companies
Revenues	Companies with revenues between 0.5x and 2x Exelon's estimated revenue scope
Market capitalization	Generally above $10 billion
Industry segment	Balance of industry segments, while avoiding companies in industries less relevant to Exelon (e.g., financial services, insurance, media)
Availability of compensation data	The company must be a participant in the Towers Watson compensation survey used by the consultant in the analysis
Current peers	Retained as many of Exelon's historical utility and general industry peers as possible, provided they met the established screening criteria

The resulting peer group consists of 20 companies: 10 general industry companies and 10 energy services companies as listed below.

	12/31/11 Market Cap ($ Million)	Revenue ($ Million)
General Industry Companies		
3M Co.	$57,280	$26,662
Alcoa, Inc.	9,206	21,013
Caterpillar Inc.	58,584	42,588
EI DuPont	42,297	32,347
Hess Corporation	19,019	33,950
Honeywell	42,040	33,370
International Paper Co.	12,937	25,179
Johnson Controls Inc.	21,269	40,833
Murphy Oil Corporation	10,787	23,401
Pepsico, Inc.	103,732	57,838

[1] Pay Governance was the committee's consultant at the time this analysis was conducted.

	12/31/12 Market Cap ($ Million)	Revenue ($ Million)
Energy Services Companies		
AEP Co., Inc.	$19,949	$14,427
Dominion Resources, Inc.	30,235	15,197
Duke Energy Corporation [2]	42,185	24,162
Edison International	13,489	12,409
Entergy Corporation	12,865	11,488
FirstEnergy Corp.	18,527	16,814
NextEra Energy, Inc.	25,724	15,317
PG & E Corp.	16,334	13,841
PSEG, Inc.	16,700	11,793
Southern Company	39,899	17,456

	12/31/12 Market Cap ($ Million)	Revenue ($ Million)
Exelon [2]	$25,400	$23,489

Role of Individual Factors in Setting Compensation

While the consideration of market data to assure that Exelon's compensation is competitive is a critical component of compensation decisions, individual performance is a key factor in setting of compensation opportunities. Base salary and target bonus adjustments are also based on an assessment of the individual's performance in the preceding year and their expected future contribution to the business and strategic value of the role.

Additionally, annual incentive performance measures are established based on the individual's role in the enterprise—the most senior officers with responsibilities that span specific business units or functions have awards based on earnings per share for the company as a whole, while individuals with specific functional or business unit responsibilities have a significant portion of their awards based on the performance of that function or business unit.

Individual performance also impacts whether an individual performance multiplier would be appropriately applied to the individual's annual incentive plan or performance share program award. The individual performance multiplier can result in a decision not to make an award, to decrease the award by up to 50%, or to increase the award by up to 10%. For the annual incentive plan, the adjusted award cannot exceed 200% of target and for the performance share award program; the adjusted award cannot exceed 137.5% of target.

Role of Compensation Consultants and Executives in Compensation Decisions

With respect to 2012 compensation, Pay Governance provided the compensation committee with market data for each senior executive position, reviewed Exelon's compensation strategy in the context of the Merger, and made recommendations for updating the peer group. While the compensation consultant RFP was in process, management engaged consultants from Deloitte Consulting LLP ("Deloitte"), which was not participating in the RFP. Deloitte, at the request of management, conducted a review of Exelon's executive compensation program in light of Exelon's changed circumstances post-merger and with prolonged adverse energy market conditions. Management and Deloitte reviewed the findings with the compensation committee. Semler Brossy provided the compensation committee with its views on the Deloitte review of compensation programs and made recommendations with respect to changes in the compensation programs for 2013. The CEO and senior executives made recommendations to the compensation committee with

[2] Peer company data is effective as of December 31, 2011, except Exelon data is effective as of December 31, 2012 and Duke Energy revenues and market value were adjusted to reflect the effect of its acquisition of Progress Energy Inc.

respect to the assessment of the performance of their subordinates and individual performance multipliers and other elements of compensation. The compensation committee considered the recommendations of the consultants and the senior executives but made its own decisions on compensation for the NEOs. For additional information on the role of compensation consultants and executives in compensation committee decisions, see “Compensation Committee” and “Compensation Consultant” at pages 10 – 12 of this proxy statement.

Annual CEO Performance Assessment

On an annual basis, the independent directors of the Exelon board conduct a thorough review of CEO performance. In 2012, the review considered the extent of Exelon’s achievement of the strategic goals under the performance share program and Mr. Crane’s role in Exelon’s performance in the areas of operational excellence, financial management, policy advocacy, opportunistic mergers and acquisitions, organic growth, risk management, succession planning and organizational effectiveness, leadership, and board relations. Mr. Crane prepares a detailed self-assessment reporting to the board on his performance during the year with respect to each of the performance requirements. The Exelon board considers the financial highlights of the year and a strategy scorecard that assesses performance against the company’s vision and goals. The outcome of this review impacts compensation decisions as discussed below.

2012 Compensation Decisions

At its January 23, 2012 meeting, the compensation committee reviewed target total direct compensation (“TDC”), which includes base salary and annual and long-term target incentive compensation data for the NEOs listed in the Summary Compensation Table (other than Messrs. Crane and Shattuck) as compared to the compensation data for the new peer group. Due to the change in the organization scope and complexity and the promotions and other leadership changes associated with the Merger, the recommended 2012 compensation for Exelon’s NEOs reflects adjustments for competitive and individual performance factors, effective as of the closing of the Merger, which occurred on March 12, 2012.

The compensation committee and the independent directors met on April 2, 2012 to determine the compensation targets for Messrs. Crane and Shattuck. The committee determined that target TDC for Mr. Crane as the CEO should be positioned at 80% of the median for the peer group and should be below the target TDC for his predecessor as CEO, Mr. Rowe. The compensation committee recommended, and the independent directors approved, a base salary for Mr. Crane at 80% of the median of the peer group, his target annual incentive target at market median, and his long-term incentives calibrated to deliver the difference between median TDC and target total cash compensation. The committee also recommended, and the independent directors approved, positioning Mr. Shattuck’s compensation as the executive chairman at 90% of Mr. Crane’s TDC. This level of target compensation opportunity acknowledged the significant amount of partnership that would be required between Mr. Shattuck and Mr. Crane in 2012 to effect the integration of the two legacy companies. Based on this review and their individual performance reviews, including the review of Mr. Crane’s performance by the independent directors, the NEOs received base salary increases and annual incentive plan targets as a percentage of base pay as outlined in the table below. Base pay increases were effective as of March 12, 2012, except for Messrs. Crane and Shattuck, whose increases were effective as of April 2, 2012. Annual incentive targets were effective retroactive to January 1, 2012. Mr. Rowe, who retired in 2012, did not receive a base salary increase.

	Base Salary		Target AIP		Total Target Cash Compensation	
Name	Amount ($)	Percent Change	Bonus as a % of Salary	Bonus ($)	Amount ($)	Percent Change
Crane	$1,150,000	33%	120%	$1,380,000	$2,530,000	46%
Thayer	650,000	NA	90	585,000	1,235,000	NA
Shattuck	1,150,000	NA	120	1,380,000	2,530,000	NA
O’Brien	725,000	30	90	652,500	1,377,500	41
Von Hoene	700,000	12	85	595,000	1,295,000	18
Rowe	1,520,000	0	125	1,900,000	3,420,000	0
Hilzinger	495,000	4	65	321,750	816,750	4

Elements of Executive Compensation

As noted above, Exelon's executive compensation program comprises four elements: base salary; annual incentives; long-term incentives; and other benefits. Additional information about each element follows.

Base Salaries

Base salary levels are established taking into account competitive market data for the position and internal equity. Executives are generally eligible for annual increases based on market movement, performance and internal equity.

2012 Annual Incentives

Annual incentives are cash-based awards that reward our executives for the achievement of short-term financial and operational goals. The goals include adjusted (non-GAAP) operating earnings per share for all executives and business-unit specific objectives for executives with specific business unit responsibilities. For 2012, the annual incentive payout scale was set so that the payout at threshold would be 50% of target, the payout at plan would be 100% of target, and the payout for distinguished performance would be 200%. The annual incentive award can be adjusted by the individual performance multiplier, which can result in a decision not to make an award, to decrease the award by up to 50% or to increase the amount of the award by up to 10%. For the annual incentive plan, the adjusted award cannot exceed 200% of target.

Performance Measurement

As summarized in the table below, for Messrs. Crane, Shattuck, Thayer, Von Hoene and Rowe, 100% of their annual incentive awards were based on adjusted (non-GAAP) operating earnings per share. Adjusted (non-GAAP) operating earnings per share goal ranges were set to be similar to the forecast earnings ranges. In accordance with the annual incentive program terms, the compensation committee did not include the effects of significant one-time charges or credits not normally associated with ongoing operations and mark-to-market adjustments from economic hedging activities in adjusting earnings. The adjusted earnings are consistent with the adjusted (non-GAAP) operating earnings that Exelon reports in its quarterly earnings releases. For additional information, see Note: Adjusted (non-GAAP) Operating Earnings on page 39. Actual adjusted (non-GAAP) operating earnings per share as reported in Exelon's earnings release on February 7, 2013 were $2.85. However, the compensation committee elected to exclude the impact of ComEd's 2012 rate case decision from the AIP-related earnings calculation since the outcome of these deliberations was not known at the beginning of the year when the budget was established. This adjustment raised the AIP-specific earnings achievement to $2.91 per share and resulted in a payout at 95% of target.

For Messrs. O'Brien and Hilzinger, payouts were based upon a combination of adjusted (non-GAAP) operating earnings per share (so they would focus on overall corporate performance as members of the Exelon leadership team) and specific business unit measures (so they would focus on the performance of their business unit to which they had direct line of sight). Under the terms of the plan, the business unit financial measures are adjusted from GAAP measures.

Summary of 2012 AIP Goal Weighting

2012 Goals	Crane, Shattuck, Thayer, Von Hoene, Rowe	O'Brien	Hilzinger
Adjusted (non-GAAP) Operating Earnings Per share (EPS)	100%	50%	75%
Adjusted Business Services Company Total Cost ($M)	—	—	25
Avg of BGE, ComEd and PECO Operational Results	—	25	—
Avg of BGE, ComEd and PECO Cost Results	—	25	—

The following table describes the performance scales and results for the 2012 goals:

2012 Goals	Threshold	Target	Distinguished	2012 Results	Unadjusted Payout as a % of Target
Adjusted (non-GAAP) Operating Earnings Per Share (EPS)	$ 2.55	$ 2.95	$ 3.25	$ 2.91[3]	95.0%
Adjusted BSC Total Cost ($M	1,070.3	1,019.3	917.4	1,001.6	117.4
Avg of BGE, ComEd and PECO Operational Results	Performance scale is a composite of multiple measures				176.5
Avg of BGE, ComEd and PECO Cost Results					149.4

Shareholder Protection Features ("SPF")

The 2012 annual incentive program included the following shareholder protection features:

- The compensation committee has the discretion to reduce or not pay awards even if targets are met.
- If threshold earnings per share are not achieved, then no payments will occur regardless of performance on the other measures.
- Payouts under business unit measures cannot exceed the operating earnings performance by more than 20 percentage points to ensure that business unit payouts are affordable and directionally aligned with corporate performance achievement. Because 2012 earnings for AIP purposes were at 95% of target, the business unit metrics could not exceed 115% of target (i.e., 95% + 20% cap). All of the business unit measure payouts shown above were reduced to 115% of target. This resulted in a reduction to Mr. Hilzinger's award from 100.6% of target to 100% of target, and a reduction to Mr. O'Brien's award from 129% of target to 105% of target [4].

Individual Performance Multipliers ("IPMs")

Individual performance multipliers are approved by the compensation committee based upon assessments of NEO performance and input from the CEO (the compensation committee and the corporate governance committee independently assess CEO and executive chairman performance). Under the terms of the AIP, the individual performance multiplier is used to adjust awards from minus 50% to plus 10% subject to the maximum 200% of target opportunity.

Based on the successful completion of the Merger and the excellent work of the NEOs on Merger integration, the committee determined that IPMs of 110% were appropriate for Messrs. Crane, Thayer, Shattuck, O'Brien and Von Hoene. Messrs. Rowe and Hilzinger were not eligible for IPMs because they retired in 2012.

[3] Reflects the adjusted earnings number approved by the compensation committee for the purposes of the calculation under the AIP.

[4] Mr. Hilzinger's calculation post the application of the SPF was (75%*95%) + (25%*115%). Mr. O'Brien's calculation was (50% *95%) + (25%*115%) + (25%*115%).

Resulting 2012 Payouts

Based on the goal weighting and performance against the goals shown in the tables above, the compensation committee recommended, and the Exelon board of directors approved, the following awards for the NEOs:

Name	Annualized Target AIP $	Corporate / Business Unit Payout as Percent of Target	IPM %	Final Payout as a % of Target	Payout $
Crane	$ 1,380,000	95%	110%	104.5%	$1,442,100
Thayer	585,000	95	110	104.5	611,325
Shattuck	1,380,000	95	110	104.5	1,442,100
O'Brien	652,000	105	110	115.5	753,637
Von Hoene	595,000	95	110	104.5	621,775
Rowe	1,900,000	95	100	95.0	355,082
Hilzinger	321,750	100	100	100.0	93,184

Note: The awards for Messrs. Hilzinger and Rowe, who retired in 2012, were prorated through the date of their retirement.

Long-Term Incentives

The compensation committee granted target long-term incentive values as 75% performance share units and 25% stock options. [5] This mix of long-term incentive vehicles reflected the committee's commitment to making the majority of long-term incentives performance-based. The focus on PSUs recognized multiple Merger, financial and operational priorities that would need to be balanced over the course of the year. Further, the program also recognized that these priorities could require trade-offs at times and needed to be assessed with the full context of key decision points and the market conditions during the year. Stock options, by contrast, were intended to provide an award opportunity focused on long-term value creation assuming the Merger delivers expected results over the coming years.

Stock Options

The company granted non-qualified stock options to the Exelon senior officers, including Messrs. Rowe, Thayer, Hilzinger and Von Hoene on March 12, 2012 to coincide with the closing of the Merger with Constellation. The stock option grants for 2012 were all at the targeted amounts. These options were awarded at an exercise price of $39.81 which was the closing price on the March 12, 2012 grant date. Options for Messrs. Crane and Shattuck were awarded on April 2, 2012, the day the independent directors approved their target compensation levels, with an exercise price of $39.21.

Performance Share Units ("PSUs")

A PSU is the right to receive a specified number of shares of Exelon common stock or the fair market value thereof, contingent upon the attainment of specified performance goals within a performance period and the expiration of any applicable restriction periods. In 2012, PSUs had a one-year performance period, and awards will be paid ratably over three years in combination of cash and stock based on the committee's qualitative assessment of performance against six goal and initiative areas important to enhancing the long-term value of the company. For 2012, the goals were:

- Operational excellence
- Financial management
- Policy advocacy
- Opportunistic M&A
- Organic growth
- Risk Management

Like the AIP, PSUs also incorporate an individual performance multiplier that can result in a decision not to make an award, to decrease the award by up to 50%, or to increase the award by up to 10%.

[5] Grants values were split using the binomial valuation for stock options and a 90 day weighted-average price for the preceding quarter to value performance shares.

At the end of 2012, the committee assessed performance within the six goal areas and decided that 125% of the target PSUs should be awarded to each NEO. In deciding to award PSUs at 125% of target, the committee considered the achievements against the performance metrics and milestones described below in each goal area and determined the IPM should be neutral, at 100%. The committee also considered total shareholder return data as a factor in making the final payout decision. The total shareholder return data compared Exelon to the group of eight utilities with more than 25% unregulated generation. The committee noted that Exelon's total shareholder return lagged the group, but determined that it was still appropriate to award PSUs at 125% given the importance of the achievement of the performance share goals toward building Exelon's long-term value (particularly the successful completion of the Merger and progress on Merger integration) and the disparate effect of low commodity prices on Exelon's total shareholder return as described on page 37.

Operational Excellence

Delivering low cost, clean, and reliable energy to our customers. Investing in our nuclear plants and utilities, and safely operating them at world class levels.

Performance Cycle Targets	Results	Comments
OSHA Recordable Rate (safety) – Exelon	Meets	■ Operational strength among the best in the industry.
Outage duration – ComEd	Meets	■ Nuclear fleet capacity factor was below target of 93% but remains among best fleets world-wide.
Outage duration – PECO	Below	
Outage duration – BGE	Below	■ All three utilities (BGE, ComEd and PECO) turned in distinguished performance relative to outage frequency metrics, with ComEd performance being its best on record.
Outage frequency – ComEd	Exceeds	
Outage frequency – PECO	Exceeds	
Outage frequency – BGE	Exceeds	■ ComEd performed in top quartile for outage duration.
Capacity Factor – Nuclear	Below	■ Accomplished approximately 82% of the Exelon 2020 goal to reduce, offset, or displace 15.7 million metric tons of CO2 emissions per year by 2020.
EFORd (Equivalent Forced Outage Rate – Demand) – Fossil Fleet Green House Gas (GHG) Commitment	Exceeds	
Delivery Synergies and Cooperation on Like Projects and Operations	Meets	

Financial Management

Executing cost discipline, optimizing the balance sheet, cashflow, liquidity, meeting earnings targets, and liability management to deliver on our value return to shareholders

Performance Cycle Targets	Results	Comments
Operating EPS	Meets	■ Operating earnings of $2.85 were within the earnings guidance range.
Total O&M (Operating and Maintenance)	Below	
Total Capital Expenditures	Meets	
Free Cash Flow (Full Year)	Exceeds	
ROE – ComEd	Below	
ROE – PECO	Meets	
ROE – BGE	Below	
Funds from Operations / Debt – ExGen, HoldCo Investment Returns: Actual vs. Passive Benchmark – Pension	Exceeds	
	Meets	

Policy Advocacy

Engaging with our external stakeholders to shape public policy in a manner that benefits Exelon's shareholders and consumers.

Performance Cycle Targets	Results	Comments
2012 Milestone – Participate in select relevant regulator, legislative and administration advocacy including submission of comments, analysis and direct advocacy, to influence modifications in: ■ Cost effective and timely regulation under EPA's Clean Water Act ■ Ensure continued effectiveness of FERC's minimum offer price rule ■ Various state regulations in support of competitive wholesale and retail markets	Meets	■ Multiple regulatory and political challenges were addressed. Exelon was instrumental in revising PJM's minimum offer price rule. The U.S. EPA released a revised proposed standard to address the environmental impacts of the use of cooling water intake structures that will avoid substantial costs of compliance for our generating fleet. Work in Ohio regulatory proceedings led to final Commission orders to accelerate the transition to full wholesale and retail competition which has resulted in increased market share.

Opportunistic M&A

Participating in industry consolidation – only when the time and price are right.

Performance Cycle Targets	Results	Comments
Considerations – ■ Was transaction identified and entered into? ■ Evaluate discipline of transaction, including those not pursued, in its terms & desired outcomes. ■ How well was the transaction executed? ■ Post-merger evaluation	Exceeds	■ The Exelon / Constellation Merger won a global energy industry award for strategic deal of the year. Synergies expected under the deal are on track and all 2012 commitment compliance requirements have been achieved with 54% of all Merger commitments completed to date. ■ Corporate Development originated over 80 deals through greenfield development, outreach to developers, investment banks and response to developers and resulted in the closing of 10 of the 80 deals. ■ Exelon closed the sale of Maryland Clean Coal assets, fulfilling Exelon's commitment to divest the plants as part of its Merger with Constellation.

Organic Growth

Creating commercial opportunities that leverage Exelon's unique investment platform.

Performance Cycle Targets	Results	Comments
2012 Milestone – ■ Nuclear uprates executed in accordance with latest approved schedule and budget.	Meets	■ Exelon Generation added nearly 500 MW of new generation capacity in 2012.

Risk Management

Protecting shareholder and bondholder value through active risk management.

Performance Cycle Targets	Results	Comments
Hedging – Total % of Portfolio Hedged	Exceeds	■ The hedges executed by the commercial team for 2012 through 2014 are adding over $5 billion of value versus current market prices

Based on the committee's assessment as described above, the 2012 PSUs for NEOs were as set forth in the following table and will continue to vest over the next two years. The award for Mr. Rowe was prorated through the date of his retirement. The first third of the awarded performance shares vested in January 2013, and the remaining two-thirds will vest on the date of the compensation committee's January meeting in the next two years. The awards are valued in the table below at $31.18, the closing price on January 28, 2013, the date on which the award payout was determined.

Name	Target Shares Granted March/April 2012 [6]	Committee Performance Assessment	IPM %	Shares	Value as of January 28, 2013 (date earned; vesting still required)
Crane	108,000	125%	100%	135,000	$ 4,209,300
Thayer	36,000	125	100	45,000	1,403,100
Shattuck	92,000	125	100	115,000	3,585,700
O'Brien	38,000	125	100	47,500	1,481,050
Von Hoene	33,000	125	100	41,250	1,286,175
Rowe	113,000	125	100	27,787	866,399
Hilzinger	9,900	125	100	12,375	385,853

Other Benefits

Other benefits offered by Exelon include qualified and non-qualified deferred compensation programs, post-termination compensation, retirement benefit plans and perquisites. The company also provides other benefits such as medical and dental coverage, short and long term disability coverage, and life insurance to each NEO on a similar basis as such benefits are provided to other Exelon employees, except that executives pay a higher percentage of their total medical premium. These benefits are intended to make our executives more efficient and effective and provide for their health, well-being and retirement planning needs. The compensation committee reviews all supplemental benefits to confirm that they are reasonable and competitive and enable Exelon to attract and retain talent while maximizing the interests of our shareholders.

Retirement Benefit Plans

The compensation committee believes that retirement benefit plans are an important part of the NEO compensation program. These plans are commonly offered by Exelon's peers and help in the retention of senior executives. Exelon sponsors both qualified defined benefit pension plans and related non-qualified supplemental pension plans (the "SERPs"). Exelon has also succeeded to obligations of Constellation under the retirement benefit plans that were provided to Constellation employees prior to the Merger.

Exelon previously granted additional years of credited service under its SERPs to select executives in order to recruit or retain them. As of January 1, 2004, Exelon ceased the practice of granting additional years of credited service to executives under non-qualified pension plans. However, to attract a new executive, Exelon is permitted to grant additional years of service under the SERP related to its cash balance pension plan to make the executive whole for retirement benefits lost from another employer by joining Exelon, provided such a grant is disclosed to shareholders. Up to two years of additional service credits may still be provided under severance or change in control agreements. Service credits available under employment, change in control or severance agreements or arrangements (or any successor arrangements) in effect as of January 1, 2004 were not affected by this policy.

Perquisites

The compensation committee eliminated most perquisites effective January 1, 2008. Exelon provides limited perquisites intended to serve specific business needs for the benefit of Exelon. At the end of 2012, certain perquisites provided to legacy Constellation executives were discontinued. These included car allowances, financial planning, home security,

[6] Shares granted were determined using a 90 day moving average Exelon stock price for the period before the opportunities were granted.

and supplemental life insurance. Beginning in 2013, the legacy Constellation executives received the standard Exelon perquisites. For additional information about perquisites, see the All Other Compensation table and the related notes.

Change in Control and Severance Benefits

The compensation committee believes that change in control employment agreements and severance benefits are an important part of Exelon's compensation structure for NEOs. The compensation committee believes that these agreements help to secure the continued employment and dedication of the NEOs, notwithstanding any concern they might have regarding their own continued employment prior to or following a change in control. The compensation committee also believes that these agreements and the Exelon Corporation Senior Management Severance Plan are important as recruitment and retention devices, as virtually all of the companies with which Exelon competes for executive talent have similar protections for their senior leadership

Change in control agreements provide for benefits only if the executive is involuntarily terminated (without cause) in connection with a change in control. Information on the treatment of equity awards upon termination are described in Potential Payments Upon Termination or Change in Control on page 71.

In April 2009, the compensation committee adopted a policy that future employment or severance agreements that provide benefits for NEOs on account of termination will no longer include an excise tax gross-up. The policy applies to employment, change in control, severance and separation agreements entered into, adopted, or materially changed on or after April 2, 2009, other than agreements changed to comply with law or to reduce or eliminate rights, agreements assumed in a corporate transaction, and automatic extensions or renewals where other terms are not changed. The compensation committee has the sole and absolute power to interpret and apply the policy, and it can amend, waive or terminate it if in the best interest of the company, provided that prompt disclosure is made.

Additional Policies and Practices

Stock Ownership and Trading Requirements

To strengthen the alignment of executives' interests with those of shareholders, officers of the company are required to own certain amounts of Exelon common stock. In 2012, following the Merger with Constellation, Exelon reviewed the ownership requirements and updated the guidelines. Executives must meet these guidelines within five years of the latter of the implementation of the new guidelines, their employment or promotion to a new position.

For additional information about Exelon's stock ownership guidelines, please see the Stock Ownership Requirements for Directors and Officers and Beneficial Ownership Table on pages 32 and 33, respectively.

Exelon has adopted a policy requiring officers at the level of executive vice president and above who wish to sell Exelon common stock to do so only through Rule 10b5-1 stock trading plans, and permitting other officers to enter into such plans. This requirement is designed to enable officers to diversify a portion of their holdings in excess of the applicable stock ownership requirements in an orderly manner as part of their retirement and tax planning activities. The use of Rule 10b5-1 stock trading plans serves to reduce the risk that investors will view routine portfolio diversification stock sales by executive officers as a signal of negative expectations with respect to the future value of Exelon's stock. In addition, the use of Rule 10b5-1 stock trading plans reduces the potential for accusations of trading on the basis of material, non-public information that could damage the reputation of the company. Exelon's stock trading policy does not permit short sales, hedging or pledging.

Recoupment (Clawback) Policy

Consistent with the pay-for-performance policy, in May 2007, the board of directors adopted a recoupment policy as part of Exelon's Corporate Governance Principles. The board of directors will seek recoupment of incentive compensation paid to an executive officer if the board determines, in its sole discretion, that:

- the executive officer engaged in fraud or intentional misconduct;
- as a result of which Exelon was required to materially restate its financial results;
- the executive officer was paid more incentive compensation than would have been payable had the financial results been as restated;

- recoupment is not precluded by applicable law or employment agreements; and
- the board concludes that, under the facts and circumstances, seeking recoupment would be in the best interest of Exelon and its shareholders.

Compensation Policies and Practices as They Relate to Risk Management

The compensation committee has considered Exelon's policies and practices of compensating its employees, including non-executive officers, as they relate to risk management practices and risk-taking incentives and believes that such policies and practices are not reasonably likely to have a material adverse effect on Exelon. In this regard, the committee considered the following factors:

- The annual and long-term incentive programs place limits on incentive compensation plans.
- Incentive goals are not tailored solely to revenue-generating conduct.
- The annual incentive program key performance indicators are reviewed in a challenge session by a senior management panel to make sure the goals are fair, reasonable, aligned with the overall business plan and balanced between financial and operational excellence.
- The annual incentive program contains shareholder protection features that limit payouts on non-earnings components based on earnings performance, and the compensation committee reserves the right to curtail awards if a business unit under-performs.
- Exelon has long-term incentive programs that are linked to shareholder value.
- Exelon's officers are required to own Exelon stock, and performance shares are paid out over a two year period after they are earned.
- The Exelon Long-term Incentive Plan provides that the compensation committee may amend or adjust the performance measures or other terms and conditions of an outstanding award in recognition of unusual or nonrecurring events affecting the company or its financial statements or changes in law or accounting principles.
- The company has a recoupment policy.

Although the foregoing factors address financial risks, the compensation committee also considered that Exelon's policies and practices include measures to make sure that the cost reduction and other goals designed to address financial performance do not present significant operational risk issues. These measures include the following:

- For employees and all officers with business unit responsibilities, the annual incentive compensation program includes measures based on business unit operating measures, such as safety and reliability.
- Management carefully tracks a variety of safety and reliability metrics on a routine basis to make sure that performance is not adversely affected by such things as cost reduction efforts.

Tax Consequences

Under Section 162(m) of the Internal Revenue Code, executive compensation in excess of $1 million paid to a CEO or other person among the three other highest compensated officers (excluding the CFO) is generally not deductible for purposes of corporate federal income taxes. However, qualified performance-based compensation, within the meaning of Section 162(m) and applicable regulations, remains deductible. The compensation committee intends to continue reliance on performance-based compensation programs, consistent with sound executive compensation policy. The compensation committee's policy has been to seek to cause executive incentive compensation to qualify as "performance-based" in order to preserve its deductibility for federal income tax purposes to the extent possible, without sacrificing flexibility in designing appropriate compensation programs.

Because it is not "qualified performance-based compensation" within the meaning of Section 162(m), base salary is not eligible for a federal income tax deduction to the extent that it exceeds $1 million. Accordingly, Exelon is unable to deduct that portion of Messrs. Crane's, Shattuck's and Rowe's and others' base salary in excess of $1 million. Annual incentive awards and performance share units payable to NEOs are intended to be qualified performance-based compensation under Section 162(m), and are therefore deductible for federal income tax purposes. Restricted stock and

restricted stock units are not deductible by the company for federal income tax purposes under the provisions of Section 162(m) to the extent an NEO's compensation that is not "qualified performance-based compensation" is in excess of $1 million.

Under Section 4999 of the Internal Revenue Code, there is an excise tax if change in control or severance benefits are greater than 2.99 times the five-year average amount of income reported on an individual's W-2. In April 2009 the compensation committee adopted a policy that no future employment or severance agreements that provide for benefits for NEOs on account of termination will include an excise tax gross-up. However, certain NEOs have change in control severance agreements that pre-date April 2009 that provide excise tax gross-ups, and avoid gross-ups by reducing payments to under the threshold if the amount otherwise payable to an executive is not more than 110% of the threshold.

Report of the Compensation Committee

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussion, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in the 2013 Proxy Statement.

March 8, 2013

The Compensation Committee
John A. Canning, Jr., Chair
Robert Lawless
William C. Richardson
Stephen D. Steinour
Don Thompson

Executive Compensation Data

The tables below summarize the total compensation paid or earned by each of the NEOs of Exelon for the year ended December 31, 2012, presented in accordance with SEC requirements.

Salary amounts may not match the amounts discussed in Compensation Discussion and Analysis because that discussion concerns salary rates; the amounts reported in the Summary Compensation Tables reflect actual salaries paid during the year including the effect of changes in salary rates. Changes to base salary generally take effect on March 1, although in 2012 the base salary increases took effect on March 12 upon the closing of the Merger except for Messrs. Crane and Shattuck, whose base salary increases took effect on April 2, 2012. There may also be changes at other times during the year to reflect promotions or changes in responsibilities.

Bonus reflects discretionary bonuses or amounts paid under the annual incentive plan on the basis of the individual performance multiplier or discretionary amounts approved by the compensation committee and the board of directors or in the case of Messrs. Crane, Shattuck and Rowe, approved by the independent directors.

Stock awards and option awards show the grant date fair value calculated in accordance with FASB ASC Topic 718.

Stock awards consist primarily of performance share awards pursuant to the terms of the 2011 Long-Term Incentive Plan. In 2012, the compensation committee approved goals for performance share awards that included:

- Operational excellence: delivering low cost, clean and reliable energy and operating our facilities safely;
- Financial management: executing cost discipline and optimizing the balance sheet, cash flow, liquidity, and liability management to deliver value return;
- Policy advocacy: engaging with stakeholders to shape public policy to benefit shareholders and consumers;
- Opportunistic M&A: participating in industry consolidation only when the time and price are right;

- Organic growth: creating commercial opportunities that leverage Exelon's unique investment platform, such as the nuclear uprate program; and
- Risk Management: protecting shareholder and bondholder value through active risk management.

The compensation committee determined that it would continue to set the maximum payout for performance shares at 125% of target, and the threshold payout at 75%. The 125% of target maximum may be increased, in individual cases, if a participant is awarded an individual performance multiplier, which can be up to 10% for senior vice presidents and higher officers and 20% for vice presidents.

The threshold, target and distinguished goals for performance share unit awards are established on the grant date (generally the date of the first compensation committee meeting in the fiscal year). The actual performance against the goals and the number of performance share unit awards are established on the award date (generally the date of the first compensation committee meeting after the completion of the fiscal year). Upon retirement or involuntary termination without cause, earned but non-vested shares are eligible for accelerated vesting. Performance share awards are paid 50% in Exelon common stock and 50% in cash, except for executive vice presidents and higher officers whose awards are paid 100% in cash if the officer has attained 200% of the applicable stock ownership requirement.

In limited cases, the compensation committee has determined that it is necessary to grant restricted shares of Exelon common stock or restricted stock units to executives as a means to recruit and retain talent. They may be used for new hires to offset annual or long-term incentives that are forfeited from a previous employer. They are also used as a retention vehicle and are subject to forfeiture if the executive voluntarily terminates, and in some cases may incorporate performance criteria as well as time-based vesting. When awarded, restricted stock or stock units are earned by continuing employment for a pre-determined period of time or, in some instances, after certain performance requirements are met. In some cases, the award may vest ratably over a period; in other cases, it vests in full at one or more pre-determined dates. Amounts of restricted shares held by each NEO, if any, are shown in the footnotes to the Outstanding Equity Table.

All option awards are made pursuant to the terms of the Long-Term Incentive Plan. All options are granted at a strike price that is not less than the fair market value of a share of stock on the date of grant. Fair market value is defined under the plans as the closing price on the grant date as reported on the New York Stock Exchange. Individuals receiving stock options are provided the right to buy a fixed number of shares of Exelon common stock at the closing price of such stock on the grant date. The target for the number of options awarded is determined by the portion of the long-term incentive value attributable to stock options and a theoretical value of each option determined by the compensation committee using a lattice binomial ratio valuation formula. Options vest in equal annual installments over a four-year period and have a term of 10 years. Employees who are retirement eligible are eligible for accelerated vesting upon retirement or termination without cause. Time vesting adds a retention element to the stock option program. All grants to the NEOs must be approved by the full board of directors, which acts after receiving a recommendation from the compensation committee, except grants to the executive chairman and the CEO, which must be approved by the independent directors, who act after receiving recommendation from the compensation committee.

Non-equity incentive plan compensation includes the amounts earned under the annual incentive plan, determined by the extent to which the applicable financial and operational goals were achieved. The amount of the annual incentive target opportunity is expressed as a percentage of the officer's or employee's base salary, and actual awards are determined using the base salary at the end of the year. Threshold, target and distinguished (i.e. maximum) achievement levels are established for each goal. Threshold is set at the minimally acceptable level of performance, for a payout of 50% of target. Target is set consistent with the achievement of the business plan objectives. Distinguished is set at a level that significantly exceeds the business plan and has a low probability of payout, and is capped at 200% of target. Awards are interpolated to the extent performance falls between the threshold, target, and distinguished levels.

Summary Compensation Table

Name and Principal Position (A)	Year (B)	Salary ($) (C)	Bonus ($) See Note 8 (D)	Stock Awards ($) See Note 9 (E)	Option Awards ($) See Note 10 (F)	Non-Equity Incentive Plan Compensation ($) See Note 11 (G)	Change in Pension Value and Nonqualified Deferred Compen-sation Earnings ($) See Note 12 (H)	All Other Compen-sation ($) See Note 13 (I)	Total ($) (J)
Crane (1)	2012	$1,078,750	$ 131,100	$4,234,680	$ 1,191,300	$ 1,311,000	$ 2,063,852	$ 190,568	$10,201,250
	2011	858,692	—	1,475,600	584,680	1,136,857	1,430,802	75,513	5,562,144
	2010	825,000	—	396,374	428,240	1,132,313	1,621,679	87,155	4,490,761
Thayer (2)	2012	500,000	55,575	1,433,160	405,460	555,750	154,502	128,519	3,232,966
Shattuck (3)	2012	893,269	131,100	3,607,320	1,032,460	1,311,000	972,816	72,884	8,020,849
O'Brien (4)	2012	686,923	68,513	1,513,540	426,360	685,125	248,744	50,999	3,680,204
	2011	555,292	—	781,200	304,780	575,172	145,395	44,344	2,406,183
	2010	536,000	63,177	212,060	218,160	631,768	213,789	28,712	1,903,666
Von Hoene (5)	2012	685,577	56,525	1,314,390	367,840	565,250	135,681	67,338	3,192,601
	2011	621,058	—	1,085,000	416,740	616,071	110,241	77,761	2,926,871
	2010	600,000	—	251,697	266,640	686,250	123,906	35,190	1,963,683
Rowe (6)	2012	561,231	—	4,500,790	1,262,360	355,082	8,992,843	7,811,136	23,483,442
	2011	1,512,904	—	4,079,600	1,648,300	2,500,000	1,505,192	470,008	11,716,004
	2010	1,475,000	—	1,070,210	1,115,040	2,474,313	2,878,315	405,521	9,418,399
Hilzinger (7)	2012	145,231	—	394,317	108,680	93,184	183,230	650,733	1,575,375
	2011	472,954	—	407,960	161,720	402,060	80,484	37,035	1,562,213
	2010	446,000	18,962	103,057	107,464	379,245	88,452	20,465	1,163,645

Notes to the Summary Compensation Table

(1) Christopher M. Crane, President and Chief Executive Officer.

(2) Jonathan W. Thayer, Executive Vice President & Chief Financial Officer effective March 12, 2012.

(3) Mayo A. Shattuck III, Executive Chairman effective March 12, 2012 until February 28, 2013.

(4) Denis P. O'Brien, Senior Executive Vice President, Exelon; CEO, Exelon Utilities.

(5) William A. Von Hoene Jr., Senior Executive Vice President and Chief Strategy Officer.

(6) John W. Rowe, Chairman and CEO through March 12, 2012.

(7) Matthew F. Hilzinger, Senior Vice President and Chief Financial Officer through March 12, 2012.

(8) In recognition of their overall performance, certain NEOs received an individual performance multiplier to their annual incentive payments or other special recognition awards in certain years.

(9) The amounts shown in this column include the aggregate grant date fair value of stock awards granted on April 2, 2012 for Mr. Crane and Mr. Shattuck, on March 12, 2012 for Mr. Thayer, and January 23, 2012 for all other NEOs, with respect to the performance period ending December 31, 2012. The grant date fair values of the stock awards have been computed in accordance with FASB ASC Topic 718 using the assumptions described in Note 17 of the Combined Notes to Consolidated Financial Statements included in Exelon's 2012 Annual Report on Form 10-K. For the 2012 grants, the grant date fair value of the awards assuming the highest level of performance conditions would be achieved were:

Crane	$5,822,685
Thayer	1,970,595
Shattuck	4,960,065
O'Brien	2,081,118
Von Hoene	1,807,286
Rowe	6,188,586
Hilzinger	542,186

(10) The amounts shown in this column include the aggregate grant date fair value of stock option awards granted on March 12, 2012 and April 2, 2012. The grant date fair value of the stock options awards have been computed in accordance with FASB ASC Topic 718 using the assumptions described in Note 17 of the Combined Notes to Consolidated Financial Statements included in Exelon's 2012 Annual Report on Form 10-K.

(11) The amounts shown in this column for 2012 represent payments made pursuant to the Annual Incentive Program.

(12) The amounts shown in the column represent the change in the accumulated pension benefit from March 12, 2012 to December 31, 2012 for Mr. Shattuck and Mr. Thayer, and from December 31, 2011 to December 31, 2012 for all other NEOs. Mr. Rowe and Mr. Hilzinger separated from service during the year. Incremental benefit paid/payable attributable to their separation is included in the change in pension value. Two NEOs had above market earnings in a nonqualified deferred compensation account.

(13) The amounts shown in this column include the items summarized in the following table:

All Other Compensation

Name	Perquisites ($) See Note 1	Reimbursement for Income Taxes ($) See Note 2	Payments or Accruals for Termination or Change in Control (CIC) ($) See Note 3	Company Contributions to Savings Plans ($) See Note 4	Company Paid Term Life Insurance Premiums ($) See Note 5	Dividends or Earnings not included in Grants ($)	Total ($)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Crane	$ 92,988	$ 32,225	$ —	$ 51,245	$ 14,110	—	$ 190,568
Thayer	119,660	3,342	—	4,385	1,132	—	128,519
Shattuck	45,965	—	—	26,798	121	—	72,884
O'Brien	10,000	—	—	32,819	8,180	—	50,999
Von Hoene	15,506	11,648	—	34,224	5,960	—	67,338
Rowe	593,115	2,830,888	3,977,980	42,213	366,940	—	7,811,136
Hilzinger	730	53,324	578,008	14,586	4,085	—	650,733

Notes to All Other Compensation Table

(1) The amounts shown in this column represent the incremental cost to Exelon to provide certain perquisites to NEOs as summarized in the Perquisites Table below.

(2) Officers receive a reimbursement to cover applicable taxes when they work out of their home state and encounter double taxation in states and localities where they would not be eligible to receive a credit for such taxes when filing their taxes for their home state, as well as on imputed income for business-related spousal travel expenses for those cases where the personal benefit is closely related to the business purpose. For Mr. Rowe and Mr. Hilzinger, the amounts shown include $275,912 and $6,397 of company paid FICA taxes due and $2,295,943 and $36,765 of reimbursement for state income taxes due as the result of their SERP distribution made in connection with their retirement and resignation, respectively.

(3) Represents the expense, if applicable, or the accrual of the expense that Exelon has recorded during 2012 after the announcement of the officer's retirement or resignation for severance related costs including salary and Annual Incentive Program (AIP) continuation and other benefits as applicable. For Mr. Rowe, the amount shown represents the estimated cost for providing office space and secretarial support for five years following his retirement as specified in his employment agreement.

(4) Represents company matching contributions to the NEO's qualified and non-qualified savings plans. The 401(k) plan is available to all employees and the annual contribution for 2012 was generally limited by IRS rules to $17,000. NEOs and other officers may participate in the Deferred Compensation Plan, into which payroll contributions in excess of the specified IRS limit are credited under the separate, unfunded plan that has the same portfolio of investment options as the 401(k) plan.

(5) Exelon provides basic term life insurance, accidental death and disability insurance, and long-term disability insurance to all employees, including NEOs. The values shown in this column include the premiums paid during 2012 for additional term life insurance policies for the NEOs, additional supplemental accidental death and dismemberment insurance and for additional long-term disability insurance over and above the basic coverage provided to all employees. Mr. Rowe has two term life insurance policies and one additional accidental death and dismemberment policy.

Perquisites

The following table indicates the various perquisites for which Exelon incurred incremental costs in 2012 for each named executive officer. A checkmark (✓) indicates perquisite usage during 2012 by the NEO listed at the top of the column. In addition, Constellation provided club memberships and home security systems in 2012 to certain executives. As of January 1, 2013, perquisite eligibility for legacy Constellation executives switched to the Exelon executive perquisite program, with the exception of the home security system for Mr. Shattuck. During 2012 Exelon incurred no costs for home security systems or club memberships. Executive officers may use company-provided vendors for comprehensive physical examinations and related follow-up testing. However, in 2012 Exelon incurred no costs for physical examinations.

Perquisite	Crane	Thayer	Shattuck	O'Brien	Von Hoene	Rowe	Hilzinger
Personal use of corporate aircraft (1)	✓					✓	
Personal use of company drivers (2)	✓	✓	✓			✓	
Spouse travel and entertainment (3)	✓				✓	✓	
Auto allowance (4)		✓	✓				
Parking (5)	✓	✓	✓		✓	✓	✓
Company gifts and matching contributions (6)		✓	✓	✓	✓	✓	
Financial planning		✓	✓				
Relocation (7)		✓					

Notes to Perquisite Table

(1) Mr. Crane is entitled to up to 30 hours of personal use of corporate aircraft each year and Mr. Rowe was entitled to up to 60 hours of personal use for the year. The figures shown in column (b) of the All Other Compensation Table above include $79,082 and $90,283 representing the aggregate incremental cost to Exelon for personal use of corporate aircraft by Mr. Crane and Mr. Rowe, respectively. These costs were calculated using the hourly cost for flight services paid to the aircraft vendor, federal excise tax, fuel charges, and domestic segment fees. From time to time Mr. Crane's or Mr. Rowe's spouse, or other family members, accompanied them in their travel on corporate aircraft. The aggregate incremental cost to the company, if any, for such travel by spouses or family members on corporate aircraft is included in this amount.

(2) The company maintains several cars and drivers in order to provide transportation services for the NEOs and other officers to carry out their duties among the company's various offices and facilities. Certain NEOs were also entitled to limited personal use of the company's cars and drivers, including use for commuting which allowed them to work while commuting. The cost included in the All Other Compensation Table represents the estimated incremental cost to Exelon to provide limited personal service. This cost is based upon the number of hours that the drivers worked overtime providing services to each NEO, multiplied by the average overtime rate for drivers plus an additional amount for fuel and maintenance. Messrs. Thayer and Shattuck were also entitled to personal use of company cars and drivers as a legacy Constellation perquisite. Personal use was imputed as additional taxable income.

(3) For all executive officers, Exelon will pay the cost of spousal travel, meals, and other related amenities when they attend company or industry-related events where it is customary and expected that officers attend with their spouses. The aggregate incremental cost to Exelon for these expenses is included in the All Other Compensation Table. In most cases, there is no incremental cost to Exelon of providing transportation or other amenities for a spouse, and the only additional cost to Exelon is to reimburse officers for the taxes on the imputed income attributable to their spousal travel, meals, and related amenities when attending company or industry-related events. This cost is shown in column (b) of the All Other Compensation Table above.

(4) Mr. Thayer and Mr. Shattuck continued to receive this legacy Constellation perquisite through December 31, 2012.

(5) For NEOs whose primary work location is downtown Chicago, Exelon's office lease provides for a limited number of parking spaces that are available for Exelon use. When NEOs are unable to utilize the available spaces, Exelon provides reimbursement for parking expenses incurred at other public garages. Messrs. Thayer and Shattuck continued to have company provided spaces in downtown Baltimore through the end of 2012.

(6) Executives also receive certain gifts during the year in recognition of their services that are imputed to the officer as additional taxable income. Executive officers may also have the company make matching gifts to qualified charitable organizations up to $10,000 for 2012. Mr. Shattuck and Mr. Thayer were subject to a $15,000 annual limit under Constellation's legacy policy. Exelon made a contribution of $500,000 to a charitable organization recommended by Mr. Rowe in honor of his retirement from the company.

(7) Mr. Thayer incurred $88,362 of company-paid relocation expenses. This amount was imputed to Mr. Thayer as additional taxable income.

Grants of Plan Based Awards

Name	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards (See Note 1)			Estimated Possible Payouts Under Equity Incentive Plan Awards (See Note 2)			All other Stock Awards: Number of Shares or Units (See Note 3)	All Other Options Awards: Number of Securities Under-lying Options	Exercise or base Price of Option Awards.	Grant Date Fair Value of Stock and Option Awards (See Note 4)
		Threshold ($)	Plan ($)	Maxi-mum ($)	Thres-hold (#)	Target (#)	Maxi-mum (#)	(#)	(#)	($)	($)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
Crane	3/12/2012	$ 690,000	$1,380,000	$2,760,000							
	4/2/2012				81,000	108,000	135,000				$ 4,234,680
	4/2/2012								285,000	$ 39.21	1,191,300
Thayer	3/12/2012	292,500	585,000	1,170,000							
	3/12/2012				27,000	36,000	45,000				1,433,160
	3/12/2012								97,000	39.81	405,460
Shattuck	3/12/2012	690,000	1,380,000	2,760,000							
	4/2/2012				69,000	92,000	115,000				3,607,320
	4/2/2012								247,000	39.21	1,032,460
O'Brien	3/12/2012	326,250	652,500	1,305,000							
	1/23/2012				28,500	38,000	47,500				1,513,540
	3/12/2012								102,000	39.81	426,360
Von Hoene	3/12/2012	297,500	595,000	1,190,000							
	1/23/2012				24,750	33,000	41,250				1,314,390
	3/12/2012								88,000	39.81	367,840
Rowe	3/12/2012	186,885	373,770	747,540							
	1/23/2012				84,750	113,000	141,250				4,500,790
	3/12/2012								302,000	39.81	1,262,360
Hilzinger	3/12/2012	46,592	93,184	186,368							
	1/23/2012				7,425	9,900	12,375				394,317
	3/12/2012								26,000	39.81	108,680

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Notes to Grants of Plan Based Awards Table

(1) All NEOs have annual incentive plan target opportunities based on a fixed percentage of their base salary. Under the terms of the AIP, threshold performance earns 50% of the respective target, while performance at plan earns 100% of the respective target and the maximum payout is capped at 200% of target. For additional information about the terms of these programs, see Compensation Discussion and Analysis above.

(2) NEOs have a long-term performance share target opportunity that is a fixed number of performance shares commensurate with the officer's position. For additional information about the terms of these programs, see Compensation Discussion and Analysis and the narrative preceding the Summary Compensation Table above.

(3) This column shows additional restricted share awards made during the year. The vesting dates of the awards are provided in the footnote 2 to the Outstanding Equity Table below.

(4) This column shows the grant date fair value, calculated in accordance with FASB ASC Topic 718, of the performance share awards, stock options, and restricted stock granted to each NEO during 2012. Fair value of performance share awards granted on January 23, 2012, March 12, 2012 and April 2, 2012 are based on an estimated payout of 100% of target.

Outstanding Equity Awards at Year End

Name	Options (See Note 1)					Stock (See Note 2)			
	Number of Securities Underlying Unexercised Options That Are Exercisable (#)	Number of Securities Underlying Unexercised Options That Are Not Exercisable (#)	Option Exercise or Base Price ($)	Option Grant Date	Option Expiration Date	Number of Shares or Units of Stock That Have Not Yet Vested (#)	Market Value of Share or Units of Stock That Have Not Yet Vested Based on 12/31 Closing Price $29.74 ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Yet Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Yet Vested ($)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Crane									
	—	285,000	$ 39.21	2-Apr-2012	2-Apr-2022	41,067	$1,221,333	108,000	$3,211,920
	23,500	70,500	43.40	24-Jan-2011	24-Jan-2021				
	26,500	26,500	46.09	25-Jan-2010	24-Jan-2020				
	36,750	12,250	56.51	26-Jan-2009	26-Jan-2019				
	28,000	—	73.29	28-Jan-2008	27-Jan-2018				
	35,000	—	59.96	22-Jan-2007	21-Jan-2017				
	22,500	—	58.55	23-Jan-2006	22-Jan-2016				
	18,000	—	42.85	24-Jan-2005	23-Jan-2015				
	13,500	—	32.54	26-Jan-2004	25-Jan-2014				
Thayer									
	—	97,000	39.81	12-Mar-2012	12-Mar-2022	18,637	554,264	36,000	1,070,640
	—	175,946	39.24	24-Feb-2012	24-Feb-2022				
	125,429	—	32.46	25-Feb-2011	25-Feb-2021				
	67,304	—	37.71	26-Feb-2010	26-Feb-2020				
	167,669	—	21.25	27-Feb-2009	27-Feb-2019				
	8,676	—	101.05	21-Feb-2008	21-Feb-2018				
	8,342	—	81.56	22-Feb-2007	22-Feb-2017				
	5,487	—	54.80	24-Feb-2005	24-Feb-2015				
				26-Feb-	26-Feb-				

		5,319	—	42.62	2004	2014			
		5,542	—	30.98	2-May-2003	2-May-2013			

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Name	Options (See Note 1)					Stock (See Note 2)			
	Number of Securities Underlying Unexercised Options That Are Exercisable (#)	Number of Securities Underlying Unexercised Options That Are Not Exercisable (#)	Option Exercise or Base Price ($)	Option Grant Date	Option Expiration Date	Number of Shares or Units of Stock That Have Not Yet Vested (#)	Market Value of Share or Units of Stock That Have Not Yet Vested Based on 12/31 Closing Price $29.74 ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Yet Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Yet Vested ($)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Shattuck									
	—	247,000	39.21	2-Apr-2012	2-Apr-2022	69,224	$2,058,722	92,000	$2,736,080
	—	653,511	39.24	24-Feb-2012	24-Feb-2022				
	465,892	—	32.46	25-Feb-2011	25-Feb-2021				
	379,337	—	37.71	26-Feb-2010	26-Feb-2020				
	726,562	—	21.25	27-Feb-2009	27-Feb-2019				
	210,691	—	101.05	21-Feb-2008	21-Feb-2018				
	272,527	—	81.56	22-Feb-2007	22-Feb-2017				
	70,562	—	62.73	21-Dec-2005	26-Feb-2014				
	310,815	—	54.80	24-Feb-2005	24-Feb-2015				
	171,838	—	42.62	26-Feb-2004	26-Feb-2014				
O'Brien									
	—	102,000	39.81	12-Mar-2012	12-Mar-2022	13,800	410,412	38,000	1,130,120
	12,250	36,750	43.40	24-Jan-2011	24-Jan-2021				
	13,500	13,500	46.09	25-Jan-2010	24-Jan-2020				
	23,025	7,675	56.51	26-Jan-2009	26-Jan-2019				
	22,000	—	73.29	28-Jan-2008	27-Jan-2018				
	19,000	—	59.96	22-Jan-2007	21-Jan-2017				
	20,000	—	58.55	23-Jan-2006	22-Jan-2016				
	29,000	—	42.85	24-Jan-2005	23-Jan-2015				
	30,000	—	32.54	26-Jan-2004	25-Jan-2014				
Von Hoene									
	—	88,000	39.81	12-Mar-2012	12-Mar-2022	24,167	718,727	33,000	981,420
	16,750	50,250	43.40	24-Jan-2011	24-Jan-2021				
	16,500	16,500	46.09	25-Jan-2010	24-Jan-2020				
	18,900	6,300	56.51	26-Jan-2009	26-Jan-2019				
	19,000	—	73.29	28-Jan-2008	27-Jan-2018				
	19,000	—	59.96	22-Jan-2007	21-Jan-2017				
	17,000	—	58.55	23-Jan-2006	22-Jan-2016				
	14,000	—	42.85	24-Jan-2005	23-Jan-2015				
	4,500	—	32.54	26-Jan-2004	25-Jan-2014				
Rowe(3)									
				12-Mar-	13-Mar-				

	302,000	—	39.81	2012	2017	—	—	22,230	661,120
	265,000	—	43.40	24-Jan-2011	13-Mar-2017				
	138,000	—	46.09	25-Jan-2010	13-Mar-2017				
	155,000	—	56.51	26-Jan-2009	13-Mar-2017				
	114,000	—	73.29	28-Jan-2008	13-Mar-2017				
	150,000	—	59.96	22-Jan-2007	21-Jan-2017				
	229,000	—	42.85	24-Jan-2005	23-Jan-2015				
Hilzinger	26,000	—	39.81	12-Mar-2012	16-Apr-2017	—	—	9,990	294,426
	26,000	—	43.40	24-Jan-2011	15-Apr-2017				
	13,300	—	46.09	25-Jan-2010	15-Apr-2017				
	14,900	—	56.51	26-Jan-2009	15-Apr-2017				
	11,000	—	73.29	28-Jan-2008	15-Apr-2017				
	10,500	—	59.96	22-Jan-2007	21-Jan-2017				
	10,500	—	58.55	23-Jan-2006	22-Jan-2016				
	14,000	—	42.85	24-Jan-2005	23-Jan-2015				
	4,500	—	32.54	26-Jan-2004	25-Jan-2014				

Notes to Outstanding Equity Table

(1) Non-qualified stock options are granted to NEOs pursuant to the company's long-term incentive plans. Grants made in 2003 and thereafter vest in four equal increments, beginning on the first anniversary of the grant date. All grants

expire on the tenth anniversary of the grant date. For all data above, the number of shares and exercise prices have been adjusted to reflect the 2 for 1 stock split of May 5, 2004. For Messrs. Shattuck and Thayer, stock options granted prior to March 12, 2012 were granted under the Constellation Energy Group Inc. Long Term Incentive Plan and were converted into the equivalent right to receive Exelon common stock. The number of stock options received upon conversion is equal to the original number of Constellation stock options multiplied by the exchange ratio (0.93) and rounded down to the nearest whole share. The exercise price for each converted share is equal to the original Constellation exercise price dividend by the exchange ratio (0.93), rounded up to the nearest whole cent.

(2) The amount shown includes the unvested portion of performance share awards earned with respect to the three-year performance periods ending December 31, 2011 and December 31, 2010, and any unvested restricted stock unit awards as shown in the following table. The amount of shares shown in column (i) represents the target number of performance shares available to each NEO for the performance period ending December 31, 2012. Shares are valued at $29.74, the closing price on December 31, 2012. For Messrs. Shattuck and Thayer, the unvested shares reflect restricted stock unit grants made by Constellation that were converted to Exelon grants on March 12, 2012. Each Constellation stock unit was converted into 0.93 Exelon stock units with the same vesting provisions as the original grant.

(3) For Mr. Rowe, the amount shown in column (i) represents his 2012 target number of performance shares prorated through the date of his retirement. The original award for the full year was 113,000 shares.

Unvested Restricted Stock or Restricted Stock Units

Name	Grant Date	Number of Restricted Shares Granted	Vesting Dates	Number of Shares Vesting (See Note 1)
Crane	01 Aug. 2008	15,000	01 Aug. 2013	15,000
Thayer	12 Mar 2012	17,867	24 Feb 2013	6,212
			24 Feb 2014	6,212
			24 Feb 2015	6,213
Shattuck	12 Mar 2012	66,364	24 Feb 2013	23,074
			24 Feb 2014	23,075
			24 Feb 2015	23,075
Von Hoene	01 Aug. 2008	5,000	01 Aug. 2013	5,000

Notes to Restricted Stock Table

(1) Restricted stock awards made by Constellation prior to the Merger and converted to Exelon awards on March 12, 2012. These awards accrue additional shares through dividend reinvestment that will vest along with the underlying tranches of the award. As of December 31, 2012, Mr. Thayer's award and Mr. Shattuck's awards have accrued an additional 771 and 2,860 shares, respectively.

Option Exercises and Stock Vested

Name	Option Awards		Stock Awards (See Note 1)	
	Number of Shares Acquired on Exercise	Value Realized on Exercise	Number of Shares Acquired on Vesting	Value Realized on Vesting
(a)	(b) (#)	(c) ($)	(d) (#)	(e) ($)
Crane	—	$ —	20,076	$ 799,627
Thayer	—	—	—	—
Shattuck (2)	—	—	146,437	4,314,025
O'Brien (3)	30,000	127,650	11,198	446,028
Von Hoene	—	—	13,799	549,615
Rowe (4)	—	—	140,607	5,262,691
Hilzinger (5)	—	—	16,606	624,960

Notes to Option Exercises and Stock Vested Table

(1) Share amounts are generally composed of performance shares that vested on January 23, 2012, which included the first 1/3 of the grant made with respect to the three-year performance period ending December 31, 2011 and the last 1/3 of the grant made with respect to the three-year performance period ending December 31, 2009. Shares were valued at $39.83 upon vesting.

(2) For Mr. Shattuck, the number of shares acquired upon vesting includes restricted stock originally granted by Constellation in December 2011 which were converted to an award of 146,437 shares of Exelon common stock that vested on December 26, 2012 and were valued at $29.46.

(3) Mr. O'Brien exercised expiring options pursuant to a trading plan designed to comply with the requirements of Rule 10b5-1.

(4) For Mr. Rowe, the number of shares acquired upon vesting includes an additional 79,273 performance shares granted with respect to the three-year performance period ending December 31, 2011 which were subject to accelerated vesting upon his retirement. These shares were valued at $35.57.

(5) For Mr. Hilzinger, the number of shares acquired upon vesting includes an additional 7,207 performance shares granted with respect to the three-year performance period ending December 31, 2011 and 3,708 restricted stock units (the pro-rated portion of a grant made on August 1, 2008) which were subject to accelerated vesting upon his retirement. These shares were valued at $36.49.

Pension Benefits

Exelon sponsors the Exelon Corporation Retirement Program, a traditional defined benefit pension plan that covers certain management employees who commenced employment prior to January 1, 2001 and certain collective bargaining unit employees. The Exelon Corporation Retirement Program includes the Service Annuity System ("SAS"), which is the legacy ComEd pension plan, and the Service Annuity Plan ("SAP"), which is the legacy PECO pension plan. Effective January 1, 2001, Exelon also established two cash balance defined benefit pension plans in order to both reduce future retirement benefit costs and provide an option that is portable as the company anticipated a work force that was more mobile than the traditional utility workforce. The cash balance defined benefit pension plans cover management employees and certain collective bargaining unit employees hired on or after such date, as well as certain management employees hired prior to such date who elected to transfer to a cash balance plan. Legacy Constellation employees participate in the Pension Plan of Constellation Energy Group, Inc. The Constellation Pension Plan includes a traditional pension formula referred to as the Enhanced Traditional Plan ("ETP") and a Pension Equity Plan ("PEP"). Employees hired before January 1, 2000 participate in the ETP. Employees hired on or after January 1, 2000 and employees hired before that date who elected to transfer participate in the PEP. Each of these plans is intended to be tax-qualified under Section 401(a) of the Internal Revenue Code. An employee can participate in only one of the qualified pension plans.

For NEOs participating in the SAS, the annuity benefit payable at normal retirement age is equal to the sum of 1.25% of the participant's earnings as of December 25, 1994, reduced by a portion of the participant's Social Security benefit as of

that date, plus 1.6% of the participant's highest average annual pay, multiplied by the participant's years of credited service (up to a maximum of 40 years). For NEOs participating in the SAP, the annuity benefit payable at normal retirement age is equal to the greater of the amount determined under the Career Pay Formula, which is 2% of each year's pensionable pay, and the amount determined under the Final Average Pay Formula, which is the sum of (a) 5% of average earnings, plus 1.2% of average earnings for each year of pension service (up to a maximum of 40 years), and (b) 0.35% of average earnings in excess of covered compensation for each year of pension service (up to a maximum of 40 years). Pension-eligible compensation for the SAS and the SAP's Final Average Pay Formula includes base pay and annual incentive awards. Pension eligible compensation in the SAP's Career Pay Formula includes base pay, incentive awards and other regular remuneration. Benefits under the SAS and SAP are vested after five years of service.

The "normal retirement age" under both the SAS and the SAP is 65. Each of these plans also offers an early retirement benefit prior to age 65, which is payable if a participant retires after attainment of age 50 and completion of 10 years of service. The annual pension payable under each plan is determined as of the early retirement date, reduced by 2% for each year of payment before age 60 to age 58, then 3% for each year before age 58 to age 50. In addition, under the SAS, the early retirement benefit is supplemented prior to age 65 by a temporary payment equal to 80% of the participant's estimated monthly Social Security benefit. The supplemental benefit is partially offset by a reduction in the regular annuity benefit.

Under the cash balance pension plan, a notional account is established for each participant, and the account balance grows as a result of annual benefit credits and annual investment credits. (Employees who participated in the SAS or the SAP prior to January 1, 2001 and elected to transfer to the cash balance plan also have a frozen transferred benefit from the former plan, and received a "transition" credit based on their age, service and compensation at the time of transfer.) Beginning January 1, 2008, the annual benefit credit under the plan is 7.00% of base pay and annual incentive award. For the portion of the account balance accrued beginning January 1, 2008, the annual investment credit is the third segment spot rate of interest on long-term investment grade corporate bonds. The segment rate will be determined as of November of the year for which the cash balance account receives the investment credit. For the portion of the benefit accrued before January 1, 2008, pending Internal Revenue Service guidance, the annual investment credit is the greater of 4%, or the average for the year of the S&P 500 Index and the applicable interest rate specified in Section 417(e) of the Internal Revenue Code that is used to determine lump sum payments (the interest rate is determined in November of each year). Benefits are vested after three years of service, and are payable in an annuity or a lump sum at any time following termination of employment. Apart from the benefit credits and vesting requirement, and as described above, years of service are not relevant to a determination of accrued benefits under the cash balance pension plans.

For NEOs who participate in the PEP, a lump sum benefit amount is computed based on covered earnings multiplied by a total credit percentage. Covered earnings are equal to the average of the highest three of the last five years' base pay plus short-term incentive. The total service credit percentage is equal to the sum of the credit percentages based on the following formula: 5% per year of service through age 39, 10% per year of service from age 40 to age 49, and 15% per year of service after age 49. No benefits are available under the PEP until a participant has at least three years of vesting service. Benefits payable under the PEP are paid in periodic installments unless a participant elects a lump sum within 60 days after separation.

The Internal Revenue Code limits to $250,000 the individual 2012 annual compensation that may be taken into account under the tax-qualified retirement plan. As permitted by Employee Retirement Income Security Act, Exelon sponsors three supplemental executive retirement plans (or "SERPs") that allow the payment to a select group of management or highly-compensated individuals out of its general assets of any benefits calculated under provisions of the applicable qualified pension plan which may be above these limits. The SERPs offer a lump sum as an optional form of payment, which includes the value of the marital annuity, death benefits and other early retirement subsidies at a designated interest rate. The interest rate applicable for distributions to participants in the SAS in 2012 is 2.98%. For participants in the cash balance pension plan and the PEP, the lump sum is the value of the non-qualified account balance. The values of the lump sum amounts do not include the value of any pension benefits covered under the qualified pension plans, and the methods and assumptions used to determine the non-qualified lump sum amount are different from the assumptions used to generate the present values shown in the tables of benefits to be received upon retirement, termination due to death or disability, involuntary separation not related to a change in control, or upon a qualifying termination following a change in control which appear later in this document.

Under the terms of the SERPs, participants are provided the amount of benefits they would have received under the SAS, SAP cash balance plan, ETP or PEP, as applicable, but for the application of the Internal Revenue Code limits. In addition, certain executives previously received grants of additional credited service under a SERP. In particular, Mr. Crane received an additional 10 years of credited service through September 28, 2008, the date of his 10 year anniversary, as part of his employment offer that provided one additional year of service credit for each year of employment to a maximum of 10 additional years. Pursuant to his employment agreement first entered into when he joined the company in 1998, Mr. Rowe is entitled to receive a SERP benefit that, when added to SAS benefit, will be determined as though he had earned 20 years of service on March 16, 1998 and one additional year of service on each anniversary of that date occurring prior to his termination of employment.

As of January 1, 2004, Exelon does not grant additional years of credited service to executives under the SERP for any period in which services are not actually performed, except that up to two years of service credits may be provided under severance or change in control agreements first entered into after such date. Service credits previously available under employment, change in control or severance agreements or arrangements (or any successors arrangements) are not affected by this policy.

Mr. Shattuck is the only NEO who participates in the Senior Executive Supplemental Plan ("Supplemental Plan"), which is a nonqualified pension plan originally established by Constellation in 2000 and last amended on January 1, 2009, before the Merger with Exelon. Under the Supplemental Plan, a participant must be at least age 55 with 10 or more years of vesting service to retire and be entitled to benefits. Once a participant becomes entitled to benefits under the Supplemental Plan, benefits are in lieu of any benefits under the SERP described above. Benefits paid upon retirement before age 62 are reduced by 4% per year for early receipt. Mr. Shattuck's normal retirement annuity benefit under the Supplemental Plan, which is available at age 62 with five or more years of vesting service, will be computed at 60% of covered earnings. The lump sum value of the benefits computed as the present value of an annuity that commences on the retirement date using the average of the three monthly 30-year Treasury rates in the quarter that precedes by two the quarter in which the retirement date occurs, less 0.5%.

At December 31, 2012, based on his then age of 58 and eleven years and eight months of vesting service, Mr. Shattuck is eligible for benefits under the Supplemental Plan. Covered earnings under the Supplemental Plan are equal to the average of the highest two of the last five years' base pay amounts plus the average of the highest two of the last five years' short-term incentive award amounts and are determined without regard to the Internal Revenue Service compensation limitations. In February 2011 and again in February 2012, the Constellation compensation committee considered that historically only cash incentives had been included in the computation of plan benefits under the Supplemental Plan. To avoid the negative impact on the calculation of Mr. Shattuck's supplemental benefit of delivering a portion of his short-term incentive award in stock units to further align this award with shareholder interests, the committee determined that with respect to all of the 2010 and $3 million of the 2011 short-term incentive awards, the stock units would be included in the computation of his Supplemental Plan benefits. Mr. Shattuck is required to hold these shares until the termination of his employment.

Benefits payable under the Supplemental Plan are paid in periodic installments unless a participant elects a lump sum. Plan participants are entitled to a 50% survivor annuity benefit at no cost, which applies once a participant has vested in the PEP, regardless of whether the participant was eligible to receive a benefit under the Supplemental Plan. The benefits computed under the Supplemental Plan are offset by benefits under the PEP, but are not offset by Social Security.

The amount of the change in the pension value for each of the named executive officers is the amount included in the Summary Compensation Table above in the column headed "Change in Pension Value & Nonqualified Deferred Compensation Earnings." The present value of each NEO's accumulated pension benefit is shown in the following tables. The assumptions used in estimating the present values include the following: for SAS participants, pension benefits are assumed to begin at each participant's earliest unreduced retirement age; and for cash balance plan and PEP participants, pension benefits are assumed to begin at the earliest unreduced age. The lump sum rate amounts are determined using the rate of 5% for SAS participants both at the assumed retirement age, and the account balance for cash balance pension plan participants. The lump sum amounts are discounted from the assumed retirement date at the applicable discount rates 4.74% as of December 31, 2011 and 3.92% as of December 31, 2012. The applicable mortality table as of December 31, 2011 is the IRS-required mortality table for 2012 funding valuation. The applicable table as of December 31, 2012 is the IRS required mortality table for 2013 funding valuation.

Name (a)	Plan Name (b)	Number of Years Credited Service (#) (c)	Present Value of Accumulated Benefit ($) (d)	Payments During Last Fiscal Year ($) (e)
Crane (1)	SAS	14.26	694,581	0
	SERP	24.26	7,535,749	0
Thayer	Constellation PEP	10.00	148,000	0
	Constellation SERP	10.00	825,514	0
Shattuck (2)	Constellation PEP	13.67	386,444	0
	Constellation SESPP	13.67	49,261,009	0
O'Brien	Cash Balance	30.51	956,737	0
	SERP	30.51	1,020,159	0
Von Hoene	Cash Balance	10.93	224,971	0
	SERP	10.93	538,482	0
Rowe	SAS	13.99	570,886	0
	SERP	33.99	0	29,847,255
Hilzinger	Cash Balance	10.00	0	212,765
	SERP	10.00	0	477,948

(1) Based on discount rates prescribed by the SEC proxy disclosure guidelines, Mr. Crane's non-qualified Supplemental Management Retirement Plan present value is $7,535,749. Based on lump sum plan rates for immediate distributions under the non-qualified plan, the comparable lump sum amount applicable for service through December 31, 2012 is $12,318,352. Note that, in any event, payments made upon termination may be delayed by six months in accordance with U.S. Treasury Department guidance.

(2) Based on discount rates prescribed by the SEC proxy disclosure guidelines, Mr. Shattuck's non-qualified Senior Executive Supplemental Pension Plan present value is $49,261,009. Based on lump sum plan rates for immediate distributions under the non-qualified plan, the comparable lump sum amount applicable for service through December 31, 2012, is $63,413,981. The actual amount payable by reason of Mr. Shattuck's retirement on February 28, 2013 will be delayed by six months in accordance with U.S. Treasury Department guidance.

Deferred Compensation Programs

Exelon offers deferred compensation plans to permit the deferral of certain cash compensation to facilitate tax and retirement planning and satisfaction of stock ownership requirements for executives and key managers. Exelon maintains non-qualified deferred compensation plans that are open to certain highly-compensated employees, including the NEOs.

The Exelon Deferred Compensation Plan is a non-qualified plan that permits legacy Exelon executives and key managers to defer receipt of base compensation and the company to credit related matching contributions that would have been contributed to the Exelon Corporation Employee Savings Plan (the company's tax-qualified 401(k) plan) but for the applicable limits under the Internal Revenue Code. The Constellation Deferred Compensation Plan is a non-qualified plan that permits legacy Constellation executives to defer receipt of base compensation and their annual bonus and the company to credit related matching contributions that would have been contributed to the Constellation Energy Group Employee Savings Plan (the company's tax-qualified 401(k) plan) but for the applicable limits under the Internal Revenue Code. The Deferred Compensation Plans permit participants to defer taxation of a portion of their income. It benefits the company by deferring the payment of a portion of its compensation expense, thus preserving cash.

The Exelon Employee Savings Plan and the Constellation Energy Group Employee Savings Plan are tax-qualified under Sections 401(a) and 401(k) of the Internal Revenue Code (the "Code"). Exelon maintains the Employee Savings Plan to attract and retain qualified employees, including the NEOs, and to encourage employees to save some percentage of their cash compensation for their eventual retirement. The Employee Savings Plans permit employees to do so, and allow the company to make matching contributions in a relatively tax-efficient manner. The company maintains the excess matching feature of the Deferred Compensation Plans to enable key management employees to save for their eventual retirement to the extent they otherwise would have were it not for the limits established by the IRS for purposes of federal tax policy.

The Stock Deferral Plan is a non-qualified plan that permitted legacy Exelon executives to defer performance share units prior to 2007.

In response to declining plan enrollment and the administrative complexity of compliance with Section 409A of the Code, the compensation committee approved amendments to the Deferred Compensation and Stock Deferral Plans at its December 4, 2006 meeting. The amendments cease future compensation deferrals for the Stock Deferral Plan and Deferred Compensation Plan other than the excess Employee Savings Plan contribution deferrals.

The following tables show the amounts that NEOs have accumulated under both the Deferred Compensation Plans and the Stock Deferral Plan. Both plans were closed to new deferrals of base pay (other than excess Employee Savings Plan deferrals), annual incentive payments or performance shares awards in 2007, and participants were granted a one-time election to receive a distribution of their accumulated balance in each plan during 2007. Existing balances will continue to accrue dividends or other earnings until payout upon termination. Balances in the Deferred Compensation Plan will be settled in cash upon the termination event selected by the officer and will be distributed either in a lump sum, or in annual installments. Share balances in the Stock Deferral Plan continue to earn the same dividends that are available to all shareholders, which are reinvested as additional shares in the plan. Balances in the plan are distributed in shares of Exelon stock in a lump sum or installments upon termination of employment.

The Deferred Compensation Plan continues in effect, without change, for those officers who participate in the 401(k) savings plan and who reach their statutory contribution limit during the year. After this limit is reached, their elected payroll contributions and company matching contribution will be credited to their account in the Deferred Compensation Plan. The investment options under the Deferred Compensation Plan consist of a basket of mutual funds benchmarks that mirror those funds available to all employees through the 401(k) plan, with the exception of one benchmark fund that offers a fixed percentage return over a specified market return. Deferred amounts represent unfunded unsecured obligations of the company.

Name (a)	Executive Contributions in 2012 (b) Note (1)	Registrant Contributions in 2012 (c) Note (2)	Aggregate Earnings in 2012 (d) Note (3)	Aggregate Withdrawals/ Distributions (e)	Aggregate Balance at 12/31/12 (f) Note (4)
Crane	$ 90,875	$ 42,298	$ (29,235)	$ —	$ 556,505
Thayer	—	—	—	—	—
Shattuck	53,596	26,798	443,994	—	8,812,110
O'Brien (5)	21,846	19,931	41,538	—	1,629,431
Von Hoene	21,779	21,337	(19,166)	—	180,642
Rowe	2,408	29,326	(9,351)	(639,931)	—
Hilzinger	—	5,013	(3,963)	—	90,638

(1) The full amount shown for executive contributions is included in the base salary figures for each NEO shown above in the Summary Compensation Table.

(2) The full amount shown under registrant contributions is included in the company contributions to savings plans for each NEO shown above in the All Other Compensation Table.

(3) The amount shown under aggregate earnings reflects the NEO's gain or loss based upon the individual allocation of his notional account balance into the basket of mutual fund benchmarks. These gains or losses do not represent current income to the NEO and have not been included in any of the compensation tables shown above. For Messrs. Crane and Von Hoene, a portion of the aggregate earnings include $2,724 and $706, respectively, of above-market earnings as defined by the IRS. These above-market earnings are also included in the Change in Pension Value and Nonqualified Deferred Compensation Earnings (column h) of the Summary Compensation Table.

(4) For all NEOs the aggregate balance (column f) shown above includes those amounts, both executive contributions and registrant contributions, that have been disclosed either as base salary as described in Note 1 or as company contributions under all other compensation as described in Note 2 for the current fiscal year. Mr. Thayer did not participate in the plan during 2012. For Mr. O'Brien and Mr. Von Hoene, column (f) includes $701,752 and $112,250 respectively of executive contributions and registrant contributions that have been previously disclosed in Summary Compensation Tables as either base salary, bonus, non-equity incentive plan compensation or as all other

compensation for prior years. For Messrs. Crane, Shattuck, Rowe and Hilzinger, all executive and registrant contributions have been disclosed in Summary Compensation Tables as either base salary or as all other compensation for prior years.

(5) For Mr. O'Brien, the amounts shown in columns (d) and (f) include in the aggregate earnings and aggregate balance respectively of his Stock Deferral Plan accounts.

Potential Payments upon Termination or Change in Control

Employment Agreement with Mr. Rowe

Under the third amended and restated employment agreement between Exelon and Mr. Rowe, Mr. Rowe could continue to serve as Chief Executive Officer of Exelon, Chairman of Exelon's board of directors and a member of the board of directors until December 31, 2012. Mr. Rowe retired on March 12, 2012 upon the closing of the Merger with Constellation.

Upon Mr. Rowe's retirement:

- Mr. Rowe (or his beneficiary or estate) became entitled to receive a prorated annual incentive for the year in which the termination occurred, determined based on the lesser of (1) the annual incentive that would have been paid based on actual performance without application of negative discretion to reduce the amount of the award, and (2) the formula annual incentive (i.e., the greater of the annual incentive for the last year ending prior to termination or the average of the annual incentives payable with respect to Mr. Rowe's last three years of employment);
- all exercisable stock options remain exercisable until the applicable option expiration date;
- non-vested stock options became exercisable and thereafter remained exercisable until the applicable option expiration;
- previously earned but non-vested performance share units vested, consistent with the terms of the performance share award program under the LTIP, and he (or his beneficiary or estate) became entitled to receive an award for the year in which the termination occurred;
- any non-vested restricted stock award vested, unless otherwise provided in the grant instrument; and
- he became entitled to receive post-retirement healthcare coverage for him and his wife for the remainder of their respective lives.

The term "retirement" meant Mr. Rowe's termination of employment other than a termination by the company with cause or upon disability or death. Mr. Rowe would have been entitled to similar benefits had his employment been terminated due to disability or death.

Upon Mr. Rowe's retirement or termination of employment for any reason other than cause, disability or death:

- For a period of five years, Mr. Rowe is required to attend board of directors meetings as requested by the board or the then-chairman, attend civic, charitable and corporate events, serve on civic and charitable boards and represent the company at industry and trade association events as the company's representative, and provide the then-chairman or the then-CEO advice or counseling on energy policy issues or strategy, each as mutually agreed;
- The company is required to provide Mr. Rowe with five years of office and secretarial services.

Mr. Rowe is subject to confidentiality restrictions and to non-competition, non-solicitation and non-disparagement restrictions continuing in effect for two years following his termination of employment, and is required to sign a general release to receive severance payments. If the payments or benefits payable to Mr. Rowe would be subject to excise taxes imposed under Section 4999 of the Internal Revenue Code on excess parachute payments or under similar state or local law, such payments and benefits shall be reduced or eliminated to the extent necessary to avoid such excise taxes unless doing so would leave Mr. Rowe with less after-tax payments and benefits than paying such amounts and the applicable excise taxes. Any payment to Mr. Rowe upon a termination of employment is subject to a six-month delay

to the extent required under Section 409A of the Internal Revenue Code, and his agreement will be otherwise interpreted and construed to comply with Section 409A.

Mr. Rowe's employment agreement provided for certain benefits upon termination before July 1, 2011, which terms were not in effect during 2012.

In the event Mr. Rowe's employment had been terminated for cause, all outstanding stock options (whether vested or non-vested), non-vested performance shares and restricted stock would have been forfeited.

The term "cause" meant any of the following, unless cured within the time period specified in the agreement:

- conviction of a felony or of a misdemeanor involving moral turpitude, fraud or dishonesty;
- willful misconduct in the performance of duties intended to personally benefit the executive; or
- material breach of the agreement (other than as a result of incapacity due to physical or mental illness).

Change in control employment agreements and severance plan covering other named executives

Exelon's change in control and severance benefits policies were initially adopted in January 2001 and harmonized the policies of Exelon's predecessor companies. In adopting the policies, the compensation committee considered the advice of a consultant who advised that the levels were consistent with competitive practice and reasonable. The Exelon benefits currently include multiples of change in control benefits ranging from two times base salary and annual bonus for corporate and subsidiary vice presidents to 2.99 times base salary and annual bonus for the executive committee and select senior vice presidents other than the CEO. In 2003, the compensation committee reviewed the terms of the Senior Management Severance Plan and revised it to reduce the situations when an executive could terminate and claim severance benefits for "good reason", clarified the definition of "cause", and reduced non-change in control benefits for executives with less than two years of service. In December 2004, the compensation committee's consultant presented a report on competitive practice on executive severance. The competitive practices described in the report were generally comparable to the benefits provided under Exelon's severance policies. In discussing the compensation consultant's December 2007 annual report to the committee on compensation trends, the consultant commented that Exelon's change in control and severance policies were conservative, citing the use of double triggers, and that they remained competitive. In April 2009 the compensation committee adopted a policy that Exelon would not include excise tax gross-up payment provisions in senior executive employment, change in control, or severance plans, programs or agreements that are entered into, adopted or materially amended on or after April 2, 2009 (other than renewals of existing arrangements that are not materially amended or arrangements assumed pursuant to a corporate transaction).

Named executive officers other than Messrs. Thayer, Shattuck, and Rowe have entered into individual change in control employment agreements or are covered by the change in control provisions of the Senior Management Severance Plan, which generally protect such executives' position and compensation levels for two years after a change in control of Exelon. The individual agreements are initially effective for a period of two years, and provide for a one-year extension each year thereafter until cancellation or termination of employment. The plan does not have a specific term.

During the 24-month period following a change in control, or, with respect to an executive with an individual agreement, during the 18-month period following another significant corporate transaction affecting the executive's business unit in which Exelon shareholders retain between 60% and 66 $^{2}/_{3}$% control (a significant acquisition), if a named executive officer resigns for good reason or if the executive's employment is terminated by Exelon other than for cause or disability, the executive is entitled to the following:

- the executive's annual incentive and performance share unit awards for the year in which termination occurs;
- severance payments equal to 2.99 (or 2.0 if the executive does not have an individual agreement) times the sum of (1) the executive's base salary plus (2) the higher of the executive's target annual incentive for the year of termination or the executive's average annual incentive award payments for the two years preceding the termination, but not more than the annual incentive for the year of termination based on actual performance before the application of negative discretion;

- a benefit equal to the amount payable under the SERP determined as if (1) the SERP benefit were fully vested, (2) the executive had 2.99 additional years of age and years of service (2.0 years for executives who first entered into such agreements after 2003 or do not have such agreements) and (3) the severance pay constituted covered compensation for purposes of the SERP;
- a benefit equal to the actuarial equivalent present value of any non-vested accrued benefit under Exelon's qualified defined benefit retirement plan;
- all previously-awarded stock options, performance shares or units, restricted stock, or restricted share units become fully vested, and the stock options remain exercisable until (1) the option expiration date, for options granted before January 1, 2002 or (2) the earlier of the fifth anniversary of the executive's termination date or the option's expiration date, for options granted after that date;
- life, disability, accident, health and other welfare benefit coverage continues during the severance pay period on the same terms and conditions applicable to active employees, followed by retiree health coverage if the executive has attained at least age 50 and completed at least 10 years of service (or any lesser eligibility requirement then in effect for regular employees); and
- outplacement services for at least 12 months.

The change in control benefits are also provided if the executive is terminated other than for cause or disability, or terminates for good reason (1) after a tender offer or proxy contest commences, or after Exelon enters into an agreement which, if consummated, would cause a change in control, and within one year after such termination a change in control does occur, or (2) within two years after a sale or spin-off of the executive's business unit in contemplation of a change in control that actually occurs within 60 days after such sale or spin-off (a disaggregation) if the executive has an individual agreement.

A change in control under the individual change in control employment agreements and the Senior Management Severance Plan generally occurs:

- when any person acquires 20% of Exelon's voting securities;
- when the incumbent members of the Exelon board of directors (or new members nominated by a majority of incumbent directors) cease to constitute at least a majority of the members of the Exelon board of directors;
- upon consummation of a reorganization, merger or consolidation, or sale or other disposition of at least 50% of Exelon's operating assets (excluding a transaction where Exelon shareholders retain at least 60% of the voting power); or
- upon shareholder approval of a plan of complete liquidation or dissolution.

The term good reason under the individual change in control employment agreements generally includes any of the following occurring within two years after a change in control or disaggregation or within 18 months after a significant acquisition:

- a material reduction in salary, incentive compensation opportunity or aggregate benefits, unless such reduction is part of a policy, program or arrangement applicable to peer executives;
- failure of a successor to assume the agreement;
- a material breach of the agreement by Exelon; or
- any of the following, but only after a change in control or disaggregation: (1) a material adverse reduction in the executive's position, duties or responsibilities (other than a change in the position or level of officer to whom the executive reports or a change that is part of a policy, program or arrangement applicable to peer executives) or (2) a required relocation by more than 50 miles.

The term cause under the change in control employment agreements generally includes any of the following:

- refusal to perform or habitual neglect in the performance of duties or responsibilities or of specific directives of the officer to whom the executive reports which are not materially inconsistent with the scope and nature of the executive's duties and responsibilities;

- willful or reckless commission of acts or omissions which have resulted in or are likely to result in a material loss or material damage to the reputation of Exelon or any of its affiliates, or that compromise the safety of any employee;
- commission of a felony or any crime involving dishonesty or moral turpitude;
- material violation of the code of business conduct which would constitute grounds for immediate termination of employment, or of any statutory or common-law duty of loyalty; or
- any breach of the executive's restrictive covenants.

Executives other than Messrs. Thayer, Shattuck, and Rowe who have entered into such change in control employment agreements prior to April 2, 2009 (and which have not been materially amended after such date) will be eligible to receive an additional payment to cover excise taxes imposed under Section 4999 of the Internal Revenue Code on excess parachute payments or under similar state or local law, but only if the amount of payments and benefits subject to these taxes exceeds 110% of the safe harbor amount that would not subject the employee to these excise taxes. If the amount does not exceed 110% of the safe harbor amount, then payments and benefits subject to these taxes would be reduced or eliminated to equal the safe harbor amount.

If a named executive officer other than Messrs. Thayer, Shattuck, and Rowe resigns for good reason or is terminated by Exelon other than for cause or disability, in each case under circumstances not involving a change in control or similar provision described above, the named executive officer may be eligible for the following non-change in control benefits under the Exelon Corporation Senior Management Severance Plan:

- prorated payment of the executive's annual incentive and performance share unit awards for the year in which termination occurs;
- for a 15 to 24 month severance period, continued payment of an amount representing base salary and target annual incentive;
- a benefit equal to the amount payable under the SERP determined as if the severance payments were paid as ordinary base salary and annual incentive;
- during the severance period, continuation of health, basic life and other welfare benefits the executive was receiving immediately prior to the severance period on the same terms and conditions applicable to active employees, followed by retiree health coverage if the executive has attained at least age 50 and completed at least 10 years of service (or any lesser eligibility requirement then in effect for non-executive employees); and
- outplacement services for at least six months.

Payments under individual agreements entered into after April 2, 2009 or the Senior Management Severance Plan are subject to reduction by Exelon to the extent necessary to avoid imposition of excise taxes imposed by Section 4999 of the Internal Revenue Code on excess parachute payments or under similar state or local law.

The term good reason under the Senior Management Severance Plan means either of the following:

- a material reduction of the executive's salary (or, with respect to a change in control, incentive compensation opportunity or aggregate benefits) unless such reduction is part of a policy, program or arrangement applicable to peer executives of Exelon or of the business unit that employs the executive; or
- a material adverse reduction in the executive's position or duties (other than a change in the position or level of officer to whom the executive reports) that is not applicable to peer executives of Exelon or of the executive's business unit, but excluding under the non-change in control provisions of the plan any change (1) resulting from a reorganization or realignment of all or a significant portion of the business, operations or senior management of Exelon or of the executive's business unit or (2) that generally places the executive in substantially the same level of responsibility.

With respect to a change in control, the term good reason under the plan also includes a required relocation of more than 50 miles.

The term cause under the Senior Management Severance Plan has the same meaning as the definition of such term under the individual change in control employment agreements.

Benefits under the change in control employment agreements and the Senior Management Severance Plan are subject to termination upon an executive's violation of his or her restrictive covenants, and incentive payments under the agreements and the plan may be subject to the recoupment policy adopted by the board of directors.

Messrs. Shattuck and Thayer are not covered by the Senior Management Severance Plan or individual change in control employment agreements. Until the first anniversary of the Merger, upon an involuntary separation or a voluntary termination following a relocation, Mr. Thayer is eligible to receive benefits under the Constellation Energy Group, Inc. Severance Plan; Mr. Shattuck's eligibility ceased upon his retirement. This plan generally provides cash severance benefits equal to six months of base salary and short term incentive, health care continuation with a COBRA subsidy for six months, 12 months of outplacement assistance, and up to $3,000 in educational assistance. In addition, Constellation's legacy short-term incentive plan provides for a payment upon such a separation equal to three times the pro-rated target award amount. Equity awards are payable in accordance with the applicable plan terms.

Estimated Value of Benefits to be Received Upon Retirement

The following tables show the estimated value of payments and other benefits to be conferred upon the NEOs assuming they retired as of December 31, 2012. These payments and benefits are in addition to the present value of the accumulated benefits from each NEO's qualified and non-qualified pension plans shown in the tables within the Pension Benefit section and the aggregate balance due to each NEO that is shown in the tables within the Nonqualified Deferred Compensation section. The actual values of the payments and other benefits conferred upon Messrs. Rowe and Hilzinger upon their retirement are included in the Summary Compensation Table and the notes thereto. Mr. Shattuck retired as executive chairman and ceased to be an employee of Exelon on February 28, 2013. In connection with his retirement, he received no additional compensation but became eligible for accelerated vesting of his unvested equity awards and to receive payouts of his previously earned pension benefits and deferred compensation, as disclosed in the Pension Benefits Table and the Deferred Compensation Table. The estimated value of benefits to be received by Mr. Shattuck upon death or disability, involuntary separation not related to a change in control or a qualifying termination following a change in control, are presented as if such events had occurred as of December 31, 2012 in accordance with SEC regulations, although none of such events could result in a benefit to Mr. Shattuck now that he has retired.

Name	Cash Payment ($) Note (1)	Value of Unvested Equity Awards ($) Note (2)	Perquisites and Other Benefits ($) Note (3)	Total Value of All Payments and Benefits ($) Note (4)
Crane	$1,311,000	$4,790,000	—	$ 6,101,000
Thayer	—	—	—	—
Shattuck	1,311,000	5,394,000	62,000	6,767,000
O'Brien	685,000	1,823,000	—	2,508,000
Von Hoene	565,000	1,797,000	—	2,362,000

Notes to Benefits to be Received Upon Retirement Table

(1) Under the terms of the 2012 AIP, a pro-rated actual incentive award is payable upon retirement assuming an individual performance multiplier of 100% and based on the number of days worked during the year of retirement. The amount above represents the executive's 2012 annual incentive payout (after Company/Business Unit performance was determined) before applying the IPM, if applicable.

(2) The Value of Unvested Equity Awards includes the sum of previously unvested stock options, previously earned but unvested performance share units, a pro-rated performance share unit award based on actual results for the year of termination due to retirement, and, if applicable (depending upon each officer's individual restricted stock or restricted stock unit awards (if any)), the value of any unvested restricted stock or restricted stock units that may vest upon retirement. For previously unvested stock options, the value is determined by taking the spread between the closing price of Exelon stock on December 31, 2012, which was $29.74 and the exercise price of each unvested stock option grant, multiplied by the number of unvested options. If an NEO has attained age 50 with 10 or more

years of service (or deemed service), the NEO's unvested stock options will vest upon termination of employment because the NEO has satisfied the definition of retirement under the LTIP. For all performance share units and restricted shares or restricted share units, the value is based on the December 31, 2012 closing price of Exelon stock.

(3) Reflects estimate of three years of personal financial, tax and estate planning benefits for Mr. Shattuck that may be paid pursuant to the supplemental benefits plan. Mr. Shattuck retired on February 28, 2013 and is no longer eligible to receive these benefits.

(4) The estimate of total payments and benefits is based on a December 31, 2012 retirement date.

Estimated Value of Benefits to be Received Upon Termination due to Death

The following table shows the estimated value of payments and other benefits to be conferred upon the NEOs assuming their employment is terminated due to death as of December 31, 2012. These payments and benefits are in addition to the present value of the accumulated benefits from the NEO's qualified and non-qualified pension plans shown in the tables within the Pension Benefit section and the aggregate balance due to each NEO that is shown in tables within the Nonqualified Deferred Compensation section.

Name	Cash Payment ($) Note (1)	Value of Unvested Equity Awards ($) Note (2)	Perquisites and Other Benefits ($) Note (3)	Total Value of All Payments and Benefits ($) Note (4)
Crane	$1,311,000	$5,236,000	$ —	$ 6,547,000
Thayer	1,206,000	1,869,000	23,000	3,098,000
Shattuck (5)	2,461,000	5,394,000	62,000	7,917,000
O'Brien	685,000	1,823,000	—	2,508,000
Von Hoene	565,000	1,946,000	—	2,511,000

Notes to Benefits to be Received Upon Termination due to Death Table

(1) Under the terms of the 2012 AIP, a pro-rated actual incentive award is payable upon death assuming an individual performance multiplier of 100% and based on the number of days worked during the year of termination. The amount above represents the executive's 2012 annual incentive payout (after Company/Business Unit performance was determined) before applying the IPM, if applicable. For Messrs. Shattuck and Thayer, the amount in this column includes an in-service death benefit of one times base salary.

(2) The Value of Unvested Equity Awards includes the sum of previously unvested stock options, previously earned but unvested performance share units, a pro-rated performance share unit award based on actual results for the year of termination due to death, and, if applicable (depending upon each officer's individual restricted stock or restricted stock unit awards (if any)), the value of any unvested restricted stock or restricted stock units that may vest upon death. For previously unvested stock options, the value is determined by taking the spread between the closing price of Exelon stock on December 31, 2012, which was $29.74, and the exercise price of each unvested stock option grant, multiplied by the number of unvested options. Under the terms of the LTIP, if an optionee terminates employment due to death, all options vest upon termination. For all performance share units and restricted shares or restricted share units, the value is based on the December 31, 2012 closing price of Exelon stock.

(3) Reflects estimate of three years of personal financial, tax and estate planning benefits for Mr. Shattuck and Mr. Thayer that may be paid pursuant to the supplemental benefits plan.

(4) The estimate of total payments and benefits is based on a December 31, 2012 termination due to death.

(5) Mr. Shattuck retired on February 28, 2013, and is no longer eligible to receive these benefits.

Estimated Value of Benefits to be Received Upon Termination due to Disability

The following table shows the estimated value of payments and other benefits to be conferred upon the NEOs assuming their employment is terminated due to disability as of December 31, 2012. These payments and benefits are in addition to the present value of the accumulated benefits from the NEO's qualified and non-qualified pension plans shown in the tables within the Pension Benefit section and the aggregate balance due to each NEO that is shown in tables within the Nonqualified Deferred Compensation section.

Name	Cash Payment ($) Note (1)	Value of Unvested Equity Awards ($) Note (2)	Total Value of All Payments and Benefits ($) Note (3)
Crane	$ 1,311,000	$ 5,236,000	$ 6,547,000
Thayer	1,156,000	1,869,000	3,025,000
Shattuck (4)	1,911,000	5,394,000	7,305,000
O'Brien	685,000	1,823,000	2,508,000
Von Hoene	565,000	1,946,000	2,511,000

Notes to Benefits to be Received Upon Termination due to Disability Table

(1) Under the terms of the 2012 AIP, a pro-rated actual incentive award is payable upon disability assuming an individual performance multiplier of 100% and based on the number of days worked during the year of termination. The amount above represents the executive's 2012 annual incentive payout (after Company/Business Unit performance was determined) before applying the IPM, if applicable. Upon disability, Mr. Crane will be eligible for an additional $2,161 per month commencing upon exhaustion of LTD benefits. Mr. Shattuck was and Mr. Thayer is eligible for an estimated supplemental long-term disability benefit that is incremental to the standard employee long-term disability plan. This benefit is capped at $25,000 per month and assumes continuation of eligible pay for 24 months.

(2) The Value of Unvested Equity Awards includes the sum of previously unvested stock options, previously earned but unvested performance share units, a pro-rated performance share unit award based on actual results for the year of termination due to disability, and, if applicable (depending upon each officer's individual restricted stock or restricted stock unit awards (if any)), the value of any unvested restricted stock or restricted stock units that may vest upon disability. For previously unvested stock options, the value is determined by taking the spread between the closing price of Exelon stock on December 31, 2012, which was $29.74, and the exercise price of each unvested stock option grant, multiplied by the number of unvested options. Under the terms of the LTIP, if an optionee terminates employment due to disability, all options vest upon termination. For all performance share units and restricted shares or restricted share units, the value is based on the December 31, 2012 closing price of Exelon stock.

(3) The estimate of total payments and benefits is based on a December 31, 2012 termination date due to disability.

(4) Mr. Shattuck retired on February 28, 2013, and is no longer eligible to receive these benefits.

Estimated Value of Benefits to be Received Upon Involuntary Separation Not Related to a Change in Control

The following tables shows the estimated value of payments and other benefits to be conferred upon the NEOs assuming they were terminated as of December 31, 2012 under the terms of the Amended and Restated Senior Management Severance Plan or, for Messrs. Shattuck and Thayer, the Constellation Energy Group, Inc. Severance Plan. These payments and benefits are in addition to the present value of the accumulated benefits from the NEO's qualified and non-qualified pension plans shown in the tables within the Pension Benefit section and the aggregate balance due to each NEO that is shown in the tables within the Nonqualified Deferred Compensation section.

Name	Cash Payment ($) Note (1)	Retirement Benefit Enhancement ($) Note (2)	Value of Unvested Equity Awards ($) Note (3)	Health and Welfare Benefit Continuation ($) Note (4)	Perquisites and Other Benefits ($) Note (5)	Total Value of All Payments and Benefits ($) Note (6)
Crane	$6,371,000	$ 5,115,000	$5,184,000	$ 31,000	$ 40,000	$16,741,000
Thayer	1,500,000	54,000	1,869,000	6,000	40,000	3,469,000
Shattuck (7)	2,311,000	—	5,394,000	6,000	40,000	7,751,000
O'Brien	3,440,000	193,000	1,823,000	42,000	40,000	5,538,000
Von Hoene	3,155,000	189,000	1,928,000	19,000	40,000	5,331,000

Notes to Benefits to be Received Upon Involuntary Separation Not Related to a CIC Table

(1) Represents the estimated severance benefit plus the annual incentive for the year of termination. In addition, under Section 4.2 of the Severance Plan, the severance benefit includes a pro-rated annual incentive award that is payable upon involuntary separation or qualifying voluntary separation based on the days worked during the year of termination and assuming the NEO's individual performance multiplier is 100% pursuant to the terms in the 2012 AIP. The amount above represents the executives' 2012 annual incentive payout (after Company/Business Unit performance was determined) before applying the IPM, if applicable. For Messrs. Thayer and Shattuck, pursuant to Section 3C of the Constellation Severance Plan, the amount reflects the executives' 2012 annual incentive payout before applying the IPM. For Messrs. Crane, O'Brien and Von Hoene Jr, the severance benefit is equal to 2 times the sum of the executive's (i) current base salary and (ii) target annual incentive. For Messrs. Thayer and Shattuck, who are participants in the Constellation Severance Plan, the severance benefit is equal to 26 weeks of eligible pay (eligible pay = weekly base salary plus the average annual bonus paid in the 2 years prior to the year of termination).

(2) The retirement benefit enhancement consists of a one-time lump sum payment based on the actuarial present value of a benefit under the non-qualified pension plan assuming that the severance pay period was taken into account for purposes of vesting, and the severance pay constituted covered compensation for purposes of the non-qualified pension plan.

(3) The Value of Unvested Equity Awards includes the sum of previously unvested stock options, previously earned but unvested performance share units, a pro-rated performance share unit award based on actual results for the year of termination, if termination occurs due to involuntary separation (other than for cause), and, if applicable (depending upon each officer's individual restricted stock or restricted stock unit awards (if any), the value of any unvested restricted stock that may vest upon involuntary separation not related to a change in control. For previously unvested stock options, the value is determined by taking the spread between the closing price of Exelon stock on December 31, 2012, which was $29.74, and the exercise price of each unvested stock option grant, multiplied by the number of unvested options. If an NEO has attained age 50 with 10 or more years of service (or certain deemed service), the NEO's unvested stock options will vest upon termination of employment because he has satisfied the definition of retirement under the LTIP. For all performance shares or restricted shares, the value is based on the December 31, 2012 closing price of Exelon stock.

(4) Estimated costs of health care, life insurance, and long-term disability coverage which continue during the severance period.

(5) Estimated costs of outplacement services for up to 12 months for all NEOs.

(6) The estimate of total payments and benefits is based on a December 31, 2012 termination date. Messrs. Crane, O'Brien, and Von Hoene are participants in the Senior Management Severance Plan ("SMSP") and severance benefits are determined pursuant to Section 4 of the SMSP. Messrs. Shattuck and Thayer are participants in the Constellation Severance Plan and their severance benefits are determined pursuant to that plan.

(7) Mr. Shattuck retired on February 28, 2013, and is no longer eligible to receive these benefits.

Estimated Value of Benefits to be Received Upon a Qualifying Termination following a Change in Control

The following table shows the estimated value of payments and other benefits to be conferred upon the NEOs assuming they were terminated upon a qualifying change in control as of December 31, 2012. The company has entered into change in control agreements with Messrs. Crane, O'Brien, and Von Hoene. These payments and benefits are in addition to the present value of accumulated benefits from the NEO's qualified and non-qualified pension plans shown in the tables within the Pension Benefit section and the aggregate balance due to each NEO that is shown in tables within the Nonqualified Deferred Compensation section.

Name	Cash Payment ($) Note (1)	Retirement Benefit Enhancement ($) Note (2)	Value of Unvested Equity Awards ($) Note (3)	Health and Welfare Benefit Continuation ($) Note (4)	Perquisites and Other Benefits ($) Note (5)	Modified Gross-Up Payment / Scaleback Note (6)	Total Value of All Payments and Benefits ($) Note (7)
Crane	$8,945,000	$ 7,440,000	$5,236,000	$ 47,000	$ 40,000	$ 5,409,000	$27,117,000
Thayer	1,500,000	54,000	1,869,000	6,000	40,000	Not Required	3,469,000
Shattuck (8)	2,311,000	0	5,394,000	6,000	40,000	Not Required	7,751,000
O'Brien	4,807,000	194,000	1,823,000	63,000	40,000	Not Required	6,927,000
Von Hoene	4,635,000	283,000	1,946,000	29,000	40,000	Not Required	6,933,000

Notes to Benefits to be Received Upon a Qualifying Termination following a CIC Table

(1) For Messrs. Crane, O'Brien, and Von Hoene, the cash payment includes a severance payment and the NEO's annual incentive for the year of termination assuming an IPM of 100%. The severance benefit is equal to 2.99 times the sum of the executive's (i) current base salary and (ii) Severance Incentive. Cash payment also includes an additional payment for Mr. O'Brien of $35,000. The Severance Incentive is defined as the greater of the (i) target annual incentive for the year of termination and (ii) the average annual incentive paid for the two years prior to the year of termination (i.e., the 2010 and 2011 actual annual incentives). For Messrs. Thayer and Shattuck, who are participants in the Constellation Severance Plan, the severance benefit is equal to 26 weeks of eligible pay (eligible pay = weekly base salary plus the average annual bonus paid in the 2 years prior to the year of termination). For Messrs. Thayer and Shattuck, pursuant to Section 3C of the Constellation Severance Plan, the amount reflects the executives' 2012 annual incentive payout before applying the IPM.

(2) The retirement benefit enhancement consists of a one-time lump sum payment based on the actuarial present value of a benefit under the non-qualified pension plan assuming that the severance pay period was taken into account for purposes of vesting, and the severance pay constituted covered compensation for purposes of the non-qualified pension plan.

(3) The Value of Unvested Equity Awards includes the sum of previously unvested stock options, previously earned but unvested performance share units, a pro-rated performance share unit award based on actual results for the year of termination due to a change in control, and, if applicable (depending upon each officer's individual restricted stock or restricted stock unit awards (if any)), the value of any unvested restricted stock that may vest upon a change in control. For previously unvested stock options, the value is determined by taking the spread between the closing price of Exelon stock on December 31, 2012, which was $29.74, and the exercise price of each unvested stock option grant, multiplied by the number of unvested options. If an NEO has attained age 50 with 10 or more years of service (or certain deemed service), the NEO's unvested stock options will vest upon termination of employment because the NEO has satisfied the definition of retirement under the LTIP. For all performance shares or restricted shares, the value is based on the December 31, 2012 closing price of Exelon stock.

(4) Estimated costs of healthcare, life insurance and long-term disability coverage which continues during the severance period.

(5) Estimated costs of outplacement services for up to 12 months for all NEOs.

(6) In 2009, the compensation committee adopted a policy that no future employment or severance agreements will provide for an excise tax gross-up payment. The SMSP as amended and restated on January 1, 2009 and CIC Employment Agreements that become effective after April 2, 2009 will reduce the executive's parachute payments to the safe harbor in order to avoid the excise tax imposed under Section 4999 of the Internal Revenue Code. Messrs. Crane, O'Brien, and Von Hoene Jr. have grandfathered CIC Employment Agreements, which still entitle these NEOs to an excise tax gross-up payment only if the present value of their parachute payments exceed their safe harbor amount by more than 10%. If their parachute payments do not exceed the amount permitted by the IRS

by more than 10%, their payments are reduced to their safe harbor. Amounts in this column represent the estimated value of the required excise tax gross-up payment or scaleback, if applicable.

(7) The estimate of total payments and benefits is based on a December 31, 2012 termination date.

(8) Mr. Shattuck retired on February 28, 2013, and is no longer eligible to receive these benefits.

Advisory Vote on Executive Compensation

Proposal 3: Advisory Vote on Executive Compensation

Exelon is providing shareholders with an annual advisory (non-binding) vote on compensation for our named executive officers as disclosed in this proxy statement in accordance with the compensation disclosure rules of the SEC (sometimes referred to as "say on pay"). Accordingly, you may vote on the following resolution at the 2013 annual meeting.

> "RESOLVED, that the company's shareholders approve, on an advisory basis, the compensation of the named executive officers, as disclosed in the company's proxy statement for the 2013 Annual Meeting of Shareholders pursuant to the rules of the SEC, including the Compensation Discussion and Analysis, the 2012 Summary Compensation Table and the other related tables and disclosure."

This vote is nonbinding. The board and the compensation committee, which is composed of independent directors, expect to take into account the outcome of the vote when considering future executive compensation decisions to the extent they can determine the cause or causes of any significant voting results.

As described in detail under the headings "Compensation Discussion and Analysis" and "Executive Compensation Data", Exelon's compensation programs are designed to motivate and reward senior management to achieve Exelon's vision of being the best group of electric generation and electric and gas delivery companies in the United States, providing superior value for Exelon's customers, employees, investors and the communities Exelon serves.

We believe you should also consider the following factors in determining whether to approve this proposal:

- The compensation committee has adopted a pay for performance philosophy, which places an emphasis on pay at risk. 86% of Mr. Crane's total direct compensation (base salary plus annual and long-term incentive compensation) was at risk.
- The company successfully completed its strategic merger with Constellation and is delivering on projected synergies to create value for shareholders:
  - The Merger aligned Exelon's clean generation fleet with Constellation's customer-facing leading retail and wholesale platform.
  - It also created a diversified portfolio across competitive and regulated businesses and geographies.
- The company had continued success around client service and capacity.
  - Operating strength was among the best in the industry, with nuclear capacity factor above 92% for the tenth year in a row and strong reliability performance at BGE, ComEd and PECO despite exceptional storms including Hurricane Sandy.
- Financial and stock performance was below our expectations due to a challenging market environment.
  - Exelon faces unique exposure to low natural gas prices, but closed the year with earnings within guidance, and it took steps to strengthen its balance sheet and credit metrics.
- In making compensation decisions for 2012, the compensation committee focused on finding an appropriate balance between rewarding strategic success and continued strong operational performance during a pivotal year with our recent stock price performance, which has been heavily influenced by falling natural gas prices.
  - The 2012 compensation decisions reflect this balance, recognizing the outsized efforts and strong performance associated with the Merger and integration, our leadership in client service and capacity, the establishment of a new leadership team for the merged entity, and our ability to retain key leaders during a time of significant transition.
  - We believe our company is now well positioned to effectively manage the current downturn in the electricity market and drive the company forward.

The board of directors unanimously recommends a vote "FOR" the approval of the compensation of our named executive officers, as disclosed in the proxy statement.

Vote on ESPP

Proposal 4: Amended and Restated Employee Stock Purchase Plan

Exelon and its affiliates have a long history of providing an employee stock purchase plan for employees. ComEd adopted an employee stock purchase plan in 1954, and PECO adopted an employee stock purchase plan in 1972. Those plans were replaced by an employee stock purchase plan adopted by Exelon in 2001 (the "ESPP") and approved by shareholders in 2002. The ESPP provides eligible Exelon employees with the opportunity to purchase Exelon stock through payroll deductions at a price equal to 90% of the lesser of the New York Stock Exchange (NYSE) closing price on the first and last NYSE trading days of the quarterly purchase period. The number of Exelon shares originally authorized to be issued under the current plan was 5,000,000; the number was adjusted when Exelon's stock split two for one in 2004. As of December 31, 2012, 686,857 shares remained available for purchases under the current plan. Later this year Exelon expects to issue the last of the remaining authorized shares under the current plan.

Exelon desires to amend and restate the ESPP to make various administrative and technical changes and to increase to 25,000,000 the aggregate number of shares authorized to be sold to eligible employees under the ESPP after July 1, 2013. The economic terms of the ESPP for Exelon and participating employees will otherwise remain unchanged. The 25,000,000 shares approved by the Exelon board of directors and proposed to be authorized for purchase by shareholders is intended to allow the ESPP to continue for at least 10 years. The actual period of time over which the 25,000,000 authorized shares will be issued under the ESPP will depend on several factors, including employee participation levels and the market price of Exelon stock.

In 2012 Exelon issued approximately 850,000 new shares of common stock pursuant to the ESPP in return for cash proceeds of approximately $26.8 million through payroll deductions of participating employees. The shares issued in 2012 represented less than 0.1% of the approximately 855,000,000 Exelon shares outstanding at December 31, 2012. Exelon expects participation in the ESPP to increase beginning in 2013 as legacy Constellation employees become eligible to participate. The number of shares actually issued in any given year will depend on the level of employee participation, the size of payroll deductions that participating employees authorize for purchases of stock within the limits of the ESPP, and the market price of Exelon stock. As the number of participating employees increases, the number of shares issued under the ESPP increases, and as the price of Exelon stock increases, the number of shares issued tends to decrease. It is therefore difficult to forecast the actual number of shares that will be issued under the ESPP in any particular year. Based on current and projected employee participation, Exelon expects to issue approximately 1,000,000 new shares in 2013 under the Amended and Restated ESPP, representing approximately 0.1% of the approximately 855,000,000 Exelon shares currently outstanding. The 25,000,000 shares authorized for issuance under the ESPP, if and when fully issued, will represent less than 3% of the Exelon shares outstanding at December 31, 2012. Based on current and projected employee participation and using an assumed $31.00 price of Exelon stock [7] for purposes of illustration, cash proceeds to Exelon from employee purchases of stock would be approximately $24 million in 2013. Assuming the issuance of all 25,000,000 shares pursuant to the ESPP and the same assumption regarding the price of Exelon stock, net proceeds to Exelon from the ESPP would be approximately $697.5 million over the life of the ESPP, and net book value per share of Exelon stock at December 31, 2012 would increase by approximately $0.07 per share. Actual employee participation, the price of Exelon stock, and proceeds to Exelon may vary significantly over the life of the ESPP.

Exelon calculates diluted earnings per share by dividing net income for the period by the weighted average number of shares of common stock outstanding during the period, adjusted for potential dilutive shares associated with stock options, performance share awards, and restricted stock awards using the treasury stock method. Because employees purchase shares pursuant to the ESPP at a price of approximately 90% of the market price at the time of each quarterly purchase, and because the number of shares an employee may purchase pursuant to the ESPP is limited in each year, the dilutive effect of the ESPP on earnings per share in any year is expected to be negligible.

[7] The daily average closing price of Exelon stock in NYSE trading in February 2013 was $30.88.

The ESPP, as amended and restated, was adopted by the board of directors of Exelon on January 29, 2013 to become effective on July 1, 2013, subject to approval by the shareholders of Exelon. If shareholders do not approve the Amended and Restated ESPP, it will cease to be effective on June 30, 2013.

Purpose of the ESPP

The purpose of the ESPP is to provide an added incentive for eligible employees of Exelon and its participating subsidiaries to promote Exelon's best interests by providing an opportunity to those employees to purchase shares of Exelon common stock at below-market prices through payroll deductions. The ESPP aligns the interests of Exelon's shareholders and employees by increasing the proprietary interest of employees in Exelon's growth and success; advances the interests of Exelon by attracting and retaining employees; and motivates employees to act in the long-term best interests of Exelon and its shareholders.

Principal Terms of the ESPP

Under the ESPP, eligible employees of Exelon and designated subsidiaries (currently subsidiaries in which Exelon directly or indirectly owns at least 50% of the total voting power) may authorize their employers to withhold up to 10% of their regular base pay and to use those amounts to purchase shares of Exelon common stock. The ESPP establishes four purchase periods beginning on January 1, April 1, July 1 and October 1 of each year. A participant's payroll deductions are accumulated and used to purchase shares of Exelon common stock as soon as practicable after the end of each purchase period. The purchase price per share for any purchase period is equal to 90% of the lesser of the closing price on the NYSE of a share of Exelon common stock on the first day of the purchase period or the last day of the purchase period on which the NYSE is open. Following the end of the purchase period, dividends on shares purchased under the ESPP will be paid in cash unless the participant elects to have the dividends reinvested to purchase additional shares of Exelon common stock. Shares purchased with reinvested dividends will be purchased at fair market value with no discount. In addition to the 10% limit on payroll deductions, a participant in the ESPP may not purchase more than 250 shares in any purchase period (1,000 shares per year) or more than $25,000 in fair market value of stock in any calendar year, based on the stock value as of the first day of each purchase period. The maximum number of shares purchased each quarter may be changed by the Corporate Secretary of Exelon (the "Plan Administrator"). An individual's purchases under the ESPP also will be limited if they would cause the employee to own 5% or more of the total combined voting power or value of all classes of stock of Exelon or any of its subsidiaries. The full text of the ESPP is attached as Appendix A.

Available Shares; Participating Employees

Under the terms of the ESPP, the maximum number of shares of Exelon common stock that may be purchased under the ESPP is 25,000,000, subject to adjustment for stock dividends, stock splits or combinations of shares of Exelon common stock. Shares of Exelon common stock purchased under the ESPP may be any combination of authorized and newly issued shares, shares purchased by Exelon on the open market or other shares of Exelon common stock held by Exelon as treasury shares. Through the purchase period that ended December 31, 2012, approximately 4,670,000 shares of Exelon common stock had been purchased under the ESPP. As of January 1, 2013, approximately 20,500 employees were eligible to participate in the ESPP and approximately 6,000 were participating in the ESPP. In the second quarter of 2013, approximately 6,500 additional legacy Constellation employees will become eligible to participate in the ESPP. A participant's rights under the ESPP are not transferable by the participant during his or her lifetime. When a participant terminates employment for any reason, payroll deductions under the ESPP will cease, and the amount credited to the participant's account for the current purchase period will be refunded.

Administration of the ESPP

The ESPP is administered by the Plan Administrator. The Plan Administrator has the power and authority to interpret and administer the ESPP, to establish rules and regulations and appoint agents as deemed appropriate for the proper administration of the ESPP and to designate which subsidiaries of Exelon may participate in the ESPP.

Amendment and Termination

The board of directors or the Plan Administrator may suspend or amend the ESPP from time to time. Except as permitted under the terms of the Amended and Restated ESPP or as is necessary to comply with applicable laws or regulations, no amendment may materially adversely affect any purchase rights outstanding under the ESPP without the consent of the affected participant. In order to qualify as an “employee stock purchase plan” under the Internal Revenue Code, the Exelon board of directors or the Plan Administrator may not, without shareholder approval, amend the ESPP to increase the maximum number of shares of Exelon common stock which may be purchased under the ESPP or decrease the purchase price of a share of Exelon common stock below the lesser of 85% of the fair market value of a share on the first day of the purchase period and 85% of the fair market value of a share on the last day of the purchase period. The board of directors or the Plan Administrator may terminate the ESPP at any time. The ESPP will terminate automatically when the maximum number of shares that may be purchased under the ESPP has been purchased. In the event of a proposed sale of all or substantially all of the assets of Exelon or the merger of Exelon with or into another corporation, the Plan Administrator will have the sole discretion to terminate the ESPP and distribute the amounts credited to participant accounts, or shorten the pending purchase period. Alternatively, each purchase right under the ESPP must be assumed or an equivalent purchase right shall be substituted by the successor corporation or a parent or subsidiary of the successor corporation.

Federal Tax Implications

The ESPP is intended to qualify as an “employee stock purchase plan” within the meaning of Section 423 of the Code. Under the Code, no taxable income is recognized by the participant with respect to shares purchased under the ESPP either at the time of enrollment or at any purchase date within a purchase period.

If the participant disposes of shares purchased pursuant to the ESPP more than two years from the first day of the applicable purchase period, the participant will recognize ordinary income equal to the lesser of (1) the excess of the fair market value of the shares at the time of disposition over the purchase price, or (2) 10% of the fair market value of the shares on the first day of the purchase period. Any gain on the disposition in excess of the amount treated as ordinary income will be capital gain. The company is not entitled to take a deduction for the amount of the discount in the circumstances indicated above.

If the participant disposes of shares purchased pursuant to the ESPP within two years after the purchase date, the employee will recognize ordinary income on the excess of the fair market value of the stock on the purchase date over the purchase price. Any difference between the sale price of the shares and the fair market value on the purchase date will be capital gain or loss. The company is entitled to a deduction from income equal to the amount the employee is required to report as ordinary compensation income.

The federal income tax rules relating to employee stock purchase plans qualifying under Section 423 of the Code are complex. Therefore, the foregoing outline is intended to summarize only certain major federal income tax rules concerning qualified employee stock purchase plans.

The board of directors unanimously recommends a vote “FOR”
the approval of the Employee Stock Purchase Plan as Amended and Restated.

Other Matters and Discretionary Voting Authority

The board of directors knows of no other matters to be presented for action at the annual meeting. If any matter is presented from the floor of the annual meeting, the individuals serving as proxies intend to vote on these matters in the best interest of all shareholders. Your signed proxy card gives this authority to Darryl M. Bradford and Bruce G. Wilson.

APPENDIX A

EXELON CORPORATION
EMPLOYEE STOCK PURCHASE PLAN
(As Amended and Restated Effective July 1, 2013)

1. Establishment and Purpose . The Exelon Corporation Employee Stock Purchase Plan (the "Plan") established by Exelon Corporation, a Pennsylvania corporation (the "Company"), is effective as of July 1, 2013 (the "Effective Date") and is an amendment and restatement of the Plan as in effect May 1, 2004, as thereafter amended. The amendment and restatement of the Plan, as set forth herein, shall be conditioned on the approval thereof by the shareholders of the Company at the Company's 2013 annual shareholders meeting. The Plan provides employees of the Company and its Subsidiary Companies (as defined below) added incentive to remain employed by such companies and to encourage increased efforts to promote the best interests of such companies by permitting eligible employees to purchase shares of common stock, no par value, of the Company ("Common Stock") at below-market prices. The Plan is intended to qualify as an "employee stock purchase plan" under section 423 of the Internal Revenue Code of 1986, as amended (the "Code"). For purposes of the Plan, the term "Subsidiary Companies" shall mean all corporations which are subsidiary corporations (within the meaning of section 424(f) of the Code) and of which the Company is the common parent. The Company and its Subsidiary Companies that, from time to time, have been designated by the Plan Administrator as eligible to participate in the Plan with respect to their employees are hereinafter referred to collectively as the "Participating Companies."

2. Eligibility . (a) Eligible Employee. Participation in the Plan shall be limited to each employee of the Participating Companies who satisfies all of the following conditions (an "Eligible Employee") as of the first day of the relevant Purchase Period (as defined in Section 3):

(i) such employee's customary employment is for 20 or more hours per week; and

(ii) such employee has been continuously employed by the Participating Companies for at least three consecutive calendar months.

Notwithstanding the foregoing, an individual rendering services to a Participating Company pursuant to either of the following agreements shall not be considered an Eligible Employee with respect to any period preceding the date on which a court or administrative agency issues a final determination that such individual is an employee: (1) an agreement providing that such services are to be rendered as an independent contractor or (2) an agreement with an entity, including a leasing organization within the meaning of section 414(n)(2) of the Code, that is not a Participating Company. For purposes of this Plan and in accordance with section 423 of the Code and the regulations thereunder, an individual's employment relationship shall be treated as continuing while the individual is on military or sick leave or other bona fide leave of absence approved by the applicable Participating Company so long as the leave does not exceed three months or, if longer than three months, the individual's right to reemployment is provided by statute or has been agreed to by contract or in a written policy of the Participating Company which provides for a right of reemployment following the leave of absence.

(b) Limitations. Notwithstanding anything contained in the Plan to the contrary, no Eligible Employee shall acquire a right to purchase Common Stock hereunder to the extent that (i) immediately after receiving such right, such employee would own 5% or more of the total combined voting power or value of all classes of stock of the Company or any Subsidiary Company (including any stock attributable to such employee under section 424(d) of the Code), or (ii) such right would permit such employee's aggregate rights to purchase stock under all employee stock purchase plans of the Company and its Subsidiary Companies to accrue at a rate which exceeds $25,000 of fair market value of such stock (determined as of the first day of the applicable Purchase Period) for each calendar year in which such right is outstanding at any time. In addition, the number of shares of Common Stock which may be purchased by any Eligible Employee during any Purchase Period shall not exceed 250 (subject to adjustment pursuant to Section 15), or such other number as may be determined by the Plan Administrator (as defined in Section 12) and set forth in a written Appendix to the Plan.

3. Offerings and Purchase Periods . The Plan shall be implemented through consecutive offerings. Each offering shall be in such form and shall contain such terms and conditions as the Plan Administrator shall deem appropriate. The terms of separate offerings need not be identical; provided, however, that each offering shall comply with the provisions of the Plan, and the participants in each offering shall have equal rights and privileges under that offering in accordance

with the requirements of section 423(b)(5) of the Code and the applicable Treasury Regulations thereunder. Each offering shall be implemented through and coincide with a "Purchase Period," which shall consist of the three consecutive month period beginning on each January 1, April 1, July 1 and October 1 commencing on or after the effective date of the Plan and prior to its termination.

4. Participation . (a) Enrollment. Each Eligible Employee shall be entitled to enroll in the Plan as of any Purchase Period which begins on or after such employee has become an Eligible Employee.

To enroll in the Plan, an Eligible Employee shall make a request to the Company or its designated agent at the time and in the manner specified by the Plan Administrator (as defined in Section 12), specifying the amount of payroll deduction to be applied to the compensation paid to the employee by the employee's employer while the employee is a participant in the Plan. The amount of each payroll deduction specified in such request for each such payroll period shall be a whole percentage amount or, to the extent permitted by the Plan Administrator, a fixed dollar amount, in any case not to exceed 10%, or such lesser percentage as may be determined by the Plan Administrator, of the participant's regular base salary or wages (after applicable withholdings and deductions) paid to him or her during the Purchase Period by any of the Participating Companies. Subject to compliance with applicable rules prescribed by the Plan Administrator, the request shall become effective as of the Purchase Period following the day the Company or its designated agent receives such request. Prior to the beginning of any Purchase Period, the Plan Administrator may, in its sole discretion, make modifications to the compensation that is subject to each participant's payroll deduction election for such Purchase Period, as the Plan Administrator deems to be appropriate.

Payroll deductions shall be made for each participant in accordance with such participant's request until such participant's participation in the Plan terminates, such participant's request is revised or the Plan is suspended or terminated, all as hereinafter provided.

(b) Changes to Rate of Payroll Deduction. A participant may change the amount of his or her payroll deduction under the Plan effective as of any subsequent Purchase Period by so directing the Company or its designated agent at the time and in the manner specified by the Plan Administrator. A participant may not change the amount of his or her payroll deduction effective as of any time other than the beginning of a Purchase Period, except that a participant may elect to suspend his or her payroll deduction under the Plan as provided in Section 7.

(c) Purchase Accounts. Payroll deductions for each participant shall be credited to a purchase account established on behalf of the participant on the books of the participant's employer or such employer's designated agent (a "Purchase Account"). At the end of each Purchase Period, the amount in each participant's Purchase Account will be applied to the purchase of the number of whole and fractional shares of Common Stock determined by dividing such amount by the Purchase Price (as defined in Section 5) for such Purchase Period. No interest shall accrue at any time for any amount credited to a Purchase Account of a participant (except as required by local law as determined by the Plan Administrator).

5. Purchase Price . The purchase price (the "Purchase Price") per share of Common Stock hereunder for any Purchase Period shall be 90% of the lesser of (i) the closing price of a share of Common Stock on the New York Stock Exchange on the first day of such Purchase Period on which such exchange is open for trading or (ii) the closing price of a share of Common Stock on such exchange on the last day of such Purchase Period on which such exchange is open for trading. If such amount results in a fraction of one cent, the Purchase Price shall be increased to the next higher full cent.

6. Issuance of Stock . The Common Stock purchased by each participant shall be issued in book entry form and shall be considered to be issued and outstanding to such participant's credit as of the end of the last day of each Purchase Period. The Plan Administrator may permit or require that shares be deposited directly with one or more brokers designated by the Plan Administrator or to one or more designated agents of the Company, and the Plan Administrator may use electronic or automated methods of share transfer. The Plan Administrator may require that shares be retained with such brokers or agents for a designated period of time and/or may establish other procedures to permit tracking of disqualifying dispositions of such shares, and may also impose a transaction fee with respect to a sale of shares of Common Stock issued to a participant's credit and held by such a broker or agent. The Plan Administrator may permit shares purchased under the Plan to participate in a dividend reinvestment plan or program maintained by the Company, and establish a default method for the payment of dividends.

After the close of each Purchase Period, information will be made available to each participant regarding the entries made to such participant's Purchase Account, the number of shares of Common Stock purchased and the

applicable Purchase Price. In the event that the maximum number of shares of Common Stock are purchased by the participant for the Purchase Period and cash remains credited to the participant's Purchase Account, such cash shall be refunded to such participant. For purposes of the preceding sentence, the maximum number of shares of Common Stock that may be purchased by a participant for a Purchase Period shall be determined under Section 2.

7. Suspension of Payroll Deduction or Termination of Participation .

(a) Suspension of Payroll Deduction. A participant may elect at any time and in the manner specified by the Plan Administrator (as defined in Section 12) to suspend his or her payroll deduction under the Plan, provided such election is received by the Company or its designated agent prior to the date specified by the Plan Administrator for suspension of payroll deduction with respect to a Purchase Period. If the election is not received by such date, such suspension of payroll deduction shall be effective as of the next succeeding Purchase Period. Upon a participant's suspension of payroll deduction, any cash credited to such participant's Purchase Account shall be refunded to such participant. A participant who suspends payroll deduction under the Plan shall be permitted to resume payroll deduction as of any Purchase Period following the Purchase Period in which such suspension was effective, by making a new request at the time and in the manner specified by the Plan Administrator.

(b) Termination of Participation. If the participant dies, terminates employment with the Participating Companies for any reason, or otherwise ceases to be an Eligible Employee, such participant's participation in the Plan shall terminate as soon as administratively practicable after the date of such event. Upon the termination of such participation, the cash credited to such participant's Purchase Account on the date of such termination shall be refunded to such participant or his or her legal representative, as the case may be.

8. Termination, Suspension or Amendment of the Plan .

(a) Termination. The Company, by action of the Board of Directors of the Company (the "Board") or the Plan Administrator (as defined in Section 12), may terminate the Plan at any time, in which case notice of such termination shall be given to all participants, but any failure to give such notice shall not impair the effectiveness of the termination.

Without any action being required, the Plan shall terminate in any event when the maximum number of shares of Common Stock to be sold under the Plan (as provided in Section 13) has been purchased. Such termination shall not impair any rights which under the Plan shall have vested on or prior to the date of such termination. If at any time the number of shares of Common Stock remaining available for purchase under the Plan are not sufficient to satisfy all then-outstanding purchase rights, the Board or Plan Administrator may determine an equitable basis of apportioning available shares of Common Stock among all participants.

Except as otherwise provided in Section 15, the cash, if any, credited to each participant's Purchase Account shall be distributed to such participant as soon as practicable after the Plan terminates.

(b) Suspension or Amendment. The Board or the Plan Administrator may suspend payroll deductions under the Plan or amend the Plan from time to time in any respect for any reason. Except as permitted under the terms of the Plan or as is necessary to comply with applicable laws or regulations, no such amendment may materially adversely affect any purchase rights outstanding under the Plan without the consent of the affected participant. To the extent necessary to comply with section 423 of the Code or any other applicable law or regulation, a Plan amendment shall be conditioned on the approval of such amendment by the shareholders of the Company in such a manner and to such a degree as is required under section 423 of the Code. If payroll deductions under the Plan are suspended pursuant to this Section, such payroll deductions shall resume as of the first Purchase Period commencing with or immediately following the date on which such suspension ends, in accordance with the participants' payroll deduction elections then in effect. Subject to the requirements of section 423 of the Code, without shareholder approval and without regard to whether any participant rights may be considered to have been "adversely affected," the Board or the Plan Administrator shall in its sole discretion be entitled to change the Purchase Periods, change the maximum number of shares of Common Stock purchasable per participant in any Purchase Period, limit the frequency and/or number of changes in payroll deductions during a Purchase Period, establish or change the exchange ratio applicable to amounts withheld in a currency other than U.S. dollars, permit payroll withholding in excess of the amount designated by a participant in order to adjust for delays or mistakes in the Company's processing of properly completed withholding elections, establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of Common Stock for each participant properly correspond with the participant's payroll deductions, and establish such other limitations or procedures as the Board or Plan Administrator determines in its sole discretion advisable which are consistent with the Plan.

9. Non-Transferability . Neither the payroll deductions credited to a participant's account nor any rights with regard to the purchase of shares under the Plan may be assigned, transferred, pledged or otherwise disposed of in any way (other than by will, the laws of descent and distribution or as provided in Section 10) by the participant. Any such attempt at assignment, transfer, pledge or other disposition shall be void and without effect.

10. Death of Participant . To the extent permitted by the Plan Administrator in its sole discretion, a participant may file a written designation of a beneficiary who shall receive, in the event of the participant's death, (i) the shares, if any, purchased by the participant and held in an account for such participant's benefit and/or (ii) any cash credited to such participant's Purchase Account. Such beneficiary designation may be changed by the participant at any time by written notice given to the Company. In the event of the death of a participant and in the absence of a beneficiary validly designated under the Plan who is living at the time of such participant's death, or to the extent the Plan Administrator does not permit participants to designate beneficiaries under the Plan, the Company shall deliver such shares and/or cash to the executor or administrator of the estate of the participant or otherwise in accordance with the applicable laws of descent and distribution.

11. Shareholder's Rights . No Eligible Employee or participant shall by reason of the Plan have any rights of a shareholder of the Company until he or she shall acquire a share of Common Stock as herein provided.

12. Administration of the Plan . The Plan shall be administered by the Corporate Secretary of the Company (the "Plan Administrator"). In addition to the powers and authority specifically granted to the Plan Administrator pursuant to any other provision of the Plan, the Plan Administrator shall have full power and authority to: (i) interpret and administer the Plan and any instrument or agreement entered into under the Plan; (ii) establish such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan; (iii) designate which Subsidiary Companies shall participate in the Plan; (iv) make any other determination and take any other action that the Plan Administrator deems necessary or desirable for administration of the Plan. Decisions of the Plan Administrator shall be final, conclusive and binding upon all persons having an interest in the Plan.

The Plan shall be administered so as to ensure that all participants have the same rights and privileges as are provided by section 423(b)(5) of the Code.

13. Maximum Number of Shares . The maximum number of shares of Common Stock which may be purchased under the Plan is 25,000,000, subject to adjustment as set forth below. Shares of Common Stock sold hereunder may be treasury shares, authorized and unissued shares, shares purchased for participants in the open market (on an exchange or in negotiated transactions) or any combination thereof.

14. Miscellaneous . Except as otherwise expressly provided herein, (i) any request, election or notice under the Plan from an Eligible Employee or participant shall be transmitted or delivered to the Company or its designated agent and, subject to any limitations specified in the Plan, shall be effective when so delivered and (ii) any request, notice or other communication from the Company or its designated agent that is transmitted or delivered to Eligible Employees or participants shall be effective when so transmitted or delivered. The Plan, and the Company's obligation to sell and deliver shares of Common Stock hereunder, shall be subject to all applicable federal and state laws, rules and regulations, and to such approval by any regulatory or governmental agency as may, in the opinion of counsel for the Company, be required.

15. Adjustments Upon Changes in Capitalization, Dissolution, Merger or Asset Sale .

(a) Changes in Capitalization. Subject to any required action by the shareholders of the Company, the aggregate number and class of shares of Common Stock available for purchase under the Plan, the number and class of shares and the price per share of Common Stock covered by each outstanding right under the Plan and the maximum number and class of shares of Common Stock that may be purchased by a participant in any Purchase Period, shall be equitably adjusted for any increase or decrease in the number of issued shares of Common Stock resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the Common Stock, or any other increase or decrease in the number of shares of Common Stock effected without receipt of consideration by the Company; provided, however, that conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration." Such adjustment shall be made by the Plan Administrator, in its sole discretion, whose determination in that respect shall be final, binding and conclusive. Except as expressly provided herein, no issue by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of Common Stock subject to a purchase right. The Plan Administrator may, if it so determines in the exercise of its sole discretion, make provision for

adjusting the aggregate number and class of shares of Common Stock available for purchase under the Plan, the number and class of shares and the price per share of Common Stock covered by each outstanding right under the Plan and the maximum number and class of shares that may be purchased by a participant in any Purchase Period, in the event the Company effects one or more reorganizations, recapitalizations, rights offerings or other increases or reductions of shares of its outstanding Common Stock.

(b) Dissolution or Liquidation. In the event of a proposed dissolution or liquidation of the Company, the Purchase Period then in progress will terminate immediately prior to the consummation of such proposed action, unless otherwise provided by the Plan Administrator in its sole discretion.

(c) Merger or Asset Sale. In the event of a proposed sale of all or substantially all of the assets of the Company, or the merger of the Company with or into another corporation, each purchase right under the Plan shall be assumed or an equivalent purchase right shall be substituted by such successor corporation or a parent or subsidiary of such successor corporation, unless the Plan Administrator determines, in the exercise of its sole discretion and in lieu of such assumption or substitution, to either (i) shorten the Purchase Period then in progress or (ii) terminate the Plan and distribute the amounts credited to each participant's Purchase Account. If the Plan Administrator shortens the Purchase Period then in progress, the Plan Administrator shall notify each participant in writing, at least 10 days prior to end of the shortened Purchase Period, that the Purchase Period has been shortened, and that shares will be purchased at the end of such Purchase Period unless prior to such date the participant suspends his or her payroll deductions in accordance with Section 7.

16. Rules for Non-United States Jurisdictions . The Plan Administrator may establish rules or procedures relating to the operation and administration of the Plan to accommodate specific requirements of applicable local laws and procedures, including, without limitation, rules and procedures governing payroll deductions, payment of interest, conversion of local currency, payroll tax, withholding procedures and handling of stock certificates which vary with local requirements.

The Plan Administrator may also adopt sub-plans applicable to particular Participating Companies or locations, which sub-plans may be designed to be separate offerings outside the scope of section 423 of the Code. The rules of such sub-plans may take precedence over the provisions of this Plan, with the exception of Section 4, but unless otherwise superseded by the terms of such sub-plan, the provisions of this Plan shall govern the operation of such sub-plan.

17. No Enlargement of Employee Rights . Nothing contained in this Plan shall be deemed to give any Eligible Employee the right to continued employment with the Company or any Subsidiary Company or to interfere with the right of the Company or any Subsidiary Company to discharge any Eligible Employee at any time.

18. Governing Law . This Plan, any related agreements (such as an enrollment form), and all determinations made and actions taken pursuant thereto, to the extent not otherwise governed by the Code or the law of the United States, shall be governed by the laws of the Commonwealth of Pennsylvania and construed in accordance therewith without giving effect to principles of conflicts of law.

IN WITNESS WHEREOF, this Plan has been executed this 29th day of January, 2013.

EXELON CORPORATION

By: /s/ Bruce G. Wilson
Senior Vice President,
Deputy General Counsel, and
Corporate Secretary

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EXELON CORPORATION
10 SOUTH DEARBORN STREET
P.O. BOX 805398
CHICAGO, IL 60680-5398

VOTE BY INTERNET - www.proxyvote.com
Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time on April 22, 2013. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS
If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

VOTE BY PHONE - 1-800-690-6903
Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time on April 22, 2013. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL
Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

M54868-P35154-Z59993 KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

EXELON CORPORATION

The Board of Directors recommends you vote FOR the following proposals:

1. Election of Directors	For	Against	Abstain
Nominees:			
1a. Anthony K. Anderson	☐	☐	☐
1b. Ann C. Berzin	☐	☐	☐
1c. John A. Canning, Jr.	☐	☐	☐
1d. Christopher M. Crane	☐	☐	☐
1e. Yves C. de Balmann	☐	☐	☐
1f. Nicholas DeBenedictis	☐	☐	☐
1g. Nelson A. Diaz	☐	☐	☐
1h. Sue L. Gin	☐	☐	☐
1i. Paul L. Joskow	☐	☐	☐
1j. Robert J. Lawless	☐	☐	☐
1k. Richard W. Mies	☐	☐	☐
1l. William C. Richardson	☐	☐	☐
1m. Thomas J. Ridge	☐	☐	☐
1n. John W. Rogers, Jr.	☐	☐	☐
1o. Mayo A. Shattuck III	☐	☐	☐
1p. Stephen D. Steinour	☐	☐	☐
2. The Ratification of PricewaterhouseCoopers LLP as Exelon's independent accountant for 2013.	☐	☐	☐
3. Advisory vote to approve executive compensation.	☐	☐	☐
4. Approve Amended & Restated Employee Stock Purchase Plan.	☐	☐	☐

NOTE: Authority is also given to vote on all other matters that may properly come before the meeting or any adjournment thereof.

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name by authorized officer.

Signature [PLEASE SIGN WITHIN BOX]	Date	Signature (Joint Owners)	Date

S1-SSA-0009 - 26043

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ADMISSION TICKET

To attend the annual meeting please detach and bring this ticket along with a valid photo ID and present them at the Shareholder Registration Table upon arrival. This ticket is not transferable.

No cameras, recording equipment, electronic devices, large bags, backpacks, briefcases or packages will be permitted in the meeting room or adjacent areas. All items will be subject to search.

NOTICE REGARDING INTERNET AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING

Exelon's Notice and Proxy Statement and Annual Report are available online at www.proxyvote.com . The electronic documents have been prepared to offer easy viewing and are completely searchable. The website will allow you to view the materials as you vote the shares. We believe that you will find this method of viewing Exelon's information and voting the shares more convenient.

We encourage you to vote the shares at www.proxyvote.com
and then register for the electronic delivery of Exelon's proxy materials for 2014 and beyond.

The printing, delivery, processing, and mailing of paper materials is a costly and energy intensive process. By registering for electronic delivery now, you will assist Exelon in its commitment to conserve our resources and protect our environment.

IF YOU WISH TO ATTEND THE ANNUAL MEETING, DETACH AND BRING THIS ADMISSION TICKET ALONG WITH A PHOTO ID

M54869-P35154-Z59993

EXELON CORPORATION

2013 COMMON STOCK PROXY

This proxy is solicited on behalf of the Board of Directors
for the Annual Meeting of Shareholders to be held
on Tuesday, April 23, 2013 at 9:00 A.M. Eastern Time at
The Sky Lobby Conference Center
750 East Pratt Street
Baltimore, Maryland

DARRYL M. BRADFORD and BRUCE G. WILSON, or either of them with power of substitution, are hereby appointed to vote as specified all shares of common stock which the shareholder(s) named on the proxy card is/are entitled to vote at the annual meeting described above or at any adjournment thereof, and in their sole discretion to vote upon all other matters that may be properly brought before the annual meeting. If the proxy card is signed and dated, but no votes are indicated, it will be voted as recommended by the Board of Directors.

The Northern Trust Company as trustee for the Exelon Employee Savings Plan, for which Hewitt Associates LLC is the plan record keeper, is hereby authorized to execute a proxy with the identical instructions for any shares of common stock held in this plan for the benefit of any shareholder(s) named on this card. T. Rowe Price Trust Company as directed trustee for the Constellation Energy Group Inc. Employee Savings Plan, the Represented Employee Savings Plan for Nine Mile Point and the Employee Savings Plan for Constellation Energy Nuclear Group, LLC is hereby authorized to execute a proxy with the identical instructions for any shares of common stock held in these plans for the benefit of any shareholder(s) named on this card. For all shares for which no valid instruction is timely received, the trustee of the respective plan is instructed to vote the shares in the same proportion as the shares that were affirmatively voted by shareholders participating in the respective plan.

Continued and to be signed on reverse side

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a)
of the Securities Exchange Act of 1934
(Amendment No.)

Filed by the Registrant ☒ Filed by a Party other than the Registrant ☐

Check the appropriate box:

☐ Preliminary Proxy Statement

☐ **CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14a-6(e)(2))**

☒ Definitive Proxy Statement

☐ Definitive Additional Materials

☐ Soliciting Material Pursuant to §240.14a-12

EXELON CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

☒ No fee required.

☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

☐ Fee paid previously with preliminary materials.

☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

March 15, 2017

NOTICE OF THE ANNUAL MEETING AND 2017 PROXY STATEMENT

To the shareholders of Exelon Corporation:

Our annual meeting of shareholders will be held on Tuesday, April 25, 2017 at 9:00 a.m. Eastern Time at 1310 Point Street, 10th Floor, Baltimore, Maryland to:

1) Elect director nominees named in the proxy statement;
2) Ratify PricewaterhouseCoopers LLP as Exelon's independent auditor for 2017;
3) Approve the compensation of our named executive officers as disclosed in the proxy statement;
4) Advise on the frequency of future advisory votes on executive compensation; and
5) Conduct any other business that properly comes before the meeting.

Shareholders of record as of March 3, 2017 are entitled to vote at the annual meeting.

On or about March 15, 2017, we will mail to our shareholders a Notice Regarding the Availability of Proxy Materials, which will indicate how to access our proxy materials on the Internet. By furnishing the Notice Regarding the Availability of Proxy Materials we are lowering the costs and reducing the environmental impact of our annual meeting.

Bruce G. Wilson
Senior Vice President,
Deputy General Counsel and Corporate Secretary

Your vote is important. We encourage you to vote promptly.
Internet and telephone voting are available through 11:59 p.m.
Eastern Time on April 24, 2017.

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Proxy Statement Summary

We are providing these proxy materials in connection with the solicitation by the board of directors of Exelon Corporation ("Exelon," the "company," "we," "us," or "our"), a Pennsylvania corporation, of proxies to be voted at our 2017 annual meeting of shareholders and at any adjournment or postponement. The annual meeting of shareholders will take place on April 25, 2017 at 9:00 a.m. Eastern Time at 1310 Point Street, 10th Floor, Baltimore, Maryland.

MATTERS FOR SHAREHOLDER VOTING

At this year's annual meeting, we are asking our shareholders to vote on the following matters:

Proposal 1: Election of Directors

The board of directors recommends a vote FOR the election of the director nominees named in this proxy statement. See pages 1-18 for further information on the nominees.

Proposal 2: Appointment of PricewaterhouseCoopers LLP as independent auditor for 2017

The board of directors recommends a vote FOR this proposal. See page 41 for details.

Proposal 3: Advisory Approval of Executive Compensation

The board of directors recommends a vote FOR this proposal. See page 42-86 for details.

Proposal 4: Advisory Vote on Frequency of an Advisory Vote on Executive Compensation

The board of directors recommends a vote FOR the option of ONE YEAR. See page 87 for details.

The board of directors knows of no other matters to be presented for action at the annual meeting. If any matter is presented from the floor of the annual meeting, the individuals serving as proxies intend to vote on these matters in the best interest of all shareholders. Your signed proxy card gives this authority to Thomas S. O'Neill and Bruce G. Wilson.

Please refer to the material on pages 90-93 for information about how to cast your votes, who may attend the meeting, and other frequently asked questions.

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Proxy Statement Summary

GOVERNANCE HIGHLIGHTS

Exelon is committed to maintaining the highest standards of corporate governance. Strong corporate governance practices help us achieve our performance goals and maintain the trust and confidence of our investors, employees, customers, regulatory agencies and other stakeholders. Our corporate governance practices are described in more detail on pages 19-33 and in our Corporate Governance Principles which are available on the Exelon website at www.exeloncorp.com on the Governance page under the Investors tab.

Director Independence	• 12 of our 13 nominees are independent. • Our CEO is the only management director. • During 2016, all of our board committees (except the generation oversight committee, investment oversight committee and finance and risk committee) were composed exclusively of independent directors.
Board Leadership	• The positions of Chairman and CEO are separated. Our Chairman is independent.
Board Diversity	• Directors represent the appropriate mix of skills and characteristics required to best fill the needs of the board in light of Exelon's strategic direction. • 5 of 13 directors (38%) are female or minorities.
Accountability & Shareholder Rights	• Extensive shareholder engagement reached holders of approximately 50% of our shares in 2016. • All directors stand for election annually. • In uncontested elections, directors must be elected by a majority of votes cast. • Eligible shareholders may nominate directors through Exelon's "proxy access" bylaws.
Board Practices & Governance	• Our board annually reviews its effectiveness as a group. • Continuing director education is provided during regular board and committee meetings. • The independent directors regularly meet in executive sessions without management. • Directors may not stand for election after age 75. • Political activities and contributions are disclosed.

Proxy Statement Summary

Board Oversight of Risk Management	• Our board reviews Exelon's systematic approach to identifying and assessing risks faced by Exelon and our business units. • The board considers enterprise risk in connection with emerging trends or developments and the evaluation of capital investments and business opportunities. • The board's finance and risk committee oversees our risk management strategy, policies and practices and financial condition and risk exposures.
Stock Ownership Requirements	• Our independent directors must hold at least 15,000 shares of Exelon common stock within five years after joining the board. • Our CEO must, after five years of employment, hold Exelon Common Stock valued at six times base salary. • Executive vice presidents and higher officers must, within five years after employment or September 30, 2012, hold Exelon Common Stock, valued at three times base salary. • Directors and executives are not permitted to hedge or pledge Exelon stock or engage in short sales.

Proxy Statement Summary

2016 EXECUTIVE COMPENSATION HIGHLIGHTS

We took considerable actions this year on our executive compensation program in response to the failed 2016 say-on-pay vote. These actions were in direct response to shareholder feedback received in meetings and calls conducted by the chair of the compensation committee and management beginning in June 2016.

Strong Company Performance

- Beat adjusted (non-GAAP) operating EPS target for the Annual incentive program by 14 cents
- Adjusted (non-GAAP) operating EPS growth in 2016 ($2.68) vs 2015 ($2.49) was 8%
- EXC one-year total shareholder return (TSR) (32.8%) outperformed the UTY by 15.4 percentage points and the S&P 500 by 20.9 percentage points
- Grew company enterprise value by $14.4 billion through M&A including PHI, ConEd Solutions, and the James A. FitzPatrick Nuclear Power Plant (pending)
- NY and IL clean energy regulations and legislation
- In 2016, through growth and acquisition achieved Fortune 100 status (only utility company)
- All time best nuclear operating performance; best in class
- Best on record or best in class utility operating performance

Rapid Response to Failed 2016 Say-on-Pay Vote

- Reached out to shareholders holding approximately 50% of our shares
- Immediately addressed the major shareholder concerns by modifying the Annual and Long-Term incentive programs
- Changes included:
  - Moved performance share (PShares) goal measurement period from annual to 3-year
  - Changed PShare goals to align better with Exelon's value proposition and strategic initiatives
  - Removed individual performance multipliers from all incentive programs
  - Strengthened the TSR modifier
  - Capped incentive payouts if one-year absolute TSR is negative
  - Moved operational metrics to Annual incentive program
  - Removed all legacy change in control tax gross-ups

CEO Pay for Performance Alignment

- The board reduced the 2016 Annual incentive program payout from 143% to 100%, in part, to address shareholder concerns that the previous year's AIP payout was too high relative to TSR performance
- The board froze 2017 target pay at 2016 levels

Proxy Statement Summary

Goal Rigor

- 2016 adjusted (non-GAAP) operating EPS target was set 5 cents above 2015 actual performance
- 2017 adjusted (non-GAAP) operating EPS target has been set at a meaningful level above the 2016 actual results (which included the impact of approximately 10 cents of favorable load, primarily driven by weather) and reflects significant stretch compared to internal budgeting and Wall Street guidance

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Cautionary Statements Regarding Forward-Looking Information

This proxy statement contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that are subject to risks and uncertainties. The factors that could cause actual results to differ materially from the forward-looking statements made by Exelon Corporation include those factors discussed herein, as well as the items discussed in (1) Exelon's 2016 Annual Report on Form 10-K in (a) ITEM 1A. Risk Factors, (b) ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) ITEM 8. Financial Statements and Supplementary Data: Note 24 and (2) other factors discussed in filings with the SEC by Exelon. Readers are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of this proxy statement. Exelon does not undertake any obligation to publicly release any revision to its forward-looking statements to reflect events or circumstances after the date of this proxy statement.

Election of Directors

PROPOSAL 1: ELECTION OF DIRECTORS

The corporate governance committee regularly assesses the size of the board of directors. The committee believes that the current size of the board is appropriate for Exelon, considering the size and geographic scope of the company and our need to access a wide range of views and backgrounds to reflect the diversity and complexity of our business and the markets we serve. There are 13 nominees for director at the 2017 annual meeting.

The board of directors held eight meetings during 2016. The board also attended a two-day strategy retreat with the senior officers of Exelon and subsidiary companies. All directors attended at least 82% of all board and committee meetings that they were eligible to attend, with an average attendance of approximately 96.84% across all directors for all board and committee meetings. Although Exelon does not have a formal policy requiring attendance at the annual shareholders meeting, all directors generally attend the annual meeting and all directors attended the 2016 annual shareholders meeting.

DIRECTOR QUALIFICATIONS AND NOMINATION

Exelon believes that effective development and execution of Exelon's strategic direction requires a board of directors that includes individuals who bring diverse experiences, skills, backgrounds, viewpoints and perspectives in order to represent effectively the long-term interests of the public and our shareholders. The board of directors seeks to maintain an appropriate balance of diversity, skills and tenure on the board. Fresh perspectives and new ideas are essential to maintain a nimble and strategic board, while long-serving directors can bring important experience to board deliberations.

The corporate governance committee serves as the nominating committee and recommends director nominees. The board of directors receives the proposed nominations from the corporate governance committee and approves the nominees to be included in the Exelon proxy materials that are distributed to shareholders. The board believes that diversity among directors is an important consideration in selecting candidates for nomination. When considering candidates, the corporate governance committee and the full board take into account each candidate's race, ethnicity, gender, age, cultural background, professional experience and other attributes relevant to our business and strategy. The corporate governance committee and the full board determine the appropriate mix of skills and characteristics required to best fill the needs of the board and periodically review and update the criteria as deemed necessary in light of Exelon's strategic direction. All candidates are considered in light of the following standards and qualifications for director that are contained in the Exelon Corporate Governance Principles:

- Highest personal and professional ethics, integrity and values;
- An inquiring and independent mind;
- Practical wisdom and mature judgment;
- Broad training and experience at the policy-making level in business, government, education or technology;
- Expertise useful to Exelon and complementary to the background and experience of other Exelon board members;
- Willingness to devote the required amount of time to the duties and responsibilities of board membership;
- A commitment to serve over a period of years to develop knowledge about Exelon; and
- Involvement only in activities or interests that do not create a conflict with responsibilities to Exelon and its shareholders.

The satisfaction of these criteria is assessed by the corporate governance committee and the board. All of the nominees for director meet the standards listed above. In addition, all of the nominees demonstrate an appreciation for diversity and multiple cultures among directors and a commitment to sustainability and social issues.

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Election of Directors

The corporate governance committee and the board of directors regularly consider the company's strategy and the particular skills, experiences and other qualifications that should be represented on the board as a whole in order to achieve Exelon's strategic direction. Listed below are summaries of specific qualifications that the corporate governance committee and the board believe must be represented on the board among other qualifications.

- Financial, accounting and financial reporting experience

  Exelon uses a wide range of financial metrics to measure its operating performance and strategic opportunities. Accurate and transparent financial reporting, measurement of operating performance, and assessment of the financial merits of strategic opportunities are critical to the company's success.

- Senior management leadership / CEO experience

  Exelon believes that directors who have significant senior leadership experience as a CEO, senior executive or board chair are better able to recognize and develop leadership skills in others and are more likely to have a practical understanding of organizations and drivers of individual growth and development.

- Knowledge of Exelon's business / industry experience

  Exelon engages in a complex business with significant public policy and public safety implications. The development and execution of effective strategy at Exelon depends on directors who have experience with issues of public policy and economics, energy markets, technology, nuclear power, renewable energy, and electric and gas transmission and distribution infrastructure. As the largest operator of nuclear power plants in the country and one of the largest in the world, it is important that the Exelon board include individuals with experience in the operation and oversight of nuclear power facilities.

- Innovation and technology experience

  The industry in which Exelon conducts its business is changing rapidly with the development of new technologies, changing energy policy and environmental regulation, rapid changes in energy markets, and physical and cyber threats against the security of assets and systems. Exelon recognizes the importance of representation on the board of directors by individuals who possess experience in these areas.

- Government and regulatory experience

  Exelon is engaged in a business subject to extensive regulation by multiple state and federal regulatory authorities. Experience with and understanding of government regulation is critical to Exelon's ability to help shape public policy and government regulation that has a direct effect on Exelon's business and strategy.

- Risk oversight / risk management experience

  Exelon's business is subject to a number of highly varied risks that could have a significant effect on public safety and shareholder value. An understanding of the most significant risks facing Exelon is a critical skill that must be represented on the board of directors.

- Investor relations / investment management experience

  Exelon must assure strong alignment with its investors in setting strategy and direction. For this reason, the Exelon board of directors must include individuals who have an understanding of investments and the investment decision-making process in order to focus management and the board on significant value drivers.

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Election of Directors

- Manufacturing, construction, engineering and performance management experience

  Exelon invests billions of dollars each year on maintenance and growth investments to improve reliability of Exelon's electric and gas transmission and distribution systems and enhance customer service. Exelon also invests substantial sums each year for maintenance of complex machinery in the generation portfolio and in development and construction of generation assets. Experience with these complex processes is important for the board of directors to provide appropriate decision-making and oversight related to complex capital projects and large and complex organizations and systems.

DIRECTOR NOMINEES

Upon the recommendation of the corporate governance committee, the board nominated the 13 candidates named below for election as directors, each to serve a term ending with the annual meeting in 2018. Each of the nominees has agreed to be named in this proxy statement and to serve as a director, if elected. If any director is unable to stand for election, the board may reduce the number of directors or designate a substitute. In that case, shares represented by proxies may be voted for a substitute director. Exelon does not expect that any director nominee will be unable to serve.

The corporate governance committee and the board believe the skills and experiences listed above are adequately represented among the nominees for director and that the nominees have a wide diversity of experiences that fill the needs of the board and its committees. For example, ten nominees are current or former CEOs of corporations and three others have senior executive leadership experience. Two directors have extensive nuclear experience. Six directors have experience in banking and investment management. Ten directors have experience with corporate governance matters. Two have served in government or government regulation and one has flag officer military experience. Individual directors have experience or expertise in accounting, auditing, information technology, innovation, utility regulation and operations, and environmental matters, law, the economics of energy, and government affairs. Included in each director nominee's biographical information is a listing of the key qualifications, skills and experience of each nominee. Each nominee has other qualifications, skills and experiences that are not specifically listed.

The corporate governance committee believes that the nominees for director represent an effective mix of directors in terms of the range of backgrounds and experience and diversity. The nominees consist of directors who range in age from 51 to 72, with an average age of 63 and a median age of 62. The tenure of the nominees as directors is similarly varied, with one director having served since the company's creation in 2000, one since 2002, two since 2007, one since 2009, five since 2012, one since 2013, one since 2015, and one since 2016. Four directors come from the Chicago area and one each come from the Philadelphia, Baltimore, and Washington, D.C. areas, while six come from other parts of the country including major metropolitan areas such as New York.

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Election of Directors

A graphic summary of the qualifications of all 13 of the nominees as a group is presented below:

The following page presents graphically the characteristics of the directors including diversity, tenure, age and independence:

Election of Directors

Directors' Race/Ethnicity: 15% Diverse

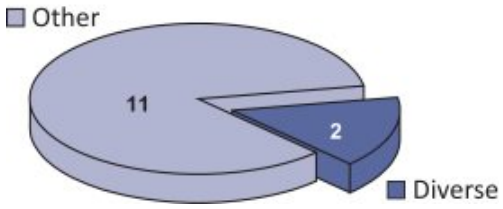

Directors' Gender: 23% Female

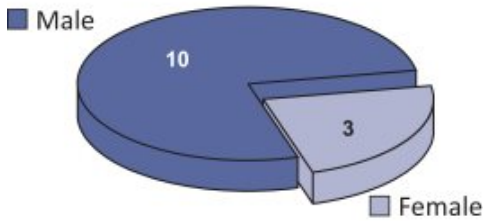

Directors' Average Tenure: 7 Years

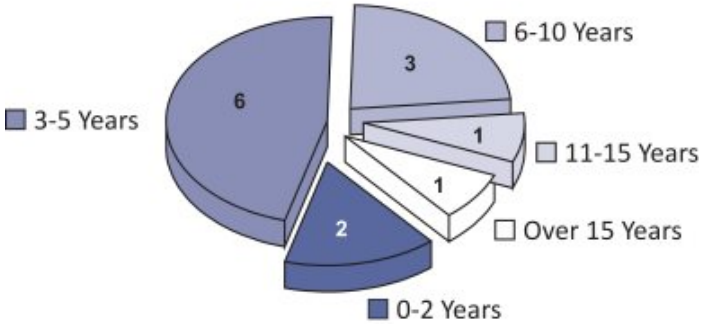

Directors' Average Age: 63 Years

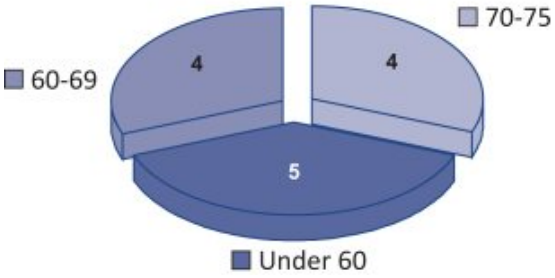

Directors' Independence: 92% Independent

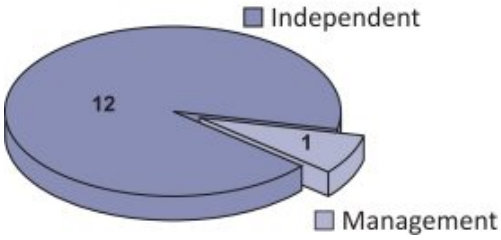

The board of directors unanimously recommends a vote "FOR" each of the director nominees below.

Election of Directors

ANTHONY K. ANDERSON

Retired Vice Chair and Midwest Area Managing Partner of Ernst & Young

Age: 61
Director since: 2013

Committees:
Chair-Audit Committee
Member-Finance and Risk Committee
Member-Generation Oversight Committee

In 2012, Mr. Anderson retired as the Vice Chair and Midwest Area Managing Partner of Ernst & Young, after a 35-year career with E&Y. In that capacity, Mr. Anderson oversaw a practice of 3,500 audit, tax, and transaction professionals serving clients through the Midwest. Mr. Anderson also served for six years in the Los Angeles area as managing partner of E&Y's Pacific Southwest region. Mr. Anderson also served as a member of E&Y's governing body, the Americas Executive Board. Mr. Anderson currently serves on the boards of AAR Corp. (aerospace and defense), where he serves on the compensation committee; Avery Dennison Corporation (labeling and packaging materials), where he serves on the audit and finance committee and the governance and social responsibility committee; and Marsh & McLennan Companies (insurance), where he serves on the audit committee and the corporate responsibility committee. Mr. Anderson previously served as a director of First American Financial Corporation from 2012-2016 and the Federal Reserve Bank of Chicago from 2008-2010. Mr. Anderson is the chairman of the board of the Perspectives Charter School. He is also a member of the boards of Chicago Urban League, The Chicago Council on Global Affairs, the Regional Transportation Authority and World Business Chicago. In Los Angeles, Mr. Anderson served as chairman of Town Hall Los Angeles, the Children's Bureau of Southern California, and the California Science Center. Mr. Anderson is a member of the American, California, and Illinois Institute of Certified Public Accountants.

KEY EXPERIENCE AND SKILLS:

- Financial, accounting and financial reporting experience
- Senior Management Leadership / CEO Experience
- Government and regulatory experience
- Risk oversight / risk management experience

Mr. Anderson's experience as the vice chair of a global professional services firm and his training and experience as an audit partner and certified public accountant enhance his contribution to the Exelon board and add value to his service on the audit, finance and risk and generation oversight committees.

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Election of Directors

ANN C. BERZIN

Former Chairman and Chief Executive Officer of Financial Guaranty Insurance Company (FGIC)

Age: 64
Director since: 2012

Committees:
Member-Audit Committee
Member-Finance and Risk Committee

Ms. Berzin served as Chairman and Chief Executive Officer of Financial Guaranty Insurance Company (FGIC), an insurer of municipal bonds, asset-backed securities and structured finance obligations from 1992 to 2001. Ms. Berzin joined FGIC in 1985 as its General Counsel following seven years of securities law practice in New York City. Ms. Berzin is a director of Ingersoll-Rand plc, Chair of its finance committee, and a member of its audit committee, and previously served as a director of Kindred Healthcare, Inc. (healthcare services) from 2006-2012. Ms. Berzin also served as a director of Constellation Energy Group from 2008 through March 2012 when Constellation merged with Exelon. Ms. Berzin also serves on the board of Baltimore Gas and Electric Company (BGE), an Exelon subsidiary.

KEY EXPERIENCE AND SKILLS:

- Financial, accounting and financial reporting experience
- Senior Management Leadership / CEO Experience
- Knowledge of Exelon's business / industry experience
- Government and regulatory experience
- Risk oversight / risk management experience
- Investor relations / investment management experience

Ms. Berzin has broad business and executive leadership experience, as well as expertise in the financial services sector, which is particularly valuable for her service on the finance and risk and audit committees.

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Election of Directors

CHRISTOPHER M. CRANE

President and Chief Executive Officer of Exelon Corporation

Age: 58
Director since: 2012

Committees:
Member-Finance and Risk Committee (eff. 2/1/16)
Member-Generation Oversight Committee
Member-Investment Oversight Committee

Mr. Crane is President and Chief Executive Officer of Exelon Corporation. Previously, he served as President and Chief Operating Officer, Exelon and Exelon Generation from 2008 to 2012. In that role, he oversaw one of the U.S. industry's largest portfolios of electric generating capacity, with a multi-regional reach and the nation's largest fleet of nuclear power plants. He directed a broad range of activities including major acquisitions, transmission strategy, cost management initiatives, major capital programs, generation asset optimization and generation development. Mr. Crane is one of the leading executives in the electric utility and power industries. He is a member of the executive committee of the Edison Electric Institute and the board of directors of the Institute of Nuclear Power Operations, the industry organization promoting the highest levels of safety and reliability in nuclear plant operation. He is vice chairman of the Nuclear Energy Institute, the nation's nuclear industry trade association, where he has also served as chairman of the New Plant Oversight Committee and as a member of the Nuclear Strategic Issues Advisory Committee, the Nuclear Fuel Supply Committee and the Materials Initiative Group. Mr. Crane served as a director of Aleris International Inc. from 2010 through 2013 (manufacture and sale of aluminum rolled and extruded products), where he served on the compensation committee and as the chair of the nominating and corporate governance committee. Mr. Crane also serves as chair of the boards of directors of Exelon subsidiaries BGE, Commonwealth Edison Company (ComEd), PECO Energy Company (PECO) and Pepco Holdings LLC (PHI).

KEY EXPERIENCE AND SKILLS:

- Financial, accounting and financial reporting experience
- Senior Management Leadership / CEO Experience
- Knowledge of Exelon's business / industry experience
- Innovation and technology experience
- Government and regulatory experience
- Risk oversight / risk management experience
- Investor relations / investment management experience
- Manufacturing, construction, engineering and performance management experience

Mr. Crane oversees a family of companies representing every stage of the energy value chain, including Exelon Generation, one of the largest competitive U.S. power generators, with approximately 32,700 megawatts of owned capacity comprising one of the nation's cleanest and lowest-cost power generation fleets; Constellation, which provides energy products and services to more than 2 million residential, public sector and business customers, including more than two-thirds of the Fortune 100; and Exelon's six utilities, which deliver electricity and natural gas to approximately 10 million customers in Delaware (Delmarva Power & Light Company (DPL)), the District of Columbia (Potomac Electric Power Company (Pepco)), Illinois (ComEd), Maryland (BGE, DPL and Pepco), New Jersey (Atlantic City Electric Company (ACE)) and Pennsylvania (PECO).

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Election of Directors

YVES C. DE BALMANN

Former Co-Chairman of Bregal Investments LP

Age: 70
Director since: 2012

Committees:
Chair-Compensation and Leadership Development Committee (eff. 4/26/16)
Member-Corporate Governance Committee (eff. 4/26/16)
Member-Finance and Risk Committee

Mr. de Balmann served as the Co-Chairman of Bregal Investments LP, a private equity investing firm, from September 2002 through December 2012. He was Vice-Chairman of Bankers Trust Corporation, in charge of Global Investment Banking, until its merger with Deutsche Bank in 1999 when he became Co-Head of Deutsche Bank's Global Investment Bank, and Co-Chairman and Co-Chief Executive Officer of Deutsche Banc Alex. Brown from June 1999 to April 2001, and then a Senior Advisor to Deutsche Bank AG from April 2001 to June 2003. Mr. de Balmann currently serves as a director of ESI Group (virtual prototyping software and services). Mr. de Balmann served as a director of Laureate Education, Inc. through December 2014; and he was the non-executive Chairman of Conversant Intellectual Property Management through August 2016. Mr. de Balmann served as a director of Constellation Energy Group from 2003 through March 2012 when Constellation merged with Exelon.

KEY EXPERIENCE AND SKILLS:

- Financial, accounting and financial reporting experience
- Senior Management Leadership / CEO Experience
- Knowledge of Exelon's business / industry experience
- Risk oversight / risk management experience
- Investor relations / investment management experience
- Manufacturing, construction, engineering and performance management experience

Mr. de Balmann has extensive experience in corporate finance, including the derivatives and capital markets as well as industry experience as a director of Constellation Energy Group from 2003 through 2012.

Election of Directors

NICHOLAS DEBENEDICTIS

Chairman, Aqua America Inc.

Age: 71
Director since: 2002

Committees:
Member-Corporate Governance Committee
Member-Finance and Risk Committee
Member-Generation Oversight Committee

Mr. DeBenedictis is the Chairman (since 1993) and former President and Chief Executive Officer (1992 - 2015) of Aqua America Inc., a water utility with operations in 8 states. Aqua America is the second largest U.S.-based, publicly-traded water and wastewater company in the country. As CEO, Mr. DeBenedictis had experience in dealing with many of the same development, land use and utility regulatory issues that affect Exelon and its subsidiaries. Mr. DeBenedictis also has extensive experience in environmental regulation and economic development, having served in two cabinet positions in the Pennsylvania government, as Secretary of the Pennsylvania Department of Environmental Resources and as Director of the Office of Economic Development. He also spent 8 years with the U.S. Environmental Protection Agency and was President of the Greater Philadelphia Chamber of Commerce for 3 years. Mr. DeBenedictis joined the board of MISTRAS Group (non-destructive testing) in October 2015 and serves on the audit committee. Mr. DeBenedictis has also served as a director of P.H. Glatfelter, Inc. (global supplier of specialty papers and engineered products) since 1995, where he has served on the audit, compensation and finance, and nominating and corporate governance committees and currently serves as the chair of the finance committee and on the compensation committee. Mr. DeBenedictis served as a director of Met-Pro Corporation (global provider of solutions and products for product recovery, pollution control, and fluid handling applications) (1997-2010). While a director of Met-Pro, he served as presiding independent director, chair of the corporate governance and nominating committee and a member of the audit committee. Mr. DeBenedictis has a master's degree in environmental engineering and science. Mr. DeBenedictis also serves on the boards of ComEd and PECO, which are Exelon subsidiaries.

KEY EXPERIENCE AND SKILLS:

- Financial, accounting and financial reporting experience
- Senior Management Leadership / CEO Experience
- Knowledge of Exelon's business / industry experience
- Government and regulatory experience
- Risk oversight / risk management experience
- Investor relations / investment management experience
- Manufacturing, construction, engineering and performance management experience

As a leader in the greater Philadelphia business community, Mr. DeBenedictis has knowledge of the communities and local economies served by PECO. Mr. DeBenedictis' contribution to the Exelon board is enhanced by his experience as the former CEO of a public company, his experience on the boards of other companies, his experience as a utility executive, and his experience with environmental regulation, all of which bring useful perspectives to the Exelon board's finance and risk committee and the generation oversight committee. His prior experience as the presiding director and chair of the corporate governance committee of another public company offers additional insight to the functions of the Exelon corporate governance committee.

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Election of Directors

NANCY L. GIOIA

Former Executive, Ford Motor Company

Age: 56
Director since: 2016

Committees:
Member-Finance and Risk Committee (eff. 2/1/16)
Member-Generation Oversight Committee (eff. 2/1/16)

Ms. Gioia formerly served as Ford Motor Company's Director of Global Connectivity, Electrical and User Experience. During Ms. Gioia's more than 30-year career at Ford, she led the company's global electrification efforts. In this role, Ms. Gioia developed the technology, vehicle programs and value chain strategies as well as assessed the economic, social and environmental impacts including consumer insights and acceptance. Ms. Gioia worked closely with the Edison Electric Institute, the U.S. Department of Energy and the engineers at Ford to pilot and implement the strategy. Ms. Gioia serves on the board of Brady Corporation (international manufacturer and marketer, since 2013), where she is technology committee chair and serves on the compensation and management development committee. She is the principal of Gioia Consulting Services, LLC, a strategic business advisory company. She previously served on the board and nominating committee of Inforum (women's professional development and business forum) and is the former chair of the Automotive NEXT executive committee. Since 2014, she has also served as an advisory council member on the board of the University of Michigan Electrical and Computer Engineering Council.

KEY EXPERIENCE AND SKILLS:

- Financial, accounting and financial reporting experience
- Senior Management Leadership / CEO Experience
- Innovation and technology experience
- Government and regulatory experience
- Manufacturing, construction, engineering and performance management experience

Ms. Gioia's extensive background in innovation and product development provides the board with invaluable expertise. Ms. Gioia holds a bachelor of science in Electrical Engineering from the University of Michigan and a master of science in Manufacturing Systems Engineering from Stanford University.

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Election of Directors

LINDA P. JOJO

Executive Vice President and Chief Information Officer of United Continental Holdings, Inc.

Age: 51
Director since: 2015

Committees:
Member-Compensation and Leadership Development Committee (eff. 2/1/16)
Member-Finance and Risk Committee

Ms. Jojo is Executive Vice President and Chief Information Officer of United Continental Holdings, Inc. She is responsible for the effective implementation and management of technology strategy and solutions to support United's global business. She has held her current position at United since September 2014. Prior to joining United, she served as Executive Vice President and Chief Information Officer for Rogers Communications Inc., a position she assumed in July 2011. There she was responsible for all IT systems for both customer facing and business support systems. Ms. Jojo served from 2008 to 2011 as Senior Vice President and Chief Information Officer for Energy Future Holdings Corporation in Dallas, which holds a portfolio of competitive and regulated energy companies. She served as Chief Information Officer of Flowserve Corporation in Irving, Texas, from June 2004 to 2008. Ms. Jojo worked for nearly 15 years in leadership positions at General Electric, ultimately serving as the Chief Information Officer of GE Silicones. She started her career at Digital Equipment Corporation. She is also on the board of trustees of the Adler Planetarium in Chicago.

KEY EXPERIENCE AND SKILLS:

- Financial, accounting and financial reporting experience
- Senior Management Leadership / CEO Experience
- Knowledge of Exelon's business / industry experience
- Innovation and technology experience
- Manufacturing, construction, engineering and performance management experience

Ms. Jojo has a wealth of experience leading complex IT organizations and brings important information technology and innovation expertise to Exelon's board of directors. Ms. Jojo holds a bachelor's degree in Computer Science and a master's degree in Industrial Engineering, both from Rensselaer Polytechnic Institute, Troy, N.Y.

Election of Directors

PAUL L. JOSKOW, PH. D.

President of the Alfred P. Sloan Foundation

Age: 69
Director since: 2007

Committees:
Member-Audit Committee
Member-Finance and Risk Committee
Member-Investment Oversight Committee

Dr. Joskow has been the President and CEO of the Alfred P. Sloan Foundation since January 1, 2008. The Sloan Foundation is a philanthropic institution that supports research and education in science, technology and economic performance. Dr. Joskow will retire as President of The Sloan Foundation at the end of 2017. He is also the Elizabeth and James Killian Professor of Economics and Management Emeritus at the Massachusetts Institute of Technology (MIT). Dr. Joskow joined the MIT faculty in 1972 and served as head of the MIT Department of Economics (1994-1998) and Director of the MIT Center for Energy and Environmental Policy Research (1999-2007). At MIT he was engaged in teaching and research in the areas of industrial organization, energy and environmental economics, competition policy, and government regulation of industry for over 35 years. Much of his research and consulting activity has focused on the electric power industry, electricity pricing, fuel supply, demand, generating technology, and regulation. Dr. Joskow intends to return to MIT following his retirement from The Sloan Foundation at the end of 2017. He is a Fellow of the American Academy of Arts and Sciences, the Econometric Society and a Distinguished Fellow of the American Economic Association. He has served on the U.S. Environmental Protection Agency's (EPA) Acid Rain Advisory Committee, on the Environmental Economics Committee of EPA's Science Advisory Board, and on the National Commission on Energy Policy. He served as the Chair of the National Academies Board on Science, Technology and Economic Policy through April 1, 2015 and on the Secretary of Energy Advisory Board until October 1, 2015. He is also a Trustee of the Putnam Mutual Funds. In addition to his teaching, research, publishing and consulting activities, he has experience in the energy business, serving as a director of New England Electric System, a public utility holding company (1987-2000), until it was acquired by National Grid. He then served as a director of National Grid plc, an international electric and gas utility holding company, and one of the largest investor-owned utilities in the world (2000-2007). Dr. Joskow served as a director of TransCanada Corporation from 2004 until March 2013. TransCanada is an energy infrastructure company with gas pipelines, oil pipelines, electric power operations, and natural gas storage facilities. He served on the audit and governance committees of TransCanada. He previously served on the audit committee of National Grid (2000-2005) and was chair of its finance committee until 2007. He also served on the audit committee of New England Electric System and as the chair of the audit committee of the Putnam Mutual Funds (2002-2005).

KEY EXPERIENCE AND SKILLS:

- Financial, accounting and financial reporting experience
- Senior Management Leadership / CEO Experience
- Knowledge of Exelon's business / industry experience
- Government and regulatory experience
- Risk oversight / risk management experience
- Investor relations / investment management experience

Dr. Joskow's extensive background in economics and experience as a utilities director offer a unique set of skills to the company's board of directors.

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Election of Directors

ROBERT J. LAWLESS

Former Chairman of the Board of McCormick & Company, Inc.

Age: 70
Director since: 2012

Committees:
Chair-Corporate Governance Committee
Member-Compensation and Leadership Development Committee
Member-Finance and Risk Committee (eff. 2/1/16)

Mr. Lawless served as Chairman of the Board of McCormick & Company, Inc. (food manufacturing industry) from January 1997 until March 2009, having also served as President until December 2006 and Chief Executive Officer until January 2008, and is now retired. He is also a director of The Baltimore Life Insurance Company. Mr. Lawless served as a director of Constellation Energy Group from 2002 through March 2012 when Constellation merged with Exelon.

KEY EXPERIENCE AND SKILLS:

- Financial, accounting and financial reporting experience
- Senior Management Leadership / CEO Experience
- Knowledge of Exelon's business / industry experience
- Investor relations / investment management experience
- Manufacturing, construction, engineering and performance management experience

Mr. Lawless has extensive executive leadership and strategic planning experience. As a former chief executive officer of a public company, he can provide a critical perspective on issues affecting public companies.

Election of Directors

RICHARD W. MIES

President and Chief Executive Officer of The Mies Group, Ltd.

Age: 72
Director since: 2009

Committees:
Chair-Generation Oversight Committee
Member-Audit Committee
Member-Finance and Risk Committee

Admiral Mies is President and Chief Executive Officer of The Mies Group, Ltd, a private consulting firm that provides strategic planning and risk assessment advice and assistance to clients on international security, energy, defense, and maritime issues. A graduate of the Naval Academy, he completed a 35-year career as a nuclear submariner in the US Navy. Admiral Mies has a wide range of operational command experience; he served as the senior operational commander of the US Submarine Force and he commanded U.S. Strategic Command for four years prior to retirement in 2002. He subsequently served as a Senior Vice President of Science Applications International Corporation, a provider of scientific and engineering applications for national security, energy, and the environment, and as the President and Chief Executive Officer of Hicks and Associates, Inc, a subsidiary of Science Applications International Corporation from 2002-2007. Admiral Mies served as a director of Mutual of Omaha, an insurance and banking company, from 2002-2014, where he chaired the governance committee and served as a member of the audit, compensation, investment, and executive committees. From 2008–2010 Admiral Mies was a director of McDermott International, an engineering and construction company focused on energy infrastructure, where he served on the audit and governance committees. In 2010 he transitioned to the board of Babcock and Wilcox (B&W) when that company spun off from McDermott International. He was the chair of B&W's safety and security committee and served on the governance committee. Following the split of B&W into Babcock and Wilcox Enterprises and BWX Technologies, Inc., he transitioned to the board of BWXT where he serves on the governance and compensation committees. He is also a member of the Boards of Governors of Los Alamos and Lawrence Livermore National Security LLCs that operate their respective national laboratories. In addition to an undergraduate degree in mechanical engineering and mathematics, Admiral Mies completed post-graduate education at Oxford University, the Fletcher School of Law and Diplomacy, and Harvard University and holds a master's degree in government administration and international relations.

KEY EXPERIENCE AND SKILLS:

- Financial, accounting and financial reporting experience
- Senior Management Leadership / CEO Experience
- Knowledge of Exelon's business / industry experience
- Innovation and technology experience
- Government and regulatory experience
- Risk oversight / risk management experience
- Manufacturing, construction, engineering and performance management experience

Admiral Mies makes a unique contribution to Exelon's generation oversight, finance and risk, and audit committees through his extensive leadership experience with nuclear power and strategic planning in the Navy and in business and through his experience on the boards of other companies.

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Election of Directors

JOHN W. ROGERS, JR.

Chairman and CEO of Ariel Investments, LLC

Age: 58
Director since: 2000

Committees:
Chair-Investment Oversight Committee
Member-Corporate Governance Committee
Member-Finance and Risk Committee (eff. 2/1/16)

Mr. Rogers is the founder, Chairman and CEO of Ariel Investments, LLC, an institutional money management firm with over $9 billion in assets under management, and serves as trustee of the Ariel Investment Trust. Since 2003, he has served as a director of McDonald's Corporation (global foodservice retailer) where he has served on the compensation, finance and governance committees. Previously, he served as a director of Aon Corporation (risk management services, insurance and reinsurance brokerage and human capital and management consulting services) (1993-2012), where he served on the finance committee and as chair of the audit committee; GATX Corporation (rail, marine and industrial equipment leasing) (1998-2004), where he served on the audit committee; Bank One Corporation (bank) (1998-2004), where he served on the audit and risk management and public responsibility committees; and Bally Total Fitness (fitness and health clubs) (2003-2006), where he served as the lead independent director and as chair of the compensation committee.

KEY EXPERIENCE AND SKILLS:

- Financial, accounting and financial reporting experience
- Senior Management Leadership / CEO Experience
- Knowledge of Exelon's business / industry experience
- Government and regulatory experience
- Risk oversight / risk management experience
- Investor relations / investment management experience

Mr. Rogers' experience on the boards of a number of major corporations based in Chicago in a variety of industries has made him a leader in the Chicago business community with perspective into Chicago business developments. His role in Chicago's and the nation's African-American community brings diversity to the board and emphasis to Exelon's diversity initiatives and community outreach. His experience in investment management and financial markets and as a director of an insurance brokerage and services company are useful to Exelon, particularly with respect to risk management and the management of Exelon's extensive nuclear decommissioning and pension and post-retirement benefit trust funds, which are overseen by the investment oversight committee, which he chairs. Mr. Rogers' service on the boards and committees of other companies has given him experience that adds further depth to the Exelon corporate governance committee. He has spoken at and participated in a number of corporate governance conferences. He was named by the Outstanding Directors Exchange as one of six 2010 Outstanding Directors.

Election of Directors

MAYO A. SHATTUCK III

Former Chairman, President and Chief Executive Officer of Constellation Energy

Age: 62
Director since: 2012

Chairman of the Board

Committees:
Member-Finance and Risk Committee (eff. 2/1/16)
Member-Generation Oversight Committee
Member-Investment Oversight Committee

Mr. Shattuck is Chairman of the Board of Exelon Corporation. Previously, Mr. Shattuck served as the Executive Chairman from March 2012 to February 2013. Prior to joining Exelon, Mr. Shattuck was the Chairman, President and Chief Executive Officer of Constellation Energy, a position he held from 2001 to March 2012. Mr. Shattuck was previously at Deutsche Bank, where he served as Chairman of the Board of Deutsche Bank Alex. Brown and, during his tenure, served as Global Head of Investment Banking and Global Head of Private Banking. From 1997 to 1999, he served as Vice Chairman of Bankers Trust Corporation, which merged with Deutsche Bank in June 1999. From 1991 until 1997, Mr. Shattuck was President and Chief Operating Officer and a Director of Alex. Brown Inc., which merged with Bankers Trust in September 1997. Mr. Shattuck is the past Chairman of the Board of the Institute of Nuclear Power Operations and was previously a member of the executive committee of the board of Edison Electric Institute. He was also Co-Chairman of the Center for Strategic & International Studies Commission on Nuclear Policy in the United States. He currently serves on the board of directors of Gap Inc. and is chairman of its audit and finance committee. He also serves as a director of Capital One Financial Corporation, where he is chairman of its compensation committee, and Alarm.com Holdings, Inc., where he is a member of the nominating and governance committee.

KEY EXPERIENCE AND SKILLS:

- Financial, accounting and financial reporting experience
- Senior Management Leadership / CEO Experience
- Knowledge of Exelon's business / industry experience
- Innovation and technology experience
- Government and regulatory experience
- Risk oversight / risk management experience
- Investor relations / investment management experience
- Manufacturing, construction, engineering and performance management experience

Mr. Shattuck's qualifications to serve as director include his extensive experience in business and the energy industry in particular, gained from his service as Constellation Energy's Chief Executive Officer, which enables him to effectively identify strategic priorities and execute strategy. His financial expertise gained from his years of experience in the financial services industry also brings a valuable perspective to the board.

Election of Directors

STEPHEN D. STEINOUR

Chairman, President and Chief Executive Officer of Huntington Bancshares Incorporated

Age: 58
Director since: 2007

Committees:
Chair-Finance and Risk Committee
Member-Audit Committee

Mr. Steinour is the Chairman, President and Chief Executive Officer of Huntington Bancshares Incorporated (since 2009), a $101 billion regional bank holding company. Previously, he was the Chairman and Managing Partner of CrossHarbor Capital Partners, a private equity firm (2008-January 2009). From 2006 to 2008, he was President and CEO of Citizens Financial Group, Inc., a multistate commercial bank holding company. Prior to that, Mr. Steinour served as Vice Chairman and Chief Executive Officer of Citizens Mid-States regional banking (2005-2006). He served as Vice Chairman and Chief Executive Officer of Citizens Mid-Atlantic Region (2001-2005). At the beginning of his career, Mr. Steinour was an analyst for the U.S. Treasury Department and subsequently worked for the Federal Deposit Insurance Corporation. Mr. Steinour was a member of the board of trustees of the Liberty Property Trust (an office and industrial property real estate investment trust) from February 2010 until May 2014, where he served on its audit and compensation committees. Mr. Steinour has served on the board of directors of L Brands (fashion retailer) since 2014. He was elected to The Ohio State University Wexner Medical Center Board in November 2013. He is Vice Chair of the Ohio Business Roundtable, Vice Chair of the Columbus Downtown Development Corporation, and a member of the Columbus Partnership where he serves on the executive committee. Mr. Steinour serves on the board of directors of the Financial Services Roundtable. He is a member of the American Bankers Association. Mr. Steinour is a member of council of The Pennsylvania Society, a non-profit, charitable organization which celebrates service to the Commonwealth of Pennsylvania. Mr. Steinour also served as a member on the policy and legal affairs committees of the Pennsylvania Business Roundtable, an association of CEOs in large Pennsylvania companies representing significant employment and economic activity in the Commonwealth. He also has served on the board of and as the chairman of the Greater Philadelphia Chamber of Commerce.

KEY EXPERIENCE AND SKILLS:

- Financial, accounting and financial reporting experience
- Senior Management Leadership / CEO Experience
- Innovation and technology experience
- Government and regulatory experience
- Risk oversight / risk management experience
- Investor relations / investment management experience

Mr. Steinour's experience as Chairman and CEO of Huntington Bancshares gives him a strong background in mergers and acquisitions, including post-merger integration and conversions, as well as in business development, business creation and partnerships. His experience at Citizens Bank gave him knowledge of the markets that Exelon Generation and PECO serve. His experience as a banker, with strong credit and risk management experience and knowledge of credit and capital markets, and his experience as Chairman and CEO of Huntington Bancshares enhances Mr. Steinour's value to the Exelon board and to the finance and risk and audit committees. The National Association of Corporate Directors named Mr. Steinour to its 2016 "Directorship 100."

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Corporate Governance at Exelon

DIRECTOR INDEPENDENCE

Under Exelon's Corporate Governance Principles, a substantial majority of the board must be composed of independent directors, as defined by the NYSE. In addition to complying with the NYSE rules, Exelon monitors the independence of audit and compensation and leadership development committee members under rules of the SEC (for members of the audit committee and compensation and leadership development committee) and the Internal Revenue Service (for members of the compensation and leadership development committee). The board has adopted independence criteria corresponding to the NYSE rules for director independence and the following categorical standards to address those relationships that are not specifically covered by the NYSE rules:

1. A director's relationship with another company with which Exelon does business will not be considered a material relationship that would impair the director's independence if the aggregate of payments made by Exelon to that other company, or received by Exelon from that other company, in the most recent fiscal year, is less than the greater of $1 million or 5% of the recipient's consolidated gross revenues in that year. In making this determination, a commercial transaction will not be deemed to affect a director's independence, if and to the extent that: (a) the transaction involves rates or charges that are determined by competitive bidding, set with reference to prevailing market prices set by a well-established commodity market, or fixed in conformity with law or governmental authority; or (b) the provider of goods or services in the transaction is determined by the purchaser to be the only practical source for the purchaser to obtain the goods or services.
2. If a director is a current employee, or a director's immediate family member is an executive officer, of a charitable or other tax-exempt organization to which Exelon has made contributions, the contributions will not be considered a material relationship that would impair the director's independence if the aggregate of contributions made by Exelon to that organization in its most recent fiscal year is less than the greater of $1 million or 2% of that organization's consolidated gross receipts in that year. In any other circumstance, a director's relationship with a charity or other tax-exempt organization to which Exelon makes contributions will not be considered a material relationship that would impair the director's independence if the aggregate of all contributions made by Exelon to that organization in its most recent fiscal year is less than the greater of $1 million or 5% of that organization's consolidated gross receipts in that year. Transactions and relationships with charitable and other tax-exempt organizations that exceed these standards will be evaluated by the board to determine whether there is any effect on a director's independence.

Each year, directors are requested to provide information about their business relationships with Exelon, including other boards on which they may serve, and their charitable, civic, cultural and professional affiliations. We also gather information on significant relationships between their immediate family members and Exelon. All relationships are evaluated by Exelon's Office of Corporate Governance for materiality. Data on transactions between Exelon and companies for which an Exelon director or an immediate family member serves as a director or executive officer are presented to the corporate governance committee, which reviews the data and makes recommendations to the full board regarding the materiality of such relationships for the purpose of assessing director independence. The corporate governance committee considers other factors that may be relevant to director independence, such as tenure and personal relationships. The same information is considered by the full board in making the final determination of independence.

Mr. Crane is not considered an independent director because of his employment as president and chief executive officer of Exelon. Each of the other current Exelon directors was determined by our board of directors to be "independent" under applicable guidelines presented above. The amounts involved in the transactions between Exelon and its subsidiaries, on the one hand, and the companies with which a director or an immediate family member is associated, on the other hand, all fell below the thresholds specified by the NYSE rules and the categorical standards specified in the company's Corporate Governance Principles. Because Exelon provides utility services through its subsidiaries ACE, BGE, DPL, ComEd, PECO, Pepco and Constellation and many of its directors live in areas served by the Exelon subsidiaries, many of the directors are affiliated with businesses and charities that receive utility services from Exelon's subsidiaries. The corporate governance

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committee does not review transactions pursuant to which Exelon sells gas or electricity to these businesses or charities at tariffed rates. Similarly, because Exelon and its subsidiaries are active in their communities and make substantial charitable contributions, and many of Exelon's directors live in communities served by Exelon and its subsidiaries and are active in those communities, many of Exelon's directors are affiliated with charities that receive contributions from Exelon and its subsidiaries. None of the directors or their immediate family members is an executive officer of any charitable organizations to which Exelon or its subsidiaries contribute. All such payments to charitable organizations were immaterial under the applicable independence criteria.

We describe below various transactions and relationships considered by the board in assessing the independence of Exelon directors.

Anthony K. Anderson
Mr. Anderson serves as a director of a company that is a customer of Exelon. The company paid Exelon approximately $1.5 million in 2016.

Ann C. Berzin
Ms. Berzin serves as a director of a public company that provides equipment and services to Exelon Generation. In 2016, Exelon paid that company approximately $134,000.

Nicholas DeBenedictis
Mr. DeBenedictis serves as the non-executive chairman of a public water utility company that received approximately $11 million from Exelon for water supplies. Exelon made these purchases under tariffed utility rates. The company is also a customer of Exelon and paid approximately $14.1 million to Exelon in 2016. Mr. DeBenedictis serves as a director of a not-for-profit company that received approximately $4.3 million from Exelon in 2016 for health care coverage for Exelon employees. The company also paid Exelon approximately $2.2 million for power in 2016. Mr. DeBenedictis serves as a director of a company which provides asset protection solutions. Exelon paid that company approximately $1.8 million in 2016. Mr. DeBenedictis also serves on the Advisory Board of a company which provides engineering consulting services for which Exelon paid approximately $3 million in 2016. Mr. DeBenedictis serves as a director of a company that Exelon paid $2.3 million for Renewable Energy Credits in 2016. Mr. DeBenedictis also serves on the Advisory Board of a company which provides financial services for which Exelon paid $13 million in 2016.

Linda P. Jojo
Ms. Jojo is an employee of a commercial airline. In 2016, Exelon paid that company approximately $5.2 million.

Richard W. Mies
Admiral Mies serves as the director of a public company that provides services to Exelon Generation. In 2016, Exelon paid that company approximately $4.8 million. Admiral Mies also serves as a consultant to a company that acted as a consultant to Exelon in 2016. Exelon paid that company approximately $3.6 million in 2016.

John W. Rogers, Jr.
Mr. Rogers serves as a director of a company that is a customer of Exelon. The company paid Exelon approximately $18.7 million in 2016.

Mayo A. Shattuck III
Mr. Shattuck serves as a director of a company that paid Exelon approximately $300,000 in 2016. Mr. Shattuck also serves as the director of a public company that paid Exelon approximately $7.9 million for purchases from Constellation in 2016.

Stephen D. Steinour
Mr. Steinour is the chairman, president and chief executive officer of a company that provided financial services to Exelon. In 2016, Exelon paid that company approximately $300,000. For additional information, see Related Person Transactions below.

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Corporate Governance at Exelon

RELATED PERSON TRANSACTIONS

Exelon has a written policy for the review and approval or the ratification of related person transactions. Transactions covered by the policy include commercial transactions for goods and services and the purchase of electricity or gas at non-tariffed rates from Exelon or any of its subsidiaries by an entity affiliated with a director or officer of Exelon. The retail purchase of electricity or gas from ACE, BGE, ComEd, DPL, PECO or Pepco at rates set by tariff, and transactions between or among Exelon or its subsidiaries are not considered. Charitable contributions approved in accordance with Exelon's Charitable Contribution Guidelines are deemed approved or ratified under the Related Persons Transaction policy and do not require separate consideration and ratification.

As required by the policy, the board reviewed all commercial, charitable, civic and other relationships with Exelon in 2016 that were disclosed by directors and executive officers of Exelon, ACE, BGE, ComEd, DPL, PECO and Pepco, and by executive officers of Exelon Generation that required separate consideration and ratification. The Office of Corporate Governance collected information about each of these transactions, including the related persons and entities involved and the dollar amounts either paid by or received by Exelon. The Office of Corporate Governance also conducted additional due diligence, where required to determine the specific circumstances of the particular transaction, including whether it was competitively bid or whether the consideration paid was based on tariffed rates.

The corporate governance committee and the board reviewed the analysis prepared by the Office of Corporate Governance, which identified those related person transactions which required ratification or approval, under the terms of the policy, or disclosure under the SEC regulations. The corporate governance committee and the board considered the facts and circumstances of each of these related person transactions, including the amounts involved, the nature of the director's or officer's relationship with the other party to the transaction, whether the transaction was competitively bid and whether the price was fixed or determined by a tariffed rate.

The committee recommended that the board ratify all of the transactions. On the basis of the committee's recommendation, the board did so. Several transactions were ratified because the related person served only as a director of the affiliated company, was not an officer or employee of the affiliated company and did not have a pecuniary or material interest in the transaction. For some of these transactions, the value or cost of the transaction was very small, and the board considered the de minimis nature of the transaction as further reason for ratifying it. The board approved and ratified other transactions that were the result of a competitive bidding process, and therefore were considered fairly priced, or arms-length, regardless of any relationship. The remaining transactions were approved by the board, even though the director is an executive officer of the affiliated company, because the transactions involved only retail electricity or gas purchases under tariffed rates or the price and terms were determined as a result of a competitive bidding process. Only one of the related person transactions is required to be disclosed in this proxy statement.

Huntington Bank is a lender to Exelon and its subsidiaries and participates in their credit facilities. Huntington participates in the credit facilities on the same basis as other participating banks with terms based on a competitive process with a syndicate of banks. In 2016, Exelon and its subsidiaries paid Huntington Bank approximately $300,000 in fees for credit facilities and letters of credit. Mr. Steinour, an Exelon director, is also Chairman, President and Chief Executive Officer of Huntington Bancshares, the parent of Huntington Bank.

The corporate governance committee and the Exelon board reviewed Huntington Bank's participation in the credit facilities as related person transactions and concluded that the transactions were in the best interests of Exelon because Huntington participates in the credit facilities on terms equivalent to those of an unrelated bank. There is no indication that Mr. Steinour was involved in the negotiations of the credit facilities or had any direct or indirect material interest in the transactions or influence over them. As compared to Exelon's and Huntington's overall revenues, the transactions are immaterial, individually and in the aggregate.

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Corporate Governance at Exelon

CORPORATE GOVERNANCE PRINCIPLES

Exelon is committed to maintaining the highest standards of corporate governance. We believe that strong corporate governance is critical to achieving our performance goals and maintaining the trust and confidence of investors, employees, customers, regulatory agencies and other stakeholders.

Our Corporate Governance Principles, together with the board committee charters, provide the framework for the effective governance of Exelon. The board of directors has adopted our Corporate Governance Principles to address matters including qualifications for directors, standards of independence for directors, election of directors, responsibilities and expectations of directors, and evaluating board, committee and individual director performance. The Corporate Governance Principles also address director orientation and training, the evaluation of the chief executive officer and succession planning. The Corporate Governance Principles are revised from time to time to reflect emerging governance trends and to better address the particular needs of the company as they change over time.

THE BOARD'S FUNCTION AND STRUCTURE

Exelon's business, property and affairs are managed under the direction of the board of directors. The board is elected by shareholders to oversee management of the company in the long-term interest of all shareholders. All directors stand for election annually and in uncontested elections must be elected by a majority of the votes cast. The board considers the interests of other constituencies, which include customers, employees, annuitants, suppliers, the communities we serve, and the environment. The board is committed to ensuring that Exelon conducts business in accordance with the highest standards of ethics, integrity, and transparency.

BOARD LEADERSHIP

Exelon's Corporate Governance Principles grant the board of directors discretion to separate the roles of chairman and chief executive officer if the board determines that such a separation is in the best interests of Exelon and its shareholders. Upon the completion of the merger between Exelon and Constellation Energy Group in 2012, the board of directors separated the positions of chairman of the board and chief executive officer. Currently, Mayo A. Shattuck III serves as the independent chairman of the board of directors. Christopher M. Crane serves as president and chief executive officer of Exelon.

As specified in the Corporate Governance Principles, in the event the chairman of the board cannot fulfill his duties, the chair of the corporate governance committee would serve as the acting chairman of the board until such time as a chairman of the board is selected.

Exelon's Corporate Governance Principles establish the position of Lead Director when (1) the positions of chairman of the board and the chief executive officer are held by the same person, or (2) for other reasons the person holding the position of chairman of the board is not an independent director under the applicable director independence standards. Exelon's chairman of the board is currently an independent director, so the board has not appointed a Lead Director. In the absence of appointment of a Lead Director when a Lead Director is required, the Corporate Governance Principles call for the chair of the corporate governance committee to serve as the Lead Director. Exelon's Corporate Governance Principles specify in detail the responsibilities of the Lead Director.

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Corporate Governance at Exelon

The board believes that Exelon has in place effective arrangements and structures to ensure that the company maintains the highest standard of corporate governance and board independence and independent board leadership and continued accountability of the chairman and the CEO to the board. These arrangements and structures include:

- 12 of the 13 nominees are independent and meet the independence requirements under the NYSE listing standards and the additional independence requirements under the company's Corporate Governance Principles.
- The audit, compensation and leadership development, and corporate governance committees are composed solely of and chaired by independent directors. The finance and risk, investment oversight, and generation oversight committees are chaired by independent directors.
- A significant portion of the business of the Exelon board is reviewed or approved by the board's committees, and the agendas of the board's committees are driven by the independent chairs through their discussions with management.
- The board agendas, in turn, are determined in large part by the committee agendas, and discussions at board meetings are driven to a significant degree by the committee agendas and the reports the committee chairs present to the full board.
- The performance and compensation of the CEO is reviewed annually by the full board in executive session under the leadership of the corporate governance and compensation and leadership development committees.

DIRECTOR RETIREMENT POLICY

Exelon's director retirement policy provides that independent directors must retire at the end of the calendar year in which he or she reaches the age of 75. Also, independent directors are required to submit to the board of directors a letter offering to resign if his or her principal occupation or business association changes substantially during his or her tenure as a director. The corporate governance committee will review and recommend to the board the action, if any, to be taken with respect to the offer of resignation.

BOARD OVERSIGHT OF RISK

The company operates in a market and regulatory environment that involves significant risks, many of which are beyond its direct control. The company has an enterprise risk management (ERM) group consisting of a Chief Enterprise Risk Officer, a Chief Commercial Risk Officer, a Chief Credit Officer, a Vice President of ERM Operations, a Vice President of ERM Analytics and a full-time staff of 124. The risk management group draws upon other company personnel for additional support on various matters related to the identification, assessment, management, mitigation and monitoring, through established key risk indicators, of enterprise risks. The company also has a Risk Management Committee comprising select senior officers of the company who meet regularly to discuss matters related to enterprise risk management generally and particular risks associated with new developments or proposed transactions under consideration. The Chief Enterprise Risk Officer and the Risk Management Committee regularly meet with management of the company to identify and evaluate the most significant risks of the businesses and appropriate steps to manage and mitigate those risks. In addition, the Chief Enterprise Risk Officer and the risk management group perform a regular assessment of enterprise risks, drawing upon resources throughout the company for an assessment of the probability and severity of the identified risks as well as the control effectiveness. These risk assessments, which also include the review of operating company-specific key risk indicators, are discussed at operating company Risk Management Committees before being aggregated and reported and discussed with the board's finance and risk committee as well as the audit committee and, when appropriate, the BGE, ComEd, PECO and PHI boards of directors. The Exelon board's generation oversight committee evaluates risks related to the company's generation business. The committees of the Exelon board regularly report to the full board on the committees' discussions of enterprise risks. Furthermore, the Exelon board regularly discusses enterprise risks in connection with consideration of emerging trends or developments and in connection with the evaluation of capital investments and other business opportunities and business strategies.

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Corporate Governance at Exelon

BOARD/COMMITTEE/DIRECTOR EVALUATION

The board has an annual evaluation process that is coordinated by the chair of the corporate governance committee: committee self-evaluations; a full board evaluation; and the evaluation of the individual directors. The committee self-evaluations consider whether and how well each committee has performed the responsibilities in its charter, whether the committee members possess the right skills and experience to perform their responsibilities or whether additional education or training is required, whether there are sufficient meetings covering the right topics, whether the meeting materials are effective, and other matters. The full board evaluation considers the following factors, among others, in light of the committee self-assessments: (1) the effectiveness of the board organization and committee structure; (2) the quality of meetings, agendas, presentations and meeting materials; (3) the effectiveness of director preparation and participation in discussions; (4) the effectiveness of director selection, orientation and continuing education processes; (5) the effectiveness of the process for establishing the CEO's performance criteria and evaluating his performance; and (6) the quality of administrative planning and logistical support.

Individual director performance assessments are conducted informally as needed and involve a discussion among the chairman and other directors, including members of the corporate governance committee, using the performance expectations for directors contained in the Corporate Governance Principles. In addition, the chair of the corporate governance committee or the chairman of the board provides individual feedback, as necessary.

DIRECTOR EDUCATION

The board has an orientation and onboarding program for new directors and provides continuing education for all directors that is overseen by the corporate governance committee. The orientation program is tailored to the needs of each new director depending on his or her level of experience serving on other boards and knowledge of the company or industry acquired before joining the board. New directors receive materials about Exelon, the board and board policies and operations and attend meetings with the CEO and executive vice presidents and members of their staff for briefings on the executives' responsibilities, programs and challenges. New directors are also invited for tours of various company facilities, depending on their orientation needs. Incumbent directors are also invited to participate in site visits.

Continuing director education is provided during portions of regular board and committee meetings and focuses on the topics necessary to enable the board to consider effectively issues before them at that time (such as new regulatory or accounting standards). The education often takes the form of "white papers," covering timely subjects or topics, which a director can review before the meeting and ask questions about during the meeting. The audit committee devotes a meeting each year to educating the committee members about new accounting rules and standards, and topics that are necessary to having a good understanding of our accounting practices and financial statements. The generation oversight committee uses site visits as a regular part of education for its members; the committee holds each meeting at a different generating station (nuclear, fossil or hydro) and the agenda always includes a briefing by local plant management, a tour of the facility and lunch with plant personnel. Continuing director education also involves individual directors' attendance at director education seminars and programs sponsored by other organizations. The company pays the cost for any director to attend outside director education seminars on topics relevant to their service as directors.

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Corporate Governance at Exelon

INFORMATION ABOUT THE BOARD COMMITTEES

In determining the membership of the committees, the corporate governance committee has sought to have each committee reflect a range of backgrounds and experience and diversity. Every member of the audit committee qualifies as an “audit committee financial expert,” as defined by SEC rules, and most of the members serve or have served on audit committees of other companies. The chairs of the corporate governance and compensation and leadership development committees sit on each other’s committees, which is helpful in the company’s process for evaluating the performance and setting the compensation of the CEO. Several members of the corporate governance committee serve or have served on the corporate governance committees of other corporations. Several of the members of the compensation and leadership development committee have served on the compensation committees of other corporations. The investment oversight committee includes members with experience in investment banking and the economics of energy. Effective February 1, 2016, the finance and risk committee includes all members of the board of directors. The finance and risk committee, therefore, includes members with experience in the economics of energy, nuclear operations, and banking and investment management, reflecting experience in dealing with the range of risks that the company faces.

In 2016, six standing committees assisted the board in carrying out its duties: the audit committee, the compensation and leadership development committee, the corporate governance committee, the finance and risk committee, the generation oversight committee and the investment oversight committee. The chairman and the CEO are invited guests and are welcome to attend all committee meetings, except for the CEO when the independent directors meet in executive session. The committees, their membership during 2016 and current memberships, changes in committee assignments in 2016, and their principal responsibilities are described below:

Audit	Compensation and Leadership Development	Corporate Governance	Finance and Risk	Generation Oversight	Investment Oversight
Anderson (Chair)	Canning (Chair) [2]	Lawless (Chair)	Steinour (Chair)	Mies (Chair)	Rogers (Chair)
Berzin	de Balmann (Chair) [3]	Canning [2]	Anderson	Anderson	Crane
de Balmann [1]	Jojo [4]	de Balmann [3]	Berzin	Crane	Joskow
Joskow	Lawless	DeBenedictis	Canning [2]	DeBenedictis	Shattuck
Mies		Rogers	Crane [4]	Gioia [4]	
Steinour			de Balmann	Shattuck	
			DeBenedictis		
			Gioia [4]		
			Jojo		
			Joskow		
			Lawless [4]		
			Mies		
			Rogers [4]		
			Shattuck [4]		

Notes:

(1) Through April 26, 2016.

(2) Through April 26, 2016, upon Mr. Canning’s retirement from the board.

(3) Effective April 26, 2016.

(4) Effective February 1, 2016.

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Corporate Governance at Exelon

AUDIT COMMITTEE

Report of the Audit Committee

The audit committee's primary responsibility is to assist the board of directors in fulfilling its responsibility to oversee and review the quality and integrity of the company's financial statements and internal controls over financial reporting, the independent auditor's qualifications and independence, and the performance of the company's internal audit function and of its independent auditor.

The audit committee is comprised entirely of independent directors and is governed by a board-approved, written charter stating its responsibilities. The charter is reviewed annually and updated, as appropriate, to address changes in regulatory requirements, authoritative guidance, evolving oversight practices and investor feedback. The audit committee charter was last amended on January 31, 2017, and is available on the Exelon website at www.exeloncorp.com on the Governance page under the Investors tab, and is available in print to any shareholder who requests a copy from Exelon's corporate secretary as described on page 89 of this proxy statement.

The audit committee satisfies the independence, financial experience and other qualification requirements of the New York Stock Exchange (NYSE) and applicable securities laws and regulations. The board of directors has determined that each of the members of the audit committee is an "audit committee financial expert" for purposes of the SEC's rules and also that each of the members of the audit committee is independent as defined by the rules of the NYSE and Exelon's Corporate Governance Principles.

Under its charter, the audit committee's principal duties include:

- Having sole authority to appoint, retain, or replace the independent auditor, subject to shareholder ratification, and to oversee the independence, compensation and performance of the independent auditor;
- Reviewing financial reporting and accounting policies and practices;
- Overseeing the work of the internal auditor and reviewing internal controls;
- With the advice and assistance of the finance and risk committee, reviewing in a general manner the processes by which Exelon assesses and manages enterprise risk; and
- Reviewing policies and procedures with respect to internal audits of officers' and directors' expenses, compliance with Exelon's Code of Business Conduct, and the receipt and response to complaints regarding accounting, internal controls or auditing matters.

Each member of the audit committee also serves on the finance and risk committee. On occasion, the audit and finance and risk committees have met jointly to review areas of mutual interest between the two committees.

The audit committee meets outside the presence of management for portions of its meetings to hold separate discussions with the independent auditor, the internal auditors, and the chief legal officer.

The audit committee met seven times in 2016, fulfilling its duties and responsibilities as outlined in its charter, as well as receiving periodic updates on the company's financial performance and strategic initiatives, as well as other matters germane to its responsibilities.

Management has primary responsibility for preparing the company's financial statements and establishing effective internal controls over financial reporting. PricewaterhouseCoopers LLP (PwC), the company's independent auditor, is responsible for auditing those financial statements and expressing an opinion on the conformity of the company's audited financial statements with generally accepted accounting principles and on the effectiveness of the company's internal controls over financial reporting based on criteria established in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission.

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Corporate Governance at Exelon

In this context, the audit committee has reviewed and discussed with management and PwC the company's audited financial statements contained in the 2016 Annual Report on SEC Form 10-K, including the critical accounting policies applied by the company in the preparation of these financial statements. The audit committee discussed with PwC the requirements of the Public Company Accounting Oversight Board (PCAOB), and had the opportunity to ask PwC questions relating to such matters. These discussions included the quality, and not just the acceptability, of the accounting principles utilized, the reasonableness of significant accounting judgments, and the clarity of disclosures in the financial statements.

At each of its meetings in 2016, the audit committee met with the company's chief financial officer and other senior members of the company's financial management. The audit committee reviewed with PwC and the company's internal auditor the overall scope and plans for their respective audits in 2016. The audit committee also received regular updates from the company's internal auditor on internal controls and business risks and from the company's general counsel on compliance and ethics issues.

The audit committee met with the internal auditor and PwC, with and without management present, to discuss their evaluations of the company's internal controls and the overall quality of the company's financial reporting. The audit committee also met with the company's general counsel and deputy general counsel, with and without management present, to review and discuss compliance and ethics matters, including compliance with the company's Code of Business Conduct.

On an ongoing basis, the audit committee considers the independence, qualifications, compensation and performance of PwC. Such consideration includes reviewing the written disclosures and the letter provided by PwC in accordance with applicable requirements of the PCAOB regarding PwC's communications with the audit committee concerning independence, and discussing with PwC their independence.

The audit committee is responsible for the approval of audit fees, and the committee reviewed and pre-approved all fees paid to PwC in 2016. The audit committee has adopted a policy for pre-approval of services to be performed by the independent auditor. Further information on this policy and on the fees paid to PwC in 2016 and 2015 can be found in the section of this proxy statement titled "Ratification of PriceWaterhouseCoopers LLP as Exelon's Independent Auditor for 2017." The audit committee periodically reviews the level of fees approved for payment to PwC and the pre-approved non-audit services PwC has provided to the company to ensure their compatibility with independence. The audit committee also monitors the company's hiring of former employees of PwC.

The audit committee monitors the performance of PwC's lead partner responsible for the audit, oversees the required rotation of PwC's lead audit partner and, through the audit committee chair, reviews and approves the selection of the lead audit partner. In addition, to help ensure auditor independence, the audit committee periodically considers whether there should be a rotation of the independent auditor.

PwC has served as the company's independent auditor since the company's formation in 2000. As in prior years, the audit committee and management have engaged in a review of PwC in connection with the audit committee's consideration of whether to recommend that shareholders ratify the selection of PwC as the company's independent auditor for 2017. In that review, the audit committee considered both the continued independence of PwC and whether retaining PwC is in the best interests of the company and its shareholders. In addition to independence, other factors considered by the audit committee included:

- PwC's historical and recent overall performance on the audit, including the quality of the audit committee's ongoing discussions with PwC;
- PwC's expertise and capability in handling the accounting, internal control, process and system risks and practices present in the company's utility and energy generation businesses, including relative to the corresponding expertise and capabilities of other audit firms; the quality, quantity and geographic location of PwC staff, and PwC's ability to provide responsive service;

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- PwC's tenure as the company's independent auditor and its familiarity with the company's operations and businesses, accounting policies and practices and internal control over financial reporting;
- the significant time commitment required to onboard and educate a new audit firm that could distract management's focus on financial reporting and internal control;
- the appropriateness of PwC's fees, relative to the company's financial statement risk and the size and complexity of its business and related internal control environment, and compared to fees incurred by peer companies;
- an assessment of PwC's identification of its known significant legal risks and proceedings that may impair PwC's ability to perform the audit; and
- external information on audit quality and performance, including recent PCAOB reports on PwC and its peer firms.

The audit committee has concluded that PwC is independent from the company and its management, and has retained PwC as the company's independent auditor for 2017. The audit committee and the board believe that the continued retention of PwC is in the best interests of the company and its shareholders and have recommended that shareholders ratify the appointment of PwC as the company's independent auditor for 2017.

In addition, in reliance on the reviews and discussions referred to above, the Exelon audit committee recommended to the Exelon board of directors (and the Exelon board of directors approved) that the audited financial statements be included in Exelon Corporation's Annual Report on Form 10-K for the year ended December 31, 2016, for filing with the SEC.

February 7, 2017

THE AUDIT COMMITTEE

Anthony K. Anderson, Chair
Ann C. Berzin
Paul L. Joskow
Richard W. Mies
Stephen D. Steinour

COMPENSATION AND LEADERSHIP DEVELOPMENT COMMITTEE

The compensation and leadership development committee is composed entirely of independent directors and is governed by a board-approved charter stating its responsibilities. The charter is reviewed annually and updated, as appropriate, to address changes in regulatory requirements, authoritative guidance, evolving oversight practices and investor feedback. The compensation and leadership development committee charter was last amended on January 26, 2016, and is available on the Exelon website at www.exeloncorp.com on the Governance page under the Investors tab, and is available in print to any shareholder who requests a copy from Exelon's corporate secretary as described on page 89 of this proxy statement.

The compensation and leadership development committee met five times in 2016 and met informally or acted by unanimous written consent at other times. The committee's principal duties, as discussed in its charter, include:

- Ensuring that executive compensation levels and targets are aligned with, and designed to achieve, Exelon's strategic and operating objectives;
- Reviewing recommendations from management and outside consultants and approving or recommending approval of matters of executive compensation for officers of Exelon and its subsidiaries, including base salary, incentive awards, equity grants, perquisites, and other forms of compensation; and
- Reviewing and making recommendations to the board on leadership development, succession planning (other than the chief executive officer and president) and diversity.

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Corporate Governance at Exelon

Executive officers are involved in evaluation of the performance and development of initial recommendations with respect to compensation adjustments; however, the compensation and leadership development committee (and the independent directors with respect to the compensation of the CEO) makes the final determinations with respect to compensation programs and adjustments. The chairman and the CEO are considered invited guests and are welcome to attend the meetings of the compensation and leadership development committee, except when the committee meets in executive session to discuss, for example, the CEO's compensation. The chairman and the CEO cannot call meetings of the compensation and leadership development committee.

Management, including the executive officers, makes recommendations as to goals for the incentive compensation programs that are aligned with Exelon's business plan. The compensation and leadership development committee reviews the recommendations and establishes the final goals. The committee strives to ensure that the goals are consistent with the overall strategic goals set by the board of directors (including the individual goals of subsidiaries, as appropriate), that they are sufficiently difficult to meaningfully incent management performance, and, if the targets are met, that the payouts will be consistent with the design for the overall compensation program. Executive officers take an active role in evaluating the performance of the executives who report to them, directly or indirectly, and in recommending the amount of compensation their subordinate executives receive. Executive officers review peer group compensation data for each of their subordinates in conjunction with their annual performance reviews to formulate a recommendation for base salary and whether to apply an individual performance multiplier to the subordinate executive's incentive payouts, and if so, the amount of the multiplier.

The CEO reviews all of the recommendations of the executive officers before they are presented to the compensation and leadership development committee. The human resources function provides to the compensation and leadership development committee and the independent directors data showing the history of the compensation of the CEO and data that analyzes the cost of a range of several alternatives for changes to the compensation of the CEO, but the executive officers and the CEO do not make any recommendation to the compensation and leadership development committee or the independent directors with respect to the compensation of the CEO.

The compensation and leadership development committee has delegated to the CEO the authority to make off-cycle equity awards to employees who are not subject to the limitations of Internal Revenue Code (Code) Section 162(m), are not executive officers for purposes of reporting under Section 16 of the Securities Exchange Act of 1934, and are not executive vice presidents or higher officers of Exelon, provided that such authority is limited to making grants of up to 600,000 shares in the aggregate, and 20,000 shares per recipient in any year. The compensation and leadership development committee reviews and ratifies these grants.

During fiscal 2016 and as of the date of this proxy statement, none of the members of the compensation and leadership development committee was or is an officer or employee of the company, and no executive officer of the company served or serves on any compensation committee or board of any company that employed or employs any members of the company's compensation and leadership development committee or board of directors.

Compensation Consultant

Pursuant to the compensation and leadership development committee's charter, the committee is authorized to retain and terminate, without board or management approval, the services of an independent compensation consultant to provide advice and assistance, as the committee deems appropriate. The committee has the sole authority to approve the consultant's fees and other retention terms, and reviews the independence of the consultant and any other services that the consultant or the consultant's firm may provide to the company. The chair of the compensation and leadership development committee reviews, negotiates and executes an engagement letter with the compensation consultant. The compensation consultant directly reports to the committee.

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Corporate Governance at Exelon

The compensation and leadership development committee engaged Semler Brossy Consulting Group, LLC as its consultant through October 2016. In the summer and fall of 2016, the committee reviewed this relationship and determined to engage Meridian Compensation Partners, LLC as its consultant after conducting a request for proposal process involving seven compensation consulting firms. The committee determined that Meridian offered a strong and responsive team and would provide reliable and cost-competitive advice through experience, research and benchmarking. In reviewing the engagement in October 2016, the committee considered the following factors in determining that Meridian is an independent consultant and does not have any conflicts of interest:

- Meridian performs no other services for the company or its affiliates and received no other fees from the company;
- the firm has formal written policies designed to prevent conflicts of interest; and
- there were no relationships of the firm and its consultants and Exelon and its officers, directors or affiliates.

As part of its ongoing services to the compensation and leadership development committee, the compensation consultant supports the committee in executing its duties and responsibilities with respect to Exelon's executive compensation programs by providing information regarding market trends and competitive compensation programs and strategies. In supporting the committee, the compensation consultant does the following:

- Prepares market data for each senior executive position, including evaluating Exelon's compensation strategy and reviewing and confirming the peer group used to prepare the market data;
- Provides the committee with an independent assessment of management recommendations for changes in the compensation structure;
- Works with management to ensure that the company's executive compensation programs are designed and administered consistent with the committee's requirements; and
- Provides ad hoc support to the committee, including discussing executive compensation and related corporate governance trends.

Exelon's human resources staff and senior management use the data provided by the compensation consultant to prepare documents for use by the compensation and leadership development committee in preparing their recommendations to the full board of directors or, in the case of the CEO, the independent directors, on compensation for the senior executives. In addition to its general responsibilities, the compensation consultant attends the compensation and leadership development committee's meetings, if requested. The committee, or Exelon's management on behalf of the committee, may also ask the compensation consultant to perform other executive and non-executive compensation-related projects. The committee has established a process for determining whether any significant additional services will be needed and whether a separate engagement for such services is necessary.

The committee has a formal compensation consultant independence policy that codifies its past practices. The compensation consultant independence policy is available on the Exelon website at www.exeloncorp.com , on the Governance page under the Investors tab. The purpose of the policy is to ensure that the advisers or consultants retained by the committee are independent of the company and its management, as determined by the committee using its reasonable business judgment. The committee considers all facts and circumstances it deems relevant, such as the nature of any relationship between a compensation consultant, the compensation consultant's firm, and the company and the nature of any services provided by the compensation consultant's firm to the company that are unrelated to the compensation consultant's work for the committee. Under the policy, a compensation consultant shall not be considered independent if the compensation consultant or the compensation consultant's firm receives more than 1% of its annual gross revenues for services provided to the company. Under the policy, the compensation consultant reports directly to the chair of the compensation and leadership development committee, and the committee approves the aggregate amount of fees to be paid to the compensation

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consultant or the compensation consultant's firm. The policy requires that the compensation consultant and any associates providing services to the compensation and leadership development committee have no direct involvement with any other aspects of the compensation consultant's firm's relationship with Exelon (other than any director compensation services that may be performed for the corporate governance committee), and that no element of the compensation consultant's compensation may be based on any consideration of the revenues for other services that the firm may provide to Exelon. For 2016, no fees were paid to Semler Brossy or Meridian for additional services beyond their work as consultants to the compensation and leadership development committee or, in the case of Semler Brossy, their work in preparing a director compensation study for the corporate governance committee.

CORPORATE GOVERNANCE COMMITTEE

The corporate governance committee is composed entirely of independent directors and is governed by a board-approved charter stating its responsibilities. The charter is reviewed annually and updated, as appropriate, to address changes in regulatory requirements, authoritative guidance, evolving oversight practices and investor feedback. The corporate governance committee charter was last amended on January 26, 2016, and is available on the Exelon website at www.exeloncorp.com on the Governance page under the Investors tab, and is available in print to any shareholder who requests a copy from Exelon's corporate secretary as described on page 89 of this proxy statement.

The corporate governance committee met five times in 2016. In addition to its other duties described elsewhere in this proxy statement, the corporate governance committee's principal duties, as discussed in its charter, include:

- Reviewing and making recommendations on corporate, board and committee structure, organization, committee membership, functions, compensation and effectiveness;
- Monitoring corporate governance trends and making recommendations to the board regarding the Corporate Governance Principles;
- Identifying potential director candidates and coordinating the nominating process for directors;
- Coordinating the board's role in establishing performance criteria for the CEO and evaluating the performance of the CEO;
- Monitoring CEO succession planning;
- Overseeing Exelon's strategies and efforts to protect and improve the environment, including climate change and sustainability policies;
- Approving or amending delegations of authority for Exelon and its subsidiaries; and
- Overseeing Exelon's efforts to promote diversity among its contractors and suppliers.

The committee may act on behalf of the full board when the board is not in session. The committee utilizes an independent compensation consultant to assist it in evaluating directors' compensation, and for this purpose it periodically asks the consultant to prepare a study of the compensation of the company's directors compared to the directors of companies in the same peer group used for executive compensation. This study is used as the basis for the corporate governance committee's recommendations to the full board with respect to director compensation. The corporate governance committee may utilize other consultants, such as specialized search firms to identify candidates for director.

As part of the corporate governance committee's role in monitoring and oversight of CEO succession planning, the committee developed an emergency CEO succession plan, which is reviewed by the committee and the full board annually. In addition, CEO succession is a topic on the agenda for meetings of the full board at least twice each year. In these discussions, the board reviews the qualifications of several potential internal succession candidates and considers their development opportunities.

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Corporate Governance at Exelon

FINANCE AND RISK COMMITTEE

Effective February 1, 2016, the finance and risk committee includes all members of the board of directors. The committee is governed by a board-approved charter stating its responsibilities. The charter is reviewed annually and updated, as appropriate, to address changes in regulatory requirements, authoritative guidance, evolving oversight practices and investor feedback. The finance and risk committee charter was last amended on January 26, 2016, and is available on the Exelon website at www.exeloncorp.com on the Governance page under the Investors tab, and is available in print to any shareholder who requests a copy from Exelon's corporate secretary as described on page 89 of this proxy statement.

The finance and risk committee met five times in 2016. The finance and risk committee's principal duties, as discussed in its current charter, include:

- Overseeing the company's risk management functions;
- Overseeing matters relating to the financial condition and risk exposures by Exelon;
- Monitoring the financial condition, capital structure, financing plans and programs, dividend policy, treasury policies and liquidity and related financial risk at Exelon and its major subsidiaries;
- Overseeing or appraising of the capital management and planning process, including capital investments, acquisitions and divestitures;
- Overseeing the company-wide risk management strategy, policies, procedures, and mitigation efforts, including insurance programs;
- Overseeing the strategy and performance of risk management policies relating to risks associated with marketing and trading of energy and energy-related products; and
- Reviewing and approving risk policies relating to power marketing, hedging and the use of derivatives.

GENERATION OVERSIGHT COMMITTEE

The generation oversight committee met four times in 2016.

The generation oversight committee's principal duties, as discussed in its charter, include:

- Advising and assisting the full board in fulfilling its responsibilities to oversee the safe and reliable operation of all generating facilities owned or operated by Exelon or its subsidiaries, including those in which Exelon has significant equity or operational interests;
- Overseeing the management and operation of the company's generating facilities and the overall organizational effectiveness (both corporate and stations) of the generation operations;
- Overseeing the establishment of and compliance with policies and procedures to manage and mitigate risks associated with the security and integrity of Exelon Generation's assets; and
- Reviewing environmental, health and safety issues related to the company's generating facilities.

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Corporate Governance at Exelon

INVESTMENT OVERSIGHT COMMITTEE

The investment oversight committee is responsible for general oversight of Exelon's investment management functions. The committee serves as a resource and advisory panel for Exelon's management-level investment management team and reports to the board.

The investment oversight committee met three times in 2016.

The investment oversight committee's principal duties, as discussed in its charter, include:

- Overseeing the management and investment of the assets held in trusts established or maintained by the company or any subsidiary for the purpose of funding the expense of decommissioning nuclear facilities;
- Monitoring the performance of the nuclear decommissioning trusts and the trustees, investment managers and other advisors and service providers for the trusts;
- Overseeing the evaluation, selection and retention of investment advisory and management, consulting, accounting, financial, clerical or other services with respect to the nuclear decommissioning trusts;
- Overseeing the evaluation, selection and appointment of trustees and other fiduciaries for the nuclear decommissioning trusts;
- Overseeing the administration of the nuclear decommissioning trusts; and
- Monitoring and receiving periodic reports concerning the investment performance of the trusts under the pension and post-retirement welfare plans and the investment options under the savings plans.

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Compensation of Non-Employee Directors

COMPENSATION OF NON-EMPLOYEE DIRECTORS

For their service as directors of the corporation in 2016, Exelon's non-employee directors received the compensation shown in the following table and explained in the accompanying notes. Mr. Crane, not shown in the table, received no additional compensation for his service as a member of the board of directors or its committees.

	Fees Earned or Paid in Cash		Stock Awards (see description below)	All Other Compensation (Note 1)	Total
	Annual Board & Committee Retainers	Board & Committee Meeting Fees			
Anderson	$ 132,867	$ 36,000	$ 118,709	$ —	$ 287,576
Berzin	101,630	28,000	118,709	15,000	263,339
Canning [2]	28,929	20,000	32,143	515,000	596,072
de Balmann	111,287	34,000	118,709	15,000	278,996
DeBenedictis	109,946	32,000	118,709	15,000	275,655
Gioia [3]	102,707	22,000	110,193	3,200	238,100
Jojo	98,709	24,000	118,709	12,500	253,918
Joskow	101,630	32,000	118,709	—	252,339
Lawless [4]	112,830	30,000	118,709	—	261,539
Mies	132,867	36,000	118,709	15,000	302,576
Rogers	108,709	26,000	118,709	—	253,418
Shattuck	409,946	23,000	118,709	15,000	566,655
Steinour	115,788	22,000	118,709	15,000	271,497
Total All Directors	**1,667,845**	**365,000**	**1,448,135**	**620,700**	**4,101,680**

(1) *Values in this column represent gifts made by the company or the Exelon Foundation as the matching portion of the director's contributions to qualified non-for-profit organizations pursuant to Exelon's matching gift plan described below in Other Compensation. For Mr. Canning, the amount includes charitable contributions made by Exelon following his retirement in honor of his service to the company and its shareholders.*

(2) *Mr. Canning retired from the board effective April 26, 2016. All retainers were prorated through that date.*

(3) *Ms. Gioia was appointed to the board effective February 1, 2016. All retainers were prorated from that date.*

(4) *In addition to the amounts shown in the table, Mr. Lawless, who also served as a director of the Exelon Foundation during 2016, received $4,000 from the Foundation for attending meetings of the Foundation's board. Exelon contributes to the Foundation to pay for the Foundation's operating expenses.*

Compensation Philosophy

The Exelon board has a policy of targeting director compensation to the median board compensation of the same peer group of companies used to benchmark executive compensation. In July 2016, the board adjusted director compensation effective August 1, 2016, based on the advice of the compensation consultant and other analysis by Exelon's Office of Corporate Governance. The changes were designed to place greater reliance on compensation in the form of stock awards and increase total director compensation closer to the median target. The approved changes resulted in the elimination of fees for attendance at board and committee meetings and attendance at the annual meeting and an increase in the component of director compensation paid as stock awards. Adjustments were also made to retainers paid for some committee chairs and committee membership.

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Compensation of Non-Employee Directors

Fees Earned or Paid in Cash

Based upon advice of the compensation consultant and other analysis by Exelon's Office of Corporate Governance, the corporate governance committee recommended, and the board of directors approved, changes to non-employee director compensation effective August 1, 2016. Prior to that date, the cash compensation for non-employee directors was as follows.

All directors received an annual retainer of $80,000 paid in cash. The non-executive chairman of the board received an annual retainer at the rate of $300,000 per year in addition to board and selected committee meeting fees. Committee chairs received an additional $10,000 retainer per year. In recognition of the additional time commitment and responsibility, members of the audit committee and generation oversight committee, including the committee chairs, received an additional $5,000 per year for their participation on these committees, and the chairs of these committees received a $20,000 annual retainer.

Directors received $2,000 for each meeting of the board that they attended, whether in person or by means of teleconferencing or video conferencing equipment. Directors serving on board committees received $2,000 for each meeting they attended; directors serving on the generation oversight committee received $3,000 for each meeting of that committee they attended due to the additional travel that is required and the length of those meetings. Directors also received a $2,000 meeting fee for attending the annual shareholders meeting and the annual strategy retreat.

Effective August 1, 2016, the following changes were made to cash compensation for non-employee directors:

- The chairs of the corporate governance and investment oversight committees receive a $10,000 annual retainer.
- The chairs of all other standing committees receive a $20,000 annual retainer.
- Each member of the generation oversight committee, including the chair, receives a $20,000 retainer.
- Meeting fees are no longer paid.

Each director continues to receive an annual retainer of $80,000 paid in cash. The non-executive chairman of the board continues to receive an annual retainer at the rate of $300,000 per year. Fees paid to non-employee directors in 2016 were prorated to account for the changes made effective August 1, 2016.

Stock Awards

Rather than paying directors entirely in cash, Exelon pays a significant portion of director compensation in the form of deferred stock units in order to align the interests of directors with the interests of shareholders. Prior to August 1, 2016, directors received deferred stock units worth $100,000 per year, payable quarterly in arrears. Effective August 1, 2016, based upon advice of the compensation consultant and analysis by the Office of Corporate Governance, the corporate governance committee recommended, and the board of directors approved, an increase in the annual deferred stock unit compensation to $145,000 per year. Deferred stock units are granted and credited to a notional account maintained on the books of the corporation at the end of each calendar quarter based upon the closing price of Exelon common stock on the day the quarterly dividend is paid. Deferred stock units earn the same dividends available to all holders of Exelon common stock, which are reinvested in the account as additional stock units. The deferred stock units are not paid out to the directors until they retire from the board, leaving these amounts at risk during the director's entire tenure on the board.

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Compensation of Non-Employee Directors

As of December 31, 2016, the directors held the following amounts of deferred Exelon common stock units.

	Total Deferred Stock Units [1]
Anthony K. Anderson	13,624
Ann C. Berzin	43,703
John A. Canning	24,907
Yves C. de Balmann	53,973
Nicholas DeBenedictis	35,794
Nancy L. Gioia	3,243
Linda P. Jojo	4,762
Paul L. Joskow	29,085
Robert J. Lawless	58,052
Richard W. Mies	26,147
John W. Rogers, Jr	50,793
Mayo A. Shattuck III	13,344
Stephen D. Steinour	29,454
Total All Directors	**386,881**

[1] *Total deferred stock units includes deferred stock units from the current Exelon deferred stock unit plan and stock units deferred from the equivalent plans for Unicom Corporation and Constellation Energy Group, Inc. for Exelon directors who previously served as directors of those predecessor companies.*

Deferred Compensation

Directors may elect to defer any portion of their cash compensation described above in a non-qualified multi-fund deferred compensation plan. Each director has an unfunded account where the dollar balance can be invested in one or more of several mutual funds, including one fund composed entirely of Exelon common stock. Fund balances (including those amounts invested in the Exelon common stock fund) will be settled in cash and may be distributed in a lump sum or in annual installment payments upon a director's reaching age 65, age 72 or upon retirement from the board. These funds are identical to those that are available to company employees who participate in the Exelon Employee Savings Plan.

Other Compensation

Exelon has a board expense reimbursement policy under which directors are reimbursed for reasonable travel to and from their primary or secondary residence and lodging expenses incurred when attending board and committee meetings or other events on behalf of Exelon (including director's orientation or continuing education programs, facility visits or other business related activities for the benefit of Exelon). Under the policy, Exelon will arrange for its corporate aircraft to transport groups of directors, or when necessary, individual directors, to meetings in order to maximize the time available for meetings and discussion. Directors may bring their spouses or guests on Exelon's corporate aircraft when they are invited to an Exelon event, and the value of this travel, calculated according to IRS regulations, is imputed to the director as additional taxable income.

Compensation of Non-Employee Directors

Exelon pays the cost of a director's spouse's travel, meals, lodging and related activities when the spouses are invited to attend company or industry related events where it is customary and expected that directors attend with their spouses. The cost of such travel, meals and other activities is imputed to the director as additional taxable income. However, in most cases there is no direct incremental cost to Exelon of providing transportation and lodging for a director's spouse when he or she accompanies the director, and the only additional costs to Exelon are those for meals and activities and to reimburse the director for the taxes on the imputed income. In 2016, Exelon incurred $1,667 of incremental costs to provide these perquisites and the aggregate amount paid to all directors as a group (13 directors) for reimbursement of taxes on imputed income was $2,070.

Exelon and the Exelon Foundation have a matching gift program available to directors, officers and employees that matches their contributions to eligible not-for-profit organizations up to $15,000 per year for directors; $10,000 per year for executives and up to $5,000 per year for other employees.

Ownership of Exelon Stock

STOCK OWNERSHIP REQUIREMENTS FOR DIRECTORS AND OFFICERS

Under Exelon's Corporate Governance Principles, all directors are required to own, within five years after election to the board, at least 15,000 shares of Exelon common stock or deferred stock units or shares accrued in the Exelon common stock fund of the directors' deferred compensation plan. The board amended the corporate governance principles in July 2013 to increase the ownership requirement from 5,000 shares to 15,000 shares. The corporate governance committee utilized an independent compensation consultant who determined that, compared to its peer group, Exelon's ownership requirement is reasonable.

To strengthen the alignment of executives' interests with those of shareholders, the compensation and leadership development committee establishes stock ownership requirements for officers of the company. Officers, other than the CEO, are required to own, within the later of five years after their employment or September 30, 2012, stock having a market value (based on the 60-day average stock price as of September 30, 2012) equal to or greater than multiples of their base salary or fixed numbers of shares as shown in the table below. The CEO is required to own six times his base salary. The compensation and leadership development committee has determined that stock options are not considered for purposes of satisfying this requirement. Unvested restricted shares, restricted stock units, and shares held in the Exelon Stock Deferral Plan will count toward the stock ownership requirement, as will certificates and dividend reinvestment plans; shares held in 401(k) Employee Savings Plans; shares held by spouses or children; broker accounts held in street name; and IRAs and trust accounts in which the executive is a beneficiary. These guidelines may be equitably adjusted in the case of promotions in the discretion of the Senior Vice President and Chief Human Resources Officer.

Officer	Number of Exelon Shares
Chief Executive Officer	6 x annual salary divided by 60-day average share price
Exelon executive vice presidents and above	3 x annual salary divided by 60-day average share price
Presidents of subsidiary companies	2 x annual salary divided by 60-day average share price
Senior vice presidents	The lesser of 17,500 shares or 2 x annual salary divided by 60-day average share price
Vice presidents and other executives	The lesser of 6,500 shares or 1 x annual salary divided by 60-day average share price

The following table shows the status of each currently-employed NEO against the new ownership targets as of January 31, 2017.

Name	Stock Ownership Target (Shares) [A]	Total Shares and Share Equivalents Held as of January 31, 2017 [B]	Stock Ownership Percentage [B]/[A]
Crane	188,062	531,141	282%
Thayer	53,148	169,994	320%
Von Hoene	57,236	190,054	332%
Cornew	57,236	146,316	256%
O'Brien	59,280	165,520	279%

Ownership of Exelon Stock

BENEFICIAL OWNERSHIP TABLE

The following table shows the ownership of Exelon common stock as of January 31, 2017 by each director, each named executive officer in the Summary Compensation Table, and for all directors and executive officers as a group.

	[A]	[B]	[C]	[D]=[A]+[B]+[C]	[E]	[F]=[D]+[E]
Directors (Note 3)	**Beneficially Owned Shares**	**Shares Held in Company Plans (Note 1)**	**Vested Stock Options and Options that Vest Within 60 days**	**Total Shares Held**	**Share Equivalents to be Settled in Cash (Note 2)**	**Total Share Interest**
Anthony K. Anderson [4]	—	13,624	—	13,624	—	13,624
Ann C. Berzin	—	43,703	—	43,703	17,397	61,100
Yves, C. de Balmann	1,910	53,973	—	55,883	—	55,883
Nicholas DeBenedictis	10,000	35,794	—	45,794	—	45,794
Nancy L. Gioia [4]	—	3,243	—	3,243	—	3,243
Linda P. Jojo [4]	—	4,762	—	4,762	—	4,762
Paul L. Joskow	2,000	29,085	—	31,085	6,491	37,576
Robert J. Lawless	3,273	58,052	—	61,325	16,313	77,638
Richard W. Mies	—	26,147	—	26,147	—	26,147
John W. Rogers, Jr.	11,374	50,792	—	62,166	14,795	76,961
Mayo A. Shattuck III	379,692	13,344	2,228,958	2,621,994	—	2,621,994
Stephen D. Steinour	4,045	29,454	—	33,499	35,725	69,224
Christopher M. Crane	313,701	211,233	509,000	1,033,934	6,207	1,040,141
Jonathan W. Thayer	83,256	86,738	650,366	820,360	—	820,360
Kenneth W. Cornew	53,363	91,299	135,200	279,862	1,654	281,516
William A. Von Hoene, Jr.	109,688	77,135	232,200	419,023	3,231	422,254
Denis P. O'Brien	98,648	60,910	230,700	390,258	5,962	396,220
Total Directors & Executive Officers as a group (23 people) See Note 3	1,314,370	1,023,455	4,196,324	6,534,148	107,775	6,641,923

(1) *The shares listed under Shares Held in Company Plans, Column [B], include directors' deferred stock units, officers' restricted stock units and deferred shares held in the Stock Deferral Plan.*

(2) *The shares listed above under Share Equivalents to be Settled in Cash, Column [E], include phantom shares held in a non-qualified deferred compensation plan which will be settled in cash on a 1 for 1 basis upon retirement or termination.*

(3) *Beneficial ownership, shown in Column [A], of directors and executive officers as a group represents less than 1% of the outstanding shares of Exelon common stock. Total includes share holdings from all directors and NEOs as well as those executive officers listed in Item 1, Executive Officers of the Registrants in Exelon's 2016 Annual Report on Form 10-K filed on February 13, 2017 who are not NEOs for purposes of compensation disclosure.*

(4) *Mr. Anderson was appointed to the board effective February 1, 2013; Ms. Jojo was appointed to the board effective September 1, 2015. Ms. Gioia was appointed to the board effective February 1, 2016.*

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Ownership of Exelon Stock

OTHER SIGNIFICANT OWNERS OF EXELON STOCK

Shown in the table below are those owners who are known to Exelon to hold more than 5% of the outstanding common stock. This information is based on the most recent Schedule 13Gs filed with the SEC by BlackRock, Inc. on January 24, 2017, The Vanguard Group on February 9, 2017, State Street Corporation on February 6, 2017, and FMR LLC on February 14, 2017.

Name and address of beneficial owner	Amount and nature of beneficial ownership	Percent of class
BlackRock, Inc. (1) 55 East 52 nd Street New York, NY 10055	73,653,441	8.0%
The Vanguard Group (2) 100 Vanguard Blvd. Malvern, PA 19355	61,839,937	6.70%
State Street Corporation (3) State Street Financial Center One Lincoln Street Boston, MA 02111	55,931,776	6.06%
FMR LLC (4) 245 Summer Street Boston, MA 02210	46,634,135	5.057%

(1) *BlackRock, Inc. disclosed in its Schedule 13G/A that it has sole power to vote or to direct the vote of 64,831,600 shares and sole power to dispose or direct the disposition of 73,653,441 shares.*
(2) *The Vanguard Group disclosed in its Schedule 13G/A that it has sole power to vote or direct the vote of 1,445,471 shares, shared voting power over 192,662 shares, sole power to dispose or direct the disposition of 60,206,148 shares, and shared dispositive power over 1,633,789 shares.*
(3) *State Street Corporation disclosed in its Schedule 13G that it has shared voting power over 46,405,358 shares and shared dispositive power over 55,931,776 shares.*
(4) *FMR LLC disclosed in its Schedule 13G/A that it has sole power to vote or direct the vote of 5,395,152 shares and sole power to dispose or direct the disposal of 46,634,135 shares.*

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Based upon signed affirmations received from directors and officers, as well as administrative review of company plans and accounts administered by private brokers on behalf of directors and officers which have been disclosed to Exelon by the individual directors and officers, Exelon believes that its directors and officers made all required Section 16 filings on a timely basis during 2016.

Exelon's Independent Auditor for 2017

PROPOSAL 2: THE RATIFICATION OF PRICEWATERHOUSECOOPERS LLP AS EXELON'S INDEPENDENT AUDITOR FOR 2017

The audit committee and the board of directors have concluded that retaining PricewaterhouseCoopers LLP (PwC) is in the best interests of the company and its shareholders based on consideration of the factors set forth in the Report of the Audit Committee on pages 26-28 of this proxy statement. Representatives of PwC will attend the annual meeting to answer appropriate questions, and may make a statement if they desire.

The Exelon audit committee policy for pre-approval of audit and non-audit services to be performed by the independent auditor is available on the Exelon website at www.exeloncorp.com on the corporate governance page under the Investors tab. Under this policy the audit committee pre-approves all audit and non-audit services to be provided by the independent auditor, taking into account the nature, scope and projected fees of each service as well any potential implications for auditor independence. The policy specifically sets forth services the independent auditor is prohibited from performing by applicable law or regulation. Further, the audit committee may determine to prohibit other services that in its view may compromise, or appear to compromise, the independence and objectivity of the independent auditor. Predictable and recurring audit and permitted non-audit services are considered for pre-approval by the audit committee on an annual basis. For any services not covered by these initial pre-approvals, the audit committee has delegated authority to the committee's chair to pre-approve any audit or permitted non-audit service with fees in amounts less than $500,000. Services with fees exceeding $500,000 require full committee pre-approval. The audit committee receives quarterly reports on the actual services provided by and fees incurred with the independent auditor. None of the services provided by the independent auditor was provided pursuant to the de minimis exception to the pre-approval requirements contained in the SEC's rules.

The following table presents fees for professional audit services rendered by PricewaterhouseCoopers for the audit of Exelon's annual financial statements for the years ended December 31, 2016 and 2015, and fees billed for other services rendered by PricewaterhouseCoopers during those periods.

	Year Ended December 31,	
(in thousands)	2016	2015
Audit fees [(a)]	$24,986	$18,287
Audit related fees [(b)]	3,656	2,392
Tax fees [(c)]	1,943	1,250
All other fees [(d)]	836	160

(a) *Audit fees include financial statement audits and reviews under statutory or regulatory requirements and services that generally only the auditor reasonably can provide, including issuance of comfort letters and consents for debt and equity issuances and other attest services required by statute or regulation.*

(b) *Audit related fees consist of assurance and related services that are traditionally performed by the auditor such as accounting assistance and due diligence in connection with proposed acquisitions or sales, consultations concerning financial accounting and reporting standards and audits of stand-alone financial statements or other assurance services not required by statute or regulation.*

(c) *Tax fees consist of tax compliance, tax planning and tax advice and consulting services, including assistance and representation in connection with tax audits and appeals, tax advice related to proposed acquisitions or sales, employee benefit plans and requests for rulings or technical advice from taxing authorities.*

(d) *All other fees primarily reflect accounting research software license costs.*

The board of directors unanimously recommends a vote "FOR" the ratification of PricewaterhouseCoopers LLP as Exelon's Independent Auditor for 2017.

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Advisory Vote on Executive Compensation

PROPOSAL 3: ADVISORY VOTE ON EXECUTIVE COMPENSATION

We are providing shareholders with an annual advisory vote on the compensation paid to the company's named executive officers, as disclosed in this proxy statement, in accordance with the compensation disclosure rules of the SEC. Accordingly, you may vote on the following resolution at the 2017 annual meeting:

> RESOLVED, that the company's shareholders approve, on an advisory basis, the compensation of the named executive officers, as disclosed in the company's proxy statement for the 2017 Annual Meeting of Shareholders pursuant to the rules of the SEC, including the Compensation Discussion and Analysis, the 2016 Summary Compensation Table and the other related tables and disclosure.

The board of directors recommends a vote FOR this proposal for the following reasons:

- A majority of compensation is performance-based and contingent on achieving financial and operational results that align the interests of executives with those of the company's shareholders.
  - In 2016 Exelon had strong financial and operational performance as well as total shareholder return (TSR) performance of 32.8%; and
  - The company achieved success on key strategic initiatives, including the Pepco Holdings Inc. (PHI) acquisition and the passage of the New York clean energy regulation and the Illinois Future Energy Jobs bill.
- The compensation framework is consistent with best practices that drive outstanding company performance and long-term shareholder value.
- The company's compensation framework provides market-aligned pay opportunities that foster the attraction, motivation and retention of key talent.
- The compensation committee and the board valued the extensive shareholder feedback we heard in the summer and fall of 2016 and have implemented significant changes to our incentive plans to strengthen the connection between pay and performance.

While this advisory proposal, commonly referred to as "say-on-pay," is not binding, the board of directors and the compensation and leadership development committee will review and consider the voting results when annually evaluating our executive compensation program.

The board of directors unanimously recommends a vote "FOR" approval of the compensation paid to the company's named executives, as disclosed in this proxy statement.

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Report of the Compensation and Leadership Development Committee

"Exelon's executive compensation framework is designed to pay for performance and align the interests of our executives with those of our shareholders and other key stakeholders."

The Compensation & Leadership Development Committee

The compensation & leadership development committee (the compensation committee) is accountable for ensuring that the decisions we make about executive compensation are in the best long-term interests of shareholders. We accomplish this objective by having robust executive compensation principles and incorporating feedback from our shareholders. In 2016, we were disappointed with the say-on-pay vote outcome. The compensation committee took action by soliciting feedback from shareholders and redesigning the incentive plans to address shareholders' concerns and to better align the programs with the company's strategy. A full discussion of these changes is included within the section "2016 Say-on-Pay Vote Outcome and Shareholder Engagement."

The compensation committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussion, the compensation committee recommended to the board that the Compensation Discussion and Analysis be included in the 2017 Proxy Statement.

The compensation committee is composed solely of independent directors. Effective April 26, 2016, Yves C. de Balmann replaced John A. Canning Jr. as the Chair.

March 6, 2017

THE COMPENSATION & LEADERSHIP DEVELOPMENT COMMITTEE
Yves C. de Balmann, Chair
Robert J. Lawless
Linda P. Jojo

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Compensation Discussion & Analysis

Key Take-Aways for 2016

We took considerable actions this year on our executive compensation program in response to the failed 2016 say-on-pay vote. These actions were in direct response to shareholder feedback received in meetings and calls conducted by the chair of the compensation committee and management beginning in June 2016.

In the pages that follow we detail our process, evaluation, and changes made. However, for a quick understanding, we have summarized below the performance of your company, the feedback we collected, and the actions we took to strengthen the alignment of pay and performance.

Strong Company Performance

- Beat adjusted (non-GAAP) operating EPS target for the Annual incentive program by 14 cents
- Adjusted (non-GAAP) operating EPS growth in 2016 ($2.68) vs 2015 ($2.49) was 8%
- EXC one-year TSR (32.8%) outperformed the UTY by 15.4 percentage points and the S&P 500 by 20.9 percentage points
- Grew company enterprise value by $14.4 billion through M&A including PHI, ConEd Solutions, and the James A. FitzPatrick Nuclear Power Plant (pending)
- NY and IL clean energy regulations and legislation
- In 2016, through growth and acquisition achieved Fortune 100 status (only utility company)
- All time best nuclear operating performance; best in class
- Best on record or best in class utility operating performance

Rapid Response to Failed 2016 Say-on-Pay Vote

- Reached out to shareholders holding approximately 50% of our shares
- Immediately addressed the major shareholder concerns by modifying the Annual and Long-Term incentive programs
- Changes included:
  - Moved PShares goal measurement period from annual to 3-year
  - Changed PShare goals to align better with Exelon's value proposition and strategic initiatives
  - Removed individual performance multipliers from all incentive programs
  - Strengthened the TSR modifier
  - Capped incentive payouts if one-year absolute TSR is negative
  - Moved operational metrics to Annual incentive program
  - Removed all legacy change in control tax gross-ups

Compensation Discussion & Analysis

CEO Pay for Performance Alignment

- The board reduced the 2016 Annual incentive program payout from 143% to 100%, in part, to address shareholder concerns that the previous year's AIP payout was too high relative to TSR performance
- The board froze 2017 target pay at 2016 levels

Goal Rigor

- 2016 adjusted (non-GAAP) operating EPS target was set 5 cents above 2015 actual performance
- 2017 adjusted (non-GAAP) operating EPS target has been set at a meaningful level above the 2016 actual results (which included the impact of approximately 10 cents of favorable load, primarily driven by weather) and reflects significant stretch compared to internal budgeting and Wall Street guidance

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Compensation Discussion & Analysis

Introduction to Exelon's Executive Compensation Program

The goal of our executive compensation program is to retain and reward leaders who create long-term value for our shareholders by delivering on objectives that support the company's long-term strategic plan. The executive compensation program is constructed to attract, motivate and retain the high quality leaders that are necessary to manage a company of Exelon's size and complexity.

In designing the company's executive compensation program, the compensation committee strives to align the incentives of our NEOs with the interests of our shareholders by using metrics and challenging goals that tie directly to the company's strategy. This includes the use of risk-mitigating design features to discourage our executives and employees from taking excessive risks to drive short-term benefits that may not be in the long-term interests of the company and our shareholders. We believe consistent execution of our strategy over multi-year periods will drive long-term value creation.

This Compensation Discussion and Analysis (CD&A) discusses Exelon's 2016 executive compensation program. The program covers compensation for our Named Executive Officers (NEOs):

Exelon's Named Executive Officers
Christopher M. Crane President and Chief Executive Officer, Exelon
Jonathan W. Thayer Sr. EVP and Chief Financial Officer, Exelon
William A. Von Hoene, Jr. Sr. EVP and Chief Strategy Officer, Exelon
Kenneth W. Cornew Sr. EVP and Chief Commercial Officer, Exelon; President and Chief Executive Officer, Exelon Generation
Denis P. O'Brien Sr. EVP, Exelon; Chief Executive Officer, Exelon Utilities

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Compensation Discussion & Analysis

Section I: Executive Summary

Business and Strategy Overview, Value Proposition and Performance Highlights

Business Overview

Exelon is composed of two primary businesses.

- Regulated Utilities : We have regulated operations that consist of six regulated utility subsidiaries, and serve approximately 10 million electricity and gas customers, more than any other company in the industry. In March 2016, we closed the $6.8 billion acquisition of PHI, which increased our investment in regulated assets consistent with our long-term strategy.
- Electric Generation : We also operate a generation business that comprises the largest competitive electric generation businesses in the country and largest competitive retail supply business serving wholesale, commercial, and industrial customers. More than 90% of our power production is carbon free, and we are the best-in-class operator in terms of outage days and operating costs.

Financial Strategy Overview

Exelon's financial strategy centers on employing our competitive integrated business model to deliver stable growth, sustainable earnings and an attractive dividend.

- Stable, Visible Growth : We focus our growth capital expenditures toward regulated utility and long-term contracted assets that drive better than peer growth with high level of earnings visibility.
- Redeploying Cash Flows : We are redeploying the significant free cash flow from our competitive generation business to fund both outsized regulated utility growth and reduce outstanding debt at Exelon Generation.
- Attractive Dividend : We are committed to providing a robust and growing dividend, including 2.5% annual growth through 2018.

Exelon's Value Proposition and Strategic Initiatives

The value proposition that we articulate for shareholders provides more granular insight into our long-term goals and the path to achieving them. We focus on five key strategic initiatives that will continue to drive strong operating and financial performance.

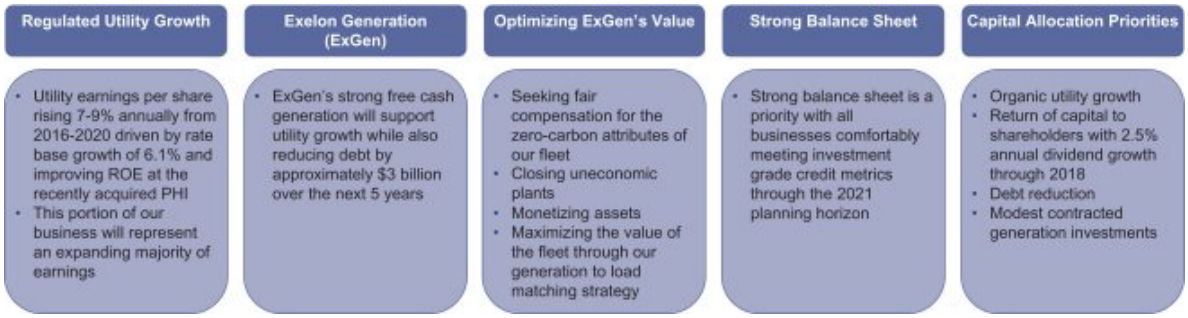

2016 Pay for Performance Highlights

Exelon successfully executed its strategy in 2016, which drove strong operational and financial performance and positioned us well for the future. Highlights included:

- Continued best in class operational performance across our nuclear fleet, and strong operational performance across our fossil and renewable fleets

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Compensation Discussion & Analysis

- Continued growth at Exelon Utilities driven by increased distribution revenues across our utilities due to higher rates and increased capital investment as well as favorable weather and lower-than-normal storm activity
- Filed 9 rate cases to lay the foundation for continued strong performance within Exelon Utilities
- Acquired PHI, ConEdison Solutions' retail electricity and natural gas business; acquisition of the James A. FitzPatrick nuclear power plant is pending
- Supported key policy initiatives that will help drive our long-term, sustainable success, including the New York clean energy regulations, the Illinois Future Energy Jobs Act, the White House Equal Pay Pledge and expanding our paid leave policies

The charts below illustrate the strong pay for performance alignment for Exelon's CEO over the last three years, as his pay reflected in the summary compensation table increased 1.6% while Exelon's stock price increased 29.57% between January 1, 2014 and December 31, 2016 and its TSR for 2014-2016 increased 45.3%.

Our strong fundamental performance has created value for our shareholders outperforming both the PHLX Utility Sector Index (UTY) and our peer group over the trailing one- and three-year time periods.

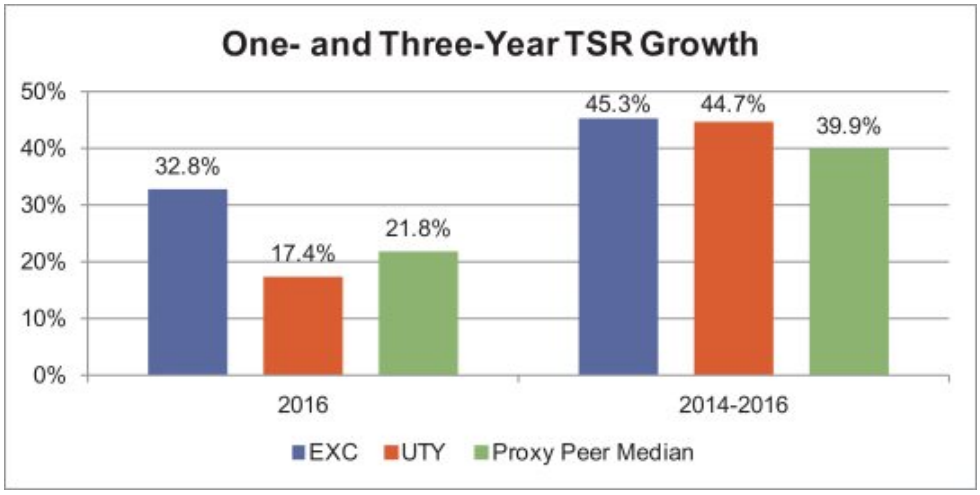

Compensation Discussion & Analysis

2016 Say On Pay Vote Outcome and Shareholder Engagement

The committee regularly reviews executive compensation. However, in response to the company's 2016 advisory vote on executive compensation, which received only 38% support from shareholders, the compensation committee and management undertook an enhanced engagement program to solicit feedback from shareholders. As part of this process, Exelon contacted nearly 50% of our shareholder base and met with shareholders accounting for approximately 45% of Exelon's shares outstanding.

Mr. Yves de Balmann, the new chairman of the compensation committee as of April 2016, led meetings and calls with shareholders accounting for approximately 45% of Exelon's shares outstanding. The compensation committee considered the shareholder feedback from these engagement meetings and implemented a number of changes that were responsive to this feedback.

The breadth of the company's outreach program enabled the compensation committee to speak with and consider feedback from a significant cross-section of Exelon's shareholder base. Exelon's engagement team met with governance professionals and portfolio managers from active funds as well as governance professionals from index funds, ranging from shareholders with positions as large as 7.6% of Exelon's shares outstanding to those who own less than 1%.

The compensation committee took the opportunity to modify the compensation program at its July meeting in order to respond to the say-on-pay vote and implemented shareholder feedback immediately, including retroactively modifying the 2016 program in line with this feedback.

A summary of the shareholder outreach process is set forth below:

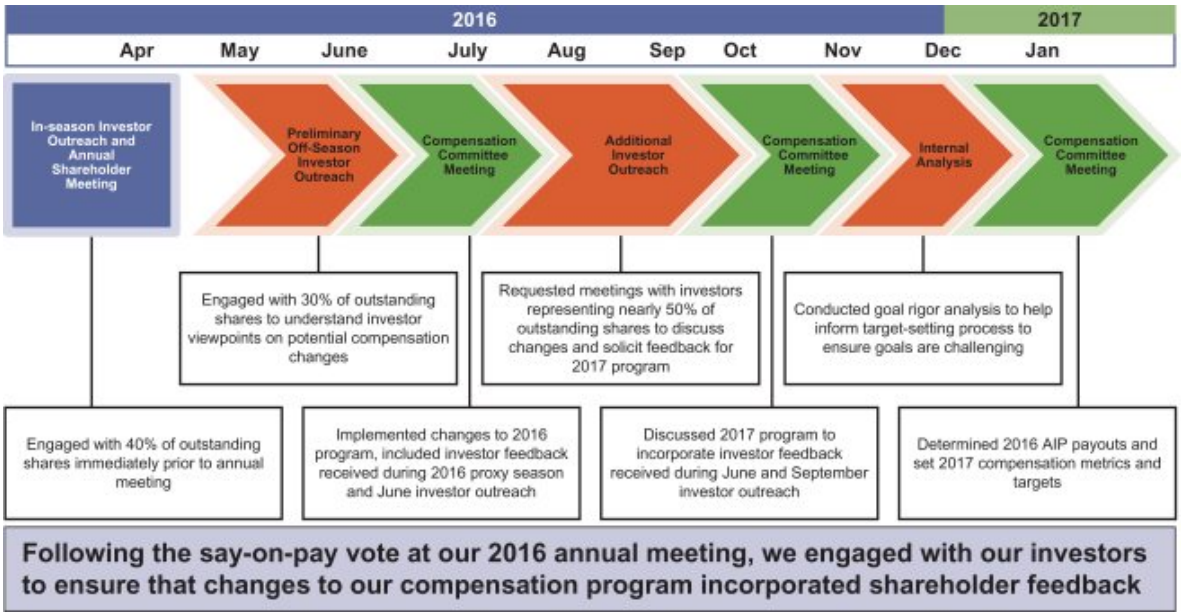

A summary of the key feedback that we received from shareholders and our responses to that feedback is outlined in the tables below. The refinements made to the compensation program are broadly designed to:

- Drive even closer alignment between executive compensation and company performance

Compensation Discussion & Analysis

- Further increase the rigor of the targets used within the program
- Enhance the link between incentive compensation and our value proposition
- Incorporate the current perspectives of our shareholders into the compensation program

Annual Incentive Program (AIP)

Changes implemented retroactively to awards granted for 2016:

Shareholder Feedback	Response
• 2015 payout was above target when TSR lagged peers	• Future payouts capped at target if negative absolute TSR for 12 months
• Operational metrics are more appropriate for AIP than PShares	• Added operational metrics to AIP with a 30% weighting
• Individual Performance Multiplier (IPM) is discretionary	• Eliminated the IPM component

Long-term Performance Share Award Program (PShares)

Changes to be implemented retroactively where possible and in all future awards:

Shareholder Feedback	Response
• One-year performance periods are too short	• Moving PShare performance periods from annual to 3-year through a phased-in process (reference transition table under "2016 Long-Term Incentive Program")
• EPS metric overlaps with AIP and operational metrics are more appropriate in AIP than PShares	• Moved EPS and operational metrics from PShares to AIP in 2016; adopted new PShares financial metrics tied to our value proposition for 2017
• IPM is discretionary	• Eliminated the IPM component starting with the 2014-2016 performance periods paid in 2017

• TSR modifier for PShares does not have big enough impact	• Amended TSR modifier starting with the 2014-2016 performance periods paid in 2017
	  • Moved from a stair-step approach to a point-for-point approach
	  • Removed limit on TSR modifier
	  • Performance compared to the UTY instead of the four-company competitive integrated peer group
	  • Future payouts capped at target if negative absolute TSR for the final 12 months of the measurement period

Other Compensation Program Changes Made for 2016 and 2017

Shareholder Feedback	Response
• Legacy excise tax gross-up on "golden parachute" arrangements	• Removed excise tax gross-up provisions for transactions resulting in change in control with no recompense for removal
• Concern that goal-setting process is not rigorous and goals were not challenging	• Further enhanced and clarified goal setting process as described in this CD&A

Compensation Discussion & Analysis

January 2017 CEO Pay Determinations

In order to address shareholder concerns, the compensation committee and board were conservative in making decisions about 2016 payouts and setting 2017 pay targets despite exceptional earnings and TSR performance in 2016. In particular, the AIP award reduction specifically addresses shareholder feedback that last year's incentive payouts were not aligned with TSR performance as discussed in the section "Total Cash Compensation (Base Salary and Annual Incentive Program)." The table below summarizes these decisions.

2016 AIP Award	Payout reduced from actual performance of 143.08% to 100%. For more information about the compensation committee's rationale in reducing the 2016 AIP award please see pages 59-60.
2014-2016 PShare Payout	Three-year average performance was 117.68% with a TSR modifier of 0.64% for outperforming the UTY resulting in an overall payout of 118.43%.
2017 CEO Target Pay Setting	The compensation committee determined not to increase CEO pay targets from 2016, targeting total pay at $13 million which approximates the peer group median.

Compensation Program is Directly Linked to Value Drivers

As a result of the modifications that we have made to the compensation program, there will be an even stronger link between our NEOs' incentives and Exelon's value proposition.

Strategic Business Objective		Compensation Component or Metric
• Regulated utility growth with utility EPS rising 7-9% and rate base growth of 6.1% annually from 2016-2020		• **Adjusted (non-GAAP) Operating EPS** — Performance measure for the AIP • **Utility Net Income** — New metric for PShares granted in 2017 and later
• Strong free cash generation and maintaining a strong balance sheet will support utility growth		• **Exelon FFO/Debt** — New metric for PShares granted in 2017 and later
• Invest in utilities where we can earn an appropriate return		• **Utility Return on Equity** — New metric for PShares granted in 2017 and later
• Superior operational performance to support achievement of financial objectives		• **Operational Metrics** — Outage duration, outage frequency, net fleetwide capacity factor and dispatch match are performance measures for the AIP
• Create sustainable value for shareholders by executing business strategy		• **Relative TSR** — Modifier for PShares grants

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Compensation Discussion & Analysis

Rigorous Targets and Robust Goal-Setting Process

The compensation committee aims to set targets that are challenging and continue to motivate and retain executives, while also driving short- and long-term success. Operational metrics are typically benchmarked at the top quartile or higher as compared to industry standards and financial metrics targets have historically been based on our internal business plans and external market factors. The compensation committee attempts to select metrics that are tied directly to the company's current operational and financial strategies and are proven measures of long-term value creation.

Target-Setting for 2017

In 2017, Exelon enhanced its target-setting process to employ a multi-layer analysis that incorporates a blend of objective and subjective business considerations and other analytical methods in order to ensure that the goal-setting process is rigorous. We have also enhanced our disclosure regarding target-setting to better demonstrate for shareholders the rigor of the decision-making process.

Factors considered in this process include:

- Recent History : Goals should generally reflect a logical progression of results from recent past
- Relative Performance : Performance against a relevant group of peers
- Strategic Aspirations : Near- and intermediate-term goals should follow a trend line consistent with long-term aspirations
- Shareholder Expectations : Goals should be aligned with externally communicated financial guidance and shareholder expectations
- Sustainable Sharing : Earned awards should reflect a balanced degree of sharing between shareholders and participants

To ensure increased rigor within the goal-setting process for the financial metrics in the PShares, we independently ran statistical simulations to understand the level of difficulty of our payout range. We sensitized across a reasonable range of values for several internal and external variables that are significant drivers of performance. We also examined the level of deviation of performance from plan on a historical basis.

Example: 2017 EPS Target
As an example of the compensation committee's focus on setting rigorous targets, the compensation committee decided to set the adjusted (non-GAAP) operating EPS AIP target for 2017 at a level higher than our actual performance in 2016 and above both our 2017 internal plan and the midpoint of our 2017 external financial guidance.

Compensation Discussion & Analysis

Section II: Key Drivers of Compensation Program

Guiding Principles

The following principles help guide and inform the compensation committee in delivering highly effective executive compensation programs that drive performance, mitigate risk, and foster the attraction, motivation and retention of top leadership talent to enable the company to execute against its strategic business plan and ultimately deliver long-term shareholder value.

We Manage for the Long-term The board manages for the long-term and makes pay decisions that are in the best long-term interests of the company and shareholders.	**Strong Compensation Framework** Our compensation framework is market-based and drives pay for performance and alignment with shareholders by having a majority of NEO pay at risk in the form of annual incentives and long-term stock awards.	**Extensive Shareholder Engagement** We engage directly with shareholders and take responsive actions to improve our compensation programs based on year-round feedback from shareholders.
Competitiveness Our NEOs' pay levels are set by taking into consideration multiple factors, including peer group market data, internal equity comparisons, experience, performance and retention.	**Robust Stock Ownership Guidelines** Executives are required to meet and maintain significant stock ownership requirements. For 2016, our CEO's requirement was 6X base salary, while other NEOs were 3X base salary.	**Balance** The portion of NEO pay at risk rewards the appropriate balance of short- and long-term financial and strategic business results.

Compensation Discussion & Analysis

Compensation Governance Best Practices

What We Do

- ✓ Pay for performance – 90% of CEO pay and an average of 81% of NEO pay is at risk
- ✓ Significant stock ownership requirements for directors and executive officers – 6X base salary for CEO and 3X for other NEOs
- ✓ Mitigate undue risk in compensation programs (e.g., incentive awards are capped)
- ✓ Require double-trigger for change-in-control benefits – change-in-control plus termination
- ✓ Retain an independent compensation consultant to advise the compensation committee
- ✓ Evaluate management succession and leadership development efforts annually
- ✓ Provide limited, modest perquisites based on sound business rationale
- ✓ Proactively seek shareholder feedback on executive compensation programs, reaching holders of approximately 50% of our shares in 2016
- ✓ Prohibit hedging transactions, short sales, derivative transactions or pledging of company stock
- ✓ Require executive officers to trade through 10b5-1 trading plans or obtain pre-approval before trading Exelon stock
- ✓ Annually assess our programs against peer companies and best practices
- ✓ Include appropriate stretch in incentive targets based on industry performance and/or Exelon's business plan
- ✓ Clawback incentive compensation paid to an executive who has engaged in fraud or intentional misconduct

What We Don't Do

- × No guaranteed minimum payout of AIP or LTIP programs
- × No employment agreements
- × No excise tax gross-ups for change-in-control agreements
- × No dividend-equivalents on unearned PShares
- × No inclusion of the value of LTIP awards in pension or severance calculations
- × No additional credited service under supplemental pension plans since 2004
- × No option re-pricing or buyouts

Compensation Discussion & Analysis

Roles of Board, Compensation Committee and CEO

As stated in its charter, one of the compensation committee's most important responsibilities is to recommend the CEO's compensation to the independent directors. The compensation committee fulfills its oversight responsibilities and provides thoughtful recommendations by analyzing peer group compensation data with its independent compensation consultant and company performance data. The compensation committee reviews the various elements of the CEO's compensation in the context of the target total direct compensation (base salary, annual and long-term incentive target opportunities) and then presents its recommendations following the compensation governance process set forth below.

Roles of board, compensation committee, and CEO
• CEO compensation decisions are made by the independent members of the board, based on recommendation of the compensation committee.
• Other NEO compensation decisions are made by the compensation committee, based on a number of factors including input from the CEO and the independent compensation consultant.
• The compensation committee is advised by an independent compensation consultant.

Setting Target TDC for our NEOs

The compensation committee uses a variety of data to gauge market competitiveness, including peer group data and regression analysis, but TDC can vary based on competencies and skills, scope of responsibilities, the executive's experience and performance, retention, succession planning and the organizational structure of the businesses (e.g., internal alignment and reporting relationships).

Peer Groups Used for Benchmarking Executive Compensation

An assessment of our executives' compensation levels against our peer group is one of several considerations in the process of determining compensation for our NEOs. While we would prefer to focus on peers from the energy services industry, there are not enough comparably-sized companies to create a robust peer group. Therefore, we use a blended peer group consisting of two sub-groups: Energy Services peers and General Industry peers.

- Energy Services – We include 10 energy services companies in our peer group even though 5 had 2015 revenues that were less than half the size of Exelon's (prior to the PHI acquisition). These include:

AEP Co., Inc.	Dominion Resources, Inc.	Duke Energy Corp.	Edison International	Entergy Corporation
FirstEnergy Corp.	NextEra Energy, Inc.	PG&E Corp.	PSEG, Inc.	Southern Company

- General Industry – General industry peers emphasize companies that are capital asset-intensive and may be subject to effects of volatile commodity prices. These include:

3M	Alcoa	Deere & Company	DuPont	General Dynamics
Hess Corporation	Honeywell Co.	International Paper	Johnson Controls Inc.	Northrop Grumman

How We Use the Peer Group

- An input in developing compensation targets and pay mix
- Assessing the competitiveness of compensation and benefit programs
- Benchmarks for incentive program design
- Benchmarks for stock ownership guidelines

Compensation Discussion & Analysis

Section III: NEO Compensation and Rationale

2016 Compensation Program

The compensation committee designed Exelon's 2016 compensation program to incentivize and reward leaders who create long-term value for our shareholders. The primary compensation elements utilized include:

- Base salary
- An annual incentive program (AIP)
- A long-term incentive program (LTIP) consisting of the PShares and Restricted Stock Units (RSUs)

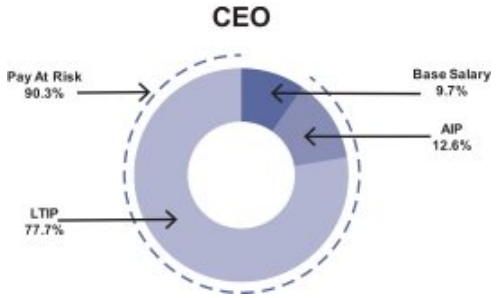

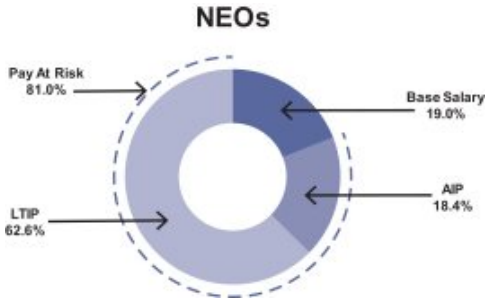

Almost 78% of our CEO's target total direct compensation is in the form of LTIP, which is almost 7 percentage points higher than the average CEO in our peer group.

The majority of compensation paid to our NEOs is tied to the achievement of short- and long-term financial and operational goals. Additionally, a significant portion is paid in the form of equity and all components except for salary are "at-risk."

Compensation Discussion & Analysis

Key components of our 2016 compensation program are listed below.

Pay Element	Form	Performance Period		Performance Link	Purpose
Salary	Cash	N/A		N/A	Provide income certainty at competitive levels to attract and retain key talent
AIP	Cash	1 Year		• Adjusted (non-GAAP) Operating EPS (70%) • Operational Goals (30%) – *Outage Duration, Outage Frequency, Net Fleetwide Capacity Factor, Dispatch Match* • TSR Cap if negative 1-year absolute TSR	Motivate executives to achieve key annual financial and operational objectives
LTIP	Performance Share Units (67% of LTIP)	Weighted Average of Performance 2016-2018	2016 Scorecard	• Earned ROE at Exelon (50%) • FFO/Debt at ExGen (50%)	Focus executives on driving long-term success and align interests of executives with shareholders
			2017-2018 Scorecard	• Utility Earned Return on Equity (33.3%) • Utility Net Income (33.3%) • Exelon FFO/Debt (33.4%)	
			2016-2018 Modifier	• Relative TSR Modifier (3 year period) • TSR Cap if negative 1-year absolute TSR	
	Restricted Stock Units (33% of LTIP)	Vest One-Third Per Year Over 3 Years		• Stock Price	Enhance retention of key talent and align interests of executives with shareholders

2016 Target Adjustments

In January, as part of the annual merit review, the compensation committee (and board of directors with respect to the CEO) approved a 2.5% increase in base salary for each executive officer effective March 1, 2016. Based on the market assessment for each NEO, which included peer group and regression data, no changes were made to target AIP or LTIP compensation. In April, the compensation committee increased Mr. Von Hoene's target total direct compensation effective May 2, 2016 to reflect the importance of his role. Base salary was increased by 11.3%, AIP increased to 100% and target total LTIP increased from $2,297,625 to $2,920,000.

The table below lists target 2016 compensation by element as of December 31, 2016.

	Cash Compensation			Long-Term Incentives			Target Total Direct Compensation
Name	Base	AIP Target	Target Total Cash	RSUs 33%	PShares 67%	Target Total LTIP	
Crane	$ 1,261,000	130%	$ 2,900,300	$ 3,332,901	$ 6,766,799	$ 10,099,700	$ 13,000,000
Thayer	788,200	95%	1,536,990	891,333	1,809,677	2,701,010	4,238,000
Von Hoene	865,000	100%	1,730,000	963,600	1,956,400	2,920,000	4,650,000
Cornew	862,000	100%	1,724,000	962,940	1,955,060	2,918,000	4,642,000
O'Brien	804,600	95%	1,568,970	815,110	1,654,920	2,470,030	4,039,000

Compensation Discussion & Analysis

Total Cash Compensation (Base Salary and Annual Incentive Program)

2016 Base Salary

Overview . We pay base salaries to attract and retain talented executives and to provide a fixed level of cash compensation. Base salaries for our NEOs are set by the compensation committee and adjusted following an annual market assessment of peer group compensation. Base salaries may be adjusted (1) as part of the annual merit review or (2) based on a promotion or significant change in job scope. The compensation committee considers the results of the annual market assessment in addition to the following factors when contemplating a merit review: individual performance, scope of responsibility, leadership skills and values, current compensation, internal equity, and legacy matters.

2016 AIP

Overview . We grant performance-based annual incentive awards to compensate our NEOs for achieving the company's annual financial and operational performance goals. Refer to "Compensation Program is Directly Linked to Value Drivers" above for the rationale for the selection of the performance goals.

Step 1	Step 2	Step 3	Step 4
Set AIP Target • Expressed as percentage of base salary, as of 12/31/16 • CEO annual incentive target of 130% • Other NEO annual incentive targets range from 95% to 100%	**Determine Performance Factor** • Based on 70% adjusted (non-GAAP) operating EPS and 30% operational metrics*	**Determine Negative TSR Cap*** • If one-year absolute TSR is negative, AIP payout will be capped at target	**Apply Final Multiplier** • Multiply the target award by the lesser of (i) the performance factor or (ii) the negative TSR cap if applicable • Award can range from 0% to 200% of target (target of 100%)

* *New feature for 2016 added in response to shareholder feedback*

In prior years, the AIP process included an additional step to apply an individual performance multiplier. Some shareholders voiced concern about the use of the discretionary IPM, so it was removed from current and future AIP payout determinations.

Compensation Discussion & Analysis

2016 Performance. The following table describes the performance scales and results for the 2016 goals. The compensation committee and board of directors elected to exercise negative discretion to reduce the amount that would otherwise have been payable under the formulaic performance calculation shown below:

Goals	Threshold	Target	Distinguished	2016 Actual	Weighting	Weighted Payout as a % of Target
Financial						
Adjusted (non-GAAP) Operating Earnings Per Share (EPS) *	$ 2.37	$ 2.54	$ 2.83	$ 2.68	70%	103.79%
Operational						
Outage Duration (CAIDI) Calculated as the total number of customer interruption minutes divided by the total number of customer interruptions	97	89	83	91	7.5%	6.56%
Outage Frequency (SAIFI) Calculated as the total number of customer interruptions divided by the total number of customers served	0.92	0.82	0.71	0.78	7.5%	10.23%
Net Fleetwide Capacity Factor The weighted average of the capacity factor of all Exelon nuclear units, calculated as the sum of net generation in megawatt hours divided by the sum of the hourly annual mean net megawatt rating, multiplied by the number of hours in a period	91.7%	93.7%	94.6%	94.8%	7.5%	15.00%
Dispatch Match Measure the responsiveness of a fossil generating unit to the market	94.5%	97.2%	99.0%	97.2%	7.5%	7.50%
					Formulaic Performance Calculation	143.08%

* *Refer to Appendix for the rationale for using and a reconciliation of adjusted (non-GAAP) operating earnings per share to GAAP earnings per share.*

Performance Considerations . During our outreach several shareholders expressed concern about our AIP outcome for 2015, in which we awarded our NEOs a payout of 129.63% despite absolute TSR being negative. Based on this feedback, the compensation committee considered the company's combined performance during 2015 and 2016 when determining the 2016 AIP award levels.

Absent the exercise of discretion by the compensation committee and board of directors, the AIP payout would have resulted in a payout of 143.08% of target, which we believe would have been appropriate in a year where we:

- exceeded the midpoint of our upwardly revised external EPS guidance range ($2.65) by 3 cents and the midpoint of our initial external EPS guidance range ($2.55) by 13 cents,
- had an absolute TSR of 32.8%,
- had a relative TSR that outperformed the UTY by 15.4%, and
- were ranked second highest TSR in the UTY.

However, the compensation committee and board of directors considered the impact that this year's structural changes would have had on the CEO's payouts if these changes had been in place for 2015. In this scenario, the payout for 2015 would have been capped at 100%. If we deducted the difference from this year's formulaic AIP outcome it would have resulted in an AIP payout of 114.18% of target for 2016.

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Compensation Discussion & Analysis

The compensation committee and board of directors also considered how the CEO's total direct compensation (i.e., the sum of base salary, AIP and LTIP) would have been impacted if the changes made to the LTIP had been in place for 2016. Balancing this impact with a number of other factors, including the CEO's strong performance in 2016 and accompanying strong financial results and shareholder return, the compensation committee and board of directors decided to set the CEO's AIP for 2016 at 100% of target.

In addition to impacting the AIP payout, the discretion used on the CEO's award also impacts his pension value. The application of negative discretion resulted in a 35% or $971,581 reduction in the increase in his pension value. As a result, instead of an $2,807,792 increase, his pension value increased by $1,836,211 in 2016.

The following table shows how the formula was applied and the actual amounts awarded.

NEO	AIP Target	Formulaic Performance Factor	Formulaic Award	Performance Factor with Negative Discretion	Actual Award
Crane	$1,639,300	143.08%	$2,345,510	100.00%	$1,639,300
Thayer	748,790	143.08%	1,071,368	—	1,071,368
Von Hoene	865,000	143.08%	1,237,642	—	1,237,642
Cornew	862,000	143.08%	1,233,350	—	1,233,350
O'Brien	764,370	143.08%	1,093,660	—	1,093,660

2016 Long-Term Incentive Program (LTIP)

The compensation committee approves the annual equity incentive grants at its meeting in January each year. On January 25, 2016, the compensation committee approved the 2016 grants for RSUs and PShares, which are shown in detail in the Grants of Plan-Based Awards table.

Restricted Stock Units. RSUs vest ratably over three years. The compensation committee believes that RSUs provide stability, foster retention and less volatility than other forms of LTI such as stock options, but are still linked to changes in shareholder value. Dividend equivalents with respect to RSUs are reinvested as additional RSUs, subject to the same vesting conditions as the underlying RSUs.

Performance Share Units. The PShare program is a target granted at the beginning of a three-year cycle and based on performance over the cycle. The final payout is subject to a total shareholder return modifier over the three-year period, relative to the performance of the UTY. Refer to "Compensation Program is Directly Linked to Value Drivers" above for the rationale for the selection of the performance goals.

Compensation Discussion & Analysis

Based on shareholder feedback, we are transitioning from the average of three one-year performance periods to a three-year performance period as shown below:

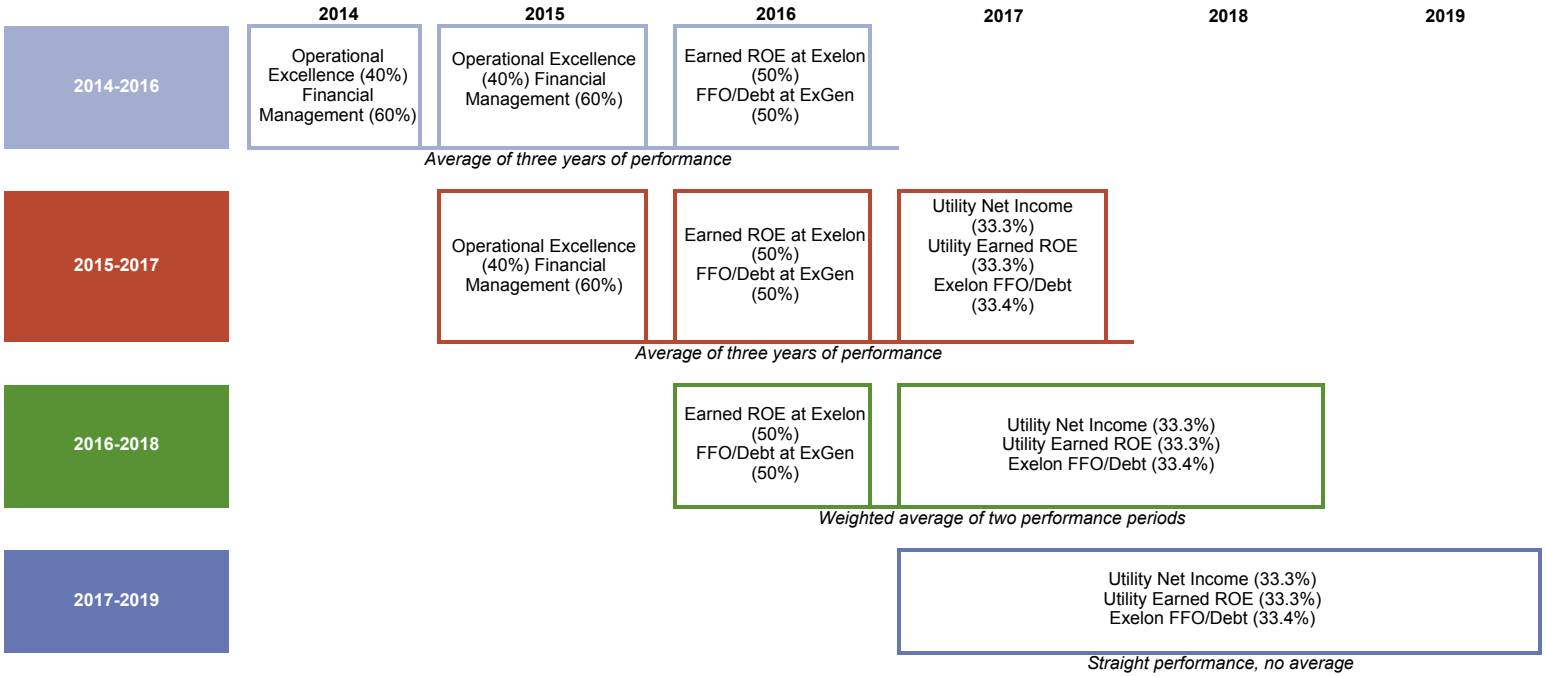

How the PShares Work. Each NEO's target performance share unit award is applied against the following:

Step 1	Step 2	Step 3	Step 4	Step 5
Establish PShare Target • Set in January of the first year of the performance cycle	**Determine Performance Multiplier** • Performance over the cycle • Performance can range from 0% to 150% of target (target of 100%)	**Determine TSR Modifier** • Subtract the performance of the UTY from Exelon's absolute TSR performance over the three-year performance period (e.g., 2016-2018)	**Calculate Final Multiplier** • Multiply the Performance Multiplier by (1 + the TSR Multiplier) • If one-year Exelon absolute TSR is negative, PShare payout will be capped at target*	**Apply Final Multiplier** • Apply the final multiplier to the number of shares granted • Award can range from 0% to 200% of target (target of 100%) after application of the TSR modifier

* *New feature for 2016 added in response to shareholder feedback*

In prior years, the PShare process included an additional step to apply an individual performance multiplier. Some shareholders voiced concern about the use of the discretionary IPM, so it was removed from future PShare payout determinations.

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Compensation Discussion & Analysis

2016-2018 PShare Scorecards

Due to the transition to a three-year performance period, the 2016-2018 PShares granted in January 2016 will be awarded based on the weighted average performance for two scorecards, 2016 and 2017-2018.

2016 PShare Scorecard

The table below reflects the 2016 PShare Scorecard, which uses a "stair-step" approach with no interpolation between data performance levels. Performance was evaluated at the end of 2016. The 2016 scorecard applies to the first year of the 2016-2018 PShare program, the second year of the 2015-2017 PShare program and the final year of the 2014-2016 PShare program.

2016 PShare Scorecard						
Metrics	Metric Weighting	Threshold	Target	Distinguished	Final Score	Actual Award vs. Metric Weighting
Exelon ROE	50.0%	6.60%	7.05%	7.50%	8.08%	75.0%
ExGen FFO/Debt	50.0%	27.0%	30.0%	38.01%	33.7%	50.0%
				Committee-Approved Performance		**125.00%**

2017-2018 PShare Scorecard

The table below reflects the 2017-2018 PShare Scorecard. FFO/Debt uses a "stair-step" approach with no interpolation between data performance levels, where Utility Return on Equity and Utility Net Income use interpolation. Performance will be evaluated at the end of 2018 after the completion of the two-year performance period. This is part of the transition to the three-year performance period.

Utility Earned ROE

- Average utility return on equity weighted on the basis of EPS contribution
- Measure of the company's ability to generate earnings in relation to the amount of equity shareholders have invested in the company

Utility Net Income

- Aggregate utility adjusted (non-GAAP) operating earnings, including Corporate
- Internal measure to evaluate the company's performance and manage operations

Exelon FFO/Debt

- Funds from operations to total debt ratio
- Leverage ratio that a credit rating agency uses to evaluate a company's financial risk

2017-2018 PShare Scorecard				
Metrics (1)	Metric Weighting	Threshold 50%	Target 100%	Distinguished 150%
Utility Net Income	33.3%	$1,362.00	$1,571.00	$ 1,785.00
Utility Earned Return on Equity (ROE)	33.3%	8.20%	9.30%	10.40%

Metric (2)	Metric Weighting	Threshold 50%	75%	Target 100%	125%	Distinguished 150%
Exelon FFO/Debt	33.4%	≥ 16.0%	≥17.0%	≥18.0%	≥22.0%	≥ 24.0%

(1) *Interpolation between threshold and target and target and distinguished.*
(2) *Stair-step approach, no interpolation between points.*

Compensation Discussion & Analysis

Payout of 2014-2016 PShare Program

The 2014-2016 PShare payout was determined based on the performance of the following metrics:

Financial Management Metrics (2014, 2015, and 2016 Scorecards)

- Exelon ROE : Measures the company's ability to generate earnings in relation to the amount of equity shareholders have invested in the company.
- ExGen FFO/Debt : Key ratio analyzed by rating agencies in determining the company's credit rating, which affects our cost of capital.

Operational Excellence Metrics (2014 and 2015 Scorecards)

- Outage Duration : Calculated as the total number of customer interruption minutes divided by the total number of customer interruptions. Applies to BGE, ComEd, and PECO for a total of three metrics.
- Outage Frequency : Calculated as the total number of customer interruptions divided by the total number of customers served. Applies to BGE, ComEd, and PECO for a total of three metrics.
- Net Fleetwide Capacity Factor : The weighted average of the capacity factor of all Exelon nuclear units, calculated as the sum of net generation in megawatt hours divided by the sum of the hourly annual mean net megawatt rating, multiplied by the number of hours in a period.
- Dispatch Match : Measure the responsiveness of a fossil generating unit to the market.

Based on shareholder feedback, in 2016 the compensation committee moved operational metrics from the PShare program to the AIP.

2014-2016 TSR Modifier

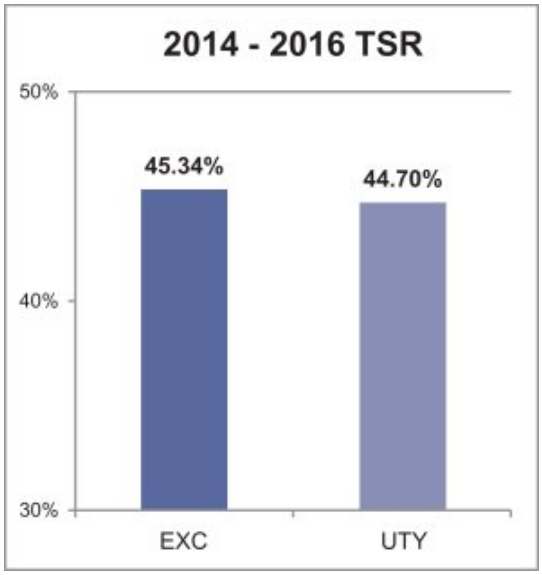

In order to address shareholder concerns in 2016, the following modifications were made to the TSR modifier:

- Changed TSR modifier peer group from the competitive integrated companies (Entergy, FirstEnergy, NextEra Energy, and PSEG) to the UTY
- Changed to a point-for-point approach, where the UTY's absolute TSR performance is subtracted from Exelon's absolute TSR over the three-year period
- The modifier is no longer capped (positive or negative)
- For the 2014-2016 cycle, the TSR modifier is limited to positive 10% to mitigate any gain that the new modifier might have over the old modifier
- If Exelon's one-year absolute TSR is negative, the overall payout after calculated performance and the TSR modifier would be capped at target, regardless of Exelon's performance to the UTY

The modifier for the 2014-2016 payout is
45.34% – 44.70% = 0.64%

Compensation Discussion & Analysis

2014-2016 PShare Program Payout Determination

The compensation committee approved a payout of 118.43%, based on the average performance of 117.68% for the 2014, 2015 and 2016 scorecards and a TSR modifier of 0.64% based on 2014-2016 TSR performance. The 2014 and 2015 scorecards are presented in the Appendix; the 2016 scorecard is presented above under "2016-2018 PShare Scorecards."

Year	Scorecard Performance	Average Performance	TSR Modifier	Overall Award Payout
2014	105.56%	117.68%	0.64%	118.43% 117.68% x (100%+0.64%)
2015	122.48%			
2016	125.00%			

The following table shows how the formula was applied and the actual amounts awarded.

NEO	Target Shares		Performance Factor		Actual Award
Crane	222,700	x	118.43%	=	263,744
Thayer	62,200	x	118.43%	=	73,663
Von Hoene	60,800	x	118.43%	=	72,006
Cornew	66,700	x	118.43%	=	78,993
O'Brien	56,600	x	118.43%	=	67,031

Settlement of PShares is 50% in shares with the balance in cash. However, participants who have achieved 200% or more of their stock ownership target as of September 30 of the year prior to payout have the option of settling the award (a) entirely in stock, (b) entirely in cash, or (c) half in stock and half in cash.

Section IV: Governance Features of Our Executive Compensation Programs

Stock Ownership and Trading Requirements

To strengthen the alignment of executives' interests with those of shareholders, officers of the company are required to own certain amounts of Exelon common stock. In 2012, following the merger with Constellation, Exelon reviewed the ownership requirements and updated the guidelines. Executives must meet these guidelines within five years after the later of the implementation of the new guidelines, their employment or promotion to a new position. As of the annual measurement date of September 30, 2016, all NEOs exceeded 200% of their stock ownership guidelines as shown in the table below:

NEO	Required Minimum Ownership	Ownership as of Sept 30, 2016
Crane	6 times base salary	256% (of 6x)
Thayer	3 times base salary	306% (of 3x)
Von Hoene	3 times base salary	297% (of 3x)
Cornew	3 times base salary	230% (of 3x)
O'Brien	3 times base salary	255% (of 3x)

For additional information about Exelon's stock ownership guidelines, please see Stock Ownership Requirements for Directors and Officers and the Beneficial Ownership Table.

Compensation Discussion & Analysis

Exelon has adopted a policy requiring executive vice presidents and higher officers who wish to sell Exelon common stock to do so only through Rule 10b5-1 stock trading plans, and permitting other officers to enter into such plans. This requirement is designed to enable officers to diversify a portion of their holdings in excess of the applicable stock ownership requirements in an orderly manner as part of their retirement and tax planning activities. The use of Rule 10b5-1 stock trading plans serves to reduce the risk that shareholders will view routine portfolio diversification stock sales by executive officers as a signal of negative expectations with respect to the future value of Exelon's stock. In addition, the use of Rule 10b5-1 stock trading plans reduces the potential for accusations of trading on the basis of material, non-public information, which could damage the reputation of the company. Exelon's stock trading policy does not permit short sales, hedging or pledging.

Recoupment (Clawback) Policy

Consistent with the pay-for-performance policy, in May 2007, the board of directors adopted a recoupment policy as part of Exelon's Corporate Governance Principles. The board of directors may seek recoupment of incentive compensation paid to an executive officer if the board determines, in its sole discretion, that:

- the executive officer engaged in fraud or intentional misconduct;
- as a result of which Exelon was required to materially restate its financial results;
- the executive officer was paid more incentive compensation than would have been payable had the financial results been as restated;
- recoupment is not precluded by applicable law or employment agreements; and
- the board concludes that, under the facts and circumstances, seeking recoupment would be in the best interest of Exelon and its shareholders.

In addition, the AIP includes a provision that the compensation committee and management may curtail awards if there is a "significant event," which is defined as a single, high-profile event caused by a failure of Exelon that is determined to have been directly or indirectly caused by a human error or poor management attention. Significant events may include a single high-profile outage or another event that may result in negative customer and media impact or a significant adverse governmental or regulatory action. The compensation committee also has the right to apply negative discretion to unvested equity incentive awards if there is a significant event or other occurrence that may have a similar impact on the company.

Compensation Policies and Practices as They Relate to Risk Management

The compensation committee has considered Exelon's policies and practices of compensating its employees, including non-executive officers, as they relate to risk management practices and risk-taking incentives and believes that such policies and practices are not reasonably likely to have a material adverse effect on Exelon. In this regard, the compensation committee considered the following factors:

- The AIP and LTIP place limits on incentive compensation grants and awards.
- Exelon's incentive programs are closely linked to the company's value proposition and shareholder value creation.
- Incentive goals are not driven solely by revenue-generating conduct.
- The AIP key performance indicators are reviewed in a challenge session by a senior management panel to make sure the goals are fair, reasonable, aligned with the overall business plan and balanced between financial and operational excellence.
- The AIP contains features that limit payouts on operating company and business unit key performance indicators, and the compensation committee reserves the right to curtail awards if a business unit under-performs.
- Exelon's officers are required to own Exelon stock, and PShares are paid out after a three-year performance period.

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- The LTIP provides that the compensation committee may amend or adjust the performance measures or other terms and conditions of an outstanding award in recognition of unusual or nonrecurring events affecting the company or its financial statements or changes in law or accounting principles.
- The company has a recoupment policy.

Although the foregoing factors address financial risks, the compensation committee also considered that Exelon's policies and practices include measures to make sure that the cost reduction and other goals designed to address financial performance do not present significant operational risk issues. These measures include the following:

- For employees and all officers with business unit responsibilities, the AIP includes measures based on business unit operating measures, such as safety and reliability.
- Management carefully tracks a variety of safety and reliability metrics on a routine basis to make sure that performance is not adversely affected by such things as cost reduction efforts.

Tax Consequences

Under Section 162(m) of the Code, executive compensation in excess of $1 million paid to a CEO or other person among the three other highest compensated officers (excluding the CFO) is generally not deductible for purposes of corporate federal income taxes. However, qualified performance-based compensation, within the meaning of Section 162(m) and applicable regulations, remains deductible. The compensation committee intends to continue reliance on performance-based compensation programs, consistent with sound executive compensation policy. The compensation committee's policy has been to seek to cause executive incentive compensation to qualify as "performance-based" in order to preserve its deductibility for federal income tax purposes to the extent possible. However, the compensation committee reserves the right to approve compensation that may not be deductible under federal tax laws to maintain flexibility in designing appropriate compensation programs.

Because it is not "qualified performance-based compensation" within the meaning of Section 162(m), base salary is not eligible for a federal income tax deduction to the extent that it exceeds $1 million. Accordingly, Exelon is unable to deduct that portion of Mr. Crane's base salary in excess of $1 million. AIP awards and PShares payable to NEOs are intended to be qualified performance-based compensation under Section 162(m), and to be deductible for federal income tax purposes. Restricted stock and RSUs are not deductible by the company for federal income tax purposes under the provisions of Section 162(m) to the extent an NEO's compensation that is not "qualified performance-based compensation" is in excess of $1 million.

In order to qualify payments under the AIP and performance share program as performance-based for Section 162(m) of the Code, the compensation committee uses a "plan-within-plan" two-step approach to determine the amount of the bonus payment. The first step is to fund the overall bonus pool. The pool is funded if the company meets the pre-established performance metrics. The second step is accomplished when the compensation committee exercises "negative discretion" by making adjustments to the formula award funded by the overall pool. Negative discretion is used to reduce the amount funded by the pool to an amount equal to the target bonus (for AIP) or target equity (for the performance share program) adjusted for final company performance and individual performance.

Under Section 4999 of the Code, there is an excise tax if change-in-control or severance benefits are greater than 2.99 times the five-year average amount of income reported on an individual's W-2. In April 2009 the compensation committee adopted a policy that no future employment or severance agreements that provide for benefits for NEOs on account of termination will include an excise tax gross-up. In 2016, the named executive officers consented to the removal of the remaining legacy excise tax gross-up provisions for transactions resulting in a change-in-control, with no recompense for said removal.

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Executive Compensation Data

Executive Compensation

The tables below summarize the total compensation paid or earned by each of the Named Executive Officers (NEOs) of Exelon for the year ended December 31, 2016, presented in accordance with SEC requirements. Basic information about the elements of compensation as disclosed in the tables is shown below:

Salary:

- Amounts may not match the amounts discussed in Compensation Discussion and Analysis because that discussion concerns salary rates; the amounts reported in the Summary Compensation Table reflect actual salaries paid during the year including the effect of changes in salary rates.
- Changes to base salary generally take effect on March 1. There may also be changes at other times during the year to reflect promotions or changes in responsibilities.

Bonus:

- Reflects discretionary bonuses or amounts paid under the AIP on the basis of the individual performance multiplier or discretionary amounts approved by the compensation and leadership development committee or, in the case of Mr. Crane, approved by the independent directors. The individual performance multiplier was removed in 2016 as part of the compensation program redesign.

Stock Awards:

- Values reported show the grant date fair value calculated in accordance with FASB ASC Topic 718.
- Consist primarily of performance share unit awards and restricted stock unit awards pursuant to the terms of the 2011 Long-Term Incentive Plan.
- Since 2013, award mix is 67% performance share units and 33% restricted stock units; stock options are no longer granted.

Performance Share Units:

- Compensation and leadership development committee redesigned the program in 2016.
  - Moved measurement period from annual to 3-year.
  - Changed goals to align with Exelon's value proposition and strategic initiatives.
  - Removed individual performance multiplier.
  - Strengthened the TSR modifier.
  - Capped incentive payouts if Exelon's TSR is negative over the last 12 months of the performance period.
  - Moved operational metrics to AIP.
- Maximum payout for performance share units is 150% of target, which can be increased up to 200% of target by the TSR modifier; threshold payout is 50% of target.
  - Total shareholder return reinstated as a formulaic award modifier. Exelon compares its three-year TSR performance to PHLX Utility Sector Index (UTY).
  - UTY's absolute TSR performance is subtracted from Exelon's absolute TSR and the result is applied as a modifier.

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- If Exelon's absolute TSR is negative for the last year of the three-year performance period, the overall payout after calculated performance and the TSR modifier would be capped at target, regardless of Exelon's performance compared to the UTY.
- Threshold, target and distinguished goals for performance share unit awards established on the grant date (generally the date of the first committee meeting in the first year in the performance period).
  - Actual performance against the goals for each year in the performance period established at the first committee meeting after the completion of the year. At the end of the three-year performance period awards are made based on the average of the level of performance for each of the three years in the performance period. In 2017, performance goals will transition to a three-year measurement period, with the goals being established at the beginning of the three-year performance period.
  - The award date is the date of the first committee meeting after the completion of the third year in the performance period.
- Performance shares vest immediately.
- Performance share unit awards are settled 50% in Exelon common stock and 50% in cash, except for executives who have achieved 200% or more of their stock ownership target as of September 30 of the year prior to payout have the option of settling the award entirely in stock, entirely in cash, or half in cash and half in stock.

Restricted Stock Units:

- Vest ratably on the date of the first regular committee meetings during the next 3 years.
- In limited cases, restricted stock units are granted to executives as a means to recruit and retain talent.
  - May be used for new hires to offset annual or long-term incentives forfeited from a previous employer.
  - May also be used as a retention vehicle, vesting after pre-determined period of time and subject to forfeiture upon voluntarily termination.
  - May incorporate performance criteria as well as time-based vesting.
- Amounts of restricted stock units held by each NEO are shown in the footnotes to the Outstanding Equity Table.

Stock Options:

- Not granted since 2012.
- Prior to 2013 made pursuant to terms of Long-Term Incentive Plan or a Constellation Energy Group, Inc. plan adopted in the merger with that company.
- Granted at a strike price that was not less than the fair market value of a share of stock on the date of grant.
  - Fair market value was defined under the plans as the closing price on the grant date as reported on the New York Stock Exchange.
  - Individuals receiving stock options were provided right to buy fixed number of shares of Exelon common stock at the closing price on the grant date.
  - Target for the number of options awarded determined by the portion of the long-term incentive value attributable to stock options and a theoretical value of each option determined by the committee using a lattice binomial ratio valuation formula.
- With the passage of time all options are now vested and have a term of 10 years from their date of grant.

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Executive Compensation Data

- Under the terms of the Long-Term Incentive Plan stock options may not be re-priced or cashed out.

Non-equity incentive plan compensation:

- Includes amounts earned under the AIP, determined by the extent to which the applicable financial and operational goals were achieved.
- Amount of the annual incentive target opportunity expressed as a percentage of base salary, with actual awards determined using the base salary at the end of the year.
- Threshold, target and distinguished (i.e., maximum) achievement levels established for each goal.
  - Threshold for each goal set at the minimally acceptable level of performance, for a payout of 50% of target for that goal.
  - Target set consistent with the achievement of the business plan objectives.
  - Distinguished set at a level that significantly exceeds the business plan and has a low probability of payout, capped at 200% of target.
  - Awards interpolated to the extent performance falls between the threshold, target, and distinguished levels.
  - Final award based on the weighting and performance of each goal.

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Executive Compensation Data

Summary Compensation Table

Year (a)	Salary ($) (b)	Bonus ($) Note 1 (c)	Stock Awards ($) Note 2 (d)	Option Awards ($) Note 3 (e)	Non-Equity Incentive Plan Compensation ($) Note 4 (f)	Change in Pension Value and Nonqualified Deferred Compen-sation Earnings ($) Note 5 (g)	All Other Compen-sation ($) Note 6 (h)	Total ($) (i)
Christopher M. Crane								
President and Chief Executive Officer, Exelon								
2016	$ 1,255,515	$ —	$ 10,099,717	$ —	$ 1,639,300	$ 1,836,211	$ 400,958	$ 15,231,701
2015	1,224,808	—	9,821,055	—	2,072,777	2,462,551	380,054	15,961,245
2014	1,200,000	155,355	9,345,480	—	1,553,550	2,431,986	304,459	14,990,830
Jonathan W. Thayer								
Senior Executive Vice President and Chief Financial Officer, Exelon								
2016	784,802	—	2,701,035	—	1,071,368	225,160	60,504	4,842,869
2015	794,556	—	2,700,466	—	947,006	229,066	90,194	4,761,288
2014	717,597	73,795	2,974,199	—	737,946	166,783	85,008	4,755,328
William A. Von Hoene Jr.								
Senior Executive Vice President and Chief Strategy Officer, Exelon								
2016	831,350	—	3,700,343	—	1,237,642	216,271	198,770	6,184,376
2015	755,296	—	2,296,821	—	835,753	163,284	111,890	4,163,044
2014	736,710	65,146	2,067,060	—	651,463	161,623	97,304	3,779,306
Kenneth W. Cornew								
Senior Executive Vice President and Chief Commercial Officer, Exelon; President and Chief Executive Officer, Exelon Generation								
2016	857,477	—	2,918,043	—	1,233,350	231,669	93,848	5,334,387
2015	836,558	—	2,918,046	—	1,090,185	191,460	93,485	5,129,734
2014	815,769	84,929	2,822,820	—	849,285	194,029	55,193	4,822,025
Denis P. O'Brien								
Senior Executive Vice President, Exelon; Chief Executive Officer, Exelon Utilities								
2016	800,378	—	2,470,066	—	1,093,660	325,832	95,567	4,785,503
2015	780,874	—	2,469,294	—	994,688	239,970	86,431	4,571,257
2014	761,534	84,964	2,382,900	—	849,639	299,132	54,936	4,433,105

Notes to the Summary Compensation Table

(1) *Starting in 2016, individual performance multipliers were eliminated for NEOs and no additional cash bonuses were granted.*

(2) *The amounts shown in this column include the aggregate grant date fair value of restricted stock unit and performance share unit awards for the 2016-2018 performance period granted on January 25, 2016 as well as the supplemental grants on May 2, 2016 for Mr. Von Hoene with respect to his market adjustment. The grant date fair values of the stock awards have been computed in accordance with FASB ASC Topic 718 using the assumptions described in Note 17 of the Combined Notes to Consolidated Financial Statements included in Exelon's 2016 Annual Report on Form 10-K. The performance share unit awards are subject to performance conditions. For the 2016-2018 performance share unit awards (including Mr. Von Hoene's supplemental award), the grant date fair value and the value assuming the highest level of performance, including the maximum total shareholder return multiplier, is as follows:*

	Performance Share Unit Value	
	At Target	At Maximum
Crane	$ 6,766,805	$ 13,533,610
Thayer	1,809,698	3,619,396
Von Hoene	2,788,072	5,576,144
Cornew	1,955,085	3,910,170
O'Brien	1,654,940	3,309,880

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Executive Compensation Data

(3) *The amounts shown in this column include the aggregate grant date fair value of stock option awards granted. No stock options were granted to the NEOs in 2016, 2015 or 2014.*
(4) *The amounts shown in this column for 2016 represent payments made pursuant to the Annual Incentive Plan.*
(5) *The amounts shown in this column represent the change in the accumulated pension benefit for the NEOs from December 31, 2015 to December 31, 2016. None of the NEOs had above market earnings in a non-qualified deferred compensation account in 2016.*
(6) *The amounts shown in this column include the items summarized in the following table:*

All Other Compensation

Name (a)	Perquisites ($) Note 1 (b)	Reimburse-ment for Income Taxes ($) Note 2 (c)	Payments or Accruals For Termination or Change in Control (CIC) ($) Note 3 (d)	Company Contributions to Savings Plans ($) Note 4 (e)	Company Paid Term Life Insurance Premiums ($) Note 5 (f)	Dividends or Earnings Not Included in Grants ($) (g)	Total ($) (h)
Crane	$183,077	$102,747	$ —	$ 75,331	$39,803	$ —	$400,958
Thayer	20,205	22,655	—	14,083	3,561	—	60,504
Von Hoene	82,315	60,614	—	49,881	5,960	—	198,770
Cornew	38,648	—	—	51,448	3,752	—	93,848
O'Brien	31,840	—	—	42,190	21,537	—	95,567

Notes to All Other Compensation Table

(1) *The amounts shown in this column represent the incremental cost to Exelon to provide certain perquisites to NEOs as summarized in the Perquisites Table below.*
(2) *Employees receive a reimbursement to cover applicable taxes when they work out of their home state and encounter double taxation in states and localities where they would not be eligible to receive a credit for such taxes when filing their tax returns in their home state, as well as on imputed income for business-related spousal travel expenses for those cases where the personal benefit is closely related to the business purpose, and for relocation expenses when the employee is required to relocate.*
(3) *Represents the expense, if applicable, or the accrual of the expense that Exelon has recorded during 2016 after the announcement of the officer's retirement or resignation for severance related costs including salary and Annual Incentive Plan continuation and other benefits as applicable.*
(4) *Represents company matching contributions to the NEOs' qualified and non-qualified savings plans. The 401(k) plan is available to all employees and the annual contribution for 2016 was generally limited by IRS rules to $18,000, although employees over age 50 can make additional "catch-up" contributions of up to $6,000. NEOs and other officers may participate in the Deferred Compensation Plan, into which payroll contributions in excess of the specified IRS limit are credited under a separate, unfunded plan that has the same portfolio of investment options as the 401(k) plan.*
(5) *Exelon provides basic term life insurance, accidental death and disability insurance, and long-term disability insurance to all employees, including NEOs. The values shown in this column include the premiums paid during 2016 for additional term life insurance policies for the NEOs and for additional long-term disability insurance over and above the basic coverage provided to all employees.*

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Executive Compensation Data

Perquisites

The following table indicates the various perquisites for which Exelon incurred incremental costs in 2016 for each NEO. A checkmark (✓) indicates perquisite usage during 2016 by the NEO listed at the top of the column.

Perquisite	Crane	Thayer	Von Hoene	Cornew	O'Brien
Personal use of corporate aircraft (1)	✓				
Personal use of company drivers (2)	✓	✓	✓	✓	
Financial planning (3)	✓		✓	✓	✓
Parking (4)	✓	✓	✓	✓	✓
Company gifts and matching contributions (5)	✓	✓	✓	✓	✓
Physical examinations (6)					✓
Relocation (7)			✓		
Event tickets (8)			✓	✓	
Spousal travel (9)	✓		✓	✓	

Notes to Perquisites Table

(1) *The figures shown in column (b) of the All Other Compensation Table above include $148,243 representing the aggregate incremental cost to Exelon for personal use of corporate aircraft by Mr. Crane. These costs were calculated using the hourly incremental cost for flight services, including federal excise taxes, fuel charges, and domestic segment fees. From time to time Mr. Crane's spouse, or other family members, accompanied him in his travel on corporate aircraft. The aggregate incremental cost to the company, if any, for such travel by spouses or family members on corporate aircraft is included in this amount.*

(2) *The company maintains several cars and drivers in order to provide transportation services for the NEOs and other officers to carry out their duties among the company's various offices and facilities. Certain NEOs were also entitled to limited personal use of the company's cars and drivers, including use for commuting which allowed them to work while commuting. The cost included in the All Other Compensation Table represents the estimated incremental cost to Exelon to provide limited personal service, based upon the number of hours that the drivers worked overtime providing services to each NEO, multiplied by the average overtime rate for drivers plus an additional amount for fuel. This includes a value of $14,187 of personal use for Mr. Crane. Personal use was imputed as additional taxable income except in certain circumstances.*

(3) *The company will pay limited annual financial planning costs for executives that are imputed as additional taxable income.*

(4) *For NEOs whose primary work location is downtown Chicago, Exelon's office lease provides for a limited number of parking spaces that are available for Exelon use. When NEOs are unable to utilize the available spaces, Exelon pays for parking expenses incurred at other public garages. Messrs. Thayer and Cornew have company provided spaces in downtown Baltimore.*

(5) *Executive officers may also have the company make matching gifts to qualified charitable organizations up to $10,000 for 2016. Messrs. Thayer and Cornew were subject to a $15,000 annual limit under Constellation's legacy policy.*

(6) *Executive officers may use company-provided vendors for comprehensive physical examinations and related follow-up testing.*

(7) *Mr. Von Hoene incurred $46,208 in moving expenses.*

(8) *Executives occasionally receive tickets to sporting or other events as recognition awards that are imputed to the officer as additional taxable income.*

(9) *For executive officers, Exelon will pay the cost of travel, meals, and other related amenities for spouses and domestic partners when they attend company or industry-related events where it is customary and expected that officers attend with their spouses or domestic partners. The aggregate incremental cost to Exelon for these expenses is included in the All Other Compensation Table. In most cases, there is no incremental cost to Exelon for providing transportation or other amenities for a spouse or domestic partner, and the only additional cost to Exelon is to reimburse officers for the taxes on the imputed income attributable to their travel, meals, and related amenities when attending company or industry-related events. This cost is shown in columns (b) and (c) of the All Other Compensation Table above.*

Executive Compensation Data

Grants of Plan-Based Awards

Name (a)	Grant Date (b)	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards (Note 1)			Estimated Possible Payouts Under Equity Incentive Plan Awards (Note 2)			All Other Stock Awards: Number of Shares or Units (#) (Note 3) (i)	All Other Options Awards: Number of Securities Under-lying Options (#) (j)	Exercise or Base Price of Option Awards ($) (k)	Grant Date Fair Value of Stock and Option Awards ($) (Note 4) (l)
		Thres-hold ($) (c)	Plan ($) (d)	Maxi-mum ($) (e)	Thres-hold (#) (f)	Target (#) (g)	Maxi-mum (#) (h)				
Crane	1/25/2016	$61,474	$1,639,300	$3,278,600							
	1/25/2016				48,409	249,146	498,292				$ 6,766,805
	1/25/2016							122,714			3,332,912
Thayer	1/25/2016	28,080	748,790	1,497,580							
	1/25/2016				12,946	66,631	133,262				1,809,698
	1/25/2016							32,818			891,337
Von Hoene (5)	1/25/2016	32,438	865,000	1,730,000							
	1/25/2016				11,013	56,680	113,360				1,539,429
	1/25/2016							27,917			758,226
	5/2/2016				2,309	11,884	23,768				417,010
	5/2/2016				1,697	11,900	23,800				417,571
	5/2/2016				1,071	11,800	23,600				414,062
	5/2/2016							4,390			154,045
Cornew	1/25/2016	32,325	862,000	1,724,000							
	1/25/2016				13,986	71,984	143,968				1,955,085
	1/25/2016							35,455			962,958
O'Brien	1/25/2016	28,664	764,370	1,528,740							
	1/25/2016				11,839	60,933	121,866				1,654,940
	1/25/2016							30,012			815,126

Notes to Grants of Plan-Based Awards Table

(1) *All NEOs have annual incentive plan target opportunities based on a fixed percentage of their base salary. Under the terms of the AIP, threshold performance earns 3.75% of the respective target, while performance at plan earns 100% of the respective target and the maximum payout is capped at 200% of target. For additional information about the terms of these programs, see Compensation Discussion and Analysis above.*

(2) *NEOs have a long-term performance share unit target opportunity that is a fixed number of performance share units commensurate with the officer's position. The possible payout at threshold for performance share unit awards was calculated at 19.43% of target, with a threshold payout of 25% for the 2016 scorecard (weighted at one-third) and a threshold payout of 16.65% for the 2017-2018 scorecard (weighted at two-thirds). The possible maximum payout for performance share units was calculated at 150% of target, with an uncapped total shareholder return multiplier, capped at 200% of target. For additional information about the terms of this program, see Compensation Discussion and Analysis and the narrative preceding the Summary Compensation Table above.*

(3) *This column shows restricted stock unit awards made during the year. The vesting dates of the awards are provided in footnote 2 to the Outstanding Equity Table below.*

(4) *This column shows the grant date fair value, calculated in accordance with FASB ASC Topic 718, of the performance share unit awards and restricted stock units granted to each NEO during 2016. Fair value of performance share unit awards granted on January 25, 2016 and May 2, 2016 are based on an estimated payout of 100% of target.*

(5) *Mr. Von Hoene received prorated awards to his 2014, 2015 and 2016 performance share unit target opportunities due to a market adjustment. The threshold for the 2014 scorecard was calculated at 9.08% (threshold at 1.12% for the 2014 and 2015 scorecards and threshold at 25% for the 2016 scorecard, each weighted one-third). The threshold for the 2015 scorecard was calculated at 14.26% (threshold at 1.12% for the 2014 scorecard, threshold at 25% for the 2016 scorecard and threshold at 16.65% for the 2017 scorecard, each weighted one-third). The maximum for the 2014 and 2015 performance share units are calculated the same as the 2016 performance share units. He also received a restricted stock unit award target increase for 2016.*

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Outstanding Equity Awards at Year End

	Option Awards (See Note 1)				Stock Awards			
Name (a)	Number of Securities Underlying Unexercised Options That Are Exercisable (#) (b)	Number of Securities Underlying Unexercised Options That Are Not Exercisable (#) (c)	Option Exercise or Base Price ($) (d)	Option Expiration Date (e)	Number of Shares or Units of Stock That Have Not Yet Vested (#) (Note 2) (f)	Market Value of Shares or Units of Stock That Have Not Yet Vested Based on 12/30 Closing Price $35.49 ($) (Note 2) (g)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Yet Vested (#) (Note 3) (h)	Equity Incentive Plan Awards: Market or Payout Value or Unearned Shares, Units or Other Rights That Have Not Yet Vested ($) (Note 3) (i)
Crane	285,000	—	$ 39.21	2-Apr-2022	494,146	$ 17,537,242	850,734	$ 30,192,550
	94,000	—	43.40	24-Jan-2021				
	53,000	—	46.09	24-Jan-2020				
	49,000	—	56.51	26-Jan-2019				
	28,000	—	73.29	27-Jan-2018				
	35,000	—	59.96	21-Jan-2017				
Thayer	97,000	—	39.81	12-Mar-2022	165,907	5,888,039	230,172	8,168,804
	175,946	—	39.24	24-Feb-2022				
	125,429	—	32.46	25-Feb-2021				
	67,304	—	37.71	26-Feb-2020				
	167,669	—	21.25	27-Feb-2019				
	8,676	—	101.05	21-Feb-2018				
	8,342	—	81.56	22-Feb-2017				
Von Hoene	88,000	—	39.81	12-Mar-2022	149,176	5,294,256	243,352	8,636,562
	67,000	—	43.40	24-Jan-2021				
	33,000	—	46.09	24-Jan-2020				
	25,200	—	56.51	26-Jan-2019				
	19,000	—	73.29	27-Jan-2018				
	19,000	—	59.96	21-Jan-2017				
Cornew	70,000	—	39.81	12-Mar-2022	176,823	6,275,448	248,686	8,825,866
	26,000	—	43.40	24-Jan-2021				
	13,300	—	46.09	24-Jan-2020				
	14,900	—	56.51	26-Jan-2019				
	11,000	—	73.29	27-Jan-2018				
	8,500	—	59.96	21-Jan-2017				
O'Brien	102,000	—	39.81	12-Mar-2022	124,303	4,411,513	210,480	7,469,935
	49,000	—	43.40	24-Jan-2021				
	27,000	—	46.09	24-Jan-2020				
	30,700	—	56.51	26-Jan-2019				
	22,000	—	73.29	27-Jan-2018				
	19,000	—	59.96	21-Jan-2017				

Notes to Outstanding Equity Table

(1) *Non-qualified stock options were granted to NEOs pursuant to the company's long-term incentive plans. Grants vest in four equal increments, beginning on the first anniversary of the grant date. All grants expire on the tenth anniversary of the grant date. For Mr. Thayer, stock options granted prior to March 12, 2012 were granted under the Constellation Energy Group Inc. Long Term Incentive Plan and were converted into the equivalent right to receive Exelon common stock. The number of stock options received upon conversion is equal to the original number of Constellation stock options multiplied by the merger exchange ratio (0.93) and rounded down to the nearest whole share. The exercise price for each converted share is equal to the original Constellation exercise price divided by the exchange ratio (0.93), rounded up to the nearest whole cent.*

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(2) *The amount shown includes unvested restricted stock unit awards and the performance share award earned for the performance period beginning January 1, 2014 and ending December 31, 2016, which vested on January 30, 2017. The unvested restricted stock unit awards are composed of the final third of the grant made in January 2014, which vested on January 30, 2017; two-thirds of the grant made in January 2015, half of which vested on January 30, 2017 and half of which will vest on the date of the compensation committee's first regular meeting in 2018; and the full grant made in January 2016, one-third of which vested on January 30, 2017 and one-third of which will vest on the date of each of the compensation committee's first regular meetings in 2018 and 2019, respectively. All restricted stock unit awards continue to accrue additional shares through automatic dividend reinvestment. For Mr. Thayer and Mr. Cornew, the amount shown also includes a grant of 30,000 retention stock units made on January 28, 2013 which will vest on January 28, 2018. For Mr. Von Hoene, the amount shown also includes a grant of 20,000 retention stock units made on October 21, 2013 that will vest on October 21, 2018. All shares are valued at $35.49, the closing price on December 30, 2016.*

(3) *The amount shown includes the target performance share unit award made in January 2015 for the performance period ending December 31, 2017 and the target performance share unit award made in January 2016 for the performance period ending December 31, 2018. These target awards have been increased to reflect the highest level of performance for the period, 200%. All shares are valued at $35.49, the closing price on December 30, 2016.*

Option Exercises and Stock Vested

	Option Awards		Stock Awards (Note 1)	
Name (a)	Number of Shares Acquired on Exercise (#) (b)	Value Realized on Exercise ($) (c)	Number of Shares Acquired on Vesting (#) (d)	Value Realized on Vesting ($) (e)
Crane	—	$ —	306,969	$8,337,267
Thayer	—	—	84,469	2,294,179
Von Hoene	—	—	68,549	1,861,804
Cornew	—	—	92,515	2,512,699
O'Brien	—	—	78,564	2,133,787

Notes to Option Exercises and Stock Vested Table

(1) *Share amounts are composed of the following tranches of prior awards that vested on January 25, 2016: the performance share award made for the period January 1, 2013 through December 31, 2015; the final third of the restricted stock unit grant made in January 2013 (including a supplemental grant made to Mr. Cornew in May 2013), the second third of the restricted stock unit grant made in January 2014 (including a supplemental grant made to Mr. Thayer in July 2014) and the first third of the restricted stock unit award made in January 2015. All of these awards were valued at $27.16 upon vesting.*

Pension Benefits

Exelon sponsors the Exelon Corporation Retirement Program, a traditional defined benefit pension plan that covers certain management employees who commenced employment prior to January 1, 2001 and certain collective bargaining unit employees. The Exelon Corporation Retirement Program includes the Service Annuity System (SAS), which is the legacy ComEd pension plan. Effective January 1, 2001, Exelon also established two cash balance defined benefit pension plans in order to both reduce future retirement benefit costs and provide an option that is portable as the company anticipated a work force that was more mobile than the traditional utility workforce. The cash balance defined benefit pension plans cover management employees and certain collective bargaining unit employees hired on or after such date, as well as certain management employees hired prior to such date who elected to participate in a cash balance plan. Legacy Constellation employees participate in the Pension Plan of Constellation Energy Group, Inc. (Constellation Pension Plan). The Constellation Pension Plan includes a traditional pension formula referred to as the Enhanced Traditional Plan (ETP) and a Pension Equity Plan (PEP). Employees hired before January 1, 2000 participate in the ETP. Employees hired on or after January 1, 2000 and employees hired before that date who elected to do so participate in the PEP. Each of these plans is intended to be tax-qualified under Section 401(a) of the Code. An employee can participate in only one of the qualified pension plans.

For NEOs participating in the SAS, the annuity benefit payable at normal retirement age is equal to the sum of 1.25% of the participant's earnings as of December 25, 1994, reduced by a portion of the participant's Social Security benefit as of that

date, plus 1.6% of the participant's highest average annual pay, multiplied by the participant's years of credited service (up to a maximum of 40 years). Pension-eligible compensation for the SAS's Final Average Pay Formula includes base pay and annual incentive awards. Benefits under the SAS are vested after five years of service.

The "normal retirement age" under the SAS is 65. The plan also offers an early retirement benefit prior to age 65, which is payable if a participant retires after attainment of age 50 and completion of 10 years of service. The annual pension payable under the plan is determined as of the early retirement date, reduced by 2% for each year of payment before age 60 to age 58, then 3% for each year before age 58 to age 50. In addition, under the SAS, the early retirement benefit is supplemented prior to age 65 by a temporary payment equal to 80% of the participant's estimated monthly Social Security benefit. The supplemental benefit is partially offset by a reduction in the regular annuity benefit.

Under the cash balance pension plan, a notional account is established for each participant, and the account balance grows as a result of annual benefit credits and annual investment credits. (Employees who participated in the SAS prior to January 1, 2001 and elected to participate in the cash balance plan also have a frozen transferred benefit from the former plan, and received a "transition" credit based on their age, service and compensation at the time of transfer.) Beginning January 1, 2008, the annual benefit credit under the plan is 7% of base pay and annual incentive award and beginning January 1, 2013 for employees hired on or after such date, the annual benefit credit is equal to a percentage of base pay and annual incentive award which varies between 3% and 8%, based upon age. For the portion of the account balance accrued beginning January 1, 2008, the annual investment credit is the third segment spot rate of interest on long-term investment grade corporate bonds. The segment rate will be determined as of November of the year for which the cash balance account receives the investment credit. For the portion of the benefit accrued before January 1, 2008, the annual investment credit is the greater of 4%, or the average of the annual rate of return of the S&P 500 Stock Index and the 30-year Treasury bond rate (the interest rate is determined in November of each year). Based on recent IRS guidance, beginning in 2017 the investment credit for the portion of the benefit accrued before January 1, 2008 will be the third segment spot rate of interest on long-term corporate bonds. In addition, cash balance participants with pre-2008 balances will receive an additional benefit credit ranging from 0.5% to 3.5% based on their pre-2008 service. Also, beginning in 2017, account balances for employees hired prior to January 1, 2013 will be subject to a minimum investment credit of 4%. For employees hired on or after January 1, 2013, the annual investment credit is the second segment spot rate of interest on long-term corporate bonds, determined as of November of the year for which the cash balance account receives the investment credit, subject to a minimum annual investment credit rate of 3.8% and a maximum annual investment credit rate of 7%. Benefits are vested after three years of service, and are payable in an annuity or a lump sum at any time following termination of employment. Apart from the benefit credits and the vesting requirement, and as described above, years of service are not relevant to a determination of accrued benefits under the cash balance pension plans.

For NEOs who participate in the PEP, a lump sum benefit amount is computed based on covered earnings multiplied by a total credit percentage. Covered earnings are equal to the average of the highest three of the last five twelve-month periods' base pay plus annual incentive awards. The total service credit percentage is equal to the sum of the credit percentages based on the following formula: 5% per year of service through age 39, 10% per year of service from age 40 to age 49, and 15% per year of service after age 49. No benefits are available under the PEP until a participant has at least three years of vesting service. Benefits payable under the PEP are paid as an annuity unless a participant elects a lump sum within 60 days after separation.

The Code limits to $265,000 the individual 2016 annual compensation that may be taken into account under the tax-qualified retirement plan. As permitted by Employee Retirement Income Security Act, Exelon sponsors three supplemental executive retirement plans (or "SERPs") that allow the payment to a select group of management or highly-compensated individuals out of its general assets of any benefits calculated under provisions of the applicable qualified pension plan which may be above these limits. The SERPs offer a lump sum as an optional form of payment, which includes the value of the marital annuity, death benefits and other early retirement subsidies at a designated interest rate. The interest rate applicable for distributions

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to participants in the SAS in 2016 is 2.97%. For participants in the cash balance pension plan and the PEP, the lump sum is the value of the non-qualified account balance. The values of the lump sum amounts do not include the value of any pension benefits covered under the qualified pension plans, and the methods and assumptions used to determine the non-qualified lump sum amount are different from the assumptions used to generate the present values shown in the tables of benefits to be received upon retirement, termination due to death or disability, involuntary separation not related to a change in control, or upon a qualifying termination following a change in control which appear later in this proxy statement.

Under the terms of the SERPs, participants are provided the amount of benefits they would have received under the SAS, cash balance plan, ETP or PEP, as applicable, but for the application of the Code limits. In addition, certain executives previously received grants of additional credited service under a SERP. In particular, in 1998, Mr. Crane received an additional 10 years of credited service through September 28, 2008, the date of his tenth anniversary, as part of his employment offer that provided one additional year of service credit for each year of employment to a maximum of 10 additional years.

As of January 1, 2004, Exelon does not grant additional years of credited service to executives under the SERP for any period in which services are not actually performed, except that up to two years of service credits may be provided under severance or change in control agreements first entered into after such date, and performance-based grants or grants which make up for lost pension benefits from another employer may be (but have not been) provided. Service credits previously available under employment, change in control or severance agreements or arrangements (or any successor arrangements) are not affected by this policy.

The amount of the change in the pension value for each of the named executive officers is the amount included in the Summary Compensation Table above in the column headed “Change in Pension Value & Nonqualified Deferred Compensation Earnings.” The present value of each NEO’s accumulated pension benefit is shown in the following tables. The present value for cash balance and PEP participants is the account balance. The assumptions used in estimating the present values for SAS participants include the following: pension benefits are assumed to begin at each participant’s earliest unreduced retirement age; the SERP lump sum amounts are determined using the rate of 5% for SAS participants at the assumed retirement age; the lump sum amounts are discounted from the assumed retirement date at the applicable discount rates of 4.29% as of December 31, 2015 and 4.04% as of December 31, 2016; and the applicable mortality tables. The applicable mortality table is the RP 2000-based table projected generationally using Exelon’s best estimate of long-term mortality improvements. The December 31, 2016 mortality table is consistent with the mortality used in the Exelon December 31, 2016 pension disclosure.

Name (a)	Plan Name (b)	Number of Years Credited Service (#) (c)	Present Value of Accumulated Benefit ($) (d)	Payments During Last Fiscal Year ($) (e)
Crane (1)	SAS	18.26	$ 1,128,233	$ —
	SERP	28.26	15,416,519	—
Thayer	PEP	14.00	263,333	—
	SERP	14.00	1,493,442	—
Von Hoene	Cash Balance	14.93	380,529	—
	SERP	14.93	1,102,811	—
Cornew	Cash Balance	22.59	652,790	—
	SERP	22.59	1,012,385	—
O’Brien	Cash Balance	34.51	1,426,717	—
	SERP	34.51	1,826,539	—

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(1) *Based on discount rates prescribed by the SEC proxy disclosure guidelines, Mr. Crane's non-qualified SERP present value is $15,416,519. Based on lump sum plan rates for immediate distributions under the non-qualified plan, the comparable lump sum amount applicable for service through December 31, 2016 is $22,451,556. Note that, in any event, payments made upon termination may be delayed by six months in accordance with U.S. Treasury Department guidance.*

Deferred Compensation Programs

Exelon offers deferred compensation plans to permit the deferral of certain cash compensation to facilitate tax and retirement planning and satisfaction of stock ownership requirements for executives and key managers. Exelon maintains non-qualified deferred compensation plans that are open to certain highly-compensated employees, including the NEOs.

The Exelon Deferred Compensation Plan is a non-qualified plan that permits legacy Exelon executives and key managers to defer receipt of base compensation and the company to credit related matching contributions that would have been contributed to the Exelon Corporation Employee Savings Plan (the company's tax-qualified 401(k) plan) but for the applicable limits under the Code. The Constellation Deferred Compensation Plan is a non-qualified plan that permits legacy Constellation executives to defer receipt of base compensation and the company to credit related matching contributions that would have been contributed to the Exelon Corporation Employee Savings Plan. The Deferred Compensation Plans permit participants to defer taxation of a portion of their income. The Exelon Deferred Compensation Plan benefits the company by deferring the payment of a portion of its compensation expense, thus preserving cash.

The Exelon Employee Savings Plan is intended to be tax-qualified under Sections 401(a) and 401(k) of the Code. The Constellation Energy Group Employee Savings Plan was merged into Exelon's Employee Savings Plan as of July 1, 2014. Exelon maintains the Employee Savings Plan to attract and retain qualified employees, including the NEOs, and to encourage employees to save some percentage of their cash compensation for their eventual retirement. The Employee Savings Plan permits employees to do so, and allows the company to make matching contributions in a relatively tax-efficient manner. The company maintains the excess matching feature of the Deferred Compensation Plans to enable key management employees to save for their eventual retirement to the extent they otherwise would have were it not for the limits established by the IRS.

The Stock Deferral Plan is a non-qualified plan that permitted legacy Exelon executives to defer performance share units prior to 2007.

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The following table shows the amounts that NEOs have accumulated under both the Deferred Compensation Plans and the Stock Deferral Plan. The Exelon Deferred Compensation and Stock Deferral Plans were closed to new deferrals of base pay (other than excess Employee Savings Plan deferrals), annual incentive payments or performance shares awards in 2007, and participants were granted a one-time election to receive a distribution of their accumulated balance in each plan during 2007. Existing balances will continue to accrue dividends or other earnings until payout upon termination. Balances in the Deferred Compensation Plan will be settled in cash upon the termination event selected by the officer and will be distributed either in a lump sum, or in annual installments. Share balances in the Stock Deferral Plan continue to earn the same dividends that are available to all shareholders, which are reinvested as additional shares in the plan. Balances in the plan are distributed in shares of Exelon stock in a lump sum or installments upon termination of employment.

The Deferred Compensation Plans continue in effect for those officers who participate in the Employee Savings Plan and who reach their statutory contribution limit during the year. After this limit is reached, their elected payroll contributions and company matching contribution will be credited to their accounts in the Deferred Compensation Plans. The investment options under the Deferred Compensation Plans consist of a basket of investment fund benchmarks substantially the same as those funds available through the Employee Savings Plan. Deferred amounts represent unfunded unsecured obligations of the company.

Name (a)	Executive Contributions in 2016 ($) (Note 1) (b)	Registrant Contributions in 2016 ($) (Note 2) (c)	Aggregate Earnings in 2016 ($) (Note 3) (d)	Aggregate Withdrawals/ Distributions ($) (e)	Aggregate Balance at 12/31/16 ($) (Note 4) (f)
Crane	$ 107,552	$ 63,977	$ 123,365	$ —	$1,315,624
Thayer	—	—	—	—	—
Von Hoene	40,195	33,981	46,408	—	455,465
Cornew	29,624	35,549	32,256	—	346,625
O'Brien (5)	38,026	28,345	287,370	—	2,648,404

(1) *The full amount shown for executive contributions is included in the base salary figures for each NEO shown above in the Summary Compensation Table.*

(2) *The full amount shown under registrant contributions is included in the company contributions to savings plans for each NEO shown above in the All Other Compensation Table.*

(3) *The amount shown under aggregate earnings reflects the NEO's gain or loss based upon the individual allocation of his notional account balance into the basket of mutual fund benchmarks. These gains or losses do not represent current income to the NEO and have not been included in any of the compensation tables shown above.*

(4) *For all NEOs the aggregate balance shown in column (f) above includes those amounts, both executive contributions and registrant contributions, that have been disclosed either as base salary as described in Note 1 or as company contributions under all other compensation as described in Note 2 for the current fiscal year ending December 31, 2016. For Mr. Crane, all executive and registrant contributions included in column (f) have previously been disclosed in Summary Compensation Tables. Mr. Thayer did not participate in the plan during 2016.*

(5) *For Mr. O'Brien the amounts shown in column (d) and column (f) also include the aggregate earnings and aggregate balance respectively of his Stock Deferral Plan account.*

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Potential Payments upon Termination or Change in Control

Change in control employment agreements and severance plan covering named executive officers

Exelon's change in control and severance benefits policies were initially adopted in January 2001 and harmonized the policies of Exelon's predecessor companies. In adopting the policies, the compensation committee considered the advice of a consultant who advised that the levels were consistent with competitive practice and reasonable. The Exelon benefits currently include multiples of change in control benefits ranging from 2.0 times base salary and annual bonus for corporate and subsidiary vice presidents to 2.99 times base salary and annual bonus for the CEO, executive vice presidents, presidents of certain business units and select senior vice presidents. In 2003, the compensation committee reviewed the terms of the Senior Management Severance Plan and revised it to reduce the situations when an executive could terminate and claim severance benefits for "good reason," clarified the definition of "cause," and reduced non-change in control benefits for executives with less than two years of service. In December 2004, the compensation committee's consultant presented a report on competitive practice on executive severance. The competitive practices described in the report were generally comparable to the benefits provided under Exelon's severance policies. In discussing the compensation consultant's December 2007 annual report to the committee on compensation trends, the consultant commented that Exelon's change in control and severance policies were conservative, citing the use of double triggers, and that they remained competitive. In April 2009 the compensation committee adopted a policy that Exelon would not include excise tax gross-up payment provisions in senior executive employment, change in control, or severance plans, programs or agreements that are entered into, adopted or materially amended on or after April 2, 2009 (other than renewals of existing arrangements that are not materially amended or arrangements assumed pursuant to a corporate transaction). In October 2016, the named executive officers covered by change in control agreements entered into prior to April 2, 2009, which provided for potential excise tax gross-up payments, agreed to waive those payments and the agreements were later amended to remove such gross-up payments. Therefore, no named executive officer is currently entitled to an excise tax gross-up payment upon any termination of employment from Exelon.

Named executive officers have entered into individual change in control employment agreements or are covered by the change in control provisions of the Senior Management Severance Plan, which generally protect such executives' position and compensation levels for two years after a change in control of Exelon. The individual agreements are initially effective for a period of two years, and provide for a one-year extension each year thereafter until cancellation or termination of employment. The plan does not have a specific term.

During the 24-month period following a change in control, or, with respect to an executive with an individual agreement, during the 18-month period following another significant corporate transaction affecting the executive's business unit in which Exelon shareholders retain between 60% and 66 2/3 % control (a significant acquisition), if a named executive officer resigns for good reason or if the executive's employment is terminated by Exelon other than for cause or disability, the executive is entitled to the following:

- the executive's annual incentive and performance share unit awards for the year in which termination occurs;
- severance payments equal to 2.99 (or 2.0 if the executive does not have an individual agreement) times the sum of (1) the executive's base salary plus (2) the higher of the executive's target annual incentive for the year of termination or the executive's average annual incentive award payments for the two years preceding the termination, but not more than the annual incentive for the year of termination based on actual performance before the application of negative discretion;
- a benefit equal to the amount payable under the SERP determined as if (1) the SERP benefit were fully vested, (2) the executive had 2.99 additional years of age and years of service (2.0 years for executives who first entered into such agreements after 2003 or do not have such agreements) and (3) the severance pay constituted covered compensation for purposes of the SERP;

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- a benefit equal to the actuarial equivalent present value of any non-vested accrued benefit under Exelon's qualified defined benefit retirement plan;
- all previously-awarded stock options, performance share units, restricted stock units, or restricted shares become fully vested, and the stock options remain exercisable until the earlier of the fifth anniversary of the executive's termination date or the option's expiration date;
- life, disability, accident, health and other welfare benefit coverage continues during the severance pay period on the same terms and conditions applicable to active employees, followed by retiree health coverage if the executive has attained at least age 50 and completed at least 10 years of service (or any lesser eligibility requirement then in effect for regular employees); and
- outplacement and financial planning services for at least 12 months.

The change in control benefits are also provided if the executive is terminated other than for cause or disability, or terminates for good reason (1) after a tender offer or proxy contest commences, or after Exelon enters into an agreement which, if consummated, would cause a change in control, and within one year after such termination a change in control does occur, or (2) within two years after a sale or spin-off of the executive's business unit in contemplation of a change in control that actually occurs within 60 days after such sale or spin-off (a disaggregation) if the executive has an individual agreement.

A change in control under the individual change in control employment agreements and the Senior Management Severance Plan generally occurs:

- when any person acquires 20% of Exelon's voting securities;
- when the incumbent members of the Exelon board of directors (or new members nominated by a majority of incumbent directors) cease to constitute at least a majority of the members of the Exelon board of directors;
- upon consummation of a reorganization, merger or consolidation, or sale or other disposition of at least 50% of Exelon's operating assets (excluding a transaction where Exelon shareholders retain at least 60% of the voting power); or
- upon shareholder approval of a plan of complete liquidation or dissolution.

The term good reason under the individual change in control employment agreements generally includes any of the following occurring within two years after a change in control or disaggregation or within 18 months after a significant acquisition:

- a material reduction in salary, incentive compensation opportunity or aggregate benefits, unless such reduction is part of a policy, program or arrangement applicable to peer executives;
- failure of a successor to assume the agreement;
- a material breach of the agreement by Exelon; or
- any of the following, but only after a change in control or disaggregation: (1) a material adverse reduction in the executive's position, duties or responsibilities (other than a change in the position or level of officer to whom the executive reports or a change that is part of a policy, program or arrangement applicable to peer executives) or (2) a required relocation by more than 50 miles.

The term cause under the change in control employment agreements generally includes any of the following:

- refusal to perform or habitual neglect in the performance of duties or responsibilities or of specific directives of the officer to whom the executive reports which are not materially inconsistent with the scope and nature of the executive's duties and responsibilities;
- willful or reckless commission of acts or omissions which have resulted in or are likely to result in a material loss or material damage to the reputation of Exelon or any of its affiliates, or that compromise the safety of any employee;

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- commission of a felony or any crime involving dishonesty or moral turpitude;
- material violation of the code of business conduct, or of any statutory or common-law duty of loyalty; or
- any breach of the executive's restrictive covenants.

If the amount payable to a named executive officer under a change in control agreement, inclusive of other parachute payments, would cause an excise tax to be imposed under Section 4999 of the Code, the payments to such executive shall be reduced to the maximum amount below which no such tax is imposed or, if the payment without such reduction would leave the executive with a greater amount after payment of such excise taxes, then no such reduction shall be applied.

If a named executive officer resigns for good reason or is terminated by Exelon other than for cause or disability, in each case under circumstances not involving a change in control or similar provision described above, the named executive officer may be eligible for the following non-change in control benefits under the Exelon Corporation Senior Management Severance Plan:

- prorated payment of the executive's annual incentive and performance share unit awards for the year in which termination occurs;
- for a 24 month severance period, continued payment of an amount representing base salary and target annual incentive;
- a benefit equal to the amount payable under the SERP determined as if the severance payments were paid as ordinary base salary and annual incentive;
- during the severance period, continuation of health, basic life and other welfare benefits the executive was receiving immediately prior to the severance period on the same terms and conditions applicable to active employees, followed by retiree health coverage if the executive has attained at least age 50 and completed at least 10 years of service (or any lesser eligibility requirement then in effect for non-executive employees); and
- outplacement and financial planning services for twelve months.

Payments under the Senior Management Severance Plan are subject to reduction by Exelon to the extent necessary to avoid imposition of excise taxes imposed by Section 4999 of the Code on excess parachute payments or under similar state or local law.

The term good reason under the Senior Management Severance Plan means either of the following:

- a material reduction of the executive's salary (or, with respect to a change in control, incentive compensation opportunity or aggregate benefits) unless such reduction is part of a policy, program or arrangement applicable to peer executives of Exelon or of the business unit that employs the executive; or
- a material adverse reduction in the executive's position or duties (other than a change in the position or level of officer to whom the executive reports) that is not applicable to peer executives of Exelon or of the executive's business unit, but excluding under the non-change in control provisions of the plan any change (1) resulting from a reorganization or realignment of all or a significant portion of the business, operations or senior management of Exelon or of the executive's business unit or (2) that generally places the executive in substantially the same level of responsibility.

With respect to a change in control, the term good reason under the plan also includes a required relocation of more than 50 miles.

The term cause under the Senior Management Severance Plan generally has the same meaning as the definition of such term under the individual change in control employment agreements.

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Executive Compensation Data

Benefits under the change in control employment agreements and the Senior Management Severance Plan are subject to termination upon an executive's violation of his or her restrictive covenants, and incentive payments under the agreements and the plan may be subject to the recoupment policy adopted by the board of directors.

Estimated Value of Benefits to be Received Upon Retirement

The following table shows the estimated value of payments and other benefits to be conferred upon the NEOs assuming they retired as of December 31, 2016. These payments and benefits are in addition to the present value of the accumulated benefits from each NEO's qualified and non-qualified pension plans shown in the tables within the Pension Benefit section and the aggregate balance due to each NEO that is shown in the tables within the Nonqualified Deferred Compensation section.

Name (a)	Cash Payment ($) (Note 1) (b)	Value of Unvested Equity Awards ($) (Note 2) (c)	Total Value of All Payments and Benefits ($) (Note 3) (d)
Crane	$ 2,346,000	$ 30,695,000	$ 33,041,000
Thayer	—	—	—
Von Hoene	1,238,000	8,390,000	9,628,000
Cornew	1,233,000	—	1,233,000
O'Brien	1,094,000	7,655,000	8,749,000

Notes to Benefits to be Received Upon Retirement Table

(1) Under the terms of the 2016 Annual Incentive Plan (AIP), a pro-rated actual incentive award is payable upon retirement based on the number of days worked during the year of retirement. The amount above represents the executive's 2016 annual incentive payout (after company/business unit performance was determined and negative discretion was applied).

(2) The Value of Unvested Equity Awards includes the following:

a. the value of the executive's unvested performance share units. The amount above includes the number of unvested shares earned for the 2014-2016 performance share unit award. It is assumed the 2014, 2015 and 2016 performance shares are earned at target. The value of the shares is based on Exelon's closing stock price on December 30, 2016 of $35.49; and

b. the accelerated portion of the executives' restricted stock award that, per the applicable award agreement, would vest upon retirement. The value of the shares is based on Exelon's closing stock price on December 30, 2016 of $35.49.

(3) The estimate of total payments and benefits is based on a December 31, 2016 retirement date.

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Executive Compensation Data

Estimated Value of Benefits to be Received Upon Termination due to Death or Disability

The following table shows the estimated value of payments and other benefits to be conferred upon the NEOs assuming their employment is terminated due to death or disability as of December 31, 2016. These payments and benefits are in addition to the present value of the accumulated benefits from the NEO's qualified and non-qualified pension plans shown in the tables within the Pension Benefit section and the aggregate balance due to each NEO that is shown in tables within the Nonqualified Deferred Compensation section.

Name (a)	Cash Payment ($) (Note 1) (b)	Value of Unvested Equity Awards ($) (Note 2) (c)	Total Value of All Payments and Benefits ($) (Note 3) (d)
Crane	$ 2,346,000	$ 30,695,000	$ 33,041,000
Thayer	1,071,000	9,435,000	10,506,000
Von Hoene	1,238,000	9,100,000	10,338,000
Cornew	1,233,000	10,109,000	11,342,000
O'Brien	1,094,000	7,655,000	8,749,000

Notes to Benefits to be Received Upon Termination due to Death or Disability Table

(1) Under the terms of the 2016 AIP, a pro-rated actual incentive award is payable upon death or disability based on the number of days worked during the year of termination. The amount above represents the executives' 2016 annual incentive payout (after company/business unit performance was determined and negative discretion was applied).

(2) The Value of Unvested Equity Awards includes the following:

a. the value of the executive's unvested performance share units. The amount above includes the number of unvested shares earned for the 2014-2016 performance share unit award. It is assumed the 2014, 2015 and 2016 performance shares are earned at target. The value of the shares is based on Exelon's closing stock price on December 30, 2016 of $35.49; and

b. the accelerated portion of the executives' restricted stock award that, per the applicable award agreement, would vest upon death or disability. The value of the shares is based on Exelon's closing stock price on December 30, 2016 of $35.49.

(3) The estimate of total payments and benefits is based on a December 31, 2016 termination due to death or disability.

Executive Compensation Data

Estimated Value of Benefits to be Received Upon Involuntary Separation Not Related to a Change in Control

The following table shows the estimated value of payments and other benefits to be conferred upon the NEOs assuming they were terminated as of December 31, 2016 under the terms of the Amended and Restated Senior Management Severance Plan. These payments and benefits are in addition to the present value of the accumulated benefits from the NEO's qualified and non-qualified pension plans shown in the tables within the Pension Benefit section and the aggregate balance due to each NEO that is shown in the tables within the Nonqualified Deferred Compensation section.

Name (a)	Cash Payment ($) (Note 1) (b)	Retirement Benefit Enhance-Ment ($) (Note 2) (c)	Value of Unvested Equity Awards ($) (Note 3) (d)	Health and Welfare Benefit Continuation ($) (Note 4) (e)	Perquisites And Other Benefits ($) (Note 5) (f)	Total Value of All Payments and Benefits ($) (Note 6) (g)
Crane	$ 8,147,000	$ 2,907,000	$ 30,695,000	$ 113,000	$ 40,000	$ 41,902,000
Thayer	4,145,000	182,000	9,206,000	33,000	40,000	13,606,000
Von Hoene	4,698,000	242,000	8,844,000	45,000	40,000	13,869,000
Cornew	4,681,000	241,000	9,880,000	39,000	40,000	14,881,000
O'Brien	4,232,000	220,000	7,655,000	75,000	40,000	12,222,000

Notes to Benefits to be Received Upon Involuntary Separation Not Related to a CIC Table

(1) Represents the estimated severance benefit equal to 2 times the sum of the executive's (i) current base salary and (ii) the target annual incentive for the year of termination. In addition, under Section 4.2 of the Senior Management Severance Plan, a pro-rated annual incentive award is payable upon involuntary separation or qualifying voluntary separation based on the days worked during the year of termination pursuant to the terms in the 2016 AIP. The amount above represents the executives' 2016 annual incentive payout (after company/business unit performance was determined and negative discretion was applied).

(2) Represents the estimated retirement benefit enhancement that consists of a one-time lump sum payment based on the actuarial present value of a benefit under the non-qualified pension plan assuming that the severance pay period was taken into account for purposes of vesting, and the severance pay constituted covered compensation for purposes of the non-qualified pension plan.

(3) The Value of Unvested Equity Awards includes the following:

a. the value of the executive's unvested performance share units. The amount above includes the number of unvested shares earned for the 2014-2016 performance share unit award. It is assumed the 2014, 2015 and 2016 performance shares are earned at target. The value of the shares is based on Exelon's closing stock price on December 30, 2016 of $35.49; and

b. the accelerated portion of the executives' restricted stock award that, per the applicable award agreement, would vest upon an involuntary separation not related to a change in control. The value of the shares is based on Exelon's closing stock price on December 30, 2016 of $35.49.

(4) Estimated costs of healthcare, life insurance, and long-term disability coverage which continue during the severance period.

(5) Estimated costs of outplacement and financial planning services for up to 12 months for all NEOs.

(6) The estimate of total payments and benefits is based on a December 31, 2016 termination date. The executives are participants in the Senior Management Severance Plan and severance benefits are determined pursuant to Section 4 of the Severance Plan.

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Executive Compensation Data

Estimated Value of Benefits to be Received Upon a Qualifying Termination following a Change in Control

The following table shows the estimated value of payments and other benefits to be conferred upon the NEOs assuming they were terminated upon a qualifying change in control as of December 31, 2016. The company has entered into Change in Control agreements with Messrs. Crane, Cornew, O'Brien, Thayer and Von Hoene. These payments and benefits are in addition to the present value of accumulated benefits from the NEO's qualified and non-qualified pension plans shown in the tables within the Pension Benefit section and the aggregate balance due to each NEO that is shown in tables within the Nonqualified Deferred Compensation section.

Name (a)	Cash Payment ($) (Note 1) (b)	Retirement Benefit Enhance-ment ($) (Note 2) (c)	Value of Unvested Equity Awards ($) (Note 3) (d)	Health and Welfare Benefit Continuation ($) (Note 4) (e)	Perquisites and Other Benefits ($) (Note 5) (f)	Potential Scaleback ($) (Note 6) (h)	Total Value of All Payments and Benefits ($) (Note 7) (i)
Crane	$ 11,063,000	$ 4,832,000	$ 30,695,000	$ 170,000	$ 40,000	Not required	$ 46,800,000
Thayer	5,735,000	270,000	9,435,000	49,000	40,000	(2,507,496)	13,021,504
Von Hoene	6,038,000	362,000	9,100,000	67,000	40,000	Not required	15,607,000
Cornew	6,466,000	392,000	10,109,000	59,000	40,000	Not required	17,066,000
O'Brien	6,089,000	249,000	7,655,000	113,000	40,000	Not required	14,146,000

Notes to Benefits to be Received Upon a Qualifying Termination following a CIC Table

(1) Represents the estimated cash severance benefit equal to 2.99 times the sum of the executive's (i) current base salary and (ii) Severance Incentive. Also, this amount includes an additional payment for Mr. O'Brien of $35,000.
Under Section 4.1(a)(ii) of the CIC Employment Agreement, the executive's target incentive award is payable upon termination (but capped at actual performance before the application of negative discretion). The amounts above represent the executives' 2016 target annual incentive.

(2) Represents the estimated retirement benefit enhancement that consists of a one-time lump sum payment based on the actuarial present value of a benefit under the non-qualified pension plan assuming that the severance pay period was taken into account for purposes of vesting, and the severance pay constituted covered compensation for purposes of the non-qualified pension plan.

(3) The Value of Unvested Equity Awards includes the following:
a. the value of the executives' unvested performance share units. Pursuant to Section 4.1(c) of the CIC Employment Agreement, all of the shares will vest upon termination at the actual level earned and awarded. The amount above includes the number of unvested shares earned for the 2014-2016 performance share unit award. It is assumed the 2014, 2015 and 2016 performance shares are earned at target. The value of the shares is based on Exelon's closing stock price on December 30, 2016 of $35.49; and
b. the value of the executives' restricted stock that, pursuant to Section 4.1(d) of the CIC Employment Agreement or the terms of the award, would vest upon a qualifying termination following a change in control. The value of the shares is based on Exelon's closing stock price on December 30, 2016 of $35.49.

(4) Estimated costs of healthcare, life insurance and long-term disability coverage which continue during the severance period.

(5) Estimated costs of outplacement and financial planning services for up to 12 months for all NEOs.

(6) In 2009, the compensation committee adopted a policy that no future employment or severance agreements will provide for an excise tax gross-up payment. In 2016, the compensation committee also removed the excise tax gross-up payment from all existing agreements.

(7) The estimate of total payments and benefits is based on a December 31, 2016 termination date. The company has entered into change in control employment agreement with all of the executives.

Advisory Vote on the Frequency of an Advisory Vote on Executive Compensation

PROPOSAL 4: ADVISORY VOTE ON THE FREQUENCY OF AN ADVISORY VOTE ON EXECUTIVE COMPENSATION

The Dodd-Frank Wall Street Reform and Consumer Protection Act and SEC rules provide that shareholders be given the opportunity to cast an advisory (non-binding) vote on how often the company should include an advisory vote on executive compensation in its proxy materials for future annual shareholder meetings. Under this Proposal No. 4, shareholders may vote to have the say-on-pay vote every year, every two years, or every three years, or shareholders may abstain from voting on this proposal.

Our shareholders voted on a similar proposal in 2011, with the majority voting to hold the say-on-pay vote every year. Our board of directors continues to believe that an annual advisory vote on executive compensation is the appropriate alternative for Exelon. Exelon values the direct input it receives from shareholders on executive compensation and other matters. An annual advisory vote on executive compensation is consistent with our policy of seeking input from and engaging in discussions with our shareholders on corporate governance matters and our executive compensation philosophy, policies and practices. Given the large number of Exelon shareholders, we are unable to receive direct feedback from each of our shareholders. We believe that an annual advisory vote on the compensation of our named executive officers will allow all of our shareholders to provide us with their general input on our compensation philosophy, policies and practices while we continue to seek direct input from shareholders through other means. Our board of directors therefore recommends that you vote for a one-year interval for the advisory vote on executive compensation.

The proxy card provides shareholders with the opportunity to choose among four options (holding the vote every year, every two years or every three years, or abstaining) and, therefore, shareholders will not be voting to approve or disapprove the board's recommendation.

The option on the frequency of the advisory vote on the compensation of our named executive officers that receives the most votes from shareholders will be considered by the board and the compensation committee as the shareholders' recommendation as to the frequency of future advisory votes on our compensation philosophy, policies and practices. However, the outcome of this advisory vote on the frequency of the advisory vote on the compensation of our named executive officers is not binding on us or our board.

Exelon expects that the question of frequency of say-on-pay voting will be presented for a vote of shareholders again in 2023.

The board of directors unanimously recommends a vote for the option of "ONE YEAR" as the preferred frequency for future advisory votes on executive compensation.

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Communication with the Board of Directors

PROCESS FOR SHAREHOLDER COMMUNICATIONS WITH THE BOARD

Shareholders and other interested persons can communicate with any director or the independent directors as a group by writing to them, c/o Bruce G. Wilson, Senior Vice President, Deputy General Counsel and Corporate Secretary, Exelon Corporation, 10 South Dearborn Street, P.O. Box 805398, Chicago, Illinois 60680-5398. The board has instructed the Corporate Secretary to review communications initially and transmit a summary to the directors and to exclude from transmittal any communications that are commercial advertisements, other forms of solicitation, general shareholder service matters or individual service or billing complaints. Under the board policy, the Corporate Secretary will forward to the directors any communication raising substantial issues. All communications are available to the directors upon request. Shareholders may also report an ethics concern with the Exelon Ethics Hotline by calling 1-800-23-Ethic (1-800-233-8442). You may also report an ethics concern via the Internet at EthicsOffice@ExelonCorp.com.

SHAREHOLDER PROPOSALS

If you want to submit a proposal for possible inclusion in next year's proxy statement, you must submit it in writing to the Corporate Secretary, Exelon Corporation, 10 South Dearborn Street, P.O. Box 805398, Chicago, Illinois 60680-5398. Exelon must receive your proposal on or before November 15, 2017. Exelon will consider only proposals meeting the requirements of the applicable rules of the Securities and Exchange Commission. Under our Bylaws, the proposal must also disclose fully all ownership interests the proponent has in Exelon and contain a representation as to whether the shareholder has any intention of delivering a proxy statement to the other shareholders of Exelon.

We strongly encourage any shareholder interested in submitting a proposal to contact our Corporate Secretary in advance of this deadline to discuss the proposal, and shareholders may want to consult knowledgeable counsel with regard to the detailed requirements of applicable securities laws. Submitting a shareholder proposal does not guarantee that we will include it in our proxy statement. Our corporate governance committee reviews all shareholder proposals and makes recommendations to the board for action on such proposals.

Additionally, under our Bylaws, for a shareholder to bring any matter before the 2018 annual meeting that is not included in the 2017 proxy statement, the shareholder's written notice must be received by the Corporate Secretary not less than 120 days prior to the first anniversary of the mailing date of this proxy statement, which will be November 15, 2017.

DIRECTOR NOMINATIONS

A shareholder who wishes to recommend a candidate (including a self-nomination) to be considered by the Exelon corporate governance committee for nomination as a director must submit the recommendation in writing to the Chair of the Corporate Governance Committee, c/o Bruce G. Wilson, Senior Vice President, Deputy General Counsel and Corporate Secretary, Exelon Corporation, 10 South Dearborn Street, P.O. Box 805398, Chicago, Illinois 60680-5398. The corporate governance committee will consider all recommended candidates and self-nominees when making its recommendation to the full board of directors to nominate a slate of directors for election.

- **Nominations for 2017.** Under the Exelon Bylaws, the deadline has passed for a shareholder to nominate a candidate (or nominate himself or herself) for election to the board of directors at the 2017 annual meeting.

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Communication with the Board of Directors

- **Nominations for 2018.** There are several ways a shareholder may nominate a candidate for election as a director or to stand for election at the 2018 annual meeting. As noted above, a shareholder may submit a recommendation to the corporate governance committee, which will consider the nomination when making recommendations to the full board for nominations for director.

A shareholder may also use one of two alternative provisions of Exelon's Bylaws to nominate a candidate for election as a director. Under one provision of the Bylaws currently in effect, a shareholder must comply with the following: (1) notice of the proposed nomination must be received by Exelon no later than November 15, 2017; (2) the notice must include information required under the Bylaws, including: (a) information about the nominating shareholder, (b) information about the candidate that would be required to be included in a proxy statement under the rules of the SEC, (c) a representation as to whether the shareholder intends to deliver a proxy statement to the other shareholders of Exelon, and (d) the signed consent of the candidate to serve as a director of Exelon, if elected. Under this procedure, any shareholder can nominate any number of candidates for director for election at the annual meeting, but the shareholder's nominees will not be included in Exelon's proxy statement or form of proxy for the meeting.

A shareholder who meets criteria in the Exelon Bylaws may also nominate a limited number of candidates for election as directors through provisions commonly referred to as "proxy access." Subject to the requirements set forth in the Bylaws, any shareholder or group of up to 20 shareholders holding both investment and voting rights with respect to at least 3% of Exelon's outstanding common stock continuously for at least 3 years may nominate up to 20% of the Exelon directors to be elected (2 directors on Exelon's current board of 13 directors). The nominating shareholder(s) must comply with the following, among other detailed requirements specified in the Bylaws: (1) notice of the proposed nomination and other required information must be received by Exelon no earlier than October 16, 2017 and no later than November 15, 2017; (2) the notice must include information required under the Bylaws, including: (a) information about the nominating shareholder(s), (b) information about the candidate(s) including information that would be required to be included in a proxy statement under the rules of the SEC, and (c) the signed consent of each candidate to serve as a director of Exelon, if elected. Under this procedure, the shareholder's nominees will be included in the Exelon proxy statement and the form of proxy for the meeting.

A shareholder who wishes to submit a nomination is encouraged to seek the advice of legal counsel regarding the requirements of the SEC and Exelon's Bylaws. Exelon will not consider any proposal or nomination that does not comply with the requirements of the SEC and Exelon's Bylaws.

Exelon's Bylaws are amended from time to time. Please review the Bylaws on our website to determine if any changes to the nomination process or requirements have been made.

AVAILABILITY OF CORPORATE DOCUMENTS

The Exelon Corporate Governance Principles, the Exelon Code of Business Conduct, the Exelon Amended and Restated Bylaws, and the charters for the audit, corporate governance, compensation and leadership development and other committees of the board of directors are available on the Exelon website at www.exeloncorp.com , on the Governance page under the Investors tab. Copies may be printed from the Exelon website and copies are available without charge to any shareholder who requests them by writing to Bruce G. Wilson, Senior Vice President, Deputy General Counsel and Corporate Secretary, Exelon Corporation, 10 South Dearborn Street, P.O. Box 805398, Chicago, Illinois 60680-5398. In addition, our Articles of Incorporation, Compensation Consultant Independence Policy, Political Contributions Guidelines, biographical information concerning each director, and all of our filings submitted to the SEC are available on our website. Access to this information is free of charge to any user with internet access. Information contained on our website is not part of this proxy statement.

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Frequently Asked Questions

Can I access the Notice of Annual Meeting and Proxy Statement and the 2016 Financial Report on the Internet?

As permitted by SEC rules, we are making this proxy statement and our annual report available to shareholders electronically via the internet at www.proxyvote.com. On March 15, 2017, we began mailing to our shareholders a notice containing instructions on how to access this proxy statement and our annual report and how to vote online. If you received that notice, you will not receive a printed copy of the proxy materials unless you request it by following the instructions for requesting such materials contained on the notice.

In addition, shareholders may request to receive proxy materials in printed form or electronically by email on an ongoing basis. Exelon encourages shareholders to take advantage of the availability of the proxy materials on the internet in order to save Exelon the cost of producing and mailing documents to you, reduce the amount of mail you receive and help preserve resources.

Shareholders of Record: If you vote on the internet at www.proxyvote.com, simply follow the prompts for enrolling in the electronic delivery service.

Beneficial Owners: You also may be able to receive copies of these documents electronically. Please check the information provided in the proxy materials sent to you by your bank, broker or other holder of record regarding the availability of this service.

Do I need a ticket to attend the annual meeting?

You will need an admission ticket or proof of ownership to enter the annual meeting.

If you are a shareholder of record the bottom half of your proxy card will serve as your admission ticket.

If your shares are held in the name of a bank, broker, or other holder of record and you plan to attend the meeting, you must present proof of your ownership of Exelon stock as you enter the meeting, such as a bank or brokerage account statement. If you would rather have an admission ticket, you can obtain one in advance by mailing a written request, along with proof of your ownership of Exelon stock, to:

> Annual Meeting Admission Tickets c/o Bruce G. Wilson, Senior Vice President, Deputy General Counsel and Corporate Secretary, Exelon Corporation, 10 South Dearborn Street, P.O. Box 805398 Chicago, Illinois 60680-5398.

Shareholders also must present a form of personal photo identification in order to be admitted into the meeting.

No cameras, audio or video recording equipment, similar electronic devices, large bags, briefcases or packages will be permitted into the meeting or adjacent areas. Cell phones and similar wireless communication devices will be permitted in the meeting only if turned off. All items brought into the meeting will be subject to search.

Who is entitled to vote at the annual meeting?

Holders of Exelon common stock as of 5:00 p.m. New York Time on March 3, 2017 are entitled to receive notice of the annual meeting and to vote their shares at the meeting. As of that date, there were 925,763,160 shares of common stock outstanding and entitled to vote. Each share of common stock is entitled to one vote on each matter properly brought before the meeting.

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Frequently Asked Questions

What is the difference between holding shares as a shareholder of record and as a beneficial owner?

If your shares are registered directly in your name with Exelon's transfer agent, Wells Fargo Shareowner Services, you are the "shareholder of record" of those shares. This Notice of Annual Meeting and Proxy Statement and accompanying documents have been provided directly to you by Exelon.

If your shares are held in a stock brokerage account or by a bank or other holder of record, you are considered the "beneficial owner" of those shares. This Notice of Annual Meeting and Proxy Statement and the accompanying documents have been forwarded to you by your broker, bank or other holder of record. As the beneficial owner, you have the right to direct your broker, bank or other holder of record how to vote your shares by using the voting instruction card or by following their instructions for voting by telephone or on the Internet.

How do I vote?

Your vote is important. We encourage you to vote promptly. Internet and telephone voting are available through 11:59 p.m. Eastern Time on April 24, 2017. You may vote in the following ways:

- **By Internet.** If you have internet access, you may vote by internet. You will need the control number included on your proxy card or voting instruction form (VIF), as applicable. You may vote in a secure manner at www.proxyvote.com 24 hours a day. You will be able to confirm that the system has properly recorded your votes, and you do not need to return your proxy card or VIF.
- **By Telephone.** If you are located in the United States or Canada, you can vote by calling the toll-free telephone number (1-800-690-6903) and following the recorded instructions. You will need the control number included on your Notice Regarding the Availability of Proxy Materials, proxy card or VIF, as applicable. You may vote by telephone 24 hours a day. The telephone voting system has easy-to-follow instructions and allows you to confirm that the system has properly recorded your votes. If you vote by telephone, you do not need to return your proxy card or your VIF.
- **By Mail.** If you are a holder of record and received a full paper set of materials, you can vote by marking, dating and signing your proxy card and returning it by mail in the postage-paid envelope provided. If you are a beneficial holder of shares held of record by a bank or broker or other street name, please complete and mail the VIF provided by the holder of record.
- **At the Annual Meeting.** If you are a shareholder of record and attend the annual meeting in person, you may use a ballot provided at the meeting to cast your vote. If you are a beneficial owner, you will need to have a legal proxy from your broker, bank or other holder of record in order to vote by ballot at the meeting.

May I revoke a proxy?

Yes. You may revoke a proxy at any time before the proxy is exercised by filing with the Corporate Secretary a notice of revocation, or by submitting a later-dated proxy by mail, telephone or electronically through the Internet. You may also revoke your proxy by attending the annual meeting and voting in person.

What is householding and how does it affect me?

Exelon has adopted a procedure approved by the SEC called "householding." Under this procedure, shareholders of record who have the same address and last name and do not participate in electronic delivery of proxy materials will receive only one copy of this Notice of Annual Meeting and Proxy Statement and the 2016 Annual Report, unless we are notified that one or more of these shareholders wishes to continue receiving individual copies. This procedure will reduce our printing costs and postage fees.

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Frequently Asked Questions

What are the voting requirements to elect the directors and to approve each of the proposals discussed in the Proxy Statement?

The presence of the holders of a majority of the outstanding shares of common stock entitled to vote at the annual meeting, in person or represented by proxy, is necessary to constitute a quorum.

Election of Directors: Majority Vote Policy

Under our Bylaws, directors must be elected by a majority of votes cast in uncontested elections. This means that the number of votes cast “for” a director nominee must exceed the number of votes cast “against” the nominee. An abstention will have no effect on the outcome of the vote because an abstention does not count as a vote cast. In contested elections, the vote standard would be a plurality of votes cast, in which case a withhold vote would have no effect on the vote’s outcome. In either case, broker non-votes will have no effect on the outcome of the vote because they are not considered votes cast.

Our Bylaws provide that, in an uncontested election, each director nominee must submit to the board before the annual meeting a letter of resignation that becomes effective only if the director fails to receive a majority of the votes cast at the annual meeting. The resignation of a director nominee who is not an incumbent director is automatically accepted by the board. The resignation of an incumbent director is tendered to the independent directors of the board for a determination of whether or not to accept the resignation. The board’s decision and the basis for the decision would be disclosed within 90 days following the certification of the final vote results.

Ratification of PricewaterhouseCoopers as Independent Auditor

The appointment of PricewaterhouseCoopers LLP as Exelon Corporation’s independent auditor requires an affirmative vote of a majority of shares of common stock represented at the annual meeting and entitled to vote thereon in order to be adopted. An abstention will have the effect of a vote “against” the ratification of the independent auditor.

Executive Compensation and Frequency of Vote on Executive Compensation

Under our bylaws, whenever any corporate action is to be taken by vote of the shareholders, it shall be authorized upon receiving an affirmative vote of a majority of the votes cast by all shareholders entitled to vote thereon, and abstentions will have the effect of a vote “against” the action. However, the votes on executive compensation and the frequency of the vote on executive compensation are advisory and are not binding on the company, the board of directors, or the compensation and leadership development committee in any way, as provided by law. Our board and the compensation and leadership development committee will review the results of the votes and input from shareholders and will take them into account in making a determination concerning executive compensation and the frequency of such advisory votes consistent with our record of shareowner engagement.

Could other matters be decided at the annual meeting?

At the date this proxy statement went to press, we did not know of any matters to be raised at the annual meeting other than those referred to in this proxy statement.

Who will count the votes?

Representatives of Broadridge Financial Communications and Exelon’s Office of Corporate Governance will tabulate the votes and act as inspectors of the election.

Frequently Asked Questions

Where can I find the voting results?

We will report the voting results in a Form 8-K to be filed with the SEC within four business days following the end of our annual meeting. We will report the company's decision on the frequency that the company will include a shareholder vote on the compensation of executives in its proxy materials no later than 150 calendar days after the annual meeting, but in no event later than 60 calendar days prior to the deadline for proposals for the 2018 annual meeting.

Who will pay for the cost of this proxy solicitation?

Exelon will pay the cost of soliciting proxies. Proxies may be solicited on our behalf by directors, officers or employees in person or by telephone, electronic transmission and facsimile transmission. We have hired Kingsdale Shareholder Services US to distribute and solicit proxies. We will pay Kingsdale Shareholder Services US a fee of $20,000 plus reasonable expenses for these services.

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Appendix

2016 Adjusted (non-GAAP) Operating Earnings

Exelon reports its financial results in accordance with accounting principles generally accepted in the United States (GAAP). Exelon supplements the reporting of financial information determined in accordance with GAAP with certain non-GAAP financial measures, including adjusted (non-GAAP) operating earnings per share. Adjusted (non-GAAP) operating earnings per share exclude certain costs, expenses, gains and losses and other specified items, including mark-to-market adjustments from economic hedging activities, unrealized gains and losses from nuclear decommissioning trust fund investments, merger and integration costs, certain costs incurred associated with the PHI acquisition, merger commitments related to the settlement of the PHI acquisition, the impairment of certain long-lived assets, plant retirements and divestitures, costs related to the cost management program, the non-controlling interest in Constellation Energy Nuclear Group, LLC, and other items as set forth in the reconciliation below.

The presentation of adjusted (non-GAAP) operating earnings per share is intended to enhance an investor's overall understanding of period over period financial results and provide an indication of Exelon's baseline operating performance by excluding items that are considered by management to be not directly related to the ongoing operations of the business. In addition, this information is among the primary indicators management uses as a basis for evaluating performance, allocating resources, setting incentive compensation targets and planning and forecasting of future periods. Accordingly, management uses adjusted (non-GAAP) operating earnings per share as a goal in its annual incentive plan. Adjusted (non-GAAP) operating earnings per share is not a presentation defined under GAAP and may not be comparable to other companies' presentations. Exelon provides adjusted (non-GAAP) operating earnings per share as supplemental information and in addition to earnings per share that are calculated and presented in accordance with GAAP. Adjusted (non-GAAP) operating earnings per share should not be deemed more useful than, a substitute for, or an alternative to earnings per share calculated and presented in accordance with GAAP.

A reconciliation of reported GAAP earnings per share to adjusted (non-GAAP) operating earnings per share for 2016 is presented below; amounts may not add due to rounding:

2016 Adjusted (non-GAAP) Operating Earnings (Loss) Per Share	**$ 2.68**
Adjustments:	
Mark-to-market impact of economic hedging activities	0.03
Unrealized (gains) losses related to NDT fund investments	(0.13)
Amortization of commodity contract intangibles	0.04
Merger and integration costs	0.12
Long-lived asset impairment	0.11
Asset retirement obligation	(0.08)
Reassessment of state deferred income taxes	0.01
Merger commitments	0.47
Plant retirements and divestitures	0.47
Cost management program	0.04
Like-kind exchange tax position	0.21
Curtailment of Generation growth and development activities	0.06
Non-controlling interest	0.11
2016 GAAP Earnings (Loss) Per Share	**$ 1.22**

Appendix

2014 PShare Scorecard

The table below reflects the 2014 PShare Scorecard, which uses a “stair-step” approach with no interpolation between data performance levels. Applies to the first year of the 2014-2016 PShare program.

2014 PShare Scorecard									
Goals	Metrics	Metric Weighting	Operating Company	Threshold	Target	Target Calibrated to	Disting-uished	Final Score	Actual Award vs. Metric Weighting
Financial Management	ROE	30.0%	Exelon Corp	7.00%	8.00%	Budget	9.00%	8.22%	30.0%
	FFO/Debt	30.0%	ExGen HoldCo	39.0%	40.6%	Budget	43.1%	41.0%	30.0%
Operational Excellence	Outage Duration (Average)	6.7%	BGE	113.0	95.0	2nd Quartile	91.5	92.0	2.79%
			ComEd	94.0	85.0	1st Quartile	84.0	84.0	3.35%
			PECO	94.0	88.0	1st Quartile	85.5	90.0	1.68%
	Outage Frequency (Average)	6.7%	BGE	1.12	0.97	2nd Quartile	0.91	0.77	3.35%
			ComEd	0.90	0.78	1st Decile	0.76	0.81	1.68%
			PECO	0.90	0.78	1st Decile	0.76	0.77	2.79%
	Net Fleetwide Capacity Factor	13.3%	Nuclear	91.3%	93.3%	1st Quartile	93.8%	94.2%	19.95%
	Dispatch Match	13.3%	Power	95.1%	97.1%	Internal Measure	97.9%	96.5%	9.98%
							Committee Approved Performance		105.56%

2015 PShare Scorecard

The table below reflects the 2015 PShare Scorecard, which uses a “stair-step” approach with no interpolation between data performance levels. Applies to the second year of the 2014-2016 PShare program and the first year of the 2015-2017 PShare program.

2015 PShare Scorecard									
Goals	Metrics	Metric Weighting	Operating Company	Threshold	Target	Target Calibrated to	Disting-uished	Final Score	Actual Award vs. Metric Weighting
Financial Management	ROE	30.0%	Exelon Corp	7.25%	7.75%	Budget	8.50%	8.23%	37.5%
	FFO/Debt	30.0%	ExGen HoldCo	27.0%	30.0%	Budget	42.7%	33.1%	30.0%
Operational Excellence	Outage Duration (Average)	6.7%	BGE	100.0	88.0	1st Quartile	85.0	91.0	1.68%
			ComEd	93.0	83.0	1st Quartile	82.0	82.0	3.35%
			PECO	93.0	87.0	1st Quartile	85.0	84.0	3.35%
	Outage Frequency (Average)	6.7%	BGE	1.00	0.80	1st Decile	0.76	0.82	1.68%
			ComEd	0.87	0.77	1st Decile	0.74	0.78	1.68%
			PECO	0.87	0.77	1st Decile	0.74	0.70	3.35%
	Net Fleetwide Capacity Factor	13.3%	Nuclear	91.1%	93.1%	1st Quartile	93.6%	93.9%	19.95%
	Dispatch Match	13.3%	Power	94.3%	96.6%	Internal Measure	97.8%	98.6%	19.95%
							Committee Approved Performance		122.48%

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Exelon Corporation
P.O. Box 805398
Chicago, IL 60680-5398

exeloncorp.com

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EXELON CORPORATION
10 SOUTH DEARBORN STREET
P.O. BOX 805398
CHICAGO, IL 60680-5398

VOTE BY INTERNET - www.proxyvote.com

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time on April 24, 2017. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS

If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

VOTE BY PHONE - 1-800-690-6903

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time on April 24, 2017. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

E20947-P87426-Z69468 KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

EXELON CORPORATION

The board of directors recommends voting FOR Proposals 1 through 3:

1. Election of Directors	For	Against	Abstain
Nominees:			
1a. Anthony K. Anderson	☐	☐	☐
1b. Ann C. Berzin	☐	☐	☐
1c. Christopher M. Crane	☐	☐	☐
1d. Yves C. de Balmann	☐	☐	☐
1e. Nicholas DeBenedictis	☐	☐	☐
1f. Nancy L. Gioia	☐	☐	☐
1g. Linda P. Jojo	☐	☐	☐
1h. Paul L. Joskow	☐	☐	☐
1i. Robert J. Lawless	☐	☐	☐
1j. Richard W. Mies	☐	☐	☐
1k. John W. Rogers, Jr.	☐	☐	☐
1l. Mayo A. Shattuck III	☐	☐	☐
1m. Stephen D. Steinour	☐	☐	☐
2. Ratification of PricewaterhouseCoopers LLP as Exelon's Independent Auditor for 2017.	☐	☐	☐
3. Advisory approval of executive compensation.	☐	☐	☐

For address changes and/or comments, please check this box and write them on the back where indicated. ☐

Please indicate if you plan to attend this meeting.	Yes	No
	☐	☐

The Board of Directors recommends you vote 1 year on the following proposal:	1 Year	2 Years	3 Years	Abstain
4. Advisory vote on the frequency of the advisory vote on executive compensation.	☐	☐	☐	☐

NOTE: Authority is also given to vote on all other matters that may properly come before the meeting or any adjournment thereof.

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name by authorized officer.

Signature [PLEASE SIGN WITHIN BOX]	Date	Signature (Joint Owners)	Date

V.1.2

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ADMISSION TICKET

To attend the annual meeting please detach and bring this ticket along with a valid photo ID and present them at the Shareholder Registration Table upon arrival. This ticket is not transferable.

No cameras, audio or video recording equipment, similar electronic devices, large bags, backpacks, briefcases or packages will be permitted in the meeting room or adjacent areas. Cell phones and similar wireless communication devices will be permitted in the meeting only if turned off. All items brought into the meeting will be subject to search.

NOTICE REGARDING INTERNET AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING

Exelon's Notice and Proxy Statement and Annual Report are available online at www.proxyvote.com . The electronic documents have been prepared to offer easy viewing and are completely searchable. The website will allow you to view the materials as you vote the shares. We believe that you will find this method of viewing Exelon's information and voting the shares more convenient.

We encourage you to vote the shares at www.proxyvote.com
and then register for the electronic delivery of Exelon's proxy materials for 2018 and beyond.

IF YOU WISH TO ATTEND THE ANNUAL MEETING, DETACH AND BRING THIS ADMISSION TICKET ALONG WITH A PHOTO ID

E20948-P87426-Z69468

EXELON CORPORATION

2017 COMMON STOCK PROXY

This proxy is solicited on behalf of the Board of Directors
for the Annual Meeting of Shareholders to be held
on Tuesday, April 25, 2017 at 9:00 A.M. Eastern Time at
1310 Point Street
10th Floor
Baltimore, Maryland

THOMAS S. O'NEILL and BRUCE G. WILSON, or either of them with power of substitution, are hereby appointed to vote as specified all shares of common stock which the shareholder(s) named on the proxy card is/are entitled to vote at the annual meeting described above or at any adjournment thereof, and in their sole discretion to vote upon all other matters that may be properly brought before the annual meeting. If the proxy card is signed and dated, but no votes are indicated, it will be voted as recommended by the Board of Directors.

The Northern Trust Company as trustee for the Exelon Employee Savings Plan, for which Northwest Plan Services, Inc. is the plan record keeper, or Vanguard Fiduciary Trust Company, trustee of the Pepco Holdings, Inc. Retirement Savings Plan is hereby authorized to execute a proxy with the identical instructions for any shares of common stock held in the respective plan for the benefit of any shareholder(s) named on this card. For all shares for which no valid instruction is timely received, the trustee of the respective plan is instructed to vote the shares in the same proportion as the shares that were affirmatively voted by shareholders participating in the respective plan.

Address Changes/Comments: _____

_____

(If you noted any Address Changes/Comments above, please mark corresponding box on the reverse side.)

Continued and to be signed on reverse side

V.1.2

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Errata Note:

The printed version of the proxy statement for the Exelon Corporation 2017 annual meeting of shareholders differs from the proxy statement as filed with the SEC on Schedule 14A in the following manner:

On page 90 of the printed version, the number of shares of common stock outstanding and entitled to vote as of the record date is shown as 960,506,317, which includes 34,743,157 shares held in treasury which are not entitled to vote. The correct figure, as presented in the filed proxy statement, is 925,763,160 shares of common stock outstanding and entitled to vote as of the record date.

Exelon Corporation does not believe that the difference is material to shareholders in connection with the annual meeting of shareholders. All voting calculations will be made using 925,763,160 shares of common stock outstanding and entitled to vote. The error was discovered on March 13 immediately after the proxy statement had been printed, and reprinting the proxy statement to correct the error would have risked a delay in the distribution of the proxy materials.

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a)
of the Securities Exchange Act of 1934
(Amendment No.)

Filed by the Registrant ☒ Filed by a Party other than the Registrant ☐

Check the appropriate box:

☐ Preliminary Proxy Statement

☐ **CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14a-6(e)(2))**

☒ Definitive Proxy Statement

☐ Definitive Additional Materials

☐ Soliciting Material Pursuant to §240.14a-12

EXELON CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

☒ No fee required.

☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

☐ Fee paid previously with preliminary materials.

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☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee

was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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March 19, 2015

NOTICE OF THE ANNUAL MEETING AND 2015 PROXY STATEMENT

To the shareholders of Exelon Corporation:

Our annual meeting of shareholders will be held on Tuesday, April 28, 2015 at 9:00 a.m. Central Time at Exelon Corporation headquarters, 10 S. Dearborn, Chicago, Illinois to:

1) Elect director nominees named in the attached proxy statement;
2) Ratify PricewaterhouseCoopers LLP as Exelon's independent auditor for 2015;
3) Approve the compensation of our named executive officers as disclosed in the attached proxy statement;
4) Approve the performance measures included in Exelon Corporation's 2011 Long-Term Incentive Plan;
5) Approve the management proposal regarding proxy access;
6) Vote on a shareholder proposal regarding proxy access, if properly presented at the meeting; and
7) Conduct any other business that properly comes before the meeting.

Shareholders of record as of March 10, 2015 are entitled to vote at the annual meeting.

On or about March 19, 2015, we will mail to our shareholders a Notice Regarding the Availability of Proxy Materials, which will indicate how to access our proxy materials on the Internet. By furnishing the Notice Regarding the Availability of Proxy Materials we are lowering the costs and reducing the environmental impact of our annual meeting.

Bruce G. Wilson
Senior Vice President,
Deputy General Counsel and Corporate Secretary

Your vote is important. We encourage you to vote promptly.
Internet and telephone voting are available through 11:59 p.m.
Eastern Time on April 27, 2015.

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Proxy Statement Summary

We are providing these proxy materials in connection with the solicitation by the board of directors of Exelon Corporation ("Exelon," the "company," "we," "us," or "our"), a Pennsylvania corporation, of proxies to be voted at our 2015 annual meeting of shareholders and at any adjournment or postponement. The annual meeting of shareholders will take place on April 28, 2015 at 9:00 a.m. Central Time at Exelon Corporation headquarters, 10 S. Dearborn, Chicago, Illinois.

MATTERS FOR SHAREHOLDER VOTING

At this year's annual meeting, we are asking our shareholders to vote on the following matters:

Proposal 1: Election of Directors

The board of directors recommends a vote FOR the election of the director nominees named in this proxy statement. See pages 1 through 11 for further information on the nominees.

Proposal 2: Appointment of PricewaterhouseCoopers LLP for 2015

The board of directors recommends a vote FOR this proposal. See page 32 for details.

Proposal 3: Advisory Approval of Executive Compensation

The board of directors recommends a vote FOR this proposal. See pages 33-76 for details.

Proposal 4: Approve Performance Measures included in Exelon Corporation's 2011 Long-Term Incentive Plan

The board of directors recommends a vote FOR this proposal. See pages 77-80 for details.

Proposal 5: Approve Management Proposal regarding Proxy Access

The board of directors recommends a vote FOR this proposal. See pages 81-85 for details.

Proposal 6: Shareholder Proposal regarding Proxy Access

The board of directors recommends a vote AGAINST this proposal. See pages 86-88 for details.

The board of directors knows of no other matters to be presented for action at the annual meeting. If any matter is presented from the floor of the annual meeting, the individuals serving as proxies intend to vote on these matters in the best interest of all shareholders. Your signed proxy card gives this authority to Darryl M. Bradford and Bruce G. Wilson.

Please refer to the material on pages 89-94 for information about how to cast your votes, who may attend the meeting, and other frequently asked questions.

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Proxy Statement Summary

GOVERNANCE HIGHLIGHTS

Exelon is committed to maintaining the highest standards of corporate governance. Strong corporate governance practices help us achieve our performance goals and maintain the trust and confidence of our investors, employees, customers, regulatory agencies and other stakeholders. Our corporate governance practices are described in more detail on pages 9-27 and in our Corporate Governance Principles which are available on the Exelon website at www.exeloncorp.com on the corporate governance page under the Investors tab.

Director Independence	• 11 of our 13 nominees are independent. • Our CEO is the only management director. • During 2014, all of our board committees (except the generation oversight committee and investment oversight committee) were composed exclusively of independent directors.
Board Leadership	• We have an independent Lead Director, selected by the independent directors. • The Lead Director serves as non-exclusive liaison between management and the other non-management directors. • The positions of Chairman and CEO are separated
Executive Sessions	• The independent directors regularly meet in executive sessions without management, at which the Lead Director presides.
Board Oversight of Risk Management	• Our board reviews Exelon's systematic approach to identifying and assessing risks faced by Exelon and our business units. • The board considers enterprise risk in connection with emerging trends or developments and the evaluation of capital investments and business opportunities. • The board's finance and risk committee oversees our risk management strategy, policies and practices and financial condition and risk exposures.
Stock Ownership Requirements	• Our independent directors must hold at least 15,000 shares of Exelon common stock within five years after joining the board. • Our CEO must, after five years of employment, hold Exelon Common Stock valued at six times base salary. • Executive vice presidents and higher officers must, within five years after employment or September 30, 2012, hold Exelon Common Stock, valued at three times base salary.
Board Practices	• Our board annually reviews its effectiveness as a group. • Continuing director education is provided during regular board and committee meetings. • Directors may not stand for election after age 75.
Accountability	• All directors stand for election annually. • In uncontested elections, directors must be elected by a majority of votes cast.

Proxy Statement Summary

2014 EXECUTIVE COMPENSATION HIGHLIGHTS

1 STRONG COMPANY PERFORMANCE

- Exelon's share price was up 35.4% for the year, with a total shareholder return of 40.6% (including reinvested dividends), outpacing the S&P 500 (14.0%) and our 20 company peer group (23.3%).
- Exelon Utilities completed the year with high performance across key operating areas including safety (top decile) and top quartile performance in all three utilities (BGE, ComEd and PECO) for both outage frequency and duration. See chart on page 53 for full details.
- Exelon Generation had exceptional plant performance in 2014, including nuclear capacity factor of over 94%, power dispatch match of nearly 97%, and renewables (wind and solar) energy capture of 95%.

2 STRONG EXECUTION OF M&A STRATEGY

- Executed a merger agreement to acquire Pepco Holdings Inc. (PHI) for $6.8 billion, with an anticipated closing in the second or third quarter of 2015.
- Divested five non-core power plants to yield $1.8 billion of pre-tax proceeds ($1.4 billion after-tax).
- Acquired two Midwest energy marketers (ProLiance and Integrys), virtually doubling the number of customers by adding over 1.2 million residential and commercial and industrial customers.
- Invested in a portfolio of Bloom Energy fuel cell products to further the Bloom partnership and advance Exelon's objectives in building its distributed generation business.

3 DECREASE IN CEO REPORTED COMPENSATION

- As reported in the summary compensation table on page 60, CEO pay decreased 13%, or 20% excluding the change in pension value and deferred compensation earnings. This decrease was attributed to the one-time, performance-based transition award. For more details refer to the transition award section on page 53.
- For 2014, CEO target total direct compensation was calibrated to approximate the market median of the 20 company peer group. For additional information, please see CEO pay-at-glance section on pages 39-41.

4 COMMITMENT TO SHAREHOLDER ENGAGEMENT

- The company met with investors holding approximately 46% of the outstanding shares (up from about 35% the prior year).
- No material plan design changes made for 2014, as shareholders expressed support for the design changes that we implemented in 2013. See page 41 for details.
- For 2015, the company is making a few enhancements based on shareholder feedback received during the fall 2014 outreach, including increasing the CEO's stock ownership target from 5X to 6X to align more closely with market practice.

5 STRONG INCENTIVE GOAL RIGOR

- The 2014 performance share goals, which are part of the LTI Program, were set at a level that resulted in eight of the ten underlying metrics being more challenging than the prior year, aligning with top quartile and top decile industry performance standards as shown on page 53.

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Cautionary Statements Regarding Forward-Looking Information

This proxy statement contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, that are subject to risks and uncertainties. The factors that could cause actual results to differ materially from the forward-looking statements made by Exelon Corporation include those factors discussed herein, as well as the items discussed in (1) Exelon's 2014 Annual Report on Form 10-K in (a) ITEM 1A. Risk Factors, (b) ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) ITEM 8. Financial Statements and Supplementary Data: Note 22 and (2) other factors discussed in filings with the SEC by Exelon. Readers are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of this proxy statement. Exelon does not undertake any obligation to publicly release any revision to its forward-looking statements to reflect events or circumstances after the date of this proxy statement.

Election of Directors

PROPOSAL 1: ELECTION OF DIRECTORS

DIRECTOR NOMINEES

Upon the recommendation of the corporate governance committee, the board nominated the 13 candidates named below for election as directors, each to serve a term ending with the annual meeting in 2016. Each of the nominees has agreed to be named in this proxy statement and to serve as a director, if elected. If any director is unable to stand for election, the board may reduce the number of directors or designate a substitute. In that case, shares represented by proxies may be voted for a substitute director. Exelon does not expect that any director nominee will be unable to serve.

The corporate governance committee believes that the current membership of the board represents an effective mix of directors in terms of the range of backgrounds and experience and diversity. The current board consists of directors who range in age from 56 to 74, with an average age of 64.2 and a median age of 67. The tenure of the directors is similarly varied, with one director having served since the company's creation in 2000, one since 2002, one since 2005, two since 2007, one since 2008, one since 2009, five since 2012 and one joining in 2013. Four directors come from the Chicago area, one from the Philadelphia area, while eight come from other parts of the country including major metropolitan areas such as New York and Washington, D.C.

The current directors have a wide diversity of experiences that fill the needs of the board and its committees. Eight directors are current or former CEOs of corporations; one is the former CEO of a university. Two directors have strong nuclear experience. Six directors have experience in banking and investment management. One has served in government and one has flag officer military experience. Individual directors have experience or expertise in accounting, utility regulation and operations, and environmental matters, law, the economics of energy and government affairs.

The board of directors held eight meetings during 2014. The board also attended a two-day strategy retreat with the senior officers of Exelon and subsidiary companies. All directors attended at least 75% of all board and committee meetings that they were eligible to attend, with an average attendance of approximately 98.36% across all directors for all board and committee meetings. Although Exelon does not have a formal policy requiring attendance at the annual shareholders meeting, all directors generally attend the annual meeting. Ms. Sue Gin who served as a director since 2000 passed away on September 26, 2014. Hon. Nelson Diaz, who served as a director since 2004, declined to stand for re-election to the board.

The board of directors unanimously recommends a vote "FOR" each of the director nominees below.

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Election of Directors

ANTHONY K. ANDERSON

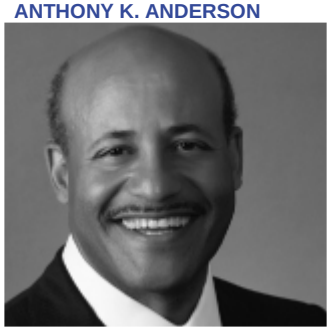

Retired Vice Chair and Midwest Area Managing Partner of Ernst & Young

Age: 59
Director since: 2013

Committees:
Chair-Audit Committee
Member-Finance and Risk Committee
Member-Generation Oversight Committee

In 2012, Mr. Anderson retired as the Vice Chair and Midwest Area Managing Partner of Ernst & Young, after a 35-year career with E&Y. In that capacity, Mr. Anderson oversaw a practice of 3,500 audit, tax, and transaction professionals serving clients through the Midwest. Mr. Anderson also served for six years in the Los Angeles area as managing partner of E&Y's Pacific Southwest region. Mr. Anderson also served as a member of Ernst & Young's governing body, the Americas Executive Board. Mr. Anderson currently serves on the boards of AAR Corp. (aerospace and defense), where he serves on the audit and compensation committees; Avery Dennison Corporation (labeling and packaging materials), where he serves on the audit and finance committee; and First American Financial Corporation (financial services), where he serves on the governance and nominating committee. Mr. Anderson also served as a director of the Federal Reserve Bank of Chicago from 2008-2010. Mr. Anderson is the chairman of the board of the Perspectives Charter School. He is also a member of the boards of Chicago Urban League, The Chicago Council on Global Affairs, the Regional Transportation Authority and World Business Chicago. In Los Angeles, Mr. Anderson served as chairman of Town Hall Los Angeles, the Children's Bureau of Southern California, and the California Science Center. Mr. Anderson is a member of the American, California, and Illinois Institute of Certified Public Accountants.
Mr. Anderson's experience as the vice chair of a global professional services firm and his training and experience as an audit partner and certified public accountant enhance his contribution to the Exelon board and add value to his experience on the audit, finance and risk and generation oversight committees.

ANN C. BERZIN

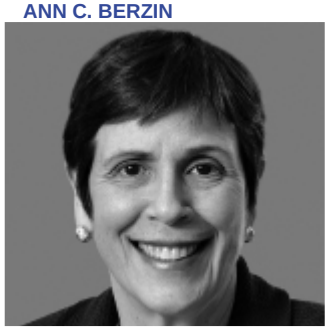

Former Chairman and Chief Executive Officer of Financial Guaranty Insurance Company (FGIC)

Age: 62
Director since: 2012

Committees:
Member-Audit Committee
Member-Finance and Risk Committee

Ms. Berzin has been a director of Exelon since March 12, 2012. Previously, Ms. Berzin served as a director of Constellation Energy Group from 2008 through March 2012 when Constellation merged with Exelon. From 1992 to 2001, Ms. Berzin served as Chairman and Chief Executive Officer of Financial Guaranty Insurance Company (FGIC), an insurer of municipal bonds, asset-backed securities and structured finance obligations. Ms. Berzin joined FGIC in 1985 as its General Counsel following seven years of securities law practice in New York City. Ms Berzin is a director of Ingersoll-Rand plc, Chair of its finance committee, and a member of its audit committee, and previously served as a director of Kindred Healthcare, Inc. (healthcare services) from 2006-2012. Ms. Berzin has broad business and executive leadership experience, as well as expertise in the financial services sector, which is particularly valuable in the area of risk management. Ms. Berzin also serves on the board of Baltimore Gas and Electric Company ("BGE"), an Exelon subsidiary.

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Election of Directors

JOHN A. CANNING, JR.

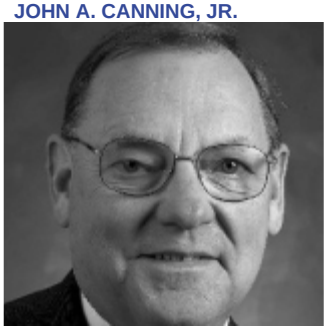

Chairman and co-founder of Madison Dearborn Partners, LLC

Age: 70
Director since: 2008

Committees:
Chair-Compensation and Leadership Development Committee
Member-Corporate Governance Committee

Mr. Canning is the Chairman and co-founder of Madison Dearborn Partners, LLC ("MDP"), which specializes in management buyout and growth equity investing. MDP has raised investment funds with more than $18 billion in limited partner commitments from over 400 endowments, pension funds and other sophisticated investors. MDP has made significant investments in the energy and power industry. Prior to co-founding Madison Dearborn Partners, Mr. Canning spent 24 years with First Chicago Corporation, where he managed the bank's venture investments. Mr. Canning has over 34 years of experience in private equity investing, including reviewing financial statements and audit results and making investment and acquisition decisions. Mr. Canning is a former director and Chairman of the Federal Reserve Bank of Chicago, giving him insight into economic trends important to the business of Exelon. Mr. Canning also serves on the board of Corning, Inc., a specialty glass and ceramics producer. Mr. Canning has also served on the board of directors of Jefferson Smurfit Group plc and on the audit committees of several charitable organizations, including the Irish Pension Reserve Fund. In addition to his business experience, he also has a law degree. Mr. Canning is a recognized leader in the Chicago business community with knowledge of the economy of the Midwestern United States and the northern Illinois communities that Exelon serves. Mr. Canning's business experience and service on the boards of other companies and organizations enable him to contribute to the work of the Exelon board. Mr. Canning's experience in banking and in managing investments, and his experience on the audit committees of other organizations, make him a valued member of the compensation and leadership development committee and the corporate governance committee.

CHRISTOPHER M. CRANE

President and Chief Executive Officer of Exelon Corporation

Age: 56
Director since: 2012

Committees:
Member-Generation Oversight Committee
Member-Investment Oversight Committee

Mr. Crane is President and Chief Executive Officer of Exelon Corporation since March 12, 2012. Previously, he served as President and Chief Operating Officer, Exelon; President and Chief Operating Officer, Exelon Generation since 2008. In that role, he oversaw one of the U.S. industry's largest portfolios of electric generating capacity, with a multi-regional reach and the nation's largest fleet of nuclear power plants. He directed a broad range of business including major acquisitions, transmission strategy, cost management initiatives, oversight of major capital programs, generation asset optimization and generation development. Mr. Crane is one of the leading executives in the electric utility and power industries. Mr. Crane served as a director of Aleris International Inc. from 2010 through October 2013 (manufacture and sale of aluminum rolled and extruded products), where he served on the compensation committee and as the chair of the nominating and corporate governance committee. He is a member of the executive committee of the Edison Electric Institute and the board of directors of the Institute of Nuclear Power Operations, the industry organization promoting the highest levels of safety and reliability in nuclear plant operation. He is vice chairman of the Nuclear Energy Institute, the nation's nuclear industry trade association, where he has also served as chairman of the New Plant Oversight Committee and as a member of the Nuclear Strategic Issues Advisory Committee, the Nuclear Fuel Supply Committee and the Materials Initiative Group. Mr. Crane also serves as chair of the boards of directors of Exelon subsidiaries BGE, Commonwealth Edison Company ("ComEd") and PECO Energy Company ("PECO").

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Election of Directors

YVES C. DE BALMANN

Former Co-Chairman of Bregal Investments LP

Age: 68
Director since: 2012

Committees:
Member-Audit Committee
Member-Compensation and Leadership Development Committee
Member-Finance and Risk Committee

Mr. de Balmann has been a director of Exelon since March 12, 2012. Mr. de Balmann served as a director of Constellation Energy Group from 2003 through March 2012 when Constellation merged with Exelon. Mr. de Balmann served as the Co-Chairman of Bregal Investments LP, a private equity investing firm, from September 2002 through December 2012. He was Vice-Chairman of Bankers Trust Corporation, in charge of Global Investment Banking, until its merger with Deutsche Bank in 1999 when he became Co-Head of Deutsche Bank's Global Investment Bank, and Co-Chairman and Co-Chief Executive Officer of Deutsche Banc Alex. Brown from June 1999 to April 2001, and then a Senior Advisor to Deutsche Bank AG from April 2001 to June 2003. Mr. de Balmann served as a director of Laureate Education, Inc. through December 2014; and he is non-executive Chairman of Conversant Intellectual Property Management. Mr. de Balmann has extensive experience in corporate finance, including the derivatives and capital markets.

NICHOLAS DEBENEDICTIS

Chairman, President and Chief Executive Officer of Aqua America Inc.

Age: 69
Director since: 2002

Committees:
Member-Corporate Governance Committee
Member-Finance and Risk Committee
Member-Generation Oversight Committee

Mr. DeBenedictis is the Chairman (since 1993), President and Chief Executive Officer (since 1992) of Aqua America Inc., a water utility with operations in 10 states. Aqua America is the second largest U.S.-based, publicly-traded water and wastewater company in the country. As CEO, Mr. DeBenedictis has experience in dealing with many of the same development, land use and utility regulatory issues that affect Exelon and its subsidiaries. Mr. DeBenedictis also has extensive experience in environmental regulation and economic development, having served in two cabinet positions in the Pennsylvania government, as Secretary of the Pennsylvania Department of Environmental Resources and as Director of the Office of Economic Development. He also spent eight years with the U.S. Environmental Protection Agency and was President of the Greater Philadelphia Chamber of Commerce for three years. Mr. DeBenedictis has also served as a director of P.H. Glatfelter, Inc. (global supplier of specialty papers and engineered products) since 1995, where he has served on the audit, compensation and finance, and nominating and corporate governance committees and currently serves as the chair of the finance committee and on the compensation committee. Mr. DeBenedictis served as a director of Met-Pro Corporation (global provider of solutions and products for product recovery, pollution control, and fluid handling applications) (1997-February 2010). While a director of Met-Pro, he served as presiding independent director, chair of the corporate governance and nominating committee and a member of the audit committee. Mr. DeBenedictis has a master's degree in environmental engineering and science. As a leader in the greater Philadelphia business community, he has knowledge of the communities and local economies served by PECO. Mr. DeBenedictis' contribution to the Exelon board is enhanced by his experience as the CEO of a public company, his experience on the boards of other companies, his experience as a utility executive, and his experience with environmental regulation, all of which bring useful perspectives to the Exelon board's finance and risk committee and the generation oversight committee. His prior experience as the presiding director and chair of the corporate governance committee of another public company offers additional insight to the functions of the Exelon corporate governance committee. Mr. DeBenedictis also serves on the boards of ComEd and PECO, which are Exelon subsidiaries.

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Election of Directors

PAUL L. JOSKOW, PH. D.

President of the Alfred P. Sloan Foundation

Age: 67
Director since: 2007

Committees:
Member-Audit Committee
Member-Finance and Risk Committee
Member-Investment Oversight Committee

Dr. Joskow has been the President of the Alfred P. Sloan Foundation since January 1, 2008. The Sloan Foundation is a philanthropic institution that supports research and education in science, technology and economic performance. He is also the Elizabeth and James Killian Professor of Economics and Management Emeritus at the Massachusetts Institute of Technology (MIT). Dr. Joskow joined the MIT faculty in 1972 and served as head of the MIT Department of Economics (1994-1998) and Director of the MIT Center for Energy and Environmental Policy Research (1999-2007). At MIT he was engaged in teaching and research in the areas of industrial organization, energy and environmental economics, competition policy, and government regulation of industry for over 35 years. Much of his research and consulting activity has focused on the electric power industry, electricity pricing, fuel supply, demand, generating technology, and regulation. He is a Fellow of the American Academy of Arts and Sciences, the Econometric Society and a Distinguished Fellow of the American Economic Association. He has served on the U.S. Environmental Protection Agency's ("EPA") Acid Rain Advisory Committee, on the Environmental Economics Committee of EPA's Science Advisory Board, and on the National Commission on Energy Policy. He presently serves on the Secretary of Energy Advisory Board. He served as the Chair of the National Academies Board of Science, Technology and Economic Policy through March 1, 2015. He is also a Trustee of the Putnam Mutual Funds. In addition to his teaching, research, publishing and consulting activities, he has experience in the energy business, serving as a director of New England Electric System, a public utility holding company (1987-2000), until it was acquired by National Grid. He then served as a director of National Grid plc, an international electric and gas utility holding company, and one of the largest investor-owned utilities in the world (2000-2007). Dr. Joskow served as a director of TransCanada Corporation from 2004 until March 2013. TransCanada is an energy infrastructure company with gas pipelines, oil pipelines, electric power operations, and natural gas storage facilities. He served on the audit and governance committees of TransCanada. He previously served on the audit committee of National Grid (2000-2005) and was chair of its finance committee until 2007. He also served on the audit committee of New England Electric System and as the chair of the audit committee of the Putnam Mutual Funds (2002-2005).

ROBERT J. LAWLESS

Former Chairman of the Board of McCormick & Company, Inc.

Age: 68
Director since: 2012

Committees:
Chair-Corporate Governance Committee
Member-Compensation and Leadership Development Committee

Mr. Robert J. Lawless has been a director of Exelon since March 12, 2012. Mr. Lawless served as a director of Constellation Energy Group from 2002 through March 2012 when Constellation merged with Exelon. Mr. Lawless served as Chairman of the Board of McCormick & Company, Inc. (food manufacturing industry) from January 1997 until March 2009, having also served as President until December 2006 and Chief Executive Officer until January 2008, and is now retired. He is also a director of The Baltimore Life Insurance Company. Mr. Lawless has extensive executive leadership and strategic planning experience. As a former chief executive officer of a public company, he can provide a critical perspective on issues affecting public companies. Mr. Lawless serves on the compensation and leadership development committee and as the chair of the corporate governance committee.

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Election of Directors

RICHARD W. MIES

President and Chief Executive Officer of The Mies Group, Ltd.

Age: 70
Director since: 2009

Committees:
Chair-Generation Oversight Committee
Member-Audit Committee
Member-Corporate Governance Committee (through January 28, 2014)
Member-Finance & Risk Committee

Admiral Mies is President and Chief Executive Officer of The Mies Group, Ltd, a private consulting firm that provides strategic planning and risk assessment advice and assistance to clients on international security, energy, defense, and maritime issues. A distinguished graduate of the Naval Academy, he completed a 35-year career as a nuclear submariner in the US Navy. Admiral Mies has a wide range of operational command experience; he served as the senior operational commander of the US Submarine Force and he commanded U.S. Strategic Command for four years prior to retirement in 2002. He subsequently served as a Senior Vice President of Science Applications International Corporation, a provider of scientific and engineering applications for national security, energy, and environment, and as the President and Chief Executive Officer of Hicks and Associates, Inc, a subsidiary of SAIC from 2002-2007. Admiral Mies served as a director of Mutual of Omaha, an insurance and banking company, from 2002-2014, where he chaired the governance committee and served as a member of the audit, compensation, investment, and executive committees. From 2008–2010 Admiral Mies was a director of McDermott International, an engineering and construction company focused on energy infrastructure, where he served on the audit and governance committees. In 2010 he transitioned to the board of Babcock and Wilcox ("B&W") when that company spun off from McDermott International. He is chair of B&W's safety and security committee and a member of the governance committee. He is also a member of the Boards of Governors of Los Alamos and Lawrence Livermore National Security LLCs that operate their respective national laboratories. In addition to an undergraduate degree in mechanical engineering and mathematics, Admiral Mies completed post-graduate education at Oxford University, the Fletcher School of Law and Diplomacy, and Harvard University and holds a Masters degree in government administration and international relations. Admiral Mies makes a unique contribution to Exelon's generation oversight, finance and risk, and audit committees through his extensive leadership experience with nuclear power and strategic planning in the Navy and in business and through his experience on the boards of other companies.

WILLIAM C. RICHARDSON, PH. D.

President and Chief Executive Officer Emeritus of the W.K. Kellogg Foundation

Age: 74
Director since: 2005

Committees:
Lead Director
Member-Audit Committee
Member-Compensation and Leadership Development Committee
Member-Corporate Governance Committee
Member-Investment Oversight Committee (through January 28, 2014)

Dr. Richardson serves as lead director. Dr. Richardson is the President and Chief Executive Officer Emeritus of the W.K. Kellogg Foundation, a private foundation, and the President and Chief Executive Officer Emeritus of Johns Hopkins University. Dr. Richardson served as the President and CEO of the W. K. Kellogg Foundation until his retirement (1995-2005). He also served as chairman of the Kellogg Trust (1996-2007). In that position he and two other trustees directly oversaw the management of an approximately $7.7 billion fund, including a significant position in Kellogg Company (cereal and convenience foods). He was the President of Johns Hopkins University (1990-1995), and Executive Vice President and Provost of Pennsylvania State University (1984-1990). He is a member of the Institute of Medicine, National Academy of Sciences. Dr. Richardson has served as a director of The Bank of New York Mellon Corporation since 1998; of CSX Corporation (railroad) (1992-2008); and of Kellogg Company (1996-2007). Dr. Richardson serves on the audit and corporate governance and nominating committees of Bank of New York Mellon Corporation, and previously served on the audit, governance, and compensation committees of CSX. He was chair of the governance and compensation committees and lead director of CSX, and chair of the finance committee of Kellogg. Dr. Richardson has an MBA and PhD. from the University of Chicago Graduate School of Business. Dr. Richardson's experience as CEO of a large international research university and in leading a large investment fund and serving as a director of three major corporations and as a member of their governance, audit, risk and compensation committees make him qualified to serve as a director of Exelon. Through his experience, including experience on the committees of other organizations, Dr. Richardson contributes to the work of the Exelon audit, compensation and leadership development and corporate governance committees.

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Election of Directors

JOHN W. ROGERS, JR.

Chairman and CEO of Ariel Investments, LLC

Age: 56
Director since: 2000

Committees:
Chair-Investment Oversight Committee
Member-Corporate Governance Committee

Mr. Rogers is the founder, Chairman and CEO of Ariel Investments, LLC, an institutional money management firm with over $9 billion in assets under management, and serves as trustee of the Ariel Investment Trust. Since 2003, he has served as a director of McDonald's Corporation (global foodservice retailer) where he has served on the compensation, finance and corporate responsibility committees. Previously, he served as a director of Aon Corporation (risk management services, insurance and reinsurance brokerage and human capital and management consulting services) (1993-2012), where he served on the finance committee and as chair of the audit committee; GATX corporation (rail, marine and industrial equipment leasing) (1998-2004), where he served on the audit committee; Bank One Corporation (bank) (1998-2004), where he served on the audit and risk management and public responsibility committees; and Bally Total Fitness (fitness and health clubs) (2003-2006), where he served as the lead independent director and as chair of the compensation committee. Mr. Rogers' experience on the boards of a number of major corporations based in Chicago in a variety of industries has made him a leader in the Chicago business community with perspective into Chicago business developments. His role in Chicago's and the nation's African-American community brings diversity to the board and emphasis to Exelon's diversity initiatives and community outreach. His experience in investment management and financial markets and as a director of an insurance brokerage and services company are useful to Exelon, particularly with respect to risk management and the management of Exelon's extensive nuclear decommissioning and pension and post-retirement benefit trust funds, which are overseen by the investment oversight committee, which he chairs. Mr. Rogers' service on the boards and committees of other companies has given him experience that adds further depth to the Exelon corporate governance committee. He has spoken at and participated in a number of corporate governance conferences. He was named by the Outstanding Directors Exchange as one of six 2010 Outstanding Directors.

MAYO A. SHATTUCK III

Former Chairman, President and Chief Executive Officer of Constellation Energy

Age: 60
Director since: 2012

Committees:
Member-Generation Oversight Committee
Member-Investment Oversight Committee

Mr. Shattuck is Chairman of the Board of Exelon Corporation. Previously, Mr. Shattuck served as the Executive Chairman from March 2012 to February 2013. Prior to joining Exelon, Mr. Shattuck was the Chairman, President and Chief Executive Officer of Constellation Energy, a position he held from 2001 to March 2012. Mr. Shattuck was previously at Deutsche Bank, where he served as Chairman of the Board of Deutsche Bank Alex. Brown and, during his tenure, served as Global Head of Investment Banking and Global Head of Private Banking. From 1997 to 1999, he served as Vice Chairman of Bankers Trust Corporation, which merged with Deutsche Bank in June 1999. From 1991 until 1997, Mr. Shattuck was President and Chief Operating Officer and a Director of Alex. Brown Inc., which merged with Bankers Trust in September 1997. Mr. Shattuck is the past Chairman of the Board of the Institute of Nuclear Power Operations and was previously a member of the executive committee of the board of Edison Electric Institute. He was also Co-Chairman of the Center for Strategic & International Studies Commission on Nuclear Policy in the United States. He currently serves on the board of directors of Gap Inc. and is chairman of its audit and finance committee. He also serves as a director of Capital One Financial Corporation, where he is chairman of its compensation committee. Mr. Shattuck's qualifications to serve as director include his extensive experience in business and the energy industry in particular, gained from his service as Constellation Energy's Chief Executive Officer, which enables him to effectively identify strategic priorities and execute strategy. His financial expertise gained from his years of experience in the financial services industry also brings a valuable perspective to the board.

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Election of Directors

STEPHEN D. STEINOUR

Chairman, President and Chief Executive Officer of Huntington Bancshares Incorporated

Age: 56
Director since: 2007

Committees:
Chair-Finance & Risk Committee
Member-Audit
Member-Compensation and Leadership Development Committee (through January 28, 2014)

In January 2009, Mr. Steinour was elected the Chairman, President and Chief Executive Officer of Huntington Bancshares Incorporated, a $64 billion regional bank holding company. Previously, he was the Chairman and Managing Partner of CrossHarbor Capital Partners, a private equity firm (2008-January 2009). From 2006 to 2008, he was President and CEO of Citizens Financial Group, Inc., a multistate commercial bank holding company. Prior to that, Mr. Steinour served as Vice Chairman and Chief Executive Officer of Citizens Mid-States regional banking (2005-2006). He served as Vice Chairman and Chief Executive Officer of Citizens Mid-Atlantic Region (2001-2005). At the beginning of his career, Mr. Steinour was an analyst for the U.S. Treasury Department and subsequently worked for the Federal Deposit Insurance Corporation. Mr. Steinour was a member of the board of trustees of the Liberty Property Trust (an office and industrial property real estate investment trust) from February 2010 until May 2014, where he served on its audit and compensation committees. Mr. Steinour was elected to the board of directors of L Brands (fashion retailer) in January 2014. He was elected to The Ohio State University Wexner Medical Center Board in November of 2013. Mr. Steinour is a member of council of The Pennsylvania Society, a non-profit, charitable organization which celebrates service to the Commonwealth of Pennsylvania. He also serves as a trustee of the Eisenhower Fellowships and is a member of the Columbus Partnership and a Trustee of the Columbus Downtown Development Corporation. He is a member of the American Bankers Association. Mr. Steinour also served as a member on the policy and legal affairs committees of the Pennsylvania Business Roundtable, an association of CEOs in large Pennsylvania companies representing significant employment and economic activity in the Commonwealth. He also has served on the board of and as the chairman of the Greater Philadelphia Chamber of Commerce. His experience at Citizens Bank gave him knowledge of the markets that Exelon Generation and PECO serve. His experience as a banker, with strong credit and risk management experience and knowledge of credit and capital markets, and his experience as Chairman and CEO of Huntington Bancshares enhances Mr. Steinour's value to the Exelon board and to the finance and risk and audit committees.

Election of Directors

DIRECTOR INDEPENDENCE

Under Exelon's Corporate Governance Principles, a substantial majority of the board must be composed of independent directors, as defined by the NYSE. In addition to complying with the NYSE rules, Exelon monitors the independence of audit and compensation and leadership development committee members under rules of the SEC (for members of the audit committee and compensation and leadership development committee) and the Internal Revenue Service (for members of the compensation and leadership development committee). The board has adopted independence criteria corresponding to the NYSE rules for director independence and the following categorical standards to address those relationships that are not specifically covered by the NYSE rules:

1. A director's relationship with another company with which Exelon does business will not be considered a material relationship that would impair the director's independence if the aggregate of payments made by Exelon to that other company, or received by Exelon from that other company, in the most recent fiscal year, is less than the greater of $1 million or 5% of the recipient's consolidated gross revenues in that year. In making this determination, a commercial transaction will not be deemed to affect a director's independence, if and to the extent that: (a) the transaction involves rates or charges that are determined by competitive bidding, set with reference to prevailing market prices set by a well-established commodity market, or fixed in conformity with law or governmental authority; or (b) the provider of goods or services in the transaction is determined by the purchaser to be the only practical source for the purchaser to obtain the goods or services.
2. If a director is a current employee, or a director's immediate family member is an executive officer, of a charitable or other tax-exempt organization to which Exelon has made contributions, the contributions will not be considered a material relationship that would impair the director's independence if the aggregate of contributions made by Exelon to that organization in its most recent fiscal year is less than the greater of $1 million or 2% of that organization's consolidated gross receipts in that year. In any other circumstance, a director's relationship with a charity or other tax-exempt organization to which Exelon makes contributions will not be considered a material relationship that would impair the director's independence if the aggregate of all contributions made by Exelon to that organization in its most recent fiscal year is less than the greater of $1 million or 5% of that organization's consolidated gross receipts in that year. Transactions and relationships with charitable and other tax-exempt organizations that exceed these standards will be evaluated by the board to determine whether there is any effect on a director's independence.

Each year, directors are requested to provide information about their business relationships with Exelon, including other boards on which they may serve, and their charitable, civic, cultural and professional affiliations. We also gather information on significant relationships between their immediate family members and Exelon. All relationships are evaluated by Exelon's Office of Corporate Governance for materiality. Data on transactions between Exelon and companies for which an Exelon director or an immediate family member serves as a director or executive officer are presented to the corporate governance committee, which reviews the data and makes recommendations to the full board regarding the materiality of such relationships for the purpose of assessing director independence. The same information is considered by the full board in making the final determination of independence.

Mr. Shattuck is not considered an independent director because of his employment as executive chairman of Exelon through February 2013. Mr. Crane is not considered an independent director because of his employment as president and chief executive officer of Exelon. Each of the other current Exelon directors was determined by our board of directors to be "independent" under applicable guidelines presented above. The amounts involved in the transactions between Exelon and its subsidiaries, on the one hand, and the companies with which a director or an immediate family member is associated, on the other hand, all fell below the thresholds specified by the NYSE rules and the categorical standards specified in the company's Corporate Governance Principles. Because Exelon provides utility services through its subsidiaries BGE, ComEd, PECO and Constellation and many of its directors live in areas served by the Exelon subsidiaries, many of the directors are affiliated with businesses and charities that receive utility services from Exelon's subsidiaries. The corporate governance committee does not review transactions pursuant to which Exelon sells gas or electricity to these businesses or charities at

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Election of Directors

tariffed rates. Similarly, because Exelon and its subsidiaries are active in their communities and make substantial charitable contributions, and many of Exelon's directors live in communities served by Exelon and its subsidiaries and are active in those communities, many of Exelon's directors are affiliated with charities that receive contributions from Exelon and its subsidiaries. None of the directors or their immediate family members is an executive officer of any charitable organizations to which Exelon or its subsidiaries contribute. All such payments to charitable organizations were immaterial under the applicable independence criteria.

We describe below various transactions and relationships considered by the board in assessing the independence of Exelon directors.

Ann C. Berzin

Ms. Berzin serves as a director of a public company that provides equipment and services to Exelon Generation. In 2014, Exelon paid that company approximately $635,000.

Nicholas DeBenedictis

Mr. DeBenedictis serves as the chairman, president and chief executive officer of a public water utility company that received approximately $600,000 from Exelon for water supplies. Exelon made these purchases under tariffed utility rates.
Mr. DeBenedictis serves as a director of a not-for-profit company that received $3,900,000 from Exelon for health care coverage for Exelon employees.

Richard W. Mies

Admiral Mies serves as the director of a public company that provides services to Exelon Generation. In 2014, Exelon paid that company approximately $6,800,000.

Dr. William C. Richardson

Dr. Richardson serves as a director of a public company that provided financial services to Exelon. In 2014, Exelon paid the company approximately $4,000,000.

John W. Rogers, Jr.

Mr. Rogers serves as a director of a company that is a customer of Exelon. The company paid Exelon approximately $19,000,000 in 2014.

Stephen D. Steinour

Mr. Steinour is the chairman, president and chief executive officer of a company that provided financial services to Exelon. In 2014, Exelon paid that company approximately $734,000. For additional information, see Related Person Transactions below.

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Election of Directors

RELATED PERSON TRANSACTIONS

Exelon has a written policy for the review and approval or the ratification of related person transactions. Transactions covered by the policy include commercial transactions for goods and services and the purchase of electricity or gas at non-tariffed rates from Exelon or any of its subsidiaries by an entity affiliated with a director or officer of Exelon. The retail purchase of electricity or gas from BGE, ComEd or PECO at rates set by tariff, and transactions between or among Exelon or its subsidiaries are not considered. Charitable contributions approved in accordance with Exelon's Charitable Contribution Guidelines are deemed approved or ratified under the Related Persons Transaction policy and do not require separate consideration and ratification.

As required by the policy, the board reviewed all commercial, charitable, civic and other relationships with Exelon in 2014 that were disclosed by directors and executive officers of Exelon, BGE, ComEd and PECO, and by executive officers of Exelon Generation that required separate consideration and ratification. The Office of Corporate Governance collected information about each of these transactions, including the related persons and entities involved and the dollar amounts either paid by or received by Exelon. The Office of Corporate Governance also conducted additional due diligence, where required to determine the specific circumstances of the particular transaction, including whether it was competitively bid or whether the consideration paid was based on tariffed rates.

The corporate governance committee and the board reviewed the analysis prepared by the Office of Corporate Governance, which identified those related person transactions which required ratification or approval, under the terms of the policy, or disclosure under the SEC regulations. The corporate governance committee and the board considered the facts and circumstances of each of these related person transactions, including the amounts involved, the nature of the director's or officer's relationship with the other party to the transaction, whether the transaction was competitively bid and whether the price was fixed or determined by a tariffed rate.

The committee recommended that the board ratify all of the transactions. On the basis of the committee's recommendation, the board did so. Several transactions were ratified because the related person served only as a director of the affiliated company, was not an officer or employee of the affiliated company and did not have a pecuniary or material interest in the transaction. For some of these transactions, the value or cost of the transaction was very small, and the board considered the de minimis nature of the transaction as further reason for ratifying it. The board approved and ratified other transactions that were the result of a competitive bidding process, and therefore were considered fairly priced, or arms length, regardless of any relationship. The remaining transactions were approved by the board, even though the director is an executive officer of the affiliated company, because the transactions involved only retail electricity or gas purchases under tariffed rates or the price and terms were determined as a result of a competitive bidding process. Only one of the related person transactions is required to be disclosed in this proxy statement.

Huntington Bank is a lender to Exelon and its subsidiaries and participates in their credit facilities. Huntington participates in the credit facilities on the same basis as other participating banks with terms based on a competitive process with a syndicate of banks. In 2014, Exelon and its subsidiaries paid Huntington Bank approximately $734,000 in fees for credit facilities and letters of credit. Mr. Steinour, an Exelon director, is also Chairman, President and Chief Executive Officer of Huntington Bancshares, the parent of Huntington Bank.

The corporate governance committee and the Exelon board reviewed Huntington Bank's participation in the credit facilities as related person transactions and concluded that the transactions were in the best interests of Exelon because Huntington participates in the credit facilities on terms equivalent to those of an unrelated bank. There is no indication that Mr. Steinour was involved in the negotiations of the credit facilities or had any direct or indirect material interest in the transactions or influence over them. As compared to Exelon's and Huntington's overall revenues, the transactions are immaterial, individually and in the aggregate.

Corporate Governance at Exelon

Exelon is committed to maintaining the highest standards of corporate governance. We believe that strong corporate governance is critical to achieving our performance goals and maintaining the trust and confidence of investors, employees, customers, regulatory agencies and other stakeholders.

CORPORATE GOVERNANCE PRINCIPLES

Our Corporate Governance Principles, together with the board committee charters, provide the framework for the effective governance of Exelon. The board of directors has adopted our Corporate Governance Principles to address matters including qualifications for directors, standards of independence for directors, election of directors, responsibilities and expectations of directors, and evaluating board, committee and individual director performance. The Corporate Governance Principles also address director orientation and training, the evaluation of the chief executive officer and succession planning. The Corporate Governance Principles are revised from time to time to reflect emerging governance trends and to better address the particular needs of the company as they change over time.

THE BOARD'S FUNCTION AND STRUCTURE

Exelon's business, property and affairs are managed under the direction of the board of directors. The board is elected by shareholders to oversee management of the company in the long-term interest of all shareholders. All directors stand for election annually and in uncontested elections must be elected by a majority of the votes cast. The board considers the interests of other constituencies, which include customers, employees, annuitants, suppliers, the communities we serve, and the environment. The board is committed to ensuring that Exelon conducts business in accordance with the highest standards of ethics, integrity, and transparency.

BOARD LEADERSHIP

Exelon's Corporate Governance Principles establish the position of Lead Director. The Lead Director is an independent director elected by the independent directors of the Exelon board, upon the recommendation of the corporate governance committee, with responsibilities to act at any time when (1) the positions of chairman of the board and the chief executive officer are held by the same person; or (2) for other reasons the person holding the position of chairman of the board is not an independent director under the applicable director independence standards.

As specified in the Corporate Governance Principles, the role of the Lead Director includes:

- presiding at executive sessions of non-management or independent directors;
- calling meetings of the independent directors;
- serving as an advisor to the chairman and the chief executive officer ("CEO");
- functioning as the non-exclusive liaison between the non-management directors and the chairman and the CEO;
- adding items to agendas for board meetings;
- assuring the sufficiency of the time for discussion at board meetings;
- leading, in conjunction with the corporate governance and compensation and leadership development committees, the process for evaluating the performance of the chairman and the CEO and determining their respective compensation;
- leading on corporate governance initiatives relevant to board and committee operations;
- in the event of the death or incapacity of the chairman of the board, serving as the acting chairman of the board until such time as a chairman of the board is selected;

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- receiving and responding to mail addressed to the board of directors; and
- having such additional powers and responsibilities as the board of directors may from time to time assign or request.

The Corporate Governance Principles grant the board of directors discretion to separate the roles of chairman and chief executive officer if the board determines that such a separation is in the best interests of Exelon and its shareholders. Upon the completion of the merger between Exelon and Constellation Energy Group in 2012, the board of directors separated the positions of chairman of the board and chief executive officer. The board appointed Mayo A. Shattuck III to the position of executive chairman and Christopher M. Crane to the position of chief executive officer. Mr. Shattuck served as executive chairman from March 2012 through February 2013 and he continues to serve as non-executive chairman of the Exelon board.

The board believes that Exelon has in place effective arrangements and structures to ensure that the company maintains the highest standard of corporate governance and board independence and independent board leadership and continued accountability of the chairman and the CEO to the board. These arrangements and structures include:

- 11 of the 13 nominees are independent and meet the independence requirements under the NYSE listing standards and the additional independence requirements under the company's Corporate Governance Principles.
- In 2012, the board elected William C. Richardson as the independent Lead Director. Dr. Richardson has been a member of our board since 2005. Dr. Richardson's responsibilities as Lead Director complement Mr. Shattuck's role as chairman and Mr. Crane's role as CEO while providing independent board leadership and the necessary checks and balances to hold the board, the chairman and the CEO accountable in their respective roles.
- The audit, compensation and leadership development, corporate governance and finance and risk committees are composed solely of and chaired by independent directors. The investment oversight and generation oversight committees are chaired by independent directors and, effective January 1, 2014, include Messrs. Crane and Shattuck as members of the committees.
- A significant portion of the business of the Exelon board is reviewed or approved by the board's committees, and the agendas of the board's committees are driven by the independent chairs through their discussions with management.
- The board agendas, in turn, are determined in large part by the committee agendas, and discussions at board meetings are driven to a significant degree by the committee agendas and the reports the committee chairs present to the full board.
- The performance and compensation of the CEO is reviewed annually by the full board in executive session under the leadership of the corporate governance and compensation and leadership development committees.

BOARD OVERSIGHT OF RISK

The company operates in a market and regulatory environment that involves significant risks, many of which are beyond its control. The company has a risk management group consisting of a Chief Enterprise Risk Officer, a Chief Commercial Risk Officer, a Chief Credit Officer and a full-time staff of 133. The risk management group draws upon other company personnel for additional support on various matters related to the identification, assessment and management of enterprise risks. The company also has a Risk Management Committee comprising company officers who meet regularly to discuss matters related to enterprise risk management generally and particular risks associated with new developments or proposed transactions under consideration. Management of the company regularly meets with the Chief Enterprise Risk Officer and the Risk Management Committee to identify and evaluate the most significant risks of the businesses and appropriate steps to manage and mitigate those risks. In addition, the Chief Enterprise Risk Officer and the risk management group perform an annual assessment of enterprise risks, drawing upon resources throughout the company for an assessment of the probability and severity of the identified risks. The Chief Enterprise Risk Officer and senior executives of the company discuss those

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risks with the board's finance and risk committee as well as the audit committee and, when appropriate, the BGE, ComEd and PECO boards of directors. In addition, the Exelon board's generation oversight committee evaluates risks related to the company's generation business. The committees of the Exelon board regularly report to the full board on the committees' discussions of enterprise risks. In addition, the Exelon board regularly discusses enterprise risks in connection with consideration of emerging trends or developments and in connection with the evaluation of capital investments and other business opportunities and business strategies.

BOARD/COMMITTEE/DIRECTOR EVALUATION

The board has a three-part annual evaluation process that is coordinated by the Lead Director and the corporate governance committee: committee self-evaluations; a full board evaluation; and the evaluation of the individual directors. The committee self-evaluations consider whether and how well each committee has performed the responsibilities in its charter, whether the committee members possess the right skills and experience to perform their responsibilities or whether additional education or training is required, whether there are sufficient meetings covering the right topics, whether the meeting materials are effective, and other matters. The full board evaluation considers the following factors, among others, in light of the committee self-assessments: (1) the effectiveness of the board organization and committee structure; (2) the quality of meetings, agendas, presentations and meeting materials; (3) the effectiveness of director preparation and participation in discussions; (4) the effectiveness of director selection, orientation and continuing education processes; (5) the effectiveness of the process for establishing the CEO's performance criteria and evaluating his performance; and (6) the quality of administrative planning and logistical support.

Individual director performance assessments are conducted informally as needed and involve a discussion among the Lead Director and other directors, including members of the corporate governance committee, using the performance expectations for directors contained in the Corporate Governance Principles. In addition, the Lead Director, the chairman of the corporate governance committee or the chairman of the board provides individual feedback, as necessary.

DIRECTOR EDUCATION

The board has a program for orienting new directors and providing continuing education for all directors that is overseen by the corporate governance committee. The orientation program is tailored to the needs of each new director depending on his or her level of experience serving on other boards and knowledge of the company or industry acquired before joining the board. New directors receive materials about Exelon, the board and board policies and operations and attend meetings with the CEO and executive vice presidents and members of their staff for a briefing on the executives' responsibilities, programs and challenges. New directors are also scheduled for tours of various company facilities, depending on their orientation needs (incumbent directors are also invited to participate in the site visits, if available).

Continuing director education is provided during portions of regular board and committee meetings and focuses on the topics necessary to enable the board to consider effectively issues before them at that time (such as new regulatory or accounting standards). The education often takes the form of "white papers," covering timely subjects or topics, which a director can review before the meeting and ask questions about during the meeting. The audit committee devotes a meeting each year to educating the committee members about new accounting rules and standards, and topics that are necessary to having a good understanding of our accounting practices and financial statements. The generation oversight committee uses site visits as a regular part of education for its members; the committee holds each meeting at a different generating station (nuclear, fossil or hydro) and the agenda always includes a briefing by local plant management, a tour of the facility and lunch with plant personnel. Continuing director education also involves individual directors' attendance at director education seminars. The company pays the cost for any director to attend outside director education seminars on corporate governance or other topics relevant to their service as directors.

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INFORMATION ABOUT THE BOARD COMMITTEES

In determining the membership of the committees, the corporate governance committee has sought to have each committee reflect a range of backgrounds and experience and diversity. Every member of the audit committee qualifies as an "audit committee financial expert," as defined by SEC rules, and most of the members serve or have served on audit committees of other companies. The chairs of the audit and finance and risk committees sit on each other's committees, and there is significant overlap in the membership of the committees reflecting the overlap in responsibilities. Similarly, the chairs of the corporate governance and compensation and leadership development committees sit on each other's committees, which is helpful in the company's process for evaluating the performance and setting the compensation of the CEO. Almost all of the members of the corporate governance committee serve or have served on the corporate governance committees of other corporations. Several of the members of the compensation and leadership development committee have served on the compensation committees of other corporations. The investment oversight committee includes members with experience in investment banking and the economics of energy. The finance and risk committee includes members with experience in the economics of energy, nuclear operations, and banking and investment management, reflecting experience in dealing with the range of risks that the company faces.

In 2014, six standing committees assisted the board in carrying out its duties: the audit committee, the compensation and leadership development committee, the corporate governance committee, the finance and risk committee, the generation oversight committee and the investment oversight committee. The energy delivery oversight committee was terminated effective January 1, 2014. The chairman and the CEO are invited guests and are welcome to attend all committee meetings, except when the independent directors meet in executive session. The committees, their membership during 2014, changes in committee assignments in 2014, and their principal responsibilities are described below:

Audit	Compensation and Leadership Development	Corporate Governance	Finance and Risk	Generation Oversight	Investment Oversight
Gin (Chair) [1]	Canning (Chair)	Lawless (Chair)	Steinour (Chair)	Mies (Chair)	Rogers (Chair)
Anderson (Chair) [2]	de Balmann	Canning	Anderson	Anderson	Crane
Berzin	Lawless	DeBenedictis	Berzin	Crane	Gin [1,3]
de Balmann	Richardson	Gin [1]	de Balmann	DeBenedictis	Joskow
Joskow	Steinour [3]	Mies [3]	DeBenedictis	Diaz [4]	Richardson [3]
Mies		Richardson	Diaz [4]	Shattuck	Shattuck
Richardson		Rogers	Gin [1]		
Steinour			Joskow		
			Mies		

Notes to Committee Membership Table:

1) Ms. Gin passed away on September 26, 2014.
2) Anthony K. Anderson became the Chair of the audit committee on October 21, 2014.
3) Member through January 28, 2014.
4) Hon. Nelson A. Diaz is not standing for reelection at the 2015 annual shareholders meeting.

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AUDIT COMMITTEE

Report of the Audit Committee

The audit committee's primary responsibility is to assist the board of directors in fulfilling its responsibility to oversee and review the quality and integrity of the company's financial statements and internal controls over financial reporting, the independent auditor's qualifications and independence, and the performance of the company's internal audit function and of its independent auditor.

The audit committee is comprised entirely of independent directors and is governed by a board-approved, written charter stating its responsibilities. The charter is reviewed annually and updated, as appropriate, to address changes in regulatory requirements, authoritative guidance, evolving oversight practices and investor feedback. The audit committee charter was last amended on January 27, 2015, and is available on the Exelon website at www.exeloncorp.com on the corporate governance page under the Investors tab, and is available in print to any shareholder who requests a copy from Exelon's corporate secretary as described on page 90 of this proxy statement.

The audit committee satisfies the independence, financial experience and other qualification requirements of the New York Stock Exchange (NYSE) and applicable securities laws and regulations. The board of directors has determined that each of the members of the audit committee is an "audit committee financial expert" for purposes of the SEC's rules and also that each of the members of the audit committee is independent as defined by the rules of the NYSE and Exelon's Corporate Governance Principles.

Under its charter, the audit committee's principal duties include:

- Having sole authority to appoint, retain, or replace the independent auditor, subject to shareholder ratification, and to oversee the independence, compensation and performance of the independent auditor;
- Reviewing financial reporting and accounting policies and practices;
- Overseeing the work of the internal auditor and reviewing internal controls;
- With the assistance of the finance and risk committee, discussing guidelines and policies to govern the process of risk assessment and risk management; and
- Reviewing policies and procedures with respect to internal audits of officers' and directors' expenses, compliance with Exelon's Code of Business Conduct, and the receipt and treatment of complaints regarding accounting, internal controls or auditing matters.

The audit committee receives an annual report from the finance and risk committee of the board of directors regarding corporate risk management policy and other areas overseen by the finance and risk committee. Most members of the audit committee also serve on the finance and risk committee. On occasion, the audit and finance and risk committees meet jointly to review areas of mutual interest between the two committees.

The audit committee meets outside the presence of management for portions of its meetings to hold separate discussions with the independent auditor, the internal auditors, and the chief legal officer.

The audit committee met seven times in 2014, fulfilling its duties and responsibilities as outlined in its charter, as well as receiving periodic updates on the company's financial performance and strategic initiatives, as well as other matters germane to its responsibilities.

Management has primary responsibility for preparing the company's financial statements and establishing effective internal controls over financial reporting. PricewaterhouseCoopers LLP (PwC), the company's independent auditor, is responsible for auditing those financial statements and expressing an opinion on the conformity of the company's audited financial

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statements with generally accepted accounting principles and on the effectiveness of the company's internal controls over financial reporting based on criteria established in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission.

In this context, the audit committee has reviewed and discussed with management and PwC the company's audited financial statements contained in the 2014 Annual Report on SEC Form 10-K, including the critical accounting policies applied by the company in the preparation of these financial statements. The audit committee discussed with PwC the matters required to be discussed by applicable requirements of the Public Company Accounting Oversight Board (PCAOB), and had the opportunity to ask PwC questions relating to such matters. These discussions included the quality, and not just the acceptability, of the accounting principles utilized, the reasonableness of significant accounting judgments, and the clarity of disclosures in the financial statements.

At each of its meetings in 2014, the audit committee met with the company's chief financial officer, corporate controller and other senior members of the company's financial management. The audit committee reviewed with PwC and the company's internal auditors the overall scope and plans for their respective audits in 2014. The audit committee also received regular updates from the company's internal auditors on internal controls and business risks and from the company's general counsel on compliance and ethics issues.

The audit committee met with the internal auditors and PwC, with and without management present, to discuss their evaluations of the company's internal controls and the overall quality of the company's financial reporting. The audit committee also met with the company's general counsel and deputy general counsel , with and without management present, to review and discuss compliance and ethics matters, including compliance with the company's Code of Business Conduct.

The audit committee annually considers the independence, qualifications, compensation and performance of PwC. Such consideration includes reviewing the written disclosures and the letter provided by PwC in accordance with applicable requirements of the PCAOB regarding PwC's communications with the audit committee concerning independence, and discussing with PwC their independence.

The audit committee is responsible for the approval of audit fees, and the committee reviewed and pre-approved all fees paid to PwC in 2014. The audit committee has adopted a policy for pre-approval of services to be performed by the independent auditor. Further information on this policy and on the fees paid to PwC in 2014 and 2013 can be found in the section of this proxy statement titled "Ratification of PriceWaterhouseCoopers LLP as Exelon's Independent Auditor for 2015." The audit committee periodically reviews the level of fees approved for payment to PwC and the pre-approved non-audit services PwC has provided to the company to ensure their compatibility with independence. The audit committee also monitors the company's hiring of former employees of PwC.

The audit committee monitors the performance of PwC's lead partner responsible for the audit, oversees the required rotation of PwC's lead audit partner and, through the audit committee chair, reviews and considers the selection of the lead audit partner. In addition, to help ensure auditor independence, the audit committee periodically considers whether there should be a rotation of the independent auditor.

PwC has served as the company's independent auditor since the company's formation in 2000. As in prior years, the audit committee and management have engaged in a review of PwC in connection with the audit committee's consideration of whether to recommend that shareholders ratify the selection of PwC as the company's independent auditor for 2015. In that review, the audit committee considered both the continued independence of PwC and whether retaining PwC is in the best interests of the company and its shareholders. In addition to independence, other factors considered by the audit committee included:

- PwC's historical and recent overall performance on the audit, including the quality of the audit committee's ongoing discussions with PwC;

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- PwC's expertise and capability in handling the accounting, internal control, process and system risks and practices present in the company's energy generation and utility businesses, including relative to the corresponding expertise and capabilities of other audit firms;
- the quality, quantity and geographic location of PwC staff, and PwC's ability to provide responsive service;
- PwC's tenure as the company's independent auditor and its familiarity with the company's operations and businesses, accounting policies and practices and internal control over financial reporting;
- the significant time commitment required to onboard and educate a new audit firm that could distract management's focus on financial reporting and internal control;
- the appropriateness of PwC's fees, on both an absolute basis and as compared to services provided by other auditing firms to peer companies;
- an assessment of PwC's identification of its known significant legal risks and proceedings that may impair PwC's ability to perform the audit; and
- external information on audit quality and performance, including recent PCAOB reports on PwC and its peer firms.

The audit committee has concluded that PwC is independent from the company and its management, and has retained PwC as the company's independent auditor for 2015. The audit committee and the board believe that the continued retention of PwC is in the best interests of the company and its shareholders and have recommended that shareholders ratify the appointment of PwC as the company's independent auditor for 2015.

In addition, in reliance on the reviews and discussions referred to above, the Exelon audit committee recommended to the Exelon board of directors (and the Exelon board of directors approved) that the audited financial statements be included in Exelon Corporation's Annual Report on Form 10-K for the year ended December 31, 2014, for filing with the SEC.

February 9, 2015

THE AUDIT COMMITTEE

Anthony K. Anderson, Chair
Ann C. Berzin
Yves C. de Balmann
Paul L. Joskow
Richard W. Mies
William C. Richardson
Stephen D. Steinour

COMPENSATION AND LEADERSHIP DEVELOPMENT COMMITTEE

The compensation and leadership development committee is composed entirely of independent directors and is governed by a board-approved charter stating its responsibilities. The committee met five times in 2014.

The compensation and leadership development committee's principal duties, as discussed in its charter, include:

- Ensuring that executive compensation levels and targets are aligned with, and designed to achieve, Exelon's strategic and operating objectives;
- Reviewing recommendations from management and outside consultants and approving or recommending approval of matters of executive compensation for officers of Exelon and its subsidiaries, including base salary, incentive awards, equity grants, perquisites, and other forms of compensation; and
- Reviewing and making recommendations to the board on leadership development, succession planning (other than the chairman and the chief executive officer and president) and diversity.

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Executive officers are involved in evaluation of the performance and development of initial recommendations with respect to compensation adjustments; however, the compensation and leadership development committee (and the independent directors with respect to the compensation of the CEO) makes the final determinations with respect to compensation programs and adjustments. The chairman and the CEO are considered invited guests and are welcome to attend the meetings of the compensation and leadership development committee, except when the committee meets in executive session to discuss, for example, the CEO's compensation. The chairman and the CEO cannot call meetings of the compensation and leadership development committee.

Management, including the executive officers, makes recommendations as to goals for the incentive compensation programs that are aligned with Exelon's business plan. The compensation and leadership development committee reviews the recommendations and establishes the final goals. The committee strives to ensure that the goals are consistent with the overall strategic goals set by the board of directors (including the individual goals of subsidiaries, as appropriate), that they are sufficiently difficult to meaningfully incent management performance, and, if the targets are met, that the payouts will be consistent with the design for the overall compensation program. Executive officers take an active role in evaluating the performance of the executives who report to them, directly or indirectly, and in recommending the amount of compensation their subordinate executives receive. Executive officers review peer group compensation data for each of their subordinates in conjunction with their annual performance reviews to formulate a recommendation for base salary and whether to apply an individual performance multiplier to the subordinate executive's incentive payouts, and if so, the amount of the multiplier.

Executive officers generally do not make recommendations with respect to annual and long-term incentive target percentages or payouts. The CEO reviews all of the recommendations of the executive officers before they are presented to the compensation and leadership development committee. The human resources function provides to the compensation and leadership development committee and the independent directors data showing the history of the compensation of the CEO and data that analyzes the cost of a range of several alternatives for changes to the compensation of the CEO, but the executive officers, the chairman and the CEO do not make any recommendation to the compensation and leadership development committee or the independent directors with respect to the compensation of the CEO.

The compensation and leadership development committee has delegated to the CEO the authority to make off-cycle equity awards to employees who are not subject to the limitations of Internal Revenue Code Section 162(m), are not executive officers for purposes of reporting under Section 16 of the Securities Exchange Act of 1934, and are not executive vice presidents or higher officers of Exelon, provided that such authority is limited to making grants of up to 600,000 shares in the aggregate, and 20,000 shares per recipient in any year. The compensation and leadership development committee reviews and ratifies these grants.

During fiscal 2014 and as of the date of this proxy statement, none of the members of the compensation and leadership development committee was or is an officer or employee of the company, and no executive officer of the company served or serves on any compensation committee or board of any company that employed or employs any members of the company's compensation and leadership development committee or board of directors.

Compensation Consultant

Pursuant to the compensation and leadership development committee's charter, the committee is authorized to retain and terminate, without board or management approval, the services of an independent compensation consultant to provide advice and assistance, as the committee deems appropriate. The committee has the sole authority to approve the consultant's fees and other retention terms, and reviews the independence of the consultant and any other services that the consultant or the consultant's firm may provide to the company. The chair of the compensation and leadership development committee reviews, negotiates and executes an engagement letter with the compensation consultant. The compensation consultant directly reports to the committee.

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Corporate Governance at Exelon

The compensation and leadership development committee has engaged Semler Brossy Consulting Group, LLC and its Managing Principal Ms. Blair Jones as its consultant. The committee determined that Semler Brossy offered the strongest and most responsive team and would provide the most reliable and cost-competitive advice through experience, research and benchmarking. In reviewing the engagement in December 2014, the committee considered the following factors in determining that Ms. Jones and the firm are independent consultants and do not have any conflicts of interest:

- Semler Brossy performs no other services for the company or its affiliates and received no other fees from the company;
- the firm has formal written policies designed to prevent conflicts of interest; and
- there were no relationships of the firm and its consultants and Exelon and its officers, directors or affiliates except that Dr. Richardson had known another consultant from the firm in connection with his consulting for the compensation committee at another company where Dr. Richardson had previously served as a director.

As part of its ongoing services to the compensation and leadership development committee, the compensation consultant supports the committee in executing its duties and responsibilities with respect to Exelon's executive compensation programs by providing information regarding market trends and competitive compensation programs and strategies. In supporting the committee, the compensation consultant does the following:

- Prepares market data for each senior executive position, including evaluating Exelon's compensation strategy and reviewing and confirming the peer group used to prepare the market data;
- Provides the committee with an independent assessment of management recommendations for changes in the compensation structure;
- Works with management to ensure that the company's executive compensation programs are designed and administered consistent with the committee's requirements; and
- Provides ad hoc support to the committee, including discussing executive compensation and related corporate governance trends.

Exelon's human resources staff and senior management use the data provided by the compensation consultant to prepare documents for use by the compensation and leadership development committee in preparing their recommendations to the full board of directors or, in the case of the CEO, the independent directors, on compensation for the senior executives. In addition to its general responsibilities, the compensation consultant attends the compensation and leadership development committee's meetings, if requested. The committee, or Exelon's management on behalf of the committee, may also ask the compensation consultant to perform other executive and non-executive compensation-related projects. The committee has established a process for determining whether any significant additional services will be needed and whether a separate engagement for such services is necessary.

The committee has a formal compensation consultant independence policy that codifies its past practices. The compensation consultant independence policy is available on the Exelon website at www.exeloncorp.com , on the corporate governance page under the Investors tab. The purpose of the policy is to ensure that the advisers or consultants retained by the committee are independent of the company and its management, as determined by the committee using its reasonable business judgment. The committee considers all facts and circumstances it deems relevant, such as the nature of any relationship between a compensation consultant, the compensation consultant's firm, and the company and the nature of any services provided by the compensation consultant's firm to the company that are unrelated to the compensation consultant's work for the committee. Under the policy, a compensation consultant shall not be considered independent if the compensation consultant or the compensation consultant's firm receives more than one percent of its annual gross revenues for services provided to the company. Under the policy, the compensation consultant reports directly to the chair of the

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compensation and leadership development committee, and the committee approves the aggregate amount of fees to be paid to the compensation consultant or the compensation consultant's firm. The policy requires that the compensation consultant and any associates providing services to the compensation and leadership development committee have no direct involvement with any other aspects of the compensation consultant's firm's relationship with Exelon (other than any director compensation services that may be performed for the corporate governance committee), and that no element of the compensation consultant's compensation may be based on any consideration of the revenues for other services that the firm may provide to Exelon. For 2014, no fees were paid to Semler Brossy for additional services beyond its work as consultant to the compensation and leadership development committee.

CORPORATE GOVERNANCE COMMITTEE

The corporate governance committee met five times in 2014. All members of the committee are independent directors.

In addition to its other duties described elsewhere in this proxy statement, the corporate governance committee's principal duties, as discussed in its charter, include:

- Reviewing and making recommendations on corporate, board and committee structure, organization, committee membership, functions, compensation and effectiveness;
- Monitoring corporate governance trends and making recommendations to the board regarding the Corporate Governance Principles;
- Identifying potential director candidates and coordinating the nominating process for directors;
- Coordinating the board's role in establishing performance criteria for the CEO and evaluating the performance of the CEO;
- Monitoring CEO succession planning;
- Overseeing Exelon's strategies and efforts to protect and improve the environment, including climate change, sustainability and the Exelon 2020 plan;
- Approving or amending delegations of authority for Exelon and its subsidiaries; and
- Overseeing Exelon's efforts to promote diversity among its contractors and suppliers.

The committee may act on behalf of the full board when the board is not in session. The committee utilizes an independent compensation consultant to assist it in evaluating directors' compensation, and for this purpose it periodically asks the consultant to prepare a study of the compensation of the company's directors compared to the directors of companies in the same peer group used for executive compensation. This study is used as the basis for the corporate governance committee's recommendations to the full board with respect to director compensation. The corporate governance committee may utilize other consultants, such as specialized search firms to identify candidates for director.

FINANCE AND RISK COMMITTEE

The finance and risk committee met seven times in 2014.

The finance and risk committee's principal duties, as discussed in its current charter, include:

- Overseeing the company's risk management functions;
- Overseeing matters relating to the financial condition and risk exposures by Exelon;
- Monitoring the financial condition, capital structure, financing plans and programs, dividend policy, treasury policies and liquidity and related financial risk at Exelon and its major subsidiaries;

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- Overseeing or appraising of the capital management and planning process, including capital investments, acquisitions and divestitures;
- Overseeing the company-wide risk management strategy, policies, procedures, and mitigation efforts, including insurance programs;
- Overseeing the strategy and performance of risk management policies relating to risks associated with marketing and trading of energy and energy-related products; and
- Reviewing and approving risk policies relating to power marketing, hedging and the use of derivatives.

Most members of the finance and risk committee also serve on the audit committee. On occasion, the finance and risk and audit committees meet jointly to review areas of mutual interest between the two committees.

GENERATION OVERSIGHT COMMITTEE

The generation oversight committee met four times in 2014.

The generation oversight committee's principal duties, as discussed in its charter, include:

- Advising and assisting the full board in fulfilling its responsibilities to oversee the safe and reliable operation of all generating facilities owned or operated by Exelon or its subsidiaries, including those in which Exelon has significant equity or operational interests;
- Overseeing the management and operation of the company's generating facilities and the overall organizational effectiveness (both corporate and stations) of the generation operations;
- Overseeing the establishment of and compliance with policies and procedures to manage and mitigate risks associated with the security and integrity of Exelon Generation's assets; and
- Reviewing environmental, health and safety issues related to the company's generating facilities.

INVESTMENT OVERSIGHT COMMITTEE

The investment oversight committee is responsible for general oversight of Exelon's investment management functions. The committee serves as a resource and advisory panel for Exelon's management-level investment management team and reports to the board.

The investment oversight committee met three times in 2014.

The investment oversight committee's principal duties, as discussed in its charter, include:

- Overseeing the management and investment of the assets held in trusts established or maintained by the company or any subsidiary for the purpose of funding the expense of decommissioning nuclear facilities;
- Monitoring the performance of the nuclear decommissioning trusts and the trustees, investment managers and other advisors and service providers for the trusts;
- Overseeing the evaluation, selection and retention of investment advisory and management, consulting, accounting, financial, clerical or other services with respect to the nuclear decommissioning trusts;
- Overseeing the evaluation, selection and appointment of trustees and other fiduciaries for the nuclear decommissioning trusts;

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- Overseeing the administration of the nuclear decommissioning trusts; and
- Monitoring and receiving periodic reports concerning the investment performance of the trusts under the pension and post-retirement welfare plans and the investment options under the savings plans.

DIRECTOR NOMINATION PROCESS

The corporate governance committee serves as the nominating committee and recommends director nominees. The board of directors receives the proposed nominations from the corporate governance committee and approves the nominees to be included in the Exelon proxy materials that are distributed to shareholders.

The corporate governance committee considers all candidates for director, including directors currently serving on the board and candidates recommended by shareholders and others. The committee may also utilize specialized search firms to identify and assess potential candidates.

The committee determines the appropriate mix of skills and characteristics required to best fill the needs of the board and periodically reviews and updates the criteria as deemed necessary. The board believes that diversity in personal background, race, gender, age and nationality are important considerations in selecting candidates. All candidates are considered in light of the following standards and qualifications for director that are contained in the Exelon Corporate Governance Principles:

- Highest personal and professional ethics, integrity and values;
- An inquiring and independent mind;
- Practical wisdom and mature judgment;
- Broad training and experience at the policy-making level in business, government, education or technology;
- Expertise useful to Exelon and complementary to the background and experience of other Exelon board members;
- Willingness to devote the required amount of time to the duties and responsibilities of board membership;
- A commitment to serve over a period of years to develop knowledge about Exelon; and
- Involvement only in activities or interests that do not create a conflict with responsibilities to Exelon and its shareholders.

The satisfaction of these criteria is implemented and assessed through consideration of directors and nominees by the corporate governance committee and the board of directors and through the process for evaluation of the board's effectiveness. The corporate governance committee and the board believe that the criteria have been satisfied to create an effective mix of experience, skills, specialized knowledge, diversity, and other qualifications and attributes among members of the board of directors.

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Corporate Governance at Exelon

DIRECTOR RETIREMENT POLICY

For several years prior to 2010, the board had a retirement policy under which a director must retire at the end of the calendar year in which he or she reached the age of 72. In 2010, the corporate governance committee and the board re-evaluated the company's retirement policy and matters related to director succession. The board found that directors can normally continue to provide a valuable service to the company for several years beyond age 72. In addition, the board noted that under the retirement policy there were repeated instances where a number of director retirements would fall in the same year. For these reasons, the board was generally flexible in the application of the retirement policy and waived or suspended the policy when the purposes of the policy are outweighed by factors such as a desire for director continuity, the desire to retain the leadership or experience of a particular director, a need to identify equally qualified successors, a desire to avoid multiple retirements in one year, or other factors that mitigate against mandatory retirement. The board also recognized that, beginning with the annual meeting in 2010, shareholders are entitled to vote for the election of the entire board of directors. Accordingly, during 2010 the board amended the director retirement policy to provide that a director must retire at the end of the calendar year in which he or she reaches the age of 75.

COMPENSATION OF NON-EMPLOYEE DIRECTORS

For their service as directors of the corporation in 2014, Exelon's non-employee directors received the compensation shown in the following table and explained in the accompanying notes. Mr. Crane, not shown in the table, received no additional compensation for his service as a member of the board of directors or its committees.

	Fees Earned or Paid in Cash		Stock Awards (see description below)	Change in Pension Value and Nonqualified Compensation Earnings (Note 1)	All Other Compensation (Note 2)	Total
	Annual Board & Committee Retainers	Board & Committee Meeting Fees				
Anderson [3]	$ 93,913	$ 60,000	$ 100,000	$ —	$ —	$ 253,913
Berzin	85,000	50,000	100,000	—	15,000	250,000
Canning	90,000	38,000	100,000	—	15,000	243,000
de Balmann	85,000	58,000	100,000	—	—	243,000
DeBenedictis	85,000	58,000	100,000	—	15,000	258,000
Diaz	85,000	48,000	100,000	—	5,000	238,000
Gin [4]	77,609	40,000	73,901	—	—	191,510
Joskow	85,000	56,000	100,000	—	—	241,000
Lawless [5]	90,000	36,000	100,000	—	—	226,000
Mies	110,000	64,000	100,000	—	15,000	289,000
Richardson [5]	110,000	56,000	100,000	—	15,000	281,000
Rogers	90,000	36,000	100,000	—	15,000	241,000
Shattuck [6]	426,806	33,000	100,000	—	15,000	574,806
Steinour	95,000	50,000	100,000	—	15,000	260,000
Total All Directors	**1,608,328**	**683,000**	**1,373,901**	**0**	**125,000**	**3,790,229**

Notes:

(1) Values in this column represent that portion of the directors' accrued earnings in their non-qualified deferred compensation account that were considered as above market. See the description below under the heading "Deferred Compensation." For 2014, none of the directors recognized any such earnings.

(2) Values in this column represent the company's matching portion of the director's contribution to qualified educational institutions pursuant to Exelon's matching gift plan described below in Other Compensation.
(3) Mr. Anderson was appointed chair of the audit committee effective October 21, 2014 and his chairman's retainer is prorated from October 20, 2014 when he served as acting chair.
(4) Ms. Gin passed away on September 26, 2014. All retainers were prorated through that date.
(5) In addition to the amounts shown in the table, Mr. Lawless and Dr. Richardson, who also served as directors of the Exelon Foundation during 2014, received $4,000 and $6,000 respectively from the Foundation for attending meetings of the Foundation's board. Exelon contributes to the Foundation to pay for the Foundation's operating expenses.
(6) Compensation for Mr. Shattuck includes a portion of cash retainers earned in 2013 but not paid until January 2014.

Fees Earned or Paid in Cash

In 2014, all directors received an annual retainer of $80,000 paid in cash. The Lead Director received an additional annual retainer of $25,000. The non-executive chairman of the board received an annual retainer at the rate of $300,000 per year in in addition to board and selected committee meeting fees. Committee chairs receive an additional $10,000 retainer per year. In recognition of the additional time commitment and responsibility, members of the audit committee and generation oversight committee, including the committee chairs, receive an additional $5,000 per year for their participation on these committees, and the chairs of these committees receive a $20,000 annual retainer.

Directors receive $2,000 for each meeting of the board that they attend, whether in person or by means of teleconferencing or video conferencing equipment. Directors serving on board committees receive $2,000 for each meeting they attend; directors serving on the generation oversight committee receive $3,000 for each meeting of that committee they attend due to the additional travel that is required and the length of those meetings. Directors also receive a $2,000 meeting fee for attending the annual shareholders meeting and the annual strategy retreat.

Stock Awards

Rather than paying directors entirely in cash, Exelon pays a significant portion of director compensation in the form of deferred stock units. Directors receive deferred stock units worth $100,000 per year. Deferred stock units are granted and credited to a notional account maintained on the books of the corporation at the end of each calendar quarter based upon the closing price of Exelon common stock on the day the quarterly dividend is paid. Deferred stock units earn the same dividends available to all holders of Exelon common stock, which are reinvested in the account as additional stock units. The deferred stock units are not paid out to the directors until they retire from the board, leaving these amounts at risk during the director's entire tenure on the board.

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Corporate Governance at Exelon

As of December 31, 2014, the directors held the following amounts of deferred Exelon common stock units. The units are valued at the closing price of Exelon common stock on December 31, 2014, which was $37.08. Legacy plans include those stock units earned from Exelon's predecessor and merged companies, PECO Energy Company, Unicom Corporation and Constellation Energy Group, Inc. For Mr. Rogers, the legacy deferred stock units reflect accrued benefits from the Unicom 1996 Directors Fee Plan, which was terminated in 2000; for Ms. Berzin, Mr. de Balmann and Mr. Lawless the legacy units reflect accrued benefits from the Constellation Energy Group, Inc. Deferred Compensation Plan for Non-employee Directors that was terminated on March 12, 2012.

	Year First Elected to the Board	Deferred Stock Units From Legacy Plans #	Deferred Stock Units From Exelon Plan #	Total Deferred Stock Units #	Fair Market Value as of 12/31/14 $
Anthony K. Anderson	2013		6,164	6,164	$228.561
Ann C. Berzin	2012	24,961	9,047	34,008	1,261,017
John A. Canning	2008		18,965	18,965	703,222
Yves C. de Balmann	2012	34,468	9,047	43,515	1,613,536
Nicholas DeBenedictis	2002		26,687	26,687	989,554
Nelson A. Diaz	2004		26,530	26,530	983,732
Paul L. Joskow	2007		20,476	20,476	759,250
Robert J. Lawless	2012	38,244	9,047	47,291	1,753,550
Richard W. Mies	2009		17,757	17,757	658,430
William C. Richardson	2005		24,299	24,299	901,007
John W. Rogers, Jr	1999	4,571	36,000	40,571	1,504,373
Mayo A. Shattuck III	2012		5,906	5,906	218,994
Stephen D. Steinour	2007		20,818	20,818	771,931
Total All Directors		**102,244**	**230,743**	**332,987**	**12,347,157**

Deferred Compensation

Directors may elect to defer any portion their cash compensation in a non-qualified multi-fund deferred compensation plan. Each director has an unfunded account where the dollar balance can be invested in one or more of several mutual funds, including one fund composed entirely of Exelon common stock. Fund balances (including those amounts invested in the Exelon common stock fund) will be settled in cash and may be distributed in a lump sum or in annual installment payments upon a director's reaching age 65, age 72 or upon retirement from the board. These funds are identical to those that are available to those available to company employees who participate in the Exelon Employee Savings Plan.

Other Compensation

Exelon has a board expense reimbursement policy under which directors are reimbursed for reasonable travel to and from their primary or secondary residence and lodging expenses incurred when attending board and committee meetings or other events on behalf of Exelon (including director's orientation or continuing education programs, facility visits or other business

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related activities for the benefit of Exelon). Under the policy, Exelon will arrange for its corporate aircraft to transport groups of directors, or when necessary, individual directors, to meetings in order to maximize the time available for meetings and discussion. Directors may bring their spouses or guests on Exelon's corporate aircraft when they are invited to an Exelon event, and the value of this travel, calculated according to IRS regulations, is imputed to the director as additional taxable income.

Exelon pays the cost of a director's spouse's travel, meals, lodging and related activities when the spouses are invited to attend company or industry related events where it is customary and expected that directors attend with their spouses. The cost of such travel, meals and other activities is imputed to the director as additional taxable income. However, in most cases there is no incremental cost to Exelon of providing transportation and lodging for a director's spouse when he or she accompanies the director, and the only additional costs to Exelon are those for meals and activities and to reimburse the director for the taxes on the imputed income. In 2014, no incremental cost to the company to provide these perquisites and there was no amounts paid for the reimbursement of taxes on imputed income.

Exelon has a matching gift program available to directors, officers and employees that matches their contributions to eligible not-for-profit organizations up to $15,000 per year for directors; $10,000 per year for executives ($15,000 per year through the end of 2013 for legacy Constellation Energy Group executives) and up to $5,000 per year for other employees.

Compensation Philosophy

The Exelon board has a policy of targeting their compensation to the median board compensation of the same peer group of companies used to benchmark executive compensation. The base compensation (cash and stock retainers for board service and meeting fees) paid to Exelon directors in 2013 remained unchanged since 2008. In 2013, the corporate governance committee asked Semler Brossy Consulting Group, the independent consultant to the compensation and leadership development committee, to perform a director compensation study. The study found that in 2013 and some earlier years, compensation paid to Exelon directors was below the median of the peer group and below the median resulting from several published studies of larger groups. In January 2014, the board increased the annual cash retainer for board service from $50,000 to $80,000 but left all other compensation unchanged. The increase represented a 1.6 percent annual increase in basic director compensation over the five year period since 2008.

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Ownership of Exelon Stock

STOCK OWNERSHIP REQUIREMENTS FOR DIRECTORS AND OFFICERS

Under Exelon's Corporate Governance Principles, all directors are required to own, within five years after election to the board, at least 15,000 shares of Exelon common stock or deferred stock units or shares accrued in the Exelon common stock fund of the directors' deferred compensation plan. The board amended the corporate governance principles in July 2013 to increase the ownership requirement from 5,000 shares to 15,000 shares. The corporate governance committee utilized an independent compensation consultant who determined that, compared to its peer group, Exelon's ownership requirement is reasonable.

To strengthen the alignment of executives' interests with those of shareholders, the compensation and leadership development committee establishes stock ownership requirements for officers of the company. Officers, other than the CEO, are required to own, within the later of five years after their employment or September 30, 2012, stock having a market value (based on the 60-day average stock price as of September 30, 2012) equal to or greater than multiples of their base salary or fixed numbers of shares as shown in the table below. The CEO is required to own six times his base salary. The compensation and leadership development committee has determined that stock options are not considered for purposes of satisfying this requirement. Performance shares that have been earned but not vested, unvested restricted shares, restricted stock units, and shares held in the Exelon Stock Deferral Plan will count toward the stock ownership requirement, as will certificates and dividend reinvestment plans; shares held in 401(k) Employee Savings Plans; shares held by spouses or children; broker accounts held in street name; and IRAs and trust accounts in which the executive is a beneficiary. These guidelines may be equitably adjusted in the case of promotions in the discretion of the Senior Vice President and Chief Human Resources Officer.

Officer	Number of Exelon Shares
Chief Executive Officer	6 x annual salary divided by 60-day average share price
Exelon executive vice presidents and above	3 x annual salary divided by 60-day average share price
Presidents of subsidiary companies	2 x annual salary divided by 60-day average share price
Senior vice presidents	The lesser of 17,500 shares or 2 x annual salary divided by 60-day average share price
Vice presidents and other executives	The lesser of 6,500 shares or 1 x annual salary divided by 60-day average share price

The following table shows the status of each currently-employed NEO against the new ownership targets as of January 31, 2015.

Name	Stock Ownership Target (Shares) [A]	Total Shares and Share Equivalents Held as of January 31, 2015 [B]	Stock Ownership Percentage [B]/[A]
Crane	188,062	378,203	201%
Thayer	53,148	122,963	231%
Cornew	57,236	143,325	250%
Von Hoene	57,236	139,419	244%
O'Brien	59,280	129,025	218%

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Ownership of Exelon Stock

BENEFICIAL OWNERSHIP TABLE

The following table shows the ownership of Exelon common stock as of January 31, 2015 by each director, each named executive officer in the Summary Compensation Table, and for all directors and executive officers as a group.

	[A]	[B]	[C]	[D]=[A]+[B]+[C]	[E]	[F]=[D]+[E]
Directors (Note 3)	**Beneficially Owned Shares**	**Shares Held in Company Plans** (Note 1)	**Vested Stock Options and Options that Vest Within 60 days**	**Total Shares Held**	**Share Equivalents to be Settled in Cash or Stock** (Note 2)	**Total Share Interest**
Anthony K. Anderson	0	6,164	0	6,164	0	6,164
Ann C. Berzin	0	34,008	0	34,008	7,978	41,986
John A. Canning, Jr.	5,000	18,965	0	23,965	1,106	25,071
Yves, C. de Balmann	1,910	43,515	0	45,425	0	45,425
Nicholas DeBenedictis	5,000	26,687	0	31,687	0	31,687
Nelson A. Diaz	1,500	26,530	0	28,030	5,480	33,510
Paul L. Joskow	2,000	20,476	0	22,476	6,035	28,511
Robert J. Lawless	3,273	47,291	0	50,564	7,106	57,670
Richard W. Mies	0	17,757	0	17,757	0	17,757
William C. Richardson	1,715	24,299	0	26,014	0	26,014
John W. Rogers, Jr.	11,374	40,571	0	51,945	13,756	65,701
Mayo A. Shattuck III	491,358	5,906	3,266,335	3,763,599	0	3,763,599
Stephen D. Steinour	4,887	20,818	0	25,705	25,210	50,915
Christopher M. Crane	176,668	195,762	495,250	867,680	5,773	873,453
Jonathan W. Thayer	33,703	89,260	572,955	695,918	0	695,918
Kenneth W. Cornew	42,988	98,799	132,575	274,362	1,538	275,900
William A. Von Hoene, Jr.	71,773	64,641	246,200	382,614	3,005	385,619
Denis P. O'Brien	65,324	58,156	244,200	367,680	5,545	373,225
Total Directors & Executive Officers as a group (23 people) See Note 3	1,027,338	942,517	5,176,215	7,146,070	82,532	7,228,602

(1) *The shares listed under Shares Held in Company Plans, Column [B], include restricted shares, shares held in the 401(k) plan, and deferred shares held in the Stock Deferral Plan.*

(2) *The shares listed above under Share Equivalents to be Settled in Cash, Column [E], include unvested performance shares that may be settled in cash or stock depending on where the named officer stands with respect to the stock ownership requirement, and phantom shares held in a non-qualified deferred compensation plan which will be settled in cash on a 1 for 1 basis upon retirement or termination.*

Ownership of Exelon Stock

(3) *Beneficial ownership, shown in Column [A], of directors and executive officers as a group represents less than 1% of the outstanding shares of Exelon common stock. Total includes share holdings from all directors and NEOs as well as those executive officers listed in Item 1, Executive Officers of the Registrants in Exelon's 2014 Annual Report on Form 10-K filed on February 13, 2015, who are not NEOs for purposes of compensation disclosure.*

OTHER SIGNIFICANT OWNERS OF EXELON STOCK

Shown in the table below are those owners who are known to Exelon to hold more than 5% of the outstanding common stock. This information is based on the most recent Schedule 13Gs filed with the SEC by Capital Research Global Investors on February 13, 2015, State Street Corporation on February 12, 2015, BlackRock, Inc. on February 9, 2015, The Vanguard Group on February 11, 2015 and Franklin Resources, Inc. on February 9, 2015.

Name and address of beneficial owner	Amount and nature of beneficial ownership	Percent of class
Capital Research Global Investors (1) 333 South Hope Street Los Angeles, CA 90071	69,797,514	8.1%
State Street Corporation (2) State Street Financial Center One Lincoln Street Boston, MA 02111	51,650,257	6.0%
BlackRock, Inc. (3) 40 East 52 nd Street New York, NY 10022	51,360,702	6.0%
The Vanguard Group (4) 100 Vanguard Blvd. Malvern, PA 19355	50,125,938	5.83%
Franklin Resources, Inc. and certain related entities (5) One Franklin Parkway San Mateo, CA 94403	45,614,955	5.3%

(1) *Capital Research Global Investors disclosed in its Schedule 13G/A that it has sole voting and dispositive power over 69,797,514 shares.*
(2) *State Street Corporation disclosed in its Schedule 13G that it has shared voting and dispositive power over 51,650,257 shares.*
(3) *BlackRock, Inc. disclosed in its Schedule 13G/A that it has sole power to vote or to direct the vote of 44,148,730 shares and sole power to dispose or direct the disposition of 51,360,702 shares.*
(4) *The Vanguard Group disclosed in its Schedule 13G/A that it has sole power to vote or direct the vote of 1,469,150 shares and sole power to dispose or direct the disposition of 48,713,728 shares.*
(5) *Franklin Resources, Inc., Charles B. Johnson, Rupert H. Johnson, Jr., and Franklin Advisers, Inc. Schedule 13G filing, dated February 9, 2015, reports beneficial ownership collectively of 45,614,955 shares, with sole voting power as to 45,254,730 shares and sole dispositive power as to 45,589,730 shares in Franklin Advisers, Inc., and sole voting power and sole dispositive power as to 14,000 shares in Franklin Advisory Services, LLC, 10,800 shares as to Franklin Templeton Institutional, LLC, and 425 shares as to Fiduciary Trust Company International.*

Ownership of Exelon Stock

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EXELON EQUITY COMPENSATION PLANS

[A] Plan Category	[B] Number of securities to be issued upon exercise of outstanding options, warrants and rights (Note 1)	[C] Weighted-average price of outstanding options, warrants and rights (Note 2)	[D] Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in Column [B]) (Note 3)
Equity compensation plans approved by security holders	31,538,000	$36.67	32,278,000

(1) *Balance includes stock options, unvested performance shares, and unvested restricted shares that were granted under the Exelon LTIP or predecessor company plans and shares awarded under those plans and deferred into the stock deferral plan, as well as deferred stock units granted to directors as part of their compensation. For performance shares and performance share transition awards granted in 2013 and 2014, the total includes the maximum number of shares that could be granted, if performance, total shareholder return modifier, and individual performance multipliers were all at maximum, a total of 7,138,000 shares. At target, the number of securities to be issued for such awards is 3,753,000. The deferred stock units granted to directors includes 284,000 shares to be issued upon the conversion of deferred stock units awarded to members of the Exelon board of directors, and 98,000 shares to be issued upon the conversion of stock units held by members of the Exelon board of directors that were earned under a legacy Constellation Energy Group plan. Conversion of stock units to shares will occur after the director terminates service to the Exelon board or the board of any of its subsidiary companies. See Note 19—Common Stock of the Combined Notes to Consolidated Financial Statements included in Exelon's 2014 Annual Report on Form 10-K for additional information about the material features of the plans.*

(2) *Includes outstanding restricted stock units and performance shares that can be exercised for no consideration. Without such instruments, the weighted-average price of outstanding options, warrants and rights shown in column [C] would be $46.81.*

(3) *Includes 23,460,000 shares available for issuance from the company's employee stock purchase plan.*

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Based upon signed affirmations received from directors and officers, as well as administrative review of company plans and accounts administered by private brokers on behalf of directors and officers which have been disclosed to Exelon by the individual directors and officers, Exelon believes that its directors and officers made all required filings on a timely basis during 2014.

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Exelon's Independent Auditor for 2015

PROPOSAL 2: THE RATIFICATION OF PRICEWATERHOUSECOOPERS LLP AS EXELON'S INDEPENDENT AUDITOR FOR 2015

The audit committee and the board of directors have concluded that retaining PricewaterhouseCoopers LLP (PwC) is in the best interests of the company and its shareholders based on consideration of the factors set forth in the Report of the Audit Committee on pages 16-18 of this proxy statement. Representatives of PwC will attend the annual meeting to answer appropriate questions, and may make a statement if they desire.

The Exelon audit committee policy for pre-approval of audit and non-audit services to be performed by the independent auditor is available on the Exelon website at www.exeloncorp.com on the corporate governance page under the Investors tab. Under this policy the audit committee pre-approves all audit and non-audit services to be provided by the independent auditor, taking into account the nature, scope and projected fees of each service as well any potential implications on auditor independence. The policy specifically sets forth services the independent auditor is prohibited from performing by applicable law or regulation. Further, the audit committee may determine to prohibit other services that in its view may compromise, or appear to compromise, the independence and objectivity of the independent auditor. Predictable and recurring audit and permitted non-audit services are considered for pre-approval by the audit committee on an annual basis. For any services not covered by these initial pre-approvals, the audit committee has delegated authority to the committee's chair to pre-approve any audit or permitted non-audit service with fees in amounts less than $500,000. Services with fees exceeding $500,000 require full committee pre-approval. The audit committee receives quarterly reports on the actual services provided by and fees incurred with the independent auditor. None of the services provided by the independent auditor was provided pursuant to the de minimis exception to the pre-approval requirements contained in the SEC's rules.

The following table presents fees for professional audit services rendered by PricewaterhouseCoopers for the audit of Exelon's annual financial statements for the years ended December 31, 2014 and 2013, and fees billed for other services rendered by PricewaterhouseCoopers during those periods.

	Year Ended December 31,	
(in thousands)	2014	2013
Audit fees [a]	$17,751	$18,136
Audit related fees [b]	1,607	1,817
Tax fees [c]	1,562	1,000
All other fees [d]	37	24

(a) *Audit fees include financial statement audits and reviews under statutory or regulatory requirements and services that generally only the auditor reasonably can provide, including issuance of comfort letters and consents for debt and equity issuances and other attest services required by statute or regulation.*

(b) *Audit related fees consist of assurance and related services that are traditionally performed by the auditor such as accounting assistance and due diligence in connection with proposed acquisitions or sales, consultations concerning financial accounting and reporting standards and audits of stand-alone financial statements or other assurance services not required by statute or regulation.*

(c) *Tax fees consist of tax compliance, tax planning and tax advice and consulting services, including assistance and representation in connection with tax audits and appeals, tax advice related to proposed acquisitions or sales, employee benefit plans and requests for rulings or technical advice from taxing authorities.*

(d) *All other fees primarily reflect accounting research software license costs.*

The board of directors unanimously recommends a vote "FOR" the ratification of PricewaterhouseCoopers LLP as Exelon's Independent Auditor for 2015.

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Advisory Vote on Executive Compensation

PROPOSAL 3: ADVISORY VOTE ON EXECUTIVE COMPENSATION

We are providing shareholders with an annual advisory (non-binding) vote on the compensation paid to the company's named executive officers, as disclosed in this proxy statement on pages 35-76, in accordance with the compensation disclosure rules of the SEC. Accordingly, you may vote on the following resolution at the 2015 annual meeting.

> RESOLVED, that the company's shareholders approve, on an advisory basis, the compensation of the named executive officers, as disclosed in the company's proxy statement for the 2015 Annual Meeting of Shareholders pursuant to the rules of the SEC, including the Compensation Discussion and Analysis, the 2014 Summary Compensation Table and the other related tables and disclosure.

The board of directors recommends a vote FOR this proposal because it believes:

- The company's compensation framework is effective in achieving its goals of providing market competitive pay that fosters the attraction, motivation and retention of key talent;
- A majority of compensation is performance-based and contingent on achieving financial and operational results that align the interests of executives with those of the company's shareholders; and
- The compensation framework is consistent with best practices that drive outstanding company performance while creating long-term shareholder value.

While this advisory proposal, commonly referred to as "say-on-pay," is not binding, the board of directors and the compensation and leadership development committee will review and consider the voting results when annually evaluating our executive compensation program. To facilitate more frequent shareholder input, the board adopted a policy of providing for annual say-on-pay advisory votes.

When casting your 2015 say on pay vote, we encourage you to consider the company's 2014 performance, which included total shareholder return of 40.6%, operating earnings per share that were in-line with full year guidance, and outstanding operational performance. The committee and board believe that the changes to the compensation program we made in 2013, largely based on shareholder feedback and alignment with market practice, strengthened the connection of pay with performance. The committee and the board appreciate your feedback and have implemented some enhancements to the 2015 executive compensation program based on shareholder engagement during the past year. We continue to look forward to hearing from shareholders about potential future program enhancements.

The board of directors unanimously recommends a vote "FOR" approval of the compensation paid to the company's named executives, as disclosed in this proxy statement.

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Report of the Compensation and Leadership Development Committee

"Exelon's executive compensation framework is designed to pay for performance and align the interests of executives, shareholders and other key stakeholders."

The Compensation & Leadership Development Committee

The committee is composed solely of independent directors, and we are accountable for ensuring that the decisions we make about executive compensation are in the best interests of shareholders. We accomplish this objective by having a robust compensation framework that emphasizes pay-for-performance, resulting in a majority of pay being at risk and contingent on the achievement of financial and operational goals. In fact, 90% of Exelon's CEO compensation is at risk, which is higher than our peer group average and strongly aligns with shareholder interests. Our goals under the annual incentive program and the long-term incentive program's performance share program are aligned to metrics that correlate directly to driving long-term shareholder value creation and are developed with significant stretch and rigor.

The committee proactively seeks shareholder feedback as part of its year-round engagement program, which includes reaching out to our top shareholders to listen to feedback regarding our executive compensation program, disclosure practices and corporate governance. The committee values our shareholders' insights and considers their feedback in addition to other factors such as emerging market practices, when formulating our executive compensation programs and making pay decisions. A full description of our shareholder outreach efforts and the changes we have made based on your feedback is detailed under "Shareholder Engagement" on pages 41-42.

Our strategy continues to leverage our integrated business model to create value by using our strong balance sheet to invest in both regulated and competitive businesses to drive growth. Part of the board's overarching strategy is to manage for the future and to make decisions that are in the best long-term interests of Exelon's shareholders, as well as ensure strong annual financial and operational performance.

The compensation and leadership development committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussion, the committee recommended to the board that the Compensation Discussion and Analysis be included in the 2015 Proxy Statement.

February 27, 2015

THE COMPENSATION & LEADERSHIP DEVELOPMENT COMMITTEE
John A. Canning, Jr., Chair
Yves C. de Balmann
Robert J. Lawless
William C. Richardson

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Compensation Discussion & Analysis

Section I:	**Overview**
Section II:	**How We Design Our Executive Compensation Programs to Pay for Performance**
Section III:	**What We Pay and Why We Pay it**
Section IV:	**Governance Features of Our Executive Compensation Programs**

Section I: Overview

Company Strategy

Exelon's strategy is to ***leverage our integrated business model to create value and diversify our business*** . Each of our businesses – regulated utilities and competitive generation and energy sales – features a mix of attributes that, when combined, offers our shareholders and customers a unique value proposition:

- Our utilities (BGE, ComEd, and PECO) provide a foundation for stable earnings and dividend support, while
- Our competitive businesses in Exelon Generation and Constellation provide commodity exposure to power and gas price upside and a platform to diversify into adjacent markets, while providing residual dividend support.

The board of directors believes our strategy provides a platform for optimal success in an industry experiencing fundamental and sweeping change, such as tightening conventional baseload generation, emergence of the intelligent electric network (i.e., Smart Meters/Smart Grid), and changing consumer behaviors that are pushing toward a decentralized system. While enhancing Exelon's core value, it enables us to take advantage of multiple opportunities, rather than relying on any one segment of our industry's value chain.

Executive Compensation Goals are aligned with the Company's Strategy: In designing the company's executive compensation programs, the committee strives to align the goals and underlying metrics with the company's strategy, while including compensation risk mitigating design features to discourage our executives and employees from taking excessive risks for short-term benefits that may harm the company and our shareholders. We believe consistent execution of our strategy over multi-year periods will lead to an increase in our stock price.

For the company's Annual Incentive Program ("AIP"), all named executive officers ("NEOs"), with the exception of the CEO of Exelon Utilities, are tied 100% to adjusted non-GAAP operating earnings per share ("EPS"), directly correlating to bottom-line financial results that drive shareholder value creation. For the Long-Term Incentive ("LTI") Program, our NEOs receive both Performance Share Units ("PSUs") and Restricted Stock Units ("RSUs"). The PSUs are contingent on achieving a threshold level of performance over a three-year period based on two goals, financial management and operational excellence, that are aligned with driving long-term shareholder value creation. A full scorecard for the 2014 PSU goals, underlying metrics and performance can be found on page 53.

Compensation Discussion & Analysis

Key Take-Aways for 2014 Compensation

1 STRONG COMPANY PERFORMANCE

- Exelon's share price was up 35.4% for the year, with a total shareholder return of 40.6% (including reinvested dividends), outpacing the S&P 500 (14.0%) and our 20 company peer group (23.3%).
- Exelon Utilities completed the year with high performance across key operating areas including safety (top decile) and top quartile performance in all three utilities (BGE, ComEd and PECO) for both outage frequency and duration. See chart on page 53 for full details.
- Exelon Generation had exceptional plant performance in 2014, including nuclear capacity factor of over 94%, power dispatch match of nearly 97%, and renewables (wind and solar) energy capture of 95%.

2 STRONG EXECUTION OF M&A STRATEGY

- Executed a merger agreement to acquire Pepco Holdings Inc. (PHI) for $6.8 billion, with an anticipated closing in the second or third quarter of 2015.
- Divested five non-core power plants to yield $1.8 billion of pre-tax proceeds ($1.4 billion after-tax).
- Acquired two Midwest energy marketers (ProLiance and Integrys), virtually doubling the number of customers by adding over 1.2 million residential and commercial and industrial customers.
- Invested in a portfolio of Bloom Energy fuel cell products to further the Bloom partnership and advance Exelon's objectives in building its distributed generation business.

3 DECREASE IN CEO REPORTED COMPENSATION

- As reported in the summary compensation table on page 60, CEO pay decreased 13%, or 20% excluding the change in pension value and deferred compensation earnings. This decrease was attributed to the one-time, performance-based transition award. For more details refer to the transition award section on page 53.
- For 2014, CEO target total direct compensation was calibrated to approximate the market median of the 20 company peer group. For additional information, please see CEO pay-at-glance section on pages 39-41.

4 COMMITMENT TO SHAREHOLDER ENGAGEMENT

- The company met with investors holding approximately 46% of the outstanding shares (up from about 35% the prior year).
- No material plan design changes made for 2014, as shareholders expressed support for the design changes that we implemented in 2013. See page 41 for details.
- For 2015, the company is making a few enhancements based on shareholder feedback received during the fall 2014 outreach, including increasing the CEO's stock ownership target from 5X to 6X to align more closely with market practice.

5 STRONG INCENTIVE GOAL RIGOR

- The 2014 performance share goals, which are part of the LTI Program, were set at a level that resulted in eight of the ten underlying metrics being more challenging than the prior year, aligning with top quartile and top decile industry performance standards as shown on page 53.

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Compensation Discussion & Analysis

Strategic Business Results

Strong Absolute and Relative 2014 Total Shareholder Return Performance: After lagging stock performance in prior years, Exelon performed very well in 2014 under Mr. Crane's leadership, with its stock price leading the way (see Exelon's 2014 total shareholder return relative to its 20 company peer group in the chart below). This outperformance reflects a slight improvement in natural gas forward prices in 2014, coupled with above target financial, operational and cost management performance. Our 2014 compensation decisions reflect the company's overall performance.

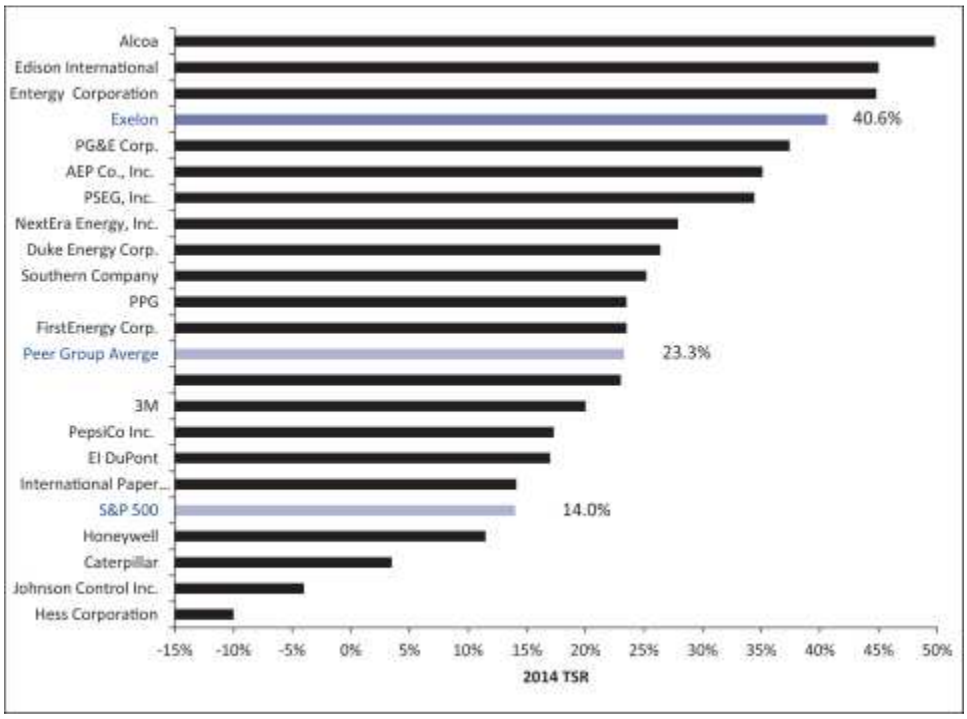

Strong Opportunistic Growth Execution: Exelon has been taking steps to expand its regulated business operations as part of its efforts to achieve earnings and cash flow stability. In 2014, Exelon announced its intent to acquire PHI, which will help the company leverage scale and maintain cost discipline, while strengthening and expanding its regulated assets. The transaction will shift our earnings mix to be substantially more regulated with 61-67% of earnings coming from the regulated side in the 2016-2017 period. As we have communicated publicly, this transaction is expected to close in the second or third quarter of 2015 and to add $0.15 – $0.20 to earnings per share in 2017.

The company took the initiative in 2014 by investing in and growing its existing business lines: utilities, competitive energy sales, and generation. Exelon has been optimizing its power generation fleet by selling select unregulated assets to assist in funding the pending PHI acquisition. Exelon has also been diversifying into promising markets and technologies through the acquisition of a company that sells liquid natural gas, the acquisitions of two energy marketers (ProLiance and Integrys), resulting in 1.2 million new customers to Constellation's business, and developing two combined-cycle gas turbines (CCGT) in Texas (which will add over 2,100+ MWs). The CCGTs are scheduled to come online by the summer of 2017, and will help the company expand its clean energy portfolio consistent with EPA regulations. The CCGTs will be cash flow and EPS accretive relative to the coal plants that the company sold in 2014. The company sold five unregulated coal and gas plants in 2014 for $1.8 billion of pre-tax proceeds ($1.4 billion after-tax).

Compensation Discussion & Analysis

Major Regulatory Developments in 2014: There were a number of major regulatory developments in 2014 that affected both our utilities and the generation business.

- For the utilities, Exelon had two positive outcomes for ComEd and BGE rate cases, with ComEd receiving 95% of its ask for the third consecutive case and BGE receiving its first settlement since 1999. These outcomes highlight our continued commitment to the customers we serve in each region.
- On the generation side, the company has seen progress in the Illinois nuclear discussions, with four reports released which highlight the reliability, economic and environmental benefits of nuclear plants to the state. Additionally, PJM's Capacity Performance Proposal has been submitted to FERC, and the company supports steps being taken to ensure reliability in the region.

Executive Compensation Framework and Central Themes

The goal of our executive compensation program is to retain and reward leaders who create long-term value for our shareholders by delivering on objectives set forth in the company's long-term strategic plan. This goal affects the compensation elements we use and drives our compensation decisions. The primary compensation elements are depicted in the table below, with all except for base salary being "pay-at-risk" and linked to changes in the stock price and achievement of short-term and long-term company financial and operational goals that build shareholder value.

Pay Element	SALARY	Annual Incentive Plan	Performance Share Units	Restricted Stock Units
WHO RECEIVES	All named executive officers →			
Pay-At-Risk	Fixed	Variable →		
WHEN GRANTED	Bi-weekly with annual review	Annually in January for prior year	Annually in January	Annually in January
TYPE OF PERFORMANCE	Short-term emphasis →		Long-term emphasis →	
PERFORMANCE PERIOD	Ongoing	1 year	3 years	Vest one-third per year over 3 years
HOW PAYOUT DETERMINED	Market assessment, individual performance and internal equity	Corporate / Business Unit performance, and individual performance	Average performance on company performance measures, relative TSR modifier and individual performance	Market assessment, individual performance and internal equity
MOST RECENT PERFORMANCE MEASURES	Individual performance relative to objectives	Operating EPS	Financial management goals (60%), operational excellence goals (40%), and relative three-year TSR modifier	Individual performance and potential
PURPOSE	Provide income certainty so that executives can focus on achieving key business priorities and objectives	Holds executives accountable for performance against near-term business objectives	Aligns the interest of executives with shareholders by providing awards contingent on achieving pre-established three-year financial and operational goals	Enhances the retention of key talent and provides an ongoing alignment of executive interests with those of shareholders

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Compensation Discussion & Analysis

Executive Compensation Principles

The following principles help guide and inform the committee in delivering highly effective executive compensation programs that drive pay for performance, mitigate risk, and foster the attraction, motivation and retention of top leadership talent in order to enable the company to execute against its strategic business plan and ultimately deliver long-term shareholder value.

We Manage for the Long-term The board manages for the long-term and makes pay decisions that are in the best long-term interests of the company and shareholders.	**Strong Compensation Framework** We have a strong compensation framework that is market-based and drives pay for performance and alignment with shareholders based on having a majority of NEO pay at risk in the form of annual incentives and stock awards.	**Strong Shareholder Engagement** We engage directly with shareholders and take actions to improve our compensation programs based on year-round feedback from shareholders.
Competitiveness Our NEOs' pay levels are set by taking into consideration multiple factors, including peer group market data, internal equity comparisons, experience, performance and retention.	**Robust Stock Ownership Guidelines** Executives are required to meet and maintain significant stock ownership requirements. For 2014, our CEO's requirement was 5X base salary (*6X starting in 2015*), while other NEOs were 3X.	**Balance** Since we manage for the long-term, we believe pay at risk should reward the appropriate balance of short- and long-term financial and strategic business results.

CEO Pay at-a-Glance

2014 Target Total Direct Compensation (TDC): In determining target TDC for the CEO, the independent directors considered his individual performance and assessed market competitiveness before it set Mr. Crane's 2014 target TDC at $12.05 million (up 3.8% from the prior year). In setting his pay, there was no change in base salary and the board ensured the vast majority (90%) of pay is at risk, including almost 78% of his pay in the form of Long-Term Incentives (LTI), which is almost eight percentage points higher than the average CEO in our 20 company peer group.

Mr. Crane's TDC comprises the following:

- Base salary of $1.2 million (unchanged from 2013)
- Annual Incentive target opportunity of $1.5 million or 125% of base salary (unchanged from 2013)
- Long-Term Incentive target opportunity of $9.3 million, with 67% delivered in performance share units and 33% as RSUs.

Compensation Discussion & Analysis

Decrease in Reported Pay: Mr. Crane's pay as reported in the Summary Compensation Table decreased this year by 13%, or 20% *excluding* the change in pension value and deferred compensation. His compensation declined in 2014 because in 2013 it included a one-time performance-based transition award valued at about $3.7 million, that was fully disclosed in last year's proxy statement (see page 53 for more information). This was partially offset by this year's increase in the change in pension value of approximately $0.9 million, resulting from the change in interest rates and new mortality tables for 2014. Mr. Crane's take-home (W-2) pay remains a small portion of the reported pay (i.e., about 45% in 2014).

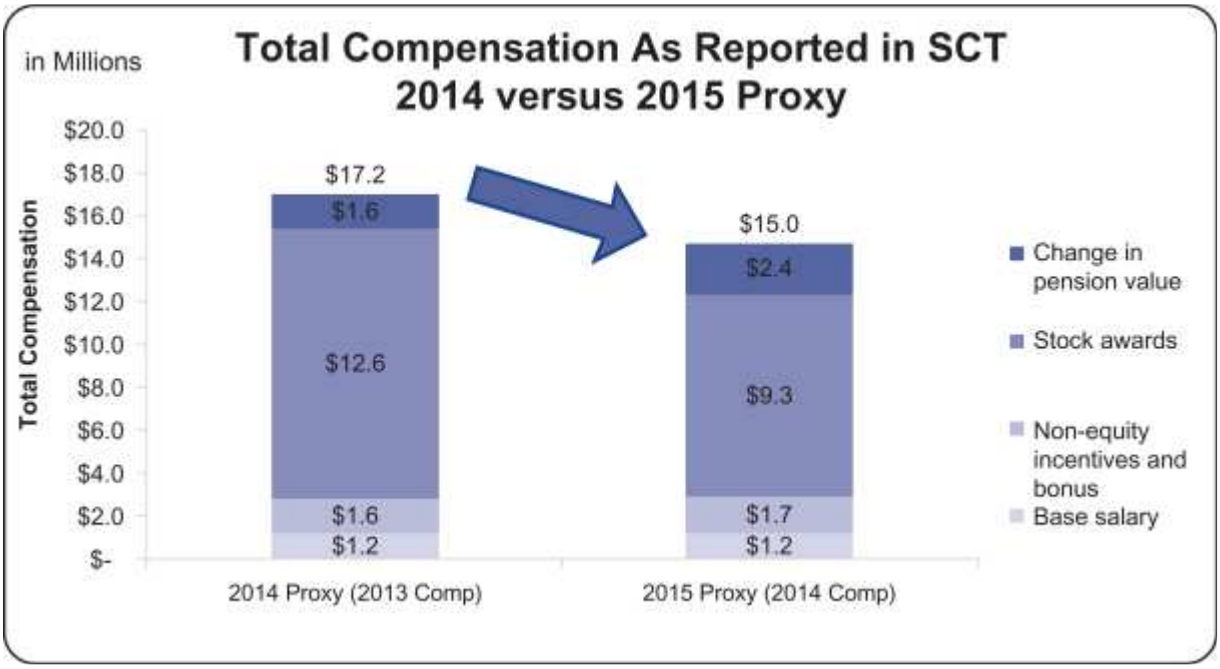

2014 CEO Payouts:

For Mr. Crane, the board awarded a 2014 AIP payout of $1,708,905 based on operating EPS performance of $2.39 (103.57% of target), multiplied by an individual performance modifier ("IPM") of 110%. The committee utilized an IPM to recognize Mr. Crane's outstanding execution against the company's strategic business plan, while delivering strong stock price, financial, operational, and regulatory advocacy performance. Key highlights are depicted below, which also apply to the other NEOs.

- Total shareholder return of + 40.6%, outperforming the S&P 500 by almost 27 percentage points,
- Strong operational performance across the Utilities (top decile safety and outage frequency) and Generation (nuclear capacity factor of over 94% and Exelon Power gas and hydro dispatch match of 96.5%),
- Numerous corporate transactions, including executing a merger agreement to acquire PHI ($6.8 billion), divesting five non-core power plants to yield $1.8 billion of pre-tax proceeds ($1.4 billion after-tax), and acquiring two energy marketers (Proliance and Integrys), resulting in 1.2 million new customers for Constellation's business, and
- Both BGE and ComEd had very strong distribution rate case outcomes in 2014. BGE reached a unanimous settlement in its 2014 rate case, the first time this has occurred since 1999. ComEd was successful in that the Illinois Commerce Commission granted a revenue requirement increase of $232 million, or 95% of what the utility requested.

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The board also approved the final portion of the performance-based transition award, equating to 91,378 shares, valued at $3,412,055 based on the closing stock price of $37.34 on January 26, 2015. This payout was calculated based on the average of performance share goal results for 2013 (125.00% after the committee exercised negative discretion to reduce from actual performance of 147.8% of target) and 2014 (105.56%). The one-time transition award was granted in 2013 to address the lengthening of the performance period from one year to three years.

Shareholder Engagement

2014 Advisory Vote on Executive Compensation. Shareholders approved our advisory vote on executive compensation with 69% of the votes cast FOR the compensation of our NEOs, which was below our desired achievement level. Based on our conversations with shareholders, the lower vote in favor of executive compensation was primarily a result of:

- Negative 2013 total shareholder return (-3.5%), and
- A significant increase in 2013 reported compensation from the prior year, which was driven by the confluence of (a) increasing the CEO's pay from 20% below market median to the market median, and (b) the requirement to report the full value of the one-time performance-based transition award, even though the performance had not yet been measured.

We actively engage with our shareholders throughout the year. Since 2006, we have maintained a shareholder engagement program in which we proactively reach out to our top shareholders and leading proxy advisory services firms with the objective of educating them about the corporate governance and executive compensation changes we have implemented as well as seeking feedback on other potential executive compensation and corporate governance matters. Our engagement team consists of leaders from human resources, investor relations and the office of corporate governance. Additionally, our committee chair participated on some of the calls in 2013 and 2014.

Robust 2014 Shareholder Outreach. In the spring of 2014, we spoke with our top shareholders and sought input from others. These calls, which included the holders of about 35% of our outstanding common shares, were highly valued as we were able to discuss the 2014 proxy statement and key executive compensation and corporate governance matters contained within the document as well as review executive compensation changes that were based on prior shareholder input and implemented in 2013 and are reflected in the 2014 proxy statement. We also structured a similar outreach in the fall that included the chairman of the committee participating in select telephonic meetings with top investors and proxy advisory services firms. We spoke with investors who hold almost 46% of the common shares outstanding.

Positive shareholder feedback received on:

- **Pay-for-performance alignment:** Projected 2014 CEO pay as reported in the Summary Compensation Table will decrease, and total shareholder return will be up significantly,
- **Strong stock ownership achievement levels:** Each NEO owns at least 200% of his stock ownership target,
- **Pay-at-risk:** CEO's pay-at-risk is 90% (with 78% in the form of LTI),
- **LTI mix:** 67% performance share units and 33% restricted stock units for NEOs,
- **Goal rigor:** Eight of the ten performance share program metrics were more challenging for 2014 as compared to 2013, and
- **Quality of disclosure:** Robust and comprehensive executive compensation disclosures highlighted, simplified and summarized relevant information through the use of graphics and an executive summary.

In addition, shareholders reaffirmed their support for the executive compensation program changes that we implemented in 2013, when we:

- Lengthened the performance period for the performance share program from one to three years,

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- Reinstated total shareholder return as a modifier under our performance share program,
- Reduced the number of goals in our performance share program from six to two,
- Changed the goals under the performance share program from qualitative to quantitative, and
- Eliminated stock options and changed the mix of equity for NEOs to 67% performance share units and 33% restricted stock units.

Our 2014 executive compensation program was largely unchanged from 2013 as the committee believes the program is aligned strongly with shareholder interests and market practice. Even though the committee believes the program is meeting its objectives in rewarding financial, operational, and strategic success, it is always seeking ways to improve the executive compensation program and disclosure. During 2014, the company received suggestions relating to emerging trends in executive compensation practices and our disclosures about our program. In addition, the committee and management reviewed correspondence submitted by individual and institutional shareholders, analyzed market practices at peer companies and sought advice from the committee's independent compensation consultant. Based on shareholder discussions and recommendations, the committee, during its annual evaluation of the company's executive compensation programs and evolving market practices, made changes to our programs and disclosures:

2014 Shareholder Feedback	Exelon Actions as a result of 2014 Shareholder Feedback
Disclose Full Performance Share Unit Performance Scale	**Added the threshold and distinguished performance levels to the performance share plan disclosure (see page 53)**
Describe How Metrics Link to Strategy	**Expanded disclosure to include how metrics tie to the business and link back to strategy**
Enhance Alignment with Shareholder Interests	**Increased the stock ownership guidelines for the CEO from 5X base salary to 6X base salary, starting in 2015**
Disclose Executive Stock Ownership	**Added an achievement level table for each NEO**
Clarify the Long-Term Incentive Plan	**Amended the plan expressly prohibiting the buyout of stock options; repricing of stock options was already prohibited**
Consider Change to Peer Group for Market Assessment	**Modified the peer group for the 2015 market assessment to remove PepsiCo Inc. which was larger than the company's criteria of 0.5X to 2.0X for both revenue and market capitalization**

Section II: How We Design Our Executive Compensation Programs to Pay for Performance

Our approach to compensating our NEOs is to align the long-term interests of Exelon's executives with those of our shareholders. Our compensation framework is based on providing market-competitive programs that attract and retain top talent necessary to effectively lead a company with the scale and technical complexity of Exelon throughout all phases of the business cycle. The framework is also designed so that a majority of our pay is at risk and directly linked to Exelon's shareholder returns and to other performance factors that measure our progress against the financial management and operational excellence goals in our strategic and operating plans to promote pay for performance. This means when excellent performance is achieved, pay will be above target. Failure to achieve objectives will result in below-market pay.

In order to reaffirm the link between pay and performance, the committee annually reviews the executive compensation components, targets and payouts and approves compensation for all NEOs except the CEO, whose compensation is approved by the independent directors on the recommendation of the committee and its independent consultant (Semler

Compensation Discussion & Analysis

Brossy Consulting Group). The committee evaluates goals under the annual and long-term incentive programs to ensure that they are challenging, contain appropriate stretch, and are designed to mitigate excessive risk. Goals are selected and evaluated based on support for Exelon's long-term business plan.

2014 NEO Pay Decisions

As stated in its charter, one of the committee's most important responsibilities is to recommend the CEO's compensation to the independent directors. The committee fulfills its oversight responsibilities and provides thoughtful recommendations by analyzing peer group compensation data with its independent compensation consultant and company performance data. The committee reviews the various elements of the CEO's compensation in the context of the target total direct compensation (base salary, annual and long-term incentive target opportunities) and then presents its recommendations following the compensation governance process set forth below.

Roles of board, Compensation and Leadership Development Committee, and CEO	Steps	When
• CEO compensation decisions are made by the independent members of the board, based on recommendation of the compensation and leadership development committee.	**Design Compensation Program** – 2014 incentive programs are discussed, including AIP and LTI designs.	December 2, 2013
• Other NEO compensation decisions are made by the committee, based on a number of factors including input from the CEO and the independent compensation consultant.	**Establish Range of Compensation Opportunities** – AIP and LTI opportunities are set with appropriate stretch (threshold, target, and distinguished performance levels). Individual AIP and LTI opportunities are established, as well as any base salary adjustment.	January 27, 2014
• The committee is advised by an independent compensation consultant.	**Review Performance** – Performance is reviewed, which leads to payout decisions (e.g., AIP, and the second installment of the transition award).	January 26, 2015

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How Pay-for-Performance Works

Overview. Exelon has a long-standing commitment to link pay and performance by providing a majority of compensation that is tied to stock price or contingent on achieving short and long-term objectives.

- **Program Design:** Over 80% of NEO pay at Exelon is variable as depicted in the chart below, which directly ties pay to the company's performance, including financial results, operational goals, and stock performance relative to our peer group.
- **Performance Assessment:** The committee uses a comprehensive and well-defined process to assess performance, which encompasses both short and long-term financial and operational results relative to our goals. The committee ensures that the goal-setting process is rigorous and contains appropriate stretch for both internal measures and operational metrics that generally set achieving industry first quartile performance as the target. For more information, refer to the 2014 performance share scorecard on page 53.

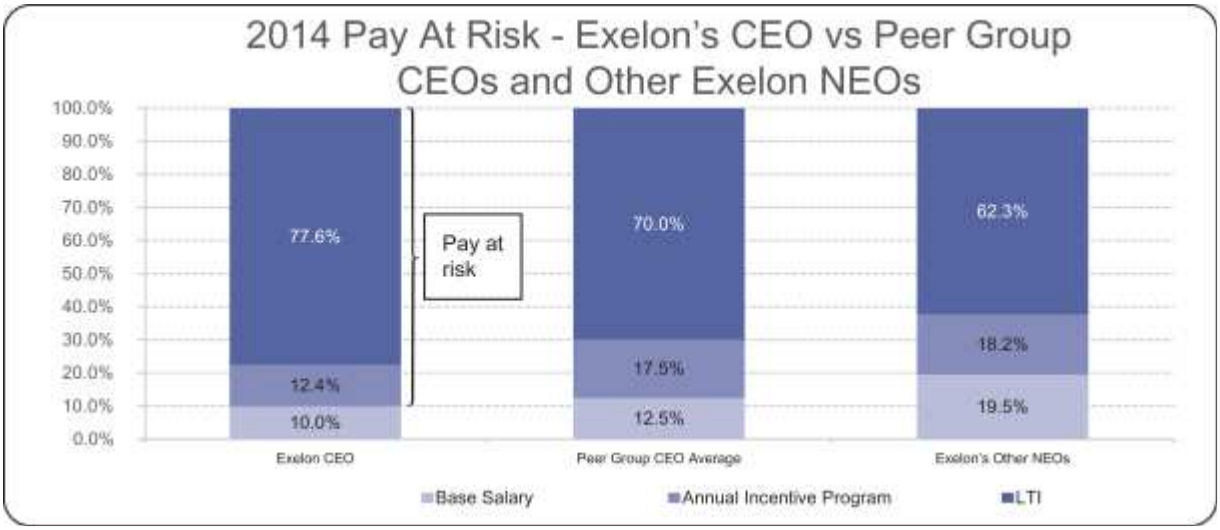

Compensation Discussion & Analysis

What We Do and Don't Do

Exelon's executive compensation philosophy focuses on pay-for-performance and reflects appropriate governance practices aligned with the needs of our business. Below is a summary of our executive compensation practices that are aligned with best practice, as well as a list of those practices we avoid because they do not align with shareholders' long-term interests.

What We Do

- ✓ Pay-for-performance – 90% of CEO pay (and almost 81% for other NEOs) is at risk in the form of AIP and LTI
- ✓ Stock ownership – 6X base salary for CEO (starting in 2015) and 3X for other NEOs
- ✓ Mitigation of undue risk in executive compensation programs
- ✓ Double-trigger change-in-control benefits – requires change-in-control plus involuntary termination
- ✓ Independent compensation consultant – works directly with the committee
- ✓ We annually evaluate management succession and leadership development efforts
- ✓ We provide limited, modest perquisites based on sound business rationale
- ✓ We proactively seek investor feedback on executive compensation programs
- ✓ We prohibit hedging transactions, short sales, derivative transactions or pledging of company stock
- ✓ We require executive officers and directors to trade through 10b5-1 trading plans or obtain pre-approval before trading Exelon stock
- ✓ We annually assess our programs against peer companies and best practices
- ✓ Incentive targets contain appropriate stretch based on industry performance and/or Exelon's business plan
- ✓ We clawback incentive compensation paid to an executive who has engaged in fraud or intentional misconduct

What We Don't Do

- × No guaranteed minimum payout of AIP or LTI programs
- × No employment agreements
- × No dividend-equivalents on unearned performance share units
- × No excise tax gross-ups for change-in-control agreements entered into after April 2009
- × No inclusion of the value of LTI awards in pension or severance calculations
- × No additional credited service under supplemental pension plans since 2004
- × No option re-pricing

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Compensation Discussion & Analysis

Assessing Executive Compensation Programs

Overview. An assessment of our executives' compensation levels against our peer group is one of several considerations in the pay setting process. Peer group practices are analyzed each year for target total direct compensation and for other pay practices, such as perquisites and the mix of LTI vehicles. Because Exelon is one of the largest energy services companies, we compare executive compensation against a blended peer group with which we compete for talent. The peer group includes 10 energy services companies and 10 high-performing asset intensive general industry companies (with an emphasis when appropriate on companies that are subject to effects of commodity prices such as Exelon) with comparable annual sales (.5x to 2x) and market capitalizations generally above $10 billion. Each year the compensation and leadership development committee, working with its independent consultant, reviews the composition of the peer group and determines whether any changes should be made. The peer group for 2014 was the same as 2013, with the exception of PPG Industries replacing Murphy Oil after it spun off part of its business. Exelon's 2014 peer group consists of the following 20 companies:

General Industry		Energy Services	
3M	Honeywell	AEP Co., Inc.	FirstEnergy Corp.
Alcoa	International Paper Co.	Dominion Resources, Inc.	NextEra Energy, Inc.
Caterpillar	Johnson Controls Inc.	Duke Energy Corp.	PG&E Corp.
EI DuPont	PepsiCo Inc.	Edison International	PSEG, Inc.
Hess Corporation	PPG Industries	Entergy Corporation	Southern Company

For 2015, the committee approved a change to the peer group to remove PepsiCo Inc., which was larger than the company's criteria of 0.5X to 2.0X for both revenue and market capitalization. Additionally, Caterpillar and PPG Industries did not participate in the TowersWatson executive survey. As a result, the committee approved replacing these three companies with Deere & Company, General Dynamics and Northrup Grumman.

Comparing Exelon to its Peer Group. The median revenue of our peer group for the year ended December 31, 2014 was approximately $21.7 billion as compared to our revenues of $27.4 billion. As of December 31, 2014, the median market capitalization of our peer group was $32.0 billion as compared to our market capitalization of $31.9 billion.

Setting Target TDC for our NEOs. The committee initially sets target TDC at market median of peer group companies, but can vary based on competencies and skills, scope of responsibilities, the executive's experience and performance, retention, succession planning and the organizational structure of the businesses (internal alignment and reporting relationships). In establishing NEO compensation levels, the committee does not formally consider the ratio of individual NEO compensation relative to other NEOs.

Compensation Discussion & Analysis

Section III: What We Pay and Why We Pay it

Our NEOs for 2014 are unchanged from 2013 as shown below:

Name	Title
Christopher M. Crane	President and Chief Executive Officer, Exelon
Jonathan W. Thayer	Senior EVP and Chief Financial Officer, Exelon
Kenneth W. Cornew	Senior EVP and Chief Commercial Officer, Exelon; President and Chief Executive Officer, Exelon Generation
Denis P. O'Brien	Senior EVP, Exelon; Chief Executive Officer, Exelon Utilities
William A. Von Hoene, Jr.	Senior EVP and Chief Strategy Officer, Exelon

Compensation Framework and 2014 Performance-based Pay Actions

Element	Comments
Base Salary	- Salary increases as a result of the merit review averaged 2.3% for our NEOs (with 0% for the CEO). - Base salary increases were provided to recognize individual performance and maintain market competitiveness.
Annual Incentive	- The total payout as a percent of target for our NEOs was 113.93%*, with the exception of Mr. O'Brien who received 116.83%. - The total payout is inclusive of an individual performance multiplier of 110% for each NEO.

* AIP weighting is 100% non-GAAP Operating EPS for all NEOs, with the exception of Mr. O'Brien.

Long-Term Incentive	- LTI consists of PSUs (67%) and RSUs (33%) and the goals of financial management (60%) and operational excellence (40%)** - The 2014-2016 Long-Term Performance Share Award (LTPSA) vests in full in 2017, with final payout subject to a three-year TSR modifier and individual performance multiplier.

** Each three-year goal has underlying metrics that can be modified annually on a forward-looking basis by the committee.

One-time Performance-based Transition Award (granted in 2013)	- One-third of the award vested in January 2014 based on a payout of 125.0%, which the committee reduced from 147.8%.*** The transition award was based on the same goals as the performance share program. - For 2014, the second installment (67% targeted value) was paid out at 115.28% of target, reflecting the average of performance share program results for 2013 (125%) and 2014 (105.56%).

*** The committee reduced the payout to better align with lagging shareholder returns, even though the company exhibited outstanding operational performance and solid financial performance.

Pay at Risk

Pay at risk in action. Consistent with our pay-for-performance culture and to ensure alignment with shareholder interests, the committee recommends CEO pay decisions to the independent directors based on the core compensation principle of putting the majority of compensation in the form of variable pay that is at risk.

For example, 100% of Mr. Crane's 2014 total direct compensation adjustment of 3.8% was in the form of LTI.

Compensation Discussion & Analysis

Base Salary

Overview . We pay base salaries to attract and retain talented executives and to provide a fixed level of cash compensation. Base salaries for our NEOs are set by the committee and adjusted following an annual market assessment of peer group compensation. Base salaries may be adjusted (1) as part of the annual merit review, or (2) based on a promotion or significant change in job scope. The committee considers the results of the annual market assessment in addition to the following factors when contemplating a merit review: individual performance, scope of responsibility, leadership skills and values, current compensation, internal equity, and legacy matters.

2014 base salary adjustments . The table below depicts 2014 base salary adjustments that were effective March 1, 2014. In the case of Mr. Thayer, a subsequent market adjustment was approved by the committee effective July 1, 2014 to reflect the addition of information technology, and supply chain to his portfolio of responsibilities.

Name	Merit Increase	Market Adjustment
Crane	0.0%	
Thayer	3.7%	7.1%
Cornew	2.5%	
O'Brien	2.5%	
Von Hoene, Jr.	2.6%	

Performance-based Annual Incentive Program

Overview . We grant performance-based annual incentive awards to compensate our NEOs for achieving the company's annual performance goals. These awards represent a relatively small percentage of the executives' target total direct compensation (e.g., 12% for our CEO to about 18% for all other NEOs on average), as a majority of NEO pay is in the form of LTI. Both the AIP and the LTI are considered at risk and subject to recoupment in the case of a material negative adjustment of Exelon's financial or operational results, as provided in the recoupment policy described on page 54.

Compensation Discussion & Analysis

Performance Goals . The performance goal used to determine the annual incentives and bonuses for the named executive officers was non-GAAP operating EPS, which represents earnings directly related to ongoing operations of the business. Mr. O'Brien's AIP is based on a blend of EPS and the average operational and cost results for our three utilities (BGE, ComEd, and PECO). These goals were chosen because they reflect financial management and operational excellence goals that are associated with the creation of value for shareholders. Financial and operational goals are set at threshold (50%), target (100%) and distinguished (200%) levels based on objectives in the company's strategic business plan. The 2014 non-GAAP operating EPS target approved by the committee contains stretch goals based on the company's internal business plan. The committee set the operational goals based on industry performance benchmarks (where available).

Target Annual Incentive Opportunity	x	Company/Business Unit Performance	x	Individual Performance Multiplier (IPM)	=	Actual Annual Incentive Award
• Expressed as % of base salary, as of 12/31/14 • CEO annual incentive target 125% • Other NEO annual incentive targets range from 85% to 100%		• Based on non-GAAP operating EPS for all NEOs, except Mr. O'Brien • Performance is 0% to 200% (target of 100%)		• Measures individual performance • Ranges from 50% to 110% for NEOs (target of 100%) • IPMs determined by the committee, with the exception of the CEO's IPM, which the independent directors approve		• Maximum award of 200% of target

2014 Performance . The committee approved a payout of 113.93%, based on adjusted non-GAAP operating EPS performance of 103.57% and an IPM of 110%, for each NEO, with the exception of Mr. O'Brien whose payout was 128.52%, based on an AIP performance factor of 116.83% and an IPM of 110%.

The following table shows how the formula was applied and the actual amounts awarded.

NEO	Salary		Target AIP%		Performance Factor		Total Award for 2014 Performance		IPM%		Actual Award
Crane	$1,200,000	x	125%	x	103.57%	=	$1,553,550	x	110%	=	$1,708,905
Thayer	$ 750,000	x	95%	x	103.57%	=	$ 737,946	x	110%	=	$ 811,741
Cornew	$ 820,000	x	100%	x	103.57%	=	$ 849,285	x	110%	=	$ 934,214
O'Brien	$ 765,500	x	95%	x	116.83%	=	$ 849,639	x	110%	=	$ 934,603
Von Hoene, Jr.	$ 740,000	x	85%	x	103.57%	=	$ 651,463	x	110%	=	$ 716,609

Compensation Discussion & Analysis

Note: Adjusted (non-GAAP) Operating Earnings

Adjusted (non-GAAP) operating earnings are provided as a supplement to results reported in accordance with GAAP. The adjustments generally exclude significant one-time charges or credits that are not normally associated with ongoing operations, mark-to-market adjustments from economic hedging activities and unrealized gains or losses from nuclear decommissioning trust fund adjustments. Management uses such adjusted (non-GAAP) operating earnings internally to evaluate the company's performance and manage its operations and externally to report performance to investors. Accordingly, management also uses adjusted (non-GAAP) operating earnings as a goal in its annual incentive plan. A reconciliation of adjusted (non-GAAP) operating earnings per share to reported GAAP earnings for 2014 is presented below; amounts may not add due to rounding:

2014 Adjusted (non-GAAP) Operating Earnings (Loss) Per Share	**$ 2.39**
Adjustments:	
Mark-to-Market Impact of Economic Hedging Activities	(0.42)
Unrealized Gains Related to NDT Fund Investments	0.10
Plant Retirements and Divestitures	0.28
Asset Retirement Obligation Update	0.02
Merger and Integration Costs	(0.21)
Amortization of Commodity Contract Intangibles	(0.07)
Reassessment of State Deferred Income Taxes	0.03
Bargain-Purchase Gain on Integrys Acquisition	0.03
Gain on CENG Integration	0.18
Tax Settlements	0.12
Long-lived Asset Impairments	(0.50)
CENG Non-Controlling Interest	(0.07)
2014 GAAP Earnings (Loss) Per Share	**$ 1.88**

The following table describes the performance scales and results for the 2014 goals:

Goals	Threshold	Target	Distinguished	2014 Results	Unadjusted Payout as a % of Target
Adjusted (non-GAAP) Operating Earnings Per Share (EPS)	$ 2.21	$2.38	$ 2.66	$ 2.39	103.57%
Avg of BGE, ComEd and PECO Operational Results*	Performance scale is a composite of multiple measures				131.20%
Avg of BGE, ComEd and PECO Cost Results*					101.36%

* *Mr. O'Brien's performance factor differs from the other NEO's based on the following weighting: 25% Utilities cost measures, 25% Utilities operational measures, and 50% Operating EPS. His resultant performance factor is 116.83% prior to the application of the IPM.*

2014 LTI Awards

One of our central tenets of executive compensation is to "manage for the long-term" and we believe that execution against the company's strategy over multi-year periods will lead to an increase in long-term shareholder value creation. The LTI program for our senior vice presidents and higher officers (including our NEOs) consists of restricted stock units ("RSUs") and performance share units ("PSUs").

Compensation Discussion & Analysis

The committee approves the annual equity grants at its meeting in January. On January 27, 2014, the committee approved the 2014 grants for RSUs, and PSUs, which are shown in detail in the Grants of Plan-Based Awards table on page 63.

The number of shares subject to each award type was based on the 2014 target awards that were approved by the committee. The grant date fair value of the awards based on the January 27, 2014 closing stock price of $28.20 is shown in the Summary Compensation Table, and the amounts of equity awards granted to each NEO are listed below as well as in the Grants of Plan-Based Awards table. Outstanding equity awards are shown in the Outstanding Equity Awards table.

Restricted Stock Units. RSUs vest ratably over three years. The committee believes that RSUs provide stability, foster retention and less volatility than other forms of LTI such as stock options, but are still linked to changes in shareholder value. Dividend equivalents with respect to RSUs are reinvested as additional RSUs, subject to the same vesting conditions as the underlying RSUs.

Performance Share Units. PSUs granted after 2012 vest in full after the three-year performance period. Each PSU represents the right to receive shares or cash to the extent performance goals are satisfied during the three year performance period. Performance periods overlap, with a new three- year performance cycle beginning each year. The committee can elect to modify the goal targets annually on a forward-looking basis to address unintended consequences with the challenges of setting three-year goals. At the end of each performance period, performance share units are awarded contingent upon the level of achievement of financial management and operational excellence goals as determined by the committee and subject to a total shareholder return modifier over three years relative to other competitive integrated companies that have at least 25% or more of their assets in unregulated businesses (Entergy, First Energy, NextEra Energy, PPL and PSEG). Settlement of PSUs is 50% in Exelon shares, with the balance in cash. The exception is for executive vice presidents and higher officers who have achieved 200% or more of their stock ownership target as of the September 30 measurement date of the year prior to payout, in which case the award is settled entirely in cash.

How the Performance Share Units Work. Each NEO's target performance share award is applied against the following:

Average of 2014, 2015 and 2016 performance	x	Total Shareholder Return Modifier	x	Individual Performance Multiplier ("IPM")	=	Actual Performance Share Award
• Three year goals (financial management and operational excellence)		• Total shareholder return measured over three years relative to peer group may increase or decrease the award up to 25%		• IPM can decrease the award by up to 50% or increase the award by up to 10%		• 150% Maximum award prior to total shareholder return and IPM (200% maximum after total shareholder return and IPM)

Compensation Discussion & Analysis

Performance Share Scorecard. The 2014 performance share goals (financial management and operational excellence) have the underlying metrics shown in the scorecard below. The metrics were chosen for their correlation with driving long-term shareholder value creation.

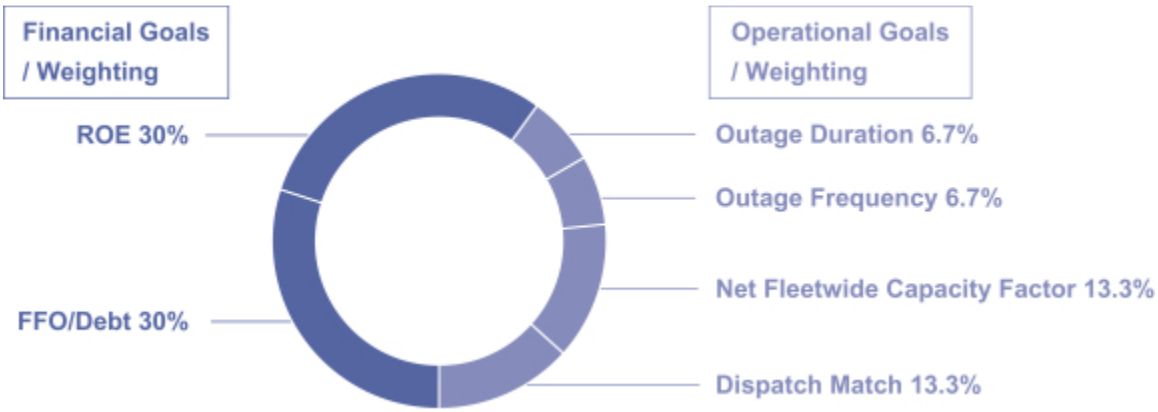

Financial Metrics

- ROE: Measures the company's ability to generate earnings in relation to the amount of equity shareholders have invested in the company.
- FFO/Debt: Key ratio analyzed by the rating agencies in determining the company's credit rating.

Operational Metrics

- Outage Duration: Calculated as the total number of customer interruption minutes divided by the total number of customer interruptions. Applies to BGE, ComEd, and PECO for a total of three metrics.
- Outage Frequency: Calculated as the total number of customer interruptions divided by the total number of customers served. Applies to BGE, ComEd, and PECO for a total of three metrics.
- Net Fleetwide Capacity Factor: The weighted average of the capacity factor of all Exelon nuclear units, calculated as the sum of net generation in megawatt hours divided by the sum of the hourly annual mean net megawatt rating, multiplied by the number of hours in a period.
- Dispatch Match: Measure the responsiveness of a fossil generating unit to the market.

2014 Performance Share Goal-Setting. The following table shows the 2014 financial management and operational excellence goals, as well as the underlying metrics, which are set based on either the internal business plan or industry performance. All metrics are designed to be challenging to achieve and were chosen because they are key measures for driving long-term success for Exelon.

Goal Rigor: In setting targets for 2014, the committee set eight of the ten underlying metrics at a more challenging level than the prior year.

Compensation Discussion & Analysis

2014 Performance Share Scorecard									
Goals / Weighting	Metrics	Metric Weighting	Operating Company	Threshold*	Target*	Target Calibrated to	Distinguished	Final Score	Actual Award vs. Metric Weighting
Financial Management: 60%	ROE	30.0%	Exelon Corp	7.0%	8.0%	Budget	9.0%	8.22%	30.00%
	FFO /Debt	30.0%	ExGen HoldCo	39.0%	40.6%	Budget	43.1%	41.0%	30.00%
Operational Excellence: 40%	Outage Duration (Average)	6.7%	BGE	113.0	95.0	2nd Quartile	91.5	92.0	2.79%
			ComEd	94.0	85.0	1st Quartile	84.0	84.0	3.35%
			PECO	94.0	88.0	1st Quartile	85.5	90.0	1.68%
	Outage Frequency (Average)	6.7%	BGE	1.12	0.97	2nd Quartile	0.91	0.77	3.35%
			ComEd	0.90	0.78	1st Decile	0.76	0.81	1.68%
			PECO	0.90	0.78	1st Decile	0.76	0.77	2.79%
	Net Fleetwide Capacity Factor	13.3%	Nuclear	91.3%	93.3%	1st Quartile	93.8%	94.2%	19.95%
	Dispatch Match	13.3%	Power	95.1%	97.1%	Internal measure	97.9%	96.5%	9.98%
								Formulaic Payout	105.56%

* *Lower number is better for outage duration and outage frequency, and higher for all other metrics.*

One-time Performance-based Transition Award

As we discussed in last year's proxy statement, the committee approved a one-time performance-based transition award in 2013 that replaced lost targeted LTI payments resulting from lengthening the performance period to three years from one year. The first installment of the transition award (representing 33% of the targeted value) was paid in January 2014 at 125% of target based on 2013 performance share results. The second installment (representing 67% of targeted value) was paid in January 2015 at 115.28% of target based on the average 2013 (125%) and 2014 (105.56%) performance share results.

Payout of the Second Installment of the Transition Award. Share payouts for the NEOs are shown in the table below. Payouts were settled entirely in cash for all NEOs due to their having achieved over 200% of their stock ownership targets as of the measurement date of September 30, 2014.

NEO	Second Installment Target Shares		Performance Factor		Actual Share Award
Crane	79,266	x	115.28%	=	91,378
Thayer	21,229	x	115.28%	=	24,473
Cornew	24,000	x	115.28%	=	27,667
O'Brien	20,333	x	115.28%	=	23,440
Von Hoene, Jr.	17,599	x	115.28%	=	20,288

Section IV: Governance Features of Our Executive Compensation Programs

CEO Annual Performance Assessment

On an annual basis, the independent directors of the Exelon board conduct a thorough review of CEO performance. In 2014, the review considered the extent of Mr. Crane's achievement in executing against Exelon's strategy to ***leverage our integrated business model to create value and diversify our business.*** In addition, the board considered Exelon's 2014 stock price performance (+40.6% total shareholder return), financial (beat plan for EPS) and operational performance (best-in-class or first decile performance against industry standards on several metrics). Mr. Crane prepared a detailed self-

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assessment reporting to the board on his performance during the year with respect to each of the performance requirements. The Exelon board considered the financial highlights of the year and a strategy scorecard that assessed performance against the company's vision and goals. This review was considered in making decisions regarding Mr. Crane's compensation.

Stock Ownership and Trading Requirements

To strengthen the alignment of executives' interests with those of shareholders, officers of the company are required to own certain amounts of Exelon common stock. In 2012, following the merger with Constellation, Exelon reviewed the ownership requirements and updated the guidelines. Executives must meet these guidelines within five years after the later of the implementation of the new guidelines, their employment or promotion to a new position. As of the annual measurement date of September 30, 2014, all NEOs had an achievement level that exceeded 200% of their stock ownership guidelines as shown in the table below:

Name	Required Minimum Ownership	Ownership as of Sept 30, 2014
Crane	5 times base salary*	234% (of 5x)
Thayer	3 times base salary	230% (of 3x)
Cornew	3 times base salary	243% (of 3x)
O'Brien	3 times base salary	221% (of 3x)
Von Hoene, Jr.	3 times base salary	243% (of 3x)

* *Starting in 2015, Mr. Crane's required minimum ownership is 6 times his base salary. Mr. Crane meets this requirement.*

For additional information about Exelon's stock ownership guidelines, please see the Stock Ownership Requirements for Directors and Officers and Beneficial Ownership Table on pages 28-29, respectively.

Exelon has adopted a policy requiring executive vice presidents and higher officers who wish to sell Exelon common stock to do so only through Rule 10b5-1 stock trading plans, and permitting other officers to enter into such plans. This requirement is designed to enable officers to diversify a portion of their holdings in excess of the applicable stock ownership requirements in an orderly manner as part of their retirement and tax planning activities. The use of Rule 10b5-1 stock trading plans serves to reduce the risk that investors will view routine portfolio diversification stock sales by executive officers as a signal of negative expectations with respect to the future value of Exelon's stock. In addition, the use of Rule 10b5-1 stock trading plans reduces the potential for accusations of trading on the basis of material, non-public information, which could damage the reputation of the company. Exelon's stock trading policy does not permit short sales, hedging or pledging.

Recoupment (Clawback) Policy

Consistent with the pay-for-performance policy, in May 2007, the board of directors adopted a recoupment policy as part of Exelon's Corporate Governance Principles. The board of directors will seek recoupment of incentive compensation paid to an executive officer if the board determines, in its sole discretion, that:

- the executive officer engaged in fraud or intentional misconduct;
- as a result of which Exelon was required to materially restate its financial results;
- the executive officer was paid more incentive compensation than would have been payable had the financial results been as restated;
- recoupment is not precluded by applicable law or employment agreements; and
- the board concludes that, under the facts and circumstances, seeking recoupment would be in the best interest of Exelon and its shareholders.

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Compensation Discussion & Analysis

Compensation Policies and Practices as They Relate to Risk Management

The compensation and leadership development committee has considered Exelon's policies and practices of compensating its employees, including non-executive officers, as they relate to risk management practices and risk-taking incentives and believes that such policies and practices are not reasonably likely to have a material adverse effect on Exelon. In this regard, the committee considered the following factors:

- The annual and long-term incentive programs place limits on incentive compensation grants and awards.
- Incentive goals are not tailored solely to revenue-generating conduct.
- The annual incentive program key performance indicators are reviewed in a challenge session by a senior management panel to make sure the goals are fair, reasonable, aligned with the overall business plan and balanced between financial and operational excellence.
- The annual incentive program contains features that limit payouts on operating company and business unit key performance indicators where the payout would exceed 120% of target, and the compensation and leadership development committee reserves the right to curtail awards if a business unit under-performs.
- Exelon has long-term incentive programs that are linked to shareholder value.
- Exelon's officers are required to own Exelon stock, and performance share units are paid out over a two year period after they are earned (program prior to 2013) or after a three-year performance period (program since 2013).
- The Exelon Long-term Incentive Plan provides that the compensation and leadership development committee may amend or adjust the performance measures or other terms and conditions of an outstanding award in recognition of unusual or nonrecurring events affecting the company or its financial statements or changes in law or accounting principles.
- The company has a recoupment policy.

Although the foregoing factors address financial risks, the committee also considered that Exelon's policies and practices include measures to make sure that the cost reduction and other goals designed to address financial performance do not present significant operational risk issues. These measures include the following:

- For employees and all officers with business unit responsibilities, the annual incentive compensation program includes measures based on business unit operating measures, such as safety and reliability.
- Management carefully tracks a variety of safety and reliability metrics on a routine basis to make sure that performance is not adversely affected by such things as cost reduction efforts.

Tax Consequences

Under Section 162(m) of the Internal Revenue Code, executive compensation in excess of $1 million paid to a CEO or other person among the three other highest compensated officers (excluding the CFO) is generally not deductible for purposes of corporate federal income taxes. However, qualified performance-based compensation, within the meaning of Section 162(m) and applicable regulations, remains deductible. The compensation and leadership development committee intends to continue reliance on performance-based compensation programs, consistent with sound executive compensation policy. The committee's policy has been to seek to cause executive incentive compensation to qualify as "performance-based" in order to preserve its deductibility for federal income tax purposes to the extent possible, without sacrificing flexibility in designing appropriate compensation programs.

Because it is not "qualified performance-based compensation" within the meaning of Section 162(m), base salary is not eligible for a federal income tax deduction to the extent that it exceeds $1 million. Accordingly, Exelon is unable to deduct

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Compensation Discussion & Analysis

that portion of Mr. Crane's base salary in excess of $1 million. Annual incentive awards and performance share units payable to NEOs are intended to be qualified performance-based compensation under Section 162(m), and to be deductible for federal income tax purposes. Restricted stock and restricted stock units are not deductible by the company for federal income tax purposes under the provisions of Section 162(m) to the extent an NEO's compensation that is not "qualified performance-based compensation" is in excess of $1 million.

In order to qualify payments under the AIP and performance share program as performance-based for Section 162(m) of the Internal Revenue Code, the committee uses a "plan-within-plan" two-step approach to determine the amount of the bonus payment. The first step is to fund the overall bonus pool. The pool is funded if the company meets the pre-established performance metrics. The second step is accomplished when the committee exercises "negative discretion" by making adjustments to the formula award funded by the overall pool. Negative discretion is used to reduce the amount funded by the pool to an amount equal to the target bonus (for AIP) or target equity (for the performance share program) adjusted for final company performance and individual performance.

Under Section 4999 of the Internal Revenue Code, there is an excise tax if change-in-control or severance benefits are greater than 2.99 times the five-year average amount of income reported on an individual's W-2. In April 2009 the compensation committee adopted a policy that no future employment or severance agreements that provide for benefits for NEOs on account of termination will include an excise tax gross-up. However, certain NEOs have change in control severance agreements that pre-date April 2009 and provide excise tax gross-ups, and avoid gross-ups by reducing payments to under the threshold if the amount otherwise payable to an executive is not more than 110% of the threshold.

Executive Compensation Data

Executive Compensation

The tables below summarize the total compensation paid or earned by each of the Named Executive Officers (NEOs) of Exelon for the year ended December 31, 2014, presented in accordance with SEC requirements. Basic information about the elements of compensation as disclosed in the tables is shown below:

Salary:

- Amounts may not match the amounts discussed in Compensation Discussion and Analysis because that discussion concerns salary rates; the amounts reported in the Summary Compensation Table reflect actual salaries paid during the year including the effect of changes in salary rates.
- Changes to base salary generally take effect on March 1. There may also be changes at other times during the year to reflect promotions or changes in responsibilities.

Bonus:

- Reflects discretionary bonuses or amounts paid under the annual incentive plan on the basis of the individual performance multiplier or discretionary amounts approved by the compensation and leadership development committee or, in the case of Mr. Crane, approved by the independent directors.

Stock Awards:

- Values reported show the grant date fair value calculated in accordance with FASB ASC Topic 718.
- Consist primarily of performance share unit awards and restricted stock unit awards pursuant to the terms of the 2011 Long-Term Incentive Plan.
- Since 2013 award mix is 67% performance share units and 33% restricted stock units; stock options are no longer granted.

Performance Share Units:

- Compensation and leadership development committee redesigned structure in 2013.
  - Reduced goal categories from six to two: financial management (weighted at 60%) and operational excellence (weighted at 40%). Within the goal categories there are quantitative metrics.
  - Performance period lengthened from one to three years.
- Maximum payout for performance share units is 150% of target; threshold payout is 50% of target.
- Total shareholder return reinstated as a formulaic award modifier. Awards can be increased or decreased by up to 25% based on total shareholder return performance relative to other energy services companies with business models most similar to ours.
- Individual performance multiplier can increase awards up to 10% or reduce awards by 50%.
- Threshold, target and distinguished goals for performance share unit awards established on the grant date (generally the date of the first committee meeting in the first year in the performance period).
  - Actual performance against the goals for each year in the performance period established at the first committee meeting after the completion of the year.
  - At the end of the three-year performance period awards are made based on the average of the level of performance for each of the three years in the performance period, and the award date is the date of the first committee meeting after the completion of the third year in the performance period.

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Executive Compensation Data

- Under the new design, performance shares vest immediately; under the former one-year performance period structure, awards vested one-third upon award with one-third vesting on the date of the next two January committee meetings.
- Performance share awards are settled 50% in Exelon common stock and 50% in cash, except for executive vice presidents and higher officers whose awards are paid 100% in cash if the officer has attained 200% of the applicable stock ownership requirement.

Transition Awards:

- One-time grant of transition awards made in 2013 in connection with the transition to the three-year performance period for performance shares so that the amount of performance share awards vesting each year would be consistent during the period until the 2013-15 performance shares vest.
- Transition awards use the same goals and metrics as the performance shares, except that the total shareholder return modifier and individual performance multipliers do not apply.

Restricted Stock Units:

- Vest ratably on the date of the next three January committee meetings.
- In limited cases, restricted stock units granted to executives as a means to recruit and retain talent.
  - May be used for new hires to offset annual or long-term incentives forfeited from a previous employer.
  - May also be used as a retention vehicle, vesting after pre-determined period of time and subject to forfeiture upon voluntarily termination.
  - May incorporate performance criteria as well as time-based vesting.
- Amounts of restricted shares held by each NEO shown in the footnotes to the Outstanding Equity Table.

Stock Options:

- Not granted since 2012.
- Prior to 2013 made pursuant to terms of Long-Term Incentive Plan.
- Granted at a strike price that was not less than the fair market value of a share of stock on the date of grant.
  - Fair market value was defined under the plans as the closing price on the grant date as reported on the New York Stock Exchange.
  - Individuals receiving stock options were provided right to buy fixed number of shares of Exelon common stock at the closing price on the grant date.
  - Target for the number of options awarded determined by the portion of the long-term incentive value attributable to stock options and a theoretical value of each option determined by the committee using a lattice binomial ratio valuation formula.
- Options vest in equal annual installments over a four-year period and have a term of 10 years. Employees who are retirement eligible are eligible for accelerated vesting upon retirement or termination without cause. Time vesting adds a retention element to the stock option program.
- Under the terms of the Long-Term Incentive Plan stock options may not be re-priced or cashed out.

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Executive Compensation Data

Non-equity incentive plan compensation:

- Includes amounts earned under the annual incentive plan, determined by the extent to which the applicable financial and operational goals were achieved.
- Amount of the annual incentive target opportunity expressed as a percentage of base salary, with actual awards determined using the base salary at the end of the year.
- Threshold, target and distinguished (i.e. maximum) achievement levels established for each goal.
  - Threshold set at the minimally acceptable level of performance, for a payout of 50% of target.
  - Target set consistent with the achievement of the business plan objectives.
  - Distinguished set at a level that significantly exceeds the business plan and has a low probability of payout, capped at 200% of target.
  - Awards interpolated to the extent performance falls between the threshold, target, and distinguished levels.

Executive Compensation Data

Summary Compensation Table

Year (a)	Salary ($) (b)	Bonus ($) Note 1 (c)	Stock Awards ($) Note 2 (d)	Option Awards ($) Note 3 (e)	Non-Equity Incentive Plan Compensation ($) Note 4 (f)	Change in Pension Value and Nonqualified Deferred Compen-sation Earnings ($) Note 5 (g)	All Other Compen-sation ($) Note 6 (h)	Total ($) (i)
Christopher M. Crane **President and Chief Executive Officer, Exelon**								
2014	$ 1,200,000	$ 155,355	$ 9,345,480	$ —	$ 1,553,550	$ 2,431,986	$ 304,459	$ 14,990,830
2013	1,191,539	—	12,606,074	—	1,565,250	1,584,841	243,994	17,191,698
2012	1,078,750	131,100	4,234,680	1,191,300	1,311,000	2,063,852	190,568	10,201,250
Jonathan W. Thayer **Senior Executive Vice President and Chief Financial Officer, Exelon**								
2014	717,597	73,795	2,974,199	—	737,946	166,783	85,008	4,755,328
2013	670,193	—	4,000,394	—	633,913	162,252	254,815	5,721,567
2012	500,000	55,575	1,433,160	405,460	555,750	154,502	128,519	3,232,966
Kenneth W. Cornew **Senior Executive Vice President and Chief Commercial Officer, Exelon; President and Chief Executive Officer, Exelon Generation**								
2014	815,769	84,929	2,822,820	—	849,285	194,029	55,193	4,822,025
2013	760,392	—	4,715,518	—	834,782	219,293	37,349	6,567,334
Denis P. O'Brien **Senior Executive Vice President, Exelon; Chief Executive Officer, Exelon Utilities**								
2014	761,534	84,964	2,382,900	—	849,639	299,132	54,936	4,433,105
2013	742,233	—	3,233,366	—	811,205	411,426	43,984	5,242,214
2012	686,923	68,513	1,513,540	426,360	685,125	248,744	50,999	3,680,204
William A. Von Hoene Jr. **Senior Executive Vice President and Chief Strategy Officer, Exelon**								
2014	736,710	65,146	2,067,060	—	651,463	161,623	97,304	3,779,306
2013	717,446	—	3,371,564	—	639,495	179,014	74,359	4,981,878
2012	685,577	56,525	1,314,390	367,840	565,250	135,681	67,338	3,192,601

Notes to the Summary Compensation Table

(1) *In recognition of their overall performance, certain executives may receive an individual performance multiplier to their annual incentive payments or other special recognition awards in certain years. For 2014, all NEOs received an individual performance multiplier.*

(2) *The amounts shown in this column include the aggregate grant date fair value of restricted stock unit and performance share unit awards for the 2014-2016 performance period granted on January 27, 2014 as well as a supplemental grant on July 1, 2014 for Mr. Thayer with respect to his promotion. The grant date fair values of the stock awards have been computed in accordance with FASB ASC Topic 718 using the assumptions described in Note 17 of the Combined Notes to Consolidated Financial Statements included in Exelon's 2014 Annual Report on Form 10-K. The performance share unit awards are subject to performance conditions. For the 2014-2016 performance share unit award, the grant date fair value and the value assuming the highest level of performance, including the maximum total shareholder return multiplier and the maximum individual performance multiplier, is as follows:*

	Performance Share Unit Value	
	At Target	At Maximum
Crane	$ 6,280,140	$ 12,560,280
Thayer	1,796,040	3,592,080
Cornew	1,880,940	3,761,880
O'Brien	1,596,120	3,192,240
Von Hoene Jr.	1,381,800	2,763,600

Executive Compensation Data

(3) *The amounts shown in this column include the aggregate grant date fair value of stock option awards granted. No stock options were granted to the NEOs in 2014 or 2013.*
(4) *The amounts shown in this column for 2014 represent payments made pursuant to the Annual Incentive Plan.*
(5) *The amounts shown in this column represent the change in the accumulated pension benefit for the NEOs from December 31, 2013 to December 31, 2014. None of the NEOs had above market earnings in a non-qualified deferred compensation account in 2014.*
(6) *The amounts shown in this column include the items summarized in the following table:*

All Other Compensation

Name (a)	Perquisites ($) Note 1 (b)	Reimbursement for Income Taxes ($) Note 2 (c)	Payments or Accruals For Termination or Change in Control (CIC) ($) Note 3 (d)	Company Contributions to Savings Plans ($) Note 4 (e)	Company Paid Term Life Insurance Premiums ($) Note 5 (f)	Dividends or Earnings Not Included in Grants ($) (g)	Total ($) (h)
Crane	$152,699	$ 80,052	$ —	$ 42,001	$29,707	$ —	$304,459
Thayer	18,596	54,921	—	7,930	3,561	—	85,008
Cornew	20,795	2,093	—	28,553	3,752	—	55,193
O'Brien	16,265	—	—	26,654	12,017	—	54,936
Von Hoene Jr.	45,290	20,269	—	25,785	5,960	—	97,304

Notes to All Other Compensation Table

(1) *The amounts shown in this column represent the incremental cost to Exelon to provide certain perquisites to NEOs as summarized in the Perquisites Table below.*
(2) *Employees receive a reimbursement to cover applicable taxes when they work out of their home state and encounter double taxation in states and localities where they would not be eligible to receive a credit for such taxes when filing their tax returns in their home state, as well as on imputed income for business-related spousal travel expenses for those cases where the personal benefit is closely related to the business purpose, and for relocation expenses when the employee is required to relocate.*
(3) *Represents the expense, if applicable, or the accrual of the expense that Exelon has recorded during 2014 after the announcement of the officer's retirement or resignation for severance related costs including salary and Annual Incentive Plan continuation and other benefits as applicable.*
(4) *Represents company matching contributions to the NEOs' qualified and non-qualified savings plans. The 401(k) plan is available to all employees and the annual contribution for 2014 was generally limited by IRS rules to $17,500, although employees over age 50 can make additional "catch-up" contributions of up to $5,500. NEOs and other officers may participate in the Deferred Compensation Plan, into which payroll contributions in excess of the specified IRS limit are credited under a separate, unfunded plan that has the same portfolio of investment options as the 401(k) plan.*
(5) *Exelon provides basic term life insurance, accidental death and disability insurance, and long-term disability insurance to all employees, including NEOs. The values shown in this column include the premiums paid during 2014 for additional term life insurance policies for the NEOs and for additional long-term disability insurance over and above the basic coverage provided to all employees.*

Executive Compensation Data

Perquisites

The following table indicates the various perquisites for which Exelon incurred incremental costs in 2014 for each NEO. A checkmark (✓) indicates perquisite usage during 2014 by the NEO listed at the top of the column.

Perquisite	Crane	Thayer	Cornew	O'Brien	Von Hoene Jr.
Personal use of corporate aircraft (1)	✓				✓
Personal use of company drivers (2)	✓	✓			✓
Financial planning (3)			✓	✓	✓
Parking (4)	✓	✓	✓		✓
Company gifts and matching contributions (5)	✓	✓	✓	✓	✓
Physical examinations (6)				✓	
Event tickets (7)			✓		

Notes to Perquisites Table

(1) *The figures shown in column (b) of the All Other Compensation Table above include $130,015 representing the aggregate incremental cost to Exelon for personal use of corporate aircraft by Mr. Crane, and $26,569 for Mr. Von Hoene who was permitted to use corporate aircraft on two occasions in 2014. These costs were calculated using the hourly incremental cost for flight services, including federal excise taxes, fuel charges, and domestic segment fees. From time to time Mr. Crane's spouse, or other family members, accompanied him in his travel on corporate aircraft. The aggregate incremental cost to the company, if any, for such travel by spouses or family members on corporate aircraft is included in this amount.*

(2) *The company maintains several cars and drivers in order to provide transportation services for the NEOs and other officers to carry out their duties among the company's various offices and facilities. Certain NEOs were also entitled to limited personal use of the company's cars and drivers, including use for commuting which allowed them to work while commuting. The cost included in the All Other Compensation Table represents the estimated incremental cost to Exelon to provide limited personal service, based upon the number of hours that the drivers worked overtime providing services to each NEO, multiplied by the average overtime rate for drivers plus an additional amount for fuel. Personal use was imputed as additional taxable income.*

(3) *The company will pay limited annual financial planning costs for executives that are imputed as additional taxable income.*

(4) *For NEOs whose primary work location is downtown Chicago, Exelon's office lease provides for a limited number of parking spaces that are available for Exelon use. When NEOs are unable to utilize the available spaces, Exelon pays for parking expenses incurred at other public garages. Messrs. Thayer and Cornew have company provided spaces in downtown Baltimore.*

(5) *Executive officers may also have the company make matching gifts to qualified charitable organizations up to $10,000 for 2014. Mr. Thayer was subject to a $15,000 annual limit under Constellation's legacy policy.*

(6) *Executive officers may use company-provided vendors for comprehensive physical examinations and related follow-up testing.*

(7) *Executives occasionally receive tickets to sporting or other events as recognition awards that are imputed to the officer as additional taxable income.*

Executive Compensation Data

Grants of Plan-Based Awards

Name (a)	Grant Date (b)	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards (Note 1)			Estimated Possible Payouts Under Equity Incentive Plan Awards (Note 2)			All Other Stock Awards: Number of Shares or Units (#) (Note 3) (i)	All Other Options Awards: Number of Securities Under-lying Options (#) (j)	Exercise or Base Price of Option Awards ($) (k)	Grant Date Fair Value of Stock and Option Awards ($) (Note 4) (l)
		Thres-hold ($) (c)	Plan ($) (d)	Maxi-mum ($) (e)	Thres-hold (#) (f)	Target (#) (g)	Maxi-mum (#) (h)				
Crane	1/27/2014	$750,000	$1,500,000	$3,000,000							
	1/27/2014				41,756	222,700	445,400				$ 6,280,140
	1/27/2014							108,700			3,065,340
Thayer [5]	1/27/2014	356,250	712,500	1,425,000							
	1/27/2014				10,613	56,600	113,200				1,596,120
	7/1/2014				3,419	14,963	28,945				534,179
	1/27/2014							27,900			786,780
	7/1/2014							1,600			57,120
Cornew	1/27/2014	410,000	820,000	1,640,000							
	1/27/2014				12,506	66,700	133,400				1,880,940
	1/27/2014							33,400			941,880
O'Brien	1/27/2014	363,613	727,226	1,454,452							
	1/27/2014				10,613	56,600	113,200				1,596,120
	1/27/2014							27,900			786,780
Von Hoene Jr.	1/27/2014	314,500	628,999	1,257,998							
	1/27/2014				9,188	49,000	98,000				1,381,800
	1/27/2014							24,300			685,260

Notes to Grants of Plan-Based Awards Table

(1) *All NEOs have annual incentive plan target opportunities based on a fixed percentage of their base salary. Under the terms of the AIP, threshold performance earns 50% of the respective target, while performance at plan earns 100% of the respective target and the maximum payout is capped at 200% of target. For additional information about the terms of these programs, see Compensation Discussion and Analysis above.*

(2) *NEOs have a long-term performance share unit target opportunity that is a fixed number of performance share units commensurate with the officer's position. The possible payout at threshold for performance share unit awards was calculated at 50% of target, with a total shareholder return multiplier of 75% and an individual performance multiplier of 50%. The possible maximum payout for performance share units was calculated at 150% of target, with a total shareholder return multiplier of 125% and an individual performance multiplier of 110%, capped at 200% of target. For additional information about the terms of this program, see Compensation Discussion and Analysis and the narrative preceding the Summary Compensation Table above.*

(3) *This column shows restricted share unit awards made during the year. The vesting dates of the awards are provided in footnote 2 to the Outstanding Equity Table below.*

(4) *This column shows the grant date fair value, calculated in accordance with FASB ASC Topic 718, of the performance share unit awards, performance-based transition awards, and restricted stock granted to each NEO during 2014. Fair value of performance share unit awards and performance-based transition awards granted on January 27, 2014 and July 1, 2014 are based on an estimated payout of 100% of target.*

(5) *Mr. Thayer received prorated awards to his 2013 and 2014 performance share unit target opportunity and his one-time performance-based transition award target opportunity due to a promotion. The threshold and maximum for the 2013 performance share units are calculated the same as the 2014 performance share units. The possible payout at threshold for the performance-based transition award was calculated at 50% of target, and the possible maximum payout was calculated at 150% of target; the total shareholder return and individual performance multipliers do not apply to the performance-based transition award.*

Executive Compensation Data

Outstanding Equity Awards at Year End

	Option Awards (See Note 1)				Stock Awards			
Name (a)	Number of Securities Underlying Unexercised Options That Are Exercisable (#) (b)	Number of Securities Underlying Unexercised Options That Are Not Exercisable (#) (c)	Option Exercise or Base Price ($) (d)	Option Expiration Date (e)	Number of Shares or Units of Stock That Have Not Yet Vested (#) (Note 2) (f)	Market Value of Shares or Units of Stock That Have Not Yet Vested Based on 12/31 Closing Price $37.08 ($) (Note 2) (g)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Yet Vested (#) (Note 3) (h)	Equity Incentive Plan Awards: Market or Payout Value or Unearned Shares, Units or Other Rights That Have Not Yet Vested ($) (Note 3) (i)
Crane	142,500	142,500	$ 39.21	2-Apr-2022	316,720	$ 11,743,978	827,800	$ 30,694,824
	70,500	23,500	43.40	24-Jan-2021				
	53,000	—	46.09	24-Jan-2020				
	49,000	—	56.51	26-Jan-2019				
	28,000	—	73.29	27-Jan-2018				
	35,000	—	59.96	21-Jan-2017				
	22,500	—	58.55	22-Jan-2016				
	18,000	—	42.85	23-Jan-2015				
Thayer	48,500	48,500	39.81	12-Mar-2022	123,305	4,572,149	206,000	7,638,480
	117,298	58,648	39.24	24-Feb-2022				
	125,429	—	32.46	25-Feb-2021				
	67,304	—	37.71	26-Feb-2020				
	167,669	—	21.25	27-Feb-2019				
	8,676	—	101.05	21-Feb-2018				
	8,342	—	81.56	22-Feb-2017				
	5,487	—	54.80	24-Feb-2015				
Cornew	35,000	35,000	39.81	12-Mar-2022	132,957	4,930,046	249,000	9,232,920
	19,500	6,500	43.40	24-Jan-2021				
	13,300	—	46.09	24-Jan-2020				
	14,900	—	56.51	26-Jan-2019				
	11,000	—	73.29	27-Jan-2018				
	8,500	—	59.96	21-Jan-2017				
	6,375	—	58.55	22-Jan-2016				
	5,550	—	42.85	23-Jan-2015				
O'Brien	51,000	51,000	39.81	12-Mar-2022	85,579	3,173,269	211,200	7,831,296
	36,750	12,250	43.40	24-Jan-2021				
	27,000	—	46.09	24-Jan-2020				
	30,700	—	56.51	26-Jan-2019				
	22,000	—	73.29	27-Jan-2018				
	19,000	—	59.96	21-Jan-2017				
	20,000	—	58.55	22-Jan-2016				
	29,000	—	42.85	23-Jan-2015				
Von Hoene Jr.	44,000	44,000	39.81	12-Mar-2022	94,314	3,497,163	182,800	$ 6,778,224
	50,250	16,750	43.40	24-Jan-2021				
	33,000	—	46.09	24-Jan-2020				
	25,200	—	56.51	26-Jan-2019				
	19,000	—	73.29	27-Jan-2018				
	19,000	—	59.96	21-Jan-2017				
	17,000	—	58.55	22-Jan-2016				
	14,000	—	42.85	23-Jan-2015				
	4,500	—	32.54	25-Jan-2014				

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Executive Compensation Data

Notes to Outstanding Equity Table

(1) *Non-qualified stock options were granted to NEOs pursuant to the company's long-term incentive plans. Grants vest in four equal increments, beginning on the first anniversary of the grant date. All grants expire on the tenth anniversary of the grant date. For Mr. Thayer, stock options granted prior to March 12, 2012 were granted under the Constellation Energy Group Inc. Long Term Incentive Plan and were converted into the equivalent right to receive Exelon common stock. The number of stock options received upon conversion is equal to the original number of Constellation stock options multiplied by the merger exchange ratio (0.93) and rounded down to the nearest whole share. The exercise price for each converted share is equal to the original Constellation exercise price divided by the exchange ratio (0.93), rounded up to the nearest whole cent.*

(2) *The amount shown includes the unvested portion of the performance share unit award earned with respect to the three-year performance period ending December 31, 2012; the remaining two-thirds of the transition award grant made in January 2013 that was earned based on averaging the results of the 2013 and 2014 performance periods, which resulted in a payout of 115.28% of target and will vest in January 2015; and any unvested restricted stock unit awards as shown in the following table. Shares are valued at $37.08, the closing price on December 31, 2014.*

(3) *The amount shown includes the target performance share unit award made in January 2013 for the performance period ending December 31, 2015 and the target performance share unit award made in January 2014 for the performance period ending December 31, 2016. These target awards have been increased to reflect the highest level of performance for the period.*

Unvested Restricted Stock or Restricted Stock Units and Transition Award

Name (a)	Grant Date (b)	Number of Restricted Shares (#) (c)	Vesting Dates (d)	Transition Awards (Note 5) (e)
Crane	28 Jan. 2013	67,593	(1)	91,378
	27 Jan. 2014	112,749	(1)	
Thayer	12 Mar. 2012	6,758	(2)	
	28 Jan. 2013	16,506	(1)	24,473(6)
	28 Jan. 2013	30,000	28 Jan. 2018	
	27 Jan. 2014	30,568	(1)(3)	
Cornew	01 Jul. 2010	10,000	01 Jul. 2015	
	28 Jan. 2013	19,813	(1)(4)	27,667(7)
	28 Jan. 2013	30,000	28 Jan. 2018	
	27 Jan. 2014	34,644	(1)	
O'Brien	28 Jan. 2013	17,366	(1)	23,440
	27 Jan. 2014	28,939	(1)	
Von Hoene Jr.	28 Jan. 2013	15,071	(1)	20,288
	22 Oct. 2013	20,000	21 Oct. 2018	
	27 Jan. 2014	25,205	(1)	

Notes to Restricted Stock Table

(1) *Restricted stock unit awards vest in one-third increments on the date of the next three January committee meetings. Unvested awards earn additional units through automatic dividend reinvestment, and the resulting dividend units will vest and settle on the vesting date along with the underlying tranche of the original award.*

(2) *Represents the remaining balance of an award made to Mr. Thayer under the Constellation Energy Group Inc. Long Term Incentive Plan. At the time of the merger, the total award was converted to the right to receive 0.93 shares of Exelon common stock. The first third of the award vested on February 24, 2013; the second third vested on February 24, 2014 and the remainder vested on February 24, 2015. The unvested balance continues to earn additional units through automatic dividend reinvestment and the resulting dividend units will vest and settle on the vesting date along with the remaining underlying tranche of the original award.*

(3) *Mr. Thayer's original restricted stock unit grant of 27,900 shares made on January 27, 2014 was increased with the award of 1,600 additional units as of July 1, 2014 that have the same vesting schedule as the original grant.*

(4) *Mr. Cornew's original restricted stock unit grant of 24,100 shares made on January 28, 2013 was increased with the award of 3,600 additional units on May 28, 2013 that have the same vesting schedule as the original grant.*

(5) *Represents transition award shares that vested on January 26, 2015 based on averaging the results of the 2013 and 2014 performance periods, which resulted in a payout of 115.28% of target.*

(6) *Mr. Thayer's original transition award of 28,900 shares made on January 28, 2013 was increased effective July 1, 2014 to 33,600 shares and pro-rated so that 21,299 units would vest on January 26, 2015 with the second two-thirds of the original award.*

(7) *Mr. Cornew's original transition award of 27,667 shares made on January 28, 2013 was increased with the award of 4,762 additional units on May 28, 2013 of which 1,095 vested in January 2014 with the first third of the original award and 3,667 vested on January 26, 2015 with the second two-thirds of the original award.*

Executive Compensation Data

Option Exercises and Stock Vested

Name (a)	Option Awards: Number of Shares Acquired on Exercise (#) (b)	Option Awards: Value Realized on Exercise ($) (c)	Stock Awards (Note 1): Number of Shares Acquired on Vesting (#) (d)	Stock Awards (Note 1): Value Realized on Vesting ($) (e)
Crane	—	$ —	141,144	$3,980,262
Thayer [2]	—	—	41,747	1,191,523
Cornew	—	—	38,350	1,081,443
O'Brien	—	—	44,064	1,242,605
Von Hoene Jr.	—	—	41,815	1,179,183

Notes to Option Exercises and Stock Vested Table

(1) *Share amounts are generally composed of the following tranches of prior awards that vested on January 27, 2014: the second third of the performance share unit grant made with respect to the three-year performance period ending December 31, 2012; the final third of the performance share unit grant made with respect to the three-year performance period ending December 31, 2011; the first third of the transition award share granted on January 28, 2013; and the first third of the restricted stock unit grant made on January 28, 2013. All of these awards were valued at $28.20 upon vesting.*

(2) *For Mr. Thayer, the number of shares acquired upon vesting includes 6,510 restricted shares from a legacy Constellation award made in 2012 which was converted to the right to receive Exelon shares. One-third of the award (including one-third of the shares acquired through dividend reinvestment) vested on February 24, 2014, and shares were valued at $30.39.*

Pension Benefits

Exelon sponsors the Exelon Corporation Retirement Program, a traditional defined benefit pension plan that covers certain management employees who commenced employment prior to January 1, 2001 and certain collective bargaining unit employees. The Exelon Corporation Retirement Program includes the Service Annuity System ("SAS"), which is the legacy ComEd pension plan. Effective January 1, 2001, Exelon also established two cash balance defined benefit pension plans in order to both reduce future retirement benefit costs and provide an option that is portable as the company anticipated a work force that was more mobile than the traditional utility workforce. The cash balance defined benefit pension plans cover management employees and certain collective bargaining unit employees hired on or after such date, as well as certain management employees hired prior to such date who elected to participate in a cash balance plan. Legacy Constellation employees participate in the Pension Plan of Constellation Energy Group, Inc. ("Constellation Pension Plan"). The Constellation Pension Plan includes a traditional pension formula referred to as the Enhanced Traditional Plan ("ETP") and a Pension Equity Plan ("PEP"). Employees hired before January 1, 2000 participate in the ETP. Employees hired on or after January 1, 2000 and employees hired before that date who elected to do so participate in the PEP. Each of these plans is intended to be tax-qualified under Section 401(a) of the Internal Revenue Code. An employee can participate in only one of the qualified pension plans.

For NEOs participating in the SAS, the annuity benefit payable at normal retirement age is equal to the sum of 1.25% of the participant's earnings as of December 25, 1994, reduced by a portion of the participant's Social Security benefit as of that date, plus 1.6% of the participant's highest average annual pay, multiplied by the participant's years of credited service (up to a maximum of 40 years). Pension-eligible compensation for the SAS's Final Average Pay Formula includes base pay and annual incentive awards. Benefits under the SAS are vested after five years of service.

The "normal retirement age" under the SAS is 65. The plan also offers an early retirement benefit prior to age 65, which is payable if a participant retires after attainment of age 50 and completion of 10 years of service. The annual pension payable under the plan is determined as of the early retirement date, reduced by 2% for each year of payment before age 60 to age 58, then 3% for each year before age 58 to age 50. In addition, under the SAS, the early retirement benefit is supplemented prior to age 65 by a temporary payment equal to 80% of the participant's estimated monthly Social Security benefit. The supplemental benefit is partially offset by a reduction in the regular annuity benefit.

Executive Compensation Data

Under the cash balance pension plan, a notional account is established for each participant, and the account balance grows as a result of annual benefit credits and annual investment credits. (Employees who participated in the SAS prior to January 1, 2001 and elected to participate in the cash balance plan also have a frozen transferred benefit from the former plan, and received a "transition" credit based on their age, service and compensation at the time of transfer.) Beginning January 1, 2008, the annual benefit credit under the plan is 7% of base pay and annual incentive award and beginning January 1, 2013 for employees hired on or after such date, the annual benefit credit is equal to a percentage of base pay and annual incentive award which varies between 3% and 8%, based upon age. For the portion of the account balance accrued beginning January 1, 2008, the annual investment credit is the third segment spot rate of interest on long-term investment grade corporate bonds. The segment rate will be determined as of November of the year for which the cash balance account receives the investment credit. For the portion of the benefit accrued before January 1, 2008, pending Internal Revenue Service guidance, the annual investment credit is the greater of 4%, or the average of the annual rate of return of the S&P 500 Stock Index and the 30-year Treasury bond rate (the interest rate is determined in November of each year). For employees hired on or after January 1, 2013, the annual investment credit is the second segment spot rate of interest on long-term corporate bonds, determined as of November of the year for which the cash balance account receives the investment credit, subject to a minimum annual investment credit rate of 3.8% and a maximum annual investment credit rate of 7%. Benefits are vested after three years of service, and are payable in an annuity or a lump sum at any time following termination of employment. Apart from the benefit credits and vesting requirement, and as described above, years of service are not relevant to a determination of accrued benefits under the cash balance pension plans.

For NEOs who participate in the PEP, a lump sum benefit amount is computed based on covered earnings multiplied by a total credit percentage. Covered earnings are equal to the average of the highest three of the last five twelve-month periods' base pay plus short-term incentive. The total service credit percentage is equal to the sum of the credit percentages based on the following formula: 5% per year of service through age 39, 10% per year of service from age 40 to age 49, and 15% per year of service after age 49. No benefits are available under the PEP until a participant has at least three years of vesting service. Benefits payable under the PEP are paid as an annuity unless a participant elects a lump sum within 60 days after separation.

The Internal Revenue Code limits to $260,000 the individual 2014 annual compensation that may be taken into account under the tax-qualified retirement plan. As permitted by Employee Retirement Income Security Act, Exelon sponsors three supplemental executive retirement plans (or "SERPs") that allow the payment to a select group of management or highly-compensated individuals out of its general assets of any benefits calculated under provisions of the applicable qualified pension plan which may be above these limits. The SERPs offer a lump sum as an optional form of payment, which includes the value of the marital annuity, death benefits and other early retirement subsidies at a designated interest rate. The interest rate applicable for distributions to participants in the SAS in 2014 is 3.89%. For participants in the cash balance pension plan and the PEP, the lump sum is the value of the non-qualified account balance. The values of the lump sum amounts do not include the value of any pension benefits covered under the qualified pension plans, and the methods and assumptions used to determine the non-qualified lump sum amount are different from the assumptions used to generate the present values shown in the tables of benefits to be received upon retirement, termination due to death or disability, involuntary separation not related to a change in control, or upon a qualifying termination following a change in control which appear later in this proxy statement.

Under the terms of the SERPs, participants are provided the amount of benefits they would have received under the SAS, cash balance plan, ETP or PEP, as applicable, but for the application of the Internal Revenue Code limits. In addition, certain executives previously received grants of additional credited service under a SERP. In particular, in 1998, Mr. Crane received an additional 10 years of credited service through September 28, 2008, the date of his tenth anniversary, as part of his employment offer that provided one additional year of service credit for each year of employment to a maximum of 10 additional years.

As of January 1, 2004, Exelon does not grant additional years of credited service to executives under the SERP for any period in which services are not actually performed, except that up to two years of service credits may be provided under

severance or change in control agreements first entered into after such date, and performance-based grants or grants which make up for lost pension benefits from another employer may be (but have not been) provided. Service credits previously available under employment, change in control or severance agreements or arrangements (or any successor arrangements) are not affected by this policy.

The amount of the change in the pension value for each of the named executive officers is the amount included in the Summary Compensation Table above in the column headed "Change in Pension Value & Nonqualified Deferred Compensation Earnings." The present value of each NEO's accumulated pension benefit is shown in the following tables. The present value for cash balance and PEP participants is the account balance. The assumptions used in estimating the present values for SAS participants include the following: pension benefits are assumed to begin at each participant's earliest unreduced retirement age; the SERP lump sum amounts are determined using the rate of 5% for SAS participants at the assumed retirement age; the lump sum amounts are discounted from the assumed retirement date at the applicable discount rates of 4.80% as of December 31, 2013 and 3.94% as of December 31, 2014; and the applicable mortality tables. The applicable table as of December 31, 2013 is the IRS required mortality table for the 2014 funding valuation for the Exelon Corporation qualified pension plans. The applicable mortality table as of December 31, 2014 was updated to a RP 2000-based table projected generationally using Exelon's best estimate of long-term mortality improvements. The December 31, 2014 mortality table is consistent with the mortality used in the Exelon December 31, 2014 pension disclosure.

Name (a)	Plan Name (b)	Number of Years Credited Service (#) (c)	Present Value of Accumulated Benefit ($) (d)	Payments During Last Fiscal Year ($) (e)
Crane (1)	SAS	16.26	$ 890,036	$ —
	SERP	26.26	11,355,954	—
Thayer	PEP	12.00	204,000	—
	SERP	12.00	1,098,549	—
Cornew	Cash Balance	20.59	552,429	—
	SERP	20.59	689,617	—
O'Brien	Cash Balance	32.51	1,245,219	—
	SERP	32.51	1,442,235	—
Von Hoene Jr.	Cash Balance	12.93	308,711	—
	SERP	12.93	795,074	—

(1) *Based on discount rates prescribed by the SEC proxy disclosure guidelines, Mr. Crane's non-qualified SERP present value is $11,355,954. Based on lump sum plan rates for immediate distributions under the non-qualified plan, the comparable lump sum amount applicable for service through December 31, 2014 is $15,846,538. Note that, in any event, payments made upon termination may be delayed by six months in accordance with U.S. Treasury Department guidance.*

Deferred Compensation Programs

Exelon offers deferred compensation plans to permit the deferral of certain cash compensation to facilitate tax and retirement planning and satisfaction of stock ownership requirements for executives and key managers. Exelon maintains non-qualified deferred compensation plans that are open to certain highly-compensated employees, including the NEOs.

The Exelon Deferred Compensation Plan is a non-qualified plan that permits legacy Exelon executives and key managers to defer receipt of base compensation and the company to credit related matching contributions that would have been contributed to the Exelon Corporation Employee Savings Plan (the company's tax-qualified 401(k) plan) but for the applicable limits under the Internal Revenue Code (the "Code"). The Constellation Deferred Compensation Plan is a non-qualified plan that permits legacy Constellation executives to defer receipt of base compensation and the company to credit related matching contributions that would have been contributed to the Exelon Corporation Employee Savings Plan. The Deferred Compensation Plans permit participants to defer taxation of a portion of their income. The Exelon Deferred Compensation Plan benefits the company by deferring the payment of a portion of its compensation expense, thus preserving cash.

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The Exelon Employee Savings Plan is intended to be tax-qualified under Sections 401(a) and 401(k) of the Code. The Constellation Energy Group Employee Savings Plan was merged into Exelon's Employee Savings Plan as of July 1, 2014. Exelon maintains the Employee Savings Plan to attract and retain qualified employees, including the NEOs, and to encourage employees to save some percentage of their cash compensation for their eventual retirement. The Employee Savings Plan permits employees to do so, and allows the company to make matching contributions in a relatively tax-efficient manner. The company maintains the excess matching feature of the Deferred Compensation Plans to enable key management employees to save for their eventual retirement to the extent they otherwise would have were it not for the limits established by the IRS.

The Stock Deferral Plan is a non-qualified plan that permitted legacy Exelon executives to defer performance share units prior to 2007.

The following table shows the amounts that NEOs have accumulated under both the Deferred Compensation Plans and the Stock Deferral Plan. The Exelon Deferred Compensation and Stock Deferral Plans were closed to new deferrals of base pay (other than excess Employee Savings Plan deferrals), annual incentive payments or performance shares awards in 2007, and participants were granted a one-time election to receive a distribution of their accumulated balance in each plan during 2007. Existing balances will continue to accrue dividends or other earnings until payout upon termination. Balances in the Deferred Compensation Plan will be settled in cash upon the termination event selected by the officer and will be distributed either in a lump sum, or in annual installments. Share balances in the Stock Deferral Plan continue to earn the same dividends that are available to all shareholders, which are reinvested as additional shares in the plan. Balances in the plan are distributed in shares of Exelon stock in a lump sum or installments upon termination of employment.

The Deferred Compensation Plans continue in effect for those officers who participate in the Employee Savings Plan and who reach their statutory contribution limit during the year. After this limit is reached, their elected payroll contributions and company matching contribution will be credited to their accounts in the Deferred Compensation Plans. The investment options under the Deferred Compensation Plans consist of a basket of mutual funds benchmarks substantially the same as those funds available through the Employee Savings Plan. Deferred amounts represent unfunded unsecured obligations of the company.

Name (a)	Executive Contributions in 2014 ($) (Note 1) (b)	Registrant Contributions in 2014 ($) (Note 2) (c)	Aggregate Earnings in 2014 ($) (Note 3) (d)	Aggregate Withdrawals/ Distributions ($) (e)	Aggregate Balance at 12/31/14 ($) (Note 4) (f)
Crane	$ 102,500	$ 35,540	$ 69,111	$ —	$ 909,139
Thayer	—	—	—	—	—
Cornew	27,788	19,452	22,147	—	199,929
O'Brien [5]	35,807	17,646	253,045	—	2,351,307
Von Hoene Jr.	23,835	16,685	35,070	—	295,827

(1) *The full amount shown for executive contributions is included in the base salary figures for each NEO shown above in the Summary Compensation Table.*

(2) *The full amount shown under registrant contributions is included in the company contributions to savings plans for each NEO shown above in the All Other Compensation Table.*

(3) *The amount shown under aggregate earnings reflects the NEO's gain or loss based upon the individual allocation of his notional account balance into the basket of mutual fund benchmarks. These gains or losses do not represent current income to the NEO and have not been included in any of the compensation tables shown above.*

(4) *For all NEOs the aggregate balance shown in column (f) above includes those amounts, both executive contributions and registrant contributions, that have been disclosed either as base salary as described in Note 1 or as company contributions under all other compensation as described in Note 2 for the current fiscal year ending December 31, 2014. For Mr. Crane, all executive and registrant contributions included in column (f) have previously been disclosed in Summary Compensation Tables. Mr. Thayer did not participate in the plan during 2014.*

(5) *For Mr. O'Brien the amounts shown in column (d) and column (f) also include the aggregate earnings and aggregate balance respectively of his Stock Deferral Plan account.*

Executive Compensation Data

Potential Payments upon Termination or Change in Control

Change in control employment agreements and severance plan covering named executive officers

Exelon's change in control and severance benefits policies were initially adopted in January 2001 and harmonized the policies of Exelon's predecessor companies. In adopting the policies, the compensation committee considered the advice of a consultant who advised that the levels were consistent with competitive practice and reasonable. The Exelon benefits currently include multiples of change in control benefits ranging from two times base salary and annual bonus for corporate and subsidiary vice presidents to 2.99 times base salary and annual bonus for executive vice presidents, presidents of certain business units and select senior vice presidents other than the CEO. In 2003, the compensation committee reviewed the terms of the Senior Management Severance Plan and revised it to reduce the situations when an executive could terminate and claim severance benefits for "good reason," clarified the definition of "cause," and reduced non-change in control benefits for executives with less than two years of service. In December 2004, the compensation committee's consultant presented a report on competitive practice on executive severance. The competitive practices described in the report were generally comparable to the benefits provided under Exelon's severance policies. In discussing the compensation consultant's December 2007 annual report to the committee on compensation trends, the consultant commented that Exelon's change in control and severance policies were conservative, citing the use of double triggers, and that they remained competitive. In April 2009 the compensation committee adopted a policy that Exelon would not include excise tax gross-up payment provisions in senior executive employment, change in control, or severance plans, programs or agreements that are entered into, adopted or materially amended on or after April 2, 2009 (other than renewals of existing arrangements that are not materially amended or arrangements assumed pursuant to a corporate transaction).

Named executive officers have entered into individual change in control employment agreements or are covered by the change in control provisions of the Senior Management Severance Plan, which generally protect such executives' position and compensation levels for two years after a change in control of Exelon. The individual agreements are initially effective for a period of two years, and provide for a one-year extension each year thereafter until cancellation or termination of employment. The plan does not have a specific term.

During the 24-month period following a change in control, or, with respect to an executive with an individual agreement, during the 18-month period following another significant corporate transaction affecting the executive's business unit in which Exelon shareholders retain between 60% and 66 $^{2}/_{3}$% control (a significant acquisition), if a named executive officer resigns for good reason or if the executive's employment is terminated by Exelon other than for cause or disability, the executive is entitled to the following:

- the executive's annual incentive and performance share unit awards for the year in which termination occurs;
- severance payments equal to 2.99 (or 2.0 if the executive does not have an individual agreement) times the sum of (1) the executive's base salary plus (2) the higher of the executive's target annual incentive for the year of termination or the executive's average annual incentive award payments for the two years preceding the termination, but not more than the annual incentive for the year of termination based on actual performance before the application of negative discretion;
- a benefit equal to the amount payable under the SERP determined as if (1) the SERP benefit were fully vested, (2) the executive had 2.99 additional years of age and years of service (2.0 years for executives who first entered into such agreements after 2003 or do not have such agreements) and (3) the severance pay constituted covered compensation for purposes of the SERP;
- a benefit equal to the actuarial equivalent present value of any non-vested accrued benefit under Exelon's qualified defined benefit retirement plan;

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- all previously-awarded stock options, performance shares or units, restricted stock, or restricted share units become fully vested, and the stock options remain exercisable until the earlier of the fifth anniversary of the executive's termination date or the option's expiration date;
- life, disability, accident, health and other welfare benefit coverage continues during the severance pay period on the same terms and conditions applicable to active employees, followed by retiree health coverage if the executive has attained at least age 50 and completed at least 10 years of service (or any lesser eligibility requirement then in effect for regular employees); and
- outplacement and financial planning services for at least 12 months.

The change in control benefits are also provided if the executive is terminated other than for cause or disability, or terminates for good reason (1) after a tender offer or proxy contest commences, or after Exelon enters into an agreement which, if consummated, would cause a change in control, and within one year after such termination a change in control does occur, or (2) within two years after a sale or spin-off of the executive's business unit in contemplation of a change in control that actually occurs within 60 days after such sale or spin-off (a disaggregation) if the executive has an individual agreement.

A change in control under the individual change in control employment agreements and the Senior Management Severance Plan generally occurs:

- when any person acquires 20% of Exelon's voting securities;
- when the incumbent members of the Exelon board of directors (or new members nominated by a majority of incumbent directors) cease to constitute at least a majority of the members of the Exelon board of directors;
- upon consummation of a reorganization, merger or consolidation, or sale or other disposition of at least 50% of Exelon's operating assets (excluding a transaction where Exelon shareholders retain at least 60% of the voting power); or
- upon shareholder approval of a plan of complete liquidation or dissolution.

The term good reason under the individual change in control employment agreements generally includes any of the following occurring within two years after a change in control or disaggregation or within 18 months after a significant acquisition:

- a material reduction in salary, incentive compensation opportunity or aggregate benefits, unless such reduction is part of a policy, program or arrangement applicable to peer executives;
- failure of a successor to assume the agreement;
- a material breach of the agreement by Exelon; or
- any of the following, but only after a change in control or disaggregation: (1) a material adverse reduction in the executive's position, duties or responsibilities (other than a change in the position or level of officer to whom the executive reports or a change that is part of a policy, program or arrangement applicable to peer executives) or (2) a required relocation by more than 50 miles.

The term cause under the change in control employment agreements generally includes any of the following:

- refusal to perform or habitual neglect in the performance of duties or responsibilities or of specific directives of the officer to whom the executive reports which are not materially inconsistent with the scope and nature of the executive's duties and responsibilities;
- willful or reckless commission of acts or omissions which have resulted in or are likely to result in a material loss or material damage to the reputation of Exelon or any of its affiliates, or that compromise the safety of any employee;
- commission of a felony or any crime involving dishonesty or moral turpitude;
- material violation of the code of business conduct which would constitute grounds for immediate termination of employment, or of any statutory or common-law duty of loyalty; or
- any breach of the executive's restrictive covenants.

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Executives who entered into such change in control employment agreements prior to April 2, 2009 (and which have not been materially amended after such date) will be eligible to receive an additional payment to cover excise taxes imposed under Section 4999 of the Internal Revenue Code on excess parachute payments or under similar state or local law, but only if the amount of payments and benefits subject to these taxes exceeds 110% of the safe harbor amount that would not subject the employee to these excise taxes. If the amount does not exceed 110% of the safe harbor amount, then payments and benefits subject to these taxes would be reduced or eliminated to equal the safe harbor amount.

If a named executive officer resigns for good reason or is terminated by Exelon other than for cause or disability, in each case under circumstances not involving a change in control or similar provision described above, the named executive officer may be eligible for the following non-change in control benefits under the Exelon Corporation Senior Management Severance Plan:

- prorated payment of the executive's annual incentive and performance share unit awards for the year in which termination occurs;
- for a 15 to 24 month severance period, continued payment of an amount representing base salary and target annual incentive;
- a benefit equal to the amount payable under the SERP determined as if the severance payments were paid as ordinary base salary and annual incentive;
- during the severance period, continuation of health, basic life and other welfare benefits the executive was receiving immediately prior to the severance period on the same terms and conditions applicable to active employees, followed by retiree health coverage if the executive has attained at least age 50 and completed at least 10 years of service (or any lesser eligibility requirement then in effect for non-executive employees); and
- outplacement and financial planning services for twelve months.

Payments under individual agreements entered into after April 2, 2009 or the Senior Management Severance Plan are subject to reduction by Exelon to the extent necessary to avoid imposition of excise taxes imposed by Section 4999 of the Internal Revenue Code on excess parachute payments or under similar state or local law.

The term good reason under the Senior Management Severance Plan means either of the following:

- a material reduction of the executive's salary (or, with respect to a change in control, incentive compensation opportunity or aggregate benefits) unless such reduction is part of a policy, program or arrangement applicable to peer executives of Exelon or of the business unit that employs the executive; or
- a material adverse reduction in the executive's position or duties (other than a change in the position or level of officer to whom the executive reports) that is not applicable to peer executives of Exelon or of the executive's business unit, but excluding under the non-change in control provisions of the plan any change (1) resulting from a reorganization or realignment of all or a significant portion of the business, operations or senior management of Exelon or of the executive's business unit or (2) that generally places the executive in substantially the same level of responsibility.

With respect to a change in control, the term good reason under the plan also includes a required relocation of more than 50 miles.

The term cause under the Senior Management Severance Plan has the same meaning as the definition of such term under the individual change in control employment agreements.

Benefits under the change in control employment agreements and the Senior Management Severance Plan are subject to termination upon an executive's violation of his or her restrictive covenants, and incentive payments under the agreements and the plan may be subject to the recoupment policy adopted by the board of directors.

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Executive Compensation Data

Estimated Value of Benefits to be Received Upon Retirement

The following table shows the estimated value of payments and other benefits to be conferred upon the NEOs assuming they retired as of December 31, 2014. These payments and benefits are in addition to the present value of the accumulated benefits from each NEO's qualified and non-qualified pension plans shown in the tables within the Pension Benefit section and the aggregate balance due to each NEO that is shown in the tables within the Nonqualified Deferred Compensation section.

Name (a)	Cash Payment ($) (Note 1) (b)	Value of Unvested Equity Awards ($) (Note 2) (c)	Total Value of All Payments and Benefits ($) (Note 3) (d)
Crane	$1,554,000	$26,741,000	$28,295,000
Thayer	—	—	—
Cornew	—	—	—
O'Brien	850,000	587,000	1,437,000
Von Hoene Jr.	651,000	6,066,000	6,717,000

Notes to Benefits to be Received Upon Retirement Table

(1) *Under the terms of the 2014 Annual Incentive Plan (AIP), a pro-rated actual incentive award is payable upon retirement assuming an individual performance multiplier (IPM) of 100% and based on the number of days worked during the year of retirement. The amount above represents the executive's 2014 annual incentive payout (after company/business unit performance was determined) before applying the IPM, if applicable.*

(2) *The Value of Unvested Equity Awards includes the following:*

a. *the 'spread' on all unvested stock options that would vest upon termination of employment. The 'spread' is based on Exelon's closing stock price on December 31, 2014 of $37.08. At that stock price, all unvested stock options are "underwater" (or out of the money). Under the LTIP, if a holder has attained age 50 with 10 or more years of service (or deemed service), any unvested stock options will vest upon termination of employment because the holder has satisfied the definition of retirement under the LTIP;*

b. *the value of the executive's unvested performance share units. The amount above includes the number of unvested shares earned for the 2012 PSU awards, as applicable, as well as the unvested shares earned for the second tranche of the transition award, as applicable. It is assumed the 2013 and 2014 performance share units are earned at target. The value of the shares is based on Exelon's closing stock price on December 31, 2014 of $37.08; and*

c. *the accelerated portion of the executives' restricted stock award that, per the applicable award agreement, would vest upon retirement. The value of the shares is based on Exelon's closing stock price on December 31, 2014 of $37.08.*

(3) *The estimate of total payments and benefits is based on a December 31, 2014 retirement date.*

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Executive Compensation Data

Estimated Value of Benefits to be Received Upon Termination due to Death or Disability

The following table shows the estimated value of payments and other benefits to be conferred upon the NEOs assuming their employment is terminated due to death or disability as of December 31, 2014. These payments and benefits are in addition to the present value of the accumulated benefits from the NEO's qualified and non-qualified pension plans shown in the tables within the Pension Benefit section and the aggregate balance due to each NEO that is shown in tables within the Nonqualified Deferred Compensation section.

Name (a)	Cash Payment ($) (Note 1) (b)	Value of Unvested Equity Awards ($) (Note 2) (c)	Total Value of All Payments and Benefits ($) (Note 3) (d)
Crane	$1,554,000	$26,741,000	$28,295,000
Thayer	738,000	8,752,000	9,490,000
Cornew	849,000	9,443,000	10,292,000
O'Brien	850,000	6,999,000	7,849,000
Von Hoene Jr.	651,000	6,808,000	7,459,000

Notes to Benefits to be Received Upon Termination due to Death or Disability Table

(1) *Under the terms of the 2014 AIP, a pro-rated actual incentive award is payable upon death or disability assuming an IPM of 100% and based on the number of days worked during the year of termination. The amount above represents the executives' 2014 annual incentive payout (after company/business unit performance was determined) before applying the IPM, if applicable.*

(2) *The Value of Unvested Equity Awards includes the following:*

a. *the 'spread' on all unvested stock options that would vest upon termination of employment. The 'spread' is based on Exelon's closing stock price on December 31, 2014 of $37.08. At that stock price, all unvested stock options are "underwater" (or out of the money). Under the LTIP, if a holder terminates employment due to death or disability, the holder's stock options will vest upon termination of employment;*

b. *the value of the executive's unvested performance share units. The amount above includes the number of unvested shares earned for 2012 PSU awards, as applicable, as well as the unvested earned shares for the second tranche of the transition award, as applicable. It is assumed the 2013 and 2014 performance share units are earned at target. The value of the shares is based on Exelon's closing stock price on December 31, 2014 of $37.08; and*

c. *the accelerated portion of the executives' restricted stock award that, per the applicable award agreement, would vest upon death or disability. The value of the shares is based on Exelon's closing stock price on December 31, 2014 of $37.08.*

(3) *The estimate of total payments and benefits is based on a December 31, 2014 termination due to death or disability.*

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Estimated Value of Benefits to be Received Upon Involuntary Separation Not Related to a Change in Control

The following table shows the estimated value of payments and other benefits to be conferred upon the NEOs assuming they were terminated as of December 31, 2014 under the terms of the Amended and Restated Senior Management Severance Plan. These payments and benefits are in addition to the present value of the accumulated benefits from the NEO's qualified and non-qualified pension plans shown in the tables within the Pension Benefit section and the aggregate balance due to each NEO that is shown in the tables within the Nonqualified Deferred Compensation section.

Name (a)	Cash Payment ($) (Note 1) (b)	Retirement Benefit Enhance-Ment ($) (Note 2) (c)	Value of Unvested Equity Awards ($) (Note 3) (d)	Health and Welfare Benefit Continuation ($) (Note 4) (e)	Perquisites And Other Benefits ($) (Note 5) (f)	Total Value of All Payments and Benefits ($) (Note 6) (g)
Crane	$6,954,000	$4,066,000	$26,741,000	$ 91,000	$ 40,000	$37,892,000
Thayer	3,663,000	326,000	8,068,000	26,000	40,000	12,123,000
Cornew	4,129,000	230,000	8,722,000	38,000	40,000	13,159,000
O'Brien	3,835,000	209,000	6,999,000	55,000	40,000	11,138,000
Von Hoene Jr.	3,389,000	192,000	6,243,000	43,000	40,000	9,907,000

Notes to Benefits to be Received Upon Involuntary Separation Not Related to a CIC Table

(1) *Represents the estimated severance benefit equal to 2 times the sum of the executive's (i) current base salary and (ii) the target annual incentive for the year of termination. In addition, under Section 4.2 of the Senior Management Severance Plan, a pro-rated annual incentive award is payable upon involuntary separation or qualifying voluntary separation based on the days worked during the year of termination and assuming the NEO's IPM is 100% pursuant to the terms in the 2014 AIP. The amount above represents the executives' 2014 annual incentive payout (after company/business unit performance was determined) before applying the IPM, if applicable.*

(2) *Represents the estimated retirement benefit enhancement that consists of a one-time lump sum payment based on the actuarial present value of a benefit under the non-qualified pension plan assuming that the severance pay period was taken into account for purposes of vesting, and the severance pay constituted covered compensation for purposes of the non-qualified pension plan.*

(3) *The Value of Unvested Equity Awards includes the following:*

a. *the 'spread' on all unvested stock options that would vest upon termination of employment. The 'spread' is based on Exelon's closing stock price on December 31, 2014 of $37.08. At that stock price, all unvested stock options are "underwater" (or out of the money). Under the LTIP, if a holder has attained age 50 with 10 or more years of service (or deemed service), any unvested stock options will vest upon termination of employment because the holder has satisfied the definition of retirement under the LTIP;*

b. *the value of the executive's unvested performance share units. The amount above includes the number of unvested shares earned for the 2012 PSU awards, as applicable, as well as the unvested shares earned for the second tranche of the transition award. It is assumed the 2013 and 2014 performance share units are earned at target. The value of the shares is based on Exelon's closing stock price on December 31, 2014 of $37.08; and*

c. *the accelerated portion of the executives' restricted stock award that, per the applicable award agreement, would vest upon an involuntary separation not related to a change in control. The value of the shares is based on Exelon's closing stock price on December 31, 2014 of $37.08.*

(4) *Estimated costs of healthcare, life insurance, and long-term disability coverage which continue during the severance period.*

(5) *Estimated costs of outplacement and financial planning services for up to 12 months for all NEOs.*

(6) *The estimate of total payments and benefits is based on a December 31, 2014 termination date. The executives are participants in the Senior Management Severance Plan and severance benefits are determined pursuant to Section 4 of the Severance Plan.*

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Estimated Value of Benefits to be Received Upon a Qualifying Termination following a Change in Control

The following table shows the estimated value of payments and other benefits to be conferred upon the NEOs assuming they were terminated upon a qualifying change in control as of December 31, 2014. The company has entered into Change in Control agreements with Messrs. Crane, Cornew, O'Brien, and Von Hoene. These payments and benefits are in addition to the present value of accumulated benefits from the NEO's qualified and non-qualified pension plans shown in the tables within the Pension Benefit section and the aggregate balance due to each NEO that is shown in tables within the Nonqualified Deferred Compensation section.

Name (a)	Cash Payment ($) (Note 1) (b)	Retirement Benefit Enhance-ment ($) (Note 2) (c)	Value of Unvested Equity Awards ($) (Note 3) (d)	Health and Welfare Benefit Continuation ($) (Note 4) (e)	Perquisites and Other Benefits ($) (Note 5) (f)	Modified Gross-up Payment ($) (Note 6) (g)	Scaleback ($) (Note 6) (h)	Total Value of All Payments and Benefits ($) (Note 7) (i)
Crane	$ 9,584,000	$ 5,209,000	$ 26,741,000	$ 136,000	$ 40,000	$ 5,670,000	Not required	$ 47,380,000
Thayer	5,086,000	326,000	8,752,000	39,000	40,000	Not Required	$ (2,665,000)	11,578,000
Cornew	5,724,000	343,000	9,443,000	56,000	40,000	5,880,000	Not required	21,486,000
O'Brien	5,390,000	218,000	6,999,000	82,000	40,000	4,280,000	Not required	17,009,000
Von Hoene Jr.	4,727,000	287,000	6,808,000	64,000	40,000	Not Required	Not required	11,926,000

Notes to Benefits to be Received Upon a Qualifying Termination following a CIC Table

(1) *Represents the estimated cash severance benefit equal to 2.99 times the sum of the executive's (i) current base salary and (ii) Severance Incentive. Also, this amount includes an additional payment for Mr. O'Brien of $35,000.*
Under Section 4.1(a)(ii) of the CIC Employment Agreement, the executive's target incentive award is payable upon termination. The amounts above represent the executives' 2014 target annual incentive with the exception of Mr. Thayer. Under Section 5.1(a)(i) of the Senior Management Severance Plan, the executive is entitled to his or her annual incentive for the applicable performance period. For Mr. Thayer, the amount above represents his 2014 actual annual incentive payout (after company/business unit performance was determined) before applying his IPM, if applicable. Pursuant to the 2014 AIP, a pro-rated annual incentive award is payable, assuming the IPM is 100%.

(2) *Represents the estimated retirement benefit enhancement that consists of a one-time lump sum payment based on the actuarial present value of a benefit under the non-qualified pension plan assuming that the severance pay period was taken into account for purposes of vesting, and the severance pay constituted covered compensation for purposes of the non-qualified pension plan.*

(3) *The Value of Unvested Equity Awards includes the following:*
   a. *the 'spread' on all unvested stock options that would vest upon termination of employment. The 'spread' is based on Exelon's closing stock price on December 31, 2014 of $37.08. At that stock price, all unvested stock options are underwater (or out of the money);*
   b. *the value of the executives' unvested performance share units. Pursuant to Section 4.1(c) of the CIC Employment Agreement and Section 5.1(c) of the Senior Management Severance Plan, all of the shares will vest upon termination at the actual level earned and awarded. The amount above includes the number of unvested shares earned for the 2012 PSU awards, as applicable, as well as the unvested shares earned for the second tranche of the transition award. It is assumed that the 2013 and 2014 performance share units are earned at target. The value of the shares is based on Exelon's closing stock price on December 31, 2014 of $37.08; and*
   c. *the value of the executives' restricted stock that, pursuant to Section 4.1(d) of the CIC Employment Agreement or the terms of the award, would vest upon a qualifying termination following a change in control. The value of the shares is based on Exelon's closing stock price on December 31, 2014 of $37.08.*

(4) *Estimated costs of healthcare, life insurance and long-term disability coverage which continue during the severance period.*

(5) *Estimated costs of outplacement and financial planning services for up to 12 months for all NEOs.*

(6) *In 2009, the compensation committee adopted a policy that no future employment or severance agreements will provide for an excise tax gross-up payment. The Senior Management Severance Plan as amended and restated on January 1, 2009 and CIC Employment Agreements that become effective after April 2009 will reduce the executive's parachute payments to his or her safe harbor amount in order to avoid the excise tax imposed under Section 4999 of the Internal Revenue Code. Messrs. Crane, Cornew, O'Brien and Von Hoene have grandfathered CIC Employment Agreements, which still entitle these NEOs to an excise tax gross-up payment only if the present value of his parachute payments exceed his safe harbor amount by more than 10%. If the present value of their parachute payments do not exceed the amount permitted by the IRS by more than 10%, their payments are reduced to their safe harbor.*

(7) *The estimate of total payments and benefits is based on a December 31, 2014 termination date. The company has entered into change in control employment agreement with all of the executives except for Mr. Thayer who is a participant in the Senior Management Severance Plan and severance benefits are determined pursuant to Section 5 of the Senior Management Severance Plan.*

Vote on Performance Measures Included in Exelon Corporation's 2011 Long-Term Incentive Plan

PROPOSAL 4: THE REAPPROVAL OF THE PERFORMANCE MEASURES INCLUDED IN EXELON CORPORATION'S 2011 LONG-TERM INCENTIVE PLAN

The Exelon board of directors is recommending shareholder approval of the material terms of the performance measures used for performance-based awards granted under the Exelon Corporation 2011 Long-Term Incentive Plan (the "2011 Plan"), in accordance with Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"). The 2011 Plan, including the material terms of the performance measures under the plan, was approved by our shareholders at Exelon's 2010 annual meeting. Shareholders are being asked to reapprove the performance measures under the 2011 Plan so that certain compensation paid under the 2011 Plan may qualify as performance-based compensation under Section 162(m) of the Code ("Section 162(m)"). Shareholders are not being asked to approve an increase in the number of shares available under the 2011 Plan or an amendment to any provision of the Plan.

Under the 2011 Plan, various equity-based awards may be made to eligible participants, as described in further detail below. The 2011 Plan allows for the grant of performance-based compensation. The grant, vesting, crediting and/or payment of performance-based compensation, if any, will be based or conditioned on the achievement of objective performance measures established in writing by the compensation and leadership development committee (the "committee") of our board of directors.

Section 162(m) limits the deduction for federal income tax purposes of compensation for the CEO and the three other highest compensated officers (other than the CFO) (collectively, the "covered employee officers") to $1 million per year, unless such compensation qualifies as "performance-based compensation" under Section 162(m). Various requirements must be satisfied in order for compensation paid to the covered employee officers to qualify as performance-based compensation within the meaning of Section 162(m). One such requirement is that the compensation must be paid based upon the attainment of performance measures established by a committee of board members meeting the definition of "outside director" used for purposes of Section 162(m). The measures established by such a committee, which in our case would be the compensation and leadership development committee, must be based upon performance measures, the material terms of which are approved by shareholders. The material terms of the performance measures must be disclosed to and reapproved by shareholders every five years.

We are accordingly requesting the shareholders to reapprove the material terms of the performance measures for the 2011 Plan in accordance with Section 162(m).

The following is a description of the material terms of the performance measures and certain other material terms of the 2011 Plan. This description is qualified in its entirety by reference to the 2011 Plan, a copy of which has been included as Appendix A to this proxy statement.

Material Terms of the Performance Measures

Participants . Officers and other key management employees of Exelon and its subsidiaries (approximately 3,300) are eligible to participate in the 2011 Plan.

Award Limits . No 2011 Plan participant may be granted awards under the 2011 Plan during any calendar year that, in the aggregate, may be settled by delivery of more than 2,000,000 shares of Exelon common stock. With respect to awards that are valued on the basis of the fair market value of Exelon common stock and that may be settled in cash (in whole or part), no individual may be paid in any calendar year cash amounts exceeding the greater of the fair market value of the number of shares of Exelon common stock set forth in the preceding sentence either at the date of grant or at the date of settlement. With respect to awards that are not valued on the basis of the fair market value of the Exelon common stock, the

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Vote on Performance Measures Included in Exelon Corporation's 2011 Long-Term Incentive Plan

compensation payable in any calendar year (in cash or shares) may not have an aggregate fair market value in excess of $5 million. The share figures described above are subject to adjustment in the event of a stock split, stock dividend, recapitalization, reorganization, merger, spin-off or other similar change or event.

Performance Measures . Under the 2011 Plan, the vesting or payment of performance share awards and performance unit awards will be subject to the satisfaction of certain performance goals. The performance goals applicable to a particular award will be determined by the committee at the time of grant. To the extent an award is intended to qualify for the performance-based exemption from the $1 million deduction limit under Section 162(m), as described below, the performance goals will be one or more of the following, each of which may be based on absolute standards or peer industry group comparatives and may be applied at various organizational levels (*e.g.* , corporate, business unit, or division): (1) cumulative shareholder value added, (2) customer satisfaction, (3) revenue, (4) primary or fully-diluted earnings per share of Exelon common stock, (5) net income, (6) total shareholder return, (7) earnings before interest and taxes, (8) cash flow, including operating cash flows, free cash flow, discounted cash flow return on investment and cash flow in excess of cost of capital, or any combination thereof, (9) economic value added, (10) return on equity, (11) return on capital, (12) return on assets (13) net operating profits after taxes, (14) stock price increase, (15) return on sales, (16) debt to equity ratio, (17) payout ratio, (18) asset turnover, (19) ratio of share price to book value of shares, (20) price/earnings ratio, (21) employee satisfaction, (22) diversity, (23) market share, (24) operating income, (25) pre-tax income, (26) safety, (27) diversification of business opportunities, (28) expense ratios, (29) total expenditures, (30) completion of key projects, (31) dividend payout as percentage of net income, (32) earnings before interest, taxes, depreciation and amortization, or (33) any individual performance objective which is measured solely in terms of quantitative targets related to Exelon, any subsidiary or Exelon's or subsidiary's business. Such individual performance measures related to Exelon, a subsidiary or their respective businesses may include: (a) production-related factors such as generating capacity factor, performance against the INPO index, generating equivalent availability, heat rates and production cost, (b) transmission and distribution-related factors such as customer satisfaction, reliability (based on outage frequency and duration), and cost, (c) customer service-related factors such as customer satisfaction, service levels and responsiveness and bad debt collections or losses, and (d) relative performance against other similar companies in targeted areas. The measures may be weighted differently for holders of awards based on their management level and the extent to which their responsibilities are primarily corporate or business unit-related, and may be based in whole or in part on the performance of Exelon, a subsidiary, division and/or other operational unit under one or more of such measures.

Summary Description of the 2011 Plan

Under the 2011 Plan, Exelon may grant nonqualified stock options, incentive stock options, stock appreciation rights ("SARs"), restricted stock, restricted stock units, performance shares and performance units (collectively, the "Awards"). The purposes of the 2011 Plan are to align the interests of Exelon's shareholders and the recipients of awards under the 2011 Plan by increasing the proprietary interest of recipients in Exelon's growth and success, to advance the interests of Exelon by attracting and retaining officers and other key management employees and to motivate such persons to act in the long-term best interests of Exelon and its shareholders.

Administration . The 2011 Plan is administered by the committee or another committee designated by the Board. Except with respect to (1) grants to officers of Exelon who are subject to Section 16 of the Exchange Act or whose title with Exelon is "executive vice president" or higher or decisions concerning the timing, pricing or amount of an award to such officer or other person and (2) grants to a person whose compensation is likely to be subject to the $1 million deduction limit under Section 162 (m), the committee may delegate some or all of its power and authority to administer the 2011 Plan to the Chief Executive Officer or other executive officer of Exelon. However, the maximum number of shares of Exelon common stock subject to options and SARs that may be granted by Exelon's Chief Executive Officer in any single year may not exceed 1,200,000 in the aggregate or 40,000 with respect to any individual participant. The maximum number of shares of Exelon common stock subject to restricted stock awards, restricted stock units awards, performance share awards and performance

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unit awards that may be granted by Exelon's Chief Executive Officer in any single year may not exceed 600,000 in the aggregate or 20,000 with respect to any individual participant. The share figures described above are subject to adjustment as described below.

Available Shares . The 2011 Plan initially reserved 5,000,000 shares of our common stock for the issuance of Awards, increased by the number of shares which at that time were available for future grant under Exelon's prior equity compensation plan, and subject to adjustment as described below. The number of available shares is reduced by the sum of the aggregate number of shares of Exelon common stock which become subject to outstanding Awards. To the extent that shares of Exelon common stock subject to an outstanding Award granted under either the 2011 Plan or Exelon's prior equity compensation plan are not issued or delivered by reason of the expiration, termination, cancellation or forfeiture of such award (excluding shares of Exelon common stock subject to an option cancelled upon settlement of a related tandem SAR or subject to a tandem SAR cancelled upon exercise of a related option), then such shares of Exelon common stock will again be available under the 2011 Plan.

The maximum number of shares of Exelon common stock initially available under the 2011 Plan for restricted stock awards, restricted stock unit awards, performance share awards and performance unit awards was 5,000,000, increased by the number of shares of Exelon common stock which at that time were available for future grant under Exelon's prior equity compensation plan.

The last reported sale price of a share of the Exelon's common stock on March 10, 2015 was $32.13.

Adjustment . In the event of any stock split, stock dividend, recapitalization, merger, consolidation, combination, exchange of shares, liquidation, spin-off or other similar change in capitalization or event, or any distribution to stockholders (other than a regular cash dividend), the number and class of securities available for all awards under the 2011 Plan, the maximum number of shares with respect to which awards may be granted during any year to any one person, the maximum number of shares subject to awards that may be granted during any year by the Chief Executive Officer, and the number and class of securities subject to each outstanding award and the purchase price per security will be appropriately adjusted by the Committee.

Termination and Amendment . The Committee may amend or terminate the 2011 Plan or any Award agreement at any time, subject to any requirement of shareholder approval required by applicable law, rule or regulation, including Section 162(m) of the Code, and provided that no amendment may be made that impairs the rights of a holder of an outstanding award without the consent of such holder. Unless sooner terminated by the Committee, the 2011 Plan will terminate on January 1, 2021.

Tax Matters

In general, a participant will not recognize taxable income at the time a stock option is granted. Upon exercise of a non-qualified stock option, a participant will recognize compensation, taxable as ordinary income, equal to the excess of the fair market value of the shares of common stock purchased over their exercise price. In the case of "incentive stock options," within the meaning of Section 422 of the Code, a participant will not recognize ordinary income at the time of exercise (except for purposes of the alternative minimum tax), and if the participant observes certain holding period requirements, then when the shares are sold, the entire gain over the exercise price will be taxable at capital gains rates. A participant has no taxable income at the time stock appreciation rights are granted, but will recognize compensation taxable as ordinary income upon exercise in an amount equal to the fair market value of any shares of common stock delivered and the amount of any cash paid by Exelon. A participant who is granted shares of restricted stock, including shares subject to performance conditions, generally will not recognize taxable income at the time the restricted stock is granted, but will recognize compensation taxable as ordinary income at the time the restrictions lapse in an amount equal to the excess of the fair market value of the shares of common stock at such time over the amount, if any, paid for such shares. However, a participant instead may elect to recognize compensation taxable as ordinary income on the date the restricted stock is

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granted in an amount equal to the fair market value of the shares on that date. The taxation of other stock based Awards will depend on how such Awards are structured. Generally, a participant who is granted an Award of restricted stock units, performance shares or performance units will not recognize taxable income at the time such Award is granted. When the restrictions applicable to the Award lapse, and the shares of common stock subject to the restricted stock units, performance shares or performance units are transferred (or any amount of cash is paid) to the participant, the participant will recognize compensation taxable as ordinary income in an amount equal to the fair market value of the shares of common stock on the date of transfer and the amount of any cash paid by Exelon.

Subject to the Section 162(m) deduction limitation described above, Exelon may deduct, as a compensation expense, the amount of ordinary income recognized by a participant in connection with the 2011 Plan at the time such ordinary income is recognized by that participant.

New Plan Benefits

The number of performance-based awards granted under the 2011 Plan in any year is subject to the committee's discretion and is, therefore, not determinable.

The board of directors unanimously recommends a vote "FOR" reapproval of the performance measures included in Exelon Corporation's 2011 Long-Term Incentive Plan.

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Vote on Management Proposal Regarding Proxy Access

PROPOSAL 5: THE EXELON BOARD'S PROPOSAL REGARDING PROXY ACCESS

The board of directors believes that "proxy access"—the ability of shareholders to include shareholder-nominated candidates in the company's proxy materials for annual meetings of shareholders—would also enhance shareholder ability to participate in director elections while potentially enhancing board accountability and responsiveness. However, the board believes that it is important to structure proxy access to minimize the potential for abuse by investors who lack a meaningful long-term interest in Exelon or who wish to promote special interests that are not aligned with the interests of other shareholders. The board also believes that proxy access should be structured to minimize disruption of board functions and effectiveness.

This proxy statement includes a proxy access proposal from the New York City Comptroller on behalf of several New York City pension funds. The board of directors of Exelon evaluated the proposal and considered the composition of Exelon's shareholders, Exelon's governance practices, and other factors. Exelon also sought input on the subject of proxy access from shareholders holding over 39 percent of Exelon's outstanding common stock. As discussed in more detail below, shareholders' opinions about proxy access are mixed: some shareholders support proxy access consistent with the SEC rule adopted in 2010 (which was subsequently struck down by a federal court); some shareholders support proxy access but expressed concerns about the potential for shareholder abuse of proxy access and disruption of board functions; other shareholders were opposed to proxy access in any form; and many shareholders expressed support for having an opportunity to consider alternatives.

Accordingly, the board believes that shareholders should have the opportunity to consider alternative proxy access proposals. The board is therefore presenting for shareholder vote both its own proposal and the New York City Comptroller's proposal for proxy access, which include different standards regarding the appropriate qualifications for shareholders to use proxy access, the number of directors who may be nominated, and other important matters.

Both the board's proposal and the shareholder proposal are advisory in nature, and each constitutes a recommendation to the board. Shareholders may vote FOR, AGAINST or ABSTAIN on each separate proposal. The board will take into consideration the shareholder vote for and against each proposal and will also seek additional shareholder input on proxy access through Exelon's long-standing program of outreach to its shareholders. If a majority of shares represented at the meeting in person or by proxy and eligible to vote are voted in favor of either proxy access proposal, Exelon intends to bring to a vote at the 2016 annual meeting of shareholders a binding proposal for amendments to Exelon's bylaws to implement some form of proxy access. Abstentions on a proposal will have the same effect as votes against that proposal.

In considering alternative proxy access proposals, the board of directors encourages shareholders to consider proxy access in the context of other provisions already included in Exelon's articles of incorporation, bylaws, Corporate Governance Principles and other practices that promote engagement with shareholders and accountability of management and the board to Exelon's investors. These include:

- Annual election of directors;
- Majority vote standard for the election of directors;
- A process for shareholders to submit nominations of director candidates for consideration by the corporate governance committee;
- A process for shareholders to make nominations of director candidates at Exelon's annual meeting, subject to conditions set forth in the bylaws;
- A process for shareholders to present proposals to be included in the proxy statement, subject to conditions set forth in the bylaws and the rules and regulations of the Securities and Exchange Commission;

Vote on Management Proposal Regarding Proxy Access

- No supermajority voting requirements in Exelon's articles of incorporation or bylaws;
- No "poison pill";
- All but two of the directors are independent;
- The chairman of the board and the lead director are separate from the chief executive officer;
- An active shareholder engagement program through which the board seeks input from shareholders at least annually and often twice a year;
- Annual advisory vote on executive compensation; and
- A defined process for shareholders to communicate with the board.

The proposal for proxy access recommended by the board of directors is printed in its entirety in the resolutions below. In summary, the proposal recommended by the board, if implemented, would allow any shareholder or group of up to 20 shareholders holding both investment and voting rights with respect to at least 5 percent of Exelon's outstanding common stock continuously for at least 3 years to nominate up to 20 percent of the Exelon directors to be elected (2 directors on Exelon's current board of 13 directors) at the annual meeting of shareholders. A shareholder or group of shareholders making a nomination through proxy access would be required to submit information, including information to verify that the nominee(s) will meet the objective standards for independence as determined by the New York Stock Exchange rules and the objective standards for director independence in Exelon's Corporate Governance Principles. Shareholders are encouraged to read the full text of the Exelon proposal for additional details. The Exelon proposal follows:

> **RESOLVED,** that the shareholders of Exelon Corporation (the "Company") ask the board of directors to adopt, and present for shareholder approval at the 2016 annual meeting of shareholders, a "proxy access" bylaw, which shall require the Company to include in the proxy statement and the related proxy card prepared for the annual meeting of shareholders the name and other required information of any person nominated for election to the board by an individual beneficial owner or group of up to 20 beneficial owners of shares (the "Nominator"), subject to the conditions established below.
>
> (a) The number of shareholder-nominated candidates appearing in the Company's proxy materials shall not exceed 20 percent of the directors to be elected at the annual meeting. A Nominator and members of a Nominator group shall not be permitted to participate in another group that is making a nomination of other nominees through proxy access at the same meeting. A shareholder making (or joining in making) a nomination of directors through procedures other than proxy access shall not be allowed to make (or join in making) a nomination at the same meeting through proxy access.
>
> (b) The Nominator shall have owned of record or beneficially (with full voting and investment rights and the full economic interest, including the opportunity for profit and risk of loss) at least 5 percent of the Company's outstanding common stock continuously for at least 3 years before submitting the nomination and shall continue to hold such ownership through the date of the meeting at which the nominees are proposed for election.
>
> (c) The Nominator shall give the Company, within the time period to be specified in its bylaws and in the form and manner required by the bylaws, all information required by the bylaws and any Securities and Exchange Commission rules about: (1) each nominee, including each nominee's consent to being named in the proxy materials and to serving as director if elected, information regarding any compensation or indemnification arrangement with any entity or person other than the Company that the nominee may have in respect of his or her proposed service or action as a director, information regarding any arrangement or understanding with any person or entity that the nominee may have as to how he or she, if elected as a director, will act or vote on any issue or question, and information requested by the Company to confirm that each nominee will meet the standards for independence set forth in New York Stock Exchange rules and the Company's Corporate Governance Principles

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and information requested by the Company to verify that the election of each nominee will not violate any applicable laws or regulations; and (2) the Nominator, including proof it owns the required shares for the required holding period.

(d) The Nominator shall certify (jointly and severally for each member of a group) that: (1) it will assume liability stemming from any legal or regulatory violation arising out of the Nominator's communications with the Company shareholders, including information included in the Company's proxy materials at the request of the Nominator; (2) it will comply with all applicable laws and regulations if it uses soliciting material other than the Company's proxy materials; (3) the Company shares beneficially owned by the Nominator were acquired in the ordinary course of business and not with the intent or objective to change or influence control of the Company and are not being held with the purpose or effect of changing control of the Company or to gain a number of seats on the board of directors that exceeds the maximum number of nominees that shareholders may nominate pursuant to the proxy access process; and (4) the Nominator intends to hold the required shares through the date of the annual meeting and for at least one year thereafter if the Nominator's nominee(s) are elected.

(e) The Nominator may submit with the nomination, for inclusion in the Company's proxy statement, a statement not exceeding 500 words (including disclosure of the nominee's personal and biographical information required by SEC rules) in support of each nominee; provided that the Company shall not be required to include in its proxy statement any material submitted by the Nominator that the Company reasonably believes to be materially false and misleading.

FURTHER RESOLVED, that the shareholders request that amendments to the bylaws include: (1) additional procedures and standards for determining the amount, nature and duration of stock ownership; (2) procedures for promptly resolving disputes over whether notice of a nomination was timely and whether the information provided by the Nominator satisfies the bylaws and applicable federal regulations; (3) the priority to be given to multiple nominations exceeding the limit to the number of directors that may be nominated by shareholders at the annual meeting; and (4) such other procedures, standards and requirements as the board determines are necessary and appropriate to carry out the intention of these resolutions.

Exelon's board of directors unanimously recommends a vote "FOR" this proposal for the following reasons:

- **The Exelon board of directors believes that the right to nominate up to 20 percent of the board (2 seats on a board of 13 directors) to serve on the Exelon board is a reasonable limit that will afford shareholders a meaningful opportunity to obtain board representation without excessive disruption of the balance of skill, experience and diversity of the board that would more likely result from the addition of a larger number of directors through a proxy access process.**

Exelon already has a process for shareholders to make recommendations to the corporate governance committee for nominees for election to the board. The corporate governance committee has an important role in considering the effectiveness of the board and in identifying nominees who possess a combination of skills, professional experience and diversity of background necessary to oversee Exelon's complex business. The corporate governance committee also considers whether a candidate would contribute to an effective and well-rounded and diverse board that operates openly and collaboratively and represents the best interests of all shareholders, and not just those with a special interest. The corporate governance committee's process for considering nominees for director and the matters it considers are described above at page 23 under the heading "Director Nomination Process." Although Exelon recognizes the value of proxy access, the board also recognizes that nominees proposed through proxy access are not subject to any evaluation or screening by the board's corporate governance committee. Proxy access could therefore result in loss of important skills, experience and diversity on the board of directors.

Vote on Management Proposal Regarding Proxy Access

Several of the shareholders Exelon consulted expressed support for limiting the maximum number of directors who could be nominated through proxy access to 20 percent of the board, so that there could be enough shareholder-selected nominees to have a meaningful effect on the board without excessive disruption of the board's continuity and operations and the balance of the skills, experience and diversity of the board.

The board believes that the criteria in the board's proposal allowing nominations of directors representing up to 20 percent of the board strikes the right balance between affording proxy access to long-term shareholders while not being overly disruptive to board functions and effectiveness that might adversely affect Exelon's financial and operational performance.

- **The Exelon board believes its proposed 5 percent ownership requirement provides a reasonable balance between the desire to provide meaningful rights to shareholders and the need to reduce the potential for abuse of proxy access by shareholders who may seek to advance special interests that may not be in the interest of all shareholders.**

Several shareholders with whom Exelon discussed the subject expressed support for a minimum ownership requirement of 5 percent, although others expressed a preference for a 3 percent ownership standard. In this regard, the board notes that Exelon currently has 5 shareholders who own more than 5 percent of Exelon's stock, and 13 shareholders who hold at least 1 percent of Exelon's stock; those shareholders hold, in the aggregate, over 45 percent of Exelon's stock and could act individually or with others in that group with little effort to meet a 5 percent eligibility requirement for proxy access. A lower share ownership requirement would provide greater opportunities for shareholders with narrowly defined special interests and short-term goals to promote their special interests and disrupt the operations of Exelon's board and its business strategy. Small shareholders with legitimate concerns shared by other shareholders will have the opportunity to form a group to meet the required minimum holdings of Exelon shares.

- **The board's proposal requires a nominating shareholder or shareholder group to hold full voting and investment rights and the full economic interest, including the opportunity for profit and risk of loss, with respect to the required holdings of Exelon common stock continuously for at least 3 years.**

The board believes that proxy access should be structured to require a sustained commitment to Exelon in terms of the shareholder's ownership holding period, consistent with Exelon's focus on managing the business for the long term. The board's proxy access proposal will preclude the use of Exelon stock sold short in meeting the ownership requirements for proxy access. If a proxy access proposal is approved, Exelon also intends to propose standards in the definitive amendment to the bylaws for the treatment of borrowed shares in the share ownership requirements.

- **Exelon's board believes that a shareholder group making a nomination pursuant to proxy access should consist of no more than 20 shareholders. This will limit the administrative burden and expense that could otherwise be imposed upon Exelon in verifying the nature and duration of holdings of a large number of shareholders participating in a nomination.**

Exelon believes that this is a reasonable limitation that will reduce administrative costs for Exelon and help reduce the risk of abuse of proxy access rights. Exelon has 48 shareholders who collectively hold over 62 percent of Exelon's common stock. These shareholders could easily act alone or form a group of 20 or fewer shareholders to establish the requisite 5 percent ownership requirement. Other holders of Exelon's common stock who have legitimate concerns about the composition of the board could easily join with any one or more of the larger holders of Exelon stock to form a group of 20 or fewer shareholders with the requisite 5 percent ownership. In the absence of a reasonable limitation on the number of shareholders in a group, Exelon could be required to make burdensome inquiries into the nature and duration of the share ownership of a large number of individuals participating in a nomination in order to verify their qualifications to make the nomination.

Vote on Management Proposal Regarding Proxy Access

- **The Exelon board believes that shareholders using proxy access to nominate directors should be required to provide information confirming that each nominee, if elected, will qualify as an independent director under the New York Stock Exchange rules and Exelon's Corporate Governance Principles and that the election of each nominee will not violate applicable laws.**

The board's proposal includes a requirement that information regarding director independence be provided with respect to each nominee so it can be made available to shareholders when they cast their votes in the election of directors. Absent this requirement, shareholders will have information about the independence of Exelon's nominees under the relevant independence standards but may not receive complete information about shareholder nominees.

Federal antitrust laws prohibit the service of a person on the boards of directors of companies that may be considered competitors. Nominees for director must be screened for compliance with these laws, which may require extensive analysis of the companies' revenues attributable to specific geographic markets in which they do business.

- **The Exelon board believes that shareholders using proxy access to nominate directors should not be allowed to participate in another nomination pursuant to proxy access for the same election or engage in a proxy contest at the same meeting to seek the election of a greater number of nominees than the shareholder would be permitted to nominate through proxy access.**

The board's proposal provides that a shareholder participating in a nomination of directors through procedures other than proxy access will not be allowed to participate in a nomination at the same meeting through proxy access. Proxy access is intended to allow shareholders to nominate directors without the expense of a proxy solicitation. A shareholder who uses proxy access and engages in a proxy solicitation at the same time incurs the expense that proxy access is intended to avoid, and diminishes the opportunities of other shareholders to make use of proxy access.

The nominating shareholder and members of a nominating group will not be permitted to join in another group that is making a nomination of other nominees through proxy access. This restriction is needed to prevent the use of the same shares to meet the minimum shareholding requirements for multiple nominations through proxy access.

- **The Exelon proposal for proxy access represents the framework that the board believes would be most beneficial to all Exelon shareholders without excessive disruption in the functions and effectiveness of the board.**

The board of directors unanimously recommends a vote "FOR"
the management proposal regarding proxy access.

Vote on Shareholder Proposal Regarding Proxy Access

PROPOSAL 6: A SHAREHOLDER PROPOSAL REGARDING PROXY ACCESS

The Comptroller of the City of New York, as the custodian and a trustee of the New York City Employees' Retirement System, the New York City Fire Department Pension Fund, the New York City Teachers' Retirement System, and the New York City Police Pension Fund, and custodian of the New York City Board of Education Retirement System (the "Systems"), beneficial owners of 1,727,092 shares of stock which have been held continuously for more than one year, submitted the following proposal and supporting statement:

> "RESOLVED: Shareholders of Exelon Corporation (the "Company") ask the board of directors (the "Board") to adopt, and present for shareholder approval, a 'proxy access' bylaw. Such a bylaw shall require the Company to include in proxy materials prepared for a shareholder meeting at which directors are to be elected the name, Disclosure and Statement (as defined herein) of any person nominated for election to the board by a shareholder or group (the "Nominator") that meets the criteria established below. The Company shall allow shareholders to vote on such nominee on the Company's proxy card. The number of shareholder-nominated candidates appearing in proxy materials shall not exceed one quarter of the directors then serving. This bylaw, which shall supplement existing rights under Company bylaws, should provide that a Nominator must:
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> a) have beneficially owned 3% or more of the Company's outstanding common stock continuously for at least three years before submitting the nomination;
>
> b) give the Company, within the time period identified in its bylaws, written notice of the information required by the bylaws and any Securities and Exchange Commission rules about (i) the nominee, including consent to being named in the proxy materials and to serving as director if elected; and (ii) the Nominator, including proof it owns the required shares (the "Disclosure"); and
>
> c) certify that (i) it will assume liability stemming from any legal or regulatory violation arising out of the Nominator's communications with the Company shareholders, including the Disclosure and Statement; (ii) it will comply with all applicable laws and regulations if it uses soliciting material other than the Company's proxy materials; and
>
> d) to the best of its knowledge, the required shares were acquired in the ordinary course of business and not to change or influence control at the Company.

The Nominator may submit with the Disclosure a statement not exceeding 500 words in support of the nominee (the "Statement"). The Board shall adopt procedures for promptly resolving disputes over whether notice of a nomination was timely, whether the Disclosure and Statement satisfy the bylaw and applicable federal regulations, and the priority to be given to multiple nominations exceeding the one-quarter limit.

SUPPORTING STATEMENT

We believe proxy access is a fundamental shareholder right that will make directors more accountable and contribute to increased shareholder value. The CFA Institute's 2014 assessment of pertinent academic studies and the use of proxy access in other markets similarly concluded that proxy access:

- Would "benefit both the markets and corporate boardrooms, with little cost or disruption.
- Has the potential to raise overall US market capitalization by up to $140.3 billion if adopted market-wide. (http://www.cfapubs.org/doi/pdf/10.2469/ccb.v2014.n9.l)

The proposed bylaw terms enjoy strong investor support -votes for similar shareholder proposals averaged 55% from 2012 through September 2014- and similar bylaws have been adopted by companies of various sizes across industries, including Chesapeake Energy, Hewlett-Packard, Western Union and Verizon. We urge shareholders to vote FOR this proposal."

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Vote on Shareholder Proposal Regarding Proxy Access

Exelon's Statement in Opposition

This shareholder proposal is based, in part, on a controversial "proxy access" rule adopted by the Securities and Exchange Commission in 2010, which was subsequently struck down by a federal court because the SEC did not adequately analyze the costs to U.S. companies of managing contested board elections and did not back up its claim that the rule would improve shareholder value and board performance. The Exelon board of directors believes that proxy access, if properly structured, would enhance shareholder ability to participate in director elections while potentially enhancing board accountability and responsiveness. However, the board believes that this shareholder proposal is not properly structured to (1) minimize the potential for abuse by investors who lack a meaningful long-term interest in Exelon or who wish to promote special interests that are not aligned with the interests of other shareholders and (2) minimize disruption of board functions and effectiveness.

Exelon sought input on the subject of this proposal from shareholders holding over 39 percent of Exelon's outstanding common stock. Exelon found that shareholders' opinions about proxy access are mixed: some shareholders support proxy access consistent with the SEC rule adopted in 2010; some shareholders supported proxy access but expressed concerns about the potential for shareholder abuse of proxy access and disruption of board functions; other shareholders were opposed to proxy access in any form; and many shareholders expressed support for having an opportunity to consider alternatives to this proposal.

The Exelon board of directors recommends a vote AGAINST this proposal for the following reasons:

- **The board of directors believes that the right to nominate up to 25 percent of the board (3 seats on a board of 13 directors) each year to serve on the Exelon board will result in excessive disruption of the balance of skill, experience and diversity of the board and reduce the board's effectiveness and adversely affect Exelon's financial and operational performance.**

  The board's corporate governance committee has an important role in considering the effectiveness of the board and in identifying nominees who possess a combination of skills, professional experience and diversity of background necessary to oversee Exelon's complex business. The corporate governance committee also considers whether a candidate would contribute to an effective and well-rounded and diverse board that operates openly and collaboratively and represents the best interests of all shareholders, and not just those with a special interest. Nominees proposed through proxy access are not subject to any evaluation or screening by the corporate governance committee regarding the nominee's ability to contribute to an effective, well-rounded and diverse board that operates openly and collaboratively in the best interest of all shareholders. Proxy access could therefore result in loss of important skills, experience and diversity on the board of directors.

  Several of the shareholders Exelon consulted expressed support for limiting the maximum number of directors who could be nominated through proxy access to 20 percent of the board (2 seats on a board of 13), so that there could be enough shareholder-selected nominees to have a meaningful effect on the board without excessive disruption of the board's continuity and operations and the balance of the skills, experience and diversity of the board. The board shares the views expressed by some shareholders that proxy access without reasonable limits could detract from the effectiveness of the board and thus adversely affect Exelon's financial and operational performance.

- **The Exelon board believes the proposed 3 percent ownership requirement in the shareholder proposal fails to provide a reasonable balance between the desire to provide meaningful rights to shareholders and the need to reduce the potential for abuse of proxy access by shareholders who may seek to advance special interests that may not be in the interest of all shareholders** .

  A 3 percent share ownership requirement would provide greater opportunities for shareholders with narrowly defined special interests and short-term goals to promote their special interests and disrupt the operations of Exelon's board and its business strategy. For this reason, some shareholders who provided input to Exelon expressed a preference for a higher share ownership requirement. A higher share ownership requirement would reduce this risk without significantly detracting from the goals of proxy access.

Vote on Shareholder Proposal Regarding Proxy Access

- **The shareholder proposal does not require a nominating shareholder or shareholder group to hold full voting and investment rights and the full economic interest, including the opportunity for profit and risk of loss, over the requisite amount of Exelon stock continuously for the required holding period, does not preclude the use of Exelon stock sold short in meeting the ownership requirements for proxy access, and fails to address the treatment of borrowed shares in the share ownership requirements.**

Absent a requirement for the nominating shareholder to retain voting power and investment power with respect to the shares one must own to establish eligibility to nominate a director, a shareholder could have a net short position on Exelon stock and still be entitled to use proxy access to make a nomination. The board believes that proxy access should be structured to require a sustained commitment to Exelon in terms of the shareholder's ownership interest and holding period, consistent with Exelon's focus on managing the business for the long term. Although the shareholder proposal purports to be patterned after the SEC rule adopted in 2010, the proposal fails to include these important protections that would be included in the SEC rule had it not been invalidated by a court ruling.

- **The shareholder proposal does not require nominating shareholders to retain ownership of their shares through the meeting date or disclose their intentions regarding continued ownership of shares following the meeting date.**

A nominating shareholder could sell all or any portion of the required shares prior to the meeting date, potentially creating misalignment between the interests of the nominating shareholder and other shareholders. Shareholders should be aware of the nominating shareholder's intentions regarding continued ownership following the meeting in order to gauge the nominating shareholder's interest in the company.

- **The shareholder proposal places no limit on the number of shareholders who can assemble as a group to establish the share ownership required to make a nomination pursuant to proxy access, which could result in excessive administrative burden and expense for Exelon.**

Exelon believes that a reasonable limitation should be established to reduce administrative costs for Exelon and help reduce the risk of abuse of proxy access rights. In the absence of a reasonable limitation on the number of shareholders in a group, Exelon could be required to make burdensome and time-consuming inquiries into the nature and duration of the share ownership of a large number of individuals participating in a nomination in order to verify their required share ownership, which could impede the exercise of proxy access rights by other shareholders.

- **The shareholder proposal fails to address several important considerations relevant to proxy access.**

Among other things, the shareholder proposal fails to address requirements for independence of shareholder nominees, the potential for a shareholder to participate simultaneously in more than one proxy access nomination, and the potential for a shareholder to nominate directors through proxy access while simultaneously engaging in a proxy contest to elect more directors than permitted under proxy access.

The board of directors unanimously recommends a vote "AGAINST" this proposal.

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Communication with the Board of Directors

PROCESS FOR SHAREHOLDER COMMUNICATIONS WITH THE BOARD

Shareholders and other interested persons can communicate with the Lead Director or with the independent directors as a group by writing to them, c/o Bruce G. Wilson, Senior Vice President, Deputy General Counsel and Corporate Secretary, Exelon Corporation, 10 South Dearborn Street, P.O. Box 805398, Chicago, Illinois 60680-5398. The board has instructed the Corporate Secretary to review communications initially and transmit a summary to the directors and to exclude from transmittal any communications that are commercial advertisements, other forms of solicitation, general shareholder service matters or individual service or billing complaints. Under the board policy, the Corporate Secretary will forward to the directors any communication raising substantial issues. All communications are available to the directors upon request. Shareholders may also report an ethics concern with the Exelon Ethics Hotline by calling 1-800-23-Ethic (1-800-233-8442). You may also report an ethics concern via the Internet at EthicsOffice@ExelonCorp.com.

SHAREHOLDER PROPOSALS

If you want to submit a proposal for possible inclusion in next year's proxy statement, you must submit it in writing to the Corporate Secretary, Exelon Corporation, 10 South Dearborn Street, P.O. Box 805398, Chicago, Illinois 60680-5398. Exelon must receive your proposal on or before November 20, 2015. Exelon will consider only proposals meeting the requirements of the applicable rules of the Securities and Exchange Commission ("SEC"). Under our Bylaws, the proposal must also disclose fully all ownership interests the proponent has in Exelon and contain a representation as to whether the shareholder has any intention of delivering a proxy statement to the other shareholders of Exelon.

We strongly encourage any shareholder interested in submitting a proposal to contact our Corporate Secretary in advance of this deadline to discuss the proposal, and shareholders may want to consult knowledgeable counsel with regard to the detailed requirements of applicable securities laws. Submitting a shareholder proposal does not guarantee that we will include it in our proxy statement. Our corporate governance committee reviews all shareholder proposals and makes recommendations to the board for action on such proposals.

Additionally, under our Bylaws, for a shareholder to bring any matter before the 2016 annual meeting that is not included in the 2015 proxy statement, the shareholder's written notice must be received by the Corporate Secretary not less than 120 days prior to the first anniversary of the mailing date of this proxy statement, which will be November 20, 2015.

DIRECTOR NOMINATIONS

A shareholder who wishes to recommend a candidate (including a self-nomination) to be considered by the Exelon corporate governance committee for nomination as a director must submit the recommendation in writing to the Chair of the Corporate Governance Committee, c/o Bruce G. Wilson, Senior Vice President, Deputy General Counsel and Corporate Secretary, Exelon Corporation, 10 South Dearborn Street, P.O. Box 805398, Chicago, Illinois 60680-5398. The corporate governance committee will consider all recommended candidates and self-nominees when making its recommendation to the full board of directors to nominate a slate of directors for election.

- **Nominations for 2015.** Under the Exelon Bylaws, the deadline has passed for a shareholder to nominate a candidate (or nominate himself or herself) for election to the board of directors at the 2015 annual meeting.
- **Nominations for 2016.** To nominate a candidate for election as a director or to stand for election at the 2016 annual meeting, a shareholder must either submit a recommendation to the corporate governance committee or provide the

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Communication with the Board of Directors

proper notice and the other information required by Exelon's Bylaws. The Bylaws currently require the following: (1) notice of the proposed nomination must be received by Exelon no later than November 20, 2015; (2) the notice must include information required under the Bylaws, including: (a) information about the nominating shareholder, (b) information about the candidate that would be required to be included in a proxy statement under the rules of the SEC, (c) a representation as to whether the shareholder intends to deliver a proxy statement to the other shareholders of Exelon, and (d) the signed consent of the candidate to serve as a director of Exelon, if elected. Exelon's Bylaws are amended from time to time. Please review the Bylaws on our website to determine if any changes to the nomination process or requirements have been made.

AVAILABILITY OF CORPORATE DOCUMENTS

The Exelon Corporate Governance Principles, the Exelon Code of Business Conduct, the Exelon Amended and Restated Bylaws, and the charters for the audit, corporate governance, compensation and leadership development and other committees of the board of directors are available on the Exelon website at www.exeloncorp.com , on the corporate governance page under the Investors tab. Copies may be printed from the Exelon website and copies are available without charge to any shareholder who requests them by writing to Bruce G. Wilson, Senior Vice President, Deputy General Counsel and Corporate Secretary, Exelon Corporation, 10 South Dearborn Street, P.O. Box 805398, Chicago, Illinois 60680-5398. In addition, our Articles of Incorporation, Compensation Consultant Independence Policy, Political Contributions Guidelines, biographical information concerning each director, and all of our filings submitted to the SEC are available on our website. Access to this information is free of charge to any user with internet access. Information contained on our website is not part of this proxy statement.

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Frequently Asked Questions

Can I access the Notice of Annual Meeting and Proxy Statement and the 2014 Financial Report on the Internet?

As permitted by SEC rules, we are making this proxy statement and our annual report available to shareholders electronically via the internet at www.proxyvote.com. On March 19, 2015, we began mailing to our shareholders a notice containing instructions on how to access this proxy statement and our annual report and how to vote online. If you received that notice, you will not receive a printed copy of the proxy materials unless you request it by following the instructions for requesting such materials contained on the notice.

In addition, shareholders may request to receive proxy materials in printed form or electronically by email on an ongoing basis. Exelon encourages shareholders to take advantage of the availability of the proxy materials on the internet in order to save Exelon the cost of producing and mailing documents to you, reduce the amount of mail you receive and help preserve resources.

Shareholders of Record: If you vote on the internet at www.proxyvote.com, simply follow the prompts for enrolling in the electronic delivery service.

Beneficial Owners: You also may be able to receive copies of these documents electronically. Please check the information provided in the proxy materials sent to you by your bank, broker or other holder of record regarding the availability of this service.

Do I need a ticket to attend the annual meeting?

You will need an admission ticket or proof of ownership to enter the annual meeting.

If you are a shareholder of record the bottom half of your proxy card will serve as your admission ticket.

If your shares are held in the name of a bank, broker, or other holder of record and you plan to attend the meeting, you must present proof of your ownership of Exelon stock as you enter the meeting, such as a bank or brokerage account statement. If you would rather have an admission ticket, you can obtain one in advance by mailing a written request, along with proof of your ownership of Exelon stock, to:

> Annual Meeting Admission Tickets c/o Bruce G. Wilson, Senior Vice President, Deputy General Counsel and Corporate Secretary, Exelon Corporation, 10 South Dearborn Street, P.O. Box 805398 Chicago, Illinois 60680-5398.

Shareholders also must present a form of personal photo identification in order to be admitted into the meeting.

No cameras, audio or video recording equipment, similar electronic devices, large bags, briefcases or packages will be permitted into the meeting or adjacent areas. Cell phones and similar wireless communication devices will be permitted in the meeting only if turned off. All items brought into the meeting will be subject to search.

Who is entitled to vote at the annual meeting?

Holders of Exelon common stock as of 5:00 p.m. New York Time on March 10, 2015 are entitled to receive notice of the annual meeting and to vote their shares at the meeting. As of that date, there were 860,987,197 shares of common stock outstanding and entitled to vote. Each share of common stock is entitled to one vote on each matter properly brought before the meeting.

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Frequently Asked Questions

What is the difference between holding shares as a shareholder of record and as a beneficial owner?

If your shares are registered directly in your name with Exelon's transfer agent, Wells Fargo Shareowner Services, you are the "shareholder of record" of those shares. This Notice of Annual Meeting and Proxy Statement and accompanying documents have been provided directly to you by Exelon.

If your shares are held in a stock brokerage account or by a bank or other holder of record, you are considered the "beneficial owner" of those shares. This Notice of Annual Meeting and Proxy Statement and the accompanying documents have been forwarded to you by your broker, bank or other holder of record. As the beneficial owner, you have the right to direct your broker, bank or other holder of record how to vote your shares by using the voting instruction card or by following their instructions for voting by telephone or on the Internet.

How do I vote?

Your vote is important. We encourage you to vote promptly. Internet and telephone voting are available through 11:59 p.m. Eastern Time on April 27, 2015. You may vote in the following ways:

- **By Internet.** If you have internet access, you may vote by internet. You will need the control number included on your proxy card or voting instruction form ("VIF"), as applicable. You may vote in a secure manner at www.proxyvote.com 24 hours a day. You will be able to confirm that the system has properly recorded your votes, and you do not need to return your proxy card or VIF.
- **By Telephone.** If you are located in the United States or Canada, you can vote by calling the toll-free telephone number (1-800-690-6903) and following the recorded instructions. You will need the control number included on your Notice Regarding the Availability of Proxy Materials, proxy card or VIF, as applicable. You may vote by telephone 24 hours a day. The telephone voting system has easy-to-follow instructions and allows you to confirm that the system has properly recorded your votes. If you vote by telephone, you do not need to return your proxy card or your VIF.
- **By Mail.** If you are a holder of record and received a full paper set of materials, you can vote by marking, dating and signing your proxy card and returning it by mail in the postage-paid envelope provided. If you are a beneficial holder of shares held of record by a bank or broker or other street name, please complete and mail the VIF provided by the holder of record.
- **At the Annual Meeting.** If you are a shareholder of record and attend the annual meeting in person, you may use a ballot provided at the meeting to cast your vote. If you are a beneficial owner, you will need to have a legal proxy from your broker, bank or other holder of record in order to vote by ballot at the meeting.

May I revoke a proxy?

Yes. You may revoke a proxy at any time before the proxy is exercised by filing with the Corporate Secretary a notice of revocation, or by submitting a later-dated proxy by mail, telephone or electronically through the Internet. You may also revoke your proxy by attending the annual meeting and voting in person.

What is householding and how does it affect me?

Exelon has adopted a procedure approved by the SEC called "householding." Under this procedure, shareholders of record who have the same address and last name and do not participate in electronic delivery of proxy materials will receive only one copy of this Notice of Annual Meeting and Proxy Statement and the 2014 Annual Report, unless we are notified that one or more of these shareholders wishes to continue receiving individual copies. This procedure will reduce our printing costs and postage fees.

Frequently Asked Questions

What are the voting requirements to elect the directors and to approve each of the proposals discussed in the Proxy Statement?

The presence of the holders of a majority of the outstanding shares of common stock entitled to vote at the annual meeting, in person or represented by proxy, is necessary to constitute a quorum.

Election of Directors: Majority Vote Policy

Under our Bylaws, directors must be elected by a majority of votes cast in uncontested elections. This means that the number of votes cast “for” a director nominee must exceed the number of votes cast “against” the nominee. In contested elections, the vote standard would be a plurality of votes cast.

Our Bylaws provide that, in an uncontested election, each director nominee must submit to the board before the annual meeting a letter of resignation that becomes effective only if the director fails to receive a majority of the votes cast at the annual meeting. The resignation of a director nominee who is not an incumbent director is automatically accepted by the board. The resignation of an incumbent director is tendered to the independent directors of the board for a determination of whether or not to accept the resignation. The board’s decision and the basis for the decision would be disclosed within 90 days following the certification of the final vote results.

Ratification of PricewaterhouseCoopers as Independent Auditor

The appointment of PricewaterhouseCoopers LLP as Exelon Corporation’s independent auditor requires an affirmative vote of a majority of shares of common stock represented at the annual meeting and entitled to vote thereon in order to be adopted.

Executive Compensation

The vote on executive compensation is advisory and is not binding on the company, the board of directors, or the compensation and leadership development committee in any way, as provided by law. Our board and the compensation and leadership development committee will review the results of the vote and input from shareholders and will take it into account in making a determination concerning executive compensation consistent with our record of shareowner engagement.

Performance Measures included in 2011 Long-Term Incentive Plan

The approval of the performance measures in the 2011 Long-Term Incentive Plan requires an affirmative vote of a majority of shares represented at the annual meeting and entitled to vote thereon.

Management Proposal Regarding Proxy Access

The adoption of the management proposal regarding proxy access requires an affirmative vote of a majority of shares represented at the annual meeting and entitled to vote thereon. Abstentions will have the same effect as a vote against the proposal.

Shareholder Proposal Regarding Proxy Access

The adoption of the shareholder proposal requires an affirmative vote of a majority of shares represented at the annual meeting and entitled to vote thereon. Abstentions will have the same effect as a vote against the proposal.

How frequently will I have an opportunity to vote on executive compensation?

Every year. The Exelon board of directors has decided to hold the advisory vote on executive compensation annually until the next required vote on the frequency of shareholder votes on the compensation of executives.

Could other matters be decided at the annual meeting?

At the date this proxy statement went to press, we did not know of any matters to be raised at the annual meeting other than those referred to in this proxy statement.

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Frequently Asked Questions

Who will count the votes?

Representatives of Broadridge Financial Communications and Exelon's Office of Corporate Governance will tabulate the votes and act as inspectors of the election.

Where can I find the voting results?

We will report the voting results in a Form 8-K to be filed with the SEC within four business days following the end of our annual meeting.

Who will pay for the cost of this proxy solicitation?

Exelon will pay the cost of soliciting proxies. Proxies may be solicited on our behalf by directors, officers or employees in person or by telephone, electronic transmission and facsimile transmission. We have hired Alliance Advisors, LLC to distribute and solicit proxies. We will pay Alliance Advisors, LLC a fee of $15,000 plus reasonable expenses for these services.

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Appendix A

EXELON CORPORATION'S 2011 LONG-TERM INCENTIVE PLAN (AS AMENDED EFFECTIVE DECEMBER 18, 2014)

I. INTRODUCTION

1.1 **Purposes** . The purposes of the Exelon Corporation 2011 Long-Term Incentive Plan (this " Plan ") are (i) to align the interests of the Company's stockholders and the recipients of awards under this Plan by increasing the proprietary interest of such recipients in the Company's growth and success, (ii) to advance the interests of the Company by attracting and retaining officers and other key management employees and (iii) to motivate such persons to act in the long-term best interests of the Company and its stockholders.

1.2 **Certain Definitions** .

" Affiliate " shall mean any Person (including a Subsidiary) that directly or indirectly controls, is controlled by, or is under common control with, the Company. For purposes of this definition the term "control" with respect to any Person means the power to direct or cause the direction of management or policies of such Person, directly or indirectly, whether through the ownership of Voting Securities, by contract or otherwise.

" Agreement " shall mean the written agreement evidencing an award hereunder between the Company and the recipient of such award.

" Beneficial Owner " shall mean such term as defined in Rule 13d-3 under the Exchange Act.

" Board " shall mean the Board of Directors of the Company.

" Cause " shall mean (a) with respect to an employee whose entitlement to severance benefits upon termination of employment is governed by an individual change in control agreement, the meaning of such term specified in such agreement, (b) with respect to an employee whose entitlement to severance benefits upon termination of employment is governed by the Exelon Corporation Senior Management Severance Plan or any other executive severance plan, as in effect from time to time, the meaning of such term specified in such plan, or (c) with respect to any other employee, the meaning of such term specified in the Exelon Corporation Severance Benefit Plan, as amended from time to time, or any successor plan thereto, regardless of whether such employee is eligible to participate in such plan.

" Change in Control " shall have the meaning set forth in Section 5.8.

" Code " shall mean the Internal Revenue Code of 1986, as amended.

" Committee " shall mean the Committee designated by the Board, consisting of two or more members of the Board, each of whom may be (i) a "Non-Employee Director" within the meaning of Rule 16b-3 under the Exchange Act, (ii) an "outside director" within the meaning of Section 162(m) of the Code and (iii) "independent" within the meaning of the rules of the New York Stock Exchange or, if the Common Stock is not listed on the New York Stock Exchange, within the meaning of the rules of the principal national stock exchange on which the Common Stock is then traded.

" Common Stock " shall mean the common stock, without par value, of the Company.

" Company " shall mean Exelon Corporation, a Pennsylvania corporation, or any successor thereto.

" Company Plan " shall have the meaning set forth in Section 5.8(b)(i).

" Corporate Transaction " shall have the meaning set forth in Section 5.8(a).

" Disability " shall have the meaning specified in any long term disability plan maintained by the Company in which the participant is eligible to participate; provided that a Disability shall not be deemed to have occurred until the Company has terminated such participant's employment in connection with such disability and the participant has commenced the

receipt of long-term disability benefits under such plan. If an participant is not eligible to participate in a long-term disability plan maintained by the Company, then Disability shall mean a termination of such participant's employment by the Company due to the inability of such participant to perform the essential functions such participant's position, with or without reasonable accommodation, for a continuous period of at least twelve months, as determined solely by the Committee.

" Exchange Act " shall mean the Securities Exchange Act of 1934, as amended.

" Fair Market Value " shall mean the closing transaction price of a share of Common Stock as reported on the New York Stock Exchange on the date as of which such value is being determined or, if the Common Stock is not listed on the New York Stock Exchange, the closing transaction price of a share of Common Stock on the principal national stock exchange on which the Common Stock is traded on the date as of which such value is being determined or, if there shall be no reported transactions for such date, on the next preceding date for which transactions were reported; provided , however , that if the Common Stock is not listed on a national stock exchange or if Fair Market Value for any date cannot be so determined, Fair Market Value shall be determined by the Committee by whatever means or method as the Committee, in the good faith exercise of its discretion, shall at such time deem appropriate and in accordance with Section 409A of the Code.

" Free-Standing SAR " shall mean an SAR which is not granted in tandem with, or by reference to, an option, which entitles the holder thereof to receive, upon exercise, shares of Common Stock (which may be Restricted Stock), cash or a combination thereof with an aggregate value equal to the excess of the Fair Market Value of one share of Common Stock on the date of exercise over the base price of such SAR, multiplied by the number of such SARs which are exercised.

" Good Reason " shall mean (i) with respect to an employee whose entitlement to severance benefits upon termination of employment is governed by an individual change in control agreement, the meaning of such term specified in such agreement, or (ii) with respect to an employee whose entitlement to severance benefits upon termination of employment is governed by the Exelon Corporation Senior Management Severance Plan or any other executive severance plan, as in effect from time to time, the meaning of such term specified in such plan.

" Incentive Stock Option " shall mean an option to purchase shares of Common Stock that meets the requirements of Section 422 of the Code, or any successor provision, which is intended by the Committee to constitute an Incentive Stock Option.

" Incumbent Board " shall have the meaning set forth in Section 5.8(b)(ii).

" Nonqualified Stock Option " shall mean an option to purchase shares of Common Stock which is not an Incentive Stock Option.

" Performance Measures " shall mean the criteria and objectives, established by the Committee, which shall be satisfied or met (i) as a condition to the grant or exercisability of all or a portion of an option or SAR or (ii) during the applicable Restriction Period or Performance Period as a condition to the vesting of the holder's interest, in the case of a Restricted Stock Award, of the shares of Common Stock subject to such award, or, in the case of a Restricted Stock Unit Award or Performance Unit Award, to the holder's receipt of the shares of Common Stock subject to such award or of payment with respect to such award. To the extent necessary for an award to be qualified performance-based compensation under Section 162(m) of the Code and the regulations thereunder, such criteria and objectives shall include one or more of the following measures, each of which may be based on absolute standards or peer industry group comparatives and may be applied at various organizational levels (e.g., corporate, business unit, division): (1) cumulative shareholder value added (SVA), (2) customer satisfaction, (3) revenue, (4) primary or fully-diluted earnings per share of Common Stock, (5) net income, (6) total shareholder return, (7) earnings before interest taxes (EBIT), (8) cash flow, including operating cash flows, free cash flow, discounted cash flow return on investment and cash flow in excess of cost of capital, or any combination thereof, (9) economic value added, (10) return on equity,

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Appendix A

(11) return on capital, (12) return on assets, (13) net operating profits after taxes, (14) stock price increase, (15) return on sales, (16) debt to equity ratio, (17) payout ratio, (18) asset turnover, (19) ratio of share price to book value of shares, (20) price/earnings ratio, (21) employee satisfaction, (22) diversity, (23) market share, (24) operating income, (25) pre-tax income, (26) safety, (27) diversification of business opportunities, (28) expense ratios, (29) total expenditures, (30) completion of key projects, (31) dividend payout as percentage of net income, (32) earnings before interest, taxes, depreciation and amortization (EBITDA), or (33) any individual performance objective which is measured solely in terms of quantitative targets related to the Company, any Subsidiary or the Company's or Subsidiary's business. Such individual performance measures related to the Company, a Subsidiary or the Company's or Subsidiary's business may include: (A) production-related factors such as generating capacity factor, performance against the INPO index, generating equivalent availability, heat rates and production cost, (B) transmission and distribution-related factors such as customer satisfaction, reliability (based on outage frequency and duration), and cost, (C) customer service-related factors such as customer satisfaction, service levels and responsiveness and bad debt collections or losses, and (D) relative performance against other similar companies in targeted areas. The measures may be weighted differently for holders of awards based on their management level and the extent to which their responsibilities are primarily corporate or business unit-related, and may be based in whole or in part on the performance of the Company, a Subsidiary, division and/or other operational unit under one or more of such measures. In the sole discretion of the Committee, but subject to Section 162(m) of the Code, the Committee may amend or adjust the Performance Measures or other terms and conditions of an outstanding award in recognition of unusual or nonrecurring events affecting the Company or its financial statements or changes in law or accounting principles.

" Performance Option " shall mean an Incentive Stock Option or Nonqualified Stock Option, the grant of which or the exercisability of all or a portion of which is contingent upon the attainment of specified Performance Measures within a specified Performance Period.

" Performance Period " shall mean any period designated by the Committee during which (i) the Performance Measures applicable to an award shall be measured and (ii) the conditions to vesting applicable to an award shall remain in effect.

" Performance Share Award " shall mean a Restricted Stock Award or Restricted Stock Unit Award, the vesting of which is subject to the attainment of specified Performance Measures within a specified Performance Period.

" Performance Unit " shall mean a right to receive, contingent upon the attainment of specified Performance Measures within a specified Performance Period and the expiration of any applicable Restriction Period, a specified cash amount or, in lieu thereof, shares of Common Stock having a Fair Market Value equal to such cash amount.

" Performance Unit Award " shall mean an award of Performance Units under this Plan.

" Person " shall mean any individual, sole proprietorship, partnership, joint venture, limited liability company, trust, unincorporated organization, association, corporation, institution, public benefit corporation, entity or government instrumentality, division, agency, body or department.

" Plan " shall have the meaning set forth in Section 1.1.

" Prior Plan " shall mean the Exelon Corporation 2006 Long-Term Incentive Plan, as amended.

" Restricted Stock " shall mean shares of Common Stock which are subject to a Restriction Period and which may, in addition thereto, be subject to the attainment of specified Performance Measures within a specified Performance Period.

" Restricted Stock Award " shall mean an award of Restricted Stock under this Plan.

" Restricted Stock Unit " shall mean a right to receive one share of Common Stock or, in lieu thereof, the Fair Market Value of such share of Common Stock in cash, which shall be contingent upon the expiration of a specified Restriction Period and which may, in addition thereto, be contingent upon the attainment of specified Performance Measures within a specified Performance Period.

Appendix A

“ Restricted Stock Unit Award ” shall mean an award of Restricted Stock Units under this Plan.

“ Restriction Period ” shall mean any period designated by the Committee during which (i) the Common Stock subject to a Restricted Stock Award may not be sold, transferred, assigned, pledged, hypothecated or otherwise encumbered or disposed of, except as provided in this Plan or the Agreement relating to such award, or (ii) the conditions to vesting applicable to a Restricted Stock Unit Award shall remain in effect.

“ Restrictive Covenant ” shall have the meaning set forth in Section 2.3(g).

“ Retirement ” shall mean the retirement of a holder of an award from employment with the Company on or after attaining the minimum age specified for early or normal retirement in any then effective qualified defined benefit retirement plan of the Company in which such holder is a participant, provided that such holder has also attained age 50 and completed at least ten years of service with the Company and the Subsidiaries. For purposes of this definition, the holder’s age and service shall be determined taking into account any deemed age or service awarded to the holder for benefit accrual purposes under any nonqualified defined benefit retirement plan of the Company in which the holder is a participant.

“ SAR ” shall mean a stock appreciation right, which may be a Free-Standing SAR or a Tandem SAR.

“ SEC Person ” shall mean any person (as such term is used in Rule 13d-5 under the Exchange Act) or group (as such term is defined in Sections 3(a)(9) and 13(d)(3) of the Exchange Act), other than (i) the Company or an Affiliate, or (ii) any employee benefit plan (or any related trust) of the Company or any of its Affiliates.

“ Stock Award ” shall mean a Restricted Stock Award or a Restricted Stock Unit Award, including any such award which is granted as a Performance Share Award.

“ Subsidiary ” shall mean any corporation, limited liability company, partnership, joint venture or similar entity in which the Company owns, directly or indirectly, an equity interest possessing more than 50% of the combined voting power of the total outstanding equity interests of such entity.

“ Tandem SAR ” shall mean an SAR which is granted in tandem with, or by reference to, an option (including a Nonqualified Stock Option granted prior to the date of grant of the SAR), which entitles the holder thereof to receive, upon exercise of such SAR and surrender for cancellation of all or a portion of such option, shares of Common Stock (which may be Restricted Stock), cash or a combination thereof with an aggregate value equal to the excess of the Fair Market Value of one share of Common Stock on the date of exercise over the base price of such SAR, multiplied by the number of shares of Common Stock subject to such option, or portion thereof, which is surrendered.

“ Tax Date ” shall have the meaning set forth in Section 5.5.

“ Ten Percent Holder ” shall have the meaning set forth in Section 2.1(a).

“ 20% Owner ” shall have the meaning set forth in Section 5.8(b)(i).

“ Voting Securities ” shall mean with respect to a corporation, securities of such corporation that are entitled to vote generally in the election of directors of such corporation.

1.3 **Administration** . This Plan shall be administered by the Committee. Any one or a combination of the following awards may be made under this Plan to eligible persons: (i) options to purchase shares of Common Stock in the form of Incentive Stock Options or Nonqualified Stock Options (which may include Performance Options), (ii) SARs in the form of Tandem SARs or Free-Standing SARs, (iii) Stock Awards in the form of Restricted Stock or Restricted Stock Units (which may include Performance Share Awards) and (iv) Performance Units. The Committee shall, subject to the terms of this Plan, select eligible persons for participation in this Plan and determine the form, amount and timing of each award to such persons and, if applicable, the number of shares of Common Stock, the number of SARs, the number of Restricted Stock Units and the number of Performance Units subject to such an award, the exercise price or base price

associated with the award, the time and conditions of exercise or settlement of the award and all other terms and conditions of the award, including, without limitation, the form of the Agreement evidencing the award. The Committee may, in its sole discretion and for any reason at any time, subject to the requirements of Section 162(m) of the Code and regulations thereunder in the case of an award intended to be qualified performance-based compensation, take action such that (i) any or all outstanding options and SARs shall become exercisable in part or in full, (ii) all or a portion of the Restriction Period applicable to any outstanding Restricted Stock or Restricted Stock Units shall lapse, (iii) all or a portion of the Performance Period applicable to any outstanding Performance Share Award or Performance Units shall lapse and (iv) the Performance Measures (if any) applicable to any outstanding award shall be deemed to be satisfied at the target or any other level not exceeding the maximum allowable under its terms. The Committee shall, subject to the terms of this Plan, interpret this Plan and the application thereof, establish rules and regulations it deems necessary or desirable for the administration of this Plan and may impose, incidental to the grant of an award, conditions with respect to the award, such as limiting competitive employment or other activities. All such interpretations, rules, regulations and conditions shall be conclusive and binding on all parties.

The Committee may delegate some or all of its power and authority hereunder to the Board or, subject to applicable law, to the Chief Executive Officer or other officer of the Company as the Committee deems appropriate; provided , however , that (i) the Committee may not delegate its power and authority to the Board or the Chief Executive Officer or other officer of the Company with regard to the grant of an award to any person who is a “covered employee” within the meaning of Section 162 (m) of the Code or who, in the Committee’s judgment, is likely to be a covered employee at the time during the period an award hereunder to such employee would be outstanding, (ii) the Committee may not delegate its power and authority to the Chief Executive Officer or other officer of the Company with regard to the selection for participation in this Plan of an officer or other person subject to Section 16 of the Exchange Act or whose title with the Company is “executive vice president” or higher, or decisions concerning the timing, pricing or amount of an award to such an officer or other person and (iii) the awards granted by the Chief Executive Officer pursuant to such delegation shall not exceed the limits set forth in Section 1.6 (c) and 1.6(d).

No member of the Board or Committee, and neither the Chief Executive Officer nor any other officer to whom the Committee delegates any of its power and authority hereunder, shall be liable for any act, omission, interpretation, construction or determination made in connection with this Plan in good faith, and the members of the Board and the Committee and the Chief Executive Officer or other officer shall be entitled to indemnification and reimbursement by the Company in respect of any claim, loss, damage or expense (including attorneys’ fees) arising therefrom to the full extent permitted by law (except as otherwise may be provided in the Company’s Articles of Incorporation and/or By-laws) and under any directors’ and officers’ liability insurance that may be in effect from time to time.

A majority of the Committee shall constitute a quorum. The acts of the Committee shall be either (i) acts of a majority of the members of the Committee present at any meeting at which a quorum is present or (ii) acts approved in writing by all of the members of the Committee without a meeting.

1.4 **Eligibility** . Participants in this Plan shall consist of such officers and other key management employees, and persons expected to become officers and other key management employees, of the Company and its Subsidiaries as the Committee in its sole discretion may select from time to time. The Committee’s selection of a person to participate in this Plan at any time shall not require the Committee to select such person to participate in this Plan at any other time. For purposes of this Plan, references to employment by the Company shall also mean employment by a Subsidiary.

1.5 **Shares Available** . Subject to adjustment as provided in Section 5.7, the aggregate number of shares of Common Stock available for awards granted under the Plan in the form of options, SARs, Stock Awards or Performance Units shall be the sum of (i) five million (5,000,000), plus (ii) the number of shares of Common Stock which as of the effective date of this Plan remain available for future awards pursuant to Section 1.5 of the Prior Plan, and reduced by the sum of the aggregate number of shares of Common Stock which become subject to outstanding options, outstanding Free-Standing SARs and outstanding Stock Awards granted under the Plan and shares of Common Stock delivered upon

the settlement of Performance Units granted under the Plan. To the extent that shares of Common Stock subject to an outstanding option, SAR or stock award granted under the Plan or any predecessor plan are not issued or delivered by reason of the expiration, termination, cancellation or forfeiture of such award (excluding shares subject to an option cancelled upon settlement in shares of a related tandem SAR or shares subject to a tandem SAR cancelled upon exercise of a related option), then such shares of Common Stock shall again be available under this Plan. Shares of Common Stock to be delivered under this Plan shall be made available from authorized and unissued shares of Common Stock, or authorized and issued shares of Common Stock reacquired and held as treasury shares or otherwise or a combination thereof.

1.6 Award Limits .

(a) Subject to adjustment as provided in Section 5.7, no individual may be granted awards under the Plan during any calendar year that, in the aggregate, may be settled by delivery of more than two million (2,000,000) shares of Common Stock. In addition, with respect to awards the value of which is based on the Fair Market Value of Common Stock and that may be settled in cash (in whole or in part), no individual may be paid during any calendar year cash amounts relating to such awards that exceed the greater of the Fair Market Value of the number of shares of Common Stock set forth in the preceding sentence either at the date of grant or at the date of settlement. This Section 1.6(a) sets forth two separate limitations, so that awards that may be settled solely by delivery of Common Stock will not operate to reduce the amount or value of cash-only awards, and vice versa; nevertheless, awards that may be settled in Common Stock or cash must not exceed either limitation.

(b) With respect to awards, the value of which is not based on the Fair Market Value of Common Stock, no individual may receive during any calendar year cash or shares of Common Stock with a Fair Market Value at the date of settlement that, in the aggregate, exceeds five million dollars ($5,000,000).

(c) Subject to adjustment as provided in Section 5.7, the number of shares of Common Stock subject to options and SARs granted in any single year by the Chief Executive Officer, pursuant to a delegation by the Committee in accordance with Section 1.3 of this Plan, shall not exceed 1,200,000 in the aggregate or 40,000 with respect to any individual employee.

(d) Subject to adjustment as provided in Section 5.7, the number of shares of Common Stock subject to Stock Awards and Performance Units granted in any single year by the Chief Executive Officer, pursuant to a delegation by the Committee in accordance with Section 1.3 of this Plan, shall not exceed 600,000 in the aggregate or 20,000 with respect to any individual employee.

II. STOCK OPTIONS AND STOCK APPRECIATION RIGHTS

2.1 Stock Options . The Committee may, in its discretion, grant options to purchase shares of Common Stock to such eligible persons as may be selected by the Committee. Each option, or portion thereof, that is not an Incentive Stock Option, shall be a Nonqualified Stock Option. Each option shall be granted within 10 years after the date on which this Plan is approved by the Board. To the extent that the aggregate Fair Market Value (determined as of the date of grant) of shares of Common Stock with respect to which options designated as Incentive Stock Options are exercisable for the first time by a participant during any calendar year (under this Plan or any other plan of the Company, or any parent or Subsidiary) exceeds the amount (currently $100,000) established by the Code, such options shall constitute Nonqualified Stock Options.

Options shall be subject to the following terms and conditions and shall contain such additional terms and conditions, not inconsistent with the terms of this Plan, as the Committee shall deem advisable:

(a) Number of Shares and Purchase Price . The number of shares of Common Stock subject to an option and the purchase price per share of Common Stock purchasable upon exercise of the option shall be determined by the Committee; provided , however , that the purchase price per share of Common Stock purchasable upon exercise of

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a Nonqualified Stock Option or an Incentive Stock Option shall not be less than 100% of the Fair Market Value of a share of Common Stock on the date of grant of such option; provided further , that if an Incentive Stock Option shall be granted to any person who, at the time such option is granted, owns capital stock possessing more than 10 percent of the total combined voting power of all classes of capital stock of the Company (or of any parent or Subsidiary) (a " Ten Percent Holder "), the purchase price per share of Common Stock shall not be less than the price (currently 110% of Fair Market Value) required by the Code in order to constitute an Incentive Stock Option.

(b) Option Period and Exercisability . The period during which an option may be exercised shall be determined by the Committee; provided , however , that no option shall be exercised later than 10 years after its date of grant; provided further , that if an Incentive Stock Option shall be granted to a Ten Percent Holder, such option shall not be exercised later than five years after its date of grant. The Committee may, in its discretion, determine that an option is to be granted as a Performance Option and may establish an applicable Performance Period and Performance Measures which shall be satisfied or met as a condition to the grant of such option or to the exercisability of all or a portion of such option. The Committee shall determine whether an option shall become exercisable in cumulative or non-cumulative installments and in part or in full at any time. An exercisable option, or portion thereof, may be exercised only with respect to whole shares of Common Stock.

(c) Method of Exercise . An option may be exercised (i) by giving written notice to the Company specifying the number of whole shares of Common Stock to be purchased and accompanying such notice with payment therefor in full, and without any extension of credit, either (A) in cash, (B) by delivery (either actual delivery or by attestation procedures established by the Company) to the Company of previously owned whole shares of Common Stock having a Fair Market Value, determined as of the date of exercise, equal to the aggregate purchase price payable by reason of such exercise, (C) authorizing the Company to withhold whole shares of Common Stock which would otherwise be delivered having an aggregate Fair Market Value, determined as of the date of exercise, equal to the amount necessary to satisfy such obligation, provided that the Committee determines that such withholding of shares does not cause the Company to recognize an increased compensation expense under applicable accounting principles, (D) except as may be prohibited by applicable law, in cash by a broker-dealer acceptable to the Company to whom the optionee has submitted an irrevocable notice of exercise or (E) a combination of (A), (B) and (C), in each case to the extent set forth in the Agreement relating to the option, (ii) if applicable, by surrendering to the Company any Tandem SARs which are cancelled by reason of the exercise of the option and (iii) by executing such documents as the Company may reasonably request. Any fraction of a share of Common Stock which would be required to pay such purchase price shall be disregarded and the remaining amount due shall be paid in cash by the optionee. No shares of Common Stock shall be issued and no certificate representing Common Stock shall be delivered until the full purchase price therefor and any withholding taxes thereon, as described in Section 5.5, have been paid.

2.2 **Stock Appreciation Rights** . The Committee may, in its discretion, grant SARs to such eligible persons as may be selected by the Committee. The Agreement relating to an SAR shall specify whether the SAR is a Tandem SAR or a Free-Standing SAR.

SARs shall be subject to the following terms and conditions and shall contain such additional terms and conditions, not inconsistent with the terms of this Plan, as the Committee shall deem advisable:

(a) Number of SARs and Base Price . The number of SARs subject to an award shall be determined by the Committee. Any Tandem SAR related to an Incentive Stock Option shall be granted at the same time that such Incentive Stock Option is granted. The base price of a Tandem SAR shall be the purchase price per share of Common Stock of the related option. The base price of a Free-Standing SAR shall be determined by the Committee; provided , however , that such base price shall not be less than 100% of the Fair Market Value of a share of Common Stock on the date of grant of such SAR.

(b) Exercise Period and Exercisability . The Agreement relating to an award of SARs shall specify whether such award may be settled in shares of Common Stock (including shares of Restricted Stock) or cash or a combination thereof. The period for the exercise of an SAR shall be determined by the Committee; provided , however , that no SAR shall be exercised later than 10 years after its date of grant; and provided , further , that no Tandem SAR shall be exercised later than the expiration, cancellation, forfeiture or other termination of the related option. The Committee may, in its discretion, establish Performance Measures which shall be satisfied or met as a condition to the grant of an SAR or to the exercisability of all or a portion of an SAR. The Committee shall determine whether an SAR may be exercised in cumulative or non-cumulative installments and in part or in full at any time. An exercisable SAR, or portion thereof, may be exercised, in the case of a Tandem SAR, only with respect to whole shares of Common Stock and, in the case of a Free-Standing SAR, only with respect to a whole number of SARs. If an SAR is exercised for shares of Restricted Stock, a certificate or certificates representing such Restricted Stock shall be issued in accordance with Section 3.2(c), or such shares shall be transferred to the holder in book entry form with restrictions on the Shares duly noted, and the holder of such Restricted Stock shall have such rights of a stockholder of the Company as determined pursuant to Section 3.2(d). Prior to the exercise of an SAR for shares of Common Stock, including Restricted Stock, the holder of such SAR shall have no rights as a stockholder of the Company with respect to the shares of Common Stock subject to such SAR.

(c) Method of Exercise . A Tandem SAR may be exercised (i) by giving written notice to the Company specifying the number of whole SARs which are being exercised, (ii) by surrendering to the Company any options which are cancelled by reason of the exercise of the Tandem SAR and (iii) by executing such documents as the Company may reasonably request. A Free-Standing SAR may be exercised (A) by giving written notice to the Company specifying the whole number of SARs which are being exercised and (B) by executing such documents as the Company may reasonably request.

2.3 Termination of Employment .

(a) Retirement or Disability . Subject to Sections 2.3(e) and 2.3(g) below, and unless otherwise specified in the Agreement relating to an option or SAR, as the case may be, if the Company ceases to employ the holder of an option or SAR by reason of such holder's Retirement or Disability, each option and SAR held by such holder shall be fully exercisable, and may thereafter be exercised by such holder (or such holder's legal representative or similar person) until and including the earlier to occur of (i) the date which is five years after the effective date of such holder's termination of employment and (ii) the expiration date of the term of such option or SAR.

(b) Death . Unless otherwise specified in the Agreement relating to an option or SAR, as the case may be, if the Company ceases to employ the holder of an option or SAR by reason of such holder's death, each option and SAR held by such holder shall be fully exercisable, and may thereafter be exercised by such holder's executor, administrator, legal representative, beneficiary or similar person until and including the earlier to occur of (i) the date which is three years after the date of death and (ii) the expiration date of the term of such option or SAR.

(c) Cause . If the Company ceases to employ the holder of an option or SAR due to a termination of employment by the Company for Cause, each option and SAR held by such holder shall be cancelled and cease to be exercisable as of the earlier to occur of (i) the effective date of such termination of employment and (ii) the date on which the holder first engaged in conduct giving rise to a termination for Cause, and the Company thereafter may require the repayment of any amounts received by such holder in connection with an exercise of such option or SAR following such cancellation date.

(d) Other Termination . Subject to Sections 2.3(e), 2.3(f) and 2.3(g) below and unless otherwise specified in the Agreement relating to an option or SAR, as the case may be, if the Company ceases to employ the holder of an option or SAR for any reason other than as described in Section 2.3(a) through Section 2.3(c), then each option and SAR held by such holder shall be exercisable only to the extent that such option or SAR is exercisable on the

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effective date of such holder's termination of employment, and may thereafter be exercised by such holder (or such holder's legal representative or similar person) until and including the earlier to occur of (i) the date which is 90 days after the effective date of such holder's termination of employment and (ii) the expiration date of the term of such option or SAR.

(e) Death Following Termination of Employment . Unless otherwise specified in the Agreement relating to an option or SAR, as the case may be, if the holder of an option or SAR dies during the applicable post-termination exercise period described in Section 2.3(d), each option and SAR held by such holder shall be exercisable only to the extent that such option or SAR, as the case may be, is exercisable on the date of such holder's death and may thereafter be exercised by the holder's executor, administrator, legal representative, beneficiary or similar person until and including the earlier to occur of (i) the date which is one year after the date of death and (ii) the expiration date of the term of such option or SAR.

(f) Breach of Restrictive Covenant . Notwithstanding Sections 2.3(a) through (e), if the holder of an option or SAR breaches his or her obligations to the Company or any of its affiliates under a noncompetition, nonsolicitation, confidentiality, intellectual property or other restrictive covenant (a " Restrictive Covenant "), each option and SAR held by such holder shall be cancelled and cease to be exercisable as of the date on which the holder first breached such Restrictive Covenant, and the Company thereafter may require the repayment of any amounts received by such holder in connection with an exercise of such option or SAR following such cancellation date.

(g) Certain Terminations After Change in Control . Unless otherwise specified in, and subject to all conditions set forth in, the Agreement relating to an option or SAR, as the case may be, or any individual change in control agreement or severance plan, and notwithstanding any other provision of this Section 2.3, if within 24 months following a Change in Control, the Company ceases to employ the holder of an option or SAR due to a termination of employment (i) by the Company other than for Cause, or (ii) with respect to a holder whose position is at least salary band E09 (or its equivalent), by the holder for Good Reason, such holder's outstanding options shall immediately become fully exercisable and may thereafter be exercised by such holder (or such holder's legal representative or similar person) until and including the earlier to occur of (A) the date which is five years after the effective date of such holder's termination of employment and (B) the expiration date of the term of such option or SAR.

2.4 **No Repricing .** The Committee shall not without the approval of the stockholders of the Company, (i) reduce the purchase price or base price of any previously granted option or SAR, (ii) cancel any previously granted option or SAR in exchange for another option or SAR with a lower purchase price or base price or (iii) cancel any previously granted option or SAR in exchange for cash or another award if the purchase price of such option or the base price of such SAR exceeds the Fair Market Value of a share of Common Stock on the date of such cancellation, in each case, other than in connection with a Change in Control or the adjustment provisions set forth in Section 5.7.

III. STOCK AWARDS

3.1 **Stock Awards** . The Committee may, in its discretion, grant Stock Awards to such eligible persons as may be selected by the Committee. The Agreement relating to a Stock Award shall specify whether the Stock Award is a Restricted Stock Award or a Restricted Stock Unit Award. The Committee may, in its discretion, determine that a Restricted Stock Award or Restricted Stock Unit Award is to be granted as a Performance Share Award and may establish an applicable Performance Period and Performance Measures which shall be satisfied or met as a condition to the grant or vesting of all or a portion of such award.

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3.2 **Terms of Restricted Stock Awards**. Restricted Stock Awards shall be subject to the following terms and conditions and shall be subject to such additional terms and conditions, not inconsistent with the terms of this Plan, as the Committee shall deem advisable.

(a) Number of Shares and Other Terms. The number of shares of Common Stock subject to a Restricted Stock Award and the Restriction Period and Performance Measures (if any) applicable to a Restricted Stock Award shall be determined by the Committee.

(b) Vesting and Forfeiture. The Agreement relating to a Restricted Stock Award shall provide, in the manner determined by the Committee, in its discretion, and subject to the provisions of this Plan, for the vesting of the shares of Common Stock subject to such award (i) if the holder of such award remains continuously in the employment of the Company during the specified Restriction Period and (ii) in the case of a Performance Share Award, if specified Performance Measures are satisfied or met during a specified Performance Period, and for the forfeiture of the shares of Common Stock subject to such award (x) if the holder of such award does not remain continuously in the employment of the Company during the specified Restriction Period or (y) in the case of a Performance Share Award, if specified Performance Measures are not satisfied or met during a specified Performance Period. The restrictions applicable to each Performance Share Award shall lapse no earlier than one year after the applicable grant date, except to the extent an award Agreement provides otherwise in the case of a Change in Control or a participant's death, Disability or termination of employment.

(c) Stock Issuance. During the Restriction Period, the shares of Restricted Stock shall be held by a custodian in book entry form with restrictions on such shares duly noted or, alternatively, a certificate or certificates representing a Restricted Stock Award shall be registered in the holder's name and may bear a legend, in addition to any legend which may be required pursuant to Section 5.6, indicating that the ownership of the shares of Common Stock represented by such certificate is subject to the restrictions, terms and conditions of this Plan and the Agreement relating to the Restricted Stock Award. All such certificates shall be deposited with the Company, together with stock powers or other instruments of assignment (including a power of attorney), each endorsed in blank with a guarantee of signature if deemed necessary or appropriate, which would permit transfer to the Company of all or a portion of the shares of Common Stock subject to the Restricted Stock Award in the event such award is forfeited in whole or in part. Upon termination of any applicable Restriction Period (and the satisfaction or attainment of applicable Performance Measures), subject to the Company's right to require payment of any taxes in accordance with Section 5.5, the restrictions shall be removed from the requisite number of any shares of Common Stock that are held in book entry form, and all certificates evidencing ownership of the requisite number of shares of Common Stock shall be delivered to the holder of such award.

(d) Rights with Respect to Restricted Stock Awards. Unless otherwise set forth in the Agreement relating to a Restricted Stock Award, and subject to the terms and conditions of a Restricted Stock Award, the holder of such award shall have all rights as a stockholder of the Company, including, but not limited to, voting rights, the right to receive dividends and the right to participate in any capital adjustment applicable to all holders of Common Stock; provided, however, that (i) a distribution with respect to shares of Common Stock, other than a regular cash dividend, and (ii) a regular cash dividend with respect to shares of Common Stock that are subject to performance-based vesting conditions, in each case shall be deposited with the Company and shall be subject to the same restrictions as the shares of Common Stock with respect to which such distribution was made.

3.3 **Terms of Restricted Stock Unit Awards.** Restricted Stock Unit Awards shall be subject to the following terms and conditions and shall contain such additional terms and conditions, not inconsistent with the terms of this Plan, as the Committee shall deem advisable.

(a) Number of Shares and Other Terms. The number of shares of Common Stock subject to a Restricted Stock Unit Award and the Restriction Period and Performance Measures (if any) applicable to a Restricted Stock Unit Award shall be determined by the Committee.

(b) Vesting and Forfeiture . The Agreement relating to a Restricted Stock Unit Award shall provide, in the manner determined by the Committee, in its discretion, and subject to the provisions of this Plan, for the vesting of such Restricted Stock Unit Award (i) if the holder of such award remains continuously in the employment of the Company during the specified Restriction Period and (ii) in the case of a Performance Share Award, if specified Performance Measures are satisfied or met during a specified Performance Period, and for the forfeiture of the shares of Common Stock subject to such award (x) if the holder of such award does not remain continuously in the employment of the Company during the specified Restriction Period or (y) in the case of a Performance Share Award, if specified Performance Measures are not satisfied or met during a specified Performance Period. Each Performance Share Award shall become vested no earlier than one year after the applicable grant date, except to the extent an award Agreement provides otherwise in the case of a Change in Control or a participant's death, Disability or termination of employment.

(c) Settlement of Vested Restricted Stock Unit Awards . The Agreement relating to a Restricted Stock Unit Award shall specify (i) whether such award may be settled in shares of Common Stock, including Restricted Stock, or cash or a combination thereof and (ii) whether the holder thereof shall be entitled to receive, on a current or deferred basis, dividend equivalents and, if determined by the Committee, interest on, or the deemed reinvestment of, any deferred dividend equivalents, with respect to the number of shares of Common Stock subject to such award. Prior to the settlement of a Restricted Stock Unit Award, the holder of such award shall have no rights as a stockholder of the Company with respect to the shares of Common Stock subject to such award.

3.4 Termination of Employment . All of the terms relating to the satisfaction of Performance Measures and the termination of the Restriction Period or Performance Period relating to a Stock Award, or any forfeiture and cancellation of such award upon a termination of employment with the Company of the holder of such award, whether by reason of Disability, Retirement, death or any other reason, shall be determined by the Committee and set forth in the applicable award Agreement.

IV. PERFORMANCE UNIT AWARDS

4.1 Performance Unit Awards . The Committee may, in its discretion, grant Performance Unit Awards to such eligible persons as may be selected by the Committee.

4.2 Terms of Performance Unit Awards . Performance Unit Awards shall be subject to the following terms and conditions and shall be subject to such additional terms and conditions, not inconsistent with the terms of this Plan, as the Committee shall deem advisable.

(a) Number of Performance Units and Performance Measures . The number of Performance Units subject to a Performance Unit Award and the Performance Measures and Performance Period applicable to a Performance Unit Award shall be determined by the Committee.

(b) Vesting and Forfeiture . The Agreement relating to a Performance Unit Award shall provide, in the manner determined by the Committee, in its discretion, and subject to the provisions of this Plan, for the vesting of such Performance Unit Award if the specified Performance Measures are satisfied or met during the specified Performance Period and for the forfeiture of such award if the specified Performance Measures are not satisfied or met during the specified Performance Period.

(c) Settlement of Vested Performance Unit Awards . The Agreement relating to a Performance Unit Award shall specify whether such award may be settled in shares of Common Stock (including shares of Restricted Stock) or cash or a combination thereof. If a Performance Unit Award is settled in shares of Restricted Stock, such shares of Restricted Stock shall be issued to the holder in book entry form or a certificate or certificates representing such Restricted Stock shall be issued in accordance with Section 3.2(c) and the holder of such Restricted Stock

shall have such rights as a stockholder of the Company as determined pursuant to Section 3.2(d). Prior to the settlement of a Performance Unit Award in shares of Common Stock, including Restricted Stock, the holder of such award shall have no rights as a stockholder of the Company.

4.3 **Termination of Employment**. All of the terms relating to the satisfaction of Performance Measures and the termination of the Performance Period relating to a Performance Unit Award, or any forfeiture and cancellation of such award upon a termination of employment with the Company of the holder of such award, whether by reason of Disability, Retirement, death or any other reason, shall be determined by the Committee and set forth in the applicable award Agreement.

V. GENERAL

5.1 **Effective Date and Term of Plan**. This Plan shall be submitted to the stockholders of the Company for approval at the Company's 2010 annual meeting of stockholders and, if approved by the affirmative vote of a majority of the shares of Common Stock present in person or represented by proxy at such annual meeting of stockholders, shall become effective as of January 1, 2011. This Plan shall terminate ten (10) years after its effective date, unless terminated earlier by the Committee. Termination of this Plan shall not affect the terms or conditions of any award granted prior to termination.

Awards hereunder may be made at any time prior to the termination of this Plan, provided that, subject to Section 2.1, no award may be made later than ten (10) years after the effective date of this Plan. In the event that this Plan is not approved by the stockholders of the Company, this Plan and any awards hereunder shall be void and of no force or effect.

5.2 **Amendments**. The Committee may amend this Plan as it shall deem advisable, subject to any requirement of stockholder approval required by applicable law, rule or regulation, including Section 162(m) of the Code and any rule of the New York Stock Exchange, or, if the Common Stock is not listed on the New York Stock Exchange, any rule of the principal national stock exchange on which the Common Stock is then traded; provided, however, that no amendment may impair the rights of a holder of an outstanding award without the consent of such holder.

5.3 **Agreement**. Each award under this Plan shall be evidenced by an Agreement setting forth the terms and conditions applicable to such award. No award shall be valid until an Agreement is executed by the Company and the recipient of such award and, upon execution by each party and delivery of the Agreement to the Company within the time period specified by the Company, such award shall be effective as of the effective date set forth in the Agreement.

5.4 **Non-Transferability.** No award shall be transferable other than by will, the laws of descent and distribution or pursuant to beneficiary designation procedures approved by the Company or, to the extent expressly permitted in the Agreement relating to such award, to the holder's family members, a trust or entity established by the holder for estate planning purposes or a charitable organization designated by the holder. Except to the extent permitted by the foregoing sentence or the Agreement relating to an award, each award may be exercised or settled during the holder's lifetime only by the holder or the holder's legal representative or similar person. Except as permitted by the second preceding sentence, no award may be sold, transferred, assigned, pledged, hypothecated, encumbered or otherwise disposed of (whether by operation of law or otherwise) or be subject to execution, attachment or similar process. Upon any attempt to so sell, transfer, assign, pledge, hypothecate, encumber or otherwise dispose of any award, such award and all rights thereunder shall immediately become null and void.

5.5 **Tax Withholding**. The Company shall have the right to require, prior to the issuance or delivery of any shares of Common Stock or the payment of any cash pursuant to an award made hereunder, or upon the vesting of any award that is considered deferred compensation, payment by the holder of such award of any federal, state, local or other taxes which may be required to be withheld or paid in connection with such award. An Agreement may provide that (i) the Company shall withhold whole shares of Common Stock which would otherwise be delivered to a holder, having

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an aggregate Fair Market Value determined as of the date the obligation to withhold or pay taxes arises in connection with an award (the " Tax Date "), or withhold an amount of cash which would otherwise be payable to a holder, in the amount necessary to satisfy any such obligation or (ii) the holder may satisfy any such obligation by any of the following means: (A) a cash payment to the Company, (B) authorizing the Company to withhold whole shares of Common Stock which would otherwise be delivered having an aggregate Fair Market Value, determined as of the Tax Date, or withhold an amount of cash which would otherwise be payable to a holder, equal to the amount necessary to satisfy any such obligation, (C) in the case of the exercise of an option and except as may be prohibited by applicable law, a cash payment by a broker-dealer acceptable to the Company to whom the optionee has submitted an irrevocable notice of exercise or (D) any combination of (A) and (B), in each case to the extent set forth in the Agreement relating to the award. Shares of Common Stock to be delivered or withheld may not have an aggregate Fair Market Value in excess of the amount determined by applying the minimum statutory withholding rate. Any fraction of a share of Common Stock which would be required to satisfy such an obligation shall be disregarded and the remaining amount due shall be paid in cash by the holder.

5.6 **Restrictions on Shares** . Each award made hereunder shall be subject to the requirement that if at any time the Company determines that the listing, registration or qualification of the shares of Common Stock subject to such award upon any securities exchange or under any law, or the consent or approval of any governmental body, or the taking of any other action is necessary or desirable as a condition of, or in connection with, the delivery of shares thereunder, such shares shall not be delivered unless such listing, registration, qualification, consent, approval or other action shall have been effected or obtained, free of any conditions not acceptable to the Company. The Company may require that certificates evidencing shares of Common Stock delivered pursuant to any award made hereunder bear a legend indicating that the sale, transfer or other disposition thereof by the holder is prohibited except in compliance with the Securities Act of 1933, as amended, and the rules and regulations thereunder.

5.7 **Adjustment** . In the event any stock split, stock dividend, recapitalization, reorganization, merger, consolidation, combination, exchange of shares, liquidation, spin-off or other similar change in capitalization or event, or any distribution to holders of Common Stock (other than a regular cash dividend) occurs on or after the date this Plan is approved by the stockholders of the Company, the number and class of securities available for all awards under this Plan, the maximum number of securities with respect to which awards may be granted during any year to any one person, the maximum number of shares subject to awards granted during any year by the Chief Executive Officer, the number and class of securities subject to each outstanding option and the purchase price per security, and the terms of each outstanding SAR, Restricted Stock Award, Restricted Stock Unit Award, Performance Share Award and Performance Unit Award, including the number and class of securities subject thereto, shall be appropriately adjusted by the Committee, such adjustments to be made in the case of outstanding options and SARs without an increase in the aggregate purchase price or base price. The decision of the Committee regarding any such adjustment shall be final, binding and conclusive. If any such adjustment would result in a fractional security being (a) available under this Plan, such fractional security shall be disregarded, or (b) subject to an award under this Plan, the Company shall pay the holder of such award, in connection with the first vesting, exercise or settlement of such award, in whole or in part, occurring after such adjustment, an amount in cash determined by multiplying (i) the fraction of such security (rounded to the nearest hundredth) by (ii) the excess, if any, of (A) the Fair Market Value on the vesting, exercise or settlement date over (B) the exercise or base price, if any, of such award.

Appendix A

5.8 Corporate Transactions; Change in Control .

(a) If the Company shall be a party to a reorganization, merger, or consolidation or sale or other disposition of more than 50% of the operating assets of the Company (determined on a consolidated basis), other than in connection with a sale-leaseback or other arrangement resulting in the continued utilization of such assets (or the operating products of such assets) (a " Corporate Transaction "), the Board (as constituted prior to any Change in Control resulting from such Corporate Transaction) may, in its discretion:

(i) require that (A) some or all outstanding options and SARs shall immediately become exercisable in full or in part, (B) the Restriction Period applicable to some or all outstanding Restricted Stock Awards and Restricted Stock Unit Awards shall lapse in full or in part, (C) the Performance Period applicable to some or all outstanding Performance Share Awards and Performance Unit Awards shall lapse in full or in part, and (D) the Performance Measures applicable to some or all outstanding awards shall be deemed to be satisfied at the target or any other level not exceeding the maximum levels allowable under their respective terms;

(ii) require that shares of capital stock of the corporation resulting from such Corporate Transaction, or a parent corporation thereof, be substituted for some or all of the shares of Common Stock subject to an outstanding award, with an appropriate and equitable adjustment to such award as determined by the Board in accordance with Section 5.7; and/or

(iii) require outstanding awards, in whole or in part, to be surrendered to the Company by the holder, and to be immediately cancelled by the Company, and to provide for the holder to receive (A) a cash payment in an amount equal to (1) in the case of an option or an SAR, the number of shares of Common Stock then subject to the portion of such option or SAR surrendered, to the extent such option or SAR is then exercisable or becomes exercisable pursuant to clause (i), multiplied by the excess, if any, of the Fair Market Value of a share of Common Stock as of the date of the Corporate Transaction, over the purchase price or base price per share of Common Stock subject to such option or SAR, (2) in the case of a Stock Award, the number of shares of Common Stock then subject to the portion of such award surrendered, to the extent the Restriction Period and Performance Period, if any, on such Stock Award have lapsed or will lapse pursuant to clause (i) and to the extent that the Performance Measures, if any, have been satisfied or are deemed satisfied pursuant to clause (i), multiplied by the Fair Market Value of a share of Common Stock as of the date of the Corporate Transaction, and (3) in the case of a Performance Unit Award, the value of the Performance Units then subject to the portion of such award surrendered, to the extent the Performance Period applicable so such award has lapsed or will lapse pursuant to clause (i) and to the extent the Performance Measures applicable to such award have been satisfied or are deemed satisfied pursuant to clause (i); (B) shares of capital stock of the corporation resulting from such Corporate Transaction, or a parent corporation thereof, having a fair market value not less than the amount determined under clause (A) above; or (C) a combination of the payment of cash pursuant to clause (A) above and the issuance of shares pursuant to clause (B) above.

(b) For purposes of Sections 2.3(f) and 5.8(a), "Change in Control" shall mean, except as otherwise provided below, the first to occur of any of the following events:

(i) any SEC Person becomes the Beneficial Owner of 20% or more of the then outstanding common stock of the Company or of Voting Securities representing 20% or more of the combined voting power of all the then outstanding Voting Securities of the Company (such an SEC Person, a " 20% Owner "); provided, however, that for purposes of this subsection (i), the following acquisitions shall not constitute a Change in Control: (1) any acquisition directly from the Company (excluding any acquisition resulting from the exercise of an exercise, conversion or exchange privilege unless the security being so exercised, converted or exchanged was acquired directly from the Company), (2) any acquisition by the Company, (3) any acquisition by an

employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company (a " Company Plan "), or (4) any acquisition by any corporation pursuant to a transaction which complies with paragraphs (A), (B) and (C) of subsection (iii) of this definition; provided further, that for purposes of clause (2), if any 20% Owner of the Company other than the Company or any Company Plan becomes a 20% Owner by reason of an acquisition by the Company, and such 20% Owner of the Company shall, after such acquisition by the Company, become the Beneficial Owner of any additional outstanding common shares of the Company or any additional outstanding Voting Securities of the Company (other than pursuant to any dividend reinvestment plan or arrangement maintained by the Company) and such beneficial ownership is publicly announced, such additional beneficial ownership shall constitute a Change in Control; or

(ii) Individuals who, as of the effective date hereof, constitute the Board (the " Incumbent Board ") cease for any reason to constitute at least a majority of the Incumbent Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest (as such terms are used in Rule 14a-11 promulgated under the Exchange Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(iii) Consummation of a Corporate Transaction by the Company; excluding, however, a Corporate Transaction pursuant to which:

(A) all or substantially all of the individuals and entities who are the Beneficial Owners, respectively, of the outstanding common stock of Company and outstanding Voting Securities of the Company immediately prior to such Corporate Transaction beneficially own, directly or indirectly, more than 60% of, respectively, the then-outstanding shares of common stock and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Corporate Transaction (including, without limitation, a corporation which, as a result of such transaction, owns the Company or all or substantially all of the assets of the Company either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Corporate Transaction of the outstanding common stock of Company and outstanding Voting Securities of the Company, as the case may be;

(B) no SEC Person (other than the corporation resulting from such Corporate Transaction, and any Person which beneficially owned, immediately prior to such corporate Transaction, directly or indirectly, 20% or more of the outstanding common stock of the Company or the outstanding Voting Securities of the Company, as the case may be) becomes a 20% Owner, directly or indirectly, of the then-outstanding common stock of the corporation resulting from such Corporate Transaction or the combined voting power of the outstanding voting securities of such corporation; and

(C) individuals who were members of the Incumbent Board will constitute at least a majority of the members of the board of directors of the corporation resulting from such Corporate Transaction; or

(iv) Approval by the Company's shareholders of a plan of complete liquidation or dissolution of the Company, other than a plan of liquidation or dissolution which results in the acquisition of all or substantially all of the assets of the Company by an affiliated company.

Appendix A

Notwithstanding the occurrence of any of the foregoing events, a Change in Control shall not occur with respect to an award if, in advance of such event, the holder of such award agrees in writing that such event shall not constitute a Change in Control.

5.9 **Deferrals .** The Committee may determine that the delivery of shares of Common Stock or the payment of cash, or a combination thereof, upon the exercise or settlement of all or a portion of any award made hereunder shall be deferred, or the Committee may, in its sole discretion, approve deferral elections made by holders of awards. Deferrals shall be for such periods and upon such terms as shall be set forth in a deferral plan or program established by the Committee in its sole discretion in accordance with Section 409A of the Code.

5.10 **No Right of Participation or Employment** . Unless otherwise set forth in an employment agreement, no person shall have any right to participate in this Plan. Neither this Plan nor any award made hereunder shall confer upon any person any right to continued employment with the Company, any Subsidiary or any affiliate of the Company or affect in any manner the right of the Company, any Subsidiary or any affiliate of the Company to terminate the employment of any person at any time without liability hereunder.

5.11 **Rights as Stockholder** . No person shall have any right as a stockholder of the Company with respect to any shares of Common Stock or other equity security of the Company which is subject to an award hereunder unless and until such person becomes a stockholder of record with respect to such shares of Common Stock or equity security.

5.12 **Designation of Beneficiary** . A holder of an award may file with the Committee a written designation of one or more persons as such holder's beneficiary or beneficiaries (both primary and contingent) in the event of the holder's death or incapacity. To the extent an outstanding option or SAR granted hereunder is exercisable, such beneficiary or beneficiaries shall be entitled to exercise such option or SAR pursuant to procedures prescribed by the Committee.

Each beneficiary designation shall become effective only when filed in writing with the Committee during the holder's lifetime on a form prescribed by the Committee. The spouse of a married holder domiciled in a community property jurisdiction shall join in any designation of a beneficiary other than such spouse. The filing with the Committee of a new beneficiary designation shall cancel all previously filed beneficiary designations.

If a holder fails to designate a beneficiary, or if all designated beneficiaries of a holder predecease the holder, then each outstanding option and SAR hereunder held by such holder, to the extent exercisable, may be exercised by such holder's executor, administrator, legal representative or similar person.

5.13 **Governing Law** . This Plan, each award hereunder and the related Agreement, and all determinations made and actions taken pursuant thereto, to the extent not otherwise governed by the Code or the laws of the United States, shall be governed by the laws of the Commonwealth of Pennsylvania and construed in accordance therewith without giving effect to principles of conflicts of laws.

5.14 **Foreign Employees .** Without amending this Plan, the Committee may grant awards to eligible persons who are foreign nationals on such terms and conditions different from those specified in this Plan as may in the judgment of the Committee be necessary or desirable to foster and promote achievement of the purposes of this Plan and, in furtherance of such purposes the Committee may make such modifications, amendments, procedures, subplans and the like as may be necessary or advisable to comply with provisions of laws in other countries or jurisdictions in which the Company or its Subsidiaries operates or has employees.

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P.O. Box 805398
Chicago, IL 60680-5398

exeloncorp.com

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EXELON CORPORATION
10 SOUTH DEARBORN STREET
P.O. BOX 805398
CHICAGO, IL 60680-5398

VOTE BY INTERNET - www.proxyvote.com
Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time on April 27, 2015. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS
If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

VOTE BY PHONE - 1-800-690-6903
Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time on April 27, 2015. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL
Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

M85192-P62030-Z65036 — KEEP THIS PORTION FOR YOUR RECORDS

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED. — DETACH AND RETURN THIS PORTION ONLY

EXELON CORPORATION

The board of directors recommends voting FOR Proposals 1 through 5 and AGAINST Proposal 6:

1. Election of Directors **Nominees:**	For	Against	Abstain
1a. Anthony K. Anderson	☐	☐	☐
1b. Ann C. Berzin	☐	☐	☐
1c. John A. Canning, Jr.	☐	☐	☐
1d. Christopher M. Crane	☐	☐	☐
1e. Yves C. de Balmann	☐	☐	☐
1f. Nicholas DeBenedictis	☐	☐	☐
1g. Paul L. Joskow	☐	☐	☐
1h. Robert J. Lawless	☐	☐	☐
1i. Richard W. Mies	☐	☐	☐
1j. William C. Richardson	☐	☐	☐
1k. John W. Rogers, Jr.	☐	☐	☐
1l. Mayo A. Shattuck III	☐	☐	☐
1m. Stephen D. Steinour	☐	☐	☐

	For	Against	Abstain
2. The Ratification of PricewaterhouseCoopers LLP as Exelon's independent Auditor for 2015.	☐	☐	☐
3. Advisory vote to approve executive compensation.	☐	☐	☐
4. Approve performance measures in the 2011 Long-Term Incentive Plan.	☐	☐	☐
5. Management proposal regarding proxy access.	☐	☐	☐
6. Shareholder proposal regarding proxy access.	☐	☐	☐

NOTE: Authority is also given to vote on all other matters that may properly come before the meeting or any adjournment thereof.

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name by authorized officer.

Signature (PLEASE SIGN WITHIN BOX) — Date

Signature (Joint Owners) — Date

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ADMISSION TICKET

To attend the annual meeting please detach and bring this ticket along with a valid photo ID and present them at the Shareholder Registration Table upon arrival. This ticket is not transferable.

No cameras, audio or video recording equipment, similar electronic devices, large bags, backpacks, briefcases or packages will be permitted in the meeting room or adjacent areas. Cell phones and similar wireless communication devices will be permitted in the meeting only if turned off. All items brought into the meeting will be subject to search.

NOTICE REGARDING INTERNET AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING

Exelon's Notice and Proxy Statement and Annual Report are available online at www.proxyvote.com. The electronic documents have been prepared to offer easy viewing and are completely searchable. The website will allow you to view the materials as you vote the shares. We believe that you will find this method of viewing Exelon's information and voting the shares more convenient.

We encourage you to vote the shares at www.proxyvote.com and then register for the electronic delivery of Exelon's proxy materials for 2016 and beyond.

IF YOU WISH TO ATTEND THE ANNUAL MEETING, DETACH AND BRING THIS ADMISSION TICKET ALONG WITH A PHOTO ID

M85193-P62030-Z65036

EXELON CORPORATION

2015 COMMON STOCK PROXY

This proxy is solicited on behalf of the Board of Directors for the Annual Meeting of Shareholders to be held on Tuesday, April 28, 2015 at 9:00 A.M. Central Time at Exelon Corporation Headquarters 10 S. Dearborn Street Chicago, Illinois

DARRYL M. BRADFORD and BRUCE G. WILSON, or either of them with power of substitution, are hereby appointed to vote as specified all shares of common stock which the shareholder(s) named on the proxy card is/are entitled to vote at the annual meeting described above or at any adjournment thereof, and in their sole discretion to vote upon all other matters that may be properly brought before the annual meeting. If the proxy card is signed and dated, but no votes are indicated, it will be voted as recommended by the Board of Directors.

The Northern Trust Company as trustee for the Exelon Employee Savings Plan, the Employee Savings Plan for Constellation Energy Nuclear Energy Group, LLC and the Represented Employee Savings Plan for Nine Mile Point, for which Hewitt Associates LLC is the plan record keeper, is hereby authorized to execute a proxy with the identical instructions for any shares of common stock held in this plan for the benefit of any shareholder(s) named on this card. For all shares for which no valid instruction is timely received, the trustee of the respective plan is instructed to vote the shares in the same proportion as the shares that were affirmatively voted by shareholders participating in the respective plan.

Continued and to be signed on reverse side

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934 (Amendment No.)

☑ Filed by the Registrant ☐ Filed by a Party other than the Registrant

CHECK THE APPROPRIATE BOX:

☐	Preliminary Proxy Statement
☐	Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
☑	Definitive Proxy Statement
☐	Definitive Additional Materials
☐	Soliciting Material Under Rule 14a-12

EXELON CORPORATION

(Name of Registrant as Specified In Its Charter)
(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

PAYMENT OF FILING FEE (CHECK THE APPROPRIATE BOX):

☑	No fee required.
☐	Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11. 1) Title of each class of securities to which transaction applies: 2) Aggregate number of securities to which transaction applies: 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined): 4) Proposed maximum aggregate value of transaction: 5) Total fee paid:
☐	Fee paid previously with preliminary materials:
☐	Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing. 1) Amount previously paid: 2) Form, Schedule or Registration Statement No.: 3) Filing Party: 4) Date Filed:

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Exelon.

NOTICE OF THE ANNUAL MEETING AND 2018 PROXY STATEMENT

S1-SSA-0009 - 26278

Exelon's Purpose:

Powering a cleaner and brighter future for our customers and communities

We are collaborating with national labs, leading universities, start-ups, venture funds and corporations in the development of new technologies to transform the way we produce and use energy.
We will continue to advocate for the economic and environmental health of our communities.

Photo Credit: National Labs

Exelon, our family of companies, the Exelon Foundation and our employees set an Exelon record in corporate philanthropy and volunteerism, committing **more than $52 million to nonprofits and volunteering 210,000 hours.**

In 2017, we were named to the Dow Jones Sustainability Index **for the 12th consecutive year.**

Notice of the Annual Meeting of Shareholders and 2018 Proxy Statement

March 21, 2018

Logistics

When
Tuesday, May 1, 2018,
at 9:00 a.m. Eastern Time

Where
Offices of Pepco Holdings LLC located at 701 Ninth Street, NW, Washington, D.C.

Who Can Vote
Holders of Exelon common stock as of 5:00 p.m. Eastern Time on March 2, 2018 are entitled to receive notice of the annual meeting and vote at the meeting

Items of Business

		Board Recommendation	Page
1	Elect 12 Director nominees named in the proxy statement	FOR each Director nominee	►12
2	Ratify appointment of PricewaterhouseCoopers LLP as Exelon's independent auditor for 2018	FOR	►41
3	Say on pay: advisory vote on the compensation of named executive officers	FOR	►44

Shareholders will also conduct any other business properly presented before the meeting.

The Board of Directors knows of no other matters to be presented for action at the annual meeting. If any matter is presented from the floor of the annual meeting, the individuals serving as proxies will vote such matters in the best interest of all shareholders. Your signed proxy card gives this authority to Thomas S. O'Neill and Carter C. Culver.

Advance Voting (before 11:59 p.m. Eastern Time on April 30, 2018)

Use the internet at
www.proxyvote.com
24 hours a day

Call toll-free
1-800-690-6903

Mark, date, sign and mail your proxy card in the postage-paid envelope provided

Date of Mailing: On or about March 21, 2018, these proxy materials and our annual report are being mailed or made available to shareholders.

Shareholders of Record: As of March 2, 2018, there were 964,986,919 shares of common stock outstanding and entitled to vote. Each share of common stock is entitled to one vote on each matter properly brought before the meeting.

Thomas S. O'Neill
Senior Vice President,
General Counsel and Corporate Secretary

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE SHAREHOLDER MEETING TO BE HELD ON MAY 1, 2018

The Notice of 2018 Annual Meeting, Proxy Statement, and 2017 Annual Report and the means to vote by Internet are available at www.proxyvote.com .

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Cautionary Statements Regarding Forward-Looking Information

This proxy statement contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that are subject to risks and uncertainties. The factors that could cause actual results to differ materially from the forward-looking statements made by Exelon Corporation include those factors discussed herein, as well as the items discussed in (1) Exelon's 2017 Annual Report on Form 10-K in (a) ITEM 1A. Risk Factors, (b) ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) ITEM 8. Financial Statements and Supplementary Data: Note 24 and (2) other factors discussed in filings with the SEC by Exelon. Readers are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of this proxy statement. Exelon does not undertake any obligation to publicly release any revision to its forward-looking statements to reflect events or circumstances after the date of this proxy statement.

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Proxy Statement Summary

This summary highlights selected information about the items to be voted on at the annual meeting of shareholders. This summary does not contain all of the information that you should consider in deciding how to vote. Please read the entire proxy statement before voting.

Exelon is America's Leading Energy Provider

We are a FORTUNE 100 company that works in key facets of the power business: power generation, competitive energy sales, transmission and delivery. As the nation's leading competitive power provider, Exelon does business in 48 states, D.C., and Canada and had 2017 revenues of $33.5 billion. We employ approximately 34,000 people nationwide.

The Exelon Family of Companies

Generation

Exelon is the largest competitive U.S. power generator, with more than 35,500 megawatts of nuclear, gas, wind, solar and hydroelectric generating capacity comprising one of the nation's cleanest and lowest-cost power generation fleets.

Energy Sales & Service

The Company's Constellation business unit provides energy products and services to approximately 2 million residential, public sector and business customers, including more than two-thirds of the Fortune 100.

Transmission & Delivery

Exelon's six utilities deliver electricity and natural gas to approximately 10 million customers in Delaware, the District of Columbia, Illinois, Maryland, New Jersey and Pennsylvania through its Delmarva Power, Pepco, ComEd, BGE, Atlantic City Electric and PECO subsidiaries.

Learn more at www.exeloncorp.com

Our Strategy

As the energy industry undergoes rapid changes, Exelon is executing a strategy to grow and diversify the Company. We're making targeted investments in our core markets and promising technologies with the potential to reshape the energy landscape.

The Exelon Strategic Plan

Grow our Regulated Utilities Business to benefit customers and provide earnings stability to our investors.

Focus on Cash Flow to support utility growth while reducing debt.

Optimize Exelon Generation value by seeking fair compensation for the zero-carbon attributes of our fleet, closing uneconomic plants, monetizing assets and maximizing the value of our fleet through our generation to load matching strategy.

Retain a Strong Balance Sheet with all businesses meeting investment grade metrics through the 2021 planning horizon.

Return Cash to Shareholders and meet Capital Allocation Priorities with 5% dividend growth annually through 2020 (1) while prioritizing organic utility growth, debt reduction and modest contracted generation investments.

(1) Quarterly dividends are subject to declaration by the Board of Directors.

Learn more at http://www.exeloncorp.com/company/business-strategy

2017 Performance Highlights

"2017 was a great year for Exelon as our utilities delivered excellent performance in reliability and customer service, and our nuclear generation fleet produced the most power on record, all thanks to the great work of our people, who also set Company records for volunteerism and charitable giving."

Christopher Crane, CEO

Strong Financial and Operational Performance

- ✓ Achieved 2017 GAAP earnings per share (EPS) of $3.97 and adjusted (non-GAAP) operating EPS of $2.60 (see Appendix at A-1 for reconciliation)
  - Results would have been $2.73 absent the deferral of 9 cents in Illinois zero emissions credits (ZEC) revenues given the Illinois Power Agency's decision to delay the ZEC procurement by one month into 2018, and a 4 cent impairment due to an unexpected Federal Energy Regulatory Commission (FERC) decision regarding utility transmission formula rate mechanisms
- ✓ Deployed targeted level of capital of $5.3 billion into our utilities to improve reliability, replace aging infrastructure, and enhance customer experience
- ✓ Announced commitment to lower costs by $250 million on an annual run-rate basis by 2020
- ✓ Increased the annual dividend growth rate to 5% from 2.5% for 2018 through 2020, effective in the first quarter of 2018
- ✓ Utilities performed largely at first quartile levels with especially strong results across key metrics:
  - Baltimore Gas and Electric Company (BGE), Commonwealth Edison Company (ComEd) and PECO Energy Company (PECO) achieved first decile performance in the System Average Interruption Frequency Index (SAIFI)
  - BGE and ComEd achieved first decile performance in the Customer Average Interruption Duration Index (CAIDI)
  - Pepco Holdings, LLC (PHI) achieved best ever performance on SAIFI and CAIDI
- ✓ Completed the acquisition of the James A. FitzPatrick nuclear power plant in New York, preserving nearly 600 jobs
- ✓ Successfully executed PHI merger commitments to improve performance and reliability for our customers
- ✓ Continued total shareholder return (TSR) outperformance relative to the PHLX Utility Sector Index (UTY) in 2017
  - Building on Exelon's 2016 TSR of 32.8%, we continued to deliver strong TSR performance of 15.1% in 2017, outperforming the UTY by 2.3 percentage points. For the three years beginning with 2015, Exelon trailed the UTY index by 4.9 percentage points driven by Exelon's 2015 TSR of negative 22.1%

Regulatory & Policy

- ✓ Successful dismissal of legal challenges of New York and Illinois ZEC programs in federal district courts; appeals process is ongoing
- ✓ FERC recognized need to better understand power system resilience. Created "Grid Resilience in Regional Transmission Organizations and Independent System Operators" order to seek input from regional transmission organizations (RTOs) on how market rules may need to be changed
- ✓ Completed 11 distribution and 6 transmission rate cases with regulatory authorities, increasing annual revenue and rate base by an expected combined $396 million

Employees & Community

- ✓ 2017 awards and recognitions include: Billion Dollar Roundtable, Civic 50, Top 50 Companies for Diversity, Best Places to Work in 2017, CEO Action for Diversity & Inclusion, and UN's HeForShe
- ✓ Exelon and our employees set a new record in corporate philanthropy and volunteerism, committing over $52 million in giving and volunteering 210,000 hours
- ✓ Recognized by Dow Jones Sustainability Index for 12 th consecutive year and by NewsWeek Green rankings for 9 th consecutive year
- ✓ 2,200 employees, contractors and support personnel from Exelon's six utilities mobilized to assist residents in the southeastern U.S. impacted by Hurricane Irma

Exelon 2017 Summary Annual Report

- ✓ Learn more about Exelon from our 2017 Summary Annual Report at www.exeloncorp.com

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Matters for Shareholder Voting

We are asking our shareholders to vote on the following matters:

Proposal 1

Election of Directors

The Board of Directors recommends a vote **FOR** each of the 12 Director nominees named in this proxy statement.

- The Board is composed of a diverse set of deeply talented and highly experienced professionals.
- Director skills and attributes comprise effective oversight abilities over Exelon's strategic goals and business performance.
- Exelon had a strong 2017 financially and operationally.
- Exelon's operational excellence and commitments to environmental stewardship inform our business conduct in a way that is sustainable for our customers, employees, and the communities we serve.
- For more information about the nominees' qualifications, skills, and experiences, please see pages 15-26.

DIRECTOR NOMINEES

Name and Age	Director Since	Exelon Committees	Other Current Public Company Boards
ANTHONY K. ANDERSON, 62 Retired Vice Chair and Midwest Area Managing Partner of Ernst & Young Independent	2013	• Audit (Chair) • Finance and Risk • Generation Oversight	3
ANN C. BERZIN, 66 Former Chairman and Chief Executive Officer of Financial Guaranty Insurance Company Independent	2012	• Audit • Finance and Risk	1
CHRISTOPHER M. CRANE, 59 President and Chief Executive Officer of Exelon Corporation	2012	• Finance and Risk • Generation Oversight • Investment Oversight	0
YVES C. DE BALMANN, 71 Former Co-Chairman of Bregal Investments LP Independent	2012	• Compensation and Leadership Development (Chair) • Corporate Governance • Finance and Risk	1
NICHOLAS DEBENEDICTIS, 72 Chairman Emeritus, Aqua America Inc. Independent	2002	• Corporate Governance • Finance and Risk • Generation Oversight	3
LINDA P. JOJO, 52 Executive Vice President, Technology and Chief Digital Officer of United Continental Holdings, Inc. Independent	2015	• Compensation and Leadership Development • Finance and Risk	0
PAUL L. JOSKOW, Ph. D., 70 Professor of Economics Emeritus, Massachusetts Institute of Technology and President Emeritus of the Alfred P. Sloan Foundation Independent	2007	• Audit • Finance and Risk • Investment Oversight	0
ROBERT J. LAWLESS, 71 Former Chairman of the Board of McCormick & Company, Inc. Independent	2012	• Corporate Governance (Chair) • Compensation and Leadership Development • Finance and Risk	0
RICHARD W. MIES, 73 Retired Admiral, U.S. Navy and President and Chief Executive Officer of The Mies Group, Ltd. Independent	2009	• Generation Oversight (Chair) • Audit • Finance and Risk	1
JOHN W. ROGERS, JR., 59 Chairman and Chief Executive Officer of Ariel Investments, LLC Independent	2000	• Investment Oversight (Chair) • Corporate Governance	1
MAYO A. SHATTUCK III, 63 Chairman of the Board Former Chairman, President and Chief Executive Officer of Constellation Energy Independent	2012	• Finance and Risk • Generation Oversight • Investment Oversight	3
STEPHEN D. STEINOUR, 59 Chairman, President and Chief Executive Officer of Huntington Bancshares Incorporated Independent	2007	• Finance and Risk (Chair) • Audit	2

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SUMMARY OF INDIVIDUAL DIRECTOR PRIMARY SKILLS, CORE COMPETENCIES AND ATTRIBUTES

The following matrix identifies the **primary** skills, core competencies and other attributes that each independent Director brings to bear in their service to Exelon's Board and Committees. Each Director possesses numerous other skills and competencies not identified below. We believe identifying primary skills is a more meaningful presentation of the key contributions and value that each independent Director brings to their service on the Board and to Exelon shareholders. See page 13 for more details.

	Anderson	Berzin	Crane	de Balmann	DeBenedictis	Jojo	Joskow	Lawless	Mies	Rogers	Shattuck	Steinour
Accounting and financial reporting experience	●	●	●					●				●
Corporate finance and capital management experience	●	●	●	●	●					●	●	●
CEO/executive management leadership skills	●	●	●	●	●		●	●	●	●	●	●
Human resource management and executive compensation knowledge and experience	●		●	●		●		●		●	●	
Innovation and technology experience			●			●	●		●			
Safety and security (including physical and cyber) competencies			●			●			●			
Industry experience and knowledge of Exelon's business			●		●	●	●		●		●	
Government/public policy and regulatory insights			●		●		●			●		
Risk oversight and risk management experience	●	●	●	●	●				●		●	●
Investor relations and investment management experience		●	●	●			●	●		●		●
Manufacturing, construction, engineering, and performance management experience			●			●		●				
Diverse attributes	●	●				●				●		

DIVERSITY, TENURE, AGE AND INDEPENDENCE

Directors' Race/Ethnicity

17%

Diverse

Directors' Gender

17%

Female

Directors' Average Tenure

8.6

Years

Directors' Average Age

65

Years

Directors' Independence

92%

Independent, including our Chairman

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Governance Highlights

Exelon's Board is committed to maintaining the highest standards of corporate governance. We believe our strong corporate governance practices help us achieve our performance goals and maintain the trust and confidence of our shareholders, employees, customers, regulatory agencies and other stakeholders. A summary of our corporate governance practices are described below and more detail is presented on pages 27-37 and in our Corporate Governance Principles, which are available on the Exelon website at www.exeloncorp.com on the Governance page located under the Investors tab.

Board Accountability & Shareholder Rights

- ✓ Directors are elected annually by a majority of votes cast in uncontested elections. The average level of vote support for Directors in 2017 was 97%.
- ✓ Regular and ongoing shareholder engagement informs Board and Committee decisions on governance, compensation, and other matters.
- ✓ Eligible shareholders may nominate Directors through Exelon's "proxy access" bylaws.

Oversight of Risk Management

- ✓ The Board regularly reviews management's systematic approach to identifying and assessing risks faced by Exelon and each business unit taking into account emerging trends and developments and in connection with capital investments and business opportunities.
- ✓ Our Board's Finance and Risk Committee oversees Exelon's risk management strategy, policies and practices, financial condition and risk exposures.

Governance Practices

- ✓ Our Board and each of the Board's six Committees review their performance and effectiveness as a group on an annual basis. In addition, individual Directors undergo a periodic performance assessment that includes input from peers and select members of executive management.
- ✓ Continuing director education is provided during Board and Committee meetings and the Company encourages Director participation in externally offered director development opportunities.
- ✓ Independent Directors meet regularly in executive sessions without management.
- ✓ Robust stock ownership guidelines require Directors to hold at least 15,000 shares of Exelon common stock within five years after joining the Board; the CEO to hold shares valued at 6X his base salary, and Executive Vice Presidents and higher level officers to hold shares valued at 3X base salary. Hedging, pledging, and short sales are prohibited.
- ✓ Directors may not stand for election after age 75.
- ✓ Directors should not serve on the boards of more than four other public companies in addition to Exelon and its subsidiaries and any Director who serves as the CEO of a public company should not serve on more than two other public company boards in addition to Exelon.
- ✓ Political activities and contributions are transparent through annual reporting provided on www.exeloncorp.com

Purpose and Principles

In 2017, we set out to articulate our purpose as a Company—how and why we exist. Thousands of employees from across the Company provided input, and the result is a bold affirmation of our reason for being. It also gives us a renewed focus on the impact we have in the communities where we work and live. Each day we are working to power people's lives, to make them brighter and to build a better future. Our principles serve as our guide.

Purpose **Powering a cleaner and brighter future for our customers and communities.**

Principles

- ✓ We put customer needs at the center of all we do by fueling innovation to improve the delivery of clean and affordable energy and services.
- ✓ We practice the highest level of safety and security to reliably deliver energy to our customers and communities.
- ✓ Our workforce is the foundation of our success. We succeed as a team of diverse individuals; respected, engaged and inspired to shape our nation's energy future.
- ✓ We return our success to the communities we are privileged to serve.
- ✓ We adhere to the highest standards–ethically and with uncompromising integrity–to drive value for our customers and shareholders.

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Proposal 2

Ratify Appointment of PricewaterhouseCoopers LLP as independent auditor for 2018

The Board of Directors recommends a vote **FOR** the ratification of the appointment of PricewaterhouseCoopers LLP (PwC) as Exelon's independent auditor for 2018. The Board and Audit Committee believe the retention of PwC is in the best interests of Exelon and its shareholders based on the information presented in detail beginning on page 41.

Proposal 3

Say on Pay: Advisory Vote on the Compensation of the Named Executives

The Board of Directors recommends a vote **FOR** this proposal based on the efforts of the Compensation and Leadership Development Committee and Board to design an executive compensation program that:

- Aligns the interests of Exelon executives with Company shareholders
- Provides market-aligned pay opportunities that foster the attraction, motivation, engagement, and retention of key talent needed to drive outstanding Company performance and customer service and long-term shareholder value
- Reflects the input received from shareholders on our executive compensation program

Although the vote on this proposal is non-binding, the Board and Compensation and Leadership Development Committee take vote results into consideration when evaluating Exelon's executive compensation program on an ongoing basis.

Details about our executive compensation program are provided at pages 45-61.

2017 Executive Compensation Highlights

Strong CEO Pay for Performance Closely Aligned to Total Shareholder Return (TSR)

From 2013 through 2017, CEO pay decreased at an annualized rate of 2.9% from $17.2M to $14.9M, while Exelon's TSR increased at an annualized rate of 10.6%. See more details at page 48.

2017 Say-on-Pay Vote Outcome and Shareholder Engagement

Exelon's 2017 Say-on-Pay vote received the affirmative support of 86% of votes cast. To gain this level of support, Exelon engaged in discussions with holders of nearly 45% of our outstanding shares representing almost two-thirds of the Company's institutional investors to discuss proposed changes and gather input. The Exelon team, which included the Chair of the Compensation and Leadership Development Committee for some of the discussions, sought input from portfolio managers and governance professionals representing very large institutional money managers as well as smaller investment and public pension funds to ensure that the input received represented a significant cross-section of our shareholder base.

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2017 Compensation Program

The goal of our executive compensation program is to retain and reward leaders who create long-term value for our shareholders by delivering on objectives that support the Company's long-term strategic plan.

To meet this goal, the majority of compensation paid to our named executive officers (NEOs) is tied to the achievement of short-and long-term financial and operational goals. Additionally, a significant portion is paid in the form of equity and all components except for salary are "at-risk."

The elements of our 2017 program were as follows:

AVERAGE NEO (INCLUDING CEO) TARGET COMPENSATION MIX

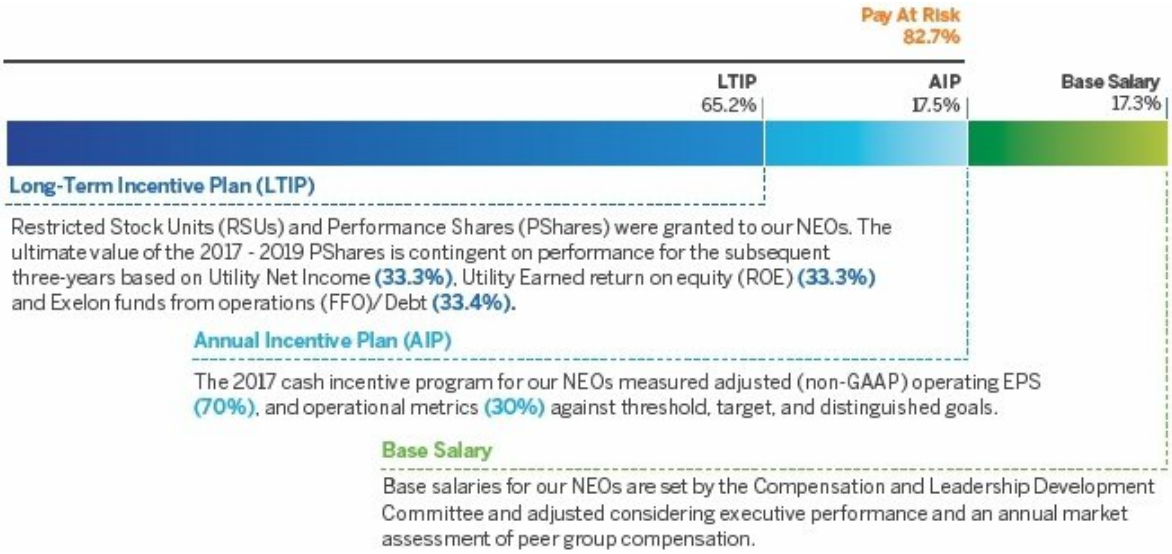

Strong Compensation Governance

What We Do

- ✓ Pay for performance
- ✓ Significant stock ownership requirements for Directors and executive officers
- ✓ Mitigate undue risk in compensation programs
- ✓ Require double-trigger for change-in-control benefits
- ✓ Retain an independent compensation consultant
- ✓ Provide limited, modest perquisites based on sound business rationale
- ✓ Seek shareholder feedback on executive compensation
- ✓ Prohibit hedging transactions, short sales, derivative transactions or pledging of Company stock
- ✓ Require executive officers to trade through 10b5-1 trading plans or obtain pre-approval before trading Exelon stock
- ✓ Annually assess our programs against peer companies and best practices
- ✓ Include appropriate level of stretch in incentive targets based on industry performance and/or Exelon's business plan
- ✓ Clawback provisions

What We Don't Do

- ✕ No guaranteed minimum payout of AIP or LTIP programs
- ✕ No employment agreements
- ✕ No excise tax gross-ups for change-in-control agreements
- ✕ No dividend-equivalents on PShares
- ✕ No inclusion of the value of LTIP awards in pension or severance calculations
- ✕ No additional credited service under supplemental pension plans since 2004
- ✕ No option re-pricing or buyouts

For a detailed discussion of our executive compensation program, please see page 45.

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Board and Corporate Governance Matters

Proposal 1: Election of Directors

The Corporate Governance Committee collaborates with Exelon's Board Chair to determine the appropriate mix of skills and characteristics that our Board requires. The Board has determined that the current composition and size of the Board is appropriate for Exelon, considering the Company's size, geographic scope, and need to access a wide range of views and backgrounds to reflect the diversity and complexity of our business and the markets we serve. There are 12 nominees for Director at the 2018 annual meeting.

The Board of Directors unanimously recommends a vote "FOR" each of the Director nominees.

The Exelon Board of Directors

Director Qualifications and Nomination

Effective oversight of Exelon's strategic direction requires our Board to be composed of diverse individuals who possess attributes and core competencies important to the oversight of our Company. The Corporate Governance Committee identifies and recommends Director nominees for election to the Board and periodically also retains a board search firm to assist with the identification of potential candidates.

The Board values the diversity of thought that arises from Directors possessing different backgrounds, gender, age, race, and geographic experiences. The Board also deeply values the enhanced and thoughtful deliberations resulting from a balance of short- and long-tenured Directors that provides a mix of fresh perspectives and new ideas with deep and important utility and regulated industry and business cycle experiences.

The Corporate Governance Committee and the full Board determine the appropriate mix of skills and characteristics required to best fill the needs of the Board taking into account the short- and long-term strategies of the Company to determine the current and future skills and experiences required of the Board. All candidates should demonstrate the following attributes to qualify for Board service:

- ✓ Highest personal and professional ethics, integrity and values;
- ✓ An inquiring and independent mind, practical wisdom and mature judgment;
- ✓ Broad training and experience at the policy-making level in business, government, education or technology;
- ✓ Expertise that is useful to the enterprise and complementary to the background and experience of other Directors;
- ✓ Willingness to remain current with industry and other developments relevant to Exelon's strategic direction;
- ✓ Willingness to devote the required amount of time to carrying out the duties and responsibilities of Board membership and a commitment to serve over a period of years to develop knowledge about Exelon's principal operations;
- ✓ A commitment to representing the long-term interests of shareholders, customers, employees and communities served by the Company and its subsidiaries; and
- ✓ Involvement only in activities or interests that do not conflict with responsibilities to Exelon and its shareholders.

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In addition, the Board as a whole should reflect core competencies in the following areas. Summarized below is a description of why each core competency is important for service on Exelon's Board.

Description of Skills, Core Competencies and Attributes

Accounting and financial reporting experience is important to Exelon's use of broad financial metrics used to accurately and transparently measure and report operating performance and assess financial merits of strategic opportunities.

Corporate finance and capital management experience is important to effectively oversee the financial affairs of Exelon's operations.

CEO/executive management leadership skills are important to gain a practical understanding of organizations and drivers of individual growth and development.

Human Resource management and executive compensation knowledge and experience help Exelon recruit, retain, and develop key talent essential to Company operations.

Innovation and Technology experience is important in overseeing Exelon's business in the rapidly changing energy markets, and physical and cyber threats against the security of our operations, assets, and systems.

Safety and security (including physical and cyber) competencies are critical to oversee safe and secure nuclear operations, power grids, and our other assets.

Industry experience and knowledge of Exelon's business help inform our views on energy markets and economics, technology, nuclear power, renewable energy, electric and gas transmission and distribution and the public policy and public safety implications of these aspects.

Government/Public Policy and Regulatory insights are important to help shape public policy initiatives and government regulation.

Risk Oversight and Risk Management experience inform Exelon's enterprise risk management of key risks with potential to impact public safety and shareholder value including its environmental impacts.

Investor Relations and Investment Management experience ensures strong alignment with investors and inform decision making on value-adding initiatives.

Manufacturing, construction, engineering, and performance management experience inform Exelon's ongoing commitment to maintaining and strengthening the reliability of the electric and gas transmission and distribution systems, smart grid and generation portfolio and assets.

Diverse attributes reflect the Company's commitment to diversity and inclusion through age, ethnicity, gender, race and sexual orientation.

Director Nominees

The Board nominates the 12 candidates named below for re-election as Directors. If elected by shareholders, each Director will serve a term ending with the 2019 annual meeting. Each nominee has agreed to be named in this proxy statement and to serve as a Director, if elected. If any Director is unable to stand for election at the annual meeting, the Board may reduce the number of Directors or designate a substitute. In that case, shares represented by proxies may be voted for a substitute Director. Exelon does not expect that any Director nominee will be unable to serve.

Nancy Gioia announced her decision to not stand for election at the 2018 annual shareholders meeting. The Board wishes to acknowledge Ms. Gioia's service and dedication to Exelon.

The Corporate Governance Committee and the Board believe the skills and experiences listed above are well represented among the Director nominees.

The Committee and Board also believe the nominees represent an effective mix of backgrounds, experience and diversity.

KEY BOARD FACTS

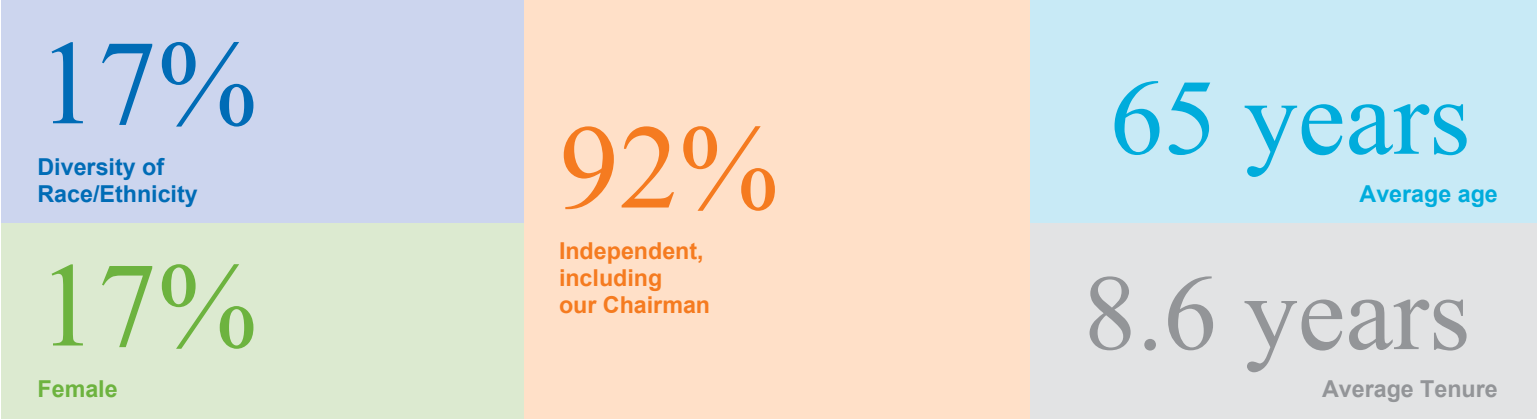

The Corporate Governance Committee also considers whether each nominee has the time available, in light of other business and personal commitments. Among the criteria considered is whether any incumbent Director nominee demonstrates preparedness and engagement required for effective service to the Board and its Committees. The Board has adopted limits on other board memberships providing that Directors who serve as the CEO of a public company should not serve on more than two other public company boards in addition to Exelon and its subsidiary boards. Other Directors should not serve on the boards of more than four other public companies in addition to the Exelon Board and its subsidiary boards.

In connection with the nomination of Stephen Steinour, the Corporate Governance Committee considered Mr. Steinour's consistently demonstrated preparedness, engagement, and attention to Exelon Board stewardship and his vigorous leadership of the Finance and Risk Committee.

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Anthony K. Anderson

Age: 62

Director since: 2013

Committee Memberships:
- Audit (Chair)
- Finance and Risk
- Generation Oversight

Career Highlights
Mr. Anderson served as the Vice Chair and Midwest Area Managing Partner of Ernst & Young (EY), a global assurance, tax, transaction and advisory services firm, until his retirement in 2012. During Mr. Anderson's 35-year career with EY, he oversaw a practice of 3,500 audit, tax, and transaction professionals serving clients throughout the Midwest and also served for six years in the Los Angeles area as managing partner of EY's Pacific Southwest region. Mr. Anderson also served as a member of EY's governing body, the Americas Executive Board.

Board Service
Mr. Anderson currently serves as a director of AAR Corp. (aerospace and defense), Avery Dennison (manufacturer of adhesive technologies, display graphics and packaging materials), and Marsh & McLennan Companies (global professional services firm). He is also a director of the Regional Transportation Authority (oversight body for regional transportation agencies), chairman of the board of the Perspectives Charter School, and on the board of directors for World Business Chicago.

Mr. Anderson previously served as a director of First American Financial Corporation from 2012 to 2016 and the Federal Reserve Bank of Chicago from 2008 to 2010. Mr. Anderson also previously served as a director of The Chicago Council on Global Affairs and as a director of the Chicago Urban League.

Primary Skills, Core Competencies and Attributes
Mr. Anderson's experience as the vice chair of a global professional services firm and his training and experience as an audit partner and certified public accountant enhance his contribution to the Exelon Board and add value to his leadership of the Audit Committee and service on the Finance and Risk Committee.

- Accounting and financial reporting experience
- Corporate finance and capital management experience
- CEO/executive management leadership skills
- Human resource management and executive compensation knowledge
- Risk oversight and risk management experience

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Ann C. Berzin

Age: 66

Director since: 2012

Committee Memberships:
- Audit
- Finance and Risk

Career Highlights
Ms. Berzin served as Chairman and Chief Executive Officer of Financial Guaranty Insurance Company (FGIC), an insurer of municipal bonds, asset-backed securities and structured finance obligations, from 1992 to 2001. Ms. Berzin joined FGIC in 1985 as its General Counsel following seven years of securities law practice in New York City.

Board Service
Ms. Berzin currently serves as a director of Ingersoll-Rand plc (industrial manufacturing). Ms. Berzin previously served as a director of Kindred Healthcare, Inc. from 2006 to 2012 and as a director of Constellation Energy Group from 2008 to 2012 when Constellation merged with Exelon.

Ms. Berzin also serves on the board of Baltimore Gas and Electric Company, an Exelon subsidiary.

Primary Skills, Core Competencies and Attributes
Ms. Berzin has broad business and executive leadership experience, as well as expertise in the financial services sector, which is particularly valuable for her service on the Audit and Finance and Risk Committees.

- Accounting and financial reporting experience
- Corporate finance and capital management experience
- CEO/executive management leadership skills
- Risk oversight and risk management experience
- Investor relations and investment management experience

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Christopher M. Crane

Age: 59

Director since: 2012

Committee Memberships:
- Finance and Risk
- Generation Oversight
- Investment Oversight

Career Highlights
Mr. Crane is President and Chief Executive Officer of Exelon Corporation. Previously, he served as President and Chief Operating Officer of Exelon and Exelon Generation from 2008 to 2012. In that role, he oversaw one of the U.S. industry's largest portfolios of electric generating capacity, with a multi-regional reach and the nation's largest fleet of nuclear power plants. He directed a broad range of activities including major acquisitions, transmission strategy, cost management initiatives, major capital programs, generation asset optimization and generation development. Mr. Crane is one of the leading executives in the electric utility and power industries.

Board Service
Mr. Crane is vice-chairman and a member of the executive committee of the Edison Electric Institute. He also serves as vice-chairman of the Institute of Nuclear Power Operations, the industry organization promoting the highest levels of safety and reliability in nuclear plant operation.

Mr. Crane previously served as vice chairman of the Nuclear Energy Institute, the nation's nuclear industry trade association. Mr. Crane served as a director of Aleris International Inc. from 2010 to 2013.

Mr. Crane also serves as Chair of the boards of directors of Exelon subsidiaries Baltimore Gas and Electric Company, Commonwealth Edison Company, PECO Energy Company, and Pepco Holdings LLC.

Primary Skills, Core Competencies and Attributes
In his role, Mr. Crane oversees a family of companies representing every stage of the energy business, including Exelon Generation, one of the largest, cleanest, and lowest-cost power generation fleets in the country. Mr. Crane also oversees Exelon's six utilities, which deliver electricity and natural gas to approximately 10 million customers in Delaware, the District of Columbia, Illinois, Maryland, New Jersey, and Pennsylvania.

- Accounting and financial reporting experience
- Corporate finance and capital management experience
- CEO/executive management leadership skills
- Human resource management and executive compensation knowledge
- Innovation and technology experience
- Safety and Security (including physical and cyber)
- Industry experience and knowledge of Exelon's business
- Government/ public policy and regulatory insights
- Risk oversight and risk management experience
- Investor relations and investment management experience
- Manufacturing, construction, engineering, and performance management experience

Yves C. de Balmann

Age: 71

Director since: 2012

Committee Memberships:
- Compensation and Leadership Development (Chair)
- Corporate Governance
- Finance and Risk

Career Highlights
Mr. de Balmann served as the Co-Chairman of Bregal Investments LP (private equity investing firm) from 2002 to 2012. Previously, he was Vice-Chairman of Bankers Trust Corporation, in charge of Global Investment Banking, until its merger with Deutsche Bank in 1999 at which time he became Co-Head of Deutsche Bank's Global Investment Bank and Co-Chairman and Co-Chief Executive Officer of Deutsche Banc Alex. Brown from 1999 to 2001. He remained a Senior Advisor to Deutsche Bank AG from 2001 to 2003.

Board Service
Mr. de Balmann currently serves as a director of ESI Group (virtual prototyping software and services) which is listed in compartment B of Euronext Paris. Previously, Mr. de Balmann served as a director of Laureate Education, Inc. and as the non-executive chairman of Conversant Intellectual Property Management. Mr. de Balmann also served as a director of Constellation Energy Group from 2003 to 2012 when Constellation merged with Exelon.

Primary Skills, Core Competencies and Attributes
Mr. de Balmann has extensive experience in corporate finance, including the derivatives and capital markets as well as industry experience as a director of Constellation Energy Group from 2003 to 2012. His background leading major organizations informs his leadership of the Compensation and Leadership Development Committee.

- Corporate finance and capital management experience
- CEO/executive management leadership skills
- Human resource management and executive compensation knowledge
- Risk oversight and risk management experience
- Investor relations and investment management experience

Nicholas DeBenedictis

Age: 72

Director since: 2002

Committee Memberships:
- Corporate Governance
- Finance and Risk
- Generation Oversight

Career Highlights
Mr. DeBenedictis currently serves as Chairman Emeritus of Aqua America Inc. (water utility operating in eight states) and served as its Chairman and Chief Executive Officer from 1993 to 2015. As CEO of Aqua America, Mr. DeBenedictis gained experience in dealing with many of the same development, land use, and utility regulatory issues that affect Exelon and its subsidiaries. Mr. DeBenedictis also has extensive experience in environmental regulation and economic development, having served in two cabinet positions in the Pennsylvania government: Secretary of the Pennsylvania Department of Environmental Resources and Director of the Office of Economic Development. He also spent eight years with the U.S. Environmental Protection Agency and was President of the Greater Philadelphia Chamber of Commerce for three years.

Board Service
In addition to serving as Chairman Emeritus of Aqua America, Mr. DeBenedictis has served as a director of MISTRAS Group (asset protection solutions) since 2015 and as a director of P.H. Glatfelter, Inc. (global supplier of specialty papers and engineered products) since 1995. Previously, Mr. DeBenedictis served as a director of Met-Pro Corporation from 1997 to 2010.

Mr. DeBenedictis also serves on the boards of Commonwealth Edison Company and PECO Energy Company, which are Exelon subsidiaries.

Primary Skills, Core Competencies and Attributes
As a leader in the greater Philadelphia business community, Mr. DeBenedictis has deep knowledge of the communities and local economies served by PECO. Mr. DeBenedictis' experiences as former CEO of a public company, service on other company boards, former utility executive, familiarity and experience with environmental regulations, and his educational background in environmental engineering and science, all provide valuable perspectives to Exelon's Board, Finance and Risk, Generation Oversight, and Corporate Governance Committees.

- Corporate finance and capital management experience
- CEO/executive management leadership skills
- Industry experience and knowledge of Exelon's business
- Government/ public policy and regulatory insights
- Risk oversight and risk management experience

Linda P. Jojo

Age: 52

Director since: 2015

Committee Memberships:
- Compensation and Leadership Development
- Finance and Risk

Career Highlights
Ms. Jojo is Executive Vice President, Technology and Chief Digital Officer of United Continental Holdings, Inc. (commercial airline). She is responsible for the effective implementation and management of technology strategy and solutions supporting United's global business. She has held her current position at United since 2014. Prior to joining United, she served as Executive Vice President and Chief Information Officer for Rogers Communications Inc. from 2011 to 2014 (wireless communication and media company), where she was responsible for all IT systems for both customer facing and business support systems. Prior to this, Ms. Jojo served in other senior officer roles at Energy Future Holdings Corporation (held a portfolio of competitive and regulated energy companies), Flowserve Corporation (suppliers of industrial and environmental machinery), General Electric, and General Electric Silicones.

Board Service
Ms. Jojo serves as vice-chair of the board of trustees of the Adler Planetarium in Chicago, Illinois.

Primary Skills, Core Competencies and Attributes
Ms. Jojo has a wealth of experience leading complex IT organizations and brings important information technology and innovation expertise to Exelon's Board. Ms. Jojo's educational background in computer science and industrial engineering also lend expertise to Exelon's risk oversight areas and cybersecurity initiatives.

- Human resource management and executive compensation knowledge
- Innovation and technology experience
- Safety and Security (including physical and cyber)
- Industry experience and knowledge of Exelon's business
- Manufacturing, construction, engineering, and performance management experience

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Paul L. Joskow, Ph. D.

Age: 70

Director since: 2007

Committee Memberships:
- Audit
- Finance and Risk
- Investment Oversight

Career Highlights
Dr. Joskow is the Elizabeth and James Killian Professor of Economics, Emeritus at the Massachusetts Institute of Technology (MIT). He is also the President Emeritus of the Alfred P. Sloan Foundation, where he served as president for ten years until 2017. Dr. Joskow joined the MIT faculty in 1972. He served as head of the MIT Department of Economics from 1994 to 1998 and as Director of the MIT Center for Energy and Environmental Policy Research from 1999 to 2007. Dr. Joskow's teaching and research has been in the areas of industrial organization, energy and environmental economics, competition policy, and government regulation of industry. Much of his research and consulting activity has focused on the electric power industry, electricity pricing, fuel supply, demand, generating technology, and regulation.

Dr. Joskow has served on the U.S. Environmental Protection Agency's (EPA) Acid Rain Advisory Committee and on the Environmental Economics Committee of the EPA's Science Advisory Board. Dr. Joskow also served on the National Commission on Energy Policy, as a member of the Secretary of Energy Advisory Board, and as chair of the National Academies Board on Science, Technology and Economic Policy. He is a fellow of the American Academy of Arts and Sciences, a fellow of the Econometric Society and a distinguished fellow of the American Economic Association.

Board Service
Dr. Joskow currently serves as a member of the board of trustees of the Putnam Mutual Funds. He previously served as a director of New England Electric System from 1987 to 2000 until it was acquired by National Grid, following which he served as a director of National Grid plc from 2000 to 2007. Dr. Joskow served as a director of TransCanada Corporation from 2004 to 2013.

Primary Skills, Core Competencies and Attributes
Dr. Joskow's extensive background in economics and energy and his experience as a utility director offer a unique set of skills to the Company's Board of Directors.

- CEO/executive management leadership skills
- Industry experience and knowledge of Exelon's business
- Government/ public policy and regulatory insights
- Innovation and technology experience
- Investor relations and investment management experience

Robert J. Lawless

Age: 71

Director since: 2012

Committee Memberships:
- Corporate Governance (Chair)
- Compensation and Leadership Development
- Finance and Risk

Career Highlights
Mr. Lawless served as Chairman of McCormick & Company, Inc. (food manufacturing industry) from 1997 to 2009, having also served as its President until 2006, and its Chief Executive Officer until his retirement in 2008.

Board Service
Mr. Lawless currently serves as a director of The Baltimore Life Insurance Company (insurance provider). Mr. Lawless previously served as a director of Constellation Energy Group from 2002 to 2012 when Constellation merged with Exelon.

Primary Skills, Core Competencies and Attributes
Mr. Lawless has extensive executive leadership and strategic planning experience. As a former chief executive officer of a public company, he provides critical perspectives on governance and other public company issues that inform his leadership of the Corporate Governance Committee.

- Accounting and financial reporting experience
- CEO/executive management leadership skills
- Human resource management and executive compensation knowledge
- Investor relations and investment management experience
- Manufacturing, construction, engineering, and performance management experience

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Richard W. Mies

Age: 73

Director since: 2009

Committee Memberships:
- Generation Oversight (Chair)
- Audit
- Finance and Risk

Career Highlights
Admiral Mies is President and Chief Executive Officer of The Mies Group, Ltd, a private consulting firm, providing strategic planning and risk assessment advice and assistance to clients on international security, energy, defense, and maritime issues. A graduate of the Naval Academy, he completed a 35-year career as a nuclear submariner in the US Navy. Admiral Mies has a wide range of operational command experience, having served as the senior operational commander of the US Submarine Force, and commander of the U.S. Strategic Command for four years prior to his retirement in 2002. Following his retirement, Admiral Mies served as a Senior Vice President of Science Applications International Corporation (SAIC), a provider of scientific and engineering applications for national security, energy, and the environment, and as President and Chief Executive Officer of Hicks and Associates, Inc., a subsidiary of SAIC from 2002 to 2007.

Board Service
From 2008 to 2010, Admiral Mies served as a director of McDermott International. In 2010, he transitioned to the board of Babcock and Wilcox (B&W), an equipment and technology provider to the energy industry, when that company spun off from McDermott International. Following the split of B&W into Babcock and Wilcox Enterprises and BWX Technologies, Inc. (BWXT), he transitioned to the board of BWXT, a supplier to the nuclear power industry, where he currently serves as a director. He is also a member of the board of governors for Los Alamos National Security, LLC and the board of governors for Lawrence Livermore National Security LLC. Admiral Mies previously served as a director of Mutual of Omaha from 2002 to 2014.

Primary Skills, Core Competencies and Attributes
Admiral Mies' extensive educational background in mechanical engineering and mathematics, and post-graduate studies and degrees in government administration and international relations at Oxford University, the Fletcher School of Law and Diplomacy, and Harvard University contribute to his insights and leadership of the Generation Oversight Committee and his service on the Finance and Risk, and Audit Committees. His deep leadership experience with nuclear power and strategic planning in the Navy and in business and through his experience on the boards of other companies enable his ability to provide thoughtful contributions to the Exelon Board.

- CEO/executive management leadership skills
- Innovation and technology experience
- Safety and Security (including physical and cyber)
- Industry experience and knowledge of Exelon's business
- Risk oversight and risk management experience

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John W. Rogers, Jr.

Age: 59

Director since: 2000

Committee Memberships:
- Investment Oversight (Chair)
- Corporate Governance Committee
- Finance and Risk until April 2017

Career Highlights
Mr. Rogers is the Chairman and CEO of Ariel Investments, LLC, an institutional money management firm that he founded in 1983. Mr. Rogers also serves as trustee of the Ariel Investment Trust.

Board Service
Mr. Rogers has served as a director of McDonald's Corporation (global foodservice retailer) since 2003. He previously served as a director of Aon Corporation from 1993 to 2012; GATX Corporation from 1998 to 2004; Bank One Corporation from 1998 to 2004; and Bally Total Fitness from 2003 to 2006.

Primary Skills, Core Competencies and Attributes
Mr. Rogers' broad experience on the boards of a number of major public corporations doing business in a variety of industries has made him a leader in the Chicago business community with perspectives into Chicago business developments. His role in Chicago's and the nation's African-American community brings diversity to the Board and emphasis to Exelon's robust diversity initiatives and community outreach. His success in investment management and the financial markets, and board service at an insurance brokerage and services company, provide him with honed skills and expertise ideal to his leadership of the Investment Oversight Committee and its role in managing Exelon's extensive nuclear decommissioning, pension, and post-retirement benefit trust funds. Mr. Rogers' service on the boards and committees of other companies has provided experience that adds further depth to the Corporate Governance Committee. He was named one of six 2010 Outstanding Directors by the Outstanding Directors Exchange.

- Corporate finance and capital management experience
- CEO/executive management leadership skills
- Government/ public policy and regulatory insights
- Investor relations and investment management experience
- Human resource management and executive compensation knowledge

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Mayo A. Shattuck III

Chairman of the Board

Age: 63

Director since: 2012

Committee Memberships:
- Finance and Risk
- Generation Oversight
- Investment Oversight

Career Highlights
Mr. Shattuck serves as the independent Board Chair of Exelon Corporation. He previously served as Executive Chair of Exelon from 2012 to 2013. Prior to joining Exelon, Mr. Shattuck was the Chairman, President and Chief Executive Officer of Constellation Energy from 2001 until 2012, when Constellation merged with Exelon. Prior to this, Mr. Shattuck was at Deutsche Bank, where he served as Chairman of the Board of Deutsche Bank Alex. Brown and, during his tenure, also served as Global Head of Investment Banking and Global Head of Private Banking. From 1997 to 1999, he served as Vice Chairman of Bankers Trust Corporation, which merged with Deutsche Bank in 1999. From 1991 until 1997, Mr. Shattuck was President and Chief Operating Officer and a Director of Alex. Brown Inc., which merged with Bankers Trust in 1997.

Mr. Shattuck is the past chairman of the Institute of Nuclear Power Operations and was previously a member of the executive committee of the board of Edison Electric Institute. He was also co-chairman of the Center for Strategic & International Studies Commission on Nuclear Policy in the United States.

Board Service
Mr. Shattuck currently serves as a director of Gap Inc. (clothing retailer), Capital One Financial Corporation (commercial banking services), and at Alarm.com Holdings, Inc. (cloud-based security and monitoring services).

Primary Skills, Core Competencies and Attributes
Mr. Shattuck's qualifications to serve as Board Chair include his extensive experience in business, and the energy industry in particular, gained from his service as Constellation Energy's Chief Executive Officer, which enables him to effectively identify strategic priorities and oversee the execution of strategic initiatives. His financial expertise from his years of experience in the financial services industry also brings valuable perspectives to the Board.

- Corporate finance and capital management experience
- CEO/executive management leadership skills
- Human resource management and executive compensation knowledge
- Industry experience and knowledge of Exelon's business
- Risk oversight and risk management experience

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Stephen D. Steinour

Age: 59

Director since: 2007

Committee Memberships:
- Finance and Risk (Chair)
- Audit

Career Highlights
Mr. Steinour is Chairman, President and Chief Executive Officer of Huntington Bancshares Incorporated, a regional bank-holding company delivering a full suite of commercial and retail banking, investment management, and insurance services across the Midwest. Mr. Steinour joined Huntington in 2009 from CrossHarbor Capital (investment firm) where he served as Managing Partner. Previously, he served as President and CEO of Citizens Financial Group (commercial bank holding company), as Division Executive for Fleet Financial Group (asset management company), and as Executive Vice President at Bank of New England.

Board Service
Since 2014, Mr. Steinour has served as a director of L Brands, Inc. (fashion retailer). Mr. Steinour also serves on the board of directors of the Federal Reserve Bank of Cleveland and is a trustee of The Ohio State University Wexner Medical Center. He is a member of the Financial Services Roundtable and The Columbus Partnership. He is vice chair of the Columbus Downtown Development Corporation and is a member of the Ohio Business Roundtable.

In connection with the nomination of Mr. Steinour, the Corporate Governance Committee considered his consistently demonstrated preparedness, engagement, and attention to Exelon Board stewardship and his vigorous leadership of the Finance and Risk Committee.

Primary Skills, Core Competencies and Attributes
Mr. Steinour's experience leading Huntington Bancshares provides him with a strong background in mergers and acquisitions, including post-merger integration and conversions, business development, creation, and partnerships. His deep banking experience provides market experience important to Exelon Generation and the utility businesses and his experience in credit and risk management, credit and capital markets, enhances his value to the Exelon Board and its Finance and Risk and Audit Committees. Mr. Steinour's educational achievements in the Executive Program in Leadership at Stanford University's Graduate School of Business and economics also provide informed insights. Mr. Steinour was named to the 2016 "Directorship 100" list issued by the National Association of Corporate Directors.

- Accounting and financial reporting experience
- Corporate finance and capital management experience
- CEO/executive management leadership skills
- Risk oversight and risk management experience
- Investor relations and investment management experience

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Director Independence

The Board has determined that all non-employee Directors who served on the Board in 2017 and all nominees for election, except for Mr. Crane, are independent according to applicable law and the listing standards of the New York Stock Exchange (NYSE), as incorporated into the Independence Standards for Directors found in Exelon's Corporate Governance Principles. The Board has also determined that the members of the Audit, Compensation and Leadership Development, and Corporate Governance Committees are independent within the meaning of applicable laws, the listing standards of the NYSE, and the Independence Standards for Directors. Mr. Crane is not considered independent because of his employment as President and Chief Executive Officer of Exelon.

Pursuant to Exelon's related person transactions policy, the Board also takes into account information provided by Directors about business and familial-based relationships with Exelon including other boards on which they may serve and charitable, civic, cultural and professional affiliations. Under the policy, all transactions and relationships are evaluated by Exelon's Office of Corporate Governance, and information is presented to the Corporate Governance Committee and Board for a determination of the materiality of such relationships on independence and for the approval of any related person transactions identified. Details related to all transactions reviewed are provided in the chart below.

When assessing the independence of Director nominees, the Corporate Governance Committee takes into account the impact that tenure may have on the independence of certain longer-tenured incumbent Board nominees. The Board places a high value on the perspectives and contributions that our longer serving Directors provide to Board discussions, having served Exelon during various industry developments and with different management teams over the years. The Board determined that the independence of the longer-tenured Directors has not been diminished by their years of service on the Board. Exelon's longer-tenured Directors continue to thoughtfully challenge management and provide reasoned, balanced, and insightful guidance to senior management and the Board and its decisions.

In January 2018, the Board amended the Corporate Governance Principles and, as part of the amendments, determined that certain categories of relationships do not affect a Director's independence. These Categorical Standards of Independence are set forth in Appendix A-4. The amended Corporate Governance Principles and Categorical Standards of Independence were not applied to the independence determinations made in January 2018, but will be applied in future determinations.

Director	Summary of Relationship
Anthony K. Anderson	Mr. Anderson serves as a director of Avery Dennison, a public company, which purchased power and gas in 2017 from Exelon subsidiary Constellation Energy, based on a competitively bid process.
Ann C. Berzin	Ms. Berzin serves as a director of Ingersoll Rand plc, a public company that provided equipment and services to Exelon Generation. In 2017, Exelon paid Ingersoll Rand approximately $574,000. In addition, Ingersoll Rand purchased power in 2017 from Exelon subsidiary, Constellation Energy, based on a competitively bid process.
Nicholas DeBenedictis	Mr. DeBenedictis serves as the Chairman Emeritus of Aqua America, a public water utility company that supplied water in 2017 to PECO, an Exelon subsidiary, under tariffed utility rates. Aqua America is also a customer of Exelon subsidiaries, PECO, ComEd, and Constellation Energy for which it paid approximately $14.1 million for power and gas at tariffed rates or through a competitively bid process in 2017. Mr. DeBenedictis serves as a director of Independence Blue Cross, a not-for-profit company that received approximately $51.8 million from Exelon in 2017 for health care coverage for Exelon employees. The transaction was the result of a competitively bid process. Mr. DeBenedictis serves as a director of MISTRAS Group, a public company which provides asset protection solutions. Exelon paid that company approximately $1.85 million in 2017. The transaction was the result of a competitively bid process. Mr. DeBenedictis serves on the advisory board of Pennoni Associates, Inc., a company which provides engineering consulting services for which Exelon paid approximately $5.3 million in 2017 at arms-length terms. Mr. DeBenedictis serves as a director of P.H. Glatfelter, a public manufacturing company to which Exelon paid $818,000 for Renewable Energy Credits in 2017. The transaction was effected through the use of a blind auction process. Mr. DeBenedictis also serves on the advisory board of PNC Bank, a company that provides financial services and participates in some Exelon credit facilities at arms-length terms for which Exelon paid $7.2 million in 2017.

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Director	Summary of Relationship
Nancy L. Gioia	Ms. Gioia serves as a director of Meggitt, PLC, an aerospace manufacturer listed on the London Stock Exchange that received approximately $715,000 from Exelon in 2017 for consulting services. The transactions were the result of a competitively bid process.
Linda P. Jojo	Ms. Jojo is an employee of United Continental Holdings, a public company and commercial airline. In 2017, Exelon paid United approximately $5.7 million for regularly occurring employee travel at established market rates.
Richard W. Mies	Admiral Mies serves as a director of BWX Technologies, a public company that provides nuclear operations and technical services to Exelon Generation for which Exelon paid approximately $3 million in 2017. The transactions were the result of a competitively bid process. Admiral Mies also serves as a consultant to LEIDOS, a public company to which Exelon paid approximately $3.2 million in 2017 for consulting services, amounting to less than 2% of LEIDOS's consolidated gross revenues for 2017.
John W. Rogers, Jr.	Mr. Rogers serves as a director of McDonald's Corporation, a public company which purchased utility services at tariffed rates from Exelon's utility subsidiaries, and power and gas from Constellation Energy as the result of a competitive bid process in 2017.
Mayo A. Shattuck III	Mr. Shattuck serves as a director of Gap Inc., a public company which purchased power and gas from Constellation Energy, an Exelon subsidiary in 2017. The transactions were the result of a competitively bid process.
Stephen D. Steinour	Mr. Steinour is the Chairman, President and CEO of Huntington Bancshares, a public company which is a part of a syndicate of banks that participate in Exelon's credit facilities on similar terms. In 2017, Exelon paid Huntington Bancshares approximately $97,000 in fees.

Related Person Transactions

As referenced above, Exelon has a written policy for the review and approval or ratification of related person transactions. Transactions covered by the policy include commercial transactions for goods and services and the purchase of electricity or gas at non-tariffed rates from Exelon or any of its subsidiaries by an entity affiliated with a Director or officer of Exelon. The retail purchase of electricity or gas from Atlantic City Electric Company (ACE), Baltimore Gas and Electric Company (BGE), Commonwealth Edison Company (ComEd), Delmarva Power and Light Company (DPL), PECO Energy Company (PECO), or Potomac Electric Power Company (Pepco) at rates set by tariff, and transactions between or among Exelon or its subsidiaries are not considered. Charitable contributions approved in accordance with Exelon's Charitable Contribution Guidelines are deemed approved or ratified under the related persons transaction policy and do not require separate consideration and ratification.

As required by the policy, the Board reviewed all commercial, charitable, civic and other relationships with Exelon in 2017 that were disclosed by Directors and executive officers of Exelon, ACE, BGE, ComEd, DPL, PECO and Pepco, and by executive officers of Exelon Generation that required separate consideration and ratification. Exelon's Office of Corporate Governance conducted due diligence on each of these transactions to determine the specific circumstances of the particular transaction, including whether it was competitively bid or whether the consideration paid was based on tariffed rates.

The Corporate Governance Committee and the Board reviewed the analysis prepared by the Office of Corporate Governance, which identified those transactions that required approval or ratification under the policy, or disclosure under U.S. Securities and Exchange Commission (SEC) rules. The Committee recommended the Board's ratification of all transactions because the related person served only as a director of the affiliated company, was not an officer or employee of the affiliated company and did not have a pecuniary or material interest in the transaction. For some transactions, the value or cost of the transaction was very small, and the Board considered the de minimis nature of the transaction as a further reason for ratifying it. The Board ratified other transactions that were the result of a competitive bidding process and therefore were considered fairly priced, or arms-length, regardless of any relationship. The remaining transactions were approved by the Board, even though the Director is an executive officer of the affiliated company, because the transactions involved only retail electricity or gas purchases under tariffed rates, the price and terms were determined to be the result of a competitive bidding process, or were provided at market terms generally available.

None of the transactions reviewed were determined to be material related person transactions requiring disclosure under SEC rules.

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The Board's Role and Responsibilities

Overview

Exelon's business, property and affairs are managed under the direction of the Board of Directors. All Directors stand for election by shareholders annually and must receive a majority of the votes cast in uncontested elections. The Board considers the interests of all of its constituencies, which include shareholders, customers, employees, annuitants, suppliers, the communities we serve, and the environment. The Board is committed to ensuring that Exelon conducts business in accordance with the highest standards of ethics, integrity, and transparency.

Board Oversight of Risk

The Company operates in a complex market and regulatory environment that involves significant risks, many of which are beyond its direct control. The Company has an Enterprise Risk Management group consisting of a Chief Enterprise Risk Officer, a Chief Commercial Risk Officer, a Chief Credit Officer, a Vice President of Enterprise Risk Management Operations, a Vice President of Enterprise Risk Management Analytics and a full-time staff of 124. The Enterprise Risk Management group draws upon other Company personnel for additional support on various matters related to identification, assessment, management, mitigation and monitoring through established key risk indicators of enterprise risks.

The Company also has a Risk Management Committee comprising select senior officers of the Company who meet regularly to discuss matters related to enterprise risk management generally and particular risks associated with new developments or proposed transactions under consideration.

The Chief Enterprise Risk Officer and the Risk Management Committee regularly meet with management of the Company to identify and evaluate the most significant risks of the businesses and appropriate steps to manage and mitigate those risks. In addition, the Chief Enterprise Risk Officer and the Enterprise Risk Management group perform a regular assessment of enterprise risks, drawing upon resources throughout the Company for an assessment of the probability and severity of identified risks as well as control effectiveness. These risk assessments, which also include the review of operating company-specific key risk indicators, are discussed at operating company risk management committees before being aggregated and discussed with the Board's Finance and Risk Committee and Audit Committee and, when appropriate, the BGE, ComEd, PECO and PHI boards of directors.

The Finance and Risk, Audit, and Generation Oversight Committees regularly report on the Committees' discussions of enterprise risks to the Board. Furthermore, the Board regularly discusses enterprise risks in connection with consideration of emerging trends or developments and in connection with the evaluation of capital investments and other business opportunities and business strategies.

Environmental, Social and Governance Oversight

Exelon's strategy to grow and diversify the Company through targeted investments in our core markets and promising technologies with the potential to reshape the energy landscape include efforts to power a cleaner, brighter future for our customers and communities. We are committed to building the next-generation energy company and applying innovative technologies to manage energy use and meet customer expectations for clean, reliable and affordable power. The Corporate Governance Committee oversees the Company's strategies and efforts to protect and improve the quality of the environment, sustainability policies and practices.

Director Attendance at Meetings of the Board of Directors and Shareholder Meetings

Attendance

The Board of Directors held five meetings during 2017, including a two-day strategy retreat with senior officers of Exelon and its subsidiary companies. Each incumbent Director nominee attended at least 75% of the combined Board and Committee meetings of which he or she was a member. Attendance at Board and Committee meetings during 2017 averaged 96.84% for incumbent Directors as a group.

While Exelon does not have a formal policy requiring attendance at the annual shareholders meeting, all Directors attended the 2017 annual shareholders meeting.

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Board Structure

Board Leadership

Exelon's bylaws permit the independent members of the Board to determine the leadership structure of the Board including whether the roles of Board Chair and Chief Executive Officer should be performed by the same individual or whether the roles should be performed by separate individuals. As a matter of policy, the Board believes that separation of these functions is not required, and whether to combine the roles or not is a matter for the Board's sole discretion, taking into consideration the current and anticipated circumstances of the Company, the skills and experiences of the individual or individuals in question, and the leadership composition of the Board. The Board reviews its leadership structure periodically and as circumstances warrant. The Board separated the roles of Board Chair and Chief Executive Officer in 2012 upon the completion of its merger with Constellation Energy Group and named Mayo Shattuck as Board Chair and Christopher Crane as President and Chief Executive Officer of Exelon. We find that this leadership structure ensures independent oversight and promotes the Board's ability to effectively represent the best interests of all shareholders.

Because the Board is committed to continued independent oversight at all times, the Corporate Governance Principles provide that the independent members of the Board shall select and elect a Lead Independent Director in the event the Board Chair and Chief Executive role are held by the same individual or the person holding the role of Board Chair is not independent under Exelon's Independence Standards for Directors. At any time during which the position of Lead Independent Director may be required but is vacant due to timing considerations, the Chair of the Corporate Governance Committee shall serve as the Lead Independent Director.

Exelon's Corporate Governance Principles provide a full outline of the responsibilities for each of the Board Chair, Chief Executive Officer, and any Lead Independent Director.

Board Committees

In 2017, six standing Committees assisted the Board in carrying out its duties: the Audit Committee, the Compensation and Leadership Development Committee, the Corporate Governance Committee, the Finance and Risk Committee, the Generation Oversight Committee and the Investment Oversight Committee. The Board Chair and CEO may attend all Committee meetings. All Committees meet regularly in executive session without management.

Committee membership and principal responsibilities for each Committee is described below:

	Audit	Compensation and Leadership Development	Corporate Governance	Finance and Risk	Generation Oversight	Investment Oversight
Anderson	C			👤	👤	
Berzin	👤			👤		
Crane				👤	👤	👤
de Balmann		C	👤	👤		
DeBenedictis			👤	👤	👤	
Gioia				👤 (1)	👤 (1)	
Jojo		👤		👤		
Joskow	👤			👤		👤
Lawless		👤	C	👤		
Mies	👤			👤	C	
Rogers			👤	👤 (2)		C
Shattuck				👤	👤	👤
Steinour	👤			C		
Meetings in 2017	**6**	**5**	**4**	**4**	**4**	**2**

C Chair
👤 Member

Notes:

(1) Ms. Gioia will serve on the Finance and Risk and Generation Oversight Committees through the end of her tenure.
(2) Mr. Rogers served on the Finance and Risk Committee until April 2017.

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Each Committee is governed by a Board-approved charter stating its responsibilities. Each charter is reviewed annually and updated, as appropriate, to address changes in regulatory requirements, authoritative guidance, evolving oversight practices and investor feedback. The charters were last amended on January 30, 2018, and are available on the Exelon website at www.exeloncorp.com on the Governance page under the Investors tab. The charters are available in print to any shareholder who requests a copy from Exelon's Corporate Secretary as described on page 80 of this proxy statement.

Audit Committee

Meetings in 2017: 6

Independence: The Audit Committee is composed entirely of independent Directors.

Report: Pages 42-43

Primary Responsibilities:

The Audit Committee's primary responsibility is to assist the Board of Directors in fulfilling its responsibility to oversee and review the quality and integrity of the Company's financial statements and internal controls over financial reporting, the independent auditor's qualifications and independence, and the performance of the Company's internal audit function and of its independent auditor.

The Board of Directors has determined that each of the members of the Audit Committee is an "Audit Committee Financial Expert" for purposes of the SEC's rules.

The Audit Committee's principal duties include:

- ✓ Having sole authority to appoint, retain, or replace the independent auditor, subject to shareholder ratification, and to oversee the independence, compensation and performance of the independent auditor;
- ✓ Reviewing financial reporting and accounting policies and practices;
- ✓ Overseeing the work of the internal auditor and reviewing internal controls;
- ✓ With the advice and assistance of the Finance and Risk Committee, reviewing in a general manner the processes by which Exelon assesses and manages enterprise risk; and
- ✓ Reviewing policies and procedures with respect to internal audits of officers' and Directors' expenses, compliance with Exelon's Code of Business Conduct, and the receipt and response to complaints regarding accounting, internal controls or auditing matters.

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Compensation and Leadership Development Committee

Meetings in 2017: 5

Independence: The Compensation and Leadership Development Committee is composed entirely of independent Directors.

Report: Page 62

Primary Responsibilities:

The primary responsibilities of the Committee are to:

- ✓ Assist the Board in the establishment of performance criteria, evaluation, and compensation setting for the CEO;
- ✓ Approve the compensation program design and plans for the compensation of all executive officers of Exelon, other than the CEO;
- ✓ Review and discuss with management Compensation Discussion and Analysis (CD&A) for inclusion in the Company's annual proxy statement and determine whether to recommend to the Board the inclusion of CD&A in the annual proxy statement;
- ✓ Prepare or cause to be prepared the Compensation Committee Report for inclusion in the annual proxy statement; and
- ✓ Develop leadership and succession planning policies and criteria for the Company.

The Compensation and Leadership Development Committee is responsible for setting the Company's general policy regarding executive compensation to ensure that compensation levels and performance targets for Exelon and its subsidiaries are consistent with Exelon's compensation philosophy and aligns with its strategic and operating objectives.

The Committee is careful to set goals that are sufficiently difficult to meaningfully incent management performance. In setting the goals, the Committee takes into account input from the Company's executive officers.

The Committee develops recommendations for the CEO's compensation and collaborates with the Board Chair and Corporate Governance Committee to determine the CEO's compensation in light of the performance achieved against criteria established by the Board. The Chairs of the Corporate Governance and Compensation and Leadership Development Committees sit on each other's Committees, which is helpful in the process for evaluating the performance and setting the compensation for the CEO.

The Compensation and Leadership Development Committee has delegated authority to the CEO to make off-cycle equity awards to eligible employees of up to 600,000 shares in the aggregate, and 20,000 shares per recipient in any year. Eligible employees include those below the level of Executive Vice President of Exelon and who are not subject to reporting obligations under Section 16 of the Securities Exchange Act of 1934, or were subject to the limitations of Internal Revenue Code Section 162(m) prior to the Tax Cuts and Jobs Act of 2017. Any awards made under this delegated authority are reviewed and ratified by the Compensation and Leadership Development Committee.

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Compensation Consultant

The Compensation and Leadership Development Committee is authorized to retain and terminate, without Board or management approval, the services of an independent compensation consultant to provide advice and assistance, as the Committee deems appropriate. The Committee has sole authority to approve the consultant's fees and other retention terms, and reviews the independence of the consultant and any other services that the consultant or the consultant's firm may provide to the Company. The compensation consultant reports directly to the Committee.

The Committee first engaged Meridian Compensation Partners, LLC (Meridian) in 2016 as its consultant after conducting a request for proposal process. In reviewing the engagement in 2017, the Committee considered the following factors and determined that Meridian continued to be an independent consultant and had no conflicts of interest:

- ✓ Meridian performed no other services for the Company or its affiliates and received no other fees from the Company other than for executive compensation consulting for the Committee and Director compensation consulting for the Corporate Governance Committee;
- ✓ The amount of fees paid by the Company to Meridian in 2017 was less than 1% of Meridian's gross annual revenues;
- ✓ Meridian has formal written policies designed to prevent conflicts of interest, including an insider trading and stock ownership policy; and
- ✓ There were no relationships between Meridian and its consultants and Exelon and its officers, Directors or affiliates.

As part of its ongoing services to the Committee, Meridian supports the Committee in executing its duties and responsibilities with respect to Exelon's executive compensation programs by providing information and advice regarding market trends and competitive compensation programs and strategies that include:

- ✓ Market data for each senior executive position, including evaluating Exelon's compensation strategy and reviewing and confirming the peer group used to prepare the market data;
- ✓ An independent assessment of management recommendations for changes in the compensation structure;
- ✓ Assisting management to ensure that the Company's executive compensation programs are designed and administered consistent with the Committee's requirements; and
- ✓ Ad hoc support, including executive compensation and related corporate governance trends.

Meridian attends meetings of the Committee when requested. The Committee may directly or indirectly request Meridian to advise on other executive and non-executive compensation-related projects. The Committee has established a process for determining whether any significant additional services will be needed and whether a separate engagement for such services is necessary.

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Corporate Governance Committee

Meetings in 2017: 4

Independence: The Corporate Governance Committee is composed entirely of independent Directors.

Primary Responsibilities:

In addition to its responsibilities described elsewhere in this proxy statement, the Corporate Governance Committee's principal responsibilities include:

- ✓ Identifying individuals qualified to become Board candidates;
- ✓ Recommending Board approval of Director nominees for election at the annual meeting of shareholders;
- ✓ Developing and recommend to the Board a set of governance guidelines applicable to the Company; and
- ✓ Overseeing the evaluation processes for the Board, Committees, each Director, and the CEO.

The Committee is responsible for taking a leadership role in shaping the corporate governance practices of Exelon including amongst other things:

- ✓ Board and Committee structure and composition issues;
- ✓ Performance criteria and evaluations of the CEO and Board Chair if employed by the Company;
- ✓ Oversight of Exelon's environmental strategies, including climate change and sustainability policies;
- ✓ Delegations of authority for Exelon and its subsidiaries;
- ✓ Oversight of Exelon's efforts to promote diversity among its contractors and suppliers; and
- ✓ Recommendations with respect to Director compensation.

The Committee utilizes an independent compensation consultant to assist it in its evaluation and recommendations to the Board with respect to Director compensation. The Chairs of the Corporate Governance and Compensation and Leadership Development Committees sit on each other's Committees which is helpful in the process for evaluating the performance and setting the compensation for the CEO. The Corporate Governance Committee may utilize other consultants, such as specialized search firms, to identify candidates for Director.

As part of the Corporate Governance Committee's role in monitoring and oversight of CEO succession planning, the Committee developed an emergency CEO succession plan, which is reviewed by the Committee and the full Board annually. In addition, CEO succession is a topic on the agenda for meetings of the full Board at least twice each year.

Finance and Risk Committee

Meetings in 2017: 4

Primary Responsibilities:

The Finance and Risk Committee's purpose and responsibilities include:

- ✓ Overseeing the Company's risk management functions;
- ✓ Overseeing matters relating to the financial condition and risk exposures by Exelon;
- ✓ Monitoring the financial condition, capital structure, financing plans and programs, dividend policy, treasury policies and liquidity and related financial risk at Exelon and its major subsidiaries;
- ✓ Overseeing or appraising of the capital management and planning process, including capital investments, acquisitions and divestitures;
- ✓ Overseeing Company-wide risk management strategy, policies, procedures, and mitigation efforts, including insurance programs;
- ✓ Overseeing the strategy and performance of risk management policies relating to risks associated with marketing and trading of energy and energy-related products; and
- ✓ Reviewing and approving risk policies relating to power marketing, hedging and the use of derivatives.

The Finance and Risk Committee includes members with experience in the economics of energy, nuclear operations, banking and investment management and security, reflecting experience in dealing with the range of risks that the Company faces.

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Generation Oversight Committee

Meetings in 2017: 4

Primary Responsibilities:

The Generation Oversight Committee's purpose and responsibilities include:

- ✓ Advising and assisting the full Board in fulfilling its responsibilities to oversee the safe and reliable operation of all generating facilities owned or operated by Exelon or its subsidiaries with principal focus on nuclear safety and, including those facilities in which Exelon has significant equity or operational interests;
- ✓ Overseeing the management and operation of the Company's generating facilities and the overall organizational effectiveness (both corporate and stations) of the generation operations;
- ✓ Overseeing the establishment of and compliance with policies and procedures to manage and mitigate risks associated with the security and integrity of Exelon's generation assets; and
- ✓ Reviewing environmental, health and safety issues related to the Company's generating facilities.

Investment Oversight Committee

Meetings in 2017: 2

Primary Responsibilities:

The purpose and responsibilities of the Investment Oversight Committee include:

- ✓ Overseeing the management and investment of the assets held in trusts established or maintained by the Company or any subsidiary for the purpose of funding the expense of decommissioning nuclear facilities;
- ✓ Monitoring the performance of the nuclear decommissioning trusts and the trustees, investment managers and other advisors and service providers for the trusts;
- ✓ Overseeing the evaluation, selection and retention of investment advisory and management, consulting, accounting, financial, clerical or other services with respect to the nuclear decommissioning trusts;
- ✓ Overseeing the evaluation, selection and appointment of trustees and other fiduciaries for the nuclear decommissioning trusts;
- ✓ Overseeing the administration of the nuclear decommissioning trusts; and
- ✓ Monitoring and receiving periodic reports concerning the investment performance of the trusts under the pension and post-retirement welfare plans and the investment options under the savings plans.

The Investment Oversight Committee also provides general oversight of Exelon's investment management functions. The Committee includes members with experience in investment management, investment banking and the economics of energy and serves as a resource and advisory panel for Exelon's investment management team and the Board.

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Board Processes and Policies

Board, Committee, and Individual Director Evaluations

Exelon has strong evaluation processes for its Board, six Board Committees, and individual Directors.

Board Evaluations

The Board conducts an annual assessment of its performance and effectiveness. The process is coordinated by the Board Chair and the chair of the Corporate Governance Committee taking into account the recommendations of the Corporate Governance Committee on the process and criteria to be used for Board, Committee, and individual Director evaluations. All Directors are interviewed by the Board Chair or the chair of the Corporate Gove rnance Committee to discuss the following topics, among others that may arise:

- overall Board performance and areas of focus including strategic and business issues, challenges, and opportunities;
- Board meeting logistics;
- CEO, senior management and Director succession planning;
- accountability to shareholder views;
- Board Committee structure and composition;
- Board culture;
- Board composition; and
- management performance, including quality of materials, provided to the Directors.

Interviews also seek practical input on what the Board should continue doing, start doing, and stop doing. Following such interviews, the Board Chair and Chair of the Corporate Governance Committee collaborate to prepare and provide a summary of the assessment input provided and discussed with the Board.

Committee Evaluations

All six of the Board's Committees conduct annual assessments of their performance and take into consideration:

- the sufficiency of their charters;
- whether Committee members possess the right skills and experiences or whether additional education or training is required;
- whether there are sufficient meetings covering the right topics; and
- whether meeting materials are effective, among other matters.

A summary of all Committee assessment results is provided to the Corporate Governance Committee and Board for review and discussion.

Individual Director Evaluations

Individual Directors are assessed regularly taking into consideration experience, tenure, qualifications, and core competencies as well as contributions and performance. The process for individual Director performance assessments was recently strengthened to include peer and senior management input on the contributions and performance of six of the current twelve independent Directors, with the remaining six Directors undergoing such assessment next year. The Board was divided into two groups taking into account tenure and other diversity considerations to effectively and thoughtfully execute such assessments. All Directors were interviewed to provide input on each of the six Directors and four members of senior management also provided input, based on their regular interactions with Board members. Interviews were conducted by the chair of the Corporate Governance Committee in 2018, as the Board Chair volunteered to undergo assessment in 2018. Topics covered in the interviews included:

- meeting preparedness;
- meaningful and constructive participation and contributions;
- respectful, effective and candid communication skills;
- demonstrated independence;
- Company and industry knowledge;
- strategic foresight; and
- openness to new learnings and training.

Interviews also sought practical input on what Directors should continue doing, start doing, and stop doing. After discussing with the Corporate Governance Committee, the Chair of the Corporate Governance Committee collaborates with the Board Chair and feedback is conveyed separately to the individual Directors assessed for developmental opportunities.

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Director Education

The Board has an orientation and onboarding program for new Directors and provides continuing education for all Directors that is overseen by the Corporate Governance Committee.

New Director Orientation	The orientation program is tailored to the needs of each new Director depending on his or her level of experience serving on other boards and knowledge of the Company or industry acquired before joining the Board. Materials provided to new Directors include information on the Company's vision, strategic direction, financial matters, corporate governance practices, Code of Business Conduct, and other key policies and practices. New Directors also meet with the CEO, senior executives and members of their staff for briefings on the executives' responsibilities, programs and challenges. New Directors are also invited for tours of various Company facilities, depending on their orientation needs. Incumbent Directors are also invited to participate in site visits.
Continuing Director Education	Continuing director education is provided during portions of Board and Committee meetings and is focused on topics necessary to enable the Board to consider effectively issues before them at that time (such as new regulatory or accounting standards). The education often takes the form of "white papers," covering timely subjects or topics, which a Director can review before the meeting and ask questions about during the meeting. The Audit Committee devotes a meeting each year to educating the Committee members about new accounting rules and standards, and topics that are necessary to having a good understanding of our accounting practices and financial statements. The Generation Oversight Committee uses site visits as a regular part of education for its members by holding each of its meetings at a different generating station (nuclear, fossil or hydro). Each Generation Oversight Committee meeting agenda includes a briefing by local plant management, a tour of the facility, and lunch with plant personnel.
Director Education Seminars	Continuing director education also involves individual Directors' attendance at education seminars and programs sponsored by other organizations. The Company covers the cost for any Director who wishes to attend external programs and seminars on topics relevant to their service as Directors.

Corporate Governance Principles

Our Corporate Governance Principles, together with the articles of incorporation, bylaws, Committee charters, and other policies and practices, provide the framework for the effective governance of Exelon. The Corporate Governance Principles address matters including the Board's responsibilities and role; Board structure, Director selection, evaluation, and other expectations; Board operations; Board Committees; and additional matters such as succession planning, executive stock ownership requirements, and our recoupment policy. The Corporate Governance Principles are reviewed periodically and were last amended in January 2018 to reflect evolving governance trends and to remain contemporary with the needs of the Company and its stakeholders.

Process for Communicating with the Board

Shareholders and other interested persons can communicate with any Director or the independent Directors as a group by writing to them, c/o Thomas S. O'Neill, Senior Vice President, General Counsel and Corporate Secretary, Exelon Corporation, 10 South Dearborn Street, P.O. Box 805398, Chicago, Illinois 60680-5398. The Board has instructed the Corporate Secretary to review communications initially and transmit a summary to the Directors and to exclude from transmittal any communications that are commercial advertisements, other forms of solicitation, general shareholder service matters or individual service or billing complaints. Under the Board policy, the Corporate Secretary will forward to the Directors any communication raising substantial issues. All communications are available to the Directors upon request. Shareholders may also report an ethics concern with the Exelon Ethics Hotline by calling 1-800-23-Ethic (1-800-233-8442). You may also report an ethics concern via email to EthicsOffice@ExelonCorp.com.

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Directors' Compensation

Stock Ownership Requirements for Directors

Under Exelon's Corporate Governance Principles, all Directors are required to own, within five years of joining the Board, at least 15,000 shares of Exelon common stock or deferred stock units or shares accrued in the Exelon common stock fund of the Directors' deferred compensation plan.

Compensation of Non-Employee Directors

The Corporate Governance Committee is responsible for reviewing and making recommendations to the Board regarding its non-employee Director compensation program. The Committee is authorized to engage outside advisors and consultants in connection with its review and analysis of Director compensation.

In making Director compensation recommendations, the Corporate Governance Committee takes various factors into consideration, including responsibilities of Directors generally, Board leadership roles such as the Board Chair and Committee Chairs, and the form and amount of compensation paid to Directors at comparable companies.

The Board targets Director compensation to be at the median level of compensation paid at the peer group of companies used to benchmark executive compensation.

For service rendered to the Company in 2017, Exelon's non-employee Directors received the compensation shown in the following table and explained in the accompanying notes.

Name	Annual Board & Committee Retainers $	Stock Awards (Description Below) $	All Other Compensation (Note 1) $	Total Compensation $
Anderson	$ 165,000	$ 145,000	$ —	$ 310,000
Berzin	125,000	145,000	15,000	285,000
de Balmann	145,000	145,000	15,000	305,000
DeBenedictis	145,000	145,000	15,000	305,000
Gioia	145,000	145,000	5,300	295,300
Jojo	125,000	145,000	15,000	285,000
Joskow	125,000	145,000	—	270,000
Lawless	135,000	145,000	—	280,000
Mies	165,000	145,000	19,722	329,722
Rogers	135,000	145,000	15,000	295,000
Shattuck	445,000	145,000	15,000	605,000
Steinour	145,000	145,000	15,000	305,000
Total All Directors	2,000,000	1,740,000	130,022	3,870,022

(1) Values in this column represent gifts made by the Company or the Exelon Foundation as the matching portion of the Director's contributions to qualified not-for-profit organizations pursuant to Exelon's matching gift plan described below in Other Compensation. For Mr. Mies, the amount also includes $4,722, the incremental cost to the Company for travel from an Exelon Board meeting to another professional engagement.

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Fees Earned or Paid in Cash

The following table sets forth the components of the cash compensation paid in 2017 to Exelon's non-employee Directors.

Role	Annual Cash Retainer
Non-Employee Director	$ 125,000
Board Chair	300,000
Chairs of Audit Committee, Compensation and Leadership Development Committee, Finance and Risk Committee and Generation Oversight Committee	20,000
Chairs of Corporate Governance Committee and Investment Oversight Committee	10,000
Generation Oversight Committee Member, including the Chair	20,000

In December 2017, the Corporate Governance Committee reviewed a director compensation study prepared by Meridian at the request of the Committee. The Meridian study indicated that the compensation paid to some Committee chairs should be adjusted to reflect the work load and responsibilities associated with the position and was below the median for the peer group. The Meridian study otherwise confirmed that Exelon's Director compensation and Director stock ownership requirements were appropriately set at about the median level of the peer group. The Committee also determined that the compensation paid to some Committee chairs should be adjusted to reflect the work load and responsibilities associated with the position. The Committee recommended that the compensation payable to the Chairs of the Audit and Finance and Risk Committee should be increased to $25,000 per year, the compensation payable to the Chair of the Corporate Governance Committee should be increased to $20,000 per year, and the compensation payable to the Chair of the Investment Oversight Committee should be increased to $15,000 per year. The Board approved the changes in Committee chair fees to be effective as of January 1, 2018.

No additional compensation is paid for meeting attendance.

Deferred Compensation

Directors may elect to defer any portion of cash compensation described above into a non-qualified multi-fund deferred compensation plan. Under the plan, each Director has an unfunded account where the dollar balance can be invested in one or more of several mutual funds, including one fund composed entirely of Exelon common stock. Fund balances (including amounts invested in the Exelon common stock fund) are settled in cash and may be distributed in a lump sum or in annual installment payments upon a Director reaching age 65, age 72, or upon retirement from the Board. These funds are identical to those that are available to Company employees who participate in the Exelon Employee Savings Plan.

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Fees Paid in Stock Awards

A significant portion of Director compensation is paid in the form of deferred stock units to align the interests of Directors with the interests of shareholders. In 2017, Exelon's non-employee Directors received deferred stock units worth $145,000 that are paid quarterly in arrears. Deferred stock units are credited to a notional account maintained on the books of the Company at the end of each calendar quarter based upon the closing price of Exelon common stock on the day the quarterly dividend is paid. Deferred stock units earn dividend equivalents at the same level and at the same time that dividends are paid on shares of Exelon common stock. Dividend equivalents are reinvested in the deferred stock accounts as additional stock units. Deferred stock units are paid out to the Directors upon the end of Board service, when they are settled in shares of Exelon common stock, leaving these amounts at risk during the Director's entire tenure on the Board.

As of December 31, 2017, the non-employee Directors held the following amounts of deferred Exelon common stock units.

Name	Total Deferred Stock Units (Note 1) (#)
Anderson	17,982
Berzin	49,116
de Balmann	59,745
DeBenedictis	40,929
Gioia	7,237
Jojo	8,810
Joskow	33,985
Lawless	63,967
Mies	30,945
Rogers	56,454
Shattuck	17,693
Steinour	34,367
Total All Directors	**421,230**

(1) Total deferred stock units includes deferred stock units from the current Exelon deferred stock unit plan and stock units deferred from the equivalent plans for Unicom Corporation and Constellation Energy Group, Inc. for Exelon Directors who previously served as Directors of those predecessor companies.

Other Compensation

Exelon Directors may bring spouses or guests to Exelon or industry related events where it is customary and expected. Exelon pays the cost of spousal or guest travel, meals, lodging and related activities when invited to attend such events. The value of this spousal or guest related travel is calculated according to IRS regulations and imputed to the Director as additional taxable income. Directors also receive reimbursement to cover the additional taxes owed on such imputed income. However, in most cases there is no direct incremental cost to Exelon of providing transportation and lodging for a Director's spouse or guest when he or she accompanies the Director, and the only additional costs to Exelon are those for meals and activities and to reimburse the Director for the taxes on the imputed income. In 2017, there were no incremental costs to the Company for such perquisites.

Exelon and the Exelon Foundation have a matching gift program available to Directors, officers and employees that matches contributions to eligible not-for-profit organizations up to $15,000 per year for Directors, $10,000 per year for executives and up to $5,000 per year for other employees.

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Audit Committee Matters

Proposal 2: Ratification of PricewaterhouseCoopers LLP as Exelon's Independent Auditor for 2018

The Audit Committee and the Board of Directors have concluded that retaining PricewaterhouseCoopers LLP (PwC) is in the best interests of the Company and its shareholders based on consideration of the factors set forth in the Report of the Audit Committee on pages 42-43 of this proxy statement. Representatives of PwC will attend the annual meeting to answer questions and will have the opportunity to make a statement.

The Board recommends a vote "FOR" the ratification of PricewaterhouseCoopers LLP as Exelon's Independent Auditor for 2018.

Auditor Fees

The following table presents fees for professional audit services rendered by PwC for the audit of Exelon's annual financial statements for the years ended December 31, 2017 and 2016, and fees billed for other services rendered by PwC during those periods.

	Year Ended December 31,	
(in thousands)	2017	2016
Audit fees [1]	$28,483	$24,986
Audit related fees [2]	2,207	3,656
Tax fees [3]	1,205	1,943
All other fees [4]	379	836

(1) Audit fees include financial statement audits and reviews under statutory or regulatory requirements and services that generally only the auditor reasonably can provide, including issuance of comfort letters and consents for debt and equity issuances and other attest services required by statute or regulation.
(2) Audit related fees consist of assurance and related services that are traditionally performed by the auditor such as accounting assistance and due diligence in connection with proposed acquisitions or sales, consultations concerning financial accounting and reporting standards and audits of stand-alone financial statements or other assurance services not required by statute or regulation.
(3) Tax fees consist of tax compliance, tax planning and tax advice and consulting services, including assistance and representation in connection with tax audits and appeals, tax advice related to proposed acquisitions or sales, employee benefit plans and requests for rulings or technical advice from taxing authorities.
(4) All other fees primarily reflect accounting research software license costs.

Pre-approval Policies

The Exelon Audit Committee has a policy for pre-approval of audit and non-audit services. Under this policy, the Audit Committee pre-approves all audit and non-audit services to be provided by the independent auditor taking into account the nature, scope, and projected fees of each service as well any potential implications for auditor independence. The policy specifically sets forth services that the independent auditor is prohibited from performing by applicable law or regulation. Further, the Audit Committee may prohibit other services that in its view may compromise, or appear to compromise, the independence and objectivity of the independent auditor. Predictable and recurring audit and permitted non-audit services are considered for pre-approval by the Audit Committee on an annual basis.

For any services not covered by these initial pre-approvals, the Audit Committee has delegated authority to the Audit Committee Chair to pre-approve any audit or permitted non-audit service with fees in amounts less than $500,000. Services with fees exceeding $500,000 require full Committee pre-approval. The Audit Committee receives quarterly reports on the actual services provided by and fees incurred with the independent auditor. No services were provided pursuant to the de minimis exception to the pre-approval requirements contained in the SEC's rules.

Report of the Audit Committee

The Audit Committee's primary responsibility is to assist the Board of Directors in fulfilling its responsibility to oversee and review the quality and integrity of the Company's financial statements and internal controls over financial reporting, the independent auditor's qualifications and independence, and the performance of the Company's internal audit function and of its independent auditor.

The Audit Committee is composed entirely of independent Directors and satisfies the independence, financial experience and other qualification requirements of the New York Stock Exchange (NYSE) and applicable securities laws and regulations. The Board of Directors has determined that each of the members of the Audit Committee is an "audit committee financial expert" for purposes of the SEC's rules and also that each of the members of the Audit Committee is independent as defined by the rules of the NYSE and Exelon's Corporate Governance Principles.

Under its charter, the Audit Committee's principal duties include:

- Having sole authority to appoint, retain, or replace the independent auditor, subject to shareholder ratification, and to oversee the independence, compensation and performance of the independent auditor;
- Reviewing financial reporting and accounting policies and practices;
- Overseeing the work of the internal auditor and reviewing internal controls;
- With the advice and assistance of the Finance and Risk Committee, reviewing in a general manner the processes by which Exelon assesses and manages enterprise risk; and
- Reviewing policies and procedures with respect to internal audits of officers' and Directors' expenses, compliance with Exelon's Code of Business Conduct, and the receipt and response to complaints regarding accounting, internal controls or auditing matters.

Each member of the Audit Committee also serves on the Finance and Risk Committee. On occasion, the Audit and Finance and Risk Committees meet jointly to review areas of mutual interest between the two Committees.

The Audit Committee meets outside the presence of management for portions of its meetings to hold separate discussions with the independent auditor, the internal auditors, and the General Counsel.

The Audit Committee met six times in 2017, fulfilling its duties and responsibilities as outlined in its charter, as well as receiving periodic updates on the Company's financial performance and strategic initiatives, as well as other matters germane to its responsibilities.

Management has primary responsibility for preparing the Company's financial statements and establishing effective internal controls over financial reporting. PricewaterhouseCoopers LLP (PwC), the Company's independent auditor, is responsible for auditing those financial statements and expressing an opinion on the conformity of the Company's audited financial statements with generally accepted accounting principles and on the effectiveness of the Company's internal controls over financial reporting based on criteria established in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission.

In this context, the Audit Committee has reviewed and discussed with management and PwC the Company's audited financial statements contained in the 2017 Annual Report on SEC Form 10-K, including the critical accounting policies applied by the Company in the preparation of these financial statements. The Audit Committee discussed with PwC the requirements of the Public Company Accounting Oversight Board (PCAOB), and had the opportunity to ask PwC questions relating to such matters. These discussions included the quality, and not just the acceptability, of the accounting principles utilized, the reasonableness of significant accounting judgments, and the clarity of disclosures in the financial statements.

At each of its meetings in 2017, the Audit Committee met with the Company's Chief Financial Officer and other senior members of the Company's financial management. The Audit Committee reviewed with PwC and the Company's internal auditor the overall scope and plans for their respective audits in 2017. The Audit Committee also received regular updates from the Company's internal auditor on internal controls and business risks and from the Company's General Counsel on compliance and ethics issues.

The Audit Committee met with the internal auditor and PwC, with and without management present, to discuss their evaluations of the Company's internal controls and the overall quality of the Company's financial reporting. The Audit Committee also met with the Company's General Counsel and Chief Compliance and Ethics Officer, with and without management present, to review and discuss compliance and ethics matters, including compliance with the Company's Code of Business Conduct.

On an ongoing basis, the Audit Committee considers the independence, qualifications, compensation and performance of PwC. Such consideration includes reviewing the written disclosures and the letter provided by PwC in accordance with applicable requirements of the PCAOB regarding PwC's communications with the Audit Committee concerning independence, and discussing with PwC their independence.

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The Audit Committee is responsible for the approval of audit fees, and the Committee reviewed and pre-approved all fees paid to PwC in 2017. The Audit Committee has adopted a policy for pre-approval of services to be performed by the independent auditor. Further information on this policy and on the fees paid to PwC in 2017 and 2016 can be found in the section of this proxy statement titled "Ratification of PricewaterhouseCoopers LLP as Exelon's Independent Auditor for 2018." The Audit Committee periodically reviews the level of fees approved for payment to PwC and the pre-approved non-audit services PwC has provided to the Company to ensure their compatibility with independence. The Audit Committee also monitors the Company's hiring of former employees of PwC.

The Audit Committee monitors the performance of PwC's lead partner responsible for the audit, oversees the required rotation of PwC's lead audit partner and, through the Audit Committee Chair, reviews and approves the selection of the lead audit partner. In addition, to help ensure auditor independence, the Audit Committee periodically considers whether there should be a rotation of the independent auditor.

PwC has served as the Company's independent auditor since the Company's formation in 2000. As in prior years, the Audit Committee and management engaged in a review of PwC in connection with the Audit Committee's consideration of whether to recommend that shareholders ratify the selection of PwC as the Company's independent auditor for 2018. In that review, the Audit Committee considered both the continued independence of PwC and whether retaining PwC is in the best interests of the Company and its shareholders. In addition to independence, other factors considered by the Audit Committee included:

- PwC's historical and recent overall performance on the audit, including the quality of the Audit Committee's ongoing discussions with PwC;
- PwC's expertise and capability in handling the accounting, internal control, process and system risks and practices present in the Company's utility and energy generation businesses, including relative to the corresponding expertise and capabilities of other audit firms; the quality, quantity and geographic location of PwC staff, and PwC's ability to provide responsive service;
- PwC's tenure as the Company's independent auditor and its familiarity with its operations and businesses, accounting policies and practices, and internal control over financial reporting;
- the significant time commitment required to onboard and educate a new audit firm that could distract management's focus on financial reporting and internal control;
- the appropriateness of PwC's fees, relative to the Company's financial statement risk and the size and complexity of its business and related internal control environment, and compared to fees incurred by peer companies;
- an assessment of PwC's identification of its known significant legal risks and proceedings that may impair PwC's ability to perform the audit; and
- external information on audit quality and performance, including recent PCAOB reports on PwC and its peer firms.

The Audit Committee concluded that PwC is independent from the Company and its management, and has retained PwC as the Company's independent auditor for 2018. The Audit Committee and the Board believe that the continued retention of PwC is in the best interests of the Company and its shareholders and have recommended that shareholders ratify the appointment of PwC as the Company's independent auditor for 2018.

In addition, in reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board, and the Board approved, that the audited financial statements be included in Exelon Corporation's Annual Report on Form 10-K for the year ended December 31, 2017, for filing with the SEC.

THE AUDIT COMMITTEE

Anthony K. Anderson, *Chair*
Ann C. Berzin
Paul L. Joskow
Richard W. Mies
Stephen D. Steinour

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Executive Compensation

Proposal 3: Say-on-Pay: Advisory Vote on Executive Compensation

We provide shareholders with a say-on-pay vote every year at the annual meeting of shareholders. While the vote is non-binding, the Board and Compensation and Leadership Development Committee (referred to as the "Compensation Committee" in the Executive Compensation and Compensation Discussion and Analysis sections) take the results of the vote into consideration when evaluating the executive compensation program. Accordingly, you may vote to approve or not approve the following advisory resolution on the executive compensation of the named executive officers at the 2018 annual meeting:

> RESOLVED, that the Company's shareholders approve, on an advisory basis, the compensation of the named executive officers, as disclosed in the Company's proxy statement for the 2018 Annual Meeting of Shareholders pursuant to the rules of the SEC, including the Compensation Discussion and Analysis, the 2017 Summary Compensation Table and the other related tables and disclosure.

The Board of Directors recommends a vote FOR this proposal for the following reasons:

- Most of compensation is performance-based and contingent on achieving financial and operational results that align the interests of executives with those of the Company's shareholders based on rigorous goals,
  - Exelon had strong financial and operational performance in 2017, achieving total shareholder return (TSR) of 15.1% that continued to build on the 2016 TSR of 32.8%.
  - The Company achieved the adoption of Zero Emission Credits (ZEC) policies in the states of New York and Illinois, thereby helping to safeguard the fair valuation of resilient and emissions-free nuclear power production in those states.
- The Company's compensation framework provides market-aligned pay opportunities that foster the attraction, motivation, engagement and retention of key talent, to drive outstanding Company performance and long-term shareholder value.
- We continued to engage with shareholders in 2017. The feedback received was positive and highly supportive of the changes we implemented in 2016 to strengthen our executive compensation program over the past two years. In particular, many investors commented favorably on the demonstrated linkage between pay and performance and the alignment of our incentive compensation goals with the Company's overall business strategies.

The Board of Directors unanimously recommends a vote "FOR" the approval of the compensation paid to the Company's named executives, as disclosed in this proxy statement.

Compensation Discussion & Analysis

"Our Committee strives to design and implement an executive compensation framework that motivates and rewards Exelon executives to achieve superior performance for the benefit of our shareholders and other key stakeholders."

Yves C. de Balmann, Chair, Compensation and Leadership Development Committee

This Compensation Discussion and Analysis (CD&A) discusses Exelon's 2017 executive compensation program. The program covers compensation for our named executive officers (NEOs) listed below:

Exelon's Named Executive Officers

CHRISTOPHER M. CRANE
President and Chief Executive Officer, Exelon

JONATHAN W. THAYER
Senior EVP and Chief Financial Officer, Exelon

WILLIAM A. VON HOENE, JR.
Senior EVP and Chief Strategy Officer, Exelon

KENNETH W. CORNEW
Senior EVP and Chief Commercial Officer, Exelon; President and Chief Executive Officer, Exelon Generation

DENIS P. O'BRIEN
Senior EVP, Exelon; Chief Executive Officer, Exelon Utilities

Executive Summary

Business and Strategy Overview, Value Proposition and Performance Highlights

Business Overview

Exelon is composed of two primary businesses:

1

Regulated Utilities

We have regulated operations that consist of six utility subsidiaries, serving approximately 10 million electricity and gas customers, more than any other company in the industry. Our operational performance is top quartile or better across numerous metrics such as the frequency and duration of outages. We have significantly improved the operational performance of PHI since the 2016 acquisition consistent with our long-term strategy to increase investment in regulated assets for the benefit of our customers.

2

Electric Generation

We also operate a competitive generation business that comprises one of the largest and cleanest electric generation businesses in the country and the largest competitive retail supply business serving wholesale, commercial, and industrial customers. We are the largest producer of emissions-free energy in the U.S. and are a best-in-class operator in terms of outage days and operating costs for our nuclear fleet.

Exelon's Value Proposition

The value proposition articulated below provides more granular insights into our long-term strategic goals and the path to achieving these goals. Our continued focus on the following five key strategic initiatives is expected to drive strong operational and financial performance. The table below demonstrates the strong link between Exelon's value proposition and the compensation components or metrics used in our executive compensation program.

Strategic Business Objective	Compensation Component or Metric
1. Regulated utility growth with utility EPS rising 6-8% and rate base growth of 7.4% annually through 2021	**Adjusted (non-GAAP) Operating EPS** • Performance measure for annual incentive **Utility Net Income** • Performance share award measure
2. Strong free cash generation and maintaining a strong balance sheet to support utility growth while also reducing debt by $3 billion over the next 4 years	**Exelon FFO/Debt** • Performance share award measure
3. Invest in utilities where we can earn an appropriate return	**Utility Return on Equity** • Performance share award measure
4. Superior operational performance to support achievement of financial objectives	**Operational Metrics** • Outage duration, outage frequency, net fleetwide capacity factor and dispatch match are performance measures for the annual incentive
5. Create sustainable value for shareholders by executing business strategy	**Relative TSR** • Modifier for performance share award

Overview of 2017 Key Achievements on Objectives

Reported below are the achievements attained on our long-term strategic goals.

Strong Financial and Operational Performance

Strategic Business Objective	2017 Results
1. Regulated utility growth with utility EPS rising 6-8% and rate base growth of 7.4% annually through 2021	• Completed 11 distribution and 6 transmission rate cases with regulatory authorities, increasing annual revenue and rate base by an expected combined $396 million
2. Strong free cash generation and maintaining a strong balance sheet to support utility growth while also reducing debt by $3 billion over the next 4 years 3. Invest in utilities where we can earn an appropriate return	• Deployed targeted level of capital of $5.3 billion into our utilities to improve reliability, replace aging infrastructure, and enhance customer experience

4. Superior operational performance to support achievement of financial objectives	• Utilities performed largely at first quartile levels with especially strong results across key metrics:
	  • BGE, ComEd and PECO achieved 1 st decile performance in the System Average Interruption Frequency Index (SAIFI)
	  • BGE and ComEd achieved 1 st decile performance in the Customer Average Interruption Duration Index (CAIDI)
	  • PHI achieved best ever performance on SAIFI and CAIDI

5. Create sustainable value for shareholders by executing business strategy	• Achieved 2017 adjusted (non-GAAP) operating EPS of $2.60 • Results would have been $2.73 absent the deferral of 9 cents in Illinois zero emissions credits (ZEC) revenues given the Illinois Power Agency's decision to delay the ZEC procurement by one month, into 2018, and a 4 cent impairment due to an unexpected FERC decision regarding utility transmission formula rate mechanisms • Achieved significant judicial success in defending ZEC programs in New York and Illinois • Announced commitment to lower costs by $250 million on an annual run-rate basis by 2020

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Sustainable Business Practices

Exelon's sustainability practices – including our environmental and social initiatives – are a fundamental component of our strategy and operations. We achieved significant progress against our objectives in 2017, including:

- Expanded paid leave policy to allow both women and men to meet the dual demands of work and family;
- Signed the White House Equal Pay Pledge affirming our commitment to uphold fair treatment for all of our employees and aligning with our values;
- Increased diversity spending with suppliers by $432 million (a 29% increase from the prior year) demonstrating our strong commitment to diversity and inclusion initiatives;
- 2017 awards and recognitions include: Billion Dollar Roundtable, Civic 50, Top 50 Companies for Diversity, Best Places to Work in 2017, CEO Action for Diversity & Inclusion, and UN's HeForShe;
- Exelon and our employees set a new record in corporate philanthropy and volunteerism, committing over $52 million in giving and volunteering 210,000 hours;
- Recognized as having the lowest carbon dioxide emissions of the top 20 investor owned utilities; and
- Named to the Dow Jones Sustainability Index North America for the 12 th consecutive year and by Newsweek Green rankings for 9 th consecutive year.

Executive Compensation Program Highlights

What We Do

- ✓ Pay for performance – 90% of CEO pay and an average of 81% of NEO pay is at risk
- ✓ Significant stock ownership requirements for Directors and executive officers – 6X base salary for CEO and 3X for other NEOs
- ✓ Mitigate undue risk in compensation programs (e.g., incentive awards are capped) and conduct an annual risk assessment of the compensation programs
- ✓ Require double-trigger for change-in-control benefits – change-in-control plus termination
- ✓ Retain an independent compensation consultant to advise the Compensation Committee
- ✓ Evaluate management succession and leadership development efforts annually
- ✓ Provide limited perquisites based on sound business rationale
- ✓ Seek shareholder feedback on executive compensation programs, engaged with holders of approximately 45% of our shares in 2017
- ✓ Prohibit hedging transactions, short sales, derivative transactions or pledging of Company stock
- ✓ Require executive officers to trade through 10b5-1 trading plans or obtain pre-approval before trading Exelon stock
- ✓ Annually assess our programs against peer companies and best practices
- ✓ Set appropriate levels of "stretch" in incentive targets, based on industry performance and/or Exelon's business plan
- ✓ Provide for discretionary clawbacks of incentive compensation paid or payable to current and former executives under certain circumstances

What We Don't Do

- ✕ No guaranteed minimum payout of AIP or LTIP programs
- ✕ No employment agreements
- ✕ No excise tax gross-ups for change-in-control agreements
- ✕ No dividend-equivalents on PShares
- ✕ No inclusion of the value of LTIP awards in pension or severance calculations
- ✕ No additional credited service under supplemental pension plans since 2004
- ✕ No option re-pricing or buyouts

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2017 CEO Pay Outcomes

Strong CEO Pay for Performance Alignment Closely Aligned to Total Shareholder Return (TSR)

- Exelon's TSR of 52.9% for the period January 1, 2016 through December 29, 2017 outperformed the PHLX Utility Sector Index (UTY) by 20.7 percentage points.
- Chart provides a comparison of the CEO total compensation as shown in the Summary Compensation Tables of Exelon's annual proxy statements to Exelon's stock price over a five-year period beginning December 31, 2012.
- CEO pay decreased at an annualized rate of 2.9%, from $17.2 million to $14.9 million, while Exelon's stock price increased from $29.74 to $39.41 resulting in an annualized rate of increase for TSR of 10.6%.

Continued TSR Outperformance Relative to UTY in 2017

- Building on Exelon's 2016 TSR of 32.8%, we continued to deliver strong TSR performance of 15.1% in 2017, outperforming the UTY by 2.3 percentage points.
- For the three-year period beginning in 2015, Exelon trailed the UTY index, dragged down by a negative 22.1% TSR for 2015.

ONE- AND THREE-YEAR TSR GROWTH

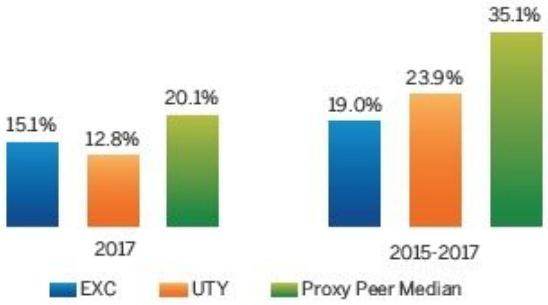

CEO

The Compensation Committee and Board approved the following compensation for the CEO:

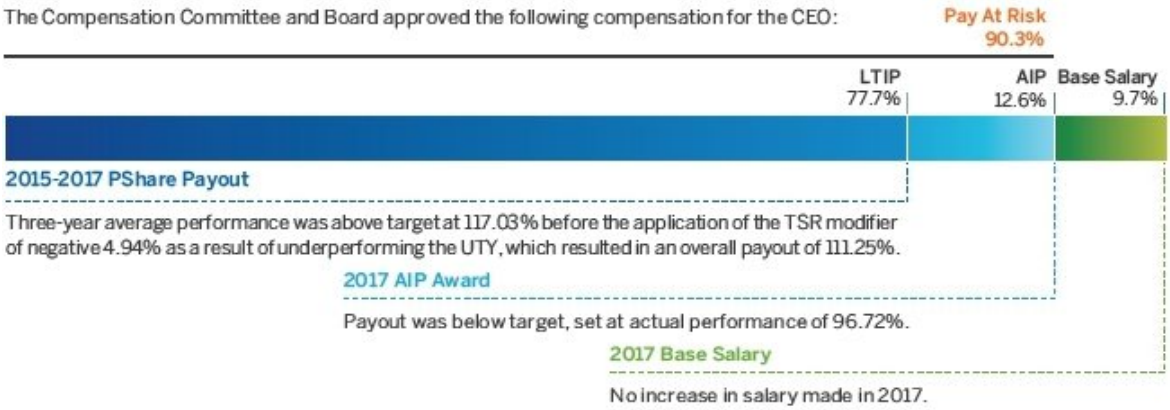

NEOs

The majority of target compensation paid to our NEOs is tied to the achievement of short- and long-term financial and operational goals. A significant portion is paid in the form of equity with all components except for salary being "at-risk."

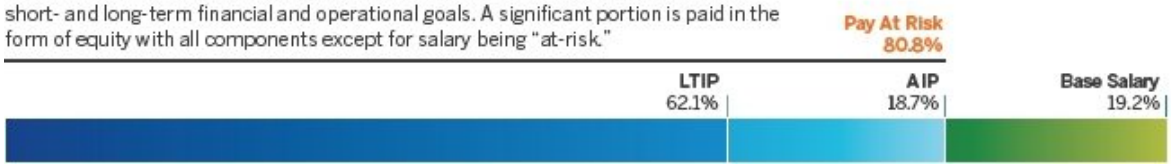

Almost 78% of our CEO's target total direct compensation is in the form of LTIP, which is nearly 6 percentage points higher than the average CEO in our peer group.

Goal Rigor

The 2017 EPS "Target" goal was set at $2.75, 7 cents above the 2016 actual results and 10 cents above the midpoint of our publicly disclosed 2017 earnings guidance range. 2017 operational metrics were set at challenging levels that corresponded to top quartile performance compared to industry standards.

Building on the 2017 goal rigor, the Compensation Committee set the adjusted (non-GAAP) operating EPS AIP target for 2018 at a level significantly higher than the Company's actual performance in 2017, which is generally aligned with the midpoint of our publicly disclosed 2018 financial guidance. For 2018, maximum targets were set at levels that outperform Company historical metrics for three of the four operational metrics:

- best-ever for Dispatch Match
- best-ever for Nuclear Fleetwide Capacity Factor
- best-ever for outage frequency results (best-in-class)
- first decile of industry standards for outage duration goals

Compensation Philosophy and Practices

Exelon's Executive Compensation Program Philosophy

The goal of our executive compensation program is to retain and reward leaders who create long-term value for our shareholders by delivering on objectives that support the Company's long-term strategic plan. The executive compensation program is constructed to attract, motivate, engage and retain the high quality leaders who can effectively manage a company of Exelon's size and complexity.

In designing the Company's executive compensation program, the Compensation Committee strives to align the incentives of our NEOs with the interests of our shareholders. This is accomplished by using metrics and adopting goals directly linked to the Company's strategy. We believe consistent execution of our strategy over multi-year periods will drive long-term shareholder value creation. Moreover our program is structured to motivate measured but sustainable and appropriate risk-taking.

Robust Goal Setting Process

Goal-setting process is competitive and well-defined	• The Compensation Committee annually reviews components, targets and payouts to ensure that they are challenging, contain appropriate stretch, and are designed to mitigate excessive risk • The Committee considers short- and long-term financial and operational results relative to our internal goals • Goals for the AIP, including Adjusted Operating EPS, are set in January ◦ Exelon provides full-year guidance for EPS and other key financial metrics around the same time

Target levels are challenging to achieve and drive long-term growth and success	• EPS metric is aligned generally with external financial guidance
	  ◦ Target goals are generally set near the mid-point of Exelon's full-year EPS guidance
	  ◦ Distinguished goals are generally set above Exelon's full-year EPS guidance
	• Operational metrics are set at challenging levels (i.e., target typically corresponds to top quartile performance) compared to industry standards
	• Return and cash flow metrics are set based on internal business plan

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Guiding Principles

The following principles guide and inform the Compensation Committee's efforts to deliver a highly effective executive compensation program that drives shareholder value, operational performance, and fosters the attraction, motivation, of key talent.

Manage for the Long-term	Alignment with Shareholders	Extensive Shareholder Engagement
The Board manages for the long-term and makes pay decisions that are in the best long-term interests of the Company and shareholders.	Compensation is directly linked to performance and is aligned with shareholders by having a majority of NEO pay at risk in both short- and long-term incentives.	We engage directly with shareholders and take responsive actions to improve our compensation programs based on year-round feedback from shareholders.
Market Competitive	**Stock Ownership Guidelines**	**Balance**
Our NEOs' pay levels are set by taking into consideration multiple factors, including peer group market data, internal equity comparisons, experience, succession planning, performance and retention.	Executives are required to meet and maintain significant stock ownership requirements. Since 2016, our CEO's requirement is 6X base salary, while other NEOs are 3X base salary.	The portion of NEO pay at risk rewards the appropriate balance of short- and long-term financial and strategic business results.

Compensation Decisions - Roles of Board, Compensation Committee and CEO

- CEO compensation decisions are made by the independent members of the Board, based on recommendation of the Compensation Committee.
- Other NEO compensation decisions are made by the Compensation Committee, based on several factors including input from the CEO and the independent compensation consultant.

Setting Target Total Direct Compensation (TDC) for the CEO…

One of the Compensation Committee's most important responsibilities is to recommend the CEO's compensation to the independent Directors of the Board. The Compensation Committee fulfills this responsibility by analyzing peer group compensation and performance data with its independent compensation consultant. The Committee also reviews the various elements of the CEO's compensation in the context of the target TDC which includes base salary, annual and long-term incentive target opportunities.

…and for Our NEOs

The Compensation Committee uses a variety of data to gauge market competitiveness, including peer group data and regression analysis. TDC can vary based on competencies and skills, scope of responsibilities, the executive's experience and performance, retention, succession planning and the organizational structure of the businesses (e.g., internal alignment and reporting relationships).

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Peer Groups Used for Benchmarking Executive Compensation

We use a blended peer group for assessing our executive compensation program that consists of two sub-groups: energy services peers and general industry peers. We use a blended peer group because (1) there are not enough energy services peers with size, scale and complexity comparable to Exelon to create a robust energy services-only peer group, and (2) Exelon's market for attracting talent includes general industry peers, with recent key executives hired from companies such as Johnson & Johnson and Proctor & Gamble. When selecting general industry peers, we look for capital asset-intensive companies with size, scale and complexity similar to Exelon, and we also consider the extent to which they may be subject to the effects of volatile commodity prices similar to Exelon's sensitivity to commodity price volatility. Exelon's revenues are at the 85 th percentile of the following blended peer group comprising 20 companies.

- **Energy Services** – Beginning in 2017, we included the following 11 energy services companies in our peer group even though seven of these companies had 2016 revenues that were less than half of Exelon's revenues:

American Electric Power Company, Inc.	Dominion Energy, Inc.	Duke Energy Corporation	Edison International	Entergy Corporation
FirstEnergy Corporation	NextEra Energy, Inc.	PG&E Corporation	Public Service Enterprise Group Inc.	Sempra Energy
The Southern Company				

- **General Industry** – Beginning in 2017, we included the following general industry peers in our peer group:

3M Company	Deere & Company	DowDuPont	General Dynamics Corporation	Honeywell International Inc.
International Paper Company	Marathon Petroleum Company	Northrop Grumman Corporation	Valero Energy Corporation	

In 2017, a change was made to our general industry peer sub-group. Alcoa, Hess, and Johnson Controls were removed due to corporate transactions that significantly altered their comparability to Exelon. These companies were replaced with Marathon Petroleum and Valero Energy Corporation in the general industry peer group and Sempra Energy in the energy services peer group, which the Compensation Committee deemed to better reflect the overall composition and profile of the peer group.

To account for differences in the size of the compensation peer group companies, market data is statistically adjusted using a regression analysis by the Committee's independent consultant allowing for a comparison of the compensation levels to similarly-sized companies. Each element of our NEOs' compensation is then targeted to the median of the peer group. To the extent an NEO's total compensation exceeds the peer group median, it is due to outstanding performance, critical skills, experience and tenure. If an NEO's compensation is below the median, it is generally due to underperformance against relevant metrics or reflective of an individual who is newer in his or her role.

How the Peer Group is used

- As an input in developing compensation targets and pay mix
- To assess the competitiveness of compensation and benefit programs
- Benchmarks for incentive program design
- Benchmarks for stock ownership guidelines

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2017 Say-on-Pay Vote Outcome and Shareholder Engagement

The Compensation Committee regularly reviews executive compensation, taking into consideration the input received through Exelon's robust engagement program with its investors. Feedback is typically solicited throughout the year in connection with the annual meeting of shareholders and the Compensation Committee's review of the executive compensation program.

During 2017, Exelon contacted the holders of nearly 50% of our outstanding shares, representing almost two-thirds of the Company's institutional investors. We engaged with portfolio managers and governance professionals from a significant cross-section of our shareholder base, representing approximately 45% of Exelon's outstanding shares. Mr. Yves de Balmann, Chair of the Compensation Committee, participated in most of the discussions held with shareholders, and feedback received was shared with the Compensation Committee, the Corporate Governance Committee, and the Board.

Feedback received in 2017 indicated that investors remain supportive of the extensive changes made to the executive compensation program in 2016. This support was reflected in our 2017 say-on-pay vote results. At the Company's annual meeting of shareholders held in April 2017, approximately 86% of the votes cast on the Company's say-on-pay proposal voted in favor of the proposal (up from approximately 38% in 2016). No additional substantive changes were made to the executive compensation program as a result of this feedback.

Actions Implemented in 2016 Demonstrate Responsiveness to Shareholders

Annual Incentive Plan (AIP)

- ✓ Capped future payouts at target if absolute TSR is negative for 12 months
- ✓ Moved operational metrics to AIP from PShare metrics to eliminate duplicate metrics used in LTIP
- ✓ Eliminated the individual performance multiplier component

Long-Term Incentive Plan (LTIP)

- ✓ Changed PShare performance periods from annual to three-year periods to align with long-term strategic goals and initiatives and shareholder interests
- ✓ Moved EPS and operational metrics from LTIP to AIP to parallel market practices and eliminate duplicate metrics used in annual and long-term plans; adopted new PShare financial and credit metrics connected with goal to support and drive utility performance
- ✓ Amended TSR modifier to compare to UTY market index to more closely correspond with shareholder return experience, and capped payouts at target where TSR is negative for the final 12 months of the measurement period

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Compensation Decisions and Rationale

2017 Compensation Program Structure

The Compensation Committee designed Exelon's 2017 compensation program to motivate and reward leaders who create long-term value for our shareholders. The primary compensation elements include fixed and variable components that include:

Pay Element	Form	Performance			Purpose
Salary	Cash	Merit Based			• Provides portion of income stability at competitive, market-based levels
Annual Incentive Plan	Cash	• 1 Year • Adjusted Operating EPS **(70%)** Operational Goals **(30%)** *Outage Duration, Outage Frequency, Net Fleetwide Capacity Factor, Dispatch Match* • TSR Cap if negative 1-year absolute TSR			• Motivates executives to achieve key annual financial and operational objectives using adjusted operating EPS and operational goals that reflect commitment to become the leading diversified energy provider • Aligns with shareholder interests by capping payouts at target if 1-year absolute TSR is negative
Long-Term Incentive Plan	Performance Shares (**67%** of LTIP)	Cumulative Performance	2017-2019 Scorecard	• Utility Earned ROE (**33.3%**) • Utility Net Income (**33.3%**) • Exelon FFO/Debt (**33.4%**)	• Drives executive focus on long-term goals supporting utility growth, financial results, and capital stewardship to drive behavior and align with shareholder interests • Includes relative comparison of TSR to market index and caps payout at target if absolute TSR is negative to further align with shareholder interests
			2017-2019 Modifier	• Point- for-point relative TSR Modifier (3-year period) • TSR Cap if negative 1-year absolute TSR	
	Restricted Stock (**33%** of LTIP)	Vest One-Third Per Year Over 3 Years			

2017 Target Compensation

The table below lists the target value of the compensation elements for each NEO as of December 31, 2017.

	Cash Compensation			Long-Term Incentives			
Name	Base	AIP Target	Target Total Cash	RSUs 33% of LTIP	PShares 67% of LTIP	Target Total LTIP	Target Total Direct Compensation
Crane	$1,261,000	130%	$2,900,300	$3,332,901	$6,766,799	$10,099,700	$13,000,000
Thayer	807,900	95%	1,575,405	891,526	1,810,069	2,701,595	4,277,000
Von Hoene, Jr.	886,600	100%	1,773,200	963,864	1,956,936	2,920,800	4,694,000
Cornew	883,600	100%	1,767,200	963,204	1,955,596	2,918,800	4,686,000
O'Brien	824,700	95%	1,608,165	815,376	1,655,459	2,470,835	4,079,000

Total Cash Compensation (Base Salary and Annual Incentive Program)

2017 Base Salary Review and Adjustments

Base salaries for our NEOs are set by the Compensation Committee and adjusted following an annual market assessment of peer group compensation. Base salaries may be adjusted (1) as part of the annual merit review or (2) based on a promotion or significant change in job scope. The Compensation Committee considers the results of the annual market assessment in addition to the following factors when contemplating a merit review: individual performance, scope of responsibility, leadership skills and values, current compensation, internal equity, and legacy matters.

In January 2017, the Compensation Committee approved a 2.5% increase in base salary for each NEO (excluding the CEO) effective March 1, 2017, as part of its annual merit review.

2017 Annual Incentive Program (AIP) Award Determinations

In prior years, the AIP process included the application of an individual performance multiplier to the final award determination. Some shareholders voiced concern about the use of the discretionary individual performance multiplier, so this multiplier was removed in 2016 for AIP payout determinations made in 2017.

Accordingly, for 2017 the Compensation Committee used the following process to determine 2017 AIP awards for each NEO:

Step 1

Set AIP Target

- Expressed as percentage of base salary, as of 12/31/17
- CEO annual incentive target of 130%
- Other NEO annual incentive targets range from 95% to 100%

Step 2

Determine Performance Factor

- Based on 70% adjusted (non-GAAP) operating EPS and 30% operational metrics

Step 3

Determine Negative TSR Cap

- If Exelon's absolute TSR for the year is negative, AIP payout will be capped at target (100%)

Step 4

Apply Final Multiplier

- Multiply the target award by the lesser of (i) the performance factor or (ii) the negative TSR cap if applicable
- Award can range from 0% to 200% of target (target of 100%)

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2017 Performance. The following table includes the threshold, target, and distinguished or maximum performance goals and results achieved under the 2017 annual incentive plan (AIP).

Goals	Threshold	Target	Distinguished	Weighting	Weighted Payout as a % of Target
Financial (70%)					
Adjusted (non-GAAP) Operating Earnings Per Share (EPS)*	Actual: $2.60	$2.75	$3.04	70%	42.37%
Operational (30%)					
Outage Duration (CAIDI) Calculated as the total number of customer interruption minutes divided by the total number of customer interruptions	Actual: 84	89	82	7.5%	12.86%
Outage Frequency (SAIFI) Calculated as the total number of customer interruptions divided by the total number of customers served	Actual: 0.65	0.78	0.67	7.5%	15.00%
Net Fleetwide Capacity Factor The weighted average of the capacity factor of all Exelon nuclear units, calculated as the sum of net generation in megawatt hours divided by the sum of the hourly annual mean net megawatt rating, multiplied by the number of hours in a period**	Actual: 93.6%	93.4%	93.8%	7.5%	11.49%
Dispatch Match Measure the responsiveness of a fossil generating unit to the market	Actual: 98.6%	97.2%	98.6%	7.5%	15.00%
Formulaic Performance Calculation					96.72%

* Refer to Appendix at A-1 for our rationale for using a reconciliation of adjusted (non-GAAP) operating earnings per share to GAAP earnings per share.

** Starting in 2017 we introduced a capping feature on Net Fleetwide Capacity Factor to account for the lower spot pricing for energy and to ensure that this metric is self-funding. For every incremental dollar the Company makes after achieving target performance, participants receive half.

Performance Considerations. The AIP payout was calculated at 96.72% of target, based on the following performance outcomes:

- achieved outstanding operational performance on the four metrics, including best-in-class performance for Nuclear Fleetwide Capacity Factor and best-ever SAIFI performance;
- had an absolute TSR of 15.1%, outperforming the UTY; and
- delivered solid financial performance on operating EPS at $2.60, which would have been $2.69 if the 2017 ZEC credits revenue recognition was not postponed to 2018 as explained on page 46.

In determining the final payout for all NEOs (including the CEO), the Compensation Committee and Board concluded that this was the appropriate payout to reflect overall financial and operational performance. Furthermore, the Committee and Board decided to not adjust 2017 performance for the loss of 9 cents attributable to ZEC credits that were carried forward to 2018, even though those credits were included in the 2017 target of $2.75. This 2017 target was 7 cents above the 2016 actual operating EPS.

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The following table shows how the formula was applied and the actual amounts awarded. The Compensation Committee made no changes to the NEOs targets for AIP.

NEO	AIP Target	Formulaic Performance Factor	Actual Award
Crane	$1,639,300	96.72%	$1,585,531
Thayer	767,505	96.72%	742,331
Von Hoene, Jr.	886,600	96.72%	857,520
Cornew	883,600	96.72%	854,618
O'Brien	783,465	96.72%	757,767

2017 Long-Term Incentive Program (LTIP)

The Compensation Committee annually grants equity incentive awards at its meeting in January. On January 30, 2017, the Compensation Committee approved awards of restricted stock units (RSUs) and performance shares (PShares) shown in detail in the Grants of Plan-Based Awards table on page 65.

Restricted Stock Units. RSUs vest ratably over three years. Dividend equivalents with respect to RSUs are reinvested as additional RSUs, subject to the same vesting conditions as the underlying RSUs.

Performance Share Units. A target number of PShares is granted, the earning of which is contingent on performance for the subsequent three-years. Performance measures for the currently open cycles are summarized in the tables below. In addition to these financial measures, any earned award is subject to a total shareholder return modifier to compensate for relative performance achieved against the performance of the UTY index. See page 53 for the rationale behind the selection of the performance goals used for PShares.

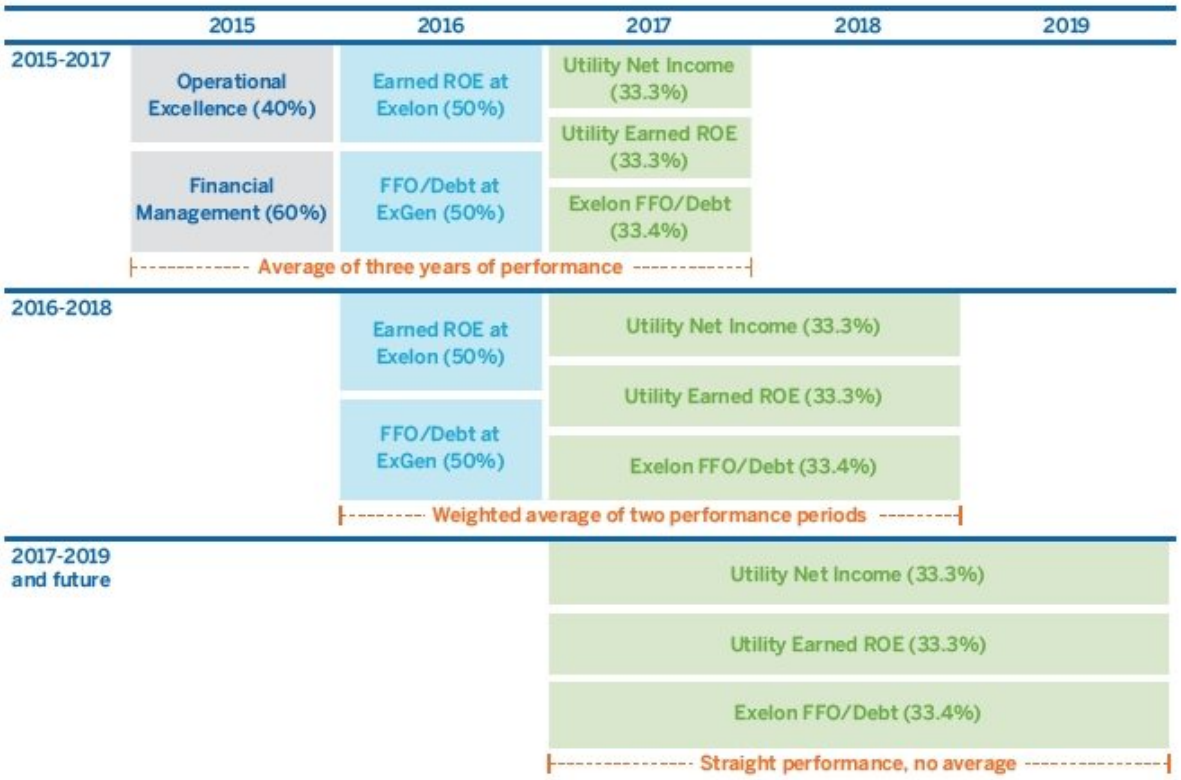

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Performance Share (PShare) Award Determinations

In prior years, the PShare determination process included the application of an individual performance multiplier to the final award determination. Some shareholders voiced concern about the use of the discretionary individual performance multiplier, so this multiplier was not applied to PShare payout determinations made in 2017.

Accordingly, the Compensation Committee uses the following process to determine PShare targets and awards:

Step 1

Establish PShare Target
Target set in January of the first year of the performance cycle

Step 2

Determine Performance Multiplier
Based on performance achieved over the cycle

Performance can range from 0% to 150% of target (target of 100%)

Step 3

Determine TSR Modifier
Subtract the performance of the UTY from Exelon's absolute TSR performance over the three-year performance period (e.g., 2017-2019)

Step 4

Calculate Final Multiplier
Multiply the performance multiplier by (1 + the TSR multiplier)

If Exelon's absolute TSR for the final 12 months of the measurement period is negative, PShare payout will be capped at target

Step 5

Apply Final Multiplier
Apply the final multiplier to determine the number of shares issued

Award can range from 0% to 200% of target (target of 100%) after application of the TSR modifier

2015-2017 PShare Program Payout Determination

The Compensation Committee approved a payout of 111.25%, based on the average performance of 117.03% for the 2015, 2016 and 2017 scorecards and a TSR modifier of negative 4.94% based on 2015-2017 TSR performance. The 2015, 2016 and 2017 scorecards are presented in the Appendix at A-2; the 2017 award payout calculation is presented below:

Year	Scorecard Performance	Average Performance	TSR Modifier	Overall Award Payout
2015	122.48%			
2016	125.00%	117.03%	-4.94%	111.25%*
2017	103.61%			

* 117.03% X (100%-4.94%)

2015-2017 TSR Modifier and Cap Determination

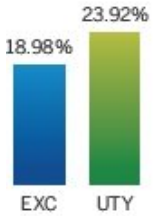

To address shareholder concerns received in 2016, the following modifications were made to the TSR modifier and a TSR cap was added:

- Changed TSR modifier peer group from the competitive integrated companies (Entergy, FirstEnergy, NextEra Energy, and PSEG) to the UTY
- Changed to a point-for-point approach, where the UTY's absolute TSR performance is subtracted from Exelon's absolute TSR over the three-year period
- The modifier is no longer capped (positive or negative)
- Cap payout at target if TSR is negative for the final 12 months of the measurement period

For the 2015-2017 performance period, the TSR modifier was 18.98% for Exelon minus 23.92% for the UTY, resulting in a TSR modifier of negative 4.94%. Exelon's 2017 one-year absolute TSR was 15.11% so the TSR cap was not applicable.

The following table shows how the formula was applied and the actual amounts awarded.

NEO	Target Shares		Performance Factor		Actual Award
Crane	176,221	x	111.25%	=	196,046
Thayer	48,455	x	111.25%	=	53,906
Von Hoene, Jr.	53,112	x	111.25%	=	59,087
Cornew	52,359	x	111.25%	=	58,249
O'Brien	44,307	x	111.25%	=	49,292

Because all of the NEOs have achieved 200% or more of their stock ownership targets (as described on page 59), all of their PShare awards were settled in cash. For participants who have not achieved 200% of their stock ownership target, PShare awards are settled half in shares of Exelon common stock and half in cash.

Robust Goal-Setting Process and Rigorous Targets

The Compensation Committee strives to set challenging operational and financial performance targets that drive and motivate executives to achieve short- and long-term success and to help ensure key talent is retained. The Compensation Committee selects metrics that are directly tied to the Company's operational and financial strategies and are proven measures of long-term value creation. Operational targets are benchmarked and set at the top quartile or higher as compared to industry standards. Financial targets are based on our internal business plans and external market factors.

Goal-Setting for 2018

Exelon's goal-setting process employs a multi-layer approach and analysis that incorporates a blend of objective and subjective business considerations and other analytical methods to ensure that the goals are sufficiently rigorous. Such considerations include:

- **Recent History:** Goals generally reflect a logical progression of results from the recent past
- **Relative Performance:** Performance is evaluated against a relevant group of the Company's peers
- **Strategic Aspirations:** Near- and intermediate-term goals follow a trend line consistent with long-term aspirations
- **Shareholder Expectations:** Goals are aligned with externally communicated financial guidance and shareholder expectations
- **Sustainable Sharing:** Earned awards reflect a balanced degree of shared benefits between shareholders and participants

To ensure adequate rigor for the financial targets applicable to the PShares, we conducted statistical simulations to understand the level of difficulty of our payout range. We also conducted a sensitivity analysis of reasonable value ranges for several internal and external variables that are significant drivers of performance. We also examined historical levels of deviation of Company performance compared to plan.

Example: AIP Goal Rigor

The Compensation Committee set the adjusted (non-GAAP) operating EPS AIP target for 2018 at a level significantly higher than the Company's actual performance in 2017, which is generally aligned with the midpoint of our publicly disclosed 2018 financial guidance. For 2018, maximum targets were set at levels that outperform Company historical performance for three of the four operational metrics:

- best-ever for Dispatch Match
- best-ever for Nuclear Fleetwide Capacity Factor
- best-ever for outage frequency results (best-in-class)
- first decile of industry standards for outage duration goals

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PShare Goal Setting

The three-performance metrics underlying the 2018-2020 PShare awards include the following:

Utility Earned ROE (33.3%)	Utility Net Income (33.3%)	Exelon FFO/Debt (33.4%)
Average utility ROE weighted by year-end rate base	Aggregate utility adjusted (non-GAAP) operating earnings, including Corporate	Funds from operations to total debt ratio

The Utility Return on Equity (ROE) and Utility Net Income use interpolation between threshold, target, and distinguished levels of performance whereas the Funds From Operations (FFO)/Debt metric uses a “stair-step” approach with no interpolation between the performance levels. Performance will be evaluated at the end of 2020 after the completion of the three-year performance period. This is part of the transition to the three-year performance period.

PShare targets were set based on external commitments and/or probabilistic modeling. The performance scale range for the Utility Net Income and Utility ROE metrics was based on the following probability levels of achievement: 95% for threshold and 5% for distinguished and the target is aligned with projected performance. The target for Exelon FFO/Debt metric is aligned with the expectations of credit rating agencies.

Governance Features of Our Executive Compensation Programs

Stock Ownership and Trading Requirements

To strengthen the alignment of executive interests with those of shareholders, officers of the Company are required to own certain amounts of Exelon common stock by the later of (1) five years following an adjustment made to the guidelines (last adjustments made in 2012) or (2) his or her employment or promotion to a new position. As of the annual measurement date of September 30, 2017, all NEOs had exceeded 200% of their stock ownership guidelines as shown in the following chart:

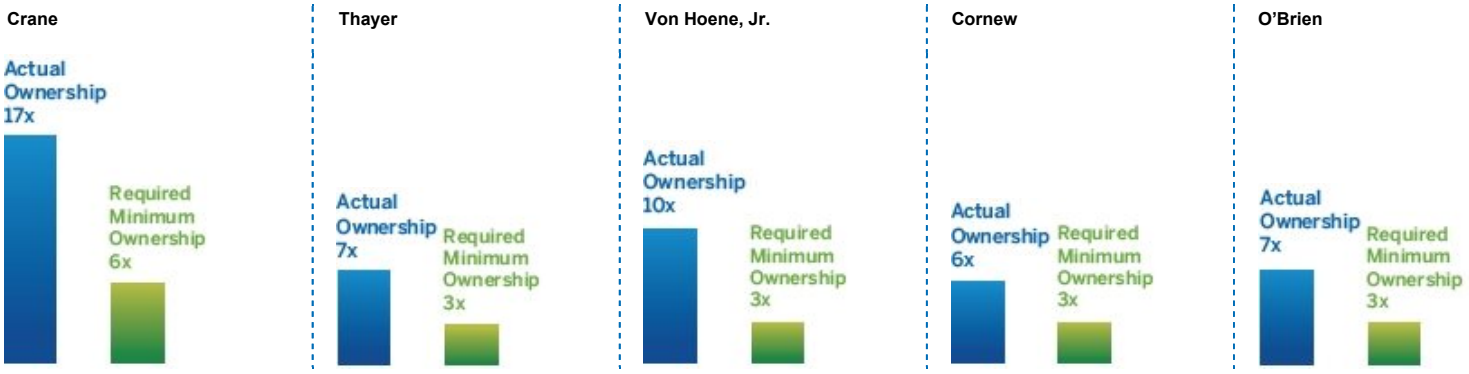

The following types of ownership count towards meeting the stock ownership guidelines: restricted shares and restricted stock units, shares held in the Exelon Deferral Plan, dividend reinvestment plan, 401(k) Employee Savings Plan, and common shares beneficially owned directly or indirectly. For additional details about NEO stock ownership, please see the Beneficial Ownership Table on page 77.

Exelon requires executive vice presidents and above who wish to sell Exelon common stock to do so only through the adoption of a stock trading plan meeting the requirements of SEC Rule 10b5-1(c). This requirement is designed to enable officers to diversify a portion of their holdings in excess of the applicable stock ownership requirements in an orderly manner as part of their personal financial plans. The use of Rule 10b5-1 stock trading plans serves to reduce the risks that such transactions will be viewed negatively or as commentary with respect to the future value of Exelon’s stock. In addition, the use of Rule 10b5-1 stock trading plans are believed to reduce the potential for accusations of trading on the basis of material, non-public information, which could damage the reputation of the Company. Exelon’s stock trading policy does not permit short sales, hedging or pledging.

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Recoupment (Clawback) Policy

Consistent with developing best practices, the Board of Directors recently revised its recoupment policy to broaden the discretionary ability to clawback incentive compensation when deemed appropriate. Under the policy, the Board has sole discretion to recoup incentive compensation if it determines that:

- the incentive compensation was based on the achievement of financial or other results that were subsequently restated or corrected;
- the incentive plan participant engaged in fraud or intentional misconduct that caused or contributed to the need for restatement or correction;
- a lower incentive plan award would have been made to the participant based on the restated or corrected results; and
- recoupment is not precluded by applicable law or employment agreements.

The Board or Compensation Committee may also seek to recoup incentive compensation paid or payable to current or former incentive plan participants if, in its sole discretion, the Board or Compensation Committee determine that:

- the current or former incentive plan participant breached a restrictive covenant or engaged or participated in misconduct or intentional or reckless acts or omissions or serious neglect of responsibilities that caused or contributed to a significant financial loss or serious reputational harm to Exelon or its subsidiaries regardless of whether a financial statement restatement or correction of incentive plan results was required; and
- recoupment is not precluded by applicable law or employment agreements.

In addition, the terms of the annual incentive plan provide that the Compensation Committee and management may curtail awards if there is a “significant event,” which is defined as a single, high-profile event caused by a failure of Exelon that is determined to have been directly or indirectly caused by a human error or poor management attention. Significant events may include a single high-profile outage or another event that may result in negative customer and media impact or a significant adverse governmental or regulatory action. The Compensation Committee may also apply negative discretion to unvested equity incentive awards if a significant event or other occurrence is determined to have a similar impact on the Company. Similarly, the terms of the long-term incentive plan provide that the Compensation Committee may amend or adjust the performance measures or other terms and conditions of outstanding awards in the event of unusual or nonrecurring events affecting the Company or its financial statements or changes in law or accounting principles.

Risk Management Assessment of Compensation Policies and Practices

The Compensation Committee reviews Exelon’s compensation policies and practices as they relate to the Company’s risk management practices and risk-taking incentives. In 2017, the Compensation Committee partnered with Exelon’s Enterprise Risk Management group to apply the enterprise risk management policy and framework to the compensation risk assessment process to assess and validate that the controls in place continued to mitigate incentive compensation risks. Following this assessment, the Committee believes that its compensation policies and practices are not reasonably likely to have a material adverse effect on Exelon. In this regard, the Compensation Committee considered the following compensation program features in place to balance the degree of risk taking:

- the annual incentive plan includes multiple incentive performance measures with a balance of financial and non-financial metrics;
- long-term incentives include multiple vehicles and performance metrics and three-year overlapping performance periods that are aligned with long-term stock ownership requirements;
- incentive metrics, performance goals, and capital allocation require multiple approval levels and oversight;
- total compensation pay mix includes effective and market aligned balance of short- and long-term incentive compensation elements;
- incentive compensation is balanced by formulaic and discretionary funding;
- short- and long-term incentive awards contain award caps or modifiers;
- reasonable change-in-control and severance benefits are within common norms;
- clawback provisions exceed regulatory mandates; and
- consistent and meaningful stock ownership requirements create sustained and consistent ownership stakes.

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Tax Consequences

Under Section 162(m) of the Internal Revenue Code (Code) applicable for tax years beginning before December 31, 2017, executive compensation in excess of $1 million paid to a CEO or other person among the three other highest compensated officers (excluding the CFO) is generally not deductible for purposes of corporate federal income taxes. However, qualified performance-based compensation, within the meaning of Section 162(m) and applicable regulations, remains deductible. Historically, the Compensation Committee's policy has been to seek to cause executive incentive compensation to qualify as "performance-based" in order to preserve its deductibility for federal income tax purposes to the extent possible.

Because it is not "qualified performance-based compensation" within the meaning of Section 162(m) applicable for tax years beginning before December 31, 2017, base salary is not eligible for a federal income tax deduction to the extent that it exceeds $1 million. Accordingly, Exelon is unable to deduct that portion of Mr. Crane's 2017 base salary in excess of $1 million. AIP awards and PShares payable to NEOs are intended to be qualified performance-based compensation under Section 162(m), and to be deductible for federal income tax purposes. Restricted stock and RSUs are not deductible by the Company for federal income tax purposes under the provisions of Section 162(m) to the extent an NEO's compensation that is not "qualified performance-based compensation" is in excess of $1 million.

In order to qualify payments under the AIP and performance share program as performance-based for Section 162(m) of the Code, the Compensation Committee uses a "plan-within-plan" two-step approach to determine the amount of the bonus payment. The first step is to fund the overall bonus pool. The pool is funded if the Company meets the pre-established performance metrics. The second step is accomplished when the Compensation Committee exercises "negative discretion" by making adjustments to the formula award funded by the overall pool. Negative discretion is used to reduce the amount funded by the pool to an amount equal to the target bonus (for AIP) or target equity (for the performance share program) adjusted for final Company performance and individual performance.

Under Section 4999 of the Code, there is an excise tax if change-in-control or severance benefits are greater than 2.99 times the five-year average amount of income reported on an individual's W-2. In April 2009, the Compensation Committee adopted a policy that no future employment or severance agreements that provide for benefits for NEOs on account of termination will include an excise tax gross-up. In 2016, the NEOs consented to the removal of the remaining legacy excise tax gross-up provisions for transactions resulting in a change-in-control, with no recompense for said removal.

On December 22, 2017, the Tax Cuts and Jobs Act (Tax Act) was signed into law, and includes significant changes to the executive compensation deduction rules in Section 162(m) of the Code. The changes include:

- expanding the covered employees as described in Section 162(m) to include the CFO, which had previously been excluded from the limitation;
- sustaining classification as a "covered employee" in perpetuity even after death through severance and post-death payments for all applicable "covered employees" identified for tax years beginning after December 31, 2016;
- removing the exception for performance-based compensation thereby making a larger portion of the executives' pay non-deductible for federal tax purposes; and
- expanding Section 162(m) to include corporations that have publicly traded equity and publicly traded debt, foreign private issuers that meet the new definition of a publicly held corporation and possibly large private C or S corporations.

The Tax Act will have expansive impacts to Exelon as our executive compensation is 60% to 65% performance-based, which may not be deductible for tax purposes beginning with the 2018 tax year. Also, Exelon has nine registrants with the SEC that could potentially fall within scope of 162(m). Without further IRS guidance clarifying technical aspects of the Tax Act, Exelon is unable to fully quantify the tax consequences of the legislation. Given the uncertainty, the SEC issued Staff Accounting Bulletin 118 which provides for a measurement period, not to extend beyond one year of the enactment date, for registrants to assess the financial impacts and report in their financial statements.

The Compensation Committee will review current executive compensation programs considering the expansive tax consequences, however the Committee will continue to focus on designing executive compensation programs that motivate executives to drive long-term performance and that align the interest of Exelon's executives with shareholders.

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Report of the Compensation and Leadership Development Committee

The Compensation and Leadership Development Committee is accountable for ensuring that the decisions made about executive compensation are in the best long-term interests of our shareholders. We accomplish this objective by having robust executive compensation principles in place and considering feedback received from shareholders to continuously improve and strengthen our executive compensation programs. Input received from investors representing over 45% of Exelon's outstanding shares in 2017 was positive and resulted in no significant changes to our executive compensation program. Shareholders indicated continued satisfaction with the modifications implemented in 2016 that addressed concerns and better aligned the program with the Company's strategy.

The Compensation and Leadership Development Committee has reviewed and discussed with management the Compensation Discussion and Analysis contained on pages 45-61 of this proxy statement. Based on such review and discussion, the Committee recommended to the Board that the Compensation Discussion and Analysis be included in the 2018 Proxy Statement.

THE COMPENSATION AND LEADERSHIP
DEVELOPMENT COMMITTEE

Yves C. de Balmann, *Chair*
Robert J. Lawless
Linda P. Jojo

Executive Compensation Data

Summary Compensation Table

Year	Salary ($)	Stock Awards ($) (Note 1)	Non-Equity Incentive Plan Compensation ($) (Note 2)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($) (Note 3)	All Other Compensation ($) (Note 4)	Total ($)
Christopher M. Crane						
President and Chief Executive Officer, Exelon						
2017	$1,261,000	$10,099,755	$1,585,531	$1,524,765	$386,808	$ 14,857,859
2016	1,255,515	10,099,718	1,639,300	1,836,211	400,958	15,231,702
2015	1,224,808	9,821,055	2,072,777	2,462,551	380,054	15,961,245
Jonathan W. Thayer						
Senior Executive Vice President and Chief Financial Officer, Exelon						
2017	804,339	2,701,654	742,331	144,688	119,146	4,512,158
2016	784,802	2,701,035	1,071,368	225,160	60,504	4,842,869
2015	794,556	2,700,466	947,006	229,066	90,194	4,761,288
William A. Von Hoene Jr.						
Senior Executive Vice President and Chief Strategy Officer, Exelon						
2017	882,696	2,920,829	857,520	202,125	374,057	5,237,227
2016	831,350	3,700,342	1,237,642	216,271	198,770	6,184,375
2015	755,296	2,296,821	835,753	163,284	111,890	4,163,044
Kenneth W. Cornew						
Senior Executive Vice President and Chief Commercial Officer, Exelon; President and Chief Executive Officer, Exelon Generation						
2017	878,865	2,918,832	854,618	235,324	87,667	4,975,306
2016	857,477	2,918,043	1,233,350	231,669	93,848	5,334,387
2015	836,558	2,918,046	1,090,185	191,460	93,485	5,129,734
Denis P. O'Brien						
Senior Executive Vice President, Exelon; Chief Executive Officer, Exelon Utilities						
2017	820,293	2,470,846	757,767	295,787	134,243	4,478,936
2016	800,378	2,470,066	1,093,660	325,832	95,567	4,785,503
2015	780,874	2,469,294	994,688	239,970	86,431	4,571,257

Notes to the Summary Compensation Table

(1) The amounts shown in this column include the aggregate grant date fair value of restricted stock unit and performance share unit awards for the 2017-2019 performance period granted on January 30, 2017. The grant date fair values of the stock awards have been computed in accordance with FASB ASC Topic 718 using the assumptions described in Note 20 of the Combined Notes to Consolidated Financial Statements included in Exelon's 2017 Annual Report on Form 10-K. The performance share unit awards are subject to performance conditions. For the 2017-2019 performance share unit award, the grant date fair value and the value assuming the highest level of performance, including the maximum total shareholder return multiplier, is as follows:

	Performance Share Unit Value	
	At Target	At Maximum
Crane	$6,766,820	$13,533,640
Thayer	1,810,096	3,620,192
Von Hoene Jr.	1,956,949	3,913,898
Cornew	1,955,617	3,911,234
O'Brien	1,655,465	3,310,930

(2) The amounts shown in this column for 2017 represent payments made pursuant to the Annual Incentive Plan.
(3) The amounts shown in this column represent the change in the accumulated pension benefit for the NEOs from December 31, 2016 to December 31, 2017. None of the NEOs had above market earnings in a non-qualified deferred compensation account in 2017.
(4) All Other Compensation: The following table describes the incremental cost of other benefits provided in 2017 that are shown in this column.

ALL OTHER COMPENSATION

Name	Perquisites ($) (Note 1)	Reimbursement for Income Taxes ($) (Note 2)	Company Contributions to Savings Plans ($) (Note 3)	Company Paid Term Life Insurance Premiums ($) (Note 4)	Total ($)
Crane	$152,380	$ 115,639	$ 75,495	$ 43,294	$ 386,808
Thayer	95,636	5,959	13,990	3,561	119,146
Von Hoene Jr.	201,182	115,578	51,337	5,960	374,057
Cornew	32,759	—	51,156	3,752	87,667
O'Brien	52,543	18,409	42,164	21,127	134,243

Notes to All Other Compensation Table

(1) Amounts reported for personal benefits provided to NEOs include: (1) transportation related benefits (including personal use of corporate aircraft, fleet services, rail passenger services, parking, spousal and family travel); (2) relocation/housing and living benefits related to changes in NEOs' principal place of work as a result of regulatory commitments in connection with the 2016 acquisition of Pepco Holdings, Inc.; (3) other benefits (including personal financial planning, Company gifts, and matching charitable contributions, physical examinations, and event tickets).

- Amounts reported for the personal use of corporate aircraft are based on the aggregate incremental cost to Exelon and are calculated using the hourly incremental cost for flight services, including federal excise taxes, fuel charges, and domestic segment fees. Exelon's Board-approved policy on corporate aircraft usage includes spousal/domestic partner and other family member usage when appropriate. Associated costs for meals and other related amenities for spouse/domestic partners are covered when attendance at Company or industry-related events is customary. Exelon also provides fleet services of Company cars and driver services for NEOs and other officers enabling the performance of duties among the Company's various offices and facilities. Certain NEOs are also entitled to limited personal use of the Company's cars and drivers including commuting to work locations. Costs reported represent estimated incremental costs based upon driver wages multiplied by the average overtime rate for drivers plus an additional amount for fuel. Costs related to NEO personal use is typically imputed as additional taxable income. Amounts reported in this column for Mr. Crane include $62,389 for personal use of corporate aircraft, $50,089 for spousal travel and $13,067 for other transportation related benefits. Amounts reported for Mr. Von Hoene include $48,164 for personal use of corporate aircraft, $8,518 for spousal travel and $13,367 for other transportation related benefits. Amounts reported for Messrs. Thayer, Cornew and O'Brien include $7,943, $8,212, and $2,400 respectively, for all other transportation benefits.
- Benefits are provided to Messrs. Von Hoene, O'Brien, and Thayer, each of whom is subject to state public service commission requirements to maintain principal workplaces in the District of Columbia pursuant to regulatory order in 2016 related to obtaining approval of the acquisition of Pepco Holdings Inc. Pursuant to these legacy obligations, Exelon provides transportation and relocation/housing and living benefits. Amounts reported for Messrs. Thayer, Von Hoene and O'Brien include $64,793, $114,042 and $23,303 respectively for such benefits. Mr. Thayer's expense was paid in 2018, however was incurred in 2017.
- Limited personal financial planning benefits are provided with usage values imputed as additional taxable income. Executive officers may request Company matching gifts to qualified charitable organizations in amounts up to $10,000, and up to $15,000 for Messrs. Thayer and Cornew under the Constellation legacy policy. Executive officers may use Company-provided vendors for comprehensive physical examinations and related medical testing. Tickets to sporting or other events may be provided with values imputed as additional taxable income.

(2) Exelon provides reimbursements of tax obligations incurred when: employees are required to work outside their state of home residence and encounter double taxation in states and localities where tax credits are not permitted in home state tax filings; business-related spousal travel involves personal benefits and income is imputed to the employee and for required relocation and housing/living expenses incurred in compliance with regulatory requirements. Pursuant to our obligations under the 2016 regulatory order set forth in Note 1 above, amounts reported for Messrs. Von Hoene and O'Brien include $89,633 and $18,409 respectively related to such benefits.
(3) Each of the NEOs participated in the Company's 401(k) and Deferred Compensation Plans. The amounts represent the Company matching contributions to the NEOs' accounts.
(4) Exelon provides basic term life insurance, accidental death and disability insurance, and long-term disability insurance to all employees, including NEOs. The values shown in this column include the premiums paid during 2017 for additional term life insurance policies for the NEOs and for additional long-term disability insurance over and above the basic coverage provided to all employees.

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Grants of Plan-Based Awards

Name	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards (Note 1) Threshold ($)	Plan ($)	Maximum ($)	Estimated Possible Payouts Under Equity Incentive Plan Awards (Note 2) Threshold (#)	Target (#)	Maximum (#)	All Other Stock Awards: Number of Shares or Units (#) (Note 3)	Grant Date Fair Value of Stock and Option Awards ($) (Note 4)
Crane	1/30/2017	$ 61,474	$1,639,300	$3,278,600					
	1/30/2017				32,186	193,117	386,234		$ 6,766,820
	1/30/2017							95,118	3,332,935
Thayer	1/30/2017	28,781	767,505	1,535,010					
	1/30/2017				8,610	51,658	103,316		1,810,096
	1/30/2017							25,444	891,558
Von Hoene Jr.	1/30/2017	33,248	886,600	1,773,200					
	1/30/2017				9,308	55,849	111,698		1,956,949
	1/30/2017							27,508	963,880
Cornew	1/30/2017	33,135	883,600	1,767,200					
	1/30/2017				9,302	55,811	111,622		1,955,617
	1/30/2017							27,489	963,215
O'Brien	1/30/2017	29,380	783,465	1,566,930					
	1/30/2017				7,874	47,245	94,490		1,655,465
	1/30/2017							23,270	815,381

Notes to Grants of Plan-Based Awards Table

(1) All NEOs have annual incentive plan target opportunities based on a fixed percentage of their base salary. Under the terms of the AIP, threshold performance earns 50% of the respective target, while performance at plan earns 100% of the respective target and the maximum payout is capped at 200% of target. For additional information about the terms of these programs, see Compensation Discussion and Analysis above.

(2) NEOs have a long-term performance share unit target opportunity that is a fixed number of performance share units commensurate with the officer's position. The possible payout at threshold for performance share unit awards was calculated at 16.67% of target. The possible maximum payout for performance share units was calculated at 150% of target, with an uncapped total shareholder return multiplier, capped at 200% of target. For additional information about the terms of this program, see discussion starting on page 56.

(3) This column shows restricted stock unit awards made during the year. The vesting dates of the awards are provided in footnote 2 to the Outstanding Equity Table below.

(4) This column shows the grant date fair value, calculated in accordance with FASB ASC Topic 718, of the performance share unit awards and restricted stock units granted to each NEO during 2017. Fair value of performance share unit awards granted on January 30, 2017 are based on an estimated payout of 100% of target.

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Outstanding Equity Awards at Year End

	Option Awards (Note 1)				Stock Awards			
Name	Number of Securities Underlying Unexercised Options That Are Exercisable (#)	Number of Securities Underlying Unexercised Options That Are Not Exercisable (#)	Option Exercise or Base Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Yet Vested (#) (Note 2)	Market Value of Shares or Units of Stock That Have Not Yet Vested Based on 12/31 Closing Price $39.41 ($) (Note 2)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Yet Vested (#) (Note 3)	Equity Incentive Plan Awards: Market or Payout Value or Unearned Shares, Units or Other Rights That Have Not Yet Vested ($) (Note 3)
Crane	285,000	—	$ 39.21	2-Apr-2022	414,685	$16,342,736	884,526	$ 34,859,170
	94,000	—	43.40	24-Jan-2021				
	53,000	—	46.09	24-Jan-2020				
	49,000	—	56.51	26-Jan-2019				
	28,000	—	73.29	27-Jan-2018				
Thayer	97,000	—	39.81	12-Mar-2022	142,633	5,621,167	236,578	9,323,539
	175,946	—	39.24	24-Feb-2022				
	125,429	—	32.46	25-Feb-2021				
	67,304	—	37.71	26-Feb-2020				
	8,676	—	101.05	21-Feb-2018				
Von Hoene Jr.	88,000	—	39.81	12-Mar-2022	138,225	5,447,447	248,826	9,806,233
	67,000	—	43.40	24-Jan-2021				
	33,000	—	46.09	24-Jan-2020				
	25,200	—	56.51	26-Jan-2019				
	19,000	—	73.29	27-Jan-2018				
Cornew	70,000	—	39.81	12-Mar-2022	151,697	5,978,379	255,590	10,072,802
	26,000	—	43.40	24-Jan-2021				
	13,300	—	46.09	24-Jan-2020				
	14,900	—	56.51	26-Jan-2019				
	11,000	—	73.29	27-Jan-2018				
O'Brien	102,000	—	39.81	12-Mar-2022	102,998	4,059,151	216,356	8,526,590
	49,000	—	43.40	24-Jan-2021				
	27,000	—	46.09	24-Jan-2020				
	30,700	—	56.51	26-Jan-2019				
	22,000	—	73.29	27-Jan-2018				

Notes to Outstanding Equity Table

(1) Non-qualified stock options were granted to NEOs pursuant to the Company's long-term incentive plans. Awards vest in four equal increments, beginning on the first anniversary of the grant date. All awards expire on the tenth anniversary of the grant date. For Mr. Thayer, stock options granted prior to March 12, 2012 were granted under the Constellation Energy Group Inc. Long Term Incentive Plan and were converted into the equivalent right to receive Exelon common stock. The number of stock options received upon conversion is equal to the original number of Constellation stock options multiplied by the merger exchange ratio (0.93) and rounded down to the nearest whole share. The exercise price for each converted share is equal to the original Constellation exercise price divided by the exchange ratio (0.93), rounded up to the nearest whole cent.

(2) The amount shown includes unvested restricted stock unit (RSU) awards and the performance share unit (PShare) award earned for the performance period beginning January 1, 2015 and ending December 31, 2017, which vested on January 29, 2018. The unvested restricted stock unit awards are composed of the final third of the award made in January 2015, which vested on January 29, 2018; two-thirds of the award made in January 2016, half of which vested on January 29, 2018 and half of which will vest on the date of the Compensation Committee's first regular meeting in 2019; and the full award granted on January 30, 2017, one-third of which vested on January 29, 2018 and one-third of which will vest on the date of each of the Compensation Committee's first regular meetings in

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2019 and 2020, respectively. All RSU awards accrue additional shares through automatic dividend reinvestment. For Mr. Thayer and Mr. Cornew, the amount shown also includes an award of 30,000 retention stock units granted on January 28, 2013 which vested on January 28, 2018. For Mr. Von Hoene, the amount shown also includes an award of 20,000 retention stock units granted on October 21, 2013 that will vest on October 21, 2018. All shares are valued at $39.41, the closing price on December 29, 2017.

(3) The amount shown includes the target PShare awards granted on January 26, 2016 for the performance period ending December 31, 2018 and the target PShare awards granted on January 30, 2017 for the performance period ending December 31, 2019. These awards have been increased to reflect the highest level of performance for the period, 200%. All shares are valued at $39.41, the closing price on December 29, 2017.

Option Exercises and Stock Vested

	Option Awards		Stock Awards (Note 1)	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($)
Crane	—	$ —	378,031	$13,246,197
Thayer	167,669	2,809,042	104,613	3,665,638
Von Hoene Jr.	—	—	99,549	3,488,202
Cornew	—	—	113,013	3,959,985
O'Brien	—	—	95,686	3,352,831

Notes to Option Exercises and Stock Vested Table

(1) Share amounts are composed of the following tranches of prior awards that vested on January 30, 2017: the PShare awards granted for the period January 1, 2014 through December 31, 2016; the final third of the RSU awards granted in January 2014, the second third of the RSU awards granted in January 2015 (including a supplemental grant made to Mr. Thayer in July 2014) and the first third of the RSU awards granted in January 2016. All of these awards were valued at $35.04 upon vesting.

Pension Benefits

Exelon sponsors the Exelon Corporation Retirement Program, a traditional defined benefit pension plan that covers certain management employees who commenced employment prior to January 1, 2001 and certain collective bargaining unit employees. The Exelon Corporation Retirement Program includes the Service Annuity System (SAS), which is the legacy ComEd pension plan. Effective January 1, 2001, Exelon also established two cash balance defined benefit pension plans to reduce future retirement benefit costs and provide an option that is portable as the Company anticipated a workforce that was more mobile than the traditional utility workforce. The cash balance defined benefit pension plans cover management employees and certain collective bargaining unit employees hired on or after such date, as well as certain management employees hired prior to such date who elected to participate in a cash balance plan. Legacy Constellation employees participate in the Pension Plan of Constellation Energy Group, Inc. (Constellation Pension Plan). The Constellation Pension Plan includes a traditional pension formula referred to as the Enhanced Traditional Plan (ETP) and a Pension Equity Plan (PEP). Employees hired before January 1, 2000 participate in the ETP. Employees hired on or after January 1, 2000 and employees hired before that date who elected to do so participate in the PEP. Each of these plans is intended to be tax-qualified under Section 401(a) of the Code. An employee can participate in only one of the qualified pension plans.

For NEOs participating in the SAS, the annuity benefit payable at normal retirement age is equal to the sum of 1.25% of the participant's earnings as of December 25, 1994, reduced by a portion of the participant's Social Security benefit as of that date, plus 1.6% of the participant's highest average annual pay, multiplied by the participant's years of credited service (up to a maximum of 40 years). Pension-eligible compensation for the SAS's Final Average Pay Formula includes base pay and annual incentive awards. Benefits under the SAS are vested after five years of service.

The "normal retirement age" under the SAS is 65. The plan also offers an early retirement benefit prior to age 65, which is payable if a participant retires after attainment of age 50 and completion of 10 years of service. The annual pension payable under the plan is determined as of the early retirement date, reduced by 2% for each year of payment before age 60 to age 58, then 3% for each year before age 58 to age 50. In addition, under the SAS, the early retirement benefit is supplemented prior to age 65 by a temporary payment equal to 80% of the participant's estimated monthly Social Security benefit. The supplemental benefit is partially offset by a reduction in the regular annuity benefit.

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Under the cash balance pension plan, a notional account is established for each participant, and the account balance grows as a result of annual benefit credits and annual investment credits. (Employees who participated in the SAS prior to January 1, 2001 and elected to participate in the cash balance plan also have a frozen transferred benefit from the former plan, and received a "transition" credit based on their age, service and compensation at the time of transfer.) Beginning January 1, 2008, the annual benefit credit under the plan is 7% of base pay and annual incentive award and beginning January 1, 2013 for employees hired on or after such date, the annual benefit credit is equal to a percentage of base pay and annual incentive award which varies between 3% and 8%, based upon age. Beginning in 2017, the annual investment credit is the third segment spot rate of interest on long-term investment grade corporate bonds. The segment rate will be determined as of November of the year for which the cash balance account receives the investment credit. Cash balance participants with pre-2008 balances receive an additional benefit credit ranging from 0.5% to 3.5% based on their pre-2008 service. Also, beginning in 2017, account balances for employees hired prior to January 1, 2013 will be subject to a minimum investment credit of 4%. For employees hired on or after January 1, 2013, the annual investment credit is the second segment spot rate of interest on long-term corporate bonds, determined as of November of the year for which the cash balance account receives the investment credit, subject to a minimum annual investment credit rate of 3.8% and a maximum annual investment credit rate of 7%. Benefits are vested after three years of service, and are payable in an annuity or a lump sum at any time following termination of employment. Apart from the benefit credits and the vesting requirement, and as described above, years of service are not relevant to a determination of accrued benefits under the cash balance pension plans.

For NEOs who participate in the PEP, a lump sum benefit amount is computed based on covered earnings multiplied by a total credit percentage. Covered earnings are equal to the average of the highest three of the last five twelve-month periods' base pay plus annual incentive awards. The total service credit percentage is equal to the sum of the credit percentages based on the following formula: 5% per year of service through age 39, 10% per year of service from age 40 to age 49, and 15% per year of service after age 49. No benefits are available under the PEP until a participant has at least three years of vesting service. Benefits payable under the PEP are paid as an annuity unless a participant elects a lump sum within 60 days after separation.

The Code limits to $270,000 the individual 2017 annual compensation that may be taken into account under the tax-qualified retirement plan. As permitted by Employee Retirement Income Security Act, Exelon sponsors three supplemental executive retirement plans (or SERPs) that allow the payment to a select group of management or highly-compensated individuals out of its general assets of any benefits calculated under provisions of the applicable qualified pension plan which may be above these limits. The SERPs offer a lump sum as an optional form of payment, which includes the value of the marital annuity, death benefits and other early retirement subsidies at a designated interest rate. The interest rate applicable for distributions to participants in the SAS in 2017 is 3.11%. For participants in the cash balance pension plan and the PEP, the lump sum is the value of the non-qualified account balance. The values of the lump sum amounts do not include the value of any pension benefits covered under the qualified pension plans, and the methods and assumptions used to determine the non-qualified lump sum amount are different from the assumptions used to generate the present values shown in the tables of benefits to be received upon retirement, termination due to death or disability, involuntary separation not related to a change in control, or upon a qualifying termination following a change in control which appear later in this proxy statement.

Under the terms of the SERPs, participants are provided the amount of benefits they would have received under the SAS, cash balance plan, ETP or PEP, as applicable, but for the application of the Code limits. In addition, certain executives previously received grants of additional credited service under a SERP. In particular, in 1998, Mr. Crane received an additional 10 years of credited service through September 28, 2008, the date of his tenth anniversary, as part of his employment offer that provided one additional year of service credit for each year of employment to a maximum of 10 additional years.

As of January 1, 2004, Exelon does not grant additional years of credited service to executives under the SERP for any period in which services are not actually performed, except that up to two years of service credits may be provided upon a qualifying termination of employment under severance or change in control agreements first entered into after such date, and performance-based grants or grants which make up for lost pension benefits from another employer may be (but have not been) provided. Service credits previously available under employment, change in control or severance agreements or arrangements (or any successor arrangements) are not affected by this policy.

The amount of the change in the pension value for each of the NEOs is the amount included in the Summary Compensation Table above. The present value of each NEO's accumulated pension benefit is shown in the following tables. The present value for cash balance and PEP participants is the account balance. The assumptions used in estimating the present values for SAS participants include the following: pension benefits are assumed to begin at each participant's earliest unreduced retirement age; the SERP lump sum amounts are determined using the rate of 5% for SAS participants at the assumed retirement age; the lump sum amounts are discounted from the assumed retirement date at the applicable discount rates of 4.04% as of December 31, 2016 and 3.62% as of December 31, 2017; and the applicable mortality tables. The applicable mortality table is the RP 2000-based table projected generationally using Exelon's best estimate of long-term mortality improvements. The December 31, 2017 mortality table is consistent with the mortality used in the Exelon December 31, 2017 pension disclosure.

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Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit ($)	Payments During Last Fiscal Year ($)
Crane (1)	SAS	19.26	$ 1,312,415	$ —
	SERP	29.26	16,757,102	—
Thayer	PEP	15.00	293,333	—
	SERP	15.00	1,608,131	—
Von Hoene Jr.	Cash Balance	15.93	418,264	—
	SERP	15.93	1,267,201	—
Cornew	Cash Balance	23.59	706,119	—
	SERP	23.59	1,194,380	—
O'Brien	Cash Balance	35.51	1,514,210	—
	SERP	35.51	2,034,833	—

(1) Based on discount rates prescribed by the SEC proxy disclosure guidelines, Mr. Crane's non-qualified SERP present value is $16,757,102. Based on lump sum plan rates for immediate distributions under the non-qualified plan, the comparable lump sum amount applicable for service through December 31, 2017 is $22,976,599. Note that, in any event, payments made upon termination may be delayed by six months in accordance with U.S. Treasury Department guidance.

Deferred Compensation Programs

Exelon offers deferred compensation plans to permit the deferral of certain cash compensation to facilitate tax and retirement planning and satisfaction of stock ownership requirements for executives and key managers. Exelon maintains non-qualified deferred compensation plans that are open to certain highly-compensated employees, including the NEOs.

The Exelon Deferred Compensation Plan is a non-qualified plan that permits legacy Exelon executives and key managers to defer receipt of base compensation and the Company to credit related matching contributions that would have been contributed to the Exelon Corporation Employee Savings Plan (the Company's tax-qualified 401(k) plan) but for the applicable limits under the Code. The Constellation Deferred Compensation Plan is a non-qualified plan that permits legacy Constellation executives to defer receipt of base compensation and the Company to credit related matching contributions that would have been contributed to the Exelon Corporation Employee Savings Plan. The Deferred Compensation Plans permit participants to defer taxation of a portion of their income. The Exelon Deferred Compensation Plan benefits the Company by deferring the payment of a portion of its compensation expense, thus preserving cash.

The Exelon Employee Savings Plan is intended to be tax-qualified under Sections 401(a) and 401(k) of the Code. The Constellation Energy Group Employee Savings Plan was merged into Exelon's Employee Savings Plan as of July 1, 2014. Exelon maintains the Employee Savings Plan to attract and retain qualified employees, including the NEOs, and to encourage employees to save some percentage of their cash compensation for their eventual retirement. The Employee Savings Plan permits employees to do so, and allows the Company to make matching contributions in a relatively tax-efficient manner. The Company maintains the excess matching feature of the Deferred Compensation Plans to enable key management employees to save for their eventual retirement to the extent they otherwise would have were it not for the limits established by the IRS.

The Stock Deferral Plan is a non-qualified plan that permitted legacy Exelon executives to defer performance share units prior to 2007.

The following table shows the amounts that NEOs have accumulated under both the Deferred Compensation Plans and the Stock Deferral Plan. The Exelon Deferred Compensation and Stock Deferral Plans were closed to new deferrals of base pay (other than excess Employee Savings Plan deferrals), annual incentive payments or performance share unit awards in 2007, and participants were granted a one-time election to receive a distribution of their accumulated balance in each plan during 2007. Existing balances will continue to accrue dividends or other earnings until payout upon termination. Balances in the Deferred Compensation Plan will be settled in cash upon the termination event selected by the officer and will be distributed either in a lump sum, or in annual installments. Share balances in the Stock Deferral Plan continue to earn the same dividends that are available to all shareholders, which are reinvested as additional shares in the plan. Balances in the plan are distributed in shares of Exelon stock in a lump sum or installments upon termination of employment.

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Executive Compensation Data

The Deferred Compensation Plans continue in effect for those officers who participate in the Employee Savings Plan and who reach their statutory contribution limit during the year. After this limit is reached, their elected payroll contributions and Company matching contribution will be credited to their accounts in the Deferred Compensation Plans. The investment options under the Deferred Compensation Plans consist of a basket of investment fund benchmarks substantially the same as those funds available through the Employee Savings Plan. Deferred amounts represent unfunded unsecured obligations of the Company.

Name	Executive Contributions in 2017 ($) (Note 1)	Registrant Contributions in 2017 ($) (Note 2)	Aggregate Earnings in 2017 ($) (Note 3)	Aggregate Withdrawals/ Distributions ($) (Note 4)	Aggregate Balance at 12/31/17 ($) (Note 4)
Crane	$ 106,700	$ 63,999	$ 195,133	$ —	$ 1,681,456
Thayer	—	—	—	—	—
Von Hoene Jr.	42,966	35,405	74,397	—	608,232
Cornew	28,887	35,107	68,855	—	479,474
O'Brien (5)	37,746	28,390	421,661	—	3,136,200

(1) The full amount shown for executive contributions is included in the base salary figures for each NEO shown above in the Summary Compensation Table.
(2) The full amount shown under registrant contributions is included in the Company contributions to savings plans for each NEO shown above in the All Other Compensation Table.
(3) The amount shown under aggregate earnings reflects the NEO's gain or loss based upon the individual allocation of his notional account balance into the basket of mutual fund benchmarks. These gains or losses do not represent current income to the NEO and have not been included in any of the compensation tables shown above.
(4) For all NEOs the aggregate balance shown includes those amounts, both executive contributions and registrant contributions, that have been disclosed either as base salary as described in Note 1 or as Company contributions under all other compensation as described in Note 2 for the current fiscal year ending December 31, 2017. For Mr. Crane, all executive and registrant contributions included in the aggregate balance have previously been disclosed in Summary Compensation Tables. Mr. Thayer did not participate in the plan during 2017.
(5) For Mr. O'Brien the amounts shown for aggregate earnings in 2017 and aggregate balance at December 31, 2017 also include the aggregate earnings and aggregate balance respectively of his Stock Deferral Plan account.

Potential Payments upon Termination or Change in Control

Change in control employment agreements and severance plan covering named executive officers

Background

The Compensation Committee reviews Exelon's change in control and severance benefits policies to ensure that they are consistent with competitive practice and reasonable. In reviewing the policies, the Compensation Committee considers the advice of its compensation consultant. The Exelon benefits currently include multiples of change in control benefits ranging from two times base salary and annual bonus for corporate and subsidiary vice presidents to 2.99 times base salary and annual bonus for the CEO, executive vice presidents, presidents of certain business units and select senior vice presidents. In April 2009, the Compensation Committee adopted a policy that Exelon would not include excise tax gross-up payment provisions in senior executive employment, change in control, or severance plans, programs or agreements that are entered into, adopted or materially amended on or after April 2, 2009 (other than renewals of existing arrangements that are not materially amended or arrangements assumed pursuant to a corporate transaction). In October 2016, the NEOs covered by change in control agreements entered into prior to April 2, 2009, which provided for potential excise tax gross-up payments, agreed to waive those payments and the agreements were later amended to remove such gross-up payments. Therefore, no NEO is currently entitled to an excise tax gross-up payment upon any termination of employment from Exelon.

NEOs have entered into individual change in control employment agreements, which generally protect such executives' position and compensation levels for two years after a change in control of Exelon. The agreements are initially effective for a period of two years, and provide for a one-year extension each year thereafter until cancellation or termination of employment.

Quantification of Payments upon a Change in Control

During the 24-month period following a change in control, or, during the 18-month period following another significant corporate transaction affecting the executive's business unit in which Exelon shareholders retain between 60% and 66⅔% control (a significant acquisition), if a NEO resigns for good reason or if the executive's employment is terminated by Exelon other than for cause or disability, the executive is entitled to the following:

- the executive's annual incentive and PShare awards for the year in which termination occurs;
- severance payments equal to 2.99 times the sum of (1) the executive's base salary plus (2) the higher of the executive's target annual incentive for the year of termination or the executive's average annual incentive award payments for the two years preceding the termination, but not more than the annual incentive for the year of termination based on actual performance before the application of negative discretion;
- a benefit equal to the amount payable under the SERP determined as if (1) the SERP benefit were fully vested, (2) the executive had 2.99 additional years of age and years of service (2.0 years for executives who first entered into such agreements after 2003 or do not have such agreements) and (3) the severance pay constituted covered compensation for purposes of the SERP;
- a benefit equal to the actuarial equivalent present value of any non-vested accrued benefit under Exelon's qualified defined benefit retirement plan;
- a ll previously-awarded stock options, PShares, RSUs, or restricted shares become fully vested, and the stock options remain exercisable until the earlier of the fifth anniversary of the executive's termination date or the option's expiration date;
- l ife, disability, accident, health and other welfare benefit coverage continues during the severance pay period on the same terms and conditions applicable to active employees, followed by retiree health coverage if the executive has attained at least age 50 and completed at least 10 years of service (or any lesser eligibility requirement then in effect for regular employees); and
- outplacement and financial planning services for at least 12 months.

The change in control benefits are also provided if the executive is terminated other than for cause or disability, or terminates for good reason (1) after a tender offer or proxy contest commences, or after Exelon enters into an agreement which, if consummated, would cause a change in control, and within one year after such termination a change in control does occur, or (2) within two years after a sale or spin-off of the executive's business unit in contemplation of a change in control that actually occurs within 60 days after such sale or spin-off (a disaggregation).

A change in control under the individual change in control employment agreements generally occurs:

- when any person acquires 20% of Exelon's voting securities;
- w hen the incumbent members of the Exelon Board (or new members nominated by a majority of incumbent Directors) cease to constitute at least a majority of the members of the Exelon Board;
- u pon consummation of a reorganization, merger or consolidation, or sale or other disposition of at least 50% of Exelon's operating assets (excluding a transaction where Exelon shareholders retain at least 60% of the voting power); or
- upon shareholder approval of a plan of complete liquidation or dissolution.

The term good reason under the individual change in control employment agreements generally includes any of the following occurring within two years after a change in control or disaggregation or within 18 months after a significant acquisition:

- a material reduction in salary, incentive compensation opportunity or aggregate benefits, unless such reduction is part of a policy, program or arrangement applicable to peer executives;
- failure of a successor to assume the agreement;
- a material breach of the agreement by Exelon; or
- a ny of the following, but only after a change in control or disaggregation: (1) a material adverse reduction in the executive's position, duties or responsibilities (other than a change in the position or level of officer to whom the executive reports or a change that is part of a policy, program or arrangement applicable to peer executives) or (2) a required relocation by more than 50 miles.

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The term cause under the change in control employment agreements generally includes any of the following:

- r efusal to perform or habitual neglect in the performance of duties or responsibilities or of specific directives of the officer to whom the executive reports which are not materially inconsistent with the scope and nature of the executive's duties and responsibilities;
- w illful or reckless commission of acts or omissions which have resulted in or are likely to result in a material loss or material damage to the reputation of Exelon or any of its affiliates, or that compromise the safety of any employee;
- commission of a felony or any crime involving dishonesty or moral turpitude;
- material violation of the code of business conduct, or of any statutory or common-law duty of loyalty; or
- any breach of the executive's restrictive covenants.

If the amount payable to a NEO under a change in control agreement, inclusive of other parachute payments, would cause an excise tax to be imposed under Section 4999 of the Code, the payments to such executive shall be reduced to the maximum amount below which no such tax is imposed or, if the payment without such reduction would leave the executive with a greater amount after payment of such excise taxes, then no such reduction shall be applied.

If a NEO resigns for good reason or is terminated by Exelon other than for cause or disability, in each case under circumstances not involving a change in control or similar provision described above, the NEO may be eligible for the following non-change in control benefits under the Exelon Corporation Senior Management Severance Plan:

- p rorated payment of the executive's annual incentive and performance share unit awards for the year in which termination occurs;
- for a 24 month severance period, continued payment of an amount representing base salary and target annual incentive;
- a benefit equal to the amount payable under the SERP determined as if the severance payments were paid as ordinary base salary and annual incentive;
- d uring the severance period, continuation of health, basic life and other welfare benefits the executive was receiving immediately prior to the severance period on the same terms and conditions applicable to active employees, followed by retiree health coverage if the executive has attained at least age 50 and completed at least 10 years of service (or any lesser eligibility requirement then in effect for non-executive employees); and
- outplacement and financial planning services for twelve months.

Payments under the Senior Management Severance Plan are subject to reduction by Exelon to the extent necessary to avoid imposition of excise taxes imposed by Section 4999 of the Internal Revenue Code on excess parachute payments or under similar state or local law.

The term good reason under the Senior Management Severance Plan means either of the following:

- a material reduction of the executive's salary (or, with respect to a change in control, incentive compensation opportunity or aggregate benefits) unless such reduction is part of a policy, program or arrangement applicable to peer executives of Exelon or of the business unit that employs the executive; or
- a material adverse reduction in the executive's position or duties (other than a change in the position or level of officer to whom the executive reports) that is not applicable to peer executives of Exelon or of the executive's business unit, but excluding under the non-change in control provisions of the plan any change (1) resulting from a reorganization or realignment of all or a significant portion of the business, operations or senior management of Exelon or of the executive's business unit or (2) that generally places the executive in substantially the same level of responsibility.

The term cause under the Senior Management Severance Plan generally has the same meaning as the definition of such term under the individual change in control employment agreements.

Benefits under the change in control employment agreements and the Senior Management Severance Plan are subject to termination upon an executive's violation of his or her restrictive covenants, and incentive payments under the agreements and the plan may be subject to the recoupment policy adopted by the Board of Directors.

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Estimated Value of Benefits to be Received Upon Retirement

The following table shows the estimated value of payments and other benefits to be conferred upon the NEOs assuming they retired as of December 31, 2017. These payments and benefits are in addition to the present value of the accumulated benefits from each NEO's qualified and non-qualified pension plans shown in the tables within the Pension Benefit section and the aggregate balance due to each NEO that is shown in the tables within the Deferred Compensation section.

Name	Cash Payment ($) (Note 1)	Value of Unvested Equity Awards ($) (Note 2)	Total Value of All Payments and Benefits ($) (Note 3)
Crane	$1,586,000	$32,992,000	$34,578,000
Thayer	—	—	—
Von Hoene Jr.	858,000	9,327,000	10,185,000
Cornew	855,000	—	855,000
O'Brien	758,000	8,127,000	8,885,000

Notes to Benefits to be Received Upon Retirement Table

(1) Under the terms of the 2017 AIP, a pro-rated actual incentive award is payable upon retirement based on the number of days worked during the year of retirement. The amount above represents the executive's 2017 annual incentive payout (after Company/business unit performance was determined).
(2) Includes the value of the executives' unvested PShare awards granted in 2015, 2016, and 2017 assuming target performance and the accelerated portion of the executives' RSU awards that, per applicable awards agreements, would vest upon retirement. The value of the shares is based on Exelon's closing stock price on December 29, 2017 of $39.41.
(3) The estimate of total payments and benefits is based on a December 31, 2017 retirement date.

Estimated Value of Benefits to be Received Upon Termination due to Death or Disability

The following table shows the estimated value of payments and other benefits to be conferred upon the NEOs assuming their employment is terminated due to death or disability as of December 31, 2017. These payments and benefits are in addition to the present value of the accumulated benefits from the NEO's qualified and non-qualified pension plans shown in the tables within the Pension Benefit section and the aggregate balance due to each NEO that is shown in tables within the Deferred Compensation section.

Name	Cash Payment ($) (Note 1)	Value of Unvested Equity Awards ($) (Note 2)	Total Value of All Payments and Benefits ($) (Note 3)
Crane	$1,586,000	$32,992,000	$34,578,000
Thayer	742,000	10,068,000	10,810,000
Von Hoene Jr.	858,000	10,115,000	10,973,000
Cornew	855,000	10,782,000	11,637,000
O'Brien	758,000	8,127,000	8,885,000

Notes to Benefits to be Received Upon Termination due to Death or Disability Table

(1) Under the terms of the 2017 AIP, a pro-rated actual incentive award is payable upon death or disability based on the number of days worked during the year of termination. The amount above represents the executives' 2017 annual incentive payout (after Company/business unit performance was determined).
(2) Includes the value of the executives' unvested PShare awards granted in 2015, 2016, and 2017 assuming target performance and the accelerated portion of the executives' RSU awards that, per applicable awards agreements, would vest upon death or disability. The value of the shares is based on Exelon's closing stock price on December 29, 2017 of $39.41.
(3) The estimate of total payments and benefits is based on a December 31, 2017 termination due to death or disability.

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Estimated Value of Benefits to be Received Upon Involuntary Separation Not Related to a Change in Control

The following table shows the estimated value of payments and other benefits to be conferred upon the NEOs assuming they were terminated as of December 31, 2017 under the terms of the Amended and Restated Senior Management Severance Plan. These payments and benefits are in addition to the present value of the accumulated benefits from the NEO's qualified and non-qualified pension plans shown in the tables within the Pension Benefit section and the aggregate balance due to each NEO that is shown in the tables within the Deferred Compensation section.

Name	Cash Payment ($) (Note 1)	Retirement Benefit Enhancement ($) (Note 2)	Value of Unvested Equity Awards ($) (Note 3)	Health and Welfare Benefit Continuation ($) (Note 4)	Perquisites And Other Benefits ($) (Note 5)	Total Value of All Payments and Benefits ($) (Note 6)
Crane	$7,387,000	$2,043,000	$32,992,000	$118,000	$40,000	$42,580,000
Thayer	3,893,000	346,000	10,050,000	32,000	40,000	14,361,000
Von Hoene Jr.	4,404,000	284,000	9,988,000	35,000	40,000	14,751,000
Cornew	4,389,000	336,000	10,764,000	39,000	40,000	15,568,000
O'Brien	3,974,000	322,000	8,127,000	74,000	40,000	12,537,000

Notes to Benefits to be Received Upon Involuntary Separation Not Related to a CIC Table

(1) Represents the estimated severance benefit equal to 2 times the sum of the executive's (i) current base salary and (ii) the target annual incentive for the year of termination. In addition, under Section 4.2 of the Senior Management Severance Plan, a pro-rated annual incentive award is payable upon involuntary separation or qualifying voluntary separation based on the days worked during the year of termination pursuant to the terms in the 2017 AIP. The amount above represents the executives' 2017 annual incentive payout (after Company/business unit performance was determined and negative discretion was applied).

(2) Represents the estimated retirement benefit enhancement that consists of a one-time lump sum payment based on the actuarial present value of a benefit under the non-qualified pension plan assuming that the severance pay period was taken into account for purposes of vesting, and the severance pay constituted covered compensation for purposes of the non-qualified pension plan.

(3) Includes the value of the executives' unvested PShare awards granted in 2015, 2016, and 2017 assuming target performance and the accelerated portion of the executives' RSU awards that, per applicable awards agreements, would vest upon an involuntary separation not related to a change of control. The value of the shares is based on Exelon's closing stock price on December 29, 2017 of $39.41.

(4) Estimated costs of healthcare, life insurance, and long-term disability coverage which continue during the severance period.

(5) Estimated costs of outplacement and financial planning services for up to 12 months for all NEOs.

(6) The estimate of total payments and benefits is based on a December 31, 2017 termination date. The executives are participants in the Senior Management Severance Plan and severance benefits are determined pursuant to Section 4 of the Severance Plan.

Estimated Value of Benefits to be Received Upon a Qualifying Termination following a Change in Control

The following table shows the estimated value of payments and other benefits to be conferred upon the NEOs assuming they were terminated upon a qualifying change in control as of December 31, 2017. The Company has entered into Change in Control agreements with each NEO. These payments and benefits are in addition to the present value of accumulated benefits from the NEO's qualified and non-qualified pension plans shown in the tables within the Pension Benefit section and the aggregate balance due to each NEO that is shown in tables within the Deferred Compensation section.

Name	Cash Payment ($) (Note 1)	Retirement Benefit Enhancement ($) (Note 2)	Value of Unvested Equity Awards ($) (Note 3)	Health and Welfare Benefit Continuation ($) (Note 4)	Perquisites and Other Benefits ($) (Note 5)	Potential Scaleback ($) (Note 6)	Total Value of All Payments and Benefits ($) (Note 7)
Crane	$ 10,959,000	$ 3,297,000	$ 32,992,000	$ 177,000	$40,000	Not required	$ 47,465,000
Thayer	6,201,000	486,000	10,068,000	48,000	40,000	Not required	16,843,000
Von Hoene Jr.	6,638,000	460,000	10,115,000	52,000	40,000	Not required	17,305,000
Cornew	7,000,000	581,000	10,782,000	58,000	40,000	Not required	18,461,000
O'Brien	6,406,000	376,000	8,127,000	111,000	40,000	Not required	15,060,000

Notes to Benefits to be Received Upon a Qualifying Termination following a CIC Table

(1) Represents the estimated cash severance benefit equal to 2.99 times the sum of the executive's (i) current base salary and (ii) Severance Incentive. Also, this amount includes an additional payment for Mr. O'Brien of $35,000. Under Section 4.1(a)(ii) of the CIC Employment Agreement, the executive's target incentive award is payable upon termination (but capped at actual performance). The amounts above represent the executives' 2017 target annual incentive.

(2) Represents the estimated retirement benefit enhancement that consists of a one-time lump sum payment based on the actuarial present value of a benefit under the non-qualified pension plan assuming that the severance pay period was taken into account for purposes of vesting, and the severance pay constituted covered compensation for purposes of the non-qualified pension plan.

(3) Includes the value of the executives' unvested PShares, all of which will vest upon termination at the actual level earned and awarded (it is assumed the 2015, 2016, and 2017 PShares are earned at target) and the accelerated portion of the executives' RSUs that would vest upon a qualifying termination following a change in control. The value of the shares is based on Exelon's closing stock price on December 29, 2017 of $39.41.

(4) Estimated costs of healthcare, life insurance and long-term disability coverage which continue during the severance period.

(5) Estimated costs of outplacement and financial planning services for up to 12 months for all NEOs.

(6) In 2009, the Compensation Committee adopted a policy that no future employment or severance agreements will provide for an excise tax gross-up payment. In 2016, the Compensation Committee also removed the excise tax gross-up payment from all existing agreements.

(7) The estimate of total payments and benefits is based on a December 31, 2017 termination date. The Company has entered into change in control employment agreement with all of the executives.

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CEO Pay Ratio

As required by the Dodd-Frank Wall Street Reform and Consumer Protection Act and SEC rules, we are providing the following information about the relationship of annual total compensation, calculated pursuant to SEC rules, of our median employee and our CEO, Christopher M. Crane. For 2017, the ratio of annual total compensation of our CEO and the median of the annual total compensation of all employees was 127:1, demonstrating Exelon's commitment to balance equitable compensation stewardship with competitively based compensation that drives and rewards performance. The total annual compensation for Mr. Crane and the median employee is $14,857,859 and $117,176, respectively.

On December 8, 2017, our employee population consisted of approximately 34,972 individuals (excluding the CEO), which includes two employees based in the United Kingdom and eight employees based in Canada. We have chosen to exclude these ten employees as permitted under SEC rules from our determination of the "median employee," given the small number of our non-US based employees. The consistently applied compensation measure we used to identify the median employee was W-2 Box 1 wages for employees as of December 8, 2017. After identifying the median employee, the annual total compensation for the median employee was calculated using the same methodology used in compiling the Summary Compensation Table found on page 63 in this proxy statement for our NEOs. This ratio is a reasonable estimate calculated in a manner consistent with Item 402(u) of Regulation S-K. We believe the methodology, assumptions, and estimates used in determining the ratio are reasonable given our specific employee population.

Because SEC rules provide flexibility in determining the methodology, assumptions, and estimates used to determine pay ratios and the fact that workforce composition issues differ significantly between companies, comparability of pay ratios amongst companies may be limited.

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Ownership of Exelon Stock

Beneficial Ownership Table

The following table shows the ownership of Exelon common stock as of January 31, 2018 by each Director, each NEO in the Summary Compensation Table, and for all Directors and executive officers as a group.

Name of Beneficial Owner	Beneficial Ownership of Exelon Common Stock (Note 1)	Common Shares Underlying Vested Stock Options and Options that Vest Within 60 Days	Total Share Interest (Note 2)
Anthony K. Anderson	17,982	—	17,982
Ann C. Berzin	70,654	—	70,654
Yves, C. de Balmann	61,656	—	61,656
Nicholas DeBenedictis	50,929	—	50,929
Nancy L. Gioia	7,237	—	7,237
Linda P. Jojo	8,810	—	8,810
Paul L. Joskow	42,673	—	42,673
Robert J. Lawless	87,715	—	87,715
Richard W. Mies	30,945	—	30,945
John W. Rogers, Jr.	86,072	—	86,072
Mayo A. Shattuck III	297,447	—	297,447
Stephen D. Steinour	79,265	—	79,265
Christopher M. Crane	580,478	509,000	1,089,478
Jonathan W. Thayer	122,635	474,355	596,990
Kenneth W. Cornew	122,048	135,200	257,248
William A. Von Hoene, Jr.	212,280	232,200	444,480
Denis P. O'Brien	151,168	230,700	381,868
Total Directors & Executive Officers as a group (23 people) (Note 3)	2,465,444	2,002,046	4,467,490

(1) Includes any shares as to which the individual has sole or shared voting power or investment power, Directors' deferred stock units, officers' RSUs and deferred shares held in the Stock Deferral Plan, and Directors' and officers' phantom shares held in a non-qualified deferred compensation plan which will be settled in cash on a 1 for 1 basis upon retirement or termination.
(2) Total share interest of Directors and executive officers, both individually and as a group, represents less than 1% of the outstanding shares of Exelon common stock.
(3) Total includes shares held by all Directors and NEOs as well as those executive officers listed in Item 1, Executive Officers of the Registrants in Exelon's 2017 Annual Report on Form 10-K filed on February 9, 2018, who are not NEOs for purposes of compensation disclosure.

Other Significant Owners of Exelon Stock

Shown in the table below are those owners who are known to Exelon to hold more than 5% of the outstanding common stock. This information is based on the most recent Schedule 13Gs filed with the SEC by The Vanguard Group on February 7, 2018, BlackRock, Inc. on January 24, 2018, FMR LLC on February 13, 2018, and State Street Corporation on February 14, 2018.

Name and address of beneficial owner	Amount and nature of beneficial ownership	Percent of class
The Vanguard Group (1) 100 Vanguard Blvd. Malvern, PA 19355	71,031,537	7.4 %
BlackRock, Inc. (2) 55 East 52 nd Street New York, NY 10055	70,837,596	7.4 %
FMR LLC (3) 245 Summer Street Boston, MA 02210	60,345,047	6.3%
State Street Corporation (4) State Street Financial Center One Lincoln Street Boston, MA 02111	57,252,056	6.0%

(1) The Vanguard Group disclosed in its Schedule 13G/A that it has sole power to vote or direct the vote of 1,352,693 shares, shared voting power over 217,759 shares, sole power to dispose or direct the disposition of 69,506,982 shares, and shared dispositive power over 1,524,555 shares.
(2) BlackRock, Inc. disclosed in its Schedule 13G/A that it has sole power to vote or to direct the vote of 61,565,341 shares and sole power to dispose or direct the disposition of 70,837,597 shares.
(3) FMR LLC disclosed in its Schedule 13G/A that it has sole power to vote or direct the vote of 7,478,149 shares and sole power to dispose or direct the disposal of 60,345,047 shares.
(4) State Street Corporation disclosed in its Schedule 13G that it has shared voting power over 48,517,010 shares and shared dispositive power over 57,252,056 shares.

Section 16(a) Beneficial Ownership Reporting Compliance

Based upon signed affirmations received from Directors and officers, as well as administrative review of Company plans and accounts administered by private brokers on behalf of Directors and officers, Exelon believes that its Directors and officers made all required Section 16 filings on a timely basis during 2017.

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Additional Information

Shareholder Proposals

If you wish to submit a proposal for possible inclusion in next year's proxy statement, you must submit it in writing to the Corporate Secretary, Exelon Corporation, 10 South Dearborn Street, P.O. Box 805398, Chicago, Illinois 60680-5398. Exelon must receive your proposal on or before November 21, 2018. Exelon will consider only proposals meeting the requirements of the applicable rules of the Securities and Exchange Commission. Under our bylaws, the proposal must also disclose fully all ownership interests the proponent has in Exelon and contain a representation as to whether the shareholder has any intention of delivering a proxy statement to the other shareholders of Exelon.

We strongly encourage any shareholder interested in submitting a proposal to contact our Corporate Secretary in advance of this deadline to discuss the proposal, and shareholders may want to consult knowledgeable counsel with regard to the detailed requirements of applicable securities laws. Submitting a shareholder proposal does not guarantee that we will include it in our proxy statement. Our Corporate Governance Committee reviews all shareholder proposals and makes recommendations to the Board for action on such proposals.

Additionally, under our bylaws, for a shareholder to bring any matter before the 2019 annual meeting that is not included in the 2018 proxy statement, the shareholder's written notice must be received by the Corporate Secretary not less than 120 days prior to the first anniversary of the mailing date of this proxy statement, which will be November 21, 2018.

Director Nominations

A shareholder who wishes to recommend a candidate (including a self-nomination) to be considered by the Corporate Governance Committee for nomination as a Director must submit the recommendation in writing to the Chair of the Corporate Governance Committee, c/o Thomas S. O'Neill, Senior Vice President, General Counsel and Corporate Secretary, Exelon Corporation, 10 South Dearborn Street, P.O. Box 805398, Chicago, Illinois 60680-5398. The Corporate Governance Committee will consider all recommended candidates and self-nominees when making its recommendation to the full Board of Directors to nominate a slate of Directors for election.

- **Nominations for 2018.** Under the Exelon's bylaws, the deadline has passed for a shareholder to nominate a candidate (or nominate himself or herself) for election to the Board at the 2018 annual meeting.
- **Nominations for 2019.** There are several ways a shareholder may nominate a candidate for election as a Director or to stand for election at the 2019 annual meeting. As noted above, a shareholder may submit a recommendation to the Corporate Governance Committee, which will consider the nomination when making recommendations to the Board for nominations for Director.

A shareholder may also use one of two alternative provisions of Exelon's bylaws to nominate a candidate for election as a Director. Under one provision of the bylaws currently in effect, a shareholder must comply with the following: (1) notice of the proposed nomination must be received by Exelon no later than November 21, 2018; (2) the notice must include information required under the bylaws, including: (a) information about the nominating shareholder, (b) information about the candidate that would be required to be included in a proxy statement under the rules of the SEC, (c) a representation as to whether the shareholder intends to deliver a proxy statement to the other shareholders of Exelon, and (d) the signed consent of the candidate to serve as a Director of Exelon, if elected. Under this procedure, any shareholder can nominate any number of candidates for director for election at the annual meeting, but the shareholder's nominees will not be included in Exelon's proxy statement or form of proxy for the meeting.

A shareholder who meets criteria in the Exelon bylaws may also nominate a limited number of candidates for election as Directors through provisions commonly referred to as "proxy access." Subject to the requirements set forth in the bylaws, any shareholder or group of up to 20 shareholders holding both investment and voting rights with respect to at least 3% of Exelon's outstanding common stock continuously for at least 3 years may nominate up to 20% of the Exelon Directors to be elected (2 Directors on Exelon's current Board of 13 Directors). The nominating shareholder(s) must comply with the following, among other detailed requirements specified in the bylaws: (1) notice of the proposed nomination and other required information must be received by Exelon no earlier than October 22, 2018 and no later than November 21, 2018; (2) the notice must include information required under the Bylaws, including: (a) information about the nominating shareholder(s), (b) information about the candidate(s) including information that would be required to be included in a proxy statement under the rules of the SEC, and (c) the signed consent of each candidate to serve as a Director of Exelon, if elected. Under this procedure, the shareholder's nominees will be included in the Exelon proxy statement and the form of proxy for the meeting.

Additional Information

A shareholder who wishes to submit a nomination is encouraged to seek the advice of legal counsel regarding the requirements of the SEC and Exelon's bylaws. Exelon will not consider any proposal or nomination that does not comply with the requirements of the SEC and Exelon's bylaws.

Exelon's bylaws are amended from time to time. Please review the bylaws posted on our website to determine if any changes to the nomination process or requirements have been made.

Availability of Corporate Documents

The Exelon Corporate Governance Principles, the Exelon Code of Business Conduct, the Exelon Amended and Restated bylaws, and the charters for the Audit, Corporate Governance, Compensation and Leadership Development and other Committees of the Board of Directors are available on the Exelon website at www.exeloncorp.com , on the Governance page under the Investors tab. Copies may be printed from the Exelon website and copies are available without charge to any shareholder who requests them by writing to Thomas S. O'Neill, Senior Vice President, General Counsel and Corporate Secretary, Exelon Corporation, 10 South Dearborn Street, P.O. Box 805398, Chicago, Illinois 60680-5398. In addition, our Articles of Incorporation, Compensation Consultant Independence Policy, Political Contributions Guidelines, biographical information concerning each Director, and all of our filings submitted to the SEC are available on our website. Access to this information is free of charge to any user with internet access. Information contained on our website is not part of this proxy statement.

Frequently Asked Questions

Can I access the Notice of Annual Meeting and Proxy Statement and the 2017 Financial Report on the Internet?

As permitted by SEC rules, we are making this proxy statement and our annual report available to shareholders electronically via the internet at www.proxyvote.com . On March 21, 2018, we began mailing to our shareholders a notice containing instructions on how to access this proxy statement and our annual report and how to vote online. If you received that notice, you will not receive a printed copy of the proxy materials unless you request it by following the instructions for requesting such materials contained on the notice.

In addition, shareholders may request to receive proxy materials in printed form or electronically by email on an ongoing basis. Exelon encourages shareholders to take advantage of the availability of the proxy materials on the internet in order to save Exelon the cost of producing and mailing documents to you, reduce the amount of mail you receive and help preserve resources.

Shareholders of record: If you vote on the internet at www.proxyvote.com , simply follow the prompts for enrolling in the electronic delivery service.

Beneficial owners: You also may be able to receive copies of these documents electronically. Please check the information provided in the proxy materials sent to you by your bank, broker or other holder of record regarding the availability of this service.

Do I need a ticket to attend the Annual Meeting?

You will need an admission ticket or proof of ownership to enter the annual meeting.

If you are a shareholder of record, the bottom half of your proxy card will serve as your admission ticket.

If your shares are held in the name of a bank, broker, or other holder of record and you plan to attend the meeting, you must present proof of your ownership of Exelon stock as you enter the meeting, such as a bank or brokerage account statement. If you would rather have an admission ticket, you can obtain one in advance by mailing a written request, along with proof of your ownership of Exelon stock, to:

> Annual Meeting Admission Tickets c/o Thomas S. O'Neill, Senior Vice President, General Counsel and Corporate Secretary, Exelon Corporation, 10 South Dearborn Street, P.O. Box 805398 Chicago, Illinois 60680-5398.

Shareholders also must present a form of personal photo identification in order to be admitted into the meeting.

No cameras, audio or video recording equipment, similar electronic devices, large bags, briefcases or packages will be permitted into the meeting or adjacent areas. Cell phones and similar wireless communication devices will be permitted in the meeting only if turned off. All items brought into the meeting will be subject to search.

Who is entitled to vote at the Annual Meeting?

Holders of Exelon common stock as of 5:00 p.m. New York Time on March 2, 2018 are entitled to receive notice of the annual meeting and to vote their shares at the meeting. As of that date, there were 964,986,919 shares of common stock outstanding and entitled to vote. Each share of common stock is entitled to one vote on each matter properly brought before the meeting.

What is the difference between holding shares as a shareholder of record and as a beneficial owner?

If your shares are registered directly in your name with Exelon's transfer agent, EQ (formerly Wells Fargo Shareowner Services), you are the "shareholder of record" of those shares. This Notice of Annual Meeting and Proxy Statement and accompanying documents have been provided directly to you by Exelon.

If your shares are held in a stock brokerage account or by a bank or other holder of record, you are considered the "beneficial owner" of those shares. This Notice of Annual Meeting and Proxy Statement and the accompanying documents have been forwarded to you by your broker, bank or other holder of record. As the beneficial owner, you have the right to direct your broker, bank or other holder of record how to vote your shares by using the voting instruction card or by following their instructions for voting by telephone or on the internet.

How do I vote?

Your vote is important. We encourage you to vote promptly. Internet and telephone voting are available through 11:59 p.m. Eastern Time on April 30, 2018. You may vote in the following ways:

By Internet

If you have internet access, you may vote by internet. You will need the control number included on your proxy card or voting instruction form (VIF), as applicable. You may vote in a secure manner at www.proxyvote.com 24 hours a day. You will be able to confirm that the system has properly recorded your votes, and you do not need to return your proxy card or VIF.

By Telephone

If you are located in the United States or Canada, you can vote by calling the toll-free telephone number (1-800-690-6903) and following the recorded instructions. You will need the control number included on your Notice Regarding the Availability of Proxy Materials, proxy card or VIF, as applicable. You may vote by telephone 24 hours a day. The telephone voting system has easy-to-follow instructions and allows you to confirm that the system has properly recorded your votes. If you vote by telephone, you do not need to return your proxy card or your VIF.

By Mail

If you are a holder of record and received a full paper set of materials, you can vote by marking, dating and signing your proxy card and returning it by mail in the postage-paid envelope provided. If you are a beneficial holder of shares held of record by a bank or broker or other street name, please complete and mail the VIF provided by the holder of record.

At the Annual Meeting

If you are a shareholder of record and attend the annual meeting in person, you may use a ballot provided at the meeting to cast your vote. If you are a beneficial owner, you will need to have a legal proxy from your broker, bank or other holder of record in order to vote by ballot at the meeting.

May I revoke a proxy?

Yes. You may revoke a proxy at any time before the proxy is exercised by filing with the Corporate Secretary a notice of revocation, or by submitting a later-dated proxy by mail, telephone or electronically through the Internet. You may also revoke your proxy by attending the annual meeting and voting in person.

What is householding and how does it affect me?

Exelon has adopted a procedure approved by the SEC called “householding.” Under this procedure, shareholders of record who have the same address and last name and do not participate in electronic delivery of proxy materials will receive only one copy of this Notice of Annual Meeting and Proxy Statement and the 2017 Annual Report, unless we are notified that one or more of these shareholders wishes to continue receiving individual copies. This procedure will reduce our printing costs and postage fees. Shareholders who receive proxy materials in paper form will continue to receive separate proxy cards/voting instruction forms to vote their shares. Shareholders who receive the Notice of Internet Availability of Proxy Materials will receive instructions on submitting their proxy cards/voting instruction form via the internet.

If you would like to change your householding election, request that a single copy of the proxy materials be sent to your address, or request a separate copy of the proxy materials, please contact our distribution agent, Broadridge Financial Solutions, by calling (800) 542-1061 or by writing to Broadridge Householding Department, 51 Mercedes Way, Edgewood, NY 11717. We will promptly deliver the proxy materials to you upon receipt of your request. If you hold your shares in street name, please contact your bank, broker, or other record holder to request information about householding.

If you receive more than one proxy card/voting instruction form, your shares probably are registered in more than one account or you may hold shares both as a registered shareholder and through the Exelon 401(k) Savings Plan. You should vote each proxy card/voting instruction form you receive.

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What are the voting requirements to elect the Directors and to approve each of the proposals discussed in the Proxy Statement?

The presence of the holders of a majority of the outstanding shares of common stock entitled to vote at the annual meeting, in person or represented by proxy, is necessary to constitute a quorum.

Election of Directors: Majority Vote Policy

Under our bylaws, Directors must be elected by a majority of votes cast in uncontested elections. This means that the number of votes cast "for" a Director nominee must exceed the number of votes cast "against" the nominee. An abstention will have no effect on the outcome of the vote because an abstention does not count as a vote cast. In contested elections, the vote standard would be a plurality of votes cast, in which case a withhold vote would have no effect on the vote's outcome. In either case, broker non-votes will have no effect on the outcome of the vote because they are not considered votes cast.

Our bylaws provide that, in an uncontested election, each Director nominee must submit to the Board before the annual meeting a letter of resignation that becomes effective only if the Director fails to receive a majority of the votes cast at the annual meeting. The resignation of a Director nominee who is not an incumbent Director is automatically accepted by the Board. The resignation of an incumbent Director is tendered to the independent Directors of the Board for a determination of whether or not to accept the resignation. The Board's decision and the basis for the decision would be disclosed within 90 days following the certification of the final vote results.

Ratification of PricewaterhouseCoopers as Independent Auditor

The appointment of PricewaterhouseCoopers LLP (PwC) as Exelon Corporation's independent auditor requires an affirmative vote of a majority of shares of common stock represented at the annual meeting and entitled to vote thereon in order to be adopted. An abstention will have the effect of a vote "against" the ratification of the independent auditor. If shareholders do not ratify the appointment of PwC, the Audit Committee will reconsider the appointment.

Executive Compensation

Under our bylaws, whenever any corporate action is to be taken by vote of the shareholders, it shall be authorized upon receiving an affirmative vote of a majority of the votes cast by all shareholders entitled to vote thereon, and abstentions will have the effect of a vote "against" the action. However, the vote on executive compensation is advisory and is not binding on the Company, the Board of Directors, or the Compensation and Leadership Development Committee in any way, as provided by law. Our Board and the Compensation and Leadership Development Committee will review the results of the vote and input from shareholders and will take them into account in making a determination concerning executive compensation consistent with our record of shareowner engagement.

Could other matters be decided at the Annual Meeting?

As of the date this proxy statement went to press, we knew of no matters to be raised at the annual meeting other than those referred to in this proxy statement.

Who will count the votes?

Representatives of Broadridge Financial Communications and Exelon's Office of Corporate Governance will tabulate the votes and act as inspectors of the election.

Where can I find the voting results?

We will report the voting results in a Form 8-K to be filed with the SEC within four business days following the end of our annual meeting.

Who will pay for the cost of this proxy solicitation?

Exelon will pay the cost of soliciting proxies. Proxies may be solicited on our behalf by Directors, officers or employees in person or by telephone, electronic transmission and facsimile transmission. We have hired Alliance Advisors to distribute and solicit proxies. We will pay Alliance Advisors a fee of $15,000 plus reasonable expenses for these services.

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Appendix

2017 Adjusted (non-GAAP) Operating Earnings

Exelon reports its financial results in accordance with accounting principles generally accepted in the United States (GAAP). Exelon supplements the reporting of financial information determined in accordance with GAAP with certain non-GAAP financial measures, including adjusted (non-GAAP) operating earnings per share. Adjusted (non-GAAP) operating earnings per share exclude certain costs, expenses, gains and losses and other specified items, including mark-to-market adjustments from economic hedging activities, unrealized gains and losses from nuclear decommissioning trust fund investments, merger and integration costs, certain costs associated with the PHI acquisition, merger commitments related to the settlement of the PHI acquisition, the impairment of certain long-lived assets, plant retirements and divestitures, costs related to the cost management program, the non-controlling interest in Constellation Energy Nuclear Group, LLC, and other items as set forth in the reconciliation below.

The presentation of adjusted (non-GAAP) operating earnings per share is intended to enhance an investor's overall understanding of period over period financial results and provide an indication of Exelon's baseline operating performance by excluding items that are considered by management to be not directly related to the ongoing operations of the business. In addition, this information is among the primary indicators management uses as a basis for evaluating performance, allocating resources, setting incentive compensation targets and planning and forecasting of future periods. Accordingly, management uses adjusted (non-GAAP) operating earnings per share as a goal in its annual incentive plan. Adjusted (non-GAAP) operating earnings per share is not a presentation defined under GAAP and may not be comparable to other companies' presentations. Exelon reports adjusted (non-GAAP) operating earnings per share as supplemental information and in addition to earnings per share that are calculated and presented in accordance with GAAP. Adjusted (non-GAAP) operating earnings per share should not be deemed more useful than, a substitute for, or an alternative to earnings per share calculated and presented in accordance with GAAP.

A reconciliation of reported GAAP earnings per share to adjusted (non-GAAP) operating earnings per share for 2017 is presented below (amounts may not add due to rounding):

2017 GAAP Earnings (Loss) Per Share 2017	**$ 3.97**
Adjustments:	
Mark-to-market impact of economic hedging activities	0.11
Unrealized gains related to NDT fund investments	(0.34)
Amortization of commodity contract intangibles	0.04
Merger and integration costs	0.04
Merger commitments	(0.14)
Long-lived asset impairments	0.34
Plant retirements and divestitures	0.22
Reassessment of state deferred income taxes	(1.37)
Cost management program	0.04
Like-kind exchange tax position	(0.03)
Tax settlements	(0.01)
Bargain purchase gain	(0.25)
Gain on deconsolidation of business	(0.14)
Vacation policy change	(0.03)
Change in Environmental Remediation Liabilities	0.03
Noncontrolling interests	0.12
Adjusted (non-GAAP) Operating Earnings (Loss) Per Share	**$ 2.60**

2015 PShare Scorecard

The table below reflects the 2015 PShare Scorecard, which uses a "stair-step" approach with no interpolation between data performance levels. Applies to the second year of the 2014-2016 PShare program and the first year of the 2015-2017 PShare program.

2015 PShare Scorecard

Goals	Metrics	Metric Weighting	Operating Company	Threshold	Target	Target Calibrated to	Distinguished	Final Score	Actual Award vs. Metric Weighting
Financial	ROE	30.0%	**Exelon Corp**	7.25%	7.75%	**Budget**	8.50%	8.23%	37.5%
Management	FFO/Debt	30.0%	**ExGen HoldCo**	27.0%	30.0%	**Budget**	42.7%	33.1%	30.0%
Operational	Outage	6.7%	**BGE**	100.0	88.0	**1st Quartile**	85.0	91.0	1.68%
Excellence	Duration		**ComEd**	93.0	83.0	**1st Quartile**	82.0	82.0	3.35%
	(Average)		**PECO**	93.0	87.0	**1st Quartile**	85.0	84.0	3.35%
	Outage	6.7%	**BGE**	1.00	0.80	**1st Decile**	0.76	0.82	1.68%
	Frequency		**ComEd**	0.87	0.77	**1st Decile**	0.74	0.78	1.68%
	(Average)		**PECO**	0.87	0.77	**1st Decile**	0.74	0.70	3.35%
	Net Fleetwide Capacity Factor	13.3%	**Nuclear**	91.1%	93.1%	**1st Quartile**	93.6%	93.9%	19.95%
	Dispatch Match	13.3%	**Power**	94.3%	96.6%	**Internal Measure**	97.8%	98.6%	19.95%
							Committee Approved Performance		**122.48%**

2016 PShare Scorecard

The table below reflects the 2016 PShare Scorecard, which uses a "stair-step" approach with no interpolation between data performance levels. Performance was evaluated at the end of 2016. The 2016 scorecard applies to the first year of the 2016-2018 PShare program, the second year of the 2015-2017 PShare program and the final year of the 2014-2016 PShare program.

2016 PShare Scorecard

Metrics	Metric Weighting	Threshold	Target	Distinguished	Final Score	Actual Award vs. Metric Weighting
Exelon ROE	50.0%	6.60%	7.05 %	7.50 %	8.08 %	75.0 %
ExGen FFO/Debt	50.0%	27.0%	30.0 %	38.01 %	33.7 %	50.0 %
				Committee-Approved Performance		**125.00%**

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2017 PShare Scorecard

The table below reflects the 2017 PShare Scorecard, which uses a “stair-step” approach with no interpolation between data performance levels for FFO/Debt. Utility Return on Equity and Utility Net Income use interpolation. Performance was evaluated at the end of 2017. The 2017 scorecard applies to the final year of the 2015-2017 PShare program.

2017 PShare Scorecard

Metrics	Metric Weighting	Threshold 50%	Target 100%	Distinguished 150%	Final Score	Actual Award vs. Metric Weighting
Utility ROE	33.3%	$1,459.00	$1,707.00	$1,979.00	$1,498.00	35.06%
Utility Net Income	33.3%	8.3%	9.5%	10.9%	9.4%	35.15%

Metric	Metric Weighting	Threshold 50%	75%	Target 100%	125%	Distinguished 150%	Final Score	Actual Award vs. Metric Weighting
Exelon FFO/ Debt	33.4%	>=16.0%	>=17.0%	>=18.0%	>=22.0%	>=24.0%	18.9%	33.4%
						Committee Approved Performance		**103.61%**

Appendix

Exelon Corporation
Categorical Standards of Independence

In accordance with The Exelon Corporation Independence Standards for Directors, the Board has determined that the following categories of relationships do not affect an Exelon director's independence unless determined to affect a director's independence by reason of the independence standards set forth in Exelon's Corporate Governance Principles. The categorical standards are intended to assist the directors with independence determinations in connection with relationships not specifically covered by the independence standards set forth in the Corporate Governance Principles. The Board may determine that other relationships do not affect independence.

Immaterial position and ownership interest: The relationship arises solely from (1) such director's (or an immediate family member's) position as a director, trustee, advisory board member, or similar position with another company or organization; (2) such director's (or an immediate family member's) direct or indirect ownership of a 10% or less equity interest in another company or organization; or (3) a combination of the relationships described in clauses (1) and (2).

Immaterial business relationships: A director's (or an immediate family member's) relationship with another company that participates in a transaction with the Company or its consolidated subsidiaries where: the rates or charges involved are determined by competitive bid or are competitive with current prices generally available to the public for similar goods and services; the transaction involves the rendering of services as a common or contract carrier, or public utility, at rates or charges fixed in conformity with law or governmental authority; the transaction involves services as a bank depository of funds, transfer agent, registrar, trustee under a trust indenture, or similar services, or commercial banking services provided on arm's length terms and in the ordinary course of business; the provider of goods or services in a transaction is determined by the purchaser to be the only practical source to obtain the goods or services; or the interest arises solely from direct or indirect ownership of debt or equity securities of the Company or its subsidiaries where all holders of the same class of securities have the same rights and receive the same benefits on a pro rata basis.

Immaterial transactions: A director's(or an immediate family member's) relationship with another company that has made payments to, or received payments from, the Company for property or services in an amount which, in the last fiscal year, does not exceed the greater of $1 million or 2% of such other company's consolidated gross revenues for such year.

Immaterial indebtedness: A director's relationship as an executive officer, or where any member of his or her immediate family is an executive officer, of any other company which is indebted to the Company, or to which the Company is indebted, in each case excluding normal trade debt, and the total principal amount of such indebtedness is less than the greater of $1 million or 2% of the total consolidated assets of such other company.

Immaterial investment: A director's (or an immediate family member's) relationship with another company (1) in which Exelon or any of its consolidated subsidiaries (including any benefit plan or arrangement sponsored by Exelon or its consolidated subsidiaries), or any nuclear decommissioning trust or other segregated investment fund maintained by Exelon or its subsidiaries makes investments or places funds for investment management or (2) which underwrites or invests in securities issued by Exelon or any of its consolidated subsidiaries, all in the ordinary course of such other company's business on terms and under circumstances similar to those available to or from entities unaffiliated with such director.

Immaterial non-profit relationships: A director's relationship as a current employee or where any member of his or her immediate family serves as executive officer of a charitable or educational organization which receives contributions from the Company or any of its consolidated subsidiaries in its most recent fiscal year of less than the greater of $1 million or 2% of that organization's consolidated gross revenues in that year. In any other circumstances, a director's relationship with a charity or educational organization to which the Company or any of its consolidated subsidiaries makes contributions where the aggregate contributions made by the Company or any of its consolidated subsidiaries to that organization in its most recent fiscal year were less than the greater of $1 million or 5% of that organization's consolidated gross receipts for that year.

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2017 Exelon Recognition and Partnerships

Corporate & Foundation Giving

$52.1 million
Last year, Exelon and its employees set all-time records, committing more than $52.1 million to non-profit organizations and volunteering more than 210,000 hours

Civic 50
Exelon was named for the first time to the Civic 50, recognizing the most community-minded companies by Points of Light, the world's largest organization dedicated to volunteer service

Corporate Recognition

2017 Laurie D. Zelon Pro Bono Award
Awarded by the Pro Bono Institute for exemplary pro bono legal service and leadership

Kids in Need of Defense Innovation Award
Exelon's legal department and the Baltimore chapter of Organization of Latinos at Exelon (OLE) for their work with unaccompanied minors from Central America

Diversity & Inclusion

HeForShe
Exelon joined U.N. Women's HeForShe campaign, which is focused on gender equality. Pledge includes a $3 million commitment to develop new STEM programs for girls and young women and improving the retention of women at Exelon by 2020

Billion Dollar Roundtable
Exelon became the first energy company to join the Billion Dollar Roundtable, an organization that promotes supplier diversity for corporations achieving $1 billion or more in annual direct spending with minority and women-owned businesses

CEO Action for Diversity & Inclusion
Exelon joined 150 leading companies for the CEO Action for Diversity & Inclusion™, the largest CEO-driven commitment aimed at taking action to cultivate a workplace where diverse perspectives and experiences are welcomed and respected

Sustainability

Dow Jones Sustainability Index
Exelon named to Dow Jones Sustainability Index for 12th consecutive year

Newsweek Magazine's Green Rankings
Newsweek Magazine's Green Rankings recognized our leadership in sustainability, where we ranked third among utilities, No. 12 in the U.S. 500 and 24th among the Global 500

Land for People Award
Received the Trust for Public Land's national "Land for People Award" in recognition of Exelon's Exelon's deep support of environmental stewardship, creating new parks and promoting conservation

Carbon Reduction
A recent M.J. Bradley and Associates report noted Exelon's generation fleet had the lowest rate of emissions among the 20 largest public or privately held energy producers. Fortune also recognized Exelon as the second-lowest carbon emitter of all Fortune 100 companies

Workforce

DiversityInc Top 50
DiversityInc. named Exelon as one of the Top 50 companies for excellence in diversity

Indeed.com "50 Best Places to Work"
Indeed.com ranked Exelon No. 18 on its "50 Best Places to Work"

Human Rights Campaign "Best Places to Work"
For the third consecutive year, HRC's Corporate Equality Index gave Exelon a perfect rating on its best places to work for LGBTQ

2017 U.S. Veterans Magazine's "Best of the Best"
Most veteran-friendly companies

Historically Black Engineering Schools
Top Supporter recognition for five consecutive years

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exeloncorp.com
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This proxy statement was printed in a facility that uses exclusively vegetable based inks, 100% renewable wind energy and releases zero VOCs into the environment.

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EXELON CORPORATION
10 SOUTH DEARBORN STREET
P.O. BOX 805398
CHICAGO, IL 60680-5398

VOTE BY INTERNET - www.proxyvote.com
Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time on April 30, 2018. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS
If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

VOTE BY PHONE - 1-800-690-6903
Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time on April 30, 2018. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL
Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

E39820-P04234-Z71932 KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

EXELON CORPORATION

The Board of Directors recommends you vote FOR the following:

1. Election of Directors	For	Against	Abstain
Nominees:			
1a. Anthony K. Anderson	☐	☐	☐
1b. Ann C. Berzin	☐	☐	☐
1c. Christopher M. Crane	☐	☐	☐
1d. Yves C. de Balmann	☐	☐	☐
1e. Nicholas DeBenedictis	☐	☐	☐
1f. Linda P. Jojo	☐	☐	☐
1g. Paul L. Joskow	☐	☐	☐
1h. Robert J. Lawless	☐	☐	☐
1i. Richard W. Mies	☐	☐	☐
1j. John W. Rogers, Jr.	☐	☐	☐
1k. Mayo A. Shattuck III	☐	☐	☐
1l. Stephen D. Steinour	☐	☐	☐

For address changes and/or comments, please check this box and write them on the back where indicated. ☐

Please indicate if you plan to attend this meeting. ☐ Yes ☐ No

The Board of Directors recommends you vote FOR proposals 2 and 3.

	For	Against	Abstain
2. Ratification of PricewaterhouseCoopers LLP as Exelon's Independent Auditor for 2018.	☐	☐	☐
3. Advisory approval of executive compensation.	☐	☐	☐

NOTE: Authority is also given to vote on all other matters that may properly come before the meeting or any adjournment thereof.

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name by authorized officer.

Signature [PLEASE SIGN WITHIN BOX] Date

Signature (Joint Owners) Date

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ADMISSION TICKET

To attend the annual meeting please detach and bring this ticket along with a valid photo ID and present them at the Shareholder Registration Table upon arrival. This ticket is not transferable.

No cameras, audio or video recording equipment, similar electronic devices, large bags, backpacks, briefcases or packages will be permitted in the meeting room or adjacent areas. Cell phones and similar wireless communication devices will be permitted in the meeting only if turned off. All items brought into the meeting will be subject to search.

NOTICE REGARDING INTERNET AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING

Exelon's Notice and Proxy Statement and Annual Report are available online at www.proxyvote.com . The electronic documents have been prepared to offer easy viewing and are completely searchable. The website will allow you to view the materials as you vote the shares. We believe that you will find this method of viewing Exelon's information and voting the shares more convenient.

We encourage you to vote the shares at www.proxyvote.com
and then register for the electronic delivery of Exelon's proxy materials for 2019 and beyond.

IF YOU WISH TO ATTEND THE ANNUAL MEETING, DETACH AND BRING THIS ADMISSION TICKET ALONG WITH A PHOTO ID

E39821-P04234-Z71932

EXELON CORPORATION

2018 COMMON STOCK PROXY

This proxy is solicited on behalf of the Board of Directors
for the Annual Meeting of Shareholders to be held
on Tuesday, May 1, 2018 at 9:00 A.M. Eastern Time at
Offices of Pepco Holdings LLC
701 Ninth Street, NW
Washington, D.C.

THOMAS S. O'NEILL and CARTER C. CULVER, or either of them with power of substitution, are hereby appointed to vote as specified all shares of common stock which the shareholder(s) named on the proxy card is/are entitled to vote at the annual meeting described above or at any adjournment thereof, and in their sole discretion to vote upon all other matters that may be properly brought before the annual meeting. If the proxy card is signed and dated, but no votes are indicated, it will be voted as recommended by the Board of Directors.

The Northern Trust Company as trustee for the Exelon Employee Savings Plan, for which Northwest Plan Services, Inc. is the plan record keeper, or Vanguard Fiduciary Trust Company as trustee of the Pepco Holdings LLC Retirement Savings Plan, is hereby authorized to execute a proxy with the identical instructions for any shares of common stock held in the respective plan for the benefit of any shareholder(s) named on this card. For all shares for which no valid instruction is timely received, the trustee of the respective plan is instructed to vote the shares in the same proportion as the shares that were affirmatively voted by shareholders participating in the respective plan.

Address Changes/Comments: _____

_____

(If you noted any Address Changes/Comments above, please mark corresponding box on the reverse side.)

(Continued and to be signed on reverse side)

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a)
of the Securities Exchange Act of 1934
(Amendment No.)

Filed by the Registrant ☒ Filed by a Party other than the Registrant ☐

Check the appropriate box:

☐ Preliminary Proxy Statement

☐ **CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14a-6(e)(2))**

☒ Definitive Proxy Statement

☐ Definitive Additional Materials

☐ Soliciting Material Pursuant to §240.14a-12

EXELON CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

☒ No fee required.

☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

☐ Fee paid previously with preliminary materials.

☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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April 1, 2014

NOTICE OF THE ANNUAL MEETING AND 2014 PROXY STATEMENT

To the shareholders of Exelon Corporation:

Our Annual Meeting of Shareholders will be held on Tuesday, May 6, 2014 at 9:00 a.m. Eastern Time at PECO Energy Company headquarters, 2301 Market Street, Philadelphia, Pennsylvania to:

1) Elect director nominees named in the attached proxy statement;
2) Ratify PricewaterhouseCoopers LLP as Exelon's independent accountant for 2014;
3) Approve the compensation of our named executive officers as disclosed in the attached proxy statement;
4) Renew the Exelon Corporation Senior Executive Annual Incentive Plan, effective January 1, 2014;
5) Vote on one shareholder proposal, if properly presented at the meeting; and
6) Conduct any other business that properly comes before the meeting.

Shareholders of record as of March 14, 2014 are entitled to vote at the annual meeting.

This notice and proxy statement, voting instructions, and Exelon's 2013 annual report are being mailed to shareholders beginning on April 1, 2014.

Bruce G. Wilson
Senior Vice President,
Deputy General Counsel and Corporate Secretary

Your vote is important. We encourage you to vote promptly.
Internet and telephone voting are available through 11:59 p.m.
Eastern Time on May 5, 2014.

Proxy Statement Summary

We are providing these proxy materials in connection with the solicitation by the board of directors of Exelon Corporation ("Exelon," the "company," "we," "us," or "our"), a Pennsylvania corporation, of proxies to be voted at our 2014 annual meeting of shareholders and at any adjournment or postponement. The annual meeting of shareholders will take place on May 6, 2014 beginning at 9:00 a.m., Eastern Time, at PECO Energy Company headquarters, 2301 Market Street, Philadelphia, Pennsylvania.

MATTERS FOR SHAREHOLDER VOTING

At this year's annual meeting, we are asking our shareholders to vote on the following matters:

Proposal 1: Election of Directors

The board of directors recommends a vote FOR the election of the director nominees named in this proxy statement. See pages 1 through 14 for further information on the nominees.

Proposal 2: Appointment of PricewaterhouseCoopers LLP for 2014

The board of directors recommends a vote FOR this proposal. See page 35 for details.

Proposal 3: Advisory Approval of Executive Compensation

The board of directors recommends a vote FOR this proposal. See pages 36 through 80 for details.

Proposal 4: Approval of Senior Executive Incentive Plan

The board of directors recommends a vote FOR this proposal. See pages 81 through 83 for details.

Proposal 5: Shareholder proposal regarding executive compensation

The board of directors recommends a vote AGAINST this proposal. See pages 84 through 86 for details.

The board of directors knows of no other matters to be presented for action at the annual meeting. If any matter is presented from the floor of the annual meeting, the individuals serving as proxies intend to vote on these matters in the best interest of all shareholders. Your signed proxy card gives this authority to Darryl M. Bradford and Bruce G. Wilson.

Please refer to the material on pages 89 - 92 for information about how to cast your votes, who may attend the meeting, and other frequently asked questions.

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Proxy Statement Summary

GOVERNANCE HIGHLIGHTS

Exelon is committed to maintaining the highest standards of corporate governance. Strong corporate governance practices help us achieve our performance goals and maintain the trust and confidence of our investors, employees, customers, regulatory agencies and other stakeholders. Our corporate governance practices are described in more detail on pages 15-30 and in our Corporate Governance Principles, which can be found in the Investors section of our website.

Director Independence	• 13 of our 15 nominees are independent. • Our CEO is the only management director. • During 2013, all of our board committees (except the generation oversight committee) were composed exclusively of independent directors.
Board Leadership	• We have an independent Lead Director, selected by the independent directors. • The Lead Director serves as non-exclusive liaison between management and the other non-management directors. • The positions of Chairman and CEO are separated
Executive Sessions	• The independent directors regularly meet in executive sessions without management. • The Lead Director presides at these executive sessions.
Board Oversight of Risk Management	• Our board reviews Exelon's systematic approach to identifying and assessing risks faced by Exelon and our business units. • The board considers enterprise risk in connection with emerging trends or developments and the evaluation of capital investments and business opportunities. • The finance and risk committee oversees our risk management strategy, policies and practices and financial condition and risk exposures.
Stock Ownership Requirements	• Our independent directors must hold at least 15,000 shares of Exelon common stock within five years after joining the board. • Our CEO must, after five years of employment, hold Exelon Common Stock valued at five times base salary. • Executive vice presidents and higher officers must, within five years after employment or September 30, 2012, hold Exelon Common Stock, valued at three times base salary.
Board Practices	• Our board annually reviews its effectiveness as a group. • Continuing director education is provided during regular board and committee meetings. • Directors may not stand for election after age 75.
Accountability	• All directors stand for election annually. • In uncontested elections, directors must be elected by a majority of votes cast.

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Proxy Statement Summary

2013 EXECUTIVE COMPENSATION HIGHLIGHTS

As more fully explained in Compensation Discussion and Analysis beginning at page 41, our compensation program is designed to retain and reward leaders who create long-term value for our shareholders. Since our last annual meeting, we have modified the compensation program to further enhance this alignment, conform to best practices and respond to input from investors.

CHANGES TO EQUITY COMPENSATION PROGRAMS

We made a number of changes to the performance share award program:

- Lengthened the performance period from one to three years;
- Reinstated total shareholder return as a modifier;
- Reduced the number of goals from six to two, operational excellence and financial management;
- Changed the metrics used in the goals from qualitative to quantitative.

We also eliminated stock option grants and changed the mix of equity awards for the named executive officers to 67% performance shares and 33% restricted stock units.

Because the change from a one-year to a three-year performance period for the performance share award program would significantly decrease the targeted equity payments that would vest in 2014 and 2015, we made a one-time grant of performance-based transition awards to level out the vesting of performance shares during the transition period. The transition awards use the same goals as performance shares; however, they do not include the total shareholder return modifier or individual performance multipliers.

CEO COMPENSATION HIGHLIGHTS

Two elements drove the increase in the 2013 total compensation of Exelon's President and Chief Executive Officer, Christopher M. Crane as compared to 2012: the board decision to increase his target total direct compensation to the market median from 20% below the market median and the one-time grant of the performance-based transition award discussed above.

Approximately 90% of Mr. Crane's compensation is at risk, which is a greater percentage than the pay at risk of CEOs at our peer companies.

2013 COMPENSATION PAYOUT DECISIONS

- Base salary increases for the named executive officers averaged 3.4%.
- Annual incentive payout approved at 104.35% of target based on adjusted operating earnings of $2.50 versus a target of $2.49.
- Performance share plan performance for 2013 was at 147.8% of target based on outstanding operational performance and solid financial management performance, but the compensation and leadership development committee reduced the performance factor to 125% of target to better align with a lagging stock price for the year.

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Cautionary Statements Regarding Forward-Looking Information

This proxy statement contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that are subject to risks and uncertainties. The factors that could cause actual results to differ materially from the forward-looking statements made by Exelon Corporation include those factors discussed herein, as well as the items discussed in (1) Exelon's 2013 Annual Report on Form 10-K in (a) ITEM 1A. Risk Factors, (b) ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) ITEM 8. Financial Statements and Supplementary Data: Note 22; and (2) other factors discussed in filings with the Securities and Exchange Commission by Exelon. Readers are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of this proxy statement. Exelon does not undertake any obligation to publicly release any revision to its forward-looking statements to reflect events or circumstances after the date of this proxy statement.

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Election of Directors

PROPOSAL 1: E LECTION OF DIRECTORS

DIRECTOR NOMINEES

Upon the recommendation of the corporate governance committee, the board nominated the 15 candidates named below for election as directors, each to serve a term ending with the annual meeting in 2015. Each of the following nominees has agreed to be named in this proxy statement and to serve as a director, if elected. If any director is unable to stand for election, the board may reduce the number of directors or designate a substitute. In that case, shares represented by proxies may be voted for a substitute director. Exelon does not expect that any director nominee will be unable to serve.

The corporate governance committee believes that the current membership of the board represents an effective mix of directors in terms of the range of backgrounds and experience and diversity. The current board consists of directors who range in age from 55 to 73, with an average age of 64 and a median age of 66.5. The tenure of the directors is similarly varied, with two directors having served since the company's creation in 2000, one since 2002, one since 2004, one since 2005, two since 2007, one since 2008, one since 2009, five since 2012 and one joining in 2013. Five directors come from the Chicago area, two from the Philadelphia area, and one from the Baltimore area, the company's three primary markets, while seven come from other parts of the country. Two directors are African-Americans, two are women, one is Hispanic, and one is Asian-American.

The current directors have a wide diversity of experiences that fill the needs of the board and its committees. Nine directors are current or former CEOs of corporations; one is the former CEO of a university. Two directors have strong nuclear experience. Six directors have experience in banking and investment management. Two have served in government and one has flag officer military experience. Individual directors have experience or expertise in accounting, utility regulation and operations, and environmental matters, law, the economics of energy and government affairs.

The board of directors held seven meetings during 2013. The board also attended a two-day strategy retreat with the senior officers of Exelon and subsidiary companies. All directors attended at least 75% of all board and committee meetings that they were eligible to attend, with an average attendance of approximately 98.21% across all directors for all board and committee meetings. Although Exelon does not have a formal policy requiring attendance at the annual shareholders meeting, all directors generally attend the annual meeting and all of them, with the exception of Mr. Anthony K. Anderson, did so in 2013. Mr. Anderson was out of the country on business scheduled before he became a director in January 2013.

The board of directors recommends a vote "FOR" each of the director nominees below.

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Election of Directors

ANTHONY K. ANDERSON

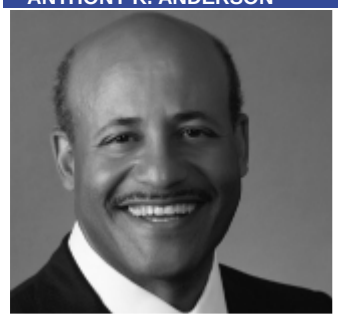

Retired Vice Chair and Midwest Area Managing Partner of Ernst & Young

Age: 58
Director since: 2013

Committees:
Member-Audit Committee (effective March 1, 2013)
Member-Finance and Risk Committee (effective January 1, 2014)
Member-Generation Oversight Committee (effective January 1, 2014)

In 2012, Mr. Anderson retired as the Vice Chair and Midwest Area Managing Partner of Ernst & Young, after a 35-year career with E&Y. In that capacity, Mr. Anderson oversaw a practice of 3,500 audit, tax, and transaction professionals serving clients through the Midwest. Mr. Anderson also served for six years in the Los Angeles area as managing partner of E&Y's Pacific Southwest region. Mr. Anderson also served as a member of Ernst & Young's governing body, the Americas Executive Board. Mr. Anderson currently serves on the boards of AAR Corp. (aerospace and defense), where he serves on the audit and compensation committees; Avery Dennison Corporation (labeling and packaging materials), where he serves on the audit committee; and First American Financial Corporation (financial services), where he serves on the governance and nominating committee. Mr. Anderson also served as a director of the Federal Reserve Bank of Chicago from 2008-2010. Mr. Anderson is the chairman of the board of the Perspectives Charter School. He is also a member of the boards of Chicago Urban League, The Chicago Council on Global Affairs, the Regional Transportation Authority and World Business Chicago. In Los Angeles, Mr. Anderson served as chairman of Town Hall Los Angeles, the Children's Bureau of Southern California, and the California Science Center. Mr. Anderson is a member of the American, California, and Illinois Institute of Certified Public Accountants. Mr. Anderson's experience as the vice chair of a global professional services firm and his training and experience as an audit partner and certified public accountant enhance his contribution to the Exelon board and add value to his experience on the audit, finance and risk and generation oversight committees.

ANN C. BERZIN

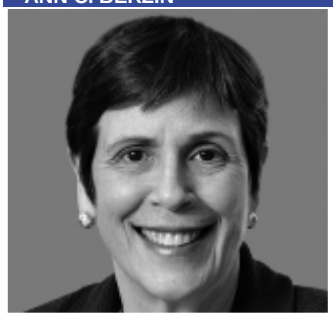

Former Chairman and Chief Executive Officer of Financial Guaranty Insurance Company (FGIC)

Age: 62
Director since: 2012

Committees:
Member-Audit Committee
Member-Energy Delivery Oversight Committee (through December 31, 2013)
Member-Finance and Risk Committee

Ms. Berzin has been a director of Exelon since March 12, 2012. Previously, Ms. Berzin served as a director of Constellation Energy Group from 2008 through March 2012 when Constellation merged with Exelon. From 1992 to 2001, Ms. Berzin served as Chairman and Chief Executive Officer of Financial Guaranty Insurance Company (FGIC), an insurer of municipal bonds, asset-backed securities and structured finance obligations. Ms. Berzin joined FGIC in 1985 as its General Counsel following seven years of securities law practice in New York City. Ms Berzin is a director of Ingersoll-Rand plc, Chair of its finance committee, and a member of its audit committee, and previously served as a director of Kindred Healthcare, Inc. (healthcare services) from 2006-2012. Ms. Berzin has broad business and executive leadership experience, as well as expertise in the financial services sector, which is particularly valuable in the area of risk management. Ms. Berzin also serves on the board of BGE, an Exelon subsidiary.

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Election of Directors

JOHN A. CANNING, JR.

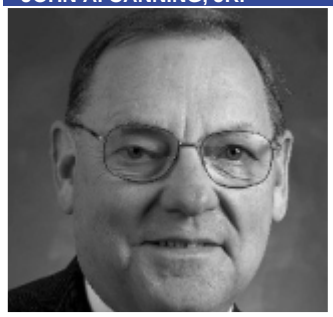

Chairman and co-founder of Madison Dearborn Partners, LLC

Age: 69
Director since: 2008

Committees:
Chair-Compensation and Leadership Development Committee
Member-Corporate Governance Committee

Mr. Canning is the Chairman and co-founder of Madison Dearborn Partners, LLC ("MDP"), which specializes in management buyout and special equity investing. MDP has raised investment funds with more than $18 billion in limited partner commitments from over 400 endowments, pension funds and other sophisticated investors. MDP has made significant investments in the energy and power industry. Prior to co-founding Madison Dearborn Partners, Mr. Canning spent 24 years with First Chicago Corporation, where he managed the bank's venture investments. Mr. Canning has over 33 years of experience in private equity investing, including reviewing financial statements and audit results and making investment and acquisition decisions. Mr. Canning is a former director and Chairman of the Federal Reserve Bank of Chicago, giving him insight into economic trends important to the business of Exelon. Mr. Canning also serves on the board of Corning, Inc., a specialty glass and ceramics producer. Mr. Canning has also served on the board of directors of Jefferson Smurfit Group plc and on the audit committees of several charitable organizations, including the Irish Pension Reserve Fund. In addition to his business experience, he also has a law degree. Mr. Canning is a recognized leader in the Chicago business community with knowledge of the economy of the Midwestern United States and the northern Illinois communities that Exelon serves. Mr. Canning's business experience and service on the boards of other companies and organizations enable him to contribute to the work of the Exelon board. Mr. Canning's experience in banking and in managing investments, and his experience on the audit committees of other organizations, make him a valued member of the compensation and leadership development committee and the corporate governance committee.

CHRISTOPHER M. CRANE

President and Chief Executive Officer of Exelon Corporation

Age: 55
Director since: 2012

Committees:
Member-Generation Oversight Committee
Member-Investment Oversight Committee (effective January 1, 2014)

Mr. Crane is President and Chief Executive Officer of Exelon Corporation since March 12, 2012. Previously, he served as President and Chief Operating Officer, Exelon; President and Chief Operating Officer, Exelon Generation since 2008. In that role, he oversaw one of the U.S. industry's largest portfolios of electric generating capacity, with a multi-regional reach and the nation's largest fleet of nuclear power plants. He directed a broad range of business including major acquisitions, transmission strategy, cost management initiatives, oversight of major capital programs, generation asset optimization and generation development. Mr. Crane is one of the leading executives in the electric utility and power industries. Mr. Crane served as a director of Aleris International Inc. from 2010 through October 2013 (manufacture and sale of aluminum rolled and extruded products), where he served on the compensation committee and as the chair of the nominating and corporate governance committee. He is a member of the executive committee of the Edison Electric Institute and the board of directors of the Institute of Nuclear Power Operations, the industry organization promoting the highest levels of safety and reliability in nuclear plant operation. He is vice chairman of the Nuclear Energy Institute, the nation's nuclear industry trade association, where he has also served as chairman of the New Plant Oversight Committee and as a member of the Nuclear Strategic Issues Advisory Committee, the Nuclear Fuel Supply Committee and the Materials Initiative Group.

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Election of Directors

YVES C. DE BALMANN

Former Co-Chairman of Bregal Investments LP

Age: 67
Director since: 2012

Committees:
Member-Audit Committee
Member-Compensation and Leadership Development Committee (effective January 1, 2014)
Member-Finance and Risk Committee

Mr. de Balmann has been a director of Exelon since March 12, 2012. Mr. de Balmann served as a director of Constellation Energy Group from 2003 through March 2012 when Constellation merged with Exelon. Mr. de Balmann served as the Co-Chairman of Bregal Investments LP, a private equity investing firm, from September 2002 through December 2012. He was Vice-Chairman of Bankers Trust Corporation, in charge of Global Investment Banking, until its merger with Deutsche Bank in 1999 when he became Co-Head of Deutsche Bank's Global Investment Bank, and Co-Chairman and Co-Chief Executive Officer of Deutsche Banc Alex. Brown from June 1999 to April 2001, and then a Senior Advisor to Deutsche Bank AG from April 2001 to June 2003. Mr. de Balmann is a director of Laureate Education, Inc., he is non-executive Chairman of Conversant Intellectual Property Management. He also has served as a director of ESI Group, a technology company based in France, in the past five years. Mr. de Balmann has extensive experience in corporate finance, including the derivatives and capital markets.

NICHOLAS DEBENEDICTIS

Chairman, President and Chief Executive Officer of Aqua America Inc.

Age: 68
Director since: 2002

Committees:
Chair-Energy Delivery Oversight Committee (through December 31, 2013)
Member-Corporate Governance Committee
Member-Finance and Risk Committee (effective January 1, 2014)
Member-Generation Oversight Committee

Mr. DeBenedictis is the Chairman (since 1993), President and Chief Executive Officer (since 1992) of Aqua America Inc., a water utility with operations in 10 states. Aqua America is the second largest U.S.-based, publicly-traded water and wastewater company in the country. As CEO, Mr. DeBenedictis has experience in dealing with many of the same development, land use and utility regulatory issues that affect Exelon and its subsidiaries. Mr. DeBenedictis also has extensive experience in environmental regulation and economic development, having served in two cabinet positions in the Pennsylvania government, as Secretary of the Pennsylvania Department of Environmental Resources and as Director of the Office of Economic Development. He also spent eight years with the U.S. Environmental Protection Agency and was President of the Greater Philadelphia Chamber of Commerce for three years. Mr. DeBenedictis has also served as a director of P.H. Glatfelter, Inc. (global supplier of specialty papers and engineered products) since 1995, where he has served on the audit, compensation & finance, and nominating and corporate governance committees. Mr. DeBenedictis served as a director of Met-Pro Corporation (global provider of solutions and products for product recovery, pollution control, and fluid handling applications) (1997-February 2010). While a director of Met-Pro, he served as presiding independent director, chair of the corporate governance and nominating committee and a member of the audit committee. Mr. DeBenedictis has a master's degree in environmental engineering and science. As a leader in the greater Philadelphia business community, he has knowledge of the communities and local economies served by PECO. Mr. DeBenedictis' contribution to the Exelon board is enhanced by his experience as the CEO of a public company, his experience on the boards of other companies, his experience as a utility executive, and his experience with environmental regulation, all of which bring useful perspectives to the Exelon board's finance and risk committee and the generation oversight committee. His prior experience as the presiding director and chair of the corporate governance committee of another public company offers additional insight to the functions of the Exelon corporate governance committee. Mr. DeBenedictis also serves on the boards of ComEd and PECO, which are Exelon subsidiaries.

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Election of Directors

NELSON A. DIAZ

Contract Partner at Dilworth Paxson LLP

Age: 66
Director since: 2004

Committees:
Member-Energy Delivery Oversight Committee (through December 31, 2013)
Member-Finance and Risk Committee
Member-Generation Oversight Committee

Judge Diaz is a contract partner at Dilworth Paxson LLP, a Philadelphia-based regional law firm. Previously, he was Of Counsel to Cozen O'Connor from May 2007 through June 2011. He was also previously a partner of Blank Rome LLP (a law firm), from March 2004 through May 2007, and from February 1997 through December 2001. He served as the City Solicitor for the City of Philadelphia from December 2001 through January 2004, and Judge of the Court of Common Pleas, First Judicial District of Pennsylvania (1981-1993), where he served as Administrative Judge responsible for supervising judges and staff and managing the budget. Judge Diaz also served as General Counsel, United States Department of Housing and Urban Affairs (1993-1997). He serves as a director of PECO and formerly served as Chairman of the board of trustees of Paradigm Multi Strategy Fund I, LLC. Judge Diaz is a Trustee of Temple University. His undergraduate education was in accounting, and he has participated in a number of seminars and conferences on corporate governance. Judge Diaz's legal and governmental experience at the federal level and in a city and state where a significant portion of Exelon's business is conducted has enabled him to contribute to the board and its committees on matters related to federal, state and local regulation and public policy. In addition, Judge Diaz's Puerto Rican heritage adds diversity to the Exelon board. He serves on the boards of the National Association for Hispanic Elderly and the National Foundation for Credit Counseling. Judge Diaz is also a member of the President's Commission on White House Fellowships. He is active in Philadelphia government and community affairs and neighborhood development and has made contributions to Exelon's outreach to diverse groups within Philadelphia and neighboring communities. Judge Diaz serves on the Exelon board's finance and risk and generation oversight committees where his experience in legal matters and government regulation is best utilized in overseeing Exelon's business operations and the legal and regulatory risks that Exelon faces.

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Election of Directors

SUE L. GIN

Ms. Gin is the founder, owner, chairman and CEO of Flying Food Group LLC, a leading wholesale food production company with 17 U.S. kitchens. Flying Food Group provides catering services to over 100 international and domestic airlines. Ms. Gin chairs the audit committee and serves on the finance and risk committee. Ms. Gin has also served on the corporate governance and investment oversight committees. Ms. Gin has also served since 2000 as a director of ComEd, an Exelon subsidiary. Ms. Gin also serves on the board of Servair, the global Air France catering arm. She is on the board of The Foundation for the National Archives, Washington, D.C. Ms. Gin's Chicago-area board memberships include DePaul University, The Field Museum, Chicago Botanic Gardens and Rush University Medical Center. A Chicago-based entrepreneur, she is also president and founder of New Management Ltd., a real estate sales, leasing management and development firm with strategic Chicago-area commercial and residential holdings.

Founder, owner, chairman and CEO of Flying Food Group LLC

Age: 72
Director since: 2000

Committees:
Chair-Audit Committee
Member-Corporate Governance Committee (through January 28, 2014)
Member-Finance and Risk Committee
Member-Investment Oversight Committee (through January 28, 2014)

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Election of Directors

PAUL L. JOSKOW, PH. D.

President of the Alfred P. Sloan Foundation

Age: 66
Director since: 2007

Committees:
Member-Audit Committee
Member-Energy Delivery Oversight Committee (through December 31, 2013)
Member-Finance and Risk Committee
Member-Investment Oversight Committee

Dr. Joskow has been the President of the Alfred P. Sloan Foundation since January 1, 2008. The Sloan Foundation is a philanthropic institution that supports research and education in science, technology and economic performance. He is also the Elizabeth and James Killian Professor of Economics and Management Emeritus at the Massachusetts Institute of Technology (MIT). Dr. Joskow joined the MIT faculty in 1972 and served as head of the MIT Department of Economics (1994-1998) and Director of the MIT Center for Energy and Environmental Policy Research (1999-2007). At MIT he was engaged in teaching and research in the areas of industrial organization, energy and environmental economics, competition policy, and government regulation of industry for over 35 years. Much of his research and consulting activity has focused on the electric power industry, electricity pricing, fuel supply, demand, generating technology, and regulation. He is a Fellow of the American Academy of Arts and Sciences, the Econometric Society and a Distinguished Fellow of the American Economic Association. He has served on the U.S. Environmental Protection Agency's ("EPA") Acid Rain Advisory Committee, on the Environmental Economics Committee of EPA's Science Advisory Board, and on the National Commission on Energy Policy. He presently serves on the Secretary of Energy Advisory Board. He is the Chair of the National Academies Board of Science, Technology and Economic Policy. He is also a Trustee of the Putnam Mutual Funds. In addition to his teaching, research, publishing and consulting activities, he has experience in the energy business, serving as a director of New England Electric System, a public utility holding company (1987-2000), until it was acquired by National Grid. He then served as a director of National Grid plc, an international electric and gas utility holding company, and one of the largest investor-owned utilities in the world (2000-2007). Dr. Joskow served as a director of TransCanada Corporation from 2004 until March 2013. TransCanada is an energy infrastructure company with gas pipelines, electric power operations, and natural gas storage facilities. He served on the audit and governance committees of TransCanada. He previously served on the audit committee of National Grid (2000-2005) and was chair of its finance committee until 2007. He also served on the audit committee of New England Electric System and as the chair of the audit committee of the Putnam Mutual Funds (2002-2005).

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Election of Directors

ROBERT J. LAWLESS

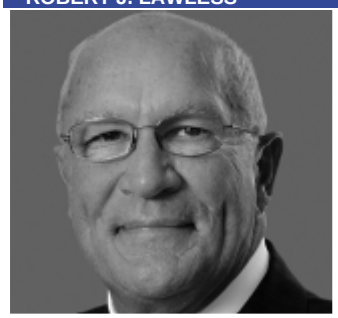

Former Chairman of the Board of McCormick & Company, Inc.

Age: 67
Director since: 2012

Committees:
Chair-Corporate Governance Committee
Member-Compensation and Leadership Development Committee

Mr. Robert J. Lawless has been a director of Exelon since March 12, 2012. Mr. Lawless served as a director of Constellation Energy Group from 2002 through March 2012 when Constellation merged with Exelon. Mr. Lawless served as Chairman of the Board of McCormick & Company, Inc. (food manufacturing industry) from January 1997 until March 2009, having also served as President until December 2006 and Chief Executive Officer until January 2008, and is now retired. He is also a director of The Baltimore Life Insurance Company. Mr. Lawless has extensive executive leadership and strategic planning experience. As a former chief executive officer of a public company, he can provide a critical perspective on issues affecting public companies. Mr. Lawless serves on the compensation and leadership development committee and as the chair of the corporate governance committee.

RICHARD W. MIES

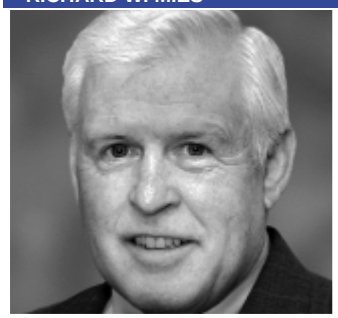

President and Chief Executive Officer of The Mies Group, Ltd.

Age: 69
Director since: 2009

Committees:
Chair-Generation Oversight Committee
Member-Audit Committee
Member-Corporate Governance Committee (through January 28, 2014)
Member-Finance & Risk Committee

Admiral Mies is President and Chief Executive Officer of The Mies Group, Ltd, a private consulting firm that provides strategic planning and risk assessment advice and assistance to clients on international security, energy, defense, and maritime issues. A distinguished graduate of the Naval Academy, he completed a 35-year career as a nuclear submariner in the US Navy. Admiral Mies has a wide range of operational command experience; he served as the senior operational commander of the US Submarine Force and he commanded US Strategic Command for four years prior to retirement in 2002. He subsequently served as a Senior Vice President of Science Applications International Corporation, a provider of scientific and engineering applications for national security, energy, and environment, and as the President and Chief Executive Officer of Hicks and Associates, Inc, a subsidiary of SAIC from 2002-2007. Admiral Mies served as a director of Mutual of Omaha, an insurance and banking company, from 2002-2013, where he chaired the governance committee and served as a member of the audit, compensation, investment, and executive committees. From 2008–2010 Admiral Mies was a director of McDermott International, an engineering and construction company focused on energy infrastructure, where he served on the audit and governance committees. In 2010 he transitioned to the board of Babcock and Wilcox ("B&W") when that company spun off from McDermott International. He is chair of B&W's safety and security committee and a member of the governance committee. He is also a member of the Boards of Governors of Los Alamos and Lawrence Livermore National Security LLCs that operate their respective national laboratories. In addition to an undergraduate degree in mechanical engineering and mathematics, Admiral Mies completed post-graduate education at Oxford University, the Fletcher School of Law and Diplomacy, and Harvard University and holds a Masters degree in government administration and international relations. Admiral Mies makes a unique contribution to Exelon's generation oversight, finance and risk, and audit committees through his extensive leadership experience with nuclear power and strategic planning in the Navy and in business and through his experience on the boards of other companies.

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Election of Directors

WILLIAM C. RICHARDSON, PH. D.

President and Chief Executive Officer Emeritus of the W.K. Kellogg Foundation

Age: 73
Director since: 2005

Committees:
Lead Director
Member-Audit Committee
Member-Compensation and Leadership Development Committee
Member-Corporate Governance Committee
Member-Investment Oversight Committee (through January 28, 2014)

Dr. Richardson serves as lead director. Dr. Richardson is the President and Chief Executive Officer Emeritus of the W.K. Kellogg Foundation, a private foundation, and the President and Chief Executive Officer Emeritus of Johns Hopkins University. Dr. Richardson served as the President and CEO of the W. K. Kellogg Foundation until his retirement (1995-2005). He also served as chairman of the Kellogg Trust (1996-2007). In that position he and two other trustees directly oversaw the management of an approximately $7.7 billion fund, including a significant position in Kellogg Company (cereal and convenience foods). He was the President of Johns Hopkins University (1990-1995), and Executive Vice President and Provost of Pennsylvania State University (1984-1990). He is a member of the Institute of Medicine, National Academy of Sciences. Dr. Richardson has served as a director of The Bank of New York Mellon Corporation since 1998; of CSX Corporation (railroad) (1992-2008); and of Kellogg Company (1996-2007). Dr. Richardson serves on the audit and corporate governance and nominating committees of Bank of New York Mellon Corporation, and previously served on the audit, governance, and compensation committees of CSX. He was chair of the governance and compensation committees and lead director of CSX, and chair of the finance committee of Kellogg. Dr. Richardson has an MBA and PhD. from the University of Chicago Graduate School of Business. Dr. Richardson's experience as CEO of a large international research university and in leading a large investment fund and serving as a director of three major corporations and as a member of their governance, audit, risk and compensation committees make him qualified to serve as a director of Exelon. Through his experience, including experience on the committees of other organizations, Dr. Richardson contributes to the work of the Exelon audit, compensation and leadership development and corporate governance committees.

JOHN W. ROGERS, JR.

Chairman and CEO of Ariel Investments, LLC

Age: 56
Director since: 2000

Committees:
Chair-Investment Oversight Committee
Member-Corporate Governance Committee

Mr. Rogers is the founder, Chairman and CEO of Ariel Investments, LLC, an institutional money management firm with $8 billion in assets under management, and serves as trustee of the Ariel Investment Trust. Since 2003, he has served as a director of McDonald's Corporation (global foodservice retailer) where he has served on the compensation, finance and corporate responsibility committees. Previously, he served as a director of Aon Corporation (risk management services, insurance and reinsurance brokerage and human capital and management consulting services) (1993-2012), where he served on the finance committee and as chair of the audit committee; GATX corporation (rail, marine and industrial equipment leasing) (1998-2004), where he served on the audit committee; Bank One Corporation (bank) (1998-2004), where he served on the audit and risk management and public responsibility committees; and Bally Total Fitness (fitness and health clubs) (2003-2006), where he served as the lead independent director and as chair of the compensation committee. Mr. Rogers' experience on the boards of a number of major corporations based in Chicago in a variety of industries has made him a leader in the Chicago business community with perspective into Chicago business developments. His role in Chicago's and the nation's African-American community brings diversity to the board and emphasis to Exelon's diversity initiatives and community outreach. His experience in investment management and financial markets and as a director of an insurance brokerage and services company are useful to Exelon, particularly with respect to risk management and the management of Exelon's extensive nuclear decommissioning and pension and post-retirement benefit trust funds, which are overseen by the investment oversight committee, which he chairs. Mr. Rogers' service on the boards and committees of other companies has given him experience that adds further depth to the Exelon corporate governance committee. He has spoken at and participated in a number of corporate governance conferences. He was named by the Outstanding Directors Exchange as one of six 2010 Outstanding Directors.

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Election of Directors

MAYO A. SHATTUCK III

Former Chairman, President and Chief Executive Officer of Constellation Energy

Age: 59
Director since: 2012

Committees:
Member-Generation Oversight Committee (effective January 1, 2014)
Member-Investment Oversight Committee (effective January 1, 2014)

Mr. Shattuck is Chairman of the Board of Exelon Corporation. Previously, Mr. Shattuck served as the Executive Chairman from March 2012 to February 2013. Prior to joining Exelon, Mr. Shattuck was the Chairman, President and Chief Executive Officer of Constellation Energy, a position he held from 2001 to March 2012. Mr. Shattuck was previously at Deutsche Bank, where he served as Chairman of the Board of Deutsche Bank Alex. Brown and, during his tenure, served as Global Head of Investment Banking and Global Head of Private Banking. From 1997 to 1999, he served as Vice Chairman of Bankers Trust Corporation, which merged with Deutsche Bank in June 1999. From 1991 until 1997, Mr. Shattuck was President and Chief Operating Officer and a Director of Alex. Brown Inc., which merged with Bankers Trust in September 1997. Mr. Shattuck is the past Chairman of the Board of the Institute of Nuclear Power Operations and was previously a member of the executive committee of the board of Edison Electric Institute. He was also Co-Chairman of the Center for Strategic & International Commission on Nuclear Policy in the United States. He currently serves on the board of directors for Gap Inc. and is chairman of its audit and finance committee. He also serves as a director for Capital One Financial Corporation, where he is chairman of its compensation committee. Mr. Shattuck's qualifications to serve as director include his extensive experience in business and the energy industry in particular, gained from his service as Constellation Energy's Chief Executive Officer, which enables him to effectively identify strategic priorities and execute strategy. His financial expertise gained from his years of experience in the financial services industry also brings a valuable perspective to the board.

STEPHEN D. STEINOUR

Chairman, President and Chief Executive Officer of Huntington Bancshares Incorporated

Age: 55
Director since: 2007

Committees:
Chair-Finance & Risk Committee
Member-Audit
Member-Compensation and Leadership Development Committee (through January 28, 2014)

In January 2009, Mr. Steinour was elected the Chairman, President and Chief Executive Officer of Huntington Bancshares Incorporated, a $54 billion regional bank holding company. Previously, he was the Chairman and Managing Partner of CrossHarbor Capital Partners, a private equity firm (2008-January 2009). From 2006 to 2008, he was President and CEO of Citizens Financial Group, Inc., a multistate commercial bank holding company. Prior to that, Mr. Steinour served as Vice Chairman and Chief Executive Officer of Citizens Mid-States regional banking (2005-2006). He served as Vice Chairman and Chief Executive Officer of Citizens Mid-Atlantic Region (2001-2005). At the beginning of his career, Mr. Steinour was an analyst for the U.S. Treasury Department and subsequently worked for the Federal Deposit Insurance Corporation. Mr. Steinour has been a member of the board of trustees of the Liberty Property Trust (an office and industrial property real estate investment trust) since February 2010, where he serves on its audit and compensation committees. Mr. Steinour was elected to the board of directors of L Brands (fashion retailer) in January 2014. Mr. Steinour is a member of council of The Pennsylvania Society, a non-profit, charitable organization which celebrates service to the Commonwealth of Pennsylvania. He also serves as a trustee of the National Constitution Center and the Eisenhower Fellowships and is a member of the Columbus Partnership and a Trustee of the Columbus Downtown Development Corporation. He is a member of the American Bankers Association. Mr. Steinour also served as a member on the policy and legal affairs committees of the Pennsylvania Business Roundtable, an association of CEOs in large Pennsylvania companies representing significant employment and economic activity in the Commonwealth. He also has served on the board of and as the chairman of the Greater Philadelphia Chamber of Commerce. His experience at Citizens Bank gave him knowledge of the markets that Exelon Generation and PECO serve. His experience as a banker, with strong credit and risk management experience and knowledge of credit and capital markets, and his experience as Chairman and CEO of Huntington Bancshares enhances Mr. Steinour's value to the Exelon board and to the finance and risk and audit committees.

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DIRECTOR INDEP ENDENCE

Under Exelon's Corporate Governance Principles, a substantial majority of the board must be composed of independent directors, as defined by the NYSE. In addition to complying with the NYSE rules, Exelon monitors the independence of audit and compensation and leadership development committee members under rules of the SEC (for members of the audit and compensation and leadership development committees) and the Internal Revenue Service (for members of the compensation and leadership development committee). The board has adopted independence criteria corresponding to the NYSE rules for director independence and the following categorical standards to address those relationships that are not specifically covered by the NYSE rules:

1. A director's relationship with another company with which Exelon does business will not be considered a material relationship that would impair the director's independence if the aggregate of payments made by Exelon to that other company, or received by Exelon from that other company, in the most recent fiscal year, is less than the greater of $1 million or 5% of the recipient's consolidated gross revenues in that year. In making this determination, a commercial transaction will not be deemed to affect a director's independence, if and to the extent that: (a) the transaction involves rates or charges that are determined by competitive bidding, set with reference to prevailing market prices set by a well-established commodity market, or fixed in conformity with law or governmental authority; or (b) the provider of goods or services in the transaction is determined by the purchaser to be the only practical source for the purchaser to obtain the goods or services.
2. If a director is a current employee, or a director's immediate family member is an executive officer, of a charitable or other tax-exempt organization to which Exelon has made contributions, the contributions will not be considered a material relationship that would impair the director's independence if the aggregate of contributions made by Exelon to that organization in its most recent fiscal year is less than the greater of $1 million or 2% of that organization's consolidated gross receipts in that year. In any other circumstance, a director's relationship with a charity or other tax-exempt organization to which Exelon makes contributions will not be considered a material relationship that would impair the director's independence if the aggregate of all contributions made by Exelon to that organization in its most recent fiscal year is less than the greater of $1 million or 5% of that organization's consolidated gross receipts in that year. Transactions and relationships with charitable and other tax-exempt organizations that exceed these standards will be evaluated by the board to determine whether there is any effect on a director's independence.

Each year, directors are requested to provide information about their business relationships with Exelon, including other boards on which they may serve, and their charitable, civic, cultural and professional affiliations. We also gather information on significant relationships between their immediate family members and Exelon. All relationships are evaluated by Exelon's Office of Corporate Governance for materiality. Data on transactions between Exelon and companies for which an Exelon director or an immediate family member serves as a director or executive officer are presented to the corporate governance committee, which reviews the data and makes recommendations to the full board regarding the materiality of such relationships for the purpose of assessing director independence. The same information is considered by the full board in making the final determination of independence.

Mr. Shattuck is not considered an independent director because of his employment as executive chairman through February 2013. Mr. Crane is not considered an independent director because of his employment as president and chief executive officer of Exelon. Each of the other current Exelon directors and each director who retired in 2013 was determined by our board of directors to be "independent" under applicable guidelines presented above. The amounts involved in the transactions between Exelon and its subsidiaries, on the one hand, and the companies with which a director or an immediate family member is associated, on the other hand, all fell below the thresholds specified by the NYSE rules and the categorical standards specified in the company's Corporate Governance Principles. Because Exelon provides utility services through its subsidiaries BGE, ComEd, PECO and Constellation and many of its directors live in areas served by the Exelon subsidiaries, many of the directors are affiliated with businesses and charities that receive utility services from Exelon's subsidiaries. The

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Election of Directors

corporate governance committee does not review transactions pursuant to which Exelon sells gas or electricity to these businesses or charities at tariffed rates. Similarly, because Exelon and its subsidiaries are active in their communities and make substantial charitable contributions, and many of Exelon's directors live in communities served by Exelon and its subsidiaries and are active in those communities, many of Exelon's directors are affiliated with charities that receive contributions from Exelon and its subsidiaries. None of the directors or their immediate family members is an executive officer of any charitable organizations to which Exelon or its subsidiaries contribute. All such payments to charitable organizations were immaterial under the applicable independence criteria.

We describe below various transactions and relationships considered by the board in assessing the independence of Exelon directors.

Ann C. Berzin
Ms. Berzin serves as a director of a public company that provides equipment and services to Exelon Generation. In 2013, Exelon paid that company approximately $470,000.

Nicholas DeBenedictis
Mr. DeBenedictis serves as the chairman, president and chief executive officer of a public utility company that received approximately $609,000 from Exelon for water supplies. Exelon made these purchases under tariffed utility rates. Mr. DeBenedictis serves as a director of a company that received $3,700,000 from Exelon for health care coverage for Exelon employees.

Sue L. Gin
Ms. Gin is the chairman and chief executive officer of a company that is a customer of Exelon. The company paid Exelon approximately $265,000 in 2013 under contracts that were competitively bid.

Richard W. Mies
Admiral Mies serves as the director of a public company that provides services to Exelon Generation. In 2013, Exelon paid that company approximately $10,000,000.

Dr. William C. Richardson
Dr. Richardson serves as a director of a public company that provided financial services to Exelon. In 2013, Exelon paid the company approximately $2,170,000.

Thomas J. Ridge
Governor Ridge, while an Exelon director, was a senior advisor to a major accounting firm that provided non-audit services to Exelon. In 2013, Exelon paid the firm approximately $37,000,000.

John W. Rogers, Jr.
Mr. Rogers serves as a director of a company that is a customer of Exelon. The company paid Exelon approximately $14,000,000 in 2013. For additional information, see Related Person Transactions below.

Stephen D. Steinour
Mr. Steinour is the chairman, president and chief executive officer of a company that provided financial services to Exelon. In 2013, Exelon paid that company approximately $150,000. For additional information, see Related Person Transactions below.

Don Thompson
Mr. Thompson, while an Exelon director, was the president and chief executive officer of a company that is a customer of Exelon. The company paid Exelon approximately $14,000,000 in 2013. For additional information, see Related Person Transactions below.

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RELATED PERSON TRANSACTIONS

Exelon has a written policy for the review and approval or the ratification of related person transactions. Transactions covered by the policy include commercial transactions for goods and services and the purchase of electricity or gas at non-tariffed rates from Exelon or any of its subsidiaries by an entity affiliated with a director or officer of Exelon. The retail purchase of electricity or gas from BGE, ComEd or PECO at rates set by tariff, and transactions between or among Exelon or its subsidiaries are not considered. Charitable contributions approved in accordance with Exelon's Charitable Contribution Guidelines are deemed approved or ratified under the Related Persons Transaction policy and do not require separate consideration and ratification.

As required by the policy, the board reviewed all commercial, charitable, civic and other relationships with Exelon in 2013 that were disclosed by directors and executive officers of Exelon, BGE, ComEd and PECO, and by executive officers of Exelon Generation that required separate consideration and ratification. The Office of Corporate Governance collected information about each of these transactions, including the related persons and entities involved and the dollar amounts either paid by or received by Exelon. The Office of Corporate Governance also conducted additional due diligence, where required to determine the specific circumstances of the particular transaction, including whether it was competitively bid or whether the consideration paid was based on tariffed rates.

The corporate governance committee and the board reviewed the analysis prepared by the Office of Corporate Governance, which identified those related person transactions which required ratification or approval, under the terms of the policy, or disclosure under the SEC regulations. The corporate governance committee and the board considered the facts and circumstances of each of these related person transactions, including the amounts involved, the nature of the director's or officer's relationship with the other party to the transaction, whether the transaction was competitively bid and whether the price was fixed or determined by a tariffed rate.

The committee recommended that the board ratify all of the transactions. On the basis of the committee's recommendation, the board did so. Several transactions were ratified because the related person served only as a director of the affiliated company, was not an officer or employee of the affiliated company and did not have a pecuniary or material interest in the transaction. For some of these transactions, the value or cost of the transaction was very small, and the board considered the de minimis nature of the transaction as further reason for ratifying it. The board approved and ratified other transactions that were the result of a competitive bidding process, and therefore were considered fairly priced, or arms length, regardless of any relationship. The remaining transactions were approved by the board, even though the director is an executive officer of the affiliated company, because the transactions involved only retail electricity or gas purchases under tariffed rates or the price and terms were determined as a result of a competitive bidding process. Only two of the related person transactions are required to be disclosed in this proxy statement.

McDonald's Corporation and its subsidiaries purchase both gas and electricity from Exelon in the ordinary course of business. McDonald's independently-owned and operated franchisees also purchase gas and electricity from Exelon in the ordinary course of business. Purchases from BGE, ComEd and PECO are at tariffed rates. Gas purchases from Exelon are made based on fixed prices for contract quantities with differences settled at market prices based on an independent, publicly available index. Electricity purchases made from Exelon are fixed price for power in the ComEd Zone within the PJM Interconnection. Mr. Thompson, a former Exelon director, is President and Chief Executive Officer of McDonald's Corporation. Mr. Rogers is also a director of McDonald's Corporation.

The corporate governance committee and the Exelon board reviewed the sales at market prices to McDonald's as related person transactions and concluded that the transactions were in the best interests of Exelon because they involved the sale of electricity and gas in the ordinary course at prices based on independent, publicly available indices. There was no indication that either of Exelon's directors was involved in the negotiations of the contracts or had any direct or indirect

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Election of Directors

material interest in the transactions or influence over them. As compared to Exelon's and McDonald's overall sales, the transactions are immaterial, individually and in the aggregate.

Huntington Bank is a lender to Exelon and its subsidiaries and participates in their credit facilities. Huntington participates in the credit facilities on the same basis as other participating banks with terms based on a competitive process with a syndicate of banks. In 2013, Exelon and its subsidiaries paid Huntington Bank approximately $150,000 in fees for credit facilities and letters of credit. Mr. Steinour, an Exelon director, is also Chairman, President and Chief Executive Officer of Huntington Bancshares, the parent of Huntington Bank.

The corporate governance committee and the Exelon board reviewed Huntington Bank's participation in the credit facilities as related person transactions and concluded that the transactions were in the best interests of Exelon because Huntington participates in the credit facilities on terms equivalent to those of an unrelated bank. There is no indication that Mr. Steinour was involved in the negotiations of the credit facilities or had any direct or indirect material interest in the transactions or influence over them. As compared to Exelon's and Huntington's overall revenues, the transactions are immaterial, individually and in the aggregate.

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Corporate Governance at Exelon

Exelon is committed to maintaining the highest standards of corporate governance. We believe that strong corporate governance is critical to achieving our performance goals and maintaining the trust and confidence of investors, employees, customers, regulatory agencies and other stakeholders.

CORPORATE GOVERNANCE PRINCIPLES

Our Corporate Governance Principles, together with the board committee charters, provide the framework for the effective governance of Exelon. The board of directors has adopted our Corporate Governance Principles to address matters including qualifications for directors, standards of independence for directors, election of directors, responsibilities and expectations of directors, and evaluating board, committee and individual director performance. The Corporate Governance Principles also address director orientation and training, the evaluation of the chief executive officer and succession planning. The Corporate Governance Principles are revised from time to time to reflect emerging governance trends and to better address the particular needs of the company as they change over time.

THE BOARD'S FUNCTION AND STRUCTURE

Exelon's business, property and affairs are managed under the direction of the board of directors. The board is elected by shareholders to oversee management of the company in the long-term interest of all shareholders. The board considers the interests of other constituencies, which include customers, employees, annuitants, suppliers, the communities we serve, and the environment. The board is committed to ensuring that Exelon conducts business in accordance with the highest standards of ethics, integrity, and transparency.

BOARD LEADERSHIP

Exelon's Corporate Governance Principles establish the position of Lead Director. The Lead Director is an independent director elected by the independent directors of the Exelon board, upon the recommendation of the corporate governance committee, with responsibilities to act at any time when (1) the positions of chairman of the board and the chief executive officer are held by the same person; or (2) for other reasons the person holding the position of chairman of the board is not an independent director under the applicable director independence standards.

As specified in the Corporate Governance Principles, the role of the Lead Director includes:

- presiding at executive sessions of non-management or independent directors;
- calling meetings of the independent directors;
- serving as an advisor to the chairman and the chief executive officer ("CEO");
- functioning as the non-exclusive liaison between the non-management directors and the chairman and the CEO;
- adding items to agendas for board meetings;
- assuring the sufficiency of the time for discussion at board meetings;
- leading, in conjunction with the corporate governance and compensation and leadership development committees, the process for evaluating the performance of the chairman and the CEO and determining their respective compensation;
- leading on corporate governance initiatives relevant to board and committee operations;
- in the event of the death or incapacity of the chairman of the board, serving as the acting chairman of the board until such time as a chairman of the board is selected;

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Corporate Governance at Exelon

- receiving and responding to mail addressed to the board of directors; and
- having such additional powers and responsibilities as the board of directors may from time to time assign or request.

The Corporate Governance Principles grant the board of directors discretion to separate the roles of chairman and chief executive officer if the board determines that such a separation is in the best interests of Exelon and its shareholders. Upon the completion of the merger between Exelon and Constellation Energy Group in 2012, the board of directors separated the positions of chairman of the board and chief executive officer. The board appointed Mayo A. Shattuck III to the position of executive chairman and Christopher M. Crane to the position of chief executive officer. Mr. Shattuck served as executive chairman from March 2012 through February 2013 and he continues to serve as non-executive chairman of the Exelon board.

The board believes that Exelon has in place effective arrangements and structures to ensure that the company maintains the highest standard of corporate governance and board independence and independent board leadership and continued accountability of the chairman and the CEO to the board. These arrangements and structures include:

- 13 of the 15 directors on the board are independent and meet the independence requirements under the NYSE listing standards and the additional independence requirements under the company's Corporate Governance Principles.
- In 2012, the board elected William C. Richardson as the independent Lead Director. Dr. Richardson has been a member of our board since 2005. Dr. Richardson's responsibilities as Lead Director complement Mr. Shattuck's role as chairman and Mr. Crane's role as CEO while providing independent board leadership and the necessary checks and balances to hold the board, the chairman and the CEO accountable in their respective roles.
- The audit, compensation and leadership development, corporate governance and finance and risk committees are composed solely of and chaired by independent directors. The investment oversight and generation oversight committees are chaired by independent directors and, effective January 1, 2014, include Messrs. Crane and Shattuck as members of the committees. The energy delivery oversight committee was composed solely of and chaired by independent directors.
- A significant portion of the business of the Exelon board is reviewed or approved by the board's committees, and the agendas of the board's committees are driven by the independent chairs through their discussions with management.
- The board agendas, in turn, are determined in large part by the committee agendas, and discussions at board meetings are driven to a significant degree by the committee agendas and the reports the committee chairs present to the full board.
- The performance and compensation of the CEO is reviewed annually by the full board in executive session under the leadership of the Lead Director and the corporate governance and compensation and leadership development committees.

BOARD OVERSIGHT OF RISK

The company operates in a market and regulatory environment that involves significant risks, many of which are beyond its control. The company has a risk management group consisting of a Chief Enterprise Risk Officer, a Chief Commercial Risk Officer, and a full-time staff of 170. The risk management group draws upon other company personnel for additional support on various matters related to the identification, assessment and management of enterprise risks. The company also has an Executive Finance and Risk Committee comprising company officers who meet regularly to discuss matters related to enterprise risk management generally and particular risks associated with new developments or proposed transactions under consideration. Management of the company regularly meets with the Chief Enterprise Risk Officer and the Executive Finance and Risk Committee to identify and evaluate the most significant risks of the businesses and appropriate steps to manage and mitigate those risks. In addition, the Chief Enterprise Risk Officer and the risk management group perform an annual assessment of enterprise risks, drawing upon resources throughout the company for an assessment of the probability and severity of the identified risks. The Chief Enterprise Risk Officer and senior executives of the company discuss those risks

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Corporate Governance at Exelon

with the board's finance and risk committee as well as the audit committee and, when appropriate, the Baltimore Gas and Electric Company ("BGE"), the Commonwealth Edison Company ("ComEd") and PECO Energy Company ("PECO") boards of directors. In addition, the Exelon board's generation oversight committee evaluates risks related to the company's generation business. The committees of the Exelon board regularly report to the full board on the committees' discussions of enterprise risks. In addition, the Exelon board regularly discusses enterprise risks in connection with consideration of emerging trends or developments and in connection with the evaluation of capital investments and other business opportunities.

BOARD/COMMITTEE/DIRECTOR EVALUATION

The board has a three-part annual evaluation process that is coordinated by the Lead Director and the corporate governance committee: committee self-evaluations; a full board evaluation; and the evaluation of the individual directors. The committee self-evaluations consider whether and how well each committee has performed the responsibilities in its charter, whether the committee members possess the right skills and experience to perform their responsibilities or whether additional education or training is required, whether there are sufficient meetings covering the right topics, whether the meeting materials are effective, and other matters. The full board evaluation considers the following factors, among others, in light of the committee self-assessments: (1) the effectiveness of the board organization and committee structure; (2) the quality of meetings, agendas, presentations and meeting materials; (3) the effectiveness of director preparation and participation in discussions; (4) the effectiveness of director selection, orientation and continuing education processes; (5) the effectiveness of the process for establishing the CEO's performance criteria and evaluating his performance; and (6) the quality of administrative planning and logistical support.

Individual director performance assessments are conducted informally as needed and involve a discussion among the Lead Director and other directors, including members of the corporate governance committee, using the performance expectations for directors contained in the Corporate Governance Principles. In addition, the Lead Director, the chairman of the corporate governance committee or the chairman of the board provides individual feedback, as necessary.

DIRECTOR EDUCATION

The board has a program for orienting new directors and providing continuing education for all directors that is overseen by the corporate governance committee. The orientation program is tailored to the needs of each new director depending on his or her level of experience serving on other boards and knowledge of the company or industry acquired before joining the board. New directors receive materials about Exelon, the board and board policies and operations and attend meetings with the CEO and executive vice presidents and members of their staff for a briefing on the executives' responsibilities, programs and challenges. New directors are also scheduled for tours of various company facilities, depending on their orientation needs (incumbent directors are also invited to participate in the site visits, if available).

Continuing director education is provided during portions of regular board and committee meetings and focuses on the topics necessary to enable the board to consider effectively issues before them at that time (such as new regulatory or accounting standards). The education often takes the form of "white papers," covering timely subjects or topics, which a director can review before the meeting and ask questions about during the meeting. The audit committee devotes a meeting each year to educating the committee members about new accounting rules and standards, and topics that are necessary to having a good understanding of our accounting practices and financial statements. The generation oversight committee uses site visits as a regular part of education for its members; the committee holds each meeting at a different generating station (nuclear, fossil or hydro) and the agenda always includes a briefing by local plant management, a tour of the facility and lunch with plant personnel. Continuing director education also involves individual directors' attendance at director education seminars. The company pays the cost for any director to attend outside director education seminars on corporate governance or other topics relevant to their service as directors.

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INFORMATION ABOUT THE BOARD COMMITTEES

In determining the membership of the committees, the corporate governance committee has sought to have each committee reflect a range of backgrounds and experience and diversity. Every member of the audit committee qualifies as an “audit committee financial expert”, as defined by SEC rules, and most of the members serve or have served on audit committees of other companies. The chairs of the audit and finance and risk committees sit on each other’s committees, and there is significant overlap in the membership of the committees reflecting the overlap in responsibilities. Similarly, the chairs of the corporate governance and compensation and leadership development committees sit on each other’s committees, which is helpful in the company’s process for evaluating the performance and setting the compensation of the chairman or the CEO, or both. Almost all of the members of the corporate governance committee serve or have served on the corporate governance committees of other corporations. Several of the members of the compensation and leadership development committee have served on the compensation committees of other corporations. The investment oversight committee includes members with experience in investment banking and the economics of energy. The finance and risk committee includes members with experience in the economics of energy, nuclear operations, and banking and investment management, reflecting experience in dealing with the range of risks that the company faces. Biographical information about each of the directors and nominees follows.

In 2013, seven standing committees assisted the board in carrying out its duties: the audit committee, the compensation and leadership development committee, the corporate governance committee, the energy delivery oversight committee, the finance and risk committee, the generation oversight committee and the investment oversight committee. The energy delivery oversight committee was terminated effective January 1, 2014. The chairman and the CEO are invited guests and are welcome to attend all committee meetings, except when the independent directors meet in executive session, such as when they conduct performance evaluations or discuss the compensation of the CEO. The committees, their membership during 2013, changes in committee assignments in 2014, and their principal responsibilities are described below:

Audit	Compensation and Leadership Development	Corporate Governance	Energy Delivery Oversight [1]	Finance and Risk	Generation Oversight	Investment Oversight
Gin (Chair)	Canning (Chair)	Lawless (Chair)	DeBenedictis (Chair)	Steinour (Chair)	Mies (Chair)	Rogers (Chair)
Anderson [2]	deBalmann [3]	Canning	Berzin	Anderson [3]	Anderson [3]	Crane [3]
Berzin	Lawless	DeBenedictis	Diaz	Berzin	Crane [3]	Gin [4]
de Balmann	Richardson	Gin [4]	Joskow	de Balmann	DeBenedictis	Joskow
Joskow	Steinour [4]	Mies [4]	Ridge [6]	DeBenedictis [3]	Diaz	Richardson [4]
Mies	Thompson [5]	Richardson	Thompson [5]	Diaz	Shattuck [3]	Shattuck [3]
Richardson		Rogers		Gin		
Ridge [6]				Joskow		
Steinour				Mies		

Notes to Committee Membership Table:

1) Energy Delivery Oversight Committee was terminated effective January 1, 2014.
2) Anthony K. Anderson became a member of the audit committee effective March 1, 2013.
3) Effective January 1, 2014.
4) Member through January 28, 2014.
5) Don Thompson did not stand for reelection to the Exelon board on April 23, 2013.
6) Governor Thomas J. Ridge resigned from the Exelon board on October 2, 2013.

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Corporate Governance at Exelon

AUDIT COMMITTEE

The audit committee is composed entirely of independent directors and is governed by a board-approved charter stating its responsibilities. The audit committee met nine times in 2013. Under its charter, the audit committee's principal duties include:

- Having sole authority to appoint, retain, or replace the independent auditor, subject to shareholder ratification, and to oversee the work of the independent auditor and its independence;
- Reviewing financial reporting and accounting policies and practices;
- Overseeing the work of the internal auditor and reviewing internal controls;
- With the assistance of the finance and risk committee, discussing guidelines and policies to govern the process of risk assessment and risk management; and
- Reviewing policies and procedures with respect to internal audits of officers' and directors' expenses, compliance with Exelon's Code of Business Conduct, and the receipt and treatment of complaints regarding accounting, internal controls, or auditing matters.

The audit committee receives an annual report from the finance and risk committee regarding corporate risk management policy and other areas overseen by the finance and risk committee. Most members of the audit committee also serve on the finance and risk committee. On occasion, the audit and finance and risk committees meet jointly to review areas of mutual interest between the two committees.

The committee meets outside the presence of management for portions of its meetings to hold separate discussions with the independent accountant, the internal auditors and the chief legal officer.

The board of directors has determined that each of the members of the audit committee is an "audit committee financial expert" for purposes of the SEC's rules and also that each of the members of the audit committee is independent as defined by the rules of the NYSE and our Corporate Governance Principles.

Report of the Audit Committee

In fulfilling its responsibilities, the Exelon audit committee has reviewed and discussed the audited financial statements contained in the 2013 Annual Report on SEC Form 10-K with Exelon Corporation's management and the independent registered public accounting firm (independent accountant). The Exelon audit committee discussed with the independent accountant the matters required to be discussed by Statement on Auditing Standards No. 61, as amended (AICPA, *Professional Standards* , Vol. 1. AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T, as superseded by Auditing Standard No. 16, as adopted by the Public Company Accounting Oversight Board in PCAOB Release No. 2012-004 and approved by the Securities and Exchange Commission in Release No. 34-68453. In addition, the Exelon audit committee has received the written disclosures and the letter from the independent accountant required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the audit committee regarding independence, and has discussed with the independent accountant the independent accountant's independence.

In reliance on the reviews and discussions referred to above, the Exelon audit committee recommended to the Exelon board of directors (and the Exelon board of directors has approved) that the audited financial statements be included in Exelon Corporation's Annual Report on Form 10-K for the year ended December 31, 2013, for filing with the SEC.

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The committee has a charter that has been approved by the Exelon board of directors.

February 10, 2014

THE AUDIT COMMITTEE

Sue L. Gin, Chair	Paul L. Joskow
Yves C. de Balmann	Stephen D. Steinour
William C. Richardson	Ann C. Berzin
Anthony K. Anderson	Richard W. Mies

COMPENSATION AND LEADERSHIP DEVELOPMENT COMMITTEE

The compensation and leadership development committee is composed entirely of independent directors and is governed by a board-approved charter stating its responsibilities. The committee met six times in 2013.

The compensation and leadership development committee's principal duties, as discussed in its charter, include:

- Ensuring that executive compensation levels and targets are aligned with, and designed to achieve, Exelon's strategic and operating objectives; and
- Reviewing recommendations from management and outside consultants and approving or recommending approval of matters of executive compensation for officers of Exelon and its subsidiaries, including base salary, incentive awards, equity grants, perquisites, and other forms of compensation.
- Reviewing and making recommendations to the board on leadership development, succession planning (other than the chairman and the chief executive officer and president) and diversity.

Executive officers are involved in evaluation of the performance and development of initial recommendations with respect to compensation adjustments; however, the compensation and leadership development committee (and the independent directors with respect to the compensation of the CEO) makes the final determinations with respect to compensation programs and adjustments. The chairman and the CEO are considered invited guests and are welcome to attend the meetings of the compensation and leadership development committee, except when the committee meets in executive session to discuss, for example, the CEO's compensation. The chairman and the CEO cannot call meetings of the compensation and leadership development committee.

Management, including the executive officers, makes recommendations as to goals for the incentive compensation programs that are aligned with Exelon's business plan. The compensation and leadership development committee reviews the recommendations and establishes the final goals. The committee strives to ensure that the goals are consistent with the overall strategic goals set by the board of directors (including the individual goals of subsidiaries, as appropriate), that they are sufficiently difficult to meaningfully incent management performance, and, if the targets are met, that the payouts will be consistent with the design for the overall compensation program. Executive officers take an active role in evaluating the performance of the executives who report to them, directly or indirectly, and in recommending the amount of compensation their subordinate executives receive. Executive officers review peer group compensation data for each of their subordinates in conjunction with their annual performance reviews to formulate a recommendation for base salary and whether to apply an individual performance multiplier to the subordinate executive's incentive payouts, and if so, the amount of the multiplier.

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Executive officers generally do not make recommendations with respect to annual and long-term incentive target percentages or payouts. The CEO reviews all of the recommendations of the executive officers before they are presented to the compensation and leadership development committee. The human resources function provides to the compensation and leadership development committee and the independent directors data showing the history of the compensation of the CEO and data that analyzes the cost of a range of several alternatives for changes to the compensation of the CEO, but the executive officers, the chairman and the CEO do not make any recommendation to the compensation and leadership development committee or the independent directors with respect to the compensation of the CEO.

The compensation and leadership development committee has delegated to the CEO the authority to make off-cycle equity awards to employees who are not subject to the limitations of Internal Revenue Code Section 162(m), are not executive officers for purposes of reporting under Section 16 of the Securities Exchange Act of 1934, and are not executive vice presidents or higher officers of Exelon, provided that such authority is limited to making grants of up to 600,000 shares in the aggregate, and 20,000 shares per recipient in any year. The compensation and leadership development committee reviews and ratifies these grants.

During fiscal 2013 and as of the date of this proxy statement, none of the members of the compensation and leadership development committee was or is an officer or employee of the company, and no executive officer of the company served or serves on any compensation committee or board of any company that employed or employs any members of the company's compensation and leadership development committee or board of directors.

Compensation Consultant

Pursuant to the compensation and leadership development committee's charter, the committee is authorized to retain and terminate, without board or management approval, the services of an independent compensation consultant to provide advice and assistance, as the committee deems appropriate. The committee has the sole authority to approve the consultant's fees and other retention terms, and reviews the independence of the consultant and any other services that the consultant or the consultant's firm may provide to the company. The chair of the compensation and leadership development committee reviews, negotiates and executes an engagement letter with the compensation consultant. The compensation consultant directly reports to the committee.

The compensation and leadership development committee determined in November 2012 to engage Semler Brossy Consulting Group, LLC and its Managing Principal Ms. Blair Jones as its consultant. The committee members who screened and interviewed the candidates determined that Semler Brossy offered the strongest and most responsive team and would provide the most reliable and cost-competitive advice through experience, research and benchmarking. In engaging Semler Brossy in November 2012 and in reviewing the engagement in December 2013, the committee considered the following factors in determining that Ms. Jones and the firm are independent consultants and do not have any conflicts of interest:

- Semler Brossy performs no other services for the company or its affiliates and received no other fees from the company (aside from fees associated with a director compensation study performed for the corporate governance committee);
- the firm's policies would preclude any of the firm's consultants providing services to the committee from owning any Exelon stock and none of the persons identified for the consulting team owned any Exelon stock;
- the firm has formal written policies designed to prevent conflicts of interest; and
- there were no relationships of the firm and its consultants and Exelon and its officers, directors or affiliates except that Dr. Richardson had known another consultant from the firm in connection with his consulting for the compensation committee at another company where Dr. Richardson had previously served as a director.

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As part of its ongoing services to the compensation and leadership development committee, the compensation consultant supports the committee in executing its duties and responsibilities with respect to Exelon's executive compensation programs by providing information regarding market trends and competitive compensation programs and strategies. In supporting the committee, the compensation consultant does the following:

- Prepares market data for each senior executive position, including evaluating Exelon's compensation strategy and reviewing and confirming the peer group used to prepare the market data;
- Provides the committee with an independent assessment of management recommendations for changes in the compensation structure;
- Works with management to ensure that the company's executive compensation programs are designed and administered consistent with the committee's requirements; and
- Provides ad hoc support to the committee, including discussing executive compensation and related corporate governance trends.

Exelon's human resources staff and senior management use the data provided by the compensation consultant to prepare documents for use by the compensation and leadership development committee in preparing their recommendations to the full board of directors or, in the case of the CEO, the independent directors, on compensation for the senior executives. In addition to its general responsibilities, the compensation consultant attends the compensation and leadership development committee's meetings, if requested. The committee, or Exelon's management on behalf of the committee, may also ask the compensation consultant to perform other executive and non-executive compensation-related projects. The committee has established a process for determining whether any significant additional services will be needed and whether a separate engagement for such services is necessary.

The committee has a formal compensation consultant independence policy that codifies its past practices. The compensation consultant independence policy is available on the Exelon website at www.exeloncorp.com, under the Investors section of our website. The purpose of the policy is to ensure that the advisers or consultants retained by the committee are independent of the company and its management, as determined by the committee using its reasonable business judgment. The committee considers all facts and circumstances it deems relevant, such as the nature of any relationship between a compensation consultant, the compensation consultant's firm, and the company and the nature of any services provided by the compensation consultant's firm to the company that are unrelated to the compensation consultant's work for the committee. Under the policy, a compensation consultant shall not be considered independent if the compensation consultant or the compensation consultant's firm receives more than one percent of its annual gross revenues for services provided to the company. Under the policy, the compensation consultant reports directly to the chair of the compensation and leadership development committee, and the committee approves the aggregate amount of fees to be paid to the compensation consultant or the compensation consultant's firm. The policy requires that the compensation consultant and any associates providing services to the compensation and leadership development committee have no direct involvement with any other aspects of the compensation consultant's firm's relationship with Exelon (other than any director compensation services that may be performed for the corporate governance committee), and that no element of the compensation consultant's compensation may be based on any consideration of the revenues for other services that the firm may provide to Exelon. For 2013, the total fees paid to Semler Brossy were $349,822; no fees were paid to Semler Brossy for additional services beyond its work as consultant to the compensation and leadership development committee except for a director compensation study prepared for the corporate governance committee.

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CORPORATE GOVERNANCE COMMITTEE

The corporate governance committee met five times in 2013. All members of the committee are independent directors.

In addition to its other duties described elsewhere in this proxy statement, the corporate governance committee's principal duties, as discussed in its charter, include:

- Reviewing and making recommendations on corporate, board and committee structure, organization, committee membership, functions, compensation and effectiveness;
- Monitoring corporate governance trends and making recommendations to the board regarding the Corporate Governance Principles;
- Identifying potential director candidates and coordinating the nominating process for directors;
- Coordinating the board's role in establishing performance criteria for the CEO and evaluating the performance of the CEO;
- Monitoring CEO succession planning;
- Overseeing Exelon's strategies and efforts to protect and improve the environment, including climate change, sustainability and the Exelon 2020 plan;
- Approving or amending delegations of authority for Exelon and its subsidiaries; and
- Overseeing Exelon's efforts to promote diversity among its contractors and suppliers.

The committee may act on behalf of the full board when the board is not in session. The committee utilizes an independent compensation consultant to assist it in evaluating directors' compensation, and for this purpose it periodically asks the consultant to prepare a study of the compensation of the company's directors compared to the directors of companies in the same peer group used for executive compensation. This study is used as the basis for the corporate governance committee's recommendations to the full board with respect to director compensation. The corporate governance committee may utilize other consultants, such as specialized search firms to identify candidates for director.

ENERGY DELIVERY OVERSIGHT COMMITTEE

The energy delivery oversight committee met five times in 2013 and was terminated effective January 1, 2014. The responsibilities of the energy delivery oversight committee were allocated to the Exelon board, the finance and risk committee, the utility boards, and Exelon Utilities and utility management to eliminate duplication of effort and focus accountability.

The energy delivery oversight committee's principal duties, as discussed in its charter, included:

- Overseeing the operating utilities' (BGE, ComEd, PECO and Exelon Transmission Company) performance trends, compared to benchmarks, focusing on issues having cross-utility impact or opportunities for sharing best practices and lessons learned;
- Reviewing issues having significant impact on utility capital budgets and resource adequacy to meet utility service obligations;
- Overseeing the establishment of and compliance with policies and procedures for the management and mitigation of risks associated with the security and integrity of the transmission and distribution assets of BGE, ComEd, PECO and Exelon Transmission Company;
- Reviewing significant legislative, regulatory and investment and recovery strategies, focusing on those with potential multi-state or multi-utility impact;

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- Reviewing significant labor and human relations policies or issues related to the operating utilities, focusing on those with potential cross-utility impact and sharing of best practices and lessons learned; and
- Reviewing significant environmental, health and safety policies or practices related to the operating utilities.

FINANCE AND RISK COMMITTEE

The finance and risk committee met seven times in 2013.

The finance and risk committee's principal duties, as discussed in its current charter, include:

- Overseeing the company's risk management functions;
- Overseeing matters relating to the financial condition and risk exposures by Exelon;
- Monitoring the financial condition, capital structure, financing plans and programs, dividend policy, treasury policies and liquidity and related financial risk at Exelon and its major subsidiaries;
- Overseeing or appraising of the capital management and planning process, including capital investments, acquisitions and divestitures;
- Overseeing the company-wide risk management strategy, policies, procedures, and mitigation efforts, including insurance programs and legal and regulatory compliance programs;
- Overseeing the strategy and performance of risk management policies relating to risks associated with marketing and trading of energy and energy-related products; and
- Reviewing and approving risk policies relating to power marketing, hedging and the use of derivatives.

Most members of the finance and risk committee also serve on the audit committee. On occasion, the finance and risk and audit committees meet jointly to review areas of mutual interest between the two committees.

GENERATION OVERSIGHT COMMITTEE

The generation oversight committee met four times in 2013.

The generation oversight committee's principal duties, as discussed in its charter, include:

- Advising and assisting the full board in fulfilling its responsibilities to oversee the safe and reliable operation of all generating facilities owned or operated by Exelon or its subsidiaries, including those in which Exelon has significant equity or operational interests;
- Overseeing the management and operation of the company's generating facilities and the overall organizational effectiveness (both corporate and stations) of the generation operations;
- Overseeing the establishment of and compliance with policies and procedures to manage and mitigate risks associated with the security and integrity of Exelon Generation's assets; and
- Reviewing environmental, health and safety issues related to the company's generating facilities.

INVESTMENT OVERSIGHT COMMITTEE

The investment oversight committee is responsible for general oversight of Exelon's investment management functions. The committee serves as a resource and advisory panel for Exelon's management-level investment management team and reports to the board.

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The investment oversight committee met three times in 2013.

The investment oversight committee's principal duties, as discussed in its charter, include:

- Overseeing the management and investment of the assets held in trusts established or maintained by the company or any subsidiary for the purpose of funding the expense of decommissioning nuclear facilities;
- Monitoring the performance of the nuclear decommissioning trusts and the trustees, investment managers and other advisors and service providers for the trusts;
- Overseeing the evaluation, selection and retention of investment advisory and management, consulting, accounting, financial, clerical or other services with respect to the nuclear decommissioning trusts;
- Overseeing the evaluation, selection and appointment of trustees and other fiduciaries for the nuclear decommissioning trusts;
- Overseeing the administration of the nuclear decommissioning trusts; and
- Monitoring and receiving periodic reports concerning the investment performance of the trusts under the pension and post-retirement welfare plans and the investment options under the savings plans.

AVAILABILITY OF CORPORATE DOCUMENTS

The Exelon Corporate Governance Principles, the Exelon Code of Business Conduct, the Exelon Amended and Restated Bylaws, and the charters for the audit, corporate governance, compensation and leadership development and other committees of the board of directors are available on the Exelon website at www.exeloncorp.com, on the corporate governance page under the Investors tab. Copies may be printed from the Exelon website and copies are available without charge to any shareholder who requests them by writing to Bruce G. Wilson, Senior Vice President, Deputy General Counsel and Corporate Secretary, Exelon Corporation, 10 South Dearborn Street, P.O. Box 805398, Chicago, Illinois 60680-5398. In addition, our Articles of Incorporation, Compensation Consultant Independence Policy, Political Contributions Guidelines, biographical information concerning each director, and all of our filings submitted to the SEC are available on our website. Access to this information is free of charge to any user with internet access. Information contained on our website is not part of this proxy statement.

DIRECTOR NOMINATION PROCESS

The corporate governance committee serves as the nominating committee and recommends director nominees. The board of directors receives the proposed nominations from the corporate governance committee and approves the nominees to be included in the Exelon proxy materials that are distributed to shareholders.

The corporate governance committee considers all candidates for director, including directors currently serving on the board and candidates recommended by shareholders and others. The committee may also utilize specialized search firms to identify and assess potential candidates.

The committee determines the appropriate mix of skills and characteristics required to best fill the needs of the board and periodically reviews and updates the criteria as deemed necessary. The board believes that diversity in personal background, race, gender, age and nationality are important considerations in selecting candidates. All candidates are considered in light of the following standards and qualifications for director that are contained in the Exelon Corporate Governance Principles:

- Highest personal and professional ethics, integrity and values;
- An inquiring and independent mind;

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- Practical wisdom and mature judgment;
- Broad training and experience at the policy-making level in business, government, education or technology;
- Expertise useful to Exelon and complementary to the background and experience of other Exelon board members;
- Willingness to devote the required amount of time to the duties and responsibilities of board membership;
- A commitment to serve over a period of years to develop knowledge about Exelon; and
- Involvement only in activities or interests that do not create a conflict with responsibilities to Exelon and its shareholders.

The satisfaction of these criteria is implemented and assessed through consideration of directors and nominees by the corporate governance committee and the board of directors and through the process for evaluation of the board's effectiveness. The corporate governance committee and the board believe that the criteria have been satisfied to create an effective mix of experience, skills, specialized knowledge, diversity, and other qualifications and attributes among members of the board of directors.

DIRECTOR RETIREMENT POLICY

For several years prior to 2010, the board had a retirement policy under which a director must retire at the end of the calendar year in which he or she reached the age of 72. In 2010, the corporate governance committee and the board re-evaluated the company's retirement policy and matters related to director succession. The board found that directors can normally continue to provide a valuable service to the company for several years beyond age 72. In addition, the board noted that under the retirement policy there were repeated instances where a number of director retirements would fall in the same year. For these reasons, the board was generally flexible in the application of the retirement policy and waived or suspended the policy when the purposes of the policy are outweighed by factors such as a desire for director continuity, the desire to retain the leadership or experience of a particular director, a need to identify equally qualified successors, a desire to avoid multiple retirements in one year, or other factors that mitigate against mandatory retirement. The board also recognized that, beginning with the annual meeting in 2010, shareholders are entitled to vote for the election of the entire board of directors. Accordingly, during 2010 the board amended the director retirement policy to provide that a director must retire at the end of the calendar year in which he or she reaches the age of 75.

Corporate Governance at Exelon

COMPENSATION OF NON-EMPLOYEE DIRECTORS

For their service as directors of the corporation in 2013, Exelon's non-employee directors received the compensation shown in the following table and explained in the accompanying notes. Mr. Crane, not shown in the table, received no additional compensation for his service as a member of the board of directors or its committees. Mr. Shattuck, who served as executive chairman of the board through February 28, 2013 received no additional compensation through that date. On March 1, 2013 he became the non-executive chairman of the board and the compensation he received during 2013 for service in that role is reflected below.

	Fees Earned or Paid in Cash		Stock Awards (see description below)	Change in Pension Value and Nonqualified Compensation Earnings (Note 1)	All Other Compensation (Note 2)	Total
	Annual Board & Committee Retainers	Board & Committee Meeting Fees				
Anderson (3)	$ 49,875	$ 28,000	$ 91,389	$ —	$ —	$ 169,264
Berzin	55,000	58,000	100,000	—	15,000	228,000
Canning	60,000	40,000	100,000	—	15,000	215,000
de Balmann	55,000	50,000	100,000	—	—	205,000
DeBenedictis	65,000	50,000	100,000	—	—	215,000
Diaz	55,000	54,000	100,000	—	5,000	214,000
Gin	75,000	66,000	100,000	—	—	241,000
Joskow	55,000	66,000	100,000	—	—	221,000
Lawless (5)	60,000	42,000	100,000	—	15,000	217,000
Mies	80,000	76,000	100,000	—	15,000	271,000
Richardson (5)	80,000	68,000	100,000	—	15,000	263,000
Ridge (4)	37,636	32,000	75,272	—	100,000	244,908
Rogers	60,000	34,000	100,000	—	—	194,000
Shattuck	250,833	12,000	83,611	—	15,000	361,444
Steinour	65,000	62,000	100,000	—	15,000	242,000
Thompson (4)	13,659	14,000	31,319	—	100,000	158,978
Total All Directors	**1,117,003**	**752,000**	**1,481,591**	**0**	**310,000**	**3,660,594**

Notes:

(1) Values in this column represent that portion of the directors' accrued earnings in their non-qualified deferred compensation account that were considered as above market. See the description below under the heading "Deferred Compensation." For 2013, none of the directors recognized any such earnings.

(2) Values in this column represent the company's matching portion of the director's contribution to qualified educational institutions pursuant to Exelon's matching gift plan described below in Other Compensation. For Governor Ridge and Mr. Thompson, includes charitable contributions made by Exelon following their retirement in honor of their service to the company and its shareholders.

(3) Mr. Anderson joined the board effective March 1, 2013. All retainers were prorated beginning with that date.

(4) Mr. Thompson did not stand for reelection to the board and his term expired on April 23, 2013. Mr. Ridge resigned effective October 2, 2013. All retainers for both directors were prorated through their respective departure dates.

(5) In addition to the amounts shown in the table, Mr. Lawless and Dr. Richardson, who also served as directors of the Exelon Foundation during 2013, received $6,000 and $8,000 respectively from the Foundation for attending meetings of the Foundation's board. Exelon contributes to the Foundation to pay for the Foundation's operating expenses.

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Fees Earned or Paid in Cash

In 2013, all directors received an annual retainer of $50,000 paid in cash. The Lead Director received an additional annual retainer of $25,000. The non-executive chairman of the board received an annual retainer at the rate of $300,000 per year in 2013 (pro rated for the partial year) in addition to board meeting fees. Committee chairs receive an additional $10,000 retainer per year. In recognition of the additional time commitment and responsibility, members of the audit committee and generation oversight committee, including the committee chairs, receive an additional $5,000 per year for their participation on these committees, and the chairs of these committees receive a $20,000 annual retainer.

Directors receive $2,000 for each meeting of the board and board committee that they attend, whether in person or by means of teleconferencing or video conferencing equipment. Directors serving on the generation oversight committee receive $3,000 for each meeting of that committee they attend due to the additional travel that is required and the length of those meetings. Directors also receive a $2,000 meeting fee for attending the annual shareholders meeting and the annual strategy retreat.

Stock Awards

Rather than paying directors entirely in cash, Exelon pays a significant portion of director compensation in the form of deferred stock units. Directors receive deferred stock units worth $100,000 per year. Deferred stock units are granted and credited to a notional account maintained on the books of the corporation at the end of each calendar quarter based upon the closing price of Exelon common stock on the day the quarterly dividend is paid. Deferred stock units earn the same dividends available to all holders of Exelon common stock, which are reinvested in the account as additional stock units. The deferred stock units are not paid out to the directors until they retire from the board, leaving these amounts at risk during the director's entire tenure on the board. In July 2013, the board voted to increase its stock ownership requirement from 5,000 to 15,000 shares of Exelon common stock or deferred stock units within five years after their election to the board.

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Corporate Governance at Exelon

As of December 31, 2013, the directors held the following amounts of deferred Exelon common stock units. The units are valued at the closing price of Exelon common stock on December 31, 2013, which was $27.39. Legacy plans include those stock units earned from Exelon's predecessor and merged companies, PECO Energy Company, Unicom Corporation and Constellation Energy Group, Inc. For Mr. Rogers, the legacy deferred stock units reflect accrued benefits from the Unicom 1996 Directors Fee Plan, which was terminated in 2000; for Ms. Berzin, Mr. de Balmann and Mr. Lawless the legacy units reflect accrued benefits from the Constellation Energy Group, Inc. Deferred Compensation Plan for Non-employee Directors that was terminated on March 12, 2012.

	Year First Elected to the Board	Deferred Stock Units From Legacy Plans #	Deferred Stock Units From Exelon Plan #	Total Deferred Stock Units #	Fair Market Value as of 12/31/13 $
Anthony K. Anderson	2013		3,048	3,048	83,485
Ann C. Berzin	2012	24,065	5,827	29,892	818,742
John A. Canning	2008		15,390	15,390	421,532
Yves C. de Balmann	2012	33,231	5,827	39,058	1,069,799
Nicholas DeBenedictis	2002		22,834	22,834	625,423
Nelson A. Diaz	2004		22,683	22,683	621,287
Sue L. Gin	1993		16,232	16,232	444,594
Paul L. Joskow	2007		16,846	16,846	461,412
Robert J. Lawless	2012	36,871	5,827	42,698	1,169,498
Richard W. Mies	2009		14,225	14,225	389,623
William C. Richardson	2005		20,532	20,532	562,371
John W. Rogers, Jr	1999	4,407	31,813	36,220	992,066
Mayo A. Shattuck III	2012		2,799	2,799	76,665
Stephen D. Steinour	2007		17,176	17,176	470,451
Total All Directors		**98,574**	**201,059**	**299,633**	**8,206,948**

Deferred Compensation

Directors may elect to defer any portion their cash compensation in a non-qualified multi-fund deferred compensation plan. Each director has an unfunded account where the dollar balance can be invested in one or more of several mutual funds, including one fund composed entirely of Exelon common stock. Fund balances (including those amounts invested in the Exelon common stock fund) will be settled in cash and may be distributed in a lump sum or in annual installment payments upon a director's reaching age 65, age 72 or upon retirement from the board. These funds are identical to those that are available to executive officers and are generally identical to those available to company employees who participate in the

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Corporate Governance at Exelon

Exelon Employee Savings Plan. Directors and executive officers have one additional fund not available to employees that, through its composition, provides returns that can be in excess of 120% of the federal long-term rate that is used by the IRS to determine above market returns. However, during 2013 none of the directors had investments in this fund.

Other Compensation

Exelon has a board expense reimbursement policy under which directors are reimbursed for reasonable travel to and from their primary or secondary residence and lodging expenses incurred when attending board and committee meetings or other events on behalf of Exelon (including director's orientation or continuing education programs, facility visits or other business related activities for the benefit of Exelon). Under the policy, Exelon will arrange for its corporate aircraft to transport groups of directors, or when necessary, individual directors, to meetings in order to maximize the time available for meetings and discussion. Directors may bring their spouses or guests on Exelon's corporate aircraft when they are invited to an Exelon event, and the value of this travel, calculated according to IRS regulations, is imputed to the director as additional taxable income.

Exelon pays the cost of a director's spouse's travel, meals, lodging and related activities when the spouses are invited to attend company or industry related events where it is customary and expected that directors attend with their spouses. The cost of such travel, meals and other activities is imputed to the director as additional taxable income. However, in most cases there is no incremental cost to Exelon of providing transportation and lodging for a director's spouse when he or she accompanies the director, and the only additional costs to Exelon are those for meals and activities and to reimburse the director for the taxes on the imputed income. In 2013, incremental cost to the company to provide these perquisites was nominal and the aggregate amount for all directors as a group, a total of 16 directors, was $506. The aggregate amount paid to all directors as a group (16 directors) for reimbursement of taxes on imputed income was $306.

Exelon has a matching gift program available to directors, officers and employees that matches their contributions to eligible not-for-profit organizations up to $15,000 per year for directors; $10,000 per year for executives ($15,000 per year through the end of 2013 for legacy Constellation Energy Group executives) and up to $5,000 per year for other employees.

Compensation Philosophy

The Exelon board has a policy of targeting their compensation to the median board compensation of the same peer group of companies used to benchmark executive compensation. The base compensation (cash and stock retainers for board service and meeting fees) paid to Exelon directors in 2013 remained unchanged since 2008. In 2013, the corporate governance committee asked Semler Brossy Consulting Group, the independent consultant to the compensation and leadership development committee, to perform a director compensation study. The study found that in 2013 and some earlier years, compensation paid to Exelon directors was below the median of the peer group and below the median resulting from several published studies of larger groups. In January 2014, the board increased the annual cash retainer for board service from $50,000 to $80,000 but left all other compensation unchanged. The increase represented a 1.6 percent annual increase in basic director compensation over the five year period since 2008.

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Ownership of Exelon Stock

STOCK OWNERSHIP REQUIREMENTS FOR DIRECTORS AND OFFICERS

Under Exelon's Corporate Governance Principles, all directors are required to own within five years after election to the board at least 15,000 shares of Exelon common stock or deferred stock units or shares accrued in the Exelon common stock fund of the directors' deferred compensation plan. The board amended the corporate governance principles in July 2013 to increase the ownership requirement from 5,000 shares to 15,000 shares. The corporate governance committee utilized an independent compensation consultant who determined that, compared to its peer group, Exelon's ownership requirement is reasonable.

To strengthen the alignment of executives' interests with those of shareholders, the compensation and leadership development committee establishes stock ownership requirements for officers of the company. Officers are required to own, within the later of five years after their employment or September 30, 2012, stock having a market value (based on the 60-day average stock price as of September 30, 2012) equal to or greater than multiples of their base salary or fixed numbers of shares as shown in the table below. The compensation and leadership development committee has determined that stock options are not considered for purposes of satisfying this requirement. Performance shares that have been earned but not vested, unvested restricted shares, restricted stock units, and shares held in the Exelon Stock Deferral Plan will count toward the stock ownership requirement, as will certificates and dividend reinvestment plans; shares held in 401(k) Employee Savings Plans; shares held by spouses or children; broker accounts held in street name; and IRAs and trust accounts in which the executive is a beneficiary. These guidelines may be equitably adjusted in the case of promotions in the discretion of the Senior Vice President and Chief Human Resources Officer.

Officer	Number of Exelon Shares
Chief Executive Officer	5 x annual salary divided by 60-day average share price
Exelon executive vice presidents and above	3 x annual salary divided by 60-day average share price
Presidents of subsidiary companies	2 x annual salary divided by 60-day average share price
Senior vice presidents	The lesser of 17,500 shares or 2 x annual salary divided by 60-day average share price
Vice presidents and other executives	The lesser of 6,500 shares or 1 x annual salary divided by 60-day average share price

The following table shows the status of each currently-employed NEO against the new ownership targets as of January 31, 2014.

Name	Stock Ownership Target (Shares) [A]	Total Shares and Share Equivalents Held as of January 31, 2014 [B]	Stock Ownership Percentage [B]/[A]
Crane	156,718	357,728	228%
Thayer	53,148	121,898	229%
Cornew	57,236	137,171	240%
Von Hoene	57,236	136,419	238%
O'Brien	59,280	129,613	219%

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Ownership of Exelon Stock

BENEFICIAL OWNERSHIP TABLE

The following table shows the ownership of Exelon common stock as of January 31, 2014 by each director, each named executive officer in the Summary Compensation Table, and for all directors and executive officers as a group.

	[A]	[B]	[C]	[D]=[A]+[B]+[C]	[E]	[F]=[D]+[E]
Directors (Note 3)	**Beneficially Owned Shares**	**Shares Held in Company Plans** (Note 1)	**Vested Stock Options and Options that Vest Within 60 days**	**Total Shares Held**	**Share Equivalents to be Settled in Cash or Stock** (Note 2)	**Total Share Interest**
Anthony K. Anderson	0	3,048	0	3,048	0	3,048
Ann C. Berzin	0	29,893	0	29,893	3,759	33,652
John A. Canning, Jr.	5,000	15,390	0	20,390	1,076	21,466
Yves, C. de Balmann	1,910	39,058	0	40,968	0	40,968
Nicholas DeBenedictis	5,000	22,834	0	27,834	0	27,834
Nelson A. Diaz	1,500	22,683	0	24,183	5,328	29,511
Sue L. Gin	56,424	16,232	0	72,656	21,840	94,496
Paul L. Joskow	2,000	16,846	0	18,846	5,867	24,713
Robert J. Lawless	3,273	42,698	0	45,971	3,389	49,360
Richard W. Mies	0	14,225	0	14,225	0	14,225
William C. Richardson	1,654	20,532	0	22,186	0	22,186
John W. Rogers, Jr.	11,374	36,220	0	47,594	13,374	60,968
Mayo A. Shattuck III	480,357	2,799	3,508,735	3,991,891	0	3,991,891
Stephen D. Steinour	4,788	17,176	0	21,964	20,452	42,416
Christopher M. Crane	133,250	173,866	347,250	654,366	50,612	704,978
Jonathan W. Thayer	20,060	86,838	471,125	578,023	15,000	593,023
Kenneth W. Cornew	32,341	92,501	96,625	221,467	12,329	233,796
William A. Von Hoene, Jr.	60,918	58,830	199,450	319,198	16,671	335,869
Denis P. O'Brien	55,694	52,695	209,950	318,339	21,224	339,583
Total Directors & Executive Officers as a group (26 people) See Note 3	1,036,727	984,120	5,527,364	7,548,211	241,832	7,790,043

(1) The shares listed under Shares Held in Company Plans, Column [B], include restricted shares, shares held in the 401(k) plan, and deferred shares held in the Stock Deferral Plan.

Ownership of Exelon Stock

(2) *The shares listed above under Share Equivalents to be Settled in Cash, Column [E], include unvested performance shares that may be settled in cash or stock depending on where the named officer stands with respect to the stock ownership requirement, and phantom shares held in a non-qualified deferred compensation plan which will be settled in cash on a 1 for 1 basis upon retirement or termination.*

(3) *Beneficial ownership, shown in Column [A], of directors and executive officers as a group represents less than 1% of the outstanding shares of Exelon common stock. Total includes share holdings from all directors and NEOs as well as those executive officers listed in Item 1, Executive Officers of the Registrants in Exelon's 2013 Annual Report on Form 10-K filed on February 14, 2014, who are not NEOs for purposes of compensation disclosure.*

OTHER SIGNIFICANT OWNERS OF EXELON STOCK

Shown in the table below are those owners who are known to Exelon to hold more than 5% of the outstanding common stock. This information is based on the most recent Schedule 13Gs filed with the SEC by Capital Research Global Investors on February 13, 2014, State Street Corporation on February 3, 2014, The Vanguard Group on February 12, 2014 and BlackRock, Inc. on February 10, 2014.

Name and address of beneficial owner	Amount and nature of beneficial ownership	Percent of class
Capital Research Global Investors (1) 333 South Hope Street Los Angeles, CA 90071	76,101,680	8.9%
State Street Corporation (2) State Street Financial Center One Lincoln Street Boston, MA 02111	51,284,024	6.0%
The Vanguard Group (3) 100 Vanguard Blvd. Malvern, PA 19355	45,207,040	5.3%
BlackRock, Inc. (4) 40 East 52 nd Street New York, NY 10022	44,200,880	5.2%

(1) *Capital Research Global Investors disclosed in its Schedule 13G that it has sole voting and dispositive power over 76,101,680 shares.*

(2) *State Street Corporation disclosed in its Schedule 13G that it has shared voting and dispositive power over 51,284,024 shares.*

(3) *The Vanguard Group disclosed in its Schedule 13G that it has sole power to vote or direct the vote of 1,398,224 shares and sole power to dispose or direct the disposition of 43,896,117 shares.*

(4) *BlackRock, Inc. disclosed in its Schedule 13G that it has sole power to vote or to direct the vote of 36,748,455 shares and sole power to dispose or direct the disposition of 44,200,880 shares.*

Ownership of Exelon Stock

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EXELON EQUITY COMPENSATION PLANS

[A] Plan Category	[B] Number of securities to be issued upon exercise of outstanding options, warrants and rights (Note 1)	[C] Weighted-average exercise price of outstanding options, warrants and rights (Note 2)	[D] Number of securities remaining available for future issuance under equity compensation plans (excluding securities shown in Column [B] (Note 3)
Equity compensation plans approved by security holders	29,447,000	$37.12	36,556,000

1) *Balance includes stock options, unvested performance shares, and unvested restricted shares that were granted under the Exelon LTIP or predecessor company plans and shares awarded under those plans and deferred into the stock deferral plan, as well as deferred stock units granted to directors as part of their compensation. For performance shares and performance share transition awards granted in 2013, the total includes the maximum number of shares that could be granted, if performance, total shareholder return modifier, and individual performance multipliers were all at maximum, a total of 4,599,000 shares. At target, the number of securities to be issued for such awards is 2,586,000. The deferred stock units granted to directors includes 286,600 shares to be issued upon the conversion of deferred stock units awarded to members of the Exelon board of directors, and 94,200 shares to be issued upon the conversion of stock units held by members of the Exelon board of directors that were earned under a legacy Constellation Energy Group plan. Conversion of stock units to shares will occur after the director terminates service to the Exelon board or the board of any of its subsidiary companies. See Note 19 of the Combined Notes to Consolidated Financial Statements in Exelon's 2013 Annual Report on Form 10-K, filed on February 14, 2014, for additional information about the material features of the plans.*

(2) *Includes outstanding restricted stock units and performance shares that can be exercised for no consideration. Without such instruments, the weighted-average price of outstanding options, warrants and rights shown in column [C] would be $46.07.*

(3) *Includes 24,441,000 shares available for issuance from the company's employee stock purchase plan.*

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Based upon signed affirmations received from directors and officers, as well as administrative review of company plans and accounts administered by private brokers on behalf of directors and officers which have been disclosed to Exelon by the individual directors and officers, Exelon believes that its directors and officers made all required filings on a timely basis during 2013, with the exception of a report that the company filed late on behalf of Mr. Crane due to a failure by the vendor, who administers the non-qualified deferred compensation plan, to notify the company of the first matching stock grant of the year. The filing was made as soon as the company became aware of the delinquency.

Exelon's Independent Accountant for 2014

PROPOSAL 2: THE RATIFICATION OF PRICEWATERHOUSECOOPERS LLP AS EXELON'S INDEPENDENT ACCOUNTANT FOR 2014

The audit committee and the board of directors believe that PricewaterhouseCoopers' knowledge of Exelon is invaluable. Representatives of PricewaterhouseCoopers working on Exelon matters are periodically changed, providing Exelon with audit personnel with a variety of experiences. PricewaterhouseCoopers has direct access to members of the audit committee, and PricewaterhouseCoopers' representatives regularly attend audit committee meetings. Representatives of PricewaterhouseCoopers will attend the annual meeting to answer appropriate questions, and may make a statement if they desire.

In July 2002, the Exelon audit committee adopted a policy for pre-approval of services to be performed by the independent accountants. The committee pre-approves annual budgets for audit, audit-related and tax compliance and planning services. The services that the committee will consider include services that do not impair the accountant's independence and add value to the audit, including audit services such as attest services and scope changes in the audit of the financial statements, the issuance of comfort letters and consents in relation to financings, audit-related services such as accounting advisory services related to proposed transactions and new accounting pronouncements, the provision of attest services in relation to regulatory filings and contractual obligations, and tax compliance and planning services. With respect to non-budgeted services in amounts less than $500,000, the committee delegated authority to the committee's chair to pre-approve such services. All other services must be pre-approved by the committee. The committee receives quarterly reports on all fees paid to the independent accountants. None of the services provided by the independent accountants was provided pursuant to the de minimis exception to the pre-approval requirements contained in the SEC's rules.

The following table presents fees for professional audit services rendered by PricewaterhouseCoopers for the audit of Exelon's annual financial statements for the years ended December 31, 2013 and 2012, and fees billed for other services rendered by PricewaterhouseCoopers during those periods. Fees include amounts related to the year indicated, which may differ from amounts billed.

	Year Ended December 31,	
(in thousands)	2013	2012
Audit fees (a)	$18,136	$23,572
Audit related fees (b)	1,817	1,649
Tax fees (c)	1,000	2,076
All other fees (d)	24	45

(a) Audit fees include financial statement audits and reviews under statutory or regulatory requirements and services that generally only the auditor reasonably can provide, including issuance of comfort letters and consents for debt and equity issuances and other attest services required by statute or regulation.

(b) Audit related fees consist of assurance and related services that are traditionally performed by the auditor such as accounting assistance and due diligence in connection with proposed acquisitions or sales, consultations concerning financial accounting and reporting standards and audits of stand-alone financial statements or other assurance services not required by statute or regulation.

(c) Tax fees consist of tax compliance, tax planning and tax advice and consulting services, including assistance and representation in connection with tax audits and appeals, tax advice related to proposed acquisitions or sales, employee benefit plans and requests for rulings or technical advice from taxing authorities.

(d) All other fees reflect work performed primarily in connection with research and audit software licenses.

The board of directors recommends a vote "FOR" the ratification of PricewaterhouseCoopers LLP as Exelon's Independent Accountant for 2014

Advisory Vote on Executive Compensation

PROPOSAL 3: ADVISORY VOTE ON EXECUTIVE COMPENSATION

We are providing shareholders with an annual advisory (non-binding) vote on the compensation paid to the company's named executive officers, as disclosed in this proxy statement on pages 61 to 80, in accordance with the compensation disclosure rules of the SEC. Accordingly, you may vote on the following resolution at the 2013 annual meeting.

> "RESOLVED, that the company's shareholders approve, on an advisory basis, the compensation of the named executive officers, as disclosed in the company's proxy statement for the 2014 Annual Meeting of Shareholders pursuant to the rules of the SEC, including the Compensation Discussion and Analysis, the 2013 Summary Compensation Table and the other related tables and disclosure."

The board of directors recommends a vote "FOR" this proposal because it believes:

- The company's compensation framework is effective in achieving its goals of providing market competitive pay that fosters the attraction, motivation and retention of key talent;
- A majority of compensation is performance-based and contingent on achieving financial and operational results that align the interests of executives with those of the company's shareholders; and
- The compensation framework is consistent with best practices that drive outstanding company performance while creating long-term shareholder value.

While, this advisory proposal, commonly referred to as "say-on-pay", is not binding, the board of directors and the compensation and leadership development committee will review and consider the voting results when annually evaluating our executive compensation program. To facilitate more frequent shareholder input, the board adopted a policy of providing for annual say-on-pay advisory votes.

When casting your 2014 say on pay vote, we encourage you to consider the host of compensation changes that we made in 2013, largely based on shareholder feedback and alignment with market practice, that strengthen the pay-for-performance connection with shareholders. The committee and the board believe that Exelon's executive compensation program is vastly improved for 2013 and beyond and they look forward to hearing from shareholders about potential future program enhancements.

The board of directors recommends a vote "FOR" approval of the compensation paid to the company's named executives, as disclosed in this proxy statement.

Report of the Compensation and Leadership Development Committee

"Exelon's executive compensation framework is designed to pay for performance and align the interests of executives, shareholders and other key stakeholders."

The Compensation & Leadership Development Committee

The committee is composed solely of independent directors, and we are accountable for ensuring that the decisions we make about executive compensation are in the best interests of shareholders. We accomplish this objective by having a robust compensation framework that emphasizes pay-for-performance, resulting in a majority of pay being at risk and contingent on the achievement of financial and operational goals. In fact, about 90% of Exelon's CEO compensation is at risk, which is higher than the peer group average and strongly aligns with shareholders interests.

The committee considers shareholder feedback as part of our annual review of the executive compensation programs and we proactively seek shareholder feedback. Last year, slightly over 75% of the say-on-pay votes cast approved the compensation of Exelon's Named Executive Officers (NEOs). We listened to your feedback and have taken significant actions to bolster the effectiveness of our programs and ensure shareholder alignment. We retooled our 2013 executive compensation program, taking into consideration your feedback and alignment with market practice.

The company exhibited outstanding operational performance in 2013; however, we realize that shareholder returns were less than we would have liked. Part of the board's overarching strategy is to manage for the future, not the short-term, and management and the board are committed to making decisions that are in the best long-term interests of Exelon's shareholders. We believe that Exelon has a strong portfolio of assets, and that the management team has been executing extremely well by controlling the things it can, such as achieving operational excellence and maintaining a strong balance sheet through disciplined financial management. The board believes that management is making the right long-term decisions to reverse the share price declines of the recent past by remaining focused on diversified growth and asset rationalization.

The compensation and leadership development committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussion, the committee recommended to the board that the Compensation Discussion and Analysis be included in the 2014 Proxy Statement.

March 18, 2014

THE COMPENSATION AND LEADERSHIP DEVELOPMENT COMMITTEE
John A. Canning, Jr., Chair
Yves C. de Balmann
Robert J. Lawless
William C. Richardson

Compensation Discussion and Analysis

Section I:	Executive Summary
Section II:	Investor Feedback: We Heard You; We Responded
Section III:	How We Design Our Executive Compensation Programs to Pay for Performance
Section IV:	What We Pay and Why We Pay it
Section V:	Governance Features of Our Executive Compensation Programs

Section I: Executive Summary

2013 was a noteworthy year driven by the company's outstanding operational performance amid persistent lagging shareholder return. This dichotomy shaped the decision making for the committee, as they sought to balance the competing interests of motivating and retaining key executive talent during a difficult power market cycle against a backdrop of lingering low power prices. The board is focused on ensuring that management runs the business for the long-term and is not making short-term decisions that might not align with driving long-term company and shareholder value.

Central Themes of Our Executive Compensation Program

We Manage for the Long-term The board manages for the long-term and makes pay decisions that are in the best long-term interests of the company and shareholders.	**Strong Compensation Framework** We have a strong compensation framework that is market-based and drives pay for performance and alignment with shareholders based on having a majority of NEO pay at risk in the form of annual incentives and equity.	**Strong Investor Outreach** We engage directly with investors and take actions to improve our compensation programs based on feedback from shareholders.
Competitiveness Our CEO's pay is calibrated to market median, which the committee and board believe appropriate based on sound business rationale and positioning relative to our market assessment peer group.	**Target Total Direct Compensation** We believe that target "TDC" (base salary, annual bonus and equity) provides the best basis for comparison of executive compensation.	**Balance** Since we manage for the long-term, we believe pay at risk should reward the appropriate balance of short- and long-term financial and strategic business results.

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Compensation Discussion and Analysis

Recap of 2013 Company Performance

Exelon's 2013 operational and cost management performance, which management can control, was outstanding; however, a declining share price during the year was driven largely by external factors beyond management's control, such as low power prices, low gas prices, competing government-subsidized generation, and sluggish load growth. Notably, the company suffered another significant market shock in 2013 when the reliability pricing model capacity auction in PJM, the largest market in which Exelon sells its electricity generation, turned out far lower than Exelon and most analysts expected.

Notable accomplishments in 2013 include:

Financial

- Financial performance was better than plan
- Operating EPS actual results exceeded plan by a penny
- Actions were taken to strengthen the balance sheet and cash flow (e.g., cancellation of Nuclear uprates which reduced future debt)

Operational (Utilities)

- Each of the three utilities had its best year ever
- Utility earnings contributions were significantly better than budget at all three utilities driven by the improved regulatory environment and cost management
- For the 29 key operating metrics, over half are in the top quartile and 14 were best-ever performance

Operational (Exelon Generation)

- Nuclear had one of its best operating years ever, achieving a best-in-class capacity factor of 94.1% (its best in 7 years), which drives long-term company success
- Exelon Power had a very strong operating year, with gas and hydro units available 99.1% of the time

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Compensation Discussion and Analysis

Building on the very strong operational performance and solid financial results for 2013, management continues to take actions to improve Exelon's long-term shareholder value. Exelon believes that it is in an earnings trough that began in 2008 and is anticipated to continue over the next several years, related to low natural gas prices, low electricity demand, and the negative impact of competing government-subsidized generation. Exelon is adhering to a disciplined long view and taking the right near-term actions designed to mitigate our greater exposure to power prices compared with our peers. The company is taking the following actions:

Asset Optimization and rationalization

- Allocating more of our capital toward the regulated businesses
- Cost and productivity enhancements

Growth Investments

- Investing $15 billion across utilities over five years to increase rate base, and improve gas infrastructure, transmission and distribution, Smart grid and Smart meters

Cost Management

- On plan to deliver more than $550 million in synergies related to the Constellation merger by 2014 year-end
- Constellation Energy Nuclear Group annual projected cost savings synergies of $50-70 million
- 2013 Exelon Generation cost savings of $150 million with goal to maintain cost at 2013 levels through 2016

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Compensation Discussion and Analysis

Our Executive Compensation Framework is built on Pay-for-Performance and Pay-at-Risk

The goal of our executive compensation program is to retain and reward leaders who create long-term value for our shareholders by delivering on objectives set forth in the company's long-term strategic plan. This goal affects the compensation elements we use and drives our compensation decisions. We embrace three key executive compensation principles outlined below that align the executives' long-term interests with those of our shareholders and motivate executives to remain with Exelon to create long-term shareholder value.

Principle	Objective
Attract, motivate and retain high caliber leadership by providing competitive compensation opportunities	• The program assesses total compensation opportunities against appropriate peer companies to enable us to attract and retain executives with the experience and talent required to achieve our strategic objectives.
Pay for Performance	• A majority of executive pay is not guaranteed, and is in the form of annual incentives and equity in order to drive and reward strong operational and financial performance and the creation of shareholder value.
Pay at Risk	• A majority of NEO pay is at risk and linked to changes in the stock price and/or achievement of short-term and long-term company financial and operational goals that build shareholder value.
	• Executives are required to meet and maintain significant stock ownership requirements throughout the term of their employment with the company (5X base salary for CEO and 3X for other NEOs).

Pay at Risk for Our NEOs. As shown in the following chart, approximately 90% of Exelon's CEO and 80% of Exelon's other NEOs 2013 target total direct compensation is considered at risk and based on changes in our stock price and/or the achievement of short-term and long-term financial and operational goals. Our CEO's pay at risk is greater than the peer CEOs (90% versus 88%). Additionally, almost 77% of Exelon's CEO pay is in the form of equity (five percentage points higher than peer CEOs) and aligned with shareholders.

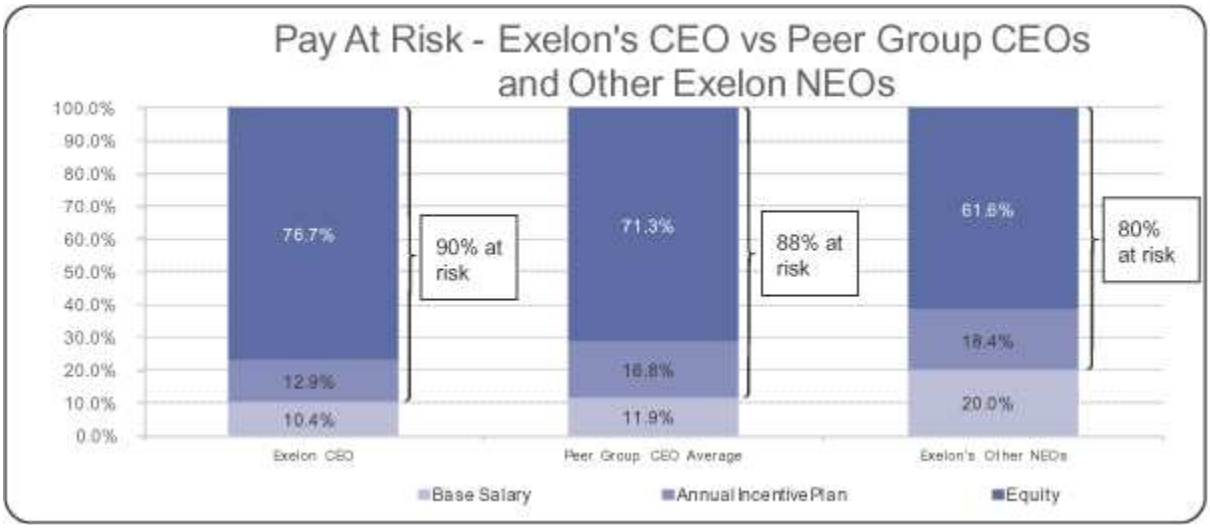

Compensation Discussion and Analysis

The Committee's Responsiveness to Shareholder Feedback

Exelon provided shareholders an advisory vote to approve its executive compensation in 2013. At our 2013 Annual Meeting of Shareholders, shareholders approved our advisory vote on executive compensation with 75% of the votes cast in favor of the proposal.

The committee greatly values feedback from investors. As explained in Section II, the chairman of the compensation and leadership development committee, in conjunction with leaders from Exelon's human resources, investor relations, and office of corporate governance groups, participated in outreach meetings that included many of the top 30 institutional investors to solicit feedback on the effectiveness of our executive compensation program and corporate governance. Outreach calls were held with the holders of 35% of outstanding common shares. The results of the shareholder outreach were summarized and presented to the full compensation and leadership development committee with a copy being provided to the board. The committee took action on several of the recommendations that helped reconfigure the executive compensation program to better align with shareholder interests and market practice, while taking into account the specific circumstances under which Exelon operates as described under *2013 Company Performance* .

Feedback from shareholders has influenced certain aspects of the 2013 executive compensation program, largely focused on aligning our performance share program more closely with shareholder interests and market practice. Significant changes for 2013 include:

- Lengthened the performance share program performance period from one to three years,
- Reinstated total shareholder return as a modifier under our performance share program,
- Reduced the number of goals in our performance share program from six to two,
- Changed the goals under the performance share program to quantitative from qualitative, and
- Eliminated stock options and changed the mix of equity for NEOs to 67% performance share units and 33% restricted stock units.

CEO Pay At-a-Glance

Two elements drove the increase in the 2013 total compensation of Exelon's President and Chief Executive Officer, Christopher M. Crane, as compared to 2012: the board's decision to increase his target total direct compensation to the market median from 20% below the market median, and the grant of a performance-based transition award in connection with the transition from a one-year to a three-year performance period for performance share units.

Adjusting CEO Pay to Market Median

In conjunction with the committee's independent compensation consultant, the committee recommended to the board an adjustment to Mr. Crane's target total direct compensation (TDC) from 20% below market median to market median.

The committee considered this action appropriate based on Mr. Crane's individual performance, his leadership in executing against the company's strategic business plan, including diversifying the earnings profile, growing revenue streams, building out a comprehensive fuels/natural gas strategy, investment in the utility infrastructure and maintaining operational excellence, and the recommendation of the committee's independent compensation consultant.

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Compensation Discussion and Analysis

As illustrated in the chart below, the adjustment to market median sets our CEO's 2013 target total direct compensation at approximately $11.6 million (up from $8.2 million in 2012). The board enhanced the alignment of Mr. Crane's pay with shareholder interests by making 96% of the 2013 market adjustment in the form of equity.

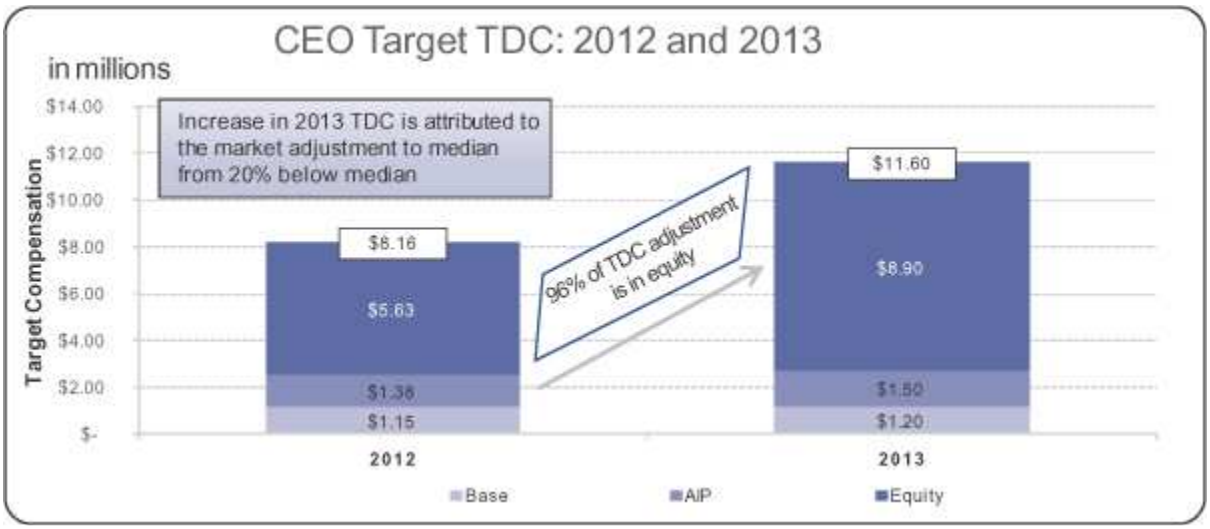

One-time Performance-based Transition Award

Commencing in 2013, the committee approved the transition award as a result of lengthening the performance period from one year to three years for the 2013-2015 LTPSA (as shown in the chart below), which significantly decreases the targeted equity payments that executives can expect to vest in 2014 and 2015. The committee believes this refinement ensures fair treatment of participants during the transition. The committee determined that it was appropriate to address these transition issues by making a performance-based transition award grant in 2013 to executives impacted by this change. One-third of these transition awards vested in January 2014, with the remaining balance vesting in January 2015, based on the same goals as the performance shares, but excluding the relative total shareholder return modifier and the individual performance multiplier.

Percentage of Award Vested			Year Paid			
			2014	2015	2016	2017
Performance Cycle	Prior Program	2011	33%			
		2012	34%	33%		
	Transition Award	2013 - 2013	33%			
		2013 - 2014		67%		
	New Program	2013 - 2015			100%	
		2014 - 2016				100%
Grand Total Percentage of Award Vested			100%	100%	100%	100%

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Compensation Discussion and Analysis

We Believe Target TDC Provides the Most Accurate Depiction of CEO Pay

The board believes that target total direct compensation is the most useful method for comparing CEO pay because it dampens volatility that can otherwise occur when making annual and year-over-year CEO pay decisions using summary compensation table reported data. The summary compensation table is influenced by actuarial assumptions that impact the change in pension value and accounting assumptions mandated by SEC rules that require companies to reflect the grant date value for the *full* award in the year in which it is granted. For this reason, the committee and the board rely on target total direct compensation market data to get the most realistic perspective on CEO pay.

Total Reported Compensation Varies Significantly. As illustrated in the chart below, total reported compensation as shown in the Summary Compensation Table on page 63 varies from year-to-year based on actuarial and accounting assumptions. As depicted below, CEO total compensation will increase to about $17.2 million (based on 2013 compensation as reported in this proxy statement), whereas it is estimated to decrease to about $13.8 million (based on 2014 compensation for next year's proxy statement). In contrast, Mr. Crane's 2013 take-home pay as reported on his W-2 was only about 30% of the $17.2 million reported in the Summary Compensation Table. This fluctuation is largely attributed to the one-time performance-based transition award, which is fully reflected in this year's proxy statement.

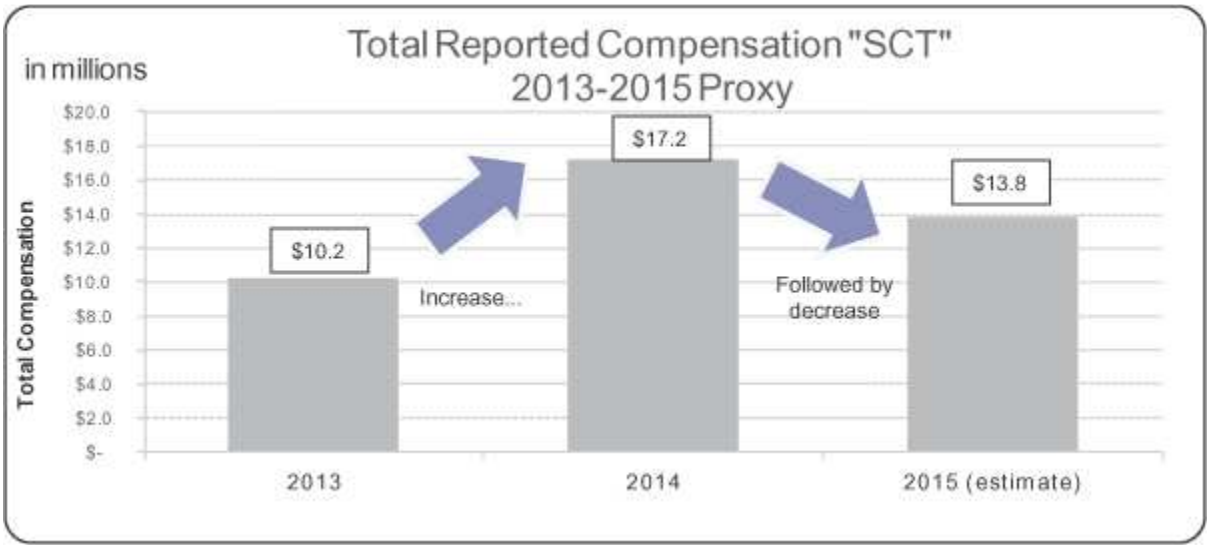

The committee believes that Mr. Crane's target total direct compensation is appropriately calibrated at the peer group market median and the pay mix is aligned strongly with shareholder interests.

Compensation Discussion and Analysis

2013 Performance and How Payouts were Determined

The committee approved the following at the January 2014 meeting: (1) base salary increases as part of the annual merit review at the January 2013 meeting, and (2) payouts for both the 2013 annual incentive plan and the first one-third of the performance-based transition award payout. The committee determined that it was appropriate to reduce the payout from 147.8% to 125% through exercise of the committee's negative discretion in order to balance outstanding operational performance and solid financial management with a lagging stock price.

Element	2013 Action
Base salary	• Base salary increases averaged 3.4% for our NEOs (ranging from 3.0% to 4.4%). • One NEO received an 11% promotional increase.
Annual Incentive Program	• Payout approved at 104.35% of target based on operating EPS of $2.50 versus a target of $2.49. • The individual performance multiplier (IPM) was 100% for each NEO.
Restricted Stock Units	• Awards granted at target. • Consists of 33% of equity portfolio, vesting ratably over three years.
Performance Share Units – 2013-2015 Long-Term Performance Share Award (LTPSA)	• Awards granted at grant date value of $31.18 per share. • Consists of 67% of equity portfolio, vesting in full after three years. • Awards based on two three-year goals (financial management (60%) and operational excellence (40%)). • Payout based on average of 2013, 2014 and 2015 performance. • 2013 performance achieved at 147.8% (reduced to 125%).
One-time performance-based transition award	• First installment (one-third of award) paid in 2014 based on 2013 performance share goals, which paid out at 125%. Second installment (two-thirds of award) payable in 2015 based on the average of 2013 (125%) and 2014 (TBD) performance share performance.

Section II: Investor Feedback: We Heard You; We Responded

We actively engage with our shareholders throughout the year. Since 2006 we have maintained a shareholder engagement program in which we proactively reach out to our top shareholders and leading proxy advisory services firms with the objective of educating them about the corporate governance and executive compensation changes we have implemented as well as seeking their feedback on other potential executive compensation and corporate governance enhancements. Our engagement team consists of leaders from human resources, investor relations and the office of corporate governance. Additionally, our committee chair participated with the team on several calls in 2013.

In the spring of 2013 we met with our top shareholders and sought input from others. These meetings, which comprised about 35% of common shares outstanding, were invaluable as we were able to discuss the 2013 proxy statement and key executive compensation and corporate governance matters contained within the document as well as preview executive compensation changes that were implemented in 2013 and are reflected in the 2014 proxy statement. We also structured a similar outreach in the fall which included the chairman of the committee participating in several telephonic meetings with top investors and proxy advisory services firms. The investors with whom we spoke were largely supportive of the changes we made for our 2013 executive compensation program, providing us with suggestions relating to emerging trends in executive compensation practices and our disclosures about our program. In addition, the committee and management reviewed correspondence submitted by individual and institutional shareholders, analyzed market practices at peer companies and sought advice from the committee's independent compensation consultant.

Compensation Discussion and Analysis

In 2013, we revamped our executive compensation programs by making the following changes:

Change	Purpose
Modified the mix of equity vehicles.	The committee believes that performance-based awards more closely align shareholder interests with executive decision making. Performance share units and restricted stock units now account for 67% and 33% of target equity opportunity, respectively. Stock options are no longer granted.
Changed performance criteria from qualitative achievement to quantitative performance measures.	The committee believes that transparent, objective goals create a more actionable performance environment and align strongly with shareholder interests.
Increased the duration of the performance share unit performance period from one year to three years.	Lengthening the duration of performance periods from one year to three years aligns with market practice and tightens the linkage with long-term shareholder interests.
Streamlined the goals for the performance share unit plan.	Reduced the number of goals from six to two. This program aligns with best practice and sharpens the focus of each executive on two key strategic imperatives, protecting our credit rating and continuing to generate and deliver reliable energy to our customers. The committee evaluates goals under the annual and long-term incentive programs to ensure that they are rigorous, contain appropriate challenges, and are designed to mitigate excessive risk.
Reinstated Total Shareholder Return (TSR) as a component in the performance share unit plan.	To strengthen the alignment with shareholders, awards can be increased or decreased by up to 25% based on TSR performance relative to other competitive integrated companies with business models most similar to ours (i.e., more than 25% of assets are unregulated).
Adjusted CEO target total direct compensation to market median (up from 20% below market median)	The committee determined it was appropriate to adjust the CEO's target total direct compensation to market median based on his individual performance, leadership and delivery on financial and operational goals set by the board.

Section III: How We Design Our Executive Compensation Programs to Pay for Performance

Our approach to compensating our NEOs is to align the long-term interests of Exelon's executives with those of our shareholders. Our compensation framework is based on providing market-competitive programs that attract and retain top talent. The framework is also designed so that a majority of our pay is at risk and directly linked to Exelon's shareholder returns and to other performance factors that measure our progress against the financial management and operational excellence goals in our strategic and operating plans to promote pay for performance.

In order to reaffirm the link between pay and performance, the committee annually reviews the executive compensation components, targets and payouts and approves compensation for all NEOs except the CEO, whose compensation is approved by the independent directors on the recommendation of the committee. The committee evaluates goals under the annual and long-term incentive programs to ensure that they are challenging, contain appropriate stretch, and are designed to mitigate excessive risk. Goals are selected and evaluated based on support for Exelon's long-term business plan.

Compensation Discussion and Analysis

The committee believes it essential to reward executives equitably in order to establish an environment conducive to creating long-term shareholder value, realizing that at certain points in the market cycle there may be times when the CEO pay does not track to shareholder returns. Some of the value creation from outstanding operational performance may not be reflected in the stock price at a given time, but the committee is confident that our performance will result in value creation for shareholders over the long-term. The committee remains firmly committed to taking a holistic view of performance and making the right long-term decisions that motivate and engage our executives to drive our company forward and deliver optimal shareholder returns.

2013 NEO Pay Decisions

As stated in its charter, one of the committee's most important responsibilities is to recommend the CEO's compensation to the independent directors. The committee fulfills its oversight responsibilities and provides thoughtful recommendations by analyzing peer group compensation data with its independent compensation consultant (Semler Brossy Consulting Group) and company performance data. The committee reviews the various elements of the CEO's compensation in the context of the target total direct compensation (base salary, annual incentive target opportunity, and equity target opportunity) and then presents its recommendations following the compensation governance process set forth below.

Roles of Board, Compensation and Leadership Development Committee, and CEO	Steps	When
• CEO compensation decisions are made by the independent members of the board, based on recommendation of the compensation and leadership development committee.	**Design Program** – 2013 programs are discussed, including AIP and equity program design, as well as the one-time performance-based transition award.	November 26, 2012
• Other NEO compensation decisions are made by the committee, based on a number of factors including input from the CEO and the independent compensation consultant.	**Establish Range of Compensation Opportunities** – Program AIP and equity opportunities are set with appropriate stretch (minimum, target, and maximum performance levels). Individual AIP and equity opportunities are established, as well as any base salary adjustment.	January 28, 2013
• The committee is advised by an independent compensation consultant.	**Review Performance** – Performance is reviewed, which leads to payout decisions (e.g., AIP, and the first installment of the transition award).	January 27, 2014

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Compensation Discussion and Analysis

Elements of Executive Compensation

Executive compensation at Exelon consists of the following key elements (additional details can be found on pages 51-57):

Type	Form	Purpose
Fixed	Base salary	• Provides income certainty so that executives can focus on achieving key business priorities and objectives.
Annual Incentive Program	AIP	• Holds executives accountable for performance against near-term business objectives.
Equity Awards	Restricted Stock Units (RSUs)	• Enhances the retention of key talent and provides an ongoing alignment of executive interests with those of shareholders.
	Performance Share Units (PSUs)	• Aligns the interest of executives with shareholders by providing awards contingent on achieving pre-established three year financial and operational goals.
	Transition Award (one-time award)	• Aligns the interest of executives with shareholders by providing awards contingent on achieving pre-established financial and operational goals over the transition period.
Retirement	Pension	• Qualified defined benefit pension plan intended to provide retirement income.
	Supplemental Pension (SERP)	• Provides income security for retirement.
Other Compensation	Perquisites	• Exelon provides modest perquisites to serve specific business needs.
	401(K)	• Tax-efficient retirement savings plan.

How Pay-for-Performance Works

Overview. Exelon has a long-standing commitment to linking pay and performance by providing a majority of compensation that is tied to stock price increase or contingent on achieving our short and long-term objectives.

- **Program Design:** More than 80 percent of NEO pay at Exelon is variable, which directly ties pay to our company's performance, including financial results, operational goals, and stock performance relative to our peer group.
- **Performance Assessment:** The committee uses a comprehensive and well-defined process to assess performance, which encompasses an assessment of both short and long-term financial and operational results relative to our goals. The committee ensures that the goal-setting process is rigorous and contains appropriate stretch for both internal measures and operational metrics that generally are set at achieving industry first quartile performance as the target (*For more information refer to the 2013 performance share scorecard in Section IV)* .

Compensation Discussion and Analysis

What We Do and Don't Do

Exelon's executive compensation philosophy focuses on pay-for-performance and reflects appropriate governance practices aligned with the needs of our business. Below is a summary of our executive compensation practices that are aligned with best practice, as well as a list of those practices we avoid because they do not align with shareholders' long-term interests.

What We Do

- ✓ Pay-for-performance – 90% of CEO pay (and 80% for other NEOs) is at risk in the form of AIP and equity (page 41)
- ✓ Stock ownership – 5X base salary for CEO and 3X for other NEOs (pages 31 and 57)
- ✓ Mitigation of undue risk in executive compensation programs (page 58)
- ✓ Double-trigger change-in-control benefits – requires involuntary termination plus change-in-control (page 74)
- ✓ Independent compensation consultant – works directly with the committee (page 21)
- ✓ We provide limited, modest perquisites based on sound business rationale (page 65)
- ✓ We proactively seek investor feedback on executive compensation programs (pages 42 and 45)
- ✓ We prohibit hedging transactions, short sales, derivative transactions or pledging of company stock (page 57)
- ✓ We require executive officers and directors to obtain pre-approval before trading Exelon stock (page 57)
- ✓ We annually assess our programs against peer companies and best practices (page 50)
- ✓ Incentive targets contain appropriate stretch based on industry performance and/or Exelon's business plan (page 56)

What We Don't Do

- × No minimum payout of AIP or equity programs
- × No employment agreements
- × No dividend-equivalents on unearned performance share units
- × No excise tax gross-ups upon change-in-control for change-in-control agreements entered into after April 2009
- × No inclusion of the value of equity awards in pension or severance calculations
- × No additional credited service under supplemental pension plans since 2004
- × No option re-pricing

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Compensation Discussion and Analysis

Assessing Executive Compensation Programs

Overview. Assessing our executives' compensation levels against our peer group is one of several factors considered in the pay setting process. Peer group practices are analyzed annually for target total direct compensation and for other pay practices, such as perquisites and the mix of equity vehicles. Because Exelon is one of the largest energy services companies, we compare executive compensation against a blended peer group with which we compete for talent that includes 10 energy services companies and 10 high-performing asset intensive general industry companies (with an emphasis when appropriate on companies that are subject to commodity prices such as Exelon) that have comparable annual sales (.5x to 2x) and market capitalizations (generally above $10 billion). Each year the compensation and leadership development committee, working with its independent consultant, reviews the composition of the peer group and determines whether any changes should be made. The peer group for 2013 was unchanged from 2012. Exelon's peer group consists of the following 20 companies:

General Industry		Energy Services	
3M	Honeywell	AEP Co., Inc.	FirstEnergy Corp.
Alcoa	International Paper Co.	Dominion Resources, Inc.	NextEra Energy, Inc.
Caterpillar	Johnson Controls Inc.	Duke Energy Corp.	PG&E Corp.
EI DuPont	Murphy Oil	Edison International	PSEG, Inc.
Hess Corporation	PepsiCo Inc.	Entergy Corporation	Southern Company

Comparing Exelon to its Peer Group. The median revenue of our peer group for the year ended December 31, 2013 was approximately $19.7 billion as compared to our revenues of $24.9 billion. As of December 31, 2013, the median market capitalization of our peer group was $30.8 billion as compared to our market capitalization of $22.7 billion. Individual executive pay is generally targeted at the median of our peer group, but can vary based on job requirements (competencies and skills), scope of responsibilities, the executive's experience and performance, retention, succession planning and the organizational structure of the businesses (internal alignment and pay relationships).

Compensation Discussion and Analysis

Section IV: What We Pay and Why We Pay it

Compensation Framework with 2013 Performance-based Pay Actions

			2013 Actions
Base Salary	Merit Review		Salary increases as a result of the merit review ranged from 3.0% to 4.4% for our NEOs. Base salary increases were provided to recognize individual performance and maintain market competitiveness.

	% of AIP*	Goal	2013 Actions
Annual Incentive	100%	EPS	- Payout as a percent of target was 104.35% for each NEO, with the exception of Mr. O'Brien who received 114.35%. - All NEOs received an individual performance multiplier of 100%, in line with meeting pre-established expectations. - Payout for Mr. O'Brien was subject to the Shareholder Protection Feature, limiting his payout.

* AIP weighting is 100% non-GAAP Operating EPS for all NEOs, with the exception of Mr. O'Brien

	% of Equity**	Goals (Weighting)**	Highlights of Programs
Equity	Performance Share Units 67%	Financial Management (60%)	- 2013-2015 Long-Term Performance Share Award (LTPSA) vests in full in 2016, with final payout subject to total shareholder return modifier (TSR) and individual performance multiplier (IPM).
	Restricted Stock Units 33%	Operational Excellence (40%)	- 2013 RSU grant vests one-third per year over three years.

** Each three-year goal has underlying metrics that are reset annually

	Vesting	Goals	2013 Actions
One-time Performance-based Transition Award	33% (2014) 67% (2015)	Same as Performance Share Program	- In 2013, the committee approved a transition award as a result of lengthening the performance period and vesting from one to three years under the 2013-2015 LTPSA. - One-third of the award vested in January 2014 based on a formulaic payout of 147.8%. The committee reduced the payout to 125% to improve the balance between recognizing outstanding operational performance and solid financial management and lagging shareholder returns. The TSR modifier and IPM do not apply to transition awards.

Pay at Risk

Pay at risk in action. In order to drive a pay-for-performance culture and align with shareholder interests, the committee recommends CEO pay decisions to the independent directors by taking a holistic approach that is generally based on the core compensation principle of putting the majority of pay adjustments in the form of variable pay that is at risk.

For example, 99% of Mr. Crane's 2013 total direct compensation adjustment was in the form of pay at risk (96% in equity and 3% in AIP), with only 1% in base salary.

Our NEOs for 2013 are shown below:

Name	Title
Christopher M. Crane	President and Chief Executive Officer
Jonathan W. Thayer	Chief Financial Officer
Kenneth W. Cornew	President and CEO Exelon Generation
Denis P. O'Brien	CEO Exelon Utilities
Willam A. Von Hoene, Jr.	Chief Strategy Officer

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Compensation Discussion and Analysis

Base Salary

Overview . We pay base salaries to attract talented executives and to provide a fixed level of cash compensation. Base salaries for our NEOs are set by the committee and adjusted following an annual market assessment of peer group compensation. Base salaries may be adjusted (1) as part of the annual merit review, or (2) based on a promotion or significant change in job scope. The committee considers the results of the annual market assessment in addition to the following factors when contemplating a merit review: individual performance, scope of responsibility, leadership skills and values, current compensation, internal equity, and legacy matters.

2013 base salary adjustments . The table below depicts 2013 base salary adjustments that were effective March 1, 2013. In the case of Mr. Crane, his adjustment was in connection with the board's decision to adjust his target total direct compensation from 20% below market median to median. Additionally, Mr. Cornew's base salary was adjusted upon his promotion.

Name	Merit Review	Promotion	Total
Crane	4.35%		4.35%
Thayer	3.85%		3.85%
Cornew	3.00%	10.96%	13.96%
Von Hoene Jr.	3.00%		3.00%
O'Brien	3.00%		3.00%

Performance-based Annual Incentive Plan ("AIP")

Overview . We grant performance-based annual incentive awards to compensate our NEOs for achieving the company's annual performance goals. These awards represent a relatively small percentage of the executives' target TDC (e.g., 13% for our CEO to about 18% for all other NEOs average), as a majority of NEO pay is in the form of equity.

Compensation Discussion and Analysis

Performance Goals . The performance goals used to determine the annual bonuses for the named executive officers were company non-GAAP operating EPS, which management believes represents earnings directly related to ongoing operations of the business. Mr. O'Brien's AIP is based on a blend of EPS, and the average operational and cost results for our three utilities (BGE, ComEd, and PECO). These goals were chosen because they reflect financial management and operational excellence goals that are associated with the creation of value for shareholders. Financial and operational goals are set at threshold (50%), target (100%) and distinguished (200%) levels based on objectives in the company's internal strategic business plan. The 2013 non-GAAP operating EPS target approved by the committee contains stretch goals based on the company's internal business plan (e.g., $360 million in merger synergies for 2013). The committee set the operational goals based on industry performance (where available).

Target Annual Incentive Award
- % of base salary (as of 12/31/13)
- CEO annual incentive target of 125% of salary
- Other NEO annual incentive targets range from 85% to 100% of salary

x

Company/Business Unit Performance
- Based on company EPS for all NEOs, except Mr. O'Brien
- Performance is 0% to 200% (target of 100%)
- For Mr. O'Brien, company EPS is weighted 50% and operating results are weighted 50%

x

Individual Performance Multiplier (IPM)
- Measures individual performance
- Ranges from 50% to 110% for NEOs (target of 100%)
- IPMs determined by the committee, with the exception of the CEO's IPM, which the board approves

=

Actual Annual Incentive Award
- Maximum award of 200% of target

Shareholder Protection Feature (SPF) limits award to 20 percentage points above EPS

2013 Performance . The committee approved a payout of 104.35% for each NEO, with the exception of Mr. O'Brien whose payout was 114.35% (reduced from 125.47%) as a result of the shareholder protection feature. All NEOs received a 100% IPM based on achieving key strategic goals and objectives. The following table describes the performance scales and results for the 2013 goals:

Goals	Threshold	Target	Distinguished	2013 Results	Unadjusted Payout as a % of Target
Adjusted (non-GAAP) Operating Earnings Per Share (EPS)	$ 2.22	$2.49	$ 2.72	$ 2.50	104.35%
Avg of BGE, ComEd and PECO Operational Results	Performance scale is a composite of multiple measures				175.99%
Avg of BGE, ComEd and PECO Cost Results					117.19%

Compensation Discussion and Analysis

Note: Adjusted (non-GAAP) Operating Earnings
Adjusted (non-GAAP) operating earnings are provided as a supplement to results reported in accordance with GAAP. The adjustments generally exclude significant one-time charges or credits that are not normally associated with ongoing operations, mark-to-market adjustments from economic hedging activities and unrealized gains or losses from nuclear decommissioning trust fund adjustments. Management uses such adjusted (non-GAAP) operating earnings internally to evaluate the company's performance and manage its operations and externally to report performance to investors. Accordingly, management also uses adjusted (non-GAAP) operating earnings as a goal in its annual incentive plan. A reconciliation of adjusted (non-GAAP) operating earnings per share to reported GAAP earnings for 2013 is presented below; amounts may not add due to rounding:

2013 Adjusted (non-GAAP) Operating Earnings (Loss) Per Share	**$ 2.50**
Adjustments:	
Mark-to-Market Impact of Economic Hedging Activities	0.35
Unrealized Gains Related to NDT Fund Investments	0.09
Plant Retirements and Divestitures	0.02
Asset Retirement Obligation	(0.01)
Merger and Integration Costs	(0.10)
Amortization of Commodity Contract Intangibles	(0.41)
Amortization of the Fair Value of Certain Debt	0.01
Reassessment of State Deferred Income Taxes	—
Midwest Generation Bankruptcy Charges	(0.02)
Remeasurement of Like-Kind Exchange Tax Position	(0.31)
Long-lived asset impairments	(0.14)
FY 2013 GAAP Earnings (Loss) Per Share	**$ 2.00**

2013 AIP Summary Payments. The following table shows how the formula was applied and the actual amounts awarded.

NEO	Salary		Target AIP%		Performance Factor*		Total Award for 2013 Performance		IPM%		Actual Award
Crane	$1,200,000	x	125%	x	104.35%	=	$1,565,250	x	100%	=	$1,565,250
Thayer	$ 675,000	x	90%	x	104.35%	=	$ 633,913	x	100%	=	$ 633,913
Cornew	$ 800,000	x	100%	x	104.35%	=	$ 834,782	x	100%	=	$ 834,782
Von Hoene Jr.	$ 721,000	x	85%	x	104.35%	=	$ 639,495	x	100%	=	$ 639,495
O'Brien	$ 746,750	x	95%	x	114.35%	=	$ 811,205	x	100%	=	$ 811,205

* *Mr. O'Brien's performance factor differs from the other NEO's based on the following weighting: 25% (Utilities cost measures), 25% (Utilities operational measures), and 50% (EPS).*

Annual Equity Awards for 2013

In 2013, based on shareholder feedback and alignment to market practice, the committee approved using two equity vehicles: restricted stock units (RSUs) and performance share units (PSUs), targeting a mix of 33% RSUs and 67% PSUs. The committee also approved a one-time performance-based transition award that replaces lost targeted equity payments based on lengthening the performance period to three years from one year.

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Compensation Discussion and Analysis

Our equity grant timing policy is for the committee to approve the annual equity grants at its meeting in January. On January 28, 2013, the committee approved the 2013 grants for RSUs, PSUs and transition awards, which are shown in detail in the Grants of Plan-Based Awards table on page 66.

The number of shares subject to each award type was based on the 2013 target awards that were approved by the committee. The grant date fair value of the awards based on the January 28, 2013 closing stock price of $31.18 is shown in the Summary Compensation Table, and the amounts of equity awards granted to each NEO are listed below as well as in the Grants of Plan-Based Awards table, which also includes accumulated dividends. Outstanding equity awards are shown in the Outstanding Equity Awards table.

Restricted Stock Units. Starting in 2013, the committee decided to grant RSUs that vest ratably over three years in place of stock options to align more strongly with market practice. The committee also considered it important for purposes of executive retention that one-third of the equity portfolio should be RSUs which offer greater stability and less volatility but are still linked to changes in shareholder value. Dividend-equivalents with respect to RSUs are reinvested as additional RSUs, subject to the same vesting conditions as the underlying RSUs.

Special Equity Awards. The committee periodically provides equity awards consisting of RSUs vesting in full after five years on a selective basis to key executives based on factors such as retention and succession planning. These retention awards have vesting and other provisions designed to promote retention of the services and skills of key executives.

Performance Share Units **.** Commencing in 2013, the committee approved a redesign of the PSU program to include vesting in full after three years, compared with ratable vesting of three years under the former design.

Executives receive grants of PSUs, which are measured and realized over a performance period covering three years. Each PSU represents the right to receive shares or cash to the extent designated performance goals within the three year performance period are satisfied. Performance periods overlap, with a new three-year performance cycle beginning each year that consists of three year goals. The committee can elect to reset targets annually to address unintended consequences with the challenges of setting three-year goals. At the end of each performance period, performance share units are distributed contingent upon the level of achievement of financial management and operational excellence goals based on underlying metrics and targets that are reset each year of the performance period. Final PSU payout is based on the committee's approval and subject to a TSR modifier over three years relative to other competitive integrated companies that have at least 25% or more of their assets in unregulated businesses (Entergy, First Energy, NextEra Energy, PPL and PSEG). Settlement of PSUs is 50% in Exelon shares, with the remaining balance in cash. The exception is for executive vice presidents who have achieved 200% or more of their stock ownership guidelines as of the measurement date of September 30 of the year prior to payout, in which case the award is settled entirely in cash.

How the Performance Share Units Work. Each NEO's target performance share award is applied against the following:

Average of 2013, 2014 and 2015 performance	x	Total Shareholder Return Modifier (TSR)	x	Individual Performance Multiplier (IPM)	=	Actual Performance Share Award
• Three year goals (financial management and operational excellence)		• TSR measured relative to peer group may increase or decrease the award up to 25%		• IPM can decrease the award by up to 50% or increase the award by up to 10%		• Maximum award is 150% prior to TSR and IPM (200% maximum after application of TSR and IPM)

Compensation Discussion and Analysis

2013 Performance Share Results. The committee reduced the payout for the first installment of the transition award from the formulaic payout of 147.8% to 125% to better align the payout with shareholder returns, taking into consideration that TSR was down for the year.

> ***Goal-Setting Contains Rigor***
>
> Our performance metrics contain appropriate challenge to pay-for-performance. Generally, our operational goal targets (for 100% payout) are calibrated to first quartile industry performance.
>
> - Capacity Factor target set at "best-in-class"
> - Four of the six outage duration and frequency metric targets set at industry first quartile

2013 Performance Share Goal-Setting. The table below shows the 2013 financial management and operational excellence goals, as well as the underlying metrics, which are set based on either the internal business plan or industry performance. All metrics are designed to be challenging to achieve and were chosen because they are key measures for driving long-term success for Exelon. For example, return on equity (ROE) was chosen because it measures the company's ability to generate earnings in relation to the amount of equity shareholders have invested in the company, while Funds from Operations (FFO) / Debt was chosen because it is a key ratio analyzed by the rating agencies in determining the company's credit rating.

2013 Performance Share Scorecard

Goals / Weighting	Metrics	Metric Weighting	Operating Company	2013 Target*	2013 Target Calibrated to	2013 Performance**	2013 Performance vs. Industry Performance	Actual Award vs. Metric Weighting
Financial Management: 60%	Earned Return on Equity (ROE)	30.00%	Exelon Corp	9%	Budget	9.7%	N/A	45.00%
	FFO / Debt	30.00%	ExGen HoldCo	27%	Budget	37.0%	N/A	45.00%
Operational Excellence: 40%	Outage Duration (Average)	6.70%	BGE	120	3rd Quartile	96	2nd Quartile	3.35%
			ComEd	86	1st Quartile	81	1st Decile	3.35%
			PECO	88	1st Quartile	94	1st Quartile	1.12%
	Outage Frequency (Average)	6.70%	BGE	1.10	2nd Quartile	0.87	1st Quartile	3.35%
			ComEd	0.89	1st Quartile	0.76	1st Decile	3.35%
			PECO	0.81	1st Quartile	0.68	1st Decile	3.35%
	Net Fleetwide Capacity Factor	13.30%	Nuclear	93.1%	Best-in-Class	94.1%	Best-in-Class	19.95%
	Dispatch Match	13.30%	Dispatch Match	96.6%	Internal measure	99.1%	N/A	19.95%
							Formulaic Payout	**147.8%**

* *Lower number is better for outage duration and outage frequency, and higher for all other metrics.*
** *Actual performance was distinguished (150%) for all metrics, except PECO outage duration which was threshold (50%).*

Compensation Discussion and Analysis

In exercising negative discretion by reducing the award from 147.8% to 125%, the committee considered it appropriate to apply the 125% performance factor to all equity awards that are impacted by 2013 performance share performance as illustrated below.

Equity Program	Performance Results 2013	2014	2015	Awards will be Based on Performance Against Goals from:	Awards Paid in:
Transition Award First Installment	125%			2013 (125%)	2014
Transition Award Second Installment	125%	TBD		Average of 2013 (125%) and 2014	2015
2013—2015 LTPSA	125%	TBD	TBD	Average of 2013 (125%), 2014, and 2015 +/- TSR modifier	2016

Payout of the First Installment of the Transition Award. Share payouts for the NEOs are shown in the table below. Payouts were settled half in stock and half in cash for Messrs. Crane, Von Hoene and O'Brien, whereas Messrs. Cornew and Thayer received their entire payout in cash because they achieved over 200% of their stock ownership guidelines as of the measurement date of September 30, 2013.

NEO	First Installment Target Shares		Original Performance		Formulaic Payout Shares		Negative Discretionary Adjustment to Reduce Award to 125% of Target Shares		Committee Approved Shares Payout
Crane	39,634	x	147.8%	=	58,579	+	**(9,036)**	=	49,543
Thayer	9,634	x	147.8%	=	14,239	+	**(2,196)**	=	12,043
Cornew	11,262	x	147.8%	=	16,645	+	**(2,567)**	=	14,078
Von Hoene Jr.	8,801	x	147.8%	=	13,008	+	**(2,007)**	=	11,001
O'Brien	10,167	x	147.8%	=	15,027	+	**(2,318)**	=	12,709

Section V: Governance Features of Our Executive Compensation Programs

CEO Annual Performance Assessment

On an annual basis, the independent directors of the Exelon board conduct a thorough review of CEO performance. In 2013, the review considered the extent of Exelon's achievement of the strategic goals under the performance share program and Mr. Crane's role in Exelon's performance for the goals of financial management and operational excellence, risk management, succession planning, diversity and inclusion, organizational effectiveness, leadership, and board relations. Mr. Crane prepares a detailed self-assessment reporting to the board on his performance during the year with respect to each of the performance requirements. The Exelon board considers the financial highlights of the year and a strategy scorecard that assesses performance against the company's vision and goals. The outcome of this review impacts compensation decisions as discussed in the Compensation Discussion and Analysis.

Stock Ownership and Trading Requirements

To strengthen the alignment of executives' interests with those of shareholders, officers of the company are required to own certain amounts of Exelon common stock. In 2012, following the merger with Constellation, Exelon reviewed the ownership

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requirements and updated the guidelines. Executives must meet these guidelines within five years of the latter of the implementation of the new guidelines, their employment or promotion to a new position.

For additional information about Exelon's stock ownership guidelines, please see the Stock Ownership Requirements for Directors and Officers and Beneficial Ownership Table on pages 31 and 32, respectively.

Exelon has adopted a policy requiring officers at the level of executive vice president and above who wish to sell Exelon common stock to do so only through Rule 10b5-1 stock trading plans, and permitting other officers to enter into such plans. This requirement is designed to enable officers to diversify a portion of their holdings in excess of the applicable stock ownership requirements in an orderly manner as part of their retirement and tax planning activities. The use of Rule 10b5-1 stock trading plans serves to reduce the risk that investors will view routine portfolio diversification stock sales by executive officers as a signal of negative expectations with respect to the future value of Exelon's stock. In addition, the use of Rule 10b5-1 stock trading plans reduces the potential for accusations of trading on the basis of material, non-public information, which could damage the reputation of the company. Exelon's stock trading policy does not permit short sales, hedging or pledging.

Recoupment (Clawback) Policy

Consistent with the pay-for-performance policy, in May 2007, the board of directors adopted a recoupment policy as part of Exelon's Corporate Governance Principles. The board of directors will seek recoupment of incentive compensation paid to an executive officer if the board determines, in its sole discretion, that:

- the executive officer engaged in fraud or intentional misconduct;
- as a result of which Exelon was required to materially restate its financial results;
- the executive officer was paid more incentive compensation than would have been payable had the financial results been as restated;
- recoupment is not precluded by applicable law or employment agreements; and
- the board concludes that, under the facts and circumstances, seeking recoupment would be in the best interest of Exelon and its shareholders.

Compensation Policies and Practices as They Relate to Risk Management

The compensation and leadership development committee has considered Exelon's policies and practices of compensating its employees, including non-executive officers, as they relate to risk management practices and risk-taking incentives and believes that such policies and practices are not reasonably likely to have a material adverse effect on Exelon. In this regard, the committee considered the following factors:

- The annual and long-term incentive programs place limits on incentive compensation plans.
- Incentive goals are not tailored solely to revenue-generating conduct.
- The annual incentive program key performance indicators are reviewed in a challenge session by a senior management panel to make sure the goals are fair, reasonable, aligned with the overall business plan and balanced between financial and operational excellence.
- The annual incentive program contains shareholder protection features that limit payouts on non-earnings components based on earnings performance, and the compensation and leadership development committee reserves the right to curtail awards if a business unit under-performs.
- Exelon has long-term incentive programs that are linked to shareholder value.

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- Exelon's officers are required to own Exelon stock, and performance share units are paid out over a two year period after they are earned (program prior to 2013) or after a three-year performance period (program since 2013).
- The Exelon Long-term Incentive Plan provides that the compensation and leadership development committee may amend or adjust the performance measures or other terms and conditions of an outstanding award in recognition of unusual or nonrecurring events affecting the company or its financial statements or changes in law or accounting principles.
- The company has a recoupment policy.

Although the foregoing factors address financial risks, the committee also considered that Exelon's policies and practices include measures to make sure that the cost reduction and other goals designed to address financial performance do not present significant operational risk issues. These measures include the following:

- For employees and all officers with business unit responsibilities, the annual incentive compensation program includes measures based on business unit operating measures, such as safety and reliability.
- Management carefully tracks a variety of safety and reliability metrics on a routine basis to make sure that performance is not adversely affected by such things as cost reduction efforts.

Tax Consequences

Under Section 162(m) of the Internal Revenue Code, executive compensation in excess of $1 million paid to a CEO or other person among the three other highest compensated officers (excluding the CFO) is generally not deductible for purposes of corporate federal income taxes. However, qualified performance-based compensation, within the meaning of Section 162(m) and applicable regulations, remains deductible. The compensation and leadership development committee intends to continue reliance on performance-based compensation programs, consistent with sound executive compensation policy. The committee's policy has been to seek to cause executive incentive compensation to qualify as "performance-based" in order to preserve its deductibility for federal income tax purposes to the extent possible, without sacrificing flexibility in designing appropriate compensation programs.

Because it is not "qualified performance-based compensation" within the meaning of Section 162(m), base salary is not eligible for a federal income tax deduction to the extent that it exceeds $1 million. Accordingly, Exelon is unable to deduct that portion of Mr. Crane's base salary in excess of $1 million. Annual incentive awards and performance share units payable to NEOs are intended to be qualified performance-based compensation under Section 162(m), and are therefore deductible for federal income tax purposes. Restricted stock and restricted stock units are not deductible by the company for federal income tax purposes under the provisions of Section 162(m) to the extent an NEO's compensation that is not "qualified performance-based compensation" is in excess of $1 million.

In order to qualify payments under the AIP and performance share program as performance-based for Section 162(m) of the Internal Revenue Code, the committee uses a "plan-within-plan" two-step approach to determine the amount of the bonus payment. The first step is to fund the overall bonus pool. The pool is funded if the company meets the pre-established performance metrics. The second step is accomplished when the committee exercises "negative discretion" by making adjustments to the formula award funded by the overall pool. Negative discretion is used to reduce the amount funded by the pool to an amount equal to the target bonus (for AIP) or target equity (for the performance share program) adjusted for final company performance and individual performance.

Under Section 4999 of the Internal Revenue Code, there is an excise tax if change-in-control or severance benefits are greater than 2.99 times the five-year average amount of income reported on an individual's W-2. In April 2009 the compensation committee adopted a policy that no future employment or severance agreements that provide for benefits for NEOs on account of termination will include an excise tax gross-up. However, certain NEOs have change in control

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Compensation Discussion and Analysis

severance agreements that pre-date April 2009 and provide excise tax gross-ups, and avoid gross-ups by reducing payments to under the threshold if the amount otherwise payable to an executive is not more than 110% of the threshold.

Alternative 2013 Summary Compensation Table

We believe that total compensation calculated under SEC rules as reflected in column 7 (SEC Total) of the table below does not provide the most representative comparison of CEO pay. Therefore, to supplement the SEC-required disclosure, we have added columns 8-9. Column 8 illustrates the effect that the year-over-year change in pension value had on total compensation, as determined under applicable SEC rules, by subtracting the change in pension value from total compensation. Additionally, column 9 represents total compensation (*excluding* both the change in pension value and the impact of the performance-based transition award, which is accounted for in full for 2013).

1	2	3	4	5	6	7	8	9
Salary (1)	Annual Stock Awards (2)	One-time Performance-Based Transition Stock Award (3)	Non-Equity Incentive Plan Comp (4)	Change in Pension Value and Nonqualified Deferred Comp. Earnings	All Other Comp.	SEC Total	SEC Total Without Change in Pension Value (5)	SEC Total Without Change in Pension Value and Transition Award (6)
Christopher M. Crane								
$ 1,191,539	$ 8,898,772	$ 3,707,302	$ 1,565,250	$ 1,584,841	$ 243,994	$ 17,191,698	$ 15,606,857	$ 11,899,555
Jonathan W. Thayer								
670,193	3,099,292	901,102	633,913	162,252	254,815	5,721,567	5,559,315	$ 4,658,213
Kenneth W. Cornew								
760,392	3,611,954	1,103,564	834,782	219,293	37,349	6,567,334	6,348,041	$ 5,244,477
Denis P. O'Brien								
742,233	2,282,376	950,990	811,205	411,426	43,984	5,242,214	4,830,788	$ 3,879,798
William A. Von Hoene, Jr.								
717,446	2,548,412	823,152	639,495	179,014	74,359	4,981,878	4,802,864	3,979,712

Notes:

1) *Columns for bonus and option awards appearing in the Summary Compensation Table on page 63 not included because they are inapplicable to 2013, when no NEO received a discretionary bonus and no stock options were granted.*
2) *Column 2 includes performance share unit awards and restricted stock unit awards.*
3) *Column 3 includes the one-time performance-based transition stock award, which is valued at the full grant date fair value of $31.18 per share. In the Summary Compensation Table on page 63, values in column 3 are combined with column 2.*
4) *Column 4 includes the payout of the 2013 Annual Incentive Plan.*
5) *Column 8 includes the SEC total from column 7 reduced by the change in pension value included in column 5.*
6) *Column 9 includes the SEC total from column 7 reduced by both the change in pension value included in column 5 and the one-time performance-based transition award included in column 3.*

Executive Compensation Data

The tables below summarize the total compensation paid or earned by each of the Named Executive Officers (NEOs) of Exelon for the year ended December 31, 2013, presented in accordance with SEC requirements.

Salary amounts may not match the amounts discussed in Compensation Discussion and Analysis because that discussion concerns salary rates; the amounts reported in the Summary Compensation Table reflect actual salaries paid during the year including the effect of changes in salary rates. Changes to base salary generally take effect on March 1. There may also be changes at other times during the year to reflect promotions or changes in responsibilities.

Bonus reflects discretionary bonuses or amounts paid under the annual incentive plan on the basis of the individual performance multiplier or discretionary amounts approved by the compensation and leadership development committee or, in the case of Mr. Crane, approved by the independent directors.

Stock awards show the grant date fair value calculated in accordance with FASB ASC Topic 718.

Stock awards consist primarily of performance share awards and restricted stock unit awards pursuant to the terms of the 2011 Long-Term Incentive Plan. In 2013, the compensation and leadership development committee redesigned the performance share awards. The goal categories were reduced from six to two: financial management (weighted at 60%) and operational excellence (weighted at 40%). Within the goal categories there are quantitative metrics. The performance period was lengthened from one to three years.

The compensation and leadership development committee determined that it would set the maximum payout for performance shares at 150% of target, and the threshold payout at 50%. In addition, the committee reinstated total shareholder return as a formulaic award modifier. Awards can be increased or decreased by up to 25% based on total shareholder return performance relative to other energy services companies with business models most similar to ours. Participants can also receive an individual performance multiplier, which can increase awards up to 10% or reduce awards by 50%.

The threshold, target and distinguished goals for performance share unit awards are established on the grant date (generally the date of the first compensation and leadership development committee meeting in the first year in the performance period). The actual performance against the goals for each year in the performance period is established at the first compensation and leadership development committee meeting after the completion of the year. At the end of the three-year performance period awards are made based on the average of the level of performance for each of the three years in the performance period, and the award date is the date of the first compensation and leadership development committee meeting after the completion of the third year in the performance period. Under the new design, performance shares vest immediately; under the former one-year performance period performance share structure, awards vested one-third upon award with one-third vesting on the next two anniversaries of the award date. Upon retirement or involuntary termination without cause, earned but unvested shares are eligible for accelerated vesting. Performance share awards are paid 50% in Exelon common stock and 50% in cash, except for executive vice presidents and higher officers whose awards are paid 100% in cash if the officer has attained 200% of the applicable stock ownership requirement.

In connection with the transition to the three-year performance period for performance shares, the compensation and leadership development committee made performance-based transition awards so that the amount of performance share awards vesting each year would be consistent during the period until the 2013-15 performance shares are awarded. The transition awards use the same goals and metrics as the performance shares, except that the total shareholder return modifier and individual performance multipliers are inapplicable to the transition awards. In 2013 the committee also decided to cease granting stock options and instead to change the mix of long-term incentives for NEOs to two-thirds performance shares and one-third restricted stock units that vest ratably on the first three anniversaries of the grant. In limited cases, the compensation and leadership development committee has determined that it is necessary to grant restricted stock units to executives as a means to recruit and retain talent. They may be used for new hires to offset annual or long-term incentives

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Executive Compensation Data

that are forfeited from a previous employer. They are also used as a retention vehicle and are subject to forfeiture if the executive voluntarily terminates, and in some cases may incorporate performance criteria as well as time-based vesting. In some cases, the award may vest ratably over a period; in other cases, it vests at one or more pre-determined dates. Amounts of restricted shares held by each NEO are shown in the footnotes to the Outstanding Equity Table.

Beginning in 2013, the compensation and leadership development committee ceased to grant stock options. Prior to 2013 all option awards were made pursuant to the terms of the Long-Term Incentive Plan. All options were granted at a strike price that was not less than the fair market value of a share of stock on the date of grant. Fair market value was defined under the plans as the closing price on the grant date as reported on the New York Stock Exchange. Individuals receiving stock options are provided the right to buy a fixed number of shares of Exelon common stock at the closing price of such stock on the grant date. The target for the number of options awarded was determined by the portion of the long-term incentive value attributable to stock options and a theoretical value of each option determined by the committee using a lattice binomial ratio valuation formula. Options vest in equal annual installments over a four-year period and have a term of 10 years. Employees who are retirement eligible may qualify for accelerated vesting upon retirement or termination without cause. Time vesting adds a retention element to the stock option program. All grants to the NEOs were approved by the full board of directors, which acted after receiving a recommendation from the compensation and leadership development committee, except grants to the CEO, which must be approved by the independent directors, who act after receiving a recommendation from the committee.

Non-equity incentive plan compensation includes the amounts earned under the annual incentive plan, determined by the extent to which the applicable financial and operational goals were achieved. The amount of the annual incentive target opportunity is expressed as a percentage of the officer's or employee's base salary, and actual awards are determined using the base salary at the end of the year. Threshold, target and distinguished (i.e. maximum) achievement levels are established for each goal. Threshold is set at the minimally acceptable level of performance, for a payout of 50% of target. Target is set consistent with the achievement of the business plan objectives. Distinguished is set at a level that significantly exceeds the business plan and has a low probability of payout, and is capped at 200% of target. Awards are interpolated to the extent performance falls between the threshold, target, and distinguished levels.

Executive Compensation Data

S ummary Compensation Table

Year (a)	Salary ($) (b)	Bonus ($) Note 1 (c)	Stock Awards ($) Note 2 (d)	Option Awards ($) Note 3 (e)	Non-Equity Incentive Plan Compensation ($) Note 4 (f)	Change in Pension Value and Nonqualified Deferred Compen-sation Earnings ($) Note 5 (g)	All Other Compen-sation ($) Note 6 (h)	Total ($) (i)
Christopher M. Crane **President and Chief Executive Officer, Exelon**								
2013	$ 1,191,539	$ —	$ 12,606,074	$ —	$ 1,565,250	$ 1,584,841	$ 243,994	$ 17,191,698
2012	1,078,750	131,100	4,234,680	1,191,300	1,311,000	2,063,852	190,568	10,201,250
2011	858,692	—	1,475,600	584,680	1,136,857	1,430,802	75,513	5,562,144
Jonathan W. Thayer **Executive Vice President and Chief Financial Officer, Exelon**								
2013	670,193	—	4,000,394	—	633,913	162,252	254,815	5,721,567
2012	500,000	55,575	1,433,160	405,460	555,750	154,502	128,519	3,232,966
Kenneth W. Cornew **Senior Executive Vice President and Chief Commercial Officer, Exelon; President and Chief Executive Officer, Exelon Generation**								
2013	760,392	—	4,715,518	—	834,782	219,293	37,349	6,567,334
Denis P. O'Brien **Senior Executive Vice President, Exelon; Chief Executive Officer, Exelon Utilities**								
2013	742,233	—	3,233,366	—	811,205	411,426	43,984	5,242,214
2012	686,923	68,513	1,513,540	426,360	685,125	248,744	50,999	3,680,204
2011	555,292	—	781,200	304,780	575,172	145,395	44,344	2,406,183
William A. Von Hoene Jr. **Senior Executive Vice President and Chief Strategy Officer, Exelon**								
2013	717,446	—	3,371,564	—	639,495	179,014	74,359	4,981,878
2012	685,577	56,525	1,314,390	367,840	565,250	135,681	67,338	3,192,601
2011	621,058	—	1,085,000	416,740	616,071	110,241	77,761	2,926,871

Notes to the Summary Compensation Table

(1) *In recognition of their overall performance, certain executives may receive an individual performance multiplier to their annual incentive payments or other special recognition awards in certain years. For 2013, no Named Executive Officer received an individual performance multiplier or other special recognition awards.*

(2) *The amounts shown in this column include the aggregate grant date fair value of restricted stock units, performance share awards for the 2013-2015 performance period, and transition awards for the 2013-2014 transition period granted on January 28, 2013 as well as a supplemental grant on May 28, 2013 for Mr. Cornew with respect to his promotion and an off-cycle restricted stock grant on October 21, 2013 for Mr. Von Hoene. The grant date fair values of the stock awards have been computed in accordance with FASB ASC Topic 718 using the assumptions described in Note 17 of the Combined Notes to Consolidated Financial Statements included in Exelon's 2013 Annual Report on Form 10-K. The performance share awards and the transition awards are subject to performance conditions. The grant date fair value and the value of these awards assuming the highest level of performance, including the maximum total shareholder return multiplier and the maximum individual performance multiplier, are as follows:*

	At Target		At Maximum	
	Performance Shares	Transition Awards	Performance Shares	Transition Awards
Crane	$ 5,961,616	$3,707,302	$ 11,923,232	$5,560,953
Thayer	1,446,752	901,102	2,893,504	1,351,653
Cornew	1,809,772	1,103,564	3,619,544	1,655,347
O'Brien	1,527,820	950,990	3,055,640	1,426,485
Von Hoene Jr.	1,322,032	823,152	2,644,064	1,234,728

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Executive Compensation Data

(3) *The amounts shown in this column include the aggregate grant date fair value of stock option awards granted. No stock options were granted to the Named Executive Officers in 2013.*
(4) *The amounts shown in this column for 2013 represent payments made pursuant to the Annual Incentive Program.*
(5) *The amounts shown in this column represent the change in the accumulated pension benefit for the Named Executive Officers from December 31, 2012 to December 31, 2013. Two Named Executive Officers had above market earnings in a nonqualified deferred compensation account.*
(6) *The amounts shown in this column include the items summarized in the following table:*

All Other Compensation

Name (a)	Perquisites ($) Note 1 (b)	Reimbursement for Income Taxes ($) Note 2 (c)	Payments or Accruals for Termination or Change in Control (CIC) ($) Note 3 (d)	Company Contributions to Savings Plans ($) Note 4 (e)	Company Paid Term Life Insurance Premiums ($) Note 5 (f)	Dividends or Earnings Not Included in Grants ($) (g)	Total ($) (h)
Crane	$122,412	$ 64,801	$ —	$ 39,678	$17,103	$ —	$243,994
Thayer	156,670	86,092	—	8,492	3,561	—	254,815
Cornew	8,276	—	—	25,321	3,752	—	37,349
O'Brien	10,801	—	—	24,716	8,467	—	43,984
Von Hoene Jr.	13,816	30,692	—	23,891	5,960	—	74,359

Notes to All Other Compensation Table

(1) *The amounts shown in this column represent the incremental cost to Exelon to provide certain perquisites to NEOs as summarized in the Perquisites Table below.*
(2) *Employees receive a reimbursement to cover applicable taxes when they work out of their home state and encounter double taxation in states and localities where they would not be eligible to receive a credit for such taxes when filing their tax returns in their home state, as well as on imputed income for business-related spousal travel expenses for those cases where the personal benefit is closely related to the business purpose.*
(3) *Represents the expense, if applicable, or the accrual of the expense that Exelon has recorded during 2013 after the announcement of the officer's retirement or resignation for severance related costs including salary and Annual Incentive Program continuation and other benefits as applicable.*
(4) *Represents company matching contributions to the NEO's qualified and non-qualified savings plans. The 401(k) plan is available to all employees and the annual contribution for 2013 was generally limited by IRS rules to $17,500. NEOs and other officers may participate in the Deferred Compensation Plan, into which payroll contributions in excess of the specified IRS limit are credited under the separate, unfunded plan that has the same portfolio of investment options as the 401(k) plan.*
(5) *Exelon provides basic term life insurance, accidental death and disability insurance, and long-term disability insurance to all employees, including NEOs. The values shown in this column include the premiums paid during 2013 for additional term life insurance policies for the NEOs, additional supplemental accidental death and dismemberment insurance and for additional long-term disability insurance over and above the basic coverage provided to all employees.*

Executive Compensation Data

Perquisites

The following table indicates the various perquisites for which Exelon incurred incremental costs in 2013 for each NEO. A checkmark (✓) indicates perquisite usage during 2013 by the NEO listed at the top of the column.

Perquisite	Crane	Thayer	Cornew	O'Brien	Von Hoene Jr.
Personal use of corporate aircraft (1)	✓				
Personal use of company drivers (2)	✓	✓			✓
Spousal travel and entertainment (3)		✓			✓
Parking (4)	✓	✓	✓		✓
Company gifts and matching contributions (5)		✓	✓	✓	✓
Relocation (6)		✓			
Perquisite Transition Payment (7)		✓			
Physical Examinations (8)		✓		✓	

Notes to Perquisite Table

(1) *The figures shown in column (b) of the All Other Compensation Table above include $105,886 representing the aggregate incremental cost to Exelon for personal use of corporate aircraft by Mr. Crane. These costs were calculated using the hourly cost for flight services, federal excise taxes, fuel charges, and domestic segment fees. From time to time Mr. Crane's spouse, or other family members, accompanied him in his travel on corporate aircraft. The aggregate incremental cost to the company, if any, for such travel by spouses or family members on corporate aircraft is included in this amount.*

(2) *The company maintains several cars and drivers in order to provide transportation services for the Named Executive Officers and other officers to carry out their duties among the company's various offices and facilities. Certain Named Executive Officers were also entitled to limited personal use of the company's cars and drivers, including use for commuting which allowed them to work while commuting. The cost included in the All Other Compensation Table represents the estimated incremental cost to Exelon to provide limited personal service, based upon the number of hours that the drivers worked overtime providing services to each Named Executive Officer, multiplied by the average overtime rate for drivers plus an additional amount for fuel. Personal use was imputed as additional taxable income.*

(3) *For all executive officers, Exelon will pay the cost of travel, meals, and other related amenities for spouses and domestic partners when they attend company or industry-related events where it is customary and expected that officers attend with their spouses or domestic partners. The aggregate incremental cost to Exelon for these expenses is included in the All Other Compensation Table. In most cases, there is no incremental cost to Exelon for providing transportation or other amenities for a spouse or domestic partner, and the only additional cost to Exelon is to reimburse officers for the taxes on the imputed income attributable to their travel, meals, and related amenities when attending company or industry-related events. This cost is shown in column (b) of the All Other Compensation Table above.*

(4) *For NEOs whose primary work location is downtown Chicago, Exelon's office lease provides for a limited number of parking spaces that are available for Exelon use. When NEOs are unable to utilize the available spaces, Exelon provides reimbursement for parking expenses incurred at other public garages. Messrs. Thayer and Cornew have company provided spaces in downtown Baltimore.*

(5) *Executive officers may also have the company make matching gifts to qualified charitable organizations up to $10,000 for 2013. Mr. Thayer was subject to a $15,000 annual limit under Constellation's legacy policy.*

(6) *Mr. Thayer incurred $96,809 of company-paid relocation expenses.*

(7) *Mr. Thayer received a one-time $39,000 payment to transition him to the Exelon executive perquisite programs.*

(8) *Executive officers may use company-provided vendors for comprehensive physical examinations and related follow-up testing.*

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Grants of Plan Based Awards

Name (a)	Grant Date (b)	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards (Note 1)			Estimated Possible Payouts Under Equity Incentive Plan Awards (Note 2)			All Other Stock Awards: Number of Shares or Units (#) (Note 3) (i)	All Other Options Awards: Number of Securities Under-lying Options (#) (j)	Exercise or Base Price of Option Awards ($) (k)	Grant Date Fair Value of Stock and Option Awards ($) (Note 4) (l)
		Thres-hold ($) (c)	Plan ($) (d)	Maxi-mum ($) (e)	Thres-hold (#) (f)	Target (#) (g)	Maxi-mum (#) (h)				
Crane	1/28/2013	$750,000	$1,500,000	$3,000,000							
	1/28/2013				95,300	310,100	560,750				9,668,918
	1/28/2013							94,200			2,937,156
Thayer	1/28/2013	303,750	607,500	1,215,000							
	1/28/2013				23,150	75,300	136,150				2,347,854
	1/28/2013							53,000			1,652,540
Cornew	1/28/2013	400,000	800,000	1,600,000							
	1/28/2013				24,438	79,500	143,750				2,478,810
	5/28/2013				4,031	13,562	24,743				434,526
	1/28/2013							54,100			1,686,838
	5/28/2013							3,600			115,344
O'Brien	1/28/2013	354,707	709,413	1,418,826							
	1/28/2013				24,438	79,500	143,750				2,478,810
	1/28/2013							24,200			754,556
Von Hoene Jr.	1/28/2013	306,425	612,850	1,225,700							
	1/28/2013				21,150	68,800	124,400				2,145,184
	1/28/2013							21,000			654,780
	10/21/2013							20,000			571,600

Notes to Grants of Plan Based Awards Table

(1) *All NEOs have annual incentive plan target opportunities based on a fixed percentage of their base salary. Under the terms of the AIP, threshold performance earns 50% of the respective target, while performance at plan earns 100% of the respective target and the maximum payout is capped at 200% of target. For additional information about the terms of these programs, see Compensation Discussion and Analysis above.*

(2) *NEOs have a long-term performance share target opportunity and, for 2013, a one-time performance-based transition award target opportunity, that is a fixed number of performance shares and transition award shares commensurate with the officer's position. The possible payout at threshold for performance share awards was calculated at 50% of target, with a total shareholder return multiplier of 75% and an individual performance multiplier of 50%. The possible maximum payout for performance shares was calculated at 150% of target, with a total shareholder return multiplier of 125% and an individual performance multiplier of 110%, capped at 200% of target. The possible payout at threshold for the performance-based transition awards was calculated at 50% of target, and the possible maximum payout was calculated at 150% of target; the total shareholder return and individual performance multipliers do not apply to the performance-based transition awards. For additional information about the terms of these programs, see Compensation Discussion and Analysis and the narrative preceding the Summary Compensation Table above.*

(3) *This column shows restricted share awards made during the year. The vesting dates of the awards are provided in footnote 2 to the Outstanding Equity Table below.*

(4) *This column shows the grant date fair value, calculated in accordance with FASB ASC Topic 718, of the performance share awards, performance-based transition awards, and restricted stock granted to each NEO during 2013. Fair value of performance share awards and performance-based transition awards granted on January 28, 2013 and May 28, 2013 are based on an estimated payout of 100% of target.*

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Outstanding Equity Awards at Year End

	Option Awards (See Note 1)				Stock Awards			
Name (a)	Number of Securities Underlying Unexercised Options That Are Exercisable (#) (b)	Number of Securities Underlying Unexercised Options That Are Not Exercisable (#) (c)	Option Exercise or Base Price ($) (d)	Option Expiration Date (e)	Number of Shares or Units of Stock That Have Not Yet Vested (#) (Note 2) (f)	Market Value of Shares or Unites of Stock That Have Not Yet Vested Based on 12/31 Closing Price $27.39 ($) (Note 2) (g)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Yet Vested (#) (Note 3) (h)	Equity Incentive Plan Awards: Market or Payout Value or Unearned Shares, Units or Other Rights That Have Not Yet Vested ($) (Note 3) (i)
Crane	71,250	213,750	$ 39.21	2-Apr-2022	251,310	$ 6,883,381	501,300	$ 13,730,607
	47,000	47,000	43.40	24-Jan-2021				
	39,750	13,250	46.09	24-Jan-2020				
	49,000	—	56.51	26-Jan-2019				
	28,000	—	73.29	27-Jan-2018				
	35,000	—	59.96	21-Jan-2017				
	22,500	—	58.55	22-Jan-2016				
	18,000	—	42.85	23-Jan-2015				
	13,500	—	32.54	25-Jan-2014				
Thayer	24,250	72,750	39.81	12-Mar-2022	109,175	2,990,303	121,700	3,333,363
	58,649	117,297	39.24	24-Feb-2022				
	125,429	—	32.46	25-Feb-2021				
	67,304	—	37.71	26-Feb-2020				
	167,669	—	21.25	27-Feb-2019				
	8,676	—	101.05	21-Feb-2018				
	8,342	—	81.56	22-Feb-2017				
	5,487	—	54.80	24-Feb-2015				
	5,319	—	42.62	26-Feb-2014				
Cornew	17,500	52,500	39.81	12-Mar-2022	108,284	2,965,899	151,601	4,152,351
	13,000	13,000	43.40	24-Jan-2021				
	9,975	3,325	46.09	24-Jan-2020				
	14,900	—	56.51	26-Jan-2019				
	11,000	—	73.29	27-Jan-2018				
	8,500	—	59.96	21-Jan-2017				
	6,375	—	58.55	22-Jan-2016				
	5,550	—	42.85	23-Jan-2015				
	4,051	—	32.54	25-Jan-2014				
O'Brien	25,500	76,500	39.81	12-Mar-2022	76,640	2,099,170	128,500	$ 3,519,615
	24,500	24,500	43.40	24-Jan-2021				
	20,250	6,750	46.09	24-Jan-2020				
	30,700	—	56.51	26-Jan-2019				
	22,000	—	73.29	27-Jan-2018				
	19,000	—	59.96	21-Jan-2017				
	20,000	—	58.55	22-Jan-2016				
	29,000	—	42.85	23-Jan-2015				
	30,000	—	32.54	25-Jan-2014				

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Outstanding Equity Awards at Year End

	Option Awards (See Note 1)				Stock Awards			
Name (a)	Number of Securities Underlying Unexercised Options That Are Exercisable (#) (b)	Number of Securities Underlying Unexercised Options That Are Not Exercisable (#) (c)	Option Exercise or Base Price ($) (d)	Option Expiration Date (e)	Number of Shares or Units of Stock That Have Not Yet Vested (#) (Note 2) (f)	Market Value of Shares or Unites of Stock That Have Not Yet Vested Based on 12/31 Closing Price $27.39 ($) (Note 2) (g)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Yet Vested (#) (Note 3) (h)	Equity Incentive Plan Awards: Market or Payout Value or Unearned Shares, Units or Other Rights That Have Not Yet Vested ($) (Note 3) (i)
Von Hoene Jr.	22,000	66,000	39.81	12-Mar-2022	90,095	2,467,702	111,200	$ 3,045,768
	33,500	33,500	43.40	24-Jan-2021				
	24,750	8,250	46.09	24-Jan-2020				
	25,200	—	56.51	26-Jan-2019				
	19,000	—	73.29	27-Jan-2018				
	19,000	—	59.96	21-Jan-2017				
	17,000	—	58.55	22-Jan-2016				
	14,000	—	42.85	23-Jan-2015				
	4,500	—	32.54	25-Jan-2014				

Notes to Outstanding Equity Table

(1) *Non-qualified stock options are granted to NEOs pursuant to the company's long-term incentive plans. Grants vest in four equal increments, beginning on the first anniversary of the grant date. All grants expire on the tenth anniversary of the grant date. For Mr. Thayer, stock options granted prior to March 12, 2012 were granted under the Constellation Energy Group Inc. Long Term Incentive Plan and were converted into the equivalent right to receive Exelon common stock. The number of stock options received upon conversion is equal to the original number of Constellation stock options multiplied by the merger exchange ratio (0.93) and rounded down to the nearest whole share. The exercise price for each converted share is equal to the original Constellation exercise price dividend by the exchange ratio (0.93), rounded up to the nearest whole cent.*

(2) *The amount shown includes the unvested portion of performance share awards earned with respect to the three-year performance periods ending December 31, 2011 and December 31, 2012, the first third of the transition award granted in January 2013 that was earned based on performance for 2013 at 125% of target and that will vest in January 2014, and any unvested restricted stock unit awards as shown in the following table. Shares are valued at $27.39, the closing price on December 31, 2013. For Mr. Thayer the unvested shares reflect restricted stock unit grants made by Constellation Energy Group, Inc. that were converted to Exelon grants in the merger on March 12, 2012. Each Constellation stock unit was converted into 0.93 Exelon stock units with the same vesting provisions as the original grant.*

(3) *The amount shown includes the target performance share award made in January 2013 for the performance period ending December 31, 2015. This target award has been increased to reflect the highest level of performance for the period. The amount shown also includes the remaining 2/3 of the transition award target that was made in January 2013. The remaining 2/3 of the transition award will vest in January 2015 based upon the average of year end performance for 2013 (125% of target) and 2014 and this amount has been increased to reflect the highest level of performance for the period.*

Executive Compensation Data

Unvested Restricted Stock or Restricted Stock Units and Transition Award

Name (a)	Grant Date (b)	Number of Restricted Shares (c)	Vesting Dates (d)	Transition Awards (Note 4) (e)
Crane	28 Jan. 2013	98,734	(1)	49,543
Thayer	12 Mar. 2012	13,026	(2)	
	28 Jan. 2013	24,107	(1)	12,043
	28 Jan. 2013	30,000	28 Jan. 2018	
Cornew	28 Jan. 2013	28,936	(1)(3)	14,078(5)
	01 Jul. 2010	10,000	01 Jul. 2015	
	28 Jan. 2013	30,000	28 Jan. 2018	
O'Brien	28 Jan. 2013	25,365	(1)	12,709
Von Hoene Jr.	28 Jan. 2013	22,011	(1)	11,001
	21 Oct. 2013	20,000	21 Oct. 2018	

Notes to Restricted Stock Table

(1) *Restricted stock unit awards vest in 1/3 increments beginning on the first anniversary of the award date. Unvested awards earn additional units through automatic dividend reinvestment, and the resulting dividend units will vest and settle on the vesting date along with the underlying tranche of the original award.*

(2) *Represents the remaining balance of an award made to Mr. Thayer under the Constellation Energy Group Inc. Long Term Incentive Plan. At the time of the merger, the total award was converted to the right to receive 0.93 shares of Exelon common stock. The first 1/3 of the award vested on February 24, 2013; 1/2 of the remaining balance vested on February 24, 2014 and the remainder will vest on February 24, 2015. The unvested balance continues to earn additional units through automatic dividend reinvestment and the resulting dividend units will vest and settle on the vesting date along with the remaining underlying tranche of the original award.*

(3) *Mr. Cornew's original restricted stock unit grant of 24,100 shares made on January 27, 2013 was increased with the award of 3,600 additional units on May 28, 2013 that have the same vesting schedule as the original grant.*

(4) *Represents transition award shares that vested on January 27, 2014 based on 2013 performance at 125% of target.*

(5) *Mr. Cornew's original transition award of 30,500 shares made on January 28, 2013 was increased with the award of 4,762 additional units on May 28, 2013 of which 1,095 vested in January 2014 with the first 1/3 of the original award.*

Option Exercises and Stock Vested

	Option Awards		Stock Awards (Note 1)	
Name (a)	Number of Shares Acquired on Exercise (#) (b)	Value Realized on Exercise ($) (c)	Number of Shares Acquired on Vesting (#) (d)	Value Realized on Vesting ($) (e)
Crane (2)	—	$ —	73,033	$2,271,478
Thayer (3)	5,542	33,363	21,210	657,043
Cornew (4)	—	—	19,437	604,135
O'Brien	—	—	22,733	708,825
Von Hoene Jr. (5)	—	—	28,333	881,533

Notes to Option Exercises and Stock Vested Table

(1) *Share amounts are generally composed of performance shares that vested on January 28, 2013, which included the first 1/3 of the grant made with respect to the three-year performance period ending December 31, 2012 and the second 1/3 of the grant made with respect to the three-year performance period ending December 31, 2011. These shares were valued at $31.18 upon vesting.*

(2) *For Mr. Crane, the number of shares acquired upon vesting includes 15,000 restricted stock units that were awarded in August 2008. This award became fully vested on August 1, 2013, and shares were valued at $30.80.*

(3) *For Mr. Thayer, the number of shares acquired upon vesting includes 6,210 restricted stock shares from a legacy Constellation award made in 2012 and that was converted to the right to receive Exelon shares. One-third of the award (including 1/3 of the shares acquired through dividend reinvestment) vested on February 24, 2013, and shares were valued at $30.49.*
Mr. Thayer exercised stock options that were due to expire in May 2013 through a rule 10b5-1 trading plan entered into on February 20, 2013.

(4) *For Mr. Cornew, the number of shares acquired upon vesting includes 5,000 restricted stock units that were awarded in August 2008. This award became fully vested on August 1, 2013, and shares were valued at $30.80.*

(5) *For Mr. Von Hoene, the number of shares acquired upon vesting includes 5,000 restricted stock units that were awarded in August 2008. This award became fully vested on August 1, 2013, and shares were valued at $30.80.*

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Pension Benefits

Exelon sponsors the Exelon Corporation Retirement Program, a traditional defined benefit pension plan that covers certain management employees who commenced employment prior to January 1, 2001 and certain collective bargaining unit employees. The Exelon Corporation Retirement Program includes the Service Annuity System ("SAS"), which is the legacy ComEd pension plan, and the Service Annuity Plan ("SAP"), which is the legacy PECO pension plan. Effective January 1, 2001, Exelon also established two cash balance defined benefit pension plans in order to both reduce future retirement benefit costs and provide an option that is portable as the company anticipated a work force that was more mobile than the traditional utility workforce. The cash balance defined benefit pension plans cover management employees and certain collective bargaining unit employees hired on or after such date, as well as certain management employees hired prior to such date who elected to participate in a cash balance plan. Legacy Constellation employees participate in the Pension Plan of Constellation Energy Group, Inc. ("Constellation Pension Plan"). The Constellation Pension Plan includes a traditional pension formula referred to as the Enhanced Traditional Plan ("ETP") and a Pension Equity Plan ("PEP"). Employees hired before January 1, 2000 participate in the ETP. Employees hired on or after January 1, 2000 and employees hired before that date who elected to do so participate in the PEP. Each of these plans is intended to be tax-qualified under Section 401(a) of the Internal Revenue Code. An employee can participate in only one of the qualified pension plans.

For NEOs participating in the SAS, the annuity benefit payable at normal retirement age is equal to the sum of 1.25% of the participant's earnings as of December 25, 1994, reduced by a portion of the participant's Social Security benefit as of that date, plus 1.6% of the participant's highest average annual pay, multiplied by the participant's years of credited service (up to a maximum of 40 years). For NEOs participating in the SAP, the annuity benefit payable at normal retirement age is equal to the greater of the amount determined under the Career Pay Formula, which is 2% of each year's pensionable pay, and the amount determined under the Final Average Pay Formula, which is the sum of (a) 5% of average earnings, plus 1.2% of average earnings for each year of pension service (up to a maximum of 40 years), and (b) 0.35% of average earnings in excess of covered compensation for each year of pension service (up to a maximum of 40 years). Pension-eligible compensation for the SAS's and the SAP's Final Average Pay Formula includes base pay and annual incentive awards. Pension eligible compensation in the SAP's Career Pay Formula includes base pay, incentive awards and other regular remuneration. Benefits under the SAS and SAP are vested after five years of service.

The "normal retirement age" under both the SAS and the SAP is 65. Each of these plans also offers an early retirement benefit prior to age 65, which is payable if a participant retires after attainment of age 50 and completion of 10 years of service. The annual pension payable under each plan is determined as of the early retirement date, reduced by 2% for each year of payment before age 60 to age 58, then 3% for each year before age 58 to age 50. In addition, under the SAS, the early retirement benefit is supplemented prior to age 65 by a temporary payment equal to 80% of the participant's estimated monthly Social Security benefit. The supplemental benefit is partially offset by a reduction in the regular annuity benefit.

Under the cash balance pension plan, a notional account is established for each participant, and the account balance grows as a result of annual benefit credits and annual investment credits. (Employees who participated in the SAS or the SAP prior to January 1, 2001 and elected to participate in the cash balance plan also have a frozen transferred benefit from the former plan, and received a "transition" credit based on their age, service and compensation at the time of transfer.) Beginning January 1, 2008, the annual benefit credit under the plan is 7% of base pay and annual incentive award and beginning January 1, 2013 for employees hired on or after such date, the annual benefit credit is equal to a percentage of base pay and annual incentive award which varies between 3% and 8%, based upon age. For the portion of the account balance accrued beginning January 1, 2008, the annual investment credit is the third segment spot rate of interest on long-term investment grade corporate bonds. The segment rate will be determined as of November of the year for which the cash balance account receives the investment credit. For the portion of the benefit accrued before January 1, 2008, pending Internal Revenue Service guidance, the annual investment credit is the greater of 4%, or the average of the annual rate of return of the S&P 500 Stock Index and the applicable interest rate specified in Section 417 (e) of the Internal Revenue Code that is used to determine lump sum payments (the interest rate is determined in November of each year). For employees hired on or after

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January 1, 2013, the annual investment credit is the second segment spot rate of interest on long-term corporate bonds, determined as of November of the year for which the cash balance account receives the investment credit, subject to a minimum annual investment credit rate of 3.8% and a maximum annual investment credit rate of 7%. Benefits are vested after three years of service, and are payable in an annuity or a lump sum at any time following termination of employment. Apart from the benefit credits and vesting requirement, and as described above, years of service are not relevant to a determination of accrued benefits under the cash balance pension plans.

For NEOs who participate in the PEP, a lump sum benefit amount is computed based on covered earnings multiplied by a total credit percentage. Covered earnings are equal to the average of the highest three of the last five twelve-month periods' base pay plus short-term incentive. The total service credit percentage is equal to the sum of the credit percentages based on the following formula: 5% per year of service through age 39, 10% per year of service from age 40 to age 49, and 15% per year of service after age 49. No benefits are available under the PEP until a participant has at least three years of vesting service. Benefits payable under the PEP are paid as an annuity unless a participant elects a lump sum within 60 days after separation.

The Internal Revenue Code limits to $255,000 the individual 2013 annual compensation that may be taken into account under the tax-qualified retirement plan. As permitted by Employee Retirement Income Security Act, Exelon sponsors three supplemental executive retirement plans (or "SERPs") that allow the payment to a select group of management or highly-compensated individuals out of its general assets of any benefits calculated under provisions of the applicable qualified pension plan which may be above these limits. The SERPs offer a lump sum as an optional form of payment, which includes the value of the marital annuity, death benefits and other early retirement subsidies at a designated interest rate. The interest rate applicable for distributions to participants in the SAS in 2013 is 2.88%. For participants in the cash balance pension plan and the PEP, the lump sum is the value of the non-qualified account balance. The values of the lump sum amounts do not include the value of any pension benefits covered under the qualified pension plans, and the methods and assumptions used to determine the non-qualified lump sum amount are different from the assumptions used to generate the present values shown in the tables of benefits to be received upon retirement, termination due to death or disability, involuntary separation not related to a change in control, or upon a qualifying termination following a change in control which appear later in this proxy statement.

Under the terms of the SERPs, participants are provided the amount of benefits they would have received under the SAS, SAP cash balance plan, ETP or PEP, as applicable, but for the application of the Internal Revenue Code limits. In addition, certain executives previously received grants of additional credited service under a SERP. In particular, in 1998, Mr. Crane received an additional 10 years of credited service through September 28, 2008, the date of his tenth anniversary, as part of his employment offer that provided one additional year of service credit for each year of employment to a maximum of 10 additional years.

As of January 1, 2004, Exelon does not grant additional years of credited service to executives under the SERP for any period in which services are not actually performed, except that up to two years of service credits may be provided under severance or change in control agreements first entered into after such date, and performance-based grants or grants which make up for lost pension benefits from another employer may be (but have not been) provided. Service credits previously available under employment, change in control or severance agreements or arrangements (or any successors arrangements) are not affected by this policy.

The amount of the change in the pension value for each of the named executive officers is the amount included in the Summary Compensation Table above in the column headed "Change in Pension Value & Nonqualified Deferred Compensation Earnings." The present value of each NEO's accumulated pension benefit is shown in the following tables. The present value for cash balance and PEP participants is the account balance. The assumptions used in estimating the present values for SAS participants include the following: pension benefits are assumed to begin at each participant's earliest unreduced retirement age. The SERP lump sum amounts are determined using the rate of 5% for SAS participants at the

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assumed retirement age; the lump sum amounts are discounted from the assumed retirement date at the applicable discount rates of 3.92% as of December 31, 2012 and 4.80% as of December 31, 2013; and the applicable mortality table is the IRS-required mortality table for the funding valuation each year.

Name (a)	Plan Name (b)	Number of Years Credited Service (#) (c)	Present Value of Accumulated Benefit ($) (d)	Payments During Last Fiscal Year ($) (e)
Crane (1)	SAS	15.26	$ 689,421	$ —
	SMRP	25.26	9,124,583	—
Thayer	PEP	11.00	175,000	—
	BRP	11.00	960,766	—
Cornew	Cash Balance	19.59	496,689	—
	SMRP	19.59	551,328	—
O'Brien	Cash Balance	31.51	1,136,000	—
	SMRP	31.51	1,252,322	—
Von Hoene Jr.	Cash Balance	11.93	271,784	—
	SMRP	11.93	670,378	—

(1) *Based on discount rates prescribed by the SEC proxy disclosure guidelines, Mr. Crane's non-qualified Supplemental Management Retirement Plan present value is $9,124,583. Based on lump sum plan rates for immediate distributions under the non-qualified plan, the comparable lump sum amount applicable for service through December 31, 2013 is $15,445,524. Note that, in any event, payments made upon termination may be delayed by six months in accordance with U.S. Treasury Department guidance.*

Deferred Compensation Programs

Exelon offers deferred compensation plans to permit the deferral of certain cash compensation to facilitate tax and retirement planning and satisfaction of stock ownership requirements for executives and key managers. Exelon maintains non-qualified deferred compensation plans that are open to certain highly-compensated employees, including the NEOs.

The Exelon Deferred Compensation Plan is a non-qualified plan that permits legacy Exelon executives and key managers to defer receipt of base compensation and the company to credit related matching contributions that would have been contributed to the Exelon Corporation Employee Savings Plan (the company's tax-qualified 401(k) plan) but for the applicable limits under the Internal Revenue Code. The Constellation Deferred Compensation Plan is a non-qualified plan that permits legacy Constellation executives to defer receipt of base compensation and the company to credit related matching contributions that would have been contributed to the Constellation Energy Group Employee Savings Plan (the company's tax-qualified 401(k) plan) but for the applicable limits under the Internal Revenue Code. The Deferred Compensation Plans permit participants to defer taxation of a portion of their income. The Exelon Deferred Compensation Plan benefits the company by deferring the payment of a portion of its compensation expense, thus preserving cash.

The Exelon Employee Savings Plan and the Constellation Energy Group Employee Savings Plan are intended to be tax-qualified under Sections 401(a) and 401(k) of the Internal Revenue Code. Exelon maintains the Employee Savings Plan to attract and retain qualified employees, including the NEOs, and to encourage employees to save some percentage of their cash compensation for their eventual retirement. The Employee Savings Plans permit employees to do so, and allow the company to make matching contributions in a relatively tax-efficient manner. The company maintains the excess matching feature of the Deferred Compensation Plans to enable key management employees to save for their eventual retirement to the extent they otherwise would have were it not for the limits established by the IRS.

The Stock Deferral Plan is a non-qualified plan that permitted legacy Exelon executives to defer performance share units prior to 2007.

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In response to declining plan enrollment and the administrative complexity of compliance with Section 409A of the Internal Revenue Code, the compensation committee approved amendments to the Exelon Deferred Compensation and Stock Deferral Plans at its December 4, 2006 meeting. The amendments cease future compensation deferrals for the Stock Deferral Plan and Exelon Deferred Compensation Plan other than the excess Employee Savings Plan contribution deferrals.

The following tables show the amounts that NEOs have accumulated under both the Deferred Compensation Plans and the Stock Deferral Plan. The Exelon Deferred Compensation and Stock Deferral Plans were closed to new deferrals of base pay (other than excess Employee Savings Plan deferrals), annual incentive payments or performance shares awards in 2007, and participants were granted a one-time election to receive a distribution of their accumulated balance in each plan during 2007. Existing balances will continue to accrue dividends or other earnings until payout upon termination. Balances in the Deferred Compensation Plan will be settled in cash upon the termination event selected by the officer and will be distributed either in a lump sum, or in annual installments. Share balances in the Stock Deferral Plan continue to earn the same dividends that are available to all shareholders, which are reinvested as additional shares in the plan. Balances in the plan are distributed in shares of Exelon stock in a lump sum or installments upon termination of employment.

The Deferred Compensation Plans continue in effect for those officers who participate in the 401(k) savings plan and who reach their statutory contribution limit during the year. After this limit is reached, their elected payroll contributions and company matching contribution will be credited to their accounts in the Deferred Compensation Plans. The investment options under the Deferred Compensation Plans consist of a basket of mutual funds benchmarks substantially the same as those funds available to legacy Exelon or Constellation employees through the 401(k) plan, with the exception of one benchmark fund that offers a fixed percentage return over a specified market return. Deferred amounts represent unfunded unsecured obligations of the company.

Name (a)	Executive Contributions in 2013 Note (1) (b)	Registrant Contributions in 2013 Note (2) (c)	Aggregate Earnings in 2013 Note (3) (d)	Aggregate Withdrawals/ Distributions (e)	Aggregate Balance at 12/31/13 Note (4) (f)
Crane	$ 101,654	$ 30,438	$ 10,042	$ —	$ 698,640
Thayer	—	—	—	—	—
Cornew	25,270	15,162	15,718	—	128,874
O'Brien (5)	34,456	14,648	364,663	—	2,043,198
Von Hoene Jr.	23,122	13,873	1,071	—	218,709

(1) *The full amount shown for executive contributions is included in the base salary figures for each NEO shown above in the Summary Compensation Table.*

(2) *The full amount shown under registrant contributions is included in the company contributions to savings plans for each NEO shown above in the All Other Compensation Table.*

(3) *The amount shown under aggregate earnings reflects the NEO's gain or loss based upon the individual allocation of his notional account balance into the basket of mutual fund benchmarks. These gains or losses do not represent current income to the NEO and have not been included in any of the compensation tables shown above. For Messrs. Crane and Von Hoene, a portion of the aggregate earnings include $1,167 and $305, respectively, of above-market earnings as defined by the IRS. These above-market earnings are also included in the Change in Pension Value and Nonqualified Deferred Compensation Earnings (column g) of the Summary Compensation Table.*

(4) *For all NEOs the aggregate balance shown in column (f) above includes those amounts, both executive contributions and registrant contributions, that have been disclosed either as base salary as described in Note 1 or as company contributions under all other compensation as described in Note 2 for the current fiscal year ending December 31, 2013. For Mr. Crane, all executive and registrant contributions included in column (f) have previously been disclosed in Summary Compensation Tables. Mr. Thayer did not participate in the plan during 2013. For Mr. Cornew, none of his prior executive contributions or registrant contributions included in column (f) have previously been disclosed in Summary Compensation Tables. For Messrs. O'Brien and Von Hoene, column (f) includes $701,752 and $112,250 respectively, of executive contributions and registrant contributions that have been previously disclosed in the Summary Compensation Tables as either base salary, bonus, non-equity incentive plan compensation or as all other compensation for prior years up to and including the previous fiscal year ending December 31, 2012.*

(5) *For Mr. O'Brien the amounts shown in column (d) and column (f) also include the aggregate earnings and aggregate balance respectively of his Stock Deferral Plan account.*

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Executive Compensation Data

Potential Payments Upon Termination or Change In Control

Change in control employment agreements and severance plan covering named executive officers

Exelon's change in control and severance benefits policies were initially adopted in January 2001 and harmonized the policies of Exelon's predecessor companies. In adopting the policies, the compensation committee considered the advice of a consultant who advised that the levels were consistent with competitive practice and reasonable. The Exelon benefits currently include multiples of change in control benefits ranging from two times base salary and annual bonus for corporate and subsidiary vice presidents to 2.99 times base salary and annual bonus for the executive committee and select senior vice presidents other than the CEO. In 2003, the compensation committee reviewed the terms of the Senior Management Severance Plan and revised it to reduce the situations when an executive could terminate and claim severance benefits for "good reason", clarified the definition of "cause", and reduced non-change in control benefits for executives with less than two years of service. In December 2004, the compensation committee's consultant presented a report on competitive practice on executive severance. The competitive practices described in the report were generally comparable to the benefits provided under Exelon's severance policies. In discussing the compensation consultant's December 2007 annual report to the committee on compensation trends, the consultant commented that Exelon's change in control and severance policies were conservative, citing the use of double triggers, and that they remained competitive. In April 2009 the compensation committee adopted a policy that Exelon would not include excise tax gross-up payment provisions in senior executive employment, change in control, or severance plans, programs or agreements that are entered into, adopted or materially amended on or after April 2, 2009 (other than renewals of existing arrangements that are not materially amended or arrangements assumed pursuant to a corporate transaction).

Named executive officers have entered into individual change in control employment agreements or are covered by the change in control provisions of the Senior Management Severance Plan, which generally protect such executives' position and compensation levels for two years after a change in control of Exelon. The individual agreements are initially effective for a period of two years, and provide for a one-year extension each year thereafter until cancellation or termination of employment. The plan does not have a specific term.

During the 24-month period following a change in control, or, with respect to an executive with an individual agreement, during the 18-month period following another significant corporate transaction affecting the executive's business unit in which Exelon shareholders retain between 60% and 66 $^{2}/_{3}$% control (a significant acquisition), if a named executive officer resigns for good reason or if the executive's employment is terminated by Exelon other than for cause or disability, the executive is entitled to the following:

- the executive's annual incentive and performance share unit awards for the year in which termination occurs;
- severance payments equal to 2.99 (or 2.0 if the executive does not have an individual agreement) times the sum of (1) the executive's base salary plus (2) the higher of the executive's target annual incentive for the year of termination or the executive's average annual incentive award payments for the two years preceding the termination, but not more than the annual incentive for the year of termination based on actual performance before the application of negative discretion;
- a benefit equal to the amount payable under the SERP determined as if (1) the SERP benefit were fully vested, (2) the executive had 2.99 additional years of age and years of service (2.0 years for executives who first entered into such agreements after 2003 or do not have such agreements) and (3) the severance pay constituted covered compensation for purposes of the SERP;
- a benefit equal to the actuarial equivalent present value of any non-vested accrued benefit under Exelon's qualified defined benefit retirement plan;

Executive Compensation Data

- all previously-awarded stock options, performance shares or units, restricted stock, or restricted share units become fully vested, and the stock options remain exercisable until (1) the option expiration date, for options granted before January 1, 2002 or (2) the earlier of the fifth anniversary of the executive's termination date or the option's expiration date, for options granted after that date;
- life, disability, accident, health and other welfare benefit coverage continues during the severance pay period on the same terms and conditions applicable to active employees, followed by retiree health coverage if the executive has attained at least age 50 and completed at least 10 years of service (or any lesser eligibility requirement then in effect for regular employees); and
- outplacement services for at least 12 months.

The change in control benefits are also provided if the executive is terminated other than for cause or disability, or terminates for good reason (1) after a tender offer or proxy contest commences, or after Exelon enters into an agreement which, if consummated, would cause a change in control, and within one year after such termination a change in control does occur, or (2) within two years after a sale or spin-off of the executive's business unit in contemplation of a change in control that actually occurs within 60 days after such sale or spin-off (a disaggregation) if the executive has an individual agreement.

A change in control under the individual change in control employment agreements and the Senior Management Severance Plan generally occurs:

- when any person acquires 20% of Exelon's voting securities;
- when the incumbent members of the Exelon board of directors (or new members nominated by a majority of incumbent directors) cease to constitute at least a majority of the members of the Exelon board of directors;
- upon consummation of a reorganization, merger or consolidation, or sale or other disposition of at least 50% of Exelon's operating assets (excluding a transaction where Exelon shareholders retain at least 60% of the voting power); or
- upon shareholder approval of a plan of complete liquidation or dissolution.

The term good reason under the individual change in control employment agreements generally includes any of the following occurring within two years after a change in control or disaggregation or within 18 months after a significant acquisition:

- a material reduction in salary, incentive compensation opportunity or aggregate benefits, unless such reduction is part of a policy, program or arrangement applicable to peer executives;
- failure of a successor to assume the agreement;
- a material breach of the agreement by Exelon; or
- any of the following, but only after a change in control or disaggregation: (1) a material adverse reduction in the executive's position, duties or responsibilities (other than a change in the position or level of officer to whom the executive reports or a change that is part of a policy, program or arrangement applicable to peer executives) or (2) a required relocation by more than 50 miles.

The term cause under the change in control employment agreements generally includes any of the following:

- refusal to perform or habitual neglect in the performance of duties or responsibilities or of specific directives of the officer to whom the executive reports which are not materially inconsistent with the scope and nature of the executive's duties and responsibilities;
- willful or reckless commission of acts or omissions which have resulted in or are likely to result in a material loss or material damage to the reputation of Exelon or any of its affiliates, or that compromise the safety of any employee;

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- commission of a felony or any crime involving dishonesty or moral turpitude;
- material violation of the code of business conduct which would constitute grounds for immediate termination of employment, or of any statutory or common-law duty of loyalty; or
- any breach of the executive's restrictive covenants.

Executives who entered into such change in control employment agreements prior to April 2, 2009 (and which have not been materially amended after such date) will be eligible to receive an additional payment to cover excise taxes imposed under Section 4999 of the Internal Revenue Code on excess parachute payments or under similar state or local law, but only if the amount of payments and benefits subject to these taxes exceeds 110% of the safe harbor amount that would not subject the employee to these excise taxes. If the amount does not exceed 110% of the safe harbor amount, then payments and benefits subject to these taxes would be reduced or eliminated to equal the safe harbor amount.

If a named executive officer resigns for good reason or is terminated by Exelon other than for cause or disability, in each case under circumstances not involving a change in control or similar provision described above, the named executive officer may be eligible for the following non-change in control benefits under the Exelon Corporation Senior Management Severance Plan:

- prorated payment of the executive's annual incentive and performance share unit awards for the year in which termination occurs;
- for a 15 to 24 month severance period, continued payment of an amount representing base salary and target annual incentive;
- a benefit equal to the amount payable under the SERP determined as if the severance payments were paid as ordinary base salary and annual incentive;
- during the severance period, continuation of health, basic life and other welfare benefits the executive was receiving immediately prior to the severance period on the same terms and conditions applicable to active employees, followed by retiree health coverage if the executive has attained at least age 50 and completed at least 10 years of service (or any lesser eligibility requirement then in effect for non-executive employees); and
- outplacement services for at least six months.

Payments under individual agreements entered into after April 2, 2009 or the Senior Management Severance Plan are subject to reduction by Exelon to the extent necessary to avoid imposition of excise taxes imposed by Section 4999 of the Internal Revenue Code on excess parachute payments or under similar state or local law.

The term good reason under the Senior Management Severance Plan means either of the following:

- a material reduction of the executive's salary (or, with respect to a change in control, incentive compensation opportunity or aggregate benefits) unless such reduction is part of a policy, program or arrangement applicable to peer executives of Exelon or of the business unit that employs the executive; or
- a material adverse reduction in the executive's position or duties (other than a change in the position or level of officer to whom the executive reports) that is not applicable to peer executives of Exelon or of the executive's business unit, but excluding under the non-change in control provisions of the plan any change (1) resulting from a reorganization or realignment of all or a significant portion of the business, operations or senior management of Exelon or of the executive's business unit or (2) that generally places the executive in substantially the same level of responsibility.

With respect to a change in control, the term good reason under the plan also includes a required relocation of more than 50 miles.

Executive Compensation Data

The term cause under the Senior Management Severance Plan has the same meaning as the definition of such term under the individual change in control employment agreements.

Benefits under the change in control employment agreements and the Senior Management Severance Plan are subject to termination upon an executive's violation of his or her restrictive covenants, and incentive payments under the agreements and the plan may be subject to the recoupment policy adopted by the board of directors.

Estimated Value of Benefits to be Received Upon Retirement

The following table shows the estimated value of payments and other benefits to be conferred upon the NEOs assuming they retired as of December 31, 2013. These payments and benefits are in addition to the present value of the accumulated benefits from each NEO's qualified and non-qualified pension plans shown in the tables within the Pension Benefit section and the aggregate balance due to each NEO that is shown in the tables within the Nonqualified Deferred Compensation section.

Name (a)	Cash Payment ($) Note (1) (b)	Value of Unvested Equity Awards ($) Note (2) (c)	Total Value of All Payments and Benefits ($) Note (3) (d)
Crane	$1,565,000	$14,167,000	$15,732,000
Thayer	—	—	—
Cornew	—	—	—
O'Brien	811,000	1,056,000	1,867,000
Von Hoene Jr.	639,000	3,535,000	4,174,000

Notes to Benefits to be Received Upon Retirement Table

(1) *Under the terms of the 2013 Annual Incentive Plan (AIP), a pro-rated actual incentive award is payable upon retirement assuming an individual performance multiplier (IPM) of 100% and based on the number of days worked during the year of retirement. The amount above represents the executive's 2013 annual incentive payout (after Company/Business Unit performance was determined) before applying the IPM, if applicable.*

(2) *The Value of Unvested Equity Awards includes the following:*

a. *the 'spread' on all unvested stock options that would vest upon termination of employment. The 'spread' is based on Exelon's closing stock price on December 31, 2013 of $27.39. At that stock price, all unvested stock options are "underwater" (or out of the money). Under the LTIP, if a holder has attained age 50 with 10 or more years of service (or deemed service), any unvested stock options will vest upon termination of employment because the holder has satisfied the definition of retirement under the LTIP;*

b. *the value of the executive's unvested performance shares. The amount above includes the number of unvested shares earned for the 2011 and 2012 PSU awards, as applicable, as well as the actual payout earned for the first tranche of the Transition Award. It is assumed the second tranche of the Transition Award and the 2013 performance shares are earned at target. The value of the shares is based on Exelon's closing stock price on December 31, 2013 of $27.39; and*

c. *the accelerated portion of the executives' restricted stock award that, per the applicable award agreement, would vest upon retirement. The value of the shares is based on Exelon's closing stock price on December 31, 2013 of $27.39.*

(3) *The estimate of total payments and benefits is based on a December 31, 2013 retirement date.*

Executive Compensation Data

Estimated Value of Benefits to be Received Upon Termination due to Death or Disability

The following table shows the estimated value of payments and other benefits to be conferred upon the NEOs assuming their employment is terminated due to death or disability as of December 31, 2013. These payments and benefits are in addition to the present value of the accumulated benefits from the NEO's qualified and non-qualified pension plans shown in the tables within the Pension Benefit section and the aggregate balance due to each NEO that is shown in the tables within the Nonqualified Deferred Compensation section.

Name (a)	Cash Payment ($) Note (1) (b)	Value of Unvested Equity Awards ($) Note (2) (c)	Total Value of All Payments and Benefits ($) Note (3) (d)
Crane	$1,565,000	$14,167,000	$15,732,000
Thayer	634,000	4,729,000	5,363,000
Cornew	835,000	5,174,000	6,009,000
O'Brien	811,000	3,966,000	4,777,000
Von Hoene Jr.	639,000	4,083,000	4,722,000

Notes to Benefits to be Received Upon Termination due to Death or Disability Table

(1) *Under the terms of the 2013 AIP, a pro-rated actual incentive award is payable upon death or disability assuming an IPM of 100% and based on the number of days worked during the year of termination. The amount above represents the executives' 2013 annual incentive payout (after Company/Business Unit performance was determined) before applying his or her IPM, if applicable.*

(2) *The Value of Unvested Equity Awards includes the following:*

a. *the 'spread' on all unvested stock options that would vest upon termination of employment. The 'spread' is based on Exelon's closing stock price on December 31, 2013 of $27.39. At that stock price, all unvested stock options are "underwater" (or out of the money). Under the LTIP, if a holder terminates employment due to death or disability, the holder's stock options will vest upon termination of employment;*

b. *the value of the executive's unvested performance shares. The amount above includes the number of unvested shares earned for the 2011 and 2012 PSU awards, as applicable, as well as the actual payout earned for the first tranche of the Transition Award. It is assumed the second tranche of the Transition Award and the 2013 performance shares are earned at target. The value of the shares is based on Exelon's closing stock price on December 31, 2013 of $27.39; and*

c. *the accelerated portion of the executives' restricted stock award that, per the applicable award agreement, would vest upon death or disability. The value of the shares is based on Exelon's closing stock price on December 31, 2013 of $27.39.*

(3) *The estimate of total payments and benefits is based on a December 31, 2013 termination due to death or disability.*

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Executive Compensation Data

Estimated Value of Benefits to be Received Upon Involuntary Separation Not Related to a Change in Control

The following table shows the estimated value of payments and other benefits to be conferred upon the NEOs assuming they were terminated as of December 31, 2013 under the terms of the Amended and Restated Senior Management Severance Plan. These payments and benefits are in addition to the present value of the accumulated benefits from the NEO's qualified and non-qualified pension plans shown in the tables within the Pension Benefit section and the aggregate balance due to each NEO that is shown in the tables within the Nonqualified Deferred Compensation section.

Name (a)	Cash Payment ($) Note (1) (b)	Retirement Benefit Enhance-ment ($) Note (2) (c)	Value of Unvested Equity Awards ($) Note (3) (d)	Health and Welfare Benefit Continuation ($) Note (4) (e)	Perquisites and Other Benefits ($) Note (5) (f)	Total Value of All Payments and Benefits ($) Note (6) (g)
Crane	$6,965,000	$5,410,000	$14,167,000	$ 64,000	$ 40,000	$26,646,000
Thayer	3,199,000	314,000	4,059,000	38,000	40,000	7,650,000
Cornew	4,035,000	224,000	4,422,000	35,000	40,000	8,756,000
O'Brien	3,723,000	204,000	3,966,000	45,000	40,000	7,978,000
Von Hoene Jr.	3,307,000	187,000	3,556,000	41,000	40,000	7,131,000

Notes to Benefits to be Received Upon Involuntary Separation Not Related to a CIC Table

(1) *Represents the estimated severance benefit equal to 2 times the sum of the executive's (i) current base salary and (ii) the target annual incentive for the year of termination. In addition, under Section 4.2 of the Severance Plan, a pro-rated annual incentive award is payable upon involuntary separation or qualifying voluntary separation based on the days worked during the year of termination and assuming the NEO's IPM is 100% pursuant to the terms in the 2013 AIP. The amount above represents the executives' 2013 annual incentive payout (after Company/Business Unit performance was determined) before applying his or her IPM, if applicable.*

(2) *Represents the estimated retirement benefit enhancement that consists of a one-time lump sum payment based on the actuarial present value of a benefit under the non-qualified pension plan assuming that the severance pay period was taken into account for purposes of vesting, and the severance pay constituted covered compensation for purposes of the non-qualified pension plan.*

(3) *The Value of Unvested Equity Awards includes the following:*

a. *the 'spread' on all unvested stock options that would vest upon termination of employment. The 'spread' is based on Exelon's closing stock price on December 31, 2013 of $27.39. At that stock price, all unvested stock options are "underwater" (or out of the money). Under the LTIP, if a holder has attained age 50 with 10 or more years of service (or deemed service), any unvested stock options will vest upon termination of employment because the holder has satisfied the definition of retirement under the LTIP;*

b. *the value of the executive's unvested performance shares. The amount above includes the number of unvested shares earned for the 2011 and 2012 PSU awards, as applicable, as well as the actual payout earned for the first tranche of the Transition Award. It is assumed the second tranche of the Transition Award and the 2013 performance shares are earned at target. The value of the shares is based on Exelon's closing stock price on December 31, 2013 of $27.39; and*

c. *the accelerated portion of the executives' restricted stock award that, per the applicable award agreement, would vest upon an involuntary separation not related to a change in control. The value of the shares is based on Exelon's closing stock price on December 31, 2013 of $27.39.*

(4) *Estimated costs of healthcare, life insurance, and long-term disability coverage which continue during the severance period.*

(5) *Estimated costs of outplacement services for up to 12 months for all NEOs.*

(6) *The estimate of total payments and benefits is based on a December 31, 2013 termination date. The executives are participants in the Senior Management Severance Plan ("SMSP") and severance benefits are determined pursuant to Section 4 of the Severance Plan.*

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Executive Compensation Data

Estimated Value of Benefits to be Received Upon a Qualifying Termination following a Change in Control

The following table shows the estimated value of payments and other benefits to be conferred upon the NEOs assuming they were terminated upon a qualifying change in control as of December 31, 2013. The company has entered into Change in Control agreements with Messrs. Crane, Cornew, O'Brien, and Von Hoene. These payments and benefits are in addition to the present value of accumulated benefits from the NEO's qualified and non-qualified pension plans shown in the tables within the Pension Benefit section and the aggregate balance due to each NEO that is shown in the tables within the Nonqualified Deferred Compensation section.

Name	Cash Payment ($) Note (1) (a)	Retirement Benefit Enhance-ment ($) Note (2) (b)	Value of Unvested Equity Awards ($) Note (3) (c)	Health and Welfare Benefit Continuation ($) Note (4) (d)	Perquisites and Other Benefits ($) Note (5) (e)	Modified Gross-up Payment ($) Note (6) (f)	Scaleback ($) Note (6) (g)	Total Value of All Payments and Benefits ($) Note (7) (h)
Crane	$9,573,000	$ 7,213,000	$14,167,000	$ 96,000	$ 40,000	7,184,000	Not required	$38,273,000
Thayer	3,945,000	446,000	4,729,000	38,000	40,000	Not required	(22,000)	9,176,000
Cornew	5,584,000	335,000	5,174,000	53,000	40,000	4,336,000	Not required	15,522,000
O'Brien	5,098,000	205,000	3,966,000	67,000	40,000	2,827,000	Not required	12,203,000
Von Hoene Jr.	4,619,000	280,000	4,083,000	61,000	40,000	Not Required	Not required	9,083,000

Notes to Benefits to be Received Upon a Qualifying Termination following a CIC Table

(1) *Represents the estimated severance benefit equal to 2.99 times the sum of the executive's (i) current base salary and (ii) Severance Incentive. Also, this amount includes an additional payment for Mr. O'Brien of $35,000.*
Under Section 4.1(a)(ii) of the CIC Employment Agreement, the executive's target incentive award is payable upon termination. The amounts above represent the executives' 2013 target annual incentive with the exception of Mr. Thayer. Under Section 5.1(a)(i) of the Severance Plan, the executive is entitled to his or her annual incentive for the applicable performance period. For Mr. Thayer, the amount above represents his 2013 actual annual incentive payout (after Company/Business Unit performance was determined) before applying his IPM, if applicable. Pursuant to the 2013 AIP, a pro-rated annual incentive award is payable, assuming the NEO's IPM is 100%.

(2) *Represents the estimated retirement benefit enhancement that consists of a one-time lump sum payment based on the actuarial present value of a benefit under the non-qualified pension plan assuming that the severance pay period was taken into account for purposes of vesting, and the severance pay constituted covered compensation for purposes of the non-qualified pension plan.*

(3) *The Value of Unvested Equity Awards includes the following:*
   a. *the 'spread' on all unvested stock options that would vest upon termination of employment. The 'spread' is based on Exelon's closing stock price on December 31, 2013 of $27.39. At that stock price, all unvested stock options are underwater (or out of the money);*
   b. *the value of the executives' unvested performance shares. Pursuant to Section 4.1(c) of the CIC Employment Agreement and Section 5.1(c) of the SMSP, all of the shares will vest upon termination at the actual level earned and awarded. The amount above includes the number of unvested shares earned for the 2011 and 2012 PSU awards, as applicable, as well as the actual payout earned for the first tranche of the Transition Award. It is assumed the second tranche of the Transition Award and the 2013 performance shares are earned at target. The value of the shares is based on Exelon's closing stock price on December 31, 2013 of $27.39; and*
   c. *the value of the executives' restricted stock that, pursuant to Section 4.1(d) of the CIC Employment Agreement or the terms of the award, would vest upon a qualifying termination following a change in control. The value of the shares is based on Exelon's closing stock price on December 31, 2013 of $27.39.*

(4) *Estimated costs of healthcare, life insurance, and long-term disability coverage which continue during the severance period.*

(5) *Estimated costs of outplacement services for up to 12 months for all NEOs.*

(6) *In 2009, the compensation committee adopted a policy that no future employment or severance agreements will provide for an excise tax gross-up payment. The SMSP as amended and restated on January 1, 2009 and CIC Employment Agreements that become effective after April 2009 will reduce executives' parachute payments to his safe harbor in order to avoid the excise tax imposed under Section 4999 of the Internal Revenue Code. Messrs. Crane, Cornew, O'Brien and Von Hoene have grandfathered CIC Employment Agreements, which still entitle these NEOs to an excise tax gross-up payment only if the present value of his parachute payments exceed his safe harbor amount by more than 10%. If the present value of their parachute payments do not exceed the amount permitted by the IRS by more than 10%, their payments are reduced to their safe harbor.*

(7) *The estimate of total payments and benefits is based on a December 31, 2013 termination date. The Company has entered into change in control employment agreements with all of the executives except for Mr. Thayer who is a participant in the Senior Management Severance Plan and severance benefits are determined pursuant to Section 5 of the Severance Plan.*

Vote on Senior Execut ive Annual Incentive Plan

PROPOSAL 4: TH E RENEWAL OF THE EXELON CORPORATION ANNUAL INCENTIVE PLAN FOR SENIOR EXECUTIVES, EFFECTIVE JANUARY 1, 2014

The Internal Revenue Code Section 162(m) generally limits a corporation's tax deductions for compensation paid to each of its "named executive officers," to $1 million per year. "Performance-based compensation" is not subject to this million-dollar deduction cap. Most corporations, including Exelon, take advantage of this exception for compensation that is paid pursuant to an incentive plan upon attainment of performance targets set by a committee of directors intended to be independent and based upon shareholder-approved performance goals.

Exelon is seeking your approval of the renewal of its Annual Incentive Plan for Senior Executives (the "Plan") so that Exelon may continue to use this favorable tax exception. A tax deduction enjoyed by the corporation ultimately inures to the benefit of Exelon's shareholders.

Purpose: The purpose of the Plan is to reward achievement of key annual goals and to enhance Exelon's ability to attract, motivate, reward and retain certain key employees, to strengthen their commitment to Exelon, to promote Exelon's near-term objectives, and to ensure annual incentive compensation can be eligible to be tax deductible.

Eligibility: Each year, the compensation and leadership devolopment committee selects individuals to participate in the Plan. Although any officer or key executive employee may be selected, it is expected that normally only those individuals the committee considers potentially likely to become Section 162(m) Executives for the year will participate in the Plan.

Approximately 10 individuals are eligible for participation in the Plan. For 2014, 10 individuals have been designated as participants in the Plan.

Basis for Annual Awards: The Plan provides for annual cash awards to participants, the maximum amount of which is based on a share of one or more incentive pools established by the compensation and leadership development committee. The incentive pools are funded by achievement of specific performance goals relating to a specific year, as determined by the committee. The goals for any incentive pool may be based on any one or more of the performance criteria defined in Section VI.B. of the Plan (see Appendix A). For 2014, the committee determined that the pool would be funded with a percentage of operating income.

Performance Criteria: The performance criteria for each year may be based upon the performance of Exelon or any subsidiary or division or function thereof for the year and may be applied either alone or relative to the performance of other businesses or individuals (including industry or general market indices), using one or more of the following measures as selected by the compensation and leadership development committee, each of which may be based on absolute standards or peer industry group comparatives and may be applied at various organizational levels (*e.g.,* corporate, business unit or division of Exelon or one or more subsidiaries): (1) cumulative shareholder value added ("SVA"), (2) customer satisfaction, (3) revenue, (4) primary or fully-diluted earnings per share, (5) net income, (6) total shareholder return, (7) earnings before interest, taxes, depreciation and amortization (or any combination thereof), (8) cash flow, including operating cash flows, free cash flow, discounted cash flow return on investment and cash flow in excess of cost of capital (or any combination thereof), (9) economic value added, (10) return on equity, (11) return on capital, (12) return on assets, (13) net operating profits after taxes, (14) stock price increase, (15) return on sales, (16) debt to equity ratio, (17) payout ratio, (18) asset turnover, (19) ratio of share price to book value of shares, (20) price/earnings ratio, (21) employee satisfaction, (22) diversity, (23) market share, (24) operating income, (25) pre-tax income, (26) safety, (27) diversification of business opportunities, (28) expense ratios, (29) total expenditures, (30) dividend payout as a percentage of net income, (31) direct margin, (32) expense reduction, (33) any individual performance objective that is measured solely in terms of quantitative targets related to Exelon, any

Vote on Senior Executive Annual Incentive Plan

subsidiary or Exelon's or a subsidiary's business. Such individual performance measures related to Exelon, subsidiary or Exelon's or subsidiary's business may include: (1) production-related factors such as generating capacity factor, performance against the Institute of Nuclear Power Operations ("INPO") index, generating equivalent availability, heat rates and production cost, (2) transmission and distribution-related factors such as customer satisfaction, reliability (based on outage frequency and duration), and cost, (3) customer service-related factors such as customer satisfaction, service levels and responsiveness and bad debt collections or losses, and (4) relative performance against other similar companies in targeted areas.

Awards to Participants: The compensation and leadership devolopment committee will certify the level of attainment of performance goals to establish the amount of each incentive pool. The maximum award for any participant is a share of the incentive pool. For the CEO, the share is 25 percent. The remaining participants share in the remaining 75 percent of the incentive pool on a per capita basis, with certain pro-rations for persons who terminate employment during the year under certain circumstances. The committee has the authority to reduce any award below the maximum share of the incentive pool, based on any objective or subjective factors it deems appropriate, subject, in the case of awards to participants at the level of executive vice president and above, to ratification of the actual award amount by the board of directors. Decreasing the amount of the award for any participant will not serve to increase the maximum potential award for any other participant.

There is a $5,000,000 limit on the annual incentive award for any participant for any year under the Plan.

Conditions: A participant must be employed by Exelon or a subsidiary on the last day of the year in order to be eligible to receive an award for the year. There are exceptions for certain situations: if a participant has a termination of employment by reason of death, disability or retirement during the year, the participant will be eligible for a pro rata award, based on the number of days in the year he or she was employed. Also, if a participant has an employment agreement with us or a subsidiary that has been approved by the compensation and leadership development committee, or is a participant in any other plan or subject to a policy that addresses payment of annual incentive awards in the event of termination of employment, the terms of the employment agreement or other plan or policy will govern payment. In addition, awards are subject to a clawback pursuant to the Exelon Executive Officer Compensation Recoupment Policy as in effect from time to time, including any subsequent amendments or new clawback policies which may be required in the future by law or regulation.

Amendment or Termination of Plan: The board of directors may amend or terminate the Plan at any time, including the modification, reduction or cancellation of any prospective incentive award that has not become vested. No change to an award may be made after the committee has certified the amount of the award to the participant (other than pursuant to the Recoupment Policy described above). Any change in the class of persons eligible to participate in the Plan, any changes to the performance criteria, or increases in the maximum dollar amount that may be paid to a participant for a year may not be effective as to 162(m) Executives unless shareholders approve the amendment.

Administration and Expenses: The Plan is administered by the compensation and leadership development committee, which has full discretionary authority to administer the Plan and interpret and construe its terms. Exelon will generally pay the expenses of the Plan, but the payment of an award to any participant who is employed by a subsidiary will be the obligation of the subsidiary.

Stockholder Approval Condition: The compensation and leadership development committee has designated performance criteria for funding the incentive pool and has designated participants for the 2014 year. These designations are subject to shareholder approval of this proposal. The total amount of the awards paid under the Plan for 2013 was $6,547,979.

If shareholders approve this proposal, the terms of the Plan will continue in effect until otherwise amended or terminated, and will satisfy the shareholder approval requirement of Section 162(m) of the Internal Revenue Code from 2014 through 2018.

Vote on Senior Executive Annual Incentive Plan

If shareholders do not approve this proposal, no incentive awards will be made for 2014 under the Plan.

The compensation and leadership development committee will present the following resolution at the meeting:

“RESOLVED, that the terms of the Exelon Annual Incentive Plan for Senior Executives, as described in Proposal 4 of the Proxy Statement and shown in Appendix A thereto, are approved.”

The board of directors unanimously recommends a vote “FOR” the approval of the Senior Executive Annual Incentive Plan.

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Vote on Share holder Proposal

PROP OSAL 5: A SHAREHOLDER PROPOSAL TO LIMIT THE INDIVIDUAL TOTAL COMPENSATION FOR EACH NAMED EXECUTIVE OFFICER TO ONE HUNDRED TIMES THE ANNUAL MEDIAN TOTAL COMPENSATION PAID TO ALL EMPLOYEES OF THE COMPANY

Qube Investment Management Inc. (“Qube”), 200 Kendall Building, 9414-91 Street NW, Edmonton, AB T6C 3P4, Canada, beneficial owner of 14,319 shares of stock, 7,593 of which have been held continuously for more than one year, submitted the following proposal and supporting statement:

“PROPOSAL — Total Executive Compensation Limit at 100 Times Average Wages

RESOLVED: That the Board of Directors and/or the Compensation Committee are requested to limit the individual total compensation for each Named Executive Officer (NEO) to ONE HUNDRED TIMES the median annual total compensation paid to all employees of the company. This pay ratio cap will be the same as as requried [SIC] by the SEC when reporting under Item 402 of Regulation S-K using U.S. Generally Accepted Accounting Principles (GAAP).

SUPPORTING STATEMENT

As a global player in the utilities sector, Exelon should take the lead in addressing continued public criticism that executive employees have been offered excessive compensation in recent years.

The 2012 US Census Bureau American Community Survey (www.census.gov) states that the median household income in the US was $51,371, placing pay for Named Executive Positions (NEO) at Exelon over 200 times the average American worker in at least one case.

It is reasonable to expect a rational link between the compensation programs of all employees at Exelon worldwide and a *fantastic* concept that any one employee’s contribution could be considered greater than one hundred times the contribution of the other team members.

A basic premise in the design of executive compensation is peer benchmarking. Research, including from the Conference Board, illustrates the flaw in this benchmarking logic. Three quarters of vacant CEO positions are filled from internal promotions and, when outside candidates are chosen, most are junior ranking executives brought in from elsewhere, not CEOs jumping ship. Focusing CEO compensation against peer positions ratchets gross pay while demoralizing employees with an inconsistent pay gap. As the CEO is an employee of the corporation, pay should be conducted within the context of compensation for the organization as a whole and an extension of the infrastructure that governs the rest of the company’s wage program(s). This pay disconnect could demotivate employees and compromise the confidence of shareholders, both leading to lower share values.

Some believe capping executive compensation will create a competitive disadvantage for the firm. We believe this perspective is ripe for a challenge. Certainly any lost competitiveness will be offset by great improvements to the corporate reputation and increased demand for the shares.”

Vote on Shareholder Proposal

Exelon's Statement in Opposition

Although Exelon's board of directors values the views of shareholders on executive compensation and other issues, the board unanimously recommends a vote "AGAINST" this proposal because (1) it would conflict with the careful design of Exelon's compensation programs to motivate senior management and link their pay with performance, (2) it would detract significantly from Exelon's ability to attract and retain executive talent, (3) it would impose an arbitrary pay ratio limit that would distort compensation, and (4) it is impractical to implement.

1. **The proposal, if implemented, will conflict with the careful design of Exelon's executive compensation program to motivate senior management and link their pay with performance.**
   - The proposal would severely restrict the ability of the compensation and leadership development committee to set compensation at appropriate levels to achieve its intended purposes. Exelon has carefully developed its executive compensation program to attract, retain, motivate and reward senior management for achieving financial, operational and strategic objectives to further Exelon's vision of providing superior value to its customers, employees and investors, as well as the communities it serves. The board believes the compensation and leadership development committee is in the best position to determine compensation for executive officers. The Compensation Discussion and Analysis describes the thoughtful process and factors considered by the committee to set the appropriate levels of executive compensation.
   - The proposed limit on executive compensation is inconsistent with Exelon's ongoing efforts to link pay with performance. Exelon regularly seeks shareholder input on its executive compensation program through an annual advisory vote on compensation for named executive officers ("say-on-pay") and through conversations Exelon initiates with its largest shareholders and other feedback from shareholders. These conversations with shareholders have led Exelon to implement changes in executive compensation to further enhance the link between pay and performance and the alignment of the compensation program with the interests of shareholders. The introduction of the proposed pay cap is contrary to the principle of pay for performance because it would limit compensation when it might otherwise be deserved for exemplary performance.
2. **The proposed compensation limit would detract significantly from Exelon's ability to attract and retain executive talent.**
   - The proposal will detract significantly from Exelon's ability to compete for executive talent. Exelon competes for executive talent and must provide competitive compensation and benefits to attract and retain talented employees. Exelon believes the proposed pay limit will restrict Exelon's ability to hire and retain executive talent, ultimately resulting in a reduction in the value of Exelon's stock due to a loss of management talent.
3. **The proposal would impose an arbitrary pay ratio as a basis for limiting compensation, which will distort pay practices.**
   - The proponents have selected an arbitrary multiplier for the proposed pay ratio and offer no reasoned basis for why that multiplier should be used to limit executive compensation.
   - The SEC has acknowledged that its proposed pay ratio disclosure should not be used to compare companies with each other, because "using the ratios to compare compensation practices between registrants without taking into account the inherent differences in business models … could possibly lead to potentially misleading conclusions and unintended consequences." Given these acknowledged limitations for the usefulness of pay ratio *disclosure* , it would be illogical to use an arbitrarily selected ratio as a basis for limiting compensation.

Vote on Shareholder Proposal

- Placing an arbitrary limit on compensation that can vary significantly from year to year will lead to arbitrary and irrational compensation results. Compensation for employees can vary significantly from year to year for a variety of reasons. For example, annual and long-term incentive plans provide for awards contingent on performance. Similarly, the value of retirement plans may vary significantly from year to year based on prevailing interest rates, which may have a major effect on the change in pension value included in total compensation.

4. The proposal is impractical to implement because it is predicated on a supposed SEC rule that, in fact, does not exist and is not even proposed in the form or with the effect described by the proposal.

- The SEC rules do not currently require any kind of limit on compensation. The SEC has issued a *proposed* rule relating to *disclosure* of the ratio of the median of the annual total compensation of all employees to the annual total compensation of the chief executive officer, commonly referred to as the pay ratio provision of the Dodd-Frank Act. It is only a proposed rule, not a current requirement as stated in the shareholder proposal, and the proposed rule, if adopted by the SEC, would impose only a disclosure requirement, not a limit on compensation.
- The proposal is a political statement about income inequality, not an actionable business proposition, and could not be implemented as proposed. The general nature of the proposal makes it impossible to know how to implement it, including, among other things, how to calculate the cap and whether it would be applied retroactively to reduce total compensation already paid or to limit future compensation.

The board of directors unanimously recommends a vote “AGAINST” this proposal.

Communication with the Board of Directors

PROCESS FOR SHAREHOLDER COMMUNICATIONS WITH THE BOARD

Shareholders and other interested persons can communicate with the Lead Director or with the independent directors as a group by writing to them, c/o Bruce G. Wilson, Senior Vice President, Deputy General Counsel and Corporate Secretary, Exelon Corporation, 10 South Dearborn Street, P.O. Box 805398, Chicago, Illinois 60680-5398. The board has instructed the Corporate Secretary to review communications initially and transmit a summary to the directors and to exclude from transmittal any communications that are commercial advertisements, other forms of solicitation, general shareholder service matters or individual service or billing complaints. Under the board policy, the Corporate Secretary will forward to the directors any communication raising substantial issues. All communications are available to the directors upon request. Shareholders may also report an ethics concern with the Exelon Ethics Hotline by calling 1-800-23-Ethic (1-800-233-8442). You may also report an ethics concern via the Internet at EthicsOffice@ExelonCorp.com.

SHAREHOLDER PROPOSALS

If you want to submit a proposal for possible inclusion in next year's proxy statement, you must submit it in writing to the Corporate Secretary, Exelon Corporation, 10 South Dearborn Street, P.O. Box 805398, Chicago, Illinois 60680-5398. Exelon must receive your proposal on or before December 2, 2014. Exelon will consider only proposals meeting the requirements of the applicable rules of the Securities and Exchange Commission ("SEC"). Under our Bylaws, the proposal must also disclose fully all ownership interests the proponent has in Exelon and contain a representation as to whether the shareholder has any intention of delivering a proxy statement to the other shareholders of Exelon.

We strongly encourage any shareholder interested in submitting a proposal to contact our Corporate Secretary in advance of this deadline to discuss the proposal, and shareholders may want to consult knowledgeable counsel with regard to the detailed requirements of applicable securities laws. Submitting a shareholder proposal does not guarantee that we will include it in our proxy statement. Our corporate governance committee reviews all shareholder proposals and makes recommendations to the board for action on such proposals.

Additionally, under our Bylaws, for a shareholder to bring any matter before the 2015 annual meeting that is not included in the 2015 proxy statement, the shareholder's written notice must be received by the Corporate Secretary not less than 120 days prior to the first anniversary of the mailing date of this proxy statement, which will be December 2, 2014.

DIRECTOR NOMINATIONS

A shareholder who wishes to recommend a candidate (including a self-nomination) to be considered by the Exelon corporate governance committee for nomination as a director must submit the recommendation in writing to the Chair of the Corporate Governance Committee, c/o Bruce G. Wilson, Senior Vice President, Deputy General Counsel and Corporate Secretary, Exelon Corporation, 10 South Dearborn Street, P.O. Box 805398, Chicago, Illinois 60680-5398. The corporate governance committee will consider all recommended candidates and self-nominees when making its recommendation to the full board of directors to nominate a slate of directors for election.

- **Nominations for 2014.** Under the Exelon Bylaws, the deadline has passed for a shareholder to nominate a candidate (or nominate himself or herself) for election to the board of directors at the 2014 annual meeting.
- **Nominations for 2015.** To nominate a candidate for election as a director or to stand for election at the 2015 annual meeting, a shareholder must either submit a recommendation to the corporate governance committee or provide the

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Communication with the Board of Directors

proper notice and the other information required by Exelon's Bylaws. The Bylaws currently require the following: (1) notice of the proposed nomination must be received by Exelon no later than December 2, 2014; (2) the notice must include information required under the Bylaws, including: (a) information about the nominating shareholder, (b) information about the candidate that would be required to be included in a proxy statement under the rules of the SEC, (c) a representation as to whether the shareholder intends to deliver a proxy statement to the other shareholders of Exelon, and (d) the signed consent of the candidate to serve as a director of Exelon, if elected. Exelon's Bylaws are amended from time to time. Please review the Bylaws on our website to determine if any changes to the nomination process or requirements have been made.

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Frequently Asked Questions

Can I access the Notice of Annual Meeting and Proxy Statement and the 2013 Financial Report on the Internet?

On April 1, 2014, we began mailing to our shareholders this proxy statement and our financial report.

In addition, shareholders may request to receive proxy materials in printed form or electronically by email on an ongoing basis. Exelon encourages shareholders to take advantage of the availability of the proxy materials on the internet in order to save Exelon the cost of producing and mailing documents to you, reduce the amount of mail you receive and help preserve resources.

Shareholders of Record: If you vote on the internet at www.proxyvote.com, simply follow the prompts for enrolling in the electronic delivery service.

Beneficial Owners: You also may be able to receive copies of these documents electronically. Please check the information provided in the proxy materials sent to you by your bank, broker or other holder of record regarding the availability of this service.

Do I need a ticket to attend the annual meeting?

You will need an admission ticket or proof of ownership to enter the annual meeting.

If you are a shareholder of record the bottom half of your proxy card will serve as your admission ticket.

If your shares are held in the name of a bank, broker, or other holder of record and you plan to attend the meeting, you must present proof of your ownership of Exelon stock as you enter the meeting, such as a bank or brokerage account statement. If you would rather have an admission ticket, you can obtain one in advance by mailing a written request, along with proof of your ownership of Exelon stock, to:

> Annual Meeting Admission Tickets c/o Bruce G. Wilson, Senior Vice President, Deputy General Counsel and Corporate Secretary, Exelon Corporation, 10 South Dearborn Street, P.O. Box 805398 Chicago, Illinois 60680-5398.

Shareholders also must present a form of personal photo identification in order to be admitted into the meeting.

No cameras, audio or video recording equipment, similar electronic devices, large bags, briefcases or packages will be permitted into the meeting or adjacent areas. Cell phones and similar wireless communication devices will be permitted in the meeting only if turned off. All items brought into the meeting will be subject to search.

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Frequently Asked Questions

Who is entitled to vote at the annual meeting?

Holders of Exelon common stock as of 5:00 p.m. New York Time on March 14, 2014 are entitled to receive notice of the annual meeting and to vote their shares at the meeting. As of that date, there were 858,430,240 shares of common stock outstanding and entitled to vote. Each share of common stock is entitled to one vote on each matter properly brought before the meeting.

What is the difference between holding shares as a shareholder of record and as a beneficial owner?

If your shares are registered directly in your name with Exelon's transfer agent, Wells Fargo Shareowner Services, you are the "shareholder of record" of those shares. This Notice of Annual Meeting and Proxy Statement and accompanying documents have been provided directly to you by Exelon.

If your shares are held in a stock brokerage account or by a bank or other holder of record, you are considered the "beneficial owner" of those shares. This Notice of Annual Meeting and Proxy Statement and the accompanying documents have been forwarded to you by your broker, bank or other holder of record. As the beneficial owner, you have the right to direct your broker, bank or other holder of record how to vote your shares by using the voting instruction card or by following their instructions for voting by telephone or on the Internet.

How do I vote?

Your vote is important. We encourage you to vote promptly. Internet and telephone voting are available through 11:59 p.m. Eastern Time on May 5, 2014. You may vote in the following ways:

- **By Internet.** If you have internet access, you may vote by internet. You will need the control number included on your proxy card or voting instruction form ("VIF"), as applicable. You may vote in a secure manner at www.proxyvote.com 24 hours a day. You will be able to confirm that the system has properly recorded your votes, and you do not need to return your proxy card or VIF.
- **By Telephone.** If you are located in the United States or Canada, you can vote by calling the toll-free telephone number (1-800-690-6903) and following the recorded instructions. You will need the control number included on your Notice Regarding the Availability of Proxy Materials, proxy card or VIF, as applicable. You may vote by telephone 24 hours a day. The telephone voting system has easy-to-follow instructions and allows you to confirm that the system has properly recorded your votes. If you vote by telephone, you do not need to return your proxy card or your VIF.
- **By Mail.** If you are a holder of record and received a full paper set of materials, you can vote by marking, dating and signing your proxy card and returning it by mail in the postage-paid envelope provided. If you are a beneficial holder of shares held of record by a bank or broker or other street name, please complete and mail the VIF provided by the holder of record.
- **At the Annual Meeting.** If you are a shareholder of record and attend the annual meeting in person, you may use a ballot provided at the meeting to cast your vote. If you are a beneficial owner, you will need to have a legal proxy from your broker, bank or other holder of record in order to vote by ballot at the meeting.

May I revoke a proxy?

Yes. You may revoke a proxy at any time before the proxy is exercised by filing with the Corporate Secretary a notice of revocation, or by submitting a later-dated proxy by mail, telephone or electronically through the Internet. You may also revoke your proxy by attending the annual meeting and voting in person.

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Frequently Asked Questions

What is householding and how does it affect me?

Exelon has adopted a procedure approved by the SEC called “householding.” Under this procedure, shareholders of record who have the same address and last name and do not participate in electronic delivery of proxy materials will receive only one copy of this Notice of Annual Meeting and Proxy Statement and the 2013 Annual Report, unless we are notified that one or more of these shareholders wishes to continue receiving individual copies. This procedure will reduce our printing costs and postage fees.

What are the voting requirements to elect the directors and to approve each of the proposals discussed in the Proxy Statement?

The presence of the holders of a majority of the outstanding shares of common stock entitled to vote at the annual meeting, in person or represented by proxy, is necessary to constitute a quorum.

Election of Directors: Majority Vote Policy

Under our Bylaws, directors must be elected by a majority of votes cast in uncontested elections. This means that the number of votes cast “for” a director nominee must exceed the number of votes cast “against” the nominee. In contested elections, the vote standard would be a plurality of votes cast.

Our Bylaws provide that, in an uncontested election, each director nominee must submit to the board before the annual meeting a letter of resignation that becomes effective only if the director fails to receive a majority of the votes cast at the annual meeting. The resignation of a director nominee who is not an incumbent director is automatically accepted by the board. The resignation of an incumbent director is tendered to the independent directors of the board for a determination of whether or not to accept the resignation. The board’s decision and the basis for the decision would be disclosed within 90 days following the certification of the final vote results.

Ratification of PricewaterhouseCoopers as Independent Accountant

The appointment of PricewaterhouseCoopers LLP as Exelon Corporation’s independent accountant requires an affirmative vote of a majority of shares of common stock represented at the annual meeting and entitled to vote thereon in order to be adopted.

Executive Compensation

The vote on executive compensation is advisory and is not binding on the company, the board of directors, or the compensation and leadership development committee in any way, as provided by law. Our board and the compensation and leadership development committee will review the results of the vote and input from shareholders and will take it into account in making a determination concerning executive compensation consistent with our record of shareowner engagement.

Senior Executive Annual Incentive Plan

The approval of the Senior Executive Annual Incentive Plan requires an affirmative vote of a majority of shares represented at the annual meeting and entitled to vote thereon.

Shareholder Proposal

The adoption of the shareholder proposal requires an affirmative vote of a majority of shares represented at the annual meeting and entitled to vote thereon.

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Frequently Asked Questions

How frequently will I have an opportunity to vote on executive compensation?

Every year. The Exelon board of directors has decided to hold the advisory vote on executive compensation annually until the next required vote on the frequency of shareholder votes on the compensation of executives.

Could other matters be decided at the annual meeting?

At the date this proxy statement went to press, we did not know of any matters to be raised at the annual meeting other than those referred to in this proxy statement.

Who will count the votes?

Representatives of Broadridge Financial Communications and Exelon's Office of Corporate Governance will tabulate the votes and act as inspectors of the election.

Where can I find the voting results?

We will report the voting results in a Form 8-K to be filed with the SEC within four business days following the end of our annual meeting.

Who will pay for the cost of this proxy solicitation?

Exelon will pay the cost of soliciting proxies. Proxies may be solicited on our behalf by directors, officers or employees in person or by telephone, electronic transmission and facsimile transmission. We have hired Alliance Advisors, LLC to distribute and solicit proxies. We will pay Alliance Advisors, LLC a fee of $15,000 plus reasonable expenses for these services.

Appendix A

ANNUAL INCENTIVE PLAN FOR SENIOR EXECUTIVES

I. Establishment . The Exelon Corporation Annual Incentive Plan for Senior Executives (the "Plan") was originally established by Exelon Corporation (the "Company") effective January 1, 2004 for a term of five years and was amended, effective January 1, 2009, to extend its term for an additional five years. The Plan has also been amended, effective January 1, 2014, to continue the Plan for Plan Years beginning on or after January 1, 2014, subject to its approval at the 2014 annual meeting of shareholders in accordance with Section 162(m) of the Internal Revenue Code.

II. Purpose . The purpose of the Plan is to reward achievement of key annual goals, to enhance the Company's ability to attract, motivate, reward and retain certain officers and key executive employees, to strengthen their commitment to the success of the Company, to promote the near-term objectives of the Company, and to ensure annual incentive compensation payable to the Company's Section 162(m) Executives can be eligible to be tax-deductible by the Company.

III. Definitions .

A. Award means the annual incentive award payable to a Participant hereunder with respect to a Plan Year.

B. Committee means the members of the Compensation and Leadership Development Committee of the Board of Directors of the Company who are intended to qualify as "outside directors" within the meaning of Section 162(m) of the Internal Revenue Code; provided that if there are not at least two such members, then the Committee shall be a committee of at least two members of such Board of Directors who are intended to be "outside directors" as so defined, appointed by the Board of Directors of the Company and which satisfies any other applicable requirements of the principal stock exchange on which the common stock of the Company is then traded to constitute a compensation committee.

C. Company means Exelon Corporation and any successor thereto.

D. Disability means a physical or mental condition on account of which benefits under the long-term disability plan of the Company or Subsidiary, whichever covers the Participant, have commenced.

E. Eligible Executive means an Employee who is a member of the Company's strategy and policy committee (or any successor committee) or whose level is senior vice president (or any equivalent successor level) or higher.

F. Employee means an employee of the Company or a Subsidiary employed in an executive or officer level position.

G. Incentive Pool means an amount, expressed either as a dollar value or pursuant to an objective formula or performance measure, that is designated by the Committee as available to fund Awards for a Plan Year pursuant to Section VI.A.

H. Internal Revenue Code means the Internal Revenue Code of 1986, as amended, and all applicable regulations and rulings thereunder as in effect from time to time.

I. Participant means an Eligible Executive who has been selected by the Committee to participate in the Plan for a particular Plan Year. Unless the context requires otherwise, the term "Participant" shall include "Part-Year Participants" as defined in Section IV.B.

J. Performance Goals means the objective performance goal(s) designated by the Committee pursuant to Section VI.B. with respect to an Incentive Pool.

K. Plan means this Exelon Corporation Annual Incentive Plan for Senior Executives as set forth herein and as amended from time to time.

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Appendix A

L. Plan Year means the Company's fiscal year which, as of the effective date of the Plan, is the calendar year.

M. Pro-ration Fraction means with respect to a Plan Year the number of days a Part-Year Participant was an Eligible Executive during the Plan Year, divided by 365 (or in the case of a Plan Year of more or less than 365 days, the number of days in the Plan Year).

N. Required Period means at a time (1) when the outcome of the Performance Goals established pursuant to Article VI is substantially uncertain and (2) either (a) before the commencement of the Plan Year or, (b) (i) in the case of a 12-month Plan Year, not later than 90 days after the commencement of such Plan Year, (ii) in the case of a Plan Year shorter than 12 months, after no more than 25% of such Plan Year has elapsed, and (iii) in the case of a Participant who became an Eligible Executive after the first day of the Plan Year, after no more than 25% of the remainder of such Plan Year has elapsed after the Participant became an Eligible Executive. Any action required to be taken within the Required Period may be taken at a later date to the extent permissible under Section 162(m) of the Internal Revenue Code.

O. Retirement means a Participant's termination of employment other than for "cause" (as defined in the Exelon Corporation Senior Management Severance Plan as in effect from time to time, or such other employment or severance plan or agreement governing the terms of the Participant's termination of employment) after attaining age 50 with 10 years of service under the Company's applicable defined benefit pension plan (including for this purpose any deemed pension service granted to the Participant under an employment or change in control agreement to the extent any applicable vesting or other conditions to such deemed service have been satisfied upon such termination of employment).

P. Section 162(m) Executive means an Eligible Executive who is a "covered employee" as defined in Section 162(m) of the Internal Revenue Code.

Q. Subsidiary means a business which is affiliated through common ownership with the Company, and which is designated by the Committee as an employer whose employees may be eligible to participate in the Plan, but only with respect to such period of affiliation.

IV. Participation .

A. Generally . Within the Required Period at the beginning of each Plan Year, the Committee shall designate the Participants (if any) for such Plan Year. Any individual who is an Eligible Executive as of the first day of the Plan Year may be designated as a Participant.

B. Individuals Who Become Eligible Executives During a Plan Year . An individual who becomes an Eligible Executive after the first day of a Plan Year may be designated as a Participant for the remainder of the Plan Year (a "Part-Year Participant") at any time within the Required Period after becoming an Eligible Executive.

V. Administration .

A. The Committee shall administer the Plan.

B. The Committee shall have full and complete authority to establish any rules and regulations it deems necessary or appropriate relating to the Plan, to interpret and construe the Plan and those rules and regulations, to correct defects and supply omissions, to determine who shall become Participants for any Plan Year, to determine the Performance Goals and other terms and conditions applicable to each Award (including the extent to which any payment shall be made under an Award in the event of a change in control of the Company), to certify the achievement of Performance Goals and approve all Awards (subject to Section VII.B.), to determine whether and to what extent Awards may be paid on a deferred basis, to make all factual and other determinations arising under the Plan, and to take all other actions the Committee deems necessary or appropriate for the proper administration of the Plan.

Appendix A

C. Notwithstanding the foregoing, the Committee shall not be authorized to increase the amount of the Award payable to a Section 162(m) Executive that would otherwise be payable under the terms of the Plan or an Award.

D. The Committee may from time to time delegate the performance of its ministerial duties under the Plan to the Company's Vice President of Corporate Compensation or such other person or persons as the Committee may select **;** except that the power or authority of the Committee shall not be delegated to the extent such delegation would cause any Award payable to a Section 162(m) Executive to fail to be tax-deductible under Section 162(m) of the Internal Revenue Code, including but not limited to the responsibility to certify the extent to which Performance Goals have been attained.

E. Subject to Section VII.B., the Committee's administration of the Plan, including all such rules and regulations, interpretations and construals, selections, factual and other determinations, approvals, decisions, delegations, amendments, terminations and other actions, as the Committee shall see fit shall be final and binding on the Company and its Subsidiaries, stockholders and all employees, including Participants and their beneficiaries. Any decision made by the Committee in good faith in connection with its administration of or responsibilities under the Plan shall be conclusive on all persons.

F. The Committee may, subject to the limitations described in paragraph D. above, engage and rely on the advice of such advisors, consultants or data as it considers necessary or desirable in selecting Eligible Executives, in designating applicable Performance Goals, and in determining attainment of Performance Goals and the amount of incentive awards under the Plan, and in performing its other duties under the Plan.

G. The Company and/or its participating Subsidiaries shall pay the costs of Plan administration.

VI. Performance Goals .

A. Establishment of Incentive Pool(s) . Within the Required Period for each Plan Year, the Committee shall establish in writing one or more Incentive Pools from which Awards (if any) will be paid for such Plan Year, and shall designate the Participants eligible to share in each such Incentive Pool (subject to the Committee's right to add new Participants during the Plan Year in accordance with Section IV.B. above). The amount available under each Incentive Pool (or portion thereof) shall be based on the attainment of one or more specified Performance Goals, weighted in such manner as the Committee determines during the Required Period, and may, but need not be based on or contingent upon the level of achievement of threshold or target or maximum performance (as set by the Committee) of the stated Performance Goals. As soon as reasonably practicable after the end of each Plan Year the Committee shall certify in writing the level of attainment of each Performance Goal applicable to each Incentive Pool (or portion thereof) and the amount, if any, of each such Incentive Pool. The Committee shall certify the amount of each Participant's maximum Award for each Plan Year within a reasonable time after the end of such year. If the Company or a Subsidiary or other business unit fails to meet a threshold or other minimum applicable Performance Goal, if any, established for it for a Plan Year, the applicable Incentive Pool shall not be funded to that extent and no related payment shall be made with respect to Awards to Participants employed by the Company or such Subsidiary or business unit for such year, as the case may be and, to the extent other (e.g., target or maximum) Performance Goals are established with respect to an Incentive Pool, the funding of such Incentive Pool shall not exceed the maximum amount that could be paid based on the extent to which the Committee determines that such goals in excess of threshold or other minimum goals are actually achieved.

B. Performance Goals . The Performance Goals for each Plan Year shall be based upon the performance of the Company or any Subsidiary, division, business unit or individual for the Plan Year, using one or more of the following measures as selected by the Committee: (1) cumulative shareholder value added, (2) customer satisfaction, (3) revenue, (4) primary or fully-diluted earnings per share, (5) net income, (6) total shareholder return, (7) earnings before interest, taxes, depreciation and amortization (or any combination thereof), (8) cash flow(s),

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including operating cash flows, free cash flow, discounted cash flow return on investment and cash flow in excess of cost of capital (or any combination thereof), (9) economic value added, (10) return on equity, (11) return on capital, (12) return on assets, (13) net operating profits after taxes, (14) stock price increase, (15) return on sales, (16) debt to equity ratio, (17) payout ratio, (18) asset turnover, (19) ratio of share price to book value of shares, (20) price/earnings ratio, (21) employee satisfaction, (22) diversity, (23) market share, (24) operating income, (25) pre-tax income, (26) safety, (27) diversification of business opportunities, (28) expense ratios, (29) total expenditures, (30) dividend payout as percentage of net income, (31) direct margin, (32) expense reduction, or (33) any of the following individual performance objectives which is measured solely in terms of quantitative targets related to the Company, any Subsidiary or the Company's or Subsidiary's business: (a) production-related factors such as generating capacity factor, performance against the INPO index, generating equivalent availability, heat rates and production cost, (b) transmission and distribution-related factors such as customer satisfaction, reliability (based on outage frequency and duration), and cost, (c) customer service-related factors such as customer satisfaction, service levels and responsiveness and bad debt collections or losses, and (d) relative performance against other similar companies in targeted areas. Each Performance Goal may be expressed on an absolute or relative basis and may include comparisons based on current internal targets, the past performance of the Company, its Subsidiaries or business units or the past or current performance of other companies (including industry or general market indices), or a combination of any of the foregoing, and may be applied at various organizational levels.

C. Impact of Extraordinary Items or Changes in Accounting . The measures used in establishing Performance Goals for a Plan Year shall be determined in accordance with generally accepted accounting principles ("GAAP") and in a manner consistent with the methods used in the Company's audited consolidated financial statements (in each case, to the extent applicable), without regard to (1) non-cash impairments, gains or losses on the sale or other disposition of assets or businesses, or severance charges or (2) changes in accounting, unless, in each case, the Committee decides otherwise within the Required Period for the Plan Year or as otherwise required or permitted under Section 162(m) of the Internal Revenue Code.

VII. Determination of Award Amounts for Any Plan Year.

A. Maximum Awards . The maximum Award payable to any Participant with respect to a Plan Year shall be the lesser of five million dollars ($5,000,000.00) or a portion of the Incentive Pool(s) applicable to such Participant determined as follows:

1. If the Chief Executive Officer is a Participant, the Chief Executive Officer's maximum Award shall be an amount equal to not more than 25% of the amount of each Incentive Pool in which he or she participates for the Plan Year.

2. The portion of each Incentive Pool not allocated to the Chief Executive Officer (e.g., the remaining 75% of an Incentive Pool in which the Chief Executive Officer participates and 100% of any other Incentive Pool) shall be divided into shares. There shall be one share for each Participant who is initially designated by the Committee for the Plan Year plus, for each Part-Year Participant, one share multiplied by such Part-Year Participant's Pro-ration Fraction. The number of shares shall not be reduced in the event a Participant for any reason fails to receive an Award. Thus the number of shares may be increased (thereby reducing the value of each share) but not decreased during the Plan Year. The maximum Award for a Participant shall be one share, and the maximum Award for each Part-Year Participant shall be one share times such part-Year Participant's Pro-ration Fraction.

B. Committee Discretion to Determine Amount of Award . The Committee shall have absolute discretion to reduce the amount of the Award payable to any Participant for any Plan Year below the maximum Award determined under Section VII.A., and the Committee may decide not to pay any Award to a Participant for the Plan Year, based on such criteria, factors and measures as the Committee in its sole discretion may determine, including but not limited

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to individual performance or impact and financial and other performance or financial criteria of the Company, a Subsidiary or other business unit in addition to those listed in Section VI.B. The reduction of the Award payable to any Participant (or the decision of the Committee not to pay an Award to a Participant for a Plan Year) shall not affect the maximum Award payable to any other Participant for such Plan Year. Notwithstanding the foregoing, the Committee's determination of the Award for officers at the level of Executive Vice President and above shall be subject to ratification by the Company's Board of Directors. The Committee shall certify the amount of the Award to be paid to each Participant.

C. Effect of Termination of Employment .

1. Except in the case of a Participant who has a termination of employment during a Plan Year on account of Retirement, death or Disability, a Participant must be an Employee at the end of a Plan Year to be eligible to receive an Award for that Plan Year. A Participant will become entitled to an Award with respect to a Plan Year on the date the Committee certifies the amount of the Award to which the Participant is entitled for such year by written communication to the Participant, provided that such certification will occur and Awards for a Plan Year will be paid within two and one-half months after the end of the Plan Year. No portion of an Award shall be treated as earned by a Participant prior to such date.

2. A Participant who has a termination of employment prior to the last day of a Plan Year on account of Retirement, death or Disability shall be eligible to receive an Award for such Plan Year, the amount of which shall be determined by the Committee in its sole discretion but which shall not exceed the maximum amount determined under Sections VI and VII.

3. Notwithstanding the foregoing, if a Participant is employed pursuant to an employment agreement between the Participant and the Company or a Subsidiary which has been approved by the Compensation and Leadership Development Committee (an "Employment Agreement") or is subject to another separation or change in control plan or policy of the Company, and such Employment Agreement, plan or policy provides other applicable rules or procedures for the determination of the Participant's incentive award and entitlement thereto in the event of termination of employment, the provisions of such Employment Agreement, plan or policy shall be controlling with respect to the determination of the amount of, and the Participant's entitlement to, any Award under the Plan with respect to the Participant in the event of the Participant's termination of employment

4. Notwithstanding any provision of the Plan to the contrary, the payments provided under the Plan shall be subject to a clawback pursuant to the Exelon Executive Officer Compensation Recoupment Policy contained in the Exelon Corporation Board of Directors Corporate Governance Principles, as amended by the Board of Directors of the Company on July 23, 2013 and as may be subsequently amended from time to time, including any subsequent amendments or new clawback policies required under the Dodd-Frank Wall Street Reform and Consumer Protection Act and implementing applicable stock exchange listing standards or rules and regulations thereunder, or as otherwise required by law or regulation.

D. Source, Time and Manner of Payment, Interest . Each Participant's Award for a Plan Year shall be paid in cash, solely from the general assets of the Company or its Subsidiaries, without interest, as soon as reasonably practicable after the Committee certifies the amount of the Award, but not later than two and one-half months after the end of the Plan Year for which such Award is payable. Any Awards payable to Participants who have had a termination of employment during the Plan Year on account of Retirement, death or Disability shall be payable at the same time other Participants receive Awards under the Plan.

E. Designation of Beneficiaries . Each Participant from time to time may name any person or persons (who may be named concurrently, contingently or successively) to whom the Participant's Award under the Plan is to be paid if the Participant dies before receipt of the Award. Each such beneficiary designation will revoke all prior designations

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by the Participant, shall not require the consent of any previously named beneficiary, shall be in a form prescribed or permitted by the Company's Vice President of Corporate Compensation, and will be effective only when filed with the Company's Vice President of Corporate Compensation during the Participant's lifetime. If a Participant fails to so designate a beneficiary before death, or if the beneficiary so designated predeceases the Participant, any Award payable after the Participant's death shall be paid to the Participant's estate.

VIII. No Assignment of Rights . No Participant or other person shall have any right, title or interest in any Award under this Plan prior to the payment thereof to such person. The rights or interests of Participants under this Plan shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment pledge, encumbrance, charge, garnishment, execution or levy of any kind, either voluntarily or involuntarily, and any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge, garnish, execute on, levy or otherwise dispose of any right to an Award or any payment hereunder shall be void.

IX. No Greater Employment Rights . The establishment or continuance of the Plan shall not affect or enlarge the employment rights of any Participant or constitute a contract of employment with any Participant, and nothing herein shall be construed as conferring upon a Participant any greater rights to employment than the Participant would otherwise have in the absence of the adoption of this Plan.

X. No Right to Ongoing Participation . The selection of an individual as a Participant in the Plan for any Plan Year shall not require the selection of such individual as a Participant for any subsequent Plan Year, or, if such individual is subsequently so selected, shall not require that the same opportunity for incentive award provided the Participant under the Plan for an earlier Plan Year be provided such Participant for the subsequent Plan Year.

XI. No Personal Liability . Neither the Company, its Subsidiaries nor any Committee member or its delegate shall be personally liable for any act done or omitted to be done in good faith in the administration of the Plan.

XII. Unfunded Plan . No Participant or other person shall have any right, title or interest in any property of the Company or its Subsidiaries, and nothing herein shall require the Company or any Subsidiaries to segregate or set aside any funds or other property for the purpose of making any payment under the Plan.

XIII. Facility of Payment . When a person entitled to an incentive award under the Plan is under legal disability, or, in the Committee's opinion, is in any way incapacitated so as to be unable to manage such person's affairs, the Committee may direct the payment of an incentive award directly to or for the benefit such person, to such person's legal representative or guardian, or to a relative or friend of such person. Any payment made in accordance with the preceding sentence shall be a full and complete discharge of any liability for such payment under the Plan, and neither the Committee nor the Company or any Subsidiary shall be under any duty to see to the proper application of such payment.

XIV. Withholding for Taxes and Benefits . The Company and its Subsidiaries, as applicable, may withhold from any payment to be made by it under the Plan all appropriate deductions for employee benefits, if applicable, and such amount or amounts as may be required for purposes of complying with the tax withholding obligations under federal, state and local income and employment tax laws.

XV. Amendment and Termination . The Board of Directors or the Committee may amend the Plan at any time and from time to time, in whole or in part, and may terminate the Plan at any time, which amendment or termination may include the modification, reduction or cancellation of any prospective Award hereunder which has not been earned and vested pursuant to the terms of the Plan prior to the time of any such amendment or termination, provided that no such amendment or termination shall change the terms and conditions of payment of any Award the final amount of which the Committee has certified to a Participant or amend the Performance Goals applicable to a Section 162(m) Executive after the Required Period. Notwithstanding the foregoing, any amendment to the Plan that changes the class of Employees eligible to participate, changes the Performance Goals, or increases the maximum dollar amount that may be paid to a

Appendix A

Participant for a Plan Year shall not be effective with respect to Section 162(m) Executives unless such amendment is approved by the holders of the Company's common stock.

XVI. Section 162(m) and Section 409A Conditions . The Company intends for the Plan and any Awards to satisfy, and to be interpreted in such manner as to satisfy the provisions of Section 162(m) of the Internal Revenue Code with respect to all Section 162(m) Executives. The Company also intends for the Plan to be exempt from Section 409A of the Internal Revenue Code. Any provision, application or interpretation of the Plan that is inconsistent with such intent shall be disregarded. The Company shall have the discretion and authority to amend the Plan at any time to satisfy any requirements of such Sections of the Internal Revenue Code or guidance provided by the U.S. Treasury Department to the extent applicable to the Plan.

XVII. Applicable Law . The Plan shall be construed under the laws of the State of Illinois, other than its laws with respect to choice of laws.

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EXELON CORPORATION
10 SOUTH DEARBORN STREET
P.O. BOX 805398
CHICAGO, IL 60680-5398

VOTE BY INTERNET - www.proxyvote.com
Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time on May 5, 2014. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS
If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

VOTE BY PHONE - 1-800-690-6903
Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time on May 5, 2014. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL
Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

M71979-P50890 KEEP THIS PORTION FOR YOUR RECORDS

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED. DETACH AND RETURN THIS PORTION ONLY

EXELON CORPORATION

The board of directors recommends voting FOR Proposals 1 through 4 and AGAINST Proposal 5:

1. Election of Directors **Nominees:**	For	Against	Abstain
1a. Anthony K. Anderson	☐	☐	☐
1b. Ann C. Berzin	☐	☐	☐
1c. John A. Canning, Jr.	☐	☐	☐
1d. Christopher M. Crane	☐	☐	☐
1e. Yves C. de Balmann	☐	☐	☐
1f. Nicholas DeBenedictis	☐	☐	☐
1g. Nelson A. Diaz	☐	☐	☐
1h. Sue L. Gin	☐	☐	☐
1i. Paul L. Joskow	☐	☐	☐
1j. Robert J. Lawless	☐	☐	☐
1k. Richard W. Mies	☐	☐	☐
1l. William C. Richardson	☐	☐	☐

	For	Against	Abstain
1m. John W. Rogers, Jr.	☐	☐	☐
1n. Mayo A. Shattuck III	☐	☐	☐
1o. Stephen D. Steinour	☐	☐	☐
2. The Ratification of PricewaterhouseCoopers LLP as Exelon's independent accountant for 2014.	☐	☐	☐
3. Advisory vote to approve executive compensation.	☐	☐	☐
4. Renew the Senior Executive Annual Incentive Plan.	☐	☐	☐
5. A shareholder proposal to limit individual total compensation for each of the Named Executive Officers to 100 times the annual median compensation paid to all employees.	☐	☐	☐

NOTE: Authority is also given to vote on all other matters that may properly come before the meeting or any adjournment thereof.

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Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership,

please sign in full corporate or partnership name by authorized officer.

Signature [PLEASE SIGN WITHIN BOX]	Date	Signature (Joint Owners)	Date

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ADMISSION TICKET

To attend the annual meeting please detach and bring this ticket along with a valid photo ID and present them at the Shareholder Registration Table upon arrival. This ticket is not transferable.

No cameras, audio or video recording equipment, similar electronic devices, large bags, backpacks, briefcases or packages will be permitted in the meeting room or adjacent areas. Cell phones and similar wireless communication devices will be permitted in the meeting only if turned off. All items brought into the meeting will be subject to search.

NOTICE REGARDING INTERNET AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING

Exelon's Notice and Proxy Statement and Annual Report are available online at www.proxyvote.com . The electronic documents have been prepared to offer easy viewing and are completely searchable. The website will allow you to view the materials as you vote the shares. We believe that you will find this method of viewing Exelon's information and voting the shares more convenient.

We encourage you to vote the shares at www.proxyvote.com
and then register for the electronic delivery of Exelon's proxy materials for 2015 and beyond.

IF YOU WISH TO ATTEND THE ANNUAL MEETING, DETACH AND BRING THIS ADMISSION TICKET ALONG WITH A PHOTO ID

M71980-P50890

EXELON CORPORATION

2014 COMMON STOCK PROXY

This proxy is solicited on behalf of the Board of Directors
for the Annual Meeting of Shareholders to be held
on Tuesday, May 6, 2014 at 9:00 A.M. Eastern Time at
PECO Energy Company Headquarters
2301 Market Street
Philadelphia, Pennsylvania

DARRYL M. BRADFORD and BRUCE G. WILSON, or either of them with power of substitution, are hereby appointed to vote as specified all shares of common stock which the shareholder(s) named on the proxy card is/are entitled to vote at the annual meeting described above or at any adjournment thereof, and in their sole discretion to vote upon all other matters that may be properly brought before the annual meeting. If the proxy card is signed and dated, but no votes are indicated, it will be voted as recommended by the Board of Directors.

The Northern Trust Company as trustee for the Exelon Employee Savings Plan, for which Hewitt Associates LLC is the plan record keeper, is hereby authorized to execute a proxy with the identical instructions for any shares of common stock held in this plan for the benefit of any shareholder(s) named on this card. T. Rowe Price Trust Company as directed trustee for the Constellation Energy Group Inc. Employee Savings Plan, the Represented Employee Savings Plan for Nine Mile Point and the Employee Savings Plan for Constellation Energy Nuclear Group, LLC is hereby authorized to execute a proxy with the identical instructions for any shares of common stock held in these plans for the benefit of any shareholder(s) named on this card. For all shares for which no valid instruction is timely received, the trustee of the respective plan is instructed to vote the shares in the same proportion as the shares that were affirmatively voted by shareholders participating in the respective plan.

Continued and to be signed on reverse side

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a)
of the Securities Exchange Act of 1934
(Amendment No.)

Filed by the Registrant ☒ Filed by a Party other than the Registrant ☐

Check the appropriate box:

☐ Preliminary Proxy Statement

☐ **CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14a-6(e)(2))**

☒ Definitive Proxy Statement

☐ Definitive Additional Materials

☐ Soliciting Material Pursuant to §240.14a-12

EXELON CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

☒ No fee required.

☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

☐ Fee paid previously with preliminary materials.

☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

March 16, 2016

NOTICE OF THE ANNUAL MEETING AND 2016 PROXY STATEMENT

To the shareholders of Exelon Corporation:

Our annual meeting of shareholders will be held on Tuesday, April 26, 2016 at 9:00 a.m. Eastern Time in Energy Hall at PECO Energy Company headquarters, 2301 Market Street, Philadelphia, Pennsylvania to:

1) Elect director nominees named in the proxy statement;
2) Ratify PricewaterhouseCoopers LLP as Exelon's independent auditor for 2016;
3) Approve the compensation of our named executive officers as disclosed in the proxy statement;
4) Approve the management proposal to amend Exelon's Bylaws to provide proxy access; and
5) Conduct any other business that properly comes before the meeting.

Shareholders of record as of March 4, 2016 are entitled to vote at the annual meeting.

On or about March 16, 2016, we will mail to our shareholders a Notice Regarding the Availability of Proxy Materials, which will indicate how to access our proxy materials on the Internet. By furnishing the Notice Regarding the Availability of Proxy Materials we are lowering the costs and reducing the environmental impact of our annual meeting.

Bruce G. Wilson
Senior Vice President,
Deputy General Counsel and Corporate Secretary

Your vote is important. We encourage you to vote promptly.
Internet and telephone voting are available through 11:59 p.m.
Eastern Time on April 25, 2016.

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Proxy Statement Summary

We are providing these proxy materials in connection with the solicitation by the board of directors of Exelon Corporation ("Exelon," the "company," "we," "us," or "our"), a Pennsylvania corporation, of proxies to be voted at our 2016 annual meeting of shareholders and at any adjournment or postponement. The annual meeting of shareholders will take place on April 26, 2016 at 9:00 a.m. Eastern Time in Energy Hall at PECO Energy Company headquarters, 2301 Market Street, Philadelphia, Pennsylvania.

MATTERS FOR SHAREHOLDER VOTING

At this year's annual meeting, we are asking our shareholders to vote on the following matters:

Proposal 1: Election of Directors

The board of directors recommends a vote FOR the election of the director nominees named in this proxy statement. See pages 1-18 for further information on the nominees.

Proposal 2: Appointment of PricewaterhouseCoopers LLP as independent auditor for 2016

The board of directors recommends a vote FOR this proposal. See page 40 for details.

Proposal 3: Advisory Approval of Executive Compensation

The board of directors recommends a vote FOR this proposal. See page 41-87 for details.

Proposal 4: Approve Management Proposal to Amend Exelon's Bylaws to Provide Proxy Access

The board of directors recommends a vote FOR this proposal. See pages 88-91 for details.

The board of directors knows of no other matters to be presented for action at the annual meeting. If any matter is presented from the floor of the annual meeting, the individuals serving as proxies intend to vote on these matters in the best interest of all shareholders. Your signed proxy card gives this authority to Darryl M. Bradford and Bruce G. Wilson.

Please refer to the material on pages 94-97 for information about how to cast your votes, who may attend the meeting, and other frequently asked questions.

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Proxy Statement Summary

GOVERNANCE HIGHLIGHTS

Exelon is committed to maintaining the highest standards of corporate governance. Strong corporate governance practices help us achieve our performance goals and maintain the trust and confidence of our investors, employees, customers, regulatory agencies and other stakeholders. Our corporate governance practices are described in more detail on pages 19-33 and in our Corporate Governance Principles which are available on the Exelon website at www.exeloncorp.com on the corporate governance page under the Investors tab.

Director Independence	• 12 of our 13 nominees are independent. • Our CEO is the only management director. • During 2015, all of our board committees (except the generation oversight committee and investment oversight committee) were composed exclusively of independent directors.
Board Leadership	• The positions of Chairman and CEO are separated. Our Chairman is independent.
Executive Sessions	• The independent directors regularly meet in executive sessions without management.
Board Oversight of Risk Management	• Our board reviews Exelon's systematic approach to identifying and assessing risks faced by Exelon and our business units. • The board considers enterprise risk in connection with emerging trends or developments and the evaluation of capital investments and business opportunities. • The board's finance and risk committee oversees our risk management strategy, policies and practices and financial condition and risk exposures.
Stock Ownership Requirements	• Our independent directors must hold at least 15,000 shares of Exelon common stock within five years after joining the board. • Our CEO must, after five years of employment, hold Exelon Common Stock valued at six times base salary. • Executive vice presidents and higher officers must, within five years after employment or September 30, 2012, hold Exelon Common Stock, valued at three times base salary.
Board Practices	• Our board annually reviews its effectiveness as a group. • Continuing director education is provided during regular board and committee meetings. • Directors may not stand for election after age 75.
Accountability	• All directors stand for election annually. • In uncontested elections, directors must be elected by a majority of votes cast.
Board Diversity	• Directors represent the appropriate mix of skills and characteristics required to best fill the needs of the board in light of Exelon's strategic direction. • 3 of 13 directors (23%) are female. • 2 of 13 directors (15%) are minorities.

Proxy Statement Summary

2015 EXECUTIVE COMPENSATION HIGHLIGHTS

1 STRONG FINANCIAL AND OPERATIONAL PERFORMANCE

- Exelon's adjusted non-GAAP operating earnings per share (EPS) beat the annual incentive program (AIP) target by 8 cents, despite a difficult year in the markets, and was at approximately the mid-point of the upward adjusted earnings guidance range.
- Exelon Utilities had high performance across the 26 metrics we track, with 21 of them being best or second-best ever including top quartile for each of its utilities (BGE, ComEd and PECO) for outage frequency, customer operations performance, and customer satisfaction, while ComEd and PECO had employee safety records approaching best-in-class.
- Exelon Generation had exceptional plant performance, including world class nuclear capacity factor of nearly 94 percent, power dispatch match of almost 99 percent, and wind and solar energy capture of close to 96 percent, while Constellation's load business outperformed expectations, experiencing growth in both our power and gas portfolios.

2 STRONG PAY FOR PERFORMANCE ALIGNMENT ON 2013-2015 PERFORMANCE SHARE AWARD PAYOUT

- The lagging total shareholder return (TSR) performance due to continued low power prices was reflected in the 10 percent reduction in the payout of the 2013-2015 Performance Share Awards as a result of the TSR modifier in the program design.
- Our 2015 TSR (including reinvested dividends) was down 22 percent for the year, tracking natural gas prices at Henry Hub, which were down 41 percent from the prior year.
- The impact of low power prices on Exelon is significant as our exposure to power prices is greater compared with that of our peers.
- Despite Exelon's strong financial and operational performance, its lagging stock price was largely driven by factors outside of management's control such as low power prices, low gas prices, and weak load growth.

3 CEO TARGET TOTAL DIRECT COMPENSATION (TDC) INCREASED SLIGHTLY FROM PRIOR YEAR

- CEO TDC increased 5 percent from the prior year, with 95 percent of the TDC increase in the form of annual and long-term incentives.
- Better aligns Mr. Crane's pay with Exelon's peer group.
- Recognizes his contributions made to position the business for future success.

4 KEY STRATEGIC INTIATIVES

- **PJM capacity performance auctions results** : These results for 2016-2019 were highly beneficial for Exelon's generation assets in PJM, yielding $1.4 billion in incremental revenues over our plans.
- **Low carbon portfolio standard** : We are disappointed that this failed to move in the Illinois legislature due to the current legislative gridlock over the state's budget. Finding a comprehensive legislative solution that properly values the reliability and carbon-free benefits of our nuclear assets remains a priority for Exelon in 2016.

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Proxy Statement Summary

5 COMMITMENT TO SHAREHOLDER ENGAGEMENT

- The company met with investors holding approximately 46 percent of outstanding shares, consistent with the prior year.
- Shareholders largely expressed support for the design changes that we implemented in 2013 and recommended that we stay the course, with the exception of replacing one of the financial metrics (FFO/Debt) with Operating EPS, starting with the 2016-2018 Performance Share Award program. This new metric will align more closely with the company's overall growth strategy.

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Cautionary Statements Regarding Forward-Looking Information

This proxy statement contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that are subject to risks and uncertainties. The factors that could cause actual results to differ materially from the forward-looking statements made by Exelon Corporation include those factors discussed herein, as well as the items discussed in (1) Exelon's 2015 Annual Report on Form 10-K in (a) ITEM 1A. Risk Factors, (b) ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) ITEM 8. Financial Statements and Supplementary Data: Note 23 and (2) other factors discussed in filings with the SEC by Exelon. Readers are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of this proxy statement. Exelon does not undertake any obligation to publicly release any revision to its forward-looking statements to reflect events or circumstances after the date of this proxy statement.

Election of Directors

PROPOSAL 1: ELECTION OF DIRECTORS

The corporate governance committee regularly assesses the size of the board of directors. The committee believes that the current size of the board is appropriate for Exelon, considering the size and geographic scope of the company and our need to access a wide range of views and backgrounds to reflect the diversity and complexity of our business and the markets we serve. In recent years, the size of the board has ranged from 13 to 15. With the retirement of John Canning at the 2016 annual meeting, there are 13 nominees for director.

The board of directors held eight meetings during 2015. The board also attended a two-day strategy retreat with the senior officers of Exelon and subsidiary companies. All directors attended at least 75% of all board and committee meetings that they were eligible to attend, with an average attendance of approximately 96.38% across all directors for all board and committee meetings. Although Exelon does not have a formal policy requiring attendance at the annual shareholders meeting, all directors generally attend the annual meeting and all directors attended the 2015 annual shareholders meeting.

DIRECTOR QUALIFICATIONS AND NOMINATION

Exelon believes that effective development and execution of Exelon's strategic direction requires a board of directors that includes individuals who bring diverse experiences, skills, backgrounds, viewpoints and perspectives in order to represent effectively the long-term interests of the public and our shareholders. The board of directors seeks to maintain an appropriate balance of diversity, skills and tenure on the board. Fresh perspectives and new ideas are essential to maintain a nimble and strategic board, while long-serving directors can bring important experience to board deliberations.

The corporate governance committee serves as the nominating committee and recommends director nominees. The board of directors receives the proposed nominations from the corporate governance committee and approves the nominees to be included in the Exelon proxy materials that are distributed to shareholders. The board believes that cognitive diversity among directors is an important consideration in selecting candidates for nomination. When considering candidates, the corporate governance committee and the full board take into account each candidate's race, ethnicity, gender, age, cultural background, professional experience and other attributes relevant to our business and strategy. The corporate governance committee and the full board determine the appropriate mix of skills and characteristics required to best fill the needs of the board and periodically review and update the criteria as deemed necessary in light of Exelon's strategic direction. All candidates are considered in light of the following standards and qualifications for director that are contained in the Exelon Corporate Governance Principles:

- Highest personal and professional ethics, integrity and values;
- An inquiring and independent mind;
- Practical wisdom and mature judgment;
- Broad training and experience at the policy-making level in business, government, education or technology;
- Expertise useful to Exelon and complementary to the background and experience of other Exelon board members;
- Willingness to devote the required amount of time to the duties and responsibilities of board membership;
- A commitment to serve over a period of years to develop knowledge about Exelon; and
- Involvement only in activities or interests that do not create a conflict with responsibilities to Exelon and its shareholders.

The satisfaction of these criteria is assessed by the corporate governance committee and the board. All of the nominees for director meet the standards listed above. In addition, all of the nominees demonstrate an appreciation for diversity among directors.

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Election of Directors

The corporate governance committee and the board of directors regularly consider the company's strategy and the particular skills, experiences and other qualifications that should be represented on the board as a whole in order to achieve Exelon's strategic direction. Listed below are summaries of specific qualifications that the corporate governance committee and the board believe must be represented on the board.

- Financial, accounting and financial reporting experience

  Exelon uses a wide range of financial metrics to measure its operating performance and strategic opportunities. Accurate and transparent financial reporting, measurement of operating performance, and assessment of the financial merits of strategic opportunities are critical to the company's success.

- Senior management leadership / CEO experience

  Exelon believes that directors who have significant senior leadership experience are better able to recognize and develop leadership skills in others and are more likely to have a practical understanding of organizations and drivers of individual growth and development.

- Knowledge of Exelon's business / industry experience

  Exelon engages in a complex business with significant public policy and public safety implications. The development and execution of effective strategy at Exelon depends on directors who have experience with issues of public policy and economics, energy markets, technology, nuclear power, renewable energy, and electric and gas transmission and distribution infrastructure. As the largest operator of nuclear power plants in the country and one of the largest in the world, it is important that the Exelon board include individuals with experience in the operation and oversight of nuclear power facilities.

- Innovation and technology experience

  The industry in which Exelon conducts its business is changing rapidly with the development of new technologies, changing energy policy and environmental regulation, rapid changes in energy markets, and physical and cyber threats against the security of assets and systems. Exelon recognizes the importance of representation on the board of directors by individuals who possess experience in these areas.

- Government and regulatory experience

  Exelon is engaged in a business subject to extensive regulation by multiple state and federal regulatory authorities. Experience with and understanding of government regulation is critical to Exelon's ability to help shape public policy and government regulation that has a direct effect on Exelon's business.

- Risk oversight / risk management experience

  Exelon's business is subject to a number of highly varied risks that could have a significant effect on public safety and shareholder value. An understanding of the most significant risks facing Exelon is a critical skill that must be represented on the board of directors.

- Investor relations / investment management experience

  Exelon must assure strong alignment with its investors in setting strategy and direction. For this reason, the Exelon board of directors must include individuals who have an understanding of investments and the investment decision-making process in order to focus management and the board on significant value drivers.

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Election of Directors

- Manufacturing, construction, engineering and performance management experience

  Exelon invests billions of dollars each year on maintenance and growth investments to improve reliability of Exelon's electric and gas transmission and distribution systems and enhance customer service. Exelon also invests substantial sums each year for maintenance of complex machinery in the generation portfolio and in development and construction of generation assets. Experience with these complex processes is important for the board of directors to provide appropriate decision-making and oversight related to complex capital projects and large and complex organizations and systems.

DIRECTOR NOMINEES

Upon the recommendation of the corporate governance committee, the board nominated the 13 candidates named below for election as directors, each to serve a term ending with the annual meeting in 2017. Each of the nominees has agreed to be named in this proxy statement and to serve as a director, if elected. If any director is unable to stand for election, the board may reduce the number of directors or designate a substitute. In that case, shares represented by proxies may be voted for a substitute director. Exelon does not expect that any director nominee will be unable to serve.

The corporate governance committee and the board believe the skills and experiences listed above are adequately represented among the nominees for director and that the nominees have a wide diversity of experiences that fill the needs of the board and its committees. For example, ten nominees are current or former CEOs of corporations and three others have senior executive leadership experience. Two directors have extensive nuclear experience. Six directors have experience in banking and investment management. Two have served in government or government regulation and one has flag officer military experience. Individual directors have experience or expertise in accounting, auditing, information technology, innovation, utility regulation and operations, and environmental matters, law, the economics of energy, and government affairs. Included in each director nominee's biographical information is a listing of the key qualifications, skills and experience of each nominee. Each nominee has other qualifications, skills and experiences that are not specifically listed.

The corporate governance committee believes that the nominees for director represent an effective mix of directors in terms of the range of backgrounds and experience and diversity. The nominees consist of directors who range in age from 50 to 71, with an average age of 62 and a median age of 61. The tenure of the nominees as directors is similarly varied, with one director having served since the company's creation in 2000, one since 2002, two since 2007, one since 2009, five since 2012, one since 2013, one joining in 2015, and one joining in 2016. Four directors come from the Chicago area and one from the Philadelphia area, while eight come from other parts of the country including major metropolitan areas such as New York and Washington, D.C.

A brief summary of the qualifications of all of the nominees as a group is presented below.

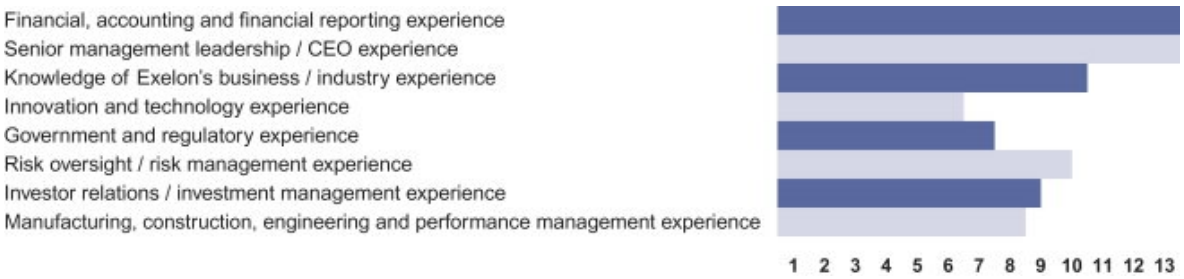

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Election of Directors

Directors' Race/Ethnicity: 15% Diverse

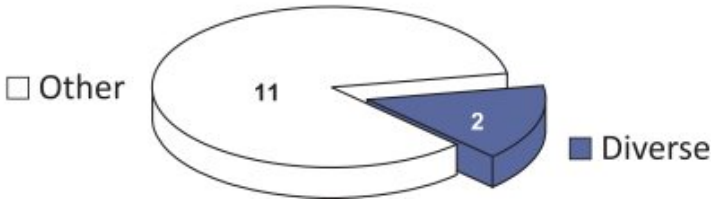

Directors' Gender: 23% Female

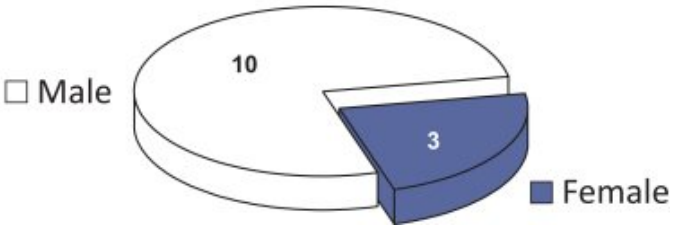

Directors' Average Tenure: 6 Years

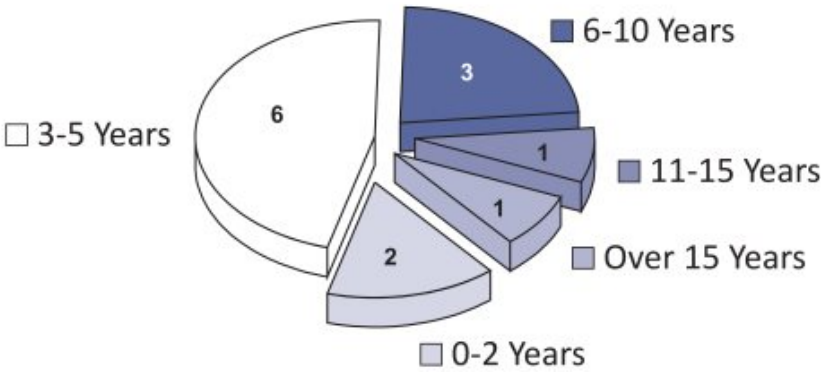

Election of Directors

Directors' Average Age: 62 Years

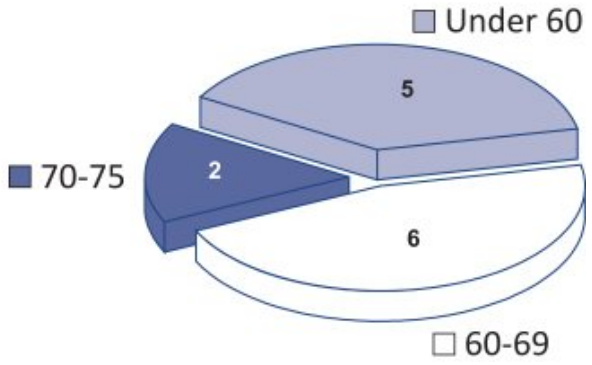

Director Independence: 92% Independent

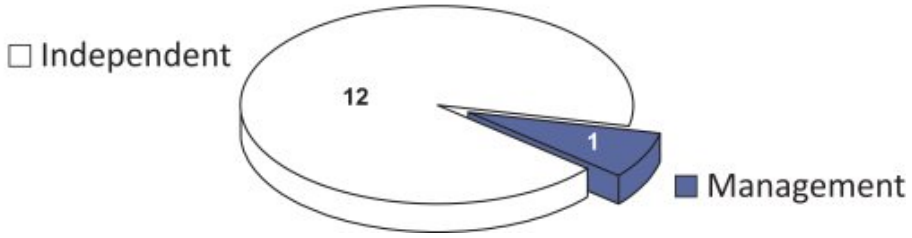

The board of directors unanimously recommends a vote "FOR" each of the director nominees below.

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Election of Directors

ANTHONY K. ANDERSON

Retired Vice Chair and Midwest Area Managing Partner of Ernst & Young

Age: 60
Director since: 2013

Committees:
Chair-Audit Committee
Member-Finance and Risk Committee
Member-Generation Oversight Committee

In 2012, Mr. Anderson retired as the Vice Chair and Midwest Area Managing Partner of Ernst & Young, after a 35-year career with E&Y. In that capacity, Mr. Anderson oversaw a practice of 3,500 audit, tax, and transaction professionals serving clients through the Midwest. Mr. Anderson also served for six years in the Los Angeles area as managing partner of E&Y's Pacific Southwest region. Mr. Anderson also served as a member of Ernst & Young's governing body, the Americas Executive Board. Mr. Anderson currently serves on the boards of AAR Corp. (aerospace and defense), where he serves on the audit and compensation committees; Avery Dennison Corporation (labeling and packaging materials), where he serves on the audit and finance committee; and First American Financial Corporation (financial services), where he serves on the governance and nominating committee. Mr. Anderson previously served as a director of the Federal Reserve Bank of Chicago from 2008-2010. Mr. Anderson is the chairman of the board of the Perspectives Charter School. He is also a member of the boards of Chicago Urban League, The Chicago Council on Global Affairs, the Regional Transportation Authority and World Business Chicago. In Los Angeles, Mr. Anderson served as chairman of Town Hall Los Angeles, the Children's Bureau of Southern California, and the California Science Center. Mr. Anderson is a member of the American, California, and Illinois Institute of Certified Public Accountants.

KEY EXPERIENCE AND SKILLS:

- Financial, accounting and financial reporting experience
- Senior Management Leadership / CEO Experience
- Government and regulatory experience
- Risk oversight / risk management experience

Mr. Anderson's experience as the vice chair of a global professional services firm and his training and experience as an audit partner and certified public accountant enhance his contribution to the Exelon board and add value to his service on the audit, finance and risk and generation oversight committees.

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Election of Directors

ANN C. BERZIN

Former Chairman and Chief Executive Officer of Financial Guaranty Insurance Company (FGIC)

Age: 63
Director since: 2012

Committees:
Member-Audit Committee
Member-Finance and Risk Committee

Ms. Berzin served as Chairman and Chief Executive Officer of Financial Guaranty Insurance Company (FGIC), an insurer of municipal bonds, asset-backed securities and structured finance obligations from 1992 to 2001. Ms. Berzin joined FGIC in 1985 as its General Counsel following seven years of securities law practice in New York City. Ms. Berzin is a director of Ingersoll-Rand plc, Chair of its finance committee, and a member of its audit committee, and previously served as a director of Kindred Healthcare, Inc. (healthcare services) from 2006-2012. Ms. Berzin also served as a director of Constellation Energy Group from 2008 through March 2012 when Constellation merged with Exelon. Ms. Berzin also serves on the board of Baltimore Gas and Electric Company (BGE), an Exelon subsidiary.

KEY EXPERIENCE AND SKILLS:

- Financial, accounting and financial reporting experience
- Senior Management Leadership / CEO Experience
- Knowledge of Exelon's business / industry experience
- Government and regulatory experience
- Risk oversight / risk management experience
- Investor relations / investment management experience

Ms. Berzin has broad business and executive leadership experience, as well as expertise in the financial services sector, which is particularly valuable for her service on the finance and risk and audit committees.

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Election of Directors

CHRISTOPHER M. CRANE

President and Chief Executive Officer of Exelon Corporation

Age: 57
Director since: 2012

Committees:
Member-Finance and Risk Committee (eff. 2/1/16)
Member-Generation Oversight Committee
Member-Investment Oversight Committee

Mr. Crane is President and Chief Executive Officer of Exelon Corporation. Previously, he served as President and Chief Operating Officer, Exelon and Exelon Generation from 2008 to 2012. In that role, he oversaw one of the U.S. industry's largest portfolios of electric generating capacity, with a multi-regional reach and the nation's largest fleet of nuclear power plants. He directed a broad range of activities including major acquisitions, transmission strategy, cost management initiatives, major capital programs, generation asset optimization and generation development. Mr. Crane is one of the leading executives in the electric utility and power industries. He is a member of the executive committee of the Edison Electric Institute and the board of directors of the Institute of Nuclear Power Operations, the industry organization promoting the highest levels of safety and reliability in nuclear plant operation. He is vice chairman of the Nuclear Energy Institute, the nation's nuclear industry trade association, where he has also served as chairman of the New Plant Oversight Committee and as a member of the Nuclear Strategic Issues Advisory Committee, the Nuclear Fuel Supply Committee and the Materials Initiative Group. Mr. Crane served as a director of Aleris International Inc. from 2010 through 2013 (manufacture and sale of aluminum rolled and extruded products), where he served on the compensation committee and as the chair of the nominating and corporate governance committee. Mr. Crane also serves as chair of the boards of directors of Exelon subsidiaries BGE, Commonwealth Edison Company (ComEd) and PECO Energy Company (PECO).

KEY EXPERIENCE AND SKILLS:

- Financial, accounting and financial reporting experience
- Senior Management Leadership / CEO Experience
- Knowledge of Exelon's business / industry experience
- Innovation and technology experience
- Government and regulatory experience
- Risk oversight / risk management experience
- Investor relations / investment management experience
- Manufacturing, construction, engineering and performance management experience

Mr. Crane oversees a family of companies representing every stage of the energy value chain, including Exelon Generation, one of the largest competitive U.S. power generators, with approximately 32,000 megawatts of owned capacity comprising one of the nation's cleanest and lowest-cost power generation fleets; Constellation, which provides energy products and services to more than 2.5 million residential, public sector and business customers, including more than two-thirds of the Fortune 100; and Exelon's three utilities, which deliver electricity and natural gas to more than 7.8 million customers in central Maryland (BGE), northern Illinois (ComEd) and southeastern Pennsylvania (PECO).

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Election of Directors

YVES C. DE BALMANN

Former Co-Chairman of Bregal Investments LP

Age: 69
Director since: 2012

Committees:
Member-Audit Committee Member-Compensation and Leadership Development Committee
Member-Finance and Risk Committee

Mr. de Balmann served as the Co-Chairman of Bregal Investments LP, a private equity investing firm, from September 2002 through December 2012. He was Vice-Chairman of Bankers Trust Corporation, in charge of Global Investment Banking, until its merger with Deutsche Bank in 1999 when he became Co-Head of Deutsche Bank's Global Investment Bank, and Co-Chairman and Co-Chief Executive Officer of Deutsche Banc Alex. Brown from June 1999 to April 2001, and then a Senior Advisor to Deutsche Bank AG from April 2001 to June 2003. Mr. de Balmann served as a director of Laureate Education, Inc. through December 2014; and he is non-executive Chairman of Conversant Intellectual Property Management. Mr. de Balmann served as a director of Constellation Energy Group from 2003 through March 2012 when Constellation merged with Exelon.

KEY EXPERIENCE AND SKILLS:

- Financial, accounting and financial reporting experience
- Senior Management Leadership / CEO Experience
- Knowledge of Exelon's business / industry experience
- Risk oversight / risk management experience
- Investor relations / investment management experience
- Manufacturing, construction, engineering and performance management experience

Mr. de Balmann has extensive experience in corporate finance, including the derivatives and capital markets as well as industry experience as a director of Constellation Energy Group from 2003 through 2012.

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Election of Directors

NICHOLAS DEBENEDICTIS

Chairman, Aqua America Inc.

Age: 70
Director since: 2002

Committees:
Member-Corporate Governance Committee
Member-Finance and Risk Committee
Member-Generation Oversight Committee

Mr. DeBenedictis is the Chairman (since 1993) and former President and Chief Executive Officer (1992 - 2015) of Aqua America Inc., a water utility with operations in 10 states. Aqua America is the second largest U.S.-based, publicly-traded water and wastewater company in the country. As CEO, Mr. DeBenedictis has experience in dealing with many of the same development, land use and utility regulatory issues that affect Exelon and its subsidiaries. Mr. DeBenedictis also has extensive experience in environmental regulation and economic development, having served in two cabinet positions in the Pennsylvania government, as Secretary of the Pennsylvania Department of Environmental Resources and as Director of the Office of Economic Development. He also spent eight years with the U.S. Environmental Protection Agency and was President of the Greater Philadelphia Chamber of Commerce for three years. Mr. DeBenedictis joined the board of MISTRAS Group (non-destructive testing) in October 2015 and serves on the Audit Committee. Mr. DeBenedictis has also served as a director of P.H. Glatfelter, Inc. (global supplier of specialty papers and engineered products) since 1995, where he has served on the audit, compensation and finance, and nominating and corporate governance committees and currently serves as the chair of the finance committee and on the compensation committee. Mr. DeBenedictis served as a director of Met-Pro Corporation (global provider of solutions and products for product recovery, pollution control, and fluid handling applications) (1997-2010). While a director of Met-Pro, he served as presiding independent director, chair of the corporate governance and nominating committee and a member of the audit committee. Mr. DeBenedictis has a master's degree in environmental engineering and science. Mr. DeBenedictis also serves on the boards of ComEd and PECO, which are Exelon subsidiaries.

KEY EXPERIENCE AND SKILLS:

- Financial, accounting and financial reporting experience
- Senior Management Leadership / CEO Experience
- Knowledge of Exelon's business / industry experience
- Government and regulatory experience
- Risk oversight / risk management experience
- Investor relations / investment management experience
- Manufacturing, construction, engineering and performance management experience

As a leader in the greater Philadelphia business community, Mr. DeBenedictis has knowledge of the communities and local economies served by PECO. Mr. DeBenedictis' contribution to the Exelon board is enhanced by his experience as the former CEO of a public company, his experience on the boards of other companies, his experience as a utility executive, and his experience with environmental regulation, all of which bring useful perspectives to the Exelon board's finance and risk committee and the generation oversight committee. His prior experience as the presiding director and chair of the corporate governance committee of another public company offers additional insight to the functions of the Exelon corporate governance committee.

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Election of Directors

NANCY L. GIOIA

Former Executive, Ford Motor Company

Age: 55
Director since: 2016

Committees:
Member-Finance and Risk Committee (eff. 2/1/16)
Member-Generation Oversight Committee (eff. 2/1/16)

Ms. Gioia formerly served as Ford Motor Company's Director of Global Connectivity, Electrical and User Experience. During Ms. Gioia's more than 30-year career at Ford, she led the company's global electrification efforts. In this role, Ms. Gioia developed the technology, vehicle programs and value chain strategies as well as assessed the economic, social and environmental impacts including consumer insights and acceptance. Ms. Gioia worked closely with the Edison Electric Institute, the U.S. Department of Energy and the engineers at Ford to pilot and implement the strategy. Ms. Gioia serves on the board of Brady Corporation (international manufacturer and marketer, since 2013), where she is technology committee chair and serves on the compensation and management development committee. She also serves on the board and nominating committee of Inforum (women's professional development and business forum, since 2012) and is the former chair of the Automotive NEXT executive committee. Since 2014, she has also served as an advisory council member on the board of the University of Michigan Electrical and Computer Engineering Council.

KEY EXPERIENCE AND SKILLS:

- Financial, accounting and financial reporting experience
- Senior Management Leadership / CEO Experience
- Innovation and technology experience
- Government and regulatory experience
- Manufacturing, construction, engineering and performance management experience

Ms. Gioia's extensive background in innovation and product development provides the board with invaluable expertise. Ms. Gioia holds a bachelor of science in Electrical Engineering from the University of Michigan and a master of science in Manufacturing Systems Engineering from Stanford University.

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Election of Directors

LINDA P. JOJO

Executive Vice President and Chief Information Officer of United Continental Holdings, Inc.

Age: 50
Director since: 2015

Committees:
Member-Compensation and Leadership Development Committee (eff. 2/1/16)
Member-Finance and Risk Committee

Ms. Jojo is Executive Vice President and Chief Information Officer of United Continental Holdings, Inc. She is responsible for the effective implementation and management of technology strategy and solutions to support United's global business. She has held her current position at United since September 2014. Prior to joining United, she served as Executive Vice President and Chief Information Officer for Rogers Communications Inc., a position she assumed in July 2011. There she was responsible for all IT systems for both customer facing and business support systems. Ms. Jojo served from 2008 to 2011 as Senior Vice President and Chief Information Officer for Energy Future Holdings Corporation in Dallas, which holds a portfolio of competitive and regulated energy companies. She served as Chief Information Officer of Flowserve Corporation in Irving, Texas, from June 2004 to 2008. Ms. Jojo worked for nearly 15 years in leadership positions at General Electric, ultimately serving as the Chief Information Officer of GE Silicones. She started her career at Digital Equipment Corporation. She is also on the board of trustees of the Adler Planetarium in Chicago.

KEY EXPERIENCE AND SKILLS:

- Financial, accounting and financial reporting experience
- Senior Management Leadership / CEO Experience
- Knowledge of Exelon's business / industry experience
- Innovation and technology experience
- Manufacturing, construction, engineering and performance management experience

Ms. Jojo has a wealth of experience leading complex IT organizations and brings important information technology and innovation expertise to Exelon's board of directors. Ms. Jojo holds a bachelor's degree in Computer Science and a master's degree in Industrial Engineering, both from Rensselaer Polytechnic Institute, Troy, N.Y.

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Election of Directors

PAUL L. JOSKOW, PH. D.

President of the Alfred P. Sloan Foundation

Age: 68
Director since: 2007

Committees:
Member-Audit Committee
Member-Finance and Risk Committee
Member-Investment Oversight Committee

Dr. Joskow has been the President of the Alfred P. Sloan Foundation since January 1, 2008. The Sloan Foundation is a philanthropic institution that supports research and education in science, technology and economic performance. He is also the Elizabeth and James Killian Professor of Economics and Management Emeritus at the Massachusetts Institute of Technology (MIT). Dr. Joskow joined the MIT faculty in 1972 and served as head of the MIT Department of Economics (1994-1998) and Director of the MIT Center for Energy and Environmental Policy Research (1999-2007). At MIT he was engaged in teaching and research in the areas of industrial organization, energy and environmental economics, competition policy, and government regulation of industry for over 35 years. Much of his research and consulting activity has focused on the electric power industry, electricity pricing, fuel supply, demand, generating technology, and regulation. He is a Fellow of the American Academy of Arts and Sciences, the Econometric Society and a Distinguished Fellow of the American Economic Association. He has served on the U.S. Environmental Protection Agency's ("EPA") Acid Rain Advisory Committee, on the Environmental Economics Committee of EPA's Science Advisory Board, and on the National Commission on Energy Policy. He served as the Chair of the National Academies Board of Science, Technology and Economic Policy through April 1, 2015 and on the Secretary of Energy Advisory Board until October 1, 2015. He is also a Trustee of the Putnam Mutual Funds. In addition to his teaching, research, publishing and consulting activities, he has experience in the energy business, serving as a director of New England Electric System, a public utility holding company (1987-2000), until it was acquired by National Grid. He then served as a director of National Grid plc, an international electric and gas utility holding company, and one of the largest investor-owned utilities in the world (2000-2007). Dr. Joskow served as a director of TransCanada Corporation from 2004 until March 2013. TransCanada is an energy infrastructure company with gas pipelines, oil pipelines, electric power operations, and natural gas storage facilities. He served on the audit and governance committees of TransCanada. He previously served on the audit committee of National Grid (2000-2005) and was chair of its finance committee until 2007. He also served on the audit committee of New England Electric System and as the chair of the audit committee of the Putnam Mutual Funds (2002-2005).

KEY EXPERIENCE AND SKILLS:

- Financial, accounting and financial reporting experience
- Senior Management Leadership / CEO Experience
- Knowledge of Exelon's business / industry experience
- Government and regulatory experience
- Risk oversight / risk management experience
- Investor relations / investment management experience

Dr. Joskow's extensive background in economics and experience as a utilities director offer a unique set of skills to the company's board of directors.

Election of Directors

ROBERT J. LAWLESS

Former Chairman of the Board of McCormick & Company, Inc.

Age: 69
Director since: 2012

Committees:
Chair-Corporate Governance Committee
Member-Compensation and Leadership Development Committee
Member-Finance and Risk Committee (eff. 2/1/16)

Mr. Lawless served as Chairman of the Board of McCormick & Company, Inc. (food manufacturing industry) from January 1997 until March 2009, having also served as President until December 2006 and Chief Executive Officer until January 2008, and is now retired. He is also a director of The Baltimore Life Insurance Company. Mr. Lawless served as a director of Constellation Energy Group from 2002 through March 2012 when Constellation merged with Exelon.

KEY EXPERIENCE AND SKILLS:

- Financial, accounting and financial reporting experience
- Senior Management Leadership / CEO Experience
- Knowledge of Exelon's business / industry experience
- Investor relations / investment management experience
- Manufacturing, construction, engineering and performance management experience

Mr. Lawless has extensive executive leadership and strategic planning experience. As a former chief executive officer of a public company, he can provide a critical perspective on issues affecting public companies.

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Election of Directors

RICHARD W. MIES

President and Chief Executive Officer of The Mies Group, Ltd.

Age: 71
Director since: 2009

Committees:
Chair-Generation Oversight Committee
Member-Audit Committee Member-Finance & Risk Committee

Admiral Mies is President and Chief Executive Officer of The Mies Group, Ltd, a private consulting firm that provides strategic planning and risk assessment advice and assistance to clients on international security, energy, defense, and maritime issues. A graduate of the Naval Academy, he completed a 35-year career as a nuclear submariner in the US Navy. Admiral Mies has a wide range of operational command experience; he served as the senior operational commander of the US Submarine Force and he commanded U.S. Strategic Command for four years prior to retirement in 2002. He subsequently served as a Senior Vice President of Science Applications International Corporation, a provider of scientific and engineering applications for national security, energy, and the environment, and as the President and Chief Executive Officer of Hicks and Associates, Inc, a subsidiary of Science Applications International Corporation from 2002-2007. Admiral Mies served as a director of Mutual of Omaha, an insurance and banking company, from 2002-2014, where he chaired the governance committee and served as a member of the audit, compensation, investment, and executive committees. From 2008–2010 Admiral Mies was a director of McDermott International, an engineering and construction company focused on energy infrastructure, where he served on the audit and governance committees. In 2010 he transitioned to the board of Babcock and Wilcox (B&W) when that company spun off from McDermott International. He was the chair of B&W's safety and security committee and served on the governance committee. Following the split of B&W into Babcock and Wilcox Enterprises and BWX Technologies, Inc., he transitioned to the board of BWXT where he serves on the governance and compensation committees. He is also a member of the Boards of Governors of Los Alamos and Lawrence Livermore National Security LLCs that operate their respective national laboratories. In addition to an undergraduate degree in mechanical engineering and mathematics, Admiral Mies completed post-graduate education at Oxford University, the Fletcher School of Law and Diplomacy, and Harvard University and holds a master's degree in government administration and international relations.

KEY EXPERIENCE AND SKILLS:

- Financial, accounting and financial reporting experience
- Senior Management Leadership / CEO Experience
- Knowledge of Exelon's business / industry experience
- Innovation and technology experience
- Government and regulatory experience
- Risk oversight / risk management experience
- Manufacturing, construction, engineering and performance management experience

Admiral Mies makes a unique contribution to Exelon's generation oversight, finance and risk, and audit committees through his extensive leadership experience with nuclear power and strategic planning in the Navy and in business and through his experience on the boards of other companies.

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Election of Directors

JOHN W. ROGERS, JR.

Chairman and CEO of Ariel Investments, LLC

Age: 57
Director since: 2000

Committees:
Chair-Investment Oversight Committee
Member-Corporate Governance Committee
Member-Finance and Risk Committee (eff. 2/1/16)

Mr. Rogers is the founder, Chairman and CEO of Ariel Investments, LLC, an institutional money management firm with over $9 billion in assets under management, and serves as trustee of the Ariel Investment Trust. Since 2003, he has served as a director of McDonald's Corporation (global foodservice retailer) where he has served on the compensation, finance and governance committees. Previously, he served as a director of Aon Corporation (risk management services, insurance and reinsurance brokerage and human capital and management consulting services) (1993-2012), where he served on the finance committee and as chair of the audit committee; GATX Corporation (rail, marine and industrial equipment leasing) (1998-2004), where he served on the audit committee; Bank One Corporation (bank) (1998-2004), where he served on the audit and risk management and public responsibility committees; and Bally Total Fitness (fitness and health clubs) (2003-2006), where he served as the lead independent director and as chair of the compensation committee.

KEY EXPERIENCE AND SKILLS:

- Financial, accounting and financial reporting experience
- Senior Management Leadership / CEO Experience
- Knowledge of Exelon's business / industry experience
- Government and regulatory experience
- Risk oversight / risk management experience
- Investor relations / investment management experience

Mr. Rogers' experience on the boards of a number of major corporations based in Chicago in a variety of industries has made him a leader in the Chicago business community with perspective into Chicago business developments. His role in Chicago's and the nation's African-American community brings diversity to the board and emphasis to Exelon's diversity initiatives and community outreach. His experience in investment management and financial markets and as a director of an insurance brokerage and services company are useful to Exelon, particularly with respect to risk management and the management of Exelon's extensive nuclear decommissioning and pension and post-retirement benefit trust funds, which are overseen by the investment oversight committee, which he chairs. Mr. Rogers' service on the boards and committees of other companies has given him experience that adds further depth to the Exelon corporate governance committee. He has spoken at and participated in a number of corporate governance conferences. He was named by the Outstanding Directors Exchange as one of six 2010 Outstanding Directors.

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Election of Directors

MAYO A. SHATTUCK III

Former Chairman, President and Chief Executive Officer of Constellation Energy

Age: 61
Director since: 2012

Chairman of the Board

Committees:
Member-Finance and Risk Committee (eff. 2/1/16)
Member-Generation Oversight Committee
Member-Investment Oversight Committee

Mr. Shattuck is Chairman of the Board of Exelon Corporation. Previously, Mr. Shattuck served as the Executive Chairman from March 2012 to February 2013. Prior to joining Exelon, Mr. Shattuck was the Chairman, President and Chief Executive Officer of Constellation Energy, a position he held from 2001 to March 2012. Mr. Shattuck was previously at Deutsche Bank, where he served as Chairman of the Board of Deutsche Bank Alex. Brown and, during his tenure, served as Global Head of Investment Banking and Global Head of Private Banking. From 1997 to 1999, he served as Vice Chairman of Bankers Trust Corporation, which merged with Deutsche Bank in June 1999. From 1991 until 1997, Mr. Shattuck was President and Chief Operating Officer and a Director of Alex. Brown Inc., which merged with Bankers Trust in September 1997. Mr. Shattuck is the past Chairman of the Board of the Institute of Nuclear Power Operations and was previously a member of the executive committee of the board of Edison Electric Institute. He was also Co-Chairman of the Center for Strategic & International Studies Commission on Nuclear Policy in the United States. He currently serves on the board of directors of Gap Inc. and is chairman of its audit and finance committee. He also serves as a director of Capital One Financial Corporation, where he is chairman of its compensation committee.

KEY EXPERIENCE AND SKILLS:

- Financial, accounting and financial reporting experience
- Senior Management Leadership / CEO Experience
- Knowledge of Exelon's business / industry experience
- Innovation and technology experience
- Government and regulatory experience
- Risk oversight / risk management experience
- Investor relations / investment management experience
- Manufacturing, construction, engineering and performance management experience

Mr. Shattuck's qualifications to serve as director include his extensive experience in business and the energy industry in particular, gained from his service as Constellation Energy's Chief Executive Officer, which enables him to effectively identify strategic priorities and execute strategy. His financial expertise gained from his years of experience in the financial services industry also brings a valuable perspective to the board.

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Election of Directors

STEPHEN D. STEINOUR

Chairman, President and Chief Executive Officer of Huntington Bancshares Incorporated

Age: 57
Director since: 2007

Committees:
Chair-Finance & Risk Committee
Member-Audit Committee

Mr. Steinour is the Chairman, President and Chief Executive Officer of Huntington Bancshares Incorporated (since 2009), a $64 billion regional bank holding company. Previously, he was the Chairman and Managing Partner of CrossHarbor Capital Partners, a private equity firm (2008-January 2009). From 2006 to 2008, he was President and CEO of Citizens Financial Group, Inc., a multistate commercial bank holding company. Prior to that, Mr. Steinour served as Vice Chairman and Chief Executive Officer of Citizens Mid-States regional banking (2005-2006). He served as Vice Chairman and Chief Executive Officer of Citizens Mid-Atlantic Region (2001-2005). At the beginning of his career, Mr. Steinour was an analyst for the U.S. Treasury Department and subsequently worked for the Federal Deposit Insurance Corporation. Mr. Steinour was a member of the board of trustees of the Liberty Property Trust (an office and industrial property real estate investment trust) from February 2010 until May 2014, where he served on its audit and compensation committees. Mr. Steinour has served on the board of directors of L Brands (fashion retailer) since 2014. He was elected to The Ohio State University Wexner Medical Center Board in November 2013. Mr. Steinour is a member of council of The Pennsylvania Society, a non-profit, charitable organization which celebrates service to the Commonwealth of Pennsylvania. He also serves as a trustee of the Eisenhower Fellowships and is a member of the Columbus Partnership and a trustee of the Columbus Downtown Development Corporation. He is a member of the American Bankers Association. Mr. Steinour also served as a member on the policy and legal affairs committees of the Pennsylvania Business Roundtable, an association of CEOs in large Pennsylvania companies representing significant employment and economic activity in the Commonwealth. He also has served on the board of and as the chairman of the Greater Philadelphia Chamber of Commerce.

KEY EXPERIENCE AND SKILLS:

- Financial, accounting and financial reporting experience
- Senior Management Leadership / CEO Experience
- Innovation and technology experience
- Government and regulatory experience
- Risk oversight / risk management experience
- Investor relations / investment management experience

Mr. Steinour's experience at Citizens Bank gave him knowledge of the markets that Exelon Generation and PECO serve. His experience as a banker, with strong credit and risk management experience and knowledge of credit and capital markets, and his experience as Chairman and CEO of Huntington Bancshares enhances Mr. Steinour's value to the Exelon board and to the finance and risk and audit committees.

Corporate Governance at Exelon

DIRECTOR INDEPENDENCE

Under Exelon's Corporate Governance Principles, a substantial majority of the board must be composed of independent directors, as defined by the NYSE. In addition to complying with the NYSE rules, Exelon monitors the independence of audit and compensation and leadership development committee members under rules of the SEC (for members of the audit committee and compensation and leadership development committee) and the Internal Revenue Service (for members of the compensation and leadership development committee). The board has adopted independence criteria corresponding to the NYSE rules for director independence and the following categorical standards to address those relationships that are not specifically covered by the NYSE rules:

1. A director's relationship with another company with which Exelon does business will not be considered a material relationship that would impair the director's independence if the aggregate of payments made by Exelon to that other company, or received by Exelon from that other company, in the most recent fiscal year, is less than the greater of $1 million or 5% of the recipient's consolidated gross revenues in that year. In making this determination, a commercial transaction will not be deemed to affect a director's independence, if and to the extent that: (a) the transaction involves rates or charges that are determined by competitive bidding, set with reference to prevailing market prices set by a well-established commodity market, or fixed in conformity with law or governmental authority; or (b) the provider of goods or services in the transaction is determined by the purchaser to be the only practical source for the purchaser to obtain the goods or services.
2. If a director is a current employee, or a director's immediate family member is an executive officer, of a charitable or other tax-exempt organization to which Exelon has made contributions, the contributions will not be considered a material relationship that would impair the director's independence if the aggregate of contributions made by Exelon to that organization in its most recent fiscal year is less than the greater of $1 million or 2% of that organization's consolidated gross receipts in that year. In any other circumstance, a director's relationship with a charity or other tax-exempt organization to which Exelon makes contributions will not be considered a material relationship that would impair the director's independence if the aggregate of all contributions made by Exelon to that organization in its most recent fiscal year is less than the greater of $1 million or 5% of that organization's consolidated gross receipts in that year. Transactions and relationships with charitable and other tax-exempt organizations that exceed these standards will be evaluated by the board to determine whether there is any effect on a director's independence.

Each year, directors are requested to provide information about their business relationships with Exelon, including other boards on which they may serve, and their charitable, civic, cultural and professional affiliations. We also gather information on significant relationships between their immediate family members and Exelon. All relationships are evaluated by Exelon's Office of Corporate Governance for materiality. Data on transactions between Exelon and companies for which an Exelon director or an immediate family member serves as a director or executive officer are presented to the corporate governance committee, which reviews the data and makes recommendations to the full board regarding the materiality of such relationships for the purpose of assessing director independence. The same information is considered by the full board in making the final determination of independence.

Mr. Crane is not considered an independent director because of his employment as president and chief executive officer of Exelon. Each of the other current Exelon directors was determined by our board of directors to be "independent" under applicable guidelines presented above. The amounts involved in the transactions between Exelon and its subsidiaries, on the one hand, and the companies with which a director or an immediate family member is associated, on the other hand, all fell below the thresholds specified by the NYSE rules and the categorical standards specified in the company's Corporate Governance Principles. Because Exelon provides utility services through its subsidiaries BGE, ComEd, PECO and Constellation and many of its directors live in areas served by the Exelon subsidiaries, many of the directors are affiliated with businesses and charities that receive utility services from Exelon's subsidiaries. The corporate governance committee does not review transactions pursuant to which Exelon sells gas or electricity to these businesses or charities at tariffed rates. Similarly, because Exelon and its subsidiaries are active in their communities and make substantial charitable

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contributions, and many of Exelon's directors live in communities served by Exelon and its subsidiaries and are active in those communities, many of Exelon's directors are affiliated with charities that receive contributions from Exelon and its subsidiaries. None of the directors or their immediate family members is an executive officer of any charitable organizations to which Exelon or its subsidiaries contribute. All such payments to charitable organizations were immaterial under the applicable independence criteria.

We describe below various transactions and relationships considered by the board in assessing the independence of Exelon directors.

Ann C. Berzin
Ms. Berzin serves as a director of a public company that provides equipment and services to Exelon Generation. In 2015, Exelon paid that company approximately $238,000.

Nicholas DeBenedictis
Mr. DeBenedictis serves as the chairman, president and chief executive officer of a public water utility company that received approximately $11,800,000 from Exelon for water supplies. Exelon made these purchases under tariffed utility rates. Mr. DeBenedictis serves as a director of a not-for-profit company that received approximately $4,000,000 from Exelon for health care coverage for Exelon employees. Mr. DeBenedictis serves as a director of a company that Exelon paid $1,500,000 in 2015 for Renewable Energy Credits. Mr. DeBenedictis also serves on the Advisory Board of a company which provides financial services for which Exelon paid $7,200,000 in 2015.

Linda P. Jojo
Ms. Jojo is an employee of a commercial airline. In 2015, Exelon paid that company approximately $5,400,000.

Richard W. Mies
Admiral Mies serves as the director of a public company that provides services to Exelon Generation. In 2015, Exelon paid that company approximately $3,900,000.

John W. Rogers, Jr.
Mr. Rogers serves as a director of a company that is a customer of Exelon. The company paid Exelon approximately $18,700,000 in 2015.

Mayo A. Shattuck III
Mr. Shattuck serves as a director of a company that provides service fees and hosting and maintenance fees in connection with analytic services. In 2015, Exelon paid that company approximately $1,800,000 as a result of a competitive bidding process.

Stephen D. Steinour
Mr. Steinour is the chairman, president and chief executive officer of a company that provided financial services to Exelon. In 2015, Exelon paid that company approximately $1,100,000. For additional information, see Related Person Transactions below.

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Corporate Governance at Exelon

RELATED PERSON TRANSACTIONS

Exelon has a written policy for the review and approval or the ratification of related person transactions. Transactions covered by the policy include commercial transactions for goods and services and the purchase of electricity or gas at non-tariffed rates from Exelon or any of its subsidiaries by an entity affiliated with a director or officer of Exelon. The retail purchase of electricity or gas from BGE, ComEd or PECO at rates set by tariff, and transactions between or among Exelon or its subsidiaries are not considered. Charitable contributions approved in accordance with Exelon's Charitable Contribution Guidelines are deemed approved or ratified under the Related Persons Transaction policy and do not require separate consideration and ratification.

As required by the policy, the board reviewed all commercial, charitable, civic and other relationships with Exelon in 2015 that were disclosed by directors and executive officers of Exelon, BGE, ComEd and PECO, and by executive officers of Exelon Generation that required separate consideration and ratification. The Office of Corporate Governance collected information about each of these transactions, including the related persons and entities involved and the dollar amounts either paid by or received by Exelon. The Office of Corporate Governance also conducted additional due diligence, where required to determine the specific circumstances of the particular transaction, including whether it was competitively bid or whether the consideration paid was based on tariffed rates.

The corporate governance committee and the board reviewed the analysis prepared by the Office of Corporate Governance, which identified those related person transactions which required ratification or approval, under the terms of the policy, or disclosure under the SEC regulations. The corporate governance committee and the board considered the facts and circumstances of each of these related person transactions, including the amounts involved, the nature of the director's or officer's relationship with the other party to the transaction, whether the transaction was competitively bid and whether the price was fixed or determined by a tariffed rate.

The committee recommended that the board ratify all of the transactions. On the basis of the committee's recommendation, the board did so. Several transactions were ratified because the related person served only as a director of the affiliated company, was not an officer or employee of the affiliated company and did not have a pecuniary or material interest in the transaction. For some of these transactions, the value or cost of the transaction was very small, and the board considered the de minimis nature of the transaction as further reason for ratifying it. The board approved and ratified other transactions that were the result of a competitive bidding process, and therefore were considered fairly priced, or arms-length, regardless of any relationship. The remaining transactions were approved by the board, even though the director is an executive officer of the affiliated company, because the transactions involved only retail electricity or gas purchases under tariffed rates or the price and terms were determined as a result of a competitive bidding process. Only one of the related person transactions is required to be disclosed in this proxy statement.

Huntington Bank is a lender to Exelon and its subsidiaries and participates in their credit facilities. Huntington participates in the credit facilities on the same basis as other participating banks with terms based on a competitive process with a syndicate of banks. In 2015, Exelon and its subsidiaries paid Huntington Bank approximately $1,100,000 in fees for credit facilities and letters of credit. Mr. Steinour, an Exelon director, is also Chairman, President and Chief Executive Officer of Huntington Bancshares, the parent of Huntington Bank.

The corporate governance committee and the Exelon board reviewed Huntington Bank's participation in the credit facilities as related person transactions and concluded that the transactions were in the best interests of Exelon because Huntington participates in the credit facilities on terms equivalent to those of an unrelated bank. There is no indication that Mr. Steinour was involved in the negotiations of the credit facilities or had any direct or indirect material interest in the transactions or influence over them. As compared to Exelon's and Huntington's overall revenues, the transactions are immaterial, individually and in the aggregate.

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Corporate Governance at Exelon

CORPORATE GOVERNANCE PRINCIPLES

Exelon is committed to maintaining the highest standards of corporate governance. We believe that strong corporate governance is critical to achieving our performance goals and maintaining the trust and confidence of investors, employees, customers, regulatory agencies and other stakeholders.

Our Corporate Governance Principles, together with the board committee charters, provide the framework for the effective governance of Exelon. The board of directors has adopted our Corporate Governance Principles to address matters including qualifications for directors, standards of independence for directors, election of directors, responsibilities and expectations of directors, and evaluating board, committee and individual director performance. The Corporate Governance Principles also address director orientation and training, the evaluation of the chief executive officer and succession planning. The Corporate Governance Principles are revised from time to time to reflect emerging governance trends and to better address the particular needs of the company as they change over time.

THE BOARD'S FUNCTION AND STRUCTURE

Exelon's business, property and affairs are managed under the direction of the board of directors. The board is elected by shareholders to oversee management of the company in the long-term interest of all shareholders. All directors stand for election annually and in uncontested elections must be elected by a majority of the votes cast. The board considers the interests of other constituencies, which include customers, employees, annuitants, suppliers, the communities we serve, and the environment. The board is committed to ensuring that Exelon conducts business in accordance with the highest standards of ethics, integrity, and transparency.

BOARD LEADERSHIP

Exelon's Corporate Governance Principles grant the board of directors discretion to separate the roles of chairman and chief executive officer if the board determines that such a separation is in the best interests of Exelon and its shareholders. Upon the completion of the merger between Exelon and Constellation Energy Group in 2012, the board of directors separated the positions of chairman of the board and chief executive officer. Currently, Mayo A. Shattuck III serves as the independent chairman of the board of directors. Christopher M. Crane serves as president and chief executive officer of Exelon.

As specified in the Corporate Governance Principles, in the event the chairman of the board cannot fulfill his duties, the chair of the corporate governance committee would serve as the acting chairman of the board until such time as a chairman of the board is selected.

Exelon's Corporate Governance Principles establish the position of Lead Director when (1) the positions of chairman of the board and the chief executive officer are held by the same person, or (2) for other reasons the person holding the position of chairman of the board is not an independent director under the applicable director independence standards. Dr. William C. Richardson served as Lead Director during 2015. Exelon's chairman of the board is currently an independent director, so the board has not appointed a Lead Director. In the absence of appointment of a Lead Director when a Lead Director is required, the Corporate Governance Principles call for the chair of the corporate governance committee to serve as the Lead Director. Exelon's Corporate Governance Principles specify in detail the responsibilities of the Lead Director.

Corporate Governance at Exelon

The board believes that Exelon has in place effective arrangements and structures to ensure that the company maintains the highest standard of corporate governance and board independence and independent board leadership and continued accountability of the chairman and the CEO to the board. These arrangements and structures include:

- 12 of the 13 nominees are independent and meet the independence requirements under the NYSE listing standards and the additional independence requirements under the company's Corporate Governance Principles.
- The audit, compensation and leadership development, and corporate governance committees are composed solely of and chaired by independent directors. The finance and risk, investment oversight and generation oversight committees are chaired by independent directors.
- A significant portion of the business of the Exelon board is reviewed or approved by the board's committees, and the agendas of the board's committees are driven by the independent chairs through their discussions with management.
- The board agendas, in turn, are determined in large part by the committee agendas, and discussions at board meetings are driven to a significant degree by the committee agendas and the reports the committee chairs present to the full board.
- The performance and compensation of the CEO is reviewed annually by the full board in executive session under the leadership of the corporate governance and compensation and leadership development committees.

DIRECTOR RETIREMENT POLICY

Exelon's director retirement policy provides that independent directors must retire at the end of the calendar year in which he or she reaches the age of 75. Dr. William C. Richardson reached age 75 during 2015 and retired from the board effective December 31, 2015. Also, independent directors are required to submit to the board of directors a letter offering to resign if his or her principal occupation or business association changes substantially during his or her tenure as a director. The corporate governance committee will review and recommend to the board the action, if any, to be taken with respect to the offer of resignation.

BOARD OVERSIGHT OF RISK

The company operates in a market and regulatory environment that involves significant risks, many of which are beyond its control. The company has a risk management group consisting of a Chief Enterprise Risk Officer, a Chief Commercial Risk Officer, a Chief Credit Officer and a full-time staff of 130. The risk management group draws upon other company personnel for additional support on various matters related to the identification, assessment and management of enterprise risks. The company also has a Risk Management Committee comprising company officers who meet regularly to discuss matters related to enterprise risk management generally and particular risks associated with new developments or proposed transactions under consideration. Management of the company regularly meets with the Chief Enterprise Risk Officer and the Risk Management Committee to identify and evaluate the most significant risks of the businesses and appropriate steps to manage and mitigate those risks. In addition, the Chief Enterprise Risk Officer and the risk management group perform an annual assessment of enterprise risks, drawing upon resources throughout the company for an assessment of the probability and severity of the identified risks. The Chief Enterprise Risk Officer and senior executives of the company discuss those risks with the board's finance and risk committee as well as the audit committee and, when appropriate, the BGE, ComEd and PECO boards of directors. In addition, the Exelon board's generation oversight committee evaluates risks related to the company's generation business. The committees of the Exelon board regularly report to the full board on the committees' discussions of enterprise risks. In addition, the Exelon board regularly discusses enterprise risks in connection with consideration of emerging trends or developments and in connection with the evaluation of capital investments and other business opportunities and business strategies.

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Corporate Governance at Exelon

BOARD/COMMITTEE/DIRECTOR EVALUATION

The board has a three-part annual evaluation process that is coordinated by the chair of the corporate governance committee: committee self-evaluations; a full board evaluation; and the evaluation of the individual directors. The committee self-evaluations consider whether and how well each committee has performed the responsibilities in its charter, whether the committee members possess the right skills and experience to perform their responsibilities or whether additional education or training is required, whether there are sufficient meetings covering the right topics, whether the meeting materials are effective, and other matters. The full board evaluation considers the following factors, among others, in light of the committee self-assessments: (1) the effectiveness of the board organization and committee structure; (2) the quality of meetings, agendas, presentations and meeting materials; (3) the effectiveness of director preparation and participation in discussions; (4) the effectiveness of director selection, orientation and continuing education processes; (5) the effectiveness of the process for establishing the CEO's performance criteria and evaluating his performance; and (6) the quality of administrative planning and logistical support.

Individual director performance assessments are conducted informally as needed and involve a discussion among the chairman and other directors, including members of the corporate governance committee, using the performance expectations for directors contained in the Corporate Governance Principles. In addition, the chair of the corporate governance committee or the chairman of the board provides individual feedback, as necessary.

DIRECTOR EDUCATION

The board has a program for orienting new directors and providing continuing education for all directors that is overseen by the corporate governance committee. The orientation program is tailored to the needs of each new director depending on his or her level of experience serving on other boards and knowledge of the company or industry acquired before joining the board. New directors receive materials about Exelon, the board and board policies and operations and attend meetings with the CEO and executive vice presidents and members of their staff for a briefing on the executives' responsibilities, programs and challenges. New directors are also scheduled for tours of various company facilities, depending on their orientation needs (incumbent directors are also invited to participate in the site visits, if available).

Continuing director education is provided during portions of regular board and committee meetings and focuses on the topics necessary to enable the board to consider effectively issues before them at that time (such as new regulatory or accounting standards). The education often takes the form of "white papers," covering timely subjects or topics, which a director can review before the meeting and ask questions about during the meeting. The audit committee devotes a meeting each year to educating the committee members about new accounting rules and standards, and topics that are necessary to having a good understanding of our accounting practices and financial statements. The generation oversight committee uses site visits as a regular part of education for its members; the committee holds each meeting at a different generating station (nuclear, fossil or hydro) and the agenda always includes a briefing by local plant management, a tour of the facility and lunch with plant personnel. Continuing director education also involves individual directors' attendance at director education seminars. The company pays the cost for any director to attend outside director education seminars on corporate governance or other topics relevant to their service as directors.

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Corporate Governance at Exelon

INFORMATION ABOUT THE BOARD COMMITTEES

In determining the membership of the committees, the corporate governance committee has sought to have each committee reflect a range of backgrounds and experience and diversity. Every member of the audit committee qualifies as an “audit committee financial expert,” as defined by SEC rules, and most of the members serve or have served on audit committees of other companies. The chairs of the audit and finance and risk committees sit on each other’s committees, and there was significant overlap in the membership of these two committees in 2015. Similarly, the chairs of the corporate governance and compensation and leadership development committees sit on each other’s committees, which is helpful in the company’s process for evaluating the performance and setting the compensation of the CEO. Several members of the corporate governance committee serve or have served on the corporate governance committees of other corporations. Several of the members of the compensation and leadership development committee have served on the compensation committees of other corporations. The investment oversight committee includes members with experience in investment banking and the economics of energy. Effective February 1, 2016, the finance and risk committee includes all members of the board of directors. The finance and risk committee, therefore, includes members with experience in the economics of energy, nuclear operations, and banking and investment management, reflecting experience in dealing with the range of risks that the company faces.

In 2015, six standing committees assisted the board in carrying out its duties: the audit committee, the compensation and leadership development committee, the corporate governance committee, the finance and risk committee, the generation oversight committee and the investment oversight committee. The chairman and the CEO are invited guests and are welcome to attend all committee meetings, except for the CEO when the independent directors meet in executive session. The committees, their membership during 2015 and current memberships, changes in committee assignments in 2015 and 2016, and their principal responsibilities are described below:

Audit	Compensation and Leadership Development	Corporate Governance	Finance and Risk	Generation Oversight	Investment Oversight
Anderson (Chair)	Canning (Chair)	Lawless (Chair)	Steinour (Chair)	Mies (Chair)	Rogers (Chair)
Berzin	de Balmann	Canning	Anderson	Anderson	Crane
de Balmann	Jojo [2]	DeBenedictis	Berzin	Crane	Joskow
Joskow	Lawless	Richardson [1]	Canning [2]	DeBenedictis	Shattuck
Mies	Richardson [1]	Rogers	Crane [2]	Diaz [3]	
Richardson [1]			de Balmann	Gioia [2]	
Steinour			DeBenedictis	Shattuck	
			Diaz [3]		
			Gioia [2]		
			Jojo [4]		
			Joskow		
			Lawless [2]		
			Mies		
			Rogers [2]		
			Shattuck [2]		

Notes to Committee Membership Table:

1) Through December 31, 2015, upon Dr. William C. Richardson’s retirement from the board.
2) Effective February 1, 2016.
3) Through April 28, 2015, upon Hon. Nelson A. Diaz’ retirement from the board.
4) Effective September 1, 2015.

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Corporate Governance at Exelon

AUDIT COMMITTEE

Report of the Audit Committee

The audit committee's primary responsibility is to assist the board of directors in fulfilling its responsibility to oversee and review the quality and integrity of the company's financial statements and internal controls over financial reporting, the independent auditor's qualifications and independence, and the performance of the company's internal audit function and of its independent auditor.

The audit committee is comprised entirely of independent directors and is governed by a board-approved, written charter stating its responsibilities. The charter is reviewed annually and updated, as appropriate, to address changes in regulatory requirements, authoritative guidance, evolving oversight practices and investor feedback. The audit committee charter was last amended on January 26, 2016, and is available on the Exelon website at www.exeloncorp.com on the corporate governance page under the Investors tab, and is available in print to any shareholder who requests a copy from Exelon's corporate secretary as described on page 93 of this proxy statement.

The audit committee satisfies the independence, financial experience and other qualification requirements of the New York Stock Exchange (NYSE) and applicable securities laws and regulations. The board of directors has determined that each of the members of the audit committee is an "audit committee financial expert" for purposes of the SEC's rules and also that each of the members of the audit committee is independent as defined by the rules of the NYSE and Exelon's Corporate Governance Principles.

Under its charter, the audit committee's principal duties include:

- Having sole authority to appoint, retain, or replace the independent auditor, subject to shareholder ratification, and to oversee the independence, compensation and performance of the independent auditor;
- Reviewing financial reporting and accounting policies and practices;
- Overseeing the work of the internal auditor and reviewing internal controls;
- With the advice and assistance of the finance and risk committee, reviewing in a general manner the processes by which Exelon assesses and manages enterprise risk; and
- Reviewing policies and procedures with respect to internal audits of officers' and directors' expenses, compliance with Exelon's Code of Business Conduct, and the receipt and response to complaints regarding accounting, internal controls or auditing matters.

Each member of the audit committee also serves on the finance and risk committee. On occasion, the audit and finance and risk committees have met jointly to review areas of mutual interest between the two committees.

The audit committee meets outside the presence of management for portions of its meetings to hold separate discussions with the independent auditor, the internal auditors, and the chief legal officer.

The audit committee met eight times in 2015, fulfilling its duties and responsibilities as outlined in its charter, as well as receiving periodic updates on the company's financial performance and strategic initiatives, as well as other matters germane to its responsibilities.

Management has primary responsibility for preparing the company's financial statements and establishing effective internal controls over financial reporting. PricewaterhouseCoopers LLP (PwC), the company's independent auditor, is responsible for auditing those financial statements and expressing an opinion on the conformity of the company's audited financial statements with generally accepted accounting principles and on the effectiveness of the company's internal controls over financial reporting based on criteria established in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission.

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Corporate Governance at Exelon

In this context, the audit committee has reviewed and discussed with management and PwC the company's audited financial statements contained in the 2015 Annual Report on SEC Form 10-K, including the critical accounting policies applied by the company in the preparation of these financial statements. The audit committee discussed with PwC the
requirements of the Public Company Accounting Oversight Board (PCAOB), and had the opportunity to ask PwC questions relating to such matters. These discussions included the quality, and not just the acceptability, of the accounting principles utilized, the reasonableness of significant accounting judgments, and the clarity of disclosures in the financial statements.

At each of its meetings in 2015, the audit committee met with the company's chief financial officer and other senior members of the company's financial management. The audit committee reviewed with PwC and the company's internal auditor the overall scope and plans for their respective audits in 2015. The audit committee also received regular updates from the company's internal auditor on internal controls and business risks and from the company's general counsel on compliance and ethics issues.

The audit committee met with the internal auditor and PwC, with and without management present, to discuss their evaluations of the company's internal controls and the overall quality of the company's financial reporting. The audit committee also met with the company's general counsel and deputy general counsel, with and without management present, to review and discuss compliance and ethics matters, including compliance with the company's Code of Business Conduct.

On an ongoing basis, the audit committee considers the independence, qualifications, compensation and performance of PwC. Such consideration includes reviewing the written disclosures and the letter provided by PwC in accordance with applicable requirements of the PCAOB regarding PwC's communications with the audit committee concerning independence, and discussing with PwC their independence.

The audit committee is responsible for the approval of audit fees, and the committee reviewed and pre-approved all fees paid to PwC in 2015. The audit committee has adopted a policy for pre-approval of services to be performed by the independent auditor. Further information on this policy and on the fees paid to PwC in 2015 and 2014 can be found in the section of this proxy statement titled "Ratification of PriceWaterhouseCoopers LLP as Exelon's Independent Auditor for 2016." The audit committee periodically reviews the level of fees approved for payment to PwC and the pre-approved non-audit services PwC has provided to the company to ensure their compatibility with independence. The audit committee also monitors the company's hiring of former employees of PwC.

The audit committee monitors the performance of PwC's lead partner responsible for the audit, oversees the required rotation of PwC's lead audit partner and, through the audit committee chair, reviews and approves the selection of the lead audit partner. In addition, to help ensure auditor independence, the audit committee periodically considers whether there should be a rotation of the independent auditor.

PwC has served as the company's independent auditor since the company's formation in 2000. As in prior years, the audit committee and management have engaged in a review of PwC in connection with the audit committee's consideration of whether to recommend that shareholders ratify the selection of PwC as the company's independent auditor for 2016. In that review, the audit committee considered both the continued independence of PwC and whether retaining PwC is in the best interests of the company and its shareholders. In addition to independence, other factors considered by the audit committee included:

- PwC's historical and recent overall performance on the audit, including the quality of the audit committee's ongoing discussions with PwC;
- PwC's expertise and capability in handling the accounting, internal control, process and system risks and practices present in the company's energy generation and utility businesses, including relative to the corresponding expertise and capabilities of other audit firms;

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- the quality, quantity and geographic location of PwC staff, and PwC's ability to provide responsive service;
- PwC's tenure as the company's independent auditor and its familiarity with the company's operations and businesses, accounting policies and practices and internal control over financial reporting;
- the significant time commitment required to onboard and educate a new audit firm that could distract management's focus on financial reporting and internal control;
- the appropriateness of PwC's fees, on both an absolute basis and as compared to services provided by other auditing firms to peer companies;
- an assessment of PwC's identification of its known significant legal risks and proceedings that may impair PwC's ability to perform the audit; and
- external information on audit quality and performance, including recent PCAOB reports on PwC and its peer firms.

The audit committee has concluded that PwC is independent from the company and its management, and has retained PwC as the company's independent auditor for 2016. The audit committee and the board believe that the continued retention of PwC is in the best interests of the company and its shareholders and have recommended that shareholders ratify the appointment of PwC as the company's independent auditor for 2016.

In addition, in reliance on the reviews and discussions referred to above, the Exelon audit committee recommended to the Exelon board of directors (and the Exelon board of directors approved) that the audited financial statements be included in Exelon Corporation's Annual Report on Form 10-K for the year ended December 31, 2015, for filing with the SEC.

February 8, 2016

THE AUDIT COMMITTEE

Anthony K. Anderson, Chair
Ann C. Berzin
Yves C. de Balmann
Paul L. Joskow
Richard W. Mies
Stephen D. Steinour

COMPENSATION AND LEADERSHIP DEVELOPMENT COMMITTEE

The compensation and leadership development committee is composed entirely of independent directors and is governed by a board-approved charter stating its responsibilities. The charter is reviewed annually and updated, as appropriate, to address changes in regulatory requirements, authoritative guidance, evolving oversight practices and investor feedback. The compensation and leadership development committee charter was last amended on January 26, 2016, and is available on the Exelon website at www.exeloncorp.com on the corporate governance page under the Investors tab, and is available in print to any shareholder who requests a copy from Exelon's corporate secretary as described on page 93 of this proxy statement.

The compensation and leadership development committee met six times in 2015. The committee's principal duties, as discussed in its charter, include:

- Ensuring that executive compensation levels and targets are aligned with, and designed to achieve, Exelon's strategic and operating objectives;
- Reviewing recommendations from management and outside consultants and approving or recommending approval of matters of executive compensation for officers of Exelon and its subsidiaries, including base salary, incentive awards, equity grants, perquisites, and other forms of compensation; and

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- Reviewing and making recommendations to the board on leadership development, succession planning (other than the chief executive officer and president) and diversity.

Executive officers are involved in evaluation of the performance and development of initial recommendations with respect to compensation adjustments; however, the compensation and leadership development committee (and the independent directors with respect to the compensation of the CEO) makes the final determinations with respect to compensation programs and adjustments. The chairman and the CEO are considered invited guests and are welcome to attend the meetings of the compensation and leadership development committee, except when the committee meets in executive session to discuss, for example, the CEO's compensation. The chairman and the CEO cannot call meetings of the compensation and leadership development committee.

Management, including the executive officers, makes recommendations as to goals for the incentive compensation programs that are aligned with Exelon's business plan. The compensation and leadership development committee reviews the recommendations and establishes the final goals. The committee strives to ensure that the goals are consistent with the overall strategic goals set by the board of directors (including the individual goals of subsidiaries, as appropriate), that they are sufficiently difficult to meaningfully incent management performance, and, if the targets are met, that the payouts will be consistent with the design for the overall compensation program. Executive officers take an active role in evaluating the performance of the executives who report to them, directly or indirectly, and in recommending the amount of compensation their subordinate executives receive. Executive officers review peer group compensation data for each of their subordinates in conjunction with their annual performance reviews to formulate a recommendation for base salary and whether to apply an individual performance multiplier to the subordinate executive's incentive payouts, and if so, the amount of the multiplier.

Executive officers generally do not make recommendations with respect to annual and long-term incentive target percentages or payouts. The CEO reviews all of the recommendations of the executive officers before they are presented to the compensation and leadership development committee. The human resources function provides to the compensation and leadership development committee and the independent directors data showing the history of the compensation of the CEO and data that analyzes the cost of a range of several alternatives for changes to the compensation of the CEO, but the executive officers, the CEO do not make any recommendation to the compensation and leadership development committee or the independent directors with respect to the compensation of the CEO.

The compensation and leadership development committee has delegated to the CEO the authority to make off-cycle equity awards to employees who are not subject to the limitations of Internal Revenue Code Section 162(m), are not executive officers for purposes of reporting under Section 16 of the Securities Exchange Act of 1934, and are not executive vice presidents or higher officers of Exelon, provided that such authority is limited to making grants of up to 600,000 shares in the aggregate, and 20,000 shares per recipient in any year. The compensation and leadership development committee reviews and ratifies these grants.

During fiscal 2015 and as of the date of this proxy statement, none of the members of the compensation and leadership development committee was or is an officer or employee of the company, and no executive officer of the company served or serves on any compensation committee or board of any company that employed or employs any members of the company's compensation and leadership development committee or board of directors.

Compensation Consultant

Pursuant to the compensation and leadership development committee's charter, the committee is authorized to retain and terminate, without board or management approval, the services of an independent compensation consultant to provide advice and assistance, as the committee deems appropriate. The committee has the sole authority to approve the consultant's fees and other retention terms, and reviews the independence of the consultant and any other services that the

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consultant or the consultant's firm may provide to the company. The chair of the compensation and leadership development committee reviews, negotiates and executes an engagement letter with the compensation consultant. The compensation consultant directly reports to the committee.

The compensation and leadership development committee has engaged Semler Brossy Consulting Group, LLC and its Managing Principal Ms. Blair Jones as its consultant. The committee determined that Semler Brossy offered the strongest and most responsive team and would provide the most reliable and cost-competitive advice through experience, research
and benchmarking. In reviewing the engagement in December 2015, the committee considered the following factors in determining that Ms. Jones and the firm are independent consultants and do not have any conflicts of interest:

- Semler Brossy performs no other services for the company or its affiliates and received no other fees from the company;
- the firm has formal written policies designed to prevent conflicts of interest; and
- there were no relationships of the firm and its consultants and Exelon and its officers, directors or affiliates except that Dr. Richardson had known another consultant from the firm in connection with his consulting for the compensation committee at another company where Dr. Richardson had previously served as a director.

As part of its ongoing services to the compensation and leadership development committee, the compensation consultant supports the committee in executing its duties and responsibilities with respect to Exelon's executive compensation programs by providing information regarding market trends and competitive compensation programs and strategies. In supporting the committee, the compensation consultant does the following:

- Prepares market data for each senior executive position, including evaluating Exelon's compensation strategy and reviewing and confirming the peer group used to prepare the market data;
- Provides the committee with an independent assessment of management recommendations for changes in the compensation structure;
- Works with management to ensure that the company's executive compensation programs are designed and administered consistent with the committee's requirements; and
- Provides ad hoc support to the committee, including discussing executive compensation and related corporate governance trends.

Exelon's human resources staff and senior management use the data provided by the compensation consultant to prepare documents for use by the compensation and leadership development committee in preparing their recommendations to the full board of directors or, in the case of the CEO, the independent directors, on compensation for the senior executives. In addition to its general responsibilities, the compensation consultant attends the compensation and leadership development committee's meetings, if requested. The committee, or Exelon's management on behalf of the committee, may also ask the compensation consultant to perform other executive and non-executive compensation-related projects. The committee has established a process for determining whether any significant additional services will be needed and whether a separate engagement for such services is necessary.

The committee has a formal compensation consultant independence policy that codifies its past practices. The compensation consultant independence policy is available on the Exelon website at www.exeloncorp.com , on the corporate governance page under the Investors tab. The purpose of the policy is to ensure that the advisers or consultants retained by the committee are independent of the company and its management, as determined by the committee using its reasonable business judgment. The committee considers all facts and circumstances it deems relevant, such as the nature of any relationship between a compensation consultant, the compensation consultant's firm, and the company and the nature of any services provided by the compensation consultant's firm to the company that are unrelated to the compensation consultant's

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work for the committee. Under the policy, a compensation consultant shall not be considered independent if the compensation consultant or the compensation consultant's firm receives more than one percent of its annual gross revenues for services provided to the company. Under the policy, the compensation consultant reports directly to the chair of the compensation and leadership development committee, and the committee approves the aggregate amount of fees to be paid to the compensation consultant or the compensation consultant's firm. The policy requires that the compensation consultant and any associates providing services to the compensation and leadership development committee have no direct involvement with any other aspects of the compensation consultant's firm's relationship with Exelon (other than any director compensation services that may be performed for the corporate governance committee), and that no element of the compensation consultant's compensation may be based on any consideration of the revenues for other services that the firm may provide to Exelon. For 2015, no fees were paid to Semler Brossy for additional services beyond its work as consultant to the compensation and leadership development committee.

CORPORATE GOVERNANCE COMMITTEE

The corporate governance committee is composed entirely of independent directors and is governed by a board-approved charter stating its responsibilities. The charter is reviewed annually and updated, as appropriate, to address changes in regulatory requirements, authoritative guidance, evolving oversight practices and investor feedback. The corporate governance committee charter was last amended on January 26, 2016, and is available on the Exelon website at www.exeloncorp.com on the corporate governance page under the Investors tab, and is available in print to any shareholder who requests a copy from Exelon's corporate secretary as described on page 93 of this proxy statement.

The corporate governance committee met five times in 2015. In addition to its other duties described elsewhere in this proxy statement, the corporate governance committee's principal duties, as discussed in its charter, include:

- Reviewing and making recommendations on corporate, board and committee structure, organization, committee membership, functions, compensation and effectiveness;
- Monitoring corporate governance trends and making recommendations to the board regarding the Corporate Governance Principles;
- Identifying potential director candidates and coordinating the nominating process for directors;
- Coordinating the board's role in establishing performance criteria for the CEO and evaluating the performance of the CEO;
- Monitoring CEO succession planning;
- Overseeing Exelon's strategies and efforts to protect and improve the environment, including climate change and sustainability policies;
- Approving or amending delegations of authority for Exelon and its subsidiaries; and
- Overseeing Exelon's efforts to promote diversity among its contractors and suppliers.

The committee may act on behalf of the full board when the board is not in session. The committee utilizes an independent compensation consultant to assist it in evaluating directors' compensation, and for this purpose it periodically asks the consultant to prepare a study of the compensation of the company's directors compared to the directors of companies in the same peer group used for executive compensation. This study is used as the basis for the corporate governance committee's recommendations to the full board with respect to director compensation. The corporate governance committee may utilize other consultants, such as specialized search firms to identify candidates for director.

As part of the corporate governance committee's role in monitoring and oversight of CEO succession planning, the committee developed an emergency CEO succession plan, which is reviewed by the committee and the full board

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annually. In addition, CEO succession is a topic on the agenda for meetings of the full board at least twice each year. In these discussions, the board reviews the qualifications of several potential internal succession candidates and considers their development opportunities.

FINANCE AND RISK COMMITTEE

The finance and risk committee is composed entirely of independent directors and is governed by a board-approved charter stating its responsibilities. The charter is reviewed annually and updated, as appropriate, to address changes in regulatory requirements, authoritative guidance, evolving oversight practices and investor feedback. The finance and risk committee charter was last amended on January 26, 2016, and is available on the Exelon website at www.exeloncorp.com on the corporate governance page under the Investors tab, and is available in print to any shareholder who requests a copy from Exelon's corporate secretary as described on page 93 of this proxy statement.

The finance and risk committee met five times in 2015. The finance and risk committee's principal duties, as discussed in its current charter, include:

- Overseeing the company's risk management functions;
- Overseeing matters relating to the financial condition and risk exposures by Exelon;
- Monitoring the financial condition, capital structure, financing plans and programs, dividend policy, treasury policies and liquidity and related financial risk at Exelon and its major subsidiaries;
- Overseeing or appraising of the capital management and planning process, including capital investments, acquisitions and divestitures;
- Overseeing the company-wide risk management strategy, policies, procedures, and mitigation efforts, including insurance programs;
- Overseeing the strategy and performance of risk management policies relating to risks associated with marketing and trading of energy and energy-related products; and
- Reviewing and approving risk policies relating to power marketing, hedging and the use of derivatives.

GENERATION OVERSIGHT COMMITTEE

The generation oversight committee met four times in 2015.

The generation oversight committee's principal duties, as discussed in its charter, include:

- Advising and assisting the full board in fulfilling its responsibilities to oversee the safe and reliable operation of all generating facilities owned or operated by Exelon or its subsidiaries, including those in which Exelon has significant equity or operational interests;
- Overseeing the management and operation of the company's generating facilities and the overall organizational effectiveness (both corporate and stations) of the generation operations;
- Overseeing the establishment of and compliance with policies and procedures to manage and mitigate risks associated with the security and integrity of Exelon Generation's assets; and
- Reviewing environmental, health and safety issues related to the company's generating facilities.

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Corporate Governance at Exelon

INVESTMENT OVERSIGHT COMMITTEE

The investment oversight committee is responsible for general oversight of Exelon's investment management functions. The committee serves as a resource and advisory panel for Exelon's management-level investment management team and reports to the board.

The investment oversight committee met three times in 2015.

The investment oversight committee's principal duties, as discussed in its charter, include:

- Overseeing the management and investment of the assets held in trusts established or maintained by the company or any subsidiary for the purpose of funding the expense of decommissioning nuclear facilities;
- Monitoring the performance of the nuclear decommissioning trusts and the trustees, investment managers and other advisors and service providers for the trusts;
- Overseeing the evaluation, selection and retention of investment advisory and management, consulting, accounting, financial, clerical or other services with respect to the nuclear decommissioning trusts;
- Overseeing the evaluation, selection and appointment of trustees and other fiduciaries for the nuclear decommissioning trusts;
- Overseeing the administration of the nuclear decommissioning trusts; and
- Monitoring and receiving periodic reports concerning the investment performance of the trusts under the pension and post-retirement welfare plans and the investment options under the savings plans.

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Compensation of Non-Employee Directors

COMPENSATION OF NON-EMPLOYEE DIRECTORS

For their service as directors of the corporation in 2015, Exelon's non-employee directors received the compensation shown in the following table and explained in the accompanying notes. Mr. Crane, not shown in the table, received no additional compensation for his service as a member of the board of directors or its committees.

	Fees Earned or Paid in Cash		Stock Awards (see description below)	All Other Compensation (Note 1)	Total
	Annual Board & Committee Retainers	Board & Committee Meeting Fees			
Anderson	$ 110,000	$ 55,000	$ 100,000	$ —	$ 265,000
Berzin	85,000	46,000	100,000	15,000	246,000
Canning	90,000	34,000	100,000	15,000	239,000
de Balmann	85,000	58,000	100,000	—	243,000
DeBenedictis	85,000	54,000	100,000	15,000	254,000
Diaz [2]	27,788	7,000	32,692	505,000	572,480
Jojo [3]	26,739	10,000	33,152	—	69,891
Joskow	85,000	52,000	100,000	—	237,000
Lawless [4]	90,000	46,000	100,000	—	236,000
Mies	110,000	58,000	100,000	15,000	283,000
Richardson [4]	110,000	60,000	100,000	500,000	770,000
Rogers	90,000	36,000	100,000	15,000	241,000
Shattuck	385,000	38,000	100,000	15,000	538,000
Steinour	95,000	40,000	100,000	15,000	250,000
Total All Directors	**1,474,528**	**594,000**	**1,265,844**	**1,110,000**	**4,444,372**

Notes:

(1) Values in this column represent the company's matching portion of the director's contribution to qualified non-for-profit organizations pursuant to Exelon's matching gift plan described below in Other Compensation. For Mr. Diaz and Dr. Richardson, the amount includes charitable contributions made by Exelon following their retirement in honor of their service to the company and its shareholders.

(2) Mr. Diaz retired from the board effective April 28, 2015. All retainers were prorated through that date.

(3) Ms. Jojo was appointed to the board effective September 1, 2015. All retainers were prorated from that date.

(4) In addition to the amounts shown in the table, Mr. Lawless and Dr. Richardson, who also served as directors of the Exelon Foundation during 2015, received $4,000 each from the Foundation for attending meetings of the Foundation's board. Exelon contributes to the Foundation to pay for the Foundation's operating expenses.

Fees Earned or Paid in Cash

In 2015, all directors received an annual retainer of $80,000 paid in cash. In 2015, Dr. Richardson served as the Lead Director and received an additional annual retainer of $25,000. The non-executive chairman of the board received an annual retainer at the rate of $300,000 per year in addition to board and selected committee meeting fees. Committee chairs receive an additional $10,000 retainer per year. In recognition of the additional time commitment and responsibility, members of the audit committee and generation oversight committee, including the committee chairs, receive an additional $5,000 per year for their participation on these committees, and the chairs of these committees receive a $20,000 annual retainer.

Directors receive $2,000 for each meeting of the board that they attend, whether in person or by means of teleconferencing or video conferencing equipment. Directors serving on board committees receive $2,000 for each meeting they attend;

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Compensation of Non-Employee Directors

directors serving on the generation oversight committee receive $3,000 for each meeting of that committee they attend due to the additional travel that is required and the length of those meetings. Directors also receive a $2,000 meeting fee for attending the annual shareholders meeting and the annual strategy retreat.

Stock Awards

Rather than paying directors entirely in cash, Exelon pays a significant portion of director compensation in the form of deferred stock units. Directors receive deferred stock units worth $100,000 per year. Deferred stock units are granted and credited to a notional account maintained on the books of the corporation at the end of each calendar quarter based upon the closing price of Exelon common stock on the day the quarterly dividend is paid. Deferred stock units earn the same dividends available to all holders of Exelon common stock, which are reinvested in the account as additional stock units. The deferred stock units are not paid out to the directors until they retire from the board, leaving these amounts at risk during the director's entire tenure on the board.

As of December 31, 2015, the directors held the following amounts of deferred Exelon common stock units. The units are valued at the closing price of Exelon common stock on December 31, 2015, which was $27.77. Legacy plans include those stock units earned from Exelon's predecessor and merged companies, PECO Energy Company, Unicom Corporation and Constellation Energy Group, Inc. For Mr. Rogers, the legacy deferred stock units reflect accrued benefits from the Unicom 1996 Directors Fee Plan, which was terminated in 2000; for Ms. Berzin, Mr. de Balmann and Mr. Lawless the legacy units reflect accrued benefits from the Constellation Energy Group, Inc. Deferred Compensation Plan for Non-employee Directors, which was terminated on March 12, 2012.

	Year First Elected to the Board	Deferred Stock Units From Legacy Plans #	Deferred Stock Units From Exelon Plan #	Total Deferred Stock Units #	Fair Market Value as of 12/31/15 $
Anthony K. Anderson	2013	—	9,765	9,765	$271,174
Ann C. Berzin	2012	25,997	12,767	38,764	1,076,476
John A. Canning	2008	—	23,096	23,096	641,376
Yves C. de Balmann	2012	35,897	12,767	48,664	1,351,399
Nicholas DeBenedictis	2002	—	31,138	31,138	864,702
Nelson A. Diaz	2004	—	28,663	28,663	795,972
Linda P. Jojo	2015	—	1,221	1,221	33,907
Paul L. Joskow	2007	—	24,670	24,670	685,086
Robert J. Lawless	2012	39,830	12,767	52,597	1,460,619
Richard W. Mies	2009	—	21,838	21,838	606,441
William C. Richardson	2005	—	28,652	28,652	795,666
John W. Rogers, Jr	2000	4,760	40,838	45,598	1,266,256
Mayo A. Shattuck III	2012	—	9,495	9,495	263,676
Stephen D. Steinour	2007	—	25,026	25,026	694,972
Total All Directors		**106,484**	**282,703**	**389,187**	**$10,807,722**

Compensation of Non-Employee Directors

Deferred Compensation

Directors may elect to defer any portion of their meeting fees and cash retainers as described above in a non-qualified multi-fund deferred compensation plan. Each director has an unfunded account where the dollar balance can be invested in one or more of several mutual funds, including one fund composed entirely of Exelon common stock. Fund balances (including those amounts invested in the Exelon common stock fund) will be settled in cash and may be distributed in a lump sum or in annual installment payments upon a director's reaching age 65, age 72 or upon retirement from the board. These funds are identical to those that are available to company employees who participate in the Exelon Employee Savings Plan.

Other Compensation

Exelon has a board expense reimbursement policy under which directors are reimbursed for reasonable travel to and from their primary or secondary residence and lodging expenses incurred when attending board and committee meetings or other events on behalf of Exelon (including director's orientation or continuing education programs, facility visits or other business related activities for the benefit of Exelon). Under the policy, Exelon will arrange for its corporate aircraft to transport groups of directors, or when necessary, individual directors, to meetings in order to maximize the time available for meetings and discussion. Directors may bring their spouses or guests on Exelon's corporate aircraft when they are invited to an Exelon event, and the value of this travel, calculated according to IRS regulations, is imputed to the director as additional taxable income.

Exelon pays the cost of a director's spouse's travel, meals, lodging and related activities when the spouses are invited to attend company or industry related events where it is customary and expected that directors attend with their spouses. The cost of such travel, meals and other activities is imputed to the director as additional taxable income. However, in most cases there is no direct incremental cost to Exelon of providing transportation and lodging for a director's spouse when he or she accompanies the director, and the only additional costs to Exelon are those for meals and activities and to reimburse the director for the taxes on the imputed income. In 2015, Exelon incurred no direct incremental cost to provide these perquisites and the aggregate amount paid to all directors as a group (14 directors) for reimbursement of taxes on imputed income was $525.

Exelon has a matching gift program available to directors, officers and employees that matches their contributions to eligible not-for-profit organizations up to $15,000 per year for directors; $10,000 per year for executives and up to $5,000 per year for other employees.

Compensation Philosophy

The Exelon board has a policy of targeting their compensation to the median board compensation of the same peer group of companies used to benchmark executive compensation. In January 2014, the board increased the annual cash retainer for board service from $50,000 to $80,000 in order to bring total director compensation closer to the median target, but left all other compensation unchanged. Director compensation has remained unchanged since January 2014.

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Ownership of Exelon Stock

STOCK OWNERSHIP REQUIREMENTS FOR DIRECTORS AND OFFICERS

Under Exelon's Corporate Governance Principles, all directors are required to own, within five years after election to the board, at least 15,000 shares of Exelon common stock or deferred stock units or shares accrued in the Exelon common stock fund of the directors' deferred compensation plan. The board amended the corporate governance principles in July 2013 to increase the ownership requirement from 5,000 shares to 15,000 shares. The corporate governance committee utilized an independent compensation consultant who determined that, compared to its peer group, Exelon's ownership requirement is reasonable.

To strengthen the alignment of executives' interests with those of shareholders, the compensation and leadership development committee establishes stock ownership requirements for officers of the company. Officers, other than the CEO, are required to own, within the later of five years after their employment or September 30, 2012, stock having a market value (based on the 60-day average stock price as of September 30, 2012) equal to or greater than multiples of their base salary or fixed numbers of shares as shown in the table below. The CEO is required to own six times his base salary. The compensation and leadership development committee has determined that stock options are not considered for purposes of satisfying this requirement. Unvested restricted shares, restricted stock units, and shares held in the Exelon Stock Deferral Plan will count toward the stock ownership requirement, as will certificates and dividend reinvestment plans; shares held in 401(k) Employee Savings Plans; shares held by spouses or children; broker accounts held in street name; and IRAs and trust accounts in which the executive is a beneficiary. These guidelines may be equitably adjusted in the case of promotions in the discretion of the Senior Vice President and Chief Human Resources Officer.

Officer	Number of Exelon Shares
Chief Executive Officer	6 x annual salary divided by 60-day average share price
Exelon executive vice presidents and above	3 x annual salary divided by 60-day average share price
Presidents of subsidiary companies	2 x annual salary divided by 60-day average share price
Senior vice presidents	The lesser of 17,500 shares or 2 x annual salary divided by 60-day average share price
Vice presidents and other executives	The lesser of 6,500 shares or 1 x annual salary divided by 60-day average share price

The following table shows the status of each currently-employed NEO against the new ownership targets as of January 31, 2016.

Name	Stock Ownership Target (Shares) [A]	Total Shares and Share Equivalents Held as of January 31, 2016 [B]	Stock Ownership Percentage [B]/[A]
Crane	188,062	468,294	249%
Thayer	53,148	160,792	303%
Cornew	57,236	159,840	279%
Von Hoene	57,236	161,404	282%
O'Brien	59,280	149,051	251%

Ownership of Exelon Stock

BENEFICIAL OWNERSHIP TABLE

The following table shows the ownership of Exelon common stock as of January 31, 2016 by each director, each named executive officer in the Summary Compensation Table, and for all directors and executive officers as a group.

	[A]	[B]	[C]	[D]=[A]+[B]+[C]	[E]	[F]=[D]+[E]
Directors (Note 3)	**Beneficially Owned Shares**	**Shares Held in Company Plans (Note 1)**	**Vested Stock Options and Options that Vest Within 60 days**	**Total Shares Held**	**Share Equivalents to be Settled in Cash (Note 2)**	**Total Share Interest**
Anthony K. Anderson [4]	—	9,765	—	9,765	—	9,765
Ann C. Berzin	—	38,764	—	38,764	12,957	51,721
John A. Canning, Jr.	5,000	23,096	—	28,096	1,152	29,248
Yves, C. de Balmann	1,910	48,664	—	50,574	—	50,574
Nicholas DeBenedictis	5,000	31,138	—	36,138	—	36,138
Linda P. Jojo [4]	—	1,221	—	1,221	—	1,221
Paul L. Joskow	2,000	24,670	—	26,670	6,285	32,955
Robert J. Lawless	3,273	52,597	—	55,870	11,812	67,682
Richard W. Mies	—	21,838	—	21,838	—	21,838
William C. Richardson	1,786	28,652	—	30,438	—	30,438
John W. Rogers, Jr.	11,374	45,598	—	56,972	14,325	71,297
Mayo A. Shattuck III	491,436	9,495	2,955,520	3,456,451	—	3,456,451
Stephen D. Steinour	5,001	25,026	—	30,027	30,751	60,778
Christopher M. Crane	240,157	222,126	544,000	1,006,283	6,011	1,012,294
Jonathan W. Thayer	70,784	90,008	650,366	811,158	—	811,158
Kenneth W. Cornew	62,844	95,394	143,700	301,938	1,602	303,540
William A. Von Hoene, Jr.	87,509	70,766	251,200	409,475	3,129	412,604
Denis P. O'Brien	79,364	63,913	249,700	392,977	5,774	398,751
Total Directors & Executive Officers as a group (23 people) See Note 3	1,242,880	1,020,478	5,018,886	7,282,244	93,798	7,376,042

(1) *The shares listed under Shares Held in Company Plans, Column [B], include directors' deferred stock units, officers' restricted stock units and deferred shares held in the Stock Deferral Plan.*

(2) *The shares listed above under Share Equivalents to be Settled in Cash, Column [E], include phantom shares held in a non-qualified deferred compensation plan which will be settled in cash on a 1 for 1 basis upon retirement or termination.*

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Ownership of Exelon Stock

(3) *Beneficial ownership, shown in Column [A], of directors and executive officers as a group represents less than 1% of the outstanding shares of Exelon common stock. Total includes share holdings from all directors and NEOs as well as those executive officers listed in Item 1, Executive Officers of the Registrants in Exelon's 2015 Annual Report on Form 10-K filed on February 3, 2016 who are not NEOs for purposes of compensation disclosure.*

(4) *Mr. Anderson was appointed to the board effective February 1, 2013; Ms. Jojo was appointed to the board effective September 1, 2015.*

OTHER SIGNIFICANT OWNERS OF EXELON STOCK

Shown in the table below are those owners who are known to Exelon to hold more than 5% of the outstanding common stock. This information is based on the most recent Schedule 13Gs filed with the SEC by BlackRock, Inc. on February 10, 2016, Capital Research Global Investors on February 16, 2016, FMR LLC on February 12, 2016, The Vanguard Group on February 10, 2016, and State Street Corporation on February 12, 2016.

Name and address of beneficial owner	Amount and nature of beneficial ownership	Percent of class
BlackRock, Inc. (1) 55 East 52 nd Street New York, NY 10055	66,693,581	7.25%
Capital Research Global Investors (2) 333 South Hope Street Los Angeles, CA 90071	60,495,735	6.58%
The Vanguard Group (3) 100 Vanguard Blvd. Malvern, PA 19355	57,627,572	6.26%
FMR LLC (4) 245 Summer Street Boston, MA 02210	53,391,732	5.80%
State Street Corporation (5) State Street Financial Center One Lincoln Street Boston, MA 02111	52,883,925	5.75%

(1) *BlackRock, Inc. disclosed in its Schedule 13G/A that it has sole power to vote or to direct the vote of 58,837,656 shares and sole power to dispose or direct the disposition of 66,693,581 shares.*

(2) *Capital Research Global Investors disclosed in its Schedule 13G/A that it has sole voting and dispositive power over 60,495,735 shares.*

(3) *The Vanguard Group disclosed in its Schedule 13G/A that it has sole power to vote or direct the vote of 1,689,231 shares, shared voting power over 87,100 shares, sole power to dispose or direct the disposition of 55,849,781 shares, and shared dispositive power over 1,777,791 shares.*

(4) *FMR LLC disclosed in its Schedule 13G that it has sole power to vote or direct the vote of 3,030,691 shares and sole power to dispose or direct the disposal of 53,391,732 shares.*

(5) *State Street Corporation disclosed in its Schedule 13G/A that it has shared voting power over 42,704,841 shares and shared dispositive power over 52,883,925 shares.*

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Based upon signed affirmations received from directors and officers, as well as administrative review of company plans and accounts administered by private brokers on behalf of directors and officers which have been disclosed to Exelon by the individual directors and officers, Exelon believes that its directors and officers made all required filings on a timely basis during 2015.

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Exelon's Independent Auditor for 2016

PROPOSAL 2: THE RATIFICATION OF PRICEWATERHOUSECOOPERS LLP AS EXELON'S INDEPENDENT AUDITOR FOR 2016

The audit committee and the board of directors have concluded that retaining PricewaterhouseCoopers LLP (PwC) is in the best interests of the company and its shareholders based on consideration of the factors set forth in the Report of the Audit Committee on pages 26-28 of this proxy statement. Representatives of PwC will attend the annual meeting to answer appropriate questions, and may make a statement if they desire.

The Exelon audit committee policy for pre-approval of audit and non-audit services to be performed by the independent auditor is available on the Exelon website at www.exeloncorp.com on the corporate governance page under the Investors tab. Under this policy the audit committee pre-approves all audit and non-audit services to be provided by the independent auditor, taking into account the nature, scope and projected fees of each service as well any potential implications on auditor independence. The policy specifically sets forth services the independent auditor is prohibited from performing by applicable law or regulation. Further, the audit committee may determine to prohibit other services that in its view may compromise, or appear to compromise, the independence and objectivity of the independent auditor. Predictable and recurring audit and permitted non-audit services are considered for pre-approval by the audit committee on an annual basis. For any services not covered by these initial pre-approvals, the audit committee has delegated authority to the committee's chair to pre-approve any audit or permitted non-audit service with fees in amounts less than $500,000. Services with fees exceeding $500,000 require full committee pre-approval. The audit committee receives quarterly reports on the actual services provided by and fees incurred with the independent auditor. None of the services provided by the independent auditor was provided pursuant to the de minimis exception to the pre-approval requirements contained in the SEC's rules.

The following table presents fees for professional audit services rendered by PricewaterhouseCoopers for the audit of Exelon's annual financial statements for the years ended December 31, 2015 and 2014, and fees billed for other services rendered by PricewaterhouseCoopers during those periods.

	Year Ended December 31,	
(in thousands)	2015	2014
Audit fees [(a)]	$18,287	$17,751
Audit related fees [(b)]	2,392	1,607
Tax fees [(c)]	1,250	1,562
All other fees [(d)]	160	37

(a) Audit fees include financial statement audits and reviews under statutory or regulatory requirements and services that generally only the auditor reasonably can provide, including issuance of comfort letters and consents for debt and equity issuances and other attest services required by statute or regulation.

(b) Audit related fees consist of assurance and related services that are traditionally performed by the auditor such as accounting assistance and due diligence in connection with proposed acquisitions or sales, consultations concerning financial accounting and reporting standards and audits of stand-alone financial statements or other assurance services not required by statute or regulation.

(c) Tax fees consist of tax compliance, tax planning and tax advice and consulting services, including assistance and representation in connection with tax audits and appeals, tax advice related to proposed acquisitions or sales, employee benefit plans and requests for rulings or technical advice from taxing authorities.

(d) All other fees primarily reflect accounting research software license costs.

The board of directors unanimously recommends a vote "FOR" the ratification of PricewaterhouseCoopers LLP as Exelon's Independent Auditor for 2016.

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PROPOSAL 3: ADVISORY VOTE ON EXECUTIVE COMPENSATION

We are providing shareholders with an annual advisory vote on the compensation paid to the company's named executive officers, as disclosed in this proxy statement, in accordance with the compensation disclosure rules of the SEC. Accordingly, you may vote on the following resolution at the 2016 annual meeting.

> RESOLVED, that the company's shareholders approve, on an advisory basis, the compensation of the named executive officers, as disclosed in the company's proxy statement for the 2016 Annual Meeting of Shareholders pursuant to the rules of the SEC, including the Compensation Discussion and Analysis, the 2015 Summary Compensation Table and the other related tables and disclosure.

The board of directors recommends a vote FOR this proposal because it believes:

- The company's compensation framework is effective in achieving its goals of providing market competitive pay that fosters the attraction, motivation and retention of key talent;
- A majority of compensation is performance-based and contingent on achieving financial and operational results that align the interests of executives with those of the company's shareholders; and
- The compensation framework is consistent with best practices that drive outstanding company performance while creating long-term shareholder value.

While this advisory proposal, commonly referred to as "say-on-pay," is not binding, the board of directors and the compensation and leadership development committee will review and consider the voting results when annually evaluating our executive compensation program.

When casting your 2016 say on pay vote, we encourage you to consider the company's 2015 performance, which included strong financial performance in the middle of Exelon's upwardly adjusted earnings guidance range, with the utilities earning over $1 billion in net income and an aggregate return on equity of 9.5 percent leveraging strong results in reliability, customer service, and outstanding operational performance. The utilities achieved best or second best ever in 21 of the 26 metrics we track and Exelon Nuclear performed at world class levels for reliability in all seasons at a nearly 94 percent capacity factor. We were, however, disappointed with lagging total shareholder return, which followed gas prices down. The compensation and leadership development committee and board continue to believe that the changes to the compensation program we made in 2013, largely based on shareholder feedback and alignment with market practice, have strengthened the connection of pay with performance. The committee and the board appreciate your feedback and continue to look forward to hearing from shareholders about potential future program enhancements.

The board of directors unanimously recommends a vote "FOR" approval of the compensation paid to the company's named executives, as disclosed in this proxy statement.

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Report of the Compensation and Leadership Development Committee

"Exelon's executive compensation framework is designed to pay for performance and align the interests of executives, shareholders and other key stakeholders."

The Compensation & Leadership Development Committee

The committee is composed solely of independent directors, and we are accountable for ensuring that the decisions we make about executive compensation are in the best long-term interests of shareholders. We accomplish this objective by having robust executive compensation principles. One of the tenets is having a strong compensation framework that drives pay for performance and aligns executive pay with shareholder interests. For Exelon's CEO, 90 percent of his compensation is at risk in the form of annual and long-term incentives, with 78 percent of total pay tied directly to Exelon's stock price performance. Therefore, as the stock rises or falls, the CEO's compensation is aligned with shareholders' interests.

The committee proactively seeks shareholder feedback as part of its year-round engagement program, which includes reaching out to our top shareholders to listen to feedback regarding our executive compensation program, disclosure practices and corporate governance. The committee values our shareholders' insights and considers their feedback in addition to other factors such as emerging market practices, when formulating our executive compensation programs and making pay decisions. A full description of our shareholder outreach efforts and the changes we have made based on your feedback is detailed under "Shareholder Engagement" below.

The compensation and leadership development committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussion, the committee recommended to the board that the Compensation Discussion and Analysis be included in the 2016 Proxy Statement. Dr. William C. Richardson, a long-time member of the committee, retired from the board of directors on December 31, 2015, and Linda Jojo was appointed to the committee as of February 1, 2016, after the 2015 compensation decisions had been made.

February 25, 2016

THE COMPENSATION & LEADERSHIP DEVELOPMENT COMMITTEE
John A. Canning, Jr., Chair
Yves C. de Balmann
Robert J. Lawless

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Compensation Discussion & Analysis

Section I:	Overview
Section II:	How We Design Our Executive Compensation Programs to Pay for Performance
Section III:	What We Pay and Why We Pay it
Section IV:	Governance Features of Our Executive Compensation Programs

Section I: Overview

Company Strategy

Exelon's key objectives are to employ our competitive integrated business model to deliver ***stable growth*** , ***sustainable earnings*** and an ***attractive dividend*** .

- Stable Growth – Grow our regulated and contracted businesses and optimize our existing generation portfolio
- Sustainable Earnings – Profits from utilities, contracted assets, and balanced generation to load strategy are an engine for predictable earnings, and our generation business positions us to capture market upside
- Attractive Dividend – Dividend will be covered by the utilities, insulated from the earnings volatility of the generation business

Exelon will continue to do what it does best: operate its generation, transmission and distribution assets at the highest levels of excellence and reliability; find and deliver innovative and responsive solutions for customer priorities; invest for stable and reliable returns; and work to ensure a fair and competitive environment for our assets. The pace of change in our business is unprecedented. Exelon's culture of innovation and excellence is designed to ensure that we keep this pace, and that we never take our eye off the essentials – keeping the lights on and the gas flowing.

Executive Compensation Goals are aligned with the Company's Strategy: In designing the company's executive compensation programs, the committee strives to align the goals and underlying metrics with the company's strategy, while including compensation risk-mitigating design features to discourage our executives and employees from taking excessive risks for short-term benefits that may harm the company and our shareholders. We believe consistent execution of our strategy over multi-year periods will lead to long-term value creation for our shareholders.

Base Salary increases are modest and averaged 2.5 percent in 2015 for our NEOs, which was lower than the 3.0 percent market data for executives.

For the company's Annual Incentive Program ("AIP"), all named executive officers ("NEOs"), with the exception of the CEO of Exelon Utilities, are tied 100 percent to adjusted non-GAAP operating earnings per share ("EPS"), directly correlating to bottom-line financial results that drive shareholder value creation. For the Long-Term Incentive ("LTI") Program, our NEOs receive both Performance Share Units ("PShares") and Restricted Stock Units ("RSUs"). The PShares are contingent on achieving a threshold level of performance over a three-year period based on two goals — financial management and operational excellence — that are aligned with driving long-term shareholder value creation. A full scorecard for the PShare goals, underlying metrics, and 2013-2015 performance, including the total shareholder return ("TSR") modifier is set forth below.

Compensation Discussion & Analysis

Key Take-Aways for 2015

1 STRONG FINANCIAL AND OPERATIONAL PERFORMANCE

- Exelon's adjusted non-GAAP operating earnings per share (EPS) beat the annual incentive program (AIP) target by 8 cents, despite a difficult year in the markets, and was at approximately the mid-point of the upward adjusted earnings guidance range.
- Exelon Utilities had high performance across the 26 metrics we track, with 21 of them being best or second-best ever including top quartile for each of its utilities (BGE, ComEd and PECO) for outage frequency, customer operations performance, and customer satisfaction, while ComEd and PECO had employee safety records approaching best-in-class.
- Exelon Generation had exceptional plant performance, including world class nuclear capacity factor of nearly 94 percent, power dispatch match of almost 99 percent, and wind and solar energy capture of close to 96 percent, while Constellation's load business outperformed expectations, experiencing growth in both our power and gas portfolios.

2 STRONG PAY FOR PERFORMANCE ALIGNMENT ON 2013-2015 PSHARE PAYOUT

- The lagging TSR performance due to continued low power prices was reflected in the 10 percent reduction in the payout of the 2013-2015 PShares as a result of the TSR modifier in the program design.
- Our 2015 TSR (including reinvested dividends) was down 22 percent for the year, tracking natural gas prices at Henry Hub, which were down 41 percent from the prior year.
- The impact of low power prices on Exelon is significant as our exposure to power prices is greater compared with that of our peers.
- Despite Exelon's strong financial and operational performance, its lagging stock price was largely driven by factors outside of management's control such as low power prices, low gas prices, and weak load growth.

3 CEO TARGET TOTAL DIRECT COMPENSATION (TDC) INCREASED SLIGHTLY FROM PRIOR YEAR

- CEO TDC increased 5 percent from the prior year, with 95 percent of the TDC increase in the form of annual and long-term incentives.
- Better aligns Mr. Crane's pay with Exelon's peer group.
- Recognizes his contributions made to position the business for future success.

4 KEY STRATEGIC INTIATIVES

- **PJM capacity performance auctions results :** These results for 2016-2019 were highly beneficial for Exelon's generation assets in PJM, yielding $1.4 billion in incremental revenues over our plans.
- **Low carbon portfolio standard :** We are disappointed that this failed to move in the Illinois legislature due to the current legislative gridlock over the state's budget. Finding a comprehensive legislative solution that properly values the reliability and carbon-free benefits of our nuclear assets remains a priority for Exelon in 2016.

Compensation Discussion & Analysis

5 COMMITMENT TO SHAREHOLDER ENGAGEMENT

- The company met with investors holding approximately 46 percent of outstanding shares, consistent with the prior year.
- Shareholders largely expressed support for the design changes that we implemented in 2013 and recommended that we stay the course, with the exception of replacing one of the financial metrics (FFO/Debt) with Operating EPS, starting with the 2016-2018 PShare program. This new metric will align more closely with the company's overall growth strategy.

Strategic Business Results for 2015

Strong Financial and Operational Performance with Lagging 2015 TSR Performance: Despite a challenging year for the sector and a difficult year in the markets, strong operating performance at both the utility and generation business enabled Exelon to deliver strong 2015 earnings, coming in at $2.49 per share in (non-GAAP) operating earnings. This ended up roughly in the middle of our upward adjusted EPS range of $2.40-$2.60 despite the effects of the extension of bonus depreciation and the drag resulting from the delay in closing the PHI merger.

Strong 2015 company performance demonstrated once again our ability to run the business well and manage through even the most challenging environments. Highlights for both the utility and generation business are shown below:

Exelon Utilities – Operational Excellence Drove Strong Financial Performance and Positive Regulatory Outcomes in 2015

Leading Operational Excellence

- First quartile SAIFI ("Outage Frequency") performance
- First quartile CAIDI ("Outage Duration") performance
- First quartile customer satisfaction – best ever scores at ComEd and BGE

Strong Financial Performance

- Delivered the highest utilities earnings on record exceeding $1 billion in net income
- Invested $3.7 billion to make the grid smarter, more reliable and provide better services to customers

Positive Regulatory Outcomes

- Unanimous approval of PECO's rate case settlement and Long Term Infrastructure Improvement Plan
- Fourth year of constructive outcomes in ComEd's formula rate filings

Exelon Generation Delivered Strong Operational and Financial Performance in 2015

World Class Operational Performance

- Nuclear Capacity Factor of nearly 94%
- Best average refueling outage duration since 2002: 22 days

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Compensation Discussion & Analysis

- Power dispatch match of almost 99%
- Renewables energy capture close to 96%

Industry Leading Load Serving Business

- At Constellation, our Generation to Load matching strategy meaningfully contributed to 2015 earnings with both power and gas experiencing growth in the load serving business
- Served 195 terawatt hours of wholesale and retail load, which was 40 terawatt hours more than in 2014
- Increased our delivered retail gas by 40 percent to 710 BCF

Looking Forward to 2016 and Beyond:

Proper valuation of the reliable, carbon-free attributes of our nuclear generation assets was a key public policy issue in 2015 for the company, and will continue to be in 2016. Revenue uplifts from the PJM capacity performance auction results for 2016-2019 were highly beneficial for Exelon's generation assets in PJM.

As discussed on our February 3, 2016 earnings call, our board approved a policy to raise our dividend by 2.5 percent each year for the next three years beginning with the June 2016 dividend. The dividend increase shows our commitment to provide an attractive total return proposition for our shareholders and reflects the shift in focus toward our regulated utility and long-term contract businesses. Our balance sheet and our cash flow profile support the shift in the dividend policy, allowing us to maintain a high credit quality, while investment grade rating remains a top priority. We also affirmed our 3 percent to 5 percent compound annual growth rate for 2016-2018 for Exelon and 7 percent to 9 percent for the utilities.

Exelon is also working on company-wide initiatives as it seeks to increase shareholder value such as:

- Cost savings of $400 million have been identified and incorporated into the current long range plan, comprising $175 million at Exelon Generation, $175 million in Corporate Shared Services, and $50 million of nuclear fuel savings; and
- Innovation initiatives that explore new technologies to improve performance and efficiency. Examples include, "digital worker" technologies, such as wearable technologies, biometrics, expanded mobile apps, etc., and advanced analytics that will optimize asset performance and predictive maintenance.

The continued investments in ComEd's smart grid and grid modernization initiatives, and significant gas and electric infrastructure improvements across all three utilities, are designed to improve reliability, customer service and shareholder return, despite continued weak load growth. The investments also include commitments to innovative technology and customer-oriented systems. The utilities are transforming the way they interact with customers through innovative online and mobile-based applications, and with strategic partnerships to leverage the capabilities of the smart grid network.

In 2016, at Exelon Generation, we will continue to operate a world-class fleet of assets at the highest level of performance while continuing to execute our strategy of growing the contracted generation business with 350 megawatts of wind projects in development. At Constellation, we expect to achieve our targets of serving 210 terawatt hours of load across our wholesale and retail base, using our commercial platform as both a risk management vehicle and an earnings driver. Each of our businesses is well positioned to continue strong performance in 2016 operationally and financially.

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Compensation Discussion & Analysis

Executive Compensation Framework and Central Themes

The goal of our executive compensation program is to retain and reward leaders who create long-term value for our shareholders by delivering on objectives set forth in the company's long-term strategic plan. This goal affects the compensation elements we use and drives our compensation decisions. The primary compensation elements are depicted in the table below, with all except for base salary being "pay-at-risk" and linked to changes in the stock price and achievement of short and long-term company financial and operational goals that build shareholder value.

PAY ELEMENT	SALARY	AIP	PSHARES	RSUs
WHO RECEIVES	All named executive officers →			
PAY-AT-RISK	Fixed	Variable →		
WHEN GRANTED	Bi-weekly with annual review	Annually in January for prior year	Annually in January	Annually in January
TYPE OF PERFORMANCE	Short-term emphasis →		Long-term emphasis →	
PERFORMANCE PERIOD	Ongoing	1 year	3 years	Vest one-third per year over 3 years
HOW PAYOUT DETERMINED	Market assessment, individual performance and internal equity	Corporate / Business Unit performance, and individual performance	Average performance on company performance measures, relative TSR modifier and individual performance	Market assessment, individual performance and internal equity
MOST RECENT PERFORMANCE MEASURES	Individual performance relative to objectives	Operating EPS	Financial management goals (60%), operational excellence goals (40%), and relative three-year TSR modifier	Individual performance and potential
PURPOSE	Provide income certainty so that executives can focus on achieving key business priorities and objectives	Holds executives accountable for performance against near-term business objectives	Aligns the interest of executives with shareholders by providing awards contingent on achieving pre-established three-year financial and operational goals	Enhances the retention of key talent and provides an ongoing alignment of executive interests with those of shareholders

Executive Compensation Principles

The following principles help guide and inform the committee in delivering highly effective executive compensation programs that drive performance, mitigate risk, and foster the attraction, motivation and retention of top leadership talent in order to enable the company to execute against its strategic business plan and ultimately deliver long-term shareholder value.

We Manage for the Long-term
The board manages for the long-term and makes pay decisions that are in the best long-term interests of the company and shareholders.

Strong Compensation Framework
We have a strong compensation framework that is market-based and drives pay for performance and alignment with shareholders based on having a majority of NEO pay at risk in the form of annual incentives and stock awards.

Strong Shareholder Engagement
We engage directly with shareholders and take actions to improve our compensation programs based on year-round feedback from shareholders.

Competitiveness
Our NEOs' pay levels are set by taking into consideration multiple factors, including peer group market data, internal equity comparisons, experience, performance and retention.

Robust Stock Ownership Guidelines
Executives are required to meet and maintain significant stock ownership requirements. For 2015, our CEO's requirement was 6X base salary, while other NEOs were 3X base salary.

Balance
Since we manage for the long-term, we believe pay at risk should reward the appropriate balance of short- and long-term financial and strategic business results.

Compensation Discussion & Analysis

CEO Pay at-a-Glance

2015 Target Total Direct Compensation (TDC): In determining target TDC for the CEO, the independent directors considered his individual performance and assessed market competitiveness before it set Mr. Crane's 2015 target TDC at $12.65 million (up 5.0 percent from the prior year) as shown in the table below.

Component	Percent Increase	Dollar Increase	Percent of Total Increase	Approved 2015 level
Base Salary	2.5%	$30,000	5%	$1.23 million
AIP Target	6.7%	$99,000	16%	$1.60 million
LTI	5.0%	$476,000	79%	$9.82 million
Target TDC	5.0%	$605,000	N/A	$12.65 million

Almost the entire amount (95 percent) of Mr. Crane's 2015 TDC increase was in the form of AIP and LTI, with only 5 percent of the total amount in the form of a base salary increase.

Looking ahead to 2016 Target Total Direct Compensation (TDC): Mr. Crane's 2016 TDC was set at $13.0 million, representing a 2.8 percent increase from 2015. Base salary increased 2.5 percent to $1.261 million, AIP remained flat at 130 percent of base salary, and LTI target opportunity increased to $10.1 million. These adjustments were made to ensure that Mr. Crane's pay remain competitive relative to Exelon's 20 company peer group.

2015 CEO Payouts:

Strong financial performance drives above-target 2015 AIP: For Mr. Crane, the independent directors on the board awarded a 2015 AIP payout of $2,072,777 based on operating EPS performance of $2.49 (129.63 percent of target).

2013-2015 PShare payout slightly above target: The independent directors also approved the 2013-2015 PShare award of 202,500 shares based on an overall performance of 105.91 percent (average of 2013, 2014 and 2015 PShare performance, including a 10 percent reduction as a result of the TSR modifier), valued at $5,499,900 based on the closing stock price of $27.16 on January 25, 2016.

Compensation Discussion & Analysis

Effective payout is only 92 percent of target value

Even though the overall performance factor was 105.91 percent of target, the effective payout was only about 92 percent of the grant date value, resulting in our CEO's actual payout being almost $500,000 less than the target or intended value as shown in the table below:

Target Performance Shares at Grant Date ("Intended Value")

Grant Date	Grant Stock Price	Performance Multiplier Range	Target Shares	Intended Value
1/28/2013	$31.18	50% to 150%	191,200	$5,961,616

Board Approved Performance Shares ("Actual Value")

Award Date	Vesting Stock Price	Performance Multiplier	Awarded Shares	Actual Value
1/25/2016	$27.16	105.91%	202,500	$5,499,898
			Dollar Difference of Actual vs. Intended Value	($461,718)
			Actual Value as a Percent of Intended Value	92%

Shareholder Engagement

2015 Advisory Vote on Executive Compensation. Shareholders approved our advisory vote on executive compensation with 82 percent of the votes cast FOR the compensation of our NEOs, which was a 13 percentage point increase from the prior year. Based on our conversations with shareholders, the higher vote in favor of executive compensation was primarily a result of:

- Positive 2014 total shareholder return (over 40.6 percent), and
- Strong compensation framework and disclosure, and robust goals, with eight of the ten underlying PShare metrics increasing in difficulty from the prior year.

We actively engage our shareholders throughout the year. Since 2006, we have maintained a shareholder engagement program in which we proactively contact our top shareholders and leading proxy advisory services firms and educate them about the corporate governance and executive compensation changes we have implemented, while also seeking feedback on executive compensation and corporate governance matters. Our engagement team comprises leaders from human resources, investor relations and the office of corporate governance. For 2015, the company offered the participation of the committee chair.

Robust 2015 Shareholder Outreach. In the spring and fall of 2015, we spoke with holders of about 46 percent of our outstanding common shares. These discussions were highly valuable, as we were able to summarize and answer questions about the 2015 proxy statement and key executive compensation and corporate governance matters, as well as review executive compensation changes that were implemented based on prior shareholder input. Overall, the feedback we received was positive and supported our programs.

Positive shareholder feedback for 2014 CEO pay (reported in 2015 proxy):

- **Pay-for-performance alignment:** 2014 CEO pay as reported in the Summary Compensation Table decreased, and total shareholder return was up significantly,
- **Strong stock ownership achievement levels:** Each NEO owns at least 200 percent of his stock ownership target, and the CEO's target is now 6X base salary and the CEO owns over 200 percent of this target,

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Compensation Discussion & Analysis

- **Pay-at-risk:** CEO's pay-at-risk is 90 percent (with 78 percent in the form of LTI),
- **LTI mix:** 67 percent PShares and 33 percent RSUs for NEOs,
- **Quality of disclosure:** Shareholders complimented the robust and comprehensive executive compensation disclosures, noting the simplified and summarized relevant information and the use of graphics and an executive summary.

Our 2015 executive compensation program was largely unchanged from 2014 as the committee believes the program is aligned strongly with shareholder interests and market practice. The shareholder feedback we received, including the higher level of support on the say on pay vote in 2015, was positive. Even though the committee believes the program is meeting its objectives in rewarding financial, operational, and strategic success, it is always seeking ways to improve the executive compensation program and disclosure. During 2015, the company assessed trends in executive compensation practices and looked for ways to improve disclosures about our program. In addition, the committee and management reviewed correspondence submitted by individual and institutional shareholders, analyzed market practices at peer companies, and sought advice from the committee's independent compensation consultant. Based on shareholder discussions and recommendations, the committee, during its annual evaluation of the company's executive compensation programs made only slight modifications to our programs, and disclosures:

2015 Shareholder Feedback	Exelon Actions as a result of 2015 Shareholder Feedback
Replace FFO/Debt with a growth metric for the PShare Program	**Starting with the 2016-2018 PShare program, Operating EPS will replace FFO/Debt, aligning with the company's growth story of 3 percent – 5 percent CAGR through 2018**
Concern about any Individual Performance Multiplier (IPM) above 100 percent for NEOs	**Even though the company had strong financial and operational performance in 2015, no NEO received an IPM greater than 100 percent in either the AIP or PShare program**
Requested a greater focus on performance goals and transparency	**The company added a detailed performance scorecard for each year of the 2013-2015 PShare program**
Supported Proposal to Allow EVPs and higher officers to elect the form of PShare settlement	**Starting with the settlement of the 2013-2015 PShare program (paid out in January 2016), EVPs and above who owned two times their stock ownership guidelines could elect to have the PShares paid out 100 percent in stock, half in stock and half in cash, or 100 percent in cash**

Section II: How We Design Our Executive Compensation Programs to Pay for Performance

Our approach to compensating our NEOs is to align the long-term interests of Exelon's executives with those of our shareholders. Our compensation framework is based on providing market-competitive programs that attract and retain top talent necessary to effectively lead a company with the scale and technical complexity of Exelon throughout all phases of the business cycle. The framework promotes pay for performance by putting a majority of pay at risk and directly linking it to Exelon's shareholder returns and to other performance factors that measure our progress against the financial management and operational excellence goals in our strategic and operating plans. This means when excellent performance is achieved, pay will be above target. Failure to achieve objectives will result in below-market pay.

In order to reaffirm the link between pay and performance, the committee annually reviews the executive compensation components, targets and payouts and approves compensation for all NEOs except the CEO, whose compensation is approved by the independent directors on the recommendation of the committee and its independent consultant (Semler

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Brossy Consulting Group). The committee evaluates goals under the annual and long-term incentive programs to ensure that they are challenging, contain appropriate stretch, and are designed to mitigate excessive risk. Goals are selected and evaluated based on support for Exelon's long-term business plan.

2015 NEO Pay Decisions

As stated in its charter, one of the committee's most important responsibilities is to recommend the CEO's compensation to the independent directors. The committee fulfills its oversight responsibilities and provides thoughtful recommendations by analyzing peer group compensation data with its independent compensation consultant and company performance data. The committee reviews the various elements of the CEO's compensation in the context of the target total direct compensation (base salary, annual and long-term incentive target opportunities) and then presents its recommendations following the compensation governance process set forth below.

Roles of board, compensation and leadership development committee, and CEO
• CEO compensation decisions are made by the independent members of the board, based on recommendation of the compensation and leadership development committee.
• Other NEO compensation decisions are made by the committee, based on a number of factors including input from the CEO and the independent compensation consultant.
• The committee is advised by an independent compensation consultant.

The key executive compensation activities that occur annually are shown below:

Activities	Timing
Design Compensation Program – 2015 incentive programs are discussed, including AIP and LTI designs and compensation study comparing executive officer compensation with their peers.	November 24, 2014
Establish Range of Compensation Opportunities – AIP and LTI opportunities are set with appropriate stretch (threshold, target, and distinguished performance levels). Individual AIP and LTI opportunities are established, as well as any base salary adjustment.	January 26, 2015
Review Performance – Performance is reviewed, which leads to payout decisions (e.g., AIP, and 2013-2015 PShare award) **.**	January 25, 2016

How Pay-for-Performance Works

Overview. Exelon has a long-standing commitment to link pay and performance by providing a majority of compensation that is tied to stock price or contingent on achieving short and long-term objectives.

- **Program Design:** Over 80 percent of NEO pay at Exelon is variable as depicted in the chart below, which directly ties pay to the company's performance, including financial results, operational goals, and stock performance relative to our peer group.

Compensation Discussion & Analysis

- **Performance Assessment:** The committee uses a comprehensive and well-defined process to assess performance, which encompasses both short and long-term financial and operational results relative to our goals. The committee ensures that the goal-setting process is rigorous and contains appropriate stretch for both internal measures and operational metrics that generally set achieving industry first quartile performance as the target.

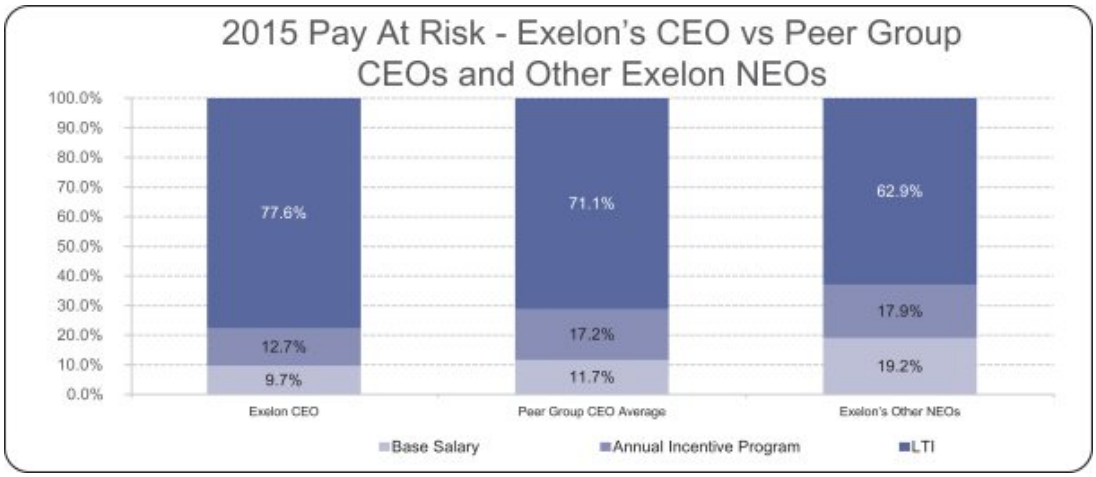

Almost 78 percent of our CEO's target total direct compensation is in the form of LTI, which is almost 7 percentage points higher than the average CEO in our peer group.

Compensation Discussion & Analysis

What We Do and Don't Do

Exelon's executive compensation philosophy focuses on pay-for-performance and reflects appropriate governance practices aligned with the needs of our business. Below is a summary of our executive compensation practices that are aligned with best practices, as well as a list of those practices we avoid because they do not align with shareholders' long-term interests.

What We Do

- ✓ Pay for performance – 90 percent of CEO pay (and almost 81 percent for other NEOs) is at risk
- ✓ Require robust stock ownership – 6X base salary for CEO and 3X for other NEOs
- ✓ Mitigate undue risk in executive compensation programs (e.g., incentive awards are capped at 200 percent)
- ✓ Require double-trigger for change-in-control benefits – change-in-control plus involuntary termination
- ✓ Retain an independent compensation consultant to advise the committee
- ✓ Evaluate management succession and leadership development efforts annually
- ✓ Provide limited, modest perquisites based on sound business rationale
- ✓ Proactively seek investor feedback on executive compensation programs, reaching 46 percent in 2015
- ✓ Prohibit hedging transactions, short sales, derivative transactions or pledging of company stock
- ✓ Require executive officers to trade through 10b5-1 trading plans or obtain pre-approval before trading Exelon stock
- ✓ Annually assess our programs against peer companies and best practices
- ✓ Include appropriate stretch in incentive targets based on industry performance and/or Exelon's business plan
- ✓ Clawback incentive compensation paid to an executive who has engaged in fraud or intentional misconduct

What We Don't Do

- × No guaranteed minimum payout of AIP or LTI programs
- × No employment agreements
- × No dividend-equivalents on unearned PShares
- × No excise tax gross-ups for change-in-control agreements entered into after April 2009
- × No inclusion of the value of LTI awards in pension or severance calculations
- × No additional credited service under supplemental pension plans since 2004
- × No option re-pricing or buyouts

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Compensation Discussion & Analysis

Assessing Executive Compensation Programs

Overview. An assessment of our executives' compensation levels against our peer group is one of several considerations in the pay setting process. Peer group practices are analyzed each year for target total direct compensation and for other pay practices, such as perquisites and the mix of LTI vehicles. Because Exelon is one of the largest energy services companies, we compare executive compensation against a blended peer group with which we compete for talent. Each year the compensation and leadership development committee, working with its independent consultant, reviews the composition of the peer group and determines whether any changes should be made. For 2015, the committee approved a change to the peer group to remove PepsiCo Inc., which was larger than the company's criteria of 0.5X to 2.0X for both revenue and market capitalization. Additionally, Caterpillar and PPG Industries did not participate in the TowersWatson executive compensation survey. As a result, the committee approved replacing these three companies with Deere & Company, General Dynamics and Northrup Grumman. These companies all fit within our parameters for both revenue and market capitalization and those averages did not materially change as a result of these changes. The peer group has the following general characteristics:

- Includes 10 energy services companies and 10 general industry companies
  - General industry peers include an emphasis on companies that are capital asset-intensive and may be subject to effects of commodity prices
  - Energy Services peers include an emphasis on companies that have at least 25 percent of their assets in unregulated businesses
    - These Competitive Integrated peers include Entergy, FirstEnergy, NextEra, and Public Service Enterprise Group and form our TSR peer group as well.
- Comparable annual sales (.5x to 2x) and market capitalizations generally above $10 billion
- Median revenue of our peer group for the year ended December 31, 2015 was approximately $18.5 billion
  - As compared to Exelon's revenues of $29.4 billion
- Median market capitalization of our peer group was $29.7 billion at December 31, 2015
  - As compared to Exelon's market capitalization of $25.5 billion

The peer group for 2015 is shown in the table below:

General Industry		Energy Services	
3M	Hess Corporation	AEP Co., Inc.	FirstEnergy Corp.
Alcoa	Honeywell Co.	Dominion Resources, Inc.	NextEra Energy, Inc.
Deere & Company	International Paper	Duke Energy Corp.	PG&E Corp.
EI DuPont	Johnson Controls Inc.	Edison International	PSEG, Inc.
General Dynamics	Northrop Grumman	Entergy Corporation	Southern Company

Setting Target TDC for our NEOs. The committee initially sets target TDC at market median of peer group companies, but TDC can vary based on competencies and skills, scope of responsibilities, the executive's experience and performance, retention, succession planning and the organizational structure of the businesses (e.g., internal alignment and reporting relationships). In establishing NEO compensation levels, the committee does not formally consider the ratio of individual NEO compensation relative to other NEOs.

Compensation Discussion & Analysis

Section III: What We Pay and Why We Pay it

Our NEOs for 2015 are unchanged from 2014 as shown below:

Name	Title
Christopher M. Crane	President and Chief Executive Officer, Exelon
Jonathan W. Thayer	Senior EVP and Chief Financial Officer, Exelon
Kenneth W. Cornew	Senior EVP and Chief Commercial Officer, Exelon; President and Chief Executive Officer, Exelon Generation
Denis P. O'Brien	Senior EVP, Exelon; Chief Executive Officer, Exelon Utilities
William A. Von Hoene, Jr.	Senior EVP and Chief Strategy Officer, Exelon

Compensation Framework and 2015 Performance-based Pay Actions

Component	Actions
Base Salary Increase	- Salary increases as a result of the merit review averaged 2.5% for our NEOs. - Base salary increases were provided to recognize individual performance and maintain market competitiveness.
Annual Incentive Payout	- The total payout as a percent of target for our NEOs was 129.63%, with the exception of Mr. O'Brien, who received 133.38%. - The total payout is inclusive of an individual performance multiplier of 100% for each for NEO. - AIP weighting is 100% non-GAAP Operating EPS for all NEOs, with the exception of Mr. O'Brien, who has a blend of financial and operational metrics.
LTI	- LTI consists of PShares (67%) and RSUs (33%). The PShare goals are weighted 60% on financial management and 40% on operational excellence. - The 2015-2017 PShare vests in full in 2018, with final payout subject to a three-year TSR modifier and individual performance multiplier. - RSUs vest one-third per year over three years. - For the 2013-2015 PShare Award, the Committee approved an overall performance of 105.56%, based on the average performance in 2013, 2014, and 2015 multiplied by the TSR modifier factor of 90% (reflecting a 10% reduction).

Pay at Risk

Pay at risk in action. Consistent with our pay-for-performance culture and to ensure alignment with shareholder interests, the committee recommends CEO pay decisions to the independent directors based on the core compensation principle of putting the majority of compensation in the form of variable pay that is at risk.

Compensation Discussion & Analysis

Base Salary

Overview. We pay base salaries to attract and retain talented executives and to provide a fixed level of cash compensation. Base salaries for our NEOs are set by the committee and adjusted following an annual market assessment of peer group compensation. Base salaries may be adjusted (1) as part of the annual merit review, or (2) based on a promotion or significant change in job scope. The committee considers the results of the annual market assessment in addition to the following factors when contemplating a merit review: individual performance, scope of responsibility, leadership skills and values, current compensation, internal equity, and legacy matters.

2015 base salary adjustments. The table below depicts 2015 base salary adjustments that were effective March 1, 2015 as part of the annual merit review. There were no adjustments based on promotion or significant change in job scope in 2015.

Name	Merit Increase
Crane	2.5%
Thayer	2.5%
Cornew	2.6%
O'Brien	2.5%
Von Hoene, Jr.	2.5%

Performance-based Annual Incentive Program

Overview. We grant performance-based annual incentive awards to compensate our NEOs for achieving the company's annual performance goals. These awards represent a relatively small percentage of the executives' target total direct compensation (e.g., 13 percent for our CEO to about 18 percent for all other NEOs on average), as a majority of NEO pay is in the form of LTI. Both the AIP and the LTI are considered at risk and subject to recoupment pursuant to Exelon's recoupment policy in the case of a material negative adjustment of Exelon's financial or operational results.

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Performance Goals. The performance goal used to determine the annual incentives and bonuses for the named executive officers was adjusted non-GAAP operating EPS, which represents earnings directly related to ongoing operations of the business. Mr. O'Brien, the CEO of Exelon Utilities, has an AIP target based on a blend of EPS and the average operational and cost results for our three utilities (BGE, ComEd, and PECO). These goals were chosen because they reflect financial management and operational excellence goals that are associated with the creation of value for shareholders. Financial and operational goals are set at threshold (50 percent), target (100 percent) and distinguished (200 percent) levels based on objectives in the company's strategic business plan. The 2015 adjusted non-GAAP operating EPS target approved by the committee contains stretch goals based on the company's internal business plan. The committee set the operational goals based on industry performance benchmarks (where available).

Target Annual Incentive Opportunity	x	Company/Business Unit Performance	x	Individual Performance Multiplier (IPM)	=	Actual Annual Incentive Award
• Expressed as percentage of base salary, as of 12/31/15 • CEO annual incentive target of 130 percent • Other NEO annual incentive targets range from 85 percent to 100 percent		• Based on non-GAAP operating EPS for all NEOs, except Mr. O'Brien • Performance is 0 percent to 200 percent (target of 100 percent)		• Measures individual performance • Can range from 50 percent to 110 percent for NEOs (target of 100 percent) • IPMs determined by the committee, with the exception of the CEO's IPM, which the independent directors approve		• Maximum award of 200 percent of target

2015 Performance. The committee approved a payout of 129.63 percent, based on adjusted non-GAAP operating EPS performance of $2.49 per share, with the exception of Mr. O'Brien whose payout was 133.38 percent, based on a blend of EPS and utility financial and operational metrics. All NEOs received an IPM of 100 percent.

The following table describes the performance scales and results for the 2015 goals:

Goals	Threshold	Target	Distinguished	2015 Results	Unadjusted Payout as a % of Target
Adjusted (non-GAAP) Operating Earnings Per Share (EPS)	$ 2.24	$2.41	$ 2.68	$ 2.49	129.63%
Avg of BGE, ComEd and PECO Operational Results*	Performance scale is a composite of multiple measures				137.60%
Avg of BGE, ComEd and PECO Cost Results*					128.70%

* *Mr. O'Brien's performance factor differs from the other NEO's based on the following weighting: 25% Utilities cost measures, 25% Utilities operational measures, and 50% Operating EPS. His resultant performance factor is 133.38%.*

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Note: Adjusted (non-GAAP) Operating Earnings

Adjusted (non-GAAP) operating earnings are provided as a supplement to results reported in accordance with GAAP. The adjustments generally exclude significant one-time charges or credits that are not normally associated with ongoing operations, mark-to-market adjustments from economic hedging activities and unrealized gains or losses from nuclear decommissioning trust fund adjustments. Management uses such adjusted (non-GAAP) operating earnings internally to evaluate the company's performance and manage its operations and externally to report performance to investors. Accordingly, management also uses adjusted (non-GAAP) operating earnings as a goal in its annual incentive plan. A reconciliation of adjusted (non-GAAP) operating earnings per share to reported GAAP earnings for 2015 is presented below; amounts may not add due to rounding:

2015 Adjusted (non-GAAP) Operating Earnings (Loss) Per Share	**$ 2.49**
Adjustments:	
Mark-to-Market Impact of Economic Hedging Activities	0.18
Tax Settlements	0.06
CENG Non-Controlling Interest	0.04
Mark-to-Market Impact of PHI Related Interest Rate Swaps	0.02
Midwest Generation Recoveries	0.01
ARO Update	0.01
Reduction in State Income Tax Reserve	0.01
Amortization of Commodity Contract Intangibles	—
Unrealized Gain (Losses)-NDTF	(0.13)
Merger and Integration Costs	(0.07)
Reassessment of State Deferred Income Taxes	(0.05)
Long-lived Asset Impairments	(0.02)
PHI Merger Related Debt Exchange	(0.01)
Plant Retirements and Divestitures	—
Bargain-Purchase Gain on Integrys Acquisition	—
Gain on CENG Integration	—
2015 GAAP Earnings (Loss) Per Share	**$ 2.54**

The following table shows how the formula was applied and the actual amounts awarded.

NEO	Salary		Target AIP%		Performance Factor		Total Award for 2015 Performance		IPM%		Actual Award
Crane	$1,230,000	x	130%	x	129.63%	=	$2,072,777	x	100%	=	$2,072,777
Thayer	$ 750,000	x	95%	x	129.63%	=	$ 947,006	x	100%	=	$ 947,006
Cornew	$ 820,000	x	100%	x	129.63%	=	$1,090,185	x	100%	=	$1,090,185
O'Brien	$ 765,500	x	95%	x	133.38%	=	$ 994,688	x	100%	=	$ 994,688
Von Hoene, Jr.	$ 740,000	x	85%	x	129.63%	=	$ 835,753	x	100%	=	$ 835,753

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2015 LTI Awards

One of our central tenets of executive compensation is to manage for the long-term and we believe that execution against the company's strategy over multi-year periods will position the company for future growth and lead to an increase in long-term shareholder value creation. The LTI program for our senior vice presidents and higher officers (including our NEOs) consists of RSUs and PShares.

The committee approves the annual equity grants at its meeting in January. On January 26, 2015, the committee approved the 2015 grants for RSUs and PShares, which are shown in detail in the Grants of Plan-Based Awards table.

The number of shares subject to each award type was based on the 2015 target awards that were approved by the committee. The grant date fair value of the awards based on the January 26, 2015 closing stock price of $37.34 is shown in the Summary Compensation Table, and the amounts of equity awards granted to each NEO are listed below as well as in the Grants of Plan-Based Awards table. Outstanding equity awards are shown in the Outstanding Equity Awards table.

Restricted Stock Units. RSUs vest ratably over three years. The committee believes that RSUs provide stability, foster retention and less volatility than other forms of LTI such as stock options, but are still linked to changes in shareholder value. Dividend equivalents with respect to RSUs are reinvested as additional RSUs, subject to the same vesting conditions as the underlying RSUs.

Performance Share Units. Beginning in 2013, the committee adopted overlapping three-year PShare cycles rather than discrete performance cycles to increase the focus on long-term shareholder value creation while aligning the structure to market practice. The PShare program is based on two three-year goals consisting of financial management (weighted 60 percent) and operational excellence (weighted 40 percent), with ten underlying metrics as defined below. Final payout is subject to a total shareholder return modifier (up to +/- 25 percent) over three years relative to Exelon's TSR peer group comprising competitive integrated companies that have at least 25 percent or more of their assets in unregulated businesses (Entergy, First Energy, NextEra Energy, and PSEG). PPL formerly was part of the TSR peer group but dropped after 2015 once they spun off part of their business to form Talon Energy. We compare our performance against these companies due to their similar operating model and investment profile.

How the Performance Share Units Work. Each NEO's target performance share award is applied against the following:

Average of 2015, 2016 and 2017 performance	x	Total Shareholder Return Modifier	x	Individual Performance Multiplier (IPM)	=	Actual Performance Share Award
• Three year goals (financial management and operational excellence)		• Total shareholder return measured over three years relative to peer group may increase or decrease the award up to 25 percent		• IPM can decrease the award by up to 50 percent or increase the award by up to 10 percent		• 150 percent maximum award prior to total shareholder return and IPM (200 percent maximum after total shareholder return and IPM)

Compensation Discussion & Analysis

PShare Weighting Based on Financial and Operational Goals

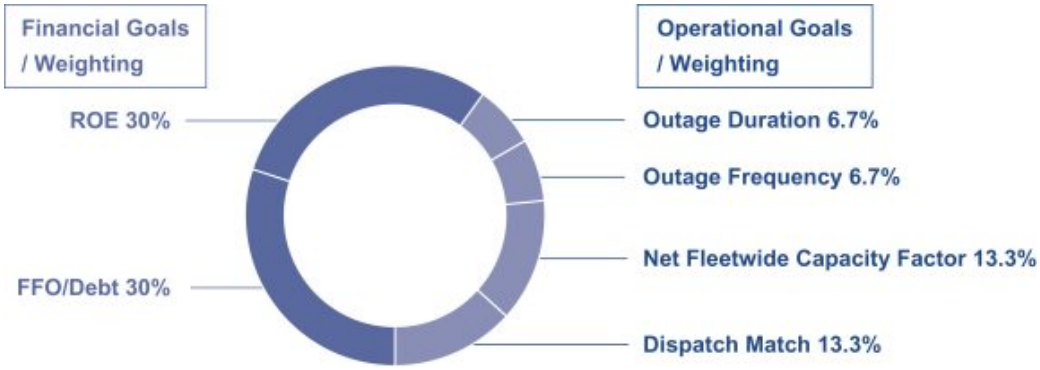

Financial Metrics

- ROE: Measures the company's ability to generate earnings in relation to the amount of equity shareholders have invested in the company.
- FFO/Debt: Key ratio analyzed by the rating agencies in determining the company's credit rating.

Operational Metrics

- Outage Duration: Calculated as the total number of customer interruption minutes divided by the total number of customer interruptions. Applies to BGE, ComEd, and PECO for a total of three metrics.
- Outage Frequency: Calculated as the total number of customer interruptions divided by the total number of customers served. Applies to BGE, ComEd, and PECO for a total of three metrics.
- Net Fleetwide Capacity Factor: The weighted average of the capacity factor of all Exelon nuclear units, calculated as the sum of net generation in megawatt hours divided by the sum of the hourly annual mean net megawatt rating, multiplied by the number of hours in a period.
- Dispatch Match: Measure the responsiveness of a fossil generating unit to the market.

Compensation Discussion & Analysis

2015 PShare Performance

In 2015, we completed the first year of the PShare performance period for our 2015-2017 award, the second year of the PShare performance period for our 2014-2016 award, and the third year of the PShare performance period of our 2013-2015 award.

The table below reflects the 2015 PShare Scorecard, which uses a “stair-step” approach with no interpolation between data performance levels. The committee may elect to modify the metric targets annually on a forward-looking basis to address unintended consequences with the challenges of setting three-year goals. Once the annual scorecard is approved for the year, the goals are locked-down and may not be reset. However, for the upcoming year the performance levels around a metric such as ROE may be adjusted on a forward-looking basis for the year based on updated financial information and changing market conditions.

Goal Setting: All metrics are designed to be challenging to achieve and were chosen because they are key measures for driving long-term success for Exelon. Operational metrics are set at challenging levels (i.e., target typically corresponds to top quartile performance) compared to industry standards. Financial metrics (e.g., ROE and FFO/Debt) have targets that are set based on the internal business plan. For 2015, six of the ten metrics were made more challenging, which is consistent with the 2014 Committee actions.

For the PShare scorecard below, a lower number is more challenging for both outage duration and outage frequency, whereas a higher number is more challenging for all other metrics. The checkmark indicates the 2015 metric was set more challenging relative to 2014.

2015 Performance Share Scorecard

Goals/ Weighting	Metrics	Metric Weighting	Operating Company	Threshold	Target	Year-over-Year More Challenging?	Target Calibrated to	Disting-uished	Final Score	Actual Award vs. Metric Weighting
Financial Management	ROE	30.0%	Exelon Corp	7.25%	7.75%		Budget	8.50%	8.23%	37.5%
	FFO/Debt	30.0%	ExGen HoldCo	27.0%	30.0%		Budget	42.7%	33.1%	30.0%
Operational Excellence	Outage Duration (Average)	6.7%	BGE	100.0	88.0	✔	1st Quartile	85.0	91.0	1.68%
			ComEd	93.0	83.0	✔	1st Quartile	82.0	82.0	3.35%
			PECO	93.0	87.0	✔	1st Quartile	85.0	84.0	3.35%
	Outage Frequency (Average)	6.7%	BGE	1.00	0.80	✔	1st Decile	0.76	0.82	1.68%
			ComEd	0.87	0.77	✔	1st Decile	0.74	0.78	1.68%
			PECO	0.87	0.77	✔	1st Decile	0.74	0.70	3.35%
	Net Fleetwide Capacity Factor	13.3%	Nuclear	91.1%	93.1%		1st Quartile	93.6%	93.9%	19.95%
	Dispatch Match	13.3%	Power	94.3%	96.6%		Internal Measure	97.8%	98.6%	19.95%
									Committee Approved Performance	122.48%

Rationale for the four metrics that were set at a less challenging level in 2015 compared to 2014 is below:

- ROE
  - The target decreased from 8.00% in 2014 to 7.75% in 2015 based on the business plan target being slightly lower from the prior year, as well as tightening the performance scale (i.e., we decreased the range from threshold to distinguished from 7.00% to 9.00% in 2014 to 7.25% to 8.50% in 2015).

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- FFO/Debt
  - The target decreased from 40.5% in 2014 to 30.0% in 2015 primarily due to a higher debt balance as a result of incremental cash needs across the organization.
- Net Fleetwide Capacity Factor
  - The target decreased from 93.3% in 2014 to 93.1% in 2015 based on refueling outages increasing from 9 in 2014 to 13 in 2015. The duration of the refueling outages also increased from 212 days in 2014 to 284 days in 2015.
- Dispatch Match
  - The target decreased from 97.1% in 2014 to 96.6% in 2015 primarily due to two drivers: the portfolio makeup changed, driven by asset divestitures; and the composition of units contributing to Dispatch Match changed driven by market forces, such as older and less reliable units.

TSR Modifier. The amount of the 2013-2015 PShare award was reduced by 10 percent based on Exelon's TSR performance relative to the TSR average of its peer group from 2013-2015. The table below to the left depicts the stair-step approach that was used for determining the TSR modifier performance level. The table below to the right illustrates each peer group's TSR from 2013-2015.

TSR Modifier		
Award Modifier	EXC vs. Avg. TSR (basis points)	EXC vs. Avg. TSR 2013-2015
25%	≥ 4,000	
20%	3,000 to 3,999	
10%	2,000 to 2,999	
0%	-1,999 to +1,999	
-10%	-2,000 to – 2,999	-2,409
-20%	-3,000 to – 3,999	
-25%	≤ - 4,000	

Exelon TSR Relative to Peer Group	
Company	TSR %
Exelon	5.63%
Entergy	23.61%
FirstEnergy	-12.59%
NextEra	64.93%
PSEG	42.94%
Peer Group Avg.	29.72%
Exelon Variance	-24.09%

How the 2013-2015 PShare Performance was Determined. The PShare payout for the 2013-2015 cycle was approved by the committee at the January 25, 2016 meeting at 105.91 percent as shown in the table on line 1. This was based on the average annual PShare performance results over 2013, 2014, and 2015 factoring in the TSR modifier of negative 10 percent based on Exelon's performance relative to the Competitive Integrated peer group from 2013-2015.

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However, as shown in the table below under line 2, the payout for our CEO would have been $355,000 higher if the independent directors had not applied downward discretion to reduce the payout percent applicable to 2013 performance from 147.8 percent to 125 percent.

	PShare Program	Performance Results			Average Performance	X	TSR Factor*	X	IPM**	=	% Award Payout	$ Award Value
		2013	2014	2015								
1	Actual Award	125%	105.56%	122.48%	117.68%		90%		100%		105.91%	$5,499,898
2	Formulaic Award	147.8%	105.56%	122.48%	125.28%		90%		100%		112.75%	$5,855,098
									$ value of negative discretion			$355,200

* Reflects negative 10% TSR modifier, which equates to a 90% TSR factor.
** 100% IPM given to CEO for award.

Settlement of PShares is 50 percent in shares with the balance in cash. However, executive vice presidents and higher officers who have achieved 200 percent or more of their stock ownership target as of September 30 of the year prior to payout have the option of settling the award (a) entirely in stock, (b) entirely in cash, or (c) half in stock and half in cash.

Compensation Discussion & Analysis

Supplemental information: 2014 and 2013 PShare Scorecards

Below are the 2014 and 2013 PShare Scorecards that were used to determine the 2013-2015 PShare performance. Versions of these 2014 and 2013 scorecards were disclosed in the Exelon 2015 and 2014 proxy statements, on pages 53 and 56, respectively. We have included them to assist the reader in better understanding our overall performance on the key metrics below.

2014 Performance Share Scorecard

Goals/ Weighting	Metrics	Metric Weighting	Operating Company	Threshold	Target	Target Calibrated to	Disting-uished	Final Score	Actual Award vs. Metric Weighting
Financial Management	ROE	30.0%	Exelon Corp	7.0%	8.0%	Budget	9.0%	8.22%	30.00%
	FFO/Debt	30.0%	ExGen HoldCo	39.0%	40.6%	Budget	43.1%	41.0%	30.00%
Operational Excellence	Outage Duration (Average)	6.7%	BGE	113.0	95.0	2nd Quartile	91.5	92.0	2.79%
			ComEd	94.0	85.0	1st Quartile	84.0	84.0	3.35%
			PECO	94.0	88.0	1st Quartile	85.5	90.0	1.68%
	Outage Frequency (Average)	6.7%	BGE	1.12	0.97	2nd Quartile	0.91	0.77	3.35%
			ComEd	0.90	0.78	1st Decile	0.76	0.81	1.68%
			PECO	0.90	0.78	1st Decile	0.76	0.77	2.79%
	Net Fleetwide Capacity Factor	13.3%	Nuclear	91.3%	93.3%	1st Quartile	93.8%	94.2%	19.95%
	Dispatch Match	13.3%	Power	95.1%	97.1%	Internal Measure	97.9%	96.5%	9.98%
							Committee Approved Performance		105.56%

2013 Performance Share Scorecard

Goals/ Weighting	Metrics	Metric Weighting	Operating Company	Threshold	Target	Target Calibrated to	Disting-uished	Final Score	Actual Award vs. Metric Weighting
Financial Management	ROE	30.0%	Exelon Corp	8.0%	9.0%	Budget	9.5%	9.70%	45.00%
	FFO/Debt	30.0%	ExGen HoldCo	25.0%	27.0%	Budget	30.0%	37.0%	45.00%
Operational Excellence	Outage Duration (Average)	6.7%	BGE	126.0	120.0	3rd Quartile	116.5	96.0	3.35%
			ComEd	94.0	86.0	1st Quartile	85.0	81.0	3.35%
			PECO	94.0	88.0	1st Quartile	87.0	94.0	1.12%
	Outage Frequency (Average)	6.7%	BGE	1.25	1.10	2nd Quartile	1.04	0.87	3.35%
			ComEd	1.02	0.89	1st Quartile	0.87	0.76	3.35%
			PECO	0.90	0.81	1st Quartile	0.76	0.68	3.35%
	Net Fleetwide Capacity Factor	13.3%	Nuclear	91.1%	93.1%	Best-in-Class	93.6%	94.1%	19.95%
	Dispatch Match	13.3%	Power	93.4%	96.6%	Internal Measure	97.4%	99.1%	19.95%
							Formulaic Payout		147.8%
							Final Committee Discretion		125%

Compensation Discussion & Analysis

Section IV: Governance Features of Our Executive Compensation Programs

CEO Annual Performance Assessment

On an annual basis, the independent directors of the Exelon board conduct a thorough review of CEO performance. In 2015, the review considered the extent of Mr. Crane's achievement in executing against Exelon's strategy to deliver stable growth, sustainable earnings and an attractive dividend. The board considered strong financial (beat plan for EPS by 8 cents) and exceptional operational performance (best-in-class or first decile performance against industry standards on several metrics). Mr. Crane prepared a detailed self-assessment reporting to the board on his performance during the year with respect to each of the performance requirements. The Exelon board considered the financial highlights of the year and a strategy scorecard that assessed performance against the company's vision and goals. This review was considered in making decisions regarding Mr. Crane's compensation.

Stock Ownership and Trading Requirements

To strengthen the alignment of executives' interests with those of shareholders, officers of the company are required to own certain amounts of Exelon common stock. Executives must meet these guidelines within five years after the later of the implementation of the new guidelines, their employment or promotion to a new position. As of the annual measurement date of September 30, 2015, all NEOs exceeded 200 percent of their stock ownership guidelines as shown in the table below:

Name	Required Minimum Ownership	Ownership as of Sept 30, 2015
Crane	6 times base salary	207% (of 6x)
Thayer	3 times base salary	229% (of 3x)
Cornew	3 times base salary	244% (of 3x)
O'Brien	3 times base salary	221% (of 3x)
Von Hoene, Jr.	3 times base salary	250% (of 3x)

For additional information about Exelon's stock ownership guidelines, please see Stock Ownership Requirements for Directors and Officers and the Beneficial Ownership Table.

Exelon has adopted a policy requiring executive vice presidents and higher officers who wish to sell Exelon common stock to do so only through Rule 10b5-1 stock trading plans, and permitting other officers to enter into such plans. This requirement is designed to enable officers to diversify a portion of their holdings in excess of the applicable stock ownership requirements in an orderly manner as part of their retirement and tax planning activities. The use of Rule 10b5-1 stock trading plans serves to reduce the risk that investors will view routine portfolio diversification stock sales by executive officers as a signal of negative expectations with respect to the future value of Exelon's stock. In addition, the use of Rule 10b5-1 stock trading plans reduces the potential for accusations of trading on the basis of material, non-public information, which could damage the reputation of the company. Exelon's stock trading policy does not permit short sales, hedging or pledging.

Recoupment (Clawback) Policy

Consistent with the pay-for-performance policy, in May 2007, the board of directors adopted a recoupment policy as part of Exelon's Corporate Governance Principles. The board of directors will seek recoupment of incentive compensation paid to an executive officer if the board determines, in its sole discretion, that:

- the executive officer engaged in fraud or intentional misconduct;
- as a result of which Exelon was required to materially restate its financial results;

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- the executive officer was paid more incentive compensation than would have been payable had the financial results been as restated;
- recoupment is not precluded by applicable law or employment agreements; and
- the board concludes that, under the facts and circumstances, seeking recoupment would be in the best interest of Exelon and its shareholders.

Compensation Policies and Practices as They Relate to Risk Management

The compensation and leadership development committee has considered Exelon's policies and practices of compensating its employees, including non-executive officers, as they relate to risk management practices and risk-taking incentives and believes that such policies and practices are not reasonably likely to have a material adverse effect on Exelon. In this regard, the committee considered the following factors:

- The annual and long-term incentive programs place limits on incentive compensation grants and awards.
- Incentive goals are not tailored solely to revenue-generating conduct.
- The annual incentive program key performance indicators are reviewed in a challenge session by a senior management panel to make sure the goals are fair, reasonable, aligned with the overall business plan and balanced between financial and operational excellence.
- The annual incentive program contains features that limit payouts on operating company and business unit key performance indicators, and the compensation and leadership development committee reserves the right to curtail awards if a business unit under-performs.
- Exelon has long-term incentive programs that are linked to shareholder value.
- Exelon's officers are required to own Exelon stock, and PShares are paid out after a three-year performance period.
- The Exelon Long-term Incentive Plan provides that the compensation and leadership development committee may amend or adjust the performance measures or other terms and conditions of an outstanding award in recognition of unusual or nonrecurring events affecting the company or its financial statements or changes in law or accounting principles.
- The company has a recoupment policy.

Although the foregoing factors address financial risks, the committee also considered that Exelon's policies and practices include measures to make sure that the cost reduction and other goals designed to address financial performance do not present significant operational risk issues. These measures include the following:

- For employees and all officers with business unit responsibilities, the annual incentive compensation program includes measures based on business unit operating measures, such as safety and reliability.
- Management carefully tracks a variety of safety and reliability metrics on a routine basis to make sure that performance is not adversely affected by such things as cost reduction efforts.

Tax Consequences

Under Section 162(m) of the Internal Revenue Code, executive compensation in excess of $1 million paid to a CEO or other person among the three other highest compensated officers (excluding the CFO) is generally not deductible for purposes of corporate federal income taxes. However, qualified performance-based compensation, within the meaning of Section 162(m) and applicable regulations, remains deductible. The compensation and leadership development committee intends to

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continue reliance on performance-based compensation programs, consistent with sound executive compensation policy. The committee's policy has been to seek to cause executive incentive compensation to qualify as "performance-based" in order to preserve its deductibility for federal income tax purposes to the extent possible, without sacrificing flexibility in designing appropriate compensation programs.

Because it is not "qualified performance-based compensation" within the meaning of Section 162(m), base salary is not eligible for a federal income tax deduction to the extent that it exceeds $1 million. Accordingly, Exelon is unable to deduct that portion of Mr. Crane's base salary in excess of $1 million. Annual incentive awards and performance share units payable to NEOs are intended to be qualified performance-based compensation under Section 162(m), and to be deductible for federal income tax purposes. Restricted stock and restricted stock units are not deductible by the company for federal income tax purposes under the provisions of Section 162(m) to the extent an NEO's compensation that is not "qualified performance-based compensation" is in excess of $1 million.

In order to qualify payments under the AIP and performance share program as performance-based for Section 162(m) of the Internal Revenue Code, the committee uses a "plan-within-plan" two-step approach to determine the amount of the bonus payment. The first step is to fund the overall bonus pool. The pool is funded if the company meets the pre-established performance metrics. The second step is accomplished when the committee exercises "negative discretion" by making adjustments to the formula award funded by the overall pool. Negative discretion is used to reduce the amount funded by the pool to an amount equal to the target bonus (for AIP) or target equity (for the performance share program) adjusted for final company performance and individual performance.

Under Section 4999 of the Internal Revenue Code, there is an excise tax if change-in-control or severance benefits are greater than 2.99 times the five-year average amount of income reported on an individual's W-2. In April 2009 the committee adopted a policy that no future employment or severance agreements that provide for benefits for NEOs on account of termination will include an excise tax gross-up. However, certain NEOs have change in control severance agreements that pre-date April 2009 and provide excise tax gross-ups, and avoid gross-ups by reducing payments to under the threshold if the amount otherwise payable to an executive is not more than 110 percent of the threshold.

Executive Compensation Data

Executive Compensation

The tables below summarize the total compensation paid or earned by each of the Named Executive Officers (NEOs) of Exelon for the year ended December 31, 2015, presented in accordance with SEC requirements. Basic information about the elements of compensation as disclosed in the tables is shown below:

Salary:

- Amounts may not match the amounts discussed in Compensation Discussion and Analysis because that discussion concerns salary rates; the amounts reported in the Summary Compensation Table reflect actual salaries paid during the year including the effect of changes in salary rates.
- Changes to base salary generally take effect on March 1. There may also be changes at other times during the year to reflect promotions or changes in responsibilities.

Bonus:

- Reflects discretionary bonuses or amounts paid under the annual incentive plan on the basis of the individual performance multiplier or discretionary amounts approved by the compensation and leadership development committee or, in the case of Mr. Crane, approved by the independent directors.

Stock Awards:

- Values reported show the grant date fair value calculated in accordance with FASB ASC Topic 718.
- Consist primarily of performance share unit awards and restricted stock unit awards pursuant to the terms of the 2011 Long-Term Incentive Plan.
- Since 2013, award mix is 67 percent performance share units and 33 percent restricted stock units; stock options are no longer granted.

Performance Share Units:

- Compensation and leadership development committee redesigned structure in 2013.
  - Reduced goal categories from six to two: financial management (weighted at 60 percent) and operational excellence (weighted at 40 percent). Within the goal categories there are quantitative metrics.
  - Performance period lengthened from one to three years.
- Maximum payout for performance share units is 150 percent of target; threshold payout is 50 percent of target.
- Total shareholder return reinstated as a formulaic award modifier. Awards can be increased or decreased by up to 25 percent based on total shareholder return performance relative to other energy services companies with business models most similar to ours.
- Individual performance multiplier can increase awards up to 10 percent or reduce awards by 50 percent.
- Threshold, target and distinguished goals for performance share unit awards established on the grant date (generally the date of the first committee meeting in the first year in the performance period).
  - Actual performance against the goals for each year in the performance period established at the first committee meeting after the completion of the year.

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- At the end of the three-year performance period awards are made based on the average of the level of performance for each of the three years in the performance period, and the award date is the date of the first committee meeting after the completion of the third year in the performance period.
- Under the new design, performance shares vest immediately; under the former one-year performance period structure, awards vested one-third upon award with one-third vesting on the date of the next two January committee meetings.
- Performance share unit awards are settled 50 percent in Exelon common stock and 50 percent in cash, except for executive vice presidents and higher officers whose awards are paid 100 percent in cash if the officer has attained 200 percent of the applicable stock ownership requirement. However, executive vice presidents and higher officers who have achieved 200 percent or more of their stock ownership target as of September 30 of the year prior to payout have the option of settling the award entirely in stock, entirely in cash, or half in cash and half in stock.

Transition Awards:

- One-time grant of transition awards made in 2013 in connection with the transition to the three-year performance period for performance shares so that the amount of performance share awards vesting each year would be consistent during the period until the 2013-15 performance shares vest.
- Transition awards use the same goals and metrics as the performance shares, except that the total shareholder return modifier and individual performance multipliers do not apply.

Restricted Stock Units:

- Vest ratably on the date of the next three January committee meetings.
- In limited cases, restricted stock units are granted to executives as a means to recruit and retain talent.
  - May be used for new hires to offset annual or long-term incentives forfeited from a previous employer.
  - May also be used as a retention vehicle, vesting after pre-determined period of time and subject to forfeiture upon voluntarily termination.
  - May incorporate performance criteria as well as time-based vesting.
- Amounts of restricted shares held by each NEO shown in the footnotes to the Outstanding Equity Table.

Stock Options:

- Not granted since 2012.
- Prior to 2013 made pursuant to terms of Long-Term Incentive Plan.
- Granted at a strike price that was not less than the fair market value of a share of stock on the date of grant.
  - Fair market value was defined under the plans as the closing price on the grant date as reported on the New York Stock Exchange.
  - Individuals receiving stock options were provided right to buy fixed number of shares of Exelon common stock at the closing price on the grant date.
  - Target for the number of options awarded determined by the portion of the long-term incentive value attributable to stock options and a theoretical value of each option determined by the committee using a lattice binomial ratio valuation formula.

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- Options vest in equal annual installments over a four-year period and have a term of 10 years. Employees who are retirement eligible are eligible for accelerated vesting upon retirement or termination without cause. Time vesting adds a retention element to the stock option program.
- Under the terms of the Long-Term Incentive Plan stock options may not be re-priced or cashed out.

Non-equity incentive plan compensation:

- Includes amounts earned under the annual incentive plan, determined by the extent to which the applicable financial and operational goals were achieved.
- Amount of the annual incentive target opportunity expressed as a percentage of base salary, with actual awards determined using the base salary at the end of the year.
- Threshold, target and distinguished (i.e., maximum) achievement levels established for each goal.
  - Threshold set at the minimally acceptable level of performance, for a payout of 50 percent of target.
  - Target set consistent with the achievement of the business plan objectives.
  - Distinguished set at a level that significantly exceeds the business plan and has a low probability of payout, capped at 200 percent of target.
  - Awards interpolated to the extent performance falls between the threshold, target, and distinguished levels.

Executive Compensation Data

Summary Compensation Table

Year (a)	Salary ($) (b)	Bonus ($) Note 1 (c)	Stock Awards ($) Note 2 (d)	Option Awards ($) Note 3 (e)	Non-Equity Incentive Plan Compensation ($) Note 4 (f)	Change in Pension Value and Nonqualified Deferred Compen-sation Earnings ($) Note 5 (g)	All Other Compen-sation ($) Note 6 (h)	Total ($) (i)
Christopher M. Crane								
President and Chief Executive Officer, Exelon								
2015	$ 1,224,808	$ —	$ 9,821,055	$ —	$ 2,072,777	$ 2,462,551	$ 380,054	$ 15,961,245
2014	1,200,000	155,355	9,345,480	—	1,553,550	2,431,986	304,459	14,990,830
2013	1,191,539	—	12,606,074	—	1,565,250	1,584,841	243,994	17,191,698
Jonathan W. Thayer								
Senior Executive Vice President and Chief Financial Officer, Exelon								
2015	794,556	—	2,700,466	—	947,006	229,066	90,194	4,761,288
2014	717,597	73,795	2,974,199	—	737,946	166,783	85,008	4,755,328
2013	670,193	—	4,000,394	—	633,913	162,252	254,815	5,721,567
Kenneth W. Cornew								
Senior Executive Vice President and Chief Commercial Officer, Exelon; President and Chief Executive Officer, Exelon Generation								
2015	836,558	—	2,918,046	—	1,090,185	191,460	93,485	5,129,734
2014	815,769	84,929	2,822,820	—	849,285	194,029	55,193	4,822,025
2013	760,392	—	4,715,518	—	834,782	219,293	37,349	6,567,334
Denis P. O'Brien								
Senior Executive Vice President, Exelon; Chief Executive Officer, Exelon Utilities								
2015	780,874	—	2,469,294	—	994,688	239,970	86,431	4,571,257
2014	761,534	84,964	2,382,900	—	849,639	299,132	54,936	4,433,105
2013	742,233	—	3,233,366	—	811,205	411,426	43,984	5,242,214
William A. Von Hoene Jr.								
Senior Executive Vice President and Chief Strategy Officer, Exelon								
2015	755,296	—	2,296,821	—	835,753	163,284	111,890	4,163,044
2014	736,710	65,146	2,067,060	—	651,463	161,623	97,304	3,779,306
2013	717,446	—	3,371,564	—	639,495	179,014	74,359	4,981,878

Notes to the Summary Compensation Table

(1) *In recognition of their overall performance, certain executives may receive an individual performance multiplier to their annual incentive payments or other special recognition awards in certain years. For 2015, no NEOs received an individual performance multiplier.*

(2) *The amounts shown in this column include the aggregate grant date fair value of restricted stock unit and performance share unit awards for the 2015-2017 performance period granted on January 26, 2015. The grant date fair values of the stock awards have been computed in accordance with FASB ASC Topic 718 using the assumptions described in Note 17 of the Combined Notes to Consolidated Financial Statements included in Exelon's 2015 Annual Report on Form 10-K. The performance share unit awards are subject to performance conditions. For the 2015-2017 performance share unit award, the grant date fair value and the value assuming the highest level of performance, including the maximum total shareholder return multiplier and the maximum individual performance multiplier, is as follows:*

	Performance Share Unit Value	
	At Target	At Maximum
Crane	$ 6,580,092	$ 13,160,184
Thayer	1,809,310	3,618,619
Cornew	1,955,085	3,910,170
O'Brien	1,654,423	3,308,847
Von Hoene Jr.	1,538,856	3,077,712

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(3) *The amounts shown in this column include the aggregate grant date fair value of stock option awards granted. No stock options were granted to the NEOs in 2015, 2014 or 2013.*
(4) *The amounts shown in this column for 2015 represent payments made pursuant to the Annual Incentive Plan.*
(5) *The amounts shown in this column represent the change in the accumulated pension benefit for the NEOs from December 31, 2014 to December 31, 2015. None of the NEOs had above market earnings in a non-qualified deferred compensation account in 2015.*
(6) *The amounts shown in this column include the items summarized in the following table:*

All Other Compensation

Name (a)	Perquisites ($) Note 1 (b)	Reimburse-ment for Income Taxes ($) Note 2 (c)	Payments or Accruals For Termination or Change in Control (CIC) ($) Note 3 (d)	Company Contributions to Savings Plans ($) Note 4 (e)	Company Paid Term Life Insurance Premiums ($) Note 5 (f)	Dividends or Earnings Not Included in Grants ($) (g)	Total ($) (h)
Crane	$195,210	$ 80,227	$ —	$ 73,488	$ 31,128	$ —	$380,054
Thayer	36,131	36,546	—	13,956	3,561	—	90,194
Cornew	39,540	—	—	50,193	3,752	—	93,485
O'Brien	26,840	—	—	46,852	12,738	—	86,431
Von Hoene Jr.	31,978	28,634	—	45,318	5,960	—	111,890

Notes to All Other Compensation Table

(1) *The amounts shown in this column represent the incremental cost to Exelon to provide certain perquisites to NEOs as summarized in the Perquisites Table below.*
(2) *Employees receive a reimbursement to cover applicable taxes when they work out of their home state and encounter double taxation in states and localities where they would not be eligible to receive a credit for such taxes when filing their tax returns in their home state, as well as on imputed income for business-related spousal travel expenses for those cases where the personal benefit is closely related to the business purpose, and for relocation expenses when the employee is required to relocate.*
(3) *Represents the expense, if applicable, or the accrual of the expense that Exelon has recorded during 2015 after the announcement of the officer's retirement or resignation for severance related costs including salary and Annual Incentive Plan continuation and other benefits as applicable.*
(4) *Represents company matching contributions to the NEOs' qualified and non-qualified savings plans. The 401(k) plan is available to all employees and the annual contribution for 2015 was generally limited by IRS rules to $18,000, although employees over age 50 can make additional "catch-up" contributions of up to $6,000. NEOs and other officers may participate in the Deferred Compensation Plan, into which payroll contributions in excess of the specified IRS limit are credited under a separate, unfunded plan that has the same portfolio of investment options as the 401(k) plan.*
(5) *Exelon provides basic term life insurance, accidental death and disability insurance, and long-term disability insurance to all employees, including NEOs. The values shown in this column include the premiums paid during 2015 for additional term life insurance policies for the NEOs and for additional long-term disability insurance over and above the basic coverage provided to all employees.*

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Perquisites

The following table indicates the various perquisites for which Exelon incurred incremental costs in 2015 for each NEO. A checkmark (✓) indicates perquisite usage during 2015 by the NEO listed at the top of the column.

Perquisite	Crane	Thayer	Cornew	O'Brien	Von Hoene Jr.
Personal use of corporate aircraft (1)	✓				
Personal use of company drivers (2)	✓	✓			
Financial planning (3)	✓	✓	✓	✓	✓
Parking (4)	✓	✓	✓		✓
Company gifts and matching contributions (5)	✓	✓	✓	✓	✓
Physical examinations (6)		✓			
Event tickets (7)			✓		
Spousal travel (8)					✓

Notes to Perquisites Table

(1) *The figures shown in column (b) of the All Other Compensation Table above include $171,519 representing the aggregate incremental cost to Exelon for personal use of corporate aircraft by Mr. Crane. These costs were calculated using the hourly incremental cost for flight services, including federal excise taxes, fuel charges, and domestic segment fees. From time to time Mr. Crane's spouse, or other family members, accompanied him in his travel on corporate aircraft. The aggregate incremental cost to the company, if any, for such travel by spouses or family members on corporate aircraft is included in this amount.*

(2) *The company maintains several cars and drivers in order to provide transportation services for the NEOs and other officers to carry out their duties among the company's various offices and facilities. Certain NEOs were also entitled to limited personal use of the company's cars and drivers, including use for commuting which allowed them to work while commuting. The cost included in the All Other Compensation Table represents the estimated incremental cost to Exelon to provide limited personal service, based upon the number of hours that the drivers worked overtime providing services to each NEO, multiplied by the average overtime rate for drivers plus an additional amount for fuel. Personal use was imputed as additional taxable income.*

(3) *The company will pay limited annual financial planning costs for executives that are imputed as additional taxable income.*

(4) *For NEOs whose primary work location is downtown Chicago, Exelon's office lease provides for a limited number of parking spaces that are available for Exelon use. When NEOs are unable to utilize the available spaces, Exelon pays for parking expenses incurred at other public garages. Messrs. Thayer and Cornew have company provided spaces in downtown Baltimore.*

(5) *Executive officers may also have the company make matching gifts to qualified charitable organizations up to $10,000 for 2015. Messrs. Thayer and Cornew were subject to a $15,000 annual limit under Constellation's legacy policy.*

(6) *Executive officers may use company-provided vendors for comprehensive physical examinations and related follow-up testing.*

(7) *Executives occasionally receive tickets to sporting or other events as recognition awards that are imputed to the officer as additional taxable income.*

(8) *For executive officers, Exelon will pay the cost of travel, meals, and other related amenities for spouses and domestic partners when they attend company or industry-related events where it is customary and expected that officers attend with their spouses or domestic partners. The aggregate incremental cost to Exelon for these expenses is included in the All Other Compensation Table. In most cases, there is no incremental cost to Exelon for providing transportation or other amenities for a spouse or domestic partner, and the only additional cost to Exelon is to reimburse officers for the taxes on the imputed income attributable to their travel, meals, and related amenities when attending company or industry-related events. This cost is shown in column (b) of the All Other Compensation Table above.*

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Executive Compensation Data

Grants of Plan-Based Awards

Name (a)	Grant Date (b)	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards (Note 1)			Estimated Possible Payouts Under Equity Incentive Plan Awards (Note 2)			All Other Stock Awards: Number of Shares or Units (#) (Note 3) (i)	All Other Options Awards: Number of Securities Under-lying Options (#) (j)	Exercise or Base Price of Option Awards ($) (k)	Grant Date Fair Value of Stock and Option Awards ($) (Note 4) (l)
		Thres-hold ($) (c)	Plan ($) (d)	Maxi-mum ($) (e)	Thres-hold (#) (f)	Target (#) (g)	Maxi-mum (#) (h)				
Crane	1/26/2015	$799,500	$1,599,000	$3,198,000							
	1/26/2015				33,041	176,221	352,442				$ 6,580,092
	1/26/2015							86,796			3,240,963
Thayer	1/26/2015	365,274	730,548	1,461,096							
	1/26/2015				9,085	48,455	96,910				1,809,310
	1/26/2015							23,866			891,156
Cornew	1/26/2015	420,500	841,000	1,682,000							
	1/26/2015				9,817	52,359	104,718				1,955,085
	1/26/2015							25,789			962,961
O'Brien	1/26/2015	372,874	745,748	1,491,496							
	1/26/2015				8,308	44,307	88,614				1,654,423
	1/26/2015							21,823			814,871
Von Hoene Jr.	1/26/2015	322,362	644,724	1,289,448							
	1/26/2015				7,727	41,212	82,424				1,538,856
	1/26/2015							20,299			757,965

Notes to Grants of Plan-Based Awards Table

(1) *All NEOs have annual incentive plan target opportunities based on a fixed percentage of their base salary. Under the terms of the AIP, threshold performance earns 50% of the respective target, while performance at plan earns 100% of the respective target and the maximum payout is capped at 200% of target. For additional information about the terms of these programs, see Compensation Discussion and Analysis above.*

(2) *NEOs have a long-term performance share unit target opportunity that is a fixed number of performance share units commensurate with the officer's position. The possible payout at threshold for performance share unit awards was calculated at 50% of target, with a total shareholder return multiplier of 75% and an individual performance multiplier of 50%. The possible maximum payout for performance share units was calculated at 150% of target, with a total shareholder return multiplier of 125% and an individual performance multiplier of 110%, capped at 200% of target. For additional information about the terms of this program, see Compensation Discussion and Analysis and the narrative preceding the Summary Compensation Table above.*

(3) *This column shows restricted stock unit awards made during the year. The vesting dates of the awards are provided in footnote 2 to the Outstanding Equity Table below.*

(4) *This column shows the grant date fair value, calculated in accordance with FASB ASC Topic 718, of the performance share unit awards and restricted stock units granted to each NEO during 2015. Fair value of performance share unit awards granted on January 26, 2015 are based on an estimated payout of 100% of target.*

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Outstanding Equity Awards at Year End

	Option Awards (See Note 1)				Stock Awards			
Name (a)	Number of Securities Underlying Unexercised Options That Are Exercisable (#) (b)	Number of Securities Underlying Unexercised Options That Are Not Exercisable (#) (c)	Option Exercise or Base Price ($) (d)	Option Expiration Date (e)	Number of Shares or Units of Stock That Have Not Yet Vested (#) (Note 2) (f)	Market Value of Shares or Units of Stock That Have Not Yet Vested Based on 12/31 Closing Price $27.77 ($) (Note 2) (g)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Yet Vested (#) (Note 3) (h)	Equity Incentive Plan Awards: Market or Payout Value or Unearned Shares, Units or Other Rights That Have Not Yet Vested ($) (Note 3) (i)
Crane	213,750	71,250	$ 39.21	2-Apr-2022	406,381	$ 11,285,200	797,842	$ 22,156,072
	94,000	—	43.40	24-Jan-2021				
	53,000	—	46.09	24-Jan-2020				
	49,000	—	56.51	26-Jan-2019				
	28,000	—	73.29	27-Jan-2018				
	35,000	—	59.96	21-Jan-2017				
	22,500	—	58.55	22-Jan-2016				
Thayer	72,750	24,250	39.81	12-Mar-2022	141,659	3,933,870	221,310	6,145,779
	175,946	—	39.24	24-Feb-2022				
	125,429	—	32.46	25-Feb-2021				
	67,304	—	37.71	26-Feb-2020				
	167,669	—	21.25	27-Feb-2019				
	8,676	—	101.05	21-Feb-2018				
	8,342	—	81.56	22-Feb-2017				
Cornew	52,500	17,500	39.81	12-Mar-2022	152,454	4,233,648	238,118	6,612,537
	26,000	—	43.40	24-Jan-2021				
	13,300	—	46.09	24-Jan-2020				
	14,900	—	56.51	26-Jan-2019				
	11,000	—	73.29	27-Jan-2018				
	8,500	—	59.96	21-Jan-2017				
	6,375	—	58.55	22-Jan-2016				
O'Brien	76,500	25,500	39.81	12-Mar-2022	103,766	2,881,582	201,814	5,604,375
	49,000	—	43.40	24-Jan-2021				
	27,000	—	46.09	24-Jan-2020				
	30,700	—	56.51	26-Jan-2019				
	22,000	—	73.29	27-Jan-2018				
	19,000	—	59.96	21-Jan-2017				
	20,000	—	58.55	22-Jan-2016				
Von Hoene Jr.	66,000	22,000	39.81	12-Mar-2022	111,398	3,093,522	180,424	5,010,374
	67,000	—	43.40	24-Jan-2021				
	33,000	—	46.09	24-Jan-2020				
	25,200	—	56.51	26-Jan-2019				
	19,000	—	73.29	27-Jan-2018				
	19,000	—	59.96	21-Jan-2017				
	17,000	—	58.55	22-Jan-2016				

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Notes to Outstanding Equity Table

(1) *Non-qualified stock options were granted to NEOs pursuant to the company's long-term incentive plans. Grants vest in four equal increments, beginning on the first anniversary of the grant date. All grants expire on the tenth anniversary of the grant date. For Mr. Thayer, stock options granted prior to March 12, 2012 were granted under the Constellation Energy Group Inc. Long Term Incentive Plan and were converted into the equivalent right to receive Exelon common stock. The number of stock options received upon conversion is equal to the original number of Constellation stock options multiplied by the merger exchange ratio (0.93) and rounded down to the nearest whole share. The exercise price for each converted share is equal to the original Constellation exercise price divided by the exchange ratio (0.93), rounded up to the nearest whole cent.*

(2) *The amount shown includes unvested restricted stock unit awards and the performance share award earned for the performance period beginning January 1, 2013 and ending December 31, 2015. The unvested restricted stock unit awards are composed of the final third of the grant made in January 2013; two-thirds of the grant made in January 2014 and the full grant made in January 2015. All restricted stock unit awards continue to accrue additional shares through automatic dividend reinvestment. For Mr. Thayer and Mr. Cornew, the amount shown also includes a grant of 30,000 retention stock units made on January 28, 2013 which will vest on January 28, 2018. For Mr. Von Hoene, the amount shown also includes a grant of 20,000 retention stock units made on October 21, 2013 that will vest on October 21, 2018. All shares are valued at $27.77, the closing price on December 31, 2015.*

(3) *The amount shown includes the target performance share unit award made in January 2014 for the performance period ending December 31, 2016 and the target performance share unit award made in January 2015 for the performance period ending December 31, 2017. These target awards have been increased to reflect the highest level of performance for the period, 200%. All shares are valued at $27.77, the closing price on December 31, 2015.*

Option Exercises and Stock Vested

	Option Awards		Stock Awards (Note 1)	
Name (a)	Number of Shares Acquired on Exercise (#) (b)	Value Realized on Exercise ($) (c)	Number of Shares Acquired on Vesting (#) (d)	Value Realized on Vesting ($) (e)
Crane	—	$ —	207,754	$7,757,538
Thayer	—	—	64,669	2,397,514
Cornew	—	—	69,947	2,555,734
O'Brien	—	—	57,597	2,150,686
Von Hoene Jr.	—	—	49,972	1,865,956

Notes to Option Exercises and Stock Vested Table

(1) *Share amounts are composed of the following tranches of prior awards that vested on January 26, 2015: the final third of the performance share unit grant made with respect to the three-year performance period ending December 31, 2012; two-thirds of the transition award share granted on January 28, 2013; the second third of the restricted stock unit grant made on January 28, 2013 and the first third of the restricted stock unit grants made on January 27, 2014. All of these awards were valued at $37.34 upon vesting. For Mr. Cornew, the amount shown also includes 10,000 retention stock units that vested on July 1, 2015 at a share price of $31.73. For Mr. Thayer, the amount shown also includes 6,758 restricted stock shares from a legacy Constellation Energy Group award made in 2012 that vested on February 24, 2015 at share price of $34.79.*

Pension Benefits

Exelon sponsors the Exelon Corporation Retirement Program, a traditional defined benefit pension plan that covers certain management employees who commenced employment prior to January 1, 2001 and certain collective bargaining unit employees. The Exelon Corporation Retirement Program includes the Service Annuity System ("SAS"), which is the legacy ComEd pension plan. Effective January 1, 2001, Exelon also established two cash balance defined benefit pension plans in order to both reduce future retirement benefit costs and provide an option that is portable as the company anticipated a work force that was more mobile than the traditional utility workforce. The cash balance defined benefit pension plans cover management employees and certain collective bargaining unit employees hired on or after such date, as well as certain management employees hired prior to such date who elected to participate in a cash balance plan. Legacy Constellation employees participate in the Pension Plan of Constellation Energy Group, Inc. ("Constellation Pension Plan"). The Constellation Pension Plan includes a traditional pension formula referred to as the Enhanced Traditional Plan ("ETP") and a Pension Equity Plan ("PEP"). Employees hired before January 1, 2000 participate in the ETP. Employees hired on or after

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January 1, 2000 and employees hired before that date who elected to do so participate in the PEP. Each of these plans is intended to be tax-qualified under Section 401(a) of the Internal Revenue Code. An employee can participate in only one of the qualified pension plans.

For NEOs participating in the SAS, the annuity benefit payable at normal retirement age is equal to the sum of 1.25% of the participant's earnings as of December 25, 1994, reduced by a portion of the participant's Social Security benefit as of that date, plus 1.6% of the participant's highest average annual pay, multiplied by the participant's years of credited service (up to a maximum of 40 years). Pension-eligible compensation for the SAS's Final Average Pay Formula includes base pay and annual incentive awards. Benefits under the SAS are vested after five years of service.

The "normal retirement age" under the SAS is 65. The plan also offers an early retirement benefit prior to age 65, which is payable if a participant retires after attainment of age 50 and completion of 10 years of service. The annual pension payable under the plan is determined as of the early retirement date, reduced by 2% for each year of payment before age 60 to age 58, then 3% for each year before age 58 to age 50. In addition, under the SAS, the early retirement benefit is supplemented prior to age 65 by a temporary payment equal to 80% of the participant's estimated monthly Social Security benefit. The supplemental benefit is partially offset by a reduction in the regular annuity benefit.

Under the cash balance pension plan, a notional account is established for each participant, and the account balance grows as a result of annual benefit credits and annual investment credits. (Employees who participated in the SAS prior to January 1, 2001 and elected to participate in the cash balance plan also have a frozen transferred benefit from the former plan, and received a "transition" credit based on their age, service and compensation at the time of transfer.) Beginning January 1, 2008, the annual benefit credit under the plan is 7% of base pay and annual incentive award and beginning January 1, 2013 for employees hired on or after such date, the annual benefit credit is equal to a percentage of base pay and annual incentive award which varies between 3% and 8%, based upon age. For the portion of the account balance accrued beginning January 1, 2008, the annual investment credit is the third segment spot rate of interest on long-term investment grade corporate bonds. The segment rate will be determined as of November of the year for which the cash balance account receives the investment credit. For the portion of the benefit accrued before January 1, 2008, pending Internal Revenue Service guidance, the annual investment credit is the greater of 4%, or the average of the annual rate of return of the S&P 500 Stock Index and the 30-year Treasury bond rate (the interest rate is determined in November of each year). For employees hired on or after January 1, 2013, the annual investment credit is the second segment spot rate of interest on long-term corporate bonds, determined as of November of the year for which the cash balance account receives the investment credit, subject to a minimum annual investment credit rate of 3.8% and a maximum annual investment credit rate of 7%. Benefits are vested after three years of service, and are payable in an annuity or a lump sum at any time following termination of employment. Apart from the benefit credits and vesting requirement, and as described above, years of service are not relevant to a determination of accrued benefits under the cash balance pension plans.

For NEOs who participate in the PEP, a lump sum benefit amount is computed based on covered earnings multiplied by a total credit percentage. Covered earnings are equal to the average of the highest three of the last five twelve-month periods' base pay plus short-term incentive. The total service credit percentage is equal to the sum of the credit percentages based on the following formula: 5% per year of service through age 39, 10% per year of service from age 40 to age 49, and 15% per year of service after age 49. No benefits are available under the PEP until a participant has at least three years of vesting service. Benefits payable under the PEP are paid as an annuity unless a participant elects a lump sum within 60 days after separation.

The Internal Revenue Code limits to $265,000 the individual 2015 annual compensation that may be taken into account under the tax-qualified retirement plan. As permitted by Employee Retirement Income Security Act, Exelon sponsors three supplemental executive retirement plans (or "SERPs") that allow the payment to a select group of management or highly-compensated individuals out of its general assets of any benefits calculated under provisions of the applicable qualified pension plan which may be above these limits. The SERPs offer a lump sum as an optional form of payment, which includes

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the value of the marital annuity, death benefits and other early retirement subsidies at a designated interest rate. The interest rate applicable for distributions to participants in the SAS in 2015 is 2.83%. For participants in the cash balance pension plan and the PEP, the lump sum is the value of the non-qualified account balance. The values of the lump sum amounts do not include the value of any pension benefits covered under the qualified pension plans, and the methods and assumptions used to determine the non-qualified lump sum amount are different from the assumptions used to generate the present values shown in the tables of benefits to be received upon retirement, termination due to death or disability, involuntary separation not related to a change in control, or upon a qualifying termination following a change in control which appear later in this proxy statement.

Under the terms of the SERPs, participants are provided the amount of benefits they would have received under the SAS, cash balance plan, ETP or PEP, as applicable, but for the application of the Internal Revenue Code limits. In addition, certain executives previously received grants of additional credited service under a SERP. In particular, in 1998, Mr. Crane received an additional 10 years of credited service through September 28, 2008, the date of his tenth anniversary, as part of his employment offer that provided one additional year of service credit for each year of employment to a maximum of 10 additional years.

As of January 1, 2004, Exelon does not grant additional years of credited service to executives under the SERP for any period in which services are not actually performed, except that up to two years of service credits may be provided under severance or change in control agreements first entered into after such date, and performance-based grants or grants which make up for lost pension benefits from another employer may be (but have not been) provided. Service credits previously available under employment, change in control or severance agreements or arrangements (or any successor arrangements) are not affected by this policy.

The amount of the change in the pension value for each of the named executive officers is the amount included in the Summary Compensation Table above in the column headed “Change in Pension Value & Nonqualified Deferred Compensation Earnings.” The present value of each NEO’s accumulated pension benefit is shown in the following tables. The present value for cash balance and PEP participants is the account balance. The assumptions used in estimating the present values for SAS participants include the following: pension benefits are assumed to begin at each participant’s earliest unreduced retirement age; the SERP lump sum amounts are determined using the rate of 5% for SAS participants at the assumed retirement age; the lump sum amounts are discounted from the assumed retirement date at the applicable discount rates of 3.94% as of December 31, 2014 and 4.29% as of December 31, 2015; and the applicable mortality tables. The applicable mortality table is the RP 2000-based table projected generationally using Exelon’s best estimate of long-term mortality improvements. The December 31, 2015 mortality table is consistent with the mortality used in the Exelon December 31, 2015 pension disclosure.

Name (a)	Plan Name (b)	Number of Years Credited Service (#) (c)	Present Value of Accumulated Benefit ($) (d)	Payments During Last Fiscal Year ($) (e)
Crane (1)	SAS	17.26	$ 955,457	$ —
	SERP	27.26	13,753,084	—
Thayer	PEP	13.00	234,000	—
	SERP	13.00	1,297,615	—
Cornew	Cash Balance	21.59	594,698	—
	SERP	21.59	838,808	—
O’Brien	Cash Balance	33.51	1,315,232	—
	SERP	33.51	1,612,192	—
Von Hoene Jr.	Cash Balance	13.93	341,219	—
	SERP	13.93	925,850	—

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(1) *Based on discount rates prescribed by the SEC proxy disclosure guidelines, Mr. Crane's non-qualified SERP present value is $13,753,084. Based on lump sum plan rates for immediate distributions under the non-qualified plan, the comparable lump sum amount applicable for service through December 31, 2015 is $21,114,777. Note that, in any event, payments made upon termination may be delayed by six months in accordance with U.S. Treasury Department guidance.*

Deferred Compensation Programs

Exelon offers deferred compensation plans to permit the deferral of certain cash compensation to facilitate tax and retirement planning and satisfaction of stock ownership requirements for executives and key managers. Exelon maintains non-qualified deferred compensation plans that are open to certain highly-compensated employees, including the NEOs.

The Exelon Deferred Compensation Plan is a non-qualified plan that permits legacy Exelon executives and key managers to defer receipt of base compensation and the company to credit related matching contributions that would have been contributed to the Exelon Corporation Employee Savings Plan (the company's tax-qualified 401(k) plan) but for the applicable limits under the Internal Revenue Code (the "Code"). The Constellation Deferred Compensation Plan is a non-qualified plan that permits legacy Constellation executives to defer receipt of base compensation and the company to credit related matching contributions that would have been contributed to the Exelon Corporation Employee Savings Plan. The Deferred Compensation Plans permit participants to defer taxation of a portion of their income. The Exelon Deferred Compensation Plan benefits the company by deferring the payment of a portion of its compensation expense, thus preserving cash.

The Exelon Employee Savings Plan is intended to be tax-qualified under Sections 401(a) and 401(k) of the Code. The Constellation Energy Group Employee Savings Plan was merged into Exelon's Employee Savings Plan as of July 1, 2014. Exelon maintains the Employee Savings Plan to attract and retain qualified employees, including the NEOs, and to encourage employees to save some percentage of their cash compensation for their eventual retirement. The Employee Savings Plan permits employees to do so, and allows the company to make matching contributions in a relatively tax-efficient manner. The company maintains the excess matching feature of the Deferred Compensation Plans to enable key management employees to save for their eventual retirement to the extent they otherwise would have were it not for the limits established by the IRS.

The Stock Deferral Plan is a non-qualified plan that permitted legacy Exelon executives to defer performance share units prior to 2007.

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The following table shows the amounts that NEOs have accumulated under both the Deferred Compensation Plans and the Stock Deferral Plan. The Exelon Deferred Compensation and Stock Deferral Plans were closed to new deferrals of base pay (other than excess Employee Savings Plan deferrals), annual incentive payments or performance shares awards in 2007, and participants were granted a one-time election to receive a distribution of their accumulated balance in each plan during 2007. Existing balances will continue to accrue dividends or other earnings until payout upon termination. Balances in the Deferred Compensation Plan will be settled in cash upon the termination event selected by the officer and will be distributed either in a lump sum, or in annual installments. Share balances in the Stock Deferral Plan continue to earn the same dividends that are available to all shareholders, which are reinvested as additional shares in the plan. Balances in the plan are distributed in shares of Exelon stock in a lump sum or installments upon termination of employment.

The Deferred Compensation Plans continue in effect for those officers who participate in the Employee Savings Plan and who reach their statutory contribution limit during the year. After this limit is reached, their elected payroll contributions and company matching contribution will be credited to their accounts in the Deferred Compensation Plans. The investment options under the Deferred Compensation Plans consist of a basket of investment fund benchmarks substantially the same as those funds available through the Employee Savings Plan. Deferred amounts represent unfunded unsecured obligations of the company.

Name (a)	Executive Contributions in 2015 ($) (Note 1) (b)	Registrant Contributions in 2015 ($) (Note 2) (c)	Aggregate Earnings in 2015 ($) (Note 3) (d)	Aggregate Withdrawals/ Distributions ($) (e)	Aggregate Balance at 12/31/15 ($) (Note 4) (f)
Crane	$ 104,481	$ 57,334	$ (50,223)	$ —	$1,020,731
Thayer	—	—	—	—	—
Cornew	28,578	31,515	(10,825)	—	249,197
O'Brien (5)	36,661	28,431	(121,737)	—	2,294,662
Von Hoene Jr.	34,871	27,372	(23,189)	—	334,881

(1) The full amount shown for executive contributions is included in the base salary figures for each NEO shown above in the Summary Compensation Table.
(2) The full amount shown under registrant contributions is included in the company contributions to savings plans for each NEO shown above in the All Other Compensation Table.
(3) The amount shown under aggregate earnings reflects the NEO's gain or loss based upon the individual allocation of his notional account balance into the basket of mutual fund benchmarks. These gains or losses do not represent current income to the NEO and have not been included in any of the compensation tables shown above.
(4) For all NEOs the aggregate balance shown in column (f) above includes those amounts, both executive contributions and registrant contributions, that have been disclosed either as base salary as described in Note 1 or as company contributions under all other compensation as described in Note 2 for the current fiscal year ending December 31, 2015. For Mr. Crane, all executive and registrant contributions included in column (f) have previously been disclosed in Summary Compensation Tables. Mr. Thayer did not participate in the plan during 2015.
(5) For Mr. O'Brien the amounts shown in column (d) and column (f) also include the aggregate earnings and aggregate balance respectively of his Stock Deferral Plan account.

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Potential Payments upon Termination or Change in Control

Change in control employment agreements and severance plan covering named executive officers

Exelon's change in control and severance benefits policies were initially adopted in January 2001 and harmonized the policies of Exelon's predecessor companies. In adopting the policies, the compensation committee considered the advice of a consultant who advised that the levels were consistent with competitive practice and reasonable. The Exelon benefits currently include multiples of change in control benefits ranging from two times base salary and annual bonus for corporate and subsidiary vice presidents to 2.99 times base salary and annual bonus for the CEO, executive vice presidents, presidents of certain business units and select senior vice presidents. In 2003, the compensation committee reviewed the terms of the Senior Management Severance Plan and revised it to reduce the situations when an executive could terminate and claim severance benefits for "good reason," clarified the definition of "cause," and reduced non-change in control benefits for executives with less than two years of service. In December 2004, the compensation committee's consultant presented a report on competitive practice on executive severance. The competitive practices described in the report were generally comparable to the benefits provided under Exelon's severance policies. In discussing the compensation consultant's December 2007 annual report to the committee on compensation trends, the consultant commented that Exelon's change in control and severance policies were conservative, citing the use of double triggers, and that they remained competitive. In April 2009 the compensation committee adopted a policy that Exelon would not include excise tax gross-up payment provisions in senior executive employment, change in control, or severance plans, programs or agreements that are entered into, adopted or materially amended on or after April 2, 2009 (other than renewals of existing arrangements that are not materially amended or arrangements assumed pursuant to a corporate transaction).

Named executive officers have entered into individual change in control employment agreements or are covered by the change in control provisions of the Senior Management Severance Plan, which generally protect such executives' position and compensation levels for two years after a change in control of Exelon. The individual agreements are initially effective for a period of two years, and provide for a one-year extension each year thereafter until cancellation or termination of employment. The plan does not have a specific term.

During the 24-month period following a change in control, or, with respect to an executive with an individual agreement, during the 18-month period following another significant corporate transaction affecting the executive's business unit in which Exelon shareholders retain between 60% and 66 ^{2}/3% control (a significant acquisition), if a named executive officer resigns for good reason or if the executive's employment is terminated by Exelon other than for cause or disability, the executive is entitled to the following:

- the executive's annual incentive and performance share unit awards for the year in which termination occurs;
- severance payments equal to 2.99 (or 2.0 if the executive does not have an individual agreement) times the sum of (1) the executive's base salary plus (2) the higher of the executive's target annual incentive for the year of termination or the executive's average annual incentive award payments for the two years preceding the termination, but not more than the annual incentive for the year of termination based on actual performance before the application of negative discretion;
- a benefit equal to the amount payable under the SERP determined as if (1) the SERP benefit were fully vested, (2) the executive had 2.99 additional years of age and years of service (2.0 years for executives who first entered into such agreements after 2003 or do not have such agreements) and (3) the severance pay constituted covered compensation for purposes of the SERP;
- a benefit equal to the actuarial equivalent present value of any non-vested accrued benefit under Exelon's qualified defined benefit retirement plan;

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- all previously-awarded stock options, performance share units, restricted stock units, or restricted shares become fully vested, and the stock options remain exercisable until the earlier of the fifth anniversary of the executive's termination date or the option's expiration date;
- life, disability, accident, health and other welfare benefit coverage continues during the severance pay period on the same terms and conditions applicable to active employees, followed by retiree health coverage if the executive has attained at least age 50 and completed at least 10 years of service (or any lesser eligibility requirement then in effect for regular employees); and
- outplacement and financial planning services for at least 12 months.

The change in control benefits are also provided if the executive is terminated other than for cause or disability, or terminates for good reason (1) after a tender offer or proxy contest commences, or after Exelon enters into an agreement which, if consummated, would cause a change in control, and within one year after such termination a change in control does occur, or (2) within two years after a sale or spin-off of the executive's business unit in contemplation of a change in control that actually occurs within 60 days after such sale or spin-off (a disaggregation) if the executive has an individual agreement.

A change in control under the individual change in control employment agreements and the Senior Management Severance Plan generally occurs:

- when any person acquires 20% of Exelon's voting securities;
- when the incumbent members of the Exelon board of directors (or new members nominated by a majority of incumbent directors) cease to constitute at least a majority of the members of the Exelon board of directors;
- upon consummation of a reorganization, merger or consolidation, or sale or other disposition of at least 50% of Exelon's operating assets (excluding a transaction where Exelon shareholders retain at least 60% of the voting power); or
- upon shareholder approval of a plan of complete liquidation or dissolution.

The term good reason under the individual change in control employment agreements generally includes any of the following occurring within two years after a change in control or disaggregation or within 18 months after a significant acquisition:

- a material reduction in salary, incentive compensation opportunity or aggregate benefits, unless such reduction is part of a policy, program or arrangement applicable to peer executives;
- failure of a successor to assume the agreement;
- a material breach of the agreement by Exelon; or
- any of the following, but only after a change in control or disaggregation: (1) a material adverse reduction in the executive's position, duties or responsibilities (other than a change in the position or level of officer to whom the executive reports or a change that is part of a policy, program or arrangement applicable to peer executives) or (2) a required relocation by more than 50 miles.

The term cause under the change in control employment agreements generally includes any of the following:

- refusal to perform or habitual neglect in the performance of duties or responsibilities or of specific directives of the officer to whom the executive reports which are not materially inconsistent with the scope and nature of the executive's duties and responsibilities;
- willful or reckless commission of acts or omissions which have resulted in or are likely to result in a material loss or material damage to the reputation of Exelon or any of its affiliates, or that compromise the safety of any employee;
- commission of a felony or any crime involving dishonesty or moral turpitude;

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- material violation of the code of business conduct which would constitute grounds for immediate termination of employment, or of any statutory or common-law duty of loyalty; or
- any breach of the executive's restrictive covenants.

Executives who entered into such change in control employment agreements prior to April 2, 2009 (and which have not been materially amended after such date) will be eligible to receive an additional payment to cover excise taxes imposed under Section 4999 of the Internal Revenue Code on excess parachute payments or under similar state or local law, but only if the amount of payments and benefits subject to these taxes exceeds 110% of the safe harbor amount that would not subject the employee to these excise taxes. If the amount does not exceed 110% of the safe harbor amount, then payments and benefits subject to these taxes would be reduced or eliminated to equal the safe harbor amount.

If a named executive officer resigns for good reason or is terminated by Exelon other than for cause or disability, in each case under circumstances not involving a change in control or similar provision described above, the named executive officer may be eligible for the following non-change in control benefits under the Exelon Corporation Senior Management Severance Plan:

- prorated payment of the executive's annual incentive and performance share unit awards for the year in which termination occurs;
- for a 15 to 24 month severance period, continued payment of an amount representing base salary and target annual incentive;
- a benefit equal to the amount payable under the SERP determined as if the severance payments were paid as ordinary base salary and annual incentive;
- during the severance period, continuation of health, basic life and other welfare benefits the executive was receiving immediately prior to the severance period on the same terms and conditions applicable to active employees, followed by retiree health coverage if the executive has attained at least age 50 and completed at least 10 years of service (or any lesser eligibility requirement then in effect for non-executive employees); and
- outplacement and financial planning services for twelve months.

Payments under individual agreements entered into after April 2, 2009 or the Senior Management Severance Plan are subject to reduction by Exelon to the extent necessary to avoid imposition of excise taxes imposed by Section 4999 of the Internal Revenue Code on excess parachute payments or under similar state or local law.

The term good reason under the Senior Management Severance Plan means either of the following:

- a material reduction of the executive's salary (or, with respect to a change in control, incentive compensation opportunity or aggregate benefits) unless such reduction is part of a policy, program or arrangement applicable to peer executives of Exelon or of the business unit that employs the executive; or
- a material adverse reduction in the executive's position or duties (other than a change in the position or level of officer to whom the executive reports) that is not applicable to peer executives of Exelon or of the executive's business unit, but excluding under the non-change in control provisions of the plan any change (1) resulting from a reorganization or realignment of all or a significant portion of the business, operations or senior management of Exelon or of the executive's business unit or (2) that generally places the executive in substantially the same level of responsibility.

With respect to a change in control, the term good reason under the plan also includes a required relocation of more than 50 miles.

The term cause under the Senior Management Severance Plan generally has the same meaning as the definition of such term under the individual change in control employment agreements.

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Benefits under the change in control employment agreements and the Senior Management Severance Plan are subject to termination upon an executive's violation of his or her restrictive covenants, and incentive payments under the agreements and the plan may be subject to the recoupment policy adopted by the board of directors.

Estimated Value of Benefits to be Received Upon Retirement

The following table shows the estimated value of payments and other benefits to be conferred upon the NEOs assuming they retired as of December 31, 2015. These payments and benefits are in addition to the present value of the accumulated benefits from each NEO's qualified and non-qualified pension plans shown in the tables within the Pension Benefit section and the aggregate balance due to each NEO that is shown in the tables within the Nonqualified Deferred Compensation section.

Name (a)	Cash Payment ($) (Note 1) (b)	Value of Unvested Equity Awards ($) (Note 2) (c)	Total Value of All Payments and Benefits ($) (Note 3) (d)
Crane	$ 2,073,000	$ 21,674,000	$ 23,747,000
Thayer	—	—	—
Cornew	1,090,000	—	1,090,000
O'Brien	995,000	5,507,000	6,502,000
Von Hoene Jr.	836,000	4,888,000	5,724,000

Notes to Benefits to be Received Upon Retirement Table

(1) Under the terms of the 2015 Annual Incentive Plan (AIP), a pro-rated actual incentive award is payable upon retirement assuming an individual performance multiplier (IPM) of 100% and based on the number of days worked during the year of retirement. The amount above represents the executive's 2015 annual incentive payout (after company/business unit performance was determined) before applying the IPM, if applicable.

(2) The Value of Unvested Equity Awards includes the following:

a. the 'spread' on all unvested stock options that would vest upon termination of employment. The 'spread' is based on Exelon's closing stock price on December 31, 2015 of $27.77. At that stock price, all unvested stock options are "underwater" (or out of the money). Under the LTIP, if a holder has attained age 50 with 10 or more years of service (or deemed service), any unvested stock options will vest upon termination of employment because the holder has satisfied the definition of retirement under the LTIP;

b. the value of the executive's unvested performance share units. The amount above includes the number of unvested shares earned for the 2013-2015 performance share unit award. It is assumed the 2013, 2014 and 2015 performance shares are earned at target. The value of the shares is based on Exelon's closing stock price on December 31, 2015 of $27.77; and

c. the accelerated portion of the executives' restricted stock award that, per the applicable award agreement, would vest upon retirement. The value of the shares is based on Exelon's closing stock price on December 31, 2015 of $27.77.

(3) The estimate of total payments and benefits is based on a December 31, 2015 retirement date.

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Estimated Value of Benefits to be Received Upon Termination due to Death or Disability

The following table shows the estimated value of payments and other benefits to be conferred upon the NEOs assuming their employment is terminated due to death or disability as of December 31, 2015. These payments and benefits are in addition to the present value of the accumulated benefits from the NEO's qualified and non-qualified pension plans shown in the tables within the Pension Benefit section and the aggregate balance due to each NEO that is shown in tables within the Nonqualified Deferred Compensation section.

Name (a)	Cash Payment ($) (Note 1) (b)	Value of Unvested Equity Awards ($) (Note 2) (c)	Total Value of All Payments and Benefits ($) (Note 3) (d)
Crane	$ 2,073,000	$ 21,674,000	$ 23,747,000
Thayer	947,000	6,820,000	7,767,000
Cornew	1,090,000	7,332,000	8,422,000
O'Brien	995,000	5,507,000	6,502,000
Von Hoene Jr.	836,000	5,443,000	6,279,000

Notes to Benefits to be Received Upon Termination due to Death or Disability Table

(1) Under the terms of the 2015 AIP, a pro-rated actual incentive award is payable upon death or disability assuming an IPM of 100% and based on the number of days worked during the year of termination. The amount above represents the executives' 2015 annual incentive payout (after company/business unit performance was determined) before applying the IPM, if applicable.

(2) The Value of Unvested Equity Awards includes the following:

a. the 'spread' on all unvested stock options that would vest upon termination of employment. The 'spread' is based on Exelon's closing stock price on December 31, 2015 of $27.77. At that stock price, all unvested stock options are "underwater" (or out of the money). Under the LTIP, if a holder terminates employment due to death or disability, the holder's stock options will vest upon termination of employment;

b. the value of the executive's unvested performance share units. The amount above includes the number of unvested shares earned for the 2013-2015 performance share unit award. It is assumed the 2013, 2014 and 2015 performance shares are earned at target. The value of the shares is based on Exelon's closing stock price on December 31, 2015 of $27.77; and

c. the accelerated portion of the executives' restricted stock award that, per the applicable award agreement, would vest upon death or disability. The value of the shares is based on Exelon's closing stock price on December 31, 2015 of $27.77.

(3) The estimate of total payments and benefits is based on a December 31, 2015 termination due to death or disability.

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Executive Compensation Data

Estimated Value of Benefits to be Received Upon Involuntary Separation Not Related to a Change in Control

The following table shows the estimated value of payments and other benefits to be conferred upon the NEOs assuming they were terminated as of December 31, 2015 under the terms of the Amended and Restated Senior Management Severance Plan. These payments and benefits are in addition to the present value of the accumulated benefits from the NEO's qualified and non-qualified pension plans shown in the tables within the Pension Benefit section and the aggregate balance due to each NEO that is shown in the tables within the Nonqualified Deferred Compensation section.

Name (a)	Cash Payment ($) (Note 1) (b)	Retirement Benefit Enhance-Ment ($) (Note 2) (c)	Value of Unvested Equity Awards ($) (Note 3) (d)	Health and Welfare Benefit Continuation ($) (Note 4) (e)	Perquisites And Other Benefits ($) (Note 5) (f)	Total Value of All Payments and Benefits ($) (Note 6) (g)
Crane	$ 7,731,000	$ 3,615,000	$ 21,674,000	$ 94,000	$ 40,000	$ 33,154,000
Thayer	3,946,000	147,000	6,474,000	27,000	40,000	10,634,000
Cornew	4,454,000	235,000	6,986,000	38,000	40,000	11,753,000
O'Brien	4,056,000	214,000	5,507,000	56,000	40,000	9,873,000
Von Hoene Jr.	3,642,000	207,000	5,132,000	43,000	40,000	9,064,000

Notes to Benefits to be Received Upon Involuntary Separation Not Related to a CIC Table

(1) Represents the estimated severance benefit equal to 2 times the sum of the executive's (i) current base salary and (ii) the target annual incentive for the year of termination. In addition, under Section 4.2 of the Senior Management Severance Plan, a pro-rated annual incentive award is payable upon involuntary separation or qualifying voluntary separation based on the days worked during the year of termination and assuming the NEO's IPM is 100% pursuant to the terms in the 2015 AIP. The amount above represents the executives' 2015 annual incentive payout (after company/business unit performance was determined) before applying the IPM, if applicable.

(2) Represents the estimated retirement benefit enhancement that consists of a one-time lump sum payment based on the actuarial present value of a benefit under the non-qualified pension plan assuming that the severance pay period was taken into account for purposes of vesting, and the severance pay constituted covered compensation for purposes of the non-qualified pension plan.

(3) The Value of Unvested Equity Awards includes the following:

a. the 'spread' on all unvested stock options that would vest upon termination of employment. The 'spread' is based on Exelon's closing stock price on December 31, 2015 of $27.77. At that stock price, all unvested stock options are "underwater" (or out of the money). Under the LTIP, if a holder has attained age 50 with 10 or more years of service (or deemed service), any unvested stock options will vest upon termination of employment because the holder has satisfied the definition of retirement under the LTIP;

b. the value of the executive's unvested performance share units. The amount above includes the number of unvested shares earned for the 2013-2015 performance share unit award. It is assumed the 2013, 2014 and 2015 performance shares are earned at target. The value of the shares is based on Exelon's closing stock price on December 31, 2015 of $27.77; and

c. the accelerated portion of the executives' restricted stock award that, per the applicable award agreement, would vest upon an involuntary separation not related to a change in control. The value of the shares is based on Exelon's closing stock price on December 31, 2015 of $27.77.

(4) Estimated costs of healthcare, life insurance, and long-term disability coverage which continue during the severance period.

(5) Estimated costs of outplacement and financial planning services for up to 12 months for all NEOs.

(6) The estimate of total payments and benefits is based on a December 31, 2015 termination date. The executives are participants in the Senior Management Severance Plan and severance benefits are determined pursuant to Section 4 of the Severance Plan.

Executive Compensation Data

Estimated Value of Benefits to be Received Upon a Qualifying Termination following a Change in Control

The following table shows the estimated value of payments and other benefits to be conferred upon the NEOs assuming they were terminated upon a qualifying change in control as of December 31, 2015. The company has entered into Change in Control agreements with Messrs. Crane, Cornew, O'Brien, and Von Hoene. These payments and benefits are in addition to the present value of accumulated benefits from the NEO's qualified and non-qualified pension plans shown in the tables within the Pension Benefit section and the aggregate balance due to each NEO that is shown in tables within the Nonqualified Deferred Compensation section.

Name (a)	Cash Payment ($) (Note 1) (b)	Retirement Benefit Enhance-ment ($) (Note 2) (c)	Value of Unvested Equity Awards ($) (Note 3) (d)	Health and Welfare Benefit Continuation ($) (Note 4) (e)	Perquisites and Other Benefits ($) (Note 5) (f)	Modified Gross-up Payment ($) (Note 6) (g)	Scaleback ($) (Note 6) (h)	Total Value of All Payments and Benefits ($) (Note 7) (i)
Crane	$ 10,172,000	$ 5,138,000	$ 21,674,000	$ 142,000	$ 40,000	Not required	$ (1,204,000)	$ 35,962,000
Thayer	5,215,000	147,000	6,820,000	41,000	40,000	Not required	(1,677,000)	10,586,000
Cornew	6,000,000	361,000	7,332,000	57,000	40,000	$ 5,816,000	Not required	19,606,000
O'Brien	5,738,000	233,000	5,507,000	84,000	40,000	Not required	Not required	11,602,000
Von Hoene Jr.	4,940,000	310,000	5,443,000	65,000	40,000	Not required	Not required	10,798,000

Notes to Benefits to be Received Upon a Qualifying Termination following a CIC Table

(1) *Represents the estimated cash severance benefit equal to 2.99 times the sum of the executive's (i) current base salary and (ii) Severance Incentive. Also, this amount includes an additional payment for Mr. O'Brien of $35,000.*
Under Section 4.1(a)(ii) of the CIC Employment Agreement, the executive's target incentive award is payable upon termination. The amounts above represent the executives' 2015 target annual incentive with the exception of Mr. Thayer. Under Section 5.1(a)(i) of the Senior Management Severance Plan, the executive is entitled to his or her annual incentive for the applicable performance period. For Mr. Thayer, the amount above represents his 2015 actual annual incentive payout (after company/business unit performance was determined) before applying his IPM, if applicable. Pursuant to the 2015 AIP, a pro-rated annual incentive award is payable, assuming the IPM is 100%.

(2) *Represents the estimated retirement benefit enhancement that consists of a one-time lump sum payment based on the actuarial present value of a benefit under the non-qualified pension plan assuming that the severance pay period was taken into account for purposes of vesting, and the severance pay constituted covered compensation for purposes of the non-qualified pension plan.*

(3) *The Value of Unvested Equity Awards includes the following:*
   a. *the 'spread' on all unvested stock options that would vest upon termination of employment. The 'spread' is based on Exelon's closing stock price on December 31, 2015 of $27.77. At that stock price, all unvested stock options are underwater (or out of the money);*
   b. *the value of the executives' unvested performance share units. Pursuant to Section 4.1(c) of the CIC Employment Agreement and Section 5.1(c) of the Senior Management Severance Plan, all of the shares will vest upon termination at the actual level earned and awarded. The amount above includes the number of unvested shares earned for the 2013-2015 performance share unit award. It is assumed the 2013, 2014 and 2015 performance shares are earned at target. The value of the shares is based on Exelon's closing stock price on December 31, 2015 of $27.77; and*
   c. *the value of the executives' restricted stock that, pursuant to Section 4.1(d) of the CIC Employment Agreement or the terms of the award, would vest upon a qualifying termination following a change in control. The value of the shares is based on Exelon's closing stock price on December 31, 2015 of $27.77.*

(4) *Estimated costs of healthcare, life insurance and long-term disability coverage which continue during the severance period.*

(5) *Estimated costs of outplacement and financial planning services for up to 12 months for all NEOs.*

(6) *In 2009, the compensation committee adopted a policy that no future employment or severance agreements will provide for an excise tax gross-up payment. The Senior Management Severance Plan as amended and restated on January 1, 2009 and CIC Employment Agreements that become effective after April 2009 will reduce the executive's parachute payments to his or her safe harbor amount in order to avoid the excise tax imposed under Section 4999 of the Internal Revenue Code. Messrs. Crane, Cornew, O'Brien and Von Hoene have grandfathered CIC Employment Agreements, which still entitle these NEOs to an excise tax gross-up payment only if the present value of his parachute payments exceed his safe harbor amount by more than 10%. If the present value of their parachute payments do not exceed the amount permitted by the IRS by more than 10%, their payments are reduced to their safe harbor.*

(7) *The estimate of total payments and benefits is based on a December 31, 2015 termination date. The company has entered into change in control employment agreement with all of the executives except for Mr. Thayer who is a participant in the Senior Management Severance Plan and severance benefits are determined pursuant to Section 5 of the Senior Management Severance Plan.*

Vote on Management Proposal to Amend Exelon's Bylaws to Provide Proxy Access

PROPOSAL 4: MANAGEMENT'S PROPOSAL REGARDING PROXY ACCESS

The board of directors believes that "proxy access"—the ability of shareholders to include shareholder-nominated candidates in the company's proxy materials for annual meetings of shareholders—would enhance shareholder ability to participate in director elections while potentially enhancing board accountability and responsiveness. However, the board believes, and a number of our shareholders also believe, that it is important to structure proxy access to minimize the potential for abuse by investors who lack a meaningful long-term interest in Exelon or who wish to promote special interests that are not aligned with the interests of other shareholders. The board also believes that proxy access should be structured to minimize disruption of board functions and effectiveness.

In 2014, a shareholder submitted a proxy access proposal and requested that it be included in Exelon's proxy statement for the annual meeting in 2015. The board of directors evaluated the shareholder proposal and considered the composition of Exelon's shareholders, Exelon's governance practices, and other factors. Exelon also sought input on the subject of proxy access from shareholders holding over 39 percent of Exelon's outstanding common stock. Shareholders' opinions about proxy access are mixed: some shareholders support proxy access consistent with the SEC rule adopted in 2010 (which was subsequently struck down by a federal court); some shareholders support proxy access but have concerns about the potential for shareholder abuse of proxy access and disruption of board functions; and other shareholders are opposed to proxy access in any form.

Accordingly, at the annual meeting in 2015, the board gave shareholders the opportunity to consider alternative proxy access proposals. The proxy statement for the annual meeting in 2015 presented for a shareholder vote both a management proposal and the shareholder proposal for proxy access. These alternative proposals included different standards regarding the appropriate qualifications for shareholders to use proxy access, the number of directors who may be nominated, and other important matters. At the 2015 annual meeting, shareholders approved the management proposal with over 52% of shares voting in favor of that proposal. In contrast, the shareholder proposal received support from only approximately 43% of the shares represented at the meeting. The proposal favored by a majority of shareholders at the 2015 annual meeting would allow any shareholder or group of up to 20 shareholders holding both investment and voting rights with respect to at least 5 percent of Exelon's outstanding common stock continuously for at least 3 years to nominate up to 20 percent of the Exelon directors to be elected (2 directors on Exelon's current board of 13 directors) at the annual meeting of shareholders.

Both the board's proposal and the shareholder proposal were advisory in nature. Subsequent to the 2015 annual meeting, Exelon sought further input from shareholders regarding proxy access and the board of directors considered developing trends for proxy access. Based on this additional information, Exelon determined that most shareholders would support a proxy access proposal that includes most elements of the management proposal presented at the 2015 annual meeting but with a 3 percent ownership requirement.

The proposal for proxy access recommended by the board of directors for approval by shareholders at the 2016 annual meeting is printed in its entirety in Appendix A attached to this proxy statement. In summary, the proposal recommended by the board, if approved by shareholders, would allow any shareholder or group of up to 20 shareholders holding both investment and voting rights with respect to at least 3 percent of Exelon's outstanding common stock continuously for at least 3 years to nominate up to 20 percent of the Exelon directors to be elected (2 directors on Exelon's current board of 13 directors) at the annual meeting of shareholders.

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Vote on Management Proposal to Amend Exelon's Bylaws to Provide Proxy Access

Exelon's board of directors unanimously recommends a vote "FOR" this proposal. A summary of the principal features of the proposal and the basis of the board's recommendation follows:

- **The Exelon board believes its proposed 3 percent ownership requirement provides a reasonable balance between the desire to provide meaningful rights to shareholders and the need to reduce the potential for abuse of proxy access by shareholders who may seek to advance special interests that may not be in the interest of all shareholders.**

Several shareholders with whom Exelon discussed the subject since the 2015 annual meeting expressed continued support for a minimum ownership requirement of 5 percent, although others expressed a preference for a 3 percent ownership standard. The Exelon board believes that the prevailing view among shareholders has developed since the 2015 annual meeting to support a 3 percent ownership requirement.

- **The Exelon board of directors believes that the right to nominate up to 20 percent of the board (2 seats on a board of 13 directors) to serve on the Exelon board is a reasonable limit that will afford shareholders a meaningful opportunity to obtain board representation without excessive disruption of the balance of skill, experience and diversity of the board that would more likely result from the addition of a larger number of directors through a proxy access process.**

Exelon already has a process for shareholders to make recommendations to the corporate governance committee for nominees for election to the board. The corporate governance committee has an important role in considering the effectiveness of the board and in identifying nominees who possess a combination of skills, professional experience and diversity of background necessary to oversee Exelon's complex business. The corporate governance committee also considers whether a candidate would contribute to an effective and well-rounded and diverse board that operates openly and collaboratively and represents the best interests of all shareholders, and not just those with a special interest. The corporate governance committee's process for considering nominees for director and the matters it considers are described above at page 1 under the heading "Director Qualifications and Nomination." Although Exelon recognizes the value of proxy access, the board also recognizes that nominees proposed through proxy access are not subject to any evaluation or screening by the board's corporate governance committee. Proxy access could therefore result in loss of important skills, experience and cognitive diversity on the board of directors.

The board believes that the board's proposal allowing nominations of directors representing up to 20 percent of the board strikes the right balance between affording proxy access to long-term shareholders while not being overly disruptive to board functions and effectiveness that might adversely affect Exelon's financial and operational performance.

The proposed amendment to the bylaws includes a requirement that shareholders may nominate no less than two candidates for the board of directors through proxy access. This will protect shareholders' opportunities under proxy access in the event that the Exelon board is reduced in size to less than ten directors.

- **The board's proposal requires a nominating shareholder or shareholder group to hold full voting and investment rights and the full economic interest, including the opportunity for profit and risk of loss, with respect to the required holdings of Exelon common stock continuously for at least 3 years.**

The board believes that proxy access should be structured to require a sustained commitment to Exelon in terms of the shareholder's ownership holding period, consistent with Exelon's focus on managing the business for the long term. The board's proxy access proposal will preclude the use of Exelon stock sold short in meeting the ownership requirements for proxy access. Exelon's proposal establishes standards for treatment of borrowed shares in the share ownership requirements. In general, a shareholder who has loaned shares will be treated as the owner if the shareholder has the power to recall such loaned shares on not more than five business days' notice, or if the shareholder has delegated voting power through an arrangement that is revocable at any time.

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Vote on Management Proposal to Amend Exelon's Bylaws to Provide Proxy Access

- **Exelon's board believes that a shareholder group making a nomination pursuant to proxy access should consist of no more than 20 shareholders. This will limit the administrative burden and expense that could otherwise be imposed upon Exelon in verifying the nature and duration of holdings of a large number of shareholders participating in a nomination.**

Exelon believes that this is a reasonable limitation that will reduce administrative costs for Exelon and help reduce the risk of abuse of proxy access rights. Exelon has approximately 85 shareholders who collectively hold over 65 percent of Exelon's common stock. These shareholders could easily act alone or form a group of 20 or fewer shareholders to establish the requisite 3 percent ownership requirement. Other holders of Exelon's common stock who have legitimate concerns about the composition of the board could easily join with any one or more of the other holders of Exelon stock to form a group of 20 or fewer shareholders with the requisite 3 percent ownership. In the absence of a reasonable limitation on the number of shareholders in a group, Exelon could be required to make burdensome inquiries into the nature and duration of the share ownership of a large number of individuals participating in a nomination in order to verify their qualifications to make the nomination.

Shares held by two or more related investment funds will be treated as a single shareholder if the funds are (1) under common management and investment control, or (2) under common management and funded by a single employer, or (3) a "group of investment companies" as such term is defined in section 12(d)(1)(G)(ii) of the Investment Company Act of 1940, as amended.

- **The Exelon board believes that shareholders using proxy access to nominate directors should be required to provide information confirming that each nominee, if elected, will qualify as an independent director under the New York Stock Exchange rules and Exelon's Corporate Governance Principles and that the election of each nominee will not violate applicable laws.**

The board's proposal includes a requirement that information regarding director independence be provided with respect to each nominee so it can be made available to shareholders when they cast their votes in the election of directors. Absent this requirement, shareholders will have information about the independence of Exelon's nominees under the relevant independence standards but may not receive complete information about shareholder nominees. The board of directors will have the power to exclude shareholder nominees who do not meet established independence requirements.

- **The Exelon board believes that shareholders using proxy access to nominate directors should not be allowed to participate in another nomination pursuant to proxy access for the same election or engage in a proxy contest at the same meeting to seek the election of a greater number of nominees than the shareholder would be permitted to nominate through proxy access.**

The board's proposal provides that a shareholder participating in a nomination of directors through procedures other than proxy access will not be allowed to participate in a nomination at the same meeting through proxy access. Proxy access is intended to allow shareholders to nominate directors without the expense of a proxy solicitation. A shareholder who uses proxy access and engages in a proxy solicitation at the same time incurs the expense that proxy access is intended to avoid and diminishes the opportunities of other shareholders to make use of proxy access.

The nominating shareholder and members of a nominating group will not be permitted to join in another group that is making a nomination of other nominees through proxy access. This restriction is needed to prevent the use of the same shares to meet the minimum shareholding requirements for multiple nominations through proxy access.

- **The board's proposal for proxy access represents the framework that the board believes would be most beneficial to all Exelon shareholders without excessive disruption in the functions and effectiveness of the board.**

Vote on Management Proposal to Amend Exelon's Bylaws to Provide Proxy Access

The summary presented above is qualified by reference to the complete text of the proposal set forth in Appendix A. Shareholders are encouraged to review and rely upon the complete text of the proposed amendment to the Exelon bylaws.

The board of directors unanimously recommends a vote "FOR" the management proposal regarding proxy access.

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Communication with the Board of Directors

PROCESS FOR SHAREHOLDER COMMUNICATIONS WITH THE BOARD

Shareholders and other interested persons can communicate with any director or the independent directors as a group by writing to them, c/o Bruce G. Wilson, Senior Vice President, Deputy General Counsel and Corporate Secretary, Exelon Corporation, 10 South Dearborn Street, P.O. Box 805398, Chicago, Illinois 60680-5398. The board has instructed the Corporate Secretary to review communications initially and transmit a summary to the directors and to exclude from transmittal any communications that are commercial advertisements, other forms of solicitation, general shareholder service matters or individual service or billing complaints. Under the board policy, the Corporate Secretary will forward to the directors any communication raising substantial issues. All communications are available to the directors upon request. Shareholders may also report an ethics concern with the Exelon Ethics Hotline by calling 1-800-23-Ethic (1-800-233-8442). You may also report an ethics concern via the Internet at EthicsOffice@ExelonCorp.com.

SHAREHOLDER PROPOSALS

If you want to submit a proposal for possible inclusion in next year's proxy statement, you must submit it in writing to the Corporate Secretary, Exelon Corporation, 10 South Dearborn Street, P.O. Box 805398, Chicago, Illinois 60680-5398. Exelon must receive your proposal on or before November 16, 2016. Exelon will consider only proposals meeting the requirements of the applicable rules of the Securities and Exchange Commission. Under our Bylaws, the proposal must also disclose fully all ownership interests the proponent has in Exelon and contain a representation as to whether the shareholder has any intention of delivering a proxy statement to the other shareholders of Exelon.

We strongly encourage any shareholder interested in submitting a proposal to contact our Corporate Secretary in advance of this deadline to discuss the proposal, and shareholders may want to consult knowledgeable counsel with regard to the detailed requirements of applicable securities laws. Submitting a shareholder proposal does not guarantee that we will include it in our proxy statement. Our corporate governance committee reviews all shareholder proposals and makes recommendations to the board for action on such proposals.

Additionally, under our Bylaws, for a shareholder to bring any matter before the 2017 annual meeting that is not included in the 2016 proxy statement, the shareholder's written notice must be received by the Corporate Secretary not less than 120 days prior to the first anniversary of the mailing date of this proxy statement, which will be November 16, 2016.

DIRECTOR NOMINATIONS

A shareholder who wishes to recommend a candidate (including a self-nomination) to be considered by the Exelon corporate governance committee for nomination as a director must submit the recommendation in writing to the Chair of the Corporate Governance Committee, c/o Bruce G. Wilson, Senior Vice President, Deputy General Counsel and Corporate Secretary, Exelon Corporation, 10 South Dearborn Street, P.O. Box 805398, Chicago, Illinois 60680-5398. The corporate governance committee will consider all recommended candidates and self-nominees when making its recommendation to the full board of directors to nominate a slate of directors for election.

- **Nominations for 2016.** Under the Exelon Bylaws, the deadline has passed for a shareholder to nominate a candidate (or nominate himself or herself) for election to the board of directors at the 2016 annual meeting.
- **Nominations for 2017.** To nominate a candidate for election as a director or to stand for election at the 2017 annual meeting, a shareholder must either submit a recommendation to the corporate governance committee or provide the

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proper notice and the other information required by Exelon's Bylaws. The Bylaws currently require the following: (1) notice of the proposed nomination must be received by Exelon no later than November 16, 2016; (2) the notice must include information required under the Bylaws, including: (a) information about the nominating shareholder, (b) information about the candidate that would be required to be included in a proxy statement under the rules of the SEC, (c) a representation as to whether the shareholder intends to deliver a proxy statement to the other shareholders of Exelon, and (d) the signed consent of the candidate to serve as a director of Exelon, if elected. Exelon's Bylaws are amended from time to time. If approved by shareholders at the annual meeting, the board's adoption of the proxy access bylaws provision presented in Appendix A to this proxy statement will afford additional rights to shareholders for nomination of directors. Please review the Bylaws on our website to determine if any changes to the nomination process or requirements have been made.

AVAILABILITY OF CORPORATE DOCUMENTS

The Exelon Corporate Governance Principles, the Exelon Code of Business Conduct, the Exelon Amended and Restated Bylaws, and the charters for the audit, corporate governance, compensation and leadership development and other committees of the board of directors are available on the Exelon website at www.exeloncorp.com , on the corporate governance page under the Investors tab. Copies may be printed from the Exelon website and copies are available without charge to any shareholder who requests them by writing to Bruce G. Wilson, Senior Vice President, Deputy General Counsel and Corporate Secretary, Exelon Corporation, 10 South Dearborn Street, P.O. Box 805398, Chicago, Illinois 60680-5398. In addition, our Articles of Incorporation, Compensation Consultant Independence Policy, Political Contributions Guidelines, biographical information concerning each director, and all of our filings submitted to the SEC are available on our website. Access to this information is free of charge to any user with internet access. Information contained on our website is not part of this proxy statement.

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Frequently Asked Questions

Can I access the Notice of Annual Meeting and Proxy Statement and the 2015 Financial Report on the Internet?

As permitted by SEC rules, we are making this proxy statement and our annual report available to shareholders electronically via the internet at www.proxyvote.com. On March 16, 2016, we began mailing to our shareholders a notice containing instructions on how to access this proxy statement and our annual report and how to vote online. If you received that notice, you will not receive a printed copy of the proxy materials unless you request it by following the instructions for requesting such materials contained on the notice.

In addition, shareholders may request to receive proxy materials in printed form or electronically by email on an ongoing basis. Exelon encourages shareholders to take advantage of the availability of the proxy materials on the internet in order to save Exelon the cost of producing and mailing documents to you, reduce the amount of mail you receive and help preserve resources.

Shareholders of Record: If you vote on the internet at www.proxyvote.com, simply follow the prompts for enrolling in the electronic delivery service.

Beneficial Owners: You also may be able to receive copies of these documents electronically. Please check the information provided in the proxy materials sent to you by your bank, broker or other holder of record regarding the availability of this service.

Do I need a ticket to attend the annual meeting?

You will need an admission ticket or proof of ownership to enter the annual meeting.

If you are a shareholder of record the bottom half of your proxy card will serve as your admission ticket.

If your shares are held in the name of a bank, broker, or other holder of record and you plan to attend the meeting, you must present proof of your ownership of Exelon stock as you enter the meeting, such as a bank or brokerage account statement. If you would rather have an admission ticket, you can obtain one in advance by mailing a written request, along with proof of your ownership of Exelon stock, to:

> Annual Meeting Admission Tickets c/o Bruce G. Wilson, Senior Vice President, Deputy General Counsel and Corporate Secretary, Exelon Corporation, 10 South Dearborn Street, P.O. Box 805398 Chicago, Illinois 60680-5398.

Shareholders also must present a form of personal photo identification in order to be admitted into the meeting.

No cameras, audio or video recording equipment, similar electronic devices, large bags, briefcases or packages will be permitted into the meeting or adjacent areas. Cell phones and similar wireless communication devices will be permitted in the meeting only if turned off. All items brought into the meeting will be subject to search.

Who is entitled to vote at the annual meeting?

Holders of Exelon common stock as of 5:00 p.m. New York Time on March 4, 2016 are entitled to receive notice of the annual meeting and to vote their shares at the meeting. As of that date, there were 921,694,742 shares of common stock outstanding and entitled to vote. Each share of common stock is entitled to one vote on each matter properly brought before the meeting.

Frequently Asked Questions

What is the difference between holding shares as a shareholder of record and as a beneficial owner?

If your shares are registered directly in your name with Exelon's transfer agent, Wells Fargo Shareowner Services, you are the "shareholder of record" of those shares. This Notice of Annual Meeting and Proxy Statement and accompanying documents have been provided directly to you by Exelon.

If your shares are held in a stock brokerage account or by a bank or other holder of record, you are considered the "beneficial owner" of those shares. This Notice of Annual Meeting and Proxy Statement and the accompanying documents have been forwarded to you by your broker, bank or other holder of record. As the beneficial owner, you have the right to direct your broker, bank or other holder of record how to vote your shares by using the voting instruction card or by following their instructions for voting by telephone or on the Internet.

How do I vote?

Your vote is important. We encourage you to vote promptly. Internet and telephone voting are available through 11:59 p.m. Eastern Time on April 25, 2016. You may vote in the following ways:

- **By Internet.** If you have internet access, you may vote by internet. You will need the control number included on your proxy card or voting instruction form ("VIF"), as applicable. You may vote in a secure manner at www.proxyvote.com 24 hours a day. You will be able to confirm that the system has properly recorded your votes, and you do not need to return your proxy card or VIF.
- **By Telephone.** If you are located in the United States or Canada, you can vote by calling the toll-free telephone number (1-800-690-6903) and following the recorded instructions. You will need the control number included on your Notice Regarding the Availability of Proxy Materials, proxy card or VIF, as applicable. You may vote by telephone 24 hours a day. The telephone voting system has easy-to-follow instructions and allows you to confirm that the system has properly recorded your votes. If you vote by telephone, you do not need to return your proxy card or your VIF.
- **By Mail.** If you are a holder of record and received a full paper set of materials, you can vote by marking, dating and signing your proxy card and returning it by mail in the postage-paid envelope provided. If you are a beneficial holder of shares held of record by a bank or broker or other street name, please complete and mail the VIF provided by the holder of record.
- **At the Annual Meeting.** If you are a shareholder of record and attend the annual meeting in person, you may use a ballot provided at the meeting to cast your vote. If you are a beneficial owner, you will need to have a legal proxy from your broker, bank or other holder of record in order to vote by ballot at the meeting.

May I revoke a proxy?

Yes. You may revoke a proxy at any time before the proxy is exercised by filing with the Corporate Secretary a notice of revocation, or by submitting a later-dated proxy by mail, telephone or electronically through the Internet. You may also revoke your proxy by attending the annual meeting and voting in person.

What is householding and how does it affect me?

Exelon has adopted a procedure approved by the SEC called "householding." Under this procedure, shareholders of record who have the same address and last name and do not participate in electronic delivery of proxy materials will receive only one copy of this Notice of Annual Meeting and Proxy Statement and the 2015 Annual Report, unless we are notified that one or more of these shareholders wishes to continue receiving individual copies. This procedure will reduce our printing costs and postage fees.

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Frequently Asked Questions

What are the voting requirements to elect the directors and to approve each of the proposals discussed in the Proxy Statement?

The presence of the holders of a majority of the outstanding shares of common stock entitled to vote at the annual meeting, in person or represented by proxy, is necessary to constitute a quorum.

Election of Directors: Majority Vote Policy

Under our Bylaws, directors must be elected by a majority of votes cast in uncontested elections. This means that the number of votes cast “for” a director nominee must exceed the number of votes cast “against” the nominee. In contested elections, the vote standard would be a plurality of votes cast.

Our Bylaws provide that, in an uncontested election, each director nominee must submit to the board before the annual meeting a letter of resignation that becomes effective only if the director fails to receive a majority of the votes cast at the annual meeting. The resignation of a director nominee who is not an incumbent director is automatically accepted by the board. The resignation of an incumbent director is tendered to the independent directors of the board for a determination of whether or not to accept the resignation. The board’s decision and the basis for the decision would be disclosed within 90 days following the certification of the final vote results.

Ratification of PricewaterhouseCoopers as Independent Auditor

The appointment of PricewaterhouseCoopers LLP as Exelon Corporation’s independent auditor requires an affirmative vote of a majority of shares of common stock represented at the annual meeting and entitled to vote thereon in order to be adopted.

Executive Compensation

The vote on executive compensation is advisory and is not binding on the company, the board of directors, or the compensation and leadership development committee in any way, as provided by law. Our board and the compensation and leadership development committee will review the results of the vote and input from shareholders and will take it into account in making a determination concerning executive compensation consistent with our record of shareowner engagement.

Management Proposal Regarding Proxy Access

The adoption of the management proposal regarding proxy access requires an affirmative vote of a majority of shares represented at the annual meeting and entitled to vote thereon. Abstentions will have the same effect as a vote against the proposal.

Shareholder Proposal Regarding the Form of Director Qualification Disclosure

The adoption of the shareholder proposal requires an affirmative vote of a majority of shares represented at the annual meeting and entitled to vote thereon. Abstentions will have the same effect as a vote against the proposal.

How frequently will I have an opportunity to vote on executive compensation?

Every year. The Exelon board of directors has decided to hold the advisory vote on executive compensation annually until the next required vote on the frequency of shareholder votes on the compensation of executives.

Could other matters be decided at the annual meeting?

At the date this proxy statement went to press, we did not know of any matters to be raised at the annual meeting other than those referred to in this proxy statement.

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Frequently Asked Questions

Who will count the votes?

Representatives of Broadridge Financial Communications and Exelon's Office of Corporate Governance will tabulate the votes and act as inspectors of the election.

Where can I find the voting results?

We will report the voting results in a Form 8-K to be filed with the SEC within four business days following the end of our annual meeting.

Who will pay for the cost of this proxy solicitation?

Exelon will pay the cost of soliciting proxies. Proxies may be solicited on our behalf by directors, officers or employees in person or by telephone, electronic transmission and facsimile transmission. We have hired Alliance Advisors, LLC to distribute and solicit proxies. We will pay Alliance Advisors, LLC a fee of $15,000 plus reasonable expenses for these services.

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PROPOSED AMENDMENT TO EXELON'S BYLAWS TO IMPLEMENT PROXY ACCESS

Section4.14. Proxy Access for Director Nominations .

(a) Inclusion in Proxy Statement . The corporation shall include in its proxy statement for an annual meeting of shareholders the name, together with the Required Information (as defined below), of any person nominated for election (a "Shareholder Nominee") to the board of directors by a shareholder that satisfies, or by a group of no more than twenty shareholders that, collectively, satisfy, the requirements of this Section 4.14 (an "Eligible Shareholder"), and that expressly elects at the time of providing the notice required by this Section 4.14 (the "Nomination Notice") to have its nominee or nominees included in the corporation's proxy materials pursuant to this Section 4.14.

(b) Timeliness . To be timely, a shareholder's Nomination Notice must be delivered to or mailed and received by the secretary at the principal executive offices of the corporation not less than one hundred and twenty days nor more than one hundred and fifty days prior to the anniversary date of the immediately preceding annual meeting of shareholders; provided, however, that in the event that the annual meeting is called for a date that is not within thirty days before or after such anniversary date, in order to be timely the Nomination Notice must be so received not later than the close of business on the tenth day following the day on which notice of the date of the annual meeting was mailed or public disclosure of the date of the annual meeting was made, whichever first occurs. In addition to the other requirements of this Section 4.14, the Nomination Notice must include the name and address of the Eligible Shareholder (including each shareholder whose stock ownership is counted for purposes of qualifying as an Eligible Shareholder).

(c) Required Information . For purposes of this Section 4.14, the "Required Information" that the corporation will include in its proxy statement is (i) the information concerning the Shareholder Nominee and the Eligible Shareholder that the corporation determines is required to be disclosed in the corporation's proxy statement by the regulations promulgated under the Exchange Act; and (ii) if the Eligible Shareholder so elects, a Statement (as defined in Section 4.14(g)). To be timely, the Required Information must be delivered to or mailed and received by the secretary of the corporation within thirty days after the deadline for Nomination Notices set forth in Section 4.14(b).

(d) Number of Shareholder Nominees . The number of Shareholder Nominees (including Shareholder Nominees that were submitted by an Eligible Shareholder for inclusion in the corporation's proxy materials pursuant to this Section 4.14 but are subsequently withdrawn) appearing in the corporation's proxy materials with respect to an annual meeting of shareholders shall not exceed twenty percent of the number of directors in office as of the last day on which a Nomination Notice may be delivered pursuant to this Section 4.14, or if such amount is not a whole number, the closest whole number below twenty percent, but not less than two (the "Permitted Number"); provided that (i) if one or more vacancies for any reason occurs on the board of directors at any time after the deadline for Nomination Notices set forth in Section 4.14(b) and before the date of the applicable annual meeting of shareholders and the board of directors resolves to reduce the size of the board of directors in connection therewith, the Permitted Number shall be calculated based on the number of directors in office as so reduced and (ii) the Permitted Number shall be reduced for each annual meeting (but not more than two annual meetings) for each Shareholder Nominee that the board of directors decides to nominate for election at such annual meeting. If the number of Shareholder Nominees submitted by Eligible Shareholders pursuant to this Section 4.14 exceeds the Permitted Number, each Eligible Shareholder shall select one of its Shareholder Nominees for inclusion in the corporation's proxy materials. If the Permitted Number is not reached after each Eligible Shareholder has selected one Shareholder Nominee for inclusion in the corporation's proxy materials, each Eligible Shareholder shall select one Shareholder Nominee, going in order of the amount (largest to smallest) of shares of the capital stock of the

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corporation each Eligible Shareholder disclosed as owned in its respective Nomination Notice submitted to the corporation, until the Permitted Number is reached, and all remaining Shareholder Nominees in excess of the Permitted Number shall be excluded from the corporation's proxy materials.

(e) Ownership for Purposes of Section 4.14 . For purposes of this Section 4.14, an Eligible Shareholder shall be deemed to "own" only those outstanding shares of the capital stock of the corporation as to which the shareholder possesses both (i) the full voting and investment rights pertaining to the shares and (ii) the full economic interest in (including the opportunity for profit and risk of loss on) such shares; provided that the number of shares calculated in accordance with clauses (i) and (ii) shall not include any shares (A) sold by such shareholder or any of its affiliates in any transaction that has not been settled or closed, (B) borrowed by such shareholder or any of its affiliates for any purposes or purchased by such shareholder or any of its affiliates pursuant to an agreement to resell or (C) subject to any option, warrant, forward contract, swap, contract of sale, or other derivative or similar agreement entered into by such shareholder or any of its affiliates, whether any such instrument or agreement is to be settled with shares or with cash based on the notional amount or value of shares of outstanding capital stock of the corporation, in any such case which instrument or agreement has, or is intended to have, the purpose or effect of (1) reducing in any manner, to any extent or at any time in the future, such shareholder's or its affiliates' full right to vote or direct the voting of any such shares, and/or (2) hedging, offsetting or altering to any degree gain or loss arising from the full economic ownership of such shares by such shareholder or affiliate. A shareholder shall "own" shares held in the name of a nominee or other intermediary so long as the shareholder retains the right to instruct how the shares are voted with respect to the election of directors and possesses the full economic interest in the shares. A person's ownership of shares shall be deemed to continue during any period in which (i) the person has loaned such shares, provided that the person has the power to recall such loaned shares on not more than five business days' notice, or (ii) the person has delegated any voting power by means of a proxy, power of attorney or other instrument or arrangement that is revocable at any time by the person. The terms "owned," "owning" and other variations of the word "own" shall have correlative meanings. Whether outstanding shares of the capital stock of the corporation are "owned" for these purposes shall be determined by the board of directors, which determination shall be conclusive and binding on the corporation and its shareholders. For purposes of this Section 4.14, the term "affiliate" shall have the meaning ascribed to it in the regulations promulgated under the Exchange Act. An Eligible Shareholder shall include in its Nomination Notice the number of shares it is deemed to own for the purposes of this Section 4.14.

(f) Eligible Shareholder . An Eligible Shareholder must have owned (as defined in Section 4.14(e)) continuously for at least three years that number of shares of capital stock as shall constitute three percent or more of the outstanding capital stock of the corporation (the "Required Shares") as of both (i) a date within seven calendar days prior to the date of the Nomination Notice and (ii) the record date for determining shareholders entitled to vote at the annual meeting. For purposes of satisfying the ownership requirements under this Section 4.14, (i) the shares of the capital stock of the corporation owned by one or more shareholders, or by the person or persons who own shares of the capital stock of the corporation and on whose behalf any shareholder is acting, may be aggregated, provided that the number of shareholders and other persons whose ownership of shares of capital stock of the corporation is aggregated for such purpose shall not exceed twenty, and (ii) two or more related funds will be treated as one shareholder or person for this purpose if such funds are (A) under common management and investment control, or (B) under common management and funded by a single employer, or (C) a "group of investment companies" as such term is defined in section 12(d)(1)(G)(ii) of the Investment Company Act of 1940, as amended. No person may be a member of more than one group of persons constituting an Eligible

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Shareholder under this Section 4.14. Within the time period specified in this Section 4.14 for providing the Nomination Notice, an Eligible Shareholder must provide the following information in writing to the secretary of the corporation:

(i) one or more written statements from each record holder of the shares (and from each intermediary through which the shares are or have been held during the requisite three-year holding period) verifying that, as of a date within seven calendar days prior to the date of the Nomination Notice, the Eligible Shareholder owns, and has owned continuously for the preceding three years, the Required Shares, and the Eligible Shareholder's agreement to provide, within three business days after the record date for the annual meeting, written statements from the record holder and intermediaries verifying the Eligible Shareholder's continuous ownership of the Required Shares through the record date and, in the case of loaned shares, a written statement to the effect that the person will recall such loaned shares prior to the record date for the annual meeting and hold such shares on the record date or will revoke delegated voting authority with respect to such shares and vote such shares at the annual meeting, and, in the case of shares held by two or more related funds, documentation that demonstrates to the reasonable satisfaction of the corporation that the funds are (A) under common management and investment control, or (B) under common management and funded by a single employer, or (C) a "group of investment companies" as such term is defined in section 12(d)(1)(G)(ii) of the Investment Company Act of 1940, as amended;

(ii) the written consent of each Shareholder Nominee to being named in the proxy statement as a nominee and to serving as a director if elected, together with the information and representations that would be required to be set forth in a shareholder's notice of a nomination pursuant to Section 4.02(c) of this Article IV;

(iii) a copy of the Schedule 14N that has been filed with the Securities and Exchange Commission as required by Rule 14a-18 under the Exchange Act, as such rule may be amended;

(iv) a representation that the Eligible Shareholder (including each member of any group of shareholders that together is an Eligible Shareholder under this Section 4.14) (A) acquired the Required Shares in the ordinary course of business and not with the intent to change or influence control at the corporation, and does not presently have such intent, (B) has not nominated and will not nominate for election to the board of directors at the annual meeting any person other than the Shareholder Nominee(s) being nominated pursuant to this Section 4.14, (C) has not engaged and will not engage in, and has not and will not be a "participant" in another person's, "solicitation" within the meaning of Rule 14a-1(l) under the Exchange Act in support of the election of any individual as a director at the annual meeting other than its Shareholder Nominee or a nominee of the board of directors, (D) will not distribute to any shareholder any form of proxy for the annual meeting other than the form distributed by the corporation, (E) intends to own the Required Shares through the date of the annual meeting, (F) has no present intention to dispose of the Required Shares within one year following the annual meeting if one or more of the Eligible Shareholder's Shareholder Nominees is elected (it being understood that the Eligible Shareholder may disclaim any such representation regarding shares as to which the Eligible Shareholder has delegated investment power to an independent investment manager or shares held in or by an index fund), (G) will provide facts, statements and other information in all communications with the corporation and its shareholders that are or will be true and correct in all material respects and do not and will not omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, and (H) otherwise will comply with all applicable laws, rules, regulations and listing standards in connection with any actions taken pursuant to this Section 4.14;

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(v) in the case of a nomination by a group of shareholders that together is an Eligible Shareholder, the designation by all group members of one group member that is authorized to act on behalf of all members of the nominating shareholder group with respect to the nomination and matters thereto, including withdrawal of the nomination; and

(vi) an undertaking that the Eligible Shareholder (including each member of any group of shareholders that together is an Eligible Shareholder) agrees to (A) assume all liability stemming from any legal or regulatory violation arising out of the Eligible Shareholder's communications with the shareholders of the corporation or out of the information that the Eligible Shareholder provided to the corporation, (B) indemnify and hold harmless the corporation and each of its directors, officers and employees individually against any liability, loss or damages in connection with any threatened or pending action, suit or proceeding, whether legal, administrative or investigative, against the corporation or any of its directors, officers, or employees arising out of any nomination submitted by the Eligible Shareholder pursuant to this Section 4.14, (C) comply with all other laws, rules, regulations and listing standards applicable to any solicitation in connection with the annual meeting, and (D) provide to the corporation prior to the annual meeting such additional information as necessary with respect thereto, including prompt notice if the Eligible Shareholder ceases to own any of the Required Shares prior to the date of the annual meeting of shareholders and if any information or communications provided by the Eligible Shareholder to the corporation ceases to be true and correct in any respect or omits a fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading, each Eligible Shareholder shall promptly notify the secretary of the corporation of any such inaccuracy or omission in such previously provided information and of the information that is required to make such information or communication true and correct.

(g) Statement . The Eligible Shareholder may provide to the secretary of the corporation, within the time period specified in this Section 4.14 for providing the Nomination Notice, a written statement for inclusion in the corporation's proxy statement for the annual meeting, not to exceed five hundred words (excluding biographical and other information required to be disclosed in the corporation's proxy statement by the regulations promulgated under the Exchange Act), in support of the candidacy of all Shareholder Nominees nominated by the Eligible Shareholder (the "Statement"). Notwithstanding anything to the contrary contained in this Section 4.14, the corporation may omit from its proxy materials any information or Statement (or portion thereof) that it, in good faith, believes would violate any applicable law, rule, regulation or listing standard. Nothing in this Section 4.14 shall limit the corporation's ability to solicit against and include in its proxy materials its own statements relating to any Shareholder Nominee.

(h) Representation and Agreement; Additional Information . At the time the Eligible Shareholder delivers the Nomination Notice, the Shareholder Nominee must deliver to the secretary of the corporation a written representation and agreement that the Shareholder Nominee (i) is not and will not become a party to any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such Shareholder Nominee, if elected as a director of the corporation, will act or vote on any issue or question, or has fully disclosed to the corporation all such agreements, arrangements and understandings with, and all such commitments and assurances to, any person, (ii) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director, or has fully disclosed to the corporation all such agreements, arrangements and understandings with any such person or entity, and (iii) will comply with all of the corporation's corporate governance, conflict of interest, confidentiality and stock ownership and trading policies and guidelines, and any other corporation policies and guidelines applicable to directors, as well as any applicable law, rule or regulation or listing requirement. At the request of the corporation, and within five business days after receipt of such

questionnaires from the corporation, the Shareholder Nominee must submit all completed and signed questionnaires and other information requests required of the corporation's directors and officers. The corporation may request such additional information as necessary to permit the board of directors to determine if each Shareholder Nominee is independent under the listing standards of the principal U.S. exchange upon which the corporation's capital stock is listed, any applicable rules of the Securities and Exchange Commission and any publicly disclosed standards used by the board of directors in determining and disclosing the independence of the corporation's directors (the "Applicable Independence Standards") and the qualifications of the Shareholder Nominee to serve on the corporation's Audit Committee and Compensation and Leadership Development Committee, and the Shareholder Nominee must respond to any such request within five business days after receipt. If any information or communications provided by the Shareholder Nominee to the corporation ceases to be true and correct in any respect or omits a fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading, each Shareholder Nominee shall promptly notify the secretary of the corporation of any such inaccuracy or omission in such previously provided information and of the information that is required to make such information or communication true and correct. If the board of directors determines that the Shareholder Nominee is not independent under the Applicable Independence Standards, or if the Shareholder Nominee fails to provide requested information on a timely basis, the Shareholder Nominee will not be eligible for inclusion in the corporation's proxy materials.

(i) Eligibility for Nomination at Subsequent Meetings . Any Shareholder Nominee who is included in the corporation's proxy materials for a particular annual meeting of shareholders but either (i) withdraws from or becomes ineligible or unavailable for election at the annual meeting, or (ii) does not receive at least twenty-five percent of the votes cast "for" the Shareholder Nominee's election, will be ineligible to be a Shareholder Nominee pursuant to this Section 4.14 for the next two annual meetings of shareholders. Any Eligible Shareholder (including each shareholder whose stock ownership is counted for purposes of qualifying as an Eligible Shareholder) whose Shareholder Nominee is elected as a director at the annual meeting of shareholders will not be eligible to nominate or participate in the nomination of a Shareholder Nominee for the next two annual meetings of shareholders other than the nomination of such previously elected Shareholder Nominee, unless the board of directors nominates such previously elected Shareholder Nominee at a subsequent annual meeting.

(j) Disqualification . The corporation shall not be required, pursuant to this Section 4.14, to include in its proxy materials for any meeting of shareholders a Shareholder Nominee (i) if the secretary of the corporation receives a notice that any shareholder has nominated a person for election to the board of directors pursuant to the advance notice requirements for shareholder nominations for director set forth in Section 4.02(b) of this Article IV, (ii) if the Eligible Shareholder who has nominated such Shareholder Nominee has engaged in or is currently engaged in, or has been or is a "participant" in another person's, "solicitation" within the meaning of Rule 14a-1(l) under the Exchange Act in support of the election of any individual as a director at the annual meeting other than its Shareholder Nominee(s) or a nominee of the board of directors, (iii) who is not independent under the Applicable Independence Standards, as determined by the board of directors, (iv) whose election as a member of the board of directors would cause the corporation to be in violation of these bylaws, the certificate of incorporation, the listing standards of the principal exchange upon which the corporation's capital stock is traded, or any applicable state or federal law, rule or regulation, (v) who is or has been, within the past three years, an officer or director of a competitor, as defined in Section 8 of the Clayton Antitrust Act of 1914, (vi) who is a named subject of a pending criminal proceeding (excluding traffic violations and other minor offenses) or has been convicted in such a criminal proceeding within the past ten years, (vii) who is subject to any order of the type specified in Rule 506(d) of Regulation D promulgated under the Securities Act of 1933, as amended, (viii) if such Shareholder Nominee or the Eligible Shareholder who has nominated such Shareholder Nominee shall have provided information to the corporation with respect to such nomination that was untrue in any material respect or omitted to state a material fact necessary in order to make the statement made, in light of the circumstances under which it was made, not

misleading, as determined by the board of directors, (ix) if the Eligible Shareholder ceases to be an Eligible Shareholder for any reason, including but not limited to not owning the Required Shares through the date of the applicable annual meeting, or (x) if the Eligible Shareholder or applicable Shareholder Nominee otherwise contravenes any of the agreements or representations made by such Eligible Shareholder or Shareholder Nominee or fails to comply with its obligations pursuant to this Section 4.14. For the purposes of this Section 4.14(j), if an Eligible Shareholder is subject the conditions in clause (i), (ii), (viii), or (x), the corporation may exclude from its proxy materials all Shareholder Nominees nominated by such Eligible Shareholder or, if the proxy statement has already been filed, may declare all such Shareholder Nominees ineligible to stand for election or serve as a director; and if a Shareholder Nominee is subject to the conditions in clause (iii), (iv), (v), (vi), (vii) (viii), (ix), or (x), the corporation may declare such Shareholder Nominee ineligible and exclude such Shareholder Nominee from the proxy materials, or, if the proxy statement has already been filed, may declare the Shareholder Nominee ineligible to stand for election or serve as a director.

(k) Invalidity . Notwithstanding anything to the contrary set forth herein, the board of directors or the person presiding at the meeting shall declare a nomination by an Eligible Shareholder to be invalid, and such nomination shall be disregarded notwithstanding that proxies in respect of such vote may have been received by the corporation, if (i) the Shareholder Nominee(s) and/or the applicable Eligible Shareholder shall have breached its or their obligations, agreements or representations under this Section 4.14, as determined by the board of directors or the person presiding at the annual meeting of shareholders, (ii) the Shareholder Nominee(s) are determined to be ineligible to stand for election or serve as a director pursuant to Section 4.14(j), or (iii) the Eligible Shareholder (or a qualified representative thereof) does not appear at the annual meeting of shareholders to present any nomination pursuant to this Section 4.14.

(l) Filing of Solicitations and Other Communications . The Eligible Shareholder (including any person who owns shares of capital stock of the corporation that constitute part of the Eligible Shareholder's ownership for purposes of satisfying Section 4.14(f) hereof) shall file with the Securities and Exchange Commission any solicitation or other communication with the corporation's shareholders relating to the meeting at which the Shareholder Nominee will be nominated, regardless of whether any such filing is required under Regulation 14A of the Exchange Act or whether any exemption from filing is available for such solicitation or other communication under Regulation 14A of the Exchange Act.

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Exelon Corporation
P.O. Box 805398
Chicago, IL 60680-5398

exeloncorp.com

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EXELON CORPORATION
10 SOUTH DEARBORN STREET
P.O. BOX 805398
CHICAGO, IL 60680-5398

VOTE BY INTERNET - www.proxyvote.com

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time on April 25, 2016. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS

If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

VOTE BY PHONE - 1-800-690-6903

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time on April 25, 2016. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

E02680-P75443-Z67404 KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

EXELON CORPORATION

The board of directors recommends voting FOR Proposals 1 through 4:

1. Election of Directors

Nominees:	**For**	**Against**	**Abstain**
1a. Anthony K. Anderson	☐	☐	☐
1b. Ann C. Berzin	☐	☐	☐
1c. Christopher M. Crane	☐	☐	☐
1d. Yves C. de Balmann	☐	☐	☐
1e. Nicholas DeBenedictis	☐	☐	☐
1f. Nancy L. Gioia	☐	☐	☐
1g. Linda P. Jojo	☐	☐	☐
1h. Paul L. Joskow	☐	☐	☐
1i. Robert J. Lawless	☐	☐	☐
1j. Richard W. Mies	☐	☐	☐
1k. John W. Rogers, Jr.	☐	☐	☐
1l. Mayo A. Shattuck III	☐	☐	☐
1m. Stephen D. Steinour	☐	☐	☐

	For	**Against**	**Abstain**
2. The Ratification of PricewaterhouseCoopers LLP as Exelon's independent Auditor for 2016.	☐	☐	☐
3. Approve the compensation of our named executive officers as disclosed in the proxy statement.	☐	☐	☐
4. Approve the management proposal to amend Exelon's bylaws to provide proxy access.	☐	☐	☐

NOTE: Authority is also given to vote on all other matters that may properly come before the meeting or any adjournment thereof.

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name by authorized officer.

Signature [PLEASE SIGN WITHIN BOX]	Date	Signature (Joint Owners)	Date

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ADMISSION TICKET

To attend the annual meeting please detach and bring this ticket along with a valid photo ID and present them at the Shareholder Registration Table upon arrival. This ticket is not transferable.

No cameras, audio or video recording equipment, similar electronic devices, large bags, backpacks, briefcases or packages will be permitted in the meeting room or adjacent areas. Cell phones and similar wireless communication devices will be permitted in the meeting only if turned off. All items brought into the meeting will be subject to search.

NOTICE REGARDING INTERNET AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING

Exelon's Notice and Proxy Statement and Annual Report are available online at www.proxyvote.com . The electronic documents have been prepared to offer easy viewing and are completely searchable. The website will allow you to view the materials as you vote the shares. We believe that you will find this method of viewing Exelon's information and voting the shares more convenient.

We encourage you to vote the shares at www.proxyvote.com
and then register for the electronic delivery of Exelon's proxy materials for 2017 and beyond.

IF YOU WISH TO ATTEND THE ANNUAL MEETING, DETACH AND BRING THIS ADMISSION TICKET ALONG WITH A PHOTO ID

— — — —

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a)
of the Securities Exchange Act of 1934
(Amendment No.)

Filed by the Registrant ☒ Filed by a Party other than the Registrant ☐

Check the appropriate box:

☐ Preliminary Proxy Statement

☐ **CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14a-6(e)(2))**

☐ Definitive Proxy Statement

☒ Definitive Additional Materials

☐ Soliciting Material Pursuant to §240.14a-12

EXELON CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

☒ No fee required.

☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

☐ Fee paid previously with preliminary materials.

☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

SH-SSA-0009 - 26595

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

*** Exercise Your *Right* to Vote ***

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to Be Held on April 23, 2013.

EXELON CORPORATION

EXELON CORPORATION
10 SOUTH DEARBORN STREET
P.O. BOX 805398
CHICAGO, IL 60680-5398

Meeting Information

Meeting Type: Annual Meeting
For holders as of: March 1, 2013

Date: April 23, 2013
Time: 9:00 AM Eastern Time
Location: The Sky Lobby Conference Center
750 East Pratt Street
Baltimore, Maryland

You are receiving this communication because you hold shares in the company named above.

This is not a ballot. You cannot use this notice to vote these shares. This communication presents only an overview of the more complete proxy materials that are available to you on the Internet. You may view the proxy materials online at *www.proxyvote.com* or easily request a paper copy (see reverse side).

We encourage you to access and review all of the important information contained in the proxy materials before voting.

See the reverse side of this notice to obtain proxy materials and voting instructions.

M54870-P35154-Z59993

S1-SSA-0009 - 26597

Before You Vote

How to Access the Proxy Materials

Proxy Materials Available to VIEW or RECEIVE:

NOTICE AND PROXY STATEMENT ANNUAL REPORT

How to View Online:

Have the information that is printed in the box marked by the arrow → XXXX XXXX XXXX (located on the following page) and visit: *www.proxyvote.com.*

How to Request and Receive a PAPER or E-MAIL Copy:
If you want to receive a paper or e-mail copy of these documents, you must request one. There is NO charge for requesting a copy. Please choose one of the following methods to make your request:

1) *BY INTERNET* : www.proxyvote.com
2) *BY TELEPHONE* : 1-800-579-1639
3) *BY E-MAIL** : sendmaterial@proxyvote.com

* If requesting materials by e-mail, please send a blank e-mail with the information that is printed in the box marked by the arrow → XXXX XXXX XXXX (located on the following page) in the subject line.

Requests, instructions and other inquiries sent to this e-mail address will NOT be forwarded to your investment advisor. Please make the request as instructed above on or before April 9, 2013 to facilitate timely delivery.

How To Vote

Please Choose One of the Following Voting Methods

Vote In Person: Many shareholder meetings have attendance requirements including, but not limited to, the possession of an attendance ticket issued by the entity holding the meeting. Please check the meeting materials for any special requirements for meeting attendance. At the meeting, you will need to request a ballot to vote these shares.

Vote By Internet: To vote now by Internet, go to *www.proxyvote.com.* Have the information that is printed in the box marked by the arrow → XXXX XXXX XXXX (located on the following page) available and follow the instructions.

Vote By Mail: You can vote by mail by requesting a paper copy of the materials, which will include a proxy card.

M54871-P35154-Z59993

Voting Items

The Board of Directors recommends you vote FOR the following proposals:

1. Election of Directors

Nominees:

1a. Anthony K. Anderson

1b. Ann C. Berzin

1c. John A. Canning, Jr.

1d. Christopher M. Crane

1e. Yves C. de Balmann

1f. Nicholas DeBenedictis

1g. Nelson A. Diaz

1h. Sue L. Gin

1i. Paul L. Joskow

1j. Robert J. Lawless

1k. Richard W. Mies

1l. William C. Richardson

1m. Thomas J. Ridge

1n. John W. Rogers, Jr.

1o. Mayo A. Shattuck III

1p. Stephen D. Steinour

2. The Ratification of PricewaterhouseCoopers LLP as Exelon's independent accountant for 2013.

3. Advisory vote to approve executive compensation.

4. Approve Amended & Restated Employee Stock Purchase Plan.

M54872-P35154-Z59993

M54873-P35154-Z59993

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a)
of the Securities Exchange Act of 1934
(Amendment No.)

Filed by the Registrant ☒ Filed by a Party other than the Registrant ☐

Check the appropriate box:

☐ Preliminary Proxy Statement

☐ **CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14a-6(e)(2))**

☐ Definitive Proxy Statement

☒ Definitive Additional Materials

☐ Soliciting Material Pursuant to §240.14a-12

EXELON CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

☒ No fee required.

☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

☐ Fee paid previously with preliminary materials.

☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

S1-SSA-0009 - 26601

(3) Filing Party:

(4) Date Filed:

***** Exercise Your *Right* to Vote *****
Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to Be Held on April 25, 2017.

EXELON CORPORATION

EXELON CORPORATION
10 SOUTH DEARBORN STREET
P.O. BOX 805398
CHICAGO, IL 60680-5398

E20960-P87426-Z69468

Meeting Information

Meeting Type: Annual Meeting
For holders as of: March 3, 2017
Date: April 25, 2017 **Time:** 9:00 A.M. Eastern Time
Location: 1310 Point Street
10th Floor
Baltimore, Maryland

You are receiving this communication because you hold shares in the company named above.

This is not a ballot. You cannot use this notice to vote these shares. This communication presents only an overview of the more complete proxy materials that are available to you on the Internet. You may view the proxy materials online at *www.proxyvote.com* or easily request a paper copy (see reverse side).

We encourage you to access and review all of the important information contained in the proxy materials before voting.

See the reverse side of this notice to obtain proxy materials and voting instructions.

S1-SSA-0009 - 26603

— Before You Vote —

How to Access the Proxy Materials

Proxy Materials Available to VIEW or RECEIVE:

NOTICE AND PROXY STATEMENT ANNUAL REPORT

How to View Online:

Have the information that is printed in the box marked by the arrow → XXXX XXXX XXXX XXXX (located on the following page) and visit: *www.proxyvote.com.*

How to Request and Receive a PAPER or E-MAIL Copy:

If you want to receive a paper or e-mail copy of these documents, you must request one. There is NO charge for requesting a copy. Please choose one of the following methods to make your request:

1) *BY INTERNET* : www.proxyvote.com
2) *BY TELEPHONE* : 1-800-579-1639
3) *BY E-MAIL** : sendmaterial@proxyvote.com

* If requesting materials by e-mail, please send a blank e-mail with the information that is printed in the box marked by the arrow → XXXX XXXX XXXX XXXX (located on the following page) in the subject line.

Requests, instructions and other inquiries sent to this e-mail address will NOT be forwarded to your investment advisor. Please make the request as instructed above on or before April 11, 2017 to facilitate timely delivery.

— How To Vote —

Please Choose One of the Following Voting Methods

Vote In Person: Many shareholder meetings have attendance requirements including, but not limited to, the possession of an attendance ticket issued by the entity holding the meeting. Please check the meeting materials for any special requirements for meeting attendance. At the meeting, you will need to request a ballot to vote these shares.

Vote By Internet: To vote now by Internet, go to *www.proxyvote.com.* Have the information that is printed in the box marked by the arrow → XXXX XXXX XXXX XXXX (located on the following page) available and follow the instructions.

Vote By Mail: You can vote by mail by requesting a paper copy of the materials, which will include a proxy card.

E20961-P87426-Z69468

Voting Items

The board of directors recommends voting FOR Proposals 1 through 3:

1. Election of Directors

Nominees:

1a. Anthony K. Anderson

1b. Ann C. Berzin

1c. Christopher M. Crane

1d. Yves C. de Balmann

1e. Nicholas DeBenedictis

1f. Nancy L. Gioia

1g. Linda P. Jojo

1h. Paul L. Joskow

1i. Robert J. Lawless

1j. Richard W. Mies

1k. John W. Rogers, Jr.

1l. Mayo A. Shattuck III

1m. Stephen D. Steinour

2. Ratification of PricewaterhouseCoopers LLP as Exelon's Independent Auditor for 2017.

3. Advisory approval of executive compensation.

The Board of Directors recommends you vote 1 year on the following proposal:

4. Advisory vote on the frequency of the advisory vote on executive compensation.

NOTE: Authority is also given to vote on all other matters that may properly come before the meeting or any adjournment thereof.

E20962-P87426-Z69468

E20963-P87426-Z69468

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a)
of the Securities Exchange Act of 1934
(Amendment No.)

Filed by the Registrant ☒ Filed by a Party other than the Registrant ☐

Check the appropriate box:

☐ Preliminary Proxy Statement

☐ **CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14a-6(e)(2))**

☐ Definitive Proxy Statement

☒ Definitive Additional Materials

☐ Soliciting Material Pursuant to §240.14a-12

EXELON CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

☒ No fee required.

☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

☐ Fee paid previously with preliminary materials.

☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

S1-SSA-0009 - 26607

(3) Filing Party:

(4) Date Filed:

*** Exercise Your *Right* to Vote ***

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to Be Held on April 26, 2016.

EXELON CORPORATION

EXELON CORPORATION
10 SOUTH DEARBORN STREET
P.O. BOX 805398
CHICAGO, IL 60680-5398

E02685-P75443-Z67404

Meeting Information

Meeting Type: Annual Meeting
For holders as of: March 4, 2016
Date: April 26, 2016 **Time:** 9:00 AM Eastern Time
Location: PECO Energy Headquarters
2301 Market Street
Philadelphia, Pennsylvania

You are receiving this communication because you hold shares in the company named above.

This is not a ballot. You cannot use this notice to vote these shares. This communication presents only an overview of the more complete proxy materials that are available to you on the Internet. You may view the proxy materials online at *www.proxyvote.com* or easily request a paper copy (see reverse side).

We encourage you to access and review all of the important information contained in the proxy materials before voting.

See the reverse side of this notice to obtain proxy materials and voting instructions.

S1-SSA-0009 - 26609

— Before You Vote —

How to Access the Proxy Materials

Proxy Materials Available to VIEW or RECEIVE:

NOTICE AND PROXY STATEMENT ANNUAL REPORT

How to View Online:

Have the information that is printed in the box marked by the arrow → XXXX XXXX XXXX XXXX (located on the following page) and visit: *www.proxyvote.com.*

How to Request and Receive a PAPER or E-MAIL Copy:

If you want to receive a paper or e-mail copy of these documents, you must request one. There is NO charge for requesting a copy. Please choose one of the following methods to make your request:

1) *BY INTERNET* : www.proxyvote.com
2) *BY TELEPHONE* : 1-800-579-1639
3) *BY E-MAIL* * : sendmaterial@proxyvote.com

* If requesting materials by e-mail, please send a blank e-mail with the information that is printed in the box marked by the arrow → XXXX XXXX XXXX XXXX (located on the following page) in the subject line.

Requests, instructions and other inquiries sent to this e-mail address will NOT be forwarded to your investment advisor. Please make the request as instructed above on or before April 12, 2016 to facilitate timely delivery.

— How To Vote —

Please Choose One of the Following Voting Methods

Vote In Person: Many shareholder meetings have attendance requirements including, but not limited to, the possession of an attendance ticket issued by the entity holding the meeting. Please check the meeting materials for any special requirements for meeting attendance. At the meeting, you will need to request a ballot to vote these shares.

Vote By Internet: To vote now by Internet, go to *www.proxyvote.com.* Have the information that is printed in the box marked by the arrow → XXXX XXXX XXXX XXXX (located on the following page) available and follow the instructions.

Vote By Mail: You can vote by mail by requesting a paper copy of the materials, which will include a proxy card.

E02686-P75443-267404

Voting Items

The board of directors recommends voting FOR Proposals 1 through 4:

1. Election of Directors

Nominees:

1a. Anthony K. Anderson

1b. Ann C. Berzin

1c. Christopher M. Crane

1d. Yves C. de Balmann

1e. Nicholas DeBenedictis

1f. Nancy L. Gioia

1g. Linda P. Jojo

1h. Paul L. Joskow

1i. Robert J. Lawless

1j. Richard W. Mies

1k. John W. Rogers, Jr.

1l. Mayo A. Shattuck III

1m. Stephen D. Steinour

2. The Ratification of PricewaterhouseCoopers LLP as Exelon's independent Auditor for 2016.

3. Approve the compensation of our named executive officers as disclosed in the proxy statement.

4. Approve the management proposal to amend Exelon's bylaws to provide proxy access.

NOTE: Authority is also given to vote on all other matters that may properly come before the meeting or any adjournment thereof.

E02687-P75443-Z67404

E02688-P75443-267404

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934 (Amendment No.)

☑ Filed by the Registrant ☐ Filed by a Party other than the Registrant

CHECK THE APPROPRIATE BOX:

☐	Preliminary Proxy Statement
☐	Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
☐	Definitive Proxy Statement
☑	Definitive Additional Materials
☐	Soliciting Material Under Rule 14a-12

EXELON CORPORATION

(Name of Registrant as Specified In Its Charter)
(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

PAYMENT OF FILING FEE (CHECK THE APPROPRIATE BOX):

☑	No fee required.
☐	Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11. 1) Title of each class of securities to which transaction applies: 2) Aggregate number of securities to which transaction applies: 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined): 4) Proposed maximum aggregate value of transaction: 5) Total fee paid:
☐	Fee paid previously with preliminary materials:
☐	Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing. 1) Amount previously paid: 2) Form, Schedule or Registration Statement No.: 3) Filing Party: 4) Date Filed:

S1-SSA-0009 - 26613

*** Exercise Your *Right* to Vote ***

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to Be Held on May 1, 2018.

EXELON CORPORATION

EXELON CORPORATION
10 SOUTH DEARBORN STREET
P.O. BOX 805398
CHICAGO, IL 60680-5398

Meeting Information

Meeting Type: Annual Meeting
For holders as of: March 2, 2018
Date: May 1, 2018 **Time:** 9:00 A.M. Eastern Time
Location: Offices of Pepco Holdings LLC
701 Ninth Street. NW
Washington. D.C.

You are receiving this communication because you hold shares in the company named above.

This is not a ballot. You cannot use this notice to vote these shares. This communication presents only an overview of the more complete proxy materials that are available to you on the Internet. You may view the proxy materials online at *www.proxyvote.com* or easily request a paper copy (see reverse side).

We encourage you to access and review all of the important information contained in the proxy materials before voting.

See the reverse side of this notice to obtain proxy materials and voting instructions.

E39822-P04234-Z71932

S1-SSA-0009 - 26614

— Before You Vote —

How to Access the Proxy Materials

Proxy Materials Available to VIEW or RECEIVE:
NOTICE AND PROXY STATEMENT ANNUAL REPORT

How to View Online:
Have the information that is printed in the box marked by the arrow ➔ xxxx xxxx xxxx xxxx (located on the following page) and visit: *www.proxyvote.com* .

How to Request and Receive a PAPER or E-MAIL Copy:
If you want to receive a paper or e-mail copy of these documents, you must request one. There is NO charge for requesting a copy. Please choose one of the following methods to make your request:

1) *BY INTERNET* : www.proxyvote.com
2) *BY TELEPHONE* : 1-800-579-1639
3) *BY E-MAIL* * : sendmaterial@proxyvote.com

* If requesting materials by e-mail, please send a blank e-mail with the information that is printed in the box marked by the arrow ➔ xxxx xxxx xxxx xxxx (located on the following page) in the subject line.

Requests, instructions and other inquiries sent to this e-mail address will NOT be forwarded to your investment advisor. Please make the request as instructed above on or before April 17, 2018 to facilitate timely delivery.

— How To Vote —

Please Choose One of the Following Voting Methods

Vote In Person: Many shareholder meetings have attendance requirements including, but not limited to, the possession of an attendance ticket issued by the entity holding the meeting. Please check the meeting materials for any special requirements for meeting attendance. At the meeting, you will need to request a ballot to vote these shares.

Vote By Internet: To vote now by Internet, go to *www.proxyvote.com* . Have the information that is printed in the box marked by the arrow ➔ xxxx xxxx xxxx xxxx (located on the following page) available and follow the instructions.

Vote By Mail: You can vote by mail by requesting a paper copy of the materials, which will include a proxy card.

E39823-P04234-Z71932

Voting Items

The Board of Directors recommends you vote FOR the following:

1 . Election of Directors

Nominees:

1a. Anthony K. Anderson

1b. Ann C. Berzin

1c. Christopher M. Crane

1d. Yves C. de Balmann

1e. Nicholas DeBenedictis

1f. Linda P. Jojo

1g. Paul L. Joskow

1h. Robert J. Lawless

1i. Richard W. Mies

1j. John W. Rogers, Jr.

1k. Mayo A. Shattuck III

1l. Stephen D. Steinour

The Board of Directors recommends you vote FOR proposals 2 and 3.

2 . Ratification of PricewaterhouseCoopers LLP as Exelon's Independent Auditor for 2018.

3. Advisory approval of executive compensation.

NOTE: Authority is also given to vote on all other matters that may properly come before the meeting or any adjournment thereof.

E39824-P04234-Z71932

E39825-P04234-Z71932

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934 (Amendment No.)

☑ Filed by the Registrant ☐ Filed by a Party other than the Registrant

CHECK THE APPROPRIATE BOX:

☐	Preliminary Proxy Statement
☐	Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
☐	Definitive Proxy Statement
☑	Definitive Additional Materials
☐	Soliciting Material Under Rule 14a-12

EXELON CORPORATION

(Name of Registrant as Specified In Its Charter)
(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

PAYMENT OF FILING FEE (CHECK THE APPROPRIATE BOX):

☑	No fee required.
☐	Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11. 1) Title of each class of securities to which transaction applies: 2) Aggregate number of securities to which transaction applies: 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined): 4) Proposed maximum aggregate value of transaction: 5) Total fee paid:
☐	Fee paid previously with preliminary materials:
☐	Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing. 1) Amount previously paid: 2) Form, Schedule or Registration Statement No.: 3) Filing Party: 4) Date Filed:

S1-SSA-0009 - 26618

Commencing on or about March 23, 2018, Exelon Corporation sent the following communication to certain shareholders:

Exelon

VOTE NOW!

2018 Annual Meeting

May 1, 2018

Important proxy voting material is ready for your action.

This email represents the following share(s):

EXELON CORPORATION-COMMON	123,456,789,012.00000
EXELON CORPORATION-401K	123,456,789,012.00000

Three
Ways to Vote

- **Now via ProxyVote**
- At the Meeting
- By Phone 1.800.690.6903

Vote By
April 30, 2018 11:59 P.M. ET

For shares held in a Plan, vote by
April 26, 2018 11:59 P.M. ET

Control Number: 0123456789012345

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to be held on May 1, 2018 at 9 a.m. at the offices of Pepco Holdings LLC located at 701 Ninth Street, NW, Washington D.C.

This notice has been sent to you on behalf of the board of directors of Exelon Corporation. It provides voting instructions and the deadline to vote the shares of Exelon common stock you may hold directly or may hold in the Exelon Employee Savings Plan (the 401k plan) for the proposals listed in Exelon's Notice of Annual Meeting and 2018 Proxy Statement.

Proposals and Board Recommendations: The Board of Directors recommends stockholders vote **FOR** Proposals 1, 2, and 3:

Proposal 1) Election of 12 directors.

Proposal 2) Ratification of PricewaterhouseCoopers LLP as independent auditor for 2018

Proposal 3) Advisory vote to approve the compensation of the named executive

officers.

Important

Materials

Annual Report

Proxy Statement

For holders as of March 2, 2018

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CUSIP is a registered trademark of the American Bankers Association.
All other registered marks belong to their respective owners.
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Commencing on or about March 23, 2018, Exelon Corporation made the following intranet webpage available to employees:

All Your Hard Work in One Place – Exelon's Summary Annual Reports and Proxy Statement

What we do at Exelon every day helps contribute to the company's success and provides value to our shareholders, our communities and ourselves. Each spring, we tell our story to the shareholder and financial community through reports that highlight the previous year's achievements and outline our strategy for the current year. These documents, the **2017 Summary Annual Report, 2017 Summary Annual Report Financial Section** and **2018 Proxy Statement** , are now available on the exeloncorp.com homepage.

Our **2017 Summary Annual Report** recaps performance last year through stories from each operating company that show how we live our purpose in every action at work and in our communities every day and the **Financial Report** includes summaries of the financial results achieved.

Exelon's 2018 Proxy Statement has undergone a significant makeover to address topics of growing shareholder interest, including our newly articulated purpose: **Powering a Cleaner and Brighter Future for our Customers and Communities** . It includes highlights of our 2017 financial and operational performance, regulatory and policy matters, and employee and community initiatives. The Proxy Statement also provides details about the 12 nominees for Exelon's board of directors, including the skills and talents they bring to board service. If you own Exelon shares through the 401(k) Savings Plan, the Employee Stock Purchase Plan or another way – remember to exercise your right to vote! Look for more details by e-mail or in your mail box at home.

Please take the time to review these documents, your achievements and the important role you play in Exelon's success.

Commencing on or about March 23, 2018, Exelon Corporation sent the following communication to employees:

From: Corporate Security
Date: Friday, March 23, 2018
Subject: Important Message from Shareholder Services

Important Message from Shareholder Services

Because you hold Exelon common stock within your 401k portfolio, you will soon receive an e-mail from id@proxyvote.com with the subject line "Notice of Exelon's Annual Shareholders Meeting. Please VOTE your shares!" This e-mail message will have embedded links to the Notice of Annual Meeting, 2018 Proxy Statement and 2017 Annual Report along with a customized link that will take you directly into the tabulation website, www.proxyvote.com, where you may vote your shares. An image of the approved e-mail is shown below.

Because your vote is important, we have taken steps to make the process as easy and direct as possible for you. Thank you for choosing to invest a portion of your savings in our company.

Exelon®

VOTE NOW!

2018 Annual Meeting
May 1, 2018

Important proxy voting material is ready for your action.

This email represents the following share(s):

EXELON CORPORATION-COMMON	123,456,789,012.00000
EXELON CORPORATION-401K	123,456,789,012.00000

Three
Ways to Vote

- **Now via ProxyVote**
- At the Meeting
- By Phone 1.800.690.6903

Vote By
April 30, 2018 11:59 P.M. ET

For shares held in a Plan, vote by
April 26, 2018 11:59 P.M. ET

Control Number: 0123456789012345

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to be held on May 1, 2018 at 9 a.m. at the offices of Pepco Holdings LLC located at 701 Ninth Street, NW, Washington D.C.

This notice has been sent to you on behalf of the board of directors of Exelon Corporation. It provides voting instructions and the deadline to vote the shares of Exelon common stock you may hold directly or may hold in the Exelon Employee Savings Plan (the 401k plan) for the proposals listed in Exelon's Notice of Annual Meeting and 2018 Proxy Statement.

Proposals and Board Recommendations: The Board of Directors recommends stockholders vote **FOR** Proposals 1, 2, and 3:

Proposal 1) Election of 12 directors.

Proposal 2) Ratification of PricewaterhouseCoopers LLP as independent auditor for 2018

Proposal 3) Advisory vote to approve the compensation of the named executive officers.

Important

Materials

Annual Report

Proxy Statement

For holders as of March 2, 2018

ProxyVote

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a)
of the Securities Exchange Act of 1934
(Amendment No.)

Filed by the Registrant ☒ Filed by a Party other than the Registrant ☐

Check the appropriate box:

☐ Preliminary Proxy Statement

☐ **CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14a-6(e)(2))**

☐ Definitive Proxy Statement

☒ Definitive Additional Materials

☐ Soliciting Material Pursuant to §240.14a-12

EXELON CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

☒ No fee required.

☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

☐ Fee paid previously with preliminary materials.

☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

S1-SSA-0009 - 26624

(3) Filing Party:

(4) Date Filed:

March 31, 2017

Dear Shareholder,

We recently sent you proxy materials or a notice of availability of proxy materials in connection with the 2017 Annual Meeting of Shareholders of Exelon Corporation to be held on April 25, 2017. Our proxy materials are also available on the internet at www.proxyvote.com. According to our records, ***YOUR VOTE*** for this meeting ***HAS NOT YET BEEN RECEIVED*** .

The Board of Directors unanimously recommends voting **"FOR" all nominees and all proposals and "1 year" for the frequency of the advisory vote on executive compensation** . Please refer to the proxy materials for additional information on these proposals.

Regardless of the number of shares you own, it is important that your vote is represented at the Annual Meeting. Your vote matters to us and we appreciate your support. ***Please vote your shares today.***

Voting is easy:

VOTE BY PHONE:	Call the toll free number located on the enclosed proxy voting form and follow the automated prompts.
VOTE VIA THE INTERNET:	Log onto www.proxyvote.com and follow the instructions on the screen.
VOTE BY MAIL:	Complete, sign, date and mail the enclosed proxy card in the postage-prepaid return envelope provided.

YOUR PARTICIPATION IS IMPORTANT—PLEASE VOTE TODAY!

If you have any questions or require assistance in voting your Shares, please contact Kingsdale Advisors, our Proxy Solicitation Agent, by: (i) telephone, toll-free in North America at 1-888-518-1562 or at 416-867-2272 outside of North America; or (ii) email at contactus@kingsdaleadvisors.com.

Thank you for your continued support of Exelon Corporation.

/s/ Bruce G. Wilson
Bruce G. Wilson
Senior Vice President,
Deputy General Counsel and
Corporate Secretary

IF YOU HAVE RECENTLY MAILED YOUR PROXY CARD OR CAST YOUR VOTE BY PHONE OR INTERNET, PLEASE ACCEPT OUR THANKS AND DISREGARD THIS REQUEST.

S1-SSA-0009 - 26626

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a)
of the Securities Exchange Act of 1934
(Amendment No.)

Filed by the Registrant ☒ Filed by a Party other than the Registrant ☐

Check the appropriate box:

☐ Preliminary Proxy Statement

☐ **CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14a-6(e)(2))**

☐ Definitive Proxy Statement

☒ Definitive Additional Materials

☐ Soliciting Material Pursuant to §240.14a-12

EXELON CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

S1-SSA-0009 - 26627

☐ Fee paid previously with preliminary materials.

☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

April 5, 2013

Dear Shareholder,

You recently received a notice of availability of proxy materials in connection with the 2013 Annual Meeting of Shareholders of Exelon Corporation to be held on April 23, 2013. According to our records, ***YOUR VOTE*** for this meeting ***HAS NOT YET BEEN RECEIVED*** .

The Board of Directors unanimously recommends voting **"FOR" all nominees** and proposals 2, 3, and 4. Please refer to the proxy materials for additional information on these proposals.

Regardless of the number of shares you own, it is important that your vote is represented at the Annual Meeting. Your vote matters to us and we need your support. ***Please vote your shares today.***

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YOUR PARTICIPATION IS IMPORTANT—PLEASE VOTE TODAY!

Thank you for your continued support of Exelon Corporation.

/s/Bruce G. Wilson
Bruce G. Wilson
Senior Vice President,
Deputy General Counsel and
Corporate Secretary

IF YOU HAVE RECENTLY MAILED YOUR PROXY CARD OR CAST YOUR VOTE BY PHONE OR INTERNET, PLEASE ACCEPT OUR THANKS AND DISREGARD THIS REQUEST.

S1-SSA-0009 - 26629

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a)
of the Securities Exchange Act of 1934
(Amendment No.)

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

S1-SSA-0009 - 26630

(3) Filing Party:

(4) Date Filed:

Exelon Corporation
Shareholder Outreach

Spring 2017

Exelon.

Cautionary Statements Regarding Forward-Looking Information

This presentation contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, that are subject to risks and uncertainties. The factors that could cause actual results to differ materially from the forward-looking statements made by Exelon Corporation include those factors discussed herein, as well as the items discussed in (1) Exelon's 2016 Annual Report on Form 10-K in (a) ITEM 1A. Risk Factors, (b) ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) ITEM 8. Financial Statements and Supplementary Data: Note 24, Commitments and Contingencies; and (2) other factors discussed in filings with the SEC by Exelon. Readers are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of this presentation. Exelon does not undertakes any obligation to publicly release any revision to its forward-looking statements to reflect events or circumstances after the date of this presentation.

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2016 Adjusted (non-GAAP) Operating Earnings

Exelon reports its financial results in accordance with accounting principles generally accepted in the United States (GAAP). Exelon supplements the reporting of financial information determined in accordance with GAAP with certain non-GAAP financial measures, including adjusted (non-GAAP) operating earnings per share. Adjusted (non-GAAP) operating earnings per share exclude certain costs, expenses, gains and losses and other specified items, including mark-to-market adjustments from economic hedging activities, unrealized gains and losses from nuclear decommissioning trust fund investments, merger and integration costs, certain costs incurred associated with the PHI acquisition, merger commitments related to the settlement of the PHI acquisition, the impairment of certain long-lived assets, plant retirements and divestitures, costs related to the cost management program, the non-controlling interest in Constellation Energy Nuclear Group, LLC, and other items as set forth in the reconciliation below.

The presentation of adjusted (non-GAAP) operating earnings per share is intended to enhance an investor's overall understanding of period over period financial results and provide an indication of Exelon's baseline operating performance by excluding items that are considered by management to be not directly related to the ongoing operations of the business. In addition, this information is among the primary indicators management uses as a basis for evaluating performance, allocating resources, setting incentive compensation targets and planning and forecasting of future periods. Accordingly, management uses adjusted (non-GAAP) operating earnings per share as a goal in its annual incentive plan. Adjusted (non-GAAP) operating earnings per share is not a presentation defined under GAAP and may not be comparable to other companies' presentations. Exelon provides adjusted (non-GAAP) operating earnings per share as supplemental information and in addition to earnings per share that are calculated and presented in accordance with GAAP. Adjusted (non-GAAP) operating earnings per share should not be deemed more useful than, a substitute for, or an alternative to earnings per share calculated and presented in accordance with GAAP.

A reconciliation of reported GAAP earnings per share to adjusted (non-GAAP) operating earnings per share for 2016 is presented below; amounts may not add due to rounding:

2016 Adjusted (non-GAAP) Operating Earnings (Loss) Per Share	**$ 2.68**
Adjustments:	
Mark-to-market impact of economic hedging activities	0.03
Unrealized (gains) losses related to NDT fund investments	(0.13)
Amortization of commodity contract intangibles	0.04
Merger and integration costs	0.12
Long-lived asset impairment	0.11
Asset retirement obligation	(0.08)
Reassessment of state deferred income taxes	0.01
Merger commitments	0.47
Plant retirements and divestitures	0.47
Cost management program	0.04
Like-kind exchange tax position	0.21
Curtailment of Generation growth and development activities	0.06
Non-controlling interest	0.11
2016 GAAP Earnings (Loss) Per Share	**$ 1.22**

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Performance Update

Our Key Financial Objectives: Stable Growth, Redeploying Cash Flows and an Attractive Dividend

Key Successes

- ✓ Beat adjusted (non-GAAP) operating EPS target by 14 cents
- ✓ Adjusted (non-GAAP) EPS growth in 2016 ($2.68) vs 2015 ($2.49) was 8%
- ✓ EXC 2016 TSR of 32.8% outperformed the UTY by 15.4% and the S&P 500 by 20.9%
- ✓ Successfully executed strategic M&A transactions including PHI, ConEd Solutions and James A. FitzPatrick Nuclear Power Plant
- ✓ NY and IL clean energy regulations and legislation
- ✓ In 2016, through growth and acquisition achieved Fortune 100 status (only utility company)
- ✓ All-time best nuclear operating performance; best in class
- ✓ Best on record or best in class utility operating performance

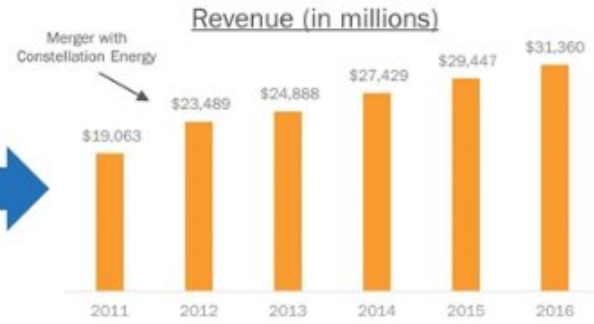

(1) *Commitment to grow dividend at least 2.5% for each of the next 3 years*

Exelon.

Comprehensive Engagement Process

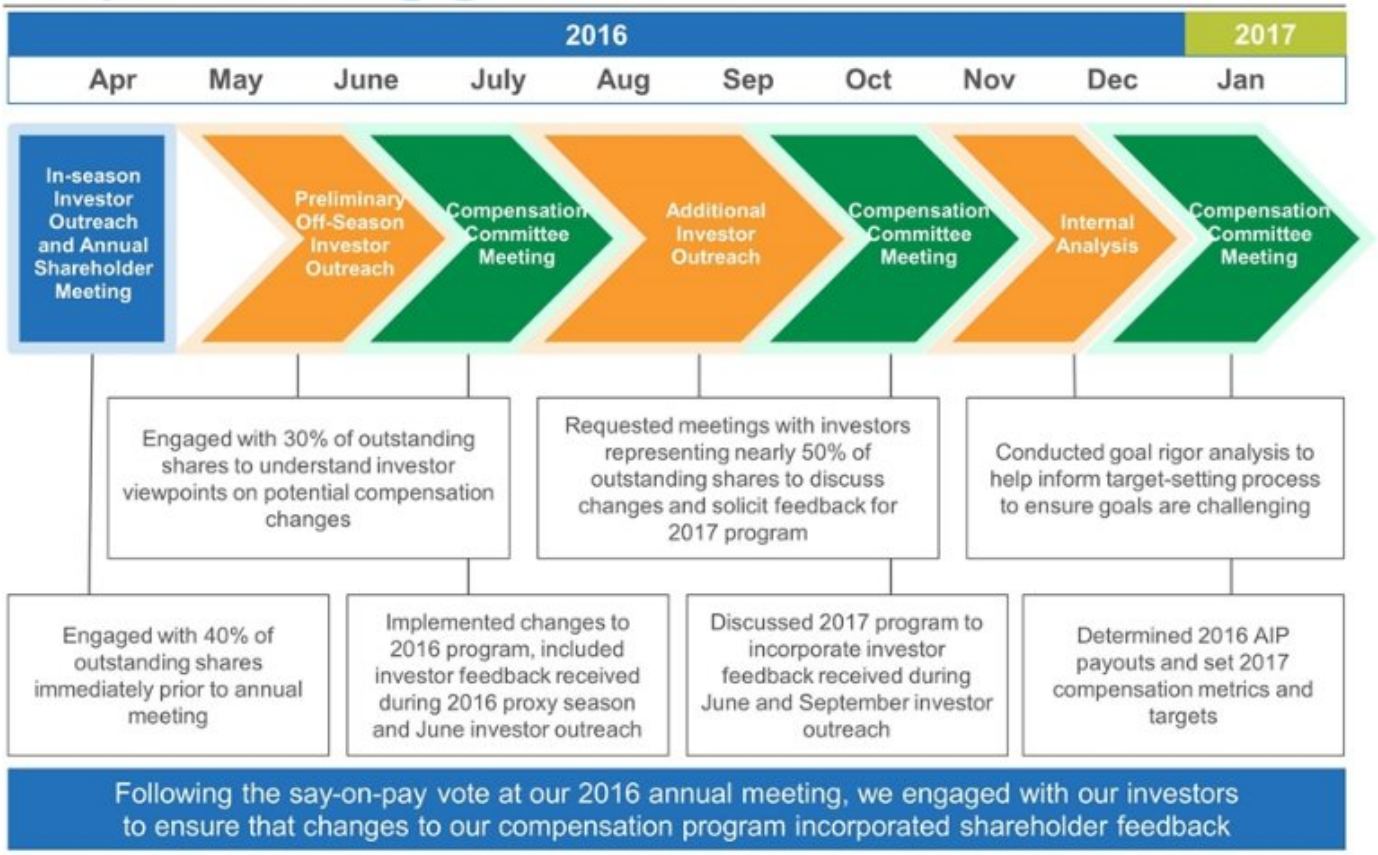

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Responsive to Shareholder Feedback on Executive Compensation

Shareholder Feedback	Our Response
Annual Incentive Program (AIP): Changes Implemented Retroactively to Awards Granted for 2016	
▪ 2015 payout was above target when TSR lagged peers	▪ Future payouts capped at target if negative absolute TSR for 12 months
▪ Operational metrics are more appropriate for AIP than PShares	▪ Added operational metrics to AIP with a 30 percent weighting
▪ Individual Performance Multiplier (IPM) is discretionary	▪ Eliminated the IPM component
Long-Term Performance Share Award Program (PShares): Changes Implemented Retroactively Where Possible and In All Future Awards	
▪ One-year performance periods are too short	▪ Moving PShares performance periods from annual to 3-year through a phased-in process
▪ EPS metric overlaps with AIP and operational metrics are more appropriate in AIP than PShares	▪ Moved EPS and operational metrics from PShares to AIP in 2016; adopted new PShares financial metrics tied to our value proposition for 2017
▪ IPM is discretionary	▪ Eliminated the IPM component starting with the 2014-2016 performance periods paid in 2017
▪ TSR modifier for PShares does not have big enough impact	▪ Amended TSR modifier starting with the 2014-2016 performance periods paid in 2017 – Moved from a stair-step approach to a point-for-point approach – Removed limit on TSR modifier – Performance compared to the UTY instead of the four-company competitive integrated peer group – Future payouts capped at target if negative absolute TSR for the final 12 months of the measurement period
Other Compensation Program Changes Made for 2016 and 2017	
▪ Legacy excise tax gross-up on "golden parachute" arrangements	▪ Removed excise tax gross-up provisions for transactions resulting in change in control with no recompense for removal
▪ Concern that goal-setting process is not rigorous and goals were not challenging	▪ Further enhanced and clarified goal setting process as described in this CD&A

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Executive Compensation Overview

Pay Element	Form	Performance Period		Performance Link	Purpose
Salary	Cash	N/A		N/A	Provide income certainty at competitive levels to attract and retain key talent
Annual Incentive Plan	Cash	1 Year		▪ Adjusted Operating EPS (70%) ▪ Operational Goals (30%) – *Outage Duration, Outage Frequency, Net Fleetwide Capacity Factor, Dispatch Match* ▪ TSR Cap if negative 1-year absolute TSR	Motivate executives to achieve key annual financial and operational objectives
Long-Term Incentive Plan	Performance Shares (67% of LTIP)	Weighted Average of Performance 2016-2018	2016 Scorecard	▪ Earned ROE at Exelon (50%) ▪ FFO/Debt at ExGen (50%)	Focus executives on driving long-term success and align interests of executives with shareholders
			2017-2018 Scorecard	▪ Utility Earned Return on Equity (33.3%) ▪ Utility Net Income (33.3%) ▪ Exelon FFO/Debt (33.4%)	
			2016-2018 Modifier	▪ Relative TSR Modifier (3 year period) ▪ TSR Cap if negative 1-year absolute TSR	
	Restricted Stock (33% of LTIP)	Vest One-Third Per Year Over 3 Years		▪ Stock Price	Enhance retention of key talent and align interests of executives with shareholders

Exelon.

Compensation Program is Directly Linked to Strategy

Strategic Business Objective	Compensation Component or Metric
▪ Regulated utility growth with utility EPS rising 7-9% and rate base growth of 6.1% annually from 2016-2020	▪ Adjusted Operating EPS — Performance measure for the AIP ▪ Utility Net Income — New metric for PShares granted in 2017 and later
▪ Strong free cash generation and maintaining a strong balance sheet will support utility growth	▪ Exelon FFO/Debt — New metric for PShares granted in 2017 and later
▪ Invest in utilities where we can earn an appropriate return	▪ Utility Return on Equity — New metric for PShares granted in 2017 and later
▪ Superior operational performance to support achievement of financial objectives	▪ Operational Metrics — Outage duration, outage frequency, net fleetwide capacity factor and dispatch match are performance measures for the AIP
▪ Create sustainable value for shareholders by executing business strategy	▪ Relative TSR — Modifier for PShares grants

Exelon.

Goals Are Rigorous and Transparent

The goal-setting process is competitive and well-defined

- The committee annually reviews components, targets and payouts to ensure that they are challenging, contain appropriate stretch and are designed to mitigate excessive risk
- The committee utilizes both short- and long-term financial and operational results relative to our internal goals as well as a TSR modifier

Target levels are challenging to achieve and drive long-term growth and success

- Set EPS metric to external financial guidance, which assures that the metric is transparent and rewards management only if they are successful in achieving financial results that meet external expectations
  - Set 2016 adjusted operating EPS target 5 cents above 2015 actual performance
  - Set 2017 adjusted operating EPS target at a meaningful level above the 2016 actual results (which included the impact of approximately 10 cents of favorable load, primarily driven by weather) and reflects significant stretch compared to internal budgeting and Wall Street guidance
- Set operational metrics at challenging levels (i.e., target typically corresponds to top quartile performance) compared to industry standards
- Set return and cash flow metrics (e.g., ROE and FFO/Debt) based on internal business plan

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CEO Compensation Aligns with Stock Price Performance

Rigorous goals and targets lead to strong pay-for-performance alignment

Compensation Committee Exercised Negative Discretion in 2016

- Investors expressed concern about 2015 CEO AIP payout
- Committee adjusted 2016 CEO AIP payout percentage from 143.08% to 100% to account for a number of factors, including what the 2015 AIP award would have been had the 2016 program design been in place
- Committee determined not to increase CEO pay targets from 2016

Exelon.

Director Expertise and Board Attributes

Diverse Experience Tied to Business Needs

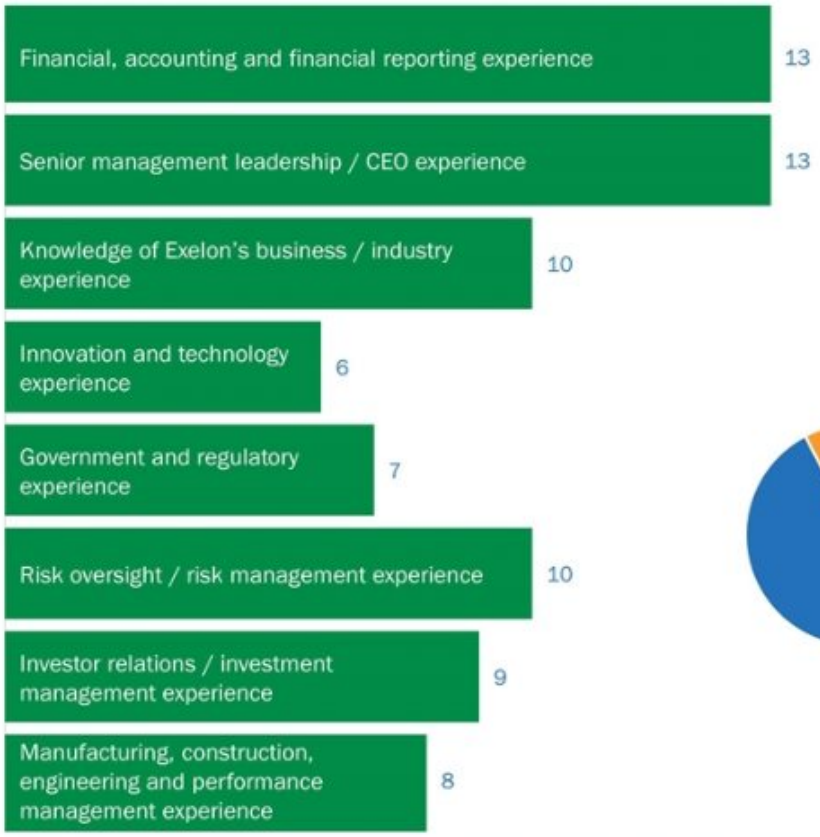

Balanced Tenure

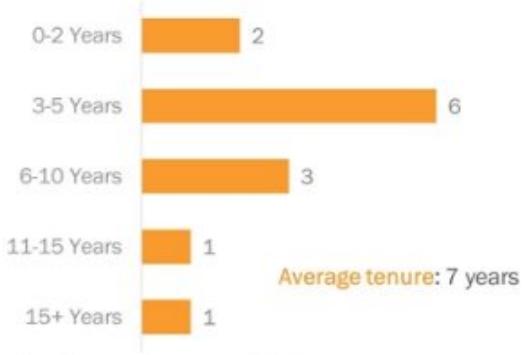

Independent and Diverse

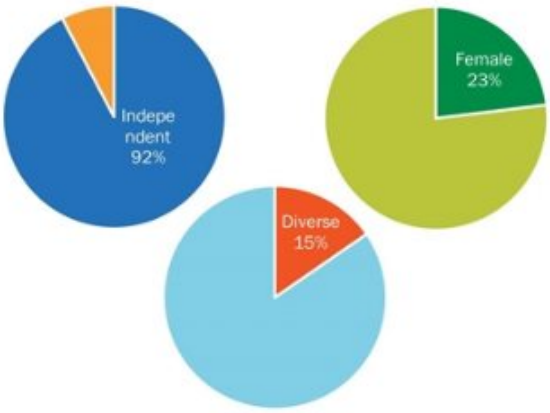

Exelon.

Strong Governance Profile and Practices

Compensation Governance

- ✓ Significant stock ownership requirements for directors and executive officers
- ✓ Double-trigger change-in-control agreements
- ✓ Prohibit hedging transactions, short sales, derivative transactions or pledging
- ✓ Robust clawback policy
- ✓ No employment agreements
- ✓ No excise tax gross-ups for change-in-control agreements
- ✓ No option re-pricing or buyouts
- ✓ Use independent compensation consultant

Corporate Governance

- ✓ Strong history of shareholder engagement, since 2006
- ✓ Proxy access on market-standard terms
- ✓ Independent Chairman
- ✓ Independent directors regularly meet in executive sessions without management
- ✓ Annual director elections
- ✓ Majority voting
- ✓ Annual Board evaluations and regular focus on director skills and experiences
- ✓ Commitment to Board refreshment
- ✓ Annual in-depth evaluation of management succession and leadership development
- ✓ Strong Board oversight of enterprise risk

Exelon.

Appendix

Exelon: An Industry Leader

$20B
Being invested in utilities through 2020

$46M
In 2016, Exelon gave approx. $46 million to charitable and community causes

#1
zero-carbon energy provider in America

205 TWh
Customer load served

32,700
Megawatts of total power generation capacity

10M
Six utilities serving 10M electric and gas customers, the most in the U.S.

34,400
employees

FORTUNE 100
Exelon is a FORTUNE 100 company and was named to Fortune Magazine's list of "World's Most Admired Companies"

2.2M+
Exelon's Constellation business serves residential, public sector and business customers

11,430
transmission line miles for utilities

$31.4B
Operating revenue in 2016

8.5M
Smart meters installed

Note: All numbers reflect year-end 2016; revenue accounts for PHI as of the merger effective date of March 24, 2016 through December 31, 2016.

Exelon.

Business Overview

Exelon's mission is to be the leading diversified energy company – by providing reliable, clean, affordable and innovative energy products

Exelon Generation

Constellation

- Customer facing portion of generation business
- Provides energy products and services to approximately 2 million residential, public sector and business customers, including more than two-thirds of the Fortune 100

Power Generation

- One of largest competitive US power generators, with approximately 32,700 megawatts of owned capacity comprising one of the nation's cleanest, lowest-cost power generation fleets

✓ #2 in Total Generation Output

✓ #1 in Lowest Carbon Intensity

✓ #1 in Retail Load Served (Constellation)

Exelon Utilities

ComEd

- Power
- 3.8 million retail customers in northern Illinois

Pepco

- Power
- More than 842,000 customers in Maryland and DC

PECO

- Power and natural gas
- 2.1 million retail customers in Pennsylvania

Delmarva Power

- Power and natural gas
- 645,000 customers in Delaware and the Delmarva Peninsula

BGE

- Power and natural gas
- 1.85 million retail customers in central Maryland

Atlantic City Electric

- Power
- 547,000 electric customers in southern New Jersey

✓ #1 in U.S. Utility Customers

✓ #4 in Total Capital Expenditures (2016-2018)

✓ #4 in Total Utility Rate Base

Total Generation Output (TWh) [1]

[1] *Includes regulated and non-regulated generation. Source: Benchmarking Air Emissions, July 2015*
[2] *Excludes EDF's equity ownership share of the CENG Joint Venture*

Exelon.

The Exelon Value Proposition

- **Regulated Utility Growth** with utility EPS rising 6-8% annually from 2017-2020 and rate base growth of 6.5%, representing an expanding majority of earnings
- **ExGen's strong free cash generation** will support utility growth while also reducing debt by ~$3B over the next 4 years
- **Optimizing ExGen value by:**
  - Seeking fair compensation for the zero-carbon attributes of our fleet;
  - Closing uneconomic plants;
  - Monetizing assets; and
  - Maximizing the value of the fleet through our generation to load matching strategy
- **Strong balance sheet is a priority** with all businesses comfortably meeting investment grade credit metrics through the 2020 planning horizon
- **Capital allocation priorities targeting:**
  - Organic utility growth;
  - Return of capital to shareholders with 2.5% annual dividend growth through 2018[1];
  - Debt reduction; and
  - Modest contracted generation investments

[1] *Quarterly dividends are subject to declaration by the board of directors.*

Exelon.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

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EXELON CORPORATION

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S1-SSA-0009 - 26648

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

April 14, 2015

Dear Shareholder,

We recently sent you proxy materials in connection with the 2015 Annual Meeting of Shareholders of Exelon Corporation to be held on April 28, 2015. Our proxy materials are also available on the internet at www.proxyvote.com. According to our records, ***YOUR VOTE*** for this meeting ***HAS NOT YET BEEN RECEIVED*** .

The Board of Directors unanimously recommends voting **"FOR" all nominees and proposals 2, 3, 4 and 5** . The Board unanimously recommends voting **"AGAINST" proposal 6** . Please refer to the proxy materials for additional information on these proposals.

Regardless of the number of shares you own, it is important that your vote is represented at the Annual Meeting. Your vote matters to us and we appreciate your support. ***Please vote your shares today.***

Voting is easy:

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YOUR PARTICIPATION IS IMPORTANT—PLEASE VOTE TODAY!

Thank you for your continued support of Exelon Corporation.

/s/Bruce G. Wilson
Bruce G. Wilson
Senior Vice President,
Deputy General Counsel and
Corporate Secretary

IF YOU HAVE RECENTLY MAILED YOUR PROXY CARD OR CAST YOUR VOTE BY PHONE OR INTERNET, PLEASE ACCEPT OUR THANKS AND DISREGARD THIS REQUEST.

S1-SSA-0009 - 26650

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

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EXELON CORPORATION

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SH-SSA-0009-26651

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

April 17, 2014

Dear Shareholder,

We recently sent you proxy materials in connection with the 2014 Annual Meeting of Shareholders of Exelon Corporation to be held on May 6, 2014. Our proxy materials are also available on the internet at www.proxyvote.com. According to our records, ***YOUR VOTE*** for this meeting ***HAS NOT YET BEEN RECEIVED*** .

The Board of Directors unanimously recommends voting **"FOR" all nominees and proposals 2, 3, and 4** . The Board unanimously recommends voting **"AGAINST" proposal 5** . Please refer to the proxy materials for additional information on these proposals.

Regardless of the number of shares you own, it is important that your vote is represented at the Annual Meeting. Your vote matters to us and we appreciate your support. ***Please vote your shares today.***

Voting is easy:

VOTE BY PHONE:	Call the toll free number located on the enclosed proxy voting form and follow the automated prompts.
VOTE VIA THE INTERNET:	Log onto www.proxyvote.com and following the instructions on the screen.
VOTE BY MAIL:	Complete, sign, date and mail the enclosed proxy card in the postage-prepaid return envelope provided.

YOUR PARTICIPATION IS IMPORTANT—PLEASE VOTE TODAY!

Thank you for your continued support of Exelon Corporation.

/s/Bruce G. Wilson
Bruce G. Wilson
Senior Vice President,
Deputy General Counsel and
Corporate Secretary

IF YOU HAVE RECENTLY MAILED YOUR PROXY CARD OR CAST YOUR VOTE BY PHONE OR INTERNET, PLEASE ACCEPT OUR THANKS AND DISREGARD THIS REQUEST.

S1-SSA-0009 - 26653

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Fiscal Year Ended December 31, 2012

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number 1-16169

CONSTELLATION ENERGY GROUP, INC. EMPLOYEE SAVINGS PLAN
(Full title of the Plan)

EXELON CORPORATION
(a Pennsylvania Corporation)

10 South Dearborn Street
P.O. Box 805379
Chicago, Illinois 60680-5379
(312) 394-7398
(Name of the issuer of the securities held pursuant to the Plan and the address of its principal executive offices)

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CONSTELLATION ENERGY GROUP, INC. EMPLOYEE SAVINGS PLAN

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Note: All other schedules of additional information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA have been omitted because they are not applicable.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Participants and the Administrator of the
Constellation Energy Group, Inc. Employee Savings Plan:

We have audited the accompanying statements of net assets available for benefits of the Constellation Energy Group, Inc. Employee Savings Plan (the "Plan") as of December 31, 2012 and the related statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Plan as of and for the year ended December 31, 2011 were audited by other auditors whose report dated June 26, 2012 expressed an unqualified opinion on these statements.

We conducted our audit in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2012 and the changes in net assets available for benefits for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) as of December 31, 2012, is presented for purposes of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, as amended. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

/s/ WASHINGTON, PITTMAN & McKEEVER, LLC

Chicago, Illinois
June 14, 2013

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Participants and the Administrator of the
Constellation Energy Group, Inc. Employee Savings Plan:

In our opinion, the accompanying statement of net assets available for benefits presents fairly, in all material respects, the net assets available for benefits of the Constellation Energy Group, Inc. Employee Savings Plan (the "Plan") at December 31, 2011 in conformity with accounting principles generally accepted in the United States of America. This financial statement is the responsibility of the Plan's management. Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit of this statement in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

Baltimore, Maryland
June 26, 2012

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CONSTELLATION ENERGY GROUP, INC. EMPLOYEE SAVINGS PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	December 31,	
	2012	2011
ASSETS		
Investments at fair value		
Investments, at fair value		
Registered investment company securities	$ 781,806,206	$ 709,691,391
Sponsor corporate common stock	125,501,907	201,393,524
Common /collective trust funds	200,063,203	192,158,554
Short-term investment funds	21,902	385,678
Total investments	1,107,393,218	1,103,629,147
Receivables		
Participant contributions	1,896,376	1,846,598
Employer contributions	528,143	517,810
Notes receivable from participants	25,639,110	27,374,860
Accrued dividends	—	1,170,130
Unsettled investment sales and other	200,279	171,898
Total receivables	28,263,908	31,081,296
Total assets	1,135,657,126	1,134,710,443
LIABILITIES		
Due to brokers for securities purchased and other liabilities	1,390	81,641
Total liabilities	1,390	81,641
Net Assets reflecting investments at fair value	1,135,655,736	1,134,628,802
Adjustment from fair value to contract value for fully benefit responsive investment contracts (see Note 2)	(8,247,143)	(6,701,279)
NET ASSETS AVAILABLE FOR BENEFITS	$1,127,408,593	$1,127,927,523

The accompanying Notes are an integral part of these Financial Statements.

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CONSTELLATION ENERGY GROUP, INC. EMPLOYEE SAVINGS PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

	Year Ended December 31, 2012
ADDITIONS	
Contributions	
Participant	$ 56,371,944
Employer	16,347,456
Rollover	9,461,480
Total contributions	82,180,880
Net investment income and appreciation	
Interest income and dividends	37,539,711
Net appreciation in the fair value of investments	30,148,564
Interest income from participant loans	1,226,176
Total investment income	68,914,451
Total additions	151,095,331
DEDUCTIONS	
Participant withdrawals and distributions	151,093,246
Administrative expenses	411,670
Total deductions	151,504,916
Net increase before transfers	(409,585)
Net assets transferred to other plans	(109,345)
Net increase after transfers	(518,930)
NET ASSETS AVAILABLE FOR BENEFITS	
Beginning of year	1,127,927,523
End of year	$1,127,408,593

The accompanying Notes are an integral part of these Financial Statements.

CONSTELLATION ENERGY GROUP, INC. EMPLOYEE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

1. Plan Description

The following description of the Constellation Energy Group, Inc. Employee Savings Plan (the "Plan") is provided for general information purposes only. The official text of the Plan, as amended, should be read for more complete information.

General

The Plan was initially established by Baltimore Gas and Electric Company ("BGE") as the Baltimore Gas and Electric Company Employee Savings Plan and Trust Agreement on July 1, 1978. Effective April 30, 1999, BGE shareholders approved the formation of a holding company, Constellation Energy Group, Inc. ("CEG"), and the Baltimore Gas and Electric Company Employee Savings Plan was amended, restated, and renamed as the Constellation Energy Group, Inc. Employee Savings Plan. The Plan was most recently restated on January 31, 2012. On March 12, 2012, in conjunction with an Agreement and Plan of Merger, CEG merged into Exelon Corporation ("Exelon" or "the Company") with Exelon continuing as the surviving corporation, and becoming the sponsor of the Plan. The Plan is a defined contribution plan, subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and the Internal Revenue Code of 1986, as amended (the "Code"). The Exelon Corporation Stock Fund is invested primarily in Exelon common stock and is intended to be an Employee Stock Ownership Plan under Code Section 4975(e)(7).

Exelon's Director of Employee Benefit Plans and Programs is the administrator of the Plan (the "Plan Administrator"). The Plan Administrator has the responsibility for day-to-day administration of the Plan. Exelon, acting through the Exelon Investment Office, is responsible for the selection and retention of the Plan's investment options and appointment of the Plan's investment manager. T. Rowe Price Trust Company ("Trustee") is the Plan trustee and T. Rowe Price Retirement Plan Services, Inc. ("Recordkeeper") is the Plan recordkeeper.

Employees of any participating employer are eligible to participate in the Plan as soon as practicable after the date of hire. Participating employers include but are not limited to certain subsidiaries of the former CEG, and certain subsidiaries of Exelon that employ individuals who were employed by CEG immediately prior to the merger.

Participant Contributions

The Plan permits salaried, non-represented hourly and participating represented employees to contribute between 1% and 50% of their eligible pay through payroll deductions, on a pre-tax basis, from 1% to 15% of their eligible pay through payroll deductions, on an after-tax basis, or a combinations thereof. The maximum combined contribution rate for both the pre-tax and the after-tax contributions is 50%, subject to certain Internal Revenue Service ("IRS") limitations.

During any calendar year in which a participant attains age 50 or older, he or she may elect to make additional pre-tax contributions, called "catch-up" contributions to the Plan. In order to be eligible to make catch-up contributions, the participant must anticipate that his or her pre-tax contributions to the Plan will reach the applicable annual IRS limit on that type of contribution or be contributing at the maximum base pay level. Catch-up contributions are not eligible for the Company's fixed or profit-sharing matching contribution.

Company Matching Contributions

In general, the Company contributes a fixed match equal to one-half of the participant's contribution up to six percent of eligible pay. However, the Company matching contribution for employees of Constellation New Energy, Inc. was 100% of the participant's contributions up to five percent of eligible pay until April 2011. In April 2011, the Company matching contribution for employees of Constellation New Energy, Inc. was changed to one-half of the participant's contribution up to six percent of eligible pay. Through December 31, 2011, company contributions were initially invested in CEG Common Stock and the participant had the option to transfer the funds to other available investment options immediately. Effective January 1, 2012, company contributions are invested in the employee's before-tax investment mix; however, if the employee is only contributing on an after-tax basis, the company contributions are invested in the employee's after-tax investment mix.

CONSTELLATION ENERGY GROUP, INC. EMPLOYEE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

Effective January 1, 2013, Exelon will provide an annual profit-sharing match in addition to the fixed match. Under the profit-sharing match, Exelon may provide up to 3% of eligible pay contributed per pay period, based on earnings per share goals established by the Compensation Committee of Exelon's Board of Directors (the "Committee"). Any profit-sharing match will be contributed to the Plan after the end of each calendar year. Generally, a participant must be employed on the last day of a calendar year to receive the profit-sharing match for that year. In the event a participant terminates employment during the calendar year due to death, long-term disability or retirement (age 50 and completion of 10 years of service with the Company) or in the event a participant terminates employment with the Company and receives benefits under the severance plan, the participant will be eligible to receive a pro-rated profit-sharing match. The first profit-sharing contribution (if any) will not occur until 2014.

Participant Loans

A participant may, upon application, borrow from the Plan. Participants may obtain a loan in any amount between a minimum of $1,000 and a maximum of $50,000, but not more than 50% of the participant's account balance at the time of the loan. Participants may elect up to five years to repay the loan, unless the loan is used for the purchase of a principal residence, in which case they may elect up to 30 years for repayment. Participants are allowed to have up to two loans outstanding at any time. Principal and interest is paid ratably through monthly payroll deductions or direct payment, as applicable. The interest rate for loans is equal to the prime rate plus one percent on the last day of the month preceding the month the loan is initiated. The interest rate on amounts borrowed is set at the time the loan is executed and remains in effect for the duration of the loan. In the event a participant defaults on the repayment of a loan, the loan will be considered a taxable distribution and may be subject to an early withdrawal penalty. To date, the Plan has not experienced any collectability issues with participant loans.

Withdrawals by Participants While Employed

Participants may elect to withdraw all or part of the investments attributable to their after-tax contributions. Except for death, disability, retirement, separation from service or under certain circumstances of hardship, contributions made on a before-tax basis may not be withdrawn until a participant attains age 59 1/2. Active employees who attain age 59 1/2 may request to receive a distribution of their before-tax account balances. Participants who make a hardship withdrawal, and participants who have less than 5 years of service and withdraw basic after-tax contributions that have not been in the Plan for two calendar years (unmatured), are suspended from making contributions to the Plan for six months. Company matching contributions that have been in the Plan for two calendar years following the year contributed (matured) are also eligible to be withdrawn.

Distributions upon Termination of Employment

Distributions to participants who retire or who separate from service are automatically deferred until sixty days after they either reach age 65 or cease active employment, whichever is later, unless they request an earlier or later distribution. Generally, participants who reach age 70 1/2 must begin receiving their Plan distribution by April 1 of the following year. The distribution options include lump sum or installments paid monthly, quarterly, or annually for up to 10 years.

CONSTELLATION ENERGY GROUP, INC. EMPLOYEE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

Plan Costs

A participant's account balance will be charged with certain fees and expenses. Asset-based fees (e.g., management fees and other operating expenses) are used to cover the expenses related to running an investment fund, and are generally deducted directly from a participant's investment returns.

Plan administration fees cover the day-to-day expenses of administering the Plan, and may be charged directly to a participant's account, covered by a portion of the asset-based fees deducted directly from investment returns, or paid through revenue-sharing payments made from investment managers to the Recordkeeper. Transaction-based fees also may be charged with respect to optional features offered under the Plan (e.g., loans, domestic relations orders), and are charged directly against a participant's account balance.

Participant Accounts

Each participant's account is credited with the participant's contribution and allocations of (i) the Companies' corresponding contributions and (ii) Plan earnings, and charged with an allocation of administrative expenses. Allocations are based on participant elections or account balances, as applicable. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting of Participants' Accounts

Participants are fully vested in their accounts at all times.

Investment Income

Dividends and earnings received on all funds, with the exception of the Exelon Corporation Stock Fund, are automatically reinvested in the fund to which those earnings apply.

Employee Stock Ownership Plan

If a participant invests any portion of his or her account in the Exelon Corporation Stock Fund and is eligible to receive dividend distributions from the Plan, then the participant is deemed to have elected to have the dividends reinvested in the Exelon Corporation Stock Fund. If the participant prefers to receive any such dividends in cash, he or she can so elect by contacting the Plan Recordkeeper. Dividends distributed to the participant in cash from the Plan are subject to income tax as a dividend and not subject to an early withdrawal penalty.

2. Summary of Significant Accounting Policies

General

The Plan follows the accrual method of accounting, in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Withdrawals and distributions are recorded when paid.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires the Plan Administrator to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Accordingly, actual results may differ from those estimates.

Investment Valuation and Income Recognition

The Plan's investments are stated at fair value, with the exception of the T. Rowe Price Stable Value Fund, which is stated at contract value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Income from other investments is recorded as earned on an accrual basis. The Plan presents, in the Statement of Changes in Net Assets Available for Benefits, the Plan's investment income. See Note 3 — Fair Value of Investments for further information.

CONSTELLATION ENERGY GROUP, INC. EMPLOYEE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

Fully Benefit Responsive Investment Contracts

The investments of the T. Rowe Price Stable Value Fund include fully benefit responsive investment ("wrap") contracts. The objective of investing in wrap contracts is to ensure this fund's ability to distribute benefits at "contract value", which is equal to a participant's principal balance plus accrued interest. In a typical wrap contract, the issuing bank or insurance company agrees to pay a fund the difference between the contract value and the market value of the underlying assets once the market value of the fund has been totally exhausted, provided all the terms of the wrap contract have been met. Wrap contracts may include terms that establish limits on the fund's investments, such as maximum duration limits, minimum credit standards, and diversification requirements.

Wrap contracts accrue interest using a formula called the "crediting rate." The crediting rate is the discount rate that equates the estimated future market value with the fund's current contract value and is reset quarterly. The crediting rate may be impacted by factors that include: contributions, withdrawals by participants, the current yield and duration of the assets underlying the contract, and the existing difference between the fair value of the securities and the contract value of the assets within the insurance contract.

To the extent the underlying portfolio has unrealized and/or realized losses, a positive adjustment is made when reconciling from fair value to contract value under contract value accounting. As a result, the future crediting rate may be lower over time than the current market rates. Similarly, if the underlying portfolio generates unrealized and/or realized gains, a negative adjustment is made when reconciling from fair value to contract value, and the future crediting rate may be higher than the current market rates. The wrap contracts provide a guarantee that the crediting rate will not fall below 0%. The average current yield earned by the Plan as of December 31, 2012 and 2011 was computed to be 2.36% and 2.69%, respectively. The average current yield earned by the trust as adjusted to reflect the actual interest rate credited to unit holders as of December 31, 2012 and 2011 was 2.45% and 2.97%, respectively.

Investment contracts held by a defined contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the plan. The Statement of Net Assets Available for Benefits presents the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The Statement of Changes in Net Assets Available for Benefits is prepared using contract value basis for fully benefit-responsive investment contracts.

Investments in wrap contracts are fair valued using a discounted cash flow model that considers recent fee bids, discount rate, and the duration of the underlying securities. The following table presents the fair value of Plan funds with investment contracts, including net receivables of $22,581 and $0 for the years ended December 31, 2012 and December 31, 2011, respectively, and the adjustment required to report at contract value:

	December 31,	
	2012	2011
T. Rowe Price Stable Value Fund at fair value	$200,085,784	$192,158,554
Adjustment from fair value to contract value for fully benefit responsive investment contracts	(8,247,143)	(6,701,279)
T. Rowe Price Stable Value Fund at contract value	$191,838,641	$185,457,275

CONSTELLATION ENERGY GROUP, INC. EMPLOYEE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

If they were to occur, certain events would limit the ability of the Plan to transact at contract value with the issuer. Specifically, any event outside the normal operation of the Plan that causes a withdrawal from an investment contract may result in a negative market value adjustment with respect to such withdrawal. Such events include, but are not limited to, partial or complete legal termination of the Plan, tax disqualification of the Plan, and certain Plan amendments if the issuers' consent is not obtained. Such circumstances resulting in the payment of benefits at market value rather than contract value are not considered probable of occurring in the foreseeable future. The issuer has certain rights to terminate a contract and settle at an amount that differs from contract value. For example, certain breaches by the Plan under the terms of the investment contract can result in its termination at market value. Termination may also occur with no payment obligation from the issuer if the performance of the contract constitutes a prohibited transaction under ERISA or other applicable law, if the Plan or the Trustee suffers an insolvency, or if there is a change in law or accounting standards that makes it impermissible to account for an investment contract on a contract-value basis.

Notes Receivable from Participants

Notes receivable from participants are valued at their unpaid principal balance plus accrued interest.

Recent Accounting Pronouncements

Fair Value Measurements and Disclosures

In May 2011, the Financial Accounting Standards Board ("FASB") issued authoritative guidance amending existing guidance for measuring fair value and for disclosing information about fair value measurements. The FASB indicated that for many of the requirements it does not intend for the amendments to result in a change to current accounting. Required disclosures are expanded under the new guidance, especially for fair value measurements that are categorized within Level 3 of the fair value hierarchy, for which quantitative information about the unobservable inputs, the valuation processes used by the entity, and the sensitivity of the measurement to the unobservable inputs will be required. In addition, entities will be required to disclose the categorization by level of the fair value hierarchy for items that are not measured at fair value in the statement of net assets available for benefits but for which the fair value is required to be disclosed. The guidance is effective for periods beginning after December 15, 2011 and is required to be applied prospectively. As this guidance provided only disclosure requirements, the adoption of this standard did not impact the Plan's financial statements

3. Fair Value of Investments

Recurring Fair Value Measurements

To increase consistency and comparability in fair value measurements, the FASB established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1 — unadjusted quoted prices in active markets for identical assets for which the Plan has the ability to access as of the reporting date. Financial assets valued using Level 1 inputs include Exelon Corporation common stock and registered investment company securities.

  Sponsor Corporate Common Stock. The Constellation Energy Group Employee Savings Plan invests in sponsor corporate common stock. Common stock is valued at the closing price reported by the New York Stock Exchange.

  Registered Investment Company Securities. Registered investment company securities are investment funds maintained by investment companies that hold certain investments in accordance with a stated set of fund objectives, usually mutual funds. These funds have values that are publicly quoted on a daily basis in active markets.

CONSTELLATION ENERGY GROUP, INC. EMPLOYEE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

- Level 2 — inputs other than quoted prices included within Level 1 that are directly observable for the asset or indirectly observable through corroboration with observable market data. Financial assets valued using Level 2 inputs include common/collective trust funds.

  Common/Collective Trust Fund. The Plan's common/collective trust consists solely of the T. Rowe Price Stable Value Common Trust Fund. The fair value of the T. Rowe Price Stable Value Fund is valued on a daily basis using the net asset value per fund share, derived from the quoted prices in active markets of the underlying securities. The values of these commingled funds are not publicly quoted.

- Level 3 — unobservable inputs, such as internally-developed pricing models for the asset due to little or no market activity for the asset. The Plan does not have any financial assets utilizing Level 3 inputs.

There were no transfers between Level 1 and Level 2 during the years ended December 31, 2012 and 2011.

The following tables present assets measured and recorded at fair value on the Plan's Statements of Net Assets Available for Benefits on a recurring basis and their level within the fair value hierarchy as of December 31, 2012 and 2011, respectively:

As of December 31, 2012

	Level 1	Level 2	Level 3	Total
Investments:				
Exelon Corporate common stock	$125,501,907	$ —	$ —	$ 125,501,907
Common /collective trust funds	—	200,063,203	—	200,063,203
Registered investment company securities	781,806,206	—	—	781,806,206
Total investments	$907,308,113	$200,063,203	$ —	$1,107,371,316

As of December 31, 2011

	Level 1	Level 2	Level 3	Total
Investments:				
CEG common stock	$201,393,524	$ —	$ —	$ 201,393,524
Common /collective trust funds	—	192,158,554	—	192,158,554
Registered investment company securities	709,691,391	—	—	709,691,391
Total investments	$911,084,915	$192,158,554	$ —	$1,103,243,469

On March 12, 2012, each share of CEG common stock shares was converted into 0.93 shares of Exelon Corporate common stock, pursuant to the Agreement and Plan of Merger.

CONSTELLATION ENERGY GROUP, INC. EMPLOYEE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

Short-term investments of $21,902 and $385,678 as of December 31, 2012 and December 31, 2011, respectively, are in cash and, therefore, are excluded from the tables above.

For the year ended December 31, 2012, the Plan's investments measured at fair value, including gains or losses on investments bought, sold, and held during the period, appreciated or depreciated in the value as shown in the following table:

	Year Ended December 31, 2012
Investments valued based on quoted priced in active markets:	
Sponsor corporate common stock	$ (56,556,376)
Registered investment company securities	86,704,940
Net appreciation in the fair value of investments	$ 30,148,564

The fair values of the Plan's investments that represent 5% or more of the Plan's net assets, at December 31, 2012 and 2011, are summarized as follows:

	December 31,	
	2012	2011
Sponsor Corporate Common Stock	$125,501,907	$201,393,524
T. Rowe Price Stable Value Common Trust Fund	200,063,203	192,158,554
T. Rowe Price Mid-Cap Growth Fund	70,639,698	68,594,983
T. Rowe Price Growth Stock Fund	70,402,656	67,343,492
T. Rowe Price Equity Income Fund	63,899,753	62,370,158
T. Rowe Price Retirement 2020 Fund	56,920,274	59,973,065
Pimco Total Return Institutional Fund	67,526,082	58,715,823
Vanguard Institutional Index (1)	79,396,979	54,357,990
Fidelity Diversified International (1)	56,575,064	43,729,728

(1) This fund did not represent 5% or more of the Plan's net assets as of December 31, 2011; however, it is included in this table because the balance is equal to 5% of the Plan's net assets as of December 31, 2012.

4. Risks and Uncertainties

The Plan provides for various investment options in several investment securities and instruments. Investment securities are exposed to various risks, such as interest, market and credit risk. Due to the level of risks associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in values in the near term could materially affect participants' account balances and the amounts reported in the Statements of Net Assets Available for Benefits and the Statement of Changes in Net Assets Available for Benefits.

From time to time, investment managers may use derivative financial instruments including futures, forward foreign exchange, and swap contracts. Derivative instruments may be used to mitigate exposure to foreign exchange rate and interest rate fluctuations as well as manage the investment mix in the portfolio. The Plan's exposure is limited to the fund(s) utilizing such derivative investments. Risks of entering into derivatives include the risk of an illiquid market, inability of a counterparty to perform, or unfavorable movement in foreign currency exchange rates, interest rates, or the underlying securities.

CONSTELLATION ENERGY GROUP, INC. EMPLOYEE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

Some investment managers may engage in securities lending programs in which the funds lend securities to borrowers, with the objective of generating additional income. The borrowers of fund securities deliver collateral to secure each loan in the form of cash, securities, or letters of credit, and are required to maintain the collateral at a level no less than 100% of the market value of the loaned securities. Cash collateral is invested in common / collective trust funds or collateral pools. Participation in securities lending programs involves exposure to the risk that the borrower may default and there may be insufficient collateral to buy back the security. Lenders of securities also face the risk that invested cash collateral may become impaired or that the interest paid on loans may exceed the amount earned on the invested collateral. The Plan's exposure is limited to the funds that lend securities.

The Plan's investment options include the T. Rowe Price Stable Value Fund, which invests in wrap contracts (see Note 2 — Fully Benefit Responsive Investment Contracts) with the objective of preserving capital and a competitive level of income over time. The fund's ability to meet this goal would be impaired, if for any reason, it was unable to obtain or maintain wrap contracts covering all of its underlying assets. This could result from an inability to find a replacement wrap contract following termination of a wrap contract. The fund attempts to assess the credit quality of wrap issuers; however there is no guarantee as to the financial condition of a wrap issuer. The wrap issuer's ability to meet its contractual obligations may be affected by future economic and regulatory developments. Wrap contracts are non-transferable and have no trading market. There are a limited number of wrap issuers. In the event that wrap contracts fail to perform as intended, it is possible that the fund might not be able to provide for benefit responsive withdrawals at contract value.

5. Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500:

	December 31,	
	2012	2011
Net Assets Available for Benefits per the Financial Statements	$1,127,408,593	$1,127,927,523
Add: Adjustment from contract value to fair value for fully benefit responsive investment contracts	8,247,143	6,701,279
Less: Contribution receivable (1)	—	(2,364,408)
Net Assets Available for Benefits per the Form 5500	$1,135,655,736	$1,132,264,394

(1) In 2012, the contribution receivable is reported in the Net Assets Available for Benefits line item on the Form 5500.

CONSTELLATION ENERGY GROUP, INC. EMPLOYEE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

The following is a reconciliation of the changes in net assets per the financial statements to the Form 5500:

	Year Ended December 31, 2012
Net increase in Net Assets Available for Benefits per the Financial Statements	$ (518,930)
Add: Adjustment from contract value to fair value for fully benefit responsive investment contracts at end of year	8,247,143
Less: Adjustment from contract value to fair value for fully benefit responsive investment contracts at beginning of year	(6,701,279)
Net increase in Net Assets Available for Benefits per the Form 5500	$ 1,026,934

The accompanying financial statements present fully benefit responsive investment contracts at contract value. The Form 5500 requires fully benefit responsive investment contracts to be reported at fair value.

6. Income Tax Status

The Company received the latest favorable determination letter from the IRS, dated July 8, 2010, with respect to the Plan as amended through December 28, 2006, subject to adoption of proposed amendments submitted on May 25, 2010, qualifying the Plan as a stock bonus plan under Section 401 of the Internal Revenue Code (Code) and an employee stock ownership plan under Section 4975(e) (7) of the Code and exempting the Plan from federal income tax under Section 501 of the Code. The proposed amendments were executed in a timely manner in accordance with regulations prescribed under Code section 401(b). Although the Plan has been amended and restated since receiving the determination letter, the Plan administrator believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the Code. In 2011, the Recordkeeper reported to the Plan that it failed to default certain participant loans in a timely manner. The Recordkeeper is pursuing a correction through the Internal Revenue Service's Voluntary Correction Program, and this matter is not expected to change the tax-qualified status of the plan. Therefore, it is believed that the Plan was qualified and was tax-exempt as of the financial statement date.

7. Plan Termination

The Plan may be amended, modified or terminated by Exelon at any time. The Plan may also be terminated if the IRS disqualifies the Plan. Termination of the Plan with respect to a participating employer may occur if there is no successor employer in the event of dissolution, merger, consolidation or reorganization of such employer company. In the event of full or partial termination of the Plan, assets of affected participants of the terminating employer or employers shall remain 100% vested and distributable at fair market value in the form of cash, securities or annuity contracts, in accordance with the provisions of the Plan.

8. Related-Party Transactions

The Plan includes investments in funds managed by the Trustee. Fees incurred by the Plan paid to the Trustee amounted to $63,838 and $78,639 in 2012 and 2011, respectively. The Plan also holds shares of Exelon Corporation common stock within the Exelon Corporation Stock Fund. These transactions qualify as exempt party-in-interest transactions, in accordance with ERISA. There have been no known prohibited transactions with a party-in-interest.

CONSTELLATION ENERGY GROUP, INC. EMPLOYEE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

9. Plan Transfers

In February 2012, CEG acquired ONEOK Energy Marketing Company ("ONEOK"). ONEOK was the plan sponsor for the Thrift Plan for Employees of ONEOK Inc, and its plan participants were permitted to transfer their balances, including loans, into the Plan after the acquisition closed. There were loan transfers totaling $26,848 to the Plan from the Thrift Plan for Employees of ONEOK Inc, and Subsidiaries. In 2012, there were transfers totaling $136,193 from the Plan into the Employee Savings Plan of Constellation Energy Nuclear Group, LLC.

10. Subsequent Event

Effective May 1, 2013, the Plan was closed to new participants.

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CONSTELLATION ENERGY GROUP, INC. EMPLOYEE SAVINGS PLAN
SCHEDULE OF ASSETS (HELD AT END OF YEAR)
AS OF DECEMBER 31, 2012
Schedule H, Part IV, Item 4i of Form 5500
Employer Identification Number 23-2990190, Plan Number 017

(a)	(b) Identity of Issue, Borrower, Lessor, or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral Par or Maturity Value	(e) Current Value
	Registered Investment Companies		
	Fidelity Diversified International		$ 56,575,064
	Fidelity Low Priced Stock		6,534,644
	Pimco Total Return Institutional		67,526,082
	*T. Rowe Price Equity Income Fund		63,899,753
	*T. Rowe Price Growth Stock Fund		70,402,656
	*T. Rowe Price Mid-Cap Growth Fund		70,639,698
	*T. Rowe Price Mid-Cap Value Fund		18,908,905
	*T. Rowe Price New Horizons Fund		38,060,992
	*T. Rowe Price Retirement 2005 Fund		3,850,906
	*T. Rowe Price Retirement 2010 Fund		19,788,101
	*T. Rowe Price Retirement 2015 Fund		42,045,350
	*T. Rowe Price Retirement 2020 Fund		56,920,274
	*T. Rowe Price Retirement 2025 Fund		35,990,563
	*T. Rowe Price Retirement 2030 Fund		30,399,658
	*T. Rowe Price Retirement 2035 Fund		18,154,105
	*T. Rowe Price Retirement 2040 Fund		22,822,104
	*T. Rowe Price Retirement 2045 Fund		11,946,630
	*T. Rowe Price Retirement 2050 Fund		5,530,186
	*T. Rowe Price Retirement 2055 Fund		2,351,630
	*T. Rowe Price Retirement Income Fund		6,453,899
	*T. Rowe Price Small-Cap Value Fund		53,608,027
	Vanguard Institutional Index		79,396,979
	Total Registered Investment Companies		**$ 781,806,206**
	Common / Collective Trust		
	*T. Rowe Price Stable Value Common Trust Fund		$ 200,063,203
	Total Common / Collective Trust		**$ 200,063,203**
	Company Stock		
	*Exelon Corporation		$ 125,501,907
	Total Common Stock		**$ 125,501,907**
	Short Term Investments		
	*T. Rowe Price Short Term Settlement Account		$ 21,902
	Total Short Term Investments		**$ 21,902**
	Participant Loans		
	Participant Loans	Interest rates: 3.25% - 10.50%	$ 25,639,110
	Total Participant Loans		**$ 25,639,110**
	GRAND TOTAL		**$1,133,032,328**

* Represents party-in-interest.

Column (d), cost, has been omitted as investments are participant directed.

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EXHIBIT INDEX

Exhibits filed with Form 11-K for the year ended December 31, 2012:

Exhibit No.	Description of Exhibit
23.1	Consent of Independent Registered Public Accounting Firm
23.2	Consent of Independent Registered Public Accounting Firm

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

Constellation Energy Group, Inc. Employee Savings Plan

Date: June 21, 2013

/s/ Jennifer Franco
Jennifer Franco
Plan Administrator

S1-SSA-0009 - 26672

Exhibit 23.1
Exelon Corporation
Form 11-K File No. 1-16169

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statement on Forms S-8 (No. 333-175162) of Exelon Corporation of our report dated June 14, 2013, with respect to the statements of net assets available for benefits of the Constellation Energy Group, Inc. Employee Savings Plan as of December 31, 2012, the related statement of changes in net assets available for benefits for the year then ended, and the related supplemental schedule of Schedule H, line 4i-schedule of assets (held at end of year) as of December 31, 2012, which appears in the December 31, 2012 annual report on Form 11-K of the Constellation Energy Group, Inc. Employee Savings Plan.

/s/ WASHINGTON, PITTMAN & McKEEVER, LLC

Chicago, Illinois
June 21, 2013

S1-SSA-0009 - 26673

Exhibit 23.2
Exelon Corporation
Form 11-K File No. 1-16169

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-175162) of Exelon Corporation of our report dated June 26, 2012 relating to the financial statements of the Constellation Energy Group, Inc. Employee Savings Plan, which appears in this Form 11-K.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Baltimore, Maryland
June 21, 2013

S1-SSA-0009 - 26674

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Fiscal Year Ended December 31, 2012

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number 1-16169

EXELON CORPORATION
EMPLOYEE SAVINGS PLAN
(Full title of the Plan)

EXELON CORPORATION
(a Pennsylvania Corporation)

10 South Dearborn Street
P.O. Box 805379
Chicago, Illinois 60680-5379
(312) 394-7398
(Name of the issuer of the securities held pursuant to the Plan and the address of its principal executive offices)

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EXELON CORPORATION EMPLOYEE SAVINGS PLAN

INDEX TO FINANCIAL STATEMENTS

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Report of Independent Registered Public Accounting Firm	1
Financial Statements:	
Statements of Net Assets Available for Benefits As of December 31, 2012 and 2011	2
Statement of Changes in Net Assets Available for Benefits For the Year Ended December 31, 2012	3
Notes to Financial Statements	4
Supplemental Schedule:	
Schedule of Assets (Held at End of Year) As of December 31, 2012	14

Note: All other schedules of additional information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA have been omitted because they are not applicable.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Participants and the Administrator of the
Exelon Corporation Employee Savings Plan:

We have audited the accompanying statements of net assets available for benefits of the Exelon Corporation Employee Savings Plan (the "Plan") as of December 31, 2012 and 2011 and the related statement of changes in net assets available for benefits for the year ended December 31, 2012. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2012 and 2011, and the changes in net assets available for benefits for the year ended December 31, 2012, in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) as of December 31, 2012, is presented for purposes of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, as amended. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and in our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

/s/ WASHINGTON, PITTMAN & McKEEVER, LLC

Chicago, Illinois
June 14, 2013

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EXELON CORPORATION EMPLOYEE SAVINGS PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	December 31, 2012	December 31, 2011
ASSETS		
Investments at fair value		
Plan interest in investments of the Exelon Corporation Defined Contribution Retirement Plans Master Trust (see Note 3)		
Exelon Corporation common stock	$ 202,873,042	$ 288,774,198
Registered investment company securities	2,087,782,865	1,811,068,699
Common /collective trust funds, including short-term investment funds	1,764,589,675	1,575,948,925
Total interest in investments of Exelon Corporation Defined Contribution Retirement Plans Master Trust	4,055,245,582	3,675,791,822
Other assets (liabilities) of the Exelon Corporation Defined Contribution Retirement Plans Master Trust		
Due from brokers for securities sold	1,025,461	—
Interest and dividends receivable	1,879,264	2,040,852
Other payables	(138,607)	(315,203)
Total interest in net assets of Exelon Corporation Defined Contribution Retirement Plans Master Trust	4,058,011,700	3,677,517,471
Receivables		
Participant contributions	3,779,275	2,818,063
Employer contributions		
Fixed match contribution	1,139,501	848,687
Profit-sharing contribution	—	18,925,812
Notes receivable from participants	82,473,151	79,620,413
Total receivables	87,391,927	102,212,975
Net Assets reflecting investments at fair value	4,145,403,627	3,779,730,446
Adjustment from fair value to contract value for fully benefit responsive investment contracts (see Note 2)	(16,055,567)	(14,041,056)
Net Assets Available for Benefits	$4,129,348,060	$3,765,689,390

The accompanying Notes are an integral part of these Financial Statements.

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EXELON CORPORATION EMPLOYEE SAVINGS PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

	Year Ended December 31, 2012
ADDITIONS	
Contributions	
Participant	$ 153,989,799
Employer	62,166,683
Rollover	3,488,797
Total contributions	219,645,279
Investment Income	
Plan interest in investment income from the Exelon Corporation Defined Contribution Retirement Plans Master Trust	367,157,638
Interest income from participant loans	3,613,415
Total investment income	370,771,053
Total additions	590,416,332
DEDUCTIONS	
Participant withdrawals and distributions	228,455,138
Administrative expenses	124,712
Total deductions	228,579,850
Net increase before transfers	361,836,482
Net assets transferred from other plans	1,822,188
Net increase after transfers	363,658,670
NET ASSETS AVAILABLE FOR BENEFITS	
Beginning of year	3,765,689,390
End of year	$4,129,348,060

The accompanying Notes are an integral part of these Financial Statements.

EXELON CORPORATION EMPLOYEE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

1. Plan Description

The following description of the Exelon Corporation Employee Savings Plan (the "Plan") is provided for general information purposes only. The official text of the Plan, as amended, should be read for more complete information.

General

The Plan was established by Commonwealth Edison Company, effective March 1, 1983, to provide a systematic savings program for eligible employees and to supplement such savings with employer matching contributions. On March 30, 2001, the Commonwealth Edison Employee Savings and Investment Plan was combined with the PECO Energy Company Employee Savings Plan to become the Exelon Corporation Employee Savings Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and the Internal Revenue Code of 1986, as amended (the "Code"). The Exelon Corporation Stock Fund is invested primarily in Exelon common stock and is intended to be an Employee Stock Ownership Plan under Code Section 4975(e)(7).

Exelon Corporation ("Exelon") is the sponsor of the Plan. Exelon's Director of Employee Benefit Plans and Programs, is the administrator of the Plan (the "Plan Administrator"). The Plan Administrator has the responsibility for day-to-day administration of the Plan. Exelon, acting through the Exelon Investment Office, is responsible for the selection and retention of the Plan's investment options and any investment manager that may be appointed under the Exelon Corporation Defined Contribution Retirement Plans Master Trust (the "Master Trust"). The Northern Trust Company is the Plan trustee ("Trustee") and Aon Hewitt is the Plan recordkeeper ("Recordkeeper").

Generally, any regular employee whose employment is subject to a collective bargaining agreement that provides for participation in the Plan and any regular non-represented employee of a subsidiary of Exelon that is designated by Exelon as participating in the Plan (such subsidiary referred to individually as a "Company" and such subsidiaries referred to collectively as the "Companies") is eligible to elect to participate in the Plan. Participating employees include employees represented by: International Brotherhood of Electrical Workers ("IBEW") Locals 15 and 614; Utility Workers of America Local 369; Security, Police & Fire Professionals of America Locals 228 and 328; Service Employees International Union Local 1; United Government Security Officers of America Locals 12, 17 and 18; and United Security Services Union Local 1. Employees hired on or after April 6, 2009 who do not make a participation election within 90 days after their date of hire will automatically be enrolled in the Plan as soon as administratively possible after their 90th day of employment with a pre-tax deferral of 3% of eligible pay per pay period and 1% increase each March 1st, beginning with the second calendar year that begins after automatic enrollment first applies to the participant, until a total maximum pre-tax deferral of 5% of eligible pay is reached. Contributions to the Plan will be automatically invested in the Vanguard Target Retirement Fund that corresponds to the participant's anticipated retirement date (based on the participant's birth date.) A participant who is subject to automatic enrollment may elect within 90 days of the first automatic contribution, to withdraw all automatic contributions adjusted for any investment gains or losses. Such a withdrawal would be subject to federal income tax but not to any early withdrawal penalty. Additionally, the participant will forfeit any employer matching contributions made with respect to such automatic contributions.

Participant Contributions

The Plan permits salaried, non-represented hourly and participating represented employees to contribute between 1% and 50% of eligible pay each pay period on a pre-tax basis, an after-tax basis, a Roth basis or a combination of the three, subject to certain Internal Revenue Service ("IRS") limitations.

EXELON CORPORATION EMPLOYEE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

During any calendar year in which a participant attains age 50 or older, he or she may elect to make additional pre-tax contributions, called “catch-up” contributions to the Plan. In order to be eligible to make catch-up contributions, the participant must anticipate that his or her pre-tax contributions to the Plan will reach the applicable annual IRS limit on that type of contribution or be contributing at the maximum base pay level. Catch-up contributions are not credited with the Company’s fixed or profit-sharing matching contribution.

Company Matching Contributions

Effective January 1, 2010, with respect to non-represented employees, except non-exempt craft and clerical employees assigned to the Peachbottom, Limerick, Outage Services East or Texas generating plant, Exelon provides both a fixed and annual profit-sharing match. Under the fixed match, Exelon matches 60% of the first 5% of a participant’s eligible pay contributed per pay period, by the employee for a maximum annual fixed match percentage of 3% of the participant’s eligible pay. Additionally, with respect to such employees, Exelon may make an annual profit-sharing match of up to 3% of eligible pay contributed per pay period, based on earnings per share goals established by the Compensation Committee of Exelon’s Board of Directors (the “Committee”). Combined, the total employer match (fixed and profit-sharing) is an annual maximum of up to 6% of a participant’s eligible pay. Any profit-sharing match will be contributed to the Plan after the end of each calendar year. There was no 2012 profit-sharing match contributed in 2013. The 2011 profit-sharing match contributed in 2012 was $18,925,812. Generally, a participant must be employed on the last day of a calendar year to receive the profit-sharing match for that year. In the event a participant terminates employment during the calendar year due to death, long-term disability or retirement (age 50 and completion of 10 years of service with the Company) or in the event a participant terminates employment with the Company and receives benefits under the severance plan, the participant will be eligible to receive a profit-sharing match.

Employer matching contributions for represented employees are based on the applicable collective bargaining agreement.

Investment Options

The Plan’s investments are held in the Master Trust, which was established in 2006, for the investments of the Plan and other savings plans sponsored by Exelon. The Plan investments are fully participant-directed, and the Plan is intended to satisfy Section 404(c) of ERISA.

Participant Loans

A participant may, upon application, borrow from the Plan. Only one loan is permitted to a participant in any calendar year with a maximum of five (as of April 6, 2009, three for non-represented employees and employees whose collective bargaining agreement limits loans to three) outstanding at any time, and the amount of any loan shall not be less than $1,000. The aggregate amount of all outstanding loans may not exceed the lesser of (i) 50% of a participant’s vested balance in the Plan or (ii) $50,000 minus the excess of the highest outstanding balance of all loans from the Plan to the participant during the previous 12-month period over the outstanding balance of all loans from the Plan to the participant on the day the loan is made. For loans other than home loans, the maximum term is five years. For a home loan, the maximum term is fifteen years and the minimum is five years. The interest rate on all loans is the prime rate for commercial loans plus 1%. Principal and interest is paid ratably through monthly payroll deductions or direct payment, as applicable. No lump-sum or installment distribution from the Plan will be made to a participant who has received a loan, or to a beneficiary of any such participant, until the loan, including interest, has been repaid out of the funds otherwise distributable. In the event a participant defaults on the repayment of a loan, the loan will be considered a taxable distribution and may be subject to an early withdrawal penalty. To date, the Plan has not experienced any collectability issues with participant loans.

EXELON CORPORATION EMPLOYEE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

Withdrawals by Participants While Employed

A participant may withdraw up to the entire balance of the participant's after-tax contributions account once each calendar year. After making such a withdrawal, the participant must wait six months before making a new election to resume after-tax contributions to the Plan if the distribution is received by the participant before attainment of age 59 1/2. A participant may also withdraw up to an amount equal to the balance in his or her rollover account.

A participant may make withdrawals from the participant's before-tax contributions, catch-up, matching, Roth contributions, Roth catch-up and Roth rollover contributions accounts, but only if the participant has attained age 59 1/2 or, prior to that age, only in an amount required to alleviate financial hardship as defined in the Code and regulations promulgated there-under. Financial hardship withdrawals from a before-tax contributions account suspend the participant's right to make contributions to the Plan for six months.

While any loan to the participant remains outstanding, the maximum amount available for withdrawal shall be the balance in such account less the balance of all outstanding loans.

Distributions upon Termination of Employment

Upon termination of employment, including the retirement, total disability or death of a participant, distribution of the balances of the participant's after-tax contributions account, before-tax contributions account, catch-up contributions account, Roth contributions account, Roth catch-up contributions account, rollover account and employer matching contributions account is made to the participant or, in the event of the participant's death, to the participant's designated beneficiary or beneficiaries. Such distribution will be made, as elected by the participant, in the form of either a lump-sum payment or in substantially equal annual, quarterly or monthly installments over a period not exceeding the lesser of 15 years or the life expectancy of the participant or beneficiary. A participant may elect to defer distributions until age 70 1/2. If the value of a participant's account is less than $1,000, the participant will receive a lump sum distribution from the Plan upon termination of employment. If the value of a participant's account is greater than $1,000, the participant can leave his or her account in the Plan. Generally, distributions will be taxed as ordinary income in the year withdrawn and may also be subject to an early withdrawal penalty if taken before age 59 1/2, unless eligible rollover distributions are rolled over to another qualified plan or an Individual Retirement Account ("IRA"). A 20% mandatory federal income tax withholding applies to withdrawals that are eligible for rollover, but which are not directly rolled over to another qualified plan or an IRA. If a participant does not specify the form and timing of the participant's distribution, the benefit generally will be paid in installments beginning no later than April 1 of the calendar year following the calendar year in which the participant attains age 70 1/2.

Plan Costs

A participant's account balance will be charged with certain fees and expenses. Asset-based fees (e.g., management fees and other operating expenses) are used to cover the expenses related to running an investment fund, and are generally deducted directly from a participant's investment returns.

Plan administration fees cover the day-to-day expenses of administering the Plan, and may be charged directly to a participant's account, covered by a portion of the asset-based fees deducted directly from investment returns, or paid through revenue-sharing payments made from investment managers to the Recordkeeper. Transaction-based fees also may be charged with respect to optional features offered under the Plan (e.g., loans), and are charged directly against a participant's account balance.

Participant Accounts

Each participant's account is credited with the participant's contribution and allocations of (i) the Companies' corresponding contributions and (ii) Plan earnings, and charged with an allocation of administrative expenses. Allocations are based on participant elections or account balances, as applicable. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

EXELON CORPORATION EMPLOYEE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

Vesting of Participants' Accounts

Participants are fully vested in their accounts at all times.

Investment Income

Dividends and earnings received on all funds, with the exception of the Exelon Corporation Stock Fund, are automatically reinvested in the fund to which those earnings apply.

Employee Stock Ownership Plan

If a participant invests any portion of his or her account in the Exelon Corporation Stock Fund and is eligible to receive dividend distributions from the Plan, then the participant is deemed to have elected to have the dividends reinvested in the Exelon Corporation Stock Fund. If the participant prefers to receive any such dividends in cash, he or she can so elect by contacting the Plan Recordkeeper. Dividends distributed to the participant in cash from the Plan are subject to income tax as a dividend and not subject to an early withdrawal penalty.

2. Summary of Significant Accounting Policies

General

The Plan follows the accrual method of accounting, in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Withdrawals and distributions are recorded when paid.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires the Plan Administrator to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Accordingly, actual results may differ from those estimates.

Investment Valuation and Income Recognition

The Plan's interest in the Master Trust is stated at fair value, with the exception of the Fidelity Managed Income Portfolio II Class 3 Fund ("MIP II"), which is stated at contract value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. The Plan presents, in the Statement of Changes in Net Assets Available for Benefits, the Plan interest in investment income from the Master Trust. See Note 3 — Fair Value of Interest in Master Trust for further information.

Fully Benefit Responsive Investment Contracts

The investments of the MIP II fund include fully benefit responsive investment ("wrap") contracts. The objective of investing in wrap contracts is to ensure this fund's ability to distribute benefits at "contract value", which is equal to a participant's principal balance plus accrued interest. In a typical wrap contract, the issuing bank or insurance company agrees to pay a fund the difference between the contract value and the market value of the underlying assets once the market value of the fund has been totally exhausted, provided all the terms of the wrap contract have been met. Wrap contracts may include terms that establish limits on the fund's investments, such as maximum duration limits, minimum credit standards, and diversification requirements.

Wrap contracts accrue interest using a formula called the "crediting rate." The crediting rate is the discount rate that equates the estimated future market value with the fund's current contract value and is reset quarterly. The crediting rate may be impacted by factors that include: contributions, withdrawals by participants, the current yield and duration of the assets underlying the contract, and the existing difference between the fair value of the securities and the contract value of the assets within the insurance contract.

EXELON CORPORATION EMPLOYEE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

To the extent the underlying portfolio has unrealized and/or realized losses, a positive adjustment is made when reconciling from fair value to contract value under contract value accounting. As a result, the future crediting rate may be lower over time than the current market rates. Similarly, if the underlying portfolio generates unrealized and/or realized gains, a negative adjustment is made when reconciling from fair value to contract value, and the future crediting rate may be higher than the current market rates. The wrap contracts provide a guarantee that the crediting rate will not fall below 0%. The average current yield earned by the Master Trust as of December 31, 2012 and 2011 was computed to be 1.73% and 1.92%, respectively. The average current yield earned by the Master Trust as adjusted to reflect the actual interest rate credited to participants as of December 31, 2012 and 2011 was 1.28% and 1.60%, respectively.

Investment contracts held by a defined contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the plan. The Statement of Net Assets Available for Benefits presents the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The Statement of Changes in Net Assets Available for Benefits is prepared using contract value basis for fully benefit-responsive investment contracts.

Investments in wrap contracts are fair valued using a discounted cash flow model that considers recent fee bids, discount rate, and the duration of the underlying securities. The following table presents the fair value of Plan funds with investment contracts and the adjustment required to report at contract value:

	December 31,	
	2012	2011
MIP II at fair value	$592,025,846	$577,900,448
Adjustment from fair value to contract value for fully benefit responsive investment contracts	(16,055,567)	(14,041,056)
MIP II at contract value	$575,970,279	$563,859,392

If they were to occur, certain events would limit the ability of the Plan to transact at contract value with the issuer. Such events include the following: (i) amendments to the Plan (including complete or partial plan termination or merger with another plan), (ii) changes to the Plan's prohibition on competing investment options, (iii) bankruptcy of the Plan sponsor or other Plan sponsor events (e.g., divestitures or spin-offs of subsidiaries) which cause a significant withdrawal from the Plan, or (iv) the failure of the Master Trust to qualify for exemption from federal income taxes or any required prohibited transaction exemption under ERISA. Such circumstances resulting in the payment of benefits at market value rather than contract value are not considered probable of occurring in the foreseeable future. The issuer may terminate a wrap contract at any time. If the termination is the result of the fund's failure to meet the wrap contract terms and the market value of the portfolio's assets is below contract value at the time of termination, the terminating wrap provider would not be required to make a payment to the portfolio.

Notes Receivable from Participants

Notes receivable from participants are valued at their unpaid principal balance plus accrued interest.

EXELON CORPORATION EMPLOYEE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

Recent Accounting Pronouncements

Fair Value Measurements and Disclosures

In May 2011, the Financial Accounting Standards Board ("FASB") issued authoritative guidance amending existing guidance for measuring fair value and for disclosing information about fair value measurements. The FASB indicated that for many of the requirements it does not intend for the amendments to result in a change to current accounting. Required disclosures are expanded under the new guidance, especially for fair value measurements that are categorized within Level 3 of the fair value hierarchy, for which quantitative information about the unobservable inputs, the valuation processes used by the entity, and the sensitivity of the measurement to the unobservable inputs will be required. In addition, entities will be required to disclose the categorization by level of the fair value hierarchy for items that are not measured at fair value in the statement of net assets available for benefits but for which the fair value is required to be disclosed. The Plan is currently assessing the effects this guidance may have on its December 31, 2012 financial statement disclosures. The guidance is effective for periods beginning after December 15, 2011 and is required to be applied prospectively. As this guidance provided only disclosure requirements, the adoption of this standard did not impact the Plan's financial statements.

3. Fair Value of Interest in Master Trust

The Plan established a Master Trust Agreement with the Trustee for the purpose of investing assets of the Plan and several other savings plans sponsored by Exelon. The Master Trust includes investment options that are not offered in every participating plan. Interest and dividends along with net depreciation or appreciation in the fair value of investments are allocated to the Plan on a daily basis based upon the Plan's equitable share of the various investment funds and portfolios that comprise the Master Trust.

At December 31, 2012 and 2011, the Plan's interest in the investments of the Master Trust was approximately 97.46% and 97.60%, respectively.

Recurring Fair Value Measurements

To increase consistency and comparability in fair value measurements, the FASB established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1 — unadjusted quoted prices in active markets for identical assets for which the Plan has the ability to access as of the reporting date. Financial assets valued using Level 1 inputs include Exelon Corporation common stock and registered investment company securities.

  Exelon Corporation Common Stock . The Exelon Corporation Employee Savings Plan is the only Plan within the Master Trust that invests in Exelon Corporation common stock. Exelon Corporation common stock is valued at the closing price reported by the New York Stock Exchange.

  Registered Investment Company Securities. Registered investment company securities are investment funds maintained by investment companies that hold certain investments in accordance with a stated set of fund objectives, usually mutual funds. These funds have values that are publicly quoted on a daily basis in active markets.

EXELON CORPORATION EMPLOYEE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

- Level 2 — inputs other than quoted prices included within Level 1 that are directly observable for the asset or indirectly observable through corroboration with observable market data. Financial assets valued using Level 2 inputs include common/collective trust funds.

  Common/Collective Trust Funds. Common/collective trust funds are maintained by investment companies and hold certain investments in accordance with a stated set of fund objectives. For common/collective trust funds which are not publicly quoted, the fund administrators value the funds using the net asset value per fund share, derived from the quoted prices in active markets of the underlying securities. The values of these commingled funds are not publicly quoted.

- Level 3 — unobservable inputs, such as internally-developed pricing models for the asset due to little or no market activity for the asset. The Plan does not have any financial assets utilizing Level 3 inputs.

There were no transfers between Level 1 and Level 2 during the years ended December 31, 2012 and 2011.

The Plan's Statements of Net Assets Available for Benefits include its share of investments maintained in the Master Trust measured at fair value on a recurring basis. The following tables present the fair value of assets in the Master Trust and their level within the fair value hierarchy, as well as other net assets not classified as of December 31, 2012 and 2011:

As of December 31, 2012

	Level 1	Level 2	Level 3	Total
Master Trust Investments:				
Exelon Corporation common stock	$ 202,873,042	$ —	$ —	$ 202,873,042
Common /collective trust funds, including short-term investment funds	—	1,812,765,628	—	1,812,765,628
Registered investment company securities	2,144,529,117	—	—	2,144,529,117
Total Master Trust investments	2,347,402,159	1,812,765,628	—	4,160,167,787
Other net assets				2,815,226
Total net assets of Master Trust	$2,347,402,159	$1,812,765,628	$ —	$4,162,983,013

As of December 31, 2011

	Level 1	Level 2	Level 3	Total
Master Trust Investments:				
Exelon Corporation common stock	$ 288,774,198	$ —	$ —	$ 288,774,198
Common /collective trust funds, including short-term investment funds	—	1,616,661,116	—	1,616,661,116
Registered investment company securities	1,860,920,526	—	—	1,860,920,526
Total Master Trust investments	2,149,694,724	1,616,661,116	—	3,766,355,840
Other net assets				1,773,565
Total net assets of Master Trust	$2,149,694,724	$1,616,661,116	$ —	$3,768,129,405

EXELON CORPORATION EMPLOYEE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

Investment income of the Master Trust for the year ended December 31, 2012 included the following:

	Year Ended December 31, 2012
Exelon Corporation common stock dividends	$ 14,869,331
Other interest and dividends	43,677,626
Based on quoted market prices:	
Depreciation in Exelon Corporation common stock	(94,317,152)
Appreciation in registered investment company securities	263,767,593
Based on estimated fair value:	
Appreciation in common / collective trust funds	149,509,358
Total investment income of the Master Trust	377,506,756
Other income	1,437,068
Total net investment income of Master Trust	$ 378,943,824

For the year ended December 31, 2012 the Plan's percent interest in the income of the Master Trust is 96.89%.

The fair values of the Master Trust's investments that represent 5% or more of the Master Trust's net assets, at December 31, 2012 and 2011, are summarized as follows:

	December 31,	
	2012	2011
Fidelity Managed Income Portfolio II - Class 3	$609,352,048	$593,394,853
Blackrock Equity Index Fund - Class T	561,316,466	501,230,502
Fidelity Growth Company Fund	449,190,585	378,097,782
T. Rowe Price Capital Appreciation Fund	423,388,866	380,184,697
Fidelity Contrafund	388,479,122	351,031,266
PIMCO Total Return Fund - Institutional Class	289,479,760	231,764,649
Fidelity Low-Priced Stock Fund	236,257,544	209,996,752
Exelon Corporation Stock Fund	202,873,046	288,774,201

4. Risks and Uncertainties

The Plan provides for various investment options in several investment securities and instruments. Investment securities are exposed to various risks, such as interest, market and credit risk. Due to the level of risks associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in values in the near term could materially affect participants' account balances and the amounts reported in the Statements of Net Assets Available for Benefits and the Statement of Changes in Net Assets Available for Benefits.

EXELON CORPORATION EMPLOYEE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

From time to time, investment managers may use derivative financial instruments including futures, forward foreign exchange, and swap contracts. Derivative instruments may be used to mitigate exposure to foreign exchange rate and interest rate fluctuations as well as manage the investment mix in the portfolio. The Plan's exposure is limited to the fund(s) utilizing such derivative investments. Risks of entering into derivatives include the risk of an illiquid market, inability of a counterparty to perform, or unfavorable movement in foreign currency exchange rates, interest rates, or the underlying securities.

Some investment managers may engage in securities lending programs in which the funds lend securities to borrowers, with the objective of generating additional income. The borrowers of fund securities deliver collateral to secure each loan in the form of cash, securities, or letters of credit, and are required to maintain the collateral at a level no less than 100% of the market value of the loaned securities. Cash collateral is invested in common / collective trust funds or collateral pools. Participation in securities lending programs involves exposure to the risk that the borrower may default and there may be insufficient collateral to buy back the security. Lenders of securities also face the risk that invested cash collateral may become impaired or that the interest paid on loans may exceed the amount earned on the invested collateral. The Plan's exposure is limited to the funds that lend securities.

The Plan's investment options include the MIP II Fund, which invests in wrap contracts (see Note 2 — Fully Benefit Responsive Investment Contracts) with the objective of preserving capital and a competitive level of income over time. The fund's ability to meet this goal would be impaired, if for any reason, it was unable to obtain or maintain wrap contracts covering all of its underlying assets. This could result from an inability to find a replacement wrap contract following termination of a wrap contract. The fund attempts to assess the credit quality of wrap issuers; however there is no guarantee as to the financial condition of a wrap issuer. The wrap issuer's ability to meet its contractual obligations may be affected by future economic and regulatory developments. Wrap contracts are non-transferable and have no trading market. There are a limited number of wrap issuers. In the event that wrap contracts fail to perform as intended, it is possible that the fund might not be able to provide for benefit responsive withdrawals at contract value.

5. Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500:

	December 31,	
	2012	2011
Net Assets Available for Benefits per the Financial Statements	$4,129,348,060	$3,765,689,390
Add: Adjustment from contract value to fair value for fully benefit responsive investment contracts	16,055,567	14,041,056
Net Assets Available for Benefits per the Form 5500	$4,145,403,627	$3,779,730,446

EXELON CORPORATION EMPLOYEE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

The following is a reconciliation of the changes in net assets per the financial statements to the Form 5500:

	Year Ended December 31, 2012
Net increase in Net Assets Available for Benefits per the Financial Statements	$ 363,658,670
Add: Adjustment from contract value to fair value for fully benefit responsive investment contracts at end of year	16,055,567
Less: Adjustment from contract value to fair value for fully benefit responsive investment contracts at beginning of year	(14,041,056)
Net increase in Net Assets Available for Benefits per the Form 5500	$ 365,673,181

The accompanying financial statements present fully benefit responsive investment contracts at contract value. The Form 5500 requires fully benefit responsive investment contracts to be reported at fair value.

6. Income Tax Status

The Plan obtained its latest determination letter on June 1, 2004 in which the IRS stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code. The Plan is qualified under Section 401(a) and 401(k) of the Code. The Plan has been amended since receiving the determination letter. However, the Plan Administrator believes that the Plan design remains in compliance with the applicable requirements of the Code. Therefore, it is believed that the Plan was qualified and the related Master Trust was tax-exempt as of the financial statement date.

7. Plan Termination

The Plan may be amended, modified or terminated by Exelon at any time. The Plan may also be terminated if the IRS disqualifies the Plan. Termination of the Plan with respect to a participating employer may occur if there is no successor employer in the event of dissolution, merger, consolidation or reorganization of such employer company. In the event of full or partial termination of the Plan, assets of affected participants of the terminating employer or employers shall remain 100% vested and distributable at fair market value in the form of cash, securities or annuity contracts, in accordance with the provisions of the Plan.

8. Related-Party Transactions

Investment options in the Plan include common collective trust funds managed by the Trustee or its affiliates. Certain Plan administrative fees may be paid through revenue-sharing arrangements between the Recordkeeper and investment managers. Finally, the Master Trust holds shares of Exelon Corporation common stock. These transactions qualify as exempt party-in-interest transactions, in accordance with ERISA. There have been no known prohibited transactions with a party-in-interest.

9. Plan Transfers

In 2012, there were transfers totaling $1,983,257 to the Plan ($317,145 from the Exelon Employee Savings Plan for Represented Employees at TMI and Oyster Creek and $1,666,112 from the Exelon Employee Savings Plan for Represented Employees at Clinton). In 2012, there were transfers totaling $161,069 from the Plan to the Exelon Employee Savings Plan for Represented Employees at TMI and Oyster Creek.

10. Savings Plan Claim

On September 11, 2006, five individuals claiming to be participants in the Plan filed a putative class action lawsuit in the United States District Court for the Northern District of Illinois. The complaint names as defendants Exelon, its Director of Employee Benefit Plans and Programs, the Employee Savings Plan Investment Committee, the Compensation and the Risk Oversight Committees of Exelon's Board of Directors and members of those committees. On December 9, 2009, the District Court granted the defendants' motion to dismiss the amended complaint and enter judgment in favor of the defendants. The plaintiffs appealed the District Court's dismissal of their claims to the U.S. Court of Appeals for the Seventh Circuit who affirmed the dismissal of the class action lawsuit on September 6, 2011.

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EXELON CORPORATION EMPLOYEE SAVINGS PLAN
SCHEDULE OF ASSETS (HELD AT END OF YEAR)
AS OF DECEMBER 31, 2012
Schedule H, Part IV, Item 4i of Form 5500
Employer Identification Number 23-2990190, Plan Number 003

(a)	(b) Identity of Issue, Borrower, Lessor, or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral Par or Maturity Value	(e) Current Value
	Interest in net assets of Master Trust, at fair value		$4,058,011,700
	Participant loans	Interest rates: 4.25% - 10.50%	82,473,151
	Total investments		$4,140,484,851

Column (d), cost, has been omitted as investments are participant directed.

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EXHIBIT INDEX

Exhibit filed with Form 11-K for the year ended December 31, 2012:

Exhibit No.	Description of Exhibit
23	Consent of Independent Registered Public Accounting Firm

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

Exelon Corporation Employee Savings Plan

Date: June 21, 2013

/s/ Jennifer Franco
Jennifer Franco
Plan Administrator

Exhibit 23
Exelon Corporation
Form 11-K File No. 1-16169

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statement on Forms S-8 (No.'s 333-37082 and 333-49780) of Exelon Corporation of our report dated June 14, 2013, with respect to the statements of net assets available for benefits of the Exelon Corporation Employee Savings Plan as of December 31, 2012 and 2011, the related statement of changes in net assets available for benefits for the year ended December 31, 2012, and the related supplemental schedule of Schedule H, line 4i-schedule of assets (held at end of year) as of December 31, 2012, which appears in the December 31, 2012 annual report on Form 11-K of the Exelon Corporation Employee Savings Plan.

/s/ WASHINGTON, PITTMAN & McKEEVER, LLC

Chicago, Illinois
June 21, 2013

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Fiscal Year Ended December 31, 2016

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number 1-16169

PEPCO HOLDINGS, LLC RETIREMENT SAVINGS PLAN
(Full title of the Plan)

EXELON CORPORATION
(a Pennsylvania Corporation)

10 South Dearborn Street
P.O. Box 805379
Chicago, Illinois 60680-5379
(312) 394-7398
(Name of the issuer of the securities held pursuant to the Plan and the address of its principal executive offices)

PEPCO HOLDINGS, LLC RETIREMENT SAVINGS PLAN

INDEX TO FINANCIAL STATEMENTS

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Participants and the Administrator of the
Pepco Holdings, LLC Retirement Savings Plan

We have audited the accompanying statements of net assets available for benefits of the Pepco Holdings, LLC Retirement Savings Plan (the "Plan") as of December 31, 2016 and the related statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Plan as of and for the year ended December 31, 2015 were audited by other auditors whose report dated June 24, 2016 expressed an unqualified opinion on those statements.

We conducted our audit in accordance with the auditing standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2016 and the changes in net assets available for benefits for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The supplemental information in the accompanying schedule of assets (held at end of year) as of December 31, 2016 has been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The supplemental information is presented for the purpose of additional analysis and is not a required part of the financial statements but includes supplemental information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental information is the responsibility of the Plan's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting or other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information in the accompanying schedule, we evaluated whether the supplemental information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental information in the accompanying schedule is fairly stated in all material respects in relation to the financial statements as a whole.

/s/ WASHINGTON, PITTMAN & McKEEVER, LLC

Chicago, Illinois
June 21, 2017

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Participants and the Administrator of the
Pepco Holdings, Inc. Retirement Savings Plan:

In our opinion, the accompanying statement of net assets available for benefits presents fairly, in all material respects, the net assets available for benefits of the Pepco Holdings, Inc. Retirement Savings Plan (the "Plan") at December 31, 2015 in conformity with accounting principles generally accepted in the United States of America. This financial statement is the responsibility of the Plan's management. Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit of this statement in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

/s/ SB & Company, LLC

Washington, D.C.
June 24, 2016

PEPCO HOLDINGS, LLC RETIREMENT SAVINGS PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	December 31,	
	2016	2015
ASSETS		
Investments at fair value		
Participant-directed		
Common/collective trusts funds	$ 460,021,939	$ 299,618,334
Registered investment company securities	653,281,078	636,471,153
Corporate stock—Exelon Corporation	172,629	—
Non-participant-directed		
Pepco Holdings, Inc. Common Stock Fund	—	134,364,083
Total investments	1,113,475,646	1,070,453,570
Receivables		
Participant contributions	847,376	—
Employer contributions	268,420	—
Notes receivable from participants	25,991,952	25,486,899
Total receivables	27,107,748	25,486,899
NET ASSETS AVAILABLE FOR BENEFITS	$1,140,583,394	$1,095,940,469

The accompanying Notes are an integral part of these Financial Statements.

PEPCO HOLDINGS, LLC RETIREMENT SAVINGS PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

	Year Ended December 31, 2016
ADDITIONS	
Contributions	
Participant	$ 43,537,358
Employer	14,192,604
Rollover	2,253,515
Total contributions	59,983,477
Investment income	
Interest and dividend income from investments	25,359,767
Net appreciation in the fair value of investments	53,929,887
Interest income from participant loans	850,384
Total investment income	80,140,038
Other additions	41,530
Total additions	140,165,045
DEDUCTIONS	
Participant withdrawals and distributions	94,673,127
Administrative expenses	848,993
Total deductions	95,522,120
Net increase	44,642,925
NET ASSETS AVAILABLE FOR BENEFITS	
Beginning of year	1,095,940,469
End of year	$ 1,140,583,394

The accompanying Notes are an integral part of these Financial Statements.

PEPCO HOLDINGS, LLC RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

1. Plan Description

The following description of the Pepco Holdings, LLC Retirement Savings Plan (formerly the Pepco Holdings, Inc. Retirement Savings Plan) (the "Plan") is provided for general information purposes only. Participants should refer to the Plan document for more complete information.

General

The Plan is a defined contribution plan established by Pepco Holdings LLC (formerly Pepco Holdings, Inc.) ("PHI", or for periods before March 23, 2016, the "Company") that consists of eight Sub Plans: 1) the Management Sub Plan, 2) the Local 1900 Sub Plan, 3) the Local 1307 Sub Plan, 4) the Local 1238 Sub Plan, 5) the Local 210 Sub Plan, 6) the Local 210-5 Sub Plan, 7) the PHI Operating Services Company (POSC) Sub Plan, and 8) the Petron Sub Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and the Internal Revenue Code of 1986, as amended (the "Code"). The Pepco Holdings Inc. Common Stock Fund ("PHI Stock Fund"), which was an investment option under the Plan prior to March 23, 2016, was invested primarily in PHI common stock and was intended to be an Employee Stock Ownership Plan under Code Section 4975(e)(7). The Exelon Corporation Stock Fund, which is an investment option under the Plan as of December 31, 2016, is invested primarily in Exelon Corporation common stock and is intended to be an Employee Stock Ownership Plan under Code Section 4975(e)(7).

Change of Plan Sponsor

On March 23, 2016, in conjunction with an Agreement and Plan of Merger (the "Merger Agreement"), PHI merged into Exelon Corporation ("Exelon" or, for periods on or after March 23, 2016, the "Company") as an indirect, wholly owned subsidiary of Exelon with Exelon becoming the sponsor of the Plan. Exelon's Director of Employee Benefit Plans and Programs is the administrator of the Plan (the "Plan Administrator"). The Plan Administrator has the responsibility for the day-to-day administration of the Plan. Effective March 23, 2016, Exelon, acting through the Exelon Investment Office, is responsible for the selection and retention of the Plan's investment options and any investment manager that may be appointed. Prior to March 23, 2016, the PHI Administrative Board was the Plan Administrator and the PHI Investment Committee was responsible for the selection and retention of investment options. The Plan's trustee is Vanguard Fiduciary Trust Company of Malvern, Pennsylvania (the "Plan Trustee"). The Plan's investments are held in a trust account at The Vanguard Group, Inc. ("Vanguard") and consist of a specific interest in the Pepco Retirement Savings Plan Master Trust (the "Trust"). Vanguard also serves as the Plan's recordkeeper.

Participation

Management employees (representing non-bargaining unit, full-time employees and part-time employees with 20 or more hours per week, or part-time employees working less than 20 hours per week with 1,000 or more hours in a plan year) of PHI's wholly owned subsidiaries (PHI Service Company, Potomac Electric Power Company, Delmarva Power & Light Company, and Atlantic City Electric Company) and certain subsidiaries of Exelon that employ individuals who were employed at locations owned by PHI prior to the merger are eligible to participate in the Management Sub Plan upon their date of hire (and as soon as administratively feasible).

Full-time regular or temporary employees represented by the International Brotherhood of Electrical Workers (IBEW) Local 1900 participate in the Local 1900 Sub Plan and are eligible to participate upon their date of hire (and as soon as administratively feasible). Casual or part-time employees are eligible after working 1,000 or more hours in a plan year. Full-time employees represented by IBEW Local 1307 participate in the Local 1307 Sub Plan and are eligible to participate once they have completed six months of service. Part-time or temporary employees become eligible after 1,000 hours of service within a plan year. Employees represented by IBEW Local 1238 participate in the Local 1238 Sub Plan and are eligible to participate once they have completed six months of service for full-time regular employees, or after 1,000 hours of service, in a plan year, for part-time and temporary employees. Full-time employees represented by IBEW Local 210 participate in the Local 210 Sub Plan and are eligible to participate on their date of hire (and as soon as administratively feasible) and part-time and temporary employees become eligible after working 1,000 hours in a plan year. Full-time employees represented by IBEW Local 210-5 participate in the Local 210-5 Sub Plan and are eligible to participate upon their date of hire (and as soon as administratively feasible) and part-time and temporary employees become eligible after working 1,000 hours within a plan year. The POSC Sub Plan and the Petron Sub Plan are closed to new participants. Existing participants in these two Sub Plans are former employees who have an account balance in the Sub Plans but are no longer able to make contributions.

PEPCO HOLDINGS, LLC RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

Employees are automatically enrolled in the Plan after 60 days at 3% of their eligible earnings on a pre-tax basis; however, they can opt out or elect to change the percentage at any time. If the employee does not make an affirmative election to change the percentage, the contribution rate will be increased by 1% per year (up to a maximum of 6%).

Participant Contributions

In all Sub Plans, participants may contribute up to 65% of their base pay on a before- or after-tax basis, not to exceed the maximum contribution allowable under the Code.

During any calendar year in which a participant attains age 50 or older, he or she may elect to make additional pre-tax contributions, called "catch-up" contributions, to the Plan. In order to be eligible to make catch-up contributions, the participant must anticipate that his or her pre-tax contributions to the Plan will reach the applicable annual Internal Revenue Service ("IRS") limits on that type of contribution or be contributing at the maximum base pay level. Eligible rollover contributions are permitted from other employer-sponsored plans into the Plan.

Company Matching Contributions

For participants in the Management Sub Plan and the Local 210-5 Sub Plan (hired before August 1, 2011), the Company provides matching contributions equal to 100% on the first 3% of base pay and 50% on the next 3% of base pay contributed by the employee. For participants in the Local 210-5 Sub Plan hired on or after August 1, 2011, the Local 210 Sub Plan, and the Local 1900 Sub Plan, the Company provides matching contributions equal to 50% up to 6% of the base pay contributed. For participants in the Local 1238 Sub Plan and the Local 1307 Sub Plan, the Company provides matching contributions equal to 50% up to 5% (6% if hired after September 1, 2010) of the base pay contributed.

The Company's matching contributions were made in PHI common stock through March 23, 2016 and were made in the form of authorized and previously unissued shares, treasury shares or in cash for the purchase of PHI common stock on the open market. The Company's matching contributions subsequent to March 23, 2016 are being made in cash in accordance with the allocations of participants' contributions (with any allocations to the PHI Stock Fund redirected as specified in the following sentence). On April 5, 2016, remaining participant balances in the PHI Stock Fund were transferred to the Target Retirement Trust II with the target date closest to the year when the participant reached or will reach age 65.

Investment Options

All contributions to the Plan are held in a trust by the Plan Trustee for the exclusive benefit of the participants, and the Plan is intended to satisfy Section 404(c) of ERISA. The Company generally pays the Plan Trustee fees and certain other administrative expenses of the Plan.

Effective October 1, 2014, participants' accounts are charged a flat administrative fee. The administrative fee for 2016 and 2015 was $52 per year ($13 per quarter). The fee is deducted from each investment in the participant's account on a pro-rata basis. Participants invested in certain non-Vanguard funds receive a quarterly credit equal to the amount of the revenue sharing paid to Vanguard by the non-Vanguard fund. Such credit is applied to the participants' accounts.

The investment options include a menu of funds that include target date funds, actively managed funds, passively managed funds, and Company stock funds. Effective December 19, 2016, certain options were added to and removed from the Plan. Below is a brief description of the type of investment options available as of December 31, 2016 and 2015, unless otherwise noted. These descriptions are not, and are not intended to be, complete descriptions of each investment option's risk, objective and strategy.

Target Date Funds -Target date funds included in the common/collective trusts are primarily comprised of investments in Vanguard mutual funds using an asset allocation strategy for investors planning to retire and leave the workforce in or within a few years of the target year. The trust fund's asset allocation will become more conservative over time. The underlying funds are: Vanguard Total Bond Market II Index Fund, Vanguard Total Stock Market Index Fund, Vanguard Total International Bond Index Fund, and Vanguard Total International Stock Index Fund. The trust fund's indirect stock and bond holdings are a diversified mix of domestic and international capitalization stocks and fixed income securities.

PEPCO HOLDINGS, LLC RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

Actively-managed funds -These are principally managed using an active approach with the objective of collectively exceeding the record of the fund benchmark.

Passively-managed funds -These funds seek investment results that correspond generally to the price and yield performance, before fees and expenses, of a particular index.

Exelon Corporation Stock Fund - This fund, which became an investment option on December 19, 2016, primarily invests in Exelon common stock with some short-term liquid investments. The Exelon Corporation Stock Fund does not represent direct ownership of Exelon common stock. The fund's unit value is determined by dividing the total current fair value of the investments in the fund by the total number of units owned. This fund is not diversified and is considered riskier than a "diversified" portfolio.

PHI Stock Fund -This fund, which was closed on March 23, 2016, primarily invested in PHI common stock with some short-term liquid investments. The PHI Stock Fund did not represent direct ownership of PHI common stock. The fund's unit value was determined by dividing the total current fair value of the investments in the fund by the total number of units owned. This fund was not diversified and was considered riskier than a "diversified" portfolio.

Notes Receivable from Participants

A participant may, upon application, borrow from the Plan, subject to U.S. Department of Labor and IRS limitations. The Plan requires that a minimum of $1,000 be borrowed by a participant. A one-time fee per loan is deducted from the participant's account at the time of each loan distribution.

The number and amount of loans allowed to a participant are restricted by the Sub Plans and are consistent with IRS regulations. A participant may have up to four loans outstanding at any time with a term length between one and five years, or between one and 30 years for a primary residence. The prevailing prime lending rate (quoted by Reuters at the end of the month prior to the month of the loan) is applied as the fixed interest rate for the loan. Loan repayments are made through payroll deductions or by prepayment in a lump sum.

If an active participant has four outstanding loans and pays off one loan, he or she will not be eligible for another loan until 30 days after the loan pay-off date. Upon termination from the Company, a participant can elect to continue to make loan repayments. If the loan repayments are not timely made, the loan will be in default and converted to a taxable distribution of the participant's account at the end of the calendar quarter following the calendar quarter in which the first payment amount was missed.

Withdrawals by Participants While Employed

While employed, a participant may make certain withdrawals of vested contributions online or by phone. Until a participant attains age 59 $^{1}/_{2}$, pre-tax employee contributions may only be withdrawn for the reason of financial hardship, as defined in the Plan document. At the age of 59 $^{1}/_{2}$, the participant may withdraw any portion of his or her account balance. After making a hardship withdrawal of pre-tax contributions, a participant is prohibited from making contributions or receiving Company matching contributions for a period of six months.

A participant with less than 60 months of Plan participation will incur a six-month suspension period upon making any withdrawal of his or her after-tax contributions, unless the participant's withdrawal is of a non-matched contribution, or the matched contributions were in the Plan for 24 or more months. During this suspension period, no Company matching contributions are credited to the participant's account. A participant with less than 60 months of Plan participation will incur a six-month suspension period upon making any withdrawal of his or her Company matching contributions unless the contributions were in the Plan for 24 or more months.

PEPCO HOLDINGS, LLC RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

Distributions upon Termination of Employment

If a participant retires, dies, becomes permanently disabled, or otherwise separates from the Company and its subsidiaries, the participant or participant's beneficiary is entitled to the entire account balance as valued on the withdrawal date. In the event of a participant's death, distribution of the participant's account balance is made as soon as administratively practicable upon the receipt of appropriate documentation from the designated beneficiary. Distributions for reasons of retirement, permanent disability or termination may be made online or by phone. Distributions of a participant's account balance may be made in (1) a lump sum cash payment, (2) in regular installments for a period not exceeding the joint and survivor life expectancy of the participant and his or her spouse or other beneficiary, (3) in regular installments for a period certain, not to exceed 10 years, or (4) partial lump sums upon the request of the participant, with certain limitations stated in the Plan Document. Distributions from the PHI Stock Fund may have been made in PHI common stock or cash based on the election of the participant through March 23, 2016. Distributions from the remaining investment options are made in cash. Distributions cannot be deferred beyond the April 1st of the year following the year the participant attains age 70 1/2, unless he or she is still employed by the Company or one of its subsidiaries.

Upon termination of service, participants with a balance of $1,000 or less, who do not make an affirmative distribution election, will have their account balance paid out in a lump-sum. Upon termination, participants with an account balance greater than $1,000 and less than or equal to $5,000, who do not elect a distribution, will have their account balance automatically rolled over by the Plan into an individual retirement account with Vanguard.

Participant Accounts

Each participant's account is credited with the participant's contribution, the Company's matching contribution, and earnings (losses) attributable to the participant's investments. Participant accounts are impacted by expenses charged by the investment options in which they invest, as disclosed in each investment option's prospectus. Also, certain investment options charge redemption fees that are also paid directly by the participant from his or her account. Certain administrative fees related to participant accounts are paid by the Company.

Participants may elect to have their contributions invested, in multiples of 1%, in one or more of the available investment options. Participants can transfer all or part of their investment account balance and related earnings in any existing investment option to any other investment option offered in the Plan with the exception of any limitation expressed in the prospectus of a specific investment option that prohibits such transfer, and subject to limitations under applicable securities laws for transfers involving Company common stock. Subject to the terms of the Plan or applicable law, participants may change the allocation of their future contributions among the investment options at any time.

Vesting of Participants' Accounts

Participants are fully vested in their accounts at all times.

Investment Income

Dividends and earnings received on all funds, with the exception of the Exelon Corporation Stock Fund and PHI Stock Fund, are automatically reinvested in the fund to which those earnings apply.

Employee Stock Ownership Plan

If a participant invests any portion of his or her account in the Exelon Corporation Stock Fund and is eligible to receive dividend distributions from the Plan, then the participant is deemed to have elected to have the dividends reinvested in the Exelon Corporation Stock Fund. If the participant prefers to receive any such dividends in cash, he or she can so elect by contacting the Recordkeeper. Dividends distributed to the participant in cash from the Plan are subject to income tax as a dividend and not subject to an early withdrawal penalty.

Participant's holdings in the PHI Stock Fund were represented by units in the PHI Stock Fund and did not represent direct ownership of PHI common stock. Participants with investments in the PHI Stock Fund had an option to receive a payout of their pro rata portion of any dividends paid on PHI stock held in the PHI Stock Fund and allocated to units representing such pro rata interest in such stock or reinvest those dividends to purchase additional units in the PHI Stock Fund.

PEPCO HOLDINGS, LLC RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies

General

The Plan follows the accrual method of accounting, in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Withdrawals and distributions are recorded when paid.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires the Plan Administrator to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Accordingly, actual results may differ from those estimates.

Investment Valuation and Income Recognition

The Plan's investments are stated at fair value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Income from other investments is recorded as earned on an accrual basis. See Note 3—Fair Value of Investments for further information.

Plan Expenses

Certain expenses of maintaining the Plan are paid by the Plan, unless otherwise paid by the Company. Expenses paid by the Plan are primarily related to investment management, administrative and recordkeeping fees. Expenses that are paid by the Company are not recorded as expenses of the Plan. Fees related to the administration of notes receivable from participants are charged directly to the participant's account with a corresponding increase in the notes receivable from participants on the Statements of Net Assets Available for Benefits. Investment-related expenses are included in net appreciation of fair value of investments. Quarterly fees related to the administration of a participant's account are charged to the participant's account and are included in administrative expenses.

Notes Receivable from Participants

Notes receivable from participants are valued at their unpaid principal balance plus accrued interest. Interest income on notes receivable from participants is recorded when it is earned. No allowance for credit losses has been recorded as of December 31, 2016 or 2015.

Reclassifications

Certain prior year amounts have been reclassified for comparative purposes. These reclassifications did not affect the net assets available for benefits.

Recent Accounting Pronouncements

In May 2015, the Financial Accounting Standards Board ("FASB") issued authoritative guidance that removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value ("NAV") per share practical expedient. Investments measured at NAV per share using the practical expedient will be presented as a reconciling item between the fair value hierarchy disclosure and the investments line item on the statement of net assets available for benefits. The guidance also removes the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the NAV per share practical expedient. Rather, those disclosures are limited to investments for which the entity has elected to measure the fair value using the practical expedient. The new guidance is effective for non-public entities for periods beginning after December 15, 2016 and is required to be applied retrospectively for all periods presented. Early adoption is permitted. The Company adopted this standard for plan reporting effective December 31, 2016. As this guidance provides only disclosure requirements, the adoption of this standard did not impact the Plan's financial results.

In July 2015, the FASB issued authoritative guidance to simplify the investment disclosure requirements under Topic 820 and under Topics 960, 962, and 965 for employee benefit plans. Part I of the new guidance requires that fully benefit-responsive investment contracts ("FBRIC") are measured, presented, and disclosed only at contract value. The guidance also clarifies that indirect investments in FBRICs are not in the scope of the guidance and should be reported at fair value. The Plan had previously reported the Vanguard Retirement Savings Trust III, a stable value fund that indirectly invests in FBRICs, at contract value. The new guidance is effective for periods beginning after December 15, 2015 and is required to be applied retrospectively for all periods presented. The Company adopted this standard for plan reporting effective December 31, 2016, resulting in a cumulative effect adjustment to beginning net assets available for benefits. The adoption of this standard did not have a significant impact on the Plan's financial results.

PEPCO HOLDINGS, LLC RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

3. Fair Value of Investments

Recurring Fair Value Measurements

To increase consistency and comparability in fair value measurements, the FASB established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

Level 1—unadjusted quoted prices in active markets for identical assets for which the Plan has the ability to access as of the reporting date.

Level 2—inputs other than quoted prices included within Level 1 that are directly observable for the asset or indirectly observable through corroboration with observable market data.

Level 3—unobservable inputs, such as internally-developed pricing models for the asset.

The valuation methods for each investment category are described below.

Common/collective trust funds . Common/collective trust funds are maintained by investment companies and hold investments in accordance with a stated set of fund objectives. For common/collective trust funds which are not publicly quoted, the fund administrators value the funds using the NAV per fund share, derived from the quoted prices in active markets of the underlying securities and are not classified within the fair value hierarchy. The common/collective trust investments can be redeemed daily with no advance notice required.

Registered investment company securities . Registered investment company securities are investment funds maintained by investment companies that hold investments in accordance with a stated set of fund objectives. Funds which are valued daily based on quoted prices in active markets have been categorized as Level 1.

Exelon Corporation and Pepco Holdings Inc . Common Stock. The Exelon Corporation Stock Fund and PHI Stock Fund consist primarily of Exelon and PHI common stock, respectively. Common stock is valued at the closing price reported by the New York Stock Exchange and has been categorized as Level 1.

Transfer policy

The Company's policy is to recognize transfers into and out of levels as of the end of the reporting period.

The following tables present the fair value of assets and their level within the fair value hierarchy as of December 31, 2016 and 2015.

As of December 31, 2016

Investments	Level 1	Investments measured at NAV	Total
Common/collective trust funds	$ —	$460,021,939	$ 460,021,939
Registered investment company securities	653,281,078	—	653,281,078
Corporate stock—Exelon Corporation	172,629	—	172,629
Total investments	$653,453,707	$460,021,939	$1,113,475,646

PEPCO HOLDINGS, LLC RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

As of December 31, 2015

Investments	Level 1	Investments measured at NAV	Total
Common/collective trust funds	$ —	$299,618,334	$ 299,618,334
Registered investment company securities	636,471,153	—	636,471,153
Corporate Stock—Pepco Holdings Inc.	134,364,083	—	134,364,083
Total investments	$770,835,236	$299,618,334	$1,070,453,570

4. Non-Participant-Directed Investments

Through March 23, 2016, the Company provided employer matching contributions to the PHI Stock Fund which are included in a participant's account together with contributions, if any, made by a participant that are allocated to the PHI Stock Fund. On April 5, 2016, remaining participant balances in the PHI Stock Fund were transferred to the Target Retirement Trust II with the target date closest to the year when the participant reached or will reach 65. Information about the components of and the significant changes in net assets relating to the PHI Stock Fund is as follows:

PHI Stock Fund:	2016	2015
Net assets at beginning of year	$ 134,364,083	$149,351,914
Contributions (a)	3,262,182	15,227,108
Interest and dividend income	5	5,642,984
Net appreciation (depreciation) in fair value of investments	5,949,984	(4,733,578)
Participant withdrawals and distributions	(1,872,389)	(11,397,562)
Transfers (b)	(141,994,975)	(20,614,940)
Other	291,110	888,157
Net assets at end of year	$ —	$134,364,083

(a) Includes employer contributions of $2,981,610 and $13,841,393 in 2016 and 2015, respectively.

(b) On 3/23/16, each share of PHI common stock held within the PHI Stock Fund was converted into $27.25 of cash without interest. On 4/5/16, $131,649,176 of cash, previously invested in the PHI Stock Fund, was transferred to the Target Retirement Trust II with the target date closest to the year when the participant reached or will reach 65.

5. Risks and Uncertainties

The Plan provides for various investment options in several investment securities and instruments. Investment securities are exposed to various risks, such as interest, market and credit risk. Due to the level of risks associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in values in the near term could materially affect participants' account balances and the amounts reported in the Statements of Net Assets Available for Benefits and the Statement of Changes in Net Assets Available for Benefits.

From time to time, investment managers may use derivative financial instruments including futures, forward foreign exchange, and swap contracts. Derivative instruments may be used to mitigate exposure to foreign exchange rate and interest rate fluctuations as well as manage the investment mix in the portfolio. The Plan's exposure is limited to the fund(s) utilizing such derivative investments. Risks of entering into derivatives include the risk of an illiquid market, inability of a counterparty to perform, or unfavorable movement in foreign currency exchange rates, interest rates, or the underlying securities.

Some investment managers may engage in securities lending programs in which the funds lend securities to borrowers, with the objective of generating additional income. The borrowers of fund securities deliver collateral to secure each loan in the form of cash, securities, or letters of credit, and are required to maintain the collateral at a level no less than 100% of the market value of the loaned securities. Cash collateral is invested in common/collective trust funds or collateral pools. Participation in securities

lending programs involves exposure to the risk that the borrower may default and there may be insufficient collateral to buy back the security. Lenders of securities also face the risk that invested cash collateral may become impaired or that the interest paid on loans may exceed the amount earned on the invested collateral. The Plan's exposure is limited to the funds that lend securities.

6. Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net assets available for benefits per the accompanying financial statements to the Form 5500:

	December 31,	
	2016	2015
Net Assets Available for Benefits per the Financial Statements	$1,140,583,394	$1,095,940,469
Notes receivable from participants deemed distributed	(404,138)	(514,103)
Net Assets Available for Benefits per the Form 5500	$1,140,179,256	$1,095,426,366

The following is a reconciliation of the changes in net assets per the financial statements to the Form 5500:

	Year Ended December 31, 2016
Net increase in Net Assets Available for Benefits per the Financial Statements	$ 44,642,925
Add: Notes receivable from participants deemed distributed, end of year	404,138
Less:Notes receivable from participants deemed distributed, beginning of year	(514,103)
Net increase in Net Assets Available for Benefits per the Form 5500	$ 44,532,960

7. Income Tax Status

The Plan obtained its latest determination letter on December 1, 2016 in which the IRS states that the Plan, as then designed, was in compliance with the applicable requirements of the Code. The Plan is qualified under Section 401(a) and 401(k) of the Code. The Plan has been amended since receiving the determination letter. However, the Plan Administrator believes that the Plan design remains in compliance with the applicable requirements of the Code.

Plan management is required by GAAP to evaluate uncertain tax positions taken by the Plan. The financial statement effects of a tax position are recognized when the position is more likely than not, based on the technical merits, to be sustained upon examination by the IRS. The Plan Administrator has analyzed the tax positions taken by the Plan and has concluded that as of December 31, 2016, there are no uncertain positions taken or expected to be taken. The Plan has recognized no interest or penalties related to uncertain tax positions. The Plan's tax returns are subject to audits; however, there are currently no audits for any tax periods in progress.

8. Plan Termination

The Plan may be amended, modified or terminated by Exelon at any time. The Plan may also be terminated if the IRS disqualifies the Plan. Termination of the Plan with respect to a participating employer may occur if there is no successor employer in the event of dissolution, merger, consolidation or reorganization of such employer company. In the event of full or partial termination of the Plan, assets of affected participants of the terminating employer or employers shall remain 100% vested and distributable at fair market value in the form of cash, securities or annuity contracts, in accordance with the provisions of the Plan.

PEPCO HOLDINGS, LLC RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

9. Related Party Transactions

Investment options in the Plan include registered investment mutual funds and common/collective trusts managed by Vanguard. Vanguard is affiliated with the Plan Trustee, and therefore, these transactions qualify as exempt party-in-interest transactions, in accordance with ERISA. Effective March 23, 2016, Exelon as the Plan sponsor is a related party. As of December 31, 2016, the fair value of the Exelon common stock held by the Plan was $172,629. Prior to March 23, 2016, PHI as the Plan sponsor was a related party. The fair value of the PHI common stock held by the Plan at December 31, 2015 was $134,364,083. There have been no known prohibited transactions with a party-in-interest.

PEPCO HOLDINGS, LLC RETIREMENT SAVINGS PLAN
SCHEDULE OF ASSETS (HELD AT END OF YEAR)
As of December 31, 2016
Schedule H, Part IV, Item 4i of Form 5500
Employer Identification Number 23-2990190 Plan # 023

(a)	(b) Identity of Issue, Borrower, Lessor, or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par, or Maturity Value	(e) Current value
	Registered Investment Company		
	Baron Growth Inst Shares		$ 4,383,134
	Conestoga Small Cap		10,327,972
	Dodge & Cox Intl Stock		18,302,083
	Fidelity Contrafund		16,158,558
	Frank Mut Global Disc R6		3,348,244
	MSIF US Real Estate Class I		9,538,065
	NB Genesis R6		6,190,690
	PIMCO Total Return Fd, Instit		17,333,405
	T. Rowe Price Emerging Mkt St		6,712,707
	T. Rowe Price New Horizons Ret		11,565,940
	TRP Growth Stock Fund		46,287,503
*	Vanguard Extend Mkt Index Inst		63,997,934
*	Vanguard GNMA Fund Admiral Shs		36,827,564
*	Vanguard Inst Index Fund		193,679,446
*	Vanguard I-T Treasury Adm		8,458,756
*	Vanguard PRIMECAP Adm		42,857,612
*	Vanguard Prime Money Mkt		236,134
*	Vanguard Total Bond Idx Inst		68,396,121
*	Vanguard Total Intl Stk Inst		53,461,922
*	Vanguard Windsor II Fund Adm		35,217,288
	Total Registered Investment Companies		653,281,078
	Common/Collective Trusts		
*	Vanguard Retirement Savings Trust III		158,204,368
*	Vanguard Tgt Retire 2010 Tr II		16,801,104
*	Vanguard Tgt Retire 2015 Tr II		39,068,433
*	Vanguard Tgt Retire 2020 Tr II		47,085,565
*	Vanguard Tgt Retire 2025 Tr II		65,658,396
*	Vanguard Tgt Retire 2030 Tr II		32,797,987
*	Vanguard Tgt Retire 2035 Tr II		25,642,910
*	Vanguard Tgt Retire 2040 Tr II		14,496,777
*	Vanguard Tgt Retire 2045 Tr II		24,656,838
*	Vanguard Tgt Retire 2050 Tr II		13,514,540
*	Vanguard Tgt Retire 2055 Tr II		5,479,648
*	Vanguard Tgt Retire 2060 Tr II		905,564
*	Vanguard Tgt Retire Inc Tr II		15,709,809
	Total Common/Collective Trusts		460,021,939
*	Exelon Corporation Stock Fund	Exelon Common Stock	172,629
*	Notes receivable from participants	Varying maturity dates from 2017-2045 with interest rates from 3.25% - 11.00%	25,991,952
	Total investments		$1,139,467,598

* Represents party in interest

Colum (d), cost, has been omitted as investments are participant directed.

EXHIBIT INDEX

Exhibits filed with Form 11-K for the year ended December 31, 2016:

Exhibit No.	Description of Exhibit
23.1	Consent of Independent Registered Public Accounting Firm
23.2	Consent of Independent Registered Public Accounting Firm

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

Pepco Holdings, LLC Retirement Savings Plan

Date: June 21, 2017

/s/ Jennifer Franco
Jennifer Franco
Plan Administrator

Exhibit 23.1
Exelon Corporation
Form 11-K File No. 1-16169

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statement on Forms S-8 (No. 333-215114) of Exelon Corporation of our report dated June 21, 2017, with respect to the statements of net assets available for benefits of the Pepco Holdings, LLC Retirement Savings Plan as of December 31, 2016, the related statement of changes in net assets available for benefits for the year then ended, and the related supplemental schedule of Schedule H, line 4i-schedule of assets (held at end of year) as of December 31, 2016, which appears in the December 31, 2016 annual report on Form 11-K of the Pepco Holdings, LLC Retirement Savings Plan.

/s/ WASHINGTON, PITTMAN & McKEEVER, LLC

Chicago, Illinois
June 21, 2017

Exhibit 23.2
Exelon Corporation
Form 11-K File No. 1-16169

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-215114) of Exelon Corporation of our report dated June 24, 2016 relating to the financial statements of the Pepco Holdings, LLC Retirement Savings Plan, which appears in this Form 11-K.

/s/ SB & Company, LLC

Washington, D.C.
June 21, 2017

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Fiscal Year Ended December 31, 2016

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number 1-16169

EXELON CORPORATION
EMPLOYEE SAVINGS PLAN
(Full title of the Plan)

EXELON CORPORATION
(a Pennsylvania Corporation)

10 South Dearborn Street
P.O. Box 805379
Chicago, Illinois 60680-5379
(312) 394-7398
(Name of the issuer of the securities held pursuant to the Plan and the address of its principal executive offices)

EXELON CORPORATION EMPLOYEE SAVINGS PLAN

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Participants and the Administrator of the
Exelon Corporation Employee Savings Plan:

We have audited the accompanying statements of net assets available for benefits of the Exelon Corporation Employee Savings Plan (the "Plan") as of December 31, 2016 and 2015 and the related statement of changes in net assets available for benefits for the year ended December 31, 2016. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2016 and 2015, and the changes in net assets available for benefits for the year ended December 31, 2016, in conformity with accounting principles generally accepted in the United States of America.

The supplemental information in the accompanying schedule of assets (held at end of year) as of December 31, 2016 has been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The supplemental information is presented for the purpose of additional analysis and is not a required part of the financial statements but includes supplemental information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental information is the responsibility of the Plan's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting or other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information in the accompanying schedule, we evaluated whether the supplemental information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental information in the accompanying schedule is fairly stated in all material respects in relation to the financial statements as a whole.

/s/ WASHINGTON, PITTMAN & McKEEVER, LLC

Chicago, Illinois
June 21, 2017

EXELON CORPORATION EMPLOYEE SAVINGS PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	December 31,	
	2016	**2015**
ASSETS		
Investments at fair value		
Plan interest in the net assets of the Exelon Corporation Defined Contribution Retirement Plans Master Trust (see Note 3)	$6,850,466,301	$6,378,467,018
Receivables		
Participant contributions	9,623,527	11,818,847
Employer contributions		
Fixed contributions	7,490,893	3,202,190
Profit-sharing contributions	48,989,679	48,519,826
Notes receivable from participants	126,901,239	124,754,495
Total receivables	193,005,338	188,295,358
NET ASSETS AVAILABLE FOR BENEFITS	$7,043,471,639	$6,566,762,376

The accompanying Notes are an integral part of these Financial Statements.

EXELON CORPORATION EMPLOYEE SAVINGS PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

	Year Ended December 31, 2016
ADDITIONS	
Contributions	
Participant	$ 263,170,879
Employer fixed match	94,797,652
Employer non-discretionary fixed	9,122,544
Employer profit-sharing match	48,989,679
Rollover receipts	12,980,844
Total contributions	429,061,598
Investment income	
Plan interest in the net investment income from the Exelon Corporation Defined Contribution Retirement Plans Master Trust (see Note 3)	568,653,097
Interest income from participant loans	4,797,571
Total investment income	573,450,668
Total additions	1,002,512,266
DEDUCTIONS	
Participant withdrawals and distributions	523,997,734
Administrative expenses	3,658,937
Total deductions	527,656,671
Net increase before transfers	474,855,595
Net assets transferred from other plans (see Note 8)	1,853,668
Net increase after transfers	476,709,263
NET ASSETS AVAILABLE FOR BENEFITS	
Beginning of year	6,566,762,376
End of year	$ 7,043,471,639

The accompanying Notes are an integral part of these Financial Statements.

EXELON CORPORATION EMPLOYEE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

1. Plan Description

The following description of the Exelon Corporation Employee Savings Plan (the "Plan") is provided for general information purposes only. The official text of the Plan, as amended, should be read for more complete information.

General

The Plan was established by Commonwealth Edison Company, effective March 1, 1983, to provide a systematic savings program for eligible employees and to supplement such savings with employer matching contributions. On March 30, 2001, the Commonwealth Edison Employee Savings and Investment Plan was combined with the PECO Energy Company Employee Savings Plan to become the Exelon Corporation Employee Savings Plan. On July 1, 2014, the Constellation Energy Group, Inc. Employee Savings Plan was merged into the Plan. On July 1, 2015, the Employee Savings Plan for Constellation Energy Nuclear Group, LLC and Represented Employee Savings Plan for Nine Mile Point were merged into the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and the Internal Revenue Code of 1986, as amended (the "Code"). The Exelon Corporation Stock Fund, which is an investment option under the Plan, is invested primarily in Exelon Corporation common stock and is intended to be an Employee Stock Ownership Plan under Code Section 4975(e)(7).

Exelon Corporation ("Exelon") is the sponsor of the Plan and the administrator of the Plan (the "Plan Administrator") acting through Exelon's Director of Employee Benefit Plans and Programs. The Plan Administrator has the responsibility for the day-to-day administration of the Plan. Exelon, acting through the Exelon Investment Office, is responsible for the selection and retention of the Plan's investment options and any investment manager that may be appointed under the Exelon Corporation Defined Contribution Retirement Plans Master Trust (the "Master Trust"). The Northern Trust Company is the Plan trustee ("Trustee"). Effective July 1, 2016, Northwest Plan Services, Inc. became the Plan recordkeeper (for periods on or after July 1, 2016, the "Recordkeeper"). Prior to July 1, 2016, Aon Hewitt was the Plan recordkeeper (for periods before July 1, 2016, the "Recordkeeper").

Generally, any regular employee whose employment is subject to a collective bargaining agreement that provides for participation in the Plan and any regular non-represented employee of a subsidiary of Exelon that is designated by Exelon as participating in the Plan (such subsidiary referred to individually and collectively as the "Company") is eligible to elect to participate in the Plan. Participating employees include employees represented by: International Brotherhood of Electrical Workers ("IBEW") Locals 15, 97 and 614; Utility Workers of America Local 369; Security, Police & Fire Professionals of America Locals 228 and 238; Service Employees International Union Local 1; United Government Security Officers of America Locals 12, 17 and 18; and United Security Services Union Local 1. Newly hired employees who do not make a participation election within 90 days after their date of hire will automatically be enrolled in the Plan as soon as administratively practicable after their 90th day of employment with a pre-tax deferral of 3% of eligible pay per pay period and 1% increase each March 1st, generally beginning with the second calendar year that begins after automatic enrollment first applies to the participant, until a total maximum pre-tax deferral of 5% of eligible pay is reached. Contributions to the Plan will be automatically invested in the custom target retirement fund that corresponds to the participant's anticipated retirement date (based on the participant's birth date). A participant who is subject to automatic enrollment may elect within 90 days of the first automatic contribution, to withdraw all automatic contributions adjusted for any investment gains or losses. Such a withdrawal would be subject to federal income tax but not to any early withdrawal penalty. Additionally, the participant will forfeit any employer matching contributions made with respect to such automatic contributions.

EXELON CORPORATION EMPLOYEE SAVINGS PLAN

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Participant Contributions

The Plan permits salaried, non-represented hourly and participating represented employees to contribute between 1% and 50% of eligible pay each pay period on a pre-tax basis, an after-tax basis, a Roth basis or a combination of the three, subject to certain Internal Revenue Service ("IRS") limitations.

During any calendar year in which a participant attains age 50 or older, he or she may elect to make additional pre-tax contributions, called "catch-up" contributions, to the Plan. In order to be eligible to make catch-up contributions, the participant must anticipate that his or her pre-tax contributions to the Plan will reach the applicable annual IRS limit on that type of contribution or be contributing at the maximum base pay level. Catch-up contributions are not credited with the Company's fixed or profit-sharing matching contribution.

Company Contributions

Effective January 1, 2010, with respect to non-represented employees, except non-exempt craft and clerical employees assigned to the Peach Bottom, Limerick, Outage Services East, Philadelphia Electric Company or Texas generating plant, Exelon provides both a fixed and annual profit-sharing match. Under the fixed match, Exelon matches 60% of the first 5% of a participant's eligible pay contributed per pay period, by the employee for a maximum annual fixed match percentage of 3% of the participant's eligible pay. Additionally, with respect to such employees, Exelon may make an annual profit-sharing match of up to 3% of eligible pay contributed per pay period, based on specified performance goals established by the Compensation Committee of Exelon's Board of Directors (the "Committee"). Combined, the total employer match (fixed and profit-sharing) is an annual maximum of up to 6% of a participant's eligible pay. Any profit-sharing match will be contributed to the Plan after the end of each calendar year. The 2016 profit-sharing match contributed in 2017 was $48,989,679. The 2015 profit-sharing match contributed in 2016 was $48,519,826. Generally, a participant must be employed on the last day of a calendar year to receive the profit-sharing match for that year. In the event a participant terminates employment during the calendar year due to death, long-term disability or retirement (age 50 and completion of 10 years of service with the Company) or in the event a participant terminates employment with the Company and receives benefits under the severance plan, the participant will be eligible to receive a profit-sharing match.

With respect to non-represented, non-exempt craft and clerical employees assigned to the Peach Bottom, Limerick, Outage Services East, Philadelphia Electric Company or Texas generating plant, Exelon provides a fixed match of 100% of the first 5% of a participant's eligible pay contributed per pay period. Employer matching contributions for represented employees are based on the applicable collective bargaining agreement.

Effective January 1, 2015, for employees within the Commercial Retail or Commercial Wholesale business of Exelon Generation Company, LLC who are eligible to participate in the Constellation Short-Term Incentive Award Program, the Company provides an additional non-discretionary fixed contribution of 3% of eligible pay. Any non-discretionary fixed contribution will be contributed to the Plan after the end of each calendar year based on eligible pay determined as of the last day of the applicable plan year.

Investment Options

The Plan's investments are held in the Master Trust, which was established in 2006, for the investments of the Plan and other savings plans sponsored by Exelon. The Plan investments are fully participant-directed, and the Plan is intended to satisfy Section 404(c) of ERISA.

The investment options include a menu of funds that include custom Target Retirement Fund options, three actively-managed custom funds, three passively-managed funds, the Northern Trust U.S. Government Short-Term Investment Fund and the Exelon Corporation Stock Fund. Below is a brief description of each of the investment options available as of December 31, 2016 and 2015. These descriptions are not, and are not intended to be, complete descriptions of each investment option's risk, objective and strategy.

EXELON CORPORATION EMPLOYEE SAVINGS PLAN

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- **Target Date Funds -** Diversified funds managed by multiple investment managers that seek to provide investment return, shifting from an emphasis on capital appreciation to an emphasis on income and inflation protection as the fund approaches and passes its target retirement age. Target allocations of the funds are designed using certain assumptions, including that most Exelon plan participants receive a 401(k) company matching contribution under the Plan, earn pension benefits over their careers under a cash balance or other pension plan, and typically begin receiving retirement benefits around age 61. The funds reduce exposure to equity and real estate, and increase exposure to fixed income and certain other investments, as the target retirement date approaches, and for ten years thereafter.
- **Actively-managed custom funds -** These funds use a multi-manager approach whereby the fund's assets are allocated to several investment managers that act independently of each other and follow their own distinct investment style in investing in securities. The portfolios are principally managed using an active approach with the objective of collectively exceeding the record of the fund benchmark.
- **Passively-managed funds -** These funds seek investment results that correspond generally to the price and yield performance, before fees and expenses, of a particular index.
- **Northern Trust U.S. Government Short-Term Investment Fund -** This fund is an investment vehicle for cash reserves that offers a rate of return based on a portfolio of obligations of the U.S. Government, its agencies or instrumentalities, and related money market instruments. Principal preservation and liquidity management are the fund's prime objectives.
- **Exelon Corporation Stock Fund -** This fund primarily invests in Exelon common stock with some short-term liquid investments. The Exelon Corporation Stock Fund does not represent direct ownership of Exelon common stock. The fund's unit value is determined by dividing the total current fair value of the investments in the fund by the total number of units owned. This fund is not diversified and is considered riskier than a "diversified" portfolio.

Notes Receivable from Participants

A participant may, upon application, borrow from the Plan. Only one loan is permitted to a participant in any calendar year with a maximum of five (as of April 6, 2009, three for the majority of non-represented employees and employees whose collective bargaining agreement limits loans to three) outstanding at any time, and the amount of any loan shall not be less than $1,000. The aggregate amount of all outstanding loans may not exceed the lesser of (i) 50% of a participant's vested balance in the Plan or (ii) $50,000 minus the excess of the highest outstanding balance of all loans from the Plan to the participant during the previous 12-month period over the outstanding balance of all loans from the Plan to the participant on the day the loan is made. For loans other than home loans, the maximum term is five years. For a home loan, the maximum term is fifteen years and the minimum is five years. The interest rate on all loans is the prime rate for commercial loans plus 1%. Principal and interest is paid ratably through monthly payroll deductions or direct payment, as applicable. No lump-sum or installment distribution from the Plan will be made to a participant who has received a loan, or to a beneficiary of any such participant, until the loan, including interest, has been repaid out of the funds otherwise distributable. In the event a participant defaults on the repayment of a loan, the loan will be considered a taxable distribution of the participant's account and may be subject to an early withdrawal penalty.

Withdrawals by Participants While Employed

Generally, a participant may withdraw up to the entire balance of his or her after-tax contributions account once each calendar year. After making such a withdrawal, the participant must wait six months before making a new election to resume after-tax contributions to the Plan if the distribution is received by the participant before attainment of age 59 $^{1}/_{2}$. A participant may also withdraw up to an amount equal to the balance in his or her rollover account.

EXELON CORPORATION EMPLOYEE SAVINGS PLAN

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Generally, a participant may make withdrawals from his or her before-tax, catch-up, matching, Roth, Roth catch-up and Roth rollover contributions accounts, but only if the participant has attained age 59 1/2 or, prior to that age, only in an amount required to alleviate financial hardship as defined in the Code and regulations promulgated thereunder. Financial hardship withdrawals from a before-tax contributions account suspend the participant's right to make contributions to the Plan for six months.

While any loan to the participant remains outstanding, the maximum amount available for withdrawal shall be the balance in such account less the balance of all outstanding loans.

Distributions upon Termination of Employment

Upon termination of employment, including the retirement, total disability or death of a participant, a participant is entitled to the distribution of his or her entire account balance. Such distribution will be made, as elected by the participant, in the form of either a single lump-sum payment, an ad hoc partial distribution, or in substantially equal annual, quarterly or monthly installments over any period of time specified by the participant, subject to meeting any restrictions required by applicable law, including but not limited to the minimum distribution requirements under the Internal Revenue Code. If a participant elects installment payments, the participant can elect to change the amount, frequency and number of payments at any time. A participant may elect ad hoc partial withdrawals of any amount at any time. A participant may elect to defer distributions until age 70 1/2 . If the value of a participant's account is $1,000 or less, the participant will receive a lump sum distribution from the Plan upon termination of employment. If the value of a participant's account is greater than $1,000, the participant can leave his or her account in the Plan. Generally, distributions will be taxed as ordinary income in the year withdrawn and may also be subject to an early withdrawal penalty if taken before age 59 1/2 , unless eligible rollover distributions are rolled over to another qualified plan or an Individual Retirement Account ("IRA"). A 20% mandatory federal income tax withholding applies to withdrawals that are eligible for rollover, but which are not directly rolled over to another qualified plan or an IRA. If a participant does not specify the form and timing of the participant's distribution, the benefit generally will be paid in installments beginning no later than April 1 of the calendar year following the calendar year in which the participant attains age 70 1/2 .

Participant Accounts

Each participant's account is credited with the participant's contribution and allocations of (i) the Company's corresponding contributions and (ii) Plan earnings, and charged with an allocation of Plan administrative costs. Allocations are based on participant elections or account balances, as applicable. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting of Participants' Accounts

Participants are fully vested in their accounts at all times.

Investment Income

Dividends and earnings received on all funds, with the exception of the Exelon Corporation Stock Fund, are automatically reinvested in the fund to which those earnings apply.

Employee Stock Ownership Plan

If a participant invests any portion of his or her account in the Exelon Corporation Stock Fund and is eligible to receive dividend distributions from the Plan, then the participant is deemed to have elected to have the dividends reinvested in the Exelon Corporation Stock Fund. If the participant prefers to receive any such dividends in cash, he or she can so elect by contacting the Recordkeeper. Dividends distributed to the participant in cash from the Plan are subject to income tax as a dividend and not subject to an early withdrawal penalty.

EXELON CORPORATION EMPLOYEE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies

General

The Plan follows the accrual method of accounting, in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Withdrawals and distributions are recorded when paid.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires the Plan Administrator to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Accordingly, actual results may differ from those estimates.

Investment Valuation and Income Recognition

The Plan's interest in the Master Trust is stated at fair value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. The Plan presents, in the Statement of Changes in Net Assets Available for Benefits, the Plan interest in investment income from the Master Trust. See Note 3—Fair Value of Interest in Master Trust for further information.

Plan Expenses

A participant's account balance will be charged with certain fees and expenses. Asset-based fees (e.g., management fees and other fund operating expenses) are used to cover the expenses related to running an investment fund, and are generally deducted directly from a participant's investment returns. The asset-based fees relating to the target date and custom funds are primarily presented within the investment and administrative fees of the Master Trust. See Note 3—Fair Value of Interest in Master Trust for further information.

Plan administration fees cover the day-to-day expenses of administering the Plan and are covered by amounts deducted directly from participant accounts. Transaction-based fees also may be charged with respect to optional features offered under the Plan (e.g., loans) and are charged directly against a participant's account balance.

Notes Receivable from Participants

Notes receivable from participants are valued at their unpaid principal balance plus accrued interest. No allowance for credit losses has been recorded as of December 31, 2016 or 2015.

Reclassifications

Certain prior year amounts have been reclassified for comparative purposes. These reclassifications did not affect net assets available for benefits.

Recent Accounting Pronouncements

Fair Value Measurements and Disclosures

In May 2015, the Financial Accounting Standards Board ("FASB") issued authoritative guidance that removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value ("NAV") per share practical expedient. Investments measured at NAV per share using the practical expedient will be presented as a reconciling item between the fair value hierarchy disclosure and the investment line item on the statement of financial position. The guidance also removes the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the NAV per share practical expedient. Rather, those disclosures are limited to investments for which the entity has elected to measure the fair value using the practical expedient. The new guidance is effective for non-public entities for periods beginning after December 15, 2016 and is required to be applied retrospectively for all periods presented. Early adoption is permitted. The Company adopted this standard for plan reporting effective December 31, 2016. As this guidance provides only disclosure requirements, the adoption of this standard did not impact the Plan's financial results.

EXELON CORPORATION EMPLOYEE SAVINGS PLAN

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Master Trust Presentation and Disclosures

In February 2017, the FASB issued authoritative guidance that requires a plan's interest in a master trust and any change in interest in the master trust to be presented as a single line item in the statement of net assets available for benefits and in the statement of changes in net assets available for benefits. It also requires that plans with a divided interest disclose the master trust's investments by general type and other assets and liabilities balances, as well as the dollar amount of the plan's interest in each of those balances. The new guidance is effective for periods beginning after December 15, 2018 and is required to be applied retrospectively. Early adoption is permitted. The Company is currently assessing the effects this guidance may have on the Plan's financial statement disclosures.

3. Fair Value of Interest in Master Trust

The Plan established a Master Trust Agreement with the Trustee for the purpose of investing assets of the Plan and other savings plans sponsored by Exelon. The investment options for the three savings plans that participate in the Master Trust are the same, with the exception of the Exelon Corporation Stock Fund which through December 31, 2015, was only offered in the Plan. Effective January 1, 2016, the Exelon Corporation Stock Fund was offered in all three savings plans that participate in the Master Trust. The Master Trust is comprised of two master trust investment accounts ("MTIA")—one of which contains primarily real estate investments ("MTIA B") and another for the remaining other investments ("MTIA A"). The real estate account within the Master Trust is comprised primarily of real estate assets that do not have an observable value (either directly or indirectly) on an established market, and therefore, is being reported separately for Form 5500 purposes. Interest and dividends along with net depreciation or appreciation in the fair value of investments are allocated to the Plan on a daily basis based upon the Plan's equitable share of the various investment funds and portfolios that comprise the Master Trust. The Plan's Statements of Net Assets Available for Benefits include its share of investments maintained in the Master Trust measured at fair value on a recurring basis.

At December 31, 2016 and 2015, the Plan's interest in the net assets of the Master Trust was approximately 98.06% and 98.01% respectively.

EXELON CORPORATION EMPLOYEE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

The net assets of the Master Trust as of December 31, 2016 and 2015 are as follows:

	December 31, 2016			December 31, 2015		
	MTIA A	MTIA B	Total	MTIA A	MTIA B	Total
ASSETS						
Investments, at fair value						
Interest bearing cash	$ 472,636,125	$ 1,912,643	$ 474,548,768	$ 453,418,073	$ —	$ 453,418,073
U.S. government securities	612,245,321	—	612,245,321	602,296,873	—	602,296,873
Corporate debt instruments - preferred	20,410,627	—	20,410,627	11,688,048	—	11,688,048
Corporate debt instruments - other	541,704,264	2,635,867	544,340,131	530,776,394	2,513,873	533,290,267
Corporate stock - preferred	1,577,481	6,592,717	8,170,198	1,332,252	6,823,875	8,156,127
Corporate stock - common	1,250,488,363	—	1,250,488,363	1,717,448,199	1,623,294	1,719,071,493
Corporate stock - Exelon Corporation (1)	338,056,375	—	338,056,375	283,346,974	—	283,346,974
Real estate	—	168,245,150	168,245,150	—	169,662,729	169,662,729
Common/collective trust funds	3,321,251,085	1,548,234	3,322,799,319	2,512,571,383	1,425,230	2,513,996,613
Registered investment company securities	73,823,407	6,664,710	80,488,117	52,799,046	—	52,799,046
Other investments	215,100,671	18,602,383	233,703,054	229,393,127	17,861,649	247,254,776
Total Master Trust investments	6,847,293,719	206,201,704	7,053,495,423	6,395,070,369	199,910,650	6,594,981,019
Other Assets						
Cash	2,002,677	—	2,002,677	768,619	—	768,619
Accrued dividend and interest	13,531,952	—	13,531,952	14,795,991	—	14,795,991
Due from brokers for securities sold	75,428,772	—	75,428,772	127,608,249	—	127,608,249
Other	4,842,016	—	4,842,016	341,582	—	341,582
Total other assets	95,805,417	—	95,805,417	143,514,441	—	143,514,441
Total Master Trust assets	6,943,099,136	206,201,704	7,149,300,840	6,538,584,810	199,910,650	6,738,495,460
LIABILITIES						
Accrued investment and administrative expenses	6,339,386	840,600	7,179,986	5,745,654	431,240	6,176,894
Due to broker for securities purchased	155,118,057	—	155,118,057	222,908,114	—	222,908,114
Other liabilities	1,211,153	—	1,211,153	1,399,324	—	1,399,324
Total Master Trust liabilities	162,668,596	840,600	163,509,196	230,053,092	431,240	230,484,332
Total Master Trust net assets	$6,780,430,540	$205,361,104	$6,985,791,644	$6,308,531,718	$199,479,410	$6,508,011,128

(1) The Exelon Corporation Stock Fund held $337.9 million and $282.7 million of this investment as of December 31, 2016 and 2015, respectively. The custom funds held $0.1 million and $0.7 million of this investment as of December 31, 2016 and 2015, respectively.

EXELON CORPORATION EMPLOYEE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

The net investment income and appreciation of the Master Trust for the year ended December 31, 2016 is as follows:

	Year Ended December 31, 2016		
	MTIA A	MTIA B	Total
Corporate stock dividends	$ 43,209,028	$ 439,751	$ 43,648,779
Other interest and dividends	49,226,074	383,155	49,609,229
Net appreciation in the fair value of investments	488,760,287	13,225,222	501,985,509
Total net investment income and appreciation	581,195,389	14,048,128	595,243,517
Investment and administrative expenses not directly allocated to the plans	(14,923,611)	(1,662,374)	(16,585,985)
Total Master Trust net investment income and appreciation	$566,271,778	$12,385,754	$578,657,532

For the year ended December 31, 2016, the Plan's interest in the net investment income of the Master Trust is 98.27%.

Recurring Fair Value Measurements

To increase consistency and comparability in fair value measurements, the FASB established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1 - unadjusted quoted prices in active markets for identical assets for which the Plan has the ability to access as of the reporting date.
- Level 2 - inputs other than quoted prices included within Level 1 that are directly observable for the asset or indirectly observable through corroboration with observable market data.
- Level 3 - unobservable inputs, such as internally-developed pricing models for the asset.

The valuation methods for each investment category are described below.

Interest bearing cash . Interest bearing cash is valued daily based on observable market prices and is categorized as Level 1.

U.S. government securities. U.S. government securities are valued daily based on quoted prices in active markets. Investments in U.S. Treasury securities have been categorized in Level 1 because they trade in highly liquid and transparent markets. Investments in U.S. government affiliates are based on evaluated prices that reflect observable market information, such as actual trade information of similar securities, adjusted for observable differences and are categorized as Level 2.

Preferred and other corporate debt instruments. Corporate debt instruments are based on evaluated prices that reflect observable market information, such as actual trade information of similar securities, adjusted for observable differences and are categorized as Level 2.

Preferred and common corporate stock. The Master Trust's stock investments are primarily traded on exchanges that contain only actively traded securities, due to the volume trading requirements imposed by these exchanges. Preferred and common corporate stocks, including rights and warrants, are valued daily based on quoted prices in active markets and are categorized as Level 1. Certain securities have been categorized as Level 2 because they are based on evaluated prices that reflect observable market information, such as actual trade information of similar securities.

EXELON CORPORATION EMPLOYEE SAVINGS PLAN

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Real estate. Income producing real estate funds are valued by the fund managers on a daily basis. Fund values are based on valuation of the underlying investments which may include inputs such as operating results, discounted future cash flows and market-based comparable data. The valuation inputs are unobservable. Certain real estate investments are redeemable from the investment vehicle quarterly. The fair value is determined using NAV or its equivalent as a practical expedient and are not classified within the fair value hierarchy.

Common/collective trust funds. Common/collective trust funds are maintained by investment companies and hold investments in accordance with a stated set of fund objectives. For common/collective trust funds which are not publicly quoted, the funds are valued using the NAV per fund share as a practical expedient, which is primarily derived from the quoted prices in active markets of the underlying securities, and are not classified within the fair value hierarchy. Common/collective trust funds can be redeemed daily.

Registered investment company securities. Registered investment company securities are investment funds maintained by investment companies that hold investments in accordance with a stated set of fund objectives. For funds with values that are publicly quoted on a daily basis in active markets, the funds have been categorized as Level 1. For funds with values which are not publicly quoted, the funds are valued using the NAV per fund share as a practical expedient, which is primarily derived from the quoted prices in active markets of the underlying securities, and are not classified within the fair value hierarchy. The registered investment company securities can be redeemed daily.

Other investments. Other investments include futures contracts, swap contracts, holdings in real estate investment trusts, and state, municipal and foreign government fixed income securities. Futures contracts are valued daily based on quoted prices in active markets and trade in open markets, and have been categorized as Level 1. Real estate investment trusts are valued daily based on quoted prices in active markets and have been categorized as Level 1. State, municipal and foreign government fixed income securities are valued daily using evaluated prices that reflect observable market information, such as actual trade information of similar securities, adjusted for observable differences and are categorized as Level 2. Derivative instruments other than futures contracts are valued based on external price data of comparable securities and have been categorized as Level 2.

Transfer policy

The Company's policy is to recognize transfers into and out of levels as of the end of the reporting period.

EXELON CORPORATION EMPLOYEE SAVINGS PLAN

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The Plan's Statements of Net Assets Available for Benefits include its share of investments maintained in the Master Trust measured at fair value on a recurring basis. The following tables present the fair value of assets in the Master Trust and their level within the fair value hierarchy as of December 31, 2016 and 2015:

As of December 31, 2016

	Level 1	Level 2	Investments measured at NAV	Total
Master Trust Investments:				
Interest bearing cash	$ 474,548,768	$ —	$ —	$ 474,548,768
U.S. government securities	318,110,004	294,135,317	—	612,245,321
Corporate debt instruments - preferred	—	20,410,627	—	20,410,627
Corporate debt instruments - other	—	544,340,131	—	544,340,131
Corporate stock - preferred	7,827,070	343,128	—	8,170,198
Corporate stock - common	1,250,488,363	—	—	1,250,488,363
Corporate stock - Exelon Corporation	338,056,375	—	—	338,056,375
Real estate	—	—	168,245,150	168,245,150
Common/collective trust funds	—	—	3,322,799,319	3,322,799,319
Registered investment company securities	6,664,710	—	73,823,407	80,488,117
Other investments	124,167,048	109,536,006	—	233,703,054
Total Master Trust investments	$2,519,862,338	$968,765,209	$3,564,867,876	$7,053,495,423

As of December 31, 2015

	Level 1	Level 2	Investments measured at NAV	Total
Master Trust Investments:				
Interest bearing cash	$ 453,418,073	$ —	$ —	$ 453,418,073
U.S. government securities	339,135,405	263,161,468	—	602,296,873
Corporate debt instruments - preferred	—	11,688,048	—	11,688,048
Corporate debt instruments - other	—	533,290,267	—	533,290,267
Corporate stock - preferred	8,156,127	—	—	8,156,127
Corporate stock - common	1,719,071,493	—	—	1,719,071,493
Corporate stock - Exelon Corporation	283,346,974	—	—	283,346,974
Real estate	—	—	169,662,729	169,662,729
Common/collective trust funds	—	—	2,513,996,613	2,513,996,613
Registered investment company securities	—	—	52,799,046	52,799,046
Other investments	133,324,643	113,930,133	—	247,254,776
Total Master Trust investments	$2,936,452,715	$922,069,916	$2,736,458,388	$6,594,981,019

There were no significant transfers between Level 1 and Level 2 during the years ended December 31, 2016 and 2015.

EXELON CORPORATION EMPLOYEE SAVINGS PLAN

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4. Risks and Uncertainties

The Plan provides for various investment options in several investment securities and instruments. Investment securities are exposed to various risks, such as interest, market and credit risk. Due to the level of risks associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in values in the near term could materially affect participants' account balances and the amounts reported in the Statements of Net Assets Available for Benefits and the Statement of Changes in Net Assets Available for Benefits.

From time to time, investment managers may use derivative financial instruments including futures, forward foreign exchange, and swap contracts. Derivative instruments may be used to mitigate exposure to foreign exchange rate and interest rate fluctuations as well as manage the investment mix in the portfolio. The Plan's exposure is limited to the fund(s) utilizing such derivative investments. Risks of entering into derivatives include the risk of an illiquid market, inability of a counterparty to perform, or unfavorable movement in foreign currency exchange rates, interest rates, or the underlying securities.

Some investment managers may engage in securities lending programs in which the funds lend securities to borrowers, with the objective of generating additional income. The borrowers of fund securities deliver collateral to secure each loan in the form of cash, securities, or letters of credit, and are required to maintain the collateral at a level no less than 100% of the market value of the loaned securities. Cash collateral is invested in common/collective trust funds or collateral pools. Participation in securities lending programs involves exposure to the risk that the borrower may default and there may be insufficient collateral to buy back the security. Lenders of securities also face the risk that invested cash collateral may become impaired or that the interest paid on loans may exceed the amount earned on the invested collateral. The Plan's exposure is limited to the funds that lend securities.

5. Income Tax Status

The Plan obtained its latest determination letter on May 25, 2017 in which the IRS stated that the Plan, as then designed, was in compliance with the applicable requirements of the Code. The Plan is qualified under Section 401(a) and 401(k) of the Code.

6. Plan Termination

The Plan may be amended, modified or terminated by Exelon at any time. The Plan may also be terminated if the IRS disqualifies the Plan. Termination of the Plan with respect to a participating employer may occur if there is no successor employer in the event of dissolution, merger, consolidation or reorganization of such employer company. In the event of full or partial termination of the Plan, assets of affected participants of the terminating employer or employers shall remain 100% vested and distributable at fair market value in the form of cash, securities or annuity contracts, in accordance with the provisions of the Plan.

EXELON CORPORATION EMPLOYEE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

7. Related Party Transactions

Investment options in the Plan include common/collective trust funds managed by the Trustee or its affiliates. The Master Trust also holds shares of Exelon common stock. These transactions qualify as exempt party-in-interest transactions, in accordance with ERISA. There have been no known prohibited transactions with a party-in-interest.

8. Plan Transfers

In 2016, there were transfers totaling $1,781,038 to the Plan ($1,044,764 from the Exelon Employee Savings Plan for Represented Employees at TMI and Oyster Creek and $736,274 from the Exelon Employee Savings Plan for Represented Employees at Clinton). In 2016, there were transfers totaling $24,410 from the ESP ($23,714 to the Exelon Employee Savings Plan for Represented Employees at TMI and Oyster Creek and $696 to the Exelon Employee Savings Plan for Represented Employees at Clinton). The Plan also received $97,040 in conversions of participant loans from ConEd.

9. Subsequent Events

Effective July 1, 2017, sixteen additional passively-managed funds (Expanded Choice funds) will be offered under the Plan.

EXELON CORPORATION EMPLOYEE SAVINGS PLAN
SCHEDULE OF ASSETS (HELD AT END OF YEAR)
As of December 31, 2016
Schedule H, Part IV, Item 4i of Form 5500
Employer Identification Number 23-2990190, Plan #003

(a)	(b) Identity of Issue, Borrower, Lessor, or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral Par or Maturity Value	(e) Current Value
	* Interest in net assets of Master Trust, at fair value		$6,850,466,301
	* Notes receivable from participants	Interest rates: 3.75% - 10.50%	126,901,239
	Total investments		$6,977,367,540

* Represents party-in-interest
Column (d), cost, has been omitted as investments are participant directed.

EXHIBIT INDEX

Exhibit filed with Form 11-K for the year ended December 31, 2016:

Exhibit No.	Description of Exhibit
23	Consent of Independent Registered Public Accounting Firm

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

Exelon Corporation Employee Savings Plan

Date: June 21, 2017

/s/ Jennifer Franco

Jennifer Franco
Plan Administrator

Exhibit 23
Exelon Corporation
Form 11-K File No. 1-16169

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statement on Forms S-8 (No.'s 333-37082 and 333-49780) of Exelon Corporation of our report dated June 21, 2017, with respect to the statements of net assets available for benefits of the Exelon Corporation Employee Savings Plan as of December 31, 2016 and 2015, the related statement of changes in net assets available for benefits for the year ended December 31, 2016, and the related supplemental schedule of Schedule H, line 4i-schedule of assets (held at end of year) as of December 31, 2016, which appears in the December 31, 2016 annual report on Form 11-K of the Exelon Corporation Employee Savings Plan.

/s/ WASHINGTON, PITTMAN & McKEEVER, LLC

Chicago, Illinois
June 21, 2017

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Fiscal Year Ended December 31, 2013

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number 1-16169

CONSTELLATION ENERGY GROUP, INC. EMPLOYEE SAVINGS PLAN
(Full title of the Plan)

EXELON CORPORATION
(a Pennsylvania Corporation)

10 South Dearborn Street
P.O. Box 805379
Chicago, Illinois 60680-5379
(312) 394-7398
(Name of the issuer of the securities held pursuant to the Plan and the address of its principal executive offices)

CONSTELLATION ENERGY GROUP, INC. EMPLOYEE SAVINGS PLAN

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Participants and the Administrator of the
Constellation Energy Group, Inc. Employee Savings Plan:

We have audited the accompanying statements of net assets available for benefits of the Constellation Energy Group, Inc. Employee Savings Plan (the "Plan") as of December 31, 2013 and 2012 and the related statement of changes in net assets available for benefits for the year ended December 31, 2013. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2013 and 2012, and the changes in net assets available for benefits for the year ended December 31, 2013, in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) as of December 31, 2013, is presented for purposes of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, as amended. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and in our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

/s/ WASHINGTON, PITTMAN & McKEEVER, LLC

Chicago, Illinois
June 13, 2014

CONSTELLATION ENERGY GROUP, INC. EMPLOYEE SAVINGS PLAN

S TATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	December 31,	
	2013	**2012**
ASSETS		
Investments at fair value		
Registered investment company securities	$ 408,117,137	$ 781,806,206
Exelon corporation common stock	98,438,894	125,501,907
Common/collective trust funds	674,975,845	200,063,203
Short-term investment funds	11,867	21,902
Total investments	1,181,543,743	1,107,393,218
Receivables		
Participant contributions	2,458,180	1,896,376
Employer contributions		
Fixed match contribution	580,878	528,143
Profit-sharing contribution	1,375,730	—
Notes receivable from participants	23,619,402	25,639,110
Due from brokers securities sold	—	200,279
Total receivables	28,034,190	28,263,908
Total assets	1,209,577,933	1,135,657,126
LIABILITIES		
Due to brokers for securities purchased and other liabilities	61,566	1,390
Total liabilities	61,566	1,390
Net assets reflecting investments at fair value	1,209,516,367	1,135,655,736
Adjustment from fair value to contract value for fully benefit-responsive investment contracts (see Note 2)	(2,513,222)	(8,247,143)
NET ASSETS AVAILABLE FOR BENEFITS	$1,207,003,145	$1,127,408,593

The accompanying Notes are an integral part of these Financial Statements.

CONSTELLATION ENERGY GROUP, INC. EMPLOYEE SAVINGS PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

	Year Ended December 31, 2013
ADDITIONS	
Contributions	
Participant	$ 51,103,252
Employer fixed match	14,975,917
Employer profit-sharing	1,375,730
Rollover	6,264,867
Total contributions	73,719,766
Net investment income and appreciation	
Interest income and dividends	22,111,255
Net appreciation in the fair value of investments	173,253,050
Interest income from participant loans	1,067,991
Total investment income	196,432,296
Total additions	270,152,062
DEDUCTIONS	
Participant withdrawals and distributions	189,885,415
Administrative expenses	672,095
Total deductions	190,557,510
Net increase	79,594,552
NET ASSETS AVAILABLE FOR BENEFITS	
Beginning of year	1,127,408,593
End of year	$ 1,207,003,145

The accompanying Notes are an integral part of these Financial Statements.

1. Plan Description

The following description of the Constellation Energy Group, Inc. Employee Savings Plan (the "Plan") is provided for general information purposes only. The official text of the Plan, as amended, should be read for more complete information.

General

The Plan was initially established by Baltimore Gas and Electric Company ("BGE") as the Baltimore Gas and Electric Company Employee Savings Plan and Trust Agreement on July 1, 1978. Effective April 30, 1999, BGE shareholders approved the formation of a holding company, Constellation Energy Group, Inc. ("CEG"), and the Baltimore Gas and Electric Company Employee Savings Plan was amended, restated, and renamed as the Constellation Energy Group, Inc. Employee Savings Plan. The Plan was most recently restated on January 31, 2012. On March 12, 2012, in conjunction with an Agreement and Plan of Merger, CEG merged into Exelon Corporation ("Exelon" or the "Company") with Exelon continuing as the surviving corporation, and becoming the sponsor of the Plan. The Plan is a defined contribution plan, subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and the Internal Revenue Code of 1986, as amended (the "Code"). The portion of the Plan consisting of Exelon Corporation common stock is intended to be an Employee Stock Ownership Plan under Code Section 4975 (e)(7).

Exelon's Director of Employee Benefit Plans and Programs is the administrator of the Plan (the "Plan Administrator"). The Plan Administrator has the responsibility for the day-to-day administration of the Plan. Exelon, acting through the Exelon Investment Office, is responsible for the selection and retention of the Plan's investment options and appointment of the Plan's investment manager. T. Rowe Price Trust Company is the Plan trustee ("Trustee") and T. Rowe Price Retirement Plan Services, Inc. is the Plan recordkeeper ("Recordkeeper").

Effective May 1, 2013, the Plan was closed to new participants.

Participant Contributions

The Plan permits salaried, non-represented hourly and participating represented employees to contribute between 1% and 50% of their eligible pay through payroll deductions, on a pre-tax basis, from 1% to 15% of their eligible pay through payroll deductions, on an after-tax basis, or a combinations thereof. The maximum combined contribution rate for both the pre-tax and the after-tax contributions is 50%, subject to certain Internal Revenue Service ("IRS") limitations.

During any calendar year in which a participant attains age 50 or older, he or she may elect to make additional pre-tax contributions, called "catch-up" contributions to the Plan. In order to be eligible to make catch-up contributions, the participant must anticipate that his or her pre-tax contributions to the Plan will reach the applicable annual IRS limit on that type of contribution or be contributing at the maximum base pay level. Catch-up contributions are not credited with the Company's fixed or profit-sharing matching contribution.

Company Matching Contributions

In general, the Company contributes a fixed match equal to one-half of the participant's contribution up to six percent of eligible pay. However, the Company matching contribution for employees of Constellation New Energy, Inc. was 100% of the participant's contributions up to five percent of eligible pay until April 2011. In April 2011, the Company matching contribution for employees of Constellation New Energy, Inc. was changed to one-half of the participant's contribution up to six percent of eligible pay. Through December 31, 2011, company contributions were initially invested in CEG Common Stock and the participant had the option to transfer the funds to other available investment options immediately. Effective January 1, 2012, company contributions are invested in the employee's before-tax investment mix; however, if the employee is only contributing on an after-tax basis, the company contributions are invested in the employee's after-tax investment mix.

Effective January 1, 2013, Exelon may provide an annual profit-sharing match in addition to the fixed match. Under the profit-sharing match, Exelon may provide up to 3% of eligible pay contributed per pay period, based on earnings per share goals established by the Compensation Committee of Exelon's Board of Directors (the "Committee"). Any profit-sharing match will be contributed to the Plan after the end of each calendar year. The 2013 profit-sharing match contributed in 2014 was $1,375,730. Generally, a participant must be employed on the last day of a calendar year to receive the profit-sharing match for that year. In the event a participant terminates employment during the calendar year due to death, long-term disability or retirement (age 50 and completion of 10 years of service with the Company) or in the event a participant terminates employment with the Company and receives benefits under the severance plan, the participant will be eligible to receive a pro-rated profit-sharing match.

Participant Loans

A participant may, upon application, borrow from the Plan. Participants may obtain a loan in any amount between a minimum of $1,000 and a maximum of $50,000, but not more than 50% of the participant's account balance at the time of the loan. Participants may elect up to five years to repay the loan, unless the loan is used for the purchase of a principal residence, in which case they may elect up to 30 years for repayment. Participants are allowed to have up to two loans outstanding at any time. Principal and interest is paid ratably through monthly payroll deductions or direct payment, as applicable. The interest rate for loans is equal to the prime rate plus one percent on the last day of the month preceding the month the loan is initiated. The interest rate on amounts borrowed is set at the time the loan is executed and remains in effect for the duration of the loan. In the event a participant defaults on the repayment of a loan, the loan will be considered a taxable distribution and may be subject to an early withdrawal penalty. To date, the Plan has not experienced any collectability issues with participant loans.

Withdrawals by Participants While Employed

Participants may elect to withdraw all or part of the investments attributable to their after-tax contributions. Except for death, disability, retirement, separation from service or under certain circumstances of hardship, contributions made on a before-tax basis may not be withdrawn until a participant attains age 59 1/2. Active employees who attain age 59 1/2 may request to receive a distribution of their before-tax account balances. Participants who make a hardship withdrawal, and participants who have less than 5 years of service and withdraw basic after-tax contributions that have not been in the Plan for two calendar years (unmatured), are suspended from making contributions to the Plan for six months. Company matching contributions that have been in the Plan for two calendar years following the year contributed (matured) are also eligible to be withdrawn.

Distributions upon Termination of Employment

Distributions to participants who retire or who separate from service are automatically deferred until sixty days after they either reach age 65 or cease active employment, whichever is later, unless they request an earlier or later distribution. Generally, participants who reach age 70 1/2 must begin receiving their Plan distribution by April 1 of the following year. The distribution options include lump sum or installments paid monthly, quarterly, or annually for up to 10 years.

Plan Costs

A participant's account balance will be charged with certain fees and expenses. Asset-based fees (e.g., management fees and other operating expenses) are used to cover the expenses related to running an investment fund, and are generally deducted directly from a participant's investment returns.

Plan administration fees cover the day-to-day expenses of administering the Plan, and may be charged directly to a participant's account, covered by a portion of the asset-based fees deducted directly from investment returns, or paid through revenue-sharing payments made from investment managers to the Recordkeeper. Transaction-based fees also may be charged with respect to optional features offered under the Plan (e.g., loans, domestic relations orders), and are charged directly against a participant's account balance.

Participant Accounts

Each participant's account is credited with the participant's contribution and allocations of (i) the corresponding employer contributions and (ii) Plan earnings, and charged with an allocation of administrative expenses. Allocations are based on participant elections or account balances, as applicable. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting of Participants' Accounts

Participants are fully vested in their accounts at all times.

Investment Income

Dividends and earnings received on all funds, with the exception of Exelon Corporation common stock, are automatically reinvested in the fund to which those earnings apply.

Employee Stock Ownership Plan

If a participant invests any portion of his or her account in Exelon Corporation common stock and is eligible to receive dividend distributions from the Plan, then the participant is deemed to have elected to have the dividends reinvested in Exelon Corporation common stock. If the participant prefers to receive any such dividends in cash, he or she can so elect by contacting the Plan Recordkeeper. Dividends distributed to the participant in cash from the Plan are subject to income tax as a dividend and not subject to an early withdrawal penalty.

2. Summary of Significant Accounting Policies

General

The Plan follows the accrual method of accounting, in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Withdrawals and distributions are recorded when paid.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires the Plan Administrator to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Accordingly, actual results may differ from those estimates.

Investment Valuation and Income Recognition

The Plan's investments are stated at fair value, with the exception of the T. Rowe Price Stable Value Fund, which is stated at contract value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Income from other investments is recorded as earned on an accrual basis. The Plan presents, in the Statement of Changes in Net Assets Available for Benefits, the Plan's investment income. See Note 3 – Fair Value of Investments for further information.

Fully Benefit-Responsive Investment Contracts

The investments of the T. Rowe Price Stable Value Fund include fully benefit-responsive investment ("wrap") contracts. The objective of investing in wrap contracts is to ensure this fund's ability to distribute benefits at "contract value", which is equal to a

participant's principal balance plus accrued interest. In a typical wrap contract, if the fund's underlying assets have been exhausted by investor redemptions the issuing bank or insurance company agrees to pay a fund the contract value of remaining redemptions, provided all the terms of the wrap contract have been met. Wrap contracts may include terms that establish limits on the fund's investments, such as maximum duration limits, minimum credit standards, and diversification requirements.

Wrap contracts accrue interest using a formula called the "crediting rate." The crediting rate is the discount rate that equates the estimated future market value with the fund's current contract value and is reset quarterly. The crediting rate may be impacted by factors that include: contributions, withdrawals by participants, the current yield and duration of the assets underlying the contract, and the existing difference between the fair value of the securities and the contract value of the assets within the insurance contract.

To the extent the underlying portfolio has unrealized and/or realized losses, a positive adjustment is made when reconciling from fair value to contract value under contract value accounting. As a result, the future crediting rate may be lower over time than the current market rates. Similarly, if the underlying portfolio generates unrealized and/or realized gains, a negative adjustment is made when reconciling from fair value to contract value, and the future crediting rate may be higher than the current market rates. The wrap contracts provide a guarantee that the crediting rate will not fall below 0%. The average current yield earned by the Plan as of December 31, 2013 and December 31, 2012 was computed to be 2.06% and 2.36%, respectively. The average current yield earned by the trust as adjusted to reflect the actual interest rate credited to unit holders as of December 31, 2013 and December 31, 2012 was 2.29% and 2.45%, respectively.

Investment contracts held by a defined contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the plan. The Statements of Net Assets Available for Benefits present the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The Statement of Changes in Net Assets Available for Benefits is prepared using contract value basis for fully benefit-responsive investment contracts.

Investments in wrap contracts are fair valued using a discounted cash flow model that considers recent fee bids, discount rate, and the duration of the underlying securities. The following table presents the fair value of Plan funds with investment contracts, including net receivables of $0 and $22,581 for the years ended December 31, 2013 and December 31, 2012, respectively, and the adjustment required to report at contract value:

	December 31,	
	2013	2012
T. Rowe Price Stable Value Fund at fair value	$179,837,828	$200,085,784
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	(2,513,222)	(8,247,143)
T. Rowe Price Stable Value Fund at contract value	$177,324,606	$191,838,641

If they were to occur, certain events would limit the ability of the Plan to transact at contract value with the issuer. Specifically, any event outside the normal operation of the Plan that causes a withdrawal from an investment contract may result in a negative market value adjustment with respect to such withdrawal. Such events include, but are not limited to, partial or complete legal

termination of the Plan, tax disqualification of the Plan, and certain Plan amendments if the issuers' consent is not obtained. Such circumstances resulting in the payment of benefits at market value rather than contract value are not considered probable of occurring in the foreseeable future. The issuer has certain rights to terminate a contract and settle at an amount that differs from contract value. For example, certain breaches by the Plan under the terms of the investment contract can result in its termination at market value. Termination may also occur with no payment obligation from the issuer if the performance of the contract constitutes a prohibited transaction under ERISA or other applicable law, if the Plan or the Trustee suffers an insolvency, or if there is a change in law or accounting standards that makes it impermissible to account for an investment contract on a contract-value basis.

In connection with the merger of the Plan into the Exelon Corporation Employee Savings Plan on July 1, 2014, the Plan expects to liquidate the T. Rowe Price Stable Value Fund at contract value on June 30, 2014 and add new investment options on July 1, 2014. See Note 9 – Subsequent Events for more details.

Notes Receivable from Participants

Notes receivable from participants are valued at their unpaid principal balance plus accrued interest.

Reclassifications

Certain prior year amounts have been reclassified for comparative purposes. These reclassifications did not affect net assets available for benefits.

3. Fair Value of Investments

Recurring Fair Value Measurements

To increase consistency and comparability in fair value measurements, the FASB established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1 — unadjusted quoted prices in active markets for identical assets for which the Plan has the ability to access as of the reporting date. Financial assets valued using Level 1 inputs include Exelon Corporation common stock and registered investment company securities.

  Exelon Corporation Common Stock. The Constellation Energy Group Employee Savings Plan invests in Exelon Corporation common stock. Exelon Corporation common stock is valued at the closing price reported by the New York Stock Exchange.

  Registered Investment Company Securities. Registered investment company securities are investment funds maintained by investment companies that hold certain investments in accordance with a stated set of fund objectives, usually mutual funds. These funds have values that are publicly quoted on a daily basis in active markets.

- Level 2 — inputs other than quoted prices included within Level 1 that are directly observable for the asset or indirectly observable through corroboration with observable market data. Financial assets valued using Level 2 inputs include common/collective trust funds.

  Common/Collective Trust Funds. Common/collective trust funds are maintained by investment companies and hold certain investments in accordance with a stated set of fund objectives. For common/collective trust funds, which are not publicly quoted, the fund administrators value the funds using the net asset value per fund share, derived from the quoted prices in active markets of the underlying securities.

- Level 3 — unobservable inputs, such as internally-developed pricing models for the asset due to little or no market activity for the asset. The Plan does not have any financial assets utilizing Level 3 inputs.

There were no transfers between Level 1 and Level 2 during the years ended December 31, 2013 and 2012.

The following tables present assets measured and recorded at fair value on the Plan's Statements of Net Assets Available for Benefits on a recurring basis and their level within the fair value hierarchy as of December 31, 2013 and 2012, respectively:

As of December 31, 2013

	Level 1	Level 2	Level 3	Total
Investments:				
Exelon Corporation common stock	$ 98,438,894	$ —	$ —	$ 98,438,894
Common/collective trust funds:				
Target date/blended strategy funds	—	282,554,685	—	282,554,685
Domestic equity funds	—	212,583,332	—	212,583,332
Stable value funds	—	179,837,828	—	179,837,828
Registered investment company securities:				
Domestic equity funds	280,587,157	—	—	280,587,157
International equity funds	74,022,830	—	—	74,022,830
Fixed income funds	53,507,150	—	—	53,507,150
Total investments	$506,556,031	$674,975,845	$ —	$1,181,531,876

As of December 31, 2012

	Level 1	Level 2	Level 3	Total
Investments:				
Exelon Corporation common stock	$125,501,907	$ —	$ —	$ 125,501,907
Common/collective trust funds:				
Stable value funds	—	200,063,203	—	200,063,203
Registered investment company securities:				
Target date/blended strategy funds	256,253,406	—	—	256,253,406
Domestic equity funds	401,451,654	—	—	401,451,654
International equity funds	56,575,064	—	—	56,575,064
Fixed income funds	67,526,082	—	—	67,526,082
Total investments	$907,308,113	$200,063,203	$ —	$1,107,371,316

On July 1, 2013, several registered investment company securities were replaced with similar common/collective trust investment options. On March 12, 2012, each share of CEG common stock shares was converted into 0.93 shares of Exelon Corporate common stock, pursuant to the Agreement and Plan of Merger.

Short-term investments of $11,867 and $21,902 as of December 31, 2013 and December 31, 2012, respectively, are in cash and, therefore, are excluded from the tables above.

For the year ended December 31, 2013, the Plan's investments measured at fair value, including gains or losses on investments bought, sold, and held during the period, depreciated/appreciated in value as shown in the following table:

	Year Ended December 31, 2013
Investments valued based on quoted prices in active markets:	
Exelon Corporation common stock	$ (7,373,511)
Registered investment company securities	91,834,264
Investments valued by other methods:	
Common/collective trust funds	88,792,297
Net appreciation in the fair value of investments	$ 173,253,050

The fair values of the Plan's investments that represent 5% or more of the Plan's net assets, at December 31, 2013 and 2012, are summarized as follows:

	December 31,	
	2013	2012
T. Rowe Price Stable Value Common Trust Fund	$179,837,828	$200,063,203
Vanguard Institutional Index	108,493,342	79,396,979
Exelon Corporation Common Stock	98,438,894	125,501,907
T. Rowe Price Growth Stock Trust (2)	85,708,201	—
T. Rowe Price Growth Stock Fund (2)	—	70,402,656
T. Rowe Price Mid-Cap Growth Fund	80,911,489	70,639,698
Fidelity Diversified International	74,022,830	56,575,064
T. Rowe Price Equity Income Trust (2)	71,350,442	—
T. Rowe Price Equity Income Fund (2)	—	63,899,753
T. Rowe Price Retirement 2020 Active Fund (1) (2)	—	56,920,274
Pimco Total Return Institutional Fund (1)	53,507,150	67,526,082

(1) This fund did not represent 5% or more of the Plan's net assets as of December 31, 2013; however, it is included in this table because the balance is equal to 5% of the Plan's net assets as of December 31, 2012.

(2) This investment was a registered investment company security at December 31, 2012 and a common/collective trust fund at December 31, 2013.

4. Risks and Uncertainties

The Plan provides for various investment options in several investment securities and instruments. Investment securities are exposed to various risks, such as interest, market and credit risk. Due to the level of risks associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in values in the near term could materially affect participants' account balances and the amounts reported in the Statements of Net Assets Available for Benefits and the Statement of Changes in Net Assets Available for Benefits.

From time to time, investment managers may use derivative financial instruments including futures, forward foreign exchange, and swap contracts. Derivative instruments may be used to mitigate exposure to foreign exchange rate and interest rate fluctuations as well as manage the investment mix in the portfolio. The Plan's exposure is limited to the fund(s) utilizing such derivative investments. Risks of entering into derivatives include the risk of an illiquid market, inability of a counterparty to perform, or unfavorable movement in foreign currency exchange rates, interest rates, or the underlying securities.

Some investment managers may engage in securities lending programs in which the funds lend securities to borrowers, with the objective of generating additional income. The borrowers of fund securities deliver collateral to secure each loan in the form of cash, securities, or letters of credit, and are required to maintain the collateral at a level no less than 100% of the market value of the loaned securities. Cash collateral is invested in common/collective trust funds or collateral pools. Participation in securities lending programs involves exposure to the risk that the borrower may default and there may be insufficient collateral to buy back the security. Lenders of securities also face the risk that invested cash collateral may become impaired or that the interest paid on loans may exceed the amount earned on the invested collateral. The Plan's exposure is limited to the funds that lend securities.

The Plan's investment options include the T. Rowe Price Stable Value Fund, which invests in wrap contracts (see Note 2 – Fully Benefit-Responsive Investment Contracts) with the objective of preserving capital and a competitive level of income over time. The fund's ability to meet this goal would be impaired if, for any reason, it was unable to obtain or maintain wrap contracts covering all of its underlying assets. This could result from an inability to find a replacement wrap contract following termination of a wrap contract. The fund attempts to assess the credit quality of wrap issuers; however there is no guarantee as to the financial condition of a wrap issuer. The wrap issuer's ability to meet its contractual obligations may be affected by future economic and regulatory developments. Wrap contracts are non-transferable and have no trading market. There are a limited number of wrap issuers. In the event that wrap contracts fail to perform as intended, it is possible that the fund might not be able to provide for benefit-responsive withdrawals at contract value.

5. Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500:

	December 31,	
	2013	2012
Net Assets Available for Benefits per the Financial Statements	$1,207,003,145	$1,127,408,593
Add: Adjustment from contract value to fair value for fully benefit-responsive investment contracts	2,513,222	8,247,143
Net Assets Available for Benefits per the Form 5500	$1,209,516,367	$1,135,655,736

The following is a reconciliation of the changes in net assets per the financial statements to the Form 5500:

	Year Ended December 31, 2013
Net increase in Net Assets Available for Benefits per the Financial Statements	$ 79,594,552
Add: Adjustment from contract value to fair value for fully benefit- responsive investment contracts at end of year	2,513,222
Less: Adjustment from contract value to fair value for fully benefit- responsive investment contracts at beginning of year	(8,247,143)
Net increase in Net Assets Available for Benefits per the Form 5500	$ 73,860,631

The accompanying financial statements present fully benefit-responsive investment contracts at contract value. The Form 5500 requires fully benefit-responsive investment contracts to be reported at fair value.

6. Income Tax Status

The Company received the latest favorable determination letter from the IRS, dated July 8, 2010. Although the Plan has been amended and restated since receiving the determination letter, the Plan administrator believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the Code. In 2011, the Recordkeeper reported to the Plan that it failed to default certain participant loans in a timely manner. The Recordkeeper is pursuing a correction through the IRS's Voluntary Correction Program, and this matter is not expected to change the tax-qualified status of the plan. Therefore, it is believed that the Plan was qualified and was tax-exempt as of the financial statement date.

7. Plan Termination

The Plan may be amended, modified or terminated by Exelon at any time. The Plan may also be terminated if the IRS disqualifies the Plan. Termination of the Plan with respect to a participating employer may occur if there is no successor employer in the event of dissolution, merger, consolidation or reorganization of such employer company. In the event of full or partial termination of the Plan, assets of affected participants of the terminating employer or employers shall remain 100% vested and distributable at fair market value in the form of cash, securities or annuity contracts, in accordance with the provisions of the Plan.

8. Related-Party Transactions

The Plan includes investments in funds managed by the Trustee. Fees incurred by the Plan paid to the Trustee amounted to $153,862 and $63,838 in 2013 and 2012, respectively. The Plan also holds shares of Exelon Corporation common stock. These transactions qualify as exempt party-in-interest transactions, in accordance with ERISA. There have been no known prohibited transactions with a party-in-interest.

9. Subsequent Event

On July 1, 2014, the Constellation Energy Group, Inc. Employee Savings Plan will be merged into the Exelon Corporation Employee Savings Plan. The Northern Trust Company will become the Plan trustee and Aon Hewitt will become the Plan recordkeeper.

On July 1, 2014, changes will be made to the investment options offered under the Plan. Many of the current investment options will be replaced with a menu of funds that include custom Target Retirement Fund options, three new custom funds, two passive options, a cash fund, and the Exelon Corporation Stock Fund. The Plan has submitted notification that it will liquidate the T. Rowe Stable Value Fund as of July 1, 2014. The liquidation is expected to be at contract value.

CONSTELLATION ENERGY GROUP, INC. EMPLOYEE SAVINGS PLAN
SCHEDULE OF ASSETS (HELD AT END OF YEAR)
AS OF DECEMBER 31, 2013
Schedule H, Part IV, Item 4i of Form 5500
Employer Identification Number 23-2990190, Plan Number 017

(a)	(b) Identity of Issue, Borrower, Lessor, or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral Par or Maturity Value	(e) Current Value
	Registered Investment Companies		
	Fidelity Diversified International		$ 74,022,830
	Fidelity Low Priced Stock		9,808,878
	Pimco Total Return Institutional		53,507,150
	*T. Rowe Price Mid-Cap Growth Fund		80,911,489
	*T. Rowe Price Mid-Cap Value Fund		21,691,119
	*T. Rowe Price Small-Cap Value Fund		59,682,329
	Vanguard Institutional Index		108,493,342
	Total Registered Investment Companies		**$ 408,117,137**
	Common / Collective Trusts		
	*T. Rowe Price Equity Income Trust		$ 71,350,442
	*T. Rowe Price Growth Stock Trust		85,708,201
	*T. Rowe Price New Horizons Trust		55,524,689
	*T. Rowe Price Retirement 2005 Active Trust		2,308,369
	*T. Rowe Price Retirement 2010 Active Trust		14,776,107
	*T. Rowe Price Retirement 2015 Active Trust		37,241,173
	*T. Rowe Price Retirement 2020 Active Trust		58,627,693
	*T. Rowe Price Retirement 2025 Active Trust		44,392,226
	*T. Rowe Price Retirement 2030 Active Trust		35,919,900
	*T. Rowe Price Retirement 2035 Active Trust		22,572,559
	*T. Rowe Price Retirement 2040 Active Trust		30,544,435
	*T. Rowe Price Retirement 2045 Active Trust		16,815,131
	*T. Rowe Price Retirement 2050 Active Trust		8,491,444
	*T. Rowe Price Retirement 2055 Active Trust		3,536,988
	*T. Rowe Price Retirement Income Active Trust		7,328,660
	*T. Rowe Price Stable Value Common Trust Fund		179,837,828
	Total Common / Collective Trust		**$ 674,975,845**
	Corporate Common Stocks		
	*Exelon Corporation		$ 98,438,894
	Total Corporate Common Stocks		**$ 98,438,894**
	Short Term Investments		
	*T. Rowe Price Short Term Settlement Account		$ 11,867
	Total Short Term Investments		**$ 11,867**
	Participant Loans		
	Participant Loans	Interest rates: 4.25% - 10.25%	$ 23,619,402
	Total Participant Loans		**$ 23,619,402**
	GRAND TOTAL		**$1,205,163,145**

* Represents party-in-interest.

Column (d), cost, has been omitted as investments are participant directed.

EXHIBIT INDEX

Exhibit filed with Form 11-K for the year ended December 31, 2013:

Exhibit No.	Description of Exhibit
23	Consent of Independent Registered Public Accounting Firm

S1-SSA-0009 - 26750

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

Constellation Energy Group, Inc. Employee Savings Plan

Date: June 24, 2014

/s/ Jennifer Franco
Jennifer Franco
Plan Administrator

S1-SSA-0009 - 26751

Exhibit 23
Exelon Corporation
Form 11-K File No. 1-16169

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-175162) of Exelon Corporation of our report dated June 13, 2014, with respect to the statements of net assets available for benefits of the Constellation Energy Group, Inc. Employee Savings Plan as of December 31, 2013 and 2012, the related statement of changes in net assets available for benefits for the year ended December 31, 2013, and the related supplemental schedule of Schedule H, line 4i-schedule of assets (held at end of year) as of December 31, 2013, which appears in the December 31, 2013 annual report on Form 11-K of the Constellation Energy Group, Inc. Employee Savings Plan.

/s/ WASHINGTON, PITTMAN & McKEEVER, LLC

Chicago, Illinois
June 24, 2014

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Fiscal Year Ended December 31, 2013

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number 1-16169

EXELON CORPORATION EMPLOYEE SAVINGS PLAN
(Full title of the Plan)

EXELON CORPORATION
(a Pennsylvania Corporation)

10 South Dearborn Street
P.O. Box 805379
Chicago, Illinois 60680-5379
(312) 394-7398
(Name of the issuer of the securities held pursuant to the Plan and the address of its principal executive offices)

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EXELON CORPORATION EMPLOYEE SAVINGS PLAN

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Participants and the Administrator of the
Exelon Corporation Employee Savings Plan:

We have audited the accompanying statements of net assets available for benefits of the Exelon Corporation Employee Savings Plan (the "Plan") as of December 31, 2013 and 2012 and the related statement of changes in net assets available for benefits for the year ended December 31, 2013. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2013 and 2012, and the changes in net assets available for benefits for the year ended December 31, 2013, in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) as of December 31, 2013, is presented for purposes of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, as amended. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and in our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

/s/ WASHINGTON, PITTMAN & McKEEVER, LLC

Chicago, Illinois
June 13, 2014

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EXELON CORPORATION EMPLOYEE SAVINGS PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	December 31,	
	2013	2012
ASSETS		
Investments at fair value		
Plan interest in investments of the Exelon Corporation Defined Contribution Retirement Plans Master Trust (see Note 3):		
Exelon Corporation common stock	$ 179,204,528	$ 202,873,042
Registered investment company securities	1,889,939,212	2,087,782,865
Common/collective trust funds, including short-term investment funds	2,775,567,503	1,764,589,675
Total interest in investments of the Exelon Corporation Defined Contribution Retirement Plans Master Trust	4,844,711,243	4,055,245,582
Other assets (liabilities) of the Exelon Corporation Defined Contribution Retirement Plans Master Trust		
Due from brokers for securities sold	—	1,025,461
Interest and dividends receivable	929,966	1,879,264
Due to brokers for securities purchased	(587,626)	—
Other payables	(287,290)	(138,607)
Total interest in net assets of the Exelon Corporation Defined Contribution Retirement Plans Master Trust	4,844,766,293	4,058,011,700
Receivables		
Participant contributions	4,662,252	3,779,275
Employer contributions		
Fixed match contribution	1,404,559	1,139,501
Profit-sharing contribution	3,099,383	—
Notes receivable from participants	87,585,155	82,473,151
Total receivables	96,751,349	87,391,927
Net assets reflecting investments at fair value	4,941,517,642	4,145,403,627
Adjustment from fair value to contract value for fully benefit-responsive investment contracts (see Note 2)	(8,400,666)	(16,055,567)
NET ASSETS AVAILABLE FOR BENEFITS	$4,933,116,976	$4,129,348,060

The accompanying Notes are an integral part of these Financial Statements.

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EXELON CORPORATION EMPLOYEE SAVINGS PLAN

STATEMENT OF CHANGES IN NE T ASSETS AVAILABLE FOR BENEFITS

	Year Ended December 31, 2013
ADDITIONS	
Contributions	
Participant	$ 160,981,373
Employer fixed match	63,011,979
Employer profit-sharing	3,099,383
Rollover	5,576,982
Total contributions	232,669,717
Investment income	
Plan interest in investment income from the Exelon Corporation Defined Contribution Retirement Plans Master Trust	833,844,338
Interest income from participant loans	3,795,110
Total investment income	837,639,448
Total additions	1,070,309,165
DEDUCTIONS	
Participant withdrawals and distributions	267,785,204
Administrative expenses	111,835
Total deductions	267,897,039
Net increase before transfers	802,412,126
Net assets transferred from other plans	1,356,790
Net increase after transfers	803,768,916
NET ASSETS AVAILABLE FOR BENEFITS	
Beginning of year	4,129,348,060
End of year	$ 4,933,116,976

The accompanying Notes are an integral part of these Financial Statements.

EXELON CORPORATION EMPLOYEE SAVINGS PLAN

NOTES TO FIN ANCIAL STATEMENTS

1. Plan Description

The following description of the Exelon Corporation Employee Savings Plan (the "Plan") is provided for general information purposes only. The official text of the Plan, as amended, should be read for more complete information.

General

The Plan was established by Commonwealth Edison Company, effective March 1, 1983, to provide a systematic savings program for eligible employees and to supplement such savings with employer matching contributions. On March 30, 2001, the Commonwealth Edison Employee Savings and Investment Plan was combined with the PECO Energy Company Employee Savings Plan to become the Exelon Corporation Employee Savings Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and the Internal Revenue Code of 1986, as amended (the "Code"). The Exelon Corporation Stock Fund is invested primarily in Exelon common stock and is intended to be an Employee Stock Ownership Plan under Code Section 4975(e)(7).

Exelon Corporation ("Exelon") is the sponsor of the Plan. Exelon's Director of Employee Benefit Plans and Programs, is the administrator of the Plan (the "Plan Administrator"). The Plan Administrator has the responsibility for the day-to-day administration of the Plan. Exelon, acting through the Exelon Investment Office, is responsible for the selection and retention of the Plan's investment options and any investment manager that may be appointed under the Exelon Corporation Defined Contribution Retirement Plans Master Trust (the "Master Trust"). The Northern Trust Company is the Plan trustee ("Trustee") and Aon Hewitt is the Plan recordkeeper ("Recordkeeper").

Generally, any regular employee whose employment is subject to a collective bargaining agreement that provides for participation in the Plan and any regular non-represented employee of a subsidiary of Exelon that is designated by Exelon as participating in the Plan (such subsidiary referred to individually as a "Company" and such subsidiaries referred to collectively as the "Companies") is eligible to elect to participate in the Plan. Participating employees include employees represented by: International Brotherhood of Electrical Workers ("IBEW") Locals 15 and 614; Utility Workers of America Local 369; Security, Police & Fire Professionals of America Locals 228 and 328; Service Employees International Union Local 1; United Government Security Officers of America Locals 12, 17 and 18; and United Security Services Union Local 1. Employees hired on or after April 6, 2009 who do not make a participation election within 90 days after their date of hire will automatically be enrolled in the Plan as soon as administratively possible after their 90th day of employment with a pre-tax deferral of 3% of eligible pay per pay period and 1% increase each March 1 st , beginning with the second calendar year that begins after automatic enrollment first applies to the participant, until a total maximum pre-tax deferral of 5% of eligible pay is reached. Contributions to the Plan will be automatically invested in the Vanguard Target Retirement Fund that corresponds to the participant's anticipated retirement date (based on the participant's birth date.) A participant who is subject to automatic enrollment may elect within 90 days of the first automatic contribution, to withdraw all automatic contributions adjusted for any investment gains or losses. Such a withdrawal would be subject to federal income tax but not to any early withdrawal penalty. Additionally, the participant will forfeit any employer matching contributions made with respect to such automatic contributions.

Participant Contributions

The Plan permits salaried, non-represented hourly and participating represented employees to contribute between 1% and 50% of eligible pay each pay period on a pre-tax basis, an after-tax basis, a Roth basis or a combination of the three, subject to certain Internal Revenue Service ("IRS") limitations.

EXELON CORPORATION EMPLOYEE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

During any calendar year in which a participant attains age 50 or older, he or she may elect to make additional pre-tax contributions, called “catch-up” contributions to the Plan. In order to be eligible to make catch-up contributions, the participant must anticipate that his or her pre-tax contributions to the Plan will reach the applicable annual IRS limit on that type of contribution or be contributing at the maximum base pay level. Catch-up contributions are not credited with the Company’s fixed or profit-sharing matching contribution.

Company Matching Contributions

Effective January 1, 2010, with respect to non-represented employees, except non-exempt craft and clerical employees assigned to the Peach Bottom, Limerick, Outage Services East, Philadelphia Electric Company or Texas generating plant, Exelon provides both a fixed and annual profit-sharing match. Under the fixed match, Exelon matches 60% of the first 5% of a participant’s eligible pay contributed per pay period, by the employee for a maximum annual fixed match percentage of 3% of the participant’s eligible pay. Additionally, with respect to such employees, Exelon may make an annual profit-sharing match of up to 3% of eligible pay contributed per pay period, based on earnings per share goals established by the Compensation Committee of Exelon’s Board of Directors (the “Committee”). Combined, the total employer match (fixed and profit-sharing) is an annual maximum of up to 6% of a participant’s eligible pay. Any profit-sharing match will be contributed to the Plan after the end of each calendar year. The 2013 profit-sharing match contributed in 2014 was $3,099,383. There was no 2012 profit-sharing match contributed in 2013. Generally, a participant must be employed on the last day of a calendar year to receive the profit-sharing match for that year. In the event a participant terminates employment during the calendar year due to death, long-term disability or retirement (age 50 and completion of 10 years of service with the Company) or in the event a participant terminates employment with the Company and receives benefits under the severance plan, the participant will be eligible to receive a profit-sharing match.

Employer matching contributions for represented employees are based on the applicable collective bargaining agreement.

Investment Options

The Plan’s investments are held in the Master Trust, which was established in 2006, for the investments of the Plan and other savings plans sponsored by Exelon. The Plan investments are fully participant-directed, and the Plan is intended to satisfy Section 404(c) of ERISA.

Participant Loans

A participant may, upon application, borrow from the Plan. Only one loan is permitted to a participant in any calendar year with a maximum of five (as of April 6, 2009, three for non-represented employees and employees whose collective bargaining agreement limits loans to three) outstanding at any time, and the amount of any loan shall not be less than $1,000. The aggregate amount of all outstanding loans may not exceed the lesser of (i) 50% of a participant’s vested balance in the Plan or (ii) $50,000 minus the excess of the highest outstanding balance of all loans from the Plan to the participant during the previous 12-month period over the outstanding balance of all loans from the Plan to the participant on the day the loan is made. For loans other than home loans, the maximum term is five years. For a home loan, the maximum term is fifteen years and the minimum is five years. The interest rate on all loans is the prime rate for commercial loans plus 1%. Principal and interest is paid ratably through monthly payroll deductions or direct payment, as applicable. No lump-sum or installment distribution from the Plan will be made to a participant who has received a loan, or to a beneficiary of any such participant, until the loan, including interest, has been repaid out of the funds otherwise distributable. In the event a participant defaults on the repayment of a loan, the loan will be considered a taxable distribution and may be subject to an early withdrawal penalty. To date, the Plan has not experienced any collectability issues with participant loans.

EXELON CORPORATION EMPLOYEE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

Withdrawals by Participants While Employed

A participant may withdraw up to the entire balance of his or her after-tax contributions account once each calendar year. After making such a withdrawal, the participant must wait six months before making a new election to resume after-tax contributions to the Plan if the distribution is received by the participant before attainment of age 59 1/2. A participant may also withdraw up to an amount equal to the balance in his or her rollover account.

A participant may make withdrawals from his or her before-tax, catch-up, matching, Roth, Roth catch-up and Roth rollover contributions accounts, but only if the participant has attained age 59 1/2 or, prior to that age, only in an amount required to alleviate financial hardship as defined in the Code and regulations promulgated thereunder. Financial hardship withdrawals from a before-tax contributions account suspend the participant's right to make contributions to the Plan for six months.

While any loan to the participant remains outstanding, the maximum amount available for withdrawal shall be the balance in such account less the balance of all outstanding loans.

Distributions upon Termination of Employment

Upon termination of employment, including the retirement, total disability or death of a participant, a participant is entitled to the distribution of his or her entire account balance. Such distribution will be made, as elected by the participant, in the form of either a lump-sum payment or in substantially equal annual, quarterly or monthly installments over a period not exceeding the lesser of 15 years or the life expectancy of the participant or beneficiary. A participant may elect to defer distributions until age 70 1/2. If the value of a participant's account is $1,000 or less, the participant will receive a lump sum distribution from the Plan upon termination of employment. If the value of a participant's account is greater than $1,000, the participant can leave his or her account in the Plan. Generally, distributions will be taxed as ordinary income in the year withdrawn and may also be subject to an early withdrawal penalty if taken before age 59 1/2, unless eligible rollover distributions are rolled over to another qualified plan or an Individual Retirement Account ("IRA"). A 20% mandatory federal income tax withholding applies to withdrawals that are eligible for rollover, but which are not directly rolled over to another qualified plan or an IRA. If a participant does not specify the form and timing of the participant's distribution, the benefit generally will be paid in installments beginning no later than April 1 of the calendar year following the calendar year in which the participant attains age 70 1/2.

Plan Costs

A participant's account balance will be charged with certain fees and expenses. Asset-based fees (e.g., management fees and other operating expenses) are used to cover the expenses related to running an investment fund, and are generally deducted directly from a participant's investment returns.

Plan administration fees cover the day-to-day expenses of administering the Plan, and may be charged directly to a participant's account, covered by a portion of the asset-based fees deducted directly from investment returns, or paid through revenue-sharing payments made from investment managers to the Recordkeeper. Transaction-based fees also may be charged with respect to optional features offered under the Plan (e.g., loans), and are charged directly against a participant's account balance.

Participant Accounts

Each participant's account is credited with the participant's contribution and allocations of (i) the Companies' corresponding contributions and (ii) Plan earnings, and charged with an allocation of administrative expenses. Allocations are based on participant elections or account balances, as applicable. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

EXELON CORPORATION EMPLOYEE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

Vesting of Participants' Accounts

Participants are fully vested in their accounts at all times.

Investment Income

Dividends and earnings received on all funds, with the exception of the Exelon Corporation Stock Fund, are automatically reinvested in the fund to which those earnings apply.

Employee Stock Ownership Plan

If a participant invests any portion of his or her account in the Exelon Corporation Stock Fund and is eligible to receive dividend distributions from the Plan, then the participant is deemed to have elected to have the dividends reinvested in the Exelon Corporation Stock Fund. If the participant prefers to receive any such dividends in cash, he or she can so elect by contacting the Plan Recordkeeper. Dividends distributed to the participant in cash from the Plan are subject to income tax as a dividend and not subject to an early withdrawal penalty.

2. Summary of Significant Accounting Policies

General

The Plan follows the accrual method of accounting, in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Withdrawals and distributions are recorded when paid.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires the Plan Administrator to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Accordingly, actual results may differ from those estimates.

Investment Valuation and Income Recognition

The Plan's interest in the Master Trust is stated at fair value, with the exception of the Fidelity Managed Income Portfolio II Class 3 Fund ("MIP II"), which is stated at contract value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. The Plan presents, in the Statement of Changes in Net Assets Available for Benefits, the Plan interest in investment income from the Master Trust. See Note 3 – Fair Value of Interest in Master Trust for further information.

Fully Benefit-Responsive Investment Contracts

The investments of the MIP II fund include fully benefit-responsive investment ("wrap") contracts. The objective of investing in wrap contracts is to ensure this fund's ability to distribute benefits at "contract value", which is equal to a participant's principal balance plus accrued interest. In a typical wrap contract, if the fund's underlying assets have been exhausted by investor redemptions, the issuing bank or insurance company agrees to pay a fund the contract value of remaining redemptions, provided all the terms of the wrap contract have been met. Wrap contracts may include terms that establish limits on the fund's investments, such as maximum duration limits, minimum credit standards, and diversification requirements.

Wrap contracts accrue interest using a formula called the "crediting rate." The crediting rate is the discount rate that equates the estimated future market value with the fund's current contract value and is reset quarterly. The crediting rate may be impacted by factors that include: contributions, withdrawals by participants, the current yield and duration of the assets underlying the contract, and the existing difference between the fair value of the securities and the contract value of the assets within the insurance contract.

To the extent the underlying portfolio has unrealized and/or realized losses, a positive adjustment is made when reconciling from fair value to contract value under contract value accounting. As a result, the future crediting rate may be lower over time than the

current market rates. Similarly, if the underlying portfolio generates unrealized and/or realized gains, a negative adjustment is made when reconciling from fair value to contract value, and the future crediting rate may be higher than the current market rates. The wrap contracts provide a guarantee that the crediting rate will not fall below 0%. The average current yield earned by the Master Trust as of December 31, 2013 and 2012 was computed to be 1.59% and 1.73%, respectively. The average current yield earned by the Master Trust as adjusted to reflect the actual interest rate credited to participants as of December 31, 2013 and 2012 was 1.14% and 1.28%, respectively.

Investment contracts held by a defined contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the plan. The Statement of Net Assets Available for Benefits presents the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The Statement of Changes in Net Assets Available for Benefits is prepared using contract value basis for fully benefit-responsive investment contracts.

Investments in wrap contracts are fair valued using a discounted cash flow model that considers recent fee bids, discount rate, and the duration of the underlying securities. The following table presents the fair value of Plan funds with investment contracts and the adjustment required to report at contract value:

	December 31,	
	2013	2012
MIP II at fair value	$596,790,947	$592,025,846
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	(8,400,666)	(16,055,567)
MIP II at contract value	$588,390,281	$575,970,279

The issuer may terminate a wrap contract at any time. If the termination is the result of the fund's failure to meet the wrap contract terms and the market value of the portfolio's assets is below contract value at the time of termination, the terminating wrap provider would not be required to make a payment to the portfolio. If they were to occur, certain events would limit the ability of the Plan to transact at contract value with the issuer. Such events include the following: (i) amendments to the Plan (including complete or partial plan termination or merger with another plan), (ii) changes to the Plan's prohibition on competing investment options, (iii) bankruptcy of the Plan sponsor or other Plan sponsor events (e.g., divestitures or spin-offs of subsidiaries) which cause a significant withdrawal from the Plan, or (iv) the failure of the Master Trust to qualify for exemption from federal income taxes or any required prohibited transaction exemption under ERISA.

As of January 1, 2014, the Plan is no longer invested in MIP II fund. The Plan liquidated the MIP II at contract value and added the Northern Trust US Government Short-Term Investment Fund to the investment menu on January 1, 2014.

Notes Receivable from Participants

Notes receivable from participants are valued at their unpaid principal balance plus accrued interest.

Reclassifications

Certain prior year amounts have been reclassified for comparative purposes. These reclassifications did not affect net assets available for benefits.

EXELON CORPORATION EMPLOYEE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

3. Fair Value of Interest in Master Trust

The Plan established a Master Trust Agreement with the Trustee for the purpose of investing assets of the Plan and several other savings plans sponsored by Exelon. The Master Trust includes investment options that are not offered in every participating plan. Interest and dividends along with net depreciation or appreciation in the fair value of investments are allocated to the Plan on a daily basis based upon the Plan's equitable share of the various investment funds and portfolios that comprise the Master Trust.

At December 31, 2013 and 2012, the Plan's interest in the investments of the Master Trust was approximately 97.42% and 97.46%, respectively.

Recurring Fair Value Measurements

To increase consistency and comparability in fair value measurements, the FASB established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1 — unadjusted quoted prices in active markets for identical assets for which the Plan has the ability to access as of the reporting date. Financial assets valued using Level 1 inputs include Exelon Corporation common stock and registered investment company securities.

  Exelon Corporation Common Stock. The Exelon Corporation Employee Savings Plan is the only Plan within the Master Trust that invests in Exelon Corporation common stock. Exelon Corporation common stock is valued at the closing price reported by the New York Stock Exchange.

  Registered Investment Company Securities. Registered investment company securities are investment funds maintained by investment companies that hold certain investments in accordance with a stated set of fund objectives, usually mutual funds. These funds have values that are publicly quoted on a daily basis in active markets.

- Level 2 — inputs other than quoted prices included within Level 1 that are directly observable for the asset or indirectly observable through corroboration with observable market data. Financial assets valued using Level 2 inputs include common/collective trust funds.

  Common/Collective Trust Funds. Common/collective trust funds are maintained by investment companies and hold certain investments in accordance with a stated set of fund objectives. For common/collective trust funds which are not publicly quoted, the fund administrators value the funds using the net asset value per fund share, derived from the quoted prices in active markets of the underlying securities.

- Level 3 — unobservable inputs, such as internally-developed pricing models for the asset due to little or no market activity for the asset. The Plan does not have any financial assets utilizing Level 3 inputs.

There were no transfers between Level 1 and Level 2 during the years ended December 31, 2013 and 2012.

EXELON CORPORATION EMPLOYEE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

The Plan's Statements of Net Assets Available for Benefits include its share of investments maintained in the Master Trust measured at fair value on a recurring basis. The following tables present the fair value of assets in the Master Trust and their level within the fair value hierarchy, as well as other net assets not classified as of December 31, 2013 and 2012:

As of December 31, 2013

	Level 1	Level 2	Level 3	Total
Master Trust Investments:				
Exelon Corporation common stock	$ 179,204,528	$ —	$ —	$ 179,204,528
Common/collective trust funds including short-term investment funds:				
Domestic equity funds	—	870,566,347	—	870,566,347
Target date/blended strategy funds	—	658,203,661	—	658,203,661
Stable value funds	—	615,766,469	—	615,766,469
Balanced funds	—	505,074,909	—	505,074,909
Fixed income funds	—	135,825,185	—	135,825,185
International equity funds	—	56,985,368	—	56,985,368
Short-term investment funds	—	5,506,637	—	5,506,637
Registered investment company securities:				
Domestic equity funds	1,569,286,171	—	—	1,569,286,171
Fixed income funds	209,919,561	—	—	209,919,561
International equity funds	165,960,867	—	—	165,960,867
Total Master Trust investments	2,124,371,127	2,847,928,576	—	4,972,299,703
Other net assets				73,774
Total net assets of Master Trust	$2,124,371,127	$2,847,928,576	$ —	$4,972,373,477

As of December 31, 2012

	Level 1	Level 2	Level 3	Total
Master Trust Investments:				
Exelon Corporation common stock	$ 202,873,042	$ —	$ —	$ 202,873,042
Common/collective trust funds, including short-term investment funds:				
Domestic equity funds	—	628,223,789	—	628,223,789
Target date/blended strategy funds	—	483,943,463	—	483,943,463
Stable value funds	—	609,352,047	—	609,352,047
Fixed income funds	—	50,217,834	—	50,217,834
International equity funds	—	38,274,716	—	38,274,716
Short-term investment funds	—	2,753,779	—	2,753,779
Registered investment company securities:				
Domestic equity funds	1,185,399,189	—	—	1,185,399,189
Fixed income funds	395,185,825	—	—	395,185,825
International equity funds	140,555,237	—	—	140,555,237
Balanced funds	423,388,866	—	—	423,388,866
Total Master Trust investments	2,347,402,159	1,812,765,628	—	4,160,167,787
Other net assets				2,815,226
Total net assets of Master Trust	$2,347,402,159	$1,812,765,628	$ —	$4,162,983,013

EXELON CORPORATION EMPLOYEE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

On January 4, 2013, several registered investment company securities were replaced with similar common/collective trust investment options.

Investment income of the Master Trust for the year ended December 31, 2013 included the following:

	Year Ended December 31, 2013
Exelon Corporation common stock dividends	$ 14,448,218
Other interest and dividends	17,501,605
Based on quoted market prices:	
Depreciation in Exelon Corporation common stock	(15,663,602)
Appreciation in registered investment company securities	432,444,946
Based on estimated fair value:	
Appreciation in common/collective trust funds	408,142,150
Total investment income of the Master Trust	856,873,317
Administrative expenses not directly allocated to the plans	(916,214)
Total net investment income of Master Trust	$ 855,957,103

For the year ended December 31, 2013 the Plan's percent interest in the income of the Master Trust is 97.42%.

The fair values of the Master Trust's investments that represent 5% or more of the Master Trust's net assets, at December 31, 2013 and 2012, are summarized as follows:

	December 31,	
	2013	2012
Blackrock Equity Index Fund - Class T	$720,659,020	$561,316,466
Fidelity Managed Income Portfolio II - Class 3	615,766,468	609,352,048
Fidelity Growth Company Fund	597,590,942	449,190,585
T. Rowe Price Capital Appreciation Trust (2)	505,074,909	—
T. Rowe Price Capital Appreciation Fund (2)	—	423,388,866
Fidelity Contrafund	491,455,288	388,479,122
Fidelity Low-Priced Stock Fund	290,823,357	236,257,544
PIMCO Total Return Fund - Institutional Class (1)	209,919,561	289,479,760
Exelon Corporation Stock Fund (1)	179,204,528	202,873,042

(1) This fund did not represent 5% or more of the Plan's net assets as of December 31, 2013; however, it is included in this table because the balance is greater than 5% of the Plan's net assets as of December 31, 2012.

(2) This investment was a registered investment company security at December 31, 2012 and a common/collective trust fund at December 31, 2013.

EXELON CORPORATION EMPLOYEE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

4. Risks and Uncertainties

The Plan provides for various investment options in several investment securities and instruments. Investment securities are exposed to various risks, such as interest, market and credit risk. Due to the level of risks associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in values in the near term could materially affect participants' account balances and the amounts reported in the Statements of Net Assets Available for Benefits and the Statement of Changes in Net Assets Available for Benefits.

From time to time, investment managers may use derivative financial instruments including futures, forward foreign exchange, and swap contracts. Derivative instruments may be used to mitigate exposure to foreign exchange rate and interest rate fluctuations as well as manage the investment mix in the portfolio. The Plan's exposure is limited to the fund(s) utilizing such derivative investments. Risks of entering into derivatives include the risk of an illiquid market, inability of a counterparty to perform, or unfavorable movement in foreign currency exchange rates, interest rates, or the underlying securities.

Some investment managers may engage in securities lending programs in which the funds lend securities to borrowers, with the objective of generating additional income. The borrowers of fund securities deliver collateral to secure each loan in the form of cash, securities, or letters of credit, and are required to maintain the collateral at a level no less than 100% of the market value of the loaned securities. Cash collateral is invested in common/collective trust funds or collateral pools. Participation in securities lending programs involves exposure to the risk that the borrower may default and there may be insufficient collateral to buy back the security. Lenders of securities also face the risk that invested cash collateral may become impaired or that the interest paid on loans may exceed the amount earned on the invested collateral. The Plan's exposure is limited to the funds that lend securities.

5. Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500:

	December 31,	
	2013	2012
Net Assets Available for Benefits per the Financial Statements	$4,933,116,976	$4,129,348,060
Add: Adjustment from contract value to fair value for fully benefit-responsive investment contracts	8,400,666	16,055,567
Net Assets Available for Benefits per the Form 5500	$4,941,517,642	$4,145,403,627

EXELON CORPORATION EMPLOYEE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

The following is a reconciliation of the changes in net assets per the financial statements to the Form 5500:

	Year Ended December 31, 2013
Net increase in Net Assets Available for Benefits per the Financial Statements	$ 803,768,916
Add: Adjustment from contract value to fair value for fully benefit-responsive investment contracts at end of year	8,400,666
Less: Adjustment from contract value to fair value for fully benefit-responsive investment contracts at beginning of year	(16,055,567)
Net increase in Net Assets Available for Benefits per the Form 5500	$ 796,114,015

The accompanying financial statements present fully benefit-responsive investment contracts at contract value. The Form 5500 requires fully benefit-responsive investment contracts to be reported at fair value.

6. Income Tax Status

The Plan obtained its latest determination letter on October 25, 2013 in which the IRS stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code. The Plan is qualified under Section 401(a) and 401(k) of the Code. The Plan has been amended since receiving the determination letter. However, the Plan Administrator believes that the Plan design remains in compliance with the applicable requirements of the Code. Therefore, it is believed that the Plan was qualified and the related Master Trust was tax-exempt as of the financial statement date.

7. Plan Termination

The Plan may be amended, modified or terminated by Exelon at any time. The Plan may also be terminated if the IRS disqualifies the Plan. Termination of the Plan with respect to a participating employer may occur if there is no successor employer in the event of dissolution, merger, consolidation or reorganization of such employer company. In the event of full or partial termination of the Plan, assets of affected participants of the terminating employer or employers shall remain 100% vested and distributable at fair market value in the form of cash, securities or annuity contracts, in accordance with the provisions of the Plan.

8. Related-Party Transactions

Investment options in the Plan include common/collective trust funds managed by the Trustee or its affiliates. Certain Plan administrative fees may be paid through revenue-sharing arrangements between the Recordkeeper and investment managers. Finally, the Master Trust holds shares of Exelon Corporation common stock. These transactions qualify as exempt party-in-interest transactions, in accordance with ERISA. There have been no known prohibited transactions with a party-in-interest.

9. Plan Transfers

In 2013, there were transfers totaling $1,613,654 to the Plan ($832,709 from the Exelon Employee Savings Plan for Represented Employees at TMI and Oyster Creek and $780,945 from the Exelon Employee Savings Plan for Represented Employees at Clinton). In 2013, there were transfers totaling $256,864 from the Plan to the Exelon Employee Savings Plan for Represented Employees at TMI and Oyster Creek.

EXELON CORPORATION EMPLOYEE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

10. Subsequent Events

On July 1, 2014, the Constellation Energy Group, Inc. Employee Savings Plan will be merged into the Plan.

On July 1, 2014, changes will be made to the investment options offered under the Plan. Many of the current investment options will be replaced with a menu of funds that include custom Target Retirement Fund options, three new custom funds, two passive options, and two existing options: the Northern Trust US Government Short-Term Investment Fund and the Exelon Corporation Stock Fund.

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EXELON CORPORATION EMPLOYEE SAVINGS PLAN
SCHEDULE OF ASSETS (HELD AT END OF YEAR)
AS OF DECEMBER 31, 2013
Schedule H, Part IV, Item 4i of Form 5500
Employer Identification Number 23-2990190, Plan Number 003

(a)	(b) Identity of Issue, Borrower, Lessor, or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral Par or Maturity Value	(e) Current Value
	* Interest in net assets of Master Trust, at fair value		$4,844,766,293
	Participant loans	Interest rates: 4.25% - 10.50%	87,585,155
	Total investments		$4,932,351,448

* Represents party-in-interest

Column (d), cost, has been omitted as investments are participant directed.

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EXHIBIT INDEX

Exhibit filed with Form 11-K for the year ended December 31, 2013:

Exhibit No.	Description of Exhibit
23	Consent of Independent Registered Public Accounting Firm

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

Exelon Corporation Employee Savings Plan

Date: June 24, 2014

/s/ Jennifer Franco
Jennifer Franco
Plan Administrator

Exhibit 23
Exelon Corporation
Form 11-K File No. 1-16169

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statement on Forms S-8 (No.'s 333-37082 and 333-49780) of Exelon Corporation of our report dated June 13, 2014, with respect to the statements of net assets available for benefits of the Exelon Corporation Employee Savings Plan as of December 31, 2013 and 2012, the related statement of changes in net assets available for benefits for the year ended December 31, 2013, and the related supplemental schedule of Schedule H, line 4i-schedule of assets (held at end of year) as of December 31, 2013, which appears in the December 31, 2013 annual report on Form 11-K of the Exelon Corporation Employee Savings Plan.

/s/ WASHINGTON, PITTMAN & McKEEVER, LLC

Chicago, Illinois
June 24, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Fiscal Year Ended December 31, 2014

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number 1-16169

EXELON CORPORATION
EMPLOYEE SAVINGS PLAN
(Full title of the Plan)

EXELON CORPORATION
(a Pennsylvania Corporation)

10 South Dearborn Street
P.O. Box 805379
Chicago, Illinois 60680-5379
(312) 394-7398
(Name of the issuer of the securities held pursuant to the Plan and the address of its principal executive offices)

EXELON CORPORATION EMPLOYEE SAVINGS PLAN

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REPORT OF INDEPENDENT REGISTERED PUBL IC ACCOUNTING FIRM

To the Participants and the Administrator of the
Exelon Corporation Employee Savings Plan:

We have audited the accompanying statements of net assets available for benefits of the Exelon Corporation Employee Savings Plan (the "Plan") as of December 31, 2014 and 2013 and the related statement of changes in net assets available for benefits for the year ended December 31, 2014. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2014 and 2013, and the changes in net assets available for benefits for the year ended December 31, 2013, in conformity with accounting principles generally accepted in the United States of America.

The supplemental information in the accompanying schedule of assets (held at end of year) as of December 31, 2014 has been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The supplemental information is presented for the purpose of additional analysis and is not a required part of the basic financial statements but includes supplemental information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental information is the responsibility of the Plan's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting or other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information in the accompanying schedule, we evaluated whether the supplemental information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental information in the accompanying schedule is fairly stated in all material respects in relation to the financial statements as a whole.

/s/ WASHINGTON, PITTMAN & McKEEVER, LLC

Chicago, Illinois
June 16, 2015

EXELON CORPORATION EMPLOYEE SAVINGS PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BEN EFITS

	December 31,	
	2014	**2013**
ASSETS		
Investments at fair value		
Plan interest in the net assets of the Exelon Corporation Defined Contribution Retirement Plans Master Trust (see Note 3)	$5,996,079,087	$4,844,766,293
Receivables		
Participant contributions	9,108,291	4,662,252
Employer contributions		
Fixed match contribution	2,476,826	1,404,559
Profit-sharing contribution	7,052,562	3,099,383
Notes receivable from participants	114,055,098	87,585,155
Total receivables	132,692,777	96,751,349
Net assets reflecting investments at fair value	6,128,771,864	4,941,517,642
Adjustment from fair value to contract value for fully benefit-responsive investment contracts (see Note 2)	—	(8,400,666)
NET ASSETS AVAILABLE FOR BENEFITS	$6,128,771,864	$4,933,116,976

The accompanying Notes are an integral part of these Financial Statements.

EXELON CORPORATION EMPLOYEE SAVINGS PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FO R BENEFITS

	Year Ended December 31, 2014
ADDITIONS	
Contributions	
Participant	$ 195,423,300
Employer fixed match	74,221,411
Employer profit-sharing	7,052,562
Rollover receipts	17,765,887
Total contributions	294,463,160
Investment income	
Plan interest in the net investment income from the Exelon Corporation Defined Contribution Retirement Plans Master Trust	324,749,382
Interest income from participant loans	4,219,253
Total investment income	328,968,635
Total additions	623,431,795
DEDUCTIONS	
Participant withdrawals and distributions	476,319,346
Administrative expenses	356,223
Total deductions	476,675,569
Net increase before transfers	146,756,226
Net assets transferred from other plans (see Note 9)	1,048,898,662
Net increase after transfers	1,195,654,888
NET ASSETS AVAILABLE FOR BENEFITS	
Beginning of year	4,933,116,976
End of year	$ 6,128,771,864

The accompanying Notes are an integral part of these Financial Statements.

1. Plan Description

The following description of the Exelon Corporation Employee Savings Plan (the "Plan") is provided for general information purposes only. The official text of the Plan, as amended, should be read for more complete information.

General

The Plan was established by Commonwealth Edison Company, effective March 1, 1983, to provide a systematic savings program for eligible employees and to supplement such savings with employer matching contributions. On March 30, 2001, the Commonwealth Edison Employee Savings and Investment Plan was combined with the PECO Energy Company Employee Savings Plan to become the Exelon Corporation Employee Savings Plan. Effective July 1, 2014, the Constellation Energy Group, Inc. Employee Savings Plan was merged into the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and the Internal Revenue Code of 1986, as amended (the "Code"). The Exelon Corporation Stock Fund is invested primarily in Exelon common stock and is intended to be an Employee Stock Ownership Plan under Code Section 4975(e)(7).

Exelon Corporation ("Exelon") is the sponsor of the Plan. Exelon's Director of Employee Benefit Plans and Programs, is the administrator of the Plan (the "Plan Administrator"). The Plan Administrator has the responsibility for the day-to-day administration of the Plan. Exelon, acting through the Exelon Investment Office, is responsible for the selection and retention of the Plan's investment options and any investment manager that may be appointed under the Exelon Corporation Defined Contribution Retirement Plans Master Trust (the "Master Trust"). The Northern Trust Company is the Plan trustee ("Trustee") and Aon Hewitt is the Plan recordkeeper ("Recordkeeper").

Generally, any regular employee whose employment is subject to a collective bargaining agreement that provides for participation in the Plan and any regular non-represented employee of a subsidiary of Exelon that is designated by Exelon as participating in the Plan (such subsidiary referred to individually as a "Company" and such subsidiaries referred to collectively as the "Companies") is eligible to elect to participate in the Plan. Participating employees include employees represented by: International Brotherhood of Electrical Workers ("IBEW") Locals 15 and 614; Utility Workers of America Local 369; Security, Police & Fire Professionals of America Locals 228 and 328; Service Employees International Union Local 1; United Government Security Officers of America Locals 12, 17 and 18; and United Security Services Union Local 1. Employees hired on or after April 6, 2009 who do not make a participation election within 90 days after their date of hire will automatically be enrolled in the Plan as soon as administratively possible after their 90th day of employment with a pre-tax deferral of 3% of eligible pay per pay period and 1% increase each March 1st, beginning with the second calendar year that begins after automatic enrollment first applies to the participant, until a total maximum pre-tax deferral of 5% of eligible pay is reached. Contributions to the Plan will be automatically invested in the custom target retirement fund that corresponds to the participant's anticipated retirement date (based on the participant's birth date). A participant who is subject to automatic enrollment may elect within 90 days of the first automatic contribution, to withdraw all automatic contributions adjusted for any investment gains or losses. Such a withdrawal would be subject to federal income tax but not to any early withdrawal penalty. Additionally, the participant will forfeit any employer matching contributions made with respect to such automatic contributions.

Participant Contributions

The Plan permits salaried, non-represented hourly and participating represented employees to contribute between 1% and 50% of eligible pay each pay period on a pre-tax basis, an after-tax basis, a Roth basis or a combination of the three, subject to certain Internal Revenue Service ("IRS") limitations.

During any calendar year in which a participant attains age 50 or older, he or she may elect to make additional pre-tax contributions, called "catch-up" contributions, to the Plan. In order to be eligible to make catch-up contributions, the participant must anticipate that his or her pre-tax contributions to the Plan will reach the applicable annual IRS limit on that type of contribution or be contributing at the maximum base pay level. Catch-up contributions are not credited with the Company's fixed or profit-sharing matching contribution.

Company Matching Contributions

Effective January 1, 2010, with respect to non-represented employees, except non-exempt craft and clerical employees assigned to the Peach Bottom, Limerick, Outage Services East, Philadelphia Electric Company or Texas generating plant, Exelon provides both a fixed and annual profit-sharing match. Under the fixed match, Exelon matches 60% of the first 5% of a participant's eligible pay contributed per pay period, by the employee for a maximum annual fixed match percentage of 3% of the participant's eligible pay. Additionally, with respect to such employees, Exelon may make an annual profit-sharing match of up to 3% of eligible pay contributed per pay period, based on earnings per share goals established by the Compensation Committee of Exelon's Board of Directors (the "Committee"). Combined, the total employer match (fixed and profit-sharing) is an annual maximum of up to 6% of a participant's eligible pay. Any profit-sharing match will be contributed to the Plan after the end of each calendar year. The 2014 profit-sharing match contributed in 2015 was $7,052,562. The 2013 profit-sharing match contributed in 2014 was $3,099,383. Generally, a participant must be employed on the last day of a calendar year to receive the profit-sharing match for that year. In the event a participant terminates employment during the calendar year due to death, long-term disability or retirement (age 50 and completion of 10 years of service with the Company) or in the event a participant terminates employment with the Company and receives benefits under the severance plan, the participant will be eligible to receive a profit-sharing match.

With respect to non-represented, non-exempt craft and clerical employees assigned to the Peach Bottom, Limerick, Outage Services East, Philadelphia Electric Company or Texas generating plant, Exelon provides a fixed match of 100% of the first 5% of a participant's eligible pay contributed per pay period. Employer matching contributions for represented employees are based on the applicable collective bargaining agreement.

Investment Options

The Plan's investments are held in the Master Trust, which was established in 2006, for the investments of the Plan and other savings plans sponsored by Exelon. The Plan investments are fully participant-directed, and the Plan is intended to satisfy Section 404(c) of ERISA.

Effective July 1, 2014, changes were made to the investment options offered under the Plan. Many of the investment options were replaced with a menu of funds that include custom Target Retirement Fund options, three new actively-managed custom funds, two new passively-managed funds, and two previously existing options: the Northern Trust U.S. Government Short-Term Investment Fund and the Exelon Corporation Stock Fund. Below is a brief description of each of the investment options available as of December 31, 2014. These descriptions are not, and are not intended to be, complete descriptions of each investment option's risk, objective and strategy.

- **Target Date Funds** - Diversified funds managed by multiple investment managers that seek to provide investment return, shifting from an emphasis on capital appreciation to an emphasis on income and inflation protection as the fund approaches and passes its target retirement age. Target allocations of the funds are designed using certain assumptions, including that most Exelon plan participants receive a 401(k) company matching contribution under the Plan, earn pension benefits over their careers under a cash balance or other pension plan, and typically begin receiving retirement benefits around age 61. The funds reduce exposure to equity and real estate, and increase exposure to fixed income and certain other investments, as the target retirement date approaches, and for ten years thereafter.
- **Actively-managed custom funds -** These funds use a multi-manager approach whereby the fund's assets are allocated to several investment managers that act independently of each other and follow their own distinct investment style in investing in securities. The portfolios are principally managed using an active approach with the objective of collectively exceeding the record of the fund benchmark.
- **Passively-managed funds -** These funds seek investment results that correspond generally to the price and yield performance, before fees and expenses, of a particular index.
- **Northern Trust U.S. Government Short-Term Investment Fund -** This fund is an investment vehicle for cash reserves that offers a rate of return based on a portfolio of obligations of the U.S. Government, its agencies or instrumentalities, and related money market instruments. Principal preservation and liquidity management are the fund's prime objectives.
- **Exelon Corporation Stock Fund -** This fund primarily invests in Exelon Corporation common stock with some short-term liquid investments. This fund is not diversified and is considered riskier than a "diversified" portfolio.

Participant Loans

A participant may, upon application, borrow from the Plan. Only one loan is permitted to a participant in any calendar year with a maximum of five (as of April 6, 2009, three for the majority of non-represented employees and employees whose collective bargaining agreement limits loans to three) outstanding at any time, and the amount of any loan shall not be less than $1,000. The aggregate amount of all outstanding loans may not exceed the lesser of (i) 50% of a participant's vested balance in the Plan or (ii) $50,000 minus the excess of the highest outstanding balance of all loans from the Plan to the participant during the previous 12-month period over the outstanding balance of all loans from the Plan to the participant on the day the loan is

made. For loans other than home loans, the maximum term is five years. For a home loan, the maximum term is fifteen years and the minimum is five years. The interest rate on all loans is the prime rate for commercial loans plus 1%. Principal and interest is paid ratably through monthly payroll deductions or direct payment, as applicable. No lump-sum or installment distribution from the Plan will be made to a participant who has received a loan, or to a beneficiary of any such participant, until the loan, including interest, has been repaid out of the funds otherwise distributable. In the event a participant defaults on the repayment of a loan, the loan will be considered a taxable distribution and may be subject to an early withdrawal penalty. To date, the Plan has not experienced any collectability issues with participant loans.

Withdrawals by Participants While Employed

Generally, a participant may withdraw up to the entire balance of his or her after-tax contributions account once each calendar year. After making such a withdrawal, the participant must wait six months before making a new election to resume after-tax contributions to the Plan if the distribution is received by the participant before attainment of age 59 $^1/_2$. A participant may also withdraw up to an amount equal to the balance in his or her rollover account.

Generally, a participant may make withdrawals from his or her before-tax, catch-up, matching, Roth, Roth catch-up and Roth rollover contributions accounts, but only if the participant has attained age 59 $^1/_2$ or, prior to that age, only in an amount required to alleviate financial hardship as defined in the Code and regulations promulgated thereunder. Financial hardship withdrawals from a before-tax contributions account suspend the participant's right to make contributions to the Plan for six months.

While any loan to the participant remains outstanding, the maximum amount available for withdrawal shall be the balance in such account less the balance of all outstanding loans.

Distributions upon Termination of Employment

Upon termination of employment, including the retirement, total disability or death of a participant, a participant is entitled to the distribution of his or her entire account balance. Such distribution will be made, as elected by the participant, in the form of either a single lump-sum payment, an ad hoc partial distribution, or in substantially equal annual, quarterly or monthly installments over any period of time specified by the participant, subject to meeting any restrictions required by applicable law, including but not limited to the minimum distribution requirements under the Internal Revenue Code. If a participant elects installment payments, the participant can elect to change the amount, frequency and number of payments at any time. A participant may elect ad hoc partial withdrawals of any amount at any time. A participant may elect to defer distributions until age 70 $^1/_2$. If the value of a participant's account is $1,000 or less, the participant will receive a lump sum distribution from the Plan upon termination of employment. If the value of a participant's account is greater than $1,000, the participant can leave his or her account in the Plan. Generally, distributions will be taxed as ordinary income in the year withdrawn and may also be subject to an early withdrawal penalty if taken before age 59 $^1/_2$, unless eligible rollover distributions are rolled over to another qualified plan or an Individual Retirement Account ("IRA"). A 20% mandatory federal income tax withholding applies to withdrawals that are eligible for rollover, but which are not directly rolled over to another qualified plan or an IRA. If a participant does not specify the form and timing of the participant's distribution, the benefit generally will be paid in installments beginning no later than April 1 of the calendar year following the calendar year in which the participant attains age 70 $^1/_2$.

Participant Accounts

Each participant's account is credited with the participant's contribution and allocations of (i) the Companies' corresponding contributions and (ii) Plan earnings, and charged with an allocation of Plan costs. Allocations are based on participant elections or account balances, as applicable. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting of Participants' Accounts

Participants are fully vested in their accounts at all times.

Investment Income

Dividends and earnings received on all funds, with the exception of the Exelon Corporation Stock Fund, are automatically reinvested in the fund to which those earnings apply.

Employee Stock Ownership Plan

If a participant invests any portion of his or her account in the Exelon Corporation Stock Fund and is eligible to receive dividend distributions from the Plan, then the participant is deemed to have elected to have the dividends reinvested in the Exelon Corporation Stock Fund. If the participant prefers to receive any such dividends in cash, he or she can so elect by contacting the Recordkeeper. Dividends distributed to the participant in cash from the Plan are subject to income tax as a dividend and not subject to an early withdrawal penalty.

2. Summary of Significant Accounting Policies

General

The Plan follows the accrual method of accounting, in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Withdrawals and distributions are recorded when paid.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires the Plan Administrator to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Accordingly, actual results may differ from those estimates.

Investment Valuation and Income Recognition

The Plan's interest in the Master Trust is stated at fair value, with the exception of the Fidelity Managed Income Portfolio II Class 3 Fund ("MIP II"), which is stated at contract value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. The Plan presents, in the Statement of Changes in Net Assets Available for Benefits, the Plan interest in investment income from the Master Trust. See Note 3 - Fair Value of Interest in Master Trust for further information.

Plan Expenses

A participant's account balance will be charged with certain fees and expenses. Asset-based fees (e.g., management fees and other operating expenses) are used to cover the expenses related to running an investment fund, and are generally deducted directly from a participant's investment returns.

Prior to the change in the plan investment structure on July 1, 2014, asset-based fees were primarily reflected in the net investment income and appreciation of the Master Trust. With the change to the new custom fund investment structure, starting July 1, 2014, the asset-based fees relating to the target date and custom funds are primarily presented within the investment and administrative fees of the Master Trust. See Note 3 - Fair Value of Master Trust for further information.

Plan administration fees cover the day-to-day expenses of administering the Plan, and may be covered by amounts deducted directly from participant accounts, covered by a portion of the asset-based fees deducted directly from investment returns, or paid through revenue-sharing payments made from investment managers to the Recordkeeper for periods prior to July 1, 2014. Transaction-based fees also may be charged with respect to optional features offered under the Plan (e.g., loans), and are charged directly against a participant's account balance.

Fully Benefit-Responsive Investment Contracts

The investments of the MIP II fund include fully benefit-responsive investment ("wrap") contracts. As of January 1, 2014, the Plan is no longer invested in the MIP II fund. The Plan liquidated the MIP II at contract value and added the Northern Trust US Government Short-Term Investment Fund to the investment menu on January 1, 2014.

The objective of investing in wrap contracts is to ensure this fund's ability to distribute benefits at "contract value", which is equal to a participant's principal balance plus accrued interest. Wrap contracts accrue interest using a formula called the "crediting rate." The crediting rate is the discount rate that equates the estimated future market value with the fund's current contract value and is reset quarterly. The crediting rate may be impacted by factors that include: contributions, withdrawals by participants, the current yield and duration of the assets underlying the contract, and the existing difference between the fair value of the securities and the contract value of the assets within the insurance contract.

The wrap contracts provide a guarantee that the crediting rate will not fall below 0%. The average current yield earned by the Master Trust as of December 31, 2013 was computed to be 1.59%. The average current yield earned by the Master Trust as adjusted to reflect the actual interest rate credited to participants as of December 31, 2013 was 1.14%.

Investment contracts held by a defined contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The following table presents the fair value of Plan funds with investment contracts and the adjustment required to report at contract value:

	December 31, 2013
MIP II at fair value	$596,790,947
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	(8,400,666)
MIP II at contract value	$588,390,281

Notes Receivable from Participants

Notes receivable from participants are valued at their unpaid principal balance plus accrued interest. No allowance for credit losses has been recorded as of December 31, 2014 or 2013.

Reclassifications

Certain prior year amounts have been reclassified for comparative purposes. These reclassifications did not affect net assets available for benefits.

3. Fair Value of Interest in Master Trust

The Plan established a Master Trust Agreement with the Trustee for the purpose of investing assets of the Plan and other savings plans sponsored by Exelon. The investment options for the four savings plans that participate in the Master Trust are the same, with the exception of the Exelon Corporation Stock Fund which is only offered in the Plan. Interest and dividends along with net depreciation or appreciation in the fair value of investments are allocated to the Plan on a daily basis based upon the Plan's equitable share of the various investment funds and portfolios that comprise the Master Trust. The Plan's Statements of Net Assets Available for Benefits include its share of investments maintained in the Master Trust measured at fair value on a recurring basis.

At December 31, 2014 and 2013, the Plan's interest in the investments of the Master Trust was approximately 97.83% and 97.42% respectively.

The net assets of the Master Trust as of December 31, 2014 and 2013 are as follows:

	December 31,	
	2014	2013
ASSETS		
Investments, at fair value		
U.S. government securities	$ 552,688,801	$ —
Corporate debt instruments - preferred	125,652,010	—
Corporate debt instruments - other	393,392,915	—
Corporate stock - preferred	1,936,934	—
Corporate stock - Exelon Corporation (1)	305,035,246	179,204,528
Corporate stock - common	1,736,708,387	—
Real estate	196,765,409	—
Common/collective trust funds, including short-term investment funds	2,597,135,461	2,847,928,576
Registered investment company securities	33,976,767	1,945,166,599
Other investments	231,950,102	—
Total Master Trust investments	6,175,242,032	4,972,299,703
Other Assets		
Cash	5,270,263	—
Accrued dividend and interest	12,838,393	—
Due from brokers for securities sold	10,409,088	—
Other	828,424	956,299
Total other assets	29,346,168	956,299
Total Master Trust assets	6,204,588,200	4,973,256,002
LIABILITIES		
Accrued investment and administrative expenses	5,360,499	—
Due to broker for securities purchased	70,340,189	—
Other liabilities	573,004	882,525
Total Master Trust liabilities	76,273,692	882,525
Total Master Trust net assets	$6,128,314,508	$4,972,373,477

(1) The Exelon Corporation Stock Fund held $303.8 million and $179.2 million of this investment as of December 31, 2014 and 2013, respectively. The custom funds held $1.2 million of this investment as of December 31, 2014.

The net investment income and appreciation of the Master Trust for the year ended December 31, 2014 is as follows:

	Year Ended December 31, 2014
Common stock dividends	$ 25,189,716
Other interest and dividends	27,561,135
Net appreciation (depreciation) in the fair value of investments valued based on quoted market prices	
U.S. government securities	(189,791)
Corporate stock - preferred	(116,447)
Corporate stock - common	23,401,791
Other	4,791,886
Net appreciation (depreciation) in the fair value of investments valued based on other methods	
Non-interest bearing cash	3,909,838
U.S. government securities	1,143,332
Corporate-debt instruments - preferred	(590,420)
Corporate-debt instruments - other	(19,785,401)
Real estate	10,357,058
Common/collective trust funds	181,575,752
Registered investment companies	91,258,278
Other	(6,300,463)
Total net investment income and appreciation	342,206,264
Investment and administrative expenses not directly allocated to the plans	(10,213,227)
Total Master Trust net investment income and appreciation	$ 331,993,037

For the year ended December 31, 2014, the Plan’s interest in the net investment income of the Master Trust is 97.81%.

Recurring Fair Value Measurements

To increase consistency and comparability in fair value measurements, the FASB established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1 - unadjusted quoted prices in active markets for identical assets for which the Plan has the ability to access as of the reporting date.
- Level 2 - inputs other than quoted prices included within Level 1 that are directly observable for the asset or indirectly observable through corroboration with observable market data.
- Level 3 - unobservable inputs, such as internally-developed pricing models for the asset.

The valuation methods for each investment category are described below.

U.S. government securities. U.S. government securities are valued daily based on quoted prices in active markets. Investments in U.S. Treasury securities have been categorized in Level 1 because they trade in highly liquid and transparent markets. Investments in U.S. government affiliates are based on evaluated prices that reflect observable market information, such as actual trade information of similar securities, adjusted for observable differences and are categorized as Level 2.

Preferred and other corporate debt instruments . Corporate debt instruments are based on evaluated prices that reflect observable market information, such as actual trade information of similar securities, adjusted for observable differences and are categorized as Level 2.

Preferred and common corporate stock . The Master Trust's stock investments are primarily traded on exchanges that contain only actively traded securities, due to the volume trading requirements imposed by these exchanges. Preferred and common corporate stocks, including rights and warrants, are valued daily based on quoted prices in active markets and are categorized as Level 1.

Real estate . Income producing real estate funds are valued by the fund managers on a daily basis. Fund values are based on valuation of the underlying investments which may include inputs such as operating results, discounted future cash flows and market-based comparable data. The valuation inputs are not highly observable, so these funds have been categorized as Level 3. Certain real estate investments are redeemable from the investment vehicle quarterly.

Common/collective trust funds . Common/collective trust funds are maintained by investment companies and hold investments in accordance with a stated set of fund objectives. For common/collective trust funds which are not publicly quoted, the fund administrators value the funds using the net asset value per fund share, derived from the quoted prices in active markets of the underlying securities. These funds have been categorized as Level 2.

Registered investment company securities. Registered investment company securities are investment funds maintained by investment companies that hold investments in accordance with a stated set of fund

objectives. For funds with values which are not publicly quoted, the fund custodians value the funds using the net asset value per fund share, derived from the quoted prices in active markets of the underlying securities. These funds have been categorized as Level 2.

Other investments. Other investments include futures contracts, swap contracts, holdings in real estate investment trusts, and state, municipal and foreign government fixed income securities. Futures contracts are valued daily based on quoted prices in active markets and trade in open markets, and have been categorized as Level 1. Real estate investment trusts are valued daily based on quoted prices in active markets and have been categorized as Level 1. State, municipal and foreign government fixed income securities are valued daily using evaluated prices that reflect observable market information, such as actual trade information of similar securities, adjusted for observable differences and are categorized as Level 2. Derivative instruments other than futures contracts are valued based on external price data of comparable securities and have been categorized as Level 2.

Transfer policy

The Company's policy is to recognize transfers into and out of levels as of the end of the reporting period.

Additional Information Regarding Level 3 Fair Value Measurements

Because the Company relies on third party fund managers to develop the quantitative unobservable inputs without adjustment for the valuations of its Master Trust Level 3 investments, quantitative information about significant unobservable inputs used in valuing these investments is not readily available. This includes information regarding the sensitivity of the fair values to changes in the unobservable inputs. The Company gains an understanding of the fund managers' inputs and assumptions used in preparing the valuations and performs procedures to assess the reasonableness of the valuations. The Company has reviewed the investment managers' valuation techniques and obtained the most recent audited financial statements to confirm that an unqualified audit opinion was issued and the investments were valued at fair value.

The Plan's Statements of Net Assets Available for Benefits include its share of investments maintained in the Master Trust measured at fair value on a recurring basis. The following tables present the fair value of assets in the Master Trust and their level within the fair value hierarchy as of December 31, 2014 and 2013:

As of December 31, 2014

	Level 1	Level 2	Level 3	Total
Master Trust Investments:				
U.S. government securities	$ 341,904,042	$ 210,784,759	$ —	$ 552,688,801
Corporate debt instruments - preferred	—	125,652,010	—	125,652,010
Corporate debt instruments - other		393,392,915		393,392,915
Corporate stock - preferred	1,936,934	—	—	1,936,934
Corporate stock - common				
Services	338,028,163	—	—	338,028,163
Consumer goods	220,145,617	—	—	220,145,617
Capital equipment	172,241,602	—	—	172,241,602
Energy	149,859,699	—	—	149,859,699
Finance	248,941,895	—	—	248,941,895
Materials	84,763,047	—	—	84,763,047
Other	522,728,364	—	—	522,728,364
Exelon Corporation	305,035,246	—	—	305,035,246
Real estate	—	—	196,765,409	196,765,409
Common/collective trust funds				
Domestic equity funds	—	1,335,707,886	—	1,335,707,886
International equity funds	—	510,170,796	—	510,170,796
Fixed income funds	—	397,988,325	—	397,988,325
Short-term investment funds	—	353,268,454	—	353,268,454
Registered investment company securities	—	33,976,767	—	33,976,767
Other investments	103,043,044	128,907,058	—	231,950,102
Total Master Trust investments	$2,488,627,653	$3,489,848,970	$196,765,409	$6,175,242,032

As of December 31, 2013

	Level 1	Level 2	Level 3	Total
Master Trust Investments:				
Exelon Corporation common stock	$ 179,204,528	$ —	$ —	$ 179,204,528
Common/collective trust funds				
Domestic equity funds	—	870,566,347	—	870,566,347
Target date/blended strategy funds	—	658,203,661	—	658,203,661
Stable value funds	—	615,766,469	—	615,766,469
Balanced funds	—	505,074,909	—	505,074,909
Fixed income funds	—	135,825,185	—	135,825,185
International equity funds	—	56,985,368	—	56,985,368
Short-term investment funds	—	5,506,637	—	5,506,637
Registered investment company securities				
Domestic equity funds	1,569,286,171	—	—	1,569,286,171
Fixed income funds	209,919,561	—	—	209,919,561
International equity funds	165,960,867	—	—	165,960,867
Total Master Trust investments	$2,124,371,127	$2,847,928,576	$ —	$4,972,299,703

The following table presents the fair value reconciliation of Level 3 Master Trust assets measured at fair value on a recurring basis during the year ended December 31, 2014:

Master Trust balance as of January 1, 2014	$ —
Total unrealized gains, net	10,357,058
Purchases, sales and settlements	
Purchases	218,456,046
Sales	(32,047,695)
Master Trust balance as of December 31, 2014	$196,765,409

There were no Level 3 assets as of December 31, 2013. There were no transfers between Level 1 and Level 2 during the years ended December 31, 2014 and 2013.

The fair values of the Master Trust's investments that represent 5% or more of the Master Trust's net assets, at December 31, 2014 and 2013, are summarized as follows:

	December 31,	
	2014	2013
Blackrock Equity Index Fund - Class T (1)	$ —	$720,659,020
Fidelity Managed Income Portfolio II - Class 3 (1)	—	615,766,468
Fidelity Growth Company Fund (1)	—	597,590,942
T. Rowe Price Capital Appreciation Trust (1)	—	505,074,909
Fidelity Contrafund (1)	—	491,455,288
Fidelity Low-Priced Stock Fund (1)	—	290,823,357
Blackrock Equity Index (2)	1,244,662,410	—
Northern Trust Government Money Market Fund (2)	353,268,454	—
Blackrock Debt Index (2)	321,026,528	—

(1) This investment is no longer an investment option in the Plan as of June 30, 2014 and did not represent 5% or more of the Plan's net assets as of December 31, 2014; however, it is included in this table because the balance is greater than 5% of the Plan's net assets as of December 31, 2013.

(2) This is a new investment in the Master Trust as of July 1, 2014

4. Risks and Uncertainties

The Plan provides for various investment options in several investment securities and instruments. Investment securities are exposed to various risks, such as interest, market and credit risk. Due to the level of risks associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in values in the near term could materially affect participants' account balances and the amounts reported in the Statements of Net Assets Available for Benefits and the Statement of Changes in Net Assets Available for Benefits.

From time to time, investment managers may use derivative financial instruments including futures, forward foreign exchange, and swap contracts. Derivative instruments may be used to mitigate exposure to foreign exchange rate and interest rate fluctuations as well as manage the investment mix in the portfolio. The Plan's exposure is limited to the fund(s) utilizing such derivative investments. Risks of entering into derivatives include the risk of an illiquid market, inability of a counterparty to perform, or unfavorable movement in foreign currency exchange rates, interest rates, or the underlying securities.

Some investment managers may engage in securities lending programs in which the funds lend securities to borrowers, with the objective of generating additional income. The borrowers of fund securities deliver collateral to secure each loan in the form of cash, securities, or letters of credit, and are required to maintain the collateral at a level no less than 100% of the market value of the loaned securities. Cash collateral is invested in common/collective trust funds or collateral pools. Participation in securities lending programs involves

exposure to the risk that the borrower may default and there may be insufficient collateral to buy back the security. Lenders of securities also face the risk that invested cash collateral may become impaired or that the interest paid on loans may exceed the amount earned on the invested collateral. The Plan's exposure is limited to the funds that lend securities.

5. Reconciliation of Financial Statements to Form 5500's

The following is a reconciliation of net assets available for benefits per the financial statements to the Plan's Form 5500 for the year ended December 31, 2013. The accompanying financial statements present fully benefit-responsive investment contracts at contract value. The Form 5500 requires fully benefit-responsive investment contracts to be reported at fair value. The Plan is no longer invested in fully benefit-responsive investment contracts; therefore there is no reconciliation of net assets available for benefits for the year ended December 31, 2014.

	December 31, 2013
Net Assets Available for Benefits per the Financial Statements	$4,933,116,976
Add: Adjustment from contract value to fair value for fully benefit-responsive investment contracts	8,400,666
Net Assets Available for Benefits per the Form 5500	$4,941,517,642

The following is a reconciliation of the changes in net assets per the financial statements to the Form 5500:

	Year Ended December 31, 2014
Net increase in Net Assets Available for Benefits per the Financial Statements	$1,195,654,888
Less: Adjustment from contract value to fair value for fully benefit-responsive investment contracts at beginning of year	(8,400,666)
Net increase in Net Assets Available for Benefits per the Form 5500	$1,187,254,222

The Master Trust is comprised of two master trust investment accounts ("MTIA") - one of which contains real estate investments and another for the remaining other investments. The real estate account within the Master Trust is comprised primarily of assets that do not have an observable value (either directly or indirectly) on an established market, and therefore, is being reported as a separate Form 5500. The Master Trust net assets and investment income and appreciation disclosed in the Notes to the financial statements as of and for the year ended December 31, 2014 are presented as a Total Master Trust. The following shows a breakdown of the Total Master Trust net assets and net income as reported on the Master Trust Form 5500 filings:

	Year Ended December 31, 2014
Master Trust - Other Investments net assets per Form 5500	$5,932,331,034
Master Trust - Real Estate net assets per Form 5500	195,983,474
Total Master Trust net assets per Note 3	$6,128,314,508

	Year Ended December 31, 2014
Master Trust - Other net income per Form 5500	$ 313,741,165
Master Trust - Real Estate net income per 5500	9,575,123
Total Master Trust net investment income and appreciation per Note 3	$ 323,316,288

6. Income Tax Status

The Plan obtained its latest determination letter on October 25, 2013 in which the IRS stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code. The Plan is qualified under Section 401(a) and 401(k) of the Code. The Plan has been amended since receiving the determination letter. However, the Plan Administrator believes that the Plan design remains in compliance with the applicable requirements of the Code. Therefore, it is believed that the Plan was qualified and the related Master Trust was tax-exempt as of the financial statement date.

7. Plan Termination

The Plan may be amended, modified or terminated by Exelon at any time. The Plan may also be terminated if the IRS disqualifies the Plan. Termination of the Plan with respect to a participating employer may occur if there is no successor employer in the event of dissolution, merger, consolidation or reorganization of such employer company. In the event of full or partial termination of the Plan, assets of affected participants of the terminating employer or employers shall remain 100% vested and distributable at fair market value in the form of cash, securities or annuity contracts, in accordance with the provisions of the Plan.

8. Related-Party Transactions

Investment options in the Plan include common/collective trust funds managed by the Trustee or its affiliates. Prior to July 1, 2014, certain Plan investment and administrative fees were paid through revenue-sharing arrangements between the Recordkeeper and investment managers. These arrangements ceased as of July 1, 2014. Finally, the Master Trust holds shares of Exelon Corporation common stock. These transactions qualify as exempt party-in-interest transactions, in accordance with ERISA. There have been no known prohibited transactions with a party-in-interest.

9. Plan Transfers

Effective July 1, 2014, the Constellation Energy Group, Inc. Employee Savings Plan was merged into the Plan. The total assets of the Constellation Energy Group, Inc. Employee Savings Plan were transferred to the Plan, including notes receivable from participants. In 2014, there were transfers totaling $1,049,369,051 to the Plan ($1,047,841,581 from the Constellation Energy Group, Inc Employee Savings Plan, $1,332,584 from the Exelon Employee Savings Plan for Represented Employees at TMI and Oyster Creek, and $194,886 from the Exelon Employee Savings Plan for Represented Employees at Clinton). In 2014, there were transfers totaling $470,389 from the Plan ($229,138 to the Exelon Employee Savings Plan for Represented Employees at TMI and Oyster Creek and $241,251 to the Exelon Employee Savings Plan for Represented Employees at Clinton).

10. Subsequent Events

On July 1, 2015, the Constellation Energy Nuclear Group, LLC Employee Savings Plan and Represented Employee Savings Plan for Nine Mile Point will be merged into the Plan.

EXELON CORPORATION EMPLOYEE SAVINGS PLAN
SCHEDULE OF ASSETS (HELD AT END OF YEAR)
As of December 31, 2014
Schedule H, Part IV, Item 4i of Form 5500
Employer Identification Number 23-2990190, Plan Number 003

(a)	(b) Identity of Issue, Borrower, Lessor, or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral Par or Maturity Value	(e) Current Value
	* Interest in net assets of Master Trust, at fair value		$5,996,079,087
	Participant loans	Interest rates: 4.25% - 10.50%	114,055,098
	Total investments		$6,110,134,185

* Represents party-in-interest

Column (d), cost, has been omitted as investments are participant directed.

EXHIBIT INDEX

Exhibit filed with Form 11-K for the year ended December 31, 2014:

Exhibit No.	Description of Exhibit
23	Consent of Independent Registered Public Accounting Firm

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

Exelon Corporation Employee Savings Plan

Date: June 24, 2015

/s/ Jennifer Franco
Jennifer Franco
Plan Administrator

S1-SSA-0009 - 26797

Exhibit 23.1
Exelon Corporation
Form 11-K File No. 1-16169

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statement on Forms S-8 (No.'s 333-37082 and 333-49780) of Exelon Corporation of our report dated June 16, 2015, with respect to the statements of net assets available for benefits of the Exelon Corporation Employee Savings Plan as of December 31, 2014 and December 31, 2013 and the related statement of changes in net assets available for benefits for the year ended December 31, 2014, and the related supplemental schedule of Schedule H, line 4i-schedule of assets (held at end of year) as of December 31, 2014, which appears in the December 31, 2014 annual report on Form 11-K of the Exelon Corporation Employee Savings Plan.

/s/ WASHINGTON, PITTMAN & McKEEVER, LLC

Chicago, Illinois
June 24, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Fiscal Year Ended December 31, 2015

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number 1-16169

EXELON CORPORATION
EMPLOYEE SAVINGS PLAN
(Full title of the Plan)

EXELON CORPORATION
(a Pennsylvania Corporation)

10 South Dearborn Street
P.O. Box 805379
Chicago, Illinois 60680-5379
(312) 394-7398
(Name of the issuer of the securities held pursuant to the Plan and the address of its principal executive offices)

EXELON CORPORATION EMPLOYEE SAVINGS PLAN

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Participants and the Administrator of the
Exelon Corporation Employee Savings Plan:

We have audited the accompanying statements of net assets available for benefits of the Exelon Corporation Employee Savings Plan (the "Plan") as of December 31, 2015 and 2014 and the related statement of changes in net assets available for benefits for the year ended December 31, 2015. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2015 and 2014, and the changes in net assets available for benefits for the year ended December 31, 2015, in conformity with accounting principles generally accepted in the United States of America.

The supplemental information in the accompanying schedule of assets (held at end of year) as of December 31, 2015 has been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The supplemental information is presented for the purpose of additional analysis and is not a required part of the financial statements but includes supplemental information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental information is the responsibility of the Plan's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting or other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information in the accompanying schedule, we evaluated whether the supplemental information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental information in the accompanying schedule is fairly stated in all material respects in relation to the financial statements as a whole.

/s/ WASHINGTON, PITTMAN & McKEEVER, LLC

Chicago, Illinois
June 24, 2016

EXELON CORPORATION EMPLOYEE SAVINGS PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	December 31,	
	2015	2014
ASSETS		
Investments at fair value		
Plan interest in the net assets of the Exelon Corporation Defined Contribution Retirement Plans Master Trust (see Note 3)	$6,378,467,018	$5,996,079,087
Receivables		
Participant contributions	11,818,847	9,108,291
Employer contributions		
Fixed match contribution	3,202,190	2,476,826
Profit-sharing contribution	48,519,826	7,052,562
Notes receivable from participants	124,754,495	114,055,098
Total receivables	188,295,358	132,692,777
NET ASSETS AVAILABLE FOR BENEFITS	$6,566,762,376	$6,128,771,864

The accompanying Notes are an integral part of these Financial Statements.

EXELON CORPORATION EMPLOYEE SAVINGS PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

	Year Ended December 31, 2015
ADDITIONS	
Contributions	
Participant	$ 243,934,977
Employer fixed match	88,214,866
Employer profit-sharing	48,519,826
Rollover receipts	26,118,248
Total contributions	406,787,917
Investment income	
Plan interest in the net investment income (loss) from the Exelon Corporation Defined Contribution Retirement Plans Master Trust (see Note 3)	(101,815,037)
Interest income from participant loans	5,014,027
Total investment income (loss)	(96,801,010)
Total additions	309,986,907
DEDUCTIONS	
Participant withdrawals and distributions	488,144,724
Administrative expenses	7,666,878
Total deductions	495,811,602
Net decrease before transfers	(185,824,695)
Net assets transferred from other plans (see Note 9)	623,815,207
Net increase after transfers	437,990,512
NET ASSETS AVAILABLE FOR BENEFITS	
Beginning of year	6,128,771,864
End of year	$ 6,566,762,376

The accompanying Notes are an integral part of these Financial Statements.

EXELON CORPORATION EMPLOYEE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

1. Plan Description

The following description of the Exelon Corporation Employee Savings Plan (the "Plan") is provided for general information purposes only. The official text of the Plan, as amended, should be read for more complete information.

General

The Plan was established by Commonwealth Edison Company, effective March 1, 1983, to provide a systematic savings program for eligible employees and to supplement such savings with employer matching contributions. On March 30, 2001, the Commonwealth Edison Employee Savings and Investment Plan was combined with the PECO Energy Company Employee Savings Plan to become the Exelon Corporation Employee Savings Plan. On July 1, 2014, the Constellation Energy Group, Inc. Employee Savings Plan was merged into the Plan. On July 1, 2015, the Employee Savings Plan for Constellation Energy Nuclear Group, LLC and Represented Employee Savings Plan for Nine Mile Point were merged into the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and the Internal Revenue Code of 1986, as amended (the "Code"). The Exelon Corporation Stock Fund, which is an investment option under the Plan, is invested primarily in Exelon common stock and is intended to be an Employee Stock Ownership Plan under Code Section 4975(e)(7).

Exelon Corporation ("Exelon") is the sponsor of the Plan and the administrator of the Plan (the "Plan Administrator") acting through Exelon's Director of Employee Benefit Plans and Programs. The Plan Administrator has the responsibility for the day-to-day administration of the Plan. Exelon, acting through the Exelon Investment Office, is responsible for the selection and retention of the Plan's investment options and any investment manager that may be appointed under the Exelon Corporation Defined Contribution Retirement Plans Master Trust (the "Master Trust"). The Northern Trust Company is the Plan trustee ("Trustee") and Aon Hewitt is the Plan recordkeeper ("Recordkeeper").

Generally, any regular employee whose employment is subject to a collective bargaining agreement that provides for participation in the Plan and any regular non-represented employee of a subsidiary of Exelon that is designated by Exelon as participating in the Plan (such subsidiary referred to individually as a "Company" and such subsidiaries referred to collectively as the "Companies") is eligible to elect to participate in the Plan. Participating employees include employees represented by: International Brotherhood of Electrical Workers ("IBEW") Locals 15, 97 and 614; Utility Workers of America Local 369; Security, Police & Fire Professionals of America Locals 228 and 238; Service Employees International Union Local 1; United Government Security Officers of America Locals 12, 17 and 18; and United Security Services Union Local 1. Newly hired employees who do not make a participation election within 90 days after their date of hire will automatically be enrolled in the Plan as soon as administratively practicable after their 90th day of employment with a pre-tax deferral of 3% of eligible pay per pay period and 1% increase each March 1st, generally beginning with the second calendar year that begins after automatic enrollment first applies to the participant, until a total maximum pre-tax deferral of 5% of eligible pay is reached. Contributions to the Plan will be automatically invested in the custom target retirement fund that corresponds to the participant's anticipated retirement date (based on the participant's birth date). A participant who is subject to automatic enrollment may elect within 90 days of the first automatic contribution, to withdraw all automatic contributions adjusted for any investment gains or losses. Such a withdrawal would be subject to federal income tax but not to any early withdrawal penalty. Additionally, the participant will forfeit any employer matching contributions made with respect to such automatic contributions.

Participant Contributions

The Plan permits salaried, non-represented hourly and participating represented employees to contribute between 1% and 50% of eligible pay each pay period on a pre-tax basis, an after-tax basis, a Roth basis or a combination of the three, subject to certain Internal Revenue Service ("IRS") limitations.

EXELON CORPORATION EMPLOYEE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

During any calendar year in which a participant attains age 50 or older, he or she may elect to make additional pre-tax contributions, called "catch-up" contributions, to the Plan. In order to be eligible to make catch-up contributions, the participant must anticipate that his or her pre-tax contributions to the Plan will reach the applicable annual IRS limit on that type of contribution or be contributing at the maximum base pay level. Catch-up contributions are not credited with the Company's fixed or profit-sharing matching contribution.

Company Matching Contributions

Effective January 1, 2010, with respect to non-represented employees, except non-exempt craft and clerical employees assigned to the Peach Bottom, Limerick, Outage Services East, Philadelphia Electric Company or Texas generating plant, Exelon provides both a fixed and annual profit-sharing match. Under the fixed match, Exelon matches 60% of the first 5% of a participant's eligible pay contributed per pay period, by the employee for a maximum annual fixed match percentage of 3% of the participant's eligible pay. Additionally, with respect to such employees, Exelon may make an annual profit-sharing match of up to 3% of eligible pay contributed per pay period, based on earnings per share goals established by the Compensation Committee of Exelon's Board of Directors (the "Committee"). Combined, the total employer match (fixed and profit-sharing) is an annual maximum of up to 6% of a participant's eligible pay. Any profit-sharing match will be contributed to the Plan after the end of each calendar year. The 2015 profit-sharing match contributed in 2016 was $48,519,826. The 2014 profit-sharing match contributed in 2015 was $7,052,562. Generally, a participant must be employed on the last day of a calendar year to receive the profit-sharing match for that year. In the event a participant terminates employment during the calendar year due to death, long-term disability or retirement (age 50 and completion of 10 years of service with the Company) or in the event a participant terminates employment with the Company and receives benefits under the severance plan, the participant will be eligible to receive a profit-sharing match.

With respect to non-represented, non-exempt craft and clerical employees assigned to the Peach Bottom, Limerick, Outage Services East, Philadelphia Electric Company or Texas generating plant, Exelon provides a fixed match of 100% of the first 5% of a participant's eligible pay contributed per pay period. Employer matching contributions for represented employees are based on the applicable collective bargaining agreement.

Investment Options

The Plan's investments are held in the Master Trust, which was established in 2006, for the investments of the Plan and other savings plans sponsored by Exelon. The Plan investments are fully participant-directed, and the Plan is intended to satisfy Section 404(c) of ERISA.

The investment options include a menu of funds that include custom Target Retirement Fund options, three actively-managed custom funds, two passively-managed funds, the Northern Trust U.S. Government Short-Term Investment Fund and the Exelon Corporation Stock Fund. Below is a brief description of each of the investment options available as of December 31, 2015 and 2014. These descriptions are not, and are not intended to be, complete descriptions of each investment option's risk, objective and strategy.

- **Target Date Funds -** Diversified funds managed by multiple investment managers that seek to provide investment return, shifting from an emphasis on capital appreciation to an emphasis on income and inflation protection as the fund approaches and passes its target retirement age. Target allocations of the funds are designed using certain assumptions, including that most Exelon plan participants receive a 401(k) company matching contribution under the Plan, earn pension benefits over their careers under a cash balance or other pension plan, and typically begin receiving retirement benefits around age 61. The funds reduce exposure to equity and real estate, and increase exposure to fixed income and certain other investments, as the target retirement date approaches, and for ten years thereafter.
- **Actively-managed custom funds -** These funds use a multi-manager approach whereby the fund's assets are allocated to several investment managers that act independently of each other and follow their own distinct investment style in investing in securities. The portfolios are principally managed using an active approach with the objective of collectively exceeding the record of the fund benchmark.

EXELON CORPORATION EMPLOYEE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

- **Passively-managed funds -** These funds seek investment results that correspond generally to the price and yield performance, before fees and expenses, of a particular index.
- **Northern Trust U.S. Government Short-Term Investment Fund -** This fund is an investment vehicle for cash reserves that offers a rate of return based on a portfolio of obligations of the U.S. Government, its agencies or instrumentalities, and related money market instruments. Principal preservation and liquidity management are the fund's prime objectives.
- **Exelon Corporation Stock Fund -** This fund primarily invests in Exelon Corporation common stock with some short-term liquid investments. This fund is not diversified and is considered riskier than a "diversified" portfolio.

Notes Receivable from Participants

A participant may, upon application, borrow from the Plan. Only one loan is permitted to a participant in any calendar year with a maximum of five (as of April 6, 2009, three for the majority of non-represented employees and employees whose collective bargaining agreement limits loans to three) outstanding at any time, and the amount of any loan shall not be less than $1,000. The aggregate amount of all outstanding loans may not exceed the lesser of (i) 50% of a participant's vested balance in the Plan or (ii) $50,000 minus the excess of the highest outstanding balance of all loans from the Plan to the participant during the previous 12-month period over the outstanding balance of all loans from the Plan to the participant on the day the loan is made. For loans other than home loans, the maximum term is five years. For a home loan, the maximum term is fifteen years and the minimum is five years. The interest rate on all loans is the prime rate for commercial loans plus 1%. Principal and interest is paid ratably through monthly payroll deductions or direct payment, as applicable. No lump-sum or installment distribution from the Plan will be made to a participant who has received a loan, or to a beneficiary of any such participant, until the loan, including interest, has been repaid out of the funds otherwise distributable. In the event a participant defaults on the repayment of a loan, the loan will be considered a taxable distribution and may be subject to an early withdrawal penalty. To date, the Plan has not experienced any collectability issues with participant loans.

Withdrawals by Participants While Employed

Generally, a participant may withdraw up to the entire balance of his or her after-tax contributions account once each calendar year. After making such a withdrawal, the participant must wait six months before making a new election to resume after-tax contributions to the Plan if the distribution is received by the participant before attainment of age 59 $^{1}/_{2}$. A participant may also withdraw up to an amount equal to the balance in his or her rollover account.

Generally, a participant may make withdrawals from his or her before-tax, catch-up, matching, Roth, Roth catch-up and Roth rollover contributions accounts, but only if the participant has attained age 59 $^{1}/_{2}$ or, prior to that age, only in an amount required to alleviate financial hardship as defined in the Code and regulations promulgated thereunder. Financial hardship withdrawals from a before-tax contributions account suspend the participant's right to make contributions to the Plan for six months.

While any loan to the participant remains outstanding, the maximum amount available for withdrawal shall be the balance in such account less the balance of all outstanding loans.

Distributions upon Termination of Employment

Upon termination of employment, including the retirement, total disability or death of a participant, a participant is entitled to the distribution of his or her entire account balance. Such distribution will be made, as

elected by the participant, in the form of either a single lump-sum payment, an ad hoc partial distribution, or in substantially equal annual, quarterly or monthly installments over any period of time specified by the participant, subject to meeting any restrictions required by applicable law, including but not limited to the minimum distribution requirements under the Internal Revenue Code. If a participant elects installment payments, the participant can elect to change the amount, frequency and number of payments at any time. A participant may elect ad hoc partial withdrawals of any amount at any time. A participant may elect to defer distributions until age 70 1/2. If the value of a participant's account is $1,000 or less, the participant will receive a lump sum distribution from the Plan upon termination of employment. If the value of a participant's account is greater than $1,000, the participant can leave his or her account in the Plan. Generally, distributions will be taxed as ordinary income in the year withdrawn and may also be subject to an early withdrawal penalty if taken before age 59 1/2, unless eligible rollover distributions are rolled over to another qualified plan or an Individual Retirement Account ("IRA"). A 20% mandatory federal income tax withholding applies to withdrawals that are eligible for rollover, but which are not directly rolled over to another qualified plan or an IRA. If a participant does not specify the form and timing of the participant's distribution, the benefit generally will be paid in installments beginning no later than April 1 of the calendar year following the calendar year in which the participant attains age 70 1/2.

Participant Accounts

Each participant's account is credited with the participant's contribution and allocations of (i) the Company's corresponding contributions and (ii) Plan earnings, and charged with an allocation of Plan administrative costs. Allocations are based on participant elections or account balances, as applicable. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting of Participants' Accounts

Participants are fully vested in their accounts at all times.

Investment Income

Dividends and earnings received on all funds, with the exception of the Exelon Corporation Stock Fund, are automatically reinvested in the fund to which those earnings apply.

Employee Stock Ownership Plan

If a participant invests any portion of his or her account in the Exelon Corporation Stock Fund and is eligible to receive dividend distributions from the Plan, then the participant is deemed to have elected to have the dividends reinvested in the Exelon Corporation Stock Fund. If the participant prefers to receive any such dividends in cash, he or she can so elect by contacting the Recordkeeper. Dividends distributed to the participant in cash from the Plan are subject to income tax as a dividend and not subject to an early withdrawal penalty.

2. Summary of Significant Accounting Policies

General

The Plan follows the accrual method of accounting, in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Withdrawals and distributions are recorded when paid.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires the Plan Administrator to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Accordingly, actual results may differ from those estimates.

Investment Valuation and Income Recognition

The Plan's interest in the Master Trust is stated at fair value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. The Plan presents, in the Statement of Changes in Net Assets Available for Benefits, the Plan interest in investment income from the Master Trust. See Note 3 - Fair Value of Interest in Master Trust for further information.

EXELON CORPORATION EMPLOYEE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

Plan Expenses

A participant's account balance will be charged with certain fees and expenses. Asset-based fees (e.g., management fees and other fund operating expenses) are used to cover the expenses related to running an investment fund, and are generally deducted directly from a participant's investment returns. The asset-based fees relating to the target date and custom funds are primarily presented within the investment and administrative fees of the Master Trust. See Note 3 - Fair Value of Master Trust for further information.

Plan administration fees cover the day-to-day expenses of administering the Plan and are covered by amounts deducted directly from participant accounts. Transaction-based fees also may be charged with respect to optional features offered under the Plan (e.g., loans) and are charged directly against a participant's account balance.

Notes Receivable from Participants

Notes receivable from participants are valued at their unpaid principal balance plus accrued interest. No allowance for credit losses has been recorded as of December 31, 2015 or 2014.

Reclassifications

Certain prior year amounts have been reclassified for comparative purposes. These reclassifications did not affect net assets available for benefits.

Recent Accounting Pronouncements

Fair Value Measurements and Disclosures

In May 2015, the Financial Accounting Standards Board ("FASB") issued authoritative guidance that removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. Investments measured at net asset value per share using the practical expedient will be presented as a reconciling item between the fair value hierarchy disclosure and the investment line item on the statement of financial position. The guidance also removes the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practical expedient. Rather, those disclosures are limited to investments for which the entity has elected to measure the fair value using the practical expedient. The new guidance is effective for non-public entities for periods beginning after December 15, 2016 and is required to be applied retrospectively for all periods presented. Early adoption is permitted. The Company is currently assessing the effects this guidance may have on the Plan's financial statement disclosures.

In July 2015, the FASB issued authoritative guidance to simplify the investment disclosure requirements under Topic 820 and under Topics 960, 962, and 965 for employee benefit plans. The new guidance removes the requirement to disclose individual investments that represent 5% or more of net assets available for benefits and the net appreciation or depreciation for investments by general type. The amendment also requires that investments (both participant-directed and nonparticipant-directed investments) of employee benefit plans be grouped only by general type, eliminating the need to disaggregate the investments in multiple ways. The new guidance is effective for periods beginning after December 15, 2015 and is required to be applied retrospectively for all periods presented. Early adoption is permitted. The Company adopted this standard for plan reporting effective December 31, 2015. As this guidance provides only disclosure requirements, the adoption of this standard did not impact the Plan's financial results.

3. Fair Value of Interest in Master Trust

The Plan established a Master Trust Agreement with the Trustee for the purpose of investing assets of the Plan and other savings plans sponsored by Exelon. The investment options for the three savings plans that participate in the Master Trust are the same, with the exception of the Exelon Corporation Stock Fund which through December 31, 2015 was only offered in the Plan. The Master Trust is comprised of two master trust investment accounts ("MTIA") - one of which contains primarily real estate investments ("MTIA B") and another for the remaining other investments ("MTIA A"). The real estate account within the Master Trust is comprised

EXELON CORPORATION EMPLOYEE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

primarily of real estate assets that do not have an observable value (either directly or indirectly) on an established market, and therefore, is being reported separately for Form 5500 purposes. Interest and dividends along with net depreciation or appreciation in the fair value of investments are allocated to the Plan on a daily basis based upon the Plan's equitable share of the various investment funds and portfolios that comprise the Master Trust. The Plan's Statements of Net Assets Available for Benefits include its share of investments maintained in the Master Trust measured at fair value on a recurring basis.

At December 31, 2015 and 2014, the Plan's interest in the net assets of the Master Trust was approximately 98.01% and 97.83% respectively. The net assets of the Master Trust as of December 31, 2015 and 2014 are as follows:

	December 31, 2015			December 31, 2014		
	MTIA A	MTIA B	Total	MTIA A	MTIA B	Total
ASSETS						
Investments, at fair value						
Interest bearing cash	$ 453,418,073	$ —	$ 453,418,073	$ 430,230,253	$ —	$ 430,230,253
U.S. government securities	602,296,873	—	602,296,873	552,688,801	—	552,688,801
Corporate debt instruments - preferred	11,688,048	—	11,688,048	14,888,256	—	14,888,256
Corporate debt instruments - other	530,776,394	2,513,873	533,290,267	504,156,669	3,952,772	508,109,441
Corporate stock - preferred	1,332,252	6,823,875	8,156,127	1,936,934	3,991,759	5,928,693
Corporate stock - common	1,717,448,199	1,623,294	1,719,071,493	1,736,708,387	298,477	1,737,006,864
Corporate stock - Exelon Corporation (1)	283,346,974	—	283,346,974	305,035,246	—	305,035,246
Real estate	—	169,662,729	169,662,729	—	180,394,548	180,394,548
Common/collective trust funds, including short-term investment funds	2,512,571,383	1,425,230	2,513,996,613	2,166,905,208	1,087,917	2,167,993,125
Registered investment company securities	52,799,046	—	52,799,046	33,976,767	243,810	34,220,577
Other investments	229,393,127	17,861,649	247,254,776	231,950,102	6,796,126	238,746,228
Total Master Trust investments	6,395,070,369	199,910,650	6,594,981,019	5,978,476,623	196,765,409	6,175,242,032
Other Assets						
Cash	768,619	—	768,619	5,270,263	—	5,270,263
Accrued dividend and interest	14,795,991	—	14,795,991	12,838,393	—	12,838,393
Due from brokers for securities sold	127,608,249	—	127,608,249	10,409,088	—	10,409,088
Other	341,582	—	341,582	828,424	—	828,424
Total other assets	143,514,441	—	143,514,441	29,346,168	—	29,346,168
Total Master Trust assets	6,538,584,810	199,910,650	6,738,495,460	6,007,822,791	196,765,409	6,204,588,200
LIABILITIES						
Accrued investment and administrative expenses	5,745,654	431,240	6,176,894	4,861,568	498,931	5,360,499
Due to broker for securities purchased	222,908,114	—	222,908,114	70,340,189	—	70,340,189
Other liabilities	1,399,324	—	1,399,324	290,000	283,004	573,004
Total Master Trust liabilities	230,053,092	431,240	230,484,332	75,491,757	781,935	76,273,692
Total Master Trust net assets	$6,308,531,718	$199,479,410	$6,508,011,128	$5,932,331,034	$195,983,474	$6,128,314,508

(1) The Exelon Corporation Stock Fund held $282.7 million and $303.8 million of this investment as of December 31, 2015 and 2014, respectively. The custom funds held $0.7 million and $1.2 million of this investment as of December 31, 2015 and 2014, respectively.

EXELON CORPORATION EMPLOYEE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

The net investment income and appreciation of the Master Trust for the year ended December 31, 2015 is as follows:

	Year Ended December 31, 2015		
	MTIA A	MTIA B	Total
Common stock dividends	$ 50,118,252	$ 400,052	$ 50,518,304
Other interest and dividends	47,754,304	295,565	48,049,869
Net appreciation (depreciation) in the fair value of investments	(205,904,235)	24,571,079	(181,333,156)
Total net investment income (loss) and appreciation (depreciation)	(108,031,679)	25,266,696	(82,764,983)
Investment and administrative expenses not directly allocated to the plans	(17,708,902)	(1,704,780)	(19,413,682)
Total Master Trust net investment income (loss) and appreciation (depreciation)	$(125,740,581)	$23,561,916	$(102,178,665)

For the year ended December 31, 2015, the Plan's interest in the net investment income of the Master Trust is 99.65%.

Recurring Fair Value Measurements

To increase consistency and comparability in fair value measurements, the FASB established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1 - unadjusted quoted prices in active markets for identical assets for which the Plan has the ability to access as of the reporting date.
- Level 2 - inputs other than quoted prices included within Level 1 that are directly observable for the asset or indirectly observable through corroboration with observable market data.
- Level 3 - unobservable inputs, such as internally-developed pricing models for the asset.

The valuation methods for each investment category are described below.

Interest bearing cash . Interest bearing cash is valued daily based on observable market prices and is categorized as Level 1.

U.S. government securities. U.S. government securities are valued daily based on quoted prices in active markets. Investments in U.S. Treasury securities have been categorized in Level 1 because they trade in highly liquid and transparent markets. Investments in U.S. government affiliates are based on evaluated prices that reflect observable market information, such as actual trade information of similar securities, adjusted for observable differences and are categorized as Level 2.

Preferred and other corporate debt instruments. Corporate debt instruments are based on evaluated prices that reflect observable market information, such as actual trade information of similar securities, adjusted for observable differences and are categorized as Level 2.

Preferred and common corporate stock. The Master Trust's stock investments are primarily traded on exchanges that contain only actively traded securities, due to the volume trading requirements imposed by these exchanges. Preferred and common corporate stocks, including rights and warrants, are valued daily based on quoted prices in active markets and are categorized as Level 1.

EXELON CORPORATION EMPLOYEE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

Real estate. Income producing real estate funds are valued by the fund managers on a daily basis. Fund values are based on valuation of the underlying investments which may include inputs such as operating results, discounted future cash flows and market-based comparable data. The valuation inputs are not highly observable, so these funds have been categorized as Level 3. Certain real estate investments are redeemable from the investment vehicle quarterly.

Common/collective trust funds. Common/collective trust funds are maintained by investment companies and hold investments in accordance with a stated set of fund objectives. For common/collective trust funds which are not publicly quoted, the fund administrators value the funds using the net asset value per fund share, derived from the quoted prices in active markets of the underlying securities. These funds have been categorized as Level 2.

Registered investment company securities. Registered investment company securities are investment funds maintained by investment companies that hold investments in accordance with a stated set of fund objectives. For funds with values which are not publicly quoted, the fund custodians value the funds using the net asset value per fund share, derived from the quoted prices in active markets of the underlying securities. These funds have been categorized as Level 2.

Other investments. Other investments include futures contracts, swap contracts, holdings in real estate investment trusts, and state, municipal and foreign government fixed income securities. Futures contracts are valued daily based on quoted prices in active markets and trade in open markets, and have been categorized as Level 1. Real estate investment trusts are valued daily based on quoted prices in active markets and have been categorized as Level 1. State, municipal and foreign government fixed income securities are valued daily using evaluated prices that reflect observable market information, such as actual trade information of similar securities, adjusted for observable differences and are categorized as Level 2. Derivative instruments other than futures contracts are valued based on external price data of comparable securities and have been categorized as Level 2.

Transfer policy

The Company's policy is to recognize transfers into and out of levels as of the end of the reporting period.

Additional Information Regarding Level 3 Fair Value Measurements

Because the Company relies on third party fund managers to develop the quantitative unobservable inputs without adjustment for the valuations of its Master Trust Level 3 investments, quantitative information about significant unobservable inputs used in valuing these investments is not readily available. This includes information regarding the sensitivity of the fair values to changes in the unobservable inputs. The Company gains an understanding of the fund managers' inputs and assumptions used in preparing the valuations and performs procedures to assess the reasonableness of the valuations. The Company has reviewed the investment managers' valuation techniques and obtained the most recent audited financial statements to confirm that an unqualified audit opinion was issued and the investments were valued at fair value.

EXELON CORPORATION EMPLOYEE SAVINGS PLAN

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The Plan's Statements of Net Assets Available for Benefits include its share of investments maintained in the Master Trust measured at fair value on a recurring basis. The following tables present the fair value of assets in the Master Trust and their level within the fair value hierarchy as of December 31, 2015 and 2014:

As of December 31, 2015

	Level 1	Level 2	Level 3	Total
Master Trust Investments:				
Interest bearing cash	$ 453,418,073	$ —	$ —	$ 453,418,073
U.S. government securities	339,135,405	263,161,468	—	602,296,873
Corporate debt instruments - preferred	—	11,688,048	—	11,688,048
Corporate debt instruments - other	—	533,290,267	—	533,290,267
Corporate stock - preferred	8,156,127	—	—	8,156,127
Corporate stock - common	1,719,071,493	—	—	1,719,071,493
Corporate stock - Exelon Corporation	283,346,974	—	—	283,346,974
Real estate	—	—	169,662,729	169,662,729
Common/collective trust funds	—	2,513,996,613	—	2,513,996,613
Registered investment company securities	—	52,799,046	—	52,799,046
Other investments	133,324,643	113,930,133	—	247,254,776
Total Master Trust investments	$2,936,452,715	$3,488,865,575	$169,662,729	$6,594,981,019

As of December 31, 2014

	Level 1	Level 2	Level 3	Total
Master Trust Investments:				
Interest bearing cash	$ 430,230,253	$ —	$ —	$ 430,230,253
U.S. government securities	341,904,042	210,784,759	—	552,688,801
Corporate debt instruments - preferred	—	14,888,256	—	14,888,256
Corporate debt instruments - other	—	508,109,441	—	508,109,441
Corporate stock - preferred	5,928,693	—	—	5,928,693
Corporate stock - common	1,737,006,864	—	—	1,737,006,864
Corporate stock - Exelon Corporation	305,035,246	—	—	305,035,246
Real estate	—	—	180,394,548	180,394,548
Common/collective trust funds	—	2,167,993,125	—	2,167,993,125
Registered investment company securities	—	34,220,577	—	34,220,577
Other investments	109,839,170	128,907,058	—	238,746,228
Total Master Trust investments	$2,929,944,268	$3,064,903,216	$180,394,548	$6,175,242,032

EXELON CORPORATION EMPLOYEE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

The following table presents the fair value reconciliation of Level 3 Master Trust assets measured at fair value on a recurring basis during the year ended December 31, 2015:

Master Trust balance as of January 1, 2015	$180,394,548
Total realized gains, net	2,995,719
Total unrealized gains, net	21,242,853
Purchases, sales and settlements	
Purchases	13,159,609
Sales	(48,130,000)
Master Trust balance as of December 31, 2015	$169,662,729

The following table presents the fair value reconciliation of Level 3 Master Trust assets measured at fair value on a recurring basis during the year ended December 31, 2014:

Master Trust balance as of January 1, 2014	$ —
Total unrealized gains, net	10,357,058
Purchases, sales and settlements	
Purchases	218,456,046
Sales	(32,047,695)
Transfers to Level 1 and 2 (a)	(16,370,861)
Master Trust balance as of December 31, 2014	$180,394,548

(a) In 2014, certain investments held in the real estate account within the Master Trust were re-classified from Real Estate to primarily Corporate Debt and Other, and re-categorized accordingly into Level 1 and Level 2 of the fair value hierarchy.

There were no significant transfers between Level 1 and Level 2 during the years ended December 31, 2015 and 2014.

4. Risks and Uncertainties

The Plan provides for various investment options in several investment securities and instruments. Investment securities are exposed to various risks, such as interest, market and credit risk. Due to the level of risks associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in values in the near term could materially affect participants' account balances and the amounts reported in the Statements of Net Assets Available for Benefits and the Statement of Changes in Net Assets Available for Benefits.

From time to time, investment managers may use derivative financial instruments including futures, forward foreign exchange, and swap contracts. Derivative instruments may be used to mitigate exposure to foreign exchange rate and interest rate fluctuations as well as manage the investment mix in the portfolio. The Plan's exposure is limited to the fund(s) utilizing such derivative investments. Risks of entering into derivatives include the risk of an illiquid market, inability of a counterparty to perform, or unfavorable movement in foreign currency exchange rates, interest rates, or the underlying securities.

Some investment managers may engage in securities lending programs in which the funds lend securities to borrowers, with the objective of generating additional income. The borrowers of fund securities deliver collateral to secure each loan in the form of cash, securities, or letters of credit, and are required to maintain the collateral at a level no less than 100% of the market value of the loaned securities. Cash collateral is invested in common/collective trust funds or collateral pools. Participation in securities lending programs involves exposure to the risk that the borrower may default and there may be insufficient collateral to buy back the security. Lenders

of securities also face the risk that invested cash collateral may become impaired or that the interest paid on loans may exceed the amount earned on the invested collateral. The Plan's exposure is limited to the funds that lend securities.

5. Reconciliation of Financial Statements to Form 5500

As described in Note 3, the Master Trust is comprised of two master trust investment accounts ("MTIA") - one of which contains real estate investments and another for the remaining other investments. The real estate account within the Master Trust is comprised primarily of assets that do not have an observable value (either directly or indirectly) on an established market, and therefore, is being reported as a separate Form 5500. The Master Trust net assets and investment income and appreciation disclosed in the Notes to the financial statements as of and for the year ended December 31, 2015 are presented as a Total Master Trust. The following shows a breakdown of the Total Master Trust net assets and net income as reported on the Master Trust Form 5500 filings:

	Year Ended December 31, 2015	Year Ended December 31, 2014
Master Trust - Other Investments net assets per Form 5500	$6,308,531,718	$5,932,331,034
Master Trust - Real Estate net assets per Form 5500	199,479,410	195,983,474
Total Master Trust net assets per Note 3	$6,508,011,128	$6,128,314,508

	Year Ended December 31, 2015
Master Trust - Other Investments net income (loss) per Form 5500	$(125,740,581)
Master Trust - Real Estate net income (loss) per Form 5500	23,561,916
Total Master Trust net investment income (loss) and appreciation (depreciation) per Note 3	$(102,178,665)

6. Income Tax Status

The Plan obtained its latest determination letter on October 25, 2013 in which the IRS stated that the Plan, as then designed, was in compliance with the applicable requirements of the Code. The Plan is qualified under Section 401(a) and 401(k) of the Code. The Plan has been amended since receiving the determination letter. However, the Plan Administrator believes that the Plan design remains in compliance with the applicable requirements of the Code. Therefore, it is believed that the Plan was qualified and the related Master Trust was tax-exempt as of the financial statement date. The Plan Administrator filed an application for a new determination letter on January 29, 2016, in accordance with the requirements of the Code.

7. Plan Termination

The Plan may be amended, modified or terminated by Exelon at any time. The Plan may also be terminated if the IRS disqualifies the Plan. Termination of the Plan with respect to a participating employer may occur if there is no successor employer in the event of dissolution, merger, consolidation or reorganization of such employer company. In the event of full or partial termination of the Plan, assets of affected participants of the terminating employer or employers shall remain 100% vested and distributable at fair market value in the form of cash, securities or annuity contracts, in accordance with the provisions of the Plan.

EXELON CORPORATION EMPLOYEE SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

8. Related-Party Transactions

Investment options in the Plan include common/collective trust funds managed by the Trustee or its affiliates. The Master Trust also holds shares of Exelon Corporation common stock. These transactions qualify as exempt party-in-interest transactions, in accordance with ERISA. There have been no known prohibited transactions with a party-in-interest.

9. Plan Transfers

Effective July 1, 2015, the Employee Savings Plan for Constellation Energy Nuclear Group, LLC and Represented Employee Savings Plan for Nine Mile Point were merged into the Plan. The total assets of both the Employee Savings Plan for Constellation Energy Nuclear Group, LLC and the Represented Employee Savings Plan for Nine Mile Point were transferred to the Plan, including notes receivable from participants. In 2015, there were transfers totaling $624,351,132 to the Plan ($499,287,570 from the Employee Savings Plan for Constellation Energy Nuclear Group, LLC, $122,878,813 from the Represented Employee Savings Plan for Nine Mile Point, $1,195,335 from the Exelon Employee Savings Plan for Represented Employees at TMI and Oyster Creek and $989,414 from the Exelon Employee Savings Plan for Represented Employees at Clinton). In 2015, there were transfers totaling $535,925 from the Plan ($437,044 to the Exelon Employee Savings Plan for Represented Employees at TMI and Oyster Creek and $98,881 to the Exelon Employee Savings Plan for Represented Employees at Clinton).

10. Subsequent Events

Effective July 1, 2016, Northwest Plan Services, Inc. will become the Plan recordkeeper.

EXELON CORPORATION EMPLOYEE SAVINGS PLAN
SCHEDULE OF ASSETS (HELD AT END OF YEAR)
As of December 31, 2015
Schedule H, Part IV, Item 4i of Form 5500
Employer Identification Number 23-2990190, Plan #003

(a)	(b) Identity of Issue, Borrower, Lessor, or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral Par or Maturity Value	(e) Current Value
	* Interest in net assets of Master Trust, at fair value		$6,378,467,018
	Notes receivable from participants	Interest rates: 4.50% - 10.50%	124,754,495
	Total investments		$6,503,221,513

* Represents party-in-interest

Column (d), cost, has been omitted as investments are participant directed.

EXHIBIT INDEX

Exhibit filed with Form 11-K for the year ended December 31, 2015:

Exhibit No.	Description of Exhibit
23	Consent of Independent Registered Public Accounting Firm

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

Exelon Corporation Employee Savings Plan

Date: June 24, 2016

/s/ Jennifer Franco
Jennifer Franco
Plan Administrator

Exhibit 23
Exelon Corporation
Form 11-K File No. 1-16169

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statement on Forms S-8 (No.'s 333-37082 and 333-49780) of Exelon Corporation of our report dated June 24, 2016, with respect to the statements of net assets available for benefits of the Exelon Corporation Employee Savings Plan as of December 31, 2015 and 2014, the related statement of changes in net assets available for benefits for the year ended December 31, 2015, and the related supplemental schedule of Schedule H, line 4i-schedule of assets (held at end of year) as of December 31, 2015, which appears in the December 31, 2015 annual report on Form 11-K of the Exelon Corporation Employee Savings Plan.

/s/ WASHINGTON, PITTMAN & McKEEVER, LLC

Chicago, Illinois
June 24, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Fiscal Year Ended December 31, 2016

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number 1-16169

EXELON EMPLOYEE SAVINGS PLAN FOR REPRESENTED EMPLOYEES AT CLINTON
(Full title of the Plan)

EXELON CORPORATION
(a Pennsylvania Corporation)

10 South Dearborn Street
P.O. Box 805379
Chicago, Illinois 60680-5379
(312) 394-7398
(Name of the issuer of the securities held pursuant to the Plan and the address of its principal executive offices)

EXELON EMPLOYEE SAVINGS PLAN FOR
REPRESENTED EMPLOYEES AT CLINTON

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Participants and the Administrator of the
Exelon Employee Savings Plan for Represented Employees at Clinton:

We have audited the accompanying statements of net assets available for benefits of the Exelon Employee Savings Plan for Represented Employees at Clinton (the "Plan") as of December 31, 2016 and 2015 and the related statement of changes in net assets available for benefits for the year ended December 31, 2016. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit of the financial statements as of and for the year ended December 31, 2016 in accordance with auditing standards of the Public Company Accounting Oversight Board (United States) and our audit of the financial statements as of and for the year ended December 31, 2015 in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2016 and 2015, and the changes in net assets available for benefits for the year ended December 31, 2016, in conformity with accounting principles generally accepted in the United States of America.

The supplemental information in the accompanying schedule of assets (held at end of year) as of December 31, 2016 has been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The supplemental information is presented for the purpose of additional analysis and is not a required part of the financial statements but includes supplemental information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental information is the responsibility of the Plan's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting or other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information in the accompanying schedule, we evaluated whether the supplemental information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental information in the accompanying schedule is fairly stated in all material respects in relation to the financial statements as a whole.

/s/ WASHINGTON, PITTMAN & McKEEVER, LLC

Chicago, Illinois
June 29, 2017

EXELON EMPLOYEE SAVINGS PLAN FOR
REPRESENTED EMPLOYEES AT CLINTON

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	December 31,	
	2016	**2015**
ASSETS		
Investments at fair value		
Plan interest in the net assets of the Exelon Corporation Defined Contribution Retirement Plans Master Trust (see Note 3)	$53,704,361	$53,192,636
Receivables		
Participant contributions	107,735	155,378
Employer contributions		
Fixed match contributions	31,425	43,907
Profit-sharing contributions	390,776	404,352
Notes receivable from participants	1,082,994	1,353,508
Total receivables	1,612,930	1,957,145
NET ASSETS AVAILABLE FOR BENEFITS	$55,317,291	$55,149,781

The accompanying Notes are an integral part of these Financial Statements.

EXELON EMPLOYEE SAVINGS PLAN FOR
REPRESENTED EMPLOYEES AT CLINTON

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

	Year Ended December 31, 2016
ADDITIONS	
Contributions	
Participant	$ 2,284,425
Employer fixed match	824,608
Employer profit-sharing match	390,776
Total contributions	3,499,809
Investment income	
Plan interest in the net investment income from the Exelon Corporation Defined Contribution Retirement Plans Master Trust (see Note 3)	4,142,121
Interest income from participant loans	59,523
Total investment income	4,201,644
Total additions	7,701,453
DEDUCTIONS	
Participant withdrawals and distributions	5,915,368
Administrative expenses	43,245
Total deductions	5,958,613
Net increase before transfers	1,742,840
Net assets transferred to other plans	(1,575,330)
Net increase after transfers	167,510
NET ASSETS AVAILABLE FOR BENEFITS	
Beginning of year	55,149,781
End of year	$ 55,317,291

The accompanying Notes are an integral part of these Financial Statements.

1. Plan Description

The following description of the Exelon Employee Savings Plan for Represented Employees at Clinton (the "Plan") is provided for general information purposes only. The official text of the Plan, as amended, should be read for more complete information.

General

The Plan is a defined contribution plan and was established in 1999 for the purpose of providing eligible Clinton bargaining unit employees of Exelon Corporation ("Exelon" or the "Company") (formerly, of AmerGen Energy Company, LLC) a retirement vehicle and to reduce their taxable income pursuant to Section 401(k) of the Internal Revenue Code of 1986, as amended (the "Code"). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). The Exelon Corporation Stock Fund, which is an investment option under the Plan, is invested primarily in Exelon common stock and is intended to be an Employee Stock Ownership Plan under Code Section 4975(e)(7).

Exelon is the sponsor of the Plan and the administrator of the Plan (the "Plan Administrator") acting through Exelon's Director of Employee Benefit Plans and Programs. The Plan Administrator has the responsibility for the day-to-day administration of the Plan. Exelon, acting through the Exelon Investment Office, is responsible for the selection and retention of the Plan's investment options and any investment manager that may be appointed under the Exelon Corporation Defined Contribution Retirement Plans Master Trust (the "Master Trust"). The Northern Trust Company is the Plan trustee ("Trustee"). Effective July 1, 2016, Northwest Plan Services, Inc. became the Plan recordkeeper (for periods on or after July 1, 2016, the "Recordkeeper"). Prior to July 1, 2016, Aon Hewitt was the Plan recordkeeper (for periods before July 1, 2016, the "Recordkeeper").

Eligible employees are all employees of subsidiaries of Exelon (each subsidiary, a "participating employer") at its Clinton facility who are covered by a collective bargaining agreement that provides for participation in the Plan. Newly hired employees who do not make a participation election within 90 days after their date of hire will automatically be enrolled in the Plan as soon as administratively practicable after their 90th day of employment with a pre-tax deferral of 3% of eligible pay per pay period and 1% increase each March 1 st , generally beginning with the second calendar year that begins after automatic enrollment first applies to the participant, until a total maximum automatic pre-tax deferral of 4% of eligible pay is reached. Such automatic contributions to the Plan will be invested in the custom target retirement fund that corresponds to the participant's anticipated retirement date (based on the participant's birth date). A participant who elects to stop participation within 90 days after automatic contributions are first taken from his or her pay may withdraw the contributions adjusted for any investment gains or losses and reduced for any applicable fees. Such a withdrawal would be subject to federal income tax but not to any early withdrawal penalty. Additionally, the participant will forfeit any employer matching contributions made with respect to such automatic contributions.

Participant Contributions

The Plan permits participants to contribute between 1% and 50% of their eligible pay each pay period on a pre-tax basis, an after-tax basis, a Roth basis or a combination of the three, subject to Internal Revenue Service ("IRS") limitations.

During any calendar year in which a participant attains age 50 or older, he or she may elect to make additional pre-tax contributions, called "catch-up" contributions, to the Plan. In order to be eligible to make catch-up contributions, the participant must anticipate that his or her pre-tax contributions to the Plan will reach the applicable annual IRS limit on that type of contribution or be contributing at the maximum base pay level. Catch-up contributions are not credited with the Company's fixed or profit sharing matching contribution.

Company Matching Contributions

Exelon provides a fixed and an annual profit-sharing match. Under the fixed match, Exelon matches 100% of the first 4% of a participant's eligible pay contributed (whether pre-tax, after-tax or Roth) per pay period. Additionally, Exelon may make an annual profit-sharing match of up to 50% of the first 4% of a participant's eligible pay contributed per pay period, excluding catch-up contributions, based on attainment of earnings per share goals established by the Compensation Committee of Exelon's Board of Directors (the "Committee"). Any profit-sharing match will be contributed to the plan after the end of each calendar year. The 2016 profit-sharing match contributed in 2017 was $390,776. The 2015 profit-sharing match contributed in 2016 was $404,352. Generally, participants classified as members of a collective bargaining unit represented by IBEW Local 51 must be employed on the last day of a calendar year to receive the profit-sharing match for that year. In the event a participant classified as a member of a collective bargaining unit represented by IBEW Local 51 terminates employment during the calendar year due to death, long-term disability or retirement (age 50 and completion of 10 years of service with a participating employer) or in the event a participant terminates employment with a participating employer and receives benefits under the severance plan, the participant will be eligible to receive a pro-rated profit-sharing match.

Investment Options

The Plan's investments are held in the Master Trust, which was established in 2006, for the investments of the Plan and other savings plans sponsored by Exelon. The Plan investments are fully participant-directed, and the Plan is intended to satisfy Section 404(c) of ERISA.

The investment options include a menu of funds that include custom Target Retirement Fund options, three actively-managed custom funds, three passively-managed funds, the Northern Trust U.S. Government Short-Term Investment Fund and the Exelon Corporation Stock Fund. Below is a brief description of each of the investment options available as of December 31, 2016 and 2015. These descriptions are not, and are not intended to be, complete descriptions of each investment option's risk, objective and strategy.

- **Target Date Funds** —Diversified funds managed by multiple investment managers that seek to provide investment return, shifting from an emphasis on capital appreciation to an emphasis on income and inflation protection as the fund approaches and passes its target retirement age. Target allocations of the funds are designed using certain assumptions, including that most Exelon plan participants receive a 401(k) company matching contribution under the Plan, earn pension benefits over their careers under a cash balance or other pension plan, and typically begin receiving retirement benefits around age 61. The funds reduce exposure to equity and real estate, and increase exposure to fixed income and certain other investments, as the target retirement date approaches, and for ten years thereafter.
- **Actively-managed custom funds** —These funds use a multi-manager approach whereby the fund's assets are allocated to several investment managers that act independently of each other and follow their own distinct investment style in investing in securities. The portfolios are principally managed using an active approach with the objective of collectively exceeding the record of the fund benchmark.
- **Passively-managed funds** —These funds seek investment results that correspond generally to the price and yield performance, before fees and expenses, of a particular index.
- **Northern Trust U.S. Government Short-Term Investment Fund** —This fund is an investment vehicle for cash reserves that offers a rate of return based on a portfolio of obligations of the U.S. Government, its agencies or instrumentalities, and related money market instruments. Principal preservation and liquidity management are the fund's prime objectives.
- **Exelon Corporation Stock Fund** —This fund, which became an investment option on January 1, 2016, primarily invests in Exelon common stock with some short-term liquid investments. The Exelon Corporation Stock Fund does not represent direct ownership of Exelon common stock. The fund's unit value is determined by dividing the total current fair value of the investments in the fund by the total number of units owned. This fund is not diversified and is considered riskier than a "diversified" portfolio.

Notes Receivable from Participants

A participant may, upon application, borrow from the Plan. Only one loan is permitted to a participant in any calendar year with a maximum of three outstanding at any time, and the amount of any loan shall not be less than $500 ($1,000 for a primary residence loan). The aggregate amount of all outstanding loans may not exceed the lesser of (i) 50% of a participant's vested balance in the Plan or (ii) $50,000 minus the excess of the highest outstanding balance of all loans from the Plan to the participant during the previous 12-month period over the outstanding balance of all loans from the Plan to the participant on the day the loan is made. For loans other than home loans, the maximum term of the loan is five years. For a home loan, the maximum term is the lesser of thirty years or the amount of time until a participant attains his or her normal retirement date and the minimum is five years. Principal and interest is paid ratably through monthly payroll deductions or direct payment, as applicable. No lump sum or installment distribution from the Plan will be made to a participant who has received a loan, or to a beneficiary of any such participant, from the portion of his or her account that has been pledged as a security for the loan, until the loan, including interest, has been repaid out of the funds otherwise distributable. In the event a participant defaults on the repayment of a loan, the loan will be considered a taxable distribution of the participant's account and may be subject to an early withdrawal penalty.

Withdrawals by Participants While Employed

Generally, a participant may withdraw a minimum amount of $250 up to a maximum amount of the entire balance of the participant's after-tax contributions and rollover accounts once each calendar year.

Generally, a participant may make withdrawals from his or her before-tax, catch-up, matching, Roth, Roth catch-up and Roth rollover contributions accounts, but only if the participant has attained age 59 $^1/_2$ or, prior to that age, only in an amount required to alleviate financial hardship as defined in the Code and regulations promulgated thereunder. Financial hardship withdrawals suspend the participant's right to make contributions to the Plan for six months.

While any loan to the participant remains outstanding, the maximum amount available for withdrawal shall be the balance in such account less the balance of all outstanding loans.

Distributions upon Termination of Employment

Upon termination of employment, including the retirement, total disability or death of a participant, a participant is entitled to the distribution of his or her entire account balance. Such distribution will be made, as elected by the participant, in the form of either a single lump-sum payment or in substantially equal annual, quarterly or monthly installments over a period not exceeding the joint life expectancy of the participant and his or her designated beneficiary. If a participant elects installment payments, the participant can elect to change the amount, frequency and number of payments at any time. A participant may elect ad hoc partial withdrawals of any amount at any time. A participant may elect to defer distributions until age 70 $^1/_2$. If the value of a participant's account is $1,000 or less, the participant will receive a lump sum distribution from the Plan upon termination of employment. If the value of a participant's account is greater than $1,000, the participant can leave his or her account in the Plan. Generally, distributions will be taxed as ordinary income in the year withdrawn and may also be subject to an early withdrawal penalty if taken before age 59 $^1/_2$, unless eligible rollover distributions are rolled over to another qualified plan or an Individual Retirement Account ("IRA"). A 20% mandatory federal income tax withholding applies to withdrawals that are eligible for rollover, but which are not directly rolled over to another qualified plan or an IRA. If a participant does not specify the form and timing of the participant's distribution, the benefit generally will be paid in installments beginning no later than April 1 of the calendar year following the calendar year in which the participant attains age 70 $^1/_2$.

Participant Accounts

Each participant's account is credited with the participant's contribution and allocations of (i) the Company's corresponding contributions and (ii) Plan earnings, and charged with an allocation of Plan administrative costs. Allocations are based on participant elections or account balances, as applicable. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

S1-SSA-0009 - 26827

Vesting of Participants' Accounts

Participants are fully vested in their accounts at all times.

Investment Income

Dividends and earnings received on all funds, with the exception of the Exelon Corporation Stock Fund, are automatically reinvested in the fund to which those earnings apply.

Employee Stock Ownership Plan

If a participant invests any portion of his or her account in the Exelon Corporation Stock Fund and is eligible to receive dividend distributions from the Plan, then the participant is deemed to have elected to have the dividends reinvested in the Exelon Corporation Stock Fund. If the participant prefers to receive any such dividends in cash, he or she can so elect by contacting the Recordkeeper. Dividends distributed to the participant in cash from the Plan are subject to income tax as a dividend and not subject to an early withdrawal penalty.

2. Summary of Significant Accounting Policies

General

The Plan follows the accrual method of accounting, in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Withdrawals and distributions are recorded when paid.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires the Plan Administrator to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Accordingly, actual results may differ from those estimates.

Investment Valuation and Income Recognition

The Plan's interest in the Master Trust is stated at fair value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. The Plan presents, in the Statement of Changes in Net Assets Available for Benefits, the Plan interest in investment income from the Master Trust. See Note 3 - Fair Value of Interest in Master Trust for further information.

Plan Expenses

A participant's account balance will be charged with certain fees and expenses. Asset-based fees (e.g., management fees and other fund operating expenses) are used to cover the expenses related to running an investment fund, and are generally deducted directly from a participant's investment returns. The asset-based fees relating to the target date and custom funds are primarily presented within the investment and administrative fees of the Master Trust. See Note 3—Fair Value of Interest in Master Trust for further information.

Plan administration fees cover the day-to-day expenses of administering the Plan and are covered by amounts deducted directly from participant accounts. Transaction-based fees also may be charged with respect to optional features offered under the Plan (e.g., loans) and are charged directly against a participant's account balance.

Notes Receivable from Participants

Notes receivable from participants are valued at their unpaid principal balance plus accrued interest. No allowance for credit losses has been recorded as of December 31, 2016 or 2015.

Reclassifications

Certain prior year amounts have been reclassified for comparative purposes. These reclassifications did not affect net assets available for benefits.

Recent Accounting Pronouncements

Fair Value Measurements and Disclosures

In May 2015, the Financial Accounting Standards Board ("FASB") issued authoritative guidance that removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value ("NAV") per share practical expedient. Investments measured at NAV per share using the practical expedient will be presented as a reconciling item between the fair value hierarchy disclosure and the investment line item on the statement of financial position. The guidance also removes the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the NAV per share practical expedient. Rather, those disclosures are limited to investments for which the entity has elected to measure the fair value using the practical expedient. The new guidance is effective for non-public entities for periods beginning after December 15, 2016 and is required to be applied retrospectively for all periods presented. Early adoption is permitted. The Company adopted this standard for plan reporting effective December 31, 2016. As this guidance provides only disclosure requirements, the adoption of this standard did not impact the Plan's financial results.

Master Trust Presentation and Disclosures

In February 2017, the FASB issued authoritative guidance that requires a plan's interest in a master trust and any change in interest in the master trust to be presented as a single line item in the statement of net assets available for benefits and in the statement of changes in net assets available for benefits. It also requires that plans with a divided interest disclose the master trust's investments by general type and other assets and liabilities balances, as well as the dollar amount of the plan's interest in each of those balances. The new guidance is effective for periods beginning after December 15, 2018 and is required to be applied retrospectively. Early adoption is permitted. The Company is currently assessing the effects this guidance may have on the Plan's financial statement disclosures.

3. Fair Value of Interest in Master Trust

The Plan established a Master Trust Agreement with the Trustee for the purpose of investing assets of the Plan and other savings plans sponsored by Exelon. The investment options for the three savings plans that participate in the Master Trust are the same, with the exception of the Exelon Corporation Stock Fund, which through December 31, 2015, was only offered in the Exelon Corporation Employee Savings Plan. Effective January 1, 2016, the Exelon Corporation Stock Fund was offered in all three savings plans that participate in the Master Trust. The Master Trust is comprised of two master trust investment accounts ("MTIA")—one of which contains primarily real estate investments ("MTIA B") and another for the remaining other investments ("MTIA A"). The real estate account within the Master Trust is comprised primarily of real estate assets that do not have an observable value (either directly or indirectly) on an established market, and therefore, is being reported separately for Form 5500 purposes. Interest and dividends along with net depreciation or appreciation in the fair value of investments are allocated to the Plan on a daily basis based upon the Plan's equitable share of the various investment funds and portfolios that comprise the Master Trust. The Plan's Statements of Net Assets Available for Benefits include its share of investments maintained in the Master Trust measured at fair value on a recurring basis.

At December 31, 2016 and 2015, the Plan's interest in the net assets of the Master Trust was approximately 0.77% and 0.82%, respectively.

The net assets of the Master Trust as of December 31, 2016 and 2015 are as follows:

	December 31, 2016			December 31, 2015		
	MTIA A	MTIA B	Total	MTIA A	MTIA B	Total
ASSETS						
Investments, at fair value						
Interest bearing cash	$ 472,636,125	$ 1,912,643	$ 474,548,768	$ 453,418,073	$ —	$ 453,418,073
U.S. government securities	612,245,321	—	612,245,321	602,296,873	—	602,296,873
Corporate debt instruments—preferred	20,410,627	—	20,410,627	11,688,048	—	11,688,048
Corporate debt instruments—other	541,704,264	2,635,867	544,340,131	530,776,394	2,513,873	533,290,267
Corporate stock—preferred	1,577,481	6,592,717	8,170,198	1,332,252	6,823,875	8,156,127
Corporate stock—common	1,250,488,363	—	1,250,488,363	1,717,448,199	1,623,294	1,719,071,493
Corporate stock—Exelon Corporation (1)	338,056,375	—	338,056,375	283,346,974	—	283,346,974
Real estate	—	168,245,150	168,245,150	—	169,662,729	169,662,729
Common/collective trust funds	3,321,251,085	1,548,234	3,322,799,319	2,512,571,383	1,425,230	2,513,996,613
Registered investment company securities	73,823,407	6,664,710	80,488,117	52,799,046	—	52,799,046
Other investments	215,100,671	18,602,383	233,703,054	229,393,127	17,861,649	247,254,776
Total Master Trust investments	6,847,293,719	206,201,704	7,053,495,423	6,395,070,369	199,910,650	6,594,981,019
Other Assets						
Cash	2,002,677	—	2,002,677	768,619	—	768,619
Accrued dividend and interest	13,531,952	—	13,531,952	14,795,991	—	14,795,991
Due from brokers for securities sold	75,428,772	—	75,428,772	127,608,249	—	127,608,249
Other	4,842,016	—	4,842,016	341,582	—	341,582
Total other assets	95,805,417	—	95,805,417	143,514,441	—	143,514,441
Total Master Trust assets	6,943,099,136	206,201,704	7,149,300,840	6,538,584,810	199,910,650	6,738,495,460
LIABILITIES						
Accrued investment and administrative expenses	6,339,386	840,600	7,179,986	5,745,654	431,240	6,176,894
Due to broker for securities purchased	155,118,057	—	155,118,057	222,908,114	—	222,908,114
Other liabilities	1,211,153	—	1,211,153	1,399,324	—	1,399,324
Total Master Trust liabilities	162,668,596	840,600	163,509,196	230,053,092	431,240	230,484,332
Total Master Trust net assets	$6,780,430,540	$205,361,104	$6,985,791,644	$6,308,531,718	$199,479,410	$6,508,011,128

(1) The Exelon Corporation Stock Fund held $337.9 million and $282.7 million of this investment as of December 31, 2016 and 2015, respectively. The custom funds held $0.1 million and $0.7 million of this investment as of December 31, 2016 and 2015, respectively.

The net investment income and appreciation of the Master Trust for the year ended December 31, 2016 is as follows:

	Year Ended December 31, 2016		
	MTIA A	MTIA B	Total
Corporate stock dividends	$ 43,209,028	$ 439,751	$ 43,648,779
Other interest and dividends	49,226,074	383,155	49,609,229
Net appreciation in the fair value of investments	488,760,287	13,225,222	501,985,509
Total net investment income and appreciation	581,195,389	14,048,128	595,243,517
Investment and administrative expenses not directly allocated to the plans	(14,923,611)	(1,662,374)	(16,585,985)
Total Master Trust net investment income and appreciation	$566,271,778	$12,385,754	$578,657,532

For the year ended December 31, 2016, the Plan's interest in the net investment income of the Master Trust is 0.72%.

Recurring Fair Value Measurements

To increase consistency and comparability in fair value measurements, the FASB established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1—unadjusted quoted prices in active markets for identical assets for which the Plan has the ability to access as of the reporting date.
- Level 2—inputs other than quoted prices included within Level 1 that are directly observable for the asset or indirectly observable through corroboration with observable market data.
- Level 3—unobservable inputs, such as internally-developed pricing models for the asset.

The valuation methods for each investment category are described below.

Interest bearing cash . Interest bearing cash is valued daily based on observable market prices and is categorized as Level 1.

U.S. government securities. U.S. government securities are valued daily based on quoted prices in active markets. Investments in U.S. Treasury securities have been categorized in Level 1 because they trade in highly liquid and transparent markets. Investments in U.S. government affiliates are based on evaluated prices that reflect observable market information, such as actual trade information of similar securities, adjusted for observable differences and are categorized as Level 2.

Preferred and other corporate debt instruments. Corporate debt instruments are based on evaluated prices that reflect observable market information, such as actual trade information of similar securities, adjusted for observable differences and are categorized as Level 2.

Preferred and common corporate stock. The Master Trust's stock investments are primarily traded on exchanges that contain only actively traded securities, due to the volume trading requirements imposed by these exchanges. Preferred and common corporate stocks, including rights and warrants, are valued daily based on quoted prices in active markets and are categorized as Level 1. Certain securities have been categorized as Level 2 because they are based on evaluated prices that reflect observable market information, such as actual trade information of similar securities.

Real estate. Income producing real estate funds are valued by the fund managers on a daily basis. Fund values are based on valuation of the underlying investments which may include inputs such as operating results, discounted future cash flows and market-based comparable data. The valuation inputs are unobservable. Certain real estate investments are redeemable from the investment vehicle quarterly. The fair value is determined using NAV or its equivalent as a practical expedient and are not classified within the fair value hierarchy.

Common/collective trust funds. Common/collective trust funds are maintained by investment companies and hold investments in accordance with a stated set of fund objectives. For common/collective trust funds which are not publicly quoted, the funds are valued using the NAV per fund share as a practical expedient, which is primarily derived from the quoted prices in active markets of the underlying securities, and are not classified within the fair value hierarchy. Common/collective trust funds can be redeemed daily.

Registered investment company securities. Registered investment company securities are investment funds maintained by investment companies that hold investments in accordance with a stated set of fund objectives. For funds with values that are publicly quoted on a daily basis in active markets, the funds have been categorized as Level 1. For funds with values which are not publicly quoted, the funds are valued using the NAV per fund share as a practical expedient, which is primarily derived from the quoted prices in active markets of the underlying securities, and are not classified within the fair value hierarchy. The registered investment company securities can be redeemed daily.

Other investments. Other investments include futures contracts, swap contracts, holdings in real estate investment trusts, and state, municipal and foreign government fixed income securities. Futures contracts are valued daily based on quoted prices in active markets and trade in open markets, and have been categorized as Level 1. Real estate investment trusts are valued daily based on quoted prices in active markets and have been categorized as Level 1. State, municipal and foreign government fixed income securities are valued daily using evaluated prices that reflect observable market information, such as actual trade information of similar securities, adjusted for observable differences and are categorized as Level 2. Derivative instruments other than futures contracts are valued based on external price data of comparable securities and have been categorized as Level 2.

Transfer policy

The Company's policy is to recognize transfers into and out of levels as of the end of the reporting period.

The Plan's Statements of Net Assets Available for Benefits include its share of investments maintained in the Master Trust measured at fair value on a recurring basis. The following tables present the fair value of assets in the Master Trust and their level within the fair value hierarchy as of December 31, 2016 and 2015:

As of December 31, 2016

	Level 1	Level 2	Investments measured at NAV	Total
Master Trust Investments:				
Interest bearing cash	$ 474,548,768	$ —	$ —	$ 474,548,768
U.S. government securities	318,110,004	294,135,317	—	612,245,321
Corporate debt instruments—preferred	—	20,410,627	—	20,410,627
Corporate debt instruments—other	—	544,340,131	—	544,340,131
Corporate stock—preferred	7,827,070	343,128	—	8,170,198
Corporate stock—common	1,250,488,363	—	—	1,250,488,363
Corporate stock—Exelon Corporation	338,056,375	—	—	338,056,375
Real estate	—	—	168,245,150	168,245,150
Common/collective trust funds	—	—	3,322,799,319	3,322,799,319
Registered investment company securities	6,664,710	—	73,823,407	80,488,117
Other investments	124,167,048	109,536,006	—	233,703,054
Total Master Trust investments	$2,519,862,338	$968,765,209	$3,564,867,876	$7,053,495,423

As of December 31, 2015

	Level 1	Level 2	Investments measured at NAV	Total
Master Trust Investments:				
Interest bearing cash	$ 453,418,073	$ —	$ —	$ 453,418,073
U.S. government securities	339,135,405	263,161,468	—	602,296,873
Corporate debt instruments—preferred	—	11,688,048	—	11,688,048
Corporate debt instruments—other	—	533,290,267	—	533,290,267
Corporate stock—preferred	8,156,127	—	—	8,156,127
Corporate stock—common	1,719,071,493	—	—	1,719,071,493
Corporate stock—Exelon Corporation	283,346,974	—	—	283,346,974
Real estate	—	—	169,662,729	169,662,729
Common/collective trust funds	—	—	2,513,996,613	2,513,996,613
Registered investment company securities	—	—	52,799,046	52,799,046
Other investments	133,324,643	113,930,133	—	247,254,776
Total Master Trust investments	$2,936,452,715	$922,069,916	$2,736,458,388	$6,594,981,019

There were no significant transfers between Level 1 and Level 2 during the years ended December 31, 2016 and 2015.

4. Risks and Uncertainties

The Plan provides for various investment options in several investment securities and instruments. Investment securities are exposed to various risks, such as interest, market and credit risk. Due to the level of risks associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in values in the near term could materially affect participants' account balances and the amounts reported in the Statements of Net Assets Available for Benefits and the Statement of Changes in Net Assets Available for Benefits.

From time to time, investment managers may use derivative financial instruments including futures, forward foreign exchange, and swap contracts. Derivative instruments may be used to mitigate exposure to foreign exchange rate and interest rate fluctuations as well as manage the investment mix in the portfolio. The Plan's exposure is limited to the fund(s) utilizing such derivative investments. Risks of entering into derivatives include the risk of an illiquid market, inability of a counterparty to perform, or unfavorable movement in foreign currency exchange rates, interest rates, or the underlying securities.

Some investment managers may engage in securities lending programs in which the funds lend securities to borrowers, with the objective of generating additional income. The borrowers of fund securities deliver collateral to secure each loan in the form of cash, securities, or letters of credit, and are required to maintain the collateral at a level no less than 100% of the market value of the loaned securities. Cash collateral is invested in common/collective trust funds or collateral pools. Participation in securities lending programs involves exposure to the risk that the borrower may default and there may be insufficient collateral to buy back the security. Lenders of securities also face the risk that invested cash collateral may become impaired or that the interest paid on loans may exceed the amount earned on the invested collateral. The Plan's exposure is limited to the funds that lend securities.

5. Income Tax Status

The Plan obtained its latest determination letter on April 10, 2013 in which the IRS stated that the Plan, as then designed, was in compliance with the applicable requirements of the Code. The Plan is qualified under Section 401(a) and 401(k) of the Code. The Plan has been amended since receiving the determination letter. However, the Plan Administrator believes that the Plan design remains in compliance with the applicable requirements of the Code. Therefore, it is believed that the Plan was qualified and the related Master Trust was tax-exempt as of the financial statement date. The Plan Administrator filed an application for a new determination letter on January 29, 2016, in accordance with the requirements of the Code.

6. Plan Termination

The Plan may be amended, modified or terminated by Exelon at any time. The Plan may also be terminated if the IRS disqualifies the Plan. Termination of the Plan with respect to a participating employer may occur if there is no successor employer in the event of dissolution, merger, consolidation or reorganization of such employer company. In the event of full or partial termination of the Plan, assets of affected participants of the terminating employer or employers shall remain 100% vested and distributable at fair market value in the form of cash, securities or annuity contracts, in accordance with the provisions of the Plan.

7. Related Party Transactions

Investment options in the Plan include common/collective trust funds managed by the Trustee or its affiliates. The Master Trust also holds shares of Exelon common stock. These transactions qualify as exempt party-in-interest transactions, in accordance with ERISA. There have been no known prohibited transactions with a party-in-interest.

8. Plan Transfers

In 2016, there were transfers totaling $696 to the Plan from the Exelon Corporation Employee Savings Plan. In 2016, there were transfers totaling $1,576,026 from the Plan ($839,752 to Exelon Employee Savings Plan for Represented Employees at TMI and Oyster Creek and $736,274 to Exelon Corporation Employee Savings Plan).

9. Subsequent Events

Effective July 1, 2017, sixteen additional passively-managed funds (Expanded Choice funds) will be offered under the Plan.

EXELON EMPLOYEE SAVINGS PLAN
FOR REPRESENTED EMPLOYEES AT CLINTON

SCHEDULE OF ASSETS (HELD AT END OF YEAR)

As of December 31, 2016
Schedule H, Part IV, Item 4i of Form 5500
Employer Identification Number 23-2990190, Plan #014

(a)	(b) Identity of Issue, Borrower, Lessor, or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral Par or Maturity Value	(e) Current Value
*	Interest in net assets of Master Trust, at fair value		$53,704,361
*	Notes receivable from participants	Interest rates: 3.75% - 10.50%	1,082,994
	Total investments		$54,787,355

* Represents party-in-interest

Column (d), cost, has been omitted as investments are participant directed.

EXHIBIT INDEX

Exhibit filed with Form 11-K for the year ended December 31, 2016:

Exhibit No.	Description of Exhibit
23	Consent of Independent Registered Public Accounting Firm

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

Exelon Employee Savings Plan for Represented Employees at Clinton

Date: June 29, 2017

/s/ Jennifer Franco
Jennifer Franco
Plan Administrator

Exhibit 23
Exelon Corporation
Form 11-K File No. 1-16169

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-219037) of Exelon Corporation of our report dated June 29, 2017, with respect to the statements of net assets available for benefits of the Exelon Employee Savings Plan for Represented Employees at Clinton as of December 31, 2016, the related statement of changes in net assets available for benefits for the year then ended, and the related supplemental schedule of Schedule H, line 4i-schedule of assets (held at end of year) as of December 31, 2016, which appears in the December 31, 2016 annual report on Form 11-K of the Exelon Employee Savings Plan for Represented Employees at Clinton.

/s/ WASHINGTON, PITTMAN & McKEEVER, LLC

Chicago, Illinois
June 29, 2017

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Fiscal Year Ended December 31, 2016

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number 1-16169

EXELON EMPLOYEE SAVINGS PLAN FOR REPRESENTED EMPLOYEES AT TMI AND OYSTER CREEK
(Full title of the Plan)

EXELON CORPORATION
(a Pennsylvania Corporation)

10 South Dearborn Street
P.O. Box 805379
Chicago, Illinois 60680-5379
(312) 394-7398
(Name of the issuer of the securities held pursuant to the Plan and the address of its principal executive offices)

EXELON EMPLOYEE SAVINGS PLAN FOR
REPRESENTED EMPLOYEES AT TMI AND OYSTER CREEK

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Participants and the Administrator of the
Exelon Employee Savings Plan for Represented Employees at TMI and Oyster Creek:

We have audited the accompanying statements of net assets available for benefits of the Exelon Employee Savings Plan for Represented Employees at TMI and Oyster Creek (the "Plan") as of December 31, 2016 and 2015 and the related statement of changes in net assets available for benefits for the year ended December 31, 2016. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit of the financial statements as of and for the year ended December 31, 2016 in accordance with auditing standards of the Public Company Accounting Oversight Board (United States) and our audit of the financial statements as of and for the year ended December 31, 2015 in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2016 and 2015, and the changes in net assets available for benefits for the year ended December 31, 2016, in conformity with accounting principles generally accepted in the United States of America.

The supplemental information in the accompanying schedule of assets (held at end of year) as of December 31, 2016 has been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The supplemental information is presented for the purpose of additional analysis and is not a required part of the financial statements but includes supplemental information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental information is the responsibility of the Plan's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting or other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information in the accompanying schedule, we evaluated whether the supplemental information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental information in the accompanying schedule is fairly stated in all material respects in relation to the financial statements as a whole.

/s/ WASHINGTON, PITTMAN & McKEEVER, LLC

Chicago, Illinois
June 29, 2017

EXELON EMPLOYEE SAVINGS PLAN FOR
REPRESENTED EMPLOYEES AT TMI AND OYSTER CREEK

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	December 31,	
	2016	**2015**
ASSETS		
Investments at fair value		
Plan interest in the net assets of the Exelon Corporation Defined Contribution Retirement Plans Master Trust (see Note 3)	$81,620,982	$76,351,474
Receivables		
Participant contributions	278,271	248,430
Employer contributions	107,129	98,755
Notes receivable from participants	1,694,234	1,563,259
Total receivables	2,079,634	1,910,444
NET ASSETS AVAILABLE FOR BENEFITS	$83,700,616	$78,261,918

The accompanying Notes are an integral part of these Financial Statements.

EXELON EMPLOYEE SAVINGS PLAN FOR
REPRESENTED EMPLOYEES AT TMI AND OYSTER CREEK

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

	Year Ended December 31, 2016
ADDITIONS	
Contributions	
Participant	$ 4,583,092
Employer	2,019,287
Total contributions	6,602,379
Investment income	
Plan interest in the net investment income from the Exelon Corporation Defined Contribution Retirement Plans Master Trust (see Note 3)	5,862,314
Interest income from participant loans	64,957
Total investment income	5,927,271
Total additions	12,529,650
DEDUCTIONS	
Participant withdrawals and distributions	6,840,738
Administrative expenses	68,915
Total deductions	6,909,653
Net increase before transfers	5,619,997
Net assets transferred to other plans	(181,299)
Net increase after transfers	5,438,698
NET ASSETS AVAILABLE FOR BENEFITS	
Beginning of year	78,261,918
End of year	$ 83,700,616

The accompanying Notes are an integral part of these Financial Statements.

EXELON EMPLOYEE SAVINGS PLAN FOR
REPRESENTED EMPLOYEES AT TMI AND OYSTER CREEK

NOTES TO FINANCIAL STATEMENTS

1. Plan Description

The following description of the Exelon Employee Savings Plan for Represented Employees at TMI and Oyster Creek (the "Plan") is provided for general information purposes only. The official text of the Plan, as amended, should be read for more complete information.

General

The Plan is a defined contribution plan and was established in 2000 for the purpose of providing eligible Three Mile Island ("TMI") and Oyster Creek ("OYC") bargaining unit employees of Exelon Corporation ("Exelon" or the "Company") (formerly, of AmerGen Energy Company, LLC) a retirement vehicle and to reduce their taxable income pursuant to Section 401(k) of the Internal Revenue Code of 1986, as amended (the "Code"). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). The Exelon Corporation Stock Fund, which is an investment option under the Plan, is invested primarily in Exelon common stock and is intended to be an Employee Stock Ownership Plan under Code Section 4975(e)(7).

Exelon is the sponsor of the Plan and the administrator of the Plan (the "Plan Administrator") acting through Exelon's Director of Employee Benefit Plans and Programs. The Plan Administrator has the responsibility for the day-to-day administration of the Plan. Exelon, acting through the Exelon Investment Office, is responsible for the selection and retention of the Plan's investment options and any investment manager that may be appointed under the Exelon Corporation Defined Contribution Retirement Plans Master Trust (the "Master Trust"). The Northern Trust Company is the Plan trustee ("Trustee"). Effective July 1, 2016, Northwest Plan Services, Inc. became the Plan recordkeeper (for periods on or after July 1, 2016, the "Recordkeeper"). Prior to July 1, 2016, Aon Hewitt was the Plan recordkeeper (for periods before July 1, 2016, the "Recordkeeper").

Eligible employees are all employees of subsidiaries of Exelon (each subsidiary, a "participating employer") at its TMI and OYC facilities who are covered by a collective bargaining agreement that provides for participation in the Plan. Newly hired employees who do not make a participation election within 90 days after their date of hire will automatically be enrolled in the Plan as soon as administratively practicable after their 90th day of employment with a pre-tax deferral of 3% of eligible pay per pay period and 1% increase each March 1st, generally beginning with the second calendar year that begins after automatic enrollment first applies to the participant, until a total maximum automatic pre-tax deferral of 5% of eligible pay is reached. Such automatic contributions to the Plan will be invested in the custom target retirement fund that corresponds to the participant's anticipated retirement date (based on the participant's birth date). A participant who elects to stop participation within 90 days after automatic contributions are first taken from his or her pay may withdraw the contributions adjusted for any investment gains or losses and reduced for any applicable fees. Such a withdrawal would be subject to federal income tax but not to any early withdrawal penalty. Additionally, the participant will forfeit any employer matching contributions made with respect to such automatic contributions.

Participant Contributions

The Plan permits participants to contribute between 1% and 50% of their eligible pay each pay period on a pre-tax basis, an after-tax basis, a Roth basis or a combination of the three, subject to Internal Revenue Service ("IRS") limitations.

During any calendar year in which a participant attains age 50 or older, he or she may elect to make additional pre-tax contributions, called "catch-up" contributions, to the Plan. In order to be eligible to make catch-up contributions, the participant must anticipate that his or her pre-tax contributions to the Plan will reach the applicable annual IRS limit on that type of contribution or be contributing at the maximum base pay level. Catch-up contributions are not credited with the Company's matching contribution.

EXELON EMPLOYEE SAVINGS PLAN FOR
REPRESENTED EMPLOYEES AT TMI AND OYSTER CREEK

NOTES TO FINANCIAL STATEMENTS

Company Matching Contributions

Participants at both the TMI and OYC locations receive a fixed Company matching contribution of 100% of the first 5% of a participant's eligible pay contributed per pay period.

Investment Options

The Plan's investments are held in the Master Trust, which was established in 2006, for the investments of the Plan and other savings plans sponsored by Exelon. The Plan investments are fully participant-directed, and the Plan is intended to satisfy Section 404(c) of ERISA.

The investment options include a menu of funds that include custom Target Retirement Fund options, three actively-managed custom funds, three passively-managed funds, the Northern Trust U.S. Government Short-Term Investment Fund and the Exelon Corporation Stock Fund. Below is a brief description of each of the investment options available as of December 31, 2016 and 2015. These descriptions are not, and are not intended to be, complete descriptions of each investment option's risk, objective and strategy.

- **Target Date Funds -** Diversified funds managed by multiple investment managers that seek to provide investment return, shifting from an emphasis on capital appreciation to an emphasis on income and inflation protection as the fund approaches and passes its target retirement age. Target allocations of the funds are designed using certain assumptions, including that most Exelon plan participants receive a 401(k) company matching contribution under the Plan, earn pension benefits over their careers under a cash balance or other pension plan, and typically begin receiving retirement benefits around age 61. The funds reduce exposure to equity and real estate, and increase exposure to fixed income and certain other investments, as the target retirement date approaches, and for ten years thereafter.
- **Actively-managed custom funds -** These funds use a multi-manager approach whereby the fund's assets are allocated to several investment managers that act independently of each other and follow their own distinct investment style in investing in securities. The portfolios are principally managed using an active approach with the objective of collectively exceeding the record of the fund benchmark.
- **Passively-managed funds -** These funds seek investment results that correspond generally to the price and yield performance, before fees and expenses, of a particular index.
- **Northern Trust U.S. Government Short-Term Investment Fund -** This fund is an investment vehicle for cash reserves that offers a rate of return based on a portfolio of obligations of the U.S. Government, its agencies or instrumentalities, and related money market instruments. Principal preservation and liquidity management are the fund's prime objectives.
- **Exelon Corporation Stock Fund -** This fund, which became an investment option on January 1, 2016, primarily invests in Exelon common stock with some short-term liquid investments. The Exelon Corporation Stock Fund does not represent direct ownership of Exelon common stock. The fund's unit value is determined by dividing the total current fair value of the investments in the fund by the total number of units owned. This fund is not diversified and is considered riskier than a "diversified" portfolio.

Notes Receivable from Participants

A participant may, upon application, borrow from the Plan. Participants represented by IBEW Local 777 may only have one loan outstanding. Effective February 1, 2010, a participant represented by IBEW Local 1289 is permitted to have three outstanding loans at any one time. The amount of any loan shall not be less than $500 ($1,000 for primary residence loans). The aggregate amount of all outstanding loans may not exceed the lesser of (i) 50% of a participant's vested balance in the Plan or (ii) $50,000 minus the excess of the highest outstanding balance of all loans from the Plan to the participant during the previous 12-month period over the outstanding balance of all loans from the Plan to the participant on the day the loan is

EXELON EMPLOYEE SAVINGS PLAN FOR
REPRESENTED EMPLOYEES AT TMI AND OYSTER CREEK

NOTES TO FINANCIAL STATEMENTS

made. For loans other than home loans, the maximum term of the loan is five years. For a home loan, the maximum term is the lesser of thirty years or the amount of time until a participant attains his or her normal retirement date and the minimum is five years. Principal and interest is paid ratably through monthly payroll deductions or direct payment, as applicable. No lump-sum or installment distribution from the Plan will be made to a participant who has received a loan, or to a beneficiary of any such participant, from the portion of his or her account that has been pledged as security for the loan, until the loan, including interest, has been repaid out of the funds otherwise distributable. In the event a participant defaults on the repayment of a loan, the loan will be considered a taxable distribution of the participant's account and may be subject to an early withdrawal penalty.

Withdrawals by Participants While Employed

Generally, a participant may withdraw a minimum amount of $250 up to a maximum amount of the entire balance of the participant's after-tax contributions and rollover accounts once each calendar year.

Generally, a participant may make withdrawals from his or her before-tax, catch-up, matching, Roth, Roth catch-up and Roth rollover contributions accounts, but only if the participant has attained age 59 $^1/_2$ or, prior to that age, only in an amount required to alleviate financial hardship as defined in the Code and regulations promulgated thereunder. Financial hardship withdrawals suspend the participant's right to make contributions to the Plan for six months.

While any loan to the participant remains outstanding, the maximum amount available for withdrawal shall be the balance in such account less the balance of all outstanding loans.

Distributions upon Termination of Employment

Upon termination of employment, including the retirement, total disability or death of a participant, a participant is entitled to the distribution of his or her entire account balance. Such distribution will be made, as elected by the participant, in the form of either a single lump-sum payment or in substantially equal annual, quarterly or monthly installments over a period not exceeding the joint life expectancy of the participant and his or her designated beneficiary. If a participant elects installment payments, the participant can elect to change the amount, frequency and number of payments at any time. A participant may elect ad hoc partial withdrawals of any amount at any time. A participant may elect to defer distributions until age 70 $^1/_2$. If the value of a participant's account is $1,000 or less, the participant will receive a lump sum distribution from the Plan upon termination of employment. If the value of a participant's account is greater than $1,000, the participant can leave his or her account in the Plan. Generally, distributions will be taxed as ordinary income in the year withdrawn and may also be subject to an early withdrawal penalty if taken before age 59 $^1/_2$, unless eligible rollover distributions are rolled over to another qualified plan or an Individual Retirement Account ("IRA"). A 20% mandatory federal income tax withholding applies to withdrawals that are eligible for rollover, but which are not directly rolled over to another qualified plan or an IRA. If a participant does not specify the form and timing of the participant's distribution, the benefit generally will be paid in installments beginning no later than April 1 of the calendar year following the calendar year in which the participant attains age 70 $^1/_2$.

Participant Accounts

Each participant's account is credited with the participant's contribution and allocations of (i) the Company's corresponding contributions and (ii) Plan earnings, and charged with an allocation of Plan administrative costs. Allocations are based on participant elections or account balances, as applicable. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting of Participants' Accounts

Participants are fully vested in their accounts at all times.

Investment Income

Dividends and earnings received on all funds, with the exception of the Exelon Corporation Stock Fund, are automatically reinvested in the fund to which those earnings apply.

EXELON EMPLOYEE SAVINGS PLAN FOR
REPRESENTED EMPLOYEES AT TMI AND OYSTER CREEK

NOTES TO FINANCIAL STATEMENTS

Employee Stock Ownership Plan

If a participant invests any portion of his or her account in the Exelon Corporation Stock Fund and is eligible to receive dividend distributions from the Plan, then the participant is deemed to have elected to have the dividends reinvested in the Exelon Corporation Stock Fund. If the participant prefers to receive any such dividends in cash, he or she can so elect by contacting the Recordkeeper. Dividends distributed to the participant in cash from the Plan are subject to income tax as a dividend and not subject to an early withdrawal penalty.

2. Summary of Significant Accounting Policies

General

The Plan follows the accrual method of accounting, in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Withdrawals and distributions are recorded when paid.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires the Plan Administrator to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Accordingly, actual results may differ from those estimates.

Investment Valuation and Income Recognition

The Plan's interest in the Master Trust is stated at fair value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. The Plan presents, in the Statement of Changes in Net Assets Available for Benefits, the Plan interest in investment income from the Master Trust. See Note 3—Fair Value of Interest in Master Trust for further information.

Plan Expenses

A participant's account balance will be charged with certain fees and expenses. Asset-based fees (e.g., management fees and other fund operating expenses) are used to cover the expenses related to running an investment fund, and are generally deducted directly from a participant's investment returns. The asset-based fees relating to the target date and custom funds are primarily presented within the investment and administrative fees of the Master Trust. See Note 3—Fair Value of Interest in Master Trust for further information.

Plan administration fees cover the day-to-day expenses of administering the Plan and are covered by amounts deducted directly from participant accounts. Transaction-based fees also may be charged with respect to optional features offered under the Plan (e.g., loans) and are charged directly against a participant's account balance.

Notes Receivable from Participants

Notes receivable from participants are valued at their unpaid principal balance plus accrued interest. No allowance for credit losses has been recorded as of December 31, 2016 or 2015.

Reclassifications

Certain prior year amounts have been reclassified for comparative purposes. These reclassifications did not affect net assets available for benefits.

Recent Accounting Pronouncements

Fair Value Measurements and Disclosures

In May 2015, the Financial Accounting Standards Board ("FASB") issued authoritative guidance that removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value ("NAV") per share practical expedient. Investments measured at NAV per share using the practical expedient will be presented as a reconciling item

between the fair value hierarchy disclosure and the investment line item on the statement of financial position. The guidance also removes the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the NAV per share practical expedient. Rather, those disclosures are limited to investments for which the entity has elected to measure the fair value using the practical expedient. The new guidance is effective for non-public entities for periods beginning after December 15, 2016 and is required to be applied retrospectively for all periods presented. Early adoption is permitted. The Company adopted this standard for plan reporting effective December 31, 2016. As this guidance provides only disclosure requirements, the adoption of this standard did not impact the Plan's financial results.

Master Trust Presentation and Disclosures

In February 2017, the FASB issued authoritative guidance that requires a plan's interest in a master trust and any change in interest in the master trust to be presented as a single line item in the statement of net assets available for benefits and in the statement of changes in net assets available for benefits. It also requires that plans with a divided interest disclose the master trust's investments by general type and other assets and liabilities balances, as well as the dollar amount of the plan's interest in each of those balances. The new guidance is effective for periods beginning after December 15, 2018 and is required to be applied retrospectively. Early adoption is permitted. The Company is currently assessing the effects this guidance may have on the Plan's financial statement disclosures.

3. Fair Value of Interest in Master Trust

The Plan established a Master Trust Agreement with the Trustee for the purpose of investing assets of the Plan and other savings plans sponsored by Exelon. The investment options for the three savings plans that participate in the Master Trust are the same, with the exception of the Exelon Corporation Stock Fund, which through December 31, 2015, was only offered in the Exelon Corporation Employee Savings Plan. Effective January 1, 2016, the Exelon Corporation Stock Fund was offered in all three savings plans that participate in the Master Trust. The Master Trust is comprised of two master trust investment accounts ("MTIA")—one of which contains primarily real estate investments ("MTIA B") and another for the remaining other investments ("MTIA A"). The real estate account within the Master Trust is comprised primarily of real estate assets that do not have an observable value (either directly or indirectly) on an established market, and therefore, is being reported separately for Form 5500 purposes. Interest and dividends along with net depreciation or appreciation in the fair value of investments are allocated to the Plan on a daily basis based upon the Plan's equitable share of the various investment funds and portfolios that comprise the Master Trust. The Plan's Statements of Net Assets Available for Benefits include its share of investments maintained in the Master Trust measured at fair value on a recurring basis.

At December 31, 2016 and 2015, the Plan's interest in the net assets of the Master Trust was approximately 1.17% and 1.17%, respectively.

EXELON EMPLOYEE SAVINGS PLAN FOR
REPRESENTED EMPLOYEES AT TMI AND OYSTER CREEK

NOTES TO FINANCIAL STATEMENTS

The net assets of the Master Trust as of December 31, 2016 and 2015 are as follows:

	December 31, 2016			December 31, 2015		
	MTIA A	MTIA B	Total	MTIA A	MTIA B	Total
ASSETS						
Investments, at fair value						
Interest bearing cash	$ 472,636,125	$ 1,912,643	$ 474,548,768	$ 453,418,073	$ —	$ 453,418,073
U.S. government securities	612,245,321	—	612,245,321	602,296,873	—	602,296,873
Corporate debt instruments - preferred	20,410,627	—	20,410,627	11,688,048	—	11,688,048
Corporate debt instruments - other	541,704,264	2,635,867	544,340,131	530,776,394	2,513,873	533,290,267
Corporate stock - preferred	1,577,481	6,592,717	8,170,198	1,332,252	6,823,875	8,156,127
Corporate stock - common	1,250,488,363	—	1,250,488,363	1,717,448,199	1,623,294	1,719,071,493
Corporate stock - Exelon Corporation (1)	338,056,375	—	338,056,375	283,346,974	—	283,346,974
Real estate	—	168,245,150	168,245,150	—	169,662,729	169,662,729
Common/collective trust funds	3,321,251,085	1,548,234	3,322,799,319	2,512,571,383	1,425,230	2,513,996,613
Registered investment company securities	73,823,407	6,664,710	80,488,117	52,799,046	—	52,799,046
Other investments	215,100,671	18,602,383	233,703,054	229,393,127	17,861,649	247,254,776
Total Master Trust investments	6,847,293,719	206,201,704	7,053,495,423	6,395,070,369	199,910,650	6,594,981,019
Other Assets						
Cash	2,002,677	—	2,002,677	768,619	—	768,619
Accrued dividend and interest	13,531,952	—	13,531,952	14,795,991	—	14,795,991
Due from brokers for securities sold	75,428,772	—	75,428,772	127,608,249	—	127,608,249
Other	4,842,016	—	4,842,016	341,582	—	341,582
Total other assets	95,805,417	—	95,805,417	143,514,441	—	143,514,441
Total Master Trust assets	6,943,099,136	206,201,704	7,149,300,840	6,538,584,810	199,910,650	6,738,495,460
LIABILITIES						
Accrued investment and administrative expenses	6,339,386	840,600	7,179,986	5,745,654	431,240	6,176,894
Due to broker for securities purchased	155,118,057	—	155,118,057	222,908,114	—	222,908,114
Other liabilities	1,211,153	—	1,211,153	1,399,324	—	1,399,324
Total Master Trust liabilities	162,668,596	840,600	163,509,196	230,053,092	431,240	230,484,332
Total Master Trust net assets	$6,780,430,540	$205,361,104	$6,985,791,644	$6,308,531,718	$199,479,410	$6,508,011,128

(1) The Exelon Corporation Stock Fund held $337.9 million and $282.7 million of this investment as of December 31, 2016 and 2015, respectively. The custom funds held $0.1 million and $0.7 million of this investment as of December 31, 2016 and 2015, respectively.

EXELON EMPLOYEE SAVINGS PLAN FOR
REPRESENTED EMPLOYEES AT TMI AND OYSTER CREEK

NOTES TO FINANCIAL STATEMENTS

The net investment income and appreciation of the Master Trust for the year ended December 31, 2016 is as follows:

	Year Ended December 31, 2016		
	MTIA A	MTIA B	Total
Corporate stock dividends	$ 43,209,028	$ 439,751	$ 43,648,779
Other interest and dividends	49,226,074	383,155	49,609,229
Net appreciation in the fair value of investments	488,760,287	13,225,222	501,985,509
Total net investment income and appreciation	581,195,389	14,048,128	595,243,517
Investment and administrative expenses not directly allocated to the plans	(14,923,611)	(1,662,374)	(16,585,985)
Total Master Trust net investment income and appreciation	$566,271,778	$12,385,754	$578,657,532

For the year ended December 31, 2016, the Plan's interest in the net investment income of the Master Trust is 1.01%.

Recurring Fair Value Measurements

To increase consistency and comparability in fair value measurements, the FASB established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1 - unadjusted quoted prices in active markets for identical assets for which the Plan has the ability to access as of the reporting date.
- Level 2 - inputs other than quoted prices included within Level 1 that are directly observable for the asset or indirectly observable through corroboration with observable market data.
- Level 3 - unobservable inputs, such as internally-developed pricing models for the asset.

The valuation methods for each investment category are described below.

Interest bearing cash . Interest bearing cash is valued daily based on observable market prices and is categorized as Level 1.

U.S. government securities. U.S. government securities are valued daily based on quoted prices in active markets. Investments in U.S. Treasury securities have been categorized in Level 1 because they trade in highly liquid and transparent markets. Investments in U.S. government affiliates are based on evaluated prices that reflect observable market information, such as actual trade information of similar securities, adjusted for observable differences and are categorized as Level 2.

Preferred and other corporate debt instruments. Corporate debt instruments are based on evaluated prices that reflect observable market information, such as actual trade information of similar securities, adjusted for observable differences and are categorized as Level 2.

Preferred and common corporate stock. The Master Trust's stock investments are primarily traded on exchanges that contain only actively traded securities, due to the volume trading requirements imposed by these exchanges. Preferred and common corporate stocks, including rights and warrants, are valued daily based on quoted prices in active markets and are categorized as Level 1. Certain securities have been categorized as Level 2 because they are based on evaluated prices that reflect observable market information, such as actual trade information of similar securities.

EXELON EMPLOYEE SAVINGS PLAN FOR
REPRESENTED EMPLOYEES AT TMI AND OYSTER CREEK

NOTES TO FINANCIAL STATEMENTS

Real estate. Income producing real estate funds are valued by the fund managers on a daily basis. Fund values are based on valuation of the underlying investments which may include inputs such as operating results, discounted future cash flows and market-based comparable data. The valuation inputs are unobservable. Certain real estate investments are redeemable from the investment vehicle quarterly. The fair value is determined using NAV or its equivalent as a practical expedient and are not classified within the fair value hierarchy.

Common/collective trust funds. Common/collective trust funds are maintained by investment companies and hold investments in accordance with a stated set of fund objectives. For common/collective trust funds which are not publicly quoted, the funds are valued using the NAV per fund share as a practical expedient, which is primarily derived from the quoted prices in active markets of the underlying securities, and are not classified within the fair value hierarchy. Common/collective trust funds can be redeemed daily.

Registered investment company securities. Registered investment company securities are investment funds maintained by investment companies that hold investments in accordance with a stated set of fund objectives. For funds with values that are publicly quoted on a daily basis in active markets, the funds have been categorized as Level 1. For funds with values which are not publicly quoted, the funds are valued using the NAV per fund share as a practical expedient, which is primarily derived from the quoted prices in active markets of the underlying securities, and are not classified within the fair value hierarchy. The registered investment company securities can be redeemed daily.

Other investments. Other investments include futures contracts, swap contracts, holdings in real estate investment trusts, and state, municipal and foreign government fixed income securities. Futures contracts are valued daily based on quoted prices in active markets and trade in open markets, and have been categorized as Level 1. Real estate investment trusts are valued daily based on quoted prices in active markets and have been categorized as Level 1. State, municipal and foreign government fixed income securities are valued daily using evaluated prices that reflect observable market information, such as actual trade information of similar securities, adjusted for observable differences and are categorized as Level 2. Derivative instruments other than futures contracts are valued based on external price data of comparable securities and have been categorized as Level 2.

Transfer policy

The Company's policy is to recognize transfers into and out of levels as of the end of the reporting period.

EXELON EMPLOYEE SAVINGS PLAN FOR
REPRESENTED EMPLOYEES AT TMI AND OYSTER CREEK

NOTES TO FINANCIAL STATEMENTS

The Plan's Statements of Net Assets Available for Benefits include its share of investments maintained in the Master Trust measured at fair value on a recurring basis. The following tables present the fair value of assets in the Master Trust and their level within the fair value hierarchy as of December 31, 2016 and 2015:

As of December 31, 2016

	Level 1	Level 2	Investments measured at NAV	Total
Master Trust Investments:				
Interest bearing cash	$ 474,548,768	$ —	$ —	$ 474,548,768
U.S. government securities	318,110,004	294,135,317	—	612,245,321
Corporate debt instruments - preferred	—	20,410,627	—	20,410,627
Corporate debt instruments - other	—	544,340,131	—	544,340,131
Corporate stock - preferred	7,827,070	343,128	—	8,170,198
Corporate stock - common	1,250,488,363	—	—	1,250,488,363
Corporate stock - Exelon Corporation	338,056,375	—	—	338,056,375
Real estate	—	—	168,245,150	168,245,150
Common/collective trust funds	—	—	3,322,799,319	3,322,799,319
Registered investment company securities	6,664,710	—	73,823,407	80,488,117
Other investments	124,167,048	109,536,006	—	233,703,054
Total Master Trust investments	$ 2,519,862,338	$ 968,765,209	$ 3,564,867,876	$ 7,053,495,423

As of December 31, 2015

	Level 1	Level 2	Investments measured at NAV	Total
Master Trust Investments:				
Interest bearing cash	$ 453,418,073	$ —	$ —	$ 453,418,073
U.S. government securities	339,135,405	263,161,468	—	602,296,873
Corporate debt instruments - preferred	—	11,688,048	—	11,688,048
Corporate debt instruments - other	—	533,290,267	—	533,290,267
Corporate stock - preferred	8,156,127	—	—	8,156,127
Corporate stock - common	1,719,071,493	—	—	1,719,071,493
Corporate stock - Exelon Corporation	283,346,974	—	—	283,346,974
Real estate	—	—	169,662,729	169,662,729
Common/collective trust funds	—	—	2,513,996,613	2,513,996,613
Registered investment company securities	—	—	52,799,046	52,799,046
Other investments	133,324,643	113,930,133	—	247,254,776
Total Master Trust investments	$ 2,936,452,715	$ 922,069,916	$ 2,736,458,388	$ 6,594,981,019

There were no significant transfers between Level 1 and Level 2 during the years ended December 31, 2016 and 2015.

EXELON EMPLOYEE SAVINGS PLAN FOR
REPRESENTED EMPLOYEES AT TMI AND OYSTER CREEK

NOTES TO FINANCIAL STATEMENTS

4. Risks and Uncertainties

The Plan provides for various investment options in several investment securities and instruments. Investment securities are exposed to various risks, such as interest, market and credit risk. Due to the level of risks associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in values in the near term could materially affect participants' account balances and the amounts reported in the Statements of Net Assets Available for Benefits and the Statement of Changes in Net Assets Available for Benefits.

From time to time, investment managers may use derivative financial instruments including futures, forward foreign exchange, and swap contracts. Derivative instruments may be used to mitigate exposure to foreign exchange rate and interest rate fluctuations as well as manage the investment mix in the portfolio. The Plan's exposure is limited to the fund(s) utilizing such derivative investments. Risks of entering into derivatives include the risk of an illiquid market, inability of a counterparty to perform, or unfavorable movement in foreign currency exchange rates, interest rates, or the underlying securities.

Some investment managers may engage in securities lending programs in which the funds lend securities to borrowers, with the objective of generating additional income. The borrowers of fund securities deliver collateral to secure each loan in the form of cash, securities, or letters of credit, and are required to maintain the collateral at a level no less than 100% of the market value of the loaned securities. Cash collateral is invested in common/collective trust funds or collateral pools. Participation in securities lending programs involves exposure to the risk that the borrower may default and there may be insufficient collateral to buy back the security. Lenders of securities also face the risk that invested cash collateral may become impaired or that the interest paid on loans may exceed the amount earned on the invested collateral. The Plan's exposure is limited to the funds that lend securities.

On June 26, 2015, IBEW Local 777 at TMI filed a Demand for Arbitration against Exelon pursuant to their bargaining agreement related to the change in the Plan's investment options on July 1, 2014. The parties have since reached an agreement, resulting in additional investment choices under the Plan.

5. Income Tax Status

The Plan obtained its latest determination letter on May 25, 2017 in which the IRS stated that the Plan, as then designed, was in compliance with the applicable requirements of the Code. The Plan is qualified under Section 401(a) and 401(k) of the Code.

6. Plan Termination

The Plan may be amended, modified or terminated by Exelon at any time. The Plan may also be terminated if the IRS disqualifies the Plan. Termination of the Plan with respect to a participating employer may occur if there is no successor employer in the event of dissolution, merger, consolidation or reorganization of such employer company. In the event of full or partial termination of the Plan, assets of affected participants of the terminating employer or employers shall remain 100% vested and distributable at fair market value in the form of cash, securities or annuity contracts, in accordance with the provisions of the Plan.

**EXELON EMPLOYEE SAVINGS PLAN FOR
REPRESENTED EMPLOYEES AT TMI AND OYSTER CREEK**

NOTES TO FINANCIAL STATEMENTS

7. Related Party Transactions

Investment options in the Plan include common/collective trust funds managed by the Trustee or its affiliates. The Master Trust also holds shares of Exelon common stock. These transactions qualify as exempt party-in-interest transactions, in accordance with ERISA. There have been no known prohibited transactions with a party-in-interest.

8. Plan Transfers

In 2016, there were transfers totaling $863,465 to the Plan ($839,752 from the Exelon Employee Savings Plan for Represented Employees at Clinton and $23,713 from the Exelon Corporation Employee Savings Plan). In 2016, there were transfers totaling $1,044,764 from the Plan to the Exelon Corporation Employee Savings Plan.

9. Subsequent Events

On May 30, 2017, Exelon announced its intentions to retire TMI generation station on September 30, 2019. There are currently no probable and reasonably estimable impacts to the Plan.

Effective July 1, 2017, sixteen additional passively-managed funds (Expanded Choice funds) will be offered under the Plan.

EXELON EMPLOYEE SAVINGS PLAN FOR
REPRESENTED EMPLOYEES AT TMI AND OYSTER CREEK

SCHEDULE OF ASSETS (HELD AT END OF YEAR)
As of December 31, 2016
Schedule H, Part IV, Item 4i of Form 5500
Employer Identification Number 23-2990190, Plan #012

(a)	(b) Identity of Issue, Borrower, Lessor, or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral Par or Maturity Value	(e) Current Value
	*Interest in net assets of Master Trust, at fair value		$81,620,982
	*Notes receivable from participants	Interest rates: 3.75% - 10.50%	1,694,234
	Total investments		$83,315,216

*Represents party-in-interest
Column (d), cost, has been omitted as investments are participant directed.

EXHIBIT INDEX

Exhibit filed with Form 11-K for the year ended December 31, 2016:

Exhibit No.	Description of Exhibit
23	Consent of Independent Registered Public Accounting Firm

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

Exelon Employee Savings Plan for Represented Employees at TMI and Oyster Creek

Date: June 29, 2017

/s/ Jennifer Franco

Jennifer Franco
Plan Administrator

Exhibit 23
Exelon Corporation
Form 11-K File No. 1-16169

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-219037) of Exelon Corporation of our report dated June 29, 2017, with respect to the statements of net assets available for benefits of the Exelon Employee Savings Plan for Represented Employees at TMI and Oyster Creek as of December 31, 2016, the related statement of changes in net assets available for benefits for the year then ended, and the related supplemental schedule of Schedule H, line 4i-schedule of assets (held at end of year) as of December 31, 2016, which appears in the December 31, 2016 annual report on Form 11-K of the Exelon Employee Savings Plan for Represented Employees at TMI and Oyster Creek.

/s/ WASHINGTON, PITTMAN & McKEEVER, LLC

Chicago, Illinois
June 29, 2017

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Fiscal Year Ended December 31, 2017

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number 1-16169

EXELON EMPLOYEE SAVINGS PLAN FOR REPRESENTED EMPLOYEES AT TMI AND OYSTER CREEK

(Full title of the Plan)

EXELON CORPORATION

(a Pennsylvania Corporation)

10 South Dearborn Street

P.O. Box 805379

Chicago, Illinois 60680-5379

(312) 394-7398

(Name of the issuer of the securities held pursuant to the Plan and the address of its principal executive offices)

S1-SSA-0009 - 26860

EXELON EMPLOYEE SAVINGS PLAN FOR
REPRESENTED EMPLOYEES AT TMI AND OYSTER CREEK

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Participants and the Administrator of the

Exelon Employee Savings Plan for Represented Employees at TMI and Oyster Creek :

Opinion on the Financial Statements

We have audited the accompanying statements of net assets available for benefits of the Exelon Employee Savings Plan for Represented Employees at TMI and Oyster Creek (the “Plan”) as of December 31, 2017 and 2016, and the related statement of changes in net assets available for benefits for the year ended December 31, 2017, and the related notes and schedules (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2017 and 2016, and the changes in net assets available for benefits for the year ended December 31, 2017, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Plan’s management. Our responsibility is to express an opinion on these financial statements based on our audits. We are a public accounting firm registered with the Public Company Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Plan in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with auditing standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Supplemental Information

The supplemental information in the accompanying schedule of assets (held at end of year) as of December 31, 2017 has been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The supplemental information is the responsibility of the Plan's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting or other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information in the accompanying schedule, we evaluated whether the supplemental information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental information in the accompanying schedule is fairly stated in all material respects in relation to the financial statements as a whole.

/s/ WASHINGTON, PITTMAN & McKEEVER, LLC

We have served as the Plan's auditor since 2005.

Chicago, Illinois

June 29, 2018

EXELON EMPLOYEE SAVINGS PLAN FOR
REPRESENTED EMPLOYEES AT TMI AND OYSTER CREEK

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	December 31,	
	2017	**2016**
ASSETS		
Investments at fair value		
Plan interest in the net assets of the Exelon Corporation Defined Contribution Retirement Plans Master Trust (see Note 3)	$ 93,246,882	$ 81,620,982
Receivables		
Participant contributions	287,547	278,271
Employer contributions	102,463	107,129
Notes receivable from participants	1,543,950	1,694,234
Total receivables	1,933,960	2,079,634
NET ASSETS AVAILABLE FOR BENEFITS	$ 95,180,842	$ 83,700,616

The accompanying Notes are an integral part of these Financial Statements.

EXELON EMPLOYEE SAVINGS PLAN FOR
REPRESENTED EMPLOYEES AT TMI AND OYSTER CREEK

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

	Year Ended December 31, 2017
ADDITIONS	
Contributions	
Participant	$ 4,599,932
Employer	1,938,022
Total contributions	6,537,954
Investment income	
Plan interest in the net investment income from the Exelon Corporation Defined Contribution Retirement Plans Master Trust (see Note 3)	13,389,655
Interest income from participant loans	95,759
Total investment income	13,485,414
Total additions	20,023,368
DEDUCTIONS	
Participant withdrawals and distributions	8,262,359
Administrative expenses	53,429
Total deductions	8,315,788
Net increase before transfers	11,707,580
Net assets transferred to other plans (see Note 8)	(227,354)
Net increase after transfers	11,480,226
NET ASSETS AVAILABLE FOR BENEFITS	
Beginning of year	83,700,616
End of year	$ 95,180,842

The accompanying Notes are an integral part of these Financial Statements.

EXELON EMPLOYEE SAVINGS PLAN FOR
REPRESENTED EMPLOYEES AT TMI AND OYSTER CREEK
NOTES TO FINANCIAL STATEMENTS

1. Plan Description

The following description of the Exelon Employee Savings Plan for Represented Employees at TMI and Oyster Creek (the "Plan") is provided for general information purposes only. The official text of the Plan, as amended, should be read for more complete information.

General

The Plan is a defined contribution plan and was established in 2000 for the purpose of providing eligible Three Mile Island ("TMI") and Oyster Creek ("OYC") bargaining unit employees of Exelon Corporation ("Exelon" or the "Company") (formerly, of AmerGen Energy Company, LLC) a retirement vehicle and to reduce their taxable income pursuant to Section 401(k) of the Internal Revenue Code of 1986, as amended (the "Code"). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). The Exelon Corporation Stock Fund, which is an investment option under the Plan, is invested primarily in Exelon common stock and is intended to be an Employee Stock Ownership Plan under Code Section 4975(e)(7).

Exelon is the sponsor of the Plan and the administrator of the Plan (the "Plan Administrator") acting through Exelon's Director of Employee Benefit Plans and Programs. The Plan Administrator has the responsibility for the day-to-day administration of the Plan. Exelon, acting through the Exelon Investment Office, is responsible for the selection and retention of the Plan's investment options and any investment manager that may be appointed under the Exelon Corporation Defined Contribution Retirement Plans Master Trust (the "Master Trust"). The Northern Trust Company is the Plan trustee ("Trustee") and Northwest Plan Services, Inc. is the Plan recordkeeper ("Recordkeeper").

Eligible employees are all employees of subsidiaries of Exelon (each subsidiary, a "participating employer") at its TMI and OYC facilities who are covered by a collective bargaining agreement that provides for participation in the Plan. Newly hired employees who do not make a participation election within 90 days after their date of hire will automatically be enrolled in the Plan as soon as administratively practicable after their 90th day of employment with a pre-tax deferral of 3% of eligible pay per pay period and 1% increase each March 1st, generally beginning with the second calendar year that begins after automatic enrollment first applies to the participant, until a total maximum automatic pre-tax deferral of 5% of eligible pay is reached. Such automatic contributions to the Plan will be invested in the custom target retirement fund that corresponds to the participant's anticipated retirement date (based on the participant's birth date). A participant who elects to stop participation within 90 days after automatic contributions are first taken from his or her pay may withdraw the contributions adjusted for any investment gains or losses and reduced for any applicable fees. Such a withdrawal would be subject to federal income tax but not to any early withdrawal penalty. Additionally, the participant will forfeit any employer matching contributions made with respect to such automatic contributions.

On May 30, 2017, Exelon announced its intentions to retire TMI generation station on September 30, 2019. There are currently no probable and reasonably estimable impacts to the Plan.

Participant Contributions

The Plan permits participants to contribute between 1% and 50% of their eligible pay each pay period on a pre-tax basis, an after-tax basis, a Roth basis or a combination of the three, subject to Internal Revenue Service ("IRS") limitations.

During any calendar year in which a participant attains age 50 or older, he or she may elect to make additional pre-tax contributions, called “catch-up” contributions, to the Plan. In order to be eligible to make catch-up contributions, the participant must anticipate that his or her pre-tax contributions to the Plan will reach the applicable annual IRS limit on that type of contribution or be contributing at the maximum base pay level. Catch-up contributions are not credited with the Company’s matching contribution.

Company Matching Contributions

Participants at both the TMI and OYC locations receive a fixed Company matching contribution of 100% of the first 5% of a participant’s eligible pay contributed per pay period.

Investment Options

The Plan’s investments are held in the Master Trust, which was established in 2006, for the investments of the Plan and other savings plans sponsored by Exelon. The Plan investments are fully participant-directed, and the Plan is intended to satisfy Section 404(c) of ERISA.

The investment options include a menu of funds that include twelve custom Target Retirement Fund options, three actively-managed custom funds, nineteen passively-managed funds, the Northern Trust U.S. Government Short-Term Investment Fund and the Exelon Corporation Stock Fund. Below is a brief description of each of the investment options available as of December 31, 2017 and 2016. These descriptions are not, and are not intended to be, complete descriptions of each investment option’s risk, objective and strategy.

- **Target Date Funds** - Diversified funds managed by multiple investment managers that seek to provide investment return, shifting from an emphasis on capital appreciation to an emphasis on income and inflation protection as the fund approaches and passes its target retirement age. Target allocations of the funds are designed using certain assumptions, including that most Exelon plan participants receive a 401(k) company matching contribution under the Plan, either earn pension benefits over their careers or receive additional employer 401(k) contributions in lieu of pension benefits, and typically begin receiving retirement benefits around age 61. The funds reduce exposure to equity and real estate, and increase exposure to fixed income and certain other investments, as the target retirement date approaches, and for ten years thereafter.

- **Actively-managed custom funds** - These funds use a multi-manager approach whereby the fund’s assets are allocated to several investment managers that act independently of each other and follow their own distinct investment style in investing in securities. The portfolios are principally managed using an active approach with the objective of collectively exceeding the record of the fund benchmark.

- **Passively-managed funds** - These funds seek investment results that correspond generally to the price and yield performance, before fees and expenses, of a particular index.

- **Northern Trust U.S. Government Short-Term Investment Fund** - This fund is an investment vehicle for cash reserves that offers a rate of return based on a portfolio of obligations of the U.S. Government, its agencies or instrumentalities, and related money market instruments. Principal preservation and liquidity management are the fund ’ s prime objectives.

- **Exelon Corporation Stock Fund** - This fund, which became an investment option on January 1, 2016, primarily invests in Exelon common stock with some short-term liquid investments. The Exelon Corporation Stock Fund does not represent direct ownership of Exelon common stock. The fund's unit value is determined by dividing the total current fair value of the investments in the fund by the total number of units owned. This fund is not diversified and is considered riskier than a “diversified” portfolio.

Notes Receivable from Participants

A participant may, upon application, borrow from the Plan. Participants represented by IBEW Local 777 may only have one loan outstanding. Effective February 1, 2010, a participant represented by IBEW Local 1289 is permitted to have three outstanding loans at any one time. The amount of any loan shall not be less than $500 ($1,000 for primary residence loans). The aggregate amount of all outstanding loans may not exceed the lesser of (i) 50% of a participant's vested balance in the Plan or (ii) $50,000 minus the excess of the highest outstanding balance of all loans from the Plan to the participant during the previous 12-month period over the outstanding balance of all loans from the Plan to the participant on the day the loan is made. For loans other than home loans, the maximum term of the loan is five years. For a home loan, the maximum term is the lesser of thirty years or the amount of time until a participant attains his or her normal retirement date and the minimum is five years. Principal and interest is paid ratably through monthly payroll deductions or direct payment, as applicable. No lump-sum or installment distribution from the Plan will be made to a participant who has received a loan, or to a beneficiary of any such participant, from the portion of his or her account that has been pledged as security for the loan, until the loan, including interest, has been repaid out of the funds otherwise distributable. In the event a participant defaults on the repayment of a loan, the loan will be considered a taxable distribution of the participant's account and may be subject to an early withdrawal penalty.

Withdrawals by Participants While Employed

Generally, a participant may withdraw a minimum amount of $250 up to a maximum amount of the entire balance of the participant's after-tax contributions and rollover accounts once each calendar year.

Generally, a participant may make withdrawals from his or her before-tax, catch-up, matching, Roth, Roth catch-up and Roth rollover contributions accounts, but only if the participant has attained age 59 ½ or, prior to that age, only in an amount required to alleviate financial hardship as defined in the Code and regulations promulgated thereunder. Financial hardship withdrawals suspend the participant's right to make contributions to the Plan for six months.

While any loan to the participant remains outstanding, the maximum amount available for withdrawal shall be the balance in such account less the balance of all outstanding loans.

Distributions upon Termination of Employment

Upon termination of employment, including the retirement, total disability or death of a participant, a participant is entitled to the distribution of his or her entire account balance. Such distribution will be made, as elected by the participant, in the form of either a single lump-sum payment or in substantially equal annual, quarterly or monthly installments over a period not exceeding the joint life expectancy of the participant and his or her designated beneficiary. If a participant elects installment payments, the participant can elect to change the amount, frequency and number of payments at any time. A participant may elect ad hoc partial withdrawals of any amount at any time. A participant may elect to defer distributions until age 70½. If the value of a participant's account is $1,000 or less, the participant will receive a lump sum distribution from the Plan upon termination of employment. If the value of a participant's account is greater than $1,000, the participant can leave his or her account in the Plan. Generally, distributions will be taxed as ordinary income in the year withdrawn and may also be subject to an early withdrawal penalty if taken before age 59½, unless eligible rollover distributions are rolled over to another qualified plan or an Individual Retirement Account ("IRA"). A 20% mandatory federal income tax withholding applies to withdrawals that are eligible for rollover, but which are not directly rolled over to another qualified plan or an IRA. If a participant does not specify the form and timing of the participant's distribution, the benefit generally will be paid in installments beginning no later than April 1 of the calendar year following the calendar year in which the participant attains age 70½.

Participant Accounts

Each participant's account is credited with the participant's contribution and allocations of (i) the Company's corresponding contributions and (ii) Plan earnings, and charged with an allocation of Plan administrative costs. Allocations are based on participant elections or account balances, as applicable. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting of Participants ' Accounts

Participants are fully vested in their accounts at all times.

Investment Income

Dividends and earnings received on all funds, with the exception of the Exelon Corporation Stock Fund, are automatically reinvested in the fund to which those earnings apply.

Employee Stock Ownership Plan

If a participant invests any portion of his or her account in the Exelon Corporation Stock Fund and is eligible to receive dividend distributions from the Plan, then the participant is deemed to have elected to have the dividends reinvested in the Exelon Corporation Stock Fund. If the participant prefers to receive any such dividends in cash, he or she can so elect by contacting the Recordkeeper. Dividends distributed to the participant in cash from the Plan are subject to income tax as a dividend and not subject to an early withdrawal penalty.

2. Plan Description

Summary of Significant Accounting Policies

General

The Plan follows the accrual method of accounting, in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Withdrawals and distributions are recorded when paid.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires the Plan Administrator to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Accordingly, actual results may differ from those estimates.

Investment Valuation and Income Recognition

The Plan's interest in the Master Trust is stated at fair value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. The Plan presents, in the Statement of Changes in Net Assets Available for Benefits, the Plan interest in investment income from the Master Trust. See Note 3 - Fair Value of Interest in Master Trust for further information.

EXELON EMPLOYEE SAVINGS PLAN FOR
REPRESENTED EMPLOYEES AT TMI AND OYSTER CREEK
NOTES TO FINANCIAL STATEMENTS

Plan Expenses

A participant ' s account balance will be charged with certain fees and expenses. Asset-based fees (e.g., management fees and other fund operating expenses) are used to cover the expenses related to running an investment fund, and are generally deducted directly from a participant ' s investment returns. The asset-based fees relating to the target date and custom funds are primarily presented within the investment and administrative fees of the Master Trust. See Note 3 - Fair Value of Interest in Master Trust for further information.

Plan administration fees cover the day-to-day expenses of administering the Plan and are covered by amounts deducted directly from participant accounts. Transaction-based fees also may be charged with respect to optional features offered under the Plan (e.g., loans) and are charged directly against a participant ' s account balance.

Notes Receivable from Participants

Notes receivable from participants are valued at their unpaid principal balance plus accrued interest. No allowance for credit losses has been recorded as of December 31, 2017 or 2016.

Reclassifications

Certain prior year amounts have been reclassified for comparative purposes. These reclassifications did not affect net assets available for benefits.

Recent Accounting Pronouncements

Fair Value Measurements and Disclosures

In May 2015, the Financial Accounting Standards Board ("FASB") issued authoritative guidance that removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value ("NAV") per share practical expedient. Investments measured at NAV per share using the practical expedient will be presented as a reconciling item between the fair value hierarchy disclosure and the investment line item on the statement of financial position. The guidance also removes the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the NAV per share practical expedient. Rather, those disclosures are limited to investments for which the entity has elected to measure the fair value using the practical expedient. The new guidance is effective for non-public entities for periods beginning after December 15, 2016 and is required to be applied retrospectively for all periods presented. Early adoption is permitted. The Company adopted this standard for plan reporting effective December 31, 2016. As this guidance provides only disclosure requirements, the adoption of this standard did not impact the Plan's financial results.

Master Trust Presentation and Disclosures

In February 2017, the FASB issued authoritative guidance that requires a plan's interest in a master trust and any change in interest in the master trust to be presented as a single line item in the statement of net assets available for benefits and in the statement of changes in net assets available for benefits. It also requires that plans with a divided interest disclose the master trust's investments by general type and other assets and liabilities balances, as well as the dollar amount of the plan's interest in each of those balances. The new guidance is effective for periods beginning after December 15, 2018 and is required to be applied retrospectively. Early adoption is permitted. The Company is currently assessing the effects this guidance may have on the Plan's financial statement disclosures.

EXELON EMPLOYEE SAVINGS PLAN FOR
REPRESENTED EMPLOYEES AT TMI AND OYSTER CREEK
NOTES TO FINANCIAL STATEMENTS

3. Fair Value of Interest in Master Trust

The Plan established a Master Trust Agreement with the Trustee for the purpose of investing assets of the Plan and other savings plans sponsored by Exelon. The investment options for the three savings plans that participate in the Master Trust are the same. Effective January 1, 2016, the Exelon Corporation Stock Fund was offered in all three savings plans that participate in the Master Trust. The Master Trust is comprised of two master trust investment accounts (“MTIA”) - one of which contains primarily real estate investments (“MTIA B”) and another for the remaining other investments (“MTIA A”). The real estate account within the Master Trust is comprised primarily of real estate assets that do not have an observable value (either directly or indirectly) on an established market, and therefore, is being reported separately for Form 5500 purposes. Interest and dividends along with net depreciation or appreciation in the fair value of investments are allocated to the Plan on a daily basis based upon the Plan’s equitable share of the various investment funds and portfolios that comprise the Master Trust. The Plan’s Statements of Net Assets Available for Benefits include its share of investments maintained in the Master Trust measured at fair value on a recurring basis.

At December 31, 2017 and 2016, the Plan’s interest in the net assets of the Master Trust was approximately 1.16% and 1.17% , respectively.

EXELON EMPLOYEE SAVINGS PLAN FOR
REPRESENTED EMPLOYEES AT TMI AND OYSTER CREEK
NOTES TO FINANCIAL STATEMENTS

The net assets of the Master Trust as of December 31, 2017 and 2016 are as follows:

	December 31, 2017			December 31, 2016		
	MTIA A	MTIA B	Total	MTIA A	MTIA B	Total
ASSETS						
Investments, at fair value						
Interest bearing cash	$ 444,408,714	$ 3,585,967	$ 447,994,681	$ 472,636,125	$ 1,912,643	$ 474,548,768
U.S. government securities	687,559,156	—	687,559,156	612,245,321	—	612,245,321
Corporate debt instruments - preferred	6,802,779	—	6,802,779	20,410,627	—	20,410,627
Corporate debt instruments - other	599,059,810	4,594,529	603,654,339	541,704,264	2,635,867	544,340,131
Corporate stock - preferred	2,164,810	6,972,790	9,137,600	1,577,481	6,592,717	8,170,198
Corporate stock - common	1,707,622,826	—	1,707,622,826	1,250,488,363	—	1,250,488,363
Corporate stock - Exelon Corporation (1)	344,588,626	—	344,588,626	338,056,375	—	338,056,375
Real estate	—	181,660,976	181,660,976	—	168,245,150	168,245,150
Common/collective trust funds	3,748,735,114	793,312	3,749,528,426	3,321,251,085	1,548,234	3,322,799,319
Registered investment company securities	101,933,944	10,805,656	112,739,600	73,823,407	6,664,710	80,488,117
Other investments	251,686,300	23,883,540	275,569,840	215,100,671	18,602,383	233,703,054
Total Master Trust investments	7,894,562,079	232,296,770	8,126,858,849	6,847,293,719	206,201,704	7,053,495,423
Other Assets						
Cash	1,725,317	—	1,725,317	2,002,677	—	2,002,677
Accrued dividend and interest	15,109,763	—	15,109,763	13,531,952	—	13,531,952
Due from brokers for securities sold	121,658,423	—	121,658,423	75,428,772	—	75,428,772
Other	3,647,092	—	3,647,092	4,842,016	—	4,842,016
Total other assets	142,140,595	—	142,140,595	95,805,417	—	95,805,417
Total Master Trust assets	8,036,702,674	232,296,770	8,268,999,444	6,943,099,136	206,201,704	7,149,300,840
LIABILITIES						
Accrued investment and administrative expenses	8,335,291	952,033	9,287,324	6,339,386	840,600	7,179,986
Due to broker for securities purchased	200,214,857	—	200,214,857	155,118,057	—	155,118,057
Other liabilities	148,000	—	148,000	1,211,153	—	1,211,153
Total Master Trust liabilities	208,698,148	952,033	209,650,181	162,668,596	840,600	163,509,196
Total Master Trust net assets	$ 7,828,004,526	$ 231,344,737	$ 8,059,349,263	$ 6,780,430,540	$ 205,361,104	$ 6,985,791,644

(1) The Exelon Corporation Stock Fund held $342.5 million and $337.9 million of this investment as of December 31, 2017 and 2016 , respectively. The custom funds held $2.1 million and $0.1 million of this investment as of December 31, 2017 and 2016 , respectively.

EXELON EMPLOYEE SAVINGS PLAN FOR
REPRESENTED EMPLOYEES AT TMI AND OYSTER CREEK
NOTES TO FINANCIAL STATEMENTS

The net investment income and appreciation of the Master Trust for the year ended December 31, 2017 is as follows:

	Year Ended December 31, 2017		
	MTIA A	MTIA B	Total
Corporate stock dividends	$ 43,374,916	$ 441,402	$ 43,816,318
Other interest and dividends	52,580,322	559,715	53,140,037
Net appreciation in the fair value of investments	1,057,279,375	13,630,451	1,070,909,826
Total net investment income and appreciation	1,153,234,613	14,631,568	1,167,866,181
Investment and administrative expenses not directly allocated to the plans	(17,453,784)	(2,293,059)	(19,746,843)
Total Master Trust net investment income and appreciation	$ 1,135,780,829	$ 12,338,509	$ 1,148,119,338

For the year ended December 31, 2017 , the Plan's interest in the net investment income of the Master Trust is 1.17% .

Recurring Fair Value Measurements

To increase consistency and comparability in fair value measurements, the FASB established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1 - unadjusted quoted prices in active markets for identical assets for which the Plan has the ability to access as of the reporting date.

- Level 2 - inputs other than quoted prices included within Level 1 that are directly observable for the asset or indirectly observable through corroboration with observable market data.

- Level 3 - unobservable inputs, such as internally-developed pricing models for the asset.

The valuation methods for each investment category are described below.

Interest bearing cash . Interest bearing cash is valued daily based on observable market prices and is categorized as Level 1.

U.S. government securities. U.S. government securities are valued daily based on quoted prices in active markets. Investments in U.S. Treasury securities have been categorized in Level 1 because they trade in highly liquid and transparent markets. Investments in U.S. government affiliates are based on evaluated prices that reflect observable market information, such as actual trade information of similar securities, adjusted for observable differences and are categorized as Level 2.

Preferred and other corporate debt instruments. Corporate debt instruments are based on evaluated prices that reflect observable market information, such as actual trade information of similar securities, adjusted for observable differences and are categorized as Level 2.

Preferred and common corporate stock. The Master Trust's stock investments are primarily traded on exchanges that contain only actively traded securities, due to the volume trading requirements imposed by these exchanges. Preferred and common corporate stocks, including rights and warrants, are valued daily based on quoted prices in active markets and are categorized as Level 1. Certain securities have been categorized as Level 2 because they are based on evaluated prices that reflect observable market information, such as actual trade information of similar securities.

Real estate. Income producing real estate funds are valued by the fund managers on a daily basis. Fund values are based on valuation of the underlying investments which may include inputs such as operating results, discounted future cash flows and market-based comparable data. The valuation inputs are unobservable. Certain real estate investments are redeemable from the investment vehicle quarterly. The fair value is determined using NAV or its equivalent as a practical expedient and are not classified within the fair value hierarchy.

Common/collective trust funds. Common/collective trust funds are maintained by investment companies and hold investments in accordance with a stated set of fund objectives. For common/collective trust funds which are not publicly quoted, the funds are valued using the NAV per fund share as a practical expedient, which is primarily derived from the quoted prices in active markets of the underlying securities, and are not classified within the fair value hierarchy. Common/collective trust funds can be redeemed daily.

Registered investment company securities. Registered investment company securities are investment funds maintained by investment companies that hold investments in accordance with a stated set of fund objectives. For funds with values that are publicly quoted on a daily basis in active markets, the funds have been categorized as Level 1. For funds with values which are not publicly quoted, the funds are valued using the NAV per fund share as a practical expedient, which is primarily derived from the quoted prices in active markets of the underlying securities, and are not classified within the fair value hierarchy. The registered investment company securities can be redeemed daily.

Other investments. Other investments include futures contracts, swap contracts, holdings in real estate investment trusts, and state, municipal and foreign government fixed income securities. Futures contracts are valued daily based on quoted prices in active markets and trade in open markets, and have been categorized as Level 1. Real estate investment trusts are valued daily based on quoted prices in active markets and have been categorized as Level 1. State, municipal and foreign government fixed income securities are valued daily using evaluated prices that reflect observable market information, such as actual trade information of similar securities, adjusted for observable differences and are categorized as Level 2. Derivative instruments other than futures contracts are valued based on external price data of comparable securities and have been categorized as Level 2.

Transfer policy

The Company's policy is to recognize transfers into and out of levels as of the end of the reporting period.

The Plan's Statements of Net Assets Available for Benefits include its share of investments maintained in the Master Trust measured at fair value on a recurring basis. In accordance with the applicable guidance on fair value measurement, certain investments that are measured at fair value using the NAV per share as a practical expedient are no longer classified within the fair value hierarchy and are included under Not subject to leveling in the table below.

EXELON EMPLOYEE SAVINGS PLAN FOR
REPRESENTED EMPLOYEES AT TMI AND OYSTER CREEK
NOTES TO FINANCIAL STATEMENTS

The following tables present the fair value of assets in the Master Trust and their level within the fair value hierarchy as of December 31, 2017 and 2016.

As of December 31, 2017

	Level 1	Level 2	Not subject to leveling	Total
Master Trust Investments:				
Interest bearing cash	$ 447,994,681	$ —	$ —	$ 447,994,681
U.S. government securities	369,618,295	317,940,861	—	687,559,156
Corporate debt instruments - preferred	—	6,802,779	—	6,802,779
Corporate debt instruments - other	—	603,654,339	—	603,654,339
Corporate stock - preferred	8,764,181	373,419	—	9,137,600
Corporate stock - common	1,707,622,826	—	—	1,707,622,826
Corporate stock - Exelon Corporation	344,588,626	—	—	344,588,626
Real estate	—	—	181,660,976	181,660,976
Common/collective trust funds	—	—	3,749,528,426	3,749,528,426
Registered investment company securities	10,805,656	—	101,933,944	112,739,600
Other investments	148,780,744	126,664,902	124,194	275,569,840
Total Master Trust investments	$ 3,038,175,009	$ 1,055,436,300	$ 4,033,247,540	$ 8,126,858,849

As of December 31, 2016

	Level 1	Level 2	Not subject to leveling	Total
Master Trust Investments:				
Interest bearing cash	$ 474,548,768	$ —	$ —	$ 474,548,768
U.S. government securities	318,110,004	294,135,317	—	612,245,321
Corporate debt instruments - preferred	—	20,410,627	—	20,410,627
Corporate debt instruments - other	—	544,340,131	—	544,340,131
Corporate stock - preferred	7,827,070	343,128	—	8,170,198
Corporate stock - common	1,250,488,363	—	—	1,250,488,363
Corporate stock - Exelon Corporation	338,056,375	—	—	338,056,375
Real estate	—	—	168,245,150	168,245,150
Common/collective trust funds	—	—	3,322,799,319	3,322,799,319
Registered investment company securities	6,664,710	—	73,823,407	80,488,117
Other investments	124,167,048	109,536,006	—	233,703,054
Total Master Trust investments	$ 2,519,862,338	$ 968,765,209	$ 3,564,867,876	$ 7,053,495,423

There were no significant transfers between Level 1 and Level 2 during the years ended December 31, 2017 and 2016.

EXELON EMPLOYEE SAVINGS PLAN FOR
REPRESENTED EMPLOYEES AT TMI AND OYSTER CREEK
NOTES TO FINANCIAL STATEMENTS

4. Risks and Uncertainties

The Plan provides for various investment options in several investment securities and instruments. Investment securities are exposed to various risks, such as interest, market and credit risk. Due to the level of risks associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in values in the near term could materially affect participants' account balances and the amounts reported in the Statements of Net Assets Available for Benefits and the Statement of Changes in Net Assets Available for Benefits.

From time to time, investment managers may use derivative financial instruments including futures, forward foreign exchange, and swap contracts. Derivative instruments may be used to mitigate exposure to foreign exchange rate and interest rate fluctuations as well as manage the investment mix in the portfolio. The Plan's exposure is limited to the fund(s) utilizing such derivative investments. Risks of entering into derivatives include the risk of an illiquid market, inability of a counterparty to perform, or unfavorable movement in foreign currency exchange rates, interest rates, or the underlying securities.

Some investment managers may engage in securities lending programs in which the funds lend securities to borrowers, with the objective of generating additional income. The borrowers of fund securities deliver collateral to secure each loan in the form of cash, securities, or letters of credit, and are required to maintain the collateral at a level no less than 100% of the market value of the loaned securities. Cash collateral is invested in common/collective trust funds or collateral pools. Participation in securities lending programs involves exposure to the risk that the borrower may default and there may be insufficient collateral to buy back the security. Lenders of securities also face the risk that invested cash collateral may become impaired or that the interest paid on loans may exceed the amount earned on the invested collateral. The Plan's exposure is limited to the funds that lend securities.

5. Income Tax Status

The Plan obtained its latest determination letter on May 25, 2017 in which the IRS stated that the Plan, as then designed, was in compliance with the applicable requirements of the Code. The Plan is qualified under Section 401(a) and 401(k) of the Code.

GAAP requires plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the applicable authorities. The Company has analyzed the tax positions taken by the Plan and has concluded that as of December 31, 2017, there were no uncertain tax positions taken. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

6. Plan Termination

The Plan may be amended, modified or terminated by Exelon at any time. The Plan may also be terminated if the IRS disqualifies the Plan. Termination of the Plan with respect to a participating employer may occur if there is no successor employer in the event of dissolution, merger, consolidation or reorganization of such employer company. In the event of full or partial termination of the Plan, assets of affected participants of the terminating employer or employers shall remain 100% vested and distributable at fair market value in the form of cash, securities or annuity contracts, in accordance with the provisions of the Plan.

EXELON EMPLOYEE SAVINGS PLAN FOR
REPRESENTED EMPLOYEES AT TMI AND OYSTER CREEK
NOTES TO FINANCIAL STATEMENTS

7. Related Party Transactions

Investment options in the Plan include common/collective trust funds managed by the Trustee or its affiliates. The Master Trust also holds shares of Exelon common stock. These transactions qualify as exempt party-in-interest transactions, in accordance with ERISA. There have been no known prohibited transactions with a party-in-interest.

8. Plan Transfers

In 2017, there were transfers totaling $71,727 to the Plan from the Exelon Corporation Employee Savings Plan. In 2017, there were transfers totaling $299,081 from the Plan to the Exelon Corporation Employee Savings Plan.

9. Subsequent Events

On February 2, 2018, Exelon announced its intentions to retire Oyster Creek generation station by October 2018. There are currently no probable and reasonably estimable impacts to the Plan.

Employees represented by IBEW Local 777 who (a) are hired or rehired on or after June 8, 2018 by TMI and (b) are not eligible to participate (except for purposes of receiving interest credits, as applicable) in any Company-sponsored pension plan with respect to such employment are eligible to receive a fixed employer contribution equal to 4% of Base pay and Incentive pay each year.

EXELON EMPLOYEE SAVINGS PLAN FOR
REPRESENTED EMPLOYEES AT TMI AND OYSTER CREEK

SCHEDULE OF ASSETS (HELD AT END OF YEAR)
As of December 31, 2017
Schedule H, Part IV, Item 4i of Form 5500
Employer Identification Number 23-2990190, Plan #012

(a)	(b) Identity of Issue, Borrower, Lessor, or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral Par or Maturity Value	(e) Current Value
*	Interest in net assets of Master Trust, at fair value		$ 93,246,882
*	Notes receivable from participants	Interest rates: 3.25% - 10.50%	1,543,950
	Total investments		$ 94,790,832

* Represents party-in-interest

Column (d), cost, has been omitted as investments are participant directed.

EXHIBIT INDEX

Exhibit filed with Form 11-K for the year ended December 31, 2017 :

Exhibit No.	Description of Exhibit
23	Consent of Independent Registered Public Accounting Firm

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized

Exelon Employee Savings Plan for Represented Employees at TMI and Oyster Creek

Date: June 29, 2018

/s/ Jennifer Franco

Jennifer Franco

Plan Administrator

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-219037) of Exelon Corporation of our report dated June 29, 2018, with respect to the statements of net assets available for benefits of the Exelon Employee Savings Plan for Represented Employees at TMI and Oyster Creek as of December 31, 2017 and 2016, the related statement of changes in net assets available for benefits for the year ended December 31, 2017, and the related supplemental schedule of Schedule H, line 4i-schedule of assets (held at end of year) as of December 31, 2017, which appears in the December 31, 2017 annual report on Form 11-K of the Exelon Employee Savings Plan for Represented Employees at TMI and Oyster Creek.

/s/ WASHINGTON, PITTMAN & McKEEVER, LLC

Chicago, Illinois

June 29, 2018

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Fiscal Year Ended December 31, 2017

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number 1-16169

EXELON CORPORATION

EMPLOYEE SAVINGS PLAN

(Full title of the Plan)

EXELON CORPORATION

(a Pennsylvania Corporation)

10 South Dearborn Street

P.O. Box 805379

Chicago, Illinois 60680-5379

(312) 394-7398

(Name of the issuer of the securities held pursuant to the Plan and the address of its principal executive offices)

S1-SSA-0009 - 26883

EXELON CORPORATION EMPLOYEE SAVINGS PLAN

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Participants and the Administrator of the
Exelon Corporation Employee Savings Plan :

Opinion on the Financial Statements

We have audited the accompanying statements of net assets available for benefits of the Exelon Corporation Employee Savings Plan (the "Plan") as of December 31, 2017 and 2016, and the related statement of changes in net assets available for benefits for the year ended December 31, 2017, and the related notes and schedules (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2017 and 2016, and the changes in net assets available for benefits for the year ended December 31, 2017, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits. We are a public accounting firm registered with the Public Company Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Plan in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with auditing standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Supplemental Information

The supplemental information in the accompanying schedule of assets (held at end of year) as of December 31, 2017 has been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The supplemental information is the responsibility of the Plan's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting or other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information in the accompanying schedule, we evaluated whether the supplemental information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental information in the accompanying schedule is fairly stated in all material respects in relation to the financial statements as a whole.

/s/ WASHINGTON, PITTMAN & McKEEVER, LLC

We are uncertain as to the year we became the Plan's auditor. The earliest year of which we have knowledge serving as the Plan's auditor is 1996.

Chicago, Illinois

June 29, 2018

EXELON CORPORATION EMPLOYEE SAVINGS PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	December 31,	
	2017	**2016**
ASSETS		
Investments at fair value		
Plan interest in the net assets of the Exelon Corporation Defined Contribution Retirement Plans Master Trust (see Note 3)	$ 7,902,577,454	$ 6,850,466,301
Receivables		
Participant contributions	9,027,585	9,623,527
Employer contributions		
Fixed contributions	7,873,670	7,490,893
Profit-sharing contributions	7,850,268	48,989,679
Notes receivable from participants	132,131,778	126,901,239
Total receivables	156,883,301	193,005,338
NET ASSETS AVAILABLE FOR BENEFITS	$ 8,059,460,755	$ 7,043,471,639

The accompanying Notes are an integral part of these Financial Statements.

EXELON CORPORATION EMPLOYEE SAVINGS PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

	Year Ended December 31, 2017
ADDITIONS	
Contributions	
Participant	$ 281,574,761
Employer fixed match	97,477,017
Employer non-discretionary fixed	5,274,449
Employer profit-sharing match	7,850,268
Rollover receipts	33,414,095
Total contributions	425,590,590
Investment income	
Plan interest in the net investment income from the Exelon Corporation Defined Contribution Retirement Plans Master Trust (see Note 3)	1,125,471,662
Interest income from participant loans	7,880,886
Total investment income	1,133,352,548
Total additions	1,558,943,138
DEDUCTIONS	
Participant withdrawals and distributions	554,130,694
Administrative expenses	4,423,647
Total deductions	558,554,341
Net increase before transfers	1,000,388,797
Net assets transferred from other plans (see Note 8)	15,600,319
Net increase after transfers	1,015,989,116
NET ASSETS AVAILABLE FOR BENEFITS	
Beginning of year	7,043,471,639
End of year	$ 8,059,460,755

The accompanying Notes are an integral part of these Financial Statements.

EXELON CORPORATION EMPLOYEE SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS

1. Plan Description

The following description of the Exelon Corporation Employee Savings Plan (the "Plan") is provided for general information purposes only. The official text of the Plan, as amended, should be read for more complete information.

General

The Plan was established by Commonwealth Edison Company, effective March 1, 1983, to provide a systematic savings program for eligible employees and to supplement such savings with employer matching contributions. On March 30, 2001, the Commonwealth Edison Employee Savings and Investment Plan was combined with the PECO Energy Company Employee Savings Plan to become the Exelon Corporation Employee Savings Plan . On July 1, 2014, the Constellation Energy Group, Inc. Employee Savings Plan was merged into the Plan. On July 1, 2015, the Employee Savings Plan for Constellation Energy Nuclear Group, LLC and Represented Employee Savings Plan for Nine Mile Point were merged into the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and the Internal Revenue Code of 1986, as amended (the "Code"). The Exelon Corporation Stock Fund, which is an investment option under the Plan, is invested primarily in Exelon Corporation common stock and is intended to be an Employee Stock Ownership Plan under Code Section 4975(e)(7).

Exelon Corporation ("Exelon") is the sponsor of the Plan and the administrator of the Plan (the "Plan Administrator") acting through Exelon's Director of Employee Benefit Plans and Programs. The Plan Administrator has the responsibility for the day-to-day administration of the Plan. Exelon, acting through the Exelon Investment Office, is responsible for the selection and retention of the Plan's investment options and any investment manager that may be appointed under the Exelon Corporation Defined Contribution Retirement Plans Master Trust (the "Master Trust"). The Northern Trust Company is the Plan trustee ("Trustee") and Northwest Plan Services, Inc. is the Plan recordkeeper ("Recordkeeper").

Generally, any regular employee whose employment is subject to a collective bargaining agreement that provides for participation in the Plan and any regular non-represented employee of a subsidiary of Exelon that is designated by Exelon as participating in the Plan (such subsidiary referred to individually and collectively as the "Company") is eligible to elect to participate in the Plan. Participating employees include employees represented by: International Brotherhood of Electrical Workers ("IBEW") Locals 15, 97 and 614; Utility Workers of America Local 369; Security, Police & Fire Professionals of America Locals 228 and 238; Service Employees International Union Local 1; United Government Security Officers of America Locals 12, 17 and 18; and United Security Services Union Local 1. Newly hired employees who do not make a participation election within 90 days after their date of hire will automatically be enrolled in the Plan as soon as administratively practicable after their 90th day of employment with a pre-tax deferral of 3% of eligible pay per pay period and 1% increase each March 1 st , generally beginning with the second calendar year that begins after automatic enrollment first applies to the participant, until the rate reaches the minimum rate required in order to maximize the applicable company matching contribution. Contributions to the Plan will be automatically invested in the custom target retirement fund that corresponds to the participant's anticipated retirement date (based on the participant's birth date). A participant who is subject to automatic enrollment may elect within 90 days of the first automatic contribution, to withdraw all automatic contributions adjusted for any investment gains or losses. Such a withdrawal would be subject to federal income tax but not to any early withdrawal penalty. Additionally, the participant will forfeit any employer matching contributions made with respect to such automatic contributions.

On May 30, 2017, Exelon announced its intentions to retire TMI generation station on September 30, 2019. There are currently no probable and reasonably estimable impacts to the Plan.

Participant Contributions

The Plan permits salaried, non-represented hourly and participating represented employees to contribute between 1% and 50% of eligible pay each pay period on a pre-tax basis, an after-tax basis, a Roth basis or a combination of the three, subject to certain Internal Revenue Service ("IRS") limitations.

During any calendar year in which a participant attains age 50 or older, he or she may elect to make additional pre-tax contributions, called "catch-up" contributions, to the Plan. In order to be eligible to make catch-up contributions, the participant must anticipate that his or her pre-tax contributions to the Plan will reach the applicable annual IRS limit on that type of contribution or be contributing at the maximum base pay level. Catch-up contributions are not credited with the Company's fixed or profit-sharing matching contribution.

Company Contributions

Effective January 1, 2010, with respect to non-represented employees, except non-exempt craft and clerical employees assigned to the Peach Bottom, Limerick, Outage Services East, Philadelphia Electric Company or Texas generating plant, Exelon provides both a fixed and annual profit-sharing match. Under the fixed match, Exelon matches 60% of the first 5% of a participant's eligible pay contributed per pay period, by the employee for a maximum annual fixed match percentage of 3% of the participant's eligible pay. Additionally, with respect to such employees, Exelon may make an annual profit-sharing match of up to 3% of eligible pay contributed per pay period, based on specified performance goals established by the Compensation Committee of Exelon's Board of Directors (the "Committee"). Combined, the total employer match (fixed and profit-sharing) is an annual maximum of up to 6% of a participant's eligible pay. Any profit-sharing match will be contributed to the Plan after the end of each calendar year. The 2017 profit-sharing match contributed in 2018 was $ 7,850,268 . The 2016 profit-sharing match contributed in 2017 was $ 48,989,679 . Generally, a participant must be employed on the last day of a calendar year to receive the profit-sharing match for that year. In the event a participant terminates employment during the calendar year due to death, long-term disability or retirement (age 50 and completion of 10 years of service with the Company) or in the event a participant terminates employment with the Company and receives benefits under the severance plan, the participant will be eligible to receive a profit-sharing match.

With respect to non-represented, non-exempt craft and clerical employees assigned to the Peach Bottom, Limerick, Outage Services East, Philadelphia Electric Company or Texas generating plant, Exelon provides a fixed match of 100% of the first 5% of a participant's eligible pay contributed per pay period. Employer matching contributions for represented employees are based on the applicable collective bargaining agreement.

Effective January 1, 2015, for employees within the Commercial Retail or Commercial Wholesale business of Exelon Generation Company, LLC who are eligible to participate in the Constellation Short-Term Incentive Award Program, the Company provides an additional non-discretionary fixed contribution of 3% of eligible pay. Any non-discretionary fixed contribution will be contributed to the Plan after the end of each calendar year based on eligible pay determined as of the last day of the applicable plan year.

Investment Options

The Plan's investments are held in the Master Trust, which was established in 2006, for the investments of the Plan and other savings plans sponsored by Exelon. The Plan investments are fully participant-directed, and the Plan is intended to satisfy Section 404(c) of ERISA.

The investment options include a menu of funds that include twelve custom Target Retirement Fund options, three actively-managed custom funds, nineteen passively-managed funds, the Northern Trust U.S. Government Short-Term Investment Fund and the Exelon Corporation Stock Fund. Below is a brief description of each of the investment options available as of December 31, 2017 and 2016. These descriptions are not, and are not intended to be, complete descriptions of each investment option's risk, objective and strategy.

- **Target Date Funds** - Diversified funds managed by multiple investment managers that seek to provide investment return, shifting from an emphasis on capital appreciation to an emphasis on income and inflation protection as the fund approaches and passes its target retirement age. Target allocations of the funds are designed using certain assumptions, including that most Exelon plan participants receive a 401(k) company matching contribution under the Plan, either earn pension benefits over their careers or receive additional employer 401(k) contributions in lieu of pension benefits, and typically begin receiving retirement benefits around age 61. The funds reduce exposure to equity and real estate, and increase exposure to fixed income and certain other investments, as the target retirement date approaches, and for ten years thereafter.

- **Actively-managed custom funds** - These funds use a multi-manager approach whereby the fund's assets are allocated to several investment managers that act independently of each other and follow their own distinct investment style in investing in securities. The portfolios are principally managed using an active approach with the objective of collectively exceeding the record of the fund benchmark.

- **Passively-managed funds** - These funds seek investment results that correspond generally to the price and yield performance, before fees and expenses, of a particular index.

- **Northern Trust U.S. Government Short-Term Investment Fund** - This fund is an investment vehicle for cash reserves that offers a rate of return based on a portfolio of obligations of the U.S. Government, its agencies or instrumentalities, and related money market instruments. Principal preservation and liquidity management are the fund ' s prime objectives.

- **Exelon Corporation Stock Fund** - This fund primarily invests in Exelon common stock with some short-term liquid investments. The Exelon Corporation Stock Fund does not represent direct ownership of Exelon common stock. The fund's unit value is determined by dividing the total current fair value of the investments in the fund by the total number of units owned. This fund is not diversified and is considered riskier than a "diversified" portfolio.

Notes Receivable from Participants

A participant may, upon application, borrow from the Plan. Only one loan is permitted to a participant in any calendar year with a maximum of five (as of April 6, 2009, three for the majority of non-represented employees and employees whose collective bargaining agreement limits loans to three) outstanding at any time, and the amount of any loan shall not be less than $1,000. The aggregate amount of all outstanding loans may not exceed the lesser of (i) 50% of a participant's vested balance in the Plan or (ii) $50,000 minus the excess of the highest outstanding balance of all loans from the Plan to the participant during the previous 12-month period over the outstanding balance of all loans from the Plan to the participant on the day the loan is made. For loans other than home loans, the maximum term is five years. For a home loan, the maximum term is fifteen years and the minimum is five years. The interest rate on all loans is the prime rate for commercial loans plus 1%. Principal and interest is paid ratably through monthly payroll deductions or direct payment, as applicable. No lump-sum or installment distribution from the Plan will be made to a participant who has received a loan, or to a beneficiary of any such participant, until the loan, including interest, has been repaid out of the funds otherwise distributable. In the event a participant defaults on the repayment of a loan, the loan will be considered a taxable distribution of the participant's account and may be subject to an early withdrawal penalty.

Withdrawals by Participants While Employed

Generally, a participant may withdraw up to the entire balance of his or her after-tax contributions account once each calendar year. After making such a withdrawal, the participant must wait six months before making a new election to resume after-tax contributions to the Plan if the distribution is received by the participant before attainment of age 59½. A participant may also withdraw up to an amount equal to the balance in his or her rollover account.

Generally, a participant may make withdrawals from his or her before-tax, catch-up, matching, Roth, Roth catch-up and Roth rollover contributions accounts, but only if the participant has attained age 59½ or, prior to that age, only in an amount required to alleviate financial hardship as defined in the Code and regulations promulgated thereunder. Financial hardship withdrawals from a before-tax contributions account suspend the participant's right to make contributions to the Plan for six months.

While any loan to the participant remains outstanding, the maximum amount available for withdrawal shall be the balance in such account less the balance of all outstanding loans.

Distributions upon Termination of Employment

Upon termination of employment, including the retirement, total disability or death of a participant, a participant is entitled to the distribution of his or her entire account balance. Such distribution will be made, as elected by the participant, in the form of either a single lump-sum payment, an ad hoc partial distribution, or in substantially equal annual, quarterly or monthly installments over any period of time specified by the participant, subject to meeting any restrictions required by applicable law, including but not limited to the minimum distribution requirements under the Internal Revenue Code. If a participant elects installment payments, the participant can elect to change the amount, frequency and number of payments at any time. A participant may elect ad hoc partial withdrawals of any amount at any time. A participant may elect to defer distributions until age 70½. If the value of a participant's account is $1,000 or less, the participant will receive a lump sum distribution from the Plan upon termination of employment. If the value of a participant's account is greater than $1,000, the participant can leave his or her account in the Plan. Generally, distributions will be taxed as ordinary income in the year withdrawn and may also be subject to an early withdrawal penalty if taken before age 59½, unless eligible rollover distributions are rolled over to another qualified plan or an Individual Retirement Account ("IRA"). A 20% mandatory federal income tax withholding applies to withdrawals that are eligible for rollover, but which are not directly rolled over to another qualified plan or an IRA. If a participant does not specify the form and timing of the participant's distribution, the benefit generally will be paid in installments beginning no later than April 1 of the calendar year following the calendar year in which the participant attains age 70½.

Participant Accounts

Each participant's account is credited with the participant's contribution and allocations of (i) the Company's corresponding contributions and (ii) Plan earnings, and charged with an allocation of Plan administrative costs. Allocations are based on participant elections or account balances, as applicable. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting of Participants ' Accounts

Participants are fully vested in their accounts at all times.

Investment Income

Dividends and earnings received on all funds, with the exception of the Exelon Corporation Stock Fund, are automatically reinvested in the fund to which those earnings apply.

Employee Stock Ownership Plan

If a participant invests any portion of his or her account in the Exelon Corporation Stock Fund and is eligible to receive dividend distributions from the Plan, then the participant is deemed to have elected to have the dividends reinvested in the Exelon Corporation Stock Fund. If the participant prefers to receive any such dividends in cash, he or she can so elect by contacting the Recordkeeper. Dividends distributed to the participant in cash from the Plan are subject to income tax as a dividend and not subject to an early withdrawal penalty.

2. Summary of Significant Accounting Policies

General

The Plan follows the accrual method of accounting, in accordance with accounting principles generally accepted in the United States of America (“GAAP”). Withdrawals and distributions are recorded when paid.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires the Plan Administrator to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Accordingly, actual results may differ from those estimates.

Investment Valuation and Income Recognition

The Plan’s interest in the Master Trust is stated at fair value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. The Plan presents, in the Statement of Changes in Net Assets Available for Benefits, the Plan interest in investment income from the Master Trust. See Note 3 - Fair Value of Interest in Master Trust for further information.

Plan Expenses

A participant ’ s account balance will be charged with certain fees and expenses. Asset-based fees (e.g., management fees and other fund operating expenses) are used to cover the expenses related to running an investment fund, and are generally deducted directly from a participant ’ s investment returns. The asset-based fees relating to the target date and custom funds are primarily presented within the investment and administrative fees of the Master Trust. See Note 3 - Fair Value of Interest in Master Trust for further information.

Plan administration fees cover the day-to-day expenses of administering the Plan and are covered by amounts deducted directly from participant accounts. Transaction-based fees also may be charged with respect to optional features offered under the Plan (e.g., loans) and are charged directly against a participant ’ s account balance.

Notes Receivable from Participants

Notes receivable from participants are valued at their unpaid principal balance plus accrued interest. No allowance for credit losses has been recorded as of December 31, 2017 or 2016.

Reclassifications

Certain prior year amounts have been reclassified for comparative purposes. These reclassifications did not affect net assets available for benefits.

Recent Accounting Pronouncements

Fair Value Measurements and Disclosures

In May 2015, the Financial Accounting Standards Board ("FASB") issued authoritative guidance that removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value ("NAV") per share practical expedient. Investments measured at NAV per share using the practical expedient will be presented as a reconciling item between the fair value hierarchy disclosure and the investment line item on the statement of financial position. The guidance also removes the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the NAV per share practical expedient. Rather, those disclosures are limited to investments for which the entity has elected to measure the fair value using the practical expedient. The new guidance is effective for non-public entities for periods beginning after December 15, 2016 and is required to be applied retrospectively for all periods presented. Early adoption is permitted. The Company adopted this standard for plan reporting effective December 31, 2016. As this guidance provides only disclosure requirements, the adoption of this standard did not impact the Plan's financial results.

Master Trust Presentation and Disclosures

In February 2017, the FASB issued authoritative guidance that requires a plan's interest in a master trust and any change in interest in the master trust to be presented as a single line item in the statement of net assets available for benefits and in the statement of changes in net assets available for benefits. It also requires that plans with a divided interest disclose the master trust's investments by general type and other assets and liabilities balances, as well as the dollar amount of the plan's interest in each of those balances. The new guidance is effective for periods beginning after December 15, 2018 and is required to be applied retrospectively. Early adoption is permitted. The Company is currently assessing the effects this guidance may have on the Plan's financial statement disclosures.

3. Fair Value of Interest in Master Trust

The Plan established a Master Trust Agreement with the Trustee for the purpose of investing assets of the Plan and other savings plans sponsored by Exelon. The investment options for the three savings plans that participate in the Master Trust are the same. Effective January 1, 2016, the Exelon Corporation Stock Fund was offered in all three savings plans that participate in the Master Trust. The Master Trust is comprised of two master trust investment accounts ("MTIA") - one of which contains primarily real estate investments ("MTIA B") and another for the remaining other investments ("MTIA A"). The real estate account within the Master Trust is comprised primarily of real estate assets that do not have an observable value (either directly or indirectly) on an established market, and therefore, is being reported separately for Form 5500 purposes. Interest and dividends along with net depreciation or appreciation in the fair value of investments are allocated to the Plan on a daily basis based upon the Plan's equitable share of the various investment funds and portfolios that comprise the Master Trust. The Plan's Statements of Net Assets Available for Benefits include its share of investments maintained in the Master Trust measured at fair value on a recurring basis.

At December 31, 2017 and 2016, the Plan's interest in the net assets of the Master Trust was approximately 98.05% and 98.06% respectively.

EXELON CORPORATION EMPLOYEE SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS

The net assets of the Master Trust as of December 31, 2017 and 2016 are as follows:

	December 31, 2017			December 31, 2016		
	MTIA A	MTIA B	Total	MTIA A	MTIA B	Total
ASSETS						
Investments, at fair value						
Interest bearing cash	$ 444,408,714	$ 3,585,967	$ 447,994,681	$ 472,636,125	$ 1,912,643	$ 474,548,768
U.S. government securities	687,559,156	—	687,559,156	612,245,321	—	612,245,321
Corporate debt instruments - preferred	6,802,779	—	6,802,779	20,410,627	—	20,410,627
Corporate debt instruments - other	599,059,810	4,594,529	603,654,339	541,704,264	2,635,867	544,340,131
Corporate stock - preferred	2,164,810	6,972,790	9,137,600	1,577,481	6,592,717	8,170,198
Corporate stock - common	1,707,622,826	—	1,707,622,826	1,250,488,363	—	1,250,488,363
Corporate stock - Exelon Corporation (1)	344,588,626	—	344,588,626	338,056,375	—	338,056,375
Real estate	—	181,660,976	181,660,976	—	168,245,150	168,245,150
Common/collective trust funds	3,748,735,114	793,312	3,749,528,426	3,321,251,085	1,548,234	3,322,799,319
Registered investment company securities	101,933,944	10,805,656	112,739,600	73,823,407	6,664,710	80,488,117
Other investments	251,686,300	23,883,540	275,569,840	215,100,671	18,602,383	233,703,054
Total Master Trust investments	7,894,562,079	232,296,770	8,126,858,849	6,847,293,719	206,201,704	7,053,495,423
Other Assets						
Cash	1,725,317	—	1,725,317	2,002,677	—	2,002,677
Accrued dividend and interest	15,109,763	—	15,109,763	13,531,952	—	13,531,952
Due from brokers for securities sold	121,658,423	—	121,658,423	75,428,772	—	75,428,772
Other	3,647,092	—	3,647,092	4,842,016	—	4,842,016
Total other assets	142,140,595	—	142,140,595	95,805,417	—	95,805,417
Total Master Trust assets	8,036,702,674	232,296,770	8,268,999,444	6,943,099,136	206,201,704	7,149,300,840
LIABILITIES						
Accrued investment and administrative expenses	8,335,291	952,033	9,287,324	6,339,386	840,600	7,179,986
Due to broker for securities purchased	200,214,857	—	200,214,857	155,118,057	—	155,118,057
Other liabilities	148,000	—	148,000	1,211,153	—	1,211,153
Total Master Trust liabilities	208,698,148	952,033	209,650,181	162,668,596	840,600	163,509,196
Total Master Trust net assets	$ 7,828,004,526	$ 231,344,737	$ 8,059,349,263	$ 6,780,430,540	$ 205,361,104	$ 6,985,791,644

(1) The Exelon Corporation Stock Fund held $342.5 million and $337.9 million of this investment as of December 31, 2017 and 2016 , respectively. The custom funds held $2.1 million and $0.1 million of this investment as of December 31, 2017 and 2016 , respectively.

The net investment income and appreciation of the Master Trust for the year ended December 31, 2017 is as follows:

	Year Ended December 31, 2017		
	MTIA A	MTIA B	Total
Corporate stock dividends	$ 43,374,916	$ 441,402	$ 43,816,318
Other interest and dividends	52,580,322	559,715	53,140,037
Net appreciation in the fair value of investments	1,057,279,375	13,630,451	1,070,909,826
Total net investment income and appreciation	1,153,234,613	14,631,568	1,167,866,181
Investment and administrative expenses not directly allocated to the plans	(17,453,784)	(2,293,059)	(19,746,843)
Total Master Trust net investment income and appreciation	$ 1,135,780,829	$ 12,338,509	$ 1,148,119,338

For the year ended December 31, 2017 , the Plan's interest in the net investment income of the Master Trust is 98.03% .

Recurring Fair Value Measurements

To increase consistency and comparability in fair value measurements, the FASB established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1 - unadjusted quoted prices in active markets for identical assets for which the Plan has the ability to access as of the reporting date.

- Level 2 - inputs other than quoted prices included within Level 1 that are directly observable for the asset or indirectly observable through corroboration with observable market data.

- Level 3 - unobservable inputs, such as internally-developed pricing models for the asset.

The valuation methods for each investment category are described below.

Interest bearing cash . Interest bearing cash is valued daily based on observable market prices and is categorized as Level 1.

U.S. government securities. U.S. government securities are valued daily based on quoted prices in active markets. Investments in U.S. Treasury securities have been categorized in Level 1 because they trade in highly liquid and transparent markets. Investments in U.S. government affiliates are based on evaluated prices that reflect observable market information, such as actual trade information of similar securities, adjusted for observable differences and are categorized as Level 2.

Preferred and other corporate debt instruments. Corporate debt instruments are based on evaluated prices that reflect observable market information, such as actual trade information of similar securities, adjusted for observable differences and are categorized as Level 2.

Preferred and common corporate stock. The Master Trust's stock investments are primarily traded on exchanges that contain only actively traded securities, due to the volume trading requirements imposed by these exchanges. Preferred and common corporate stocks, including rights and warrants, are valued daily based on quoted prices in active markets and are categorized as Level 1. Certain securities have been categorized as Level 2 because they are based on evaluated prices that reflect observable market information, such as actual trade information of similar securities.

Real estate. Income producing real estate funds are valued by the fund managers on a daily basis. Fund values are based on valuation of the underlying investments which may include inputs such as operating results, discounted future cash flows and market-based comparable data. The valuation inputs are unobservable. Certain real estate investments are redeemable from the investment vehicle quarterly. The fair value is determined using NAV or its equivalent as a practical expedient and are not classified within the fair value hierarchy.

Common/collective trust funds. Common/collective trust funds are maintained by investment companies and hold investments in accordance with a stated set of fund objectives. For common/collective trust funds which are not publicly quoted, the funds are valued using the NAV per fund share as a practical expedient, which is primarily derived from the quoted prices in active markets of the underlying securities, and are not classified within the fair value hierarchy. Common/collective trust funds can be redeemed daily.

Registered investment company securities. Registered investment company securities are investment funds maintained by investment companies that hold investments in accordance with a stated set of fund objectives. For funds with values that are publicly quoted on a daily basis in active markets, the funds have been categorized as Level 1. For funds with values which are not publicly quoted, the funds are valued using the NAV per fund share as a practical expedient, which is primarily derived from the quoted prices in active markets of the underlying securities, and are not classified within the fair value hierarchy. The registered investment company securities can be redeemed daily.

Other investments. Other investments include futures contracts, swap contracts, holdings in real estate investment trusts, and state, municipal and foreign government fixed income securities. Futures contracts are valued daily based on quoted prices in active markets and trade in open markets, and have been categorized as Level 1. Real estate investment trusts are valued daily based on quoted prices in active markets and have been categorized as Level 1. State, municipal and foreign government fixed income securities are valued daily using evaluated prices that reflect observable market information, such as actual trade information of similar securities, adjusted for observable differences and are categorized as Level 2. Derivative instruments other than futures contracts are valued based on external price data of comparable securities and have been categorized as Level 2.

Transfer policy

The Company's policy is to recognize transfers into and out of levels as of the end of the reporting period.

The Plan's Statements of Net Assets Available for Benefits include its share of investments maintained in the Master Trust measured at fair value on a recurring basis. In accordance with the applicable guidance on fair value measurement, certain investments that are measured at fair value using the NAV per share as a practical expedient are no longer classified within the fair value hierarchy and are included under Not subject to leveling in the table below.

EXELON CORPORATION EMPLOYEE SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS

The following tables present the fair value of assets in the Master Trust and their level within the fair value hierarchy as of December 31, 2017 and 2016.

As of December 31, 2017

	Level 1	Level 2	Not subject to leveling	Total
Master Trust Investments:				
Interest bearing cash	$ 447,994,681	$ —	$ —	$ 447,994,681
U.S. government securities	369,618,295	317,940,861	—	687,559,156
Corporate debt instruments - preferred	—	6,802,779	—	6,802,779
Corporate debt instruments - other	—	603,654,339	—	603,654,339
Corporate stock - preferred	8,764,181	373,419	—	9,137,600
Corporate stock - common	1,707,622,826	—	—	1,707,622,826
Corporate stock - Exelon Corporation	344,588,626	—	—	344,588,626
Real estate	—	—	181,660,976	181,660,976
Common/collective trust funds	—	—	3,749,528,426	3,749,528,426
Registered investment company securities	10,805,656	—	101,933,944	112,739,600
Other investments	148,780,744	126,664,902	124,194	275,569,840
Total Master Trust investments	$ 3,038,175,009	$ 1,055,436,300	$ 4,033,247,540	$ 8,126,858,849

As of December 31, 2016

	Level 1	Level 2	Not subject to leveling	Total
Master Trust Investments:				
Interest bearing cash	$ 474,548,768	$ —	$ —	$ 474,548,768
U.S. government securities	318,110,004	294,135,317	—	612,245,321
Corporate debt instruments - preferred	—	20,410,627	—	20,410,627
Corporate debt instruments - other	—	544,340,131	—	544,340,131
Corporate stock - preferred	7,827,070	343,128	—	8,170,198
Corporate stock - common	1,250,488,363	—	—	1,250,488,363
Corporate stock - Exelon Corporation	338,056,375	—	—	338,056,375
Real estate	—	—	168,245,150	168,245,150
Common/collective trust funds	—	—	3,322,799,319	3,322,799,319
Registered investment company securities	6,664,710	—	73,823,407	80,488,117
Other investments	124,167,048	109,536,006	—	233,703,054
Total Master Trust investments	$ 2,519,862,338	$ 968,765,209	$ 3,564,867,876	$ 7,053,495,423

There were no significant transfers between Level 1 and Level 2 during the years ended December 31, 2017 and 2016.

4. Risks and Uncertainties

The Plan provides for various investment options in several investment securities and instruments. Investment securities are exposed to various risks, such as interest, market and credit risk. Due to the level of risks associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in values in the near term could materially affect participants' account balances and the amounts reported in the Statements of Net Assets Available for Benefits and the Statement of Changes in Net Assets Available for Benefits.

From time to time, investment managers may use derivative financial instruments including futures, forward foreign exchange, and swap contracts. Derivative instruments may be used to mitigate exposure to foreign exchange rate and interest rate fluctuations as well as manage the investment mix in the portfolio. The Plan's exposure is limited to the fund(s) utilizing such derivative investments. Risks of entering into derivatives include the risk of an illiquid market, inability of a counterparty to perform, or unfavorable movement in foreign currency exchange rates, interest rates, or the underlying securities.

Some investment managers may engage in securities lending programs in which the funds lend securities to borrowers, with the objective of generating additional income. The borrowers of fund securities deliver collateral to secure each loan in the form of cash, securities, or letters of credit, and are required to maintain the collateral at a level no less than 100% of the market value of the loaned securities. Cash collateral is invested in common/collective trust funds or collateral pools. Participation in securities lending programs involves exposure to the risk that the borrower may default and there may be insufficient collateral to buy back the security. Lenders of securities also face the risk that invested cash collateral may become impaired or that the interest paid on loans may exceed the amount earned on the invested collateral. The Plan's exposure is limited to the funds that lend securities.

5. Income Tax Status

The Plan obtained its latest determination letter on May 25, 2017 in which the IRS stated that the Plan, as then designed, was in compliance with the applicable requirements of the Code. The Plan is qualified under Section 401(a) and 401(k) of the Code.

GAAP requires plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the applicable authorities. The Company has analyzed the tax positions taken by the Plan and has concluded that as of December 31, 2017, there were no uncertain tax positions taken. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

6. Plan Termination

The Plan may be amended, modified or terminated by Exelon at any time. The Plan may also be terminated if the IRS disqualifies the Plan. Termination of the Plan with respect to a participating employer may occur if there is no successor employer in the event of dissolution, merger, consolidation or reorganization of such employer company. In the event of full or partial termination of the Plan, assets of affected participants of the terminating employer or employers shall remain 100% vested and distributable at fair market value in the form of cash, securities or annuity contracts, in accordance with the provisions of the Plan.

7. Related Party Transactions

Investment options in the Plan include common/collective trust funds managed by the Trustee or its affiliates. The Master Trust also holds shares of Exelon common stock. These transactions qualify as exempt party-in-interest transactions, in accordance with ERISA. There have been no known prohibited transactions with a party-in-interest.

8. Plan Transfers

In 2017, there were transfers totaling $15,683,570 to the Plan ($299,081 from the Exelon Employee Savings Plan for Represented Employees at TMI and Oyster Creek , $383,591 from the Exelon Employee Savings Plan for Represented Employees at Clinton and $15,000,898 from the Pepco Holdings, LLC Retirement Savings Plan). In 2017, there were transfers totaling $812,604 from the Plan ($71,727 to the Exelon Employee Savings Plan for Represented Employees at TMI and Oyster Creek and $740,877 to the Exelon Employee Savings Plan for Represented Employees at Clinton). The Plan also received $729,353 in conversions of participant loans from Entergy Corporation in connection with Exelon's acquisition of the James A. FitzPatrick Nuclear Power Plant.

9. Subsequent Events

BGE Home Products & Services, LLC employees hired or rehired on or after February 1, 2018 are eligible to receive a fixed employer contribution equal to 3% of Base pay each year.

Non-represented, non-craft employees who (a) are hired or rehired on or after February 1, 2018 by a non-utility-related Employer and (b) are not eligible to participate (except for purposes of receiving interest credits, as applicable) in any Company-sponsored pension plan with respect to such employment (excluding those employees within the Commercial Retail or Commercial Wholesale business of Exelon Generation Company, LLC who are eligible for an additional non-discretionary fixed contribution of 3% of eligible pay and certain Nuclear Security employees) are eligible to receive a fixed employer contribution equal to 4% of Base pay and Incentive pay each year.

Effective July 1, 2018, the Pepco Holdings, LLC Retirement Savings Plan, BG New England Power Services, Inc. 401(k) Plan, BG New England Power Services, Inc. Union Retirement 401(k) Plan and BG Boston Services LLC Union Retirement 401(k) Plan will be merged into the Plan.

On February 2, 2018, Exelon announced its intentions to retire Oyster Creek generation station by October 2018. There are currently no probable and reasonably estimable impacts to the Plan.

EXELON CORPORATION EMPLOYEE SAVINGS PLAN
SCHEDULE OF ASSETS (HELD AT END OF YEAR)
As of December 31, 2017
Schedule H, Part IV, Item 4i of Form 5500
Employer Identification Number 23-2990190, Plan #003

(a)	(b) Identity of Issue, Borrower, Lessor, or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral Par or Maturity Value	(e) Current Value
*	Interest in net assets of Master Trust, at fair value		$ 7,902,577,454
*	Notes receivable from participants	Interest rates: 3.25% - 10.50%	132,131,778
	Total investments		$ 8,034,709,232

* Represents party-in-interest

Column (d), cost, has been omitted as investments are participant directed.

EXHIBIT INDEX

Exhibit filed with Form 11-K for the year ended December 31, 2017 :

Exhibit No.	Description of Exhibit
23	Consent of Independent Registered Public Accounting Firm

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized

Exelon Corporation Employee Savings Plan

Date: June 29, 2018

/s/ Jennifer Franco

Jennifer Franco

Plan Administrator

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statement on Forms S-8 (No.'s 333-219037, 333-175162, 333-37082 and 333-49780) of Exelon Corporation of our report dated June 29, 2018, with respect to the statements of net assets available for benefits of the Exelon Corporation Employee Savings Plan as of December 31, 2017 and 2016, the related statement of changes in net assets available for benefits for the year ended December 31, 2017, and the related supplemental schedule of Schedule H, line 4i-schedule of assets (held at end of year) as of December 31, 2017, which appears in the December 31, 2017 annual report on Form 11-K of the Exelon Corporation Employee Savings Plan.

/s/ WASHINGTON, PITTMAN & McKEEVER, LLC

Chicago, Illinois
June 29, 2018

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Fiscal Year Ended December 31, 2017

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number 1-16169

EXELON EMPLOYEE SAVINGS PLAN FOR REPRESENTED EMPLOYEES AT CLINTON

(Full title of the Plan)

EXELON CORPORATION

(a Pennsylvania Corporation)

10 South Dearborn Street

P.O. Box 805379

Chicago, Illinois 60680-5379

(312) 394-7398

(Name of the issuer of the securities held pursuant to the Plan and the address of its principal executive offices)

S1-SSA-0009 - 26907

**EXELON EMPLOYEE SAVINGS PLAN FOR
REPRESENTED EMPLOYEES AT CLINTON**

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Participants and the Administrator of the
Exelon Employee Savings Plan for Represented Employees at Clinton :

Opinion on the Financial Statements

We have audited the accompanying statements of net assets available for benefits of the Exelon Employee Savings Plan for Represented Employees at Clinton (the “Plan”) as of December 31, 2017 and 2016, and the related statement of changes in net assets available for benefits for the year ended December 31, 2017, and the related notes and schedules (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2017 and 2016, and the changes in net assets available for benefits for the year ended December 31, 2017, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Plan’s management. Our responsibility is to express an opinion on these financial statements based on our audits. We are a public accounting firm registered with the Public Company Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Plan in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with auditing standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Supplemental Information

The supplemental information in the accompanying schedule of assets (held at end of year) as of December 31, 2017 has been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The supplemental information is the responsibility of the Plan's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting or other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information in the accompanying schedule, we evaluated whether the supplemental information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental information in the accompanying schedule is fairly stated in all material respects in relation to the financial statements as a whole.

/s/ WASHINGTON, PITTMAN & McKEEVER, LLC

We have served as the Plan's auditor since 2005.

Chicago, Illinois

June 29, 2018

EXELON EMPLOYEE SAVINGS PLAN FOR REPRESENTED EMPLOYEES AT CLINTON

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	December 31,	
	2017	**2016**
ASSETS		
Investments at fair value		
Plan interest in the net assets of the Exelon Corporation Defined Contribution Retirement Plans Master Trust (see Note 3)	$ 63,524,927	$ 53,704,361
Receivables		
Participant contributions	30,141	107,735
Employer contributions		
Fixed match contributions	8,582	31,425
Profit-sharing contributions	—	390,776
Notes receivable from participants	1,134,571	1,082,994
Total receivables	1,173,294	1,612,930
NET ASSETS AVAILABLE FOR BENEFITS	$ 64,698,221	$ 55,317,291

The accompanying Notes are an integral part of these Financial Statements.

EXELON EMPLOYEE SAVINGS PLAN FOR REPRESENTED EMPLOYEES AT CLINTON

		Year Ended December 31, 2017
ADDITIONS		
Contributions		
Participant	$	2,432,514
Employer fixed match		870,582
Total contributions		3,303,096
Investment income		
Plan interest in the net investment income from the Exelon Corporation Defined Contribution Retirement Plans Master Trust (see Note 3)		9,258,021
Interest income from participant loans		65,162
Total investment income		9,323,183
Total additions		12,626,279
DEDUCTIONS		
Participant withdrawals and distributions		3,568,689
Administrative expenses		33,946
Total deductions		3,602,635
Net increase before transfers		9,023,644
Net assets transferred from other plans (See Note 8)		357,286
Net increase after transfers		9,380,930
NET ASSETS AVAILABLE FOR BENEFITS		
Beginning of year		55,317,291
End of year	$	64,698,221

The accompanying Notes are an integral part of these Financial Statements.

EXELON EMPLOYEE SAVINGS PLAN FOR REPRESENTED EMPLOYEES AT CLINTON NOTES TO FINANCIAL STATEMENTS

1. Plan Description

The following description of the Exelon Employee Savings Plan for Represented Employees at Clinton (the "Plan") is provided for general information purposes only. The official text of the Plan, as amended, should be read for more complete information.

General

The Plan is a defined contribution plan and was established in 1999 for the purpose of providing eligible Clinton bargaining unit employees of Exelon Corporation ("Exelon" or the "Company") (formerly, of AmerGen Energy Company, LLC) a retirement vehicle and to reduce their taxable income pursuant to Section 401(k) of the Internal Revenue Code of 1986, as amended (the "Code"). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). The Exelon Corporation Stock Fund, which is an investment option under the Plan, is invested primarily in Exelon common stock and is intended to be an Employee Stock Ownership Plan under Code Section 4975(e)(7).

Exelon is the sponsor of the Plan and the administrator of the Plan (the "Plan Administrator") acting through Exelon's Director of Employee Benefit Plans and Programs. The Plan Administrator has the responsibility for the day-to-day administration of the Plan. Exelon, acting through the Exelon Investment Office, is responsible for the selection and retention of the Plan's investment options and any investment manager that may be appointed under the Exelon Corporation Defined Contribution Retirement Plans Master Trust (the "Master Trust"). The Northern Trust Company is the Plan trustee ("Trustee") and Northwest Plan Services, Inc. is the Plan recordkeeper ("Recordkeeper").

Eligible employees are all employees of subsidiaries of Exelon (each subsidiary, a "participating employer") at its Clinton facility who are covered by a collective bargaining agreement that provides for participation in the Plan. Newly hired employees who do not make a participation election within 90 days after their date of hire will automatically be enrolled in the Plan as soon as administratively practicable after their 90th day of employment with a pre-tax deferral of 3% of eligible pay per pay period and 1% increase each March 1 st , generally beginning with the second calendar year that begins after automatic enrollment first applies to the participant, until a total maximum automatic pre-tax deferral of 4% of eligible pay is reached. Such automatic contributions to the Plan will be invested in the custom target retirement fund that corresponds to the participant's anticipated retirement date (based on the participant's birth date). A participant who elects to stop participation within 90 days after automatic contributions are first taken from his or her pay may withdraw the contributions adjusted for any investment gains or losses and reduced for any applicable fees. Such a withdrawal would be subject to federal income tax but not to any early withdrawal penalty. Additionally, the participant will forfeit any employer matching contributions made with respect to such automatic contributions.

Participant Contributions

The Plan permits participants to contribute between 1% and 50% of their eligible pay each pay period on a pre-tax basis, an after-tax basis, a Roth basis or a combination of the three, subject to Internal Revenue Service ("IRS") limitations.

During any calendar year in which a participant attains age 50 or older, he or she may elect to make additional pre-tax contributions, called "catch-up" contributions, to the Plan. In order to be eligible to make catch-up contributions, the participant must anticipate that his or her pre-tax contributions to the Plan will reach the applicable annual IRS limit on that type of contribution or be contributing at the maximum base pay level. Catch-up contributions are not credited with the Company's fixed or profit sharing matching contribution.

Company Matching Contributions

Exelon provides a fixed and an annual profit-sharing match. Under the fixed match, Exelon matches 100% of the first 4% of a participant's eligible pay contributed (whether pre-tax, after-tax or Roth) per pay period. Additionally, Exelon may make an annual profit-sharing match of up to 50% of the first 4% of a participant's eligible pay contributed per pay period, excluding catch-up contributions, based on attainment of earnings per share goals established by the Compensation Committee of Exelon's Board of Directors (the "Committee"). Any profit-sharing match will be contributed to the plan after the end of each calendar year. There was no company profit-sharing match for 2017 . The 2016 profit-sharing match contributed in 2017 was $ 390,776 . Generally, participants classified as members of a collective bargaining unit represented by IBEW Local 51 must be employed on the last day of a calendar year to receive the profit-sharing match for that year. In the event a participant classified as a member of a collective bargaining unit represented by IBEW Local 51 terminates employment during the calendar year due to death, long-term disability or retirement (age 50 and completion of 10 years of service with a participating employer) or in the event a participant terminates employment with a participating employer and receives benefits under the severance plan, the participant will be eligible to receive a pro-rated profit-sharing match.

Investment Options

The Plan's investments are held in the Master Trust, which was established in 2006, for the investments of the Plan and other savings plans sponsored by Exelon. The Plan investments are fully participant-directed, and the Plan is intended to satisfy Section 404(c) of ERISA.

The investment options include a menu of funds that include twelve custom Target Retirement Fund options, three actively-managed custom funds, nineteen passively-managed funds, the Northern Trust U.S. Government Short-Term Investment Fund and the Exelon Corporation Stock Fund. Below is a brief description of each of the investment options available as of December 31, 2017 and 2016. These descriptions are not, and are not intended to be, complete descriptions of each investment option's risk, objective and strategy.

- **Target Date Funds** - Diversified funds managed by multiple investment managers that seek to provide investment return, shifting from an emphasis on capital appreciation to an emphasis on income and inflation protection as the fund approaches and passes its target retirement age. Target allocations of the funds are designed using certain assumptions, including that most Exelon plan participants receive a 401(k) company matching contribution under the Plan, either earn pension benefits over their careers or receive additional employer 401(k) contributions in lieu of pension benefits, and typically begin receiving retirement benefits around age 61. The funds reduce exposure to equity and real estate, and increase exposure to fixed income and certain other investments, as the target retirement date approaches, and for ten years thereafter.

- **Actively-managed custom funds** - These funds use a multi-manager approach whereby the fund's assets are allocated to several investment managers that act independently of each other and follow their own distinct investment style in investing in securities. The portfolios are principally managed using an active approach with the objective of collectively exceeding the record of the fund benchmark.

- **Passively-managed funds** - These funds seek investment results that correspond generally to the price and yield performance, before fees and expenses, of a particular index.

- **Northern Trust U.S. Government Short-Term Investment Fund** - This fund is an investment vehicle for cash reserves that offers a rate of return based on a portfolio of obligations of the U.S. Government, its agencies or instrumentalities, and related money market instruments. Principal preservation and liquidity management are the fund ' s prime objectives.

- **Exelon Corporation Stock Fund** - This fund, which became an investment option on January 1, 2016, primarily invests in Exelon common stock with some short-term liquid investments. The Exelon Corporation Stock Fund does not represent direct ownership of Exelon common stock. The fund's unit value is determined by dividing the total current fair value of the investments in the fund by the total number of units owned. This fund is not diversified and is considered riskier than a "diversified" portfolio.

Notes Receivable from Participants

A participant may, upon application, borrow from the Plan. Only one loan is permitted to a participant in any calendar year with a maximum of three outstanding at any time, and the amount of any loan shall not be less than $500 ($1,000 for a primary residence loan). The aggregate amount of all outstanding loans may not exceed the lesser of (i) 50% of a participant's vested balance in the Plan or (ii) $50,000 minus the excess of the highest outstanding balance of all loans from the Plan to the participant during the previous 12-month period over the outstanding balance of all loans from the Plan to the participant on the day the loan is made. For loans other than home loans, the maximum term of the loan is five years. For a home loan, the maximum term is the lesser of thirty years or the amount of time until a participant attains his or her normal retirement date and the minimum is five years. Principal and interest is paid ratably through monthly payroll deductions or direct payment, as applicable. No lump sum or installment distribution from the Plan will be made to a participant who has received a loan, or to a beneficiary of any such participant, from the portion of his or her account that has been pledged as a security for the loan, until the loan, including interest, has been repaid out of the funds otherwise distributable. In the event a participant defaults on the repayment of a loan, the loan will be considered a taxable distribution of the participant's account and may be subject to an early withdrawal penalty.

Withdrawals by Participants While Employed

Generally, a participant may withdraw a minimum amount of $250 up to a maximum amount of the entire balance of the participant's after-tax contributions and rollover accounts once each calendar year.

Generally, a participant may make withdrawals from his or her before-tax, catch-up, matching, Roth, Roth catch-up and Roth rollover contributions accounts, but only if the participant has attained age 59 ½ or, prior to that age, only in an amount required to alleviate financial hardship as defined in the Code and regulations promulgated thereunder. Financial hardship withdrawals suspend the participant's right to make contributions to the Plan for six months.

While any loan to the participant remains outstanding, the maximum amount available for withdrawal shall be the balance in such account less the balance of all outstanding loans.

Distributions upon Termination of Employment

Upon termination of employment, including the retirement, total disability or death of a participant, a participant is entitled to the distribution of his or her entire account balance. Such distribution will be made, as elected by the participant, in the form of either a single lump-sum payment or in substantially equal annual, quarterly or monthly installments over a period not exceeding the joint life expectancy of the participant and his or her designated beneficiary. If a participant elects installment payments, the participant can elect to change the amount, frequency and number of payments at any time. A participant may elect ad hoc partial withdrawals of any amount at any time. A participant may elect to defer distributions until age 70½. If the value of a participant's account is $1,000 or less, the participant will receive a lump sum distribution from the Plan upon

termination of employment. If the value of a participant's account is greater than $1,000, the participant can leave his or her account in the Plan. Generally, distributions will be taxed as ordinary income in the year withdrawn and may also be subject to an early withdrawal penalty if taken before age 59½, unless eligible rollover distributions are rolled over to another qualified plan or an Individual Retirement Account ("IRA"). A 20% mandatory federal income tax withholding applies to withdrawals that are eligible for rollover, but which are not directly rolled over to another qualified plan or an IRA. If a participant does not specify the form and timing of the participant's distribution, the benefit generally will be paid in installments beginning no later than April 1 of the calendar year following the calendar year in which the participant attains age 70½.

Participant Accounts

Each participant's account is credited with the participant's contribution and allocations of (i) the Company's corresponding contributions and (ii) Plan earnings, and charged with an allocation of Plan administrative costs. Allocations are based on participant elections or account balances, as applicable. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting of Participants ' Accounts

Participants are fully vested in their accounts at all times.

Investment Income

Dividends and earnings received on all funds, with the exception of the Exelon Corporation Stock Fund, are automatically reinvested in the fund to which those earnings apply.

Employee Stock Ownership Plan

If a participant invests any portion of his or her account in the Exelon Corporation Stock Fund and is eligible to receive dividend distributions from the Plan, then the participant is deemed to have elected to have the dividends reinvested in the Exelon Corporation Stock Fund. If the participant prefers to receive any such dividends in cash, he or she can so elect by contacting the Recordkeeper. Dividends distributed to the participant in cash from the Plan are subject to income tax as a dividend and not subject to an early withdrawal penalty.

2. Summary of Significant Accounting Policies

General

The Plan follows the accrual method of accounting, in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Withdrawals and distributions are recorded when paid.

EXELON EMPLOYEE SAVINGS PLAN FOR REPRESENTED EMPLOYEES AT CLINTON NOTES TO FINANCIAL STATEMENTS

Use of Estimates

The preparation of financial statements in conformity with GAAP requires the Plan Administrator to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Accordingly, actual results may differ from those estimates.

Investment Valuation and Income Recognition

The Plan's interest in the Master Trust is stated at fair value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. The Plan presents, in the Statement of Changes in Net Assets Available for Benefits, the Plan interest in investment income from the Master Trust. See Note 3 - Fair Value of Interest in Master Trust for further information.

Plan Expenses

A participant ' s account balance will be charged with certain fees and expenses. Asset-based fees (e.g., management fees and other fund operating expenses) are used to cover the expenses related to running an investment fund, and are generally deducted directly from a participant ' s investment returns. The asset-based fees relating to the target date and custom funds are primarily presented within the investment and administrative fees of the Master Trust. See Note 3 - Fair Value of Interest in Master Trust for further information.

Plan administration fees cover the day-to-day expenses of administering the Plan and are covered by amounts deducted directly from participant accounts. Transaction-based fees also may be charged with respect to optional features offered under the Plan (e.g., loans) and are charged directly against a participant ' s account balance.

Notes Receivable from Participants

Notes receivable from participants are valued at their unpaid principal balance plus accrued interest. No allowance for credit losses has been recorded as of December 31, 2017 or 2016.

Reclassifications

Certain prior year amounts have been reclassified for comparative purposes. These reclassifications did not affect net assets available for benefits.

EXELON EMPLOYEE SAVINGS PLAN FOR REPRESENTED EMPLOYEES AT CLINTON NOTES TO FINANCIAL STATEMENTS

Recent Accounting Pronouncements

Fair Value Measurements and Disclosures

In May 2015, the Financial Accounting Standards Board ("FASB") issued authoritative guidance that removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value ("NAV") per share practical expedient. Investments measured at NAV per share using the practical expedient will be presented as a reconciling item between the fair value hierarchy disclosure and the investment line item on the statement of financial position. The guidance also removes the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the NAV per share practical expedient. Rather, those disclosures are limited to investments for which the entity has elected to measure the fair value using the practical expedient. The new guidance is effective for non-public entities for periods beginning after December 15, 2016 and is required to be applied retrospectively for all periods presented. Early adoption is permitted. The Company adopted this standard for plan reporting effective December 31, 2016. As this guidance provides only disclosure requirements, the adoption of this standard did not impact the Plan's financial results.

Master Trust Presentation and Disclosures

In February 2017, the FASB issued authoritative guidance that requires a plan's interest in a master trust and any change in interest in the master trust to be presented as a single line item in the statement of net assets available for benefits and in the statement of changes in net assets available for benefits. It also requires that plans with a divided interest disclose the master trust's investments by general type and other assets and liabilities balances, as well as the dollar amount of the plan's interest in each of those balances. The new guidance is effective for periods beginning after December 15, 2018 and is required to be applied retrospectively. Early adoption is permitted. The Company is currently assessing the effects this guidance may have on the Plan's financial statement disclosures.

3. Fair Value of Interest in Master Trust

The Plan established a Master Trust Agreement with the Trustee for the purpose of investing assets of the Plan and other savings plans sponsored by Exelon. The investment options for the three savings plans that participate in the Master Trust are the same. Effective January 1, 2016, the Exelon Corporation Stock Fund was offered in all three savings plans that participate in the Master Trust. The Master Trust is comprised of two master trust investment accounts ("MTIA") - one of which contains primarily real estate investments ("MTIA B") and another for the remaining other investments ("MTIA A"). The real estate account within the Master Trust is comprised primarily of real estate assets that do not have an observable value (either directly or indirectly) on an established market, and therefore, is being reported separately for Form 5500 purposes. Interest and dividends along with net depreciation or appreciation in the fair value of investments are allocated to the Plan on a daily basis based upon the Plan's equitable share of the various investment funds and portfolios that comprise the Master Trust. The Plan's Statements of Net Assets Available for Benefits include its share of investments maintained in the Master Trust measured at fair value on a recurring basis.

At December 31, 2017 and 2016, the Plan's interest in the net assets of the Master Trust was approximately 0.79% and 0.77% , respectively.

EXELON EMPLOYEE SAVINGS PLAN FOR REPRESENTED EMPLOYEES AT CLINTON NOTES TO FINANCIAL STATEMENTS

The net assets of the Master Trust as of December 31, 2017 and 2016 are as follows:

	December 31, 2017			December 31, 2016		
	MTIA A	MTIA B	Total	MTIA A	MTIA B	Total
ASSETS						
Investments, at fair value						
Interest bearing cash	$ 444,408,714	$ 3,585,967	$ 447,994,681	$ 472,636,125	$ 1,912,643	$ 474,548,768
U.S. government securities	687,559,156	—	687,559,156	612,245,321	—	612,245,321
Corporate debt instruments - preferred	6,802,779	—	6,802,779	20,410,627	—	20,410,627
Corporate debt instruments - other	599,059,810	4,594,529	603,654,339	541,704,264	2,635,867	544,340,131
Corporate stock - preferred	2,164,810	6,972,790	9,137,600	1,577,481	6,592,717	8,170,198
Corporate stock - common	1,707,622,826	—	1,707,622,826	1,250,488,363	—	1,250,488,363
Corporate stock - Exelon Corporation (1)	344,588,626	—	344,588,626	338,056,375	—	338,056,375
Real estate	—	181,660,976	181,660,976	—	168,245,150	168,245,150
Common/collective trust funds	3,748,735,114	793,312	3,749,528,426	3,321,251,085	1,548,234	3,322,799,319
Registered investment company securities	101,933,944	10,805,656	112,739,600	73,823,407	6,664,710	80,488,117
Other investments	251,686,300	23,883,540	275,569,840	215,100,671	18,602,383	233,703,054
Total Master Trust investments	7,894,562,079	232,296,770	8,126,858,849	6,847,293,719	206,201,704	7,053,495,423
Other Assets						
Cash	1,725,317	—	1,725,317	2,002,677	—	2,002,677
Accrued dividend and interest	15,109,763	—	15,109,763	13,531,952	—	13,531,952
Due from brokers for securities sold	121,658,423	—	121,658,423	75,428,772	—	75,428,772
Other	3,647,092	—	3,647,092	4,842,016	—	4,842,016
Total other assets	142,140,595	—	142,140,595	95,805,417	—	95,805,417
Total Master Trust assets	8,036,702,674	232,296,770	8,268,999,444	6,943,099,136	206,201,704	7,149,300,840
LIABILITIES						
Accrued investment and administrative expenses	8,335,291	952,033	9,287,324	6,339,386	840,600	7,179,986
Due to broker for securities purchased	200,214,857	—	200,214,857	155,118,057	—	155,118,057
Other liabilities	148,000	—	148,000	1,211,153	—	1,211,153
Total Master Trust liabilities	208,698,148	952,033	209,650,181	162,668,596	840,600	163,509,196
Total Master Trust net assets	$ 7,828,004,526	$ 231,344,737	$ 8,059,349,263	$ 6,780,430,540	$ 205,361,104	$ 6,985,791,644

(1) The Exelon Corporation Stock Fund held $342.5 million and $337.9 million of this investment as of December 31, 2017 and 2016 , respectively. The custom funds held $2.1 million and $0.1 million of this investment as of December 31, 2017 and 2016 , respectively.

EXELON EMPLOYEE SAVINGS PLAN FOR REPRESENTED EMPLOYEES AT CLINTON NOTES TO FINANCIAL STATEMENTS

The net investment income and appreciation of the Master Trust for the year ended December 31, 2017 is as follows:

	Year Ended December 31, 2017		
	MTIA A	MTIA B	Total
Corporate stock dividends	$ 43,374,916	$ 441,402	$ 43,816,318
Other interest and dividends	52,580,322	559,715	53,140,037
Net appreciation in the fair value of investments	1,057,279,375	13,630,451	1,070,909,826
Total net investment income and appreciation	1,153,234,613	14,631,568	1,167,866,181
Investment and administrative expenses not directly allocated to the plans	(17,453,784)	(2,293,059)	(19,746,843)
Total Master Trust net investment income and appreciation	$ 1,135,780,829	$ 12,338,509	$ 1,148,119,338

For the year ended December 31, 2017 , the Plan's interest in the net investment income of the Master Trust is 0.81% .

Recurring Fair Value Measurements

To increase consistency and comparability in fair value measurements, the FASB established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1 - unadjusted quoted prices in active markets for identical assets for which the Plan has the ability to access as of the reporting date.
- Level 2 - inputs other than quoted prices included within Level 1 that are directly observable for the asset or indirectly observable through corroboration with observable market data.
- Level 3 - unobservable inputs, such as internally-developed pricing models for the asset.

The valuation methods for each investment category are described below.

Interest bearing cash . Interest bearing cash is valued daily based on observable market prices and is categorized as Level 1.

U.S. government securities. U.S. government securities are valued daily based on quoted prices in active markets. Investments in U.S. Treasury securities have been categorized in Level 1 because they trade in highly liquid and transparent markets. Investments in U.S. government affiliates are based on evaluated prices that reflect observable market information, such as actual trade information of similar securities, adjusted for observable differences and are categorized as Level 2.

Preferred and other corporate debt instruments. Corporate debt instruments are based on evaluated prices that reflect observable market information, such as actual trade information of similar securities, adjusted for observable differences and are categorized as Level 2.

Preferred and common corporate stock. The Master Trust's stock investments are primarily traded on exchanges that contain only actively traded securities, due to the volume trading requirements imposed by these exchanges. Preferred and common corporate stocks, including rights and warrants, are valued daily based on quoted prices in active markets and are categorized as Level 1. Certain securities have been categorized as Level 2 because they are based on evaluated prices that reflect observable market information, such as actual trade information of similar securities.

**EXELON EMPLOYEE SAVINGS PLAN FOR
REPRESENTED EMPLOYEES AT CLINTON
NOTES TO FINANCIAL STATEMENTS**

Real estate. Income producing real estate funds are valued by the fund managers on a daily basis. Fund values are based on valuation of the underlying investments which may include inputs such as operating results, discounted future cash flows and market-based comparable data. The valuation inputs are unobservable. Certain real estate investments are redeemable from the investment vehicle quarterly. The fair value is determined using NAV or its equivalent as a practical expedient and are not classified within the fair value hierarchy.

Common/collective trust funds. Common/collective trust funds are maintained by investment companies and hold investments in accordance with a stated set of fund objectives. For common/collective trust funds which are not publicly quoted, the funds are valued using the NAV per fund share as a practical expedient, which is primarily derived from the quoted prices in active markets of the underlying securities, and are not classified within the fair value hierarchy. Common/collective trust funds can be redeemed daily.

Registered investment company securities. Registered investment company securities are investment funds maintained by investment companies that hold investments in accordance with a stated set of fund objectives. For funds with values that are publicly quoted on a daily basis in active markets, the funds have been categorized as Level 1. For funds with values which are not publicly quoted, the funds are valued using the NAV per fund share as a practical expedient, which is primarily derived from the quoted prices in active markets of the underlying securities, and are not classified within the fair value hierarchy. The registered investment company securities can be redeemed daily.

Other investments. Other investments include futures contracts, swap contracts, holdings in real estate investment trusts, and state, municipal and foreign government fixed income securities. Futures contracts are valued daily based on quoted prices in active markets and trade in open markets, and have been categorized as Level 1. Real estate investment trusts are valued daily based on quoted prices in active markets and have been categorized as Level 1. State, municipal and foreign government fixed income securities are valued daily using evaluated prices that reflect observable market information, such as actual trade information of similar securities, adjusted for observable differences and are categorized as Level 2. Derivative instruments other than futures contracts are valued based on external price data of comparable securities and have been categorized as Level 2.

Transfer policy

The Company's policy is to recognize transfers into and out of levels as of the end of the reporting period.

The Plan's Statements of Net Assets Available for Benefits include its share of investments maintained in the Master Trust measured at fair value on a recurring basis. In accordance with the applicable guidance on fair value measurement, certain investments that are measured at fair value using the NAV per share as a practical expedient are no longer classified within the fair value hierarchy and are included under Not subject to leveling in the table below.

EXELON EMPLOYEE SAVINGS PLAN FOR REPRESENTED EMPLOYEES AT CLINTON NOTES TO FINANCIAL STATEMENTS

The following tables present the fair value of assets in the Master Trust and their level within the fair value hierarchy as of December 31, 2017 and 2016.

As of December 31, 2017

	Level 1	Level 2	Not subject to leveling	Total
Master Trust Investments:				
Interest bearing cash	$ 447,994,681	$ —	$ —	$ 447,994,681
U.S. government securities	369,618,295	317,940,861	—	687,559,156
Corporate debt instruments - preferred	—	6,802,779	—	6,802,779
Corporate debt instruments - other	—	603,654,339	—	603,654,339
Corporate stock - preferred	8,764,181	373,419	—	9,137,600
Corporate stock - common	1,707,622,826	—	—	1,707,622,826
Corporate stock - Exelon Corporation	344,588,626	—	—	344,588,626
Real estate	—	—	181,660,976	181,660,976
Common/collective trust funds	—	—	3,749,528,426	3,749,528,426
Registered investment company securities	10,805,656	—	101,933,944	112,739,600
Other investments	148,780,744	126,664,902	124,194	275,569,840
Total Master Trust investments	$ 3,038,175,009	$ 1,055,436,300	$ 4,033,247,540	$ 8,126,858,849

EXELON EMPLOYEE SAVINGS PLAN FOR REPRESENTED EMPLOYEES AT CLINTON NOTES TO FINANCIAL STATEMENTS

As of December 31, 2016

	Level 1	Level 2	Not subject to leveling	Total
Master Trust Investments:				
Interest bearing cash	$ 474,548,768	$ —	$ —	$ 474,548,768
U.S. government securities	318,110,004	294,135,317	—	612,245,321
Corporate debt instruments - preferred	—	20,410,627	—	20,410,627
Corporate debt instruments - other	—	544,340,131	—	544,340,131
Corporate stock - preferred	7,827,070	343,128	—	8,170,198
Corporate stock - common	1,250,488,363	—	—	1,250,488,363
Corporate stock - Exelon Corporation	338,056,375	—	—	338,056,375
Real estate	—	—	168,245,150	168,245,150
Common/collective trust funds	—	—	3,322,799,319	3,322,799,319
Registered investment company securities	6,664,710	—	73,823,407	80,488,117
Other investments	124,167,048	109,536,006	—	233,703,054
Total Master Trust investments	$ 2,519,862,338	$ 968,765,209	$ 3,564,867,876	$ 7,053,495,423

There were no significant transfers between Level 1 and Level 2 during the years ended December 31, 2017 and 2016.

4. Risks and Uncertainties

The Plan provides for various investment options in several investment securities and instruments. Investment securities are exposed to various risks, such as interest, market and credit risk. Due to the level of risks associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in values in the near term could materially affect participants' account balances and the amounts reported in the Statements of Net Assets Available for Benefits and the Statement of Changes in Net Assets Available for Benefits.

From time to time, investment managers may use derivative financial instruments including futures, forward foreign exchange, and swap contracts. Derivative instruments may be used to mitigate exposure to foreign exchange rate and interest rate fluctuations as well as manage the investment mix in the portfolio. The Plan's exposure is limited to the fund(s) utilizing such derivative investments. Risks of entering into derivatives include the risk of an illiquid market, inability of a counterparty to perform, or unfavorable movement in foreign currency exchange rates, interest rates, or the underlying securities.

EXELON EMPLOYEE SAVINGS PLAN FOR REPRESENTED EMPLOYEES AT CLINTON NOTES TO FINANCIAL STATEMENTS

Some investment managers may engage in securities lending programs in which the funds lend securities to borrowers, with the objective of generating additional income. The borrowers of fund securities deliver collateral to secure each loan in the form of cash, securities, or letters of credit, and are required to maintain the collateral at a level no less than 100% of the market value of the loaned securities. Cash collateral is invested in common/collective trust funds or collateral pools. Participation in securities lending programs involves exposure to the risk that the borrower may default and there may be insufficient collateral to buy back the security. Lenders of securities also face the risk that invested cash collateral may become impaired or that the interest paid on loans may exceed the amount earned on the invested collateral. The Plan's exposure is limited to the funds that lend securities.

5. Income Tax Status

The Plan obtained its latest determination letter on August 3, 2017 in which the IRS stated that the Plan, as then designed, was in compliance with the applicable requirements of the Code. The Plan is qualified under Section 401(a) and 401(k) of the Code. The Plan has been amended since receiving the determination letter. However, the Plan Administrator believes that the Plan design remains in compliance with the applicable requirements of the Code. Therefore, it is believed that the Plan was qualified and the related Master Trust was tax-exempt as of the financial statement date. The Plan Administrator filed an application for a new determination letter on January 29, 2016, in accordance with the requirements of the Code.

GAAP requires plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the applicable authorities. The Company has analyzed the tax positions taken by the Plan and has concluded that as of December 31, 2017, there were no uncertain tax positions taken. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

6. Plan Termination

The Plan may be amended, modified or terminated by Exelon at any time. The Plan may also be terminated if the IRS disqualifies the Plan. Termination of the Plan with respect to a participating employer may occur if there is no successor employer in the event of dissolution, merger, consolidation or reorganization of such employer company. In the event of full or partial termination of the Plan, assets of affected participants of the terminating employer or employers shall remain 100% vested and distributable at fair market value in the form of cash, securities or annuity contracts, in accordance with the provisions of the Plan.

7. Related Party Transactions

Investment options in the Plan include common/collective trust funds managed by the Trustee or its affiliates. The Master Trust also holds shares of Exelon common stock. These transactions qualify as exempt party-in-interest transactions, in accordance with ERISA. There have been no known prohibited transactions with a party-in-interest.

EXELON EMPLOYEE SAVINGS PLAN FOR
REPRESENTED EMPLOYEES AT CLINTON
NOTES TO FINANCIAL STATEMENTS

8. Plan Transfers

In 2017, there were transfers totaling $740,877 to the Plan from the Exelon Corporation Employee Savings Plan . In 2017, there were transfers totaling $383,591 from the Plan to Exelon Corporation Employee Savings Plan .

EXELON EMPLOYEE SAVINGS PLAN
FOR REPRESENTED EMPLOYEES AT CLINTON
SCHEDULE OF ASSETS (HELD AT END OF YEAR)
As of December 31, 2017
Schedule H, Part IV, Item 4i of Form 5500
Employer Identification Number 23-2990190, Plan #014

(a)	(b) Identity of Issue, Borrower, Lessor, or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral Par or Maturity Value	(e) Current Value
*	Interest in net assets of Master Trust, at fair value		$ 63,524,927
*	Notes receivable from participants	Interest rates: 3.25% - 10.50%	1,134,571
	Total investments		$ 64,659,498

* Represents party-in-interest

Column (d), cost, has been omitted as investments are participant directed.

EXHIBIT INDEX

Exhibit filed with Form 11-K for the year ended December 31, 2017 :

Exhibit No.	Description of Exhibit
23	Consent of Independent Registered Public Accounting Firm

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized

Exelon Employee Savings Plan for Represented Employees at Clinton

Date: June 29, 2018

/s/ Jennifer Franco

Jennifer Franco

Plan Administrator

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-219037) of Exelon Corporation of our report dated June 29, 2018, with respect to the statements of net assets available for benefits of the Exelon Employee Savings Plan for Represented Employees at Clinton as of December 31, 2017 and 2016, the related statement of changes in net assets available for benefits for the year ended December 31, 2017, and the related supplemental schedule of Schedule H, line 4i-schedule of assets (held at end of year) as of December 31, 2017, which appears in the December 31, 2017 annual report on Form 11-K of the Exelon Employee Savings Plan for Represented Employees at Clinton.

/s/ WASHINGTON, PITTMAN & McKEEVER, LLC

Chicago, Illinois

June 29, 2018

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Fiscal Year Ended December 31, 2017

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number 1-16169

EXELON EMPLOYEE SAVINGS PLAN FOR REPRESENTED EMPLOYEES AT CLINTON

(Full title of the Plan)

EXELON CORPORATION

(a Pennsylvania Corporation)

10 South Dearborn Street

P.O. Box 805379

Chicago, Illinois 60680-5379

(312) 394-7398

(Name of the issuer of the securities held pursuant to the Plan and the address of its principal executive offices)

S1-SSA-0009 - 26930

**EXELON EMPLOYEE SAVINGS PLAN FOR
REPRESENTED EMPLOYEES AT CLINTON**

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Participants and the Administrator of the
Exelon Employee Savings Plan for Represented Employees at Clinton :

Opinion on the Financial Statements

We have audited the accompanying statements of net assets available for benefits of the Exelon Employee Savings Plan for Represented Employees at Clinton (the “Plan”) as of December 31, 2017 and 2016, and the related statement of changes in net assets available for benefits for the year ended December 31, 2017, and the related notes and schedules (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2017 and 2016, and the changes in net assets available for benefits for the year ended December 31, 2017, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Plan’s management. Our responsibility is to express an opinion on these financial statements based on our audits. We are a public accounting firm registered with the Public Company Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Plan in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with auditing standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Supplemental Information

The supplemental information in the accompanying schedule of assets (held at end of year) as of December 31, 2017 has been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The supplemental information is the responsibility of the Plan's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting or other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information in the accompanying schedule, we evaluated whether the supplemental information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental information in the accompanying schedule is fairly stated in all material respects in relation to the financial statements as a whole.

/s/ WASHINGTON, PITTMAN & McKEEVER, LLC

We have served as the Plan's auditor since 2005.

Chicago, Illinois

June 29, 2018

EXELON EMPLOYEE SAVINGS PLAN FOR REPRESENTED EMPLOYEES AT CLINTON

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	December 31,	
	2017	**2016**
ASSETS		
Investments at fair value		
Plan interest in the net assets of the Exelon Corporation Defined Contribution Retirement Plans Master Trust (see Note 3)	$ 63,524,927	$ 53,704,361
Receivables		
Participant contributions	30,141	107,735
Employer contributions		
Fixed match contributions	8,582	31,425
Profit-sharing contributions	—	390,776
Notes receivable from participants	1,134,571	1,082,994
Total receivables	1,173,294	1,612,930
NET ASSETS AVAILABLE FOR BENEFITS	$ 64,698,221	$ 55,317,291

The accompanying Notes are an integral part of these Financial Statements.

EXELON EMPLOYEE SAVINGS PLAN FOR REPRESENTED EMPLOYEES AT CLINTON

		Year Ended December 31, 2017
ADDITIONS		
Contributions		
Participant	$	2,432,514
Employer fixed match		870,582
Total contributions		3,303,096
Investment income		
Plan interest in the net investment income from the Exelon Corporation Defined Contribution Retirement Plans Master Trust (see Note 3)		9,258,021
Interest income from participant loans		65,162
Total investment income		9,323,183
Total additions		12,626,279
DEDUCTIONS		
Participant withdrawals and distributions		3,568,689
Administrative expenses		33,946
Total deductions		3,602,635
Net increase before transfers		9,023,644
Net assets transferred from other plans (See Note 8)		357,286
Net increase after transfers		9,380,930
NET ASSETS AVAILABLE FOR BENEFITS		
Beginning of year		55,317,291
End of year	$	64,698,221

The accompanying Notes are an integral part of these Financial Statements.

EXELON EMPLOYEE SAVINGS PLAN FOR REPRESENTED EMPLOYEES AT CLINTON NOTES TO FINANCIAL STATEMENTS

1. Plan Description

The following description of the Exelon Employee Savings Plan for Represented Employees at Clinton (the "Plan") is provided for general information purposes only. The official text of the Plan, as amended, should be read for more complete information.

General

The Plan is a defined contribution plan and was established in 1999 for the purpose of providing eligible Clinton bargaining unit employees of Exelon Corporation ("Exelon" or the "Company") (formerly, of AmerGen Energy Company, LLC) a retirement vehicle and to reduce their taxable income pursuant to Section 401(k) of the Internal Revenue Code of 1986, as amended (the "Code"). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). The Exelon Corporation Stock Fund, which is an investment option under the Plan, is invested primarily in Exelon common stock and is intended to be an Employee Stock Ownership Plan under Code Section 4975(e)(7).

Exelon is the sponsor of the Plan and the administrator of the Plan (the "Plan Administrator") acting through Exelon's Director of Employee Benefit Plans and Programs. The Plan Administrator has the responsibility for the day-to-day administration of the Plan. Exelon, acting through the Exelon Investment Office, is responsible for the selection and retention of the Plan's investment options and any investment manager that may be appointed under the Exelon Corporation Defined Contribution Retirement Plans Master Trust (the "Master Trust"). The Northern Trust Company is the Plan trustee ("Trustee") and Northwest Plan Services, Inc. is the Plan recordkeeper ("Recordkeeper").

Eligible employees are all employees of subsidiaries of Exelon (each subsidiary, a "participating employer") at its Clinton facility who are covered by a collective bargaining agreement that provides for participation in the Plan. Newly hired employees who do not make a participation election within 90 days after their date of hire will automatically be enrolled in the Plan as soon as administratively practicable after their 90th day of employment with a pre-tax deferral of 3% of eligible pay per pay period and 1% increase each March 1 st , generally beginning with the second calendar year that begins after automatic enrollment first applies to the participant, until a total maximum automatic pre-tax deferral of 4% of eligible pay is reached. Such automatic contributions to the Plan will be invested in the custom target retirement fund that corresponds to the participant's anticipated retirement date (based on the participant's birth date). A participant who elects to stop participation within 90 days after automatic contributions are first taken from his or her pay may withdraw the contributions adjusted for any investment gains or losses and reduced for any applicable fees. Such a withdrawal would be subject to federal income tax but not to any early withdrawal penalty. Additionally, the participant will forfeit any employer matching contributions made with respect to such automatic contributions.

Participant Contributions

The Plan permits participants to contribute between 1% and 50% of their eligible pay each pay period on a pre-tax basis, an after-tax basis, a Roth basis or a combination of the three, subject to Internal Revenue Service ("IRS") limitations.

During any calendar year in which a participant attains age 50 or older, he or she may elect to make additional pre-tax contributions, called "catch-up" contributions, to the Plan. In order to be eligible to make catch-up contributions, the participant must anticipate that his or her pre-tax contributions to the Plan will reach the applicable annual IRS limit on that type of contribution or be contributing at the maximum base pay level. Catch-up contributions are not credited with the Company's fixed or profit sharing matching contribution.

Company Matching Contributions

Exelon provides a fixed and an annual profit-sharing match. Under the fixed match, Exelon matches 100% of the first 4% of a participant's eligible pay contributed (whether pre-tax, after-tax or Roth) per pay period. Additionally, Exelon may make an annual profit-sharing match of up to 50% of the first 4% of a participant's eligible pay contributed per pay period, excluding catch-up contributions, based on attainment of earnings per share goals established by the Compensation Committee of Exelon's Board of Directors (the "Committee"). Any profit-sharing match will be contributed to the plan after the end of each calendar year. There was no company profit-sharing match for 2017 . The 2016 profit-sharing match contributed in 2017 was $ 390,776 . Generally, participants classified as members of a collective bargaining unit represented by IBEW Local 51 must be employed on the last day of a calendar year to receive the profit-sharing match for that year. In the event a participant classified as a member of a collective bargaining unit represented by IBEW Local 51 terminates employment during the calendar year due to death, long-term disability or retirement (age 50 and completion of 10 years of service with a participating employer) or in the event a participant terminates employment with a participating employer and receives benefits under the severance plan, the participant will be eligible to receive a pro-rated profit-sharing match.

Investment Options

The Plan's investments are held in the Master Trust, which was established in 2006, for the investments of the Plan and other savings plans sponsored by Exelon. The Plan investments are fully participant-directed, and the Plan is intended to satisfy Section 404(c) of ERISA.

The investment options include a menu of funds that include twelve custom Target Retirement Fund options, three actively-managed custom funds, nineteen passively-managed funds, the Northern Trust U.S. Government Short-Term Investment Fund and the Exelon Corporation Stock Fund. Below is a brief description of each of the investment options available as of December 31, 2017 and 2016. These descriptions are not, and are not intended to be, complete descriptions of each investment option's risk, objective and strategy.

- **Target Date Funds** - Diversified funds managed by multiple investment managers that seek to provide investment return, shifting from an emphasis on capital appreciation to an emphasis on income and inflation protection as the fund approaches and passes its target retirement age. Target allocations of the funds are designed using certain assumptions, including that most Exelon plan participants receive a 401(k) company matching contribution under the Plan, either earn pension benefits over their careers or receive additional employer 401(k) contributions in lieu of pension benefits, and typically begin receiving retirement benefits around age 61. The funds reduce exposure to equity and real estate, and increase exposure to fixed income and certain other investments, as the target retirement date approaches, and for ten years thereafter.

- **Actively-managed custom funds** - These funds use a multi-manager approach whereby the fund's assets are allocated to several investment managers that act independently of each other and follow their own distinct investment style in investing in securities. The portfolios are principally managed using an active approach with the objective of collectively exceeding the record of the fund benchmark.

- **Passively-managed funds** - These funds seek investment results that correspond generally to the price and yield performance, before fees and expenses, of a particular index.

- **Northern Trust U.S. Government Short-Term Investment Fund** - This fund is an investment vehicle for cash reserves that offers a rate of return based on a portfolio of obligations of the U.S. Government, its agencies or instrumentalities, and related money market instruments. Principal preservation and liquidity management are the fund ' s prime objectives.

- **Exelon Corporation Stock Fund** - This fund, which became an investment option on January 1, 2016, primarily invests in Exelon common stock with some short-term liquid investments. The Exelon Corporation Stock Fund does not represent direct ownership of Exelon common stock. The fund's unit value is determined by dividing the total current fair value of the investments in the fund by the total number of units owned. This fund is not diversified and is considered riskier than a "diversified" portfolio.

Notes Receivable from Participants

A participant may, upon application, borrow from the Plan. Only one loan is permitted to a participant in any calendar year with a maximum of three outstanding at any time, and the amount of any loan shall not be less than $500 ($1,000 for a primary residence loan). The aggregate amount of all outstanding loans may not exceed the lesser of (i) 50% of a participant's vested balance in the Plan or (ii) $50,000 minus the excess of the highest outstanding balance of all loans from the Plan to the participant during the previous 12-month period over the outstanding balance of all loans from the Plan to the participant on the day the loan is made. For loans other than home loans, the maximum term of the loan is five years. For a home loan, the maximum term is the lesser of thirty years or the amount of time until a participant attains his or her normal retirement date and the minimum is five years. Principal and interest is paid ratably through monthly payroll deductions or direct payment, as applicable. No lump sum or installment distribution from the Plan will be made to a participant who has received a loan, or to a beneficiary of any such participant, from the portion of his or her account that has been pledged as a security for the loan, until the loan, including interest, has been repaid out of the funds otherwise distributable. In the event a participant defaults on the repayment of a loan, the loan will be considered a taxable distribution of the participant's account and may be subject to an early withdrawal penalty.

Withdrawals by Participants While Employed

Generally, a participant may withdraw a minimum amount of $250 up to a maximum amount of the entire balance of the participant's after-tax contributions and rollover accounts once each calendar year.

Generally, a participant may make withdrawals from his or her before-tax, catch-up, matching, Roth, Roth catch-up and Roth rollover contributions accounts, but only if the participant has attained age 59 ½ or, prior to that age, only in an amount required to alleviate financial hardship as defined in the Code and regulations promulgated thereunder. Financial hardship withdrawals suspend the participant's right to make contributions to the Plan for six months.

While any loan to the participant remains outstanding, the maximum amount available for withdrawal shall be the balance in such account less the balance of all outstanding loans.

Distributions upon Termination of Employment

Upon termination of employment, including the retirement, total disability or death of a participant, a participant is entitled to the distribution of his or her entire account balance. Such distribution will be made, as elected by the participant, in the form of either a single lump-sum payment or in substantially equal annual, quarterly or monthly installments over a period not exceeding the joint life expectancy of the participant and his or her designated beneficiary. If a participant elects installment payments, the participant can elect to change the amount, frequency and number of payments at any time. A participant may elect ad hoc partial withdrawals of any amount at any time. A participant may elect to defer distributions until age 70½. If the value of a participant's account is $1,000 or less, the participant will receive a lump sum distribution from the Plan upon

termination of employment. If the value of a participant's account is greater than $1,000, the participant can leave his or her account in the Plan. Generally, distributions will be taxed as ordinary income in the year withdrawn and may also be subject to an early withdrawal penalty if taken before age 59½, unless eligible rollover distributions are rolled over to another qualified plan or an Individual Retirement Account ("IRA"). A 20% mandatory federal income tax withholding applies to withdrawals that are eligible for rollover, but which are not directly rolled over to another qualified plan or an IRA. If a participant does not specify the form and timing of the participant's distribution, the benefit generally will be paid in installments beginning no later than April 1 of the calendar year following the calendar year in which the participant attains age 70½.

Participant Accounts

Each participant's account is credited with the participant's contribution and allocations of (i) the Company's corresponding contributions and (ii) Plan earnings, and charged with an allocation of Plan administrative costs. Allocations are based on participant elections or account balances, as applicable. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting of Participants ' Accounts

Participants are fully vested in their accounts at all times.

Investment Income

Dividends and earnings received on all funds, with the exception of the Exelon Corporation Stock Fund, are automatically reinvested in the fund to which those earnings apply.

Employee Stock Ownership Plan

If a participant invests any portion of his or her account in the Exelon Corporation Stock Fund and is eligible to receive dividend distributions from the Plan, then the participant is deemed to have elected to have the dividends reinvested in the Exelon Corporation Stock Fund. If the participant prefers to receive any such dividends in cash, he or she can so elect by contacting the Recordkeeper. Dividends distributed to the participant in cash from the Plan are subject to income tax as a dividend and not subject to an early withdrawal penalty.

2. Summary of Significant Accounting Policies

General

The Plan follows the accrual method of accounting, in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Withdrawals and distributions are recorded when paid.

EXELON EMPLOYEE SAVINGS PLAN FOR REPRESENTED EMPLOYEES AT CLINTON NOTES TO FINANCIAL STATEMENTS

Use of Estimates

The preparation of financial statements in conformity with GAAP requires the Plan Administrator to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Accordingly, actual results may differ from those estimates.

Investment Valuation and Income Recognition

The Plan's interest in the Master Trust is stated at fair value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. The Plan presents, in the Statement of Changes in Net Assets Available for Benefits, the Plan interest in investment income from the Master Trust. See Note 3 - Fair Value of Interest in Master Trust for further information.

Plan Expenses

A participant ' s account balance will be charged with certain fees and expenses. Asset-based fees (e.g., management fees and other fund operating expenses) are used to cover the expenses related to running an investment fund, and are generally deducted directly from a participant ' s investment returns. The asset-based fees relating to the target date and custom funds are primarily presented within the investment and administrative fees of the Master Trust. See Note 3 - Fair Value of Interest in Master Trust for further information.

Plan administration fees cover the day-to-day expenses of administering the Plan and are covered by amounts deducted directly from participant accounts. Transaction-based fees also may be charged with respect to optional features offered under the Plan (e.g., loans) and are charged directly against a participant ' s account balance.

Notes Receivable from Participants

Notes receivable from participants are valued at their unpaid principal balance plus accrued interest. No allowance for credit losses has been recorded as of December 31, 2017 or 2016.

Reclassifications

Certain prior year amounts have been reclassified for comparative purposes. These reclassifications did not affect net assets available for benefits.

EXELON EMPLOYEE SAVINGS PLAN FOR
REPRESENTED EMPLOYEES AT CLINTON
NOTES TO FINANCIAL STATEMENTS

Recent Accounting Pronouncements

Fair Value Measurements and Disclosures

In May 2015, the Financial Accounting Standards Board ("FASB") issued authoritative guidance that removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value ("NAV") per share practical expedient. Investments measured at NAV per share using the practical expedient will be presented as a reconciling item between the fair value hierarchy disclosure and the investment line item on the statement of financial position. The guidance also removes the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the NAV per share practical expedient. Rather, those disclosures are limited to investments for which the entity has elected to measure the fair value using the practical expedient. The new guidance is effective for non-public entities for periods beginning after December 15, 2016 and is required to be applied retrospectively for all periods presented. Early adoption is permitted. The Company adopted this standard for plan reporting effective December 31, 2016. As this guidance provides only disclosure requirements, the adoption of this standard did not impact the Plan's financial results.

Master Trust Presentation and Disclosures

In February 2017, the FASB issued authoritative guidance that requires a plan's interest in a master trust and any change in interest in the master trust to be presented as a single line item in the statement of net assets available for benefits and in the statement of changes in net assets available for benefits. It also requires that plans with a divided interest disclose the master trust's investments by general type and other assets and liabilities balances, as well as the dollar amount of the plan's interest in each of those balances. The new guidance is effective for periods beginning after December 15, 2018 and is required to be applied retrospectively. Early adoption is permitted. The Company is currently assessing the effects this guidance may have on the Plan's financial statement disclosures.

3. Fair Value of Interest in Master Trust

The Plan established a Master Trust Agreement with the Trustee for the purpose of investing assets of the Plan and other savings plans sponsored by Exelon. The investment options for the three savings plans that participate in the Master Trust are the same. Effective January 1, 2016, the Exelon Corporation Stock Fund was offered in all three savings plans that participate in the Master Trust. The Master Trust is comprised of two master trust investment accounts ("MTIA") - one of which contains primarily real estate investments ("MTIA B") and another for the remaining other investments ("MTIA A"). The real estate account within the Master Trust is comprised primarily of real estate assets that do not have an observable value (either directly or indirectly) on an established market, and therefore, is being reported separately for Form 5500 purposes. Interest and dividends along with net depreciation or appreciation in the fair value of investments are allocated to the Plan on a daily basis based upon the Plan's equitable share of the various investment funds and portfolios that comprise the Master Trust. The Plan's Statements of Net Assets Available for Benefits include its share of investments maintained in the Master Trust measured at fair value on a recurring basis.

At December 31, 2017 and 2016, the Plan's interest in the net assets of the Master Trust was approximately 0.79% and 0.77% , respectively.

EXELON EMPLOYEE SAVINGS PLAN FOR REPRESENTED EMPLOYEES AT CLINTON NOTES TO FINANCIAL STATEMENTS

The net assets of the Master Trust as of December 31, 2017 and 2016 are as follows:

	December 31, 2017			December 31, 2016		
	MTIA A	MTIA B	Total	MTIA A	MTIA B	Total
ASSETS						
Investments, at fair value						
Interest bearing cash	$ 444,408,714	$ 3,585,967	$ 447,994,681	$ 472,636,125	$ 1,912,643	$ 474,548,768
U.S. government securities	687,559,156	—	687,559,156	612,245,321	—	612,245,321
Corporate debt instruments - preferred	6,802,779	—	6,802,779	20,410,627	—	20,410,627
Corporate debt instruments - other	599,059,810	4,594,529	603,654,339	541,704,264	2,635,867	544,340,131
Corporate stock - preferred	2,164,810	6,972,790	9,137,600	1,577,481	6,592,717	8,170,198
Corporate stock - common	1,707,622,826	—	1,707,622,826	1,250,488,363	—	1,250,488,363
Corporate stock - Exelon Corporation (1)	344,588,626	—	344,588,626	338,056,375	—	338,056,375
Real estate	—	181,660,976	181,660,976	—	168,245,150	168,245,150
Common/collective trust funds	3,748,735,114	793,312	3,749,528,426	3,321,251,085	1,548,234	3,322,799,319
Registered investment company securities	101,933,944	10,805,656	112,739,600	73,823,407	6,664,710	80,488,117
Other investments	251,686,300	23,883,540	275,569,840	215,100,671	18,602,383	233,703,054
Total Master Trust investments	7,894,562,079	232,296,770	8,126,858,849	6,847,293,719	206,201,704	7,053,495,423
Other Assets						
Cash	1,725,317	—	1,725,317	2,002,677	—	2,002,677
Accrued dividend and interest	15,109,763	—	15,109,763	13,531,952	—	13,531,952
Due from brokers for securities sold	121,658,423	—	121,658,423	75,428,772	—	75,428,772
Other	3,647,092	—	3,647,092	4,842,016	—	4,842,016
Total other assets	142,140,595	—	142,140,595	95,805,417	—	95,805,417
Total Master Trust assets	8,036,702,674	232,296,770	8,268,999,444	6,943,099,136	206,201,704	7,149,300,840
LIABILITIES						
Accrued investment and administrative expenses	8,335,291	952,033	9,287,324	6,339,386	840,600	7,179,986
Due to broker for securities purchased	200,214,857	—	200,214,857	155,118,057	—	155,118,057
Other liabilities	148,000	—	148,000	1,211,153	—	1,211,153
Total Master Trust liabilities	208,698,148	952,033	209,650,181	162,668,596	840,600	163,509,196
Total Master Trust net assets	$ 7,828,004,526	$ 231,344,737	$ 8,059,349,263	$ 6,780,430,540	$ 205,361,104	$ 6,985,791,644

(1) The Exelon Corporation Stock Fund held $342.5 million and $337.9 million of this investment as of December 31, 2017 and 2016 , respectively. The custom funds held $2.1 million and $0.1 million of this investment as of December 31, 2017 and 2016 , respectively.

EXELON EMPLOYEE SAVINGS PLAN FOR REPRESENTED EMPLOYEES AT CLINTON NOTES TO FINANCIAL STATEMENTS

The net investment income and appreciation of the Master Trust for the year ended December 31, 2017 is as follows:

	Year Ended December 31, 2017		
	MTIA A	MTIA B	Total
Corporate stock dividends	$ 43,374,916	$ 441,402	$ 43,816,318
Other interest and dividends	52,580,322	559,715	53,140,037
Net appreciation in the fair value of investments	1,057,279,375	13,630,451	1,070,909,826
Total net investment income and appreciation	1,153,234,613	14,631,568	1,167,866,181
Investment and administrative expenses not directly allocated to the plans	(17,453,784)	(2,293,059)	(19,746,843)
Total Master Trust net investment income and appreciation	$ 1,135,780,829	$ 12,338,509	$ 1,148,119,338

For the year ended December 31, 2017 , the Plan's interest in the net investment income of the Master Trust is 0.81% .

Recurring Fair Value Measurements

To increase consistency and comparability in fair value measurements, the FASB established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1 - unadjusted quoted prices in active markets for identical assets for which the Plan has the ability to access as of the reporting date.
- Level 2 - inputs other than quoted prices included within Level 1 that are directly observable for the asset or indirectly observable through corroboration with observable market data.
- Level 3 - unobservable inputs, such as internally-developed pricing models for the asset.

The valuation methods for each investment category are described below.

Interest bearing cash . Interest bearing cash is valued daily based on observable market prices and is categorized as Level 1.

U.S. government securities. U.S. government securities are valued daily based on quoted prices in active markets. Investments in U.S. Treasury securities have been categorized in Level 1 because they trade in highly liquid and transparent markets. Investments in U.S. government affiliates are based on evaluated prices that reflect observable market information, such as actual trade information of similar securities, adjusted for observable differences and are categorized as Level 2.

Preferred and other corporate debt instruments. Corporate debt instruments are based on evaluated prices that reflect observable market information, such as actual trade information of similar securities, adjusted for observable differences and are categorized as Level 2.

Preferred and common corporate stock. The Master Trust's stock investments are primarily traded on exchanges that contain only actively traded securities, due to the volume trading requirements imposed by these exchanges. Preferred and common corporate stocks, including rights and warrants, are valued daily based on quoted prices in active markets and are categorized as Level 1. Certain securities have been categorized as Level 2 because they are based on evaluated prices that reflect observable market information, such as actual trade information of similar securities.

**EXELON EMPLOYEE SAVINGS PLAN FOR
REPRESENTED EMPLOYEES AT CLINTON
NOTES TO FINANCIAL STATEMENTS**

Real estate. Income producing real estate funds are valued by the fund managers on a daily basis. Fund values are based on valuation of the underlying investments which may include inputs such as operating results, discounted future cash flows and market-based comparable data. The valuation inputs are unobservable. Certain real estate investments are redeemable from the investment vehicle quarterly. The fair value is determined using NAV or its equivalent as a practical expedient and are not classified within the fair value hierarchy.

Common/collective trust funds. Common/collective trust funds are maintained by investment companies and hold investments in accordance with a stated set of fund objectives. For common/collective trust funds which are not publicly quoted, the funds are valued using the NAV per fund share as a practical expedient, which is primarily derived from the quoted prices in active markets of the underlying securities, and are not classified within the fair value hierarchy. Common/collective trust funds can be redeemed daily.

Registered investment company securities. Registered investment company securities are investment funds maintained by investment companies that hold investments in accordance with a stated set of fund objectives. For funds with values that are publicly quoted on a daily basis in active markets, the funds have been categorized as Level 1. For funds with values which are not publicly quoted, the funds are valued using the NAV per fund share as a practical expedient, which is primarily derived from the quoted prices in active markets of the underlying securities, and are not classified within the fair value hierarchy. The registered investment company securities can be redeemed daily.

Other investments. Other investments include futures contracts, swap contracts, holdings in real estate investment trusts, and state, municipal and foreign government fixed income securities. Futures contracts are valued daily based on quoted prices in active markets and trade in open markets, and have been categorized as Level 1. Real estate investment trusts are valued daily based on quoted prices in active markets and have been categorized as Level 1. State, municipal and foreign government fixed income securities are valued daily using evaluated prices that reflect observable market information, such as actual trade information of similar securities, adjusted for observable differences and are categorized as Level 2. Derivative instruments other than futures contracts are valued based on external price data of comparable securities and have been categorized as Level 2.

Transfer policy

The Company's policy is to recognize transfers into and out of levels as of the end of the reporting period.

The Plan's Statements of Net Assets Available for Benefits include its share of investments maintained in the Master Trust measured at fair value on a recurring basis. In accordance with the applicable guidance on fair value measurement, certain investments that are measured at fair value using the NAV per share as a practical expedient are no longer classified within the fair value hierarchy and are included under Not subject to leveling in the table below.

EXELON EMPLOYEE SAVINGS PLAN FOR REPRESENTED EMPLOYEES AT CLINTON NOTES TO FINANCIAL STATEMENTS

The following tables present the fair value of assets in the Master Trust and their level within the fair value hierarchy as of December 31, 2017 and 2016.

As of December 31, 2017

	Level 1	Level 2	Not subject to leveling	Total
Master Trust Investments:				
Interest bearing cash	$ 447,994,681	$ —	$ —	$ 447,994,681
U.S. government securities	369,618,295	317,940,861	—	687,559,156
Corporate debt instruments - preferred	—	6,802,779	—	6,802,779
Corporate debt instruments - other	—	603,654,339	—	603,654,339
Corporate stock - preferred	8,764,181	373,419	—	9,137,600
Corporate stock - common	1,707,622,826	—	—	1,707,622,826
Corporate stock - Exelon Corporation	344,588,626	—	—	344,588,626
Real estate	—	—	181,660,976	181,660,976
Common/collective trust funds	—	—	3,749,528,426	3,749,528,426
Registered investment company securities	10,805,656	—	101,933,944	112,739,600
Other investments	148,780,744	126,664,902	124,194	275,569,840
Total Master Trust investments	$ 3,038,175,009	$ 1,055,436,300	$ 4,033,247,540	$ 8,126,858,849

EXELON EMPLOYEE SAVINGS PLAN FOR REPRESENTED EMPLOYEES AT CLINTON NOTES TO FINANCIAL STATEMENTS

As of December 31, 2016

	Level 1	Level 2	Not subject to leveling	Total
Master Trust Investments:				
Interest bearing cash	$ 474,548,768	$ —	$ —	$ 474,548,768
U.S. government securities	318,110,004	294,135,317	—	612,245,321
Corporate debt instruments - preferred	—	20,410,627	—	20,410,627
Corporate debt instruments - other	—	544,340,131	—	544,340,131
Corporate stock - preferred	7,827,070	343,128	—	8,170,198
Corporate stock - common	1,250,488,363	—	—	1,250,488,363
Corporate stock - Exelon Corporation	338,056,375	—	—	338,056,375
Real estate	—	—	168,245,150	168,245,150
Common/collective trust funds	—	—	3,322,799,319	3,322,799,319
Registered investment company securities	6,664,710	—	73,823,407	80,488,117
Other investments	124,167,048	109,536,006	—	233,703,054
Total Master Trust investments	$ 2,519,862,338	$ 968,765,209	$ 3,564,867,876	$ 7,053,495,423

There were no significant transfers between Level 1 and Level 2 during the years ended December 31, 2017 and 2016.

4. Risks and Uncertainties

The Plan provides for various investment options in several investment securities and instruments. Investment securities are exposed to various risks, such as interest, market and credit risk. Due to the level of risks associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in values in the near term could materially affect participants' account balances and the amounts reported in the Statements of Net Assets Available for Benefits and the Statement of Changes in Net Assets Available for Benefits.

From time to time, investment managers may use derivative financial instruments including futures, forward foreign exchange, and swap contracts. Derivative instruments may be used to mitigate exposure to foreign exchange rate and interest rate fluctuations as well as manage the investment mix in the portfolio. The Plan's exposure is limited to the fund(s) utilizing such derivative investments. Risks of entering into derivatives include the risk of an illiquid market, inability of a counterparty to perform, or unfavorable movement in foreign currency exchange rates, interest rates, or the underlying securities.

EXELON EMPLOYEE SAVINGS PLAN FOR REPRESENTED EMPLOYEES AT CLINTON NOTES TO FINANCIAL STATEMENTS

Some investment managers may engage in securities lending programs in which the funds lend securities to borrowers, with the objective of generating additional income. The borrowers of fund securities deliver collateral to secure each loan in the form of cash, securities, or letters of credit, and are required to maintain the collateral at a level no less than 100% of the market value of the loaned securities. Cash collateral is invested in common/collective trust funds or collateral pools. Participation in securities lending programs involves exposure to the risk that the borrower may default and there may be insufficient collateral to buy back the security. Lenders of securities also face the risk that invested cash collateral may become impaired or that the interest paid on loans may exceed the amount earned on the invested collateral. The Plan's exposure is limited to the funds that lend securities.

5. Income Tax Status

The Plan obtained its latest determination letter on August 3, 2017 in which the IRS stated that the Plan, as then designed, was in compliance with the applicable requirements of the Code. The Plan is qualified under Section 401(a) and 401(k) of the Code. The Plan has been amended since receiving the determination letter. However, the Plan Administrator believes that the Plan design remains in compliance with the applicable requirements of the Code. Therefore, it is believed that the Plan was qualified and the related Master Trust was tax-exempt as of the financial statement date. The Plan Administrator filed an application for a new determination letter on January 29, 2016, in accordance with the requirements of the Code.

GAAP requires plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the applicable authorities. The Company has analyzed the tax positions taken by the Plan and has concluded that as of December 31, 2017, there were no uncertain tax positions taken. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

6. Plan Termination

The Plan may be amended, modified or terminated by Exelon at any time. The Plan may also be terminated if the IRS disqualifies the Plan. Termination of the Plan with respect to a participating employer may occur if there is no successor employer in the event of dissolution, merger, consolidation or reorganization of such employer company. In the event of full or partial termination of the Plan, assets of affected participants of the terminating employer or employers shall remain 100% vested and distributable at fair market value in the form of cash, securities or annuity contracts, in accordance with the provisions of the Plan.

7. Related Party Transactions

Investment options in the Plan include common/collective trust funds managed by the Trustee or its affiliates. The Master Trust also holds shares of Exelon common stock. These transactions qualify as exempt party-in-interest transactions, in accordance with ERISA. There have been no known prohibited transactions with a party-in-interest.

EXELON EMPLOYEE SAVINGS PLAN FOR
REPRESENTED EMPLOYEES AT CLINTON
NOTES TO FINANCIAL STATEMENTS

8. Plan Transfers

In 2017, there were transfers totaling $740,877 to the Plan from the Exelon Corporation Employee Savings Plan . In 2017, there were transfers totaling $383,591 from the Plan to Exelon Corporation Employee Savings Plan .

EXELON EMPLOYEE SAVINGS PLAN
FOR REPRESENTED EMPLOYEES AT CLINTON
SCHEDULE OF ASSETS (HELD AT END OF YEAR)
As of December 31, 2017
Schedule H, Part IV, Item 4i of Form 5500
Employer Identification Number 23-2990190, Plan #014

(a)	(b) Identity of Issue, Borrower, Lessor, or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral Par or Maturity Value	(e) Current Value
*	Interest in net assets of Master Trust, at fair value		$ 63,524,927
*	Notes receivable from participants	Interest rates: 3.25% - 10.50%	1,134,571
	Total investments		$ 64,659,498

* Represents party-in-interest

Column (d), cost, has been omitted as investments are participant directed.

EXHIBIT INDEX

Exhibit filed with Form 11-K for the year ended December 31, 2017 :

Exhibit No.	Description of Exhibit
23	Consent of Independent Registered Public Accounting Firm

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized

Exelon Employee Savings Plan for Represented Employees at Clinton

Date: June 29, 2018

/s/ Jennifer Franco

Jennifer Franco

Plan Administrator

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-219037) of Exelon Corporation of our report dated June 29, 2018, with respect to the statements of net assets available for benefits of the Exelon Employee Savings Plan for Represented Employees at Clinton as of December 31, 2017 and 2016, the related statement of changes in net assets available for benefits for the year ended December 31, 2017, and the related supplemental schedule of Schedule H, line 4i-schedule of assets (held at end of year) as of December 31, 2017, which appears in the December 31, 2017 annual report on Form 11-K of the Exelon Employee Savings Plan for Represented Employees at Clinton.

/s/ WASHINGTON, PITTMAN & McKEEVER, LLC

Chicago, Illinois

June 29, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Six Months Ended July 1, 2014

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number 1-16169

CONSTELLATION ENERGY GROUP, INC. EMPLOYEE SAVINGS PLAN
(Full title of the Plan)

EXELON CORPORATION
(a Pennsylvania Corporation)

10 South Dearborn Street
P.O. Box 805379
Chicago, Illinois 60680-5379
(312) 394-7398
(Name of the issuer of the securities held pursuant to the Plan and the address of its principal executive offices)

CONSTELLATION ENERGY GROUP, INC. EMPLOYEE SAVINGS PLAN

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Report of Independent Registered Public Accounting Firm	1
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Statements of Net Assets Available for Benefits As of July 1, 2014 and December 31, 2013	2
Statement of Changes in Net Assets Available for Benefits For the Six Months Ended July 1, 2014	3
Notes to Financial Statements	4

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Participants and the Administrator of the
Constellation Energy Group, Inc. Employee Savings Plan:

We have audited the accompanying statements of net assets available for benefits of the Constellation Energy Group, Inc. Employee Savings Plan (the "Plan") as of July 1, 2014 and December 31, 2013 and the related statement of changes in net assets available for benefits for the six months ended July 1, 2014. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of July 1, 2014 and December 31, 2013, and the changes in net assets available for benefits for the six months ended July 1, 2014, in conformity with accounting principles generally accepted in the United States of America.

As further discussed in Note 1, the Plan was merged into the Exelon Corporation Employee Savings Plan effective July 1, 2014. Our opinion is not modified with respect to this matter.

/s/WASHINGTON, PITTMAN & McKEEVER, LLC

Chicago, Illinois
December 10, 2014

CONSTELLATION ENERGY GROUP, INC. EMPLOYEE SAVINGS PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	July 1, 2014	December 31, 2013
ASSETS		
Investments at fair value		
Registered investment company securities	$ —	$ 408,117,137
Exelon corporation common stock	—	98,438,894
Common/collective trust funds	—	674,975,845
Short-term investment funds	—	11,867
Total investments	—	1,181,543,743
Receivables		
Participant contributions	—	2,458,180
Employer contributions		
Fixed match contributions	—	580,878
Profit-sharing contributions	—	1,375,730
Notes receivable from participants	—	23,619,402
Total receivables	—	28,034,190
Total assets	—	1,209,577,933
LIABILITIES		
Due to brokers for securities purchased and other liabilities	—	61,566
Total liabilities	—	61,566
Net assets reflecting investments at fair value	—	1,209,516,367
Adjustment from fair value to contract value for fully benefit-responsive investment contracts (see Note 2)	—	(2,513,222)
NET ASSETS AVAILABLE FOR BENEFITS	$ —	$1,207,003,145

The accompanying Notes are an integral part of these Financial Statements.

CONSTELLATION ENERGY GROUP, INC. EMPLOYEE SAVINGS PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

	Six Months Ended July 1, 2014
ADDITIONS	
Contributions	
Participant	$ 20,513,918
Employer fixed match	5,983,669
Rollover	567,258
Total contributions	27,064,845
Net investment income and appreciation	
Interest income and dividends	5,335,570
Net appreciation in the fair value of investments	73,704,843
Interest income from participant loans	520,541
Total investment income	79,560,954
Total additions	106,625,799
DEDUCTIONS	
Participant withdrawals and distributions	265,500,986
Administrative expenses	286,377
Total deductions	265,787,363
Net decrease before transfers	(159,161,564)
Net assets transferred to other plans	(1,047,841,581)
Net decrease after transfers	(1,207,003,145)
NET ASSETS AVAILABLE FOR BENEFITS	
Beginning of year	1,207,003,145
End of year	$ —

The accompanying Notes are an integral part of these Financial Statements.

1. Plan Description

The following description of the Constellation Energy Group, Inc. Employee Savings Plan (the "Plan") is provided for general information purposes only. The official text of the Plan, as amended, should be read for more complete information.

General

The Plan was initially established by Baltimore Gas and Electric Company ("BGE") as the Baltimore Gas and Electric Company Employee Savings Plan and Trust Agreement on July 1, 1978. Effective April 30, 1999, BGE shareholders approved the formation of a holding company, Constellation Energy Group, Inc. ("CEG"), and the Baltimore Gas and Electric Company Employee Savings Plan was amended, restated, and renamed as the Constellation Energy Group, Inc. Employee Savings Plan. The Plan was most recently restated on January 31, 2012. On March 12, 2012, in conjunction with an Agreement and Plan of Merger, CEG merged into Exelon Corporation ("Exelon" or the "Company") with Exelon continuing as the surviving corporation, and becoming the sponsor of the Plan. The Plan is a defined contribution plan, subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and the Internal Revenue Code of 1986, as amended (the "Code"). The portion of the Plan consisting of Exelon Corporation common stock is intended to be an Employee Stock Ownership Plan under Code Section 4975 (e)(7).

Exelon's Director of Employee Benefit Plans and Programs is the administrator of the Plan (the "Plan Administrator"). The Plan Administrator has the responsibility for the day-to-day administration of the Plan. Exelon, acting through the Exelon Investment Office, is responsible for the selection and retention of the Plan's investment options and appointment of the Plan's investment manager. T. Rowe Price Trust Company is the Plan trustee ("Trustee") and T. Rowe Price Retirement Plan Services, Inc. is the Plan recordkeeper ("Recordkeeper").

Effective May 1, 2013, the Plan was closed to new participants.

Plan Merger

Effective July 1, 2014, the Plan was merged into the Exelon Corporation Employee Savings Plan ("Exelon Savings Plan"). The total assets of the Plan transferred to the Exelon Savings Plan, including notes receivable from participants, were $1,047,841,581. The assets were transferred to the Exelon Corporation Defined Contribution Retirement Plans Master Trust ("Master Trust") on July 1, 2014. As a result of the merger, certain provisions of the Plan, such as the employer match contribution, have changed. Employees should refer to the Exelon Savings Plan official plan documents, as amended, for complete information.

Participant Contributions

The Plan permits salaried, non-represented hourly and participating represented employees to contribute between 1% and 50% of their eligible pay through payroll deductions, on a pre-tax basis, from 1% to 15% of their eligible pay through payroll deductions, on an after-tax basis, or a combinations thereof. The maximum combined contribution rate for both the pre-tax and the after-tax contributions is 50%, subject to certain Internal Revenue Service ("IRS") limitations.

During any calendar year in which a participant attains age 50 or older, he or she may elect to make additional pre-tax contributions, called "catch-up" contributions to the Plan, subject to certain IRS limitations. In order to be eligible to make catch-up contributions, the participant must anticipate that his or her pre-tax contributions to the Plan will reach the applicable annual IRS limit on that type of contribution or be contributing at the maximum base pay level. Catch-up contributions are not credited with the Company's fixed or profit-sharing matching contribution.

Company Matching Contributions

In general, the Company contributes a fixed match equal to 50% of the first 6% of participant's eligible pay contributed per pay period, for a maximum annual fixed match percentage of 3% of the participant's eligible pay.

Effective January 1, 2013, Exelon may provide an annual profit-sharing match in addition to the fixed match. Under the profit-sharing match, Exelon may provide up to 3% of eligible pay contributed per pay period, based on earnings per share goals established by the Compensation Committee of Exelon's Board of Directors (the "Committee"). Any profit-sharing match will be contributed to the Plan after the end of each calendar year. The 2013 profit-sharing match contributed in 2014 was $1,375,730. Any 2014 profit-sharing match will be contributed in 2015 under the Exelon Savings Plan. Generally, a participant must be employed on the last day of a calendar year to receive the profit-sharing match for that year. In the event a participant terminates employment during the calendar year due to death, long-term disability or retirement (age 50 and completion of 10 years of service with the Company) or in the event a participant terminates employment with the Company and receives benefits under the severance plan, the participant will be eligible to receive a pro-rated profit-sharing match.

Participant Loans

A participant may, upon application, borrow from the Plan. Participants may obtain a loan in any amount between a minimum of $1,000 and a maximum of $50,000, but not more than 50% of the participant's account balance at the time of the loan. Participants may elect up to five years to repay the loan, unless the loan is used for the purchase of a principal residence, in which case they may elect up to 30 years for repayment. Participants are allowed to have up to two loans outstanding at any time. Principal and interest is paid ratably through monthly payroll deductions or direct payment, as applicable. The interest rate for loans is equal to the prime rate plus 1% on the last day of the month preceding the month the loan is initiated. The interest rate on amounts borrowed is set at the time the loan is executed and remains in effect for the duration of the loan. In the event a participant defaults on the repayment of a loan, the loan will be considered a taxable distribution and may be subject to an early withdrawal penalty. To date, the Plan has not experienced any collectability issues with participant loans.

Withdrawals by Participants While Employed

Participants may elect to withdraw all or part of the investments attributable to their after-tax contributions. Except for death, disability, retirement, separation from service or under certain circumstances of hardship, contributions made on a before-tax basis may not be withdrawn until a participant attains age 59 $^1/_2$. Active employees who attain age 59 $^1/_2$ may request to receive a distribution of their before-tax account balances. Participants who make a hardship withdrawal, and participants who have less than five years of service and withdraw after-tax contributions that have not been in the Plan for two calendar years (unmatured), are suspended from making contributions to the Plan for six months. Company matching contributions that have been in the Plan for two calendar years following the year contributed (matured) are also eligible to be withdrawn.

Distributions upon Termination of Employment

Distributions to participants who retire or who separate from service are automatically deferred until 60 days after they either reach age 65 or cease active employment, whichever is later, unless they request an earlier or later distribution. Generally, participants who reach age 70 $^1/_2$ must begin receiving their Plan distribution by April 1 of the following year. The distribution options include lump sum or installments paid monthly, quarterly, or annually for up to 10 years.

Plan Costs

A participant's account balance will be charged with certain fees and expenses. Asset-based fees (e.g., management fees and other operating expenses) are used to cover the expenses related to running an investment fund, and are generally deducted directly from a participant's investment returns.

Plan administration fees cover the day-to-day expenses of administering the Plan, and may be charged directly to a participant's account, covered by a portion of the asset-based fees deducted directly from investment returns, or paid through revenue-sharing payments made from investment managers to the Recordkeeper. Transaction-based fees also may be charged with respect to optional features offered under the Plan (e.g., loans, domestic relations orders), and are charged directly against a participant's account balance.

Participant Accounts

Each participant's account is credited with the participant's contribution and allocations of (i) the corresponding employer contributions and (ii) Plan earnings, and charged with an allocation of administrative expenses. Allocations are based on participant elections or account balances, as applicable. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting of Participants' Accounts

Participants are fully vested in their accounts at all times.

Investment Income

Dividends and earnings received on all funds, with the exception of Exelon Corporation common stock, are automatically reinvested in the fund to which those earnings apply.

Employee Stock Ownership Plan

If a participant invests any portion of his or her account in Exelon Corporation common stock and is eligible to receive dividend distributions from the Plan, then the participant is deemed to have elected to have the dividends reinvested in Exelon Corporation common stock. If the participant prefers to receive any such dividends in cash, he or she can so elect by contacting the Plan Recordkeeper. Dividends distributed to the participant in cash from the Plan are subject to income tax as a dividend and not subject to an early withdrawal penalty.

2. Summary of Significant Accounting Policies

General

The Plan follows the accrual method of accounting, in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Withdrawals and distributions are recorded when paid.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires the Plan Administrator to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Accordingly, actual results may differ from those estimates.

Investment Valuation and Income Recognition

The Plan's investments are stated at fair value, with the exception of the T. Rowe Price Stable Value Fund, which is stated at "contract value", which is equal to a participant's principal balance plus accrued interest. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Income from other investments is recorded as earned on an accrual basis. The Plan presents, in the Statement of Changes in Net Assets Available for Benefits, the Plan's investment income. See Note 3 – Fair Value of Investments for further information.

Fully Benefit-Responsive Investment Contracts

The investments of the T. Rowe Price Stable Value Fund include fully benefit-responsive investment ("wrap") contracts. The objective of investing in wrap contracts is to ensure this fund's ability to distribute benefits at contract value. In a typical wrap contract, if the fund's underlying assets have been exhausted by investor redemptions the issuing bank or insurance company agrees to pay a fund the contract value of remaining redemptions, provided all the terms of the wrap contract have been met. Wrap contracts may include terms that establish limits on the fund's investments, such as maximum duration limits, minimum credit standards, and diversification requirements.

Wrap contracts accrue interest using a formula called the "crediting rate." The crediting rate is the discount rate that equates the estimated future market value with the fund's current contract value and is reset quarterly. The crediting rate may be impacted by factors that include: contributions, withdrawals by participants, the current yield and duration of the assets underlying the contract, and the existing difference between the fair value of the securities and the contract value of the assets within the insurance contract.

To the extent the underlying portfolio has unrealized and/or realized losses, a positive adjustment is made when reconciling from fair value to contract value under contract value accounting. As a result, the future crediting rate may be lower over time than the current market rates. Similarly, if the underlying portfolio generates unrealized and/or realized gains, a negative adjustment is made when reconciling from fair value to contract value, and the future crediting rate may be higher than the current market rates. The wrap contracts provide a guarantee that the crediting rate will not fall below 0%. The average current yield earned by the Plan as of July 1, 2014 and December 31, 2013 was computed to be 2.20% and 2.06%, respectively. The average current yield earned by the trust as adjusted to reflect the actual interest rate credited to unit holders as of July 1, 2014 and December 31, 2013 was 2.24% and 2.29%, respectively.

Investment contracts held by a defined contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the plan. The Statements of Net Assets Available for Benefits present the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The Statement of Changes in Net Assets Available for Benefits is prepared using contract value basis for fully benefit-responsive investment contracts.

Investments in wrap contracts are fair valued using a discounted cash flow model that considers recent fee bids, discount rate, and the duration of the underlying securities. The following table presents the fair value of Plan funds with investment contracts and the adjustment required to report at contract value:

	July 1, 2014	December 31, 2013
T. Rowe Price Stable Value Fund at fair value	$ —	$179,837,828
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	—	(2,513,222)
T. Rowe Price Stable Value Fund at contract value	$ —	$177,324,606

If they were to occur, certain events would limit the ability of the Plan to transact at contract value with the issuer. Specifically, any event outside the normal operation of the Plan that causes a withdrawal from an investment contract may result in a negative market value adjustment with respect to such withdrawal. Such events include, but are not limited to, partial or complete legal termination of the Plan, tax disqualification of the Plan, and certain Plan amendments if the issuers' consent is not obtained. The issuer has certain rights to terminate a contract and settle at an amount that differs from contract value. For example, certain breaches by the Plan under the terms of the investment contract can result in its termination at market value. Termination may also occur with no payment obligation from the issuer if the performance of the contract constitutes a prohibited transaction under ERISA or other applicable law, if the Plan or the Trustee suffers an insolvency, or if there is a change in law or accounting standards that makes it impermissible to account for an investment contract on a contract-value basis.

In connection with the merger of the Plan into the Exelon Savings Plan on July 1, 2014, the Plan liquidated the T. Rowe Price Stable Value Fund at contract value on July 1, 2014.

Notes Receivable from Participants

Notes receivable from participants are valued at their unpaid principal balance plus accrued interest.

3. Fair Value of Investments

Recurring Fair Value Measurements

To increase consistency and comparability in fair value measurements, the FASB established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1 — unadjusted quoted prices in active markets for identical assets for which the Plan has the ability to access as of the reporting date. Financial assets valued using Level 1 inputs include Exelon Corporation common stock and registered investment company securities.

  Exelon Corporation Common Stock. The Constellation Energy Group Employee Savings Plan invests in Exelon Corporation common stock. Exelon Corporation common stock is valued at the closing price reported by the New York Stock Exchange.

  Registered Investment Company Securities. Registered investment company securities are investment funds maintained by investment companies that hold certain investments in accordance with a stated set of fund objectives, usually mutual funds. These funds have values that are publicly quoted on a daily basis in active markets.

- Level 2 — inputs other than quoted prices included within Level 1 that are directly observable for the asset or indirectly observable through corroboration with observable market data. Financial assets valued using Level 2 inputs include common/collective trust funds.

  Common/Collective Trust Funds. Common/collective trust funds are maintained by investment companies and hold certain investments in accordance with a stated set of fund objectives. For common/collective trust funds, which are not publicly quoted, the fund administrators value the funds using the net asset value per fund share, derived from the quoted prices in active markets of the underlying securities.

- Level 3 — unobservable inputs, such as internally-developed pricing models for the asset due to little or no market activity for the asset. The Plan does not have any financial assets utilizing Level 3 inputs.

There were no transfers between Level 1 and Level 2 during the six months ended July 1, 2014 and the year ended December 31, 2013.

As described in Note 1, the Plan has no assets at July 1, 2014. The following table presents assets measured and recorded at fair value on the Plan's Statements of Net Assets Available for Benefits on a recurring basis and their level within the fair value hierarchy as of December 31, 2013:

As of December 31, 2013

	Level 1	Level 2	Level 3	Total
Investments:				
Exelon Corporation common stock:	$ 98,438,894	$ —	$ —	$ 98,438,894
Common/collective trust funds:				
Target date/blended strategy funds	—	282,554,685	—	282,554,685
Domestic equity funds	—	212,583,332	—	212,583,332
Stable value funds	—	179,837,828	—	179,837,828
Registered investment company securities:				
Domestic equity funds	280,587,157	—	—	280,587,157
International equity funds	74,022,830	—	—	74,022,830
Fixed income funds	53,507,150	—	—	53,507,150
Total investments	$506,556,031	$674,975,845	$ —	$1,181,531,876

On July 1, 2013, several registered investment company securities were replaced with similar common/collective trust investment options.

Short-term investments of $0 and $11,867 as of July 1, 2014 and December 31, 2013, respectively, are in cash and, therefore, are excluded from the table above.

For the six months ended July 1, 2014, the Plan's investments measured at fair value, including gains or losses on investments bought, sold, and held during the period, appreciated in value as shown in the following table:

	Six Months Ended July 1, 2014
Investments valued based on quoted prices in active markets:	
Exelon Corporation common stock	$ 31,740,696
Registered investment company securities	18,018,832
Investments valued by other methods:	
Common/collective trust funds	23,945,315
Net appreciation in the fair value of investments	$ 73,704,843

The fair values of the Plan's investments that represent 5% or more of the Plan's net assets, at July 1, 2014 and December 31, 2013, are summarized as follows:

	July 1, 2014	December 31, 2013
T. Rowe Price Stable Value Common Trust Fund	$ —	$ 179,837,828
Vanguard Institutional Index	—	108,493,342
Exelon Corporation Common Stock	—	98,438,894
T. Rowe Price Growth Stock Trust	—	85,708,201
T. Rowe Price Mid-Cap Growth Fund	—	80,911,489
Fidelity Diversified International	—	74,022,830
T. Rowe Price Equity Income Trust	—	71,350,442

4. Risks and Uncertainties

The Plan provides for various investment options in several investment securities and instruments. Investment securities are exposed to various risks, such as interest, market and credit risk. Due to the level of risks associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in values in the near term could materially affect participants' account balances and the amounts reported in the Statements of Net Assets Available for Benefits and the Statement of Changes in Net Assets Available for Benefits.

From time to time, investment managers may use derivative financial instruments including futures, forward foreign exchange, and swap contracts. Derivative instruments may be used to mitigate exposure to foreign exchange rate and interest rate fluctuations as well as manage the investment mix in the portfolio. The Plan's exposure is limited to the fund(s) utilizing such derivative investments. Risks of entering into derivatives include the risk of an illiquid market, inability of a counterparty to perform, or unfavorable movement in foreign currency exchange rates, interest rates, or the underlying securities.

Some investment managers may engage in securities lending programs in which the funds lend securities to borrowers, with the objective of generating additional income. The borrowers of fund securities deliver collateral to secure each loan in the form of cash, securities, or letters of credit, and are required to maintain the collateral at a level no less than 100% of the market value of the loaned securities. Cash collateral is invested in common/collective trust funds or collateral pools. Participation in securities lending programs involves exposure to the risk that the borrower may default and there may be insufficient collateral to buy back the security. Lenders of securities also face the risk that invested cash collateral may become impaired or that the interest paid on loans may exceed the amount earned on the invested collateral. The Plan's exposure is limited to the funds that lend securities.

5. Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500:

	July 1, 2014	December 31, 2013
Net Assets Available for Benefits per the Financial Statements	$ —	$ 1,207,003,145
Add: Adjustment from contract value to fair value for fully benefit-responsive investment contracts	—	2,513,222
Net Assets Available for Benefits per the Form 5500	$ —	$ 1,209,516,367

The following is a reconciliation of the changes in net assets per the financial statements to the Form 5500:

	Six Months Ended July 1, 2014
Net decrease in Net Assets Available for Benefits per the Financial Statements	$(159,161,564)
Less: Adjustment from contract value to fair value for fully benefit-responsive investment contracts at beginning of year	(2,513,222)
Net decrease in Net Assets Available for Benefits per the Form 5500	$(161,674,786)

The accompanying financial statements present fully benefit-responsive investment contracts at contract value. The Form 5500 requires fully benefit-responsive investment contracts to be reported at fair value.

6. Income Tax Status

The Company received the latest favorable determination letter from the IRS, dated July 8, 2010. Although the Plan has been amended and restated since receiving the determination letter, the Plan Administrator believes that the Plan remains in compliance with the applicable requirements of the Code. In 2011, the Recordkeeper reported to the Plan that it failed to default certain participant loans in a timely manner. The Recordkeeper pursued a correction through the IRS's Voluntary Correction Program, which the IRS approved on July 8, 2014. Therefore, it is believed that the Plan was qualified and was tax-exempt as of the financial statement date. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan Administrator believes it is no longer subject to income examination for years prior to 2010.

7. Related-Party Transactions

The Plan includes investments in funds managed by the Trustee. Fees incurred by the Plan paid to the Trustee amounted to $40,928 and $153,862 in 2014 and 2013, respectively. The Plan also holds shares of Exelon Corporation common stock. These transactions qualify as exempt party-in-interest transactions, in accordance with ERISA. There have been no known prohibited transactions with a party-in-interest.

EXHIBIT INDEX

Exhibit filed with Form 11-K for the six months ended July 1, 2014:

Exhibit No.	Description of Exhibit
23	Consent of Independent Registered Public Accounting Firm

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

Constellation Energy Group, Inc. Employee Savings Plan

Date: December 18, 2014

/s/ Jennifer Franco
Jennifer Franco
Plan Administrator

S1-SSA-0009 - 26967

Exhibit 23
Exelon Corporation
Form 11-K File No. 1-16169

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statement on Forms S-8 (No.'s 333-175162) of Exelon Corporation of our report dated December 10, 2014, with respect to the statements of net assets available for benefits of the Constellation Energy Group, Inc. Employee Savings Plan as of July 1, 2014 and December 31, 2013 and the related statement of changes in net assets available for benefits for the six months ended July 1, 2104, which appears in the July 1, 2014 annual report on Form 11-K of the Constellation Energy Group, Inc. Employee Savings Plan.

/s/ WASHINGTON, PITTMAN & McKEEVER, LLC

Chicago, Illinois
December 18, 2014

Filed pursuant to Rule 433
Relating to Preliminary Prospectus Supplement dated March 29, 2017
to Prospectus dated May 23, 2014
Registration No. 333-196220

EXELON CORPORATION
FINAL TERM SHEET

March 29, 2017

Issuer:	Exelon Corporation
Title:	3.497% Junior Subordinated Notes due 2022 [1]
Principal Amount:	$1,150,000,000
Expected Ratings (Moody's/S&P/Fitch): [2]	Baa3 (stable outlook) / BBB- (stable outlook) / BBB- (stable outlook)
Trade Date:	March 29, 2017
Settlement Date:	April 3, 2017
Final Maturity Date:	June 1, 2022
Interest Payment Dates:	June 1 and December 1
First Interest Payment Date:	June 1, 2017, which payment will include interest accrued at an annual rate of 2.50% from, and including, March 1, 2017 to, but excluding, April 3, 2017 and at an annual rate of 3.497% from, and including, April 3, 2017 to, but excluding, June 1, 2017.
Redemption:	At any time on and after May 1, 2022 (1 month prior to the maturity date of the Notes), the Notes may be redeemed, at the issuer's option, in whole or in part, at a redemption price equal to 100% of the principal amount of Notes then outstanding to be redeemed plus accrued and unpaid interest on the principal amount being redeemed to, but excluding, the redemption date.
Benchmark Treasury:	1.875% due February 28, 2022

1 This communication relates to the remarketing of the issuer's 2.50% Junior Subordinated Notes due 2024. Following the remarketing, the notes will be redesignated as the 3.497% Junior Subordinated Notes due 2022.

2 A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

Benchmark Treasury Yield:	1.933%
Benchmark Treasury Price:	99-23 1/4
Spread to Benchmark Treasury:	+150 bps
Reoffer Yield:	3.433%
Coupon:	3.497%
Price to Public:	100.303%, plus interest accrued at an annual rate of 2.50% from, and including, March 1, 2017 to, but excluding, April 3, 2017.
Remarketing Fee: [3]	0.600%
CUSIP/ISIN:	30161N AW1 / US30161NAW11
Joint Book-Running Remarketing Agents:	Citigroup Global Markets Inc. Goldman, Sachs & Co. Merrill Lynch, Pierce, Fenner & Smith Incorporated Credit Agricole Securities (USA) Inc. Credit Suisse Securities (USA) LLC PNC Capital Markets LLC
Senior Co-Managing Remarketing Agent:	Loop Capital Markets LLC
Co-Managing Remarketing Agents:	Lebenthal & Co., LLC Mischler Financial Group, Inc.

The issuer has filed a registration statement (including a prospectus) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents the issuer has filed with the SEC, including the preliminary prospectus supplement dated March 29, 2017, for more complete information about the issuer and this offering. You may get these documents for free by visiting EDGAR on the SEC web site at www.sec.gov. Alternatively, the issuer, any remarketing agent or any dealer participating in the offering will arrange to send you the prospectus and preliminary prospectus supplement if you request them by calling:

Citigroup Global Markets Inc.	1-800-831-9146
Goldman, Sachs & Co.	1-866-471-2526
Merrill Lynch, Pierce, Fenner & Smith Incorporated	1-800-294-1322

[3] To be paid by the issuer.

S1-SSA-0009 - 26970

Filed Pursuant to Rule 433
Registration Statement No. 333-196220
Dated April 4, 2016

Exelon Corporation
Pricing Term Sheet

$300,000,000 2.450% Notes Due 2021

Issuer:	Exelon Corporation
Expected Ratings:	—
Principal Amount:	$300,000,000
Security Type:	Notes
Trade Date:	April 4, 2016
Settlement Date:	April 7, 2016 (T+3)
Coupon:	2.450%
Maturity Date:	April 15, 2021
Interest Payment Dates:	Semi-annually on April 15 and October 15, commencing October 15, 2016
Benchmark Treasury:	1.25% due March 31, 2021
Benchmark Treasury Yield:	1.205%
Spread to Benchmark Treasury:	+125 basis points
Yield to Maturity:	2.455%
Offering Price:	99.976% of Principal Amount
Optional Redemption:	At any time prior to March 15, 2021 (one month prior to the maturity date of the 2021 Notes), at a redemption price equal to the greater of (i) 100% of the principal amount of the notes then outstanding to be redeemed and (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the notes (exclusive of interest accrued to the redemption date) being redeemed to March 15, 2021, at a discount rate of Treasury plus 20 basis points, plus accrued and unpaid interest to the redemption date; and on or after March 15, 2021 (one month prior to the maturity date of the 2021 Notes), at 100% of the principal amount, plus accrued and unpaid interest to the redemption date
CUSIP / ISIN:	30161NAT8 / US30161NAT81
Joint Book-Running Managers:	Barclays Capital Inc. Goldman, Sachs & Co. J.P. Morgan Securities LLC Scotia Capital (USA) Inc. Credit Suisse Securities (USA) LLC RBC Capital Markets, LLC TD Securities (USA) LLC
Senior Co-Manager:	BNY Mellon Capital Markets, LLC
Co-Managers:	Lebenthal & Co., LLC Mischler Financial Group, Inc. Samuel A. Ramirez & Company, Inc. The Williams Capital Group, L.P.

$750,000,000 3.400% Notes Due 2026

Issuer:	Exelon Corporation
Expected Ratings:	—
Principal Amount:	$750,000,000
Security Type:	Notes
Trade Date:	April 4, 2016
Settlement Date:	April 7, 2016 (T+3)
Coupon:	3.400%
Maturity Date:	April 15, 2026
Interest Payment Dates:	Semi-annually on April 15 and October 15, commencing October 15, 2016
Benchmark Treasury:	1.625% due February 15, 2026
Benchmark Treasury Yield:	1.757%
Spread to Benchmark Treasury:	+165 basis points
Yield to Maturity:	3.407%
Offering Price:	99.940% of Principal Amount
Optional Redemption:	At any time prior to January 15, 2026 (three months prior to the maturity date of the 2026 Notes), at a redemption price equal to the greater of (i) 100% of the principal amount of the notes then outstanding to be redeemed and (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the notes (exclusive of interest accrued to the redemption date) being redeemed to January 15, 2026, at a discount rate of Treasury plus 25 basis points, plus accrued and unpaid interest to the redemption date; and on or after January 15, 2026 (three months prior to the maturity date of the 2026 Notes), at 100% of the principal amount, plus accrued and unpaid interest to the redemption date
CUSIP / ISIN:	30161NAU5 / US30161NAU54
Joint Book-Running Managers:	Barclays Capital Inc. Goldman, Sachs & Co. J.P. Morgan Securities LLC Scotia Capital (USA) Inc. Credit Suisse Securities (USA) LLC RBC Capital Markets, LLC TD Securities (USA) LLC
Senior Co-Manager:	BNY Mellon Capital Markets, LLC
Co-Managers:	Lebenthal & Co., LLC Mischler Financial Group, Inc. Samuel A. Ramirez & Company, Inc. The Williams Capital Group, L.P.

$750,000,000 4.450% Notes Due 2046

Issuer:	Exelon Corporation
Expected Ratings:	—
Principal Amount:	$750,000000
Security Type:	Notes
Trade Date:	April 4, 2016
Settlement Date:	April 7, 2016 (T+3)
Coupon:	4.450%
Maturity Date:	April 15, 2046
Interest Payment Dates:	Semi-annually on April 15 and October 15, commencing October 15, 2016
Benchmark Treasury:	3.00% due November 15, 2045
Benchmark Treasury Yield:	2.581%
Spread to Benchmark Treasury:	+190 basis points
Yield to Maturity:	4.481%
Offering Price:	99.490% of Principal Amount
Optional Redemption:	At any time prior to October 15, 2045 (six months prior to the maturity date of the 2046 Notes), at a redemption price equal to the greater of (i) 100% of the principal amount of the notes then outstanding to be redeemed and (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the notes (exclusive of interest accrued to the redemption date) being redeemed to October 15, 2045, at a discount rate of Treasury plus 30 basis points, plus accrued and unpaid interest to the redemption date; and on or after October 15, 2045 (six months prior to the maturity date of the 2046 Notes), at 100% of the principal amount, plus accrued and unpaid interest to the redemption date
CUSIP / ISIN:	30161NAV3 / US30161NAV38
Joint Book-Running Managers:	Barclays Capital Inc. Goldman, Sachs & Co. J.P. Morgan Securities LLC Scotia Capital (USA) Inc. Credit Suisse Securities (USA) LLC RBC Capital Markets, LLC TD Securities (USA) LLC
Senior Co-Manager:	BNY Mellon Capital Markets, LLC
Co-Managers:	Lebenthal & Co., LLC Mischler Financial Group, Inc. Samuel A. Ramirez & Company, Inc. The Williams Capital Group, L.P.

The issuer has filed a registration statement (including a prospectus) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents the issuer has filed with the SEC for more complete information about the issuer and this offering. You may get these documents for free by visiting EDGAR on the SEC Web site at www.sec.gov. Alternatively, the issuer, any underwriter or any dealer participating in the offering will arrange to send you the prospectus if you request it by calling Barclays Capital Inc. toll-free at 1-888-603-5847, Goldman, Sachs & Co. toll-free at 1-866-471-2526, J.P. Morgan Securities LLC collect at 1-212-834-44533 and Scotia Capital (USA) Inc. toll-free at 1-800-372-3930.

Free Writing Prospectus Filed
Pursuant to Rule 433
To Prospectus dated May 23, 2014
Preliminary Prospectus Supplement
dated June 8, 2015
Registration Statement File No. 333-196220

Exelon Corporation
Pricing Term Sheet

$550,000,000 1.550% Notes Due 2017

Issuer:	Exelon Corporation
Expected Ratings *:	Baa2 (Moody's) / BBB- (S&P) / BBB+ (Fitch)
Principal Amount:	$550,000,000
Security Type:	Notes
Trade Date:	June 8, 2015
Settlement Date:	June 11, 2015 (T+3)
Coupon:	1.550%
Maturity Date:	June 9, 2017
Interest Payment Dates:	Semi-annually on June 9 and December 9, commencing December 9, 2015
Benchmark Treasury:	0.625% due May 31, 2017
Benchmark Treasury Yield:	0.685%
Spread to Benchmark Treasury:	+90 basis points
Yield to Maturity:	1.585%
Offering Price:	99.932% of Principal Amount
Optional Redemption:	At any time, at a redemption price equal to the greater of (i) 100% of the principal amount of the notes then outstanding to be redeemed and (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the notes (exclusive of interest accrued to the redemption date) being redeemed to maturity, at a discount rate of Treasury plus 15 basis points, plus accrued and unpaid interest to the redemption date
CUSIP / ISIN:	30161N AG6 / US30161NAG60
Joint Book-Running Managers:	Barclays Capital Inc. Goldman, Sachs & Co. BNP Paribas Securities Corp. Mitsubishi UFJ Securities (USA), Inc. Mizuho Securities USA Inc. Scotia Capital (USA) Inc.
Senior Co-Managers:	Merrill Lynch, Pierce, Fenner & Smith Incorporated Citigroup Global Markets Inc. Credit Suisse Securities (USA) LLC J.P. Morgan Securities LLC RBC Capital Markets, LLC U.S. Bancorp Investments, Inc. Wells Fargo Securities, LLC
Co-Managers:	Apto Partners, LLC Blaylock Beal Van, LLC BNY Mellon Capital Markets, LLC CIBC World Markets Corp. Credit Agricole Securities (USA) Inc. KeyBanc Capital Markets Inc. Loop Capital Markets LLC Mischler Financial Group, Inc. PNC Capital Markets LLC Siebert Brandford Shank & Co., L.L.C. SMBC Nikko Securities America, Inc. TD Securities (USA) LLC

$900,000,000 2.850% Notes Due 2020

Issuer:	Exelon Corporation
Expected Ratings * :	Baa2 (Moody's) / BBB- (S&P) / BBB+ (Fitch)
Principal Amount:	$900,000,000
Security Type:	Notes
Trade Date:	June 8, 2015
Settlement Date:	June 11, 2015 (T+3)
Coupon:	2.850%
Maturity Date:	June 15, 2020
Interest Payment Dates:	Semi-annually on June 15 and December 15, commencing December 15, 2015
Benchmark Treasury:	1.50% due May 31, 2020
Benchmark Treasury Yield:	1.704%
Spread to Benchmark Treasury:	+115 basis points
Yield to Maturity:	2.854%
Offering Price:	99.981% of Principal Amount
Optional Redemption:	At any time prior to May 15, 2020 (one month prior to the maturity date of the 2020 Notes), at a redemption price equal to the greater of (i) 100% of the principal amount of the notes then outstanding to be redeemed and (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the notes (exclusive of interest accrued to the redemption date) being redeemed to May 15, 2020, at a discount rate of Treasury plus 20 basis points, plus accrued and unpaid interest to the redemption date; and on or after May 15, 2020 (one month prior to the maturity date of the 2020 Notes), at 100% of the principal amount, plus accrued and unpaid interest to the redemption date
CUSIP / ISIN:	30161N AH4 / US30161NAH44
Joint Book-Running Managers:	Barclays Capital Inc. Goldman, Sachs & Co. BNP Paribas Securities Corp. Mitsubishi UFJ Securities (USA), Inc. Mizuho Securities USA Inc. Scotia Capital (USA) Inc.
Senior Co-Managers:	Merrill Lynch, Pierce, Fenner & Smith Incorporated Citigroup Global Markets Inc. Credit Suisse Securities (USA) LLC J.P. Morgan Securities LLC RBC Capital Markets, LLC U.S. Bancorp Investments, Inc. Wells Fargo Securities, LLC
Co-Managers:	Apto Partners, LLC Blaylock Beal Van, LLC BNY Mellon Capital Markets, LLC CIBC World Markets Corp. Credit Agricole Securities (USA) Inc. KeyBanc Capital Markets Inc. Loop Capital Markets LLC Mischler Financial Group, Inc. PNC Capital Markets LLC Siebert Brandford Shank & Co., L.L.C. SMBC Nikko Securities America, Inc. TD Securities (USA) LLC The Huntington Investment Company The Williams Capital Group, L.P.

$1,250,000,000 3.950% Notes Due 2025

Issuer:	Exelon Corporation
Expected Ratings * :	Baa2 (Moody's) / BBB- (S&P) / BBB+ (Fitch)
Principal Amount:	$1,250,000,000
Security Type:	Notes
Trade Date:	June 8, 2015
Settlement Date:	June 11, 2015 (T+3)
Coupon:	3.950%
Maturity Date:	June 15, 2025
Interest Payment Dates:	Semi-annually on June 15 and December 15, commencing December 15, 2015
Benchmark Treasury:	2.125% due May 15, 2025
Benchmark Treasury Yield:	2.375%
Spread to Benchmark Treasury:	+160 basis points
Yield to Maturity:	3.975%
Offering Price:	99.795% of Principal Amount
Special Mandatory Redemption:	Upon the first to occur of either (i) December 31, 2015, if the merger between Exelon Corporation and Pepco Holdings, Inc. (the "Merger") is not consummated on or prior to such date, or (ii) the date on which the agreement relating to the Merger is terminated, in whole, at a price equal to 101% of the aggregate principal amount of the notes then outstanding, plus accrued and unpaid interest to the redemption date
Optional Redemption:	If, in Exelon Corporation's judgment, the Merger will not be consummated on or prior to December 31, 2015, in whole, at a redemption price equal to 101% of the aggregate principal amount of the notes then outstanding, plus accrued and unpaid interest to the redemption date; and at any time prior to March 15, 2025 (three months prior to the maturity date of the 2025 Notes), at a redemption price equal to the greater of (i) 100% of the principal amount of the notes then outstanding to be redeemed and (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the notes (exclusive of interest accrued to the redemption date) being redeemed to March 15, 2025, at a discount rate of Treasury plus 25 basis points, plus accrued and unpaid interest to the redemption date; and on or after March 15, 2025 (three months prior to the maturity date of the 2025 Notes), at 100% of the principal amount plus accrued and unpaid interest to the redemption date
CUSIP / ISIN:	30161N AJ0 / US30161NAJ00
Joint Book-Running Managers:	Barclays Capital Inc. Goldman, Sachs & Co. BNP Paribas Securities Corp. Mitsubishi UFJ Securities (USA), Inc. Mizuho Securities USA Inc. Scotia Capital (USA) Inc.
Senior Co-Managers:	Merrill Lynch, Pierce, Fenner & Smith Incorporated Citigroup Global Markets Inc. Credit Suisse Securities (USA) LLC J.P. Morgan Securities LLC RBC Capital Markets, LLC U.S. Bancorp Investments, Inc. Wells Fargo Securities, LLC

Co-Managers:	Apto Partners, LLC Blaylock Beal Van, LLC BNY Mellon Capital Markets, LLC CIBC World Markets Corp. Credit Agricole Securities (USA) Inc. KeyBanc Capital Markets Inc. Loop Capital Markets LLC Mischler Financial Group, Inc. PNC Capital Markets LLC Siebert Brandford Shank & Co., L.L.C. SMBC Nikko Securities America, Inc. TD Securities (USA) LLC The Huntington Investment Company The Williams Capital Group, L.P.

$500,000,000 4.950% Notes Due 2035

Issuer:	Exelon Corporation
Expected Ratings * :	Baa2 (Moody's) / BBB- (S&P) / BBB+ (Fitch)
Principal Amount:	$500,000,000
Security Type:	Notes
Trade Date:	June 8, 2015
Settlement Date:	June 11, 2015 (T+3)
Coupon:	4.950%
Maturity Date:	June 15, 2035
Interest Payment Dates:	Semi-annually on June 15 and December 15, commencing December 15, 2015
Benchmark Treasury:	2.50% due February 15, 2045
Benchmark Treasury Yield:	3.122%
Spread to Benchmark Treasury:	+185 basis points
Yield to Maturity:	4.972%
Offering Price:	99.722% of Principal Amount
Special Mandatory Redemption:	Upon the first to occur of either (i) December 31, 2015, if the merger between Exelon Corporation and Pepco Holdings, Inc. (the "Merger") is not consummated on or prior to such date, or (ii) the date on which the agreement relating to the Merger is terminated, in whole, at a price equal to 101% of the aggregate principal amount of the notes then outstanding, plus accrued and unpaid interest to the redemption date
Optional Redemption:	If, in Exelon Corporation's judgment, the Merger will not be consummated on or prior to December 31, 2015, in whole, at a redemption price equal to 101% of the aggregate principal amount of the notes then outstanding, plus accrued and unpaid interest to the redemption date; at any time prior to December 15, 2034 (six months prior to the maturity date of the 2035 Notes), at a redemption price equal to the greater of (i) 100% of the principal amount of the notes then outstanding to be redeemed and (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the notes (exclusive of interest accrued to the redemption date) being redeemed to December 15, 2034, at a discount rate of Treasury plus 30 basis points plus accrued and unpaid interest to the redemption date; and on or after December 15, 2034 (six months prior to the maturity date of the 2035 Notes), at 100% of the principal amount plus accrued and unpaid interest to the redemption date
CUSIP / ISIN:	30161N AK7 / US30161NAK72
Joint Book-Running Managers:	Barclays Capital Inc. Goldman, Sachs & Co. BNP Paribas Securities Corp. Mitsubishi UFJ Securities (USA), Inc. Mizuho Securities USA Inc. Scotia Capital (USA) Inc.
Senior Co-Managers:	Merrill Lynch, Pierce, Fenner & Smith Incorporated Citigroup Global Markets Inc. Credit Suisse Securities (USA) LLC J.P. Morgan Securities LLC RBC Capital Markets, LLC U.S. Bancorp Investments, Inc. Wells Fargo Securities, LLC

Co-Managers:	Apto Partners, LLC Blaylock Beal Van, LLC BNY Mellon Capital Markets, LLC CIBC World Markets Corp. Credit Agricole Securities (USA) Inc. KeyBanc Capital Markets Inc. Loop Capital Markets LLC Mischler Financial Group, Inc. PNC Capital Markets LLC Siebert Brandford Shank & Co., L.L.C. SMBC Nikko Securities America, Inc. TD Securities (USA) LLC The Huntington Investment Company The Williams Capital Group, L.P.

$1,000,000,000 5.100% Notes Due 2045

Issuer:	Exelon Corporation
Expected Ratings * :	Baa2 (Moody's) / BBB- (S&P) / BBB+ (Fitch)
Principal Amount:	$1,000,000,000
Security Type:	Notes
Trade Date:	June 8, 2015
Settlement Date:	June 11, 2015 (T+3)
Coupon:	5.100%
Maturity Date:	June 15, 2045
Interest Payment Dates:	Semi-annually on June 15 and December 15, commencing December 15, 2015
Benchmark Treasury:	2.50% due February 15, 2045
Benchmark Treasury Yield:	3.122%
Spread to Benchmark Treasury:	+200 basis points
Yield to Maturity:	5.122%
Offering Price:	99.664% of Principal Amount
Special Mandatory Redemption:	Upon the first to occur of either (i) December 31, 2015, if the merger between Exelon Corporation and Pepco Holdings, Inc. (the "Merger") is not consummated on or prior to such date, or (ii) the date on which the agreement relating to the Merger is terminated, in whole, at a price equal to 101% of the aggregate principal amount of the notes then outstanding, plus accrued and unpaid interest to the redemption date
Optional Redemption:	If, in Exelon Corporation's judgment, the Merger will not be consummated on or prior to December 31, 2015, in whole, at a redemption price equal to 101% of the aggregate principal amount of the notes then outstanding, plus accrued and unpaid interest to the redemption date; at any time prior to December 15, 2044 (six months prior to the maturity date of the 2045 Notes), at a redemption price equal to the greater of (i) 100% of the principal amount of the notes then outstanding to be redeemed and (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the notes (exclusive of interest accrued to the redemption date) being redeemed to December 15, 2044, at a discount rate of Treasury plus 30 basis points plus accrued and unpaid interest to the redemption date; and on or after December 15, 2044 (six months prior to the maturity date of the 2045 Notes), at 100% of the principal amount plus accrued and unpaid interest to the redemption date
CUSIP / ISIN:	30161N AL5 / US30161NAL55
Joint Book-Running Managers:	Barclays Capital Inc. Goldman, Sachs & Co. BNP Paribas Securities Corp. Mitsubishi UFJ Securities (USA), Inc. Mizuho Securities USA Inc. Scotia Capital (USA) Inc.
Senior Co-Managers:	Merrill Lynch, Pierce, Fenner & Smith Incorporated Citigroup Global Markets Inc. Credit Suisse Securities (USA) LLC J.P. Morgan Securities LLC RBC Capital Markets, LLC U.S. Bancorp Investments, Inc. Wells Fargo Securities, LLC

Co-Managers:	Apto Partners, LLC Blaylock Beal Van, LLC BNY Mellon Capital Markets, LLC CIBC World Markets Corp. Credit Agricole Securities (USA) Inc. KeyBanc Capital Markets Inc. Loop Capital Markets LLC Mischler Financial Group, Inc. PNC Capital Markets LLC Siebert Brandford Shank & Co., L.L.C. SMBC Nikko Securities America, Inc. TD Securities (USA) LLC The Huntington Investment Company The Williams Capital Group, L.P.

* **Note:** A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

The issuer has filed a registration statement (including a prospectus) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents the issuer has filed with the SEC for more complete information about the issuer and this offering. You may get these documents for free by visiting EDGAR on the SEC Web site at www.sec.gov. Alternatively, the issuer, any underwriter or any dealer participating in the offering will arrange to send you the prospectus if you request it by calling Barclays Capital Inc. toll-free at 1-888-603-5847 or Goldman, Sachs & Co. toll-free at 1-866-471-2526.

Free Writing Prospectus Filed Pursuant to Rule 433
To Prospectus dated May 23, 2014
Preliminary Prospectus Supplement dated June 10, 2014
Registration Statement File No. 333-196220

EXELON CORPORATION

Offering of:

20,000,000 Equity Units
(Initially Consisting of 20,000,000 Corporate Units)
(the "Equity Units Offering")

Pricing Term Sheet dated
June 11, 2014

The information in this pricing term sheet relates to the Equity Units Offering and should be read together with the preliminary prospectus supplement dated June 10, 2014 relating to the Equity Units Offering, including the documents incorporated by reference therein and the related base prospectus dated May 23, 2014, *filed pursuant to Rule 424(b) under the Securities Act of 1933, as amended (Registration Statement File No. 333-196220). Terms used but not defined herein have the meanings ascribed to them in the preliminary prospectus supplement for the Equity Units Offering.*

Company:	Exelon Corporation
Company Stock Ticker:	New York Stock Exchange "EXC"
Trade Date:	June 12, 2014
Closing Price on June 11, 2014:	$35.75 per share
Settlement Date:	June 17, 2014
Registration Format:	SEC Registered

Equity Units Offering

Title of Securities:	Equity Units (each being referred to in this "Equity Units Offering" section as an "Equity Unit") that will each have a stated amount of $50 and will initially be in the form of a Corporate Unit (each being referred to in this "Equity Units Offering" section as a "Corporate Unit") initially consisting of a purchase contract issued by the Company and a 1/20 undivided beneficial ownership interest in $1,000 principal amount of

	2.50% Junior Subordinated Notes due 2024 to be issued by the Company (each being referred to in this "Equity Units Offering" section as a "Note").
Number of Equity Units Offered:	20,000,000 (or 23,000,000 if the underwriters exercise their option to purchase up to 3,000,000 additional Corporate Units in full).
Aggregate Equity Units Offering Amount:	$1,000,000,000 (or $1,150,000,000 if the underwriters exercise their option to purchase up to 3,000,000 additional Corporate Units in full).
Stated Amount per Equity Unit:	$50.00
Public Offering Price; Underwriting Discounts and Commissions:	The Corporate Units are being offered to the public at a price of $50.00 per Corporate Unit, for a total of $1,000,000,000. The Company's proceeds from the Equity Units Offering (after underwriting discounts of $1.50 per Corporate Unit from the public offering price (totaling $30,000,000) and before expenses)) will equal $48.50 per Corporate Unit, for a total of $970,000,000.
Interest Rate on the Notes:	2.50% per year, subject to the Company's right to defer interest payments as described in the preliminary prospectus supplement and subject to modification in connection with a successful remarketing.
Deferred Interest on the Notes:	Deferred interest on the Notes will bear interest at the interest rate applicable to the Notes, compounded on each interest payment date to, but excluding, the interest payment date on which such deferred interest is paid, subject to applicable law.
Comparable Yield:	The Company has determined that the comparable yield (as described in the preliminary prospectus supplement) for the Notes is 4.875% and the projected payments, per 1/20 undivided beneficial ownership interest in a Note, are $0.26 on September 1, 2014, $0.31 for each subsequent quarter ending on or prior to June 1, 2017, and $1.54 for each subsequent semester ending after June 1, 2017. The Company has also determined that the projected payment per 1/20 undivided

	beneficial ownership interest in a Note at the Note Maturity Date is $51.54 (which includes the stated principal amount as well as the final projected interest payment).
Contract Adjustment Payment Rate:	4.0% per year or $2.0 per year on the Stated Amount per Equity Unit subject to the Company's right to defer contract adjustment payments, as described in the preliminary prospectus supplement.
Deferred Contract Adjustment Payments:	Deferred contract adjustment payments will accrue additional contract adjustment payments at the rate equal to 6.50% per annum (which is equal to the rate of total distributions on the Corporate Units) compounded on each contract adjustment payment date to, but excluding, the contract adjustment payment date on which such deferred contract adjustment payments are paid.
Total Distribution Rate on the Corporate Units:	6.50% per annum
Reference Price:	$35.00 (subject to adjustment, as described in the preliminary prospectus supplement), the public offering price in the Concurrent Common Stock Offering (as defined in the "Concurrent Common Stock Offering" section below).
Threshold Appreciation Price:	Approximately $43.75 (subject to adjustment, as described in the preliminary prospectus supplement), which represents an appreciation of approximately 25.0% over the Reference Price.
Minimum Settlement Rate:	1.1429 shares of the Company's common stock (subject to adjustment, as described in the preliminary prospectus supplement).
Maximum Settlement Rate:	1.4286 shares of the Company's common stock (subject to adjustment, as described in the preliminary prospectus supplement), which is equal to the Stated Amount per Equity ($50.00) divided by the Reference Price
Purchase Contract Settlement Date:	June 1, 2017 (or if such day is not a business day, the following business day)
Note Maturity Date:	June 1, 2024

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Estimated Net Proceeds to the Company from the Equity Units Offering:	The net proceeds from the sale of Equity Units in the Equity Units Offering will be approximately $970 million (or approximately $1,115.50 million if the underwriters exercise their option to purchase up to 3,000,000 additional Corporate Units in full), after deducting the underwriting discounts and commissions but before deducting other offering expenses.
Joint Book-Running Managers:	Barclays Capital Inc. Goldman, Sachs & Co. Citigroup Global Markets Inc. Wells Fargo Securities, LLC
Listing:	The Company intends to apply to list the Corporate Units on the New York Stock Exchange and expects trading to commence within 30 days of the date of initial issuance of the Corporate Units under the symbol “EXCU”.
CUSIP for the Corporate Units:	30161N 127
ISIN for the Corporate Units:	US30161N1274
CUSIP for the Treasury Units:	30161N 119
ISIN for the Treasury Units:	US30161N1191
CUSIP for the Notes:	30161N AE1
ISIN for the Notes:	US30161NAE13
Allocation of the Purchase Price:	At the time of issuance, the fair market value of the applicable undivided beneficial ownership interest in each Note will be $50.0 (or 100.0% of the issue price of a Corporate Unit) and the fair market value of each purchase contract will be $0.0 (or 0.0% of the issue price of a Corporate Unit).
Early Settlement:	Subject to certain conditions described under “Description of the Purchase Contracts—Early Settlement” in the preliminary prospectus supplement, a holder of Corporate Units or Treasury Units (each being referred to in this “Equity Units Offering” section as a “Treasury Unit”) may settle the related purchase contracts at any time prior to 4:00 p.m., New York City time,

	on the second business day immediately preceding the Purchase Contract Settlement Date, other than during a blackout period (as described in the preliminary prospectus supplement) in the case of Corporate Units. An early settlement may be made only in integral multiples of 20 Corporate Units or 20 Treasury Units; however, if the Treasury portfolio has replaced the Notes as a component of the Corporate Units following a successful optional remarketing, holders of Corporate Units may settle early only in integral multiples of 80,000 Corporate Units. If a purchase contract is settled early, the number of shares of common stock to be issued upon settlement of such purchase contract will be equal to the Minimum Settlement Rate (subject to adjustment, as described in the preliminary prospectus supplement).
Early Settlement Upon a Fundamental Change:	Subject to certain conditions described under “Description of the Purchase Contracts—Early Settlement Upon a Fundamental Change,” following a “fundamental change” (as defined in the preliminary prospectus supplement) that occurs prior to the 30th scheduled trading day preceding the Purchase Contract Settlement Date, each holder of a purchase contract, subject to certain conditions described in the preliminary prospectus supplement, will have the right to accelerate and settle the purchase contract early on the fundamental change early settlement date (as defined in the preliminary prospectus supplement) at the settlement rate determined as if the applicable market value were determined, for such purpose, based on the market value averaging period starting on the 23rd scheduled trading day prior to the fundamental change early settlement date and ending on the third scheduled trading day immediately preceding the fundamental change early settlement date, plus an additional make-whole amount of shares (such additional make-whole amount of shares being hereafter referred to as the “make-whole shares”). This right is referred to as the “fundamental change early settlement right.”

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The number of make-whole shares per purchase contract applicable to a fundamental change early settlement will be determined by reference to the table below, based on the date on which the fundamental change occurs or becomes effective (the "effective date") and the "stock price" (as defined in the preliminary prospectus supplement) in the fundamental change:

	Stock Price on Effective Date													
Effective Date	**$ 10.00**	**$ 20.00**	**$ 30.00**	**$ 32.50**	**$ 35.00**	**$ 37.50**	**$ 40.00**	**$ 42.50**	**$ 43.75**	**$ 45.00**	**$ 50.00**	**$ 55.00**	**$ 60.00**	**$ 70.00**
June 17, 2014	0.3951	0.1880	0.0653	0.0323	0.0000	0.0639	0.1184	0.1659	0.1877	0.1766	0.1396	0.0540	0.0434	0.0344
June 1, 2015	0.2763	0.1330	0.0364	0.0040	0.0000	0.0322	0.0845	0.1301	0.1511	0.1395	0.1028	0.0377	0.0294	0.0231
June 1, 2016	0.1404	0.0686	0.0138	0.0000	0.0000	0.0019	0.0464	0.0858	0.1047	0.0917	0.0555	0.0181	0.0138	0.0113
June 1, 2017	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

The stock prices set forth in the second row of the table above (i.e., the column headers) will be adjusted upon the occurrence of certain events requiring anti-dilution adjustments to the fixed settlement rates in a manner inversely proportional to the adjustments to the fixed settlement rates, as described in the preliminary prospectus supplement.

The exact stock price and effective date applicable to a fundamental change may not beset forth on the table, in which case:

- if the stock price is between two stock prices on the table or the effective date is between two effective dates on the table, the amount of make-whole shares will be determined by straight line interpolation between the make-whole share amounts set forth for the higher and lower stock prices and the earlier and later two effective dates based on a 365-day year, as applicable;
- if the stock price is in excess of $70.00 per share (subject to adjustment in the same manner as the stock prices set forth in the second row of the table, as described above), then the make-whole share amount will be zero; and
- if the stock price is less than $10.00 per share (subject to adjustment in the same manner as the stock prices set forth in the

second row of the table, as described above) (the “minimum stock price”), then the make-whole share amount will be determined as if the stock price equaled the minimum stock price, using straight line interpolation, as described above in the first bullet, if the effective date is between two effective dates on the table.

Unless the Treasury portfolio has replaced the Notes as a component of the Corporate Units as a result of a successful optional remarketing, holders of Corporate Units may exercise the fundamental change early settlement right only in integral multiples of 20 Corporate Units. If the Treasury portfolio has replaced the Notes as a component of Corporate Units, holders of the Corporate Units may exercise the fundamental change early settlement right only in integral multiples of 80,000 Corporate Units. A holder of Treasury Units may exercise the fundamental change early settlement right only in integral multiples of 20 Treasury Units.

Creating Treasury Units from Corporate Units:

Each holder of Corporate Units will have the right, at any time prior to a successful remarketing and other than during a blackout period (as described in the preliminary prospectus supplement), to substitute Treasury Securities (as defined in the preliminary prospectus supplement and each being referred to in this “Equity Units Offering” section as a “Treasury Securities”) which must be purchased in the open market at the expense of the Corporate Unit holder (unless otherwise owned by the holder) for the related undivided beneficial ownership interest in Notes held by the collateral agent (as described in the preliminary prospectus supplement). The Treasury Securities must have an aggregate principal amount at maturity equal to the aggregate principal amount of the Notes underlying such holder’s Corporate Units.

Because Treasury Securities and the Notes are issued in minimum denominations of $1,000,

	holders of Corporate Units may only make these substitutions in integral multiples of 20 Corporate Units. Each of these substitutions will create Treasury Units, and the Notes underlying the holder's Corporate Units will be released upon substitution to the holder and will be tradable separately from the Treasury Units.
Recreating Corporate Units from Treasury Units:	Each holder of Treasury Units will have the right, at any time prior to a successful remarketing and other than during a blackout period (as described in the preliminary prospectus supplement), to recreate Corporate Units, by substituting for the related Treasury Securities held by the collateral agent (as described in the preliminary prospectus supplement) Notes having an aggregate principal amount equal to the aggregate principal amount at maturity of the Treasury Securities for which substitution is being made. Because Treasury Securities and the Notes are issued in minimum denominations of $1,000, holders of Treasury Units may make these substitutions only in integral multiples of 20 Treasury Units. Each of these substitutions will recreate Corporate Units and the applicable Treasury Securities will be released to the holder and will be tradable separately from the Corporate Units.

Concurrent Common Stock Offering

Concurrently with this Equity Unit Offering, the Company conducted an offering of 50,000,000 shares of the Company's common stock (or 57,500,000 shares of the Company's common stock if the common stock underwriters exercise their option to purchase additional shares of the Company's common stock in full) (the "Concurrent Common Stock Offering") in connection with which the Company entered into forward sale agreements with certain forward purchasers and such forward purchasers, or their affiliates, offered to sell to the common stock underwriters 50,000,000 shares of the Company's common shares (or 57,500,000 shares of the Company's common stock if the common stock underwriters exercise their option to purchase additional shares of the Company's common stock in full) that they borrowed from third parties. The underwriters offered such shares of the Company's common stock to the public at a price of $35.00 per share by means of a separate prospectus supplement. The closings of the Equity Units Offering and the Concurrent Common Stock Offering are not contingent on each other.

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The issuer has filed a registration statement (including a prospectus), as amended, with the SEC for the offering to which this communication relates (File No. 333-196220). Before you invest, you should read the prospectus in that registration statement and other documents the issuer has filed with the SEC for more complete information about the issuer and the Equity Units Offering. You may get these documents for free by visiting EDGAR on the SEC Website at www.sec.gov. Alternatively, the issuer, any underwriter or any dealer participating in the Equity Units Offering will arrange to send you the base prospectus and the preliminary prospectus supplement if you request them from Barclays Capital Inc. by calling at 1-888-603-5847 or by mail at Barclays Capital Inc. c/o Broadridge Financial Solutions, 1155 Long Island Ave., Edgewood, NY 11717, or by email at Barclaysprospectus@broadridge.com; or Goldman, Sachs & Co. by calling at 1-866-471-2526 or by mail at Goldman, Sachs & Co., 200 West St., New York, NY 10282, Attention: Prospectus Department, or by email at prospectus-ny@ny.email.gs.com.

This communication should be read in conjunction with the preliminary prospectus supplement and the accompanying base prospectus. The information in this communication supersedes the information in the preliminary prospectus supplement and the accompanying base prospectus to the extent inconsistent with the information in such preliminary prospectus supplement and the accompanying base prospectus.

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a)
of the Securities Exchange Act of 1934
(Amendment No.)

Filed by the Registrant ☒ Filed by a Party other than the Registrant ☐

Check the appropriate box:

☒ Preliminary Proxy Statement

☐ **CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14a-6(e)(2))**

☐ Definitive Proxy Statement

☐ Definitive Additional Materials

☐ Soliciting Material Pursuant to §240.14a-12

EXELON CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

☒ No fee required.

☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

☐ Fee paid previously with preliminary materials.

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☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee

was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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March 19, 2015

NOTICE OF THE ANNUAL MEETING AND 2015 PROXY STATEMENT

To the shareholders of Exelon Corporation:

Our annual meeting of shareholders will be held on Tuesday, April 28, 2015 at 9:00 a.m. Central Time at Exelon Corporation headquarters, 10 S. Dearborn, Chicago, Illinois to:

1) Elect director nominees named in the attached proxy statement;
2) Ratify PricewaterhouseCoopers LLP as Exelon's independent auditor for 2015;
3) Approve the compensation of our named executive officers as disclosed in the attached proxy statement;
4) Approve the performance measures included in Exelon Corporation's 2011 Long-Term Incentive Plan;
5) Approve the management proposal regarding proxy access;
6) Vote on a shareholder proposal regarding proxy access, if properly presented at the meeting; and
7) Conduct any other business that properly comes before the meeting.

Shareholders of record as of March 10, 2015 are entitled to vote at the annual meeting.

On or about March 19, 2015, we will mail to our shareholders a Notice Regarding the Availability of Proxy Materials, which will indicate how to access our proxy materials on the Internet. By furnishing the Notice Regarding the Availability of Proxy Materials we are lowering the costs and reducing the environmental impact of our annual meeting.

Bruce G. Wilson
Senior Vice President,
Deputy General Counsel and Corporate Secretary

Your vote is important. We encourage you to vote promptly.
Internet and telephone voting are available through 11:59 p.m.
Eastern Time on April 27, 2015.

Proxy Statement Summary

We are providing these proxy materials in connection with the solicitation by the board of directors of Exelon Corporation ("Exelon," the "company," "we," "us," or "our"), a Pennsylvania corporation, of proxies to be voted at our 2015 annual meeting of shareholders and at any adjournment or postponement. The annual meeting of shareholders will take place on April 28, 2015 at 9:00 a.m. Central Time at Exelon Corporation headquarters, 10 S. Dearborn, Chicago, Illinois.

MATTERS FOR SHAREHOLDER VOTING

At this year's annual meeting, we are asking our shareholders to vote on the following matters:

Proposal 1: Election of Directors

The board of directors recommends a vote FOR the election of the director nominees named in this proxy statement. See pages 1 through 11 for further information on the nominees.

Proposal 2: Appointment of PricewaterhouseCoopers LLP for 2015

The board of directors recommends a vote FOR this proposal. See page 32 for details.

Proposal 3: Advisory Approval of Executive Compensation

The board of directors recommends a vote FOR this proposal. See pages 33-76 for details.

Proposal 4: Approve Performance Measures included in Exelon Corporation's 2011 Long-Term Incentive Plan

The board of directors recommends a vote FOR this proposal. See pages 77-80 for details.

Proposal 5: Approve Management Proposal regarding Proxy Access

The board of directors recommends a vote FOR this proposal. See pages 81-85 for details.

Proposal 6: Shareholder Proposal regarding Proxy Access

The board of directors recommends a vote AGAINST this proposal. See pages 86-88 for details.

The board of directors knows of no other matters to be presented for action at the annual meeting. If any matter is presented from the floor of the annual meeting, the individuals serving as proxies intend to vote on these matters in the best interest of all shareholders. Your signed proxy card gives this authority to Darryl M. Bradford and Bruce G. Wilson.

Please refer to the material on pages 89-94 for information about how to cast your votes, who may attend the meeting, and other frequently asked questions.

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Proxy Statement Summary

GOVERNANCE HIGHLIGHTS

Exelon is committed to maintaining the highest standards of corporate governance. Strong corporate governance practices help us achieve our performance goals and maintain the trust and confidence of our investors, employees, customers, regulatory agencies and other stakeholders. Our corporate governance practices are described in more detail on pages 9-27 and in our Corporate Governance Principles which are available on the Exelon website at www.exeloncorp.com on the corporate governance page under the Investors tab.

Director Independence	• 11 of our 13 nominees are independent. • Our CEO is the only management director. • During 2014, all of our board committees (except the generation oversight committee and investment oversight committee) were composed exclusively of independent directors.
Board Leadership	• We have an independent Lead Director, selected by the independent directors. • The Lead Director serves as non-exclusive liaison between management and the other non-management directors. • The positions of Chairman and CEO are separated
Executive Sessions	• The independent directors regularly meet in executive sessions without management, at which the Lead Director presides.
Board Oversight of Risk Management	• Our board reviews Exelon's systematic approach to identifying and assessing risks faced by Exelon and our business units. • The board considers enterprise risk in connection with emerging trends or developments and the evaluation of capital investments and business opportunities. • The board's finance and risk committee oversees our risk management strategy, policies and practices and financial condition and risk exposures.
Stock Ownership Requirements	• Our independent directors must hold at least 15,000 shares of Exelon common stock within five years after joining the board. • Our CEO must, after five years of employment, hold Exelon Common Stock valued at six times base salary. • Executive vice presidents and higher officers must, within five years after employment or September 30, 2012, hold Exelon Common Stock, valued at three times base salary.
Board Practices	• Our board annually reviews its effectiveness as a group. • Continuing director education is provided during regular board and committee meetings. • Directors may not stand for election after age 75.
Accountability	• All directors stand for election annually. • In uncontested elections, directors must be elected by a majority of votes cast.

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Proxy Statement Summary

2014 EXECUTIVE COMPENSATION HIGHLIGHTS

1 STRONG COMPANY PERFORMANCE

- Exelon's share price was up 35.4% for the year, with a total shareholder return of 40.6% (including reinvested dividends), outpacing the S&P 500 (14.0%) and our 20 company peer group (23.3%).
- Exelon Utilities completed the year with high performance across key operating areas including safety (top decile) and top quartile performance in all three utilities (BGE, ComEd and PECO) for both outage frequency and duration. See chart on page 53 for full details.
- Exelon Generation had exceptional plant performance in 2014, including nuclear capacity factor of over 94%, power dispatch match of nearly 97%, and renewables (wind and solar) energy capture of 95%.

2 STRONG EXECUTION OF M&A STRATEGY

- Executed a merger agreement to acquire Pepco Holdings Inc. (PHI) for $6.8 billion, with an anticipated closing in the second or third quarter of 2015.
- Divested five non-core power plants to yield $1.8 billion of pre-tax proceeds ($1.4 billion after-tax).
- Acquired two Midwest energy marketers (ProLiance and Integrys), virtually doubling the number of customers by adding over 1.2 million residential and commercial and industrial customers.
- Invested in a portfolio of Bloom Energy fuel cell products to further the Bloom partnership and advance Exelon's objectives in building its distributed generation business.

3 DECREASE IN CEO REPORTED COMPENSATION

- As reported in the summary compensation table on page 60, CEO pay decreased 13%, or 20% excluding the change in pension value and deferred compensation earnings. This decrease was attributed to the one-time, performance-based transition award. For more details refer to the transition award section on page 53.
- For 2014, CEO target total direct compensation was calibrated to approximate the market median of the 20 company peer group. For additional information, please see CEO pay-at-glance section on pages 39-41.

4 COMMITMENT TO SHAREHOLDER ENGAGEMENT

- The company met with investors holding approximately 46% of the outstanding shares (up from about 35% the prior year).
- No material plan design changes made for 2014, as shareholders expressed support for the design changes that we implemented in 2013. See page 41 for details.
- For 2015, the company is making a few enhancements based on shareholder feedback received during the fall 2014 outreach, including increasing the CEO's stock ownership target from 5X to 6X to align more closely with market practice.

5 STRONG INCENTIVE GOAL RIGOR

- The 2014 performance share goals, which are part of the LTI Program, were set at a level that resulted in eight of the ten underlying metrics being more challenging than the prior year, aligning with top quartile and top decile industry performance standards as shown on page 53.

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Cautionary Statements Regarding Forward-Looking Information

This proxy statement contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, that are subject to risks and uncertainties. The factors that could cause actual results to differ materially from the forward-looking statements made by Exelon Corporation include those factors discussed herein, as well as the items discussed in (1) Exelon's 2014 Annual Report on Form 10-K in (a) ITEM 1A. Risk Factors, (b) ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) ITEM 8. Financial Statements and Supplementary Data: Note 22 and (2) other factors discussed in filings with the SEC by Exelon. Readers are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of this proxy statement. Exelon does not undertake any obligation to publicly release any revision to its forward-looking statements to reflect events or circumstances after the date of this proxy statement.

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Election of Directors

PROPOSAL 1: ELECTION OF DIRECTORS

DIRECTOR NOMINEES

Upon the recommendation of the corporate governance committee, the board nominated the 13 candidates named below for election as directors, each to serve a term ending with the annual meeting in 2016. Each of the nominees has agreed to be named in this proxy statement and to serve as a director, if elected. If any director is unable to stand for election, the board may reduce the number of directors or designate a substitute. In that case, shares represented by proxies may be voted for a substitute director. Exelon does not expect that any director nominee will be unable to serve.

The corporate governance committee believes that the current membership of the board represents an effective mix of directors in terms of the range of backgrounds and experience and diversity. The current board consists of directors who range in age from 56 to 74, with an average age of 64.2 and a median age of 67. The tenure of the directors is similarly varied, with one director having served since the company's creation in 2000, one since 2002, one since 2005, two since 2007, one since 2008, one since 2009, five since 2012 and one joining in 2013. Four directors come from the Chicago area, one from the Philadelphia area, while eight come from other parts of the country including major metropolitan areas such as New York and Washington, D.C.

The current directors have a wide diversity of experiences that fill the needs of the board and its committees. Eight directors are current or former CEOs of corporations; one is the former CEO of a university. Two directors have strong nuclear experience. Six directors have experience in banking and investment management. One has served in government and one has flag officer military experience. Individual directors have experience or expertise in accounting, utility regulation and operations, and environmental matters, law, the economics of energy and government affairs.

The board of directors held eight meetings during 2014. The board also attended a two-day strategy retreat with the senior officers of Exelon and subsidiary companies. All directors attended at least 75% of all board and committee meetings that they were eligible to attend, with an average attendance of approximately 98.36% across all directors for all board and committee meetings. Although Exelon does not have a formal policy requiring attendance at the annual shareholders meeting, all directors generally attend the annual meeting. Ms. Sue Gin who served as a director since 2000 passed away on September 26, 2014. Hon. Nelson Diaz, who served as a director since 2004, declined to stand for re-election to the board.

The board of directors unanimously recommends a vote "FOR" each of the director nominees below.

Election of Directors

ANTHONY K. ANDERSON

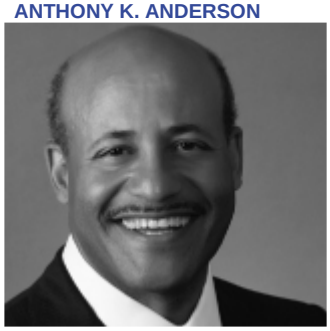

Retired Vice Chair and Midwest Area Managing Partner of Ernst & Young

Age: 59
Director since: 2013

Committees:
Chair-Audit Committee
Member-Finance and Risk Committee
Member-Generation Oversight Committee

In 2012, Mr. Anderson retired as the Vice Chair and Midwest Area Managing Partner of Ernst & Young, after a 35-year career with E&Y. In that capacity, Mr. Anderson oversaw a practice of 3,500 audit, tax, and transaction professionals serving clients through the Midwest. Mr. Anderson also served for six years in the Los Angeles area as managing partner of E&Y's Pacific Southwest region. Mr. Anderson also served as a member of Ernst & Young's governing body, the Americas Executive Board. Mr. Anderson currently serves on the boards of AAR Corp. (aerospace and defense), where he serves on the audit and compensation committees; Avery Dennison Corporation (labeling and packaging materials), where he serves on the audit and finance committee; and First American Financial Corporation (financial services), where he serves on the governance and nominating committee. Mr. Anderson also served as a director of the Federal Reserve Bank of Chicago from 2008-2010. Mr. Anderson is the chairman of the board of the Perspectives Charter School. He is also a member of the boards of Chicago Urban League, The Chicago Council on Global Affairs, the Regional Transportation Authority and World Business Chicago. In Los Angeles, Mr. Anderson served as chairman of Town Hall Los Angeles, the Children's Bureau of Southern California, and the California Science Center. Mr. Anderson is a member of the American, California, and Illinois Institute of Certified Public Accountants.
Mr. Anderson's experience as the vice chair of a global professional services firm and his training and experience as an audit partner and certified public accountant enhance his contribution to the Exelon board and add value to his experience on the audit, finance and risk and generation oversight committees.

ANN C. BERZIN

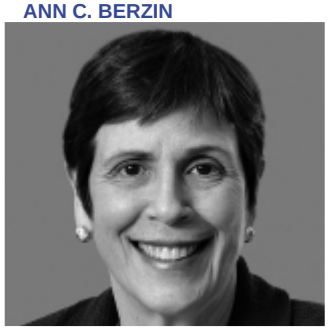

Former Chairman and Chief Executive Officer of Financial Guaranty Insurance Company (FGIC)

Age: 62
Director since: 2012

Committees:
Member-Audit Committee
Member-Finance and Risk Committee

Ms. Berzin has been a director of Exelon since March 12, 2012. Previously, Ms. Berzin served as a director of Constellation Energy Group from 2008 through March 2012 when Constellation merged with Exelon. From 1992 to 2001, Ms. Berzin served as Chairman and Chief Executive Officer of Financial Guaranty Insurance Company (FGIC), an insurer of municipal bonds, asset-backed securities and structured finance obligations. Ms. Berzin joined FGIC in 1985 as its General Counsel following seven years of securities law practice in New York City. Ms Berzin is a director of Ingersoll-Rand plc, Chair of its finance committee, and a member of its audit committee, and previously served as a director of Kindred Healthcare, Inc. (healthcare services) from 2006-2012. Ms. Berzin has broad business and executive leadership experience, as well as expertise in the financial services sector, which is particularly valuable in the area of risk management. Ms. Berzin also serves on the board of Baltimore Gas and Electric Company ("BGE"), an Exelon subsidiary.

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Election of Directors

JOHN A. CANNING, JR.

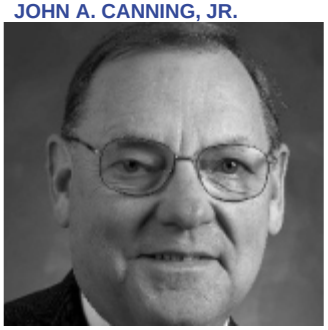

Chairman and co-founder of Madison Dearborn Partners, LLC

Age: 70
Director since: 2008

Committees:
Chair-Compensation and Leadership Development Committee
Member-Corporate Governance Committee

Mr. Canning is the Chairman and co-founder of Madison Dearborn Partners, LLC ("MDP"), which specializes in management buyout and growth equity investing. MDP has raised investment funds with more than $18 billion in limited partner commitments from over 400 endowments, pension funds and other sophisticated investors. MDP has made significant investments in the energy and power industry. Prior to co-founding Madison Dearborn Partners, Mr. Canning spent 24 years with First Chicago Corporation, where he managed the bank's venture investments. Mr. Canning has over 34 years of experience in private equity investing, including reviewing financial statements and audit results and making investment and acquisition decisions. Mr. Canning is a former director and Chairman of the Federal Reserve Bank of Chicago, giving him insight into economic trends important to the business of Exelon. Mr. Canning also serves on the board of Corning, Inc., a specialty glass and ceramics producer. Mr. Canning has also served on the board of directors of Jefferson Smurfit Group plc and on the audit committees of several charitable organizations, including the Irish Pension Reserve Fund. In addition to his business experience, he also has a law degree. Mr. Canning is a recognized leader in the Chicago business community with knowledge of the economy of the Midwestern United States and the northern Illinois communities that Exelon serves. Mr. Canning's business experience and service on the boards of other companies and organizations enable him to contribute to the work of the Exelon board. Mr. Canning's experience in banking and in managing investments, and his experience on the audit committees of other organizations, make him a valued member of the compensation and leadership development committee and the corporate governance committee.

CHRISTOPHER M. CRANE

President and Chief Executive Officer of Exelon Corporation

Age: 56
Director since: 2012

Committees:
Member-Generation Oversight Committee
Member-Investment Oversight Committee

Mr. Crane is President and Chief Executive Officer of Exelon Corporation since March 12, 2012. Previously, he served as President and Chief Operating Officer, Exelon; President and Chief Operating Officer, Exelon Generation since 2008. In that role, he oversaw one of the U.S. industry's largest portfolios of electric generating capacity, with a multi-regional reach and the nation's largest fleet of nuclear power plants. He directed a broad range of business including major acquisitions, transmission strategy, cost management initiatives, oversight of major capital programs, generation asset optimization and generation development. Mr. Crane is one of the leading executives in the electric utility and power industries. Mr. Crane served as a director of Aleris International Inc. from 2010 through October 2013 (manufacture and sale of aluminum rolled and extruded products), where he served on the compensation committee and as the chair of the nominating and corporate governance committee. He is a member of the executive committee of the Edison Electric Institute and the board of directors of the Institute of Nuclear Power Operations, the industry organization promoting the highest levels of safety and reliability in nuclear plant operation. He is vice chairman of the Nuclear Energy Institute, the nation's nuclear industry trade association, where he has also served as chairman of the New Plant Oversight Committee and as a member of the Nuclear Strategic Issues Advisory Committee, the Nuclear Fuel Supply Committee and the Materials Initiative Group. Mr. Crane also serves as chair of the boards of directors of Exelon subsidiaries BGE, Commonwealth Edison Company ("ComEd") and PECO Energy Company ("PECO").

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Election of Directors

YVES C. DE BALMANN

Former Co-Chairman of Bregal Investments LP

Age: 68
Director since: 2012

Committees:
Member-Audit Committee
Member-Compensation and Leadership Development Committee
Member-Finance and Risk Committee

Mr. de Balmann has been a director of Exelon since March 12, 2012. Mr. de Balmann served as a director of Constellation Energy Group from 2003 through March 2012 when Constellation merged with Exelon. Mr. de Balmann served as the Co-Chairman of Bregal Investments LP, a private equity investing firm, from September 2002 through December 2012. He was Vice-Chairman of Bankers Trust Corporation, in charge of Global Investment Banking, until its merger with Deutsche Bank in 1999 when he became Co-Head of Deutsche Bank's Global Investment Bank, and Co-Chairman and Co-Chief Executive Officer of Deutsche Banc Alex. Brown from June 1999 to April 2001, and then a Senior Advisor to Deutsche Bank AG from April 2001 to June 2003. Mr. de Balmann served as a director of Laureate Education, Inc. through December 2014; and he is non-executive Chairman of Conversant Intellectual Property Management. Mr. de Balmann has extensive experience in corporate finance, including the derivatives and capital markets.

NICHOLAS DEBENEDICTIS

Chairman, President and Chief Executive Officer of Aqua America Inc.

Age: 69
Director since: 2002

Committees:
Member-Corporate Governance Committee
Member-Finance and Risk Committee
Member-Generation Oversight Committee

Mr. DeBenedictis is the Chairman (since 1993), President and Chief Executive Officer (since 1992) of Aqua America Inc., a water utility with operations in 10 states. Aqua America is the second largest U.S.-based, publicly-traded water and wastewater company in the country. As CEO, Mr. DeBenedictis has experience in dealing with many of the same development, land use and utility regulatory issues that affect Exelon and its subsidiaries. Mr. DeBenedictis also has extensive experience in environmental regulation and economic development, having served in two cabinet positions in the Pennsylvania government, as Secretary of the Pennsylvania Department of Environmental Resources and as Director of the Office of Economic Development. He also spent eight years with the U.S. Environmental Protection Agency and was President of the Greater Philadelphia Chamber of Commerce for three years. Mr. DeBenedictis has also served as a director of P.H. Glatfelter, Inc. (global supplier of specialty papers and engineered products) since 1995, where he has served on the audit, compensation and finance, and nominating and corporate governance committees and currently serves as the chair of the finance committee and on the compensation committee. Mr. DeBenedictis served as a director of Met-Pro Corporation (global provider of solutions and products for product recovery, pollution control, and fluid handling applications) (1997-February 2010). While a director of Met-Pro, he served as presiding independent director, chair of the corporate governance and nominating committee and a member of the audit committee. Mr. DeBenedictis has a master's degree in environmental engineering and science. As a leader in the greater Philadelphia business community, he has knowledge of the communities and local economies served by PECO. Mr. DeBenedictis' contribution to the Exelon board is enhanced by his experience as the CEO of a public company, his experience on the boards of other companies, his experience as a utility executive, and his experience with environmental regulation, all of which bring useful perspectives to the Exelon board's finance and risk committee and the generation oversight committee. His prior experience as the presiding director and chair of the corporate governance committee of another public company offers additional insight to the functions of the Exelon corporate governance committee. Mr. DeBenedictis also serves on the boards of ComEd and PECO, which are Exelon subsidiaries.

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Election of Directors

PAUL L. JOSKOW, PH. D.

President of the Alfred P. Sloan Foundation

Age: 67
Director since: 2007

Committees:
Member-Audit Committee
Member-Finance and Risk Committee
Member-Investment Oversight Committee

Dr. Joskow has been the President of the Alfred P. Sloan Foundation since January 1, 2008. The Sloan Foundation is a philanthropic institution that supports research and education in science, technology and economic performance. He is also the Elizabeth and James Killian Professor of Economics and Management Emeritus at the Massachusetts Institute of Technology (MIT). Dr. Joskow joined the MIT faculty in 1972 and served as head of the MIT Department of Economics (1994-1998) and Director of the MIT Center for Energy and Environmental Policy Research (1999-2007). At MIT he was engaged in teaching and research in the areas of industrial organization, energy and environmental economics, competition policy, and government regulation of industry for over 35 years. Much of his research and consulting activity has focused on the electric power industry, electricity pricing, fuel supply, demand, generating technology, and regulation. He is a Fellow of the American Academy of Arts and Sciences, the Econometric Society and a Distinguished Fellow of the American Economic Association. He has served on the U.S. Environmental Protection Agency's ("EPA") Acid Rain Advisory Committee, on the Environmental Economics Committee of EPA's Science Advisory Board, and on the National Commission on Energy Policy. He presently serves on the Secretary of Energy Advisory Board. He served as the Chair of the National Academies Board of Science, Technology and Economic Policy through March 1, 2015. He is also a Trustee of the Putnam Mutual Funds. In addition to his teaching, research, publishing and consulting activities, he has experience in the energy business, serving as a director of New England Electric System, a public utility holding company (1987-2000), until it was acquired by National Grid. He then served as a director of National Grid plc, an international electric and gas utility holding company, and one of the largest investor-owned utilities in the world (2000-2007). Dr. Joskow served as a director of TransCanada Corporation from 2004 until March 2013. TransCanada is an energy infrastructure company with gas pipelines, oil pipelines, electric power operations, and natural gas storage facilities. He served on the audit and governance committees of TransCanada. He previously served on the audit committee of National Grid (2000-2005) and was chair of its finance committee until 2007. He also served on the audit committee of New England Electric System and as the chair of the audit committee of the Putnam Mutual Funds (2002-2005).

ROBERT J. LAWLESS

Former Chairman of the Board of McCormick & Company, Inc.

Age: 68
Director since: 2012

Committees:
Chair-Corporate Governance Committee
Member-Compensation and Leadership Development Committee

Mr. Robert J. Lawless has been a director of Exelon since March 12, 2012. Mr. Lawless served as a director of Constellation Energy Group from 2002 through March 2012 when Constellation merged with Exelon. Mr. Lawless served as Chairman of the Board of McCormick & Company, Inc. (food manufacturing industry) from January 1997 until March 2009, having also served as President until December 2006 and Chief Executive Officer until January 2008, and is now retired. He is also a director of The Baltimore Life Insurance Company. Mr. Lawless has extensive executive leadership and strategic planning experience. As a former chief executive officer of a public company, he can provide a critical perspective on issues affecting public companies. Mr. Lawless serves on the compensation and leadership development committee and as the chair of the corporate governance committee.

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Election of Directors

RICHARD W. MIES

President and Chief Executive Officer of The Mies Group, Ltd.

Age: 70
Director since: 2009

Committees:
Chair-Generation Oversight Committee
Member-Audit Committee
Member-Corporate Governance Committee (through January 28, 2014)
Member-Finance & Risk Committee

Admiral Mies is President and Chief Executive Officer of The Mies Group, Ltd, a private consulting firm that provides strategic planning and risk assessment advice and assistance to clients on international security, energy, defense, and maritime issues. A distinguished graduate of the Naval Academy, he completed a 35-year career as a nuclear submariner in the US Navy. Admiral Mies has a wide range of operational command experience; he served as the senior operational commander of the US Submarine Force and he commanded U.S. Strategic Command for four years prior to retirement in 2002. He subsequently served as a Senior Vice President of Science Applications International Corporation, a provider of scientific and engineering applications for national security, energy, and environment, and as the President and Chief Executive Officer of Hicks and Associates, Inc, a subsidiary of SAIC from 2002-2007. Admiral Mies served as a director of Mutual of Omaha, an insurance and banking company, from 2002-2014, where he chaired the governance committee and served as a member of the audit, compensation, investment, and executive committees. From 2008–2010 Admiral Mies was a director of McDermott International, an engineering and construction company focused on energy infrastructure, where he served on the audit and governance committees. In 2010 he transitioned to the board of Babcock and Wilcox ("B&W") when that company spun off from McDermott International. He is chair of B&W's safety and security committee and a member of the governance committee. He is also a member of the Boards of Governors of Los Alamos and Lawrence Livermore National Security LLCs that operate their respective national laboratories. In addition to an undergraduate degree in mechanical engineering and mathematics, Admiral Mies completed post-graduate education at Oxford University, the Fletcher School of Law and Diplomacy, and Harvard University and holds a Masters degree in government administration and international relations. Admiral Mies makes a unique contribution to Exelon's generation oversight, finance and risk, and audit committees through his extensive leadership experience with nuclear power and strategic planning in the Navy and in business and through his experience on the boards of other companies.

WILLIAM C. RICHARDSON, PH. D.

President and Chief Executive Officer Emeritus of the W.K. Kellogg Foundation

Age: 74
Director since: 2005

Committees:
Lead Director
Member-Audit Committee
Member-Compensation and Leadership Development Committee
Member-Corporate Governance Committee
Member-Investment Oversight Committee (through January 28, 2014)

Dr. Richardson serves as lead director. Dr. Richardson is the President and Chief Executive Officer Emeritus of the W.K. Kellogg Foundation, a private foundation, and the President and Chief Executive Officer Emeritus of Johns Hopkins University. Dr. Richardson served as the President and CEO of the W. K. Kellogg Foundation until his retirement (1995-2005). He also served as chairman of the Kellogg Trust (1996-2007). In that position he and two other trustees directly oversaw the management of an approximately $7.7 billion fund, including a significant position in Kellogg Company (cereal and convenience foods). He was the President of Johns Hopkins University (1990-1995), and Executive Vice President and Provost of Pennsylvania State University (1984-1990). He is a member of the Institute of Medicine, National Academy of Sciences. Dr. Richardson has served as a director of The Bank of New York Mellon Corporation since 1998; of CSX Corporation (railroad) (1992-2008); and of Kellogg Company (1996-2007). Dr. Richardson serves on the audit and corporate governance and nominating committees of Bank of New York Mellon Corporation, and previously served on the audit, governance, and compensation committees of CSX. He was chair of the governance and compensation committees and lead director of CSX, and chair of the finance committee of Kellogg. Dr. Richardson has an MBA and PhD. from the University of Chicago Graduate School of Business. Dr. Richardson's experience as CEO of a large international research university and in leading a large investment fund and serving as a director of three major corporations and as a member of their governance, audit, risk and compensation committees make him qualified to serve as a director of Exelon. Through his experience, including experience on the committees of other organizations, Dr. Richardson contributes to the work of the Exelon audit, compensation and leadership development and corporate governance committees.

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Election of Directors

JOHN W. ROGERS, JR.

Chairman and CEO of Ariel Investments, LLC

Age: 56
Director since: 2000

Committees:
Chair-Investment Oversight Committee
Member-Corporate Governance Committee

Mr. Rogers is the founder, Chairman and CEO of Ariel Investments, LLC, an institutional money management firm with over $9 billion in assets under management, and serves as trustee of the Ariel Investment Trust. Since 2003, he has served as a director of McDonald's Corporation (global foodservice retailer) where he has served on the compensation, finance and corporate responsibility committees. Previously, he served as a director of Aon Corporation (risk management services, insurance and reinsurance brokerage and human capital and management consulting services) (1993-2012), where he served on the finance committee and as chair of the audit committee; GATX corporation (rail, marine and industrial equipment leasing) (1998-2004), where he served on the audit committee; Bank One Corporation (bank) (1998-2004), where he served on the audit and risk management and public responsibility committees; and Bally Total Fitness (fitness and health clubs) (2003-2006), where he served as the lead independent director and as chair of the compensation committee. Mr. Rogers' experience on the boards of a number of major corporations based in Chicago in a variety of industries has made him a leader in the Chicago business community with perspective into Chicago business developments. His role in Chicago's and the nation's African-American community brings diversity to the board and emphasis to Exelon's diversity initiatives and community outreach. His experience in investment management and financial markets and as a director of an insurance brokerage and services company are useful to Exelon, particularly with respect to risk management and the management of Exelon's extensive nuclear decommissioning and pension and post-retirement benefit trust funds, which are overseen by the investment oversight committee, which he chairs. Mr. Rogers' service on the boards and committees of other companies has given him experience that adds further depth to the Exelon corporate governance committee. He has spoken at and participated in a number of corporate governance conferences. He was named by the Outstanding Directors Exchange as one of six 2010 Outstanding Directors.

MAYO A. SHATTUCK III

Former Chairman, President and Chief Executive Officer of Constellation Energy

Age: 60
Director since: 2012

Committees:
Member-Generation Oversight Committee
Member-Investment Oversight Committee

Mr. Shattuck is Chairman of the Board of Exelon Corporation. Previously, Mr. Shattuck served as the Executive Chairman from March 2012 to February 2013. Prior to joining Exelon, Mr. Shattuck was the Chairman, President and Chief Executive Officer of Constellation Energy, a position he held from 2001 to March 2012. Mr. Shattuck was previously at Deutsche Bank, where he served as Chairman of the Board of Deutsche Bank Alex. Brown and, during his tenure, served as Global Head of Investment Banking and Global Head of Private Banking. From 1997 to 1999, he served as Vice Chairman of Bankers Trust Corporation, which merged with Deutsche Bank in June 1999. From 1991 until 1997, Mr. Shattuck was President and Chief Operating Officer and a Director of Alex. Brown Inc., which merged with Bankers Trust in September 1997. Mr. Shattuck is the past Chairman of the Board of the Institute of Nuclear Power Operations and was previously a member of the executive committee of the board of Edison Electric Institute. He was also Co-Chairman of the Center for Strategic & International Studies Commission on Nuclear Policy in the United States. He currently serves on the board of directors of Gap Inc. and is chairman of its audit and finance committee. He also serves as a director of Capital One Financial Corporation, where he is chairman of its compensation committee. Mr. Shattuck's qualifications to serve as director include his extensive experience in business and the energy industry in particular, gained from his service as Constellation Energy's Chief Executive Officer, which enables him to effectively identify strategic priorities and execute strategy. His financial expertise gained from his years of experience in the financial services industry also brings a valuable perspective to the board.

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Election of Directors

STEPHEN D. STEINOUR

Chairman, President and Chief Executive Officer of Huntington Bancshares Incorporated

Age: 56
Director since: 2007

Committees:
Chair-Finance & Risk Committee
Member-Audit
Member-Compensation and Leadership Development Committee (through January 28, 2014)

In January 2009, Mr. Steinour was elected the Chairman, President and Chief Executive Officer of Huntington Bancshares Incorporated, a $64 billion regional bank holding company. Previously, he was the Chairman and Managing Partner of CrossHarbor Capital Partners, a private equity firm (2008-January 2009). From 2006 to 2008, he was President and CEO of Citizens Financial Group, Inc., a multistate commercial bank holding company. Prior to that, Mr. Steinour served as Vice Chairman and Chief Executive Officer of Citizens Mid-States regional banking (2005-2006). He served as Vice Chairman and Chief Executive Officer of Citizens Mid-Atlantic Region (2001-2005). At the beginning of his career, Mr. Steinour was an analyst for the U.S. Treasury Department and subsequently worked for the Federal Deposit Insurance Corporation. Mr. Steinour was a member of the board of trustees of the Liberty Property Trust (an office and industrial property real estate investment trust) from February 2010 until May 2014, where he served on its audit and compensation committees. Mr. Steinour was elected to the board of directors of L Brands (fashion retailer) in January 2014. He was elected to The Ohio State University Wexner Medical Center Board in November of 2013. Mr. Steinour is a member of council of The Pennsylvania Society, a non-profit, charitable organization which celebrates service to the Commonwealth of Pennsylvania. He also serves as a trustee of the Eisenhower Fellowships and is a member of the Columbus Partnership and a Trustee of the Columbus Downtown Development Corporation. He is a member of the American Bankers Association. Mr. Steinour also served as a member on the policy and legal affairs committees of the Pennsylvania Business Roundtable, an association of CEOs in large Pennsylvania companies representing significant employment and economic activity in the Commonwealth. He also has served on the board of and as the chairman of the Greater Philadelphia Chamber of Commerce. His experience at Citizens Bank gave him knowledge of the markets that Exelon Generation and PECO serve. His experience as a banker, with strong credit and risk management experience and knowledge of credit and capital markets, and his experience as Chairman and CEO of Huntington Bancshares enhances Mr. Steinour's value to the Exelon board and to the finance and risk and audit committees.

Election of Directors

DIRECTOR INDEPENDENCE

Under Exelon's Corporate Governance Principles, a substantial majority of the board must be composed of independent directors, as defined by the NYSE. In addition to complying with the NYSE rules, Exelon monitors the independence of audit and compensation and leadership development committee members under rules of the SEC (for members of the audit committee and compensation and leadership development committee) and the Internal Revenue Service (for members of the compensation and leadership development committee). The board has adopted independence criteria corresponding to the NYSE rules for director independence and the following categorical standards to address those relationships that are not specifically covered by the NYSE rules:

1. A director's relationship with another company with which Exelon does business will not be considered a material relationship that would impair the director's independence if the aggregate of payments made by Exelon to that other company, or received by Exelon from that other company, in the most recent fiscal year, is less than the greater of $1 million or 5% of the recipient's consolidated gross revenues in that year. In making this determination, a commercial transaction will not be deemed to affect a director's independence, if and to the extent that: (a) the transaction involves rates or charges that are determined by competitive bidding, set with reference to prevailing market prices set by a well-established commodity market, or fixed in conformity with law or governmental authority; or (b) the provider of goods or services in the transaction is determined by the purchaser to be the only practical source for the purchaser to obtain the goods or services.
2. If a director is a current employee, or a director's immediate family member is an executive officer, of a charitable or other tax-exempt organization to which Exelon has made contributions, the contributions will not be considered a material relationship that would impair the director's independence if the aggregate of contributions made by Exelon to that organization in its most recent fiscal year is less than the greater of $1 million or 2% of that organization's consolidated gross receipts in that year. In any other circumstance, a director's relationship with a charity or other tax-exempt organization to which Exelon makes contributions will not be considered a material relationship that would impair the director's independence if the aggregate of all contributions made by Exelon to that organization in its most recent fiscal year is less than the greater of $1 million or 5% of that organization's consolidated gross receipts in that year. Transactions and relationships with charitable and other tax-exempt organizations that exceed these standards will be evaluated by the board to determine whether there is any effect on a director's independence.

Each year, directors are requested to provide information about their business relationships with Exelon, including other boards on which they may serve, and their charitable, civic, cultural and professional affiliations. We also gather information on significant relationships between their immediate family members and Exelon. All relationships are evaluated by Exelon's Office of Corporate Governance for materiality. Data on transactions between Exelon and companies for which an Exelon director or an immediate family member serves as a director or executive officer are presented to the corporate governance committee, which reviews the data and makes recommendations to the full board regarding the materiality of such relationships for the purpose of assessing director independence. The same information is considered by the full board in making the final determination of independence.

Mr. Shattuck is not considered an independent director because of his employment as executive chairman of Exelon through February 2013. Mr. Crane is not considered an independent director because of his employment as president and chief executive officer of Exelon. Each of the other current Exelon directors was determined by our board of directors to be "independent" under applicable guidelines presented above. The amounts involved in the transactions between Exelon and its subsidiaries, on the one hand, and the companies with which a director or an immediate family member is associated, on the other hand, all fell below the thresholds specified by the NYSE rules and the categorical standards specified in the company's Corporate Governance Principles. Because Exelon provides utility services through its subsidiaries BGE, ComEd, PECO and Constellation and many of its directors live in areas served by the Exelon subsidiaries, many of the directors are affiliated with businesses and charities that receive utility services from Exelon's subsidiaries. The corporate governance committee does not review transactions pursuant to which Exelon sells gas or electricity to these businesses or charities at

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tariffed rates. Similarly, because Exelon and its subsidiaries are active in their communities and make substantial charitable contributions, and many of Exelon's directors live in communities served by Exelon and its subsidiaries and are active in those communities, many of Exelon's directors are affiliated with charities that receive contributions from Exelon and its subsidiaries. None of the directors or their immediate family members is an executive officer of any charitable organizations to which Exelon or its subsidiaries contribute. All such payments to charitable organizations were immaterial under the applicable independence criteria.

We describe below various transactions and relationships considered by the board in assessing the independence of Exelon directors.

Ann C. Berzin

Ms. Berzin serves as a director of a public company that provides equipment and services to Exelon Generation. In 2014, Exelon paid that company approximately $635,000.

Nicholas DeBenedictis

Mr. DeBenedictis serves as the chairman, president and chief executive officer of a public water utility company that received approximately $600,000 from Exelon for water supplies. Exelon made these purchases under tariffed utility rates.
Mr. DeBenedictis serves as a director of a not-for-profit company that received $3,900,000 from Exelon for health care coverage for Exelon employees.

Richard W. Mies

Admiral Mies serves as the director of a public company that provides services to Exelon Generation. In 2014, Exelon paid that company approximately $6,800,000.

Dr. William C. Richardson

Dr. Richardson serves as a director of a public company that provided financial services to Exelon. In 2014, Exelon paid the company approximately $4,000,000.

John W. Rogers, Jr.

Mr. Rogers serves as a director of a company that is a customer of Exelon. The company paid Exelon approximately $19,000,000 in 2014.

Stephen D. Steinour

Mr. Steinour is the chairman, president and chief executive officer of a company that provided financial services to Exelon. In 2014, Exelon paid that company approximately $734,000. For additional information, see Related Person Transactions below.

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RELATED PERSON TRANSACTIONS

Exelon has a written policy for the review and approval or the ratification of related person transactions. Transactions covered by the policy include commercial transactions for goods and services and the purchase of electricity or gas at non-tariffed rates from Exelon or any of its subsidiaries by an entity affiliated with a director or officer of Exelon. The retail purchase of electricity or gas from BGE, ComEd or PECO at rates set by tariff, and transactions between or among Exelon or its subsidiaries are not considered. Charitable contributions approved in accordance with Exelon's Charitable Contribution Guidelines are deemed approved or ratified under the Related Persons Transaction policy and do not require separate consideration and ratification.

As required by the policy, the board reviewed all commercial, charitable, civic and other relationships with Exelon in 2014 that were disclosed by directors and executive officers of Exelon, BGE, ComEd and PECO, and by executive officers of Exelon Generation that required separate consideration and ratification. The Office of Corporate Governance collected information about each of these transactions, including the related persons and entities involved and the dollar amounts either paid by or received by Exelon. The Office of Corporate Governance also conducted additional due diligence, where required to determine the specific circumstances of the particular transaction, including whether it was competitively bid or whether the consideration paid was based on tariffed rates.

The corporate governance committee and the board reviewed the analysis prepared by the Office of Corporate Governance, which identified those related person transactions which required ratification or approval, under the terms of the policy, or disclosure under the SEC regulations. The corporate governance committee and the board considered the facts and circumstances of each of these related person transactions, including the amounts involved, the nature of the director's or officer's relationship with the other party to the transaction, whether the transaction was competitively bid and whether the price was fixed or determined by a tariffed rate.

The committee recommended that the board ratify all of the transactions. On the basis of the committee's recommendation, the board did so. Several transactions were ratified because the related person served only as a director of the affiliated company, was not an officer or employee of the affiliated company and did not have a pecuniary or material interest in the transaction. For some of these transactions, the value or cost of the transaction was very small, and the board considered the de minimis nature of the transaction as further reason for ratifying it. The board approved and ratified other transactions that were the result of a competitive bidding process, and therefore were considered fairly priced, or arms length, regardless of any relationship. The remaining transactions were approved by the board, even though the director is an executive officer of the affiliated company, because the transactions involved only retail electricity or gas purchases under tariffed rates or the price and terms were determined as a result of a competitive bidding process. Only one of the related person transactions is required to be disclosed in this proxy statement.

Huntington Bank is a lender to Exelon and its subsidiaries and participates in their credit facilities. Huntington participates in the credit facilities on the same basis as other participating banks with terms based on a competitive process with a syndicate of banks. In 2014, Exelon and its subsidiaries paid Huntington Bank approximately $734,000 in fees for credit facilities and letters of credit. Mr. Steinour, an Exelon director, is also Chairman, President and Chief Executive Officer of Huntington Bancshares, the parent of Huntington Bank.

The corporate governance committee and the Exelon board reviewed Huntington Bank's participation in the credit facilities as related person transactions and concluded that the transactions were in the best interests of Exelon because Huntington participates in the credit facilities on terms equivalent to those of an unrelated bank. There is no indication that Mr. Steinour was involved in the negotiations of the credit facilities or had any direct or indirect material interest in the transactions or influence over them. As compared to Exelon's and Huntington's overall revenues, the transactions are immaterial, individually and in the aggregate.

Corporate Governance at Exelon

Exelon is committed to maintaining the highest standards of corporate governance. We believe that strong corporate governance is critical to achieving our performance goals and maintaining the trust and confidence of investors, employees, customers, regulatory agencies and other stakeholders.

CORPORATE GOVERNANCE PRINCIPLES

Our Corporate Governance Principles, together with the board committee charters, provide the framework for the effective governance of Exelon. The board of directors has adopted our Corporate Governance Principles to address matters including qualifications for directors, standards of independence for directors, election of directors, responsibilities and expectations of directors, and evaluating board, committee and individual director performance. The Corporate Governance Principles also address director orientation and training, the evaluation of the chief executive officer and succession planning. The Corporate Governance Principles are revised from time to time to reflect emerging governance trends and to better address the particular needs of the company as they change over time.

THE BOARD'S FUNCTION AND STRUCTURE

Exelon's business, property and affairs are managed under the direction of the board of directors. The board is elected by shareholders to oversee management of the company in the long-term interest of all shareholders. All directors stand for election annually and in uncontested elections must be elected by a majority of the votes cast. The board considers the interests of other constituencies, which include customers, employees, annuitants, suppliers, the communities we serve, and the environment. The board is committed to ensuring that Exelon conducts business in accordance with the highest standards of ethics, integrity, and transparency.

BOARD LEADERSHIP

Exelon's Corporate Governance Principles establish the position of Lead Director. The Lead Director is an independent director elected by the independent directors of the Exelon board, upon the recommendation of the corporate governance committee, with responsibilities to act at any time when (1) the positions of chairman of the board and the chief executive officer are held by the same person; or (2) for other reasons the person holding the position of chairman of the board is not an independent director under the applicable director independence standards.

As specified in the Corporate Governance Principles, the role of the Lead Director includes:

- presiding at executive sessions of non-management or independent directors;
- calling meetings of the independent directors;
- serving as an advisor to the chairman and the chief executive officer ("CEO");
- functioning as the non-exclusive liaison between the non-management directors and the chairman and the CEO;
- adding items to agendas for board meetings;
- assuring the sufficiency of the time for discussion at board meetings;
- leading, in conjunction with the corporate governance and compensation and leadership development committees, the process for evaluating the performance of the chairman and the CEO and determining their respective compensation;
- leading on corporate governance initiatives relevant to board and committee operations;
- in the event of the death or incapacity of the chairman of the board, serving as the acting chairman of the board until such time as a chairman of the board is selected;

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Corporate Governance at Exelon

- receiving and responding to mail addressed to the board of directors; and
- having such additional powers and responsibilities as the board of directors may from time to time assign or request.

The Corporate Governance Principles grant the board of directors discretion to separate the roles of chairman and chief executive officer if the board determines that such a separation is in the best interests of Exelon and its shareholders. Upon the completion of the merger between Exelon and Constellation Energy Group in 2012, the board of directors separated the positions of chairman of the board and chief executive officer. The board appointed Mayo A. Shattuck III to the position of executive chairman and Christopher M. Crane to the position of chief executive officer. Mr. Shattuck served as executive chairman from March 2012 through February 2013 and he continues to serve as non-executive chairman of the Exelon board.

The board believes that Exelon has in place effective arrangements and structures to ensure that the company maintains the highest standard of corporate governance and board independence and independent board leadership and continued accountability of the chairman and the CEO to the board. These arrangements and structures include:

- 11 of the 13 nominees are independent and meet the independence requirements under the NYSE listing standards and the additional independence requirements under the company's Corporate Governance Principles.
- In 2012, the board elected William C. Richardson as the independent Lead Director. Dr. Richardson has been a member of our board since 2005. Dr. Richardson's responsibilities as Lead Director complement Mr. Shattuck's role as chairman and Mr. Crane's role as CEO while providing independent board leadership and the necessary checks and balances to hold the board, the chairman and the CEO accountable in their respective roles.
- The audit, compensation and leadership development, corporate governance and finance and risk committees are composed solely of and chaired by independent directors. The investment oversight and generation oversight committees are chaired by independent directors and, effective January 1, 2014, include Messrs. Crane and Shattuck as members of the committees.
- A significant portion of the business of the Exelon board is reviewed or approved by the board's committees, and the agendas of the board's committees are driven by the independent chairs through their discussions with management.
- The board agendas, in turn, are determined in large part by the committee agendas, and discussions at board meetings are driven to a significant degree by the committee agendas and the reports the committee chairs present to the full board.
- The performance and compensation of the CEO is reviewed annually by the full board in executive session under the leadership of the corporate governance and compensation and leadership development committees.

BOARD OVERSIGHT OF RISK

The company operates in a market and regulatory environment that involves significant risks, many of which are beyond its control. The company has a risk management group consisting of a Chief Enterprise Risk Officer, a Chief Commercial Risk Officer, a Chief Credit Officer and a full-time staff of 133. The risk management group draws upon other company personnel for additional support on various matters related to the identification, assessment and management of enterprise risks. The company also has a Risk Management Committee comprising company officers who meet regularly to discuss matters related to enterprise risk management generally and particular risks associated with new developments or proposed transactions under consideration. Management of the company regularly meets with the Chief Enterprise Risk Officer and the Risk Management Committee to identify and evaluate the most significant risks of the businesses and appropriate steps to manage and mitigate those risks. In addition, the Chief Enterprise Risk Officer and the risk management group perform an annual assessment of enterprise risks, drawing upon resources throughout the company for an assessment of the probability and severity of the identified risks. The Chief Enterprise Risk Officer and senior executives of the company discuss those

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risks with the board's finance and risk committee as well as the audit committee and, when appropriate, the BGE, ComEd and PECO boards of directors. In addition, the Exelon board's generation oversight committee evaluates risks related to the company's generation business. The committees of the Exelon board regularly report to the full board on the committees' discussions of enterprise risks. In addition, the Exelon board regularly discusses enterprise risks in connection with consideration of emerging trends or developments and in connection with the evaluation of capital investments and other business opportunities and business strategies.

BOARD/COMMITTEE/DIRECTOR EVALUATION

The board has a three-part annual evaluation process that is coordinated by the Lead Director and the corporate governance committee: committee self-evaluations; a full board evaluation; and the evaluation of the individual directors. The committee self-evaluations consider whether and how well each committee has performed the responsibilities in its charter, whether the committee members possess the right skills and experience to perform their responsibilities or whether additional education or training is required, whether there are sufficient meetings covering the right topics, whether the meeting materials are effective, and other matters. The full board evaluation considers the following factors, among others, in light of the committee self-assessments: (1) the effectiveness of the board organization and committee structure; (2) the quality of meetings, agendas, presentations and meeting materials; (3) the effectiveness of director preparation and participation in discussions; (4) the effectiveness of director selection, orientation and continuing education processes; (5) the effectiveness of the process for establishing the CEO's performance criteria and evaluating his performance; and (6) the quality of administrative planning and logistical support.

Individual director performance assessments are conducted informally as needed and involve a discussion among the Lead Director and other directors, including members of the corporate governance committee, using the performance expectations for directors contained in the Corporate Governance Principles. In addition, the Lead Director, the chairman of the corporate governance committee or the chairman of the board provides individual feedback, as necessary.

DIRECTOR EDUCATION

The board has a program for orienting new directors and providing continuing education for all directors that is overseen by the corporate governance committee. The orientation program is tailored to the needs of each new director depending on his or her level of experience serving on other boards and knowledge of the company or industry acquired before joining the board. New directors receive materials about Exelon, the board and board policies and operations and attend meetings with the CEO and executive vice presidents and members of their staff for a briefing on the executives' responsibilities, programs and challenges. New directors are also scheduled for tours of various company facilities, depending on their orientation needs (incumbent directors are also invited to participate in the site visits, if available).

Continuing director education is provided during portions of regular board and committee meetings and focuses on the topics necessary to enable the board to consider effectively issues before them at that time (such as new regulatory or accounting standards). The education often takes the form of "white papers," covering timely subjects or topics, which a director can review before the meeting and ask questions about during the meeting. The audit committee devotes a meeting each year to educating the committee members about new accounting rules and standards, and topics that are necessary to having a good understanding of our accounting practices and financial statements. The generation oversight committee uses site visits as a regular part of education for its members; the committee holds each meeting at a different generating station (nuclear, fossil or hydro) and the agenda always includes a briefing by local plant management, a tour of the facility and lunch with plant personnel. Continuing director education also involves individual directors' attendance at director education seminars. The company pays the cost for any director to attend outside director education seminars on corporate governance or other topics relevant to their service as directors.

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Corporate Governance at Exelon

INFORMATION ABOUT THE BOARD COMMITTEES

In determining the membership of the committees, the corporate governance committee has sought to have each committee reflect a range of backgrounds and experience and diversity. Every member of the audit committee qualifies as an "audit committee financial expert," as defined by SEC rules, and most of the members serve or have served on audit committees of other companies. The chairs of the audit and finance and risk committees sit on each other's committees, and there is significant overlap in the membership of the committees reflecting the overlap in responsibilities. Similarly, the chairs of the corporate governance and compensation and leadership development committees sit on each other's committees, which is helpful in the company's process for evaluating the performance and setting the compensation of the CEO. Almost all of the members of the corporate governance committee serve or have served on the corporate governance committees of other corporations. Several of the members of the compensation and leadership development committee have served on the compensation committees of other corporations. The investment oversight committee includes members with experience in investment banking and the economics of energy. The finance and risk committee includes members with experience in the economics of energy, nuclear operations, and banking and investment management, reflecting experience in dealing with the range of risks that the company faces.

In 2014, six standing committees assisted the board in carrying out its duties: the audit committee, the compensation and leadership development committee, the corporate governance committee, the finance and risk committee, the generation oversight committee and the investment oversight committee. The energy delivery oversight committee was terminated effective January 1, 2014. The chairman and the CEO are invited guests and are welcome to attend all committee meetings, except when the independent directors meet in executive session. The committees, their membership during 2014, changes in committee assignments in 2014, and their principal responsibilities are described below:

Audit	Compensation and Leadership Development	Corporate Governance	Finance and Risk	Generation Oversight	Investment Oversight
Gin (Chair) [1]	Canning (Chair)	Lawless (Chair)	Steinour (Chair)	Mies (Chair)	Rogers (Chair)
Anderson (Chair) [2]	de Balmann	Canning	Anderson	Anderson	Crane
Berzin	Lawless	DeBenedictis	Berzin	Crane	Gin [1,3]
de Balmann	Richardson	Gin [1]	de Balmann	DeBenedictis	Joskow
Joskow	Steinour [3]	Mies [3]	DeBenedictis	Diaz [4]	Richardson [3]
Mies		Richardson	Diaz [4]	Shattuck	Shattuck
Richardson		Rogers	Gin [1]		
Steinour			Joskow		
			Mies		

Notes to Committee Membership Table:

1) Ms. Gin passed away on September 26, 2014.

2) Anthony K. Anderson became the Chair of the audit committee on October 21, 2014.

3) Member through January 28, 2014.

4) Hon. Nelson A. Diaz is not standing for reelection at the 2015 annual shareholders meeting.

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Corporate Governance at Exelon

AUDIT COMMITTEE

Report of the Audit Committee

The audit committee's primary responsibility is to assist the board of directors in fulfilling its responsibility to oversee and review the quality and integrity of the company's financial statements and internal controls over financial reporting, the independent auditor's qualifications and independence, and the performance of the company's internal audit function and of its independent auditor.

The audit committee is comprised entirely of independent directors and is governed by a board-approved, written charter stating its responsibilities. The charter is reviewed annually and updated, as appropriate, to address changes in regulatory requirements, authoritative guidance, evolving oversight practices and investor feedback. The audit committee charter was last amended on January 27, 2015, and is available on the Exelon website at www.exeloncorp.com on the corporate governance page under the Investors tab, and is available in print to any shareholder who requests a copy from Exelon's corporate secretary as described on page 90 of this proxy statement.

The audit committee satisfies the independence, financial experience and other qualification requirements of the New York Stock Exchange (NYSE) and applicable securities laws and regulations. The board of directors has determined that each of the members of the audit committee is an "audit committee financial expert" for purposes of the SEC's rules and also that each of the members of the audit committee is independent as defined by the rules of the NYSE and Exelon's Corporate Governance Principles.

Under its charter, the audit committee's principal duties include:

- Having sole authority to appoint, retain, or replace the independent auditor, subject to shareholder ratification, and to oversee the independence, compensation and performance of the independent auditor;
- Reviewing financial reporting and accounting policies and practices;
- Overseeing the work of the internal auditor and reviewing internal controls;
- With the assistance of the finance and risk committee, discussing guidelines and policies to govern the process of risk assessment and risk management; and
- Reviewing policies and procedures with respect to internal audits of officers' and directors' expenses, compliance with Exelon's Code of Business Conduct, and the receipt and treatment of complaints regarding accounting, internal controls or auditing matters.

The audit committee receives an annual report from the finance and risk committee of the board of directors regarding corporate risk management policy and other areas overseen by the finance and risk committee. Most members of the audit committee also serve on the finance and risk committee. On occasion, the audit and finance and risk committees meet jointly to review areas of mutual interest between the two committees.

The audit committee meets outside the presence of management for portions of its meetings to hold separate discussions with the independent auditor, the internal auditors, and the chief legal officer.

The audit committee met seven times in 2014, fulfilling its duties and responsibilities as outlined in its charter, as well as receiving periodic updates on the company's financial performance and strategic initiatives, as well as other matters germane to its responsibilities.

Management has primary responsibility for preparing the company's financial statements and establishing effective internal controls over financial reporting. PricewaterhouseCoopers LLP (PwC), the company's independent auditor, is responsible for auditing those financial statements and expressing an opinion on the conformity of the company's audited financial

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statements with generally accepted accounting principles and on the effectiveness of the company's internal controls over financial reporting based on criteria established in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission.

In this context, the audit committee has reviewed and discussed with management and PwC the company's audited financial statements contained in the 2014 Annual Report on SEC Form 10-K, including the critical accounting policies applied by the company in the preparation of these financial statements. The audit committee discussed with PwC the matters required to be discussed by applicable requirements of the Public Company Accounting Oversight Board (PCAOB), and had the opportunity to ask PwC questions relating to such matters. These discussions included the quality, and not just the acceptability, of the accounting principles utilized, the reasonableness of significant accounting judgments, and the clarity of disclosures in the financial statements.

At each of its meetings in 2014, the audit committee met with the company's chief financial officer, corporate controller and other senior members of the company's financial management. The audit committee reviewed with PwC and the company's internal auditors the overall scope and plans for their respective audits in 2014. The audit committee also received regular updates from the company's internal auditors on internal controls and business risks and from the company's general counsel on compliance and ethics issues.

The audit committee met with the internal auditors and PwC, with and without management present, to discuss their evaluations of the company's internal controls and the overall quality of the company's financial reporting. The audit committee also met with the company's general counsel and deputy general counsel , with and without management present, to review and discuss compliance and ethics matters, including compliance with the company's Code of Business Conduct.

The audit committee annually considers the independence, qualifications, compensation and performance of PwC. Such consideration includes reviewing the written disclosures and the letter provided by PwC in accordance with applicable requirements of the PCAOB regarding PwC's communications with the audit committee concerning independence, and discussing with PwC their independence.

The audit committee is responsible for the approval of audit fees, and the committee reviewed and pre-approved all fees paid to PwC in 2014. The audit committee has adopted a policy for pre-approval of services to be performed by the independent auditor. Further information on this policy and on the fees paid to PwC in 2014 and 2013 can be found in the section of this proxy statement titled "Ratification of PriceWaterhouseCoopers LLP as Exelon's Independent Auditor for 2015." The audit committee periodically reviews the level of fees approved for payment to PwC and the pre-approved non-audit services PwC has provided to the company to ensure their compatibility with independence. The audit committee also monitors the company's hiring of former employees of PwC.

The audit committee monitors the performance of PwC's lead partner responsible for the audit, oversees the required rotation of PwC's lead audit partner and, through the audit committee chair, reviews and considers the selection of the lead audit partner. In addition, to help ensure auditor independence, the audit committee periodically considers whether there should be a rotation of the independent auditor.

PwC has served as the company's independent auditor since the company's formation in 2000. As in prior years, the audit committee and management have engaged in a review of PwC in connection with the audit committee's consideration of whether to recommend that shareholders ratify the selection of PwC as the company's independent auditor for 2015. In that review, the audit committee considered both the continued independence of PwC and whether retaining PwC is in the best interests of the company and its shareholders. In addition to independence, other factors considered by the audit committee included:

- PwC's historical and recent overall performance on the audit, including the quality of the audit committee's ongoing discussions with PwC;

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- PwC's expertise and capability in handling the accounting, internal control, process and system risks and practices present in the company's energy generation and utility businesses, including relative to the corresponding expertise and capabilities of other audit firms;
- the quality, quantity and geographic location of PwC staff, and PwC's ability to provide responsive service;
- PwC's tenure as the company's independent auditor and its familiarity with the company's operations and businesses, accounting policies and practices and internal control over financial reporting;
- the significant time commitment required to onboard and educate a new audit firm that could distract management's focus on financial reporting and internal control;
- the appropriateness of PwC's fees, on both an absolute basis and as compared to services provided by other auditing firms to peer companies;
- an assessment of PwC's identification of its known significant legal risks and proceedings that may impair PwC's ability to perform the audit; and
- external information on audit quality and performance, including recent PCAOB reports on PwC and its peer firms.

The audit committee has concluded that PwC is independent from the company and its management, and has retained PwC as the company's independent auditor for 2015. The audit committee and the board believe that the continued retention of PwC is in the best interests of the company and its shareholders and have recommended that shareholders ratify the appointment of PwC as the company's independent auditor for 2015.

In addition, in reliance on the reviews and discussions referred to above, the Exelon audit committee recommended to the Exelon board of directors (and the Exelon board of directors approved) that the audited financial statements be included in Exelon Corporation's Annual Report on Form 10-K for the year ended December 31, 2014, for filing with the SEC.

February 9, 2015

THE AUDIT COMMITTEE

Anthony K. Anderson, Chair
Ann C. Berzin
Yves C. de Balmann
Paul L. Joskow
Richard W. Mies
William C. Richardson
Stephen D. Steinour

COMPENSATION AND LEADERSHIP DEVELOPMENT COMMITTEE

The compensation and leadership development committee is composed entirely of independent directors and is governed by a board-approved charter stating its responsibilities. The committee met five times in 2014.

The compensation and leadership development committee's principal duties, as discussed in its charter, include:

- Ensuring that executive compensation levels and targets are aligned with, and designed to achieve, Exelon's strategic and operating objectives;
- Reviewing recommendations from management and outside consultants and approving or recommending approval of matters of executive compensation for officers of Exelon and its subsidiaries, including base salary, incentive awards, equity grants, perquisites, and other forms of compensation; and
- Reviewing and making recommendations to the board on leadership development, succession planning (other than the chairman and the chief executive officer and president) and diversity.

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Executive officers are involved in evaluation of the performance and development of initial recommendations with respect to compensation adjustments; however, the compensation and leadership development committee (and the independent directors with respect to the compensation of the CEO) makes the final determinations with respect to compensation programs and adjustments. The chairman and the CEO are considered invited guests and are welcome to attend the meetings of the compensation and leadership development committee, except when the committee meets in executive session to discuss, for example, the CEO's compensation. The chairman and the CEO cannot call meetings of the compensation and leadership development committee.

Management, including the executive officers, makes recommendations as to goals for the incentive compensation programs that are aligned with Exelon's business plan. The compensation and leadership development committee reviews the recommendations and establishes the final goals. The committee strives to ensure that the goals are consistent with the overall strategic goals set by the board of directors (including the individual goals of subsidiaries, as appropriate), that they are sufficiently difficult to meaningfully incent management performance, and, if the targets are met, that the payouts will be consistent with the design for the overall compensation program. Executive officers take an active role in evaluating the performance of the executives who report to them, directly or indirectly, and in recommending the amount of compensation their subordinate executives receive. Executive officers review peer group compensation data for each of their subordinates in conjunction with their annual performance reviews to formulate a recommendation for base salary and whether to apply an individual performance multiplier to the subordinate executive's incentive payouts, and if so, the amount of the multiplier.

Executive officers generally do not make recommendations with respect to annual and long-term incentive target percentages or payouts. The CEO reviews all of the recommendations of the executive officers before they are presented to the compensation and leadership development committee. The human resources function provides to the compensation and leadership development committee and the independent directors data showing the history of the compensation of the CEO and data that analyzes the cost of a range of several alternatives for changes to the compensation of the CEO, but the executive officers, the chairman and the CEO do not make any recommendation to the compensation and leadership development committee or the independent directors with respect to the compensation of the CEO.

The compensation and leadership development committee has delegated to the CEO the authority to make off-cycle equity awards to employees who are not subject to the limitations of Internal Revenue Code Section 162(m), are not executive officers for purposes of reporting under Section 16 of the Securities Exchange Act of 1934, and are not executive vice presidents or higher officers of Exelon, provided that such authority is limited to making grants of up to 600,000 shares in the aggregate, and 20,000 shares per recipient in any year. The compensation and leadership development committee reviews and ratifies these grants.

During fiscal 2014 and as of the date of this proxy statement, none of the members of the compensation and leadership development committee was or is an officer or employee of the company, and no executive officer of the company served or serves on any compensation committee or board of any company that employed or employs any members of the company's compensation and leadership development committee or board of directors.

Compensation Consultant

Pursuant to the compensation and leadership development committee's charter, the committee is authorized to retain and terminate, without board or management approval, the services of an independent compensation consultant to provide advice and assistance, as the committee deems appropriate. The committee has the sole authority to approve the consultant's fees and other retention terms, and reviews the independence of the consultant and any other services that the consultant or the consultant's firm may provide to the company. The chair of the compensation and leadership development committee reviews, negotiates and executes an engagement letter with the compensation consultant. The compensation consultant directly reports to the committee.

Corporate Governance at Exelon

The compensation and leadership development committee has engaged Semler Brossy Consulting Group, LLC and its Managing Principal Ms. Blair Jones as its consultant. The committee determined that Semler Brossy offered the strongest and most responsive team and would provide the most reliable and cost-competitive advice through experience, research and benchmarking. In reviewing the engagement in December 2014, the committee considered the following factors in determining that Ms. Jones and the firm are independent consultants and do not have any conflicts of interest:

- Semler Brossy performs no other services for the company or its affiliates and received no other fees from the company;
- the firm has formal written policies designed to prevent conflicts of interest; and
- there were no relationships of the firm and its consultants and Exelon and its officers, directors or affiliates except that Dr. Richardson had known another consultant from the firm in connection with his consulting for the compensation committee at another company where Dr. Richardson had previously served as a director.

As part of its ongoing services to the compensation and leadership development committee, the compensation consultant supports the committee in executing its duties and responsibilities with respect to Exelon's executive compensation programs by providing information regarding market trends and competitive compensation programs and strategies. In supporting the committee, the compensation consultant does the following:

- Prepares market data for each senior executive position, including evaluating Exelon's compensation strategy and reviewing and confirming the peer group used to prepare the market data;
- Provides the committee with an independent assessment of management recommendations for changes in the compensation structure;
- Works with management to ensure that the company's executive compensation programs are designed and administered consistent with the committee's requirements; and
- Provides ad hoc support to the committee, including discussing executive compensation and related corporate governance trends.

Exelon's human resources staff and senior management use the data provided by the compensation consultant to prepare documents for use by the compensation and leadership development committee in preparing their recommendations to the full board of directors or, in the case of the CEO, the independent directors, on compensation for the senior executives. In addition to its general responsibilities, the compensation consultant attends the compensation and leadership development committee's meetings, if requested. The committee, or Exelon's management on behalf of the committee, may also ask the compensation consultant to perform other executive and non-executive compensation-related projects. The committee has established a process for determining whether any significant additional services will be needed and whether a separate engagement for such services is necessary.

The committee has a formal compensation consultant independence policy that codifies its past practices. The compensation consultant independence policy is available on the Exelon website at www.exeloncorp.com , on the corporate governance page under the Investors tab. The purpose of the policy is to ensure that the advisers or consultants retained by the committee are independent of the company and its management, as determined by the committee using its reasonable business judgment. The committee considers all facts and circumstances it deems relevant, such as the nature of any relationship between a compensation consultant, the compensation consultant's firm, and the company and the nature of any services provided by the compensation consultant's firm to the company that are unrelated to the compensation consultant's work for the committee. Under the policy, a compensation consultant shall not be considered independent if the compensation consultant or the compensation consultant's firm receives more than one percent of its annual gross revenues for services provided to the company. Under the policy, the compensation consultant reports directly to the chair of the

compensation and leadership development committee, and the committee approves the aggregate amount of fees to be paid to the compensation consultant or the compensation consultant's firm. The policy requires that the compensation consultant and any associates providing services to the compensation and leadership development committee have no direct involvement with any other aspects of the compensation consultant's firm's relationship with Exelon (other than any director compensation services that may be performed for the corporate governance committee), and that no element of the compensation consultant's compensation may be based on any consideration of the revenues for other services that the firm may provide to Exelon. For 2014, no fees were paid to Semler Brossy for additional services beyond its work as consultant to the compensation and leadership development committee.

CORPORATE GOVERNANCE COMMITTEE

The corporate governance committee met five times in 2014. All members of the committee are independent directors.

In addition to its other duties described elsewhere in this proxy statement, the corporate governance committee's principal duties, as discussed in its charter, include:

- Reviewing and making recommendations on corporate, board and committee structure, organization, committee membership, functions, compensation and effectiveness;
- Monitoring corporate governance trends and making recommendations to the board regarding the Corporate Governance Principles;
- Identifying potential director candidates and coordinating the nominating process for directors;
- Coordinating the board's role in establishing performance criteria for the CEO and evaluating the performance of the CEO;
- Monitoring CEO succession planning;
- Overseeing Exelon's strategies and efforts to protect and improve the environment, including climate change, sustainability and the Exelon 2020 plan;
- Approving or amending delegations of authority for Exelon and its subsidiaries; and
- Overseeing Exelon's efforts to promote diversity among its contractors and suppliers.

The committee may act on behalf of the full board when the board is not in session. The committee utilizes an independent compensation consultant to assist it in evaluating directors' compensation, and for this purpose it periodically asks the consultant to prepare a study of the compensation of the company's directors compared to the directors of companies in the same peer group used for executive compensation. This study is used as the basis for the corporate governance committee's recommendations to the full board with respect to director compensation. The corporate governance committee may utilize other consultants, such as specialized search firms to identify candidates for director.

FINANCE AND RISK COMMITTEE

The finance and risk committee met seven times in 2014.

The finance and risk committee's principal duties, as discussed in its current charter, include:

- Overseeing the company's risk management functions;
- Overseeing matters relating to the financial condition and risk exposures by Exelon;
- Monitoring the financial condition, capital structure, financing plans and programs, dividend policy, treasury policies and liquidity and related financial risk at Exelon and its major subsidiaries;

- Overseeing or appraising of the capital management and planning process, including capital investments, acquisitions and divestitures;
- Overseeing the company-wide risk management strategy, policies, procedures, and mitigation efforts, including insurance programs;
- Overseeing the strategy and performance of risk management policies relating to risks associated with marketing and trading of energy and energy-related products; and
- Reviewing and approving risk policies relating to power marketing, hedging and the use of derivatives.

Most members of the finance and risk committee also serve on the audit committee. On occasion, the finance and risk and audit committees meet jointly to review areas of mutual interest between the two committees.

GENERATION OVERSIGHT COMMITTEE

The generation oversight committee met four times in 2014.

The generation oversight committee's principal duties, as discussed in its charter, include:

- Advising and assisting the full board in fulfilling its responsibilities to oversee the safe and reliable operation of all generating facilities owned or operated by Exelon or its subsidiaries, including those in which Exelon has significant equity or operational interests;
- Overseeing the management and operation of the company's generating facilities and the overall organizational effectiveness (both corporate and stations) of the generation operations;
- Overseeing the establishment of and compliance with policies and procedures to manage and mitigate risks associated with the security and integrity of Exelon Generation's assets; and
- Reviewing environmental, health and safety issues related to the company's generating facilities.

INVESTMENT OVERSIGHT COMMITTEE

The investment oversight committee is responsible for general oversight of Exelon's investment management functions. The committee serves as a resource and advisory panel for Exelon's management-level investment management team and reports to the board.

The investment oversight committee met three times in 2014.

The investment oversight committee's principal duties, as discussed in its charter, include:

- Overseeing the management and investment of the assets held in trusts established or maintained by the company or any subsidiary for the purpose of funding the expense of decommissioning nuclear facilities;
- Monitoring the performance of the nuclear decommissioning trusts and the trustees, investment managers and other advisors and service providers for the trusts;
- Overseeing the evaluation, selection and retention of investment advisory and management, consulting, accounting, financial, clerical or other services with respect to the nuclear decommissioning trusts;
- Overseeing the evaluation, selection and appointment of trustees and other fiduciaries for the nuclear decommissioning trusts;

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- Overseeing the administration of the nuclear decommissioning trusts; and
- Monitoring and receiving periodic reports concerning the investment performance of the trusts under the pension and post-retirement welfare plans and the investment options under the savings plans.

DIRECTOR NOMINATION PROCESS

The corporate governance committee serves as the nominating committee and recommends director nominees. The board of directors receives the proposed nominations from the corporate governance committee and approves the nominees to be included in the Exelon proxy materials that are distributed to shareholders.

The corporate governance committee considers all candidates for director, including directors currently serving on the board and candidates recommended by shareholders and others. The committee may also utilize specialized search firms to identify and assess potential candidates.

The committee determines the appropriate mix of skills and characteristics required to best fill the needs of the board and periodically reviews and updates the criteria as deemed necessary. The board believes that diversity in personal background, race, gender, age and nationality are important considerations in selecting candidates. All candidates are considered in light of the following standards and qualifications for director that are contained in the Exelon Corporate Governance Principles:

- Highest personal and professional ethics, integrity and values;
- An inquiring and independent mind;
- Practical wisdom and mature judgment;
- Broad training and experience at the policy-making level in business, government, education or technology;
- Expertise useful to Exelon and complementary to the background and experience of other Exelon board members;
- Willingness to devote the required amount of time to the duties and responsibilities of board membership;
- A commitment to serve over a period of years to develop knowledge about Exelon; and
- Involvement only in activities or interests that do not create a conflict with responsibilities to Exelon and its shareholders.

The satisfaction of these criteria is implemented and assessed through consideration of directors and nominees by the corporate governance committee and the board of directors and through the process for evaluation of the board's effectiveness. The corporate governance committee and the board believe that the criteria have been satisfied to create an effective mix of experience, skills, specialized knowledge, diversity, and other qualifications and attributes among members of the board of directors.

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DIRECTOR RETIREMENT POLICY

For several years prior to 2010, the board had a retirement policy under which a director must retire at the end of the calendar year in which he or she reached the age of 72. In 2010, the corporate governance committee and the board re-evaluated the company's retirement policy and matters related to director succession. The board found that directors can normally continue to provide a valuable service to the company for several years beyond age 72. In addition, the board noted that under the retirement policy there were repeated instances where a number of director retirements would fall in the same year. For these reasons, the board was generally flexible in the application of the retirement policy and waived or suspended the policy when the purposes of the policy are outweighed by factors such as a desire for director continuity, the desire to retain the leadership or experience of a particular director, a need to identify equally qualified successors, a desire to avoid multiple retirements in one year, or other factors that mitigate against mandatory retirement. The board also recognized that, beginning with the annual meeting in 2010, shareholders are entitled to vote for the election of the entire board of directors. Accordingly, during 2010 the board amended the director retirement policy to provide that a director must retire at the end of the calendar year in which he or she reaches the age of 75.

COMPENSATION OF NON-EMPLOYEE DIRECTORS

For their service as directors of the corporation in 2014, Exelon's non-employee directors received the compensation shown in the following table and explained in the accompanying notes. Mr. Crane, not shown in the table, received no additional compensation for his service as a member of the board of directors or its committees.

	Fees Earned or Paid in Cash		Stock Awards (see description below)	Change in Pension Value and Nonqualified Compensation Earnings (Note 1)	All Other Compensation (Note 2)	Total
	Annual Board & Committee Retainers	Board & Committee Meeting Fees				
Anderson [3]	$ 93,913	$ 60,000	$ 100,000	$ —	$ —	$ 253,913
Berzin	85,000	50,000	100,000	—	15,000	250,000
Canning	90,000	38,000	100,000	—	15,000	243,000
de Balmann	85,000	58,000	100,000	—	—	243,000
DeBenedictis	85,000	58,000	100,000	—	15,000	258,000
Diaz	85,000	48,000	100,000	—	5,000	238,000
Gin [4]	77,609	40,000	73,901	—	—	191,510
Joskow	85,000	56,000	100,000	—	—	241,000
Lawless [5]	90,000	36,000	100,000	—	—	226,000
Mies	110,000	64,000	100,000	—	15,000	289,000
Richardson [5]	110,000	56,000	100,000	—	15,000	281,000
Rogers	90,000	36,000	100,000	—	15,000	241,000
Shattuck [6]	426,806	33,000	100,000	—	15,000	574,806
Steinour	95,000	50,000	100,000	—	15,000	260,000
Total All Directors	**1,608,328**	**683,000**	**1,373,901**	**0**	**125,000**	**3,790,229**

Notes:

(1) Values in this column represent that portion of the directors' accrued earnings in their non-qualified deferred compensation account that were considered as above market. See the description below under the heading "Deferred Compensation." For 2014, none of the directors recognized any such earnings.

Corporate Governance at Exelon

(2) Values in this column represent the company's matching portion of the director's contribution to qualified educational institutions pursuant to Exelon's matching gift plan described below in Other Compensation.
(3) Mr. Anderson was appointed chair of the audit committee effective October 21, 2014 and his chairman's retainer is prorated from October 20, 2014 when he served as acting chair.
(4) Ms. Gin passed away on September 26, 2014. All retainers were prorated through that date.
(5) In addition to the amounts shown in the table, Mr. Lawless and Dr. Richardson, who also served as directors of the Exelon Foundation during 2014, received $4,000 and $6,000 respectively from the Foundation for attending meetings of the Foundation's board. Exelon contributes to the Foundation to pay for the Foundation's operating expenses.
(6) Compensation for Mr. Shattuck includes a portion of cash retainers earned in 2013 but not paid until January 2014.

Fees Earned or Paid in Cash

In 2014, all directors received an annual retainer of $80,000 paid in cash. The Lead Director received an additional annual retainer of $25,000. The non-executive chairman of the board received an annual retainer at the rate of $300,000 per year in in addition to board and selected committee meeting fees. Committee chairs receive an additional $10,000 retainer per year. In recognition of the additional time commitment and responsibility, members of the audit committee and generation oversight committee, including the committee chairs, receive an additional $5,000 per year for their participation on these committees, and the chairs of these committees receive a $20,000 annual retainer.

Directors receive $2,000 for each meeting of the board that they attend, whether in person or by means of teleconferencing or video conferencing equipment. Directors serving on board committees receive $2,000 for each meeting they attend; directors serving on the generation oversight committee receive $3,000 for each meeting of that committee they attend due to the additional travel that is required and the length of those meetings. Directors also receive a $2,000 meeting fee for attending the annual shareholders meeting and the annual strategy retreat.

Stock Awards

Rather than paying directors entirely in cash, Exelon pays a significant portion of director compensation in the form of deferred stock units. Directors receive deferred stock units worth $100,000 per year. Deferred stock units are granted and credited to a notional account maintained on the books of the corporation at the end of each calendar quarter based upon the closing price of Exelon common stock on the day the quarterly dividend is paid. Deferred stock units earn the same dividends available to all holders of Exelon common stock, which are reinvested in the account as additional stock units. The deferred stock units are not paid out to the directors until they retire from the board, leaving these amounts at risk during the director's entire tenure on the board.

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Corporate Governance at Exelon

As of December 31, 2014, the directors held the following amounts of deferred Exelon common stock units. The units are valued at the closing price of Exelon common stock on December 31, 2014, which was $37.08. Legacy plans include those stock units earned from Exelon's predecessor and merged companies, PECO Energy Company, Unicom Corporation and Constellation Energy Group, Inc. For Mr. Rogers, the legacy deferred stock units reflect accrued benefits from the Unicom 1996 Directors Fee Plan, which was terminated in 2000; for Ms. Berzin, Mr. de Balmann and Mr. Lawless the legacy units reflect accrued benefits from the Constellation Energy Group, Inc. Deferred Compensation Plan for Non-employee Directors that was terminated on March 12, 2012.

	Year First Elected to the Board	Deferred Stock Units From Legacy Plans #	Deferred Stock Units From Exelon Plan #	Total Deferred Stock Units #	Fair Market Value as of 12/31/14 $
Anthony K. Anderson	2013		6,164	6,164	$228.561
Ann C. Berzin	2012	24,961	9,047	34,008	1,261,017
John A. Canning	2008		18,965	18,965	703,222
Yves C. de Balmann	2012	34,468	9,047	43,515	1,613,536
Nicholas DeBenedictis	2002		26,687	26,687	989,554
Nelson A. Diaz	2004		26,530	26,530	983,732
Paul L. Joskow	2007		20,476	20,476	759,250
Robert J. Lawless	2012	38,244	9,047	47,291	1,753,550
Richard W. Mies	2009		17,757	17,757	658,430
William C. Richardson	2005		24,299	24,299	901,007
John W. Rogers, Jr	1999	4,571	36,000	40,571	1,504,373
Mayo A. Shattuck III	2012		5,906	5,906	218,994
Stephen D. Steinour	2007		20,818	20,818	771,931
Total All Directors		**102,244**	**230,743**	**332,987**	**12,347,157**

Deferred Compensation

Directors may elect to defer any portion their cash compensation in a non-qualified multi-fund deferred compensation plan. Each director has an unfunded account where the dollar balance can be invested in one or more of several mutual funds, including one fund composed entirely of Exelon common stock. Fund balances (including those amounts invested in the Exelon common stock fund) will be settled in cash and may be distributed in a lump sum or in annual installment payments upon a director's reaching age 65, age 72 or upon retirement from the board. These funds are identical to those that are available to those available to company employees who participate in the Exelon Employee Savings Plan.

Other Compensation

Exelon has a board expense reimbursement policy under which directors are reimbursed for reasonable travel to and from their primary or secondary residence and lodging expenses incurred when attending board and committee meetings or other events on behalf of Exelon (including director's orientation or continuing education programs, facility visits or other business

related activities for the benefit of Exelon). Under the policy, Exelon will arrange for its corporate aircraft to transport groups of directors, or when necessary, individual directors, to meetings in order to maximize the time available for meetings and discussion. Directors may bring their spouses or guests on Exelon's corporate aircraft when they are invited to an Exelon event, and the value of this travel, calculated according to IRS regulations, is imputed to the director as additional taxable income.

Exelon pays the cost of a director's spouse's travel, meals, lodging and related activities when the spouses are invited to attend company or industry related events where it is customary and expected that directors attend with their spouses. The cost of such travel, meals and other activities is imputed to the director as additional taxable income. However, in most cases there is no incremental cost to Exelon of providing transportation and lodging for a director's spouse when he or she accompanies the director, and the only additional costs to Exelon are those for meals and activities and to reimburse the director for the taxes on the imputed income. In 2014, no incremental cost to the company to provide these perquisites and there was no amounts paid for the reimbursement of taxes on imputed income.

Exelon has a matching gift program available to directors, officers and employees that matches their contributions to eligible not-for-profit organizations up to $15,000 per year for directors; $10,000 per year for executives ($15,000 per year through the end of 2013 for legacy Constellation Energy Group executives) and up to $5,000 per year for other employees.

Compensation Philosophy

The Exelon board has a policy of targeting their compensation to the median board compensation of the same peer group of companies used to benchmark executive compensation. The base compensation (cash and stock retainers for board service and meeting fees) paid to Exelon directors in 2013 remained unchanged since 2008. In 2013, the corporate governance committee asked Semler Brossy Consulting Group, the independent consultant to the compensation and leadership development committee, to perform a director compensation study. The study found that in 2013 and some earlier years, compensation paid to Exelon directors was below the median of the peer group and below the median resulting from several published studies of larger groups. In January 2014, the board increased the annual cash retainer for board service from $50,000 to $80,000 but left all other compensation unchanged. The increase represented a 1.6 percent annual increase in basic director compensation over the five year period since 2008.

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Ownership of Exelon Stock

STOCK OWNERSHIP REQUIREMENTS FOR DIRECTORS AND OFFICERS

Under Exelon's Corporate Governance Principles, all directors are required to own, within five years after election to the board, at least 15,000 shares of Exelon common stock or deferred stock units or shares accrued in the Exelon common stock fund of the directors' deferred compensation plan. The board amended the corporate governance principles in July 2013 to increase the ownership requirement from 5,000 shares to 15,000 shares. The corporate governance committee utilized an independent compensation consultant who determined that, compared to its peer group, Exelon's ownership requirement is reasonable.

To strengthen the alignment of executives' interests with those of shareholders, the compensation and leadership development committee establishes stock ownership requirements for officers of the company. Officers, other than the CEO, are required to own, within the later of five years after their employment or September 30, 2012, stock having a market value (based on the 60-day average stock price as of September 30, 2012) equal to or greater than multiples of their base salary or fixed numbers of shares as shown in the table below. The CEO is required to own six times his base salary. The compensation and leadership development committee has determined that stock options are not considered for purposes of satisfying this requirement. Performance shares that have been earned but not vested, unvested restricted shares, restricted stock units, and shares held in the Exelon Stock Deferral Plan will count toward the stock ownership requirement, as will certificates and dividend reinvestment plans; shares held in 401(k) Employee Savings Plans; shares held by spouses or children; broker accounts held in street name; and IRAs and trust accounts in which the executive is a beneficiary. These guidelines may be equitably adjusted in the case of promotions in the discretion of the Senior Vice President and Chief Human Resources Officer.

Officer	Number of Exelon Shares
Chief Executive Officer	6 x annual salary divided by 60-day average share price
Exelon executive vice presidents and above	3 x annual salary divided by 60-day average share price
Presidents of subsidiary companies	2 x annual salary divided by 60-day average share price
Senior vice presidents	The lesser of 17,500 shares or 2 x annual salary divided by 60-day average share price
Vice presidents and other executives	The lesser of 6,500 shares or 1 x annual salary divided by 60-day average share price

The following table shows the status of each currently-employed NEO against the new ownership targets as of January 31, 2015.

Name	Stock Ownership Target (Shares) [A]	Total Shares and Share Equivalents Held as of January 31, 2015 [B]	Stock Ownership Percentage [B]/[A]
Crane	188,062	378,203	201%
Thayer	53,148	122,963	231%
Cornew	57,236	143,325	250%
Von Hoene	57,236	139,419	244%
O'Brien	59,280	129,025	218%

Ownership of Exelon Stock

BENEFICIAL OWNERSHIP TABLE

The following table shows the ownership of Exelon common stock as of January 31, 2015 by each director, each named executive officer in the Summary Compensation Table, and for all directors and executive officers as a group.

	[A]	[B]	[C]	[D]=[A]+[B]+[C]	[E]	[F]=[D]+[E]
Directors (Note 3)	**Beneficially Owned Shares**	**Shares Held in Company Plans** (Note 1)	**Vested Stock Options and Options that Vest Within 60 days**	**Total Shares Held**	**Share Equivalents to be Settled in Cash or Stock** (Note 2)	**Total Share Interest**
Anthony K. Anderson	0	6,164	0	6,164	0	6,164
Ann C. Berzin	0	34,008	0	34,008	7,978	41,986
John A. Canning, Jr.	5,000	18,965	0	23,965	1,106	25,071
Yves, C. de Balmann	1,910	43,515	0	45,425	0	45,425
Nicholas DeBenedictis	5,000	26,687	0	31,687	0	31,687
Nelson A. Diaz	1,500	26,530	0	28,030	5,480	33,510
Paul L. Joskow	2,000	20,476	0	22,476	6,035	28,511
Robert J. Lawless	3,273	47,291	0	50,564	7,106	57,670
Richard W. Mies	0	17,757	0	17,757	0	17,757
William C. Richardson	1,715	24,299	0	26,014	0	26,014
John W. Rogers, Jr.	11,374	40,571	0	51,945	13,756	65,701
Mayo A. Shattuck III	491,358	5,906	3,266,335	3,763,599	0	3,763,599
Stephen D. Steinour	4,887	20,818	0	25,705	25,210	50,915
Christopher M. Crane	176,668	195,762	495,250	867,680	5,773	873,453
Jonathan W. Thayer	33,703	89,260	572,955	695,918	0	695,918
Kenneth W. Cornew	42,988	98,799	132,575	274,362	1,538	275,900
William A. Von Hoene, Jr.	71,773	64,641	246,200	382,614	3,005	385,619
Denis P. O'Brien	65,324	58,156	244,200	367,680	5,545	373,225
Total Directors & Executive Officers as a group (23 people) See Note 3	1,027,338	942,517	5,176,215	7,146,070	82,532	7,228,602

(1) *The shares listed under Shares Held in Company Plans, Column [B], include restricted shares, shares held in the 401(k) plan, and deferred shares held in the Stock Deferral Plan.*

(2) *The shares listed above under Share Equivalents to be Settled in Cash, Column [E], include unvested performance shares that may be settled in cash or stock depending on where the named officer stands with respect to the stock ownership requirement, and phantom shares held in a non-qualified deferred compensation plan which will be settled in cash on a 1 for 1 basis upon retirement or termination.*

Ownership of Exelon Stock

(3) *Beneficial ownership, shown in Column [A], of directors and executive officers as a group represents less than 1% of the outstanding shares of Exelon common stock. Total includes share holdings from all directors and NEOs as well as those executive officers listed in Item 1, Executive Officers of the Registrants in Exelon's 2014 Annual Report on Form 10-K filed on February 13, 2015, who are not NEOs for purposes of compensation disclosure.*

OTHER SIGNIFICANT OWNERS OF EXELON STOCK

Shown in the table below are those owners who are known to Exelon to hold more than 5% of the outstanding common stock. This information is based on the most recent Schedule 13Gs filed with the SEC by Capital Research Global Investors on February 13, 2015, State Street Corporation on February 12, 2015, BlackRock, Inc. on February 9, 2015, The Vanguard Group on February 11, 2015 and Franklin Resources, Inc. on February 9, 2015.

Name and address of beneficial owner	Amount and nature of beneficial ownership	Percent of class
Capital Research Global Investors (1) 333 South Hope Street Los Angeles, CA 90071	69,797,514	8.1%
State Street Corporation (2) State Street Financial Center One Lincoln Street Boston, MA 02111	51,650,257	6.0%
BlackRock, Inc. (3) 40 East 52 nd Street New York, NY 10022	51,360,702	6.0%
The Vanguard Group (4) 100 Vanguard Blvd. Malvern, PA 19355	50,125,938	5.83%
Franklin Resources, Inc. and certain related entities (5) One Franklin Parkway San Mateo, CA 94403	45,614,955	5.3%

(1) *Capital Research Global Investors disclosed in its Schedule 13G/A that it has sole voting and dispositive power over 69,797,514 shares.*
(2) *State Street Corporation disclosed in its Schedule 13G that it has shared voting and dispositive power over 51,650,257 shares.*
(3) *BlackRock, Inc. disclosed in its Schedule 13G/A that it has sole power to vote or to direct the vote of 44,148,730 shares and sole power to dispose or direct the disposition of 51,360,702 shares.*
(4) *The Vanguard Group disclosed in its Schedule 13G/A that it has sole power to vote or direct the vote of 1,469,150 shares and sole power to dispose or direct the disposition of 48,713,728 shares.*
(5) *Franklin Resources, Inc., Charles B. Johnson, Rupert H. Johnson, Jr., and Franklin Advisers, Inc. Schedule 13G filing, dated February 9, 2015, reports beneficial ownership collectively of 45,614,955 shares, with sole voting power as to 45,254,730 shares and sole dispositive power as to 45,589,730 shares in Franklin Advisers, Inc., and sole voting power and sole dispositive power as to 14,000 shares in Franklin Advisory Services, LLC, 10,800 shares as to Franklin Templeton Institutional, LLC, and 425 shares as to Fiduciary Trust Company International.*

Ownership of Exelon Stock

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EXELON EQUITY COMPENSATION PLANS

[A] Plan Category	[B] Number of securities to be issued upon exercise of outstanding options, warrants and rights (Note 1)	[C] Weighted-average price of outstanding options, warrants and rights (Note 2)	[D] Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in Column [B]) (Note 3)
Equity compensation plans approved by security holders	31,538,000	$36.67	32,278,000

(1) *Balance includes stock options, unvested performance shares, and unvested restricted shares that were granted under the Exelon LTIP or predecessor company plans and shares awarded under those plans and deferred into the stock deferral plan, as well as deferred stock units granted to directors as part of their compensation. For performance shares and performance share transition awards granted in 2013 and 2014, the total includes the maximum number of shares that could be granted, if performance, total shareholder return modifier, and individual performance multipliers were all at maximum, a total of 7,138,000 shares. At target, the number of securities to be issued for such awards is 3,753,000. The deferred stock units granted to directors includes 284,000 shares to be issued upon the conversion of deferred stock units awarded to members of the Exelon board of directors, and 98,000 shares to be issued upon the conversion of stock units held by members of the Exelon board of directors that were earned under a legacy Constellation Energy Group plan. Conversion of stock units to shares will occur after the director terminates service to the Exelon board or the board of any of its subsidiary companies. See Note 19—Common Stock of the Combined Notes to Consolidated Financial Statements included in Exelon's 2014 Annual Report on Form 10-K for additional information about the material features of the plans.*

(2) *Includes outstanding restricted stock units and performance shares that can be exercised for no consideration. Without such instruments, the weighted-average price of outstanding options, warrants and rights shown in column [C] would be $46.81.*

(3) *Includes 23,460,000 shares available for issuance from the company's employee stock purchase plan.*

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Based upon signed affirmations received from directors and officers, as well as administrative review of company plans and accounts administered by private brokers on behalf of directors and officers which have been disclosed to Exelon by the individual directors and officers, Exelon believes that its directors and officers made all required filings on a timely basis during 2014.

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Exelon's Independent Auditor for 2015

PROPOSAL 2: THE RATIFICATION OF PRICEWATERHOUSECOOPERS LLP AS EXELON'S INDEPENDENT AUDITOR FOR 2015

The audit committee and the board of directors have concluded that retaining PricewaterhouseCoopers LLP (PwC) is in the best interests of the company and its shareholders based on consideration of the factors set forth in the Report of the Audit Committee on pages 16-18 of this proxy statement. Representatives of PwC will attend the annual meeting to answer appropriate questions, and may make a statement if they desire.

The Exelon audit committee policy for pre-approval of audit and non-audit services to be performed by the independent auditor is available on the Exelon website at www.exeloncorp.com on the corporate governance page under the Investors tab. Under this policy the audit committee pre-approves all audit and non-audit services to be provided by the independent auditor, taking into account the nature, scope and projected fees of each service as well any potential implications on auditor independence. The policy specifically sets forth services the independent auditor is prohibited from performing by applicable law or regulation. Further, the audit committee may determine to prohibit other services that in its view may compromise, or appear to compromise, the independence and objectivity of the independent auditor. Predictable and recurring audit and permitted non-audit services are considered for pre-approval by the audit committee on an annual basis. For any services not covered by these initial pre-approvals, the audit committee has delegated authority to the committee's chair to pre-approve any audit or permitted non-audit service with fees in amounts less than $500,000. Services with fees exceeding $500,000 require full committee pre-approval. The audit committee receives quarterly reports on the actual services provided by and fees incurred with the independent auditor. None of the services provided by the independent auditor was provided pursuant to the de minimis exception to the pre-approval requirements contained in the SEC's rules.

The following table presents fees for professional audit services rendered by PricewaterhouseCoopers for the audit of Exelon's annual financial statements for the years ended December 31, 2014 and 2013, and fees billed for other services rendered by PricewaterhouseCoopers during those periods.

	Year Ended December 31,	
(in thousands)	2014	2013
Audit fees [a]	$17,751	$18,136
Audit related fees [b]	1,607	1,817
Tax fees [c]	1,562	1,000
All other fees [d]	37	24

(a) *Audit fees include financial statement audits and reviews under statutory or regulatory requirements and services that generally only the auditor reasonably can provide, including issuance of comfort letters and consents for debt and equity issuances and other attest services required by statute or regulation.*

(b) *Audit related fees consist of assurance and related services that are traditionally performed by the auditor such as accounting assistance and due diligence in connection with proposed acquisitions or sales, consultations concerning financial accounting and reporting standards and audits of stand-alone financial statements or other assurance services not required by statute or regulation.*

(c) *Tax fees consist of tax compliance, tax planning and tax advice and consulting services, including assistance and representation in connection with tax audits and appeals, tax advice related to proposed acquisitions or sales, employee benefit plans and requests for rulings or technical advice from taxing authorities.*

(d) *All other fees primarily reflect accounting research software license costs.*

The board of directors unanimously recommends a vote "FOR" the ratification of PricewaterhouseCoopers LLP as Exelon's Independent Auditor for 2015.

Advisory Vote on Executive Compensation

PROPOSAL 3: ADVISORY VOTE ON EXECUTIVE COMPENSATION

We are providing shareholders with an annual advisory (non-binding) vote on the compensation paid to the company's named executive officers, as disclosed in this proxy statement on pages 35-76, in accordance with the compensation disclosure rules of the SEC. Accordingly, you may vote on the following resolution at the 2015 annual meeting.

> RESOLVED, that the company's shareholders approve, on an advisory basis, the compensation of the named executive officers, as disclosed in the company's proxy statement for the 2015 Annual Meeting of Shareholders pursuant to the rules of the SEC, including the Compensation Discussion and Analysis, the 2014 Summary Compensation Table and the other related tables and disclosure.

The board of directors recommends a vote FOR this proposal because it believes:

- The company's compensation framework is effective in achieving its goals of providing market competitive pay that fosters the attraction, motivation and retention of key talent;
- A majority of compensation is performance-based and contingent on achieving financial and operational results that align the interests of executives with those of the company's shareholders; and
- The compensation framework is consistent with best practices that drive outstanding company performance while creating long-term shareholder value.

While this advisory proposal, commonly referred to as "say-on-pay," is not binding, the board of directors and the compensation and leadership development committee will review and consider the voting results when annually evaluating our executive compensation program. To facilitate more frequent shareholder input, the board adopted a policy of providing for annual say-on-pay advisory votes.

When casting your 2015 say on pay vote, we encourage you to consider the company's 2014 performance, which included total shareholder return of 40.6%, operating earnings per share that were in-line with full year guidance, and outstanding operational performance. The committee and board believe that the changes to the compensation program we made in 2013, largely based on shareholder feedback and alignment with market practice, strengthened the connection of pay with performance. The committee and the board appreciate your feedback and have implemented some enhancements to the 2015 executive compensation program based on shareholder engagement during the past year. We continue to look forward to hearing from shareholders about potential future program enhancements.

The board of directors unanimously recommends a vote "FOR" approval of the compensation paid to the company's named executives, as disclosed in this proxy statement.

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Report of the Compensation and Leadership Development Committee

"Exelon's executive compensation framework is designed to pay for performance and align the interests of executives, shareholders and other key stakeholders."

The Compensation & Leadership Development Committee

The committee is composed solely of independent directors, and we are accountable for ensuring that the decisions we make about executive compensation are in the best interests of shareholders. We accomplish this objective by having a robust compensation framework that emphasizes pay-for-performance, resulting in a majority of pay being at risk and contingent on the achievement of financial and operational goals. In fact, 90% of Exelon's CEO compensation is at risk, which is higher than our peer group average and strongly aligns with shareholder interests. Our goals under the annual incentive program and the long-term incentive program's performance share program are aligned to metrics that correlate directly to driving long-term shareholder value creation and are developed with significant stretch and rigor.

The committee proactively seeks shareholder feedback as part of its year-round engagement program, which includes reaching out to our top shareholders to listen to feedback regarding our executive compensation program, disclosure practices and corporate governance. The committee values our shareholders' insights and considers their feedback in addition to other factors such as emerging market practices, when formulating our executive compensation programs and making pay decisions. A full description of our shareholder outreach efforts and the changes we have made based on your feedback is detailed under "Shareholder Engagement" on pages 41-42.

Our strategy continues to leverage our integrated business model to create value by using our strong balance sheet to invest in both regulated and competitive businesses to drive growth. Part of the board's overarching strategy is to manage for the future and to make decisions that are in the best long-term interests of Exelon's shareholders, as well as ensure strong annual financial and operational performance.

The compensation and leadership development committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussion, the committee recommended to the board that the Compensation Discussion and Analysis be included in the 2015 Proxy Statement.

February 27, 2015

THE COMPENSATION & LEADERSHIP DEVELOPMENT COMMITTEE
John A. Canning, Jr., Chair
Yves C. de Balmann
Robert J. Lawless
William C. Richardson

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Compensation Discussion & Analysis

Section I:	**Overview**
Section II:	**How We Design Our Executive Compensation Programs to Pay for Performance**
Section III:	**What We Pay and Why We Pay it**
Section IV:	**Governance Features of Our Executive Compensation Programs**

Section I: Overview

Company Strategy

Exelon's strategy is to ***leverage our integrated business model to create value and diversify our business*** . Each of our businesses – regulated utilities and competitive generation and energy sales – features a mix of attributes that, when combined, offers our shareholders and customers a unique value proposition:

- Our utilities (BGE, ComEd, and PECO) provide a foundation for stable earnings and dividend support, while
- Our competitive businesses in Exelon Generation and Constellation provide commodity exposure to power and gas price upside and a platform to diversify into adjacent markets, while providing residual dividend support.

The board of directors believes our strategy provides a platform for optimal success in an industry experiencing fundamental and sweeping change, such as tightening conventional baseload generation, emergence of the intelligent electric network (i.e., Smart Meters/Smart Grid), and changing consumer behaviors that are pushing toward a decentralized system. While enhancing Exelon's core value, it enables us to take advantage of multiple opportunities, rather than relying on any one segment of our industry's value chain.

Executive Compensation Goals are aligned with the Company's Strategy: In designing the company's executive compensation programs, the committee strives to align the goals and underlying metrics with the company's strategy, while including compensation risk mitigating design features to discourage our executives and employees from taking excessive risks for short-term benefits that may harm the company and our shareholders. We believe consistent execution of our strategy over multi-year periods will lead to an increase in our stock price.

For the company's Annual Incentive Program ("AIP"), all named executive officers ("NEOs"), with the exception of the CEO of Exelon Utilities, are tied 100% to adjusted non-GAAP operating earnings per share ("EPS"), directly correlating to bottom-line financial results that drive shareholder value creation. For the Long-Term Incentive ("LTI") Program, our NEOs receive both Performance Share Units ("PSUs") and Restricted Stock Units ("RSUs"). The PSUs are contingent on achieving a threshold level of performance over a three-year period based on two goals, financial management and operational excellence, that are aligned with driving long-term shareholder value creation. A full scorecard for the 2014 PSU goals, underlying metrics and performance can be found on page 53.

Compensation Discussion & Analysis

Key Take-Aways for 2014 Compensation

1 STRONG COMPANY PERFORMANCE

- Exelon's share price was up 35.4% for the year, with a total shareholder return of 40.6% (including reinvested dividends), outpacing the S&P 500 (14.0%) and our 20 company peer group (23.3%).
- Exelon Utilities completed the year with high performance across key operating areas including safety (top decile) and top quartile performance in all three utilities (BGE, ComEd and PECO) for both outage frequency and duration. See chart on page 53 for full details.
- Exelon Generation had exceptional plant performance in 2014, including nuclear capacity factor of over 94%, power dispatch match of nearly 97%, and renewables (wind and solar) energy capture of 95%.

2 STRONG EXECUTION OF M&A STRATEGY

- Executed a merger agreement to acquire Pepco Holdings Inc. (PHI) for $6.8 billion, with an anticipated closing in the second or third quarter of 2015.
- Divested five non-core power plants to yield $1.8 billion of pre-tax proceeds ($1.4 billion after-tax).
- Acquired two Midwest energy marketers (ProLiance and Integrys), virtually doubling the number of customers by adding over 1.2 million residential and commercial and industrial customers.
- Invested in a portfolio of Bloom Energy fuel cell products to further the Bloom partnership and advance Exelon's objectives in building its distributed generation business.

3 DECREASE IN CEO REPORTED COMPENSATION

- As reported in the summary compensation table on page 60, CEO pay decreased 13%, or 20% excluding the change in pension value and deferred compensation earnings. This decrease was attributed to the one-time, performance-based transition award. For more details refer to the transition award section on page 53.
- For 2014, CEO target total direct compensation was calibrated to approximate the market median of the 20 company peer group. For additional information, please see CEO pay-at-glance section on pages 39-41.

4 COMMITMENT TO SHAREHOLDER ENGAGEMENT

- The company met with investors holding approximately 46% of the outstanding shares (up from about 35% the prior year).
- No material plan design changes made for 2014, as shareholders expressed support for the design changes that we implemented in 2013. See page 41 for details.
- For 2015, the company is making a few enhancements based on shareholder feedback received during the fall 2014 outreach, including increasing the CEO's stock ownership target from 5X to 6X to align more closely with market practice.

5 STRONG INCENTIVE GOAL RIGOR

- The 2014 performance share goals, which are part of the LTI Program, were set at a level that resulted in eight of the ten underlying metrics being more challenging than the prior year, aligning with top quartile and top decile industry performance standards as shown on page 53.

Compensation Discussion & Analysis

Strategic Business Results

Strong Absolute and Relative 2014 Total Shareholder Return Performance: After lagging stock performance in prior years, Exelon performed very well in 2014 under Mr. Crane's leadership, with its stock price leading the way (see Exelon's 2014 total shareholder return relative to its 20 company peer group in the chart below). This outperformance reflects a slight improvement in natural gas forward prices in 2014, coupled with above target financial, operational and cost management performance. Our 2014 compensation decisions reflect the company's overall performance.

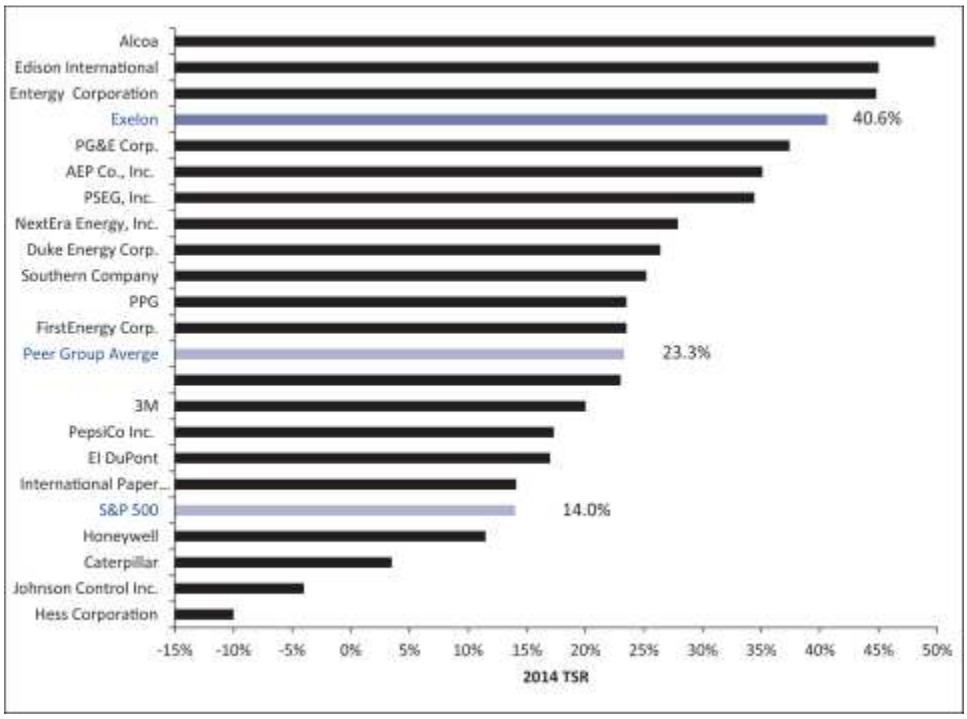

Strong Opportunistic Growth Execution: Exelon has been taking steps to expand its regulated business operations as part of its efforts to achieve earnings and cash flow stability. In 2014, Exelon announced its intent to acquire PHI, which will help the company leverage scale and maintain cost discipline, while strengthening and expanding its regulated assets. The transaction will shift our earnings mix to be substantially more regulated with 61-67% of earnings coming from the regulated side in the 2016-2017 period. As we have communicated publicly, this transaction is expected to close in the second or third quarter of 2015 and to add $0.15 – $0.20 to earnings per share in 2017.

The company took the initiative in 2014 by investing in and growing its existing business lines: utilities, competitive energy sales, and generation. Exelon has been optimizing its power generation fleet by selling select unregulated assets to assist in funding the pending PHI acquisition. Exelon has also been diversifying into promising markets and technologies through the acquisition of a company that sells liquid natural gas, the acquisitions of two energy marketers (ProLiance and Integrys), resulting in 1.2 million new customers to Constellation's business, and developing two combined-cycle gas turbines (CCGT) in Texas (which will add over 2,100+ MWs). The CCGTs are scheduled to come online by the summer of 2017, and will help the company expand its clean energy portfolio consistent with EPA regulations. The CCGTs will be cash flow and EPS accretive relative to the coal plants that the company sold in 2014. The company sold five unregulated coal and gas plants in 2014 for $1.8 billion of pre-tax proceeds ($1.4 billion after-tax).

Compensation Discussion & Analysis

Major Regulatory Developments in 2014: There were a number of major regulatory developments in 2014 that affected both our utilities and the generation business.

- For the utilities, Exelon had two positive outcomes for ComEd and BGE rate cases, with ComEd receiving 95% of its ask for the third consecutive case and BGE receiving its first settlement since 1999. These outcomes highlight our continued commitment to the customers we serve in each region.
- On the generation side, the company has seen progress in the Illinois nuclear discussions, with four reports released which highlight the reliability, economic and environmental benefits of nuclear plants to the state. Additionally, PJM's Capacity Performance Proposal has been submitted to FERC, and the company supports steps being taken to ensure reliability in the region.

Executive Compensation Framework and Central Themes

The goal of our executive compensation program is to retain and reward leaders who create long-term value for our shareholders by delivering on objectives set forth in the company's long-term strategic plan. This goal affects the compensation elements we use and drives our compensation decisions. The primary compensation elements are depicted in the table below, with all except for base salary being "pay-at-risk" and linked to changes in the stock price and achievement of short-term and long-term company financial and operational goals that build shareholder value.

Pay Element	SALARY	Annual Incentive Plan	Performance Share Units	Restricted Stock Units
WHO RECEIVES	All named executive officers →			
Pay-At-Risk	Fixed	Variable →		
WHEN GRANTED	Bi-weekly with annual review	Annually in January for prior year	Annually in January	Annually in January
TYPE OF PERFORMANCE	Short-term emphasis →		Long-term emphasis →	
PERFORMANCE PERIOD	Ongoing	1 year	3 years	Vest one-third per year over 3 years
HOW PAYOUT DETERMINED	Market assessment, individual performance and internal equity	Corporate / Business Unit performance, and individual performance	Average performance on company performance measures, relative TSR modifier and individual performance	Market assessment, individual performance and internal equity
MOST RECENT PERFORMANCE MEASURES	Individual performance relative to objectives	Operating EPS	Financial management goals (60%), operational excellence goals (40%), and relative three-year TSR modifier	Individual performance and potential
PURPOSE	Provide income certainty so that executives can focus on achieving key business priorities and objectives	Holds executives accountable for performance against near-term business objectives	Aligns the interest of executives with shareholders by providing awards contingent on achieving pre-established three-year financial and operational goals	Enhances the retention of key talent and provides an ongoing alignment of executive interests with those of shareholders

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Executive Compensation Principles

The following principles help guide and inform the committee in delivering highly effective executive compensation programs that drive pay for performance, mitigate risk, and foster the attraction, motivation and retention of top leadership talent in order to enable the company to execute against its strategic business plan and ultimately deliver long-term shareholder value.

We Manage for the Long-term The board manages for the long-term and makes pay decisions that are in the best long-term interests of the company and shareholders.	**Strong Compensation Framework** We have a strong compensation framework that is market-based and drives pay for performance and alignment with shareholders based on having a majority of NEO pay at risk in the form of annual incentives and stock awards.	**Strong Shareholder Engagement** We engage directly with shareholders and take actions to improve our compensation programs based on year-round feedback from shareholders.
Competitiveness Our NEOs' pay levels are set by taking into consideration multiple factors, including peer group market data, internal equity comparisons, experience, performance and retention.	**Robust Stock Ownership Guidelines** Executives are required to meet and maintain significant stock ownership requirements. For 2014, our CEO's requirement was 5X base salary (*6X starting in 2015*), while other NEOs were 3X.	**Balance** Since we manage for the long-term, we believe pay at risk should reward the appropriate balance of short- and long-term financial and strategic business results.

CEO Pay at-a-Glance

2014 Target Total Direct Compensation (TDC): In determining target TDC for the CEO, the independent directors considered his individual performance and assessed market competitiveness before it set Mr. Crane's 2014 target TDC at $12.05 million (up 3.8% from the prior year). In setting his pay, there was no change in base salary and the board ensured the vast majority (90%) of pay is at risk, including almost 78% of his pay in the form of Long-Term Incentives (LTI), which is almost eight percentage points higher than the average CEO in our 20 company peer group.

Mr. Crane's TDC comprises the following:

- Base salary of $1.2 million (unchanged from 2013)
- Annual Incentive target opportunity of $1.5 million or 125% of base salary (unchanged from 2013)
- Long-Term Incentive target opportunity of $9.3 million, with 67% delivered in performance share units and 33% as RSUs.

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Decrease in Reported Pay: Mr. Crane's pay as reported in the Summary Compensation Table decreased this year by 13%, or 20% *excluding* the change in pension value and deferred compensation. His compensation declined in 2014 because in 2013 it included a one-time performance-based transition award valued at about $3.7 million, that was fully disclosed in last year's proxy statement (see page 53 for more information). This was partially offset by this year's increase in the change in pension value of approximately $0.9 million, resulting from the change in interest rates and new mortality tables for 2014. Mr. Crane's take-home (W-2) pay remains a small portion of the reported pay (i.e., about 45% in 2014).

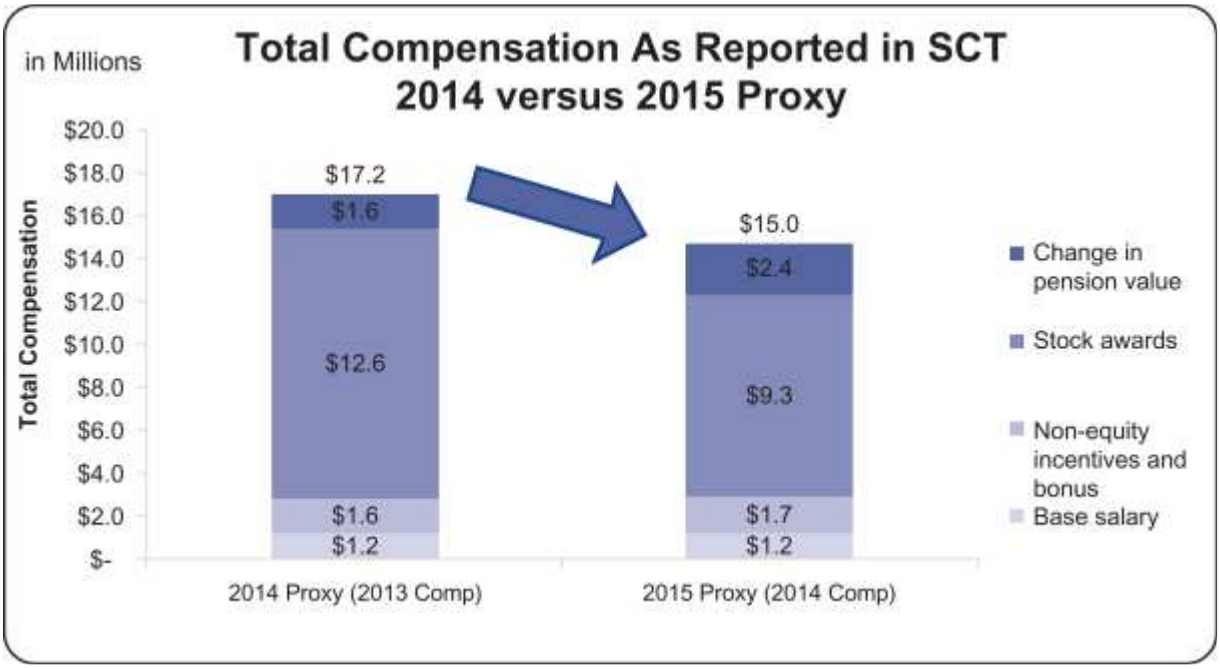

2014 CEO Payouts:

For Mr. Crane, the board awarded a 2014 AIP payout of $1,708,905 based on operating EPS performance of $2.39 (103.57% of target), multiplied by an individual performance modifier ("IPM") of 110%. The committee utilized an IPM to recognize Mr. Crane's outstanding execution against the company's strategic business plan, while delivering strong stock price, financial, operational, and regulatory advocacy performance. Key highlights are depicted below, which also apply to the other NEOs.

- Total shareholder return of + 40.6%, outperforming the S&P 500 by almost 27 percentage points,
- Strong operational performance across the Utilities (top decile safety and outage frequency) and Generation (nuclear capacity factor of over 94% and Exelon Power gas and hydro dispatch match of 96.5%),
- Numerous corporate transactions, including executing a merger agreement to acquire PHI ($6.8 billion), divesting five non-core power plants to yield $1.8 billion of pre-tax proceeds ($1.4 billion after-tax), and acquiring two energy marketers (Proliance and Integrys), resulting in 1.2 million new customers for Constellation's business, and
- Both BGE and ComEd had very strong distribution rate case outcomes in 2014. BGE reached a unanimous settlement in its 2014 rate case, the first time this has occurred since 1999. ComEd was successful in that the Illinois Commerce Commission granted a revenue requirement increase of $232 million, or 95% of what the utility requested.

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The board also approved the final portion of the performance-based transition award, equating to 91,378 shares, valued at $3,412,055 based on the closing stock price of $37.34 on January 26, 2015. This payout was calculated based on the average of performance share goal results for 2013 (125.00% after the committee exercised negative discretion to reduce from actual performance of 147.8% of target) and 2014 (105.56%). The one-time transition award was granted in 2013 to address the lengthening of the performance period from one year to three years.

Shareholder Engagement

2014 Advisory Vote on Executive Compensation. Shareholders approved our advisory vote on executive compensation with 69% of the votes cast FOR the compensation of our NEOs, which was below our desired achievement level. Based on our conversations with shareholders, the lower vote in favor of executive compensation was primarily a result of:

- Negative 2013 total shareholder return (-3.5%), and
- A significant increase in 2013 reported compensation from the prior year, which was driven by the confluence of (a) increasing the CEO's pay from 20% below market median to the market median, and (b) the requirement to report the full value of the one-time performance-based transition award, even though the performance had not yet been measured.

We actively engage with our shareholders throughout the year. Since 2006, we have maintained a shareholder engagement program in which we proactively reach out to our top shareholders and leading proxy advisory services firms with the objective of educating them about the corporate governance and executive compensation changes we have implemented as well as seeking feedback on other potential executive compensation and corporate governance matters. Our engagement team consists of leaders from human resources, investor relations and the office of corporate governance. Additionally, our committee chair participated on some of the calls in 2013 and 2014.

Robust 2014 Shareholder Outreach. In the spring of 2014, we spoke with our top shareholders and sought input from others. These calls, which included the holders of about 35% of our outstanding common shares, were highly valued as we were able to discuss the 2014 proxy statement and key executive compensation and corporate governance matters contained within the document as well as review executive compensation changes that were based on prior shareholder input and implemented in 2013 and are reflected in the 2014 proxy statement. We also structured a similar outreach in the fall that included the chairman of the committee participating in select telephonic meetings with top investors and proxy advisory services firms. We spoke with investors who hold almost 46% of the common shares outstanding.

Positive shareholder feedback received on:

- **Pay-for-performance alignment:** Projected 2014 CEO pay as reported in the Summary Compensation Table will decrease, and total shareholder return will be up significantly,
- **Strong stock ownership achievement levels:** Each NEO owns at least 200% of his stock ownership target,
- **Pay-at-risk:** CEO's pay-at-risk is 90% (with 78% in the form of LTI),
- **LTI mix:** 67% performance share units and 33% restricted stock units for NEOs,
- **Goal rigor:** Eight of the ten performance share program metrics were more challenging for 2014 as compared to 2013, and
- **Quality of disclosure:** Robust and comprehensive executive compensation disclosures highlighted, simplified and summarized relevant information through the use of graphics and an executive summary.

In addition, shareholders reaffirmed their support for the executive compensation program changes that we implemented in 2013, when we:

- Lengthened the performance period for the performance share program from one to three years,

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- Reinstated total shareholder return as a modifier under our performance share program,
- Reduced the number of goals in our performance share program from six to two,
- Changed the goals under the performance share program from qualitative to quantitative, and
- Eliminated stock options and changed the mix of equity for NEOs to 67% performance share units and 33% restricted stock units.

Our 2014 executive compensation program was largely unchanged from 2013 as the committee believes the program is aligned strongly with shareholder interests and market practice. Even though the committee believes the program is meeting its objectives in rewarding financial, operational, and strategic success, it is always seeking ways to improve the executive compensation program and disclosure. During 2014, the company received suggestions relating to emerging trends in executive compensation practices and our disclosures about our program. In addition, the committee and management reviewed correspondence submitted by individual and institutional shareholders, analyzed market practices at peer companies and sought advice from the committee's independent compensation consultant. Based on shareholder discussions and recommendations, the committee, during its annual evaluation of the company's executive compensation programs and evolving market practices, made changes to our programs and disclosures:

2014 Shareholder Feedback	Exelon Actions as a result of 2014 Shareholder Feedback
Disclose Full Performance Share Unit Performance Scale	**Added the threshold and distinguished performance levels to the performance share plan disclosure (see page 53)**
Describe How Metrics Link to Strategy	**Expanded disclosure to include how metrics tie to the business and link back to strategy**
Enhance Alignment with Shareholder Interests	**Increased the stock ownership guidelines for the CEO from 5X base salary to 6X base salary, starting in 2015**
Disclose Executive Stock Ownership	**Added an achievement level table for each NEO**
Clarify the Long-Term Incentive Plan	**Amended the plan expressly prohibiting the buyout of stock options; repricing of stock options was already prohibited**
Consider Change to Peer Group for Market Assessment	**Modified the peer group for the 2015 market assessment to remove PepsiCo Inc. which was larger than the company's criteria of 0.5X to 2.0X for both revenue and market capitalization**

Section II: How We Design Our Executive Compensation Programs to Pay for Performance

Our approach to compensating our NEOs is to align the long-term interests of Exelon's executives with those of our shareholders. Our compensation framework is based on providing market-competitive programs that attract and retain top talent necessary to effectively lead a company with the scale and technical complexity of Exelon throughout all phases of the business cycle. The framework is also designed so that a majority of our pay is at risk and directly linked to Exelon's shareholder returns and to other performance factors that measure our progress against the financial management and operational excellence goals in our strategic and operating plans to promote pay for performance. This means when excellent performance is achieved, pay will be above target. Failure to achieve objectives will result in below-market pay.

In order to reaffirm the link between pay and performance, the committee annually reviews the executive compensation components, targets and payouts and approves compensation for all NEOs except the CEO, whose compensation is approved by the independent directors on the recommendation of the committee and its independent consultant (Semler

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Brossy Consulting Group). The committee evaluates goals under the annual and long-term incentive programs to ensure that they are challenging, contain appropriate stretch, and are designed to mitigate excessive risk. Goals are selected and evaluated based on support for Exelon's long-term business plan.

2014 NEO Pay Decisions

As stated in its charter, one of the committee's most important responsibilities is to recommend the CEO's compensation to the independent directors. The committee fulfills its oversight responsibilities and provides thoughtful recommendations by analyzing peer group compensation data with its independent compensation consultant and company performance data. The committee reviews the various elements of the CEO's compensation in the context of the target total direct compensation (base salary, annual and long-term incentive target opportunities) and then presents its recommendations following the compensation governance process set forth below.

Roles of board, Compensation and Leadership Development Committee, and CEO	Steps	When
• CEO compensation decisions are made by the independent members of the board, based on recommendation of the compensation and leadership development committee.	**Design Compensation Program** – 2014 incentive programs are discussed, including AIP and LTI designs.	December 2, 2013
• Other NEO compensation decisions are made by the committee, based on a number of factors including input from the CEO and the independent compensation consultant.	**Establish Range of Compensation Opportunities** – AIP and LTI opportunities are set with appropriate stretch (threshold, target, and distinguished performance levels). Individual AIP and LTI opportunities are established, as well as any base salary adjustment.	January 27, 2014
• The committee is advised by an independent compensation consultant.	**Review Performance** – Performance is reviewed, which leads to payout decisions (e.g., AIP, and the second installment of the transition award).	January 26, 2015

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How Pay-for-Performance Works

Overview. Exelon has a long-standing commitment to link pay and performance by providing a majority of compensation that is tied to stock price or contingent on achieving short and long-term objectives.

- **Program Design:** Over 80% of NEO pay at Exelon is variable as depicted in the chart below, which directly ties pay to the company's performance, including financial results, operational goals, and stock performance relative to our peer group.
- **Performance Assessment:** The committee uses a comprehensive and well-defined process to assess performance, which encompasses both short and long-term financial and operational results relative to our goals. The committee ensures that the goal-setting process is rigorous and contains appropriate stretch for both internal measures and operational metrics that generally set achieving industry first quartile performance as the target. For more information, refer to the 2014 performance share scorecard on page 53.

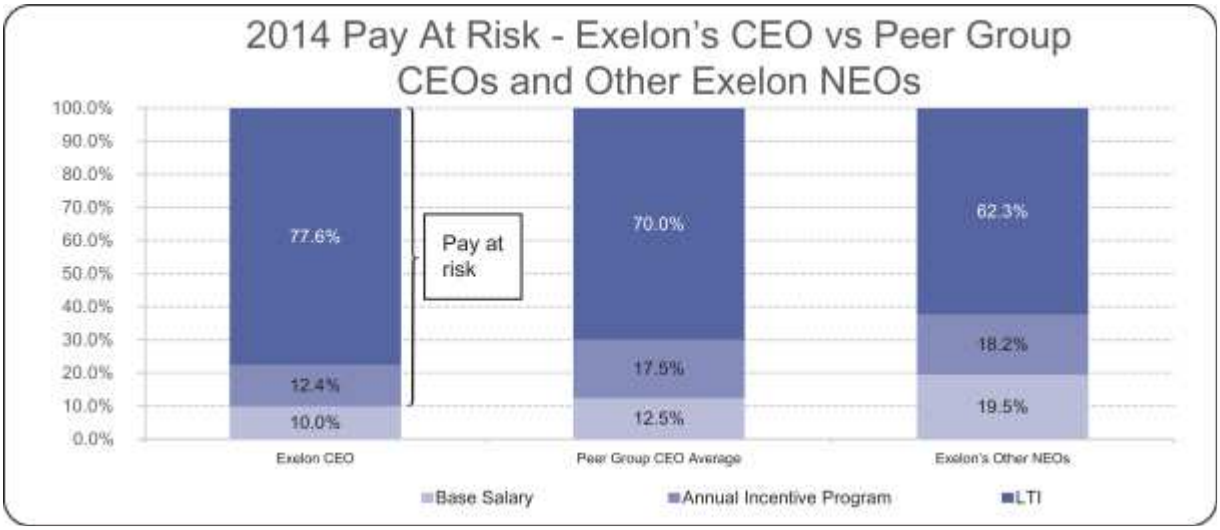

Compensation Discussion & Analysis

What We Do and Don't Do

Exelon's executive compensation philosophy focuses on pay-for-performance and reflects appropriate governance practices aligned with the needs of our business. Below is a summary of our executive compensation practices that are aligned with best practice, as well as a list of those practices we avoid because they do not align with shareholders' long-term interests.

What We Do

- ✓ Pay-for-performance – 90% of CEO pay (and almost 81% for other NEOs) is at risk in the form of AIP and LTI
- ✓ Stock ownership – 6X base salary for CEO (starting in 2015) and 3X for other NEOs
- ✓ Mitigation of undue risk in executive compensation programs
- ✓ Double-trigger change-in-control benefits – requires change-in-control plus involuntary termination
- ✓ Independent compensation consultant – works directly with the committee
- ✓ We annually evaluate management succession and leadership development efforts
- ✓ We provide limited, modest perquisites based on sound business rationale
- ✓ We proactively seek investor feedback on executive compensation programs
- ✓ We prohibit hedging transactions, short sales, derivative transactions or pledging of company stock
- ✓ We require executive officers and directors to trade through 10b5-1 trading plans or obtain pre-approval before trading Exelon stock
- ✓ We annually assess our programs against peer companies and best practices
- ✓ Incentive targets contain appropriate stretch based on industry performance and/or Exelon's business plan
- ✓ We clawback incentive compensation paid to an executive who has engaged in fraud or intentional misconduct

What We Don't Do

- × No guaranteed minimum payout of AIP or LTI programs
- × No employment agreements
- × No dividend-equivalents on unearned performance share units
- × No excise tax gross-ups for change-in-control agreements entered into after April 2009
- × No inclusion of the value of LTI awards in pension or severance calculations
- × No additional credited service under supplemental pension plans since 2004
- × No option re-pricing

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Assessing Executive Compensation Programs

Overview. An assessment of our executives' compensation levels against our peer group is one of several considerations in the pay setting process. Peer group practices are analyzed each year for target total direct compensation and for other pay practices, such as perquisites and the mix of LTI vehicles. Because Exelon is one of the largest energy services companies, we compare executive compensation against a blended peer group with which we compete for talent. The peer group includes 10 energy services companies and 10 high-performing asset intensive general industry companies (with an emphasis when appropriate on companies that are subject to effects of commodity prices such as Exelon) with comparable annual sales (.5x to 2x) and market capitalizations generally above $10 billion. Each year the compensation and leadership development committee, working with its independent consultant, reviews the composition of the peer group and determines whether any changes should be made. The peer group for 2014 was the same as 2013, with the exception of PPG Industries replacing Murphy Oil after it spun off part of its business. Exelon's 2014 peer group consists of the following 20 companies:

General Industry		Energy Services	
3M	Honeywell	AEP Co., Inc.	FirstEnergy Corp.
Alcoa	International Paper Co.	Dominion Resources, Inc.	NextEra Energy, Inc.
Caterpillar	Johnson Controls Inc.	Duke Energy Corp.	PG&E Corp.
EI DuPont	PepsiCo Inc.	Edison International	PSEG, Inc.
Hess Corporation	PPG Industries	Entergy Corporation	Southern Company

For 2015, the committee approved a change to the peer group to remove PepsiCo Inc., which was larger than the company's criteria of 0.5X to 2.0X for both revenue and market capitalization. Additionally, Caterpillar and PPG Industries did not participate in the TowersWatson executive survey. As a result, the committee approved replacing these three companies with Deere & Company, General Dynamics and Northrup Grumman.

Comparing Exelon to its Peer Group. The median revenue of our peer group for the year ended December 31, 2014 was approximately $21.7 billion as compared to our revenues of $27.4 billion. As of December 31, 2014, the median market capitalization of our peer group was $32.0 billion as compared to our market capitalization of $31.9 billion.

Setting Target TDC for our NEOs. The committee initially sets target TDC at market median of peer group companies, but can vary based on competencies and skills, scope of responsibilities, the executive's experience and performance, retention, succession planning and the organizational structure of the businesses (internal alignment and reporting relationships). In establishing NEO compensation levels, the committee does not formally consider the ratio of individual NEO compensation relative to other NEOs.

Compensation Discussion & Analysis

Section III: What We Pay and Why We Pay it

Our NEOs for 2014 are unchanged from 2013 as shown below:

Name	Title
Christopher M. Crane	President and Chief Executive Officer, Exelon
Jonathan W. Thayer	Senior EVP and Chief Financial Officer, Exelon
Kenneth W. Cornew	Senior EVP and Chief Commercial Officer, Exelon; President and Chief Executive Officer, Exelon Generation
Denis P. O'Brien	Senior EVP, Exelon; Chief Executive Officer, Exelon Utilities
William A. Von Hoene, Jr.	Senior EVP and Chief Strategy Officer, Exelon

Compensation Framework and 2014 Performance-based Pay Actions

Element	Comments
Base Salary	- Salary increases as a result of the merit review averaged 2.3% for our NEOs (with 0% for the CEO). - Base salary increases were provided to recognize individual performance and maintain market competitiveness.
Annual Incentive	- The total payout as a percent of target for our NEOs was 113.93%*, with the exception of Mr. O'Brien who received 116.83%. - The total payout is inclusive of an individual performance multiplier of 110% for each NEO.

* AIP weighting is 100% non-GAAP Operating EPS for all NEOs, with the exception of Mr. O'Brien.

Long-Term Incentive	- LTI consists of PSUs (67%) and RSUs (33%) and the goals of financial management (60%) and operational excellence (40%)** - The 2014-2016 Long-Term Performance Share Award (LTPSA) vests in full in 2017, with final payout subject to a three-year TSR modifier and individual performance multiplier.

** Each three-year goal has underlying metrics that can be modified annually on a forward-looking basis by the committee.

One-time Performance-based Transition Award (granted in 2013)	- One-third of the award vested in January 2014 based on a payout of 125.0%, which the committee reduced from 147.8%.*** The transition award was based on the same goals as the performance share program. - For 2014, the second installment (67% targeted value) was paid out at 115.28% of target, reflecting the average of performance share program results for 2013 (125%) and 2014 (105.56%).

*** The committee reduced the payout to better align with lagging shareholder returns, even though the company exhibited outstanding operational performance and solid financial performance.

Pay at Risk

Pay at risk in action. Consistent with our pay-for-performance culture and to ensure alignment with shareholder interests, the committee recommends CEO pay decisions to the independent directors based on the core compensation principle of putting the majority of compensation in the form of variable pay that is at risk.

For example, 100% of Mr. Crane's 2014 total direct compensation adjustment of 3.8% was in the form of LTI.

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Base Salary

Overview . We pay base salaries to attract and retain talented executives and to provide a fixed level of cash compensation. Base salaries for our NEOs are set by the committee and adjusted following an annual market assessment of peer group compensation. Base salaries may be adjusted (1) as part of the annual merit review, or (2) based on a promotion or significant change in job scope. The committee considers the results of the annual market assessment in addition to the following factors when contemplating a merit review: individual performance, scope of responsibility, leadership skills and values, current compensation, internal equity, and legacy matters.

2014 base salary adjustments . The table below depicts 2014 base salary adjustments that were effective March 1, 2014. In the case of Mr. Thayer, a subsequent market adjustment was approved by the committee effective July 1, 2014 to reflect the addition of information technology, and supply chain to his portfolio of responsibilities.

Name	Merit Increase	Market Adjustment
Crane	0.0%	
Thayer	3.7%	7.1%
Cornew	2.5%	
O'Brien	2.5%	
Von Hoene, Jr.	2.6%	

Performance-based Annual Incentive Program

Overview . We grant performance-based annual incentive awards to compensate our NEOs for achieving the company's annual performance goals. These awards represent a relatively small percentage of the executives' target total direct compensation (e.g., 12% for our CEO to about 18% for all other NEOs on average), as a majority of NEO pay is in the form of LTI. Both the AIP and the LTI are considered at risk and subject to recoupment in the case of a material negative adjustment of Exelon's financial or operational results, as provided in the recoupment policy described on page 54.

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Performance Goals . The performance goal used to determine the annual incentives and bonuses for the named executive officers was non-GAAP operating EPS, which represents earnings directly related to ongoing operations of the business. Mr. O'Brien's AIP is based on a blend of EPS and the average operational and cost results for our three utilities (BGE, ComEd, and PECO). These goals were chosen because they reflect financial management and operational excellence goals that are associated with the creation of value for shareholders. Financial and operational goals are set at threshold (50%), target (100%) and distinguished (200%) levels based on objectives in the company's strategic business plan. The 2014 non-GAAP operating EPS target approved by the committee contains stretch goals based on the company's internal business plan. The committee set the operational goals based on industry performance benchmarks (where available).

Target Annual Incentive Opportunity	x	Company/Business Unit Performance	x	Individual Performance Multiplier (IPM)	=	Actual Annual Incentive Award
• Expressed as % of base salary, as of 12/31/14 • CEO annual incentive target 125% • Other NEO annual incentive targets range from 85% to 100%		• Based on non-GAAP operating EPS for all NEOs, except Mr. O'Brien • Performance is 0% to 200% (target of 100%)		• Measures individual performance • Ranges from 50% to 110% for NEOs (target of 100%) • IPMs determined by the committee, with the exception of the CEO's IPM, which the independent directors approve		• Maximum award of 200% of target

2014 Performance . The committee approved a payout of 113.93%, based on adjusted non-GAAP operating EPS performance of 103.57% and an IPM of 110%, for each NEO, with the exception of Mr. O'Brien whose payout was 128.52%, based on an AIP performance factor of 116.83% and an IPM of 110%.

The following table shows how the formula was applied and the actual amounts awarded.

NEO	Salary		Target AIP%		Performance Factor		Total Award for 2014 Performance		IPM%		Actual Award
Crane	$1,200,000	x	125%	x	103.57%	=	$1,553,550	x	110%	=	$1,708,905
Thayer	$ 750,000	x	95%	x	103.57%	=	$ 737,946	x	110%	=	$ 811,741
Cornew	$ 820,000	x	100%	x	103.57%	=	$ 849,285	x	110%	=	$ 934,214
O'Brien	$ 765,500	x	95%	x	116.83%	=	$ 849,639	x	110%	=	$ 934,603
Von Hoene, Jr.	$ 740,000	x	85%	x	103.57%	=	$ 651,463	x	110%	=	$ 716,609

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Note: Adjusted (non-GAAP) Operating Earnings

Adjusted (non-GAAP) operating earnings are provided as a supplement to results reported in accordance with GAAP. The adjustments generally exclude significant one-time charges or credits that are not normally associated with ongoing operations, mark-to-market adjustments from economic hedging activities and unrealized gains or losses from nuclear decommissioning trust fund adjustments. Management uses such adjusted (non-GAAP) operating earnings internally to evaluate the company's performance and manage its operations and externally to report performance to investors. Accordingly, management also uses adjusted (non-GAAP) operating earnings as a goal in its annual incentive plan. A reconciliation of adjusted (non-GAAP) operating earnings per share to reported GAAP earnings for 2014 is presented below; amounts may not add due to rounding:

2014 Adjusted (non-GAAP) Operating Earnings (Loss) Per Share	**$ 2.39**
Adjustments:	
Mark-to-Market Impact of Economic Hedging Activities	(0.42)
Unrealized Gains Related to NDT Fund Investments	0.10
Plant Retirements and Divestitures	0.28
Asset Retirement Obligation Update	0.02
Merger and Integration Costs	(0.21)
Amortization of Commodity Contract Intangibles	(0.07)
Reassessment of State Deferred Income Taxes	0.03
Bargain-Purchase Gain on Integrys Acquisition	0.03
Gain on CENG Integration	0.18
Tax Settlements	0.12
Long-lived Asset Impairments	(0.50)
CENG Non-Controlling Interest	(0.07)
2014 GAAP Earnings (Loss) Per Share	**$ 1.88**

The following table describes the performance scales and results for the 2014 goals:

Goals	Threshold	Target	Distinguished	2014 Results	Unadjusted Payout as a % of Target
Adjusted (non-GAAP) Operating Earnings Per Share (EPS)	$ 2.21	$2.38	$ 2.66	$ 2.39	103.57%
Avg of BGE, ComEd and PECO Operational Results*	Performance scale is a composite of multiple measures				131.20%
Avg of BGE, ComEd and PECO Cost Results*					101.36%

* *Mr. O'Brien's performance factor differs from the other NEO's based on the following weighting: 25% Utilities cost measures, 25% Utilities operational measures, and 50% Operating EPS. His resultant performance factor is 116.83% prior to the application of the IPM.*

2014 LTI Awards

One of our central tenets of executive compensation is to "manage for the long-term" and we believe that execution against the company's strategy over multi-year periods will lead to an increase in long-term shareholder value creation. The LTI program for our senior vice presidents and higher officers (including our NEOs) consists of restricted stock units ("RSUs") and performance share units ("PSUs").

Compensation Discussion & Analysis

The committee approves the annual equity grants at its meeting in January. On January 27, 2014, the committee approved the 2014 grants for RSUs, and PSUs, which are shown in detail in the Grants of Plan-Based Awards table on page 63.

The number of shares subject to each award type was based on the 2014 target awards that were approved by the committee. The grant date fair value of the awards based on the January 27, 2014 closing stock price of $28.20 is shown in the Summary Compensation Table, and the amounts of equity awards granted to each NEO are listed below as well as in the Grants of Plan-Based Awards table. Outstanding equity awards are shown in the Outstanding Equity Awards table.

Restricted Stock Units. RSUs vest ratably over three years. The committee believes that RSUs provide stability, foster retention and less volatility than other forms of LTI such as stock options, but are still linked to changes in shareholder value. Dividend equivalents with respect to RSUs are reinvested as additional RSUs, subject to the same vesting conditions as the underlying RSUs.

Performance Share Units. PSUs granted after 2012 vest in full after the three-year performance period. Each PSU represents the right to receive shares or cash to the extent performance goals are satisfied during the three year performance period. Performance periods overlap, with a new three- year performance cycle beginning each year. The committee can elect to modify the goal targets annually on a forward-looking basis to address unintended consequences with the challenges of setting three-year goals. At the end of each performance period, performance share units are awarded contingent upon the level of achievement of financial management and operational excellence goals as determined by the committee and subject to a total shareholder return modifier over three years relative to other competitive integrated companies that have at least 25% or more of their assets in unregulated businesses (Entergy, First Energy, NextEra Energy, PPL and PSEG). Settlement of PSUs is 50% in Exelon shares, with the balance in cash. The exception is for executive vice presidents and higher officers who have achieved 200% or more of their stock ownership target as of the September 30 measurement date of the year prior to payout, in which case the award is settled entirely in cash.

How the Performance Share Units Work. Each NEO's target performance share award is applied against the following:

Average of 2014, 2015 and 2016 performance	x	Total Shareholder Return Modifier	x	Individual Performance Multiplier ("IPM")	=	Actual Performance Share Award
• Three year goals (financial management and operational excellence)		• Total shareholder return measured over three years relative to peer group may increase or decrease the award up to 25%		• IPM can decrease the award by up to 50% or increase the award by up to 10%		• 150% Maximum award prior to total shareholder return and IPM (200% maximum after total shareholder return and IPM)

Compensation Discussion & Analysis

Performance Share Scorecard. The 2014 performance share goals (financial management and operational excellence) have the underlying metrics shown in the scorecard below. The metrics were chosen for their correlation with driving long-term shareholder value creation.

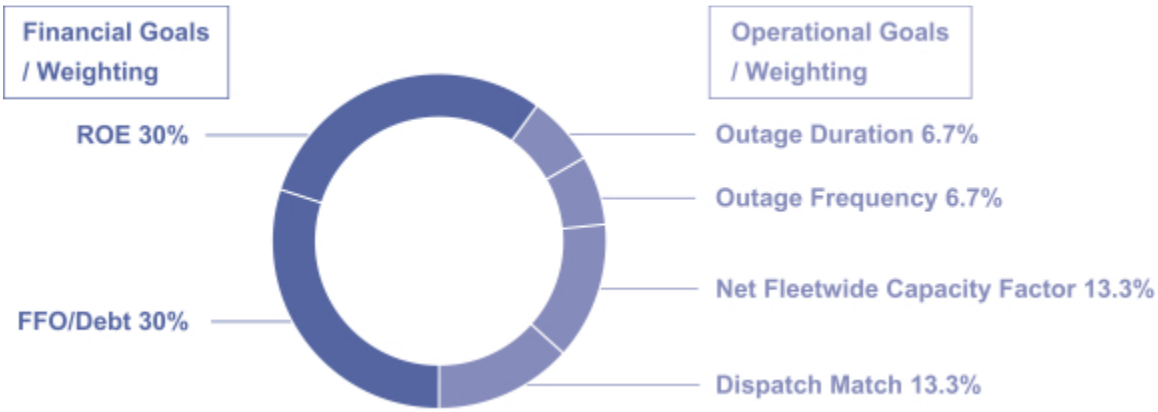

Financial Metrics

- ROE: Measures the company's ability to generate earnings in relation to the amount of equity shareholders have invested in the company.
- FFO/Debt: Key ratio analyzed by the rating agencies in determining the company's credit rating.

Operational Metrics

- Outage Duration: Calculated as the total number of customer interruption minutes divided by the total number of customer interruptions. Applies to BGE, ComEd, and PECO for a total of three metrics.
- Outage Frequency: Calculated as the total number of customer interruptions divided by the total number of customers served. Applies to BGE, ComEd, and PECO for a total of three metrics.
- Net Fleetwide Capacity Factor: The weighted average of the capacity factor of all Exelon nuclear units, calculated as the sum of net generation in megawatt hours divided by the sum of the hourly annual mean net megawatt rating, multiplied by the number of hours in a period.
- Dispatch Match: Measure the responsiveness of a fossil generating unit to the market.

2014 Performance Share Goal-Setting. The following table shows the 2014 financial management and operational excellence goals, as well as the underlying metrics, which are set based on either the internal business plan or industry performance. All metrics are designed to be challenging to achieve and were chosen because they are key measures for driving long-term success for Exelon.

Goal Rigor: In setting targets for 2014, the committee set eight of the ten underlying metrics at a more challenging level than the prior year.

Compensation Discussion & Analysis

2014 Performance Share Scorecard									
Goals / Weighting	Metrics	Metric Weighting	Operating Company	Threshold*	Target*	Target Calibrated to	Distinguished	Final Score	Actual Award vs. Metric Weighting
Financial Management: 60%	ROE	30.0%	Exelon Corp	7.0%	8.0%	Budget	9.0%	8.22%	30.00%
	FFO /Debt	30.0%	ExGen HoldCo	39.0%	40.6%	Budget	43.1%	41.0%	30.00%
Operational Excellence: 40%	Outage Duration (Average)	6.7%	BGE	113.0	95.0	2nd Quartile	91.5	92.0	2.79%
			ComEd	94.0	85.0	1st Quartile	84.0	84.0	3.35%
			PECO	94.0	88.0	1st Quartile	85.5	90.0	1.68%
	Outage Frequency (Average)	6.7%	BGE	1.12	0.97	2nd Quartile	0.91	0.77	3.35%
			ComEd	0.90	0.78	1st Decile	0.76	0.81	1.68%
			PECO	0.90	0.78	1st Decile	0.76	0.77	2.79%
	Net Fleetwide Capacity Factor	13.3%	Nuclear	91.3%	93.3%	1st Quartile	93.8%	94.2%	19.95%
	Dispatch Match	13.3%	Power	95.1%	97.1%	Internal measure	97.9%	96.5%	9.98%
								Formulaic Payout	105.56%

* *Lower number is better for outage duration and outage frequency, and higher for all other metrics.*

One-time Performance-based Transition Award

As we discussed in last year's proxy statement, the committee approved a one-time performance-based transition award in 2013 that replaced lost targeted LTI payments resulting from lengthening the performance period to three years from one year. The first installment of the transition award (representing 33% of the targeted value) was paid in January 2014 at 125% of target based on 2013 performance share results. The second installment (representing 67% of targeted value) was paid in January 2015 at 115.28% of target based on the average 2013 (125%) and 2014 (105.56%) performance share results.

Payout of the Second Installment of the Transition Award. Share payouts for the NEOs are shown in the table below. Payouts were settled entirely in cash for all NEOs due to their having achieved over 200% of their stock ownership targets as of the measurement date of September 30, 2014.

NEO	Second Installment Target Shares		Performance Factor		Actual Share Award
Crane	79,266	x	115.28%	=	91,378
Thayer	21,229	x	115.28%	=	24,473
Cornew	24,000	x	115.28%	=	27,667
O'Brien	20,333	x	115.28%	=	23,440
Von Hoene, Jr.	17,599	x	115.28%	=	20,288

Section IV: Governance Features of Our Executive Compensation Programs

CEO Annual Performance Assessment

On an annual basis, the independent directors of the Exelon board conduct a thorough review of CEO performance. In 2014, the review considered the extent of Mr. Crane's achievement in executing against Exelon's strategy to ***leverage our integrated business model to create value and diversify our business.*** In addition, the board considered Exelon's 2014 stock price performance (+40.6% total shareholder return), financial (beat plan for EPS) and operational performance (best-in-class or first decile performance against industry standards on several metrics). Mr. Crane prepared a detailed self-

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assessment reporting to the board on his performance during the year with respect to each of the performance requirements. The Exelon board considered the financial highlights of the year and a strategy scorecard that assessed performance against the company's vision and goals. This review was considered in making decisions regarding Mr. Crane's compensation.

Stock Ownership and Trading Requirements

To strengthen the alignment of executives' interests with those of shareholders, officers of the company are required to own certain amounts of Exelon common stock. In 2012, following the merger with Constellation, Exelon reviewed the ownership requirements and updated the guidelines. Executives must meet these guidelines within five years after the later of the implementation of the new guidelines, their employment or promotion to a new position. As of the annual measurement date of September 30, 2014, all NEOs had an achievement level that exceeded 200% of their stock ownership guidelines as shown in the table below:

Name	Required Minimum Ownership	Ownership as of Sept 30, 2014
Crane	5 times base salary*	234% (of 5x)
Thayer	3 times base salary	230% (of 3x)
Cornew	3 times base salary	243% (of 3x)
O'Brien	3 times base salary	221% (of 3x)
Von Hoene, Jr.	3 times base salary	243% (of 3x)

* *Starting in 2015, Mr. Crane's required minimum ownership is 6 times his base salary. Mr. Crane meets this requirement.*

For additional information about Exelon's stock ownership guidelines, please see the Stock Ownership Requirements for Directors and Officers and Beneficial Ownership Table on pages 28-29, respectively.

Exelon has adopted a policy requiring executive vice presidents and higher officers who wish to sell Exelon common stock to do so only through Rule 10b5-1 stock trading plans, and permitting other officers to enter into such plans. This requirement is designed to enable officers to diversify a portion of their holdings in excess of the applicable stock ownership requirements in an orderly manner as part of their retirement and tax planning activities. The use of Rule 10b5-1 stock trading plans serves to reduce the risk that investors will view routine portfolio diversification stock sales by executive officers as a signal of negative expectations with respect to the future value of Exelon's stock. In addition, the use of Rule 10b5-1 stock trading plans reduces the potential for accusations of trading on the basis of material, non-public information, which could damage the reputation of the company. Exelon's stock trading policy does not permit short sales, hedging or pledging.

Recoupment (Clawback) Policy

Consistent with the pay-for-performance policy, in May 2007, the board of directors adopted a recoupment policy as part of Exelon's Corporate Governance Principles. The board of directors will seek recoupment of incentive compensation paid to an executive officer if the board determines, in its sole discretion, that:

- the executive officer engaged in fraud or intentional misconduct;
- as a result of which Exelon was required to materially restate its financial results;
- the executive officer was paid more incentive compensation than would have been payable had the financial results been as restated;
- recoupment is not precluded by applicable law or employment agreements; and
- the board concludes that, under the facts and circumstances, seeking recoupment would be in the best interest of Exelon and its shareholders.

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Compensation Discussion & Analysis

Compensation Policies and Practices as They Relate to Risk Management

The compensation and leadership development committee has considered Exelon's policies and practices of compensating its employees, including non-executive officers, as they relate to risk management practices and risk-taking incentives and believes that such policies and practices are not reasonably likely to have a material adverse effect on Exelon. In this regard, the committee considered the following factors:

- The annual and long-term incentive programs place limits on incentive compensation grants and awards.
- Incentive goals are not tailored solely to revenue-generating conduct.
- The annual incentive program key performance indicators are reviewed in a challenge session by a senior management panel to make sure the goals are fair, reasonable, aligned with the overall business plan and balanced between financial and operational excellence.
- The annual incentive program contains features that limit payouts on operating company and business unit key performance indicators where the payout would exceed 120% of target, and the compensation and leadership development committee reserves the right to curtail awards if a business unit under-performs.
- Exelon has long-term incentive programs that are linked to shareholder value.
- Exelon's officers are required to own Exelon stock, and performance share units are paid out over a two year period after they are earned (program prior to 2013) or after a three-year performance period (program since 2013).
- The Exelon Long-term Incentive Plan provides that the compensation and leadership development committee may amend or adjust the performance measures or other terms and conditions of an outstanding award in recognition of unusual or nonrecurring events affecting the company or its financial statements or changes in law or accounting principles.
- The company has a recoupment policy.

Although the foregoing factors address financial risks, the committee also considered that Exelon's policies and practices include measures to make sure that the cost reduction and other goals designed to address financial performance do not present significant operational risk issues. These measures include the following:

- For employees and all officers with business unit responsibilities, the annual incentive compensation program includes measures based on business unit operating measures, such as safety and reliability.
- Management carefully tracks a variety of safety and reliability metrics on a routine basis to make sure that performance is not adversely affected by such things as cost reduction efforts.

Tax Consequences

Under Section 162(m) of the Internal Revenue Code, executive compensation in excess of $1 million paid to a CEO or other person among the three other highest compensated officers (excluding the CFO) is generally not deductible for purposes of corporate federal income taxes. However, qualified performance-based compensation, within the meaning of Section 162(m) and applicable regulations, remains deductible. The compensation and leadership development committee intends to continue reliance on performance-based compensation programs, consistent with sound executive compensation policy. The committee's policy has been to seek to cause executive incentive compensation to qualify as "performance-based" in order to preserve its deductibility for federal income tax purposes to the extent possible, without sacrificing flexibility in designing appropriate compensation programs.

Because it is not "qualified performance-based compensation" within the meaning of Section 162(m), base salary is not eligible for a federal income tax deduction to the extent that it exceeds $1 million. Accordingly, Exelon is unable to deduct

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Compensation Discussion & Analysis

that portion of Mr. Crane's base salary in excess of $1 million. Annual incentive awards and performance share units payable to NEOs are intended to be qualified performance-based compensation under Section 162(m), and to be deductible for federal income tax purposes. Restricted stock and restricted stock units are not deductible by the company for federal income tax purposes under the provisions of Section 162(m) to the extent an NEO's compensation that is not "qualified performance-based compensation" is in excess of $1 million.

In order to qualify payments under the AIP and performance share program as performance-based for Section 162(m) of the Internal Revenue Code, the committee uses a "plan-within-plan" two-step approach to determine the amount of the bonus payment. The first step is to fund the overall bonus pool. The pool is funded if the company meets the pre-established performance metrics. The second step is accomplished when the committee exercises "negative discretion" by making adjustments to the formula award funded by the overall pool. Negative discretion is used to reduce the amount funded by the pool to an amount equal to the target bonus (for AIP) or target equity (for the performance share program) adjusted for final company performance and individual performance.

Under Section 4999 of the Internal Revenue Code, there is an excise tax if change-in-control or severance benefits are greater than 2.99 times the five-year average amount of income reported on an individual's W-2. In April 2009 the compensation committee adopted a policy that no future employment or severance agreements that provide for benefits for NEOs on account of termination will include an excise tax gross-up. However, certain NEOs have change in control severance agreements that pre-date April 2009 and provide excise tax gross-ups, and avoid gross-ups by reducing payments to under the threshold if the amount otherwise payable to an executive is not more than 110% of the threshold.

Executive Compensation Data

Executive Compensation

The tables below summarize the total compensation paid or earned by each of the Named Executive Officers (NEOs) of Exelon for the year ended December 31, 2014, presented in accordance with SEC requirements. Basic information about the elements of compensation as disclosed in the tables is shown below:

Salary:

- Amounts may not match the amounts discussed in Compensation Discussion and Analysis because that discussion concerns salary rates; the amounts reported in the Summary Compensation Table reflect actual salaries paid during the year including the effect of changes in salary rates.
- Changes to base salary generally take effect on March 1. There may also be changes at other times during the year to reflect promotions or changes in responsibilities.

Bonus:

- Reflects discretionary bonuses or amounts paid under the annual incentive plan on the basis of the individual performance multiplier or discretionary amounts approved by the compensation and leadership development committee or, in the case of Mr. Crane, approved by the independent directors.

Stock Awards:

- Values reported show the grant date fair value calculated in accordance with FASB ASC Topic 718.
- Consist primarily of performance share unit awards and restricted stock unit awards pursuant to the terms of the 2011 Long-Term Incentive Plan.
- Since 2013 award mix is 67% performance share units and 33% restricted stock units; stock options are no longer granted.

Performance Share Units:

- Compensation and leadership development committee redesigned structure in 2013.
  - Reduced goal categories from six to two: financial management (weighted at 60%) and operational excellence (weighted at 40%). Within the goal categories there are quantitative metrics.
  - Performance period lengthened from one to three years.
- Maximum payout for performance share units is 150% of target; threshold payout is 50% of target.
- Total shareholder return reinstated as a formulaic award modifier. Awards can be increased or decreased by up to 25% based on total shareholder return performance relative to other energy services companies with business models most similar to ours.
- Individual performance multiplier can increase awards up to 10% or reduce awards by 50%.
- Threshold, target and distinguished goals for performance share unit awards established on the grant date (generally the date of the first committee meeting in the first year in the performance period).
  - Actual performance against the goals for each year in the performance period established at the first committee meeting after the completion of the year.
  - At the end of the three-year performance period awards are made based on the average of the level of performance for each of the three years in the performance period, and the award date is the date of the first committee meeting after the completion of the third year in the performance period.

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Executive Compensation Data

- Under the new design, performance shares vest immediately; under the former one-year performance period structure, awards vested one-third upon award with one-third vesting on the date of the next two January committee meetings.
- Performance share awards are settled 50% in Exelon common stock and 50% in cash, except for executive vice presidents and higher officers whose awards are paid 100% in cash if the officer has attained 200% of the applicable stock ownership requirement.

Transition Awards:

- One-time grant of transition awards made in 2013 in connection with the transition to the three-year performance period for performance shares so that the amount of performance share awards vesting each year would be consistent during the period until the 2013-15 performance shares vest.
- Transition awards use the same goals and metrics as the performance shares, except that the total shareholder return modifier and individual performance multipliers do not apply.

Restricted Stock Units:

- Vest ratably on the date of the next three January committee meetings.
- In limited cases, restricted stock units granted to executives as a means to recruit and retain talent.
  - May be used for new hires to offset annual or long-term incentives forfeited from a previous employer.
  - May also be used as a retention vehicle, vesting after pre-determined period of time and subject to forfeiture upon voluntarily termination.
  - May incorporate performance criteria as well as time-based vesting.
- Amounts of restricted shares held by each NEO shown in the footnotes to the Outstanding Equity Table.

Stock Options:

- Not granted since 2012.
- Prior to 2013 made pursuant to terms of Long-Term Incentive Plan.
- Granted at a strike price that was not less than the fair market value of a share of stock on the date of grant.
  - Fair market value was defined under the plans as the closing price on the grant date as reported on the New York Stock Exchange.
  - Individuals receiving stock options were provided right to buy fixed number of shares of Exelon common stock at the closing price on the grant date.
  - Target for the number of options awarded determined by the portion of the long-term incentive value attributable to stock options and a theoretical value of each option determined by the committee using a lattice binomial ratio valuation formula.
- Options vest in equal annual installments over a four-year period and have a term of 10 years. Employees who are retirement eligible are eligible for accelerated vesting upon retirement or termination without cause. Time vesting adds a retention element to the stock option program.
- Under the terms of the Long-Term Incentive Plan stock options may not be re-priced or cashed out.

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Executive Compensation Data

Non-equity incentive plan compensation:

- Includes amounts earned under the annual incentive plan, determined by the extent to which the applicable financial and operational goals were achieved.
- Amount of the annual incentive target opportunity expressed as a percentage of base salary, with actual awards determined using the base salary at the end of the year.
- Threshold, target and distinguished (i.e. maximum) achievement levels established for each goal.
  - Threshold set at the minimally acceptable level of performance, for a payout of 50% of target.
  - Target set consistent with the achievement of the business plan objectives.
  - Distinguished set at a level that significantly exceeds the business plan and has a low probability of payout, capped at 200% of target.
  - Awards interpolated to the extent performance falls between the threshold, target, and distinguished levels.

Executive Compensation Data

Summary Compensation Table

Year (a)	Salary ($) (b)	Bonus ($) Note 1 (c)	Stock Awards ($) Note 2 (d)	Option Awards ($) Note 3 (e)	Non-Equity Incentive Plan Compensation ($) Note 4 (f)	Change in Pension Value and Nonqualified Deferred Compen-sation Earnings ($) Note 5 (g)	All Other Compen-sation ($) Note 6 (h)	Total ($) (i)
Christopher M. Crane **President and Chief Executive Officer, Exelon**								
2014	$ 1,200,000	$ 155,355	$ 9,345,480	$ —	$ 1,553,550	$ 2,431,986	$ 304,459	$ 14,990,830
2013	1,191,539	—	12,606,074	—	1,565,250	1,584,841	243,994	17,191,698
2012	1,078,750	131,100	4,234,680	1,191,300	1,311,000	2,063,852	190,568	10,201,250
Jonathan W. Thayer **Senior Executive Vice President and Chief Financial Officer, Exelon**								
2014	717,597	73,795	2,974,199	—	737,946	166,783	85,008	4,755,328
2013	670,193	—	4,000,394	—	633,913	162,252	254,815	5,721,567
2012	500,000	55,575	1,433,160	405,460	555,750	154,502	128,519	3,232,966
Kenneth W. Cornew **Senior Executive Vice President and Chief Commercial Officer, Exelon; President and Chief Executive Officer, Exelon Generation**								
2014	815,769	84,929	2,822,820	—	849,285	194,029	55,193	4,822,025
2013	760,392	—	4,715,518	—	834,782	219,293	37,349	6,567,334
Denis P. O'Brien **Senior Executive Vice President, Exelon; Chief Executive Officer, Exelon Utilities**								
2014	761,534	84,964	2,382,900	—	849,639	299,132	54,936	4,433,105
2013	742,233	—	3,233,366	—	811,205	411,426	43,984	5,242,214
2012	686,923	68,513	1,513,540	426,360	685,125	248,744	50,999	3,680,204
William A. Von Hoene Jr. **Senior Executive Vice President and Chief Strategy Officer, Exelon**								
2014	736,710	65,146	2,067,060	—	651,463	161,623	97,304	3,779,306
2013	717,446	—	3,371,564	—	639,495	179,014	74,359	4,981,878
2012	685,577	56,525	1,314,390	367,840	565,250	135,681	67,338	3,192,601

Notes to the Summary Compensation Table

(1) *In recognition of their overall performance, certain executives may receive an individual performance multiplier to their annual incentive payments or other special recognition awards in certain years. For 2014, all NEOs received an individual performance multiplier.*

(2) *The amounts shown in this column include the aggregate grant date fair value of restricted stock unit and performance share unit awards for the 2014-2016 performance period granted on January 27, 2014 as well as a supplemental grant on July 1, 2014 for Mr. Thayer with respect to his promotion. The grant date fair values of the stock awards have been computed in accordance with FASB ASC Topic 718 using the assumptions described in Note 17 of the Combined Notes to Consolidated Financial Statements included in Exelon's 2014 Annual Report on Form 10-K. The performance share unit awards are subject to performance conditions. For the 2014-2016 performance share unit award, the grant date fair value and the value assuming the highest level of performance, including the maximum total shareholder return multiplier and the maximum individual performance multiplier, is as follows:*

	Performance Share Unit Value	
	At Target	At Maximum
Crane	$ 6,280,140	$ 12,560,280
Thayer	1,796,040	3,592,080
Cornew	1,880,940	3,761,880
O'Brien	1,596,120	3,192,240
Von Hoene Jr.	1,381,800	2,763,600

Executive Compensation Data

(3) *The amounts shown in this column include the aggregate grant date fair value of stock option awards granted. No stock options were granted to the NEOs in 2014 or 2013.*
(4) *The amounts shown in this column for 2014 represent payments made pursuant to the Annual Incentive Plan.*
(5) *The amounts shown in this column represent the change in the accumulated pension benefit for the NEOs from December 31, 2013 to December 31, 2014. None of the NEOs had above market earnings in a non-qualified deferred compensation account in 2014.*
(6) *The amounts shown in this column include the items summarized in the following table:*

All Other Compensation

Name (a)	Perquisites ($) Note 1 (b)	Reimbursement for Income Taxes ($) Note 2 (c)	Payments or Accruals For Termination or Change in Control (CIC) ($) Note 3 (d)	Company Contributions to Savings Plans ($) Note 4 (e)	Company Paid Term Life Insurance Premiums ($) Note 5 (f)	Dividends or Earnings Not Included in Grants ($) (g)	Total ($) (h)
Crane	$152,699	$ 80,052	$ —	$ 42,001	$29,707	$ —	$304,459
Thayer	18,596	54,921	—	7,930	3,561	—	85,008
Cornew	20,795	2,093	—	28,553	3,752	—	55,193
O'Brien	16,265	—	—	26,654	12,017	—	54,936
Von Hoene Jr.	45,290	20,269	—	25,785	5,960	—	97,304

Notes to All Other Compensation Table

(1) *The amounts shown in this column represent the incremental cost to Exelon to provide certain perquisites to NEOs as summarized in the Perquisites Table below.*
(2) *Employees receive a reimbursement to cover applicable taxes when they work out of their home state and encounter double taxation in states and localities where they would not be eligible to receive a credit for such taxes when filing their tax returns in their home state, as well as on imputed income for business-related spousal travel expenses for those cases where the personal benefit is closely related to the business purpose, and for relocation expenses when the employee is required to relocate.*
(3) *Represents the expense, if applicable, or the accrual of the expense that Exelon has recorded during 2014 after the announcement of the officer's retirement or resignation for severance related costs including salary and Annual Incentive Plan continuation and other benefits as applicable.*
(4) *Represents company matching contributions to the NEOs' qualified and non-qualified savings plans. The 401(k) plan is available to all employees and the annual contribution for 2014 was generally limited by IRS rules to $17,500, although employees over age 50 can make additional "catch-up" contributions of up to $5,500. NEOs and other officers may participate in the Deferred Compensation Plan, into which payroll contributions in excess of the specified IRS limit are credited under a separate, unfunded plan that has the same portfolio of investment options as the 401(k) plan.*
(5) *Exelon provides basic term life insurance, accidental death and disability insurance, and long-term disability insurance to all employees, including NEOs. The values shown in this column include the premiums paid during 2014 for additional term life insurance policies for the NEOs and for additional long-term disability insurance over and above the basic coverage provided to all employees.*

Executive Compensation Data

Perquisites

The following table indicates the various perquisites for which Exelon incurred incremental costs in 2014 for each NEO. A checkmark (✓) indicates perquisite usage during 2014 by the NEO listed at the top of the column.

Perquisite	Crane	Thayer	Cornew	O'Brien	Von Hoene Jr.
Personal use of corporate aircraft (1)	✓				✓
Personal use of company drivers (2)	✓	✓			✓
Financial planning (3)			✓	✓	✓
Parking (4)	✓	✓	✓		✓
Company gifts and matching contributions (5)	✓	✓	✓	✓	✓
Physical examinations (6)				✓	
Event tickets (7)			✓		

Notes to Perquisites Table

(1) *The figures shown in column (b) of the All Other Compensation Table above include $130,015 representing the aggregate incremental cost to Exelon for personal use of corporate aircraft by Mr. Crane, and $26,569 for Mr. Von Hoene who was permitted to use corporate aircraft on two occasions in 2014. These costs were calculated using the hourly incremental cost for flight services, including federal excise taxes, fuel charges, and domestic segment fees. From time to time Mr. Crane's spouse, or other family members, accompanied him in his travel on corporate aircraft. The aggregate incremental cost to the company, if any, for such travel by spouses or family members on corporate aircraft is included in this amount.*

(2) *The company maintains several cars and drivers in order to provide transportation services for the NEOs and other officers to carry out their duties among the company's various offices and facilities. Certain NEOs were also entitled to limited personal use of the company's cars and drivers, including use for commuting which allowed them to work while commuting. The cost included in the All Other Compensation Table represents the estimated incremental cost to Exelon to provide limited personal service, based upon the number of hours that the drivers worked overtime providing services to each NEO, multiplied by the average overtime rate for drivers plus an additional amount for fuel. Personal use was imputed as additional taxable income.*

(3) *The company will pay limited annual financial planning costs for executives that are imputed as additional taxable income.*

(4) *For NEOs whose primary work location is downtown Chicago, Exelon's office lease provides for a limited number of parking spaces that are available for Exelon use. When NEOs are unable to utilize the available spaces, Exelon pays for parking expenses incurred at other public garages. Messrs. Thayer and Cornew have company provided spaces in downtown Baltimore.*

(5) *Executive officers may also have the company make matching gifts to qualified charitable organizations up to $10,000 for 2014. Mr. Thayer was subject to a $15,000 annual limit under Constellation's legacy policy.*

(6) *Executive officers may use company-provided vendors for comprehensive physical examinations and related follow-up testing.*

(7) *Executives occasionally receive tickets to sporting or other events as recognition awards that are imputed to the officer as additional taxable income.*

Executive Compensation Data

Grants of Plan-Based Awards

Name (a)	Grant Date (b)	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards (Note 1)			Estimated Possible Payouts Under Equity Incentive Plan Awards (Note 2)			All Other Stock Awards: Number of Shares or Units (#) (Note 3) (i)	All Other Options Awards: Number of Securities Under-lying Options (#) (j)	Exercise or Base Price of Option Awards ($) (k)	Grant Date Fair Value of Stock and Option Awards ($) (Note 4) (l)
		Thres-hold ($) (c)	Plan ($) (d)	Maxi-mum ($) (e)	Thres-hold (#) (f)	Target (#) (g)	Maxi-mum (#) (h)				
Crane	1/27/2014	$750,000	$1,500,000	$3,000,000							
	1/27/2014				41,756	222,700	445,400				$ 6,280,140
	1/27/2014							108,700			3,065,340
Thayer [5]	1/27/2014	356,250	712,500	1,425,000							
	1/27/2014				10,613	56,600	113,200				1,596,120
	7/1/2014				3,419	14,963	28,945				534,179
	1/27/2014							27,900			786,780
	7/1/2014							1,600			57,120
Cornew	1/27/2014	410,000	820,000	1,640,000							
	1/27/2014				12,506	66,700	133,400				1,880,940
	1/27/2014							33,400			941,880
O'Brien	1/27/2014	363,613	727,226	1,454,452							
	1/27/2014				10,613	56,600	113,200				1,596,120
	1/27/2014							27,900			786,780
Von Hoene Jr.	1/27/2014	314,500	628,999	1,257,998							
	1/27/2014				9,188	49,000	98,000				1,381,800
	1/27/2014							24,300			685,260

Notes to Grants of Plan-Based Awards Table

(1) *All NEOs have annual incentive plan target opportunities based on a fixed percentage of their base salary. Under the terms of the AIP, threshold performance earns 50% of the respective target, while performance at plan earns 100% of the respective target and the maximum payout is capped at 200% of target. For additional information about the terms of these programs, see Compensation Discussion and Analysis above.*

(2) *NEOs have a long-term performance share unit target opportunity that is a fixed number of performance share units commensurate with the officer's position. The possible payout at threshold for performance share unit awards was calculated at 50% of target, with a total shareholder return multiplier of 75% and an individual performance multiplier of 50%. The possible maximum payout for performance share units was calculated at 150% of target, with a total shareholder return multiplier of 125% and an individual performance multiplier of 110%, capped at 200% of target. For additional information about the terms of this program, see Compensation Discussion and Analysis and the narrative preceding the Summary Compensation Table above.*

(3) *This column shows restricted share unit awards made during the year. The vesting dates of the awards are provided in footnote 2 to the Outstanding Equity Table below.*

(4) *This column shows the grant date fair value, calculated in accordance with FASB ASC Topic 718, of the performance share unit awards, performance-based transition awards, and restricted stock granted to each NEO during 2014. Fair value of performance share unit awards and performance-based transition awards granted on January 27, 2014 and July 1, 2014 are based on an estimated payout of 100% of target.*

(5) *Mr. Thayer received prorated awards to his 2013 and 2014 performance share unit target opportunity and his one-time performance-based transition award target opportunity due to a promotion. The threshold and maximum for the 2013 performance share units are calculated the same as the 2014 performance share units. The possible payout at threshold for the performance-based transition award was calculated at 50% of target, and the possible maximum payout was calculated at 150% of target; the total shareholder return and individual performance multipliers do not apply to the performance-based transition award.*

Executive Compensation Data

Outstanding Equity Awards at Year End

	Option Awards (See Note 1)				Stock Awards			
Name (a)	Number of Securities Underlying Unexercised Options That Are Exercisable (#) (b)	Number of Securities Underlying Unexercised Options That Are Not Exercisable (#) (c)	Option Exercise or Base Price ($) (d)	Option Expiration Date (e)	Number of Shares or Units of Stock That Have Not Yet Vested (#) (Note 2) (f)	Market Value of Shares or Units of Stock That Have Not Yet Vested Based on 12/31 Closing Price $37.08 ($) (Note 2) (g)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Yet Vested (#) (Note 3) (h)	Equity Incentive Plan Awards: Market or Payout Value or Unearned Shares, Units or Other Rights That Have Not Yet Vested ($) (Note 3) (i)
Crane	142,500	142,500	$ 39.21	2-Apr-2022	316,720	$ 11,743,978	827,800	$ 30,694,824
	70,500	23,500	43.40	24-Jan-2021				
	53,000	—	46.09	24-Jan-2020				
	49,000	—	56.51	26-Jan-2019				
	28,000	—	73.29	27-Jan-2018				
	35,000	—	59.96	21-Jan-2017				
	22,500	—	58.55	22-Jan-2016				
	18,000	—	42.85	23-Jan-2015				
Thayer	48,500	48,500	39.81	12-Mar-2022	123,305	4,572,149	206,000	7,638,480
	117,298	58,648	39.24	24-Feb-2022				
	125,429	—	32.46	25-Feb-2021				
	67,304	—	37.71	26-Feb-2020				
	167,669	—	21.25	27-Feb-2019				
	8,676	—	101.05	21-Feb-2018				
	8,342	—	81.56	22-Feb-2017				
	5,487	—	54.80	24-Feb-2015				
Cornew	35,000	35,000	39.81	12-Mar-2022	132,957	4,930,046	249,000	9,232,920
	19,500	6,500	43.40	24-Jan-2021				
	13,300	—	46.09	24-Jan-2020				
	14,900	—	56.51	26-Jan-2019				
	11,000	—	73.29	27-Jan-2018				
	8,500	—	59.96	21-Jan-2017				
	6,375	—	58.55	22-Jan-2016				
	5,550	—	42.85	23-Jan-2015				
O'Brien	51,000	51,000	39.81	12-Mar-2022	85,579	3,173,269	211,200	7,831,296
	36,750	12,250	43.40	24-Jan-2021				
	27,000	—	46.09	24-Jan-2020				
	30,700	—	56.51	26-Jan-2019				
	22,000	—	73.29	27-Jan-2018				
	19,000	—	59.96	21-Jan-2017				
	20,000	—	58.55	22-Jan-2016				
	29,000	—	42.85	23-Jan-2015				
Von Hoene Jr.	44,000	44,000	39.81	12-Mar-2022	94,314	3,497,163	182,800	$ 6,778,224
	50,250	16,750	43.40	24-Jan-2021				
	33,000	—	46.09	24-Jan-2020				
	25,200	—	56.51	26-Jan-2019				
	19,000	—	73.29	27-Jan-2018				
	19,000	—	59.96	21-Jan-2017				
	17,000	—	58.55	22-Jan-2016				
	14,000	—	42.85	23-Jan-2015				
	4,500	—	32.54	25-Jan-2014				

Executive Compensation Data

Notes to Outstanding Equity Table

(1) *Non-qualified stock options were granted to NEOs pursuant to the company's long-term incentive plans. Grants vest in four equal increments, beginning on the first anniversary of the grant date. All grants expire on the tenth anniversary of the grant date. For Mr. Thayer, stock options granted prior to March 12, 2012 were granted under the Constellation Energy Group Inc. Long Term Incentive Plan and were converted into the equivalent right to receive Exelon common stock. The number of stock options received upon conversion is equal to the original number of Constellation stock options multiplied by the merger exchange ratio (0.93) and rounded down to the nearest whole share. The exercise price for each converted share is equal to the original Constellation exercise price divided by the exchange ratio (0.93), rounded up to the nearest whole cent.*

(2) *The amount shown includes the unvested portion of the performance share unit award earned with respect to the three-year performance period ending December 31, 2012; the remaining two-thirds of the transition award grant made in January 2013 that was earned based on averaging the results of the 2013 and 2014 performance periods, which resulted in a payout of 115.28% of target and will vest in January 2015; and any unvested restricted stock unit awards as shown in the following table. Shares are valued at $37.08, the closing price on December 31, 2014.*

(3) *The amount shown includes the target performance share unit award made in January 2013 for the performance period ending December 31, 2015 and the target performance share unit award made in January 2014 for the performance period ending December 31, 2016. These target awards have been increased to reflect the highest level of performance for the period.*

Unvested Restricted Stock or Restricted Stock Units and Transition Award

Name (a)	Grant Date (b)	Number of Restricted Shares (#) (c)	Vesting Dates (d)	Transition Awards (Note 5) (e)
Crane	28 Jan. 2013	67,593	(1)	91,378
	27 Jan. 2014	112,749	(1)	
Thayer	12 Mar. 2012	6,758	(2)	
	28 Jan. 2013	16,506	(1)	24,473(6)
	28 Jan. 2013	30,000	28 Jan. 2018	
	27 Jan. 2014	30,568	(1)(3)	
Cornew	01 Jul. 2010	10,000	01 Jul. 2015	
	28 Jan. 2013	19,813	(1)(4)	27,667(7)
	28 Jan. 2013	30,000	28 Jan. 2018	
	27 Jan. 2014	34,644	(1)	
O'Brien	28 Jan. 2013	17,366	(1)	23,440
	27 Jan. 2014	28,939	(1)	
Von Hoene Jr.	28 Jan. 2013	15,071	(1)	20,288
	22 Oct. 2013	20,000	21 Oct. 2018	
	27 Jan. 2014	25,205	(1)	

Notes to Restricted Stock Table

(1) *Restricted stock unit awards vest in one-third increments on the date of the next three January committee meetings. Unvested awards earn additional units through automatic dividend reinvestment, and the resulting dividend units will vest and settle on the vesting date along with the underlying tranche of the original award.*

(2) *Represents the remaining balance of an award made to Mr. Thayer under the Constellation Energy Group Inc. Long Term Incentive Plan. At the time of the merger, the total award was converted to the right to receive 0.93 shares of Exelon common stock. The first third of the award vested on February 24, 2013; the second third vested on February 24, 2014 and the remainder vested on February 24, 2015. The unvested balance continues to earn additional units through automatic dividend reinvestment and the resulting dividend units will vest and settle on the vesting date along with the remaining underlying tranche of the original award.*

(3) *Mr. Thayer's original restricted stock unit grant of 27,900 shares made on January 27, 2014 was increased with the award of 1,600 additional units as of July 1, 2014 that have the same vesting schedule as the original grant.*

(4) *Mr. Cornew's original restricted stock unit grant of 24,100 shares made on January 28, 2013 was increased with the award of 3,600 additional units on May 28, 2013 that have the same vesting schedule as the original grant.*

(5) *Represents transition award shares that vested on January 26, 2015 based on averaging the results of the 2013 and 2014 performance periods, which resulted in a payout of 115.28% of target.*

(6) *Mr. Thayer's original transition award of 28,900 shares made on January 28, 2013 was increased effective July 1, 2014 to 33,600 shares and pro-rated so that 21,299 units would vest on January 26, 2015 with the second two-thirds of the original award.*

(7) *Mr. Cornew's original transition award of 27,667 shares made on January 28, 2013 was increased with the award of 4,762 additional units on May 28, 2013 of which 1,095 vested in January 2014 with the first third of the original award and 3,667 vested on January 26, 2015 with the second two-thirds of the original award.*

Executive Compensation Data

Option Exercises and Stock Vested

Name (a)	Option Awards: Number of Shares Acquired on Exercise (#) (b)	Option Awards: Value Realized on Exercise ($) (c)	Stock Awards (Note 1): Number of Shares Acquired on Vesting (#) (d)	Stock Awards (Note 1): Value Realized on Vesting ($) (e)
Crane	—	$ —	141,144	$3,980,262
Thayer [2]	—	—	41,747	1,191,523
Cornew	—	—	38,350	1,081,443
O'Brien	—	—	44,064	1,242,605
Von Hoene Jr.	—	—	41,815	1,179,183

Notes to Option Exercises and Stock Vested Table

(1) *Share amounts are generally composed of the following tranches of prior awards that vested on January 27, 2014: the second third of the performance share unit grant made with respect to the three-year performance period ending December 31, 2012; the final third of the performance share unit grant made with respect to the three-year performance period ending December 31, 2011; the first third of the transition award share granted on January 28, 2013; and the first third of the restricted stock unit grant made on January 28, 2013. All of these awards were valued at $28.20 upon vesting.*

(2) *For Mr. Thayer, the number of shares acquired upon vesting includes 6,510 restricted shares from a legacy Constellation award made in 2012 which was converted to the right to receive Exelon shares. One-third of the award (including one-third of the shares acquired through dividend reinvestment) vested on February 24, 2014, and shares were valued at $30.39.*

Pension Benefits

Exelon sponsors the Exelon Corporation Retirement Program, a traditional defined benefit pension plan that covers certain management employees who commenced employment prior to January 1, 2001 and certain collective bargaining unit employees. The Exelon Corporation Retirement Program includes the Service Annuity System ("SAS"), which is the legacy ComEd pension plan. Effective January 1, 2001, Exelon also established two cash balance defined benefit pension plans in order to both reduce future retirement benefit costs and provide an option that is portable as the company anticipated a work force that was more mobile than the traditional utility workforce. The cash balance defined benefit pension plans cover management employees and certain collective bargaining unit employees hired on or after such date, as well as certain management employees hired prior to such date who elected to participate in a cash balance plan. Legacy Constellation employees participate in the Pension Plan of Constellation Energy Group, Inc. ("Constellation Pension Plan"). The Constellation Pension Plan includes a traditional pension formula referred to as the Enhanced Traditional Plan ("ETP") and a Pension Equity Plan ("PEP"). Employees hired before January 1, 2000 participate in the ETP. Employees hired on or after January 1, 2000 and employees hired before that date who elected to do so participate in the PEP. Each of these plans is intended to be tax-qualified under Section 401(a) of the Internal Revenue Code. An employee can participate in only one of the qualified pension plans.

For NEOs participating in the SAS, the annuity benefit payable at normal retirement age is equal to the sum of 1.25% of the participant's earnings as of December 25, 1994, reduced by a portion of the participant's Social Security benefit as of that date, plus 1.6% of the participant's highest average annual pay, multiplied by the participant's years of credited service (up to a maximum of 40 years). Pension-eligible compensation for the SAS's Final Average Pay Formula includes base pay and annual incentive awards. Benefits under the SAS are vested after five years of service.

The "normal retirement age" under the SAS is 65. The plan also offers an early retirement benefit prior to age 65, which is payable if a participant retires after attainment of age 50 and completion of 10 years of service. The annual pension payable under the plan is determined as of the early retirement date, reduced by 2% for each year of payment before age 60 to age 58, then 3% for each year before age 58 to age 50. In addition, under the SAS, the early retirement benefit is supplemented prior to age 65 by a temporary payment equal to 80% of the participant's estimated monthly Social Security benefit. The supplemental benefit is partially offset by a reduction in the regular annuity benefit.

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Under the cash balance pension plan, a notional account is established for each participant, and the account balance grows as a result of annual benefit credits and annual investment credits. (Employees who participated in the SAS prior to January 1, 2001 and elected to participate in the cash balance plan also have a frozen transferred benefit from the former plan, and received a "transition" credit based on their age, service and compensation at the time of transfer.) Beginning January 1, 2008, the annual benefit credit under the plan is 7% of base pay and annual incentive award and beginning January 1, 2013 for employees hired on or after such date, the annual benefit credit is equal to a percentage of base pay and annual incentive award which varies between 3% and 8%, based upon age. For the portion of the account balance accrued beginning January 1, 2008, the annual investment credit is the third segment spot rate of interest on long-term investment grade corporate bonds. The segment rate will be determined as of November of the year for which the cash balance account receives the investment credit. For the portion of the benefit accrued before January 1, 2008, pending Internal Revenue Service guidance, the annual investment credit is the greater of 4%, or the average of the annual rate of return of the S&P 500 Stock Index and the 30-year Treasury bond rate (the interest rate is determined in November of each year). For employees hired on or after January 1, 2013, the annual investment credit is the second segment spot rate of interest on long-term corporate bonds, determined as of November of the year for which the cash balance account receives the investment credit, subject to a minimum annual investment credit rate of 3.8% and a maximum annual investment credit rate of 7%. Benefits are vested after three years of service, and are payable in an annuity or a lump sum at any time following termination of employment. Apart from the benefit credits and vesting requirement, and as described above, years of service are not relevant to a determination of accrued benefits under the cash balance pension plans.

For NEOs who participate in the PEP, a lump sum benefit amount is computed based on covered earnings multiplied by a total credit percentage. Covered earnings are equal to the average of the highest three of the last five twelve-month periods' base pay plus short-term incentive. The total service credit percentage is equal to the sum of the credit percentages based on the following formula: 5% per year of service through age 39, 10% per year of service from age 40 to age 49, and 15% per year of service after age 49. No benefits are available under the PEP until a participant has at least three years of vesting service. Benefits payable under the PEP are paid as an annuity unless a participant elects a lump sum within 60 days after separation.

The Internal Revenue Code limits to $260,000 the individual 2014 annual compensation that may be taken into account under the tax-qualified retirement plan. As permitted by Employee Retirement Income Security Act, Exelon sponsors three supplemental executive retirement plans (or "SERPs") that allow the payment to a select group of management or highly-compensated individuals out of its general assets of any benefits calculated under provisions of the applicable qualified pension plan which may be above these limits. The SERPs offer a lump sum as an optional form of payment, which includes the value of the marital annuity, death benefits and other early retirement subsidies at a designated interest rate. The interest rate applicable for distributions to participants in the SAS in 2014 is 3.89%. For participants in the cash balance pension plan and the PEP, the lump sum is the value of the non-qualified account balance. The values of the lump sum amounts do not include the value of any pension benefits covered under the qualified pension plans, and the methods and assumptions used to determine the non-qualified lump sum amount are different from the assumptions used to generate the present values shown in the tables of benefits to be received upon retirement, termination due to death or disability, involuntary separation not related to a change in control, or upon a qualifying termination following a change in control which appear later in this proxy statement.

Under the terms of the SERPs, participants are provided the amount of benefits they would have received under the SAS, cash balance plan, ETP or PEP, as applicable, but for the application of the Internal Revenue Code limits. In addition, certain executives previously received grants of additional credited service under a SERP. In particular, in 1998, Mr. Crane received an additional 10 years of credited service through September 28, 2008, the date of his tenth anniversary, as part of his employment offer that provided one additional year of service credit for each year of employment to a maximum of 10 additional years.

As of January 1, 2004, Exelon does not grant additional years of credited service to executives under the SERP for any period in which services are not actually performed, except that up to two years of service credits may be provided under

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Executive Compensation Data

severance or change in control agreements first entered into after such date, and performance-based grants or grants which make up for lost pension benefits from another employer may be (but have not been) provided. Service credits previously available under employment, change in control or severance agreements or arrangements (or any successor arrangements) are not affected by this policy.

The amount of the change in the pension value for each of the named executive officers is the amount included in the Summary Compensation Table above in the column headed "Change in Pension Value & Nonqualified Deferred Compensation Earnings." The present value of each NEO's accumulated pension benefit is shown in the following tables. The present value for cash balance and PEP participants is the account balance. The assumptions used in estimating the present values for SAS participants include the following: pension benefits are assumed to begin at each participant's earliest unreduced retirement age; the SERP lump sum amounts are determined using the rate of 5% for SAS participants at the assumed retirement age; the lump sum amounts are discounted from the assumed retirement date at the applicable discount rates of 4.80% as of December 31, 2013 and 3.94% as of December 31, 2014; and the applicable mortality tables. The applicable table as of December 31, 2013 is the IRS required mortality table for the 2014 funding valuation for the Exelon Corporation qualified pension plans. The applicable mortality table as of December 31, 2014 was updated to a RP 2000-based table projected generationally using Exelon's best estimate of long-term mortality improvements. The December 31, 2014 mortality table is consistent with the mortality used in the Exelon December 31, 2014 pension disclosure.

Name (a)	Plan Name (b)	Number of Years Credited Service (#) (c)	Present Value of Accumulated Benefit ($) (d)	Payments During Last Fiscal Year ($) (e)
Crane (1)	SAS	16.26	$ 890,036	$ —
	SERP	26.26	11,355,954	—
Thayer	PEP	12.00	204,000	—
	SERP	12.00	1,098,549	—
Cornew	Cash Balance	20.59	552,429	—
	SERP	20.59	689,617	—
O'Brien	Cash Balance	32.51	1,245,219	—
	SERP	32.51	1,442,235	—
Von Hoene Jr.	Cash Balance	12.93	308,711	—
	SERP	12.93	795,074	—

(1) *Based on discount rates prescribed by the SEC proxy disclosure guidelines, Mr. Crane's non-qualified SERP present value is $11,355,954. Based on lump sum plan rates for immediate distributions under the non-qualified plan, the comparable lump sum amount applicable for service through December 31, 2014 is $15,846,538. Note that, in any event, payments made upon termination may be delayed by six months in accordance with U.S. Treasury Department guidance.*

Deferred Compensation Programs

Exelon offers deferred compensation plans to permit the deferral of certain cash compensation to facilitate tax and retirement planning and satisfaction of stock ownership requirements for executives and key managers. Exelon maintains non-qualified deferred compensation plans that are open to certain highly-compensated employees, including the NEOs.

The Exelon Deferred Compensation Plan is a non-qualified plan that permits legacy Exelon executives and key managers to defer receipt of base compensation and the company to credit related matching contributions that would have been contributed to the Exelon Corporation Employee Savings Plan (the company's tax-qualified 401(k) plan) but for the applicable limits under the Internal Revenue Code (the "Code"). The Constellation Deferred Compensation Plan is a non-qualified plan that permits legacy Constellation executives to defer receipt of base compensation and the company to credit related matching contributions that would have been contributed to the Exelon Corporation Employee Savings Plan. The Deferred Compensation Plans permit participants to defer taxation of a portion of their income. The Exelon Deferred Compensation Plan benefits the company by deferring the payment of a portion of its compensation expense, thus preserving cash.

Executive Compensation Data

The Exelon Employee Savings Plan is intended to be tax-qualified under Sections 401(a) and 401(k) of the Code. The Constellation Energy Group Employee Savings Plan was merged into Exelon's Employee Savings Plan as of July 1, 2014. Exelon maintains the Employee Savings Plan to attract and retain qualified employees, including the NEOs, and to encourage employees to save some percentage of their cash compensation for their eventual retirement. The Employee Savings Plan permits employees to do so, and allows the company to make matching contributions in a relatively tax-efficient manner. The company maintains the excess matching feature of the Deferred Compensation Plans to enable key management employees to save for their eventual retirement to the extent they otherwise would have were it not for the limits established by the IRS.

The Stock Deferral Plan is a non-qualified plan that permitted legacy Exelon executives to defer performance share units prior to 2007.

The following table shows the amounts that NEOs have accumulated under both the Deferred Compensation Plans and the Stock Deferral Plan. The Exelon Deferred Compensation and Stock Deferral Plans were closed to new deferrals of base pay (other than excess Employee Savings Plan deferrals), annual incentive payments or performance shares awards in 2007, and participants were granted a one-time election to receive a distribution of their accumulated balance in each plan during 2007. Existing balances will continue to accrue dividends or other earnings until payout upon termination. Balances in the Deferred Compensation Plan will be settled in cash upon the termination event selected by the officer and will be distributed either in a lump sum, or in annual installments. Share balances in the Stock Deferral Plan continue to earn the same dividends that are available to all shareholders, which are reinvested as additional shares in the plan. Balances in the plan are distributed in shares of Exelon stock in a lump sum or installments upon termination of employment.

The Deferred Compensation Plans continue in effect for those officers who participate in the Employee Savings Plan and who reach their statutory contribution limit during the year. After this limit is reached, their elected payroll contributions and company matching contribution will be credited to their accounts in the Deferred Compensation Plans. The investment options under the Deferred Compensation Plans consist of a basket of mutual funds benchmarks substantially the same as those funds available through the Employee Savings Plan. Deferred amounts represent unfunded unsecured obligations of the company.

Name (a)	Executive Contributions in 2014 ($) (Note 1) (b)	Registrant Contributions in 2014 ($) (Note 2) (c)	Aggregate Earnings in 2014 ($) (Note 3) (d)	Aggregate Withdrawals/ Distributions ($) (e)	Aggregate Balance at 12/31/14 ($) (Note 4) (f)
Crane	$ 102,500	$ 35,540	$ 69,111	$ —	$ 909,139
Thayer	—	—	—	—	—
Cornew	27,788	19,452	22,147	—	199,929
O'Brien [5]	35,807	17,646	253,045	—	2,351,307
Von Hoene Jr.	23,835	16,685	35,070	—	295,827

(1) *The full amount shown for executive contributions is included in the base salary figures for each NEO shown above in the Summary Compensation Table.*

(2) *The full amount shown under registrant contributions is included in the company contributions to savings plans for each NEO shown above in the All Other Compensation Table.*

(3) *The amount shown under aggregate earnings reflects the NEO's gain or loss based upon the individual allocation of his notional account balance into the basket of mutual fund benchmarks. These gains or losses do not represent current income to the NEO and have not been included in any of the compensation tables shown above.*

(4) *For all NEOs the aggregate balance shown in column (f) above includes those amounts, both executive contributions and registrant contributions, that have been disclosed either as base salary as described in Note 1 or as company contributions under all other compensation as described in Note 2 for the current fiscal year ending December 31, 2014. For Mr. Crane, all executive and registrant contributions included in column (f) have previously been disclosed in Summary Compensation Tables. Mr. Thayer did not participate in the plan during 2014.*

(5) *For Mr. O'Brien the amounts shown in column (d) and column (f) also include the aggregate earnings and aggregate balance respectively of his Stock Deferral Plan account.*

Executive Compensation Data

Potential Payments upon Termination or Change in Control

Change in control employment agreements and severance plan covering named executive officers

Exelon's change in control and severance benefits policies were initially adopted in January 2001 and harmonized the policies of Exelon's predecessor companies. In adopting the policies, the compensation committee considered the advice of a consultant who advised that the levels were consistent with competitive practice and reasonable. The Exelon benefits currently include multiples of change in control benefits ranging from two times base salary and annual bonus for corporate and subsidiary vice presidents to 2.99 times base salary and annual bonus for executive vice presidents, presidents of certain business units and select senior vice presidents other than the CEO. In 2003, the compensation committee reviewed the terms of the Senior Management Severance Plan and revised it to reduce the situations when an executive could terminate and claim severance benefits for "good reason," clarified the definition of "cause," and reduced non-change in control benefits for executives with less than two years of service. In December 2004, the compensation committee's consultant presented a report on competitive practice on executive severance. The competitive practices described in the report were generally comparable to the benefits provided under Exelon's severance policies. In discussing the compensation consultant's December 2007 annual report to the committee on compensation trends, the consultant commented that Exelon's change in control and severance policies were conservative, citing the use of double triggers, and that they remained competitive. In April 2009 the compensation committee adopted a policy that Exelon would not include excise tax gross-up payment provisions in senior executive employment, change in control, or severance plans, programs or agreements that are entered into, adopted or materially amended on or after April 2, 2009 (other than renewals of existing arrangements that are not materially amended or arrangements assumed pursuant to a corporate transaction).

Named executive officers have entered into individual change in control employment agreements or are covered by the change in control provisions of the Senior Management Severance Plan, which generally protect such executives' position and compensation levels for two years after a change in control of Exelon. The individual agreements are initially effective for a period of two years, and provide for a one-year extension each year thereafter until cancellation or termination of employment. The plan does not have a specific term.

During the 24-month period following a change in control, or, with respect to an executive with an individual agreement, during the 18-month period following another significant corporate transaction affecting the executive's business unit in which Exelon shareholders retain between 60% and 66 $^{2}/_{3}$% control (a significant acquisition), if a named executive officer resigns for good reason or if the executive's employment is terminated by Exelon other than for cause or disability, the executive is entitled to the following:

- the executive's annual incentive and performance share unit awards for the year in which termination occurs;
- severance payments equal to 2.99 (or 2.0 if the executive does not have an individual agreement) times the sum of (1) the executive's base salary plus (2) the higher of the executive's target annual incentive for the year of termination or the executive's average annual incentive award payments for the two years preceding the termination, but not more than the annual incentive for the year of termination based on actual performance before the application of negative discretion;
- a benefit equal to the amount payable under the SERP determined as if (1) the SERP benefit were fully vested, (2) the executive had 2.99 additional years of age and years of service (2.0 years for executives who first entered into such agreements after 2003 or do not have such agreements) and (3) the severance pay constituted covered compensation for purposes of the SERP;
- a benefit equal to the actuarial equivalent present value of any non-vested accrued benefit under Exelon's qualified defined benefit retirement plan;

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- all previously-awarded stock options, performance shares or units, restricted stock, or restricted share units become fully vested, and the stock options remain exercisable until the earlier of the fifth anniversary of the executive's termination date or the option's expiration date;
- life, disability, accident, health and other welfare benefit coverage continues during the severance pay period on the same terms and conditions applicable to active employees, followed by retiree health coverage if the executive has attained at least age 50 and completed at least 10 years of service (or any lesser eligibility requirement then in effect for regular employees); and
- outplacement and financial planning services for at least 12 months.

The change in control benefits are also provided if the executive is terminated other than for cause or disability, or terminates for good reason (1) after a tender offer or proxy contest commences, or after Exelon enters into an agreement which, if consummated, would cause a change in control, and within one year after such termination a change in control does occur, or (2) within two years after a sale or spin-off of the executive's business unit in contemplation of a change in control that actually occurs within 60 days after such sale or spin-off (a disaggregation) if the executive has an individual agreement.

A change in control under the individual change in control employment agreements and the Senior Management Severance Plan generally occurs:

- when any person acquires 20% of Exelon's voting securities;
- when the incumbent members of the Exelon board of directors (or new members nominated by a majority of incumbent directors) cease to constitute at least a majority of the members of the Exelon board of directors;
- upon consummation of a reorganization, merger or consolidation, or sale or other disposition of at least 50% of Exelon's operating assets (excluding a transaction where Exelon shareholders retain at least 60% of the voting power); or
- upon shareholder approval of a plan of complete liquidation or dissolution.

The term good reason under the individual change in control employment agreements generally includes any of the following occurring within two years after a change in control or disaggregation or within 18 months after a significant acquisition:

- a material reduction in salary, incentive compensation opportunity or aggregate benefits, unless such reduction is part of a policy, program or arrangement applicable to peer executives;
- failure of a successor to assume the agreement;
- a material breach of the agreement by Exelon; or
- any of the following, but only after a change in control or disaggregation: (1) a material adverse reduction in the executive's position, duties or responsibilities (other than a change in the position or level of officer to whom the executive reports or a change that is part of a policy, program or arrangement applicable to peer executives) or (2) a required relocation by more than 50 miles.

The term cause under the change in control employment agreements generally includes any of the following:

- refusal to perform or habitual neglect in the performance of duties or responsibilities or of specific directives of the officer to whom the executive reports which are not materially inconsistent with the scope and nature of the executive's duties and responsibilities;
- willful or reckless commission of acts or omissions which have resulted in or are likely to result in a material loss or material damage to the reputation of Exelon or any of its affiliates, or that compromise the safety of any employee;
- commission of a felony or any crime involving dishonesty or moral turpitude;
- material violation of the code of business conduct which would constitute grounds for immediate termination of employment, or of any statutory or common-law duty of loyalty; or
- any breach of the executive's restrictive covenants.

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Executives who entered into such change in control employment agreements prior to April 2, 2009 (and which have not been materially amended after such date) will be eligible to receive an additional payment to cover excise taxes imposed under Section 4999 of the Internal Revenue Code on excess parachute payments or under similar state or local law, but only if the amount of payments and benefits subject to these taxes exceeds 110% of the safe harbor amount that would not subject the employee to these excise taxes. If the amount does not exceed 110% of the safe harbor amount, then payments and benefits subject to these taxes would be reduced or eliminated to equal the safe harbor amount.

If a named executive officer resigns for good reason or is terminated by Exelon other than for cause or disability, in each case under circumstances not involving a change in control or similar provision described above, the named executive officer may be eligible for the following non-change in control benefits under the Exelon Corporation Senior Management Severance Plan:

- prorated payment of the executive's annual incentive and performance share unit awards for the year in which termination occurs;
- for a 15 to 24 month severance period, continued payment of an amount representing base salary and target annual incentive;
- a benefit equal to the amount payable under the SERP determined as if the severance payments were paid as ordinary base salary and annual incentive;
- during the severance period, continuation of health, basic life and other welfare benefits the executive was receiving immediately prior to the severance period on the same terms and conditions applicable to active employees, followed by retiree health coverage if the executive has attained at least age 50 and completed at least 10 years of service (or any lesser eligibility requirement then in effect for non-executive employees); and
- outplacement and financial planning services for twelve months.

Payments under individual agreements entered into after April 2, 2009 or the Senior Management Severance Plan are subject to reduction by Exelon to the extent necessary to avoid imposition of excise taxes imposed by Section 4999 of the Internal Revenue Code on excess parachute payments or under similar state or local law.

The term good reason under the Senior Management Severance Plan means either of the following:

- a material reduction of the executive's salary (or, with respect to a change in control, incentive compensation opportunity or aggregate benefits) unless such reduction is part of a policy, program or arrangement applicable to peer executives of Exelon or of the business unit that employs the executive; or
- a material adverse reduction in the executive's position or duties (other than a change in the position or level of officer to whom the executive reports) that is not applicable to peer executives of Exelon or of the executive's business unit, but excluding under the non-change in control provisions of the plan any change (1) resulting from a reorganization or realignment of all or a significant portion of the business, operations or senior management of Exelon or of the executive's business unit or (2) that generally places the executive in substantially the same level of responsibility.

With respect to a change in control, the term good reason under the plan also includes a required relocation of more than 50 miles.

The term cause under the Senior Management Severance Plan has the same meaning as the definition of such term under the individual change in control employment agreements.

Benefits under the change in control employment agreements and the Senior Management Severance Plan are subject to termination upon an executive's violation of his or her restrictive covenants, and incentive payments under the agreements and the plan may be subject to the recoupment policy adopted by the board of directors.

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Estimated Value of Benefits to be Received Upon Retirement

The following table shows the estimated value of payments and other benefits to be conferred upon the NEOs assuming they retired as of December 31, 2014. These payments and benefits are in addition to the present value of the accumulated benefits from each NEO's qualified and non-qualified pension plans shown in the tables within the Pension Benefit section and the aggregate balance due to each NEO that is shown in the tables within the Nonqualified Deferred Compensation section.

Name (a)	Cash Payment ($) (Note 1) (b)	Value of Unvested Equity Awards ($) (Note 2) (c)	Total Value of All Payments and Benefits ($) (Note 3) (d)
Crane	$1,554,000	$26,741,000	$28,295,000
Thayer	—	—	—
Cornew	—	—	—
O'Brien	850,000	587,000	1,437,000
Von Hoene Jr.	651,000	6,066,000	6,717,000

Notes to Benefits to be Received Upon Retirement Table

(1) *Under the terms of the 2014 Annual Incentive Plan (AIP), a pro-rated actual incentive award is payable upon retirement assuming an individual performance multiplier (IPM) of 100% and based on the number of days worked during the year of retirement. The amount above represents the executive's 2014 annual incentive payout (after company/business unit performance was determined) before applying the IPM, if applicable.*

(2) *The Value of Unvested Equity Awards includes the following:*

a. *the 'spread' on all unvested stock options that would vest upon termination of employment. The 'spread' is based on Exelon's closing stock price on December 31, 2014 of $37.08. At that stock price, all unvested stock options are "underwater" (or out of the money). Under the LTIP, if a holder has attained age 50 with 10 or more years of service (or deemed service), any unvested stock options will vest upon termination of employment because the holder has satisfied the definition of retirement under the LTIP;*

b. *the value of the executive's unvested performance share units. The amount above includes the number of unvested shares earned for the 2012 PSU awards, as applicable, as well as the unvested shares earned for the second tranche of the transition award, as applicable. It is assumed the 2013 and 2014 performance share units are earned at target. The value of the shares is based on Exelon's closing stock price on December 31, 2014 of $37.08; and*

c. *the accelerated portion of the executives' restricted stock award that, per the applicable award agreement, would vest upon retirement. The value of the shares is based on Exelon's closing stock price on December 31, 2014 of $37.08.*

(3) *The estimate of total payments and benefits is based on a December 31, 2014 retirement date.*

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Estimated Value of Benefits to be Received Upon Termination due to Death or Disability

The following table shows the estimated value of payments and other benefits to be conferred upon the NEOs assuming their employment is terminated due to death or disability as of December 31, 2014. These payments and benefits are in addition to the present value of the accumulated benefits from the NEO's qualified and non-qualified pension plans shown in the tables within the Pension Benefit section and the aggregate balance due to each NEO that is shown in tables within the Nonqualified Deferred Compensation section.

Name (a)	Cash Payment ($) (Note 1) (b)	Value of Unvested Equity Awards ($) (Note 2) (c)	Total Value of All Payments and Benefits ($) (Note 3) (d)
Crane	$1,554,000	$26,741,000	$28,295,000
Thayer	738,000	8,752,000	9,490,000
Cornew	849,000	9,443,000	10,292,000
O'Brien	850,000	6,999,000	7,849,000
Von Hoene Jr.	651,000	6,808,000	7,459,000

Notes to Benefits to be Received Upon Termination due to Death or Disability Table

(1) *Under the terms of the 2014 AIP, a pro-rated actual incentive award is payable upon death or disability assuming an IPM of 100% and based on the number of days worked during the year of termination. The amount above represents the executives' 2014 annual incentive payout (after company/business unit performance was determined) before applying the IPM, if applicable.*

(2) *The Value of Unvested Equity Awards includes the following:*

a. *the 'spread' on all unvested stock options that would vest upon termination of employment. The 'spread' is based on Exelon's closing stock price on December 31, 2014 of $37.08. At that stock price, all unvested stock options are "underwater" (or out of the money). Under the LTIP, if a holder terminates employment due to death or disability, the holder's stock options will vest upon termination of employment;*

b. *the value of the executive's unvested performance share units. The amount above includes the number of unvested shares earned for 2012 PSU awards, as applicable, as well as the unvested earned shares for the second tranche of the transition award, as applicable. It is assumed the 2013 and 2014 performance share units are earned at target. The value of the shares is based on Exelon's closing stock price on December 31, 2014 of $37.08; and*

c. *the accelerated portion of the executives' restricted stock award that, per the applicable award agreement, would vest upon death or disability. The value of the shares is based on Exelon's closing stock price on December 31, 2014 of $37.08.*

(3) *The estimate of total payments and benefits is based on a December 31, 2014 termination due to death or disability.*

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Estimated Value of Benefits to be Received Upon Involuntary Separation Not Related to a Change in Control

The following table shows the estimated value of payments and other benefits to be conferred upon the NEOs assuming they were terminated as of December 31, 2014 under the terms of the Amended and Restated Senior Management Severance Plan. These payments and benefits are in addition to the present value of the accumulated benefits from the NEO's qualified and non-qualified pension plans shown in the tables within the Pension Benefit section and the aggregate balance due to each NEO that is shown in the tables within the Nonqualified Deferred Compensation section.

Name (a)	Cash Payment ($) (Note 1) (b)	Retirement Benefit Enhance-Ment ($) (Note 2) (c)	Value of Unvested Equity Awards ($) (Note 3) (d)	Health and Welfare Benefit Continuation ($) (Note 4) (e)	Perquisites And Other Benefits ($) (Note 5) (f)	Total Value of All Payments and Benefits ($) (Note 6) (g)
Crane	$6,954,000	$4,066,000	$26,741,000	$ 91,000	$ 40,000	$37,892,000
Thayer	3,663,000	326,000	8,068,000	26,000	40,000	12,123,000
Cornew	4,129,000	230,000	8,722,000	38,000	40,000	13,159,000
O'Brien	3,835,000	209,000	6,999,000	55,000	40,000	11,138,000
Von Hoene Jr.	3,389,000	192,000	6,243,000	43,000	40,000	9,907,000

Notes to Benefits to be Received Upon Involuntary Separation Not Related to a CIC Table

(1) *Represents the estimated severance benefit equal to 2 times the sum of the executive's (i) current base salary and (ii) the target annual incentive for the year of termination. In addition, under Section 4.2 of the Senior Management Severance Plan, a pro-rated annual incentive award is payable upon involuntary separation or qualifying voluntary separation based on the days worked during the year of termination and assuming the NEO's IPM is 100% pursuant to the terms in the 2014 AIP. The amount above represents the executives' 2014 annual incentive payout (after company/business unit performance was determined) before applying the IPM, if applicable.*

(2) *Represents the estimated retirement benefit enhancement that consists of a one-time lump sum payment based on the actuarial present value of a benefit under the non-qualified pension plan assuming that the severance pay period was taken into account for purposes of vesting, and the severance pay constituted covered compensation for purposes of the non-qualified pension plan.*

(3) *The Value of Unvested Equity Awards includes the following:*

a. *the 'spread' on all unvested stock options that would vest upon termination of employment. The 'spread' is based on Exelon's closing stock price on December 31, 2014 of $37.08. At that stock price, all unvested stock options are "underwater" (or out of the money). Under the LTIP, if a holder has attained age 50 with 10 or more years of service (or deemed service), any unvested stock options will vest upon termination of employment because the holder has satisfied the definition of retirement under the LTIP;*

b. *the value of the executive's unvested performance share units. The amount above includes the number of unvested shares earned for the 2012 PSU awards, as applicable, as well as the unvested shares earned for the second tranche of the transition award. It is assumed the 2013 and 2014 performance share units are earned at target. The value of the shares is based on Exelon's closing stock price on December 31, 2014 of $37.08; and*

c. *the accelerated portion of the executives' restricted stock award that, per the applicable award agreement, would vest upon an involuntary separation not related to a change in control. The value of the shares is based on Exelon's closing stock price on December 31, 2014 of $37.08.*

(4) *Estimated costs of healthcare, life insurance, and long-term disability coverage which continue during the severance period.*

(5) *Estimated costs of outplacement and financial planning services for up to 12 months for all NEOs.*

(6) *The estimate of total payments and benefits is based on a December 31, 2014 termination date. The executives are participants in the Senior Management Severance Plan and severance benefits are determined pursuant to Section 4 of the Severance Plan.*

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Estimated Value of Benefits to be Received Upon a Qualifying Termination following a Change in Control

The following table shows the estimated value of payments and other benefits to be conferred upon the NEOs assuming they were terminated upon a qualifying change in control as of December 31, 2014. The company has entered into Change in Control agreements with Messrs. Crane, Cornew, O'Brien, and Von Hoene. These payments and benefits are in addition to the present value of accumulated benefits from the NEO's qualified and non-qualified pension plans shown in the tables within the Pension Benefit section and the aggregate balance due to each NEO that is shown in tables within the Nonqualified Deferred Compensation section.

Name (a)	Cash Payment ($) (Note 1) (b)	Retirement Benefit Enhance-ment ($) (Note 2) (c)	Value of Unvested Equity Awards ($) (Note 3) (d)	Health and Welfare Benefit Continuation ($) (Note 4) (e)	Perquisites and Other Benefits ($) (Note 5) (f)	Modified Gross-up Payment ($) (Note 6) (g)	Scaleback ($) (Note 6) (h)	Total Value of All Payments and Benefits ($) (Note 7) (i)
Crane	$ 9,584,000	$ 5,209,000	$ 26,741,000	$ 136,000	$ 40,000	$ 5,670,000	Not required	$ 47,380,000
Thayer	5,086,000	326,000	8,752,000	39,000	40,000	Not Required	$ (2,665,000)	11,578,000
Cornew	5,724,000	343,000	9,443,000	56,000	40,000	5,880,000	Not required	21,486,000
O'Brien	5,390,000	218,000	6,999,000	82,000	40,000	4,280,000	Not required	17,009,000
Von Hoene Jr.	4,727,000	287,000	6,808,000	64,000	40,000	Not Required	Not required	11,926,000

Notes to Benefits to be Received Upon a Qualifying Termination following a CIC Table

(1) *Represents the estimated cash severance benefit equal to 2.99 times the sum of the executive's (i) current base salary and (ii) Severance Incentive. Also, this amount includes an additional payment for Mr. O'Brien of $35,000.*
Under Section 4.1(a)(ii) of the CIC Employment Agreement, the executive's target incentive award is payable upon termination. The amounts above represent the executives' 2014 target annual incentive with the exception of Mr. Thayer. Under Section 5.1(a)(i) of the Senior Management Severance Plan, the executive is entitled to his or her annual incentive for the applicable performance period. For Mr. Thayer, the amount above represents his 2014 actual annual incentive payout (after company/business unit performance was determined) before applying his IPM, if applicable. Pursuant to the 2014 AIP, a pro-rated annual incentive award is payable, assuming the IPM is 100%.

(2) *Represents the estimated retirement benefit enhancement that consists of a one-time lump sum payment based on the actuarial present value of a benefit under the non-qualified pension plan assuming that the severance pay period was taken into account for purposes of vesting, and the severance pay constituted covered compensation for purposes of the non-qualified pension plan.*

(3) *The Value of Unvested Equity Awards includes the following:*
   a. *the 'spread' on all unvested stock options that would vest upon termination of employment. The 'spread' is based on Exelon's closing stock price on December 31, 2014 of $37.08. At that stock price, all unvested stock options are underwater (or out of the money);*
   b. *the value of the executives' unvested performance share units. Pursuant to Section 4.1(c) of the CIC Employment Agreement and Section 5.1(c) of the Senior Management Severance Plan, all of the shares will vest upon termination at the actual level earned and awarded. The amount above includes the number of unvested shares earned for the 2012 PSU awards, as applicable, as well as the unvested shares earned for the second tranche of the transition award. It is assumed that the 2013 and 2014 performance share units are earned at target. The value of the shares is based on Exelon's closing stock price on December 31, 2014 of $37.08; and*
   c. *the value of the executives' restricted stock that, pursuant to Section 4.1(d) of the CIC Employment Agreement or the terms of the award, would vest upon a qualifying termination following a change in control. The value of the shares is based on Exelon's closing stock price on December 31, 2014 of $37.08.*

(4) *Estimated costs of healthcare, life insurance and long-term disability coverage which continue during the severance period.*

(5) *Estimated costs of outplacement and financial planning services for up to 12 months for all NEOs.*

(6) *In 2009, the compensation committee adopted a policy that no future employment or severance agreements will provide for an excise tax gross-up payment. The Senior Management Severance Plan as amended and restated on January 1, 2009 and CIC Employment Agreements that become effective after April 2009 will reduce the executive's parachute payments to his or her safe harbor amount in order to avoid the excise tax imposed under Section 4999 of the Internal Revenue Code. Messrs. Crane, Cornew, O'Brien and Von Hoene have grandfathered CIC Employment Agreements, which still entitle these NEOs to an excise tax gross-up payment only if the present value of his parachute payments exceed his safe harbor amount by more than 10%. If the present value of their parachute payments do not exceed the amount permitted by the IRS by more than 10%, their payments are reduced to their safe harbor.*

(7) *The estimate of total payments and benefits is based on a December 31, 2014 termination date. The company has entered into change in control employment agreement with all of the executives except for Mr. Thayer who is a participant in the Senior Management Severance Plan and severance benefits are determined pursuant to Section 5 of the Senior Management Severance Plan.*

Vote on Performance Measures Included in Exelon Corporation's 2011 Long-Term Incentive Plan

PROPOSAL 4: THE REAPPROVAL OF THE PERFORMANCE MEASURES INCLUDED IN EXELON CORPORATION'S 2011 LONG-TERM INCENTIVE PLAN

The Exelon board of directors is recommending shareholder approval of the material terms of the performance measures used for performance-based awards granted under the Exelon Corporation 2011 Long-Term Incentive Plan (the "2011 Plan"), in accordance with Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"). The 2011 Plan, including the material terms of the performance measures under the plan, was approved by our shareholders at Exelon's 2010 annual meeting. Shareholders are being asked to reapprove the performance measures under the 2011 Plan so that certain compensation paid under the 2011 Plan may qualify as performance-based compensation under Section 162(m) of the Code ("Section 162(m)"). Shareholders are not being asked to approve an increase in the number of shares available under the 2011 Plan or an amendment to any provision of the Plan.

Under the 2011 Plan, various equity-based awards may be made to eligible participants, as described in further detail below. The 2011 Plan allows for the grant of performance-based compensation. The grant, vesting, crediting and/or payment of performance-based compensation, if any, will be based or conditioned on the achievement of objective performance measures established in writing by the compensation and leadership development committee of our board of directors.

Section 162(m) limits the deduction for federal income tax purposes of compensation for the CEO and the three other highest compensated officers (other than the CFO) (collectively, the "covered employee officers") to $1 million per year, unless such compensation qualifies as "performance-based compensation" under Section 162(m). Various requirements must be satisfied in order for compensation paid to the covered employee officers to qualify as performance-based compensation within the meaning of Section 162(m). One such requirement is that the compensation must be paid based upon the attainment of performance measures established by a committee of board members meeting the definition of "outside director" used for purposes of Section 162(m). The measures established by such a committee, which in our case would be the compensation and leadership development committee (the "committee"), must be based upon performance measures, the material terms of which are approved by shareholders. The material terms of the performance measures must be disclosed to and reapproved by shareholders every five years.

We are accordingly requesting the shareholders to reapprove the material terms of the performance measures for the 2011 Plan in accordance with Section 162(m).

The following is a description of the material terms of the performance measures and certain other material terms of the 2011 Plan. This description is qualified in its entirety by reference to the 2011 Plan, a copy of which has been included as Appendix A to this proxy statement.

Material Terms of the Performance Measures

Participants . Officers and other key management employees of Exelon and its subsidiaries (approximately 3,300) are eligible to participate in the 2011 Plan.

Award Limits . No 2011 Plan participant may be granted awards under the 2011 Plan during any calendar year that, in the aggregate, may be settled by delivery of more than 2,000,000 shares of Exelon common stock. With respect to awards that are valued on the basis of the fair market value of Exelon common stock and that may be settled in cash (in whole or part), no individual may be paid in any calendar year cash amounts exceeding the greater of the fair market value of the number of shares of Exelon common stock set forth in the preceding sentence either at the date of grant or at the date of settlement. With respect to awards that are not valued on the basis of the fair market value of the Exelon common stock, the

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Vote on Performance Measures Included in Exelon Corporation's 2011 Long-Term Incentive Plan

compensation payable in any calendar year (in cash or shares) may not have an aggregate fair market value in excess of $5 million. The share figures described above are subject to adjustment in the event of a stock split, stock dividend, recapitalization, reorganization, merger, spin-off or other similar change or event.

Performance Measures . Under the 2011 Plan, the vesting or payment of performance share awards and performance unit awards will be subject to the satisfaction of certain performance goals. The performance goals applicable to a particular award will be determined by the committee at the time of grant. To the extent an award is intended to qualify for the performance-based exemption from the $1 million deduction limit under Section 162(m), as described below, the performance goals will be one or more of the following, each of which may be based on absolute standards or peer industry group comparatives and may be applied at various organizational levels (*e.g.* , corporate, business unit, or division): (1) cumulative shareholder value added, (2) customer satisfaction, (3) revenue, (4) primary or fully-diluted earnings per share of Exelon common stock, (5) net income, (6) total shareholder return, (7) earnings before interest and taxes, (8) cash flow, including operating cash flows, free cash flow, discounted cash flow return on investment and cash flow in excess of cost of capital, or any combination thereof, (9) economic value added, (10) return on equity, (11) return on capital, (12) return on assets (13) net operating profits after taxes, (14) stock price increase, (15) return on sales, (16) debt to equity ratio, (17) payout ratio, (18) asset turnover, (19) ratio of share price to book value of shares, (20) price/earnings ratio, (21) employee satisfaction, (22) diversity, (23) market share, (24) operating income, (25) pre-tax income, (26) safety, (27) diversification of business opportunities, (28) expense ratios, (29) total expenditures, (30) completion of key projects, (31) dividend payout as percentage of net income, (32) earnings before interest, taxes, depreciation and amortization, or (33) any individual performance objective which is measured solely in terms of quantitative targets related to Exelon, any subsidiary or Exelon's or subsidiary's business. Such individual performance measures related to Exelon, a subsidiary or their respective businesses may include: (a) production-related factors such as generating capacity factor, performance against the INPO index, generating equivalent availability, heat rates and production cost, (b) transmission and distribution-related factors such as customer satisfaction, reliability (based on outage frequency and duration), and cost, (c) customer service-related factors such as customer satisfaction, service levels and responsiveness and bad debt collections or losses, and (d) relative performance against other similar companies in targeted areas. The measures may be weighted differently for holders of awards based on their management level and the extent to which their responsibilities are primarily corporate or business unit-related, and may be based in whole or in part on the performance of Exelon, a subsidiary, division and/or other operational unit under one or more of such measures.

Summary Description of the 2011 Plan

Under the 2011 Plan, Exelon may grant nonqualified stock options, incentive stock options, stock appreciation rights ("SARs"), restricted stock, restricted stock units, performance shares and performance units (collectively, the "Awards"). The purposes of the 2011 Plan are to align the interests of Exelon's shareholders and the recipients of awards under the 2011 Plan by increasing the proprietary interest of recipients in Exelon's growth and success, to advance the interests of Exelon by attracting and retaining officers and other key management employees and to motivate such persons to act in the long-term best interests of Exelon and its shareholders.

Administration . The 2011 Plan is administered by the committee or another committee designated by the Board. Except with respect to (1) grants to officers of Exelon who are subject to Section 16 of the Exchange Act or whose title with Exelon is "executive vice president" or higher or decisions concerning the timing, pricing or amount of an award to such officer or other person and (2) grants to a person whose compensation is likely to be subject to the $1 million deduction limit under Section 162 (m), the committee may delegate some or all of its power and authority to administer the 2011 Plan to the Chief Executive Officer or other executive officer of Exelon. However, the maximum number of shares of Exelon common stock subject to options and SARs that may be granted by Exelon's Chief Executive Officer in any single year may not exceed 1,200,000 in the aggregate or 40,000 with respect to any individual participant. The maximum number of shares of Exelon common stock subject to restricted stock awards, restricted stock units awards, performance share awards and performance

Vote on Performance Measures Included in Exelon Corporation's 2011 Long-Term Incentive Plan

unit awards that may be granted by Exelon's Chief Executive Officer in any single year may not exceed 600,000 in the aggregate or 20,000 with respect to any individual participant. The share figures described above are subject to adjustment as described below.

Available Shares . The 2011 Plan initially reserved 5,000,000 shares of our common stock for the issuance of Awards, increased by the number of shares which at that time were available for future grant under Exelon's prior equity compensation plan, and subject to adjustment as described below. The number of available shares is reduced by the sum of the aggregate number of shares of Exelon common stock which become subject to outstanding Awards. To the extent that shares of Exelon common stock subject to an outstanding Award granted under either the 2011 Plan or Exelon's prior equity compensation plan are not issued or delivered by reason of the expiration, termination, cancellation or forfeiture of such award (excluding shares of Exelon common stock subject to an option cancelled upon settlement of a related tandem SAR or subject to a tandem SAR cancelled upon exercise of a related option), then such shares of Exelon common stock will again be available under the 2011 Plan.

The maximum number of shares of Exelon common stock initially available under the 2011 Plan for restricted stock awards, restricted stock unit awards, performance share awards and performance unit awards was 5,000,000, increased by the number of shares of Exelon common stock which at that time were available for future grant under Exelon's prior equity compensation plan.

The last reported sale price of a share of the Exelon's common stock on March 10, 2015 was $XX.

Adjustment . In the event of any stock split, stock dividend, recapitalization, merger, consolidation, combination, exchange of shares, liquidation, spin-off or other similar change in capitalization or event, or any distribution to stockholders (other than a regular cash dividend), the number and class of securities available for all awards under the 2011 Plan, the maximum number of shares with respect to which awards may be granted during any year to any one person, the maximum number of shares subject to awards that may be granted during any year by the Chief Executive Officer, and the number and class of securities subject to each outstanding award and the purchase price per security will be appropriately adjusted by the Committee.

Termination and Amendment . The Committee may amend or terminate the 2011 Plan or any Award agreement at any time, subject to any requirement of shareholder approval required by applicable law, rule or regulation, including Section 162(m) of the Code, and provided that no amendment may be made that impairs the rights of a holder of an outstanding award without the consent of such holder. Unless sooner terminated by the Committee, the 2011 Plan will terminate on January 1, 2021.

Tax Matters

In general, a participant will not recognize taxable income at the time a stock option is granted. Upon exercise of a non-qualified stock option, a participant will recognize compensation, taxable as ordinary income, equal to the excess of the fair market value of the shares of common stock purchased over their exercise price. In the case of "incentive stock options," within the meaning of Section 422 of the Code, a participant will not recognize ordinary income at the time of exercise (except for purposes of the alternative minimum tax), and if the participant observes certain holding period requirements, then when the shares are sold, the entire gain over the exercise price will be taxable at capital gains rates. A participant has no taxable income at the time stock appreciation rights are granted, but will recognize compensation taxable as ordinary income upon exercise in an amount equal to the fair market value of any shares of common stock delivered and the amount of any cash paid by Exelon. A participant who is granted shares of restricted stock, including shares subject to performance conditions, generally will not recognize taxable income at the time the restricted stock is granted, but will recognize compensation taxable as ordinary income at the time the restrictions lapse in an amount equal to the excess of the fair market value of the shares of common stock at such time over the amount, if any, paid for such shares. However, a participant instead may elect to recognize compensation taxable as ordinary income on the date the restricted stock is

Vote on Performance Measures Included in Exelon Corporation's 2011 Long-Term Incentive Plan

granted in an amount equal to the fair market value of the shares on that date. The taxation of other stock based Awards will depend on how such Awards are structured. Generally, a participant who is granted an Award of restricted stock units, performance shares or performance units will not recognize taxable income at the time such Award is granted. When the restrictions applicable to the Award lapse, and the shares of common stock subject to the restricted stock units, performance shares or performance units are transferred (or any amount of cash is paid) to the participant, the participant will recognize compensation taxable as ordinary income in an amount equal to the fair market value of the shares of common stock on the date of transfer and the amount of any cash paid by Exelon.

Subject to the Section 162(m) deduction limitation described above, Exelon may deduct, as a compensation expense, the amount of ordinary income recognized by a participant in connection with the 2011 Plan at the time such ordinary income is recognized by that participant.

New Plan Benefits

The number of performance-based awards granted under the 2011 Plan in any year is subject to the committee's discretion and is, therefore, not determinable.

The board of directors unanimously recommends a vote "FOR" reapproval of the performance measures included in Exelon Corporation's 2011 Long-Term Incentive Plan.

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Vote on Management Proposal Regarding Proxy Access

PROPOSAL 5: THE EXELON BOARD'S PROPOSAL REGARDING PROXY ACCESS

The board of directors believes that "proxy access"—the ability of shareholders to include shareholder-nominated candidates in the company's proxy materials for annual meetings of shareholders—would also enhance shareholder ability to participate in director elections while potentially enhancing board accountability and responsiveness. However, the board believes that it is important to structure proxy access to minimize the potential for abuse by investors who lack a meaningful long-term interest in Exelon or who wish to promote special interests that are not aligned with the interests of other shareholders. The board also believes that proxy access should be structured to minimize disruption of board functions and effectiveness.

This proxy statement includes a proxy access proposal from the New York City Comptroller on behalf of several New York City pension funds. The board of directors of Exelon evaluated the proposal and considered the composition of Exelon's shareholders, Exelon's governance practices, and other factors. Exelon also sought input on the subject of proxy access from shareholders holding over 39 percent of Exelon's outstanding common stock. As discussed in more detail below, shareholders' opinions about proxy access are mixed: some shareholders support proxy access consistent with the SEC rule adopted in 2010 (which was subsequently struck down by a federal court); some shareholders support proxy access but expressed concerns about the potential for shareholder abuse of proxy access and disruption of board functions; other shareholders were opposed to proxy access in any form; and many shareholders expressed support for having an opportunity to consider alternatives.

Accordingly, the board believes that shareholders should have the opportunity to consider alternative proxy access proposals. The board is therefore presenting for shareholder vote both its own proposal and the New York City Comptroller's proposal for proxy access, which include different standards regarding the appropriate qualifications for shareholders to use proxy access, the number of directors who may be nominated, and other important matters.

Both the board's proposal and the shareholder proposal are advisory in nature, and each constitutes a recommendation to the board. Shareholders may vote FOR, AGAINST or ABSTAIN on each separate proposal. The board will take into consideration the shareholder vote for and against each proposal and will also seek additional shareholder input on proxy access through Exelon's long-standing program of outreach to its shareholders. If a majority of shares represented at the meeting in person or by proxy and eligible to vote are voted in favor of either proxy access proposal, Exelon intends to bring to a vote at the 2016 annual meeting of shareholders a binding proposal for amendments to Exelon's bylaws to implement some form of proxy access. Abstentions on a proposal will have the same effect as votes against that proposal.

In considering alternative proxy access proposals, the board of directors encourages shareholders to consider proxy access in the context of other provisions already included in Exelon's articles of incorporation, bylaws, Corporate Governance Principles and other practices that promote engagement with shareholders and accountability of management and the board to Exelon's investors. These include:

- Annual election of directors;
- Majority vote standard for the election of directors;
- A process for shareholders to submit nominations of director candidates for consideration by the corporate governance committee;
- A process for shareholders to make nominations of director candidates at Exelon's annual meeting, subject to conditions set forth in the bylaws;
- A process for shareholders to present proposals to be included in the proxy statement, subject to conditions set forth in the bylaws and the rules and regulations of the Securities and Exchange Commission;

Vote on Management Proposal Regarding Proxy Access

- No supermajority voting requirements in Exelon's articles of incorporation or bylaws;
- No "poison pill";
- All but two of the directors are independent;
- The chairman of the board and the lead director are separate from the chief executive officer;
- An active shareholder engagement program through which the board seeks input from shareholders at least annually and often twice a year;
- Annual advisory vote on executive compensation; and
- A defined process for shareholders to communicate with the board.

The proposal for proxy access recommended by the board of directors is printed in its entirety in the resolutions below. In summary, the proposal recommended by the board, if implemented, would allow any shareholder or group of up to 20 shareholders holding both investment and voting rights with respect to at least 5 percent of Exelon's outstanding common stock continuously for at least 3 years to nominate up to 20 percent of the Exelon directors to be elected (2 directors on Exelon's current board of 13 directors) at the annual meeting of shareholders. A shareholder or group of shareholders making a nomination through proxy access would be required to submit information, including information to verify that the nominee(s) will meet the objective standards for independence as determined by the New York Stock Exchange rules and the objective standards for director independence in Exelon's Corporate Governance Principles. Shareholders are encouraged to read the full text of the Exelon proposal for additional details. The Exelon proposal follows:

> **RESOLVED,** that the shareholders of Exelon Corporation (the "Company") ask the board of directors to adopt, and present for shareholder approval at the 2016 annual meeting of shareholders, a "proxy access" bylaw, which shall require the Company to include in the proxy statement and the related proxy card prepared for the annual meeting of shareholders the name and other required information of any person nominated for election to the board by an individual beneficial owner or group of up to 20 beneficial owners of shares (the "Nominator"), subject to the conditions established below.
>
> (a) The number of shareholder-nominated candidates appearing in the Company's proxy materials shall not exceed 20 percent of the directors to be elected at the annual meeting. A Nominator and members of a Nominator group shall not be permitted to participate in another group that is making a nomination of other nominees through proxy access at the same meeting. A shareholder making (or joining in making) a nomination of directors through procedures other than proxy access shall not be allowed to make (or join in making) a nomination at the same meeting through proxy access.
>
> (b) The Nominator shall have owned of record or beneficially (with full voting and investment rights and the full economic interest, including the opportunity for profit and risk of loss) at least 5 percent of the Company's outstanding common stock continuously for at least 3 years before submitting the nomination and shall continue to hold such ownership through the date of the meeting at which the nominees are proposed for election.
>
> (c) The Nominator shall give the Company, within the time period to be specified in its bylaws and in the form and manner required by the bylaws, all information required by the bylaws and any Securities and Exchange Commission rules about: (1) each nominee, including each nominee's consent to being named in the proxy materials and to serving as director if elected, information regarding any compensation or indemnification arrangement with any entity or person other than the Company that the nominee may have in respect of his or her proposed service or action as a director, information regarding any arrangement or understanding with any person or entity that the nominee may have as to how he or she, if elected as a director, will act or vote on any issue or question, and information requested by the Company to confirm that each nominee will meet the standards for independence set forth in New York Stock Exchange rules and the Company's Corporate Governance Principles

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and information requested by the Company to verify that the election of each nominee will not violate any applicable laws or regulations; and (2) the Nominator, including proof it owns the required shares for the required holding period.

(d) The Nominator shall certify (jointly and severally for each member of a group) that: (1) it will assume liability stemming from any legal or regulatory violation arising out of the Nominator's communications with the Company shareholders, including information included in the Company's proxy materials at the request of the Nominator; (2) it will comply with all applicable laws and regulations if it uses soliciting material other than the Company's proxy materials; (3) the Company shares beneficially owned by the Nominator were acquired in the ordinary course of business and not with the intent or objective to change or influence control of the Company and are not being held with the purpose or effect of changing control of the Company or to gain a number of seats on the board of directors that exceeds the maximum number of nominees that shareholders may nominate pursuant to the proxy access process; and (4) the Nominator intends to hold the required shares through the date of the annual meeting and for at least one year thereafter if the Nominator's nominee(s) are elected.

(e) The Nominator may submit with the nomination, for inclusion in the Company's proxy statement, a statement not exceeding 500 words (including disclosure of the nominee's personal and biographical information required by SEC rules) in support of each nominee; provided that the Company shall not be required to include in its proxy statement any material submitted by the Nominator that the Company reasonably believes to be materially false and misleading.

FURTHER RESOLVED, that the shareholders request that amendments to the bylaws include: (1) additional procedures and standards for determining the amount, nature and duration of stock ownership; (2) procedures for promptly resolving disputes over whether notice of a nomination was timely and whether the information provided by the Nominator satisfies the bylaws and applicable federal regulations; (3) the priority to be given to multiple nominations exceeding the limit to the number of directors that may be nominated by shareholders at the annual meeting; and (4) such other procedures, standards and requirements as the board determines are necessary and appropriate to carry out the intention of these resolutions.

Exelon's board of directors unanimously recommends a vote "FOR" this proposal for the following reasons:

- **The Exelon board of directors believes that the right to nominate up to 20 percent of the board (2 seats on a board of 13 directors) to serve on the Exelon board is a reasonable limit that will afford shareholders a meaningful opportunity to obtain board representation without excessive disruption of the balance of skill, experience and diversity of the board that would more likely result from the addition of a larger number of directors through a proxy access process.**

Exelon already has a process for shareholders to make recommendations to the corporate governance committee for nominees for election to the board. The corporate governance committee has an important role in considering the effectiveness of the board and in identifying nominees who possess a combination of skills, professional experience and diversity of background necessary to oversee Exelon's complex business. The corporate governance committee also considers whether a candidate would contribute to an effective and well-rounded and diverse board that operates openly and collaboratively and represents the best interests of all shareholders, and not just those with a special interest. The corporate governance committee's process for considering nominees for director and the matters it considers are described above at page 23 under the heading "Director Nomination Process." Although Exelon recognizes the value of proxy access, the board also recognizes that nominees proposed through proxy access are not subject to any evaluation or screening by the board's corporate governance committee. Proxy access could therefore result in loss of important skills, experience and diversity on the board of directors.

Vote on Management Proposal Regarding Proxy Access

Several of the shareholders Exelon consulted expressed support for limiting the maximum number of directors who could be nominated through proxy access to 20 percent of the board, so that there could be enough shareholder-selected nominees to have a meaningful effect on the board without excessive disruption of the board's continuity and operations and the balance of the skills, experience and diversity of the board.

The board believes that the criteria in the board's proposal allowing nominations of directors representing up to 20 percent of the board strikes the right balance between affording proxy access to long-term shareholders while not being overly disruptive to board functions and effectiveness that might adversely affect Exelon's financial and operational performance.

- **The Exelon board believes its proposed 5 percent ownership requirement provides a reasonable balance between the desire to provide meaningful rights to shareholders and the need to reduce the potential for abuse of proxy access by shareholders who may seek to advance special interests that may not be in the interest of all shareholders.**

Several shareholders with whom Exelon discussed the subject expressed support for a minimum ownership requirement of 5 percent, although others expressed a preference for a 3 percent ownership standard. In this regard, the board notes that Exelon currently has 5 shareholders who own more than 5 percent of Exelon's stock, and 13 shareholders who hold at least 1 percent of Exelon's stock; those shareholders hold, in the aggregate, over 45 percent of Exelon's stock and could act individually or with others in that group with little effort to meet a 5 percent eligibility requirement for proxy access. A lower share ownership requirement would provide greater opportunities for shareholders with narrowly defined special interests and short-term goals to promote their special interests and disrupt the operations of Exelon's board and its business strategy. Small shareholders with legitimate concerns shared by other shareholders will have the opportunity to form a group to meet the required minimum holdings of Exelon shares.

- **The board's proposal requires a nominating shareholder or shareholder group to hold full voting and investment rights and the full economic interest, including the opportunity for profit and risk of loss, with respect to the required holdings of Exelon common stock continuously for at least 3 years.**

The board believes that proxy access should be structured to require a sustained commitment to Exelon in terms of the shareholder's ownership holding period, consistent with Exelon's focus on managing the business for the long term. The board's proxy access proposal will preclude the use of Exelon stock sold short in meeting the ownership requirements for proxy access. If a proxy access proposal is approved, Exelon also intends to propose standards in the definitive amendment to the bylaws for the treatment of borrowed shares in the share ownership requirements.

- **Exelon's board believes that a shareholder group making a nomination pursuant to proxy access should consist of no more than 20 shareholders. This will limit the administrative burden and expense that could otherwise be imposed upon Exelon in verifying the nature and duration of holdings of a large number of shareholders participating in a nomination.**

Exelon believes that this is a reasonable limitation that will reduce administrative costs for Exelon and help reduce the risk of abuse of proxy access rights. Exelon has 48 shareholders who collectively hold over 62 percent of Exelon's common stock. These shareholders could easily act alone or form a group of 20 or fewer shareholders to establish the requisite 5 percent ownership requirement. Other holders of Exelon's common stock who have legitimate concerns about the composition of the board could easily join with any one or more of the larger holders of Exelon stock to form a group of 20 or fewer shareholders with the requisite 5 percent ownership. In the absence of a reasonable limitation on the number of shareholders in a group, Exelon could be required to make burdensome inquiries into the nature and duration of the share ownership of a large number of individuals participating in a nomination in order to verify their qualifications to make the nomination.

Vote on Management Proposal Regarding Proxy Access

- **The Exelon board believes that shareholders using proxy access to nominate directors should be required to provide information confirming that each nominee, if elected, will qualify as an independent director under the New York Stock Exchange rules and Exelon's Corporate Governance Principles and that the election of each nominee will not violate applicable laws.**

The board's proposal includes a requirement that information regarding director independence be provided with respect to each nominee so it can be made available to shareholders when they cast their votes in the election of directors. Absent this requirement, shareholders will have information about the independence of Exelon's nominees under the relevant independence standards but may not receive complete information about shareholder nominees.

Federal antitrust laws prohibit the service of a person on the boards of directors of companies that may be considered competitors. Nominees for director must be screened for compliance with these laws, which may require extensive analysis of the companies' revenues attributable to specific geographic markets in which they do business.

- **The Exelon board believes that shareholders using proxy access to nominate directors should not be allowed to participate in another nomination pursuant to proxy access for the same election or engage in a proxy contest at the same meeting to seek the election of a greater number of nominees than the shareholder would be permitted to nominate through proxy access.**

The board's proposal provides that a shareholder participating in a nomination of directors through procedures other than proxy access will not be allowed to participate in a nomination at the same meeting through proxy access. Proxy access is intended to allow shareholders to nominate directors without the expense of a proxy solicitation. A shareholder who uses proxy access and engages in a proxy solicitation at the same time incurs the expense that proxy access is intended to avoid, and diminishes the opportunities of other shareholders to make use of proxy access.

The nominating shareholder and members of a nominating group will not be permitted to join in another group that is making a nomination of other nominees through proxy access. This restriction is needed to prevent the use of the same shares to meet the minimum shareholding requirements for multiple nominations through proxy access.

- **The Exelon proposal for proxy access represents the framework that the board believes would be most beneficial to all Exelon shareholders without excessive disruption in the functions and effectiveness of the board.**

The board of directors unanimously recommends a vote "FOR"
the management proposal regarding proxy access.

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Vote on Shareholder Proposal Regarding Proxy Access

PROPOSAL 6: A SHAREHOLDER PROPOSAL REGARDING PROXY ACCESS

The Comptroller of the City of New York, as the custodian and a trustee of the New York City Employees' Retirement System, the New York City Fire Department Pension Fund, the New York City Teachers' Retirement System, and the New York City Police Pension Fund, and custodian of the New York City Board of Education Retirement System (the "Systems"), beneficial owners of 1,727,092 shares of stock which have been held continuously for more than one year, submitted the following proposal and supporting statement:

> "RESOLVED: Shareholders of Exelon Corporation (the "Company") ask the board of directors (the "Board") to adopt, and present for shareholder approval, a 'proxy access' bylaw. Such a bylaw shall require the Company to include in proxy materials prepared for a shareholder meeting at which directors are to be elected the name, Disclosure and Statement (as defined herein) of any person nominated for election to the board by a shareholder or group (the "Nominator") that meets the criteria established below. The Company shall allow shareholders to vote on such nominee on the Company's proxy card. The number of shareholder-nominated candidates appearing in proxy materials shall not exceed one quarter of the directors then serving. This bylaw, which shall supplement existing rights under Company bylaws, should provide that a Nominator must:
>
> a) have beneficially owned 3% or more of the Company's outstanding common stock continuously for at least three years before submitting the nomination;
>
> b) give the Company, within the time period identified in its bylaws, written notice of the information required by the bylaws and any Securities and Exchange Commission rules about (i) the nominee, including consent to being named in the proxy materials and to serving as director if elected; and (ii) the Nominator, including proof it owns the required shares (the "Disclosure"); and
>
> c) certify that (i) it will assume liability stemming from any legal or regulatory violation arising out of the Nominator's communications with the Company shareholders, including the Disclosure and Statement; (ii) it will comply with all applicable laws and regulations if it uses soliciting material other than the Company's proxy materials; and
>
> d) to the best of its knowledge, the required shares were acquired in the ordinary course of business and not to change or influence control at the Company.

The Nominator may submit with the Disclosure a statement not exceeding 500 words in support of the nominee (the "Statement"). The Board shall adopt procedures for promptly resolving disputes over whether notice of a nomination was timely, whether the Disclosure and Statement satisfy the bylaw and applicable federal regulations, and the priority to be given to multiple nominations exceeding the one-quarter limit.

SUPPORTING STATEMENT

We believe proxy access is a fundamental shareholder right that will make directors more accountable and contribute to increased shareholder value. The CFA Institute's 2014 assessment of pertinent academic studies and the use of proxy access in other markets similarly concluded that proxy access:

- Would "benefit both the markets and corporate boardrooms, with little cost or disruption.
- Has the potential to raise overall US market capitalization by up to $140.3 billion if adopted market-wide. (http://www.cfapubs.org/doi/pdf/10.2469/ccb.v2014.n9.l)

The proposed bylaw terms enjoy strong investor support -votes for similar shareholder proposals averaged 55% from 2012 through September 2014- and similar bylaws have been adopted by companies of various sizes across industries, including Chesapeake Energy, Hewlett-Packard, Western Union and Verizon. We urge shareholders to vote FOR this proposal."

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Vote on Shareholder Proposal Regarding Proxy Access

Exelon's Statement in Opposition

This shareholder proposal is based, in part, on a controversial "proxy access" rule adopted by the Securities and Exchange Commission in 2010, which was subsequently struck down by a federal court because the SEC did not adequately analyze the costs to U.S. companies of managing contested board elections and did not back up its claim that the rule would improve shareholder value and board performance. The Exelon board of directors believes that proxy access, if properly structured, would enhance shareholder ability to participate in director elections while potentially enhancing board accountability and responsiveness. However, the board believes that this shareholder proposal is not properly structured to (1) minimize the potential for abuse by investors who lack a meaningful long-term interest in Exelon or who wish to promote special interests that are not aligned with the interests of other shareholders and (2) minimize disruption of board functions and effectiveness.

Exelon sought input on the subject of this proposal from shareholders holding over 39 percent of Exelon's outstanding common stock. Exelon found that shareholders' opinions about proxy access are mixed: some shareholders support proxy access consistent with the SEC rule adopted in 2010; some shareholders supported proxy access but expressed concerns about the potential for shareholder abuse of proxy access and disruption of board functions; other shareholders were opposed to proxy access in any form; and many shareholders expressed support for having an opportunity to consider alternatives to this proposal.

The Exelon board of directors recommends a vote AGAINST this proposal for the following reasons:

- **The board of directors believes that the right to nominate up to 25 percent of the board (3 seats on a board of 13 directors) each year to serve on the Exelon board will result in excessive disruption of the balance of skill, experience and diversity of the board and reduce the board's effectiveness and adversely affect Exelon's financial and operational performance.**

  The board's corporate governance committee has an important role in considering the effectiveness of the board and in identifying nominees who possess a combination of skills, professional experience and diversity of background necessary to oversee Exelon's complex business. The corporate governance committee also considers whether a candidate would contribute to an effective and well-rounded and diverse board that operates openly and collaboratively and represents the best interests of all shareholders, and not just those with a special interest. Nominees proposed through proxy access are not subject to any evaluation or screening by the corporate governance committee regarding the nominee's ability to contribute to an effective, well-rounded and diverse board that operates openly and collaboratively in the best interest of all shareholders. Proxy access could therefore result in loss of important skills, experience and diversity on the board of directors.

  Several of the shareholders Exelon consulted expressed support for limiting the maximum number of directors who could be nominated through proxy access to 20 percent of the board (2 seats on a board of 13), so that there could be enough shareholder-selected nominees to have a meaningful effect on the board without excessive disruption of the board's continuity and operations and the balance of the skills, experience and diversity of the board. The board shares the views expressed by some shareholders that proxy access without reasonable limits could detract from the effectiveness of the board and thus adversely affect Exelon's financial and operational performance.

- **The Exelon board believes the proposed 3 percent ownership requirement in the shareholder proposal fails to provide a reasonable balance between the desire to provide meaningful rights to shareholders and the need to reduce the potential for abuse of proxy access by shareholders who may seek to advance special interests that may not be in the interest of all shareholders** .

  A 3 percent share ownership requirement would provide greater opportunities for shareholders with narrowly defined special interests and short-term goals to promote their special interests and disrupt the operations of Exelon's board and its business strategy. For this reason, some shareholders who provided input to Exelon expressed a preference for a higher share ownership requirement. A higher share ownership requirement would reduce this risk without significantly detracting from the goals of proxy access.

Vote on Shareholder Proposal Regarding Proxy Access

- **The shareholder proposal does not require a nominating shareholder or shareholder group to hold full voting and investment rights and the full economic interest, including the opportunity for profit and risk of loss, over the requisite amount of Exelon stock continuously for the required holding period, does not preclude the use of Exelon stock sold short in meeting the ownership requirements for proxy access, and fails to address the treatment of borrowed shares in the share ownership requirements.**

Absent a requirement for the nominating shareholder to retain voting power and investment power with respect to the shares one must own to establish eligibility to nominate a director, a shareholder could have a net short position on Exelon stock and still be entitled to use proxy access to make a nomination. The board believes that proxy access should be structured to require a sustained commitment to Exelon in terms of the shareholder's ownership interest and holding period, consistent with Exelon's focus on managing the business for the long term. Although the shareholder proposal purports to be patterned after the SEC rule adopted in 2010, the proposal fails to include these important protections that would be included in the SEC rule had it not been invalidated by a court ruling.

- **The shareholder proposal does not require nominating shareholders to retain ownership of their shares through the meeting date or disclose their intentions regarding continued ownership of shares following the meeting date.**

A nominating shareholder could sell all or any portion of the required shares prior to the meeting date, potentially creating misalignment between the interests of the nominating shareholder and other shareholders. Shareholders should be aware of the nominating shareholder's intentions regarding continued ownership following the meeting in order to gauge the nominating shareholder's interest in the company.

- **The shareholder proposal places no limit on the number of shareholders who can assemble as a group to establish the share ownership required to make a nomination pursuant to proxy access, which could result in excessive administrative burden and expense for Exelon.**

Exelon believes that a reasonable limitation should be established to reduce administrative costs for Exelon and help reduce the risk of abuse of proxy access rights. In the absence of a reasonable limitation on the number of shareholders in a group, Exelon could be required to make burdensome and time-consuming inquiries into the nature and duration of the share ownership of a large number of individuals participating in a nomination in order to verify their required share ownership, which could impede the exercise of proxy access rights by other shareholders.

- **The shareholder proposal fails to address several important considerations relevant to proxy access.**

Among other things, the shareholder proposal fails to address requirements for independence of shareholder nominees, the potential for a shareholder to participate simultaneously in more than one proxy access nomination, and the potential for a shareholder to nominate directors through proxy access while simultaneously engaging in a proxy contest to elect more directors than permitted under proxy access.

The board of directors unanimously recommends a vote "AGAINST" this proposal.

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Communication with the Board of Directors

PROCESS FOR SHAREHOLDER COMMUNICATIONS WITH THE BOARD

Shareholders and other interested persons can communicate with the Lead Director or with the independent directors as a group by writing to them, c/o Bruce G. Wilson, Senior Vice President, Deputy General Counsel and Corporate Secretary, Exelon Corporation, 10 South Dearborn Street, P.O. Box 805398, Chicago, Illinois 60680-5398. The board has instructed the Corporate Secretary to review communications initially and transmit a summary to the directors and to exclude from transmittal any communications that are commercial advertisements, other forms of solicitation, general shareholder service matters or individual service or billing complaints. Under the board policy, the Corporate Secretary will forward to the directors any communication raising substantial issues. All communications are available to the directors upon request. Shareholders may also report an ethics concern with the Exelon Ethics Hotline by calling 1-800-23-Ethic (1-800-233-8442). You may also report an ethics concern via the Internet at EthicsOffice@ExelonCorp.com.

SHAREHOLDER PROPOSALS

If you want to submit a proposal for possible inclusion in next year's proxy statement, you must submit it in writing to the Corporate Secretary, Exelon Corporation, 10 South Dearborn Street, P.O. Box 805398, Chicago, Illinois 60680-5398. Exelon must receive your proposal on or before November 20, 2015. Exelon will consider only proposals meeting the requirements of the applicable rules of the Securities and Exchange Commission ("SEC"). Under our Bylaws, the proposal must also disclose fully all ownership interests the proponent has in Exelon and contain a representation as to whether the shareholder has any intention of delivering a proxy statement to the other shareholders of Exelon.

We strongly encourage any shareholder interested in submitting a proposal to contact our Corporate Secretary in advance of this deadline to discuss the proposal, and shareholders may want to consult knowledgeable counsel with regard to the detailed requirements of applicable securities laws. Submitting a shareholder proposal does not guarantee that we will include it in our proxy statement. Our corporate governance committee reviews all shareholder proposals and makes recommendations to the board for action on such proposals.

Additionally, under our Bylaws, for a shareholder to bring any matter before the 2016 annual meeting that is not included in the 2015 proxy statement, the shareholder's written notice must be received by the Corporate Secretary not less than 120 days prior to the first anniversary of the mailing date of this proxy statement, which will be November 20, 2015.

DIRECTOR NOMINATIONS

A shareholder who wishes to recommend a candidate (including a self-nomination) to be considered by the Exelon corporate governance committee for nomination as a director must submit the recommendation in writing to the Chair of the Corporate Governance Committee, c/o Bruce G. Wilson, Senior Vice President, Deputy General Counsel and Corporate Secretary, Exelon Corporation, 10 South Dearborn Street, P.O. Box 805398, Chicago, Illinois 60680-5398. The corporate governance committee will consider all recommended candidates and self-nominees when making its recommendation to the full board of directors to nominate a slate of directors for election.

- **Nominations for 2015.** Under the Exelon Bylaws, the deadline has passed for a shareholder to nominate a candidate (or nominate himself or herself) for election to the board of directors at the 2015 annual meeting.
- **Nominations for 2016.** To nominate a candidate for election as a director or to stand for election at the 2016 annual meeting, a shareholder must either submit a recommendation to the corporate governance committee or provide the

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Communication with the Board of Directors

proper notice and the other information required by Exelon's Bylaws. The Bylaws currently require the following: (1) notice of the proposed nomination must be received by Exelon no later than November 20, 2015; (2) the notice must include information required under the Bylaws, including: (a) information about the nominating shareholder, (b) information about the candidate that would be required to be included in a proxy statement under the rules of the SEC, (c) a representation as to whether the shareholder intends to deliver a proxy statement to the other shareholders of Exelon, and (d) the signed consent of the candidate to serve as a director of Exelon, if elected. Exelon's Bylaws are amended from time to time. Please review the Bylaws on our website to determine if any changes to the nomination process or requirements have been made.

AVAILABILITY OF CORPORATE DOCUMENTS

The Exelon Corporate Governance Principles, the Exelon Code of Business Conduct, the Exelon Amended and Restated Bylaws, and the charters for the audit, corporate governance, compensation and leadership development and other committees of the board of directors are available on the Exelon website at www.exeloncorp.com , on the corporate governance page under the Investors tab. Copies may be printed from the Exelon website and copies are available without charge to any shareholder who requests them by writing to Bruce G. Wilson, Senior Vice President, Deputy General Counsel and Corporate Secretary, Exelon Corporation, 10 South Dearborn Street, P.O. Box 805398, Chicago, Illinois 60680-5398. In addition, our Articles of Incorporation, Compensation Consultant Independence Policy, Political Contributions Guidelines, biographical information concerning each director, and all of our filings submitted to the SEC are available on our website. Access to this information is free of charge to any user with internet access. Information contained on our website is not part of this proxy statement.

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Frequently Asked Questions

Can I access the Notice of Annual Meeting and Proxy Statement and the 2014 Financial Report on the Internet?

As permitted by SEC rules, we are making this proxy statement and our annual report available to shareholders electronically via the internet at www.proxyvote.com. On March 19, 2015, we began mailing to our shareholders a notice containing instructions on how to access this proxy statement and our annual report and how to vote online. If you received that notice, you will not receive a printed copy of the proxy materials unless you request it by following the instructions for requesting such materials contained on the notice.

In addition, shareholders may request to receive proxy materials in printed form or electronically by email on an ongoing basis. Exelon encourages shareholders to take advantage of the availability of the proxy materials on the internet in order to save Exelon the cost of producing and mailing documents to you, reduce the amount of mail you receive and help preserve resources.

Shareholders of Record: If you vote on the internet at www.proxyvote.com, simply follow the prompts for enrolling in the electronic delivery service.

Beneficial Owners: You also may be able to receive copies of these documents electronically. Please check the information provided in the proxy materials sent to you by your bank, broker or other holder of record regarding the availability of this service.

Do I need a ticket to attend the annual meeting?

You will need an admission ticket or proof of ownership to enter the annual meeting.

If you are a shareholder of record the bottom half of your proxy card will serve as your admission ticket.

If your shares are held in the name of a bank, broker, or other holder of record and you plan to attend the meeting, you must present proof of your ownership of Exelon stock as you enter the meeting, such as a bank or brokerage account statement. If you would rather have an admission ticket, you can obtain one in advance by mailing a written request, along with proof of your ownership of Exelon stock, to:

> Annual Meeting Admission Tickets c/o Bruce G. Wilson, Senior Vice President, Deputy General Counsel and Corporate Secretary, Exelon Corporation, 10 South Dearborn Street, P.O. Box 805398 Chicago, Illinois 60680-5398.

Shareholders also must present a form of personal photo identification in order to be admitted into the meeting.

No cameras, audio or video recording equipment, similar electronic devices, large bags, briefcases or packages will be permitted into the meeting or adjacent areas. Cell phones and similar wireless communication devices will be permitted in the meeting only if turned off. All items brought into the meeting will be subject to search.

Who is entitled to vote at the annual meeting?

Holders of Exelon common stock as of 5:00 p.m. New York Time on March 10, 2015 are entitled to receive notice of the annual meeting and to vote their shares at the meeting. As of that date, there were XXX,XXX,XXX shares of common stock outstanding and entitled to vote. Each share of common stock is entitled to one vote on each matter properly brought before the meeting.

Frequently Asked Questions

What is the difference between holding shares as a shareholder of record and as a beneficial owner?

If your shares are registered directly in your name with Exelon's transfer agent, Wells Fargo Shareowner Services, you are the "shareholder of record" of those shares. This Notice of Annual Meeting and Proxy Statement and accompanying documents have been provided directly to you by Exelon.

If your shares are held in a stock brokerage account or by a bank or other holder of record, you are considered the "beneficial owner" of those shares. This Notice of Annual Meeting and Proxy Statement and the accompanying documents have been forwarded to you by your broker, bank or other holder of record. As the beneficial owner, you have the right to direct your broker, bank or other holder of record how to vote your shares by using the voting instruction card or by following their instructions for voting by telephone or on the Internet.

How do I vote?

Your vote is important. We encourage you to vote promptly. Internet and telephone voting are available through 11:59 p.m. Eastern Time on April 27, 2015. You may vote in the following ways:

- **By Internet.** If you have internet access, you may vote by internet. You will need the control number included on your proxy card or voting instruction form ("VIF"), as applicable. You may vote in a secure manner at www.proxyvote.com 24 hours a day. You will be able to confirm that the system has properly recorded your votes, and you do not need to return your proxy card or VIF.
- **By Telephone.** If you are located in the United States or Canada, you can vote by calling the toll-free telephone number (1-800-690-6903) and following the recorded instructions. You will need the control number included on your Notice Regarding the Availability of Proxy Materials, proxy card or VIF, as applicable. You may vote by telephone 24 hours a day. The telephone voting system has easy-to-follow instructions and allows you to confirm that the system has properly recorded your votes. If you vote by telephone, you do not need to return your proxy card or your VIF.
- **By Mail.** If you are a holder of record and received a full paper set of materials, you can vote by marking, dating and signing your proxy card and returning it by mail in the postage-paid envelope provided. If you are a beneficial holder of shares held of record by a bank or broker or other street name, please complete and mail the VIF provided by the holder of record.
- **At the Annual Meeting.** If you are a shareholder of record and attend the annual meeting in person, you may use a ballot provided at the meeting to cast your vote. If you are a beneficial owner, you will need to have a legal proxy from your broker, bank or other holder of record in order to vote by ballot at the meeting.

May I revoke a proxy?

Yes. You may revoke a proxy at any time before the proxy is exercised by filing with the Corporate Secretary a notice of revocation, or by submitting a later-dated proxy by mail, telephone or electronically through the Internet. You may also revoke your proxy by attending the annual meeting and voting in person.

What is householding and how does it affect me?

Exelon has adopted a procedure approved by the SEC called "householding." Under this procedure, shareholders of record who have the same address and last name and do not participate in electronic delivery of proxy materials will receive only one copy of this Notice of Annual Meeting and Proxy Statement and the 2014 Annual Report, unless we are notified that one or more of these shareholders wishes to continue receiving individual copies. This procedure will reduce our printing costs and postage fees.

Frequently Asked Questions

What are the voting requirements to elect the directors and to approve each of the proposals discussed in the Proxy Statement?

The presence of the holders of a majority of the outstanding shares of common stock entitled to vote at the annual meeting, in person or represented by proxy, is necessary to constitute a quorum.

Election of Directors: Majority Vote Policy

Under our Bylaws, directors must be elected by a majority of votes cast in uncontested elections. This means that the number of votes cast “for” a director nominee must exceed the number of votes cast “against” the nominee. In contested elections, the vote standard would be a plurality of votes cast.

Our Bylaws provide that, in an uncontested election, each director nominee must submit to the board before the annual meeting a letter of resignation that becomes effective only if the director fails to receive a majority of the votes cast at the annual meeting. The resignation of a director nominee who is not an incumbent director is automatically accepted by the board. The resignation of an incumbent director is tendered to the independent directors of the board for a determination of whether or not to accept the resignation. The board’s decision and the basis for the decision would be disclosed within 90 days following the certification of the final vote results.

Ratification of PricewaterhouseCoopers as Independent Auditor

The appointment of PricewaterhouseCoopers LLP as Exelon Corporation’s independent auditor requires an affirmative vote of a majority of shares of common stock represented at the annual meeting and entitled to vote thereon in order to be adopted.

Executive Compensation

The vote on executive compensation is advisory and is not binding on the company, the board of directors, or the compensation and leadership development committee in any way, as provided by law. Our board and the compensation and leadership development committee will review the results of the vote and input from shareholders and will take it into account in making a determination concerning executive compensation consistent with our record of shareowner engagement.

Performance Measures included in 2011 Long-Term Incentive Plan

The approval of the performance measures in the 2011 Long-Term Incentive Plan requires an affirmative vote of a majority of shares represented at the annual meeting and entitled to vote thereon.

Management Proposal Regarding Proxy Access

The adoption of the management proposal regarding proxy access requires an affirmative vote of a majority of shares represented at the annual meeting and entitled to vote thereon. Abstentions will have the same effect as a vote against the proposal.

Shareholder Proposal Regarding Proxy Access

The adoption of the shareholder proposal requires an affirmative vote of a majority of shares represented at the annual meeting and entitled to vote thereon. Abstentions will have the same effect as a vote against the proposal.

How frequently will I have an opportunity to vote on executive compensation?

Every year. The Exelon board of directors has decided to hold the advisory vote on executive compensation annually until the next required vote on the frequency of shareholder votes on the compensation of executives.

Could other matters be decided at the annual meeting?

At the date this proxy statement went to press, we did not know of any matters to be raised at the annual meeting other than those referred to in this proxy statement.

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Frequently Asked Questions

Who will count the votes?

Representatives of Broadridge Financial Communications and Exelon's Office of Corporate Governance will tabulate the votes and act as inspectors of the election.

Where can I find the voting results?

We will report the voting results in a Form 8-K to be filed with the SEC within four business days following the end of our annual meeting.

Who will pay for the cost of this proxy solicitation?

Exelon will pay the cost of soliciting proxies. Proxies may be solicited on our behalf by directors, officers or employees in person or by telephone, electronic transmission and facsimile transmission. We have hired Alliance Advisors, LLC to distribute and solicit proxies. We will pay Alliance Advisors, LLC a fee of $15,000 plus reasonable expenses for these services.

Appendix A

EXELON CORPORATION'S 2011 LONG-TERM INCENTIVE PLAN (AS AMENDED EFFECTIVE DECEMBER 18, 2014)

I. INTRODUCTION

1.1 **Purposes** . The purposes of the Exelon Corporation 2011 Long-Term Incentive Plan (this " Plan ") are (i) to align the interests of the Company's stockholders and the recipients of awards under this Plan by increasing the proprietary interest of such recipients in the Company's growth and success, (ii) to advance the interests of the Company by attracting and retaining officers and other key management employees and (iii) to motivate such persons to act in the long-term best interests of the Company and its stockholders.

1.2 **Certain Definitions** .

" Affiliate " shall mean any Person (including a Subsidiary) that directly or indirectly controls, is controlled by, or is under common control with, the Company. For purposes of this definition the term "control" with respect to any Person means the power to direct or cause the direction of management or policies of such Person, directly or indirectly, whether through the ownership of Voting Securities, by contract or otherwise.

" Agreement " shall mean the written agreement evidencing an award hereunder between the Company and the recipient of such award.

" Beneficial Owner " shall mean such term as defined in Rule 13d-3 under the Exchange Act.

" Board " shall mean the Board of Directors of the Company.

" Cause " shall mean (a) with respect to an employee whose entitlement to severance benefits upon termination of employment is governed by an individual change in control agreement, the meaning of such term specified in such agreement, (b) with respect to an employee whose entitlement to severance benefits upon termination of employment is governed by the Exelon Corporation Senior Management Severance Plan or any other executive severance plan, as in effect from time to time, the meaning of such term specified in such plan, or (c) with respect to any other employee, the meaning of such term specified in the Exelon Corporation Severance Benefit Plan, as amended from time to time, or any successor plan thereto, regardless of whether such employee is eligible to participate in such plan.

" Change in Control " shall have the meaning set forth in Section 5.8.

" Code " shall mean the Internal Revenue Code of 1986, as amended.

" Committee " shall mean the Committee designated by the Board, consisting of two or more members of the Board, each of whom may be (i) a "Non-Employee Director" within the meaning of Rule 16b-3 under the Exchange Act, (ii) an "outside director" within the meaning of Section 162(m) of the Code and (iii) "independent" within the meaning of the rules of the New York Stock Exchange or, if the Common Stock is not listed on the New York Stock Exchange, within the meaning of the rules of the principal national stock exchange on which the Common Stock is then traded.

" Common Stock " shall mean the common stock, without par value, of the Company.

" Company " shall mean Exelon Corporation, a Pennsylvania corporation, or any successor thereto.

" Company Plan " shall have the meaning set forth in Section 5.8(b)(i).

" Corporate Transaction " shall have the meaning set forth in Section 5.8(a).

" Disability " shall have the meaning specified in any long term disability plan maintained by the Company in which the participant is eligible to participate; provided that a Disability shall not be deemed to have occurred until the Company has terminated such participant's employment in connection with such disability and the participant has commenced the

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receipt of long-term disability benefits under such plan. If an participant is not eligible to participate in a long-term disability plan maintained by the Company, then Disability shall mean a termination of such participant's employment by the Company due to the inability of such participant to perform the essential functions such participant's position, with or without reasonable accommodation, for a continuous period of at least twelve months, as determined solely by the Committee.

" Exchange Act " shall mean the Securities Exchange Act of 1934, as amended.

" Fair Market Value " shall mean the closing transaction price of a share of Common Stock as reported on the New York Stock Exchange on the date as of which such value is being determined or, if the Common Stock is not listed on the New York Stock Exchange, the closing transaction price of a share of Common Stock on the principal national stock exchange on which the Common Stock is traded on the date as of which such value is being determined or, if there shall be no reported transactions for such date, on the next preceding date for which transactions were reported; provided , however , that if the Common Stock is not listed on a national stock exchange or if Fair Market Value for any date cannot be so determined, Fair Market Value shall be determined by the Committee by whatever means or method as the Committee, in the good faith exercise of its discretion, shall at such time deem appropriate and in accordance with Section 409A of the Code.

" Free-Standing SAR " shall mean an SAR which is not granted in tandem with, or by reference to, an option, which entitles the holder thereof to receive, upon exercise, shares of Common Stock (which may be Restricted Stock), cash or a combination thereof with an aggregate value equal to the excess of the Fair Market Value of one share of Common Stock on the date of exercise over the base price of such SAR, multiplied by the number of such SARs which are exercised.

" Good Reason " shall mean (i) with respect to an employee whose entitlement to severance benefits upon termination of employment is governed by an individual change in control agreement, the meaning of such term specified in such agreement, or (ii) with respect to an employee whose entitlement to severance benefits upon termination of employment is governed by the Exelon Corporation Senior Management Severance Plan or any other executive severance plan, as in effect from time to time, the meaning of such term specified in such plan.

" Incentive Stock Option " shall mean an option to purchase shares of Common Stock that meets the requirements of Section 422 of the Code, or any successor provision, which is intended by the Committee to constitute an Incentive Stock Option.

" Incumbent Board " shall have the meaning set forth in Section 5.8(b)(ii).

" Nonqualified Stock Option " shall mean an option to purchase shares of Common Stock which is not an Incentive Stock Option.

" Performance Measures " shall mean the criteria and objectives, established by the Committee, which shall be satisfied or met (i) as a condition to the grant or exercisability of all or a portion of an option or SAR or (ii) during the applicable Restriction Period or Performance Period as a condition to the vesting of the holder's interest, in the case of a Restricted Stock Award, of the shares of Common Stock subject to such award, or, in the case of a Restricted Stock Unit Award or Performance Unit Award, to the holder's receipt of the shares of Common Stock subject to such award or of payment with respect to such award. To the extent necessary for an award to be qualified performance-based compensation under Section 162(m) of the Code and the regulations thereunder, such criteria and objectives shall include one or more of the following measures, each of which may be based on absolute standards or peer industry group comparatives and may be applied at various organizational levels (e.g., corporate, business unit, division): (1) cumulative shareholder value added (SVA), (2) customer satisfaction, (3) revenue, (4) primary or fully-diluted earnings per share of Common Stock, (5) net income, (6) total shareholder return, (7) earnings before interest taxes (EBIT), (8) cash flow, including operating cash flows, free cash flow, discounted cash flow return on investment and cash flow in excess of cost of capital, or any combination thereof, (9) economic value added, (10) return on equity,

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(11) return on capital, (12) return on assets, (13) net operating profits after taxes, (14) stock price increase, (15) return on sales, (16) debt to equity ratio, (17) payout ratio, (18) asset turnover, (19) ratio of share price to book value of shares, (20) price/earnings ratio, (21) employee satisfaction, (22) diversity, (23) market share, (24) operating income, (25) pre-tax income, (26) safety, (27) diversification of business opportunities, (28) expense ratios, (29) total expenditures, (30) completion of key projects, (31) dividend payout as percentage of net income, (32) earnings before interest, taxes, depreciation and amortization (EBITDA), or (33) any individual performance objective which is measured solely in terms of quantitative targets related to the Company, any Subsidiary or the Company's or Subsidiary's business. Such individual performance measures related to the Company, a Subsidiary or the Company's or Subsidiary's business may include: (A) production-related factors such as generating capacity factor, performance against the INPO index, generating equivalent availability, heat rates and production cost, (B) transmission and distribution-related factors such as customer satisfaction, reliability (based on outage frequency and duration), and cost, (C) customer service-related factors such as customer satisfaction, service levels and responsiveness and bad debt collections or losses, and (D) relative performance against other similar companies in targeted areas. The measures may be weighted differently for holders of awards based on their management level and the extent to which their responsibilities are primarily corporate or business unit-related, and may be based in whole or in part on the performance of the Company, a Subsidiary, division and/or other operational unit under one or more of such measures. In the sole discretion of the Committee, but subject to Section 162(m) of the Code, the Committee may amend or adjust the Performance Measures or other terms and conditions of an outstanding award in recognition of unusual or nonrecurring events affecting the Company or its financial statements or changes in law or accounting principles.

" Performance Option " shall mean an Incentive Stock Option or Nonqualified Stock Option, the grant of which or the exercisability of all or a portion of which is contingent upon the attainment of specified Performance Measures within a specified Performance Period.

" Performance Period " shall mean any period designated by the Committee during which (i) the Performance Measures applicable to an award shall be measured and (ii) the conditions to vesting applicable to an award shall remain in effect.

" Performance Share Award " shall mean a Restricted Stock Award or Restricted Stock Unit Award, the vesting of which is subject to the attainment of specified Performance Measures within a specified Performance Period.

" Performance Unit " shall mean a right to receive, contingent upon the attainment of specified Performance Measures within a specified Performance Period and the expiration of any applicable Restriction Period, a specified cash amount or, in lieu thereof, shares of Common Stock having a Fair Market Value equal to such cash amount.

" Performance Unit Award " shall mean an award of Performance Units under this Plan.

" Person " shall mean any individual, sole proprietorship, partnership, joint venture, limited liability company, trust, unincorporated organization, association, corporation, institution, public benefit corporation, entity or government instrumentality, division, agency, body or department.

" Plan " shall have the meaning set forth in Section 1.1.

" Prior Plan " shall mean the Exelon Corporation 2006 Long-Term Incentive Plan, as amended.

" Restricted Stock " shall mean shares of Common Stock which are subject to a Restriction Period and which may, in addition thereto, be subject to the attainment of specified Performance Measures within a specified Performance Period.

" Restricted Stock Award " shall mean an award of Restricted Stock under this Plan.

" Restricted Stock Unit " shall mean a right to receive one share of Common Stock or, in lieu thereof, the Fair Market Value of such share of Common Stock in cash, which shall be contingent upon the expiration of a specified Restriction Period and which may, in addition thereto, be contingent upon the attainment of specified Performance Measures within a specified Performance Period.

Appendix A

“ Restricted Stock Unit Award ” shall mean an award of Restricted Stock Units under this Plan.

“ Restriction Period ” shall mean any period designated by the Committee during which (i) the Common Stock subject to a Restricted Stock Award may not be sold, transferred, assigned, pledged, hypothecated or otherwise encumbered or disposed of, except as provided in this Plan or the Agreement relating to such award, or (ii) the conditions to vesting applicable to a Restricted Stock Unit Award shall remain in effect.

“ Restrictive Covenant ” shall have the meaning set forth in Section 2.3(g).

“ Retirement ” shall mean the retirement of a holder of an award from employment with the Company on or after attaining the minimum age specified for early or normal retirement in any then effective qualified defined benefit retirement plan of the Company in which such holder is a participant, provided that such holder has also attained age 50 and completed at least ten years of service with the Company and the Subsidiaries. For purposes of this definition, the holder’s age and service shall be determined taking into account any deemed age or service awarded to the holder for benefit accrual purposes under any nonqualified defined benefit retirement plan of the Company in which the holder is a participant.

“ SAR ” shall mean a stock appreciation right, which may be a Free-Standing SAR or a Tandem SAR.

“ SEC Person ” shall mean any person (as such term is used in Rule 13d-5 under the Exchange Act) or group (as such term is defined in Sections 3(a)(9) and 13(d)(3) of the Exchange Act), other than (i) the Company or an Affiliate, or (ii) any employee benefit plan (or any related trust) of the Company or any of its Affiliates.

“ Stock Award ” shall mean a Restricted Stock Award or a Restricted Stock Unit Award, including any such award which is granted as a Performance Share Award.

“ Subsidiary ” shall mean any corporation, limited liability company, partnership, joint venture or similar entity in which the Company owns, directly or indirectly, an equity interest possessing more than 50% of the combined voting power of the total outstanding equity interests of such entity.

“ Tandem SAR ” shall mean an SAR which is granted in tandem with, or by reference to, an option (including a Nonqualified Stock Option granted prior to the date of grant of the SAR), which entitles the holder thereof to receive, upon exercise of such SAR and surrender for cancellation of all or a portion of such option, shares of Common Stock (which may be Restricted Stock), cash or a combination thereof with an aggregate value equal to the excess of the Fair Market Value of one share of Common Stock on the date of exercise over the base price of such SAR, multiplied by the number of shares of Common Stock subject to such option, or portion thereof, which is surrendered.

“ Tax Date ” shall have the meaning set forth in Section 5.5.

“ Ten Percent Holder ” shall have the meaning set forth in Section 2.1(a).

“ 20% Owner ” shall have the meaning set forth in Section 5.8(b)(i).

“ Voting Securities ” shall mean with respect to a corporation, securities of such corporation that are entitled to vote generally in the election of directors of such corporation.

1.3 Administration. This Plan shall be administered by the Committee. Any one or a combination of the following awards may be made under this Plan to eligible persons: (i) options to purchase shares of Common Stock in the form of Incentive Stock Options or Nonqualified Stock Options (which may include Performance Options), (ii) SARs in the form of Tandem SARs or Free-Standing SARs, (iii) Stock Awards in the form of Restricted Stock or Restricted Stock Units (which may include Performance Share Awards) and (iv) Performance Units. The Committee shall, subject to the terms of this Plan, select eligible persons for participation in this Plan and determine the form, amount and timing of each award to such persons and, if applicable, the number of shares of Common Stock, the number of SARs, the number of Restricted Stock Units and the number of Performance Units subject to such an award, the exercise price or base price

associated with the award, the time and conditions of exercise or settlement of the award and all other terms and conditions of the award, including, without limitation, the form of the Agreement evidencing the award. The Committee may, in its sole discretion and for any reason at any time, subject to the requirements of Section 162(m) of the Code and regulations thereunder in the case of an award intended to be qualified performance-based compensation, take action such that (i) any or all outstanding options and SARs shall become exercisable in part or in full, (ii) all or a portion of the Restriction Period applicable to any outstanding Restricted Stock or Restricted Stock Units shall lapse, (iii) all or a portion of the Performance Period applicable to any outstanding Performance Share Award or Performance Units shall lapse and (iv) the Performance Measures (if any) applicable to any outstanding award shall be deemed to be satisfied at the target or any other level not exceeding the maximum allowable under its terms. The Committee shall, subject to the terms of this Plan, interpret this Plan and the application thereof, establish rules and regulations it deems necessary or desirable for the administration of this Plan and may impose, incidental to the grant of an award, conditions with respect to the award, such as limiting competitive employment or other activities. All such interpretations, rules, regulations and conditions shall be conclusive and binding on all parties.

The Committee may delegate some or all of its power and authority hereunder to the Board or, subject to applicable law, to the Chief Executive Officer or other officer of the Company as the Committee deems appropriate; provided , however , that (i) the Committee may not delegate its power and authority to the Board or the Chief Executive Officer or other officer of the Company with regard to the grant of an award to any person who is a “covered employee” within the meaning of Section 162 (m) of the Code or who, in the Committee’s judgment, is likely to be a covered employee at the time during the period an award hereunder to such employee would be outstanding, (ii) the Committee may not delegate its power and authority to the Chief Executive Officer or other officer of the Company with regard to the selection for participation in this Plan of an officer or other person subject to Section 16 of the Exchange Act or whose title with the Company is “executive vice president” or higher, or decisions concerning the timing, pricing or amount of an award to such an officer or other person and (iii) the awards granted by the Chief Executive Officer pursuant to such delegation shall not exceed the limits set forth in Section 1.6 (c) and 1.6(d).

No member of the Board or Committee, and neither the Chief Executive Officer nor any other officer to whom the Committee delegates any of its power and authority hereunder, shall be liable for any act, omission, interpretation, construction or determination made in connection with this Plan in good faith, and the members of the Board and the Committee and the Chief Executive Officer or other officer shall be entitled to indemnification and reimbursement by the Company in respect of any claim, loss, damage or expense (including attorneys’ fees) arising therefrom to the full extent permitted by law (except as otherwise may be provided in the Company’s Articles of Incorporation and/or By-laws) and under any directors’ and officers’ liability insurance that may be in effect from time to time.

A majority of the Committee shall constitute a quorum. The acts of the Committee shall be either (i) acts of a majority of the members of the Committee present at any meeting at which a quorum is present or (ii) acts approved in writing by all of the members of the Committee without a meeting.

1.4 **Eligibility** . Participants in this Plan shall consist of such officers and other key management employees, and persons expected to become officers and other key management employees, of the Company and its Subsidiaries as the Committee in its sole discretion may select from time to time. The Committee’s selection of a person to participate in this Plan at any time shall not require the Committee to select such person to participate in this Plan at any other time. For purposes of this Plan, references to employment by the Company shall also mean employment by a Subsidiary.

1.5 **Shares Available** . Subject to adjustment as provided in Section 5.7, the aggregate number of shares of Common Stock available for awards granted under the Plan in the form of options, SARs, Stock Awards or Performance Units shall be the sum of (i) five million (5,000,000), plus (ii) the number of shares of Common Stock which as of the effective date of this Plan remain available for future awards pursuant to Section 1.5 of the Prior Plan, and reduced by the sum of the aggregate number of shares of Common Stock which become subject to outstanding options, outstanding Free-Standing SARs and outstanding Stock Awards granted under the Plan and shares of Common Stock delivered upon

the settlement of Performance Units granted under the Plan. To the extent that shares of Common Stock subject to an outstanding option, SAR or stock award granted under the Plan or any predecessor plan are not issued or delivered by reason of the expiration, termination, cancellation or forfeiture of such award (excluding shares subject to an option cancelled upon settlement in shares of a related tandem SAR or shares subject to a tandem SAR cancelled upon exercise of a related option), then such shares of Common Stock shall again be available under this Plan. Shares of Common Stock to be delivered under this Plan shall be made available from authorized and unissued shares of Common Stock, or authorized and issued shares of Common Stock reacquired and held as treasury shares or otherwise or a combination thereof.

1.6 Award Limits .

(a) Subject to adjustment as provided in Section 5.7, no individual may be granted awards under the Plan during any calendar year that, in the aggregate, may be settled by delivery of more than two million (2,000,000) shares of Common Stock. In addition, with respect to awards the value of which is based on the Fair Market Value of Common Stock and that may be settled in cash (in whole or in part), no individual may be paid during any calendar year cash amounts relating to such awards that exceed the greater of the Fair Market Value of the number of shares of Common Stock set forth in the preceding sentence either at the date of grant or at the date of settlement. This Section 1.6(a) sets forth two separate limitations, so that awards that may be settled solely by delivery of Common Stock will not operate to reduce the amount or value of cash-only awards, and vice versa; nevertheless, awards that may be settled in Common Stock or cash must not exceed either limitation.

(b) With respect to awards, the value of which is not based on the Fair Market Value of Common Stock, no individual may receive during any calendar year cash or shares of Common Stock with a Fair Market Value at the date of settlement that, in the aggregate, exceeds five million dollars ($5,000,000).

(c) Subject to adjustment as provided in Section 5.7, the number of shares of Common Stock subject to options and SARs granted in any single year by the Chief Executive Officer, pursuant to a delegation by the Committee in accordance with Section 1.3 of this Plan, shall not exceed 1,200,000 in the aggregate or 40,000 with respect to any individual employee.

(d) Subject to adjustment as provided in Section 5.7, the number of shares of Common Stock subject to Stock Awards and Performance Units granted in any single year by the Chief Executive Officer, pursuant to a delegation by the Committee in accordance with Section 1.3 of this Plan, shall not exceed 600,000 in the aggregate or 20,000 with respect to any individual employee.

II. STOCK OPTIONS AND STOCK APPRECIATION RIGHTS

2.1 Stock Options . The Committee may, in its discretion, grant options to purchase shares of Common Stock to such eligible persons as may be selected by the Committee. Each option, or portion thereof, that is not an Incentive Stock Option, shall be a Nonqualified Stock Option. Each option shall be granted within 10 years after the date on which this Plan is approved by the Board. To the extent that the aggregate Fair Market Value (determined as of the date of grant) of shares of Common Stock with respect to which options designated as Incentive Stock Options are exercisable for the first time by a participant during any calendar year (under this Plan or any other plan of the Company, or any parent or Subsidiary) exceeds the amount (currently $100,000) established by the Code, such options shall constitute Nonqualified Stock Options.

Options shall be subject to the following terms and conditions and shall contain such additional terms and conditions, not inconsistent with the terms of this Plan, as the Committee shall deem advisable:

(a) Number of Shares and Purchase Price . The number of shares of Common Stock subject to an option and the purchase price per share of Common Stock purchasable upon exercise of the option shall be determined by the Committee; provided , however , that the purchase price per share of Common Stock purchasable upon exercise of

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a Nonqualified Stock Option or an Incentive Stock Option shall not be less than 100% of the Fair Market Value of a share of Common Stock on the date of grant of such option; provided further , that if an Incentive Stock Option shall be granted to any person who, at the time such option is granted, owns capital stock possessing more than 10 percent of the total combined voting power of all classes of capital stock of the Company (or of any parent or Subsidiary) (a " Ten Percent Holder "), the purchase price per share of Common Stock shall not be less than the price (currently 110% of Fair Market Value) required by the Code in order to constitute an Incentive Stock Option.

(b) Option Period and Exercisability . The period during which an option may be exercised shall be determined by the Committee; provided , however , that no option shall be exercised later than 10 years after its date of grant; provided further , that if an Incentive Stock Option shall be granted to a Ten Percent Holder, such option shall not be exercised later than five years after its date of grant. The Committee may, in its discretion, determine that an option is to be granted as a Performance Option and may establish an applicable Performance Period and Performance Measures which shall be satisfied or met as a condition to the grant of such option or to the exercisability of all or a portion of such option. The Committee shall determine whether an option shall become exercisable in cumulative or non-cumulative installments and in part or in full at any time. An exercisable option, or portion thereof, may be exercised only with respect to whole shares of Common Stock.

(c) Method of Exercise . An option may be exercised (i) by giving written notice to the Company specifying the number of whole shares of Common Stock to be purchased and accompanying such notice with payment therefor in full, and without any extension of credit, either (A) in cash, (B) by delivery (either actual delivery or by attestation procedures established by the Company) to the Company of previously owned whole shares of Common Stock having a Fair Market Value, determined as of the date of exercise, equal to the aggregate purchase price payable by reason of such exercise, (C) authorizing the Company to withhold whole shares of Common Stock which would otherwise be delivered having an aggregate Fair Market Value, determined as of the date of exercise, equal to the amount necessary to satisfy such obligation, provided that the Committee determines that such withholding of shares does not cause the Company to recognize an increased compensation expense under applicable accounting principles, (D) except as may be prohibited by applicable law, in cash by a broker-dealer acceptable to the Company to whom the optionee has submitted an irrevocable notice of exercise or (E) a combination of (A), (B) and (C), in each case to the extent set forth in the Agreement relating to the option, (ii) if applicable, by surrendering to the Company any Tandem SARs which are cancelled by reason of the exercise of the option and (iii) by executing such documents as the Company may reasonably request. Any fraction of a share of Common Stock which would be required to pay such purchase price shall be disregarded and the remaining amount due shall be paid in cash by the optionee. No shares of Common Stock shall be issued and no certificate representing Common Stock shall be delivered until the full purchase price therefor and any withholding taxes thereon, as described in Section 5.5, have been paid.

2.2 **Stock Appreciation Rights** . The Committee may, in its discretion, grant SARs to such eligible persons as may be selected by the Committee. The Agreement relating to an SAR shall specify whether the SAR is a Tandem SAR or a Free-Standing SAR.

SARs shall be subject to the following terms and conditions and shall contain such additional terms and conditions, not inconsistent with the terms of this Plan, as the Committee shall deem advisable:

(a) Number of SARs and Base Price . The number of SARs subject to an award shall be determined by the Committee. Any Tandem SAR related to an Incentive Stock Option shall be granted at the same time that such Incentive Stock Option is granted. The base price of a Tandem SAR shall be the purchase price per share of Common Stock of the related option. The base price of a Free-Standing SAR shall be determined by the Committee; provided , however , that such base price shall not be less than 100% of the Fair Market Value of a share of Common Stock on the date of grant of such SAR.

(b) Exercise Period and Exercisability . The Agreement relating to an award of SARs shall specify whether such award may be settled in shares of Common Stock (including shares of Restricted Stock) or cash or a combination thereof. The period for the exercise of an SAR shall be determined by the Committee; provided , however , that no SAR shall be exercised later than 10 years after its date of grant; and provided , further , that no Tandem SAR shall be exercised later than the expiration, cancellation, forfeiture or other termination of the related option. The Committee may, in its discretion, establish Performance Measures which shall be satisfied or met as a condition to the grant of an SAR or to the exercisability of all or a portion of an SAR. The Committee shall determine whether an SAR may be exercised in cumulative or non-cumulative installments and in part or in full at any time. An exercisable SAR, or portion thereof, may be exercised, in the case of a Tandem SAR, only with respect to whole shares of Common Stock and, in the case of a Free-Standing SAR, only with respect to a whole number of SARs. If an SAR is exercised for shares of Restricted Stock, a certificate or certificates representing such Restricted Stock shall be issued in accordance with Section 3.2(c), or such shares shall be transferred to the holder in book entry form with restrictions on the Shares duly noted, and the holder of such Restricted Stock shall have such rights of a stockholder of the Company as determined pursuant to Section 3.2(d). Prior to the exercise of an SAR for shares of Common Stock, including Restricted Stock, the holder of such SAR shall have no rights as a stockholder of the Company with respect to the shares of Common Stock subject to such SAR.

(c) Method of Exercise . A Tandem SAR may be exercised (i) by giving written notice to the Company specifying the number of whole SARs which are being exercised, (ii) by surrendering to the Company any options which are cancelled by reason of the exercise of the Tandem SAR and (iii) by executing such documents as the Company may reasonably request. A Free-Standing SAR may be exercised (A) by giving written notice to the Company specifying the whole number of SARs which are being exercised and (B) by executing such documents as the Company may reasonably request.

2.3 Termination of Employment .

(a) Retirement or Disability . Subject to Sections 2.3(e) and 2.3(g) below, and unless otherwise specified in the Agreement relating to an option or SAR, as the case may be, if the Company ceases to employ the holder of an option or SAR by reason of such holder's Retirement or Disability, each option and SAR held by such holder shall be fully exercisable, and may thereafter be exercised by such holder (or such holder's legal representative or similar person) until and including the earlier to occur of (i) the date which is five years after the effective date of such holder's termination of employment and (ii) the expiration date of the term of such option or SAR.

(b) Death . Unless otherwise specified in the Agreement relating to an option or SAR, as the case may be, if the Company ceases to employ the holder of an option or SAR by reason of such holder's death, each option and SAR held by such holder shall be fully exercisable, and may thereafter be exercised by such holder's executor, administrator, legal representative, beneficiary or similar person until and including the earlier to occur of (i) the date which is three years after the date of death and (ii) the expiration date of the term of such option or SAR.

(c) Cause . If the Company ceases to employ the holder of an option or SAR due to a termination of employment by the Company for Cause, each option and SAR held by such holder shall be cancelled and cease to be exercisable as of the earlier to occur of (i) the effective date of such termination of employment and (ii) the date on which the holder first engaged in conduct giving rise to a termination for Cause, and the Company thereafter may require the repayment of any amounts received by such holder in connection with an exercise of such option or SAR following such cancellation date.

(d) Other Termination . Subject to Sections 2.3(e), 2.3(f) and 2.3(g) below and unless otherwise specified in the Agreement relating to an option or SAR, as the case may be, if the Company ceases to employ the holder of an option or SAR for any reason other than as described in Section 2.3(a) through Section 2.3(c), then each option and SAR held by such holder shall be exercisable only to the extent that such option or SAR is exercisable on the

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effective date of such holder's termination of employment, and may thereafter be exercised by such holder (or such holder's legal representative or similar person) until and including the earlier to occur of (i) the date which is 90 days after the effective date of such holder's termination of employment and (ii) the expiration date of the term of such option or SAR.

(e) Death Following Termination of Employment . Unless otherwise specified in the Agreement relating to an option or SAR, as the case may be, if the holder of an option or SAR dies during the applicable post-termination exercise period described in Section 2.3(d), each option and SAR held by such holder shall be exercisable only to the extent that such option or SAR, as the case may be, is exercisable on the date of such holder's death and may thereafter be exercised by the holder's executor, administrator, legal representative, beneficiary or similar person until and including the earlier to occur of (i) the date which is one year after the date of death and (ii) the expiration date of the term of such option or SAR.

(f) Breach of Restrictive Covenant . Notwithstanding Sections 2.3(a) through (e), if the holder of an option or SAR breaches his or her obligations to the Company or any of its affiliates under a noncompetition, nonsolicitation, confidentiality, intellectual property or other restrictive covenant (a " Restrictive Covenant "), each option and SAR held by such holder shall be cancelled and cease to be exercisable as of the date on which the holder first breached such Restrictive Covenant, and the Company thereafter may require the repayment of any amounts received by such holder in connection with an exercise of such option or SAR following such cancellation date.

(g) Certain Terminations After Change in Control . Unless otherwise specified in, and subject to all conditions set forth in, the Agreement relating to an option or SAR, as the case may be, or any individual change in control agreement or severance plan, and notwithstanding any other provision of this Section 2.3, if within 24 months following a Change in Control, the Company ceases to employ the holder of an option or SAR due to a termination of employment (i) by the Company other than for Cause, or (ii) with respect to a holder whose position is at least salary band E09 (or its equivalent), by the holder for Good Reason, such holder's outstanding options shall immediately become fully exercisable and may thereafter be exercised by such holder (or such holder's legal representative or similar person) until and including the earlier to occur of (A) the date which is five years after the effective date of such holder's termination of employment and (B) the expiration date of the term of such option or SAR.

2.4 **No Repricing .** The Committee shall not without the approval of the stockholders of the Company, (i) reduce the purchase price or base price of any previously granted option or SAR, (ii) cancel any previously granted option or SAR in exchange for another option or SAR with a lower purchase price or base price or (iii) cancel any previously granted option or SAR in exchange for cash or another award if the purchase price of such option or the base price of such SAR exceeds the Fair Market Value of a share of Common Stock on the date of such cancellation, in each case, other than in connection with a Change in Control or the adjustment provisions set forth in Section 5.7.

III. STOCK AWARDS

3.1 **Stock Awards** . The Committee may, in its discretion, grant Stock Awards to such eligible persons as may be selected by the Committee. The Agreement relating to a Stock Award shall specify whether the Stock Award is a Restricted Stock Award or a Restricted Stock Unit Award. The Committee may, in its discretion, determine that a Restricted Stock Award or Restricted Stock Unit Award is to be granted as a Performance Share Award and may establish an applicable Performance Period and Performance Measures which shall be satisfied or met as a condition to the grant or vesting of all or a portion of such award.

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3.2 **Terms of Restricted Stock Awards**. Restricted Stock Awards shall be subject to the following terms and conditions and shall be subject to such additional terms and conditions, not inconsistent with the terms of this Plan, as the Committee shall deem advisable.

(a) Number of Shares and Other Terms. The number of shares of Common Stock subject to a Restricted Stock Award and the Restriction Period and Performance Measures (if any) applicable to a Restricted Stock Award shall be determined by the Committee.

(b) Vesting and Forfeiture. The Agreement relating to a Restricted Stock Award shall provide, in the manner determined by the Committee, in its discretion, and subject to the provisions of this Plan, for the vesting of the shares of Common Stock subject to such award (i) if the holder of such award remains continuously in the employment of the Company during the specified Restriction Period and (ii) in the case of a Performance Share Award, if specified Performance Measures are satisfied or met during a specified Performance Period, and for the forfeiture of the shares of Common Stock subject to such award (x) if the holder of such award does not remain continuously in the employment of the Company during the specified Restriction Period or (y) in the case of a Performance Share Award, if specified Performance Measures are not satisfied or met during a specified Performance Period. The restrictions applicable to each Performance Share Award shall lapse no earlier than one year after the applicable grant date, except to the extent an award Agreement provides otherwise in the case of a Change in Control or a participant's death, Disability or termination of employment.

(c) Stock Issuance. During the Restriction Period, the shares of Restricted Stock shall be held by a custodian in book entry form with restrictions on such shares duly noted or, alternatively, a certificate or certificates representing a Restricted Stock Award shall be registered in the holder's name and may bear a legend, in addition to any legend which may be required pursuant to Section 5.6, indicating that the ownership of the shares of Common Stock represented by such certificate is subject to the restrictions, terms and conditions of this Plan and the Agreement relating to the Restricted Stock Award. All such certificates shall be deposited with the Company, together with stock powers or other instruments of assignment (including a power of attorney), each endorsed in blank with a guarantee of signature if deemed necessary or appropriate, which would permit transfer to the Company of all or a portion of the shares of Common Stock subject to the Restricted Stock Award in the event such award is forfeited in whole or in part. Upon termination of any applicable Restriction Period (and the satisfaction or attainment of applicable Performance Measures), subject to the Company's right to require payment of any taxes in accordance with Section 5.5, the restrictions shall be removed from the requisite number of any shares of Common Stock that are held in book entry form, and all certificates evidencing ownership of the requisite number of shares of Common Stock shall be delivered to the holder of such award.

(d) Rights with Respect to Restricted Stock Awards. Unless otherwise set forth in the Agreement relating to a Restricted Stock Award, and subject to the terms and conditions of a Restricted Stock Award, the holder of such award shall have all rights as a stockholder of the Company, including, but not limited to, voting rights, the right to receive dividends and the right to participate in any capital adjustment applicable to all holders of Common Stock; provided, however, that (i) a distribution with respect to shares of Common Stock, other than a regular cash dividend, and (ii) a regular cash dividend with respect to shares of Common Stock that are subject to performance-based vesting conditions, in each case shall be deposited with the Company and shall be subject to the same restrictions as the shares of Common Stock with respect to which such distribution was made.

3.3 **Terms of Restricted Stock Unit Awards.** Restricted Stock Unit Awards shall be subject to the following terms and conditions and shall contain such additional terms and conditions, not inconsistent with the terms of this Plan, as the Committee shall deem advisable.

(a) Number of Shares and Other Terms. The number of shares of Common Stock subject to a Restricted Stock Unit Award and the Restriction Period and Performance Measures (if any) applicable to a Restricted Stock Unit Award shall be determined by the Committee.

(b) Vesting and Forfeiture . The Agreement relating to a Restricted Stock Unit Award shall provide, in the manner determined by the Committee, in its discretion, and subject to the provisions of this Plan, for the vesting of such Restricted Stock Unit Award (i) if the holder of such award remains continuously in the employment of the Company during the specified Restriction Period and (ii) in the case of a Performance Share Award, if specified Performance Measures are satisfied or met during a specified Performance Period, and for the forfeiture of the shares of Common Stock subject to such award (x) if the holder of such award does not remain continuously in the employment of the Company during the specified Restriction Period or (y) in the case of a Performance Share Award, if specified Performance Measures are not satisfied or met during a specified Performance Period. Each Performance Share Award shall become vested no earlier than one year after the applicable grant date, except to the extent an award Agreement provides otherwise in the case of a Change in Control or a participant's death, Disability or termination of employment.

(c) Settlement of Vested Restricted Stock Unit Awards . The Agreement relating to a Restricted Stock Unit Award shall specify (i) whether such award may be settled in shares of Common Stock, including Restricted Stock, or cash or a combination thereof and (ii) whether the holder thereof shall be entitled to receive, on a current or deferred basis, dividend equivalents and, if determined by the Committee, interest on, or the deemed reinvestment of, any deferred dividend equivalents, with respect to the number of shares of Common Stock subject to such award. Prior to the settlement of a Restricted Stock Unit Award, the holder of such award shall have no rights as a stockholder of the Company with respect to the shares of Common Stock subject to such award.

3.4 Termination of Employment . All of the terms relating to the satisfaction of Performance Measures and the termination of the Restriction Period or Performance Period relating to a Stock Award, or any forfeiture and cancellation of such award upon a termination of employment with the Company of the holder of such award, whether by reason of Disability, Retirement, death or any other reason, shall be determined by the Committee and set forth in the applicable award Agreement.

IV. PERFORMANCE UNIT AWARDS

4.1 Performance Unit Awards . The Committee may, in its discretion, grant Performance Unit Awards to such eligible persons as may be selected by the Committee.

4.2 Terms of Performance Unit Awards . Performance Unit Awards shall be subject to the following terms and conditions and shall be subject to such additional terms and conditions, not inconsistent with the terms of this Plan, as the Committee shall deem advisable.

(a) Number of Performance Units and Performance Measures . The number of Performance Units subject to a Performance Unit Award and the Performance Measures and Performance Period applicable to a Performance Unit Award shall be determined by the Committee.

(b) Vesting and Forfeiture . The Agreement relating to a Performance Unit Award shall provide, in the manner determined by the Committee, in its discretion, and subject to the provisions of this Plan, for the vesting of such Performance Unit Award if the specified Performance Measures are satisfied or met during the specified Performance Period and for the forfeiture of such award if the specified Performance Measures are not satisfied or met during the specified Performance Period.

(c) Settlement of Vested Performance Unit Awards . The Agreement relating to a Performance Unit Award shall specify whether such award may be settled in shares of Common Stock (including shares of Restricted Stock) or cash or a combination thereof. If a Performance Unit Award is settled in shares of Restricted Stock, such shares of Restricted Stock shall be issued to the holder in book entry form or a certificate or certificates representing such Restricted Stock shall be issued in accordance with Section 3.2(c) and the holder of such Restricted Stock

shall have such rights as a stockholder of the Company as determined pursuant to Section 3.2(d). Prior to the settlement of a Performance Unit Award in shares of Common Stock, including Restricted Stock, the holder of such award shall have no rights as a stockholder of the Company.

4.3 **Termination of Employment**. All of the terms relating to the satisfaction of Performance Measures and the termination of the Performance Period relating to a Performance Unit Award, or any forfeiture and cancellation of such award upon a termination of employment with the Company of the holder of such award, whether by reason of Disability, Retirement, death or any other reason, shall be determined by the Committee and set forth in the applicable award Agreement.

V. GENERAL

5.1 **Effective Date and Term of Plan**. This Plan shall be submitted to the stockholders of the Company for approval at the Company's 2010 annual meeting of stockholders and, if approved by the affirmative vote of a majority of the shares of Common Stock present in person or represented by proxy at such annual meeting of stockholders, shall become effective as of January 1, 2011. This Plan shall terminate ten (10) years after its effective date, unless terminated earlier by the Committee. Termination of this Plan shall not affect the terms or conditions of any award granted prior to termination.

Awards hereunder may be made at any time prior to the termination of this Plan, provided that, subject to Section 2.1, no award may be made later than ten (10) years after the effective date of this Plan. In the event that this Plan is not approved by the stockholders of the Company, this Plan and any awards hereunder shall be void and of no force or effect.

5.2 **Amendments**. The Committee may amend this Plan as it shall deem advisable, subject to any requirement of stockholder approval required by applicable law, rule or regulation, including Section 162(m) of the Code and any rule of the New York Stock Exchange, or, if the Common Stock is not listed on the New York Stock Exchange, any rule of the principal national stock exchange on which the Common Stock is then traded; provided, however, that no amendment may impair the rights of a holder of an outstanding award without the consent of such holder.

5.3 **Agreement**. Each award under this Plan shall be evidenced by an Agreement setting forth the terms and conditions applicable to such award. No award shall be valid until an Agreement is executed by the Company and the recipient of such award and, upon execution by each party and delivery of the Agreement to the Company within the time period specified by the Company, such award shall be effective as of the effective date set forth in the Agreement.

5.4 **Non-Transferability.** No award shall be transferable other than by will, the laws of descent and distribution or pursuant to beneficiary designation procedures approved by the Company or, to the extent expressly permitted in the Agreement relating to such award, to the holder's family members, a trust or entity established by the holder for estate planning purposes or a charitable organization designated by the holder. Except to the extent permitted by the foregoing sentence or the Agreement relating to an award, each award may be exercised or settled during the holder's lifetime only by the holder or the holder's legal representative or similar person. Except as permitted by the second preceding sentence, no award may be sold, transferred, assigned, pledged, hypothecated, encumbered or otherwise disposed of (whether by operation of law or otherwise) or be subject to execution, attachment or similar process. Upon any attempt to so sell, transfer, assign, pledge, hypothecate, encumber or otherwise dispose of any award, such award and all rights thereunder shall immediately become null and void.

5.5 **Tax Withholding**. The Company shall have the right to require, prior to the issuance or delivery of any shares of Common Stock or the payment of any cash pursuant to an award made hereunder, or upon the vesting of any award that is considered deferred compensation, payment by the holder of such award of any federal, state, local or other taxes which may be required to be withheld or paid in connection with such award. An Agreement may provide that (i) the Company shall withhold whole shares of Common Stock which would otherwise be delivered to a holder, having

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an aggregate Fair Market Value determined as of the date the obligation to withhold or pay taxes arises in connection with an award (the " Tax Date "), or withhold an amount of cash which would otherwise be payable to a holder, in the amount necessary to satisfy any such obligation or (ii) the holder may satisfy any such obligation by any of the following means: (A) a cash payment to the Company, (B) authorizing the Company to withhold whole shares of Common Stock which would otherwise be delivered having an aggregate Fair Market Value, determined as of the Tax Date, or withhold an amount of cash which would otherwise be payable to a holder, equal to the amount necessary to satisfy any such obligation, (C) in the case of the exercise of an option and except as may be prohibited by applicable law, a cash payment by a broker-dealer acceptable to the Company to whom the optionee has submitted an irrevocable notice of exercise or (D) any combination of (A) and (B), in each case to the extent set forth in the Agreement relating to the award. Shares of Common Stock to be delivered or withheld may not have an aggregate Fair Market Value in excess of the amount determined by applying the minimum statutory withholding rate. Any fraction of a share of Common Stock which would be required to satisfy such an obligation shall be disregarded and the remaining amount due shall be paid in cash by the holder.

5.6 **Restrictions on Shares** . Each award made hereunder shall be subject to the requirement that if at any time the Company determines that the listing, registration or qualification of the shares of Common Stock subject to such award upon any securities exchange or under any law, or the consent or approval of any governmental body, or the taking of any other action is necessary or desirable as a condition of, or in connection with, the delivery of shares thereunder, such shares shall not be delivered unless such listing, registration, qualification, consent, approval or other action shall have been effected or obtained, free of any conditions not acceptable to the Company. The Company may require that certificates evidencing shares of Common Stock delivered pursuant to any award made hereunder bear a legend indicating that the sale, transfer or other disposition thereof by the holder is prohibited except in compliance with the Securities Act of 1933, as amended, and the rules and regulations thereunder.

5.7 **Adjustment** . In the event any stock split, stock dividend, recapitalization, reorganization, merger, consolidation, combination, exchange of shares, liquidation, spin-off or other similar change in capitalization or event, or any distribution to holders of Common Stock (other than a regular cash dividend) occurs on or after the date this Plan is approved by the stockholders of the Company, the number and class of securities available for all awards under this Plan, the maximum number of securities with respect to which awards may be granted during any year to any one person, the maximum number of shares subject to awards granted during any year by the Chief Executive Officer, the number and class of securities subject to each outstanding option and the purchase price per security, and the terms of each outstanding SAR, Restricted Stock Award, Restricted Stock Unit Award, Performance Share Award and Performance Unit Award, including the number and class of securities subject thereto, shall be appropriately adjusted by the Committee, such adjustments to be made in the case of outstanding options and SARs without an increase in the aggregate purchase price or base price. The decision of the Committee regarding any such adjustment shall be final, binding and conclusive. If any such adjustment would result in a fractional security being (a) available under this Plan, such fractional security shall be disregarded, or (b) subject to an award under this Plan, the Company shall pay the holder of such award, in connection with the first vesting, exercise or settlement of such award, in whole or in part, occurring after such adjustment, an amount in cash determined by multiplying (i) the fraction of such security (rounded to the nearest hundredth) by (ii) the excess, if any, of (A) the Fair Market Value on the vesting, exercise or settlement date over (B) the exercise or base price, if any, of such award.

Appendix A

5.8 Corporate Transactions; Change in Control .

(a) If the Company shall be a party to a reorganization, merger, or consolidation or sale or other disposition of more than 50% of the operating assets of the Company (determined on a consolidated basis), other than in connection with a sale-leaseback or other arrangement resulting in the continued utilization of such assets (or the operating products of such assets) (a " Corporate Transaction "), the Board (as constituted prior to any Change in Control resulting from such Corporate Transaction) may, in its discretion:

(i) require that (A) some or all outstanding options and SARs shall immediately become exercisable in full or in part, (B) the Restriction Period applicable to some or all outstanding Restricted Stock Awards and Restricted Stock Unit Awards shall lapse in full or in part, (C) the Performance Period applicable to some or all outstanding Performance Share Awards and Performance Unit Awards shall lapse in full or in part, and (D) the Performance Measures applicable to some or all outstanding awards shall be deemed to be satisfied at the target or any other level not exceeding the maximum levels allowable under their respective terms;

(ii) require that shares of capital stock of the corporation resulting from such Corporate Transaction, or a parent corporation thereof, be substituted for some or all of the shares of Common Stock subject to an outstanding award, with an appropriate and equitable adjustment to such award as determined by the Board in accordance with Section 5.7; and/or

(iii) require outstanding awards, in whole or in part, to be surrendered to the Company by the holder, and to be immediately cancelled by the Company, and to provide for the holder to receive (A) a cash payment in an amount equal to (1) in the case of an option or an SAR, the number of shares of Common Stock then subject to the portion of such option or SAR surrendered, to the extent such option or SAR is then exercisable or becomes exercisable pursuant to clause (i), multiplied by the excess, if any, of the Fair Market Value of a share of Common Stock as of the date of the Corporate Transaction, over the purchase price or base price per share of Common Stock subject to such option or SAR, (2) in the case of a Stock Award, the number of shares of Common Stock then subject to the portion of such award surrendered, to the extent the Restriction Period and Performance Period, if any, on such Stock Award have lapsed or will lapse pursuant to clause (i) and to the extent that the Performance Measures, if any, have been satisfied or are deemed satisfied pursuant to clause (i), multiplied by the Fair Market Value of a share of Common Stock as of the date of the Corporate Transaction, and (3) in the case of a Performance Unit Award, the value of the Performance Units then subject to the portion of such award surrendered, to the extent the Performance Period applicable so such award has lapsed or will lapse pursuant to clause (i) and to the extent the Performance Measures applicable to such award have been satisfied or are deemed satisfied pursuant to clause (i); (B) shares of capital stock of the corporation resulting from such Corporate Transaction, or a parent corporation thereof, having a fair market value not less than the amount determined under clause (A) above; or (C) a combination of the payment of cash pursuant to clause (A) above and the issuance of shares pursuant to clause (B) above.

(b) For purposes of Sections 2.3(f) and 5.8(a), "Change in Control" shall mean, except as otherwise provided below, the first to occur of any of the following events:

(i) any SEC Person becomes the Beneficial Owner of 20% or more of the then outstanding common stock of the Company or of Voting Securities representing 20% or more of the combined voting power of all the then outstanding Voting Securities of the Company (such an SEC Person, a " 20% Owner "); provided, however, that for purposes of this subsection (i), the following acquisitions shall not constitute a Change in Control: (1) any acquisition directly from the Company (excluding any acquisition resulting from the exercise of an exercise, conversion or exchange privilege unless the security being so exercised, converted or exchanged was acquired directly from the Company), (2) any acquisition by the Company, (3) any acquisition by an

employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company (a " Company Plan "), or (4) any acquisition by any corporation pursuant to a transaction which complies with paragraphs (A), (B) and (C) of subsection (iii) of this definition; provided further, that for purposes of clause (2), if any 20% Owner of the Company other than the Company or any Company Plan becomes a 20% Owner by reason of an acquisition by the Company, and such 20% Owner of the Company shall, after such acquisition by the Company, become the Beneficial Owner of any additional outstanding common shares of the Company or any additional outstanding Voting Securities of the Company (other than pursuant to any dividend reinvestment plan or arrangement maintained by the Company) and such beneficial ownership is publicly announced, such additional beneficial ownership shall constitute a Change in Control; or

(ii) Individuals who, as of the effective date hereof, constitute the Board (the " Incumbent Board ") cease for any reason to constitute at least a majority of the Incumbent Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest (as such terms are used in Rule 14a-11 promulgated under the Exchange Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(iii) Consummation of a Corporate Transaction by the Company; excluding, however, a Corporate Transaction pursuant to which:

(A) all or substantially all of the individuals and entities who are the Beneficial Owners, respectively, of the outstanding common stock of Company and outstanding Voting Securities of the Company immediately prior to such Corporate Transaction beneficially own, directly or indirectly, more than 60% of, respectively, the then-outstanding shares of common stock and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Corporate Transaction (including, without limitation, a corporation which, as a result of such transaction, owns the Company or all or substantially all of the assets of the Company either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Corporate Transaction of the outstanding common stock of Company and outstanding Voting Securities of the Company, as the case may be;

(B) no SEC Person (other than the corporation resulting from such Corporate Transaction, and any Person which beneficially owned, immediately prior to such corporate Transaction, directly or indirectly, 20% or more of the outstanding common stock of the Company or the outstanding Voting Securities of the Company, as the case may be) becomes a 20% Owner, directly or indirectly, of the then-outstanding common stock of the corporation resulting from such Corporate Transaction or the combined voting power of the outstanding voting securities of such corporation; and

(C) individuals who were members of the Incumbent Board will constitute at least a majority of the members of the board of directors of the corporation resulting from such Corporate Transaction; or

(iv) Approval by the Company's shareholders of a plan of complete liquidation or dissolution of the Company, other than a plan of liquidation or dissolution which results in the acquisition of all or substantially all of the assets of the Company by an affiliated company.

Appendix A

Notwithstanding the occurrence of any of the foregoing events, a Change in Control shall not occur with respect to an award if, in advance of such event, the holder of such award agrees in writing that such event shall not constitute a Change in Control.

5.9 **Deferrals .** The Committee may determine that the delivery of shares of Common Stock or the payment of cash, or a combination thereof, upon the exercise or settlement of all or a portion of any award made hereunder shall be deferred, or the Committee may, in its sole discretion, approve deferral elections made by holders of awards. Deferrals shall be for such periods and upon such terms as shall be set forth in a deferral plan or program established by the Committee in its sole discretion in accordance with Section 409A of the Code.

5.10 **No Right of Participation or Employment** . Unless otherwise set forth in an employment agreement, no person shall have any right to participate in this Plan. Neither this Plan nor any award made hereunder shall confer upon any person any right to continued employment with the Company, any Subsidiary or any affiliate of the Company or affect in any manner the right of the Company, any Subsidiary or any affiliate of the Company to terminate the employment of any person at any time without liability hereunder.

5.11 **Rights as Stockholder** . No person shall have any right as a stockholder of the Company with respect to any shares of Common Stock or other equity security of the Company which is subject to an award hereunder unless and until such person becomes a stockholder of record with respect to such shares of Common Stock or equity security.

5.12 **Designation of Beneficiary** . A holder of an award may file with the Committee a written designation of one or more persons as such holder's beneficiary or beneficiaries (both primary and contingent) in the event of the holder's death or incapacity. To the extent an outstanding option or SAR granted hereunder is exercisable, such beneficiary or beneficiaries shall be entitled to exercise such option or SAR pursuant to procedures prescribed by the Committee.

Each beneficiary designation shall become effective only when filed in writing with the Committee during the holder's lifetime on a form prescribed by the Committee. The spouse of a married holder domiciled in a community property jurisdiction shall join in any designation of a beneficiary other than such spouse. The filing with the Committee of a new beneficiary designation shall cancel all previously filed beneficiary designations.

If a holder fails to designate a beneficiary, or if all designated beneficiaries of a holder predecease the holder, then each outstanding option and SAR hereunder held by such holder, to the extent exercisable, may be exercised by such holder's executor, administrator, legal representative or similar person.

5.13 **Governing Law** . This Plan, each award hereunder and the related Agreement, and all determinations made and actions taken pursuant thereto, to the extent not otherwise governed by the Code or the laws of the United States, shall be governed by the laws of the Commonwealth of Pennsylvania and construed in accordance therewith without giving effect to principles of conflicts of laws.

5.14 **Foreign Employees .** Without amending this Plan, the Committee may grant awards to eligible persons who are foreign nationals on such terms and conditions different from those specified in this Plan as may in the judgment of the Committee be necessary or desirable to foster and promote achievement of the purposes of this Plan and, in furtherance of such purposes the Committee may make such modifications, amendments, procedures, subplans and the like as may be necessary or advisable to comply with provisions of laws in other countries or jurisdictions in which the Company or its Subsidiaries operates or has employees.

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Exelon Corporation
P.O. Box 805398
Chicago, IL 60680-5398

exeloncorp.com

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EXELON CORPORATION
10 SOUTH DEARBORN STREET
P.O. BOX 805398
CHICAGO, IL 60680-5398

VOTE BY INTERNET - www.proxyvote.com
Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time on April 27, 2015. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS
If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

VOTE BY PHONE - 1-800-690-6903
Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time on April 27, 2015. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL
Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

M85192-P62030-Z65036 — KEEP THIS PORTION FOR YOUR RECORDS

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED. — DETACH AND RETURN THIS PORTION ONLY

EXELON CORPORATION

The board of directors recommends voting FOR Proposals 1 through 5 and AGAINST Proposal 6:

1. Election of Directors **Nominees:**	For	Against	Abstain
1a. Anthony K. Anderson	☐	☐	☐
1b. Ann C. Berzin	☐	☐	☐
1c. John A. Canning, Jr.	☐	☐	☐
1d. Christopher M. Crane	☐	☐	☐
1e. Yves C. de Balmann	☐	☐	☐
1f. Nicholas DeBenedictis	☐	☐	☐
1g. Paul L. Joskow	☐	☐	☐
1h. Robert J. Lawless	☐	☐	☐
1i. Richard W. Mies	☐	☐	☐
1j. William C. Richardson	☐	☐	☐
1k. John W. Rogers, Jr.	☐	☐	☐
1l. Mayo A. Shattuck III	☐	☐	☐
1m. Stephen D. Steinour	☐	☐	☐

	For	Against	Abstain
2. The Ratification of PricewaterhouseCoopers LLP as Exelon's independent Auditor for 2015.	☐	☐	☐
3. Advisory vote to approve executive compensation.	☐	☐	☐
4. Approve performance measures in the 2011 Long-Term Incentive Plan.	☐	☐	☐
5. Management proposal regarding proxy access.	☐	☐	☐
6. Shareholder proposal regarding proxy access.	☐	☐	☐

NOTE: Authority is also given to vote on all other matters that may properly come before the meeting or any adjournment thereof.

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name by authorized officer.

Signature (PLEASE SIGN WITHIN BOX) — Date

Signature (Joint Owners) — Date

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ADMISSION TICKET

To attend the annual meeting please detach and bring this ticket along with a valid photo ID and present them at the Shareholder Registration Table upon arrival. This ticket is not transferable.

No cameras, audio or video recording equipment, similar electronic devices, large bags, backpacks, briefcases or packages will be permitted in the meeting room or adjacent areas. Cell phones and similar wireless communication devices will be permitted in the meeting only if turned off. All items brought into the meeting will be subject to search.

NOTICE REGARDING INTERNET AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING

Exelon's Notice and Proxy Statement and Annual Report are available online at www.proxyvote.com. The electronic documents have been prepared to offer easy viewing and are completely searchable. The website will allow you to view the materials as you vote the shares. We believe that you will find this method of viewing Exelon's information and voting the shares more convenient.

We encourage you to vote the shares at www.proxyvote.com and then register for the electronic delivery of Exelon's proxy materials for 2016 and beyond.

IF YOU WISH TO ATTEND THE ANNUAL MEETING, DETACH AND BRING THIS ADMISSION TICKET ALONG WITH A PHOTO ID

M85193-P62030-Z65036

EXELON CORPORATION

2015 COMMON STOCK PROXY

This proxy is solicited on behalf of the Board of Directors for the Annual Meeting of Shareholders to be held on Tuesday, April 28, 2015 at 9:00 A.M. Central Time at Exelon Corporation Headquarters 10 S. Dearborn Street Chicago, Illinois

DARRYL M. BRADFORD and BRUCE G. WILSON, or either of them with power of substitution, are hereby appointed to vote as specified all shares of common stock which the shareholder(s) named on the proxy card is/are entitled to vote at the annual meeting described above or at any adjournment thereof, and in their sole discretion to vote upon all other matters that may be properly brought before the annual meeting. If the proxy card is signed and dated, but no votes are indicated, it will be voted as recommended by the Board of Directors.

The Northern Trust Company as trustee for the Exelon Employee Savings Plan, the Employee Savings Plan for Constellation Energy Nuclear Energy Group, LLC and the Represented Employee Savings Plan for Nine Mile Point, for which Hewitt Associates LLC is the plan record keeper, is hereby authorized to execute a proxy with the identical instructions for any shares of common stock held in this plan for the benefit of any shareholder(s) named on this card. For all shares for which no valid instruction is timely received, the trustee of the respective plan is instructed to vote the shares in the same proportion as the shares that were affirmatively voted by shareholders participating in the respective plan.

Continued and to be signed on reverse side

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As filed with the Securities and Exchange Commission on May 23, 2014

Registration Statement No. 333-
Registration Statement No. 333-
Registration Statement No. 333-
Registration Statement No. 333-
Registration Statement No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM S-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Exelon Corporation
(Exact name of registrant as specified in its charter)

Pennsylvania
(State or other jurisdiction of incorporation or organization)

23-2990190
(I.R.S. Employer Identification No.)

10 South Dearborn Street
P.O. Box 805379
Chicago, Illinois 60680-5379
312-394-7398
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Exelon Generation Company, LLC
(Exact name of registrant as specified in its charter)

Pennsylvania
(State or other jurisdiction of incorporation or organization)

23-3064219
(I.R.S. Employer Identification No.)

300 Exelon Way
Kennett Square, Pennsylvania 19348
610-765-5959

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Commonwealth Edison Company
(Exact name of registrant as specified in its Charter)

Illinois
(State or other jurisdiction of incorporation or organization)

36-0938600
(I.R.S. Employer Identification No.)

440 South LaSalle Street
Suite 3300
Chicago, Illinois 60605–1028
312-394-4321

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

PECO Energy Company
(Exact name of registrant as specified in its charter)

Pennsylvania
(State or other jurisdiction of incorporation or organization)

23-0970240
(I.R.S. Employer Identification No.)

2301 Market Street
Philadelphia, PA 19101
215-841-4000

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Baltimore Gas and Electric Company
(Exact name of registrant as specified in its Charter)

Maryland
(State or other jurisdiction of incorporation or organization)

52-0280210
(I.R.S. Employer Identification No.)

2 Center Plaza, 110 West Fayette Street,
Baltimore, Maryland 21201
410-234-5000

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Jonathan W. Thayer
Executive Vice President and Chief Financial Officer
Exelon Corporation
10 South Dearborn Street
P.O. Box 805379
Chicago, Illinois 60603
312-394-7398
http://www.exeloncorp.com

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(Name, address, including zip code, and telephone number, including area code, of agent for service for each registrant)

With copies to:

Bruce G. Wilson, Esquire
Senior Vice President and Deputy General Counsel
Exelon Corporation
10 South Dearborn Street
P.O. Box 805379
Chicago, Illinois 60603
312-394-7398

Patrick R. Gillard, Esquire
Ballard Spahr LLP
1735 Market Street, 51 st Floor
Philadelphia, Pennsylvania 19103
215-665-8500

Approximate date of commencement of proposed sale to public : From time to time after the Registration Statement becomes effective, as determined by market and other conditions.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. ☐

If any of the securities being registered on this Form are being offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. ☒

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering. ☐

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, please check the following box. ☒

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

	Large Accelerated	Accelerated	Non-Accelerated	Small Reporting Company
Exelon Corporation	☒			
Exelon Generation Company, LLC			☒	
Commonwealth Edison Company			☒	
PECO Energy Company			☒	
Baltimore Gas and Electric Company			☒	

Calculation of Registration Fee

Title of each class of securities to be registered	Amount to be registered/ Proposed maximum offering price per unit/ Amount of registration fee
Exelon Corporation senior debt securities	(1)
Exelon Corporation subordinated debt securities	(1)
Exelon Corporation common stock	(1)
Exelon Corporation stock purchase contracts	(1)
Exelon Corporation stock purchase units(2)	(1)
Exelon Corporation preferred stock	(1)
Exelon Corporation depositary shares	(1)
Exelon Generation Company, LLC senior debt securities	(1)
Exelon Generation Company, LLC preferred securities	(1)
Commonwealth Edison Company first mortgage bonds	(1)
Commonwealth Edison Company notes	(1)
PECO Energy Company first and refunding mortgage bonds	(1)
PECO Energy Company preferred stock	(1)
Baltimore Gas and Electric Company unsecured debt securities	(1)
Baltimore Gas and Electric Company senior secured bonds	(1)
Baltimore Gas and Electric Company preferred stock	(1)
Total	(1)

(1) There are being registered hereunder such presently indeterminate principal amount or number of (a) senior debt securities, subordinated debt securities, shares of common stock, stock purchase contracts, stock purchase units, shares of preferred stock and depositary shares, which may be sold from time to time by Exelon Corporation, (b) senior debt securities and preferred securities, which may be sold from time to time by Exelon Generation Company, LLC, (c) first mortgage bonds and notes, which may be sold from time to time by Commonwealth Edison Company, (d) shares of preferred stock and first and refunding mortgage bonds, which may be sold from time to time by PECO Energy Company and (e) unsecured debt securities, senior secured bonds and preferred stock, which may be sold from time to time by Baltimore Gas and Electric Company. In accordance with Rules 456(b) and 457(r), the registrants are each deferring payment of all of the registration fee.

(2) Each stock purchase unit consists of (a) a stock purchase contract under which the holder upon settlement will purchase an indeterminate number of shares of Exelon Corporation common stock and (b) debt obligations or preferred stock of Exelon Corporation registered under this registration statement.

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PROSPECTUS

EXELON CORPORATION

Senior Debt Securities
Subordinated Debt Securities
Common Stock
Stock Purchase Contracts
Stock Purchase Units
Preferred Stock
Depositary Shares

EXELON GENERATION COMPANY, LLC

Senior Debt Securities
Preferred Securities

COMMONWEALTH EDISON COMPANY

First Mortgage Bonds
Notes

PECO ENERGY COMPANY

First and Refunding Mortgage Bonds
Preferred Stock

BALTIMORE GAS AND ELECTRIC COMPANY

Unsecured Debt Securities
Senior Secured Bonds
Preferred Stock

Exelon Corporation (Exelon) may use this prospectus to offer and sell from time to time:

- senior debt securities;
- subordinated debt securities;
- common stock;
- stock purchase contracts;
- stock purchase units;
- preferred stock in one or more series;
- depositary shares.

Exelon Generation Company, LLC (Generation) may use this prospectus to offer and sell from time to time:

- senior debt securities; and
- preferred limited liability company interests in one or more series.

Commonwealth Edison Company (ComEd) may use this prospectus to offer and sell from time to time:

- first mortgage bonds; and
- unsecured notes.

PECO Energy Company (PECO) may use this prospectus to offer and sell from time to time:

- first and refunding mortgage bonds; and
- preferred stock in one or more series

Baltimore Gas and Electric Company (BGE) may use this prospectus to offer and sell from time to time:

- unsecured debt securities;
- senior secured bonds; and
- preferred stock in one or more series.

Exelon, Generation, ComEd, PECO and BGE sometimes refer to the securities listed above as the "Securities."

Exelon, Generation, ComEd, PECO and BGE will provide the specific terms of the Securities in supplements to this prospectus prepared in connection with each offering. Please read this prospectus and the applicable prospectus supplement carefully before you invest. This prospectus may not be used to consummate sales of the offered Securities unless accompanied by a prospectus supplement.

Exelon's common shares are listed on the New York Stock Exchange, under the symbol "EXC."

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Please see " Risk Factors " beginning on page 2 for a discussion of factors you should consider in connection with a purchase of the Securities offered in this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Securities or determined if this prospectus is truthful

or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is May 23, 2014.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that Exelon, Generation, ComEd, PECO and BGE have each filed with the Securities and Exchange Commission (SEC) using a "shelf" registration process. Under this shelf registration process, each of us may, from time to time, sell our Securities described in this prospectus in one or more offerings. Each time Exelon, Generation, ComEd, PECO or BGE (each, a registrant) sells Securities, the registrant will provide a prospectus supplement that will contain a description of the Securities the registrant will offer and specific information about the terms of the offering. The prospectus supplement may also add, update or change information contained in this prospectus. If there is any inconsistency between the information in this prospectus and the prospectus supplement, you should rely on the prospectus supplement. You should read both this prospectus and any prospectus supplement together with additional information described under "Where You Can Find More Information."

Information contained herein relating to each registrant is filed separately by such registrant on its own behalf. No registrant makes any representation as to information relating to any other registrant or Securities issued by any other registrant.

As used in this prospectus, the terms "we," "our" and "us" generally refer to:

- Exelon with respect to Securities issued by Exelon.
- Generation with respect to Securities issued by Generation.
- ComEd with respect to Securities issued by ComEd.
- PECO with respect to Securities issued by PECO.
- BGE with respect to Securities issued by BGE.

None of the registrants will guarantee or provide other credit or funding support for the Securities to be offered by another registrant pursuant to this prospectus.

We are not offering the Securities in any state where the offer is not permitted.

For more detailed information about the Securities, you should read the exhibits to the registration statement. Those exhibits have either been filed with the registration statement or incorporated by reference to earlier SEC filings listed in the registration statement.

You should rely only on information contained in this prospectus and which is incorporated by reference or the documents to which we have referred you. We have not authorized anyone to provide you with information that is different. This prospectus and related prospectus supplement may be used only where it is legal to sell these securities. The information in this prospectus and any prospectus supplement may only be accurate on the date of this document. The business of the registrant, financial condition, results of operations and prospects may have changed since that date.

Please see "Risk Factors" beginning on page 2 for a discussion of factors you should consider in connection with a purchase of the Securities offered in this prospectus.

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FORWARD-LOOKING STATEMENTS

This prospectus and the documents incorporated or deemed incorporated by reference as described under the heading “Where You Can Find More Information” contain forward-looking statements that are not based entirely on historical facts and are subject to risks and uncertainties. Words such as “believes,” “anticipates,” “expects,” “intends,” “plans,” “predicts” and “estimates” and similar expressions are intended to identify forward-looking statements but are not the only means to identify those statements. These forward-looking statements are based on assumptions, expectations and assessments made by our management in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe to be appropriate. Any forward-looking statements are not guarantees of our future performance and are subject to risks and uncertainties.

This presentation contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which are subject to risks and uncertainties. The factors that could cause actual results to differ materially from the forward-looking statements made by the registrants include those factors discussed herein, as well as the items discussed in (1) each registrant’s 2013 Annual Report on Form 10-K in (a) ITEM 1A. Risk Factors, (b) ITEM 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations and (c) ITEM 8. Financial Statements and Supplementary Data: Note 22; and (2) other factors discussed herein and in other filings with the SEC by Exelon, Generation, ComEd, PECO and BGE, as applicable.

You are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date on the front of this prospectus or, as the case may be, as of the date on which we make any subsequent forward-looking statement that is deemed incorporated by reference. We do not undertake any obligation to update or revise any forward-looking statement to reflect events or circumstances after the date as of which any such forward-looking statement is made.

RISK FACTORS

Investing in the Securities involves various risks. You are urged to read and consider the risk factors described in the combined Annual Reports on Form 10-K of Exelon, Generation, ComEd, PECO, and BGE, as applicable, for the year ended December 31, 2013, filed with the SEC on February 13, 2014. Before making an investment decision, you should carefully consider these risks as well as other information we include or incorporate by reference in this prospectus. The prospectus supplement applicable to each type or series of Securities offered by one of the registrants will contain a discussion of additional risks applicable to an investment in such registrant and the particular type of Securities the registrant is offering under that prospectus supplement.

EXELON CORPORATION

Exelon, incorporated in Pennsylvania in February 1999, is a utility services holding company engaged, through Generation, in the energy generation business, and through ComEd, PECO and BGE, in the energy delivery businesses. Exelon’s principal executive offices are located at 10 South Dearborn Street, Chicago, Illinois 60603, and its telephone number is 312-394-7398.

EXELON GENERATION COMPANY, LLC

Generation’s integrated business consists of its owned and contracted electric generating facilities and investments in generation ventures that are marketed through its leading customer-facing activities. These customer-facing activities include, wholesale energy marketing operations and its competitive retail customer

supply of electric and natural gas products and services, including renewable energy products, risk management services and natural gas exploration and production activities. Generation has six reportable segments consisting of the Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Regions.

Generation was formed in 2000 as a Pennsylvania limited liability company. Generation began operations as a result of a corporate restructuring, effective January 1, 2001, in which Exelon separated its generation and other competitive businesses from its regulated energy delivery businesses at ComEd and PECO. Generation's principal executive offices are located at 300 Exelon Way, Kennett Square, Pennsylvania 19348, and its telephone number is 610-765-5959.

COMMONWEALTH EDISON COMPANY

ComEd's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in northern Illinois, including the City of Chicago.

ComEd was organized in the State of Illinois in 1913 as a result of the merger of Cosmopolitan Electric Company into the original corporation named Commonwealth Edison Company, which was incorporated in 1907. ComEd's principal executive offices are located at 440 South LaSalle Street, Chicago, Illinois 60605, and its telephone number is 312-394-4321.

PECO ENERGY COMPANY

PECO's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in southeastern Pennsylvania, including the City of Philadelphia, as well as the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services to retail customers in the Pennsylvania counties surrounding the City of Philadelphia.

PECO was incorporated in Pennsylvania in 1929. PECO's principal executive offices are located at 2301 Market Street, Philadelphia, Pennsylvania 19103, and its telephone number is 215-841-4000.

BALTIMORE GAS AND ELECTRIC COMPANY

BGE's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in central Maryland, including the City of Baltimore, as well as the purchase and regulated retail sale of natural gas and the provision of gas distribution services to retail customers in central Maryland, including the City of Baltimore.

BGE was incorporated in Maryland in 1906. BGE's principal executive offices are located at 110 West Fayette Street, Baltimore, Maryland 21201, and its telephone number is 410-234-5000.

USE OF PROCEEDS

Except as otherwise indicated in the applicable prospectus supplement, each registrant expects to use the net proceeds from the sale of the Securities for general corporate purposes, including to discharge or refund (by redemption, by purchase on the open market, by purchase in private transactions, by tender offer or otherwise) outstanding long-term debt. Each registrant will describe in the applicable prospectus supplement any specific allocation of the proceeds to a particular purpose that the registrant has made at the date of that prospectus

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supplement. Please refer to our annual and quarterly reports incorporated by reference into this prospectus and any prospectus supplement for information concerning each registrant's outstanding long-term debt. See "Where You Can Find More Information."

RATIO OF EARNINGS TO FIXED CHARGES AND RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERENCE SECURITY DIVIDENDS

Exelon

The following are Exelon's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	5.4	4.9	4.9	2.3	2.6	1.1

The following are Exelon's consolidated ratios of earnings to combined fixed charges and preference stock dividends for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to combined fixed charges and preference stock dividends	5.4	4.8	4.9	2.3	2.5	1.1

Generation

The following are Generation's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	10.4	8.5	7.3	2.6	3.3	(a)

(a) The ratio coverage was less than 1:1. Generation required additional earnings of $380 million in order to achieve a coverage ratio of 1:1.

Generation had no preference securities outstanding during the periods indicated; therefore, the ratio of earnings to combined fixed charges and preference security dividends is the same as the ratio of earnings to fixed charges for Generation.

ComEd

The following are ComEd's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	2.9	2.8	3.0	3.0	1.7	3.0

ComEd had no preference securities outstanding during the periods indicated; therefore, the ratio of earnings to combined fixed charges and preference security dividends is the same as the ratio of earnings to fixed charges for ComEd.

PECO

The following are PECO's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	3.7	3.3	4.7	4.9	5.6	5.1

The following are PECO's consolidated ratios of earnings to combined fixed charges and preference security dividends for each of the periods indicated:

	Years Ended December 31,				
	2009	2010	2011	2012	2013
Ratio of earnings to combined fixed charges and preferred stock dividends	3.6	3.2	4.5	4.7	5.2

On May 1, 2013, PECO redeemed all of its outstanding preferred securities; therefore, the ratio of earnings to combined fixed charges and preferred stock dividends is the same as the ratio of earnings to fixed charges for PECO for the three months ended March 31, 2014.

BGE

The following are BGE's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	2.0	2.7	2.4	1.0	3.6	5.8

The following are BGE's consolidated ratios of earnings to combined fixed charges and preference stock dividends for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to combined fixed charges and preference stock dividends	1.7	2.4	2.1	(a)	3.1	5.0

(a) The ratio coverage was less than 1:1. BGE required additional earnings of $14 million in order to achieve a coverage ratio of 1:1.

DESCRIPTION OF SECURITIES

Each time one of the registrants sells securities, it will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with additional information described under "Where You Can Find More Information."

PLAN OF DISTRIBUTION

We may sell the Securities offered (a) through agents; (b) by underwriters or dealers; (c) directly to one or more purchasers; or (d) through a combination of any of these methods of sale.

In some cases we may also repurchase the Securities and reoffer them to the public by one or more of the methods described above.

This prospectus may be used in connection with any offering of securities through any of these methods or other methods described in the applicable prospectus supplement.

Any underwriter or agent involved in the offer and sale of the Securities will be named in the applicable prospectus supplement.

By Agents

Offered securities may be sold on a one time or a continuing basis by agents designated by the applicable registrant. The agents will use their reasonable efforts to solicit purchases for the period of their appointment under the terms of an agency agreement between the agents and the applicable issuer.

By Underwriters or Dealers

If underwriters are used in the sale, the underwriters may be designated by the applicable registrant or selected through a bidding process. The securities will be acquired by the underwriters for their own account. The underwriters may resell the Securities in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. Underwriters may sell the Securities to or through dealers, and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or commissions from the purchasers for whom they may act as agents. The obligations of the underwriters to purchase the Securities will be subject to certain conditions. The underwriters will be obligated to purchase all the Securities of the series offered if any of the securities are purchased. Any initial public offering price and any discounts or concessions allowed or re-allowed or paid to dealers may be changed from time to time.

Only underwriters named in the applicable prospectus supplement are deemed to be underwriters in connection with the Securities offered hereby.

If dealers are utilized in the sale of the Securities, the applicable registrant will sell the Securities to the dealers as principals. The dealers may then resell the Securities to the public at varying prices to be determined by such dealers at the time of resale. The names of the dealers and the terms of the transaction will be set forth in the applicable prospectus supplement.

Direct Sales

We may also sell Securities directly to the public. In this case, no underwriters or agents would be involved.

General Information

We may authorize agents, underwriters or dealers to solicit offers by certain institutions to purchase Securities from us at the public offering price pursuant to delayed delivery contracts providing for payment and delivery on a later date or dates, all as described in the applicable prospectus supplement. Each delayed delivery contract will be for an amount not less than, and the aggregate amount of the Securities shall be not less nor more than, the respective amounts stated in the applicable prospectus supplement. Such institutions may include commercial and savings banks, insurance companies, pension funds, investment companies, educational and charitable institutions, and other institutions, but will in all cases be subject to our approval. The delayed delivery contracts will not be subject to any conditions except:

- the purchase by an institution of the Securities covered by its delayed delivery contract shall not, at any time of delivery, be prohibited under the laws of any jurisdiction in the United States to which such delayed delivery contract is subject; and

- if the Securities are being sold to underwriters, we shall have sold to those underwriters the total amount of the Securities less the amount thereof covered by the delayed delivery contracts. The underwriters will not have any responsibility in respect of the validity or performance of the delayed delivery contracts.

Unless otherwise specified in the related prospectus supplement, each series of the Securities will be a new issue with no established trading market, other than the common stock. Any common stock sold pursuant to a prospectus supplement or issuable upon conversion of another offered Security will be listed on the New York Stock Exchange, subject to official notice of issuance. We may elect to list any of the other securities on an exchange, but are not obligated to do so. It is possible that one or more underwriters may make a market in a series of the Securities, but no underwriter will be obligated to do so and any underwriter may discontinue any market making at any time without notice. We cannot predict the activity of trading in, or liquidity of, our Securities.

In connection with sales by an agent or in an underwritten offering, the SEC rules permit the underwriters or agents to engage in transactions that stabilize the price of the Securities. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters or agents of a greater number of securities than they are required to purchase in an offering. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Securities while an offering is in progress.

The underwriters also may impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the underwriters have repurchased Securities sold by or for the account of that underwriter in stabilizing or short-covering transactions.

These activities by the underwriters may stabilize, maintain or otherwise affect the market price of the Securities. As a result, the price of the Securities may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the underwriters at any time. These transactions may be effected on an exchange or automated quotation system, if the Securities are listed on that exchange or admitted for trading on that automated quotation system, in the over-the-counter market or otherwise.

We may from time to time, without the consent of the existing Security holders, create and issue further Securities having the same terms and conditions as the Securities being offered hereby in all respects, except for issue date, issue price and if applicable, the first payment of interest or dividends therein or other terms as noted in the applicable prospectus supplement. Additional Securities issued in this manner will be consolidated with, and will form a single series with, the previously outstanding securities.

Underwriters, dealers and agents that participate in the distribution of the Securities may be underwriters as defined in the Securities Act of 1933, and any discounts or commissions received by them from us and any profit on the resale of the Securities by them may be treated as underwriting discounts and commissions under the Securities Act.

We may have agreements with the underwriters, dealers and agents to indemnify them against certain civil liabilities, including liabilities under the Securities Act of 1933, or to contribute with respect to payments which the underwriters, dealers or agents may be required to make.

Underwriters, dealers and agents may engage in transactions with, or perform services for, us or our subsidiaries or affiliates in the ordinary course of their businesses.

LEGAL MATTERS

Ballard Spahr LLP, Philadelphia, Pennsylvania, will render an opinion as to the validity of the Securities for us.

Winston & Strawn LLP, Chicago, Illinois, will render an opinion as to the validity of the Securities for any underwriters, dealers, purchasers or agents. Winston & Strawn LLP provides legal services to Exelon and its subsidiaries from time to time.

EXPERTS

The financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) of Exelon, Generation, ComEd, PECO and BGE incorporated in this prospectus by reference to the combined Annual Reports on Form 10-K for the year ended December 31, 2013 have been so incorporated in reliance on the reports of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

Exelon, Generation, ComEd, PECO and BGE each file reports and other information with the SEC. The public may read and copy any reports or other information that we file with the SEC at the SEC's public reference room, 100 F Street, N.E., Room 1580, Washington, D.C. 20549. The public may obtain information on the operation of the public reference room by calling the SEC at 1-800-SEC-0330. These documents are also available to the public from commercial document retrieval services and at the web site maintained by the SEC at http://www.sec.gov. Reports, proxy statements and other information concerning Exelon may also be inspected at the offices of the New York Stock Exchange, which is located at 20 Broad Street, New York, New York 10005. You may also obtain a copy of the registration statement at no cost by writing us at the following address:

Exelon Corporation
Attn: Investor Relations
10 South Dearborn Street—52 nd Floor
P.O. Box 805398
Chicago, IL 60680-5398

This prospectus is one part of a registration statement filed on Form S-3 with the SEC under the Securities Act of 1933, as amended, known as the Securities Act. This prospectus does not contain all of the information set forth in the registration statement and the exhibits and schedules to the registration statement. For further information concerning us and the Securities, you should read the entire registration statement, including this prospectus and any related prospectus supplements, and the additional information described under the sub-heading "Documents Incorporated By Reference" below. The registration statement has been filed electronically and may be obtained in any manner listed above. Any statements contained herein concerning the provisions of any document are not necessarily complete, and, in each instance, reference is made to the copy of such document filed as an exhibit to the registration statement or otherwise filed with the SEC. Each such statement is qualified in its entirety by such reference.

Information about us is also available on Exelon's web site at http://www.exeloncorp.com. The information on Exelon's web site is not incorporated into this prospectus by reference, and you should not consider it a part of this prospectus.

DOCUMENTS INCORPORATED BY REFERENCE

The SEC allows us to "incorporate by reference" information that we file with the SEC, which means that we can disclose important information to you by referring you to the documents we file with the SEC. The information incorporated by reference is an important part of this prospectus, and information that we file later with the SEC will automatically update and supersede this information. This incorporation by reference does not include documents that are furnished but not filed with the SEC. We incorporate by reference the documents listed below and any future documents that we file with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (known as the Exchange Act) but prior to the termination of any offering of securities made by this prospectus:

Exelon Corporation (Exchange Act File No. 1-16169)

- Exelon's Annual Report on Form 10-K for the year ended December 31, 2013;
- Exelon's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014;
- The description of Exelon's common stock contained in the registration statement on Form 8-A filed under the Securities Exchange Act of 1934, as amended, including any amendment thereto or report filed for the purpose of updating such description; and
- Exelon's Current Reports on Form 8-K filed with the SEC on February 12, 2014, February 13, 2014, February 28, 2014, April 1, 2014, April 30, 2014 and May 7, 2014.

Exelon Generation Company, LLC (Exchange Act File No. 333-85496)

- Generation's Annual Report on Form 10-K for the year ended December 31, 2013;
- Generation's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014; and
- Generation's Current Reports on Form 8-K filed with the SEC on February 12, 2014 and April 1, 2014.

Commonwealth Edison Company (Exchange Act File No. 1-1839)

- ComEd's Annual Report on Form 10-K for the year ended December 31, 2013;
- ComEd's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014; and
- ComEd's Current Reports on Form 8-K filed with the SEC on January 10, 2014 and February 28, 2014.

PECO Energy Company (Exchange Act File No. 000-16844)

- PECO's Annual Report on Form 10-K for the year ended December 31, 2013; and
- PECO's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014.

Baltimore Gas and Electric Company (Exchange Act File No. 1-1910)

- BGE's Annual Report on Form 10-K for the year ended December 31, 2013;
- BGE's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014; and
- BGE's Current Reports on Form 8-K filed with the SEC on February 13, 2014 and May 16, 2014.

Upon written or oral request, we will provide without charge to each person, including any beneficial owner, to whom this prospectus is delivered, a copy of any or all of such documents which are incorporated herein by reference (other than exhibits to such documents unless such exhibits are specifically incorporated by reference

into the documents that this prospectus incorporates). Written or oral requests for copies should be directed to Exelon Corporation, Attn: Investor Relations, 10 South Dearborn Street, 52 nd Floor, P.O. Box 805398, Chicago, IL 60680-5398, 312-394-2345.

Any statement contained in this prospectus, or in a document all or a portion of which is incorporated by reference, shall be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus, any supplement or any document incorporated by reference modifies or supersedes such statement. Any such statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this prospectus.

All reports and other documents subsequently filed by us pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act, prior to the filing of a post-effective amendment, which indicates that all of a class of securities offered hereby have been sold or which deregisters all of a class of securities then remaining unsold, shall be deemed incorporated by reference herein and to be a part hereof from the date of filing of such documents.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The expenses in connection with the issuance and distribution of the Securities are set forth in the following table. All amounts except the SEC registration fee are estimated.

SEC registration fee	$	*
Listing fees and expenses	$	**
Accounting fees and expenses	$	**
Printing and engraving expenses	$	**
Legal fees and expenses	$	**
Trustee fees	$	**
Miscellaneous	$	**
Total	$	**

* To be deferred pursuant to Rule 456(b) and calculated in connection with the offering of securities under this registration statement pursuant to Rule 457(r).

** Estimated expenses not presently known. Each prospectus supplement will reflect estimated expenses based on the amount of the related offering.

ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Exelon Corporation

Chapter 17, Subchapter D of the Pennsylvania Business Corporation Law of 1988, as amended (the PBCL), contains provisions permitting indemnification of officers and directors of a business corporation incorporated in Pennsylvania. Sections 1741 and 1742 of the PBCL provide that a business corporation may indemnify directors and officers against liabilities and expenses he or she may incur in connection with a threatened, pending or completed civil, administrative or investigative proceeding by reason of the fact that he or she is or was a representative of the corporation or was serving at the request of the corporation as a representative of another enterprise, provided that the particular person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the corporation, and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful. In general, the power to indemnify under these sections does not exist in the case of actions against a director or officer by or in the right of the corporation if the person otherwise entitled to indemnification shall have been adjudged to be liable to the corporation, unless it is judicially determined that, despite the adjudication of liability but in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnification for the expenses the court deems proper. Section 1743 of the PBCL provides that the corporation is required to indemnify directors and officers against expenses they may incur in defending these actions if they are successful on the merits or otherwise in the defense of such actions.

Section 1746 of the PBCL provides that indemnification under the other sections of Subchapter D is not exclusive of other rights that a person seeking indemnification may have under any by-law, agreement, vote of shareholders or disinterested directors or otherwise, whether or not the corporation would have the power to indemnify the person under any other provision of law. However, Section 1746 prohibits indemnification in circumstances where the act or failure to act giving rise to the claim for indemnification is determined by a court to have constituted willful misconduct or recklessness.

Section 1747 of the PBCL permits a corporation to purchase and maintain insurance on behalf of any person who is or was a director or officer of the corporation, or is or was serving at the request of the corporation as a representative of another enterprise, against any liability asserted against such person and incurred by him or her

in that capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify the person against such liability under Subchapter D.

Exelon's Bylaws provide that it is obligated to indemnify directors and officers and other persons designated by the board of directors against any liability, including any damage, judgment, amount paid in settlement, fine, penalty, cost or expense (including, without limitation, attorneys' fees and disbursements) including in connection with any proceeding. Exelon's Bylaws provide that no indemnification shall be made where the act or failure to act giving rise to the claim for indemnification is determined by arbitration or otherwise to have constituted willful misconduct or recklessness or attributable to receipt from Exelon of a personal benefit to which the recipient is not legally entitled.

As permitted by PBCL Section 1713, Exelon's Bylaws provide that directors generally will not be liable for monetary damages in any action, whether brought by shareholders directly or in the right of Exelon or by third parties, unless they fail in the good faith performance of their duties as fiduciaries (the standard of care established by the PBCL), and such failure constitutes self-dealing, willful misconduct or recklessness.

Exelon has entered into indemnification agreements with each of its directors. Exelon also currently maintains liability insurance for its directors and officers. In addition, the directors, officers and employees of Exelon are insured under policies of insurance, within the limits and subject to the limitations of the policies, against claims made against them for acts in the discharge of their duties, and Exelon is insured to the extent that it is required or permitted by law to indemnify the directors, officers and employees for such loss. The premiums for such insurance are paid by Exelon.

Exelon Generation Company, LLC

Section 4.6 of Generation's operating agreement provides, as follows:

The Member shall, and any officer, employee or agent of the Company may in the Member's absolute discretion, be indemnified by the Company to the fullest extent permitted by Section 8945 of the Pennsylvania Limited Liability Company Law of 1994 and as may be otherwise permitted by applicable law.

Section 8945 of the Pennsylvania Limited Liability Company Law of 1994 provides that:

8945. Indemnification.

(a) General rule. Subject to such standards and restrictions, if any, as are set forth in the operating agreement, a limited liability company may and shall have the power to indemnify and hold harmless any member or manager or other person from and against any and all claims and demands whatsoever.

(b) When indemnification is not to be made. Indemnification under subsection (a) shall not be made in any case where the act giving rise to the claim for indemnification is determined by a court to have constituted willful misconduct or recklessness. The certificate of organization or operating agreement may not provide for indemnification in the case of willful misconduct or recklessness.

(c) Grounds. Indemnification under subsection (a) may be granted for any action taken and may be made whether or not the company would have the power to indemnify the person under any other provision of law except as provided in this section and whether or not the indemnified liability arises or arose from any threatened, pending or completed action by or in the right of the company. Such indemnification is declared to be consistent with the public policy of this Commonwealth.

(d) Payment of expenses. Expenses incurred by a member, manager or other person in defending any action or proceeding against which indemnification may be made under this section may be paid by the company in advance of the final disposition of such action or proceeding upon receipt of an undertaking by or on behalf of such person to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the company.

(e) Rights to indemnification. The indemnification and advancement of expenses provided by or granted under this section shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to serve in the capacity as to which he was indemnified and shall inure to the benefit of the heirs, executors and administrators of such person.

(f) Mandatory indemnification. Without regard to whether indemnification or advancement of expenses is provided under subsections (a) and (d), a limited liability company shall be subject to section 8331(2) (relating to rules determining rights and duties of partners) and both the members and the managers, if any, shall be deemed to be general partners for purposes of applying that section.

In addition, the officers and employees of Generation are insured under policies of insurance, within the limits and subject to the limitations of the policies, against claims made against them for acts in the discharge of their duties, and the registrant is insured to the extent that it is required or permitted by law to indemnify the officers and employees for such loss. The premiums for such insurance are paid by Generation.

Commonwealth Edison Company

Certain provisions of the Illinois Business Corporation Act of 1983, as amended (the BCA), provide that ComEd may, and in some circumstances must, indemnify the directors and officers of ComEd and of each subsidiary company against liabilities and expenses incurred by such person by reason of the fact that such person was serving in such capacity, subject to certain limitations and conditions set forth in the statute. ComEd's Restated Articles of Incorporation and Amended and Restated By—Laws provide that ComEd will indemnify its directors and officers and any other person serving as director, officer, employee or agent of another business entity at ComEd's request, to the extent permitted by the statute. In addition, ComEd's Restated Articles of Incorporation provide, as permitted by the BCA, that directors shall not be personally liable for monetary damages for breach of fiduciary duty as a director, except (i) for breaches of their duty of loyalty to ComEd or its shareholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 8.65 of the BCA, and (iv) for transactions from which a director derived an improper personal benefit.

ComEd has entered into indemnification agreements with each of its directors. ComEd also maintains liability insurance policies which indemnify ComEd's directors and officers, the directors and officers of subsidiaries of ComEd, and the trustees of the Commonwealth Edison Company Service Annuity Fund and the Commonwealth Edison Company of Indiana, Inc. Service Annuity Fund, against loss arising from claims by reason of their legal liability for acts as such directors, officers or trustees, subject to limitations and conditions as set forth in the policies.

PECO Energy Company

As noted above, the PBCL, contains provisions permitting indemnification of officers and directors of a business corporation incorporated in Pennsylvania. Sections 1741 and 1742 of the PBCL provide that a business corporation may indemnify directors and officers against liabilities and expenses he or she may incur in connection with a threatened, pending or completed civil, administrative or investigative proceeding by reason of the fact that he or she is or was a representative of the corporation or was serving at the request of the corporation as a representative of another enterprise, provided that the particular person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the corporation, and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful. In general, the power to indemnify under these sections does not exist in the case of actions against a director or officer by or in the right of the corporation if the person otherwise entitled to indemnification shall have been adjudged to be liable to the corporation, unless it is judicially determined that, despite the adjudication of liability but in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnification for the expenses the court deems proper. Section 1743 of the PBCL provides that the corporation is required to indemnify

directors and officers against expenses they may incur in defending these actions if they are successful on the merits or otherwise in the defense of such actions.

Section 1746 of the PBCL provides that indemnification under the other sections of Subchapter D is not exclusive of other rights that a person seeking indemnification may have under any by-law, agreement, vote of shareholders or disinterested directors or otherwise, whether or not the corporation would have the power to indemnify the person under any other provision of law. However, Section 1746 prohibits indemnification in circumstances where the act or failure to act giving rise to the claim for indemnification is determined by a court to have constituted willful misconduct or recklessness.

Section 1747 of the PBCL permits a corporation to purchase and maintain insurance on behalf of any person who is or was a director or officer of the corporation, or is or was serving at the request of the corporation as a representative of another enterprise, against any liability asserted against such person and incurred by him or her in that capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify the person against such liability under Subchapter D.

PECO's Bylaws provide that it is obligated to indemnify directors and officers and other persons designated by the board of directors against any liability, including any damage, judgment, amount paid in settlement, fine, penalty, cost or expense (including, without limitation, attorneys' fees and disbursements) including in connection with any proceeding. PECO's Bylaws provide that no indemnification shall be made where the act or failure to act giving rise to the claim for indemnification is determined by arbitration or otherwise to have constituted willful misconduct or recklessness or attributable to receipt from PECO of a personal benefit to which the recipient is not legally entitled.

As permitted by PBCL Section 1713, PECO's Bylaws provide that directors generally will not be liable for monetary damages in any action, whether brought by shareholders directly or in the right of PECO or by third parties, unless they fail in the good faith performance of their duties as fiduciaries (the standard of care established by the PBCL), and such failure constitutes self-dealing, willful misconduct or recklessness.

PECO has entered into indemnification agreements with each of its directors. PECO also currently maintains liability insurance for its directors and officers. In addition, the directors, officers and employees of PECO are insured under policies of insurance, within the limits and subject to the limitations of the policies, against claims made against them for acts in the discharge of their duties, and PECO is insured to the extent that it is required or permitted by law to indemnify the directors, officers and employees for such loss. The premiums for such insurance are paid by PECO.

Baltimore Gas and Electric Company

The following description of indemnification allowed under Maryland statutory law is a summary rather than a complete description. Reference is made to Section 2-418 of the Corporations and Associations Article of the Maryland Annotated Code, which is incorporated herein by reference, and the following summary is qualified in its entirety by such reference.

By a Maryland statute, a Maryland corporation may indemnify any director who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (Proceeding) by reason of the fact that he is a present or former director of the corporation and any person who, while a director of the corporation, is or was serving at the request of the corporation as a director, officer, partner, trustee, employee, or agent of another corporation, partnership, joint venture, trust, limited liability company, other enterprise, or employee benefit plan (Director). Such indemnification may be against judgments, penalties, fines, settlements and reasonable expenses actually incurred by such Director in connection with the Proceeding unless it is established that (a) the act or omission of the Director was material to the matter giving rise to the Proceeding and (i) was committed in bad faith, or

(ii) was the result of active and deliberate dishonesty; or (b) the Director actually received an improper personal benefit in money, property, or services; or (c) in the case of any criminal proceeding, the Director had reasonable cause to believe the act or omission was unlawful. However, the corporation may not indemnify any Director in connection with a Proceeding by or in the right of the corporation if the Director has been adjudged to be liable to the corporation. A Director who has been successful in the defense of any Proceeding described above, or in the defense of any claim, issue or matter in the Proceeding, shall be indemnified against reasonable expenses incurred in connection with the Proceeding or the claim, issue or matter in which the Director has been successful. The corporation may not indemnify a Director in respect of any Proceeding charging improper personal benefits to the Director in which the Director was adjudged to be liable on the basis that personal benefit was improperly received. The corporation may not indemnify a Director or advance expenses for a Proceeding brought by the Director against the corporation except if the Proceeding is brought to enforce indemnification by the corporation or if the corporation's charter or bylaws, a board resolution or contract provides otherwise. Notwithstanding the above provisions, a court of appropriate jurisdiction, upon application of the Director, may order indemnification if it determines that in view of all the relevant circumstances, the Director is fairly and reasonably entitled to indemnification; however, indemnification with respect to any Proceeding by or in the right of the corporation or in which liability was adjudged on the basis that personal benefit was improperly received shall be limited to expenses. A corporation may advance reasonable expenses to a Director prior to the final disposition of a Proceeding upon receipt by the corporation of a written undertaking by or on behalf of the Director to repay the amount if it shall ultimately be determined that the standard of conduct necessary for indemnification by the corporation has not been met.

A corporation may indemnify and advance expenses to an officer of the corporation to the same extent that it may indemnify Directors under the statute.

The indemnification and advancement of expenses provided by statute is not exclusive of any other rights, by indemnification or otherwise, to which a Director or officer may be entitled under the charter, bylaws, a resolution of shareholders or directors, an agreement or otherwise.

A corporation may purchase and maintain insurance on behalf of any person who is or was a Director or officer, whether or not the corporation would have the power to indemnify a Director or officer against liability under the provision of this section of Maryland law. Further, a corporation may provide similar protection, including a trust fund, letter of credit or surety bond, not inconsistent with the statute.

Article V of BGE's Charter reads as follows:

> "A director or officer of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages except (i) to the extent that it is proved that the person actually received an improper benefit or profit in money, property, or services for the amount of the benefit or profit in money, property, or services actually received or (ii) to the extent that a judgment or other final adjudication adverse to the person is entered in a proceeding based on a finding in the proceeding that the person's action or failure to act was the result of active and deliberate dishonesty and was material to the cause of action adjudicated in the proceeding. It is the intent of this Article that the liability of directors and officers shall be limited to the fullest extent permitted by the Maryland General Corporation Law, as amended from time to time.
>
> Any repeal or modification of the foregoing paragraph by the stockholders of the corporation shall not adversely affect any right or protection of a director or officer of the corporation existing at the time of such repeal or modification."

Article IV of BGE's By-Laws reads as follows:

> "Each person made or threatened to be made party to an action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was a director or officer of the Company, or, at its request, is or was a director or officer of another

corporation, shall be indemnified by the Company (to the extent indemnification is not otherwise provided by insurance) against the liabilities, costs and expenses of every kind actually and reasonably incurred by him as a result of such action, suit or proceeding, or any threat thereof or any appeal thereon, but in each case only if and to the extent permissible under applicable common or statutory law, state or federal. The foregoing indemnity shall not be inclusive of other rights to which such person may be entitled."

BGE has entered into indemnification agreements with each of its directors. The directors and officers of BGE are covered by insurance indemnifying them against certain liabilities which might be incurred by them in their capacities as such, including certain liabilities arising under the Securities Act of 1933. The premium for this insurance is paid by Exelon with BGE's share of the premium being reimbursed by BGE.

ITEM 16. EXHIBITS.

Reference is made to the Exhibit Index filed herewith at page II-19, such Exhibit Index being incorporated in this Item 16 by reference.

ITEM 17. UNDERTAKINGS.

(a) Each of the undersigned registrants hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement; provided, however, that paragraphs (a)(1)(i), (a)(1)(ii) and (a)(1)(iii) of this section do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Commission by the registrant pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement, or is contained in a form of prospectus filed pursuant to Rule 424(b) that is part of the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser:

(A) Each prospectus filed by the registrant pursuant to Rule 424(b)(3) shall be deemed to be part of the registration statement as of the date the filed prospectus was deemed part of and included in the registration statement; and

(B) Each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5), or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (vii), or (x) for the purpose of providing the information required by Section 10(a) of the Securities Act of 1933 shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration statement to which that prospectus relates, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date.

(5) That, for the purpose of determining liability of the registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities:

Each of the undersigned registrants undertake that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

(b) Each of the undersigned registrants hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, each registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Chicago, State of Illinois, on this 23rd day of May, 2014.

EXELON CORPORATION

By: /s/ Christopher M. Crane
Christopher M. Crane
President and Chief Executive Officer and Director
(Principal Executive Officer)

By: /s/ Jonathan W. Thayer
Jonathan W. Thayer
Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

By: /s/ Duane M. DesParte
Duane M. DesParte
Senior Vice President and Corporate Controller
(Principal Accounting Officer)

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Christopher M. Crane or Jonathan W. Thayer and each or any one of them, his true and lawful attorneys in fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement and any registration statement relating to any offering made pursuant to this registration statement that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the SEC, granting unto said attorneys in fact and agents, and each of them, full power and authority to perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or his or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Mayo A. Shattuck III Mayo A. Shattuck III	Director and Chairman	May 23, 2014
/s/ Anthony K. Anderson Anthony K. Anderson	Director	May 23, 2014
/s/ Ann C. Berzin Ann C. Berzin	Director	May 23, 2014
/s/ John A. Canning, Jr. John A. Canning, Jr.	Director	May 23, 2014
/s/ Yves C. de Balmann Yves C. de Balmann	Director	May 23, 2014
/s/ Nicholas DeBenedictis Nicholas DeBenedictis	Director	May 23, 2014
/s/ Nelson A. Diaz Nelson A. Diaz	Director	May 23, 2014
/s/ Sue L. Gin Sue L. Gin	Director	May 23, 2014
/s/ Paul L. Joskow Paul L. Joskow	Director	May 23, 2014
/s/ Robert J. Lawless Robert J. Lawless	Director	May 23, 2014
/s/ Richard W. Mies Richard W. Mies	Director	May 23, 2014

/s/ William C. Richardson William C. Richardson	Director	May 23, 2014
/s/ John W. Rogers, Jr. John W. Rogers, Jr.	Director	May 23, 2014
/s/ Stephen D. Steinour Stephen D. Steinour	Director	May 23, 2014

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Chicago, State of Illinois, on this 23rd day of May, 2014.

EXELON GENERATION COMPANY, LLC

By: /s/ Kenneth W. Cornew
Kenneth W. Cornew
President and Chief Executive Officer
(Principal Executive Officer)

By: /s/ Bryan P. Wright
Bryan P. Wright
Senior Vice President and
Chief Financial Officer
(Principal Financial Officer)

By: /s/ Robert Aiken
Robert Aiken
Vice President and
Controller
(Principal Accounting Officer)

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S–3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Chicago, State of Illinois, on this 23rd day of May, 2014.

COMMONWEALTH EDISON COMPANY

By: /s/ Anne R. Pramaggiore
Anne R. Pramaggiore
President, Chief Executive Officer and Director
(Principal Executive Officer)

By: /s/ Joseph R. Trpik, Jr.
Joseph R. Trpik, Jr.
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

By: /s/ Gerald Kozel
Gerald Kozel
Vice President and Controller
(Principal Accounting Officer)

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KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Anne R. Pramaggiore and Joseph R. Trpik, Jr. and each of them, his or her true and lawful attorney-in-fact and agent, with full power of substitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments to this Registration Statement, including any filings pursuant to Rule 462(b) or 462(e) under the Securities Act of 1933, as amended, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto such attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying all that such attorneys-in-fact and agents, or any of them or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Christopher M. Crane Christopher M. Crane	Director and Chairman	May 23, 2014
/s/ Denis P. O'Brien Denis P. O'Brien	Director and Vice Chairman	May 23, 2014
/s/ James W. Compton James W. Compton	Director	May 23, 2014
/s/ A. Steven Crown A. Steven Crown	Director	May 23, 2014
/s/ Nicholas DeBenedictis Nicholas DeBenedictis	Director	May 23, 2014
/s/ Peter V. Fazio, Jr. Peter V. Fazio, Jr.	Director	May 23, 2014
/s/ Sue L. Gin Sue L. Gin	Director	May 23, 2014
/s/ Michael Moskow Michael Moskow	Director	May 23, 2014
/s/ Jesse H. Ruiz Jesse H. Ruiz	Director	May 23, 2014

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Philadelphia, Commonwealth of Pennsylvania, on this 23rd day of May, 2014.

PECO ENERGY COMPANY

By: /s/ Craig L. Adams
Craig L. Adams
President and
Chief Executive Officer and Director
(Principal Executive Officer)

By: /s/ Phillip S. Barnett
Phillip S. Barnett
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

By: /s/ Scott A. Bailey
Scott A. Bailey
Vice President and Controller
(Principal Accounting Officer)

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Craig L. Adams and Phillip S. Barnett and each or any one of them, his true and lawful attorneys in fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement and any registration statement relating to any offering made pursuant to this registration statement that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the SEC, granting unto said attorneys in fact and agents, and each of them, full power and authority to perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or his or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Christopher M. Crane Christopher M. Crane	Director and Chairman	May 23, 2014
/s/ Denis P. O'Brien Denis P. O'Brien	Director and Vice Chairman	May 23, 2014
/s/ M. Walter D'Alessio M. Walter D'Alessio	Director	May 23, 2014
/s/ Nelson A. Diaz Nelson A. Diaz	Director	May 23, 2014
/s/ Nicholas DeBenedictis Nicholas DeBenedictis	Director	May 23, 2014
/s/ Rosemarie B. Greco Rosemarie B. Greco	Director	May 23, 2014
/s/ Charisse R. Lillie Charisse R. Lillie	Director	May 23, 2014
/s/ Ronald Rubin Ronald Rubin	Director	May 23, 2014

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, Baltimore Gas and Electric Company, a registrant, certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Baltimore, State of Maryland on the 23rd day of May, 2014.

BALTIMORE GAS AND ELECTRIC COMPANY

By: /s/ Calvin Butler
Calvin Butler
Chief Executive Officer and Director
(Principal Executive Officer)

By: /s/ David M. Vahos
David M. Vahos
Vice President, Controller, Chief Financial Officer and Treasurer (Principal Financial Officer and Principal Accounting Officer)

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KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Calvin Butler and David M. Vahos as his true and lawful attorney-in-fact with full power of substitution and resubstitution, in any and all capacities, to sign this Registration Statement or amendments (including, without limitation, post-effective amendments and registration statements filed pursuant to Rule 462 under the Securities Act of 1933) thereto and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and conforming all that said attorney-in-fact and agent, or his substitute, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Christopher M. Crane Christopher M. Crane	Director and Chairman	May 23, 2014
/s/ Denis P. O'Brien Denis P. O'Brien	Director and Vice Chairman	May 23, 2014
/s/ Ann C. Berzin Ann C. Berzin	Director	May 23, 2014
/s/ Michael E. Cryor Michael E. Cryor	Director	May 23, 2014
/s/ James R. Curtiss James R. Curtiss	Director	May 23, 2014
/s/ Joseph L. Haskins Joseph L. Haskins	Director	May 23, 2014
/s/ Carla D. Hayden Carla D. Hayden	Director	May 23, 2014
/s/ Michael D. Sullivan Michael D. Sullivan	Director	May 23, 2014

INDEX TO EXHIBITS

Exhibit No.	Description
1.1*	Form of Underwriting Agreement with respect to Securities.
3.1	Amended and Restated Articles of Incorporation of Exelon Corporation (incorporated herein by reference to File No. 001-16169, Form 10-Q for the quarter ended September 30, 2008, Exhibit 3-1-2).
3.2	Amended and Restated Bylaws of Exelon Corporation, effective as of March 12, 2012 (incorporated herein by reference to Exhibit 3.1 to the Current Report on Form 8-K filed March 14, 2012, File No. 001-16169).
3.3	Certificate of Formation of Exelon Generation Company, LLC (incorporated by reference to Registration Statement No. 333-85496, Form S-4, Exhibit 3-1).
3.4	First Amended and Restated Operating Agreement of Exelon Generation Company, LLC executed as of January 1, 2001 (incorporated herein by reference to File No. 333-85496, 2003 Form 10-K, Exhibit 3-8).
3.5***	Form of Amendment to Amended and Restated Operating Agreement of Exelon Generation Company, LLC.
3.6	Charter of Baltimore Gas and Electric Company, restated as of August 16, 1996 (Incorporated by reference to Exhibit 3 to the Quarterly Report on Form 10–Q for the quarter ended September 30, 1996, File No. 1–1910).
3.7	Articles of Amendment to the Charter of Baltimore Gas and Electric Company as of February 2, 2010. (Designated as Exhibit No. 3.1 to the Current Report on Form 8-K dated February 4, 2010, File No. 1-1910.)
3.8	Bylaws of Baltimore Gas and Electric Company (Incorporated by reference to Exhibit 3.11 to the Annual Report on Form 10–k for the year ended December 31, 2013 File No. 1–1910).
3.9	Restated Articles of Incorporation of Commonwealth Edison Company effective February 20, 1985, including Statements of Resolution Establishing Series, relating to the establishment of three new series of Commonwealth Edison Company preference stock known as the “$9.00 Cumulative Preference Stock,” the “$6.875 Cumulative Preference Stock” and the “$2.425 Cumulative Preference Stock” (incorporated herein by reference to Exhibit 3–2 to Commonwealth Edison Company’s 1994 Form 10–K, File No. 1–1839).
3.10	Commonwealth Edison Company Amended and Restated By–Laws, effective January 23, 2006, as further amended January 28, 2008 and July 27, 2009 (incorporated herein by reference to Exhibit 3.1 to Commonwealth Edison Company’s Form 8-K filed July 27, 2009, File No. 1–16169).
3.11	Amended and Restated Articles of Incorporation for PECO Energy Company (incorporated herein by reference to File No. 1-01401, 2000 Form 10-K, Exhibit 3-3).
3.12	PECO Energy Company amended Bylaws (Incorporated by reference to File No. 000-16844, Form 8-K dated May 6, 2009, Exhibit 99.1).
4.1	Form of Indenture between Exelon Corporation and The Bank of New York Trust Company, N.A., as trustee, relating to senior debt securities (incorporated by reference to File No. 333-14620, Form S-3, Exhibit 4-4).
4.2	Form of Indenture of Exelon Corporation relating to subordinated debt securities.
4.3	Indenture between Exelon Generation Company, LLC and U.S. Bank National Association, as trustee relating to Generation senior debt securities (incorporated by reference to File No. 333-85496, Form 8-K dated September 28, 2007, Exhibit 4.1).

4.4 Indenture dated as of July 24, 2006, between Baltimore Gas and Electric Company and Deutsche Bank Trust Company Americas, as trustee (Incorporated by reference to Exhibit 4(b) of the Registration Statement on Form S–3 of Baltimore Gas and Electric Company filed July 24, 2006, Reg. No. 333–135991–01).

4.5 First Supplemental Indenture between Baltimore Gas and Electric Company and Deutsche Bank Trust Company Americas, as trustee, dated as of October 13, 2006 (Incorporated by reference to Exhibit 4(a) to the Quarterly Report on Form 10–Q for the quarter ended September 30, 2006, File No. 1–1910).

4.6** Baltimore Gas and Electric Company Preferred Stock certificate.

4.7 Form of Baltimore Gas and Electric Company Unsecured Debt Security (Fixed Rate) (Included in Exhibit 4.4).

4.8 Form of Baltimore Gas and Electric Company Unsecured Debt Security (Floating Rate) (Included in Exhibit 4.4).

4.9 Indenture and Security Agreement dated as of July 9, 2009, between Baltimore Gas and Electric Company and Deutsche Bank Trust Company Americas, as trustee (including form of Baltimore Gas and Electric Company Officer's Certificate and form of Senior Secured Bond) (Incorporated by reference to Exhibits 4(u) and 4(u)(1) of Post-Effective Amendment No. 1 to the Registration Statement on Form S-3 of Baltimore Gas and Electric Company filed July 9, 2009, Reg. No. 333-157637-01).

4.10 Supplemental Indenture No. 1, dated as of October 1, 2009, to the Indenture and Security Agreement dated as of July 9, 2009, between Baltimore Gas and Electric Company and Deutsche Bank Trust Company Americas, as trustee (Incorporated by reference to Exhibit 4(c) to the Quarterly Report on Form 10-Q for the quarter ended September 30, 2009, File No. 1-1910).

4.11 Baltimore Gas and Electric Company Deed of Easement and Right–of–Way Grant dated as of July 9, 2009 (Incorporated by reference to Exhibit 4(u)(2) of Post-Effective Amendment No. 1 to the Registration Statement on Form S-3 of Baltimore Gas and Electric Company filed July 9, 2009, Reg. No. 333-157637-01).

4.12 Mortgage of Commonwealth Edison Company to Illinois Merchants Trust Company, Trustee (BNY Mellon Trust Company of Illinois, as current successor Trustee), dated July 1, 1923, as supplemented and amended by Supplemental Indenture thereto dated August 1, 1994 (incorporated herein by reference to Exhibit 2-1 to Commonwealth Edison Company's Form S-7, File No. 2-60201).

4.13 Supplemental Indentures to the aforementioned Commonwealth Edison Company Mortgage are incorporated herein by reference as follows:

Dated as of	File Reference	Exhibit No.
August 1, 1946	2–60201, Form S–7	2–1
April 1, 1953	2–60201, Form S–7	2–1
March 31, 1967	2–60201, Form S–7	2–1
April 1, 1967	2–60201, Form S–7	2–1
February 28, 1969	2–60201, Form S–7	2–1
May 29, 1970	2–60201, Form S–7	2–1
June 1, 1971	2–60201, Form S–7	2–1
April 1, 1972	2–60201, Form S–7	2–1
May 31, 1972	2–60201, Form S–7	2–1
June 15, 1973	2–60201, Form S–7	2–1
May 31, 1974	2–60201, Form S–7	2–1
June 13, 1975	2–60201, Form S–7	2–1
May 28, 1976	2–60201, Form S–7	2–1
June 3, 1977	2–60201, Form S–7	2–1
May 17, 1978	2–99665, Form S–3	4–3

Dated as of	File Reference	Exhibit No.
August 31, 1978	2–99665, Form S–3	4–3
June 18, 1979	2–99665, Form S–3	4–3
June 20, 1980	2–99665, Form S–3	4–3
April 16, 1981	2–99665, Form S–3	4–3
April 30, 1982	2–99665, Form S–3	4–3
April 15, 1983	2–99665, Form S–3	4–3
April 13, 1984	2–99665, Form S–3	4–3
April 15, 1985	2–99665, Form S–3	4–3
April 15, 1986	33–6879, Form S–3	4–9
April 15, 1993	33–64028, Form S–3	4–13
June 15, 1993	1–1839, Form 8–K dated May 21, 1993	4–1
January 15, 1994	1–1839, 1993 Form 10–K	4–15
June 1, 1996	1–1839, 1996 Form 10–K	4–16
March 1, 2002	1–1839, 2001 Form 10–K	4–4–1
May 20, 2002	333–99363, Form S–3	4–1–1
June 1, 2002	333–99363, Form S–3	4–1–1
October 7, 2002	333–99715, Form S–4	4–1–3
January 13, 2003	1–1839, Form 8–K dated January 22, 2003	4–4
March 14, 2003	1–1839, Form 8–K dated April 7, 2003	4–4
August 13, 2003	1–1839, Form 8–K dated August 25, 2003	4–4
February 15, 2005	1–1839, Form 10–Q for the quarter ended March 31, 2005	4–3–1
February 22, 2006	1–1839, Form 8–K dated March 6, 2006	4.1
August 1, 2006	1–1839, Form 8–K dated August 28, 2006	4.1
September 15, 2006	1–1839, Form 8–K dated October 2, 2006	4.1
December 1, 2006	1–1839, Form 8–K dated December 19, 2006	4.1
March 1, 2007	1–1839, Form 8–K dated March 23, 2007	4.1
August 30, 2007	1–1839, Form 8–K dated September 10, 2007	4.1
December 20, 2007	1–1839, Form 8–K dated January 16, 2008	4.1
March 10, 2008	1–1839, Form 8–K dated March 27, 2008	4.1
April 23, 2008	001–01839, Form 8–K dated May 12, 2008	4.1
June 12, 2008	001–01839, Form 8–K dated June 27, 2008	4.1
July 12, 2010	001–01839, Form 8–K dated August 2, 2010	4.1
January 4, 2011	001–01839, Form 8–K dated January 18, 2011	4.1
August 22, 2011	001–01839, Form 8-K dated September 7, 2011	4.1
September 17, 2012	001-01839, Form 8-K dated October 1, 2012	4.1
August 1, 2013	001-01839, Form 8-K dated August 19, 2013	4.1
January 2, 2014	001–01839, Form 8-K dated January 10, 2014	4.1

4.14 Instrument of Resignation, Appointment and Acceptance dated as of February 20, 2002, under the provisions of the Commonwealth Edison Company Mortgage dated July 1, 1923, and Indentures Supplemental thereto, regarding corporate trustee (incorporated by reference to Exhibit 4–4–2 to Commonwealth Edison Company's 2001 Form 10–K, File No. 1–1839).

4.15 Instrument dated as of January 31, 1996, under the provisions of the Commonwealth Edison Company Mortgage dated July 1, 1923 and Indentures Supplemental thereto, regarding individual trustee (incorporated herein by reference to Exhibit 4–29 to Commonwealth Edison Company's 1995 Form 10–K, File No. 1–1839).

4.16 Indenture dated as of September 1, 1987 between Commonwealth Edison Company and Citibank, N.A., as Trustee (U.S. Bank National Association, as current successor Trustee) relating to Notes (incorporated herein by reference to Exhibit 4–13 to Commonwealth Edison Company's Form S–3, File No. 33–20619).

4.17 Supplemental Indentures to the aforementioned Commonwealth Edison Indenture are incorporated herein by reference as follows:

Dated as of	File Reference	Exhibit No.
July 14, 1989	33–32929, Form S–3	4–16

4.18**** Form of Supplemental Indenture relating to the Commonwealth Edison Company First Mortgage Bonds.

4.19**** Form of Supplemental Indenture relating to the Commonwealth Edison Company Notes.

4.20 First and Refunding Mortgage dated May 1, 1923 between The Counties Gas and Electric Company (predecessor to PECO Energy Company) and Fidelity Trust Company, as Trustee (U.S. National Association, as current successor trustee), (incorporated by reference to Registration No. 2-2281, Exhibit B-1).

4.21 Supplemental Indentures to PECO Energy Company's First and Refunding Mortgage (incorporated herein by reference to the following):

Dated as of	File Reference	Exhibit No.
May 1, 1927	2-2881	B-1(c)
March 1, 1937	2-2881	B-1(g)
December 1, 1941	2-4863	B-1(h)
November 1, 1944	2-5472	B-1(i)
December 1, 1946	2-6821	7-1(j)
September 1, 1957	2-13562	2(b)-17
May 1, 1958	2-14020	2(b)-18
March 1, 1968	2-34051	2(b)-24
March 1, 1981	2-72802	4-46
March 1, 1981	2-72802	4-47
December 1, 1984	1-01401, 1984 Form 10-K	4-2(b)
March 1, 1993	1-01401, 1992 Form 10-K	4(e)-86
May 1, 1993	1-01401, March 31, 1993 Form 10-Q	4(e)-88
May 1, 1993	1-01401, March 31, 1993 Form 10-Q	4(e)-89
September 15, 2002	1-01401, September 30, 2002 Form 10-Q	4-1
October 1, 2002	1-01401, September 30, 2002 Form 10-Q	4-2
April 15, 2003	00-16844, March 31, 2003 Form 10-Q	4.1
April 15, 2004	00-16844, September 30, 2004 Form 10-Q	4-1-1
September 15, 2006	000-16844, Form 8-K dated September 25, 2006	4.1
March 15, 2007	000-1684, Form 8-K dated March 3, 2008	4.1
February 15, 2008	000-1684, Form 8-K dated March 19, 2007	4.1
September 15, 2008	000-1684, Form 8-K dated October 2, 2008	4.1
March 15, 2009	000-1684, Form 8-K dated March 26, 2009	4.1
September 1, 2012	000-1684, Form 8-K dated September 17, 2012	4.1
September 15, 2013	000-1684, Form 8-K dated September 23, 2013	4.1
September 15, 2013	000-1684, Form 8-K dated September 23, 2013	4.1

4.22 Form of Supplemental Indenture relating to PECO Energy Company First and Refunding Mortgage Bonds (incorporated by reference to File No. 333-14620-07, Form S-3, Exhibit 4.19).

4.23 Form of Statement with Respect to Shares for PECO Energy Company preferred stock (incorporated herein by reference to File No. 333-105207, Form S-3, Exhibit 4-12).

5.1 Opinion of Ballard Spahr LLP regarding the legality of the Securities.

12.1	Statement regarding computation of ratio of earnings to fixed charges for Exelon and statement regarding computation of consolidated ratios of earnings to combined fixed charges and preferred stock dividends for Exelon.
12.2	Statement regarding computation of ratio of earnings to fixed charges for Generation.
12.3	Statement regarding computation of ratio of earnings to fixed charges for ComEd.
12.4	Statement regarding computation of ratio of earnings to fixed charges for PECO and statement regarding computation of consolidated ratios of earnings to combined fixed charges and preferred stock dividends for PECO.
12.5	Statement regarding computation of ratio of earnings to fixed charges for BGE and statement regarding computation of consolidated ratios of earnings to combined fixed charges and preference stock dividends for BGE.
23.1	Consent of PricewaterhouseCoopers LLP.
23.2	Consent of PricewaterhouseCoopers LLP.
23.3	Consent of PricewaterhouseCoopers LLP.
23.4	Consent of PricewaterhouseCoopers LLP.
23.5	Consent of PricewaterhouseCoopers LLP.
23.6	Consent of Ballard Spahr LLP (included in Exhibit 5.1).
24.1	Powers of Attorney for Exelon (included on signature page).
24.2	Powers of Attorney for ComEd (included on signature page).
24.3	Powers of Attorney for PECO (included on signature page).
24.4	Powers of Attorney for BGE (included on signature page).
25.1	Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939 of The Bank of New York Mellon Trust Company, N.A., as trustee under the Indenture relating to Exelon senior debt securities.
25.2	Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939 of The Bank of New York Mellon Trust Company, N.A., as trustee under the Indenture relating to Exelon subordinated debt securities.
25.3	Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939 of U.S. Bank National Association, as trustee under the Indenture relating to Generation senior debt securities.
25.4	Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939 of U.S. Bank National Association, as trustee under the PECO mortgage.
25.5	Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939 of Deutsche Bank Trust Company Americas, as trustee under the Baltimore Gas and Electric Company Indenture.
25.6	Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939 of Deutsche Bank Trust Company Americas, as trustee under the Baltimore Gas and Electric Company Indenture and Security Agreement.
25.7	Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939 of BNY Mellon Trust Company of Illinois, as trustee under the Commonwealth Edison Company Mortgage.
25.8	Form T-2 Statement of Eligibility under the Trust Indenture Act of 1939 of D.G. Donovan, as co-trustee under the Commonwealth Edison Company Mortgage.

25.9 Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939 of U.S. Bank National Association, as trustee under the Commonwealth Edison Company Senior Indenture.

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* A form of Underwriting Agreement with respect to any Securities will be filed as an Exhibit on Form 8-K, as contemplated by Item 601 (b)(1) of Regulation S-K under the Securities Act.

** To be filed by amendment or incorporated by reference pursuant to a current report on Form 8-K in connection with an offering of the Securities by Baltimore Gas and Electric Company.

*** To be filed by amendment or incorporated by reference pursuant to a current report on Form 8-K in connection with the issuance of any Exelon Generation Company, LLC Preferred Securities.

**** To be filed by an amendment or incorporated by reference pursuant to a current report on Form 8-K to this Registration Statement or incorporated by reference pursuant to a current report on Form 8-K in connection with the offering of Securities by Commonwealth Edison Company.

Exhibit 4.2

EXELON CORPORATION

Issuer

TO

,

Trustee

Indenture

(For Unsecured Subordinated Debt Securities)

Dated as of

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Reconciliation and tie between Trust Indenture Act of 1939
and Indenture, dated as of

Trust Indenture Act Section		Indenture Section
Section 310	(a)(1)	909
	(a)(2)	909
	(a)(3)	914(b)
	(a)(4)	Not Applicable
	(b)	908
		910
Section 311	(a)	913
	(b)	913
	(c)	913
Section 312	(a)	1001
	(b)	1001
	(c)	1001
Section 313	(a)	1002
	(b)	1002
	(c)	1002
	(d)	1002
Section 314	(a)	1002
	(a)(4)	606
	(b)	Not Applicable
	(c)(1)	102
	(c)(2)	102
	(c)(3)	Not Applicable
	(d)	Not Applicable
	(e)	102
Section 315	(a)	901
		903
	(b)	902
	(c)	901
	(d)	901
	(e)	814
Section 316	(a)	812
		813
	(a)(1)(A)	802
		812
	(a)(1)(B)	813
	(a)(2)	Not Applicable
	(b)	808
Section 317	(a)(1)	803
	(a)(2)	804
	(b)	603
Section 318	(a)	107

Note: This reconciliation and tie shall not, for any purpose, be deemed to be a part of the Indenture.

SUBORDINATED INDENTURE

, dated as of , among **Exelon Corporation** , a corporation duly organized and existing under the laws of (herein called the "Company"), having its principal office at , and , a having its designated corporate trust office at , as Trustee (herein called the "Trustee").

RECITAL OF THE COMPANY

The Company has duly authorized the execution and delivery of this Indenture to provide for the issuance from time to time of its unsecured subordinated debentures, notes or other evidences of indebtedness (herein called the "Securities"), in an unlimited aggregate principal amount to be issued in one or more series as contemplated herein; and all acts necessary to make this Indenture a valid agreement of the Company, in accordance with its terms, have been performed and all acts necessary to make this Indenture a valid agreement of the Company have been performed.

For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires, capitalized terms used herein shall have the meanings assigned to them in Article One of this Indenture.

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

For and in consideration of the premises and the purchase of the Securities by the Holders thereof, it is mutually covenanted and agreed, for the equal and proportionate benefit of all Holders of the Securities or of any series thereof, as follows:

ARTICLE ONE
Definitions and Other Provisions of General Application

SECTION 101. Definitions.

For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular;

(b) all terms used herein without definition which are defined in the Trust Indenture Act, either directly or by reference therein, have the meanings assigned to them therein;

(c) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles in the United States, and, except as otherwise herein expressly provided, the term "generally accepted accounting principles" with respect to any computation required or permitted hereunder shall mean such accounting principles as are generally accepted in the United States at the date of such computation or, at the election of the Company from time to time, at the date of the execution

and delivery of this Indenture; provided, however, that in determining generally accepted accounting principles applicable to the Company, the Company shall, to the extent required, conform to any order, rule or regulation of any administrative agency, regulatory authority or other governmental body having jurisdiction over the Company;

(d) the words “herein”, “hereof” and “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision; and

(e) unless the context otherwise requires, any reference to an “Article” or a “Section” refers to an Article or a Section, as the case may be, of this Indenture.

Certain terms, used principally in Article Nine, are defined in that Article.

“Act,”

when used with respect to any Holder of a Security, has the meaning specified in Section 104.

“Affiliate”

of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, “control” when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“Authenticating Agent”

means any Person (other than the Company or an Affiliate of the Company) authorized by the Trustee pursuant to Section 915 to act on behalf of the Trustee to authenticate one or more series of Securities.

“Authorized Officer”

means the Chairman of the Board, the President, any Vice President, the Treasurer, any Assistant Treasurer, the Secretary, any Assistant Secretary or any other officer or agent of the Company, as the case requires, duly authorized by their respective Board of Directors to act in respect of matters relating to this Indenture.

“Board of Directors”

means the board of directors of the Company, or any committee of that board duly authorized to act in respect of matters relating to this Indenture, or the equivalent governing body of an entity, or any committee, corporation, individual or group of individuals duly authorized to act for such entity in respect of matters relating to this Indenture.

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“Board Resolution”

means a copy of a resolution certified by the Secretary or an Assistant Secretary of the Company, to have been duly adopted by the Board of Directors of the Company, and to be in full force and effect on the date of such certification, and delivered to the Trustee.

“Business Day,”

when used with respect to a Place of Payment or any other particular location specified in the Securities or this Indenture, means any day, other than a Saturday or Sunday, which is not a day on which banking institutions or trust companies in such Place of Payment or other location are generally authorized or required by law, regulation or executive order to remain closed, except as may be otherwise specified as contemplated by Section 301.

“Commission”

means the Securities and Exchange Commission, as from time to time constituted, created under the Exchange Act, or, if at any time after the date of execution and delivery of this Indenture such Commission is not existing and performing the duties now assigned to it under the Trust Indenture Act, then the body, if any, performing such duties at such time.

“Company”

means the Person named as the “Company” in the first paragraph of this Indenture until a successor Person shall have become such pursuant to the applicable provisions of this Indenture, and thereafter “Company” shall mean such successor Person.

“Company Request” or “Company Order”

means a written request or order signed in the name of the Company by an Authorized Officer and delivered to the Trustee.

“Corporate Trust Office”

means the designated corporate trust office of the Trustee at which, at any particular time, its corporate trust business shall be administered, which office at the date hereof is located at Attention: Corporate Trust Administration, or such other address as the Trustee may designate from time to time by notice to the Holders and the Company, or the principal corporate trust office of any successor Trustee (or such other address as such successor Trustee may designate from time to time by notice to the Holders and the Company).

“Corporation”

means a corporation, association, bank, company, limited liability company, joint stock company, statutory trust, or other business entity, and references to “corporate” and other derivations of “corporation” herein shall be deemed to include appropriate derivations of such entities.

“Defaulted Interest”

has the meaning specified in Section 307.

“Discount Security”

means any Security which provides for an amount less than the principal amount thereof to be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 802. The term “interest” with respect to a Discount Security means interest, if any, borne by such Security at a Stated Interest Rate.

“Dollar” or “$”

means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

“Eligible Obligations”

means:

(a) with respect to Securities denominated in Dollars, Government Obligations; or

(b) with respect to Securities denominated in a currency other than Dollars or in a composite currency, such other obligations or instruments as shall be specified with respect to such Securities, as contemplated by Section 301.

“Event of Default”

has the meaning specified in Section 801.

“Exchange Act”

means the Securities Exchange Act of 1934 and the rules and regulations promulgated thereunder, as amended from time to time, or any successor legislation.

“Governmental Authority”

means the government of the United States or of any State or Territory thereof or of the District of Columbia or of any county, municipality or other political subdivision of any of the foregoing, or any department, agency, authority or other instrumentality of any of the foregoing.

“Government Obligations”

means:

(a) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States and entitled to the benefit of the full faith and credit thereof; and

(b) certificates, depositary receipts or other instruments which evidence a direct ownership interest in obligations described in clause (a) above or in any specific interest or principal payments due in respect thereof; provided, however, that the custodian of such obligations or specific interest or principal payments shall be a bank or trust company (which may include the Trustee or any Paying Agent) subject to Federal or state supervision or examination with a combined capital and surplus of at least $50,000,000; and provided, further, that except as may be otherwise required by law, such custodian shall be obligated to pay to the holders of such certificates, depositary receipts or other instruments the full amount received by such custodian in respect of such obligations or specific payments and shall not be permitted to make any deduction therefrom.

"Holder"

means a Person in whose name a Security is registered in the Security Register.

"Indenture"

means this instrument as originally executed and delivered and as it may from time to time be supplemented or amended by one or more indentures or other instruments supplemental hereto entered into pursuant to the applicable provisions hereof, including, for all purposes of this instrument and any such supplemental indenture or other instrument, the provisions of the Trust Indenture Act that are deemed to be a part of and govern this Indenture and any such supplemental indenture or such other instrument, respectively. The term "Indenture" shall also include the terms of particular series of Securities established as contemplated by Section 301.

"Interest Payment Date,"

when used with respect to any Security, means the Stated Maturity of an installment of interest on such Security.

"Maturity,"

when used with respect to any Security, means the date on which the principal of such Security or an installment of principal becomes due and payable as provided in such Security or in this Indenture, whether at the Stated Maturity, by declaration of acceleration, upon call for redemption or otherwise.

"Notice of Default"

means a written notice of the kind specified in Section 801(c).

"Officer's Certificate"

means a certificate signed by an Authorized Officer of the Company and delivered to the Trustee.

"Opinion of Counsel"

means a written opinion of counsel, who may be counsel for the Company or an Affiliate of the Company, or an employee of any thereof, and who shall be reasonably acceptable to the Trustee.

"Outstanding,"

when used with respect to Securities, means, as of the date of determination, all Securities theretofore authenticated and delivered under this Indenture, except:

(a) Securities theretofore canceled or delivered to the Security Registrar for cancellation;

(b) Securities deemed to have been paid for all purposes of this Indenture in accordance with Section 701 (whether or not the Company's indebtedness in respect thereof shall be satisfied and discharged for any other purpose); and

(c) Securities which have been paid pursuant to Section 306 or in exchange for or in lieu of which other Securities have been authenticated and delivered pursuant to this Indenture, other than any such Securities in respect of which there shall have been presented to the Trustee proof satisfactory to it and the Company that such Securities are held by a bona fide purchaser or purchasers in whose hands such Securities are valid obligations of the Company;

provided, however, that in determining whether or not the Holders of the requisite principal amount of the Securities Outstanding under this Indenture, or the Outstanding Securities of any series or Tranche, have given any request, demand, authorization, direction, notice, consent or waiver hereunder or whether or not a quorum is present at a meeting of Holders of Securities,

(x) Securities owned by the Company or any other obligor upon the Securities or any Affiliate of the Company or of such other obligor (unless the Company, such Affiliate or such obligor owns all Securities Outstanding under this Indenture, or all Outstanding Securities of each such series and each such Tranche, as the case may be, determined without regard to this clause (x)) shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver or upon any such determination as to the presence of a quorum, only Securities which a Responsible Officer of the Trustee actually knows to be so owned shall be so disregarded; provided, however, that Securities so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Securities and that the pledgee is not the Company or any other obligor upon the Securities or any Affiliate of the Company or of such other obligor;

(y) the principal amount of a Discount Security that shall be deemed to be Outstanding for such purposes shall be the amount of the principal thereof that would be due and payable as of the date of such determination upon a declaration of acceleration of the Maturity thereof pursuant to Section 802; and

(z) the principal amount of any Security which is denominated in a currency other than Dollars or in a composite currency that shall be deemed to be Outstanding for such purposes shall be the amount of Dollars which could have been purchased by the principal amount (or, in the case of a Discount Security, the Dollar equivalent on the date determined as set forth below of the amount determined as provided in (y) above) of such currency or composite currency evidenced by such Security, in each such case certified to the Trustee in an Officer's Certificate of the Company, based (i) on the average of the mean of the buying and selling spot rates quoted by three banks which are members of the New York Clearing House Association selected by the Company in effect at 11:00 A.M. (New York time) in The City of New York on the fifth Business Day preceding any such determination or (ii) if on such fifth Business Day it shall not be possible or practicable to obtain such quotations from such three banks, on such other quotations or alternative methods of determination which shall be as consistent as practicable with the method set forth in (i) above;

provided, further, that, in the case of any Security the principal of which is payable from time to time without presentment or surrender, the principal amount of such Security that shall be deemed to be Outstanding at any time for all purposes of this Indenture shall be the original principal amount thereof less the aggregate amount of principal thereof theretofore paid.

"Pari Passu Securities"

means (i) indebtedness and other securities that, among other things, by its terms ranks equally with the Securities of any series in right of payment and upon liquidation; (ii) guarantees of indebtedness or other securities described in clause (i), and (iii) trade accounts payable and accrued liabilities arising in the ordinary course of business of the Company, with respect to the Securities of any series.

"Paying Agent"

means any Person, including the Company, authorized by the Company to pay the principal of and premium, if any, or interest, if any, on any Securities on behalf of the Company.

"Periodic Offering"

means an offering of Securities of a series from time to time any or all of the specific terms of which Securities, including without limitation the rate or rates of interest or formula for determining the rate or rates of interest, if any, thereon, the Stated Maturity or Maturities thereof and the redemption provisions, if any, with respect thereto, are to be determined by the Company or its agents upon the issuance of such Securities.

"Person"

means a legal person, including any individual, Corporation, estate, partnership, joint venture, unincorporated association or government, or any agency or political subdivision thereof or any other entity of whatever nature.

“Place of Payment,”

when used with respect to the Securities of any series, or any Tranche thereof, means the place or places, specified as contemplated by Section 301, at which, subject to Section 602, principal of and premium, if any, and interest, if any, on the Securities of such series or Tranche are payable.

“Predecessor Security”

of any particular Security means every previous Security evidencing all or a portion of the same debt as that evidenced by such particular Security; and, for the purposes of this definition, any Security authenticated and delivered under Section 306 in exchange for or in lieu of a mutilated, destroyed, lost or stolen Security shall be deemed (to the extent lawful) to evidence the same debt as the mutilated, destroyed, lost or stolen Security.

“Redemption Date,”

when used with respect to any Security to be redeemed, means the date fixed for such redemption by or pursuant to this Indenture.

“Redemption Price,”

when used with respect to any Security to be redeemed, means the price at which it is to be redeemed pursuant to this Indenture.

“Regular Record Date”

for the interest payable on any Interest Payment Date on the Securities of any series means the date specified for that purpose as contemplated by Section 301.

“Required Currency”

has the meaning specified in Section 311.

“Responsible Officer,”

when used with respect to the Trustee, means any vice-president, any assistant vice-president, any assistant secretary, any assistant treasurer, any trust officer or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of that officer’s knowledge of and familiarity with the particular subject and who shall have direct responsibility for the administration of this Indenture.

“Securities”

has the meaning stated in the first recital of this Indenture and more particularly means any securities authenticated and delivered under this Indenture.

"Securities Act"

means the Securities Act of 1933, and the rules and regulations promulgated thereunder, as amended from time to time, or any successor legislation.

"Security Register" and "Security Registrar"

have the respective meanings specified in Section 305.

"Senior Indebtedness"

means all of the Company's obligations, as the case may be, whether presently existing or from time to time hereafter incurred, created, assumed or existing, to pay principal, premium, interest, penalties, fees and any other payment in respect of any of the following:

(a) obligations for borrowed money, including without limitation, such obligations as are evidenced by credit agreements, notes, debentures, bonds or other securities or instruments;

(b) capitalized lease obligations;

(c) all obligations of the types referred to in clauses (a) and (b) above of others which the Company has assumed, endorsed, guaranteed, contingently agreed to purchase or provide funds for the payment of, or otherwise becomes liable for, under any agreement; or

(d) all renewals, extensions or refundings of obligations of the kinds described in any of the preceding categories.

unless, in the case of any particular obligation, indebtedness, renewal, extension or refunding, the instrument creating or evidencing the same or the assumption or guarantee of the same expressly provides that such obligation, indebtedness, renewal, extension or refunding is not superior in right of payment to or is pari passu with the Securities; and provided further that trade accounts payable and accrued liabilities arising in the ordinary course of business shall not be deemed to be Senior Indebtedness.

"Special Record Date"

for the payment of any Defaulted Interest on the Securities of any series means a date fixed by the Trustee pursuant to Section 307.

"Stated Interest Rate"

means a rate (whether fixed or variable) at which an obligation by its terms is stated to bear simple interest. Any calculation or other determination to be made under this Indenture by reference to the Stated Interest Rate on a Security shall be made without regard to the effective interest cost to the Company of such Security and without regard to the Stated Interest Rate on, or the effective cost to the Company of, any other indebtedness in respect of which the Company's obligations are evidenced or secured in whole or in part by such Security.

"Stated Maturity,"

when used with respect to any Security or any obligation or any installment of principal thereof or interest thereon, means the date on which the principal of such obligation or such installment of principal or interest is stated in such Security to be due and payable (without regard to any provisions for redemption, prepayment, acceleration, purchase or extension).

"Tranche"

means a group of Securities which (a) are of the same series and (b) have identical terms except as to principal amount and/or date of issuance.

"Trust Indenture Act"

means, as of any time, the Trust Indenture Act of 1939, as amended, or any successor statute, as in effect at such time.

"Trustee"

means the Person named as the "Trustee" in the first paragraph of this Indenture until a successor Trustee shall have become such with respect to one or more series of Securities pursuant to the applicable provisions of this Indenture, and thereafter "Trustee" shall mean or include each Person who is then a Trustee hereunder, and if at any time there is more than one such Person, "Trustee" as used with respect to the Securities of any series shall mean the Trustee with respect to Securities of that series.

"United States"

means the United States of America, its Territories, its possessions and other areas subject to its political jurisdiction.

SECTION 102. Compliance Certificates and Opinions.

Except as otherwise expressly provided in this Indenture, upon any application or request by the Company to the Trustee to take any action under any provision of this Indenture, the Company shall each, furnish to the Trustee an Officer's Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with and an Opinion of Counsel stating that in the opinion of such counsel all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include:

(a) a statement that each Person signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement that, in the opinion of each such Person, such Person has made such examination or investigation as is necessary to enable such Person to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(d) a statement as to whether, in the opinion of each such Person, such condition or covenant has been complied with.

SECTION 103. Form of Documents Delivered to Trustee.

In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an officer of the Company may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which such Officer's Certificate or opinion are based are erroneous. Any such certificate or Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Company stating that the information with respect to such factual matters is in the possession of the Company, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Where (i) any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, or (ii) two or more Persons are each required to make, give or execute any such application, request, consent, certificate, statement, opinion or other instrument under this Indenture, any such applications, requests, consents, certificates, statements, opinions or other instruments may, but need not, be consolidated and form one instrument.

Whenever, subsequent to the receipt by the Trustee of any Board Resolution, Officer's Certificate, Opinion of Counsel or other document or instrument, a clerical, typographical or other inadvertent or unintentional error or omission shall be discovered therein, a new document or instrument may be substituted therefor in corrected form with the same force and effect as if originally filed in the corrected form and, irrespective of the date or dates of the actual execution and/or delivery thereof, such substitute document or instrument shall be deemed to have been executed and/or delivered as of the date or dates required with respect to the document or instrument for which it is substituted. Anything in this Indenture to the contrary notwithstanding, if any such corrective document or instrument indicates that action has been taken by or at the request of the Company, which could not have been taken had the original document or

instrument not contained such error or omission, the action so taken shall not be invalidated or otherwise rendered ineffective but shall be and remain in full force and effect, except to the extent that such action was a result of willful misconduct or bad faith. Without limiting the generality of the foregoing, any Securities issued under the authority of such defective document or instrument shall nevertheless be the valid obligations of the Company entitled to the benefits of this Indenture equally and ratably with all other Outstanding Securities, except as aforesaid.

SECTION 104. Acts of Holders.

(a) Any request, demand, authorization, direction, notice, consent, election, waiver or other action provided by this Indenture to be made, given or taken by Holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by an agent duly appointed in writing or, alternatively, may be embodied in and evidenced by the record of Holders voting in favor thereof, either in person or by proxies duly appointed in writing, at any meeting of Holders duly called and held in accordance with the provisions of Article Thirteen, or a combination of such instruments and any such record. Except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments or record or both are delivered to the Trustee and, where it is hereby expressly required, to the Company. Such instrument or instruments and any such record (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Holders signing such instrument or instruments and so voting at any such meeting. Proof of execution of any such instrument or of a writing appointing any such agent, or of the holding by any Person of a Security, shall be sufficient for any purpose of this Indenture and (subject to Section 901) conclusive in favor of the Trustee, the Company, if made in the manner provided in this Section. The record of any meeting of Holders shall be proved in the manner provided in Section 1306.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by a certificate of a notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof or may be proved in any other manner which the Trustee and the Company deem sufficient. Where such execution is by a signer acting in a capacity other than his individual capacity, such certificate or affidavit shall also constitute sufficient proof of his authority.

(c) The principal amount (except as otherwise contemplated in clause (y) of the first proviso to the definition of Outstanding) and serial numbers of Securities held by any Person, and the date of holding the same, shall be proved by the Security Register;

(d) Any request, demand, authorization, direction, notice, consent, election, waiver or other Act of a Holder of any Security shall bind every future Holder of the same Security and the Holder of every Security issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof in respect of anything done, omitted or suffered to be done by the Trustee, the Company in reliance thereon, whether or not notation of such action is made upon such Security.

(e) Until such time as written instruments shall have been delivered to the Trustee with respect to the requisite percentage of principal amount of Securities for the action

contemplated by such instruments, any such instrument executed and delivered by or on behalf of a Holder may be revoked with respect to any or all of such Securities by written notice by such Holder or any subsequent Holder, proven in the manner in which such instrument was proven.

(f) Securities of any series, or any Tranche thereof, authenticated and delivered after any Act of Holders may, and shall if required by the Trustee, bear a notation in form approved by the Trustee as to any action taken by such Act of Holders. If the Company shall so determine, new Securities of any series, or any Tranche thereof, so modified as to conform, in the opinion of the Trustee and the Company, to such action may be prepared and executed by the Company and authenticated and delivered by the Trustee in exchange for Outstanding Securities of such series or Tranche.

(g) If the Company shall solicit from Holders any request, demand, authorization, direction, notice, consent, waiver or other Act, the Company may, at its option, by Company Order fix in advance a record date for the determination of Holders entitled to give such request, demand, authorization, direction, notice, consent, waiver or other Act, but the Company shall have any obligation to do so. If such a record date is fixed, such request, demand, authorization, direction, notice, consent, waiver or other Act may be given before or after such record date, but only the Holders of record at the close of business on the record date shall be deemed to be Holders for the purposes of determining whether Holders of the requisite proportion of the Outstanding Securities have authorized or agreed or consented to such request, demand, authorization, direction, notice, consent, waiver or other Act, and for that purpose the Outstanding Securities shall be computed as of the record date. Any such Act, given as aforesaid, shall be effective whether or not the Holders which authorized or agreed or consented to such Act remain Holders after such record date and whether or not the Securities held by such Holders remain Outstanding after such record date.

SECTION 105. Notices, etc. to Trustee, Company.

Any request, demand, authorization, direction, notice, consent, election, waiver or Act of Holders or other document provided or permitted by this Indenture to be made upon, given or furnished to, or filed with, the Trustee by any Holder or by the Company, or the Company by the Trustee or by any Holder, shall be sufficient for every purpose hereunder (unless otherwise herein expressly provided) if in writing and delivered personally to an officer or other responsible employee of the addressee, or transmitted by facsimile transmission or other direct written electronic means to such telephone number or other electronic communications address as the parties hereto shall from time to time designate, or transmitted by registered mail, charges prepaid, to the applicable address set opposite such party's name below or to such other address as such party hereto may from time to time designate:

If to the Trustee, to:

Attention:
Telephone: ( )
Facsimile: ( )

With a copy to:

Attention:
Telephone: ( )
Facsimile: ( )

If to the Company, to:

Attention:
Telephone: ( )
Facsimile: ( )

Any communication contemplated herein shall be deemed to have been made, given, furnished and filed if personally delivered, on the date of delivery, if transmitted by facsimile transmission or other direct written electronic means, on the date of transmission, and if transmitted by registered mail, on the date of receipt.

The Trustee agrees to accept and act upon instructions or directions pursuant to this Indenture sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods; provided , however , that (a) the party providing such electronic instructions or directions, subsequent to the transmission thereof, shall provide the originally executed instructions or directions to the Trustee in a timely manner and (b) such originally executed instructions or directions shall be signed by an authorized representative of the party providing such instructions or directions. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions or directions notwithstanding such instructions or directions conflict or are inconsistent with a subsequent written instruction or direction or if the subsequent written instruction or direction is never received. The party providing instructions or directions by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, as aforesaid, agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

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Notwithstanding anything to the contrary contained herein, as long as the Securities are in the form of a global security, notice to the Holders may be made electronically in accordance with procedures of the depositary.

SECTION 106. Notice to Holders of Securities; Waiver.

Except as otherwise expressly provided herein, where this Indenture provides for notice to Holders of any event, such notice shall be sufficiently given, and shall be deemed given, to Holders if in writing and mailed, first-class postage prepaid, to each Holder affected by such event, at the address of such Holder as it appears in the Security Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice.

In case by reason of the suspension of regular mail service or by reason of any other cause it shall be impracticable to give such notice to Holders by mail, then such notification as shall be made with the approval of the Trustee shall constitute a sufficient notification for every purpose hereunder. In any case where notice to Holders is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Holder shall affect the sufficiency of such notice with respect to other Holders.

Any notice required by this Indenture may be waived in writing by the Person entitled to receive such notice, either before or after the event otherwise to be specified therein, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 107. Conflict with Trust Indenture Act.

If any provision of this Indenture limits, qualifies or conflicts with another provision hereof which is required or deemed to be included in this Indenture by, or is otherwise governed by, any of the provisions of the Trust Indenture Act, such other provision shall control; and if any provision hereof otherwise conflicts with the Trust Indenture Act, the Trust Indenture Act shall control.

SECTION 108. Effect of Headings and Table of Contents.

The Article and Section headings in this Indenture and the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 109. Successors and Assigns.

All covenants and agreements in this Indenture by the Company and Trustee shall bind their respective successors and assigns, whether so expressed or not.

SECTION 110. Separability Clause.

In case any provision in this Indenture or the Securities shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

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SECTION 111. Benefits of Indenture.

Nothing in this Indenture or the Securities, express or implied, shall give to any Person, other than the parties hereto, their successors hereunder, the Holders and, so long as the notice described in Section 1513 hereof has not been given, the holders of Senior Indebtedness, any benefit or any legal or equitable right, remedy or claim under this Indenture.

SECTION 112. Governing Law.

This Indenture and the Securities shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania, without regard to conflict of laws principles thereunder, except to the extent that the law of any other jurisdiction shall be mandatorily applicable.

SECTION 113. Legal Holidays.

In any case where any Interest Payment Date, Redemption Date or Stated Maturity of any Security shall not be a Business Day at any Place of Payment, then (notwithstanding any other provision of this Indenture or of the Securities other than a provision in Securities of any series, or any Tranche thereof, or in an indenture supplemental hereto, or in the Board Resolution or Officer's Certificate which establishes the terms of the Securities of such series or Tranche, which specifically states that such provision shall apply in lieu of this Section) payment of interest or principal and premium, if any, need not be made at such Place of Payment on such date, but may be made on the next succeeding Business Day at such Place of Payment, except that if such Business Day is in the next succeeding calendar year, such payment shall be made on the immediately preceding Business Day, in each case with the same force and effect, and in the same amount, as if made on the Interest Payment Date or Redemption Date, or at the Stated Maturity, as the case may be, and, if such payment is made or duly provided for on such Business Day, no interest shall accrue on the amount so payable for the period from and after such Interest Payment Date, Redemption Date or Stated Maturity, as the case may be, to such Business Day.

SECTION 114. Waiver of Jury Trial.

EACH OF THE COMPANY AND THE TRUSTEE HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS INDENTURE, THE SECURITIES OR THE TRANSACTION CONTEMPLATED HEREBY.

SECTION 115. *FATCA* .

In order to comply with applicable tax laws, rules and regulations (inclusive of directives, guidelines and interpretations promulgated by competent authorities) in effect from time to time ("Applicable Law") a foreign financial institution, issuer, trustee, paying agent, holder or other institution is or has agreed to be subject to related to the Indenture, the Company and Guarantors agree (i) to provide to [The Bank of New York Mellon Trust Company, N.A.] sufficient information about holders or other applicable parties and/or transactions (including any

modification to the terms of such transactions) so [The Bank of New York Mellon Trust Company, N.A.] can determine whether it has tax related obligations under Applicable Law, (ii) that [The Bank of New York Mellon Trust Company, N.A.] shall be entitled to make any withholding or deduction from payments under the Indenture to the extent necessary to comply with Applicable Law for which [The Bank of New York Mellon Trust Company, N.A.] shall not have any liability, and (iii) to hold harmless [The Bank of New York Mellon Trust Company, N.A.] for any losses it may suffer due to the actions it takes to comply with such Applicable Law. The terms of this section shall survive the termination of this Indenture.

ARTICLE TWO
Security Forms

SECTION 201. Forms Generally.

The definitive Securities of each series shall be in substantially the form or forms thereof established in the indenture supplemental hereto establishing such series or in a Board Resolution establishing such series, or in an Officer's Certificate pursuant to such supplemental indenture or Board Resolution, in each case with such appropriate terms, insertions, omissions, substitutions and other variations as are required or permitted by this Indenture, and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may be required to comply with the rules of any securities exchange or as may, consistently herewith, be determined by the officers executing such Securities, as evidenced by their execution thereof. If the form or forms of Securities of any series are established in a Board Resolution or in an Officer's Certificate pursuant to a Board Resolution, such Board Resolution and Officer's Certificate, if any, shall be delivered to the Trustee at or prior to the delivery of the Company Order contemplated by Section 303 for the authentication and delivery of such Securities.

Unless otherwise specified as contemplated by Sections 301 or 1201(g), the Securities of each series shall be issuable in registered form without coupons. The definitive Securities shall be produced in such manner as shall be determined by the officers executing such Securities, as evidenced by their execution thereof.

SECTION 202. Form of Trustee's Certificate of Authentication.

The Trustee's certificate of authentication shall be in substantially the form set forth below:

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

Dated: , as Trustee

By: _____
Authorized Signatory

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ARTICLE THREE
The Securities

SECTION 301. Amount Unlimited; Issuable in Series.

The aggregate principal amount of Securities which may be authenticated and delivered under this Indenture is unlimited.

The Securities may be issued in one or more series. Subject to the last paragraph of this Section, prior to the authentication and delivery of Securities of any series there shall be established by specification in a supplemental indenture or in a Board Resolution of the Company, or in an Officer's Certificate of the Company (which need not comply with Section 102) pursuant to a supplemental indenture or a Board Resolution:

(a) the title of the Securities of such series (which shall distinguish the Securities of such series from Securities of all other series);

(b) any limit upon the aggregate principal amount of the Securities of such series which may be authenticated and delivered under this Indenture (except for Securities authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Securities of such series pursuant to Section 304, 305, 306, 406 or 1206 and, except for any Securities which, pursuant to Section 303, are deemed never to have been authenticated and delivered hereunder);

(c) the Person or Persons (without specific identification) to whom interest on Securities of such series, or any Tranche thereof, shall be payable on any Interest Payment Date, if other than the Persons in whose names such Securities (or one or more Predecessor Securities) are registered at the close of business on the Regular Record Date for such interest;

(d) the date or dates on which the principal of the Securities of such series or any Tranche thereof, is payable or any formulary or other method or other means by which such date or dates shall be determined, by reference to an index or other fact or event ascertainable outside of this Indenture or otherwise (without regard to any provisions for redemption, prepayment, acceleration, purchase or extension);

(e) the rate or rates at which the Securities of such series, or any Tranche thereof, shall bear interest, if any (including the rate or rates at which overdue principal shall bear interest, if different from the rate or rates at which such Securities shall bear interest prior to Maturity, and, if applicable, the rate or rates at which overdue premium or interest, or interest deferred as contemplated in Section 312 shall bear interest, if any), or any formulary or other method or other means by which such rate or rates shall be determined, by reference to an index or other fact or event ascertainable outside of this Indenture or otherwise; the date or dates from which such interest shall accrue; the Interest Payment Dates on which such interest shall be payable and the Regular Record Date, if any, for the interest payable on such Securities on any Interest Payment Date; the right of the Company, if any, to extend the interest payment periods and the duration of any such extension, and the consequences thereof, as contemplated by Section 312; and the basis of computation of interest, if other than as provided in Section 310;

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(f) the place or places at which or methods (if other than as provided elsewhere in this Indenture) by which (1) the principal of and premium, if any, and interest, if any, on Securities of such series, or any Tranche thereof, shall be payable, (2) registration of transfer of Securities of such series, or any Tranche thereof, may be effected, (3) exchanges of Securities of such series, or any Tranche thereof, may be effected and (4) notices and demands to or upon the Company in respect of the Securities of such series, or any Tranche thereof, and this Indenture may be served; the Security Registrar and any Paying Agent or Agents for such series or Tranche; and if such is the case, that the principal of such Securities shall be payable without presentment or surrender thereof;

(g) the period or periods within which, or the date or dates on which, the price or prices at which and the terms and conditions upon which the Securities of such series, or any Tranche thereof, may be redeemed, in whole or in part, at the option of the Company and any restrictions on such redemptions, including but not limited to a restriction on a partial redemption by the Company of the Securities of any series, or any Tranche thereof, resulting in delisting of such Securities from any national exchange, the Nasdaq national market or such other interdealer quotation system or self-regulatory organization upon which Securities are listed or traded;

(h) the obligation or obligations, if any, of the Company to redeem or purchase or repay the Securities of such series, or any Tranche thereof, pursuant to any sinking fund or other mandatory redemption provisions or at the option of a Holder thereof and the period or periods within which or the date or dates on which, the price or prices at which and the terms and conditions upon which such Securities shall be redeemed or purchased or repaid, in whole or in part, pursuant to such obligation, and applicable exceptions to the requirements of Section 404 in the case of mandatory redemption or redemption or repayment at the option of the Holder;

(i) the denominations in which Securities of such series, or any Tranche thereof, shall be issuable if other than denominations of $25 and any integral multiple thereof;

(j) the currency or currencies, including composite currencies, in which payment of the principal of and premium, if any, and interest, if any, on the Securities of such series, or any Tranche thereof, shall be payable (if other than in Dollars) and the manner in which the equivalent of the principal amount thereof in Dollars is to be determined for any purpose, including for the purpose of determining the principal amount deemed to be Outstanding at any time;

(k) if the principal of or premium, if any, or interest, if any, on the Securities of such series, or any Tranche thereof, are to be payable, at the election of the Company or a Holder thereof, in a coin or currency other than that in which the Securities are stated to be payable, the period or periods within which, and the terms and conditions upon which, such election may be made;

(l) if the principal of or premium, if any, or interest, if any, on the Securities of such series, or any Tranche thereof, are to be payable, or are to be payable at the election of the Company or a Holder thereof, in securities or other property, the type and amount of such securities or other property, or the formulary or other method or other means by which such amount shall be determined, and the period or periods within which, and the terms and conditions upon which, any such election may be made;

(m) if the amount payable in respect of principal of or premium, if any, or interest, if any, on the Securities of such series, or any Tranche thereof, may be determined with reference to an index or other fact or event ascertainable outside of this Indenture, the manner in which such amounts shall be determined to the extent not established pursuant to clause (e) of this paragraph;

(n) if other than the entire principal amount thereof, the portion of the principal amount of Securities of such series, or any Tranche thereof, which shall be payable upon declaration of acceleration of the Maturity thereof pursuant to Section 802;

(o) any Events of Default, in addition to those specified in Section 801, or any exceptions to those specified in Section 801 with respect to the Securities of such series, and any covenants of the Company for the benefit of the Holders of the Securities of such series, or any Tranche thereof, in addition to those set forth in Article Six, or any exceptions to those set forth in Article Six, and in Article Fourteen;

(p) the terms, if any, pursuant to which the Securities of such series, or any Tranche thereof, may be converted into or exchanged for shares of capital stock or other securities of the Company or any other Person;

(q) the obligations or instruments, if any, which shall be considered to be Eligible Obligations in respect of the Securities of such series, or any Tranche thereof, denominated in a currency other than Dollars or in a composite currency, and any additional or alternative provisions for the reinstatement of the Company's indebtedness in respect of such Securities after the satisfaction and discharge thereof as provided in Sections 701 and 702 (or any exceptions to those set forth in Sections 701 and 702);

(r) if the Securities of such series, or any Tranche thereof, are to be issued in global form, (i) any limitations on the rights of the Holder or Holders of such Securities to transfer or exchange the same or to obtain the registration of transfer thereof, (ii) any limitations on the rights of the Holder or Holders thereof to obtain certificates therefor in definitive form in lieu of global form and (iii) any and all other matters incidental to such Securities;

(s) if the Securities of such series, or any Tranche thereof, are to be issuable as bearer securities, any and all matters incidental thereto which are not specifically addressed in a supplemental indenture as contemplated by clause (g) of Section 1201;

(t) to the extent not established pursuant to clause (r) of this paragraph, any limitations on the rights of the Holders of the Securities of such Series, or any Tranche thereof, to transfer or exchange such Securities or to obtain the registration of transfer thereof; and if a service charge will be made for the registration of transfer or exchange of Securities of such series, or any Tranche thereof, the amount or terms thereof;

(u) any exceptions to Section 113, or variation in the definition of Business Day, with respect to the Securities of such series, or any Tranche thereof;

(v) any variation in the definition of Pari Passu Securities, with respect to the Securities of such series, or any Tranche thereof;

(w) any collateral security, assurance or guarantee for the Securities of such series, or any Tranche thereof; and

(x) any other terms of the Securities of such series, or any Tranche thereof, not inconsistent with the provisions of this Indenture.

With respect to Securities of a series subject to a Periodic Offering, the indenture supplemental hereto or the Board Resolution which establishes such series, or the Officer's Certificate pursuant to such supplemental indenture or Board Resolution, as the case may be, may provide general terms or parameters for Securities of such series and provide either that the specific terms of Securities of such series, or any Tranche thereof, shall be specified in a Company Order or that such terms shall be determined by the Company or its agents in accordance with procedures specified in a Company Order as contemplated by clause (b) of Section 303.

All Securities of any one series shall be substantially identical, except as to principal amount and date of issue and except as may be set forth in the terms of such series as contemplated above. The Securities of each series shall be subordinated in right of payment to Senior Indebtedness of the Company as provided in Article Fifteen.

Unless otherwise provided with respect to a series of Securities as contemplated in Section 301(b), the aggregate principal amount of a series of Securities may be increased and additional Securities of such series may be issued up to the maximum aggregate principal amount authorized with respect to such series as increased.

SECTION 302. Denominations.

Unless otherwise provided as contemplated by Section 301 with respect to any series of Securities, or any Tranche thereof, the Securities of each series shall be issuable in denominations of $25 and any integral multiple thereof.

SECTION 303. Execution, Authentication, Delivery and Dating.

Unless otherwise provided as contemplated by Section 301 with respect to any series of Securities, or any Tranche thereof, the Securities shall be executed on behalf of the Company by an Authorized Officer of the Company and may have the corporate seal of the Company affixed thereto or reproduced thereon and attested by any other Authorized Officer of the Company. The signature of any or all of these officers on the Securities may be manual or facsimile.

Securities bearing the manual or facsimile signatures of individuals who were at the time of execution Authorized Officers of the Company shall bind the Company, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Securities or did not hold such offices at the date of such Securities.

The Trustee shall authenticate and deliver Securities of a series, for original issue, at one time or from time to time in accordance with the Company Order referred to below, upon receipt by the Trustee of:

(a) the instrument or instruments establishing the form or forms and terms of the Securities of such series, as provided in Sections 201 and 301;

(b) a Company Order requesting the authentication and delivery of such Securities and to the extent that the terms of such Securities shall not have been established in an indenture supplemental hereto or in a Board Resolution, or in an Officer's Certificate pursuant to a supplemental indenture or Board Resolution, all as contemplated by Sections 201 and 301, either (i) establishing such terms or (ii) in the case of Securities of a series subject to a Periodic Offering, specifying procedures, acceptable to the Trustee, by which such terms are to be established (which procedures may provide, to the extent acceptable to the Trustee, for authentication and delivery pursuant to oral or electronic instructions from the Company or any agent or agents thereof, which oral instructions are to be promptly confirmed electronically or in writing), in either case in accordance with the instrument or instruments delivered pursuant to clause (a) above;

(c) Reserved;

(d) the Securities of such series, each executed on behalf of the Company by an Authorized Officer of the Company;

(e) an Opinion of Counsel to the effect that:

(i) (A) the form or forms of such Securities have been duly authorized by the Company and (B) the form or forms of the Securities have been established in conformity with the provisions of this Indenture;

(ii) (A) the terms of such Securities have been duly authorized by the Company and (B) the terms of the Securities have been established in conformity with the provisions of this Indenture; and

(iii) such Securities, when authenticated and delivered by the Trustee and issued and delivered by the Company in the manner and subject to any conditions specified in such Opinion of Counsel, will have been duly issued under this Indenture and will constitute valid and legally binding obligations of the Company, entitled to the benefits provided by this Indenture, and enforceable in accordance with their terms, subject, as to enforcement, to laws relating to or affecting generally the enforcement of creditors' rights, including, without limitation, bankruptcy and insolvency laws and to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law);

provided, however, that, with respect to Securities of a series subject to a Periodic Offering, the Trustee shall be entitled to receive such Opinion of Counsel only once at or prior to the time of the first authentication and delivery of Securities of such series, and that in lieu of the opinions described in clauses (ii) and (iii) above such Opinion of Counsel may, alternatively, state, respectively,

(x) that, when the terms of such Securities shall have been established pursuant to a Company Order or Orders (acceptable to the Trustee) as may be specified from time to time by a Company Order or Orders, all as contemplated by and in accordance with the instrument or instruments delivered pursuant to clause (a) above, such terms will have been duly authorized by the Company, and will have been established in conformity with the provisions of this Indenture; and

(y) that such Securities, when (1) executed by the Company, (2) authenticated and delivered by the Trustee in accordance with this Indenture, (3) issued and delivered by the Company in the manner and subject to any conditions specified in such Opinion of Counsel and (4) in the case of Securities, paid for, all as contemplated by and in accordance with the aforesaid Company Order or Orders, will have been duly issued under this Indenture and will constitute valid and legally binding obligations of the Company, entitled to the benefits provided by the Indenture, and enforceable in accordance with their terms, subject, as to enforcement, to laws relating to or affecting generally the enforcement of creditors' rights, including, without limitation, bankruptcy and insolvency laws and to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

With respect to Securities of a series subject to a Periodic Offering, the Trustee may conclusively rely, as to the authorization by the Company of any of such Securities, the forms and terms thereof and the legality, validity, binding effect and enforceability thereof, upon the Opinion of Counsel and other documents delivered pursuant to Sections 201 and 301 and this Section, as applicable, at or prior to the time of the first authentication of Securities of such series, unless and until such opinion or other documents have been superseded or revoked or expire by their terms. In connection with the authentication and delivery of Securities of a series, pursuant to a Periodic Offering, the Trustee shall be entitled to assume that the Company's instructions to authenticate and deliver such Securities do not violate any applicable law or any applicable rule, regulation or order of any Governmental Authority having jurisdiction over the Company.

If the forms or terms of the Securities of any series have been established by or pursuant to a Board Resolution or an Officer's Certificate as permitted by Sections 201 or 301, the Trustee shall not be required to authenticate such Securities if the issuance of such Securities pursuant to this Indenture will materially or adversely affect the Trustee's own rights, duties or immunities under the Securities and this Indenture or otherwise in a manner which is not reasonably acceptable to the Trustee.

Unless otherwise specified as contemplated by Section 301 with respect to any series of Securities, or any Tranche thereof, each Security shall each be dated the date of its authentication.

Unless otherwise specified as contemplated by Section 301 with respect to any series of Securities, or any Tranche thereof, no Security shall be entitled to any benefit under this

Indenture or be valid or obligatory for any purpose unless there appears on such Security a certificate of authentication substantially in the form provided for herein executed by the Trustee or an Authenticating Agent by manual signature of an authorized officer hereof, and such certificate upon any Security shall be conclusive evidence, and the only evidence, that such Security has been duly authenticated and delivered hereunder and is entitled to the benefits of this Indenture. Notwithstanding the foregoing, if any Security shall have been authenticated and delivered hereunder to the Company, or any Person acting on its behalf, but shall never have been issued and sold by the Company, and the Company shall deliver such Security to the Security Registrar for cancellation as provided in Section 309 together with a written statement (which need not comply with Section 102 and need not be accompanied by an Officer's Certificate and an Opinion of Counsel) stating that such Security has never been issued and sold by the Company, for all purposes of this Indenture such Security shall be deemed never to have been authenticated and delivered hereunder and shall never be entitled to the benefits hereof.

SECTION 304. Temporary Securities.

Pending the preparation of definitive Securities of any series, or any Tranche thereof, the Company may execute, and upon Company Order the Trustee shall authenticate and deliver, temporary Securities which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Securities in lieu of which they are issued, with such appropriate insertions, omissions, substitutions and other variations as the officers executing such Securities may determine, as evidenced by their execution of such Securities; provided, however, that temporary Securities need not recite specific redemption, sinking fund, conversion or exchange provisions.

Unless otherwise specified as contemplated by Section 301 with respect to the Securities of any series, or any Tranche thereof, after the preparation of definitive Securities of such series or Tranche, the temporary Securities of such series or Tranche shall be exchangeable, without charge to the Holder thereof, for definitive Securities of such series or Tranche upon surrender of such temporary Securities at the office or agency of the Company maintained pursuant to Section 602 in a Place of Payment for such Securities. Upon such surrender of temporary Securities, the Company shall, except as aforesaid, execute and the Trustee shall authenticate and deliver in exchange therefor definitive Securities of the same series and Tranche, of authorized denominations and of like tenor and aggregate principal amount.

Until exchanged in full as hereinabove provided, temporary Securities shall in all respects be entitled to the same benefits under this Indenture as definitive Securities of the same series and Tranche and of like tenor authenticated and delivered hereunder.

SECTION 305. Registration, Registration of Transfer and Exchange.

The Company shall cause to be kept in each office designated pursuant to Section 602, with respect to the Securities of each series or any Tranche thereof, a register (all registers kept in accordance with this Section being collectively referred to as the "Security Register") in which, subject to such reasonable regulations as it may prescribe, the Company shall provide for the registration of Securities of such series or Tranche and the registration of transfer thereof. The Company shall designate one Person to maintain the Security Register for the Securities of

each series on a consolidated basis, and such Person is referred to herein, with respect to such series, as the "Security Registrar." Anything herein to the contrary notwithstanding, the Company may designate one or more of its offices or an office of any Affiliate as an office in which a register with respect to the Securities of one or more series, or any Tranche or Tranches thereof, shall be maintained, and the Company may designate itself or any Affiliate as the Security Registrar with respect to one or more of such series. The Security Register shall be open for inspection by the Trustee and the Company at all reasonable times.

Except as otherwise specified as contemplated by Section 301 with respect to the Securities of any series, or any Tranche thereof, upon surrender for registration of transfer of any Security of such series or Tranche at the office or agency of the Company maintained pursuant to Section 602 in a Place of Payment for such series or Tranche, the Company shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Securities of the same series and Tranche, of authorized denominations and of like tenor and aggregate principal amount.

Except as otherwise specified as contemplated by Section 301 with respect to the Securities of any series, or any Tranche thereof, any Security of such series or Tranche may be exchanged at the option of the Holder, for one or more new Securities of the same series and Tranche, of authorized denominations and of like tenor and aggregate principal amount, upon surrender of the Securities to be exchanged at any such office or agency. Whenever any Securities are so surrendered for exchange, the Company shall execute, and the Trustee shall authenticate and deliver, the Securities, which the Holder making the exchange is entitled to receive.

All Securities delivered upon any registration of transfer or exchange of Securities shall be valid obligations of the Company, evidencing the same obligation, and entitled to the same benefits under this Indenture, as the Securities surrendered upon such registration of transfer or exchange.

Every Security presented or surrendered for registration of transfer or for exchange shall (if so required by the Company, the Trustee or the Security Registrar) be duly endorsed or shall be accompanied by a written instrument of transfer in form satisfactory to the Company, the Trustee or the Security Registrar, as the case may be, duly executed by the Holder thereof or his attorney duly authorized in writing.

Unless otherwise specified as contemplated by Section 301 with respect to Securities of any series, or any Tranche thereof, no service charge shall be made for any registration of transfer or exchange of Securities, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Securities, other than exchanges pursuant to Section 304, 406 or 1206 not involving any transfer.

The Company shall not be required to execute or to provide for the registration of transfer of or the exchange of (a) Securities of any series, or any Tranche thereof, during a period of 15 days immediately preceding the date notice is to be given identifying the serial numbers of the Securities of such series or Tranche called for redemption or (b) any Security so selected for redemption in whole or in part, except the unredeemed portion of any Security being redeemed in part.

SECTION 306. Mutilated, Destroyed, Lost and Stolen Securities.

If any mutilated Security is surrendered to the Trustee, the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor a new Security of the same series and Tranche, and of like tenor and principal amount, and bearing a number not contemporaneously outstanding.

If there shall be delivered to the Company and the Trustee (a) evidence to their satisfaction of the ownership of and the destruction, loss or theft of any Security and (b) such security or indemnity as may be reasonably required by them to save each of them and any agent of either of them harmless, then, in the absence of notice to the Company or the Trustee that such Security is held by a Person purporting to be the owner of such Security, the Company shall execute and the Trustee shall authenticate and deliver, in lieu of any such destroyed, lost or stolen Security, a new Security of the same series and Tranche, and of like tenor and principal amount, and bearing a number not contemporaneously outstanding.

Notwithstanding the foregoing, in case any such mutilated, destroyed, lost or stolen Security has become or is about to become due and payable, the Company in its discretion may, instead of issuing a new Security, pay such Security.

Upon the issuance of any new Security under this Section, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other reasonable expenses (including the fees and expenses of the Trustee) in connection therewith.

Every new Security of any series issued pursuant to this Section in lieu of any destroyed, lost or stolen Security shall constitute an original additional contractual obligation of the Company, whether or not the destroyed, lost or stolen Security shall be at any time enforceable by anyone other than the Holder of such new Security, and any such new Security shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Securities of such series duly issued hereunder.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities.

SECTION 307. Payment of Interest; Interest Rights Preserved.

Unless otherwise specified as contemplated by Section 301 with respect to the Securities of any series, or any Tranche thereof, interest on any Security which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Person in whose name that Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest.

Subject to Section 312, any interest on any Security of any series which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date (herein called "Defaulted Interest") shall forthwith cease to be payable to the Holder on the related Regular Record Date by virtue of having been such Holder, and such Defaulted Interest may be paid by the Company, at its election in each case, as provided in clause (a) or (b) below:

(a) The Company may elect to make payment of any Defaulted Interest to the Persons in whose names the Securities of such series (or their respective Predecessor Securities) are registered at the close of business on a date (herein called a "Special Record Date") for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Company shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Security of such series and the date of the proposed payment, and at the same time the Company shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this clause provided. Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 days and not less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Company of such Special Record Date and, in the name and at the expense of the Company, shall promptly cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Holder of Securities of such series at the address of such Holder as it appears in the Security Register, not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been so mailed, such Defaulted Interest shall be paid to the Persons in whose names the Securities of such series (or their respective Predecessor Securities) are registered at the close of business on such Special Record Date.

(b) The Company may make payment of any Defaulted Interest on the Securities of any series in any other lawful manner not inconsistent with the requirements of any securities exchange on which such Securities may be listed, and upon such notice as may be required by such exchange, if, after notice given by the Company to the Trustee of the proposed payment pursuant to this clause, such manner of payment shall be deemed practicable by the Trustee.

Subject to the foregoing provisions of this Section and Section 305, each Security delivered under this Indenture upon registration of transfer of or in exchange for or in lieu of any other Security shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Security.

SECTION 308. Persons Deemed Owners.

Prior to the due presentment of a Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name such Security is registered as the absolute owner of such Security for the purpose of receiving payment of principal of and premium, if any, and (subject to Sections 305 and 307) interest, if any, on such Security and for all other purposes whatsoever, whether or not such Security be overdue, and none of the Company or Trustee or any agent of the Company or the Trustee shall be affected by notice to the contrary.

SECTION 309. Cancellation by Security Registrar.

All Securities surrendered for payment, redemption, registration of transfer or exchange or credit against any sinking fund payment shall, if surrendered to any Person other than the Security Registrar, be delivered to the Security Registrar and, if not theretofore canceled, shall be promptly canceled by the Security Registrar. The Company may at any time deliver to the Security Registrar for cancellation any Securities previously authenticated and delivered hereunder which the Company may have acquired in any manner whatsoever or which the Company shall not have issued and sold, and all Securities so delivered shall be promptly canceled by the Security Registrar. No Securities shall be authenticated in lieu of or in exchange for any Securities canceled as provided in this Section, except as expressly permitted by this Indenture. All canceled Securities held by the Security Registrar shall be disposed of in accordance with the customary procedures of the Security Registrar as at the time of disposition shall be in effect, and the Security Registrar shall promptly deliver a certificate of disposition to the Trustee and the Company unless, by a Company Order delivered to the Security Registrar and the Trustee, the Company shall direct that canceled Securities be returned to it. The Security Registrar shall promptly deliver evidence of any cancellation of a Security in accordance with this Section 309 to the Trustee and the Company.

SECTION 310. Computation of Interest.

Except as otherwise specified as contemplated by Section 301 for Securities of any series, or any Tranche thereof, interest on the Securities of each series shall be computed on the basis of a 360-day year consisting of twelve 30-day months and for any period shorter than a full calendar month, on the basis of the actual number of days elapsed during such period.

SECTION 311. Payment to Be in Proper Currency.

In the case of the Securities of any series, or any Tranche thereof, denominated in any currency other than Dollars or in a composite currency (the “Required Currency”), except as otherwise specified with respect to such Securities as contemplated by Section 301, the obligation of the Company to make any payment of the principal thereof, or the premium, if any, or interest, if any, thereon, shall not be discharged or satisfied by any tender by the Company, or recovery by the Trustee, in any currency other than the Required Currency, except to the extent that such tender or recovery shall result in the Trustee timely holding the full amount of the Required Currency then due and payable. If any such tender or recovery is in a currency other than the Required Currency, the Trustee may take such actions as it considers appropriate to exchange such currency for the Required Currency. The costs and risks of any such exchange, including without limitation the risks of delay and exchange rate fluctuation, shall be borne by the Company. The Company shall remain fully liable for any shortfall or delinquency in the full amount of Required Currency then due and payable, and in no circumstances shall the Trustee be liable therefor except in the case of its negligence or willful misconduct.

SECTION 312. Extension of Interest Payment.

The Company shall have the right at any time, so long as no Event of Default hereunder has occurred and is continuing with respect to the Securities of any series, to extend interest payment periods (i.e. defer interest payments) from time to time on all Securities of such series, if so specified as contemplated by Section 301 with respect to such Securities and upon such terms as may be specified as contemplated by Section 301 with respect to such Securities.

SECTION 313. CUSIP Numbers.

The Company in issuing the Securities may use "CUSIP" or other similar numbers (if then generally in use), and, if so, the Company, the Trustee or the Security Registrar may use "CUSIP" or such other numbers in notices or redemption as a convenience to Holders; provided that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Securities or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Securities, in which case none of the Company or, as the case may be, the Trustee or the Security Registrar, or any agent of any of them, shall have any liability in respect of any CUSIP or such other numbers used on any such notice, and any such redemption shall not be affected by any defect in or omission of such numbers.

ARTICLE FOUR
Redemption of Securities

SECTION 401. Applicability of Article.

Securities of any series, or any Tranche thereof, which are redeemable before their Stated Maturity shall be redeemable in accordance with their terms and (except as otherwise specified as contemplated by Section 301 for Securities of such series or Tranche) in accordance with this Article.

SECTION 402. Election to Redeem; Notice to Trustee.

The election of the Company to redeem any Securities shall be evidenced by a Board Resolution or an Officer's Certificate of the Company. The Company shall, at least 45 days prior to the Redemption Date fixed by the Company (unless a shorter notice shall be satisfactory to the Trustee), notify the Trustee, in writing of such Redemption Date and of the principal amount of such Securities to be redeemed. In the case of any redemption of Securities (a) prior to the expiration of any restriction on such redemption provided in the terms of such Securities or elsewhere in this Indenture or (b) pursuant to an election of the Company which is subject to a condition specified in the terms of such Securities or elsewhere in this Indenture, the Company shall furnish the Trustee with an Officer's Certificate evidencing compliance with such restriction or condition.

SECTION 403. Selection of Securities to Be Redeemed.

If less than all the Securities of any series, or any Tranche thereof, are to be redeemed, the particular Securities to be redeemed shall be selected by the Trustee from the Outstanding

Securities of such series or Tranche not previously called for redemption, by such method as shall be provided for any particular series or Tranche, or, in the absence of any such provision, by such method as the Trustee shall deem fair and appropriate and which may, in any case, provide for the selection for redemption of portions (equal to the minimum authorized denomination for Securities of such series or Tranche or any integral multiple thereof) of the principal amount of Securities of such series or Tranche of a denomination larger than the minimum authorized denomination for Securities of such series or Tranche; provided, however, that if, as indicated in an Officer's Certificate, the Company shall have offered to purchase all or any principal amount of the Securities then Outstanding of any series, or any Tranche thereof, and less than all of such Securities as to which such offer was made shall have been tendered to the Company for such purchase, the Trustee, if so directed by Company Order, shall select for redemption all or any principal amount of such Securities which have not been so tendered.

Unless the Securities to be redeemed are in the form of global securities, the Trustee shall promptly notify the Company and the Security Registrar in writing of the Securities selected for redemption and, in the case of any Securities selected to be redeemed in part, the principal amount thereof to be redeemed.

For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to the redemption of Securities shall relate, in the case of any Securities redeemed or to be redeemed only in part, to the portion of the principal amount of such Securities which has been or is to be redeemed.

SECTION 404. Notice of Redemption.

Notice of redemption shall be given in the manner provided in Section 106 to the Holders of the Securities to be redeemed and to the Trustee not less than 30 nor more than 60 days prior to the Redemption Date.

Except as otherwise specified as contemplated by Section 301 for Securities of any series, or any Tranche thereof, all notices of redemption shall state:

(a) the Redemption Date,

(b) the Redemption Price, or the formula pursuant to which the Redemption Price is to be determined if the Redemption Price cannot be determined at the time the notice is given,

(c) if less than all the Outstanding Securities of any series or Tranche are to be redeemed, the identification of the particular Securities to be redeemed and the portion of the principal amount of any Security to be redeemed in part,

(d) that on the Redemption Date the Redemption Price, together with accrued interest, if any, to the Redemption Date, will become due and payable upon each such Security to be redeemed and, if applicable, that interest thereon will cease to accrue on and after said date,

(e) the place or places where such Securities are to be surrendered for payment of the Redemption Price and accrued interest, if any, unless it shall have been specified as contemplated by Section 301 with respect to such Securities that such surrender shall not be required,

(f) that the redemption is for a sinking or other fund, if such is the case,

(g) the CUSIP numbers, if any, assigned to such Securities; provided however, that such notice may state that no representation is made as to the correctness of CUSIP numbers, and the redemption of such Securities shall not be affected by any defect in or omission of such numbers, and

(h) such other matters as the Company shall deem desirable or appropriate.

Unless otherwise specified with respect to any Securities in accordance with Section 301, with respect to any notice of redemption of Securities at the election of the Company, unless, upon the giving of such notice, such Securities shall be deemed to have been paid in accordance with Section 701, such notice may state that such redemption shall be conditional upon the receipt by the Paying Agent or Agents for such Securities, on or prior to the date fixed for such redemption, of money sufficient to pay the principal of and premium, if any, and interest, if any, on such Securities and that if such money shall not have been so received such notice shall be of no force or effect and the Company shall not be required to redeem such Securities. In the event that such notice of redemption contains such a condition and such money is not so received, the redemption shall not be made and within a reasonable time thereafter notice shall be given, in the manner in which the notice of redemption was given, that such money was not so received and such redemption was not required to be made, and the Paying Agent or Agents for the Securities otherwise to have been redeemed shall promptly return to the Holders thereof any of such Securities which had been surrendered for payment upon such redemption.

Notice of redemption of Securities to be redeemed at the election of the Company, and any notice of non-satisfaction of a condition for redemption as aforesaid, shall be given by the Company or, at the Company's written request delivered at least five (5) days before such notice is to be given (unless a shorter period shall be satisfactory to the Trustee), by the Trustee in the name and at the expense of the Company. Notice of mandatory redemption of Securities shall be given by the Trustee in the name and at the expense of the Company.

SECTION 405. Securities Payable on Redemption Date.

Notice of redemption having been given as aforesaid, and the conditions, if any, set forth in such notice having been satisfied, the Securities or portions thereof so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless, in the case of an unconditional notice of redemption, the Company shall default in the payment of the Redemption Price and accrued interest, if any) such Securities or portions thereof, if interest-bearing, shall cease to bear interest. Upon surrender of any such Security for redemption in accordance with such notice, such Security or portion thereof shall be paid by the Company at the Redemption Price, together with accrued interest, if any, to the Redemption Date; provided, however, that no such surrender shall be a condition to such payment if so specified as contemplated by Section 301 with respect to such Security; and provided, further, that except as otherwise specified as contemplated by Section 301 with respect

to such Security, any installment of interest on any Security the Stated Maturity of which installment is on or prior to the Redemption Date shall be payable to the Holder of such Security, or one or more Predecessor Securities, registered as such at the close of business on the related Regular Record Date according to the terms of such Security and subject to the provisions of Section 307.

SECTION 406. Securities Redeemed in Part.

Upon the surrender of any Security which is to be redeemed only in part at a Place of Payment therefor (with, if the Company or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company and the Trustee duly executed by, the Holder thereof or his attorney duly authorized in writing), the Company shall execute, and the Trustee shall authenticate and deliver to the Holder of such Security, without service charge, a new Security or Securities of the same series and Tranche, of any authorized denomination requested by such Holder and of like tenor and in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Security so surrendered.

ARTICLE FIVE
Sinking Funds

SECTION 501. Applicability of Article.

The provisions of this Article shall be applicable to any sinking fund for the retirement of the Securities of any series, or any Tranche thereof, except as otherwise specified as contemplated by Section 301 for Securities of such series or Tranche.

The minimum amount of any sinking fund payment provided for by the terms of Securities of any series, or any Tranche thereof, is herein referred to as a “mandatory sinking fund payment”, and any payment in excess of such minimum amount provided for by the terms of Securities of any series, or any Tranche thereof, is herein referred to as an “optional sinking fund payment”. If provided for by the terms of Securities of any series, or any Tranche thereof, the cash amount of any sinking fund payment may be subject to reduction as provided in Section 502. Each sinking fund payment shall be applied to the redemption of Securities of the series or Tranche in respect of which it was made as provided for by the terms of such Securities.

SECTION 502. Satisfaction of Sinking Fund Payments with Securities.

The Company (a) may deliver to the Trustee Outstanding Securities (other than any previously called for redemption) of a series or Tranche in respect of which a mandatory sinking fund payment is to be made and (b) may apply as a credit Securities of such series or Tranche which have been (i) redeemed either at the election of the Company pursuant to the terms of such Securities or through the application of permitted optional sinking fund payments pursuant to the terms of such Securities or (ii) repurchased by the Company in the open market, by tender offer or otherwise, in each case in satisfaction of all or any part of such mandatory sinking fund payment; provided, however, that no Securities shall be applied in satisfaction of a mandatory sinking fund payment if such Securities shall have been previously so applied. Securities so applied shall be received and credited for such purpose by the Trustee at the Redemption Price specified in such Securities for redemption through operation of the sinking fund and the amount of such mandatory sinking fund payment shall be reduced accordingly.

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SECTION 503. Redemption of Securities for Sinking Fund.

Not less than 45 days prior to each sinking fund payment date for the Securities of any series, or any Tranche thereof, the Company shall deliver to the Trustee an Officer's Certificate specifying:

(a) the amount of the next succeeding mandatory sinking fund payment for such series or Tranche;

(b) the amount, if any, of the optional sinking fund payment to be made together with such mandatory sinking fund payment;

(c) the aggregate sinking fund payment;

(d) the portion, if any, of such aggregate sinking fund payment which is to be satisfied by the payment of cash; and

(e) the portion, if any, of such aggregate sinking fund payment which is to be satisfied by delivering and crediting Securities of such series or Tranche pursuant to Section 502 and stating the basis for such credit and that such Securities have not previously been so credited, and the Company shall also deliver to the Trustee not later than 45 days prior to such sinking fund payment date, any Securities to be so delivered.

If the Company shall not deliver such Officer's Certificate, the next succeeding sinking fund payment for such series or Tranche shall be made entirely in cash in the amount of the mandatory sinking fund payment. Not less than 40 days before each such sinking fund payment date, unless the Securities are held in the form of global securities (in which case, the Securities to be redeemed shall be selected in accordance with the procedures of the depository), the Trustee shall select the Securities to be redeemed upon such sinking fund payment date in the manner specified in Section 403 and cause notice of the redemption thereof to be given in the name of and at the expense of the Company in the manner provided in Section 404. Such notice having been duly given, the redemption of such Securities shall be made upon the terms and in the manner stated in Sections 405 and 406.

ARTICLE SIX
Covenants

SECTION 601. Payment of Principal, Premium and Interest.

The Company shall pay the principal of and premium, if any, and interest, if any, on the Securities of each series in accordance with the terms of such Securities and this Indenture.

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SECTION 602. Maintenance of Office or Agency.

The Company shall maintain in each Place of Payment for the Securities of each series, or any Tranche thereof, an office or agency where payment of such Securities shall be made or such Securities shall be surrendered for payment, where the registration of transfer or exchange of such Securities may be effected and where notices and demands to or upon the Company in respect of such Securities and this Indenture may be served. The Company shall give prompt written notice to the Trustee of the location, and any change in the location, of each such office or agency and prompt notice to the Holders of any such change in the manner specified in Section 106. If at any time the Company shall fail to maintain any such required office or agency in respect of Securities of any series, or any Tranche thereof, or shall fail to furnish the Trustee with the address thereof, payment of such Securities may be made, registration of transfer or exchange thereof may be effected and notices and demands in respect thereof may be served at the Corporate Trust Office of the Trustee, and each of the Company hereby appoints the Trustee as its agent for all such purposes in any such event.

The Company may also from time to time designate one or more other offices or agencies with respect to the Securities of one or more series, or any Tranche thereof, for any or all of the foregoing purposes and may from time to time rescind such designations; provided, however, that, unless otherwise specified as contemplated by Section 301 with respect to the Securities of such series or Tranche, no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency for such purposes in each Place of Payment for such Securities in accordance with the requirements set forth above. The Company shall give prompt written notice to the Trustee, and prompt notice to the Holders in the manner specified in Section 106, of any such designation or rescission and of any change in the location of any such other office or agency.

Anything herein to the contrary notwithstanding, any office or agency required by this Section may be maintained at an office of the Company or any Affiliate of the Company, in which event the Company or such Affiliate, as the case may be, shall perform all functions to be performed at such office or agency.

SECTION 603. Money for Securities Payments to Be Held in Trust.

If the Company shall at any time act as its own Paying Agent with respect to the Securities of any series, or any Tranche thereof, it shall, on or before each due date of the principal of and premium, if any, and interest, if any, on any of such Securities, segregate and hold in trust for the benefit of the Persons entitled thereto a sum sufficient to pay the principal and premium, if any, or interest so becoming due until such sums shall be paid to such Persons or otherwise disposed of as herein provided. The Company shall promptly notify the Trustee of any failure by the Company (or any other obligor on such Securities) to make any payment of principal of or premium, if any, or interest, if any, on such Securities.

Whenever the Company shall have one or more Paying Agents for the Securities of any series, or any Tranche thereof, it shall, on or before each due date of the principal of and premium, if any, and interest, if any, on such Securities, deposit with such Paying Agents sums sufficient (without duplication) to pay the principal and premium or interest so becoming due,

such sums to be held in trust for the benefit of the Persons entitled to such principal, premium or interest, and (unless such Paying Agent is the Trustee) the Company shall promptly notify the Trustee of any failure by it so to act.

The Company shall cause each Paying Agent for the Securities of any series, or any Tranche thereof, other than the Company or the Trustee, to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section, that such Paying Agent shall:

(a) hold all sums held by it for the payment of the principal of and premium, if any, or interest, if any, on such Securities in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided;

(b) give the Trustee notice of any failure by the Company (or any other obligor upon such Securities) to make any payment of principal of or premium, if any, or interest, if any, on such Securities; and

(c) at any time during the continuance of any such failure, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Paying Agent and furnish to the Trustee such information as it possesses regarding the names and addresses of the Persons entitled to such sums.

The Company may at any time pay, or by Company Order direct any Paying Agent to pay, to the Trustee all sums held in trust by the Company or such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by the Company or such Paying Agent and, if so stated in a Company Order delivered to the Trustee, in accordance with the provisions of Article Seven; and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such money.

Any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of and premium, if any, or interest, if any, on any Security and remaining unclaimed for two years after such principal and premium, if any, or interest, if any, has become due and payable shall be paid to the Company on Company Request, or, if then held by the Company, shall be discharged from such trust; and, upon such payment or discharge, the Holder of such Security shall, as an unsecured general creditor and not as a Holder of an Outstanding Security, look only to the Company for payment of the amount so due and payable and remaining unpaid, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, shall thereupon cease; provided, however, that the Trustee or such Paying Agent, before being required to make any such payment to the Company, may at the expense of the Company cause to be mailed, on one occasion only, notice to such Holder that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such mailing, any unclaimed balance of such money then remaining will be paid to the Company.

SECTION 604. Corporate Existence.

Subject to the rights of the Company under Article Eleven, the Company shall do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence.

SECTION 605. Maintenance of Properties.

The Company shall cause (or, with respect to property owned in common with others, make reasonable effort to cause) all its properties used or useful in the conduct of its business to be maintained and kept in good condition, repair and working order and shall cause (or, with respect to property owned in common with others, make reasonable effort to cause) to be made all necessary repairs, renewals, replacements, betterments and improvements thereof, all as, in the judgment of the Company may be necessary so that the business carried on in connection therewith may be properly conducted; provided, however, that nothing in this Section shall prevent the Company from discontinuing, or causing the discontinuance of, the operation and maintenance of any of its properties if such discontinuance is, in the judgment of the Company, desirable in the conduct of its business.

SECTION 606. Annual Officer's Certificate as to Compliance.

Not later than in each year, commencing , the Company shall deliver to the Trustee an Officer's Certificate which need not comply with Section 102, executed by its principal executive officer, principal financial officer or the principal accounting officer, as to such officer's knowledge of such obligor's compliance with all conditions and covenants under this Indenture, such compliance to be determined without regard to any period of grace or requirement of notice under this Indenture.

SECTION 607. Waiver of Certain Covenants.

The Company may omit in any particular instance to comply with any term, provision or condition set forth in (a) Sections 602, 608 or any additional covenant or restriction specified with respect to the Securities of any series, or any Tranche thereof, as contemplated by Section 301 or by clause (b) of Section 1201 if before the time for such compliance the Holders of a majority in aggregate principal amount of the Outstanding Securities of all series and Tranches with respect to which compliance with Section 602, 608 or such additional covenant or restriction is to be omitted, considered as one class, shall, by Act of such Holders, either waive such compliance in such instance or generally waive compliance with such term, provision or condition and (b) Section 604, 605 or Article Eleven if before the time for such compliance the Holders of a majority in aggregate principal amount of Securities Outstanding under this Indenture shall, by Act of such Holders, either waive such compliance in such instance or generally waive compliance with such term, provision or condition; but, in the case of (a) or (b), no such waiver shall extend to or affect such term, provision or condition except to the extent so expressly waived, and, until such waiver shall become effective, the obligations of the Company and the duties of the Trustee in respect of any such term, provision or condition shall remain in full force and effect.

SECTION 608. Restrictions on Dividends and Debt Payments.

If the Company shall have elected to extend any interest payment period as provided in Section 312, and any such period, or any extension thereof, shall be continuing, then the Company shall not (i) declare or pay any dividends or distributions on its capital stock, (ii) redeem, purchase, acquire or make a liquidation payment with respect to any of its capital stock, (iii) pay any principal, interest or premium on, or repay, repurchase or redeem any debt securities that are equal or junior in right of payment to the Securities, or (iv) make any payments with respect to any guarantee of debt securities if such guarantee is equal or junior in right of payment to the Securities.

The foregoing provisions do not prevent or restrict the Company from making: (1) purchases, redemptions or other acquisitions of its capital stock in connection with any employment contract, benefit plan or other similar arrangement with or for the benefit of employees, officers, directors or agents or a stock purchase or dividend reinvestment plan, or the satisfaction of its obligations pursuant to any contract or security outstanding on the date that the interest payment period is extended requiring it to purchase, redeem or acquire its capital stock, (2) any payment, repayment, redemption, purchase, acquisition or declaration of dividend described in clauses (i) and (ii) above as a result of a reclassification of its capital stock, or the exchange or conversion of all or a portion of one class or series of its capital stock for another class or series of its capital stock, (3) the purchase of fractional interests in shares of its capital stock pursuant to the conversion or exchange provisions of its capital stock or the security being converted or exchanged, or in connection with the settlement of stock purchase contracts, (4) dividends or distributions paid or made in its capital stock (or rights to acquire its capital stock), or repurchases, redemptions or acquisitions of capital stock in connection with the issuance or exchange of capital stock (or of securities convertible into or exchangeable for shares of its capital stock and distributions in connection with the settlement of stock purchase contracts), (5) redemptions, exchanges or repurchases of, or with respect to, any rights outstanding under a shareholder rights plan or the declaration or payment thereunder of a dividend or distribution of or with respect to rights in the future, (6) payments under any preferred trust securities guarantee or guarantee of subordinated debentures, which guarantee is executed and delivered by the Company concurrently with the issuance by a trust of any preferred trust securities, so long as the amount of payments made on any preferred trust securities or subordinated debentures (as the case may be) is paid on all preferred trust securities or subordinated debentures (as the case may be) then outstanding on a pro rata basis in proportion to the full distributions to which each series of preferred trust securities or subordinated debentures (as the case may be) is then entitled, or (7) payments under any guarantee of junior subordinated debentures executed and delivered by the Company, so long as the amount of payments made on any junior subordinated debentures is paid on all junior subordinated debentures then outstanding on a pro rata basis in proportion to the full payment to which each series of junior subordinated debentures is then entitled.

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ARTICLE SEVEN
Satisfaction and Discharge

SECTION 701. Satisfaction and Discharge of Securities.

Any Security or Securities, or any portion of the principal amount thereof, shall be deemed to have been paid for all purposes of this Indenture, and the entire indebtedness of the Company in respect thereof shall be deemed to have been satisfied and discharged, if there shall have been irrevocably deposited with the Trustee or any Paying Agent (other than the Company), in trust:

(a) money in an amount which shall be sufficient, or

(b) in the case of a deposit made prior to the Maturity of such Securities or portions thereof, Eligible Obligations, which shall not contain provisions permitting the redemption or other prepayment thereof at the option of the issuer thereof, the principal of and the interest on which when due, without any regard to reinvestment thereof, will provide moneys which, together with the money, if any, deposited with or held by the Trustee or such Paying Agent, shall be sufficient, or

(c) a combination of (a) or (b) which shall be sufficient,

to pay when due the principal of and premium, if any, and interest, if any, due and to become due on such Securities or portions thereof on or prior to Maturity; provided, however, that in the case of the provision for payment or redemption of less than all the Securities of any series or Tranche, such Securities or portions thereof shall have been selected as provided herein and, in the case of a redemption, the notice requisite to the validity of such redemption shall have been given or irrevocable authority shall have been given by the Company to the Trustee to give such notice, under arrangements satisfactory to the Trustee; and provided, further, that the Company shall have delivered to the Trustee and such Paying Agent:

(x) if such deposit shall have been made prior to the Maturity of such Securities, a Company Order stating that the money and Eligible Obligations deposited in accordance with this Section shall be held in trust, as provided in Section 703;

(y) if Eligible Obligations shall have been deposited, (i) an Opinion of Counsel that (A) the obligations so deposited constitute Eligible Obligations and do not contain provisions permitting the redemption or other prepayment at the option of the issuer thereof, and (B) that all conditions precedent provided for under this Indenture to the satisfaction and discharge of the Company's indebtedness in respect of such Securities or portions thereof have been complied with and (ii) an opinion of an independent public accountant of nationally recognized standing, selected by the Company, to the effect that the requirements set forth in clause (b) above have been satisfied; and

(z) if such deposit shall have been made prior to the Maturity of such Securities, an Officer's Certificate stating the Company's intention that, upon delivery of such Officer's Certificate, its indebtedness in respect of such Securities or portions thereof will have been satisfied and discharged as contemplated in this Section.

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Upon the deposit of money or Eligible Obligations, or both, in accordance with this Section, together with the documents required by clauses (x), (y) and (z) above, the Trustee shall, upon receipt of a Company Request, acknowledge in writing that the Security or Securities or portions thereof with respect to which such deposit was made are deemed to have been paid for all purposes of this Indenture and that the entire indebtedness of the Company in respect thereof have been satisfied and discharged as contemplated in this Section. In the event that all of the conditions set forth in the preceding paragraph shall have been satisfied in respect of any Securities or portions thereof except that, for any reason, the Officer's Certificate specified in clause (z) (if otherwise required) shall not have been delivered, such Securities or portions thereof shall nevertheless be deemed to have been paid for all purposes of this Indenture, and the Holders of such Securities or portions thereof shall nevertheless be no longer entitled to the benefits of this Indenture or of any of the covenants of the Company under Article Six (except the covenants contained in Sections 602 and 603) or any other covenants made in respect of such Securities or portions thereof as contemplated by Section 301 or Section 1201(b), but the indebtedness of the Company in respect of such Securities or portions thereof shall not be deemed to have been satisfied and discharged prior to Maturity for any other purpose, and the Holders of such Securities or portions thereof shall continue to be entitled to look to the Company for payment of the indebtedness represented thereby; and, upon Company Request, the Trustee shall acknowledge in writing that such Securities or portions thereof are deemed to have been paid for all purposes of this Indenture.

If payment at Stated Maturity of less than all of the Securities of any series, or any Tranche thereof, is to be provided for in the manner and with the effect provided in this Section, such Securities, or portions of principal amount thereof, shall be selected in the manner specified by Section 403 for selection for redemption of less than all the Securities of a series or Tranche.

In the event that Securities which shall be deemed to have been paid for purposes of this Indenture, and, if such is the case, in respect of which the Company's indebtedness in respect thereof shall have been satisfied and discharged, all as provided in this Section do not mature and are not to be redeemed within the 60 day period commencing with the date of the deposit of moneys or Eligible Obligations, as aforesaid, the Company shall, as promptly as practicable, give a notice, in the same manner as a notice of redemption with respect to such Securities, to the Holders of such Securities to the effect that such deposit has been made and the effect thereof.

Notwithstanding that any Securities shall be deemed to have been paid for purposes of this Indenture, as aforesaid, the obligations of the Company and the Trustee in respect of such Securities under Sections 304, 305, 306, 403, 404, 406, 503 (as to notice of redemption), 602, 603, 907, 909, 910 and 915 and this Article Seven shall survive.

The Company shall pay, and shall indemnify the Trustee or any Paying Agent with which Eligible Obligations shall have been deposited as provided in this Section against, any tax, fee or other charge imposed on or assessed against such Eligible Obligations or the principal or interest received in respect of such Eligible Obligations, including, but not limited to, any such tax payable by any entity deemed, for tax purposes, to have been created as a result of such deposit.

Anything herein to the contrary notwithstanding, (a) if, at any time after a Security would be deemed to have been paid for purposes of this Indenture, and, if such is the case, the

Company's indebtedness would be deemed to have been satisfied or discharged, pursuant to this Section (without regard to the provisions of this paragraph), the Trustee or any Paying Agent, as the case may be, (i) shall be required to return the money or Eligible Obligations, or combination thereof, deposited with it as aforesaid to the Company or its representative under any applicable Federal or State bankruptcy, insolvency or other similar law, or (ii) are unable to apply any money in accordance with this Article with respect to any Securities by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, such Security shall thereupon be deemed retroactively not to have been paid and any satisfaction and discharge of the Company's indebtedness shall retroactively be deemed not to have been effected, and such Security shall be deemed to remain Outstanding and (b) any satisfaction and discharge of the Company's indebtedness in respect of any Security shall be subject to the provisions of the last paragraph of Section 603.

SECTION 702. Satisfaction and Discharge of Indenture.

This Indenture shall upon Company Request be delivered to the Trustee, together with an Officer's Certificate and an Opinion of Counsel to the effect that all conditions precedent to the satisfaction and discharge of this Indenture have been complied with, cease to be of further effect (except as hereinafter expressly provided), and the Trustee, at the expense of the Company, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture, when

(a) no Securities remain Outstanding hereunder; and

(b) the Company has paid or caused to be paid all other sums payable hereunder by the Company;

provided, however, that if, in accordance with the last paragraph of Section 701, any Security, previously deemed to have been paid for purposes of this Indenture, shall be deemed retroactively not to have been so paid, this Indenture shall thereupon be deemed retroactively not to have been satisfied and discharged, as aforesaid, and to remain in full force and effect, and the Company shall execute and deliver such instruments as the Trustee shall reasonably request to evidence and acknowledge the same.

Notwithstanding the satisfaction and discharge of this Indenture as aforesaid, the obligations of the Company and the Trustee under Sections 304, 305, 306, 403, 404, 406, 503 (as to notice of redemption), 602, 603, 907, 909, 910 and 915 and this Article Seven shall survive.

Upon satisfaction and discharge of this Indenture as provided in this Section, the Trustee shall upon receipt of a Company Request assign, transfer and turn over to the Company or to the order of the Company, subject to the lien provided by Section 907, any and all money, securities and other property then held by the Trustee for the benefit of the Holders of the Securities other than money and Eligible Obligations held by the Trustee pursuant to Section 703 and shall execute and deliver to the Company such instruments as, in the reasonable judgment of the Company, shall be necessary, to effect or evidence the satisfaction and discharge of this Indenture.

SECTION 703. Application of Trust Money.

Neither the Eligible Obligations nor the money deposited pursuant to Section 701, nor the principal or interest payments on any such Eligible Obligations, shall be withdrawn or used for any purpose other than, and such Eligible Obligations and money deposited and the principal and interest payments on any such Eligible Obligations shall be held in trust for, the payment of the principal of and premium, if any, and interest, if any, on the Securities or portions of principal amount thereof in respect of which such deposit was made, all subject, however, to the provisions of Section 603; provided, however, that, so long as there shall not have occurred and be continuing an Event of Default, any cash received from such principal or interest payments on such Eligible Obligations, if not then needed for such purpose, shall, to the extent practicable, be invested at the written direction of the Company in Eligible Obligations of the type described in clause (b) in the first paragraph of Section 701 maturing at such times and in such amounts as shall be sufficient, as determined by the Company, together with any other moneys and the proceeds of any other Eligible Obligations then held by the Trustee, to pay when due the principal of and premium, if any, and interest, if any, due and to become due on such Securities or portions thereof on and prior to the Maturity thereof, and interest earned from such reinvestment shall upon receipt of a Company Request be paid over to the Company or to the order of the Company as received, free and clear of any trust, lien or pledge under this Indenture except the lien provided by Section 907; and provided, further, that, so long as there shall not have occurred and be continuing an Event of Default, any moneys held in accordance with this Section on the Maturity of all such Securities in excess of the amount required to pay the principal of and premium, if any, and interest, if any, then due on such Securities, as determined by the Company, shall upon receipt of a Company Request be paid over to the Company or to the order of the Company free and clear of any trust, lien or pledge under this Indenture except the lien provided by Section 907; and provided, further, that if an Event of Default shall have occurred and be continuing, moneys to be paid over to the Company or to the order of the Company pursuant to this Section shall be held until such Event of Default shall have been waived or cured.

For the avoidance of doubt, any moneys deposited with the Trustee pursuant to this Section 703 shall be invested by the Trustee only at the written direction of the Company (such direction to specify the particular investment to be made), if and to the extent then permitted by law, in Eligible Obligations. In the event of a loss on the sale of such investments (after giving effect to any interest or other income thereon except to the extent theretofore paid to the Company), the Trustee shall have no responsibility in respect of such loss except that the Trustee shall notify the Company of the amount of such loss and the Company shall promptly pay such amount to the Trustee to be credited as part of the moneys originally invested. The Trustee shall have no liability whatsoever for any loss, fee, tax or other charge incurred in connection with any investment, reinvestment or liquidation of an investment hereunder.

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ARTICLE EIGHT
Events of Default; Remedies

SECTION 801. Events of Default.

"Event of Default," wherever used herein with respect to Securities of any series, means any one of the following events, subject to such additions and exceptions as may be provided pursuant to Section 301:

(a) failure to pay interest, on any Security of such series within 30 days after the same becomes due and payable (whether or not payment is prohibited by the subordination provisions of Article Fourteen or Article Fifteen hereof); provided, however, that a valid extension of the interest payment period by the Company as contemplated in Section 312 of this Indenture shall not constitute a default in the payment of interest for this purpose; or

(b) failure to pay the principal of or premium, if any, on any Security of such series when it becomes due and payable (whether or not payment is prohibited by the subordination provisions of Article Fourteen or Article Fifteen hereof); or

(c) failure to perform, or breach of, any covenant or warranty of the Company in this Indenture (other than a covenant or warranty a default in the performance of which or breach of which is elsewhere in this Section specifically dealt with or which has expressly been included in this Indenture solely for the benefit of one or more series of Securities other than such series) and the continuance of such default or breach for a period of 90 days after there has been given, by registered or certified mail, to the Company by the Trustee, or to the Company and the Trustee by the Holders of at least 33% in principal amount of the Outstanding Securities of such series, a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder, unless the Trustee, or the Trustee and the Holders of a principal amount of Securities of such series not less than the principal amount of Securities the Holders of which gave such notice, as the case may be, shall agree in writing to an extension of such period prior to its expiration; provided, however, that the Trustee, or the Trustee and the Holders of such principal amount of Securities of such series, as the case may be, shall be deemed to have agreed to an extension of such period if corrective action is initiated by the Company within such period and is being diligently pursued in good faith; or

(d) Reserved; or

(e) the entry by a court having jurisdiction in the premises of (1) a decree or order for relief in respect of the Company in an involuntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or (2) a decree or order adjudging the Company a bankrupt or insolvent, or approving as properly filed a petition by one or more Persons other than the Company seeking reorganization, arrangement, adjustment or composition of or in respect of the Company under any applicable Federal or State law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official for the Company or for any substantial part of its property, or ordering the winding up or liquidation of its affairs, and any such decree or order for relief or any such other decree or order shall have remained unstayed and in effect for a period of 90 consecutive days; or

(f) the commencement by the Company of a voluntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or of any other case or proceeding to be adjudicated a bankrupt or insolvent, or the consent by the Company to the entry of a decree or order for relief in respect of the Company in a case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding against the Company, or the filing by the Company of a petition or answer or consent seeking reorganization or relief under any applicable Federal or State law, or the consent by the Company to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or similar official of the Company or of any substantial part of its property, or the making by the Company of an assignment for the benefit of creditors, or the admission by the Company in writing of its inability to pay its debts generally as they become due, or the authorization of such action by the Board of Directors of the Company; or

(g) any other Event of Default specified with respect to Securities of such series.

SECTION 802. Acceleration of Maturity; Rescission and Annulment.

If an Event of Default applicable to the Securities of one or more series, but not applicable to all Outstanding Securities, shall have occurred and be continuing, either the Trustee or the Holders of not less than 33% in aggregate principal amount of the Securities of each such series may then declare the principal amount of all Securities of such series (or, if any of the Securities of such series are Discount Securities, such portion of the principal amount of such Securities as may be specified in the terms thereof as contemplated by Section 301) and interest accrued thereon to be due and payable immediately (provided that the payment of principal and interest on such Securities shall remain subordinated to the extent provided in this Indenture), by a notice in writing to the Company (and to the Trustee if given by Holders), and, upon receipt by the Company of notice of such declaration of acceleration, such principal amount (or specified amount) and interest accrued thereon shall become immediately due and payable. If an Event of Default applicable to all Outstanding Securities shall have occurred and be continuing, either the Trustee or the Holders of not less than 33% in principal amount of all Securities then Outstanding (considered as one class), and not the Holders of the Securities of any one of such series, may declare the principal of all Securities (or, if any of the Securities of such series are Discount Securities, such portion of the principal amount of such Securities as may be specified in the terms thereof as contemplated by Section 301) and interest accrued thereon to be due and payable immediately (provided that the payment of principal and interest on such Securities shall remain subordinated to the extent provided in this Indenture), by a notice in writing to the Company (and to the Trustee if given by Holders), and, upon receipt by the Company of notice of such declaration of acceleration, such principal amount (or specified amount) and interest accrued thereon shall become immediately due and payable.

At any time after such a declaration of acceleration with respect to Securities of any series shall have been made and before a judgment or decree for payment of the money due shall have been obtained by the Trustee as hereinafter in this Article provided, the Event or Events of Default giving rise to such declaration of acceleration shall, without further act, be deemed to have been waived, and such declaration and its consequences shall, without further act, be deemed to have been rescinded and annulled, if

(a) the Company shall have paid or deposited with the Trustee a sum sufficient to pay

(1) all overdue interest, if any, on all Securities of such series then Outstanding;

(2) the principal of and premium, if any, on any Securities of such series then Outstanding which have become due otherwise than by such declaration of acceleration and interest thereon at the rate or rates prescribed therefor in such Securities;

(3) to the extent that payment of such interest is lawful, interest upon overdue interest at the rate or rates prescribed therefor in such Securities;

(4) all amounts due to the Trustee under Section 907;

and

(b) if, after application of money paid or deposited in accordance with clause (a) of this Section 802, Securities of such series would remain Outstanding, any other Event or Events of Default with respect to Securities of such series, other than the non-payment of the principal of Securities of such series which shall have become due solely by such declaration of acceleration, shall have been cured or waived as provided in Section 813.

No such rescission shall affect any subsequent Event of Default or impair any right consequent thereon.

SECTION 803. Collection of Indebtedness and Suits for Enforcement by Trustee.

If an Event of Default described in clause (a) or (b) of Section 801 shall have occurred and be continuing, the Company shall, upon demand of the Trustee, pay to it, for the benefit of the Holders of the Securities of the series with respect to which such Event of Default shall have occurred, the whole amount then due and payable on such Securities for principal and premium, if any, and interest, if any, and, to the extent permitted by law, interest on premium, if any, and on any overdue principal and interest, at the rate or rates prescribed therefor in such Securities, and, in addition thereto, such further amount as shall be sufficient to cover any amounts due to the Trustee under Section 907. Unless otherwise specified pursuant to Section 301 with respect to any series of Securities, the rate or rates at which Securities shall bear interest on overdue principal, premium, interest, if any, shall be, to the extent permitted by law, the same rate or rates at which such Securities shall bear interest prior to Maturity.

If the Company shall fail to pay such amounts forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, may institute a judicial proceeding for the collection of the sums so due and unpaid, may prosecute such proceeding to judgment or final decree and may enforce the same against the Company or any other obligor upon such Securities and collect the moneys adjudged or decreed to be payable in the manner provided by law out of the property of the Company or any other obligor upon such Securities, wherever situated.

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If an Event of Default with respect to Securities of any series shall have occurred and be continuing, the Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Holders of Securities of such series by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy.

SECTION 804. Trustee May File Proofs of Claim.

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Company or any other obligor upon the Securities or the property of the Company or of such other obligor or their creditors, the Trustee (irrespective of whether the principal of the Securities shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand on the Company for the payment of overdue principal or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise,

(a) to file and prove a claim for the whole amount of principal, premium, if any, and interest, if any, owing and unpaid in respect of the Securities and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for amounts due to the Trustee under Section 907) and of the Holders allowed in such judicial proceeding, and

(b) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amounts due it under Section 907.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Securities or the rights of any Holder thereof or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

SECTION 805. Trustee May Enforce Claims Without Possession of Securities.

All rights of action and claims under this Indenture or the Securities may be prosecuted and enforced by the Trustee without the possession of any of the Securities or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Holders in respect of which such judgment has been recovered.

SECTION 806. Application of Money Collected.

Any money collected by the Trustee pursuant to this Article shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal or premium, if any, or interest, if any, upon presentation of the Securities in respect of which or for the benefit of which such money shall have been collected and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

First: To the payment of all amounts due the Trustee under Section 907;

Second: Subject to the provisions of Articles Fourteen and Fifteen, the payment of the amounts then due and unpaid upon the Securities for principal of and premium, if any, and interest, if any, in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the amounts due and payable on such Securities for principal, premium, if any, and interest, if any, respectively; and

Third: To the Company.

SECTION 807. Limitation on Suits.

No Holder shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless:

(a) such Holder shall have previously given written notice to the Trustee of a continuing Event of Default with respect to the Securities of such series;

(b) the Holders of a majority in aggregate principal amount of the Outstanding Securities of all series in respect of which an Event of Default shall have occurred and be continuing, considered as one class, shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;

(c) such Holder or Holders shall have offered to the Trustee indemnity satisfactory to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request;

(d) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity shall have failed to institute any such proceeding; and

(e) no direction inconsistent with such written request shall have been given to the Trustee during such 60-day period by the Holders of a majority in aggregate principal amount of the Outstanding Securities of all series in respect of which an Event of Default shall have occurred and be continuing, considered as one class;

it being understood and intended that no one or more of such Holders shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb

or prejudice the rights of any other of such Holders (it being understood that the Trustee does not have an affirmative duty to ascertain whether or not such actions or forbearances are unduly prejudicial to such Holders) or to obtain or to seek to obtain priority or preference over any other of such Holders or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all of such Holders.

SECTION 808. Unconditional Right of Holders to Receive Principal, Premium and Interest.

Notwithstanding any other provision in this Indenture, the Holder of any Security shall have the right, which is absolute and unconditional, to receive payment of the principal of and premium, if any, and (subject to Section 307 and 312) interest, if any, on such Security on the Stated Maturity or Maturities expressed in such Security (or, in the case of redemption, on the Redemption Date) and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such Holder.

SECTION 809. Restoration of Rights and Remedies.

If the Trustee or any Holder has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee or to such Holder, then and in every such case, subject to any determination in such proceeding, the Company and the Trustee and such Holder shall be restored severally and respectively to their former positions hereunder and thereafter all rights and remedies of the Trustee and such Holder shall continue as though no such proceeding had been instituted.

SECTION 810. Rights and Remedies Cumulative.

Except as otherwise provided with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities in the last paragraph of Section 306, no right or remedy herein conferred upon or reserved to the Trustee or to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

SECTION 811. Delay or Omission Not Waiver.

No delay or omission of the Trustee or of any Holder to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case may be.

SECTION 812. Control by Holders of Securities.

If an Event of Default shall have occurred and be continuing in respect of a series of Securities, the Holders of a majority in principal amount of the Outstanding Securities of such

series shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, with respect to the Securities of such series; provided, however, that if an Event of Default shall have occurred and be continuing with respect to more than one series of Securities, the Holders of a majority in aggregate principal amount of the Outstanding Securities of all such series, considered as one class, shall have the right to make such direction, and not the Holders of the Securities of any one of such series; and provided, further, that

(a) such direction shall not be in conflict with any rule of law or with this Indenture, and could not involve the Trustee in personal liability in circumstances where indemnity would not, in the Trustee's sole discretion, be adequate, and

(b) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction.

SECTION 813. Waiver of Past Defaults.

The Holders of a majority in aggregate principal amount of the Outstanding Securities of any series may on behalf of the Holders of all the Securities of such series waive any past default hereunder with respect to such series and its consequences, except a default

(a) in the payment of the principal of or premium, if any, or interest, if any, on any Security of such series, or

(b) in respect of a covenant or provision hereof which under Section 1202 cannot be modified or amended without the consent of the Holder of each Outstanding Security of such series affected.

Upon any such waiver, such default shall cease to exist, and any and all Events of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

SECTION 814. Undertaking for Costs.

The Company and the Trustee agree, and each Holder by his acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken, suffered or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section shall not apply to any suit instituted by the Company, to any suit instituted by the Trustee, to any suit instituted by any Holder, or group of Holders, holding in the aggregate more than 10% in aggregate principal amount of the Outstanding Securities of all series in respect of which such suit may be brought, considered as one class, or to any suit instituted by any Holder for the enforcement of the payment of the principal of or premium, if any, or interest, if any, on any Security on or after the Stated Maturity or Maturities expressed in such Security (or, in the case of redemption, on or after the Redemption Date).

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SECTION 815. Waiver of Usury, Stay or Extension Laws.

The Company covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any usury, stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE NINE
The Trustee

SECTION 901. Certain Duties and Responsibilities.

(a) Except during the continuance of an Event of Default with respect to Securities of any series,

(i) the Trustee undertakes to perform, with respect to Securities of such series, such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(ii) in the absence of bad faith on its part, the Trustee may, with respect to Securities of such series, conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provisions hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein).

(b) In case an Event of Default with respect to Securities of any series shall have occurred and be continuing, the Trustee shall exercise, with respect to the Securities of such series, such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

(c) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) this subsection shall not be construed to limit the effect of subsection (a) of this Section;

(ii) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;

(iii) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of a majority in principal amount of the Outstanding Securities of any one or more series, as provided herein, relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture with respect to the Securities of such series; and

(iv) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(d) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

SECTION 902. Notice of Defaults.

The Trustee shall give notice of any default hereunder with respect to the Securities of any series to the Holders of Securities of such series in the manner and to the extent required to do so by the Trust Indenture Act, unless such default shall have been cured or waived; provided, however, that in the case of any default of the character specified in Section 801(c), no such notice to Holders shall be given until at least 45 days after the occurrence thereof. For the purpose of this Section, the term “default” means any event which is, or after notice or lapse of time, or both, would become, an Event of Default with respect to the Securities of such series.

SECTION 903. Certain Rights of Trustee.

Subject to the provisions of Section 901 and to the applicable provisions of the Trust Indenture Act:

(a) the Trustee may conclusively rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) any request or direction of the Company mentioned herein shall be sufficiently evidenced by a Company Request or Company Order, or as otherwise expressly provided herein, and any resolution of the Board of Directors of the Company may be sufficiently evidenced by a Board Resolution thereof;

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(c) whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, conclusively rely upon an Officer's Certificate of the Company;

(d) the Trustee may consult with counsel of its selection and the advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(e) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any Holder pursuant to this Indenture, unless such Holder shall have offered to the Trustee security or indemnity satisfactory to the Trustee against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(f) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall (subject to applicable legal requirements) with prior notice to the Company be entitled to examine, during normal business hours, the books, records and premises of the Company, personally or by agent or attorney at the sole cost of the Company and shall incur no liability or additional liability of any kind by reason of such inquiry or investigation;

(g) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder;

(h) except as otherwise provided in Section 801, the Trustee shall not be charged with knowledge of any Event of Default with respect to the Securities of any series for which it is acting as Trustee unless either (1) a Responsible Officer of the Trustee shall have actual knowledge of the Event of Default or (2) written notice of such Event of Default shall have been given to the Trustee by the Company or any other obligor on such Securities or by any Holder of such Securities;

(i) the Trustee shall not be liable for any action taken, suffered, or omitted to be taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture;

(j) the rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder;

(k) the Trustee may request that the Company deliver a certificate setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Indenture;

(l) in no event shall the Trustee be responsible or liable for special, indirect, or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action; and

(m) in no event shall the Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

SECTION 904. Not Responsible for Recitals or Issuance of Securities.

The recitals contained herein and in the Securities (except the Trustee's certificates of authentication) shall be taken as the statements of the Company and neither the Trustee nor any Authenticating Agent assumes responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Securities. Neither the Trustee nor any Authenticating Agent shall be accountable for the use or application by the Company of Securities or the proceeds thereof.

SECTION 905. May Hold Securities.

Each of the Trustee, any Authenticating Agent, any Paying Agent, any Security Registrar or any other agent of the Company or the Trustee, in its individual or any other capacity, may become the owner or pledgee of Securities and, subject to Sections 908 and 913, may otherwise deal with the Company with the same rights it would have if it were not the Trustee, Authenticating Agent, Paying Agent, Security Registrar or such other agent.

SECTION 906. Money Held in Trust.

Money held by the Trustee in trust hereunder need not be segregated from other funds, except to the extent required by law. The Trustee shall be under no liability for interest on or investment of any money received by it hereunder except as expressly provided herein or otherwise agreed with, and for the sole benefit of, the Company.

SECTION 907. Compensation and Reimbursement.

The Company agrees

(a) to pay to the Trustee from time to time such compensation for all services rendered by it hereunder as the Company and the Trustee shall from time to time agree in writing (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

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(b) except as otherwise expressly provided herein, to reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances reasonably incurred or made by the Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except to the extent that any such expense, disbursement or advance may be attributable to the Trustee's negligence, willful misconduct or bad faith; and

(c) to indemnify each of the Trustee and its agents for and hold them harmless from and against, any loss, liability claims, damage or expense, including taxes (other than taxes based upon, measured by or determined by the income of the Trustee, incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of the trust or trusts hereunder or the performance of its duties hereunder, including the costs and expenses of defending itself against any claim (whether accepted by the Company, any Holder or any other Person) or liability in connection with the exercise or performance of any of its powers or duties hereunder or in connection with enforcing the provisions of this Section 907, except to the extent any such loss, liability claim, damage or expense is due to its own negligence or bad faith.

As security for the performance of the obligations of the Company under this Section, the Trustee shall have a lien prior to the Securities upon all property and funds held or collected by the Trustee as such other than property and funds held in trust under Section 703 (except as otherwise provided in Section 703). "Trustee" for purposes of this Section shall include any predecessor Trustee; provided, however, that the negligence or bad faith of any Trustee hereunder shall not affect the rights of any other Trustee hereunder.

When the Trustee incurs expenses or renders services in connection with an Event of Default specified in Section 801(d) or Section 801(e), the expenses (including the reasonable charges and expenses of its counsel) and the compensation for the services are intended to constitute expenses of administration under any applicable Federal or State bankruptcy, insolvency or other similar law.

The provisions of this Section 907 shall survive the termination of this Indenture.

SECTION 908. Disqualification; Conflicting Interests.

If the Trustee shall have or acquire any conflicting interest within the meaning of the Trust Indenture Act, it shall either eliminate such conflicting interest or resign to the extent, in the manner and with the effect, and subject to the conditions, provided in the Trust Indenture Act and this Indenture.

SECTION 909. Corporate Trustee Required; Eligibility.

There shall at all times be a Trustee hereunder which shall be

(a) a Corporation organized and doing business under the laws of the United States, any State or Territory thereof or the District of Columbia, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least $50,000,000 and subject to supervision or examination by Federal or State authority, or

(b) if and to the extent permitted by the Commission by rule, regulation or order upon application, a Corporation or other Person organized and doing business under the laws of a foreign government, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least $50,000,000 or the Dollar equivalent of the applicable foreign currency and subject to supervision or examination by authority of such foreign government or a political subdivision thereof substantially equivalent to supervision or examination applicable to United States institutional trustees,

and, in either case, qualified and eligible under this Article and the Trust Indenture Act. If such Corporation publishes reports of condition at least annually, pursuant to law or to the requirements of such supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such Corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section and the Trust Indenture Act, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

SECTION 910. Resignation and Removal; Appointment of Successor.

(a) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee in accordance with the applicable requirements of Section 911.

(b) The Trustee may resign at any time with respect to the Securities of one or more series by giving written notice thereof to the Company. If the instrument of acceptance by a successor Trustee required by Section 911 shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee with respect to the Securities of such series.

(c) The Trustee may be removed at any time with respect to the Securities of any series by Act of the Holders of a majority in principal amount of the Outstanding Securities of such series delivered to the Trustee, the Company.

(d) If at any time:

(1) the Trustee shall fail to comply with Section 908 after written request therefor by the Company or by any Holder who has been a bona fide Holder for at least six months, or

(2) the Trustee shall cease to be eligible under Section 909 or Section 310(a) of the Trust Indenture Act and shall fail to resign after written request therefor by the Company or by any such Holder, or

(3) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (x) the Company by Board Resolutions may remove the Trustee with respect to all Securities or (y) subject to Section 814, any Holder who has been a bona fide Holder for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee with respect to all Securities and the appointment of a successor Trustee or Trustees.

(e) If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause (other than as contemplated in clause (y) in subsection (d) of this Section), with respect to the Securities of one or more series, the Company, by Board Resolutions, shall promptly appoint a successor Trustee or Trustees with respect to the Securities of that or those series (it being understood that any such successor Trustee may be appointed with respect to the Securities of one or more or all of such series and that at any time (subject to Section 914) there shall be only one Trustee with respect to the Securities of any particular series) and shall comply with the applicable requirements of Section 911. If, within one year after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Trustee with respect to the Securities of any series shall be appointed by Act of the Holders of a majority in principal amount of the Outstanding Securities of such series delivered to the Company and the retiring Trustee, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment in accordance with the applicable requirements of Section 911, become the successor Trustee with respect to the Securities of such series and to that extent supersede the successor Trustee appointed by the Company. If no successor Trustee with respect to the Securities of any series shall have been so appointed by the Company or the Holders and accepted appointment in the manner required by Section 911, any Holder who has been a bona fide Holder of a Security of such series for at least six months may, on behalf of itself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee with respect to the Securities of such series.

(f) So long as no event which is, or after notice or lapse of time, or both, would become, an Event of Default shall have occurred and be continuing, and except with respect to a Trustee appointed by Act of the Holders of a majority in principal amount of the Outstanding Securities pursuant to subsection (e) of this Section, if the Company shall have delivered to the Trustee (i) Board Resolutions appointing a successor Trustee, effective as of a date specified therein, and (ii) an instrument of acceptance of such appointment, effective as of such date, by such successor Trustee in accordance with Section 911, the Trustee shall be deemed to have resigned as contemplated in subsection (b) of this Section, the successor Trustee shall be deemed to have been appointed by the Company pursuant to subsection (e) of this Section and such appointment shall be deemed to have been accepted as contemplated in Section 911, all as of such date, and all other provisions of this Section and Section 911 shall be applicable to such resignation, appointment and acceptance except to the extent inconsistent with this subsection (f).

(g) The Company shall give notice of each resignation and each removal of the Trustee with respect to the Securities of any series and each appointment of a successor Trustee with respect to the Securities of any series by mailing written notice of such event by first-class mail, postage prepaid, to all Holders of Securities of such series as their names and addresses appear in the Security Register. Each notice shall include the name of the successor Trustee with respect to the Securities of such series and the address of its Corporate Trust Office.

SECTION 911. Acceptance of Appointment by Successor.

(a) In case of the appointment hereunder of a successor Trustee with respect to the Securities of all series, every such successor Trustee so appointed shall execute, acknowledge and deliver to the Company and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee; but, on the request of the Company or the successor Trustee, such retiring Trustee shall, upon payment of all sums owed to it, execute and deliver an instrument transferring to such successor Trustee all the rights, powers and trusts of the retiring Trustee and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder.

(b) In case of the appointment hereunder of a successor Trustee with respect to the Securities of one or more (but not all) series, the Company, the retiring Trustee and each successor Trustee with respect to the Securities of such series shall execute and deliver an indenture supplemental hereto wherein each successor Trustee shall accept such appointment and which (1) shall contain such provisions as shall be necessary or desirable to transfer and confirm to, and to vest in, each successor Trustee all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series to which the appointment of such successor Trustee relates, (2) if the retiring Trustee is not retiring with respect to all Securities, shall contain such provisions as shall be deemed necessary or desirable to confirm that all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series as to which the retiring Trustee is not retiring shall continue to be vested in the retiring Trustee and (3) shall add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, it being understood that nothing herein or in such supplemental indenture shall constitute such Trustees co-trustees of the same trust and that each such Trustee shall be trustee of a trust or trusts hereunder separate and apart from any trust or trusts hereunder administered by any other such Trustee; and upon the execution and delivery of such supplemental indenture the resignation or removal of the retiring Trustee shall become effective to the extent provided therein and each such successor Trustee, without any further act, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series to which the appointment of such successor Trustee relates; but, on request of the Company, or any successor Trustee, such retiring Trustee, upon payment of all sums owed to it, shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder with respect to the Securities of that or those series to which the appointment of such successor Trustee relates.

(c) Upon request of any such successor Trustee and the Company shall execute any instruments which fully vest in and confirm to such successor Trustee all such rights, powers and trusts referred to in subsection (a) or (b) of this Section, as the case may be.

(d) No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article.

SECTION 912. Merger, Conversion, Consolidation or Succession to Business.

Any Corporation or other Person into which the Trustee may be merged or converted or with which it may be consolidated, or any Corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any Corporation succeeding to all or substantially all the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such Corporation shall be otherwise qualified and eligible under this Article, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Securities shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Securities so authenticated with the same effect as if such successor Trustee had itself authenticated such Securities.

SECTION 913. Preferential Collection of Claims Against Company.

If the Trustee shall be or become a creditor of the Company or any other obligor upon the Securities (other than by reason of a relationship described in Section 311(b) of the Trust Indenture Act), the Trustee shall be subject to any and all applicable provisions of the Trust Indenture Act regarding the collection of claims against the Company or such other obligor.

SECTION 914. Co-trustees and Separate Trustees.

At any time or times, for the purpose of meeting the legal requirements of any applicable jurisdiction, the Company and the Trustee shall have power to appoint, and, upon the written request of the Trustee or of the Holders of at least 33% in principal amount of the Securities then Outstanding, the Company shall for such purpose join with the Trustee in the execution and delivery of all instruments and agreements necessary or proper to appoint, one or more Persons approved by the Trustee either to act as co-trustee, jointly with the Trustee, or to act as separate trustee, in either case with such powers as may be provided in the instrument of appointment, and to vest in such Person or Persons, in the capacity aforesaid, any property, title, right or power deemed necessary or desirable, subject to the other provisions of this Section. If the Company does not join in such appointment within 15 days after the receipt by it of a request so to do, or if an Event of Default shall have occurred and be continuing, the Trustee alone shall have power to make such appointment.

Should any written instrument or instruments from the Company be required by any co-trustee or separate trustee to more fully confirm to such co-trustee or separate trustee such property, title, right or power, any and all such instruments shall, on request, be executed, acknowledged and delivered by the Company.

Every co-trustee or separate trustee shall, to the extent permitted by law, but to such extent only, be appointed subject to the following conditions:

(a) the Securities shall be authenticated and delivered, and all rights, powers, duties and obligations hereunder in respect of the custody of securities, cash and other personal property held by, or required to be deposited or pledged with, the Trustee hereunder, shall be exercised solely, by the Trustee;

(b) the rights, powers, duties and obligations hereby conferred or imposed upon the Trustee in respect of any property covered by such appointment shall be conferred or imposed upon and exercised or performed either by the Trustee or by the Trustee and such co-trustee or separate trustee jointly, as shall be provided in the instrument appointing such co-trustee or separate trustee, except to the extent that under any law of any jurisdiction in which any particular act is to be performed, the Trustee shall be incompetent or unqualified to perform such act, in which event such rights, powers, duties and obligations shall be exercised and performed by such co-trustee or separate trustee.

(c) the Trustee at any time, by an instrument in writing executed by it, with the concurrence of the Company, may accept the resignation of or remove any co-trustee or separate trustee appointed under this Section, and, if an Event of Default shall have occurred and be continuing, the Trustee shall have power to accept the resignation of, or remove, any such co-trustee or separate trustee without the concurrence of the Company. Upon the written request of the Trustee, the Company shall join with the Trustee in the execution and delivery of all instruments and agreements necessary or proper to effectuate such resignation or removal. A successor to any co-trustee or separate trustee so resigned or removed may be appointed in the manner provided in this Section;

(d) no co-trustee or separate trustee hereunder shall be personally liable by reason of any act or omission of the Trustee, or any other such trustee hereunder, and the Trustee shall not be personally liable by reason of any act or omission of any such co-trustee or separate trustee; and

(e) any Act of Holders delivered to the Trustee shall be deemed to have been delivered to each such co-trustee and separate trustee.

SECTION 915. Appointment of Authenticating Agent.

The Trustee may appoint an Authenticating Agent or Agents acceptable to the Company with respect to the Securities of one or more series, or any Tranche thereof, which shall be authorized to act on behalf of the Trustee to authenticate Securities of such series or Tranche, issued upon original issuance, exchange, registration of transfer or partial redemption thereof or pursuant to Section 306, and Securities so authenticated shall be entitled to the benefits of this Indenture and shall be valid and obligatory for all purposes as if authenticated by the Trustee hereunder. Wherever reference is made in this Indenture to the authentication and delivery of Securities by the Trustee or the Trustee's certificate of authentication, such reference shall be deemed to include authentication and delivery on behalf of the Trustee by an Authenticating Agent and a certificate of authentication executed on behalf of the Trustee by an Authenticating

Agent. Each Authenticating Agent shall be acceptable to the Company and shall at all times be a Corporation organized and doing business under the laws of the United States, any State or Territory thereof or the District of Columbia or the Commonwealth of Puerto Rico, authorized under such laws to act as Authenticating Agent, having a combined capital and surplus of not less than $50,000,000 and subject to supervision or examination by Federal or State authority. If such Authenticating Agent publishes reports of condition at least annually, pursuant to law or to the requirements of said supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such Authenticating Agent shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time an Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, such Authenticating Agent shall resign immediately in the manner and with the effect specified in this Section.

Any Corporation into which an Authenticating Agent may be merged or converted or with which it may be consolidated, or any Corporation resulting from any merger, conversion or consolidation to which such Authenticating Agent shall be a party, or any Corporation succeeding to the corporate agency or corporate trust business of an Authenticating Agent, shall continue to be an Authenticating Agent, provided such Corporation shall be otherwise eligible under this Section, without the execution or filing of any paper or any further act on the part of the Trustee or the Authenticating Agent.

An Authenticating Agent may resign at any time by giving written notice thereof to the Trustee, the Company. The Trustee may at any time terminate the agency of an Authenticating Agent by giving written notice thereof to such Authenticating Agent, the Company. Upon receiving such a notice of resignation or upon such a termination, or in case at any time such Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, the Trustee may appoint a successor Authenticating Agent which shall be acceptable to the Company. Any successor Authenticating Agent upon acceptance of its appointment hereunder shall become vested with all the rights, powers and duties of its predecessor hereunder, with like effect as if originally named as an Authenticating Agent. No successor Authenticating Agent shall be appointed unless eligible under the provisions of this Section.

The Company agrees to pay to each Authenticating Agent from time to time reasonable compensation for its services under this Section.

The provisions of Sections 308, 904 and 905 shall be applicable to each Authenticating Agent.

If an appointment with respect to the Securities of one or more series, or any Tranche thereof, shall be made pursuant to this Section, the Securities of such series or Tranche may have endorsed thereon, in addition to the Trustee's certificate of authentication, an alternative certificate of authentication substantially in the following form:

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

Dated: , as Trustee

By: _____
As Authenticating Agent

By: _____
Authorized Signatory

If all of the Securities of a series may not be originally issued at one time, and if the Trustee does not have an office capable of authenticating Securities upon original issuance located in a Place of Payment where the Company wishes to have Securities of such series authenticated upon original issuance, the Trustee, if so requested by the Company in writing (which writing need not comply with Section 102 and need not be accompanied by an Opinion of Counsel), shall appoint, in accordance with this Section and in accordance with such procedures as shall be acceptable to the Trustee, an Authenticating Agent having an office in a Place of Payment designated by the Company with respect to such series of Securities.

ARTICLE TEN
Holders' Lists and Reports by Trustee, Company

SECTION 1001. Lists of Holders.

Semiannually, not later than and in each year, commencing , and at such other times as the Trustee may request in writing, the Company shall furnish or cause to be furnished to the Trustee information as to the names and addresses of the Holders, and the Trustee shall preserve such information and similar information received by it in any other capacity and afford to the Holders access to information so preserved by it, all to such extent, if any, and in such manner as shall be required by the Trust Indenture Act; provided, however, that no such list need be furnished so long as the Trustee shall be the Security Registrar.

SECTION 1002. Reports by Trustee, Company.

Not later than in each year, commencing , the Trustee shall transmit to the Holders, the Commission and each securities exchange upon which any Securities are listed, a report, dated as of the next preceding , with respect to any events and other matters described in Section 313(a) of the Trust Indenture Act, in such manner and to the extent required by the Trust Indenture Act. The Trustee shall transmit to the Holders, the Commission and each securities exchange upon which any Securities are listed, and the Company, as the case requires, shall file with the Trustee (within 30 days after filing with the Commission in the case of reports which pursuant to the Trust Indenture Act must be filed with the Commission and furnished to the Trustee) and transmit to the Holders, such other information, reports and other documents, if any, at such times and in such manner, as shall be required by the Trust Indenture Act. The Company shall notify the Trustee of the listing of any Securities on any securities exchange or of the delisting thereof.

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ARTICLE ELEVEN
Consolidation, Merger, Conveyance or Other Transfer

SECTION 1101. Company May Consolidate, etc., Only on Certain Terms.

The Company shall not consolidate with or merge into any other entity, or convey or otherwise transfer or lease its properties and assets substantially as an entirety to any Person, unless

(a) the Person formed by such consolidation or into which the Company is merged or the Person which acquires by conveyance or transfer, or which leases, the properties and assets of the Company substantially as an entirety shall be a Person organized and existing under the laws of the United States, any State thereof or the District of Columbia, and shall expressly assume, by an indenture supplemental hereto, executed and delivered to the Trustee, in form satisfactory to the Trustee, the due and punctual payment of the principal of and premium, if any, and interest, if any, on all Outstanding Securities and the performance of every covenant of this Indenture on the part of the Company to be performed or observed;

(b) immediately after giving effect to such transaction, no Event of Default and no event which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing; and

(c) the Company shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that such consolidation, merger, conveyance, or other transfer or lease and such supplemental indenture comply with this Article and that all conditions precedent herein provided for relating to such transactions have been complied with.

SECTION 1102. Successor Entity Substituted.

Upon any consolidation by the Company with or merger by the Company into any other Person or any conveyance, or other transfer or lease of the properties and assets of the Company substantially as an entirety in accordance with Section 1101, the successor Person formed by such consolidation or into which the Company is merged or the Person to which such conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Indenture with the same effect as if such successor Person had been named as the Company, as the case may be, herein, and thereafter, except in the case of a lease, the predecessor Person shall be relieved of all obligations and covenants under this Indenture and the Securities Outstanding hereunder.

SECTION 1103. Limitation.

Nothing in this Indenture shall be deemed to prevent or restrict:

(a) any consolidation or merger after the consummation of which the Company would be the surviving or resulting entity,

(b) any conveyance or other transfer, or lease, of any part of the properties and/or assets of the Company, which does not constitute the entirety, or substantially the entirety, of its properties and assets,

(c) the approval by the Company of, or the consent by the Company to, any consolidation or merger to which any direct or indirect subsidiary or affiliate of the Company may be a party or any conveyance, transfer or lease by any such subsidiary or affiliate of any of its properties or assets, or

(d) any other transaction not contemplated by Section 1101.

ARTICLE TWELVE
Supplemental Indentures

SECTION 1201. Supplemental Indentures Without Consent of Holders.

Without the consent of any Holders, the Company and the Trustee, at any time and from time to time, may enter into one or more indentures supplemental hereto, in form reasonably satisfactory to the Trustee, for any of the following purposes:

(a) to evidence the succession of another Person to the Company and the assumption by any such successor of the covenants of the Company herein and in the Securities, all as provided in Article Eleven; or

(b) to add one or more covenants of the Company or other provisions for the benefit of all Holders or for the benefit of the Holders of, or to remain in effect only so long as there shall be Outstanding, Securities of one or more specified series, or one or more specified Tranches thereof, or to surrender any right or power herein conferred upon the Company; or

(c) to add any additional Events of Default with respect to all or any series of Securities Outstanding hereunder; or

(d) to change or eliminate any provision of this Indenture or to add any new provision to this Indenture; provided, however, that if such change, elimination or addition shall adversely affect the interests of the Holders of Securities of any series or Tranche Outstanding on the date of such indenture supplemental hereto in any material respect, such change, elimination or addition shall become effective (i) with respect to such series or Tranche only pursuant to the provisions of Section 1202 hereof or (ii) when no Security of such series or Tranche remains Outstanding; or

(e) to provide collateral security for all but not part of the Securities; or

(f) to establish the form or terms of Securities of any series or Tranche as contemplated by Sections 201 and 301; or

(g) to provide for the authentication and delivery of bearer securities and coupons appertaining thereto representing interest, if any, thereon and for the procedures for the registration, exchange and replacement thereof and for the giving of notice to, and the solicitation of the vote or consent of, the holders thereof, and for any and all other matters incidental thereto; or

(h) to evidence and provide for the acceptance of appointment hereunder by a separate or successor Trustee or co-trustee with respect to the Securities of one or more series and to add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, pursuant to the requirements of Section 911(b); or

(i) to provide for the procedures required to permit the Company to utilize, at its option, a non-certificated system of registration for all, or any series or Tranche of, the Securities; or

(j) to change any place or places where (1) the principal of and premium, if any, and interest, if any, on all or any series of Securities, or any Tranche thereof, shall be payable, (2) all or any series of Securities, or any Tranche thereof, may be surrendered for registration of transfer, (3) all or any series of Securities, or any Tranche thereof, may be surrendered for exchange and (4) notices and demands to or upon the Company in respect of all or any series of Securities, or any Tranche thereof, and this Indenture may be served; or

(k) to cure any ambiguity, to correct or supplement any provision herein which may be defective or inconsistent with any other provision herein, or to make any other changes to the provisions hereof or to add other provisions with respect to matters or questions arising under this Indenture, provided that such other changes or additions shall not adversely affect the interests of the Holders of Securities of any series or Tranche in any material respect.

Without limiting the generality of the foregoing, if the Trust Indenture Act as in effect at the date of the execution and delivery of this Indenture or at any time thereafter shall be amended and

(x) if any such amendment shall require one or more changes to any provisions hereof or the inclusion herein of any additional provisions, or shall by operation of law be deemed to effect such changes or incorporate such provisions by reference or otherwise, this Indenture shall be deemed to have been amended so as to conform to such amendment to the Trust Indenture Act, and the Company and the Trustee may, without the consent of any Holders, enter into an indenture supplemental hereto to effect or evidence such changes or additional provisions; or

(y) if any such amendment shall permit one or more changes to, or the elimination of, any provisions hereof which, at the date of the execution and delivery hereof or at any time thereafter, are required by the Trust Indenture Act to be contained herein, this Indenture shall be deemed to have been amended to effect such changes or elimination, and the Company and the Trustee may, without the consent of any Holders, enter into an indenture supplemental hereto to evidence such amendment hereof.

SECTION 1202. Supplemental Indentures With Consent of Holders.

With the consent of the Holders of a majority in aggregate principal amount of the Securities of all series then Outstanding under this Indenture, considered as one class, by Act of said Holders delivered to the Company and the Trustee, the Company, when authorized by Board Resolutions, and the Trustee may enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or modifying in any manner the rights of the Holders of Securities of such series under the Indenture; provided, however, that if there shall be Securities of more than one series Outstanding hereunder and if a proposed supplemental indenture shall directly affect the rights of the Holders of Securities of one or more, but less than all, of such series, then the consent only of the Holders of a majority in aggregate principal amount of the Outstanding Securities of all series so directly affected, considered as one class, shall be required; and provided, further, that if the Securities of any series shall have been issued in more than one Tranche and if the proposed supplemental indenture shall directly affect the rights of the Holders of Securities of one or more, but less than all, of such Tranches, then the consent only of the Holders of a majority in aggregate principal amount of the Outstanding Securities of all Tranches so directly affected, considered as one class, shall be required; and provided, further, that no such supplemental indenture shall:

(a) change the Stated Maturity of the principal of, or any installment of principal of or interest on (except as provided in Section 312 hereof), any Security, or reduce the principal amount thereof or the rate of interest thereon (or the amount of any installment of interest thereon) or change the method of calculating such rate or reduce any premium payable upon the redemption thereof, or reduce the amount of the principal of a Discount Security that would be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 802, or change the coin or currency (or other property), in which any Security or any premium or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity of any Security (or, in the case of redemption, on or after the Redemption Date), without, in any such case, the consent of the Holder of such Security, or

(b) reduce the percentage in principal amount of the Outstanding Securities of any series or any Tranche thereof, the consent of the Holders of which is required for any such supplemental indenture, or the consent of the Holders of which is required for any waiver of compliance with any provision of this Indenture or of any default hereunder and its consequences, or reduce the requirements of Section 1304 for quorum or voting, without, in any such case, the consent of the Holders of each Outstanding Security of such series or Tranche, or

(c) modify any of the provisions of this Section, Section 607 or Section 813 with respect to the Securities of any series, or any Tranche thereof, or except to increase the percentages in principal amount referred to in this Section or such other Sections or to provide that other provisions of this Indenture cannot be modified or waived without the consent of the Holder of each Outstanding Security affected thereby; provided, however, that this clause shall not be deemed to require the consent of any Holder with respect to changes in the references to “the Trustee” and concomitant changes in this Section, or the deletion of this proviso, in accordance with the requirements of Sections 911(b), 914 and 1201(h).

A supplemental indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more particular series of Securities, or of one or more Tranches thereof, or which modifies the rights of the Holders of Securities of such series or Tranches with respect to such covenant or other provision, shall be deemed not to affect the rights under this Indenture of the Holders of Securities of any other series or Tranche.

It shall not be necessary for any Act of Holders under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof. A waiver by a Holder of such Holder's right to consent under this Section shall be deemed to be a consent of such Holder.

SECTION 1203. Execution of Supplemental Indentures.

In executing, or accepting the additional trusts created by, any supplemental indenture permitted by this Article or the modifications thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and (subject to Section 901) shall be fully protected in relying upon, an Officer's Certificate and an Opinion of Counsel stating that the execution of such supplemental indenture is authorized or permitted by this Indenture. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture which affects the Trustee's own rights, duties, immunities or liabilities under this Indenture or otherwise.

SECTION 1204. Effect of Supplemental Indentures.

Upon the execution of any supplemental indenture under this Article this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes; and every Holder of Securities theretofore or thereafter authenticated and delivered hereunder shall be bound thereby. Any supplemental indenture permitted by this Article may restate this Indenture in its entirety, and, upon the execution and delivery thereof, any such restatement shall supersede this Indenture as theretofore in effect for all purposes.

SECTION 1205. Conformity With Trust Indenture Act.

Every supplemental indenture executed pursuant to this Article shall conform to the requirements of the Trust Indenture Act as then in effect.

SECTION 1206. Reference in Securities to Supplemental Indentures.

Securities of any series, or any Tranche thereof, authenticated and delivered after the execution of any supplemental indenture pursuant to this Article may, and shall if required by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Company shall so determine, new Securities of any series, or any Tranche thereof, so modified as to conform, in the opinion of the Trustee and the Company, to any such supplemental indenture may be prepared and executed by the Company and authenticated and delivered by the Trustee in exchange for Outstanding Securities of such series or Tranche.

SECTION 1207. Modification Without Supplemental Indenture.

If the terms of any particular series of Securities shall have been established in a Board Resolution or an Officer's Certificate pursuant to a Board Resolution as contemplated by Section 301, and not in an indenture supplemental hereto, additions to, changes in or the elimination of any of such terms may be effected by means of a supplemental Board Resolution or Officer's Certificate, as the case may be, delivered to, and accepted in writing by, the Trustee; provided, however, that such supplemental Board Resolution or Officer's Certificate shall not be accepted by the Trustee or otherwise be effective unless all conditions set forth in this Indenture which would be required to be satisfied if such additions, changes or elimination were contained in a supplemental indenture shall have been appropriately satisfied. Upon the acceptance thereof by the Trustee, any such supplemental Board Resolution or Officer's Certificate shall be deemed to be a "supplemental indenture" for purposes of Sections 1204 and 1206.

ARTICLE THIRTEEN
Meetings of Holders; Action Without Meeting

SECTION 1301. Purposes for Which Meetings May Be Called.

A meeting of Holders of Securities of one or more, or all, series, or any Tranche or Tranches thereof, may be called at any time and from time to time pursuant to this Article to make, give or take any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be made, given or taken by Holders of Securities of such series or Tranches.

SECTION 1302. Call, Notice and Place of Meetings.

(a) The Trustee may at any time call a meeting of Holders of Securities of one or more, or all, series, or any Tranche or Tranches thereof, for any purpose specified in Section 1301, to be held at such time and at such place in the Borough of Manhattan, The City of New York, New York as the Trustee shall determine, or, with the approval of the Company, at any other place. Notice of every such meeting, setting forth the time and the place of such meeting and in general terms the action proposed to be taken at such meeting, shall be given, in the manner provided in Section 106, not less than 21 nor more than 180 days prior to the date fixed for the meeting.

(b) If the Trustee shall have been requested to call a meeting of the Holders of Securities of one or more, or all, series, or any Tranche or Tranches thereof, by the Company or by the Holders of 33% in aggregate principal amount of all of such series and Tranches, considered as one class, for any purpose specified in Section 1301, by written request setting forth in reasonable detail the action proposed to be taken at the meeting, and the Trustee shall not have given the notice of such meeting within 21 days after receipt of such request or shall not thereafter proceed to cause the meeting to be held as provided herein, then the Company or the Holders of Securities of such series and Tranches in the amount above specified, as the case may be, may determine the time and the place in the Borough of Manhattan, The City of New York, or in such other place as shall be determined or approved by the Company for such meeting and may call such meeting for such purposes by giving notice thereof as provided in subsection (a) of this Section.

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(c) Any meeting of Holders of Securities of one or more, or all, series, or any Tranche or Tranches thereof, shall be valid without notice if the Holders of all Outstanding Securities of such series or Tranches are present in person or by proxy and if representatives of the Company and the Trustee are present, or if notice is waived in writing before or after the meeting by the Holders of all Outstanding Securities of such series, or any Tranche or Tranches thereof, or by such of them as are not present at the meeting in person or by proxy, and by the Company and the Trustee.

SECTION 1303. Persons Entitled to Vote at Meetings.

To be entitled to vote at any meeting of Holders of Securities of one or more, or all, series, or any Tranche or Tranches thereof, a Person shall be (a) a Holder of one or more Outstanding Securities of such series or Tranches, or (b) a Person appointed by an instrument in writing as proxy for a Holder or Holders of one or more Outstanding Securities of such series or Tranches by such Holder or Holders. The only Persons who shall be entitled to attend any meeting of Holders of Securities of any series or Tranche shall be the Persons entitled to vote at such meeting and their counsel, any representatives of the Trustee and its counsel and any representatives of the Company and its counsel.

SECTION 1304. Quorum; Action.

The Persons entitled to vote a majority in aggregate principal amount of the Outstanding Securities of the series and Tranches with respect to which a meeting shall have been called as hereinbefore provided, considered as one class, shall constitute a quorum for a meeting of Holders of Securities of such series and Tranches; provided, however, that if any action is to be taken at such meeting which this Indenture expressly provides may be taken by the Holders of a specified percentage, which is less than a majority, in principal amount of the Outstanding Securities of such series and Tranches, considered as one class, the Persons entitled to vote such specified percentage in principal amount of the Outstanding Securities of such series and Tranches, considered as one class, shall constitute a quorum. In the absence of a quorum within one hour of the time appointed for any such meeting, the meeting shall, if convened at the request of Holders of Securities of such series and Tranches, be dissolved. In any other case the meeting may be adjourned for such period as may be determined by the chairman of the meeting prior to the adjournment of such meeting. In the absence of a quorum at any such adjourned meeting, such adjourned meeting may be further adjourned for such period as may be determined by the chairman of the meeting prior to the adjournment of such adjourned meeting. Except as provided by Section 1305(e), notice of the reconvening of any meeting adjourned for more than 30 days shall be given as provided in Section 1302(a) not less than 10 days prior to the date on which the meeting is scheduled to be reconvened. Notice of the reconvening of an adjourned meeting shall state expressly the percentage, as provided above, of the principal amount of the Outstanding Securities of such series and Tranches which shall constitute a quorum.

Except as limited by Section 1202, any resolution presented to a meeting or adjourned meeting duly reconvened at which a quorum is present as aforesaid may be adopted only by the

affirmative vote of the Holders of a majority in aggregate principal amount of the Outstanding Securities of the series and Tranches with respect to which such meeting shall have been called, considered as one class; provided, however, that, except as so limited, any resolution with respect to any action which this Indenture expressly provides may be taken by the Holders of a specified percentage, which is less than a majority, in principal amount of the Outstanding Securities of such series and Tranches, considered as one class, may be adopted at a meeting or an adjourned meeting duly reconvened and at which a quorum is present as aforesaid by the affirmative vote of the Holders of such specified percentage in principal amount of the Outstanding Securities of such series and Tranches, considered as one class.

Any resolution passed or decision taken at any meeting of Holders of Securities duly held in accordance with this Section shall be binding on all the Holders of Securities of the series and Tranches with respect to which such meeting shall have been held, whether or not present or represented at the meeting.

SECTION 1305. Attendance at Meetings; Determination of Voting Rights; Conduct and Adjournment of Meetings.

(a) Attendance at meetings of Holders of Securities may be in person or by proxy; and, to the extent permitted by law, any such proxy shall remain in effect and be binding upon any future Holder of the Securities with respect to which it was given unless and until specifically revoked by the Holder or future Holder of such Securities before being voted.

(b) Notwithstanding any other provisions of this Indenture, the Trustee may make such reasonable regulations as it may deem advisable for any meeting of Holders of Securities in regard to proof of the holding of such Securities and of the appointment of proxies and in regard to the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidence of the right to vote, and such other matters concerning the conduct of the meeting as it shall deem appropriate. Except as otherwise permitted or required by any such regulations, the holding of Securities shall be proved in the manner specified in Section 104 and the appointment of any proxy shall be proved in the manner specified in Section 104. Such regulations may provide that written instruments appointing proxies, regular on their face, may be presumed valid and genuine without the proof specified in Section 104 or other proof.

(c) The Trustee shall, by an instrument in writing, appoint a temporary chairman of the meeting, unless the meeting shall have been called by the Company or by Holders as provided in Section 1302(b), in which case the Company or the Holders of Securities of the series and Tranches calling the meeting, as the case may be, shall in like manner appoint a temporary chairman. A permanent chairman and a permanent secretary of the meeting shall be elected by vote of the Persons entitled to vote a majority in aggregate principal amount of the Outstanding Securities of all series and Tranches represented at the meeting, considered as one class.

(d) At any meeting each Holder or proxy shall be entitled to one vote for each $1 principal amount of Securities held or represented by him; provided, however, that no vote shall be cast or counted at any meeting in respect of any Security challenged as not Outstanding and ruled by the chairman of the meeting to be not Outstanding. The chairman of the meeting shall have no right to vote, except as a Holder of a Security or proxy.

(e) Any meeting duly called pursuant to Section 1302 at which a quorum is present may be adjourned from time to time by Persons entitled to vote a majority in aggregate principal amount of the Outstanding Securities of all series and Tranches represented at the meeting, considered as one class; and the meeting may be held as so adjourned without further notice.

SECTION 1306. Counting Votes and Recording Action of Meetings.

The vote upon any resolution submitted to any meeting of Holders shall be by written ballots on which shall be subscribed the signatures of the Holders or of their representatives by proxy and the principal amounts and serial numbers of the Outstanding Securities, of the series and Tranches with respect to which the meeting shall have been called, held or represented by them. The permanent chairman of the meeting shall appoint two inspectors of votes who shall count all votes cast at the meeting for or against any resolution and who shall make and file with the secretary of the meeting their verified written reports of all votes cast at the meeting. A record in triplicate of the proceedings of each meeting of Holders shall be prepared by the secretary of the meeting and there shall be attached to said record the original reports of the inspectors of votes on any vote by ballot taken thereat and affidavits by one or more persons having knowledge of the facts setting forth a copy of the notice of the meeting and showing that said notice was given as provided in Section 1302 and, if applicable, Section 1304. Each copy shall be signed and verified by the affidavits of the permanent chairman and secretary of the meeting and one such copy shall be delivered to each of the Company and the Trustee to be preserved by the Trustee, the latter to have attached thereto the ballots voted at the meeting. Any record so signed and verified shall be conclusive evidence of the matters therein stated.

SECTION 1307. Action Without Meeting.

In lieu of a vote of Holders at a meeting as hereinbefore contemplated in this Article, any request, demand, authorization, direction, notice, consent, waiver or other action may be made, given or taken by Holders by written instruments as provided in Section 104.

ARTICLE FOURTEEN
RESERVED

ARTICLE FIFTEEN
Subordination of Securities

SECTION 1501. Securities Subordinate to Senior Indebtedness of the Company.

The Company, for itself, its successors and assigns, covenants and agrees, and each Holder of the Securities of each series, by its acceptance thereof, likewise covenants and agrees, that the payment of the principal of and premium, if any, and interest, if any, on each and all of the Securities is hereby expressly subordinated and junior in right of payment, and subject, to the extent and in the manner set forth in this Article, in right of payment to the prior payment in full of all Senior Indebtedness of the Company. However, the Securities of each series will rank equally in right of payment with any Pari Passu Securities of the Company.

Each Holder of the Securities of each series, by its acceptance thereof, authorizes and directs the Trustee on its behalf to take such action as may be necessary or appropriate to effectuate the subordination as provided in this Article, and appoints the Trustee its attorney-in-fact for any and all such purposes.

SECTION 1502. Payment Over of Proceeds of Securities.

In the event (a) of any insolvency or bankruptcy proceedings or any receivership, liquidation, reorganization or other similar proceedings in respect of the Company or a substantial part of its property and assets, or of any proceedings for liquidation, dissolution or other winding up of the Company, whether or not involving insolvency or bankruptcy, or (b) subject to the provisions of Section 1503, that (i) a default shall have occurred with respect to the payment of principal of or interest on or other monetary amounts due and payable on any Senior Indebtedness of the Company, or (ii) there shall have occurred a default (other than a default in the payment of principal or interest or other monetary amounts due and payable) in respect of any Senior Indebtedness of the Company, as defined therein or in the instrument under which the same is outstanding, permitting the holder or holders thereof, or any other Person on its or their behalf to accelerate the maturity thereof (with notice or lapse of time, or both), and such default shall have continued beyond the period of grace, if any, in respect thereof, and, in the cases of subclauses (i) and (ii) of this clause (b), such default shall not have been cured or waived or shall not have ceased to exist, or (c) that the principal of and/or premium, if any, and/or accrued interest, if any, on the Securities of any series shall have been declared due and payable pursuant to Section 801 and such declaration shall not have been rescinded and annulled as provided in Section 802, then:

(1) the holders of all Senior Indebtedness of the Company shall first be entitled to receive payment of the full amount due thereon, or provision shall be made for such payment in money or money's worth, before the Holders of any of the Securities are entitled to receive a payment on account of the principal of, premium if any, or interest on the indebtedness evidenced by the Securities, including, without limitation, any payments made pursuant to Articles Four and Five;

(2) any payment by, or distribution of property or assets of, the Company of any kind or character, whether in cash, property or securities, to which any Holder or the Trustee would be entitled except for the provisions of this Article, shall be paid or delivered by the Person making such payment or distribution, whether a trustee in bankruptcy, a receiver or liquidating trustee or otherwise, directly to the holders of such Senior Indebtedness of the Company or their representative or representatives or to the trustee or trustees under any indenture under which any instruments evidencing any of such Senior Indebtedness of the Company may have been issued, ratably according to the aggregate amounts remaining unpaid on account of such Senior Indebtedness of the Company held or represented by each, to the extent necessary to make payment in full of all Senior Indebtedness of the Company remaining unpaid after giving effect to any concurrent payment or distribution (or provision therefor) to the holders of such Senior Indebtedness of the Company, before any payment or distribution is made to the Holders of the indebtedness evidenced by the Securities or to the Trustee under this Indenture; and

(3) in the event that, notwithstanding the foregoing, any payment by, or distribution of property or assets of, the Company of any kind or character, whether in cash, property or securities, in respect of principal of, or premium, if any, or interest on the Securities or in connection with any repurchase by the Company of the Securities, shall be received by the Trustee or any Holder before all Senior Indebtedness of the Company is paid in full, or provision is made for such payment in money or money's worth, such payment or distribution in respect of principal of, or premium, if any, or interest on the Securities or in connection with any repurchase by the Company of the Securities shall be paid over to the holders of such Senior Indebtedness of the Company or their representative or representatives or to the trustee or trustees under any indenture under which any instruments evidencing any such Senior Indebtedness of the Company may have been issued, ratably as aforesaid, for application to the payment of all Senior Indebtedness of the Company remaining unpaid until all such Senior Indebtedness of the Company shall have been paid in full, after giving effect to any concurrent payment or distribution (or provision therefor) to the holders of such Senior Indebtedness of the Company.

Notwithstanding the foregoing, at any time after the 123rd day following the date of deposit of cash or Eligible Obligations pursuant to Section 701 or 702 (provided all conditions set out in such Section shall have been satisfied), the funds so deposited and any interest thereon will not be subject to any rights of holders of Senior Indebtedness of the Company including, without limitation, those arising under this Article Fifteen; provided that no event described in clauses (e) and (f) of Section 801 with respect to the Company has occurred during such 123-day period.

For purposes of this Article only, the words "cash, property or securities" shall not be deemed to include shares of stock of the Company as reorganized or readjusted, or securities of the Company or any other Person provided for by a plan of reorganization or readjustment which are subordinate in right of payment to all Senior Indebtedness of the Company which may at the time be outstanding to the same extent as, or to a greater extent than, the Securities are so subordinated as provided in this Article. The consolidation of the Company with, or the merger of the Company into, another Person or the liquidation or dissolution of the Company following the conveyance or transfer of its property and assets as an entirety, or substantially as an entirety, to another Person upon the terms and conditions provided for in Article Eleven hereof shall not be deemed a dissolution, winding-up, liquidation or reorganization for the purposes of this Section 1502 if such other Person shall, as a part of such consolidation, merger, conveyance or transfer, comply with the conditions stated in Article Eleven hereof. Nothing in Section 1501 or in this Section 1502 shall apply to claims of, or payments to, the Trustee under or pursuant to Section 907.

SECTION 1503. Disputes with Holders of Certain Senior Indebtedness of the Company.

Any failure by the Company to make any payment on or perform any other obligation in respect of Senior Indebtedness of the Company, other than any indebtedness incurred by the Company or assumed or guaranteed, directly or indirectly, by the Company for money borrowed (or any deferral, renewal, extension or refunding thereof) or any other obligation as to which the provisions of this Section shall have been waived by the Company in the instrument or

instruments by which the Company incurred, assumed, guaranteed or otherwise created such indebtedness or obligation, shall not be deemed a default under clause (b) of Section 1502 if (i) the Company shall be disputing its obligation to make such payment or perform such obligation and (ii) either (A) no final judgment relating to such dispute shall have been issued against the Company which is in full force and effect and is not subject to further review, including a judgment that has become final by reason of the expiration of the time within which a party may seek further appeal or review, or (B) in the event that a judgment that is subject to further review or appeal has been issued, the Company shall in good faith be prosecuting an appeal or other proceeding for review and a stay or execution shall have been obtained pending such appeal or review.

SECTION 1504. Subrogation.

Senior Indebtedness of the Company shall not be deemed to have been paid in full unless the holders thereof shall have received cash (or securities or other property satisfactory to such holders) in full payment of such Senior Indebtedness of the Company then outstanding. Upon the payment in full of all Senior Indebtedness of the Company, the rights of the Holders of the Securities shall be subrogated to the rights of the holders of Senior Indebtedness of the Company to receive any further payments or distributions of cash, property or securities of the Company applicable to the holders of the Senior Indebtedness of the Company until all amounts owing on the Securities shall be paid in full; and such payments or distributions of cash, property or securities received by the Holders of the Securities, by reason of such subrogation, which otherwise would be paid or distributed to the holders of such Senior Indebtedness of the Company shall, as between the Company, its creditors other than the holders of Senior Indebtedness of the Company, and the Holders, be deemed to be a payment by the Company to or on account of Senior Indebtedness of the Company, it being understood that the provisions of this Article are and are intended solely for the purpose of defining the relative rights of the Holders, on the one hand, and the holders of the Senior Indebtedness of the Company, on the other hand.

SECTION 1505. Obligation of the Company Unconditional.

Nothing contained in this Article or elsewhere in this Indenture or in the Securities is intended to or shall impair, as among the Company, its creditors other than the holders of Senior Indebtedness of the Company and the Holders, the obligation of the Company, which is absolute and unconditional, to pay to the Holders the principal of, premium, if any, and interest on the Securities as and when the same shall become due and payable in accordance with their terms, or is intended to or shall affect the relative rights of the Holders and creditors of the Company other than the holders of Senior Indebtedness of the Company, nor shall anything herein or therein prevent the Trustee or any Holder from exercising all remedies otherwise permitted by applicable law upon default under this Indenture, subject to the rights, if any, under this Article of the holders of Senior Indebtedness of the Company in respect of cash, property or securities of the Company received upon the exercise of any such remedy.

Upon any payment or distribution of assets, cash or property or securities of the Company referred to in this Article, the Trustee and the Holders shall be entitled to rely conclusively upon any order or decree of a court of competent jurisdiction in which such

dissolution, winding up, liquidation or reorganization proceedings are pending for the purpose of ascertaining the Persons entitled to participate in such distribution, the holders of the Senior Indebtedness of the Company and other indebtedness of the Company, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon, and all other facts pertinent thereto or to this Article.

The Trustee shall be entitled to conclusively rely on the delivery to it of a written notice by a Person representing himself to be a holder of Senior Indebtedness of the Company (or a representative of such holder or a trustee under any indenture under which any instruments evidencing any such Senior Indebtedness of the Company may have been issued) to establish that such notice has been given by a holder of such Senior Indebtedness of the Company or such representative or trustee on behalf of such holder. In the event that the Trustee determines in good faith that further evidence is required with respect to the right of any Person as a holder of Senior Indebtedness, or its representative or representatives or trustee or trustees under any indenture under which any instruments evidencing any such Senior Indebtedness of the Company may have been issued, to participate in any payment or distribution pursuant to this Article, the Trustee may request such Person to furnish evidence to the reasonable satisfaction of the Trustee as to the amount of Senior Indebtedness of the Company held by such Person, the extent to which such Person is entitled to participate in such payment or distribution and any other facts pertinent to the right of such Person under this Article, and, if such evidence is not furnished, the Trustee may defer any payment to such Person pending judicial determination as to the right of such Person to receive such payment or distribution.

SECTION 1506. Priority of Senior Indebtedness of the Company Upon Maturity.

Upon the maturity of the principal of any Senior Indebtedness of the Company by lapse of time, acceleration or otherwise, all matured principal of Senior Indebtedness of the Company and interest, premium and other payment obligation, if any, thereon shall first be paid in full before any payment of principal or premium, if any, or interest, if any, is made upon the Securities or before any Securities can be acquired by the Company or any sinking fund payment is made with respect to the Securities (except that required sinking fund payments may be reduced by Securities acquired before such maturity of such Senior Indebtedness of the Company).

SECTION 1507. Trustee as Holder of Senior Indebtedness of the Company; Preservation of Trustee' Rights.

The Trustee in its individual capacity shall be entitled to all rights set forth in this Article with respect to any Senior Indebtedness of the Company at any time held by it, to the same extent as any other holder of Senior Indebtedness of the Company. Nothing in this Article shall deprive the Trustee of any of its rights as such holder.

Nothing in this Article shall apply to claims of, or payments to, the Trustee under or pursuant to Section 907.

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SECTION 1508. Notice to Trustee to Effectuate Subordination.

The Company shall give prompt written notice to the Trustee of any fact known to the Company which would prohibit the making of any payment to or by the Trustee in respect of the Securities. Failure to give such notice shall not affect the subordination of the Securities to Senior Indebtedness.

Notwithstanding the provisions of this Article or any other provision of this Indenture, the Trustee shall not be charged with knowledge of the existence of any facts which would prohibit the making of any payment of moneys to or by the Trustee unless and until the Trustee shall have received written notice thereof at the address specified in Section 105 from the Company, from a Holder or from a holder of any Senior Indebtedness of the Company or from any representative or representatives of such holder or any trustee or trustees under any indenture under which any instruments evidencing any such Senior Indebtedness of the Company may have been issued and, prior to the receipt of any such written notice, the Trustee shall be entitled, subject to Section 901, in all respects to assume that no such facts exist; provided, however, that, if a Responsible Officer of the Trustee shall not have received, at least three Business Days prior to the date upon which by the terms hereof any such money may become payable for any purpose, with respect to such moneys the notice provided for in this Section, then, anything herein contained to the contrary notwithstanding, the Trustee shall have full power and authority to receive such moneys and/or apply the same to the purpose for which they were received, and shall not be affected by any notice to the contrary, which may be received by it within three Business Days prior to such date; provided, however, that no such application shall affect the obligations under this Article of the persons receiving such moneys from the Trustee.

SECTION 1509. Modification, Extension, etc. of Senior Indebtedness of the Company.

The holders of Senior Indebtedness of the Company or their representative or representatives or the trustee or trustees under any indenture under which any instruments evidencing any such Senior Indebtedness of the Company may have been issued may, without affecting in any manner the subordination of the payment of the principal of and premium, if any, and interest, if any, on the Securities, at any time or from time to time and in their absolute discretion, agree with the Company to change the manner, place or terms of payment, change or extend the time of payment of, or renew or alter, any Senior Indebtedness of the Company, or amend or supplement any instrument pursuant to which any Senior Indebtedness of the Company is issued, or exercise or refrain from exercising any other of their rights under the Senior Indebtedness of the Company including, without limitation, the waiver of default thereunder, all without notice to or assent from the Holders or the Trustee.

SECTION 1510. Trustee Has No Fiduciary Duty to Holders of Senior Indebtedness of the Company.

With respect to the holders of Senior Indebtedness of the Company, the Trustee undertakes to perform or to observe only such of its covenants and objectives as are specifically set forth in this Indenture, and no implied covenants or obligations with respect to the holders of Senior Indebtedness of the Company shall be read into this Indenture against the Trustee. The Trustee shall not be deemed to owe any fiduciary duty to the holders of Senior Indebtedness of

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the Company, and shall not be liable to any such holders if it shall mistakenly pay over or deliver to the Holders or the Company or any other Person, money or assets to which any holders of Senior Indebtedness of the Company shall be entitled by virtue of this Article or otherwise.

SECTION 1511. Paying Agents Other Than the Trustee.

In case at any time any Paying Agent other than the Trustee shall have been appointed by the Company and be then acting hereunder, the term "Trustee" as used in this Article shall in such case (unless the context shall otherwise require) be construed as extending to and including such Paying Agent within its meaning as fully for all intents and purposes as if such Paying Agent were named in this Article in addition to or in place of the Trustee; provided, however, that Sections 1507, 1508 and 1510 shall not apply to the Company if it acts as Paying Agent.

SECTION 1512. Rights of Holders of Senior Indebtedness of the Company Not Impaired.

No right of any present or future holder of Senior Indebtedness of the Company to enforce the subordination herein shall at any time or in any way be prejudiced or impaired by any act or failure to act on the part of the Company or by any noncompliance by the Company with the terms, provisions and covenants of this Indenture, regardless of any knowledge thereof any such holder may have or be otherwise charged with.

SECTION 1513. Effect of Subordination Provisions; Termination.

Notwithstanding anything contained herein to the contrary, other than as provided in the immediately succeeding sentence, all the provisions of this Indenture shall be subject to the provisions of this Article, so far as the same may be applicable thereto.

Notwithstanding anything contained herein to the contrary, the provisions of this Article Fifteen shall be of no further effect, and the Securities shall no longer be subordinated in right of payment to the prior payment of Senior Indebtedness of the Company, if, and to the extent, the Company shall have delivered to the Trustee a notice to such effect. Any such notice delivered by the Company shall not be deemed to be a supplemental indenture for purposes of Article Twelve.

ARTICLE SIXTEEN
Immunity of Incorporators, Stockholders, Officers and Directors

SECTION 1601. Liability Solely Corporate.

No recourse shall be had for the payment of the principal of or premium, if any, or interest, if any, on any Securities, or any part thereof, or for any claim based thereon or otherwise in respect thereof, or of the indebtedness represented thereby, or upon any obligation, covenant or agreement under this Indenture, against any incorporator, stockholder, officer or director, as such, past, present or future of the Company or of any predecessor or successor Person of the Company (either directly or through the Company or a predecessor or successor Person of either of them), whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly agreed and understood that this Indenture and all the Securities are solely corporate obligations, and that, except as

otherwise provided as contemplated by Section 301, no personal liability whatsoever shall attach to, or be incurred by, any incorporator, stockholder, officer or director, past, present or future, of the Company or of any predecessor or successor Person of the Company, either directly or indirectly through the Company or of any predecessor or successor Person, because of the indebtedness hereby authorized or under or by reason of any of the obligations, covenants or agreements contained in this Indenture or in any of the Securities or to be implied herefrom or therefrom, and that any such personal liability is hereby expressly waived and released as a condition of, and as part of the consideration for, the execution of this Indenture and the issuance of the Securities.

This instrument may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed, in , , as of the day and year first above written.

_____,
as Issuer

By: _____
Name:

_____,
as Trustee

By: _____
Name: _____
Title: _____

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Exhibit 5.1

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May 23, 2014

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Chicago, Illinois 60680-5379

Exelon Generation Company, LLC
300 Exelon Way
Kennett Square, Pennsylvania, 19348

Commonwealth Edison Company
440 South LaSalle Street
Suite 3300
Chicago, Illinois 60605-1028

PECO Energy Company
2301 Market Street
Philadelphia, Pennsylvania 19101

Baltimore Gas and Electric Company
2 Center Plaza, 110 West Fayette Street,
Baltimore, Maryland 21201

Re: Registration Statement on Form S-3

Ladies and Gentlemen:

We refer to the Registration Statement on Form S-3 (the " Registration Statement ") being filed by Exelon Corporation, a Pennsylvania corporation (" Exelon "), Exelon Generation Company, LLC, a Pennsylvania limited liability company (" Generation "), Commonwealth Edison Company, an Illinois corporation (" ComEd "), PECO Energy Company, a Pennsylvania corporation (" PECO ") and Baltimore Gas and Electric Company, a Maryland corporation (" BGE "), with the Securities and Exchange Commission (the " Commission ") under the Securities Act of 1933, as amended (the " Act "), relating to an unlimited amount of (a) senior debt securities (" Exelon Senior Debt Securities "), subordinated debt securities (" Exelon Subordinated Debt Securities "), shares of common stock (" Exelon Common Stock "), stock purchase contracts (" Exelon Stock Purchase Contracts "), stock purchase units (" Exelon Stock Purchase Units "), shares of preferred stock (" Exelon Preferred Stock ") and depositary shares (" Exelon Depositary Shares "), which may be sold from time to time by Exelon Corporation, (b) senior debt securities (" Generation Debt Securities ") and preferred securities (" Generation Preferred Securities "), which may be sold from time to time by Exelon Generation Company, LLC, (c) first mortgage bonds (" ComEd Mortgage Bonds ") and notes (" ComEd Notes "), which may be sold from time to time by Commonwealth Edison Company, (d) shares of preferred stock (" PECO Preferred Stock ") and first and refunding mortgage bonds (" PECO Mortgage Bonds "), which may be sold from time to time by PECO

Energy Company and (e) unsecured debt securities (" BGE Unsecured Debt Securities "), senior secured bonds (" BGE Secured Debt Securities ") and preferred stock (" BGE Preferred Stock "), which may be sold from time to time by Baltimore Gas and Electric Company, in each case in amounts, at prices and on terms to be determined at the time of an offering (collectively, the " Securities ").

Unless otherwise specified in the applicable prospectus supplement, the Exelon Senior Debt Securities will be issued under an Indenture (the " Exelon Senior Indenture ") between Exelon and The Bank of New York Trust Company, National Association, as trustee, which will be governed by Pennsylvania law, and the Subordinated Indebtedness will be issued under an Indenture (the " Exelon Subordinated Indenture ") between Exelon and The Bank of New York Trust Company, National Association, as trustee, as trustee, which will be governed by Pennsylvania law.

Unless otherwise specified in the applicable prospectus supplement, the Generation Debt Securities will be issued under an Indenture (the " Generation Indenture ") between Generation and U.S. Bank National Association, as trustee, dated as of September 28, 2007.

Unless otherwise specified in the applicable prospectus supplement, the ComEd Mortgage Bonds will be issued under ComEd's Mortgage (the " ComEd Mortgage "), dated July 1, 1923, as amended and supplemented, between ComEd and BNY Mellon Trust Company of Illinois (current successor to Illinois Merchants Trust Company), as trustee, and D.G. Donovan, as co-trustee, which is governed by Illinois law, and the ComEd Notes will be issued under the Indenture (the " ComEd Senior Indenture "), dated as of September 1, 1987, as amended and supplemented, between ComEd and U.S. Bank National Association (current successor to Citibank, N.A.), as trustee, which is governed by New York law.

Unless otherwise specified in the applicable prospectus supplement, the PECO Mortgage Bonds will be issued under PECO's First and Refunding Mortgage (the " PECO Mortgage "), dated May 1, 1923, between The Counties Gas and Electric Company (predecessor to PECO) and Fidelity Trust Company, Trustee (now U.S. Bank National Association, as successor trustee), as amended and supplemented and as to be further amended and supplemented by one or more supplemental indentures creating the PECO Mortgage Bonds.

Unless otherwise specified in the applicable prospectus supplement, the BGE Unsecured Debt Securities will be issued under an Indenture relating to the unsecured debt securities, dated as of July 24, 2006, as supplemented by Supplemental Indenture No. 1 thereto dated as of October 13, 2009 (the " BGE Unsecured Indenture "), between BGE and Deutsche Bank Trust Company Americas, as trustee, which is governed by New York law, and the BGE Secured Debt Securities will be issued under an Indenture and Security Agreement between BGE and Deutsche Bank Trust Company Americas, as Trustee relating to the secured debt securities, dated as of July 9, 2009 (the " BGE Secured Indenture "), which is governed by New York law.

In rendering the opinions expressed below, we have examined originals or copies, certified or otherwise identified to our satisfaction, of the Registration Statement and all exhibits thereto and such corporate records and other agreements, documents and instruments, and such certificates or comparable documents of public officials and officers and representatives of the registrants and have made such inquiries of such officers and representatives and have considered such matters of law as we have deemed appropriate as the basis for the opinion hereinafter set forth. We have also assumed the authenticity of all documents submitted to us as originals, the genuineness of all signatures, the legal capacity of all persons and the conformity with the original documents of any copies thereof submitted to us for examination.

In rendering the opinions expressed below, we have assumed that (a) the Registration Statement has become effective under the Act, (b) a prospectus supplement with respect to the applicable Securities

shall have been filed with the Commission in compliance with the Act and the rules and regulations thereunder, (c) the applicable Securities have been duly and properly authorized for issuance, (d) all instruments relating to the applicable Securities have been duly and properly authorized and properly executed and delivered and (e) the terms of the applicable Securities have been duly and properly established in conformity with the applicable instruments so as not to violate any applicable law or result in a default under or breach of any agreement or instrument binding upon Exelon, Generation, ComEd, PECO or BGE, as applicable, and so as to comply with any requirement or restriction imposed by any court or governmental or regulatory body having jurisdiction over Exelon, Generation, ComEd, PECO or BGE, as applicable.

Based on the foregoing, we are of the opinion that:

1. When a series of Exelon Senior Debt Securities shall have been duly and properly executed and authenticated in accordance with the Exelon Senior Indenture and duly and properly issued and delivered by Exelon in the manner contemplated in any prospectus supplement relating thereto to the purchasers thereof against payment of the agreed consideration therefor, each series of Exelon Senior Debt Securities will constitute valid and binding obligations of Exelon, enforceable in accordance with their terms, subject to (i) bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other similar laws now or hereafter in effect relating to or affecting creditors' rights generally and (ii) general principles of equity (regardless of whether considered in a proceeding at law or in equity).

2. When a series of Exelon Subordinated Debt Securities shall have been duly and properly executed and authenticated in accordance with the Exelon Subordinated Indenture and duly and properly issued and delivered by Exelon in the manner contemplated in any prospectus supplement relating thereto to the purchasers thereof against payment of the agreed consideration therefor, each series of Subordinated Indebtedness will constitute valid and binding obligations of Exelon, enforceable in accordance with their terms, subject to (i) bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other similar laws now or hereafter in effect relating to or affecting creditors' rights generally and (ii) general principles of equity (regardless of whether considered in a proceeding at law or in equity).

3. When the shares of Exelon Common Stock have been duly and properly issued, sold and delivered as contemplated in any prospectus supplement relating thereto, the shares of Exelon Common Stock (including any Exelon Common Stock duly issued pursuant to Stock Purchase Contracts), will be legally issued, fully paid and non-assessable.

4. When the Exelon Stock Purchase Contracts have been duly and properly executed and issued in accordance with the Stock Purchase Contract Agreement relating to such Exelon Stock Purchase Contracts and issued and sold in the form and in the manner contemplated in any prospectus supplement relating thereto, such Exelon Stock Purchase Contracts will constitute valid and binding obligations of Exelon, enforceable in accordance with their terms, subject to (i) bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other similar laws now or hereafter in effect relating to or affecting creditors' rights generally and (ii) general principles of equity (regardless of whether considered in a proceeding at law or in equity).

5. When (a) the collateral has been deposited with the collateral agent in accordance with the applicable collateral arrangements and (b) the Exelon Stock Purchase Contracts have been duly and properly executed and issued in accordance with the Stock Purchase Contract Agreement relating to such Exelon Stock Purchase Contracts, and issued and sold in the form and in the manner contemplated in the any prospectus supplement relating thereto, the Exelon Stock Purchase Units will constitute valid and binding obligations of Exelon, enforceable in accordance with their terms, subject to (i) bankruptcy,

insolvency, reorganization, fraudulent transfer, moratorium and other similar laws now or hereafter in effect relating to or affecting creditors' rights generally and (ii) general principles of equity (regardless of whether considered in a proceeding at law or in equity).

6. When (a) a Statement with Respect to Shares of Exelon classifying the Exelon Preferred Stock and setting forth the terms thereof has been duly and properly authorized, executed and filed with the Secretary of the Commonwealth of Pennsylvania, Department of State and (b) the shares of Exelon Preferred Stock have been duly and properly issued and paid for in the manner contemplated in any prospectus supplement relating thereto, the shares of Exelon Preferred Stock will be legally issued, fully paid and non-assessable.

7. When (a) a Statement with Respect to Shares of Exelon classifying the Exelon Depositary Shares and setting forth the terms thereof has been duly and properly authorized, executed and filed with the Secretary of the Commonwealth of Pennsylvania, Department of State and (b) the Exelon Depositary Shares have been duly and properly issued and paid for in the manner contemplated in any prospectus supplement relating thereto, the shares of Exelon Depositary Shares will be legally issued, fully paid and non-assessable

8. When a series of Generation Debt Securities shall have been duly and properly executed and authenticated in accordance with the Generation Debt Indenture and duly and properly issued and delivered by Generation in the manner contemplated in the Registration Statement and any prospectus supplement relating thereto to the purchasers thereof against payment of the agreed consideration therefor, each series of Generation Debt Securities will constitute valid and binding obligations of Generation, enforceable in accordance with their terms, subject to (i) bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other similar laws now or hereafter in effect relating to or affecting creditors' rights generally and (ii) general principles of equity (regardless of whether considered in a proceeding at law or in equity).

9. When (a) Generation shall have duly executed and delivered an appropriate amendment to its Amended and Restated Operating Agreement authorizing the establishment of Generation Preferred Securities and (b) the Generation Preferred Securities have been duly and properly issued and paid for in the manner contemplated in any prospectus supplement relating thereto, the Generation Preferred Securities will be legally issued, fully paid and non-assessable.

10. When a series of ComEd Mortgage Bonds have been duly and properly executed and authenticated in accordance with the ComEd Mortgage and duly and properly issued and delivered by ComEd in the manner contemplated in any prospectus supplement relating thereto to the purchasers thereof against payment of the agreed consideration therefor, the ComEd Mortgage Bonds will constitute binding obligations of ComEd, subject to (i) bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other similar laws now or hereafter in effect relating to or affecting creditors' rights generally and (ii) general principles of equity (regardless of whether considered in a proceeding at law or in equity).

11. When a series of ComEd Notes have been duly and properly executed and authenticated in accordance with the ComEd Senior Indenture and duly and properly issued and delivered by ComEd in the manner contemplated in any prospectus supplement relating thereto to the purchasers thereof against payment of the agreed consideration therefor, the ComEd Notes will constitute binding obligations of ComEd, subject to (i) bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other similar laws now or hereafter in effect relating to or affecting creditors' rights generally and (ii) general principles of equity (regardless of whether considered in a proceeding at law or in equity).

12. When a series of PECO Mortgage Bonds have been duly and properly executed and authenticated in accordance with the PECO Mortgage and duly and properly issued and delivered by PECO in the manner contemplated in any prospectus supplement relating thereto to the purchasers thereof against payment of the agreed consideration therefor, the PECO Mortgage Bonds will constitute binding obligations of PECO, subject to (i) bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other similar laws now or hereafter in effect relating to or affecting creditors' rights generally and (ii) general principles of equity (regardless of whether considered in a proceeding at law or in equity).

13. When (a) a Statement with Respect to Shares of PECO classifying the PECO Preferred Stock and setting forth the terms thereof has been duly and properly authorized, executed and filed with the Secretary of the Commonwealth of Pennsylvania, Department of State and (b) the shares of PECO Preferred Stock have been duly and properly issued and paid for in the manner contemplated in any prospectus supplement relating thereto, the shares of PECO Preferred Stock will be legally issued, fully paid and non-assessable.

14. When a series of BGE Unsecured Debt Securities have been duly and properly executed and authenticated in accordance with the BGE Unsecured Indenture and duly and properly issued and delivered by BGE in the manner contemplated in any prospectus supplement relating thereto to the purchasers thereof against payment of the agreed consideration therefor, the BGE Unsecured Debt Securities will constitute binding obligations of BGE, subject to (i) bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other similar laws now or hereafter in effect relating to or affecting creditors' rights generally and (ii) general principles of equity (regardless of whether considered in a proceeding at law or in equity).

16. When a series of BGE Secured Debt Securities have been duly and properly executed and authenticated in accordance with the BGE Secured Indenture and duly and properly issued and delivered by BGE in the manner contemplated in any prospectus supplement relating thereto to the purchasers thereof against payment of the agreed consideration therefor, the BGE Secured Debt Securities will constitute binding obligations of BGE, subject to (i) bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other similar laws now or hereafter in effect relating to or affecting creditors' rights generally and (ii) general principles of equity (regardless of whether considered in a proceeding at law or in equity).

17. When (a) appropriate Articles Supplementary with respect to the BGE Preferred Stock to be issued and sold has been duly filed with the State Department of Assessments and Taxation of the State of Maryland and (b) the BGE Preferred Stock has been duly and properly issued and paid for in the manner contemplated in any prospectus supplement relating thereto, the BGE Preferred Stock will be validly issued, fully paid and non-assessable.

We express no opinion as to the law of any jurisdiction other than the laws of the Commonwealth of Pennsylvania, the State of Delaware, the State of Maryland, the State of Illinois and the State of New York. We did not find it necessary for the purposes of this opinion, and accordingly we do not purport to cover herein, the application of the securities or "Blue Sky" laws of the various states. We undertake no responsibility to update or supplement this opinion in response to changes in law or future events or circumstances.

This opinion is being furnished in accordance with the requirements of Item 601 of Regulation S-K promulgated under the Act, and no opinion is expressed herein as to any matter pertaining to the contents of the Registration Statement, other than as to the specific issues addressed herein, and no opinion may be inferred or implied beyond that expressly stated herein.

We consent to the filing of this opinion as Exhibit 5.1 to the Registration Statement and to the references to this firm under the heading "Legal Matters" in the Prospectus included in the Registration Statement. This opinion is not to be used, circulated, quoted, referred to or relied upon by any other person or for any other purpose without our prior written consent. In giving this consent, we do not thereby admit that we are "experts" within the meaning of the Securities Act of 1933, as amended.

Very truly yours,

/s/ Ballard Spahr LLP

Exhibit 12.1

Exelon Corporation
Ratio of Earnings to Fixed Charges

	2009	2010	2011	2012	2013	3 Months Ended March 31, 2014
Pre-tax income from continuing operations	4,418	4,221	3,952	1,798	2,773	39
Plus: Loss from equity investees	27	—	1	91	(10)	19
Less: Capitalized interest	(55)	(43)	(57)	(75)	(67)	(20)
Pre-tax income from continuing operations after adjustment for income or loss from equity investees and capitalized interest	4,390	4,178	3,896	1,814	2,696	38
Fixed Charges:						
Interest expensed and capitalized, amortization of debt discount and premium on all indebtedness	761	836	761	1,055	1,470	256
Interest component of rental expense (a)	230	241	237	310	269	76
Total fixed charges	991	1,077	998	1,331	1,705	332
Pre-tax income from continuing operations after adjustment for income or loss from equity investees and capitalized interest plus fixed charges	5,381	5,255	4,894	3,145	4,401	370
Ratio of earnings to fixed charges	5.4	4.9	4.9	2.3	2.6	1.1

(a) Represents one-third of rental expense relating to operating leases, which is a reasonable approximation of the interest factor.

Exelon Corporation
Ratio of Earnings to Fixed Charges and Preferred Stock Dividends

	2009	2010	2011	2012	2013	3 Months Ended March 31, 2014
Pre-tax income from continuing operations	4,418	4,221	3,952	1,798	2,773	39
Plus: Loss from equity investees	27	—	1	91	(10)	19
Less: Capitalized interest	(55)	(43)	(57)	(75)	(67)	(20)
Preference security dividend requirements	(7)	(7)	(6)	(26)	(32)	(1)
Pre-tax income from continuing operations after adjustment for income or loss from equity investees, capitalized interest and preference security dividend requirements	4,383	4,171	3,890	1,788	2,664	37
Fixed Charges:						
Interest expensed and capitalized, amortization of debt discount and premium on all indebtedness	761	836	761	1,055	1,470	256
Interest component of rental expense (a)	230	241	237	310	269	76
Preference security dividend requirements of consolidated subsidiaries	7	7	6	26	32	1
Total fixed charges	998	1,084	1,004	1,357	1,737	333
Pre-tax income from continuing operations after adjustment for income or loss from equity investees, capitalized interest and preference security dividend requirements plus fixed charges	5,381	5,255	4,894	3,145	4,401	370
Ratio of earnings to fixed charges and preferred stock dividends	5.4	4.8	4.9	2.3	2.5	1.1

(a) Represents one-third of rental expense relating to operating leases, which is a reasonable approximation of the interest factor.

Exhibit 12.2

Exelon Generation Company, LLC
Ratio of Earnings to Fixed Charges

	2009	2010	2011	2012	2013	3 Months Ended March 31, 2014
Pre-tax income from continuing operations	3,555	3,150	2,827	1,058	1,675	(384)
Plus: (Income) or loss from equity investees	3	—	1	91	(10)	19
Less: Capitalized interest	(49)	(38)	(49)	(67)	(54)	(15)
Pre-tax income from continuing operations after adjustment for income or loss from equity investees and capitalized interest	3,509	3,112	2,779	1,082	1,611	(380)
Fixed Charges:						
Interest expensed and capitalized, amortization of debt discount and premium on all indebtedness	162	191	219	402	445	105
Interest component of rental expense (a)	212	222	220	291	248	70
Total fixed charges	374	413	439	693	693	175
Pre-tax income from continuing operations after adjustment for income or loss from equity investees and capitalized interest plus fixed charges	3,883	3,525	3,218	1,775	2,304	(205)
Ratio of earnings to combined fixed charges	10.4	8.5	7.3	2.6	3.3	(1.2)(b)

(a) Represents one-third of rental expense relating to operating leases, which is a reasonable approximation of the interest factor.
(b) Due to the loss for the 3 months ended March 31, 2014, the ratio coverage was less than 1:1. Generation would have needed to generate additional earnings of $380 million to achieve a ratio coverage of 1:1

Exhibit 12.3

Commonwealth Edison Company
Ratio of Earnings to Fixed Charges

	2009	2010	2011	2012	2013	3 Months Ended March 31, 2014
Pre-tax income from continuing operations	602	693	666	618	401	163
Plus: Loss from equity investees	—	—	—	—	—	—
Less: Capitalized interest	(3)	(2)	(4)	(3)	(5)	(1)
Pre-tax income from continuing operations after adjustment for income or loss from equity investees and capitalized interest	599	691	662	615	396	162
Fixed Charges:						
Interest expensed and capitalized, amortization of debt discount and premium on all indebtedness (b)	301	368	330	297	575	79
Interest component of rental expense (a)	7	6	6	6	5	1
Total fixed charges	308	374	336	303	580	80
Pre-tax income from continuing operations after adjustment for income or loss from equity investees, capitalized interest plus fixed charges	907	1,065	998	918	976	242
Ratio of earnings to fixed charges	2.9	2.8	3.0	3.0	1.7	3.0

(a) Represents one-third of rental expense relating to operating leases, which is a reasonable approximation of the interest factor.

(b) Includes interest expense of $3 million for the quarter ended March 31, 2014 and $294 million for the year ended December 31, 2013, related to the remeasurement of the like-kind exchange tax position. See Note 14 - Income Taxes of the Exelon Form 10-K for the year ended December 31, 2013 for additional information regarding the like-kind exchange tax position.

Exhibit 12.4

PECO Energy Company
Ratio of Earnings to Fixed Charges

	2009	2010	2011	2012	2013	3 Months Ended March 31, 2014
Pre-tax income from continuing operations	499	476	535	508	557	123
Plus: Loss from equity investees	24	—	—	—	—	—
Less: Capitalized interest	(2)	(4)	(4)	(2)	(2)	(1)
Pre-tax income from continuing operations after adjustment for income or loss from equity investees and capitalized interest	521	472	531	506	555	122
Fixed Charges:						
Interest expensed and capitalized, amortization of debt discount and premium on all indebtedness	185	193	135	122	114	28
Interest component of rental expense (a)	9	10	9	9	7	2
Total fixed charges	194	203	144	131	121	30
Pre-tax income from continuing operations after adjustment for income or loss from equity investees and capitalized interest plus fixed charges	715	675	675	637	676	152
Ratio of earnings to combined fixed charges	3.7	3.3	4.7	4.9	5.6	5.1

(a) Represents one-third of rental expense relating to operating leases, which is a reasonable approximation of the interest factor.

PECO Energy Company
Ratio of Earnings to Fixed Charges and Preferred Stock Dividends

	2009	2010	2011	2012	2013
Pre-tax income from continuing operations	499	476	535	508	557
Plus: Loss from equity investees	24	—	—	—	—
Less: Capitalized interest	(2)	(4)	(4)	(2)	(2)
Preference security dividend requirements	(6)	(6)	(6)	(5)	(10)
Pre-tax income from continuing operations after adjustment for income or loss from equity investees, capitalized interest and preference security dividend requirements	515	466	525	501	545
Fixed Charges:					
Interest expensed and capitalized, amortization of debt discount and premium on all indebtedness	185	193	135	122	114
Interest component of rental expense (a)	9	10	9	9	7
Preference security dividend requirements	6	6	6	5	10
Total fixed charges	200	209	150	136	131
Pre-tax income from continuing operations after adjustment for income or loss from equity investees, capitalized interest and preference security dividend requirements plus fixed charges	715	675	675	637	676
Ratio of earnings to fixed charges and preferred stock dividends	3.6	3.2	4.5	4.7	5.2

(a) Represents one-third of rental expense relating to operating leases, which is a reasonable approximation of the interest factor.

Exhibit 12.5

BGE
Ratio of Earnings to Fixed Charges

	2009	2010	2011	2012	2013	3 Months Ended March 31, 2014
Pre-tax income from continuing operations	155	244	211	11	344	146
Less: Capitalized interest	(4)	(6)	(7)	(5)	(6)	(2)
Pre-tax income from continuing operations after adjustment for income or loss from equity investees and capitalized interest	151	238	204	6	338	144
Fixed Charges:						
Interest expensed and capitalized, amortization of debt discount and premium on all indebtedness	148	137	136	149	127	29
Interest component of rental expense (a)	5	4	5	4	4	1
Total fixed charges	153	141	141	153	131	30
Pre-tax income from continuing operations after adjustment for income or loss from equity investees, capitalized interest and preference security dividend requirements plus fixed charges	304	379	345	159	469	174
Ratio of earnings to fixed charges	2.0	2.7	2.4	1.0	3.6	5.8

(a) Represents one-third of rental expense relating to operating leases, which is a reasonable approximation of the interest factor.

BGE
Ratio of Earnings to Fixed Charges and Preference Stock Dividends

	2009	2010	2011	2012	2013	3 Months Ended March 31, 2014
Pre-tax income from continuing operations	155	244	211	11	344	146
Less: Capitalized interest	(4)	(6)	(7)	(5)	(6)	(2)
Preference security dividend requirements	(22)	(20)	(20)	(20)	(21)	(5)
Pre-tax income from continuing operations after adjustment for income or loss from equity investees and capitalized interest	129	218	184	(14)	317	139
Fixed Charges:						
Interest expensed and capitalized, amortization of debt discount and premium on all indebtedness	148	137	136	149	127	29
Interest component of rental expense (a)	5	4	5	4	4	1
Preference security dividend requirements	22	20	20	20	21	5
Total fixed charges	175	161	161	173	152	35
Pre-tax income from continuing operations after adjustment for income or loss from equity investees, capitalized interest and preference security dividend requirements plus fixed charges	304	379	345	159	469	174
Ratio of earnings to fixed charges and preferred stock dividends	1.7	2.4	2.1	0.9 (b)	3.1	5.0

(a) Represents one-third of rental expense relating to operating leases, which is a reasonable approximation of the interest factor.
(b) The ratio coverage was less than 1:1. The registrant must generate additional earnings of $14 million to achieve a coverage ratio of 1:1.

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in this Registration Statement on Form S-3 of Exelon Corporation of our report dated February 13, 2014, relating to the financial statements, financial statement schedules and the effectiveness of internal control over financial reporting, which appears in Exelon Corporation's Annual Report on Form 10-K for the year ended December 31, 2013. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

/s/ PricewaterhouseCoopers LLP
Chicago, Illinois
May 23, 2014

Exhibit 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in this Registration Statement on Form S-3 of Exelon Generation Company, LLC of our report dated February 13, 2014, relating to the financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in Exelon Generation Company's Annual Report on Form 10-K for the year ended December 31, 2013. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

/s/ PricewaterhouseCoopers LLP
Baltimore, Maryland
May 23, 2014

Exhibit 23.3

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in this Registration Statement on Form S-3 of Commonwealth Edison Company of our report dated February 13, 2014, relating to the financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in Commonwealth Edison Company's Annual Report on Form 10-K for the year ended December 31, 2013. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

/s/ PricewaterhouseCoopers LLP
Chicago, Illinois
May 23, 2014

Exhibit 23.4

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in this Registration Statement on Form S-3 of PECO Energy Company of our report dated February 13, 2014, relating to the financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in PECO Energy Company's Annual Report on Form 10-K for the year ended December 31, 2013. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

/s/ PricewaterhouseCoopers LLP
Philadelphia, Pennsylvania
May 23, 2014

Exhibit 23.5

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in this Registration Statement on Form S-3 of Baltimore Gas and Electric Company of our report dated February 13, 2014, relating to the financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in Baltimore Gas and Electric Company's Annual Report on Form 10-K for the year ended December 31, 2013. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

/s/ PricewaterhouseCoopers LLP
Baltimore, Maryland
May 23, 2014

Exhibit 25.1

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939
OF A CORPORATION DESIGNATED TO ACT AS TRUSTEE

☐ **CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF A TRUSTEE PURSUANT TO SECTION 305(b)(2)**

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.
(Exact name of trustee as specified in its charter)

(Jurisdiction of incorporation if not a U.S. national bank)	**95-3571558** (I.R.S. employer identification no.)
400 South Hope Street Suite 400 Los Angeles, California (Address of principal executive offices)	**90071** (Zip code)

Exelon Corporation
(Exact name of obligor as specified in its charter)

Pennsylvania (State or other jurisdiction of incorporation or organization)	**23-2990190** (I.R.S. employer identification no.)
10 South Dearborn Street P.O. Box 805379 Chicago, Illinois (Address of principal executive offices)	**60680-5379** (Zip code)

Senior Debt Securities
(Title of the indenture securities)

1. General information. Furnish the following information as to the trustee:

(a) Name and address of each examining or supervising authority to which it is subject.

Name	Address
Comptroller of the Currency United States Department of the Treasury	Washington, DC 20219
Federal Reserve Bank	San Francisco, CA 94105
Federal Deposit Insurance Corporation	Washington, DC 20429

(b) Whether it is authorized to exercise corporate trust powers.

Yes.

2. Affiliations with Obligor.

If the obligor is an affiliate of the trustee, describe each such affiliation.

None.

16. List of Exhibits.

Exhibits identified in parentheses below, on file with the Commission, are incorporated herein by reference as an exhibit hereto, pursuant to Rule 7a-29 under the Trust Indenture Act of 1939 (the "Act") and 17 C.F.R. 229.10(d).

1. A copy of the articles of association of The Bank of New York Mellon Trust Company, N.A., formerly known as The Bank of New York Trust Company, N.A. (Exhibit 1 to Form T-1 filed with Registration Statement No. 333-121948 and Exhibit 1 to Form T-1 filed with Registration Statement No. 333-152875).
2. A copy of certificate of authority of the trustee to commence business. (Exhibit 2 to Form T-1 filed with Registration Statement No. 333-121948).
3. A copy of the authorization of the trustee to exercise corporate trust powers (Exhibit 3 to Form T-1 filed with Registration Statement No. 333-152875).

4. A copy of the existing by-laws of the trustee (Exhibit 4 to Form T-1 filed with Registration Statement No. 333-162713).

6. The consent of the trustee required by Section 321(b) of the Act (Exhibit 6 to Form T-1 filed with Registration Statement No. 333-152875).

7. A copy of the latest report of condition of the Trustee published pursuant to law or to the requirements of its supervising or examining authority.

SIGNATURE

Pursuant to the requirements of the Act, the trustee, The Bank of New York Mellon Trust Company, N.A., a banking association organized and existing under the laws of the United States of America, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of Chicago, and State of Illinois, on the 19th day of May, 2014.

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.

By: /s/ R.Tarnas
Name: R. Tarnas
Title: Vice President

EXHIBIT 7

Consolidated Report of Condition of
THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.
of 400 South Hope Street, Suite 400, Los Angeles, CA 90071

At the close of business March 31, 2014, published in accordance with Federal regulatory authority instructions.

	Dollar amounts in thousands
ASSETS	
Cash and balances due from depository institutions:	
Noninterest-bearing balances and currency and coin	1,670
Interest-bearing balances	297
Securities:	
Held-to-maturity securities	0
Available-for-sale securities	688,739
Federal funds sold and securities purchased under agreements to resell:	
Federal funds sold	135,000
Securities purchased under agreements to resell	0
Loans and lease financing receivables:	
Loans and leases held for sale	0
Loans and leases, net of unearned income	0
LESS: Allowance for loan and lease losses	0
Loans and leases, net of unearned income and allowance	0
Trading assets	0
Premises and fixed assets (including capitalized leases)	3,890
Other real estate owned	0
Investments in unconsolidated subsidiaries and associated companies	0
Direct and indirect investments in real estate ventures	0
Intangible assets:	
Goodwill	856,313
Other intangible assets	123,966
Other assets	122,558
Total assets	$ 1,932,433

LIABILITIES	
Deposits:	
In domestic offices	692
Noninterest-bearing	692
Interest-bearing	0
Not applicable	
Federal funds purchased and securities sold under agreements to repurchase:	
Federal funds purchased	0
Securities sold under agreements to repurchase	0
Trading liabilities	0
Other borrowed money:	
(includes mortgage indebtedness and obligations under capitalized leases)	0
Not applicable	
Not applicable	
Subordinated notes and debentures	0
Other liabilities	250,184
Total liabilities	250,876
Not applicable	
EQUITY CAPITAL	
Perpetual preferred stock and related surplus	0
Common stock	1,000
Surplus (exclude all surplus related to preferred stock)	1,122,030
Not available	
Retained earnings	557,284
Accumulated other comprehensive income	1,243
Other equity capital components	0
Not available	
Total bank equity capital	1,681,557
Noncontrolling (minority) interests in consolidated subsidiaries	0
Total equity capital	1,681,557
Total liabilities and equity capital	1,932,433

I, Cherisse Waligura, CFO of the above-named bank do hereby declare that the Reports of Condition and Income (including the supporting schedules) for this report date have been prepared in conformance with the instructions issued by the appropriate Federal regulatory authority and are true to the best of my knowledge and belief.

Cherisse Waligura) CFO

We, the undersigned directors (trustees), attest to the correctness of the Report of Condition (including the supporting schedules) for this report date and declare that it has been examined by us and to the best of our knowledge and belief has been prepared in conformance with the instructions issued by the appropriate Federal regulatory authority and is true and correct.

Troy Kilpatrick, President)
Antonio I. Portuondo, Director) Directors (Trustees)
William D. Lindelof, Director)

Exhibit 25.2

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939
OF A CORPORATION DESIGNATED TO ACT AS TRUSTEE

☐ **CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF A TRUSTEE PURSUANT TO SECTION 305(b)(2)**

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.
(Exact name of trustee as specified in its charter)

(Jurisdiction of incorporation if not a U.S. national bank)	**95-3571558** (I.R.S. employer identification no.)
400 South Hope Street **Suite 400** **Los Angeles, California** (Address of principal executive offices)	**90071** (Zip code)

Exelon Corporation
(Exact name of obligor as specified in its charter)

Pennsylvania (State or other jurisdiction of incorporation or organization)	**23-2990190** (I.R.S. employer identification no.)
10 South Dearborn Street **P.O. Box 805379** **Chicago, Illinois** (Address of principal executive offices)	**60680-5379** (Zip code)

Subordinated Debt Securities
(Title of the indenture securities)

1. General information. Furnish the following information as to the trustee:

(a) Name and address of each examining or supervising authority to which it is subject.

Name	Address
Comptroller of the Currency United States Department of the Treasury	Washington, DC 20219
Federal Reserve Bank	San Francisco, CA 94105
Federal Deposit Insurance Corporation	Washington, DC 20429

(b) Whether it is authorized to exercise corporate trust powers.

Yes.

2. Affiliations with Obligor.

If the obligor is an affiliate of the trustee, describe each such affiliation.

None.

16. List of Exhibits.

Exhibits identified in parentheses below, on file with the Commission, are incorporated herein by reference as an exhibit hereto, pursuant to Rule 7a-29 under the Trust Indenture Act of 1939 (the "Act") and 17 C.F.R. 229.10(d).

1. A copy of the articles of association of The Bank of New York Mellon Trust Company, N.A., formerly known as The Bank of New York Trust Company, N.A. (Exhibit 1 to Form T-1 filed with Registration Statement No. 333-121948 and Exhibit 1 to Form T-1 filed with Registration Statement No. 333-152875).
2. A copy of certificate of authority of the trustee to commence business. (Exhibit 2 to Form T-1 filed with Registration Statement No. 333-121948).
3. A copy of the authorization of the trustee to exercise corporate trust powers (Exhibit 3 to Form T-1 filed with Registration Statement No. 333-152875).

4. A copy of the existing by-laws of the trustee (Exhibit 4 to Form T-1 filed with Registration Statement No. 333-162713).

6. The consent of the trustee required by Section 321(b) of the Act (Exhibit 6 to Form T-1 filed with Registration Statement No. 333-152875).

7. A copy of the latest report of condition of the Trustee published pursuant to law or to the requirements of its supervising or examining authority.

SIGNATURE

Pursuant to the requirements of the Act, the trustee, The Bank of New York Mellon Trust Company, N.A., a banking association organized and existing under the laws of the United States of America, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of Chicago, and State of Illinois, on the 19th day of May, 2014.

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.

By: /s/ R. Tarnas
Name: R. Tarnas
Title: Vice President

EXHIBIT 7

Consolidated Report of Condition of
THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.
of 400 South Hope Street, Suite 400, Los Angeles, CA 90071

At the close of business March 31, 2014, published in accordance with Federal regulatory authority instructions.

	Dollar amounts in thousands
ASSETS	
Cash and balances due from depository institutions:	
Noninterest-bearing balances and currency and coin	1,670
Interest-bearing balances	297
Securities:	
Held-to-maturity securities	0
Available-for-sale securities	688,739
Federal funds sold and securities purchased under agreements to resell:	
Federal funds sold	135,000
Securities purchased under agreements to resell	0
Loans and lease financing receivables:	
Loans and leases held for sale	0
Loans and leases, net of unearned income	0
LESS: Allowance for loan and lease losses	0
Loans and leases, net of unearned income and allowance	0
Trading assets	0
Premises and fixed assets (including capitalized leases)	3,890
Other real estate owned	0
Investments in unconsolidated subsidiaries and associated companies	0
Direct and indirect investments in real estate ventures	0
Intangible assets:	
Goodwill	856,313
Other intangible assets	123,966
Other assets	122,558
Total assets	$ 1,932,433

LIABILITIES	
Deposits:	
In domestic offices	692
Noninterest-bearing	692
Interest-bearing	0
Not applicable	
Federal funds purchased and securities sold under agreements to repurchase:	
Federal funds purchased	0
Securities sold under agreements to repurchase	0
Trading liabilities	0
Other borrowed money:	
(includes mortgage indebtedness and obligations under capitalized leases)	0
Not applicable	
Not applicable	
Subordinated notes and debentures	0
Other liabilities	250,184
Total liabilities	250,876
Not applicable	
EQUITY CAPITAL	
Perpetual preferred stock and related surplus	0
Common stock	1,000
Surplus (exclude all surplus related to preferred stock)	1,122,030
Not available	
Retained earnings	557,284
Accumulated other comprehensive income	1,243
Other equity capital components	0
Not available	
Total bank equity capital	1,681,557
Noncontrolling (minority) interests in consolidated subsidiaries	0
Total equity capital	1,681,557
Total liabilities and equity capital	1,932,433

I, Cherisse Waligura, CFO of the above-named bank do hereby declare that the Reports of Condition and Income (including the supporting schedules) for this report date have been prepared in conformance with the instructions issued by the appropriate Federal regulatory authority and are true to the best of my knowledge and belief.

Cherisse Waligura) CFO

We, the undersigned directors (trustees), attest to the correctness of the Report of Condition (including the supporting schedules) for this report date and declare that it has been examined by us and to the best of our knowledge and belief has been prepared in conformance with the instructions issued by the appropriate Federal regulatory authority and is true and correct.

Troy Kilpatrick, President)
Antonio I. Portuondo, Director) Directors (Trustees)
William D. Lindelof, Director)

Exhibit 25.3

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939
OF A CORPORATION DESIGNATED TO ACT AS TRUSTEE

☐ **Check if an Application to Determine Eligibility of a Trustee Pursuant to Section 305(b)(2)**

U.S. BANK NATIONAL ASSOCIATION

(Exact name of Trustee as specified in its charter)

31-0841368
I.R.S. Employer Identification No.

800 Nicollet Mall
Minneapolis, Minnesota
(Address of principal executive offices)

55402
(Zip Code)

George J. Rayzis
U.S. Bank National Association
50 South 16 th Street, Suite 2000
Philadelphia, PA 19102
(215) 761-9317
(Name, address and telephone number of agent for service)

Exelon Generation Company, LLC
(Issuer with respect to the Securities)

Pennsylvania
(State or other jurisdiction of incorporation or organization)

23-3064219
(I.R.S. Employer Identification No.)

300 Exelon Way
Kennett Square, Pennsylvania
(Address of Principal Executive Offices)

19348
(Zip Code)

Senior Debt Securities
(Title of the Indenture Securities)

S1-SSA-0009 - 27263

FORM T-1

Item 1. **GENERAL INFORMATION .** Furnish the following information as to the Trustee.

a) *Name and address of each examining or supervising authority to which it is subject.*

Comptroller of the Currency
Washington, D.C.

b) *Whether it is authorized to exercise corporate trust powers.*

Yes

Item 2. **AFFILIATIONS WITH OBLIGOR.** *If the obligor is an affiliate of the Trustee, describe each such affiliation.*

None

Items 3-15 *Items 3-15 are not applicable because to the best of the Trustee's knowledge, the obligor is not in default under any Indenture for which the Trustee acts as Trustee.*

Item 16. **LIST OF EXHIBITS:** *List below all exhibits filed as a part of this statement of eligibility and qualification.*

1. A copy of the Articles of Association of the Trustee.*
2. A copy of the certificate of authority of the Trustee to commence business, attached as Exhibit 2.
3. A copy of the certificate of authority of the Trustee to exercise corporate trust powers, attached as Exhibit 3.
4. A copy of the existing bylaws of the Trustee.**
5. A copy of each Indenture referred to in Item 4. Not applicable.
6. The consent of the Trustee required by Section 321(b) of the Trust Indenture Act of 1939, attached as Exhibit 6.
7. Report of Condition of the Trustee as of March 31, 2014 published pursuant to law or the requirements of its supervising or examining authority, attached as Exhibit 7.

* Incorporated by reference to Exhibit 25.1 to Amendment No. 2 to registration statement on S-4, Registration Number 333-128217 filed on November 15, 2005.

** Incorporated by reference to Exhibit 25.1 to registration statement on S-4, Registration Number 333-166527 filed on May 5, 2010.

S1-SSA-0009 - 27264

SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939, as amended, the Trustee, U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, has duly caused this statement of eligibility and qualification to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of Philadelphia, State of Pennsylvania on the 23rd of May, 2014.

By: /s/ George J. Rayzis
George J. Rayzis
Vice President

Exhibit 2

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

CERTIFICATE OF CORPORATE EXISTENCE

I, Thomas J. Curry, Comptroller of the Currency, do hereby certify that:

1. The Comptroller of the Currency, pursuant to Revised Statutes 324, et seq, as amended, and 12 USC 1, et seq, as amended, has possession, custody, and control of all records pertaining to the chartering, regulation, and supervision of all national banking associations.

2. "U.S. Bank National Association," Cincinnati, Ohio (Charter No. 24), is a national banking association formed under the laws of the United States and is authorized thereunder to transact the business of banking on the date of this certificate.

IN TESTIMONY WHEREOF, today, February 27, 2013, I have hereunto subscribed my name and caused my seal of office to be affixed to these presents at the U.S. Department of the Treasury, in the City of Washington, District of Columbia.

Comptroller of the Currency

Exhibit 3

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

CERTIFICATION OF FIDUCIARY POWERS

I, Thomas J. Curry, Comptroller of the Currency, do hereby certify that:

1. The Office of the Comptroller of the Currency, pursuant to Revised Statutes 324, et seq, as amended, and 12 USC 1, et seq, as amended, has possession, custody, and control of all records pertaining to the chartering, regulation, and supervision of all national banking associations.

2. "U.S. Bank National Association," Cincinnati, Ohio (Charter No. 24), was granted, under the hand and seal of the Comptroller, the right to act in all fiduciary capacities authorized under the provisions of the Act of Congress approved September 28, 1962, 76 Stat. 668, 12 USC 92a, and that the authority so granted remains in full force and effect on the date of this certificate.

IN TESTIMONY WHEREOF, today, February 27, 2013, I have hereunto subscribed my name and caused my seal of office to be affixed to these presents at the U.S. Department of the Treasury, in the City of Washington, District of Columbia.

Comptroller of the Currency

Exhibit 6

CONSENT

In accordance with Section 321(b) of the Trust Indenture Act of 1939, the undersigned, U.S. BANK NATIONAL ASSOCIATION hereby consents that reports of examination of the undersigned by Federal, State, Territorial or District authorities may be furnished by such authorities to the Securities and Exchange Commission upon its request therefor.

Dated: May 23, 2014

By: /s/ George J. Rayzis
George J. Rayzis
Vice President

Exhibit 7
U.S. Bank National Association
Statement of Financial Condition
As of 3/31/2014

($000's)

	3/31/2014
Assets	
Cash and Balances Due From Depository Institutions	$ 7,390,563
Securities	84,977,518
Federal Funds	36,998
Loans & Lease Financing Receivables	234,549,731
Fixed Assets	4,726,552
Intangible Assets	13,234,790
Other Assets	22,187,278
Total Assets	**$367,103,430**
Liabilities	
Deposits	$270,081,137
Fed Funds	3,856,384
Treasury Demand Notes	0
Trading Liabilities	422,782
Other Borrowed Money	35,507,326
Acceptances	0
Subordinated Notes and Debentures	4,623,000
Other Liabilities	11,663,853
Total Liabilities	**$326,154,482**
Equity	
Common and Preferred Stock	18,200
Surplus	14,266,409
Undivided Profits	25,808,807
Minority Interest in Subsidiaries	$ 855,532
Total Equity Capital	**$ 40,948,948**
Total Liabilities and Equity Capital	**$367,103,430**

Exhibit 25.4

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939
OF A CORPORATION DESIGNATED TO ACT AS TRUSTEE

☐ **Check if an Application to Determine Eligibility of a Trustee Pursuant to Section 305(b)(2)**

U.S. BANK NATIONAL ASSOCIATION

(Exact name of Trustee as specified in its charter)

31-0841368
I.R.S. Employer Identification No.

800 Nicollet Mall
Minneapolis, Minnesota
(Address of principal executive offices)

55402
(Zip Code)

George J. Rayzis
U.S. Bank National Association
50 South 16 th Street, Suite 2000
Philadelphia, PA 19102
(215) 761-9317
(Name, address and telephone number of agent for service)

PECO Energy Company
(Issuer with respect to the Securities)

Pennsylvania
(State or other jurisdiction of incorporation or organization)

23-0970240
(I.R.S. Employer Identification No.)

2301 Market Street
Philadelphia, PA
(Address of Principal Executive Offices)

19101
(Zip Code)

First and Refunding Mortgage Bonds
(Title of the Indenture Securities)

FORM T-1

Item 1. **GENERAL INFORMATION .** Furnish the following information as to the Trustee.

a) *Name and address of each examining or supervising authority to which it is subject.*

Comptroller of the Currency
Washington, D.C.

b) *Whether it is authorized to exercise corporate trust powers.*

Yes

Item 2. **AFFILIATIONS WITH OBLIGOR.** *If the obligor is an affiliate of the Trustee, describe each such affiliation.*

None

Items 3-15 *Items 3-15 are not applicable because to the best of the Trustee's knowledge, the obligor is not in default under any Indenture for which the Trustee acts as Trustee.*

Item 16. **LIST OF EXHIBITS:** *List below all exhibits filed as a part of this statement of eligibility and qualification.*

1. A copy of the Articles of Association of the Trustee.*
2. A copy of the certificate of authority of the Trustee to commence business, attached as Exhibit 2.
3. A copy of the certificate of authority of the Trustee to exercise corporate trust powers, attached as Exhibit 3.
4. A copy of the existing bylaws of the Trustee.**
5. A copy of each Indenture referred to in Item 4. Not applicable.
6. The consent of the Trustee required by Section 321(b) of the Trust Indenture Act of 1939, attached as Exhibit 6.
7. Report of Condition of the Trustee as of March 31, 2014 published pursuant to law or the requirements of its supervising or examining authority, attached as Exhibit 7.

* Incorporated by reference to Exhibit 25.1 to Amendment No. 2 to registration statement on S-4, Registration Number 333-128217 filed on November 15, 2005.

** Incorporated by reference to Exhibit 25.1 to registration statement on S-4, Registration Number 333-166527 filed on May 5, 2010.

S1-SSA-0009 - 27271

SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939, as amended, the Trustee, U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, has duly caused this statement of eligibility and qualification to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of Philadelphia, State of Pennsylvania on the 23rd of May, 2014.

By: /s/ George J. Rayzis
George J. Rayzis
Vice President

Exhibit 2

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

CERTIFICATE OF CORPORATE EXISTENCE

I, Thomas J. Curry, Comptroller of the Currency, do hereby certify that:

1. The Comptroller of the Currency, pursuant to Revised Statutes 324, et seq, as amended, and 12 USC 1, et seq, as amended, has possession, custody, and control of all records pertaining to the chartering, regulation, and supervision of all national banking associations.

2. "U.S. Bank National Association," Cincinnati, Ohio (Charter No. 24), is a national banking association formed under the laws of the United States and is authorized thereunder to transact the business of banking on the date of this certificate.

IN TESTIMONY WHEREOF, today, February 27, 2013, I have hereunto subscribed my name and caused my seal of office to be affixed to these presents at the U.S. Department of the Treasury, in the City of Washington, District of Columbia.

Comptroller of the Currency

Exhibit 3

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

CERTIFICATION OF FIDUCIARY POWERS

I, Thomas J. Curry, Comptroller of the Currency, do hereby certify that:

1. The Office of the Comptroller of the Currency, pursuant to Revised Statutes 324, et seq, as amended, and 12 USC 1, et seq, as amended, has possession, custody, and control of all records pertaining to the chartering, regulation, and supervision of all national banking associations.

2. "U.S. Bank National Association," Cincinnati, Ohio (Charter No. 24), was granted, under the hand and seal of the Comptroller, the right to act in all fiduciary capacities authorized under the provisions of the Act of Congress approved September 28, 1962, 76 Stat. 668, 12 USC 92a, and that the authority so granted remains in full force and effect on the date of this certificate.

IN TESTIMONY WHEREOF, today, February 27, 2013, I have hereunto subscribed my name and caused my seal of office to be affixed to these presents at the U.S. Department of the Treasury, in the City of Washington, District of Columbia.

Comptroller of the Currency

Exhibit 6

CONSENT

In accordance with Section 321(b) of the Trust Indenture Act of 1939, the undersigned, U.S. BANK NATIONAL ASSOCIATION hereby consents that reports of examination of the undersigned by Federal, State, Territorial or District authorities may be furnished by such authorities to the Securities and Exchange Commission upon its request therefor.

Dated: May 23, 2014

By: /s/ George J. Rayzis
George J. Rayzis
Vice President

Exhibit 7
U.S. Bank National Association
Statement of Financial Condition
As of 3/31/2014

($000's)

	3/31/2014
Assets	
Cash and Balances Due From Depository Institutions	$ 7,390,563
Securities	84,977,518
Federal Funds	36,998
Loans & Lease Financing Receivables	234,549,731
Fixed Assets	4,726,552
Intangible Assets	13,234,790
Other Assets	22,187,278
Total Assets	**$367,103,430**
Liabilities	
Deposits	$270,081,137
Fed Funds	3,856,384
Treasury Demand Notes	0
Trading Liabilities	422,782
Other Borrowed Money	35,507,326
Acceptances	0
Subordinated Notes and Debentures	4,623,000
Other Liabilities	11,663,853
Total Liabilities	**$326,154,482**
Equity	
Common and Preferred Stock	18,200
Surplus	14,266,409
Undivided Profits	25,808,807
Minority Interest in Subsidiaries	$ 855,532
Total Equity Capital	**$ 40,948,948**
Total Liabilities and Equity Capital	**$367,103,430**

Exhibit 25.5

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939
OF A CORPORATION DESIGNATED TO ACT AS TRUSTEE

☐ **CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF A TRUSTEE PURSUANT TO SECTION 305(b)(2)**

DEUTSCHE BANK TRUST COMPANY AMERICAS
(formerly BANKERS TRUST COMPANY)
(Exact name of trustee as specified in its charter)

NEW YORK (Jurisdiction of Incorporation or organization if not a U.S. national bank)	**13-4941247** (I.R.S. Employer Identification no.)
60 WALL STREET **NEW YORK, NEW YORK** (Address of principal executive offices)	**10005** (Zip Code)

Deutsche Bank Trust Company Americas
Attention: Lynne Malina
Legal Department
60 Wall Street, 37th Floor
New York, New York 10005
(212) 250 – 0677
(Name, address and telephone number of agent for service)

Baltimore Gas and Electric Company
(Exact name of obligor as specified in its charter)

Maryland (State or other jurisdiction of incorporation or organization)	**52-0280210** (IRS Employer Identification No.)
2 Center Plaza, 110 West Fayette Street, **Baltimore, Maryland** (Address of principal executive offices)	**21201** (Zip Code)

Debt Securities
(Title of the Indenture securities)

S1-SSA-0009 - 27277

Item 1. General Information.

Furnish the following information as to the trustee.

(a) Name and address of each examining or supervising authority to which it is subject.

Name	Address
Federal Reserve Bank (2nd District)	New York, NY
Federal Deposit Insurance Corporation	Washington, D.C.
New York State Banking Department	Albany, NY

(b) Whether it is authorized to exercise corporate trust powers.

Yes.

Item 2. Affiliations with Obligor.

If the obligor is an affiliate of the Trustee, describe each such affiliation.

None.

Item 3. -15. Not Applicable

Item 16. List of Exhibits.

Exhibit 1 - Restated Organization Certificate of Bankers Trust Company dated August 6, 1998, Certificate of Amendment of the Organization Certificate of Bankers Trust Company dated September 25, 1998, Certificate of Amendment of the Organization Certificate of Bankers Trust Company dated December 16, 1998, and Certificate of Amendment of the Organization Certificate of Bankers Trust Company dated February 27, 2002 - Incorporated herein by reference to Exhibit 1 filed with Form T-1 Statement, Registration No. 333-157637-01.

Exhibit 2 - Certificate of Authority to commence business - Incorporated herein by reference to Exhibit 2 filed with Form T-1 Statement, Registration No. 333-157637-01.

Exhibit 3 - Authorization of the Trustee to exercise corporate trust powers - Incorporated herein by reference to Exhibit 3 filed with Form T-1 Statement, Registration No. 333-157637-01.

Exhibit 4 - Existing By-Laws of Deutsche Bank Trust Company Americas, as amended on April 15, 2002 business - Incorporated herein by reference to Exhibit 4 filed with Form T-1 Statement, Registration No. 333-157637-01.

Exhibit 5 - Not applicable.

Exhibit 6 - Consent of Bankers Trust Company required by Section 321(b) of the Act. - business - Incorporated herein by reference to Exhibit 6 filed with Form T-1 Statement, Registration No. 333-157637-01.

Exhibit 7 - The latest report of condition of Deutsche Bank Trust Company Americas dated as of December 31, 2013. Copy attached.

Exhibit 8 - Not Applicable.

Exhibit 9 - Not Applicable.

SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939, as amended, the trustee, Deutsche Bank Trust Company Americas, a corporation organized and existing under the laws of the State of New York, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in The City of New York, and State of New York, on this 6th day of May, 2014.

DEUTSCHE BANK TRUST COMPANY AMERICAS

By: /s/ CAROL NG
CAROL NG
VICE PRESIDENT

DEUTSCHE BANK TRUST COMPANY AMERICAS
Legal Title of Bank
NEW YORK
City
NY 10005
State Zip Code
FDIC Certificate Number: 00623

Consolidated Report of Condition for Insured Banks and Savings Associations for December 31, 2013

All schedules are to be reported in thousands of dollars. Unless otherwise indicated, report the amount outstanding as of the last business day of the quarter.

Schedule RC—Balance Sheet

Dollar Amounts in Thousands			RCFD	Tril | Bil | Mil | Thou	
Assets					
1. Cash and balances due from depository institutions (from Schedule RC-A):					
a. Noninterest-bearing balances and currency and coin (1)			0081	134,000	1.a
b. Interest-bearing balances (2)			0071	18,845,000	1.b
2. Securities:					
a. Held-to-maturity securities (from Schedule RC-B, column A)			1754	0	2.a
b. Available-for-sale securities (from Schedule RC-B, column D)			1773	14,000	2.b
3. Federal funds sold and securities purchased under agreements to resell:			RCON		
a. Federal funds sold in domestic offices			B987	123,000	3.a
			RCFD		
b. Securities purchased under agreements to resell (3)			B989	15,200,000	3.b
4. Loans and lease financing receivables (from Schedule RC-C):					
a. Loans and leases held for sale			5369	0	4.a
b. Loans and leases, net of unearned income	B528	19,907,000			4.b
c. LESS: Allowance for loan and lease losses	3123	69,000			4.c
d. Loans and leases, net of unearned income and allowance (item 4.b minus 4.c)			B529	19,838,000	4.d
5. Trading assets (from Schedule RC-D)			3545	362,000	5
6. Premises and fixed assets (including capitalized leases)			2145	43,000	6
7. Other real estate owned (from Schedule RC-M)			2150	2,000	7
8. Investments in unconsolidated subsidiaries and associated companies			2130	0	8
9. Direct and indirect investments in real estate ventures			3656	0	9
10. Intangible assets:					
a. Goodwill			3163	0	10.a
b. Other intangible assets (from Schedule RC-M)			0426	44,000	10.b
11. Other assets (from Schedule RC-F)			2160	1,154,000	11
12. Total assets (sum of items 1 through 11)			2170	55,759,000	12

(1) Includes cash items in process of collection and unposted debits.
(2) Includes time certificates of deposit not held for trading.
(3) Includes all securities resale agreements in domestic and foreign offices, regardless of maturity.

Schedule RC—Continued

Dollar Amounts in Thousands			RCON	Trl | Bil | Mil | Thou	
Liabilities					
13. Deposits:					
a. In domestic offices (sum of totals of columns A and C from Schedule RC-E, part I)			2200	38,271,000	13.a
(1) Noninterest-bearing (4)	6631	26,730,000			13.a.1
(2) Interest-bearing	6636	11,541,000			13.a.2
b. In foreign offices, Edge and Agreement subsidiaries, and IBFs			RCFN		
(from Schedule RC-E, part II)			2200	2,715,000	13.b
(1) Noninterest-bearing	6631	290,000			13.b.1
(2) Interest-bearing	6636	2,425,000			13.b.2
14. Federal funds purchased and securities sold under agreements to repurchase:			RCON		
a. Federal funds purchased in domestic offices (5)			8993	3,940,000	14.a
			RCFD		
b. Securities sold under agreements to repurchase (6)			8995	0	14.b
15. Trading liabilities (from Schedule RC-D)			3548	11,000	15
16. Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases) (from Schedule RC-M)			3190	59,000	16
17. and 18. Not applicable					

(4) Includes noninterest-bearing demand, time, and savings deposits.
(5) Report overnight Federal Home Loan Bank advances in Schedule RC, item 16, "Other borrowed money."
(6) Includes all securities repurchase agreements in domestic and foreign offices, regardless of maturity.

Dollar Amounts in Thousands	RCFD	Trl | Bil | Mil | Thou	
Liabilities—Continued			
19. Subordinated notes and debentures (1)	3200	0	19
20. Other liabilities (from Schedule RC-G)	2930	1,444,000	20
21. Total liabilities (sum of items 13 through 20)	2948	46,440,000	21
22. Not applicable			
Equity Capital			
Bank Equity Captal			
23. Perpetual preferred stock and related surplus	3838	0	23
24. Common stock	3230	2,127,000	24
25. Surplus (excludes all surplus related to preferred stock)	3839	594,000	25
26. a. Retained earnings	3632	6,313,000	26.a
b. Accumulated other comprehensive income (2)	B530	82,000	26.b
c. Other equity capital components (3)	A130	0	26.c
27. a. Total bank equity capital (sum of items 23 through 26.c)	3210	9,116,000	27.a
b. Noncontrolling (minority) interests in consolidated subsidiaries	3000	203,000	27.b
28. Total equity capital (sum of items 27.a and 27.b)	G105	9,319,000	28
29. Total liabilities and equity capital (sum of items 21 and 28)	3300	55,759,000	29

Memoranda

To be reported with the March Report of Condition.

	RCFD	Number	
1. Indicate in the box at the right the number of the statement below that best describes the most comprehensive level of auditing work performed for the bank by independent external auditors as of any date during 2012	6724	N/A	M.1

1 = Independent audit of the bank conducted in accordance with generally accepted auditing standards by a certified public accounting firm which submits a report on the bank
2 = Independent audit of the bank's parent holding company conducted in accordance with generally accepted auditing standards by a certified public accounting firm which submits a report on the consolidated holding company (but not on the bank separately)
3 = Attestation on bank management's assertion on the effectiveness of the bank's internal control over financial reporting by a certified public accounting firm.
4 = Directors' examination of the bank conducted in accordance with generally accepted auditing standards by a certified public accounting firm (may be required by state chartering authority)
5 = Directors' examination of the bank performed by other external auditors (may be required by state chartering authority)
6 = Review of the bank's financial statements by external auditors
7 = Compilation of the bank's financial statements by external auditors
8 = Other audit procedures (excluding tax preparation work)
9 = No external audit work

To be reported with the March Report of Condition.

	RCON	MM / DD	
2. Bank's fiscal year-end date	8678	N/A	M.2

(1) Includes limited-life preferred stock and related surplus.
(2) Includes, but is not limited to, net unrealized holding gains (losses) on available-for-sale securities, accumulated net gains (losses) on cash flow hedges, cumulative foreign currency translation adjustments, and accumulated defined benefit pension and other post retirement plan adjustments.
(3) Includes treasury stock and unearned Employee Stock Ownership Plan shares.

Exhibit 25.6

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939
OF A CORPORATION DESIGNATED TO ACT AS TRUSTEE

☐ **CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF A TRUSTEE PURSUANT TO SECTION 305(b)(2)**

DEUTSCHE BANK TRUST COMPANY AMERICAS
(formerly BANKERS TRUST COMPANY)
(Exact name of trustee as specified in its charter)

NEW YORK (Jurisdiction of Incorporation or organization if not a U.S. national bank)	**13-4941247** (I.R.S. Employer Identification no.)
60 WALL STREET **NEW YORK, NEW YORK** (Address of principal executive offices)	**10005** (Zip Code)

Deutsche Bank Trust Company Americas
Attention: Lynne Malina
Legal Department
60 Wall Street, 37th Floor
New York, New York 10005
(212) 250 – 0677
(Name, address and telephone number of agent for service)

Baltimore Gas and Electric Company
(Exact name of obligor as specified in its charter)

Maryland (State or other jurisdiction of incorporation or organization)	**52-0280210** (IRS Employer Identification No.)
2 Center Plaza, 110 West Fayette Street, **Baltimore, Maryland** (Address of principal executive offices)	**21201** (Zip Code)

Senior Secured Bonds
(Title of the Indenture securities)

S1-SSA-0009 - 27284

Item 1. General Information.

Furnish the following information as to the trustee.

(a) Name and address of each examining or supervising authority to which it is subject.

Name	Address
Federal Reserve Bank (2nd District)	New York, NY
Federal Deposit Insurance Corporation	Washington, D.C.
New York State Banking Department	Albany, NY

(b) Whether it is authorized to exercise corporate trust powers.

Yes.

Item 2. Affiliations with Obligor.

If the obligor is an affiliate of the Trustee, describe each such affiliation.

None.

Item 3. -15. Not Applicable

Item 16. List of Exhibits.

Exhibit 1 - Restated Organization Certificate of Bankers Trust Company dated August 6, 1998, Certificate of Amendment of the Organization Certificate of Bankers Trust Company dated September 25, 1998, Certificate of Amendment of the Organization Certificate of Bankers Trust Company dated December 16, 1998, and Certificate of Amendment of the Organization Certificate of Bankers Trust Company dated February 27, 2002 - Incorporated herein by reference to Exhibit 1 filed with Form T-1 Statement, Registration No. 333-157637-01.

Exhibit 2 - Certificate of Authority to commence business - Incorporated herein by reference to Exhibit 2 filed with Form T-1 Statement, Registration No. 333-157637-01.

Exhibit 3 - Authorization of the Trustee to exercise corporate trust powers - Incorporated herein by reference to Exhibit 3 filed with Form T-1 Statement, Registration No. 333-157637-01.

Exhibit 4 - Existing By-Laws of Deutsche Bank Trust Company Americas, as amended on April 15, 2002 business - Incorporated herein by reference to Exhibit 4 filed with Form T-1 Statement, Registration No. 333-157637-01.

Exhibit 5 - Not applicable.

Exhibit 6 - Consent of Bankers Trust Company required by Section 321(b) of the Act. - business - Incorporated herein by reference to Exhibit 6 filed with Form T-1 Statement, Registration No. 333-157637-01.

Exhibit 7 - The latest report of condition of Deutsche Bank Trust Company Americas dated as of December 31, 2013. Copy attached.

Exhibit 8 - Not Applicable.

Exhibit 9 - Not Applicable.

SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939, as amended, the trustee, Deutsche Bank Trust Company Americas, a corporation organized and existing under the laws of the State of New York, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in The City of New York, and State of New York, on this 6th day of May, 2014.

DEUTSCHE BANK TRUST COMPANY AMERICAS

By: /s/ CAROL NG
CAROL NG
VICE PRESIDENT

DEUTSCHE BANK TRUST COMPANY AMERICAS
Legal Title of Bank
NEW YORK
City
NY 10005
State Zip Code
FDIC Certificate Number: 00623

Consolidated Report of Condition for Insured Banks and Savings Associations for December 31, 2013

All schedules are to be reported in thousands of dollars. Unless otherwise indicated, report the amount outstanding as of the last business day of the quarter.

Schedule RC—Balance Sheet

Dollar Amounts in Thousands			RCFD	Tril | Bil | Mil | Thou	
Assets					
1. Cash and balances due from depository institutions (from Schedule RC-A):					
a. Noninterest-bearing balances and currency and coin (1)			0081	134,000	1.a
b. Interest-bearing balances (2)			0071	18,845,000	1.b
2. Securities:					
a. Held-to-maturity securities (from Schedule RC-B, column A)			1754	0	2.a
b. Available-for-sale securities (from Schedule RC-B, column D)			1773	14,000	2.b
3. Federal funds sold and securities purchased under agreements to resell:			RCON		
a. Federal funds sold in domestic offices			B987	123,000	3.a
			RCFD		
b. Securities purchased under agreements to resell (3)			B989	15,200,000	3.b
4. Loans and lease financing receivables (from Schedule RC-C):					
a. Loans and leases held for sale			5369	0	4.a
b. Loans and leases, net of unearned income	B528	19,907,000			4.b
c. LESS: Allowance for loan and lease losses	3123	69,000			4.c
d. Loans and leases, net of unearned income and allowance (item 4.b minus 4.c)			B529	19,838,000	4.d
5. Trading assets (from Schedule RC-D)			3545	362,000	5
6. Premises and fixed assets (including capitalized leases)			2145	43,000	6
7. Other real estate owned (from Schedule RC-M)			2150	2,000	7
8. Investments in unconsolidated subsidiaries and associated companies			2130	0	8
9. Direct and indirect investments in real estate ventures			3656	0	9
10. Intangible assets:					
a. Goodwill			3163	0	10.a
b. Other intangible assets (from Schedule RC-M)			0426	44,000	10.b
11. Other assets (from Schedule RC-F)			2160	1,154,000	11
12. Total assets (sum of items 1 through 11)			2170	55,759,000	12

(1) Includes cash items in process of collection and unposted debits.
(2) Includes time certificates of deposit not held for trading.
(3) Includes all securities resale agreements in domestic and foreign offices, regardless of maturity.

Schedule RC—Continued

Dollar Amounts in Thousands			RCON	Tril | Bil | Mil | Thou	
Liabilities					
13. Deposits:					
a. In domestic offices (sum of totals of columns A and C from Schedule RC-E, part I)			2200	38,271,000	13.a
(1) Noninterest-bearing (4)	6631	26,730,000			13.a.1
(2) Interest-bearing	6636	11,541,000			13.a.2
b. In foreign offices, Edge and Agreement subsidiaries, and IBFs			RCFN		
(from Schedule RC-E, part II)			2200	2,715,000	13.b
(1) Noninterest-bearing	6631	290,000			13.b.1
(2) Interest-bearing	6636	2,425,000			13.b.2
14. Federal funds purchased and securities sold under agreements to repurchase:			RCON		
a. Federal funds purchased in domestic offices (5)			B993	3,940,000	14.a
			RCFD		
b. Securities sold under agreements to repurchase (6)			B995	0	14.b
15. Trading liabilities (from Schedule RC-D)			3548	11,000	15
16. Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases) (from Schedule RC-M)			3190	59,000	16
17. and 18. Not applicable					

(4) Includes noninterest-bearing demand, time, and savings deposits.
(5) Report overnight Federal Home Loan Bank advances in Schedule RC, item 16, "Other borrowed money."
(6) Includes all securities repurchase agreements in domestic and foreign offices, regardless of maturity.

Dollar Amounts in Thousands	RCFD	Trl | Bil | Mil | Thou	
Liabilities—Continued			
19. Subordinated notes and debentures (1)	3200	0	19
20. Other liabilities (from Schedule RC-G)	2930	1,444,000	20
21. Total liabilities (sum of items 13 through 20)	2948	46,440,000	21
22. Not applicable			
Equity Capital			
Bank Equity Captal			
23. Perpetual preferred stock and related surplus	3838	0	23
24. Common stock	3230	2,127,000	24
25. Surplus (excludes all surplus related to preferred stock)	3839	594,000	25
26. a. Retained earnings	3632	6,313,000	26.a
b. Accumulated other comprehensive income (2)	B530	82,000	26.b
c. Other equity capital components (3)	A130	0	26.c
27. a. Total bank equity capital (sum of items 23 through 26.c)	3210	9,116,000	27.a
b. Noncontrolling (minority) interests in consolidated subsidiaries	3000	203,000	27.b
28. Total equity capital (sum of items 27.a and 27.b)	G105	9,319,000	28
29. Total liabilities and equity capital (sum of items 21 and 28)	3300	55,759,000	29

Memoranda

To be reported with the March Report of Condition.

	RCFD	Number	
1. Indicate in the box at the right the number of the statement below that best describes the most comprehensive level of auditing work performed for the bank by independent external auditors as of any date during 2012	6724	N/A	M.1

1 = Independent audit of the bank conducted in accordance with generally accepted auditing standards by a certified public accounting firm which submits a report on the bank
2 = Independent audit of the bank's parent holding company conducted in accordance with generally accepted auditing standards by a certified public accounting firm which submits a report on the consolidated holding company (but not on the bank separately)
3 = Attestation on bank management's assertion on the effectiveness of the bank's internal control over financial reporting by a certified public accounting firm.
4 = Directors' examination of the bank conducted in accordance with generally accepted auditing standards by a certified public accounting firm (may be required by state chartering authority)
5 = Directors' examination of the bank performed by other external auditors (may be required by state chartering authority)
6 = Review of the bank's financial statements by external auditors
7 = Compilation of the bank's financial statements by external auditors
8 = Other audit procedures (excluding tax preparation work)
9 = No external audit work

To be reported with the March Report of Condition.

	RCON	MM / DD	
2. Bank's fiscal year-end date	8678	N/A	M.2

(1) Includes limited-life preferred stock and related surplus.
(2) Includes, but is not limited to, net unrealized holding gains (losses) on available-for-sale securities, accumulated net gains (losses) on cash flow hedges, cumulative foreign currency translation adjustments, and accumulated defined benefit pension and other post retirement plan adjustments.
(3) Includes treasury stock and unearned Employee Stock Ownership Plan shares.

Exhibit 25.7

FORM T-1

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939
OF A CORPORATION DESIGNATED TO ACT AS TRUSTEE

☐ **CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF A TRUSTEE PURSUANT TO SECTION 305(b)(2)**

BNY MELLON TRUST COMPANY OF ILLINOIS

(formerly known as BNY Midwest Trust Company)
(Exact name of trustee as specified in its charter)

Illinois (State of incorporation if not a U.S. national bank)	**36-3800435** (I.R.S. employer identification no.)
2 North LaSalle Street **Suite 1020** **Chicago, Illinois** (Address of principal executive offices)	**60602** (Zip code)

Commonwealth Edison Company
(Exact name of obligor as specified in its charter)

Illinois (State or other jurisdiction of incorporation or organization)	**36-0938600** (I.R.S. employer identification no.)
440 South LaSalle Street **Suite 3300** **Chicago, Illinois** (Address of principal executive offices)	**60605-1028** (Zip code)

First Mortgage Bonds
(Title of the indenture securities)

1. General information. Furnish the following information as to the Trustee:

(a) Name and address of each examining or supervising authority to which it is subject.

Name	Address
Illinois Department of Financial and Professional Regulation Division of Banking Compliance Reporting Section	320 West Washington Street 5 th Floor Springfield, Illinois 62786
Federal Reserve Bank of Chicago	230 S. LaSalle Street Chicago, Illinois 60603

(b) Whether it is authorized to exercise corporate trust powers.

Yes.

2. Affiliations with Obligor.

If the obligor is an affiliate of the trustee, describe each such affiliation.

None.

16. List of Exhibits.

Exhibits identified in parentheses below, on file with the Commission, are incorporated herein by reference as an exhibit hereto, pursuant to Rule 7a-29 under the Trust Indenture Act of 1939 (the "Act") and 17 C.F.R. 229.10(d).

1. A copy of Articles of Incorporation of BNY Mellon Trust Company of Illinois (formerly known as BNY Midwest Trust Company, CTC Illinois Trust Company and Continental Trust Company) as now in effect. (Exhibit 1 to Form T-1 filed with the Registration Statement No. 333-47688 and Exhibit 1 to Form T-1 filed with the Registration Statement No. 333-158920).

2,3. A copy of the Certificate of Authority of the Trustee as now in effect, which contains the authority to commence business and a grant of powers to exercise corporate trust powers. (Exhibit 2 to Form T-1 filed with the Registration Statement No. 333-47688 and Exhibit 2 to Form T-1 filed with the Registration Statement No. 333-158920).

4. A copy of the existing By-laws of the Trustee.

6. The consent of the Trustee required by Section 321(b) of the Act.

7. A copy of the latest report of condition of the Trustee published pursuant to law or to the requirements of its supervising or examining authority.

SIGNATURE

Pursuant to the requirements of the Act, the Trustee, BNY Mellon Trust Company of Illinois, a corporation organized and existing under the laws of the State of Illinois, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in The City of Chicago, and State of Illinois, on the 19th day of May, 2014.

BNY MELLON TRUST COMPANY OF ILLINOIS

By: /s/ R. Tarnas
Name: R. Tarnas
Title: Vice President

EXHIBIT 4

BY-LAWS

of
BNY Mellon Trust Company of Illinois

(formerly BNY Midwest Trust Company)

Amended and Restated as of March 29, 2007
and Amended as of July 1, 2008

ARTICLE I.

OFFICES

Section 1. The registered office of the Corporation required by the Illinois Business Corporation Act of 1983, as amended (the " Act "), to be maintained in the State of Illinois shall be in the City of Chicago, County of Cook, State of Illinois. The Corporation may also have offices at such other places both within and without the State of Illinois as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE II.

SHAREHOLDERS

Section 1. Time and Place of Meetings . All meetings of the shareholders for the election of directors or for any other purpose may be held at such time and place, within or without the State of Illinois, as shall be prescribed from time to time by the Board of Directors. In the absence of a designation of a place for any such meeting by the Board of Directors, each such meeting shall be held at the principal office of the Corporation.

Section 2. Annual Meetings . An annual meeting of shareholders shall be held commencing with the year 1993 for the purpose of electing directors and transacting such other business as may properly be brought before the meeting. The date and time of the annual meeting in each year shall be determined by the Board of Directors.

Section 3. Special Meetings . Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by law, may be called by the President and CEO, by a majority of the Board of Directors or by the holders of not less than twenty percent of the outstanding shares entitled to vote on the matter for which the meeting is called by written request executed by such holders and delivered to the President and CEO or the Secretary of the Corporation.

Section 4. Notice of Meetings . Written notice of each meeting of the shareholders stating the place, date and time of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be given not less than ten nor more than sixty

days before the date of the meeting, or in the case of a merger, consolidation, share exchange, dissolution or sale, lease or exchange of assets, not less than twenty nor more than sixty days before the date of the meeting, either personally or by mail, by the President and CEO or by the Secretary at the direction of the President and CEO or the person or persons calling the meeting, to each shareholder of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the shareholder at address as it appears on the records of the Corporation, with postage thereon prepaid.

Any shareholder entitled to receive notice may waive notice of any meeting by a writing executed and delivered to the Corporation either before or after the meeting. Attendance of a shareholder at any meeting shall constitute a waiver of notice of such meeting, unless the shareholder attends such meeting for the express purpose of objecting to the holding of such meetings because proper notice was not given and at the beginning of such meeting records such objection with the person acting as secretary of the meeting and does not thereafter vote on any action taken at the meeting.

Section 5. Quorum . The holders of record of a majority of the shares issued and outstanding and entitled to vote thereat, represented in person or by proxy, shall constitute a quorum at all meetings of the shareholders for the transaction of business, except as otherwise provided by the Act or by the Articles of Incorporation. If a quorum is not represented, the holders of record of the shares represented in person or by proxy at the meeting and entitled to vote thereat shall have power, by the affirmative vote of the holders of a majority of such shares, to adjourn the meeting to another time and/or place, without notice other than announcement at the meeting, except as hereinafter provided until a quorum shall be present or represented. At such adjourned meeting, at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the original meeting.

Section 6. Voting . At all meetings of the shareholders, each shareholder shall be entitled to vote, in person or by proxy, each share owned by such shareholder of record on the record date for the meeting. Each outstanding share shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders, unless otherwise provided in the Act, the Articles of Incorporation or these By-laws. When a quorum is present at any meeting, the affirmative vote of the holders of record of a majority of the shares having voting power represented in person or by proxy shall decide any question brought before such meeting, unless the question is one upon which, by express provision of the Act, the Articles of Incorporation or of these By-laws, a different vote is required, in which case such express provision shall govern and control the decision of such question.

Section 7. Informal Action by Shareholders . Unless otherwise provided by the Articles of Incorporation or the Act, any action required to be taken at a meeting of the shareholders, or any other action which may be taken at a meeting of the shareholders, may be taken without a meeting and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by (a) the holders of outstanding shares having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voting, provided that (i) at least five days

prior to the execution of the consent a notice in writing is delivered to all of the shareholders entitled to vote with respect to the subject matter thereof, and (ii) those shareholders who have not consented in writing are notified in writing at their respective addresses appearing on the records of the Corporation of the taking of the corporate action promptly after the effective date of such action; or (b) all of the shareholders entitled to vote with respect to the subject matter thereof.

Section 8. Proxies . At all meetings of shareholders, a shareholder may vote in person or vote by proxy which is executed in writing by the shareholder or his duly authorized attorney-in-fact. Such proxy shall be filed with the Secretary or other person authorized to tabulate votes at any time prior to the commencement of the meeting. No proxy shall be valid after eleven months from the date of its execution unless otherwise provided in the proxy.

ARTICLE III.

BOARD OF DIRECTORS

Section 1. General Powers . The business and affairs of the Corporation shall be managed and controlled by or under the direction of its Board of Directors, which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by law or by the Articles of Incorporation or by these By-laws directed or required to be exercised or done by the shareholders.

Section 2. Number, Qualification and Tenure . The Board of Directors of the Corporation shall consist of not less than five members and not more than nine members. Within the limits above specified, the number of directors shall be determined from time to time by resolution of the Board of Directors. The number of directors initially shall be fixed at eight. The directors shall be elected at the annual meeting of shareholders, except as provided in the Articles of Incorporation or Section 3 of this Article, and each director elected shall hold office until his successor is elected and qualified or until his earlier death, termination, resignation or removal from office. Any decrease in the number of directors shall not have the effect of shortening the term of any incumbent director.

Section 3. Vacancies and Newly Created Directorships . Vacancies and newly created directorships resulting from any increase in the number of directors may be filled by the appointment by a majority of the directors then in office though less than a quorum, and each director so appointed shall hold office until his successor is elected and qualified at the next annual or special meeting of shareholders called for such purpose, or until the earlier death, termination, resignation or removal from office of such director.

Section 4. Place of Meetings . The Board of Directors may hold meetings, both regular and special, either within or without the State of Illinois.

Section 5. Meetings . The Board of Directors shall hold a regular meeting, to be known as the annual meeting, immediately following each annual meeting of the shareholders.

Other regular meetings of the Board of Directors shall be held at such time and place as the Board of Directors may designate from time to time. No notice of regular meetings need be given, other than by announcement at the immediately preceding regular meeting. Special meetings of the Board of Directors may be called by or at the request of the President and CEO or by the Secretary at the written request of a majority of the Board of Directors. Notice of any special meeting of the Board shall be given at least twenty-four hours prior thereto, either in writing, by facsimile or telephonically to each director at the address shown for such director on the records of the Corporation.

Section 6. Waiver of Notice; Business and Purpose . Notice of any meeting of the Board of Directors may be waived in writing signed by the person or persons entitled to such notice either before or after the time of the meeting. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened and at the beginning of such meeting records such objection with the person acting as secretary of the meeting and does not thereafter vote on any action taken at the meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in the notice or waiver of notice of such meeting, unless specifically required by the Act.

Section 7. Quorum and Voting . At all meetings of the Board of Directors a majority of the total number of directors then in office shall constitute a quorum for the transaction of business. If a quorum shall not be present at any meeting of the Board of Directors, the directors present thereat may adjourn the meeting without notice other than announcement at the meeting, to any other date, time and place until a quorum shall be present. The act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, unless the act of a greater number is required by the Act or by the Articles of Incorporation. Withdrawal of directors from any meeting shall not cause the failure of a duly constituted quorum at such meeting. A director who is in attendance at a meeting of the Board of Directors but who abstains from the vote on any matter by announcing his abstention to the person acting as secretary of the meeting and not voting on such matter shall not be deemed to be present at such meeting for purposes of the preceding sentence or Section 13 of this Article with respect to such vote, but shall be deemed to be present at such meeting for all other purposes.

Section 8. Organization . The President and CEO, if elected, shall act as chairman at all meetings of the Board of Directors. If the President and CEO is not elected or if elected, is not present, a director chosen by a majority of the directors present, shall act as chairman at such meeting of the Board of Directors.

Section 9. Committees . The Board has power over and is solely responsible for the management, supervision, and administration of the Association. The Board may delegate its power, but none of its responsibilities, to such persons or committees as the Board may determine. The Board of Directors, by resolution adopted by a majority of the whole Board, may designate two or more directors to constitute an Executive Committee.

The Board of Directors, by resolution adopted by a majority of the whole Board, may authorize the formation of a Trust Committee. The Board shall appoint the members of the Trust Committee, which may include directors or officers of the Corporation. The Trust Committee's responsibilities include, but are not limited to, approval of new accounts, review of closed accounts, account reviews, other client matters, new or updated policies and procedures, and review of any current litigation issues.

The Board of Directors, by resolution adopted by a majority of the whole Board, may create one or more other committees, including, without limitation, an Audit Committee and a Fiduciary Committee, and appoint two or more directors to serve on such committee or committees. Each director appointed to serve on any such committee shall serve, unless the resolution designating the respective committee is sooner amended or rescinded by the Board of Directors, until the next annual meeting of the Board or until his respective successor is designated. The Board of Directors, by resolution adopted by a majority of the whole Board, may also designate additional directors as alternate members of any committee to serve as members of such committee in the place and stead of any regular member or members thereof who may be unable to attend a meeting or otherwise unavailable to act as a member of such committee. In the absence or disqualification of a member and all alternate members designated to serve in the place and stead of such member, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another director to act at the meeting in the place and stead of such absent or disqualified member.

The Executive Committee may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation between the meetings of the Board of Directors, and any other committee may exercise the power and authority of the Board of Directors to the extent specified by the resolution establishing or outlining the duties of such committee, or the Articles of Incorporation or these By-laws provided , however , that no committee may take any action that is expressly required by the Act or the Articles of Incorporation or these By-laws to be taken by the Board of Directors and not by a committee thereof. Each committee shall keep a record of its acts and proceedings, which shall form a part of the records of the Corporation in the custody of the Secretary, and all actions of each committee shall be reported to the Board of Directors at the next meeting of the Board.

Meetings of committees may be called at any time by the President and CEO, or the chairman of the respective committee. A majority of the members of the committee shall constitute a quorum for the transaction of business and, except as expressly limited by this section, the act of a majority of the members present at any meeting at which there is a quorum shall be the act of such committee. Except as expressly provided in this section or in the resolution designating the committee, a majority of the members of any such committee may select its chairman, fix its rules of procedure, fix the time and place of its meetings and specify what notice of meetings, if any, shall be given.

Section 10. Action without Meeting . Unless otherwise specifically prohibited by the Articles of Incorporation or these By-laws, any action required or permitted to be taken at any

meeting of the Board of Directors or any committee thereof may be taken without a meeting, if all members of the Board of Directors or such committee, as the case may be, execute a consent thereto in writing setting forth the action so taken, and the writing or writings are filed with the minutes of proceedings of the Board of Directors or such committee.

Section 11 Attendance by Telephone . Members of the Board of Directors or any committee thereof may participate in and act at any meeting of the Board of Directors or such committee, as the case may be, through the use of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other. Participation in such meeting shall constitute attendance and presence in person at the meeting of the person or persons so participating.

Section 12. Compensation . Each director, as such, shall be entitled to receive reimbursement for his reasonable expenses incurred in attending meetings of the Board of Directors or any committee thereof or otherwise in connection with his attention to the affairs of the Corporation. In addition, each director, who is not at the time a regularly compensated officer or employee of the Corporation or any of its direct or indirect subsidiaries, shall be entitled to such fee for his services as a director (and if a member of any committee of the Board of Directors, such fee for his services as such member) as may be fixed from time to time by the Board of Directors. Such fees may be fixed both for meetings attended and on an annual basis, or either thereof, and may be payable currently or deferred.

Section 13. Presumption of Assent . A director who, is present at a meeting of the Board of Directors or any committee thereof when corporate action is taken shall be deemed to have assented to the action taken unless: (a) he objects at the beginning of the meeting to holding such meeting or transacting business at such meeting; (b) his dissent from the action taken is entered in the minutes of such meeting; or (c) he delivers written notice of his dissent to the person acting as the secretary of the meeting before the adjournment thereof or forwards such dissent by registered or certified mail to the Secretary immediately after the adjournment of such meeting. The right of dissent is not available to a director who votes in favor of the action taken.

ARTICLE IV.

OFFICERS

Section 1. Enumeration . The officers of the Corporation shall be chosen by the Board of Directors and shall include a President and CEO and a Secretary and may include such officers as the Board of Directors deems appropriate, including, but not limited to, Managing Directors, Vice Presidents, a Treasurer, an Auditor, a Compliance Officer and a Tax Officer. The Board of Directors may also elect one or more Assistant Secretaries and Assistant Treasurers and such other officers and agents as it may deem appropriate. Any number of offices may be held by the same person.

Section 2. Term of Office . The officers of the Corporation shall be elected at the annual meeting of the Board of Directors and shall hold office until their successors are elected

and qualified, or until their earlier death, termination, resignation or removal from office. Any officer, agent or employee elected or appointed by the Board of Directors may be removed and replaced only by the Board of Directors, and may be removed, with or without cause, at any time by a majority vote of the Board of Directors whenever in its judgment the best interests of the Corporation will be served thereby. Any officer, agent or employee who is not elected or appointed by the Board of Directors shall hold office at the discretion of the President and CEO. Any vacancy in any office because of death, resignation, termination, removal, disqualification or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

Section 3. President and CEO . The President and CEO shall be the chief executive officer of the Corporation and, as such, shall have general supervision, direction and control of the business and affairs of the Corporation, subject to the control of the Board of Directors, shall preside at meetings of the Board of Directors and of the shareholders and shall have such other functions, authority and duties as customarily appertain to the office of the chief executive officer of a business corporation or as may be prescribed by the Board of Directors. The President and CEO shall also have the authority to remove or suspend any officer, agent or employee who shall not have been appointed by the Board of Directors and to suspend, pending final action by the Board of Directors, any officer, employee or agent who shall have been appointed by the Board of Directors. The President and CEO shall be a member of the Board of Directors. The President and CEO may appoint one or more Vice Presidents, Assistant Vice Presidents, Assistant Secretaries, Assistant Treasurers and such other officers as he shall deem necessary and appropriate and may give any of them further designations or alternative titles as he considers desirable. Any number of offices may be held by the same person.

Section 5. Managing Director . Each Managing Director, if any, shall perform such duties and have such other powers as may from time to time be prescribed by the Board of Directors or the President and CEO.

Section 6. Secretary . The Secretary shall, except as otherwise determined by the Board of Directors, (a) attend and record all of the proceedings of all meetings of stockholders or the Board of Directors; (b) see that all notices are given and records and reports properly kept and filed by the Corporation as required by these By-laws or as required by law; (c) have charge of and control over the records of the Corporation and the certificate books, transfer books and stock ledgers, and such other books and papers as the Board of Directors may direct; and (d) he the custodian of the corporate seal of the Corporation and see that it is affixed to all documents to be executed on behalf of the Corporation under its seal.

Section 7. Treasurer . The Treasurer, if any, shall be the principal accounting and financial officer of the Corporation. The Treasurer, if any, shall (a) make arrangements for the custody and safekeeping of all funds of the Corporation, and shall have charge of their collection, receipt and disbursement; (b) receive and have authority to sign receipts for all moneys paid to the Corporation and shall deposit the same in the name and to the credit of the Corporation in such banks or depositories as the Board of Directors shall authorize; (c) endorse for collection on behalf of the Corporation all checks, drafts, notes and other obligations payable to the Corporation; (d) shall disburse or cause to be disbursed funds of the Corporation only on

properly approved vouchers and payrolls or in such other manner as the Board of Directors may authorize or require; and shall keep or cause to be kept full and accurate accounts of the transactions of his office in books belonging to the Corporation. He shall be bonded for the faithful discharge of his duties in such form and amount, and with such surety or sureties, as the Board of Directors may require.

Section 8. Assistant Secretaries and Assistant Treasurers . The Assistant Secretaries and Assistant Treasurers, in general, shall perform such duties as shall be assigned to the Secretary or Treasurer, respectively, under these By-laws or by the President and CEO.

Section 9. Other Officers and Agents . Any officer or agent who is elected or appointed from time to time by the Board of Directors and whose duties are not specified in these By-laws shall perform such duties and have such powers as may from time to time be prescribed by the Board of Directors or the President and CEO.

Section 10. This section has been intentionally omitted.

Section 11.1 Real Property . Real property owned by the Corporation in its own right shall not be deeded, conveyed, mortgaged, assigned or transferred except when duly authorized by a resolution of the Board. The Board may from time-to-time authorize officers to deed, convey, mortgage, assign or transfer real property owned by the Corporation in its own right with such maximum values as the Board may fix in its authorizing resolution.

Section 11.2. Senior Signing Powers . Subject to the exception provided in Section 11.1, the President and CEO, any Senior Executive Vice President and any Executive Vice President is authorized to accept, endorse, execute or sign any document, instrument or paper in the name of, or on behalf of, the Corporation in all transactions arising out of, or in connection with, the normal course of the Corporation's business or in any fiduciary, representative or agency capacity and, when required, to affix the seal of the Corporation thereto. In such instances as in the judgment of the President and CEO, any Senior Executive Vice President or any Executive Vice President may be proper and desirable, any one of said officers may authorize in writing from time-to-time any other officer to have the powers set forth in this section applicable only to the performance or discharge of the duties of such officer within his or her particular division or function. Any officer of the Corporation authorized in or pursuant to Section 11.3 to have any of the powers set forth therein, other than the officer signing pursuant to this Section 11.2, is authorized to attest to the seal of the Corporation on any documents requiring such seal.

Section 11.3. Limited Signing Powers. Subject to the exception provided in Section 11.1, in such instances as in the judgment of the President and CEO, any Senior Executive Vice President, or any Executive Vice President may be proper and desirable, any one of said officers may authorize in writing from time-to-time any other officer, employee or individual to have the limited signing powers or limited power to affix the seal of the Corporation to specified classes of documents set forth in a resolution of the Board applicable only to the performance or discharge of the duties of such officer, employee or individual within his or her division or function.

Section 11.4. Powers of Attorney. All powers of attorney on behalf of the Corporation shall be executed by any officer of the Corporation jointly with the President and CEO any Senior Executive Vice President, any Executive Vice President, any Senior Vice President or any Managing Director, provided that the execution by such Senior Vice President or Managing Director of said Power of Attorney shall be applicable only to the performance or discharge of the duties of said officer within his or her particular division or function. Any such power of attorney may, however, be executed by any officer or officers or person or persons who may be specifically authorized to execute the same by the Board of Directors.

Section 11.5. Auditor. The Auditor or any officer designated by the Auditor is authorized to certify in the name of, or on behalf of the Corporation, in its own right or in a fiduciary or representative capacity, as to the accuracy and completeness of any account, schedule of assets, or other document, instrument or paper requiring such certification.

ARTICLE V.

CERTIFICATES FOR SHARES, ETC.

Section 1. Form . The shares of the Corporation shall be represented by certificates; provided , however , the Board of Directors may provide by resolution or resolutions that some or all of any or all classes or series of the Corporation's shares shall be uncertificated shares. Each certificate for shares shall he consecutively numbered or otherwise identified. Certificates representing shares in the Corporation shall be signed by or in the name of the Corporation by the President and CEO, or a Managing Director and by the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary of the Corporation. Where a certificate is countersigned by a transfer agent, other than the Corporation or an employee of the Corporation, or by a registrar, the signatures of one or more officers of the Corporation may be facsimiles. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, the certificate may be issued by the Corporation with the same effect as if such officer, transfer agent or registrar were such, officer, transfer agent or registrar at the date of its issue.

Section 2. Transfer . Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the Corporation to issue a new certificate or uncertificated shares in place of any certificate therefor issued by the Corporation to the person entitled thereto, cancel the old certificate and record the transaction in its share book.

Section 3. Replacement . In case of the loss, destruction, mutilation or theft of a certificate representing shares of the Corporation, a new certificate may be issued upon the

surrender of the mutilated certificate or, in the case of loss, destruction or theft of a certificate, upon satisfactory proof of such loss, destruction or theft and upon such terms as the Board of Directors may prescribe. The Board of Directors may in its discretion require the owner of the lost, destroyed or stolen certificate, or his legal representative, to give the Corporation a bond, in such sum and in such form and with such surety or sureties as it may direct, to indemnify the Corporation against any claim that may be made against it with respect to the certificate alleged to have been lost, destroyed or stolen.

ARTICLE VI.

INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS

Section 1. Third Party Actions. The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, including all appeals (other than an action, suit or proceeding by or in the right of the Corporation) by reason of the fact that he is or was a director, officer or employee of the Corporation (and the Corporation, in the discretion of the Board of Directors, may so indemnify a person by reason of the fact that he is or was an agent of the Corporation or is or was serving at the request of the Corporation in any other capacity for or on behalf of the Corporation), against expenses (including attorneys' fees), judgments, decrees, fines, penalties and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful; provided , however , the Corporation shall be required to indemnify an officer, director or employee in connection with an action, suit or proceeding initiated by such person only if such action, suit or proceeding was authorized by the Board of Directors. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of *nolo contendere* or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith or in a manner which he reasonably believed to be in or not opposed to the best interests of the Corporation and, with respect to any criminal action or proceeding, had reasonable cause to believe his conduct was unlawful.

Section 2. Actions by or in the Right of the Corporation . The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit, including all appeals, by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he is or was a director or officer of the Corporation (and the Corporation, in the discretion of the Board of Directors, may so indemnify a person by reason of the fact that he is or was an employee or agent of the Corporation or is or was serving at the request of the Corporation in any other capacity for or on behalf of the Corporation), against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, except that no indemnification shall be made in respect of any claim, issue or matter

as to which such person shall have been finally adjudged to be liable for negligence or misconduct in the performance of his duty to the Corporation unless and only to the extent that the court in which such action or suit was brought, or any other court of competent jurisdiction, shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses as such court shall deem proper. Notwithstanding the foregoing, the Corporation shall be required to indemnify an officer or director in connection with an action, suit or proceeding initiated by such person only if such action, suit or proceeding was authorized by the Board of Directors.

Section 3. Indemnity if Successful . To the extent that a director, officer, employee or agent of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 1 or 2 of this Article, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys, fees) actually and reasonably incurred by him in connection therewith.

Section 4. Standard of Conduct . Except in a situation governed by Section 3 of this Article, any indemnification under Section 1 or 2 of this Article (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the director or officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in Section 1 or 2, as applicable, of this Article. Such determination shall be made (i) by a majority vote of directors acting at a meeting at which a quorum consisting of directors who were not parties to such action, suit or proceeding is present, or (ii) if such a quorum is not obtainable, or even if obtainable, a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (iii) by the shareholders.

Section 5. Expenses . Expenses of each officer and director hereunder indemnified actually and reasonably incurred in defending a civil or criminal action, suit or proceeding or threat thereof may be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such person to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Corporation as authorized in this Article. Such expenses incurred by employees and agents may be so paid upon receipt of the aforesaid undertaking and such other terms and conditions, if any, as the Board of Directors deems appropriate.

Section 6. Nonexclusivity . The indemnification and advancement of expenses provided by, or granted pursuant to other Sections of this Article, shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may now or hereafter be entitled under any law, by-law, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

Section 7. Insurance . The Corporation may purchase and maintain insurance, on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is

or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under the provisions of the Act. Insurance purchased by the Corporation in accordance with this Section 7 may but not need (i) be for the benefit of all directors, officers, employees and agents of the Corporation and (ii) provide also for the indemnification or reimbursement to the Corporation of and for payments and obligations to make payments by the Corporation to any of its directors, officers, employees or agents to the extent such payments or obligations to make payments are permitted under this Article VI.

Section 8. Definitions . For purposes of this Article, references to “the Corporation” shall include, in addition to the surviving corporation, any merging corporation (including any corporation having merged with a merging corporation) absorbed in a merger which, if its separate existence had continued, would have had the power and authority to indemnify any or all of its directors, officers, employees and agents, so that any person who was a director, officer, employee or agent of such merging corporation, or was serving at the request of such merging corporation in any other capacity, shall stand in the same position under the provisions of this Article with respect to the surviving corporation as such person would have had with respect to such merging corporation if its separate existence had continued as such corporation was constituted immediately prior to such merger.

For purposes of this Article, references to “other capacities” shall include serving as a trustee or agent for any employee benefit plan; references to “fines” shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to “serving at the request of the Corporation” shall include any service as a director, officer, employee or agent of the Corporation which imposes duties on, or involves services by, such director, officer, employee, or agent with respect to an employee benefit plan or its participants or beneficiaries. A person who acted in good faith and in a manner he or she reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner “not opposed to the best interests of the Corporation” as referred to in this Article.

Section 9. Reports to Shareholders . If required by the Act, the Corporation shall report any indemnity payment or advancement of expenses by the Corporation to any director, officer, employee or agent provided for in this Article to the shareholders in writing either with or before the distribution of the notice of the next shareholders’ meeting.

Section 10. Continuation . The indemnification and advancement of expenses provided by, or granted pursuant to, this Article VI shall, unless otherwise, provided when authorized or ratified, continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 11. Severability . If any provision hereof is invalid or unenforceable in any jurisdiction, the other provisions hereof shall remain in full force and effect in such

jurisdiction, and the remaining provisions hereof shall be liberally construed to effectuate the provisions hereof, and the invalidity of any provision hereof in any jurisdiction shall not affect the validity or enforceability of such provision in any other jurisdiction.

Section 12. Amendment . The right to indemnification conferred by this Article shall be deemed to be a contract between the Corporation and each person referred to herein until amended or repealed, but no amendment to or repeal of these provisions shall apply to or have any effect on the right to indemnification of any person with respect to any liability or alleged liability of such person for or with respect to any act or omission of such person occurring prior to such amendment or repeal.

ARTICLE VII.

GENERAL PROVISIONS

Section 1. Fiscal Year . The fiscal year of the Corporation shall be fixed from time to time by resolution of the Board of Directors.

Section 2. The Seal . The Board shall provide a corporate seal for the Corporation which may be affixed to any document, certificate or paper and attested by such individuals as provided by these By-laws or as the Board may from time-to-time determine.

Section 3. Notices and Mailing . Except as otherwise provided in the Act, the Articles of Incorporation or these By-laws, all notices required to be given by any provision of these By-laws shall be deemed to have been given (i) when received, if given in person, (ii) on the date of acknowledgment of receipt, if sent by telex, facsimile or other wire transmission, (iii) one day after delivery, properly addressed, to a reputable courier for same day or overnight delivery, or (iv) four days after being deposited, properly addressed, in the U.S. mail, certified or registered mail, postage prepaid.

Section 4. Waiver of Notice . Whenever any notice is required to be given under the Act or the provisions of the Articles of Incorporation or these By-laws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent to notice.

Section 5. Interpretation . In these By-laws, unless a clear contrary intention appears, the singular number includes the plural number and vice versa , and reference to either gender includes the other gender.

ARTICLE VIII.

AMENDMENTS

Unless the power to make, alter, amend or repeal these By-laws is reserved to the shareholders by the Articles of Incorporation, these By-laws, including any By-law adopted by

the shareholders, may be made, altered, amended or repealed by the shareholders or the Board of Directors, but the fact that the power to make, alter, amend or repeal these By-laws has been conferred upon the Board of Directors shall not divest the shareholders of the same powers.

BNY MELLON TRUST COMPANY OF ILLINOIS
SIGNING AUTHORITY RESOLUTION
Pursuant to Section 11.3 of the By-Laws
Adopted December 19, 2012

RESOLVED, that the Resolution of the Board, referred to in Section 11.3 of the By-Laws of the Corporation be, and it hereby is, amended in its entirety, to read as follows:

RESOLVED , that, pursuant to Section 11.3 of the By-laws of Corporation authority be, and hereby is, granted to the Chairman, the President, any Vice Chairman of the Board, any Senior Executive Vice President, or any Executive Vice President, in such instances as in the judgment of any one of said officers may be proper and desirable, to authorize in writing from time-to-time any other officer, employee or individual to have the limited signing authority set forth in any one or more of the following paragraphs applicable only to the performance or discharge of the duties of such officer, employee or individual within his or her division or function:

(A) All signing authority set forth in paragraphs (B) through (I) below except Level C, D and P which must be specifically designated.

(B1) Individuals authorized to accept, endorse, execute or sign any bill receivable; certification; contract, document or other instrument evidencing, embodying a commitment with respect to, or reflecting the terms or conditions of, a loan or an extension of credit by the Corporation; note; and document, instrument or paper of any type, including stock and bond powers, required for purchasing, selling, transferring, exchanging or otherwise disposing of or dealing in foreign currency, derivatives or any form of securities, including options and futures thereon; in each case in transactions arising out of, or in connection with, the normal course of the Corporation's business.

(B2) Individuals authorized to endorse, execute or sign any certification; disclosure notice required by law; document, instrument or paper of any type required for judicial, regulatory or administrative proceedings or filings; and legal opinions.

(C1) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in excess of $500,000,000 with single authorization for all transactions.

(C2) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in excess of $500,000,000*.

(C3) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to $500,000,000.

(C4) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount in excess of $100,000,000 but not to exceed $500,000,000*.

(C5) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to $100,000,000.

(C6) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to $10,000,000.

(C7) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to $5,000,000.

(C8) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to $1,000,000.

(C9) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to $250,000.

(C10) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to $50,000.

(C11) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to $5,000.

* Dual authorization is required by any combination of senior officer and/or Sector Head approved designee for non-exempt transactions. Single authorization required for exempt transactions.

(D1) Authority to accept, endorse, execute or sign any contract obligating the Corporation for the payment of money or the provision of services in an amount up to $1,000,000.

(D2) Authority to accept, endorse, execute or sign any contract obligating the Corporation for the payment of money or the provision of services in an amount up to $250,000.

(D3) Authority to accept, endorse, execute or sign any contract obligating the Corporation for the payment of money or the provision of services in an amount up to $50,000.

(D4) Authority to accept, endorse, execute or sign any contract obligating the Corporation for the payment of money or the provision of services in an amount up to $5,000.

(E) Authority to accept, endorse, execute or sign any guarantee of signature to assignments of stocks, bonds or other instruments; certification required for transfers and deliveries of stocks, bonds or other instruments; and document, instrument or paper of any type required in connection with any Individual Retirement Account or Keogh Plan or similar plan.

(F) Authority to accept, endorse, execute or sign any certificate of authentication as bond, unit investment trust or debenture trustee and on behalf of the Corporation as registrar and transfer agent.

(G) Authority to accept, endorse, execute or sign any Bankers acceptance; letter of credit; and bill of lading.

(H) Authority to accept, endorse, execute or sign any document, instrument or paper of any type required in connection with the ownership, management or transfer of real or personal property held by the Corporation in trust or in connection with any transaction with respect to which the Corporation is acting in any fiduciary, representative or agency capacity, including the acceptance of such fiduciary, representative or agency account.

(I1) Authority to effect the external movement of free delivery of securities and internal transfers resulting in changes of beneficial ownership.

(I2) Authority to effect the movement of securities versus payment at market or contract value.

(J) Authority to either sign on behalf of the Corporation or to affix the seal of the Corporation to any of the following classes of documents: Trust Indentures, Escrow Agreements, Pooling and Servicing Agreements, Collateral Agency Agreements, Custody Agreements, Trustee's Deeds, Executor's Deeds, Personal Representative's Deeds, Other Real Estate Deeds for property not owned by the Corporation in its own right, Corporate Resolutions, Mortgage Satisfactions, Mortgage Assignments, Trust Agreements, Loan Agreements, Trust and Estate Accountings, Probate Petitions, responsive pleadings in litigated matters and Petitions in Probate Court with respect to Accountings, Contracts for providing customers with Corporation products or services.

(N) Individuals authorized to accept, endorse, execute or sign internal transactions only, (i.e., general ledger tickets); does not include the authority to authorize external money movements, internal money movements or internal free deliveries that result in changes of beneficial ownership.

(P1) Authority to approve the payment of valid expenses as incurred to meet the obligations of the Corporation, excluding salary and other employee directed benefit payments; in each case, in excess of $10,000,000.

(P2) Authority to approve the payment of valid expenses as incurred to meet the obligations of the Corporation, excluding salary and other employee directed benefit payments; in each case, in an amount up to $10,000,000.

(P3) Authority to approve the payment of valid expenses as incurred to meet the obligations of the Corporation, excluding salary and other employee directed benefit payments; in each case, in an amount up to $5,000,000.

(P4) Authority to approve the payment of valid expenses as incurred to meet the obligations of the Corporation, excluding salary and other employee directed benefit payments; in each case, in an amount up to $1,000,000.

(P5) Authority to approve the payment of valid expenses as incurred to meet the obligations of the Corporation, excluding salary and other employee directed benefit payments; in each case, in an amount up to $250,000.

(P6) Authority to approve the payment of valid expenses as incurred to meet the obligations of the Corporation, excluding salary and other employee directed benefit payments; in each case, in an amount up to $100,000.

(P7) Authority to approve the payment of valid expenses as incurred to meet the obligations of the Corporation, excluding salary and other employee directed benefit payments; in each case, in an amount up to $50,000.

(P8) Authority to approve the payment of valid expenses as incurred to meet the obligations of the Corporation, excluding salary and other employee directed benefit payments; in each case, in an amount up to $25,000.

(P9) Authority to approve the payment of valid expenses as incurred to meet the obligations of the Corporation, excluding salary and other employee directed benefit payments; in each case, in an amount up to $10,000.

(P10) Authority to approve the payment of valid expenses as incurred to meet the obligations of the Corporation, excluding salary and other employee directed benefit payments; in each case, in an amount up to $5,000.

(P11) Authority to approve the payment of valid expenses as incurred to meet the obligations of the Corporation, excluding salary and other employee directed benefit payments; in each case, in an amount up to $3,000.

RESOLVED , that any signing authority granted pursuant to this resolution may be rescinded by the Chairman, the President, any Vice Chairman of the Board, any Senior Executive Vice President, or any Executive Vice President and such signing authority shall terminate without the necessity of any further action when the person having such authority leaves the employ of the Corporation.

EXHIBIT 6

CONSENT OF THE TRUSTEE

Pursuant to the requirements of Section 321 (b) of the Trust Indenture Act of 1939, as amended, BNY Mellon Trust Company of Illinois hereby consents that reports of examinations by Federal, State, Territorial or District authorities may be furnished by such authorities to the Securities and Exchange Commission upon request therefor.

Dated: May 19, 2014

BNY MELLON TRUST COMPANY OF ILLINOIS

By: /s/ R. Tarnas
Name: R. Tarnas
Title: Vice President

EXHIBIT 7

DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION
DIVISION OF BANKING
CONSOLIDATED REPORT OF CONDITION

Trust Company Name:	**BNY Mellon Trust Company of Illinois**
Address:	**2 North LaSalle Street, Suite 1020**
City, State, Zip	**Chicago, IL 60602**
Credential Number:	**TRS.0060392**

Include the institution's domestic & foreign subsidiaries, completed for the period ending as of close of business on **31-Mar-14**
and submitted in response to the call of the Illinois Department of Financial and Professional Regulation.

Changes to this form or its format are prohibited.

		In Thousands(000)
ASSETS		
1. Cash and Due from Depository Institution		118,163
2. U.S. Treasury Securities		0
3. Obligations of States and Political Subdivisions		0
4. Other Bonds, Notes Receivable, and Debentures		0
Itemize the Notes Receivable amount listed above:		
Inter-Company/Employee/Director:		
Other (List):		
5. Corporate Stock		0
6. Trust Company Premises, Furniture, Fixtures and Other Assets Representing TC Premises		0
7. Accounts Receivable:		1,000
Itemize Accounts Receivable amount listed above:		
Fee Accounts Receivable	928	
Inter-Company Account Receivable	72	
Other (List):		
9. Goodwill		0
10. Intangibles		0
11. Other Assets		3
Itemize assets that account for 10% or greater of Line 11: (Description & Amount)		
Accrued Interest Receivable	3	
TOTAL ASSETS		119,166
LIABILITIES		
12. Accounts Payable		85
13. Taxes Payable		0
14. Other Liabilities for Borrowed Money		0
15. Other Liabilities		474
Itemize Liabilities that account for 10% or greater of Line 15) (Description & Amount)		
Reserve for Taxes	419	
16. **TOTAL LIABILITIES**		559
EQUITY CAPITAL		
17. Preferred Stock		0
18. Common Stock		2,000
19. Surplus		71,153
20. Reserve for Operating Expenses		0
21. Retained Earnings (Loss)		45,454
22. **TOTAL EQUITY CAPITAL**		118,607
TOTAL LIABILITIES AND EQUITY CAPITAL		119,166
Check / should equal zero - otherwise correct		0

DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION
DIVISION OF BANKING
CONSOLIDATED REPORT OF INCOME

Trust Company Name:	**BNY Mellon Trust Company of Illinois**
Address:	**2 North LaSalle Street, Suite 1020**
City, State, Zip	**Chicago, IL 60602**
Credential Number:	**TRS.0060392**

		In Thousands(000)
INCOME		
1. Income from Fiduciary Activities:		
A. Estates		0
B. Personal		0
C. Investment Advisory		0
D. Managed Employee Benefit		0
E. Non-managed Employee Benefit		0
F. Custody		1,273
G. Corporate Services		27
H. Land Trusts		0
I. All Other Fiduciary Activities		0
2. Interest Income		39
3. All Other Income: (List below)		5
Global Payment Fees	5	
4. TOTAL OPERATING INCOME (Sum of Items 1-3)		1,344
EXPENSES		
5. Operating Expenses:		
A. Salaries		49
B. Employee Benefits		55
C. Trust Company Occupancy Expense		10
D. Furniture and Equipment Expense		3
E. Data Services		0
F. Marketing		0
G. Audits/Examinations		0
H. Insurance (Fiduciary Activities)		0
I. All Other		38
Itemize amounts < than 10% Line 1 above.		
Affiliate Non Interest Expense	15	
Professional and Consulting Fees	14	
Examination Fees	5	
6. TOTAL OPERATING EXPENSES (Items A-l)		155
7. NET OPERATING INC/ LOSS BEFORE TAXES		1,189
8. APPLICABLE INCOME TAXES		425
9. EXTRAORDINARY ITEMS		0
10. NET INCOME (LOSS) AFTER TAXES		764

Explain any change greater than 10% from the average of the previous quarter(s). Note if this is the first quarter of the fiscal year disregard question:

Trust Company Name: **BNY Mellon Trust Company of Illinois**

CHANGES IN EQUITY CAPITAL

Thousands of Dollars (Year-to-Date)	PREFERRED STOCK (PAR)	COMMON STOCK (PAR)	SURPLUS & RESERVE	RETAINED EARNING	TOTAL EQUITY CAPITAL (Line Total)
1. Balance beginning of fiscal year	0	2,000	71,149	44,690	117,839
2. Net Income (loss)				764	764
3. Sale, conversion, acquisition, or retirement of capital					0
4. Changes incident to mergers and absorptions					0
5. Cash dividends declared on preferred stock					0
6. Cash dividends declared on common stock					0
7. Stock dividends issued					0
8. Other increases (decreases)			4		4
Itemize other:					
Affiliate Restricted Stock/Share Grant AP 4					
9. Ending Balance	0	2,000	71,153	45,454	118,607
Check / should equal zero - otherwise correct					0

CERTIFICATION SECTION

Person to whom Department Supervisory Staff should direct questions concerning this report.

I, Robert L. De Paola of BNY Mellon Trust Company of Illinois

(Name of Officer Authorized to Sign Report) *(Name of Trust Company)*

certify that the information contained in these statements are accurate to the best of my knowledge and belief.

I understand that submission of false information with the intention to deceive the Secretary or his Administrative Officers is a felony.

(Signature of Officer Authorized to Sign Report)

Managing Director
Full Title/Position

Robert L. De Paola
PRINT Name of Officer Above

212-635-1413
Telephone Number (Extension)

212-635-1601
Fax Number

robert.de.paola@bnymellon.com
E-mail Address

Exhibit 25.8

FORM T-2

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939
OF AN INDIVIDUAL DESIGNATED TO ACT AS TRUSTEE

☐ **CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF A TRUSTEE PURSUANT TO SECTION 305(b)(2)**

D.G. Donovan

(Name of trustee)

N/A
(Social Security Number)

2. North LaSalle Street
Suite 1020
Chicago, IL 60602
(Business address: street, city state and zip code)

Commonwealth Edison Company
(Exact name of obligor as specified in its charter)

Illinois
(State or other jurisdiction of incorporation or organization)

36-0938600
(I.R.S. employer identification no.)

440 South LaSalle Street
Suite 3300
Chicago, Illinois
(Address of principal executive offices)

60605-1028
(Zip code)

First Mortgage Bonds
(Title of the indenture securities)

1. **Affiliations with Obligor.**

If the obligor is an affiliate of the trustee, describe each such affiliation.

None. (see Note below.)

2. **Trusteeships under other indentures.**

If the trustee is trustee under another indenture under which any other securities, or certificates of interest or participation in any other securities, of the obligor are outstanding, file a copy of each such indenture as an exhibit and furnish the following information:

(a) Title of the securities outstanding under each such other indenture.

Not applicable.

(b) A brief statement of the facts relied upon by the trustee as a basis for the claim that no conflicting interest within the meaning of Section 310(b)(1) of the Trust Indenture Act of 1939 (the "Act") arises as a result of the trusteeship under such other indenture, including a statement as to how the indenture securities will rank as compared with the securities issued under such other indenture.

Not applicable.

11. **List of Exhibits.**

None.

NOTE

Inasmuch as this Form T-2 is filed prior to the ascertainment by the Trustee of all facts on which to base a responsive answer to Item 1, the answer to said Item is based on incomplete information.

Item 1 may, however, be considered as correct unless amended by an amendment to this Form T-2.

SIGNATURE

Pursuant to the requirements of the Act, I, D.G. Donovan have signed this statement of eligibility in the City of Chicago and State of Illinois, on the 19th day of May, 2014.

/s/ D.G. DONOVAN
Name: D.G. DONOVAN

Exhibit 25.9

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939
OF A CORPORATION DESIGNATED TO ACT AS TRUSTEE

☐ **Check if an Application to Determine Eligibility of a Trustee Pursuant to Section 305(b)(2)**

U.S. BANK NATIONAL ASSOCIATION

(Exact name of Trustee as specified in its charter)

31-0841368
I.R.S. Employer Identification No.

800 Nicollet Mall
Minneapolis, Minnesota
(Address of principal executive offices)

55402
(Zip Code)

George J. Rayzis
U.S. Bank National Association
50 South 16 th Street, Suite 2000
Philadelphia, PA 19102
(215) 761-9317
(Name, address and telephone number of agent for service)

Commonwealth Edison Company
(Issuer with respect to the Securities)

Illinois
(State or other jurisdiction of incorporation or organization)

36-0938600
(I.R.S. Employer Identification No.)

440 South LaSalle Street
Suite 3300
Chicago, Illinois
(Address of Principal Executive Offices)

60605-1028
(Zip Code)

Notes
(Title of the Indenture Securities)

FORM T-1

Item 1. **GENERAL INFORMATION .** Furnish the following information as to the Trustee.

a) *Name and address of each examining or supervising authority to which it is subject.*

Comptroller of the Currency
Washington, D.C.

b) *Whether it is authorized to exercise corporate trust powers.*

Yes

Item 2. **AFFILIATIONS WITH OBLIGOR.** *If the obligor is an affiliate of the Trustee, describe each such affiliation.*

None

Items 3-15 *Items 3-15 are not applicable because to the best of the Trustee's knowledge, the obligor is not in default under any Indenture for which the Trustee acts as Trustee.*

Item 16. **LIST OF EXHIBITS:** *List below all exhibits filed as a part of this statement of eligibility and qualification.*

1. A copy of the Articles of Association of the Trustee.*
2. A copy of the certificate of authority of the Trustee to commence business, attached as Exhibit 2.
3. A copy of the certificate of authority of the Trustee to exercise corporate trust powers, attached as Exhibit 3.
4. A copy of the existing bylaws of the Trustee.**
5. A copy of each Indenture referred to in Item 4. Not applicable.
6. The consent of the Trustee required by Section 321(b) of the Trust Indenture Act of 1939, attached as Exhibit 6.
7. Report of Condition of the Trustee as of March 31, 2014 published pursuant to law or the requirements of its supervising or examining authority, attached as Exhibit 7.

* Incorporated by reference to Exhibit 25.1 to Amendment No. 2 to registration statement on S-4, Registration Number 333-128217 filed on November 15, 2005.

** Incorporated by reference to Exhibit 25.1 to registration statement on S-4, Registration Number 333-166527 filed on May 5, 2010.

S1-SSA-0009 - 27321

SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939, as amended, the Trustee, U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, has duly caused this statement of eligibility and qualification to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of Philadelphia, State of Pennsylvania on the 23rd of May, 2014.

By: /s/ George J. Rayzis
George J. Rayzis
Vice President

Exhibit 2

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

CERTIFICATE OF CORPORATE EXISTENCE

I, Thomas J. Curry, Comptroller of the Currency, do hereby certify that:

1. The Comptroller of the Currency, pursuant to Revised Statutes 324, et seq, as amended, and 12 USC 1, et seq, as amended, has possession, custody, and control of all records pertaining to the chartering, regulation, and supervision of all national banking associations.

2. "U.S. Bank National Association," Cincinnati, Ohio (Charter No. 24), is a national banking association formed under the laws of the United States and is authorized thereunder to transact the business of banking on the date of this certificate.

IN TESTIMONY WHEREOF, today, February 27, 2013, I have hereunto subscribed my name and caused my seal of office to be affixed to these presents at the U.S. Department of the Treasury, in the City of Washington, District of Columbia.

Comptroller of the Currency

Exhibit 3

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

CERTIFICATION OF FIDUCIARY POWERS

I, Thomas J. Curry, Comptroller of the Currency, do hereby certify that:

1. The Office of the Comptroller of the Currency, pursuant to Revised Statutes 324, et seq, as amended, and 12 USC 1, et seq, as amended, has possession, custody, and control of all records pertaining to the chartering, regulation, and supervision of all national banking associations.

2. "U.S. Bank National Association," Cincinnati, Ohio (Charter No. 24), was granted, under the hand and seal of the Comptroller, the right to act in all fiduciary capacities authorized under the provisions of the Act of Congress approved September 28, 1962, 76 Stat. 668, 12 USC 92a, and that the authority so granted remains in full force and effect on the date of this certificate.

IN TESTIMONY WHEREOF, today, February 27, 2013, I have hereunto subscribed my name and caused my seal of office to be affixed to these presents at the U.S. Department of the Treasury, in the City of Washington, District of Columbia.

Comptroller of the Currency

Exhibit 6

CONSENT

In accordance with Section 321(b) of the Trust Indenture Act of 1939, the undersigned, U.S. BANK NATIONAL ASSOCIATION hereby consents that reports of examination of the undersigned by Federal, State, Territorial or District authorities may be furnished by such authorities to the Securities and Exchange Commission upon its request therefor.

Dated: May 23, 2014

By: /s/ George J. Rayzis
George J. Rayzis
Vice President

Exhibit 7
U.S. Bank National Association
Statement of Financial Condition
As of 3/31/2014

($000's)

	3/31/2014
Assets	
Cash and Balances Due From Depository Institutions	$ 7,390,563
Securities	84,977,518
Federal Funds	36,998
Loans & Lease Financing Receivables	234,549,731
Fixed Assets	4,726,552
Intangible Assets	13,234,790
Other Assets	22,187,278
Total Assets	**$367,103,430**
Liabilities	
Deposits	$270,081,137
Fed Funds	3,856,384
Treasury Demand Notes	0
Trading Liabilities	422,782
Other Borrowed Money	35,507,326
Acceptances	0
Subordinated Notes and Debentures	4,623,000
Other Liabilities	11,663,853
Total Liabilities	**$326,154,482**
Equity	
Common and Preferred Stock	18,200
Surplus	14,266,409
Undivided Profits	25,808,807
Minority Interest in Subsidiaries	$ 855,532
Total Equity Capital	**$ 40,948,948**
Total Liabilities and Equity Capital	**$367,103,430**

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As filed with the Securities and Exchange Commission on August 19, 2015
Registration Statement No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM S-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Exelon Corporation
(Exact name of registrant as specified in its charter)

Pennsylvania
(State or other jurisdiction of incorporation or organization)

23-2990190
(I.R.S. Employer Identification No.)

10 South Dearborn Street
P.O. Box 805379
Chicago, Illinois 60680-5379
312-394-7398
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Jonathan W. Thayer
Executive Vice President and Chief Financial Officer
Exelon Corporation
10 South Dearborn Street
P.O. Box 805379
Chicago, Illinois 60603
312-394-7398
http://www.exeloncorp.com
(Name, address, including zip code, and telephone number, including area code, of agent for service for each registrant)

With copies to:

Bruce G. Wilson, Esquire
Senior Vice President and Deputy General Counsel
Exelon Corporation
10 South Dearborn Street
P.O. Box 805379
Chicago, Illinois 60603
312-394-7398

Patrick R. Gillard, Esquire
Ballard Spahr LLP
1735 Market Street, 51 st Floor
Philadelphia, Pennsylvania 19103
215-665-8500

Approximate date of commencement of proposed sale to public : From time to time after the Registration Statement becomes effective, as determined by market and other conditions.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. ☐

S1-SSA-0009 - 27327

If any of the securities being registered on this Form are being offered on a delayed or continuous basis pursuant to Rule 415 under the

Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. ☒

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering. ☐

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, please check the following box. ☒

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, non-accelerated filer, or a smaller reporting company. See definition of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

	Large Accelerated	Accelerated	Non-Accelerated	Small Reporting Company
Exelon Corporation	☒			

Calculation of Registration Fee

Title of Each Class of Securities to Be Registered	Amount to be Registered	Amount of Registration Fee(a)
Exelon Corporation, Common Stock	4,470,711 shares	$18,608.44

(a) Pursuant to Rule 415(a)(6) under the Securities Act of 1933, all of the shares of Exelon Corporation’s common stock registered hereunder are unsold securities previously registered on Registration Statement No. 333-183751 filed on September 6, 2012 (the Prior Registration Statement). Pursuant to Rule 415(a)(6) under the Securities Act of 1933, the $18,608.44 filing fee previously paid in connection with such unsold securities will continue to be applied to such unsold securities. Pursuant to Rule 415(a)(6) under the Securities Act of 1933, the offering of unsold securities under the Prior Registration Statement will be deemed terminated as of the date of effectiveness of this registration statement.

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PROSPECTUS

EXELON CORPORATION

DIRECT STOCK PURCHASE PLAN

We hereby offer participation in our Direct Stock Purchase Plan (the Plan). The Plan is designed to provide investors with a convenient way to purchase shares of our common stock and to reinvest in our common stock all or a portion of the cash dividends paid on our common stock.

Our common shares are listed on the New York Stock Exchange and the Chicago Stock Exchange, under the symbol "EXC."

Investing in shares of our common stock involves risks. Please see " Risk Factors " beginning on page 3 for a discussion of factors you should consider before investing in our common stock under the Plan.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

This prospectus relates to all shares acquired by participants under the Plan. Shares available under the Plan will be shares purchased on the open market by a registered broker-dealer selected by us, newly issued shares or treasury shares. All shares acquired by participants under the Plan are registered for sale pursuant to a registration statement that we filed with the Securities and Exchange Commission.

The date of this prospectus is August 19, 2015.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that Exelon filed with the Securities and Exchange Commission (SEC) using a "shelf" registration process. Under this shelf registration process, we may, from time to time, sell shares of our common stock pursuant to the Plan.

This prospectus provides you with a general description of the Plan. The registration statement we filed with the SEC includes exhibits that provide more detail on descriptions of the matters discussed in this prospectus. Please carefully read this prospectus, together with the registration statement, the exhibits thereto and the additional information regarding us, our business and the risks we face in our business and operations referred to in "Where You Can Find More Information," before making an investment decision.

Unless the context otherwise indicates, when we refer to "Exelon," "Exelon Corporation," "we," "our" or "us" in this prospectus supplement, we mean Exelon Corporation and, unless the context otherwise indicates, not any of our subsidiaries or affiliates.

You should rely only on information contained in this prospectus and which is incorporated by reference or the documents to which we have referred you. We have not authorized anyone to provide you with information that is different. This prospectus may be used only where it is legal to sell these securities. The information in this prospectus may only be accurate on the date of this document. Our business, financial condition, results of operations and prospects may have changed since that date.

Please see "Risk Factors" beginning on page 3 for a discussion of factors you should consider before investing in our common stock under the Plan.

FORWARD-LOOKING STATEMENTS

This prospectus and the documents incorporated or deemed incorporated by reference as described under the heading "Where You Can Find More Information" contain forward-looking statements that are not based entirely on historical facts and are subject to risks and uncertainties. Words such as "believes," "anticipates," "expects," "intends," "plans," "predicts," "estimates" and similar expressions are intended to identify forward-looking statements but are not the only means to identify those statements. These forward-looking statements are based on assumptions, expectations and assessments made by our management in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe to be appropriate. Any forward-looking statements are not guarantees of our future performance and are subject to risks and uncertainties.

This prospectus contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which are subject to risks and uncertainties. The factors that could cause actual results to differ materially from the forward-looking statements include: (a) any risk factors discussed in this prospectus supplement or the accompanying prospectus; (b) those factors discussed in the following sections of Exelon's Annual Report on Form 10-K, which are incorporated herein by reference: (1) ITEM 1A. Risk Factors, (2) ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and (3) ITEM 8. Financial Statements and Supplementary Data: Note 22; (c) those factors discussed in the following sections of Exelon's Quarterly Report on Form 10-Q for the quarterly periods ended March 31, 2015 and June 30, 2015, which are incorporated herein by reference: (1) Part I, Financial Information, ITEM 1. Financial Statements: Note 17, (2) Part 1, Financial Information, ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations and (3) Part II, Other Information, ITEM 1A. Risk Factors; and (d) other factors discussed herein and in other filings with the SEC by Exelon, as applicable.

You are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date on the front of this prospectus supplement or, as the case may be, as of the date on which we make any

subsequent forward-looking statement that is deemed incorporated by reference. We do not undertake any obligation to update or revise any forward-looking statement to reflect events or circumstances after the date as of which any such forward-looking statement is made.

EXELON CORPORATION

Our Company

Exelon, incorporated in Pennsylvania in February 1999, is a utility services holding company engaged, through Exelon Generation Company, LLC (Generation), in the energy generation business and, through Commonwealth Edison Company (ComEd), PECO Energy Company (PECO) and Baltimore Gas and Electric Company (BGE), in the energy delivery business. Exelon's principal executive offices are located at 10 South Dearborn Street, Chicago, Illinois 60603, and its telephone number is 312-394-7398.

Generation's integrated business consists of the generation, physical delivery and marketing of power across multiple geographical regions through its customer-facing business, Constellation Energy Group, Inc. (Constellation), which sells electricity and natural gas to both wholesale and retail customers. Generation also sells renewable energy and other energy-related products and services, and engages in natural gas and oil exploration and production activities. Generation has six reportable segments consisting of the Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Regions.

ComEd's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of electricity transmission and distribution services to retail customers in northern Illinois, including the City of Chicago.

PECO's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of electricity transmission and distribution services to retail customers in southeastern Pennsylvania, including the City of Philadelphia, as well as the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services to retail customers in the Pennsylvania counties surrounding the City of Philadelphia.

BGE's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of electricity transmission and distribution services to retail customers in central Maryland, including the City of Baltimore, as well as the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services to retail customers in central Maryland, including the City of Baltimore.

Proposed Merger with PHI

On April 29, 2014, Exelon and PHI signed an agreement and plan of merger (as subsequently amended and restated as of July 18, 2014) to combine the two companies in an all cash transaction. The resulting company will retain the Exelon name and be headquartered in Chicago, and PHI will become an indirect, wholly-owned subsidiary of Exelon. The Merger is expected to be completed in the third quarter of 2015.

S1-SSA-0009 - 27332

RISK FACTORS

Investing in our common stock involves various risks. You are urged to read and consider the risk factors described in (1) Exelon's Annual Report on Form 10-K for the year ended December 31, 2014; and (2) Exelon's Quarterly Reports on Form 10-Q for the periods ended March 31, 2015 and June 30, 2015. Before making an investment decision, you should carefully consider these risks as well as other information we include or incorporate by reference in this prospectus.

DESCRIPTION OF THE PLAN

The following questions and answers contain all of the terms and conditions of the Exelon Corporation Direct Stock Purchase Plan (the Plan) in a question and answer format. For additional information concerning the Plan, you may contact Wells Fargo Shareowner Services, a division of Wells Fargo Bank, N.A., the Plan Administrator, at 800-626-8729.

PURPOSE OF THE PLAN

1. ***What is the purpose of the Plan?***

The purpose of the Plan is to promote long-term ownership by existing and new investors in Exelon Corporation by providing a convenient method to purchase shares of our common stock and to reinvest the cash dividends paid on our common stock.

ADVANTAGES AND DISADVANTAGES OF THE PLAN

2. ***What are some of the advantages of the Plan?***

The Plan offers participants the following advantages:

- **Direct Purchase of Stock** – If you are not presently an Exelon shareholder, you may become a participant by purchasing shares through the Plan with an initial cash investment of at least $250 up to a maximum of $20,000 per calendar month. If you elect to enroll in automatic investments, the initial $250 will be waived to at least $50.

Once you are a participant in the Plan, you may make additional investments in Exelon Corporation common stock through optional cash investments of at least $50 up to a maximum of $20,000 per month.

- **Reinvestment of Dividends** – You may automatically reinvest all or a portion of your cash dividends to purchase additional shares of common stock. Any dividends paid by Exelon Corporation will be paid on both whole and fractional shares in the Plan, and the Plan Administrator will credit your Plan account with dividends on both your whole and fractional shares.
- **Certificate Safekeeping** – You can deposit your Exelon Corporation common stock certificates with the Plan Administrator for safekeeping at no cost to you. Since the Plan Administrator holds shares in your account in book-entry form, you will avoid the cost and risk associated with the storage, loss, theft or destruction of stock certificates.
- **Simplified Recordkeeping** – Following the deposit of additional shares, the sale of shares, or the transfer of shares, you will receive a statement of your account.

If you are a shareholder of record owning less than 100 shares, you can choose to have all or a portion of your dividends reinvested. You will have online access to your account, and you will receive an annual account statement detailing all of your transactions for the year. There is no administrative fee to participate in the Plan.

If you are a shareholder of record owning 100 shares, you can choose to have all or a portion of your dividends reinvested. You will have online access to your account, and you will receive quarterly account statements. The last quarter's statement will detail all of your transactions for the year. There is no administrative fee to participate in the Plan.

- **Reduced Broker Commissions** – Broker commissions negotiated by Exelon Corporation for buying or selling shares may be less than those paid by individual investors for these services.
- **Selling Stock** – You may sell shares held in your Plan account directly through the Plan.
- **Transfer of Shares** – You may transfer shares held in your Plan account to another holder. Normal transfer requirements apply.
- **Automated Account Transactions** – Certain transactions may be requested over the telephone or through our online services. (Some restrictions may apply).

3. ***What are some of the disadvantages of participating in the Plan?***

Participants in the Plan should also be aware of the following disadvantages:

- **No Interest on Funds Pending Investment** – You will not earn interest on funds held by the Plan Administrator pending investment.
- **Timing of Transactions** – You will not be able to precisely time your purchases or sales through the Plan and will bear the market risk associated with the fluctuations in the price of the common stock pending these transactions under the Plan.
- **Limited Investment Dates** – An Investment Date is the date the shares are acquired either directly from Exelon Corporation or on the open market in satisfaction of any purchase of Exelon Corporation common stock under the terms of this Plan. Purchases are made at least once every five business days. Purchases may be made over a period of up to five days in the case of open market purchases. The Plan Administrator must receive initial cash investments at least two business days prior to the Investment Date. Optional cash investments must be received one business day prior to the Investment Date. Amounts received after the cutoff date will be held until the next Investment Date.
- **Return of Cash Investments** – Cash investments sent to the Plan Administrator will not be returned to you unless a written request has been received by the Plan Administrator at least two business days prior to the next Investment Date.
- **Broker Commissions** – While the broker commissions negotiated by Exelon Corporation for buying or selling stock may be less than those paid by individual investors for this service, certain investors may be able to avail themselves of lower commissions on an individual basis. Also, the commissions negotiated by Exelon Corporation may change from time to time.

PLAN ADMINISTRATION

4. ***Who administers the Plan?***

The Plan is administered by Wells Fargo Shareowner Services, a division of Wells Fargo Bank, N.A. If Wells Fargo Bank, N.A. ceases to serve as Plan Administrator, we will designate its successor.

5. ***What actions does the Plan Administrator perform?***

The Plan Administrator is responsible for enrolling new participants in the Plan, reinvesting dividends, processing optional cash investments, processing share sale requests, depositing and safekeeping Plan shares, processing requests for share issuances, and issuing account statements.

You may contact the Plan Administrator in writing, by telephone, or online at shareowneronline.com as indicated in Appendix A to this prospectus. When writing or communicating online, please include a day-time telephone number or e-mail address.

The Plan Administrator is also responsible for purchasing and selling shares of common stock for participants' Plan accounts, including the selection of the broker/dealer through which Plan purchases and sales are made. We have no control over the times or prices at which the Plan Administrator effects transactions in the open market or the selection of the broker/dealer used by the Plan Administrator to effect open market transactions.

PARTICIPATION

6. ***Who is eligible to participate in the Plan*** **?**

Any person who owns Exelon Corporation common stock registered in his or her own name is eligible to participate in the Plan. Beneficial owners of shares held for them in registered names other than their own may participate by having some or all of their shares transferred into their own name. If you currently own shares of common stock that are held on your behalf by a bank or broker (that is, in "street name"), your participation through that agent may be on terms and conditions which differ from the terms and conditions set forth in the Plan, and the terms and conditions set by that agent will govern and the Administrator will not have any record of your transactions or account. The agreements with brokers and other financial institutions with respect to participation of custody accounts may be terminated at any time.

If you are not already a shareholder, you may join the Plan by making an initial investment.

Regulations in certain countries may limit or prohibit participation in this Plan. Accordingly, if you reside outside the United States and wish to participate in the Plan, you should first determine whether you are subject to any governmental regulations prohibiting your participation.

7. ***How does an eligible investor join the Plan?***

After reviewing this prospectus, eligible investors may join the Plan online or through the mail as indicated below. New investors will be required to make an initial cash investment of at least $250, up to a maximum of $20,000 (unless a Waiver is granted). If you elect to enroll in automatic investments, the initial $250 will be waived to at least $50.

Online – You may enroll online at shareowneronline.com . At the time of enrollment you will be required to enter the name of the company (Exelon Corporation) and to provide certain information about yourself, such as your social security number, address and U.S. or Canadian financial institution account information.

Mail – You may also enroll by completing an Account Authorization Form and mailing it to the Plan Administrator. You may obtain an Account Authorization Form at any time by going online to the Plan Administrator's website at shareowneronline.com , clicking the Direct Purchase Plan link, and selecting Exelon Corporation from the alphabetical company list or by contacting the Plan Administrator as indicated in Appendix A to this prospectus.

By enrolling in the Plan either online or through the mail, you are instructing the Plan Administrator to establish a Plan account for you and apply the initial investment to the purchase of Exelon Corporation common stock.

8. ***When may a person join the Plan?***

You may join the Plan at any time. If you are a shareholder of record and have elected to have your cash dividends reinvested and the *Account Authorization Form* is received by the Plan Administrator before the record date for the payment of a dividend, then the dividend will be used to purchase additional shares of common stock for you. If the *Account Authorization Form* is received after the record date for a dividend, the reinvestment of dividends will not start until payment of the next dividend. If you choose to participate in the Plan solely by making optional cash investments, your participation in the Plan will begin on the first Investment Date for

optional and initial cash investments following the Plan Administrator's receipt of your Account Authorization Form. Initial cash investments need to be received two business days prior to the Investment Date and optional cash investments one business day prior to the Investment Date.

9. ***What participation options are available in the Plan?***

On the *Account Authorization Form* , you are offered the following participation options:

- **Full Dividend Reinvestment** – All cash dividends payable on shares held in the Plan, along with any shares held in physical certificate form or through book-entry Direct Registration Shares (DRS), will be used to purchase additional shares. You will not receive cash dividends from Exelon Corporation; instead, all dividends will be reinvested. Whole and fractional shares will be allocated to the Plan account. (*RD*)
- **Partial Dividend Reinvestment** – You may elect to reinvest a portion of the dividend and receive the remainder in cash. The percentage elected will be applied to the total shares held in the Plan, along with any shares held in physical certificate form or held through book-entry DRS. You may elect percentages from 10%-90%, in increments of 10%. The cash portion of dividends will be sent by check unless you elect to have those dividends deposited directly to a designated bank account. (*RX-N*)

  An example of partial reinvestment by percentage: You have a total of 150 shares; 120 shares are held in the Plan, 15 in physical certificate form and 15 shares in book-entry DRS. You choose to have 50% of the total dividend reinvested. This will equate to 75 shares having dividends reinvested and 75 shares having dividends paid in cash.

You may send in optional cash investments to purchase additional shares of our common stock with any of the above options.

NOTE: If participants do not indicate a participation option on the *Account Authorization Form* , the account will automatically be enrolled in the "Full Dividend Reinvestment" option.

10. ***Can a participant's dividends that are not reinvested be deposited directly to a bank account?***

Yes. You can have your cash dividends not being reinvested transferred directly to your bank for deposit. For electronic direct deposit of dividend funds, contact the Plan Administrator and request a *Direct Deposit of Dividends Authorization Form* , complete the form and return it to the Plan Administrator. Be sure to include a voided check for checking accounts or savings deposit slip for savings accounts. If your stock is jointly owned, all owners must sign the form.

11. ***What is the "share safekeeping" feature of the Plan?***

You may use the Plan's "share safekeeping" feature to deposit any common stock certificates in your possession with the Plan Administrator. Shares deposited will be transferred into the name of the Plan Administrator or its nominee and credited to your account under the Plan. By using the share safekeeping feature, you no longer bear the risks associated with loss, theft or destruction of stock certificates.

Optional Mail Insurance

Please be advised that choosing registered, express or certified mail alone will not protect you should your certificates become lost or stolen.

The Plan Administrator can provide low cost loss insurance for certificates being returned for conversion to book-entry form. To take advantage of the optional mail loss insurance, simply include your $10.00 check, made payable to WFSS Surety Program, along with your certificates and instructions.

To qualify for this service you must choose to use an accountable mail delivery service such as Federal Express, United Parcel Service, DHL, Express Mail, Purolator, TNT or United States Postal Service Registered Mail. Any one shipping package may not contain certificates exceeding a total value of $100,000.

Value of certificate shares is based on the closing market price of the trading day prior to the documented mail date. Claims related to lost securities under this service must be made within 60 days after the documented delivery service mail date. This is specific coverage for the purpose of converting shares to book-entry form. Mail loss insurance covers the cost of replacement surety bond only, replacement transaction fees may apply.

If you choose another method of delivery or acquire your own mail loss insurance, we recommend you insure your delivery for at least 3% of the market value of your securities. **Please do not endorse the certificates.**

12. ***How may a participant change investment options under the Plan?***

You may change your election at any time online, by telephone or by sending a new *Account Authorization Form* by mail. Changes received after the record date of a dividend will be effective for the following dividend.

DIVIDENDS

13. ***Will participants be credited with dividends on shares held in their account under the Plan?***

Yes. The Plan Administrator will automatically reinvest dividends to purchase full and fractional shares in accordance with the option you have selected.

14. ***When will dividends be reinvested?***

Purchases of common stock directly from Exelon Corporation with reinvested dividends will typically be made on a dividend payment date and no later than 5 trading days, following the dividend payment date. Shares acquired by the Plan Administrator in the open market or through privately negotiated transactions will be purchased beginning on or soon after the relevant dividend payment date. The purchase of such shares shall be completed as promptly as administratively feasible; however in accordance with SEC regulations, such purchases must be completed within 30 trading days following the dividend payment date or the dividend funds will be returned to the shareholder.

NOTE: The payment of dividends is at the discretion of our Board of Directors and will depend upon the Board's periodic consideration of factors ordinarily affecting dividend policy, such as current and prospective financial condition, earnings and liquidity, prospective business conditions, regulatory factors, and restrictions in our and our subsidiaries' financing agreements. The Board may discontinue the payment of dividends or change the amount and timing of dividends at any time without notice.

OPTIONAL CASH INVESTMENTS

15. ***Is a participant obligated to make optional cash investments?***

No. The optional cash investment feature offers you a convenient opportunity to increase ownership. It is intended to be voluntary only.

16. ***How are cash investments made?***

Initial cash investments and optional cash investments may be made by check or automatic withdrawal, payable through a United States or Canadian bank or other financial institution, in United States dollars payable to Wells Fargo Shareowner Services. **Coin and currency, money orders, traveler's checks and third party checks will not be accepted.** Initial cash investments need to be received at least two business days prior to the Investment Date and optional cash investments one business day prior to the Investment Date.

If you are already a participant in the Plan, you may send payments in any amount not less than $50, up to a maximum of $20,000 in any calendar month (unless a waiver is granted by Exelon Corporation). You are not required to make optional cash investments and you are not obligated to make the same optional cash investment every time.

If you are not already a shareholder of Exelon Corporation, your initial cash investment must be accompanied by an *Account Authorization Form* .

After you become a shareholder you may invest additional cash, either electronically through shareowneronline.com or by mail by sending your check along with the Transaction Request Form provided with your statement to ensure proper credit to your account. Initial and optional cash investments will not be accepted by the Plan Administrator if you impose any restrictions regarding the number of shares to be purchased, the price at which shares are to be purchased, the timing of the purchase, or what your balance will be following a purchase.

In addition, the Plan Administrator cannot purchase shares for you without advance payment, nor can the Plan Administrator refund any part of your initial or optional cash investment after shares are purchased. It is not possible for the Plan Administrator to tell you in advance how much money to send for the purchase of a full or fractional share because the price per share will not be known at the time an optional cash investment is made.

NOTE: Interest is not paid or credited on funds held pending investment.

17. ***How does the Automatic Cash Withdrawal work and how do participants enroll?***

The Automatic Cash Withdrawal and Investment Service is a convenient method to have money automatically withdrawn from a checking or savings account and invested in your Plan account, thus eliminating the need to write and mail checks. You may setup a one-time, semi-monthly or monthly automatic withdrawal from a designated bank account. Once automatic deductions have begun, funds will be withdrawn on the 10 th , 25 th or both days of each month. If the 10 th or 25 th is not a business day then the withdrawal of funds will be the next business day. You will not receive any confirmation of the transfer of funds other than as reflected in your Plan account statements and in your bank account statements. To enroll in the Automatic Cash Withdrawal and Investment feature of the Plan you may contact the Plan Administrator to request an *Account Authorization Form* , complete and sign the Automatic Cash Withdrawal and Investment Service section on the form and return it to the Plan Administrator. You may discontinue the Automatic Cash Withdrawal and Investment Service by writing to the Plan Administrator at the address indicated in Appendix A to this prospectus.

To be effective with respect to a particular Investment Date, your request to enroll, change or discontinue the Automatic Cash Withdrawal and Investment Service must be received by the Plan Administrator at least fifteen (15) business days prior to the Investment Date.

18. ***When will investments be used to purchase common stock?***

The Investment Date for optional and initial cash investments will be at least once during every five business days. Purchases of common stock directly from Exelon Corporation with optional and initial cash investments may, under certain circumstances, take up to 5 trading days from the relevant Investment Date. Shares acquired in the open market or through privately negotiated transactions using optional and initial cash investments will be purchased during the period beginning the day of or soon after the relevant Investment Date. The purchase of such shares shall be completed as promptly as administratively feasible; however where postponement is necessary to comply with Regulation M under the Securities Exchange Act of 1934 or other applicable provisions of securities law such purchases must be completed within 35 trading days following the Investment Date or the optional or initial funds will be returned to the shareholder.

During the period that an investment is pending, the collected funds in the possession of the Plan Administrator may be invested in certain Permitted Investments. For purposes of this Plan, “Permitted Investments” shall mean any money market mutual funds registered under the Investment Company Act (including those of an affiliate of the Plan Administrator or for which the Plan Administrator or any of its affiliates provides management advisory or other services) consisting entirely of (i) direct obligations of the United States of America or (ii) obligations fully guaranteed by the United States of America. The risk of any loss from such Permitted Investments shall be the responsibility of the Plan Administrator. Investment income from such Permitted Investments shall be retained by the Plan Administrator.

If any optional and initial cash investment is returned for any reason, the Plan Administrator will remove from your account any shares purchased upon prior credit of such funds, and will sell these shares. The Plan Administrator may sell other shares in your Plan account to recover a returned funds fee for each optional and initial cash investment returned unpaid for any reason and may sell additional shares as necessary to cover any market loss incurred by the Plan Administrator.

PURCHASES

19. ***What is the source of Common Stock purchased through the Plan?***

All common stock purchases under the Plan may be made, at Exelon Corporation’s option, either from newly issued common stock, treasury shares, or through open market or privately negotiated purchases of common stock. Exelon Corporation may change from one manner of purchase to the other not more than once in any three month period and only if the Board of Directors or chief financial officer of Exelon Corporation determines that Exelon Corporation’s need to raise additional capital has changed or that there is another valid reason for the change, such as an action by a state or federal regulatory agency recommending or requiring a change in the capital structure of Exelon Corporation or any of its major subsidiaries.

20. ***How is Common Stock purchased on the open market or in privately negotiated transactions?***

Common stock purchased under the Plan on the open market or in privately negotiated transactions will be purchased by the Plan Administrator. Subject to certain limitations, the Plan Administrator has full discretion as to all matters relating to open market or privately negotiated purchases, including:

- determination of the number of shares to be purchased on any day or at any time of day,
- the price paid for the shares,
- the markets on which the shares are purchased, and
- the persons from or through whom purchases are made.

21. ***How is the purchase price of the Common Stock determined?***

The price at which shares will be purchased with reinvested dividends or optional and initial cash investments will be 100% of the market price. The market price will be determined as follows:

- in the case of newly issued shares purchased from Exelon Corporation, the market price will be the closing price of Exelon Corporation’s common stock on the New York Stock Exchange composite tape, as published in The Wall Street Journal for an Investment Date. If the New York Stock Exchange is closed on any Investment Date, the closing price on the most recently preceding trading date will be used as the market price.
- in the case of shares purchased on the open market or in privately negotiated transactions, the market price will be determined by dividing the total cost (including brokerage commissions) of all shares purchased with reinvested dividends or optional and initial cash investments during the applicable investment period by the total number of shares purchased during that investment period.

22. ***How many shares will be purchased for participants?***

The number of shares to be purchased for each participant will depend upon:

- the amount of dividends payable,
- whether full or partial reinvestment has been selected,
- the amount of optional or initial cash investments made, and
- the market price of the common stock.

The total amount to be invested will be used to purchase as many full and fractional shares as can be purchased at the purchase price. Since the purchase price cannot be calculated until the stock is purchased, you may not request the purchase of a specific number of shares. Where dividends are payable to foreign participants subject to income tax withholding or to Plan participants subject to backup withholding, only the remaining dividends after any required tax withholding will be reinvested in additional shares.

STATEMENTS/REPORTS

23. ***When and how will participants be advised of their purchase of stock?***

Soon after each initial or optional purchase for your Plan account, the Plan Administrator will mail a transaction statement to you advising you of the investment. **These statements are your continuing record of cost basis information and should be retained for tax purposes.** If you would like your statements delivered to you electronically, you may access your account through shareowneronline.com and initiate e-delivery of your account statements and other additional communication.

If you are a shareholder of record owning less than 100 shares, you will receive an annual account statement detailing all of your transactions for the year.

If you are a shareholder of record owning 100 shares or more, you will also receive quarterly account statements following each dividend reinvestment purchase.

24. ***What other reports are sent to participants?***

You will receive notice of any amendments or supplements to this prospectus in which modifications are made to the Plan, as well as copies of the same communications sent to every other holder of shares of common stock, including Exelon Corporation's quarterly reports, annual report, notice of annual meeting and proxy statement, and income tax information for reporting dividends paid. You may elect to have your statements and other information sent to you electronically by accessing your account online at shareowneronline.com and initiating e-delivery.

NOTE: Please make sure that your address in our records stays current. Each state has unclaimed property laws that typically specify that if an account owner is "lost" the property in the account may be deemed "abandoned." If your account becomes undeliverable the Plan Administrator will adhere to state law which requires property that has been "abandoned" to be transferred as unclaimed property to the state of the owner's last known residence.

SHARE TRANSFERS AND GIFTS

25. ***May Common Stock held in a Plan account be transferred or assigned to another person?***

Yes. You may transfer all or a portion of your Plan shares to another person or entity, whether or not the transferee is a participant in the Plan. You must meet the requirements for transfer of stock. Requests for stock transfer requirements should be directed to the Plan Administrator as indicated in Appendix A to this prospectus.

If you request to transfer all shares in your Plan account between a dividend record date and payment date, your transfer request will be processed; however, your Plan account will not be terminated. You may receive additional dividend reinvestment shares which will require you to submit a written request to transfer the additional shares.

26. ***May I purchase shares for others?***

Yes. If the recipients of the shares are already participants in the Plan, you may purchase shares of common stock for them by making cash investments on their behalf of no less than $50 per recipient. If the recipients of the shares are not already participants in the Plan, you must have them complete an *Account Authorization Form* and return it to the Plan Administrator along with a check for the initial investment of no less than $250 per recipient. If you elect to enroll in automatic investments, the initial $250 will be waived to at least $50.

CERTIFICATES

27. ***Are certificates issued for the shares purchased?***

No. Certificates for shares of common stock purchased under the Plan will not be issued. Instead, shares will be held by the Plan Administrator in your Plan account. This procedure provides protection against loss, theft or inadvertent destruction of stock certificates and permits the ownership of fractional shares by participants.

At any time, you may request to issue any full shares from the Plan into an electronic DRS account registered in your name.

Shares held in your Plan account may not be pledged.

28. ***What if my certificate is lost, stolen or destroyed?***

We encourage you to search diligently for lost certificates. Stock certificates are valuable and can be expensive to replace if lost, stolen or otherwise destroyed. If, after your diligent search, you are still unable to locate the certificate please contact the Plan Administrator to report the loss. A stop code will then be placed on the lost certificate to prevent any future transactions involving those shares. You will be mailed the necessary instructions and paperwork to have the certificates replaced. Once the Plan Administrator receives your completed documentation and fees, the shares will be replaced and put into a book entry account in your name.

29. ***Can certificates be returned to the Plan Administrator to be held in the participant's Plan account for safekeeping?***

Yes. Certificates for common stock may be returned to the Plan Administrator to take advantage of the safekeeping feature of the Plan. The certificates should be submitted with a letter to the Plan Administrator directing the Plan Administrator to deposit the shares represented by such certificates into your Plan account. Alternatively, the certificates can be submitted with an Account Authorization Form with the share safekeeping option checked thereon. **The certificates should not be endorsed.**

DIRECT REGISTRATION

30. ***What is Direct Registration?***

Exelon Corporation is a participant in the DRS. DRS is a method of recording shares of stock in book-entry form. Book-entry means that your shares are registered in your name on the books of Exelon Corporation without the need for physical certificates and are held separately from any Plan shares you may own. Shares held in book-entry have all the traditional rights and privileges as shares held in certificate form. With DRS you can:

- eliminate the risk and cost of storing certificates in a secure place,

- eliminate the cost associated with replacing lost, stolen, or destroyed certificates, and
- move shares electronically to your broker.

31. ***Can I have my shares electronically transferred?***

Yes. You may choose to have a portion or all of your full book-entry or Plan shares delivered directly to your broker by contacting your broker/dealer. When using your broker to facilitate a share movement, provide them with a copy of your DRS or Plan account statement.

SALE OF SHARES

32. ***How do participants sell shares from their Plan accounts?***

You may sell some or all of your Plan shares by submitting a request online, by telephone or through a written request to the Plan Administrator as indicated in Appendix A to this prospectus. Written requests will be processed as batch orders and should indicate the number of shares to be sold and must be signed by ALL account holders as their names appear on the account. If you have established automated account privileges, transactions may be processed online or by telephone. A request to sell shares is irrevocable after it is received by the Plan Administrator.

You may instruct the Plan Administrator to sell shares under the Plan through a Batch Order, Market Order, Day Limit Order, Good-'Til-Date/Canceled Limit Order or Stop Order.

Batch Order (online, telephone, mail) – Requests to sell shares are aggregated and the total of all shares are sold on the open market. Batch Order sale requests will be completed by the Plan Administrator within five business days. The price per share sold will not be known until the sales are completed and will always be the weighted-average price for all shares sold for the Plan on the trade date.

Market Order (online or telephone) – During market hours, sale requests will be promptly submitted by the Plan Administrator to a broker. The sale will be at the prevailing market price when the trade is executed. Once entered, a Market Order request cannot be canceled. Sale requests submitted near the close of the market may be executed on the next trading day, along with other requests received after market close.

Day Limit Order (online or telephone) – Sale requests for a Day Limit Order will be promptly submitted by the Plan Administrator to a broker. The sale will be executed when and if the stock reaches, or exceeds the specified price on the day the order was placed. The request will be automatically canceled if the price is not met by the end of the trading day.

Good-'Til -Date/Canceled (GTD/GTC) Limit Order (online or telephone) – Requests to sell shares with a GTD and GTC Limit Order will be promptly submitted by the Plan Administrator to a broker. The sale will be executed when and if the stock reaches, or exceeds the specified price at any time while the order remains open (up to the date requested or 90 days for GTC). The request is automatically canceled if the price is not met by the end of the order period.

Stop Order (online or telephone) – Requests to sell shares will be promptly submitted by the Plan Administrator to a broker for a Stop Order. The sale will be executed when the stock reaches a specified price, at which time the order becomes a Market Order and the sale will be at the prevailing market price when the trade is executed. The price specified in the order must be below the current market price (generally used to limit a market loss).

Sales proceeds will be net of any fees to be paid by you. The Plan Administrator will deduct any fees or applicable tax withholding from the sale proceeds. Sales processed on accounts without a valid Form W-9 for U.S. citizens or Form W-8BEN for non-U.S. citizens will be subject to Federal Backup Withholding. This tax can be avoided by furnishing the appropriate and valid form prior to the sale. Forms are available online at shareowneronline.com.

A check for the proceeds of the sale of shares (in U.S. dollars), less applicable taxes and fees, will generally be mailed by first class mail four business days after trade date. If you submit a request to sell all or part of your shares, and you are requesting net proceeds to be automatically deposited to a bank checking or savings account, you must provide a voided blank check for a checking account or blank savings deposit slip for a savings account. If you are unable to provide a voided check or deposit slip, your written request must have your signature(s) medallion guaranteed by an eligible financial institution for direct deposit.

Requests for automatic deposit of sale proceeds that do not provide the required documentation will not be honored and a check for the net proceeds will be issued.

If you wish to sell shares currently held in certificate form you may send them in for deposit to the Plan Administrator and then proceed with the sale. To sell shares through a broker of your choice, you may request the broker to transfer shares electronically from the Plan account to your brokerage account. Alternatively, a stock certificate can be requested that you can deliver to your broker.

Exelon Corporation's share price may fluctuate between the time the sale request is received and the time the sale is completed on the open market. The Plan Administrator shall not be liable for any claim arising out of failure to sell on a certain date or at a specific price. Neither the Bank nor any of its affiliates will provide any investment recommendations or investment advice with respect to transactions made through the Plan. This risk should be evaluated by you and is a risk that is borne solely by you.

Exelon Corporation's Insider Trading Policy (that applies to individuals employed by Exelon or its subsidiary companies) provides that you may not trade in Exelon Corporation's common stock if in possession of material, non-public information about the company. Share sales by employees, Affiliates and Section 16 officers must be made in compliance with Exelon Corporation's Insider Trading Policy.

TERMINATION OF PARTICIPANT'S PLAN ACCOUNT

33. ***How does a participant withdraw from the Plan?***

You may withdraw from the Plan at any time by selling all shares in your account, or by requesting transfer of a specific number of shares to a book-entry (DRS) account and selling the balance. If no election is made in your request to withdraw from the Plan, all whole shares will be converted to book-entry (DRS) and a check will be issued for the net proceeds of the fractional share. Your withdrawal or termination notice should be sent to the Plan Administrator as indicated in Appendix A to this prospectus. You can provide the notice by filling in the appropriate information on the tear-off portion of your account statement and returning that portion of the statement to the Plan Administrator or, if you have established automated privileges for your account, by telephone or online at shareowneronline.com . Your withdrawal will take effect when the notice is received by the Plan Administrator.

After your withdrawal, all cash dividends will be paid by check to you unless you re-enroll in the Plan and elect to reinvest the dividends, which may be done at any time.

You may request in the notice of withdrawal that all of the shares, both whole and fractional, in your account be sold. The sale will be made on the open market as soon as administratively possible after notification to the Plan Administrator and will be made through an independent fiduciary institution selected by the Plan Administrator. The proceeds of the sale, less applicable fees and commissions (see Appendix B to this prospectus) and any required tax withholdings, will be sent to you. Upon withdrawal from the Plan, any un-invested optional investments will be returned to you. If your request to terminate from the Plan is received on or after a dividend record date, but before the dividend payment date, your termination will be processed as soon as administratively possible, and a separate dividend check will be mailed to you. Future dividends will be paid in cash, unless you rejoin the Plan.

34. ***What happens when a participant is no longer able to participate in the Plan as a result of death or adjudicated incompetence?***

Upon receipt by the Plan Administrator from proper authority of notice of a participant's death or incompetence, the Plan Administrator will treat the participant as having withdrawn from the Plan.

When a participant withdraws from the Plan, or upon termination of the Plan by Exelon Corporation, whole shares will be credited to a participant's account in DRS book entry form and a cash payment will be made for any fraction of a share as soon as administratively possible after receipt of the notice of withdrawal or termination of the Plan.

A proper authority may request in the notice of withdrawal that all of the shares, both whole and fractional, in the Plan account be sold. The sale will be made on the open market as soon as administratively possible after notification to the Plan Administrator and will be made through an independent fiduciary institution selected by the Plan Administrator. The proceeds of the sale, less applicable fees and commissions (see Appendix B to this prospectus), and any required tax withholdings, will be sent to the proper authority. Upon withdrawal from the Plan, any un-invested optional investments will be returned to the proper authority.

35. ***What happens to fractional shares when the Plan is terminated, or when a participant requests an issuance of book entry DRS shares for whole shares but wishes to either remain in the Plan or terminate the participant's account under the Plan?***

As long as you remain in the Plan and own, either directly or in your Plan account, one full share, any fractional share balance will continue to be maintained and credited to your account. If only a fractional share remains in your account at any time, the Plan Administrator reserves the right to terminate your account. When your account is terminated or if we terminate the Plan, a check representing payment for the fractional share, less any applicable fees and commissions (see Appendix B to this prospectus) and taxes, will be mailed directly to you. The payment will be made by the Plan Administrator based on the market price of shares of Exelon Corporation's common stock at the time of termination.

REJOINING THE PLAN

36. ***When may a shareholder or other investor rejoin the Plan?***

Generally, you may again become a participant at any time. However, the Plan Administrator reserves the right to reject any *Account Authorization Form* from a previous participant on the grounds of excessive joining and termination. The Plan Administrator does this to minimize unnecessary administrative expense and to encourage use of the Plan as a long-term investment service.

AUTOMATED ACCOUNT PRIVILEGES

37. ***Can participants perform transactions by telephone?***

Yes. If you have established automated privileges on your account, you can:

- change or stop your Automatic Cash Withdrawal and Investment Service;
- change your dividend reinvestment option (for example, from full to partial reinvestment);
- sell some or all of your plan shares; and
- request a DRS book entry shares issuance for some or all full shares in the Plan.

Certain restrictions may apply.

38. ***Can participants access their Plan account and perform transactions Online?***

Yes. You may access your account information and perform transactions online. Instructions on creating an account or accessing your account online are as follows:

- If you are a new investor:
  1. Go to **shareowneronline.com**
  2. Under **Invest in a Plan** , select **Direct Purchase Plan**
  3. Select **Exelon Corporation**
  4. Under **New Investors,** select **Invest Now**
  5. Follow instructions on the **Buy Shares**
- If you are an existing registered shareowner:
  1. Go to **shareowneronline.com**
  2. Select **Sign Up Now!**
  3. Enter your Authentication ID* and Account Number

*If you do not have your Authentication ID, select **I do not have my Authentication ID** . For security, this number is required for first time sign on.

Once you have activated your account online, you can also:

- Authorize, change or stop your Automatic Cash Withdrawal and Investment Service
- Make one-time electronic investments
- Consent for electronic delivery of statements including tax forms
- Sell some or all of your Plan shares (some restrictions may apply)

Accounts that are registered in the name of an investment club, corporation, or partnership will not be allowed online access. Please note that additional access restrictions may apply.

COMMISSIONS AND SERVICE FEES

39. ***What fees and commissions are associated with participation in the Plan?***

See Appendix B to this prospectus for a list of fees and commissions associated with the Plan. Exelon Corporation may change the fee structure for the Plan at any time. Plan participants will receive notice of any fee changes prior to the changes becoming effective.

For investment transactions, service charges will be deducted from the amount invested and brokerage commissions will be included in the investment price for open market and privately negotiated purchases. You will incur no brokerage commissions for purchases of newly issued shares of common stock under the Plan. For sale transactions, service charges and brokerage commissions are deducted from the sale proceeds.

TAX CONSEQUENCES OF PLAN PARTICIPATION

40. ***What are the federal income tax consequences of participation in the Plan?***

You are advised to consult your own tax or financial advisor with respect to the tax consequences of participation in the Plan (including federal, state, local, and other tax laws and US withholding laws).

In general, all dividends paid to you are considered taxable income. Dividend reinvestment does not relieve a participant of any income tax payable on the dividends. The Plan Administrator will provide you with a year-end statement indicating the total amount of dividends paid. The Plan Administrator will send a separate statement on Form 1099-DIV reporting dividends paid on all shares registered in the participant's name. In the

case of a shareholder who is subject to back-up withholding tax on dividends, or a foreign shareholder whose dividends are subject to withholding, the amount of the tax withheld will be deducted from the amount of the dividends, and only the net amount will be reinvested in common stock.

Any sale of shares made through the Plan Administrator will also be reported to the IRS as required by law. You may recognize a capital gain or loss based on the difference between the sales proceeds and the tax basis of the shares sold. Any gain or loss you incur should be reflected when you file your income tax returns. The “wash sale” disallowance rules may prevent you from claiming a loss on a sale of shares if you buy shares within 30 days before or after the sale, including purchases made under the Plan. Any loss that is disallowed is added to the basis of the acquired shares.

The tax basis for common stock purchased with reinvested dividends will equal 100% of the fair market value on the dividend payment date of the shares purchased, plus any brokerage commissions paid in order to acquire the shares. The tax basis of shares purchased with any initial or optional cash investment will be the amount of the initial or optional cash investment. Upon withdrawal from or termination of the Plan, a participant will not receive any taxable income upon the receipt of certificates for whole shares which have previously been credited to the participant’s account under the Plan. However, a participant who receives, upon termination of the participant’s Plan account, a check for a fraction of a share will realize a gain or loss with respect to such fraction.

COMPLIANCE WITH EMERGENCY ECONOMIC STABILIZATION ACT OF 2008

This Plan requires a minimum reinvestment of 10% of the dividends (if any) paid on any share of stock (Certificates, Direct Registration, or Plan) held in your account. The Plan qualifies as a Dividend Reinvestment Plan under the meaning of Treasury Regulation 1.1012-1(e)(6)(i), effective December 1, 2012, which enables participants to use the “average basis method” when determining the tax basis of any shares sold.

This Plan assumes that each participant will use the first-in, first-out “FIFO” method when determining the tax basis of any shares sold. Participants may designate their preference for a different method of determining the tax basis of shares by identifying this preference to the Plan Administrator. Participants may designate their preference for “specific identification” cost basis at any time or, effective December 1, 2012, may designate their preference for the “average basis method.”

This summary is not intended or written, and cannot be used by you, for the purpose of avoiding any tax penalties that may be imposed on you.

41. ***What are the state income tax consequences of participation in the Plan?***

State income tax consequences vary from jurisdiction to jurisdiction, and are not necessarily the same as federal income tax consequences. Participants should consult their own tax advisor concerning state income tax treatment.

OTHER INFORMATION

42. ***How can a participant calculate the cost basis of shares purchased in the Plan?***

Exelon Corporation does not calculate the cost basis of your common stock. We will provide you with account statements whenever there is activity in your account. These statements will provide you with the information needed to calculate your cost basis. We urge you to consult your own tax advisor for assistance with this calculation. Special tax issues may apply to some participants. If you need copies of your account history, please contact the Plan Administrator. See Appendix B to this prospectus for fees associated with prior year duplicate statements.

43. ***How would a stock split or stock dividend affect my account?***

Any shares resulting from a stock split or stock dividend paid on shares held in custody for you by the Plan Administrator will be credited to your Plan account. Shares held by you in certificate form or DRS form will be credited to you in DRS form. If we make a distribution on shares in a form other than cash or shares of Exelon Corporation common stock, you will receive the distribution in kind.

44. ***How will a Participant's Plan shares be voted at meetings of shareholders?***

You will receive a single proxy card representing all shares credited to your Plan account as well as any common stock registered in your name outside of the Plan account as of the record date for the shareholder meeting. You are encouraged to enroll for electronic delivery of proxy materials.

If a properly signed proxy card is returned to the Plan Administrator and not revoked prior to the time of voting, your shares will be voted as directed on the proxy card. If a proxy card is returned properly signed, but without indicating instructions as to the manner shares are to be voted with respect to any item, the shares will be voted in accordance with the recommendations of our management. If the proxy card is not returned, or if it is returned unexecuted or improperly executed, the shares covered will not be voted unless you or your duly appointed representative votes in person at the meeting.

If the Plan Administrator holds shares purchased on the open market which the Plan Administrator has the power to vote and which have not been allocated to your Plan account by the applicable record date for a meeting, then those shares will be voted by the Plan Administrator on each matter in the same proportion as the other shares voting by proxy or in person at the meeting have voted on that matter.

45. ***Who interprets and regulates the Plan?***

Exelon Corporation has the sole right to interpret and regulate the Plan.

46. ***May the Plan be changed or discontinued?***

We reserve the right to suspend, modify or terminate the Plan at any time. Notice of any suspension, modification or termination will be sent to all participants. We also reserve the right to suspend the Plan, without notice, for limited periods of time (not to exceed 90 days in any case):

- during or in anticipation of public offerings of our common stock,
- pending our filing with the Securities and Exchange Commission of any report or statement pursuant to Section 13, 14 or 15(d) of the Securities Exchange Act of 1934,
- pending any proposed amendment of or supplement to this prospectus or to the Registration Statement of which this prospectus is a part, or
- when we think it is advisable for any other reason.

47. ***What is the responsibility of Exelon Corporation and its agents under the Plan?***

In administering the Plan, neither Exelon Corporation, the Plan Administrator nor any broker/dealer selected by the Plan Administrator to execute purchases and sales on behalf of Plan Participants is liable for any good faith act or omission to act, including but not limited to any claim of liability (i) arising out of the failure to terminate a participant's account upon such participant's death prior to receipt of a notice in writing of such death, (ii) with respect to the prices or times at which shares are purchased or sold, or (iii) as to the value of the shares acquired for participants.

The Plan Administrator is acting solely as an agent of Exelon Corporation and owes no duties, fiduciary or otherwise, to any other person by reason of this Plan, and no implied duties, fiduciary or otherwise, shall be read into this Plan. The Plan Administrator undertakes to perform such duties and only such duties as are expressly set forth herein, to be performed by it, and no implied covenants or obligations shall be read into this Plan against the Plan Administrator or Exelon Corporation.

In the absence of negligence or willful misconduct on its part, the Plan Administrator, whether acting directly or through agents or attorneys, shall not be liable for any action taken, suffered, or omitted or for any error of judgment made by it in the performance of its duties hereunder. In no event shall the Plan Administrator be liable for special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profit), even if the Plan Administrator has been advised of the likelihood of such loss or damage and regardless of the form of action.

The Plan Administrator shall: (i) not be required to and shall make no representations and have no responsibilities as to the validity, accuracy, value or genuineness of any signatures or endorsements, other than its own; and (ii) not be obligated to take any legal action hereunder that might, in its judgment, involve any expense or liability, unless it has been furnished with reasonable indemnity.

The Plan Administrator shall not be responsible or liable for any failure or delay in the performance of its obligations under this Plan arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God; earthquakes; fires; floods; wars; civil or military disturbances; sabotage; epidemics; riots; interruptions, loss or malfunctions of utilities; computer (hardware or software) or communications services; accidents; labor disputes; acts of civil or military authority or governmental actions; it being understood that the Plan Administrator shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as administratively possible under the circumstances.

The Plan Administrator is authorized to choose a broker/dealer, including an affiliated broker/dealer, at its sole discretion to facilitate purchases and sales of common stock by Plan Participants. The Plan Administrator will furnish the name of the registered broker/dealer, including any affiliated broker/dealer, utilized in share transactions within a reasonable time upon written request from the Participant.

You should recognize that neither we nor the Plan Administrator can guarantee a profit or protect against losses on the shares purchased under the Plan. The market price of common stock can fluctuate substantially. By participating in the Plan, you accept the risks as well as the benefits of the Plan, including the risk of loss on your investment.

48 . ***How may I invest more than $20,000 a month?***

Submission of Requests for Waiver . Optional cash investments of more than $20,000 monthly (including any initial investments in excess of $20,000) (Large Cash Purchase) may be made only by investors that submit a request for waiver. Large Cash Purchase requests may be approved by us in our sole discretion at any time. Investors who wish to make Large Cash Purchases for any month should access Exelon Corporation's investor relations page on their corporate website www.exeloncorp.com to determine if we will be considering Large Cash Purchase requests for such month. There will be a section on the investor relations page dedicated to the Direct Stock Purchase Plan that will indicate:

- that we are not currently considering Large Cash Purchase requests; or
- that we will be considering Large Cash Purchase requests, in which case we will provide information about how to obtain a Large Cash Purchase Request Form; instructions on how and where to submit the form for consideration; and if the request is approved, instructions on how to execute the Large Cash Purchase.

Action on Large Cash Purchase Requests . We have the sole discretion to grant or refuse to grant, in whole or in part, a Large Cash Purchase request. In acting on a Large Cash Purchase request, we will consider relevant factors, including without limitation:

- whether the Plan is then purchasing shares of common stock from us or in the open market;
- our need for additional funds;
- the attractiveness of obtaining funds through the sale of shares of common stock under the Plan compared to other available sources of funds;
- the purchase price likely to apply to any sale of shares of common stock under the Plan;
- the party submitting the request, including the extent and nature of that party's prior participation in the Plan and the number of shares of common stock held by that party; and
- the aggregate amount of Large Cash Purchases in excess of $20,000 monthly for which we have received Large Cash Purchase requests under the Plan.

Large Cash Purchases will be priced as follows:

- To determine the purchase price of shares of common stock purchased from us pursuant to a Large Cash Purchase request, we will fix the number of trading days in the "pricing period" for the applicable investment. The pricing period generally will consist of one to 15 consecutive trading days, unless the pricing period is extended as described below. On each trading day, we will generally apply an equal portion of the amount approved for investment pursuant to a Large Cash Purchase request to the purchase of shares of common stock, subject to the qualifications described below. Each day in the pricing period on which shares of common stock are purchased is referred to as a "Purchase Date." The price for shares of common stock purchased on each Purchase Date in a pricing period will be equal to 100% (less any applicable discount, as described below) of the composite volume weighted average price, rounded to four decimal places, of shares of common stock, as traded on the composite exchanges during regular NYSE hours on the Purchase Date. We will obtain this composite exchange pricing information from Reuters, if Reuters is no longer providing this information, another authoritative source.
- We may establish for each pricing period a minimum, or "threshold," price applicable to purchases made pursuant to a Large Cash Purchase request. We will make this determination in our discretion after a review of, among other factors, current market conditions, the level of participation in the Plan and our current and projected capital needs. We will notify an investor of the establishment of a threshold price at the time the Large Cash Purchase request has been approved.
- If established for any pricing period, the threshold price will be stated as a dollar amount which the composite volume weighted average price of shares of common stock, rounded to four decimal places, as traded during regular NYSE hours, must equal or exceed for each trading day of such pricing period (not adjusted for discounts, if any) in order for such trading day to be considered a Purchase Date. Except as provided below, any trading day for which such volume weighted average price is less than the applicable threshold price will not be considered a Purchase Date, and no funds will be invested in shares of common stock on that date. Funds that are not invested will be returned without interest, as described below.
- The establishment of the threshold price and the potential return of a portion of investment funds apply only to investments made pursuant to Large Cash Purchase requests. Establishing a threshold price for a particular pricing period will not affect the establishment of a threshold price for any subsequent pricing period.
- If we establish a threshold price for any pricing period, we may elect to extend that pricing period. If we do so, the initial pricing period may be extended by the number of trading days during the initial

pricing period, up to three trading days, during which the threshold price is not satisfied or there are no trades of shares of common stock on the composite exchanges.

- Neither we nor the Plan Administrator are required to notify you that a threshold price has been established for any pricing period.
- If we elect to grant a pricing period extension and the threshold price is satisfied for any additional trading day during an extension, that trading day will be included as a Purchase Date for the extended pricing period. For example, if the extension feature is in use and the initial pricing period is ten trading days, but the threshold price is not satisfied on three out of those ten days, the pricing period may be extended by three trading days. If the threshold price is satisfied on any of the three trading days during the extension period, each of those three trading days will be a Purchase Date for that pricing period.
- We may, in our sole discretion, establish a discount from the market price otherwise applicable to Large Cash Purchases (including initial investments) made pursuant to a request for waiver, but we are not obligated to do so. Any discount (including any applicable brokerage fees paid by us) may be 0.0% to 3.0% of the regular market price and may be varied by us in our sole discretion. We may establish any discount in our sole discretion after a review of, among other factors, current market conditions, the level of participation in the Plan, the attractiveness of obtaining financing through the sale of shares of common stock as compared to other sources of funds, and our current and projected capital needs. Establishing a discount for a particular pricing period will not affect the establishment of a discount for any subsequent pricing period.
- Any investor purchasing shares of common stock pursuant to a request for a Large Cash Purchase will be treated as the beneficial owner of all shares of common stock purchased on each Purchase Date in the applicable pricing period as of the close of business on such Purchase Date, although Plan shares of common stock will not be credited to such investor's account until the conclusion of the pricing period unless we elect to use the "continuous settlement feature" described below for that pricing period.
- If we elect to use the continuous settlement feature, shares of common stock will be credited to the Plan accounts of investors purchasing shares of common stock pursuant to requests for a Large Cash Purchase within three business days after each Purchase Date. We may activate the continuous settlement feature for a particular investment at the time we determine other pricing terms in respect of shares of common stock to be sold pursuant to a Large Cash Purchase request.
- We will return, without interest, any amount to be invested pursuant to a Large Cash Purchase request that is not applied to the purchase of shares of common stock because the threshold price is not met or shares of common stock are not traded on the composite exchanges on any trading day during a pricing period or extension, as applicable. Any such uninvested funds will be returned within five business days after the last day of the applicable pricing period, as it may be extended. The amount returned will be based on the number of days on which the threshold price was not satisfied or no trades were reported on the composite exchanges compared to the total number of days in the pricing period or extended pricing period, as applicable. For example, the amount returned for a ten-day pricing period will equal one-tenth of the total amount of your proposed Large Cash Purchase investment for each trading day on which the threshold price is not satisfied or shares of common stock are not traded on the composite exchanges.

From time to time, financial intermediaries, including brokers and dealers, and other persons may engage in positioning transactions in order to benefit from any waiver discounts applicable to investments made pursuant to requests for waiver for Large Cash Purchases under the Plan. Those transactions may cause fluctuations in the trading volume of our common stock. Financial intermediaries and such other persons who engage in positioning transactions may be deemed to be underwriters. We have no arrangements or understandings, formal or informal, with any person relating to the sale of shares of common stock to be received under the Plan. We reserve the right to modify, suspend or terminate participation in the Plan by otherwise eligible persons to eliminate practices that are inconsistent with the purpose of the Plan.

We may alter, amend, supplement or waive, in our sole discretion, the time periods and/or other parameters relating to optional cash purchases in excess of $20,000 made by one or more participants in the Plan or new investors, at any time and from time to time, prior to the granting of any request for waiver or within a pricing period as determined by us.

49. What provision is made for foreign shareholders whose dividends are subject to income tax withholding?

In the case of participating foreign holders of common stock whose dividends are subject to United States income tax withholding, we will apply an amount equal to the dividends to be reinvested, less the amount of tax required to be withheld, to the purchase of shares of common stock. The account statements confirming purchases made for such foreign participants will indicate the amount of tax withheld.

Optional cash investments received from foreign shareholders must be drawn on a United States bank in United States dollars and will be invested in the same manner as payments from other Participants.

If you are a Non-Resident Alien (NRA) individual and you do not provide a valid Form W-8BEN to certify your foreign tax residency, you will be subject to withholding on all payments reportable on an IRS Form 1099 or Form 1042-s, as applicable, at the current backup withholding rate of 28% or the normal withholding rate of 30% (or lesser tax treaty rate if applicable), respectively. Effective for accounts opened on or after January 1, 2015, if you are any non-individual entity and you do not provide either a type of Form W-8 (for foreign entities, a Form W-8BEN-E, W-8EXP, W-8ECI or W-8IMY) or Form W-9 (for U.S. entities), you will be subject to 30% withholding on all U.S. sourced dividends and interest as required by the Foreign Account Tax Compliance Act (FATCA). Similar FATCA withholding on gross proceeds received from the sale, maturity or exchange of securities that can produce U.S. sourced dividends or interest will take effect on January 1, 2017. In particular, foreign entities should consult with their internal tax advisors or counsel as to which type of Form W-8 they should provide based on their status under Chapters 3 and 4 of the U.S. Internal Revenue Code

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Appendix A

SHAREHOLDER CONTACT INFORMATION

Internet
shareowneronline.com

Available 24 hours a day, 7 days a week for access to account information and answers to many common questions and general inquiries.

Email
Go to **shareowneronline.com** and select **Contact Us** .

Telephone
1-800-626-8729 Toll-Free
651-450-4064 outside the United States

Shareowner Relations Specialists are available Monday through Friday, from 7:00 a.m. to 7:00 p.m. Central Time.

You may also access your account information 24 hours a day, 7 days a week using our automated voice response system.

Written correspondence and deposit of certificated shares* :
Wells Fargo Shareowner Services
P.O. Box 64856
St. Paul, MN 55164-0856

Certified and overnight delivery
Wells Fargo Shareowner Services
1110 Centre Pointe Curve, Suite 101
Mendota Heights, MN 55120-4100

*If sending in a certificate for deposit, see **Terms and Conditions** for Certificate Deposit and Withdrawal information.

Exelon Corporation
Office location:
10 S. Dearborn St., 48th Floor
Chicago, IL 60680

Mailing Address:
PO Box 805398
Chicago, IL 60680

Telephone Number:
800-626-8729 Toll Free

Website: www.exeloncorp.com

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Appendix B

INVESTMENT SUMMARY AND SERVICE FEES

Summary

Minimum cash investments		
Minimum one-time initial purchase for new investors*	$	250.00
Minimum one-time optional cash investment	$	50.00
Minimum recurring automatic investments	$	50.00
Maximum cash investments		
Maximum monthly investment	$	20,000.00
Dividend reinvestment options		
Reinvest options		Full, Partial

Fees

Investment fees		
Initial enrollment (new investors only)	$	15.00
Dividend reinvestment		Company Paid
Shareowners owning less than 99 shares		Company Paid
Shareowners owning 99 share or more		Company Paid
Check investment		Company Paid
One-time automatic investment		Company Paid
Recurring automatic investment		Company Paid
Dividend purchase trading commission per share	$	0.07
Optional cash purchase trading commission per share	$	0.07
Sales fees		
Batch Order	$	15.00
Market Order	$	25.00
Limit Order per transaction (Day/GTD/GTC)	$	30.00
Stop Order	$	30.00
Sale trading commission per share	$	0.12
Direct deposit of sale proceeds	$	5.00
Other fees		
Certificate issuance		Company Paid
Certificate deposit		Company Paid
Returned check / Rejected automatic bank withdrawals		$ 35.00 per item
Prior year duplicate statements		$ 15.00 per year

USE OF PROCEEDS

The net proceeds from the sale by us of our common stock under the Plan will be used to make additional investments in our subsidiaries and for other general corporate purposes.

We are unable to estimate the number of shares of our common stock that ultimately will be sold pursuant to the Plan or the prices at which the shares will be sold.

DESCRIPTION OF COMMON STOCK

The description below is a summary of certain provisions of our common stock. The Pennsylvania Business Corporation Law and our Amended and Restated Articles of Incorporation and Bylaws determine the rights and privileges of holders of our common stock. We encourage you to read such documents, which have been filed with the SEC and are incorporated herein by reference, and the Pennsylvania law for more information regarding such common stock.

General

Our authorized capital stock consists of 2,000,000,000 shares of common stock, without par value per share. Our common stock is listed on the New York Stock Exchange and the Chicago Stock Exchange under the trading symbol “EXC.”

Dividends

Dividends on the common stock will be paid if, when and as determined by our Board of Directors out of funds legally available for this purpose. The rate and timing of future dividends will depend upon our future earnings and financial condition and upon other relevant factors affecting our dividend policy, which we cannot presently determine. As a practical matter, our ability to pay dividends will be governed by the ability of our operating subsidiaries to pay dividends to us.

Voting Rights

Holders of common stock are entitled to one vote for each share held of record by them on all matters presented to shareholders. Pursuant to our Amended and Restated Articles of Incorporation, the holders of common stock do not have cumulative voting rights in the election of directors. Our directors are not classified in respect to the time for which they may hold office. The directors are elected at each annual meeting of shareholders for a one year term expiring at the next annual meeting of shareholders. Our Bylaws also provide for certain notice requirements for shareholder nominations and proposals at annual meetings and preclude shareholders from bringing business before any special meeting. Our Amended and Restated Articles of Incorporation and certain provisions of Pennsylvania law require a supermajority vote of holders or a majority vote of disinterested directors to approve certain business combinations and other major transactions involving us.

Liquidation Rights

After satisfaction of the preferential liquidation rights of any preferred stock, the holders of our common stock are entitled to share, ratably, in the distribution of all remaining net assets.

Preemptive and Other Rights

The holders of our common stock do not have preemptive rights as to additional issues of common stock or conversion rights. The shares of our common stock are not subject to redemption or to any further calls or assessments and are not entitled to the benefit of any sinking fund provisions.

Listing

The outstanding shares of our common stock are, and the shares offered hereby will be, listed on the New York Stock Exchange and the Chicago Stock Exchange.

Transfer Agent and Registrar

The Transfer Agent and Registrar for our common stock is Wells Fargo Shareowner Services, a division of Wells Fargo Bank, N.A.

PLAN OF DISTRIBUTION

Except to the extent the Plan Administrator purchases shares of our common stock in the open market, we will sell directly to the Plan participants the shares of our common stock acquired under the Plan. There are no brokerage commissions in connection with the purchases of such newly issued shares or treasury shares of our common stock.

In connection with the administration of the Plan, we may be requested to approve investments made pursuant to Requests for Waiver by or on behalf of Plan participants or other investors who may be engaged in the securities business.

Persons who acquire shares of our common stock through the Plan and resell them shortly after acquiring them, including coverage of short positions, under certain circumstances may be participating in a distribution of securities that would require compliance with Regulation M under the Securities Exchange Act of 1934 and may be considered to be underwriters within the meaning of the Securities Act of 1933. We will not extend to any such person any rights or privileges other than those rights and privileges to which that person would be entitled as a Plan participant, nor will we enter into any agreement with any such person regarding the resale or distribution by that person of the shares of our common stock so purchased. We may, however, accept investments made pursuant to Requests for Waiver by those persons.

From time to time, financial intermediaries, including brokers and dealers, and other persons may engage in positioning transactions to benefit from any waiver discounts applicable to investments made pursuant to Requests for Waiver under the Plan. Those transactions may cause fluctuations in the trading volume of our common stock. Financial intermediaries and such other persons who engage in positioning transactions may be deemed to be underwriters. We have no arrangements or understandings, formal or informal, with any person relating to the sale of shares of our common stock to be received under the Plan.

We reserve the right to modify, suspend or terminate participation in the Plan by otherwise eligible persons to eliminate practices that are inconsistent with the purpose of the Plan.

We are not making an offer to sell our common stock in any state where the offer or sale is not permitted.

LEGAL MATTERS

Legal matters with respect to the common stock offered by this prospectus will be passed upon for us by Ballard Spahr LLP, Philadelphia, Pennsylvania.

EXPERTS

The financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) incorporated in this prospectus supplement by reference to the Annual Report on Form 10-K for the year ended December 31, 2014 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

Exelon files reports and other information with the SEC. The public may read and copy any reports or other information that we file with the SEC at the SEC's public reference room, 100 F Street, N.E., Room 1580, Washington, D.C. 20549. The public may obtain information on the operation of the public reference room by calling the SEC at 1-800-SEC-0330. These documents are also available to the public from commercial document retrieval services and at the web site maintained by the SEC at http://www.sec.gov. Reports, proxy statements and other information concerning Exelon may also be inspected at the offices of the New York Stock Exchange, which is located at 20 Broad Street, New York, New York 10005. You may also obtain a copy of the registration statement at no cost by writing us at the following address:

Exelon Corporation
Attn: Shareholder Services
10 South Dearborn Street – 49 th Floor
P.O. Box 805398
Chicago, IL 60680-5398

This prospectus is one part of a registration statement filed on Form S-3 with the SEC under the Securities Act of 1933, as amended, known as the Securities Act. This prospectus does not contain all of the information set forth in the registration statement and the exhibits and schedules to the registration statement. For further information concerning us and the securities offered hereby, you should read the entire registration statement, including this prospectus and any related prospectus supplements, and the additional information described under the sub-heading "Documents Incorporated By Reference" below. The registration statement has been filed electronically and may be obtained in any manner listed above. Any statements contained herein concerning the provisions of any document are not necessarily complete, and, in each instance, reference is made to the copy of such document filed as an exhibit to the registration statement or otherwise filed with the SEC. Each such statement is qualified in its entirety by such reference.

Information about us is also available on Exelon's web site at http://www.exeloncorp.com. The information on Exelon's web site is not incorporated into this prospectus by reference, and you should not consider it a part of this prospectus.

DOCUMENTS INCORPORATED BY REFERENCE

The SEC allows us to "incorporate by reference" information that we file with the SEC, which means that we can disclose important information to you by referring you to the documents we file with the SEC. The information incorporated by reference is an important part of this prospectus, and information that we file later with the SEC will automatically update and supersede this information. This incorporation by reference does not include documents that are furnished but not filed with the SEC. We incorporate by reference the documents listed below and any future documents that we file with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 (Exchange Act) but prior to the termination of any offering of securities made by this prospectus:

Exelon Corporation (Exchange Act File No. 1-16169)

- Annual Report on Form 10-K for the year ended December 31, 2014;
- Quarterly Report on Form 10-Q for the quarterly period March 31, 2015;
- Quarterly Report on Form 10-Q for the quarterly period June 30, 2015;
- The description of our common stock contained in the registration statement on Form 8-A filed under the Securities Exchange Act of 1934, as amended, including any amendment thereto or report filed for the purpose of updating such description; and
- Current Reports on Form 8-K filed with the SEC on January 14, 2015, January 15, 2015, February 17, 2015, March 27, 2015, April 29, 2015, May 18, 2015, June 1, 2015, June 2, 2015, June 11, 2015, July 15, 2015, July 29, 2015 and August 12, 2015.

Upon written or oral request, we will provide without charge to each person, including any beneficial owner, to whom this prospectus is delivered, a copy of any or all of such documents which are incorporated herein by reference (other than exhibits to such documents unless such exhibits are specifically incorporated by reference into the documents that this prospectus incorporates). Written or oral requests for copies should be directed to Exelon Corporation, Attn: Shareholder Services, 10 South Dearborn Street, 49 th Floor, P.O. Box 805398, Chicago, IL 60680-5398, telephone: 312-394-8811.

Any statement contained in this prospectus, or in a document all or a portion of which is incorporated by reference, shall be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus, any supplement or any document incorporated by reference modifies or supersedes such statement. Any such statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this prospectus.

All reports and other documents subsequently filed by us pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act, prior to the filing of a post-effective amendment, which indicates that all of a class of securities offered hereby have been sold or which deregisters all of a class of securities then remaining unsold, shall be deemed incorporated by reference herein and to be a part hereof from the date of filing of such documents.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The expenses in connection with the issuance and distribution of the Securities are set forth in the following table. All amounts except the SEC registration fee are estimated.

SEC registration fee	$18,608
Listing fees and expenses	$10,000
Accounting fees and expenses	$10,000
Printing and engraving expenses	$ 7,500
Legal fees and expenses	$10,000
Miscellaneous	$ 5,000
Total	$61,108

ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Exelon Corporation

Chapter 17, Subchapter D of the Pennsylvania Business Corporation Law of 1988, as amended (the PBCL), contains provisions permitting indemnification of officers and directors of a business corporation incorporated in Pennsylvania. Sections 1741 and 1742 of the PBCL provide that a business corporation may indemnify directors and officers against liabilities and expenses he or she may incur in connection with a threatened, pending or completed civil, administrative or investigative proceeding by reason of the fact that he or she is or was a representative of the corporation or was serving at the request of the corporation as a representative of another enterprise, provided that the particular person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the corporation, and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful. In general, the power to indemnify under these sections does not exist in the case of actions against a director or officer by or in the right of the corporation if the person otherwise entitled to indemnification shall have been adjudged to be liable to the corporation, unless it is judicially determined that, despite the adjudication of liability but in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnification for the expenses the court deems proper. Section 1743 of the PBCL provides that the corporation is required to indemnify directors and officers against expenses they may incur in defending these actions if they are successful on the merits or otherwise in the defense of such actions.

Section 1746 of the PBCL provides that indemnification under the other sections of Subchapter D is not exclusive of other rights that a person seeking indemnification may have under any by-law, agreement, vote of shareholders or disinterested directors or otherwise, whether or not the corporation would have the power to indemnify the person under any other provision of law. However, Section 1746 prohibits indemnification in circumstances where the act or failure to act giving rise to the claim for indemnification is determined by a court to have constituted willful misconduct or recklessness.

Section 1747 of the PBCL permits a corporation to purchase and maintain insurance on behalf of any person who is or was a director or officer of the corporation, or is or was serving at the request of the corporation as a representative of another enterprise, against any liability asserted against such person and incurred by him or her in that capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify the person against such liability under Subchapter D.

Exelon’s Bylaws provide that it is obligated to indemnify directors and officers and other persons designated by the board of directors against any liability, including any damage, judgment, amount paid in settlement, fine, penalty, cost or expense (including, without limitation, attorneys’ fees and disbursements)

including in connection with any proceeding. Exelon's Bylaws provide that no indemnification shall be made where the act or failure to act giving rise to the claim for indemnification is determined by arbitration or otherwise to have constituted willful misconduct or recklessness or attributable to receipt from Exelon of a personal benefit to which the recipient is not legally entitled.

As permitted by PBCL Section 1713, Exelon's Bylaws provide that directors generally will not be liable for monetary damages in any action, whether brought by shareholders directly or in the right of Exelon or by third parties, unless they fail in the good faith performance of their duties as fiduciaries (the standard of care established by the PBCL), and such failure constitutes self-dealing, willful misconduct or recklessness.

Exelon has entered into indemnification agreements with each of its directors. Exelon also currently maintains liability insurance for its directors and officers. In addition, the directors, officers and employees of Exelon are insured under policies of insurance, within the limits and subject to the limitations of the policies, against claims made against them for acts in the discharge of their duties, and Exelon is insured to the extent that it is required or permitted by law to indemnify the directors, officers and employees for such loss. The premiums for such insurance are paid by Exelon.

ITEM 16. EXHIBITS.

Reference is made to the Exhibit Index filed herewith at page II-8, such Exhibit Index being incorporated in this Item 16 by reference.

ITEM 17. UNDERTAKINGS.

(a) Each of the undersigned registrants hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement; provided, however, that paragraphs (a)(1)(i), (a)(1)(ii) and (a)(1)(iii) of this section do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Commission by the registrant pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement, or is contained in a form of prospectus filed pursuant to Rule 424(b) that is part of the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser:

(A) Each prospectus filed by the registrant pursuant to Rule 424(b)(3) shall be deemed to be part of the registration statement as of the date the filed prospectus was deemed part of and included in the registration statement; and

(B) Each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5), or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (vii), or (x) for the purpose of providing the information required by Section 10(a) of the Securities Act of 1933 shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration statement to which that prospectus relates, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date.

(5) That, for the purpose of determining liability of the registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities:

Each of the undersigned registrants undertake that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

(b) Each of the undersigned registrants hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant’s annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan’s annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, each registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Chicago, State of Illinois, on this 19th day of August, 2015.

EXELON CORPORATION

By: /s/ Christopher M. Crane
Christopher M. Crane
President and Chief Executive Officer and Director
(Principal Executive Officer)

By: /s/ Jonathan W. Thayer
Jonathan W. Thayer
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

By: /s/ Duane M. DesParte
Duane M. DesParte
Vice President and Corporate Controller
(Principal Accounting Officer)

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Christopher M. Crane or Jonathan W. Thayer and each or any one of them, his true and lawful attorneys in fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement and any registration statement relating to any offering made pursuant to this registration statement that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the SEC, granting unto said attorneys in fact and agents, and each of them, full power and authority to perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or his or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Mayo A. Shattuck III Mayo A. Shattuck III	Director and Chairman	August 19, 2015
/s/ Anthony K. Anderson Anthony K. Anderson	Director	August 19, 2015
/s/ Ann C. Berzin Ann C. Berzin	Director	August 19, 2015
/s/ John A. Canning, Jr. John A. Canning, Jr.	Director	August 19, 2015
/s/ Yves C. de Balmann Yves C. de Balmann	Director	August 19, 2015
/s/ Nicholas DeBenedictis Nicholas DeBenedictis	Director	August 19, 2015
/s/ Paul L. Joskow Paul L. Joskow	Director	August 19, 2015
/s/ Robert J. Lawless Robert J. Lawless	Director	August 19, 2015
/s/ Richard W. Mies Richard W. Mies	Director	August 19, 2015
/s/ William C. Richardson William C. Richardson	Director	August 19, 2015
/s/ John W. Rogers, Jr. John W. Rogers, Jr.	Director	August 19, 2015
/s/ Stephen D. Steinour Stephen D. Steinour	Director	August 19, 2015

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INDEX TO EXHIBITS

Exhibit No.	Description
5.1	Opinion of Ballard Spahr LLP.
23.1	Consent of PricewaterhouseCoopers LLP.
23.4	Consent of Ballard Spahr LLP (included in Exhibit 5.1).
24.1	Powers of Attorney for Exelon (included on signature page).

Exhibit 5.1

Ballard Spahr LLP

1735 Market Street, 51st Floor
Philadelphia, PA 19103-7599
TEL 215.665.8500
FAX 215.864.8999
www.ballardspahr.com

August 19, 2015

Exelon Corporation
10 South Dearborn Street
P.O. Box 805379
Chicago, Illinois 60680-5379

Re: Registration of 4,470,711 Shares of Common Stock, no par value

Ladies and Gentlemen:

We refer to the Registration Statement on Form S-3 (the "Registration Statement") being filed by Exelon Corporation, a Pennsylvania corporation ("Exelon"), with the Securities and Exchange Commission under the Securities Act of 1933, as amended, relating to the registration of 4,470,711 shares of common stock, no par value (the "Registered Shares"), of Exelon. The Registered Shares are to be registered in connection with Exelon's Direct Stock Purchase Plan (the "Plan").

In rendering our opinion, we have reviewed and relied upon such certificates, documents, corporate records, other instruments and representations of officers of Exelon as in our judgment are necessary or appropriate to enable us to render the opinion expressed below. In giving this opinion, we are assuming the authenticity of all instruments presented to us as originals, the conformity with the originals of all instruments presented to us as copies and the genuineness of all signatures.

Based on the foregoing, we are of the opinion that the Registered Shares to be issued in connection with the Plan have been duly authorized and, when duly executed, delivered and issued in accordance with the respective terms of the Plan, will be legally issued, fully paid and nonassessable.

We express no opinion as to the law of any jurisdiction other than the laws of the Commonwealth of Pennsylvania and the federal laws of the United States of America. We do not find it necessary for the purposes of the opinions set forth in this opinion letter, and accordingly do not purport to cover herein, the application of the securities or "Blue Sky" laws of the various jurisdictions (other than the federal laws of the United States of America) to the issuance of the Registered Shares.

We consent to the filing of this opinion as an Exhibit 5 to the Registration Statement and to the references to this firm under the heading "Legal Matters" in the prospectus included in the Registration Statement. This opinion is not to be used, circulated, quoted, referred to or relied upon by any other person or for any other purpose without our prior written consent.

This opinion is limited to the matters expressly stated herein. No implied opinion may be inferred to extend this opinion beyond the matters expressly stated herein. We do not undertake to advise you or anyone else of any changes in the opinion expressed herein resulting from changes in law, changes in facts or any other matters that hereafter might occur or be brought to our attention.

Very truly yours,

/s/ Ballard Spahr LLP

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in this Registration Statement on Form S-3 of our report dated February 13, 2015 relating to the financial statements, financial statement schedules and the effectiveness of internal control over financial reporting, which appears in Exelon Corporation's Annual Report on Form 10-K for the year ended December 31, 2014. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

/s/ PricewaterhouseCoopers LLP
Chicago, Illinois
August 19, 2015

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As filed with the Securities and Exchange Commission on January 29, 2016

No. 333-

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-4
REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

EXELON CORPORATION

(Exact name of registrant as specified in its charter)

Pennsylvania	4931	23-2990190
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

10 South Dearborn Street
P.O. Box 805379
Chicago, Illinois 60680-5379
(800) 483-3220
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Jonathan W. Thayer
Senior Executive Vice President and Chief Financial Officer
Exelon Corporation
10 South Dearborn Street
P.O. Box 805379
Chicago, Illinois 60603-5379
(312) 394-7398
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies of all communications, including communications sent to agent for service, should be sent to:

Bruce G. Wilson	Richard B. Aftanas
Senior Vice President and Deputy General Counsel	Ross M. Leff
Exelon Corporation	Kirkland & Ellis LLP
10 South Dearborn Street	601 Lexington Avenue
P.O. Box 805379	New York, New York 10022
Chicago, Illinois 60603-5379	(212) 446-4722
(312) 394-7398	

Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

Large accelerated filer ☒ Accelerated filer ☐
Non-accelerated filer ☐ (do not check if a smaller reporting company) Smaller reporting company ☐

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price (1)	Amount of Registration Fee
3.950% Notes due 2025	$807,082,000	100%	$807,082,000	$81,273.16
4.950% Notes due 2035	$333,485,000	100%	$333,485,000	$33,581.94
5.100% Notes due 2045	$741,001,000	100%	$741,001,000	$74,618.80

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(f) under the Securities Act of 1933, as amended.

The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We may not sell these securities or consummate the exchange offers until the Registration Statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities nor a solicitation of an offer to buy these securities in any jurisdiction where the offer and sale is not permitted.

Subject to Completion, dated January 29 , 2016

PROSPECTUS

Exelon Corporation

Offer to Exchange
$807,082,000 aggregate principal amount of outstanding 3.950% Notes due 2025
(CUSIP Nos. 30161N AM3 and U3002L AA0)
for
$807,082,000 aggregate principal amount of newly issued 3.950% Notes due 2025 that will be issued in a transaction registered under the Securities Act of 1933, as amended (the "Securities Act")
(CUSIP No. 30161N AN1)
and
$333,485,000 aggregate principal amount of outstanding 4.950% Notes due 2035
(CUSIP Nos. 30161N AP6 and U3002L AB8)
for
$333,485,000 aggregate principal amount of newly issued 4.950% Notes due 2035 that will be issued in a transaction registered under the Securities Act
(CUSIP No. 30161N AQ4)
and
$741,001,000 aggregate principal amount of outstanding 5.100% Notes due 2045
(CUSIP Nos. 30161N AR2 and U3002L AC6)
for
$741,001,000 aggregate principal amount of newly issued 5.100% Notes due 2045 that will be issued in a transaction registered under the Securities Act
(CUSIP No. 30161N AS0)

The exchange offers will expire at 5:00 p.m., New York City time, on , 2016, unless extended with respect to any or all series.

Exelon Corporation ("Exelon," "we" or "us") hereby offers, upon the terms and subject to the conditions set forth in this prospectus and the accompanying letter of transmittal (which together constitute the "exchange offers"), to exchange (i) up to $807,082,000 aggregate principal amount of our outstanding 3.950% Notes due 2025 (CUSIP Nos. 30161N AM3 and U3002L AA0) (the "original 2025 notes") for a like principal amount of our 3.950% Notes due 2025 that will be issued in a transaction registered under the Securities Act (CUSIP No. 30161N AN1) (the "exchange 2025 notes"), (ii) up to $333,485,000 aggregate principal amount of our outstanding 4.950% Notes due 2035 (CUSIP Nos. 30161N AP6 and U3002L AB8) (the "original 2035 notes") for a like principal amount of our 4.950% Notes due 2035 that will be issued in a transaction registered under the Securities Act (CUSIP No. 30161N AQ4) (the "exchange 2035 notes") and (iii) up to $741,001,000 aggregate principal amount of our outstanding 5.100% Notes due 2045 (CUSIP Nos. 30161N AR2 and U3002L AC6) (the "original 2045 notes" and, together with the original 2025 notes and the original 2035 notes, the "original notes") for a like principal amount of our 5.100% Notes due 2045 that will be issued in a transaction registered under the Securities Act (CUSIP No. 30161N AS0) (the "exchange 2045 notes" and, together with the exchange 2025 notes and the exchange 2035 notes, the "exchange notes"). The terms of the exchange offers are summarized below and are more fully described in this prospectus.

The terms of each series of exchange notes are identical to the terms of the corresponding series of original notes, except that the transfer restrictions, registration rights and additional interest provisions applicable to the original notes do not apply to the exchange notes.

We will accept for exchange any and all original notes of each series validly tendered and not validly withdrawn prior to 5:00 p.m., New York City time, on , 2016, unless extended (the "expiration date").

You may withdraw tenders of original notes of each series at any time prior to the expiration of the relevant exchange offer.

We will not receive any proceeds from the exchange offers. The original notes surrendered in exchange for the exchange notes will be retired and cancelled and will not be reissued. Accordingly, issuance of the exchange notes will not result in any increase in our outstanding indebtedness.

The exchange of original notes of each series for the corresponding series of exchange notes will not be a taxable event for U.S. federal income tax purposes.

No public market currently exists for any series of original notes. We do not intend to list any series of exchange notes on a securities exchange and, therefore, no active public market is anticipated.

Each broker-dealer that receives exchange notes for its own account pursuant to the exchange offers must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes. The letter of transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of exchange notes received in exchange for original notes where such original notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. We have agreed that, for a period of 180 days after the expiration date, we will make this prospectus available to any broker-dealer for use in connection with any such resale. See "Plan of Distribution."

See "Risk Factors" beginning on page 12 to read about important factors you should consider before tendering your original notes.

Neither the Securities and Exchange Commission (the "SEC") nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is , 2016

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We are responsible only for the information contained in or incorporated by reference into this prospectus. We have not authorized anyone to provide you with information that is different, and we take no responsibility for any other information or representations that others may give you. This prospectus is an offer to sell only the securities it describes, but only under circumstances and in jurisdictions where it is lawful to do so. The information incorporated by reference into or contained in this prospectus may only be accurate on the date of the relevant incorporated document or of this prospectus, as the case may be.

This prospectus contains summaries of the material terms of certain documents and refers you to certain documents that we have filed with the SEC. See “Incorporation of Certain Information by Reference.” Copies of these documents, except for certain exhibits and schedules, will be made available to you without charge upon written or oral request to:

Exelon Corporation
Attn: Investor Relations
10 South Dearborn Street—52nd Floor
P.O. Box 805398
Chicago, IL 60680-5398

In order to obtain timely delivery of such materials, you must request such information from us no later than five business days prior to the expiration of the relevant exchange offer.

No information in this prospectus constitutes legal, business or tax advice, and you should not consider it as such. You should consult your own attorney, business advisor and tax advisor for legal, business and tax advice regarding the exchange offers.

Forward Looking Statements

This prospectus and the documents incorporated by reference herein, as described under the headings “Where You Can Find More Information” and “Incorporation of Certain Information by Reference” contain forward-looking statements that are not based entirely on historical facts and are subject to risks and uncertainties. Words such as “believes,” “anticipates,” “expects,” “intends,” “plans,” “predicts,” “estimates” and similar expressions are intended to identify forward-looking statements but are not the only means to identify those statements. These forward-looking statements are based on assumptions, expectations and assessments made by our management in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe to be appropriate. Any forward-looking statements are not guarantees of our future performance and are subject to risks and uncertainties.

This prospectus contains certain forward-looking statements, which are subject to risks and uncertainties. The factors that could cause actual results to differ materially from the forward-looking statements include: (a) any risk factors discussed in this prospectus; (b) those factors discussed in the following sections of Exelon's Annual Report on Form 10-K for the year ended December 31, 2014, which are incorporated herein by reference: (1) ITEM 1A. Risk Factors, (2) ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and (3) ITEM 8. Financial Statements and Supplementary Data: Note 22; (c) those factors discussed in the following sections of Exelon's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2015, which are incorporated herein by reference: (1) Part I, Financial Information, ITEM 1. Financial Statements: Note 17, (2) Part 1, Financial Information, ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations and (3) Part II, Other Information, ITEM 1A. Risk Factors; (d) those factors discussed in the following sections of Exelon's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2015, which are incorporated herein by reference: (1) Part 1, Financial Information, ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations, (2) Part I, Financial Information, ITEM 1. Financial Statements: Note 19 and (3) Part II, Other Information, ITEM 1A. Risk Factors; (e) those factors discussed in the following sections of Exelon's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2015, which are incorporated herein by reference: (1) Part 1, Financial Information, ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations, (2) Part I, Financial Information, ITEM 1. Financial Statements: Note 19 and (3) Part II, Other Information, ITEM 1A. Risk Factors; and (f) other factors discussed herein and in other filings with the SEC by Exelon, as applicable.

You are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date on the front of this prospectus or, as the case may be, as of the date on which we make any subsequent forward-looking statement that is deemed incorporated by reference. We do not undertake any obligation to update or revise any forward-looking statement to reflect events or circumstances after the date as of which any such forward-looking statement is made.

Where You Can Find More Information

We file annual, quarterly and current reports and other information with the SEC. You may read and copy any document we file at the SEC's public reference room in Washington, D.C. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. Our SEC filings are also available to the public from the SEC's web site at www.sec.gov or from our web site at www.exeloncorp.com. However, the information that appears on our website is not incorporated by reference into this prospectus and does not constitute a part of this prospectus.

Incorporation of Certain Information by Reference

We are "incorporating by reference" into this prospectus certain information we file with the SEC. This means we are disclosing important information to you by referring you to the documents containing the information. The information we incorporate by reference is considered to be part of this prospectus. Information that we file later with the SEC that is deemed incorporated by reference into this prospectus (but not information deemed pursuant to the SEC's rules to be furnished to and not filed with the SEC) will automatically update and supersede information previously included.

This prospectus also includes information about our subsidiaries Exelon Generation Company, LLC ("Generation"), Commonwealth Edison Company ("ComEd"), PECO Energy Company ("PECO"), and Baltimore Gas and Electric Company ("BGE") and their securities. Exelon, Generation, ComEd, PECO and BGE file combined reports under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Information contained in the combined reports relating to each registrant is filed separately by such registrant on its own behalf and only the information related to Exelon is incorporated by reference in this prospectus. Exelon does not

make any representations as to information relating to any other registrant or securities issued by any other registrant and you should not rely on any information relating to any registrant other than Exelon in determining whether to participate in the exchange offers and invest in the exchange notes offered hereby. We are incorporating by reference into this prospectus the portions of the documents listed below relating to Exelon and any subsequent filings Exelon makes with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act (excluding information deemed pursuant to the SEC's rules to be furnished and not filed with the SEC) until the exchange offers are consummated or terminated:

- Annual Report on Form 10-K for the year ended December 31, 2014 filed with the SEC on February 13, 2015;
- Definitive Proxy Statement on Schedule 14A filed with the SEC on March 19, 2015;
- Quarterly Report on Form 10-Q for the three months ended March 31, 2015 filed with the SEC on April 29, 2015;
- Quarterly Report on Form 10-Q for the three months ended June 30, 2015 filed with the SEC on July 29, 2015;
- Quarterly Report on Form 10-Q for the three months ended September 30, 2015 filed with the SEC on November 6, 2015; and
- Current Reports on Form 8-K filed with the SEC on January 14, 2015, January 15, 2015, February 17, 2015, April 29, 2015, May 18, 2015, June 2, 2015, June 11, 2015, July 15, 2015, July 29, 2015, August 12, 2015, August 24, 2015, August 25, 2015, September 1, 2015, September 1, 2015, September 8, 2015, September 10, 2015, September 29, 2015, October 1, 2015, October 7, 2015, October 29, 2015, November 16, 2015, December 2, 2015, January 7, 2016 and January 28, 2016.

Any future filings that we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this prospectus and prior to the consummation or termination of the exchange offers shall be deemed to be incorporated by reference into the prospectus from the date such documents are filed. In addition, all filings filed by Exelon pursuant to the Exchange Act after the date of the initial registration statement of which this prospectus forms a part and prior to effectiveness of the registration statement shall be deemed to be incorporated by reference into this prospectus.

Summary

The following summary is provided solely for your convenience. It is not intended to be complete and may not contain all of the information that you should consider before participating in the exchange offers and investing in the exchange notes. You should read carefully this entire prospectus and all the information included or incorporated by reference herein.

Our Company

Exelon Corporation, incorporated in Pennsylvania in February 1999, is a utility services holding company engaged, through Exelon Generation Company, LLC ("Generation"), in the energy generation business and, through Commonwealth Edison Company ("ComEd"), PECO Energy Company ("PECO") and Baltimore Gas and Electric Company ("BGE"), in the energy delivery business. Exelon's principal executive offices are located at 10 South Dearborn Street, Chicago, Illinois 60603, and its telephone number is 312-394-7398.

Generation's integrated business consists of the generation, physical delivery and marketing of power across multiple geographical regions through its customer-facing business, Constellation Energy, which sells electricity and natural gas to both wholesale and retail customers. Generation also sells renewable energy and other energy-related products and services, and engages in natural gas and oil exploration and production activities. Generation has six reportable segments consisting of the Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Regions.

ComEd's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of electricity transmission and distribution services to retail customers in northern Illinois, including the City of Chicago.

PECO's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of electricity transmission and distribution services to retail customers in southeastern Pennsylvania, including the City of Philadelphia, as well as the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services to retail customers in the Pennsylvania counties surrounding the City of Philadelphia.

BGE's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of electricity transmission and distribution services to retail customers in central Maryland, including the City of Baltimore, as well as the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services to retail customers in central Maryland, including the City of Baltimore.

Proposed Merger with Pepco Holdings, Inc. ("PHI")

On April 29, 2014, Exelon and PHI signed an agreement and plan of merger (as subsequently amended and restated as of July 18, 2014) to combine the two companies in an all cash transaction (the "Merger"). The resulting company will retain the Exelon name and be headquartered in Chicago, and PHI will become an indirect, wholly-owned subsidiary of Exelon. The Merger is currently expected to be completed in the first quarter of 2016.

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Summary Financial Information

We have provided the following summary financial information for your reference. We have derived the summary financial information presented here as of and for the years ended December 31, 2012, 2013 and 2014 from our audited consolidated financial statements, incorporated herein by reference. We have derived the summary financial information presented here as of and for the nine months ended September 30, 2014 and 2015 from our unaudited consolidated financial statements, incorporated herein by reference. You should read this summary financial information together with our audited consolidated financial statements and the related notes and our unaudited consolidated financial statements and the related notes, each incorporated herein by reference. See "Where You Can Find More Information" and "Incorporation of Certain Information by Reference" in this prospectus.

	For the Year Ended December 31,			For the Nine Months Ended September 30,	
	2014 (a)	2013	2012 (b)	2015	2014
	($ in millions)				
Statement of Operations Data					
Operating revenues	$27,429	$24,888	$23,489	$22,746	$20,173
Operating income	3,096	3,669	2,373	3,701	2,747
Net income	1,820	1,729	1,171	1,959	1,725
Cash Flow Data					
Net cash flows provided by operating activities	4,457	6,343	6,131	5,674	3,643
Net cash flows used in investing activities	(4,599)	(5,394)	(4,576)	(5,689)	(3,376)
Net cash flows provided by (used in) financing activities.	411	(826)	(1,085)	5,402	887

	As of December 31,			As of September 30,	
	2014	2013	2012	2015	2014
	($ in millions)				
Balance Sheet Data					
Property, plant and equipment, net	$52,087	$47,330	$45,186	$55,814	$51,630
Noncurrent regulatory assets	6,076	5,910	6,497	6,000	5,589
Goodwill	2,672	2,625	2,625	2,672	2,672
Other deferred debits and other assets	13,882	13,922	14,113	13,775	13,536
Total assets	$86,814	$79,924	$78,561	$95,128	$85,264
Long-term debt, including long-term debt to financing trusts	20,010	18,271	18,346	25,189	19,848
Noncurrent regulatory liabilities	4,550	4,388	3,981	4,180	4,593
Other deferred credits and other liabilities	29,359	26,597	26,626	30,623	27,342
Shareholders' equity	22,608	22,732	21,431	25,770	23,595
Total liabilities and shareholders' equity	$86,814	$79,924	$78,561	$95,128	$85,264

(a) On April 1, 2014, Generation assumed operational control of Constellation Energy Nuclear Group, LLC's ("CENG") nuclear fleet. As a result, the 2014 financial results include CENG's results of operations on a fully consolidated basis.

(b) 2012 financial results include the activity of Constellation Energy Group, Inc. from the merger effective date of March 12, 2012 through December 31, 2012.

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Summary of the Exchange Offers

On December 2, 2015, in connection with private exchange offers, we issued $807,082,000 aggregate principal amount of 3.950% Notes due 2025, $333,485,000 aggregate principal amount of 4.950% Notes due 2035 and $741,001,000 aggregate principal amount of 5.100% Notes due 2045. As part of those issuances, we entered into a registration rights agreement, dated as of December 2, 2015, with respect to the original notes, with the dealer managers of the private exchange offers, in which we agreed, among other things, to deliver this prospectus to you and to use our reasonable commercial efforts to complete an exchange offer for each series of original notes. Below is a summary of the exchange offers.

Securities Offered	$807,082,000 aggregate principal amount of 3.950% Notes due 2025, $333,485,000 aggregate principal amount of 4.950% Notes due 2035 and $741,001,000 aggregate principal amount of 5.100% Notes due 2045, in each case that will be issued in a transaction registered under the Securities Act. The form and terms of each series of exchange notes are identical to the corresponding series of original notes except that the transfer restrictions, registration rights and additional interest provisions applicable to the original notes do not apply to the exchange notes.
Exchange Offers	We are offering to exchange up to $807,082,000 aggregate principal amount of the outstanding original 2025 notes, up to $333,485,000 aggregate principal amount of outstanding original 2035 and up to $741,001,000 aggregate principal amount of the outstanding original 2045 notes for like principal amounts of the exchange 2025 notes, the exchange 2035 notes and the exchange 2045 notes, respectively. You may tender original notes only in denominations of $2,000 and any integral multiple of $1,000 in excess thereof. We will issue each series of exchange notes promptly after the expiration of the applicable exchange offer. In order to be exchanged, an original note must be validly tendered, not validly withdrawn and accepted. Subject to the satisfaction or waiver of the conditions of the exchange offers, all original notes that are validly tendered and not validly withdrawn will be exchanged. As of the date of this prospectus, $807,082,000 aggregate principal amount of original 2025 notes is outstanding, $333,485,000 aggregate principal amount of original 2035 notes is outstanding and $741,001,000 aggregate principal amount of original 2045 notes is outstanding. The original notes were issued under an indenture, dated as of June 11, 2015 (the “Base Indenture”), between Exelon and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), as supplemented by the first supplemental indenture, dated as of June 11, 2015, and the second supplemental indenture, dated as of December 2, 2015 (together with the Base Indenture, the “Indenture”). If all outstanding original notes are tendered for exchange, there will be $807,082,000 aggregate principal amount of 3.950% Notes due 2025 (that will be issued in a transaction registered under the Securities Act), $333,485,000 aggregate principal amount of 4.950% Notes due 2035 (that will be issued in a transaction

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	registered under the Securities Act) and $740,001,000 aggregate principal amount of 5.100% Notes due 2045 (that will be issued in a transaction registered under the Securities Act) outstanding after these exchange offers.
Expiration Date; Tenders	The exchange offers will expire at 5:00 p.m., New York City time, on , 2016, which is the twentieth day of the offering period, unless we extend the period of time during which any or all of the exchange offers are open. In the event of any material change in any of the exchange offers, we will extend the period of time during which the relevant exchange offer is open if necessary so that at least five business days remain in the relevant exchange offer period following notice of the material change. By signing or agreeing to be bound by the letter of transmittal, you will represent, among other things, that: • you are not an affiliate of ours; • you are acquiring the exchange notes in the ordinary course of your business; • you are not participating, do not intend to participate and have no arrangement or understanding with anyone to participate, in the distribution (within the meaning of the Securities Act) of the exchange notes; and • if you are a broker-dealer that will receive exchange notes for its own account in exchange for original notes that were acquired as a result of market-making activities or other trading activities, you will deliver a prospectus (or to the extent permitted by law, make available a prospectus to purchasers) in connection with any resale of such exchange notes. For further information regarding resales of the exchange notes by broker-dealers, see the discussion under the caption “Plan of Distribution.”
Accrued Interest on the Exchange Notes and the Original Notes	Each series of exchange notes will bear interest from (and including) the last interest payment date on which interest was paid on the original notes. Accordingly, if your original notes are accepted for exchange, you will receive interest on the corresponding series of exchange notes for the period commencing on (and including) the last interest payment date on which interest was paid on the original notes, and not on such original notes. Any original notes not tendered will remain outstanding and continue to accrue interest according to their terms.
Conditions to the Exchange Offers	The exchange offers are subject to customary conditions. If we materially change the terms of any or all of the exchange offers, we will resolicit tenders of the applicable series of original notes and extend the applicable exchange offer period if necessary so that at least five business days remain in the relevant exchange offer period

	following notice of any such material change. See "The Exchange Offers—Conditions to the Exchange Offers" for more information regarding conditions to the exchange offers.
Procedures for Tendering Original Notes	A tendering holder must, at or prior to the expiration date: • transmit a properly completed and duly executed letter of transmittal, including all other documents required by the letter of transmittal, to the exchange agent at the address listed in this prospectus; or • if original notes are tendered in accordance with the book-entry procedures described in this prospectus, the tendering holder must transmit an agent's message to the exchange agent at the address listed in this prospectus. See "The Exchange Offers—Procedures for Tendering."
Withdrawal Rights	Tenders may be withdrawn at any time before 5:00 p.m., New York City time, on the expiration date. See "The Exchange Offers—Withdrawal Rights."
Acceptance of Original Notes and Delivery of Exchange Notes	Subject to the conditions stated in the section "The Exchange Offers—Conditions to the Exchange Offers" of this prospectus, we will accept for exchange any and all original notes of each series that are properly tendered in the exchange offers and not validly withdrawn before 5:00 p.m., New York City time, on the expiration date. The corresponding exchange notes will be delivered promptly after the expiration date. See "The Exchange Offers—Terms of the Exchange Offers."
Material U.S. Federal Tax Consequences	Your exchange of original notes for exchange notes pursuant to the exchange offers will not be a taxable event for U.S. federal income tax purposes. See "Material U.S. Federal Income Tax Consequences."
Exchange Agent	The Bank of New York Mellon Trust Company, N.A. is serving as exchange agent in connection with the exchange offers. The address and telephone number of the exchange agent are listed under the heading "The Exchange Offers—Exchange Agent."
Use of Proceeds; Expenses	We will not receive any proceeds from the issuance of any series of exchange notes in the exchange offers. We have agreed to pay all expenses incident to the exchange offers (including the expenses of one counsel for the holders of the original notes and the exchange notes) other than underwriting discounts and commissions and transfer taxes, if any.

Resales	Based on existing interpretations of the Securities Act by the SEC staff set forth in several no-action letters to third parties, and subject to the immediately following sentence, we believe exchange notes issued under these exchange offers in exchange for original notes may be offered for resale, resold and otherwise transferred by the holders thereof (other than holders that are broker-dealers) without further compliance with the registration and prospectus delivery provisions of the Securities Act. However, any holder of original notes that is an affiliate of ours or that intends to participate in the exchange offers for the purpose of distributing any of the exchange notes, or any broker-dealer that purchased any of the original notes from us for resale pursuant to Rule 144A or any other available exemption under the Securities Act, (i) will not be able to rely on the interpretations of the SEC staff set forth in the above mentioned no-action letters, (ii) will not be entitled to tender its original notes in the exchange offers and (iii) must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any sale or transfer of the original notes unless such sale or transfer is made pursuant to an exemption from such requirements. Any broker-dealer that will receive exchange notes for its own account in exchange for original notes that were acquired as a result of market-making activities or other trading activities must deliver a prospectus (or to the extent permitted by law, make available a prospectus to purchasers) in connection with any resale of such exchange notes.
Consequences of Not Exchanging Original Notes	If you do not exchange your original notes in the exchange offers, you will continue to be subject to the restrictions on transfer described in the legend on your original notes. In general, you may offer or sell your original notes only: • if they are registered under the Securities Act and applicable state securities laws; • if they are offered or sold under an exemption from registration under the Securities Act and applicable state securities laws; or • if they are offered or sold in a transaction not subject to the Securities Act and applicable state securities laws. Although your original notes will continue to accrue interest, they will generally retain no rights under the registration rights agreement applicable to the original notes. We currently do not intend to register any series of original notes under the Securities Act. Under some circumstances, holders of the original notes, including holders that are not permitted to participate in the exchange offers or that may not freely sell exchange notes received in the exchange offers, may require us to file, and to cause to become effective, a shelf registration statement covering resales of original notes by these holders. For more information regarding the consequences of not tendering your

	original notes and our obligations to file a shelf registration statement, see “The Exchange Offers—Consequences of Exchanging or Failing to Exchange the Original Notes” and “The Exchange Offers—Registration Rights Agreement.”
Risk Factors	For a discussion of significant factors you should consider carefully before deciding to participate in the exchange offers, see “Risk Factors” beginning on page 12 of this prospectus.

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Summary of the Terms of the Exchange Notes

The following is a brief summary of the principal terms of the exchange notes. The form and terms of each series of exchange notes are identical to those of the corresponding series of original notes except that the transfer restrictions, registration rights and additional interest provisions applicable to the original notes do not apply to the exchange notes. Each series of exchange notes will evidence the same debt as the corresponding series of original notes exchanged and will be governed by the same Indenture. Certain of the terms and conditions described below are subject to important limitations and exceptions. For a more detailed description of the terms and conditions of the exchange notes, see the section of this prospectus entitled "Description of the Exchange Notes."

Issuer	Exelon Corporation.
Securities Offered	$807,082,000 aggregate principal amount of 3.950% Notes due 2025, $333,485,000 aggregate principal amount of 4.950% Notes due 2035 and $741,001,000 aggregate principal amount of 5.100% Notes due 2045, in each case that will be issued in a transaction registered under the Securities Act.
Maturity	The exchange 2025 notes mature on June 15, 2025, the exchange 2035 notes mature on June 15, 2035 and the exchange 2045 notes mature on June 15, 2045.
Interest	If your original notes are accepted for exchange, you will receive interest on the corresponding series of exchange notes for the period commencing on (and including) the last interest payment date on which interest was paid on the original notes, and not on such original notes. Any original notes not tendered will remain outstanding and continue to accrue interest according to their terms. Interest on the exchange notes will be paid semi-annually on June 15 and December 15 of each year, beginning on June 15, 2016.
Special Mandatory Redemption	Upon the first to occur of either (i) June 30, 2016, if the Merger is not consummated on or prior to such date, provided that, if all conditions to closing the Merger have been satisfied by June 30, 2016 (other than those to be satisfied on the closing date thereof and the receipt of approvals from all applicable regulatory authorities) and, in our judgment, all conditions to closing the Merger are reasonably likely to be satisfied by August 31, 2016, then August 31, 2016, or (ii) the date on which the agreement relating to the Merger is terminated (each, a "Special Mandatory Redemption Trigger"), we will be required to redeem the exchange notes, in whole, at a redemption price equal to 101% of the aggregate principal amount of such series of exchange notes, plus accrued and unpaid interest from and including the most recent date on which interest has been paid on the original notes or the exchange notes, as applicable, to but not including the date of the Special Mandatory Redemption. See "Description of the Exchange Notes—Special Mandatory Redemption."

Optional Redemption	The exchange notes may be redeemed at our option at any time prior to August 31, 2016, in whole, at a redemption price equal to 101% of the aggregate principal amount of such series of exchange notes, plus accrued and unpaid interest from and including the most recent date on which interest has been paid on the original notes or the exchange notes, as applicable, to but not including the date of redemption, if, in our judgment, our acquisition of PHI will not be consummated on or prior to August 31, 2016. At our option, any or all of the exchange notes may be redeemed, in whole or in part, at any time prior to maturity. If we elect to redeem the exchange 2025 notes at any time prior to March 15, 2025 (three months prior to the maturity date of the exchange 2025 notes), the exchange 2035 notes at any time prior to December 15, 2034 (six months prior to the maturity date of the exchange 2035 notes) or the exchange 2045 notes at any time prior to December 15, 2044 (six months prior to the maturity date of the exchange 2045 notes), we may redeem some or all of the exchange 2025 notes, the exchange 2035 notes and the exchange 2045 notes, respectively, in each case upon at least 15 days' and not more than 60 days' notice at a redemption price equal to the greater of: • 100% of the principal amount of the exchange notes then outstanding to be redeemed; and • The sum of the present values of the remaining scheduled payments of principal and interest on the exchange notes being redeemed (exclusive of interest accrued to the redemption date) to March 15, 2025, December 15, 2034 or December 15, 2044, as applicable, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined herein) plus 25 basis points in the case of the exchange 2025 notes, 30 basis points in the case of the exchange 2035 notes and 30 basis points in the case of the exchange 2045 notes, plus, in each case, accrued and unpaid interest on the principal amount being redeemed to but excluding the date of redemption. If we elect to redeem the exchange 2025 notes at any time on or after March 15, 2025 (three months prior to the maturity date of the exchange 2025 notes), the exchange 2035 notes at any time on or after December 15, 2034 (six months prior to the maturity date of the exchange 2035 notes) or the exchange 2045 notes at any time on or after December 15, 2044 (six months prior to the maturity date of the exchange 2045 notes), we may redeem some or all of the exchange 2025 notes, the exchange 2035 notes and the exchange 2045 notes, respectively, in each case upon at least 15 days' and not more than 60 days' notice at a redemption price equal to 100% of the principal amount of the exchange notes then outstanding to be redeemed plus

	accrued and unpaid interest on the principal amount being redeemed to but excluding the redemption date. See “Description of the Exchange Notes—Optional Redemption.”
Ranking	The exchange notes will be Exelon’s direct unsecured general obligations and will rank equally with all of our existing and future unsecured and unsubordinated debt, including any original notes not exchanged in the exchange offer, will be senior in right of payment to all of our existing and future subordinated debt and will be junior to any of our future secured debt to the extent of the value of the collateral securing such secured debt. Because we are a holding company with no material assets other than our ownership interests in our subsidiaries and all of our operations are conducted by our subsidiaries, our debt is effectively subordinated to all existing and future debt, trade credit and other liabilities of our subsidiaries. Our rights, and hence the rights of our creditors, to participate in any distribution of assets of any subsidiary upon its liquidation or reorganization or otherwise would be subject to the prior claims of that subsidiary’s creditors, except to the extent that our claims as a creditor of such subsidiary may be recognized. As of September 30, 2015, our subsidiaries had outstanding approximately $19.9 billion of long-term debt, including long-term debt to financing trusts and the portion of long-term debt due within one year. The exchange notes will not be obligations of or guaranteed by any of our subsidiaries. The Base Indenture does not limit our ability to issue debt senior to the exchange notes or the amount of debt we or our subsidiaries may issue.
Denominations	The exchange notes will be issued in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof.
No Listing	We do not intend to list the exchange notes on any securities exchange or automated dealer quotation system. The exchange notes will be new securities for which there currently is no public market. See “Risk Factors—There may be no public market for the exchange notes.”
Risk Factors	You should consider carefully all the information set forth and incorporated by reference in this prospectus and, in particular, you should evaluate the specific factors set forth under the heading “Risk Factors” beginning on page 12 of this prospectus, as well as the other information contained or incorporated herein by reference, before participating in the exchange offers and investing in the exchange notes offered hereby.
Use of Proceeds	We will not receive any proceeds from the issuance of any series of exchange notes in the exchange offers.
Trustee	The Bank of New York Mellon Trust Company, N.A.

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Indenture	The exchange notes will be issued under the same Indenture as the original notes. The Base Indenture provides for the issuance, from time to time, of debt securities in series (including the exchange notes to be issued in connection with the exchange offer) in an unlimited amount. We may issue additional securities from the Base Indenture from time to time.
Governing Law	The Indenture and the exchange notes will be governed by the laws of the State of New York.

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Risk Factors

The decision to participate in the exchange offers and invest in the exchange notes involves substantial risk. You should carefully consider the following risk factors and all other information contained in or incorporated by reference into this prospectus, including Exelon's financial statements and the related notes, before deciding to participate in the exchange offers. The risks described below are not the only risks facing us. Additional risks and uncertainties not currently known to us or those we currently view to be immaterial may also materially and adversely affect our business, financial condition or results of operations. If any of the following risks materialize, our business, financial condition or results of operations could be materially and adversely affected. In that case, you may lose some or all of your investment.

Risks Related to the Exchange Notes and the Exchange Offer

Upon the occurrence of a Special Mandatory Redemption Trigger, we will be required to redeem the exchange 2025 notes, the exchange 2035 notes and the exchange 2045 notes. In addition, the exchange 2025 notes, the exchange 2035 notes and the exchange 2045 notes may also be redeemed at our option, if, in our judgment, our acquisition of PHI will not be consummated on or prior to August 31, 2016. If we redeem the exchange notes, you may not obtain your expected return on the exchange notes.

The exchange offers are not conditioned on, and will not be consummated before, the closing of the Merger, which is currently expected to occur in the first quarter of 2016. We may not be able to consummate the transactions contemplated by the merger agreement within the timeframe specified under "Description of the Exchange Notes—Special Mandatory Redemption" or at all. Many of the conditions to closing in the merger agreement are beyond our control, and we may not be able to complete the transactions contemplated by the merger agreement on or prior to the Special Mandatory Redemption Trigger. Our obligation to consummate the closing under the merger agreement is subject to certain conditions, including, among others, receipt of certain governmental approvals.

Upon the occurrence of a Special Mandatory Redemption Trigger, we will be required to redeem the exchange 2025 notes, the exchange 2035 notes and the exchange 2045 notes at a redemption price equal to 101% of the aggregate principal amount thereof, plus accrued and unpaid interest from and including the most recent date on which interest has been paid on the original notes or the exchange notes, as applicable, to, but not including, the special mandatory redemption date. The exchange 2025 notes, the exchange 2035 notes and the exchange 2045 notes may also be redeemed at our option, in whole, at a redemption price equal to 101% of the aggregate principal amount of such series of exchange notes, plus accrued and unpaid interest from and including the most recent date on which interest has been paid on the original notes or the exchange notes, as applicable, to but not including the date of the redemption, if, in our judgment, our acquisition of PHI will not be consummated on or prior to August 31, 2016. If your exchange notes are redeemed, you may not obtain your expected return on the exchange notes and may not be able to reinvest the proceeds from redemption in an investment that results in a comparable return. In addition, as a result of such redemption provisions of the exchange notes, the trading prices of such series of exchange notes may not reflect the financial results of our business or macroeconomic factors.

There may be no public market for the exchange notes.

We can give no assurances concerning the liquidity of any markets that may develop for the exchange notes offered by this prospectus, the ability of any investor to sell any of the exchange notes or the price at which investors would be able to sell them. If markets for the exchange notes do not develop, investors may be unable to resell the exchange notes for an extended period of time, if at all. If markets for the exchange notes do develop, they may not continue or it may not be sufficiently liquid to allow holders to resell any of the exchange notes. Consequently, investors may not be able to liquidate their investment readily, and lenders may not readily accept the exchange notes as collateral for loans.

The Indenture does not restrict the amount of additional debt that we may incur.

The exchange notes and the Indenture pursuant to which the exchange notes will be issued do not place any limitation on the amount of indebtedness that we or our subsidiaries may incur. Our incurrence of additional debt may have important consequences for you as a holder of the exchange notes, including making it more difficult for us to satisfy our obligations with respect to the exchange notes, a loss in the trading value of your exchange notes and a risk that one or more of the credit ratings of the exchange notes are lowered or withdrawn.

Our debt, including the exchange notes, is effectively subordinated to the debt of our subsidiaries.

Because we are a holding company with no material assets other than our ownership interests in our subsidiaries and all of our operations are conducted by our subsidiaries, our debt is effectively subordinated to all existing and future debt, trade credit and other liabilities of our subsidiaries. Our rights, and hence the rights of our creditors, to participate in any distribution of assets of any subsidiary upon its liquidation or reorganization or otherwise would be subject to the prior claims of that subsidiary's creditors, except to the extent that our claims as a creditor of such subsidiary may be recognized. As of September 30, 2015, our subsidiaries had outstanding approximately $19.9 billion of long-term debt, including long-term debt to financing trusts and the portion of long-term debt due within one year. The Indenture does not restrict our or our subsidiaries' ability to incur additional indebtedness.

If we consummate the exchange offers, the liquidity and market value of any remaining non-exchanged original notes may be adversely affected.

Upon consummation of the exchange offer, the aggregate principal amount of original notes will be reduced by the amount of original notes exchanged. Securities with a smaller outstanding principal amount available for trading, or float, generally command a lower price than do comparable securities with a greater float. Therefore, the market price for original notes that are not submitted for exchange or not accepted by us may be adversely affected. A reduced float may also make the trading prices of any original notes that are not exchanged more volatile.

If you fail to exchange your original notes, they will continue to be restricted securities.

If you do not exchange your original notes for exchange notes pursuant to the exchange offers, the original notes you hold will continue to be subject to the existing transfer restrictions. The original notes may not be offered, sold or otherwise transferred, except in compliance with the registration requirements of the Securities Act, pursuant to an exemption from registration under the Securities Act or in a transaction not subject to the registration requirements of the Securities Act, and in compliance with applicable state securities laws. We do not anticipate that we will register any series of original notes under the Securities Act. After the exchange offers are consummated, the trading market for the remaining untendered original notes of each series may be small and inactive. In addition, if you are eligible to exchange your original notes in the exchanges offers and do not exchange your original notes in the exchange offers, you will no longer be entitled to have those original notes registered under the Securities Act.

The exchange offers may be cancelled or delayed.

We have reserved the right to terminate or withdraw the exchange offers, including solely in respect of one or more series of the original notes, in our sole discretion at any time and for any reason. Therefore, even if you properly submit a letter of transmittal prior to the expiration date and otherwise comply with the terms and conditions of the exchange offers, the exchange offers may not be consummated. Because of adjustments or other logistical challenges in exchanging original notes for exchange notes, among other things, the settlement of the exchange offers may be delayed. Accordingly, you may have to wait longer than expected to receive your exchange notes, during which time you will not be able to effect transfers of your original notes or exchange notes you are to receive in the exchange offer.

Holders of original notes that exchange could be subject to a different preference risk and period in bankruptcy than holders of original notes that do not participate in the exchange offer.

If we were to file a bankruptcy petition (or one were filed against us) within 90 days of the closing date of the exchange offers (or one year with respect to any statutory insiders of ours that participate in the exchange offers), and to the extent a bankruptcy court or other court of competent jurisdiction were then to conclude that the consideration received as part of the exchange offers constituted a transfer on account of antecedent debt related to the original notes, and any applicable defenses or exceptions do not apply, then those holders that participated in the exchange offers (or any subsequent transferee) may be subject to the avoidance of any consideration received as part of the exchange offers as a preferential transfer under applicable bankruptcy law. In contrast, those holders that do not participate in the exchange offers (and consequently would not be the beneficiaries of any new transfers from us on the closing date of the exchange offers) would not similarly be at risk in the event that we were to file a bankruptcy petition (or one were filed against us) within 90 days of the closing date of the exchange offers (or one year with respect to any statutory insiders of ours that participate in the exchange offers); instead, such parties would be at risk with regards to a potentially avoidable preferences only for any other transfers they may receive within 90 days (or one year, in the case of statutory insiders) of any bankruptcy filing by or against us.

We may not be able to repurchase the exchange notes upon a Special Mandatory Redemption.

We may not be able to satisfy our obligation to redeem the exchange notes following a Special Mandatory Redemption Trigger because we may not have sufficient financial resources to pay the aggregate redemption price on the exchange notes. Our failure to redeem or repurchase the exchange notes as required under the Indenture governing the exchange notes would result in a default under the Indenture, which could result in defaults under our other debt agreements and have material adverse consequences for us and the holders of the exchange notes. In addition, our ability to redeem or repurchase the exchange notes for cash may be limited by law or the terms of other agreements relating to our indebtedness outstanding at the time.

Some noteholders may be required to comply with the registration and prospectus delivery requirements of the Securities Act.

If you exchange your original notes in the exchange offers for the purpose of participating in a distribution of the exchange notes, you may be deemed to have received restricted securities and, if so, you will be required to comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction. In addition, a broker-dealer that purchased original notes for its own account as part of market-making activities or other trading activities must deliver a prospectus when it sells the exchange notes it receives in exchange for original notes in the exchange offers. Our obligation to keep the registration statement of which this prospectus forms a part effective is limited. Accordingly, we cannot guarantee that a current prospectus will be available at all times to broker-dealers wishing to resell their exchange notes.

Use of Proceeds

We will not receive any proceeds from the exchange offers. In consideration for issuing exchange notes, we will receive in exchange the applicable original notes of like principal amount. The original notes surrendered in exchange for exchange notes will be retired and cancelled.

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Ratio of Earnings to Fixed Charges

The following are Exelon's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Nine Months Ended
	2014	2013	2012	2011	2010	September 30, 2015
Ratio of earnings to fixed charges	2.7x	2.6x	2.4x	4.9x	4.9x	4.4x

The ratio of earnings to fixed charges represents, on a pre-tax basis, the number of times earnings cover fixed charges. Earnings consist of pre-tax net income from continuing operations after adjustment for income from equity investees and capitalized interest or allowance for funds used during construction, to which has been added fixed charges. Fixed charges consist of interest costs and amortization of debt discount and premium on all indebtedness and estimated interest portion of all rental expense.

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Capitalization and Short-Term Borrowings

The following table shows Exelon's consolidated capitalization and short-term borrowings as of September 30, 2015 and as adjusted to reflect the consummation of the exchange offers, assuming that all of the original notes are exchanged for exchange notes. This table is qualified in its entirety by, and should be considered in conjunction with, the more detailed information incorporated by reference or provided in this prospectus.

	As of September 30, 2015	
(in millions)	Actual	As Adjusted (a)
Short-term borrowings	$ 675	$ 675
Long-term debt:		
Long-term debt, including long-term debt to financing trusts (b)	24,205	24,205
Original 2025 notes	807	—
Original 2035 notes	333	—
Original 2045 notes	741	—
Exchange 2025 notes offered hereby	—	807
Exchange 2035 notes offered hereby	—	333
Exchange 2045 notes offered hereby	—	741
Shareholders' equity	25,770	25,770
Total capitalization and short-term borrowings	$52,531	$ 52,531

(a) Assumes that all original notes will be tendered and exchanged for the exchange notes offered hereby, pursuant to the terms of the exchange offers.

(b) Includes approximately $897 million of long-term debt due within one year.

The Exchange Offers

Purpose of the Exchange Offers

When we completed the issuance of the original notes in connection with the private exchange offers on December 2, 2015, we entered into a registration rights agreement with respect to the original notes with the dealer managers of the private exchange offers. Under the registration rights agreement, we agreed to use our reasonable commercial efforts to file a registration statement with the SEC relating to the exchange offers within 120 days of the issuance of the original notes. We also agreed to use our reasonable commercial efforts to cause the registration statement to be declared effective under the Securities Act within 180 days of the issuance of the original notes (unless the registration statement is reviewed by the SEC, in which case within 240 days of the issuance of the original notes) and to consummate the exchange offers within 225 days of the issuance of the original notes (unless the registration statement is reviewed by the SEC, in which case within 285 days of the issuance of the original notes). The registration rights agreement provides that we will be required to pay additional interest to the holders of the original notes of the applicable series if we fail to comply with such filing, effectiveness and offer consummation requirements. See "—Registration Rights Agreement" below for more information on the additional interest we will owe if we do not complete the exchange offers within a specified timeline.

The exchange offers are not being made to holders of original notes in any jurisdiction where the exchange would not comply with the securities or blue sky laws of such jurisdiction. A copy of the registration rights agreement has been filed as an exhibit to the registration statement of which this prospectus forms a part, and is available from us upon request. See "Where You Can Find More Information."

Each broker-dealer that receives exchange notes for its own account in exchange for original notes, where such original notes were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes. See "Plan of Distribution."

Terms of the Exchange Offers

Upon the terms and subject to the conditions described in this prospectus and in the accompanying letter of transmittal, we will accept for exchange original notes that are properly tendered before 5:00 p.m., New York City time, on the expiration date and not validly withdrawn as permitted below. We will issue a like principal amount of exchange notes in exchange for the principal amount of the corresponding series of original notes tendered under the respective exchange offers. As used in this prospectus, the term "expiration date" means , 2016, which is the twentieth day of the offering period. However, if we have extended the period of time for which the exchange offers are open with respect to any series of original notes, the term "expiration date" means the latest date to which we extend the relevant exchange offer.

As of the date of this prospectus, $807,082,000 aggregate principal amount of the original 2025 notes is outstanding, $333,485,000 aggregate principal amount of the original 2035 notes is outstanding and $741,001,000 aggregate principal amount of the original 2045 notes is outstanding. The original notes of each series were issued under the Indenture. Our obligation to accept original notes of each series for exchange in the exchange offers is subject to the conditions described below under "—Conditions to the Exchange Offers." We reserve the right to extend the period of time during which any or all of the exchange offers is open. We may elect to extend the relevant exchange offer period if less than 100% of the original notes of the relevant series are tendered or if any condition to consummation of the relevant exchange offer has not been satisfied as of the expiration date and it is likely that such condition will be satisfied after such date. In addition, in the event of any material change in any or all of the exchange offers, we will extend the period of time during which the relevant exchange offer is open if necessary so that at least five business days remain in the relevant offering period following notice of the material change. In the event of such extension, and only in such event, we may delay

acceptance for exchange of any original notes of the relevant series by giving written notice of the extension to the holders of original notes of such series as described below. During any extension period, all original notes of such series previously tendered will remain subject to the exchange offers and may be accepted for exchange by us. Any original notes not accepted for exchange will be returned to the tendering holder promptly after the expiration or termination of the exchange offers.

Original notes of each series tendered in the exchange offers must be in denominations of $2,000 and any integral multiple of $1,000 in excess thereof. No dissenter's rights of appraisal exist with respect to the exchange offers.

We reserve the right to amend or terminate any or all of the exchange offers, and not to accept for exchange any original notes of the relevant series not previously accepted for exchange, upon the occurrence of any of the conditions of the relevant exchange offer specified below under "—Conditions to the Exchange Offers." We will give written notice of any extension, amendment, non-acceptance or termination to the holders of the original notes of the relevant series as promptly as practicable. Such notice, in the case of any extension, will be issued by means of a press release or other public announcement no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled expiration date for such series.

Our acceptance of the tender of original notes by a tendering holder will form a binding agreement upon the terms and subject to the conditions provided in this prospectus and the accompanying letter of transmittal.

Procedures for Tendering

Except as described below, a tendering holder must, at or prior to 5:00 p.m., New York City time, on the applicable expiration date:

- transmit a properly completed and duly executed letter of transmittal, including all other documents required by the letter of transmittal, to The Bank of New York Mellon Trust Company, N.A., as the exchange agent, at the address listed below under the heading "—Exchange Agent;" or
- if original notes are tendered in accordance with the book-entry procedures described below, the tendering holder must transmit an agent's message to the exchange agent at the address listed below under the heading "—Exchange Agent."

In addition:

- the exchange agent must receive, at or before 5:00 p.m., New York City time, on the applicable expiration date, certificates for the original notes, if any; or
- the exchange agent must receive a timely confirmation of book-entry transfer of the original notes into the exchange agent's account at DTC, the book-entry transfer facility.

The term "agent's message" means a message, transmitted to DTC and received by the exchange agent and forming a part of a book-entry transfer, that states that DTC has received an express acknowledgment that the tendering holder agrees to be bound by the letter of transmittal and that we may enforce the letter of transmittal against this holder.

The method of delivery of original notes, letters of transmittal and all other required documents is at your election and risk. If the delivery is by mail, we recommend that you use registered mail, properly insured, with return receipt requested. In all cases, you should allow sufficient time to assure timely delivery. You should not send letters of transmittal or original notes to anyone other than the exchange agent.

If you are a beneficial owner whose original notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee, and wish to tender, you should promptly instruct the registered holder to tender on your behalf. Any registered holder that is a participant in DTC's book-entry transfer facility system may make book-entry delivery of the original notes by causing DTC to transfer the original notes into the exchange agent's account.

Signatures on a letter of transmittal or a notice of withdrawal must be guaranteed unless the original notes surrendered for exchange are tendered:

- by a registered holder of the original notes that has not completed the box entitled "Special Issuance Instructions" or "Special Delivery Instructions" on the letter of transmittal; or
- for the account of an "eligible institution."

If signatures on a letter of transmittal or a notice of withdrawal are required to be guaranteed, the guarantees must be by an "eligible institution." An "eligible institution" is a financial institution, including most banks, savings and loan associations and brokerage houses, that is a participant in the Securities Transfer Agents Medallion Program, the New York Stock Exchange Medallion Signature Program or the Stock Exchanges Medallion Program.

We will reasonably determine all questions as to the validity, form and eligibility of original notes tendered for exchange and all questions concerning the timing of receipts and acceptance of tenders. These determinations will be final and binding.

We reserve the right to reject any particular original note not properly tendered, or any acceptance that might, in our judgment or our counsel's judgment, be unlawful. We also reserve the right to waive any defects or irregularities with respect to the form or procedures applicable to the tender of any particular original note prior to the expiration date. Unless waived, any defects or irregularities in connection with tenders of original notes must be cured prior to the applicable expiration dates of the exchange offers. Neither we, the exchange agent nor any other person will be under any duty to give notification of any defect or irregularity in any tender of original notes. Nor will we, the exchange agent or any other person incur any liability for failing to give notification of any defect or irregularity.

If the letter of transmittal is signed by a person other than the registered holder of original notes, the letter of transmittal must be accompanied by a certificate of the original notes endorsed by the registered holder or written instrument of transfer or exchange in satisfactory form, duly executed by the registered holder, in either case with the signature guaranteed by an eligible institution. In addition, in either case, the original endorsement or the instrument of transfer must be signed exactly as the name of any registered holder appears on the original notes.

If the letter of transmittal or any original notes or powers of attorney are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, these persons should so indicate when signing. Unless waived by us, proper evidence satisfactory to us of their authority to so act must be submitted.

By signing or agreeing to be bound by the letter of transmittal, each tendering holder of original notes will represent, among other things:

- that it is not an affiliate of ours;
- the exchange notes will be acquired in the ordinary course of its business;
- that it is not participating, does not intend to participate, and has no arrangement or understanding with anyone to participate, in the distribution (within the meaning of the Securities Act) of the exchange notes; and

- if such holder is a broker-dealer that will receive exchange notes for its own account in exchange for original notes that were acquired as a result of market-making activities or other trading activities, that it will deliver a prospectus (or to the extent permitted by law, make available a prospectus to purchasers) in connection with any resale of such exchange notes.

Each broker-dealer that receives exchange notes for its own account in exchange for original notes, where such original notes were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes. See “Plan of Distribution.”

Acceptance of Original Notes for Exchange; Delivery of Exchange Notes

Upon satisfaction of all of the conditions to an exchange offer, we will accept, promptly after the expiration date, all original notes of the relevant series properly tendered. We will issue the applicable exchange notes promptly after the expiration of the relevant exchange offer and acceptance of the corresponding original notes. See “—Conditions to the Exchange Offers” below. For purposes of the exchange offers, we will be deemed to have accepted properly tendered original notes for exchange when, as and if we have given written notice of such acceptance to the exchange agent.

For each original note accepted for exchange, the holder of the original note will receive an exchange note of the corresponding series having a principal amount equal to that of the surrendered original note. Each series of exchange notes will bear interest from (and including) the last interest payment date on which interest was paid on the original notes. Accordingly, if your original notes are accepted for exchange, you will receive interest on the corresponding series of exchange notes for the period commencing on (and including) the last interest payment date on which interest was paid on the original notes, and not on such original notes. Any original notes not tendered will remain outstanding and continue to accrue interest according to their terms.

In all cases, issuance of exchange notes for original notes will be made only after timely receipt by the exchange agent of:

- certificates for the original notes, or a timely book-entry confirmation of the original notes into the exchange agent’s account at the book-entry transfer facility;
- a properly completed and duly executed letter of transmittal or a transmitted agent’s message; and
- all other required documents.

Unaccepted or non-exchanged original notes will be returned without expense to the tendering holder of the original notes promptly after the expiration of the relevant exchange offer. In the case of original notes tendered by book-entry transfer in accordance with the book-entry procedures described below, the non-exchanged original notes will be returned or recredited promptly after the expiration of the relevant exchange offer.

Book-Entry Transfer

The exchange agent will make a request to establish an account for the original notes at DTC for purposes of the exchange offers within two business days after the date of this prospectus. Any financial institution that is a participant in DTC’s systems must make book-entry delivery of original notes by causing DTC to transfer those original notes into the exchange agent’s account at DTC in accordance with DTC’s procedure for transfer. This participant should transmit its acceptance to DTC at or prior to 5:00 p.m., New York City time, on the applicable expiration date. DTC will verify this acceptance, execute a book-entry transfer of the tendered original notes into the exchange agent’s account at DTC and then send to the exchange agent confirmation of this book-entry transfer. The confirmation of this book-entry transfer will include an agent’s message confirming that DTC has received an express acknowledgment from this participant that this participant has received and agrees to be

bound by the letter of transmittal and that we may enforce the letter of transmittal against this participant. Delivery of exchange notes issued in the exchange offers may be effected through book-entry transfer at DTC. However, the letter of transmittal or facsimile of it or an agent's message, with any required signature guarantees and any other required documents, must be transmitted to and received by the exchange agent at the address listed below under "—Exchange Agent" at or prior to 5:00 p.m., New York City time, on the applicable expiration date.

Exchanging Book-Entry Notes

The exchange agent and the book-entry transfer facility have confirmed that any financial institution that is a participant in the book-entry transfer facility may utilize the book-entry transfer facility's Automated Tender Offer Program ("ATOP") procedures to tender original notes. Any participant in the book-entry transfer facility may make book-entry delivery of original notes by causing the book-entry transfer facility to transfer such original notes into the exchange agent's account in accordance with the book-entry transfer facility's ATOP procedures for transfer. However, the exchange for the original notes so tendered will only be made after a book-entry confirmation of the book-entry transfer of original notes into the exchange agent's account, and timely receipt by the exchange agent of an agent's message and any other documents required by the letter of transmittal. The term "agent's message" means a message, transmitted by the book-entry transfer facility and received by the exchange agent and forming part of a book-entry confirmation, which states that the book-entry transfer facility has received an express acknowledgment from a participant tendering original notes that are the subject of such book-entry confirmation that such participant has received and agrees to be bound by the terms of the letter of transmittal, and that we may enforce such agreement against such participant.

Withdrawal Rights

For a withdrawal to be effective, the exchange agent must receive a written notice of withdrawal at the address or, in the case of eligible institutions, at the facsimile number, indicated below under "—Exchange Agent" before 5:00 p.m., New York City time, on the applicable expiration date. Any notice of withdrawal must:

- specify the name of the person, referred to as the depositor, having tendered the original notes to be withdrawn;
- identify the original notes to be withdrawn, including the relevant series, certificate number or numbers and principal amount of the original notes;
- in the case of original notes tendered by book-entry transfer, specify the number of the account at the book-entry transfer facility from which the original notes were tendered and specify the name and number of the account at the book-entry transfer facility to be credited with the withdrawn original notes and otherwise comply with the procedures of such facility;
- contain a statement that the holder is withdrawing his election to have the original notes exchanged;
- be signed by the holder in the same manner as the original signature on the letter of transmittal by which the original notes were tendered, including any required signature guarantees, or be accompanied by documents of transfer to have the Trustee with respect to the original notes register the transfer of the original notes in the name of the person withdrawing the tender; and
- specify the name in which the original notes are registered, if different from that of the depositor.

If certificates for original notes have been delivered or otherwise identified to the exchange agent, then, prior to the release of these certificates, the withdrawing holder must also submit the serial numbers of the particular certificates to be withdrawn and signed notice of withdrawal with signatures guaranteed by an eligible institution unless this holder is an eligible institution. We will determine all questions as to the validity, form and eligibility, including time of receipt, of notices of withdrawal. Any original notes so withdrawn will be deemed not to have been validly tendered for exchange. No exchange notes will be issued unless the original notes so

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withdrawn are validly re-tendered. Any original notes that have been tendered for exchange, but which are not exchanged for any reason, will be returned to the tendering holder without cost to the holder promptly after the expiration of the relevant exchange offer. In the case of original notes tendered by book-entry transfer, the original notes will be credited to an account maintained with the book-entry transfer facility for the original notes promptly after the expiration of the relevant exchange offer. Properly withdrawn original notes may be re-tendered by following the procedures described under " — Procedures for Tendering" above at any time on or before 5:00 p.m., New York City time, on the applicable expiration date.

Conditions to the Exchange Offers

Notwithstanding any other provision of the exchange offers, we shall not be required to accept for exchange, or to issue applicable exchange notes in exchange for, any original notes of the corresponding series, and may terminate or amend any of the exchange offers, if at any time prior to 5:00 p.m., New York City time, on the applicable expiration date any of the following events occurs:

- there is threatened, instituted or pending any action or proceeding before, or any injunction, order or decree issued by, any court or governmental agency or other governmental regulatory or administrative agency or commission that (i) might materially impair our ability to proceed with the applicable exchange offer; (ii) seeks to restrain or prohibit the making of the exchange offers; (iii) assesses or seeks any damages as a result thereof; of (iv) could result in a material delay in our ability to accept for exchange or exchange some or all of the original notes pursuant to the exchange offers; or
- the applicable exchange offer or the making of any exchange by a holder of original notes of the relevant series would violate applicable law or any applicable interpretation of the SEC staff.

These conditions are for our sole benefit and may be asserted by us with respect to all or any portion of the exchange offers regardless of the circumstances, including any action or inaction by us, giving rise to the condition or may be waived by us in whole or in part at any time or from time to time in our sole discretion. The failure by us at any time to exercise any of the foregoing rights will not be deemed a waiver of any right, and each right will be deemed an ongoing right that may be asserted at any time or from time to time. We reserve the right, notwithstanding the satisfaction of these conditions, to terminate or amend the exchange offers.

Any determination by us concerning the fulfillment or non-fulfillment of any conditions will be final and binding upon all parties.

In addition, we will not accept for exchange any original notes tendered, and no exchange notes will be issued in exchange for any original notes, if any stop order is threatened by the SEC or in effect relating to the registration statement of which this prospectus constitutes a part or the qualification of the Indenture under the Trust Indenture Act of 1939, as amended. We are required to make every reasonable effort to obtain the withdrawal of any order suspending the effectiveness of a registration statement at the earliest possible moment.

Exchange Agent

We have appointed The Bank of New York Mellon Trust Company, N.A. as the exchange agent for the exchange offers. You should direct all executed letters of transmittal to the exchange agent at the address indicated below. You should direct questions and requests for assistance, requests for additional copies of this prospectus or of the letter of transmittal to the exchange agent addressed as follows:

The Bank of New York Mellon Trust Company, N.A., as Exchange Agent c/o The Bank of New York Mellon Corporation
Corporate Trust Operations-Reorganization Unit
111 Sanders Creek Parkway
East Syracuse, NY 13057
Attn: Pamela Adamo
Tel: 315-414-3317
Fax: 732-667-9408

All other questions should be addressed to Exelon Corporation, Attn: Investor Relations 10 South Dearborn Street—52nd Floor, P.O. Box 805398, Chicago, IL 60680-5398. If you deliver the letter of transmittal to an address other than any address indicated above or transmit instructions via facsimile other than to any facsimile number indicated above, then your delivery or transmission will not constitute a valid delivery of the letter of transmittal.

Fees and Expenses

We will not make any payment to brokers, dealers or others soliciting acceptances of the exchange offers. We have agreed to pay all expenses incident to the exchange offers (including the expenses of one counsel for the holders of the original notes and the exchange notes) other than underwriting discounts and commissions and transfer taxes, if any, and will indemnify the holders of the original notes and the exchange notes (including any broker-dealers) against certain liabilities, including liabilities under the Securities Act. The cash expenses to be incurred in connection with the exchange offers, including out-of-pocket expenses for the exchange agent, will be paid by us.

Transfer Taxes

We will pay any transfer taxes in connection with the tender of original notes in the exchange offers unless you instruct us to register exchange notes in the name of, or request that original notes not tendered or not accepted in the exchange offers be returned to, a person other than the registered tendering holder. In those cases, you will be responsible for the payment of any applicable transfer taxes.

Consequences of Exchanging or Failing to Exchange the Original Notes

Holders of original notes that do not exchange their original notes for exchange notes under the exchange offers will remain subject to the restrictions on transfer of such original notes as set forth in the legend printed on the original notes as a consequence of the issuance of the original notes pursuant to exemptions from, or in transactions not subject to, the registration requirements of the Securities Act and applicable state securities laws. In general, you may not offer or sell the original notes unless they are registered under the Securities Act, or if the offer or sale is exempt from registration under the Securities Act and applicable state securities laws. Except as required by the registration rights agreement, we do not intend to register resales of either series of original notes under the Securities Act.

Under existing interpretations of the Securities Act by the SEC staff contained in several no-action letters to third parties, and subject to the immediately following sentence, we believe the exchange notes of each series would generally be freely transferable by holders after the exchange offers without further registration under the

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Securities Act, subject to certain representations required to be made by each holder of exchange notes, as set forth below. However, any holder of original notes that is one of our "affiliates" (as defined in Rule 405 under the Securities Act) or that intends to participate in the exchange offers for the purpose of distributing the exchange notes, or any broker-dealer that purchased any of the original notes from us for resale pursuant to Rule 144A or any other available exemption under the Securities Act:

- will not be able to rely on the interpretation of the SEC staff;
- will not be able to tender its original notes of either series in the exchange offer; and
- must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any sale or transfer of original notes unless such sale or transfer is made pursuant to an exemption from such requirements. See "Plan of Distribution."

We do not intend to seek our own interpretation regarding the exchange offers and there can be no assurance that the SEC staff would make a similar determination with respect to any or all series of exchange notes as it has in other interpretations to other parties, although we have no reason to believe otherwise.

Registration Rights Agreement

The following description is a summary of the material provisions of the registration rights agreement. It does not restate the registration rights agreement in its entirety. We urge you to read the registration rights agreement in its entirety because it, and not this description, defines your registration rights as holders of the original notes. A copy of the registration rights agreement has been filed as an exhibit to the registration statement of which this prospectus forms a part and is available from us upon request. See "Where You Can Find More Information."

On December 2, 2015, we and the dealer managers of the private exchange offers entered into a registration rights agreement with respect to the original notes. In the registration rights agreement, we agreed for the benefit of the holders of the original notes, to file a registration statement on an appropriate form under the Securities Act with respect to a proposed offer (each a "Registered Exchange Offer") to exchange the original notes for a corresponding series of exchange notes issued under the Indenture and identical in all material respects to such original notes (except that the exchange notes will not contain terms with respect to transfer restrictions or any increase in annual interest rate). We agreed to use our reasonable commercial efforts to make this filing within 120 days of the issuance of the original notes. We also agreed to use our reasonable commercial efforts to cause the registration statement to be declared effective under the Securities Act within 180 days of the issuance of the original notes (unless the registration statement is reviewed by the SEC, in which case within 240 days of the issuance of the original notes) and to consummate the exchange offers within 225 days of the issuance of the original notes (unless the registration statement is reviewed by the SEC, in which case within 285 days of the issuance of the original notes). Upon the effectiveness of this registration statement, we will offer exchange notes of each series in return for original notes of the corresponding series.

In the event that (i) we reasonably determine that changes in law, SEC rules or regulations or applicable interpretations of the SEC staff do not permit us to effect the Registered Exchange Offer; (ii) the Registered Exchange Offer is not consummated on or prior to the 225th day following the issuance of the original notes (unless the registration statement is reviewed by the SEC, in which case on or prior to the 285th day following the issuance of the original notes); or (iii) a holder notifies us within 20 business days following consummation of the Registered Exchange Offer that it is not permitted by applicable law, SEC rules or regulations or applicable interpretations of the SEC staff to participate in the Registered Exchange Offer, that it may not resell exchange notes with the prospectus contained in the registration statement or that it is a broker dealer and owns original notes acquired directly from us or one of our affiliates, then we will at our cost in lieu of effecting (or, in the case of such a request by a holder, in addition to effecting) the registration of the exchange notes pursuant to the registration statement (x) as promptly as practicable, file with the SEC a shelf registration statement (a "Shelf Registration Statement") to cover resales of the original notes; (y) use our reasonable commercial efforts to cause

the Shelf Registration Statement to be declared effective under the Securities Act not later than 225 days after the issuance of the original notes (unless the Shelf Registration Statement is reviewed by the SEC, in which case, not later than 285 days after the issuance of the original notes); and (z) use our reasonable commercial efforts to keep effective the Shelf Registration Statement until the earlier of one year after the issuance of the original notes (plus the number of days in any suspension period described below) and the date all of the original notes covered by the Shelf Registration Statement have been sold. We have the ability to suspend the availability of the Shelf Registration Statement for up to 45 consecutive days, but no more than an aggregate of 90 days during any consecutive 12-month period if we determine in our reasonable judgment, upon advice of counsel, that there is a valid purpose for such suspension under the registration rights agreement.

In the event that (i) we fail to file the registration statement with the SEC on or prior to the 120th day following the issuance of the original notes; (ii) the registration statement is not declared effective by the SEC on or prior to the 180th day following the issuance of the original notes (unless the registration statement is reviewed by the SEC, in which case on or prior to the 240th day following the issuance of the original notes); (iii) the Registered Exchange Offer is not consummated or the Shelf Registration Statement is not declared effective on or prior to the 225th day following the issuance of the original notes (unless the registration statement or the Shelf Registration Statement is reviewed by the SEC, in which case on or prior to the 285th day following the issuance of the original notes); or (iv) any required registration statement or Shelf Registration Statement relating to the original notes is filed and declared effective but shall thereafter either be withdrawn by us or becomes subject to an effective stop order suspending the effectiveness of such registration statement (except as specifically permitted in the registration rights agreement) without being succeeded within 30 days by an amendment thereto or an additional registration statement filed and declared effective (each of (i), (ii), (iii) and (iv) a “registration default”), then the interest rate borne by the applicable original notes will be increased by one-fourth of one percent (0.25%) per annum upon the occurrence of each registration default, which rate will increase by an additional one-fourth of one percent (0.25%) per annum if such registration default has not been cured within 90 days after the occurrence thereof and continuing until all registration defaults have been cured, provided that the aggregate amount of any such increase in the interest rate on the applicable original notes shall in no event exceed one-half of one percent (0.50%) per annum; and provided, further, that if the registration statement is not declared effective on or prior to the 180th day following the issuance of the original notes (unless the registration statement is reviewed by the SEC, in which case on or prior to the 240th day following the issuance of the original notes) and we shall request holders of original notes to provide the information called for by the registration rights agreement for including in the Shelf Registration Statement, then original notes owned by holders who do not deliver such information to us or who do not provide comments to us on the Shelf Registration Statement when required pursuant to the registration rights agreement will not be entitled to any such increase in the interest rate for any day after the 225th day following the issuance of the original notes (unless the registration statement or the Shelf Registration Statement is reviewed by the SEC, in which case for any day after the 285th day following the issuance of the original notes). All accrued interest will be paid to holders of original notes in the same manner and at the same time as regular payments of interest on the original notes. Following the cure of all registration defaults, the accrual of additional interest will cease and the interest rate will revert to the original rate.

Holders of the original notes will be required to make certain representations to us in order to participate in the Registered Exchange Offers and will be required to deliver certain information to be used in connection with the Shelf Registration Statement in order to have their original notes included in the Shelf Registration Statement and benefit from the provisions regarding additional interest set forth above. By including the original notes in the Shelf Registration Statement, a holder will be deemed to have agreed to indemnify us against certain losses arising out of information furnished by such holder in writing for inclusion in any shelf registration statement. Holders of original notes will also be required to suspend their use of the prospectus included in the Shelf Registration Statement under certain circumstances upon receipt of written notice to that effect from us.

This summary of the provisions of the registration rights agreement does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all the provisions of the registration rights agreement, a copy of which is available from us upon request.

Description of the Exchange Notes

The following description of the exchange notes is only a summary and is not intended to be comprehensive.

General

The original notes were issued and the exchange notes will be issued under the Indenture. Subject to the limitations described in this prospectus, we may issue additional notes under the Indenture with the same priority as the exchange notes offered hereby, including notes having the same series designation and terms (except for the issue date) as the exchange notes offered hereby, without the approval of the holders of any notes outstanding under the Indenture, including the holders of any series the exchange notes offered hereby.

The terms of the exchange notes will not necessarily afford you protection in the event of particular transactions or upon the occurrence of particular events that may adversely affect you, including a reorganization, recapitalization, restructuring, merger or other similar transactions involving us or our subsidiaries, whether or not in connection with a change of control. As a result, we could enter into such transactions even though the transaction could adversely affect our capital structure or credit ratings or otherwise adversely affect the holders of the exchange notes. The exchange notes will not contain any provisions that will require us to redeem, or permit the holders of the notes to cause a redemption or purchase of, the exchange notes upon the occurrence of any particular event, other than as described below under "—Special Mandatory Redemption." However, we may redeem some or all of the exchange notes at any time or from time to time prior to maturity, at our option, as described in this prospectus under "—Optional Redemption" below.

Interest Rate and Maturity

The exchange 2025 notes will pay interest at the fixed rate of 3.950% per annum, the exchange 2035 notes will pay interest at the fixed rate of 4.950% per annum and the exchange 2045 notes will pay interest at the fixed rate of 5.100% per annum. Interest on the exchange notes will be payable semi-annually on June 15 and December 15 of each year, beginning on June 15, 2016. The exchange 2025 notes will mature on June 15, 2025, the exchange 2035 notes will mature on June 15, 2035 and the exchange 2045 notes will mature on June 15, 2045.

Each series of exchange notes will bear interest from (and including) the last interest payment date on which interest was paid on the original notes. Accordingly, if your original notes are accepted for exchange, you will receive interest on the corresponding series of exchange notes for the period commencing on (and including) the last interest payment date on which interest was paid on the original notes, and not on such original notes. Interest will be computed on the basis of a 360-day year of twelve 30-day months. On each interest payment date, we will pay interest on each exchange note to the person in whose name the exchange note is registered at the close of business on the record date for such interest. The record date for each interest payment date in respect of the exchange notes will be the close of business on the Business Day immediately preceding the applicable interest payment date. If any interest payment date falls on a day that is not a Business Day, payment will be made on the next Business Day and no additional interest or other payment will be paid in respect of such delay. "Business Day" means any day that is not a Saturday, a Sunday or a day on which commercial banking institutions in New York City are generally authorized or required by law or executive order to be closed.

Ranking

The exchange notes will be our direct unsecured general obligations and will rank equally with all of our existing and future unsecured and unsubordinated debt, will be senior in right of payment to all of our existing and future subordinated debt and will be junior to any of our future secured debt to the extent of the value of the

collateral securing such secured debt. Because we are a holding company with no material assets other than our ownership interests in our subsidiaries and all of our operations are conducted by our subsidiaries, our debt is effectively subordinated to all existing and future debt, trade creditors, and other liabilities of our subsidiaries. Our rights, and hence the rights of our creditors, to participate in any distribution of assets of any subsidiary upon its liquidation or reorganization or otherwise would be subject to the prior claims of that subsidiary's creditors, except to the extent that our claims as a creditor of such subsidiary may be recognized. As of September 30, 2015, our subsidiaries had outstanding approximately $19.9 billion of long-term debt, including long-term debt to financing trusts and the portion of long-term debt due within one year. The Indenture does not restrict our or our subsidiaries' ability to incur additional indebtedness. In addition, the exchange notes will not be obligations of or guaranteed by any of our subsidiaries. The Indenture does not limit our ability to issue secured debt senior to the exchange notes or the amount of debt we or our subsidiaries may issue, whether secured or unsecured.

Please see "Capitalization and Short-Term Borrowings" in this prospectus for information with respect to the long-term debt and short-term borrowings of us and our subsidiaries as of September 30, 2015.

Form and Denomination

The exchange notes will be issued in registered form in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof.

The exchange notes will initially be issued in "book-entry only form," represented by a permanent global debt security registered in the name of DTC, including Clearstream and/or Euroclear, or its nominee. However, we reserve the right to issue exchange notes in certificated form registered in the name of the noteholders. For so long as the exchange notes are registered in the name of DTC or its nominee, we will pay the principal, premium, if any, and interest due on the exchange notes to DTC for payment to its participants for subsequent disbursement to the beneficial owners. For further information on DTC and its practices, see "Book-Entry System" below.

Special Mandatory Redemption

Upon the first to occur of either (i) June 30, 2016, if the Merger is not consummated on or prior to such date, provided that, if all conditions to closing the Merger have been satisfied by June 30, 2016 (other than those to be satisfied on the closing date thereof and the receipt of approvals from all applicable regulatory authorities) and, in our judgment, all conditions to closing the Merger are reasonably likely to be satisfied by August 31, 2016, then August 31, 2016, or (ii) the date on which the agreement relating to the Merger is terminated, we will be required to redeem the exchange notes, in whole, at a redemption price equal to 101% of the aggregate principal amount of such series of exchange notes, plus accrued and unpaid interest from and including the most recent date on which interest has been paid on the original notes or the exchange notes, as applicable, to but not including the date of the Special Mandatory Redemption. The merger agreement may be terminated by either Exelon or PHI if the closing of the Merger has not occurred on or before October 29, 2015. Exelon and PHI have each agreed not to exercise such right of termination, subject to satisfaction of certain regulatory conditions and benchmarks.

Within five Business Days after the occurrence of the Special Mandatory Redemption Trigger, we will give notice of the Special Mandatory Redemption to each holder of the exchange notes and to the Trustee, stating, among other matters prescribed in the Indenture, that a Special Mandatory Redemption Trigger has occurred and that all of such series of exchange notes will be redeemed on the redemption date set forth in such notice (which will be no earlier than three Business Days and no later than 30 days from the date such notice is given).

Upon the occurrence of the closing of the Merger, the foregoing provisions regarding the Special Mandatory Redemption will cease to apply.

Certain provisions of the Indenture relating to our obligation to redeem exchange notes in a Special Mandatory Redemption may not be waived or modified without the written consent of each holder of the exchange notes.

Optional Redemption

General

The Indenture will allow us to redeem the exchange notes, at our option, in whole, at any time prior to August 31, 2016, at a redemption price equal to 101% of the aggregate principal amount of such series of exchange notes, plus accrued and unpaid interest from and including the most recent date on which interest has been paid on the original notes or the exchange notes, as applicable, to but not including the date of redemption, if, in our judgment, our acquisition of PHI will not be consummated on or prior to August 31, 2016. We refer to such a redemption as a "Special Optional Redemption." If we exercise our Special Optional Redemption right, we will provide notice to each holder of the exchange notes and to the Trustee, stating, among other matters prescribed in the Indenture, the exercise of our Special Optional Redemption right and that all of such series of exchange notes will be redeemed on the redemption date set forth in such notice (which will be no earlier than three Business Days and no later than 30 days from the date such notice is given). Upon the occurrence of the closing of the Merger, the foregoing provisions regarding the Special Optional Redemption will cease to apply.

At our option, any or all of the exchange notes may be redeemed, in whole or in part, at any time prior to maturity.

If we elect to redeem the exchange 2025 notes at any time prior to March 15, 2025 (three months prior to the maturity date of the exchange 2025 notes), the exchange 2035 notes at any time prior to December 15, 2034 (six months prior to the maturity date of the exchange 2035 notes) or the exchange 2045 notes at any time prior to December 15, 2044 (six months prior to the maturity date of the exchange 2045 notes), we may redeem some or all of the exchange 2025 notes, the exchange 2035 notes and the exchange 2045 notes, respectively, in each case upon at least 15 days' and not more than 60 days' notice at a redemption price equal to the greater of:

- 100% of the principal amount of the exchange notes then outstanding to be redeemed; and
- the sum of the present values of the remaining scheduled payments of principal and interest on the exchange notes being redeemed (exclusive of interest accrued to the redemption date) to March 15, 2025, in the case of the exchange 2025 notes, to December 15, 2034, in the case of the exchange 2035 notes, and to December 15, 2044, in the case of the exchange 2045 notes, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 25 basis points in the case of the exchange 2025 notes, plus 30 basis points in the case of the exchange 2035 notes and plus 30 basis points in the case of the exchange 2045 notes, plus, in each case, accrued and unpaid interest on the principal amount being redeemed to but excluding the date of redemption.

If we elect to redeem the exchange 2025 notes at any time on or after March 15, 2025 (three months prior to the maturity date of exchange 2025 notes), the exchange 2035 notes at any time on or after December 15, 2034 (six months prior to the maturity date of the exchange 2035 notes) or the exchange 2045 notes at any time on or December 15, 2044 (six months prior to the maturity date of the exchange 2045 notes), we may redeem some or all of the exchange 2025 notes, the exchange 2035 notes and the exchange 2045 notes, respectively, in each case upon at least 15 days' and not more than 60 days' notice at a redemption price equal to 100% of the principal amount of the exchange notes then outstanding to be redeemed plus accrued and unpaid interest on the principal amount being redeemed to but excluding the redemption date.

Any optional redemption, other than the Special Optional Redemption, may be conditioned upon the consummation of one or more other transactions, including any debt or equity issuance by us or any of our subsidiaries. The Trustee shall not have responsibility for calculating any redemption price.

Certain Definitions

"Comparable Treasury Issue" means the United States Treasury security or securities selected by an Independent Investment Banker (as defined below) as having an actual or interpolated maturity comparable to the remaining term of the exchange notes being redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a comparable maturity to the remaining term of the exchange notes.

"Comparable Treasury Price" means, with respect to any redemption date, the average of the Reference Treasury Dealer Quotations (as defined below) for such redemption date.

"Independent Investment Banker" means one of the Reference Treasury Dealers (as defined below) appointed by us.

"Reference Treasury Dealer" means (1) any of Barclays Capital, Inc., Goldman, Sachs & Co. or their respective affiliates and (2) one other primary U.S. Government securities dealer in the United States of America (each, a "Primary Treasury Dealer") selected by us; provided, however, that if any of the foregoing shall cease to be a Primary Treasury Dealer, or is unwilling or unable to serve in such role, we shall substitute therefor another Primary Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by us, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to us at 3:30 p.m., New York City time, on the third Business Day preceding such redemption date.

"Treasury Rate" means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to actual or interpolated maturity (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

Events of Default

An "Event of Default" with respect to a series of debt securities issued under the Indenture means any of the following:

- we fail to pay the principal of (or premium, if any, on) any debt security of that series when due and payable;
- we fail to pay any interest on any debt security of that series for 30 days after such is due;
- we fail to observe or perform any other covenants or agreements set forth in the debt securities of that series, or in the Indenture in regard to such debt securities, continuously for 90 days after notice (which must be sent either by the Trustee or holders of at least 33% of the principal amount of the affected series);
- our failure to pay principal at maturity or acceleration following a default in an aggregate amount of $100 million or more with respect to any Indebtedness (as defined below) of Exelon Corporation (not including Indebtedness of our subsidiaries), or the acceleration of any of our Indebtedness aggregating $100 million or more which default is not cured, waived or postponed pursuant to an agreement with the holders of the Indebtedness within 30 days after written notice as provided in the Indenture, or the acceleration is not rescinded or annulled within 30 days after written notice as provided in the Indenture; or
- we file for bankruptcy or certain other events of bankruptcy, insolvency or reorganization occur.

As used in the immediately preceding paragraph, "Indebtedness" means all obligations for borrowed money.

An Event of Default for a particular series of debt securities does not necessarily mean that an Event of Default has occurred for any other series of debt securities issued under the Indenture. If an Event of Default has occurred and has not been cured, the Trustee or the holders of not less than 33% of the principal amount of the debt securities of the affected series may declare the entire principal of the debt securities of such series due and payable immediately. Subject to certain conditions, if we deposit with the Trustee enough money to remedy the default and there is no default continuing, this acceleration of payment may be rescinded by the holders of at least a majority in aggregate principal amount of the debt securities of such series.

The Trustee must, within 90 days after a default occurs, notify the holders of the debt securities of the series of the default if we have not remedied it (default is defined to include the events specified above without the grace periods or notice). The Trustee may withhold notice to the holders of such debt securities of any default (except in the payment of principal or interest) if it in good faith considers such withholding in the interest of the holders. We are required to file an annual certificate with the Trustee, signed by an officer, stating any default by us under any provisions of the Indenture.

Prior to any declaration of acceleration of maturity, the holders holding a majority of the principal amount of the debt securities of the particular series affected, on behalf of the holders of all debt securities of that series, may waive any past default or Event of Default. We cannot, however, obtain a waiver of a payment default.

Other than the duty to act with the required standard of care during an event of default, the Trustee is not required to take any action under the Indenture at the request of any holders unless such holders offer the Trustee reasonable indemnity. Subject to the provisions for indemnification and certain other limitations, the holders of a majority in principal amount of the debt securities of any series may direct the time, method and place of conducting any proceedings for any remedy available to the Trustee with respect to such debt securities.

In order to bypass the Trustee and take steps to enforce your rights or protect your interests relating to the debt securities, the following must occur:

- you must give the Trustee written notice that an Event of Default has occurred and remains uncured;
- the holders of 33% of the principal amount of all outstanding debt securities of the relevant series must make a written request that the Trustee take action because of the default, and must offer reasonable indemnity to the Trustee against the cost and other liabilities of taking that action; and
- the Trustee must have not taken action for 60 days after receipt of the above notice and offer of indemnity.

However, you are entitled at any time to bring a lawsuit for the payment of money due on your debt security on or after its due date.

“Street name” and other indirect holders should consult their banks or brokers for information on how to give notice or direction to, or make a request of, the Trustee and to make or cancel a declaration of acceleration.

Supplemental Indentures

There are three types of changes we can make to the Indenture and the debt securities issued thereunder, including the exchange notes.

Changes Requiring Each Holder’s Approval

The following changes require the approval of each holder of debt securities of the series affected then outstanding:

- extending the fixed maturity of any debt security;
- reducing the interest rate or extending the time of payment of interest;

- reducing any premium payable upon redemption;
- reducing the principal amount;
- reducing the amount of principal payable upon acceleration of the maturity of a discounted debt security following default;
- changing the currency of payment on a debt security;
- reducing the percentage of securityholders whose consent is required to modify or amend the Indenture; or
- changing provisions relating to the Special Mandatory Redemption.

Changes Not Requiring Holder Approval

Changes not requiring holder approval are limited to those changes specified in the Indenture, including those which are of an administrative nature or are changes that would not adversely affect holders of the debt securities.

Changes Requiring a Majority of all Holders to Approve

A vote in favor by securityholders owning a majority of the principal amount of the debt securities of a particular series of affected debt securities is required for any other matter listed in the Indenture.

Consolidation, Merger or Sale

We may not merge or consolidate with any person (as defined in the Indenture) or sell substantially all of our assets as an entirety unless:

- we are the continuing corporation or the successor person is organized under the laws of the United States or a state or is organized under the laws of a foreign jurisdiction and consents to the jurisdiction of the courts of the United States or a state and expressly assumes the payment of principal, and premium, if any, and interest on the debt securities and the performance and observance of all the covenants and conditions of the Indenture binding on us; and
- we, or the successor person, is not immediately after the merger, consolidation or sale in default in the performance of a covenant or condition in the Indenture binding on us.

Discharge, Defeasance and Covenant Defeasance

We may discharge certain obligations to holders of the exchange notes of a series that have not already been delivered to the Trustee for cancellation and that either have become due and payable or will become due and payable within one year (or scheduled for redemption within one year) by irrevocably depositing with the Trustee, in trust, funds in U.S. dollars in an amount sufficient to pay the entire indebtedness including, but not limited to, the principal and premium, if any, and interest to the date of such deposit (if the debt securities have become due and payable) or to the maturity thereof or the redemption date of the debt securities of that series, as the case may be. We may direct the Trustee to invest such funds in U.S. Treasury securities with a maturity of one year or less or in a money market fund that invests solely in short-term U.S. Treasury securities.

The Indenture provides that we may elect either (1) to defease and be discharged from any and all obligations with respect to the exchange notes of a series (except for, among other things, obligations to maintain an office or agency with respect to the debt securities and to hold moneys for payment in trust) (“legal defeasance”) or (2) to be released from our obligations to comply with the restrictive covenants under the Indenture, and any omission to comply with such obligations will not constitute a default or an event of default

with respect to the exchange notes of a series and such related clause under "—Events of Default" will no longer be applied ("covenant defeasance"). Legal defeasance or covenant defeasance, as the case may be, will be conditioned upon, among other things, the irrevocable deposit by us with the Trustee, in trust, of an amount in U.S. dollars, or U.S. government obligations, or both, applicable to the debt securities of that series which through the scheduled payment of principal and interest in accordance with their terms will provide money in an amount sufficient to pay the principal or premium, if any, and interest on the exchange notes on the scheduled due dates therefor.

If we effect covenant defeasance with respect to the exchange notes of any series, the amount in U.S. dollars, or U.S. government obligations, or both, on deposit with the Trustee will be sufficient, in the opinion of a nationally recognized firm of independent accountants, to pay amounts due on the exchange notes of that series at the time of the stated maturity but may not be sufficient to pay amounts due on the exchange notes of that series at the time of the acceleration resulting from such event of default. However, we would remain liable to make payment of such amounts due at the time of acceleration.

We will be required to deliver to the Trustee an opinion of counsel that the deposit and related defeasance will not cause the holders and beneficial owners of the exchange notes of that series to recognize income, gain or loss for federal income tax purposes. If we elect legal defeasance, that opinion of counsel must be based upon a ruling from the U.S. Internal Revenue Service or a change in law to that effect.

We may exercise our legal defeasance option notwithstanding our prior exercise of our covenant defeasance option.

Open Market Purchases

We may acquire the exchange notes by means other than a redemption, whether by tender offer, open market purchases, negotiated transactions or otherwise, in accordance with applicable securities laws, so long as such acquisition does not otherwise violate the terms of the Indenture.

Governing Law

The Indenture and the exchange notes will be governed by the laws of the State of New York.

Concerning the Trustee

We and our affiliates use or may use some of the banking services of the Trustee in the normal course of business.

Book-Entry System

We will issue the exchange notes in the form of one or more global notes in fully registered form initially in the name of Cede & Co., as nominee of DTC, or such other name as may be requested by an authorized representative of DTC. The global notes will be deposited with DTC and may not be transferred except as a whole by DTC to a nominee of DTC or by a nominee of DTC to DTC or another nominee of DTC or by DTC or any nominee to a successor of DTC or a nominee of such successor.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds and provides asset servicing for U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments that DTC's participants (direct participants) deposit with DTC. DTC also facilitates the post-

trade settlement among direct participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between direct participants' accounts. This eliminates the need for physical movement of securities certificates. Direct participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly (indirect participants). The rules applicable to DTC and its direct and indirect participants are on file with the SEC. More information about DTC can be found at www.dtcc.com. We do not intend this internet address to be an active link or to otherwise incorporate the content of the website into this prospectus.

Clearstream advises that it is incorporated under the laws of Luxembourg as a bank. Clearstream holds securities for its customers and facilitates the clearance and settlement of securities transactions between its customers through electronic book-entry transfers between their accounts. Clearstream provides to its customers among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream interfaces with domestic securities markets in over 30 countries through established depository and custodial relationships. As a bank, Clearstream is subject to regulation by the Luxembourg Commission for the Supervision of the Financial Sector, also known as the *Commission de Surveillance du Secteur Financier* . Its customers are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Its customers in the United States are limited to securities brokers and dealers and banks. Indirect access to Clearstream is also available to other institutions such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with the customer.

Euroclear advises that it was created in 1968 to hold securities for its participants and to clear and settle transactions between Euroclear participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Euroclear provides various other services, including securities lending and borrowing and interfaces with domestic markets in several countries. Euroclear is operated by Euroclear Bank S.A./N.V. Euroclear Clearance establishes policy for Euroclear on behalf of Euroclear participants. Euroclear participants include banks, including central banks, securities brokers and dealers and other professional financial intermediaries and may include the Initial purchasers. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear participant, either directly or indirectly. Securities clearance accounts and cash accounts with the Euroclear operator are governed by the terms and conditions governing use of Euroclear and the related operating procedures of Euroclear. These terms and conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear operator acts under the terms and conditions only on behalf of Euroclear participants and has no record of or relationship with persons holding through Euroclear participants.

Euroclear further advises that investors that acquire, hold and transfer interests in the exchange notes by book-entry through accounts with the Euroclear operator or any other securities intermediary are subject to the laws and contractual provisions governing their relationship with their intermediary, as well as the laws and contractual provisions governing the relationship between such an intermediary and each other intermediary, if any, standing between themselves and the global securities.

Purchases of exchange notes under the DTC system must be made by or through direct participants, which will receive a credit for the exchange notes in DTC's records. The ownership interest of each actual purchaser of

exchange notes is in turn to be recorded on the direct and indirect participants' records. Beneficial owners of the exchange notes will not receive written confirmation from DTC of their purchase, but beneficial owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the direct or indirect participant through which the beneficial owner entered into the transaction. Transfers of ownership interests in the exchange notes are to be accomplished by entries made on the books of direct and indirect participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates representing their ownership interests in the exchange notes, except in the event that use of the book-entry system for the exchange notes is discontinued.

To facilitate subsequent transfers, all exchange notes deposited by direct participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of exchange notes with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the exchange notes; DTC's records reflect only the identity of the direct participants to whose accounts such exchange notes are credited, which may or may not be the beneficial owners. The direct and indirect participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants, and by direct participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. The laws of some jurisdictions may require that certain persons take physical delivery in definitive form of securities which they own. Consequently, those persons may be prohibited from purchasing beneficial interests in the global notes from any beneficial owner or otherwise.

Redemption notices shall be sent to DTC. If less than all of the notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each direct participant in such issue to be redeemed.

So long as DTC's nominee is the registered owner of the global notes, such nominee for all purposes will be considered the sole owner or holder of the exchange notes for all purposes under the Indenture. Except as provided below, beneficial owners will not be entitled to have any of the exchange notes registered in their names, will not receive or be entitled to receive physical delivery of the exchange notes in definitive form and will not be considered the owners or holders thereof under the Indenture.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the exchange notes. Under its usual procedures, DTC mails an omnibus proxy to the issuer as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those direct participants to whose accounts the exchange notes are credited on the record date (identified in a listing attached to the omnibus proxy).

All payments on the global notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit direct participants' accounts upon DTC's receipt of funds and corresponding detail information from trustees or issuers on payment dates in accordance with their respective holdings shown on DTC's records. Payments by participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such participant and not of DTC, the Trustee or us, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) shall be the responsibility of the Trustee or us, disbursement of such payments to direct participants shall be the responsibility of DTC, and disbursement of such payments to the beneficial owners shall be the responsibility of direct and indirect participants.

DTC may discontinue providing its service as securities depositary with respect to the exchange notes at any time by giving reasonable notice to us or the Trustee. In addition, we may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depositary). In the event that a successor securities depositary is not obtained under the above circumstances, or, alternatively, if an event of default with respect to the exchange notes has occurred and is outstanding, note certificates in fully registered form are required to be printed and delivered to beneficial owners of the global notes representing such exchange notes.

Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC's rules and will be settled in immediately available funds using DTC's same-day funds settlement system. Secondary market trading between Clearstream customers and/or Euroclear participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream and Euroclear and will be settled using the procedures applicable to conventional Eurobonds in immediately available funds.

Cross market transfers between persons holding directly or indirectly through DTC on the one hand, and directly or indirectly through Clearstream customers or Euroclear participants, on the other, will be effected in DTC in accordance with DTC's rules on behalf of the relevant European international clearing system by its U.S. depositary; however, such cross market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in such system in accordance with its rules and procedures and within its established deadlines, in European time. The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to its U.S. depository to take action to effect final settlement on its behalf by delivering interests in the exchange notes to or receiving interests in the exchange notes from DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Clearstream customers and Euroclear participants may not deliver instructions directly to their respective U.S. depositaries.

Because of time-zone differences, credits of interests in the exchange notes received by Clearstream or Euroclear as a result of a transaction with a DTC participant will be made during subsequent securities settlement processing and dated the Business Day following the DTC settlement date. Such credits or any transactions involving interests in such exchange notes settled during such processing will be reported to the relevant Clearstream customers or Euroclear participants on such Business Day. Cash received by Clearstream or Euroclear as a result of sales of interests in the exchange notes by or through a Clearstream customer or a Euroclear participant to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Clearstream or Euroclear cash account only as of the Business Day following settlement in DTC.

The information in this section has been obtained from sources that we believe to be reliable, but we take no responsibility for its accuracy.

Neither we, the Trustee nor the dealer managers will have any responsibility or obligation to direct participants, or the persons for whom they act as nominees, with respect to the accuracy of the records of DTC, its nominee or any direct participant with respect to any ownership interest in the exchange notes, or payments to, or the providing of notice to direct participants or beneficial owners.

Material United States Federal Income Tax Considerations

The following is a summary of certain U.S. federal income tax consequences of the exchange offers to beneficial holders whose unregistered original notes are tendered and accepted in the exchange offer, including the acquisition, ownership, and disposition of registered exchange notes acquired pursuant to the exchange offer. This summary is general in nature and does not discuss all aspects of U.S. federal income taxation that may be relevant to a particular holder in light of the holder's particular circumstances or to certain types of holders subject to special treatment under U.S. federal income tax laws (such as banks and thrifts, insurance companies, tax-exempt organizations, regulated investment companies, real estate investment trusts, trusts and estates, partnerships or other pass-through entities, or investors in such pass-through entities, persons holding original notes or exchange notes as part of a hedging, integrated, conversion or constructive sale transaction or a straddle, financial institutions, brokers, dealers in securities or currencies, traders in securities that elect to use a mark-to-market method of tax accounting for their securities holdings, government agencies or instrumentalities, persons that acquire original notes or exchange notes in connection with employment or other performance of services, U.S. Holders (as defined below) that have a functional currency other than the U.S. dollar, controlled foreign corporations, passive foreign investment companies, and U.S. expatriates). In addition, the discussion does not consider the effect of any alternative minimum taxes or foreign, state, local or other tax laws, or any U.S. tax considerations (such as estate or gift tax laws) other than certain U.S. federal income tax considerations that may be applicable to particular holders. Further, this summary assumes that holders hold their original notes and exchange notes as "capital assets" (generally, property held for investment) within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the "Code"). This summary does not address the tax consequences to any shareholder, beneficiary or other owner of a holder of original notes or exchange notes.

This summary is based on the Code and the U.S. Treasury regulations, rulings, administrative pronouncements, and judicial decisions thereunder as of the date hereof, all of which are subject to differing interpretations and may be changed, perhaps retroactively, resulting in U.S. federal income tax consequences different from those discussed in this summary. We have not obtained, nor do we intend to obtain, a ruling from the U.S. Internal Revenue Service (the "IRS") with respect to the statements made and the conclusions reached in the following summary, and there can be no assurance that the IRS will not challenge any of the conclusions set forth herein.

If a partnership (including an entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds original notes or exchange notes, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. Holders that are partnerships holding original notes or exchange notes (and partners in such partnerships) are urged to consult their tax advisors with respect to the U.S. federal income tax consequences of the exchange offers and the acquisition, ownership, and disposition of exchange notes acquired pursuant thereto.

As used in this summary, a "U.S. Holder" means a beneficial owner of original notes or exchange notes that is, for U.S. federal income tax purposes:

- an individual citizen or resident of the United States,
- a corporation, including any entity treated as a corporation for U.S. federal income tax purposes, created or organized in, or under the laws of, the United States, any state thereof, or the District of Columbia,
- an estate the income of which is subject to U.S. federal income taxation regardless of its source, or
- a trust, if (i) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (ii) it has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person.

As used herein, a "Non-U.S. Holder" means a beneficial owner of original notes or exchange notes that is, for U.S. federal income tax purposes, an individual, corporation, estate or trust that is not a U.S. Holder.

EACH HOLDER OF ORIGINAL NOTES IS URGED TO CONSULT ITS TAX ADVISOR REGARDING THE POTENTIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE EXCHANGE OF THE ORIGINAL NOTES AND THE ACQUISITION, OWNERSHIP AND DISPOSITION OF EXCHANGE NOTES IF SUCH HOLDER TENDERS ORIGINAL NOTES IN THE EXCHANGE OFFER, INCLUDING THE EXTENT TO WHICH SUCH HOLDER'S INDIVIDUAL CIRCUMSTANCES MAY AFFECT THE GENERAL RESULTS OUTLINED HEREIN, AS WELL AS THE CONSEQUENCES OF THE TAX LAWS OF ANY NON-U.S. OR U.S. STATE OR LOCAL TAXING JURISDICTION OR TAX TREATY.

Effect of Certain Contingencies

In certain circumstances (see, e.g., "Description of the Exchange Notes—Optional Redemption" and "Description of the Exchange Notes—Special Mandatory Redemption"), we may be obligated to pay amounts in excess of stated interest or principal on the exchange notes. Our obligation to pay such excess amounts may implicate the provisions of the Treasury regulations relating to "contingent payment debt instruments," in which case the timing and amount of income inclusions and the character of income recognized may be different from the consequences described herein. Under these regulations, however, one or more contingencies will not cause a debt instrument to be treated as a contingent payment debt instrument if, as of the issue date, such contingencies in the aggregate are considered "remote" or "incidental."

We believe and intend to take the position that the foregoing contingencies should be treated as remote and/or incidental. Our position is binding on a holder, unless the holder discloses in the proper manner to the IRS that it is taking a different position. However, this determination is inherently factual and we can provide no assurance that our position would be sustained if challenged by the IRS. A successful challenge of this position by the IRS could adversely affect the timing and amount of a holder's income and could cause any gain from the sale or other disposition of an exchange note to be treated as ordinary income, rather than capital gain. Holders are urged to consult their own tax advisors regarding the potential application to the exchange notes of the contingent payment debt instrument regulations and the consequences thereof. The remainder of this summary assumes that the exchange notes will not be considered contingent payment debt instruments.

Tax Consequences to U.S. Holders

Tax Consequences to U.S. Holders Who Do Not Participate in the Exchange Offer

We believe that the exchange offers (described under "Description of the Exchange Offer") will not be taxable events to a U.S. Holder for U.S. federal income tax purposes if such holder does not exchange any original notes in the exchange offer. Such holder will have the same adjusted tax basis and accrued market discount (if any) in, and holding period for the original notes held by such holder as such holder had immediately prior to the exchange. A U.S. Holder who does not elect to participate in the exchange should consult its own tax advisor regarding the consequences of not participating in the exchange.

Tax Consequences to U.S. Holders Who Participate in the Exchange Offer

The exchange of an original note for an exchange note pursuant to the exchange offers will not constitute a taxable exchange for U.S. federal income tax purposes. Consequently, a U.S. Holder will not recognize any gain or loss upon the receipt of an exchange note pursuant to the exchange offer. The holding period for an exchange note will include the holding period of the original note exchanged pursuant to the exchange offer, and the initial tax basis in an exchange note will be the same as the adjusted tax basis in the original note as of the time of the exchange. The U.S. federal income tax consequences of holding and disposing of an exchange note received pursuant to the exchange offers generally will be the same as the U.S. federal income tax consequences of holding and disposing of an original note.

Ownership of the Exchange Notes by U.S. Holders

Stated Interest of the Exchange Notes . Interest on an exchange note will generally be taxable to a U.S. Holder as ordinary interest income at the time it accrues or is received in accordance with the U.S. Holder's regular method of accounting for U.S. federal income tax purposes.

Amortizable Bond Premium . If a U.S. Holder purchased original notes after their original issuance date for an amount that is greater than the sum of all remaining payments on the notes other than stated interest, such U.S. Holder will have an initial tax basis in the notes in excess of the stated principal amount of the notes and will be treated as having purchased the notes with "amortizable bond premium" in an amount equal to such excess. Amortizable bond premium on original notes should carry over to the exchange notes received in exchange therefor. A U.S. Holder may elect to amortize this premium using a constant yield method over the term of the notes and generally may offset interest in respect of the notes otherwise required to be included in income by the amortized amount of the premium for the taxable year. A U.S. Holder that elects to amortize bond premium may reduce its tax basis in its notes by the amount of the premium amortized in any taxable year. An election to amortize bond premium is binding once made and applies to all notes held by the U.S. Holder at the beginning of the first taxable year to which this election applies and to all bonds thereafter acquired. U.S. Holders are urged to consult their own tax advisors concerning the computation and amortization of any bond premium on their exchange notes.

Market Discount . If a U.S. Holder purchased original notes after their original issuance date for an amount that is less than their stated principal amount, such Holder will be treated as having purchased the notes with "market discount" unless the discount is less than a specified *de minimis* amount. Market discount on original notes should carry over to the exchange notes received in exchange therefor. Under the market discount rules, a U.S. Holder generally will be required to treat any gain realized on the sale, exchange, retirement or other disposition of an exchange note as ordinary income to the extent of any accrued market discount that has not previously been included in income. For this purpose, market discount will be considered to accrue ratably during the period from the date of the U.S. Holder's acquisition of the note to the maturity date of the note, unless the U.S. Holder made an election to accrue market discount on a constant yield basis. Accrued market discount on original notes that has not previously been included in income by a U.S. Holder should carry over to the exchange notes received in exchange therefor. A U.S. Holder may be required to defer the deduction of all or a portion of the interest paid or accrued on any indebtedness incurred or maintained to purchase or carry a note with market discount until the maturity date or certain earlier dispositions. A U.S. Holder may elect to include market discount in income currently as it accrues on either a ratable or a constant yield basis, in which case the rules described above regarding (1) the treatment as ordinary income of gain upon the disposition of the note and (2) the deferral of interest deductions will not apply. Currently included market discount is generally treated as ordinary interest income for U.S. federal income tax purposes. An election to include market discount in income as it accrues will apply to all debt instruments with market discount acquired by the U.S. Holder on or after the first day of the taxable year to which the election applies and may be revoked only with the consent of the IRS. U.S. Holders are urged to consult their own tax advisors before making this election.

Sale, Exchange or other Taxable Disposition of the Exchange Notes . Upon the disposition of exchange notes by sale, exchange, retirement, redemption or other taxable disposition, a U.S. Holder will recognize taxable gain or loss equal to the difference between (i) the amount realized on the disposition (other than any amounts attributable to accrued but unpaid cash interest, which will be taxed as ordinary interest income to the extent not previously so taxed) and (ii) the U.S. Holder's adjusted tax basis in the exchange notes immediately before the disposition. A U.S. Holder's adjusted tax basis generally will be equal to the U.S. Holder's initial tax basis in the exchange notes, increased by any market discount and decreased by any bond premium amortized by such holder with respect to the exchange notes. Except to the extent of any accrued market discount on the exchange notes (or carried over from the original notes) as described above under "—Market Discount," with respect to which any gain will be treated as ordinary income, a U.S. Holder's gain or loss will generally constitute capital gain or loss and will be long-term capital gain or loss if the U.S. Holder has held such note for longer than one year. Certain non-corporate U.S. Holders are generally subject to a reduced federal income tax rate on net long-term capital gains. The deductibility of capital losses is subject to certain limitations.

Information Reporting and Backup Withholding.

In general, we must report certain information to the IRS with respect to payments of stated interest and payments of the proceeds of the sale or other taxable disposition (including a retirement or redemption) of a note to certain U.S. Holders, except in the case of an exempt recipient (such as a corporation). The payor (which may be us or an intermediate payor) will be required to impose backup withholding tax, currently at a rate of 28 percent, with respect to the foregoing amounts if (1) the payee fails to furnish a taxpayer identification number ("TIN") to the payor or to establish an exemption from backup withholding, (2) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (3) there has been a notified payee underreporting described in Section 3406(c) of the Code or (4) the payee has not certified under penalties of perjury that it has furnished a correct TIN, that it is a United States person and that the IRS has not notified the payee that it is subject to backup withholding under the Code.

Backup withholding tax is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a U.S. Holder will be allowed as a credit against the U.S. Holder's United States federal income tax liability, if any, and may entitle the U.S. Holder to a refund, provided that the required information is timely furnished to the IRS. U.S. Holders should consult their own tax advisors regarding the effect, if any, of the backup withholding rules on their particular circumstances.

Net Investment Income.

An additional 3.8% tax will be imposed on certain U.S. Holders who are individuals, trusts, or estates (other than certain exempt trusts or estates) on the lesser of (1) the U.S. Holder's "net investment income" (or undistributed net investment income in the case of an estate or trust) for the relevant taxable year and (2) the excess of the U.S. Holder's modified adjusted gross income (or adjusted gross income in the case of an estate or trust) for the taxable year over a certain threshold. A U.S. Holder's net investment income will generally include its interest income and its net gains from the disposition of notes, unless such interest income or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). U.S. Holders that are individuals, estates or trusts, should consult their tax advisors regarding the applicability of the net investment income tax to income and gains in respect of their investment in the notes.

Tax Consequences to Non-U.S. Holders

Tax Consequences to Non-U.S. Holders Who Do Not Participate in the Exchange Offer

We believe that the exchange offers will not result in a taxable event to a Non-U.S. Holder for U.S. federal income tax purposes if such holder does not exchange any original notes in the exchange offers (described under "Description of the Exchange Offer"). A Non-U.S. Holder who does not elect to participate in the exchange offers should consult its own tax advisor regarding the consequences of not participating in the exchange offers.

Tax Consequences to Non-U.S. Holders Who Participate in the Exchange Offer

A Non-U.S. Holder will generally not be subject to tax on any gain recognized on the exchange of original notes for exchange notes except to the extent described below under "—Ownership of the Exchange Notes by Non-U.S. Holders—Sale, Exchange or Other Taxable Disposition of the Exchange Notes," treating the reference therein to the exchange notes as a reference to the original notes. Amounts attributable to accrued but unpaid interest on the original notes will be treated as ordinary interest income and will generally be subject to the rules described below under "—Ownership of the Exchange Notes by Non-U.S. Holders—Stated Interest of the Exchange Notes," treating the references therein to interest as references to accrued but unpaid interest and the references therein to exchange notes as references to the original notes. Non-U.S. Holders should consult their own tax advisors on the treatment of accrued but unpaid interest on the original notes.

Ownership of the Exchange Notes by Non-U.S. Holders

Stated Interest of the Exchange Notes . Subject to the discussions of backup withholding and FATCA below, interest income of a Non-U.S. Holder that is not effectively connected with a U.S. trade or business carried on by the Non-U.S. Holder will qualify for the "portfolio interest exemption" and, therefore, will not be subject to U.S. federal income tax or withholding, provided that:

- the Non-U.S. Holder does not own, actually or constructively, 10% or more of the total combined voting power of all classes of our stock entitled to vote within the meaning of Section 871(h)(3) of the Code and Treasury regulations thereunder;
- the Non-U.S. Holder is not a controlled foreign corporation related to us, actually or constructively through the stock ownership rules under Section 864(d)(4) of the Code;
- the Non-U.S. Holder is not a bank that is receiving the interest on an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business; and
- the beneficial owner gives us or our paying agent an appropriate IRS Form W-8 (or a suitable substitute or successor form or such other form as the IRS may prescribe) that has been properly completed and duly executed establishing its status as a Non-U.S. Holder.

If not all of these conditions are met, interest on the exchange notes paid to a Non-U.S. Holder that is not effectively connected with a U.S. trade or business (and not attributable to a permanent establishment maintained in the U.S. under an applicable income tax treaty) carried on by the Non-U.S. Holder will generally be subject to federal income tax and withholding at a 30% rate, unless an applicable income tax treaty reduces or eliminates such tax and the Non-U.S. Holder claims the benefit of that treaty by providing an appropriate IRS Form W-8 (or a suitable substitute or successor form or such other form as the IRS may prescribe) that has been properly completed and duly executed.

If interest on the exchange notes is effectively connected with a U.S. trade or business carried on by the Non-U.S. Holder ("ECI"), the Non-U.S. Holder will be required to pay U.S. federal income tax on that interest on a net income basis generally in the same manner as a U.S. Holder (and the 30% withholding tax described above will not apply, provided the appropriate statement is provided to the applicable withholding agent) unless an applicable income tax treaty provides otherwise. If a Non-U.S. Holder is eligible for the benefits of any income tax treaty between the United States and its country of residence, any interest income that is ECI will be subject to U.S. federal income tax in the manner specified by the treaty if the Non-U.S. Holder claims the benefit of the treaty by providing an appropriate IRS Form W-8 (or a suitable substitute or successor form or such other form as the IRS may prescribe) that has been properly completed and duly executed). In addition, a corporate Non-U.S. Holder may, under certain circumstances, be subject to an additional "branch profits tax" at a 30% rate, or, if applicable, a lower treaty rate, on its effectively connected earnings and profits attributable to such interest (subject to adjustments).

Sale, Exchange or Other Taxable Disposition of the Exchange Notes . Subject to the discussion below on FATCA (as defined below), a Non-U.S. Holder will generally not be subject to U.S. federal income tax on any gain realized on a sale, exchange, retirement, redemption or other taxable disposition of exchange notes (other than any amount representing accrued but unpaid interest on the exchange note, which is subject to the rules discussed above under "— Ownership of the Exchange Notes by Non-U.S. Holders — Stated Interest of the Exchange Notes") unless:

- the gain is effectively connected with the conduct of a trade or business within the U.S. by the Non-U.S. Holder, or
- in the case of a Non-U.S. Holder who is a nonresident alien individual, such holder is present in the United States for 183 or more days in the taxable year and certain other requirements are met.

If a Non-U.S. Holder falls under the first of these exceptions, unless an applicable income tax treaty provides otherwise, the Non-U.S. Holder will be taxed on the net gain derived from the disposition of the exchange notes under the graduated U.S. federal income tax rates that are applicable to U.S. Holders and, if the Non-U.S. Holder is a foreign corporation, it may also be subject to the branch profits tax described above (unless a treaty reduces or eliminates such tax).

If an individual Non-U.S. Holder falls under the second of these exceptions, the Non-U.S. Holder generally will be subject to U.S. federal income tax at a rate of 30% (unless a lower applicable treaty rate applies) on the amount by which all capital gains allocable to sources within the United States, including any gain derived from the taxable disposition of the exchange notes, exceeds such Non-U.S. Holder's capital losses allocable to sources within the United States for the taxable year of the sale.

Information Reporting and Backup Withholding

The amount of interest on an exchange note paid to a Non-U.S. Holder and the amount of tax, if any, withheld from such payment generally must be reported annually to the Non-U.S. Holder and to the IRS. The IRS may make this information available under the provisions of an applicable income tax treaty (or information exchange agreement) to the tax authorities in the country in which the Non-U.S. Holder is resident.

Provided that a Non-U.S. Holder has complied with certain reporting procedures (usually satisfied by providing an applicable properly completed IRS Form W-8BEN or IRS Form W-8BEN-E) or otherwise establishes an exemption, the Non-U.S. Holder generally will not be subject to backup withholding tax with respect to interest payments on, and the proceeds from a disposition of, an exchange note, unless we or our paying agent know or have reason to know that the holder is a U.S. person. Rules relating to information reporting requirements and backup withholding with respect to the payment of proceeds from the taxable disposition (including a redemption or retirement) of an exchange note are as follows:

If the proceeds are paid to or through the United States office of a broker, a Non-U.S. Holder generally will be subject to backup withholding and information reporting unless the Non-U.S. Holder certifies under penalties of perjury that it is not a U.S. person (usually on an IRS Form W-8BEN or W-8BEN-E) or otherwise establishes an exemption.

If the proceeds are paid to or through a non-U.S. office of a broker that is not a U.S. person and does not have certain specified U.S. connections (a "U.S. Related Person"), a Non-U.S. Holder will not be subject to backup withholding or information reporting.

If the proceeds are paid to or through a non-U.S. office of a broker that is a U.S. person or a U.S. Related Person, a Non-U.S. Holder generally will be subject to information reporting (but generally not backup withholding) unless the Non-U.S. Holder certifies under penalties of perjury that it is not a U.S. person (usually on an IRS Form W-8BEN or W-8BEN-E) or otherwise establishes an exemption.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will be allowed as a credit against the Non-U.S. Holder's U.S. federal income tax liability, if any, and may entitle the Non-U.S. Holder to a refund, provided that the required information is timely furnished to the IRS. Non-U.S. Holders should consult their own tax advisors regarding the application of the backup withholding rules in their particular circumstances and the availability of, and procedure for, obtaining an exemption from backup withholding under current Treasury regulations.

Foreign Account Tax Compliance

The Hiring Incentives to Restore Employment Act and the final Treasury regulations and official IRS guidance associated with such provisions (such provisions, regulations and guidance commonly known as

"FATCA") generally impose a U.S. federal withholding tax of 30% on interest (including original issue discount, if any) income paid on a debt obligation and on the gross proceeds of a sale or other disposition (including a retirement or redemption) of a debt obligation paid to (1) a foreign financial institution (as the beneficial owner or as an intermediary for the beneficial owner), unless such institution (a) enters into, and is in compliance with, a withholding and information reporting agreement with the U.S. government to collect and provide to the U.S. tax authorities substantial information regarding U.S. account holders of such institution (which would include certain equity and debt holders of such institution, as well as certain account holders that are foreign entities with U.S. owners) or (b) is a resident in a country that has entered into an intergovernmental agreement with the United States in relation to such withholding and information reporting and the financial institution complies with the related information reporting requirements of such country or (2) a foreign entity that is not a financial institution (as the beneficial owner or as an intermediary for the beneficial owner), unless such entity provides the withholding agent with a certification identifying the substantial United States owners of the entity, which generally includes any U.S. person who directly or indirectly owns more than 10% of the entity, or certifies that it does not have any substantial U.S. owners.

Withholding under FATCA generally will apply to payments of interest (including original issue discount, if any, and any amounts attributable to accrued but unpaid interest on the original notes) on an exchange note regardless of when the payments are made. However, under the applicable Treasury Regulations, withholding under FATCA generally will only apply to payments of gross proceeds from the sale or other disposition of an exchange note on or after January 1, 2019. An intergovernmental agreement between the United States and the applicable non-U.S. country, or future Treasury regulations or other official IRS guidance, may modify these requirements. Holders should consult with their own tax advisors regarding the implications of FATCA on their investment in our exchange notes.

Plan of Distribution

Based on existing interpretations of the Securities Act by the SEC staff set forth in several no-action letters to third parties, and subject to the immediately following sentence, we believe exchange notes issued under the exchange offers in exchange for original notes may be offered for resale, resold and otherwise transferred by the holders thereof (other than holders that are broker-dealers) without further compliance with the registration and prospectus delivery provisions of the Securities Act. However, any holder of original notes that is an affiliate of ours or that intends to participate in the exchange offers for the purpose of distributing the exchange notes, or any broker-dealer that purchased any of the original notes from us for resale pursuant to Rule 144A or any other available exemption under the Securities Act, (i) will not be able to rely on the interpretations of the SEC staff set forth in the above-mentioned no-action letters, (ii) will not be entitled to tender its original notes in the exchange offers, and (iii) must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any sale or transfer of the original notes unless such sale or transfer is made pursuant to an exemption from such requirements.

Each broker-dealer that receives exchange notes for its own account pursuant to the exchange offers must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of exchange notes received in exchange for original notes where such original notes were acquired as a result of market-making activities or other trading activities. We have agreed that, for a period of 180 days after the expiration date, we will make this prospectus, as amended or supplemented, available to any broker-dealer for use in connection with any such resale.

We will not receive any proceeds from any sale of exchange notes by broker-dealers. Exchange notes received by broker-dealers for their own account pursuant to the exchange offers may be sold from time to time in one or more transactions in the over-the-counter market, in negotiated transactions, through the writing of options on the exchange notes or a combination of such methods of resale, at market prices prevailing at the time of resale, at prices related to such prevailing market prices or negotiated prices. Any such resale may be made directly to purchasers or to or through brokers or dealers that may receive compensation in the form of commissions or concessions from any such broker-dealer or the purchasers of any such exchange notes. Any broker-dealer that resells exchange notes that were received by it for its own account pursuant to the exchange offers and any broker or dealer that participates in a distribution of such exchange notes may be deemed to be an “underwriter” within the meaning of the Securities Act and any profit on any such resale of exchange notes and any commission or concessions received by any such persons may be deemed to be underwriting compensation under the Securities Act. The letter of transmittal states that, by acknowledging that it will deliver and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an “underwriter” within the meaning of the Securities Act.

For a period of 180 days after the expiration date we will promptly send additional copies of this prospectus and any amendment or supplement to this prospectus to any broker-dealer that requests such documents in the letter of transmittal. We have agreed to pay all expenses incident to the exchange offers (including the expenses of one counsel for the holders of the original notes and the exchange notes) other than underwriting discounts and commissions and transfer taxes, if any, and will indemnify the holders of the original notes and the exchange notes (including any broker-dealers) against certain liabilities, including liabilities under the Securities Act.

Notwithstanding the foregoing, we may suspend the use of this prospectus by broker-dealers under specified circumstances. For example, we may suspend the use of this prospectus if:

- the SEC or any state securities authority requests an amendment or supplement to this prospectus or the related registration statement or requests additional information;
- the SEC or any state securities authority issues any stop order suspending the effectiveness of the registration statement or initiates proceedings for that purpose;

- we receive notification of the suspension of the qualification of the exchange notes for sale in any jurisdiction or the initiation or threatening of any proceeding for that purpose;
- the suspension is required by law;
- we determine that the continued effectiveness of the registration statement of which this prospectus forms a part and use of this prospectus would require disclosure of confidential information related to a material acquisition or divestiture of assets or a material corporate transaction, event or development; or
- an event occurs or we discover any fact that makes any statement made in the registration statement of which this prospectus forms a part untrue in any material respect or that requires the making of any changes in such registration statement in order to make the statements therein not misleading.

We will not receive any proceeds from the issuance of the exchange notes in the exchange offers.

Validity of the Exchange Notes

Kirkland & Ellis LLP will opine for us on whether the exchange notes are valid and binding obligations of Exelon and will rely on the opinion of Ballard Spahr LLP with respect to certain matters under the laws of the Commonwealth of Pennsylvania.

Experts

The financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) incorporated in this prospectus by reference to the Annual Report on Form 10-K for the year ended December 31, 2014 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

S1-SSA-0009 - 27418

Exelon Corporation

Offer to Exchange
$807,082,000 aggregate principal amount of outstanding 3.950% Notes due 2025
(CUSIP Nos. 30161N AM3 and U3002L AA0)
for
$807,082,000 aggregate principal amount of newly issued 3.950% Notes due 2025 that will be issued in a transaction registered under the Securities Act
(CUSIP No. 30161N AN1)
and
$333,485,000 aggregate principal amount of outstanding 4.950% Notes due 2035
(CUSIP Nos. 30161N AP6 and U3002L AB8)
for
$333,485,000 aggregate principal amount of newly issued 4.950% Notes due 2035 that will be issued in a transaction registered under the Securities Act
(CUSIP No. 30161N AQ4)
and
$741,001,000 aggregate principal amount of outstanding 5.100% Notes due 2045
(CUSIP Nos. 30161N AR2 and U3002L AC6)
for
$741,001,000 aggregate principal amount of newly issued 5.100% Notes due 2045 that will be issued in a transaction registered under the Securities Act
(CUSIP No. 30161N AS0)

PROSPECTUS

, 2016

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 20. Indemnification of Directors and Officers.

Chapter 17, Subchapter D of the Pennsylvania Business Corporation Law of 1988, as amended (the "PBCL"), contains provisions permitting indemnification of officers and directors of a business corporation incorporated in Pennsylvania. Sections 1741 and 1742 of the PBCL provide that a business corporation may indemnify directors and officers against liabilities and expenses he or she may incur in connection with a threatened, pending or completed civil, administrative or investigative proceeding by reason of the fact that he or she is or was a representative of the corporation or was serving at the request of the corporation as a representative of another enterprise, provided that the particular person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the corporation, and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful. In general, the power to indemnify under these sections does not exist in the case of actions against a director or officer by or in the right of the corporation if the person otherwise entitled to indemnification shall have been adjudged to be liable to the corporation, unless it is judicially determined that, despite the adjudication of liability but in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnification for the expenses the court deems proper. Section 1743 of the PBCL provides that the corporation is required to indemnify directors and officers against expenses they may incur in defending these actions if they are successful on the merits or otherwise in the defense of such actions.

Section 1746 of the PBCL provides that indemnification under the other sections of Subchapter D is not exclusive of other rights that a person seeking indemnification may have under any by-law, agreement, vote of shareholders or disinterested directors or otherwise, whether or not the corporation would have the power to indemnify the person under any other provision of law. However, Section 1746 prohibits indemnification in circumstances where the act or failure to act giving rise to the claim for indemnification is determined by a court to have constituted willful misconduct or recklessness.

Section 1747 of the PBCL permits a corporation to purchase and maintain insurance on behalf of any person who is or was a director or officer of the corporation, or is or was serving at the request of the corporation as a representative of another enterprise, against any liability asserted against such person and incurred by him or her in that capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify the person against such liability under Subchapter D.

Exelon's Bylaws provide that it is obligated to indemnify directors and officers and other persons designated by the board of directors against any liability, including any damage, judgment, amount paid in settlement, fine, penalty, cost or expense (including, without limitation, attorneys' fees and disbursements) including in connection with any proceeding. Exelon's Bylaws provide that no indemnification shall be made where the act or failure to act giving rise to the claim for indemnification is determined by arbitration or otherwise to have constituted willful misconduct or recklessness or attributable to receipt from Exelon of a personal benefit to which the recipient is not legally entitled.

As permitted by PBCL Section 1713, Exelon's Bylaws provide that directors generally will not be liable for monetary damages in any action, whether brought by shareholders directly or in the right of Exelon or by third parties, unless they fail in the good faith performance of their duties as fiduciaries (the standard of care established by the PBCL), and such failure constitutes self-dealing, willful misconduct or recklessness.

Exelon has entered into indemnification agreements with each of its directors. Exelon also currently maintains liability insurance for its directors and officers. In addition, the directors, officers and employees of Exelon are insured under policies of insurance, within the limits and subject to the limitations of the policies, against claims made against them for acts in the discharge of their duties, and Exelon is insured to the extent that it is required or permitted by law to indemnify the directors, officers and employees for such loss. The premiums for such insurance are paid by Exelon.

Item 21. Exhibits.

The "Exhibit Index" on page II-6 is hereby incorporated by reference.

Item 22. Undertakings.

The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement: (i) to include any prospectus required by Section 10(a)(3) of the Securities Act of 1933, as amended (the "Securities Act"); (ii) to reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement (notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement); and (iii) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser, if the registrant is subject to Rule 430C, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness; provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

(5) That, for the purpose of determining liability of the registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities, the undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

(6) That, for purposes of determining any liability under the Securities Act, each filing of the registrant's annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934, as amended) that is incorporated by reference in this registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(7) That prior to any public reoffering of the securities registered hereunder through use of a prospectus which is a part of this registration statement, by any person or party who is deemed to be an underwriter within the meaning of Rule 145(c), the registrant undertakes that such reoffering prospectus will contain the information called for by the applicable registration form with respect to reofferings by persons who may be deemed underwriters, in addition to the information called for by the other items of the applicable form.

(8) That every prospectus (i) that is filed pursuant to paragraph (7) above, or (ii) that purports to meet the requirements of Section 10(a)(3) of the Securities Act and is used in connection with an offering of securities subject to Rule 415, will be filed as a part of an amendment to this registration statement and will not be used until such amendment has become effective, and that for the purpose of determining liabilities under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(9) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer, or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

(10) To respond to requests for information that is incorporated by reference into the prospectus pursuant to Items 4, 10(b), 11 or 13 of this form, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request.

(11) To supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in this registration statement when it became effective.

SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Chicago, State of Illinois, on January 29, 2016.

EXELON CORPORATION

By: /s/ Jonathan W. Thayer

Jonathan W. Thayer
Senior Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints Christopher M. Crane or Jonathan W. Thayer, and each or any one of them, his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, severally, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments (including, without limitation, post-effective amendments) to this registration statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the SEC, and hereby grants to such attorneys-in-fact and agents, and each or any one of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Christopher M. Crane		January 29, 2016
Christopher M. Crane	President and Chief Executive Officer and Director (Principal Executive Officer)	
/s/ Duane M. DesParte		January 29, 2016
Duane M. DesParte	Senior Vice President and Corporate Controller (Principal Accounting Officer)	
/s/ Mayo A. Shattuck III		January 29, 2016
Mayo A. Shattuck III	Director and Chairman	
/s/ Anthony K. Anderson		January 29, 2016
Anthony K. Anderson	Director	

/s/ Ann C. Berzin		January 29, 2016
Ann C. Berzin	Director	
/s/ John A. Canning, Jr.		January 29, 2016
John A. Canning, Jr.	Director	
/s/ Yves C. deBalmann		January 29, 2016
Yves C. deBalmann	Director	
/s/ Nicholas DeBenedictis		January 29, 2016
Nicholas DeBenedictis	Director	
/s/ Linda Jojo		January 29, 2016
Linda Jojo	Director	
/s/ Paul L. Joskow		January 29, 2016
Paul L. Joskow	Director	
/s/ Robert J. Lawless		January 29, 2016
Robert J. Lawless	Director	
/s/ John W. Rogers, Jr.		January 29, 2016
John W. Rogers, Jr.	Director	

INDEX TO EXHIBITS

Exhibit No.	Description
3.1	Amended and Restated Articles of Incorporation of Exelon Corporation, as amended May 8, 2007 (incorporated herein by reference to Exhibit 3-1-2 to Exelon Corporation's Form 10-Q for the quarter ended September 30, 2008, filed on October 24, 2008)
3.2	Exelon Corporation Amended and Restated Bylaws, effective as of March 12, 2012 (incorporated herein by reference to Exhibit 3-1 to Exelon Corporation's Current Report on Form 8-K, filed on March 14, 2012)
4.1	Indenture, dated as of June 11, 2015, among Exelon Corporation and The Bank of New York Mellon Trust Company, National Association, as trustee (incorporated herein by reference to Exhibit 4.1 to Exelon Corporation's Current Report on Form 8-K, filed on June 11, 2015)
4.2	First Supplemental Indenture, dated as of June 11, 2015, among Exelon Corporation and The Bank of New York Mellon Trust Company, National Association, as trustee (incorporated herein by reference to Exhibit 4.2 to Exelon Corporation's Current Report on Form 8-K, filed on June 11, 2015)
4.3	Second Supplemental Indenture, dated as of December 2, 2015, among Exelon Corporation and The Bank of New York Mellon Trust Company, National Association, as trustee (incorporated herein by reference to Exhibit 4.1 to Exelon Corporation's Current Report on Form 8-K, filed on December 2, 2015)
4.4	Registration Rights Agreement, dated as of December 2, 2015, among Exelon Corporation, Barclays Capital Inc. and Goldman, Sachs & Co. (incorporated herein by reference to Exhibit 1.1 to Exelon Corporation's Current Report on Form 8-K, filed on December 2, 2015)
5.1*	Opinion of Kirkland & Ellis LLP
5.2*	Opinion of Ballard Spahr LLP
12.1*	Exelon Corporation Computation of Ratio of Earnings to Fixed Charges
21.1	Subsidiaries of Exelon Corporation (incorporated herein by reference to Exhibit 21 to Exelon Corporation's Annual Report on Form 10-K for the year ended December 31, 2014, filed on February 13, 2015)
23.1	Consent of Kirkland & Ellis LLP (included in Exhibit 5.1)
23.2	Consent of Ballard Spahr LLP (included in Exhibit 5.2)
23.3*	Consent of PricewaterhouseCoopers LLP
24.1	Powers of Attorney (included on signature pages hereof)
25.1*	Statement of Eligibility on Form T-1 under the Trust Indenture Act of 1939, as amended, of The Bank of New York Mellon Trust Company, National Association
99.1*	Form of Letter of Transmittal
99.2*	Form of Notice of Guaranteed Delivery
99.3*	Form of Letter to DTC Participants
99.4*	Form of Letter to Clients

* Filed herewith

S1-SSA-0009 - 27425

Exhibit 5.1

KIRKLAND & ELLIS LLP
AND AFFILIATED PARTNERSHIPS

601 Lexington Avenue
New York, New York 10022

(212) 446-4800

Facsimile:
(212) 446-4900

www.kirkland.com

January 29, 2016

Exelon Corporation
10 South Dearborn Street
P.O. Box 805379
Chicago, Illinois 60680-5379

Re: Registration Statement on Form S-4

Ladies and Gentlemen:

We are issuing this opinion letter in our capacity as special legal counsel to Exelon Corporation, a Pennsylvania corporation (the " Issuer "), in connection with the proposed registration by the Issuer of (i) $807,082,000 aggregate principal amount of 3.950% Notes due 2025 (the " Exchange 2025 Notes "), (ii) $333,485,000 aggregate principal amount of 4.950% Notes due 2035 (the " Exchange 2035 Notes ") and (iii) $741,001,000 aggregate principal amount of 5.100% Notes due 2045 (the " Exchange 2045 Notes " and, together with the Exchange 2025 Notes and the Exchange 2035 Notes, the " Exchange Notes ") pursuant to a Registration Statement on Form S-4 filed with the Securities and Exchange Commission (the " Commission ") under the Securities Act of 1933, as amended (the " Securities Act "). Such Registration Statement, as amended or supplemented, is hereinafter referred to as the "Registration Statement." The Exchange Notes are to be issued pursuant to the Indenture dated as of June 11, 2015 (the " Base Indenture "), by and between the Issuer and The Bank of New York Mellon Trust Company, National Association, as trustee (the " Trustee "), as amended and supplemented by the first supplemental indenture dated as of June 11, 2015, by and between the Issuer and the Trustee, and the second supplemental indenture dated as of December 2, 2015, by and between the Issuer and the Trustee (together with the Base Indenture, the " Indenture "). The Exchange Notes are to be issued in exchange for and in replacement of (i) the Issuer's 3.950% Notes due 2025 (the " Original 2025 Notes "), of which $807,082,000 in aggregate principal amount is outstanding, (ii) the Issuer's 4.950% Notes due 2035 (the " Original 2035 Notes "), of which $333,485,000 in aggregate principal amount is outstanding, and (iii) the Issuer's 5.100% Notes due 2045 (the " Original 2045 Notes " and, together with the Original 2025 Notes and the Original 2035 Notes, the " Original Notes "), of which $741,001,000 in aggregate principal amount is outstanding.

In that connection, we have examined originals, or copies certified or otherwise identified to our satisfaction, of such documents, corporate records and other instruments as we have deemed necessary for the purposes of this opinion, including (i) the articles of incorporation and bylaws of the Issuer, (ii) minutes and records of the corporate proceedings of the Issuer with respect to the issuance of the Exchange Notes, (iii) the Indenture, (iv) the Registration Statement and (v) forms of the Exchange Notes.

For purposes of this opinion, we have assumed the authenticity of all documents submitted to us as originals, the conformity to the originals of all documents submitted to us as copies and the

authenticity of the originals of all documents submitted to us as copies. We have also assumed the genuineness of the signatures of persons signing all documents in connection with which this opinion is rendered, the authority of such persons signing on behalf of the parties thereto other than the Issuer, and the due authorization, execution and delivery of all documents by the parties thereto other than the Issuer. As to any facts material to the opinions expressed herein that we have not independently established or verified, we have relied upon statements and representations of officers and other representatives of the Issuer.

Our opinion expressed below is subject to the qualifications that we express no opinion as to the applicability of, compliance with, or effect of (i) any bankruptcy, insolvency, reorganization, fraudulent transfer, fraudulent conveyance, moratorium or other similar law affecting the enforcement of creditors' rights generally, (ii) general principals of equity (regardless of whether enforcement is considered in a proceeding in equity or at law) and (iii) public policy considerations that may limit the rights of parties to obtain certain remedies.

Based upon and subject to the foregoing qualifications, assumptions and limitations and the further limitations set forth below, we are of the opinion that when (i) the Registration Statement becomes effective and (ii) the Exchange Notes have been duly authorized, executed and authenticated in accordance with the provisions of the Indenture and duly delivered to holders of the Original Notes in exchange for the Original Notes, the Exchange Notes will be validly issued under the Indenture and binding obligations of the Issuer.

We hereby consent to the filing of this opinion as Exhibit 5.1 to the Registration Statement. We also further consent to the reference to our firm under the heading "Validity of the Exchange Notes" in the prospectus, which is a part of the Registration Statement. In giving this consent, we do not thereby admit that we are in the category of persons whose consent is required under Section 7 of the Securities Act or the rules and regulations of the Commission.

Our advice on every legal issue addressed in this letter is based exclusively on the internal law of the State of New York. Insofar as the foregoing opinions involve matters governed by the laws of the Commonwealth of Pennsylvania, we have relied, without independent inquiry or investigation, on the opinion of Ballard Spahr LLP, filed with the Registration Statement on the date hereof.

This opinion is limited to the specific issues addressed herein, and no opinion may be inferred or implied beyond that expressly stated herein. This opinion speaks only as of the date hereof and we assume no obligation to revise or supplement this opinion.

We have also assumed that the execution and delivery of the Indenture and the Exchange Notes and the performance by the Issuer of its obligations thereunder do not and will not violate, conflict with or constitute a default under any agreement or instrument to which any registrant is bound, except those agreements and instruments that have been identified by the Issuer as being material to it and that have been filed as exhibits to the Registration Statement.

This opinion is furnished to you in connection with the filing of the Registration Statement and in accordance with the requirements of Item 601(b)(5) of Regulation S-K promulgated under the Securities Act, and is not to be used, circulated, quoted or otherwise relied upon for any other purposes.

Yours very truly,

/s/ Kirkland & Ellis LLP

KIRKLAND & ELLIS LLP

Exhibit 5.2

Ballard Spahr LLP

1735 Market Street, 51st Floor
Philadelphia, PA 19103-7599
TEL 215.665.8500
FAX 215.864.8999
www.ballardspahr.com

January 29, 2016

Exelon Corporation
10 South Dearborn Street
P.O. Box 805379
Chicago, Illinois 60680-5379

Re: Registration of Exchange Notes

Ladies and Gentlemen:

We have acted as Pennsylvania counsel to Exelon Corporation, a Pennsylvania corporation ("Exelon") in connection with the Registration Statement on Form S-4 (the "Registration Statement), filed by Exelon with the Securities and Exchange Commission ("SEC") under the Securities Act of 1933, as amended (the "Securities Act"). The Registration Statement relates to the registration under the Securities Act of Exelon's $807,082,000 aggregate principal amount of 3.950% Notes due 2025, $333,485,000 aggregate principal amount of 4.950% Notes due 2035 and $741,001,000 aggregate principal amount of 5.100% Notes due 2045 (collectively, the "Exchange Notes"). Capitalized terms not otherwise defined herein shall have the meaning given in the Registration Statement.

We have examined originals or copies, certified or otherwise identified to our satisfaction, of (i) the Registration Statement and all exhibits thereto, (ii) Exelon's Articles of Incorporation, as amended, and (iii) the Exelon's By-laws, as amended. We have also examined such corporate records and other agreements, documents and instruments, and such certificates or comparable documents of public officials and officers and representatives of Exelon, and have made such inquiries of such officers and representatives and have considered such matters of law as we have deemed appropriate as the basis for the opinions hereafter set forth.

In rendering the opinion expressed below, we have assumed the genuineness of all signatures, the legal capacity of natural persons, the authenticity of all documents submitted to us as originals, the conformity to originals of all documents submitted to us as certified, photostatic or conformed copies, the authenticity of originals of all such latter documents, and the accuracy and completeness of all records, information and statements submitted to us by officers and representatives of Exelon. In making our examination of documents executed by parties other than Exelon, we have assumed that such parties had the power, corporate or other, to enter into and perform all obligations thereunder and have also assumed the due authorization of all requisite action, corporate or other, and execution and delivery by such parties of such documents and the validity and binding effect thereof with respect to such parties.

On the basis of the foregoing, we are of the opinion that:

1. Exelon is a corporation duly incorporated and validly subsisting under the laws of the Commonwealth of Pennsylvania and duly authorized to exercise all the powers recited in its Articles of Incorporation, and to transact business in the Commonwealth of Pennsylvania and to own its properties (all as described in the Registration Statement) and to perform its obligations under the Exchange Notes and the Indenture.

2. Exelon has duly authorized, executed and delivered the Indenture and has duly authorized the issuance of the Exchange Notes.

We express no opinion as to the law of any jurisdiction other than the laws of the Commonwealth of Pennsylvania.

We consent to the filing of this opinion as an Exhibit 5 to the Registration Statement and to the reference to this firm under the heading "Validity of the Exchange Notes" in the Registration Statement. In giving this consent, we do not admit that we are within the category of persons whose consent is required by Section 7 of the Securities Act or the rules and regulations of the SEC promulgated thereunder.

We hereby consent to reliance on this opinion letter and the opinions provided herein by Kirkland & Ellis LLP in connection with the legal opinion provided by that law firm that is included as an exhibit to the Registration Statement.

This opinion is not to be used, circulated, quoted, referred to or relied upon by any other person or for any other purpose without our prior written consent. This opinion is limited to the matters expressly stated herein. No implied opinion may be inferred to extend this opinion beyond the matters expressly stated herein. We do not undertake to advise you or anyone else of any changes in the opinion expressed herein resulting from changes in law, changes in facts or any other matters that hereafter might occur or be brought to our attention.

Very truly yours,

/s/ Ballard Spahr LLP

Exhibit 12.1

Exelon Corporation
Ratio of Earnings to Fixed Charges

($ millions)	Year Ended December 31, 2010	2011	2012	2013	2014	Nine Months Ended September 30, 2015
Pre-tax income from continuing operations	4,221	3,952	1,798	2,773	2,486	2,767
Plus: Loss from equity investees	—	1	91	(10)	20	(3)
Less: Capitalized interest	(43)	(57)	(75)	(67)	(79)	(72)
Pre-tax income from continuing operations after adjustment for income or loss from equity investees and capitalized interest	4,178	3,896	1,814	2,696	2,427	2,692
Fixed Charges:						
Interest expensed and capitalized, amortization of debt discount and premium on all indebtedness	836	761	1,021	1,436	1,110	787
Interest component of rental expense (a)	241	237	310	269	288	12
Total fixed charges	1,077	998	1,331	1,705	1,398	799
Pre-tax income from continuing operations after adjustment for income or loss from equity investees and capitalized interest plus fixed charges	5,255	4,894	3,145	4,401	3,825	3,491
Ratio of earnings to fixed charges	4.9	4.9	2.4	2.6	2.7	4.4

(a) Represents one-third of rental expense relating to operating leases, which is a reasonable approximation of the interest factor.

Exhibit 23.3

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in this Registration Statement on Form S-4 of our report dated February 13, 2015 relating to the financial statements, financial statement schedules and the effectiveness of internal control over financial reporting, which appears in Exelon Corporation's Annual Report on Form 10-K for the year ended December 31, 2014. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

/s/ PricewaterhouseCoopers LLP
Chicago, Illinois
January 29, 2016

Exhibit 25.1

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939 OF A
CORPORATION DESIGNATED TO ACT AS TRUSTEE

☐ **CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF A TRUSTEE PURSUANT TO SECTION 305(b)(2)**

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.
(Exact name of trustee as specified in its charter)

(Jurisdiction of incorporation if not a U.S. national bank)	95-3571558 (I.R.S. employer identification no.)
400 South Hope Street Suite 400 Los Angeles, California (Address of principal executive offices)	90071 (Zip code)

EXELON CORPORATION
(Exact name of obligor as specified in its charter)

Pennsylvania (State or other jurisdiction of incorporation or organization)	23-2990190 (I.R.S. employer identification no.)
10 South Dearborn Street P.O. Box 805379 Chicago, Illinois (Address of principal executive offices)	60680-5379 (Zip code)

3.950% Notes due 2025
4.950% Notes due 2035
and 5.100% Notes due 2045
(Title of the indenture securities)

1. General information. Furnish the following information as to the trustee:

(a) Name and address of each examining or supervising authority to which it is subject.

Name	Address
Comptroller of the Currency United States Department of the Treasury	Washington, DC 20219
Federal Reserve Bank	San Francisco, CA 94105
Federal Deposit Insurance Corporation	Washington, DC 20429

(b) Whether it is authorized to exercise corporate trust powers.

Yes.

2. Affiliations with Obligor.

If the obligor is an affiliate of the trustee, describe each such affiliation.

None.

16. List of Exhibits.

Exhibits identified in parentheses below, on file with the Commission, are incorporated herein by reference as an exhibit hereto, pursuant to Rule 7a-29 under the Trust Indenture Act of 1939 (the "Act") and 17 C.F.R. 229.10(d).

1. A copy of the articles of association of The Bank of New York Mellon Trust Company, N.A., formerly known as The Bank of New York Trust Company, N.A. (Exhibit 1 to Form T-1 filed with Registration Statement No. 333-121948 and Exhibit 1 to Form T-1 filed with Registration Statement No. 333-152875).

2. A copy of certificate of authority of the trustee to commence business. (Exhibit 2 to Form T-1 filed with Registration Statement No. 333-121948).

3. A copy of the authorization of the trustee to exercise corporate trust powers (Exhibit 3 to Form T-1 filed with Registration Statement No. 333-152875).

4. A copy of the existing by-laws of the trustee (Exhibit 4 to Form T-1 filed with Registration Statement No. 333-162713).

6. The consent of the trustee required by Section 321(b) of the Act (Exhibit 6 to Form T-1 filed with Registration Statement No. 333-152875).

7. A copy of the latest report of condition of the Trustee published pursuant to law or to the requirements of its supervising or examining authority.

SIGNATURE

Pursuant to the requirements of the Act, the trustee, The Bank of New York Mellon Trust Company, N.A., a banking association organized and existing under the laws of the United States of America, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of Houston, and State of Texas, on the 20th day of January, 2016.

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.

By: /s/ Julie Hoffman-Ramos
Name: Julie Hoffman-Ramos
Title: Vice President

EXHIBIT 7

Consolidated Report of Condition of
THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.
of 400 South Hope Street, Suite 400, Los Angeles, CA 90071

At the close of business September 30, 2015, published in accordance with Federal regulatory authority instructions.

	Dollar amounts in thousands
ASSETS	
Cash and balances due from depository institutions:	
Noninterest-bearing balances and currency and coin	2,276
Interest-bearing balances	244,568
Securities:	
Held-to-maturity securities	0
Available-for-sale securities	681,351
Federal funds sold and securities purchased under agreements to resell:	
Federal funds sold	0
Securities purchased under agreements to resell	0
Loans and lease financing receivables:	
Loans and leases held for sale	0
Loans and leases, net of unearned income	0
LESS: Allowance for loan and lease losses	0
Loans and leases, net of unearned income and allowance	0
Trading assets	0
Premises and fixed assets (including capitalized leases)	11,809
Other real estate owned	0
Investments in unconsolidated subsidiaries and associated companies	0
Direct and indirect investments in real estate ventures	0
Intangible assets:	
Goodwill	856,313
Other intangible assets	83,975
Other assets	124,507
Total assets	$ 2,004,799
LIABILITIES	
Deposits:	
In domestic offices	502
Noninterest-bearing	502
Interest-bearing	0
Not applicable	
Federal funds purchased and securitiessold under agreements to repurchase:	
Federal funds purchased	0
Securities sold under agreements to repurchase	0
Trading liabilities	0
Other borrowed money:	
(includes mortgage indebtedness and obligations under capitalized leases)	0
Not applicable	
Not applicable	
Subordinated notes and debentures	0
Other liabilities	279,624
Total liabilities	280,126
Not applicable	
EQUITY CAPITAL	
Perpetual preferred stock and related surplus	0
Common stock	1,000
Surplus (exclude all surplus related to preferred stock)	1,122,404
Not available	
Retained earnings	600,880
Accumulated other comprehensive income	389
Other equity capital components	0

Not available	
Total bank equity capital	1,724,673
Noncontrolling (minority) interests in consolidated subsidiaries	0
Total equity capital	1,724,673
Total liabilities and equity capital	2,004,799

I, Matthew J. McNulty, CFO of the above-named bank do hereby declare that the Reports of Condition and Income (including the supporting schedules) for this report date have been prepared in conformance with the instructions issued by the appropriate Federal regulatory authority and are true to the best of my knowledge and belief.

Matthew J. McNulty) CFO

We, the undersigned directors (trustees), attest to the correctness of the Report of Condition (including the supporting schedules) for this report date and declare that it has been examined by us and to the best of our knowledge and belief has been prepared in conformance with the instructions issued by the appropriate Federal regulatory authority and is true and correct.

Antonio I. Portuondo, President)
William D. Lindelof, Director) Directors (Trustees)
Alphonse J. Briand, Director)

Exhibit 99.1

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action to be taken you should immediately consult your broker, bank manager, lawyer, accountant, investment adviser or other professional adviser.

LETTER OF TRANSMITTAL
Relating to the

EXELON CORPORATION

Offer to Exchange
$807,082,000 aggregate principal amount of outstanding 3.950% Notes due 2025
(CUSIP Nos. 30161N AM3 and U3002L AA0)
for
$807,082,000 aggregate principal amount of newly issued 3.950% Notes due 2025 that will be issued in a transaction registered under the Securities Act of 1933, as amended (the "Securities Act")
(CUSIP No. 30161N AN1)
and
$333,485,000 aggregate principal amount of outstanding 4.950% Notes due 2035
(CUSIP Nos. 30161N AP6 and U3002L AB8)
for
$333,485,000 aggregate principal amount of newly issued 4.950% Notes due 2035 that will be issued in a transaction registered under the Securities Act
(CUSIP No. 30161N AQ4)
and
$741,001,000 aggregate principal amount of outstanding 5.100% Notes due 2045
(CUSIP Nos. 30161N AR2 and U3002L AC6)
for
$741,001,000 aggregate principal amount of newly issued 5.100% Notes due 2045 that will be issued in a transaction registered under the Securities Act
(CUSIP No. 30161N AS0)

pursuant to the Prospectus, dated , 2016

The exchange offers (as defined below) will expire at 5:00 p.m., New York City time, on , 2016, unless extended by the Company (as defined below) with respect to one or both series of original notes (as defined below) (such date and time, as it may be extended, the "expiration date"). Tendered original notes may be withdrawn at any time at or prior to the expiration date.

Deliver To: The Bank of New York Mellon Trust Company, N.A., Exchange Agent

The Bank of New York Mellon Trust Company, N.A., as Exchange Agent
c/o The Bank of New York Mellon Corporation
Corporate Trust Operations-Reorganization Unit
111 Sanders Creek Parkway
East Syracuse, NY 13057
Attn: Pamela Adamo
Tel: 315-414-3317
Fax: 732-667-9408

DELIVERY OF THIS INSTRUMENT TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE, OR TRANSMISSION OF INSTRUCTIONS VIA FACSIMILE OTHER THAN AS SET FORTH ABOVE, WILL NOT CONSTITUTE A VALID DELIVERY.

The undersigned acknowledges that he or she has received and reviewed the prospectus, dated , 2016 (the "Prospectus"), of Exelon Corporation, a Pennsylvania corporation (the "Company"), and this letter of transmittal (the "Letter of Transmittal"), which together constitute the Company's offers to exchange (the "exchange offers"): (i) up to $807,082,000 aggregate principal amount of the Company's outstanding 3.950% Notes due 2025 (CUSIP Nos. 30161N AM3 and U3002L AA0) (the "original 2025 notes") for a like principal amount of the Company's 3.950% Notes due 2025 that will be issued in a transaction registered under the Securities Act (CUSIP No. 30161N AN1) (the "exchange 2025 notes"), (ii) up to $333,485,000 aggregate principal amount of the Company's outstanding 4.950% Notes due 2035 (CUSIP Nos. 30161N AP6 and U3002L AB8) (the "original 2035 notes") for a like principal amount of the Company's 4.950% Notes due 2035 that will be issued in a transaction registered under the Securities Act (CUSIP No. 30161N AQ4) (the "exchange 2035 notes") and (iii) up to $741,001,000 aggregate principal amount of the Company's outstanding 5.100% Notes due 2045 (CUSIP Nos. 30161N AR2 and U3002L AC6) (the "original 2045 notes" and, together with the original 2025 notes and the original 2035 notes, the "original notes") for a like principal amount of the Company's 5.100% Notes due 2045 that will be issued in a transaction registered under the Securities Act (CUSIP No. 30161N AS0) (the "exchange 2045 notes" and, together with the exchange 2025 notes and the exchange 2035 notes, the "exchange notes").

For each original note accepted for exchange, the holder of the original note will receive an exchange note of the corresponding series having a principal amount equal to that of the surrendered original note. Each series of exchange notes will bear interest from (and including) the last interest payment date on which interest was paid on the original notes. Accordingly, if any original notes are accepted for exchange, the holder of such original notes will receive interest on the corresponding series of exchange notes for the period commencing on (and including) the last interest payment date on which interest was paid on the original notes, and not on such original notes.

Original notes tendered prior to the expiration date may be withdrawn at any time at or prior to the expiration date.

This Letter of Transmittal is to be completed by a holder of original notes either if certificates are to be forwarded herewith or if a tender of original notes is to be made by book-entry transfer to the account maintained by the Exchange Agent (as defined above) at The Depository Trust Company ("DTC") pursuant to the procedures set forth in the sections of the Prospectus entitled "The Exchange Offers—Procedures for Tendering," "—Book-Entry Transfer" and "—Exchanging Book-Entry Notes" and an agent's message (as defined below) is not delivered. Tenders by book-entry transfer also may be made by delivering an agent's message in lieu of this Letter of Transmittal. The term "agent's message" means a message transmitted by DTC to and received by the Exchange Agent and forming a part of the confirmation of the book-entry tender of original notes into the Exchange Agent's account at DTC (a "book-entry confirmation"), which states that DTC has received an express acknowledgment from the tendering participant that such participant has received and agrees to be bound by this Letter of Transmittal and that the Company may enforce this Letter of Transmittal against such participant.

Delivery of documents to DTC does not constitute delivery to the Exchange Agent.

The undersigned has completed the appropriate boxes below and signed this Letter of Transmittal to indicate the action the undersigned desires to take with respect to either or both of the exchange offers.

List below the original notes to which this Letter of Transmittal relates. If the space provided below is inadequate, the relevant series, certificate numbers and principal amount of original notes should be listed on a separate signed schedule affixed hereto.

DESCRIPTION OF ORIGINAL NOTES	1	2	3	4	5	6	7
Name(s) and Address(es) of Holder(s) (Please fill in, if blank)	Certificate Numbers*	Aggregate Principal Amount of Original 2025 Notes	Principal Amount of Original 2025 Notes Tendered **	Aggregate Principal Amount of Original 2035 Notes	Principal Amount of Original 2035 Notes Tendered ***	Aggregate Principal Amount of Original 2045 Notes	Principal Amount of Original 2045 Notes Tendered ****

* Need not be completed if original notes are being tendered by book-entry transfer.

** Unless otherwise indicated in this column, a holder will be deemed to have tendered ALL of the original 2025 notes represented by the original 2025 notes indicated in column 2. See Instruction 2. Original 2025 notes tendered hereby must be in denominations of principal amount of $2,000 and any integral multiples of $1,000 in excess thereof. See Instruction 1.

*** Unless otherwise indicated in this column, a holder will be deemed to have tendered ALL of the original 2035 notes represented by the original 2035 notes indicated in column 4. See Instruction 2. Original 2035 notes tendered hereby must be in denominations of principal amount of $2,000 and any integral multiples of $1,000 in excess thereof. See Instruction 1.

**** Unless otherwise indicated in this column, a holder will be deemed to have tendered ALL of the original 2045 notes represented by the original 2045 notes indicated in column 6. See Instruction 2. Original 2045 notes tendered hereby must be in denominations of principal amount of $2,000 and any integral multiples of $1,000 in excess thereof. See Instruction 1.

☐ **CHECK HERE IF TENDERED ORIGINAL NOTES ARE BEING DELIVERED BY BOOK-ENTRY TRANSFER MADE TO THE ACCOUNT MAINTAINED BY THE EXCHANGE AGENT WITH THE DEPOSITORY TRUST COMPANY AND COMPLETE THE FOLLOWING:**

Name of Tendering Institution: _____

Account Number: _____ Transaction Code Number: _____

By crediting the original notes to the Exchange Agent's account at DTC's Automated Tender Offer Program ("ATOP") and by complying with applicable ATOP procedures with respect to the exchange offers, including, if applicable, transmitting to the Exchange Agent a computer-generated agent's message in which the holder of the original notes acknowledges and agrees to be bound by the terms of, and makes the representations and warranties contained in, this Letter of Transmittal, the participant in DTC confirms on behalf of itself and the beneficial owner(s) of such original notes all provisions of this Letter of Transmittal (including all representations and warranties) applicable to it and such beneficial owner(s) as fully as if it had completed the information required herein and executed and transmitted this Letter of Transmittal to the Exchange Agent.

☐ **CHECK HERE IF YOU ARE A BROKER-DEALER AND WISH TO RECEIVE 10 ADDITIONAL COPIES OF THE PROSPECTUS AND 10 COPIES OF ANY AMENDMENTS OR SUPPLEMENTS THERETO.**

Name: _____

Address: _____

The undersigned represents that it is not participating, does not intend to participate, and has no arrangement or understanding with anyone to participate, in the distribution (within the meaning of the Securities Act) of the exchange notes.

If the undersigned is a broker-dealer that will receive exchange notes for its own account in exchange for original notes that were acquired as a result of market-making activities or other trading activities, it represents and acknowledges that it will deliver a prospectus (or to the extent permitted by law, make available a prospectus to purchasers) in connection with any resale of such exchange notes; however, by so acknowledging and by delivering such a prospectus, the undersigned will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. In addition, such broker-dealer represents that it is not acting on behalf of any person who could not truthfully make the foregoing representations.

PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY

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Ladies and Gentlemen:

Upon the terms and subject to the conditions of the applicable exchange offer, the undersigned hereby tenders to the Company the aggregate principal amount of original notes of the relevant series indicated above. Subject to, and effective upon, the acceptance for exchange of such original notes tendered hereby, the undersigned hereby sells, assigns and transfers to, or upon the order of, the Company all right, title and interest in and to such original notes as are being tendered hereby.

The undersigned hereby irrevocably constitutes and appoints the Exchange Agent as the undersigned's true and lawful agent and attorney-in-fact with respect to such tendered original notes, with full power of substitution, among other things, to cause the original notes to be assigned, transferred and exchanged. The undersigned hereby represents and warrants that the undersigned has full power and authority to tender, sell, assign and transfer such original notes, and to acquire exchange notes of the relevant series issuable upon the exchange of such tendered original notes, and that, when such original notes are accepted for exchange, the Company will acquire good and unencumbered title thereto, free and clear of all liens, restrictions, charges and encumbrances and not subject to any adverse claim when the same are accepted by the Company. The undersigned hereby further represents that the exchange notes acquired hereby will be acquired in the ordinary course of its business, that it is not participating, does not intend to participate, and has no arrangement or understanding with anyone to participate, in the distribution (within the meaning of the Securities Act) of such exchange notes, that it is not an "affiliate" of the Company (as defined in Rule 405 under the Securities Act), and that it is not acting on behalf of any person who could not truthfully make the foregoing representations and warranties.

The Securities and Exchange Commission (the "SEC") has taken the position that broker-dealers may fulfill their prospectus delivery requirements with respect to the exchange notes (other than a resale of exchange notes received in exchange for an unsold allotment from the original sale of the original notes) with the Prospectus. The Prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of exchange notes received in exchange for original notes where such original notes were acquired as a result of market-making activities or other trading activities. The Company has agreed that, for a period of 180 days after the expiration date, the Company will make the Prospectus, as amended or supplemented, available to any broker-dealer for use in connection with any such resale. By accepting the applicable exchange offer, each broker-dealer that receives exchange notes pursuant to such exchange offer acknowledges and agrees to notify the Company prior to using the Prospectus in connection with the sale or transfer of such exchange notes and that, upon receipt of notice from the Company of the happening of any event that makes any statement in the Prospectus untrue in any material respect or that requires the making of any changes in the Prospectus in order to make the statements therein (in the light of the circumstances under which they were made) not misleading, such broker-dealer will suspend use of the Prospectus until (i) the Company has amended or supplemented the Prospectus to correct such misstatement or omission and (ii) either the Company has furnished copies of the amended or supplemented Prospectus to such broker-dealer or, if the Company has not otherwise agreed to furnish such copies and declines to do so after such broker-dealer so requests, such broker-dealer has obtained a copy of such amended or supplemented Prospectus as filed with the SEC. Except as described above, the Prospectus may not be used for or in connection with an offer to resell, a resale or any other retransfer of either series of exchange notes. A broker-dealer that acquired original notes in a transaction other than as part of its market-making activities or other trading activities will not be able to participate in the exchange offers.

The undersigned acknowledges that these exchange offers are being made upon the belief that, based on interpretations by the SEC staff as set forth in a series of no-action letters issued to third parties, the exchange notes issued pursuant to the exchange offers in exchange for the original notes may be offered for resale, resold and otherwise transferred by holders thereof (other than holders that are broker-dealers) without further compliance with the registration and prospectus delivery provisions of the Securities Act. However, the SEC has not considered any of the exchange offers in the context of a no-action letter and there can be no assurance that the SEC staff would make a similar determination with respect to any or all of the exchange offers as in other circumstances. The undersigned represents that it is not participating, does not intend to participate, and has no arrangement or understanding with anyone to participate, in a distribution of exchange notes of any series. If any holder of the original notes is an "affiliate" of the Company (as defined in Rule 405 under the Securities Act) or intends to participate in the exchange offers for the purpose of distributing any of the exchange notes, or is a broker-dealer that purchased any of the original notes from the Company for resale pursuant to Rule 144A or any other available exemption under the Securities Act, such holder (i) could not rely on the applicable interpretations of the SEC staff, (ii) will not be able to tender its original notes of any series in the exchange offers and (iii) must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any sale or

transfer of original notes of any series unless such sale or transfer is made pursuant to an exemption from such requirements. If the undersigned is a broker-dealer that will receive exchange notes for its own account in exchange for original notes that were acquired as a result of market-making activities or other trading activities, it represents and acknowledges that it will deliver a prospectus (or to the extent permitted by law, make a prospectus available to purchasers) in connection with any resale of such exchange notes; however, by so acknowledging and by delivering a prospectus, the undersigned will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

The undersigned will, upon request, execute and deliver any additional documents deemed by the Company to be necessary or desirable to complete the sale, assignment and transfer of the original notes tendered hereby. All authority conferred or agreed to be conferred in this Letter of Transmittal and every obligation of the undersigned hereunder shall be binding upon the successors, assigns, heirs, executors, administrators, trustees in bankruptcy and legal representatives of the undersigned and shall not be affected by, and shall survive, the death or incapacity of the undersigned. This tender may be withdrawn only in accordance with the procedures set forth in "The Exchange Offers—Withdrawal Rights" section of the Prospectus.

Unless otherwise indicated herein in the box entitled "Special Issuance Instructions" below, please deliver the relevant exchange notes (and, if applicable, substitute certificates representing original notes for any original notes not exchanged) in the name of the undersigned, or in the case of a book-entry delivery of original notes, please credit the account indicated above maintained at DTC. Similarly, unless otherwise indicated under the box entitled "Special Delivery Instructions" below, please send the relevant exchange notes (and, if applicable, substitute certificates representing original notes for any original notes not exchanged) to the undersigned at the address shown above in the box entitled "Description of Original Notes."

THE UNDERSIGNED, BY COMPLETING THE BOX ENTITLED "DESCRIPTION OF ORIGINAL NOTES" ABOVE AND SIGNING THIS LETTER OF TRANSMITTAL WILL BE DEEMED TO HAVE TENDERED THE ORIGINAL NOTES AS SET FORTH IN SUCH BOX ABOVE.

SPECIAL ISSUANCE INSTRUCTIONS
(See Instructions 3 and 4)

To be completed ONLY if certificates for original notes not exchanged and/or exchange notes are to be issued in the name of and sent to someone other than the person(s) whose signature (s) appear(s) on this Letter of Transmittal above, or if original notes delivered by book-entry transfer that are not accepted for exchange are to be returned by credit to an account maintained at DTC other than the account indicated above.

Issue exchange notes and/or original notes to:

Name(s): _____
(Please Type or Print)

_____
(Please Type or Print)

Address: _____

_____
(Zip Code)

☐ Credit unexchanged original notes delivered by book-entry transfer to the DTC account set forth below.

(DTC Account Number, if applicable)

SPECIAL DELIVERY INSTRUCTIONS
(See Instructions 3 and 4)

To be completed ONLY if certificates for original notes not exchanged and/or exchange notes are to be sent to someone other than the person (s) whose signature(s) appear(s) on this Letter of Transmittal above or to such person(s) at an address other than shown in the box entitled "Description of Original Notes" on this Letter of Transmittal above.

Mail exchange notes and/or original notes to:

Name(s): _____
(Please Type or Print)

_____
(Please Type or Print)

Address: _____

_____
(Zip Code)

IMPORTANT: THIS LETTER OF TRANSMITTAL OR A FACSIMILE HEREOF OR AN AGENT'S MESSAGE IN LIEU THEREOF (TOGETHER WITH THE CERTIFICATES FOR ORIGINAL NOTES OR A BOOK-ENTRY CONFIRMATION AND ALL OTHER REQUIRED DOCUMENTS) MUST BE RECEIVED BY THE EXCHANGE AGENT PRIOR TO 5:00 P.M., NEW YORK CITY TIME, ON THE APPLICABLE EXPIRATION DATE.

PLEASE READ THIS ENTIRE LETTER OF TRANSMITTAL CAREFULLY BEFORE COMPLETING ANY BOX ABOVE.

PLEASE SIGN HERE
(TO BE COMPLETED BY ALL TENDERING HOLDERS)

Dated: _____ , 2016
X _____
- , 2016
X _____ , 2016
(Signature(s) of Owner) (Date)

Area Code and Telephone Number: _____

If a holder is tendering any original notes, this Letter of Transmittal must be signed by the registered holder(s) as the name(s) appear(s) on the certificate (s) for the original notes or on the security position listing of DTC or by any person(s) authorized to become registered holder(s) by endorsements and documents transmitted herewith. If signature is by a trustee, executor, administrator, guardian, officer or other person acting in a fiduciary or representative capacity, please set forth full title. See Instruction 3.

Name(s): _____
(Please Type or Print)

Capacity: _____

Address: _____
(Including Zip Code)

SIGNATURE GUARANTEE
(If required by Instruction 3)

Signature(s) Guaranteed
by an Eligible Institution: _____
(Authorized Signature)

_____
(Title)

_____
(Name and Firm)

Dated:
_____ , 2016

INSTRUCTIONS

Forming Part of the Terms and Conditions of each Exchange Offer

1. Delivery of this Letter of Transmittal and Original Notes.

This Letter of Transmittal is to be completed by holders of original notes either if certificates are to be forwarded herewith or if tenders are to be made pursuant to the procedures for delivery by book-entry transfer set forth in "The Exchange Offers—Book-Entry Transfer" section of the Prospectus and an agent's message is not delivered. Tenders by book-entry transfer may also be made by delivering an agent's message in lieu of this Letter of Transmittal. The term "agent's message" means a message, transmitted by DTC to and received by the Exchange Agent and forming a part of a book-entry confirmation, which states that DTC has received an express acknowledgment from the tendering participant that such participant has received and agrees to be bound by, and makes the representations and warranties contained in, this Letter of Transmittal and that the Company may enforce this Letter of Transmittal against such participant. Certificates for all physically tendered original notes, or book-entry confirmation, as the case may be, as well as a properly completed and duly executed Letter of Transmittal (or manually signed facsimile hereof or agent's message in lieu thereof) and any other documents required by this Letter of Transmittal, must be received by the Exchange Agent at the address set forth herein at or prior to the expiration date. Original notes of each series tendered hereby must be in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof.

The method of delivery of this Letter of Transmittal, the original notes and all other required documents is at the election and risk of the tendering holders, but the delivery will be deemed made only when actually received or confirmed by the Exchange Agent. If original notes are sent by mail, it is suggested that the mailing be registered mail, properly insured, with return receipt requested, made sufficiently in advance of the applicable expiration date to permit delivery to the Exchange Agent at or prior to 5:00 p.m., New York City time, on the applicable expiration date. The Company reserves the right to reject any particular original note not properly tendered, or any acceptance that might, in the Company's judgment or its counsel's judgment, be unlawful. The Company also reserves the right to waive any defects or irregularities with respect to the form or procedures applicable to the tender of any particular original note at or prior to the applicable expiration date. Unless waived, any defects or irregularities in connection with tenders of original notes must be cured within a reasonable period of time prior to the applicable expiration date.

See "The Exchange Offers" section of the Prospectus.

2. Partial Tenders (not applicable to holders that tender by book-entry transfer).

If less than all of the original notes of any series evidenced by a submitted certificate are to be tendered, the tendering holder(s) should fill in the aggregate principal amount of original notes of the relevant series to be tendered in the boxes above entitled "Description of Original Notes—Principal Amount of Original 2025 Notes Tendered," "Description of Original Notes—Principal Amount of Original 2035 Notes Tendered," and/or "Description of Original Notes—Principal Amount of Original 2045 Notes Tendered," as applicable. A reissued certificate representing the balance of nontendered original notes of the applicable series will be sent to such tendering holder, unless otherwise provided in the appropriate box on this Letter of Transmittal, promptly after the expiration date. All of the original notes of any series delivered to the Exchange Agent will be deemed to have been tendered unless otherwise indicated.

3. Signatures on this Letter of Transmittal; Bond Powers and Endorsements; Guarantee of Signatures.

If this Letter of Transmittal is signed by the registered holder of the original notes tendered hereby, the signature must correspond exactly with the name as written on the face of the certificates or as written on DTC's security position listing as the holder of such original notes, as applicable, without any change whatsoever.

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If any tendered original notes are owned of record by two or more joint owners, all of such owners must sign this Letter of Transmittal.

If any tendered original notes are registered in different names on several certificates, it will be necessary to complete, sign and submit as many separate copies of this Letter of Transmittal as there are different registrations of certificates.

When this Letter of Transmittal is signed by the registered holder or holders of the original notes specified herein and tendered hereby, no endorsements of certificates or separate bond powers are required. If, however, the exchange notes are to be issued, or any untendered original notes are to be reissued, to a person other than the registered holder, then endorsements of any certificates transmitted hereby or separate bond powers are required. Signatures on such certificate(s) must be guaranteed by an Eligible Institution.

If this Letter of Transmittal is signed by a person other than the registered holder or holders of any certificate(s) specified herein, such certificate(s) must be endorsed or accompanied by appropriate bond powers, in either case signed exactly as the name or names of the registered holder or holders appear(s) on the certificate(s) and signatures on such certificate(s) must be guaranteed by an Eligible Institution.

If this Letter of Transmittal or any certificates or bond powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing, and, unless waived by the Company, proper evidence satisfactory to the Company of their authority to so act must be submitted.

Endorsements on certificates for original notes or signatures on bond powers required by this Instruction 3 must be guaranteed by a firm that is a financial institution (including most banks, savings and loan associations and brokerage houses) that is a participant in the Securities Transfer Agents Medallion Program, the New York Stock Exchange Medallion Signature Program or the Stock Exchanges Medallion Program (each an “Eligible Institution”).

Signatures on this Letter of Transmittal need not be guaranteed by an Eligible Institution, provided the original notes are tendered: (i) by a registered holder of original notes (which term, for purposes of the exchange offers, includes any participant in the DTC system whose name appears on a security position listing as the holder of such original notes) who has not completed the box entitled “Special Issuance Instructions” or “Special Delivery Instructions” on this Letter of Transmittal or (ii) for the account of an Eligible Institution.

4. Special Issuance and Delivery Instructions.

Tendering holders of original notes should indicate in the applicable box(es) the name and address to which exchange notes issued pursuant to the exchange offers and/or substitute certificates evidencing original notes not exchanged are to be issued or sent, if different from the name or address of the person signing this Letter of Transmittal. In the case of issuance in a different name, the employer identification or social security number of the person named must also be indicated. Holders tendering original notes by book-entry transfer may request that original notes not exchanged be credited to such account maintained at DTC as such holder may designate hereon. If no such instructions are given, such original notes not exchanged will be returned to the name and address of the person signing this Letter of Transmittal.

5. Transfer Taxes.

Except as set forth in this Instruction 5, the Company will pay all transfer taxes, if any, applicable to the transfer of original notes to it or its order pursuant to the exchange offers. If, however, exchange notes and/or substitute original notes not exchanged are to be delivered to, or are to be registered or issued in the name of, any person other than the registered holder of the original notes tendered hereby, or if tendered original notes are

registered in the name of any person other than the person signing this Letter of Transmittal or if a transfer tax is imposed for any reason other than the transfer of original notes to the Company or its order pursuant to the exchange offers, the amount of any such transfer taxes (whether imposed on the registered holder or any other persons) will be payable by the tendering holder. If satisfactory evidence of payment of such taxes or exemption therefrom is not submitted herewith, the amount of such transfer taxes will be billed directly to such tendering holder.

Except as provided in this Instruction 5, it will not be necessary for transfer tax stamps to be affixed to the original notes specified in this Letter of Transmittal.

6. Waiver of Conditions.

Because the Company may amend or modify any or all of the exchange offers, and such amendment or modification may be deemed to be a waiver of a condition, it has the right to waive satisfaction of conditions enumerated in the Prospectus. Accordingly, the Company has effectively retained the ability to waive the conditions to consummation of any or all of the exchange offers.

7. No Conditional Tenders.

No alternative, conditional, irregular or contingent tenders will be accepted. All tendering holders of original notes, by execution of this Letter of Transmittal or an agent's message in lieu thereof, shall waive any right to receive notice of the acceptance of their original notes for exchange.

Neither the Company, the Exchange Agent nor any other person is obligated to give notice of any defect or irregularity with respect to any tender of original notes nor shall any of them incur any liability for failure to give any such notice.

8. Mutilated, Lost, Stolen or Destroyed Original Notes.

Any holder whose original notes have been mutilated, lost, stolen or destroyed should contact the Exchange Agent at the address indicated above for further instructions.

9. Withdrawal Rights.

Tenders of original notes may be withdrawn at any time at or prior to 5:00 p.m., New York City time, on the applicable expiration date.

For a withdrawal of a tender of original notes to be effective, a written notice of withdrawal must be received by the Exchange Agent at the address set forth above at or prior to 5:00 p.m., New York City time, on the applicable expiration date. Any such notice of withdrawal must (i) specify the name of the person having tendered the original notes to be withdrawn (the "Depositor"), (ii) identify the original notes to be withdrawn (including the relevant series, certificate number or numbers and the principal amount of such original notes), (iii) contain a statement that such holder is withdrawing his election to have such original notes exchanged, (iv) be signed by the holder in the same manner as the original signature on the Letter of Transmittal by which such original notes were tendered (including any required signature guarantees) or be accompanied by documents of transfer to have the Trustee register the transfer of such original notes in the name of the person withdrawing the tender, together with satisfactory evidence of payment of applicable transfer taxes or exemption therefrom, and (v) specify the name in which such original notes are registered, if different from that of the Depositor. If original notes have been tendered pursuant to the procedure for book-entry transfer set forth in "The Exchange Offers—Book-Entry Transfer" section of the Prospectus, any notice of withdrawal must specify the name and number of the account at DTC to be credited with the withdrawn original notes and otherwise comply with the procedures of DTC. All questions as to the validity, form and eligibility (including time of receipt) of such notices will be determined by the Company, whose determination shall be final and binding on all parties. Any original notes so withdrawn will be deemed not to have been validly tendered for exchange for purposes of the applicable exchange offer, and no exchange notes will be issued with respect thereto unless the original notes so

withdrawn are validly re-tendered. Any original notes that have been tendered for exchange but which are not exchanged for any reason will be returned to the holder thereof without cost to such holder (or, in the case of original notes tendered by book-entry transfer into the Exchange Agent's account at DTC pursuant to the book-entry transfer procedures set forth in "The Exchange Offers—Book-Entry Transfer" section of the Prospectus, such original notes will be credited to an account maintained with DTC for the original notes) promptly after withdrawal, rejection of tender or termination of the applicable exchange offer. Properly withdrawn original notes may be re-tendered by following the procedures described above at any time at or prior to 5:00 p.m., New York City time, on the applicable expiration date.

10. Requests for Assistance or Additional Copies.

Questions relating to the procedure for tendering original notes, as well as requests for additional copies of the Prospectus and this Letter of Transmittal and requests for other related documents, may be directed to the Exchange Agent, at the address and telephone number set forth herein.

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Exhibit 99.2

EXELON CORPORATION

NOTICE OF GUARANTEED DELIVERY Relating to the Offers to Exchange

$807,082,000 aggregate principal amount of outstanding 3.950% Notes due 2025
(CUSIP Nos. 30161N AM3 and U3002L AA0)
for
$807,082,000 aggregate principal amount of newly issued 3.950% Notes due 2025 that will be issued in a transaction registered under the Securities Act of 1933, as amended (the "Securities Act")
(CUSIP No. 30161N AN1)
and
$333,485,000 aggregate principal amount of outstanding 4.950% Notes due 2035
(CUSIP Nos. 30161N AP6 and U3002L AB8)
for
$333,485,000 aggregate principal amount of newly issued 4.950% Notes due 2035 that will be issued in a transaction registered under the Securities Act
(CUSIP No. 30161N AQ4)
and
$741,001,000 aggregate principal amount of outstanding 5.100% Notes due 2045
(CUSIP Nos. 30161N AR2 and U3002L AC6)
for
$741,001,000 aggregate principal amount of newly issued 5.100% Notes due 2045 that will be issued in a transaction registered under the Securities Act
(CUSIP No. 30161N AS0)

THE EXCHANGE OFFERS WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON , 2016 UNLESS EXTENDED (SUCH DATE, AS THE SAME MAY BE EXTENDED, THE "EXPIRATION DATE"). ORIGINAL NOTES TENDERED IN THE EXCHANGE OFFERS MAY BE WITHDRAWN AT ANY TIME PRIOR TO THE EXPIRATION DATE.

This Notice of Guaranteed Delivery relates to the offers (the "Exchange Offers") by Exelon Corporation, a Pennsylvania corporation (the "Company"), to exchange, upon the terms and subject to the conditions set forth in the Company's prospectus, dated , 2016 (the "Prospectus") and in the corresponding letter of transmittal (the "Letter of Transmittal"): (i) up to $807,082,000 aggregate principal amount of the Company's outstanding 3.950% Notes due 2025 (CUSIP Nos. 30161N AM3 and U3002L AA0) (the "original 2025 notes") for a like principal amount of the Company's 3.950% Notes due 2025 that will be issued in a transaction registered under the Securities Act (CUSIP No. 30161N AN1) (the "exchange 2025 notes"), (ii) up to $333,485,000 aggregate principal amount of the Company's outstanding 4.950% Notes due 2035 (CUSIP Nos. 30161N AP6 and U3002L AB8) (the "original 2035 notes") for a like principal amount of the Company's 4.950% Notes due 2035 that will be issued in a transaction registered under the Securities Act (CUSIP No. 30161N AQ4) (the "exchange 2035 notes") and (iii) up to $741,001,000 aggregate principal amount of the Company's outstanding 5.100% Notes due 2045 (CUSIP Nos. 30161N AR2 and U3002L AC6) (the "original 2045 notes" and, together with the original 2025 notes and the original 2035 notes, the "original notes") for a like principal amount of the Company's 5.100% Notes due 2045 that will be issued in a transaction registered under the Securities Act (CUSIP No. 30161N AS0) (the "exchange 2045 notes" and, together with the exchange 2025 notes and the exchange 2035 notes, the "exchange notes").

The original notes were issued and the exchange notes will be issued under an indenture, dated as of June 11, 2015 (the "Base Indenture"), between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), as supplemented by the first supplemental indenture, dated as of June 11, 2015, by and between the Company and the Trustee, and the second supplemental indenture, dated as of December 2, 2015, by and between the Company and the Trustee (together with the Base Indenture, the "Indenture").

If the original notes, the Letter of Transmittal or any other required documents cannot be delivered to the exchange agent, or the procedure for book-entry transfer cannot be completed, prior to 5:00 p.m., New York City time, on the Expiration Date, then this form may be delivered by hand or (in the case of an Eligible Institution (as defined in the Letter of Transmittal)) transmitted by facsimile transmission, overnight courier or mailed to the exchange agent as indicated below.

Deliver to:

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., AS EXCHANGE AGENT

By Registered Certified or Regular Mail or Overnight Courier or Hand Delivery:

The Bank of New York Mellon Trust Company, N.A. c/o The Bank of New York Mellon Corporation
Corporate Trust Operations-Reorganization Unit
111 Sanders Creek Parkway
East Syracuse, NY 13057
Attn: Pamela Adamo

By Facsimile Transmission:
(732) 667-9408

By Telephone:
(315) 414-3317

Originals of all documents sent by facsimile should be promptly sent to the exchange agent by mail, by hand or by overnight delivery service.

DELIVERY OF THIS NOTICE TO AN ADDRESS, OR TRANSMISSION OF INSTRUCTIONS VIA A FACSIMILE, OTHER THAN AS SET FORTH ABOVE DOES NOT CONSTITUTE A VALID DELIVERY.

This form is not to be used to guarantee signatures. If a signature on the Letter of Transmittal to be used to tender original notes is required to be guaranteed by an Eligible Institution under the instructions thereto, such signature guarantee must appear in the applicable space provided in the Letter of Transmittal.

S1-SSA-0009 - 27452

Ladies and Gentlemen:

The undersigned hereby tenders to the Company, upon the terms and subject to the conditions set forth in the Prospectus and the Letter of Transmittal (which together constitute the "Exchange Offers"), receipt of which is hereby acknowledged, original notes pursuant to guaranteed delivery procedures set forth in Instruction 1 of the Letter of Transmittal. The undersigned guarantees that within three New York Stock Exchange trading days after the Expiration Date, the original notes, in proper form for transfer, or book-entry confirmation, as the case may be, will be delivered together with a properly completed and duly executed Letter of Transmittal and any other required documents.

The undersigned understands that tenders of original notes will be accepted only in principal amounts equal to $2,000 and integral multiples of $1,000 in excess thereof. The undersigned understands that tenders of original notes pursuant to the Exchange Offers may be withdrawn only in accordance with the procedures set forth in "The Exchange Offers—Withdrawal Rights" section of the Prospectus.

All authority herein conferred or agreed to be conferred by this Notice of Guaranteed Delivery shall survive the death, incapacity or dissolution of the undersigned and every obligation of the undersigned under this Notice of Guaranteed Delivery shall be binding upon the heirs, personal representatives, executors, administrators, successors, assigns, trustees in bankruptcy and other legal representatives of the undersigned.

NOTE: SIGNATURES MUST BE PROVIDED WHERE INDICATED BELOW.

Complete this section if you are tendering original notes:

Certificate No(s). for Original Notes (if available):	Principal Amount of Original Notes Represented by Certificates:
Principal Amount of Original Notes Tendered:	Signature(s):
Dated:	If your original notes will be delivered by book-entry transfer at The Depository Trust Company, Depository Account No.:

This Notice of Guaranteed Delivery must be signed by the registered holder(s) of original notes exactly as its (their) name(s) appears on certificates of original notes or on a security position listing as the owner of original notes, or by person(s) authorized to become registered holder(s) by endorsements and documents transmitted with this Notice of Guaranteed Delivery. If signature is by a trustee, executor, administrator, guardian, attorney-in-fact, officer or other person acting in a fiduciary or representative capacity, such person must provide the following information:

Please print name(s) and address(es)

Name(s): _____

Capacity: _____

Address(es): _____

Area Code and Telephone No.: _____

GUARANTEE

(NOT TO BE USED FOR SIGNATURE GUARANTEE)

The undersigned, a member firm of a registered national securities exchange or of the National Association of Securities Dealers, Inc., or a commercial bank or trust company having an office or correspondent in the United States or an "eligible guarantor institution" within the meaning of Rule 17Ad-15 under the Securities Exchange Act of 1934 (the "Exchange Act"), hereby:

(a) represents that the above named person(s) own(s) the original notes to be tendered; and

(b) guarantees that delivery to the exchange agent of certificates for the original notes to be tendered, in proper form for transfer (or confirmation of the book-entry transfer of such original notes into the exchange agent's account at The Depository Trust Company, pursuant to the procedures for book-entry transfer set forth in the Prospectus), with delivery of a properly completed and duly executed (or manually signed facsimile) Letter of Transmittal with any required signatures and any other required documents, will be received by the exchange agent at its address set forth above within three New York Stock Exchange trading days after the Expiration Date.

I HEREBY ACKNOWLEDGE THAT I MUST DELIVER THE LETTER OF TRANSMITTAL AND ORIGINAL NOTES TO BE TENDERED TO THE EXCHANGE AGENT WITHIN THE TIME PERIOD SET FORTH AND THAT FAILURE TO DO SO COULD RESULT IN FINANCIAL LOSS TO ME.

Name of Firm	Authorized Signature
Address	Title
	Name:
Zip Code	(Please Type or Print)
Area Code and Telephone No.:	Dated:

NOTE: DO NOT SEND ORIGINAL NOTES WITH THIS FORM; ORIGINAL NOTES SHOULD BE SENT WITH YOUR LETTER OF TRANSMITTAL SO THAT THEY ARE RECEIVED BY THE EXCHANGE AGENT WITHIN THREE NEW YORK STOCK EXCHANGE TRADING DAYS AFTER THE EXPIRATION DATE.

INSTRUCTIONS TO NOTICE OF GUARANTEED DELIVERY

1. DELIVERY OF NOTICE OF GUARANTEED DELIVERY. If a Holder (as defined in the Letter of Transmittal) of original notes wishes to participate in the Exchange Offers but the original notes, the Letter of Transmittal or any other required documents cannot be delivered to the exchange agent, or the procedure for book-entry transfer cannot be completed, prior to 5:00 p.m., New York City time, on the Expiration Date, then a properly completed and duly executed copy of this Notice of Guaranteed Delivery and any other documents required by this Notice of Guaranteed Delivery must be received by the exchange agent at its address set forth herein prior to 5:00 p.m., New York City time, on the Expiration Date. The method of delivery of this Notice of Guaranteed Delivery and any other required documents to the exchange agent is at the election and risk of the Holder and the delivery will be deemed made only when actually received by the exchange agent. If delivery is by mail, it is recommended that the mailing be completed by registered or certified mail, properly insured, with return receipt requested, and made sufficiently in advance of the Expiration Date to permit delivery to the Exchange Agent prior to 5:00 p.m., New York City time, on the Expiration Date. For a description of the guaranteed delivery procedure, see Instruction 1 to the Letter of Transmittal.

2. SIGNATURES ON THIS NOTICE OF GUARANTEED DELIVERY. If this Notice of Guaranteed Delivery is signed by a participant of the Book-Entry Transfer Facility whose name appears on a security position listing as the owner of original notes, the signature must correspond exactly with the name shown on the security position listing as the owner of the original notes.

If this Notice of Guaranteed Delivery is signed by a person other than a participant of the Book-Entry Transfer Facility, this Notice of Guaranteed Delivery must be accompanied by appropriate bond powers, signed in the name of the participant(s) shown on the Book-Entry Transfer Facility's security position listing. Please note that the signatures on any endorsement or bond power must be guaranteed by an Eligible Institution.

If this Notice of Guaranteed Delivery is signed by a trustee, executor, administrator, guardian, attorney-in-fact, officer, or other person acting in a fiduciary or representative capacity, such person must so indicate when signing. Unless waived by the Company, evidence satisfactory to the Company of that person's authority to act must be submitted with this Notice of Guaranteed Delivery.

3. CAPITALIZED TERMS. Capitalized terms used, but not defined, in this Notice of Guaranteed Delivery have the meanings assigned to them in the Prospectus.

4. REQUESTS FOR ASSISTANCE OR ADDITIONAL COPIES. Questions and requests for assistance and requests for additional copies of the Prospectus may be directed to the exchange agent at its address set forth on the front of this Notice of Guaranteed Delivery. Holders may also contact their broker, dealer, commercial bank, trust company, or other nominee for assistance concerning the Exchange Offers.

S1-SSA-0009 - 27455

Exhibit 99.3

EXELON CORPORATION

LETTER TO
DEPOSITORY TRUST COMPANY PARTICIPANTS
Relating to the Offers to Exchange

$807,082,000 aggregate principal amount of outstanding 3.950% Notes due 2025
(CUSIP Nos. 30161N AM3 and U3002L AA0)
for
$807,082,000 aggregate principal amount of newly issued 3.950% Notes due 2025 that will be issued in a transaction registered under the Securities Act of 1933, as amended (the "Securities Act")
(CUSIP No. 30161N AN1)
and
$333,485,000 aggregate principal amount of outstanding 4.950% Notes due 2035
(CUSIP Nos. 30161N AP6 and U3002L AB8)
for
$333,485,000 aggregate principal amount of newly issued 4.950% Notes due 2035 that will be issued in a transaction registered under the Securities Act
(CUSIP No. 30161N AQ4)
and
$741,001,000 aggregate principal amount of outstanding 5.100% Notes due 2045
(CUSIP Nos. 30161N AR2 and U3002L AC6)
for
$741,001,000 aggregate principal amount of newly issued 5.100% Notes due 2045 that will be issued in a transaction registered under the Securities Act
(CUSIP No. 30161N AS0)

THE EXCHANGE OFFERS WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON , 2016 UNLESS EXTENDED (THE "EXPIRATION DATE"). ORIGINAL NOTES TENDERED IN THE EXCHANGE OFFERS MAY BE WITHDRAWN AT ANY TIME PRIOR TO THE EXPIRATION DATE.

To Depository Trust Company Participants:

We are enclosing herewith a prospectus, dated , 2016 (the "Prospectus"), of Exelon Corporation, a Pennsylvania corporation (the "Company"), and an accompanying letter of transmittal that together constitute the offer by the Company (the "Exchange Offers") to exchange, upon the terms and subject to the conditions set forth in the Prospectus and in the corresponding letter of transmittal (the "Letter of Transmittal") (i) up to $807,082,000 aggregate principal amount of the Company's outstanding 3.950% Notes due 2025 (CUSIP Nos. 30161N AM3 and U3002L AA0) (the "original 2025 notes") for a like principal amount of the Company's 3.950% Notes due 2025 that will be issued in a transaction registered under the Securities Act (CUSIP No. 30161N AN1) (the "exchange 2025 notes"), (ii) up to $333,485,000 aggregate principal amount of the Company's outstanding 4.950% Notes due 2035 (CUSIP Nos. 30161N AP6 and U3002L AB8) (the "original 2035 notes") for a like principal amount of the Company's 4.950% Notes due 2035 that will be issued in a transaction registered under the Securities Act (CUSIP No. 30161N AQ4) (the "exchange 2035 notes") and (iii) up to $741,001,000 aggregate principal amount of the Company's outstanding 5.100% Notes due 2045 (CUSIP Nos. 30161N AR2 and U3002L AC6) (the "original 2045 notes" and, together with the original 2025 notes and the original 2035 notes, the "original notes") for a like principal amount of the Company's 5.100% Notes due 2045 that will be issued in a transaction registered under the Securities Act (CUSIP No. 30161N AS0) (the "exchange 2045 notes" and, together with the exchange 2025 notes and the exchange 2035 notes, the "exchange notes").

The original notes were issued and the exchange notes will be issued under an indenture, dated as of June 11, 2015 (the "Base Indenture"), between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), as supplemented by the first supplemental indenture, dated as of June 11, 2015, by and between the Company and the Trustee, and the second supplemental indenture, dated as of December 2, 2015, by and between the Company and the Trustee (together with the Base Indenture, the "Indenture").

Enclosed are copies of the following documents:

1. Prospectus, dated , 2016;
2. Letter of Transmittal;
3. Notice of Guaranteed Delivery; and
4. Letter to Clients that may be sent to your clients for whose account you hold original notes in your name or in the name of your nominee, with space provided for obtaining such client's instruction with regard to the Exchange Offers.

We urge you to contact your clients promptly. Please note that the Exchange Offers will expire on the Expiration Date unless extended.

The Exchange Offers are not conditioned upon any minimum number of original notes being tendered. Pursuant to the Letter of Transmittal, each holder of original notes will represent to the Company that:

(i) any exchange notes that the holder will acquire in exchange for original notes will be acquired in the ordinary course of business of the holder;

(ii) the holder has not engaged in, does not intend to engage in, and has no arrangement or understanding with any person to engage in, a distribution of any exchange notes issued to the holder;

(iii) the holder is not an "affiliate" (as defined in Rule 405 under the Securities Act) of the Company or its subsidiaries, or if the holder is an affiliate of the Company or its subsidiaries, the holder will comply with the registration and prospectus delivery requirements of the Securities Act to the extent applicable;

(iv) the holder is not a broker-dealer who purchased the original notes for resale pursuant to an exemption under the Securities Act tendering original notes acquired directly from the Company for the holder's own account; and

(v) the holder is not restricted by any law or policy of the U.S. Securities and Exchange Commission from trading the exchange notes acquired in the Exchange Offers.

If the holder is a broker-dealer that will receive exchange notes for its own account in exchange for original notes that were acquired as a result of market-making or other trading activities, it will represent that the original notes were acquired as a result of market-making activities or other trading activities, and it will acknowledge that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of those exchange notes. By acknowledging that it will deliver and by delivering a prospectus meeting the requirements of the Securities Act in connection with any resale of those exchange notes, the broker-dealer is not deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

The enclosed Letter to Clients contains an authorization by the beneficial owners of the original notes for you to make the foregoing representations.

The Company will not pay any fee or commission to any broker or dealer to any other persons (other than the Exchange Agent) in connection with the solicitation of tenders of original notes pursuant to the Exchange Offers. The Company will pay or cause to be paid any transfer taxes payable on the transfer of original notes to it, except as otherwise provided in Instruction 6 of the enclosed Letter of Transmittal.

Additional copies of the enclosed material may be obtained from the undersigned.

Very truly yours,

EXELON CORPORATION

S1-SSA-0009 - 27457

Exhibit 99.4

EXELON CORPORATION

OFFERS TO EXCHANGE

$807,082,000 aggregate principal amount of outstanding 3.950% Notes due 2025
(CUSIP Nos. 30161N AM3 and U3002L AA0)
for
$807,082,000 aggregate principal amount of newly issued 3.950% Notes due 2025 that will be issued in a transaction registered under the Securities Act of 1933, as amended (the "Securities Act")
(CUSIP No. 30161N AN1)
and
$333,485,000 aggregate principal amount of outstanding 4.950% Notes due 2035
(CUSIP Nos. 30161N AP6 and U3002L AB8)
for
$333,485,000 aggregate principal amount of newly issued 4.950% Notes due 2035 that will be issued in a transaction registered under the Securities Act
(CUSIP No. 30161N AQ4)
and
$741,001,000 aggregate principal amount of outstanding 5.100% Notes due 2045
(CUSIP Nos. 30161N AR2 and U3002L AC6)
for
$741,001,000 aggregate principal amount of newly issued 5.100% Notes due 2045 that will be issued in a transaction registered under the Securities Act
(CUSIP No. 30161N AS0)

THE EXCHANGE OFFERS WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON , 2016 UNLESS EXTENDED (SUCH DATE, AS THE SAME MAY BE EXTENDED, THE "EXPIRATION DATE"). ORIGINAL NOTES TENDERED IN THE EXCHANGE OFFERS MAY BE WITHDRAWN AT ANY TIME PRIOR TO THE EXPIRATION DATE.

To Our Clients:

We are enclosing herewith a prospectus, dated , 2016 (the "Prospectus"), of Exelon Corporation, a Pennsylvania corporation (the "Company"), and an accompanying letter of transmittal that together constitute the offer by the Company (the "Exchange Offers") to exchange, upon the terms and subject to the conditions set forth in the Prospectus and in the corresponding letter of transmittal (the "Letter of Transmittal") (i) up to $807,082,000 aggregate principal amount of the Company's outstanding 3.950% Notes due 2025 (CUSIP Nos. 30161N AM3 and U3002L AA0) (the "original 2025 notes") for a like principal amount of the Company's 3.950% Notes due 2025 that will be issued in a transaction registered under the Securities Act (CUSIP No. 30161N AN1) (the "exchange 2025 notes"), (ii) up to $333,485,000 aggregate principal amount of the Company's outstanding 4.950% Notes due 2035 (CUSIP Nos. 30161N AP6 and U3002L AB8) (the "original 2035 notes") for a like principal amount of the Company's 4.950% Notes due 2035 that will be issued in a transaction registered under the Securities Act (CUSIP No. 30161N AQ4) (the "exchange 2035 notes") and (iii) up to $741,001,000 aggregate principal amount of the Company's outstanding 5.100% Notes due 2045 (CUSIP Nos. 30161N AR2 and U3002L AC6) (the "original 2045 notes" and, together with the original 2025 notes and the original 2035 notes, the "original notes") for a like principal amount of the Company's 5.100% Notes due 2045 that will be issued in a transaction registered under the Securities Act (CUSIP No. 30161N AS0) (the "exchange 2045 notes" and, together with the exchange 2025 notes and the exchange 2035 notes, the "exchange notes").

The original notes were issued and the exchange notes will be issued under an indenture, dated as of June 11, 2015 (the "Base Indenture"), between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), as supplemented by the first supplemental indenture, dated as of

June 11, 2015, by and between the Company and the Trustee, and the second supplemental indenture, dated as of December 2, 2015, by and between the Company and the Trustee (together with the Base Indenture, the "Indenture").

The Exchange Offers are not conditioned upon any minimum number of original notes being tendered.

We are the holder of record of original notes held by us for your account. A tender of such original notes can be made only by us as the record holder and pursuant to your instructions. The letter of transmittal is furnished to you for your information only and cannot be used by you to tender original notes held by us for your account.

We request instructions as to whether you wish to tender any or all of the original notes held by us for your account pursuant to the terms and conditions of the Exchange Offers. We also request that you confirm that we may, on your behalf, make the representations contained in the letter of transmittal.

Your attention is directed to the following:

1. The Exchange Offers are for any and all original notes.
2. The Exchange Offers are subject to certain conditions set forth in the Prospectus under the headings "The Exchange Offers—Terms of the Exchange Offers" and "—Conditions to the Exchange Offers."
3. Any transfer taxes incident to the transfer of original notes from the holder to the Company will be paid by the Company, except as otherwise provided in the Instructions in the Letter of Transmittal.

Pursuant to the Letter of Transmittal, each holder of original notes will represent to the Company that:

(i) any exchange notes that the holder will acquire in exchange for original notes will be acquired in the ordinary course of business of the holder;

(ii) the holder has not engaged in, does not intend to engage in, and has no arrangement or understanding with any person to engage in, a distribution of any exchange notes issued to the holder;

(iii) the holder is not an "affiliate" (as defined in Rule 405 under the Securities Act) of the Company or its subsidiaries, or if the holder is an affiliate of the Company or its subsidiaries, the holder will comply with the registration and prospectus delivery requirements of the Securities Act to the extent applicable;

(iv) the holder is not a broker-dealer who purchased the original notes for resale pursuant to an exemption under the Securities Act tendering original notes acquired directly from the Company for the holder's own account; and

(v) the holder is not restricted by any law or policy of the U.S. Securities and Exchange Commission from trading the exchange notes acquired in the Exchange Offers.

If the holder is a broker-dealer that will receive exchange notes for its own account in exchange for original notes that were acquired as a result of market-making or other trading activities, it will represent that the original notes s were acquired as a result of market-making activities or other trading activities, and it will acknowledge that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of those exchange notes. By acknowledging that it will deliver and by delivering a prospectus meeting the requirements of the Securities Act in connection with any resale of those exchange notes, the broker-dealer is not deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

Please return your instructions to us in the enclosed envelope within ample time to permit us to submit a tender on your behalf prior to the Expiration Date.

INSTRUCTION TO
BOOK-ENTRY TRANSFER PARTICIPANT

To Participant of DTC:

The undersigned hereby acknowledges receipt of the prospectus, dated , 2016 (the "Prospectus") of of Exelon Corporation, a Pennsylvania corporation (the "Company"), and an accompanying letter of transmittal (the "Letter of Transmittal"), that together constitute the offer by the Company (the "Exchange Offers") to exchange, upon the terms and subject to the conditions set forth in the Prospectus and in the Letter of Transmittal (i) up to $807,082,000 aggregate principal amount of the Company's outstanding 3.950% Notes due 2025 (CUSIP Nos. 30161N AM3 and U3002L AA0) (the "original 2025 notes") for a like principal amount of the Company's 3.950% Notes due 2025 that will be issued in a transaction registered under the Securities Act of 1933 (the "Securities Act") (CUSIP No. 30161N AN1) (the "exchange 2025 notes"), (ii) up to $333,485,000 aggregate principal amount of the Company's outstanding 4.950% Notes due 2035 (CUSIP Nos. 30161N AP6 and U3002L AB8) (the "original 2035 notes") for a like principal amount of the Company's 4.950% Notes due 2035 that will be issued in a transaction registered under the Securities Act (CUSIP No. 30161N AQ4) (the "exchange 2035 notes") and (iii) up to $741,001,000 aggregate principal amount of the Company's outstanding 5.100% Notes due 2045 (CUSIP Nos. 30161N AR2 and U3002L AC6) (the "original 2045 notes" and, together with the original 2025 notes and the original 2035 notes, the "original notes") for a like principal amount of the Company's 5.100% Notes due 2045 that will be issued in a transaction registered under the Securities Act (CUSIP No. 30161N AS0) (the "exchange 2045 notes" and, together with the exchange 2025 notes and the exchange 2035 notes, the "exchange notes").

The original notes were issued and the exchange notes will be issued under an indenture, dated as of June 11, 2015 (the "Base Indenture"), between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), as supplemented by the first supplemental indenture, dated as of June 11, 2015, by and between the Company and the Trustee, and the second supplemental indenture, dated as of December 2, 2015, by and between the Company and the Trustee (together with the Base Indenture, the "Indenture").

Capitalized terms used but not defined herein have the meanings assigned to them in the Prospectus.

This will instruct you, the DTC participant, as to the action to be taken by you relating to the Exchange Offers with respect to the original notes held by you for the account of the undersigned.

The aggregate face amount of original notes held by you for the account of the undersigned is (fill in amount):

$ of original notes.

With respect to the Exchange Offers, we hereby instruct you (check appropriate statement):

A. ☐ TO TENDER the following original notes held by you for our account (insert principal amount of original notes to be tendered in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof):

$ of original notes, and not to tender other outstanding original notes, if any, held by you for our account;

OR

B. ☐ NOT TO TENDER any original notes held by you for our account.

If we instruct you to tender the original notes held by you for our account, it is understood that you are authorized to make, on behalf of us (and, by signing below, we hereby make to you), the representations

contained in the Letter of Transmittal that are to be made with respect to us as a beneficial owner, including, but not limited to, the representations that:

(i) any exchange notes that we will acquire in exchange for original notes will be acquired in the ordinary course of our business;

(ii) we have not engaged in, do not intend to engage in, and have no arrangement or understanding with any person to engage in, a distribution of any exchange notes issued to us;

(iii) we are not an "affiliate" (as defined in Rule 405 under the Securities Act) of the Company or its subsidiaries, or if the holder is an affiliate of the Company or its subsidiaries, the holder will comply with the registration and prospectus delivery requirements of the Securities Act to the extent applicable;

(iv) we are not a broker-dealer who purchased the original notes for resale pursuant to an exemption under the Securities Act tendering original notes acquired directly from the Company for our own account; and

(v) we are not restricted by any law or policy of the U.S. Securities and Exchange Commission from trading the exchange notes acquired in the Exchange Offers.

If we are a broker-dealer that will receive exchange notes for our own account in exchange for original notes, we represent that the original notes were acquired as a result of market-making activities or other trading activities, and we acknowledge that we will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of those exchange notes. By acknowledging that we will deliver and by delivering a prospectus meeting the requirements of the Securities Act in connection with any resale of such exchange notes, we are not deemed to admit that we are an "underwriter" within the meaning of the Securities Act.

Name of beneficial owner(s): _____

Signature(s): _____

Name(s) (please print): _____

Address: _____

Telephone Number: _____

Taxpayer Identification or Social Security Number: _____

Date: _____

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As filed with the Securities and Exchange Commission on April 4, 2016

No. 333-209209

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 1
to
FORM S-4
REGISTRATION STATEMENT

UNDER
THE SECURITIES ACT OF 1933

EXELON CORPORATION

(Exact name of registrant as specified in its charter)

Pennsylvania	4931	23-2990190
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

10 South Dearborn Street
P.O. Box 805379
Chicago, Illinois 60680-5379
(800) 483-3220
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Jonathan W. Thayer
Senior Executive Vice President and Chief Financial Officer
Exelon Corporation
10 South Dearborn Street
P.O. Box 805379
Chicago, Illinois 60603-5379
(312) 394-7398
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies of all communications, including communications sent to agent for service, should be sent to:

Bruce G. Wilson	Richard B. Aftanas
Senior Vice President and Deputy General Counsel	Ross M. Leff
Exelon Corporation	Kirkland & Ellis LLP
10 South Dearborn Street	601 Lexington Avenue
P.O. Box 805379	New York, New York 10022
Chicago, Illinois 60603-5379	(212) 446-4722
(312) 394-7398	

Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

Large accelerated filer ☒ Accelerated filer ☐
Non-accelerated filer ☐ (do not check if a smaller reporting company) Smaller reporting company ☐

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price (1)	Amount of Registration Fee
3.950% Notes due 2025	$807,082,000	100%	$807,082,000	$81,273.16 (2)
4.950% Notes due 2035	$333,485,000	100%	$333,485,000	$33,581.94 (2)
5.100% Notes due 2045	$741,001,000	100%	$741,001,000	$74,618.80 (2)

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(f) under the Securities Act of 1933, as amended.
(2) The registration fee has been previously paid.

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The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of

1933 or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We may not sell these securities or consummate the exchange offers until the Registration Statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities nor a solicitation of an offer to buy these securities in any jurisdiction where the offer and sale is not permitted.

Subject to Completion, dated April 4, 2016

PROSPECTUS

Exelon Corporation

Offer to Exchange
$807,082,000 aggregate principal amount of outstanding 3.950% Notes due 2025
(CUSIP Nos. 30161N AM3 and U3002L AA0)
for
$807,082,000 aggregate principal amount of newly issued 3.950% Notes due 2025 that will be issued in a transaction registered under the Securities Act of 1933, as amended (the "Securities Act")
(CUSIP No. 30161N AN1)
and
$333,485,000 aggregate principal amount of outstanding 4.950% Notes due 2035
(CUSIP Nos. 30161N AP6 and U3002L AB8)
for
$333,485,000 aggregate principal amount of newly issued 4.950% Notes due 2035 that will be issued in a transaction registered under the Securities Act
(CUSIP No. 30161N AQ4)
and
$741,001,000 aggregate principal amount of outstanding 5.100% Notes due 2045
(CUSIP Nos. 30161N AR2 and U3002L AC6)
for
$741,001,000 aggregate principal amount of newly issued 5.100% Notes due 2045 that will be issued in a transaction registered under the Securities Act
(CUSIP No. 30161N AS0)

The exchange offers will expire at 5:00 p.m., New York City time, on , 2016, unless extended with respect to any or all series.

Exelon Corporation ("Exelon," "we" or "us") hereby offers, upon the terms and subject to the conditions set forth in this prospectus and the accompanying letter of transmittal (which together constitute the "exchange offers"), to exchange (i) up to $807,082,000 aggregate principal amount of our outstanding 3.950% Notes due 2025 (CUSIP Nos. 30161N AM3 and U3002L AA0) (the "original 2025 notes") for a like principal amount of our 3.950% Notes due 2025 that will be issued in a transaction registered under the Securities Act (CUSIP No. 30161N AN1) (the "exchange 2025 notes"), (ii) up to $333,485,000 aggregate principal amount of our outstanding 4.950% Notes due 2035 (CUSIP Nos. 30161N AP6 and U3002L AB8) (the "original 2035 notes") for a like principal amount of our 4.950% Notes due 2035 that will be issued in a transaction registered under the Securities Act (CUSIP No. 30161N AQ4) (the "exchange 2035 notes") and (iii) up to $741,001,000 aggregate principal amount of our outstanding 5.100% Notes due 2045 (CUSIP Nos. 30161N AR2 and U3002L AC6) (the "original 2045 notes" and, together with the original 2025 notes and the original 2035 notes, the "original notes") for a like principal amount of our 5.100% Notes due 2045 that will be issued in a transaction registered under the Securities Act (CUSIP No. 30161N AS0) (the "exchange 2045 notes" and, together with the exchange 2025 notes and the exchange 2035 notes, the "exchange notes"). The terms of the exchange offers are summarized below and are more fully described in this prospectus.

The terms of each series of exchange notes are identical to the terms of the corresponding series of original notes, except that the transfer restrictions, registration rights and additional interest provisions applicable to the original notes do not apply to the exchange notes.

We will accept for exchange any and all original notes of each series validly tendered and not validly withdrawn prior to 5:00 p.m., New York City time, on , 2016, unless extended (the "expiration date").

You may withdraw tenders of original notes of each series at any time prior to the expiration of the relevant exchange offer.

We will not receive any proceeds from the exchange offers. The original notes surrendered in exchange for the exchange notes will be retired and cancelled and will not be reissued. Accordingly, issuance of the exchange notes will not result in any increase in our outstanding indebtedness.

The exchange of original notes of each series for the corresponding series of exchange notes will not be a taxable event for U.S. federal income tax purposes.

No public market currently exists for any series of original notes. We do not intend to list any series of exchange notes on a securities exchange and, therefore, no active public market is anticipated.

Each broker-dealer that receives exchange notes for its own account pursuant to the exchange offers must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes. The letter of transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of exchange notes received in exchange for original notes where such original notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. We have agreed that, for a period of 180 days after the expiration date, we will make this prospectus available to any broker-dealer for use in connection with any such resale. See "Plan of Distribution."

See " Risk Factors " beginning on page 12 to read about important factors you should consider before tendering your original notes.

Neither the Securities and Exchange Commission (the "SEC") nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is , 2016

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We are responsible only for the information contained in or incorporated by reference into this prospectus. We have not authorized anyone to provide you with information that is different, and we take no responsibility for any other information or representations that others may give you. This prospectus is an offer to sell only the securities it describes, but only under circumstances and in jurisdictions where it is lawful to do so. The information incorporated by reference into or contained in this prospectus may only be accurate on the date of the relevant incorporated document or of this prospectus, as the case may be.

This prospectus contains summaries of the material terms of certain documents and refers you to certain documents that we have filed with the SEC. See “Incorporation of Certain Information by Reference.” Copies of these documents, except for certain exhibits and schedules, will be made available to you without charge upon written or oral request to:

Exelon Corporation
Attn: Investor Relations
10 South Dearborn Street—52nd Floor
P.O. Box 805398
Chicago, IL 60680-5398

In order to obtain timely delivery of such materials, you must request such information from us no later than five business days prior to the expiration of the relevant exchange offer.

No information in this prospectus constitutes legal, business or tax advice, and you should not consider it as such. You should consult your own attorney, business advisor and tax advisor for legal, business and tax advice regarding the exchange offers.

Forward Looking Statements

This prospectus and the documents incorporated by reference herein, as described under the headings “Where You Can Find More Information” and “Incorporation of Certain Information by Reference” contain forward-looking statements that are not based entirely on historical facts and are subject to risks and uncertainties. Words such as “believes,” “anticipates,” “expects,” “intends,” “plans,” “predicts,” “estimates” and similar expressions are intended to identify forward-looking statements but are not the only means to identify those statements. These forward-looking statements are based on assumptions, expectations and assessments made by our management in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe to be appropriate. Any forward-looking statements are not guarantees of our future performance and are subject to risks and uncertainties.

This prospectus contains certain forward-looking statements, which are subject to risks and uncertainties. The factors that could cause actual results to differ materially from the forward-looking statements include: (a) any risk factors discussed in this prospectus; (b) those factors discussed in the following sections of Exelon's Annual Report on Form 10-K for the year ended December 31, 2015, which are incorporated herein by reference: (1) ITEM 1A. Risk Factors, (2) ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and (3) ITEM 8. Financial Statements and Supplementary Data: Note 23; and (c) other factors discussed herein and in other filings with the SEC by Exelon, as applicable.

You are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date on the front of this prospectus or, as the case may be, as of the date on which we make any subsequent forward-looking statement that is deemed incorporated by reference. We do not undertake any obligation to update or revise any forward-looking statement to reflect events or circumstances after the date as of which any such forward-looking statement is made.

Where You Can Find More Information

We file annual, quarterly and current reports and other information with the SEC. You may read and copy any document we file at the SEC's public reference room in Washington, D.C. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. Our SEC filings are also available to the public from the SEC's web site at www.sec.gov or from our web site at www.exeloncorp.com. However, the information that appears on our website is not incorporated by reference into this prospectus and does not constitute a part of this prospectus.

Incorporation of Certain Information by Reference

We are "incorporating by reference" into this prospectus certain information we file with the SEC. This means we are disclosing important information to you by referring you to the documents containing the information. The information we incorporate by reference is considered to be part of this prospectus. Information that we file later with the SEC that is deemed incorporated by reference into this prospectus (but not information deemed pursuant to the SEC's rules to be furnished to and not filed with the SEC) will automatically update and supersede information previously included.

This prospectus also includes information about our subsidiaries Exelon Generation Company, LLC ("Generation"), Commonwealth Edison Company ("ComEd"), PECO Energy Company ("PECO"), and Baltimore Gas and Electric Company ("BGE") and their securities. Exelon, Generation, ComEd, PECO and BGE file combined reports under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Information contained in the combined reports relating to each registrant is filed separately by such registrant on its own behalf and only the information related to Exelon is incorporated by reference in this prospectus. Exelon does not make any representations as to information relating to any other registrant or securities issued by any other registrant and you should not rely on any information relating to any registrant other than Exelon in determining whether to participate in the exchange offers and invest in the exchange notes offered hereby. We are incorporating by reference into this prospectus the portions of the documents listed below relating to Exelon and any subsequent filings Exelon makes with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act (excluding information deemed pursuant to the SEC's rules to be furnished and not filed with the SEC) until the exchange offers are consummated or terminated:

- Annual Report on Form 10-K for the year ended December 31, 2015 filed with the SEC on February 10, 2016;
- Definitive Proxy Statement on Schedule 14A filed with the SEC on March 16, 2016;
- Current Reports on Form 8-K filed with the SEC on January 7, 2016, January 28, 2016, February 26, 2016, March 7, 2016 and March 24, 2016.

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Any future filings that we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this prospectus and prior to the consummation or termination of the exchange offers shall be deemed to be incorporated by reference into the prospectus from the date such documents are filed. In addition, all filings filed by Exelon pursuant to the Exchange Act after the date of the initial registration statement of which this prospectus forms a part and prior to effectiveness of the registration statement shall be deemed to be incorporated by reference into this prospectus.

Summary

The following summary is provided solely for your convenience. It is not intended to be complete and may not contain all of the information that you should consider before participating in the exchange offers and investing in the exchange notes. You should read carefully this entire prospectus and all the information included or incorporated by reference herein.

Our Company

Exelon Corporation, incorporated in Pennsylvania in February 1999, is a utility services holding company engaged, through Exelon Generation Company, LLC ("Generation"), in the energy generation business and, through Commonwealth Edison Company ("ComEd"), PECO Energy Company ("PECO") and Baltimore Gas and Electric Company ("BGE"), in the energy delivery business. Exelon's principal executive offices are located at 10 South Dearborn Street, Chicago, Illinois 60603, and its telephone number is 312-394-7398.

Generation's integrated business consists of the generation, physical delivery and marketing of power across multiple geographical regions through its customer-facing business, Constellation Energy, which sells electricity and natural gas to both wholesale and retail customers. Generation also sells renewable energy and other energy-related products and services, and engages in natural gas and oil exploration and production activities. Generation has six reportable segments consisting of the Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Regions.

ComEd's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of electricity transmission and distribution services to retail customers in northern Illinois, including the City of Chicago.

PECO's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of electricity transmission and distribution services to retail customers in southeastern Pennsylvania, including the City of Philadelphia, as well as the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services to retail customers in the Pennsylvania counties surrounding the City of Philadelphia.

BGE's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of electricity transmission and distribution services to retail customers in central Maryland, including the City of Baltimore, as well as the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services to retail customers in central Maryland, including the City of Baltimore.

Merger with Pepco Holdings, Inc. ("PHI")

On March 23, 2016, Exelon completed its previously announced acquisition of PHI pursuant to the Amended and Restated Agreement and Plan of Merger, dated as of July 18, 2014 (the "Merger"). As a result of the Merger, PHI became an indirect, wholly-owned subsidiary of Exelon on March 23, 2016.

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Summary Financial Information

We have provided the following summary financial information for your reference. We have derived the summary financial information presented here as of and for the years ended December 31, 2013, 2014 and 2015 from our audited consolidated financial statements, incorporated herein by reference. You should read this summary financial information together with our audited consolidated financial statements and the related notes, incorporated herein by reference. See "Where You Can Find More Information" and "Incorporation of Certain Information by Reference" in this prospectus.

	For the Year Ended December 31,		
	2015	2014 [a]	2013
	($ in millions)		
Statement of Operations Data			
Operating revenues	$29,447	$27,429	$24,888
Operating income	4,409	3,096	3,669
Net income	2,250	1,820	1,729
Cash Flow Data			
Net cash flows provided by operating activities	7,616	4,457	6,343
Net cash flows used in investing activities	(7,822)	(4,599)	(5,394)
Net cash flows provided by (used in) financing activities.	4,830	411	(826)

	As of December 31,		
	2015	2014	2013
	($ in millions)		
Balance Sheet Data			
Property, plant and equipment, net	$57,439	$52,170	$47,330
Noncurrent regulatory assets	6,065	6,076	5,910
Goodwill	2,672	2,672	2,625
Other deferred debits and other assets	13,874	13,645	13,816
Total assets	$95,384	$86,416	$79,243
Long-term debt, including long-term debt to financing trusts	24,286	19,853	18,165
Noncurrent regulatory liabilities	4,201	4,550	4,388
Other deferred credits and other liabilities	30,457	29,118	26,064
Shareholders' equity	25,793	22,608	22,732
Total liabilities and shareholders' equity	$95,384	$86,416	$79,243

(a) On April 1, 2014, Generation assumed operational control of Constellation Energy Nuclear Group, LLC's ("CENG") nuclear fleet. As a result, the 2014 financial results include CENG's results of operations on a fully consolidated basis.

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Summary of the Exchange Offers

On December 2, 2015, in connection with private exchange offers, we issued $807,082,000 aggregate principal amount of 3.950% Notes due 2025, $333,485,000 aggregate principal amount of 4.950% Notes due 2035 and $741,001,000 aggregate principal amount of 5.100% Notes due 2045. As part of those issuances, we entered into a registration rights agreement, dated as of December 2, 2015, with respect to the original notes, with the dealer managers of the private exchange offers, in which we agreed, among other things, to deliver this prospectus to you and to use our reasonable commercial efforts to complete an exchange offer for each series of original notes. Below is a summary of the exchange offers.

Securities Offered	$807,082,000 aggregate principal amount of 3.950% Notes due 2025, $333,485,000 aggregate principal amount of 4.950% Notes due 2035 and $741,001,000 aggregate principal amount of 5.100% Notes due 2045, in each case that will be issued in a transaction registered under the Securities Act. The form and terms of each series of exchange notes are identical to the corresponding series of original notes except that the transfer restrictions, registration rights and additional interest provisions applicable to the original notes do not apply to the exchange notes.
Exchange Offers	We are offering to exchange up to $807,082,000 aggregate principal amount of the outstanding original 2025 notes, up to $333,485,000 aggregate principal amount of outstanding original 2035 and up to $741,001,000 aggregate principal amount of the outstanding original 2045 notes for like principal amounts of the exchange 2025 notes, the exchange 2035 notes and the exchange 2045 notes, respectively. You may tender original notes only in denominations of $2,000 and any integral multiple of $1,000 in excess thereof. We will issue each series of exchange notes promptly after the expiration of the applicable exchange offer. In order to be exchanged, an original note must be validly tendered, not validly withdrawn and accepted. Subject to the satisfaction or waiver of the conditions of the exchange offers, all original notes that are validly tendered and not validly withdrawn will be exchanged. As of the date of this prospectus, $807,082,000 aggregate principal amount of original 2025 notes is outstanding, $333,485,000 aggregate principal amount of original 2035 notes is outstanding and $741,001,000 aggregate principal amount of original 2045 notes is outstanding. The original notes were issued under an indenture, dated as of June 11, 2015 (the “Base Indenture”), between Exelon and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), as supplemented by the first supplemental indenture, dated as of June 11, 2015, and the second supplemental indenture, dated as of December 2, 2015 (together with the Base Indenture, the “Indenture”). If all outstanding original notes are tendered for exchange, there will be $807,082,000 aggregate principal amount of 3.950% Notes due 2025 (that will be issued in a transaction registered under the Securities Act), $333,485,000 aggregate principal amount of 4.950% Notes due 2035 (that will be issued in a transaction

	registered under the Securities Act) and $740,001,000 aggregate principal amount of 5.100% Notes due 2045 (that will be issued in a transaction registered under the Securities Act) outstanding after these exchange offers.
Expiration Date; Tenders	The exchange offers will expire at 5:00 p.m., New York City time, on , 2016, which is the twentieth day of the offering period, unless we extend the period of time during which any or all of the exchange offers are open. In the event of any material change in any of the exchange offers, we will extend the period of time during which the relevant exchange offer is open if necessary so that at least five business days remain in the relevant exchange offer period following notice of the material change. By signing or agreeing to be bound by the letter of transmittal, you will represent, among other things, that: • you are not an affiliate of ours; • you are acquiring the exchange notes in the ordinary course of your business; • you are not participating, do not intend to participate and have no arrangement or understanding with anyone to participate, in the distribution (within the meaning of the Securities Act) of the exchange notes; and • if you are a broker-dealer that will receive exchange notes for its own account in exchange for original notes that were acquired as a result of market-making activities or other trading activities, you will deliver a prospectus (or to the extent permitted by law, make available a prospectus to purchasers) in connection with any resale of such exchange notes. For further information regarding resales of the exchange notes by broker-dealers, see the discussion under the caption “Plan of Distribution.”
Accrued Interest on the Exchange Notes and the Original Notes	Each series of exchange notes will bear interest from (and including) the last interest payment date on which interest was paid on the original notes. Accordingly, if your original notes are accepted for exchange, you will receive interest on the corresponding series of exchange notes for the period commencing on (and including) the last interest payment date on which interest was paid on the original notes, and not on such original notes. Any original notes not tendered will remain outstanding and continue to accrue interest according to their terms.
Conditions to the Exchange Offers	The exchange offers are subject to customary conditions. If we materially change the terms of any or all of the exchange offers, we will resolicit tenders of the applicable series of original notes and extend the applicable exchange offer period if necessary so that at least five business days remain in the relevant exchange offer period

	following notice of any such material change. See "The Exchange Offers—Conditions to the Exchange Offers" for more information regarding conditions to the exchange offers.
Procedures for Tendering Original Notes	A tendering holder must, at or prior to the expiration date: • transmit a properly completed and duly executed letter of transmittal, including all other documents required by the letter of transmittal, to the exchange agent at the address listed in this prospectus; or • if original notes are tendered in accordance with the book-entry procedures described in this prospectus, the tendering holder must transmit an agent's message to the exchange agent at the address listed in this prospectus. See "The Exchange Offers—Procedures for Tendering."
Withdrawal Rights	Tenders may be withdrawn at any time before 5:00 p.m., New York City time, on the expiration date. See "The Exchange Offers—Withdrawal Rights."
Acceptance of Original Notes and Delivery of Exchange Notes	Subject to the conditions stated in the section "The Exchange Offers—Conditions to the Exchange Offers" of this prospectus, we will accept for exchange any and all original notes of each series that are properly tendered in the exchange offers and not validly withdrawn before 5:00 p.m., New York City time, on the expiration date. The corresponding exchange notes will be delivered promptly after the expiration date. See "The Exchange Offers—Terms of the Exchange Offers."
Material U.S. Federal Tax Consequences	Your exchange of original notes for exchange notes pursuant to the exchange offers will not be a taxable event for U.S. federal income tax purposes. See "Material U.S. Federal Income Tax Consequences."
Exchange Agent	The Bank of New York Mellon Trust Company, N.A. is serving as exchange agent in connection with the exchange offers. The address and telephone number of the exchange agent are listed under the heading "The Exchange Offers—Exchange Agent."
Use of Proceeds; Expenses	We will not receive any proceeds from the issuance of any series of exchange notes in the exchange offers. We have agreed to pay all expenses incident to the exchange offers (including the expenses of one counsel for the holders of the original notes and the exchange notes) other than underwriting discounts and commissions and transfer taxes, if any.

Resales	Based on existing interpretations of the Securities Act by the SEC staff set forth in several no-action letters to third parties, and subject to the immediately following sentence, we believe exchange notes issued under these exchange offers in exchange for original notes may be offered for resale, resold and otherwise transferred by the holders thereof (other than holders that are broker-dealers) without further compliance with the registration and prospectus delivery provisions of the Securities Act. However, any holder of original notes that is an affiliate of ours or that intends to participate in the exchange offers for the purpose of distributing any of the exchange notes, or any broker-dealer that purchased any of the original notes from us for resale pursuant to Rule 144A or any other available exemption under the Securities Act, (i) will not be able to rely on the interpretations of the SEC staff set forth in the above mentioned no-action letters, (ii) will not be entitled to tender its original notes in the exchange offers and (iii) must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any sale or transfer of the original notes unless such sale or transfer is made pursuant to an exemption from such requirements. Any broker-dealer that will receive exchange notes for its own account in exchange for original notes that were acquired as a result of market-making activities or other trading activities must deliver a prospectus (or to the extent permitted by law, make available a prospectus to purchasers) in connection with any resale of such exchange notes.
Consequences of Not Exchanging Original Notes	If you do not exchange your original notes in the exchange offers, you will continue to be subject to the restrictions on transfer described in the legend on your original notes. In general, you may offer or sell your original notes only: • if they are registered under the Securities Act and applicable state securities laws; • if they are offered or sold under an exemption from registration under the Securities Act and applicable state securities laws; or • if they are offered or sold in a transaction not subject to the Securities Act and applicable state securities laws. Although your original notes will continue to accrue interest, they will generally retain no rights under the registration rights agreement applicable to the original notes. We currently do not intend to register any series of original notes under the Securities Act. Under some circumstances, holders of the original notes, including holders that are not permitted to participate in the exchange offers or that may not freely sell exchange notes received in the exchange offers, may require us to file, and to cause to become effective, a shelf registration statement covering resales of original notes by these holders. For more information regarding the consequences of not tendering your

	original notes and our obligations to file a shelf registration statement, see “The Exchange Offers—Consequences of Exchanging or Failing to Exchange the Original Notes” and “The Exchange Offers—Registration Rights Agreement.”
Risk Factors	For a discussion of significant factors you should consider carefully before deciding to participate in the exchange offers, see “Risk Factors” beginning on page 12 of this prospectus.

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Summary of the Terms of the Exchange Notes

The following is a brief summary of the principal terms of the exchange notes. The form and terms of each series of exchange notes are identical to those of the corresponding series of original notes except that the transfer restrictions, registration rights and additional interest provisions applicable to the original notes do not apply to the exchange notes. Each series of exchange notes will evidence the same debt as the corresponding series of original notes exchanged and will be governed by the same Indenture. Certain of the terms and conditions described below are subject to important limitations and exceptions. For a more detailed description of the terms and conditions of the exchange notes, see the section of this prospectus entitled "Description of the Exchange Notes."

Issuer	Exelon Corporation.
Securities Offered	$807,082,000 aggregate principal amount of 3.950% Notes due 2025, $333,485,000 aggregate principal amount of 4.950% Notes due 2035 and $741,001,000 aggregate principal amount of 5.100% Notes due 2045, in each case that will be issued in a transaction registered under the Securities Act.
Maturity	The exchange 2025 notes mature on June 15, 2025, the exchange 2035 notes mature on June 15, 2035 and the exchange 2045 notes mature on June 15, 2045.
Interest	If your original notes are accepted for exchange, you will receive interest on the corresponding series of exchange notes for the period commencing on (and including) the last interest payment date on which interest was paid on the original notes, and not on such original notes. Any original notes not tendered will remain outstanding and continue to accrue interest according to their terms. Interest on the exchange notes will be paid semi-annually on June 15 and December 15 of each year, beginning on June 15, 2016.
Special Mandatory Redemption	The exchange notes include a "special mandatory redemption" provision, pursuant to which Exelon is required to redeem the exchange notes, in whole, at a redemption price equal to 101% of the aggregate principal amount of the exchange notes so redeemed, plus accrued and unpaid interest from and including the most recent date on which interest has been paid on the original notes or the exchange notes, as applicable, to but not including the date of such redemption, upon the first to occur of either (i) June 30, 2016, if the Merger is not consummated on or prior to such date, provided that, if all conditions to closing the Merger have been satisfied by June 30, 2016 (other than those to be satisfied on the closing date thereof and the receipt of approvals from all applicable regulatory authorities) and, in our judgment, all conditions to closing the Merger are reasonably likely to be satisfied by August 31, 2016, then August 31, 2016, or (ii) the date on which the agreement relating to the Merger is terminated. The Merger closed on March 23, 2016. Accordingly, the special mandatory redemption provisions of the exchange notes are no longer operative. See "Description of the Exchange Notes—Special Mandatory Redemption."

Optional Redemption	The exchange notes include a “special optional redemption” provision, pursuant to which the exchange notes may be redeemed at our option at any time prior to August 31, 2016, in whole, at a redemption price equal to 101% of the aggregate principal amount of such series of exchange notes, plus accrued and unpaid interest from and including the most recent date on which interest has been paid on the original notes or the exchange notes, as applicable, to but not including the date of redemption, if, in our judgment, our acquisition of PHI will not be consummated on or prior to August 31, 2016. The Merger closed on March 23, 2016. Accordingly, the special optional redemption provisions of the exchange notes are no longer operative. At our option, any or all of the exchange notes may be redeemed, in whole or in part, at any time prior to maturity. If we elect to redeem the exchange 2025 notes at any time prior to March 15, 2025 (three months prior to the maturity date of the exchange 2025 notes), the exchange 2035 notes at any time prior to December 15, 2034 (six months prior to the maturity date of the exchange 2035 notes) or the exchange 2045 notes at any time prior to December 15, 2044 (six months prior to the maturity date of the exchange 2045 notes), we may redeem some or all of the exchange 2025 notes, the exchange 2035 notes and the exchange 2045 notes, respectively, in each case upon at least 15 days’ and not more than 60 days’ notice at a redemption price equal to the greater of: • 100% of the principal amount of the exchange notes then outstanding to be redeemed; and • The sum of the present values of the remaining scheduled payments of principal and interest on the exchange notes being redeemed (exclusive of interest accrued to the redemption date) to March 15, 2025, December 15, 2034 or December 15, 2044, as applicable, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined herein) plus 25 basis points in the case of the exchange 2025 notes, 30 basis points in the case of the exchange 2035 notes and 30 basis points in the case of the exchange 2045 notes, plus, in each case, accrued and unpaid interest on the principal amount being redeemed to but excluding the date of redemption. If we elect to redeem the exchange 2025 notes at any time on or after March 15, 2025 (three months prior to the maturity date of the exchange 2025 notes), the exchange 2035 notes at any time on or after December 15, 2034 (six months prior to the maturity date of the exchange 2035 notes) or the exchange 2045 notes at any time on or after December 15, 2044 (six months prior to the maturity date of the exchange 2045 notes), we may redeem some or all of the exchange 2025 notes, the exchange 2035 notes and the exchange 2045 notes, respectively, in each case upon at least 15 days’ and not more than

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	60 days' notice at a redemption price equal to 100% of the principal amount of the exchange notes then outstanding to be redeemed plus accrued and unpaid interest on the principal amount being redeemed to but excluding the redemption date. See "Description of the Exchange Notes—Optional Redemption."
Ranking	The exchange notes will be Exelon's direct unsecured general obligations and will rank equally with all of our existing and future unsecured and unsubordinated debt, including any original notes not exchanged in the exchange offer, will be senior in right of payment to all of our existing and future subordinated debt and will be junior to any of our future secured debt to the extent of the value of the collateral securing such secured debt. Because we are a holding company with no material assets other than our ownership interests in our subsidiaries and all of our operations are conducted by our subsidiaries, our debt is effectively subordinated to all existing and future debt, trade credit and other liabilities of our subsidiaries. Our rights, and hence the rights of our creditors, to participate in any distribution of assets of any subsidiary upon its liquidation or reorganization or otherwise would be subject to the prior claims of that subsidiary's creditors, except to the extent that our claims as a creditor of such subsidiary may be recognized. As of December 31, 2015, our subsidiaries had outstanding approximately $20.6 billion of long-term debt, including long-term debt to financing trusts and the portion of long-term debt due within one year. The exchange notes will not be obligations of or guaranteed by any of our subsidiaries. The Base Indenture does not limit our ability to issue debt senior to the exchange notes or the amount of debt we or our subsidiaries may issue.
Denominations	The exchange notes will be issued in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof.
No Listing	We do not intend to list the exchange notes on any securities exchange or automated dealer quotation system. The exchange notes will be new securities for which there currently is no public market. See "Risk Factors—There may be no public market for the exchange notes."
Risk Factors	You should consider carefully all the information set forth and incorporated by reference in this prospectus and, in particular, you should evaluate the specific factors set forth under the heading "Risk Factors" beginning on page 12 of this prospectus, as well as the other information contained or incorporated herein by reference, before participating in the exchange offers and investing in the exchange notes offered hereby.
Use of Proceeds	We will not receive any proceeds from the issuance of any series of exchange notes in the exchange offers.

Trustee	The Bank of New York Mellon Trust Company, N.A.
Indenture	The exchange notes will be issued under the same Indenture as the original notes.
	The Base Indenture provides for the issuance, from time to time, of debt securities in series (including the exchange notes to be issued in connection with the exchange offer) in an unlimited amount. We may issue additional securities from the Base Indenture from time to time.
Governing Law	The Indenture and the exchange notes will be governed by the laws of the State of New York.

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Risk Factors

The decision to participate in the exchange offers and invest in the exchange notes involves substantial risk. You should carefully consider the following risk factors and all other information contained in or incorporated by reference into this prospectus, including Exelon's financial statements and the related notes, before deciding to participate in the exchange offers. The risks described below are not the only risks facing us. Additional risks and uncertainties not currently known to us or those we currently view to be immaterial may also materially and adversely affect our business, financial condition or results of operations. If any of the following risks materialize, our business, financial condition or results of operations could be materially and adversely affected. In that case, you may lose some or all of your investment.

Risks Related to the Exchange Notes and the Exchange Offer

There may be no public market for the exchange notes.

We can give no assurances concerning the liquidity of any markets that may develop for the exchange notes offered by this prospectus, the ability of any investor to sell any of the exchange notes or the price at which investors would be able to sell them. If markets for the exchange notes do not develop, investors may be unable to resell the exchange notes for an extended period of time, if at all. If markets for the exchange notes do develop, they may not continue or it may not be sufficiently liquid to allow holders to resell any of the exchange notes. Consequently, investors may not be able to liquidate their investment readily, and lenders may not readily accept the exchange notes as collateral for loans.

The Indenture does not restrict the amount of additional debt that we may incur.

The exchange notes and the Indenture pursuant to which the exchange notes will be issued do not place any limitation on the amount of indebtedness that we or our subsidiaries may incur. Our incurrence of additional debt may have important consequences for you as a holder of the exchange notes, including making it more difficult for us to satisfy our obligations with respect to the exchange notes, a loss in the trading value of your exchange notes and a risk that one or more of the credit ratings of the exchange notes are lowered or withdrawn.

Our debt, including the exchange notes, is effectively subordinated to the debt of our subsidiaries.

Because we are a holding company with no material assets other than our ownership interests in our subsidiaries and all of our operations are conducted by our subsidiaries, our debt is effectively subordinated to all existing and future debt, trade credit and other liabilities of our subsidiaries. Our rights, and hence the rights of our creditors, to participate in any distribution of assets of any subsidiary upon its liquidation or reorganization or otherwise would be subject to the prior claims of that subsidiary's creditors, except to the extent that our claims as a creditor of such subsidiary may be recognized. As of December 31, 2015, our subsidiaries had outstanding approximately $20.6 billion of long-term debt, including long-term debt to financing trusts and the portion of long-term debt due within one year. The Indenture does not restrict our or our subsidiaries' ability to incur additional indebtedness.

If we consummate the exchange offers, the liquidity and market value of any remaining non-exchanged original notes may be adversely affected.

Upon consummation of the exchange offer, the aggregate principal amount of original notes will be reduced by the amount of original notes exchanged. Securities with a smaller outstanding principal amount available for trading, or float, generally command a lower price than do comparable securities with a greater float. Therefore, the market price for original notes that are not submitted for exchange or not accepted by us may be adversely affected. A reduced float may also make the trading prices of any original notes that are not exchanged more volatile.

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If you fail to exchange your original notes, they will continue to be restricted securities.

If you do not exchange your original notes for exchange notes pursuant to the exchange offers, the original notes you hold will continue to be subject to the existing transfer restrictions. The original notes may not be offered, sold or otherwise transferred, except in compliance with the registration requirements of the Securities Act, pursuant to an exemption from registration under the Securities Act or in a transaction not subject to the registration requirements of the Securities Act, and in compliance with applicable state securities laws. We do not anticipate that we will register any series of original notes under the Securities Act. After the exchange offers are consummated, the trading market for the remaining untendered original notes of each series may be small and inactive. In addition, if you are eligible to exchange your original notes in the exchanges offers and do not exchange your original notes in the exchange offers, you will no longer be entitled to have those original notes registered under the Securities Act.

The exchange offers may be cancelled or delayed.

We have reserved the right to terminate or withdraw the exchange offers, including solely in respect of one or more series of the original notes, in our sole discretion at any time and for any reason. Therefore, even if you properly submit a letter of transmittal prior to the expiration date and otherwise comply with the terms and conditions of the exchange offers, the exchange offers may not be consummated. Because of adjustments or other logistical challenges in exchanging original notes for exchange notes, among other things, the settlement of the exchange offers may be delayed. Accordingly, you may have to wait longer than expected to receive your exchange notes, during which time you will not be able to effect transfers of your original notes or exchange notes you are to receive in the exchange offer.

Holders of original notes that exchange could be subject to a different preference risk and period in bankruptcy than holders of original notes that do not participate in the exchange offer.

If we were to file a bankruptcy petition (or one were filed against us) within 90 days of the closing date of the exchange offers (or one year with respect to any statutory insiders of ours that participate in the exchange offers), and to the extent a bankruptcy court or other court of competent jurisdiction were then to conclude that the consideration received as part of the exchange offers constituted a transfer on account of antecedent debt related to the original notes, and any applicable defenses or exceptions do not apply, then those holders that participated in the exchange offers (or any subsequent transferee) may be subject to the avoidance of any consideration received as part of the exchange offers as a preferential transfer under applicable bankruptcy law. In contrast, those holders that do not participate in the exchange offers (and consequently would not be the beneficiaries of any new transfers from us on the closing date of the exchange offers) would not similarly be at risk in the event that we were to file a bankruptcy petition (or one were filed against us) within 90 days of the closing date of the exchange offers (or one year with respect to any statutory insiders of ours that participate in the exchange offers); instead, such parties would be at risk with regards to a potentially avoidable preferences only for any other transfers they may receive within 90 days (or one year, in the case of statutory insiders) of any bankruptcy filing by or against us.

Some noteholders may be required to comply with the registration and prospectus delivery requirements of the Securities Act.

If you exchange your original notes in the exchange offers for the purpose of participating in a distribution of the exchange notes, you may be deemed to have received restricted securities and, if so, you will be required to comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction. In addition, a broker-dealer that purchased original notes for its own account as part of market-making activities or other trading activities must deliver a prospectus when it sells the exchange notes it receives in exchange for original notes in the exchange offers. Our obligation to keep the registration statement of which this prospectus forms a part effective is limited. Accordingly, we cannot guarantee that a current prospectus will be available at all times to broker-dealers wishing to resell their exchange notes.

Use of Proceeds

We will not receive any proceeds from the exchange offers. In consideration for issuing exchange notes, we will receive in exchange the applicable original notes of like principal amount. The original notes surrendered in exchange for exchange notes will be retired and cancelled.

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Ratio of Earnings to Fixed Charges

The following are Exelon's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,				
	2015	2014	2013	2012	2011
Ratio of earnings to fixed charges	3.3x	2.7x	2.6x	2.4x	4.9x

The ratio of earnings to fixed charges represents, on a pre-tax basis, the number of times earnings cover fixed charges. Earnings consist of pre-tax net income from continuing operations after adjustment for income from equity investees and capitalized interest or allowance for funds used during construction, to which has been added fixed charges. Fixed charges consist of interest costs and amortization of debt discount and premium on all indebtedness and estimated interest portion of all rental expense.

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Capitalization and Short-Term Borrowings

The following table shows Exelon's consolidated capitalization and short-term borrowings as of December 31, 2015 and as adjusted to reflect the consummation of the exchange offers, assuming that all of the original notes are exchanged for exchange notes. This table is qualified in its entirety by, and should be considered in conjunction with, the more detailed information incorporated by reference or provided in this prospectus.

	As of December 31, 2015	
(in millions)	Actual	As Adjusted [a]
Short-term borrowings	$ 533	$ 533
Long-term debt:		
Long-term debt, including long-term debt to financing trusts [b]	23,905	23,905
Original 2025 notes	807	—
Original 2035 notes	333	—
Original 2045 notes	741	—
Exchange 2025 notes offered hereby	—	807
Exchange 2035 notes offered hereby	—	333
Exchange 2045 notes offered hereby	—	741
Shareholders' equity	25,793	25,793
Total capitalization and short-term borrowings	$52,112	$ 52,112

(a) Assumes that all original notes will be tendered and exchanged for the exchange notes offered hereby, pursuant to the terms of the exchange offers.

(b) Includes approximately $1,500 million of long-term debt due within one year.

The Exchange Offers

Purpose of the Exchange Offers

When we completed the issuance of the original notes in connection with the private exchange offers on December 2, 2015, we entered into a registration rights agreement with respect to the original notes with the dealer managers of the private exchange offers. Under the registration rights agreement, we agreed to use our reasonable commercial efforts to file a registration statement with the SEC relating to the exchange offers within 120 days of the issuance of the original notes. We also agreed to use our reasonable commercial efforts to cause the registration statement to be declared effective under the Securities Act within 180 days of the issuance of the original notes (unless the registration statement is reviewed by the SEC, in which case within 240 days of the issuance of the original notes) and to consummate the exchange offers within 225 days of the issuance of the original notes (unless the registration statement is reviewed by the SEC, in which case within 285 days of the issuance of the original notes). The registration rights agreement provides that we will be required to pay additional interest to the holders of the original notes of the applicable series if we fail to comply with such filing, effectiveness and offer consummation requirements. See "—Registration Rights Agreement" below for more information on the additional interest we will owe if we do not complete the exchange offers within a specified timeline.

The exchange offers are not being made to holders of original notes in any jurisdiction where the exchange would not comply with the securities or blue sky laws of such jurisdiction. A copy of the registration rights agreement has been filed as an exhibit to the registration statement of which this prospectus forms a part, and is available from us upon request. See "Where You Can Find More Information."

Each broker-dealer that receives exchange notes for its own account in exchange for original notes, where such original notes were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes. See "Plan of Distribution."

Terms of the Exchange Offers

Upon the terms and subject to the conditions described in this prospectus and in the accompanying letter of transmittal, we will accept for exchange original notes that are properly tendered before 5:00 p.m., New York City time, on the expiration date and not validly withdrawn as permitted below. We will issue a like principal amount of exchange notes in exchange for the principal amount of the corresponding series of original notes tendered under the respective exchange offers. As used in this prospectus, the term "expiration date" means , 2016, which is the twentieth day of the offering period. However, if we have extended the period of time for which the exchange offers are open with respect to any series of original notes, the term "expiration date" means the latest date to which we extend the relevant exchange offer.

As of the date of this prospectus, $807,082,000 aggregate principal amount of the original 2025 notes is outstanding, $333,485,000 aggregate principal amount of the original 2035 notes is outstanding and $741,001,000 aggregate principal amount of the original 2045 notes is outstanding. The original notes of each series were issued under the Indenture. Our obligation to accept original notes of each series for exchange in the exchange offers is subject to the conditions described below under "—Conditions to the Exchange Offers." We reserve the right to extend the period of time during which any or all of the exchange offers is open. We may elect to extend the relevant exchange offer period if less than 100% of the original notes of the relevant series are tendered or if any condition to consummation of the relevant exchange offer has not been satisfied as of the expiration date and it is likely that such condition will be satisfied after such date. In addition, in the event of any material change in any or all of the exchange offers, we will extend the period of time during which the relevant exchange offer is open if necessary so that at least five business days remain in the relevant offering period following notice of the material change. In the event of such extension, and only in such event, we may delay

acceptance for exchange of any original notes of the relevant series by giving written notice of the extension to the holders of original notes of such series as described below. During any extension period, all original notes of such series previously tendered will remain subject to the exchange offers and may be accepted for exchange by us. Any original notes not accepted for exchange will be returned to the tendering holder promptly after the expiration or termination of the exchange offers.

Original notes of each series tendered in the exchange offers must be in denominations of $2,000 and any integral multiple of $1,000 in excess thereof. No dissenter's rights of appraisal exist with respect to the exchange offers.

We reserve the right to amend or terminate any or all of the exchange offers, and not to accept for exchange any original notes of the relevant series not previously accepted for exchange, upon the occurrence of any of the conditions of the relevant exchange offer specified below under "—Conditions to the Exchange Offers." We will give written notice of any extension, amendment, non-acceptance or termination to the holders of the original notes of the relevant series as promptly as practicable. Such notice, in the case of any extension, will be issued by means of a press release or other public announcement no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled expiration date for such series.

Our acceptance of the tender of original notes by a tendering holder will form a binding agreement upon the terms and subject to the conditions provided in this prospectus and the accompanying letter of transmittal.

Procedures for Tendering

Except as described below, a tendering holder must, at or prior to 5:00 p.m., New York City time, on the applicable expiration date:

- transmit a properly completed and duly executed letter of transmittal, including all other documents required by the letter of transmittal, to The Bank of New York Mellon Trust Company, N.A., as the exchange agent, at the address listed below under the heading "—Exchange Agent;" or
- if original notes are tendered in accordance with the book-entry procedures described below, the tendering holder must transmit an agent's message to the exchange agent at the address listed below under the heading "—Exchange Agent."

In addition:

- the exchange agent must receive, at or before 5:00 p.m., New York City time, on the applicable expiration date, certificates for the original notes, if any; or
- the exchange agent must receive a timely confirmation of book-entry transfer of the original notes into the exchange agent's account at DTC, the book-entry transfer facility.

The term "agent's message" means a message, transmitted to DTC and received by the exchange agent and forming a part of a book-entry transfer, that states that DTC has received an express acknowledgment that the tendering holder agrees to be bound by the letter of transmittal and that we may enforce the letter of transmittal against this holder.

The method of delivery of original notes, letters of transmittal and all other required documents is at your election and risk. If the delivery is by mail, we recommend that you use registered mail, properly insured, with return receipt requested. In all cases, you should allow sufficient time to assure timely delivery. You should not send letters of transmittal or original notes to anyone other than the exchange agent.

If you are a beneficial owner whose original notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee, and wish to tender, you should promptly instruct the registered holder to

tender on your behalf. Any registered holder that is a participant in DTC's book-entry transfer facility system may make book-entry delivery of the original notes by causing DTC to transfer the original notes into the exchange agent's account.

Signatures on a letter of transmittal or a notice of withdrawal must be guaranteed unless the original notes surrendered for exchange are tendered:

- by a registered holder of the original notes that has not completed the box entitled "Special Issuance Instructions" or "Special Delivery Instructions" on the letter of transmittal; or
- for the account of an "eligible institution."

If signatures on a letter of transmittal or a notice of withdrawal are required to be guaranteed, the guarantees must be by an "eligible institution." An "eligible institution" is a financial institution, including most banks, savings and loan associations and brokerage houses, that is a participant in the Securities Transfer Agents Medallion Program, the New York Stock Exchange Medallion Signature Program or the Stock Exchanges Medallion Program.

We will reasonably determine all questions as to the validity, form and eligibility of original notes tendered for exchange and all questions concerning the timing of receipts and acceptance of tenders. These determinations will be final and binding.

We reserve the right to reject any particular original note not properly tendered, or any acceptance that might, in our judgment or our counsel's judgment, be unlawful. We also reserve the right to waive any defects or irregularities with respect to the form or procedures applicable to the tender of any particular original note prior to the expiration date. Unless waived, any defects or irregularities in connection with tenders of original notes must be cured prior to the applicable expiration dates of the exchange offers. Neither we, the exchange agent nor any other person will be under any duty to give notification of any defect or irregularity in any tender of original notes. Nor will we, the exchange agent or any other person incur any liability for failing to give notification of any defect or irregularity.

If the letter of transmittal is signed by a person other than the registered holder of original notes, the letter of transmittal must be accompanied by a certificate of the original notes endorsed by the registered holder or written instrument of transfer or exchange in satisfactory form, duly executed by the registered holder, in either case with the signature guaranteed by an eligible institution. In addition, in either case, the original endorsement or the instrument of transfer must be signed exactly as the name of any registered holder appears on the original notes.

If the letter of transmittal or any original notes or powers of attorney are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, these persons should so indicate when signing. Unless waived by us, proper evidence satisfactory to us of their authority to so act must be submitted.

By signing or agreeing to be bound by the letter of transmittal, each tendering holder of original notes will represent, among other things:

- that it is not an affiliate of ours;
- the exchange notes will be acquired in the ordinary course of its business;
- that it is not participating, does not intend to participate, and has no arrangement or understanding with anyone to participate, in the distribution (within the meaning of the Securities Act) of the exchange notes; and
- if such holder is a broker-dealer that will receive exchange notes for its own account in exchange for original notes that were acquired as a result of market-making activities or other trading activities, that it will deliver a prospectus (or to the extent permitted by law, make available a prospectus to purchasers) in connection with any resale of such exchange notes.

Each broker-dealer that receives exchange notes for its own account in exchange for original notes, where such original notes were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes. See “Plan of Distribution.”

Acceptance of Original Notes for Exchange; Delivery of Exchange Notes

Upon satisfaction of all of the conditions to an exchange offer, we will accept, promptly after the expiration date, all original notes of the relevant series properly tendered. We will issue the applicable exchange notes promptly after the expiration of the relevant exchange offer and acceptance of the corresponding original notes. See “—Conditions to the Exchange Offers” below. For purposes of the exchange offers, we will be deemed to have accepted properly tendered original notes for exchange when, as and if we have given written notice of such acceptance to the exchange agent.

For each original note accepted for exchange, the holder of the original note will receive an exchange note of the corresponding series having a principal amount equal to that of the surrendered original note. Each series of exchange notes will bear interest from (and including) the last interest payment date on which interest was paid on the original notes. Accordingly, if your original notes are accepted for exchange, you will receive interest on the corresponding series of exchange notes for the period commencing on (and including) the last interest payment date on which interest was paid on the original notes, and not on such original notes. Any original notes not tendered will remain outstanding and continue to accrue interest according to their terms.

In all cases, issuance of exchange notes for original notes will be made only after timely receipt by the exchange agent of:

- certificates for the original notes, or a timely book-entry confirmation of the original notes into the exchange agent’s account at the book-entry transfer facility;
- a properly completed and duly executed letter of transmittal or a transmitted agent’s message; and
- all other required documents.

Unaccepted or non-exchanged original notes will be returned without expense to the tendering holder of the original notes promptly after the expiration of the relevant exchange offer. In the case of original notes tendered by book-entry transfer in accordance with the book-entry procedures described below, the non-exchanged original notes will be returned or recredited promptly after the expiration of the relevant exchange offer.

Book-Entry Transfer

The exchange agent will make a request to establish an account for the original notes at DTC for purposes of the exchange offers within two business days after the date of this prospectus. Any financial institution that is a participant in DTC’s systems must make book-entry delivery of original notes by causing DTC to transfer those original notes into the exchange agent’s account at DTC in accordance with DTC’s procedure for transfer. This participant should transmit its acceptance to DTC at or prior to 5:00 p.m., New York City time, on the applicable expiration date. DTC will verify this acceptance, execute a book-entry transfer of the tendered original notes into the exchange agent’s account at DTC and then send to the exchange agent confirmation of this book-entry transfer. The confirmation of this book-entry transfer will include an agent’s message confirming that DTC has received an express acknowledgment from this participant that this participant has received and agrees to be bound by the letter of transmittal and that we may enforce the letter of transmittal against this participant. Delivery of exchange notes issued in the exchange offers may be effected through book-entry transfer at DTC. However, the letter of transmittal or facsimile of it or an agent’s message, with any required signature guarantees and any other required documents, must be transmitted to and received by the exchange agent at the address listed below under “—Exchange Agent” at or prior to 5:00 p.m., New York City time, on the applicable expiration date.

Exchanging Book-Entry Notes

The exchange agent and the book-entry transfer facility have confirmed that any financial institution that is a participant in the book-entry transfer facility may utilize the book-entry transfer facility's Automated Tender Offer Program ("ATOP") procedures to tender original notes. Any participant in the book-entry transfer facility may make book-entry delivery of original notes by causing the book-entry transfer facility to transfer such original notes into the exchange agent's account in accordance with the book-entry transfer facility's ATOP procedures for transfer. However, the exchange for the original notes so tendered will only be made after a book-entry confirmation of the book-entry transfer of original notes into the exchange agent's account, and timely receipt by the exchange agent of an agent's message and any other documents required by the letter of transmittal. The term "agent's message" means a message, transmitted by the book-entry transfer facility and received by the exchange agent and forming part of a book-entry confirmation, which states that the book-entry transfer facility has received an express acknowledgment from a participant tendering original notes that are the subject of such book-entry confirmation that such participant has received and agrees to be bound by the terms of the letter of transmittal, and that we may enforce such agreement against such participant.

Withdrawal Rights

For a withdrawal to be effective, the exchange agent must receive a written notice of withdrawal at the address or, in the case of eligible institutions, at the facsimile number, indicated below under "—Exchange Agent" before 5:00 p.m., New York City time, on the applicable expiration date. Any notice of withdrawal must:

- specify the name of the person, referred to as the depositor, having tendered the original notes to be withdrawn;
- identify the original notes to be withdrawn, including the relevant series, certificate number or numbers and principal amount of the original notes;
- in the case of original notes tendered by book-entry transfer, specify the number of the account at the book-entry transfer facility from which the original notes were tendered and specify the name and number of the account at the book-entry transfer facility to be credited with the withdrawn original notes and otherwise comply with the procedures of such facility;
- contain a statement that the holder is withdrawing his election to have the original notes exchanged;
- be signed by the holder in the same manner as the original signature on the letter of transmittal by which the original notes were tendered, including any required signature guarantees, or be accompanied by documents of transfer to have the Trustee with respect to the original notes register the transfer of the original notes in the name of the person withdrawing the tender; and
- specify the name in which the original notes are registered, if different from that of the depositor.

If certificates for original notes have been delivered or otherwise identified to the exchange agent, then, prior to the release of these certificates, the withdrawing holder must also submit the serial numbers of the particular certificates to be withdrawn and signed notice of withdrawal with signatures guaranteed by an eligible institution unless this holder is an eligible institution. We will determine all questions as to the validity, form and eligibility, including time of receipt, of notices of withdrawal. Any original notes so withdrawn will be deemed not to have been validly tendered for exchange. No exchange notes will be issued unless the original notes so withdrawn are validly re-tendered. Any original notes that have been tendered for exchange, but which are not exchanged for any reason, will be returned to the tendering holder without cost to the holder promptly after the expiration of the relevant exchange offer. In the case of original notes tendered by book-entry transfer, the original notes will be credited to an account maintained with the book-entry transfer facility for the original notes promptly after the expiration of the relevant exchange offer. Properly withdrawn original notes may be re-tendered by following the procedures described under " — Procedures for Tendering" above at any time on or before 5:00 p.m., New York City time, on the applicable expiration date.

Conditions to the Exchange Offers

Notwithstanding any other provision of the exchange offers, we shall not be required to accept for exchange, or to issue applicable exchange notes in exchange for, any original notes of the corresponding series, and may terminate or amend any of the exchange offers, if at any time prior to 5:00 p.m., New York City time, on the applicable expiration date any of the following events occurs:

- there is threatened, instituted or pending any action or proceeding before, or any injunction, order or decree issued by, any court or governmental agency or other governmental regulatory or administrative agency or commission that (i) might materially impair our ability to proceed with the applicable exchange offer; (ii) seeks to restrain or prohibit the making of the exchange offers; (iii) assesses or seeks any damages as a result thereof; of (iv) could result in a material delay in our ability to accept for exchange or exchange some or all of the original notes pursuant to the exchange offers; or
- the applicable exchange offer or the making of any exchange by a holder of original notes of the relevant series would violate applicable law or any applicable interpretation of the SEC staff.

These conditions are for our sole benefit and may be asserted by us with respect to all or any portion of the exchange offers regardless of the circumstances, including any action or inaction by us, giving rise to the condition or may be waived by us in whole or in part at any time or from time to time in our sole discretion. The failure by us at any time to exercise any of the foregoing rights will not be deemed a waiver of any right, and each right will be deemed an ongoing right that may be asserted at any time or from time to time. We reserve the right, notwithstanding the satisfaction of these conditions, to terminate or amend the exchange offers.

Any determination by us concerning the fulfillment or non-fulfillment of any conditions will be final and binding upon all parties.

In addition, we will not accept for exchange any original notes tendered, and no exchange notes will be issued in exchange for any original notes, if any stop order is threatened by the SEC or in effect relating to the registration statement of which this prospectus constitutes a part or the qualification of the Indenture under the Trust Indenture Act of 1939, as amended. We are required to make every reasonable effort to obtain the withdrawal of any order suspending the effectiveness of a registration statement at the earliest possible moment.

Exchange Agent

We have appointed The Bank of New York Mellon Trust Company, N.A. as the exchange agent for the exchange offers. You should direct all executed letters of transmittal to the exchange agent at the address indicated below. You should direct questions and requests for assistance, requests for additional copies of this prospectus or of the letter of transmittal to the exchange agent addressed as follows:

The Bank of New York Mellon Trust Company, N.A., as Exchange Agent c/o The Bank of New York Mellon Corporation
Corporate Trust Operations-Reorganization Unit
111 Sanders Creek Parkway
East Syracuse, NY 13057
Attn: Pamela Adamo
Tel: 315-414-3317
Fax: 732-667-9408

All other questions should be addressed to Exelon Corporation, Attn: Investor Relations 10 South Dearborn Street—52nd Floor, P.O. Box 805398, Chicago, IL 60680-5398. If you deliver the letter of transmittal to an address other than any address indicated above or transmit instructions via facsimile other than to any facsimile number indicated above, then your delivery or transmission will not constitute a valid delivery of the letter of transmittal.

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Fees and Expenses

We will not make any payment to brokers, dealers or others soliciting acceptances of the exchange offers. We have agreed to pay all expenses incident to the exchange offers (including the expenses of one counsel for the holders of the original notes and the exchange notes) other than underwriting discounts and commissions and transfer taxes, if any, and will indemnify the holders of the original notes and the exchange notes (including any broker-dealers) against certain liabilities, including liabilities under the Securities Act. The cash expenses to be incurred in connection with the exchange offers, including out-of-pocket expenses for the exchange agent, will be paid by us.

Transfer Taxes

We will pay any transfer taxes in connection with the tender of original notes in the exchange offers unless you instruct us to register exchange notes in the name of, or request that original notes not tendered or not accepted in the exchange offers be returned to, a person other than the registered tendering holder. In those cases, you will be responsible for the payment of any applicable transfer taxes.

Consequences of Exchanging or Failing to Exchange the Original Notes

Holders of original notes that do not exchange their original notes for exchange notes under the exchange offers will remain subject to the restrictions on transfer of such original notes as set forth in the legend printed on the original notes as a consequence of the issuance of the original notes pursuant to exemptions from, or in transactions not subject to, the registration requirements of the Securities Act and applicable state securities laws. In general, you may not offer or sell the original notes unless they are registered under the Securities Act, or if the offer or sale is exempt from registration under the Securities Act and applicable state securities laws. Except as required by the registration rights agreement, we do not intend to register resales of either series of original notes under the Securities Act.

Under existing interpretations of the Securities Act by the SEC staff contained in several no-action letters to third parties, and subject to the immediately following sentence, we believe the exchange notes of each series would generally be freely transferable by holders after the exchange offers without further registration under the Securities Act, subject to certain representations required to be made by each holder of exchange notes, as set forth below. However, any holder of original notes that is one of our “affiliates” (as defined in Rule 405 under the Securities Act) or that intends to participate in the exchange offers for the purpose of distributing the exchange notes, or any broker-dealer that purchased any of the original notes from us for resale pursuant to Rule 144A or any other available exemption under the Securities Act:

- will not be able to rely on the interpretation of the SEC staff;
- will not be able to tender its original notes of either series in the exchange offer; and
- must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any sale or transfer of original notes unless such sale or transfer is made pursuant to an exemption from such requirements. See “Plan of Distribution.”

We do not intend to seek our own interpretation regarding the exchange offers and there can be no assurance that the SEC staff would make a similar determination with respect to any or all series of exchange notes as it has in other interpretations to other parties, although we have no reason to believe otherwise.

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Registration Rights Agreement

The following description is a summary of the material provisions of the registration rights agreement. It does not restate the registration rights agreement in its entirety. We urge you to read the registration rights agreement in its entirety because it, and not this description, defines your registration rights as holders of the original notes. A copy of the registration rights agreement has been filed as an exhibit to the registration statement of which this prospectus forms a part and is available from us upon request. See “Where You Can Find More Information.”

On December 2, 2015, we and the dealer managers of the private exchange offers entered into a registration rights agreement with respect to the original notes. In the registration rights agreement, we agreed for the benefit of the holders of the original notes, to file a registration statement on an appropriate form under the Securities Act with respect to a proposed offer (each a “Registered Exchange Offer”) to exchange the original notes for a corresponding series of exchange notes issued under the Indenture and identical in all material respects to such original notes (except that the exchange notes will not contain terms with respect to transfer restrictions or any increase in annual interest rate). We agreed to use our reasonable commercial efforts to make this filing within 120 days of the issuance of the original notes. We also agreed to use our reasonable commercial efforts to cause the registration statement to be declared effective under the Securities Act within 180 days of the issuance of the original notes (unless the registration statement is reviewed by the SEC, in which case within 240 days of the issuance of the original notes) and to consummate the exchange offers within 225 days of the issuance of the original notes (unless the registration statement is reviewed by the SEC, in which case within 285 days of the issuance of the original notes). Upon the effectiveness of this registration statement, we will offer exchange notes of each series in return for original notes of the corresponding series.

In the event that (i) we reasonably determine that changes in law, SEC rules or regulations or applicable interpretations of the SEC staff do not permit us to effect the Registered Exchange Offer; (ii) the Registered Exchange Offer is not consummated on or prior to the 225th day following the issuance of the original notes (unless the registration statement is reviewed by the SEC, in which case on or prior to the 285th day following the issuance of the original notes); or (iii) a holder notifies us within 20 business days following consummation of the Registered Exchange Offer that it is not permitted by applicable law, SEC rules or regulations or applicable interpretations of the SEC staff to participate in the Registered Exchange Offer, that it may not resell exchange notes with the prospectus contained in the registration statement or that it is a broker dealer and owns original notes acquired directly from us or one of our affiliates, then we will at our cost in lieu of effecting (or, in the case of such a request by a holder, in addition to effecting) the registration of the exchange notes pursuant to the registration statement (x) as promptly as practicable, file with the SEC a shelf registration statement (a “Shelf Registration Statement”) to cover resales of the original notes; (y) use our reasonable commercial efforts to cause the Shelf Registration Statement to be declared effective under the Securities Act not later than 225 days after the issuance of the original notes (unless the Shelf Registration Statement is reviewed by the SEC, in which case, not later than 285 days after the issuance of the original notes); and (z) use our reasonable commercial efforts to keep effective the Shelf Registration Statement until the earlier of one year after the issuance of the original notes (plus the number of days in any suspension period described below) and the date all of the original notes covered by the Shelf Registration Statement have been sold. We have the ability to suspend the availability of the Shelf Registration Statement for up to 45 consecutive days, but no more than an aggregate of 90 days during any consecutive 12-month period if we determine in our reasonable judgment, upon advice of counsel, that there is a valid purpose for such suspension under the registration rights agreement.

In the event that (i) we fail to file the registration statement with the SEC on or prior to the 120th day following the issuance of the original notes; (ii) the registration statement is not declared effective by the SEC on or prior to the 180th day following the issuance of the original notes (unless the registration statement is reviewed by the SEC, in which case on or prior to the 240th day following the issuance of the original notes); (iii) the Registered Exchange Offer is not consummated or the Shelf Registration Statement is not declared effective on or prior to the 225th day following the issuance of the original notes (unless the registration statement or the Shelf Registration Statement is reviewed by the SEC, in which case on or prior to the 285th day

following the issuance of the original notes); or (iv) any required registration statement or Shelf Registration Statement relating to the original notes is filed and declared effective but shall thereafter either be withdrawn by us or becomes subject to an effective stop order suspending the effectiveness of such registration statement (except as specifically permitted in the registration rights agreement) without being succeeded within 30 days by an amendment thereto or an additional registration statement filed and declared effective (each of (i), (ii), (iii) and (iv) a "registration default"), then the interest rate borne by the applicable original notes will be increased by one-fourth of one percent (0.25%) per annum upon the occurrence of each registration default, which rate will increase by an additional one-fourth of one percent (0.25%) per annum if such registration default has not been cured within 90 days after the occurrence thereof and continuing until all registration defaults have been cured, provided that the aggregate amount of any such increase in the interest rate on the applicable original notes shall in no event exceed one-half of one percent (0.50%) per annum; and provided, further, that if the registration statement is not declared effective on or prior to the 180th day following the issuance of the original notes (unless the registration statement is reviewed by the SEC, in which case on or prior to the 240th day following the issuance of the original notes) and we shall request holders of original notes to provide the information called for by the registration rights agreement for including in the Shelf Registration Statement, then original notes owned by holders who do not deliver such information to us or who do not provide comments to us on the Shelf Registration Statement when required pursuant to the registration rights agreement will not be entitled to any such increase in the interest rate for any day after the 225th day following the issuance of the original notes (unless the registration statement or the Shelf Registration Statement is reviewed by the SEC, in which case for any day after the 285th day following the issuance of the original notes). All accrued interest will be paid to holders of original notes in the same manner and at the same time as regular payments of interest on the original notes. Following the cure of all registration defaults, the accrual of additional interest will cease and the interest rate will revert to the original rate.

Holders of the original notes will be required to make certain representations to us in order to participate in the Registered Exchange Offers and will be required to deliver certain information to be used in connection with the Shelf Registration Statement in order to have their original notes included in the Shelf Registration Statement and benefit from the provisions regarding additional interest set forth above. By including the original notes in the Shelf Registration Statement, a holder will be deemed to have agreed to indemnify us against certain losses arising out of information furnished by such holder in writing for inclusion in any shelf registration statement. Holders of original notes will also be required to suspend their use of the prospectus included in the Shelf Registration Statement under certain circumstances upon receipt of written notice to that effect from us.

This summary of the provisions of the registration rights agreement does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all the provisions of the registration rights agreement, a copy of which is available from us upon request.

Description of the Exchange Notes

The following description of the exchange notes is only a summary and is not intended to be comprehensive.

General

The original notes were issued and the exchange notes will be issued under the Indenture. Subject to the limitations described in this prospectus, we may issue additional notes under the Indenture with the same priority as the exchange notes offered hereby, including notes having the same series designation and terms (except for the issue date) as the exchange notes offered hereby, without the approval of the holders of any notes outstanding under the Indenture, including the holders of any series the exchange notes offered hereby.

The terms of the exchange notes will not necessarily afford you protection in the event of particular transactions or upon the occurrence of particular events that may adversely affect you, including a reorganization, recapitalization, restructuring, merger or other similar transactions involving us or our subsidiaries, whether or not in connection with a change of control. As a result, we could enter into such transactions even though the transaction could adversely affect our capital structure or credit ratings or otherwise adversely affect the holders of the exchange notes. The exchange notes will not contain any provisions that will require us to redeem, or permit the holders of the exchange notes to cause a redemption or purchase of, the exchange notes upon the occurrence of any particular event, other than as described below under "—Special Mandatory Redemption," (though, as described below, such redemption provisions are no longer operative due to the closing of the Merger). However, we may redeem some or all of the exchange notes at any time or from time to time prior to maturity, at our option, as described in this prospectus under "—Optional Redemption" below.

Interest Rate and Maturity

The exchange 2025 notes will pay interest at the fixed rate of 3.950% per annum, the exchange 2035 notes will pay interest at the fixed rate of 4.950% per annum and the exchange 2045 notes will pay interest at the fixed rate of 5.100% per annum. Interest on the exchange notes will be payable semi-annually on June 15 and December 15 of each year, beginning on June 15, 2016. The exchange 2025 notes will mature on June 15, 2025, the exchange 2035 notes will mature on June 15, 2035 and the exchange 2045 notes will mature on June 15, 2045.

Each series of exchange notes will bear interest from (and including) the last interest payment date on which interest was paid on the original notes. Accordingly, if your original notes are accepted for exchange, you will receive interest on the corresponding series of exchange notes for the period commencing on (and including) the last interest payment date on which interest was paid on the original notes, and not on such original notes. Interest will be computed on the basis of a 360-day year of twelve 30-day months. On each interest payment date, we will pay interest on each exchange note to the person in whose name the exchange note is registered at the close of business on the record date for such interest. The record date for each interest payment date in respect of the exchange notes will be the close of business on the Business Day immediately preceding the applicable interest payment date. If any interest payment date falls on a day that is not a Business Day, payment will be made on the next Business Day and no additional interest or other payment will be paid in respect of such delay. "Business Day" means any day that is not a Saturday, a Sunday or a day on which commercial banking institutions in New York City are generally authorized or required by law or executive order to be closed.

Ranking

The exchange notes will be our direct unsecured general obligations and will rank equally with all of our existing and future unsecured and unsubordinated debt, will be senior in right of payment to all of our existing and future subordinated debt and will be junior to any of our future secured debt to the extent of the value of the

collateral securing such secured debt. Because we are a holding company with no material assets other than our ownership interests in our subsidiaries and all of our operations are conducted by our subsidiaries, our debt is effectively subordinated to all existing and future debt, trade creditors, and other liabilities of our subsidiaries. Our rights, and hence the rights of our creditors, to participate in any distribution of assets of any subsidiary upon its liquidation or reorganization or otherwise would be subject to the prior claims of that subsidiary's creditors, except to the extent that our claims as a creditor of such subsidiary may be recognized. As of December 31, 2015, our subsidiaries had outstanding approximately $20.6 billion of long-term debt, including long-term debt to financing trusts and the portion of long-term debt due within one year. The Indenture does not restrict our or our subsidiaries' ability to incur additional indebtedness. In addition, the exchange notes will not be obligations of or guaranteed by any of our subsidiaries. The Indenture does not limit our ability to issue secured debt senior to the exchange notes or the amount of debt we or our subsidiaries may issue, whether secured or unsecured.

Please see "Capitalization and Short-Term Borrowings" in this prospectus for information with respect to the long-term debt and short-term borrowings of us and our subsidiaries as of December 31, 2015.

Form and Denomination

The exchange notes will be issued in registered form in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof.

The exchange notes will initially be issued in "book-entry only form," represented by a permanent global debt security registered in the name of DTC, including Clearstream and/or Euroclear, or its nominee. However, we reserve the right to issue exchange notes in certificated form registered in the name of the noteholders. For so long as the exchange notes are registered in the name of DTC or its nominee, we will pay the principal, premium, if any, and interest due on the exchange notes to DTC for payment to its participants for subsequent disbursement to the beneficial owners. For further information on DTC and its practices, see "Book-Entry System" below.

Special Mandatory Redemption

The exchange notes include a "special mandatory redemption" provision, pursuant to which Exelon is required to redeem the exchange notes, in whole, at a redemption price equal to 101% of the aggregate principal amount of the exchange notes so redeemed, plus accrued and unpaid interest from and including the most recent date on which interest has been paid on the original notes or the exchange notes, as applicable, to but not including the date of such redemption, upon the first to occur of either (i) June 30, 2016, if the Merger is not consummated on or prior to such date, provided that, if all conditions to closing the Merger have been satisfied by June 30, 2016 (other than those to be satisfied on the closing date thereof and the receipt of approvals from all applicable regulatory authorities) and, in our judgment, all conditions to closing the Merger are reasonably likely to be satisfied by August 31, 2016, then August 31, 2016, or (ii) the date on which the agreement relating to the Merger is terminated. The Merger closed on March 23, 2016. Accordingly, the special mandatory redemption provisions of the exchange notes are no longer operative.

Optional Redemption

General

The "special optional redemption" provisions of the Indenture will allow us to redeem the exchange notes, at our option, in whole, at any time prior to August 31, 2016, at a redemption price equal to 101% of the aggregate principal amount of such series of exchange notes, plus accrued and unpaid interest from and including the most recent date on which interest has been paid on the original notes or the exchange notes, as applicable, to but not including the date of redemption, if, in our judgment, our acquisition of PHI will not be consummated on or prior to August 31, 2016. The Merger closed on March 23, 2016. Accordingly, the special optional redemption provisions of the exchange notes are no longer operative.

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At our option, any or all of the exchange notes may be redeemed, in whole or in part, at any time prior to maturity.

If we elect to redeem the exchange 2025 notes at any time prior to March 15, 2025 (three months prior to the maturity date of the exchange 2025 notes), the exchange 2035 notes at any time prior to December 15, 2034 (six months prior to the maturity date of the exchange 2035 notes) or the exchange 2045 notes at any time prior to December 15, 2044 (six months prior to the maturity date of the exchange 2045 notes), we may redeem some or all of the exchange 2025 notes, the exchange 2035 notes and the exchange 2045 notes, respectively, in each case upon at least 15 days' and not more than 60 days' notice at a redemption price equal to the greater of:

- 100% of the principal amount of the exchange notes then outstanding to be redeemed; and
- the sum of the present values of the remaining scheduled payments of principal and interest on the exchange notes being redeemed (exclusive of interest accrued to the redemption date) to March 15, 2025, in the case of the exchange 2025 notes, to December 15, 2034, in the case of the exchange 2035 notes, and to December 15, 2044, in the case of the exchange 2045 notes, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 25 basis points in the case of the exchange 2025 notes, plus 30 basis points in the case of the exchange 2035 notes and plus 30 basis points in the case of the exchange 2045 notes, plus, in each case, accrued and unpaid interest on the principal amount being redeemed to but excluding the date of redemption.

If we elect to redeem the exchange 2025 notes at any time on or after March 15, 2025 (three months prior to the maturity date of exchange 2025 notes), the exchange 2035 notes at any time on or after December 15, 2034 (six months prior to the maturity date of the exchange 2035 notes) or the exchange 2045 notes at any time on or December 15, 2044 (six months prior to the maturity date of the exchange 2045 notes), we may redeem some or all of the exchange 2025 notes, the exchange 2035 notes and the exchange 2045 notes, respectively, in each case upon at least 15 days' and not more than 60 days' notice at a redemption price equal to 100% of the principal amount of the exchange notes then outstanding to be redeemed plus accrued and unpaid interest on the principal amount being redeemed to but excluding the redemption date.

Any optional redemption, other than the Special Optional Redemption (which is no longer operative), may be conditioned upon the consummation of one or more other transactions, including any debt or equity issuance by us or any of our subsidiaries. The Trustee shall not have responsibility for calculating any redemption price.

Certain Definitions

"Comparable Treasury Issue" means the United States Treasury security or securities selected by an Independent Investment Banker (as defined below) as having an actual or interpolated maturity comparable to the remaining term of the exchange notes being redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a comparable maturity to the remaining term of the exchange notes.

"Comparable Treasury Price" means, with respect to any redemption date, the average of the Reference Treasury Dealer Quotations (as defined below) for such redemption date.

"Independent Investment Banker" means one of the Reference Treasury Dealers (as defined below) appointed by us.

"Reference Treasury Dealer" means (1) any of Barclays Capital, Inc., Goldman, Sachs & Co. or their respective affiliates and (2) one other primary U.S. Government securities dealer in the United States of America (each, a "Primary Treasury Dealer") selected by us; provided, however, that if any of the foregoing shall cease to be a Primary Treasury Dealer, or is unwilling or unable to serve in such role, we shall substitute therefor another Primary Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by us, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to us at 3:30 p.m., New York City time, on the third Business Day preceding such redemption date.

"Treasury Rate" means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to actual or interpolated maturity (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

Events of Default

An "Event of Default" with respect to a series of debt securities issued under the Indenture means any of the following:

- we fail to pay the principal of (or premium, if any, on) any debt security of that series when due and payable;
- we fail to pay any interest on any debt security of that series for 30 days after such is due;
- we fail to observe or perform any other covenants or agreements set forth in the debt securities of that series, or in the Indenture in regard to such debt securities, continuously for 90 days after notice (which must be sent either by the Trustee or holders of at least 33% of the principal amount of the affected series);
- our failure to pay principal at maturity or acceleration following a default in an aggregate amount of $100 million or more with respect to any Indebtedness (as defined below) of Exelon Corporation (not including Indebtedness of our subsidiaries), or the acceleration of any of our Indebtedness aggregating $100 million or more which default is not cured, waived or postponed pursuant to an agreement with the holders of the Indebtedness within 30 days after written notice as provided in the Indenture, or the acceleration is not rescinded or annulled within 30 days after written notice as provided in the Indenture; or
- we file for bankruptcy or certain other events of bankruptcy, insolvency or reorganization occur.

As used in the immediately preceding paragraph, "Indebtedness" means all obligations for borrowed money.

An Event of Default for a particular series of debt securities does not necessarily mean that an Event of Default has occurred for any other series of debt securities issued under the Indenture. If an Event of Default has occurred and has not been cured, the Trustee or the holders of not less than 33% of the principal amount of the debt securities of the affected series may declare the entire principal of the debt securities of such series due and payable immediately. Subject to certain conditions, if we deposit with the Trustee enough money to remedy the default and there is no default continuing, this acceleration of payment may be rescinded by the holders of at least a majority in aggregate principal amount of the debt securities of such series.

The Trustee must, within 90 days after a default occurs, notify the holders of the debt securities of the series of the default if we have not remedied it (default is defined to include the events specified above without the grace periods or notice). The Trustee may withhold notice to the holders of such debt securities of any default (except in the payment of principal or interest) if it in good faith considers such withholding in the interest of the holders. We are required to file an annual certificate with the Trustee, signed by an officer, stating any default by us under any provisions of the Indenture.

Prior to any declaration of acceleration of maturity, the holders holding a majority of the principal amount of the debt securities of the particular series affected, on behalf of the holders of all debt securities of that series, may waive any past default or Event of Default. We cannot, however, obtain a waiver of a payment default.

Other than the duty to act with the required standard of care during an event of default, the Trustee is not required to take any action under the Indenture at the request of any holders unless such holders offer the Trustee reasonable indemnity. Subject to the provisions for indemnification and certain other limitations, the holders of a majority in principal amount of the debt securities of any series may direct the time, method and place of conducting any proceedings for any remedy available to the Trustee with respect to such debt securities.

In order to bypass the Trustee and take steps to enforce your rights or protect your interests relating to the debt securities, the following must occur:

- you must give the Trustee written notice that an Event of Default has occurred and remains uncured;
- the holders of 33% of the principal amount of all outstanding debt securities of the relevant series must make a written request that the Trustee take action because of the default, and must offer reasonable indemnity to the Trustee against the cost and other liabilities of taking that action; and
- the Trustee must have not taken action for 60 days after receipt of the above notice and offer of indemnity.

However, you are entitled at any time to bring a lawsuit for the payment of money due on your debt security on or after its due date.

“Street name” and other indirect holders should consult their banks or brokers for information on how to give notice or direction to, or make a request of, the Trustee and to make or cancel a declaration of acceleration.

Supplemental Indentures

There are three types of changes we can make to the Indenture and the debt securities issued thereunder, including the exchange notes.

Changes Requiring Each Holder’s Approval

The following changes require the approval of each holder of debt securities of the series affected then outstanding:

- extending the fixed maturity of any debt security;
- reducing the interest rate or extending the time of payment of interest;
- reducing any premium payable upon redemption;
- reducing the principal amount;
- reducing the amount of principal payable upon acceleration of the maturity of a discounted debt security following default;
- changing the currency of payment on a debt security;
- reducing the percentage of securityholders whose consent is required to modify or amend the Indenture; or
- changing provisions relating to the Special Mandatory Redemption (which are no longer operative).

Changes Not Requiring Holder Approval

Changes not requiring holder approval are limited to those changes specified in the Indenture, including those which are of an administrative nature or are changes that would not adversely affect holders of the debt securities.

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Changes Requiring a Majority of all Holders to Approve

A vote in favor by securityholders owning a majority of the principal amount of the debt securities of a particular series of affected debt securities is required for any other matter listed in the Indenture.

Consolidation, Merger or Sale

We may not merge or consolidate with any person (as defined in the Indenture) or sell substantially all of our assets as an entirety unless:

- we are the continuing corporation or the successor person is organized under the laws of the United States or a state or is organized under the laws of a foreign jurisdiction and consents to the jurisdiction of the courts of the United States or a state and expressly assumes the payment of principal, and premium, if any, and interest on the debt securities and the performance and observance of all the covenants and conditions of the Indenture binding on us; and
- we, or the successor person, is not immediately after the merger, consolidation or sale in default in the performance of a covenant or condition in the Indenture binding on us.

Discharge, Defeasance and Covenant Defeasance

We may discharge certain obligations to holders of the exchange notes of a series that have not already been delivered to the Trustee for cancellation and that either have become due and payable or will become due and payable within one year (or scheduled for redemption within one year) by irrevocably depositing with the Trustee, in trust, funds in U.S. dollars in an amount sufficient to pay the entire indebtedness including, but not limited to, the principal and premium, if any, and interest to the date of such deposit (if the debt securities have become due and payable) or to the maturity thereof or the redemption date of the debt securities of that series, as the case may be. We may direct the Trustee to invest such funds in U.S. Treasury securities with a maturity of one year or less or in a money market fund that invests solely in short-term U.S. Treasury securities.

The Indenture provides that we may elect either (1) to defease and be discharged from any and all obligations with respect to the exchange notes of a series (except for, among other things, obligations to maintain an office or agency with respect to the debt securities and to hold moneys for payment in trust) (“legal defeasance”) or (2) to be released from our obligations to comply with the restrictive covenants under the Indenture, and any omission to comply with such obligations will not constitute a default or an event of default with respect to the exchange notes of a series and such related clause under “—Events of Default” will no longer be applied (“covenant defeasance”). Legal defeasance or covenant defeasance, as the case may be, will be conditioned upon, among other things, the irrevocable deposit by us with the Trustee, in trust, of an amount in U.S. dollars, or U.S. government obligations, or both, applicable to the debt securities of that series which through the scheduled payment of principal and interest in accordance with their terms will provide money in an amount sufficient to pay the principal or premium, if any, and interest on the exchange notes on the scheduled due dates therefor.

If we effect covenant defeasance with respect to the exchange notes of any series, the amount in U.S. dollars, or U.S. government obligations, or both, on deposit with the Trustee will be sufficient, in the opinion of a nationally recognized firm of independent accountants, to pay amounts due on the exchange notes of that series at the time of the stated maturity but may not be sufficient to pay amounts due on the exchange notes of that series at the time of the acceleration resulting from such event of default. However, we would remain liable to make payment of such amounts due at the time of acceleration.

We will be required to deliver to the Trustee an opinion of counsel that the deposit and related defeasance will not cause the holders and beneficial owners of the exchange notes of that series to recognize income, gain or loss for federal income tax purposes. If we elect legal defeasance, that opinion of counsel must be based upon a ruling from the U.S. Internal Revenue Service or a change in law to that effect.

We may exercise our legal defeasance option notwithstanding our prior exercise of our covenant defeasance option.

Open Market Purchases

We may acquire the exchange notes by means other than a redemption, whether by tender offer, open market purchases, negotiated transactions or otherwise, in accordance with applicable securities laws, so long as such acquisition does not otherwise violate the terms of the Indenture.

Governing Law

The Indenture and the exchange notes will be governed by the laws of the State of New York.

Concerning the Trustee

We and our affiliates use or may use some of the banking services of the Trustee in the normal course of business.

Book-Entry System

We will issue the exchange notes in the form of one or more global notes in fully registered form initially in the name of Cede & Co., as nominee of DTC, or such other name as may be requested by an authorized representative of DTC. The global notes will be deposited with DTC and may not be transferred except as a whole by DTC to a nominee of DTC or by a nominee of DTC to DTC or another nominee of DTC or by DTC or any nominee to a successor of DTC or a nominee of such successor.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds and provides asset servicing for U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments that DTC's participants (direct participants) deposit with DTC. DTC also facilitates the post-trade settlement among direct participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between direct participants' accounts. This eliminates the need for physical movement of securities certificates. Direct participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly (indirect participants). The rules applicable to DTC and its direct and indirect participants are on file with the SEC. More information about DTC can be found at www.dtcc.com. We do not intend this internet address to be an active link or to otherwise incorporate the content of the website into this prospectus.

Clearstream advises that it is incorporated under the laws of Luxembourg as a bank. Clearstream holds securities for its customers and facilitates the clearance and settlement of securities transactions between its customers through electronic book-entry transfers between their accounts. Clearstream provides to its customers among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream interfaces with domestic securities markets in over 30 countries through established depository and custodial relationships. As a bank, Clearstream is subject to

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regulation by the Luxembourg Commission for the Supervision of the Financial Sector, also known as the *Commission de Surveillance du Secteur Financier* . Its customers are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Its customers in the United States are limited to securities brokers and dealers and banks. Indirect access to Clearstream is also available to other institutions such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with the customer.

Euroclear advises that it was created in 1968 to hold securities for its participants and to clear and settle transactions between Euroclear participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Euroclear provides various other services, including securities lending and borrowing and interfaces with domestic markets in several countries. Euroclear is operated by Euroclear Bank S.A./N.V. Euroclear Clearance establishes policy for Euroclear on behalf of Euroclear participants. Euroclear participants include banks, including central banks, securities brokers and dealers and other professional financial intermediaries and may include the Initial purchasers. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear participant, either directly or indirectly. Securities clearance accounts and cash accounts with the Euroclear operator are governed by the terms and conditions governing use of Euroclear and the related operating procedures of Euroclear. These terms and conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear operator acts under the terms and conditions only on behalf of Euroclear participants and has no record of or relationship with persons holding through Euroclear participants.

Euroclear further advises that investors that acquire, hold and transfer interests in the exchange notes by book-entry through accounts with the Euroclear operator or any other securities intermediary are subject to the laws and contractual provisions governing their relationship with their intermediary, as well as the laws and contractual provisions governing the relationship between such an intermediary and each other intermediary, if any, standing between themselves and the global securities.

Purchases of exchange notes under the DTC system must be made by or through direct participants, which will receive a credit for the exchange notes in DTC's records. The ownership interest of each actual purchaser of exchange notes is in turn to be recorded on the direct and indirect participants' records. Beneficial owners of the exchange notes will not receive written confirmation from DTC of their purchase, but beneficial owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the direct or indirect participant through which the beneficial owner entered into the transaction. Transfers of ownership interests in the exchange notes are to be accomplished by entries made on the books of direct and indirect participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates representing their ownership interests in the exchange notes, except in the event that use of the book-entry system for the exchange notes is discontinued.

To facilitate subsequent transfers, all exchange notes deposited by direct participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of exchange notes with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the exchange notes; DTC's records reflect only the identity of the direct participants to whose accounts such exchange notes are credited, which may or may not be the beneficial owners. The direct and indirect participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants, and by direct participants and indirect participants to beneficial owners will be governed by

arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. The laws of some jurisdictions may require that certain persons take physical delivery in definitive form of securities which they own. Consequently, those persons may be prohibited from purchasing beneficial interests in the global notes from any beneficial owner or otherwise.

Redemption notices shall be sent to DTC. If less than all of the notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each direct participant in such issue to be redeemed.

So long as DTC's nominee is the registered owner of the global notes, such nominee for all purposes will be considered the sole owner or holder of the exchange notes for all purposes under the Indenture. Except as provided below, beneficial owners will not be entitled to have any of the exchange notes registered in their names, will not receive or be entitled to receive physical delivery of the exchange notes in definitive form and will not be considered the owners or holders thereof under the Indenture.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the exchange notes. Under its usual procedures, DTC mails an omnibus proxy to the issuer as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those direct participants to whose accounts the exchange notes are credited on the record date (identified in a listing attached to the omnibus proxy).

All payments on the global notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit direct participants' accounts upon DTC's receipt of funds and corresponding detail information from trustees or issuers on payment dates in accordance with their respective holdings shown on DTC's records. Payments by participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such participant and not of DTC, the Trustee or us, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) shall be the responsibility of the Trustee or us, disbursement of such payments to direct participants shall be the responsibility of DTC, and disbursement of such payments to the beneficial owners shall be the responsibility of direct and indirect participants.

DTC may discontinue providing its service as securities depositary with respect to the exchange notes at any time by giving reasonable notice to us or the Trustee. In addition, we may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depositary). In the event that a successor securities depositary is not obtained under the above circumstances, or, alternatively, if an event of default with respect to the exchange notes has occurred and is outstanding, note certificates in fully registered form are required to be printed and delivered to beneficial owners of the global notes representing such exchange notes.

Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC's rules and will be settled in immediately available funds using DTC's same-day funds settlement system. Secondary market trading between Clearstream customers and/or Euroclear participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream and Euroclear and will be settled using the procedures applicable to conventional Eurobonds in immediately available funds.

Cross market transfers between persons holding directly or indirectly through DTC on the one hand, and directly or indirectly through Clearstream customers or Euroclear participants, on the other, will be effected in DTC in accordance with DTC's rules on behalf of the relevant European international clearing system by its U.S. depositary; however, such cross market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in such system in accordance with its rules and procedures and within its established deadlines, in European time. The relevant European international clearing system will, if

the transaction meets its settlement requirements, deliver instructions to its U.S. depository to take action to effect final settlement on its behalf by delivering interests in the exchange notes to or receiving interests in the exchange notes from DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Clearstream customers and Euroclear participants may not deliver instructions directly to their respective U.S. depositaries.

Because of time-zone differences, credits of interests in the exchange notes received by Clearstream or Euroclear as a result of a transaction with a DTC participant will be made during subsequent securities settlement processing and dated the Business Day following the DTC settlement date. Such credits or any transactions involving interests in such exchange notes settled during such processing will be reported to the relevant Clearstream customers or Euroclear participants on such Business Day. Cash received by Clearstream or Euroclear as a result of sales of interests in the exchange notes by or through a Clearstream customer or a Euroclear participant to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Clearstream or Euroclear cash account only as of the Business Day following settlement in DTC.

The information in this section has been obtained from sources that we believe to be reliable, but we take no responsibility for its accuracy.

Neither we, the Trustee nor the dealer managers will have any responsibility or obligation to direct participants, or the persons for whom they act as nominees, with respect to the accuracy of the records of DTC, its nominee or any direct participant with respect to any ownership interest in the exchange notes, or payments to, or the providing of notice to direct participants or beneficial owners.

Material United States Federal Income Tax Considerations

The following is a summary of certain U.S. federal income tax consequences of the exchange offers to beneficial holders whose unregistered original notes are tendered and accepted in the exchange offer, including the acquisition, ownership, and disposition of registered exchange notes acquired pursuant to the exchange offer. This summary is general in nature and does not discuss all aspects of U.S. federal income taxation that may be relevant to a particular holder in light of the holder's particular circumstances or to certain types of holders subject to special treatment under U.S. federal income tax laws (such as banks and thrifts, insurance companies, tax-exempt organizations, regulated investment companies, real estate investment trusts, trusts and estates, partnerships or other pass-through entities, or investors in such pass-through entities, persons holding original notes or exchange notes as part of a hedging, integrated, conversion or constructive sale transaction or a straddle, financial institutions, brokers, dealers in securities or currencies, traders in securities that elect to use a mark-to-market method of tax accounting for their securities holdings, government agencies or instrumentalities, persons that acquire original notes or exchange notes in connection with employment or other performance of services, U.S. Holders (as defined below) that have a functional currency other than the U.S. dollar, controlled foreign corporations, passive foreign investment companies, and U.S. expatriates). In addition, the discussion does not consider the effect of any alternative minimum taxes or foreign, state, local or other tax laws, or any U.S. tax considerations (such as estate or gift tax laws) other than certain U.S. federal income tax considerations that may be applicable to particular holders. Further, this summary assumes that holders hold their original notes and exchange notes as "capital assets" (generally, property held for investment) within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the "Code"). This summary does not address the tax consequences to any shareholder, beneficiary or other owner of a holder of original notes or exchange notes.

This summary is based on the Code and the U.S. Treasury regulations, rulings, administrative pronouncements, and judicial decisions thereunder as of the date hereof, all of which are subject to differing interpretations and may be changed, perhaps retroactively, resulting in U.S. federal income tax consequences different from those discussed in this summary. We have not obtained, nor do we intend to obtain, a ruling from the U.S. Internal Revenue Service (the "IRS") with respect to the statements made and the conclusions reached in the following summary, and there can be no assurance that the IRS will not challenge any of the conclusions set forth herein.

If a partnership (including an entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds original notes or exchange notes, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. Holders that are partnerships holding original notes or exchange notes (and partners in such partnerships) are urged to consult their tax advisors with respect to the U.S. federal income tax consequences of the exchange offers and the acquisition, ownership, and disposition of exchange notes acquired pursuant thereto.

As used in this summary, a "U.S. Holder" means a beneficial owner of original notes or exchange notes that is, for U.S. federal income tax purposes:

- an individual citizen or resident of the United States,
- a corporation, including any entity treated as a corporation for U.S. federal income tax purposes, created or organized in, or under the laws of, the United States, any state thereof, or the District of Columbia,
- an estate the income of which is subject to U.S. federal income taxation regardless of its source, or
- a trust, if (i) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (ii) it has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person.

As used herein, a "Non-U.S. Holder" means a beneficial owner of original notes or exchange notes that is, for U.S. federal income tax purposes, an individual, corporation, estate or trust that is not a U.S. Holder.

EACH HOLDER OF ORIGINAL NOTES IS URGED TO CONSULT ITS TAX ADVISOR REGARDING THE POTENTIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE EXCHANGE OF THE ORIGINAL NOTES AND THE ACQUISITION, OWNERSHIP AND DISPOSITION OF EXCHANGE NOTES IF SUCH HOLDER TENDERS ORIGINAL NOTES IN THE EXCHANGE OFFER, INCLUDING THE EXTENT TO WHICH SUCH HOLDER'S INDIVIDUAL CIRCUMSTANCES MAY AFFECT THE GENERAL RESULTS OUTLINED HEREIN, AS WELL AS THE CONSEQUENCES OF THE TAX LAWS OF ANY NON-U.S. OR U.S. STATE OR LOCAL TAXING JURISDICTION OR TAX TREATY.

Tax Consequences to U.S. Holders

Tax Consequences to U.S. Holders Who Do Not Participate in the Exchange Offer

We believe that the exchange offers (described under "Description of the Exchange Offer") will not be taxable events to a U.S. Holder for U.S. federal income tax purposes if such holder does not exchange any original notes in the exchange offer. Such holder will have the same adjusted tax basis and accrued market discount (if any) in, and holding period for the original notes held by such holder as such holder had immediately prior to the exchange. A U.S. Holder who does not elect to participate in the exchange should consult its own tax advisor regarding the consequences of not participating in the exchange.

Tax Consequences to U.S. Holders Who Participate in the Exchange Offer

The exchange of an original note for an exchange note pursuant to the exchange offers will not constitute a taxable exchange for U.S. federal income tax purposes. Consequently, a U.S. Holder will not recognize any gain or loss upon the receipt of an exchange note pursuant to the exchange offer. The holding period for an exchange note will include the holding period of the original note exchanged pursuant to the exchange offer, and the initial tax basis in an exchange note will be the same as the adjusted tax basis in the original note as of the time of the exchange. The U.S. federal income tax consequences of holding and disposing of an exchange note received pursuant to the exchange offers generally will be the same as the U.S. federal income tax consequences of holding and disposing of an original note.

Ownership of the Exchange Notes by U.S. Holders

Stated Interest of the Exchange Notes . Interest on an exchange note will generally be taxable to a U.S. Holder as ordinary interest income at the time it accrues or is received in accordance with the U.S. Holder's regular method of accounting for U.S. federal income tax purposes.

Amortizable Bond Premium . If a U.S. Holder purchased original notes after their original issuance date for an amount that is greater than the sum of all remaining payments on the notes other than stated interest, such U.S. Holder will have an initial tax basis in the notes in excess of the stated principal amount of the notes and will be treated as having purchased the notes with "amortizable bond premium" in an amount equal to such excess. Amortizable bond premium on original notes should carry over to the exchange notes received in exchange therefor. A U.S. Holder may elect to amortize this premium using a constant yield method over the term of the notes and generally may offset interest in respect of the notes otherwise required to be included in income by the amortized amount of the premium for the taxable year. A U.S. Holder that elects to amortize bond premium may reduce its tax basis in its notes by the amount of the premium amortized in any taxable year. An election to amortize bond premium is binding once made and applies to all notes held by the U.S. Holder at the beginning of the first taxable year to which this election applies and to all bonds thereafter acquired. U.S. Holders are urged to consult their own tax advisors concerning the computation and amortization of any bond premium on their exchange notes.

Market Discount . If a U.S. Holder purchased original notes after their original issuance date for an amount that is less than their stated principal amount, such Holder will be treated as having purchased the notes with

"market discount" unless the discount is less than a specified *de minimis* amount. Market discount on original notes should carry over to the exchange notes received in exchange therefor. Under the market discount rules, a U.S. Holder generally will be required to treat any gain realized on the sale, exchange, retirement or other disposition of an exchange note as ordinary income to the extent of any accrued market discount that has not previously been included in income. For this purpose, market discount will be considered to accrue ratably during the period from the date of the U.S. Holder's acquisition of the note to the maturity date of the note, unless the U.S. Holder made an election to accrue market discount on a constant yield basis. Accrued market discount on original notes that has not previously been included in income by a U.S. Holder should carry over to the exchange notes received in exchange therefor. A U.S. Holder may be required to defer the deduction of all or a portion of the interest paid or accrued on any indebtedness incurred or maintained to purchase or carry a note with market discount until the maturity date or certain earlier dispositions. A U.S. Holder may elect to include market discount in income currently as it accrues on either a ratable or a constant yield basis, in which case the rules described above regarding (1) the treatment as ordinary income of gain upon the disposition of the note and (2) the deferral of interest deductions will not apply. Currently included market discount is generally treated as ordinary interest income for U.S. federal income tax purposes. An election to include market discount in income as it accrues will apply to all debt instruments with market discount acquired by the U.S. Holder on or after the first day of the taxable year to which the election applies and may be revoked only with the consent of the IRS. U.S. Holders are urged to consult their own tax advisors before making this election.

Sale, Exchange or other Taxable Disposition of the Exchange Notes . Upon the disposition of exchange notes by sale, exchange, retirement, redemption or other taxable disposition, a U.S. Holder will recognize taxable gain or loss equal to the difference between (i) the amount realized on the disposition (other than any amounts attributable to accrued but unpaid cash interest, which will be taxed as ordinary interest income to the extent not previously so taxed) and (ii) the U.S. Holder's adjusted tax basis in the exchange notes immediately before the disposition. A U.S. Holder's adjusted tax basis generally will be equal to the U.S. Holder's initial tax basis in the exchange notes, increased by any market discount and decreased by any bond premium amortized by such holder with respect to the exchange notes. Except to the extent of any accrued market discount on the exchange notes (or carried over from the original notes) as described above under "—Market Discount," with respect to which any gain will be treated as ordinary income, a U.S. Holder's gain or loss will generally constitute capital gain or loss and will be long-term capital gain or loss if the U.S. Holder has held such note for longer than one year. Certain non-corporate U.S. Holders are generally subject to a reduced federal income tax rate on net long-term capital gains. The deductibility of capital losses is subject to certain limitations.

Information Reporting and Backup Withholding.

In general, we must report certain information to the IRS with respect to payments of stated interest and payments of the proceeds of the sale or other taxable disposition (including a retirement or redemption) of a note to certain U.S. Holders, except in the case of an exempt recipient (such as a corporation). The payor (which may be us or an intermediate payor) will be required to impose backup withholding tax, currently at a rate of 28 percent, with respect to the foregoing amounts if (1) the payee fails to furnish a taxpayer identification number ("TIN") to the payor or to establish an exemption from backup withholding, (2) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (3) there has been a notified payee underreporting described in Section 3406(c) of the Code or (4) the payee has not certified under penalties of perjury that it has furnished a correct TIN, that it is a United States person and that the IRS has not notified the payee that it is subject to backup withholding under the Code.

Backup withholding tax is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a U.S. Holder will be allowed as a credit against the U.S. Holder's United States federal income tax liability, if any, and may entitle the U.S. Holder to a refund, provided that the required information is timely furnished to the IRS. U.S. Holders should consult their own tax advisors regarding the effect, if any, of the backup withholding rules on their particular circumstances.

Net Investment Income.

An additional 3.8% tax will be imposed on certain U.S. Holders who are individuals, trusts, or estates (other than certain exempt trusts or estates) on the lesser of (1) the U.S. Holder's "net investment income" (or undistributed net investment income in the case of an estate or trust) for the relevant taxable year and (2) the excess of the U.S. Holder's modified adjusted gross income (or adjusted gross income in the case of an estate or trust) for the taxable year over a certain threshold. A U.S. Holder's net investment income will generally include its interest income and its net gains from the disposition of notes, unless such interest income or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). U.S. Holders that are individuals, estates or trusts, should consult their tax advisors regarding the applicability of the net investment income tax to income and gains in respect of their investment in the notes.

Tax Consequences to Non-U.S. Holders

Tax Consequences to Non-U.S. Holders Who Do Not Participate in the Exchange Offer

We believe that the exchange offers will not result in a taxable event to a Non-U.S. Holder for U.S. federal income tax purposes if such holder does not exchange any original notes in the exchange offers (described under "Description of the Exchange Offer"). A Non-U.S. Holder who does not elect to participate in the exchange offers should consult its own tax advisor regarding the consequences of not participating in the exchange offers.

Tax Consequences to Non-U.S. Holders Who Participate in the Exchange Offer

A Non-U.S. Holder will generally not be subject to tax on any gain recognized on the exchange of original notes for exchange notes except to the extent described below under "—Ownership of the Exchange Notes by Non-U.S. Holders—Sale, Exchange or Other Taxable Disposition of the Exchange Notes," treating the reference therein to the exchange notes as a reference to the original notes. Amounts attributable to accrued but unpaid interest on the original notes will be treated as ordinary interest income and will generally be subject to the rules described below under "—Ownership of the Exchange Notes by Non-U.S. Holders—Stated Interest of the Exchange Notes," treating the references therein to interest as references to accrued but unpaid interest and the references therein to exchange notes as references to the original notes. Non-U.S. Holders should consult their own tax advisors on the treatment of accrued but unpaid interest on the original notes.

Ownership of the Exchange Notes by Non-U.S. Holders

Stated Interest of the Exchange Notes . Subject to the discussions of backup withholding and FATCA below, interest income of a Non-U.S. Holder that is not effectively connected with a U.S. trade or business carried on by the Non-U.S. Holder will qualify for the "portfolio interest exemption" and, therefore, will not be subject to U.S. federal income tax or withholding, provided that:

- the Non-U.S. Holder does not own, actually or constructively, 10% or more of the total combined voting power of all classes of our stock entitled to vote within the meaning of Section 871(h)(3) of the Code and Treasury regulations thereunder;
- the Non-U.S. Holder is not a controlled foreign corporation related to us, actually or constructively through the stock ownership rules under Section 864(d)(4) of the Code;
- the Non-U.S. Holder is not a bank that is receiving the interest on an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business; and
- the beneficial owner gives us or our paying agent an appropriate IRS Form W-8 (or a suitable substitute or successor form or such other form as the IRS may prescribe) that has been properly completed and duly executed establishing its status as a Non-U.S. Holder.

If not all of these conditions are met, interest on the exchange notes paid to a Non-U.S. Holder that is not effectively connected with a U.S. trade or business (and not attributable to a permanent establishment maintained

in the U.S. under an applicable income tax treaty) carried on by the Non-U.S. Holder will generally be subject to federal income tax and withholding at a 30% rate, unless an applicable income tax treaty reduces or eliminates such tax and the Non-U.S. Holder claims the benefit of that treaty by providing an appropriate IRS Form W-8 (or a suitable substitute or successor form or such other form as the IRS may prescribe) that has been properly completed and duly executed.

If interest on the exchange notes is effectively connected with a U.S. trade or business carried on by the Non-U.S. Holder ("ECI"), the Non-U.S. Holder will be required to pay U.S. federal income tax on that interest on a net income basis generally in the same manner as a U.S. Holder (and the 30% withholding tax described above will not apply, provided the appropriate statement is provided to the applicable withholding agent) unless an applicable income tax treaty provides otherwise. If a Non-U.S. Holder is eligible for the benefits of any income tax treaty between the United States and its country of residence, any interest income that is ECI will be subject to U.S. federal income tax in the manner specified by the treaty if the Non-U.S. Holder claims the benefit of the treaty by providing an appropriate IRS Form W-8 (or a suitable substitute or successor form or such other form as the IRS may prescribe) that has been properly completed and duly executed). In addition, a corporate Non-U.S. Holder may, under certain circumstances, be subject to an additional "branch profits tax" at a 30% rate, or, if applicable, a lower treaty rate, on its effectively connected earnings and profits attributable to such interest (subject to adjustments).

Sale, Exchange or Other Taxable Disposition of the Exchange Notes . Subject to the discussion below on FATCA (as defined below), a Non-U.S. Holder will generally not be subject to U.S. federal income tax on any gain realized on a sale, exchange, retirement, redemption or other taxable disposition of exchange notes (other than any amount representing accrued but unpaid interest on the exchange note, which is subject to the rules discussed above under "— Ownership of the Exchange Notes by Non-U.S. Holders — Stated Interest of the Exchange Notes") unless:

- the gain is effectively connected with the conduct of a trade or business within the U.S. by the Non-U.S. Holder, or
- in the case of a Non-U.S. Holder who is a nonresident alien individual, such holder is present in the United States for 183 or more days in the taxable year and certain other requirements are met.

If a Non-U.S. Holder falls under the first of these exceptions, unless an applicable income tax treaty provides otherwise, the Non-U.S. Holder will be taxed on the net gain derived from the disposition of the exchange notes under the graduated U.S. federal income tax rates that are applicable to U.S. Holders and, if the Non-U.S. Holder is a foreign corporation, it may also be subject to the branch profits tax described above (unless a treaty reduces or eliminates such tax).

If an individual Non-U.S. Holder falls under the second of these exceptions, the Non-U.S. Holder generally will be subject to U.S. federal income tax at a rate of 30% (unless a lower applicable treaty rate applies) on the amount by which all capital gains allocable to sources within the United States, including any gain derived from the taxable disposition of the exchange notes, exceeds such Non-U.S. Holder's capital losses allocable to sources within the United States for the taxable year of the sale.

Information Reporting and Backup Withholding

The amount of interest on an exchange note paid to a Non-U.S. Holder and the amount of tax, if any, withheld from such payment generally must be reported annually to the Non-U.S. Holder and to the IRS. The IRS may make this information available under the provisions of an applicable income tax treaty (or information exchange agreement) to the tax authorities in the country in which the Non-U.S. Holder is resident.

Provided that a Non-U.S. Holder has complied with certain reporting procedures (usually satisfied by providing an applicable properly completed IRS Form W-8BEN or IRS Form W-8BEN-E) or otherwise establishes an exemption, the Non-U.S. Holder generally will not be subject to backup withholding tax with

respect to interest payments on, and the proceeds from a disposition of, an exchange note, unless we or our paying agent know or have reason to know that the holder is a U.S. person. Rules relating to information reporting requirements and backup withholding with respect to the payment of proceeds from the taxable disposition (including a redemption or retirement) of an exchange note are as follows:

If the proceeds are paid to or through the United States office of a broker, a Non-U.S. Holder generally will be subject to backup withholding and information reporting unless the Non-U.S. Holder certifies under penalties of perjury that it is not a U.S. person (usually on an IRS Form W-8BEN or W-8BEN-E) or otherwise establishes an exemption.

If the proceeds are paid to or through a non-U.S. office of a broker that is not a U.S. person and does not have certain specified U.S. connections (a "U.S. Related Person"), a Non-U.S. Holder will not be subject to backup withholding or information reporting.

If the proceeds are paid to or through a non-U.S. office of a broker that is a U.S. person or a U.S. Related Person, a Non-U.S. Holder generally will be subject to information reporting (but generally not backup withholding) unless the Non-U.S. Holder certifies under penalties of perjury that it is not a U.S. person (usually on an IRS Form W-8BEN or W-8BEN-E) or otherwise establishes an exemption.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will be allowed as a credit against the Non-U.S. Holder's U.S. federal income tax liability, if any, and may entitle the Non-U.S. Holder to a refund, provided that the required information is timely furnished to the IRS. Non-U.S. Holders should consult their own tax advisors regarding the application of the backup withholding rules in their particular circumstances and the availability of, and procedure for, obtaining an exemption from backup withholding under current Treasury regulations.

Foreign Account Tax Compliance

The Hiring Incentives to Restore Employment Act and the final Treasury regulations and official IRS guidance associated with such provisions (such provisions, regulations and guidance commonly known as "FATCA") generally impose a U.S. federal withholding tax of 30% on interest (including original issue discount, if any) income paid on a debt obligation and on the gross proceeds of a sale or other disposition (including a retirement or redemption) of a debt obligation paid to (1) a foreign financial institution (as the beneficial owner or as an intermediary for the beneficial owner), unless such institution (a) enters into, and is in compliance with, a withholding and information reporting agreement with the U.S. government to collect and provide to the U.S. tax authorities substantial information regarding U.S. account holders of such institution (which would include certain equity and debt holders of such institution, as well as certain account holders that are foreign entities with U.S. owners) or (b) is a resident in a country that has entered into an intergovernmental agreement with the United States in relation to such withholding and information reporting and the financial institution complies with the related information reporting requirements of such country or (2) a foreign entity that is not a financial institution (as the beneficial owner or as an intermediary for the beneficial owner), unless such entity provides the withholding agent with a certification identifying the substantial United States owners of the entity, which generally includes any U.S. person who directly or indirectly owns more than 10% of the entity, or certifies that it does not have any substantial U.S. owners.

Withholding under FATCA generally will apply to payments of interest (including original issue discount, if any, and any amounts attributable to accrued but unpaid interest on the original notes) on an exchange note regardless of when the payments are made. However, under the applicable Treasury Regulations, withholding under FATCA generally will only apply to payments of gross proceeds from the sale or other disposition of an exchange note on or after January 1, 2019. An intergovernmental agreement between the United States and the applicable non-U.S. country, or future Treasury regulations or other official IRS guidance, may modify these requirements. Holders should consult with their own tax advisors regarding the implications of FATCA on their investment in our exchange notes.

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Plan of Distribution

Based on existing interpretations of the Securities Act by the SEC staff set forth in several no-action letters to third parties, and subject to the immediately following sentence, we believe exchange notes issued under the exchange offers in exchange for original notes may be offered for resale, resold and otherwise transferred by the holders thereof (other than holders that are broker-dealers) without further compliance with the registration and prospectus delivery provisions of the Securities Act. However, any holder of original notes that is an affiliate of ours or that intends to participate in the exchange offers for the purpose of distributing the exchange notes, or any broker-dealer that purchased any of the original notes from us for resale pursuant to Rule 144A or any other available exemption under the Securities Act, (i) will not be able to rely on the interpretations of the SEC staff set forth in the above-mentioned no-action letters, (ii) will not be entitled to tender its original notes in the exchange offers, and (iii) must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any sale or transfer of the original notes unless such sale or transfer is made pursuant to an exemption from such requirements.

Each broker-dealer that receives exchange notes for its own account pursuant to the exchange offers must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of exchange notes received in exchange for original notes where such original notes were acquired as a result of market-making activities or other trading activities. We have agreed that, for a period of 180 days after the expiration date, we will make this prospectus, as amended or supplemented, available to any broker-dealer for use in connection with any such resale.

We will not receive any proceeds from any sale of exchange notes by broker-dealers. Exchange notes received by broker-dealers for their own account pursuant to the exchange offers may be sold from time to time in one or more transactions in the over-the-counter market, in negotiated transactions, through the writing of options on the exchange notes or a combination of such methods of resale, at market prices prevailing at the time of resale, at prices related to such prevailing market prices or negotiated prices. Any such resale may be made directly to purchasers or to or through brokers or dealers that may receive compensation in the form of commissions or concessions from any such broker-dealer or the purchasers of any such exchange notes. Any broker-dealer that resells exchange notes that were received by it for its own account pursuant to the exchange offers and any broker or dealer that participates in a distribution of such exchange notes may be deemed to be an “underwriter” within the meaning of the Securities Act and any profit on any such resale of exchange notes and any commission or concessions received by any such persons may be deemed to be underwriting compensation under the Securities Act. The letter of transmittal states that, by acknowledging that it will deliver and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an “underwriter” within the meaning of the Securities Act.

For a period of 180 days after the expiration date we will promptly send additional copies of this prospectus and any amendment or supplement to this prospectus to any broker-dealer that requests such documents in the letter of transmittal. We have agreed to pay all expenses incident to the exchange offers (including the expenses of one counsel for the holders of the original notes and the exchange notes) other than underwriting discounts and commissions and transfer taxes, if any, and will indemnify the holders of the original notes and the exchange notes (including any broker-dealers) against certain liabilities, including liabilities under the Securities Act.

Notwithstanding the foregoing, we may suspend the use of this prospectus by broker-dealers under specified circumstances. For example, we may suspend the use of this prospectus if:

- the SEC or any state securities authority requests an amendment or supplement to this prospectus or the related registration statement or requests additional information;
- the SEC or any state securities authority issues any stop order suspending the effectiveness of the registration statement or initiates proceedings for that purpose;

- we receive notification of the suspension of the qualification of the exchange notes for sale in any jurisdiction or the initiation or threatening of any proceeding for that purpose;
- the suspension is required by law;
- we determine that the continued effectiveness of the registration statement of which this prospectus forms a part and use of this prospectus would require disclosure of confidential information related to a material acquisition or divestiture of assets or a material corporate transaction, event or development; or
- an event occurs or we discover any fact that makes any statement made in the registration statement of which this prospectus forms a part untrue in any material respect or that requires the making of any changes in such registration statement in order to make the statements therein not misleading.

We will not receive any proceeds from the issuance of the exchange notes in the exchange offers.

Validity of the Exchange Notes

Kirkland & Ellis LLP will opine for us on whether the exchange notes are valid and binding obligations of Exelon and will rely on the opinion of Ballard Spahr LLP with respect to certain matters under the laws of the Commonwealth of Pennsylvania.

Experts

The financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) incorporated in this prospectus by reference to the Annual Report on Form 10-K for the year ended December 31, 2015 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

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Exelon Corporation

Offer to Exchange
$807,082,000 aggregate principal amount of outstanding 3.950% Notes due 2025
(CUSIP Nos. 30161N AM3 and U3002L AA0)
for
$807,082,000 aggregate principal amount of newly issued 3.950% Notes due 2025 that will be issued in a transaction registered under the Securities Act
(CUSIP No. 30161N AN1)
and
$333,485,000 aggregate principal amount of outstanding 4.950% Notes due 2035
(CUSIP Nos. 30161N AP6 and U3002L AB8)
for
$333,485,000 aggregate principal amount of newly issued 4.950% Notes due 2035 that will be issued in a transaction registered under the Securities Act
(CUSIP No. 30161N AQ4)
and
$741,001,000 aggregate principal amount of outstanding 5.100% Notes due 2045
(CUSIP Nos. 30161N AR2 and U3002L AC6)
for
$741,001,000 aggregate principal amount of newly issued 5.100% Notes due 2045 that will be issued in a transaction registered under the Securities Act
(CUSIP No. 30161N AS0)

PROSPECTUS

, 2016

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 20. Indemnification of Directors and Officers.

Chapter 17, Subchapter D of the Pennsylvania Business Corporation Law of 1988, as amended (the "PBCL"), contains provisions permitting indemnification of officers and directors of a business corporation incorporated in Pennsylvania. Sections 1741 and 1742 of the PBCL provide that a business corporation may indemnify directors and officers against liabilities and expenses he or she may incur in connection with a threatened, pending or completed civil, administrative or investigative proceeding by reason of the fact that he or she is or was a representative of the corporation or was serving at the request of the corporation as a representative of another enterprise, provided that the particular person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the corporation, and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful. In general, the power to indemnify under these sections does not exist in the case of actions against a director or officer by or in the right of the corporation if the person otherwise entitled to indemnification shall have been adjudged to be liable to the corporation, unless it is judicially determined that, despite the adjudication of liability but in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnification for the expenses the court deems proper. Section 1743 of the PBCL provides that the corporation is required to indemnify directors and officers against expenses they may incur in defending these actions if they are successful on the merits or otherwise in the defense of such actions.

Section 1746 of the PBCL provides that indemnification under the other sections of Subchapter D is not exclusive of other rights that a person seeking indemnification may have under any by-law, agreement, vote of shareholders or disinterested directors or otherwise, whether or not the corporation would have the power to indemnify the person under any other provision of law. However, Section 1746 prohibits indemnification in circumstances where the act or failure to act giving rise to the claim for indemnification is determined by a court to have constituted willful misconduct or recklessness.

Section 1747 of the PBCL permits a corporation to purchase and maintain insurance on behalf of any person who is or was a director or officer of the corporation, or is or was serving at the request of the corporation as a representative of another enterprise, against any liability asserted against such person and incurred by him or her in that capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify the person against such liability under Subchapter D.

Exelon's Bylaws provide that it is obligated to indemnify directors and officers and other persons designated by the board of directors against any liability, including any damage, judgment, amount paid in settlement, fine, penalty, cost or expense (including, without limitation, attorneys' fees and disbursements) including in connection with any proceeding. Exelon's Bylaws provide that no indemnification shall be made where the act or failure to act giving rise to the claim for indemnification is determined by arbitration or otherwise to have constituted willful misconduct or recklessness or attributable to receipt from Exelon of a personal benefit to which the recipient is not legally entitled.

As permitted by PBCL Section 1713, Exelon's Bylaws provide that directors generally will not be liable for monetary damages in any action, whether brought by shareholders directly or in the right of Exelon or by third parties, unless they fail in the good faith performance of their duties as fiduciaries (the standard of care established by the PBCL), and such failure constitutes self-dealing, willful misconduct or recklessness.

Exelon has entered into indemnification agreements with each of its directors. Exelon also currently maintains liability insurance for its directors and officers. In addition, the directors, officers and employees of Exelon are insured under policies of insurance, within the limits and subject to the limitations of the policies, against claims made against them for acts in the discharge of their duties, and Exelon is insured to the extent that it is required or permitted by law to indemnify the directors, officers and employees for such loss. The premiums for such insurance are paid by Exelon.

Item 21. Exhibits.

The "Exhibit Index" on page II-6 is hereby incorporated by reference.

Item 22. Undertakings.

The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement: (i) to include any prospectus required by Section 10(a)(3) of the Securities Act of 1933, as amended (the "Securities Act"); (ii) to reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement (notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement); and (iii) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser, if the registrant is subject to Rule 430C, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness; provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

(5) That, for the purpose of determining liability of the registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities, the undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

(6) That, for purposes of determining any liability under the Securities Act, each filing of the registrant's annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934, as amended) that is incorporated by reference in this registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(7) That prior to any public reoffering of the securities registered hereunder through use of a prospectus which is a part of this registration statement, by any person or party who is deemed to be an underwriter within the meaning of Rule 145(c), the registrant undertakes that such reoffering prospectus will contain the information called for by the applicable registration form with respect to reofferings by persons who may be deemed underwriters, in addition to the information called for by the other items of the applicable form.

(8) That every prospectus (i) that is filed pursuant to paragraph (7) above, or (ii) that purports to meet the requirements of Section 10(a)(3) of the Securities Act and is used in connection with an offering of securities subject to Rule 415, will be filed as a part of an amendment to this registration statement and will not be used until such amendment has become effective, and that for the purpose of determining liabilities under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(9) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer, or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

(10) To respond to requests for information that is incorporated by reference into the prospectus pursuant to Items 4, 10(b), 11 or 13 of this form, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request.

(11) To supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in this registration statement when it became effective.

SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Chicago, State of Illinois, on April 4, 2016.

EXELON CORPORATION

By: /s/ Jonathan W. Thayer

Jonathan W. Thayer
Senior Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints Christopher M. Crane or Jonathan W. Thayer, and each or any one of them, his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, severally, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments (including, without limitation, post-effective amendments) to this registration statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the SEC, and hereby grants to such attorneys-in-fact and agents, and each or any one of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Christopher M. Crane		April 4, 2016
Christopher M. Crane	President and Chief Executive Officer and Director (Principal Executive Officer)	
/s/ Jonathan W. Thayer		April 4, 2016
Jonathan W. Thayer	Senior Executive Vice President and Chief Financial Officer (Principal Financial Officer)	
/s/ Duane M. DesParte		April 4, 2016
Duane M. DesParte	Senior Vice President and Corporate Controller (Principal Accounting Officer)	
/s/ Mayo A. Shattuck III		April 4, 2016
Mayo A. Shattuck III	Director and Chairman	

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/s/ Anthony K. Anderson		April 4, 2016
Anthony K. Anderson	Director	
/s/ Ann C. Berzin		April 4, 2016
Ann C. Berzin	Director	
/s/ John A. Canning, Jr.		April 4, 2016
John A. Canning, Jr.	Director	
/s/ Yves C. deBalmann		April 4, 2016
Yves C. deBalmann	Director	
/s/ Nicholas DeBenedictis		April 4, 2016
Nicholas DeBenedictis	Director	
/s/ Linda Jojo		April 4, 2016
Linda Jojo	Director	
/s/ Paul L. Joskow		April 4, 2016
Paul L. Joskow	Director	
/s/ Robert J. Lawless		April 4, 2016
Robert J. Lawless	Director	
/s/ John W. Rogers, Jr.		April 4, 2016
John W. Rogers, Jr.	Director	

INDEX TO EXHIBITS

Exhibit No.	Description
3.1	Amended and Restated Articles of Incorporation of Exelon Corporation, as amended May 8, 2007 (incorporated herein by reference to Exhibit 3-1-2 to Exelon Corporation's Form 10-Q for the quarter ended September 30, 2008, filed on October 24, 2008)
3.2	Exelon Corporation Amended and Restated Bylaws, effective as of March 12, 2012 (incorporated herein by reference to Exhibit 3-1 to Exelon Corporation's Current Report on Form 8-K, filed on March 14, 2012)
4.1	Indenture, dated as of June 11, 2015, among Exelon Corporation and The Bank of New York Mellon Trust Company, National Association, as trustee (incorporated herein by reference to Exhibit 4.1 to Exelon Corporation's Current Report on Form 8-K, filed on June 11, 2015)
4.2	First Supplemental Indenture, dated as of June 11, 2015, among Exelon Corporation and The Bank of New York Mellon Trust Company, National Association, as trustee (incorporated herein by reference to Exhibit 4.2 to Exelon Corporation's Current Report on Form 8-K, filed on June 11, 2015)
4.3	Second Supplemental Indenture, dated as of December 2, 2015, among Exelon Corporation and The Bank of New York Mellon Trust Company, National Association, as trustee (incorporated herein by reference to Exhibit 4.1 to Exelon Corporation's Current Report on Form 8-K, filed on December 2, 2015)
4.4	Registration Rights Agreement, dated as of December 2, 2015, among Exelon Corporation, Barclays Capital Inc. and Goldman, Sachs & Co. (incorporated herein by reference to Exhibit 1.1 to Exelon Corporation's Current Report on Form 8-K, filed on December 2, 2015)
5.1	Opinion of Kirkland & Ellis LLP (incorporated by reference to Exhibit 5.1 to Exelon Corporation's Form S-4, filed on January 29, 2016)
5.2*	Opinion of Ballard Spahr LLP
12.1*	Exelon Corporation Computation of Ratio of Earnings to Fixed Charges
21.1	Subsidiaries of Exelon Corporation (incorporated herein by reference to Exhibit 21 to Exelon Corporation's Annual Report on Form 10-K for the year ended December 31, 2014, filed on February 13, 2015)
23.1	Consent of Kirkland & Ellis LLP (included in Exhibit 5.1) (incorporated by reference to Exhibit 23.1 to Exelon Corporation's Form S-4, filed on January 29, 2016)
23.2	Consent of Ballard Spahr LLP (included in Exhibit 5.2)
23.3*	Consent of PricewaterhouseCoopers LLP
24.1	Powers of Attorney (included on signature pages hereof)
25.1	Statement of Eligibility on Form T-1 under the Trust Indenture Act of 1939, as amended, of The Bank of New York Mellon Trust Company, National Association (incorporated by reference to Exhibit 25.1 to Exelon Corporation's Form S-4, filed on January 29, 2016)
99.1	Form of Letter of Transmittal (incorporated by reference to Exhibit 99.1 to Exelon Corporation's Form S-4, filed on January 29, 2016)
99.2	Form of Notice of Guaranteed Delivery (incorporated by reference to Exhibit 99.2 to Exelon Corporation's Form S-4, filed on January 29, 2016)
99.3	Form of Letter to DTC Participants (incorporated by reference to Exhibit 99.3 to Exelon Corporation's Form S-4, filed on January 29, 2016)

Exhibit No.	Description
99.4	Form of Letter to Clients (incorporated by reference to Exhibit 99.4 to Exelon Corporation's Form S-4, filed on January 29, 2016)

* Filed herewith

Exhibit 5.2

Ballard Spahr LLP

1735 Market Street, 51st Floor
Philadelphia, PA 19103-7599
TEL 215.665.8500
FAX 215.864.8999
www.ballardspahr.com

April 4, 2016

Exelon Corporation
10 South Dearborn Street
P.O. Box 805379
Chicago, Illinois 60680-5379

Re: Registration of Exchange Notes

Ladies and Gentlemen:

We have acted as Pennsylvania counsel to Exelon Corporation, a Pennsylvania corporation ("Exelon") in connection with the Registration Statement on Form S-4 (the "Registration Statement), filed by Exelon with the Securities and Exchange Commission ("SEC") under the Securities Act of 1933, as amended (the "Securities Act"). The Registration Statement relates to the registration under the Securities Act of Exelon's $807,082,000 aggregate principal amount of 3.950% Notes due 2025, $333,485,000 aggregate principal amount of 4.950% Notes due 2035 and $741,001,000 aggregate principal amount of 5.100% Notes due 2045 (collectively, the "Exchange Notes"). Capitalized terms not otherwise defined herein shall have the meaning given in the Registration Statement.

We have examined originals or copies, certified or otherwise identified to our satisfaction, of (i) the Registration Statement and all exhibits thereto, (ii) Exelon's Articles of Incorporation, as amended, and (iii) the Exelon's By-laws, as amended. We have also examined such corporate records and other agreements, documents and instruments, and such certificates or comparable documents of public officials and officers and representatives of Exelon, and have made such inquiries of such officers and representatives and have considered such matters of law as we have deemed appropriate as the basis for the opinions hereafter set forth.

In rendering the opinion expressed below, we have assumed the genuineness of all signatures, the legal capacity of natural persons, the authenticity of all documents submitted to us as originals, the conformity to originals of all documents submitted to us as certified, photostatic or conformed copies, the authenticity of originals of all such latter documents, and the accuracy and completeness of all records, information and statements submitted to us by officers and representatives of Exelon. In making our examination of documents executed by parties other than Exelon, we have assumed that such parties had the power, corporate or other, to enter into and perform all obligations thereunder and have also assumed the due authorization of all requisite action, corporate or other, and execution and delivery by such parties of such documents and the validity and binding effect thereof with respect to such parties.

On the basis of the foregoing, we are of the opinion that:

1. Exelon is a corporation duly incorporated and validly subsisting under the laws of the Commonwealth of Pennsylvania and duly authorized to exercise all the powers recited in its Articles of Incorporation, and to transact business in the Commonwealth of Pennsylvania and to own its properties (all as described in the Registration Statement) and to perform its obligations under the Exchange Notes and the Indenture.

2. Exelon has duly authorized, executed and delivered the Indenture and has duly authorized the issuance of the Exchange Notes.

We express no opinion as to the law of any jurisdiction other than the laws of the Commonwealth of Pennsylvania.

We consent to the filing of this opinion as an Exhibit 5 to the Registration Statement and to the reference to this firm under the heading "Validity of the Exchange Notes" in the Registration Statement. In giving this consent, we do not admit that we are within the category of persons whose consent is required by Section 7 of the Securities Act or the rules and regulations of the SEC promulgated thereunder.

We hereby consent to reliance on this opinion letter and the opinions provided herein by Kirkland & Ellis LLP in connection with the legal opinion provided by that law firm that is included as an exhibit to the Registration Statement.

This opinion is limited to the matters expressly stated herein. No implied opinion may be inferred to extend this opinion beyond the matters expressly stated herein. We do not undertake to advise you or anyone else of any changes in the opinion expressed herein resulting from changes in law, changes in facts or any other matters that hereafter might occur or be brought to our attention.

Very truly yours,

/s/ Ballard Spahr LLP

Exhibit 12.1

Exelon Corporation
Ratio of Earnings to Fixed Charges

($ millions)	Year Ended December 31, 2011	2012	2013	2014	2015
Pre-tax income from continuing operations	3,952	1,798	2,773	2,486	3,330
Plus: Loss from equity investees	1	91	(10)	20	—
Less: Capitalized interest	(57)	(75)	(67)	(79)	(99)
Pre-tax income from continuing operations after adjustment for income or loss from equity investees and capitalized interest	3,896	1,814	2,696	2,427	3,231
Fixed Charges:					
Interest expensed and capitalized, amortization of debt discount and premium on all indebtedness	761	1,021	1,436	1,110	1,107
Interest component of rental expense (a)	237	310	269	288	300
Total fixed charges	998	1,331	1,705	1,398	1,407
Pre-tax income from continuing operations after adjustment for income or loss from equity investees and capitalized interest plus fixed charges	4,894	3,145	4,401	3,825	4,638
Ratio of earnings to fixed charges	4.9	2.4	2.6	2.7	3.3

(a) Represents one-third of rental expense relating to operating leases, which is a reasonable approximation of the interest factor.

Exhibit 23.3

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in this Registration Statement on Form S-4 of our report dated February 10, 2016 relating to the financial statements, financial statement schedules and the effectiveness of internal control over financial reporting, which appears in Exelon Corporation's Annual Report on Form 10-K for the year ended December 31, 2015. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

/s/ PricewaterhouseCoopers LLP
Chicago, Illinois
April 4, 2016

As filed with the Securities and Exchange Commission on April 13, 2016

No. 333-209209

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 2
to
FORM S-4
REGISTRATION STATEMENT

UNDER
THE SECURITIES ACT OF 1933

EXELON CORPORATION

(Exact name of registrant as specified in its charter)

Pennsylvania	4931	23-2990190
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

10 South Dearborn Street
P.O. Box 805379
Chicago, Illinois 60680-5379
(800) 483-3220
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Jonathan W. Thayer
Senior Executive Vice President and Chief Financial Officer
Exelon Corporation
10 South Dearborn Street
P.O. Box 805379
Chicago, Illinois 60603-5379
(312) 394-7398
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies of all communications, including communications sent to agent for service, should be sent to:

Bruce G. Wilson	Richard B. Aftanas
Senior Vice President and Deputy General Counsel	Ross M. Leff
Exelon Corporation	Kirkland & Ellis LLP
10 South Dearborn Street	601 Lexington Avenue
P.O. Box 805379	New York, New York 10022
Chicago, Illinois 60603-5379	(212) 446-4722
(312) 394-7398	

Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

Large accelerated filer ☒ Accelerated filer ☐
Non-accelerated filer ☐ (do not check if a smaller reporting company) Smaller reporting company ☐

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price (1)	Amount of Registration Fee
3.950% Notes due 2025	$807,082,000	100%	$807,082,000	$81,273.16 (2)
4.950% Notes due 2035	$333,485,000	100%	$333,485,000	$33,581.94 (2)
5.100% Notes due 2045	$741,001,000	100%	$741,001,000	$74,618.80 (2)

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(f) under the Securities Act of 1933, as amended.
(2) The registration fee has been previously paid.

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The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of

1933 or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We may not sell these securities or consummate the exchange offers until the Registration Statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities nor a solicitation of an offer to buy these securities in any jurisdiction where the offer and sale is not permitted.

Subject to Completion, dated April 13, 2016

PROSPECTUS

Exelon Corporation

Offer to Exchange
$807,082,000 aggregate principal amount of outstanding 3.950% Notes due 2025
(CUSIP Nos. 30161N AM3 and U3002L AA0)
for
$807,082,000 aggregate principal amount of newly issued 3.950% Notes due 2025 that will be issued in a transaction registered under the Securities Act of 1933, as amended (the "Securities Act")
(CUSIP No. 30161N AN1)
and
$333,485,000 aggregate principal amount of outstanding 4.950% Notes due 2035
(CUSIP Nos. 30161N AP6 and U3002L AB8)
for
$333,485,000 aggregate principal amount of newly issued 4.950% Notes due 2035 that will be issued in a transaction registered under the Securities Act
(CUSIP No. 30161N AQ4)
and
$741,001,000 aggregate principal amount of outstanding 5.100% Notes due 2045
(CUSIP Nos. 30161N AR2 and U3002L AC6)
for
$741,001,000 aggregate principal amount of newly issued 5.100% Notes due 2045 that will be issued in a transaction registered under the Securities Act
(CUSIP No. 30161N AS0)

The exchange offers will expire at 5:00 p.m., New York City time, on , 2016, unless extended with respect to any or all series.

Exelon Corporation ("Exelon," "we" or "us") hereby offers, upon the terms and subject to the conditions set forth in this prospectus and the accompanying letter of transmittal (which together constitute the "exchange offers"), to exchange (i) up to $807,082,000 aggregate principal amount of our outstanding 3.950% Notes due 2025 (CUSIP Nos. 30161N AM3 and U3002L AA0) (the "original 2025 notes") for a like principal amount of our 3.950% Notes due 2025 that will be issued in a transaction registered under the Securities Act (CUSIP No. 30161N AN1) (the "exchange 2025 notes"), (ii) up to $333,485,000 aggregate principal amount of our outstanding 4.950% Notes due 2035 (CUSIP Nos. 30161N AP6 and U3002L AB8) (the "original 2035 notes") for a like principal amount of our 4.950% Notes due 2035 that will be issued in a transaction registered under the Securities Act (CUSIP No. 30161N AQ4) (the "exchange 2035 notes") and (iii) up to $741,001,000 aggregate principal amount of our outstanding 5.100% Notes due 2045 (CUSIP Nos. 30161N AR2 and U3002L AC6) (the "original 2045 notes" and, together with the original 2025 notes and the original 2035 notes, the "original notes") for a like principal amount of our 5.100% Notes due 2045 that will be issued in a transaction registered under the Securities Act (CUSIP No. 30161N AS0) (the "exchange 2045 notes" and, together with the exchange 2025 notes and the exchange 2035 notes, the "exchange notes"). The terms of the exchange offers are summarized below and are more fully described in this prospectus.

The terms of each series of exchange notes are identical to the terms of the corresponding series of original notes, except that the transfer restrictions, registration rights and additional interest provisions applicable to the original notes do not apply to the exchange notes.

We will accept for exchange any and all original notes of each series validly tendered and not validly withdrawn prior to 5:00 p.m., New York City time, on , 2016, unless extended (the "expiration date").

You may withdraw tenders of original notes of each series at any time prior to the expiration of the relevant exchange offer.

We will not receive any proceeds from the exchange offers. The original notes surrendered in exchange for the exchange notes will be retired and cancelled and will not be reissued. Accordingly, issuance of the exchange notes will not result in any increase in our outstanding indebtedness.

The exchange of original notes of each series for the corresponding series of exchange notes will not be a taxable event for U.S. federal income tax purposes.

No public market currently exists for any series of original notes. We do not intend to list any series of exchange notes on a securities exchange and, therefore, no active public market is anticipated.

Each broker-dealer that receives exchange notes for its own account pursuant to the exchange offers must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes. The letter of transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of exchange notes received in exchange for original notes where such original notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. We have agreed that, for a period of 180 days after the expiration date, we will make this prospectus available to any broker-dealer for use in connection with any such resale. See "Plan of Distribution."

See " Risk Factors " beginning on page 12 to read about important factors you should consider before tendering your original notes.

Neither the Securities and Exchange Commission (the "SEC") nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is , 2016

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We are responsible only for the information contained in or incorporated by reference into this prospectus. We have not authorized anyone to provide you with information that is different, and we take no responsibility for any other information or representations that others may give you. This prospectus is an offer to sell only the securities it describes, but only under circumstances and in jurisdictions where it is lawful to do so. The information incorporated by reference into or contained in this prospectus may only be accurate on the date of the relevant incorporated document or of this prospectus, as the case may be.

This prospectus contains summaries of the material terms of certain documents and refers you to certain documents that we have filed with the SEC. See “Incorporation of Certain Information by Reference.” Copies of these documents, except for certain exhibits and schedules, will be made available to you without charge upon written or oral request to:

Exelon Corporation
Attn: Investor Relations
10 South Dearborn Street—52nd Floor
P.O. Box 805398
Chicago, IL 60680-5398

In order to obtain timely delivery of such materials, you must request such information from us no later than five business days prior to the expiration of the relevant exchange offer.

No information in this prospectus constitutes legal, business or tax advice, and you should not consider it as such. You should consult your own attorney, business advisor and tax advisor for legal, business and tax advice regarding the exchange offers.

Forward Looking Statements

This prospectus and the documents incorporated by reference herein, as described under the headings “Where You Can Find More Information” and “Incorporation of Certain Information by Reference” contain forward-looking statements that are not based entirely on historical facts and are subject to risks and uncertainties. Words such as “believes,” “anticipates,” “expects,” “intends,” “plans,” “predicts,” “estimates” and similar expressions are intended to identify forward-looking statements but are not the only means to identify those statements. These forward-looking statements are based on assumptions, expectations and assessments made by our management in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe to be appropriate. Any forward-looking statements are not guarantees of our future performance and are subject to risks and uncertainties.

This prospectus contains certain forward-looking statements, which are subject to risks and uncertainties. The factors that could cause actual results to differ materially from the forward-looking statements include: (a) any risk factors discussed in this prospectus; (b) those factors discussed in the following sections of Exelon's Annual Report on Form 10-K for the year ended December 31, 2015, which are incorporated herein by reference: (1) ITEM 1A. Risk Factors, (2) ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and (3) ITEM 8. Financial Statements and Supplementary Data: Note 23; and (c) other factors discussed herein and in other filings with the SEC by Exelon, as applicable.

You are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date on the front of this prospectus or, as the case may be, as of the date on which we make any subsequent forward-looking statement that is deemed incorporated by reference. We do not undertake any obligation to update or revise any forward-looking statement to reflect events or circumstances after the date as of which any such forward-looking statement is made.

Where You Can Find More Information

We file annual, quarterly and current reports and other information with the SEC. You may read and copy any document we file at the SEC's public reference room in Washington, D.C. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. Our SEC filings are also available to the public from the SEC's web site at www.sec.gov or from our web site at www.exeloncorp.com. However, the information that appears on our website is not incorporated by reference into this prospectus and does not constitute a part of this prospectus.

Incorporation of Certain Information by Reference

We are "incorporating by reference" into this prospectus certain information we file with the SEC. This means we are disclosing important information to you by referring you to the documents containing the information. The information we incorporate by reference is considered to be part of this prospectus. Information that we file later with the SEC that is deemed incorporated by reference into this prospectus (but not information deemed pursuant to the SEC's rules to be furnished to and not filed with the SEC) will automatically update and supersede information previously included.

This prospectus also includes information about our subsidiaries Exelon Generation Company, LLC ("Generation"), Commonwealth Edison Company ("ComEd"), PECO Energy Company ("PECO"), and Baltimore Gas and Electric Company ("BGE") and their securities. Exelon, Generation, ComEd, PECO and BGE file combined reports under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Information contained in the combined reports relating to each registrant is filed separately by such registrant on its own behalf and only the information related to Exelon is incorporated by reference in this prospectus. Exelon does not make any representations as to information relating to any other registrant or securities issued by any other registrant and you should not rely on any information relating to any registrant other than Exelon in determining whether to participate in the exchange offers and invest in the exchange notes offered hereby. We are incorporating by reference into this prospectus the portions of the documents listed below relating to Exelon and any subsequent filings Exelon makes with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act (excluding information deemed pursuant to the SEC's rules to be furnished and not filed with the SEC) until the exchange offers are consummated or terminated:

- Annual Report on Form 10-K for the year ended December 31, 2015 filed with the SEC on February 10, 2016;
- Definitive Proxy Statement on Schedule 14A filed with the SEC on March 16, 2016; and
- Current Reports on Form 8-K filed with the SEC on January 7, 2016, January 28, 2016, February 26, 2016, March 7, 2016, March 24, 2016, April 1, 2016, April 5, 2016 and April 7, 2016.

Any future filings that we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this prospectus and prior to the consummation or termination of the exchange offers shall be deemed to be incorporated by reference into the prospectus from the date such documents are filed. In addition, all filings filed by Exelon pursuant to the Exchange Act after the date of the initial registration statement of which this prospectus forms a part and prior to effectiveness of the registration statement shall be deemed to be incorporated by reference into this prospectus.

Summary

The following summary is provided solely for your convenience. It is not intended to be complete and may not contain all of the information that you should consider before participating in the exchange offers and investing in the exchange notes. You should read carefully this entire prospectus and all the information included or incorporated by reference herein.

Our Company

Exelon Corporation, incorporated in Pennsylvania in February 1999, is a utility services holding company engaged, through Exelon Generation Company, LLC ("Generation"), in the energy generation business and, through Commonwealth Edison Company ("ComEd"), PECO Energy Company ("PECO") and Baltimore Gas and Electric Company ("BGE"), in the energy delivery business. Exelon's principal executive offices are located at 10 South Dearborn Street, Chicago, Illinois 60603, and its telephone number is 312-394-7398.

Generation's integrated business consists of the generation, physical delivery and marketing of power across multiple geographical regions through its customer-facing business, Constellation Energy, which sells electricity and natural gas to both wholesale and retail customers. Generation also sells renewable energy and other energy-related products and services, and engages in natural gas and oil exploration and production activities. Generation has six reportable segments consisting of the Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Regions.

ComEd's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of electricity transmission and distribution services to retail customers in northern Illinois, including the City of Chicago.

PECO's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of electricity transmission and distribution services to retail customers in southeastern Pennsylvania, including the City of Philadelphia, as well as the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services to retail customers in the Pennsylvania counties surrounding the City of Philadelphia.

BGE's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of electricity transmission and distribution services to retail customers in central Maryland, including the City of Baltimore, as well as the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services to retail customers in central Maryland, including the City of Baltimore.

Merger with Pepco Holdings, Inc. ("PHI")

On March 23, 2016, Exelon completed its previously announced acquisition of PHI pursuant to the Amended and Restated Agreement and Plan of Merger, dated as of July 18, 2014 (the "Merger"). As a result of the Merger, PHI became an indirect, wholly-owned subsidiary of Exelon on March 23, 2016.

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Summary Financial Information

We have provided the following summary financial information for your reference. We have derived the summary financial information presented here as of and for the years ended December 31, 2013, 2014 and 2015 from our audited consolidated financial statements, incorporated herein by reference. You should read this summary financial information together with our audited consolidated financial statements and the related notes, incorporated herein by reference. See "Where You Can Find More Information" and "Incorporation of Certain Information by Reference" in this prospectus.

	For the Year Ended December 31,		
	2015	2014 [a]	2013
	($ in millions)		
Statement of Operations Data			
Operating revenues	$29,447	$27,429	$24,888
Operating income	4,409	3,096	3,669
Net income	2,250	1,820	1,729
Cash Flow Data			
Net cash flows provided by operating activities	7,616	4,457	6,343
Net cash flows used in investing activities	(7,822)	(4,599)	(5,394)
Net cash flows provided by (used in) financing activities.	4,830	411	(826)

	As of December 31,		
	2015	2014	2013
	($ in millions)		
Balance Sheet Data			
Property, plant and equipment, net	$57,439	$52,170	$47,330
Noncurrent regulatory assets	6,065	6,076	5,910
Goodwill	2,672	2,672	2,625
Other deferred debits and other assets	13,874	13,645	13,816
Total assets	$95,384	$86,416	$79,243
Long-term debt, including long-term debt to financing trusts	24,286	19,853	18,165
Noncurrent regulatory liabilities	4,201	4,550	4,388
Other deferred credits and other liabilities	30,457	29,118	26,064
Shareholders' equity	25,793	22,608	22,732
Total liabilities and shareholders' equity	$95,384	$86,416	$79,243

(a) On April 1, 2014, Generation assumed operational control of Constellation Energy Nuclear Group, LLC's ("CENG") nuclear fleet. As a result, the 2014 financial results include CENG's results of operations on a fully consolidated basis.

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Summary of the Exchange Offers

On December 2, 2015, in connection with private exchange offers, we issued $807,082,000 aggregate principal amount of 3.950% Notes due 2025, $333,485,000 aggregate principal amount of 4.950% Notes due 2035 and $741,001,000 aggregate principal amount of 5.100% Notes due 2045. As part of those issuances, we entered into a registration rights agreement, dated as of December 2, 2015, with respect to the original notes, with the dealer managers of the private exchange offers, in which we agreed, among other things, to deliver this prospectus to you and to use our reasonable commercial efforts to complete an exchange offer for each series of original notes. Below is a summary of the exchange offers.

Securities Offered	$807,082,000 aggregate principal amount of 3.950% Notes due 2025, $333,485,000 aggregate principal amount of 4.950% Notes due 2035 and $741,001,000 aggregate principal amount of 5.100% Notes due 2045, in each case that will be issued in a transaction registered under the Securities Act. The form and terms of each series of exchange notes are identical to the corresponding series of original notes except that the transfer restrictions, registration rights and additional interest provisions applicable to the original notes do not apply to the exchange notes.
Exchange Offers	We are offering to exchange up to $807,082,000 aggregate principal amount of the outstanding original 2025 notes, up to $333,485,000 aggregate principal amount of outstanding original 2035 and up to $741,001,000 aggregate principal amount of the outstanding original 2045 notes for like principal amounts of the exchange 2025 notes, the exchange 2035 notes and the exchange 2045 notes, respectively. You may tender original notes only in denominations of $2,000 and any integral multiple of $1,000 in excess thereof. We will issue each series of exchange notes promptly after the expiration of the applicable exchange offer. In order to be exchanged, an original note must be validly tendered, not validly withdrawn and accepted. Subject to the satisfaction or waiver of the conditions of the exchange offers, all original notes that are validly tendered and not validly withdrawn will be exchanged. As of the date of this prospectus, $807,082,000 aggregate principal amount of original 2025 notes is outstanding, $333,485,000 aggregate principal amount of original 2035 notes is outstanding and $741,001,000 aggregate principal amount of original 2045 notes is outstanding. The original notes were issued under an indenture, dated as of June 11, 2015 (the “Base Indenture”), between Exelon and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), as supplemented by the first supplemental indenture, dated as of June 11, 2015, and the second supplemental indenture, dated as of December 2, 2015 (together with the Base Indenture, the “Indenture”). If all outstanding original notes are tendered for exchange, there will be $807,082,000 aggregate principal amount of 3.950% Notes due 2025 (that will be issued in a transaction registered under the Securities Act), $333,485,000 aggregate principal amount of 4.950% Notes due 2035 (that will be issued in a transaction

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	registered under the Securities Act) and $740,001,000 aggregate principal amount of 5.100% Notes due 2045 (that will be issued in a transaction registered under the Securities Act) outstanding after these exchange offers.
Expiration Date; Tenders	The exchange offers will expire at 5:00 p.m., New York City time, on , 2016, which is the twentieth day of the offering period, unless we extend the period of time during which any or all of the exchange offers are open. In the event of any material change in any of the exchange offers, we will extend the period of time during which the relevant exchange offer is open if necessary so that at least five business days remain in the relevant exchange offer period following notice of the material change. By signing or agreeing to be bound by the letter of transmittal, you will represent, among other things, that: • you are not an affiliate of ours; • you are acquiring the exchange notes in the ordinary course of your business; • you are not participating, do not intend to participate and have no arrangement or understanding with anyone to participate, in the distribution (within the meaning of the Securities Act) of the exchange notes; and • if you are a broker-dealer that will receive exchange notes for its own account in exchange for original notes that were acquired as a result of market-making activities or other trading activities, you will deliver a prospectus (or to the extent permitted by law, make available a prospectus to purchasers) in connection with any resale of such exchange notes. For further information regarding resales of the exchange notes by broker-dealers, see the discussion under the caption “Plan of Distribution.”
Accrued Interest on the Exchange Notes and the Original Notes	Each series of exchange notes will bear interest from (and including) the last interest payment date on which interest was paid on the original notes. Accordingly, if your original notes are accepted for exchange, you will receive interest on the corresponding series of exchange notes for the period commencing on (and including) the last interest payment date on which interest was paid on the original notes, and not on such original notes. Any original notes not tendered will remain outstanding and continue to accrue interest according to their terms.
Conditions to the Exchange Offers	The exchange offers are subject to customary conditions. If we materially change the terms of any or all of the exchange offers, we will resolicit tenders of the applicable series of original notes and extend the applicable exchange offer period if necessary so that at least five business days remain in the relevant exchange offer period

	following notice of any such material change. See "The Exchange Offers—Conditions to the Exchange Offers" for more information regarding conditions to the exchange offers.
Procedures for Tendering Original Notes	A tendering holder must, at or prior to the expiration date: • transmit a properly completed and duly executed letter of transmittal, including all other documents required by the letter of transmittal, to the exchange agent at the address listed in this prospectus; or • if original notes are tendered in accordance with the book-entry procedures described in this prospectus, the tendering holder must transmit an agent's message to the exchange agent at the address listed in this prospectus. See "The Exchange Offers—Procedures for Tendering."
Withdrawal Rights	Tenders may be withdrawn at any time before 5:00 p.m., New York City time, on the expiration date. See "The Exchange Offers—Withdrawal Rights."
Acceptance of Original Notes and Delivery of Exchange Notes	Subject to the conditions stated in the section "The Exchange Offers—Conditions to the Exchange Offers" of this prospectus, we will accept for exchange any and all original notes of each series that are properly tendered in the exchange offers and not validly withdrawn before 5:00 p.m., New York City time, on the expiration date. The corresponding exchange notes will be delivered promptly after the expiration date. See "The Exchange Offers—Terms of the Exchange Offers."
Material U.S. Federal Tax Consequences	Your exchange of original notes for exchange notes pursuant to the exchange offers will not be a taxable event for U.S. federal income tax purposes. See "Material U.S. Federal Income Tax Consequences."
Exchange Agent	The Bank of New York Mellon Trust Company, N.A. is serving as exchange agent in connection with the exchange offers. The address and telephone number of the exchange agent are listed under the heading "The Exchange Offers—Exchange Agent."
Use of Proceeds; Expenses	We will not receive any proceeds from the issuance of any series of exchange notes in the exchange offers. We have agreed to pay all expenses incident to the exchange offers (including the expenses of one counsel for the holders of the original notes and the exchange notes) other than underwriting discounts and commissions and transfer taxes, if any.

Resales	Based on existing interpretations of the Securities Act by the SEC staff set forth in several no-action letters to third parties, and subject to the immediately following sentence, we believe exchange notes issued under these exchange offers in exchange for original notes may be offered for resale, resold and otherwise transferred by the holders thereof (other than holders that are broker-dealers) without further compliance with the registration and prospectus delivery provisions of the Securities Act. However, any holder of original notes that is an affiliate of ours or that intends to participate in the exchange offers for the purpose of distributing any of the exchange notes, or any broker-dealer that purchased any of the original notes from us for resale pursuant to Rule 144A or any other available exemption under the Securities Act, (i) will not be able to rely on the interpretations of the SEC staff set forth in the above mentioned no-action letters, (ii) will not be entitled to tender its original notes in the exchange offers and (iii) must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any sale or transfer of the original notes unless such sale or transfer is made pursuant to an exemption from such requirements. Any broker-dealer that will receive exchange notes for its own account in exchange for original notes that were acquired as a result of market-making activities or other trading activities must deliver a prospectus (or to the extent permitted by law, make available a prospectus to purchasers) in connection with any resale of such exchange notes.
Consequences of Not Exchanging Original Notes	If you do not exchange your original notes in the exchange offers, you will continue to be subject to the restrictions on transfer described in the legend on your original notes. In general, you may offer or sell your original notes only: • if they are registered under the Securities Act and applicable state securities laws; • if they are offered or sold under an exemption from registration under the Securities Act and applicable state securities laws; or • if they are offered or sold in a transaction not subject to the Securities Act and applicable state securities laws. Although your original notes will continue to accrue interest, they will generally retain no rights under the registration rights agreement applicable to the original notes. We currently do not intend to register any series of original notes under the Securities Act. Under some circumstances, holders of the original notes, including holders that are not permitted to participate in the exchange offers or that may not freely sell exchange notes received in the exchange offers, may require us to file, and to cause to become effective, a shelf registration statement covering resales of original notes by these holders. For more information regarding the consequences of not tendering your

	original notes and our obligations to file a shelf registration statement, see “The Exchange Offers—Consequences of Exchanging or Failing to Exchange the Original Notes” and “The Exchange Offers—Registration Rights Agreement.”
Risk Factors	For a discussion of significant factors you should consider carefully before deciding to participate in the exchange offers, see “Risk Factors” beginning on page 12 of this prospectus.

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Summary of the Terms of the Exchange Notes

The following is a brief summary of the principal terms of the exchange notes. The form and terms of each series of exchange notes are identical to those of the corresponding series of original notes except that the transfer restrictions, registration rights and additional interest provisions applicable to the original notes do not apply to the exchange notes. Each series of exchange notes will evidence the same debt as the corresponding series of original notes exchanged and will be governed by the same Indenture. Certain of the terms and conditions described below are subject to important limitations and exceptions. For a more detailed description of the terms and conditions of the exchange notes, see the section of this prospectus entitled "Description of the Exchange Notes."

Issuer	Exelon Corporation.
Securities Offered	$807,082,000 aggregate principal amount of 3.950% Notes due 2025, $333,485,000 aggregate principal amount of 4.950% Notes due 2035 and $741,001,000 aggregate principal amount of 5.100% Notes due 2045, in each case that will be issued in a transaction registered under the Securities Act.
Maturity	The exchange 2025 notes mature on June 15, 2025, the exchange 2035 notes mature on June 15, 2035 and the exchange 2045 notes mature on June 15, 2045.
Interest	If your original notes are accepted for exchange, you will receive interest on the corresponding series of exchange notes for the period commencing on (and including) the last interest payment date on which interest was paid on the original notes, and not on such original notes. Any original notes not tendered will remain outstanding and continue to accrue interest according to their terms. Interest on the exchange notes will be paid semi-annually on June 15 and December 15 of each year, beginning on June 15, 2016.
Special Mandatory Redemption	The exchange notes include a "special mandatory redemption" provision, pursuant to which Exelon is required to redeem the exchange notes, in whole, at a redemption price equal to 101% of the aggregate principal amount of the exchange notes so redeemed, plus accrued and unpaid interest from and including the most recent date on which interest has been paid on the original notes or the exchange notes, as applicable, to but not including the date of such redemption, upon the first to occur of either (i) June 30, 2016, if the Merger is not consummated on or prior to such date, provided that, if all conditions to closing the Merger have been satisfied by June 30, 2016 (other than those to be satisfied on the closing date thereof and the receipt of approvals from all applicable regulatory authorities) and, in our judgment, all conditions to closing the Merger are reasonably likely to be satisfied by August 31, 2016, then August 31, 2016, or (ii) the date on which the agreement relating to the Merger is terminated. The Merger closed on March 23, 2016. Accordingly, the special mandatory redemption provisions of the exchange notes are no longer operative. See "Description of the Exchange Notes—Special Mandatory Redemption."

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Optional Redemption	The exchange notes include a “special optional redemption” provision, pursuant to which the exchange notes may be redeemed at our option at any time prior to August 31, 2016, in whole, at a redemption price equal to 101% of the aggregate principal amount of such series of exchange notes, plus accrued and unpaid interest from and including the most recent date on which interest has been paid on the original notes or the exchange notes, as applicable, to but not including the date of redemption, if, in our judgment, our acquisition of PHI will not be consummated on or prior to August 31, 2016. The Merger closed on March 23, 2016. Accordingly, the special optional redemption provisions of the exchange notes are no longer operative. At our option, any or all of the exchange notes may be redeemed, in whole or in part, at any time prior to maturity. If we elect to redeem the exchange 2025 notes at any time prior to March 15, 2025 (three months prior to the maturity date of the exchange 2025 notes), the exchange 2035 notes at any time prior to December 15, 2034 (six months prior to the maturity date of the exchange 2035 notes) or the exchange 2045 notes at any time prior to December 15, 2044 (six months prior to the maturity date of the exchange 2045 notes), we may redeem some or all of the exchange 2025 notes, the exchange 2035 notes and the exchange 2045 notes, respectively, in each case upon at least 15 days’ and not more than 60 days’ notice at a redemption price equal to the greater of: • 100% of the principal amount of the exchange notes then outstanding to be redeemed; and • The sum of the present values of the remaining scheduled payments of principal and interest on the exchange notes being redeemed (exclusive of interest accrued to the redemption date) to March 15, 2025, December 15, 2034 or December 15, 2044, as applicable, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined herein) plus 25 basis points in the case of the exchange 2025 notes, 30 basis points in the case of the exchange 2035 notes and 30 basis points in the case of the exchange 2045 notes, plus, in each case, accrued and unpaid interest on the principal amount being redeemed to but excluding the date of redemption. If we elect to redeem the exchange 2025 notes at any time on or after March 15, 2025 (three months prior to the maturity date of the exchange 2025 notes), the exchange 2035 notes at any time on or after December 15, 2034 (six months prior to the maturity date of the exchange 2035 notes) or the exchange 2045 notes at any time on or after December 15, 2044 (six months prior to the maturity date of the exchange 2045 notes), we may redeem some or all of the exchange 2025 notes, the exchange 2035 notes and the exchange 2045 notes, respectively, in each case upon at least 15 days’ and not more than

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	60 days' notice at a redemption price equal to 100% of the principal amount of the exchange notes then outstanding to be redeemed plus accrued and unpaid interest on the principal amount being redeemed to but excluding the redemption date. See "Description of the Exchange Notes—Optional Redemption."
Ranking	The exchange notes will be Exelon's direct unsecured general obligations and will rank equally with all of our existing and future unsecured and unsubordinated debt, including any original notes not exchanged in the exchange offer, will be senior in right of payment to all of our existing and future subordinated debt and will be junior to any of our future secured debt to the extent of the value of the collateral securing such secured debt. Because we are a holding company with no material assets other than our ownership interests in our subsidiaries and all of our operations are conducted by our subsidiaries, our debt is effectively subordinated to all existing and future debt, trade credit and other liabilities of our subsidiaries. Our rights, and hence the rights of our creditors, to participate in any distribution of assets of any subsidiary upon its liquidation or reorganization or otherwise would be subject to the prior claims of that subsidiary's creditors, except to the extent that our claims as a creditor of such subsidiary may be recognized. As of December 31, 2015, our subsidiaries had outstanding approximately $20.6 billion of long-term debt, including long-term debt to financing trusts and the portion of long-term debt due within one year. The exchange notes will not be obligations of or guaranteed by any of our subsidiaries. The Base Indenture does not limit our ability to issue debt senior to the exchange notes or the amount of debt we or our subsidiaries may issue.
Denominations	The exchange notes will be issued in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof.
No Listing	We do not intend to list the exchange notes on any securities exchange or automated dealer quotation system. The exchange notes will be new securities for which there currently is no public market. See "Risk Factors—There may be no public market for the exchange notes."
Risk Factors	You should consider carefully all the information set forth and incorporated by reference in this prospectus and, in particular, you should evaluate the specific factors set forth under the heading "Risk Factors" beginning on page 12 of this prospectus, as well as the other information contained or incorporated herein by reference, before participating in the exchange offers and investing in the exchange notes offered hereby.
Use of Proceeds	We will not receive any proceeds from the issuance of any series of exchange notes in the exchange offers.

Trustee	The Bank of New York Mellon Trust Company, N.A.
Indenture	The exchange notes will be issued under the same Indenture as the original notes.
	The Base Indenture provides for the issuance, from time to time, of debt securities in series (including the exchange notes to be issued in connection with the exchange offer) in an unlimited amount. We may issue additional securities from the Base Indenture from time to time.
Governing Law	The Indenture and the exchange notes will be governed by the laws of the State of New York.

Risk Factors

The decision to participate in the exchange offers and invest in the exchange notes involves substantial risk. You should carefully consider the following risk factors and all other information contained in or incorporated by reference into this prospectus, including Exelon's financial statements and the related notes, before deciding to participate in the exchange offers. The risks described below are not the only risks facing us. Additional risks and uncertainties not currently known to us or those we currently view to be immaterial may also materially and adversely affect our business, financial condition or results of operations. If any of the following risks materialize, our business, financial condition or results of operations could be materially and adversely affected. In that case, you may lose some or all of your investment.

Risks Related to the Exchange Notes and the Exchange Offer

There may be no public market for the exchange notes.

We can give no assurances concerning the liquidity of any markets that may develop for the exchange notes offered by this prospectus, the ability of any investor to sell any of the exchange notes or the price at which investors would be able to sell them. If markets for the exchange notes do not develop, investors may be unable to resell the exchange notes for an extended period of time, if at all. If markets for the exchange notes do develop, they may not continue or it may not be sufficiently liquid to allow holders to resell any of the exchange notes. Consequently, investors may not be able to liquidate their investment readily, and lenders may not readily accept the exchange notes as collateral for loans.

The Indenture does not restrict the amount of additional debt that we may incur.

The exchange notes and the Indenture pursuant to which the exchange notes will be issued do not place any limitation on the amount of indebtedness that we or our subsidiaries may incur. Our incurrence of additional debt may have important consequences for you as a holder of the exchange notes, including making it more difficult for us to satisfy our obligations with respect to the exchange notes, a loss in the trading value of your exchange notes and a risk that one or more of the credit ratings of the exchange notes are lowered or withdrawn.

Our debt, including the exchange notes, is effectively subordinated to the debt of our subsidiaries.

Because we are a holding company with no material assets other than our ownership interests in our subsidiaries and all of our operations are conducted by our subsidiaries, our debt is effectively subordinated to all existing and future debt, trade credit and other liabilities of our subsidiaries. Our rights, and hence the rights of our creditors, to participate in any distribution of assets of any subsidiary upon its liquidation or reorganization or otherwise would be subject to the prior claims of that subsidiary's creditors, except to the extent that our claims as a creditor of such subsidiary may be recognized. As of December 31, 2015, our subsidiaries had outstanding approximately $20.6 billion of long-term debt, including long-term debt to financing trusts and the portion of long-term debt due within one year. The Indenture does not restrict our or our subsidiaries' ability to incur additional indebtedness.

If we consummate the exchange offers, the liquidity and market value of any remaining non-exchanged original notes may be adversely affected.

Upon consummation of the exchange offer, the aggregate principal amount of original notes will be reduced by the amount of original notes exchanged. Securities with a smaller outstanding principal amount available for trading, or float, generally command a lower price than do comparable securities with a greater float. Therefore, the market price for original notes that are not submitted for exchange or not accepted by us may be adversely affected. A reduced float may also make the trading prices of any original notes that are not exchanged more volatile.

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If you fail to exchange your original notes, they will continue to be restricted securities.

If you do not exchange your original notes for exchange notes pursuant to the exchange offers, the original notes you hold will continue to be subject to the existing transfer restrictions. The original notes may not be offered, sold or otherwise transferred, except in compliance with the registration requirements of the Securities Act, pursuant to an exemption from registration under the Securities Act or in a transaction not subject to the registration requirements of the Securities Act, and in compliance with applicable state securities laws. We do not anticipate that we will register any series of original notes under the Securities Act. After the exchange offers are consummated, the trading market for the remaining untendered original notes of each series may be small and inactive. In addition, if you are eligible to exchange your original notes in the exchanges offers and do not exchange your original notes in the exchange offers, you will no longer be entitled to have those original notes registered under the Securities Act.

The exchange offers may be cancelled or delayed.

We have reserved the right to terminate or withdraw the exchange offers, including solely in respect of one or more series of the original notes, in our sole discretion at any time and for any reason. Therefore, even if you properly submit a letter of transmittal prior to the expiration date and otherwise comply with the terms and conditions of the exchange offers, the exchange offers may not be consummated. Because of adjustments or other logistical challenges in exchanging original notes for exchange notes, among other things, the settlement of the exchange offers may be delayed. Accordingly, you may have to wait longer than expected to receive your exchange notes, during which time you will not be able to effect transfers of your original notes or exchange notes you are to receive in the exchange offer.

Holders of original notes that exchange could be subject to a different preference risk and period in bankruptcy than holders of original notes that do not participate in the exchange offer.

If we were to file a bankruptcy petition (or one were filed against us) within 90 days of the closing date of the exchange offers (or one year with respect to any statutory insiders of ours that participate in the exchange offers), and to the extent a bankruptcy court or other court of competent jurisdiction were then to conclude that the consideration received as part of the exchange offers constituted a transfer on account of antecedent debt related to the original notes, and any applicable defenses or exceptions do not apply, then those holders that participated in the exchange offers (or any subsequent transferee) may be subject to the avoidance of any consideration received as part of the exchange offers as a preferential transfer under applicable bankruptcy law. In contrast, those holders that do not participate in the exchange offers (and consequently would not be the beneficiaries of any new transfers from us on the closing date of the exchange offers) would not similarly be at risk in the event that we were to file a bankruptcy petition (or one were filed against us) within 90 days of the closing date of the exchange offers (or one year with respect to any statutory insiders of ours that participate in the exchange offers); instead, such parties would be at risk with regards to a potentially avoidable preferences only for any other transfers they may receive within 90 days (or one year, in the case of statutory insiders) of any bankruptcy filing by or against us.

Some noteholders may be required to comply with the registration and prospectus delivery requirements of the Securities Act.

If you exchange your original notes in the exchange offers for the purpose of participating in a distribution of the exchange notes, you may be deemed to have received restricted securities and, if so, you will be required to comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction. In addition, a broker-dealer that purchased original notes for its own account as part of market-making activities or other trading activities must deliver a prospectus when it sells the exchange notes it receives in exchange for original notes in the exchange offers. Our obligation to keep the registration statement of which this prospectus forms a part effective is limited. Accordingly, we cannot guarantee that a current prospectus will be available at all times to broker-dealers wishing to resell their exchange notes.

Use of Proceeds

We will not receive any proceeds from the exchange offers. In consideration for issuing exchange notes, we will receive in exchange the applicable original notes of like principal amount. The original notes surrendered in exchange for exchange notes will be retired and cancelled.

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Ratio of Earnings to Fixed Charges

The following are Exelon's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,				
	2015	2014	2013	2012	2011
Ratio of earnings to fixed charges	3.3x	2.7x	2.6x	2.4x	4.9x

The ratio of earnings to fixed charges represents, on a pre-tax basis, the number of times earnings cover fixed charges. Earnings consist of pre-tax net income from continuing operations after adjustment for income from equity investees and capitalized interest or allowance for funds used during construction, to which has been added fixed charges. Fixed charges consist of interest costs and amortization of debt discount and premium on all indebtedness and estimated interest portion of all rental expense.

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Capitalization and Short-Term Borrowings

The following table shows Exelon's consolidated capitalization and short-term borrowings as of December 31, 2015 and as adjusted to reflect the consummation of the exchange offers, assuming that all of the original notes are exchanged for exchange notes. This table is qualified in its entirety by, and should be considered in conjunction with, the more detailed information incorporated by reference or provided in this prospectus.

	As of December 31, 2015	
(in millions)	Actual	As Adjusted [a]
Short-term borrowings	$ 533	$ 533
Long-term debt:		
Long-term debt, including long-term debt to financing trusts [b]	23,905	23,905
Original 2025 notes	807	—
Original 2035 notes	333	—
Original 2045 notes	741	—
Exchange 2025 notes offered hereby	—	807
Exchange 2035 notes offered hereby	—	333
Exchange 2045 notes offered hereby	—	741
Shareholders' equity	25,793	25,793
Total capitalization and short-term borrowings	$52,112	$ 52,112

(a) Assumes that all original notes will be tendered and exchanged for the exchange notes offered hereby, pursuant to the terms of the exchange offers.

(b) Includes approximately $1,500 million of long-term debt due within one year.

The Exchange Offers

Purpose of the Exchange Offers

When we completed the issuance of the original notes in connection with the private exchange offers on December 2, 2015, we entered into a registration rights agreement with respect to the original notes with the dealer managers of the private exchange offers. Under the registration rights agreement, we agreed to use our reasonable commercial efforts to file a registration statement with the SEC relating to the exchange offers within 120 days of the issuance of the original notes. We also agreed to use our reasonable commercial efforts to cause the registration statement to be declared effective under the Securities Act within 180 days of the issuance of the original notes (unless the registration statement is reviewed by the SEC, in which case within 240 days of the issuance of the original notes) and to consummate the exchange offers within 225 days of the issuance of the original notes (unless the registration statement is reviewed by the SEC, in which case within 285 days of the issuance of the original notes). The registration rights agreement provides that we will be required to pay additional interest to the holders of the original notes of the applicable series if we fail to comply with such filing, effectiveness and offer consummation requirements. See "—Registration Rights Agreement" below for more information on the additional interest we will owe if we do not complete the exchange offers within a specified timeline.

The exchange offers are not being made to holders of original notes in any jurisdiction where the exchange would not comply with the securities or blue sky laws of such jurisdiction. A copy of the registration rights agreement has been filed as an exhibit to the registration statement of which this prospectus forms a part, and is available from us upon request. See "Where You Can Find More Information."

Each broker-dealer that receives exchange notes for its own account in exchange for original notes, where such original notes were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes. See "Plan of Distribution."

Terms of the Exchange Offers

Upon the terms and subject to the conditions described in this prospectus and in the accompanying letter of transmittal, we will accept for exchange original notes that are properly tendered before 5:00 p.m., New York City time, on the expiration date and not validly withdrawn as permitted below. We will issue a like principal amount of exchange notes in exchange for the principal amount of the corresponding series of original notes tendered under the respective exchange offers. As used in this prospectus, the term "expiration date" means , 2016, which is the twentieth day of the offering period. However, if we have extended the period of time for which the exchange offers are open with respect to any series of original notes, the term "expiration date" means the latest date to which we extend the relevant exchange offer.

As of the date of this prospectus, $807,082,000 aggregate principal amount of the original 2025 notes is outstanding, $333,485,000 aggregate principal amount of the original 2035 notes is outstanding and $741,001,000 aggregate principal amount of the original 2045 notes is outstanding. The original notes of each series were issued under the Indenture. Our obligation to accept original notes of each series for exchange in the exchange offers is subject to the conditions described below under "—Conditions to the Exchange Offers." We reserve the right to extend the period of time during which any or all of the exchange offers is open. We may elect to extend the relevant exchange offer period if less than 100% of the original notes of the relevant series are tendered or if any condition to consummation of the relevant exchange offer has not been satisfied as of the expiration date and it is likely that such condition will be satisfied after such date. In addition, in the event of any material change in any or all of the exchange offers, we will extend the period of time during which the relevant exchange offer is open if necessary so that at least five business days remain in the relevant offering period following notice of the material change. In the event of such extension, and only in such event, we may delay

acceptance for exchange of any original notes of the relevant series by giving written notice of the extension to the holders of original notes of such series as described below. During any extension period, all original notes of such series previously tendered will remain subject to the exchange offers and may be accepted for exchange by us. Any original notes not accepted for exchange will be returned to the tendering holder promptly after the expiration or termination of the exchange offers.

Original notes of each series tendered in the exchange offers must be in denominations of $2,000 and any integral multiple of $1,000 in excess thereof. No dissenter's rights of appraisal exist with respect to the exchange offers.

We reserve the right to amend or terminate any or all of the exchange offers, and not to accept for exchange any original notes of the relevant series not previously accepted for exchange, upon the occurrence of any of the conditions of the relevant exchange offer specified below under "—Conditions to the Exchange Offers." We will give written notice of any extension, amendment, non-acceptance or termination to the holders of the original notes of the relevant series as promptly as practicable. Such notice, in the case of any extension, will be issued by means of a press release or other public announcement no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled expiration date for such series.

Our acceptance of the tender of original notes by a tendering holder will form a binding agreement upon the terms and subject to the conditions provided in this prospectus and the accompanying letter of transmittal.

Procedures for Tendering

Except as described below, a tendering holder must, at or prior to 5:00 p.m., New York City time, on the applicable expiration date:

- transmit a properly completed and duly executed letter of transmittal, including all other documents required by the letter of transmittal, to The Bank of New York Mellon Trust Company, N.A., as the exchange agent, at the address listed below under the heading "—Exchange Agent;" or
- if original notes are tendered in accordance with the book-entry procedures described below, the tendering holder must transmit an agent's message to the exchange agent at the address listed below under the heading "—Exchange Agent."

In addition:

- the exchange agent must receive, at or before 5:00 p.m., New York City time, on the applicable expiration date, certificates for the original notes, if any; or
- the exchange agent must receive a timely confirmation of book-entry transfer of the original notes into the exchange agent's account at DTC, the book-entry transfer facility.

The term "agent's message" means a message, transmitted to DTC and received by the exchange agent and forming a part of a book-entry transfer, that states that DTC has received an express acknowledgment that the tendering holder agrees to be bound by the letter of transmittal and that we may enforce the letter of transmittal against this holder.

The method of delivery of original notes, letters of transmittal and all other required documents is at your election and risk. If the delivery is by mail, we recommend that you use registered mail, properly insured, with return receipt requested. In all cases, you should allow sufficient time to assure timely delivery. You should not send letters of transmittal or original notes to anyone other than the exchange agent.

If you are a beneficial owner whose original notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee, and wish to tender, you should promptly instruct the registered holder to

tender on your behalf. Any registered holder that is a participant in DTC's book-entry transfer facility system may make book-entry delivery of the original notes by causing DTC to transfer the original notes into the exchange agent's account.

Signatures on a letter of transmittal or a notice of withdrawal must be guaranteed unless the original notes surrendered for exchange are tendered:

- by a registered holder of the original notes that has not completed the box entitled "Special Issuance Instructions" or "Special Delivery Instructions" on the letter of transmittal; or
- for the account of an "eligible institution."

If signatures on a letter of transmittal or a notice of withdrawal are required to be guaranteed, the guarantees must be by an "eligible institution." An "eligible institution" is a financial institution, including most banks, savings and loan associations and brokerage houses, that is a participant in the Securities Transfer Agents Medallion Program, the New York Stock Exchange Medallion Signature Program or the Stock Exchanges Medallion Program.

We will reasonably determine all questions as to the validity, form and eligibility of original notes tendered for exchange and all questions concerning the timing of receipts and acceptance of tenders. These determinations will be final and binding.

We reserve the right to reject any particular original note not properly tendered, or any acceptance that might, in our judgment or our counsel's judgment, be unlawful. We also reserve the right to waive any defects or irregularities with respect to the form or procedures applicable to the tender of any particular original note prior to the expiration date. Unless waived, any defects or irregularities in connection with tenders of original notes must be cured prior to the applicable expiration dates of the exchange offers. Neither we, the exchange agent nor any other person will be under any duty to give notification of any defect or irregularity in any tender of original notes. Nor will we, the exchange agent or any other person incur any liability for failing to give notification of any defect or irregularity.

If the letter of transmittal is signed by a person other than the registered holder of original notes, the letter of transmittal must be accompanied by a certificate of the original notes endorsed by the registered holder or written instrument of transfer or exchange in satisfactory form, duly executed by the registered holder, in either case with the signature guaranteed by an eligible institution. In addition, in either case, the original endorsement or the instrument of transfer must be signed exactly as the name of any registered holder appears on the original notes.

If the letter of transmittal or any original notes or powers of attorney are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, these persons should so indicate when signing. Unless waived by us, proper evidence satisfactory to us of their authority to so act must be submitted.

By signing or agreeing to be bound by the letter of transmittal, each tendering holder of original notes will represent, among other things:

- that it is not an affiliate of ours;
- the exchange notes will be acquired in the ordinary course of its business;
- that it is not participating, does not intend to participate, and has no arrangement or understanding with anyone to participate, in the distribution (within the meaning of the Securities Act) of the exchange notes; and
- if such holder is a broker-dealer that will receive exchange notes for its own account in exchange for original notes that were acquired as a result of market-making activities or other trading activities, that it will deliver a prospectus (or to the extent permitted by law, make available a prospectus to purchasers) in connection with any resale of such exchange notes.

Each broker-dealer that receives exchange notes for its own account in exchange for original notes, where such original notes were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes. See “Plan of Distribution.”

Acceptance of Original Notes for Exchange; Delivery of Exchange Notes

Upon satisfaction of all of the conditions to an exchange offer, we will accept, promptly after the expiration date, all original notes of the relevant series properly tendered. We will issue the applicable exchange notes promptly after the expiration of the relevant exchange offer and acceptance of the corresponding original notes. See “—Conditions to the Exchange Offers” below. For purposes of the exchange offers, we will be deemed to have accepted properly tendered original notes for exchange when, as and if we have given written notice of such acceptance to the exchange agent.

For each original note accepted for exchange, the holder of the original note will receive an exchange note of the corresponding series having a principal amount equal to that of the surrendered original note. Each series of exchange notes will bear interest from (and including) the last interest payment date on which interest was paid on the original notes. Accordingly, if your original notes are accepted for exchange, you will receive interest on the corresponding series of exchange notes for the period commencing on (and including) the last interest payment date on which interest was paid on the original notes, and not on such original notes. Any original notes not tendered will remain outstanding and continue to accrue interest according to their terms.

In all cases, issuance of exchange notes for original notes will be made only after timely receipt by the exchange agent of:

- certificates for the original notes, or a timely book-entry confirmation of the original notes into the exchange agent’s account at the book-entry transfer facility;
- a properly completed and duly executed letter of transmittal or a transmitted agent’s message; and
- all other required documents.

Unaccepted or non-exchanged original notes will be returned without expense to the tendering holder of the original notes promptly after the expiration of the relevant exchange offer. In the case of original notes tendered by book-entry transfer in accordance with the book-entry procedures described below, the non-exchanged original notes will be returned or recredited promptly after the expiration of the relevant exchange offer.

Book-Entry Transfer

The exchange agent will make a request to establish an account for the original notes at DTC for purposes of the exchange offers within two business days after the date of this prospectus. Any financial institution that is a participant in DTC’s systems must make book-entry delivery of original notes by causing DTC to transfer those original notes into the exchange agent’s account at DTC in accordance with DTC’s procedure for transfer. This participant should transmit its acceptance to DTC at or prior to 5:00 p.m., New York City time, on the applicable expiration date. DTC will verify this acceptance, execute a book-entry transfer of the tendered original notes into the exchange agent’s account at DTC and then send to the exchange agent confirmation of this book-entry transfer. The confirmation of this book-entry transfer will include an agent’s message confirming that DTC has received an express acknowledgment from this participant that this participant has received and agrees to be bound by the letter of transmittal and that we may enforce the letter of transmittal against this participant. Delivery of exchange notes issued in the exchange offers may be effected through book-entry transfer at DTC. However, the letter of transmittal or facsimile of it or an agent’s message, with any required signature guarantees and any other required documents, must be transmitted to and received by the exchange agent at the address listed below under “—Exchange Agent” at or prior to 5:00 p.m., New York City time, on the applicable expiration date.

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Exchanging Book-Entry Notes

The exchange agent and the book-entry transfer facility have confirmed that any financial institution that is a participant in the book-entry transfer facility may utilize the book-entry transfer facility's Automated Tender Offer Program ("ATOP") procedures to tender original notes. Any participant in the book-entry transfer facility may make book-entry delivery of original notes by causing the book-entry transfer facility to transfer such original notes into the exchange agent's account in accordance with the book-entry transfer facility's ATOP procedures for transfer. However, the exchange for the original notes so tendered will only be made after a book-entry confirmation of the book-entry transfer of original notes into the exchange agent's account, and timely receipt by the exchange agent of an agent's message and any other documents required by the letter of transmittal. The term "agent's message" means a message, transmitted by the book-entry transfer facility and received by the exchange agent and forming part of a book-entry confirmation, which states that the book-entry transfer facility has received an express acknowledgment from a participant tendering original notes that are the subject of such book-entry confirmation that such participant has received and agrees to be bound by the terms of the letter of transmittal, and that we may enforce such agreement against such participant.

Withdrawal Rights

For a withdrawal to be effective, the exchange agent must receive a written notice of withdrawal at the address or, in the case of eligible institutions, at the facsimile number, indicated below under "—Exchange Agent" before 5:00 p.m., New York City time, on the applicable expiration date. Any notice of withdrawal must:

- specify the name of the person, referred to as the depositor, having tendered the original notes to be withdrawn;
- identify the original notes to be withdrawn, including the relevant series, certificate number or numbers and principal amount of the original notes;
- in the case of original notes tendered by book-entry transfer, specify the number of the account at the book-entry transfer facility from which the original notes were tendered and specify the name and number of the account at the book-entry transfer facility to be credited with the withdrawn original notes and otherwise comply with the procedures of such facility;
- contain a statement that the holder is withdrawing his election to have the original notes exchanged;
- be signed by the holder in the same manner as the original signature on the letter of transmittal by which the original notes were tendered, including any required signature guarantees, or be accompanied by documents of transfer to have the Trustee with respect to the original notes register the transfer of the original notes in the name of the person withdrawing the tender; and
- specify the name in which the original notes are registered, if different from that of the depositor.

If certificates for original notes have been delivered or otherwise identified to the exchange agent, then, prior to the release of these certificates, the withdrawing holder must also submit the serial numbers of the particular certificates to be withdrawn and signed notice of withdrawal with signatures guaranteed by an eligible institution unless this holder is an eligible institution. We will determine all questions as to the validity, form and eligibility, including time of receipt, of notices of withdrawal. Any original notes so withdrawn will be deemed not to have been validly tendered for exchange. No exchange notes will be issued unless the original notes so withdrawn are validly re-tendered. Any original notes that have been tendered for exchange, but which are not exchanged for any reason, will be returned to the tendering holder without cost to the holder promptly after the expiration of the relevant exchange offer. In the case of original notes tendered by book-entry transfer, the original notes will be credited to an account maintained with the book-entry transfer facility for the original notes promptly after the expiration of the relevant exchange offer. Properly withdrawn original notes may be re-tendered by following the procedures described under " — Procedures for Tendering" above at any time on or before 5:00 p.m., New York City time, on the applicable expiration date.

Conditions to the Exchange Offers

Notwithstanding any other provision of the exchange offers, we shall not be required to accept for exchange, or to issue applicable exchange notes in exchange for, any original notes of the corresponding series, and may terminate or amend any of the exchange offers, if at any time prior to 5:00 p.m., New York City time, on the applicable expiration date any of the following events occurs:

- there is threatened, instituted or pending any action or proceeding before, or any injunction, order or decree issued by, any court or governmental agency or other governmental regulatory or administrative agency or commission that (i) might materially impair our ability to proceed with the applicable exchange offer; (ii) seeks to restrain or prohibit the making of the exchange offers; (iii) assesses or seeks any damages as a result thereof; of (iv) could result in a material delay in our ability to accept for exchange or exchange some or all of the original notes pursuant to the exchange offers; or
- the applicable exchange offer or the making of any exchange by a holder of original notes of the relevant series would violate applicable law or any applicable interpretation of the SEC staff.

These conditions are for our sole benefit and may be asserted by us with respect to all or any portion of the exchange offers regardless of the circumstances, including any action or inaction by us, giving rise to the condition or may be waived by us in whole or in part at any time or from time to time in our sole discretion. The failure by us at any time to exercise any of the foregoing rights will not be deemed a waiver of any right, and each right will be deemed an ongoing right that may be asserted at any time or from time to time. We reserve the right, notwithstanding the satisfaction of these conditions, to terminate or amend the exchange offers.

Any determination by us concerning the fulfillment or non-fulfillment of any conditions will be final and binding upon all parties.

In addition, we will not accept for exchange any original notes tendered, and no exchange notes will be issued in exchange for any original notes, if any stop order is threatened by the SEC or in effect relating to the registration statement of which this prospectus constitutes a part or the qualification of the Indenture under the Trust Indenture Act of 1939, as amended. We are required to make every reasonable effort to obtain the withdrawal of any order suspending the effectiveness of a registration statement at the earliest possible moment.

Exchange Agent

We have appointed The Bank of New York Mellon Trust Company, N.A. as the exchange agent for the exchange offers. You should direct all executed letters of transmittal to the exchange agent at the address indicated below. You should direct questions and requests for assistance, requests for additional copies of this prospectus or of the letter of transmittal to the exchange agent addressed as follows:

The Bank of New York Mellon Trust Company, N.A., as Exchange Agent c/o The Bank of New York Mellon Corporation
Corporate Trust Operations-Reorganization Unit
111 Sanders Creek Parkway
East Syracuse, NY 13057
Attn: Pamela Adamo
Tel: 315-414-3317
Fax: 732-667-9408

All other questions should be addressed to Exelon Corporation, Attn: Investor Relations 10 South Dearborn Street—52nd Floor, P.O. Box 805398, Chicago, IL 60680-5398. If you deliver the letter of transmittal to an address other than any address indicated above or transmit instructions via facsimile other than to any facsimile number indicated above, then your delivery or transmission will not constitute a valid delivery of the letter of transmittal.

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Fees and Expenses

We will not make any payment to brokers, dealers or others soliciting acceptances of the exchange offers. We have agreed to pay all expenses incident to the exchange offers (including the expenses of one counsel for the holders of the original notes and the exchange notes) other than underwriting discounts and commissions and transfer taxes, if any, and will indemnify the holders of the original notes and the exchange notes (including any broker-dealers) against certain liabilities, including liabilities under the Securities Act. The cash expenses to be incurred in connection with the exchange offers, including out-of-pocket expenses for the exchange agent, will be paid by us.

Transfer Taxes

We will pay any transfer taxes in connection with the tender of original notes in the exchange offers unless you instruct us to register exchange notes in the name of, or request that original notes not tendered or not accepted in the exchange offers be returned to, a person other than the registered tendering holder. In those cases, you will be responsible for the payment of any applicable transfer taxes.

Consequences of Exchanging or Failing to Exchange the Original Notes

Holders of original notes that do not exchange their original notes for exchange notes under the exchange offers will remain subject to the restrictions on transfer of such original notes as set forth in the legend printed on the original notes as a consequence of the issuance of the original notes pursuant to exemptions from, or in transactions not subject to, the registration requirements of the Securities Act and applicable state securities laws. In general, you may not offer or sell the original notes unless they are registered under the Securities Act, or if the offer or sale is exempt from registration under the Securities Act and applicable state securities laws. Except as required by the registration rights agreement, we do not intend to register resales of either series of original notes under the Securities Act.

Under existing interpretations of the Securities Act by the SEC staff contained in several no-action letters to third parties, and subject to the immediately following sentence, we believe the exchange notes of each series would generally be freely transferable by holders after the exchange offers without further registration under the Securities Act, subject to certain representations required to be made by each holder of exchange notes, as set forth below. However, any holder of original notes that is one of our “affiliates” (as defined in Rule 405 under the Securities Act) or that intends to participate in the exchange offers for the purpose of distributing the exchange notes, or any broker-dealer that purchased any of the original notes from us for resale pursuant to Rule 144A or any other available exemption under the Securities Act:

- will not be able to rely on the interpretation of the SEC staff;
- will not be able to tender its original notes of either series in the exchange offer; and
- must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any sale or transfer of original notes unless such sale or transfer is made pursuant to an exemption from such requirements. See “Plan of Distribution.”

We do not intend to seek our own interpretation regarding the exchange offers and there can be no assurance that the SEC staff would make a similar determination with respect to any or all series of exchange notes as it has in other interpretations to other parties, although we have no reason to believe otherwise.

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Registration Rights Agreement

The following description is a summary of the material provisions of the registration rights agreement. It does not restate the registration rights agreement in its entirety. We urge you to read the registration rights agreement in its entirety because it, and not this description, defines your registration rights as holders of the original notes. A copy of the registration rights agreement has been filed as an exhibit to the registration statement of which this prospectus forms a part and is available from us upon request. See “Where You Can Find More Information.”

On December 2, 2015, we and the dealer managers of the private exchange offers entered into a registration rights agreement with respect to the original notes. In the registration rights agreement, we agreed for the benefit of the holders of the original notes, to file a registration statement on an appropriate form under the Securities Act with respect to a proposed offer (each a “Registered Exchange Offer”) to exchange the original notes for a corresponding series of exchange notes issued under the Indenture and identical in all material respects to such original notes (except that the exchange notes will not contain terms with respect to transfer restrictions or any increase in annual interest rate). We agreed to use our reasonable commercial efforts to make this filing within 120 days of the issuance of the original notes. We also agreed to use our reasonable commercial efforts to cause the registration statement to be declared effective under the Securities Act within 180 days of the issuance of the original notes (unless the registration statement is reviewed by the SEC, in which case within 240 days of the issuance of the original notes) and to consummate the exchange offers within 225 days of the issuance of the original notes (unless the registration statement is reviewed by the SEC, in which case within 285 days of the issuance of the original notes). Upon the effectiveness of this registration statement, we will offer exchange notes of each series in return for original notes of the corresponding series.

In the event that (i) we reasonably determine that changes in law, SEC rules or regulations or applicable interpretations of the SEC staff do not permit us to effect the Registered Exchange Offer; (ii) the Registered Exchange Offer is not consummated on or prior to the 225th day following the issuance of the original notes (unless the registration statement is reviewed by the SEC, in which case on or prior to the 285th day following the issuance of the original notes); or (iii) a holder notifies us within 20 business days following consummation of the Registered Exchange Offer that it is not permitted by applicable law, SEC rules or regulations or applicable interpretations of the SEC staff to participate in the Registered Exchange Offer, that it may not resell exchange notes with the prospectus contained in the registration statement or that it is a broker dealer and owns original notes acquired directly from us or one of our affiliates, then we will at our cost in lieu of effecting (or, in the case of such a request by a holder, in addition to effecting) the registration of the exchange notes pursuant to the registration statement (x) as promptly as practicable, file with the SEC a shelf registration statement (a “Shelf Registration Statement”) to cover resales of the original notes; (y) use our reasonable commercial efforts to cause the Shelf Registration Statement to be declared effective under the Securities Act not later than 225 days after the issuance of the original notes (unless the Shelf Registration Statement is reviewed by the SEC, in which case, not later than 285 days after the issuance of the original notes); and (z) use our reasonable commercial efforts to keep effective the Shelf Registration Statement until the earlier of one year after the issuance of the original notes (plus the number of days in any suspension period described below) and the date all of the original notes covered by the Shelf Registration Statement have been sold. We have the ability to suspend the availability of the Shelf Registration Statement for up to 45 consecutive days, but no more than an aggregate of 90 days during any consecutive 12-month period if we determine in our reasonable judgment, upon advice of counsel, that there is a valid purpose for such suspension under the registration rights agreement.

In the event that (i) we fail to file the registration statement with the SEC on or prior to the 120th day following the issuance of the original notes; (ii) the registration statement is not declared effective by the SEC on or prior to the 180th day following the issuance of the original notes (unless the registration statement is reviewed by the SEC, in which case on or prior to the 240th day following the issuance of the original notes); (iii) the Registered Exchange Offer is not consummated or the Shelf Registration Statement is not declared effective on or prior to the 225th day following the issuance of the original notes (unless the registration statement or the Shelf Registration Statement is reviewed by the SEC, in which case on or prior to the 285th day

following the issuance of the original notes); or (iv) any required registration statement or Shelf Registration Statement relating to the original notes is filed and declared effective but shall thereafter either be withdrawn by us or becomes subject to an effective stop order suspending the effectiveness of such registration statement (except as specifically permitted in the registration rights agreement) without being succeeded within 30 days by an amendment thereto or an additional registration statement filed and declared effective (each of (i), (ii), (iii) and (iv) a "registration default"), then the interest rate borne by the applicable original notes will be increased by one-fourth of one percent (0.25%) per annum upon the occurrence of each registration default, which rate will increase by an additional one-fourth of one percent (0.25%) per annum if such registration default has not been cured within 90 days after the occurrence thereof and continuing until all registration defaults have been cured, provided that the aggregate amount of any such increase in the interest rate on the applicable original notes shall in no event exceed one-half of one percent (0.50%) per annum; and provided, further, that if the registration statement is not declared effective on or prior to the 180th day following the issuance of the original notes (unless the registration statement is reviewed by the SEC, in which case on or prior to the 240th day following the issuance of the original notes) and we shall request holders of original notes to provide the information called for by the registration rights agreement for including in the Shelf Registration Statement, then original notes owned by holders who do not deliver such information to us or who do not provide comments to us on the Shelf Registration Statement when required pursuant to the registration rights agreement will not be entitled to any such increase in the interest rate for any day after the 225th day following the issuance of the original notes (unless the registration statement or the Shelf Registration Statement is reviewed by the SEC, in which case for any day after the 285th day following the issuance of the original notes). All accrued interest will be paid to holders of original notes in the same manner and at the same time as regular payments of interest on the original notes. Following the cure of all registration defaults, the accrual of additional interest will cease and the interest rate will revert to the original rate.

Holders of the original notes will be required to make certain representations to us in order to participate in the Registered Exchange Offers and will be required to deliver certain information to be used in connection with the Shelf Registration Statement in order to have their original notes included in the Shelf Registration Statement and benefit from the provisions regarding additional interest set forth above. By including the original notes in the Shelf Registration Statement, a holder will be deemed to have agreed to indemnify us against certain losses arising out of information furnished by such holder in writing for inclusion in any shelf registration statement. Holders of original notes will also be required to suspend their use of the prospectus included in the Shelf Registration Statement under certain circumstances upon receipt of written notice to that effect from us.

This summary of the provisions of the registration rights agreement does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all the provisions of the registration rights agreement, a copy of which is available from us upon request.

Description of the Exchange Notes

The following description of the exchange notes is only a summary and is not intended to be comprehensive.

General

The original notes were issued and the exchange notes will be issued under the Indenture. Subject to the limitations described in this prospectus, we may issue additional notes under the Indenture with the same priority as the exchange notes offered hereby, including notes having the same series designation and terms (except for the issue date) as the exchange notes offered hereby, without the approval of the holders of any notes outstanding under the Indenture, including the holders of any series the exchange notes offered hereby.

The terms of the exchange notes will not necessarily afford you protection in the event of particular transactions or upon the occurrence of particular events that may adversely affect you, including a reorganization, recapitalization, restructuring, merger or other similar transactions involving us or our subsidiaries, whether or not in connection with a change of control. As a result, we could enter into such transactions even though the transaction could adversely affect our capital structure or credit ratings or otherwise adversely affect the holders of the exchange notes. The exchange notes will not contain any provisions that will require us to redeem, or permit the holders of the exchange notes to cause a redemption or purchase of, the exchange notes upon the occurrence of any particular event, other than as described below under "—Special Mandatory Redemption," (though, as described below, such redemption provisions are no longer operative due to the closing of the Merger). However, we may redeem some or all of the exchange notes at any time or from time to time prior to maturity, at our option, as described in this prospectus under "—Optional Redemption" below.

Interest Rate and Maturity

The exchange 2025 notes will pay interest at the fixed rate of 3.950% per annum, the exchange 2035 notes will pay interest at the fixed rate of 4.950% per annum and the exchange 2045 notes will pay interest at the fixed rate of 5.100% per annum. Interest on the exchange notes will be payable semi-annually on June 15 and December 15 of each year, beginning on June 15, 2016. The exchange 2025 notes will mature on June 15, 2025, the exchange 2035 notes will mature on June 15, 2035 and the exchange 2045 notes will mature on June 15, 2045.

Each series of exchange notes will bear interest from (and including) the last interest payment date on which interest was paid on the original notes. Accordingly, if your original notes are accepted for exchange, you will receive interest on the corresponding series of exchange notes for the period commencing on (and including) the last interest payment date on which interest was paid on the original notes, and not on such original notes. Interest will be computed on the basis of a 360-day year of twelve 30-day months. On each interest payment date, we will pay interest on each exchange note to the person in whose name the exchange note is registered at the close of business on the record date for such interest. The record date for each interest payment date in respect of the exchange notes will be the close of business on the Business Day immediately preceding the applicable interest payment date. If any interest payment date falls on a day that is not a Business Day, payment will be made on the next Business Day and no additional interest or other payment will be paid in respect of such delay. "Business Day" means any day that is not a Saturday, a Sunday or a day on which commercial banking institutions in New York City are generally authorized or required by law or executive order to be closed.

Ranking

The exchange notes will be our direct unsecured general obligations and will rank equally with all of our existing and future unsecured and unsubordinated debt, will be senior in right of payment to all of our existing and future subordinated debt and will be junior to any of our future secured debt to the extent of the value of the

collateral securing such secured debt. Because we are a holding company with no material assets other than our ownership interests in our subsidiaries and all of our operations are conducted by our subsidiaries, our debt is effectively subordinated to all existing and future debt, trade creditors, and other liabilities of our subsidiaries. Our rights, and hence the rights of our creditors, to participate in any distribution of assets of any subsidiary upon its liquidation or reorganization or otherwise would be subject to the prior claims of that subsidiary's creditors, except to the extent that our claims as a creditor of such subsidiary may be recognized. As of December 31, 2015, our subsidiaries had outstanding approximately $20.6 billion of long-term debt, including long-term debt to financing trusts and the portion of long-term debt due within one year. The Indenture does not restrict our or our subsidiaries' ability to incur additional indebtedness. In addition, the exchange notes will not be obligations of or guaranteed by any of our subsidiaries. The Indenture does not limit our ability to issue secured debt senior to the exchange notes or the amount of debt we or our subsidiaries may issue, whether secured or unsecured.

Please see "Capitalization and Short-Term Borrowings" in this prospectus for information with respect to the long-term debt and short-term borrowings of us and our subsidiaries as of December 31, 2015.

Form and Denomination

The exchange notes will be issued in registered form in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof.

The exchange notes will initially be issued in "book-entry only form," represented by a permanent global debt security registered in the name of DTC, including Clearstream and/or Euroclear, or its nominee. However, we reserve the right to issue exchange notes in certificated form registered in the name of the noteholders. For so long as the exchange notes are registered in the name of DTC or its nominee, we will pay the principal, premium, if any, and interest due on the exchange notes to DTC for payment to its participants for subsequent disbursement to the beneficial owners. For further information on DTC and its practices, see "Book-Entry System" below.

Special Mandatory Redemption

The exchange notes include a "special mandatory redemption" provision, pursuant to which Exelon is required to redeem the exchange notes, in whole, at a redemption price equal to 101% of the aggregate principal amount of the exchange notes so redeemed, plus accrued and unpaid interest from and including the most recent date on which interest has been paid on the original notes or the exchange notes, as applicable, to but not including the date of such redemption, upon the first to occur of either (i) June 30, 2016, if the Merger is not consummated on or prior to such date, provided that, if all conditions to closing the Merger have been satisfied by June 30, 2016 (other than those to be satisfied on the closing date thereof and the receipt of approvals from all applicable regulatory authorities) and, in our judgment, all conditions to closing the Merger are reasonably likely to be satisfied by August 31, 2016, then August 31, 2016, or (ii) the date on which the agreement relating to the Merger is terminated. The Merger closed on March 23, 2016. Accordingly, the special mandatory redemption provisions of the exchange notes are no longer operative.

Optional Redemption

General

The "special optional redemption" provisions of the Indenture will allow us to redeem the exchange notes, at our option, in whole, at any time prior to August 31, 2016, at a redemption price equal to 101% of the aggregate principal amount of such series of exchange notes, plus accrued and unpaid interest from and including the most recent date on which interest has been paid on the original notes or the exchange notes, as applicable, to but not including the date of redemption, if, in our judgment, our acquisition of PHI will not be consummated on or prior to August 31, 2016. The Merger closed on March 23, 2016. Accordingly, the special optional redemption provisions of the exchange notes are no longer operative.

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At our option, any or all of the exchange notes may be redeemed, in whole or in part, at any time prior to maturity.

If we elect to redeem the exchange 2025 notes at any time prior to March 15, 2025 (three months prior to the maturity date of the exchange 2025 notes), the exchange 2035 notes at any time prior to December 15, 2034 (six months prior to the maturity date of the exchange 2035 notes) or the exchange 2045 notes at any time prior to December 15, 2044 (six months prior to the maturity date of the exchange 2045 notes), we may redeem some or all of the exchange 2025 notes, the exchange 2035 notes and the exchange 2045 notes, respectively, in each case upon at least 15 days' and not more than 60 days' notice at a redemption price equal to the greater of:

- 100% of the principal amount of the exchange notes then outstanding to be redeemed; and
- the sum of the present values of the remaining scheduled payments of principal and interest on the exchange notes being redeemed (exclusive of interest accrued to the redemption date) to March 15, 2025, in the case of the exchange 2025 notes, to December 15, 2034, in the case of the exchange 2035 notes, and to December 15, 2044, in the case of the exchange 2045 notes, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 25 basis points in the case of the exchange 2025 notes, plus 30 basis points in the case of the exchange 2035 notes and plus 30 basis points in the case of the exchange 2045 notes, plus, in each case, accrued and unpaid interest on the principal amount being redeemed to but excluding the date of redemption.

If we elect to redeem the exchange 2025 notes at any time on or after March 15, 2025 (three months prior to the maturity date of exchange 2025 notes), the exchange 2035 notes at any time on or after December 15, 2034 (six months prior to the maturity date of the exchange 2035 notes) or the exchange 2045 notes at any time on or December 15, 2044 (six months prior to the maturity date of the exchange 2045 notes), we may redeem some or all of the exchange 2025 notes, the exchange 2035 notes and the exchange 2045 notes, respectively, in each case upon at least 15 days' and not more than 60 days' notice at a redemption price equal to 100% of the principal amount of the exchange notes then outstanding to be redeemed plus accrued and unpaid interest on the principal amount being redeemed to but excluding the redemption date.

Any optional redemption, other than the Special Optional Redemption (which is no longer operative), may be conditioned upon the consummation of one or more other transactions, including any debt or equity issuance by us or any of our subsidiaries. The Trustee shall not have responsibility for calculating any redemption price.

Certain Definitions

"Comparable Treasury Issue" means the United States Treasury security or securities selected by an Independent Investment Banker (as defined below) as having an actual or interpolated maturity comparable to the remaining term of the exchange notes being redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a comparable maturity to the remaining term of the exchange notes.

"Comparable Treasury Price" means, with respect to any redemption date, the average of the Reference Treasury Dealer Quotations (as defined below) for such redemption date.

"Independent Investment Banker" means one of the Reference Treasury Dealers (as defined below) appointed by us.

"Reference Treasury Dealer" means (1) any of Barclays Capital, Inc., Goldman, Sachs & Co. or their respective affiliates and (2) one other primary U.S. Government securities dealer in the United States of America (each, a "Primary Treasury Dealer") selected by us; provided, however, that if any of the foregoing shall cease to be a Primary Treasury Dealer, or is unwilling or unable to serve in such role, we shall substitute therefor another Primary Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by us, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to us at 3:30 p.m., New York City time, on the third Business Day preceding such redemption date.

"Treasury Rate" means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to actual or interpolated maturity (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

Events of Default

An "Event of Default" with respect to a series of debt securities issued under the Indenture means any of the following:

- we fail to pay the principal of (or premium, if any, on) any debt security of that series when due and payable;
- we fail to pay any interest on any debt security of that series for 30 days after such is due;
- we fail to observe or perform any other covenants or agreements set forth in the debt securities of that series, or in the Indenture in regard to such debt securities, continuously for 90 days after notice (which must be sent either by the Trustee or holders of at least 33% of the principal amount of the affected series);
- our failure to pay principal at maturity or acceleration following a default in an aggregate amount of $100 million or more with respect to any Indebtedness (as defined below) of Exelon Corporation (not including Indebtedness of our subsidiaries), or the acceleration of any of our Indebtedness aggregating $100 million or more which default is not cured, waived or postponed pursuant to an agreement with the holders of the Indebtedness within 30 days after written notice as provided in the Indenture, or the acceleration is not rescinded or annulled within 30 days after written notice as provided in the Indenture; or
- we file for bankruptcy or certain other events of bankruptcy, insolvency or reorganization occur.

As used in the immediately preceding paragraph, "Indebtedness" means all obligations for borrowed money.

An Event of Default for a particular series of debt securities does not necessarily mean that an Event of Default has occurred for any other series of debt securities issued under the Indenture. If an Event of Default has occurred and has not been cured, the Trustee or the holders of not less than 33% of the principal amount of the debt securities of the affected series may declare the entire principal of the debt securities of such series due and payable immediately. Subject to certain conditions, if we deposit with the Trustee enough money to remedy the default and there is no default continuing, this acceleration of payment may be rescinded by the holders of at least a majority in aggregate principal amount of the debt securities of such series.

The Trustee must, within 90 days after a default occurs, notify the holders of the debt securities of the series of the default if we have not remedied it (default is defined to include the events specified above without the grace periods or notice). The Trustee may withhold notice to the holders of such debt securities of any default (except in the payment of principal or interest) if it in good faith considers such withholding in the interest of the holders. We are required to file an annual certificate with the Trustee, signed by an officer, stating any default by us under any provisions of the Indenture.

Prior to any declaration of acceleration of maturity, the holders holding a majority of the principal amount of the debt securities of the particular series affected, on behalf of the holders of all debt securities of that series, may waive any past default or Event of Default. We cannot, however, obtain a waiver of a payment default.

Other than the duty to act with the required standard of care during an event of default, the Trustee is not required to take any action under the Indenture at the request of any holders unless such holders offer the Trustee reasonable indemnity. Subject to the provisions for indemnification and certain other limitations, the holders of a majority in principal amount of the debt securities of any series may direct the time, method and place of conducting any proceedings for any remedy available to the Trustee with respect to such debt securities.

In order to bypass the Trustee and take steps to enforce your rights or protect your interests relating to the debt securities, the following must occur:

- you must give the Trustee written notice that an Event of Default has occurred and remains uncured;
- the holders of 33% of the principal amount of all outstanding debt securities of the relevant series must make a written request that the Trustee take action because of the default, and must offer reasonable indemnity to the Trustee against the cost and other liabilities of taking that action; and
- the Trustee must have not taken action for 60 days after receipt of the above notice and offer of indemnity.

However, you are entitled at any time to bring a lawsuit for the payment of money due on your debt security on or after its due date.

“Street name” and other indirect holders should consult their banks or brokers for information on how to give notice or direction to, or make a request of, the Trustee and to make or cancel a declaration of acceleration.

Supplemental Indentures

There are three types of changes we can make to the Indenture and the debt securities issued thereunder, including the exchange notes.

Changes Requiring Each Holder’s Approval

The following changes require the approval of each holder of debt securities of the series affected then outstanding:

- extending the fixed maturity of any debt security;
- reducing the interest rate or extending the time of payment of interest;
- reducing any premium payable upon redemption;
- reducing the principal amount;
- reducing the amount of principal payable upon acceleration of the maturity of a discounted debt security following default;
- changing the currency of payment on a debt security;
- reducing the percentage of securityholders whose consent is required to modify or amend the Indenture; or
- changing provisions relating to the Special Mandatory Redemption (which are no longer operative).

Changes Not Requiring Holder Approval

Changes not requiring holder approval are limited to those changes specified in the Indenture, including those which are of an administrative nature or are changes that would not adversely affect holders of the debt securities.

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Changes Requiring a Majority of all Holders to Approve

A vote in favor by securityholders owning a majority of the principal amount of the debt securities of a particular series of affected debt securities is required for any other matter listed in the Indenture.

Consolidation, Merger or Sale

We may not merge or consolidate with any person (as defined in the Indenture) or sell substantially all of our assets as an entirety unless:

- we are the continuing corporation or the successor person is organized under the laws of the United States or a state or is organized under the laws of a foreign jurisdiction and consents to the jurisdiction of the courts of the United States or a state and expressly assumes the payment of principal, and premium, if any, and interest on the debt securities and the performance and observance of all the covenants and conditions of the Indenture binding on us; and
- we, or the successor person, is not immediately after the merger, consolidation or sale in default in the performance of a covenant or condition in the Indenture binding on us.

Discharge, Defeasance and Covenant Defeasance

We may discharge certain obligations to holders of the exchange notes of a series that have not already been delivered to the Trustee for cancellation and that either have become due and payable or will become due and payable within one year (or scheduled for redemption within one year) by irrevocably depositing with the Trustee, in trust, funds in U.S. dollars in an amount sufficient to pay the entire indebtedness including, but not limited to, the principal and premium, if any, and interest to the date of such deposit (if the debt securities have become due and payable) or to the maturity thereof or the redemption date of the debt securities of that series, as the case may be. We may direct the Trustee to invest such funds in U.S. Treasury securities with a maturity of one year or less or in a money market fund that invests solely in short-term U.S. Treasury securities.

The Indenture provides that we may elect either (1) to defease and be discharged from any and all obligations with respect to the exchange notes of a series (except for, among other things, obligations to maintain an office or agency with respect to the debt securities and to hold moneys for payment in trust) (“legal defeasance”) or (2) to be released from our obligations to comply with the restrictive covenants under the Indenture, and any omission to comply with such obligations will not constitute a default or an event of default with respect to the exchange notes of a series and such related clause under “—Events of Default” will no longer be applied (“covenant defeasance”). Legal defeasance or covenant defeasance, as the case may be, will be conditioned upon, among other things, the irrevocable deposit by us with the Trustee, in trust, of an amount in U.S. dollars, or U.S. government obligations, or both, applicable to the debt securities of that series which through the scheduled payment of principal and interest in accordance with their terms will provide money in an amount sufficient to pay the principal or premium, if any, and interest on the exchange notes on the scheduled due dates therefor.

If we effect covenant defeasance with respect to the exchange notes of any series, the amount in U.S. dollars, or U.S. government obligations, or both, on deposit with the Trustee will be sufficient, in the opinion of a nationally recognized firm of independent accountants, to pay amounts due on the exchange notes of that series at the time of the stated maturity but may not be sufficient to pay amounts due on the exchange notes of that series at the time of the acceleration resulting from such event of default. However, we would remain liable to make payment of such amounts due at the time of acceleration.

We will be required to deliver to the Trustee an opinion of counsel that the deposit and related defeasance will not cause the holders and beneficial owners of the exchange notes of that series to recognize income, gain or loss for federal income tax purposes. If we elect legal defeasance, that opinion of counsel must be based upon a ruling from the U.S. Internal Revenue Service or a change in law to that effect.

We may exercise our legal defeasance option notwithstanding our prior exercise of our covenant defeasance option.

Open Market Purchases

We may acquire the exchange notes by means other than a redemption, whether by tender offer, open market purchases, negotiated transactions or otherwise, in accordance with applicable securities laws, so long as such acquisition does not otherwise violate the terms of the Indenture.

Governing Law

The Indenture and the exchange notes will be governed by the laws of the State of New York.

Concerning the Trustee

We and our affiliates use or may use some of the banking services of the Trustee in the normal course of business.

Book-Entry System

We will issue the exchange notes in the form of one or more global notes in fully registered form initially in the name of Cede & Co., as nominee of DTC, or such other name as may be requested by an authorized representative of DTC. The global notes will be deposited with DTC and may not be transferred except as a whole by DTC to a nominee of DTC or by a nominee of DTC to DTC or another nominee of DTC or by DTC or any nominee to a successor of DTC or a nominee of such successor.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds and provides asset servicing for U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments that DTC's participants (direct participants) deposit with DTC. DTC also facilitates the post-trade settlement among direct participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between direct participants' accounts. This eliminates the need for physical movement of securities certificates. Direct participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly (indirect participants). The rules applicable to DTC and its direct and indirect participants are on file with the SEC. More information about DTC can be found at www.dtcc.com. We do not intend this internet address to be an active link or to otherwise incorporate the content of the website into this prospectus.

Clearstream advises that it is incorporated under the laws of Luxembourg as a bank. Clearstream holds securities for its customers and facilitates the clearance and settlement of securities transactions between its customers through electronic book-entry transfers between their accounts. Clearstream provides to its customers among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream interfaces with domestic securities markets in over 30 countries through established depository and custodial relationships. As a bank, Clearstream is subject to

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regulation by the Luxembourg Commission for the Supervision of the Financial Sector, also known as the *Commission de Surveillance du Secteur Financier* . Its customers are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Its customers in the United States are limited to securities brokers and dealers and banks. Indirect access to Clearstream is also available to other institutions such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with the customer.

Euroclear advises that it was created in 1968 to hold securities for its participants and to clear and settle transactions between Euroclear participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Euroclear provides various other services, including securities lending and borrowing and interfaces with domestic markets in several countries. Euroclear is operated by Euroclear Bank S.A./N.V. Euroclear Clearance establishes policy for Euroclear on behalf of Euroclear participants. Euroclear participants include banks, including central banks, securities brokers and dealers and other professional financial intermediaries and may include the Initial purchasers. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear participant, either directly or indirectly. Securities clearance accounts and cash accounts with the Euroclear operator are governed by the terms and conditions governing use of Euroclear and the related operating procedures of Euroclear. These terms and conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear operator acts under the terms and conditions only on behalf of Euroclear participants and has no record of or relationship with persons holding through Euroclear participants.

Euroclear further advises that investors that acquire, hold and transfer interests in the exchange notes by book-entry through accounts with the Euroclear operator or any other securities intermediary are subject to the laws and contractual provisions governing their relationship with their intermediary, as well as the laws and contractual provisions governing the relationship between such an intermediary and each other intermediary, if any, standing between themselves and the global securities.

Purchases of exchange notes under the DTC system must be made by or through direct participants, which will receive a credit for the exchange notes in DTC's records. The ownership interest of each actual purchaser of exchange notes is in turn to be recorded on the direct and indirect participants' records. Beneficial owners of the exchange notes will not receive written confirmation from DTC of their purchase, but beneficial owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the direct or indirect participant through which the beneficial owner entered into the transaction. Transfers of ownership interests in the exchange notes are to be accomplished by entries made on the books of direct and indirect participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates representing their ownership interests in the exchange notes, except in the event that use of the book-entry system for the exchange notes is discontinued.

To facilitate subsequent transfers, all exchange notes deposited by direct participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of exchange notes with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the exchange notes; DTC's records reflect only the identity of the direct participants to whose accounts such exchange notes are credited, which may or may not be the beneficial owners. The direct and indirect participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants, and by direct participants and indirect participants to beneficial owners will be governed by

arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. The laws of some jurisdictions may require that certain persons take physical delivery in definitive form of securities which they own. Consequently, those persons may be prohibited from purchasing beneficial interests in the global notes from any beneficial owner or otherwise.

Redemption notices shall be sent to DTC. If less than all of the notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each direct participant in such issue to be redeemed.

So long as DTC's nominee is the registered owner of the global notes, such nominee for all purposes will be considered the sole owner or holder of the exchange notes for all purposes under the Indenture. Except as provided below, beneficial owners will not be entitled to have any of the exchange notes registered in their names, will not receive or be entitled to receive physical delivery of the exchange notes in definitive form and will not be considered the owners or holders thereof under the Indenture.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the exchange notes. Under its usual procedures, DTC mails an omnibus proxy to the issuer as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those direct participants to whose accounts the exchange notes are credited on the record date (identified in a listing attached to the omnibus proxy).

All payments on the global notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit direct participants' accounts upon DTC's receipt of funds and corresponding detail information from trustees or issuers on payment dates in accordance with their respective holdings shown on DTC's records. Payments by participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such participant and not of DTC, the Trustee or us, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) shall be the responsibility of the Trustee or us, disbursement of such payments to direct participants shall be the responsibility of DTC, and disbursement of such payments to the beneficial owners shall be the responsibility of direct and indirect participants.

DTC may discontinue providing its service as securities depositary with respect to the exchange notes at any time by giving reasonable notice to us or the Trustee. In addition, we may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depositary). In the event that a successor securities depositary is not obtained under the above circumstances, or, alternatively, if an event of default with respect to the exchange notes has occurred and is outstanding, note certificates in fully registered form are required to be printed and delivered to beneficial owners of the global notes representing such exchange notes.

Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC's rules and will be settled in immediately available funds using DTC's same-day funds settlement system. Secondary market trading between Clearstream customers and/or Euroclear participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream and Euroclear and will be settled using the procedures applicable to conventional Eurobonds in immediately available funds.

Cross market transfers between persons holding directly or indirectly through DTC on the one hand, and directly or indirectly through Clearstream customers or Euroclear participants, on the other, will be effected in DTC in accordance with DTC's rules on behalf of the relevant European international clearing system by its U.S. depositary; however, such cross market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in such system in accordance with its rules and procedures and within its established deadlines, in European time. The relevant European international clearing system will, if

the transaction meets its settlement requirements, deliver instructions to its U.S. depository to take action to effect final settlement on its behalf by delivering interests in the exchange notes to or receiving interests in the exchange notes from DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Clearstream customers and Euroclear participants may not deliver instructions directly to their respective U.S. depositaries.

Because of time-zone differences, credits of interests in the exchange notes received by Clearstream or Euroclear as a result of a transaction with a DTC participant will be made during subsequent securities settlement processing and dated the Business Day following the DTC settlement date. Such credits or any transactions involving interests in such exchange notes settled during such processing will be reported to the relevant Clearstream customers or Euroclear participants on such Business Day. Cash received by Clearstream or Euroclear as a result of sales of interests in the exchange notes by or through a Clearstream customer or a Euroclear participant to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Clearstream or Euroclear cash account only as of the Business Day following settlement in DTC.

The information in this section has been obtained from sources that we believe to be reliable, but we take no responsibility for its accuracy.

Neither we, the Trustee nor the dealer managers will have any responsibility or obligation to direct participants, or the persons for whom they act as nominees, with respect to the accuracy of the records of DTC, its nominee or any direct participant with respect to any ownership interest in the exchange notes, or payments to, or the providing of notice to direct participants or beneficial owners.

Material United States Federal Income Tax Considerations

The following is a summary of certain U.S. federal income tax consequences of the exchange offers to beneficial holders whose unregistered original notes are tendered and accepted in the exchange offer, including the acquisition, ownership, and disposition of registered exchange notes acquired pursuant to the exchange offer. This summary is general in nature and does not discuss all aspects of U.S. federal income taxation that may be relevant to a particular holder in light of the holder's particular circumstances or to certain types of holders subject to special treatment under U.S. federal income tax laws (such as banks and thrifts, insurance companies, tax-exempt organizations, regulated investment companies, real estate investment trusts, trusts and estates, partnerships or other pass-through entities, or investors in such pass-through entities, persons holding original notes or exchange notes as part of a hedging, integrated, conversion or constructive sale transaction or a straddle, financial institutions, brokers, dealers in securities or currencies, traders in securities that elect to use a mark-to-market method of tax accounting for their securities holdings, government agencies or instrumentalities, persons that acquire original notes or exchange notes in connection with employment or other performance of services, U.S. Holders (as defined below) that have a functional currency other than the U.S. dollar, controlled foreign corporations, passive foreign investment companies, and U.S. expatriates). In addition, the discussion does not consider the effect of any alternative minimum taxes or foreign, state, local or other tax laws, or any U.S. tax considerations (such as estate or gift tax laws) other than certain U.S. federal income tax considerations that may be applicable to particular holders. Further, this summary assumes that holders hold their original notes and exchange notes as "capital assets" (generally, property held for investment) within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the "Code"). This summary does not address the tax consequences to any shareholder, beneficiary or other owner of a holder of original notes or exchange notes.

This summary is based on the Code and the U.S. Treasury regulations, rulings, administrative pronouncements, and judicial decisions thereunder as of the date hereof, all of which are subject to differing interpretations and may be changed, perhaps retroactively, resulting in U.S. federal income tax consequences different from those discussed in this summary. We have not obtained, nor do we intend to obtain, a ruling from the U.S. Internal Revenue Service (the "IRS") with respect to the statements made and the conclusions reached in the following summary, and there can be no assurance that the IRS will not challenge any of the conclusions set forth herein.

If a partnership (including an entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds original notes or exchange notes, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. Holders that are partnerships holding original notes or exchange notes (and partners in such partnerships) are urged to consult their tax advisors with respect to the U.S. federal income tax consequences of the exchange offers and the acquisition, ownership, and disposition of exchange notes acquired pursuant thereto.

As used in this summary, a "U.S. Holder" means a beneficial owner of original notes or exchange notes that is, for U.S. federal income tax purposes:

- an individual citizen or resident of the United States,
- a corporation, including any entity treated as a corporation for U.S. federal income tax purposes, created or organized in, or under the laws of, the United States, any state thereof, or the District of Columbia,
- an estate the income of which is subject to U.S. federal income taxation regardless of its source, or
- a trust, if (i) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (ii) it has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person.

As used herein, a "Non-U.S. Holder" means a beneficial owner of original notes or exchange notes that is, for U.S. federal income tax purposes, an individual, corporation, estate or trust that is not a U.S. Holder.

EACH HOLDER OF ORIGINAL NOTES IS URGED TO CONSULT ITS TAX ADVISOR REGARDING THE POTENTIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE EXCHANGE OF THE ORIGINAL NOTES AND THE ACQUISITION, OWNERSHIP AND DISPOSITION OF EXCHANGE NOTES IF SUCH HOLDER TENDERS ORIGINAL NOTES IN THE EXCHANGE OFFER, INCLUDING THE EXTENT TO WHICH SUCH HOLDER'S INDIVIDUAL CIRCUMSTANCES MAY AFFECT THE GENERAL RESULTS OUTLINED HEREIN, AS WELL AS THE CONSEQUENCES OF THE TAX LAWS OF ANY NON-U.S. OR U.S. STATE OR LOCAL TAXING JURISDICTION OR TAX TREATY.

Tax Consequences to U.S. Holders

Tax Consequences to U.S. Holders Who Do Not Participate in the Exchange Offer

We believe that the exchange offers (described under "Description of the Exchange Offer") will not be taxable events to a U.S. Holder for U.S. federal income tax purposes if such holder does not exchange any original notes in the exchange offer. Such holder will have the same adjusted tax basis and accrued market discount (if any) in, and holding period for the original notes held by such holder as such holder had immediately prior to the exchange. A U.S. Holder who does not elect to participate in the exchange should consult its own tax advisor regarding the consequences of not participating in the exchange.

Tax Consequences to U.S. Holders Who Participate in the Exchange Offer

The exchange of an original note for an exchange note pursuant to the exchange offers will not constitute a taxable exchange for U.S. federal income tax purposes. Consequently, a U.S. Holder will not recognize any gain or loss upon the receipt of an exchange note pursuant to the exchange offer. The holding period for an exchange note will include the holding period of the original note exchanged pursuant to the exchange offer, and the initial tax basis in an exchange note will be the same as the adjusted tax basis in the original note as of the time of the exchange. The U.S. federal income tax consequences of holding and disposing of an exchange note received pursuant to the exchange offers generally will be the same as the U.S. federal income tax consequences of holding and disposing of an original note.

Ownership of the Exchange Notes by U.S. Holders

Stated Interest of the Exchange Notes . Interest on an exchange note will generally be taxable to a U.S. Holder as ordinary interest income at the time it accrues or is received in accordance with the U.S. Holder's regular method of accounting for U.S. federal income tax purposes.

Amortizable Bond Premium . If a U.S. Holder purchased original notes after their original issuance date for an amount that is greater than the sum of all remaining payments on the notes other than stated interest, such U.S. Holder will have an initial tax basis in the notes in excess of the stated principal amount of the notes and will be treated as having purchased the notes with "amortizable bond premium" in an amount equal to such excess. Amortizable bond premium on original notes should carry over to the exchange notes received in exchange therefor. A U.S. Holder may elect to amortize this premium using a constant yield method over the term of the notes and generally may offset interest in respect of the notes otherwise required to be included in income by the amortized amount of the premium for the taxable year. A U.S. Holder that elects to amortize bond premium may reduce its tax basis in its notes by the amount of the premium amortized in any taxable year. An election to amortize bond premium is binding once made and applies to all notes held by the U.S. Holder at the beginning of the first taxable year to which this election applies and to all bonds thereafter acquired. U.S. Holders are urged to consult their own tax advisors concerning the computation and amortization of any bond premium on their exchange notes.

Market Discount . If a U.S. Holder purchased original notes after their original issuance date for an amount that is less than their stated principal amount, such Holder will be treated as having purchased the notes with

"market discount" unless the discount is less than a specified *de minimis* amount. Market discount on original notes should carry over to the exchange notes received in exchange therefor. Under the market discount rules, a U.S. Holder generally will be required to treat any gain realized on the sale, exchange, retirement or other disposition of an exchange note as ordinary income to the extent of any accrued market discount that has not previously been included in income. For this purpose, market discount will be considered to accrue ratably during the period from the date of the U.S. Holder's acquisition of the note to the maturity date of the note, unless the U.S. Holder made an election to accrue market discount on a constant yield basis. Accrued market discount on original notes that has not previously been included in income by a U.S. Holder should carry over to the exchange notes received in exchange therefor. A U.S. Holder may be required to defer the deduction of all or a portion of the interest paid or accrued on any indebtedness incurred or maintained to purchase or carry a note with market discount until the maturity date or certain earlier dispositions. A U.S. Holder may elect to include market discount in income currently as it accrues on either a ratable or a constant yield basis, in which case the rules described above regarding (1) the treatment as ordinary income of gain upon the disposition of the note and (2) the deferral of interest deductions will not apply. Currently included market discount is generally treated as ordinary interest income for U.S. federal income tax purposes. An election to include market discount in income as it accrues will apply to all debt instruments with market discount acquired by the U.S. Holder on or after the first day of the taxable year to which the election applies and may be revoked only with the consent of the IRS. U.S. Holders are urged to consult their own tax advisors before making this election.

Sale, Exchange or other Taxable Disposition of the Exchange Notes . Upon the disposition of exchange notes by sale, exchange, retirement, redemption or other taxable disposition, a U.S. Holder will recognize taxable gain or loss equal to the difference between (i) the amount realized on the disposition (other than any amounts attributable to accrued but unpaid cash interest, which will be taxed as ordinary interest income to the extent not previously so taxed) and (ii) the U.S. Holder's adjusted tax basis in the exchange notes immediately before the disposition. A U.S. Holder's adjusted tax basis generally will be equal to the U.S. Holder's initial tax basis in the exchange notes, increased by any market discount and decreased by any bond premium amortized by such holder with respect to the exchange notes. Except to the extent of any accrued market discount on the exchange notes (or carried over from the original notes) as described above under "—Market Discount," with respect to which any gain will be treated as ordinary income, a U.S. Holder's gain or loss will generally constitute capital gain or loss and will be long-term capital gain or loss if the U.S. Holder has held such note for longer than one year. Certain non-corporate U.S. Holders are generally subject to a reduced federal income tax rate on net long-term capital gains. The deductibility of capital losses is subject to certain limitations.

Information Reporting and Backup Withholding.

In general, we must report certain information to the IRS with respect to payments of stated interest and payments of the proceeds of the sale or other taxable disposition (including a retirement or redemption) of a note to certain U.S. Holders, except in the case of an exempt recipient (such as a corporation). The payor (which may be us or an intermediate payor) will be required to impose backup withholding tax, currently at a rate of 28 percent, with respect to the foregoing amounts if (1) the payee fails to furnish a taxpayer identification number ("TIN") to the payor or to establish an exemption from backup withholding, (2) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (3) there has been a notified payee underreporting described in Section 3406(c) of the Code or (4) the payee has not certified under penalties of perjury that it has furnished a correct TIN, that it is a United States person and that the IRS has not notified the payee that it is subject to backup withholding under the Code.

Backup withholding tax is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a U.S. Holder will be allowed as a credit against the U.S. Holder's United States federal income tax liability, if any, and may entitle the U.S. Holder to a refund, provided that the required information is timely furnished to the IRS. U.S. Holders should consult their own tax advisors regarding the effect, if any, of the backup withholding rules on their particular circumstances.

Net Investment Income.

An additional 3.8% tax will be imposed on certain U.S. Holders who are individuals, trusts, or estates (other than certain exempt trusts or estates) on the lesser of (1) the U.S. Holder's "net investment income" (or undistributed net investment income in the case of an estate or trust) for the relevant taxable year and (2) the excess of the U.S. Holder's modified adjusted gross income (or adjusted gross income in the case of an estate or trust) for the taxable year over a certain threshold. A U.S. Holder's net investment income will generally include its interest income and its net gains from the disposition of notes, unless such interest income or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). U.S. Holders that are individuals, estates or trusts, should consult their tax advisors regarding the applicability of the net investment income tax to income and gains in respect of their investment in the notes.

Tax Consequences to Non-U.S. Holders

Tax Consequences to Non-U.S. Holders Who Do Not Participate in the Exchange Offer

We believe that the exchange offers will not result in a taxable event to a Non-U.S. Holder for U.S. federal income tax purposes if such holder does not exchange any original notes in the exchange offers (described under "Description of the Exchange Offer"). A Non-U.S. Holder who does not elect to participate in the exchange offers should consult its own tax advisor regarding the consequences of not participating in the exchange offers.

Tax Consequences to Non-U.S. Holders Who Participate in the Exchange Offer

A Non-U.S. Holder will generally not be subject to tax on any gain recognized on the exchange of original notes for exchange notes except to the extent described below under "—Ownership of the Exchange Notes by Non-U.S. Holders—Sale, Exchange or Other Taxable Disposition of the Exchange Notes," treating the reference therein to the exchange notes as a reference to the original notes. Amounts attributable to accrued but unpaid interest on the original notes will be treated as ordinary interest income and will generally be subject to the rules described below under "—Ownership of the Exchange Notes by Non-U.S. Holders—Stated Interest of the Exchange Notes," treating the references therein to interest as references to accrued but unpaid interest and the references therein to exchange notes as references to the original notes. Non-U.S. Holders should consult their own tax advisors on the treatment of accrued but unpaid interest on the original notes.

Ownership of the Exchange Notes by Non-U.S. Holders

Stated Interest of the Exchange Notes . Subject to the discussions of backup withholding and FATCA below, interest income of a Non-U.S. Holder that is not effectively connected with a U.S. trade or business carried on by the Non-U.S. Holder will qualify for the "portfolio interest exemption" and, therefore, will not be subject to U.S. federal income tax or withholding, provided that:

- the Non-U.S. Holder does not own, actually or constructively, 10% or more of the total combined voting power of all classes of our stock entitled to vote within the meaning of Section 871(h)(3) of the Code and Treasury regulations thereunder;
- the Non-U.S. Holder is not a controlled foreign corporation related to us, actually or constructively through the stock ownership rules under Section 864(d)(4) of the Code;
- the Non-U.S. Holder is not a bank that is receiving the interest on an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business; and
- the beneficial owner gives us or our paying agent an appropriate IRS Form W-8 (or a suitable substitute or successor form or such other form as the IRS may prescribe) that has been properly completed and duly executed establishing its status as a Non-U.S. Holder.

If not all of these conditions are met, interest on the exchange notes paid to a Non-U.S. Holder that is not effectively connected with a U.S. trade or business (and not attributable to a permanent establishment maintained

in the U.S. under an applicable income tax treaty) carried on by the Non-U.S. Holder will generally be subject to federal income tax and withholding at a 30% rate, unless an applicable income tax treaty reduces or eliminates such tax and the Non-U.S. Holder claims the benefit of that treaty by providing an appropriate IRS Form W-8 (or a suitable substitute or successor form or such other form as the IRS may prescribe) that has been properly completed and duly executed.

If interest on the exchange notes is effectively connected with a U.S. trade or business carried on by the Non-U.S. Holder ("ECI"), the Non-U.S. Holder will be required to pay U.S. federal income tax on that interest on a net income basis generally in the same manner as a U.S. Holder (and the 30% withholding tax described above will not apply, provided the appropriate statement is provided to the applicable withholding agent) unless an applicable income tax treaty provides otherwise. If a Non-U.S. Holder is eligible for the benefits of any income tax treaty between the United States and its country of residence, any interest income that is ECI will be subject to U.S. federal income tax in the manner specified by the treaty if the Non-U.S. Holder claims the benefit of the treaty by providing an appropriate IRS Form W-8 (or a suitable substitute or successor form or such other form as the IRS may prescribe) that has been properly completed and duly executed). In addition, a corporate Non-U.S. Holder may, under certain circumstances, be subject to an additional "branch profits tax" at a 30% rate, or, if applicable, a lower treaty rate, on its effectively connected earnings and profits attributable to such interest (subject to adjustments).

Sale, Exchange or Other Taxable Disposition of the Exchange Notes . Subject to the discussion below on FATCA (as defined below), a Non-U.S. Holder will generally not be subject to U.S. federal income tax on any gain realized on a sale, exchange, retirement, redemption or other taxable disposition of exchange notes (other than any amount representing accrued but unpaid interest on the exchange note, which is subject to the rules discussed above under "— Ownership of the Exchange Notes by Non-U.S. Holders — Stated Interest of the Exchange Notes") unless:

- the gain is effectively connected with the conduct of a trade or business within the U.S. by the Non-U.S. Holder, or
- in the case of a Non-U.S. Holder who is a nonresident alien individual, such holder is present in the United States for 183 or more days in the taxable year and certain other requirements are met.

If a Non-U.S. Holder falls under the first of these exceptions, unless an applicable income tax treaty provides otherwise, the Non-U.S. Holder will be taxed on the net gain derived from the disposition of the exchange notes under the graduated U.S. federal income tax rates that are applicable to U.S. Holders and, if the Non-U.S. Holder is a foreign corporation, it may also be subject to the branch profits tax described above (unless a treaty reduces or eliminates such tax).

If an individual Non-U.S. Holder falls under the second of these exceptions, the Non-U.S. Holder generally will be subject to U.S. federal income tax at a rate of 30% (unless a lower applicable treaty rate applies) on the amount by which all capital gains allocable to sources within the United States, including any gain derived from the taxable disposition of the exchange notes, exceeds such Non-U.S. Holder's capital losses allocable to sources within the United States for the taxable year of the sale.

Information Reporting and Backup Withholding

The amount of interest on an exchange note paid to a Non-U.S. Holder and the amount of tax, if any, withheld from such payment generally must be reported annually to the Non-U.S. Holder and to the IRS. The IRS may make this information available under the provisions of an applicable income tax treaty (or information exchange agreement) to the tax authorities in the country in which the Non-U.S. Holder is resident.

Provided that a Non-U.S. Holder has complied with certain reporting procedures (usually satisfied by providing an applicable properly completed IRS Form W-8BEN or IRS Form W-8BEN-E) or otherwise establishes an exemption, the Non-U.S. Holder generally will not be subject to backup withholding tax with

respect to interest payments on, and the proceeds from a disposition of, an exchange note, unless we or our paying agent know or have reason to know that the holder is a U.S. person. Rules relating to information reporting requirements and backup withholding with respect to the payment of proceeds from the taxable disposition (including a redemption or retirement) of an exchange note are as follows:

If the proceeds are paid to or through the United States office of a broker, a Non-U.S. Holder generally will be subject to backup withholding and information reporting unless the Non-U.S. Holder certifies under penalties of perjury that it is not a U.S. person (usually on an IRS Form W-8BEN or W-8BEN-E) or otherwise establishes an exemption.

If the proceeds are paid to or through a non-U.S. office of a broker that is not a U.S. person and does not have certain specified U.S. connections (a "U.S. Related Person"), a Non-U.S. Holder will not be subject to backup withholding or information reporting.

If the proceeds are paid to or through a non-U.S. office of a broker that is a U.S. person or a U.S. Related Person, a Non-U.S. Holder generally will be subject to information reporting (but generally not backup withholding) unless the Non-U.S. Holder certifies under penalties of perjury that it is not a U.S. person (usually on an IRS Form W-8BEN or W-8BEN-E) or otherwise establishes an exemption.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will be allowed as a credit against the Non-U.S. Holder's U.S. federal income tax liability, if any, and may entitle the Non-U.S. Holder to a refund, provided that the required information is timely furnished to the IRS. Non-U.S. Holders should consult their own tax advisors regarding the application of the backup withholding rules in their particular circumstances and the availability of, and procedure for, obtaining an exemption from backup withholding under current Treasury regulations.

Foreign Account Tax Compliance

The Hiring Incentives to Restore Employment Act and the final Treasury regulations and official IRS guidance associated with such provisions (such provisions, regulations and guidance commonly known as "FATCA") generally impose a U.S. federal withholding tax of 30% on interest (including original issue discount, if any) income paid on a debt obligation and on the gross proceeds of a sale or other disposition (including a retirement or redemption) of a debt obligation paid to (1) a foreign financial institution (as the beneficial owner or as an intermediary for the beneficial owner), unless such institution (a) enters into, and is in compliance with, a withholding and information reporting agreement with the U.S. government to collect and provide to the U.S. tax authorities substantial information regarding U.S. account holders of such institution (which would include certain equity and debt holders of such institution, as well as certain account holders that are foreign entities with U.S. owners) or (b) is a resident in a country that has entered into an intergovernmental agreement with the United States in relation to such withholding and information reporting and the financial institution complies with the related information reporting requirements of such country or (2) a foreign entity that is not a financial institution (as the beneficial owner or as an intermediary for the beneficial owner), unless such entity provides the withholding agent with a certification identifying the substantial United States owners of the entity, which generally includes any U.S. person who directly or indirectly owns more than 10% of the entity, or certifies that it does not have any substantial U.S. owners.

Withholding under FATCA generally will apply to payments of interest (including original issue discount, if any, and any amounts attributable to accrued but unpaid interest on the original notes) on an exchange note regardless of when the payments are made. However, under the applicable Treasury Regulations, withholding under FATCA generally will only apply to payments of gross proceeds from the sale or other disposition of an exchange note on or after January 1, 2019. An intergovernmental agreement between the United States and the applicable non-U.S. country, or future Treasury regulations or other official IRS guidance, may modify these requirements. Holders should consult with their own tax advisors regarding the implications of FATCA on their investment in our exchange notes.

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Plan of Distribution

Based on existing interpretations of the Securities Act by the SEC staff set forth in several no-action letters to third parties, and subject to the immediately following sentence, we believe exchange notes issued under the exchange offers in exchange for original notes may be offered for resale, resold and otherwise transferred by the holders thereof (other than holders that are broker-dealers) without further compliance with the registration and prospectus delivery provisions of the Securities Act. However, any holder of original notes that is an affiliate of ours or that intends to participate in the exchange offers for the purpose of distributing the exchange notes, or any broker-dealer that purchased any of the original notes from us for resale pursuant to Rule 144A or any other available exemption under the Securities Act, (i) will not be able to rely on the interpretations of the SEC staff set forth in the above-mentioned no-action letters, (ii) will not be entitled to tender its original notes in the exchange offers, and (iii) must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any sale or transfer of the original notes unless such sale or transfer is made pursuant to an exemption from such requirements.

Each broker-dealer that receives exchange notes for its own account pursuant to the exchange offers must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of exchange notes received in exchange for original notes where such original notes were acquired as a result of market-making activities or other trading activities. We have agreed that, for a period of 180 days after the expiration date, we will make this prospectus, as amended or supplemented, available to any broker-dealer for use in connection with any such resale.

We will not receive any proceeds from any sale of exchange notes by broker-dealers. Exchange notes received by broker-dealers for their own account pursuant to the exchange offers may be sold from time to time in one or more transactions in the over-the-counter market, in negotiated transactions, through the writing of options on the exchange notes or a combination of such methods of resale, at market prices prevailing at the time of resale, at prices related to such prevailing market prices or negotiated prices. Any such resale may be made directly to purchasers or to or through brokers or dealers that may receive compensation in the form of commissions or concessions from any such broker-dealer or the purchasers of any such exchange notes. Any broker-dealer that resells exchange notes that were received by it for its own account pursuant to the exchange offers and any broker or dealer that participates in a distribution of such exchange notes may be deemed to be an “underwriter” within the meaning of the Securities Act and any profit on any such resale of exchange notes and any commission or concessions received by any such persons may be deemed to be underwriting compensation under the Securities Act. The letter of transmittal states that, by acknowledging that it will deliver and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an “underwriter” within the meaning of the Securities Act.

For a period of 180 days after the expiration date we will promptly send additional copies of this prospectus and any amendment or supplement to this prospectus to any broker-dealer that requests such documents in the letter of transmittal. We have agreed to pay all expenses incident to the exchange offers (including the expenses of one counsel for the holders of the original notes and the exchange notes) other than underwriting discounts and commissions and transfer taxes, if any, and will indemnify the holders of the original notes and the exchange notes (including any broker-dealers) against certain liabilities, including liabilities under the Securities Act.

Notwithstanding the foregoing, we may suspend the use of this prospectus by broker-dealers under specified circumstances. For example, we may suspend the use of this prospectus if:

- the SEC or any state securities authority requests an amendment or supplement to this prospectus or the related registration statement or requests additional information;
- the SEC or any state securities authority issues any stop order suspending the effectiveness of the registration statement or initiates proceedings for that purpose;

- we receive notification of the suspension of the qualification of the exchange notes for sale in any jurisdiction or the initiation or threatening of any proceeding for that purpose;
- the suspension is required by law;
- we determine that the continued effectiveness of the registration statement of which this prospectus forms a part and use of this prospectus would require disclosure of confidential information related to a material acquisition or divestiture of assets or a material corporate transaction, event or development; or
- an event occurs or we discover any fact that makes any statement made in the registration statement of which this prospectus forms a part untrue in any material respect or that requires the making of any changes in such registration statement in order to make the statements therein not misleading.

We will not receive any proceeds from the issuance of the exchange notes in the exchange offers.

Validity of the Exchange Notes

Kirkland & Ellis LLP will opine for us on whether the exchange notes are valid and binding obligations of Exelon and will rely on the opinion of Ballard Spahr LLP with respect to certain matters under the laws of the Commonwealth of Pennsylvania.

Experts

The financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) incorporated in this prospectus by reference to the Annual Report on Form 10-K for the year ended December 31, 2015 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

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Exelon Corporation

Offer to Exchange
$807,082,000 aggregate principal amount of outstanding 3.950% Notes due 2025
(CUSIP Nos. 30161N AM3 and U3002L AA0)
for
$807,082,000 aggregate principal amount of newly issued 3.950% Notes due 2025 that will be issued in a transaction registered under the Securities Act
(CUSIP No. 30161N AN1)
and
$333,485,000 aggregate principal amount of outstanding 4.950% Notes due 2035
(CUSIP Nos. 30161N AP6 and U3002L AB8)
for
$333,485,000 aggregate principal amount of newly issued 4.950% Notes due 2035 that will be issued in a transaction registered under the Securities Act
(CUSIP No. 30161N AQ4)
and
$741,001,000 aggregate principal amount of outstanding 5.100% Notes due 2045
(CUSIP Nos. 30161N AR2 and U3002L AC6)
for
$741,001,000 aggregate principal amount of newly issued 5.100% Notes due 2045 that will be issued in a transaction registered under the Securities Act
(CUSIP No. 30161N AS0)

PROSPECTUS

, 2016

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 20. Indemnification of Directors and Officers.

Chapter 17, Subchapter D of the Pennsylvania Business Corporation Law of 1988, as amended (the "PBCL"), contains provisions permitting indemnification of officers and directors of a business corporation incorporated in Pennsylvania. Sections 1741 and 1742 of the PBCL provide that a business corporation may indemnify directors and officers against liabilities and expenses he or she may incur in connection with a threatened, pending or completed civil, administrative or investigative proceeding by reason of the fact that he or she is or was a representative of the corporation or was serving at the request of the corporation as a representative of another enterprise, provided that the particular person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the corporation, and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful. In general, the power to indemnify under these sections does not exist in the case of actions against a director or officer by or in the right of the corporation if the person otherwise entitled to indemnification shall have been adjudged to be liable to the corporation, unless it is judicially determined that, despite the adjudication of liability but in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnification for the expenses the court deems proper. Section 1743 of the PBCL provides that the corporation is required to indemnify directors and officers against expenses they may incur in defending these actions if they are successful on the merits or otherwise in the defense of such actions.

Section 1746 of the PBCL provides that indemnification under the other sections of Subchapter D is not exclusive of other rights that a person seeking indemnification may have under any by-law, agreement, vote of shareholders or disinterested directors or otherwise, whether or not the corporation would have the power to indemnify the person under any other provision of law. However, Section 1746 prohibits indemnification in circumstances where the act or failure to act giving rise to the claim for indemnification is determined by a court to have constituted willful misconduct or recklessness.

Section 1747 of the PBCL permits a corporation to purchase and maintain insurance on behalf of any person who is or was a director or officer of the corporation, or is or was serving at the request of the corporation as a representative of another enterprise, against any liability asserted against such person and incurred by him or her in that capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify the person against such liability under Subchapter D.

Exelon's Bylaws provide that it is obligated to indemnify directors and officers and other persons designated by the board of directors against any liability, including any damage, judgment, amount paid in settlement, fine, penalty, cost or expense (including, without limitation, attorneys' fees and disbursements) including in connection with any proceeding. Exelon's Bylaws provide that no indemnification shall be made where the act or failure to act giving rise to the claim for indemnification is determined by arbitration or otherwise to have constituted willful misconduct or recklessness or attributable to receipt from Exelon of a personal benefit to which the recipient is not legally entitled.

As permitted by PBCL Section 1713, Exelon's Bylaws provide that directors generally will not be liable for monetary damages in any action, whether brought by shareholders directly or in the right of Exelon or by third parties, unless they fail in the good faith performance of their duties as fiduciaries (the standard of care established by the PBCL), and such failure constitutes self-dealing, willful misconduct or recklessness.

Exelon has entered into indemnification agreements with each of its directors. Exelon also currently maintains liability insurance for its directors and officers. In addition, the directors, officers and employees of Exelon are insured under policies of insurance, within the limits and subject to the limitations of the policies, against claims made against them for acts in the discharge of their duties, and Exelon is insured to the extent that it is required or permitted by law to indemnify the directors, officers and employees for such loss. The premiums for such insurance are paid by Exelon.

Item 21. Exhibits.

The "Exhibit Index" on pages II-6 and II-7 is hereby incorporated by reference.

Item 22. Undertakings.

The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement: (i) to include any prospectus required by Section 10(a)(3) of the Securities Act of 1933, as amended (the "Securities Act"); (ii) to reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement (notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement); and (iii) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser, if the registrant is subject to Rule 430C, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness; provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

(5) That, for the purpose of determining liability of the registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities, the undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

(6) That, for purposes of determining any liability under the Securities Act, each filing of the registrant's annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934, as amended) that is incorporated by reference in this registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(7) That prior to any public reoffering of the securities registered hereunder through use of a prospectus which is a part of this registration statement, by any person or party who is deemed to be an underwriter within the meaning of Rule 145(c), the registrant undertakes that such reoffering prospectus will contain the information called for by the applicable registration form with respect to reofferings by persons who may be deemed underwriters, in addition to the information called for by the other items of the applicable form.

(8) That every prospectus (i) that is filed pursuant to paragraph (7) above, or (ii) that purports to meet the requirements of Section 10(a)(3) of the Securities Act and is used in connection with an offering of securities subject to Rule 415, will be filed as a part of an amendment to this registration statement and will not be used until such amendment has become effective, and that for the purpose of determining liabilities under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(9) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer, or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

(10) To respond to requests for information that is incorporated by reference into the prospectus pursuant to Items 4, 10(b), 11 or 13 of this form, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request.

(11) To supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in this registration statement when it became effective.

SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Chicago, State of Illinois, on April 13, 2016.

EXELON CORPORATION

By: /s/ Jonathan W. Thayer

Jonathan W. Thayer
Senior Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints Christopher M. Crane or Jonathan W. Thayer, and each or any one of them, his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, severally, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments (including, without limitation, post-effective amendments) to this registration statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the SEC, and hereby grants to such attorneys-in-fact and agents, and each or any one of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Christopher M. Crane		April 13, 2016
Christopher M. Crane	President and Chief Executive Officer and Director (Principal Executive Officer)	
/s/ Jonathan W. Thayer		April 13, 2016
Jonathan W. Thayer	Senior Executive Vice President and Chief Financial Officer (Principal Financial Officer)	
/s/ Duane M. DesParte		April 13, 2016
Duane M. DesParte	Senior Vice President and Corporate Controller (Principal Accounting Officer)	
/s/ Mayo A. Shattuck III		April 13, 2016
Mayo A. Shattuck III	Director and Chairman	

/s/ Anthony K. Anderson		April 13, 2016
Anthony K. Anderson	Director	
/s/ Ann C. Berzin		April 13, 2016
Ann C. Berzin	Director	
/s/ John A. Canning, Jr.		April 13, 2016
John A. Canning, Jr.	Director	
/s/ Yves C. deBalmann		April 13, 2016
Yves C. deBalmann	Director	
/s/ Nicholas DeBenedictis		April 13, 2016
Nicholas DeBenedictis	Director	
/s/ Linda Jojo		April 13, 2016
Linda Jojo	Director	
/s/ Paul L. Joskow		April 13, 2016
Paul L. Joskow	Director	
/s/ Robert J. Lawless		April 13, 2016
Robert J. Lawless	Director	
/s/ John W. Rogers, Jr.		April 13, 2016
John W. Rogers, Jr.	Director	

INDEX TO EXHIBITS

Exhibit No.	Description
3.1	Amended and Restated Articles of Incorporation of Exelon Corporation, as amended May 8, 2007 (incorporated herein by reference to Exhibit 3-1-2 to Exelon Corporation's Form 10-Q for the quarter ended September 30, 2008, filed on October 24, 2008)
3.2	Exelon Corporation Amended and Restated Bylaws, effective as of March 12, 2012 (incorporated herein by reference to Exhibit 3-1 to Exelon Corporation's Current Report on Form 8-K, filed on March 14, 2012)
4.1	Indenture, dated as of June 11, 2015, among Exelon Corporation and The Bank of New York Mellon Trust Company, National Association, as trustee (incorporated herein by reference to Exhibit 4.1 to Exelon Corporation's Current Report on Form 8-K, filed on June 11, 2015)
4.2	First Supplemental Indenture, dated as of June 11, 2015, among Exelon Corporation and The Bank of New York Mellon Trust Company, National Association, as trustee (incorporated herein by reference to Exhibit 4.2 to Exelon Corporation's Current Report on Form 8-K, filed on June 11, 2015)
4.3	Second Supplemental Indenture, dated as of December 2, 2015, among Exelon Corporation and The Bank of New York Mellon Trust Company, National Association, as trustee (incorporated herein by reference to Exhibit 4.1 to Exelon Corporation's Current Report on Form 8-K, filed on December 2, 2015)
4.4	Registration Rights Agreement, dated as of December 2, 2015, among Exelon Corporation, Barclays Capital Inc. and Goldman, Sachs & Co. (incorporated herein by reference to Exhibit 1.1 to Exelon Corporation's Current Report on Form 8-K, filed on December 2, 2015)
5.1	Opinion of Kirkland & Ellis LLP (incorporated by reference to Exhibit 5.1 to Exelon Corporation's Form S-4, filed on January 29, 2016)
5.2	Opinion of Ballard Spahr LLP (incorporated by reference to Exhibit 5.2 to Exelon Corporation's Amendment No. 1 to Form S-4, filed on April 4, 2016)
12.1	Exelon Corporation Computation of Ratio of Earnings to Fixed Charges (incorporated by reference to Exhibit 12.1 to Exelon Corporation's Amendment No. 1 to Form S-4, filed on April 4, 2016)
21.1	Subsidiaries of Exelon Corporation (incorporated herein by reference to Exhibit 21 to Exelon Corporation's Annual Report on Form 10-K for the year ended December 31, 2014, filed on February 13, 2015)
23.1	Consent of Kirkland & Ellis LLP (included in Exhibit 5.1) (incorporated by reference to Exhibit 23.1 to Exelon Corporation's Form S-4, filed on January 29, 2016)
23.2	Consent of Ballard Spahr LLP (included in Exhibit 5.2) (incorporated by reference to Exhibit 23.2 to Exelon Corporation's Amendment No. 1 to Form S-4, filed on April 4, 2016)
23.3*	Consent of PricewaterhouseCoopers LLP
24.1	Powers of Attorney (included on signature pages hereof)
25.1	Statement of Eligibility on Form T-1 under the Trust Indenture Act of 1939, as amended, of The Bank of New York Mellon Trust Company, National Association (incorporated by reference to Exhibit 25.1 to Exelon Corporation's Form S-4, filed on January 29, 2016)
99.1	Form of Letter of Transmittal (incorporated by reference to Exhibit 99.1 to Exelon Corporation's Form S-4, filed on January 29, 2016)
99.2	Form of Notice of Guaranteed Delivery (incorporated by reference to Exhibit 99.2 to Exelon Corporation's Form S-4, filed on January 29, 2016)
99.3	Form of Letter to DTC Participants (incorporated by reference to Exhibit 99.3 to Exelon Corporation's Form S-4, filed on January 29, 2016)

Exhibit No.	Description
99.4	Form of Letter to Clients (incorporated by reference to Exhibit 99.4 to Exelon Corporation's Form S-4, filed on January 29, 2016)

* Filed herewith

Exhibit 23.3

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in this Registration Statement on Form S-4 of our report dated February 10, 2016 relating to the financial statements, financial statement schedules and the effectiveness of internal control over financial reporting, which appears in Exelon Corporation's Annual Report on Form 10-K for the year ended December 31, 2015. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

/s/ PricewaterhouseCoopers LLP
Chicago, Illinois
April 13, 2016

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-8

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

EXELON CORPORATION
(Exact name of registrant as specified in its charter)

Pennsylvania **(State or other jurisdiction of incorporation or organization)**	**23-2990190** **(I.R.S. Employer Identification No.)**
10 South Dearborn Street **P.O. Box 805379** **Chicago, Illinois** **(Address of Principal Executive Offices)**	**60680-5379** **(Zip Code)**

EXELON CORPORATION EMPLOYEE SAVINGS PLAN
EXELON EMPLOYEE SAVINGS PLAN FOR REPRESENTED EMPLOYEES AT TMI AND OYSTER CREEK
EXELON EMPLOYEE SAVINGS PLAN FOR REPRESENTED EMPLOYEES AT CLINTON
EXELON CORPORATION 2011 LONG-TERM INCENTIVE PLAN
(Full title of the plan)

Jonathan W. Thayer
Senior Executive Vice President and Chief Financial Officer
Exelon Corporation
10 South Dearborn Street
P.O. Box 805379
Chicago, Illinois 60680-5379
(Name and address of agent for service)

(800) 483-3220
(Telephone number, including area code, of agent for service)

with a copy to:

Patrick R. Gillard, Esquire
Ballard Spahr LLP
1735 Market Street
48th Floor
Philadelphia, Pennsylvania 19103
215-665-8500

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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Large accelerated filer ☒ Accelerated filer ☐

Non-accelerated filer ☐ (Do not check if a smaller reporting company)

Smaller reporting company ☐

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act. ☐

CALCULATION OF REGISTRATION FEE

Title of Securities to be Registered	Amount to be Registered (1)	Proposed Maximum Offering Price Per Share (2)	Proposed Maximum Aggregate Offering Price (2)	Amount of Registration Fee
Exelon Corporation, Common Stock, no par value(1)	110,000,000 shares	$36.62	$4,028,200,000.00	$466,868.38

(1) Pursuant to Rule 416(a) promulgated under the Securities Act of 1933, as amended (the "Securities Act"), this Registration Statement also covers an indeterminate number of additional shares of Common Stock issuable under the Exelon Corporation Employee Savings Plan, the Exelon Employee Savings Plan for Represented Employees at TMI and Oyster Creek, the Exelon Employee Savings Plan for Represented Employees at Clinton and the Exelon Corporation 2011 Long-Term Incentive Plan in the event the number of outstanding shares of the Registrant is increased by reason of any stock dividend, stock split, recapitalization, merger, consolidation or reorganization or similar transaction.

(2) Estimated in accordance with Rule 457(c) and (h) promulgated under the Securities Act solely for the purpose of calculating the registration fee, based upon the average of the high and low prices reported for the Common Stock on the New York Stock Exchange on June 23, 2017.

EXPLANATORY NOTE

This Registration Statement on Form S-8 is filed by Exelon Corporation ("Exelon" or the "Registrant") relating to (a) 104,000,000 shares of the Registrant's Common Stock, no par value (the "Common Stock"), that may be offered from time to time to certain employees of the Registrant pursuant to the Exelon Corporation Employee Savings Plan (the "Exelon Plan"), (b) 375,000 shares of the Registrant's Common Stock that may be offered from time to time to certain employees of the Registrant pursuant to the Exelon Employee Savings Plan for Represented Employees at TMI and Oyster Creek (the "TMI/Oyster Creek Plan"), (c) 625,000 shares of the Registrant's Common Stock that may be offered from time to time to certain employees of the Registrant pursuant to the Exelon Employee Savings Plan for Represented Employees at Clinton (the "Clinton Plan" and together with the Exelon Plan, and the TMI/Oyster Creek Plan, the "401(k) Plans") and (d) 5,000,000 shares of the Registrant's Common Stock that are available for issuance to certain employees of the Registrant under the Exelon Corporation 2011 Long-Term Incentive Plan (the "LTIP Plan").

PART I

INFORMATION REQUIRED IN THE SECTION 10(A) PROSPECTUS

The documents containing the information specified in Part I of Form S-8 have been or will be sent or given to participating employees as specified by Rule 428(b)(1) promulgated under the Securities Act of 1933, as amended (the "Securities Act"). Such documents are not being filed with the Securities and Exchange Commission (the "Commission") either as part of this Registration Statement or as prospectuses or prospectus supplements pursuant to Rule 424. These documents and the documents incorporated by reference in this Registration Statement pursuant to Item 3 of Part II of Form S-8, taken together, constitute a prospectus that meets the requirements of Section 10(a) of the Securities Act.

PART II

INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

Item 3. Incorporation of Documents by Reference.

The following documents filed by the Registrant with the Commission, are incorporated herein by reference:

- the Registrant's Annual Report on Form 10-K for the year ended December 31, 2016, filed with the Commission on February 13, 2017;
- the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2017, filed with the Commission on May 3, 2017;
- the Registrant's Current Reports on Form 8-K filed with the Commission on March 10, 2017, April 3, 2017, April 4, 2017, April 27, 2017, May 24, 2017 and May 30, 2017; and
- the description of the Registrant's common stock contained in its Registration Statement on Form 8-A filed with the Commission on October 11, 2000, including any amendment or reports filed for the purpose of updating such description.

In addition, all reports and other documents subsequently filed by the Registrant pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), prior to the filing of a post-effective amendment which indicates that all securities offered hereby have been sold or which deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference herein and to be a part hereof from the date of filing of such document. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Registration Statement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The statements required to be so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Registration Statement.

Item 4. Description of Securities.

Not applicable.

Item 5. Interests of Named Experts and Counsel.

Not applicable.

Item 6. Indemnification of Directors and Officers.

Chapter 17, Subchapter D of the Pennsylvania Business Corporation Law of 1988, as amended (the "PBCL"), contains provisions permitting indemnification of officers and directors of a business corporation incorporated in Pennsylvania. Sections 1741 and 1742 of the PBCL provide that a business corporation may indemnify directors and officers against liabilities and expenses he or she may incur in connection with a threatened, pending or completed civil, administrative or investigative proceeding by reason of the fact that he or she is or was a representative of the corporation or was serving at the request of the corporation as a representative of another enterprise, provided that the particular person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the corporation, and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful. In general, the power to indemnify under these sections does not exist in the case of actions against a director or officer by or in the right of the corporation if the person otherwise entitled to indemnification shall have been adjudged to be liable to the corporation, unless it is judicially determined that, despite the adjudication of liability but in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnification for the expenses the court deems proper. Section 1743 of the PBCL provides that the corporation is required to indemnify directors and officers against expenses they may incur in defending these actions if they are successful on the merits or otherwise in the defense of such actions.

Section 1746 of the PBCL provides that indemnification under the other sections of Subchapter D is not exclusive of other rights that a person seeking indemnification may have under any bylaw, agreement, vote of shareholders or disinterested directors or otherwise, whether or not the corporation would have the power to indemnify the person under any other provision of law. However, Section 1746 prohibits indemnification in circumstances where the act or failure to act giving rise to the claim for indemnification is determined by a court to have constituted willful misconduct or recklessness.

Section 1747 of the PBCL permits a corporation to purchase and maintain insurance on behalf of any person who is or was a director or officer of the corporation, or is or was serving at the request of the corporation as a representative of another enterprise, against any liability asserted against such person and incurred by him or her in that capacity, or arising out of his or her status as such, whether or not the corporation would have the power to indemnify the person against such liability under Subchapter D.

Exelon's Bylaws provide that it is obligated to indemnify directors and officers and other persons designated by the board of directors against any liability, including any damage, judgment, amount paid in settlement, fine, penalty, cost or expense (including, without limitation, attorneys' fees and disbursements) including in connection with any proceeding. Exelon's Bylaws provide that no indemnification shall be made where the act or failure to act giving rise to the claim for indemnification is determined by arbitration or otherwise to have constituted willful misconduct or recklessness or attributable to receipt from Exelon of a personal benefit to which the recipient is not legally entitled.

As permitted by PBCL Section 1713, Exelon's Bylaws provide that directors generally will not be liable for monetary damages in any action, whether brought by shareholders directly or in the right of Exelon or by third parties, unless they fail in the good faith performance of their duties as fiduciaries (the standard of care established by the PBCL), and such failure constitutes self-dealing, willful misconduct or recklessness.

Exelon has entered into indemnification agreements with each of its directors. Exelon also currently maintains liability insurance for its directors and officers. In addition, the directors, officers and employees of Exelon are insured under policies of insurance, within the limits and subject to the limitations of the policies, against claims made against them for acts in the discharge of their duties, and Exelon is insured to the extent that it is required or permitted by law to indemnify the directors, officers and employees for such loss. The premiums for such insurance are paid by Exelon.

Item 7. Exemption from Registration Claimed.

Not applicable.

Item 8. Exhibits.

Exhibit Number	Description
4.1	Amended and Restated Articles of Incorporation of Exelon Corporation, as amended May 8, 2007 (incorporated herein by reference to Exhibit 3-1-2 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2008, filed with the Commission on October 27, 2008).
4.2	Exelon Corporation Amended and Restated Bylaws, as amended on April 26, 2016 (incorporated herein by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed with the Commission on April 29, 2016).
4.3.1	Amended and Restated Exelon Corporation Employee Savings Plan, as amended and restated July 1, 2015 (filed herewith).
4.3.2	First Amendment to Exelon Corporation Employee Savings Plan (filed herewith).
4.3.3	Second Amendment to Exelon Corporation Employee Savings Plan (filed herewith).
4.4.1	Exelon Employee Savings Plan for Represented Employees at TMI and Oyster Creek (filed herewith).
4.4.2	First Amendment to Exelon Employee Savings Plan for Represented Employees at TMI and Oyster Creek (filed herewith).
4.4.3	Second Amendment to Exelon Employee Savings Plan for Represented Employees at TMI and Oyster Creek (filed herewith).
4.5.1	Exelon Employee Savings Plan for Represented Employees at Clinton (filed herewith).
4.5.2	First Amendment to Exelon Employee Savings Plan for Represented Employees at Clinton (filed herewith).
4.6.1	Form of Exelon Corporation 2011 Long-Term Incentive Plan, as amended December 18, 2014 (incorporated herein by reference to Exhibit 10.34 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2015, filed with the Commission on February 10, 2016).
4.6.2	Amendment Number Two to the Exelon Corporation 2011 Long-Term Incentive Plan, effective as of October 26, 2015 (incorporated herein by reference to Exhibit 10.34.3 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2015, filed with the Commission on February 10, 2016).

5.1 Opinion of Ballard Spahr LLP (filed herewith).

23.1 Consent of PricewaterhouseCoopers LLP (filed herewith).

23.2 Consent of Ballard Spahr LLP (contained in Exhibit 5.1).

24.1 Power of Attorney (included on the signature page of this Registration Statement).

In lieu of filing an opinion of counsel concerning compliance with the requirements of the Employee Retirement Income Act of 1974, as amended, or an Internal Revenue Service ("IRS") determination letter that the 401(k) Plans are qualified under Section 401 of the Internal Revenue Code, as amended, the Registrant has submitted and hereby undertakes to submit the 401(k) Plans and any amendments thereto to the IRS in a timely manner and has made and will continue to make all changes required by the IRS in order to qualify the 401(k) Plans.

Item 9. Undertakings.

A. The Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the Registration Statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective Registration Statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the Registration Statement;

Provided , *however* , that paragraphs A(1)(i) and A(1)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in reports filed with or furnished to the Commission by the Registrant pursuant to Section 13 or Section 15(d) of the Exchange Act that are incorporated by reference in the Registration Statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

B. The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act (and, where applicable, each filing of an employee benefit plan's annual report pursuant to section 15(d) of the Exchange Act) that is incorporated by reference in the Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

C. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the provisions described in Item 6 of Part II of this Registration Statement, or otherwise, the Registrant has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Chicago, Illinois on June 29, 2017.

EXELON CORPORATION

By: /s/ Christopher M. Crane
Name: Christopher M. Crane
Title: President, Chief Executive Officer and Director
(Principal Executive Officer)

By: /s/ Jonathan W. Thayer
Name: Jonathan W. Thayer
Title: Senior Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

By: /s/ Duane M. DesParte
Name: Duane M. DesParte
Title: Senior Vice President and Corporate Controller
(Principal Accounting Officer)

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Christopher M. Crane or Jonathan W. Thayer and each or any one of them, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or his or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
By: /s/ Christopher M. Crane Name: Christopher M. Crane	President, Chief Executive Officer and Director	June 29, 2017
By: /s/ Mayo A. Shattuck III Name: Mayo A. Shattuck III	Director and Chairman	June 29, 2017
By: /s/ Anthony K. Anderson Name: Anthony K. Anderson	Director	June 29, 2017
By: /s/ Ann C. Berzin Name: Ann C. Berzin	Director	June 29, 2017

By: /s/ Yves C. de Balmann Name: Yves C. de Balmann	Director	June 29, 2017
By: /s/ Nicholas DeBenedictis Name: Nicholas DeBenedictis	Director	June 29, 2017
By: /s/ Nancy L. Gioia Name: Nancy L. Gioia	Director	June 29, 2017
By: /s/ Linda P. Jojo Name: Linda P. Jojo	Director	June 29, 2017
By: /s/ Paul L. Joskow Name: Paul L. Joskow	Director	June 29, 2017
By: /s/ Robert J. Lawless Name: Robert J. Lawless	Director	June 29, 2017
By: /s/ Richard W. Mies Name: Richard W. Mies	Director	June 29, 2017
By: /s/ John W. Rogers, Jr. Name: John W. Rogers, Jr.	Director	June 29, 2017
By: /s/ Stephen D. Steinour Name: Stephen D. Steinour	Director	June 29, 2017

EXHIBIT INDEX

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23.2	Consent of Ballard Spahr LLP (contained in Exhibit 5.1).
24.1	Power of Attorney (included on the signature page of this Registration Statement).

Exhibit 4.3.1

EXELON CORPORATION

EMPLOYEE SAVINGS PLAN

Amended and Restated Effective as of July 1, 2015

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ARTICLE 1

TITLE, PURPOSE AND EFFECTIVE DATES

The title of this Plan shall be the "Exelon Corporation Employee Savings Plan." This Plan was previously amended and restated as of July 1, 2014 and is being further amended and restated, to reflect the merger of the Employee Savings Plan for Constellation Energy Nuclear Group, LLC and the Represented Employee Savings Plan for Nine Mile Point into the Plan, effective as of July 1, 2015. This Plan shall be effective with respect to Participants whose employment terminates on or after July 1, 2015, provided , however, that any provision that specifies a different effective date shall be effective as of such date; and provided , further that, the provisions of Article 6 (relating to the trust and investment funds), Article 7 (relating to participant accounts and investment elections), Sections 8.3 – 8.7 of Article 8 (relating to distributions), Article 9 (relating to participants' stockholders rights), Article 10 (relating to special participation and distribution rules relating to reemployment of terminated employees and employment by related entities), Article 11 (relating to administration), Article 14 (relating to miscellaneous provisions) and Article 16 (relating to amendment and termination of the Plan) shall be effective for all such persons.

This Plan is designated as a "profit sharing plan" within the meaning of section 1.401-1(a)(2)(ii) of the Regulations; and is also designated as an ERISA section 404(c) Plan within the meaning of section 2550.404c-1 of the Regulations. In addition, the portion of the Plan invested in the Employer Stock Fund described in Section 6.2 is designated as an "employee stock ownership plan" within the meaning of section 4975(e)(7) of the Code and, as such, is designed to invest primarily in "qualifying employer securities" as defined in section 4975(e)(8) of the Code.

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ARTICLE 2

DEFINITIONS

As used herein, the following words and phrases shall have the following respective meanings when capitalized:

(1) Administrator . The Company acting through its Director, Employee Benefit Plans & Programs, or such other person or committee appointed pursuant to Section 11.1 (relating to the Administrator, the Investment Office and the Corporate Investment Committee).

(2) Affiliate . (a) A corporation that is a member of the same controlled group of corporations (within the meaning of section 414(b) of the Code) as an Employer, (b) a trade or business (whether or not incorporated) under common control (within the meaning of section 414(c) of the Code) with an Employer, (c) any organization (whether or not incorporated) that is a member of an affiliated service group (within the meaning of section 414(m) of the Code) that includes an Employer, a corporation described in clause (a) of this subdivision or a trade or business described in clause (b) of this subdivision or (d) any other entity that is required to be aggregated with an Employer pursuant to Regulations promulgated under section 414(o) of the Code.

(3) After-Tax Contributions . Contributions made by a Participant pursuant to Section 5.1.

(4) After-Tax Contributions Account . The account established pursuant to Section 7.1 to which shall be credited (i) a Participant's After-Tax Contributions, (ii) any after-tax contributions transferred to the Plan from the PECO Energy Company Employee Savings Plan (including any after-tax contributions transferred to such plan from the Philadelphia Electric Company Tax Reduction Act Stock Ownership Plan), the Constellation Energy Group, Inc. Employee Savings Plan, the Employee Savings Plan for Constellation Energy Nuclear Group, LLC and the Represented Employee Savings Plan for Nine Mile Point or any other tax-qualified retirement plan on behalf of such Participant and (iii) earnings (or losses) thereon.

(5) Before-Tax Contributions . Contributions made on behalf of a Participant pursuant to Section 4.1. The term "Before-Tax Contributions" includes Designated Roth Contributions, if any, including Catch-Up Contributions.

(6) Before-Tax Contributions Account . The account established pursuant to Section 7.1 to which shall be credited (i) a Participant's Before-Tax Contributions other than Catch-Up Contributions, (ii) any before-tax contributions transferred to the Plan from the PECO Energy Company Employee Savings Plan, the Constellation Energy Group, Inc. Employee Savings Plan, the Employee Savings Plan for Constellation Energy Nuclear Group, LLC and the Represented Employee Savings Plan for Nine Mile Point or any other tax-qualified retirement plan on behalf of such Participant and (iii) earnings (or losses) thereon.

(7) Beneficiary . The person or persons entitled under Section 8.5 to receive benefits in the event of the death of a Participant. For any period in which the Plan is not an "ERISA section 404(c) Plan" as defined in the Regulations under section 404(c) of ERISA, each Beneficiary shall be a "named fiduciary" within the meaning of section 402(a)(1) of ERISA for the sole purpose of directing the Trustee with respect to the exercise of shareholder rights pursuant to Article 9 (relating to Participants' stockholder rights).

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(8) Catch-Up Contributions . Before-Tax Contributions made pursuant to paragraph (c) of Section 4.1 (relating to Catch-Up Contributions) by a Participant who has attained age 50 before the close of the relevant Plan Year.

(9) Catch-Up Contributions Account . The account established pursuant to Section 7.1 for each Participant who has attained age 50 to which shall be credited a Participant's Catch-Up Contributions and (ii) any "catch-up" contributions transferred to the Plan from the Constellation Energy Group, Inc. Employee Savings Plan, the Employee Savings Plan for Constellation Energy Nuclear Group, LLC and the Represented Employee Savings Plan for Nine Mile Point or any other tax-qualified retirement plan on behalf of such Participant and (iii) earnings (or losses) thereon

(10) CEG . Constellation Energy Group, Inc. and any of its affiliates that was an affiliate immediately before the Effective Time (as such term is defined in the Agreement and Plan of Merger, dated as of April 28, 2011, by and among Exelon Corporation, Bolt Acquisition Corporation and Constellation Energy Group, Inc.).

(11) Code . The Internal Revenue Code of 1986, as amended.

(12) Common Stock . The common stock, without par value, of Exelon Corporation.

(12) Company . Exelon Corporation, a Pennsylvania corporation, or any successor to such corporation that adopts the Plan pursuant to Article 13 (relating to continuance by a successor).

(13) Compensation . The normal base pay under the applicable Exelon payroll of an Employee from an Employer for personal services rendered, including (i) nuclear license premiums for management employees, (ii) meter readers' bonuses, (iii) payments attributable to worker's compensation received from an Employer, (iv) taxable payments received by an employee under the Exelon Corporation Disability Benefit Plan, (v) solely for employees who are employed by Exelon Boston Services LLC who are represented by Local 369 of the Utility Workers Union of America, AFL-CIO, overtime pay, (vi) solely for employees who are represented by IBEW Local Union 15 and covered under a collective bargaining agreement between an Employer and IBEW Local Union 15, overtime pay, but only amounts paid with respect to hours worked in excess of an Employee's normally scheduled hours, (vii) effective January 1, 2009, differential wage payments (as defined in section 3401(h) of the Code), (viii) commission (effective as of January 1, 2015, only bi-weekly commissions) and excluding (i) salary continuation or lump sum payments under a severance benefit plan, or other severance arrangement, of an Employer, (ii) bonuses or incentive awards (other than meter readers' bonuses), (iii) overtime pay for management employees, (iv) shift premiums, (v) fringe benefits, (vi) effective as of January 1, 2015, commissions other than bi-weekly commissions) (vii) other extraordinary payments and (viii) payments made in a form other than cash, but without reduction on account of the Employee's election to have his or her pay reduced pursuant to a qualified cash or deferred arrangement described in section 401(k) of the Code (including any such election to make a Designated Roth Contribution), a qualified transportation fringe benefit program described in section 132(f) of the Code or a cafeteria plan described in section 125 of the Code. Effective as of January 1, 2015, for purposes of the preceding sentence, in the case of a non-represented Employee who works and is compensated based on a shift schedule other than a basic work week

consisting of five regularly scheduled eight-hour work days, the normal base pay of such Participant for each two-week pay period shall be computed by multiplying his or her basic hourly rate, determined without regard to any premium payments made at an overtime rate, by 80 hours (pro-rated for a part-time Employee). An Employee's "compensation" (within the meaning of section 415 of the Code) for any Plan Year in excess of the applicable dollar limitation contained in Section 401(a)(17) of the Code (as adjusted for changes in the cost of living pursuant to section 401(a)(17) of the Code), shall be not be taken into account for any purpose under the Plan. Notwithstanding the preceding, effective January 1, 2003, normal base pay shall also include lump sum merit increases to base pay. Notwithstanding the foregoing, an amount classified as Compensation under the preceding paragraphs shall not be Compensation for purposes of the Plan if such amount is paid to an Employee after the Employee's severance from employment unless (i) such amount is regular compensation for services during the Employee's regular working hours or compensation for services outside the Employee's regular working hours and (ii) such amount is paid on or before the later of (A) 2 $^{1}/_{2}$ months after the Employee's severance from employment and (B) the last day of the Plan Year during which the Employee's severance from employment occurs. Finally, in no event shall Compensation for purposes of this Plan include any amount that is not "compensation" within the meaning of section 415(c)(3) of the Code and section 1.415(c)-2 of the Regulations.

(14) Corporate Investment Committee . The Company acting through the committee consisting of the executives or other persons designated from time to time in the charter of such Committee.

(15) Designated Roth Contributions. Before-Tax Contributions designated as Roth contributions pursuant to Section 4.2(c) (relating to Untaxed Contributions and Designated Roth Contributions) by a Participant.

(16) Designated Roth Contributions Account. The account established pursuant to Section 7.1 for each Participant to which shall be credited all Designated Roth Contributions made on behalf of such Participant pursuant to Section 4.2(c) for Plan Years beginning on or after January 1, 2006 and earnings (or losses) thereon for each Participant who is not represented by IBEW Local Union 15 and covered under a collective bargaining agreement between an Employer and IBEW Local Union 15 ("Local 15 Member") and (b) for Plan Years beginning on or after January 1, 2009 and earning (or losses) thereon for each Participant who is a Local 15 Member.

(17) RESERVED

(18) Effective Date . July 1, 2015.

(19) Eligible Employee . An Employee other than (i) an Employee the terms of whose employment are subject to a collective bargaining agreement that does not provide for participation in this Plan (or a predecessor plan in the case of a corporate transaction or plan merger), (ii) an Employee on an unpaid leave of absence (except as required by applicable law respecting Military Service), (iii) an Employee paid on the temporary payroll of an Employer who has never completed 1,000 Hours of Service in any period of twelve consecutive months beginning with the Employee's date of employment or any anniversary thereof, (iv) an individual rendering services to an Employer who is not on the payroll of any Employer (including but not limited to, a leased employee), (v) any Employee who is covered, in respect of the same period of

employment, by another savings plan intended to be qualified under Section 401(a) of the Code which is sponsored by the Company or any of its Affiliates and (vi) an Employee who resides outside the United States. It is expressly intended that an individual rendering services to an Employer pursuant to any of the following agreements shall be excluded from Plan participation pursuant to clause (iv) of this subdivision even if a court or administrative agency subsequently determines that such individual is an Employee: (a) an agreement providing that such services are to be rendered as an independent contractor, (b) an agreement with an entity, including a leasing organization within the meaning of section 414(n)(2) of the Code, that is not an Employer or (c) an agreement that contains a waiver of participation in the Plan.

(20) Employee . An individual whose relationship with an Employer is, under common law, that of an employee.

(21) Employer . The Company and any other Affiliate set forth on Appendix I hereto that, with the consent of the Company elects to participate in the Plan in the manner described in Article 12 either with respect to all Employees or a particular group of Employees of such Affiliate and any successor Affiliate that adopts the Plan pursuant to Article 13. If any entity described in the preceding sentence withdraws from participation in the Plan pursuant to Section 12.2, such entity shall thereupon cease to be an Employer. Appendix I shall be updated from time to time by the Company to reflect any adoption pursuant to Article 12, but the failure to so update such Appendix shall not affect the effectiveness of any such adoption. Such adoptions will be effective whether occurring before, on or after the Effective Date and whether or not reflected inAppendix I.

(22) Employer Matching Contributions . Contributions made by an Employer pursuant to Section 4.3.

(23) Employer Matching Contributions Account . The account established pursuant to Section 7.1 to which shall be credited (i) any Employer Matching Contributions made on behalf of a Participant, (ii) any employer matching contributions transferred to the Plan from the PECO Energy Company Employee Savings Plan (including any employer matching contributions transferred to such plan from the Philadelphia Electric Company Tax Reduction Act Stock Ownership Plan), the Constellation Energy Group, Inc. Employee Savings Plan, the Employee Savings Plan for Constellation Energy Nuclear Group, LLC and the Represented Employee Savings Plan for Nine Mile Point or any other tax-qualified retirement plan on behalf of such Participant and (iii) earnings (or losses) thereon.

(24) ERISA . The Employee Retirement Income Security Act of 1974, as amended.

(25) Fixed Employer Contributions . Contributions made by an Employer with respect to certain Participants pursuant to Section 4.4.

(26) Fixed Employer Contributions Account . The account established pursuant to Section 7.1 to which shall be credited (i) any Fixed Employer Contributions made on behalf of a Participant, and (ii) earnings (or losses) thereon.

(27) Hour of Service . Each hour for which an Employee is directly or indirectly compensated by, or entitled to receive compensation from, an Employer. For purposes of this subdivision, compensation shall mean the total earnings paid, directly or indirectly, to the Employee by an Employer, including any back pay, irrespective of mitigation of damages, either awarded to the Employee or agreed to by an Employer. The computation of Hours of Service and the periods to which Hours of Service are credited shall be determined under uniform rules adopted by the Administrator in accordance with Department of Labor regulations §2530.200b-2(b), (c) and (f).

(28) Investment Office . The Company acting through the Exelon Investment Office.

(29) Military Service . The performance of duty on a voluntary or involuntary basis in a "uniformed service" (as defined below) under competent authority of the United States government and includes active duty, active duty for training, initial active duty for training, inactive duty training, full-time National Guard duty, and a period for which a person is absent from employment for the purpose of an examination to determine the fitness of the person to perform any such duty. For purposes of the preceding sentence, the term "uniformed service" means the Armed Forces, the Army National Guard and the Air National Guard when engaged in active duty for training, inactive duty training, or full-time National Guard duty, the commissioned corps of the Public Health service, and any other category of persons designated by the President of the United States in time of war or emergency.

(30) Participant . An Eligible Employee who satisfies the conditions set forth in Section 3.1 (relating to eligibility for Participation). An individual shall cease to be a Participant upon the complete distribution, or transfer of his or her account under the Plan. For any period in which the Plan is not an "ERISA section 404(c) Plan" as defined in Regulations under section 404(c) of ERISA, each Participant shall be a "named fiduciary" within the meaning of section 402(a)(1) of ERISA for the sole purpose of directing the Trustee with respect to the exercise of shareholder rights pursuant to Article 9 (relating to Participants' stockholder rights).

(31) Plan . The plan herein set forth, and as from time to time amended.

(32) Plan Year . The twelve-month period beginning on each January 1.

(33) Qualified Reservist . The term "Qualified Reservist" shall mean an individual who is (i) a member of a reserve component (as defined in chapter 1 of title 37, United States Code) and (ii) ordered or called to active duty for a period in excess of 179 days or for an indefinite period, after September 11, 2001.

(34) Regulations . Written final or temporary promulgations of the Department of Labor construing Title I of ERISA or the Internal Revenue Service construing the Code.

(35) Rollover Account . The account established pursuant to Section 7.1 to which shall be credited (i) any rollover contribution made by or on behalf of an Eligible Employee or a Participant, (ii) any rollover contribution transferred to the Plan from the PECO Energy Company Employee Savings Plan, the Constellation Energy Group, Inc. Employee Savings Plan, Employee Savings Plan for Constellation Energy Nuclear Group, LLC and the Represented Employee Savings Plan for Nine Mile Point or any other tax-qualified retirement plan on behalf of such Participant and (iii) earnings (or losses) thereon.

(36) Spouse . The individual who is lawfully married to the Participant (a) effective for the period beginning on June 26, 2013 and ending September 15, 2013, under the laws of the state in which the Participant was domiciled as of the date that the Participant's distribution is to be made hereunder or, if earlier, the date of the Participant's death, and (b) effective September 16, 2013, under the laws of the state or foreign jurisdiction where the individual and the Participant were married, without regard to the laws of the state where the individual and the Participant are domiciled. For the avoidance of doubt, the term "Spouse" shall not include a person who, with the Participant, is in a domestic partnership, civil union or other similar formal relationship recognized by applicable law.

(37) Termination Date . (a) The date an Employee quits, retires, is discharged from employment by an Employer, qualifies for disability benefits under an Employer-sponsored long-term disability plan (for purposes of this Plan, the Exelon Corporation Disability Benefit Plan is not considered to be a long-term disability plan) or dies, (b) the date the Employee's employer ceases to be an Employer on account of its sale to a party or parties that do not qualify as an Affiliate of any Employer, (c) the first anniversary of the Employee's first date of absence from employment by an Employer for any other reason, except as provided in clause (d) or (e) below, (d) in the case of an Employee who is absent from employment for maternity or paternity reasons, the second anniversary of the first date of such absence or (e) the last date following a period of Military Service as of which the Employee has reemployment rights under applicable law. For purposes of this subdivision, an absence from employment for maternity or paternity reasons means an absence (1) by reason of the pregnancy of the Employee, (2) by reason of the birth of a child of the Employee, (3) by reason of the placement of a child with the Employee in connection with the adoption of such child by such Employee or (4) for purposes of caring for such child for a period beginning immediately following such birth or placement. Notwithstanding the foregoing sentences, an Employee's absence from employment for maternity or paternity reasons or for Military Service shall not be considered in determining the Employee's Termination Date unless the Employee, upon the Administrator's request, provides certification that the leave was taken for one of the reasons enumerated in the preceding sentence.

(38) Trust . The trust created by agreement between the Company and the Trustee, as from time to time amended.

(39) Trust Fund . All money and property of every kind of the Trust held by the Trustee that is attributable to the Plan pursuant to the terms of the Trust agreement.

(40) Trustee . The trustee that executes the Trust instrument provided for in Article 6, or any successor trustee or, if there is more than one trustee acting at any time, all of such trustees collectively.

(41) Untaxed Contributions. Before-Tax Contributions not designated as Designated Roth Contributions pursuant to Section 4.2(c) (relating to Untaxed Contributions and Designated Roth Contributions) by a Participant.

(42) Untaxed Contributions Account. The account established pursuant to Section 7.1 for each Participant to which shall be credited (a) all Before-Tax Contributions that are made on behalf of the Participant pursuant to Section 4.1 for Plan Years beginning prior to January 1, 2006 with respect to a Participant who is not a Local 15 Member and for Plan Years beginning before

January 1, 2009 with respect to a Participant who is a Local 15 Member, (b) any before-tax contributions transferred to the Plan from the PECO Energy Company Employee Savings Plan on behalf of such Participant, (c) all Before-Tax Contributions that are Untaxed Contributions made pursuant to Section 4.2 for Plan Years beginning on or after January 1, 2006 with respect to a Participant who is not a Local 15 Member and for Plan Years beginning before January 1, 2009 with respect to a Participant who is a Local 15 Member, (d) any before-tax contributions transferred to the Plan from the Constellation Energy Group, Inc. Employee Savings Plan on behalf of such Participant, Employee Savings Plan for Constellation Energy Nuclear Group, LLC and the Represented Employee Savings Plan for Nine Mile Point and (e) earnings (or losses) thereon.

(43) Valuation Date . Each business day, as determined by the Trustee, or such other days as the Administrator may designate.

(44) VRU . The telephonic voice response unit designated by the Administrator, which may be used to make certain elections under the Plan. The VRU shall require each Participant, or Beneficiary, as the case may be, to provide such identification data as may, from time to time, be required by the VRU. The Administrator shall cause to be kept such records of VRU activity as it shall deem necessary or appropriate, and such records shall constitute valid authorization of the elections made by each Participant and Beneficiary for all purposes of the Plan and applicable Regulations. No written authorization shall be required from a Participant or Beneficiary after an election has been made by calling the VRU.

ARTICLE 3

PARTICIPATION

Section 3.1 . Eligibility for Participation .

Each Eligible Employee who immediately before the Effective Date was a Participant in the Plan shall continue to be a Participant as of the Effective Date and each Eligible Employee who participated in the Employee Savings Plan for Constellation Energy Nuclear Group, LLC or the Represented Employee Savings Plan for Nine Mile Point immediately prior to the Effective Date shall be a Participant as of the Effective Date. Each other Eligible Employee who is a member of a bargaining unit represented by IBEW Local Union 15 and covered under a collective bargaining agreement between an Employer and IBEW Local Union 15 shall be eligible to become a Participant on the first day of the payroll period coinciding with or next following the date he or she has completed three months of employment with an Employer (regardless of the

number of Hours of Service actually performed). Each other Eligible Employee who is not a member of a bargaining unit represented by IBEW Local Union 15 shall be eligible to become a Participant on the first day of the payroll period coinciding with or next following the date of his or her employment as an Eligible Employee on or after the Effective Date.

Section 3.2 . Applications for Before-Tax Contributions and After-Tax Contributions .

(a) Regular Payroll Before-Tax and After-Tax Contributions . Each Eligible Employee who desires to commence Before-Tax Contributions or After-Tax Contributions shall make a request in the manner prescribed by the Administrator specifying the Employee's chosen rate of Before-Tax Contributions for each payroll period or his or her chosen rate of After-Tax Contributions for each payroll period, or both. Such request shall authorize the Employee's Employer to reduce the Eligible Employee's Compensation by the amount of any such Before-Tax Contributions, to make regular payroll deductions of any such After-Tax Contributions or both, as the case may be. The request shall also specify the Employee's investment elections pursuant to Section 7.1(b) and shall evidence the Employee's acceptance of and agreement to all provisions of the Plan. In addition, an Eligible Employee who is not a member of a bargaining unit represented by IBEW Local Union 15 on the date of his or her employment may elect, in accordance with the provisions of this paragraph (a), to become a Participant on the first day of the payroll period coinciding with or next following such date. All requests to commence contributions pursuant to this paragraph (a) shall be effective as of such time after the Administrator (or its delegate) receives such request as shall be established by the Administrator, provided , that all such requests shall be effective on the first day of a payroll period commencing not more than 30 days after receipt thereof by the Administrator (or its delegate).

(b) Automatic Enrollment for Certain Employees . (i) Deemed Election of Default Before-Tax Contributions . A Participant whose hire date is on or after April 6, 2009 and who does not make an election pursuant to paragraph (a) of this Section 3.2 to make Before-Tax Contributions or After-Tax Contributions shall be deemed to have elected to make Before-Tax Contributions ("Default Before-Tax Contributions") equal to 3 percent ("Default Percentage") of his or her Compensation for each payroll period and to have his or her Employer reduce his or her Compensation by the amount thereof. Such Participant's Default Percentage will increase by 1 percent each Plan Year, beginning with the second Plan Year that begins after the Default Percentage first applies to the Participant, until it reaches 5 percent. The increase will be effective March 1 of each applicable Plan Year. Notwithstanding the foregoing, in the event a Participant's initial Default Before-Tax Contribution occurs during the period commencing on December 1 and ending the last day of February, the initial increase to such Participant's Default Percentage shall commence on the March 1 of the calendar year following the first anniversary of the Participant's initial Default Before-Tax Contribution. The effective date of such Participant's deemed election shall be 90 days after the Participant receives a notice of his or her rights and obligations under this paragraph (b)(i) (the "Automatic Enrollment Notice"). During the 90-day period after the Participant receives the Automatic Enrollment Notice, the Participant shall have an opportunity to make an affirmative election to (1) not have any Default Before-Tax Contributions made on his or her behalf or (2) have Before-Tax Contributions made in a different amount or percentage of Compensation by giving direction to the Administrator (or its delegate) in the manner prescribed by the Administrator. Any deemed election described in this paragraph (b)(i) shall be effective only with respect to Compensation not currently available to the Participant. Each Participant whose hire date is on or after April 6, 2009 shall be a "covered employee" for purposes of section 1.414(w)-1(e)(3) of the Regulations, regardless of whether such Participant makes an affirmative election regarding Before-Tax Contributions. Notwithstanding the foregoing, an Employee who on or after April 6, 2009 becomes eligible to participate in the Plan as a result of the Employee's

rehire by an Employer shall not be deemed to have made an election automatically to have Before-Tax Contributions made on his or her behalf pursuant to this paragraph (b)(i) or deemed to be a "covered employee." An Eligible Employee who first becomes a Participant as a result of the Employee Savings Plan for Constellation Energy Nuclear Group, LLC or the Represented Employee Savings Plan for Nine Mile Point merging with the Plan on July 1, 2015 shall not be deemed to have made an election automatically to have Before-Tax Contributions made on his or her behalf pursuant to this paragraph (b)(i) or deemed to be a "covered employee."

(ii) Withdrawal of Default Before-Tax Contributions . A covered employee deemed to elect Default Before-Tax Contributions pursuant to paragraph (b)(i) may elect, no later than 90 days after the first payroll date that the first Default Before-Tax Contributions on behalf of the covered employee occurs, to receive a distribution equal to the amount of all such contributions (adjusted for earnings and losses and reduced by any applicable fees) made with respect to the covered employee through the earlier of (1) the pay date for the second payroll period that begins after the covered employee's withdrawal request and (2) the first pay date that occurs after 30 days following the covered employee's request. An election by a covered employee to withdraw Default Before-Tax Contributions pursuant to this paragraph (b)(ii) shall be deemed to be an election by the covered employee, as of the date of the withdrawal election, to reduce his Before-Tax Contribution percentage to 0 percent (subject to any affirmative election by the covered employee to the contrary).

Section 3.3 . Transfer to Affiliates .

If a Participant is transferred from one Employer to another Employer or from an Employer to an Affiliate, such transfer shall not terminate the Participant's participation in the Plan and such Participant shall continue to participate in the Plan until an event occurs that would have terminated his or her participation had the Participant continued in the service of an

Employer until the occurrence of such event; provided , however , that a Participant shall not be entitled (i) to make contributions to the Plan, or (ii) to have contributions made on his or her behalf to the Plan during any period of employment by any Affiliate that is not an Employer with respect to such Participant. Periods of employment with an Affiliate shall be taken into account only to the extent set forth in Section 10.4 (relating to employment by Affiliates). Payments received by a Participant from an Affiliate that is not an Employer with respect to such Participant shall not be treated as compensation for any purposes under the Plan.

ARTICLE 4

EMPLOYER CONTRIBUTIONS

Section 4.1 . Before-Tax Contributions .

(a) Initial Election Respecting Regular Payroll Before-Tax Contributions . Subject to the limitations set forth in Sections 4.2 (relating to the 402(g) annual limit on Before-Tax Contributions), 4.4 (relating to limitations on contributions for highly compensated Eligible Employees), 4.5 (relating to the limitation on Employer contributions) and 7.4 (relating to limitations on allocations imposed by section 415 of the Code), each Employer shall contribute (i) on behalf of each Participant who is an Eligible Employee of such Employer and is a member of a bargaining unit represented by IBEW Local Union 15 an amount equal to a whole percentage not less than 1 and not more than 15 percent of such Participant's Compensation for each payroll period as designated by the Participant in his or her request pursuant to Section 3.2(a), and (ii) on behalf of any other Participant who is an Eligible Employee of such Employer an amount equal to a whole percentage not less than 1 and not more than 20 percent and, effective as of January 1, 2006, 50 percent, of such Participant's Compensation for each payroll period as designated by the Participant on his or her request pursuant to Section 3.2(a). Before-Tax Contributions described in the preceding sentence shall be delivered to the Trustee no less frequently than bi-weekly. In

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addition, if back-pay is awarded to a Participant who is an Eligible Employee and any portion of such back-pay constitutes Compensation as defined in subdivision (13) of Article 2 (relating to the definition of Compensation), the Employer of such Participant shall contribute on behalf of such Participant an amount equal to the Before-Tax Contribution percentage, which was most recently chosen by the Participant in his or her request pursuant to Section 3.2(a), of such back-pay that constitutes Compensation. A Before-Tax Contribution described in the preceding sentence shall be treated under the Plan in the same manner as all other Before-Tax Contributions and shall be delivered to the Trustee as soon as practicable after the back-pay is paid to the Participant.

If a Participant receives a hardship withdrawal pursuant to Section 8.1(a), then: (1) all Before-Tax Contributions made on behalf of such Participant pursuant to this Section 4.1 and After-Tax Contributions made by the Participant pursuant to Section 5.1 shall cease beginning with the first payroll period beginning after the date on which the Participant receives such hardship withdrawal; and (2) such Participant shall not again be eligible to elect such contributions until the first payroll period that coincides with or follows the date on which contributions ceased by six months.

(b) Changes in the Rate or Suspension of Regular Payroll Before-Tax Contributions . A Participant's Before-Tax Contributions pursuant to paragraph (a) of this Section 4.1 shall continue in effect at the rate designated by a Participant in his or her request until the Participant changes such designation or suspends such contributions. A Participant may change such designation at any time by giving direction to the Administrator (or its delegate) in the manner prescribed by the Administrator. Any such direction shall be limited to the contribution rates described in paragraph (a) of this Section 4.1.

A Participant may suspend future Before-Tax Contributions pursuant to paragraph (a) of this Section 4.1 by giving notice to the Administrator (or its delegate) in the manner prescribed by the Administrator. A Participant who has ceased Before-Tax Contributions pursuant to this subsection may resume Before-Tax Contributions by so directing the Administrator (or its delegate) in the manner prescribed by the Administrator. All such directions to change the rate of, suspend or resume Before-Tax Contributions shall be effective as of such time after the Administrator (or its delegate) receives any such direction as shall be established by the Administrator, provided that such direction shall be effective on the first day of a payroll period commencing not more than 30 days after receipt thereof by the Administrator (or its delegate).

(c) Catch-Up Contributions . Effective for payroll periods beginning on or after August 1, 2002, each Participant who pursuant to paragraph (a) of this Section 4.1 is eligible to make Before-Tax Contributions for any Plan Year and who shall attain age 50 before the close of such Plan Year shall be eligible to have Before-Tax Contributions made in addition to those described in paragraph (a) of this Section 4.1 ("Additional Before-Tax Contributions") if no other Before-Tax Contributions to be made pursuant to paragraph (a) of this Section 4.1 may be made to the Plan for such payroll period by reason of the limitations of Section 4.2 (relating to the 402(g) annual limit on Before-Tax Contributions). Notwithstanding the preceding sentence, in no event shall the amount of Additional Before-Tax Contributions exceed 50 percent of such Participant's Compensation for any payroll period. Such Additional Before-Tax Contributions shall be elected, made, suspended, resumed and credited in a manner similar to that described in paragraphs (a) and (b) of this Section 4.1 and in accordance with and subject to such additional rules and limitations of section 414(v) of the Code and otherwise as the Administrator determines. To the extent such Additional Before-Tax Contributions are not "Catch-Up Contributions" as defined for purposes of section 414(v) of the Code, they shall be taken into account, and to the extent such Additional Before-Tax Contributions are Catch-Up Contributions they shall not be taken into account, for purposes of Article 4 or 7 or other provisions of the Plan implementing the required limitations of sections 401(k)(3), 401(k)(11), 401(k)(12), 402(g), 404, 410(b), 415 or 416 of the Code, as applicable.

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Section 4.2 . 402(g) Annual Limit on Before-Tax Contributions .

(a) General Rule . Notwithstanding the provisions of Section 4.1 (relating to Before-Tax Contributions), a Participant's Before-Tax Contributions for any calendar year, together with amounts contributed under all other plans and arrangements maintained by an Employer or Affiliate and described in sections 401(k), 408(k), 408(p) or 403(b) of the Code, and excluding any Additional Before-Tax Contributions made to the Plan pursuant to paragraph (c) of Section 4.1 which are Catch-Up Contributions described in such paragraph or Default Before-Tax Contributions that are withdrawn pursuant to paragraph (b)(ii) of Section 3.2, shall not exceed the applicable dollar amount under section 402(g) of the Code (as adjusted for cost-of-living increases in accordance with section 402(g)(5) of the Code) for such calendar year.

(b) Correction of Excess Before-Tax Contributions . If for any calendar year a Participant determines that the aggregate of the (i) Before-Tax Contributions to this Plan, excluding any Additional Before-Tax Contributions made to the Plan pursuant to paragraph (c) of Section 4.1 which are Catch-Up Contributions described in such paragraph, and (ii) amounts contributed under other plans or arrangements described in sections 401(k), 408(k) or 403(b) of the Code will exceed the limit imposed by paragraph (a) of this Section 4.2 for the calendar year in which such contributions were made ("Excess Before-Tax Contributions"), such Participant shall, pursuant to such rules and at such time following such calendar year as determined by the Administrator, be allowed to submit a written request that the Excess Before-Tax Contributions plus any income and minus any loss allocable thereto be distributed to him or her. The request described in this subsection shall be made in the manner and form prescribed by the Administrator and shall state the amount of the Participant's Excess Before-Tax Contributions for the calendar

year. The request shall be accompanied by the Participant's written statement that if such Excess Before-Tax Contributions are not distributed, such Excess Before-Tax Contributions, when added to amounts deferred under other plans or arrangements described under sections 401(k), 408(k), or 403(b) of the Code, excluding any contributions which are Catch-Up Contributions described in section 414(v) of the Code, will exceed the limit for such Participant under section 402(g) of the Code. A distribution of Excess Before-Tax Contributions (reduced by any amounts recharacterized or distributed pursuant to paragraph (e)(1) of Section 4.5 (relating to adjustments to comply with section 401(k)(3) of the Code)) shall be made no later than the applicable time period set forth in the Code and Regulations thereunder following the end of the Plan Year for which such Excess Before-Tax Contributions were made, plus any income and minus any loss allocable thereto through the end of such Plan Year. The amount of any income or loss allocable to such Excess Before-Tax Contributions shall be determined pursuant to applicable Regulations. If Excess Before-Tax Contributions are distributed pursuant to this Section 4.2, any corresponding Employer Matching Contributions allocated to the Participant's Employer Matching Contributions Account, adjusted for income or loss pursuant to Regulations, to which such Participant would be entitled under Section 8.3 (relating to distributions upon termination of employment) if such Participant had terminated employment on the last day of the calendar year during which contributions were made (or earlier if such Participant actually terminated employment at an earlier date) shall be distributed to such Participant and any remaining amount of such corresponding Employer Matching Contributions, adjusted for income or loss, shall be forfeited. Notwithstanding the provisions of this paragraph, any such Excess Before-Tax Contributions shall be treated as "annual additions" for purposes of Section 7.4 (relating to limitations on allocations imposed by section 415 of the Code) and shall not be disregarded as Before-Tax Contributions for purposes of determining the average deferral percentage described in Section 4.5(d)(1) or, to the

extent applicable, the average contribution percentage described in Section 4.5(d)(2), except that in the case of a non-highly compensated eligible employee, as that term is defined in Section 4.5(d)(4), such Excess Before-Tax Contributions shall be ignored to the extent that such contributions are prohibited pursuant to section 401(a)(30) of the Code, which requires that Before-Tax Contributions not exceed the limit described in paragraph (a) of Section 4.2 (relating to the annual limit on Before-Tax Contributions). Any distribution of Excess Before-Tax Contributions to a Participant shall be treated as a distribution of the Untaxed Contributions, up to the extent Untaxed Contributions have been made by such Participant to the Plan for such Plan Year and, to the extent that distributions of Excess Before-Tax Contributions to such Participant exceed the Participant's Untaxed Contributions for such Plan Year, the distributions of Excess Before-Tax Contributions shall be treated as Designated Roth Contributions made by the Participant to the Plan for the Plan Year.

(c) Untaxed Contributions and Designated Roth Contributions. Effective for Before-Tax Contributions made (i) in the case of a Participant who is not a Local 15 Member, for the 2006 Plan Year and thereafter, and (ii) in the case of a Participant who is a Local 15 Member, for the 2009 Plan Year and thereafter, an election made by a Participant to commence, change, suspend or resume Before-Tax Contributions pursuant to this Section 4.2 shall designate the portion of such contributions that are to be Designated Roth Contributions includible in the Participant's gross income when made pursuant to section 402A of the Code. Such designation is irrevocable with respect to contributions made or to be made with respect to Compensation currently available. Any such election made by a Participant which does not expressly designate a portion of Before-Tax Contributions as Designated Roth Contributions shall be deemed to designate no portion of Before-Tax Contributions as Designated Roth Contributions. Any Before-Tax Contributions that are not Designated Roth Contributions are referred to herein as Untaxed Contributions.

Section 4.3 . Employer Matching Contributions .

(a) Amount of Contributions . Subject to the limitations set forth in Sections 4.4 (relating to limitations on contributions for highly compensated Eligible Employees), 4.5 (relating to the limitations on Employer contributions) and 7.4 (relating to limitations on allocations imposed by section 415 of the Code), and except as otherwise provided below, each Employer shall contribute the following for each payroll period on behalf of each Participant who is an Employee of such Employer:

(i) For each Participant (A) who is classified as a non-represented, non-exempt craft employee assigned to the Peachbottom, Limerick, Outage Services East, Philadelphia Electric Company or Texas generating plant or (B) the terms of whose employment is subject to a collective bargaining agreement that provides for participation in the Plan (except for those Participants whose employment is subject to the collective bargaining agreement with IBEW Local Union 97), an amount equal to 100 percent of Matched Contributions, as defined below, but only to the extent that Matched Contributions do not exceed 5 percent of the Participant's Compensation for the payroll; and

(ii) For each Participant, the terms of whose employment is subject to the collective bargaining agreement with IBEW Local Union 97, an amount equal to 50 percent of Matched Contributions, as defined below, but only to the extent that Matched Contributions do not exceed 6 percent of the Participant's Compensation for the payroll; and

(iii) For each other Participant, an amount equal to 60 percent of Matched Contributions, as defined below, but only to the extent that Matched Contributions do not exceed 5 percent of the Participant's Compensation for the payroll.

In addition, each Participant described in clause (ii) and (iii) of the preceding paragraph shall be eligible to receive a "Profit Sharing Matching Contribution," provided that such Participant either (i) is an Employee of such Employer on the last day of such Plan Year, (ii) is not employed on such day as a result of an approved unpaid leave of absence during such Plan Year, or (iii) terminates employment during such Plan Year (1) after attaining age 50 and completing at least 10 years of service, as determined by the Administrator, (2) as a result of circumstances entitling the Participant to separation benefits under an Employer's severance benefit plan, (3) as a result of a disability that entitles the Participant to benefits under an Employer's long-term disability plan, or (4) on account of the Participant's death. The "Profit Sharing Matching Contribution" shall be an amount (if any) determined by the Board of Directors of the Company (or the Compensation Committee thereof) in its sole discretion based on attainment of specified performance goals, and (A) in the case of each Participant described in clause (ii) of the preceding paragraph, not exceeding 33 1/3% of a Participant's Matched Contributions, as defined below, for each payroll period, but only to the extent that such Matched Contributions do not exceed 6 percent of the Participant's Compensation for the payroll period and (B) in the case of each Participant described in clause (iii) of the preceding paragraph, not exceeding 60% of a Participant's Matched Contributions, as defined below, for each payroll period, but only to the extent that such Matched Contributions do not exceed 5 percent of the Participant's Compensation for the payroll period.

For purposes of this Section 4.3, "Matched Contributions" means the sum of (i) the Before-Tax Contributions made on behalf of the Participant for a payroll period, excluding Additional Before-Tax Contributions which are Catch-Up Contributions described in section 414(v) of the Code and excluding Default Before-Tax Contributions distributed pursuant to paragraph (b)(ii) of Section 3.2 (relating to withdrawal of Default Before-Tax Contributions), and (ii) the After-Tax Contributions made by the Participant for such payroll period. Any Employer Matching Contributions made by an Employer with respect to Default Before-Tax Contributions that are withdrawn pursuant to paragraph (b)(ii) of Section 3.2, plus any earnings, shall be forfeited and used to reduce future Employer Matching Contributions made by an Employer pursuant to this Section.

In addition to the Employer Matching Contributions described above, in the case of a New England Plan Participant, as defined in Supplement IV attached hereto, whose Before-Tax Contributions exceed the limit described in Section 4.2 (relating to the 402(g) annual limit on Before-Tax Contributions), an additional Employer Matching Contribution shall be made on behalf of such Participant in an amount equal to the amount described in clause (iii) above assuming that such Participant had continued making the same rate of Before-Tax Contributions that were in effect with respect to such Participant at the time such Before-Tax Contributions exceeded the limit described in Section 4.2.

(b) Special Part-Time Employees . Notwithstanding paragraph (a) hereof, no Employer shall make a contribution pursuant to this Section 4.3 on behalf of any Participant who is a "part-time regular employee" as defined in an Agreement dated July 23, 1993 between the Commonwealth Edison Company and the System Council U-25, I.B.E.W. (the "July 23, 1993 Agreement"), unless one of the following applies:

(1) the Participant had in effect on July 23, 1993 an authorization to make contributions under the Plan as then in effect and elected pursuant to the July 23, 1993 Agreement and request by the Company to become a part-time regular employee during the initial staffing period that began July 23, 1993 and ended December 31, 1993 (the "Initial Staffing Period");

(2) the Participant had in effect on the date the Participant became a part-time regular employee an authorization to make contributions under the Plan as then in effect and chose the Option II Benefits Package as described in the July 23, 1993 Agreement, as amended;

(3) the Participant did not have in effect on the date the Participant became a part-time regular employee an authorization to make contributions under the Plan as then in effect and elected pursuant to the July 23, 1993 Agreement and request by the Company to become a part-time regular employee during the Initial Staffing Period; provided such Participant had in effect on any date after December 24, 1995 and before February 20, 1996 an authorization to make contributions under the Plan; or

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(4) the Participant elected other than pursuant to the July 23, 1993 Agreement to become a part-time regular employee during the Initial Staffing Period; provided that such Participant had in effect on any date after December 24, 1995 and before February 20, 1996 and authorization to make contributions under the Plan.

(c) Time of Delivery of Contributions . Employer Matching Contributions for any Plan Year shall be delivered to the Trustee at the same time the Before-Tax contributions or After-Tax Contributions to which such Employer Matching Contributions relate are delivered to the Trustee; provided, however, that 'Profit Sharing Matching Contributions' for any Plan Year shall be delivered to the Trustee on or before the last day of the calendar quarter next following the end of such Plan Year.

Section 4.4 . Fixed Employer Contributions for Certain Participants Employed within the Commercial Retail or Commercial Wholesale Business of Exelon Generation Company, LLC .

(a) Amount of Contributions . Subject to the limitations set forth in Section 4.5 (relating to the limitations on Employer contributions) and 7.4 (relating to limitations on allocations imposed by section 415 of the Code), effective for Plan Years beginning on or after January 1, 2015, each Participant who, during the applicable Plan Year (a) is employed by an Employer as an Employee within the Commercial Retail or Commercial Wholesale business of Exelon Generation Company, LLC (the "Commercial Business"), and (b) is eligible to participate in the Constellation Short-Term Incentive Award Program shall be eligible to receive a Fixed Employer Contribution, provided that such Participant either (i) is an Employee on the last day of such Plan Year, (ii) is not employed on such day as a result of an approved unpaid leave of absence during such Plan Year, or (iii) terminates employment during such Plan Year (1) after attaining age 50 and completing at least 10 years of service, as determined by the Administrator,

(2) as a result of circumstances entitling the Participant to separation benefits under an Employer's severance benefit plan, (3) as a result of a disability that entitles the Participant to benefits under an Employer's long-term disability plan, or (4) on account of the Participant's death. The Fixed Employer Contribution for a Participant entitled to such contribution shall equal 3% of the Participant's Compensation, determined as of the last day of the applicable Plan Year; provided, however, (A) in the case of a Participant who during the applicable Plan Year transfers from the Commercial Business to a position with the Employers which is not within the Commercial Business, such Participant's Compensation for purposes of the Fixed Employer Contribution shall be determined as of the last day of employment within the Commercial Business and (B) in the case of a Participant who during the applicable Plan Year transfers from a position with the Employers which is not within the Commercial Business to a position within the Commercial Business, such Participant's Compensation for purposes of the Fixed Employer Contribution shall be the compensation received beginning as of the first day of employment within the Commercial Business through the last day of the applicable Plan Year (or the last day of employment within the Commercial Business, if applicable). Notwithstanding the foregoing, in the case of a Participant who first became employed within the Commercial Business as a result of a transfer from the Risk Wholesale Operations group during the first quarter of the 2015 Plan Year, such Participant's Compensation for purposes of the Fixed Employer Contribution shall be determined as if such Participant's first day of employment within the Commercial Business was April 1, 2015, regardless of the actual date of transfer.

(b) Time of Delivery of Contributions . Fixed Employer Contributions for any Plan Year shall be delivered by an Employer to the Trustee on or before the last day of the calendar quarter next following the end of such Plan Year.

Section 4.5 . Limitations on Contributions for Highly-Compensated Eligible Employees .

(a) Limits Imposed by Section 401(k)(3) of the Code . Notwithstanding the provisions of Section 4.1 (relating to Before-Tax Contributions), if the Before-Tax Contributions for a Plan Year fail, or in the judgment of the Administrator are likely to fail, to satisfy both of the tests set forth in paragraphs (1) and (2) of this subsection, the adjustments prescribed in paragraph (e)(1) of this Section 4.5 shall be made.

(1) The average deferral percentage for the group consisting of highly compensated eligible employees of all Employers does not exceed the product of the average deferral percentage for the group consisting of non-highly compensated eligible employees multiplied by 1.25.

(2) The average deferral percentage for the group consisting of highly compensated eligible employees of all Employers (i) does not exceed the average deferral percentage for the group consisting of non-highly compensated eligible employees by more than two percentage points, and (ii) does not exceed two times the average deferral percentage for such group.

Effective for payroll periods beginning on or after August 1, 2002, any Additional Before-Tax Contributions which are “Catch-Up Contributions” described in paragraph (c) of Section 4.1 shall not be considered as Before-Tax Contributions for purposes of determining whether the tests set forth in paragraphs (1) and (2) of this subsection are satisfied or for purposes of making any adjustments prescribed in paragraph (e) of this Section 4.5.

(b) Limits Imposed by Section 401(m) of the Code . Notwithstanding the provisions of Section 4.3 (relating to Employer Matching Contributions) and Section 5.1 (relating to After-Tax Contributions), if the Employer Matching Contributions and After-Tax Contributions for a Plan Year fail, or in the judgment of the Administrator are likely to fail, to satisfy both of the tests set forth in paragraphs (1) and (2) of this subsection, the adjustments prescribed in paragraph (e)(2) of this Section 4.5 shall be made.

(1) The average contribution percentage for the group consisting of highly compensated eligible employees of all Employers does not exceed the product of the average contribution percentage for the group consisting of non-highly compensated eligible employees multiplied by 1.25.

(2) The average contribution percentage for the group consisting of highly compensated eligible employees of all Employers (i) does not exceed the average contribution percentage for the group consisting of non-highly compensated eligible employees by more than two percentage points, and (ii) does not exceed two times the average contribution percentage for such group.

(c) Aggregate Limit on Contributions . **Deleted in its entirety.**

(d) Definitions . For purposes of this Section 4.5:

(1) the "average deferral percentage" for a group of Eligible Employees with respect to a Plan Year shall be the average of the ratios, calculated separately for each Eligible Employee in such group to the nearest one-hundredth of one percent, of the Before-Tax Contributions made for the benefit of such Eligible Employee to the total compensation paid to such Eligible Employee for the portion of such Plan Year during which such Eligible Employee was a Participant, except that no Additional Before-Tax Contributions which are "Catch-Up Contributions" described in paragraph (c) of Section 4.1 or Default Before-Tax Contributions that are withdrawn pursuant to paragraph (b)(ii) of Section 3.2 shall be considered as Before-Tax Contributions for purposes of determining a Participant's average deferral percentage;

(2) the "average contribution percentage" for a group of Eligible Employees with respect to a Plan Year shall be the average of the ratios, calculated separately for each Eligible Employee in such group to the nearest one-hundredth of one percent, of the Employer Matching Contributions made, After-Tax Contributions made and, in the Administrator's sole discretion, to the extent permitted under Regulations or otherwise under the Code, the Before-Tax Contributions made during such year for the benefit of such Eligible Employee, except that no Additional Before-Tax Contributions which are "Catch-Up Contributions" described in paragraph (c) of Section 4.1, shall be considered as Before-Tax Contributions for purposes of determining a Participant's average contribution percentage, to such Eligible Employee's compensation for the portion of such Plan Year during which such Eligible Employee was a Participant;

(3) the term "highly compensated eligible employee" shall mean any Eligible Employee who is a Participant, who performs service in the determination year and who (a) is a 5%-owner (as determined under section 416(i)(1)(A)(iii) of the Code) at any time during the Plan Year or the preceding Plan Year or (b) both (1) is paid compensation in excess of $80,000 (as adjusted for increases in the cost of living in accordance with section 414(q) of the Code) from an Employer for the preceding Plan Year, and (2) is in the group of employees consisting of the top 20% of the employees of the Employer and its Affiliates when ranked on the basis of compensation paid during such preceding Plan Year;

(4) the term “non-highly compensated eligible employee” shall mean any Eligible Employee who is a Participant, who performs services in the determination year and is not a highly compensated eligible employee;

(5) the term “compensation” shall have the meaning set forth in section 414(s) of the Code or, in the discretion of the Administrator, any other meaning in accordance with the Code for these purposes, except that for purposes of determining whether an Eligible Employee is a “highly compensated eligible employee”, as described in paragraph (d)(3) of this Section 4.5, “compensation” shall have the meaning set forth in section 1.415(c)-2(d)(4) of the Regulations;

(6) if this Plan and one or more other plans of the Employer to which Before-Tax Contributions, After-Tax Contributions, or qualified nonelective contributions (as such term is defined in section 401(m)(4)(C) of the Code) are made are treated as one plan for purposes of section 410(b) of the Code, such plans shall be treated as one plan for purposes of this Section. If a highly compensated eligible employee participates in this Plan and one or more other plans of the Employer to which any such contributions are made, all such contributions shall be aggregated for purposes of this Section 4.5; and

(7) if this Plan benefits Employees who are included in a unit of employees covered by a collective bargaining agreement and employees who are not included in such collective bargaining unit, this Plan shall be treated as comprising two or more separate plans, as determined by the Administrator in accordance with applicable Regulations, for purposes of this Section 4.5. If such other plan has a plan year that is different from the Plan Year of this Plan, then the highly compensated eligible employee’s contributions made to such other plan during the Plan Year of this Plan shall be aggregated with contributions of the same type made to this Plan for such Plan Year for purposes of determining the average deferral percentage and average contribution percentage for this Plan for such Plan Year for the group of highly compensated eligible employees.

This paragraph is inserted at the request of the Internal Revenue Service in order to obtain a favorable determination letter. In computing the “average deferral percentage” for a group of Eligible Employees with respect to a Plan Year, the Before-Tax Contributions that will be taken into account for such Plan Year will be only those that relate to compensation that would have been received by the Eligible Employee in the Plan Year or

is attributable to services performed by the Eligible Employee in the Plan Year and would have been received by the Eligible Employee within 2-1/2 months after the close of the Plan Year. In computing the "average contribution percentage" for a group of Eligible Employees with respect to a Plan Year, (i) an After-Tax Contribution will be taken into account only if it is paid to the Trust during such Plan Year or paid to an agent of the Plan and transmitted to the Trust within a reasonable time after the end of the Plan Year; (ii) an excess contribution that is recharacterized will be taken into account during the Plan Year in which the contribution would have been received in cash by the Eligible Employee had the Eligible Employee not elected to defer the contribution; (iii) an Employer Matching Contribution will be taken into account only if it is made on account of the Eligible Employee's Before-Tax Contributions or After-Tax Contributions, allocated to the Eligible Employee's Account as of a date within that Plan Year and paid to the Trust by the end of the twelfth month following the close of such Plan Year; and (iv) qualified matching contributions which are used to meet the requirements of section 401(k)(3)(A) of the Code are not to be taken into account for purposes of the actual deferral percentage test of section 401(m) of the Code. To the extent required by law, the following will be treated as separate plans for purposes of sections 401(a)(4) and 410(b) of the Code: (i) the portion of the Plan that is a 401(k) plan, (ii) the portion of the Plan that is a section 401(m) plan; (iii) the portion of the plan that provides for contributions other than elective, employee or matching; (iv) the portion of the Plan that is an ESOP; and (v) the portion of the plan that is not an ESOP.

(e) Adjustments to Comply with Limits .

(1) Adjustments to Comply with Section 401(k)(3) of the Code . The Administrator shall cause to be made such periodic computations as it shall deem necessary or appropriate to determine whether either of the tests set forth in paragraph (a)(1) or (a)(2) of this Section 4.5 shall be satisfied during a Plan Year, and, if it appears to the Administrator that neither of such tests will be satisfied, the Administrator shall take such steps as it deems necessary or appropriate to reduce or otherwise adjust the Before-Tax Contributions contributed or to be contributed for all or a portion of such Plan Year on behalf of Participants who are highly compensated eligible employees to the extent necessary in order for one of such tests to be satisfied. If, as of the end of the Plan Year, the Administrator determines that, notwithstanding any adjustments made pursuant to the preceding sentence, neither of the tests set forth in paragraph (a)(1) and (a)(2) of this Section 4.5 shall be satisfied with respect to such Plan Year, the total amount by which Before-Tax Contributions must be reduced in order to satisfy either such test shall be calculated in the manner prescribed by section 401(k)(8)(B) of the Code (the "excess contributions amount"). The Before-Tax Contributions made on behalf of the Participant who is a highly compensated eligible employee and whose actual dollar amount of Before-Tax Contributions is the highest shall be reduced until such dollar amount equals the next highest actual dollar amount of Before-Tax Contributions made for such Plan Year on behalf of any highly compensated employee, or until the total reduction equals the excess contributions amount. If further reductions are necessary, then the Before-Tax Contributions on behalf of each Participant who is a highly compensated eligible employee and whose actual dollar amount of Before-Tax Contributions is the highest (after the reduction described in the preceding sentence) shall be reduced in accordance with the previous sentence. Such reductions shall continue to be made to the extent necessary so that the total reduction equals the excess contributions amount.

To the extent that the sum of such reductions with respect to a Participant and the amount of other After-Tax Contributions allocated to such Participant's After-Tax Contributions Account does not exceed 20 percent (10 percent in the case of a Participant who is a member of a bargaining unit represented by IBEW Local Union 15) of the Participant's Compensation, the amount of such reductions shall be treated as an After-Tax Contribution. To the extent such amount cannot be treated as an After-Tax Contribution because of the limitation described in the preceding sentence, such amount, plus any income and minus any loss allocable thereto through the end of the Plan Year for which the After-Tax Contribution was made, shall be distributed to such Participant no later than the last day of the subsequent Plan Year and the Participant shall forfeit any corresponding Employer Matching Contributions related thereto plus any income and minus any loss allocable thereto through the end of the Plan Year for which the Employer Matching Contribution was made. The Participant shall designate the extent to which such distributed excess contributions are treated as Untaxed Contributions or Designated Roth Contributions (but only up to the extent that such types of contributions were made by the Participant to the Plan for the Plan Year) and, in the event that any such designation is not made or is incomplete, such distributed excess contributions shall be treated as Untaxed Contributions up to the extent Untaxed Contributions were made to the Plan for the Plan Year and, to the extent that such distributed excess contributions exceed such Untaxed Contributions, such excess contributions shall be treated as distributions of Designated Roth Contributions made to the Plan for the Plan Year.

The amount of Before-Tax Contributions to be distributed to a Participant pursuant to this Section shall be reduced by any Before-Tax Contributions previously distributed to such Participant pursuant to Section 4.2(b) (relating to correction of Excess Before-Tax Contributions) for such Plan Year. The amount of any income or loss allocable to any such reductions to be so distributed shall be determined pursuant to Regulations. The unadjusted amount of any such reductions so distributed shall be treated as "annual additions" for purposes of Section 7.4 (relating to limitations on allocations imposed by section 415 of the Code).

(2) Adjustments to Comply with Section 401(m) of the Code . The Administrator shall cause to be made such periodic computations as it shall deem necessary or appropriate to determine whether either of the tests set forth in paragraph (b)(1) or (b)(2) of this Section 4.5 shall be satisfied during a Plan Year, and, if it appears to the Administrator that neither of such tests will be satisfied, the Administrator shall take such steps as it deems necessary or appropriate to adjust the Employer Matching Contributions made, After-Tax Contributions made, and any Before-Tax Contributions treated as Employer Matching Contributions pursuant to paragraph (d)(2) of this Section 4.5 for all or a portion of such Plan Year on behalf of Participants who are highly compensated eligible employees to the extent necessary in order for one of such tests to be satisfied. If after the end of a Plan Year it is determined that regardless of any steps taken neither of the tests set forth in paragraph (b)(1) or (b)(2) of this Section 4.5 shall be satisfied with respect to such Plan Year, the Administrator shall calculate the total amount by which any such contributions on behalf of Participants who are highly compensated eligible employees must be reduced in order to satisfy either such test, in the manner prescribed by section 401(m)(6) of the Code (the "excess aggregate contributions amount"). The amount to be reduced with respect to Participants who are highly compensated eligible employees shall be determined by first reducing the After-Tax Contributions (including Before-Tax Contributions recharacterized as After-Tax

Contributions pursuant to paragraph (e)(1) of this Section 4.5) and then by reducing the Employer Matching Contributions for each Participant whose actual dollar amount of such aggregate contributions for such Plan Year is highest until such reduced dollar amount equals the next highest dollar amount of such contributions for such Plan Year on behalf of any other highly compensated eligible employee, or until the total reduction equals the excess aggregate contributions amount. If further reductions are necessary, such contributions on behalf of each Participant who is a highly compensated eligible employee and whose actual dollar amount of such contributions is the highest (after the reduction described in the preceding sentence) shall be reduced in accordance with the preceding sentence. Such reductions shall continue to be made to the extent necessary until the total reduction equals the excess aggregate contributions amount. If After-Tax Contributions are distributed pursuant to this paragraph (e)(2), any corresponding Employer Matching Contributions related thereto plus any income and minus any loss allocable through the end of the Plan Year for which the Employer Matching Contributions were made to which such Participant would be entitled under Section 8.3 (relating to distributions upon termination of employment) if such Participant had terminated employment on the last day of the Plan Year for which contributions were made (or earlier if any such Participant actually terminated employment at any earlier date) shall also be distributed with such After-Tax Contributions (and taken into account to determine whether further reductions are necessary), and any remaining amount of such corresponding Employer Matching Contributions plus any income and minus any loss allocable through the end of the Plan Year for which the Employer Matching Contributions were made shall be forfeited. If the reductions required by this subparagraph exceed the amount of After-Tax Contributions made or to be made by any Participant for such Plan Year and the amount of Employer

Matching Contributions made or to be made on behalf of such Participant for such Plan Year, any Before-Tax Contributions made on behalf of such Participant that the Administrator has elected to treat as Employer Matching Contributions pursuant to paragraph (d)(2) of this Section 4.5 shall also be adjusted and taken into account in accordance with this subparagraph, except that such Before-Tax Contributions may not be recharacterized as After-Tax Contributions.

Section 4.6 . Limitation on Employer Contributions .

The contributions of an Employer for any Plan Year shall not exceed the maximum amount for which a deduction is allowable to such Employer for federal income tax purposes for the fiscal year of such Employer that coincides with such Plan Year.

Any contribution made by an Employer by reason of a good faith mistake of fact, or the portion of any contribution made by an Employer that exceeds the maximum amount for which a deduction is allowable to such Employer for federal income tax purposes by reason of a good faith mistake in determining the maximum allowable deduction, shall upon the request of such Employer be returned by the Trustee to the Employer. An Employer's request and the return of any such contribution must be made within one year after such contribution was mistakenly made or after the deduction of such excess portion of such contribution was disallowed, as the case may be. The amount to be returned to an Employer pursuant to this paragraph shall be the excess of (i) the amount contributed over (ii) the amount that would have been contributed had there not been a mistake of fact or a mistake in determining the maximum allowable deduction. Earnings attributable to the mistaken contribution shall not be returned to the Employer, but losses attributable thereto shall reduce the amount to be so returned. If the return to the Employer of the amount attributable to the mistaken contribution would cause the balance of any Participant's account as of the date such amount is to be returned (determined as if such date coincided with the close of a Plan Year) to be reduced to less than what would have been the balance of such account as of such date had the mistaken amount not been contributed, the amount to be returned to the Employer shall be limited so as to avoid such reduction.

Any Before-Tax Contributions returned to an Employer pursuant to this Section 4.6 shall be treated as the return of Untaxed Contributions, up to the extent Untaxed Contributions were made by such Participant to the Plan for such Plan Year and, to the extent that the returned contributions exceed such Untaxed Contributions, such returned contributions shall be treated as Designated Roth Contributions made by the Participant to the Plan for the Plan Year.

ARTICLE 5

EMPLOYEE CONTRIBUTIONS

Section 5.1 . After-Tax Contributions .

Subject to the limitations set forth in Section 4.5 (relating to limitations on contributions for highly-compensated Eligible Employees) and Section 7.4 (relating to limitations on allocations imposed by section 415 of the Code), each Participant who is an Eligible Employee may elect in accordance with Section 3.2(a) to make After-Tax Contributions under the Plan by payroll deduction. After-Tax Contributions made by a Participant who is a member of a bargaining unit represented by IBEW Local Union 15 for any payroll period shall equal a whole percentage not less than 1 nor more than 10 percent of the Participant's Compensation for such payroll period, as designated by the Participant in his or her request pursuant to Section 3.2(a). After-Tax Contributions made by any other Participant for any payroll period shall equal a whole percentage not less than 1 nor more than 20 percent and, effective as of January 1, 2006, 50 percent, of the Participant's Compensation for such payroll period, as designated by the Participant in his or her request pursuant to Section 3.2(a). Except as set forth below, After-Tax Contributions shall be

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delivered to the Trustee no less frequently than bi-weekly. In addition, if back-pay is awarded to a Participant who is an Eligible Employee and any portion of such back-pay constitutes Compensation as defined in subsection (13) of Article 2 (relating to the definition of compensation), After-Tax Contributions shall be made for such Participant in an amount equal to the After-Tax Contribution percentage, which was most recently chosen by the Participant in his or her request pursuant to Section 3.2(a), of such back-pay that constitutes Compensation. An After-Tax Contribution described in the preceding sentence shall be treated under the Plan in the same manner as all other After-Tax Contributions and shall be delivered to the Trustee as soon as practicable after the back-pay is paid to the Participant. Except as provided in the following sentence and in Section 4.1, After-Tax Contributions shall be subject to the same provisions regarding commencement, change and suspension applicable to Before-Tax Contributions as set forth in Section 4.1. If a Participant who has not attained age 59 $^{1}/_{2}$ makes a withdrawal of After-Tax Contributions pursuant to Section 8.1(c), then: (a) After-Tax Contributions made by such Participant pursuant to this Section 5.1 shall cease beginning with the first payroll period beginning after the date on which the Participant receives such withdrawal and (b) such Participant shall not again be eligible to elect such contributions until the first payroll period that coincides with or follows the date on which contributions ceased by 6 months.

Section 5.2 . Rollover Contributions .

(a) The Trustee shall be authorized to receive, hold and distribute in accordance with the Plan, a direct rollover contribution consisting of cash (or, in connection with a corporate transaction if so provided in such transaction agreement, in-kind rollover of loan notes), transferred to the Plan by (i) a qualified plan described in section 401(a) or 403(a) of the Code, including after-tax employee contributions to such plan, (ii) an annuity contract described in section 403(b) of the Code, excluding after-tax employee contributions or (iii) an eligible plan

under section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state. The Trustee shall also be authorized to receive, hold and distribute in accordance with the Plan, a Participant contribution of an eligible rollover distribution from (A) a qualified plan described in section 401(a) or 403(a) of the Code, (B) an annuity contract described in section 403(b) of the Code, (C) an eligible plan under section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state or (D) an individual retirement account or annuity described in section 408(a) or 408(b) of the Code that is eligible to be rolled over and would otherwise be includible in gross income. The amounts transferred must be eligible rollover distributions, as defined in section 402(c) of the Code. Effective December 1, 2012, an eligible rollover distribution of a lump sum amount from a qualified defined benefit plan sponsored by the Company also may be contributed to this Plan in accordance with administrative rules established by the Administrator. Notwithstanding any provision of the Plan to the contrary, a rollover contribution shall not include “designated Roth contributions” described in section 402A of the Code or any related earnings with respect to such contributions.

(b) Delivery of Rollover Contributions to Administrator . Except as otherwise provided in paragraph (a) of this Section 5.2, if an individual desires to make a rollover contribution pursuant to such paragraph (a), such contribution either (i) shall be delivered by the individual to the Administrator and by the Administrator to the Trustee on or before the 60th day after the day on which the Employee receives the distribution or on or before such later date as may be prescribed by law, or (ii) shall be transferred on behalf of the individual directly from the trust from which the eligible rollover distribution is made. Any contribution that is delivered by the Eligible Employee must be accompanied by (i) a statement of the Employee that to the best of his or her knowledge the amount so transferred meets the conditions specified in paragraph (a) of this

Section 5.2, (ii) a copy of such documents as may have been received by the Employee advising him or her of the amount of and the character of such distribution and (iii) any investment election with respect to such contribution in such form and manner as may be required by the Administrator. Notwithstanding the foregoing, the Administrator shall not accept a rollover contribution if in its judgment accepting such contribution would cause the Plan to violate any provision of the Code or Regulations, and the Administrator shall not be required to accept such a contribution to the extent it consists of property other than cash.

Section 5.3 . Special Accounting Rules for Rollover Contributions .

If a rollover contribution is made by or on behalf of an Employee, the Administrator shall cause a Rollover Account to be established and maintained for such Employee to which shall be credited all rollover contributions made pursuant to Section 5.2. A rollover contribution shall be credited to such Rollover Account as of the Valuation Date coinciding with or next following the date on which such contribution is delivered to the Trustee.

If a rollover contribution is made by, or a direct transfer is made on behalf of, an Eligible Employee prior to becoming a Participant, such Eligible Employee shall until such time as he or she becomes a Participant be deemed to be a Participant, and his or her Rollover Account and After-Tax Contributions Account, if any, shall be deemed to be an account of a Participant, for all purposes of the Plan except for the purposes of the allocation of contributions provided for in paragraphs (a), (b), (c), (d), (e), (f) and (g) of Section 7.3 and any determination of when he or she becomes a Participant pursuant to Article 3.

ARTICLE 6

TRUST AND INVESTMENT FUNDS

Section 6.1 . Trust .

A Trust shall be created by the execution of a trust agreement between the Company and the Trustee. All contributions under the Plan shall be paid to the Trustee. The Trustee shall hold all monies and other property received by it and invest and reinvest the same, together with the income therefrom, on behalf of the Participants collectively in accordance with the provisions of the trust agreement. The Trustee shall make distributions from the Trust Fund at such time or times to such person or persons and in such amounts as the Administrator directs in accordance with the Plan.

Section 6.2 . Investment Funds .

The Trustee shall establish and maintain, or shall cause to be established and maintained, an investment fund herein called the “Employer Stock Fund” which shall be invested in Common Stock, and shall also include such short-term obligations and short-term liquid investments purchased by the Trustee, in accordance with the Trust Agreement, pending the selection and purchase of the Common Stock or as otherwise determined by the Trustee to be necessary to satisfy such fund’s cash needs. In addition, as directed by the Investment Office, one or more additional separate investment funds shall be established and maintained and shall be invested as directed by the Investment Office. The Investment Office also may, from time to time, and in its sole discretion, segregate any of the assets held under any investment fund established pursuant to this Section 6.2 and allocate the investment results from such segregated assets among all or a portion of the accounts of Participants in such manner as it shall determine to be appropriate.

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ARTICLE 7

PARTICIPANT ACCOUNTS AND INVESTMENT ELECTIONS

Section 7.1 . Participant Accounts and Investment Elections .

(a) Participant Accounts . For each Participant the Administrator shall establish and maintain, or shall cause to be established and maintained, investment accounts to which amounts contributed under the Plan shall be credited according to each Participant's investment elections pursuant to paragraph (b) of this Section 7.1, subject to the penultimate sentence of the first paragraph of Section 6.2 (relating to the Investment Office's authority to segregate any of the assets held under any investment fund).

Each investment account shall, to the extent appropriate, be composed of the following accounts: (A) a Before-Tax Contributions Account, which shall be divided into an Untaxed Contributions Account and a Designated Roth Contributions Account, (B) a Catch-Up Contributions Account, (C) an Employer Matching Contributions Account, (D) an After-Tax Contributions Account, (E) a Fixed Employer Contributions Account, and (F) a Rollover Account. Earnings and losses on investment of funds in each account shall be credited or debited to that account.

All such accounts and subaccounts shall be for accounting purposes only, and there shall be no segregation of assets within the investment funds among the separate Participants' accounts.

(b) Investment Election . Each Participant, as part of his or her request for participation described in Section 3.2 (or in connection with the delivery of a rollover contribution pursuant to Section 5.2), shall make an investment election that shall apply to the investment of contributions to be made on his or her behalf or by him or her pursuant to Article 4 (relating to Employer contributions) or Article 5 (relating to Employee contributions) and any earnings on such contributions. Such election shall specify that such contributions be invested either (i) wholly in

one of the funds maintained or employed by the Trustee pursuant to paragraph (a) of this Section 7.1 or (ii) divided among such funds in 1 percent increments or in such other increments established by the Administrator or the Investment Office from time to time. Each Eligible Employee for whom a Rollover Account is established before such Eligible Employee has become a Participant shall, in the manner prescribed by the Administrator, make such investment election as of the Valuation Date on which such account is established. During any period in which no currently valid direction as to the investment of an Employee's account is on file with the Administrator, contributions or direct transfers made by him or her, or on his or her behalf, to the Plan will be invested in such manner as the Investment Office shall determine.

(c) Change of Investment Election . Subject to such restrictions as may be imposed by the Administrator or the Investment Office (including, without limitation, any restrictions imposed with respect to transfers of funds to or from the Employer Stock Fund described in Section 6.2 by individuals who are subject to Rule16b-3 under section 16 of the Securities Exchange Act of 1934 or for liquidity reasons), a Participant may elect to change as of any Valuation Date his or her investment election applicable to all or any portion of his or her current account balance. In addition, a Participant may elect to change as of the first day of any payroll period his or her investment election applicable to future contributions made pursuant to Articles 4 (relating to Employer contributions) or 5 (relating to Employee contributions), or both, as specified by the Participant. Such changes shall be limited to the investment funds then maintained by the Trustee pursuant to paragraph (a) of this Section 7.1. A Participant's change of investment election must be made in the manner and at the time prescribed by the Administrator (or its delegate). Any such change shall specify that such contributions be invested either (i) wholly in one of the funds maintained by the Trustee pursuant to paragraph (a) of this Section 7.1, or (ii) divided among such funds in 1 percent increments or such other increments established by the Administrator or the

Investment Office from time to time. In the event that one or more investment funds are no longer maintained by the Trustee, each Participant may elect, in the manner and at the time prescribed by the Administrator (or its delegate), to change his or her investment elections with respect to all or a portion (as determined by the Administrator) of his or her accounts; provided, however, that in the event no such valid election is made, the portion of the Participant's accounts subject to such election shall be invested in such manner as the Investment Office shall determine until such time as the Participant properly files a new investment election.

Section 7.2 . Allocation of Net Income of Trust Fund and Fluctuation in Value of Trust Fund Assets.

In the event that contributions, income and losses are not otherwise specifically allocated to Participant accounts by the Trustee, as soon as practical after each Valuation Date, the net worth of each investment fund (as defined in Section 6.2) as of such Valuation Date shall be determined. If the net worth of such investment fund as so determined is more or less than the total of all balances credited as of such Valuation Date to the subaccounts of Participants invested in the investment fund as of such Valuation Date who are Participants as of such Valuation Date, the amount of any excess or deficiency shall be prorated and credited or charged to such subaccounts proportionally to the balances of such subaccounts as of the preceding Valuation Date after making all allocations for such preceding Valuation Date prescribed by this Article and after decreasing each such subaccount by any loans, withdrawals or distributions from such subaccount during such period (but not less than zero), with all of such decreases to be made in such manner as the Administrator determines in its discretion to be necessary.

Notwithstanding any provision of this Article 7, any Designated Roth Contributions Account shall be maintained in a manner that satisfies the separate accounting requirement, and any Regulations or other requirements promulgated, under section 402A of the Code.

Accordingly, gains, losses and other credits and charges shall be separately allocated on a reasonable basis to each such account and other accounts under the Plan, the Plan shall keep a record of each Participant's Designated Roth Contributions that have not been withdrawn, and contributions and withdrawals of Designated Roth Contributions, and related earnings, shall be accounted for with respect to Designated Roth Contributions Accounts. However, forfeitures shall not be allocated to any Designated Roth Contributions Account. These separate accounting requirements apply with respect to a Participant from the time the Participant makes his or her first Designated Roth Contribution until the time the Participant's Designated Roth Contributions Account is distributed.

Section 7.3 . Allocations of Contributions Among Participants' Accounts .

(a) Allocation of Before-Tax Contributions . Before-Tax Contributions shall be allocated to the Before-Tax Contributions Account of each Participant for whom such contributions are made as soon as practical after such contributions are delivered to the Trustee or insurer maintaining a group annuity contract. The Before-Tax Contributions that consist of (i) Before-Tax Contributions made on behalf of the Participant pursuant to Section 4.1 for Plan Years beginning prior to (A) in the case of a Participant who is not a Local 15 Member, January 1, 2006, and (B) in the case of a Participant who is a Local 15 Member, January 1, 2009, (ii) any Before-Tax Contributions transferred to the Plan from the PECO Energy Company Employee Savings Plan on behalf of such Participant, (iii) any Before-Tax Contributions transferred to the Plan from the Constellation Energy Group, Inc. Employee Savings Plan, Employee Savings Plan for Constellation Energy Nuclear Group, LLC and the Represented Employee Savings Plan for Nine Mile Point on behalf of such Participant, and (iv) any Before-Tax Contributions that are Untaxed Contributions made pursuant to Section 4.2 for Plan Years beginning on or after (A) in the case of a Participant who is not a Local 15 Member, January 1, 2006, and (B) in the case of a Participant

who is a Local 15 Member, January 1, 2009, shall be allocated to the Untaxed Contributions Account of such Participant. The Before-Tax Contributions that consist of Designated Roth Contributions made on behalf of the Participant pursuant to paragraph (c) Section 4.2 (relating to Untaxed Contributions and Designated Roth Contributions) for Plan Years beginning on or after (A) in the case of a Participant who is not a Local 15 Member, January 1, 2006, and (B) in the case of a Participant who is a Local 15 Member, January 1, 2009, January 1, 2006 shall be allocated to the Designated Roth Contributions Account of such Participant.

(b) Allocation of Catch-Up Contributions . Catch-Up Contributions shall be allocated to the Catch-Up Contributions Account of each Participant for whom such contributions are made as soon as practical after such contributions are delivered to the Trustee or insurer maintaining a group annuity contract.

(c) Allocation of Employer Matching Contributions . Employer Matching Contributions shall be allocated to the Employer Matching Contributions Account of each Participant for whom such contributions are made as soon as practical after such contributions are delivered to the Trustee or insurer maintaining a group annuity contract.

(d) Allocation of After-Tax Contributions . After-Tax Contributions shall be allocated to the After-Tax Contributions Account of the Participant who makes such contributions as soon as practical after such contributions are delivered to the Trustee or insurer maintaining a group annuity contract.

(e) Allocation of Fixed Employer Contributions . Fixed Employer Contributions shall be allocated to the Fixed Employer Contributions Account of each Participant for whom such contributions are made as soon as practical after such contributions are delivered to the Trustee or insurer maintaining a group annuity contract.

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(f) Allocation of Rollover Contributions and Direct Transfers . Rollover contributions made pursuant to Article 5 (relating to Employee contributions) shall be credited to the Rollover Account of the Participant on whose behalf such contribution is made as of the Valuation Date coinciding with or next following the date on which the contribution is delivered to the Trustee.

(g) Allocation of Forfeitures . The total amount forfeited during any Plan Year shall be used to (i) pay the expenses incurred by the Trustee for the administration of the Trust Fund, (ii) held to pay the expenses reasonably estimated by the Trustee for the administration of the Plan or Trust Fund during the next following Plan Year, or (iii) used to reduce Employer Matching Contributions as determined by the Administrator.

Section 7.4 . Limitations on Allocations Imposed by Section 415 of the Code .

Notwithstanding any other provision of the Plan, the amount allocated to a Participant's accounts under the Plan for each Plan Year shall be limited so that the aggregate annual additions to the Participant's accounts under this Plan and in all other defined contribution plans maintained by an Employer shall not exceed the lesser of: (A) $46,000 (as adjusted pursuant to section 415(d) of the Code) and (B) 100% of the Participant's compensation for such Plan Year.

If the amount to be allocated to a Participant's accounts pursuant to Section 7.3 (relating to allocations of contributions among Participant's accounts) for a Plan Year would exceed the limitation set forth in this Section 7.4, then such excess shall be reduced before allocations are made to the Participant's accounts. If, in any Plan Year, the annual additions actually allocated to the Participant's accounts exceed the limitation set forth in this Section 7.4, then such annual additions shall be corrected in accordance with the Employee Plans Compliance Resolution System of the Internal Revenue Service.

For purposes of this Section 7.4, the "annual additions" for a Plan Year to a Participant's accounts in this Plan and in any other defined contribution plan maintained by an Employer is the sum during such Plan Year of:

(a) the amount of Employer contributions (including Before-Tax Contributions and Designated Roth Contributions and excluding any Default Before-Tax Contributions that are withdrawn pursuant to paragraph (b)(ii) of Section 3.2) allocated to the Participant's accounts, excluding, however, (X) Before-Tax Contributions and Designated Roth Contributions that are "catch-up contributions" made pursuant to section 414(v) of the Code, (Y) excess deferrals that are distributed in accordance with section 402(g) of the Code and (Z) restorative payments (within the meaning of section 1.415(c)-1(b)(2)(ii)(C) of the Regulations),

(b) the amount of forfeitures allocated to the Participant's accounts,

(c) the amount of Employee contributions allocated to the Participant accounts, but excluding any rollover contributions, direct transfers or loan repayments, and

(d) the contributions allocated on behalf of the Participant to any individual medical benefit account (as defined in section 415(l) of the Code) or, if the Participant is a key employee within the meaning of section 419A(d)(3) of the Code, to any post-retirement medical benefits account established pursuant to section 419A(d)(1) of the Code.

For purposes of this Section 7.4, "defined contribution plan" shall have the meaning set forth in section 415 of the Code and Regulations, and the term "Employer" shall include all Affiliates except that in defining Affiliates "more than 50 percent" shall be substituted for "at least 80 percent" where required by section 415(g) of the Code. In addition, for purposes of this Section 7.4, "compensation" shall mean a Participant's compensation as defined under section 1.415(c)-2(d)(4) of the Regulations (as amended from time to time).

Section 7.5 . Correction of Error .

If it comes to the attention of the Administrator that an error has been made in any of the allocations prescribed by this Article or an error has been made in any other respect, appropriate adjustment shall be made to the accounts of all Participants and designated Beneficiaries that are affected by such error, except that no adjustment need be made with respect to any Participant or Beneficiary whose account has been distributed in full prior to the discovery of such error.

ARTICLE 8

WITHDRAWALS AND DISTRIBUTIONS

Section 8.1 . Withdrawals and Distributions Prior to Termination of Employment .

(a) Hardship Withdrawals . An Employee who has not attained age 59 1/2 may make a request by calling the VRU, or in such other manner as may be prescribed by the Administrator, to withdraw as of any date all or a portion of the balance of his or her Before-Tax Contributions Account (other than earnings credited to such account after December 31, 1988), Catch-Up Contributions Account, Employer Matching Contributions Account and Fixed Employer Contributions Account only if the Participant has incurred a financial hardship, except that while any loan to the Participant under Section 8.2 remains outstanding, the amount available for withdrawal under this paragraph (a) shall be the balance in such account less the balance of all outstanding loans to the Participant. The determination of the existence of financial hardship and the amount required to be distributed to satisfy the need created by the hardship will be made by the Administrator in a uniform and non-discriminatory manner subject to the following rules:

(A) A financial hardship shall be deemed to exist if, and only if, the Participant certifies to the Administrator (or its delegate) that the financial need is on account of:

(i) medical expenses described in section 213(d) of the Code incurred or anticipated to be incurred by the Participant, the Participant's Spouse or any dependents of the Participant (as defined in section 152 of the Code) or primary beneficiary;

(ii) funeral or burial expenses incurred by the Participant for the Participant's deceased parent, Spouse, children or dependent (as defined in section 152 of the Code, without regard to section 152(d)(1)(B) of the Code) or primary beneficiary;

(iii) the purchase (excluding mortgage payments) of a principal residence of the Participant;

(iv) the payment of tuition, related educational fees, and room and board expenses for up to the next twelve months of post-secondary education for the Participant, the Participant's Spouse, children or dependents (as defined in section 152 of the Code, without regard to sections 152(b)(1) and (2) and 152(d)(1)(B) of the Code) or primary beneficiary;

(v) the need to prevent eviction of the Participant from his or her principal residence or foreclosure of mortgage of the Participant's principal residence; or

(vi) expenses for the repair of damage to the Participant's principal residence that would qualify for the casualty deduction under section 165 of the Code (determined without regard to whether the loss exceeds 10% of adjusted gross income).

For purposes of the foregoing, an individual is a Participant's "primary beneficiary" if the Participant has designated him or her as a "Beneficiary" under Section 8.5 and such individual has an unconditional right to all or a portion of the Participant's accounts upon the Participant's death.

(B) A distribution shall be deemed to be necessary to satisfy a financial need of the Participant if, and only if, the Participant:

(i) has obtained all distributions, other than hardship withdrawals, and all nontaxable loans under any Employer's plan in which the Participant participates, and

(ii) demonstrates to the satisfaction of the Administrator that the distribution is not in excess of the amount of the immediate and heavy financial need, which need shall include amounts necessary to pay any federal, state and local income taxes, excise taxes and penalties.

If a Participant receives a hardship withdrawal pursuant to this paragraph (a), then, in addition to the cessation of Before-Tax Contributions and After-Tax Contributions required by paragraph (a) of Section 4.1 (relating to initial election regarding regular payroll Before-Tax Contributions), contributions by the Participant to qualified or nonqualified plans of deferred

compensation, including a stock option, stock purchase or similar plan, maintained by an Employer also shall (except where excused by regulation) cease beginning with the first payroll period beginning after the date on which the Participant receives such hardship withdrawal and continuing until the first payroll period that coincides with or follows the date on which contributions ceased by six months.

The Participant shall designate the extent to which the hardship withdrawal pursuant to this paragraph (a) are Designated Roth Contributions from the Participant's Designated Roth Contributions Account and the extent that such withdrawals are Untaxed Contributions from the Participant Untaxed Contributions Account and in the event that any such designation is not made or is incomplete, such hardship withdrawals shall be treated as withdrawals of Designated Roth Contributions to the extent Designated Roth Contributions were made to the Plan and, to the extent that the hardship withdrawal exceeds such Designated Roth Contributions, such hardship withdrawal shall be treated as Untaxed Contributions.

(b) Withdrawals After Age 59 1/2. An Employee who has attained age 59 1/2 may make a request by calling the VRU, or in such other manner as may be prescribed by the Administrator, to withdraw as of any date an amount which is not greater than the balance of his or her Before-Tax Contributions Account, Catch-Up Contributions Account, Employer Matching Contributions Account and Fixed Employer Contributions Account as of the most recent Valuation Date determined by the Administrator, except that while any loan to the Participant under Section 8.2 remains outstanding, the amount available for withdrawal shall be the balance in such accounts less the balance of all outstanding loans to the Participant.

The Participant shall designate the extent to which the withdrawal pursuant to this paragraph (b) are Designated Roth Contributions from the Participant's Designated Roth Contributions Account and the extent that such withdrawals are Untaxed Contributions from the Participant's Untaxed Contributions Account and in the event that any such designation is not made or is incomplete, such withdrawals shall be treated as withdrawals of Designated Roth Contributions to the extent Designated Roth Contributions were made to the Plan and, to the extent that the withdrawal exceeds such Designated Roth Contributions, such withdrawal shall be treated as Untaxed Contributions.

(c) Withdrawals From the After-Tax Contributions Account . An Employee may make a request by calling the VRU, or in such other manner as may be prescribed by the Administrator, no more than once during any Plan Year, to withdraw from his or her After-Tax Contributions Account an amount which is not greater than the balance of the Participant's After-Tax Contributions Account as of the most recent Valuation Date determined by the Administrator, except that while any loan to the Participant under Section 8.2 remains outstanding, the amount available for withdrawal shall be the balance in such account less the balance of all outstanding loans to the Participant.

(d) Withdrawals from the Rollover Account . A Participant may make a request by calling the VRU, or in such other manner as may be prescribed by the Administrator, to withdraw an amount which is not greater than the balance in his or her Rollover Account as of the most recent Valuation Date determined by the Administrator, except that while any loan to the Participant under Section 8.2 remains outstanding, the amount available for withdrawal shall be the balance in such account less the balance of all outstanding loans to the Participant.

(e) Qualified Reservist Withdrawals . A Participant who is a Qualified Reservist may make a request by calling VRU, or in such manner as may be prescribed by the Administrator, to withdraw any portion of his or her Before-Tax Contributions Account or his or her Designated Roth Contributions Account, and the amount requested shall not be subject to the 10 percent additional tax imposed pursuant to section 72(t)(2)(G) of the Code, provided that the amount requested is distributed during the period beginning on the date the Participant is ordered or called to active duty and ending at the close of his or her active duty.

(f) Withdrawals of Employer Matching Contributions for Members of IBEW Local Union 614 . Notwithstanding any provision in the Plan to the contrary, effective April 16, 2010, a Participant who is a member of a bargaining unit represented by IBEW Local Union 614 and who has completed 60 months as a Participant may elect, in accordance with procedures established by the Administrator, to receive a distribution of all or any part of his or her Employer Matching Contributions Account, as adjusted for gains, earnings and losses attributable thereto determined as of the Valuation Date next succeeding the date of receipt of the request for distribution.

Additionally, effective April 16, 2010, a Participant who is a member of a bargaining unit represented by IBEW Local Union 614, regardless of whether he or she has completed 60 months as a Participant, may elect, in accordance with procedures established by the Administrator, to receive a distribution of all or any part of that portion of the Employer Matching Contributions Account that is derived from Employer Matching Contributions in excess of Employer Matching Contributions allocated to his or her Employer Matching Contributions Account during the two Plan Years preceding the Plan Year in which the withdrawal takes place, adjusted for gains, earnings and losses attributable thereto determined as of the Valuation Date next succeeding the date of receipt of the request for distribution.

No distribution made pursuant to this paragraph (f) may be for an amount which is less than the lesser of (i) $200; and (ii) the balance of the Participant's Employer Matching Contributions Account, as adjusted for gains, earnings and losses attributable thereto. In addition, a Participant may not make more than one withdrawal pursuant to this paragraph (f) in any Plan Year.

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(g) Provisions Applicable to All Withdrawals . Any withdrawal made pursuant to this Section 8.1 shall be made at such time as prescribed by the Administrator and shall be made pro-rata from each of the investment funds in which as of the date of the withdrawal (i) in the case of a withdrawal pursuant to paragraph (a) or (b) of this Section 8.1, the Participant's Before-Tax Contributions Account, Catch-Up Contributions Account (and, if applicable, Employer Matching Contributions Account or Fixed Employer Contributions Account) is invested, (ii) in the case of a withdrawal pursuant to paragraph (c) of this Section 8.1, the Participant's After-Tax Contributions Account is invested, (iii) in the case of a withdrawal pursuant to paragraph (d) of this Section 8.1, the Participant's Rollover Account is invested, (iv) in the case of a withdrawal pursuant to paragraph (e) of this Section 8.1, the Participant's Before Tax Contributions Account and Designated Roth Contributions Account, and (v) the case of a withdrawal pursuant to paragraph (f) of this Section 8.1, the Participant's Employer Matching Contribution Account. Notwithstanding anything in the Plan to the contrary, the Administrator or the Investment Office may impose any restrictions it deems necessary or appropriate with respect to withdrawals by individuals who have any portion of their accounts invested in the Employer Stock Fund described in Section 6.2 and who are subject to Rule 16b-3 under section 16 of the Securities Exchange Act of 1934.

(h) Dividend Distributions in Respect of the Employer Stock Fund . Dividends shall be allocated to the accounts of each Participant, any portion of whose account balance is invested in the Employer Stock Fund in accordance with paragraph (b) of Section 7.1, based upon the total number of shares of Common Stock represented by the Participant's proportionate share of the Employer Stock Fund as of such date as may be determined from time to time by the Administrator on or before each dividend record date. Cash dividends shall be reinvested in Common Stock (through the Employer Stock Fund) unless the Participant (or his or her Beneficiary) elects, at the time and in the manner prescribed by the Administrator, to receive a cash distribution in an amount equal to such dividend, payable not later than 90 days after the end of the Plan Year in which such dividend was paid.

Section 8.2 . Loans to Participants .

(a) Making of Loans . Subject to the restrictions set forth in this Section 8.2, the Administrator shall establish a loan program whereby any Participant who is a party-in-interest (within the meaning of section 3(14) of ERISA) or any Beneficiary who is a party-in-interest and any such Participant's Beneficiary may request, in the manner and form prescribed by the Administrator, to borrow funds from the Plan. The principal amount of such loan shall be not less than $1,000 and the aggregate amount of all outstanding loans to a Participant or Beneficiary shall not exceed the lesser of: (1) 50% of the value of the aggregate of the Participant's vested account balances as of the Valuation Date coinciding with or immediately preceding the day on which the loan is made; and (2) $50,000, reduced by the excess, if any, of the highest outstanding loan balances of the Participant under all plans maintained by the Employer during the period of time beginning one year and one day prior to the date such loan is to be made and ending on the date such loan is to be made over the outstanding balance of loans from all such plans on the date on which such loan was made.

(b) Restrictions . Any loan approved by the Administrator pursuant to the preceding paragraph (a) shall be made only upon the following terms and conditions:

(1) The period for repayment of the loan shall be arrived at by mutual agreement between the Administrator and the Participant but such period shall not exceed five years or, in the case of a loan to acquire a principal place of residence, shall not be less than five years or more than 15 years, from the date of the loan. Such loan may be prepaid at any time, without penalty, by delivery to the Administrator of a check in an amount equal to the entire unpaid balance of such loan. No partial prepayment shall be permitted. Except as otherwise provided under uniform and nondiscriminatory procedures established by the Administrator, any loan to a Participant who is an Employee is due in full immediately after termination of employment.

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(2) No loan shall be made to a Participant who is an Employee unless such Participant consents to have such loan repaid in substantially equal installments deducted from the regular payments of the Participant's compensation during the term of the loan. A Participant who (a) was an Employee at the time the Participant received a loan from the Plan, (b) is no longer an Employee and no longer receives compensation from an Employer, but (c) continues to perform services for an Employer, shall consent, either at the time the loan is taken or prior to the date prescribed by the Administrator, to have the balance of any loan outstanding at the time the Participant no longer is an Employee repaid in substantially equal installments over the remaining life of the loan. Such installments shall be paid in the manner specified by the Administrator.

(3) Each loan shall be evidenced by the Participant's collateral promissory note, in the form prescribed by the Administrator, for the amount of the loan, with interest, payable to the order of the Plan, and shall be secured by an assignment of 50% of the Participant's vested account balance.

(4) Each loan shall bear a fixed interest rate commensurate with the interest rates then being charged by persons in the business of lending money for loans made under similar circumstances, as determined by the Administrator.

(5) Except as otherwise provided in this Plan, no withdrawal (other than a withdrawal from a Participant's accounts to the extent that such withdrawal would not reduce the Participant's vested account balances to less than the then outstanding balance of any loan to such Participant or such higher amount determined by the Administrator to be appropriate security for such loan) or distribution shall be made to any Participant who has borrowed from the Trust, or to a Beneficiary of any such Participant, unless and until the loan, including interest, has been repaid.

(6) A charge shall be made against the account of each Participant requesting a loan equal to such reasonable loan application fee (and loan acceptance fee, if required by the Administrator) as shall be set from time to time by the Administrator.

(7) A Participant is permitted only one loan in any calendar year, provided, however, that no more than five loans to a Participant may be outstanding at any time, except that for a Participant described in the following sentence, no more than three loans may be outstanding at any time (for the period beginning April 1, 2009 and ending August 31, 2010, only one of such outstanding loans may be for the purpose of acquiring a principal place of residence and only two of such outstanding loans may be for other purposes). A Participant described in the preceding sentence is any of the following: (A) a Participant who is a member of a bargaining unit represented by IBEW Local Union 15, (B) a Participant who is employed at Byron in Nuclear Security and is a member of United Security System Union Local 1, (C) a Participant who is employed at Oyster Creek in Nuclear Security and is a member of United Government Security Officers of America Local 17, (D) a Participant who is employed at Three Mile Island in Nuclear Security in Nuclear Security and is a member of United Government Security Officers of America Local 18, (E) a Participant who is a non-represented Employee (other than a Participant who is classified as a non-represented, non-exempt craft employee assigned to the Peachbottom, Limerick, Outage Services East, Philadelphia Electric Company or Texas generating plant) and (F) a Participant who is a member of a bargaining unit represented by IBEW Local Union 97.

(8) Loan repayments shall be invested in the various investment funds as elected by the Participant.

(9) The Administrator may, in its sole discretion, restrict the amount to be disbursed pursuant to any loan request to the extent it deems necessary to take into account any fluctuations in the value of a Participant's accounts since the Valuation Date immediately preceding the date on which such loan is to be made.

(10) Any restrictions the Administrator or the Investment Office determines are necessary or appropriate with respect to loans requested by individuals who have any portion of their accounts invested in the Employer Stock Fund described in Section 6.2 and who are subject to Rule 16b-3 under section 16 of the Securities Exchange Act of 1934.

If any loan or portion of a loan made to a Participant under the Plan, together with the accrued interest thereon, is in default (taking into account any grace period permitted by law, and as determined by the Administrator), the Administrator shall take appropriate steps to collect on the note and foreclose on the security. If upon a Participant's termination of employment entitling the Participant to a distribution under Section 8.3 (relating to distributions upon termination of employment), death or retirement, any loan or portion of a loan made to such Participant under the Plan, together with the accrued interest thereon, remains unpaid, such unpaid amount may be repaid to the Plan no later than the last day of the calendar quarter following the calendar quarter in which such termination of employment occurred or as of such later date or dates permitted under uniform and nondiscriminatory procedures established by the Administrator. If full repayment is not so made, an amount equal to the unpaid portion of such loan, together with the accrued interest thereon, shall be charged to the Participant's accounts after all other adjustments required under the Plan, but before any distribution pursuant to Section 8.3 (relating to distributions upon termination of employment).

(c) Loan Subaccount . The Trustee shall establish and maintain a loan subaccount on behalf of each Participant or Beneficiary to whom a loan is made under this Section 8.2. Such subaccount shall represent the investment of the Participant's or Beneficiary's account in such loan. As of the Valuation Date immediately preceding the date on which a loan is approved, the Participant's or Beneficiary's loan subaccount shall be credited with the amount of the loan and thereafter shall be debited with repayments of the principal of such loan. The various accounts maintained for the Participant or Beneficiary shall be invested in the loan subaccount and debited by the amount of the loan and credited with payments of interest on, and repayments of principal of, such loan in accordance with uniform rules established by the Administrator.

(d) Sarbanes-Oxley . Notwithstanding any provision of the Plan to the contrary, the Administrator reserves the right to deny the request of a Participant for a loan that, in the judgment of the Administrator, would violate any provision of the Sarbanes-Oxley Act of 2002.

Section 8.3 . Distributions Upon Termination of Employment .

(a) Termination of Employment under Circumstances Entitling Participant to Full Distribution of His or Her Account Balance . If a Participant terminates employment, the Participant, or his or her designated Beneficiary, as the case may be, shall be entitled to receive the entire balance of the Participant's accounts, at the time set forth in Section 8.4 (relating to time of distribution) and in the manner set forth in paragraph (b) of this Section 8.3. A Participant shall be fully vested in the entire balance of his or her accounts at all times.

(b) Form of Distribution . (1) Subject to paragraph (d) of this Section 8.3 (relating to small benefits payable in lump sum) and Section 8.4 (7) (relating to compliance with Section 401(a)(9) of the Code), any distribution to which a Participant or Beneficiary, as the case may be, becomes entitled upon termination of employment shall be distributed by whichever of the following forms of distribution the Participant or Beneficiary, as the case may be, elects by calling the VRU, or in such other manner as may be prescribed by the Administrator:

(A) By payment in a lump sum.

(B) By payment in a series of approximately equal annual, quarterly, or monthly installments, over a period of years as specified by the Participant (but not extending beyond the life expectancy of such Participant); provided that installments shall not be available with respect to amounts invested in the CNA 1997 guaranteed investment contract.

(C) By payment of a partial withdrawal of any portion of his or her vested account balance.

Subject to Section 8.4 (7), a Participant who elected to receive distribution of his or her vested account balance in the form of installments may, at any time after such election is made, elect to change the frequency of such installments, discontinue receiving such installments, make a partial withdrawal of any portion of his or her vested account balance or receive the remaining amount of his or her vested account balance in the form of a lump sum payment in accordance with any procedure established by the Administrator. A Participant who elected to receive a partial withdrawal of his or her vested account balance may, at any time after such election is made, elect to receive the remaining amount of his or her vested account balance in the form of installments or in the form of a lump sum payment in accordance with any procedure established by the Administrator. If no election is made by a Participant or Beneficiary, as the case may be, as to the form of distribution, the Participant's vested account balance shall be distributed in the form of a lump sum payment.

The amount distributed hereunder shall be paid in cash, except that if the Participant's account is paid in a lump sum, then the Participant may request that all of his or her account invested in the Employer Stock Fund be distributed in whole shares of Common Stock held in such Fund with any fractional share being paid in cash. The number of shares of Common Stock to be distributed shall be based on the current fair market value of a share of Common Stock as determined by the Trustee under Section 7.2 (relating to allocation of net income of Trust Fund and fluctuation in value of Trust assets) as of the Valuation Date coinciding with or immediately preceding the date payment of the Participant's account is to be made. Requests for distribution in the form of Common Stock shall be made at such time and in such manner as the Administrator shall determine under rules and regulations which are uniformly applied.

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Notwithstanding the preceding paragraphs, no distribution shall be made in the form of installments with respect to a Participant's Rollover Account that was established to hold the amount distributed or directly transferred from the Commonwealth Edison Company Employee Stock Ownership Plan upon such plan's termination if the Participant elected not to receive distribution of such amount until his or her 65th birthday.

(c) Notice of Availability of Election of Optional Forms of Benefits . No less than 30 days (or such shorter period as permitted by law) and no more than 90 days before distribution is to be made hereunder, the Administrator, or its designee, shall explain to the Participant that he or she may elect either form of distribution set forth in paragraph (b) of this Section 8.3. Such explanation shall include a general description of the eligibility conditions and other material features of the optional forms of distribution provided under the Plan. Notwithstanding the first sentence of this paragraph (c), distribution may commence less than 30 days after the description described above is given, provided that: (i) the Administrator, or its designee, clearly informs the Participant that the Participant has a right to a period of at least 30 days after receiving the explanation to consider the decision of whether or not to elect a distribution (and, if applicable, a particular distribution option), and (ii) the Participant, after receiving the explanation, affirmatively elects a distribution. The description referred to in this paragraph (c), as well as the explanation of the participant's right to a period of at least 30 days to consider such explanation before electing a distribution, shall be provided to the Participant through the VRU or in such other manner prescribed by the Administrator.

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(d) Small Benefits Payable in Lump Sum . Notwithstanding any provision of the Plan to the contrary, if the vested amount of the Participant's account balances does not exceed $5,000, not including the value of the Participant's Rollover Account or, for distributions occurring on or after March 28, 2005, $1,000, including the value of the Participant's Rollover Account (such amount referred to herein as the "small benefit amount"), such vested amount shall be distributed in a lump sum cash payment as soon as administratively practicable after the Participant's termination of employment in accordance with such procedures as may be established by the Administrator.

(e) Direct Rollover Option . In the case of a distribution from the Plan (excluding any amount offset against the Participant's account balance to repay the outstanding balance of any unpaid loan) which is an "eligible rollover distribution" within the meaning of section 402(c)(4) of the Code, a Participant (or surviving Spouse of a Participant or a former Spouse who is an alternate payee under a qualified domestic relations order as defined in section 414(p) of the Code) may elect that all or any portion of such distribution shall be directly transferred as a rollover contribution from this Plan to (i) an individual retirement account described in section 408(a) of the Code, (ii) an individual retirement annuity described in section 408(b) of the Code, (iii) an annuity plan described in section 403(a) of the Code, (iv) an annuity contract described in section 403(b) of the Code, (v) a retirement plan qualified under section 401(a) of the Code (the terms of which permit the acceptance of rollover contributions), (vi) an eligible plan under section 457(b) of the Code which is maintained by an eligible employer described in section 457(e)(1)(A) of the Code (the terms of which permit the acceptance of rollover contributions) or (vii) effective January 1, 2008, a Roth IRA described in section 408A of the Code. However, in the case of a distribution of a Participant's After-Tax Contributions Account prior to January 1, 2007, such distribution shall only be directly transferred as a rollover contribution from this Plan to an

account or annuity described in section 408 of the Code, or to such a retirement or annuity plan described in section 401(a) or 403(a) of the Code that is a defined contribution plan that agrees to separately account for amounts so transferred, including separately accounting for the portion of such amount which is includible in gross income and the portion of such distribution which is not so includible. In the case of a distribution of a Participant's After-Tax Contributions Account on or after January 1, 2007, such distribution shall only be directly transferred as a rollover contribution to an account or annuity described in section 408 of the Code, or to such a qualified retirement or annuity plan described in section 401(a) or 403(a) of the Code that agrees to separately account for amounts so transferred, including separately accounting for the portion of such amount which is includible in gross income and the portion of such distribution which is not so includible. Notwithstanding any provision of this paragraph (e), in the case of any eligible rollover distribution that includes all or any portion of the Participant's Designated Roth Contributions Account, a Participant or surviving Spouse or a former Spouse who is an alternate payee under a qualified domestic relations order as defined in section 414(p) of the Code may elect to transfer such portion only to another plan which accounts for Designated Roth Contributions described in section 402A of the Code or to a Roth IRA described in section 408A of the Code and only to the extent the rollover is permitted by the rules of section 402(c) of the Code. In addition, in the case of a distribution described in the preceding sentence that occurs on or after January 1, 2008, a Beneficiary who is not the surviving Spouse of the Participant may elect that all or any portion of such distribution shall be directly transferred as a rollover contribution from this Plan to (i) an individual retirement account described in section 408(a) of the Code, (ii) an individual retirement annuity described in section 408(b) of the Code or (iii) effective January 1, 2010, a Roth IRA described in section 408A of the Code, that, in either case, is established for the purpose of receiving such distribution on behalf of the Beneficiary.

Section 8.4 . Time of Distribution .

A Participant who has terminated employment shall commence receiving distribution of his or her vested account balance as soon as administratively practical after the Valuation Date coinciding with or immediately following the date on which the Participant attains age 65, except as provided below.

(1) Early Distribution . Except as provided in subparagraph (7), a Participant whose Termination Date is prior to his or her 65th birthday may elect by calling the VRU, or in such other manner as may be prescribed by the Administrator, prior to his or her termination of employment to have distribution of his or her vested account balance commence within 60 days after the Valuation Date coinciding with or immediately following the Participant's Termination Date.

(2) Deferral of Distribution . A Participant may elect by calling the VRU, or in such other manner as may be prescribed by the Administrator, which election shall be made at the time prescribed by the Administrator, that distribution of his or her vested account balance commence as soon as practicable after the Participant's attainment of age 70 1/2 .

(3) Elections After Termination Date . Except as provided in subparagraph (7), a Participant who has terminated employment and whose distribution is to commence either after the Participant's attainment of age 65 or 70 1/2 may elect at any time by calling the VRU, or in such other manner as may be prescribed by the Administrator, to have distribution of his or her vested account balance made within 60 days after the date such election is made.

(4) Required Beginning Date . Distributions paid or commencing during the Participant's lifetime shall commence not later than April 1 of the calendar year following the calendar year in which the Participant attains age 70 1/2 , except that distributions made to a Participant who is not a "five percent owner" (as defined in section 416(i) of the Code) may commence on April 1 of the calendar year following the later of the calendar year in which the Participant attains age 70 1/2 or the calendar year in which the Participant retires. Notwithstanding any provision of the Plan to the contrary, any distributions required by this subparagraph shall be made not less rapidly than in accordance with the final Regulations under Section 401(a)(9). The Participant shall designate the extent to which the distribution of Before-Tax Contributions pursuant to this subparagraph 4 are Designated Roth Contributions from the Participant's Designated Roth Contributions Account and the extent that such withdrawals are Untaxed Contributions from the Participant's Untaxed Contributions Account and in the event that any such designation is not made or is incomplete, such distribution shall be treated as a distribution of Designated Roth Contributions to the extent Designated Roth Contributions were made to the Plan and, to the extent that the distribution of Before-Tax Contributions exceeds such Designated Roth Contributions, such distribution shall be treated as Untaxed Contributions.

(5) Distributions Commencing After Participant's Death . Distributions commencing after the Participant's death shall be completed within five years after the death of the Participant, except that (i) effective with respect to any Participant whose death occurs on or after January 1, 1995, regardless of when such Participant's employment terminated, if the Participant's Beneficiary is the Participant's Spouse, distribution may be deferred until the date on which the Participant would have attained age 70 $^{1}/_{2}$ had he or she survived and (ii) if the Participant's Beneficiary is a natural person other than the Participant's Spouse and distributions commence not later than one year after the Participant's death, such distributions may be made over a period not longer than the life expectancy of such Beneficiary. If at the time of the Participant's death, distribution of the Participant's benefit has commenced, the remaining portion of the Participant's benefit shall be paid in the manner elected by the Participant's Beneficiary, but at least as rapidly as was the method of distribution being used prior to the Participant's death.

(6) Distribution of Rollover Account After Termination Date . A Participant who has terminated employment or the Beneficiary of such Participant, as the case may be, may elect by calling the VRU, or in such other manner as may be prescribed by the Administrator prior to the time his or her vested account balance is distributed under this Section 8.4 to have distribution of the balance of his or her Rollover Account commence at such prior time as the Participant or Beneficiary shall elect, provided that, while any loan to the Participant under Section 8.2 remains outstanding, such distribution shall be made only to the extent that the balance of such Participant's vested account balance remaining after such distribution will equal or exceed the balance of all outstanding loans to the Participant.

(7) Compliance with Section 401(a)(9) of the Code . Notwithstanding any provision of the Plan to the contrary, all distributions will be made in accordance with section 401(a)(9) of the Code and the regulations promulgated thereunder, including the minimum distribution incidental death benefit requirement thereof. Notwithstanding the foregoing, any amount that would be a required minimum distribution described in section 401(a)(9) of the Code which is attributable to the 2009 calendar year will not be distributed to a Participant, or his or her Beneficiary, as applicable, unless such individual elects to receive such distribution. In addition, the five-year period described in subparagraph (5) above shall be determined without regard to calendar year 2009.

Notwithstanding anything contained herein to the contrary and except as provided in subparagraph (4) above, in the event that the recordkeeper for the Plan is changed, distributions may be made at such time as prescribed by the Administrator in order to accommodate the transfer of records to the new recordkeeper.

Section 8.5 . Designation of Beneficiary .

Each Participant shall have the right to designate a Beneficiary or Beneficiaries (who may be designated contingently or successively and that may be an entity other than a natural person) to receive any distribution to be made under Section 8.3 (relating to distributions upon termination of employment) upon the death of such Participant or, in the case of a Participant who dies subsequent to termination of his or her employment but prior to the distribution of the entire amount to which he or she is entitled under the Plan, any undistributed balance to which such Participant would have been entitled, provided , however , that no such designation (or change thereof) shall be effective if the Participant was married on the date of the Participant's death unless such designation (or change thereof) was consented to at the time of such designation (or change thereof) by the person who was the Participant's Spouse, in writing, acknowledging the effect of such consent and witnessed by a notary public or a Plan representative, or it is established to the satisfaction of the Administrator that such consent could not be obtained because the Participant's Spouse cannot be located or such other circumstances as may be prescribed in Regulations. Subject to the preceding sentence, a Participant may from time to time, without the consent of any Beneficiary, change or cancel any such designation. Such designation and each change therein shall be made in the form prescribed by the Administrator and shall be filed with the Administrator. A Participant's beneficiary designation in effect under the PECO Energy Company Employee Savings Plan immediately prior to March 31, 2001 shall remain in effect under the Plan on and after March 31, 2001 until such time as such designation is changed or canceled in accordance with this Section 8.5. If (i) no Beneficiary has been named by a deceased Participant, (ii) such designation is not effective pursuant to the proviso contained in the first sentence of this section, or (iii) the designated Beneficiary has predeceased the Participant, any undistributed balance of the deceased Participant shall be distributed by the Trustee at the

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direction of the Administrator (a) to the surviving Spouse of such deceased Participant, if any, or (b) if there is no surviving Spouse, to the surviving children of such deceased Participant, if any, in equal shares, or (c) if there is no surviving Spouse or surviving children, to the surviving parents of such deceased Participant, if any, in equal shares, or (d) if there is no surviving Spouse, surviving children or surviving parents, to the executor or administrator of the estate of such deceased Participant or (e) if no executor or administrator has been appointed for the estate of such deceased Participant within six months following the date of the Participant's death, in equal shares to the person or persons who would be entitled under the intestate succession laws of the state of the Participant's domicile to receive the Participant's personal estate. The marriage of a Participant shall be deemed to revoke any prior designation of a Beneficiary made by him or her and a divorce shall be deemed to revoke any prior designation of the Participant's divorced Spouse if written evidence of such marriage or divorce is timely received by the Administrator.

Section 8.6 . Distributions to Minor and Disabled Distributees .

Any distribution that is payable to a distributee who is a minor or to a distributee who has been legally determined to be unable to manage his or her affairs by reason of illness or mental incompetency may be made to, or for the benefit of, any such distributee at such time consistent with the provisions of this Plan and in such of the following ways as the authorized legal representative of such distributee shall direct: (a) directly to any such minor distributee, (b) to such legal representative, (c) to a custodian under a Uniform Gifts to Minors Act for any such minor distributee, or (d) as otherwise directed by such legal representative. The Plan Administrator shall not be required to see to the application by any third party of any distribution made to or for the benefit of such distributee pursuant to this Section.

Section 8.7 . "Lost" Participants and Beneficiaries .

If within a period of five years following the death or other termination of employment of any Participant the Administrator in the exercise of reasonable diligence has been unable to locate the person or persons entitled to benefits under this Article 8, the rights of such person or persons shall be forfeited, provided , however , that the Plan shall reinstate and pay to such person or persons the amount of the benefits so forfeited upon a claim for such benefits made by such person or persons. The amount to be so reinstated shall be obtained from the total amount that shall have been forfeited pursuant to Section 8.3 (relating to distribution upon termination of employment) during the Plan Year that the claim for such forfeited benefit is made. If the amount to be reinstated exceeds the amount of such forfeitures, the Employer in respect of whose Employee the claim for forfeited benefit is made shall make a contribution in an amount equal to the remainder of such excess. Any such contribution shall be made without regard to whether or not the limitations set forth in Section 4.6 (relating to limitation on Employer contributions) will be exceeded by such contribution.

Section 8.8 . Death Benefits Under USERRA

Effective January 1, 2007, in the case of a Participant who dies while performing Military Service, the Beneficiaries of such Participant shall be entitled to any additional benefits, if any, (other than benefit accruals relating to the period of qualified military service) provided under the Plan had the Participant resumed employment with an Employer and then terminated such employment on account of such Participant's death.

ARTICLE 9

PARTICIPANTS' STOCKHOLDER RIGHTS

Section 9.1 . Voting Shares of Common Stock .

Each Participant and Beneficiary shall be entitled to direct the Trustee as to the exercise of any voting rights attributable to shares of Common Stock then allocated to his or her account and the Trustee shall vote such shares according to the voting directions of the Participant or Beneficiary that have been timely submitted to the Trustee on forms provided by the Trustee for such purpose. Participants and Beneficiaries shall be permitted to direct the Trustee as to the exercise of any voting rights, including, but not limited to, any corporate matter that involves the voting of shares of Common Stock with respect to the approval or disapproval of any corporate merger or consolidation, recapitalization, reclassification, liquidation, dissolution, sale of substantially all assets of a trade or business, or similar transaction prescribed in Regulations. The Trustee shall with respect to any matter vote the shares of Common Stock credited to Participants' accounts with respect to which the Trustee does not timely receive voting instructions in the same proportion as to shares the Trustee has received voting instructions. Written notice of any meeting of stockholders of the Company and a request for voting instructions shall be given by the Administrator or the Trustee, at such time and in such manner as the Administrator shall determine, to each Participant or Beneficiary entitled to give instructions for voting shares of Common Stock at such meeting. The Administrator shall establish and pay for a means by which Participants and Beneficiaries can expeditiously deliver such voting instructions to the Trustee. All instructions delivered by Participants or Beneficiaries shall be confidential and shall not be disclosed to any person, including the Employer.

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Section 9.2 . Tender Offers .

(a) In the event a tender offer is made generally to the stockholders of the Company to transfer all or a portion of their shares of Common Stock in return for valuable consideration, including but not limited to, offers regulated by section 14(d) of the Securities Exchange Act of 1934, as amended, each Participant or Beneficiary shall be entitled to direct the Trustee regarding how to respond to any such tender offer with respect to the number of shares of Common Stock then allocated to his or her account and the Trustee shall vote such shares according to the voting directions of the Participant or Beneficiary that have been timely submitted to the Trustee on forms provided by the Trustee for such purpose. A Participant or Beneficiary shall not be limited in the number of directions to tender or withdraw from tender that he or she can give, but shall not have the right to give directions to tender or withdraw from tender after a reasonable time established by the Trustee pursuant to paragraph (c) of this Section 9.2. The Trustee shall with respect to a tender offer decline to vote the shares of Common Stock credited to Participants' accounts with respect to which the Trustee does not timely receive directions on how to respond to any such tender offer. All such directions shall be confidential and shall not be disclosed to any person, including the Employer.

(b) Within a reasonable time after the commencement of a tender offer, the Administrator shall provide to each Participant and Beneficiary:

(i) the offer to purchase as distributed by the offeror to the stockholders of the Company,

(ii) a statement of the shares of Common Stock allocated to his or her account, and

(iii) directions as to the means by which a Participant can give directions with respect to the tender offer.

The Administrator shall establish and pay for a means by which a Participant and Beneficiary can expeditiously deliver directions to the Trustee with respect to a tender offer. The Administrator shall transmit or cause to be transmitted to the Trustee aggregate numbers of shares to be tendered or withheld from tender representing directions of Participants and Beneficiaries. The Administrator, at its election, may engage an agent to receive directions from Participants and Beneficiaries and transmit them to the Trustee.

(c) The Trustee may establish a reasonable time, taking into account the time restrictions of the tender offer, after which it shall not accept directions of Participants or Beneficiaries.

(d) Notwithstanding the foregoing, with respect to a tender offer for the purchase or exchange of less than five percent (5%) of the outstanding shares of Common Stock, the Investment Office shall direct the Trustee with respect to the sale, exchange or transfer of the shares of Common Stock held in the Trust Fund, and the Trustee shall follow the direction of the Investment Office.

ARTICLE 10

SPECIAL PARTICIPATION AND DISTRIBUTION RULES RELATING TO REEMPLOYMENT OF TERMINATED EMPLOYEES AND EMPLOYMENT BY RELATED ENTITIES

Section 10.1 . Change of Employment Status .

If an Employee who is not a Participant becomes eligible to participate because of a change in his or her employment status, such Eligible Employee shall become a Participant as of the date of such change if either the Employee is not a member of a bargaining unit represented by IBEW Local Union 15 or the Employee has satisfied the eligibility service requirement set forth in Section 3.1; otherwise the Employee shall become a Participant in accordance with Section 3.1 following satisfaction of the eligibility service requirement.

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Section 10.2 . Reemployment of an Eligible Employee Whose Employment Terminated Prior to His or Her Becoming a Participant .

(a) If the employment of an Eligible Employee who is a member of a bargaining unit represented by IBEW Local Union 15 terminated before the Employee satisfied the eligibility service requirement set forth in Section 3.1 and such Employee is thereafter reemployed by an Employer, such Employee shall be eligible to become a Participant in accordance with Section 3.1.

(b) If the employment of an Eligible Employee who is a member of a bargaining unit represented by IBEW Local Union 15 terminated after he or she had satisfied the eligibility service requirement set forth in Section 3.1 but prior to becoming a Participant is reemployed by an Employer, he or she shall not be required to satisfy again such requirement and shall be eligible to become a Participant upon filing an application in accordance with Section 3.2 (relating to application for Before-Tax Contributions and After-Tax Contributions).

Section 10.3 . Reemployment of a Terminated Participant .

If a terminated Participant is reemployed as an Eligible Employee, the Participant shall not be required to satisfy again the eligibility service requirement set forth in Section 3.1 and shall again become a Participant upon filing an application in accordance with Section 3.2 (relating to application for Before-Tax Contributions and After-Tax Contributions).

Section 10.4 . Employment by an Affiliate .

If an individual is employed by an Affiliate that is not an Employer, then any period of such employment shall be taken into account solely for the purposes of determining whether and when such individual is eligible to participate in the Plan under Article 3 (relating to participation), when such individual has retired or otherwise terminated his or her employment for purposes of Article 8 (relating to withdrawals and distributions) to the same extent it would have been had such period of employment been as an Employee of his or her Employer.

Section 10.5 . Leased Employees .

A leased employee (as defined below) shall not be eligible to participate in the Plan. If an individual who performed services as a leased employee (as defined below) of an Employer or an Affiliate becomes an Employee, or if an Employee becomes such a leased employee, then any period during which such services were so performed shall be taken into account solely for the purposes of determining whether and when such individual is eligible to participate in the Plan under Article 3 (relating to participation) and determining when such individual has retired or otherwise terminated his or her employment for purposes of Article 8 (relating to withdrawals and distributions) to the same extent it would have been had such service been as an Employee. This Section shall not apply to any period of service during which such a leased employee was covered by a plan described in section 414(n)(5) of the Code. Any contributions or benefits provided under such plan to a leased employee by his or her leasing organization shall be treated as provided under this Plan and shall be taken into account under Section 7.4 (relating to limitation on allocations imposed by Section 415 of the Code) to the extent required under section 1.415(a)-1(f)(3) of the Regulations. For purposes of this Plan, a “leased employee” shall mean any person who is not an employee of an Employer and who pursuant to an agreement between an Employer or Affiliate has performed services for an Employer or an Affiliate on a substantially full-time basis for a period of at least one year, which services were performed under the primary direction or control of an Employer or an Affiliate.

Section 10.6 . Reemployment of Veterans .

(a) General . The provisions of this Section shall apply in the case of the reemployment by an Employer of an Eligible Employee, within the period prescribed by the Uniformed Service Employment and Reemployment Rights Act ("USERRA"), after the Employee's completion of a period of Military Service. The provisions of this Section are intended to provide such Employees with the rights required USERRA and section 414(u) of the Code, and shall be interpreted in accordance with such intent.

(b) Make Up of Before-Tax and After-Tax Contributions . Such Employee shall be entitled to make contributions under the Plan ("Make-Up Employee Contributions"), in addition to Before-Tax and After-Tax Contributions which the Employee elects to have made under the Plan pursuant to Section 4.1 (relating to Before-Tax Contributions). From time to time while employed by an Employer, such Employee may elect to contribute Make-Up Employee Contributions during the period beginning on the date of such Employee's reemployment and ending on the earlier of:

(i) the end of the period equal to the product of three and such Employee's period of Military Service, and

(ii) the fifth anniversary of the date of such reemployment.

Such Employee shall not be permitted to contribute Make-Up Employee Contributions to the Plan in excess of the amount which the Employee could have elected to have made under the Plan in the form of Before-Tax and After-Tax Contributions if the Employee had continued in employment with his or her Employer during such period of Military Service. Such Employee shall be deemed to have earned "Compensation" from his or her Employer during such period of Military Service for this purpose in the amount prescribed by sections 414(u)(2)(B) and 414(u)(7) of the Code. The manner in which an Eligible Employee may elect to contribute Make-Up Employee Contributions pursuant to this paragraph (b) shall be prescribed by the Administrator.

(c) Make Up of Employer Matching Contributions . An Eligible Employee who contributes Make-Up Employee Contributions as described in paragraph (b) shall be entitled to an allocation of Employer Matching Contributions ("Make-Up Matching Contributions") in an amount equal to the amount of Employer Matching Contributions which would have been

allocated to the Employer Matching Contributions Account of such Eligible Employee under the Plan if such Make-Up Employee Contributions had been made in the form of Before-Tax or After-Tax Contributions (as applicable) during the period of such Employee's Military Service. The amounts necessary to make such allocation of Make-Up Matching Contributions shall be derived from any forfeitures not yet applied towards Employer Matching Contributions for the Plan Year in which the Make-Up Employee Contributions are made, and if such forfeitures are not sufficient for this purpose, then the Eligible Employee's Employer shall make a special contributions which shall be utilized solely for purposes of such allocation.

(d) Make Up of Fixed Employer Contributions for Certain Participants . An Eligible Employee described in paragraph (a) above who prior to his or her Military Service, was eligible to receive a Fixed Employer Contribution pursuant to Section 4.4 shall be entitled to an allocation of the Fixed Employer Contributions ("Make-Up Fixed Contributions") in an amount equal to the amount of Fixed Employer Contributions which would have been allocated to the Fixed Employer Contribution Account of such Eligible Employee under the Plan during the period of such Employee's Military Service. For purposes of determining the Make-Up Fixed Contributions, such Employee shall be deemed to have earned "Compensation" from his or her Employer during such period of Military Service for this purpose in the amount prescribed by sections 414(u)(2)(B) and 414(u)(7) of the Code. The amounts necessary to make such allocation of Fixed Employer Contributions shall be derived from any forfeitures not yet applied towards Fixed Employer Contributions or Employer Matching Contributions for the Plan Year in which the Make-Up Fixed Employer Contributions are made, and if such forfeitures are not sufficient for this purpose, then the Eligible Employee's Employer shall make a special contributions which shall be utilized solely for purposes of such allocation.

(e) Application of Limitations and Nondiscrimination Rules . Any contributions made by an Eligible Employee or an Employer pursuant to this Section on account of a period of Military Service in a prior Plan Year shall not be subject to the limitations prescribed by Sections 4.2, 4.5 and 7.4 of the Plan (relating to sections 402(g), 404 and 415 of the Code) for the Plan Year in which such contributions are made. The Plan shall not be treated as failing to satisfy the nondiscrimination rules of Section 4.5 of the Plan (relating to limitations on contributions for highly compensated Eligible Employees) for any Plan Year solely on account of any make up contributions made by an Eligible Employee or an Employer pursuant to this Section 10.6.

ARTICLE 11

ADMINISTRATION

Section 11.1 . The Administrator, the Investment Office and the Corporate Investment Committee .

(a) The Administrator . The Company acting through its Director, Employee Benefit Plans & Programs, or such other person or committee appointed by the Chief Human Resources Officer from time to time (such director or other person or committee, the "Administrator"), shall be the "administrator" of the Plan, within the meaning of such term as used in ERISA. In addition, the Administrator shall be the "named fiduciary" of the Plan, within the meaning of such term as used in ERISA, solely with respect to administrative matters involving the Plan and not with respect to any investment of the Plan's assets. The Administrator shall have the following duties, responsibilities and rights:

(i) The Administrator shall have the duty and discretionary authority to interpret and construe the Plan in regard to all questions of eligibility, the status and rights of Participants, distributees and other persons under the Plan, and the manner, time, and amount of payment of any distribution under the Plan. Benefits under the Plan shall be paid to a Participant or Beneficiary only if the Administrator, in its discretion, determines that such person is entitled to benefits.

(ii) The Administrator shall direct the Trustee to make payments of amounts to be distributed from the Trust under Article 8 (relating to withdrawals and distributions).

(iii) The Administrator shall supervise the collection of Participants' contributions made pursuant to Article 5 (relating to Employee contributions) and the delivery of such contributions to the Trustee.

(iv) The Administrator shall have all powers and responsibilities necessary to administer the Plan, except those powers that are specifically vested in the Investment Office, the Corporate Investment Committee or the Trustee.

(v) Each Employer shall, from time to time, upon request of the Administrator, furnish to the Administrator such data and information as the Administrator shall require in the performance of its duties.

(vi) The Administrator may require a Participant or Beneficiary to complete and file certain applications or forms approved by the Administrator and to furnish such information requested by the Administrator. The Administrator and the Plan may rely upon all such information so furnished to the Administrator.

(vii) The Administrator shall be the Plan's agent for service of legal process and forward all necessary communications to the Trustee.

(b) Removal of Administrator . The Chief Human Resources Officer shall have the right at any time, with or without cause, to remove the Administrator (including any member of a committee that constitutes the Administrator). The Administrator may resign and the resignation shall be effective upon delivery of the written resignation to the Chief Human Resources Officer or upon the Administrator's termination of employment with the Employers. Upon the resignation, removal or failure or inability for any reason of the Administrator to act hereunder, the Chief Human Resources Officer shall appoint a successor. Any successor Administrator shall have all the rights, privileges and duties of the predecessor, but shall not be held accountable for the acts of the predecessor. None of the Company, any officer, employee or member of the board of directors of the Company who is not the Chief Human Resources Officer, nor any other person shall have any responsibility regarding the retention or removal of the Administrator.

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(c) The Investment Office . The Investment Office, shall be the "named fiduciary" of the Plan, within the meaning of such term as used in ERISA, solely with respect to matters involving the investment of assets of the Plan and, any contrary provision of the Plan notwithstanding, in all events subject to the limitations contained in Sections 404(a)(2) and 404(c) of ERISA and the terms of the Plan, and all other applicable limitations. The Investment Office shall have the following duties, responsibilities and rights:

(i) The Investment Office shall be the "named fiduciary" for purposes of designating the investment funds under Section 6.2 and for purposes of appointing one or more investment managers as described in ERISA.

(ii) The Investment Office shall be solely responsible for all matters involving investment of the Employer Stock Fund described in Section 6.2 and no other person shall have any responsibility with respect to investment of such fund; provided, however, that the Investment Office has appointed an independent investment manager under section 3(38) of ERISA to manage the investment of the Common Stock in the Employer Stock Fund and such investment manager (rather than the Investment Office) shall be solely responsible for any and all investment decisions relating thereto.

(iii) Each Employer shall, from time to time, upon request of the Investment Office, furnish to the Investment Office such data and information as the Investment Office shall require in the performance of its duties.

(d) The Corporate Investment Committee . The Company acting through the Corporate Investment Committee shall be responsible for overall monitoring of the performance of the Investment Office. The Corporate Investment Committee and the Company's Chief Investment Officer shall have the right at any time, with or without cause, to remove one or more employees of the Exelon Investment Office or to appoint another person or committee to act as Investment Office. Any successor Investment Office employee shall have all the rights, privileges and duties of the predecessor, but shall not be held accountable for the acts of the predecessor. The power and authority of the Corporate Investment Committee with respect to the Plan shall be limited

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solely to the monitoring and removal of the employees of the Investment Office and the Corporate Investment Committee shall have no other duties or responsibilities with respect to the Plan. None of the Company, any officer, employee or member of the board of directors who is not a member of the Corporate Investment Committee, nor any other person shall have any responsibility regarding the appointment or removal of the employees of Investment Office.

(e) Status of Administrator, the Investment Office and the Corporate Investment Committee . The Administrator, any person acting as, or on behalf of, the Investment Office, and any member of the Corporate Investment Committee may, but need not, be an Employee, trustee or officer of an Employer and such status shall not disqualify such person from taking any action hereunder or render such person accountable for any distribution or other material advantage received by him or her under this Plan, provided that no Administrator, person acting as, or on behalf of, the Investment Office, or any member of the Corporate Investment Committee who is a Participant shall take part in any action of the Administrator or the Investment Office on any matter involving solely his or her rights under this Plan.

(f) Notice to Trustee of Members . The Trustee shall be notified as to the names of the Administrator and the person or persons authorized to act on behalf of the Investment Office.

(g) Allocation of Responsibilities . Each of the Administrator, the Investment Office and the Corporate Investment Committee may allocate their respective responsibilities and may designate any person, persons, partnership or corporation to carry out any of such responsibilities with respect to the Plan. Any such allocation or designation shall be reduced to writing and such writing shall be kept with the records of the Plan.

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(h) General Governance . The Corporate Investment Committee shall elect one of its members as chairman and appoint a secretary, who may or may not be a member of such Committee. All decisions of the Corporate Investment Committee shall be made by the majority, including actions taken by written consent. The Administrator, the Investment Office and the Corporate Investment Committee may adopt such rules and procedures as it deems desirable for the conduct of its affairs, provided that any such rules and procedures shall be consistent with the provisions of the Plan.

(i) Indemnification . The Employers hereby jointly and severally indemnify the Administrator, the persons employed in the Exelon Investment Office, the members of the Corporate Investment Committee, the Chief Human Resources Officer, and the directors, officers and employees of the Employers and each of them, from the effects and consequences of their acts, omissions and conduct in their official capacity with respect to the Plan (including but not limited to judgments, attorney fees and costs with respect to any and all related claims, subject to the Company's notice of and right to direct any litigation, select any counsel or advisor, and approve any settlement), except to the extent that such effects and consequences result from their own willful misconduct. The foregoing indemnification shall be in addition to (and secondary to) such other rights such persons may enjoy as a matter of law or by reason of insurance coverage of any kind.

(j) No Compensation . None of the Administrator, any person employed in the Exelon Investment Office nor any member of the Corporate Investment Committee may receive any compensation or fee from the Plan for services as the Administrator, the Investment Office or a member of the Corporate Investment Committee; provided, however that nothing contained herein shall preclude the Plan from reimbursing the Company or any Employer for compensation paid to any such person if such compensation constitutes "direct expenses" for purposes of ERISA. The Employers shall reimburse the Administrator, the persons employed in the Exelon Investment Office and the members of the Corporate Investment Committee for any reasonable expenditures incurred in the discharge of their duties hereunder.

(k) Employ of Counsel and Agents . The Administrator, the Investment Office and the Corporate Investment Committee may employ such counsel (who may be counsel for an Employer) and agents and may arrange for such clerical and other services as each may require in carrying out its respective duties under the Plan.

Section 11.2 . Claims Procedure .

Any Participant or distributee who believes he or she is entitled to benefits in an amount greater than those which he or she is receiving or has received may file a claim with the Administrator. Such a claim shall be in writing and state the nature of the claim, the facts supporting the claim, the amount claimed, and the address of the claimant. The Administrator shall review the claim and, unless special circumstances require an extension of time, within 90 days after receipt of the claim, give notice to the claimant, either in writing by registered or certified mail or in an electronic notification, of the Administrator's decision with respect to the claim. Any electronic notice delivered to the claimant shall comply with the standards imposed by applicable Regulations. If the Administrator determines that special circumstances require an extension of time for processing the claim, the claimant shall be so advised in writing within the initial 90-day period and in no event shall such an extension exceed 90 days. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Administrator expects to render the benefit determination. The notice of the decision of the Administrator with respect to the claim shall be written in a manner calculated to be understood by the claimant and, if the claim is wholly or partially denied, the Administrator shall notify the claimant of the adverse benefit determination and shall set forth the specific reasons for the adverse determination, the references to the specific Plan provisions on which the determination is based, a description of any additional material or information necessary for the claimant to perfect the claim, an explanation of why such material or information is necessary, and a description of

the claim review procedure under the Plan and the time limits applicable to such procedures, including a statement of the claimant's right (subject to the limitations described in Sections 14.10 through 14.12) to bring a civil action under Section 502 of ERISA following an adverse benefit determination on review. The Administrator shall also advise the claimant that the claimant or the claimant's duly authorized representative may request a review by the by the Vice President, Health & Benefits (or such other officer designated from time to time by the Chief Human Resources Officer) of the adverse benefit determination by filing with such officer, within 60 days after receipt of a notification of an adverse benefit determination, a written request for such review. The claimant shall be informed that, within the same 60-day period, he or she (a) may be provided, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the claimant's claim for benefits and (b) may submit to such officer written comments, documents, records and other information relating to the claim for benefits. If a request is so filed, review of the adverse benefit determination shall be made by such officer within, unless special circumstances require an extension of time, 60 days after receipt of such request, and the claimant shall be given written notice of the officer's final decision. If the reviewing officer determines that special circumstances require an extension of time for processing the claim, the claimant shall be so advised in writing within the initial 60-day period and in no event shall such an extension exceed 60 days. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the officer expects to render the determination on review. The review of the officer shall take into account all comments, documents, records and other information submitted by the claimant relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination. The notice of the final decision shall include specific reasons for the determination and references to the specific Plan provisions on which the determination is based and shall be written in a manner calculated to be understood by the claimant.

Section 11.3 . Procedures for Domestic Relations Orders .

If the Administrator receives any written judgment, decree or order (including approval of a property settlement agreement) pursuant to domestic relations or community property laws of any state relating to the provision of child support, alimony or marital property rights of a Spouse, former Spouse, child or other dependent of a Participant and purporting to provide for the payment of all or a portion of the Participant's benefit under the Plan to or on behalf of one or more of such persons (such judgment, decree or order being hereinafter called a "domestic relations order"), the Administrator shall promptly notify the Participant and each other payee specified in such domestic relations order of its receipt and of the following procedures. After receipt of a domestic relations order, the Administrator shall determine whether such order constitutes a "qualified domestic relations order," as defined in paragraph (b) Section 14.2 (relating to exception for qualified domestic relations orders), and shall notify the Participant and each payee named in such order in writing of its determination. Such notice shall be written in a manner calculated to be understood by the parties and shall set forth specific reasons for the Administrator's determination, and shall contain an explanation of the review procedure under the Plan. The Administrator shall also advise each party that the party or his or her duly authorized representative may request a review by the Vice President, Health & Benefits (or such other officer designated from time to time by the Chief Human Resources Officer) of the Administrator's determination by filing a written request for such review. The Administrator shall give each party affected by such request notice of such request for review. Each party also shall be informed that he or she may have reasonable access to pertinent documents and submit comments in writing to such officer in connection with such request for review. Each party shall

be given written notice of the officer's final determination, which notice shall be written in a manner calculated to be understood by the parties and shall include specific reasons for such final determination. Any amounts subject to a domestic relations order which would be payable to the alternate payee prior to the determination that such order is a qualified domestic relations order shall be separately accounted for and not distributed prior to such determination. If within a reasonable time after receipt of written evidence of such order it is determined that such domestic order constitutes a qualified domestic relations order, the amounts so separately accounted for (plus any interest thereon) shall be paid to the alternate payee. If within such reasonable period of time it is determined that such order does not constitute a qualified domestic relations order, the amounts so separately accounted for (plus any interest thereon) shall be paid to such other persons, if any, entitled to such amounts at such time. Prior to the issuance of regulations, the Administrator shall establish the time periods in which the Administrator's determination, a request for review thereof and the review by the Administrator shall be made, provided that the total of such time periods shall not be longer than 18 months from the date written evidence of a domestic relations order is received by the Administrator.

The duties of the Administrator under this Section 11.3 may be delegated by the Administrator to one or more persons other than the Administrator.

Section 11.4 . Notices to Participants, Etc .

All notices, reports and statements given, made, delivered or transmitted to a Participant or distributee or any other person entitled to or claiming benefits under the Plan shall be deemed to have been duly given, made or transmitted when mailed by first class mail with postage prepaid and addressed to the Participant or distributee or such other person at the address last appearing on the records of the Administrator. A Participant or distributee or other person may record any change of his or her address from time to time by written notice filed with the Administrator.

Section 11.5 . Notices to Administrator .

Written directions, notices and other communications from Participants or distributees or any other person entitled to or claiming benefits under the Plan to the Administrator shall be deemed to have been duly given, made or transmitted either when delivered to such location as shall be specified upon the forms prescribed by the Administrator for the giving of such directions, notices and other communications or when mailed by first class mail with postage prepaid and addressed to the addressee at the address specified upon such forms.

Section 11.6 . Records .

Each of the Administrator and the Investment Office shall keep a record of all of their respective proceedings, if any, and shall keep or cause to be kept all books of account, records and other data as may be necessary or advisable in their respective judgment for the administration of the Plan or the administration of the investments of the Plan.

Section 11.7 . Reports of Trustee and Accounting to Participants .

The Administrator shall keep on file, in such form as it shall deem convenient and proper, all reports concerning the Trust Fund received by it from the Trustee, and the Administrator will, as soon as practicable after the last day of each quarter of each Plan Year furnish each Participant and Beneficiary with a statement reflecting the condition of his or her accounts as of that date.

Section 11.8 . Electronic Media .

Notwithstanding any provision of the Plan to the contrary and for all purposes of the Plan, to the extent permitted by the Administrator and any applicable law or Regulation, the use of electronic technologies shall be deemed to satisfy any written notice, consent, delivery, signature, disclosure or recordkeeping requirement under the Plan, the Code or ERISA to the extent permitted by or consistent with applicable law and Regulations. Any transmittal by electronic technology shall be deemed delivered when successfully sent to the recipient, or such other time specified by the Administrator.

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ARTICLE 12

PARTICIPATION BY OTHER EMPLOYERS

Section 12.1 . Adoption of Plan .

With the consent of the Company, any entity may become a participating Employer under the Plan by (a) taking such action as shall be necessary to adopt the Plan and (b) executing and delivering such instruments and taking such other action as may be necessary or desirable to put the Plan into effect with respect to such entity.

Section 12.2 . Withdrawal from Participation .

Any Employer shall terminate its participation in the Plan at any time, under such circumstances as the Company may provide, by delivering to the Company a duly certified copy of a resolution of its board of directors (or other governing body) to that effect, or by ceasing to be a member of the same controlled group as the Company (within the meaning of section 1563(a) of the Code).

Section 12.3 . Company as Agent for Employers .

Each entity that becomes a participating Employer pursuant to Section 12.1 (relating to adoption of Plan) or Article 13 (relating to continuance by a successor) by so doing shall be deemed to have appointed the Company its agent to exercise on its behalf all of the powers and authorities hereby conferred upon the Company by the terms of the Plan, including, but not by way of limitation, the power to amend and terminate the Plan. The authority of the Company to act as such agent shall continue unless and until the portion of the Trust Fund held for the benefit of Employees of the particular Employer and their Beneficiaries is set aside in a separate Trust Fund as provided in Section 16.2 (relating to establishment of separate trust).

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ARTICLE 13

CONTINUANCE BY A SUCCESSOR

In the event that the Employer is reorganized by way of merger, consolidation, transfer of assets or otherwise, so that another entity succeeds to all or substantially all of the Employer's business, such successor entity may be substituted for the Employer under the Plan by adopting the Plan and becoming a party to the Trust agreement. Contributions by the Employer shall be automatically suspended from the effective date of any such reorganization until the date upon which the substitution of such successor entity for the Employer under the Plan becomes effective. If, within 90 days following the effective date of any such reorganization, such successor entity shall not have elected to become a party to the Plan, or if the Employer adopts a plan of complete liquidation other than in connection with a reorganization, the Plan shall be automatically terminated with respect to Employees of such Employer as of the close of business on the 90th day following the effective date of such reorganization or as of the close of business on the date of adoption of such plan of complete liquidation, as the case may be, and the Administrator shall direct the Trustee to distribute the portion of the Trust Fund applicable to such Employer in the manner provided in Article 16 (relating to establishment of separate plan and termination).

If such successor entity is substituted for an Employer by electing to become a party to the Plan as described above, then, for all purposes of the Plan, employment of such Employee with such Employer, including service with and compensation paid by such Employer, shall be considered to be employment with an Employer.

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ARTICLE 14

MISCELLANEOUS

Section 14.1 . Expenses .

Except as provided in the last sentence of Section 6.2 (relating to expenses of investments for an investment fund), all costs and expenses incurred in administering the Plan and the Trust, including, but not limited to, “direct expenses” incurred in administering the Plan and the Trust (including compensation paid to any employee of an Employer or an Affiliate who is engaged in the administration of the Plan or the Trust), the expenses of the Administrator and the Investment Office, the fees of counsel and any agents for the Administrator and the Investment Office, the fees and expenses of the Trustee, the fees of counsel for the Trustee and other administrative expenses shall, to the extent permitted by law, be paid from the Trust Fund (and may be deducted from Participants’ accounts); provided, that any such expenses not paid from the Trust Fund shall be paid by the Employers. Notwithstanding the foregoing, the Administrator may authorize an Employer to pay any expenses, and the Employer shall be reimbursed from the Trust Fund for such payments. The Administrator, in its discretion, having regard to the nature of a particular expense, shall determine the portion of the expense that is to be borne by each Employer.

Section 14.2 . Non-Assignability .

(a) In general . It is a condition of the Plan, and all rights of each Participant and Beneficiary shall be subject thereto, that no right or interest of any Participant or Beneficiary in the Plan shall be assignable or transferable in whole or in part, either directly or by operation of law or otherwise, including, but not by way of limitation, execution, levy, garnishment, attachment, pledge or bankruptcy, but excluding devolution by death or mental incompetency, and no right or interest of any Participant or Beneficiary in the Plan shall be liable for, or subject to, any obligation or liability of such Participant or Beneficiary, including claims for alimony or the support of any Spouse, except as provided below.

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(b) Exception for Qualified Domestic Relations Orders . Notwithstanding any provision of the Plan to the contrary, if a Participant's account balance under the Plan, or any portion thereof, is the subject of one or more qualified domestic relations orders, as defined below, such account balance or portion thereof shall be paid to the person and at the time and in the manner specified in any such order. For purposes of this paragraph (b), "qualified domestic relations order" shall mean any "domestic relations order" as defined in Section 11.3 (relating to procedures for domestic relations orders) that creates (or recognizes the existence of) or assigns to a person other than the Participant (an "alternate payee") rights to all or a portion of the Participant's account balance under the Plan, and:

(A) clearly specifies

(i) the name and last known mailing address (if any) of the Participant and each alternate payee covered by such order,

(ii) the amount or percentage of this Participant's benefits to be paid by the Plan to each such alternate payee, or the manner in which such amount or percentage is to be determined,

(iii) the number of payments to, or period of time for which, such order applies, and

(iv) each plan to which such order applies;

(B) does not require

(i) the Plan to provide any type or form of benefit or any option not otherwise provided under the Plan at the time such order is issued,

(ii) the Plan to provide increased benefits (determined on the basis of actuarial equivalence), and

(iii) the payment of benefits to an alternate payee that at the time such order is issued already are required to be paid to a different alternate payee under a prior qualified domestic relations order; and

(C) does not require the commencement of payment of benefits to any alternate payee before the earlier of (I) the date on which the Participant is entitled to a distribution under the Plan and (II) the date the Participant attains age 50, except that the order may require the commencement of payment of benefits as soon as administratively practicable after the date such order is determined by the Administrator to be a "qualified domestic relations order";

all as determined by the Administrator pursuant to the procedures contained in Section 11.3 (relating to procedures for domestic relations orders). Any amounts subject to a domestic relations order prior to determination of its status as a qualified domestic relations order that but for such order would be paid to the Participant shall be segregated in a separate account or an escrow account pending such determination. If within the reasonable time period beginning with the date on which the first payment would be required to be made under a domestic relations order the Administrator determines that the domestic relations order constitutes a qualified domestic relations order, the amount so segregated (plus any interest thereof) shall be paid to the alternate payee. If such determination is not made within such reasonable time period, then the amount so segregated (plus any interest thereon), shall, as soon as practicable after the end of such reasonable time period, be paid to the Participant. Any determination regarding the status of such order after such reasonable time period shall be applied only to payments on or after the date of such determination.

Section 14.3 . Employment Non-Contractual .

The Plan confers no right upon an Employee to continue in employment.

Section 14.4 . Limitation of Rights .

A Participant or distributee shall have no right, title or claim in or to any specific asset of the Trust Fund, but shall have the right only to distributions from the Trust Fund on the terms and conditions herein provided.

Section 14.5 . Merger or Consolidation with Another Plan .

A merger or consolidation with, or transfer of assets or liabilities to, any other plan shall not be effected unless the terms of such merger, consolidation or transfer are such that each Participant, distributee, Beneficiary or other person entitled to receive benefits from the Plan would, if the Plan were to terminate immediately after the merger, consolidation or transfer, receive a benefit equal to or greater than the benefit such person would be entitled to receive if the Plan were to terminate immediately before the merger, consolidation, or transfer.

Section 14.6 . Gender and Plurals .

Wherever used in the Plan, words in the masculine gender shall include masculine or feminine gender, and, unless the context otherwise requires, words in the singular shall include the plural, and words in the plural shall include the singular.

Section 14.7 . Applicable Law .

Except to the extent preempted by applicable federal law or otherwise provided under the terms of the Plan, the Plan and all rights hereunder shall be governed by and construed in accordance with the laws of the State of Illinois.

Section 14.8 . Severability .

If a provision of the Plan shall be held illegal or invalid, the illegality or invalidity shall not affect the remaining parts of the Plan and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included in the Plan.

Section 14.9 . No Guarantee .

Neither the Administrator or the Investment Office, the Employer, nor the Trustee in any way guarantees the Trust from loss or depreciation nor the payment of any money that may be or become due to any person from the Trust Fund. Nothing herein contained shall be deemed to give any Participant, distributee, or Beneficiary an interest in any specific part of the Trust Fund or any other interest except the right to receive benefits out of the Trust Fund in accordance with the provisions of the Plan and the Trust Fund.

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Section 14.10 . Statute of Limitations for Actions under the Plan .

Except for actions to which the statute of limitations prescribed by Section 413 of ERISA applies, (a) no legal or equitable action relating to a claim for benefits under Section 502 of ERISA may be commenced later than one year after the claimant receives a final decision from the Company's Vice President, Health & Benefits (or such other officer designated from time to time by the Chief Human Resources Officer) in response to the claimant's request for review of the adverse benefit determination and (b) no other legal or equitable action involving the Plan may be commenced later than two years from the time the person bringing an action knew, or had reason to know, of the circumstances giving rise to the action. This provision shall not be interpreted to extend any otherwise applicable statute of limitations, nor to bar the Plan or its fiduciaries from recovering overpayments of benefits or other amounts incorrectly paid to any person under the Plan at any time or bringing any legal or equitable action against any party.

Section 14.11 . Forum for Legal Actions under the Plan .

Any legal action involving the Plan that is brought by any Participant, any Beneficiary or any other person shall be litigated in the federal courts located in the Northern District of Illinois, the Eastern District of Pennsylvania or District of Maryland, whichever is most convenient, and no other federal or state court; provided, however, that any such action brought or purporting to be brought in a representative capacity (including, without limitation, actions that at any time seek or attain class certification and actions brought pursuant to section 502 of ERISA) shall be litigated exclusively in the federal courts located in the Northern District of Illinois in Chicago.

Section 14.12 . Legal Fees .

Any award of legal fees in connection with an action involving the Plan shall be calculated pursuant to a method that results in the lowest amount of fees being paid, which amount shall be no more than the amount that is reasonable. In no event shall legal fees be awarded for work related to (a) administrative proceedings under the Plan, (b) unsuccessful claims brought by a Participant, Beneficiary or any other person, or (c) actions that are not brought under ERISA. In calculating any award of legal fees, there shall be no enhancement for the risk of contingency, nonpayment or any other risk nor shall there be applied a contingency multiplier or any other multiplier. In any action brought by a Participant, Beneficiary or any other person against the Plan, the Administrator, the Investment Office, the Vice President, Health & Benefits, any Plan fiduciary, the Chief Human Resources Officer, the Company, its affiliates or their respective officers, directors, employees, or agents (the "Plan Parties"), legal fees of the Plan Parties in connection with such action shall be paid by the Participant, Beneficiary or other person bringing the action, unless the court specifically finds that there was a reasonable basis for the action.

ARTICLE 15

TOP-HEAVY PLAN REQUIREMENTS

Section 15.1 . Top-Heavy Plan Determination .

If as of the determination date (as defined in Section 15.2) for any Plan Year (a) the sum of the account balances under the Plan and all other defined contribution plans in the aggregation group (as defined in Section 15.2) and (b) the present value of accrued benefits under all defined benefit plans in such aggregation group of all Participants in such plans who are key employees (as defined in Section 15.2) for such Plan Year exceeds 60 percent of the aggregate of the account balances and present value of accrued benefits of all participants in such plans as of the

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determination date (as defined in Section 15.2), then this Plan shall be a top-heavy plan for such Plan Year, and the requirements of Sections 15.3 (relating to minimum contribution for top-heavy years) shall be applicable for such Plan Year as of the first day thereof. If the Plan shall be a top-heavy plan for any Plan Year and not be a top-heavy plan for any subsequent Plan Year, the requirements of this Article shall not be applicable for such subsequent Plan Year.

Section 15.2 . Definitions and Special Rules .

(a) Definitions . For purposes of this Article, the following definitions shall apply:

(1) Determination Date . The determination date for all plans in the aggregation group shall be the last day of the preceding Plan Year, and the valuation date applicable to a determination date shall be (i) in the case of a defined contribution plan, the date as of which account balances are determined which is coincident with or immediately precedes the determination date, and (ii) in the case of a defined benefit plan, the date as of which the most recent actuarial valuation for the Plan Year that includes the determination date is prepared, except that if any such plan specifies a different determination or valuation date, such different date shall be used with respect to such plan.

(2) Aggregation Group . The aggregation group shall consist of (a) each plan of an Employer in which a key Employee is a participant, (b) each other plan that enables such a plan to be qualified under section 401(a) of the Code, and (c) any other plans of an Employer that the Company designates as part of the aggregation group and that shall permit the aggregation group to continue to meet the requirements of sections 401(a) and 410 of the Code with such other plan being taken into account.

(3) Key Employee . Key Employee shall have the meaning set forth in section 416(i) of the Code.

(4) Compensation . Compensation shall have the meaning set forth in section 1.415(c)-2(d)(4) of the Regulations.

(b) Special Rules . For the purpose of determining the accrued benefit or account balance of a Participant, the accrued benefit or account balance of any person who has not performed services for an employer at any time during the 1-year period ending on the determination date shall not be taken into account pursuant to this Section. Any person who received a distribution from a plan (including a plan that has terminated) in the aggregation group

during the 1-year period ending on the last day of the preceding Plan Year shall be treated as a Participant in such plan, and any such distribution shall be included in such Participant's account balance or accrued benefit, except that in the case of any distribution made for a reason other than separation from service, death or disability, this sentence shall be applied by substituting "5-year period" for the "1-year period" stated herein.

Section 15.3 . Minimum Contribution for Top-Heavy Years .

Notwithstanding any provision of the Plan to the contrary, the sum of the Employer contributions under Article 4 (other than Before-Tax Contributions described in Section 4.1) allocated to the account of each Participant (other than a key Employee) during any Plan Year and the forfeitures allocated to the account of such Participant (other than a key Employee) during any Plan Year for which the Plan is a top-heavy plan shall in no event be less than the lesser of (i) 3% of such Participant's compensation during such Plan Year and (ii) the highest percentage at which contributions are made on behalf of any key Employee for such Plan Year. Notwithstanding the preceding sentence, if the percentage determined pursuant to clause (ii) of the preceding sentence is less than 3%, such percentage shall be recalculated by including Before-Tax Contributions made on behalf of key employees. Such minimum contribution shall be made even if, under other provisions of the Plan, the Participant would not otherwise be entitled to receive an allocation or would receive a lesser allocation for the year because of (i) the Participant's failure to complete 1,000 Hours of Service, or (ii) compensation of less than a stated amount. If, during any Plan Year for which this Section 15.3 is applicable, a defined benefit plan is included in the aggregation group and such defined benefit plan is a top-heavy plan for such Plan Year, the percentage set forth in clause (i) of the first sentence of this Section shall be 5%. The percentage referred to in clause (ii) of the first sentence of this Section shall be obtained by dividing the aggregate of contributions made pursuant to Article 4 and pursuant to any other defined contribution plan that

is required to be included in the aggregation group (other than a defined contribution plan that enables a defined benefit plan that is required to be included in such group to be qualified under section 401(a) of the Code) during the Plan Year on behalf of such key Employee by such key Employee's compensation for the Plan Year. Notwithstanding the above, the provisions of this Section 15.3 shall not apply for any Plan Year with respect to an Eligible Employee who has accrued the defined benefit minimum provided under section 416 of the Code under a qualified defined benefit plan maintained by an Employer or Affiliate.

ARTICLE 16

AMENDMENT, ESTABLISHMENT OF SEPARATE PLAN AND TERMINATION

Section 16.1 . Amendment .

The Company may at any time and from time to time amend or modify the Plan by resolution of the Board of Directors of the Company or the Compensation Committee thereof; provided , however, that in the case of any amendment or modification that would not result in an aggregate annual cost to the Company of more than $50,000,000, the Plan may be amended or modified by action of the Chief Human Resources Officer (with the consent of the Chief Executive Officer in the case of a discretionary amendment or modification expected to result in an increase in annual expense or liability exceeding $250,000) or another executive officer holding title of equivalent or greater responsibility.

Section 16.2 . Establishment of Separate Plan .

If an Employer withdraws from the Plan under Section 12.2 (relating to withdrawal from participation), the Administrator may determine the portion of the Trust Fund held by the Trustee that is applicable to the Participants and former Participants of such Employer and direct the Trustee to segregate such portion in a separate Trust Fund. Such separate Trust Fund shall thereafter be held and administered as a part of the separate plan of such Employer.

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The portion of the Trust Fund applicable to the Participants and former Participants of a particular Employer shall be the sum of:

(a) the total amount credited to all accounts that are applicable to the Participants and former Participants of such Employer and

(b) an amount that bears the same ratio to the excess, if any, of

(i) the total value of the Trust Fund over

(ii) the total amount credited to all accounts

as the total amount credited to the accounts that are applicable to the Participants of such Employer bears to the total amount credited to such accounts of all Participants.

Section 16.3 . Termination and Distributions upon Termination of the Plan .

The Company has established the Plan with the bona fide intention and expectation that contributions will be continued indefinitely, but the Company will not have any obligation or liability whatsoever to maintain the Plan for any given length of time and may terminate the Plan at any time by resolution of the Board of Directors or the Compensation Committee thereof, to that effect, without any liability whatsoever for any such termination. Notwithstanding the preceding sentence, the Plan shall not be terminated in respect of Eligible Employees who are members of a bargaining unit represented by IBEW Local Union 15 if such termination is inconsistent with the portion of the collective bargaining agreement then in effect between the Employer of such Eligible Employees and IBEW Local Union 15 concerning the Plan. The Plan will be deemed terminated: (a) if and when the Company is judicially declared bankrupt, or (b) upon dissolution of the Company.

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Upon termination of the Plan by the Company or withdrawal from participation in the Plan by any Employer pursuant to Section 12.2 (relating to withdrawal from participation) or the partial termination of the Plan with respect to a group of Employees or complete discontinuance of contributions hereunder, distributions shall be made to each affected Participant or other persons entitled to distributions pursuant to Article 8 (relating to withdrawals and distributions). If the entire Plan is terminating, upon the completion of distribution to all Participants, the Trust will terminate, the Trustee will be relieved from all liability under the Trust, and no Participant or other person will have any claims thereunder, except as required by applicable law.

Notwithstanding the preceding paragraph, no distribution shall be made to any Participant (i) until he or she attains age 59 $^{1}/_{2}$ except as otherwise provided in Section 8.3 (relating to distributions upon termination of employment) or (ii) if a successor plan, as defined in Regulations, is established or maintained by the Participant's Employer.

To the extent that no discrimination in value results, any distribution after termination or partial termination of the Plan may be made, in whole or in part, in cash, in securities or other assets in kind, or in non-transferable annuity contracts, as the Administrator (in its discretion) may determine. All non-cash distributions shall be valued at fair market value at date of distribution.

If the Internal Revenue Service refuses to issue an initial, favorable determination letter that the Plan and Trust Fund as adopted by an Employer meet the requirements of section 401(a) of the Code and that the Trust Fund is exempt from tax under section 501(a) of the Code, the Employer may terminate its participation in the Plan and shall direct the Trustee to pay and deliver the portion of the Trust Fund applicable to the Participants of such Employer, determined pursuant to Section 16.2 (relating to establishment of separate plan) to such Employer and such Employer shall pay to Participants or their beneficiaries the part of such Employer's portion of the Trust Fund as is attributable to contributions made by Participants.

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Notwithstanding any provision of this Plan to the contrary, no distribution shall be made pursuant to this Section 16.3 (relating to termination and distribution upon termination of the Plan) solely due to the termination of this Plan if, within the meaning of applicable Regulations, the employer establishes or maintains an alternative defined contribution plan.

Section 16.4 . Trust Fund to Be Applied Exclusively for Participants and Their Beneficiaries .

Subject only to the provisions of Section 4.6 (relating to the limitation on Employer contributions), 7.4 (relating to limitations on allocations imposed by section 415 of the Code) and 16.3 (relating to termination and distributions upon termination of the Plan), and any other provision of the Plan to the contrary notwithstanding, it shall be impossible for any part of the Trust Fund to be used for or diverted to any purpose not for the exclusive benefit of Participants and their Beneficiaries either by operation or termination of the Plan, power of amendment or other means.

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IN WITNESS WHEREOF, the Company has caused this instrument to be executed by its duly authorized officer on this 18th day of December, 2015.

EXELON CORPORATION

By: /s/ Amy E. Best

Amy E. Best
Senior Vice President and
Chief Human Resources Officer

SUPPLEMENT I

Transfers from Other Plans

With the consent of the Administrator, whenever a participant in any other qualified savings or profit sharing plan maintained for employees of an entity any of whose assets or stock are acquired by an Employer (the "Other Plan") becomes a Participant in this Plan, then such Participant's interest in the Other Plan may be transferred to the Trustee of this Plan and credited to administrative subaccounts to be held, invested, reinvested and distributed pursuant to the terms of the Plan and the Trust and, as of the date of the transfer of any such Participant's interest in the Other Plan,

(a) there shall be credited to the Before-Tax Contributions Account of such Participant that portion of his interest in the Other Plan which is transferred to the Trustee and which represents the Participant's salary reduction contributions, if any, made to the Other Plan on behalf of the Participant,

(b) there shall be credited to the After-Tax Account of such Participant that portion of his interest in the Other Plan which is transferred to the Trustee and which represents the Participant's after-tax contributions, if any, made to the Other Plan,

(c) there shall be credited to the Employer Matching Contributions Account of such Participant that portion of his interest in the Other Plan which is transferred to the Trustee and which represents the matching contributions and other employer contributions, if any, made to the Other Plan on behalf of the Participant, and

(d) there shall be credited to the Rollover Account of such Participant that portion of his interest in the Other Plan which is transferred to the Trustee and which represents the Participant's rollover contributions, if any, to the Other Plan.

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Any amounts credited to a Participant's Before-Tax Contributions Account, After-Tax Contributions Account, Employer Matching Contributions Account and Rollover Account shall be credited to the administrative subaccounts in accordance with such Participant's investment direction in effect as of the date of such transfer. Any salary reduction contributions credited to the Before-Tax Contributions Account that are designated Roth contributions within the meaning of section 402A of the Code shall be maintained in a manner that satisfies the separate accounting requirement, and any Regulations or other requirements promulgated, under section 402A of the Code. Any special provisions applicable to amounts transferred to the Trustee from any Other Plan shall be set forth in an Exhibit hereto.

SUPPLEMENT II

Elective Transfers Between This Plan and Plans of Affiliates or the TXU 401(k) Plan

A. Transfers to this Plan . Whenever an individual who is employed by an Affiliate that is not an Employer has a change in employment status that results in such individual (a) becoming an Eligible Employee and (b) being ineligible to make additional elective contributions under a plan maintained by such Affiliate (an "Affiliate Plan"), such Eligible Employee may elect to transfer his or her benefits under the Affiliate Plan to this Plan. Such election must be conditioned upon a voluntary, fully-informed election by the Eligible Employee. In the event that the Eligible Employee makes such election, his or her benefits under the Affiliate Plan shall be credited to his account under this Plan, and such benefits shall be subject to the terms of, and paid as prescribed by, this Plan, and the terms of the Affiliate Plan shall not apply with respect to such benefits.

An individual who becomes an Eligible Employee in connection with the Company's 2002 acquisition of from Texas Utilities, Inc. ("TXU") may elect to transfer his or her benefits under TXU's 401(k) plan (the "TXU Plan") to this Plan. Such election must be conditioned upon a voluntary, fully-informed election by the Eligible Employee. In the event that the Eligible Employee makes such election, his or her benefits under the TXU Plan shall be credited to his account under this Plan, and such benefits shall be subject to the terms of, and paid as prescribed by, this Plan, and the terms of the TXU Plan shall not apply with respect to such benefits.

B. Transfers from this Plan . Whenever a Participant has a change in employment status that results in such Participant (a) ceasing to be an Eligible Employee and (b) becoming eligible to participate in an Affiliate Plan, such Participant may elect to transfer his or her benefits under this Plan to the Affiliate Plan. Such election must be conditioned upon a voluntary, fully-informed election by the Participant. In the event that the Participant makes such election, the Participant, effective at the time of the transfer, shall not be entitled to any benefits under this Plan and the benefits transferred to the Affiliate Plan shall be subject to the terms of, and paid as prescribed by, the Affiliate Plan, and the terms of this Plan shall not apply with respect to such benefits.

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SUPPLEMENT III

Merger of Certain AmerGen Plans into this Plan

Purpose . The purpose of this Supplement III is to reflect the merger of the AmerGen Clinton Employee Savings Plan for Nonbargaining Employees (the "Clinton Plan") and the AmerGen TMI and Oyster Creek Employee Savings Plan for Nonbargaining Employees (collectively, the "AmerGen Plans") into the Plan effective February 1, 2004 (the "Merger Date") and to preserve those provisions of the AmerGenPlans that cannot be eliminated by amendment without violating section 411(d)(6) of the Internal Revenue Code and applicable Treasury regulations thereunder.

Definitions . Unless the context clearly indicates otherwise, a term defined in the Plan shall have the same meanings for purposes of this Supplement III.

Conflicts Between the Plan and this Supplement III . This Supplement III and the Plan together comprise the Plan with respect to AmerGen Plan Participants (as defined below). In case of any conflict between the provisions of the Plan and this Supplement III, the terms and provisions of this Supplement III shall govern to the extent necessary to eliminate such conflict.

AmerGen Plan Participants . This Supplement III shall be applicable to all AmerGen Plan Participants. "AmerGen Plan Participants" are participants in the Plan who were participants in the AmerGen Plans and whose account balances under the AmerGen Plans were merged into the Plan.

Vesting . All AmerGen Plan Participants shall be fully vested in their accounts under the Plan.

Withdrawals of Employer Matching Contributions . Notwithstanding any provision in the Plan to the contrary, an AmerGen Plan Participant who, immediately prior to the Merger Date was a participant in the Clinton Plan ("Clinton Participant") who has completed 60 months as either a participant in the Clinton Plan or a participant in this Plan may elect, in accordance with

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procedures established by the Administrator, to receive a distribution of all or any part of his or her Employer Matching Contributions Account that is attributable to contributions made under the Clinton Plan, as adjusted for gains, earnings and losses attributable thereto determined as of the Valuation Date next succeeding the date of receipt of the request for distribution.

Additionally, a Clinton Participant, regardless of his or her period of participation in the Clinton Plan or this Plan, may elect, in accordance with procedures established by the Administrator, to receive a distribution of all or any part of that portion of the Employer Matching Contributions Account that is attributable to contributions made under the Clinton Plan and that is derived from Employer Matching Contributions in excess of Employer Matching Contributions allocated to his or her Employer Matching Contributions Account during the two Plan Years preceding the Plan Year in which the withdrawal takes place, adjusted for gains, earnings and losses attributable thereto determined as of the Valuation Date next succeeding the date of receipt of the request for distribution.

No distribution made pursuant to this Supplement III may be for an amount which is less than the lesser of (i) $200; or (ii) that portion of the Participant's Employer Matching Contributions Account that is attributable to contributions made under the Clinton Plan, as adjusted for gains, earnings and losses attributable thereto. In addition, a Participant may not make more than one withdrawal pursuant to this Supplement III in any Plan Year.

Loans . With respect to any loan to an AmerGen Plan Participant that is outstanding at the Merger Date, the terms of such loan shall continue to be governed by the note evidencing such loan and the terms applicable to such loan as in effect under the AmerGen Plans as of the Merger Date. All loans made after the Merger Date shall be governed by and in accordance with the terms of the Plan and any loan policy issued thereunder by the Administrator.

SUPPLEMENT IV Merger of New England Plan into this Plan

Purpose . The purpose of this Supplement IV is to reflect the merger of the Exelon New England Union Retirement 401(k) Plan (the "New England Plan") into the Plan effective November 1, 2004 (the "Merger Date").

Definitions . Unless the context clearly indicates otherwise, a term defined in the Plan shall have the same meanings for purposes of this Supplement IV.

Conflicts Between the Plan and this Supplement IV . This Supplement IV and the Plan together comprise the Plan with respect to New England Plan Participants (as defined below). In case of any conflict between the provisions of the Plan and this Supplement IV, the terms and provisions of this Supplement IV shall govern to the extent necessary to eliminate such conflict.

New England Plan Participants . This Supplement IV shall be applicable to all New England Plan Participants. "New England Plan Participants" are participants in the Plan who were participants in the New England Plan and whose account balances under the New England Plan were merged into the Plan.

Vesting . All New England Plan Participants shall be fully vested in their accounts under the Plan.

Loans . With respect to any loan to a New England Plan Participant that is outstanding at the Merger Date, the terms of such loan shall continue to be governed by the note evidencing such loan and the terms applicable to such as in effect under the New England Plan as of the Merger Date. All loans made after the Merger Date shall be governed by and in accordance with the terms of the Plan and any loan policy issued thereunder by the Administrator.

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SUPPLEMENT V Transfers from the Exelon Corporation 401(k) Profit Sharing Plan No. 2

A. Purpose . The purpose of this Supplement V is to reflect the transfer to the Plan of assets allocated to certain accounts under the Exelon Corporation 401(k) Profit Sharing Plan No. 2 (the "InfraSource Plan No. 2"), which was terminated on November 30, 2007.

B. Definitions . All capitalized terms used in this Supplement V, but not separately defined herein, shall have the same meanings assigned to such terms in the Plan.

C. Applicability . This Supplement shall apply to any individual ("Affected Participant") whose benefit under the InfraSource Plan No. 2 is transferred pursuant to Section D of this Supplement V. An Affected Participant shall be treated as a Participant under the Plan for all purposes of the Plan except, unless the Affected Participant is otherwise eligible to participate in the Plan, for purposes related to making or receiving contributions as set forth in Articles 4 and 5 of the Plan.

D. Transfer . Notwithstanding any provision in the Plan to the contrary, assets allocated to the InfraSource Plan No. 2 accounts of any individual who, in connection with the termination of the InfraSource Plan No. 2, elected to transfer his or her benefits thereunder to the Plan or who did not make a timely election with respect to his or her benefits under the InfraSource Plan No. 2, shall be transferred to the Plan as soon as administratively practicable after November 30, 2007 and credited to a separate account ("Affected Account") under this Plan.

E. Conflicts Between the Plan and this Supplement V . This Supplement V and the Plan together comprise the Plan with respect to Affected Accounts. In case of any conflict between the provisions of the Plan and this Supplement V, the terms and provisions of this Supplement V shall govern to the extent necessary to eliminate such conflict.

F. Vesting . Each Affected Participant shall be fully vested in his or her Affected Account.

SUPPLEMENT VI Merger of Constellation Plan into this Plan

Purpose . The purpose of this Supplement VI is to reflect the merger of the Constellation Energy Group, Inc. Employee Savings Plan (the "Constellation Plan") into the Plan effective July 1, 2014 (the "Merger Date") and to preserve certain provisions of the Constellation Plan.

Definitions . Unless the context clearly indicates otherwise, a term defined in the Plan shall have the same meanings for purposes of this Supplement VI.

Conflicts Between the Plan and this Supplement VI . This Supplement VI and the Plan together comprise the Plan with respect to Constellation Plan Participants (as defined below). In case of any conflict between the provisions of the Plan and this Supplement VI, the terms and provisions of this Supplement VI shall govern to the extent necessary to eliminate such conflict.

Constellation Plan Participants . This Supplement VI shall be applicable to all Constellation Plan Participants. "Constellation Plan Participants" are participants in the Plan who were participants in the Constellation Plan immediately prior to the Merger Date and whose account balances under the Constellation Plan were merged into the Plan.

Vesting . All Constellation Plan Participants shall be fully vested in their accounts under the Plan as of the Merger Date.

Withdrawals of After-Tax Contributions . Notwithstanding any provision in the Plan to the contrary, a Constellation Plan Participant may elect, in accordance with procedures established by the Administrator, to receive a distribution of all or any part of his or her After-Tax Contributions Account that is attributable to matured contributions made under the Constellation Plan prior to the Merger Date, as adjusted for gains, earnings and losses attributable thereto determined as of the Valuation Date next succeeding the date of receipt of the request for distribution. A Constellation Plan Participant may also elect, in accordance with procedures established by the Administrator, to receive a distribution of all or any part of his or her After-Tax

Contributions that is attributable to unmatured contributions made under the Constellation Plan prior to the Merger Date, as adjusted for gains, earnings and losses attributable thereto determined as of the Valuation Date next succeeding the date of receipt of the request for distribution; provided, however, that such Constellation Participant shall be suspended from making Before-Tax and After-Tax Contributions to the Plan for six (6) months following the month in which the election is received by the Administrator. For employees with less than 5 years of service, After-Tax Contributions mature 24 months after the date of contribution. For employees with 5 or more years of service, After-Tax Contributions mature upon the date of contribution.

Withdrawals of Employer Matching Contributions . Notwithstanding any provision in the Plan to the contrary, a Constellation Plan Participant may elect, in accordance with procedures established by the Administrator, to receive a distribution of all or any part of his or her Employer Matching Contributions Account that is attributable to matured contributions made under the Constellation Plan prior to the Merger Date, as adjusted for gains, earnings and losses attributable thereto determined as of the Valuation Date next succeeding the date of receipt of the request for distribution. For employees with less than 5 years of service, Employer Matching Contributions mature 24 months after the date of contribution. For employees with 5 or more years of service, Matching Contributions mature upon the date of contribution.

Loans . With respect to any loan to a Constellation Plan Participant that is outstanding at the Merger Date, the terms of such loan shall continue to be governed by the note evidencing such loan and the terms applicable to such loan as in effect under the Constellation Plan as of the Merger Date. All loans made after the Merger Date shall be governed by and in accordance with the terms of the Plan and any loan policy issued thereunder by the Administrator.

SUPPLEMENT VII Merger of CENG Plan into this Plan

Purpose . The purpose of this Supplement VII is to reflect the merger of the Employee Savings Plan for Constellation Energy Nuclear Group, LLC (the "CENG Plan") into the Plan effective July 1, 2015 (the "CENG Merger Date") and to preserve certain provisions of the CENG Plan.

Definitions . Unless the context clearly indicates otherwise, a term defined in the Plan shall have the same meanings for purposes of this Supplement VII.

Conflicts between the Plan and this Supplement VII . This Supplement VII and the Plan together comprise the Plan with respect to CENG Plan Participants (as defined below). In case of any conflict between the provisions of the Plan and this Supplement VII, the terms and provisions of this Supplement VII shall govern to the extent necessary to eliminate such conflict.

CENG Plan Participants . This Supplement VII shall be applicable to all CENG Plan Participants. "CENG Plan Participants" are participants in the Plan who were participants in the CENG Plan immediately prior to the CENG Merger Date and whose account balances under the CENG Plan were merged into the Plan.

Vesting . All CENG Plan Participants shall be fully vested in their accounts under the Plan as of the CENG Merger Date.

Withdrawals of After-Tax Contributions . Notwithstanding any provision in the Plan to the contrary, a CENG Plan Participant may elect, in accordance with procedures established by the Administrator, to receive a distribution of all or any part of his or her After-Tax Contributions Account that is attributable to matured contributions made under the CENG Plan prior to the CENG Merger Date, as adjusted for gains, earnings and losses attributable thereto determined as of the Valuation Date next succeeding the date of receipt of the request for distribution. A CENG Plan Participant may also elect, in accordance with procedures established by the Administrator, to receive a distribution of all or any part of his or her After-Tax

Contributions that is attributable to unmatured contributions made under the CENG Plan prior to the CENG Merger Date, as adjusted for gains, earnings and losses attributable thereto determined as of the Valuation Date next succeeding the date of receipt of the request for distribution; provided, however, that such CENG Participant shall be suspended from making Before-Tax and After-Tax Contributions to the Plan for six (6) months following the month in which the election is received by the Administrator. For employees with less than 5 years of service, After-Tax Contributions mature 24 months after the date of contribution. For employees with 5 or more years of service, After-Tax Contributions mature upon the date of contribution.

Withdrawals of Employer Matching Contributions. Notwithstanding any provision in the Plan to the contrary, a CENG Plan Participant may elect, in accordance with procedures established by the Administrator, to receive a distribution of all or any part of his or her Employer Matching Contributions Account that is attributable to matured contributions made under the CENG Plan prior to the CENG Merger Date, as adjusted for gains, earnings and losses attributable thereto determined as of the Valuation Date next succeeding the date of receipt of the request for distribution. For employees with less than 5 years of service, Employer Matching Contributions mature 24 months after the date of contribution. For employees with 5 or more years of service, Matching Contributions mature upon the date of contribution.

Loans . With respect to any loan to a CENG Plan Participant that is outstanding at the CENG Merger Date, the terms of such loan shall continue to be governed by the note evidencing such loan and the terms applicable to such loan as in effect under the CENG Plan as of the CENG Merger Date. All loans made after the CENG Merger Date shall be governed by and in accordance with the terms of the Plan and any loan policy issued thereunder by the Administrator.

SUPPLEMENT VIII Merger of NMP Plan into this Plan

Purpose . The purpose of this Supplement VIII is to reflect the merger of the Represented Employee Savings Plan for Nine Mile Point (the "NMP Plan") into the Plan effective July 1, 2015 (the "NMP Merger Date") and to preserve certain provisions of the NMP Plan.

Definitions . Unless the context clearly indicates otherwise, a term defined in the Plan shall have the same meanings for purposes of this Supplement VIII.

Conflicts between the Plan and this Supplement VIII . This Supplement VIII and the Plan together comprise the Plan with respect to NMP Plan Participants (as defined below). In case of any conflict between the provisions of the Plan and this Supplement VIII, the terms and provisions of this Supplement VIII shall govern to the extent necessary to eliminate such conflict.

NMP Plan Participants . This Supplement VIII shall be applicable to all NMP Plan Participants. "NMP Plan Participants" are participants in the Plan who were participants in the NMP Plan immediately prior to the NMP Merger Date and whose account balances under the NMP Plan were merged into the Plan.

Vesting . All NMP Plan Participants shall be fully vested in their accounts under the Plan as of the NMP Merger Date.

Withdrawals of After-Tax Contributions . Notwithstanding any provision in the Plan to the contrary, a NMP Plan Participant may elect, in accordance with procedures established by the Administrator, to receive a distribution of all or any part of his or her After-Tax Contributions Account that is attributable to contributions made under the NMP Plan prior to the NMP Merger Date, as adjusted for gains, earnings and losses attributable thereto determined as of the Valuation Date next succeeding the date of receipt of the request for distribution, at any time and such distribution shall not be subject to any Plan procedure that would otherwise require the distribution to be a minimum amount.

Withdrawals of Employer Matching Contributions . Notwithstanding any provision in the Plan to the contrary, a NMP Plan Participant may elect, in accordance with procedures established by the Administrator, to receive a distribution of all or any part of his or her Employer Matching Contributions Account that is attributable to matured contributions made under the NMP Plan prior to the NMP Merger Date, as adjusted for gains, earnings and losses attributable thereto determined as of the Valuation Date next succeeding the date of receipt of the request for distribution. For employees with less than 5 years of service, Employer Matching Contributions mature 24 months after the date of contribution. For employees with 5 or more years of service, Matching Contributions mature upon the date of contribution.

Loans . With respect to any loan to a NMP Plan Participant that is outstanding at the NMP Merger Date, the terms of such loan shall continue to be governed by the note evidencing such loan and the terms applicable to such loan as in effect under the NMP Plan as of the NMP Merger Date. All loans made after the NMP Merger Date shall be governed by and in accordance with the terms of the Plan and any loan policy issued thereunder by the Administrator.

Total Disability . Notwithstanding any provision in the Plan to the contrary, in the event an NMP Plan Participant suffers Total Disability (as defined below), such NMP Plan Participant may elect, in accordance with procedures established by the Administrator, to receive a distribution of all or any part of his or her entire Plan account attributable to contributions made under the NMP Plan prior to the NMP Merger Date, as adjusted for gains, earnings and losses attributable thereto. For purposes of this Supplement VIII, Total Disability shall mean (a) for an NMP Plan Participant who is covered under the Company's long-term disability plan, the NMP Plan Participant's total disability entitling him to a benefit under such plan; and (b) for any other NMP Plan Participant, the total and permanent inability, by reason of physical or mental infirmity, or both, of an NMP Plan Participant to perform, without endangering his or her health, the tasks,

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functions or duties assigned to him by the Employer for not less than six consecutive months; provided that the determination of the existence or nonexistence of such NMP Plan Participant's Total Disability shall be made by the Administrator pursuant to an examination by a physician selected or approved by the Administrator.

Deemed Severance from Employment . A NMP Plan Participant who is on active duty for more than 30 days in accordance with Section 414(u)(12)(B) of the Code, is treated as having been severed from employment during such period and may elect to receive a distribution of all or any part of his or her entire Plan account attributable to contributions made under the NMP Plan prior to the NMP Merger Date, as adjusted for gains, earnings and losses attributable thereto, in accordance with and subject to the limitations of Section 414(u)(12)(B) of the Code. If such an NMP Plan Participant elects a distribution in connection with a deemed severance, the NMP Plan Participant's right to make After-Tax and Before-Tax Contributions following such distribution and while on leave shall be suspended for a six-month period after the distribution.

APPENDIX I

List of Employers as of July 1, 2015

Exelon Corporation

Exelon Business Services Company, LLC

Exelon Generation Company, LLC (effective as of July 1, 2015, including Employees who participated in the Employee Savings Plan for Constellation Energy Nuclear Group, LLC and the Represented Employee Savings Plan for Nine Mile Point immediately prior to the merger into the Plan and became Participants as a result of such merger)

Commonwealth Edison Company

PECO Energy Company

Exelon Nuclear Security, LLC

CNE Gas Holdings, LLC

Baltimore Gas and Electric Company

BGE Home Products & Services, LLC

ENEH Services, LLC,

Constellation Operating Services, LLC

Constellation Power, Inc.,

Constellation NewEnergy, Inc.

CER Generation, LLC

Constellation Energy Projects and Services Group Advisors, LLC

Constellation Power Source Generation, Inc.

COSI Sunnyside, Inc.

Exelon Wind, LLC

Exelon PowerLabs, LLC

FIRST AMENDMENT TO
EXELON CORPORATION EMPLOYEE SAVINGS PLAN
(Amended and Restated Effective as of July 1, 2015)

WHEREAS, Exelon Corporation, a Pennsylvania corporation (the "Company"), has adopted and maintains a profit sharing plan with a qualified cash or deferred arrangement for the benefit of employees of the Company and certain of its subsidiaries titled "Exelon Corporation Employee Savings Plan" (the "Plan") which has been amended and restated effective as of July 1, 2015; and

WHEREAS, the Company desires to amend the Plan to set forth the Matching Contributions for Employees employed at the James A. FitzPatrick Nuclear Power Station, the terms of whose employment are subject to a collective bargaining agreement.

NOW, THEREFORE, RESOLVED, that pursuant to the power of amendment contained in Section 16.1 of the Plan, the Plan is amended, effective as of the closing date of the purchase of assets contemplated by the Asset Purchase Agreement dated August 8, 2016 between Entergy Nuclear FitzPatrick LLC, as seller, and Exelon Generation Company, LLC, as buyer, as follows:

1. Section 4.3(a) is amended by renumbering clauses (ii) and (iii) as clauses (iii) and (iv), respectively, and by inserting the following new clause immediately following clause (i) that appears therein:

(ii) For each Participant employed at the James A. FitzPatrick Nuclear Power Station, the terms of whose employment are subject to a collective bargaining agreement with the International Brotherhood of Electrical Workers, Local 97 Production and Maintenance, or the International Brotherhood of Electrical Workers, Local 97 Security, an amount equal to 70 percent of Matched Contributions, as defined below, but only to the extent that Matched Contributions do not exceed 6 percent of the Participant's Compensation for the payroll period.

2. Section 4.3(a) is further amended (a) by inserting the parenthetical phrase "(except for a Participant described in clause (ii) of this Section 4.3(a))" immediately following the words "Local Union 97" that appear in clause (iii) thereof, as renumbered; and (b) by changing all references to clause (ii) and clause (iii) that appear following clause (iv) therein, as renumbered, to clause (iii) and clause (iv), respectively.

* * * * * * * *

IN WITNESS WHEREOF, Exelon Corporation has caused this instrument to be executed by its Senior Vice President and Chief Human Resources Officer on this 31st day of March, 2017.

EXELON CORPORATION

By: /s/ Amy E. Best

Amy E. Best
Senior Vice President and
Chief Human Resources Officer

Exhibit 4.3.3

SECOND AMENDMENT TO THE
EXELON CORPORATION EMPLOYEE SAVINGS PLAN
(Amended and Restated as of July 1, 2015)

WHEREAS , Exelon Corporation (the "Company") sponsors the Exelon Corporation Employee Savings Plan (Amended and Restated as of July 1, 2015) (the "Plan"); and

WHEREAS , the Company desires to amend the Plan at the request of the Internal Revenue Service, in connection with its review of the Plan for a favorable determination letter.

NOW, THEREFORE, BE IT RESOLVED , that pursuant to the power of amendment contained in Section 16.1 of the Plan, Article 2(12) of the Plan is amended, effective July 1, 2015, to read as follows:

(12) Common Stock . The common stock, without par value, of Exelon Corporation, which is publicly traded on an established securities market.

IN WITNESS WHEREOF , Exelon Corporation has caused this instrument to be executed by its Senior Vice President and Chief Human Resources Officer, on this 13 th day of June, 2017.

EXELON CORPORATION

By: /s/ Amy E. Best
Amy E. Best
Senior Vice President and
Chief Human Resources Officer

Exhibit 4.4.1

EXELON EMPLOYEE SAVINGS PLAN
FOR REPRESENTED EMPLOYEES AT TMI AND OYSTER CREEK

(Amended & Restated Effective January 1, 2015)

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EXELON EMPLOYEE SAVINGS PLAN
FOR REPRESENTED EMPLOYEES AT TMI AND OYSTER CREEK
(Amended & Restated Effective January 1, 2015)

WHEREAS, the Exelon Employee Savings Plan for Represented Employees at TMI and Oyster Creek (the "Plan") was established in recognition of the contribution made to its successful operation by its employees and for the exclusive benefit of its eligible employees;

WHEREAS, the Plan is designated as a "profit sharing plan" within the meaning of Treasury Regulation § 1.401-1(a)(2)(ii) and is intended to be a section 404(c) of ERISA plan within the meaning of Department of Labor Regulation § 2550.404c-1;

WHEREAS, the portion of the Plan invested in the Employer Stock Fund described in Section 6(b) is designated as an "employee stock ownership plan" within the meaning of section 4975(e)(7) of the Code and, as such, is designed to invest primarily in "qualifying employer securities" as defined in section 4975(e)(8) of the Code; and

WHEREAS, under the terms of the Plan, the Company has the ability to amend the Plan;

NOW, THEREFORE, effective January 1, 2015, except as otherwise provided, the Plan is hereby amended to reflect various changes and the terms of this document shall apply to Employees whose employment is terminated on or after January 1, 2015 and to the beneficiaries of such Employees. The rights and benefits of Employees whose employment terminates before January 1, 2015 and of the beneficiaries of such Employees shall be determined under the Exelon Employee Savings Plan for Represented Employees at Clinton as in effect at the time of such Employees' termination, including any provisions of this Plan effective at such time; provided, however, that certain provisions of Section 2 (relating to administration), Sections 5 and 13 (relating to limitations on benefits), Section 12 (relating to amendment and termination of the Plan) and Section 18 (relating to miscellaneous provisions) shall be effective for all such persons.

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SECTION 1. DEFINITIONS

(a) " Account " shall mean all or any of the Salary Reduction Contribution Account, which shall be divided into a Before-Tax Contribution Account and a Designated Roth Contribution Account, Matching Contribution Account and, if applicable, Rollover Account and/or After-Tax Contribution Account maintained for an individual Member or beneficiary pursuant to the terms of the Plan.

(b) " Administrator " or " Plan Administrator " shall mean the Company acting through the Company's Director, Employee Benefit Plans & Programs, or such other person or committee appointed by the Chief Human Resources Officer.

(c) " After-Tax Contributions " shall mean contributions made pursuant to the provisions of subsection 4(b).

(d) " Annual Additions " shall mean the sum for any Limitation Year of (i) Employer contributions (other than any "catch-up" contributions described in section 414(v) of the Code or any plan restorative payments (within the meaning of Treasury Regulation § 1.415(c)-1(b)(2)(ii)(C)), (ii) employee contributions (other than any rollover contributions (within the meaning of sections 401(a)(31), 402(c)(1), 403(a)(4), 403(b)(8) and 408(d)(3) of the Code), any plan loan repayments, and any direct transfers made from another qualified employer plan within the meaning of section 401(a) of the Code), (iii) forfeitures and (iv) amounts described in sections 415(l)(1) and 419A(d)(2) of the Code, which are allocated to the account of an Eligible Employee to any post-retirement medical benefits account established pursuant to section 419A(d)(1) of the Code maintained on behalf of such Eligible Employee. "Annual Additions" shall include excess contributions as defined in section 401(k)(8)(B) of the Code and excess aggregate contributions as defined in section 401(m)(6)(B) of the Code, regardless of

whether such amounts are distributed or forfeited; provided, however, that "Annual Additions" shall not include excess deferrals as described in section 402(g) of the Code that are distributed in accordance with subsection 4(e)(i) or Default Before-Tax Contributions that are distributed pursuant to subsection 4(a)(iii)(B).

(e) " Code " shall mean the Internal Revenue Code of 1986, as amended, and the same as may be further amended from time to time.

(f) " Company " shall mean for periods on and after January 8, 2009, Exelon Corporation, a Pennsylvania corporation, or any successor or successors, and for periods prior to January 8, 2009, AmerGen Energy Company, LLC, a Delaware limited liability company.

(g) " Compensation " shall mean the base salary or wages computed on the basis of an Employee's regular work schedule, not to exceed 40 hours, including nuclear license premiums, payments under any bonus or incentive program sponsored by the Company and, effective January 1, 2009, differential wage payments (as defined in section 3401(h) of the Code), if any, in each case payable in cash to an Employee by the Company before reduction for the Employee's before-tax contributions to this Plan in accordance with an election under subsections 4(a) or 4(c), to any section 125 plan (including any amounts deducted on a pre-tax basis for group health coverage because the Member is unable to certify that he has other health coverage, so long as the Employer does not request or collect information regarding the Member's other health coverage as part of the enrollment process for the Employer's health plan) or a qualified transportation fringe benefit plan, maintained by the Employer for the benefit of such Member, and all other extraordinary and unusual payments. Notwithstanding the foregoing, the maximum amount of Compensation for any Plan Year shall be limited to the dollar limitation applicable under section 401(a)(17) of the Code, as adjusted for increases in the

cost-of-living at the same time and in the same manner as adjustments under section 415(d) of the Code. Notwithstanding the foregoing, an amount classified as Compensation under the preceding sentences shall not be Compensation for purposes of the Plan if such amount is paid to the Member after the Member's severance from employment unless (i) such amount is regular compensation for services during the Member's regular working hours or compensation for services outside the Member's regular working hours and (ii) such amount is paid on or before the later of (A) 2 1 / 2 months after the Member's severance from employment and (B) the last day of the Plan Year during which the Member's severance from employment occurs.

For purposes of subsection 4(l), " Compensation " shall mean the base salary or wages and any bonus or incentive payments the Member would have received during a period of Qualified Military Service, computed on the basis of the Member's regular work schedule as of the beginning of the period of Qualified Military Service (or, if the amount of such Compensation is not reasonably certain, the Member's average Compensation for the 12-month period immediately preceding the Member's period of Qualified Military Service); provided, however, that the Member returns to work within the period during which his right to reemployment is protected by law.

(h) " Corporate Investment Committee " shall mean the Company acting through the Committee consisting of the executives or other persons designated from time to time in the charter of such Committee.

(i) " Default Before-Tax Contributions " shall mean amounts contributed by an Employer pursuant to the provisions of subsection 4(a)(iii)(A).

(j) " Disability " shall mean a medically determinable physical or mental impairment of a permanent nature which prevents an Eligible Employee from performing his essential job functions.

(k) " Effective Date " shall mean December 15, 1999. The effective date of this amended and restated Plan is January 1, 2015, except as otherwise provided herein or required by law.

(l) " Eligible Employee " shall mean each Employee of an Employer working at the Three Mile Island facility or Oyster Creek facility who is covered by a collective bargaining agreement that specifically provides for participation in this Plan and shall not include any Employee who is not covered by a collective bargaining agreement or any Employee who is covered by a collective bargaining agreement that provides for the Employee's participation in the Exelon Employee Savings Plan for Represented Employees at Clinton or the Exelon Corporation Employee Savings Plan.

(m) " Employee " shall mean each individual whose relationship with an Employer is, under common law, that of an employee. It is expressly intended that an individual rendering services to an Employer pursuant to any of the following agreements shall be excluded from Plan participation even if a court or administrative agency determines that such individual is an Employee: (i) an agreement providing that such services are to be rendered as an independent contractor, (ii) an agreement with an entity, including a leasing organization within the meaning of section 414(n)(2) of the Code, that is not an Employer or (iii) an agreement that contains a waiver of participation in the Plan. The term "Employee" shall not include independent contractors or any other persons who are not treated by an Employer as employees for purposes of withholding federal employment taxes, regardless of any contrary governmental or judicial determination relating to such employment status or tax withholding.

(n) " Employer " shall mean the Company and any other Related Entity that, with the consent of the Company, elects to participate in the Plan in the manner described in Section 15 and any successor entity that adopts the Plan pursuant to Section 16. If any entity described in the preceding sentence withdraws from participation in the Plan pursuant to subsection 15(b), such entity shall thereupon cease to be an Employer.

(o) " Entry Date " shall mean the first day of employment with an Employer.

(p) " ERISA " shall mean the Employee Retirement Income Security Act of 1974, as amended, and the same as may be amended from time to time.

(q) " Fund " shall mean the assets of the Plan.

(r) " Hour of Service "

(i) General Rule . "Hour of Service" shall mean each hour (A) for which an Employee is directly or indirectly paid, or entitled to payment, by an Employer or a Related Entity for the performance of duties or (B) for which back pay, irrespective of mitigation of damages, has been either awarded or agreed to by an Employer or a Related Entity. These hours shall be credited to the Employee for the period or periods in which the duties were performed or to which the award or agreement pertains irrespective of when payment is made. The same hours shall not be credited under both (A) and (B) above.

(ii) Paid Absences . An Employee shall also be credited with one Hour of Service for each hour for which the Employee is directly or indirectly paid, or entitled to payment, by an Employer or a Related Entity for reasons other than the performance of duties such as paid absence due to vacation, holiday, illness, incapacity, disability, layoff, jury duty,

funeral leave or authorized leave of absence for a period not exceeding one year for any reason in accordance with a uniform policy established by the Administrator; provided, however, not more than 501 Hours of Service shall be credited to an Employee under this sentence on account of any single, continuous period during which the Employee performs no duties and provided, further, that no credit shall be given if payment (A) is made or due under a plan maintained solely for the purpose of complying with applicable workmen's compensation, unemployment compensation or disability insurance laws or (B) is made solely to reimburse an Employee for medical or medically related expenses incurred by the Employee.

(iii) Military . An Employee shall also be credited with one Hour of Service for each hour during which the Employee is absent during a period of Qualified Military Service and for which the Employee would otherwise be credited with an Hour of Service, provided he returns to employment with an Employer or a Related Entity within the period during which his right to reemployment is protected by law.

(iv) Miscellaneous . For purposes of this subsection 1(r), Department of Labor Regulation § 2530.200b-2(b) and (c) are incorporated by reference. Nothing herein shall be construed as denying an Employee credit for an Hour of Service if credit is required by separate federal law.

(s) " Investment Category " shall mean a separate investment fund or medium which the Investment Fiduciary directs the Trustee to make available under the terms of the Plan.

(t) " Investment Fiduciary " shall mean the Company acting through the Exelon Investment Office.

(u) " Limitation Year " shall mean the consecutive 12-month period commencing January 1st and ending December 31st.

(v) " Mandatory Distribution Date " shall mean April 1 of the calendar year following the later of (i) the calendar year in which the Member attains age 70 1/2, or (ii) in the case of a Member who is not a 5% owner (within the meaning of section 416(i) of the Code) with respect to the Plan Year ending in the calendar year in which the Member attains age 70 1/2, the calendar year in which the Member's employment with the Employer and the Related Entities terminates, as elected by the Member.

(w) " Matching Contribution " shall mean a contribution made by an Employer pursuant to the provisions of subsection 4(d).

(x) " Member " shall mean each and every Eligible Employee who satisfies the requirements for participation under Section 3 hereof and any person who has an Account held under the Plan.

(y) " Normal Retirement Date " shall mean the date on which a Member attains age 65.

(z) " Party in Interest " shall mean a "party in interest" as defined in section 3(14) of ERISA.

(aa) " Plan " shall mean the Exelon Employee Savings Plan for Represented Employees at TMI and Oyster Creek, a profit sharing plan, established December 15, 1999 as the AmerGen Employee Savings Plan for TMI and Oyster Creek Bargaining Employees, and as set forth herein effective January 1, 2015 and the same as may be amended from time to time.

(bb) " Plan Year " shall mean the consecutive 12-month period commencing January 1st and ending December 31st.

(cc) " Qualified Military Service " shall mean any service in the uniformed services (as defined in chapter 43 of title 38, United States Code) where the Member's right to reemployment is protected by law.

(dd) " Qualified Reservist " shall mean an individual who is (i) a member of a reserve component (as defined in chapter 1 of title 37, United States Code) and (ii) ordered or called to active duty, for a period in excess of 179 days or for an indefinite period, after September 11, 2001.

(ee) " Related Entity " shall mean (i) all corporations which are members with an Employer in a controlled group of corporations within the meaning of section 1563(a) of the Code, determined without regard to sections 1563(a)(4) and (e)(3)(C) of the Code, (ii) all trades or businesses (whether or not incorporated) which are under common control with an Employer as determined by regulations promulgated under section 414(c) of the Code, (iii) all trades or businesses which are members of an affiliated service group with an Employer within the meaning of section 414(m) of the Code and (iv) any entity required to be aggregated with an Employer under regulations prescribed under section 414(o) of the Code (to the extent provided in such regulations); provided, however, for purposes of Section 5, the definition shall be modified to substitute the phrase "more than 50%" for the phrase "at least 80%" each place it appears in section 1563(a)(1) of the Code. Furthermore, for purposes of crediting Hours of Service for eligibility to participate, service performed as a leased employee (within the meaning of section 414(n) of the Code) of an Employer or a Related Entity shall be treated as service performed for an Employer or a Related Entity. An entity is a Related Entity only during those periods in which it is included in a category described in this subsection.

(ff) " Salary Reduction Contribution " shall mean amounts contributed by an Employer pursuant to the provisions of subsection 4(a). The term "Salary Reduction Contributions" includes "Designated Roth Contributions", if any, and "Before-Tax Contributions" (which shall include Default Before-Tax Contributions, if any). For purposes of the Plan, (1) the term "Designated Roth Contributions" shall mean Salary Reduction Contributions designated as Roth contributions pursuant to subsection 4(a) by an Eligible Employee, and (2) the term "Before-Tax Contributions" shall mean Salary Reduction Contributions that are not designated as Roth contributions pursuant to subsection 4(a) by an Eligible Employee.

(gg) " Trustee " shall mean such person, persons or corporate fiduciary that executes the trust agreement provided for in subsection 6(a) to hold legal title to the Fund, or any successor trustee or, if there is more than one trustee acting at any time, all of such trustees collectively.

(hh) " Valuation Date " shall mean each business day of the Plan Year, or such other less frequent dates determined by the Administrator to accommodate the nature, management and administration of specified Investment Categories or, effective on and after January 1, 2016, the Employer Stock Fund described in Section 6(b).

(ii) " Wage Payment Date " shall mean a date on which an Employee receives Compensation from an Employer.

(jj) " Year of Service " shall mean a 12-month computation period beginning on an Employee's date of hire during which the Employee is credited with at least 1,000 Hours of Service. For purposes of eligibility under Section 3, the applicable computation period begins on an Employee's date of hire and on the first day of each Plan Year beginning with the Plan Year that begins during the Employee's initial computation period.

SECTION 2. ADMINISTRATION OF THE PLAN

(a) ERISA Reporting and Disclosure . The Administrator shall file all reports and distribute to Members and beneficiaries reports and other information required under ERISA.

(b) Administrator . The Administrator shall be the "administrator" of the Plan, within the meaning of such term as used in ERISA. In addition, the Administrator shall be the "named fiduciary" of the Plan, within the meaning of such term as used in ERISA, solely with respect to administrative matters involving the Plan and not with respect to any investment of the Plan's assets. The Administrator shall have the following duties, responsibilities and rights:

(i) The Administrator shall have the duty and discretionary authority to interpret and construe the Plan in regard to all questions of eligibility, the status and rights of Members, distributees and other persons under the Plan, and the manner, time, and amount of payment of any distribution under the Plan. Benefits under the Plan shall be paid to a Member or beneficiary only if the Administrator, in its discretion, determines that such person is entitled to benefits.

(ii) The Administrator shall direct the Trustee to make payments of amounts to be distributed from the Fund under Section 9.

(iii) The Administrator shall supervise the collection of Members' contributions made pursuant to Section 4 and the delivery of such contributions to the Trustee.

(iv) The Administrator shall have all powers and responsibilities necessary to administer the Plan, except those powers that are specifically vested in the Investment Fiduciary, the Corporate Investment Committee or the Trustee.

(v) Each Employer shall, from time to time, upon request of the Administrator, furnish to the Administrator such data and information as the Administrator shall require in the performance of its duties.

(vi) The Administrator may require a Member or beneficiary to complete and file certain applications or forms approved by the Administrator and to furnish such information requested by the Administrator. The Administrator and the Plan may rely upon all such information so furnished to the Administrator.

(vii) The Administrator shall be the Plan's agent for service of legal process and forward all necessary communications to the Trustee.

(c) Removal of Administrator . The Chief Human Resources Officer shall have the right at any time, with or without cause, to remove the Administrator (including any member of a committee that constitutes the Administrator). The Administrator may resign and the resignation shall be effective upon delivery of the written resignation to the Chief Human Resources Officer. Upon the resignation, removal or failure or inability for any reason of the Administrator to act hereunder, the Chief Human Resources Officer shall appoint a successor. Any successor Administrator shall have all the rights, privileges and duties of the predecessor, but shall not be held accountable for the acts of the predecessor. None of the Company, any member of the board of directors of the Company who is not the Chief Human Resources Officer, nor any other person shall have any responsibility regarding the retention or removal of the Administrator.

(d) The Investment Fiduciary . The Investment Fiduciary shall be the "named fiduciary" of the Plan, within the meaning of such term as used in ERISA, solely with respect to matters involving the investment of assets of the Plan and, any contrary provision of the Plan notwithstanding, in all events subject to the limitations contained in sections 404(a)(2) and 404(c) of ERISA and all other applicable limitations. The Investment Fiduciary shall have the following duties, responsibilities and rights:

(i) The Investment Fiduciary shall be the "named fiduciary" for purposes of designating the Investment Categories under Section 6 and for purposes of appointing one or more investment managers as described in ERISA.

(ii) The Investment Fiduciary shall be solely responsible for all matters involving investment of the Employer Stock Fund described in Section 6(b) and neither the Company nor any other person shall have any responsibility with respect to investment of such fund.

(iii) Each Employer shall, from time to time, upon request of the Investment Fiduciary, furnish to the Investment Fiduciary such data and information as the Investment Fiduciary shall require in the performance of its duties.

(e) The Corporate Investment Committee . The Corporate Investment Committee shall be responsible for overall monitoring of the performance of the Investment Fiduciary. The Corporate Investment Committee shall have the right at any time, with or without cause, to remove one or more employees of the Exelon Investment Office or to appoint another person or committee to act as Investment Fiduciary. Any successor Investment Fiduciary member shall have all the rights, privileges and duties of the predecessor, but shall not be held accountable for the acts of the predecessor. The power and authority of the Corporate Investment Committee with respect to the Plan shall be limited solely to the monitoring and removal of the members of the Investment Fiduciary and the Corporate Investment Committee shall have no other duties or responsibilities with respect to the Plan. None of the Company, any member of the board of directors who is not a member of the Corporate Investment Committee, nor any other person shall have any responsibility regarding the appointment or removal of the members of Investment Fiduciary.

(f) Status of Administrator, the Investment Fiduciary and the Corporate Investment Committee . The Administrator, any person acting as, or on behalf of, the Investment Fiduciary, and any member of the Corporate Investment Committee may, but need not, be an Employee, trustee or officer of an Employer and such status shall not disqualify such person from taking any action hereunder or render such person accountable for any distribution or other material advantage received by him or her under this Plan, provided that no Administrator, person acting as, or on behalf of, the Investment Fiduciary, or any member of the Corporate Investment Committee who is a Member shall take part in any action of the Administrator or the Investment Fiduciary on any matter involving solely his or her rights under this Plan.

(g) Notice to Trustee of Members . The Trustee shall be notified as to the names of the Administrator and the person or persons authorized to act on behalf of the Investment Fiduciary.

(h) Allocation of Responsibilities . Each of the Administrator, the Investment Fiduciary and the Corporate Investment Committee may allocate their respective responsibilities and may designate any person, persons, partnership or corporation to carry out any of such responsibilities with respect to the Plan. Any such allocation or designation shall be reduced to writing and such writing shall be kept with the records of the Plan.

(i) General Governance . The Corporate Investment Committee shall elect one of its members as chairman and appoint a secretary, who may or may not be a member of such Committee. The secretary of the Corporate Investment Committee shall keep a record of all meetings and forward all necessary communications to the Employers or the Trustee. All decisions of the Corporate Investment Committee shall be made by the majority, including actions taken by written consent. The Administrator, the Investment Fiduciary and the Corporate Investment Committee may adopt such rules and procedures as it deems desirable for the conduct of its affairs, provided that any such rules and procedures shall be consistent with the provisions of the Plan.

(j) Indemnification . The Employers hereby jointly and severally indemnify the Administrator, the persons employed in the Exelon Investment Office, the members of the Corporate Investment Committee, the Chief Human Resources Officer, and the directors, officers and employees of the Employers and each of them, from the effects and consequences of their acts, omissions and conduct in their official capacity with respect to the Plan (including but not limited to judgments, attorney fees and costs with respect to any and all related claims, subject to the Company's notice of and right to direct any litigation, select any counsel or advisor, and approve any settlement), except to the extent that such effects and consequences result from their own willful misconduct. The foregoing indemnification shall be in addition to (and secondary to) such other rights such persons may enjoy as a matter of law or by reason of insurance coverage of any kind.

(k) No Compensation . None of the Administrator, any person employed in the Exelon Investment Office nor any member of the Corporate Investment Committee may receive any compensation or fee from the Plan for services as the Administrator, Investment Fiduciary or a member of the Corporate Investment Committee; provided, however that nothing contained herein shall preclude the Plan from reimbursing the Company or any Related Entity

for compensation paid to any such person if such compensation constitutes “direct expenses” for purposes of ERISA. The Employers shall reimburse the Administrator, the persons employed in the Exelon Investment Office and the members of the Corporate Investment Committee for any reasonable expenditures incurred in the discharge of their duties hereunder.

(l) Employ of Counsel and Agents . The Administrator, the Investment Fiduciary and the Corporate Investment Committee may employ such counsel (who may be counsel for an Employer) and agents and may arrange for such clerical and other services as each may require in carrying out its respective duties under the Plan.

(m) Correction of Error . If it comes to the attention of the Administrator that an error has been made in the amount of benefits payable, or paid, to any Member or beneficiary under the Plan, the Administrator shall be permitted to correct such error by whatever means that the Administrator, in its sole discretion determines, including by offsetting future benefits payable to the Member or beneficiary or requiring repayment of benefits to the Plan, except that no adjustment need be made with respect to any Member or beneficiary whose benefit has been distributed in full prior to the discovery of such error.

(n) Claims . Any Member or distributee who believes he is entitled to benefits in an amount greater than those which he is receiving or has received may file a claim with the Administrator. Such a claim shall be in writing and state the nature of the claim, the facts supporting the claim, the amount claimed, and the address of the claimant. The Administrator shall review the claim and, unless special circumstances require an extension of time, within 90 days after receipt of the claim, give notice to the claimant, either in writing by registered or certified mail or in an electronic notification, of the Administrator’s decision with respect to the claim. Any electronic notice delivered to the claimant shall comply with the standards imposed

by applicable regulations. If the Administrator determines that special circumstances require an extension of time for processing the claim, the claimant shall be so advised in writing within the initial 90-day period and in no event shall such an extension exceed 90 days. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Administrator expects to render the benefit determination. The notice of the decision of the Administrator with respect to the claim shall be written in a manner calculated to be understood by the claimant and, if the claim is wholly or partially denied, the Administrator shall notify the claimant of the adverse benefit determination and shall set forth the specific reasons for the adverse determination, the references to the specific Plan provisions on which the determination is based, a description of any additional material or information necessary for the claimant to perfect the claim, an explanation of why such material or information is necessary, and a description of the claim review procedure under the Plan and the time limits applicable to such procedures, including a statement of the claimant's right (subject to the limitations described in subsections (o) and (p)) to bring a civil action under section 502 of ERISA following an adverse benefit determination on review. The Administrator shall also advise the claimant that the claimant or the claimant's duly authorized representative may request a review by the Vice President, Health& Benefits (or such other officer designated from time to time by the Chief Human Resources Officer) of the adverse benefit determination by filing with such officer, within 60 days after receipt of a notification of an adverse benefit determination, a written request for such review. The claimant shall be informed that, within the same 60-day period, he (a) may be provided, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the claimant's claim for benefits and (b) may submit to such officer written comments, documents, records and

other information relating to the claim for benefits. If a request is so filed, review of the adverse benefit determination shall be made by the officer within, unless special circumstances require an extension of time, 60 days after receipt of such request, and the claimant shall be given written notice of the officer's final decision. If the officer determines that special circumstances require an extension of time for processing the claim, the claimant shall be so advised in writing within the initial 60-day period and in no event shall such an extension exceed 60 days. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the officer expects to render the determination on review. The review of the officer shall take into account all comments, documents, records and other information submitted by the claimant relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination. The notice of the final decision shall include specific reasons for the determination and references to the specific Plan provisions on which the determination is based and shall be written in a manner calculated to be understood by the claimant.

(o) Statute of Limitations for Actions under the Plan . Except for actions to which the statute of limitations prescribed by section 413 of ERISA applies, (a) no legal or equitable action relating to a claim for benefits under section 502 of ERISA may be commenced later than one year after the claimant receives a final decision from the Company's Vice President, Health & Benefits (or such other officer designated from time to time by the Chief Human Resources Officer) in response to the claimant's request for review of the adverse benefit determination and (b) no other legal or equitable action involving the Plan may be commenced later than two years from the time the person bringing an action knew, or had reason to know, of the circumstances giving rise to the action. This provision shall not be interpreted to extend any otherwise applicable statute of limitations, nor to bar the Plan or its fiduciaries from recovering overpayments of benefits or other amounts incorrectly paid to any person under the Plan at any time or bringing any legal or equitable action against any party.

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(p) Forum for Legal Actions under the Plan . Any legal action involving the Plan that is brought by any Member, any beneficiary or any other person shall be litigated in the federal courts located in the Northern District of Illinois, the Eastern District of Pennsylvania or the District of Maryland, whichever is most convenient, and no other federal or state court; provided, however, that any such action brought or purporting to be brought in a representative capacity (including, without limitation, actions that at any time seek or attain class certification and actions brought pursuant to section 502 of ERISA) shall be litigated exclusively in the federal courts located in the Northern District of Illinois in Chicago.

(q) Legal Fees . Any award of legal fees in connection with an action, involving the Plan shall be calculated pursuant to a method that results in the lowest amount of fees being paid, which amount shall be no more than the amount that is reasonable. In no event shall legal fees be awarded for work related to (a) administrative proceedings under the Plan, (b) unsuccessful claims brought by a Member, beneficiary or any other person, or (c) actions that are not brought under ERISA. In calculating any award of legal fees, there shall be no enhancement for the risk of contingency, nonpayment or any other risk nor shall there be applied a contingency multiplier or any other multiplier. In any action brought by a Member, beneficiary or any other person against the Plan, the Administrator, the Investment Fiduciary, the Vice President, Health & Benefits, any Plan fiduciary, the Chief Human Resources Officer, the Company, its affiliates or their respective officers, directors, employees, or agents (the “Plan Parties”), legal fees of the Plan Parties in connection with such action shall be paid by the Member, beneficiary or other person bringing the action, unless the court specifically finds that there was a reasonable basis for the action.

SECTION 3. PARTICIPATION IN THE PLAN

(a) Initial Eligibility . Each Eligible Employee who was a Member on December 31, 2014 shall continue to be a Member as of January 1, 2015. Each other Eligible Employee who, as of his hire date, is scheduled to work at least 20 hours per week on a regular basis or at least 1,000 Hours of Service during the 12-month computation period beginning on his hire date shall become a Member for purposes of Section 4 on the Entry Date coinciding with or next following his hire date as an Eligible Employee by the Employer. Each Eligible Employee who, as of his hire date, is scheduled to work less than 20 hours per week on a regular basis or less than 1,000 Hours of Service during the 12-month computation period beginning on his hire date shall become a Member for purposes of Section 4 on the Entry Date following the date the Eligible Employee completes one Year of Service. Payroll deduction shall begin on the first administratively feasible Wage Payment Date following such Eligible Employee's enrollment in accordance with subsections 4(a) and (b).

(b) Termination and Requalification . An Eligible Employee who ceases to be an Eligible Employee for any reason shall qualify initially or requalify for participation immediately upon becoming or again becoming an Eligible Employee.

(c) Transfer of Employment to Membership in Another Collective Bargaining Unit . Notwithstanding anything contained in the Plan to the contrary, if an Employee transfers employment to, or is reemployed in, a position covered by a collective bargaining agreement, such Employee shall not be eligible to participate in this Plan unless the collective bargaining agreement governing such transfer or reemployment, as applicable, provides for such participation for such position.

SECTION 4. ELIGIBLE EMPLOYEE AND COMPANY CONTRIBUTIONS

(a) Salary Reduction Contributions .

(i) In General . Each Eligible Employee who has satisfied the requirements for participation may contribute an even multiple of 1.0%, which is not less than 1% and not more than 50%, of his Compensation for any payroll period as he shall elect in the manner and pursuant to the procedures prescribed by the Administrator or its delegate. Contributions under this subsection 4(a) shall be accomplished through direct reduction of Compensation in each payroll period that the election is in effect. An Eligible Employee may change his contribution rate at any time in the manner and pursuant to the procedures prescribed by the Administrator or its delegate. All contributions under this subsection 4(a) shall be deemed to be Employer contributions made on behalf of Eligible Employees to a qualified cash or deferred arrangement (within the meaning of section 401(k)(2) of the Code).

(ii) Before-Tax Contributions and Designated Roth Contributions . An election made by an Eligible Employee to commence, change, suspend or resume Salary Reduction Contributions pursuant to this subsection 4(a) shall designate the portion of such contributions that are to be Designated Roth Contributions includible in the Eligible Employee's gross income when made pursuant to section 402A of the Code. Such designation is irrevocable with respect to contributions made or to be made with respect to Compensation currently available. Any such election made by an Eligible Employee which does not expressly designate a portion of Salary Reduction Contributions as Designated Roth Contributions shall be deemed to designate no portion of Salary Reduction Contributions as Designated Roth Contributions. Any Salary Reduction Contributions that are not Designated Roth Contributions are referred to herein as Before-Tax Contributions.

(iii) Automatic Enrollment for Certain Employees .

(A) Deemed Election of Default Before-Tax Contributions . A Member whose hire date is on or after April 6, 2009 and who does not make an election pursuant to subsection 4(a)(i) or subsection 4(a)(ii) to make Salary Reduction Contributions shall be deemed to have elected to make Before-Tax Contributions ("Default Before-Tax Contributions") equal to 3% ("Default Percentage") of his Compensation for each payroll period and to have his Employer reduce his Compensation by the amount thereof. Such Member's Default Percentage will increase by 1% each Plan Year, beginning with the second Plan Year that begins after the Default Percentage first applies to the Member, until it reaches 5% for Members who are employed at the Three Mile Island facility and until it reaches 4% for Members who are employed at the Oyster Creek facility. The increase will be effective March 1 of each applicable Plan Year. Notwithstanding the foregoing, in the event a Member's initial Default Before-Tax Contribution occurs during the period commencing on December 1 and ending the last day of February, the initial increase to such Member's Default Percentage shall commence on the March 1 of the calendar year following the first anniversary of the Member's initial Default Before-Tax Contribution. The effective date of the Member's deemed election shall be 90 days after the Member receives a notice of his rights and obligations under this subsection 4(a)(iii) (the "Automatic Enrollment Notice"). During the 90-day period after the Member receives the Automatic Enrollment Notice, he shall have an opportunity to make an affirmative election to (i) not have any Default Before-Tax Contributions made on his behalf or (ii) have Before-Tax Contributions made in a different amount or percentage of Compensation by giving direction to the Administrator (or its delegate) in the manner prescribed by the Administrator. Any deemed election described in this subsection 4(a)(iii) shall be effective only with respect to

Compensation not currently available to the Member. Each Member whose hire date is on or after April 6, 2009 shall be a "covered employee" for purposes of Treasury Regulation §1.414(w)-1(e)(3), regardless of whether such Member makes an affirmative election regarding Before-Tax Contributions. Notwithstanding the foregoing, an Employee who on or after April 6, 2009 becomes eligible to participate in the Plan as a result of the Employee's rehire by an Employer shall not be deemed to have made an election automatically to have Before-Tax Contributions made on his behalf pursuant to this subsection 4(a)(iii).

(B) Withdrawal of Default Before-Tax Contributions . A Member deemed to elect Default Before-Tax Contributions pursuant to subsection 4(a)(iii) may elect, no later than 90 days after the first payroll date that the first Default Before-Tax Contributions on behalf of the Member occurs, to receive a distribution equal to the amount of all such contributions (adjusted for earnings and losses and reduced by any applicable fees) made with respect to the Member through the earlier of (a) the Wage Payment Date for the second payroll period that begins after the Member's withdrawal request and (b) the first Wage Payment Date that occurs after 30 days following the Member's request. An election by a Member to withdraw Default Before-Tax Contributions pursuant to this subsection 4(a)(iii)(B) shall be deemed to be an election by the Member, as of the date of the withdrawal election, to reduce his Before-Tax Contribution percentage to 0% (subject to any affirmative election by the Member to the contrary).

(b) After-Tax Contributions . Each Eligible Employee who has satisfied the requirements for participation may contribute an even multiple of 1.0%, which is not less than 1% and not more than 50%, and when aggregated with Salary Reduction Contributions under subsection 4(a), does not exceed 50% of his Compensation for any payroll period as he shall

elect in the manner and pursuant to the procedures prescribed by the Administrator or its delegate. Contributions under this subsection 4(b) shall be made by payroll deduction in each payroll period that the election is in effect. An Eligible Employee may change his contribution rate at any time in the manner and pursuant to the procedures prescribed by the Administrator or its delegate.

(c) Additional Salary Reduction Contributions . Any Member who has attained, or will attain, age 50 prior to the end of a calendar year may elect to make additional Salary Reduction Contributions equal to any amount of his Compensation payable with respect to any payroll period; provided, however, that (1) Salary Reduction Contributions shall not be treated as contributed pursuant to this subsection 4(c) unless the Member is unable to make additional Salary Reduction Contributions for the calendar year under subsection 4(a) due to limitations imposed by the Plan or applicable federal law, and (2) the amount contributed pursuant to this subsection 4(c) for any calendar year and, to the extent required by Treasury Regulations, any other elective deferrals contributed on the Member's behalf pursuant to section 414(v) of the Code for a calendar year shall not exceed the lesser of (A) the dollar amount applicable under section 414(v) of the Code or (B) the excess of the Member's Compensation (as defined in subsection 5(b)) for the calendar year over the Salary Reduction Contributions contributed on the Member's behalf under subsection 4(a) above for the calendar year. Salary Reduction Contributions for the calendar year under this subsection 4(c) shall not be subject to the limitations described in subsections 4(e) and 4(f) and Section 5.

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(d) Company Matching Contributions . For each payroll period, Employer shall contribute to the Plan for each Member a Matching Contribution in an amount equal to 100% (90% for periods prior to February 1, 2010) for each Member who is employed at the Oyster Creek facility and 100% for each Member who is employed at the Three Mile Island facility of Salary Reduction Contributions and/or After-Tax Contributions for that Member for the calendar month; provided, however, that the amount of Salary Reduction Contributions and/or After-Tax Contributions for which a Matching Contribution is made shall not exceed 5% (4% for periods prior to February 1, 2010) of Compensation for each payroll period for each Member who is employed at the Oyster Creek facility and shall not exceed 5% (4% for periods prior to January 1, 2005) of Compensation for each payroll period for each Member who is employed at the Three Mile Island facility. Notwithstanding anything contained herein to the contrary, (i) no Matching Contributions shall be made with respect to Default Before-Tax Contributions that are withdrawn by a Member pursuant to subsection 4.1(a)(iii)(B) and (ii) any Matching Contributions made by an Employer with respect to Default Before-Tax Contributions that are withdrawn pursuant to subsection 4.1(a)(iii)(B), plus any earnings, shall be forfeited and used to reduce future Matching Contributions made by an Employer pursuant to this subsection 4(d).

(e) Limitations . The Plan shall limit contributions under this Section 4 as provided below.

(i) Exclusion Limit . The maximum amount of contribution which any Eligible Employee may make in any calendar year under subsection 4(a) is the “applicable dollar amount” under section 402(g) of the Code (as adjusted for cost of living increases in accordance with sections 402(g) and 415(d) of the Code) for such calendar year reduced by the amount of elective deferrals by such Eligible Employee under all other plans, contracts, or arrangements maintained by the Employer or any Related Entity and described in section 401(k), 408(k), 408(p) or 403(b) of the Code. If the contribution under subsection 4(a) for an Eligible Employee

for any calendar year exceeds the applicable dollar amount, as adjusted, the Administrator shall direct the Trustee to distribute the excess amount (plus any income and minus any loss as described below) to the Eligible Employee not later than April 15th following the close of such calendar year or recharacterize such excess amount as Salary Reduction Contributions under subsection 4(c) to the extent permitted by section 414(v) of the Code and regulations issued thereunder. If (A) an Eligible Employee participates in another plan which includes a qualified cash or deferred arrangement that is not sponsored by the Employer or a Related Entity, (B) such Eligible Employee contributes in the aggregate under subsection 4(a) of this Plan and the corresponding provisions of the other plan more than the exclusion limit, and (C) the Eligible Employee notifies the Administrator not later than March 1st following the close of such calendar year of the portion of the excess the Eligible Employee has allocated to this Plan, then the Administrator shall direct the Trustee to distribute to the Eligible Employee not later than April 15th following the close of such calendar year the excess amount (and any income and minus any loss as described below) which the Eligible Employee allocated to this Plan or recharacterize such excess amount (and any income and minus any loss as described below) as Salary Reduction Contributions under subsection 4(c) to the extent permitted by section 414(v) of the Code and regulations issued thereunder. Any distribution of excess amounts under this subsection 4(e)(i) shall be adjusted by the income or loss allocable to such excess amounts. Such income or loss shall be determined by the Administrator, in a manner uniformly applicable to all Eligible Employees, pursuant to applicable Treasury Regulations. Any such excess amounts shall not be disregarded as the Eligible Employee's contributions under subsection 4(a) for purposes of determining the actual deferral percentage described in subsection 4(f)(iii)(C), except that in the case of an Eligible Employee who is not a highly compensated employee, as

that term is defined in subsection 4(f)(v), such excess amounts shall be ignored to the extent that such contributions are prohibited pursuant to section 401(a)(30) of the Code, which requires that an Eligible Employee's contributions under subsection 4(a) not exceed the limit described in this subsection 4(e)(i). Any distribution of excess amounts shall be treated as a distribution of the Eligible Employee's Before-Tax Contributions, up to the extent Before-Tax Contributions have been made by such Eligible employee to the Plan for such Plan Year and, to the extent that distributions of excess amounts exceed the Eligible Employee's Before-Tax Contributions for such Plan Year, the distributions of such excess amounts shall be treated as Designated Roth Contributions made by the Eligible Employee to the Plan for the Plan Year. Notwithstanding anything in the Plan to the contrary:

(A) For purposes of determining any excess amount, (I) the Eligible Employee's contributions under subsection 4(a) which have previously been distributed pursuant to subsection 4(f)(ii) or returned to the Eligible Employee pursuant to Section 5 or withdrawn pursuant to Section 4(a)(iii)(B) shall be treated as distributed under this subsection 4(e)(i); and (II) contributions under subsection 4(a) not taken into account in determining Matching Contributions under subsection 4(d) shall be reduced first.

(B) In the event an Eligible Employee receives a distribution of excess amounts pursuant to this subsection 4(e)(i), the Eligible Employee shall forfeit any Matching Contributions (adjusted for income or loss as described above) allocated to the Eligible Employee by reason of the amounts distributed or recharacterized, if such Matching Contributions are not otherwise returned to the Eligible Employee pursuant to subsection 4(f)(ii). Amounts forfeited shall be used to reduce future Matching Contributions made by an Employer pursuant to subsection 4(d).

(ii) Nondiscrimination Test Limits . The Administrator may limit the maximum amount of contribution under subsection 4(a) or 4(c) for all or any class of Eligible Employees to the extent it determines that such limitation is necessary to keep the Plan in compliance with section 401(k) or 414(v) of the Code. Any limitation shall be effective for all payroll periods following the announcement of the limitation.

(f) Compliance with Nondiscrimination Tests .

(i) Deferral Percentage Test . In no event shall the "average actual deferral percentage" (as defined below) for any Plan Year for Eligible Employees who are "highly compensated employees" (as defined in paragraph (v), below, of this subsection 4(f)) for such Plan Year bear a relationship to the "average actual deferral percentage" for the preceding Plan Year for Eligible Employees who are not "highly compensated employees" for such preceding Plan Year which does not satisfy either subsection 4(f)(i)(A) or (B) below.

(A) The requirement shall be satisfied for a Plan Year if the "average actual deferral percentage" for the Plan Year for the group of Eligible Employees who are "highly compensated employees" for such Plan Year is not more than the "average actual deferral percentage" for the preceding Plan Year of all other Eligible Employees for such preceding Plan Year multiplied by 1.25.

(B) The requirement shall be satisfied for a Plan Year if (1) the excess of the "average actual deferral percentage" for the Plan Year for the Eligible Employees who are "highly compensated employees" for such Plan Year over the "average actual deferral percentage" for the preceding Plan Year of all other Eligible Employees for such preceding Plan Year is not more than two percentage points, and (2) the "average actual deferral percentage" for the Plan Year for Eligible Employees who are "highly compensated employees" for such Plan Year is not more than the "average actual deferral percentage" for the preceding Plan Year of all other Eligible Employees for such preceding Plan Year multiplied by two.

(ii) Correction . If the relationship of the "average actual deferral percentages" does not satisfy subsection 4(f)(i) for any Plan Year, then the Administrator shall direct the Trustee to distribute the "excess contribution" (as defined below) for such Plan Year (plus any income and minus any loss as described below) within 12 months of the close of the Plan Year to the "highly compensated employees" on the basis of the respective portions of the "excess contribution" attributable to each, as determined under this subsection. The "excess contribution" for any Plan Year is the excess of the aggregate amount of contributions paid over to the Fund pursuant to subsection 4(a) on behalf of "highly compensated employees" for such Plan Year over the maximum amount of such contributions permitted for "highly compensated employees" under subsection 4(f)(i). The portion of the "excess contribution" attributable to a "highly compensated employee" is determined by reducing contributions made under subsection 4(a) on behalf of "highly compensated employees" (reducing non-matched contributions first) in order of the dollar amounts of such contributions for each such employee, beginning with the highest of such dollar amounts, until the "excess contribution" is eliminated. For purposes of determining the amount of the necessary reduction, contributions previously distributed under subsection 4(e)(i) shall be treated as distributed under this subsection 4(f)(ii). Any distribution of excess contributions under this subsection 4(f)(ii) shall be adjusted by the income or loss allocable to such excess contributions. Such income or loss shall be determined by the Administrator in a manner uniformly applicable to all Eligible Employees and consistent with Treasury Regulations. Notwithstanding the foregoing, at the election of the Administrator and in accordance with rules uniformly applicable to all affected Members, the "excess contribution"

reduction described in this subsection 4(f)(ii) may be accomplished, in whole or in part, by recharacterizing excess Salary Reduction Contributions as Salary Reduction Contributions contributed pursuant to subsection 4(c) to the extent permitted by section 414(v) of the Code and regulations issued thereunder. Notwithstanding anything in the Plan to the contrary, an Eligible Employee who receives a distribution or incurs a recharacterization under this subsection 4(f)(ii) shall forfeit any Matching Contributions (adjusted for income or loss as described above) allocated to the Eligible Employee by reason of any "excess contribution" distributed or recharacterized under this subsection, if such matching contributions are not otherwise returned to the Eligible Employee pursuant to this subsection 4(f)(ii). The Eligible Employee shall designate the extent to which such distributed excess contributions are treated as Before-Tax Contributions or Designated Roth Contributions (but only up to the extent that such types of contributions were made by the Eligible Employee to the Plan for the Plan Year) and, in the event that any such designation is not made or is incomplete, such distributed excess contributions shall be treated as Before-Tax Contributions up to the extent Before-Tax Contributions were made to the Plan for the Plan Year and, to the extent that such distributed excess contributions exceed such Before-Tax Contributions, such excess contributions shall be treated as distributions of Designated Roth Contributions made to the Plan for the Plan Year.

(iii) Additional Definitions . For purposes of this subsection 4(f):

(A) The term "Eligible Employee" shall mean each Employee eligible to make contributions under subsection 4(a) at any time during the Plan Year.

(B) The "average actual deferral percentage" for a specific group of Eligible Employees for a Plan Year shall be the average of the "actual deferral percentage" for each Eligible Employee in the group for such Plan Year.

(C) The “actual deferral percentage” for a particular Eligible Employee for a Plan Year shall be the ratio of the amount of contributions paid over to the Fund pursuant to subsection 4(a) for such Eligible Employee for such Plan Year (excluding any such contributions that are (1) distributed to an Eligible Employee who is not a “highly compensated employee” pursuant to the second sentence of subsection 4(e)(i), (2) Default Before-Tax Contributions distributed to an Eligible Employee pursuant to subsection 4(a)(iii)(B), or (3) returned to the Eligible Employee pursuant to Section 5 plus, in the case of any Eligible Employee who is a “highly compensated employee” and who is simultaneously eligible to participate in more than one cash or deferred arrangement maintained by the Employer or a Related Entity, elective deferrals made on his behalf under all such arrangements (excluding those that are not permitted to be aggregated under Treasury Regulation §1.401(k)-1(b)(3)(ii)(B)) for the Plan Year, to the Eligible Employee’s “compensation” for such Plan Year.

(D) Except as otherwise provided in subsection 4(f)(v), “compensation” means compensation as defined in section 414(s) of the Code as determined by the Administrator on a uniform and consistent basis for all Eligible Employees, including, for Plan Years included in a period of Qualified Military Service, Compensation as defined in subsection 1(g) for purposes of Qualified Military Service; provided, however, that “compensation” shall (1) include amounts excluded from gross income under section 125 (including any amounts deducted on a pre-tax basis for group health coverage because the Member is unable to certify that he has other health coverage, so long as the Employer does not otherwise request or collect information regarding the Member’s other health coverage as part of the enrollment process for the Employer’s health plan), 132(f)(4), 402(e)(3), 402(h), or 403(b) of the Code and/or (2) exclude compensation for any period during which an Employee is not an

Eligible Employee. “Compensation” with respect to any Employee for any Plan Year shall be limited to the dollar limitation applicable under section 401(a)(17) of the Code, as adjusted for increases in the cost-of-living at the same time and in the same manner as adjustments under section 415(d) of the Code.

(iv) Aggregation of Plans . In the event that this Plan satisfies the requirements of section 410(b) of the Code for the Employer only if aggregated with one or more other plans with respect to the Employer or a Related Entity, or if one or more other plans satisfies the requirements of section 410(b) of the Code only if aggregated with this Plan, then subsection 4(f)(i) shall be applied by determining the “actual deferral percentages” of Eligible Employees as if all such plans were a single plan. If such other plan has a plan year that is different from the Plan Year of this Plan, then the highly compensated employee’s contributions made to such other plan during the Plan Year of this Plan shall be aggregated with contributions of the same type made to this Plan for such Plan Year for purposes of determining the average deferral percentage for this Plan for such Plan Year for the group of highly compensated employees.

(v) Definition of Highly Compensated Employee . For purposes of this subsection 4(f), the term “highly compensated employee” shall mean any Employee who performed services for the Employer or a Related Entity during the Plan Year for which a determination is being made (the “determination year”) and who:

(A) was at any time during the determination year or the immediately preceding determination year a five-percent owner, as defined in section 416(i) of the Code; or

(B) both (1) for the immediately preceding determination year, received more than $105,000 (as indexed) in compensation (as defined and set forth in subsection 5(b) below) from the Employer or a Related Entity, and (2) is in the group of employees consisting of the top 20% of the employees of the Employer and its Related Entities when ranked on the basis of compensation paid during such preceding determination year.

(g) Payroll Taxes . The Employer shall withhold from the Compensation of contributing Eligible Employees and remit to the appropriate government agencies such payroll taxes and income tax withholding as the Employer determines is or may be necessary with respect to contributions made under subsections 4(a), 4(b), and 4(c) under applicable statutes or ordinances and the regulations and rulings thereunder.

(h) Rollovers .

(i) Subject to applicable provisions of the Code, an Eligible Employee may contribute (1) all or a portion of the amount received by the Eligible Employee as a distribution from, or (2) an amount transferred directly to the Plan (pursuant to section 401(a)(31) of the Code) on the Eligible Employee's behalf by the trustee of, an "eligible retirement plan" as defined in subsection 9(e)(iii), but only if the deposit qualifies as a rollover as defined in section 402, 403 or 408 of the Code, as applicable; provided, however, that prior to April 6, 2009, the Plan did not accept rollovers of after-tax contributions or rollovers from a Plan qualified under section 457 of the Code or rollovers of "designated Roth contributions" described in section 402A of the Code or any related earnings with respect to such contributions. The amount contributed or deferred to the Trustee pursuant to this subsection 4(h) shall be allocated to the Eligible Employee's Rollover Account for the benefit of the Eligible Employee.

(ii) On the first day of each calendar month, with respect to each Member in this Plan who was a participant in the Exelon Employee Savings Plan for Represented Employees at Clinton or the Exelon Corporation Employee Savings Plan (the "Prior Savings Plan") at any time during the immediately preceding month, the Trustee shall receive directly from the trustee under the Prior Savings Plan all, but not less than all, of the vested amount credited to the accounts of the Member under the Prior Savings Plan. Amounts so transferred shall be allocated to the Member's Salary Reduction Contribution Account, Designated Roth Contribution Account, Rollover Account, Matching Contribution Account, and After-Tax Contribution Account in the Plan in the same proportions that such amounts were credited to the Member's account in the Prior Savings Plan, respectively, immediately prior to such transfer and shall be held for the benefit of the Member pursuant to the terms of this Plan. If the Member has a loan outstanding under the Prior Savings Plan at the time of the transfer, such loan shall be transferred to and assumed by the Trustee and shall thereafter be treated as a loan made pursuant to Section 11 of this Plan. A transfer to the Trustee of amounts from the Prior Savings Plan shall be governed by this subsection (ii) and not by subsection (i) above.

(iii) On the first day of each calendar month, with respect to each Member in this Plan who becomes a Member under the Prior Savings Plan at any time during the immediately preceding month, the Trustee shall transfer directly to the trustee of the Prior Savings Plan all, but not less than all, of the amounts credited to the Account of the Member, as well as any outstanding loan made to such Member pursuant to Section 11, to be held and assumed in accordance with the provisions of the Prior Savings Plan for the benefit of the Member.

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(i) Vesting . A Member shall at all times have a 100% nonforfeitable interest in his Account.

(j) Timing of Contributions . Matching Contributions made for any Plan Year pursuant to subsection 4(d) shall be made not later than the last date on which amounts so paid may be deducted for federal income tax purposes for the taxable year of the Employer in which the Plan Year ends. Except to the extent otherwise permitted by applicable law or governmental regulations or ruling, amounts contributed pursuant to subsections 4(a), 4(b) or 4(h) shall be remitted to the Trustee as soon as practicable, but no later than the 15th business day of the month following the month that contains the date on which such contributions were received or withheld or deducted from the Member's Compensation.

(k) Contingent Nature of Contributions . All contributions made pursuant to subsection 4(a), 4(b), 4(c), 4(d) or 4(l) are made expressly contingent on the deductibility thereof for federal income tax purposes for the fiscal year with respect to which such contributions are made, and no such contribution shall be made for any year to the extent it would exceed the deductible limit for such year as set forth in section 404 of the Code.

(l) Contributions With Respect to Military Service .

(i) Salary Reduction and After-Tax Contributions . A Member who returns to employment with the Employer or a Related Entity following a period of Qualified Military Service shall be permitted to make additional contributions under subsections 4(a), 4(b) and 4(c), within the limits described in Section 4, up to an amount equal to such contributions that the Member would have been permitted to make to the Plan if he had continued to be employed and received Compensation during the period of Qualified Military Service. Notwithstanding the foregoing, to the extent that a Member makes any of the contributions

described in subsections 4(a), 4(b) and 4(c) during the Member's Qualified Military Service from any differential wage payments (as defined in section 3401(h) of the Code) received with respect to such service, such contributions shall reduce the amount of additional contributions the Member is permitted to make pursuant to the preceding sentence. Contributions under this subsection 4(l)(i) may be made during the period which begins on the date such Member returns to employment and which has the same length as the lesser of (a) 3 multiplied by the period of Qualified Military Service and (b) 5 years.

(ii) Matching Contributions . The Employer shall contribute to the Plan, on behalf of each Member employed by such Employer who has made contributions under subsection (i) above, an amount equal to the contribution that would have been required under subsection 4(d) had such contributions under subsection (i), above, been made during the period of Qualified Military Service.

(iii) Limitations on Contributions . The contributions made under this subsection 4(l) shall be subject to the limitations described in Sections 4 and 5 for the Plan Year to which such contributions relate.

SECTION 5. MAXIMUM CONTRIBUTIONS AND BENEFITS

(a) Defined Contribution Limitation . In the event that the amount allocable to an Eligible Employee from amounts contributed by the Eligible Employee or the Employer to the Fund (excluding Salary Reduction Contributions contributed pursuant to subsection 4(c)) with respect to any Plan Year would cause the Annual Additions allocated to any Eligible Employee under this Plan plus the amount allocated to such Eligible Employee under any other defined contribution plan maintained by the Employer or a Related Entity to exceed for any Limitation Year the lesser of (i) the dollar limitation in effect under section 415(c) of the Code (adjusted in accordance with section 415(d) of the Code) or (ii) 100% of such Eligible Employee's compensation (as defined in subsection 5(b)) for such Limitation Year, then the amount otherwise allocable to such Eligible Employee shall be reduced by the amount of such excess to determine the actual amount of the Employer's contribution allocable to such Eligible Employee with respect to such Plan Year. If the Annual Additions actually allocated to an Eligible Employee exceed the limitations set forth above for any Plan Year, the amount of such excess shall be corrected in accordance with the Employee Plans Compliance Resolution System of the Internal Revenue Service. In addition, any contributions or benefits provided under another plan to a leased employee (within the meaning of section 414(n) of the Code) by his leasing organization with respect to services performed for an Employer shall be treated as provided under this Plan and shall be taken into account for purposes of this subsection 5(a) to the extent required under Treasury Regulation §1.415(a)-1(f)(3). Any Salary Reduction Contributions returned to an Eligible Employee pursuant to this subsection 5(a) shall be treated as the return of Before-Tax Contributions, up to the extent Before-Tax Contributions were made by such Eligible Employee to the Plan for such Plan Year and, to the extent that the returned contributions exceed such Before-Tax Contributions, such returned contributions shall be treated as Designated Roth Contributions made by the Eligible Employee to the Plan for the Plan Year.

(b) Definition of "Compensation" for Code Limitations . For purposes of the limitations on the allocation of Annual Additions to an Eligible Employee as provided for in this Section 5, "compensation" for a Limitation Year shall have the meaning set forth in Treasury Regulations § 1.415(c)-2(d)(4).

SECTION 6. TRUSTEE AND INVESTMENTS

(a) Trustee . The assets of the Fund shall be held pursuant to a trust agreement created by the execution of a trust agreement between the Company and the Trustee. All contributions under the Plan shall be paid to the Trustee. The Trustee shall hold all monies and other property received by it and invest and reinvest the same, together with the income therefrom, on behalf of the Members collectively in accordance with the provisions of the trust agreement. The Trustee shall make distributions from the Fund at such time or times to such person or persons and in such amounts as the Administrator directs in accordance with the Plan.

(b) Member Elections . The Investment Fiduciary shall instruct the Trustee to establish specific Investment Categories for Members to select among investment alternatives reflecting varying degrees of risk of loss and possibility of gain. If an Investment Category consists of more than one security or contract, the Investment Fiduciary shall select the specific investments to be included which conform to the criteria and objectives of the Investment Category. The Investment Fiduciary at any time may add to or delete from the Investment Categories. In addition, effective January 1, 2016, the Trustee shall establish and maintain, or shall cause to be established and maintained, an investment fund herein called the “Employer Stock Fund” which shall be invested in the common stock, without par value, of Exelon Corporation (“Common Stock”), and shall also include such short term obligations and short-term liquid investments purchased by the Trustee, in accordance with the trust agreement, pending the selection and purchase of the Common Stock or as otherwise determined by the Trustee to be necessary to satisfy such fund’s cash needs. Under rules established by the Administrator, each Member shall be required to designate in the manner and pursuant to the procedures prescribed by the Administrator or its delegate, the Investment Category or

Categories or, effective on and after January 1, 2016, the Employer Stock Fund, in which the Trustee is to invest the contributions made with respect to such Member. A Member may at any time change such designation with respect to new contributions or amounts previously invested through an election in the manner and pursuant to the procedures prescribed by the Administrator or its delegate (including, without limitation, any restrictions imposed with respect to transfers of funds to or from the Employer Stock Fund by individuals who are subject to Rule 16b-3 under section 16 of the Securities Exchange Act of 1934). If the Investment Fiduciary eliminates an Investment Category and a Member does not select a new Investment Category for his contributions held in the eliminated Investment Category, the Investment Fiduciary, in its sole discretion, shall direct the Trustee with respect to investment of the Member's amounts so held. Each Member shall be solely responsible for his election of Investment Categories from time to time.

(c) Rules Applicable to Investment Elections . The Administrator may limit the right of a Member (i) to increase or decrease his contributions or to direct loan repayments to a particular Investment Category or, effective on and after January 1, 2016, the Employer Stock Fund, (ii) to transfer amounts to or from a particular Investment Category or, effective on and after January 1, 2016, the Employer Stock Fund, or (iii) to transfer amounts between particular Investment Categories or, effective on and after January 1, 2016, the Employer Stock Fund, if such limitation is required under the terms upon which the Investment Category or the Employer Stock Fund, is established.

(d) Facilitation . Notwithstanding any instruction from any Member for investment of funds in an Investment Category as provided for herein, the Trustee shall have the right to hold uninvested or invested pending reinvestment any amounts intended for investment or reinvestment until such time as investment may be made in accordance with subsection 6(b).

(e) Valuations . The Accounts of each Member shall be adjusted by the Trustee (or the Trustee's designee) as of each Valuation Date by (i) reducing such accounts by any payments made therefrom since the preceding Valuation Date, and then (ii) increasing or reducing such account by the Member's allocable share of the net amount of income, gains and losses (realized and unrealized) and expenses of such applicable Investment Category or, effective on and after January 1, 2016, the Employer Stock Fund, since the preceding Valuation Date, and (iii) crediting such accounts with any contributions made thereto since the preceding Valuation Date.

(f) Bookkeeping . The Administrator, or its delegate, shall maintain separate bookkeeping accounts to reflect each Member's contributions under subsections 4(a), 4(b), 4(c) and 4(h), and Matching Contributions allocated to each Member under subsection 4(d). Any Designated Roth Contribution Account shall be maintained in a manner that satisfies the separate accounting requirement, and any Treasury Regulations or other requirements promulgated, under section 402A of the Code. Accordingly, gains, losses and other credits and charges shall be separately allocated on a reasonable basis to each such account and other accounts under the Plan, the Plan shall keep a record of each Eligible Employee's Designated Roth Contributions that have not been withdrawn, and contributions and withdrawals of Designated Roth Contributions, and related earrings, shall be accounted for with respect to Designated Roth Contribution Accounts. However, forfeitures shall not be allocated to any Designated Roth Contribution Account. These separate accounting requirements apply with respect to a Member from the time the Member makes his first Designated Roth Contribution until the time the

Member's Designated Roth Contribution Account is distributed. For each Member, the Salary Reduction Contributions that consist of (i) Salary Reduction Contributions made on behalf of the Eligible Employee for periods beginning prior to June 1, 2006, (ii) any amounts credited to the Member's Salary Reduction Contribution Account under subsection 4(g)(ii) prior to June 1, 2006, and (iii) any Salary Reduction Contributions that are Before-Tax Contributions made pursuant to subsection 4(a) for periods beginning on or after June 1, 2006 shall be allocated to the Before-Tax Contribution Account of such Member. The Salary Reduction Contributions that consist of Designated Roth Contributions made on behalf of the Member pursuant to subsection 4(a)(ii) for periods beginning on or after June 1, 2006 shall be allocated to the Designated Roth Contribution Account of such Member.

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SECTION 7. BENEFICIARIES AND DEATH BENEFITS

(a) Designation of Beneficiary . Each Member shall have the right to designate a beneficiary or beneficiaries (who may be designated contingently or successively and that may be an entity other than a natural person) to receive any distribution to be made under subsection 8(d), upon the death of such Member or, in the case of a Member who dies subsequent to termination of his employment but prior to the distribution of the entire amount to which he is entitled under the Plan, any undistributed balance to which such Member would have been entitled; provided, however, that no such designation (or change thereof) shall be effective if the Member was married on the date of the Member's death unless such designation (or change thereof) was consented to at the time of such designation (or change thereof) by the person who was the Member's spouse, in writing, acknowledging the effect of such consent and witnessed by a notary public or a Plan representative, or it is established to the satisfaction of the Administrator that such consent could not be obtained because the Member's spouse cannot be located or such other circumstances as may be prescribed in applicable regulations. Subject to the preceding sentence, a Member may from time to time, without the consent of any beneficiary, change or cancel any such designation. Such designation and each change therein shall be made in the form prescribed by the Administrator and shall be filed with the Administrator. If (i) no beneficiary has been named by a deceased Member, (ii) such designation is not effective pursuant to the proviso contained in the first sentence of this section, or (iii) the designated beneficiary has predeceased the Member, any undistributed balance of the deceased Member shall be distributed by the Trustee at the direction of the Administrator (a) to the surviving spouse of such deceased Member, if any, or (b) if there is no surviving spouse, to the surviving children of such deceased Member, if any, in equal shares, or (c) if there is no

surviving spouse or surviving children, to the surviving parents of such deceased Member, if any, in equal shares, or (d) if there is no surviving spouse, surviving children or surviving parents, to the executor or administrator of the estate of such deceased Member or (e) if no executor or administrator has been appointed for the estate of such deceased Member within six months following the date of the Member's death, in equal shares to the person or persons who would be entitled under the intestate succession laws of the state of the Member's domicile to receive the Member's personal estate. The marriage of a Member shall be deemed to revoke any prior designation of a beneficiary made by him and a divorce shall be deemed to revoke any prior designation of the Member's divorced spouse if written evidence of such marriage or divorce is received by the Administrator prior to any distribution.

(b) Definition of Spouse . For purposes of the Plan, the term "spouse" shall mean only the individual who is lawfully married to the Member (a) effective for the period beginning on June 26, 2013 and ending September 15, 2013, under the laws of the state in which the Member was domiciled as of the date that the Member's distribution is to be made hereunder or, if earlier, on the date of the Member's death, and (b) effective September 16, 2013, under the laws of the state or foreign jurisdiction where the individual and the Member were married, without regard to the laws of the state where the individual and the Member are domiciled. For the avoidance of doubt, the term "spouse" shall not include a person who, with the Member, is in a domestic partnership, civil union or other similar formal relationship recognized by applicable law.

(c) Distributions to Minor and Disabled Distributees . Any distribution under this Section that is payable to a distributee who is a minor or to a distributee who has been legally determined to be unable to manage his affairs by reason of illness or mental incompetency may be made to or for the benefit of any such distributee at such time consistent with the provisions of Section 8 and in such of the following ways as the legal representative of such distributee shall direct: (i) directly to any such minor distributee, (ii) to such legal representative, (iii) to a custodian under a Uniform Gifts to Minors Act for any such minor distributee, or (iv) as otherwise directed by such legal representative. Neither the Administrator nor the Trustee shall be required to see to the application by any third party other than the legal representative of a distributee of any distribution made to or for the benefit of such distributee pursuant to this Section.

(d) "Lost" Members and Beneficiaries . If within a period of five years following the death or other termination of employment of any Member the Administrator in the exercise of reasonable diligence has been unable to locate the person or persons entitled to benefits under this Section 7, the rights of such person or persons shall be forfeited; provided, however, that the Plan shall reinstate and pay to such person or persons the amount of the benefits so forfeited upon a claim for such benefits made by such person or persons. The amount to be so reinstated shall be obtained from the total amount that shall have been forfeited pursuant to this Section 7 during the Plan Year that the claim for such forfeited benefit is made. If the amount to be reinstated exceeds the amount of such forfeitures, the Employer in respect of whose Employee the claim for forfeited benefit is made shall make a contribution in an amount equal to the remainder of such excess. Any such contribution shall be made without regard to whether or not the limitations set forth in subsections 4(e) or 5 will be exceeded by such contribution.

SECTION 8. BENEFITS FOR MEMBERS

The following are the only post-employment benefits provided by the Plan:

(a) Retirement Benefit .

(i) Each Member shall be entitled to a retirement benefit equal to his Account as of the distribution date prescribed by subsection 9(a)(i) following his retirement on or after his Normal Retirement Date.

(ii) An Eligible Employee who continues employment beyond his Normal Retirement Date shall continue to be eligible to participate in the Plan.

(b) Death Benefit . In the event of the death of a Member before distribution of his Account, the Member's Account as of the distribution date prescribed by subsection 9(a)(ii) shall constitute his death benefit and shall be distributed pursuant to Section 7 and subsection 9(a)(i) to his designated beneficiary or (ii) if no designation of beneficiary is then in effect, to the beneficiary determined pursuant to Section 7. Effective January 1, 2007, in the case of a Member who dies while performing qualified military service (as defined in Section 414(u) of the Code), the beneficiaries of such Member shall be entitled to any additional benefits, if any (other than benefit accruals relating to the period of qualified military service), provided under the Plan had the Member resumed employment with the Employer and then terminated such employment on account of such Member's death.

(c) Disability Benefit . In the event a Member terminates employment with the Employers and all Related Entities due to Disability, the Member's Account as of the distribution date prescribed by subsection 9(a)(iii) for his termination of employment due to Disability shall constitute his Disability benefit.

(d) Termination of Employment Benefit . In the event a Member terminates employment with the Employers and all Related Entities other than by reason of retirement on or after his Normal Retirement Date, Disability or death, the Member's Account as of the date prescribed for distribution in accordance with subsection 9(a)(iii) shall constitute his benefit.

SECTION 9. DISTRIBUTION OF BENEFITS

(a) Commencement .

(i) Normal or Late Retirement . Benefits payable under subsection 8(a) due to retirement shall begin to be distributed as elected by the Member but not later than the Member's Mandatory Distribution Date. Unless otherwise elected by the Member, in no event shall the payment of benefits commence later than the sixtieth day after the close of the Plan Year in which the latest of the following occurs:

(A) The Member's Normal Retirement Date;

(B) The Member's termination of employment; or

(C) The fifth anniversary of the year in which the Member commenced participation in the Plan.

Distributions that are required to begin at the Member's Mandatory Distribution Date shall be made in periodic payments if the Member is still employed by the Employers or a Related Entity or, if the Member is no longer employed, may be made in periodic payments if elected by the Member. The first payment shall be made on or before the Member's Mandatory Distribution Date and subsequent payments shall be made in each December; provided, however, that for calendar year 2009, in accordance with section 401(a)(9)(H) of the Code, no payment shall be made unless the Member elects otherwise. The amount of each periodic payment shall be the minimum amount required to be distributed under section 401(a)(9) of the Code under the assumptions that the Member has no designated beneficiary or spousal beneficiary.

(ii) Death . Benefits payable under subsection 8(b) shall be completed within five years after the death of the Member, except that, if the Member's designated beneficiary is the Member's spouse, distribution may be deferred until the date on which the Member would have attained age 70 1/2 had he survived and (ii) if the Member's designated beneficiary is a natural person other than the Member's spouse and distributions commence not later than one year after the Member's death, such distributions may be made over a period not longer than the life expectancy of such beneficiary. If at the time of the Member's death, distribution of the Member's benefit has commenced, the remaining portion of the Member's benefit shall be paid in the manner elected by the Member's designated beneficiary, but at least as rapidly as was the method of distribution being used prior to the Member's death.

(iii) Termination of Employment . Benefits payable under subsection 8(c) due to Disability or 8(d) due to termination of employment shall be distributed as soon after the Member's termination of employment as is administratively feasible. However, if the Member's Account exceeds $1,000 (including the Member's Rollover Account), distribution of benefits shall not commence unless the Member elects such distribution in a manner acceptable to the Administrator. If the Member initially does not elect the distribution, his Account shall be retained in the Fund until the Member requests a distribution. A Member's election to commence payment prior to his Mandatory Distribution Date must be made within the 90-day period ending on the distribution date elected by the Member and in no event earlier than the date the Administrator provides the Member with written information relating to his right to defer payment until his Mandatory Distribution Date and his right to make a direct rollover as set forth in subsection 9(e). Such information must be supplied not less than 30 days nor more than 90 days prior to the distribution date. Notwithstanding the preceding sentence, a Member's distribution date may occur less than 30 days after such information has been supplied to the Member provided that, after the Member has received such information and has been advised of his right to a 30-day period to make a decision regarding the distribution, the Member

affirmatively elects a distribution. If the Member does not request a distribution, the Administrator shall distribute the Member's Account as of the first to occur of the Member's Mandatory Distribution Date or death (provided the Administrator receives notice of the Member's death). Payments that begin at the Member's Mandatory Distribution Date may be made in periodic payments if such payments are elected by the Member. The first payment shall be made on or before the Member's Mandatory Distribution Date and subsequent payments shall be made in each December; provided, however, that for calendar year 2009, in accordance with section 401(a)(9)(H) of the Code, no payment shall be made in December unless the Member elects otherwise. The amount of each periodic payment shall be the minimum amount required to be distributed under section 401(a)(9) of the Code under the assumptions that the Member has no designated beneficiary or spousal beneficiary.

(b) Benefit Form . Benefits payable to a terminated Member under Section 8 shall be distributed in one of the following forms as elected by the Member:

(i) a lump sum payment; or

(ii) substantially equal annual, quarterly or monthly installments over a period of years specified by the Member (but not extending beyond the joint and survivor life expectancy of the Member and his designated beneficiary, or such shorter period as may be required by section 401(a)(9) of the Code or the regulations promulgated thereunder). The life expectancy of a Member, his spouse or his designated beneficiary shall be determined in accordance with applicable regulations under the Code. The life expectancy of a Member and his spouse may be redetermined periodically, but not more frequently than annually. Notwithstanding any provisions of the Plan to the contrary, all distributions will be made in accordance with section 401(a)(9) of the Code and the regulations promulgated thereunder, including the minimum distribution incidental death benefit requirement thereof.

Subject to the last sentence of the preceding paragraph, a Member who elected to receive distribution in the form of installments may, at any time after such election is made, elect to change the frequency of such installments, discontinue receiving such installments, make a partial withdrawal of any portion of his or her vested Account balance or receive the remaining amount of his or her vested Account balance in the form of a lump sum payment in accordance with any procedure established by the Administrator. A Member who elected to receive a partial withdrawal of his or her vested Account balance may, at any time after such election is made, elect to receive the remaining amount of his or her vested Account balance in the form of installments or in the form of a lump sum payment in accordance with any procedure established by the Administrator. If no election is made by a Member or beneficiary, as the case may be, as to the form of distribution, the Member's vested Account balance shall be distributed in the form of a lump sum payment.

The amount distributed hereunder shall be paid in cash, except that if the Member's Account is paid in a lump sum, then the Member may request that all of his or her Account invested in the Employer Stock Fund be distributed in whole shares of Common Stock held in such fund with any fractional share being paid in cash. The number of shares of Common Stock to be distributed shall be based on the current fair market value of a share of Common Stock as determined by the Trustee under Section 6(e) as of the Valuation Date coinciding with or immediately preceding the date payment of the Member's Account is to be made. Requests for distribution in the form of Common Stock shall be made at such time and in such manner as the Administrator shall determine under rules and regulations which are uniformly applied.

(c) Withholding . All distributions under the Plan are subject to federal and state tax withholding as required by applicable law as in effect from time to time.

(d) Minimum Distribution Requirements . The provisions of this Section 9 shall be construed in accordance with section 401(a)(9) of the Code and regulations thereunder, including the incidental death benefit requirements of section 401(a)(9)(G) of the Code as set forth in Treasury Regulation §1.401(a)(9)-5. The Plan shall apply the minimum distribution requirements of section 401(a)(9) of the Code.

(e) Direct Rollover . In the event any payment or payments (excluding any amount not includible in gross income) to be made to a person pursuant to this Section 9 or Section 10 would constitute an "eligible rollover distribution," such person may request that, in lieu of payment to the person, all or part of such payment or payments be rolled over directly from the Trustee to the trustee of an "eligible retirement plan." Any such request shall be made at the time and in the manner prescribed by the Administrator or its delegate, subject to such requirements and restrictions as may be prescribed by applicable Treasury Regulations. For purposes of this subsection 9(e):

(i) "person" shall include an Employee or former Employee or his surviving spouse or his spouse or former spouse who is an alternate payee under a qualified domestic relations order within the meaning of section 414(p) of the Code or, effective January 1, 2009, the Member's beneficiary who is not the Member's spouse or former spouse under a qualified domestic relations order;

(ii) “eligible rollover distribution” shall mean a distribution from the Plan, excluding (A) any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) over the life (or life expectancy) of the individual, the joint lives (or joint life expectancies) of the individual and the individual’s designated beneficiary, or a specified period of ten (10) or more years, (B) any distribution to the extent such distribution is required under section 401(a)(9) of the Code, and (C) any hardship distribution; and

(iii) “eligible retirement plan” shall mean (A) an individual retirement account described in section 408(a) of the Code, (B) an individual retirement annuity described in section 408(b) of the Code (other than an endowment contract), (C) an annuity plan described in section 403(a) of the Code, (D) a qualified plan the terms of which permit the acceptance of rollover distributions, (E) an eligible deferred compensation plan described in section 457(b) of the Code that is maintained by an eligible employer described in section 457(e)(i)(A) of the Code that shall separately account for the distribution, or (F) an individual retirement plan described in section 408A(b) of the Code, provided, however, that for transfers (other than the portion of any such transfer related to the Member’s Designated Roth Contribution Account) occurring before January 1, 2010, the person meets the requirements of section 408A(c)(3)(B) of the Code, (G) an annuity contract described in section 403(b) of the Code; provided, however, that with respect to a distribution (or portion of a distribution) consisting of after-tax employee contributions, “eligible retirement plan” shall mean a plan described in clause (D) that separately accounts for such amounts or a plan described in clause (A) or (B) and with respect to a distribution (or portion of a distribution) made to a person who is not the Member or the surviving spouse of the Member or former spouse under a qualified domestic relations order, “eligible retirement plan” shall mean only a plan described in clause (A), (B) or (F) that, in either case, is established for the purpose of receiving such distribution on behalf of such person.

Notwithstanding any provision of this subsection 9(e), in the case of any eligible rollover distribution that includes all or any portion of the Member's Designated Roth Contribution Account, a Member or surviving spouse may elect to transfer such portion only to another plan which accounts for Designated Roth Contributions described in section 402A of the Code or to a Roth IRA described in section 408A of the Code and only to the extent the rollover is permitted by the rules of section 402(c) of the Code.

(f) Domestic Relations Orders .

(i) General . Except as otherwise provided in this subsection 9(f), an "alternate payee" under a "qualified domestic relations order" within the meaning of section 206(d)(3)(B) of ERISA and section 414(p) of the Code (a "QDRO") shall have no rights to a Member's benefit and shall have no rights under this Plan other than those rights specifically granted to the alternate payee pursuant to the QDRO. Notwithstanding the foregoing, an alternate payee shall have the right to make a claim for any benefits awarded to the alternate payee pursuant to a QDRO, as provided in this subsection 9(f). Any interest of an alternate payee in the Account of a Member, other than an interest payable solely upon the Member's death pursuant to a QDRO which provides that the alternate payee shall be treated as the Member's surviving spouse, shall be separately accounted for by the Trustee in the name and for the benefit of the alternate payee.

(ii) Distribution .

(A) Notwithstanding anything in this Plan to the contrary, a QDRO may provide that any benefits of a Member payable to an alternate payee that are separately accounted for shall be distributed immediately or at any other time specified in the order but not later than the latest date benefits would be payable to the Member pursuant to this

Section 9. However, in the event the amount payable to the alternate payee under the QDRO does not exceed $1,000, such amount shall be paid to the alternate payee in a single sum as soon as practicable following the Plan Administrator's receipt of the order and verification of its status as a QDRO.

(B) The amounts that are to be segregated for the alternate payee's benefit shall be derived from each Investment Category and, effective on and after January 1, 2016, the Employer Stock Fund, in which the Member's Account is invested (excluding any Loan Account established pursuant to Section 11), on a pro-rata basis. A QDRO may not provide for the assignment to an alternate payee of an amount that exceeds the balance of the Member's vested Accounts after deduction of any Loan Account.

(C) The benefit payable to an alternate payee shall be paid in the form of a single sum.

(iii) Withdrawals . An alternate payee shall not be permitted to make any withdrawals under Section 10.

(iv) Death Benefits . Unless a QDRO establishing a separate account for an alternate payee provides to the contrary, an alternate payee for whom a separate account is established shall have the right to designate a beneficiary, in the same manner as provided in subsection 7(a) with respect to a Member (except that no spousal consent shall be required), who shall receive benefits payable to an alternate payee which have not been distributed at the time of an alternate payee's death. If the alternate payee for whom a separate account is established does not designate a beneficiary, or if the beneficiary predeceases the alternate payee, benefits payable to the alternate payee which have not been distributed shall be paid to the alternate payee's estate. Any death benefit payable to the beneficiary of an alternate payee shall be paid in a single sum in cash as soon as administratively practicable after the alternate payee's death.

(v) Investment Direction . Unless a QDRO establishing a separate account for an alternate payee provides to the contrary, an alternate payee for whom a separate account is established shall have the right to direct the investment of any portion of a Member's Account payable to the alternate payee under such order in the same manner as provided in Section 6 with respect to a Member, which amounts shall be separately accounted for by the Trustee in the alternate payee's name.

(vi) Loans . An alternate payee shall not be permitted to receive a loan under Section 11.

SECTION 10. IN-SERVICE DISTRIBUTIONS

(a) Age 59-1/2 . An Eligible Employee who has attained age 59-1/2 shall have the right to withdraw all or a portion of his Salary Reduction Contribution Account and/or his Matching Contribution Account in cash at any time in the manner and pursuant to the procedures prescribed by the Administrator or its delegate. The withdrawal shall be charged proportionately to the Investment Categories and, effective on and after January 1, 2016, the Employer Stock Fund, in which the Eligible Employee has an account. All withdrawals shall be made in a single sum distribution.

(b) Hardship Distributions .

(i) The Administrator shall permit an in-service distribution to an Eligible Employee from his Salary Reduction Contribution Account and Matching Contribution Account on account of financial hardship, subject to the limitations of this subsection. A distribution is on account of hardship only if the distribution both (i) is made on account of an immediate and heavy financial need of the Eligible Employee as determined under subsection 10(b)(ii) and (ii) is necessary to satisfy such financial need as determined under subsection 10(b)(iii).

(ii) Need . A distribution shall be deemed to be made on account of immediate and heavy financial need of the Eligible Employee if the distribution is on account of (i) medical expenses described in section 213(d) of the Code incurred or anticipated to be incurred by the Eligible Employee, the Eligible Employee's spouse or any dependent of the Eligible Employee (as defined in section 152 of the Code, without regard to sections 152(b)(1), (b)(2) and (d)(1)(B) of the Code (determined without regard to whether the expenses exceed 7.5% of adjusted gross income)); (ii) purchase (excluding mortgage payments) of a principal

residence for the Eligible Employee; (iii) payment of tuition, room and board, and related educational fees for up to the next 12 months of post-secondary education for the Eligible Employee, the Eligible Employee's spouse or any dependent of the Eligible Employee (as defined in section 152 of the Code, without regard to sections 152(b)(1), (b)(2) and (d)(1)(B) of the Code); (iv) the need to prevent the eviction of the Eligible Employee from his principal residence or foreclosure on the mortgage of the Eligible Employee's principal residence; (v) funeral or burial expenses incurred by the Eligible Employee for the Eligible Employee's deceased parent, spouse, beneficiary, children or dependent (as defined in section 152 of the Code, without regard to section 152(d)(1)(B) of the Code); (vi) expenses for the repair of damage to the Eligible Employee's principal residence that would qualify for the casualty deduction under section 165 of the Code (determined without regard to whether the loss exceeds 10% of adjusted gross income); or (vii) such other reason as the Commissioner of Internal Revenue specifies as a deemed immediate and heavy financial need through the publication of regulations, revenue rulings, notices or other documents of general applicability.

(iii) Satisfaction of Need . A distribution shall be deemed to be necessary to satisfy an immediate and heavy financial need of an Eligible Employee only if all of the requirements or conditions set forth below are satisfied or agreed to by the Eligible Employee, as appropriate.

(A) The distribution is not in excess of the amount of the immediate and heavy financial need of the Eligible Employee, including any amounts necessary to pay any federal, state or local income taxes or penalties reasonably anticipated to result from the distribution.

(B) The Eligible Employee has obtained all distributions, other than hardship distributions, and all non-taxable loans currently available under all plans subject to section 415 of the Code maintained by the Employer or any Related Entity (including, without limitation, the Plan); provided, however, that the Eligible Employee shall not be required to obtain such distributions and loans if the effect of receiving such distributions and loans would be to increase the Eligible Employee's financial hardship.

(C) The Eligible Employee's Salary Reduction Contributions and After-Tax Contributions under this Plan and each other plan subject to section 415 of the Code maintained by the Employer or a Related Entity in which the Eligible Employee participates are suspended for six full calendar months after receipt of the distribution.

(iv) Limitation . (A) distributions on account of hardship shall be in cash, (B) distributions on account of hardship shall not include investment earnings on Salary Reduction Contributions that are attributable to periods after 1988, and (C) distributions on account of hardship shall not include any amounts pledged as a Plan loan.

(v) General Rules . Distributions on account of hardship shall be made as soon after the Eligible Employee's request as is administratively feasible, in accordance with procedures prescribed by the Administrator or its delegate. Such distributions shall be charged proportionately to the Investment Categories and, effective on and after January 1, 2016, the Employer Stock Fund, in which the Eligible Employee has an account.

(c) Withdrawals from After-Tax Contribution and Rollover Accounts . A Member, regardless of the period of participation of the Member in the Plan, may elect, in accordance with procedures established by the Administrator, to withdraw from the After-Tax Contribution Account and Rollover Account of the Member an amount not in excess of the value

of such Account(s) determined as of the Valuation Date next succeeding the date of receipt of the request for withdrawal. Distributions from the Member's After-Tax Contribution Account shall be made first from a Member's pre-1987 After-Tax Contribution Account and then proportionately from the Member's post-1986 After-Tax Contribution Account and investment earnings on all After-Tax Contributions.

(d) Qualified Reservist Withdrawals . A Member who is a Qualified Reservist may make a request while on active duty as a Qualified Reservist, by instructions at the time and in the manner prescribed by the Administrator, to withdraw any portion of his Salary Reduction Contribution Account not attributable to outstanding loans.

(e) Qualified Military Service Withdrawals . During any period a Member is performing Qualified Military Service for more than 30 days, such Member shall be treated as having terminated employment with the Employers and may make a request to withdraw any portion of his Salary Reduction Contribution Account not attributable to outstanding loans. For purposes of the foregoing, if such Member elects to receive a withdrawal, then such Member may not make any Salary Reduction Contributions or After-Tax Contributions during the 6-month period beginning on the date of the withdrawal.

(f) Rules Governing In-Service Distributions .

(i) In the event a Member requests a distribution pursuant to subsections 10(a) through 10(d), the distribution shall be paid to the Member as soon as is reasonably practicable after the Valuation Date next succeeding the date of receipt of the written request for such distribution. If a Member's termination of employment occurs after an election is made in accordance with these subsections, but prior to distribution of the full amount elected, such election shall be automatically void and the benefits the Member or the Member's beneficiary are entitled to receive under the Plan shall be distributed in accordance with the preceding provisions of this Section.

(ii) No distribution made pursuant to subsections 10(a) or 10(c) may be for an amount which is less than the lesser of: (i) $250; or (ii) that portion of the Member's Salary Reduction Contribution Account, Matching Contribution Account, After-Tax Contribution Account or Rollover Account (whichever is applicable) that is subject to withdrawal pursuant to such subsection.

(iii) A Member may not make more than one withdrawal pursuant to subsection 10(c) in any Plan Year.

(g) Pledged Amounts . Notwithstanding anything in this Section 10 to the contrary, no Member shall be permitted to withdraw any portion of his Account that has been pledged as security for a loan and allocated to his Loan Account under Section 11.

(h) Designation of Distribution . With respect to any in-service distribution hereunder that consists in whole or in part of Salary Reduction Contributions, the Member shall designate the extent to which such distribution of Salary Reduction Contributions consists of Designated Roth Contributions from the Member's Designated Roth Contribution Account and the extent that such withdrawals are Before-Tax Contributions from the Member's Before-Tax Contribution Account and in the event that any such designation is not made or is incomplete, such withdrawals shall be treated as withdrawals of Designated Roth Contributions to the extent Designated Roth Contributions were made to the Plan and, to the extent that the withdrawal exceeds such Designated Roth Contributions, such withdrawal shall be treated as Before-Tax Contributions.

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(i) Dividend Distributions in Respect of the Employer Stock Fund . Dividends shall be allocated to the Accounts of each Member, any portion of whose Account balance is invested in the Employer Stock Fund in accordance with paragraph (b) of Section 6, based upon the total number of shares of Common Stock represented by the Member's proportionate share of the Employer Stock Fund as of such date as may be determined from time to time by the Administrator on or before each dividend record date. Cash dividends shall be reinvested in Common Stock (through the Employer Stock Fund) unless the Member (or his or her beneficiary) elects, at the time and in the manner prescribed by the Administrator, to receive a cash distribution in an amount equal to such dividend, payable not later than 90 days after the end of the Plan Year in which such dividend was paid.

SECTION 11. LOANS

(a) Permissibility . Each Member who is an Employee of the Employer and any other Member who is a Party in Interest may apply for a loan from the Plan in the manner and pursuant to the procedures prescribed by the Administrator or its delegate. The minimum principal amount of any loan, at the time it is made, shall be $500 for any general purpose loan and $1,000 for any primary residence loan. The proceeds of any loan shall be disbursed to the Member in cash. A Member is permitted to have only one loan outstanding at any time, except that, effective as of February 1, 2010, a Member who is employed at the Oyster Creek facility is permitted to have no more than three loans outstanding at any time.

(b) Application . Subject to such uniform and nondiscriminatory rules as may from time to time be adopted by the Administrator, the Trustee, upon application by such Member, in the manner and pursuant to the procedures prescribed by the Administrator or its delegate, may make a loan or loans to such applicant. No loan shall be granted if the Member has an outstanding loan, or if proceeds of a prior loan were issued to the Member at any time during the Plan Year in which the application is made.

(c) Limitation on Amount . Loans shall be at least $500 for any general purpose loan and at least $1,000 for any primary residence loan, and in no event shall total loans exceed the lesser of (i) 50% of the Member's Account as of the date on which the loan is made, or (ii) $50,000, reduced by the excess, if any, of (A) the highest outstanding balance of all loans during the 12 months prior to the time the new loan is to be made over (B) the outstanding balance of loans made to the Member on the date such new loan is made. Loans under any other qualified plan sponsored by the Employer and all Related Entities shall be aggregated with loans under the Plan in determining whether or not the limitation stated herein has been exceeded.

(d) Equality of Borrowing Opportunity . Loans shall be available to all Members who are Parties in Interest on a reasonably equivalent basis. Loans shall not be made available to Members who are or were highly compensated employees (within the meaning of section 414(q) of the Code) in an amount greater than the amount available to other Members.

(e) Loan Statement . Every Member receiving a loan hereunder shall receive a statement from the Administrator clearly reflecting the charges involved in each transaction, including the dollar amount and annual interest rate of the finance charges. The statement shall provide all information required to meet applicable "truth-in-lending" laws.

(f) Restriction on Loans . The Administrator shall not approve any loan if it is the belief of the Administrator that such loan, if made, would constitute a prohibited transaction (within the meaning of section 406 of ERISA or section 4975(c) of the Code), would constitute a distribution taxable for federal income tax purposes, would imperil the status of the Plan or any part thereof under section 401(k) of the Code or would constitute, for a Member who is subject to Rule 16b-3 under section 16 of the Securities Exchange Act of 1934, would constitute a violation of such Rule or section.

(g) Loans as Account Investments . All loans shall be considered as fixed income investments of a segregated account of the Member (the "Loan Account") directed by the Member. Accordingly, the following conditions shall prevail with respect to each such loan:

(i) Security . All loans shall be secured by the portion of the Member's Account allocated to the Loan Account pursuant to subsection 11(g)(vii), which shall not exceed 50% of the Member's Account as of the date on which the loan is made, and by the pledge of such further collateral as the Administrator, in its discretion, deems necessary to assure repayment of the borrowed amount and all interest to be accrued thereon in accordance with the terms of the loan.

(ii) Interest Rate . Interest shall be charged at a rate to be fixed by the Administrator and, in determining the interest rate, the Administrator shall take into consideration interest rates currently being charged on similar commercial loans by persons in the business of lending money in the same geographic area.

(iii) Loan Term . Loans shall be for terms of up to 60 consecutive calendar months. However, if the loan will be used to acquire the Member's principal residence, the term of the loan must be for a minimum term of five years and may have a maximum term of not greater than the lesser of (A) the time until the Member attains his Normal Retirement Date or (B) thirty years. Loans shall be non-renewable and non-extendable.

(iv) Promissory Note . Any loan made to a Member under this Section 11 shall be evidenced by a promissory note. Such promissory note shall contain the irrevocable consent of the Member to the payroll withholding described in subsection 11(g)(v), if applicable. The Administrator shall have the right to require the Member to execute a revised promissory note if the Administrator determines it is necessary to comply with ERISA or the Code.

(v) Repayment . Loans shall be repaid in level installments in each payroll period through payroll withholding; provided, however, that:

(A) a Member who is not an Employee of the Employer but who (1) is a Party in Interest or (2) continues scheduled payments subject to the rules described in subsection (g)(viii)(A)(2); or

(B) a Member who is an Employee of the Employer but for whom the Administrator has determined that payroll withholding is not practicable, shall repay by certified check or in such other manner directed by the Administrator. Loans may be prepaid in full, without penalty, on any installment payment date. Partial prepayment is not permitted.

(vi) Loan Fees . Fees properly chargeable in connection with a loan may be charged, in accordance with a uniform and nondiscriminatory policy established by the Administrator, against the Account of the Member to whom the loan is granted.

(vii) Loan Account .

(A) A portion of the Member's Account that is equal to the initial principal amount of any loan made pursuant to this Section 11 shall be transferred, upon the approval of the loan application and disbursement of the initial principal amount to the Member, to a Loan Account established for the Member. If a Member does not elect an allocation method in accordance with subsection 11(b) and if a Member's Account is invested in more than one Investment Category or, effective on and after January 1, 2016, the Employer Stock Fund, the transfer shall be made pro-rata from the Investment Categories and Employer Stock Fund in which the Member's Account is invested.

(B) In the event that any outstanding loan made to a Member is in default as described in subsection 11(g)(viii) or is subject to a grace period as described in subsection 11(g)(viii)(A), the amount allocated to a Member's Loan Account shall be increased periodically, at such intervals as shall be specified by the Administrator, by an amount equal to the unpaid interest accrued on such loan since the last such increase, if any, pursuant to this subsection 11(g)(vii)(B).

(C) Loan payments to the Plan by the Member shall be invested in the Investment Categories or, effective on and after January 1, 2016, the Employer Stock Fund, on the basis of the Member's current investment election for future contributions under Section 6. At the same time, the portion of the Member's Account allocated to the Loan Account shall be reduced by the portion of each loan payment attributable to principal and, in the event that the Member's Loan Account has been increased by unpaid interest pursuant to subsection 11(g)(vii)(B), by the portion of the loan payment that is attributable to such interest.

(viii) Default and Remedies .

(A) Instances of Default . In the event that:

(1) a Member terminates employment with the Employers and all Related Entities, elects not to continue scheduled payments pursuant to a procedure approved by the Administrator and fails (or, in the case of a deceased Member, the beneficiary fails) to repay the full unpaid balance of the loan plus applicable interest by the 90th day following the due date of the first scheduled payment that the Member fails to make;

(2) a Member terminates employment with the Employers and all Related Entities, elects to continue scheduled payments pursuant to a procedure approved by the Administrator and fails to make two consecutive scheduled payments;

(3) the loan is not repaid by the time the promissory note matures;

(4) a Member revokes or attempts to revoke any payroll withholding authorization for repayment of the loan without the consent of the Administrator;

(5) a Member (other than a Member who has terminated employment and continues scheduled payments subject to the rules described in subsection (g)(viii)(A)(2)) fails to pay any installment when due;

(6) a Member fails to execute a revised promissory note pursuant to subsection 11(g)(iv)); or

(7) distributions under subsection 9(a) to a Member who has reached his Mandatory Distribution Date would require distribution of amounts allocated to the Member's Loan Account, before a loan is repaid in full, the unpaid balance of the loan, with interest due thereon, shall become immediately due and payable. Notwithstanding anything in this subsection 11(g)(viii) to the contrary, a Member's loan shall become due and payable immediately upon the Member's termination of employment without regard to the grace period (I) if the term of the loan would otherwise expire prior to the end of the otherwise applicable grace period or (II) if permitting amounts due to remain unpaid to the end of the otherwise applicable grace period would, if the Member failed to make payment during that period, cause the amount due under the loan (principal and interest) to exceed the maximum loan amount described in the first sentence of subsection 11(c).

(B) Remedies . In the event that a loan becomes immediately due and payable (in "default") pursuant to subsection 11(g)(viii)(A), the Member (or his beneficiary in the event of his death) may satisfy the loan by paying the outstanding balance in full. Otherwise, the Member's Account shall be reduced by the amount allocated to his Loan Account before any benefit which is or becomes payable to the Member or his beneficiary is distributed. In the case of a benefit which becomes payable to the Member or his beneficiary pursuant to the Member's death, termination of employment or attainment of age 59-1/2, the reduction described in the preceding sentence shall occur on the earliest date following such default on which the Member or beneficiary could receive payment of such benefit, had the proper application been filed or election been made, regardless of whether or not payment is actually made to the Member or beneficiary on such date. In the case of a benefit which becomes payable under any other Plan provision, the reduction shall occur on the date such benefit is paid to the Member.

SECTION 12. AMENDMENT AND TERMINATION

(a) Amendment . The board of directors of the Company (or a committee thereof) may at any time and from time to time amend or modify this Plan in any manner deemed by the board of directors of the Company to be necessary or desirable, provided, however, that in the case of any amendment or modification that would not result in an aggregate annual cost to the Company of more than $50,000,000, the Plan may be amended or modified by action of the Chief Human Resources Officer (with the consent of the Chief Executive Officer in the case of a discretionary amendment or modification expected to result in an increase in annual expense or liability account balance exceeding $250,000) or another executive officer holding title of equivalent or greater responsibility.

(b) Termination . While it is the Company's intention to continue the Plan in operation indefinitely, the Company, nevertheless, expressly reserves the right, at any time by resolution of the Board of Directors or the Compensation Committee thereof, to terminate the Plan in whole or in part or discontinue contributions in the event of unforeseen conditions. Any such termination, partial termination or discontinuance of contributions shall be effected only upon condition that such action is taken as shall render it impossible for any part of the Fund to be used for, or diverted to, purposes other than the exclusive benefit of the Members and their beneficiaries. Notwithstanding any provision of this Plan to the contrary, no distribution shall be made pursuant to this subsection 12(b) solely due to the termination of this Plan if, within the meaning of applicable Treasury Regulations, the employer establishes or maintains an alternative defined contribution plan.

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(c) Conduct on Termination . If the Plan is to be terminated at any time, the Company shall give written notice to the Trustee. The Trustee shall thereupon revalue the assets of the Fund and the accounts of the Members as of the date of termination, partial termination or discontinuance of contributions and, after discharging and satisfying any obligations of the Plan, shall allocate all unallocated assets to the Accounts of the Members at the date of termination, partial termination or discontinuance of contributions as provided for in subsection 12(b). Upon termination, partial termination or discontinuance of contributions the Accounts of Members affected thereby shall remain fully vested. The Administrator, in its sole discretion, shall instruct the Trustee either (i) to pay over to each affected Member his Account or (ii) to continue to control and manage the Fund for the benefit of the Members to whom distributions will be made in later periods at the time provided in Sections 8 and 10 and in the manner provided in Section 9.

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SECTION 13. LIMITATION OF RIGHTS

(a) Alienation . None of the payments, benefits or rights of any Member shall be subject to any claim of any creditor of such Member and, in particular, to the fullest extent permitted by law, shall be free from attachment, garnishment, trustee's process, or any other legal or equitable process available to any creditor of such Member. No person or entity shall have any legal or equitable right to any portion of the Fund except as expressly provided in the Plan. No Member shall have the right to alienate, anticipate, commute, pledge, encumber or assign any of the benefits or payments which he may expect to receive, contingently or otherwise, under this Plan, except the right to designate a beneficiary or beneficiaries in accordance with the Plan. A loan made to an Eligible Employee or the pledging of the Eligible Employee's Account as security therefor, both pursuant to Section 11, shall not be a violation of this subsection 13(a).

(b) Exceptions . Subsection 13(a) shall not apply to the creation, assignment or recognition of a right to any benefit payable with respect to a Member under (1) a qualified domestic relations order within the meaning of section 414(p) of the Code, (2) a federal tax levy made pursuant to section 6331 of the Code, or (3) subject to the provisions of section 401(a)(13) of the Code, a judgment, order, decree or settlement agreement between the Member and the Secretary of Labor or the Pension Benefit Guaranty Corporation relating to a violation (or an alleged violation) of part 4 of subtitle B of title I of ERISA.

(c) Employment . Neither the establishment of the Plan, nor any modification thereof, nor the creation of any fund, trust or account, nor the payment of any benefit shall be construed as giving any Member or Employee, or any person whomsoever, any legal or equitable right against the Company, any Employer, the Trustee, or the Administrator, unless such right shall be specifically provided for in the Plan or conferred by affirmative action of the Administrator, the Company or any Employer in accordance with the terms and provisions of the Plan or as giving any person the right to be retained in the employ of the Company or any Employer. All Eligible Employees and other Employees shall remain subject to discharge to the same extent as if the Plan had never been adopted.

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SECTION 14. MERGERS, CONSOLIDATIONS OR TRANSFERS OF PLAN ASSETS

Pursuant to action by the Committee or its authorized delegate, the Plan may be merged or consolidated with, or a portion of its assets and liabilities may be transferred to, another qualified plan. In the case of any merger or consolidation of the Plan with, or transfer of assets or liabilities of the Plan to, any other plan, each Member in the Plan must be entitled to receive a benefit immediately after the merger, consolidation, or transfer calculated as if the Plan were then to terminate which is equal to or greater than the benefit he would have been entitled to receive immediately before the merger, consolidation, or transfer if the Plan had been terminated.

SECTION 15. PARTICIPATION BY OTHER EMPLOYERS

(a) Adoption of Plan . With the consent of the Company, any entity may become a participating Employer under the Plan by (a) taking such action as shall be necessary to adopt the Plan and (b) executing and delivering such instruments and taking such other action as may be necessary or desirable to put the Plan into effect with respect to such entity.

(b) Withdrawal from Participation . Any Employer shall terminate its participation in the Plan at any time, under such circumstances as the Company may provide, by delivering to the Company a duly certified copy of a resolution of its board of directors (or other governing body) to that effect, or by ceasing to be a member of the same controlled group as the Company (within the meaning of section 1563(a) of the Code). A complete discontinuance of contributions by an Employer shall be deemed a termination of such Employer's participation in the Plan for purposes of this Section.

(c) Company as Agent for Employers . Each entity that becomes a participating Employer pursuant to subsection 15(a) or Section 16 by so doing shall be deemed to have appointed the Company its agent to exercise on its behalf all of the powers and authorities hereby conferred upon the Company by the terms of the Plan, including, but not by way of limitation, the power to amend and terminate the Plan. The authority of the Company to act as such agent shall continue unless and until the portion of the Fund held for the benefit of Employees of the particular Employer and their beneficiaries is set aside in a separate trust.

SECTION 16. CONTINUANCE BY A SUCCESSOR

In the event that the Employer is reorganized by way of merger, consolidation, transfer of assets or otherwise, so that another entity succeeds to all or substantially all of the Employer's business, such successor entity may be substituted for the Employer under the Plan by adopting the Plan and becoming a party to the Fund agreement. Contributions by the Employer shall be automatically suspended from the effective date of any such reorganization until the date upon which the substitution of such successor entity for the Employer under the Plan becomes effective. If, within 90 days following the effective date of any such reorganization, such successor entity shall not have elected to become a party to the Plan, or if the Employer adopts a plan of complete liquidation other than in connection with a reorganization, the Plan shall be automatically terminated with respect to Employees of such Employer as of the close of business on the 90th day following the effective date of such reorganization or as of the close of business on the date of adoption of such plan of complete liquidation, as the case may be, and the Administrator shall direct the Trustee to distribute the portion of the Fund applicable to such Employer.

If such successor entity is substituted for an Employer by electing to become a party to the Plan as described above, then, for all purposes of the Plan, employment of such Employee with such Employer, including service with and compensation paid by such Employer, shall be considered to be employment with an Employer.

SECTION 17. MEMBERS' STOCKHOLDER RIGHTS

(a) Voting Shares of Common Stock . Each Member and beneficiary shall be entitled to direct the Trustee as to the exercise of any voting rights attributable to shares of Common Stock then allocated to his or her Account and the Trustee shall vote such shares according to the voting directions of the Member or beneficiary that have been timely submitted to the Trustee on forms provided by the Trustee for such purpose. Members and beneficiaries shall be permitted to direct the Trustee as to the exercise of any voting rights, including, but not limited to, any corporate matter that involves the voting of shares of Common Stock with respect to the approval or disapproval of any corporate merger or consolidation, recapitalization, reclassification, liquidation, dissolution, sale of substantially all assets of a trade or business, or similar transaction prescribed in regulations. The Trustee shall with respect to any matter vote the shares of Common Stock credited to Members' Accounts with respect to which the Trustee does not timely receive voting instructions in the same proportion as to shares the Trustee has received voting instructions. Written notice of any meeting of stockholders of the Company and a request for voting instructions shall be given by the Administrator or the Trustee, at such time and in such manner as the Administrator shall determine, to each Member or beneficiary entitled to give instructions for voting shares of Common Stock at such meeting. The Administrator shall establish and pay for a means by which Members and beneficiaries can expeditiously deliver such voting instructions to the Trustee. All instructions delivered by Members or beneficiaries shall be confidential and shall not be disclosed to any person, including the Employer.

(b) Tender Offers . In the event a tender offer is made generally to the stockholders of the Company to transfer all or a portion of their shares of Common Stock in return for valuable consideration, including but not limited to, offers regulated by section 14(d) of the Securities Exchange Act of 1934, as amended, each Member or beneficiary shall be entitled to direct the Trustee regarding how to respond to any such tender offer with respect to the number of shares of Common Stock then allocated to his or her Account and the Trustee shall vote such shares according to the voting directions of the Member or beneficiary that have been timely submitted to the Trustee on forms provided by the Trustee for such purpose. A Member or beneficiary shall not be limited in the number of directions to tender or withdraw from tender that he or she can give, but shall not have the right to give directions to tender or withdraw from tender after a reasonable time established by the Trustee pursuant to this Section. The Trustee shall with respect to a tender offer decline to vote the shares of Common Stock credited to Members' Accounts with respect to which the Trustee does not timely receive directions on how to respond to any such tender offer. All such directions shall be confidential and shall not be disclosed to any person, including the Employer.

Within a reasonable time after the commencement of a tender offer, the Administrator shall provide to each Member and beneficiary:

(i) the offer to purchase as distributed by the offeror to the stockholders of the Company,

(ii) a statement of the shares of Common Stock allocated to his or her Account, and

(iii) directions as to the means by which a Member can give directions with respect to the tender offer.

The Administrator shall establish and pay for a means by which a Member and beneficiary can expeditiously deliver directions to the Trustee with respect to a tender offer. The Administrator shall transmit or cause to be transmitted to the Trustee aggregate numbers of shares to be tendered or withheld from tender representing directions of Members and beneficiaries. The

Administrator, at its election, may engage an agent to receive directions from Members and beneficiaries and transmit them to the Trustee. The Trustee may establish a reasonable time, taking into account the time restrictions of the tender offer, after which it shall not accept directions of Members or beneficiaries.

Notwithstanding the foregoing, with respect to a tender offer for the purchase or exchange of less than five percent (5%) of the outstanding shares of Common Stock, the Investment Office shall direct the Trustee with respect to the sale, exchange or transfer of the shares of Common Stock held in the Trust Fund, and the Trustee shall follow the direction of the Investment Office.

SECTION 18. MISCELLANEOUS

(a) Reversions . In no event, except as hereafter provided, shall the Trustee return to the Company or other Employer any amount contributed to the Plan.

(i) Mistake of Fact . In the case of a contribution made by a good faith mistake of fact, the Trustee shall return the erroneous portion of the contribution, without increase for investment earnings, but with decrease for investment losses, if any, within one year after payment of the contribution to the Fund.

(ii) Deductibility . To the extent deduction of any contribution determined by the Company in good faith to be deductible is disallowed, or such contribution is otherwise nondeductible and recovery thereof is permitted, the Trustee shall return that portion of the contribution, without increase for investment earnings but with decrease for investment losses, if any, for which deduction has been disallowed or recovery is otherwise permitted within one year after the disallowance of the deduction or as otherwise permitted by applicable administrative rules.

(iii) Deferral Tests . This subsection shall not preclude refunds made in accordance with subsections 4(e)(i) and 4(f)(ii).

(iv) Limitation . No return of contributions shall be made under this subsection which adversely affects the Plan's qualified status under regulations, rulings or other published positions of the Internal Revenue Service.

(b) Expenses . The expenses of the Trustee in the administration of the Fund, including compensation, if any, to the Trustee for its services, shall be paid by the Company or the Employers. All costs and expenses incurred in the operation of the Fund, to the extent not described in the preceding sentence, and all costs and expenses incurred in the operation of the

Plan or the Fund, as applicable, including, but not limited to, "direct expenses" incurred in administering the Plan and the Fund (including compensation paid to any employee of an Employer or a Related Entity who is engaged in the administration of the Plan or the Fund), the expenses of the Plan Administrator, the Investment Fiduciary and the Corporate Investment Committee, the fees of counsel and any agents for the Trustee, the Plan Administrator, the Investment Fiduciary or the Corporate Investment Committee, and the fees of investment managers that manage assets of the Fund, as applicable, shall be paid by the Trustee from the Fund in such proportion as the Investment Fiduciary, in its sole discretion, shall determine, to the extent such expenses are not paid by the Employers and to the extent permitted under ERISA, regulations and other applicable laws. Notwithstanding the foregoing, the Plan Administrator or the Investment Fiduciary may authorize an Employer to act as an agent of the Plan to pay any expenses, and the Employer shall be reimbursed from the Fund for such payments.

(c) Applicable Law . Except to the extent preempted by applicable federal law or otherwise provided under the terms of the Plan, the Plan and all rights hereunder shall be governed by and construed in accordance with the laws of the State of Illinois.

(d) Severability . If a provision of the Plan shall be held illegal or invalid, the illegality or invalidity shall not affect the remaining parts of the Plan and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included in the Plan.

(e) Limitation of Rights . A Member or distributee shall have no right, title or claim in or to any specific asset of the Fund, but shall have the right only to distributions from the Fund on the terms and conditions herein provided.

(f) Pronouns . The use of the masculine pronoun shall be extended to include the feminine gender wherever appropriate.

IN WITNESS WHEREOF, and as evidence of the adoption of this amended and restated Plan, the Company has caused this Plan to be signed by its duly authorized officer on this 18th day of December, 2015.

EXELON CORPORATION

By: /s/ Amy E. Best

Amy E. Best
Senior Vice President and
Chief Human Resources Officer

Exhibit 4.4.2

FIRST AMENDMENT TO
EXELON EMPLOYEE SAVINGS PLAN
FOR REPRESENTED EMPLOYEES AT TMI AND OYSTER CREEK

WHEREAS, Exelon Corporation, a Pennsylvania corporation (the "Company"), has adopted and maintains a profit sharing plan with a qualified cash or deferred arrangement for the benefit of certain eligible employees employed at its Three Mile Island and Oyster Creek facilities whose employment is subject to a collective bargaining agreement titled "Exelon Employee Savings Plan for Represented Employees at TMI and Oyster Creek" (the "Plan"), which has been amended and restated effective as of January 1, 2015; and

WHEREAS, the Company desires to amend the Plan to correct a typographical error relating to the maximum Default Percentage applicable to Members under the automatic enrollment feature of the Plan.

NOW, THEREFORE, RESOLVED, that pursuant to the power of amendment contained in subsection 12(a) of the Plan, the Plan is amended, effective as of February 1, 2010, as follows:

1. Subsection 4(a)(iii)(A) of the Plan is amended by deleting the second sentence contained therein and inserting in lieu thereof the following new sentence:

   Such Member's Default Percentage will increase by 1% each Plan Year, beginning with the second Plan Year that begins after the Default Percentage first applies to the Member, until it reaches 5%.

****

IN WITNESS WHEREOF, Exelon Corporation has caused this instrument to be executed by its Senior Vice President and Chief Human Resources Officer, on this 22nd day of December, 2016.

EXELON CORPORATION

By: /s/ Amy E. Best

Amy E. Best
Senior Vice President and
Chief Human Resources Officer

Exhibit 4.4.3

SECOND AMENDMENT TO THE
EXELON EMPLOYEE SAVINGS PLAN FOR
REPRESENTED EMPLOYEES AT TMI AND OYSTER CREEK
(Amended and Restated as of January 1, 2015)

WHEREAS, Exelon Corporation (the "Company") sponsors the Exelon Employee Savings Plan for Represented Employees at TMI and Oyster Creek (Amended and Restated as of January 1, 2015) (the "Plan"); and

WHEREAS, the Company desires to amend the Plan at the request of the Internal Revenue Service, in connection with its review of the Plan for a favorable determination letter.

NOW, THEREFORE, BE IT RESOLVED , that pursuant to the power of amendment contained in Section 12(a) of the Plan, the fourth sentence of Section 6(b) of the Plan is amended, effective January 1, 2015, to read as follows:

> In addition, effective January 1, 2016, the Trustee shall establish and maintain, or shall cause to be established and maintained, an investment fund herein called the "Employer Stock Fund" which shall be invested in the common stock, without par value, of Exelon Corporation, which is publicly traded on an established securities market ("Common Stock"), and shall also include such short term obligations and short-term liquid investments purchased by the Trustee, in accordance with the trust agreement, pending the selection and purchase of the Common Stock or as otherwise determined by the Trustee to be necessary to satisfy such fund's cash needs.

IN WITNESS WHEREOF, Exelon Corporation has caused this instrument to be executed by its Senior Vice President and Chief Human Resources Officer, on this 13 th day of June, 2017.

EXELON CORPORATION

By: /s/ Amy E. Best
Amy E. Best
Senior Vice President and
Chief Human Resources Officer

Exhibit 4.5.1

EXELON EMPLOYEE SAVINGS PLAN
FOR REPRESENTED EMPLOYEES AT CLINTON

(Amended & Restated Effective January 1, 2015)

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EXELON EMPLOYEE SAVINGS PLAN
FOR REPRESENTED EMPLOYEES AT CLINTON
(Amended & Restated Effective January 1, 2015)

WHEREAS , the Exelon Employee Savings Plan for Represented Employees at Clinton (the "Plan") was established in recognition of the contribution made to its successful operation by its employees and for the exclusive benefit of its eligible employees;

WHEREAS , the Plan is designated as a "profit sharing plan" within the meaning of Treasury Regulation § 1.401-1(a)(2)(ii) and is intended to be a section 404(c) of ERISA plan within the meaning of Department of Labor Regulation § 2550.404c-1;

WHEREAS , the portion of the Plan invested in the Employer Stock Fund described in Section 6(b) is designated as an "employee stock ownership plan" within the meaning of section 4975(e)(7) of the Code and, as such, is designed to invest primarily in "qualifying employer securities" as defined in section 4975(e)(8) of the Code; and

WHEREAS , under the terms of the Plan, the Company has the ability to amend the Plan;

NOW, THEREFORE , effective January 1, 2015, except as otherwise provided, the Plan is hereby amended to reflect various changes and the terms of this document shall apply to Employees whose employment is terminated on or after January 1, 2015 and to the beneficiaries of such Employees. The rights and benefits of Employees whose employment terminates before January 1, 2015 and of the beneficiaries of such Employees shall be determined under the Exelon Employee Savings Plan for Represented Employees at Clinton as in effect at the time of such Employees' termination, including any provisions of this Plan effective at such time; provided, however, that certain provisions of Section 2 (relating to administration), Sections 5 and 13 (relating to limitations on benefits), Section 12 (relating to amendment and termination of the Plan) and Section 18 (relating to miscellaneous provisions) shall be effective for all such persons.

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SECTION 1. DEFINITIONS

(a) " Account " shall mean all or any of the Salary Reduction Contribution Account, which shall be divided into a Before-Tax Contribution Account and a Designated Roth Contribution Account, Matching Contribution Account and, if applicable, Rollover Account and/or After-Tax Contribution Account maintained for an individual Member or beneficiary pursuant to the terms of the Plan.

(b) " Administrator " or " Plan Administrator " shall mean the Company acting through the Company's Director, Employee Benefit Plans & Programs, or such other person or committee appointed by the Chief Human Resources Officer.

(c) " After-Tax Contributions " shall mean contributions made pursuant to the provisions of subsection 4(b).

(d) " Annual Additions " shall mean the sum for any Limitation Year of (i) Employer contributions (other than any "catch-up" contributions described in section 414(v) of the Code or any plan restorative payments (within the meaning of Treasury Regulation § 1.415(c)-1(b)(2)(ii)(C)), (ii) employee contributions (other than any rollover contributions (within the meaning of sections 401(a)(31), 402(c)(1), 403(a)(4), 403(b)(8) and 408(d)(3) of the Code), any plan loan repayments, and any direct transfers made from another qualified employer plan within the meaning of section 401(a) of the Code), (iii) forfeitures and (iv) amounts described in sections 415(l)(1) and 419A(d)(2) of the Code, which are allocated to the account of an Eligible Employee to any post-retirement medical benefits account established pursuant to section 419A(d)(1) of the Code maintained on behalf of such Eligible Employee. "Annual Additions" shall include excess contributions as defined in section 401(k)(8)(B) of the Code and excess aggregate contributions as defined in section 401(m)(6)(B) of the Code, regardless of whether such amounts are distributed or forfeited; provided, however, that "Annual Additions" shall not include excess deferrals as described in section 402(g) of the Code that are distributed in accordance with subsection 4(e)(i) or Default Before-Tax Contributions that are distributed pursuant to subsection 4(a)(iii)(B).

(e) " Code " shall mean the Internal Revenue Code of 1986, as amended, and the same as may be further amended from time to time.

(f) " Company " shall mean for periods on and after January 8, 2009, Exelon Corporation, a Pennsylvania corporation, or any successor or successors, and for periods prior to January 8, 2009, AmerGen Energy Company, LLC, a Delaware limited liability company.

(g) " Compensation " shall mean a Member's regular basic compensation from the Employer paid during a Plan Year for services rendered, including nuclear license premiums, and effective January 1, 2009, differential wage payments (as defined in section 3401(h) of the Code), if any, but excluding bonuses, overtime, and commissions, any Employer contributions or benefits under this Plan or any other pension, profit sharing, insurance, hospitalization or other plan or policy (including any amounts not deducted on a pre-tax basis for group health coverage because the Member is unable to certify that he has other health coverage, so long as the Employer does not request or collect information regarding the Member's other health coverage as part of the enrollment process for the Employer's health plan) or a qualified transportation fringe benefit plan, maintained by the Employer for the benefit of such Member, and all other extraordinary and unusual payments. Notwithstanding the foregoing, the maximum amount of Compensation for any Plan Year shall be limited to the dollar limitation applicable under section 401(a)(17) of the Code, as adjusted for increases in the cost-of-living at the same time and in the same manner as adjustments under section 415(d) of the Code. Notwithstanding the foregoing,

an amount classified as Compensation under the preceding sentences shall not be Compensation for purposes of the Plan if such amount is paid to the Member after the Member's severance from employment unless (i) such amount is regular compensation for services during the Member's regular working hours or compensation for services outside the Member's regular working hours and (ii) such amount is paid on or before the later of (A) 2 1 / 2 months after the Member's severance from employment and (B) the last day of the Plan Year during which the Member's severance from employment occurs.

For purposes of subsection 4(l), "Compensation" shall mean the base salary or wages and any bonus or incentive payments the Member would have received during a period of Qualified Military Service, computed on the basis of the Member's regular work schedule as of the beginning of the period of Qualified Military Service (or, if the amount of such Compensation is not reasonably certain, the Member's average Compensation for the 12-month period immediately preceding the Member's period of Qualified Military Service); provided, however, that the Member returns to work within the period during which his right to reemployment is protected by law.

(h) " Corporate Investment Committee " shall mean the Company acting through the Committee consisting of the executives or other persons designated from time to time in the charter of such Committee.

(i) " Default Before-Tax Contributions " shall mean amounts contributed by an Employer pursuant to the provisions of subsection 4(a)(iii)(A).

(j) " Disability " shall mean a medically determinable physical or mental impairment of a permanent nature which prevents an Eligible Employee from performing his essential job functions.

(k) " Effective Date " shall mean December 15, 1999. The effective date of this amended and restated Plan is January 1, 2015, except as otherwise provided herein or required by law.

(l) " Eligible Employee " shall mean each Employee of an Employer working at the Clinton facility who is covered by a collective bargaining agreement that specifically provides for participation in this Plan and shall not include any Employee who is not covered by a collective bargaining agreement or any Employee who is covered by a collective bargaining agreement that provides for the Employee's participation in the Exelon Employee Savings Plan for Represented Employees at TMI and Oyster Creek or the Exelon Corporation Employee Savings Plan.

(m) " Employee " shall mean each individual whose relationship with an Employer is, under common law, that of an employee. It is expressly intended that an individual rendering services to an Employer pursuant to any of the following agreements shall be excluded from Plan participation even if a court or administrative agency determines that such individual is an Employee: (i) an agreement providing that such services are to be rendered as an independent contractor, (ii) an agreement with an entity, including a leasing organization within the meaning of section 414(n)(2) of the Code, that is not an Employer or (iii) an agreement that contains a waiver of participation in the Plan. The term "Employee" shall not include independent contractors or any other persons who are not treated by an Employer as employees for purposes of withholding federal employment taxes, regardless of any contrary governmental or judicial determination relating to such employment status or tax withholding.

(n) " Employer " shall mean the Company and any other Related Entity that, with the consent of the Company, elects to participate in the Plan in the manner described in Section 15 and any successor entity that adopts the Plan pursuant to Section 16. If any entity described in the preceding sentence withdraws from participation in the Plan pursuant to subsection 15(b), such entity shall thereupon cease to be an Employer.

(o) " Entry Date " shall mean the first day of employment with an Employer.

(p) " ERISA " shall mean the Employee Retirement Income Security Act of 1974, as amended, and the same as may be amended from time to time.

(q) " Fund " shall mean the assets of the Plan.

(r) " Hour of Service "

(i) General Rule . "Hour of Service" shall mean each hour (A) for which an Employee is directly or indirectly paid, or entitled to payment, by an Employer or a Related Entity for the performance of duties or (B) for which back pay, irrespective of mitigation of damages, has been either awarded or agreed to by an Employer or a Related Entity. These hours shall be credited to the Employee for the period or periods in which the duties were performed or to which the award or agreement pertains irrespective of when payment is made. The same hours shall not be credited under both (A) and (B) above.

(ii) Paid Absences . An Employee shall also be credited with one Hour of Service for each hour for which the Employee is directly or indirectly paid, or entitled to payment, by an Employer or a Related Entity for reasons other than the performance of duties such as paid absence due to vacation, holiday, illness, incapacity, disability, layoff, jury duty, funeral leave or authorized leave of absence for a period not exceeding one year for any reason in accordance with a uniform policy established by the Administrator; provided, however, not more than 501 Hours of Service shall be credited to an Employee under this sentence on account

of any single, continuous period during which the Employee performs no duties and provided, further, that no credit shall be given if payment (A) is made or due under a plan maintained solely for the purpose of complying with applicable workmen's compensation, unemployment compensation or disability insurance laws or (B) is made solely to reimburse an Employee for medical or medically related expenses incurred by the Employee.

(iii) Military . An Employee shall also be credited with one Hour of Service for each hour during which the Employee is absent during a period of Qualified Military Service and for which the Employee would otherwise be credited with an Hour of Service, provided he returns to employment with an Employer or a Related Entity within the period during which his right to reemployment is protected by law.

(iv) Miscellaneous . For purposes of this subsection 1(r), Department of Labor Regulation § 2530.200b-2(b) and (c) are incorporated by reference. Nothing herein shall be construed as denying an Employee credit for an Hour of Service if credit is required by separate federal law.

(s) " Investment Category " shall mean a separate investment fund or medium which the Investment Fiduciary directs the Trustee to make available under the terms of the Plan.

(t) " Investment Fiduciary " shall mean the Company acting through the Exelon Investment Office.

(u) " Limitation Year " shall mean the consecutive 12-month period commencing January 1st and ending December 31st.

(v) " Mandatory Distribution Date " shall mean April 1 of the calendar year following the later of (i) the calendar year in which the Member attains age 70 $^{1}/_{2}$, or (ii) in the case of a Member who is not a 5% owner (within the meaning of section 416(i) of the Code) with respect to the Plan Year ending in the calendar year in which the Member attains age 70 $^{1}/_{2}$, the calendar year in which the Member's employment with the Employer and the Related Entities terminates, as elected by the Member.

(w) " Matching Contribution " shall mean a contribution made by an Employer pursuant to the provisions of subsection 4(d).

(x) " Member " shall mean each and every Eligible Employee who satisfies the requirements for participation under Section 3 hereof and any person who has an Account held under the Plan.

(y) " Normal Retirement Date " shall mean the date on which a Member attains age 65.

(z) " Party in Interest " shall mean a "party in interest" as defined in section 3(14) of ERISA.

(aa) " Plan " shall mean the Exelon Employee Savings Plan for Represented Employees at Clinton, a profit sharing plan, established December 15, 1999 as the AmerGen Employee Savings Plan for Clinton Bargaining Employees, and as set forth herein effective January 1, 2015 and the same as may be amended from time to time.

(bb) " Plan Year " shall mean the consecutive 12-month period commencing January 1st and ending December 31st.

(cc) " Qualified Military Service " shall mean any service in the uniformed services (as defined in chapter 43 of title 38, United States Code) where the Member's right to reemployment is protected by law.

(dd) " Qualified Reservist " shall mean an individual who is (i) a member of a reserve component (as defined in chapter 1 of title 37, United States Code) and (ii) ordered or called to active duty, for a period in excess of 179 days or for an indefinite period, after September 11, 2001.

(ee) " Related Entity " shall mean (i) all corporations which are members with an Employer in a controlled group of corporations within the meaning of section 1563(a) of the Code, determined without regard to sections 1563(a)(4) and (e)(3)(C) of the Code, (ii) all trades or businesses (whether or not incorporated) which are under common control with an Employer as determined by regulations promulgated under section 414(c) of the Code, (iii) all trades or businesses which are members of an affiliated service group with an Employer within the meaning of section 414(m) of the Code and (iv) any entity required to be aggregated with an Employer under regulations prescribed under section 414(o) of the Code (to the extent provided in such regulations); provided, however, for purposes of Section 5, the definition shall be modified to substitute the phrase "more than 50%" for the phrase "at least 80%" each place it appears in section 1563(a)(1) of the Code. Furthermore, for purposes of crediting Hours of Service for eligibility to participate, service performed as a leased employee (within the meaning of section 414(n) of the Code) of an Employer or a Related Entity shall be treated as service performed for an Employer or a Related Entity. An entity is a Related Entity only during those periods in which it is included in a category described in this subsection.

(ff) " Salary Reduction Contribution " shall mean amounts contributed by an Employer pursuant to the provisions of subsection 4(a). The term "Salary Reduction Contributions" includes "Designated Roth Contributions", if any, and "Before-Tax Contributions" (which shall include Default Before-Tax Contributions, if any). For purposes of the Plan, (1) the term "Designated Roth Contributions" shall mean Salary Reduction Contributions designated as Roth contributions pursuant to subsection 4(a) by an Eligible Employee, and (2) the term "Before-Tax Contributions" shall mean Salary Reduction Contributions that are not designated as Roth contributions pursuant to subsection 4(a) by an Eligible Employee.

(gg) " Trustee " shall mean such person, persons or corporate fiduciary that executes the trust agreement provided for in subsection 6(a) to hold legal title to the Fund, or any successor trustee or, if there is more than one trustee acting at any time, all of such trustees collectively.

(hh) " Valuation Date " shall mean each business day of the Plan Year, or such other less frequent dates determined by the Administrator to accommodate the nature, management and administration of specified Investment Categories or, effective on and after January 1, 2016, the Employer Stock Fund described in Section 6(b).

(ii) " Wage Payment Date " shall mean a date on which an Employee receives Compensation from an Employer.

(jj) " Year of Service " shall mean a 12-month computation period beginning on an Employee's date of hire during which the Employee is credited with at least 1,000 Hours of Service. For purposes of eligibility under Section 3, the applicable computation period begins on an Employee's date of hire and on the first day of each Plan Year beginning with the Plan Year that begins during the Employee's initial computation period.

SECTION 2. ADMINISTRATION OF THE PLAN

(a) ERISA Reporting and Disclosure . The Administrator shall file all reports and distribute to Members and beneficiaries reports and other information required under ERISA.

(b) Administrator . The Administrator shall be the "administrator" of the Plan, within the meaning of such term as used in ERISA. In addition, the Administrator shall be the "named fiduciary" of the Plan, within the meaning of such term as used in ERISA, solely with respect to administrative matters involving the Plan and not with respect to any investment of the Plan's assets. The Administrator shall have the following duties, responsibilities and rights:

(i) The Administrator shall have the duty and discretionary authority to interpret and construe the Plan in regard to all questions of eligibility, the status and rights of Members, distributees and other persons under the Plan, and the manner, time, and amount of payment of any distribution under the Plan. Benefits under the Plan shall be paid to a Member or beneficiary only if the Administrator, in its discretion, determines that such person is entitled to benefits.

(ii) The Administrator shall direct the Trustee to make payments of amounts to be distributed from the Fund under Section 9.

(iii) The Administrator shall supervise the collection of Members' contributions made pursuant to Section 4 and the delivery of such contributions to the Trustee.

(iv) The Administrator shall have all powers and responsibilities necessary to administer the Plan, except those powers that are specifically vested in the Investment Fiduciary, the Corporate Investment Committee or the Trustee.

(v) Each Employer shall, from time to time, upon request of the Administrator, furnish to the Administrator such data and information as the Administrator shall require in the performance of its duties.

(vi) The Administrator may require a Member or beneficiary to complete and file certain applications or forms approved by the Administrator and to furnish such information requested by the Administrator. The Administrator and the Plan may rely upon all such information so furnished to the Administrator.

(vii) The Administrator shall be the Plan's agent for service of legal process and forward all necessary communications to the Trustee.

(c) Removal of Administrator . The Chief Human Resources Officer shall have the right at any time, with or without cause, to remove the Administrator (including any member of a committee that constitutes the Administrator). The Administrator may resign and the resignation shall be effective upon delivery of the written resignation to the Chief Human Resources Officer. Upon the resignation, removal or failure or inability for any reason of the Administrator to act hereunder, the Chief Human Resources Officer shall appoint a successor. Any successor Administrator shall have all the rights, privileges and duties of the predecessor, but shall not be held accountable for the acts of the predecessor. None of the Company, any member of the board of directors of the Company who is not the Chief Human Resources Officer, nor any other person shall have any responsibility regarding the retention or removal of the Administrator.

(d) The Investment Fiduciary . The Investment Fiduciary shall be the "named fiduciary" of the Plan, within the meaning of such term as used in ERISA, solely with respect to matters involving the investment of assets of the Plan and, any contrary provision of the Plan notwithstanding, in all events subject to the limitations contained in sections 404(a)(2) and 404(c) of ERISA and all other applicable limitations. The Investment Fiduciary shall have the following duties, responsibilities and rights:

(i) The Investment Fiduciary shall be the "named fiduciary" for purposes of designating the Investment Categories under Section 6 and for purposes of appointing one or more investment managers as described in ERISA.

(ii) The Investment Fiduciary shall be solely responsible for all matters involving investment of the Employer Stock Fund described in Section 6(b) and neither the Company nor any other person shall have any responsibility with respect to investment of such fund.

(iii) Each Employer shall, from time to time, upon request of the Investment Fiduciary, furnish to the Investment Fiduciary such data and information as the Investment Fiduciary shall require in the performance of its duties.

(e) The Corporate Investment Committee . The Corporate Investment Committee shall be responsible for overall monitoring of the performance of the Investment Fiduciary. The Corporate Investment Committee shall have the right at any time, with or without cause, to remove one or more employees of the Exelon Investment Office or to appoint another person or committee to act as Investment Fiduciary. Any successor Investment Fiduciary member shall have all the rights, privileges and duties of the predecessor, but shall not be held accountable for the acts of the predecessor. The power and authority of the Corporate Investment Committee with respect to the Plan shall be limited solely to the monitoring and removal of the members of the Investment Fiduciary and the Corporate Investment Committee shall have no other duties or responsibilities with respect to the Plan. None of the Company, any member of the board of directors who is not a member of the Corporate Investment Committee, nor any other person shall have any responsibility regarding the appointment or removal of the members of Investment Fiduciary.

(f) Status of Administrator, the Investment Fiduciary and the Corporate Investment Committee . The Administrator, any person acting as, or on behalf of, the Investment Fiduciary, and any member of the Corporate Investment Committee may, but need not, be an Employee, trustee or officer of an Employer and such status shall not disqualify such person from taking any action hereunder or render such person accountable for any distribution or other material advantage received by him or her under this Plan, provided that no Administrator, person acting as, or on behalf of, the Investment Fiduciary, or any member of the Corporate Investment Committee who is a Member shall take part in any action of the Administrator or the Investment Fiduciary on any matter involving solely his or her rights under this Plan.

(g) Notice to Trustee of Members . The Trustee shall be notified as to the names of the Administrator and the person or persons authorized to act on behalf of the Investment Fiduciary.

(h) Allocation of Responsibilities . Each of the Administrator, the Investment Fiduciary and the Corporate Investment Committee may allocate their respective responsibilities and may designate any person, persons, partnership or corporation to carry out any of such responsibilities with respect to the Plan. Any such allocation or designation shall be reduced to writing and such writing shall be kept with the records of the Plan.

(i) General Governance . The Corporate Investment Committee shall elect one of its members as chairman and appoint a secretary, who may or may not be a member of such Committee. The secretary of the Corporate Investment Committee shall keep a record of all meetings and forward all necessary communications to the Employers or the Trustee. All

decisions of the Corporate Investment Committee shall be made by the majority, including actions taken by written consent. The Administrator, the Investment Fiduciary and the Corporate Investment Committee may adopt such rules and procedures as it deems desirable for the conduct of its affairs, provided that any such rules and procedures shall be consistent with the provisions of the Plan.

(j) Indemnification . The Employers hereby jointly and severally indemnify the Administrator, the persons employed in the Exelon Investment Office, the members of the Corporate Investment Committee, the Chief Human Resources Officer, and the directors, officers and employees of the Employers and each of them, from the effects and consequences of their acts, omissions and conduct in their official capacity with respect to the Plan (including but not limited to judgments, attorney fees and costs with respect to any and all related claims, subject to the Company's notice of and right to direct any litigation, select any counsel or advisor, and approve any settlement), except to the extent that such effects and consequences result from their own willful misconduct. The foregoing indemnification shall be in addition to (and secondary to) such other rights such persons may enjoy as a matter of law or by reason of insurance coverage of any kind.

(k) No Compensation . None of the Administrator, any person employed in the Exelon Investment Office nor any member of the Corporate Investment Committee may receive any compensation or fee from the Plan for services as the Administrator, Investment Fiduciary or a member of the Corporate Investment Committee; provided, however that nothing contained herein shall preclude the Plan from reimbursing the Company or any Related Entity for compensation paid to any such person if such compensation constitutes "direct expenses" for purposes of ERISA. The Employers shall reimburse the Administrator, the persons employed in the Exelon Investment Office and the members of the Corporate Investment Committee for any reasonable expenditures incurred in the discharge of their duties hereunder.

(l) Employ of Counsel and Agents . The Administrator, the Investment Fiduciary and the Corporate Investment Committee may employ such counsel (who may be counsel for an Employer) and agents and may arrange for such clerical and other services as each may require in carrying out its respective duties under the Plan.

(m) Correction of Error . If it comes to the attention of the Administrator that an error has been made in the amount of benefits payable, or paid, to any Member or beneficiary under the Plan, the Administrator shall be permitted to correct such error by whatever means that the Administrator, in its sole discretion determines, including by offsetting future benefits payable to the Member or beneficiary or requiring repayment of benefits to the Plan, except that no adjustment need be made with respect to any Member or beneficiary whose benefit has been distributed in full prior to the discovery of such error.

(n) Claims . Any Member or distributee who believes he is entitled to benefits in an amount greater than those which he is receiving or has received may file a claim with the Administrator. Such a claim shall be in writing and state the nature of the claim, the facts supporting the claim, the amount claimed, and the address of the claimant. The Administrator shall review the claim and, unless special circumstances require an extension of time, within 90 days after receipt of the claim, give notice to the claimant, either in writing by registered or certified mail or in an electronic notification, of the Administrator's decision with respect to the claim. Any electronic notice delivered to the claimant shall comply with the standards imposed by applicable regulations. If the Administrator determines that special circumstances require an extension of time for processing the claim, the claimant shall be so advised in writing within the

initial 90-day period and in no event shall such an extension exceed 90 days. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Administrator expects to render the benefit determination. The notice of the decision of the Administrator with respect to the claim shall be written in a manner calculated to be understood by the claimant and, if the claim is wholly or partially denied, the Administrator shall notify the claimant of the adverse benefit determination and shall set forth the specific reasons for the adverse determination, the references to the specific Plan provisions on which the determination is based, a description of any additional material or information necessary for the claimant to perfect the claim, an explanation of why such material or information is necessary, and a description of the claim review procedure under the Plan and the time limits applicable to such procedures, including a statement of the claimant's right (subject to the limitations described in subsections (o) and (p)) to bring a civil action under section 502 of ERISA following an adverse benefit determination on review. The Administrator shall also advise the claimant that the claimant or the claimant's duly authorized representative may request a review by the Vice President, Health & Benefits (or such other officer designated from time to time by the Chief Human Resources Officer) of the adverse benefit determination by filing with such officer, within 60 days after receipt of a notification of an adverse benefit determination, a written request for such review. The claimant shall be informed that, within the same 60-day period, he (a) may be provided, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the claimant's claim for benefits and (b) may submit to such officer written comments, documents, records and other information relating to the claim for benefits. If a request is so filed, review of the adverse benefit determination shall be made by the officer within, unless special circumstances require an

extension of time, 60 days after receipt of such request, and the claimant shall be given written notice of the officer's final decision. If the officer determines that special circumstances require an extension of time for processing the claim, the claimant shall be so advised in writing within the initial 60-day period and in no event shall such an extension exceed 60 days. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the officer expects to render the determination on review. The review of the officer shall take into account all comments, documents, records and other information submitted by the claimant relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination. The notice of the final decision shall include specific reasons for the determination and references to the specific Plan provisions on which the determination is based and shall be written in a manner calculated to be understood by the claimant.

(o) Statute of Limitations for Actions under the Plan . Except for actions to which the statute of limitations prescribed by section 413 of ERISA applies, (a) no legal or equitable action relating to a claim for benefits under section 502 of ERISA may be commenced later than one year after the claimant receives a final decision from the Company's Vice President, Health & Benefits (or such other officer designated from time to time by the Chief Human Resources Officer) in response to the claimant's request for review of the adverse benefit determination and (b) no other legal or equitable action involving the Plan may be commenced later than two years from the time the person bringing an action knew, or had reason to know, of the circumstances giving rise to the action. This provision shall not be interpreted to extend any otherwise applicable statute of limitations, nor to bar the Plan or its fiduciaries from recovering overpayments of benefits or other amounts incorrectly paid to any person under the Plan at any time or bringing any legal or equitable action against any party.

(p) Forum for Legal Actions under the Plan . Any legal action involving the Plan that is brought by any Member, any beneficiary or any other person shall be litigated in the federal courts located in the Northern District of Illinois, the Eastern District of Pennsylvania or the District of Maryland, whichever is most convenient, and no other federal or state court; provided, however, that any such action brought or purporting to be brought in a representative capacity (including, without limitation, actions that at any time seek or attain class certification and actions brought pursuant to section 502 of ERISA) shall be litigated exclusively in the federal courts located in the Northern District of Illinois in Chicago.

(q) Legal Fees . Any award of legal fees in connection with an action involving the Plan shall be calculated pursuant to a method that results in the lowest amount of fees being paid, which amount shall be no more than the amount that is reasonable. In no event shall legal fees be awarded for work related to (a) administrative proceedings under the Plan, (b) unsuccessful claims brought by a Member, beneficiary or any other person, or (c) actions that are not brought under ERISA. In calculating any award of legal fees, there shall be no enhancement for the risk of contingency, nonpayment or any other risk nor shall there be applied a contingency multiplier or any other multiplier. In any action brought by a Member, beneficiary or any other person against the Plan, the Administrator, the Investment Fiduciary, the Vice President, Health & Benefits, any Plan fiduciary, the Chief Human Resources Officer, the Company, its affiliates or their respective officers, directors, employees, or agents (the “Plan Parties”), legal fees of the Plan Parties in connection with such action shall be paid by the Member, beneficiary or other person bringing the action, unless the court specifically finds that there was a reasonable basis for the action.

SECTION 3. PARTICIPATION IN THE PLAN

(a) Initial Eligibility . Each Eligible Employee who was a Member on December 31, 2014 shall continue to be a Member as of January 1, 2015. Each other Eligible Employee who, as of his hire date, is scheduled to work at least 20 hours per week on a regular basis or at least 1,000 Hours of Service during the 12-month computation period beginning on his hire date shall become a Member for purposes of Section 4 on the Entry Date coinciding with or next following his hire date as an Eligible Employee by the Employer. Each Eligible Employee who, as of his hire date, is scheduled to work less than 20 hours per week on a regular basis or less than 1,000 Hours of Service during the 12-month computation period beginning on his hire date shall become a Member for purposes of Section 4 on the Entry Date following the date the Eligible Employee completes one Year of Service. Payroll deduction shall begin on the first administratively feasible Wage Payment Date following such Eligible Employee's enrollment in accordance with subsections 4(a) and (b).

(b) Termination and Requalification . An Eligible Employee who ceases to be an Eligible Employee for any reason shall qualify initially or requalify for participation immediately upon becoming or again becoming an Eligible Employee.

(c) Transfer of Employment to Membership in Another Collective Bargaining Unit . Notwithstanding anything contained in the Plan to the contrary, if an Employee transfers employment to, or is reemployed in, a position covered by a collective bargaining agreement, such Employee shall not be eligible to participate in this Plan unless the collective bargaining agreement governing such transfer or reemployment, as applicable, provides for such participation for such position.

SECTION 4. ELIGIBLE EMPLOYEE AND COMPANY CONTRIBUTIONS

(a) Salary Reduction Contributions .

(i) In General . Each Eligible Employee who has satisfied the requirements for participation may contribute an even multiple of 1.0%, which is not less than 1% and not more than 50%, of his Compensation for any payroll period as he shall elect in the manner and pursuant to the procedures prescribed by the Administrator or its delegate. Contributions under this subsection 4(a) shall be accomplished through direct reduction of Compensation in each payroll period that the election is in effect. An Eligible Employee may change his contribution rate at any time in the manner and pursuant to the procedures prescribed by the Administrator or its delegate. All contributions under this subsection 4(a) shall be deemed to be Employer contributions made on behalf of Eligible Employees to a qualified cash or deferred arrangement (within the meaning of section 401(k)(2) of the Code).

(ii) Before-Tax Contributions and Designated Roth Contributions . An election made by an Eligible Employee to commence, change, suspend or resume Salary Reduction Contributions pursuant to this subsection 4(a) shall designate the portion of such contributions that are to be Designated Roth Contributions includible in the Eligible Employee's gross income when made pursuant to section 402A of the Code. Such designation is irrevocable with respect to contributions made or to be made with respect to Compensation currently available. Any such election made by an Eligible Employee which does not expressly designate a portion of Salary Reduction Contributions as Designated Roth Contributions shall be deemed to designate no portion of Salary Reduction Contributions as Designated Roth Contributions. Any Salary Reduction Contributions that are not Designated Roth Contributions are referred to herein as Before-Tax Contributions.

(iii) Automatic Enrollment for Certain Employees .

(A) Deemed Election of Default Before-Tax Contributions . A Member whose hire date is on or after April 6, 2009 and who does not make an election pursuant to subsection 4(a)(i) or subsection 4(a)(ii) to make Salary Reduction Contributions shall be deemed to have elected to make Before-Tax Contributions ("Default Before-Tax Contributions") equal to 3% ("Default Percentage") of his Compensation for each payroll period and to have his Employer reduce his Compensation by the amount thereof. Such Member's Default Percentage will increase by 1% each Plan Year, beginning with the second Plan Year that begins after the Default Percentage first applies to the Member, until it reaches 5%. The increase will be effective March 1 of each applicable Plan Year. Notwithstanding the foregoing, in the event a Member's initial Default Before-Tax Contribution occurs during the period commencing on December 1 and ending the last day of February, the initial increase to such Member's Default Percentage shall commence on the March 1 of the calendar year following the first anniversary of the Member's initial Default Before-Tax Contribution. The effective date of the Member's deemed election shall be 90 days after the Member receives a notice of his rights and obligations under this subsection 4(a)(iii) (the "Automatic Enrollment Notice"). During the 90-day period after the Member receives the Automatic Enrollment Notice, he shall have an opportunity to make an affirmative election to (i) not have any Default Before-Tax Contributions made on his behalf or (ii) have Before-Tax Contributions made in a different amount or percentage of Compensation by giving direction to the Administrator (or its delegate) in the manner prescribed by the Administrator. Any deemed election described in this subsection 4(a)(iii) shall be effective only with respect to Compensation not currently available to the Member. Each Member whose hire date is on or after April 6, 2009 shall be a "covered employee" for purposes

of Treasury Regulation §1.414(w)-1(e)(3), regardless of whether such Member makes an affirmative election regarding Before-Tax Contributions. Notwithstanding the foregoing, an Employee who on or after April 6, 2009 becomes eligible to participate in the Plan as a result of the Employee's rehire by an Employer shall not be deemed to have made an election automatically to have Before-Tax Contributions made on his behalf pursuant to this subsection 4(a)(iii).

(B) Withdrawal of Default Before-Tax Contributions . A Member deemed to elect Default Before-Tax Contributions pursuant to subsection 4(a)(iii) may elect, no later than 90 days after the first payroll date that the first Default Before-Tax Contributions on behalf of the Member occurs, to receive a distribution equal to the amount of all such contributions (adjusted for earnings and losses and reduced by any applicable fees) made with respect to the Member through the earlier of (a) the Wage Payment Date for the second payroll period that begins after the Member's withdrawal request and (b) the first Wage Payment Date that occurs after 30 days following the Member's request. An election by a Member to withdraw Default Before-Tax Contributions pursuant to this subsection 4(a)(iii)(B) shall be deemed to be an election by the Member, as of the date of the withdrawal election, to reduce his Before-Tax Contribution percentage to 0% (subject to any affirmative election by the Member to the contrary).

(b) After-Tax Contributions . Each Eligible Employee who has satisfied the requirements for participation may contribute an even multiple of 1.0%, which is not less than 1% and not more than 50%, and when aggregated with Salary Reduction Contributions under subsection 4(a), does not exceed 50% of his Compensation for any payroll period as he shall elect in the manner and pursuant to the procedures prescribed by the Administrator or its

delegate. Contributions under this subsection 4(b) shall be made by payroll deduction in each payroll period that the election is in effect. An Eligible Employee may change his contribution rate at any time in the manner and pursuant to the procedures prescribed by the Administrator or its delegate.

(c) Additional Salary Reduction Contributions . Any Member who has attained, or will attain, age 50 prior to the end of a calendar year may elect to make additional Salary Reduction Contributions equal to any amount of his Compensation payable with respect to any payroll period; provided, however, that (1) Salary Reduction Contributions shall not be treated as contributed pursuant to this subsection 4(c) unless the Member is unable to make additional Salary Reduction Contributions for the calendar year under subsection 4(a) due to limitations imposed by the Plan or applicable federal law, and (2) the amount contributed pursuant to this subsection 4(c) for any calendar year and, to the extent required by Treasury Regulations, any other elective deferrals contributed on the Member's behalf pursuant to section 414(v) of the Code for a calendar year shall not exceed the lesser of (A) the dollar amount applicable under section 414(v) of the Code or (B) the excess of the Member's Compensation (as defined in subsection 5(b)) for the calendar year over the Salary Reduction Contributions contributed on the Member's behalf under subsection 4(a) above for the calendar year. Salary Reduction Contributions for the calendar year under this subsection 4(c) shall not be subject to the limitations described in subsections 4(e) and 4(f) and Section 5.

(d) Company Matching Contributions . For each payroll period, the Employer shall contribute to the Plan for each Member a Matching Contribution in an amount equal to 100% (50% for periods prior to December 12, 2005) of Salary Reduction Contributions and/or After- Tax Contributions for that Member for the calendar month; provided, however, that the amount

of Salary Reduction Contributions and/or After-Tax Contributions for which a Matching Contribution is made for periods on and after December 12, 2005 shall not exceed 4% of Compensation for each payroll period. Notwithstanding anything contained herein to the contrary, (i) no Matching Contributions shall be made with respect to Default Before-Tax Contributions that are withdrawn by a Member pursuant to subsection 4.1(a)(iii)(B) and (ii) any Matching Contributions made by an Employer with respect to Default Before-Tax Contributions that are withdrawn pursuant to subsection 4.1(a)(iii)(B), plus any earnings, shall be forfeited and used to reduce future Matching Contributions made by an Employer pursuant to this subsection 4(d).

In addition, each Member shall be eligible to receive a "Profit Sharing Matching Contribution," provided that such Member is an Employee of such Employer on the last day of such Plan Year. Notwithstanding the preceding sentence, each Member who terminates employment during such Plan Year (1) after attaining age 50 and completing at least 10 years of service, as determined by the Administrator, (2) as a result of circumstances entitling the Member to separation benefits under an Employer's severance benefit plan, (3) as a result of a disability that entitles the Member to benefits under an Employer's long-term disability plan, or (4) on account of the Member's death, shall be eligible to receive a "Profit Sharing Matching Contribution" that is pro-rated based on the number of days of such Member's employment in the Plan Year through the effective date of his termination of employment. The "Profit Sharing Matching Contribution" shall be an amount, if any, determined by the Compensation Committee of the Board of Directors in its sole discretion based on attainment of specified earnings per share goals, and not exceeding 50% of a Member's Matched Contributions, as defined below, for each payroll period, but only to the extent that such Matched Contributions do not exceed 4 percent of the Member's Compensation for the payroll period. The Compensation Committee of the Board of Directors will determine the earnings per share goals each January.

For purposes of this subsection 4(d), “Matched Contributions” means the sum of (i) the Salary Reduction Contributions made on behalf of the Member for a payroll period, excluding additional Salary Reduction Contributions which are “catch-up” contributions described in section 414(v) of the Code and excluding Default Before-Tax Contributions that are withdrawn pursuant to subsection 4.1(a)(iii)(B) (relating to withdrawal of Default Before-Tax Contributions), and (ii) the After-Tax Contributions made by the Member for such payroll period. Any Matching Contributions made by an Employer with respect to Default Before-Tax Contributions that are withdrawn pursuant to subsection 4.1(a)(iii)(B), plus any earnings, shall be forfeited and used to reduce Employer Matching Contributions made by an Employer pursuant to this subsection 4(d).

(e) Limitations . The Plan shall limit contributions under this Section 4 as provided below.

(i) Exclusion Limit . The maximum amount of contribution which any Eligible Employee may make in any calendar year under subsection 4(a) is the “applicable dollar amount” under section 402(g) of the Code (as adjusted for cost of living increases in accordance with sections 402(g) and 415(d) of the Code) for such calendar year reduced by the amount of elective deferrals by such Eligible Employee under all other plans, contracts, or arrangements maintained by the Employer or any Related Entity and described in section 401(k), 408(k), 408(p) or 403(b) of the Code. If the contribution under subsection 4(a) for an Eligible Employee for any calendar year exceeds the applicable dollar amount, as adjusted, the Administrator shall direct the Trustee to distribute the excess amount (plus any income and minus any loss as

described below) to the Eligible Employee not later than April 15th following the close of such calendar year or recharacterize such excess amount as Salary Reduction Contributions under subsection 4(c) to the extent permitted by section 414(v) of the Code and regulations issued thereunder. If (A) an Eligible Employee participates in another plan which includes a qualified cash or deferred arrangement that is not sponsored by the Employer or a Related Entity, (B) such Eligible Employee contributes in the aggregate under subsection 4(a) of this Plan and the corresponding provisions of the other plan more than the exclusion limit, and (C) the Eligible Employee notifies the Administrator not later than March 1st following the close of such calendar year of the portion of the excess the Eligible Employee has allocated to this Plan, then the Administrator shall direct the Trustee to distribute to the Eligible Employee not later than April 15th following the close of such calendar year the excess amount (and any income and minus any loss as described below) which the Eligible Employee allocated to this Plan or recharacterize such excess amount (and any income and minus any loss as described below) as Salary Reduction Contributions under subsection 4(c) to the extent permitted by section 414(v) of the Code and regulations issued thereunder. Any distribution of excess amounts under this subsection 4(e)(i) shall be adjusted by the income or loss allocable to such excess amounts. Such income or loss shall be determined by the Administrator, in a manner uniformly applicable to all Eligible Employees, pursuant to applicable Treasury Regulations. Any such excess amounts shall not be disregarded as the Eligible Employee's contributions under subsection 4(a) for purposes of determining the actual deferral percentage described in subsection 4(f)(iii)(C), except that in the case of an Eligible Employee who is not a highly compensated employee, as that term is defined in subsection 4(f)(v), such excess amounts shall be ignored to the extent that such contributions are prohibited pursuant to section 401(a)(30) of the Code, which requires that

an Eligible Employee's contributions under subsection 4(a) not exceed the limit described in this subsection 4(e)(i). Any distribution of excess amounts shall be treated as a distribution of the Eligible Employee's Before-Tax Contributions, up to the extent Before-Tax Contributions have been made by such Eligible employee to the Plan for such Plan Year and, to the extent that distributions of excess amounts exceed the Eligible Employee's Before-Tax Contributions for such Plan Year, the distributions of such excess amounts shall be treated as Designated Roth Contributions made by the Eligible Employee to the Plan for the Plan Year. Notwithstanding anything in the Plan to the contrary:

(A) For purposes of determining any excess amount, (I) the Eligible Employee's contributions under subsection 4(a) which have previously been distributed pursuant to subsection 4(f)(ii) or returned to the Eligible Employee pursuant to Section 5 or withdrawn pursuant to Section 4(a)(iii)(B) shall be treated as distributed under this subsection 4(e)(i); and (II) contributions under subsection 4(a) not taken into account in determining Matching Contributions under subsection 4(d) shall be reduced first.

(B) In the event an Eligible Employee receives a distribution of excess amounts pursuant to this subsection 4(e)(i), the Eligible Employee shall forfeit any Matching Contributions (adjusted for income or loss as described above) allocated to the Eligible Employee by reason of the amounts distributed or recharacterized, if such Matching Contributions are not otherwise returned to the Eligible Employee pursuant to subsection 4(f)(ii). Amounts forfeited shall be used to reduce future Matching Contributions made by an Employer pursuant to subsection 4(d).

(ii) Nondiscrimination Test Limits . The Administrator may limit the maximum amount of contribution under subsection 4(a) or 4(c) for all or any class of Eligible Employees to the extent it determines that such limitation is necessary to keep the Plan in compliance with section 401(k) or 414(v) of the Code. Any limitation shall be effective for all payroll periods following the announcement of the limitation.

(f) Compliance with Nondiscrimination Tests .

(i) Deferral Percentage Test . In no event shall the "average actual deferral percentage" (as defined below) for any Plan Year for Eligible Employees who are "highly compensated employees" (as defined in paragraph (v), below, of this subsection 4(f)) for such Plan Year bear a relationship to the "average actual deferral percentage" for the preceding Plan Year for Eligible Employees who are not "highly compensated employees" for such preceding Plan Year which does not satisfy either subsection 4(f)(i)(A) or (B) below.

(A) The requirement shall be satisfied for a Plan Year if the "average actual deferral percentage" for the Plan Year for the group of Eligible Employees who are "highly compensated employees" for such Plan Year is not more than the "average actual deferral percentage" for the preceding Plan Year of all other Eligible Employees for such preceding Plan Year multiplied by 1.25.

(B) The requirement shall be satisfied for a Plan Year if (1) the excess of the "average actual deferral percentage" for the Plan Year for the Eligible Employees who are "highly compensated employees" for such Plan Year over the "average actual deferral percentage" for the preceding Plan Year of all other Eligible Employees for such preceding Plan Year is not more than two percentage points, and (2) the "average actual deferral percentage" for the Plan Year for Eligible Employees who are "highly compensated employees" for such Plan Year is not more than the "average actual deferral percentage" for the preceding Plan Year of all other Eligible Employees for such preceding Plan Year multiplied by two.

(ii) Correction . If the relationship of the "average actual deferral percentages" does not satisfy subsection 4(f)(i) for any Plan Year, then the Administrator shall direct the Trustee to distribute the "excess contribution" (as defined below) for such Plan Year (plus any income and minus any loss as described below) within 12 months of the close of the Plan Year to the "highly compensated employees" on the basis of the respective portions of the "excess contribution" attributable to each, as determined under this subsection. The "excess contribution" for any Plan Year is the excess of the aggregate amount of contributions paid over to the Fund pursuant to subsection 4(a) on behalf of "highly compensated employees" for such Plan Year over the maximum amount of such contributions permitted for "highly compensated employees" under subsection 4(f)(i). The portion of the "excess contribution" attributable to a "highly compensated employee" is determined by reducing contributions made under subsection 4(a) on behalf of "highly compensated employees" (reducing non-matched contributions first) in order of the dollar amounts of such contributions for each such employee, beginning with the highest of such dollar amounts, until the "excess contribution" is eliminated. For purposes of determining the amount of the necessary reduction, contributions previously distributed under subsection 4(e)(i) shall be treated as distributed under this subsection 4(f)(ii). Any distribution of excess contributions under this subsection 4(f)(ii) shall be adjusted by the income or loss allocable to such excess contributions. Such income or loss shall be determined by the Administrator in a manner uniformly applicable to all Eligible Employees and consistent with Treasury Regulations. Notwithstanding the foregoing, at the election of the Administrator and in accordance with rules uniformly applicable to all affected Members, the "excess contribution" reduction described in this subsection 4(f)(ii) may be accomplished, in whole or in part, by recharacterizing excess Salary Reduction Contributions as Salary Reduction Contributions

contributed pursuant to subsection 4(c) to the extent permitted by section 414(v) of the Code and regulations issued thereunder. Notwithstanding anything in the Plan to the contrary, an Eligible Employee who receives a distribution or incurs a recharacterization under this subsection 4(f)(ii) shall forfeit any Matching Contributions (adjusted for income or loss as described above) allocated to the Eligible Employee by reason of any "excess contribution" distributed or recharacterized under this subsection, if such matching contributions are not otherwise returned to the Eligible Employee pursuant to this subsection 4(f)(ii). The Eligible Employee shall designate the extent to which such distributed excess contributions are treated as Before-Tax Contributions or Designated Roth Contributions (but only up to the extent that such types of contributions were made by the Eligible Employee to the Plan for the Plan Year) and, in the event that any such designation is not made or is incomplete, such distributed excess contributions shall be treated as Before-Tax Contributions up to the extent Before-Tax Contributions were made to the Plan for the Plan Year and, to the extent that such distributed excess contributions exceed such Before-Tax Contributions, such excess contributions shall be treated as distributions of Designated Roth Contributions made to the Plan for the Plan Year.

(iii) Additional Definitions . For purposes of this subsection 4(f):

(A) The term "Eligible Employee" shall mean each Employee eligible to make contributions under subsection 4(a) at any time during the Plan Year.

(B) The "average actual deferral percentage" for a specific group of Eligible Employees for a Plan Year shall be the average of the "actual deferral percentage" for each Eligible Employee in the group for such Plan Year.

(C) The “actual deferral percentage” for a particular Eligible Employee for a Plan Year shall be the ratio of the amount of contributions paid over to the Fund pursuant to subsection 4(a) for such Eligible Employee for such Plan Year (excluding any such contributions that are (1) distributed to an Eligible Employee who is not a “highly compensated employee” pursuant to the second sentence of subsection 4(e)(i), (2) Default Before-Tax Contributions distributed to an Eligible Employee pursuant to subsection 4(a)(iii)(B), or (3) returned to the Eligible Employee pursuant to Section 5 plus, in the case of any Eligible Employee who is a “highly compensated employee” and who is simultaneously eligible to participate in more than one cash or deferred arrangement maintained by the Employer or a Related Entity, elective deferrals made on his behalf under all such arrangements (excluding those that are not permitted to be aggregated under Treasury Regulation § 1.401(k)-1(b)(3)(ii)(B)) for the Plan Year, to the Eligible Employee’s “compensation” for such Plan Year.

(D) Except as otherwise provided in subsection 4(f)(v), “compensation” means compensation as defined in section 414(s) of the Code as determined by the Administrator on a uniform and consistent basis for all Eligible Employees, including, for Plan Years included in a period of Qualified Military Service, Compensation as defined in subsection 1(g) for purposes of Qualified Military Service; provided, however, that “compensation” shall (1) include amounts excluded from gross income under section 125 (including any amounts deducted on a pre-tax basis for group health coverage because the Member is unable to certify that he has other health coverage, so long as the Employer does not otherwise request or collect information regarding the Member’s other health coverage as part of the enrollment process for the Employer’s health plan), 132(f)(4), 402(e)(3), 402(h), or 403(b) of the Code and/or (2) exclude compensation for any period during which an Employee is not an Eligible Employee. “Compensation” with respect to any Employee for any Plan Year shall be limited to the dollar limitation applicable under section 401(a)(17) of the Code, as adjusted for increases in the cost-of-living at the same time and in the same manner as adjustments under section 415(d) of the Code.

(iv) Aggregation of Plans . In the event that this Plan satisfies the requirements of section 410(b) of the Code for the Employer only if aggregated with one or more other plans with respect to the Employer or a Related Entity, or if one or more other plans satisfies the requirements of section 410(b) of the Code only if aggregated with this Plan, then subsection 4(f)(i) shall be applied by determining the "actual deferral percentages" of Eligible Employees as if all such plans were a single plan. If such other plan has a plan year that is different from the Plan Year of this Plan, then the highly compensated employee's contributions made to such other plan during the Plan Year of this Plan shall be aggregated with contributions of the same type made to this Plan for such Plan Year for purposes of determining the average deferral percentage for this Plan for such Plan Year for the group of highly compensated employees.

(v) Definition of Highly Compensated Employee . For purposes of this subsection 4(f), the term "highly compensated employee" shall mean any Employee who performed services for the Employer or a Related Entity during the Plan Year for which a determination is being made (the "determination year") and who:

(A) was at any time during the determination year or the immediately preceding determination year a five-percent owner, as defined in section 416(i) of the Code; or

(B) both (1) for the immediately preceding determination year, received more than $105,000 (as indexed) in compensation (as defined and set forth in subsection 5(b) below) from the Employer or a Related Entity, and (2) is in the group of employees consisting of the top 20% of the employees of the Employer and its Related Entities when ranked on the basis of compensation paid during such preceding determination year.

(g) Payroll Taxes . The Employer shall withhold from the Compensation of contributing Eligible Employees and remit to the appropriate government agencies such payroll taxes and income tax withholding as the Employer determines is or may be necessary with respect to contributions made under subsections 4(a), 4(b), and 4(c) under applicable statutes or ordinances and the regulations and rulings thereunder.

(h) Rollovers .

(i) Subject to applicable provisions of the Code, an Eligible Employee may contribute (1) all or a portion of the amount received by the Eligible Employee as a distribution from, or (2) an amount transferred directly to the Plan (pursuant to section 401(a)(31) of the Code) on the Eligible Employee's behalf by the trustee of, an "eligible retirement plan" as defined in subsection 9(e)(iii), but only if the deposit qualifies as a rollover as defined in section 402, 403 or 408 of the Code, as applicable; provided, however, that prior to April 6, 2009, the Plan did not accept rollovers of after-tax contributions or rollovers from a Plan qualified under section 457 of the Code or rollovers of "designated Roth contributions" described in section 402A of the Code or any related earnings with respect to such contributions. The amount contributed or deferred to the Trustee pursuant to this subsection 4(h) shall be allocated to the Eligible Employee's Rollover Account for the benefit of the Eligible Employee.

(ii) On the first day of each calendar month, with respect to each Member in this Plan who was a participant in the Exelon Employee Savings Plan for Represented Employees at TMI and Oyster Creek or the Exelon Corporation Employee Savings Plan (the "Prior Savings Plan") at any time during the immediately preceding month, the Trustee shall receive directly from the trustee under the Prior Savings Plan all, but not less than all, of the vested amount credited to the accounts of the Member under the Prior Savings Plan. Amounts so

transferred shall be allocated to the Member's Salary Reduction Contribution Account, Designated Roth Contribution Account, Rollover Account, Matching Contribution Account, and After-Tax Contribution Account in the Plan in the same proportions that such amounts were credited to the Member's account in the Prior Savings Plan, respectively, immediately prior to such transfer and shall be held for the benefit of the Member pursuant to the terms of this Plan. If the Member has a loan outstanding under the Prior Savings Plan at the time of the transfer, such loan shall be transferred to and assumed by the Trustee and shall thereafter be treated as a loan made pursuant to Section 11 of this Plan. A transfer to the Trustee of amounts from the Prior Savings Plan shall be governed by this subsection (ii) and not by subsection (i) above.

(iii) On the first day of each calendar month, with respect to each Member in this Plan who becomes a Member under the Prior Savings Plan at any time during the immediately preceding month, the Trustee shall transfer directly to the trustee of the Prior Savings Plan all, but not less than all, of the amounts credited to the Account of the Member, as well as any outstanding loan made to such Member pursuant to Section 11, to be held and assumed in accordance with the provisions of the Prior Savings Plan for the benefit of the Member.

(i) Vesting . A Member shall at all times have a 100% nonforfeitable interest in his Account.

(j) Timing of Contributions . Matching Contributions made for any Plan Year pursuant to subsection 4(d) shall be made not later than the last date on which amounts so paid may be deducted for federal income tax purposes for the taxable year of the Employer in which the Plan Year ends. Profit Sharing Matching Contributions, if any, made for any Plan Year shall be made in the first quarter of the following Plan Year after the Compensation Committee of the

Board of Directors approves the earnings per share results for the Plan Year for which the Profit Sharing Matching Contributions relate. Except to the extent otherwise permitted by applicable law or governmental regulations or ruling, amounts contributed pursuant to subsections 4(a), 4(b) or 4(h) shall be remitted to the Trustee as soon as practicable, but no later than the 15th business day of the month following the month that contains the date on which such contributions were received or withheld or deducted from the Member's Compensation.

(k) Contingent Nature of Contributions . All contributions made pursuant to subsection 4(a), 4(b), 4(c), 4(d) or 4(l) are made expressly contingent on the deductibility thereof for federal income tax purposes for the fiscal year with respect to which such contributions are made, and no such contribution shall be made for any year to the extent it would exceed the deductible limit for such year as set forth in section 404 of the Code.

(l) Contributions With Respect to Military Service .

(i) Salary Reduction and After-Tax Contributions . A Member who returns to employment with the Employer or a Related Entity following a period of Qualified Military Service shall be permitted to make additional contributions under subsections 4(a), 4(b) and 4(c), within the limits described in Section 4, up to an amount equal to such contributions that the Member would have been permitted to make to the Plan if he had continued to be employed and received Compensation during the period of Qualified Military Service. Notwithstanding the foregoing, to the extent that a Member makes any of the contributions described in subsections 4(a), 4(b) and 4(c) during the Member's Qualified Military Service from any differential wage payments (as defined in section 3401(h) of the Code) received with respect to such service, such contributions shall reduce the amount of additional contributions the Member is permitted to make pursuant to the preceding sentence. Contributions under this subsection 4(l)(i) may be made during the period which begins on the date such Member returns to employment and which has the same length as the lesser of (a) 3 multiplied by the period of Qualified Military Service and (b) 5 years.

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(ii) Matching Contributions . The Employer shall contribute to the Plan, on behalf of each Member employed by such Employer who has made contributions under subsection (i) above, an amount equal to the contribution that would have been required under subsection 4(d) had such contributions under subsection (i), above, been made during the period of Qualified Military Service.

(iii) Limitations on Contributions . The contributions made under this subsection 4(l) shall be subject to the limitations described in Sections 4 and 5 for the Plan Year to which such contributions relate.

SECTION 5. MAXIMUM CONTRIBUTIONS AND BENEFITS

(a) Defined Contribution Limitation . In the event that the amount allocable to an Eligible Employee from amounts contributed by the Eligible Employee or the Employer to the Fund (excluding Salary Reduction Contributions contributed pursuant to subsection 4(c)) with respect to any Plan Year would cause the Annual Additions allocated to any Eligible Employee under this Plan plus the amount allocated to such Eligible Employee under any other defined contribution plan maintained by the Employer or a Related Entity to exceed for any Limitation Year the lesser of (i) the dollar limitation in effect under section 415(c) of the Code (adjusted in accordance with section 415(d) of the Code) or (ii) 100% of such Eligible Employee's compensation (as defined in subsection 5(b)) for such Limitation Year, then the amount otherwise allocable to such Eligible Employee shall be reduced by the amount of such excess to determine the actual amount of the Employer's contribution allocable to such Eligible Employee with respect to such Plan Year. If the Annual Additions actually allocated to an Eligible Employee exceed the limitations set forth above for any Plan Year, the amount of such excess shall be corrected in accordance with the Employee Plans Compliance Resolution System of the Internal Revenue Service. In addition, any contributions or benefits provided under another plan to a leased employee (within the meaning of section 414(n) of the Code) by his leasing organization with respect to services performed for an Employer shall be treated as provided under this Plan and shall be taken into account for purposes of this subsection 5(a) to the extent required under Treasury Regulation §1.415(a)- 1(f)(3). Any Salary Reduction Contributions returned to an Eligible Employee pursuant to this subsection 5(a) shall be treated as the return of Before-Tax Contributions, up to the extent Before-Tax Contributions were made by such Eligible Employee to the Plan for such Plan Year and, to the extent that the returned contributions exceed such Before-Tax Contributions, such returned contributions shall be treated as Designated Roth Contributions made by the Eligible Employee to the Plan for the Plan Year.

(b) Definition of "Compensation" for Code Limitations . For purposes of the limitations on the allocation of Annual Additions to an Eligible Employee as provided for in this Section 5, "compensation" for a Limitation Year shall have the meaning set forth in Treasury Regulations § 1.415(c)-2(d)(4).

SECTION 6. TRUSTEE AND INVESTMENTS

(a) Trustee . The assets of the Fund shall be held pursuant to a trust agreement created by the execution of a trust agreement between the Company and the Trustee. All contributions under the Plan shall be paid to the Trustee. The Trustee shall hold all monies and other property received by it and invest and reinvest the same, together with the income therefrom, on behalf of the Members collectively in accordance with the provisions of the trust agreement. The Trustee shall make distributions from the Fund at such time or times to such person or persons and in such amounts as the Administrator directs in accordance with the Plan.

(b) Member Elections . The Investment Fiduciary shall instruct the Trustee to establish specific Investment Categories for Members to select among investment alternatives reflecting varying degrees of risk of loss and possibility of gain. If an Investment Category consists of more than one security or contract, the Investment Fiduciary shall select the specific investments to be included which conform to the criteria and objectives of the Investment Category. The Investment Fiduciary at any time may add to or delete from the Investment Categories. In addition, effective January 1, 2016, the Trustee shall establish and maintain, or shall cause to be established and maintained, an investment fund herein called the “Employer Stock Fund” which shall be invested in the common stock, without par value, of Exelon Corporation (“Common Stock”), and shall also include such short-term obligations and short-term liquid investments purchased by the Trustee, in accordance with the trust agreement, pending the selection and purchase of the Common Stock or as otherwise determined by the Trustee to be necessary to satisfy such fund’s cash needs. Under rules established by the Administrator, each Member shall be required to designate in the manner and pursuant to the procedures prescribed by the Administrator or its delegate, the Investment Category or

Categories or, effective on and after January 1, 2016, the Employer Stock Fund in which the Trustee is to invest the contributions made with respect to such Member. A Member may at any time change such designation with respect to new contributions or amounts previously invested through an election in the manner and pursuant to the procedures prescribed by the Administrator or its delegate (including, without limitation, any restrictions imposed with respect to transfers of funds to or from the Employer Stock Fund by individuals who are subject to Rule 16b-3 under section 16 of the Securities Exchange Act of 1934). If the Investment Fiduciary eliminates an Investment Category and a Member does not select a new Investment Category for his contributions held in the eliminated Investment Category, the Investment Fiduciary, in its sole discretion, shall direct the Trustee with respect to investment of the Member's amounts so held. Each Member shall be solely responsible for his election of Investment Categories from time to time.

(c) Rules Applicable to Investment Elections . The Administrator may limit the right of a Member (i) to increase or decrease his contributions or to direct loan repayments to a particular Investment Category or, effective on and after January 1, 2016, the Employer Stock Fund, (ii) to transfer amounts to or from a particular Investment Category or, effective on and after January 1, 2016, the Employer Stock Fund or (iii) to transfer amounts between particular Investment Categories or, effective on and after January 1, 2016, the Employer Stock Fund, if such limitation is required under the terms upon which the Investment Category or the Employer Stock Fund, is established.

(d) Facilitation . Notwithstanding any instruction from any Member for investment of funds in an Investment Category as provided for herein, the Trustee shall have the right to hold uninvested or invested pending reinvestment any amounts intended for investment or reinvestment until such time as investment may be made in accordance with subsection 6(b).

(e) Valuations . The Accounts of each Member shall be adjusted by the Trustee (or the Trustee's designee) as of each Valuation Date by (i) reducing such accounts by any payments made therefrom since the preceding Valuation Date, and then (ii) increasing or reducing such account by the Member's allocable share of the net amount of income, gains and losses (realized and unrealized) and expenses of such applicable Investment Category or, effective on and after January 1, 2016, the Employer Stock Fund, since the preceding Valuation Date, and (iii) crediting such accounts with any contributions made thereto since the preceding Valuation Date.

(f) Bookkeeping . The Administrator, or its delegate, shall maintain separate bookkeeping accounts to reflect each Member's contributions under subsections 4(a), 4(b), 4(c) and 4(h), and Matching Contributions allocated to each Member under subsection 4(d). Any Designated Roth Contribution Account shall be maintained in a manner that satisfies the separate accounting requirement, and any Treasury Regulations or other requirements promulgated, under section 402A of the Code. Accordingly, gains, losses and other credits and charges shall be separately allocated on a reasonable basis to each such account and other accounts under the Plan, the Plan shall keep a record of each Eligible Employee's Designated Roth Contributions that have not been withdrawn, and contributions and withdrawals of Designated Roth Contributions, and related earrings, shall be accounted for with respect to Designated Roth Contribution Accounts. However, forfeitures shall not be allocated to any Designated Roth Contribution Account. These separate accounting requirements apply with respect to a Member from the time the Member makes his first Designated Roth Contribution until the time the Member's Designated Roth Contribution Account is distributed. For each Member, the Salary

Reduction Contributions that consist of (i) Salary Reduction Contributions made on behalf of the Eligible Employee for periods beginning prior to June 1, 2006, (ii) any amounts credited to the Member's Salary Reduction Contribution Account under subsection 4(g)(ii) prior to June 1, 2006, and (iii) any Salary Reduction Contributions that are Before-Tax Contributions made pursuant to subsection 4(a) for periods beginning on or after June 1, 2006 shall be allocated to the Before-Tax Contribution Account of such Member. The Salary Reduction Contributions that consist of Designated Roth Contributions made on behalf of the Member pursuant to subsection 4(a)(ii) for periods beginning on or after June 1, 2006 shall be allocated to the Designated Roth Contribution Account of such Member.

SECTION 7. BENEFICIARIES AND DEATH BENEFITS

(a) Designation of Beneficiary . Each Member shall have the right to designate a beneficiary or beneficiaries (who may be designated contingently or successively and that may be an entity other than a natural person) to receive any distribution to be made under subsection 8(d), upon the death of such Member or, in the case of a Member who dies subsequent to termination of his employment but prior to the distribution of the entire amount to which he is entitled under the Plan, any undistributed balance to which such Member would have been entitled; provided, however, that no such designation (or change thereof) shall be effective if the Member was married on the date of the Member's death unless such designation (or change thereof) was consented to at the time of such designation (or change thereof) by the person who was the Member's spouse, in writing, acknowledging the effect of such consent and witnessed by a notary public or a Plan representative, or it is established to the satisfaction of the Administrator that such consent could not be obtained because the Member's spouse cannot be located or such other circumstances as may be prescribed in applicable regulations. Subject to the preceding sentence, a Member may from time to time, without the consent of any beneficiary, change or cancel any such designation. Such designation and each change therein shall be made in the form prescribed by the Administrator and shall be filed with the Administrator. If (i) no beneficiary has been named by a deceased Member, (ii) such designation is not effective pursuant to the proviso contained in the first sentence of this section, or (iii) the designated beneficiary has predeceased the Member, any undistributed balance of the deceased Member shall be distributed by the Trustee at the direction of the Administrator (a) to the surviving spouse of such deceased Member, if any, or (b) if there is no surviving spouse, to the surviving children of such deceased Member, if any, in equal shares, or (c) if there is no

surviving spouse or surviving children, to the surviving parents of such deceased Member, if any, in equal shares, or (d) if there is no surviving spouse, surviving children or surviving parents, to the executor or administrator of the estate of such deceased Member or (e) if no executor or administrator has been appointed for the estate of such deceased Member within six months following the date of the Member's death, in equal shares to the person or persons who would be entitled under the intestate succession laws of the state of the Member's domicile to receive the Member's personal estate. The marriage of a Member shall be deemed to revoke any prior designation of a beneficiary made by him and a divorce shall be deemed to revoke any prior designation of the Member's divorced spouse if written evidence of such marriage or divorce is received by the Administrator prior to any distribution.

(b) Definition of Spouse . For purposes of the Plan, the term "spouse" shall mean only the individual who is lawfully married to the Member (a) effective for the period beginning on June 26, 2013 and ending September 15, 2013, under the laws of the state in which the Member was domiciled as of the date that the Member's distribution is to be made hereunder or, if earlier, on the date of the Member's death, and (b) effective September 16, 2013, under the laws of the state or foreign jurisdiction where the individual and the Member were married, without regard to the laws of the state where the individual and the Member are domiciled. For the avoidance of doubt, the term "spouse" shall not include a person who, with the Member, is in a domestic partnership, civil union or other similar formal relationship recognized by applicable law.

(c) Distributions to Minor and Disabled Distributees . Any distribution that is payable to a distributee who is a minor or to a distributee who has been legally determined to be unable to manage his affairs by reason of illness or mental incompetency may be made to or for the benefit of any such distributee at such time consistent with the provisions of Section 8 and in such of the following ways as the legal representative of such distributee shall direct: (i) directly to any such minor distributee, (ii) to such legal representative, (iii) to a custodian under a Uniform Gifts to Minors Act for any such minor distributee, or (iv) as otherwise directed by such legal representative. Neither the Administrator nor the Trustee shall be required to see to the application by any third party of any distribution made to or for the benefit of such distributee pursuant to this Section.

(d) "Lost" Members and Beneficiaries . If within a period of five years following the death or other termination of employment of any Member the Administrator in the exercise of reasonable diligence has been unable to locate the person or persons entitled to benefits under this Section 7, the rights of such person or persons shall be forfeited; provided, however, that the Plan shall reinstate and pay to such person or persons the amount of the benefits so forfeited upon a claim for such benefits made by such person or persons. The amount to be so reinstated shall be obtained from the total amount that shall have been forfeited pursuant to this Section 7 during the Plan Year that the claim for such forfeited benefit is made. If the amount to be reinstated exceeds the amount of such forfeitures, the Employer in respect of whose Employee the claim for forfeited benefit is made shall make a contribution in an amount equal to the remainder of such excess. Any such contribution shall be made without regard to whether or not the limitations set forth in subsections 4(e) or 5 will be exceeded by such contribution.

SECTION 8. BENEFITS FOR MEMBERS

The following are the only post-employment benefits provided by the Plan:

(a) Retirement Benefit .

(i) Each Member shall be entitled to a retirement benefit equal to his Account as of the distribution date prescribed by subsection 9(a)(i) following his retirement on or after his Normal Retirement Date.

(ii) An Eligible Employee who continues employment beyond his Normal Retirement Date shall continue to be eligible to participate in the Plan.

(b) Death Benefit . In the event of the death of a Member before distribution of his Account, the Member's Account as of the distribution date prescribed by subsection 9(a)(ii) shall constitute his death benefit and shall be distributed pursuant to Section 7 and subsection 9(a)(i) to his designated beneficiary or (ii) if no designation of beneficiary is then in effect, to the beneficiary determined pursuant to Section 7. Effective January 1, 2007, in the case of a Member who dies while performing qualified military service (as defined in Section 414(u) of the Code), the beneficiaries of such Member shall be entitled to any additional benefits, if any (other than benefit accruals relating to the period of qualified military service), provided under the Plan had the Member resumed employment with the Employer and then terminated such employment on account of such Member's death.

(c) Disability Benefit . In the event a Member terminates employment with the Employers and all Related Entities due to Disability, the Member's Account as of the distribution date prescribed by subsection 9(a)(iii) for his termination of employment due to Disability shall constitute his Disability benefit.

(d) Termination of Employment Benefit . In the event a Member terminates employment with the Employers and all Related Entities other than by reason of retirement on or after his Normal Retirement Date, Disability or death, the Member's Account as of the date prescribed for distribution in accordance with subsection 9(a)(iii) shall constitute his benefit.

SECTION 9. DISTRIBUTION OF BENEFITS

(a) Commencement .

(i) Normal or Late Retirement . Benefits payable under subsection 8(a) due to retirement shall begin to be distributed as elected by the Member but not later than the Member's Mandatory Distribution Date. Unless otherwise elected by the Member, in no event shall the payment of benefits commence later than the sixtieth day after the close of the Plan Year in which the latest of the following occurs:

(A) The Member's Normal Retirement Date;

(B) The Member's termination of employment; or

(C) The fifth anniversary of the year in which the Member commenced participation in the Plan.

Distributions that are required to begin at the Member's Mandatory Distribution Date shall be made in periodic payments if the Member is still employed by the Employers or a Related Entity or, if the Member is no longer employed, may be made in periodic payments if elected by the Member. The first payment shall be made on or before the Member's Mandatory Distribution Date and subsequent payments shall be made in each December; provided, however, that for calendar year 2009, in accordance with section 401(a)(9)(H) of the Code, no payment shall be made unless the Member elects otherwise. The amount of each periodic payment shall be the minimum amount required to be distributed under section 401(a)(9) of the Code under the assumptions that the Member has no designated beneficiary or spousal beneficiary.

(ii) Death . Benefits payable under subsection 8(b) shall be completed within five years after the death of the Member, except that, if the Member's designated beneficiary is the Member's spouse, distribution may be deferred until the date on which the Member would have attained age 70 1 / 2 had he survived and (ii) if the Member's designated beneficiary is a natural person other than the Member's spouse and distributions commence not later than one year after the Member's death, such distributions may be made over a period not longer than the life expectancy of such beneficiary. If at the time of the Member's death, distribution of the Member's benefit has commenced, the remaining portion of the Member's benefit shall be paid in the manner elected by the Member's designated beneficiary, but at least as rapidly as was the method of distribution being used prior to the Member's death.

(iii) Termination of Employment . Benefits payable under subsection 8(c) due to Disability or 8(d) due to termination of employment shall be distributed as soon after the Member's termination of employment as is administratively feasible. However, if the Member's Account exceeds $1,000 (including the Member's Rollover Account), distribution of benefits shall not commence unless the Member elects such distribution in a manner acceptable to the Administrator. If the Member initially does not elect the distribution, his Account shall be retained in the Fund until the Member requests a distribution. A Member's election to commence payment prior to his Mandatory Distribution Date must be made within the 90-day period ending on the distribution date elected by the Member and in no event earlier than the date the Administrator provides the Member with written information relating to his right to defer payment until his Mandatory Distribution Date and his right to make a direct rollover as set forth in subsection 9(e). Such information must be supplied not less than 30 days nor more than 90 days prior to the distribution date. Notwithstanding the preceding sentence, a Member's distribution date may occur less than 30 days after such information has been supplied to the Member provided that, after the Member has received such information and has been advised of

his right to a 30-day period to make a decision regarding the distribution, the Member affirmatively elects a distribution. If the Member does not request a distribution, the Administrator shall distribute the Member's Account as of the first to occur of the Member's Mandatory Distribution Date or death (provided the Administrator receives notice of the Member's death). Payments that begin at the Member's Mandatory Distribution Date may be made in periodic payments if such payments are elected by the Member. The first payment shall be made on or before the Member's Mandatory Distribution Date and subsequent payments shall be made in each December; provided, however, that for calendar year 2009, in accordance with section 401(a)(9)(H) of the Code, no payment shall be made in December unless the Member elects otherwise. The amount of each periodic payment shall be the minimum amount required to be distributed under section 401(a)(9) of the Code under the assumptions that the Member has no designated beneficiary or spousal beneficiary.

(b) Benefit Form . Benefits payable to a terminated Member under Section 8 shall be distributed in one of the following forms as elected by the Member:

(i) a lump sum payment; or

(ii) substantially equal annual, quarterly or monthly installments over a period of years specified by the Member (but not extending beyond the joint and survivor life expectancy of the Member and his designated beneficiary, or such shorter period as may be required by section 401(a)(9) of the Code or the regulations promulgated thereunder). The life expectancy of a Member, his spouse or his designated beneficiary shall be determined in accordance with applicable regulations under the Code. The life expectancy of a Member and his spouse may be redetermined periodically, but not more frequently than annually. Notwithstanding any provisions of the Plan to the contrary, all distributions will be made in accordance with section 401(a)(9) of the Code and the regulations promulgated thereunder, including the minimum distribution incidental death benefit requirement thereof.

Subject to the last sentence of the preceding paragraph, a Member who elected to receive distribution in the form of installments may, at any time after such election is made, elect to change the frequency of such installments, discontinue receiving such installments, make a partial withdrawal of any portion of his or her vested Account balance or receive the remaining amount of his or her vested Account balance in the form of a lump sum payment in accordance with any procedure established by the Administrator. A Member who elected to receive a partial withdrawal of his or her vested Account balance may, at any time after such election is made, elect to receive the remaining amount of his or her vested Account balance in the form of installments or in the form of a lump sum payment in accordance with any procedure established by the Administrator. If no election is made by a Member or beneficiary, as the case may be, as to the form of distribution, the Member's vested Account balance shall be distributed in the form of a lump sum payment.

The amount distributed hereunder shall be paid in cash, except that if the Member's Account is paid in a lump sum, then the Member may request that all of his or her Account invested in the Employer Stock Fund be distributed in whole shares of Common Stock held in such fund with any fractional share being paid in cash. The number of shares of Common Stock to be distributed shall be based on the current fair market value of a share of Common Stock as determined by the Trustee under Section 6(e) as of the Valuation Date coinciding with or immediately preceding the date payment of the Member's Account is to be made. Requests for distribution in the form of Common Stock shall be made at such time and in such manner as the Administrator shall determine under rules and regulations which are uniformly applied

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(c) Withholding . All distributions under the Plan are subject to federal and state tax withholding as required by applicable law as in effect from time to time.

(d) Minimum Distribution Requirements . The provisions of this Section 9 shall be construed in accordance with section 401(a)(9) of the Code and regulations thereunder, including the incidental death benefit requirements of section 401(a)(9)(G) of the Code as set forth in Treasury Regulation §1.401(a)(9)-5. The Plan shall apply the minimum distribution requirements of section 401(a)(9) of the Code.

(e) Direct Rollover . In the event any payment or payments (excluding any amount not includible in gross income) to be made to a person pursuant to this Section 9 or Section 10 would constitute an "eligible rollover distribution," such person may request that, in lieu of payment to the person, all or part of such payment or payments be rolled over directly from the Trustee to the trustee of an "eligible retirement plan." Any such request shall be made at the time and in the manner prescribed by the Administrator or its delegate, subject to such requirements and restrictions as may be prescribed by applicable Treasury Regulations. For purposes of this subsection 9(e):

(i) "person" shall include an Employee or former Employee or his surviving spouse or his spouse or former spouse who is an alternate payee under a qualified domestic relations order within the meaning of section 414(p) of the Code or, effective January 1, 2009, the Member's beneficiary who is not the Member's spouse or former spouse under a qualified domestic relations order;

(ii) “eligible rollover distribution” shall mean a distribution from the Plan, excluding (A) any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) over the life (or life expectancy) of the individual, the joint lives (or joint life expectancies) of the individual and the individual’s designated beneficiary, or a specified period of ten (10) or more years, (B) any distribution to the extent such distribution is required under section 401(a)(9) of the Code, and (C) any hardship distribution; and

(iii) “eligible retirement plan” shall mean (A) an individual retirement account described in section 408(a) of the Code, (B) an individual retirement annuity described in section 408(b) of the Code (other than an endowment contract), (C) an annuity plan described in section 403(a) of the Code, (D) a qualified plan the terms of which permit the acceptance of rollover distributions, (E) an eligible deferred compensation plan described in section 457(b) of the Code that is maintained by an eligible employer described in section 457(e)(i)(A) of the Code that shall separately account for the distribution, or (F) an individual retirement plan described in section 408A(b) of the Code, provided, however, that for transfers (other than the portion of any such transfer related to the Member’s Designated Roth Contribution Account) occurring before January 1, 2010, the person meets the requirements of section 408A(c)(3)(B) of the Code, (G) an annuity contract described in section 403(b) of the Code; provided, however, that with respect to a distribution (or portion of a distribution) consisting of after-tax employee contributions, “eligible retirement plan” shall mean a plan described in clause (D) that separately accounts for such amounts or a plan described in clause (A) or (B) and with respect to a distribution (or portion of a distribution) made to a person who is not the Member or the surviving spouse of the Member or former spouse under a qualified domestic relations order, “eligible retirement plan” shall mean only a plan described in clause (A), (B) or (F) that, in either case, is established for the purpose of receiving such distribution on behalf of such person.

Notwithstanding any provision of this subsection 9(e), in the case of any eligible rollover distribution that includes all or any portion of the Member's Designated Roth Contribution Account, a Member or surviving spouse may elect to transfer such portion only to another plan which accounts for Designated Roth Contributions described in section 402A of the Code or to a Roth IRA described in section 408A of the Code and only to the extent the rollover is permitted by the rules of section 402(c) of the Code.

(f) Domestic Relations Orders .

(i) General . Except as otherwise provided in this subsection 9(f), an "alternate payee" under a "qualified domestic relations order" within the meaning of section 206(d)(3)(B) of ERISA and section 414(p) of the Code (a "QDRO") shall have no rights to a Member's benefit and shall have no rights under this Plan other than those rights specifically granted to the alternate payee pursuant to the QDRO. Notwithstanding the foregoing, an alternate payee shall have the right to make a claim for any benefits awarded to the alternate payee pursuant to a QDRO, as provided in this subsection 9(f). Any interest of an alternate payee in the Account of a Member, other than an interest payable solely upon the Member's death pursuant to a QDRO which provides that the alternate payee shall be treated as the Member's surviving spouse, shall be separately accounted for by the Trustee in the name and for the benefit of the alternate payee.

(ii) Distribution .

(A) Notwithstanding anything in this Plan to the contrary, a QDRO may provide that any benefits of a Member payable to an alternate payee that are separately accounted for shall be distributed immediately or at any other time specified in the order but not later than the latest date benefits would be payable to the Member pursuant to this Section 9. However, in the event the amount payable to the alternate payee under the QDRO does not exceed $1,000, such amount shall be paid to the alternate payee in a single sum as soon as practicable following the Plan Administrator's receipt of the order and verification of its status as a QDRO.

(B) The amounts that are to be segregated for the alternate payee's benefit shall be derived from each Investment Category and, effective on and after January 1, 2016, the Employer Stock Fund, in which the Member's Account is invested (excluding any Loan Account established pursuant to Section 11), on a pro-rata basis. A QDRO may not provide for the assignment to an alternate payee of an amount that exceeds the balance of the Member's vested Accounts after deduction of any Loan Account.

(C) The benefit payable to an alternate payee shall be paid in the form of a single sum.

(iii) Withdrawals . An alternate payee shall not be permitted to make any withdrawals under Section 10.

(iv) Death Benefits . Unless a QDRO establishing a separate account for an alternate payee provides to the contrary, an alternate payee for whom a separate account is established shall have the right to designate a beneficiary, in the same manner as provided in

subsection 7(a) with respect to a Member (except that no spousal consent shall be required), who shall receive benefits payable to an alternate payee which have not been distributed at the time of an alternate payee's death. If the alternate payee for whom a separate account is established does not designate a beneficiary, or if the beneficiary predeceases the alternate payee, benefits payable to the alternate payee which have not been distributed shall be paid to the alternate payee's estate. Any death benefit payable to the beneficiary of an alternate payee shall be paid in a single sum in cash as soon as administratively practicable after the alternate payee's death.

(v) Investment Direction . Unless a QDRO establishing a separate account for an alternate payee provides to the contrary, an alternate payee for whom a separate account is established shall have the right to direct the investment of any portion of a Member's Account payable to the alternate payee under such order in the same manner as provided in Section 6 with respect to a Member, which amounts shall be separately accounted for by the Trustee in the alternate payee's name.

(vi) Loans . An alternate payee shall not be permitted to receive a loan under Section 11.

SECTION 10. IN-SERVICE DISTRIBUTIONS

(a) Age 59-1/2 . An Eligible Employee who has attained age 59-1/2 shall have the right to withdraw all or a portion of his Salary Reduction Contribution Account and/or his Matching Contribution Account in cash at any time in the manner and pursuant to the procedures prescribed by the Administrator or its delegate. The withdrawal shall be charged proportionately to the Investment Categories and, effective on and after January 1, 2016, the Employer Stock Fund, in which the Eligible Employee has an account. All withdrawals shall be made in a single sum distribution.

(b) Hardship Distributions .

(i) The Administrator shall permit an in-service distribution to an Eligible Employee from his Salary Reduction Contribution Account and Matching Contribution Account on account of financial hardship, subject to the limitations of this subsection. A distribution is on account of hardship only if the distribution both (i) is made on account of an immediate and heavy financial need of the Eligible Employee as determined under subsection 10(b)(ii) and (ii) is necessary to satisfy such financial need as determined under subsection 10(b)(iii).

(ii) Need . A distribution shall be deemed to be made on account of immediate and heavy financial need of the Eligible Employee if the distribution is on account of (i) medical expenses described in section 213(d) of the Code incurred or anticipated to be incurred by the Eligible Employee, the Eligible Employee's spouse or any dependent of the Eligible Employee (as defined in section 152 of the Code, without regard to sections 152(b)(1), (b)(2) and (d)(1)(B) of the Code (determined without regard to whether the expenses exceed 7.5% of adjusted gross income)); (ii) purchase (excluding mortgage payments) of a principal residence for the Eligible Employee; (iii) payment of tuition, room and board, and related educational fees for up to the

next 12 months of post-secondary education for the Eligible Employee, the Eligible Employee's spouse or any dependent of the Eligible Employee (as defined in section 152 of the Code, without regard to sections 152(b)(1), (b)(2) and (d)(1)(B) of the Code); (iv) the need to prevent the eviction of the Eligible Employee from his principal residence or foreclosure on the mortgage of the Eligible Employee's principal residence; (v) funeral or burial expenses incurred by the Eligible Employee for the Eligible Employee's deceased parent, spouse, beneficiary, children or dependent (as defined in section 152 of the Code, without regard to section 152(d)(1)(B) of the Code); (vi) expenses for the repair of damage to the Eligible Employee's principal residence that would qualify for the casualty deduction under section 165 of the Code (determined without regard to whether the loss exceeds 10% of adjusted gross income); or (vii) such other reason as the Commissioner of Internal Revenue specifies as a deemed immediate and heavy financial need through the publication of regulations, revenue rulings, notices or other documents of general applicability.

(iii) Satisfaction of Need . A distribution shall be deemed to be necessary to satisfy an immediate and heavy financial need of an Eligible Employee only if all of the requirements or conditions set forth below are satisfied or agreed to by the Eligible Employee, as appropriate.

(A) The distribution is not in excess of the amount of the immediate and heavy financial need of the Eligible Employee, including any amounts necessary to pay any federal, state or local income taxes or penalties reasonably anticipated to result from the distribution.

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(B) The Eligible Employee has obtained all distributions, other than hardship distributions, and all non-taxable loans currently available under all plans subject to section 415 of the Code maintained by the Employer or any Related Entity (including, without limitation, the Plan); provided, however, that the Eligible Employee shall not be required to obtain such distributions and loans if the effect of receiving such distributions and loans would be to increase the Eligible Employee's financial hardship.

(C) The Eligible Employee's Salary Reduction Contributions and After-Tax Contributions under this Plan and each other plan subject to section 415 of the Code maintained by the Employer or a Related Entity in which the Eligible Employee participates are suspended for six full calendar months after receipt of the distribution.

(iv) Limitation . (A) distributions on account of hardship shall be in cash, (B) distributions on account of hardship shall not include investment earnings on Salary Reduction Contributions that are attributable to periods after 1988, and (C) distributions on account of hardship shall not include any amounts pledged as a Plan loan.

(v) General Rules . Distributions on account of hardship shall be made as soon after the Eligible Employee's request as is administratively feasible, in accordance with procedures prescribed by the Administrator or its delegate. Such distributions shall be charged proportionately to the Investment Categories, and, effective on and after January 1, 2016, the Employer Stock Fund, in which the Eligible Employee has an account.

(c) In-Service Distributions from Matching Contribution Accounts .

(i) A Member who has completed 60 months as a Member may elect, in accordance with procedures established by the Administrator, to receive a distribution of all or any part of the Matching Contribution Account of the Member determined as of the Valuation Date next succeeding the date of receipt of the request for distribution.

(ii) A Member, regardless of the period of participation of the Member in the Plan, may elect, in accordance with procedures established by the Administrator, to receive a distribution of all or any part of that portion of the Matching Contribution Account of the Member derived from Matching Contributions in excess of Matching Contributions allocated to the Matching Contribution Account of the Member during the 2 Plan Years preceding the Plan Year in which the withdrawal takes place, adjusted for gains, earnings and losses attributable thereto determined as of the Valuation Date next succeeding the date of receipt of the request for distribution.

(d) Withdrawals from After-Tax Contribution and Rollover Accounts . A Member, regardless of the period of participation of the Member in the Plan, may elect, in accordance with procedures established by the Administrator, to withdraw from the After-Tax Contribution Account and Rollover Account of the Member an amount not in excess of the value of such Account(s) determined as of the Valuation Date next succeeding the date of receipt of the request for withdrawal. Distributions from the Member's After-Tax Contribution Account shall be made first from a Member's pre-1987 After-Tax Contribution Account and then proportionately from the Member's post-1986 After-Tax Contribution Account and investment earnings on all After- Tax Contributions.

(e) Qualified Reservist Withdrawals . A Member who is a Qualified Reservist may make a request while on active duty as a Qualified Reservist, by instructions at the time and in the manner prescribed by the Administrator, to withdraw any portion of his Salary Reduction Contribution Account not attributable to outstanding loans.

(f) Qualified Military Service Withdrawals . During any period a Member is performing Qualified Military Service for more than 30 days, such Member shall be treated as having terminated employment with the Employers and may make a request to withdraw any portion of his Salary Reduction Contribution Account not attributable to outstanding loans. For purposes of the foregoing, if such Member elects to receive a withdrawal, then such Member may not make any Salary Reduction Contributions or After-Tax Contributions during the 6- month period beginning on the date of the withdrawal.

(g) Rules Governing In-Service Distributions .

(i) In the event a Member requests a distribution pursuant to subsections 10(a) through 10(e), the distribution shall be paid to the Member as soon as is reasonably practicable after the Valuation Date next succeeding the date of receipt of the written request for such distribution. If a Member's termination of employment occurs after an election is made in accordance with these subsections, but prior to distribution of the full amount elected, such election shall be automatically void and the benefits the Member or the Member's beneficiary are entitled to receive under the Plan shall be distributed in accordance with the preceding provisions of this Section.

(ii) No distribution made pursuant to subsections 10(a), 10(c) or 10(d) may be for an amount which is less than the lesser of: (i) $250; or (ii) that portion of the Member's Salary Reduction Contribution Account, Matching Contribution Account, After-Tax Contribution Account or Rollover Account (whichever is applicable) that is subject to withdrawal pursuant to such subsection.

(iii) A Member may not make more than one withdrawal pursuant to each of subsections 10(c) or 10(d) in any Plan Year.

(h) Pledged Amounts . Notwithstanding anything in this Section 10 to the contrary, no Member shall be permitted to withdraw any portion of his Account that has been pledged as security for a loan and allocated to his Loan Account under Section 11.

(i) Designation of Distribution . With respect to any in-service distribution hereunder that consists in whole or in part of Salary Reduction Contributions, the Member shall designate the extent to which such distribution of Salary Reduction Contributions consists of Designated Roth Contributions from the Member's Designated Roth Contribution Account and the extent that such withdrawals are Before-Tax Contributions from the Member's Before-Tax Contribution Account and in the event that any such designation is not made or is incomplete, such withdrawals shall be treated as withdrawals of Designated Roth Contributions to the extent Designated Roth Contributions were made to the Plan and, to the extent that the withdrawal exceeds such Designated Roth Contributions, such withdrawal shall be treated as Before-Tax Contributions.

(k) Dividend Distributions in Respect of the Employer Stock Fund . Dividends shall be allocated to the Accounts of each Member, any portion of whose Account balance is invested in the Employer Stock Fund in accordance with paragraph (b) of Section 6, based upon the total number of shares of Common Stock represented by the Member's proportionate share of the Employer Stock Fund as of such date as may be determined from time to time by the Administrator on or before each dividend record date. Cash dividends shall be reinvested in Common Stock (through the Employer Stock Fund) unless the Member (or his or her beneficiary) elects, at the time and in the manner prescribed by the Administrator, to receive a cash distribution in an amount equal to such dividend, payable not later than 90 days after the end of the Plan Year in which such dividend was paid.

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SECTION 11. LOANS

(a) Permissibility . Each Member who is an Employee of the Employer and any other Member who is a Party in Interest may apply for a loan from the Plan in the manner and pursuant to the procedures prescribed by the Administrator or its delegate. The minimum principal amount of any loan, at the time it is made, shall be $500 for any general purpose loan and $ 1,000 for any primary residence loan. The proceeds of any loan shall be disbursed to the Member in cash. A Member is permitted only one loan in any 12-month period; provided, however, that only three loans may be outstanding at any time.

(b) Application . Subject to such uniform and nondiscriminatory rules as may from time to time be adopted by the Administrator, the Trustee, upon application by such Member, in the manner and pursuant to the procedures prescribed by the Administrator or its delegate, may make a loan or loans to such applicant. No loan shall be granted if the Member has three loans outstanding, or if proceeds of a prior loan were issued to the Member at any time during the Plan Year in which the application is made.

(c) Limitation on Amount . Loans shall be at least $500 for any general purpose loan and at least $1,000 for any primary residence loan, and in no event shall total loans exceed the lesser of (i) 50% of the Member's Account as of the date on which the loan is made, or (ii) $50,000, reduced by the excess, if any, of (A) the highest outstanding balance of all loans during the 12 months prior to the time the new loan is to be made over (B) the outstanding balance of loans made to the Member on the date such new loan is made. Loans under any other qualified plan sponsored by the Employer and all Related Entities shall be aggregated with loans under the Plan in determining whether or not the limitation stated herein has been exceeded.

(d) Equality of Borrowing Opportunity . Loans shall be available to all Members who are Parties in Interest on a reasonably equivalent basis. Loans shall not be made available to Members who are or were highly compensated employees (within the meaning of section 414(q) of the Code) in an amount greater than the amount available to other Members.

(e) Loan Statement . Every Member receiving a loan hereunder shall receive a statement from the Administrator clearly reflecting the charges involved in each transaction, including the dollar amount and annual interest rate of the finance charges. The statement shall provide all information required to meet applicable "truth-in-lending" laws.

(f) Restriction on Loans . The Administrator shall not approve any loan if it is the belief of the Administrator that such loan, if made, would constitute a prohibited transaction (within the meaning of section 406 of ERISA or section 4975(c) of the Code), would constitute a distribution taxable for federal income tax purposes, would imperil the status of the Plan or any part thereof under section 401(k) of the Code or would constitute, for a Member who is subject to Rule 16b-3 under section 16 of the Securities Exchange Act of 1934, would constitute a violation of such Rule or section.

(g) Loans as Account Investments . All loans shall be considered as fixed income investments of a segregated account of the Member (the "Loan Account") directed by the Member. Accordingly, the following conditions shall prevail with respect to each such loan:

(i) Security . All loans shall be secured by the portion of the Member's Account allocated to the Loan Account pursuant to subsection 11(g)(vii), which shall not exceed 50% of the Member's Account as of the date on which the loan is made, and by the pledge of such further collateral as the Administrator, in its discretion, deems necessary to assure repayment of the borrowed amount and all interest to be accrued thereon in accordance with the terms of the loan.

(ii) Interest Rate . Interest shall be charged at a rate to be fixed by the Administrator and, in determining the interest rate, the Administrator shall take into consideration interest rates currently being charged on similar commercial loans by persons in the business of lending money in the same geographic area.

(iii) Loan Term . Loans shall be for terms of up to 60 consecutive calendar months. However, if the loan will be used to acquire the Member's principal residence, the term of the loan must be for a minimum term of five years and may have a maximum term of not greater than the lesser of (A) the time until the Member attains his Normal Retirement Date or (B) thirty years. Loans shall be non-renewable and non-extendable.

(iv) Promissory Note . Any loan made to a Member under this Section 11 shall be evidenced by a promissory note. Such promissory note shall contain the irrevocable consent of the Member to the payroll withholding described in subsection 11(g)(v), if applicable. The Administrator shall have the right to require the Member to execute a revised promissory note if the Administrator determines it is necessary to comply with ERISA or the Code.

(v) Repayment . Loans shall be repaid in level installments in each payroll period through payroll withholding; provided, however, that:

(A) a Member who is not an Employee of the Employer but who (1) is a Party in Interest or (2) continues scheduled payments subject to the rules described in subsection (g)(viii)(A)(2); or

(B) a Member who is an Employee of the Employer but for whom the Administrator has determined that payroll withholding is not practicable, shall repay by certified check or in such other manner directed by the Administrator. Loans may be prepaid in full, without penalty, on any installment payment date. Partial prepayment is not permitted.

(vi) Loan Fees . Fees properly chargeable in connection with a loan may be charged, in accordance with a uniform and nondiscriminatory policy established by the Administrator, against the Account of the Member to whom the loan is granted.

(vii) Loan Account .

(A) A portion of the Member's Account that is equal to the initial principal amount of any loan made pursuant to this Section 11 shall be transferred, upon the approval of the loan application and disbursement of the initial principal amount to the Member, to a Loan Account established for the Member. If a Member does not elect an allocation method in accordance with subsection 11(b) and if a Member's Account is invested in more than one Investment Category or, effective on and after January 1, 2016, the Employer Stock Fund, the transfer shall be made pro-rata from the Investment Categories and Employer Stock Fund in which the Member's Account is invested.

(B) In the event that any outstanding loan made to a Member is in default as described in subsection 11(g)(viii) or is subject to a grace period as described in subsection 11(g)(viii)(A), the amount allocated to a Member's Loan Account shall be increased periodically, at such intervals as shall be specified by the Administrator, by an amount equal to the unpaid interest accrued on such loan since the last such increase, if any, pursuant to this subsection 11(g)(vii)(B).

(C) Loan payments to the Plan by the Member shall be invested in the Investment Categories or, effective on and after January 1, 2016, the Employer Stock Fund, on the basis of the Member's current investment election for future contributions under Section 6. At the same time, the portion of the Member's Account allocated to the Loan Account shall be reduced by the portion of each loan payment attributable to principal and, in the event that the Member's Loan Account has been increased by unpaid interest pursuant to subsection 11(g)(vii)(B), by the portion of the loan payment that is attributable to such interest.

(viii) Default and Remedies .

(A) Instances of Default . In the event that:

(1) a Member terminates employment with the Employers and all Related Entities, elects not to continue scheduled payments pursuant to a procedure approved by the Administrator and fails (or, in the case of a deceased Member, the beneficiary fails) to repay the full unpaid balance of the loan plus applicable interest by the 90th day following the due date of the first scheduled payment that the Member fails to make;

(2) a Member terminates employment with the Employers and all Related Entities, elects to continue scheduled payments pursuant to a procedure approved by the Administrator and fails to make two consecutive scheduled payments;

(3) the loan is not repaid by the time the promissory note matures;

(4) a Member revokes or attempts to revoke any payroll withholding authorization for repayment of the loan without the consent of the Administrator;

(5) a Member (other than a Member who has terminated employment and continues scheduled payments subject to the rules described in subsection (g)(viii)(A)(2)) fails to pay any installment when due;

(6) a Member fails to execute a revised promissory note pursuant to subsection 11(g)(iv)); or

(7) distributions under subsection 9(a) to a Member who has reached his Mandatory Distribution Date would require distribution of amounts allocated to the Member's Loan Account,

before a loan is repaid in full, the unpaid balance of the loan, with interest due thereon, shall become immediately due and payable. Notwithstanding anything in this subsection 11(g)(viii) to the contrary, a Member's loan shall become due and payable immediately upon the Member's termination of employment without regard to the grace period (I) if the term of the loan would otherwise expire prior to the end of the otherwise applicable grace period or (II) if permitting amounts due to remain unpaid to the end of the otherwise applicable grace period would, if the Member failed to make payment during that period, cause the amount due under the loan (principal and interest) to exceed the maximum loan amount described in the first sentence of subsection 11(c).

(B) Remedies . In the event that a loan becomes immediately due and payable (in "default") pursuant to subsection 11(g)(viii)(A), the Member (or his beneficiary in the event of his death) may satisfy the loan by paying the outstanding balance in full. Otherwise, the Member's Account shall be reduced by the amount allocated to his Loan Account before any benefit which is or becomes payable to the Member or his beneficiary is distributed. In the case of a benefit which becomes payable to the Member or his beneficiary pursuant to the Member's

death, termination of employment or attainment of age 59-1/2, the reduction described in the preceding sentence shall occur on the earliest date following such default on which the Member or beneficiary could receive payment of such benefit, had the proper application been filed or election been made, regardless of whether or not payment is actually made to the Member or beneficiary on such date. In the case of a benefit which becomes payable under any other Plan provision, the reduction shall occur on the date such benefit is paid to the Member.

SECTION 12. AMENDMENT AND TERMINATION

(a) Amendment . The board of directors of the Company (or a committee thereof) may at any time and from time to time amend or modify this Plan in any manner deemed by the board of directors of the Company to be necessary or desirable, provided, however, that in the case of any amendment or modification that would not result in an aggregate annual cost to the Company of more than $50,000,000, the Plan may be amended or modified by action of the Chief Human Resources Officer (with the consent of the Chief Executive Officer in the case of a discretionary amendment or modification expected to result in an increase in annual expense or liability account balance exceeding $250,000) or another executive officer holding title of equivalent or greater responsibility.

(b) Termination . While it is the Company's intention to continue the Plan in operation indefinitely, the Company, nevertheless, expressly reserves the right, at any time by resolution of the Board of Directors or the Compensation Committee thereof, to terminate the Plan in whole or in part or discontinue contributions in the event of unforeseen conditions. Any such termination, partial termination or discontinuance of contributions shall be effected only upon condition that such action is taken as shall render it impossible for any part of the Fund to be used for, or diverted to, purposes other than the exclusive benefit of the Members and their beneficiaries. Notwithstanding any provision of this Plan to the contrary, no distribution shall be made pursuant to this subsection 12(b) solely due to the termination of this Plan if, within the meaning of applicable Treasury Regulations, the employer establishes or maintains an alternative defined contribution plan.

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(c) Conduct on Termination . If the Plan is to be terminated at any time, the Company shall give written notice to the Trustee. The Trustee shall thereupon revalue the assets of the Fund and the accounts of the Members as of the date of termination, partial termination or discontinuance of contributions and, after discharging and satisfying any obligations of the Plan, shall allocate all unallocated assets to the Accounts of the Members at the date of termination, partial termination or discontinuance of contributions as provided for in subsection 12(b). Upon termination, partial termination or discontinuance of contributions the Accounts of Members affected thereby shall remain fully vested. The Administrator, in its sole discretion, shall instruct the Trustee either (i) to pay over to each affected Member his Account or (ii) to continue to control and manage the Fund for the benefit of the Members to whom distributions will be made in later periods at the time provided in Sections 8 and 10 and in the manner provided in Section 9.

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SECTION 13. LIMITATION OF RIGHTS

(a) Alienation . None of the payments, benefits or rights of any Member shall be subject to any claim of any creditor of such Member and, in particular, to the fullest extent permitted by law, shall be free from attachment, garnishment, trustee's process, or any other legal or equitable process available to any creditor of such Member. No person or entity shall have any legal or equitable right to any portion of the Fund except as expressly provided in the Plan. No Member shall have the right to alienate, anticipate, commute, pledge, encumber or assign any of the benefits or payments which he may expect to receive, contingently or otherwise, under this Plan, except the right to designate a beneficiary or beneficiaries in accordance with the Plan. A loan made to an Eligible Employee or the pledging of the Eligible Employee's Account as security therefor, both pursuant to Section 11, shall not be a violation of this subsection 13(a).

(b) Exceptions . Subsection 13(a) shall not apply to the creation, assignment or recognition of a right to any benefit payable with respect to a Member under (1) a qualified domestic relations order within the meaning of section 414(p) of the Code, (2) a federal tax levy made pursuant to section 6331 of the Code, or (3) subject to the provisions of section 401(a)(13) of the Code, a judgment, order, decree or settlement agreement between the Member and the Secretary of Labor or the Pension Benefit Guaranty Corporation relating to a violation (or an alleged violation) of part 4 of subtitle B of title I of ERISA.

(c) Employment . Neither the establishment of the Plan, nor any modification thereof, nor the creation of any fund, trust or account, nor the payment of any benefit shall be construed as giving any Member or Employee, or any person whomsoever, any legal or equitable right against the Company, any Employer, the Trustee, or the Administrator, unless such right shall be

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specifically provided for in the Plan or conferred by affirmative action of the Administrator, the Company or any Employer in accordance with the terms and provisions of the Plan or as giving any person the right to be retained in the employ of the Company or any Employer. All Eligible Employees and other Employees shall remain subject to discharge to the same extent as if the Plan had never been adopted.

SECTION 14. MERGERS, CONSOLIDATIONS OR TRANSFERS OF PLAN ASSETS

Pursuant to action by the Committee or its authorized delegate, the Plan may be merged or consolidated with, or a portion of its assets and liabilities may be transferred to, another qualified plan. In the case of any merger or consolidation of the Plan with, or transfer of assets or liabilities of the Plan to, any other plan, each Member in the Plan must be entitled to receive a benefit immediately after the merger, consolidation, or transfer calculated as if the Plan were then to terminate which is equal to or greater than the benefit he would have been entitled to receive immediately before the merger, consolidation, or transfer if the Plan had been terminated.

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SECTION 15. PARTICIPATION BY OTHER EMPLOYERS

(a) Adoption of Plan . With the consent of the Company, any entity may become a participating Employer under the Plan by (a) taking such action as shall be necessary to adopt the Plan and (b) executing and delivering such instruments and taking such other action as may be necessary or desirable to put the Plan into effect with respect to such entity

(b) Withdrawal from Participation . Any Employer shall terminate its participation in the Plan at any time, under such circumstances as the Company may provide, by delivering to the Company a duly certified copy of a resolution of its board of directors (or other governing body) to that effect, or by ceasing to be a member of the same controlled group as the Company (within the meaning of section 1563(a) of the Code). A complete discontinuance of contributions by an Employer shall be deemed a termination of such Employer's participation in the Plan for purposes of this Section.

(c) Company as Agent for Employers . Each entity that becomes a participating Employer pursuant to subsection 15(a) or Section 16 by so doing shall be deemed to have appointed the Company its agent to exercise on its behalf all of the powers and authorities hereby conferred upon the Company by the terms of the Plan, including, but not by way of limitation, the power to amend and terminate the Plan. The authority of the Company to act as such agent shall continue unless and until the portion of the Fund held for the benefit of Employees of the particular Employer and their beneficiaries is set aside in a separate trust.

SECTION 16. CONTINUANCE BY A SUCCESSOR

In the event that the Employer is reorganized by way of merger, consolidation, transfer of assets or otherwise, so that another entity succeeds to all or substantially all of the Employer's business, such successor entity may be substituted for the Employer under the Plan by adopting the Plan and becoming a party to the Fund agreement. Contributions by the Employer shall be automatically suspended from the effective date of any such reorganization until the date upon which the substitution of such successor entity for the Employer under the Plan becomes effective. If, within 90 days following the effective date of any such reorganization, such successor entity shall not have elected to become a party to the Plan, or if the Employer adopts a plan of complete liquidation other than in connection with a reorganization, the Plan shall be automatically terminated with respect to Employees of such Employer as of the close of business on the 90th day following the effective date of such reorganization or as of the close of business on the date of adoption of such plan of complete liquidation, as the case may be, and the Administrator shall direct the Trustee to distribute the portion of the Fund applicable to such Employer.

If such successor entity is substituted for an Employer by electing to become a party to the Plan as described above, then, for all purposes of the Plan, employment of such Employee with such Employer, including service with and compensation paid by such Employer, shall be considered to be employment with an Employer.

SECTION 17. MEMBERS' STOCKHOLDER RIGHTS

(a) Voting Shares of Common Stock . Each Member and beneficiary shall be entitled to direct the Trustee as to the exercise of any voting rights attributable to shares of Common Stock then allocated to his or her Account and the Trustee shall vote such shares according to the voting directions of the Member or beneficiary that have been timely submitted to the Trustee on forms provided by the Trustee for such purpose. Members and beneficiaries shall be permitted to direct the Trustee as to the exercise of any voting rights, including, but not limited to, any corporate matter that involves the voting of shares of Common Stock with respect to the approval or disapproval of any corporate merger or consolidation, recapitalization, reclassification, liquidation, dissolution, sale of substantially all assets of a trade or business, or similar transaction prescribed in regulations. The Trustee shall with respect to any matter vote the shares of Common Stock credited to Members' Accounts with respect to which the Trustee does not timely receive voting instructions in the same proportion as to shares the Trustee has received voting instructions. Written notice of any meeting of stockholders of the Company and a request for voting instructions shall be given by the Administrator or the Trustee, at such time and in such manner as the Administrator shall determine, to each Member or beneficiary entitled to give instructions for voting shares of Common Stock at such meeting. The Administrator shall establish and pay for a means by which Members and beneficiaries can expeditiously deliver such voting instructions to the Trustee. All instructions delivered by Members or beneficiaries shall be confidential and shall not be disclosed to any person, including the Employer.

(b) Tender Offers . In the event a tender offer is made generally to the stockholders of the Company to transfer all or a portion of their shares of Common Stock in return for valuable consideration, including but not limited to, offers regulated by section 14(d) of the Securities Exchange Act of 1934, as amended, each Member or beneficiary shall be entitled to direct the Trustee regarding how to respond to any such tender offer with respect to the number of shares of Common Stock then allocated to his or her Account and the Trustee shall vote such shares according to the voting directions of the Member or beneficiary that have been timely submitted to the Trustee on forms provided by the Trustee for such purpose. A Member or beneficiary shall not be limited in the number of directions to tender or withdraw from tender that he or she can give, but shall not have the right to give directions to tender or withdraw from tender after a reasonable time established by the Trustee pursuant to this Section. The Trustee shall with respect to a tender offer decline to vote the shares of Common Stock credited to Members' Accounts with respect to which the Trustee does not timely receive directions on how to respond to any such tender offer. All such directions shall be confidential and shall not be disclosed to any person, including the Employer.

Within a reasonable time after the commencement of a tender offer, the Administrator shall provide to each Member and beneficiary:

(i) the offer to purchase as distributed by the offeror to the stockholders of the Company,

(ii) a statement of the shares of Common Stock allocated to his or her Account, and

(iii) directions as to the means by which a Member can give directions with respect to the tender offer.

The Administrator shall establish and pay for a means by which a Member and beneficiary can expeditiously deliver directions to the Trustee with respect to a tender offer. The Administrator shall transmit or cause to be transmitted to the Trustee aggregate numbers of shares to be tendered or withheld from tender representing directions of Members and

beneficiaries. The Administrator, at its election, may engage an agent to receive directions from Members and beneficiaries and transmit them to the Trustee. The Trustee may establish a reasonable time, taking into account the time restrictions of the tender offer, after which it shall not accept directions of Members or beneficiaries.

Notwithstanding the foregoing, with respect to a tender offer for the purchase or exchange of less than five percent (5%) of the outstanding shares of Common Stock, the Investment Office shall direct the Trustee with respect to the sale, exchange or transfer of the shares of Common Stock held in the Trust Fund, and the Trustee shall follow the direction of the Investment Office.

SECTION 18. MISCELLANEOUS

(a) Reversions . In no event, except as hereafter provided, shall the Trustee return to the Company or other Employer any amount contributed to the Plan.

(i) Mistake of Fact . In the case of a contribution made by a good faith mistake of fact, the Trustee shall return the erroneous portion of the contribution, without increase for investment earnings, but with decrease for investment losses, if any, within one year after payment of the contribution to the Fund.

(ii) Deductibility . To the extent deduction of any contribution determined by the Company in good faith to be deductible is disallowed, or such contribution is otherwise nondeductible and recovery thereof is permitted, the Trustee shall return that portion of the contribution, without increase for investment earnings but with decrease for investment losses, if any, for which deduction has been disallowed or recovery is otherwise permitted within one year after the disallowance of the deduction or as otherwise permitted by applicable administrative rules.

(iii) Deferral Tests . This subsection shall not preclude refunds made in accordance with subsections 4(e)(i) and 4(f)(ii).

(iv) Limitation . No return of contributions shall be made under this subsection which adversely affects the Plan's qualified status under regulations, rulings or other published positions of the Internal Revenue Service.

(b) Expenses . The expenses of the Trustee in the administration of the Fund, including compensation, if any, to the Trustee for its services, shall be paid by the Company or the Employers. All costs and expenses incurred in the operation of the Fund, to the extent not

described in the preceding sentence, and all costs and expenses incurred in the operation of the Plan or the Fund, as applicable, including, but not limited to, "direct expenses" incurred in administering the Plan and the Fund (including compensation paid to any employee of an Employer or a Related Entity who is engaged in the administration of the Plan or the Fund), the expenses of the Plan Administrator, the Investment Fiduciary and the Corporate Investment Committee, the fees of counsel and any agents for the Trustee, the Plan Administrator, the Investment Fiduciary or the Corporate Investment Committee, and the fees of investment managers that manage assets of the Fund, as applicable, shall be paid by the Trustee from the Fund in such proportion as the Investment Fiduciary, in its sole discretion, shall determine, to the extent such expenses are not paid by the Employers and to the extent permitted under ERISA, regulations and other applicable laws. Notwithstanding the foregoing, the Plan Administrator or the Investment Fiduciary may authorize an Employer to act as an agent of the Plan to pay any expenses, and the Employer shall be reimbursed from the Fund for such payments.

(c) Applicable Law . Except to the extent preempted by applicable federal law or otherwise provided under the terms of the Plan, the Plan and all rights hereunder shall be governed by and construed in accordance with the laws of the State of Illinois.

(d) Severability . If a provision of the Plan shall be held illegal or invalid, the illegality or invalidity shall not affect the remaining parts of the Plan and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included in the Plan.

(e) Limitation of Rights . A Member or distributee shall have no right, title or claim in or to any specific asset of the Fund, but shall have the right only to distributions from the Fund on the terms and conditions herein provided.

(f) Pronouns . The use of the masculine pronoun shall be extended to include the feminine gender wherever appropriate.

IN WITNESS WHEREOF , and as evidence of the adoption of this amended and restated Plan, the Company has caused this Plan to be signed by its duly authorized officer on this 18th day of December, 2015.

EXELON CORPORATION

By: /s/ Amy E. Best

Amy E. Best
Senior Vice President and
Chief Human Resources Officer

Exhibit 4.5.2

FIRST AMENDMENT TO
EXELON EMPLOYEE SAVINGS PLAN
FOR REPRESENTED EMPLOYEES AT CLINTON

WHEREAS, Exelon Corporation, a Pennsylvania corporation (the "Company"), has adopted and maintains a profit sharing plan with a qualified cash or deferred arrangement for the benefit of certain eligible employees employed at its Clinton facility whose employment is subject to a collective bargaining agreement titled "Exelon Employee Savings Plan for Represented Employees at Clinton" (the "Plan"), which has been amended and restated effective as of January 1, 2015; and

WHEREAS, the Company desires to amend the Plan to correct a typographical error relating to the maximum Default Percentage applicable to Members under the automatic enrollment feature of the Plan.

NOW, THEREFORE, RESOLVED, that pursuant to the power of amendment contained in subsection 12(a) of the Plan, the Plan is amended, effective as of April 6, 2009, as follows:

1. Subsection 4(a)(iii)(A) of the Plan is amended by deleting the percentage of "5%" contained in the first sentence contained therein and inserting in lieu thereof the percentage of "4%".

****

IN WITNESS WHEREOF, Exelon Corporation has caused this instrument to be executed by its Senior Vice President and Chief Human Resources Officer, on this 22 nd day of December, 2016.

EXELON CORPORATION

By: /s/ Amy E. Best

Amy E. Best
Senior Vice President and
Chief Human Resources Officer

Exhibit 5.1

Ballard Spahr LLP

1735 Market Street, 51st Floor
Philadelphia, PA 19103-7599
TEL 215.665.8500
FAX 215.864.8999
www.ballardspahr.com

June 29, 2017

Exelon Corporation
10 South Dearborn Street
P.O. Box 805379
Chicago, Illinois 60680-5379

Re: Exelon Corporation—Registration of 110,000,000 Shares of Common Stock, no par value

Ladies and Gentlemen:

We have acted as counsel to Exelon Corporation, a Pennsylvania corporation ("Exelon"), in connection with the Registration Statement on Form S-8 (the "Registration Statement"), relating to the registration under the Securities Act of 1933, as amended (the "Securities Act"), of 110,000,000 shares of common stock, no par value (the "Registered Shares"), of Exelon. The Registered Shares are to be registered pursuant to the Exelon Corporation Employee Saving Plan, the Exelon Employee Savings Plan for Represented Employees at TMI and Oyster Creek, the Exelon Employee Savings Plan for Represented Employees at Clinton and the Exelon Corporation 2011 Long-Term Incentive Plan (the "Plans").

In rendering this opinion, we have reviewed the Plans and such certificates, documents, corporate records and other instruments and matters of law as in our judgment are necessary or appropriate to enable us to render the opinion expressed below. In rendering this opinion, we are assuming the authenticity of all instruments presented to us as originals, the conformity with the originals of all instruments presented to us as copies and the genuineness of all signatures.

Based on the foregoing, we are of the opinion that the Registered Shares, when issued and paid for pursuant to the Plans in accordance with the terms and conditions thereof, will be legally issued, fully paid and nonassessable.

This opinion is limited to the matters expressly stated herein and no implied opinion may be inferred to extend this opinion beyond the matters expressly stated herein. This opinion is limited to the laws of the Commonwealth of Pennsylvania.

We consent to the filing of this opinion as Exhibit 5.1 to the Registration Statement. In giving this consent, we do not admit that we are within the category of persons whose consent is required by Section 7 of the Securities Act.

Very truly yours,

/s/ Ballard Spahr LLP

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in this Registration Statement on Form S-8 of our report dated February 13, 2017 relating to the financial statements, financial statement schedules and the effectiveness of internal control over financial reporting, which appears in Exelon Corporation's Annual Report on Form 10-K for the year ended December 31, 2016.

/s/ PricewaterhouseCoopers LLP
Chicago, Illinois
June 29, 2017

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-8
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

EXELON CORPORATION
(Exact name of registrant as specified in its charter)

Pennsylvania **(State or other jurisdiction of incorporation or organization)**	**23-2990190** **(I.R.S. Employer Identification No.)**
10 South Dearborn Street **P.O. Box 805379** **Chicago, Illinois** **(Address of Principal Executive Offices)**	**60680-5379** **(Zip Code)**

EXELON CORPORATION
EMPLOYEE STOCK PURCHASE PLAN
(Full title of the plan)

Darryl Bradford
Senior Vice President and General Counsel
Exelon Corporation
10 South Dearborn Street
P.O. Box 805379
Chicago, Illinois 60680-5379
(Name and address of agent for service)

(312) 394-7398
(Telephone number, including area code, of agent for service)

with a copy to:

Patrick R. Gillard, Esquire
Ballard Spahr LLP
1735 Market Street
51st Floor
Philadelphia, Pennsylvania 19103
215-665-8500

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐

Non-accelerated filer ☐ (Do not check if a smaller reporting company) Smaller reporting company ☐

CALCULATION OF REGISTRATION FEE

Title of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price(2)	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee
Exelon Corporation, Common Stock, no par value(1)	25,000,000 shares	$30.05	$751,125,000	$102,453.45

(1) Pursuant to Rule 416(a) promulgated under the Securities Act of 1933, as amended (the "Securities Act"), this Registration Statement also covers an indeterminate number of additional shares of Common Stock issuable under the Exelon Employee Stock Purchase Plan in the event the number of outstanding shares of the Registrant is increased by reason of any stock dividend, stock split, recapitalization, merger, consolidation or reorganization or similar transaction.

(2) Estimated in accordance with Rule 457(c) and (h) promulgated under the Securities Act solely for the purpose of calculating the registration fee, based upon the average of the high and low prices reported for the Common Stock on the New York Stock Exchange on July 5, 2013.

EXPLANATORY NOTE

On April 23, 2013, the shareholders of Exelon Corporation approved an amendment to the Exelon Corporation Employee Stock Purchase Plan (the "Plan") to increase the maximum number of shares of common stock authorized for issuance under the Plan by 25,000,000 shares. This Registration Statement on Form S-8 is being filed by Exelon Corporation for the purpose of registering additional securities of the same class as other securities for which a registration statement filed on this form relating to the Plan is effective. Pursuant to General Instruction E of Form S-8, the contents of the following earlier registration statements are incorporated herein by reference, except to the extent supplemented, amended or superseded by the information set forth herein: Form S-8 filed on May 22, 2001 (File No. 333-61390) and Form S-8 filed on August 10, 2005 (File No. 333-127377).

PART II

INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

Item 3. Incorporation of Documents by Reference.

The following documents, filed or to be filed with the Securities and Exchange Commission (the "Commission"), are incorporated herein by reference:

- the Registrant's Annual Report on Form 10-K for the year ended December 31, 2012, filed with the Commission on February 22, 2013;
- the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2013, filed with the Commission on May 10, 2013;
- the Registrant's Current Reports on Form 8-K filed with the Commission on January 4, 2013, January 31, 2013, February 1, 2013, February 25, 2013, April 26, 2013, May 13, 2013, May 17, 2013, and June 11, 2013; and
- the description of the Registrant's common stock contained in its Registration Statement on Form 8-A filed with the Commission on October 11, 2000, including any amendment or reports filed for the purpose of updating such description.

In addition, all reports and other documents subsequently filed by the Registrant pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Securities Exchange Act of 1934, as amended, prior to the filing of a post-effective amendment which indicates that all securities offered hereby have been sold or which deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference herein and to be a part hereof from the date of filing of such document. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Registration Statement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The statements required to be so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Registration Statement.

Item 8. Exhibits.

Exhibit Number	Description
4.1	Exelon Corporation Employee Stock Purchase Plan, as amended and restated effective July 1, 2013 (incorporated by reference to Appendix A to the Registrant's Proxy Statement on Schedule 14A filed with the Commission on March 14, 2013).

4.2 Amended and Restated Articles of Incorporation of Exelon Corporation, as amended May 8, 2007 (incorporated by reference to Exhibit 3-1-2 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2008, filed with the Commission on October 27, 2008).

4.3 Exelon Corporation Amended and Restated Bylaws, effective as of March 12, 2012 (incorporated by reference to Exhibit 3-1 to the Registrant's Current Report on Form 8-K filed with the Commission on March 14, 2012).

5.1 Opinion of Ballard Spahr LLP (filed herewith).

23.1 Consent of PricewaterhouseCoopers LLP (filed herewith).

23.2 Consent of Ballard Spahr LLP (contained in Exhibit 5.1).

24.1 Power of Attorney (included on the signature page of this Registration Statement).

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Chicago, Illinois on July 9, 2013.

EXELON CORPORATION

By: /s/ Christopher M. Crane
Name: Christopher M. Crane
Title: President, Chief Executive Officer and Director

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Christopher M. Crane or Jonathan W. Thayer and each or any one of them, his true and lawful attorneys in fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Commission, granting unto said attorneys in fact and agents, and each of them, full power and authority to perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or his or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
By: /s/ Christopher M. Crane Name: Christopher M. Crane	President, Chief Executive Officer and Director	July 9, 2013
By: /s/ Jonathan W. Thayer Name: Jonathan W. Thayer	Executive Vice President and Chief Financial Officer	July 9, 2013
By: /s/ Duane M. DesParte Name: Duane M. DesParte	Senior Vice President and Corporate Controller	July 9, 2013
By: /s/ Anthony K. Anderson Name: Anthony K. Anderson	Director	June 28, 2013
By: /s/ Ann C. Berzin Name: Ann C. Berzin	Director	June 26, 2013
By: /s/ John A. Canning, Jr. Name: John A. Canning, Jr.	Director	June 28, 2013
By: /s/ Yves C. de Balmann Name: Yves C. de Balmann	Director	June 26, 2013

By:	/s/ Nicholas DeBenedictis	Director	June 28, 2013
Name:	Nicholas DeBenedictis		
By:	/s/ Nelson A. Diaz	Director	June 26, 2013
Name:	Nelson A. Diaz		
By:	/s/ Sue L. Gin	Director	June 26, 2013
Name:	Sue L. Gin		
By:	/s/ Paul L. Joskow, Ph.D.	Director	June 28, 2013
Name:	Paul L. Joskow, Ph.D.		
By:	/s/ Robert J. Lawless	Director	June 26, 2013
Name:	Robert J. Lawless		
By:	/s/ Richard W. Mies	Director	June 26, 2013
Name:	Richard W. Mies		
By:	/s/ William C. Richardson, Ph.D.	Director	June 26, 2013
Name:	William C. Richardson, Ph.D.		
By:	/s/ Thomas J. Ridge	Director	June 26, 2013
Name:	Thomas J. Ridge		
By:	/s/ John W. Rogers, Jr.	Director	July 9, 2013
Name:	John W. Rogers, Jr.		
By:	/s/ Mayo A. Shattuck III	Director	July 9, 2013
Name:	Mayo A. Shattuck III		
By:	/s/ Stephen D. Steinour	Director	June 26, 2013
Name:	Stephen D. Steinour		

EXHIBIT INDEX

Exhibit Number	Description
4.1	Exelon Corporation Employee Stock Purchase Plan, as amended and restated effective July 1, 2013 (incorporated by reference to Appendix A to the Registrant's Proxy Statement on Schedule 14A filed with the Commission on March 14, 2013).
4.2	Amended and Restated Articles of Incorporation of Exelon Corporation, as amended May 8, 2007 (incorporated by reference to Exhibit 3-1-2 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2008, filed with the Commission on October 27, 2008).
4.3	Exelon Corporation Amended and Restated Bylaws, effective as of March 12, 2012 (incorporated by reference to Exhibit 3-1 to the Registrant's Current Report on Form 8-K filed with the Commission on March 14, 2012).
5.1	Opinion of Ballard Spahr LLP (filed herewith).
23.1	Consent of PricewaterhouseCoopers LLP (filed herewith).
23.2	Consent of Ballard Spahr LLP (contained in Exhibit 5.1).
24.1	Power of Attorney (included on the signature page of this Registration Statement).

Exhibit 5.1

Ballard Spahr LLP

1735 Market Street, 51st Floor
Philadelphia, PA 19103-7599
TEL 215.665.8500
FAX 215.864.8999
www.ballardspahr.com

July 9, 2013

Exelon Corporation
10 South Dearborn Street
P.O. Box 805379
Chicago, Illinois 60680-5379

Re: Registration of 25,000,000 Shares of Common Stock, no par value

Ladies and Gentlemen:

We refer to the Registration Statement on Form S-8 (the "Registration Statement") being filed by Exelon Corporation, a Pennsylvania corporation ("Exelon"), with the Securities and Exchange Commission under the Securities Act of 1933, as amended, relating to the registration of 25,000,000 shares of common stock, no par value (the "Registered Shares"), of Exelon. The Registered Shares are to be registered in connection with Exelon's Employee Stock Purchase Plan (the "Plan").

In rendering our opinion, we have reviewed and relied upon such certificates, documents, corporate records, other instruments and representations of officers of Exelon as in our judgment are necessary or appropriate to enable us to render the opinion expressed below. In giving this opinion, we are assuming the authenticity of all instruments presented to us as originals, the conformity with the originals of all instruments presented to us as copies and the genuineness of all signatures.

Based on the foregoing, we are of the opinion that the Registered Shares to be issued in connection with the Plan have been duly authorized and, when duly executed, delivered and issued in accordance with the respective terms of the Plan, will be legally issued, fully paid and nonassessable.

We express no opinion as to the law of any jurisdiction other than the laws of the Commonwealth of Pennsylvania and the federal laws of the United States of America. We do not find it necessary for the purposes of the opinions set forth in this opinion letter, and accordingly do not purport to cover herein, the application of the securities or "Blue Sky" laws of the various jurisdictions (other than the federal laws of the United States of America) to the issuance of the Registered Shares.

We consent to the filing of this opinion as an Exhibit 5 to the Registration Statement and to the references to this firm under the heading "Legal Matters" in the prospectus included in the Registration Statement. This opinion is not to be used, circulated, quoted, referred to or relied upon by any other person or for any other purpose without our prior written consent.

This opinion is limited to the matters expressly stated herein. No implied opinion may be inferred to extend this opinion beyond the matters expressly stated herein. We do not undertake to advise you or anyone else of any changes in the opinion expressed herein resulting from changes in law, changes in facts or any other matters that hereafter might occur or be brought to our attention.

Very truly yours,

/S/ Ballard Spahr LLP

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in this Registration Statement on Form S-8 of our report dated February 21, 2013 relating to the financial statements, financial statement schedules and the effectiveness of internal control over financial reporting, which appears in Exelon Corporation's Annual Report on Form 10-K for the year ended December 31, 2012.

/s/ PricewaterhouseCoopers LLP
Chicago, IL
July 9, 2013

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-8
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

EXELON CORPORATION
(Exact name of registrant as specified in its charter)

Pennsylvania **(State or other jurisdiction of incorporation or organization)**	**23-2990190** **(I.R.S. Employer Identification No.)**
10 South Dearborn Street **P.O. Box 805379** **Chicago, Illinois** **(Address of Principal Executive Offices)**	**60680-5379** **(Zip Code)**

PEPCO HOLDINGS LLC
RETIREMENT SAVINGS PLAN
(Full title of the plan)

Jonathan W. Thayer
Senior Executive Vice President and Chief Financial Officer
Exelon Corporation
10 South Dearborn Street
P.O. Box 805379
Chicago, Illinois 60680-5379
(Name and address of agent for service)

(800) 483-3220
(Telephone number, including area code, of agent for service)

with a copy to:

Patrick R. Gillard, Esquire
Ballard Spahr LLP
1735 Market Street
48th Floor
Philadelphia, Pennsylvania 19103
215-665-8500

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐

CALCULATION OF REGISTRATION FEE

Title of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price(2)	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee

S1-SSA-0009 - 27905

Exelon Corporation, Common Stock, no par value(1)	4,500,000 shares	$33.64	$151,380,000	$17,544.95

(1) Pursuant to Rule 416(a) promulgated under the Securities Act of 1933, as amended (the "Securities Act"), this Registration Statement also covers an indeterminate number of additional shares of Common Stock issuable under the Pepco Holdings LLC Retirement Savings Plan in the event the number of outstanding shares of the Registrant is increased by reason of any stock dividend, stock split, recapitalization, merger, consolidation or reorganization or similar transaction.

(2) Estimated in accordance with Rule 457(c) and (h) promulgated under the Securities Act solely for the purpose of calculating the registration fee, based upon the average of the high and low prices reported for the Common Stock on the New York Stock Exchange on December 8, 2016.

EXPLANATORY NOTE

This Registration Statement on Form S-8 is filed by Exelon Corporation ("Exelon" or the "Registrant") to register 4,500,000 shares of the Registrant's Common Stock, no par value (the "Common Stock"), which are available for issuance pursuant to the Pepco Holdings LLC Retirement Savings Plan (the "Plan").

PART I

INFORMATION REQUIRED IN THE SECTION 10(A) PROSPECTUS

The documents containing the information specified in Part I of Form S-8 have been or will be sent or given to participating employees as specified by Rule 428(b)(1) promulgated under the Securities Act of 1933, as amended (the "Securities Act"). Such documents are not being filed with the Securities and Exchange Commission (the "Commission") either as part of this Registration Statement or as prospectuses or prospectus supplements pursuant to Rule 424. These documents and the documents incorporated by reference in this Registration Statement pursuant to Item 3 of Part II of Form S-8, taken together, constitute a prospectus that meets the requirements of Section 10(a) of the Securities Act.

PART II

INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

Item 3. Incorporation of Documents by Reference.

The following documents, filed or to be filed with the Commission, are incorporated herein by reference:

- the Registrant's Annual Report on Form 10-K for the year ended December 31, 2015, filed with the Commission on February 10, 2016;
- the Registrant's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2016, June 30, 2016 and September 30, 2016, filed with the Commission on May 10, 2016, August 9, 2016 and October 26, 2016, respectively;
- the Registrant's Current Reports on Form 8-K filed with the Commission on January 7, 2016, January 28, 2016, February 26, 2016, March 7, 2016, March 24, 2016, April 1, 2016, April 5, 2016, April 7, 2016, April 15, 2016, April 29, 2016, May 25, 2016 (two reports), May 27, 2016, June 2, 2016, June 9, 2016, June 10, 2016, July 7, 2016, September 20, 2016, November 18, 2016 and December 13, 2016; and
- the description of the Registrant's common stock contained in its Registration Statement on Form 8-A filed with the Commission on October 11, 2000, including any amendment or reports filed for the purpose of updating such description.

In addition, all reports and other documents subsequently filed by the Registrant pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), prior to the filing of a post-effective amendment which indicates that all securities offered hereby have been sold or which deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference herein and to be a part hereof from the date of filing of such document. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Registration Statement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The statements required to be so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Registration Statement.

Item 4. Description of Securities.

Not applicable.

Item 5. Interests of Named Experts and Counsel.

Not applicable.

Item 6. Indemnification of Directors and Officers.

Chapter 17, Subchapter D of the Pennsylvania Business Corporation Law of 1988, as amended (the "PBCL"), contains provisions permitting indemnification of officers and directors of a business corporation incorporated in Pennsylvania. Sections 1741 and 1742 of the PBCL provide that a business corporation may indemnify directors and officers against liabilities and expenses he or she may incur in connection with a threatened, pending or completed civil, administrative or investigative proceeding by reason of the fact that he or she is or was a representative of the corporation or was serving at the request of the corporation as a representative of another enterprise, provided that the particular person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the corporation, and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful. In general, the power to indemnify under these sections does not exist in the case of actions against a director or officer by or in the right of the corporation if the person otherwise entitled to indemnification shall have been adjudged to be liable to the corporation, unless it is judicially determined that, despite the adjudication of liability but in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnification for the expenses the court deems proper. Section 1743 of the PBCL provides that the corporation is required to indemnify directors and officers against expenses they may incur in defending these actions if they are successful on the merits or otherwise in the defense of such actions.

Section 1746 of the PBCL provides that indemnification under the other sections of Subchapter D is not exclusive of other rights that a person seeking indemnification may have under any bylaw, agreement, vote of shareholders or disinterested directors or otherwise, whether or not the corporation would have the power to indemnify the person under any other provision of law. However, Section 1746 prohibits indemnification in circumstances where the act or failure to act giving rise to the claim for indemnification is determined by a court to have constituted willful misconduct or recklessness.

Section 1747 of the PBCL permits a corporation to purchase and maintain insurance on behalf of any person who is or was a director or officer of the corporation, or is or was serving at the request of the corporation as a representative of another enterprise, against any liability asserted against such person and incurred by him or her in that capacity, or arising out of his or her status as such, whether or not the corporation would have the power to indemnify the person against such liability under Subchapter D.

Exelon's Bylaws provide that it is obligated to indemnify directors and officers and other persons designated by the board of directors against any liability, including any damage, judgment, amount paid in settlement, fine, penalty, cost or expense (including, without limitation, attorneys' fees and disbursements) including in connection with any proceeding. Exelon's Bylaws provide that no indemnification shall be made where the act or failure to act giving rise to the claim for indemnification is determined by arbitration or otherwise to have constituted willful misconduct or recklessness or attributable to receipt from Exelon of a personal benefit to which the recipient is not legally entitled.

As permitted by PBCL Section 1713, Exelon's Bylaws provide that directors generally will not be liable for monetary damages in any action, whether brought by shareholders directly or in the right of Exelon or by third parties, unless they fail in the good faith performance of their duties as fiduciaries (the standard of care established by the PBCL), and such failure constitutes self-dealing, willful misconduct or recklessness.

Exelon has entered into indemnification agreements with each of its directors. Exelon also currently maintains liability insurance for its directors and officers. In addition, the directors, officers and employees of Exelon are insured under policies of insurance, within the limits and subject to the limitations of the policies, against claims made against them for acts in the discharge of their duties, and Exelon is insured to the extent that it is required or permitted by law to indemnify the directors, officers and employees for such loss. The premiums for such insurance are paid by Exelon.

Item 7. Exemption from Registration Claimed.

Not applicable.

Item 8. Exhibits.

Exhibit Number	Description
4.1	Amended and Restated Articles of Incorporation of Exelon Corporation, as amended May 8, 2007 (incorporated herein by reference to Exhibit 3-1-2 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2008, filed with the Commission on October 27, 2008).
4.2	Exelon Corporation Amended and Restated Bylaws, as amended on April 26, 2016 (incorporated herein by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed with the Commission on April 29, 2016).
5.1	Opinion of Ballard Spahr LLP (filed herewith).
23.1	Consent of PricewaterhouseCoopers LLP (filed herewith).
23.2	Consent of Ballard Spahr LLP (contained in Exhibit 5.1).
24.1	Power of Attorney (included on the signature page of this Registration Statement).

In lieu of filing an opinion of counsel concerning compliance with the requirements of the Employee Retirement Income Act of 1974, as amended, or an Internal Revenue Service ("IRS") determination letter that the Plan is qualified under Section 401 of the Internal Revenue Code, as amended, the Registrant has submitted and hereby undertakes to submit the Plan and any amendment thereto to the IRS in a timely manner and has made and will continue to make all changes required by the IRS in order to qualify the Plan.

Item 9. Undertakings.

A. The Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the Registration Statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective Registration Statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the Registration Statement;

Provided however, that paragraphs A(1)(i) and A(1)(ii) do not apply if the information required to be included in a

post-effective amendment by those paragraphs is contained in reports filed with or furnished to the Commission by the Registrant pursuant to Section 13 or Section 15(d) of the Exchange Act that are incorporated by reference in the Registration Statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

B. The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act that is incorporated by reference in the Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

C. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the provisions described in Item 6 of Part II of this Registration Statement, or otherwise, the Registrant has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Chicago, Illinois on December 15, 2016.

EXELON CORPORATION

By: /s/ Christopher M. Crane
Name: Christopher M. Crane
Title: President, Chief Executive Officer and Director
(Principal Executive Officer)

By: /s/ Jonathan W. Thayer
Name: Jonathan W. Thayer
Title: Senior Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

By: /s/ Duane M. DesParte
Name: Duane M. DesParte
Title: Senior Vice President and Corporate Controller
(Principal Accounting Officer)

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Christopher M. Crane or Jonathan W. Thayer and each or any one of them, his true and lawful attorneys in fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Commission, granting unto said attorneys in fact and agents, and each of them, full power and authority to perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or his or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
By: /s/ Christopher M. Crane Name: Christopher M. Crane	President, Chief Executive Officer and Director	December 15, 2016
By: /s/ Mayo A. Shattuck III Name: Mayo A. Shattuck III	Director and Chairman	December 15, 2016
By: /s/ Anthony K. Anderson Name: Anthony K. Anderson	Director	December 15, 2016
By: /s/ Ann C. Berzin Name: Ann C. Berzin	Director	December 15, 2016

Signature	Title	Date
By: /s/ Yves C. de Balmann Name: Yves C. de Balmann	Director	December 15, 2016
By: /s/ Nicholas DeBenedictis Name: Nicholas DeBenedictis	Director	December 15, 2016
By: /s/ Nancy L. Gioia Name: Nancy L. Gioia	Director	December 15, 2016
By: /s/ Linda Jojo Name: Linda Jojo	Director	December 15, 2016
By: /s/ Paul L. Joskow Name: Paul L. Joskow	Director	December 15, 2016
By: /s/ Robert J. Lawless Name: Robert J. Lawless	Director	December 15, 2016
By: /s/ Richard W. Mies Name: Richard W. Mies	Director	December 15, 2016
By: /s/ John W. Rogers, Jr. Name: John W. Rogers, Jr.	Director	December 15, 2016
By: /s/ Stephen D. Steinour Name: Stephen D. Steinour	Director	December 15, 2016

EXHIBIT INDEX

Exhibit Number	Description
4.1	Amended and Restated Articles of Incorporation of Exelon Corporation, as amended May 8, 2007 (incorporated herein by reference to Exhibit 3-1-2 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2008, filed with the Commission on October 27, 2008).
4.2	Exelon Corporation Amended and Restated Bylaws, as amended on April 26, 2016 (incorporated herein by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed with the Commission on April 29, 2016).
5.1	Opinion of Ballard Spahr LLP (filed herewith).
23.1	Consent of PricewaterhouseCoopers LLP (filed herewith).
23.2	Consent of Ballard Spahr LLP (contained in Exhibit 5.1).
24.1	Power of Attorney (included on the signature page of this Registration Statement).

Exhibit 5.1

Ballard Spahr LLP

1735 Market Street, 51st Floor
Philadelphia, PA 19103-7599
TEL 215.665.8500
FAX 215.864.8999
www.ballardspahr.com

December 15, 2016

Exelon Corporation
10 South Dearborn Street
P.O. Box 805379
Chicago, Illinois 60680-5379

Re: Exelon Corporation - Registration of 4,500,000 Shares of Common Stock, no par value

Ladies and Gentlemen:

We have acted as counsel to Exelon Corporation, a Pennsylvania corporation ("Exelon"), in connection with the Registration Statement on Form S-8 (the "Registration Statement"), relating to the registration under the Securities Act of 1933, as amended (the "Securities Act"), of 4,500,000 shares of common stock, no par value (the "Registered Shares"), of Exelon. The Registered Shares are to be registered pursuant to the Pepco Holdings LLC Retirement Savings Plan (the "Plan").

In rendering this opinion, we have reviewed the Plan and such certificates, documents, corporate records and other instruments and matters of law as in our judgment are necessary or appropriate to enable us to render the opinion expressed below. In rendering this opinion, we are assuming the authenticity of all instruments presented to us as originals, the conformity with the originals of all instruments presented to us as copies and the genuineness of all signatures.

Based on the foregoing, we are of the opinion that the Registered Shares, when issued and paid for pursuant to the Plan in accordance with the terms and conditions thereof, will be legally issued, fully paid and nonassessable.

This opinion is limited to the matters expressly stated herein and no implied opinion may be inferred to extend this opinion beyond the matters expressly stated herein. This opinion is limited to the laws of the Commonwealth of Pennsylvania.

We consent to the filing of this opinion as Exhibit 5.1 to the Registration Statement. In giving this consent, we do not admit that we are within the category of persons whose consent is required by Section 7 of the Securities Act.

Very truly yours,

/s/ Ballard Spahr LLP

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in this Registration Statement on Form S-8 of our report dated February 10, 2016 relating to the financial statements, financial statement schedules and the effectiveness of internal control over financial reporting, which appears in Exelon Corporation's Annual Report on Form 10-K for the year ended December 31, 2015.

/s/ PricewaterhouseCoopers LLP
Chicago, Illinois
December 15, 2016

OTHER - EXC

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Filed Pursuant to Rule 424(b)(2)
Registration No. 333-196220-04

The information in this prospectus supplement and the accompanying prospectus is not complete and may be changed. This prospectus supplement and the accompanying prospectus are not an offer to sell these securities and they are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED JANUARY 8, 2015

PRELIMINARY PROSPECTUS SUPPLEMENT
(To Prospectus Dated May 23, 2014)

$

Exelon Generation Company, LLC

% Senior Notes due 2020

The $ % Senior Notes due 2020 (the Senior Notes) will bear interest at the rate of %. Interest on the Senior Notes is payable on January 15 and July 15 of each year, beginning on July 15, 2015. The Senior Notes will mature on January 15, 2020. We may redeem some or all of the Senior Notes at any time at the redemption prices described under the caption "Description of Senior Notes—Redemption at Our Option."

The Senior Notes will be our senior unsecured obligations and will rank equally with all of our other senior unsecured indebtedness.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Senior Notes or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Investing in the Senior Notes involves risks. See "Risk Factors" beginning on page S-5.

	Per Senior Note	Total
Public Offering Price (1)	%	$
Underwriting Discount	%	$
Proceeds, before expenses, to us	%	$

(1) Plus accrued interest from January , 2015, if settlement occurs after that date.

The underwriters expect to deliver the Senior Notes in book-entry form only through the facilities of The Depository Trust Company, including Clearstream Banking, socíeté anonyme and/or Eurostream Bank S.A./N.V., against payment in New York, New York on or about January , 2015.

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Joint Book-Running Managers

Barclays **Morgan Stanley**

Citigroup **Credit Suisse** **J.P. Morgan**

The date of this prospectus supplement is January , 2015

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You should rely only on the information contained or incorporated by reference in this prospectus supplement. We have not authorized anyone to provide you with different information. We are not, and the underwriters are not making an offer of these securities in any jurisdiction where the offer is prohibited. You should not assume that the information contained in this prospectus supplement is accurate as of any date other than the date on the front of this prospectus supplement.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement and the accompanying prospectus contain information about our company and about the Senior Notes. They also refer to information contained in other documents that we file with the Securities and Exchange Commission (SEC). If this prospectus supplement is inconsistent with the accompanying prospectus or the documents that are incorporated by reference in this prospectus supplement and the accompanying prospectus, rely on this prospectus supplement.

Except as otherwise provided herein, when we refer to “Generation,” “the Company,” “we,” “our” or “us” in this prospectus supplement, we mean Exelon Generation Company, LLC together with our subsidiaries.

FORWARD-LOOKING STATEMENTS

This prospectus supplement and the documents incorporated or deemed incorporated by reference as described under the heading “Where You Can Find More Information” contain forward-looking statements that are not based entirely on historical facts and are subject to risks and uncertainties. Words such as “believes,” “anticipates,” “expects,” “intends,” “plans,” “predicts” and “estimates” and similar expressions are intended to identify forward-looking statements but are not the only means to identify those statements. These forward-looking statements are based on assumptions, expectations and assessments made by our management in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe to be appropriate. Any forward-looking statements are not guarantees of our future performance and are subject to risks and uncertainties.

The factors that could cause actual results to differ materially from the forward-looking statements include: (a) any risk factors discussed in this prospectus supplement and the accompanying prospectus; (b) those factors discussed in the following sections of Generation’s 2013 Annual Report on Form 10-K: ITEM 1A. Risk Factors, ITEM 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations and ITEM 8. Financial Statements and Supplementary Data: Note 22, as updated by the following sections of Generation’s Quarterly Report on Form 10-Q for the quarters ended March 31, 2014, June 30, 2014 and September 30, 2014: Part I, Financial Information, ITEM 1. Financial Statements: Note 18, ITEM 2. Management’s Discussion and Analysis of Financial Information and Results of Operations and Part II, ITEM 1A. Risk Factors; and (c) other factors discussed herein and in other filings with the SEC by Generation, as applicable.

You are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date on the front of this prospectus or, as the case may be, as of the date on which we make any subsequent forward-looking statement that is deemed incorporated by reference. We do not undertake any obligation to update or revise any forward-looking statement to reflect events or circumstances after the date as of which any such forward-looking statement is made.

EXELON GENERATION COMPANY, LLC

Generation, one of the largest competitive electric generation companies in the United States as measured by owned and contracted MW, physically delivers and markets power across multiple geographic regions through its customer-facing business, Constellation. Generation operates in well-developed energy markets and employs an integrated hedging strategy to manage commodity price volatility. Its generation fleet, including its nuclear plants which consistently operate at high capacity factors, also provide geographic and supply source diversity. These factors help Generation mitigate the current challenging conditions in competitive energy markets. Generation operates as an integrated business, leveraging its owned and contracted electric generation capacity to market and sell power to wholesale and retail customers. Generation’s customers include distribution utilities, municipalities, cooperatives, financial institutions, and commercial, industrial, governmental, and

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residential customers in competitive markets. Generation has six reportable segments consisting of the Mid-Atlantic, Midwest, New England, New York, ERCOT and other regions not considered individually significant.

Generation was formed in 2000 as a Pennsylvania limited liability company. Generation began operations as a result of a corporate restructuring, effective January 1, 2001, in which Exelon Corporation (Exelon) separated its generation and other competitive businesses from its regulated energy delivery businesses at Commonwealth Edison Company (ComEd) and PECO Energy Company (PECO). Generation's principal executive offices are located at 300 Exelon Way, Kennett Square, Pennsylvania 19348, and its telephone number is 610-765-5959.

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SUMMARY FINANCIAL INFORMATION

We have provided the following summary financial information for your reference. We have derived the summary information presented here from the financial statements we have incorporated by reference into this prospectus supplement and the accompanying prospectus. You should read it together with our historical consolidated financial statements and the related notes incorporated by reference in this prospectus supplement and the accompanying prospectus. See "Where You Can Find More Information" in this prospectus supplement.

	Year Ended December 31,			Nine Months Ended September 30,	
	2013	2012	2011	2014	2013
	($ in millions)			($ in millions) (unaudited)	
Income Statement Data					
Total operating revenues	$15,630	$14,437	$10,447	$12,591	$11,858
Operating income	1,664	1,120	2,875	927	1,259
Net income	1,060	558	1,771	1,037	795
Cash Flow Data					
Cash interest paid, net of amount capitalized .	$ (291)	$ (286)	$ (158)	$ (187)	$ (169)
Capital expenditures	(2,752)	(3,554)	(2,491)	(1,961)	(1,995)
Net cash flows provided by operating activities	3,887	3,581	3,313	1,784	2,657
Net cash flows used in investing activities	(2,916)	(2,629)	(3,077)	(1,431)	(2,149)
Net cash flows (used in) provided by financing activities	(384)	(777)	(196)	(300)	(251)

	As of December 31,			As of September 30, 2014
	2013	2012	2011	
	($ in millions)			($ in millions) (unaudited)
Balance Sheet Data				
Property, plant and equipment, net	$20,111	$19,531	$13,475	$ 23,143
Deferred debits and other assets	14,682	14,939	10,741	14,418
Total assets (a)	41,232	40,681	27,433	45,019
Long-term debt, including current Maturities (b)	6,206	5,476	3,677	6,814
Long-term debt to affiliate, including current maturities	1,523	2,007	—	1,506
Total liabilities (a)	28,490	28,016	18,725	30,693
Total member's equity	12,725	12,557	8,703	13,063

(a) Generation's consolidated assets include $7,703 million and $1,695 million at September 30, 2014 and December 31, 2013, respectively, of certain variable interest entities (VIEs) that can only be used to settle the liabilities of the VIE. Generation's consolidated liabilities include $2,338 million and $362 million at September 30, 2014 and December 31, 2013, respectively, of certain VIEs for which the VIE creditors do not have recourse to Generation.

(b) Includes long-term debt of variable interest entities.

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THE OFFERING

For a more complete description of the terms of the Senior Notes, see "Description of Senior Notes."

Issuer	Exelon Generation Company, LLC.
Securities Offered	An aggregate of $ of % Senior Notes due 2020.
Interest	Interest on the Senior Notes will accrue at a rate of % per year. Interest will be payable semi-annually in arrears on January 15 and July 15 of each year, beginning on July 15, 2015.
Maturity	The Senior Notes will mature on January 15, 2020.
Ranking	The Senior Notes will be senior unsecured obligations of Generation and will rank *pari passu* with all of our senior unsecured indebtedness. The Senior Notes will be effectively subordinated to all liabilities of our subsidiaries, and our ability to pay principal and interest on the Senior Notes could be affected by the ability of our subsidiaries to declare and distribute dividends or otherwise transfer assets to us.
Optional Redemption	Prior to December 15, 2019, we may redeem the Senior Notes in whole or in part, at our option at any time, at a redemption price equal the redemption prices described under the caption "Description of Senior Notes—Redemption at Our Option." At any time on or after December 15, 2019, we may redeem the Senior Notes in whole or in part at 100% of the principal amount of the Senior Notes, plus accrued interest on the principal amount being redeemed to the redemption date.
Certain Covenants	We have agreed to certain limitations on our ability to, among other things, engage in mergers, consolidations or similar transactions, create liens and engage in sale and leaseback transactions. See "Description of Senior Notes—Covenants."
Use of Proceeds	We intend to use the net proceeds from the sale of the Senior Notes, after deducting underwriters' discounts and commissions and other estimated fees and expenses to fund the optional redemption of Exelon's $550,000,000 4.550% Senior Notes due June 15, 2015 and for general corporate purposes. See "Use of Proceeds."
Trustee	U.S. Bank National Association.
Book-Entry Form	The Senior Notes will be issued in book-entry form through the facilities of The Depository Trust Company (DTC), including Clearstream Banking, socíeté anonyme and/or Eurostream Bank S.A./N.V. See "Description of Senior Notes-Book-Entry Delivery."
Risk Factors	You should carefully consider all of the information set forth in this prospectus supplement and, in particular, you should evaluate the specific factors set forth under "Risk Factors" in deciding whether to invest in the Senior Notes.
Governing Law	Commonwealth of Pennsylvania.

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RISK FACTORS

Your investment in the Senior Notes will involve various risks. Before investing in the Senior Notes, you should carefully consider the following discussion as well as the other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus, including the information under ITEM 1A. Risk Factors of our 2013 Annual Report on Form 10-K.

Exelon could exercise control over us to the detriment of holders of the Senior Notes.

Exelon, as our ultimate parent, controls all matters submitted for member approval and has control over our management and affairs. In circumstances involving a conflict of interest between Exelon, on the one hand, and our creditors, on the other, we can give no assurance that Exelon would not exercise its power to control us in a manner that would benefit Exelon to the detriment of our creditors, including the holders of the Senior Notes.

There may be no public market for the Senior Notes.

We can give no assurances concerning the liquidity of any markets that may develop for the Senior Notes offered by this prospectus supplement, the ability of any investor to sell any of the Senior Notes or the price at which investors would be able to sell them. If markets for the Senior Notes do not develop, investors may be unable to resell the Senior Notes for an extended period of time, if at all. If markets for the Senior Notes do develop, they may not continue or it may not be sufficiently liquid to allow holders to resell any of the Senior Notes. Consequently, investors may not be able to liquidate their investment readily, and lenders may not readily accept the Senior Notes as collateral for loans.

The Indenture does not restrict the amount of additional debt that we may incur.

The Senior Notes and Indenture (as defined below) pursuant to which the Senior Notes will be issued do not place any limitation on the amount of unsecured debt that we or our subsidiaries may incur. Our incurrence of additional debt may have important consequences for you as a holder of the Senior Notes, including making it more difficult for us to satisfy our obligations with respect to the Senior Notes, a loss in the trading value of your Senior Notes and a risk that one or more of the credit ratings of the Senior Notes are lowered or withdrawn.

The Senior Notes will be structurally subordinated to the liabilities of our subsidiaries.

Because Generation conducts a portion of its operations through its subsidiaries, the Senior Notes will be structurally subordinated to the liabilities of its subsidiaries. The rights of Generation, and the rights of its creditors, including the holders of the Senior Notes, to participate in any distribution of the assets of any of its subsidiaries upon that subsidiary's liquidation or reorganization or otherwise are necessarily subject to the prior claims of creditors of that subsidiary, except to the extent that Generation's claims as a creditor of that subsidiary may be recognized.

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USE OF PROCEEDS

The net proceeds of this offering, after deducting the underwriting discounts and commissions and estimated offering expenses payable by us, are expected to be approximately $. We intend to use the net proceeds from this offering to fund the optional redemption of Exelon's $550,000,000 4.550% Senior Notes due June 15, 2015 and for general corporate purposes. Pending our use of the net proceeds, we may temporarily invest them in short-term, interest-bearing obligations.

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CAPITALIZATION

The following table sets forth our capitalization as of September 30, 2014 (1) on an actual basis and (2) on an as adjusted basis to give effect to the issuance of Senior Notes offered hereby. The "As Adjusted" column will be completed in the final prospectus supplement based upon the actual terms of this offering that are determined at pricing. This table should be read in conjunction with our consolidated financial statements and related notes for the nine months ended September 30, 2014, incorporated by reference in this prospectus supplement and the accompanying prospectus. See "Where You Can Find More Information" in this prospectus supplement.

	As of September 30, 2014	
	Actual	As Adjusted
	($ in millions)	
Cash and cash equivalents	$ 1,311	
Long-term debt:		
Long-term debt, including $73 million of current maturities	$ 6,814	
Long-term debt to affiliate, including $560 million of current maturities (1)	1,506	
Total member's equity	13,063	
Total capitalization, including $633 million of current maturities (1)	$21,383	

(1) Includes $550 million of Exelon's 4.550% Senior Notes due June 15, 2015 that will be redeemed using a portion of the proceeds of this offering. See "Use of Proceeds."

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RATIO OF EARNINGS TO FIXED CHARGES

The following table provides our consolidated ratio of earnings to fixed charges:

	Years Ended December 31,					Nine Months Ended September 30, 2014
	2009	2010	2011	2012	2013	
Ratio of earnings to fixed charges	10.4	8.5	7.3	2.6	3.3	3.4

The ratio of earnings to fixed charges represents, on a pre-tax basis, the number of times earnings cover fixed charges. Earnings consist of pre-tax net income from continuing operations after adjustment for income from equity investees and capitalized interest or allowance for funds used during construction, to which has been added fixed charges. Fixed charges consist of interest costs and amortization of debt discount and premium on all indebtedness and the estimated interest portion of all rental expense.

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DESCRIPTION OF SENIOR NOTES

General

The Senior Notes will be issued under an indenture dated as of September 28, 2007 (Indenture), between us and U.S. Bank National Association, as trustee. The Indenture provides for issuance from time to time of debt securities in series (including the Senior Notes issued in this offering) in an unlimited amount. We may issue, without notice to, or the consent of, the holders of the Senior Notes offered hereby, additional securities under the Indenture from time to time.

The Senior Notes:

- will be general unsecured obligations of Generation;
- will be *pari passu* in right of payment with all of our other unsecured and unsubordinated indebtedness from time to time outstanding; and
- will be senior in right of payment to any future subordinated indebtedness of Generation.

All debt securities, including the Senior Notes, issued and to be issued under the Indenture will be our unsecured general obligations and will rank equally with all of our other unsecured and unsubordinated indebtedness from time to time outstanding. Because Generation conducts a portion of its operations through its subsidiaries, these notes will be structurally subordinated to the liabilities of its subsidiaries. The rights of Generation, and the rights of its creditors, including the holders of the Senior Notes, to participate in any distribution of the assets of any of its subsidiaries upon that subsidiary's liquidation or reorganization or otherwise are necessarily subject to the prior claims of creditors of that subsidiary, except to the extent that Generation's claims as a creditor of that subsidiary may be recognized.

The Senior Notes will not be guaranteed by, or otherwise be obligations of, our parent Exelon or any of our direct or indirect subsidiaries or affiliates. References in this description of the Senior Notes to "we," "our" or the "company" are to Exelon Generation Company, LLC and not its subsidiaries and references to "indenture securities" means debt securities issued under the Indenture, including the Senior Notes.

In the discussion that follows, references to paying principal on the Senior Notes are to payment at maturity or redemption.

The following summaries of certain provisions of the Senior Notes and the Indenture do not purport to be complete and are subject, and qualified in their entirety by reference, to all of the provisions of the Senior Notes and the Indenture, including the definitions of terms therein. We recommend that you read the Indenture, a copy of which may be obtained from the trustee.

Principal, Maturity and Interest

The Senior Notes will be unlimited in aggregate principal amount. The Senior Notes initially will be issued in the aggregate principal amount for that series set forth above. We may, without the consent of the holders of the Senior Notes offered in this prospectus supplement, create and issue additional notes ranking equally with the Senior Notes and otherwise similar in all respects (except for the public offering price and issue date) so that such additional notes shall be consolidated and form a single series with the Senior Notes. No additional notes can be issued if an event of default exists with respect to the Senior Notes. The Senior Notes will be issued in book-entry form only in denominations of $2,000 and multiples of $1,000 in excess thereof.

The Senior Notes will mature on January 15, 2020. Interest on the Senior Notes will be payable semi-annually on January 15 and July 15 of each year, beginning on July 15, 2015 until the principal on the Senior Notes is paid or made available for payment. Interest on the Senior Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of issuance. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

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Redemption at Our Option

At any time prior to December 15, 2019 we may redeem the Senior Notes in whole or in part, at our option at any time, at a redemption price equal to the greater of:

(1) 100% of the principal amount of the Senior Notes; or

(2) the sum of the present values of the remaining scheduled payments of principal and interest thereon (exclusive of interest accrued to the date of redemption) discounted to the redemption date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below) plus, as applicable, basis points.

plus, in any case, accrued interest on the principal amount being redeemed to the redemption date.

At any time on or after December 15, 2019, we may redeem the Senior Notes in whole or in part at 100% of the principal amount of the Senior Notes, plus accrued interest on the principal amount being redeemed to the redemption date.

"Comparable Treasury Issue" means the United States Treasury security or securities selected by an Independent Investment Banker (as defined below) as having an actual or interpolated maturity comparable to the remaining term of the Senior Notes being redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Senior Notes.

"Comparable Treasury Price" means, with respect to any redemption date, (1) the average of the Reference Treasury Dealer Quotations (as defined below) for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (2) if the trustee obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

"Independent Investment Banker" means one of the Reference Treasury Dealers (as defined below) appointed by the trustee after consultation with us.

"Reference Treasury Dealer" means each of Barclays Capital, Inc. and Morgan Stanley & Co. LLC, their respective successors, and two other primary U.S. Government securities dealers in The City of New York (Primary Treasury Dealer) selected by us. If any Reference Treasury Dealer shall cease to be a Primary Treasury Dealer, we will substitute another Primary Treasury Dealer for that dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the trustee by such Reference Treasury Dealer at 3:30 p.m. New York City time on the third business day preceding such redemption date.

"Treasury Rate" means, with respect to any redemption date, the rate per annum equal to the semiannual equivalent yield to maturity or interpolated (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

We will mail notice of any redemption at least 30 days but not more than 60 days before the redemption date to each registered holder of Senior Notes to be redeemed.

Unless we default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the Senior Notes or portions thereof called for redemption.

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Covenants

Affirmative Covenants

The Indenture provides that we comply with the following affirmative covenants:

- punctually pay principal and interest on the indenture securities;
- if the indenture securities are no longer in book-entry form, maintain an office in New York, New York where indenture securities may be presented for payment, exchange and transfer;
- appoint a trustee to fill any vacancy;
- issue a certificate to the trustee on January 31 each year indicating whether we have complied with all covenants and conditions in the Indenture;
- maintain our limited liability company existence; and
- pay our taxes and other assessments and claims as they become due, unless they are being contested in good faith.

Mergers and Consolidations

We will not consolidate with or merge with or into any other person, or sell, convey, transfer or lease our properties and assets substantially as an entirety to any person, and we will not permit any person to consolidate with or merge with or into us, unless:

- immediately prior to and immediately following such consolidation, merger, sale or lease, no Event of Default under the Indenture shall have occurred and be continuing; and
- we are the surviving or continuing entity, or the surviving or continuing entity or entity that acquires by sale, conveyance, transfer or lease is organized in the United States or under the laws of a foreign jurisdiction and consents to the jurisdiction of the courts of the United States and in either case expressly assumes the payment and performance of all of our obligations under the Indenture and the Senior Notes.

Limitation on Liens

We may not issue, assume, guarantee or permit to exist any Indebtedness secured by any lien on any of our property, whether owned on the date that the Senior Notes are issued or thereafter acquired, without in any such case effectively securing the outstanding Senior Notes (together with, if we shall so determine, any other Indebtedness of or guaranteed by us ranking equally with the Senior Notes) equally and ratably with such Indebtedness (but only so long as such Indebtedness is so secured); provided that the foregoing restriction shall not apply to the following permitted liens:

(1) pledges or deposits in the ordinary course of business in connection with bids, tenders, contracts or statutory obligations or to secure surety or performance bonds;

(2) liens imposed by law, such as carriers', warehousemen's and mechanics' liens, arising in the ordinary course of business;

(3) liens for property taxes being contested in good faith;

(4) minor encumbrances, easements or reservations which do not in the aggregate materially adversely affect the value of the properties or impair their use;

(5) liens on property existing at the time of acquisition thereof by us, or to secure any Indebtedness incurred by us prior to, at the time of, or within 90 days after the later of the acquisition, the completion of construction (including any improvements on an existing property) or the commencement of commercial operation of the property, which Indebtedness is incurred for the purpose of financing all or any part of the purchase price or construction or improvements;

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(6) liens to secure purchase money Indebtedness not in excess of the cost or value of the property acquired;

(7) liens securing obligations issued by a state, territory or possession of the United States, or any political subdivision of any of the foregoing or the District of Columbia, to finance the acquisition or construction of property, and on which the interest is not, in the opinion of tax counsel of recognized standing or in accordance with a ruling issued by the Internal Revenue Service, includible in gross income of the holder by reason of Section 103(a)(1) of the Internal Revenue Code of 1986, as amended (or any successor to such provision) as in effect at the time of the issuance of such obligations; and

(8) other liens to secure Indebtedness so long as the amount of outstanding Indebtedness secured by liens pursuant to this clause (8) does not exceed 10% of our consolidated net tangible assets.

In the event that we shall propose to pledge, mortgage or hypothecate any property to secure Indebtedness, other than as permitted by clauses (1) through (8) of the previous paragraph, we shall (prior thereto) give written notice thereof to the trustee, who shall give notice to the holders, and we shall, prior to or simultaneously with such pledge, mortgage or hypothecation, effectively secure, all the Senior Notes equally and ratably with such Indebtedness. The Indenture does not limit our Subsidiaries' ability to issue, assume, guarantee or permit to exist any Indebtedness secured by any lien on any of such Subsidiary's property, whether owned on the date the Senior Notes are issued or thereafter acquired, provided that such Indebtedness is limited in recourse only to such Subsidiary.

As used in this prospectus supplement, "Indebtedness" of any person means (1) all indebtedness of such person for borrowed money, (2) all obligations of such person evidenced by senior notes, debentures, notes or other similar instruments, (3) all obligations of such person to pay the deferred purchase price of property or services, (4) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even though the rights and remedies of the seller or lender under such agreement in the event of the default are limited to repossession or sale of such property), (5) all capital lease obligations of such person (excluding leases of property in the ordinary course of business), and (6) all Indebtedness of the type referred to in clauses (1) through (5) above secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any lien or security interest on property.

As used in this prospectus supplement, "Subsidiary" means any corporation or other entity of which sufficient voting stock or other ownership or economic interests having ordinary voting power to elect a majority of the board of directors (or equivalent body) are at the time directly or indirectly held by us.

Restriction on Sales and Leasebacks

We may not enter into any sale and leaseback transaction with any Subsidiary. In addition, we may not enter into any sale and leaseback transaction unless we comply with this restrictive covenant. A "sale and leaseback transaction" generally is an arrangement between us and a Subsidiary, bank, insurance company or other lender or investor where we lease real or personal property which was or will be sold by us to that Subsidiary, lender or investor.

We can comply with this restrictive covenant if we meet either of the following conditions:

- the sale and leaseback transaction is entered into prior to, concurrently with or within 90 days after the acquisition, the completion of construction (including any improvements on an existing property) or the commencement of commercial operations of the property; or
- we could otherwise grant a lien on the property as a permitted lien described in "—Limitation on Liens."

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Events of Default

We will be subject to an "event of default" under the Indenture if any of the following occurs:

- failure to pay interest for 60 days after the date payment is due and payable; provided that if we extend an interest payment period in accordance with the terms of the indenture securities, the extension will not be a failure to pay interest;
- failure to pay principal or premium, if any, on any indenture security when due, either at maturity, upon any redemption, by declaration or otherwise;
- failure to make any sinking fund payments when due;
- failure to perform other covenants under the Indenture for 60 days after the trustee has notified us that performance was required; or
- bankruptcy, insolvency or reorganization of our company.

In addition to the events of default described in the Indenture, an event of default under the Senior Notes will include:

- an event of default, as defined in any of our instruments under which there may be issued, or by which there may be secured or evidenced, any Indebtedness of our company that has resulted in the acceleration of such Indebtedness, or any default occurring in payment of any such Indebtedness at final maturity (and after the expiration of any applicable grace periods), other than such Indebtedness the principal of which, and interest on which, does not individually, or in the aggregate, exceed $100,000,000; or
- one or more final judgments, decrees or orders of any court, tribunal, arbitrator, administrative or other governmental body or similar entity for the payment of money shall be rendered against us or any of our properties in an aggregate amount in excess of $100,000,000 (excluding the amount thereof covered by insurance) and such judgment, decree or order shall remain unvacated, undischarged and unstayed for more than 60 consecutive days, except while being contested in good faith by appropriate proceedings.

We will be required to file annually with the trustee a certificate, signed by an officer of our company, stating whether or not the officer knows of any default by us in the performance, observance or fulfillment of any condition or covenant of the Indenture. The Indenture provides that the trustee may withhold notice of a default (except payment defaults) to the holders of indenture securities of the series to which the default applies if the trustee considers it in the interests of those holders of those indenture securities to do so.

An event of default for a particular series of indenture securities does not necessarily constitute an event of default for any other series of indenture securities issued under the Indenture. If an event of default relating to the payment of interest, principal or any sinking fund installment involving any series of indenture securities has occurred and is continuing, the trustee or the holders of not less than 25% in aggregate principal amount of outstanding indenture securities of each affected series may declare the entire principal amount of all the indenture securities of that series (or, if the indenture securities of that series are original issue discount securities, that portion of the principal amount as may be specified in the terms thereof) to be due and payable immediately.

Where an event of default has occurred and is continuing with respect to the outstanding indenture securities of a series, the trustee is under no obligation to exercise any of its rights or powers under the Indenture at the request, order or direction of the holders of the outstanding indenture securities of that series, unless those holders have offered the trustee reasonable indemnity against the expenses and liabilities that it might incur in compliance with the request that the trustee take action in response to an event of default. Subject to these provisions for the indemnification of the trustee, the holders of a majority in principal amount of the outstanding

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indenture securities of a series will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee, or exercising any trust or power conferred on the trustee with respect to the indenture securities of that series.

The holders of a majority in principal amount of the outstanding indenture securities of a series may, on behalf of the holders of all indenture securities of that series, waive any past default under the Indenture with respect to that series and its consequences, except a default (1) in payment of the principal of (or premium, if any) or interest, or any additional amounts payable in respect of any indenture security of that series or (2) in respect of a covenant or provision that cannot be modified or amended without the consent of the holder of each affected outstanding indenture security of that series.

The Indenture imposes limitations on suits brought by holders of indenture securities against us. Except for actions for payment of overdue principal or interest, no holder of indenture securities of any series may institute any action against us under the Indenture unless:

- the holder has previously given to the trustee written notice of default and continuance of that default;
- the holders of at least 25% in principal amount of the affected outstanding indenture securities have requested that the trustee institute the action;
- the requesting holders have offered the trustee reasonable indemnity for expenses and liabilities that may be incurred by bringing the action;
- the trustee has not instituted the action within 60 days after the request; and
- the trustee has not received inconsistent direction by the holders of a majority in principal amount of the outstanding indenture securities of that series.

Modification or Waiver

The Indenture provides that the trustee and we may modify and amend the Indenture and enter into supplemental indentures without the consent of any holders of indenture securities to:

- evidence the assumption by a successor corporation of our obligations;
- add covenants for the protection of the holders of indenture securities;
- cure any ambiguity or correct any inconsistency in the Indenture, provided that this action does not adversely affect the interests of holders of any series of indenture securities in any material respect;
- evidence and provide for the acceptance of appointment by a successor trustee; and
- to make any change that would provide any additional rights or benefits to the holders of indenture securities or that does not adversely affect the legal rights under the Indenture of any holder.

The Indenture also provides that the trustee and we may, with the consent of the holders, add, eliminate or modify in any way the provisions of the Indenture or modify in any manner the rights of the holders of the indenture securities. Consent of the holders means holders of not less than a majority in aggregate principal amount of indenture securities of all affected series then outstanding, voting as one class. We cannot do this, however, for those matters requiring the consent of each holder as described below.

The trustee and we may not without the consent of the holder of each outstanding indenture security affected thereby:

- extend the final maturity of any indenture security;
- reduce the principal amount or premium, if any;
- reduce the rate or extend the time of payment of interest;

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- reduce any amount payable on redemption;
- reduce the amount of the principal of any indenture security issued with an original issue discount that is payable upon acceleration or provable in bankruptcy;
- impair the right to sue for the enforcement of any payment on any indenture security when due; or
- reduce the percentage of holders of indenture securities of any series whose consent is required for any modification of the Indenture.

In determining whether the holders of the requisite principal amount of outstanding indenture securities have given any request, demand, authorization, direction, notice, consent or waiver under the Indenture, (1) the principal amount of an original issue discount security that will be deemed to be outstanding will be the amount of the principal thereof that would then be due and payable upon acceleration of the maturity thereof and (2) indenture securities owned by us or any other obligor upon the indenture securities or any affiliate of ours or of any other obligor will be disregarded.

Satisfaction and Discharge, Defeasance and Covenant Defeasance

We may discharge obligations to holders of Senior Notes that have not already been delivered to the trustee for cancellation and that have either become due and payable or are to become due and payable, or are scheduled for redemption, within one year. We may discharge these obligations by irrevocably depositing with the trustee cash or "U.S. Government Obligations" (as defined below), as trust funds, in an amount certified to be enough to pay when due, whether at maturity, upon redemption or otherwise, the principal of and interest on the Senior Notes.

We may also discharge any and all of our obligations to holders of Senior Notes at any time, referred to as "defeasance." We may also be released from the obligations imposed by any covenants of the Senior Notes and provisions of the Indenture, and we may avoid complying with those covenants without creating an event of default under the Indenture, referred to as "covenant defeasance." We may effect defeasance and covenant defeasance only if, among other things:

- we irrevocably deposit with the trustee cash or U.S. Government Obligations, as trust funds, in an amount certified to be enough to pay at maturity, or upon redemption, the principal, and interest on all outstanding Senior Notes; and
- we deliver to the trustee an opinion of counsel from a nationally recognized law firm to the effect that (1) in the case of covenant defeasance, the holders of the series of indenture securities will not recognize income, gain or loss for U.S. federal income tax purposes as a result of that defeasance, and will be subject to tax in the same manner and at the same time as if no covenant defeasance had occurred and (2) in the case of defeasance, either we have received from, or there has been published by, the Internal Revenue Service a ruling or there has been a change in applicable U.S. federal income tax law, and based thereon, the holders of the series of indenture securities will not recognize income, gain or loss for U.S. federal income tax purposes as a result of that defeasance, and will be subject to tax in the same manner as if no defeasance had occurred.

Although we may discharge or decrease our obligations under the Senior Notes and the Indenture as described in the two preceding paragraphs, we may not avoid, among other things, the rights and obligations of the trustee under the Indenture, to register the transfer or exchange of Senior Notes, to replace any temporary, mutilated, destroyed, lost or stolen Senior Notes or to maintain an office or agency in respect of any series of indenture securities.

If we effect covenant defeasance with respect to any Senior Notes and those Senior Notes are declared due and payable because of the occurrence of any event of default other than the event of default resulting from a

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failure to comply with any covenant in the Indenture after the notice served therefor has elapsed, the amount of U.S. Government Obligations and funds on deposit with the trustee will be sufficient to pay amounts due on those Senior Notes at the time of their stated maturity but may not be sufficient to pay amounts due on those Senior Notes at the time of the acceleration resulting from that event of default. In that case, we would remain liable to make payment of those amounts due at the time of acceleration.

If the trustee or any paying agent is prevented by a court or governmental authority from applying any money deposited with the trustee in accordance with the Indenture, then our obligations under the Indenture and the Senior Notes shall be revived and reinstated as though no deposit had occurred pursuant to the Indenture. Thereafter, our obligation will continue until such time as the trustee or paying agent is permitted to apply all money in accordance with the Indenture. Any payment of principal of (or premium, if any) or interest that we make on any Senior Note following the reinstatement of our obligations will be subrogated to the rights of the holders of those Senior Notes to receive such payment from the money held by the trustee or paying agent.

As used above, "U.S. Government Obligations" means securities that are (1) direct obligations of the United States or (2) obligations of a person controlled or supervised by and acting as an agency or instrumentality of the United States, the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States, which are not callable or redeemable at the option of the issuer thereof.

Concerning the Trustee

We and our affiliates use or will use some of the banking services of the trustee in the normal course of business.

Governing Law

The Indenture and the Senior Notes will be governed by the laws of the Commonwealth of Pennsylvania.

Book-Entry System

We will issue the Senior Notes in the form of one or more global notes in fully registered form initially in the name of Cede & Co., as nominee of DTC, or such other name as may be requested by an authorized representative of DTC. The global Senior Notes will be deposited with DTC and may not be transferred except as a whole by DTC to a nominee of DTC or by a nominee of DTC to DTC or another nominee of DTC or by DTC or any nominee to a successor of DTC or a nominee of such successor.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended (Exchange Act). DTC holds and provides asset servicing for (over 3.5 million issues of) U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants (direct participants) deposit with DTC. DTC also facilitates the post-trade settlement among direct participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between direct participants' accounts. This eliminates the need for physical movement of securities certificates. Direct participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (DTCC). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a direct

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participant, either directly or indirectly (indirect participants). The rules applicable to DTC and its direct and indirect participants are on file with the SEC. More information about DTC can be found at www.dtcc.com. We do not intend this internet address to be an active link or to otherwise incorporate the content of the website into this prospectus supplement.

Clearstream advises that it is incorporated under the laws of Luxembourg as a bank. Clearstream holds securities for its customers and facilitates the clearance and settlement of securities transactions between its customers through electronic book-entry transfers between their accounts. Clearstream provides to its customers among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream interfaces with domestic securities markets in over 30 countries through established depository and custodial relationships. As a bank, Clearstream is subject to regulation by the Luxembourg Commission for the Supervision of the Financial Sector, also known as the *Commission de Surveillance du Secteur Financier*. Its customers are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Its customers in the United States are limited to securities brokers and dealers and banks. Indirect access to Clearstream is also available to other institutions such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with the customer.

Euroclear advises that it was created in 1968 to hold securities for its participants and to clear and settle transactions between Euroclear participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Euroclear provides various other services, including securities lending and borrowing and interfaces with domestic markets in several countries. Euroclear is operated by Euroclear Bank S.A./N.V. Euroclear Clearance establishes policy for Euroclear on behalf of Euroclear participants. Euroclear participants include banks, including central banks, securities brokers and dealers and other professional financial intermediaries and may include the Initial purchasers. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear participant, either directly or indirectly. Securities clearance accounts and cash accounts with the Euroclear operator are governed by the terms and conditions governing use of Euroclear and the related operating procedures of Euroclear. These terms and conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear operator acts under the terms and conditions only on behalf of Euroclear participants and has no record of or relationship with persons holding through Euroclear participants.

Euroclear further advises that investors that acquire, hold and transfer interests in the Senior Notes by book-entry through accounts with the Euroclear operator or any other securities intermediary are subject to the laws and contractual provisions governing their relationship with their intermediary, as well as the laws and contractual provisions governing the relationship between such an intermediary and each other intermediary, if any, standing between themselves and the global securities.

Purchases of Senior Notes under the DTC system must be made by or through direct participants, which will receive a credit for the Senior Notes in DTC's records. The ownership interest of each actual purchaser of Senior Notes is in turn to be recorded on the direct and indirect participants' records. Beneficial owners of the Senior Notes will not receive written confirmation from DTC of their purchase, but beneficial owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the direct or indirect participant through which the beneficial owner entered into the transaction. Transfers of ownership interests in the Senior Notes are to be accomplished by entries made on the books of direct and indirect participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates representing their ownership interests in the Senior Notes, except in the event that use of the book-entry system for the Senior Notes is discontinued.

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To facilitate subsequent transfers, all Senior Notes deposited by direct participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Senior Notes with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the Senior Notes; DTC's records reflect only the identity of the direct participants to whose accounts such Senior Notes are credited, which may or may not be the beneficial owners. The direct and indirect participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants, and by direct participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. The laws of some jurisdictions may require that certain persons take physical delivery in definitive form of securities which they own. Consequently, those persons may be prohibited from purchasing beneficial interests in the global Senior Notes from any beneficial owner or otherwise.

Redemption notices shall be sent to DTC. If less than all of the Senior Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each direct participant in such issue to be redeemed.

So long as DTC's nominee is the registered owner of the global Senior Notes, such nominee for all purposes will be considered the sole owner or holder of the Senior Notes for all purposes under the Indenture. Except as provided below, beneficial owners will not be entitled to have any of the Senior Notes registered in their names, will not receive or be entitled to receive physical delivery of the Senior Notes in definitive form and will not be considered the owners or holders thereof under the Indenture.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Senior Notes. Under its usual procedures, DTC mails an omnibus proxy to the issuer as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those direct participants to whose accounts the Senior Notes are credited on the record date (identified in a listing attached to the omnibus proxy).

All payments on the global Senior Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit direct participants' accounts upon DTC's receipt of funds and corresponding detail information from trustees or issuers on payment dates in accordance with their respective holdings shown on DTC's records. Payments by participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such participant and not of DTC, the Trustee or us, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) shall be the responsibility of the Trustee or us, disbursement of such payments to direct participants shall be the responsibility of DTC, and disbursement of such payments to the beneficial owners shall be the responsibility of direct and indirect participants.

DTC may discontinue providing its service as securities depositary with respect to the Senior Notes at any time by giving reasonable notice to us or the Trustee. In addition, we may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depositary). In the event that a successor securities depositary is not obtained under the above circumstances, or, alternatively, if an event of default with respect to the Senior Notes has occurred and is outstanding, Senior Notes certificates in fully registered form are required to be printed and delivered to beneficial owners of the global Senior Notes representing such Senior Notes.

Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC's rules and will be settled in immediately available funds using DTC's same-day funds settlement system.

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Secondary market trading between Clearstream customers and/or Euroclear participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream and Euroclear and will be settled using the procedures applicable to conventional EuroSenior Notes in immediately available funds.

Cross market transfers between persons holding directly or indirectly through DTC on the one hand, and directly or indirectly through Clearstream customers or Euroclear participants, on the other, will be effected in DTC in accordance with DTC's rules on behalf of the relevant European international clearing system by its U.S. depositary; however, such cross market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in such system in accordance with its rules and procedures and within its established deadlines, in European time. The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to its U.S. depository to take action to effect final settlement on its behalf by delivering interests in the Senior Notes to or receiving interests in the Senior Notes from DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Clearstream customers and Euroclear participants may not deliver instructions directly to their respective U.S. depositaries.

Because of time-zone differences, credits of interests in the Senior Notes received by Clearstream or Euroclear as a result of a transaction with a DTC participant will be made during subsequent securities settlement processing and dated the business day following the DTC settlement date. Such credits or any transactions involving interests in such Senior Notes settled during such processing will be reported to the relevant Clearstream customers or Euroclear participants on such business day. Cash received by Clearstream or Euroclear as a result of sales of interests in the Senior Notes by or through a Clearstream customer or a Euroclear participant to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Clearstream or Euroclear cash account only as of the business day following settlement in DTC.

The information in this section has been obtained from sources that we believe to be reliable, but we take no responsibility for its accuracy.

Neither we, the trustee nor the underwriters will have any responsibility or obligation to direct participants, or the persons for whom they act as nominees, with respect to the accuracy of the records of DTC, its nominee or any direct participant with respect to any ownership interest in the Senior Notes, or payments to, or the providing of notice to direct participants or beneficial owners. The Senior Notes will be denominated in United States dollars and principal and interest will be paid in United States dollars. The Senior Notes will not be subject to any conversion, amortization, or sinking fund.

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CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

General

The following is a summary of certain federal income tax consequences material to the purchase, ownership and disposition of the Senior Notes. This summary is based upon current provisions of the Internal Revenue Code of 1986, as amended (the Code), proposed, temporary and final Treasury regulations thereunder, and published rulings and court decisions currently in effect. The current tax laws and the current regulations, administrative rulings and court decisions may be changed, possibly retroactively, and may be subject to differing interpretation. There can be no guarantee that the Internal Revenue Service (the IRS) or U.S. courts will agree with the tax consequences described in this summary. The statements set forth in the following discussion, to the extent they constitute matters of United States federal income tax law or legal conclusions with respect thereto, represent the opinion of Ballard Spahr LLP.

The following summary does not furnish information in the level of detail or with the attention to an investor's specific tax circumstances that would be provided by an investor's own tax advisor. For example, it does not discuss the tax consequences of the purchase, ownership and disposition of the Senior Notes by investors that are subject to special treatment under the federal income tax laws, including banks and thrifts, insurance companies, regulated investment companies, dealers in securities, holders that will hold the Senior Notes as a position in a "straddle" or as a part of a "synthetic security" or "conversion transaction" or other integrated investment comprised of the Senior Notes and one or more other investments, trusts and estates, and pass-through entities. In addition, the discussion regarding the Senior Notes is limited to the federal income tax consequences of the initial investors (and not a purchaser in the secondary market) that purchase the Senior Notes in the initial offering at their issue price (generally, the first price at which a substantial amount of the notes is sold for money to investors, not including sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) and beneficially hold those Senior Notes as capital assets within the meaning of Section 1221 of the Code. This discussion does not address the tax consequences for a beneficial owner of a Senior Note who or which is not a U.S. Holder (defined below). The following summary assumes, as is expected, that the Senior Notes will be issued without original issue discount.

Prospective purchasers of the Senior Notes should consult their own tax advisors with respect to the United States federal, state, local and foreign tax consequences of purchasing, owning or disposing of the Senior Notes.

U.S. Holders

For purposes of this summary, a "U.S. Holder" is a beneficial owner of the Senior Notes that, for federal income tax purposes, is:

- a citizen or individual resident of the United States,
- a corporation, or other entity treated as a corporation for federal income tax purposes, created or organized in or under the laws of the United States or any state thereof (including the District of Columbia),
- an estate the income of which is subject to federal income taxation regardless of its source, or
- a trust (1) if such trust was in existence on August 20, 1996 and validly elected to be treated as a United States person for U.S. federal income tax purposes or (2) if (i) a court within the United States is able to exercise primary supervision over its administration and (ii) one or more United States persons have the authority to control all of the substantial decisions of such trust.

If a partnership (or any other entity treated as a partnership for federal income tax purposes) holds the notes, the tax treatment of a partner in the partnership will generally depend on the status of the partner and the

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activities of the partnership. Such a partner should consult its own tax advisors as to the United States federal tax consequences of being a partner in a partnership that acquires, holds, or disposes of the notes.

Additional Amounts

We may be obligated to pay an additional amount to the holders of the Senior Notes if we elect to redeem the Senior Notes as described under "Description of New Notes—Redemption at Our Option." U.S. Treasury regulations provide that the possibility that a payment will be made will not affect the amount, timing of interest income or character of gain a U.S. Holder recognizes if there is only a remote chance as of the date the Senior Notes were issued that such payments will be made. We intend to take the position that the possibility that such payment will be made is remote so that such possibility will not cause the Senior Notes to be treated as contingent payment debt instruments. Our determination that this contingency is remote is binding on a U.S. Holder unless such holder discloses its contrary position in the manner required by the applicable U.S. Treasury regulations. Our determination is not, however, binding on the IRS, and if the IRS were to challenge this determination, a U.S. Holder might be required to accrue income on its Senior Notes in excess of stated interest and to treat any gains as ordinary income. In the event a contingency occurs, it would affect the amount and timing of the income recognized by a holder. Holders of the Senior Notes should consult their tax advisors as to the tax considerations relating to the payment of the additional amount. The remainder of this disclosure assumes that the Senior Notes will not be treated as contingent payment debt instruments.

Interest

Interest on a Senior Note will be taxed to a beneficial owner of a Senior Note as ordinary interest income at the time it accrues or is received, in accordance with the U.S. Holder's regular method of accounting for federal income tax purposes.

Disposition of a Senior Note

Upon the sale, exchange, redemption or other taxable disposition of a Senior Note, a U.S. Holder generally will recognize taxable gain or loss equal to the difference, if any, between the amount realized on the sale, exchange, redemption or other disposition (not including any amount attributable to accrued but unpaid interest) and the U.S. Holder's adjusted tax basis in the Senior Note. Any amount attributable to accrued but unpaid interest will be treated as a payment of interest and taxed in the manner described above under "Interest." In general, the U.S. Holder's adjusted tax basis in a Senior Note will be equal to the initial purchase price of the Senior Note paid by the U.S. Holder, reduced by the amount of principal payments on the Senior Note received before such date of sale, exchange, redemption or other disposition.

Gain or loss recognized on the sale, exchange, redemption or retirement of a Senior Note generally will be capital gain or loss, and will be long-term capital gain or loss if, at the time of sale, exchange, redemption or retirement of the Senior Note has been held by the investor for more than one year. For non-corporate U.S. Holders (including individuals), net long-term capital gains generally are taxed at a lower rate than ordinary income. Capital losses are, with very limited exception, deductible only to the extent of capital gains recognized during the taxable year. Any excess capital losses may be carried over to and deducted in other taxable years subject to certain limitations.

Tax on Net Investment Income

A 3.8% tax is imposed on the "net investment income" of certain individuals, trusts and estates, if their income exceeds certain thresholds. In the case of an individual, the net investment income tax will be imposed on the lesser of (i) an individual's "net investment income" and (ii) the amount by which an individual's modified adjusted gross income exceeds $250,000 (if the individual is married and filing jointly or a surviving spouse), $125,000 (if the individual is married and filing separately) or $200,000 (in any other case). In the case of an

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estate or trust, the tax will be imposed on the lesser of (i) undistributed "net investment income," and (ii) the excess of adjusted gross income over the dollar amount at which the highest income tax bracket applicable to an estate or trust begins (for taxable years beginning in 2014, 12,150).

For these purposes, "net investment income" will generally include interest (including interest paid on a Senior Note), net gain attributable to the disposition of property not held in a trade or business (including gain from the sale, exchange, redemption or other taxable disposition of a Senior Note) and certain other types of income, reduced by permitted deductions properly allocable to the income or gain. Prospective U.S. Holders should consult their own tax advisors regarding the implications of this net investment income tax based upon their particular circumstances.

Information Reporting and Backup Withholding

Information reporting requirements may apply to interest and principal payments made to, and to the proceeds of sales or other dispositions before maturity by, certain owners of Senior Notes unless such owner is a corporation or other exempt recipient. In addition, backup withholding applies to a U.S. Holder if

- such Holder fails to furnish his or her taxpayer identification number, which for an individual would be his or her Social Security Number, to the payor in the manner required,
- such Holder furnishes an incorrect taxpayer identification number and the payor is so notified by the IRS,
- the payor is notified by the IRS that such Holder has failed to properly report payments of interest and dividends, or
- in certain circumstances, such Holder fails to certify, under penalties of perjury, that he or she has furnished a correct taxpayer identification number and has not been notified by the IRS that he or she is subject to backup withholding for failure to properly report interest and dividend payments.

The current rate of backup withholding is 28%. Any amounts withheld under backup withholding rules will be allowed as a refund or credit against a U.S. Holder's federal income tax liability, provided the required information is timely furnished to the IRS.

Non-U.S. Holders

The following is a summary of the material U.S. federal income tax consequences that will apply to a Non-U.S. Holder. As used herein, the term Non-U.S. Holder means a beneficial owner of notes that is an individual, corporation, estate or trust (other than a grantor trust) for U.S. federal income tax purposes and that is not a U.S. Holder.

Interest

Subject to the discussion below under "—Information Reporting and Backup Withholding" and "—Foreign Account Tax Compliance," all payments of interest on the Senior Notes made to a Non-U.S. Holder will be exempt from U.S. federal withholding tax, provided that: (i) the interest is not effectively connected with a U.S. trade or business of the Non-U.S. Holder (ii) such Non-U.S. Holder does not own, actually or constructively, 10% or more of the total combined voting power of all classes of our stock entitled to vote, (iii) such Non-U.S. Holder is not a controlled foreign corporation related, directly or indirectly, to us through stock ownership, (iv) such Non-U.S. Holder is not a bank receiving certain types of interest, and (v) either (A) the Non-U.S. Holder certifies under penalties of perjury on IRS Form W-8BEN (Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding), for individuals, or, IRS Form W-8BEN-E (Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding), for entities, as appropriate (or a suitable substitute or applicable successor form) that it is not a United States person, (as defined in the Code) and

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provides its name, address, and U.S. taxpayer identification number, if any, or (B) a securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business and holds the Senior Notes on behalf of the Non-U.S. Holder certifies under penalties of perjury that the certification referred to in clause (A) has been received from the Non-U.S. Holder, and furnishes a copy thereof.

Except as described below under "—Effectively Connected Income," a Non-U.S. Holder that does not qualify for exemption from withholding as described above, generally will be subject to withholding of U.S. federal income tax at a rate of 30% on payments of interest on the Senior Notes. A Non-U.S. Holder may be entitled to the benefits of an income tax treaty under which interest on the Senior Notes is subject to a reduced rate of U.S. withholding tax or is exempt from U.S. withholding tax, in which case the Non-U.S. Holder will be required to furnish a properly completed and executed IRS Form W-8BEN, or IRS Form W-8BEN-E, as appropriate (or a suitable substitute form or applicable successor form), claiming the reduction or exemption and comply with any other applicable procedures.

Disposition of a Senior Note

Subject to the discussion below under "—Information Reporting and Backup Withholding" and "—Foreign Account Tax Compliance," a Non-U.S. Holder generally will not be subject to U.S. federal income tax on gain realized on the sale, exchange, surrender, conversion or other disposition of Senior Notes unless (i) the gain is effectively connected with the conduct of a U.S. trade or business of the Non-U.S. Holder (and, generally, if an income tax treaty applies, is attributable to a U.S. permanent establishment or fixed base maintained by the Non-U.S. Holder) or (ii) in the case of a Non-U.S. Holder who is a nonresident alien individual, the individual is present in the United States for 183 or more days in the taxable year of the disposition and certain other conditions are met.

Effectively Connected Income

If a Non-U.S. Holder is engaged in a trade or business in the United States, and if interest on the Senior Notes or gain realized on a taxable disposition of Senior Notes is effectively connected with the conduct of such trade or business, the Non-U.S. Holder, although exempt from the withholding tax discussed in the preceding paragraphs, generally will be required to file a U.S. federal income tax return and generally will be subject to regular U.S. federal income tax on such income or gain in the same manner as if it were a U.S. Holder (unless an applicable treaty provides otherwise). In addition, if such a Non-U.S. Holder is a foreign corporation, such Non-U.S. Holder may be subject to a branch profits tax equal to 30% (or such lower rate provided by an applicable income tax treaty) of a dividend equivalent amount deemed to have been remitted from the United States out of its effectively connected earnings and profits for the taxable year.

Information Reporting and Backup Withholding

The amount of interest paid to each Non-U.S. Holder and the tax withheld with respect to such interest, regardless of whether withholding was required, will be reported annually to the IRS. Copies of the information returns reporting such interest and withholding may also be made available to the tax authorities in the country in which the Non-U.S. Holder resides under the provisions of an applicable income tax treaty or information exchange agreement.

A Non-U.S. Holder will be subject to backup withholding on interest paid to such Non-U.S. Holder unless such Non-U.S. Holder certifies under penalties of perjury that it is not a "United States person" as defined under the Code (and the payor does not have actual knowledge or reason to know that it is a "United States person") or it otherwise establishes an exemption from backup withholding.

Information reporting and, depending on the circumstances, backup withholding, generally will apply to the proceeds of a disposition of Senior Notes effected within the United States or through certain U.S.-related

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financial intermediaries by a Non-U.S. Holder, unless the Non-U.S. Holder certifies under penalties of perjury that it is not a "United States person" (and the payor does not have actual knowledge or reason to know that it is a United States person) or otherwise establishes an exemption from such requirements.

Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a Non-U.S. Holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS. Non-U.S. Holders should consult their own advisors regarding the application of U.S. federal withholding and backup withholding in their particular circumstance and the availability of, and procedure for, obtaining an exemption from, or refund of, withholding and backup withholding under the Code and current Treasury regulations.

Foreign Account Tax Compliance

Certain provisions of the Hiring Incentives to Restore Employment Act and the final Treasury regulations and official IRS guidance associated with such provisions (such provisions, regulations and guidance commonly known as FATCA) impose a withholding tax of 30% on interest income from, and the gross proceeds from a disposition of, Senior Notes paid to certain foreign entities unless various information reporting and diligence requirements are satisfied. This would generally apply in the case of debt obligations held through intermediaries that do not agree to satisfy such information reporting requirements. Under current IRS regulations and other guidance, FATCA applies to certain withholdable payments of interest and, after December 31, 2016, will apply to certain withholdable payments made in the case of gross proceeds arising from the disposition of debt instruments. Foreign entities located in jurisdictions that have entered into an intergovernmental agreement with the U.S. governing FATCA may be subject to different rules. Holders should consult their tax advisors regarding the possible implications of FATCA on their ownership and disposition of the Senior Notes.

The United States federal income tax discussion set forth above is included for general information only and may not be applicable depending upon an owner's particular situation. Prospective purchasers of the Senior Notes should consult their own tax advisors with respect to the tax consequences to them of the ownership and disposition of Senior Notes, including the tax consequences under state, local, foreign and other tax laws and the possible effects of changes in United States or other tax laws.

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UNDERWRITING

Barclays Capital, Inc. and Morgan Stanley & Co. LLC are acting as representatives of the underwriters set forth below. Subject to the terms and conditions contained in an underwriting agreement between us and the underwriters, we have agreed to sell to the underwriters and the underwriters have severally agreed to purchase from us, the principal amount of the Senior Notes listed opposite their names below.

Underwriter	Principal Amount of Senior Notes
Barclays Capital, Inc.	$
Morgan Stanley & Co. LLC	
Citigroup Global Markets Inc.	
Credit Suisse Securities (USA) LLC	
J.P. Morgan Securities LLC	
Total	$

The underwriters have agreed to purchase all of the Senior Notes sold pursuant to the underwriting agreement if any of the Senior Notes are purchased. If an underwriter defaults, the underwriting agreement provides that the purchase commitments of the non-defaulting underwriters may be increased or the underwriting agreement may be terminated.

We have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended (Securities Act), or to contribute to payments the underwriters may be required to make in respect of those liabilities.

The underwriters are offering the Senior Notes, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the Senior Notes, and other conditions contained in the underwriting agreement, such as the receipt by the underwriters of officer's certificates and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

It is expected that delivery of the Senior Notes will be made on or about January , 2015.

Commissions and Discounts

The underwriters have advised us that they propose initially to offer the Senior Notes to the public at the public offering price on the cover page of this prospectus supplement and may offer the Senior Notes to certain securities dealers at that price less a concession not to exceed %. The underwriters may allow, and such dealers may reallow, a discount not to exceed %. After the initial public offering, the public offering price, concession and discount may be changed.

The expenses of the offering, not including the underwriting discount, are estimated to be $ and are payable by us.

New Issue of Senior Notes

The Senior Notes are new issues of securities with no established trading market. We do not intend to apply for listing of the Senior Notes on any national securities exchange or for quotation of the Senior Notes on any

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automated dealer quotation system. We have been advised by the representatives of the underwriters that they presently intend to make markets in the Senior Notes after completion of the offering. However, they are under no obligation to do so and may discontinue any market-making activities at any time without any notice. We cannot assure the liquidity of trading markets for the Senior Notes or that active public markets for the Senior Notes will develop. If an active public trading market for the Senior Notes does not develop, the market price and liquidity of the Senior Notes may be adversely affected.

Price Stabilization and Short Positions

In connection with the offering, the underwriters are permitted to engage in transactions that stabilize the market price of the Senior Notes. Such transactions consist of bids or purchases to peg, fix or maintain the price of the Senior Notes. If the underwriters create a short position in the Senior Notes in connection with the offering, *i.e.*, if they sell more Senior Notes than are on the cover page of this prospectus supplement, the underwriters may reduce that short position by purchasing Senior Notes in the open market. Purchases of a security to stabilize the price or to reduce a short position could cause the price of the security to be higher than it might be in the absence of such purchases.

The underwriters also may impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased notes sold by or for the account of such underwriter in stabilizing or short covering transactions.

Neither we nor any of the underwriters makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Senior Notes. In addition, neither we nor any of the underwriters makes any representation that the underwriters will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Other Relationships

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Some of the underwriters and their affiliates have engaged in, and some or all of the underwriters and their affiliates may in the future engage in, investment banking, financial advisory and commercial banking services in the ordinary course of business with us and our affiliates. They have received and may in the future receive customary fees and commissions for these transactions. The underwriters and their affiliates may provide credit to us or our affiliates as lenders from time to time, including under our existing revolving credit facilities. In particular, certain of the underwriters or their affiliates from time to time may hold outstanding debt securities issued by us and our parent Exelon, including Exelon's $550,000,000 4.550% Senior Notes due June 15, 2015, which will be redeemed with the net proceeds of this offering. See "Use of Proceeds" in this prospectus supplement.

In the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities and/or instruments of the issuer. The underwriters and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Notice To Investors In Certain Jurisdictions

European Economic Area

This prospectus supplement and the accompanying prospectus are not a prospectus for the purposes of the Prospectus Directive (as defined below).

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In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), each underwriter has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) it has not made and will not make an offer of Senior Notes which are the subject of the offering contemplated by this prospectus supplement to the public in that Relevant Member State other than:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant underwriter or underwriters nominated by Generation for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Senior Notes shall require Generation or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of notes to the public" in relation to any Senior Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Senior Notes to be offered so as to enable an investor to decide to purchase or subscribe the Senior Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

United Kingdom

Each underwriter has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Senior Notes in circumstances in which Section 21(1) of the FSMA does not apply to Generation; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Senior Notes in, from or otherwise involving the United Kingdom.

Hong Kong

The Senior Notes have not been offered or sold or will not be offered or sold by means of any document other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) (the "SFO") and any rules made thereunder, or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32, Laws of Hong Kong) or which do not constitute an offer to the public within the meaning of that Ordinance, and no advertisement, invitation or document relating to the Senior Notes has been or will be issued or has been or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to Senior Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made thereunder.

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Japan

The Senior Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended, the "FIEA") and each underwriter has agreed that it will not offer or sell any securities, directly or indirectly, in Japan or to, or for the account or the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the account or the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Singapore

This prospectus supplement and the accompanying prospectus have not been registered as a prospectus under the Securities and Futures Act, Chapter 289 of Singapore (the "SFA") by the Monetary Authority of Singapore, and the offer of the Senior Notes in Singapore is made primarily pursuant to the exemptions under Sections 274 and 275 of the SFA. Accordingly, the Senior Notes may not be offered or sold, or made the subject of an invitation for subscription or purchase, nor may this prospectus supplement and the accompanying prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the Senior Notes be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor as defined in Section 4A of the SFA ("Institutional Investor") pursuant to Section 274 of the SFA, (ii) to an accredited investor as defined in Section 4A of the SFA (an "Accredited Investor") or other relevant person as defined in Section 275(2) of the SFA (a "Relevant Person"), or to any person pursuant to an offer referred to in Section 275(1A) of the SFA, and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable exemption or provision of the SFA.

It is a condition of the offer that where the Senior Notes are subscribed or purchased pursuant to an offer made in reliance on Section 275 by a Relevant Person which is:

(a) a corporation (which is not an Accredited Investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an Accredited Investor; or

(b) a trust (where the trustee is not an Accredited Investor) whose sole purpose is to hold investments and each beneficiary is an Accredited Investor,

the shares, debentures and units of shares and debentures of that corporation, and the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has subscribed for or acquired the Senior Notes except:

(1) to an Institutional Investor, or an Accredited Investor or other Relevant Person, or which arises from any offer referred to in Section 275(1A) of the SFA (in the case of that corporation) or Section 276(4)(i)(B) of the SFA (in the case of that trust);

(2) where no consideration is or will be given for the transfer; or

(3) where the transfer is by operation of law.

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LEGAL MATTERS

Ballard Spahr LLP, Philadelphia, Pennsylvania, will render an opinion as to the validity of the Senior Notes and pass on certain legal matters for us. Winston & Strawn LLP will pass on certain legal matters for the underwriters. Winston & Strawn LLP provides legal services to Exelon and its subsidiaries from time to time.

EXPERTS

The consolidated financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) incorporated in this prospectus supplement by reference to the Annual Report on Form 10-K for the year ended December 31, 2013 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

The SEC allows us to "incorporate by reference" the information filed by us with the SEC, which means that we can refer you to important information without restating it in this prospectus supplement and the accompanying prospectus. The information incorporated by reference is considered to be part of this prospectus supplement and the accompanying prospectus and should be read with the same care. Exelon, Generation, ComEd, PECO and Baltimore Gas and Electric Company file combined reports under the Exchange Act. Information contained in the combined reports relating to each registrant is filed separately by such registrant on its own behalf and only the information related to Generation is incorporated by reference in this prospectus supplement and the accompanying prospectus. Generation does not make any representation as to information relating to any other registrant or securities issued by any other registrant and you should not rely on any information relating to any registrant other than Generation in determining whether to invest in the Bonds. We incorporate by reference our Annual Report on Form 10-K for the year ended December 31, 2013, our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2014, June 30, 2014 and September 30, 2014, our Current Reports on Form 8-K filed with the SEC on February 12, 2014, April 1, 2014, May 27, 2014, June 4, 2014, July 30, 2014, September 22, 2014 and any future filings that we make with the SEC under the Exchange Act if the filings are made prior to the time that all of the Bonds are sold in this offering. You can also find more information about us from the sources described under "Documents Incorporated by Reference" in the accompanying prospectus.

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PROSPECTUS

EXELON CORPORATION

Senior Debt Securities
Subordinated Debt Securities
Common Stock
Stock Purchase Contracts
Stock Purchase Units
Preferred Stock
Depositary Shares

EXELON GENERATION COMPANY, LLC

Senior Debt Securities
Preferred Securities

COMMONWEALTH EDISON COMPANY

First Mortgage Bonds
Notes

PECO ENERGY COMPANY

First and Refunding Mortgage Bonds
Preferred Stock

BALTIMORE GAS AND ELECTRIC COMPANY

Unsecured Debt Securities
Senior Secured Bonds
Preferred Stock

Exelon Corporation (Exelon) may use this prospectus to offer and sell from time to time:

- senior debt securities;
- subordinated debt securities;
- common stock;
- stock purchase contracts;
- stock purchase units;
- preferred stock in one or more series;
- depositary shares.

Exelon Generation Company, LLC (Generation) may use this prospectus to offer and sell from time to time:

- senior debt securities; and
- preferred limited liability company interests in one or more series.

Commonwealth Edison Company (ComEd) may use this prospectus to offer and sell from time to time:

- first mortgage bonds; and
- unsecured notes.

PECO Energy Company (PECO) may use this prospectus to offer and sell from time to time:

- first and refunding mortgage bonds; and
- preferred stock in one or more series

Baltimore Gas and Electric Company (BGE) may use this prospectus to offer and sell from time to time:

- unsecured debt securities;
- senior secured bonds; and
- preferred stock in one or more series.

Exelon, Generation, ComEd, PECO and BGE sometimes refer to the securities listed above as the "Securities."

Exelon, Generation, ComEd, PECO and BGE will provide the specific terms of the Securities in supplements to this prospectus prepared in connection with each offering. Please read this prospectus and the applicable prospectus supplement carefully before you invest. This prospectus may not be used to consummate sales of the offered Securities unless accompanied by a prospectus supplement.

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Exelon's common shares are listed on the New York Stock Exchange, under the symbol "EXC."

Please see "Risk Factors" beginning on page 2 for a discussion of factors you should consider in connection with a purchase of the Securities offered in this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is May 23, 2014.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that Exelon, Generation, ComEd, PECO and BGE have each filed with the Securities and Exchange Commission (SEC) using a "shelf" registration process. Under this shelf registration process, each of us may, from time to time, sell our Securities described in this prospectus in one or more offerings. Each time Exelon, Generation, ComEd, PECO or BGE (each, a registrant) sells Securities, the registrant will provide a prospectus supplement that will contain a description of the Securities the registrant will offer and specific information about the terms of the offering. The prospectus supplement may also add, update or change information contained in this prospectus. If there is any inconsistency between the information in this prospectus and the prospectus supplement, you should rely on the prospectus supplement. You should read both this prospectus and any prospectus supplement together with additional information described under "Where You Can Find More Information."

Information contained herein relating to each registrant is filed separately by such registrant on its own behalf. No registrant makes any representation as to information relating to any other registrant or Securities issued by any other registrant.

As used in this prospectus, the terms "we," "our" and "us" generally refer to:

- Exelon with respect to Securities issued by Exelon.
- Generation with respect to Securities issued by Generation.
- ComEd with respect to Securities issued by ComEd.
- PECO with respect to Securities issued by PECO.
- BGE with respect to Securities issued by BGE.

None of the registrants will guarantee or provide other credit or funding support for the Securities to be offered by another registrant pursuant to this prospectus.

We are not offering the Securities in any state where the offer is not permitted.

For more detailed information about the Securities, you should read the exhibits to the registration statement. Those exhibits have either been filed with the registration statement or incorporated by reference to earlier SEC filings listed in the registration statement.

You should rely only on information contained in this prospectus and which is incorporated by reference or the documents to which we have referred you. We have not authorized anyone to provide you with information that is different. This prospectus and related prospectus supplement may be used only where it is legal to sell these securities. The information in this prospectus and any prospectus supplement may only be accurate on the date of this document. The business of the registrant, financial condition, results of operations and prospects may have changed since that date.

Please see "Risk Factors" beginning on page 2 for a discussion of factors you should consider in connection with a purchase of the Securities offered in this prospectus.

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FORWARD-LOOKING STATEMENTS

This prospectus and the documents incorporated or deemed incorporated by reference as described under the heading "Where You Can Find More Information" contain forward-looking statements that are not based entirely on historical facts and are subject to risks and uncertainties. Words such as "believes," "anticipates," "expects," "intends," "plans," "predicts" and "estimates" and similar expressions are intended to identify forward-looking statements but are not the only means to identify those statements. These forward-looking statements are based on assumptions, expectations and assessments made by our management in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe to be appropriate. Any forward-looking statements are not guarantees of our future performance and are subject to risks and uncertainties.

This presentation contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which are subject to risks and uncertainties. The factors that could cause actual results to differ materially from the forward-looking statements made by the registrants include those factors discussed herein, as well as the items discussed in (1) each registrant's 2013 Annual Report on Form 10-K in (a) ITEM 1A. Risk Factors, (b) ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) ITEM 8. Financial Statements and Supplementary Data: Note 22; and (2) other factors discussed herein and in other filings with the SEC by Exelon, Generation, ComEd, PECO and BGE, as applicable.

You are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date on the front of this prospectus or, as the case may be, as of the date on which we make any subsequent forward-looking statement that is deemed incorporated by reference. We do not undertake any obligation to update or revise any forward-looking statement to reflect events or circumstances after the date as of which any such forward-looking statement is made.

RISK FACTORS

Investing in the Securities involves various risks. You are urged to read and consider the risk factors described in the combined Annual Reports on Form 10-K of Exelon, Generation, ComEd, PECO, and BGE, as applicable, for the year ended December 31, 2013, filed with the SEC on February 13, 2014. Before making an investment decision, you should carefully consider these risks as well as other information we include or incorporate by reference in this prospectus. The prospectus supplement applicable to each type or series of Securities offered by one of the registrants will contain a discussion of additional risks applicable to an investment in such registrant and the particular type of Securities the registrant is offering under that prospectus supplement.

EXELON CORPORATION

Exelon, incorporated in Pennsylvania in February 1999, is a utility services holding company engaged, through Generation, in the energy generation business, and through ComEd, PECO and BGE, in the energy delivery businesses. Exelon's principal executive offices are located at 10 South Dearborn Street, Chicago, Illinois 60603, and its telephone number is 312-394-7398.

EXELON GENERATION COMPANY, LLC

Generation's integrated business consists of its owned and contracted electric generating facilities and investments in generation ventures that are marketed through its leading customer-facing activities. These customer-facing activities include, wholesale energy marketing operations and its competitive retail customer

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supply of electric and natural gas products and services, including renewable energy products, risk management services and natural gas exploration and production activities. Generation has six reportable segments consisting of the Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Regions.

Generation was formed in 2000 as a Pennsylvania limited liability company. Generation began operations as a result of a corporate restructuring, effective January 1, 2001, in which Exelon separated its generation and other competitive businesses from its regulated energy delivery businesses at ComEd and PECO. Generation's principal executive offices are located at 300 Exelon Way, Kennett Square, Pennsylvania 19348, and its telephone number is 610-765-5959.

COMMONWEALTH EDISON COMPANY

ComEd's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in northern Illinois, including the City of Chicago.

ComEd was organized in the State of Illinois in 1913 as a result of the merger of Cosmopolitan Electric Company into the original corporation named Commonwealth Edison Company, which was incorporated in 1907. ComEd's principal executive offices are located at 440 South LaSalle Street, Chicago, Illinois 60605, and its telephone number is 312-394-4321.

PECO ENERGY COMPANY

PECO's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in southeastern Pennsylvania, including the City of Philadelphia, as well as the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services to retail customers in the Pennsylvania counties surrounding the City of Philadelphia.

PECO was incorporated in Pennsylvania in 1929. PECO's principal executive offices are located at 2301 Market Street, Philadelphia, Pennsylvania 19103, and its telephone number is 215-841-4000.

BALTIMORE GAS AND ELECTRIC COMPANY

BGE's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in central Maryland, including the City of Baltimore, as well as the purchase and regulated retail sale of natural gas and the provision of gas distribution services to retail customers in central Maryland, including the City of Baltimore.

BGE was incorporated in Maryland in 1906. BGE's principal executive offices are located at 110 West Fayette Street, Baltimore, Maryland 21201, and its telephone number is 410-234-5000.

USE OF PROCEEDS

Except as otherwise indicated in the applicable prospectus supplement, each registrant expects to use the net proceeds from the sale of the Securities for general corporate purposes, including to discharge or refund (by redemption, by purchase on the open market, by purchase in private transactions, by tender offer or otherwise) outstanding long-term debt. Each registrant will describe in the applicable prospectus supplement any specific allocation of the proceeds to a particular purpose that the registrant has made at the date of that prospectus

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supplement. Please refer to our annual and quarterly reports incorporated by reference into this prospectus and any prospectus supplement for information concerning each registrant's outstanding long-term debt. See "Where You Can Find More Information."

RATIO OF EARNINGS TO FIXED CHARGES AND RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERENCE SECURITY DIVIDENDS

Exelon

The following are Exelon's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	5.4	4.9	4.9	2.3	2.6	1.1

The following are Exelon's consolidated ratios of earnings to combined fixed charges and preference stock dividends for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to combined fixed charges and preference stock dividends	5.4	4.8	4.9	2.3	2.5	1.1

Generation

The following are Generation's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	10.4	8.5	7.3	2.6	3.3	(a)

(a) The ratio coverage was less than 1:1. Generation required additional earnings of $380 million in order to achieve a coverage ratio of 1:1.

Generation had no preference securities outstanding during the periods indicated; therefore, the ratio of earnings to combined fixed charges and preference security dividends is the same as the ratio of earnings to fixed charges for Generation.

ComEd

The following are ComEd's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	2.9	2.8	3.0	3.0	1.7	3.0

ComEd had no preference securities outstanding during the periods indicated; therefore, the ratio of earnings to combined fixed charges and preference security dividends is the same as the ratio of earnings to fixed charges for ComEd.

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PECO

The following are PECO's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	3.7	3.3	4.7	4.9	5.6	5.1

The following are PECO's consolidated ratios of earnings to combined fixed charges and preference security dividends for each of the periods indicated:

	Years Ended December 31,				
	2009	2010	2011	2012	2013
Ratio of earnings to combined fixed charges and preferred stock dividends	3.6	3.2	4.5	4.7	5.2

On May 1, 2013, PECO redeemed all of its outstanding preferred securities; therefore, the ratio of earnings to combined fixed charges and preferred stock dividends is the same as the ratio of earnings to fixed charges for PECO for the three months ended March 31, 2014.

BGE

The following are BGE's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	2.0	2.7	2.4	1.0	3.6	5.8

The following are BGE's consolidated ratios of earnings to combined fixed charges and preference stock dividends for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to combined fixed charges and preference stock dividends	1.7	2.4	2.1	(a)	3.1	5.0

(a) The ratio coverage was less than 1:1. BGE required additional earnings of $14 million in order to achieve a coverage ratio of 1:1.

DESCRIPTION OF SECURITIES

Each time one of the registrants sells securities, it will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with additional information described under "Where You Can Find More Information."

PLAN OF DISTRIBUTION

We may sell the Securities offered (a) through agents; (b) by underwriters or dealers; (c) directly to one or more purchasers; or (d) through a combination of any of these methods of sale.

In some cases we may also repurchase the Securities and reoffer them to the public by one or more of the methods described above.

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This prospectus may be used in connection with any offering of securities through any of these methods or other methods described in the applicable prospectus supplement.

Any underwriter or agent involved in the offer and sale of the Securities will be named in the applicable prospectus supplement.

By Agents

Offered securities may be sold on a one time or a continuing basis by agents designated by the applicable registrant. The agents will use their reasonable efforts to solicit purchases for the period of their appointment under the terms of an agency agreement between the agents and the applicable issuer.

By Underwriters or Dealers

If underwriters are used in the sale, the underwriters may be designated by the applicable registrant or selected through a bidding process. The securities will be acquired by the underwriters for their own account. The underwriters may resell the Securities in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. Underwriters may sell the Securities to or through dealers, and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or commissions from the purchasers for whom they may act as agents. The obligations of the underwriters to purchase the Securities will be subject to certain conditions. The underwriters will be obligated to purchase all the Securities of the series offered if any of the securities are purchased. Any initial public offering price and any discounts or concessions allowed or re-allowed or paid to dealers may be changed from time to time.

Only underwriters named in the applicable prospectus supplement are deemed to be underwriters in connection with the Securities offered hereby.

If dealers are utilized in the sale of the Securities, the applicable registrant will sell the Securities to the dealers as principals. The dealers may then resell the Securities to the public at varying prices to be determined by such dealers at the time of resale. The names of the dealers and the terms of the transaction will be set forth in the applicable prospectus supplement.

Direct Sales

We may also sell Securities directly to the public. In this case, no underwriters or agents would be involved.

General Information

We may authorize agents, underwriters or dealers to solicit offers by certain institutions to purchase Securities from us at the public offering price pursuant to delayed delivery contracts providing for payment and delivery on a later date or dates, all as described in the applicable prospectus supplement. Each delayed delivery contract will be for an amount not less than, and the aggregate amount of the Securities shall be not less nor more than, the respective amounts stated in the applicable prospectus supplement. Such institutions may include commercial and savings banks, insurance companies, pension funds, investment companies, educational and charitable institutions, and other institutions, but will in all cases be subject to our approval. The delayed delivery contracts will not be subject to any conditions except:

- the purchase by an institution of the Securities covered by its delayed delivery contract shall not, at any time of delivery, be prohibited under the laws of any jurisdiction in the United States to which such delayed delivery contract is subject; and

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- if the Securities are being sold to underwriters, we shall have sold to those underwriters the total amount of the Securities less the amount thereof covered by the delayed delivery contracts. The underwriters will not have any responsibility in respect of the validity or performance of the delayed delivery contracts.

Unless otherwise specified in the related prospectus supplement, each series of the Securities will be a new issue with no established trading market, other than the common stock. Any common stock sold pursuant to a prospectus supplement or issuable upon conversion of another offered Security will be listed on the New York Stock Exchange, subject to official notice of issuance. We may elect to list any of the other securities on an exchange, but are not obligated to do so. It is possible that one or more underwriters may make a market in a series of the Securities, but no underwriter will be obligated to do so and any underwriter may discontinue any market making at any time without notice. We cannot predict the activity of trading in, or liquidity of, our Securities.

In connection with sales by an agent or in an underwritten offering, the SEC rules permit the underwriters or agents to engage in transactions that stabilize the price of the Securities. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters or agents of a greater number of securities than they are required to purchase in an offering. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Securities while an offering is in progress.

The underwriters also may impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the underwriters have repurchased Securities sold by or for the account of that underwriter in stabilizing or short-covering transactions.

These activities by the underwriters may stabilize, maintain or otherwise affect the market price of the Securities. As a result, the price of the Securities may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the underwriters at any time. These transactions may be effected on an exchange or automated quotation system, if the Securities are listed on that exchange or admitted for trading on that automated quotation system, in the over-the-counter market or otherwise.

We may from time to time, without the consent of the existing Security holders, create and issue further Securities having the same terms and conditions as the Securities being offered hereby in all respects, except for issue date, issue price and if applicable, the first payment of interest or dividends therein or other terms as noted in the applicable prospectus supplement. Additional Securities issued in this manner will be consolidated with, and will form a single series with, the previously outstanding securities.

Underwriters, dealers and agents that participate in the distribution of the Securities may be underwriters as defined in the Securities Act of 1933, and any discounts or commissions received by them from us and any profit on the resale of the Securities by them may be treated as underwriting discounts and commissions under the Securities Act.

We may have agreements with the underwriters, dealers and agents to indemnify them against certain civil liabilities, including liabilities under the Securities Act of 1933, or to contribute with respect to payments which the underwriters, dealers or agents may be required to make.

Underwriters, dealers and agents may engage in transactions with, or perform services for, us or our subsidiaries or affiliates in the ordinary course of their businesses.

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LEGAL MATTERS

Ballard Spahr LLP, Philadelphia, Pennsylvania, will render an opinion as to the validity of the Securities for us.

Winston & Strawn LLP, Chicago, Illinois, will render an opinion as to the validity of the Securities for any underwriters, dealers, purchasers or agents. Winston & Strawn LLP provides legal services to Exelon and its subsidiaries from time to time.

EXPERTS

The financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) of Exelon, Generation, ComEd, PECO and BGE incorporated in this prospectus by reference to the combined Annual Reports on Form 10-K for the year ended December 31, 2013 have been so incorporated in reliance on the reports of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

Exelon, Generation, ComEd, PECO and BGE each file reports and other information with the SEC. The public may read and copy any reports or other information that we file with the SEC at the SEC's public reference room, 100 F Street, N.E., Room 1580, Washington, D.C. 20549. The public may obtain information on the operation of the public reference room by calling the SEC at 1-800-SEC-0330. These documents are also available to the public from commercial document retrieval services and at the web site maintained by the SEC at http://www.sec.gov. Reports, proxy statements and other information concerning Exelon may also be inspected at the offices of the New York Stock Exchange, which is located at 20 Broad Street, New York, New York 10005. You may also obtain a copy of the registration statement at no cost by writing us at the following address:

Exelon Corporation
Attn: Investor Relations
10 South Dearborn Street—52nd Floor
P.O. Box 805398
Chicago, IL 60680-5398

This prospectus is one part of a registration statement filed on Form S-3 with the SEC under the Securities Act of 1933, as amended, known as the Securities Act. This prospectus does not contain all of the information set forth in the registration statement and the exhibits and schedules to the registration statement. For further information concerning us and the Securities, you should read the entire registration statement, including this prospectus and any related prospectus supplements, and the additional information described under the sub-heading "Documents Incorporated By Reference" below. The registration statement has been filed electronically and may be obtained in any manner listed above. Any statements contained herein concerning the provisions of any document are not necessarily complete, and, in each instance, reference is made to the copy of such document filed as an exhibit to the registration statement or otherwise filed with the SEC. Each such statement is qualified in its entirety by such reference.

Information about us is also available on Exelon's web site at http://www.exeloncorp.com. The information on Exelon's web site is not incorporated into this prospectus by reference, and you should not consider it a part of this prospectus.

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DOCUMENTS INCORPORATED BY REFERENCE

The SEC allows us to "incorporate by reference" information that we file with the SEC, which means that we can disclose important information to you by referring you to the documents we file with the SEC. The information incorporated by reference is an important part of this prospectus, and information that we file later with the SEC will automatically update and supersede this information. This incorporation by reference does not include documents that are furnished but not filed with the SEC. We incorporate by reference the documents listed below and any future documents that we file with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (known as the Exchange Act) but prior to the termination of any offering of securities made by this prospectus:

Exelon Corporation (Exchange Act File No. 1-16169)

- Exelon's Annual Report on Form 10-K for the year ended December 31, 2013;
- Exelon's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014;
- The description of Exelon's common stock contained in the registration statement on Form 8-A filed under the Securities Exchange Act of 1934, as amended, including any amendment thereto or report filed for the purpose of updating such description; and
- Exelon's Current Reports on Form 8-K filed with the SEC on February 12, 2014, February 13, 2014, February 28, 2014, April 1, 2014, April 30, 2014 and May 7, 2014.

Exelon Generation Company, LLC (Exchange Act File No. 333-85496)

- Generation's Annual Report on Form 10-K for the year ended December 31, 2013;
- Generation's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014; and
- Generation's Current Reports on Form 8-K filed with the SEC on February 12, 2014 and April 1, 2014.

Commonwealth Edison Company (Exchange Act File No. 1-1839)

- ComEd's Annual Report on Form 10-K for the year ended December 31, 2013;
- ComEd's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014; and
- ComEd's Current Reports on Form 8-K filed with the SEC on January 10, 2014 and February 28, 2014.

PECO Energy Company (Exchange Act File No. 000-16844)

- PECO's Annual Report on Form 10-K for the year ended December 31, 2013; and
- PECO's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014.

Baltimore Gas and Electric Company (Exchange Act File No. 1-1910)

- BGE's Annual Report on Form 10-K for the year ended December 31, 2013;
- BGE's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014; and
- BGE's Current Reports on Form 8-K filed with the SEC on February 13, 2014 and May 16, 2014.

Upon written or oral request, we will provide without charge to each person, including any beneficial owner, to whom this prospectus is delivered, a copy of any or all of such documents which are incorporated herein by reference (other than exhibits to such documents unless such exhibits are specifically incorporated by reference

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into the documents that this prospectus incorporates). Written or oral requests for copies should be directed to Exelon Corporation, Attn: Investor Relations, 10 South Dearborn Street, 52nd Floor, P.O. Box 805398, Chicago, IL 60680-5398, 312-394-2345.

Any statement contained in this prospectus, or in a document all or a portion of which is incorporated by reference, shall be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus, any supplement or any document incorporated by reference modifies or supersedes such statement. Any such statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this prospectus.

All reports and other documents subsequently filed by us pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act, prior to the filing of a post-effective amendment, which indicates that all of a class of securities offered hereby have been sold or which deregisters all of a class of securities then remaining unsold, shall be deemed incorporated by reference herein and to be a part hereof from the date of filing of such documents.

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Exelon Generation Company, LLC

% Senior Notes due 2020

PROSPECTUS SUPPLEMENT

Barclays
Morgan Stanley

Citigroup
Credit Suisse
J.P. Morgan

January , 2015

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CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Proposed maximum aggregate offering price	Amount of registration fee
Senior Debt Securities	$749,857,500.00	$87,133.44

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Filed Pursuant to Rule 424(b)(2)
Registration No. 333-196220-04

PROSPECTUS SUPPLEMENT
(To Prospectus Dated May 23, 2014)

$750,000,000

Exelon Generation Company, LLC

2.950% Senior Notes due 2020

The $750,000,000 2.950% Senior Notes due 2020 (the Senior Notes) will bear interest at the rate of 2.950%. Interest on the Senior Notes is payable on January 15 and July 15 of each year, beginning on July 15, 2015. The Senior Notes will mature on January 15, 2020. We may redeem some or all of the Senior Notes at any time at the redemption prices described under the caption "Description of Senior Notes—Redemption at Our Option."

The Senior Notes will be our senior unsecured obligations and will rank equally with all of our other senior unsecured indebtedness.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Senior Notes or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Investing in the Senior Notes involves risks. See "Risk Factors" on page S-5.

	Per Senior Note	Total
Public Offering Price (1)	99.981%	$749,857,500
Underwriting Discount	0.600%	$ 4,500,000
Proceeds, before expenses, to us	99.381%	$745,357,500

(1) Plus accrued interest from January 13, 2015, if settlement occurs after that date.

The underwriters expect to deliver the Senior Notes in book-entry form only through the facilities of The Depository Trust Company, including Clearstream Banking, socíeté anonyme and/or Eurostream Bank S.A./N.V., against payment in New York, New York on or about January 13, 2015.

Joint Book-Running Managers

Barclays **Morgan Stanley**

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Citigroup **Credit Suisse** **J.P. Morgan**

Co-Managers

Ramirez & Co., Inc. **Telsey Advisory Group**

The date of this prospectus supplement is January 8, 2015

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You should rely only on the information contained or incorporated by reference in this prospectus supplement. We have not authorized anyone to provide you with different information. We are not, and the underwriters are not making an offer of these securities in any jurisdiction where the offer is prohibited. You should not assume that the information contained in this prospectus supplement is accurate as of any date other than the date on the front of this prospectus supplement.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement and the accompanying prospectus contain information about our company and about the Senior Notes. They also refer to information contained in other documents that we file with the Securities and Exchange Commission (SEC). If this prospectus supplement is inconsistent with the accompanying prospectus or the documents that are incorporated by reference in this prospectus supplement and the accompanying prospectus, rely on this prospectus supplement.

Except as otherwise provided herein, when we refer to “Generation,” “the Company,” “we,” “our” or “us” in this prospectus supplement, we mean Exelon Generation Company, LLC together with our subsidiaries.

FORWARD-LOOKING STATEMENTS

This prospectus supplement and the documents incorporated or deemed incorporated by reference as described under the heading “Where You Can Find More Information” contain forward-looking statements that are not based entirely on historical facts and are subject to risks and uncertainties. Words such as “believes,” “anticipates,” “expects,” “intends,” “plans,” “predicts” and “estimates” and similar expressions are intended to identify forward-looking statements but are not the only means to identify those statements. These forward-looking statements are based on assumptions, expectations and assessments made by our management in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe to be appropriate. Any forward-looking statements are not guarantees of our future performance and are subject to risks and uncertainties.

The factors that could cause actual results to differ materially from the forward-looking statements include: (a) any risk factors discussed in this prospectus supplement and the accompanying prospectus; (b) those factors discussed in the following sections of Generation’s 2013 Annual Report on Form 10-K: ITEM 1A. Risk Factors, ITEM 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations and ITEM 8. Financial Statements and Supplementary Data: Note 22, as updated by the following sections of Generation’s Quarterly Report on Form 10-Q for the quarters ended March 31, 2014, June 30, 2014 and September 30, 2014: Part I, Financial Information, ITEM 1. Financial Statements: Note 18, ITEM 2. Management’s Discussion and Analysis of Financial Information and Results of Operations and Part II, ITEM 1A. Risk Factors; and (c) other factors discussed herein and in other filings with the SEC by Generation, as applicable.

You are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date on the front of this prospectus or, as the case may be, as of the date on which we make any subsequent forward-looking statement that is deemed incorporated by reference. We do not undertake any obligation to update or revise any forward-looking statement to reflect events or circumstances after the date as of which any such forward-looking statement is made.

EXELON GENERATION COMPANY, LLC

Generation, one of the largest competitive electric generation companies in the United States as measured by owned and contracted MW, physically delivers and markets power across multiple geographic regions through its customer-facing business, Constellation. Generation operates in well-developed energy markets and employs an integrated hedging strategy to manage commodity price volatility. Its generation fleet, including its nuclear plants which consistently operate at high capacity factors, also provide geographic and supply source diversity. These factors help Generation mitigate the current challenging conditions in competitive energy markets. Generation operates as an integrated business, leveraging its owned and contracted electric generation capacity to market and sell power to wholesale and retail customers. Generation’s customers include distribution utilities, municipalities, cooperatives, financial institutions, and commercial, industrial, governmental, and

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residential customers in competitive markets. Generation has six reportable segments consisting of the Mid-Atlantic, Midwest, New England, New York, ERCOT and other regions not considered individually significant.

Generation was formed in 2000 as a Pennsylvania limited liability company. Generation began operations as a result of a corporate restructuring, effective January 1, 2001, in which Exelon Corporation (Exelon) separated its generation and other competitive businesses from its regulated energy delivery businesses at Commonwealth Edison Company (ComEd) and PECO Energy Company (PECO). Generation's principal executive offices are located at 300 Exelon Way, Kennett Square, Pennsylvania 19348, and its telephone number is 610-765-5959.

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SUMMARY FINANCIAL INFORMATION

We have provided the following summary financial information for your reference. We have derived the summary information presented here from the financial statements we have incorporated by reference into this prospectus supplement and the accompanying prospectus. You should read it together with our historical consolidated financial statements and the related notes incorporated by reference in this prospectus supplement and the accompanying prospectus. See "Where You Can Find More Information" in this prospectus supplement.

	Year Ended December 31,			Nine Months Ended September 30,	
	2013	2012	2011	2014	2013
	($ in millions)			($ in millions) (unaudited)	
Income Statement Data					
Total operating revenues	$15,630	$14,437	$10,447	$12,591	$11,858
Operating income	1,664	1,120	2,875	927	1,259
Net income	1,060	558	1,771	1,037	795
Cash Flow Data					
Cash interest paid, net of amount capitalized .	$ (291)	$ (286)	$ (158)	$ (187)	$ (169)
Capital expenditures	(2,752)	(3,554)	(2,491)	(1,961)	(1,995)
Net cash flows provided by operating activities	3,887	3,581	3,313	1,784	2,657
Net cash flows used in investing activities	(2,916)	(2,629)	(3,077)	(1,431)	(2,149)
Net cash flows (used in) provided by financing activities	(384)	(777)	(196)	(300)	(251)

	As of December 31,			As of September 30, 2014
	2013	2012	2011	
	($ in millions)			($ in millions) (unaudited)
Balance Sheet Data				
Property, plant and equipment, net	$20,111	$19,531	$13,475	$ 23,143
Deferred debits and other assets	14,682	14,939	10,741	14,418
Total assets (a)	41,232	40,681	27,433	45,019
Long-term debt, including current Maturities (b)	6,206	5,476	3,677	6,814
Long-term debt to affiliate, including current maturities	1,523	2,007	—	1,506
Total liabilities (a)	28,490	28,016	18,725	30,693
Total member's equity	12,725	12,557	8,703	13,063

(a) Generation's consolidated assets include $7,703 million and $1,695 million at September 30, 2014 and December 31, 2013, respectively, of certain variable interest entities (VIEs) that can only be used to settle the liabilities of the VIE. Generation's consolidated liabilities include $2,338 million and $362 million at September 30, 2014 and December 31, 2013, respectively, of certain VIEs for which the VIE creditors do not have recourse to Generation.

(b) Includes long-term debt of variable interest entities.

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THE OFFERING

For a more complete description of the terms of the Senior Notes, see "Description of Senior Notes."

Issuer	Exelon Generation Company, LLC.
Securities Offered	An aggregate of $750,000,000 of 2.950% Senior Notes due 2020.
Interest	Interest on the Senior Notes will accrue at a rate of 2.950% per year. Interest will be payable semi-annually in arrears on January 15 and July 15 of each year, beginning on July 15, 2015.
Maturity	The Senior Notes will mature on January 15, 2020.
Ranking	The Senior Notes will be senior unsecured obligations of Generation and will rank *pari passu* with all of our senior unsecured indebtedness. The Senior Notes will be effectively subordinated to all liabilities of our subsidiaries, and our ability to pay principal and interest on the Senior Notes could be affected by the ability of our subsidiaries to declare and distribute dividends or otherwise transfer assets to us.
Optional Redemption	Prior to December 15, 2019, we may redeem the Senior Notes in whole or in part, at our option at any time, at a redemption price equal the redemption prices described under the caption "Description of Senior Notes—Redemption at Our Option." At any time on or after December 15, 2019, we may redeem the Senior Notes in whole or in part at 100% of the principal amount of the Senior Notes, plus accrued interest on the principal amount being redeemed to the redemption date.
Certain Covenants	We have agreed to certain limitations on our ability to, among other things, engage in mergers, consolidations or similar transactions, create liens and engage in sale and leaseback transactions. See "Description of Senior Notes—Covenants."
Use of Proceeds	We intend to use the net proceeds from the sale of the Senior Notes, after deducting underwriters' discounts and commissions and other estimated fees and expenses to fund the optional redemption of Exelon's $550,000,000 4.550% Senior Notes due June 15, 2015 and for general corporate purposes. See "Use of Proceeds."
Trustee	U.S. Bank National Association.
Book-Entry Form	The Senior Notes will be issued in book-entry form through the facilities of The Depository Trust Company (DTC), including Clearstream Banking, socíeté anonyme and/or Eurostream Bank S.A./N.V. See "Description of Senior Notes—Book-Entry Delivery."
Risk Factors	You should carefully consider all of the information set forth in this prospectus supplement and, in particular, you should evaluate the specific factors set forth under "Risk Factors" in deciding whether to invest in the Senior Notes.
Governing Law	Commonwealth of Pennsylvania.

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RISK FACTORS

Your investment in the Senior Notes will involve various risks. Before investing in the Senior Notes, you should carefully consider the following discussion as well as the other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus, including the information under ITEM 1A. Risk Factors of our 2013 Annual Report on Form 10-K.

Exelon could exercise control over us to the detriment of holders of the Senior Notes.

Exelon, as our ultimate parent, controls all matters submitted for member approval and has control over our management and affairs. In circumstances involving a conflict of interest between Exelon, on the one hand, and our creditors, on the other, we can give no assurance that Exelon would not exercise its power to control us in a manner that would benefit Exelon to the detriment of our creditors, including the holders of the Senior Notes.

There may be no public market for the Senior Notes.

We can give no assurances concerning the liquidity of any markets that may develop for the Senior Notes offered by this prospectus supplement, the ability of any investor to sell any of the Senior Notes or the price at which investors would be able to sell them. If markets for the Senior Notes do not develop, investors may be unable to resell the Senior Notes for an extended period of time, if at all. If markets for the Senior Notes do develop, they may not continue or it may not be sufficiently liquid to allow holders to resell any of the Senior Notes. Consequently, investors may not be able to liquidate their investment readily, and lenders may not readily accept the Senior Notes as collateral for loans.

The Indenture does not restrict the amount of additional debt that we may incur.

The Senior Notes and Indenture (as defined below) pursuant to which the Senior Notes will be issued do not place any limitation on the amount of unsecured debt that we or our subsidiaries may incur. Our incurrence of additional debt may have important consequences for you as a holder of the Senior Notes, including making it more difficult for us to satisfy our obligations with respect to the Senior Notes, a loss in the trading value of your Senior Notes and a risk that one or more of the credit ratings of the Senior Notes are lowered or withdrawn.

The Senior Notes will be structurally subordinated to the liabilities of our subsidiaries.

Because Generation conducts a portion of its operations through its subsidiaries, the Senior Notes will be structurally subordinated to the liabilities of its subsidiaries. The rights of Generation, and the rights of its creditors, including the holders of the Senior Notes, to participate in any distribution of the assets of any of its subsidiaries upon that subsidiary's liquidation or reorganization or otherwise are necessarily subject to the prior claims of creditors of that subsidiary, except to the extent that Generation's claims as a creditor of that subsidiary may be recognized.

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USE OF PROCEEDS

The net proceeds of this offering, after deducting the underwriting discounts and commissions and estimated offering expenses payable by us, are expected to be approximately $744,157,500. We intend to use the net proceeds from this offering to fund the optional redemption of Exelon's $550,000,000 4.550% Senior Notes due June 15, 2015 and for general corporate purposes. Pending our use of the net proceeds, we may temporarily invest them in short-term, interest-bearing obligations.

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CAPITALIZATION

The following table sets forth our capitalization as of September 30, 2014 (1) on an actual basis and (2) on an as adjusted basis to give effect to the issuance of Senior Notes offered hereby. This table should be read in conjunction with our consolidated financial statements and related notes for the nine months ended September 30, 2014, incorporated by reference in this prospectus supplement and the accompanying prospectus. See "Where You Can Find More Information" in this prospectus supplement.

	As of September 30, 2014	
	Actual	As Adjusted
	($ in millions)	
Cash and cash equivalents	$ 1,311	$ 2,055
Long-term debt:		
Long-term debt, including $73 million of current maturities	$ 6,814	$ 7,564
Long-term debt to affiliate, including $560 million of current maturities (1)	1,506	1,506
Total member's equity	13,063	13,063
Total capitalization, including $633 million of current maturities (1)	$21,383	$ 24,188

(1) Includes $550 million of Exelon's 4.550% Senior Notes due June 15, 2015 that will be redeemed using a portion of the proceeds of this offering. See "Use of Proceeds."

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RATIO OF EARNINGS TO FIXED CHARGES

The following table provides our consolidated ratio of earnings to fixed charges:

	Years Ended December 31,					Nine Months Ended September 30, 2014
	2009	2010	2011	2012	2013	
Ratio of earnings to fixed charges	10.4	8.5	7.3	2.6	3.3	3.4

The ratio of earnings to fixed charges represents, on a pre-tax basis, the number of times earnings cover fixed charges. Earnings consist of pre-tax net income from continuing operations after adjustment for income from equity investees and capitalized interest or allowance for funds used during construction, to which has been added fixed charges. Fixed charges consist of interest costs and amortization of debt discount and premium on all indebtedness and the estimated interest portion of all rental expense.

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DESCRIPTION OF SENIOR NOTES

General

The Senior Notes will be issued under an indenture dated as of September 28, 2007 (Indenture), between us and U.S. Bank National Association, as trustee. The Indenture provides for issuance from time to time of debt securities in series (including the Senior Notes issued in this offering) in an unlimited amount. We may issue, without notice to, or the consent of, the holders of the Senior Notes offered hereby, additional securities under the Indenture from time to time.

The Senior Notes:

- will be general unsecured obligations of Generation;
- will be *pari passu* in right of payment with all of our other unsecured and unsubordinated indebtedness from time to time outstanding; and
- will be senior in right of payment to any future subordinated indebtedness of Generation.

All debt securities, including the Senior Notes, issued and to be issued under the Indenture will be our unsecured general obligations and will rank equally with all of our other unsecured and unsubordinated indebtedness from time to time outstanding. Because Generation conducts a portion of its operations through its subsidiaries, these notes will be structurally subordinated to the liabilities of its subsidiaries. The rights of Generation, and the rights of its creditors, including the holders of the Senior Notes, to participate in any distribution of the assets of any of its subsidiaries upon that subsidiary's liquidation or reorganization or otherwise are necessarily subject to the prior claims of creditors of that subsidiary, except to the extent that Generation's claims as a creditor of that subsidiary may be recognized.

The Senior Notes will not be guaranteed by, or otherwise be obligations of, our parent Exelon or any of our direct or indirect subsidiaries or affiliates. References in this description of the Senior Notes to "we," "our" or the "company" are to Exelon Generation Company, LLC and not its subsidiaries and references to "indenture securities" means debt securities issued under the Indenture, including the Senior Notes.

In the discussion that follows, references to paying principal on the Senior Notes are to payment at maturity or redemption.

The following summaries of certain provisions of the Senior Notes and the Indenture do not purport to be complete and are subject, and qualified in their entirety by reference, to all of the provisions of the Senior Notes and the Indenture, including the definitions of terms therein. We recommend that you read the Indenture, a copy of which may be obtained from the trustee.

Principal, Maturity and Interest

The Senior Notes will be unlimited in aggregate principal amount. The Senior Notes initially will be issued in the aggregate principal amount for that series set forth above. We may, without the consent of the holders of the Senior Notes offered in this prospectus supplement, create and issue additional notes ranking equally with the Senior Notes and otherwise similar in all respects (except for the public offering price and issue date) so that such additional notes shall be consolidated and form a single series with the Senior Notes. No additional notes can be issued if an event of default exists with respect to the Senior Notes. The Senior Notes will be issued in book-entry form only in denominations of $2,000 and multiples of $1,000 in excess thereof.

The Senior Notes will mature on January 15, 2020. Interest on the Senior Notes will be payable semi-annually on January 15 and July 15 of each year, beginning on July 15, 2015 until the principal on the Senior Notes is paid or made available for payment. Interest on the Senior Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of issuance. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

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Redemption at Our Option

At any time prior to December 15, 2019 we may redeem the Senior Notes in whole or in part, at our option at any time, at a redemption price equal to the greater of:

(1) 100% of the principal amount of the Senior Notes; or

(2) the sum of the present values of the remaining scheduled payments of principal and interest thereon (exclusive of interest accrued to the date of redemption) discounted to the redemption date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below) plus, as applicable, 25 basis points.

plus, in any case, accrued interest on the principal amount being redeemed to the redemption date.

At any time on or after December 15, 2019, we may redeem the Senior Notes in whole or in part at 100% of the principal amount of the Senior Notes, plus accrued interest on the principal amount being redeemed to the redemption date.

"Comparable Treasury Issue" means the United States Treasury security or securities selected by an Independent Investment Banker (as defined below) as having an actual or interpolated maturity comparable to the remaining term of the Senior Notes being redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Senior Notes.

"Comparable Treasury Price" means, with respect to any redemption date, (1) the average of the Reference Treasury Dealer Quotations (as defined below) for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (2) if the trustee obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

"Independent Investment Banker" means one of the Reference Treasury Dealers (as defined below) appointed by the trustee after consultation with us.

"Reference Treasury Dealer" means each of Barclays Capital, Inc. and Morgan Stanley & Co. LLC, their respective successors, and two other primary U.S. Government securities dealers in The City of New York (Primary Treasury Dealer) selected by us. If any Reference Treasury Dealer shall cease to be a Primary Treasury Dealer, we will substitute another Primary Treasury Dealer for that dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the trustee by such Reference Treasury Dealer at 3:30 p.m. New York City time on the third business day preceding such redemption date.

"Treasury Rate" means, with respect to any redemption date, the rate per annum equal to the semiannual equivalent yield to maturity or interpolated (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

We will mail notice of any redemption at least 30 days but not more than 60 days before the redemption date to each registered holder of Senior Notes to be redeemed.

Unless we default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the Senior Notes or portions thereof called for redemption.

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Covenants

Affirmative Covenants

The Indenture provides that we comply with the following affirmative covenants:

- punctually pay principal and interest on the indenture securities;
- if the indenture securities are no longer in book-entry form, maintain an office in New York, New York where indenture securities may be presented for payment, exchange and transfer;
- appoint a trustee to fill any vacancy;
- issue a certificate to the trustee on January 31 each year indicating whether we have complied with all covenants and conditions in the Indenture;
- maintain our limited liability company existence; and
- pay our taxes and other assessments and claims as they become due, unless they are being contested in good faith.

Mergers and Consolidations

We will not consolidate with or merge with or into any other person, or sell, convey, transfer or lease our properties and assets substantially as an entirety to any person, and we will not permit any person to consolidate with or merge with or into us, unless:

- immediately prior to and immediately following such consolidation, merger, sale or lease, no Event of Default under the Indenture shall have occurred and be continuing; and
- we are the surviving or continuing entity, or the surviving or continuing entity or entity that acquires by sale, conveyance, transfer or lease is organized in the United States or under the laws of a foreign jurisdiction and consents to the jurisdiction of the courts of the United States and in either case expressly assumes the payment and performance of all of our obligations under the Indenture and the Senior Notes.

Limitation on Liens

We may not issue, assume, guarantee or permit to exist any Indebtedness secured by any lien on any of our property, whether owned on the date that the Senior Notes are issued or thereafter acquired, without in any such case effectively securing the outstanding Senior Notes (together with, if we shall so determine, any other Indebtedness of or guaranteed by us ranking equally with the Senior Notes) equally and ratably with such Indebtedness (but only so long as such Indebtedness is so secured); provided that the foregoing restriction shall not apply to the following permitted liens:

(1) pledges or deposits in the ordinary course of business in connection with bids, tenders, contracts or statutory obligations or to secure surety or performance bonds;

(2) liens imposed by law, such as carriers', warehousemen's and mechanics' liens, arising in the ordinary course of business;

(3) liens for property taxes being contested in good faith;

(4) minor encumbrances, easements or reservations which do not in the aggregate materially adversely affect the value of the properties or impair their use;

(5) liens on property existing at the time of acquisition thereof by us, or to secure any Indebtedness incurred by us prior to, at the time of, or within 90 days after the later of the acquisition, the completion of construction (including any improvements on an existing property) or the commencement of commercial operation of the property, which Indebtedness is incurred for the purpose of financing all or any part of the purchase price or construction or improvements;

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(6) liens to secure purchase money Indebtedness not in excess of the cost or value of the property acquired;

(7) liens securing obligations issued by a state, territory or possession of the United States, or any political subdivision of any of the foregoing or the District of Columbia, to finance the acquisition or construction of property, and on which the interest is not, in the opinion of tax counsel of recognized standing or in accordance with a ruling issued by the Internal Revenue Service, includible in gross income of the holder by reason of Section 103(a)(1) of the Internal Revenue Code of 1986, as amended (or any successor to such provision) as in effect at the time of the issuance of such obligations; and

(8) other liens to secure Indebtedness so long as the amount of outstanding Indebtedness secured by liens pursuant to this clause (8) does not exceed 10% of our consolidated net tangible assets.

In the event that we shall propose to pledge, mortgage or hypothecate any property to secure Indebtedness, other than as permitted by clauses (1) through (8) of the previous paragraph, we shall (prior thereto) give written notice thereof to the trustee, who shall give notice to the holders, and we shall, prior to or simultaneously with such pledge, mortgage or hypothecation, effectively secure, all the Senior Notes equally and ratably with such Indebtedness. The Indenture does not limit our Subsidiaries' ability to issue, assume, guarantee or permit to exist any Indebtedness secured by any lien on any of such Subsidiary's property, whether owned on the date the Senior Notes are issued or thereafter acquired, provided that such Indebtedness is limited in recourse only to such Subsidiary.

As used in this prospectus supplement, "Indebtedness" of any person means (1) all indebtedness of such person for borrowed money, (2) all obligations of such person evidenced by senior notes, debentures, notes or other similar instruments, (3) all obligations of such person to pay the deferred purchase price of property or services, (4) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even though the rights and remedies of the seller or lender under such agreement in the event of the default are limited to repossession or sale of such property), (5) all capital lease obligations of such person (excluding leases of property in the ordinary course of business), and (6) all Indebtedness of the type referred to in clauses (1) through (5) above secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any lien or security interest on property.

As used in this prospectus supplement, "Subsidiary" means any corporation or other entity of which sufficient voting stock or other ownership or economic interests having ordinary voting power to elect a majority of the board of directors (or equivalent body) are at the time directly or indirectly held by us.

Restriction on Sales and Leasebacks

We may not enter into any sale and leaseback transaction with any Subsidiary. In addition, we may not enter into any sale and leaseback transaction unless we comply with this restrictive covenant. A "sale and leaseback transaction" generally is an arrangement between us and a Subsidiary, bank, insurance company or other lender or investor where we lease real or personal property which was or will be sold by us to that Subsidiary, lender or investor.

We can comply with this restrictive covenant if we meet either of the following conditions:

- the sale and leaseback transaction is entered into prior to, concurrently with or within 90 days after the acquisition, the completion of construction (including any improvements on an existing property) or the commencement of commercial operations of the property; or
- we could otherwise grant a lien on the property as a permitted lien described in "—Limitation on Liens."

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Events of Default

We will be subject to an "event of default" under the Indenture if any of the following occurs:

- failure to pay interest for 60 days after the date payment is due and payable; provided that if we extend an interest payment period in accordance with the terms of the indenture securities, the extension will not be a failure to pay interest;
- failure to pay principal or premium, if any, on any indenture security when due, either at maturity, upon any redemption, by declaration or otherwise;
- failure to make any sinking fund payments when due;
- failure to perform other covenants under the Indenture for 60 days after the trustee has notified us that performance was required; or
- bankruptcy, insolvency or reorganization of our company.

In addition to the events of default described in the Indenture, an event of default under the Senior Notes will include:

- an event of default, as defined in any of our instruments under which there may be issued, or by which there may be secured or evidenced, any Indebtedness of our company that has resulted in the acceleration of such Indebtedness, or any default occurring in payment of any such Indebtedness at final maturity (and after the expiration of any applicable grace periods), other than such Indebtedness the principal of which, and interest on which, does not individually, or in the aggregate, exceed $100,000,000; or
- one or more final judgments, decrees or orders of any court, tribunal, arbitrator, administrative or other governmental body or similar entity for the payment of money shall be rendered against us or any of our properties in an aggregate amount in excess of $100,000,000 (excluding the amount thereof covered by insurance) and such judgment, decree or order shall remain unvacated, undischarged and unstayed for more than 60 consecutive days, except while being contested in good faith by appropriate proceedings.

We will be required to file annually with the trustee a certificate, signed by an officer of our company, stating whether or not the officer knows of any default by us in the performance, observance or fulfillment of any condition or covenant of the Indenture. The Indenture provides that the trustee may withhold notice of a default (except payment defaults) to the holders of indenture securities of the series to which the default applies if the trustee considers it in the interests of those holders of those indenture securities to do so.

An event of default for a particular series of indenture securities does not necessarily constitute an event of default for any other series of indenture securities issued under the Indenture. If an event of default relating to the payment of interest, principal or any sinking fund installment involving any series of indenture securities has occurred and is continuing, the trustee or the holders of not less than 25% in aggregate principal amount of outstanding indenture securities of each affected series may declare the entire principal amount of all the indenture securities of that series (or, if the indenture securities of that series are original issue discount securities, that portion of the principal amount as may be specified in the terms thereof) to be due and payable immediately.

Where an event of default has occurred and is continuing with respect to the outstanding indenture securities of a series, the trustee is under no obligation to exercise any of its rights or powers under the Indenture at the request, order or direction of the holders of the outstanding indenture securities of that series, unless those holders have offered the trustee reasonable indemnity against the expenses and liabilities that it might incur in compliance with the request that the trustee take action in response to an event of default. Subject to these provisions for the indemnification of the trustee, the holders of a majority in principal amount of the outstanding

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indenture securities of a series will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee, or exercising any trust or power conferred on the trustee with respect to the indenture securities of that series.

The holders of a majority in principal amount of the outstanding indenture securities of a series may, on behalf of the holders of all indenture securities of that series, waive any past default under the Indenture with respect to that series and its consequences, except a default (1) in payment of the principal of (or premium, if any) or interest, or any additional amounts payable in respect of any indenture security of that series or (2) in respect of a covenant or provision that cannot be modified or amended without the consent of the holder of each affected outstanding indenture security of that series.

The Indenture imposes limitations on suits brought by holders of indenture securities against us. Except for actions for payment of overdue principal or interest, no holder of indenture securities of any series may institute any action against us under the Indenture unless:

- the holder has previously given to the trustee written notice of default and continuance of that default;
- the holders of at least 25% in principal amount of the affected outstanding indenture securities have requested that the trustee institute the action;
- the requesting holders have offered the trustee reasonable indemnity for expenses and liabilities that may be incurred by bringing the action;
- the trustee has not instituted the action within 60 days after the request; and
- the trustee has not received inconsistent direction by the holders of a majority in principal amount of the outstanding indenture securities of that series.

Modification or Waiver

The Indenture provides that the trustee and we may modify and amend the Indenture and enter into supplemental indentures without the consent of any holders of indenture securities to:

- evidence the assumption by a successor corporation of our obligations;
- add covenants for the protection of the holders of indenture securities;
- cure any ambiguity or correct any inconsistency in the Indenture, provided that this action does not adversely affect the interests of holders of any series of indenture securities in any material respect;
- evidence and provide for the acceptance of appointment by a successor trustee; and
- to make any change that would provide any additional rights or benefits to the holders of indenture securities or that does not adversely affect the legal rights under the Indenture of any holder.

The Indenture also provides that the trustee and we may, with the consent of the holders, add, eliminate or modify in any way the provisions of the Indenture or modify in any manner the rights of the holders of the indenture securities. Consent of the holders means holders of not less than a majority in aggregate principal amount of indenture securities of all affected series then outstanding, voting as one class. We cannot do this, however, for those matters requiring the consent of each holder as described below.

The trustee and we may not without the consent of the holder of each outstanding indenture security affected thereby:

- extend the final maturity of any indenture security;
- reduce the principal amount or premium, if any;
- reduce the rate or extend the time of payment of interest;

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- reduce any amount payable on redemption;
- reduce the amount of the principal of any indenture security issued with an original issue discount that is payable upon acceleration or provable in bankruptcy;
- impair the right to sue for the enforcement of any payment on any indenture security when due; or
- reduce the percentage of holders of indenture securities of any series whose consent is required for any modification of the Indenture.

In determining whether the holders of the requisite principal amount of outstanding indenture securities have given any request, demand, authorization, direction, notice, consent or waiver under the Indenture, (1) the principal amount of an original issue discount security that will be deemed to be outstanding will be the amount of the principal thereof that would then be due and payable upon acceleration of the maturity thereof and (2) indenture securities owned by us or any other obligor upon the indenture securities or any affiliate of ours or of any other obligor will be disregarded.

Satisfaction and Discharge, Defeasance and Covenant Defeasance

We may discharge obligations to holders of Senior Notes that have not already been delivered to the trustee for cancellation and that have either become due and payable or are to become due and payable, or are scheduled for redemption, within one year. We may discharge these obligations by irrevocably depositing with the trustee cash or "U.S. Government Obligations" (as defined below), as trust funds, in an amount certified to be enough to pay when due, whether at maturity, upon redemption or otherwise, the principal of and interest on the Senior Notes.

We may also discharge any and all of our obligations to holders of Senior Notes at any time, referred to as "defeasance." We may also be released from the obligations imposed by any covenants of the Senior Notes and provisions of the Indenture, and we may avoid complying with those covenants without creating an event of default under the Indenture, referred to as "covenant defeasance." We may effect defeasance and covenant defeasance only if, among other things:

- we irrevocably deposit with the trustee cash or U.S. Government Obligations, as trust funds, in an amount certified to be enough to pay at maturity, or upon redemption, the principal, and interest on all outstanding Senior Notes; and
- we deliver to the trustee an opinion of counsel from a nationally recognized law firm to the effect that (1) in the case of covenant defeasance, the holders of the series of indenture securities will not recognize income, gain or loss for U.S. federal income tax purposes as a result of that defeasance, and will be subject to tax in the same manner and at the same time as if no covenant defeasance had occurred and (2) in the case of defeasance, either we have received from, or there has been published by, the Internal Revenue Service a ruling or there has been a change in applicable U.S. federal income tax law, and based thereon, the holders of the series of indenture securities will not recognize income, gain or loss for U.S. federal income tax purposes as a result of that defeasance, and will be subject to tax in the same manner as if no defeasance had occurred.

Although we may discharge or decrease our obligations under the Senior Notes and the Indenture as described in the two preceding paragraphs, we may not avoid, among other things, the rights and obligations of the trustee under the Indenture, to register the transfer or exchange of Senior Notes, to replace any temporary, mutilated, destroyed, lost or stolen Senior Notes or to maintain an office or agency in respect of any series of indenture securities.

If we effect covenant defeasance with respect to any Senior Notes and those Senior Notes are declared due and payable because of the occurrence of any event of default other than the event of default resulting from a

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failure to comply with any covenant in the Indenture after the notice served therefor has elapsed, the amount of U.S. Government Obligations and funds on deposit with the trustee will be sufficient to pay amounts due on those Senior Notes at the time of their stated maturity but may not be sufficient to pay amounts due on those Senior Notes at the time of the acceleration resulting from that event of default. In that case, we would remain liable to make payment of those amounts due at the time of acceleration.

If the trustee or any paying agent is prevented by a court or governmental authority from applying any money deposited with the trustee in accordance with the Indenture, then our obligations under the Indenture and the Senior Notes shall be revived and reinstated as though no deposit had occurred pursuant to the Indenture. Thereafter, our obligation will continue until such time as the trustee or paying agent is permitted to apply all money in accordance with the Indenture. Any payment of principal of (or premium, if any) or interest that we make on any Senior Note following the reinstatement of our obligations will be subrogated to the rights of the holders of those Senior Notes to receive such payment from the money held by the trustee or paying agent.

As used above, "U.S. Government Obligations" means securities that are (1) direct obligations of the United States or (2) obligations of a person controlled or supervised by and acting as an agency or instrumentality of the United States, the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States, which are not callable or redeemable at the option of the issuer thereof.

Concerning the Trustee

We and our affiliates use or will use some of the banking services of the trustee in the normal course of business.

Governing Law

The Indenture and the Senior Notes will be governed by the laws of the Commonwealth of Pennsylvania.

Book-Entry System

We will issue the Senior Notes in the form of one or more global notes in fully registered form initially in the name of Cede & Co., as nominee of DTC, or such other name as may be requested by an authorized representative of DTC. The global Senior Notes will be deposited with DTC and may not be transferred except as a whole by DTC to a nominee of DTC or by a nominee of DTC to DTC or another nominee of DTC or by DTC or any nominee to a successor of DTC or a nominee of such successor.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended (Exchange Act). DTC holds and provides asset servicing for (over 3.5 million issues of) U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants (direct participants) deposit with DTC. DTC also facilitates the post-trade settlement among direct participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between direct participants' accounts. This eliminates the need for physical movement of securities certificates. Direct participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (DTCC). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a direct

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participant, either directly or indirectly (indirect participants). The rules applicable to DTC and its direct and indirect participants are on file with the SEC. More information about DTC can be found at www.dtcc.com. We do not intend this internet address to be an active link or to otherwise incorporate the content of the website into this prospectus supplement.

Clearstream advises that it is incorporated under the laws of Luxembourg as a bank. Clearstream holds securities for its customers and facilitates the clearance and settlement of securities transactions between its customers through electronic book-entry transfers between their accounts. Clearstream provides to its customers among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream interfaces with domestic securities markets in over 30 countries through established depository and custodial relationships. As a bank, Clearstream is subject to regulation by the Luxembourg Commission for the Supervision of the Financial Sector, also known as the *Commission de Surveillance du Secteur Financier*. Its customers are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Its customers in the United States are limited to securities brokers and dealers and banks. Indirect access to Clearstream is also available to other institutions such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with the customer.

Euroclear advises that it was created in 1968 to hold securities for its participants and to clear and settle transactions between Euroclear participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Euroclear provides various other services, including securities lending and borrowing and interfaces with domestic markets in several countries. Euroclear is operated by Euroclear Bank S.A./N.V. Euroclear Clearance establishes policy for Euroclear on behalf of Euroclear participants. Euroclear participants include banks, including central banks, securities brokers and dealers and other professional financial intermediaries and may include the Initial purchasers. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear participant, either directly or indirectly. Securities clearance accounts and cash accounts with the Euroclear operator are governed by the terms and conditions governing use of Euroclear and the related operating procedures of Euroclear. These terms and conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear operator acts under the terms and conditions only on behalf of Euroclear participants and has no record of or relationship with persons holding through Euroclear participants.

Euroclear further advises that investors that acquire, hold and transfer interests in the Senior Notes by book-entry through accounts with the Euroclear operator or any other securities intermediary are subject to the laws and contractual provisions governing their relationship with their intermediary, as well as the laws and contractual provisions governing the relationship between such an intermediary and each other intermediary, if any, standing between themselves and the global securities.

Purchases of Senior Notes under the DTC system must be made by or through direct participants, which will receive a credit for the Senior Notes in DTC's records. The ownership interest of each actual purchaser of Senior Notes is in turn to be recorded on the direct and indirect participants' records. Beneficial owners of the Senior Notes will not receive written confirmation from DTC of their purchase, but beneficial owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the direct or indirect participant through which the beneficial owner entered into the transaction. Transfers of ownership interests in the Senior Notes are to be accomplished by entries made on the books of direct and indirect participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates representing their ownership interests in the Senior Notes, except in the event that use of the book-entry system for the Senior Notes is discontinued.

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To facilitate subsequent transfers, all Senior Notes deposited by direct participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Senior Notes with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the Senior Notes; DTC's records reflect only the identity of the direct participants to whose accounts such Senior Notes are credited, which may or may not be the beneficial owners. The direct and indirect participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants, and by direct participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. The laws of some jurisdictions may require that certain persons take physical delivery in definitive form of securities which they own. Consequently, those persons may be prohibited from purchasing beneficial interests in the global Senior Notes from any beneficial owner or otherwise.

Redemption notices shall be sent to DTC. If less than all of the Senior Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each direct participant in such issue to be redeemed.

So long as DTC's nominee is the registered owner of the global Senior Notes, such nominee for all purposes will be considered the sole owner or holder of the Senior Notes for all purposes under the Indenture. Except as provided below, beneficial owners will not be entitled to have any of the Senior Notes registered in their names, will not receive or be entitled to receive physical delivery of the Senior Notes in definitive form and will not be considered the owners or holders thereof under the Indenture.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Senior Notes. Under its usual procedures, DTC mails an omnibus proxy to the issuer as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those direct participants to whose accounts the Senior Notes are credited on the record date (identified in a listing attached to the omnibus proxy).

All payments on the global Senior Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit direct participants' accounts upon DTC's receipt of funds and corresponding detail information from trustees or issuers on payment dates in accordance with their respective holdings shown on DTC's records. Payments by participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such participant and not of DTC, the Trustee or us, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) shall be the responsibility of the Trustee or us, disbursement of such payments to direct participants shall be the responsibility of DTC, and disbursement of such payments to the beneficial owners shall be the responsibility of direct and indirect participants.

DTC may discontinue providing its service as securities depositary with respect to the Senior Notes at any time by giving reasonable notice to us or the Trustee. In addition, we may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depositary). In the event that a successor securities depositary is not obtained under the above circumstances, or, alternatively, if an event of default with respect to the Senior Notes has occurred and is outstanding, Senior Notes certificates in fully registered form are required to be printed and delivered to beneficial owners of the global Senior Notes representing such Senior Notes.

Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC's rules and will be settled in immediately available funds using DTC's same-day funds settlement system.

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Secondary market trading between Clearstream customers and/or Euroclear participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream and Euroclear and will be settled using the procedures applicable to conventional EuroSenior Notes in immediately available funds.

Cross market transfers between persons holding directly or indirectly through DTC on the one hand, and directly or indirectly through Clearstream customers or Euroclear participants, on the other, will be effected in DTC in accordance with DTC's rules on behalf of the relevant European international clearing system by its U.S. depositary; however, such cross market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in such system in accordance with its rules and procedures and within its established deadlines, in European time. The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to its U.S. depository to take action to effect final settlement on its behalf by delivering interests in the Senior Notes to or receiving interests in the Senior Notes from DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Clearstream customers and Euroclear participants may not deliver instructions directly to their respective U.S. depositaries.

Because of time-zone differences, credits of interests in the Senior Notes received by Clearstream or Euroclear as a result of a transaction with a DTC participant will be made during subsequent securities settlement processing and dated the business day following the DTC settlement date. Such credits or any transactions involving interests in such Senior Notes settled during such processing will be reported to the relevant Clearstream customers or Euroclear participants on such business day. Cash received by Clearstream or Euroclear as a result of sales of interests in the Senior Notes by or through a Clearstream customer or a Euroclear participant to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Clearstream or Euroclear cash account only as of the business day following settlement in DTC.

The information in this section has been obtained from sources that we believe to be reliable, but we take no responsibility for its accuracy.

Neither we, the trustee nor the underwriters will have any responsibility or obligation to direct participants, or the persons for whom they act as nominees, with respect to the accuracy of the records of DTC, its nominee or any direct participant with respect to any ownership interest in the Senior Notes, or payments to, or the providing of notice to direct participants or beneficial owners. The Senior Notes will be denominated in United States dollars and principal and interest will be paid in United States dollars. The Senior Notes will not be subject to any conversion, amortization, or sinking fund.

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CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

General

The following is a summary of certain federal income tax consequences material to the purchase, ownership and disposition of the Senior Notes. This summary is based upon current provisions of the Internal Revenue Code of 1986, as amended (the Code), proposed, temporary and final Treasury regulations thereunder, and published rulings and court decisions currently in effect. The current tax laws and the current regulations, administrative rulings and court decisions may be changed, possibly retroactively, and may be subject to differing interpretation. There can be no guarantee that the Internal Revenue Service (the IRS) or U.S. courts will agree with the tax consequences described in this summary. The statements set forth in the following discussion, to the extent they constitute matters of United States federal income tax law or legal conclusions with respect thereto, represent the opinion of Ballard Spahr LLP.

The following summary does not furnish information in the level of detail or with the attention to an investor's specific tax circumstances that would be provided by an investor's own tax advisor. For example, it does not discuss the tax consequences of the purchase, ownership and disposition of the Senior Notes by investors that are subject to special treatment under the federal income tax laws, including banks and thrifts, insurance companies, regulated investment companies, dealers in securities, holders that will hold the Senior Notes as a position in a "straddle" or as a part of a "synthetic security" or "conversion transaction" or other integrated investment comprised of the Senior Notes and one or more other investments, trusts and estates, and pass-through entities. In addition, the discussion regarding the Senior Notes is limited to the federal income tax consequences of the initial investors (and not a purchaser in the secondary market) that purchase the Senior Notes in the initial offering at their issue price (generally, the first price at which a substantial amount of the notes is sold for money to investors, not including sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) and beneficially hold those Senior Notes as capital assets within the meaning of Section 1221 of the Code. This discussion does not address the tax consequences for a beneficial owner of a Senior Note who or which is not a U.S. Holder (defined below). The following summary assumes, as is expected, that the Senior Notes will be issued without original issue discount.

Prospective purchasers of the Senior Notes should consult their own tax advisors with respect to the United States federal, state, local and foreign tax consequences of purchasing, owning or disposing of the Senior Notes.

U.S. Holders

For purposes of this summary, a "U.S. Holder" is a beneficial owner of the Senior Notes that, for federal income tax purposes, is:

- a citizen or individual resident of the United States,
- a corporation, or other entity treated as a corporation for federal income tax purposes, created or organized in or under the laws of the United States or any state thereof (including the District of Columbia),
- an estate the income of which is subject to federal income taxation regardless of its source, or
- a trust (1) if such trust was in existence on August 20, 1996 and validly elected to be treated as a United States person for U.S. federal income tax purposes or (2) if (i) a court within the United States is able to exercise primary supervision over its administration and (ii) one or more United States persons have the authority to control all of the substantial decisions of such trust.

If a partnership (or any other entity treated as a partnership for federal income tax purposes) holds the notes, the tax treatment of a partner in the partnership will generally depend on the status of the partner and the

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activities of the partnership. Such a partner should consult its own tax advisors as to the United States federal tax consequences of being a partner in a partnership that acquires, holds, or disposes of the notes.

Additional Amounts

We may be obligated to pay an additional amount to the holders of the Senior Notes if we elect to redeem the Senior Notes as described under "Description of Senior Notes—Redemption at Our Option." U.S. Treasury regulations provide that the possibility that a payment will be made will not affect the amount, timing of interest income or character of gain a U.S. Holder recognizes if there is only a remote chance as of the date the Senior Notes were issued that such payments will be made. We intend to take the position that the possibility that such payment will be made is remote so that such possibility will not cause the Senior Notes to be treated as contingent payment debt instruments. Our determination that this contingency is remote is binding on a U.S. Holder unless such holder discloses its contrary position in the manner required by the applicable U.S. Treasury regulations. Our determination is not, however, binding on the IRS, and if the IRS were to challenge this determination, a U.S. Holder might be required to accrue income on its Senior Notes in excess of stated interest and to treat any gains as ordinary income. In the event a contingency occurs, it would affect the amount and timing of the income recognized by a holder. Holders of the Senior Notes should consult their tax advisors as to the tax considerations relating to the payment of the additional amount. The remainder of this disclosure assumes that the Senior Notes will not be treated as contingent payment debt instruments.

Interest

Interest on a Senior Note will be taxed to a beneficial owner of a Senior Note as ordinary interest income at the time it accrues or is received, in accordance with the U.S. Holder's regular method of accounting for federal income tax purposes.

Disposition of a Senior Note

Upon the sale, exchange, redemption or other taxable disposition of a Senior Note, a U.S. Holder generally will recognize taxable gain or loss equal to the difference, if any, between the amount realized on the sale, exchange, redemption or other disposition (not including any amount attributable to accrued but unpaid interest) and the U.S. Holder's adjusted tax basis in the Senior Note. Any amount attributable to accrued but unpaid interest will be treated as a payment of interest and taxed in the manner described above under "Interest." In general, the U.S. Holder's adjusted tax basis in a Senior Note will be equal to the initial purchase price of the Senior Note paid by the U.S. Holder, reduced by the amount of principal payments on the Senior Note received before such date of sale, exchange, redemption or other disposition.

Gain or loss recognized on the sale, exchange, redemption or retirement of a Senior Note generally will be capital gain or loss, and will be long-term capital gain or loss if, at the time of sale, exchange, redemption or retirement of the Senior Note has been held by the investor for more than one year. For non-corporate U.S. Holders (including individuals), net long-term capital gains generally are taxed at a lower rate than ordinary income. Capital losses are, with very limited exception, deductible only to the extent of capital gains recognized during the taxable year. Any excess capital losses may be carried over to and deducted in other taxable years subject to certain limitations.

Tax on Net Investment Income

A 3.8% tax is imposed on the "net investment income" of certain individuals, trusts and estates, if their income exceeds certain thresholds. In the case of an individual, the net investment income tax will be imposed on the lesser of (i) an individual's "net investment income" and (ii) the amount by which an individual's modified adjusted gross income exceeds $250,000 (if the individual is married and filing jointly or a surviving spouse), $125,000 (if the individual is married and filing separately) or $200,000 (in any other case). In the case of an

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estate or trust, the tax will be imposed on the lesser of (i) undistributed "net investment income," and (ii) the excess of adjusted gross income over the dollar amount at which the highest income tax bracket applicable to an estate or trust begins (for taxable years beginning in 2014, 12,150).

For these purposes, "net investment income" will generally include interest (including interest paid on a Senior Note), net gain attributable to the disposition of property not held in a trade or business (including gain from the sale, exchange, redemption or other taxable disposition of a Senior Note) and certain other types of income, reduced by permitted deductions properly allocable to the income or gain. Prospective U.S. Holders should consult their own tax advisors regarding the implications of this net investment income tax based upon their particular circumstances.

Information Reporting and Backup Withholding

Information reporting requirements may apply to interest and principal payments made to, and to the proceeds of sales or other dispositions before maturity by, certain owners of Senior Notes unless such owner is a corporation or other exempt recipient. In addition, backup withholding applies to a U.S. Holder if

- such Holder fails to furnish his or her taxpayer identification number, which for an individual would be his or her Social Security Number, to the payor in the manner required,
- such Holder furnishes an incorrect taxpayer identification number and the payor is so notified by the IRS,
- the payor is notified by the IRS that such Holder has failed to properly report payments of interest and dividends, or
- in certain circumstances, such Holder fails to certify, under penalties of perjury, that he or she has furnished a correct taxpayer identification number and has not been notified by the IRS that he or she is subject to backup withholding for failure to properly report interest and dividend payments.

The current rate of backup withholding is 28%. Any amounts withheld under backup withholding rules will be allowed as a refund or credit against a U.S. Holder's federal income tax liability, provided the required information is timely furnished to the IRS.

Non-U.S. Holders

The following is a summary of the material U.S. federal income tax consequences that will apply to a Non-U.S. Holder. As used herein, the term Non-U.S. Holder means a beneficial owner of notes that is an individual, corporation, estate or trust (other than a grantor trust) for U.S. federal income tax purposes and that is not a U.S. Holder.

Interest

Subject to the discussion below under "—Information Reporting and Backup Withholding" and "—Foreign Account Tax Compliance," all payments of interest on the Senior Notes made to a Non-U.S. Holder will be exempt from U.S. federal withholding tax, provided that: (i) the interest is not effectively connected with a U.S. trade or business of the Non-U.S. Holder (ii) such Non-U.S. Holder does not own, actually or constructively, 10% or more of the total combined voting power of all classes of our stock entitled to vote, (iii) such Non-U.S. Holder is not a controlled foreign corporation related, directly or indirectly, to us through stock ownership, (iv) such Non-U.S. Holder is not a bank receiving certain types of interest, and (v) either (A) the Non-U.S. Holder certifies under penalties of perjury on IRS Form W-8BEN (Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding), for individuals, or, IRS Form W-8BEN-E (Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding), for entities, as appropriate (or a suitable substitute or applicable successor form) that it is not a United States person, (as defined in the Code) and

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provides its name, address, and U.S. taxpayer identification number, if any, or (B) a securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business and holds the Senior Notes on behalf of the Non-U.S. Holder certifies under penalties of perjury that the certification referred to in clause (A) has been received from the Non-U.S. Holder, and furnishes a copy thereof.

Except as described below under "—Effectively Connected Income," a Non-U.S. Holder that does not qualify for exemption from withholding as described above, generally will be subject to withholding of U.S. federal income tax at a rate of 30% on payments of interest on the Senior Notes. A Non-U.S. Holder may be entitled to the benefits of an income tax treaty under which interest on the Senior Notes is subject to a reduced rate of U.S. withholding tax or is exempt from U.S. withholding tax, in which case the Non-U.S. Holder will be required to furnish a properly completed and executed IRS Form W-8BEN, or IRS Form W-8BEN-E, as appropriate (or a suitable substitute form or applicable successor form), claiming the reduction or exemption and comply with any other applicable procedures.

Disposition of a Senior Note

Subject to the discussion below under "—Information Reporting and Backup Withholding" and "—Foreign Account Tax Compliance," a Non-U.S. Holder generally will not be subject to U.S. federal income tax on gain realized on the sale, exchange, surrender, conversion or other disposition of Senior Notes unless (i) the gain is effectively connected with the conduct of a U.S. trade or business of the Non-U.S. Holder (and, generally, if an income tax treaty applies, is attributable to a U.S. permanent establishment or fixed base maintained by the Non-U.S. Holder) or (ii) in the case of a Non-U.S. Holder who is a nonresident alien individual, the individual is present in the United States for 183 or more days in the taxable year of the disposition and certain other conditions are met.

Effectively Connected Income

If a Non-U.S. Holder is engaged in a trade or business in the United States, and if interest on the Senior Notes or gain realized on a taxable disposition of Senior Notes is effectively connected with the conduct of such trade or business, the Non-U.S. Holder, although exempt from the withholding tax discussed in the preceding paragraphs, generally will be required to file a U.S. federal income tax return and generally will be subject to regular U.S. federal income tax on such income or gain in the same manner as if it were a U.S. Holder (unless an applicable treaty provides otherwise). In addition, if such a Non-U.S. Holder is a foreign corporation, such Non-U.S. Holder may be subject to a branch profits tax equal to 30% (or such lower rate provided by an applicable income tax treaty) of a dividend equivalent amount deemed to have been remitted from the United States out of its effectively connected earnings and profits for the taxable year.

Information Reporting and Backup Withholding

The amount of interest paid to each Non-U.S. Holder and the tax withheld with respect to such interest, regardless of whether withholding was required, will be reported annually to the IRS. Copies of the information returns reporting such interest and withholding may also be made available to the tax authorities in the country in which the Non-U.S. Holder resides under the provisions of an applicable income tax treaty or information exchange agreement.

A Non-U.S. Holder will be subject to backup withholding on interest paid to such Non-U.S. Holder unless such Non-U.S. Holder certifies under penalties of perjury that it is not a "United States person" as defined under the Code (and the payor does not have actual knowledge or reason to know that it is a "United States person") or it otherwise establishes an exemption from backup withholding.

Information reporting and, depending on the circumstances, backup withholding, generally will apply to the proceeds of a disposition of Senior Notes effected within the United States or through certain U.S.-related

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financial intermediaries by a Non-U.S. Holder, unless the Non-U.S. Holder certifies under penalties of perjury that it is not a "United States person" (and the payor does not have actual knowledge or reason to know that it is a United States person) or otherwise establishes an exemption from such requirements.

Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a Non-U.S. Holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS. Non-U.S. Holders should consult their own advisors regarding the application of U.S. federal withholding and backup withholding in their particular circumstance and the availability of, and procedure for, obtaining an exemption from, or refund of, withholding and backup withholding under the Code and current Treasury regulations.

Foreign Account Tax Compliance

Certain provisions of the Hiring Incentives to Restore Employment Act and the final Treasury regulations and official IRS guidance associated with such provisions (such provisions, regulations and guidance commonly known as FATCA) impose a withholding tax of 30% on interest income from, and the gross proceeds from a disposition of, Senior Notes paid to certain foreign entities unless various information reporting and diligence requirements are satisfied. This would generally apply in the case of debt obligations held through intermediaries that do not agree to satisfy such information reporting requirements. Under current IRS regulations and other guidance, FATCA applies to certain withholdable payments of interest and, after December 31, 2016, will apply to certain withholdable payments made in the case of gross proceeds arising from the disposition of debt instruments. Foreign entities located in jurisdictions that have entered into an intergovernmental agreement with the U.S. governing FATCA may be subject to different rules. Holders should consult their tax advisors regarding the possible implications of FATCA on their ownership and disposition of the Senior Notes.

The United States federal income tax discussion set forth above is included for general information only and may not be applicable depending upon an owner's particular situation. Prospective purchasers of the Senior Notes should consult their own tax advisors with respect to the tax consequences to them of the ownership and disposition of Senior Notes, including the tax consequences under state, local, foreign and other tax laws and the possible effects of changes in United States or other tax laws.

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UNDERWRITING

Barclays Capital, Inc. and Morgan Stanley & Co. LLC are acting as representatives of the underwriters set forth below. Subject to the terms and conditions contained in an underwriting agreement between us and the underwriters, we have agreed to sell to the underwriters and the underwriters have severally agreed to purchase from us, the principal amount of the Senior Notes listed opposite their names below.

Underwriter	Principal Amount of Senior Notes
Barclays Capital, Inc.	$ 240,000,000
Morgan Stanley & Co. LLC	240,000,000
Citigroup Global Markets Inc.	75,000,000
Credit Suisse Securities (USA) LLC	75,000,000
J.P. Morgan Securities LLC	75,000,000
Samuel A. Ramirez & Company, Inc.	22,500,000
Telsey Advisory Group LLC	22,500,000
Total	$ 750,000,000

The underwriters have agreed to purchase all of the Senior Notes sold pursuant to the underwriting agreement if any of the Senior Notes are purchased. If an underwriter defaults, the underwriting agreement provides that the purchase commitments of the non-defaulting underwriters may be increased or the underwriting agreement may be terminated.

We have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended (Securities Act), or to contribute to payments the underwriters may be required to make in respect of those liabilities.

The underwriters are offering the Senior Notes, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the Senior Notes, and other conditions contained in the underwriting agreement, such as the receipt by the underwriters of officer's certificates and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

It is expected that delivery of the Senior Notes will be made on or about January 13, 2015.

Commissions and Discounts

The underwriters have advised us that they propose initially to offer the Senior Notes to the public at the public offering price on the cover page of this prospectus supplement and may offer the Senior Notes to certain securities dealers at that price less a concession not to exceed 0.350%. The underwriters may allow, and such dealers may reallow, a discount not to exceed 0.250%. After the initial public offering, the public offering price, concession and discount may be changed.

The expenses of the offering, not including the underwriting discount, are estimated to be $1,200,000 and are payable by us.

New Issue of Senior Notes

The Senior Notes are new issues of securities with no established trading market. We do not intend to apply for listing of the Senior Notes on any national securities exchange or for quotation of the Senior Notes on any

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automated dealer quotation system. We have been advised by the representatives of the underwriters that they presently intend to make markets in the Senior Notes after completion of the offering. However, they are under no obligation to do so and may discontinue any market-making activities at any time without any notice. We cannot assure the liquidity of trading markets for the Senior Notes or that active public markets for the Senior Notes will develop. If an active public trading market for the Senior Notes does not develop, the market price and liquidity of the Senior Notes may be adversely affected.

Price Stabilization and Short Positions

In connection with the offering, the underwriters are permitted to engage in transactions that stabilize the market price of the Senior Notes. Such transactions consist of bids or purchases to peg, fix or maintain the price of the Senior Notes. If the underwriters create a short position in the Senior Notes in connection with the offering, *i.e.*, if they sell more Senior Notes than are on the cover page of this prospectus supplement, the underwriters may reduce that short position by purchasing Senior Notes in the open market. Purchases of a security to stabilize the price or to reduce a short position could cause the price of the security to be higher than it might be in the absence of such purchases.

The underwriters also may impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased notes sold by or for the account of such underwriter in stabilizing or short covering transactions.

Neither we nor any of the underwriters makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Senior Notes. In addition, neither we nor any of the underwriters makes any representation that the underwriters will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Other Relationships

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Some of the underwriters and their affiliates have engaged in, and some or all of the underwriters and their affiliates may in the future engage in, investment banking, financial advisory and commercial banking services in the ordinary course of business with us and our affiliates. They have received and may in the future receive customary fees and commissions for these transactions. The underwriters and their affiliates may provide credit to us or our affiliates as lenders from time to time, including under our existing revolving credit facilities. In particular, certain of the underwriters or their affiliates from time to time may hold outstanding debt securities issued by us and our parent Exelon, including Exelon's $550,000,000 4.550% Senior Notes due June 15, 2015, which will be redeemed with the net proceeds of this offering. See "Use of Proceeds" in this prospectus supplement.

In the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities and/or instruments of the issuer. The underwriters and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Notice To Investors In Certain Jurisdictions

European Economic Area

This prospectus supplement and the accompanying prospectus are not a prospectus for the purposes of the Prospectus Directive (as defined below).

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In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), each underwriter has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) it has not made and will not make an offer of Senior Notes which are the subject of the offering contemplated by this prospectus supplement to the public in that Relevant Member State other than:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant underwriter or underwriters nominated by Generation for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Senior Notes shall require Generation or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of notes to the public" in relation to any Senior Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Senior Notes to be offered so as to enable an investor to decide to purchase or subscribe the Senior Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

United Kingdom

Each underwriter has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Senior Notes in circumstances in which Section 21(1) of the FSMA does not apply to Generation; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Senior Notes in, from or otherwise involving the United Kingdom.

Hong Kong

The Senior Notes have not been offered or sold or will not be offered or sold by means of any document other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) (the "SFO") and any rules made thereunder, or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32, Laws of Hong Kong) or which do not constitute an offer to the public within the meaning of that Ordinance, and no advertisement, invitation or document relating to the Senior Notes has been or will be issued or has been or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to Senior Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made thereunder.

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Japan

The Senior Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended, the "FIEA") and each underwriter has agreed that it will not offer or sell any securities, directly or indirectly, in Japan or to, or for the account or the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the account or the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Singapore

This prospectus supplement and the accompanying prospectus have not been registered as a prospectus under the Securities and Futures Act, Chapter 289 of Singapore (the "SFA") by the Monetary Authority of Singapore, and the offer of the Senior Notes in Singapore is made primarily pursuant to the exemptions under Sections 274 and 275 of the SFA. Accordingly, the Senior Notes may not be offered or sold, or made the subject of an invitation for subscription or purchase, nor may this prospectus supplement and the accompanying prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the Senior Notes be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor as defined in Section 4A of the SFA ("Institutional Investor") pursuant to Section 274 of the SFA, (ii) to an accredited investor as defined in Section 4A of the SFA (an "Accredited Investor") or other relevant person as defined in Section 275(2) of the SFA (a "Relevant Person"), or to any person pursuant to an offer referred to in Section 275(1A) of the SFA, and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable exemption or provision of the SFA.

It is a condition of the offer that where the Senior Notes are subscribed or purchased pursuant to an offer made in reliance on Section 275 by a Relevant Person which is:

(a) a corporation (which is not an Accredited Investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an Accredited Investor; or

(b) a trust (where the trustee is not an Accredited Investor) whose sole purpose is to hold investments and each beneficiary is an Accredited Investor,

the shares, debentures and units of shares and debentures of that corporation, and the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has subscribed for or acquired the Senior Notes except:

(1) to an Institutional Investor, or an Accredited Investor or other Relevant Person, or which arises from any offer referred to in Section 275(1A) of the SFA (in the case of that corporation) or Section 276(4)(i)(B) of the SFA (in the case of that trust);

(2) where no consideration is or will be given for the transfer; or

(3) where the transfer is by operation of law.

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LEGAL MATTERS

Ballard Spahr LLP, Philadelphia, Pennsylvania, will render an opinion as to the validity of the Senior Notes and pass on certain legal matters for us. Winston & Strawn LLP will pass on certain legal matters for the underwriters. Winston & Strawn LLP provides legal services to Exelon and its subsidiaries from time to time.

EXPERTS

The consolidated financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) incorporated in this prospectus supplement by reference to the Annual Report on Form 10-K for the year ended December 31, 2013 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

The SEC allows us to "incorporate by reference" the information filed by us with the SEC, which means that we can refer you to important information without restating it in this prospectus supplement and the accompanying prospectus. The information incorporated by reference is considered to be part of this prospectus supplement and the accompanying prospectus and should be read with the same care. Exelon, Generation, ComEd, PECO and Baltimore Gas and Electric Company file combined reports under the Exchange Act. Information contained in the combined reports relating to each registrant is filed separately by such registrant on its own behalf and only the information related to Generation is incorporated by reference in this prospectus supplement and the accompanying prospectus. Generation does not make any representation as to information relating to any other registrant or securities issued by any other registrant and you should not rely on any information relating to any registrant other than Generation in determining whether to invest in the Bonds. We incorporate by reference our Annual Report on Form 10-K for the year ended December 31, 2013, our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2014, June 30, 2014 and September 30, 2014, our Current Reports on Form 8-K filed with the SEC on February 12, 2014, April 1, 2014, May 27, 2014, June 4, 2014, July 30, 2014, September 22, 2014 and any future filings that we make with the SEC under the Exchange Act if the filings are made prior to the time that all of the Bonds are sold in this offering. You can also find more information about us from the sources described under "Documents Incorporated by Reference" in the accompanying prospectus.

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PROSPECTUS

EXELON CORPORATION

Senior Debt Securities
Subordinated Debt Securities
Common Stock
Stock Purchase Contracts
Stock Purchase Units
Preferred Stock
Depositary Shares

EXELON GENERATION COMPANY, LLC

Senior Debt Securities
Preferred Securities

COMMONWEALTH EDISON COMPANY

First Mortgage Bonds
Notes

PECO ENERGY COMPANY

First and Refunding Mortgage Bonds
Preferred Stock

BALTIMORE GAS AND ELECTRIC COMPANY

Unsecured Debt Securities
Senior Secured Bonds
Preferred Stock

Exelon Corporation (Exelon) may use this prospectus to offer and sell from time to time:

- senior debt securities;
- subordinated debt securities;
- common stock;
- stock purchase contracts;
- stock purchase units;
- preferred stock in one or more series;
- depositary shares.

Exelon Generation Company, LLC (Generation) may use this prospectus to offer and sell from time to time:

- senior debt securities; and
- preferred limited liability company interests in one or more series.

Commonwealth Edison Company (ComEd) may use this prospectus to offer and sell from time to time:

- first mortgage bonds; and
- unsecured notes.

PECO Energy Company (PECO) may use this prospectus to offer and sell from time to time:

- first and refunding mortgage bonds; and
- preferred stock in one or more series

Baltimore Gas and Electric Company (BGE) may use this prospectus to offer and sell from time to time:

- unsecured debt securities;
- senior secured bonds; and
- preferred stock in one or more series.

Exelon, Generation, ComEd, PECO and BGE sometimes refer to the securities listed above as the "Securities."

Exelon, Generation, ComEd, PECO and BGE will provide the specific terms of the Securities in supplements to this prospectus prepared in connection with each offering. Please read this prospectus and the applicable prospectus supplement carefully before you invest. This prospectus may not be used to consummate sales of the offered Securities unless accompanied by a prospectus supplement.

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Exelon's common shares are listed on the New York Stock Exchange, under the symbol "EXC."

Please see "Risk Factors" beginning on page 2 for a discussion of factors you should consider in connection with a purchase of the Securities offered in this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is May 23, 2014.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that Exelon, Generation, ComEd, PECO and BGE have each filed with the Securities and Exchange Commission (SEC) using a "shelf" registration process. Under this shelf registration process, each of us may, from time to time, sell our Securities described in this prospectus in one or more offerings. Each time Exelon, Generation, ComEd, PECO or BGE (each, a registrant) sells Securities, the registrant will provide a prospectus supplement that will contain a description of the Securities the registrant will offer and specific information about the terms of the offering. The prospectus supplement may also add, update or change information contained in this prospectus. If there is any inconsistency between the information in this prospectus and the prospectus supplement, you should rely on the prospectus supplement. You should read both this prospectus and any prospectus supplement together with additional information described under "Where You Can Find More Information."

Information contained herein relating to each registrant is filed separately by such registrant on its own behalf. No registrant makes any representation as to information relating to any other registrant or Securities issued by any other registrant.

As used in this prospectus, the terms "we," "our" and "us" generally refer to:

- Exelon with respect to Securities issued by Exelon.
- Generation with respect to Securities issued by Generation.
- ComEd with respect to Securities issued by ComEd.
- PECO with respect to Securities issued by PECO.
- BGE with respect to Securities issued by BGE.

None of the registrants will guarantee or provide other credit or funding support for the Securities to be offered by another registrant pursuant to this prospectus.

We are not offering the Securities in any state where the offer is not permitted.

For more detailed information about the Securities, you should read the exhibits to the registration statement. Those exhibits have either been filed with the registration statement or incorporated by reference to earlier SEC filings listed in the registration statement.

You should rely only on information contained in this prospectus and which is incorporated by reference or the documents to which we have referred you. We have not authorized anyone to provide you with information that is different. This prospectus and related prospectus supplement may be used only where it is legal to sell these securities. The information in this prospectus and any prospectus supplement may only be accurate on the date of this document. The business of the registrant, financial condition, results of operations and prospects may have changed since that date.

Please see "Risk Factors" beginning on page 2 for a discussion of factors you should consider in connection with a purchase of the Securities offered in this prospectus.

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FORWARD-LOOKING STATEMENTS

This prospectus and the documents incorporated or deemed incorporated by reference as described under the heading "Where You Can Find More Information" contain forward-looking statements that are not based entirely on historical facts and are subject to risks and uncertainties. Words such as "believes," "anticipates," "expects," "intends," "plans," "predicts" and "estimates" and similar expressions are intended to identify forward-looking statements but are not the only means to identify those statements. These forward-looking statements are based on assumptions, expectations and assessments made by our management in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe to be appropriate. Any forward-looking statements are not guarantees of our future performance and are subject to risks and uncertainties.

This presentation contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which are subject to risks and uncertainties. The factors that could cause actual results to differ materially from the forward-looking statements made by the registrants include those factors discussed herein, as well as the items discussed in (1) each registrant's 2013 Annual Report on Form 10-K in (a) ITEM 1A. Risk Factors, (b) ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) ITEM 8. Financial Statements and Supplementary Data: Note 22; and (2) other factors discussed herein and in other filings with the SEC by Exelon, Generation, ComEd, PECO and BGE, as applicable.

You are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date on the front of this prospectus or, as the case may be, as of the date on which we make any subsequent forward-looking statement that is deemed incorporated by reference. We do not undertake any obligation to update or revise any forward-looking statement to reflect events or circumstances after the date as of which any such forward-looking statement is made.

RISK FACTORS

Investing in the Securities involves various risks. You are urged to read and consider the risk factors described in the combined Annual Reports on Form 10-K of Exelon, Generation, ComEd, PECO, and BGE, as applicable, for the year ended December 31, 2013, filed with the SEC on February 13, 2014. Before making an investment decision, you should carefully consider these risks as well as other information we include or incorporate by reference in this prospectus. The prospectus supplement applicable to each type or series of Securities offered by one of the registrants will contain a discussion of additional risks applicable to an investment in such registrant and the particular type of Securities the registrant is offering under that prospectus supplement.

EXELON CORPORATION

Exelon, incorporated in Pennsylvania in February 1999, is a utility services holding company engaged, through Generation, in the energy generation business, and through ComEd, PECO and BGE, in the energy delivery businesses. Exelon's principal executive offices are located at 10 South Dearborn Street, Chicago, Illinois 60603, and its telephone number is 312-394-7398.

EXELON GENERATION COMPANY, LLC

Generation's integrated business consists of its owned and contracted electric generating facilities and investments in generation ventures that are marketed through its leading customer-facing activities. These customer-facing activities include, wholesale energy marketing operations and its competitive retail customer

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supply of electric and natural gas products and services, including renewable energy products, risk management services and natural gas exploration and production activities. Generation has six reportable segments consisting of the Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Regions.

Generation was formed in 2000 as a Pennsylvania limited liability company. Generation began operations as a result of a corporate restructuring, effective January 1, 2001, in which Exelon separated its generation and other competitive businesses from its regulated energy delivery businesses at ComEd and PECO. Generation's principal executive offices are located at 300 Exelon Way, Kennett Square, Pennsylvania 19348, and its telephone number is 610-765-5959.

COMMONWEALTH EDISON COMPANY

ComEd's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in northern Illinois, including the City of Chicago.

ComEd was organized in the State of Illinois in 1913 as a result of the merger of Cosmopolitan Electric Company into the original corporation named Commonwealth Edison Company, which was incorporated in 1907. ComEd's principal executive offices are located at 440 South LaSalle Street, Chicago, Illinois 60605, and its telephone number is 312-394-4321.

PECO ENERGY COMPANY

PECO's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in southeastern Pennsylvania, including the City of Philadelphia, as well as the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services to retail customers in the Pennsylvania counties surrounding the City of Philadelphia.

PECO was incorporated in Pennsylvania in 1929. PECO's principal executive offices are located at 2301 Market Street, Philadelphia, Pennsylvania 19103, and its telephone number is 215-841-4000.

BALTIMORE GAS AND ELECTRIC COMPANY

BGE's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in central Maryland, including the City of Baltimore, as well as the purchase and regulated retail sale of natural gas and the provision of gas distribution services to retail customers in central Maryland, including the City of Baltimore.

BGE was incorporated in Maryland in 1906. BGE's principal executive offices are located at 110 West Fayette Street, Baltimore, Maryland 21201, and its telephone number is 410-234-5000.

USE OF PROCEEDS

Except as otherwise indicated in the applicable prospectus supplement, each registrant expects to use the net proceeds from the sale of the Securities for general corporate purposes, including to discharge or refund (by redemption, by purchase on the open market, by purchase in private transactions, by tender offer or otherwise) outstanding long-term debt. Each registrant will describe in the applicable prospectus supplement any specific allocation of the proceeds to a particular purpose that the registrant has made at the date of that prospectus

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supplement. Please refer to our annual and quarterly reports incorporated by reference into this prospectus and any prospectus supplement for information concerning each registrant's outstanding long-term debt. See "Where You Can Find More Information."

RATIO OF EARNINGS TO FIXED CHARGES AND RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERENCE SECURITY DIVIDENDS

Exelon

The following are Exelon's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	5.4	4.9	4.9	2.3	2.6	1.1

The following are Exelon's consolidated ratios of earnings to combined fixed charges and preference stock dividends for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to combined fixed charges and preference stock dividends	5.4	4.8	4.9	2.3	2.5	1.1

Generation

The following are Generation's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	10.4	8.5	7.3	2.6	3.3	(a)

(a) The ratio coverage was less than 1:1. Generation required additional earnings of $380 million in order to achieve a coverage ratio of 1:1.

Generation had no preference securities outstanding during the periods indicated; therefore, the ratio of earnings to combined fixed charges and preference security dividends is the same as the ratio of earnings to fixed charges for Generation.

ComEd

The following are ComEd's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	2.9	2.8	3.0	3.0	1.7	3.0

ComEd had no preference securities outstanding during the periods indicated; therefore, the ratio of earnings to combined fixed charges and preference security dividends is the same as the ratio of earnings to fixed charges for ComEd.

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PECO

The following are PECO's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	3.7	3.3	4.7	4.9	5.6	5.1

The following are PECO's consolidated ratios of earnings to combined fixed charges and preference security dividends for each of the periods indicated:

	Years Ended December 31,				
	2009	2010	2011	2012	2013
Ratio of earnings to combined fixed charges and preferred stock dividends	3.6	3.2	4.5	4.7	5.2

On May 1, 2013, PECO redeemed all of its outstanding preferred securities; therefore, the ratio of earnings to combined fixed charges and preferred stock dividends is the same as the ratio of earnings to fixed charges for PECO for the three months ended March 31, 2014.

BGE

The following are BGE's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	2.0	2.7	2.4	1.0	3.6	5.8

The following are BGE's consolidated ratios of earnings to combined fixed charges and preference stock dividends for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to combined fixed charges and preference stock dividends	1.7	2.4	2.1	(a)	3.1	5.0

(a) The ratio coverage was less than 1:1. BGE required additional earnings of $14 million in order to achieve a coverage ratio of 1:1.

DESCRIPTION OF SECURITIES

Each time one of the registrants sells securities, it will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with additional information described under "Where You Can Find More Information."

PLAN OF DISTRIBUTION

We may sell the Securities offered (a) through agents; (b) by underwriters or dealers; (c) directly to one or more purchasers; or (d) through a combination of any of these methods of sale.

In some cases we may also repurchase the Securities and reoffer them to the public by one or more of the methods described above.

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This prospectus may be used in connection with any offering of securities through any of these methods or other methods described in the applicable prospectus supplement.

Any underwriter or agent involved in the offer and sale of the Securities will be named in the applicable prospectus supplement.

By Agents

Offered securities may be sold on a one time or a continuing basis by agents designated by the applicable registrant. The agents will use their reasonable efforts to solicit purchases for the period of their appointment under the terms of an agency agreement between the agents and the applicable issuer.

By Underwriters or Dealers

If underwriters are used in the sale, the underwriters may be designated by the applicable registrant or selected through a bidding process. The securities will be acquired by the underwriters for their own account. The underwriters may resell the Securities in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. Underwriters may sell the Securities to or through dealers, and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or commissions from the purchasers for whom they may act as agents. The obligations of the underwriters to purchase the Securities will be subject to certain conditions. The underwriters will be obligated to purchase all the Securities of the series offered if any of the securities are purchased. Any initial public offering price and any discounts or concessions allowed or re-allowed or paid to dealers may be changed from time to time.

Only underwriters named in the applicable prospectus supplement are deemed to be underwriters in connection with the Securities offered hereby.

If dealers are utilized in the sale of the Securities, the applicable registrant will sell the Securities to the dealers as principals. The dealers may then resell the Securities to the public at varying prices to be determined by such dealers at the time of resale. The names of the dealers and the terms of the transaction will be set forth in the applicable prospectus supplement.

Direct Sales

We may also sell Securities directly to the public. In this case, no underwriters or agents would be involved.

General Information

We may authorize agents, underwriters or dealers to solicit offers by certain institutions to purchase Securities from us at the public offering price pursuant to delayed delivery contracts providing for payment and delivery on a later date or dates, all as described in the applicable prospectus supplement. Each delayed delivery contract will be for an amount not less than, and the aggregate amount of the Securities shall be not less nor more than, the respective amounts stated in the applicable prospectus supplement. Such institutions may include commercial and savings banks, insurance companies, pension funds, investment companies, educational and charitable institutions, and other institutions, but will in all cases be subject to our approval. The delayed delivery contracts will not be subject to any conditions except:

- the purchase by an institution of the Securities covered by its delayed delivery contract shall not, at any time of delivery, be prohibited under the laws of any jurisdiction in the United States to which such delayed delivery contract is subject; and

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- if the Securities are being sold to underwriters, we shall have sold to those underwriters the total amount of the Securities less the amount thereof covered by the delayed delivery contracts. The underwriters will not have any responsibility in respect of the validity or performance of the delayed delivery contracts.

Unless otherwise specified in the related prospectus supplement, each series of the Securities will be a new issue with no established trading market, other than the common stock. Any common stock sold pursuant to a prospectus supplement or issuable upon conversion of another offered Security will be listed on the New York Stock Exchange, subject to official notice of issuance. We may elect to list any of the other securities on an exchange, but are not obligated to do so. It is possible that one or more underwriters may make a market in a series of the Securities, but no underwriter will be obligated to do so and any underwriter may discontinue any market making at any time without notice. We cannot predict the activity of trading in, or liquidity of, our Securities.

In connection with sales by an agent or in an underwritten offering, the SEC rules permit the underwriters or agents to engage in transactions that stabilize the price of the Securities. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters or agents of a greater number of securities than they are required to purchase in an offering. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Securities while an offering is in progress.

The underwriters also may impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the underwriters have repurchased Securities sold by or for the account of that underwriter in stabilizing or short-covering transactions.

These activities by the underwriters may stabilize, maintain or otherwise affect the market price of the Securities. As a result, the price of the Securities may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the underwriters at any time. These transactions may be effected on an exchange or automated quotation system, if the Securities are listed on that exchange or admitted for trading on that automated quotation system, in the over-the-counter market or otherwise.

We may from time to time, without the consent of the existing Security holders, create and issue further Securities having the same terms and conditions as the Securities being offered hereby in all respects, except for issue date, issue price and if applicable, the first payment of interest or dividends therein or other terms as noted in the applicable prospectus supplement. Additional Securities issued in this manner will be consolidated with, and will form a single series with, the previously outstanding securities.

Underwriters, dealers and agents that participate in the distribution of the Securities may be underwriters as defined in the Securities Act of 1933, and any discounts or commissions received by them from us and any profit on the resale of the Securities by them may be treated as underwriting discounts and commissions under the Securities Act.

We may have agreements with the underwriters, dealers and agents to indemnify them against certain civil liabilities, including liabilities under the Securities Act of 1933, or to contribute with respect to payments which the underwriters, dealers or agents may be required to make.

Underwriters, dealers and agents may engage in transactions with, or perform services for, us or our subsidiaries or affiliates in the ordinary course of their businesses.

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LEGAL MATTERS

Ballard Spahr LLP, Philadelphia, Pennsylvania, will render an opinion as to the validity of the Securities for us.

Winston & Strawn LLP, Chicago, Illinois, will render an opinion as to the validity of the Securities for any underwriters, dealers, purchasers or agents. Winston & Strawn LLP provides legal services to Exelon and its subsidiaries from time to time.

EXPERTS

The financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) of Exelon, Generation, ComEd, PECO and BGE incorporated in this prospectus by reference to the combined Annual Reports on Form 10-K for the year ended December 31, 2013 have been so incorporated in reliance on the reports of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

Exelon, Generation, ComEd, PECO and BGE each file reports and other information with the SEC. The public may read and copy any reports or other information that we file with the SEC at the SEC's public reference room, 100 F Street, N.E., Room 1580, Washington, D.C. 20549. The public may obtain information on the operation of the public reference room by calling the SEC at 1-800-SEC-0330. These documents are also available to the public from commercial document retrieval services and at the web site maintained by the SEC at http://www.sec.gov. Reports, proxy statements and other information concerning Exelon may also be inspected at the offices of the New York Stock Exchange, which is located at 20 Broad Street, New York, New York 10005. You may also obtain a copy of the registration statement at no cost by writing us at the following address:

Exelon Corporation
Attn: Investor Relations
10 South Dearborn Street—52nd Floor
P.O. Box 805398
Chicago, IL 60680-5398

This prospectus is one part of a registration statement filed on Form S-3 with the SEC under the Securities Act of 1933, as amended, known as the Securities Act. This prospectus does not contain all of the information set forth in the registration statement and the exhibits and schedules to the registration statement. For further information concerning us and the Securities, you should read the entire registration statement, including this prospectus and any related prospectus supplements, and the additional information described under the sub-heading "Documents Incorporated By Reference" below. The registration statement has been filed electronically and may be obtained in any manner listed above. Any statements contained herein concerning the provisions of any document are not necessarily complete, and, in each instance, reference is made to the copy of such document filed as an exhibit to the registration statement or otherwise filed with the SEC. Each such statement is qualified in its entirety by such reference.

Information about us is also available on Exelon's web site at http://www.exeloncorp.com. The information on Exelon's web site is not incorporated into this prospectus by reference, and you should not consider it a part of this prospectus.

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DOCUMENTS INCORPORATED BY REFERENCE

The SEC allows us to "incorporate by reference" information that we file with the SEC, which means that we can disclose important information to you by referring you to the documents we file with the SEC. The information incorporated by reference is an important part of this prospectus, and information that we file later with the SEC will automatically update and supersede this information. This incorporation by reference does not include documents that are furnished but not filed with the SEC. We incorporate by reference the documents listed below and any future documents that we file with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (known as the Exchange Act) but prior to the termination of any offering of securities made by this prospectus:

Exelon Corporation (Exchange Act File No. 1-16169)

- Exelon's Annual Report on Form 10-K for the year ended December 31, 2013;
- Exelon's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014;
- The description of Exelon's common stock contained in the registration statement on Form 8-A filed under the Securities Exchange Act of 1934, as amended, including any amendment thereto or report filed for the purpose of updating such description; and
- Exelon's Current Reports on Form 8-K filed with the SEC on February 12, 2014, February 13, 2014, February 28, 2014, April 1, 2014, April 30, 2014 and May 7, 2014.

Exelon Generation Company, LLC (Exchange Act File No. 333-85496)

- Generation's Annual Report on Form 10-K for the year ended December 31, 2013;
- Generation's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014; and
- Generation's Current Reports on Form 8-K filed with the SEC on February 12, 2014 and April 1, 2014.

Commonwealth Edison Company (Exchange Act File No. 1-1839)

- ComEd's Annual Report on Form 10-K for the year ended December 31, 2013;
- ComEd's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014; and
- ComEd's Current Reports on Form 8-K filed with the SEC on January 10, 2014 and February 28, 2014.

PECO Energy Company (Exchange Act File No. 000-16844)

- PECO's Annual Report on Form 10-K for the year ended December 31, 2013; and
- PECO's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014.

Baltimore Gas and Electric Company (Exchange Act File No. 1-1910)

- BGE's Annual Report on Form 10-K for the year ended December 31, 2013;
- BGE's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014; and
- BGE's Current Reports on Form 8-K filed with the SEC on February 13, 2014 and May 16, 2014.

Upon written or oral request, we will provide without charge to each person, including any beneficial owner, to whom this prospectus is delivered, a copy of any or all of such documents which are incorporated herein by reference (other than exhibits to such documents unless such exhibits are specifically incorporated by reference

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into the documents that this prospectus incorporates). Written or oral requests for copies should be directed to Exelon Corporation, Attn: Investor Relations, 10 South Dearborn Street, 52nd Floor, P.O. Box 805398, Chicago, IL 60680-5398, 312-394-2345.

Any statement contained in this prospectus, or in a document all or a portion of which is incorporated by reference, shall be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus, any supplement or any document incorporated by reference modifies or supersedes such statement. Any such statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this prospectus.

All reports and other documents subsequently filed by us pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act, prior to the filing of a post-effective amendment, which indicates that all of a class of securities offered hereby have been sold or which deregisters all of a class of securities then remaining unsold, shall be deemed incorporated by reference herein and to be a part hereof from the date of filing of such documents.

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$750,000,000

Exelon Generation Company, LLC

2.950% Senior Notes due 2020

PROSPECTUS SUPPLEMENT

Barclays

Morgan Stanley

Citigroup

Credit Suisse

J.P. Morgan

Ramirez & Co., Inc.

Telsey Advisory Group

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January 8, 2015

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Filed Pursuant to Rule 424(b)(2)
Registration No. 333-213383-06

The information in this prospectus supplement and the accompanying prospectus is not complete and may be changed. This prospectus supplement and the accompanying prospectus are not an offer to sell these securities and they are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED MARCH 7, 2017

PRELIMINARY PROSPECTUS SUPPLEMENT
(To Prospectus Dated August 30, 2016)

$

Exelon Generation Company, LLC

$ 2.950% Senior Notes due 2020
$ % Senior Notes due 2022

The $ 2.950% Senior Notes due 2020 (the 2020 Senior Notes) will be part of our 2.950% Senior Notes due 2020, of which we issued $750,000,000 in aggregate principal amount on January 8, 2015. Accordingly, the 2020 Senior Notes offered hereby will:

- be identical to the terms of the previously issued 2.950% Senior Notes due 2020 (other than the initial offering price); and
- have the same CUSIP number and will be fungible with the previously issued 2.950% Senior Notes due 2020.

Interest on the 2020 Senior Notes is payable on January 15 and July 15 of each year, beginning on July 15, 2017. The 2020 Senior Notes will mature on January 15, 2020. Upon the issuance of the 2.950% Senior Notes due 2020 offered hereby, the outstanding aggregate principal amount of our 2.950% Senior Notes due 2020 will be $.

The $ % Senior Notes due 2022 (the 2022 Senior Notes and, collectively with the 2020 Senior Notes, the Senior Notes) will bear interest at the rate of % per year. Interest on the 2022 Senior Notes is payable on March 15 and September 15 of each year, beginning on September 15, 2017. The 2022 Senior Notes will mature on March 15, 2022.

We may redeem some or all of the Senior Notes at any time at the redemption prices described under the caption "Description of Senior Notes—Redemption at Our Option."

The Senior Notes will be our senior unsecured obligations and will rank equally with all of our other senior unsecured indebtedness.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Senior Notes or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Investing in the Senior Notes involves risks. See "Risk Factors" beginning on page S-6.

	Per 2020 Senior Note	Per 2022 Senior Note	Total
Public Offering Price (1)(2)	%	%	$
Underwriting Discount	%	%	$
Proceeds, before expenses, to us	%	%	$

(1) Without giving effect to accrued interest that must be paid by the purchasers of the 2020 Senior Notes from January 15, 2017 to, but excluding, the issuance date. The total amount of accrued interest on March , 2017 will be $ per $1,000 principal amount of the 2020 Senior Notes.
(2) Plus accrued interest on the 2022 Notes from March , 2017, if settlement occurs after that date.

The underwriters expect to deliver the Senior Notes in book-entry form only through the facilities of The Depository Trust Company, including Clearstream Banking, socíeté anonyme and/or Eurostream Bank S.A./N.V., against payment in New York, New York on or about March , 2017.

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Joint Book-Running Managers

Barclays **J.P. Morgan**

Morgan Stanley

Senior Co-Manager

KeyBanc Capital Markets

The date of this prospectus supplement is March , 2017

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You should rely only on the information contained or incorporated by reference in this prospectus supplement. We have not authorized anyone to provide you with different information. We are not, and the underwriters are not making an offer of these securities in any jurisdiction where the offer is prohibited. You should not assume that the information contained in this prospectus supplement is accurate as of any date other than the date on the front of this prospectus supplement.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement and the accompanying prospectus contain information about our company and about the Senior Notes. They also refer to information contained in other documents that we file with the Securities and Exchange Commission (SEC). To the extent information in this prospectus supplement is inconsistent with the accompanying prospectus or the documents that are incorporated by reference in this prospectus supplement and the accompanying prospectus, you should rely on this prospectus supplement.

Exelon Generation Company, LLC is a subsidiary of Exelon Corporation, or Exelon. The accompanying prospectus also includes information about Exelon and its other affiliates, Commonwealth Edison Company, PECO Energy Company, Baltimore Gas and Electric Company, Delmarva Power & Light Company and Potomac Electric Power Company and their securities, which does not apply to us or the Senior Notes. The Senior Notes are solely our obligations and not obligations of Exelon or any of its other affiliates.

Except as otherwise provided herein, when we refer to “Generation,” “the Company,” “we,” “our” or “us” in this prospectus supplement, we mean Exelon Generation Company, LLC together with our subsidiaries.

FORWARD-LOOKING STATEMENTS

This prospectus supplement and the documents incorporated or deemed incorporated by reference as described under the heading “Where You Can Find More Information” contain forward-looking statements that are not based entirely on historical facts and are subject to risks and uncertainties. Words such as “believes,” “anticipates,” “expects,” “intends,” “plans,” “predicts” and “estimates” and similar expressions are intended to identify forward-looking statements but are not the only means to identify those statements. These forward-looking statements are based on assumptions, expectations and assessments made by our management in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe to be appropriate. Any forward-looking statements are not guarantees of our future performance and are subject to risks and uncertainties.

The factors that could cause actual results to differ materially from the forward-looking statements include: (a) any risk factors discussed in this prospectus supplement and the accompanying prospectus; (b) those factors discussed in the following sections of Generation’s 2016 Annual Report on Form 10-K: ITEM 1A. Risk Factors, ITEM 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations and ITEM 8. Financial Statements and Supplementary Data: Note 24; and (c) other factors discussed herein and in other filings with the SEC by Generation, as applicable.

You are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date on the front of this prospectus or, as the case may be, as of the date on which we make any subsequent forward-looking statement that is deemed incorporated by reference. We do not undertake any obligation to update or revise any forward-looking statement to reflect events or circumstances after the date as of which any such forward-looking statement is made.

EXELON GENERATION COMPANY, LLC

Generation, one of the largest competitive electric generation companies in the United States as measured by owned and contracted MW, physically delivers and markets power across multiple geographic regions through its customer-facing business, Constellation. Constellation sells electricity and natural gas, including renewable energy, in competitive markets to both wholesale and retail customers. The retail sales include commercial, industrial and residential customers. Generation leverages its energy generation portfolio to ensure delivery of energy to both wholesale and retail customers under long-term and short-term contracts, and in

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wholesale power markets. Generation operates in well-developed energy markets and employs an integrated hedging strategy to manage commodity price volatility. Generation's fleet provides geographic and supply source diversity. These factors help Generation mitigate the challenging conditions emanating from competitive energy markets. Generation's customer facing activities foster development and delivery of other innovative energy-related products and services for its customers. Generation's customers include distribution utilities, municipalities, cooperatives, financial institutions, and commercial, industrial, governmental, and residential customers in competitive markets. Generation has six reportable segments consisting of the Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Power Regions not considered individually significant.

Generation was formed in 2000 as a Pennsylvania limited liability company. Generation began operations as a result of a corporate restructuring, effective January 1, 2001, in which Exelon Corporation (Exelon) separated its generation and other competitive businesses from its regulated energy delivery businesses at Commonwealth Edison Company (ComEd) and PECO Energy Company (PECO). Generation's principal executive offices are located at 300 Exelon Way, Kennett Square, Pennsylvania 19348, and its telephone number is 610-765-5959.

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SUMMARY FINANCIAL INFORMATION

We have provided the following summary financial information for your reference. We have derived the summary information presented here from the financial statements we have incorporated by reference into this prospectus supplement and the accompanying prospectus. You should read it together with our historical consolidated financial statements and the related notes incorporated by reference in this prospectus supplement and the accompanying prospectus. See "Where You Can Find More Information" in this prospectus supplement.

	Year Ended December 31,		
	2016	2015	2014
	($ in millions)		
Income Statement Data			
Total operating revenues	$17,751	$19,135	$17,393
Operating income	836	2,275	1,176
Net income	558	1,340	1,019
Cash Flow Data			
Cash interest paid, net of amount capitalized .	$ (339)	$ (348)	$ (322)
Capital expenditures	(3,078)	(3,841)	(3,012)
Net cash flows provided by operating activities	4,444	4,199	1,826
Net cash flows used in investing activities	(3,851)	(4,069)	(1,767)
Net cash flows used in financing activities	(734)	(479)	(537)

	As of December 31,		
	2016	2015	2014
	($ in millions)		
Balance Sheet Data			
Property, plant and equipment, net	$25,585	$25,843	$23,082
Deferred debits and other assets	14,861	14,344	14,612
Total assets (a)	46,974	46,529	44,951
Long-term debt, including current maturities (b)	8,319	8,026	6,697
Long-term debt to affiliate	922	933	1,499
Total liabilities (a)	33,718	33,559	30,900
Total member's equity	11,482	11,635	12,718

(a) Generation's consolidated assets include $8,817 million, $8,235 million and $8,118 million at December 31, 2016, December 31, 2015 and December 31, 2014, respectively, of certain variable interest entities (VIEs) that can only be used to settle the liabilities of the VIE. Generation's consolidated liabilities include $3,170 million, $3,135 million and $2,512 million at December 31, 2016, December 31, 2015 and December 31, 2014, respectively, of certain VIEs for which the VIE creditors do not have recourse to Generation.

(b) Includes long-term debt of variable interest entities.

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THE OFFERING

For a more complete description of the terms of the Senior Notes, see "Description of Senior Notes."

Issuer	Exelon Generation Company, LLC.
Securities Offered	An aggregate of $ of Senior Notes, consisting of $ of 2.950% Senior Notes due 2020 and $ of % Senior Notes due 2022.
Maturity Date	The 2020 Senior Notes will mature on January 15, 2020. The 2022 Senior Notes will mature on March 15, 2022.
Interest Rate	Interest on the 2020 Senior Notes will accrue from January 15, 2017 at a rate of 2.950% per year. Interest on the 2022 Senior Notes will accrue from March , 2017 at a rate of % per year.
Interest Payment Date	Interest on the 2020 Senior Notes will be payable semi-annually in arrears on January 15 and July 15 of each year, beginning on July 15, 2017. Interest on the 2022 Senior Notes will be payable semi-annually in arrears on March 15 and September 15 of each year, beginning on September 15, 2017.
Ranking	The Senior Notes will be senior unsecured obligations of Generation and will rank *pari passu* with all of our senior unsecured indebtedness. The Senior Notes will be effectively subordinated to all liabilities of our subsidiaries, and our ability to pay principal and interest on each series of the Senior Notes could be affected by the ability of our subsidiaries to declare and distribute dividends or otherwise transfer assets to us.
Optional Redemption	We may redeem each series of the Senior Notes in whole or in part, at our option at any time, at a redemption price equal the redemption prices described under the caption "Description of Senior Notes—Redemption at Our Option."
Certain Covenants	We have agreed to certain limitations on our ability to, among other things, engage in mergers, consolidations or similar transactions, create liens and engage in sale and leaseback transactions. See "Description of Senior Notes—Covenants."
Use of Proceeds	We intend to use the net proceeds from this offering to repay our total outstanding commercial paper obligations and for general corporate purposes. As of March 3, 2017, we had $1,426,501,000 of outstanding commercial paper obligations, which had remaining maturities of up to nineteen days and annual interest rates ranging from 0.950% to 1.210%. To the extent we do not use the net proceeds immediately, we may temporarily invest them in short-term, interest-bearing obligations. See "Use of Proceeds."
Trustee	U.S. Bank National Association.

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Book-Entry Form	The Senior Notes will be issued in book-entry form through the facilities of The Depository Trust Company (DTC), including Clearstream Banking, socíeté anonyme and/or Eurostream Bank S.A./N.V. See "Description of Senior Notes—Book-Entry Delivery."
Risk Factors	You should carefully consider all of the information set forth in this prospectus supplement and, in particular, you should evaluate the specific factors set forth under "Risk Factors" in deciding whether to invest in the Senior Notes.
Governing Law	Commonwealth of Pennsylvania.

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RISK FACTORS

Your investment in the Senior Notes will involve various risks. Before investing in the Senior Notes, you should carefully consider the following discussion as well as the other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus, including the information under ITEM 1A. Risk Factors of our 2016 Annual Report on Form 10-K.

Exelon could exercise control over us to the detriment of holders of the Senior Notes.

Exelon, as our ultimate parent, controls all matters submitted for member approval and has control over our management and affairs. In circumstances involving a conflict of interest between Exelon, on the one hand, and our creditors, on the other, we can give no assurance that Exelon would not exercise its power to control us in a manner that would benefit Exelon to the detriment of our creditors, including the holders of the Senior Notes.

There may be no public market for the Senior Notes.

We can give no assurances concerning the liquidity of any markets that may develop for the Senior Notes offered by this prospectus supplement, the ability of any investor to sell any of the Senior Notes or the price at which investors would be able to sell them. If markets for the Senior Notes do not develop, investors may be unable to resell the Senior Notes for an extended period of time, if at all. If markets for the Senior Notes do develop, they may not continue or it may not be sufficiently liquid to allow holders to resell any of the Senior Notes. Consequently, investors may not be able to liquidate their investment readily, and lenders may not readily accept the Senior Notes as collateral for loans.

The Indenture does not restrict the amount of additional debt that we may incur.

The Senior Notes and Indenture (as defined below) pursuant to which the Senior Notes will be issued do not place any limitation on the amount of unsecured debt that we or our subsidiaries may incur. Our incurrence of additional debt may have important consequences for you as a holder of the Senior Notes, including making it more difficult for us to satisfy our obligations with respect to the Senior Notes, a loss in the trading value of your Senior Notes and a risk that one or more of the credit ratings of the Senior Notes are lowered or withdrawn.

The Senior Notes will be structurally subordinated to the liabilities of our subsidiaries.

Because Generation conducts a portion of its operations through its subsidiaries, the Senior Notes will be structurally subordinated to the liabilities of its subsidiaries. The rights of Generation, and the rights of its creditors, including the holders of the Senior Notes, to participate in any distribution of the assets of any of its subsidiaries upon that subsidiary's liquidation or reorganization or otherwise are necessarily subject to the prior claims of creditors of that subsidiary, except to the extent that Generation's claims as a creditor of that subsidiary may be recognized.

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USE OF PROCEEDS

The net proceeds of this offering after deducting the underwriting discounts and commissions and estimated offering expenses payable by us, are expected to be approximately $. We intend to use the net proceeds from this offering to repay our total outstanding commercial paper obligations and for general corporate purposes. As of March 3, 2017, we had $1,426,501,000 of outstanding commercial paper obligations, which had remaining maturities of up to nineteen days and annual interest rates ranging from 0.950% to 1.210%. To the extent we do not use the net proceeds immediately, we may temporarily invest them in short-term, interest-bearing obligations.

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CAPITALIZATION

The following table sets forth our capitalization as of December 31, 2016 (1) on an actual basis and (2) on an as adjusted basis to give effect to the issuance of Senior Notes offered hereby. The "As Adjusted" column will be completed in the final prospectus supplement based upon the actual terms of this offering that are determined at pricing. This table should be read in conjunction with our consolidated financial statements and related notes for the year ended December 31, 2016, incorporated by reference in this prospectus supplement and the accompanying prospectus. See "Where You Can Find More Information" in this prospectus supplement.

	As of December 31, 2016	
	Actual	As Adjusted
	($ in millions)	
Short-term borrowings	$ 699	
Long-term debt:		
Long-term debt, including $1,117 million of current maturities	8,319	
Long-term debt to affiliate	922	
Total member's equity	11,482	
Total capitalization, including $1,117 million of current maturities	$21,422	

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RATIO OF EARNINGS TO FIXED CHARGES

The following table provides our consolidated ratio of earnings to fixed charges:

	Years Ended December 31,				
	2012	2013	2014	2015	2016
Ratio of earnings to fixed charges	2.6	3.3	2.7	3.4	2.1

The ratio of earnings to fixed charges represents, on a pre-tax basis, the number of times earnings cover fixed charges. Earnings consist of pre-tax net income from continuing operations after adjustment for income from equity investees and capitalized interest or allowance for funds used during construction, to which has been added fixed charges. Fixed charges consist of interest costs and amortization of debt discount and premium on all indebtedness and the estimated interest portion of all rental expense.

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DESCRIPTION OF SENIOR NOTES

General

The Senior Notes will be issued under an indenture dated as of September 28, 2007 (Indenture), between us and U.S. Bank National Association, as trustee. The Indenture provides for issuance from time to time of debt securities in series (including the Senior Notes issued in this offering) in an unlimited amount. We may issue, without notice to, or the consent of, the holders of the Senior Notes offered hereby, additional securities under the Indenture from time to time.

The Senior Notes:

- will be general unsecured obligations of Generation;
- will be *pari passu* in right of payment with all of our other unsecured and unsubordinated indebtedness from time to time outstanding; and
- will be senior in right of payment to any future subordinated indebtedness of Generation.

All debt securities, including the Senior Notes, issued and to be issued under the Indenture will be our unsecured general obligations and will rank equally with all of our other unsecured and unsubordinated indebtedness from time to time outstanding. Because Generation conducts a portion of its operations through its subsidiaries, these notes will be structurally subordinated to the liabilities of its subsidiaries. The rights of Generation, and the rights of its creditors, including the holders of the Senior Notes, to participate in any distribution of the assets of any of its subsidiaries upon that subsidiary's liquidation or reorganization or otherwise are necessarily subject to the prior claims of creditors of that subsidiary, except to the extent that Generation's claims as a creditor of that subsidiary may be recognized.

The 2020 Senior Notes offered by this prospectus supplement will be part of our 2.950% Senior Notes due 2020, of which we issued $750,000,000 in aggregate principal amount on January 8, 2015. Accordingly, the 2020 Senior Notes offered by the prospectus supplement will have terms that are identical to the terms of the previously issued 2.950% Senior Notes due 2020 (other than the initial offering price) and will have the same CUSIP number and will be fungible with the previously issued 2.950% Senior Notes due 2020. Upon the issuance of the 2.950% Senior Notes due 2020 offered hereby, the outstanding aggregate principal amount of our 2.950% Senior Notes due 2020 will be $.

The Senior Notes will not be guaranteed by, or otherwise be obligations of, our parent Exelon or any of our direct or indirect subsidiaries or affiliates. References in this description of the Senior Notes to "we," "our" or the "company" are to Exelon Generation Company, LLC and not its subsidiaries and references to "indenture securities" means debt securities issued under the Indenture, including the Senior Notes.

In the discussion that follows, references to paying principal on the Senior Notes are to payment at maturity or redemption.

The following summaries of certain provisions of the Senior Notes and the Indenture do not purport to be complete and are subject, and qualified in their entirety by reference, to all of the provisions of the Senior Notes and the Indenture, including the definitions of terms therein. We recommend that you read the Indenture, a copy of which may be obtained from the trustee.

Principal, Maturity and Interest

The Senior Notes of each series will be unlimited in aggregate principal amount. The 2020 Senior Notes initially will be issued in the aggregate principal amount of $, and the 2022 Senior Notes initially will be issued in the aggregate principal amount of $. We may, without the consent of the holders of the Senior Notes of either of the Series offered in this prospectus supplement, create and issue additional notes ranking equally with the Senior Notes of such series and otherwise similar in all respects (except

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for the public offering price and issue date) so that such additional notes shall be consolidated and form a single series with such series of Senior Notes. No additional notes of any Series can be issued if an event of default exists with respect to such series of Senior Notes. The Senior Notes will be issued in book-entry form only in denominations of $2,000 and multiples of $1,000 in excess thereof.

The 2020 Senior Notes will mature on January 15, 2020. The 2022 Senior Notes will mature on March 15, 2022. Interest on the 2020 Senior Notes will be payable semi-annually in arrears on January 15 and July 15 of each year, beginning on July 15, 2017. Interest on the 2022 Senior Notes will be payable semi-annually in arrears on March 15 and September 15 of each year, beginning on September 15, 2017. Interest on the 2020 Senior Notes will accrue from January 15, 2017 at a rate of 2.950% per year. Interest on the 2022 Senior Notes will accrue from March , 2017 at a rate of % per year. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Redemption at Our Option

At any time prior to December 15, 2019 (in the case of the 2020 Senior Notes) or February 15, 2022 (in the case of the 2022 Senior Notes), we may redeem each series of Senior Notes in whole or in part, at our option at any time, at a redemption price equal to the greater of:

(1) 100% of the principal amount of the Senior Notes of the series being redeemed; or

(2) the sum of the present values of the remaining scheduled payments of principal and interest thereon (exclusive of interest accrued to the date of redemption) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below) plus, as applicable, 25 basis points (in the case of the 2020 Senior Notes) and, basis points (in the case of the 2022 Senior Notes).

plus, in each case, accrued interest on the principal amount being redeemed to the redemption date.

At any time on or after December 15, 2019 (in the case of the 2020 Senior Notes) or February 15, 2022 (in the case of the 2022 Senior Notes), we may redeem each series of Senior Notes in whole or in part at 100% of the principal amount of the Senior Notes of the series being redeemed, plus accrued interest on the principal amount being redeemed to the redemption date.

Redemption of the Senior Notes of one series may be made without the redemption of the Senior Notes of the other series.

“Comparable Treasury Issue” means the United States Treasury security or securities selected by an Independent Investment Banker (as defined below) as having an actual or interpolated maturity comparable to the remaining term of the Senior Notes being redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Senior Notes.

“Comparable Treasury Price” means, with respect to any redemption date, (1) the average of the Reference Treasury Dealer Quotations (as defined below) for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (2) if the trustee obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

“Independent Investment Banker” means one of the Reference Treasury Dealers (as defined below) appointed by the trustee after consultation with us.

“Reference Treasury Dealer” means, with respect to the 2020 Senior Notes, each of Barclays Capital Inc. and Morgan Stanley & Co. LLC and, with respect to the 2022 Senior Notes, each of Barclays Capital Inc. and J.P. Morgan Securities LLC, and, in each case, their respective successors, and two other primary U.S. Government securities dealers in The City of New York (Primary Treasury Dealer) selected by us. If any Reference Treasury Dealer shall cease to be a Primary Treasury Dealer, we will substitute another Primary Treasury Dealer for that dealer.

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"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the trustee by such Reference Treasury Dealer at 3:30 p.m. New York City time on the third business day preceding such redemption date.

"Treasury Rate" means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

We will mail notice of any redemption at least 30 days but not more than 60 days before the redemption date to each registered holder of Senior Notes to be redeemed.

Unless we default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the Senior Notes or portions thereof called for redemption.

Covenants

Affirmative Covenants

The Indenture provides that we comply with the following affirmative covenants:

- punctually pay principal and interest on the indenture securities;
- if the indenture securities are no longer in book-entry form, maintain an office in New York, New York where indenture securities may be presented for payment, exchange and transfer;
- appoint a trustee to fill any vacancy;
- issue a certificate to the trustee on January 31 each year indicating whether we have complied with all covenants and conditions in the Indenture;
- maintain our limited liability company existence; and
- pay our taxes and other assessments and claims as they become due, unless they are being contested in good faith.

Mergers and Consolidations

We will not consolidate with or merge with or into any other person, or sell, convey, transfer or lease our properties and assets substantially as an entirety to any person, and we will not permit any person to consolidate with or merge with or into us, unless:

- immediately prior to and immediately following such consolidation, merger, sale or lease, no Event of Default under the Indenture shall have occurred and be continuing; and
- we are the surviving or continuing entity, or the surviving or continuing entity or entity that acquires by sale, conveyance, transfer or lease is organized in the United States or under the laws of a foreign jurisdiction and consents to the jurisdiction of the courts of the United States and in either case expressly assumes the payment and performance of all of our obligations under the Indenture and the Senior Notes.

Limitation on Liens

We may not issue, assume, guarantee or permit to exist any Indebtedness secured by any lien on any of our property, whether owned on the date that the Senior Notes are issued or thereafter acquired, without in any such case effectively securing the outstanding Senior Notes (together with, if we shall so determine, any other

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Indebtedness of or guaranteed by us ranking equally with the Senior Notes) equally and ratably with such Indebtedness (but only so long as such Indebtedness is so secured); provided that the foregoing restriction shall not apply to the following permitted liens:

(1) pledges or deposits in the ordinary course of business in connection with bids, tenders, contracts or statutory obligations or to secure surety or performance bonds;

(2) liens imposed by law, such as carriers', warehousemen's and mechanics' liens, arising in the ordinary course of business;

(3) liens for property taxes being contested in good faith;

(4) minor encumbrances, easements or reservations which do not in the aggregate materially adversely affect the value of the properties or impair their use;

(5) liens on property existing at the time of acquisition thereof by us, or to secure any Indebtedness incurred by us prior to, at the time of, or within 90 days after the later of the acquisition, the completion of construction (including any improvements on an existing property) or the commencement of commercial operation of the property, which Indebtedness is incurred for the purpose of financing all or any part of the purchase price or construction or improvements;

(6) liens to secure purchase money Indebtedness not in excess of the cost or value of the property acquired;

(7) liens securing obligations issued by a state, territory or possession of the United States, or any political subdivision of any of the foregoing or the District of Columbia, to finance the acquisition or construction of property, and on which the interest is not, in the opinion of tax counsel of recognized standing or in accordance with a ruling issued by the Internal Revenue Service, includible in gross income of the holder by reason of Section 103(a)(1) of the Internal Revenue Code of 1986, as amended (or any successor to such provision) as in effect at the time of the issuance of such obligations; and

(8) other liens to secure Indebtedness so long as the amount of outstanding Indebtedness secured by liens pursuant to this clause (8) does not exceed 10% of our consolidated net tangible assets.

In the event that we shall propose to pledge, mortgage or hypothecate any property to secure Indebtedness, other than as permitted by clauses (1) through (8) of the previous paragraph, we shall (prior thereto) give written notice thereof to the trustee, who shall give notice to the holders, and we shall, prior to or simultaneously with such pledge, mortgage or hypothecation, effectively secure, all the Senior Notes equally and ratably with such Indebtedness. The Indenture does not limit our Subsidiaries' ability to issue, assume, guarantee or permit to exist any Indebtedness secured by any lien on any of such Subsidiary's property, whether owned on the date the Senior Notes are issued or thereafter acquired, provided that such Indebtedness is limited in recourse only to such Subsidiary.

As used in this prospectus supplement, "Indebtedness" of any person means (1) all indebtedness of such person for borrowed money, (2) all obligations of such person evidenced by senior notes, debentures, notes or other similar instruments, (3) all obligations of such person to pay the deferred purchase price of property or services, (4) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even though the rights and remedies of the seller or lender under such agreement in the event of the default are limited to repossession or sale of such property), (5) all capital lease obligations of such person (excluding leases of property in the ordinary course of business), and (6) all Indebtedness of the type referred to in clauses (1) through (5) above secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any lien or security interest on property.

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As used in this prospectus supplement, "Subsidiary" means any corporation or other entity of which sufficient voting stock or other ownership or economic interests having ordinary voting power to elect a majority of the board of directors (or equivalent body) are at the time directly or indirectly held by us.

Restriction on Sales and Leasebacks

We may not enter into any sale and leaseback transaction with any Subsidiary. In addition, we may not enter into any sale and leaseback transaction unless we comply with this restrictive covenant. A "sale and leaseback transaction" generally is an arrangement between us and a Subsidiary, bank, insurance company or other lender or investor where we lease real or personal property which was or will be sold by us to that Subsidiary, lender or investor.

We can comply with this restrictive covenant if we meet either of the following conditions:

- the sale and leaseback transaction is entered into prior to, concurrently with or within 90 days after the acquisition, the completion of construction (including any improvements on an existing property) or the commencement of commercial operations of the property; or
- we could otherwise grant a lien on the property as a permitted lien described in "—Limitation on Liens."

Events of Default

We will be subject to an "event of default" under the Indenture if any of the following occurs:

- failure to pay interest for 60 days after the date payment is due and payable; provided that if we extend an interest payment period in accordance with the terms of the indenture securities, the extension will not be a failure to pay interest;
- failure to pay principal or premium, if any, on any indenture security when due, either at maturity, upon any redemption, by declaration or otherwise;
- failure to make any sinking fund payments when due;
- failure to perform other covenants under the Indenture for 60 days after the trustee has notified us that performance was required; or
- bankruptcy, insolvency or reorganization of our company.

In addition to the events of default described in the Indenture, an event of default under the Senior Notes will include:

- an event of default, as defined in any of our instruments under which there may be issued, or by which there may be secured or evidenced, any Indebtedness of our company that has resulted in the acceleration of such Indebtedness, or any default occurring in payment of any such Indebtedness at final maturity (and after the expiration of any applicable grace periods), other than such Indebtedness the principal of which, and interest on which, does not individually, or in the aggregate, exceed $100,000,000; or
- one or more final judgments, decrees or orders of any court, tribunal, arbitrator, administrative or other governmental body or similar entity for the payment of money shall be rendered against us or any of our properties in an aggregate amount in excess of $100,000,000 (excluding the amount thereof covered by insurance) and such judgment, decree or order shall remain unvacated, undischarged and unstayed for more than 60 consecutive days, except while being contested in good faith by appropriate proceedings.

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We will be required to file annually with the trustee a certificate, signed by an officer of our company, stating whether or not the officer knows of any default by us in the performance, observance or fulfillment of any condition or covenant of the Indenture. The Indenture provides that the trustee may withhold notice of a default (except payment defaults) to the holders of indenture securities of the series to which the default applies if the trustee considers it in the interests of those holders of those indenture securities to do so.

An event of default for a particular series of indenture securities does not necessarily constitute an event of default for any other series of indenture securities issued under the Indenture. If an event of default relating to the payment of interest, principal or any sinking fund installment involving any series of indenture securities has occurred and is continuing, the trustee or the holders of not less than 25% in aggregate principal amount of outstanding indenture securities of each affected series may declare the entire principal amount of all the indenture securities of that series (or, if the indenture securities of that series are original issue discount securities, that portion of the principal amount as may be specified in the terms thereof) to be due and payable immediately.

Where an event of default has occurred and is continuing with respect to the outstanding indenture securities of a series, the trustee is under no obligation to exercise any of its rights or powers under the Indenture at the request, order or direction of the holders of the outstanding indenture securities of that series, unless those holders have offered the trustee reasonable indemnity against the expenses and liabilities that it might incur in compliance with the request that the trustee take action in response to an event of default. Subject to these provisions for the indemnification of the trustee, the holders of a majority in principal amount of the outstanding indenture securities of a series will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee, or exercising any trust or power conferred on the trustee with respect to the indenture securities of that series.

The holders of a majority in principal amount of the outstanding indenture securities of a series may, on behalf of the holders of all indenture securities of that series, waive any past default under the Indenture with respect to that series and its consequences, except a default (1) in payment of the principal of (or premium, if any) or interest, or any additional amounts payable in respect of any indenture security of that series or (2) in respect of a covenant or provision that cannot be modified or amended without the consent of the holder of each affected outstanding indenture security of that series.

The Indenture imposes limitations on suits brought by holders of indenture securities against us. Except for actions for payment of overdue principal or interest, no holder of indenture securities of any series may institute any action against us under the Indenture unless:

- the holder has previously given to the trustee written notice of default and continuance of that default;
- the holders of at least 25% in principal amount of the affected outstanding indenture securities have requested that the trustee institute the action;
- the requesting holders have offered the trustee reasonable indemnity for expenses and liabilities that may be incurred by bringing the action;
- the trustee has not instituted the action within 60 days after the request; and
- the trustee has not received inconsistent direction by the holders of a majority in principal amount of the outstanding indenture securities of that series.

Modification or Waiver

The Indenture provides that the trustee and we may modify and amend the Indenture and enter into supplemental indentures without the consent of any holders of indenture securities to:

- evidence the assumption by a successor corporation of our obligations;
- add covenants for the protection of the holders of indenture securities;

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- cure any ambiguity or correct any inconsistency in the Indenture, provided that this action does not adversely affect the interests of holders of any series of indenture securities in any material respect;
- evidence and provide for the acceptance of appointment by a successor trustee; and
- to make any change that would provide any additional rights or benefits to the holders of indenture securities or that does not adversely affect the legal rights under the Indenture of any holder.

The Indenture also provides that the trustee and we may, with the consent of the holders, add, eliminate or modify in any way the provisions of the Indenture or modify in any manner the rights of the holders of the indenture securities. Consent of the holders means holders of not less than a majority in aggregate principal amount of indenture securities of all affected series then outstanding, voting as one class. We cannot do this, however, for those matters requiring the consent of each holder as described below.

The trustee and we may not without the consent of the holder of each outstanding indenture security affected thereby:

- extend the final maturity of any indenture security;
- reduce the principal amount or premium, if any;
- reduce the rate or extend the time of payment of interest;
- reduce any amount payable on redemption;
- reduce the amount of the principal of any indenture security issued with an original issue discount that is payable upon acceleration or provable in bankruptcy;
- impair the right to sue for the enforcement of any payment on any indenture security when due; or
- reduce the percentage of holders of indenture securities of any series whose consent is required for any modification of the Indenture.

In determining whether the holders of the requisite principal amount of outstanding indenture securities have given any request, demand, authorization, direction, notice, consent or waiver under the Indenture, (1) the principal amount of an original issue discount security that will be deemed to be outstanding will be the amount of the principal thereof that would then be due and payable upon acceleration of the maturity thereof and (2) indenture securities owned by us or any other obligor upon the indenture securities or any affiliate of ours or of any other obligor will be disregarded.

Satisfaction and Discharge, Defeasance and Covenant Defeasance

We may discharge obligations to holders of Senior Notes that have not already been delivered to the trustee for cancellation and that have either become due and payable or are to become due and payable, or are scheduled for redemption, within one year. We may discharge these obligations by irrevocably depositing with the trustee cash or "U.S. Government Obligations" (as defined below), as trust funds, in an amount certified to be enough to pay when due, whether at maturity, upon redemption or otherwise, the principal of and interest on the Senior Notes.

We may also discharge any and all of our obligations to holders of Senior Notes at any time, referred to as "defeasance." We may also be released from the obligations imposed by any covenants of the Senior Notes and provisions of the Indenture, and we may avoid complying with those covenants without creating an event of default under the Indenture, referred to as "covenant defeasance." We may effect defeasance and covenant defeasance only if, among other things:

- we irrevocably deposit with the trustee cash or U.S. Government Obligations, as trust funds, in an amount certified to be enough to pay at maturity, or upon redemption, the principal, and interest on all outstanding Senior Notes; and

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- we deliver to the trustee an opinion of counsel from a nationally recognized law firm to the effect that (1) in the case of covenant defeasance, the holders of the series of indenture securities will not recognize income, gain or loss for U.S. federal income tax purposes as a result of that defeasance, and will be subject to tax in the same manner and at the same time as if no covenant defeasance had occurred and (2) in the case of defeasance, either we have received from, or there has been published by, the Internal Revenue Service a ruling or there has been a change in applicable U.S. federal income tax law, and based thereon, the holders of the series of indenture securities will not recognize income, gain or loss for U.S. federal income tax purposes as a result of that defeasance, and will be subject to tax in the same manner as if no defeasance had occurred.

Although we may discharge or decrease our obligations under the Senior Notes and the Indenture as described in the two preceding paragraphs, we may not avoid, among other things, the rights and obligations of the trustee under the Indenture, to register the transfer or exchange of Senior Notes, to replace any temporary, mutilated, destroyed, lost or stolen Senior Notes or to maintain an office or agency in respect of any series of indenture securities.

If we effect covenant defeasance with respect to any Senior Notes and those Senior Notes are declared due and payable because of the occurrence of any event of default other than the event of default resulting from a failure to comply with any covenant in the Indenture after the notice served therefor has elapsed, the amount of U.S. Government Obligations and funds on deposit with the trustee will be sufficient to pay amounts due on those Senior Notes at the time of their stated maturity but may not be sufficient to pay amounts due on those Senior Notes at the time of the acceleration resulting from that event of default. In that case, we would remain liable to make payment of those amounts due at the time of acceleration.

If the trustee or any paying agent is prevented by a court or governmental authority from applying any money deposited with the trustee in accordance with the Indenture, then our obligations under the Indenture and the Senior Notes shall be revived and reinstated as though no deposit had occurred pursuant to the Indenture. Thereafter, our obligation will continue until such time as the trustee or paying agent is permitted to apply all money in accordance with the Indenture. Any payment of principal of (or premium, if any) or interest that we make on any Senior Note following the reinstatement of our obligations will be subrogated to the rights of the holders of those Senior Notes to receive such payment from the money held by the trustee or paying agent.

As used above, “U.S. Government Obligations” means securities that are (1) direct obligations of the United States or (2) obligations of a person controlled or supervised by and acting as an agency or instrumentality of the United States, the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States, which are not callable or redeemable at the option of the issuer thereof.

Concerning the Trustee

We and our affiliates use or will use some of the banking services of the trustee in the normal course of business.

Governing Law

The Indenture and the Senior Notes will be governed by the laws of the Commonwealth of Pennsylvania.

Book-Entry System

We will issue the Senior Notes in the form of one or more global notes in fully registered form initially in the name of Cede & Co., as nominee of DTC, or such other name as may be requested by an authorized representative of DTC. The global Senior Notes will be deposited with DTC and may not be transferred except as a whole by DTC to a nominee of DTC or by a nominee of DTC to DTC or another nominee of DTC or by DTC or any nominee to a successor of DTC or a nominee of such successor.

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DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended (Exchange Act). DTC holds and provides asset servicing for (over 3.5 million issues of) U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants (direct participants) deposit with DTC. DTC also facilitates the post-trade settlement among direct participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between direct participants' accounts. This eliminates the need for physical movement of securities certificates. Direct participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (DTCC). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly (indirect participants). The rules applicable to DTC and its direct and indirect participants are on file with the SEC. More information about DTC can be found at www.dtcc.com. We do not intend this internet address to be an active link or to otherwise incorporate the content of the website into this prospectus supplement.

Clearstream advises that it is incorporated under the laws of Luxembourg as a bank. Clearstream holds securities for its customers and facilitates the clearance and settlement of securities transactions between its customers through electronic book-entry transfers between their accounts. Clearstream provides to its customers among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream interfaces with domestic securities markets in over 30 countries through established depository and custodial relationships. As a bank, Clearstream is subject to regulation by the Luxembourg Commission for the Supervision of the Financial Sector, also known as the *Commission de Surveillance du Secteur Financier*. Its customers are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Its customers in the United States are limited to securities brokers and dealers and banks. Indirect access to Clearstream is also available to other institutions such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with the customer.

Euroclear advises that it was created in 1968 to hold securities for its participants and to clear and settle transactions between Euroclear participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Euroclear provides various other services, including securities lending and borrowing and interfaces with domestic markets in several countries. Euroclear is operated by Euroclear Bank S.A./N.V. Euroclear Clearance establishes policy for Euroclear on behalf of Euroclear participants. Euroclear participants include banks, including central banks, securities brokers and dealers and other professional financial intermediaries and may include the Initial purchasers. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear participant, either directly or indirectly. Securities clearance accounts and cash accounts with the Euroclear operator are governed by the terms and conditions governing use of Euroclear and the related operating procedures of Euroclear. These terms and conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear operator acts under the terms and conditions only on behalf of Euroclear participants and has no record of or relationship with persons holding through Euroclear participants.

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Euroclear further advises that investors that acquire, hold and transfer interests in the Senior Notes by book-entry through accounts with the Euroclear operator or any other securities intermediary are subject to the laws and contractual provisions governing their relationship with their intermediary, as well as the laws and contractual provisions governing the relationship between such an intermediary and each other intermediary, if any, standing between themselves and the global securities.

Purchases of Senior Notes under the DTC system must be made by or through direct participants, which will receive a credit for the Senior Notes in DTC's records. The ownership interest of each actual purchaser of Senior Notes is in turn to be recorded on the direct and indirect participants' records. Beneficial owners of the Senior Notes will not receive written confirmation from DTC of their purchase, but beneficial owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the direct or indirect participant through which the beneficial owner entered into the transaction. Transfers of ownership interests in the Senior Notes are to be accomplished by entries made on the books of direct and indirect participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates representing their ownership interests in the Senior Notes, except in the event that use of the book-entry system for the Senior Notes is discontinued.

To facilitate subsequent transfers, all Senior Notes deposited by direct participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Senior Notes with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the Senior Notes; DTC's records reflect only the identity of the direct participants to whose accounts such Senior Notes are credited, which may or may not be the beneficial owners. The direct and indirect participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants, and by direct participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. The laws of some jurisdictions may require that certain persons take physical delivery in definitive form of securities which they own. Consequently, those persons may be prohibited from purchasing beneficial interests in the global Senior Notes from any beneficial owner or otherwise.

Redemption notices shall be sent to DTC. If less than all of the Senior Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each direct participant in such issue to be redeemed.

So long as DTC's nominee is the registered owner of the global Senior Notes, such nominee for all purposes will be considered the sole owner or holder of the Senior Notes for all purposes under the Indenture. Except as provided below, beneficial owners will not be entitled to have any of the Senior Notes registered in their names, will not receive or be entitled to receive physical delivery of the Senior Notes in definitive form and will not be considered the owners or holders thereof under the Indenture.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Senior Notes. Under its usual procedures, DTC mails an omnibus proxy to the issuer as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those direct participants to whose accounts the Senior Notes are credited on the record date (identified in a listing attached to the omnibus proxy).

All payments on the global Senior Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit direct participants' accounts upon DTC's receipt of funds and corresponding detail information from trustees or issuers on payment dates in accordance with their respective holdings shown on DTC's records. Payments by participants to beneficial

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owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such participant and not of DTC, the Trustee or us, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) shall be the responsibility of the Trustee or us, disbursement of such payments to direct participants shall be the responsibility of DTC, and disbursement of such payments to the beneficial owners shall be the responsibility of direct and indirect participants.

DTC may discontinue providing its service as securities depositary with respect to the Senior Notes at any time by giving reasonable notice to us or the Trustee. In addition, we may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depositary). In the event that a successor securities depositary is not obtained under the above circumstances, or, alternatively, if an event of default with respect to the Senior Notes has occurred and is outstanding, Senior Notes certificates in fully registered form are required to be printed and delivered to beneficial owners of the global Senior Notes representing such Senior Notes.

Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC's rules and will be settled in immediately available funds using DTC's same-day funds settlement system. Secondary market trading between Clearstream customers and/or Euroclear participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream and Euroclear and will be settled using the procedures applicable to conventional EuroSenior Notes in immediately available funds.

Cross market transfers between persons holding directly or indirectly through DTC on the one hand, and directly or indirectly through Clearstream customers or Euroclear participants, on the other, will be effected in DTC in accordance with DTC's rules on behalf of the relevant European international clearing system by its U.S. depositary; however, such cross market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in such system in accordance with its rules and procedures and within its established deadlines, in European time. The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to its U.S. depository to take action to effect final settlement on its behalf by delivering interests in the Senior Notes to or receiving interests in the Senior Notes from DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Clearstream customers and Euroclear participants may not deliver instructions directly to their respective U.S. depositaries.

Because of time-zone differences, credits of interests in the Senior Notes received by Clearstream or Euroclear as a result of a transaction with a DTC participant will be made during subsequent securities settlement processing and dated the business day following the DTC settlement date. Such credits or any transactions involving interests in such Senior Notes settled during such processing will be reported to the relevant Clearstream customers or Euroclear participants on such business day. Cash received by Clearstream or Euroclear as a result of sales of interests in the Senior Notes by or through a Clearstream customer or a Euroclear participant to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Clearstream or Euroclear cash account only as of the business day following settlement in DTC.

The information in this section has been obtained from sources that we believe to be reliable, but we take no responsibility for its accuracy.

Neither we, the trustee nor the underwriters will have any responsibility or obligation to direct participants, or the persons for whom they act as nominees, with respect to the accuracy of the records of DTC, its nominee or any direct participant with respect to any ownership interest in the Senior Notes, or payments to, or the providing of notice to direct participants or beneficial owners. The Senior Notes will be denominated in United States dollars and principal and interest will be paid in United States dollars. The Senior Notes will not be subject to any conversion, amortization, or sinking fund.

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CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

General

The following is a summary of certain U.S. federal income tax consequences material to the purchase, ownership and disposition of the Senior Notes. This summary is based upon current provisions of the Internal Revenue Code of 1986, as amended (the Code), proposed, temporary and final Treasury regulations thereunder, and published rulings and court decisions currently in effect, and other applicable authorities. The current tax laws and the current regulations, administrative rulings and court decisions may be changed, possibly retroactively, and may be subject to differing interpretation. There can be no guarantee that the Internal Revenue Service (the IRS) or U.S. courts will agree with the tax consequences described in this summary. The statements set forth in the following discussion, to the extent they constitute matters of U.S. federal income tax law or legal conclusions with respect thereto, represent the opinion of Ballard Spahr LLP.

There is currently $750,000,0000 in aggregate principal amount of 2.950% Senior Notes due 2020 that were issued on January 8, 2015 (the “Prior Issuance”). The 2020 Senior Notes offered hereby will be fungible with the senior notes issued in the Prior Issuance and will be subject to the same information reporting for U.S. federal income tax purposes. This discussion pertains to the additional 2020 Senior Notes and 2022 Senior Notes offered hereby, and does not apply to the senior notes issued in the Prior Issuance that are presently outstanding.

The following summary does not furnish information in the level of detail or with the attention to an investor’s specific tax circumstances that would be provided by an investor’s own tax advisor. For example, it does not discuss the tax consequences of the purchase, ownership and disposition of the Senior Notes by investors that are subject to special treatment under the U.S. federal income tax laws, including banks and thrifts, insurance companies, holders that will hold the Senior Notes as a position in a “straddle” or as a part of a “synthetic security” or “conversion transaction” or other integrated investment comprised of the Senior Notes and one or more other investments, U.S. expatriates or former long-term residents or citizens of the U.S., certain part-year nonresident aliens, government instrumentalities or agencies, entities that are tax exempt for U.S. federal income tax purposes, retirement plans, individual retirement accounts or other tax deferred accounts, bond houses, broker dealers or similar persons or organizations acting in the capacity of underwriters, dealers or traders in securities or currencies, traders in securities that elect to use a mark to market method of accounting for their securities holdings, insurance companies, real estate investment trusts and regulated investment companies and shareholders of such corporations, U.S. Holders whose functional currency is not the U.S. dollar, controlled foreign corporations, passive foreign investment companies or their shareholders, trusts and estates, and pass-through entities. This discussion does not address the tax consequences to shareholders, beneficiaries or other owners of a holder of Senior Notes. In addition, the discussion regarding the Senior Notes is limited to the U.S. federal income tax consequences of the initial investors (and not a purchaser in the secondary market) that purchase the Senior Notes in the initial offering at their issue price (generally, the first price at which a substantial amount of the notes is sold for money to investors, not including sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) and beneficially hold those Senior Notes as capital assets within the meaning of Section 1221 of the Code. This discussion does not address the tax consequences for a beneficial owner of a Senior Note who or which is not a U.S. Holder (defined below). The following summary assumes, as is expected, that the Senior Notes will be issued without original issue discount.

This discussion does not address U.S. federal estate and gift tax consequences, alternative minimum tax consequences, any foreign, state or local tax consequences, tax treaties or any other non-income tax consequences of the ownership and disposition of the Senior Notes to the beneficial owner of a Senior Note. Accordingly, prospective purchasers of the Senior Notes should consult their own tax advisors with respect to the potential consequences of any taxes not specifically discussed herein.

If an entity or an arrangement treated as a partnership (or other flow-through entity) for U.S. federal income tax purposes holds a Senior Note, the tax consequences to a partner or other owner of the entity will generally

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depend upon the status of the partner (or other owner) and the activities of such entity. Accordingly, this summary does not apply to partnerships (or other flow-through entities). Partners or other owners in an entity or arrangement treated as a partnership (or other flow-through entity) holding a Senior Note should consult their tax advisors regarding the U.S. federal income tax consequences to them of the acquisition, ownership and disposition by the partnership (or other flow-through entity) of the Senior Notes.

Prospective purchasers of the Senior Notes should consult their own tax advisors with respect to the U.S. federal, state, local and foreign tax consequences of purchasing, owning or disposing of the Senior Notes.

U.S. Holders

For purposes of this summary, a "U.S. Holder" is a beneficial owner of the Senior Notes that, for U.S. federal income tax purposes, is:

- a citizen or individual resident of the United States,
- a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States or any state thereof (including the District of Columbia),
- an estate the income of which is subject to U.S. federal income taxation regardless of its source, or
- a trust (1) if such trust was in existence on August 20, 1996 and validly elected to be treated as a United States person for U.S. federal income tax purposes or (2) if (i) a court within the United States is able to exercise primary supervision over its administration and (ii) one or more United States persons for U.S. federal income tax purposes have the authority to control all of the substantial decisions of such trust.

Qualified Reopening

Debt instruments issued as part of the "qualified reopening" of a previous issue of debt instruments are treated as part of the original issue and, consequently, are deemed to have the same issue date and the same issue price as the original debt instruments. It is expected that this offering of the 2020 Senior Notes will meet the requirements for a "qualified reopening" of the Prior Issuance under applicable U.S. Treasury regulations and therefore as having the same issue price and issue date as the Prior Issuance for U.S. federal income tax purposes. Accordingly, it is expected that this offering of 2020 Senior Notes will not be considered to be issued with "original issue discount" for U.S. federal income tax purposes.

Additional Amounts

We may be obligated to pay an additional amount beyond stated principal and interest to the holders of the Senior Notes if we elect to redeem the Senior Notes as described under "Description of Senior Notes—Redemption at Our Option." The obligation to make such payments may implicate provisions of the U.S. Treasury regulations relating to contingent payment debt instruments. U.S. Treasury regulations provide that the possibility that a payment will be made will not affect the amount, timing of interest income or character of gain a U.S. Holder recognizes if there is only a remote chance as of the date the Senior Notes were issued that such payments will be made. We intend to take the position that the possibility that such payment will be made is remote, which would cause the Senior Notes not to be treated as contingent payment debt instruments. Our determination that this contingency is remote is binding on a U.S. Holder unless such holder discloses its contrary position in the manner required by the applicable U.S. Treasury regulations. Our determination is not, however, binding on the IRS, and if the IRS were to challenge this determination, a U.S. Holder might be required to accrue income on its Senior Notes in excess of stated interest and to treat any gains as ordinary income. In the event a contingency occurs, it could affect the amount and timing of the income recognized by a holder and may result in other material adverse tax consequences of ownership and disposition of the Senior

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Notes. Holders of the Senior Notes should consult their tax advisors as to the tax considerations relating to the payment of the additional amount. The remainder of this disclosure assumes that the Senior Notes will not be treated as contingent payment debt instruments.

Pre-Issuance Accrued Interest

A portion of the price paid for the Senior Notes issued pursuant to this offering will be allocable to interest that accrued prior to the date such Senior Notes are purchased ('pre-issuance accrued interest"). To the extent that a portion of a U.S. Holder's purchase price for the Senior Notes is allocable to pre-issuance accrued interest, a portion of the first stated interest payment equal to the amount of such pre-issuance accrued interest may be treated as a nontaxable return of such pre-issuance accrued interest to the U.S. Holder. The remainder of this discussion assumes that the Senior Notes will be so treated, and all references to interest in the remainder of this discussion exclude references to pre-issuance accrued interest.

Stated Interest

In general, stated interest on a Senior Note will be taxed to a beneficial owner of a Senior Note as ordinary interest income at the time it accrues or is received, in accordance with the U.S. Holder's regular method of accounting for U.S. federal income tax purposes.

Taxable Disposition of a Senior Note

Upon the sale, exchange, redemption or other taxable disposition of a Senior Note, a U.S. Holder generally will recognize taxable gain or loss equal to the difference, if any, between the amount realized on the sale, exchange, redemption or other taxable disposition (not including any amount attributable to accrued but unpaid interest or pre-issuance accrued interest) and the U.S. Holder's adjusted tax basis in the Senior Note. Any amount attributable to accrued but unpaid interest will be treated as a payment of interest and taxed in the manner described above under "Stated Interest." In general, the U.S. Holder's adjusted tax basis in a Senior Note will be equal to the initial purchase price of the Senior Note paid by the U.S. Holder, reduced by the amount of principal payments on the Senior Note received before such date of sale, exchange, redemption or other taxable disposition.

Gain or loss recognized on the sale, exchange, redemption or other taxable disposition of a Senior Note generally will be capital gain or loss, and will be long-term capital gain or loss if, at the time of sale, exchange, redemption or other taxable disposition of the Senior Note has been held by the investor for more than one year. For certain non-corporate U.S. Holders (including individuals), net long-term capital gains generally are taxed at a lower rate than ordinary income. Capital losses are, with limited exception, deductible only to the extent of capital gains recognized during the taxable year. Any excess capital losses may be carried over to and deducted in other taxable years subject to certain limitations.

Tax on Net Investment Income

A 3.8% tax is imposed on the "net investment income" (or "undistributed net investment income", in the case of estates and trusts) of certain individuals, trusts and estates, if their adjusted gross income exceeds certain thresholds. In the case of an individual, the net investment income tax will be imposed on the lesser of (i) an individual's "net investment income" and (ii) the amount by which an individual's modified adjusted gross income exceeds $250,000 (if the individual is married and filing jointly or a surviving spouse), $125,000 (if the individual is married and filing separately) or $200,000 (in any other case). In the case of an estate or trust, the tax will be imposed on the lesser of (i) "undistributed net investment income," and (ii) the excess of adjusted gross income over the dollar amount at which the highest income tax bracket applicable to an estate or trust begins (for taxable years beginning in 2017, that dollar amount is $12,500).

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For these purposes, "net investment income" will generally include interest on and net gain attributable to the taxable disposition of property not held in a trade or business (including interest paid on and gain from the sale, exchange, redemption or other taxable disposition of a Senior Note), other than a trade or business that consists of certain passive or trading activities, and certain other types of income, reduced by permitted deductions properly allocable to the income or gain. Prospective U.S. Holders should consult their own tax advisors regarding the implications of this net investment income tax based upon their particular circumstances.

Information Reporting and Backup Withholding

Information reporting requirements may apply to interest and principal payments made to, and to the proceeds of sales or other dispositions before maturity by, certain owners of Senior Notes unless such owner is a corporation or other exempt recipient. In addition, backup withholding applies to payments of principal, premium, and interest to a U.S. Holder who is not a corporation or other exempt recipient if

- such U.S. Holder fails to furnish his or her taxpayer identification number, which for an individual would be his or her Social Security Number, to the payor in the manner required,
- such U.S. Holder furnishes an incorrect taxpayer identification number and the payor is so notified by the IRS,
- the payor is notified by the IRS that such U.S. Holder has failed to properly report payments of interest and dividends, or
- in certain circumstances, such U.S. Holder fails to certify, under penalties of perjury, that he or she has furnished a correct taxpayer identification number and has not been notified by the IRS that he or she is subject to backup withholding for failure to properly report interest and dividend payments.

The current rate of backup withholding is 28%. Any amounts withheld under backup withholding rules will generally be allowed as a refund or credit against a U.S. Holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS. Certain penalties may be imposed by the IRS on a recipient of payments that is required to supply information but that does not do so in the proper manner. U.S. Holders should consult their tax advisors as to their qualification for exemption from backup withholding and the procedure for obtaining such an exemption.

Non-U.S. Holders

The following is a summary of certain material U.S. federal income tax consequences that will apply to a Non-U.S. Holder. As used herein, the term Non-U.S. Holder means a beneficial owner of notes that is an individual, corporation, estate or trust (other than a grantor trust) for U.S. federal income tax purposes and that is not a U.S. Holder.

Interest

Subject to the discussion below under "—Information Reporting and Backup Withholding" and "—Foreign Account Tax Compliance," all payments of interest on the Senior Notes made to a Non-U.S. Holder will be exempt from U.S. federal withholding tax, provided that: (i) the interest is not effectively connected with a U.S. trade or business of such Non-U.S. Holder (or, if required under an applicable income tax treaty, is not attributable to a U.S. permanent establishment or fixed base maintained by such Non-U.S. Holder) (ii) such Non-U.S. Holder does not own, actually or constructively, 10% or more of the total combined voting power of all classes of our stock entitled to vote for U.S. federal tax purposes, (iii) such Non-U.S. Holder is not a controlled

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foreign corporation for U.S. federal income tax purposes that is related, directly or indirectly, to us through stock ownership, (iv) such Non-U.S. Holder is not a bank receiving certain types of interest, and (v) either (A) such Non-U.S. Holder certifies under penalties of perjury on IRS Form W-8BEN (Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding), for individuals, or, IRS Form W-8BEN-E (Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding), for entities, as appropriate (or a suitable substitute or applicable successor form) that it is not a United States person, (as defined in the Code) and provides its name, address, and U.S. taxpayer identification number, if any, or (B) a securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business and holds the Senior Notes on behalf of such Non-U.S. Holder certifies under penalties of perjury that the certification referred to in clause (A) has been received from the Non-U.S. Holder, and furnishes a copy thereof.

Except as described below under "—Effectively Connected Income," a Non-U.S. Holder that does not qualify for exemption from withholding as described above, generally will be subject to U.S. federal withholding tax at a rate of 30% on payments of interest on the Senior Notes. A Non-U.S. Holder may be entitled to the benefits of an income tax treaty under which interest on the Senior Notes is subject to a reduced rate of U.S. federal withholding tax or is exempt from U.S. federal withholding tax if the Non-U.S. Holder furnishes a properly completed and executed IRS Form W-8BEN or IRS Form W-8BEN-E, as appropriate (or a suitable substitute form or applicable successor form), claiming the reduction or exemption and complies with any other applicable procedures.

Disposition of a Senior Note

Subject to the discussion below under "—Information Reporting and Backup Withholding" and "—Foreign Account Tax Compliance," a Non-U.S. Holder generally will not be subject to U.S. federal withholding tax on gain realized on the sale, exchange, redemption or other taxable disposition of Senior Notes unless (i) the gain is effectively connected with the conduct of a U.S. trade or business of the Non-U.S. Holder (and, generally, if an income tax treaty applies, is attributable to a U.S. permanent establishment or fixed base maintained by the Non-U.S. Holder) or (ii) in the case of a Non-U.S. Holder who is a nonresident alien individual, the individual is present in the United States for 183 or more days in the taxable year of the disposition and certain other conditions are met.

Effectively Connected Income

If a Non-U.S. Holder is engaged in a trade or business in the United States, and if interest on the Senior Notes or gain realized on a sale, exchange, redemption or other taxable disposition of Senior Notes is effectively connected with the conduct of such trade or business (and, generally, if an income tax treaty applies, is attributable to a United States permanent establishment or fixed base maintained by the Non-U.S. Holder), the Non-U.S. Holder will be exempt from the withholding tax discussed above under "—Interest" (provided that the Non-U.S. Holder provides a properly completed and executed IRS Form W-8ECI or substantially similar substitute form). In addition, the Non-U.S. Holder, generally will be required to file a U.S. federal income tax return and generally will be subject to regular U.S. federal income tax on such income or gain in the same manner as if it were a U.S. Holder (unless an applicable income tax treaty provides otherwise). In addition, if such Non-U.S. Holder is a foreign corporation, such Non-U.S. Holder may be subject to a branch profits tax equal to 30% (or such lower rate provided by an applicable income tax treaty) of a dividend equivalent amount deemed to have been remitted from the United States out of its effectively connected earnings and profits for the taxable year.

Information Reporting and Backup Withholding

The amount of interest paid to each Non-U.S. Holder and the tax withheld with respect to such interest, regardless of whether withholding was required, will be reported annually to the IRS. Copies of the information

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returns reporting such interest and withholding may also be made available to the tax authorities in the country in which the Non-U.S. Holder resides under the provisions of an applicable income tax treaty or information exchange agreement.

A Non-U.S. Holder will be subject to backup withholding on interest paid to such Non-U.S. Holder unless such Non-U.S. Holder certifies under penalties of perjury that it is not a United States person as defined in the Code (and the payor does not have actual knowledge or reason to know that it is a United States person) or it otherwise establishes an exemption from backup withholding.

Information reporting and, depending on the circumstances, backup withholding, generally will apply to the proceeds of a disposition of Senior Notes effected within the United States or through certain U.S.-related financial intermediaries by a Non-U.S. Holder, unless the Non-U.S. Holder certifies under penalties of perjury that it is not a United States person (and the payor does not have actual knowledge or reason to know that it is a United States person) as defined in the Code or otherwise establishes an exemption from such requirements.

Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a Non-U.S. Holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS. Non-U.S. Holders should consult their own advisors regarding the application of U.S. federal withholding and backup withholding in their particular circumstance and the availability of, and procedure for, obtaining an exemption from, or refund of, U.S. federal withholding and backup withholding under the Code and current Treasury regulations.

Foreign Account Tax Compliance

Sections 1471 through 1474 of the Code and the final Treasury regulations and official IRS guidance associated with such provisions (such provisions, regulations and guidance commonly known as FATCA) generally impose a withholding tax of 30% on interest income from, and the gross proceeds from a disposition of, debt obligations, such as the Senior Notes, paid to certain foreign entities unless various information reporting and diligence requirements are satisfied. This would generally apply in the case of debt obligations held through intermediaries that do not agree to satisfy such information reporting requirements. Accordingly, the entity through which a U.S. Holder or a Non-U.S. Holder holds its Senior Notes will affect the determination of whether such withholding is required. Under current IRS regulations and other guidance, FATCA applies to certain withholdable payments of interest and, after December 31, 2018, will apply to certain withholdable payments of gross proceeds arising from the disposition of debt instruments. Application of this FATCA tax does not depend on whether the payment otherwise would be exempt from U.S. federal withholding tax under the other exemptions described above. Under certain circumstances, a shareholder may be eligible for refunds or credits of such taxes from the IRS. We will not pay any additional amounts to U.S. Holders or Non-U.S. Holders in respect of any amounts withheld under FATCA (or any other withholding tax provisions). Foreign entities located in jurisdictions that have entered into an intergovernmental agreement with the U.S. governing FATCA may be subject to different rules. Prospective holders of the Senior Notes should consult their tax advisors regarding the implications of FATCA on their ownership and disposition of the Senior Notes.

The U.S. federal income tax discussion set forth above is included for general information only and may not be applicable depending upon an owner's particular situation. Prospective purchasers of the Senior Notes should consult their own tax advisors with respect to the tax consequences to them of the ownership and disposition of Senior Notes, including the tax consequences under state, local, foreign and other tax laws and the possible effects of changes in United States or other tax laws.

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UNDERWRITING

Barclays Capital Inc. and J.P. Morgan Securities LLC are acting as representatives of the underwriters set forth below. Subject to the terms and conditions contained in an underwriting agreement between us and the underwriters, we have agreed to sell to the underwriters and the underwriters have severally agreed to purchase from us, the principal amount of the Senior Notes listed opposite their names below.

Underwriter	Principal Amount of 2020 Senior Notes	Principal Amount of 2022 Senior Notes
Barclays Capital Inc.	$	
J.P. Morgan Securities LLC		
Morgan Stanley & Co. LLC		
KeyBanc Capital Markets Inc.		
Total	$	

The underwriters have agreed to purchase all of the Senior Notes sold pursuant to the underwriting agreement if any of the Senior Notes are purchased. If an underwriter defaults, the underwriting agreement provides that the purchase commitments of the non-defaulting underwriters may be increased or the underwriting agreement may be terminated.

We have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended (Securities Act), or to contribute to payments the underwriters may be required to make in respect of those liabilities.

The underwriters are offering the Senior Notes, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the Senior Notes, and other conditions contained in the underwriting agreement, such as the receipt by the underwriters of officer's certificates and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

It is expected that delivery of the Senior Notes will be made on or about March , 2017.

Commissions and Discounts

The underwriters have advised us that they propose initially to offer the Senior Notes to the public at the public offering price on the cover page of this prospectus supplement and may offer the Senior Notes to certain securities dealers at that price less a concession not to exceed % of the principal amount of the 2020 Senior Notes and % of the principal amount of the 2022 Senior Notes. The underwriters may allow, and such dealers may reallow, a discount not to exceed % of the principal amount of the 2020 Senior Notes and % of the principal amount of the 2022 Senior Notes. After the initial public offering, the public offering price, concession and discount may be changed.

The expenses of the offering, not including the underwriting discount, are estimated to be $ and are payable by us.

New Issue of Senior Notes

Each series of the Senior Notes are new issues of securities with no established trading market. We do not intend to apply for listing of each series of the Senior Notes on any national securities exchange or for quotation of each series of the Senior Notes on any automated dealer quotation system. We have been advised by the representatives of the underwriters that they presently intend to make markets in each series of the Senior Notes after completion of the offering. However, they are under no obligation to do so and may discontinue any market-making activities at any time without any notice. We cannot assure the liquidity of trading markets for

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either series of the Senior Notes or that active public markets for either series of the Senior Notes will develop. If active public trading markets for either series the Senior Notes does not develop, the market price and liquidity of such series the Senior Notes may be adversely affected.

Price Stabilization and Short Positions

In connection with the offering, the underwriters are permitted to engage in transactions that stabilize the market price of the Senior Notes. Such transactions consist of bids or purchases to peg, fix or maintain the price of the Senior Notes. If the underwriters create a short position in the Senior Notes in connection with the offering, *i.e.*, if they sell more Senior Notes than are on the cover page of this prospectus supplement, the underwriters may reduce that short position by purchasing Senior Notes in the open market. Purchases of a security to stabilize the price or to reduce a short position could cause the price of the security to be higher than it might be in the absence of such purchases.

The underwriters also may impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased notes sold by or for the account of such underwriter in stabilizing or short covering transactions.

Neither we nor any of the underwriters makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Senior Notes. In addition, neither we nor any of the underwriters makes any representation that the underwriters will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Other Relationships

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Some of the underwriters and their affiliates have engaged in, and some or all of the underwriters and their affiliates may in the future engage in, investment banking, financial advisory and commercial banking services in the ordinary course of business with us and our affiliates. They have received and may in the future receive customary fees and commissions for these transactions. The underwriters and their affiliates may provide credit to us or our affiliates as lenders from time to time, including under our existing revolving credit facilities. In particular, certain of the underwriters or their affiliates from time to time may hold outstanding commercial paper issued by us, which may be repaid with a portion of the net proceeds received by us from the sale of the Senior Notes. See “Use of Proceeds” in this prospectus supplement.

In the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities and/or instruments of the issuer. The underwriters and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Notice To Investors In Certain Jurisdictions

European Economic Area

This prospectus supplement and the accompanying prospectus are not a prospectus for the purposes of the Prospectus Directive (as defined below).

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In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), each underwriter has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) it has not made and will not make an offer of Senior Notes which are the subject of the offering contemplated by this prospectus supplement to the public in that Relevant Member State other than:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant underwriter or underwriters nominated by Generation for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Senior Notes shall require Generation or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of notes to the public" in relation to any Senior Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Senior Notes to be offered so as to enable an investor to decide to purchase or subscribe the Senior Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

United Kingdom

Each underwriter has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Senior Notes in circumstances in which Section 21(1) of the FSMA does not apply to Generation; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Senior Notes in, from or otherwise involving the United Kingdom.

Hong Kong

The Senior Notes have not been offered or sold or will not be offered or sold by means of any document other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) (the "SFO") and any rules made thereunder, or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32, Laws of Hong Kong) or which do not constitute an offer to the public within the meaning of that Ordinance, and no advertisement, invitation or document relating to the Senior Notes has been or will be issued or has been or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to Senior Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made thereunder.

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Japan

The Senior Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended, the "FIEA") and each underwriter has agreed that it will not offer or sell any securities, directly or indirectly, in Japan or to, or for the account or the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the account or the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Singapore

This prospectus supplement and the accompanying prospectus have not been registered as a prospectus under the Securities and Futures Act, Chapter 289 of Singapore (the "SFA") by the Monetary Authority of Singapore, and the offer of the Senior Notes in Singapore is made primarily pursuant to the exemptions under Sections 274 and 275 of the SFA. Accordingly, the Senior Notes may not be offered or sold, or made the subject of an invitation for subscription or purchase, nor may this prospectus supplement and the accompanying prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the Senior Notes be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor as defined in Section 4A of the SFA ("Institutional Investor") pursuant to Section 274 of the SFA, (ii) to an accredited investor as defined in Section 4A of the SFA (an "Accredited Investor") or other relevant person as defined in Section 275(2) of the SFA (a "Relevant Person"), or to any person pursuant to an offer referred to in Section 275(1A) of the SFA, and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable exemption or provision of the SFA.

It is a condition of the offer that where the Senior Notes are subscribed or purchased pursuant to an offer made in reliance on Section 275 by a Relevant Person which is:

(a) a corporation (which is not an Accredited Investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an Accredited Investor; or

(b) a trust (where the trustee is not an Accredited Investor) whose sole purpose is to hold investments and each beneficiary is an Accredited Investor,

the shares, debentures and units of shares and debentures of that corporation, and the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has subscribed for or acquired the Senior Notes except:

(1) to an Institutional Investor, or an Accredited Investor or other Relevant Person, or which arises from any offer referred to in Section 275(1A) of the SFA (in the case of that corporation) or Section 276(4)(i)(B) of the SFA (in the case of that trust);

(2) where no consideration is or will be given for the transfer; or

(3) where the transfer is by operation of law.

Canada

The Senior Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration

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Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Senior Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus supplement (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Korea

The Senior Notes have not been and will not be registered under the Financial Investments Services and Capital Markets Act of Korea and the decrees and regulations thereunder, or the FSCMA, and the Senior Notes have been and will be offered in Korea as a private placement under the FSCMA. None of the Senior Notes may be offered, sold or delivered directly or indirectly, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea except pursuant to the applicable laws and regulations of Korea, including the FSCMA and the Foreign Exchange Transaction Law of Korea and the decrees and regulations thereunder, or the FETL. The Senior Notes have not been listed on any of securities exchanges in the world including, without limitation, the Korea Exchange in Korea. Furthermore, the purchaser of the Senior Notes shall comply with all applicable regulatory requirements (including but not limited to requirements under the FETL) in connection with the purchase of the Senior Notes. By the purchase of the Senior Notes, the relevant holder thereof will be deemed to represent and warrant that if it is in Korea or is a resident of Korea, it purchased the Senior Notes pursuant to the applicable laws and regulations of Korea.

Taiwan

The Senior Notes have not been and will not be registered with the Financial Supervisory Commission of Taiwan pursuant to relevant securities laws and regulations and may not be sold, issued or offered within Taiwan through a public offering or in circumstances which constitutes an offer within the meaning of the Securities and Exchange Act of Taiwan that requires a registration or approval of the Financial Supervisory Commission of Taiwan. No person or entity in Taiwan has been authorized to offer, sell, give advice regarding or otherwise intermediate the offering and sale of the Senior Notes in Taiwan.

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LEGAL MATTERS

Ballard Spahr LLP, Philadelphia, Pennsylvania, will render an opinion as to the validity of the Senior Notes and pass on certain legal matters for us. Winston & Strawn LLP will pass on certain legal matters for the underwriters. Winston & Strawn LLP provides legal services to Exelon and its subsidiaries from time to time.

EXPERTS

The consolidated financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) incorporated in this prospectus supplement by reference to the Annual Report on Form 10-K for the year ended December 31, 2016 have been so incorporated in reliance on the report (which contains an explanatory paragraph on the effectiveness of internal control over financial reporting due to the exclusion of certain elements of the internal control over financial reporting of the Consolidated Edison Solutions, Inc. business Generation acquired during 2016) of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

The SEC allows us to "incorporate by reference" the information filed by us with the SEC, which means that we can refer you to important information without restating it in this prospectus supplement and the accompanying prospectus. The information incorporated by reference is considered to be part of this prospectus supplement and the accompanying prospectus and should be read with the same care. Exelon, Generation, ComEd, PECO, Baltimore Gas and Electric Company, Pepco Holdings LLC, Potomac Electric Power Company, Delmarva Power & Light Company and Atlantic City Electric file combined reports under the Exchange Act. Information contained in the combined reports relating to each registrant is filed separately by such registrant on its own behalf and only the information related to Generation is incorporated by reference in this prospectus supplement and the accompanying prospectus. Generation does not make any representation as to information relating to any other registrant or securities issued by any other registrant and you should not rely on any information relating to any registrant other than Generation in determining whether to invest in the Senior Notes. We incorporate by reference our Annual Report on Form 10-K for the year ended December 31, 2016 and any future filings that we make with the SEC under the Exchange Act if the filings are made prior to the time that all of the Senior Notes are sold in this offering. You can also find more information about us from the sources described under "Documents Incorporated by Reference" in the accompanying prospectus.

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PROSPECTUS

EXELON CORPORATION

Debt Securities
Common Stock
Stock Purchase Contracts
Stock Purchase Units
Preferred Stock
Depositary Shares

EXELON GENERATION COMPANY, LLC

Debt Securities

COMMONWEALTH EDISON COMPANY

Debt Securities

PECO ENERGY COMPANY

Debt Securities

BALTIMORE GAS AND ELECTRIC COMPANY

Debt Securities

POTOMAC ELECTRIC POWER COMPANY

Debt Securities

DELMARVA POWER & LIGHT COMPANY

Debt Securities

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Exelon Corporation (Exelon) may use this prospectus to offer and sell from time to time:

- debt securities;
- common stock;
- stock purchase contracts;
- stock purchase units;
- preferred stock in one or more series;
- depositary shares.

Exelon Generation Company, LLC (Generation) may use this prospectus to offer and sell from time to time:

- debt securities

Commonwealth Edison Company (ComEd) may use this prospectus to offer and sell from time to time:

- debt securities

PECO Energy Company (PECO) may use this prospectus to offer and sell from time to time:

- debt securities

Baltimore Gas and Electric Company (BGE) may use this prospectus to offer and sell from time to time:

- debt securities

Potomac Electric Power Company (Pepco) may use this prospectus to offer and sell from time to time:

- debt securities

Delmarva Power & Light Company (DPL) may use this prospectus to offer and sell from time to time:

- debt securities

Exelon, Generation, ComEd, PECO, BGE, Pepco and DPL sometimes refer to the securities listed above as the "Securities."

Exelon, Generation, ComEd, PECO, BGE, Pepco and DPL will provide the specific terms of the Securities in supplements to this prospectus prepared in connection with each offering. Please read this prospectus and the applicable prospectus supplement carefully before you invest. This prospectus may not be used to consummate sales of the offered Securities unless accompanied by a prospectus supplement.

Exelon's common shares are listed on the New York Stock Exchange, under the symbol "EXC."

Please see "Risk Factors" beginning on page 2 for a discussion of factors you should consider in connection with a purchase of the Securities offered in this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is August 30, 2016.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that Exelon, Generation, ComEd, PECO, BGE, Pepco and DPL have each filed with the Securities and Exchange Commission (SEC) using a "shelf" registration process. Under this shelf registration process, each of us may, from time to time, sell our Securities described in this prospectus in one or more offerings. Each time Exelon, Generation, ComEd, PECO, BGE, Pepco or DPL (each, a registrant) sells Securities, the registrant will provide a prospectus supplement that will contain a description of the Securities the registrant will offer and specific information about the terms of the offering. The prospectus supplement may also add, update or change information contained in this prospectus. If there is any inconsistency between the information in this prospectus and the prospectus supplement, you should rely on the prospectus supplement. You should read both this prospectus and any prospectus supplement together with additional information described under "Where You Can Find More Information."

Information contained herein relating to each registrant is filed separately by such registrant on its own behalf. No registrant makes any representation as to information relating to any other registrant or Securities issued by any other registrant.

As used in this prospectus, the terms "we," "our" and "us" generally refer to:

- Exelon with respect to Securities issued by Exelon.
- Generation with respect to Securities issued by Generation.
- ComEd with respect to Securities issued by ComEd.
- PECO with respect to Securities issued by PECO.
- BGE with respect to Securities issued by BGE.
- Pepco with respect to Securities issued by Pepco.
- DPL with respect to Securities issued by DPL.

None of the registrants will guarantee or provide other credit or funding support for the Securities to be offered by another registrant pursuant to this prospectus.

We are not offering the Securities in any state where the offer is not permitted.

For more detailed information about the Securities, you should read the exhibits to the registration statement. Those exhibits have either been filed with the registration statement or incorporated by reference to earlier SEC filings listed in the registration statement.

You should rely only on information contained in this prospectus and which is incorporated by reference or the documents to which we have referred you. We have not authorized anyone to provide you with information that is different. This prospectus and related prospectus supplement may be used only where it is legal to sell these securities. The information in this prospectus and any prospectus supplement may only be accurate on the date of this document. The business of the registrant, financial condition, results of operations and prospects may have changed since that date.

Please see "Risk Factors" beginning on page 2 for a discussion of factors you should consider in connection with a purchase of the Securities offered in this prospectus.

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FORWARD-LOOKING STATEMENTS

This prospectus and the documents incorporated or deemed incorporated by reference as described under the heading "Where You Can Find More Information" contain forward-looking statements that are not based entirely on historical facts and are subject to risks and uncertainties. Words such as "believes," "anticipates," "expects," "intends," "plans," "predicts" and "estimates" and similar expressions are intended to identify forward-looking statements but are not the only means to identify those statements. These forward-looking statements are based on assumptions, expectations and assessments made by our management in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe to be appropriate. Any forward-looking statements are not guarantees of our future performance and are subject to risks and uncertainties.

This prospectus contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which are subject to risks and uncertainties. The factors that could cause actual results to differ materially from the forward-looking statements made by Exelon, Generation, ComEd, PECO, BGE, Pepco and DPL include those factors discussed herein, as well as the items discussed in (1) the combined 2015 Annual Report on Form 10-K of Exelon, Generation, ComEd, PECO and BGE in (a) ITEM 1A. Risk Factors, (b) ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) ITEM 8. Financial Statements and Supplementary Data: Note 23; (2) the combined 2015 Annual Reports on Form 10-K of Pepco and DPL in (a) ITEM 1A. Risk Factors, (b) ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) ITEM 8. Financial Statements and Supplementary Data: Note 16; (3) Exelon's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2016 and June 30, 2016 in (a) Part II, Other Information, ITEM 1A. Risk Factors; (b) Part 1, Financial Information, ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) Part I, Financial Information, ITEM 1. Financial Statements: Note 18 and (4) other factors discussed in filings with the SEC by each of the registrants.

You are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date on the front of this prospectus or, as the case may be, as of the date on which we make any subsequent forward-looking statement that is deemed incorporated by reference. We do not undertake any obligation to update or revise any forward-looking statement to reflect events or circumstances after the date as of which any such forward-looking statement is made.

RISK FACTORS

Investing in the Securities involves various risks. You are urged to read and consider the risk factors described in (a) the combined Annual Reports on Form 10-K of Exelon, Generation, ComEd, PECO, and BGE, as applicable, for the year ended December 31, 2015, filed with the SEC on February 10, 2016, (b) the combined Annual Reports on Form 10-K of Pepco and DPL, as applicable, for the year ended December 31, 2015, filed with the SEC on February 19, 2016 and (c) (3) the registrants' combined Quarterly Reports on Form 10-Q for the quarters ended March 31, 2016 and June 30, 2016. Before making an investment decision, you should carefully consider these risks as well as other information we include or incorporate by reference in this prospectus. The prospectus supplement applicable to each type or series of Securities offered by one of the registrants will contain a discussion of additional risks applicable to an investment in such registrant and the particular type of Securities the registrant is offering under that prospectus supplement.

EXELON CORPORATION

Exelon, incorporated in Pennsylvania in February 1999, is a utility services holding company engaged, through Generation, in the energy generation business, and through ComEd, PECO, BGE Pepco, DPL and Atlantic City Electric Company, in the energy delivery businesses. Exelon's principal executive offices are located at 10 South Dearborn Street, Chicago, Illinois 60603, and its telephone number is 800-483-3220.

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EXELON GENERATION COMPANY, LLC

Generation's integrated business consists of its owned and contracted electric generating facilities and investments in generation ventures that are marketed through its leading customer-facing activities. These customer-facing activities include, wholesale energy marketing operations and its competitive retail customer supply of electric and natural gas products and services, including renewable energy products, risk management services and natural gas exploration and production activities. Generation has six reportable segments consisting of the Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Regions.

Generation was formed in 2000 as a Pennsylvania limited liability company. Generation began operations as a result of a corporate restructuring, effective January 1, 2001, in which Exelon separated its generation and other competitive businesses from its regulated energy delivery businesses at ComEd and PECO. Generation's principal executive offices are located at 300 Exelon Way, Kennett Square, Pennsylvania 19348, and its telephone number is 610-765-5959.

COMMONWEALTH EDISON COMPANY

ComEd's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in northern Illinois, including the City of Chicago.

ComEd was organized in the State of Illinois in 1913 as a result of the merger of Cosmopolitan Electric Company into the original corporation named Commonwealth Edison Company, which was incorporated in 1907. ComEd's principal executive offices are located at 440 South LaSalle Street, Chicago, Illinois 60605, and its telephone number is 312-394-4321.

PECO ENERGY COMPANY

PECO's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in southeastern Pennsylvania, including the City of Philadelphia, as well as the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services to retail customers in the Pennsylvania counties surrounding the City of Philadelphia.

PECO was incorporated in Pennsylvania in 1929. PECO's principal executive offices are located at 2301 Market Street, Philadelphia, Pennsylvania 19103, and its telephone number is 215-841-4000.

BALTIMORE GAS AND ELECTRIC COMPANY

BGE's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in central Maryland, including the City of Baltimore, as well as the purchase and regulated retail sale of natural gas and the provision of gas distribution services to retail customers in central Maryland, including the City of Baltimore.

BGE was incorporated in Maryland in 1906. BGE's principal executive offices are located at 110 West Fayette Street, Baltimore, Maryland 21201, and its telephone number is 410-234-5000.

POTOMAC ELECTRIC POWER COMPANY

Pepco's energy delivery business consists of the Purchase and regulated retail sale of electricity and the provision of electric distribution and transmission services in the District of Columbia and major portions of Prince George's County and Montgomery County in Maryland.

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Pepco was incorporated in the District of Columbia in 1896 and Virginia in 1949. Pepco's principal executive offices are located at 701 Ninth Street, N.W., Washington, D.C. 20068, and its telephone number is (202) 872-2000.

DELMARVA POWER & LIGHT COMPANY

DPL's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of electric distribution and transmission services in portions of Maryland and Delaware, and the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services in northern Delaware.

DPL was incorporated in Delaware in 1909 and Virginia in 1979. DPL's principal executive offices are located at 500 North Wakefield Drive Newark, Delaware 19702, and its telephone number is (202) 872-2000.

USE OF PROCEEDS

Except as otherwise indicated in the applicable prospectus supplement, each registrant expects to use the net proceeds from the sale of the Securities for general corporate purposes, including to discharge or refund (by redemption, by purchase on the open market, by purchase in private transactions, by tender offer or otherwise) outstanding long-term debt. Each registrant will describe in the applicable prospectus supplement any specific allocation of the proceeds to a particular purpose that the registrant has made at the date of that prospectus supplement. Please refer to our annual and quarterly reports incorporated by reference into this prospectus and any prospectus supplement for information concerning each registrant's outstanding long-term debt. See "Where You Can Find More Information."

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RATIO OF EARNINGS TO FIXED CHARGES AND RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERENCE SECURITY DIVIDENDS

Exelon

The following are Exelon's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Six Months Ended
	2011	2012	2013	2014	2015	June 30, 2016
Ratio of earnings to fixed charges	4.9	2.4	2.6	2.7	3.3	1.8

The following are Exelon's consolidated ratios of earnings to combined fixed charges and preference stock dividends for each of the periods indicated:

	Years Ended December 31,					Six Months Ended
	2011	2012	2013	2014	2015	June 30, 2016
Ratio of earnings to combined fixed charges and preference security dividends	4.9	2.3	2.5	2.7	3.3	1.8

Generation

The following are Generation's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Six Months Ended
	2011	2012	2013	2014	2015	June 30, 2016
Ratio of earnings to fixed charges	7.3	2.6	3.3	2.8	3.5	2.1

ComEd

The following are ComEd's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Six Months Ended
	2011	2012	2013	2014	2015	June 30, 2016
Ratio of earnings to fixed charges	3.0	3.0	1.7	3.1	3.1	3.4

PECO

The following are PECO's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Six Months Ended
	2011	2012	2013	2014	2015	June 30, 2016
Ratio of earnings to fixed charges	4.7	4.9	5.6	5.0	5.4	5.3

BGE

The following are BGE's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Six Months Ended
	2011	2012	2013	2014	2015	June 30, 2016
Ratio of earnings to fixed charges	2.4	1.0	3.6	3.8	4.7	4.5

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Pepco

The following are Pepco's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Six Months Ended
	2011	2012	2013	2014	2015	June 30, 2016
Ratio of earnings to fixed charges	2.22	2.54	2.89	3.05	3.08	0.10(a)

(a) The ratio coverage was less than 1:1. Pepco required additional earnings of $64 million in order to achieve a coverage ratio of 1:1.

DPL

The following are DPL's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Six Months Ended
	2011	2012	2013	2014	2015	June 30, 2016
Ratio of earnings to fixed charges	3.31	3.25	3.64	4.19	3.31	(1.2)(a)

(a) The ratio coverage was less than 1:1. DPL required additional earnings of $62 million in order to achieve a coverage ratio of 1:1.

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DESCRIPTION OF SECURITIES

Each time one of the registrants sells securities, it will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with additional information described under “Where You Can Find More Information.”

PLAN OF DISTRIBUTION

We may sell the Securities offered (a) through agents; (b) by underwriters or dealers; (c) directly to one or more purchasers; or (d) through a combination of any of these methods of sale.

In some cases we may also repurchase the Securities and reoffer them to the public by one or more of the methods described above.

This prospectus may be used in connection with any offering of securities through any of these methods or other methods described in the applicable prospectus supplement.

Any underwriter or agent involved in the offer and sale of the Securities will be named in the applicable prospectus supplement.

By Agents

Offered securities may be sold on a one time or a continuing basis by agents designated by the applicable registrant. The agents will use their reasonable efforts to solicit purchases for the period of their appointment under the terms of an agency agreement between the agents and the applicable issuer.

By Underwriters or Dealers

If underwriters are used in the sale, the underwriters may be designated by the applicable registrant or selected through a bidding process. The securities will be acquired by the underwriters for their own account. The underwriters may resell the Securities in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. Underwriters may sell the Securities to or through dealers, and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or commissions from the purchasers for whom they may act as agents. The obligations of the underwriters to purchase the Securities will be subject to certain conditions. The underwriters will be obligated to purchase all the Securities of the series offered if any of the securities are purchased. Any initial public offering price and any discounts or concessions allowed or re-allowed or paid to dealers may be changed from time to time.

Only underwriters named in the applicable prospectus supplement are deemed to be underwriters in connection with the Securities offered hereby.

If dealers are utilized in the sale of the Securities, the applicable registrant will sell the Securities to the dealers as principals. The dealers may then resell the Securities to the public at varying prices to be determined by such dealers at the time of resale. The names of the dealers and the terms of the transaction will be set forth in the applicable prospectus supplement.

Direct Sales

We may also sell Securities directly to the public. In this case, no underwriters or agents would be involved.

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General Information

We may authorize agents, underwriters or dealers to solicit offers by certain institutions to purchase Securities from us at the public offering price pursuant to delayed delivery contracts providing for payment and delivery on a later date or dates, all as described in the applicable prospectus supplement. Each delayed delivery contract will be for an amount not less than, and the aggregate amount of the Securities shall be not less nor more than, the respective amounts stated in the applicable prospectus supplement. Such institutions may include commercial and savings banks, insurance companies, pension funds, investment companies, educational and charitable institutions, and other institutions, but will in all cases be subject to our approval. The delayed delivery contracts will not be subject to any conditions except:

- the purchase by an institution of the Securities covered by its delayed delivery contract shall not, at any time of delivery, be prohibited under the laws of any jurisdiction in the United States to which such delayed delivery contract is subject; and
- if the Securities are being sold to underwriters, we shall have sold to those underwriters the total amount of the Securities less the amount thereof covered by the delayed delivery contracts. The underwriters will not have any responsibility in respect of the validity or performance of the delayed delivery contracts.

Unless otherwise specified in the related prospectus supplement, each series of the Securities will be a new issue with no established trading market, other than the common stock. Any common stock sold pursuant to a prospectus supplement or issuable upon conversion of another offered Security will be listed on the New York Stock Exchange, subject to official notice of issuance. We may elect to list any of the other securities on an exchange, but are not obligated to do so. It is possible that one or more underwriters may make a market in a series of the Securities, but no underwriter will be obligated to do so and any underwriter may discontinue any market making at any time without notice. We cannot predict the activity of trading in, or liquidity of, our Securities.

In connection with sales by an agent or in an underwritten offering, the SEC rules permit the underwriters or agents to engage in transactions that stabilize the price of the Securities. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters or agents of a greater number of securities than they are required to purchase in an offering. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Securities while an offering is in progress.

The underwriters also may impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the underwriters have repurchased Securities sold by or for the account of that underwriter in stabilizing or short-covering transactions.

These activities by the underwriters may stabilize, maintain or otherwise affect the market price of the Securities. As a result, the price of the Securities may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the underwriters at any time. These transactions may be effected on an exchange or automated quotation system, if the Securities are listed on that exchange or admitted for trading on that automated quotation system, in the over-the-counter market or otherwise.

We may from time to time, without the consent of the existing Security holders, create and issue further Securities having the same terms and conditions as the Securities being offered hereby in all respects, except for issue date, issue price and if applicable, the first payment of interest or dividends therein or other terms as noted in the applicable prospectus supplement. Additional Securities issued in this manner will be consolidated with, and will form a single series with, the previously outstanding securities.

Underwriters, dealers and agents that participate in the distribution of the Securities may be underwriters as defined in the Securities Act of 1933, and any discounts or commissions received by them from us and any profit on the resale of the Securities by them may be treated as underwriting discounts and commissions under the Securities Act.

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We may have agreements with the underwriters, dealers and agents to indemnify them against certain civil liabilities, including liabilities under the Securities Act of 1933, or to contribute with respect to payments which the underwriters, dealers or agents may be required to make.

Underwriters, dealers and agents may engage in transactions with, or perform services for, us or our subsidiaries or affiliates in the ordinary course of their businesses.

LEGAL MATTERS

Ballard Spahr LLP, Philadelphia, Pennsylvania, will render an opinion as to the validity of the Securities for us.

Winston & Strawn LLP, Chicago, Illinois, will render an opinion as to the validity of the Securities for any underwriters, dealers, purchasers or agents. Winston & Strawn LLP provides legal services to Exelon and its subsidiaries from time to time.

EXPERTS

The financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) of (a) Exelon, Generation, ComEd, PECO and BGE incorporated in this prospectus by reference to the combined Annual Reports on Form 10-K for the year ended December 31, 2015 and (b) of Pepco and DPL by reference to the combined Annual Reports on Form 10-K for the year ended December 31, 2015 have been so incorporated in reliance on the reports of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

Exelon, Generation, ComEd, PECO, BGE, Pepco and DPL each file reports and other information with the SEC. The public may read and copy any reports or other information that we file with the SEC at the SEC's public reference room, 100 F Street, N.E., Room 1580, Washington, D.C. 20549. The public may obtain information on the operation of the public reference room by calling the SEC at 1-800-SEC-0330. These documents are also available to the public from commercial document retrieval services and at the web site maintained by the SEC at http://www.sec.gov. Reports, proxy statements and other information concerning Exelon may also be inspected at the offices of the New York Stock Exchange, which is located at 20 Broad Street, New York, New York 10005. You may also obtain a copy of the registration statement at no cost by writing us at the following address:

Exelon Corporation
Attn: Investor Relations
10 South Dearborn Street - 52nd Floor
P.O. Box 805398
Chicago, IL 60680-5398

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This prospectus is one part of a registration statement filed on Form S-3 with the SEC under the Securities Act of 1933, as amended, known as the Securities Act. This prospectus does not contain all of the information set forth in the registration statement and the exhibits and schedules to the registration statement. For further information concerning us and the Securities, you should read the entire registration statement, including this prospectus and any related prospectus supplements, and the additional information described under the sub-heading "Documents Incorporated By Reference" below. The registration statement has been filed electronically and may be obtained in any manner listed above. Any statements contained herein concerning the provisions of any document are not necessarily complete, and, in each instance, reference is made to the copy of such document filed as an exhibit to the registration statement or otherwise filed with the SEC. Each such statement is qualified in its entirety by such reference.

Information about us is also available on Exelon's web site at http://www.exeloncorp.com. The information on Exelon's web site is not incorporated into this prospectus by reference, and you should not consider it a part of this prospectus.

DOCUMENTS INCORPORATED BY REFERENCE

The SEC allows us to "incorporate by reference" information that we file with the SEC, which means that we can disclose important information to you by referring you to the documents we file with the SEC. The information incorporated by reference is an important part of this prospectus, and information that we file later with the SEC will automatically update and supersede this information. This incorporation by reference does not include documents that are furnished but not filed with the SEC. We incorporate by reference the documents listed below and any future documents that we file with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (known as the Exchange Act) but prior to the termination of any offering of securities made by this prospectus:

Exelon Corporation (Exchange Act File No. 1-16169)

- Exelon's Annual Report on Form 10-K for the year ended December 31, 2015;
- Exelon's Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2016 and June 30, 2016;
- The description of Exelon's common stock contained in the registration statement on Form 8-A filed under the Securities Exchange Act of 1934 on October 10, 2000, as amended, including any amendment thereto or report filed for the purpose of updating such description; and
- Exelon's Current Reports on Form 8-K filed with the SEC on January 7, 2016, February 26, 2016, March 7, 2016, March 24, 2016, April 1, 2016, April 5, 2016, April 7, 2016, April 15, 2016, April 29, 2016, May 25, 2016, May 25, 2016, May 27, 2016, June 2, 2016, June 3, 2016, June 10, 2016 and July 7, 2016.

Exelon Generation Company, LLC (Exchange Act File No. 333-85496)

- Generation's Annual Report on Form 10-K for the year ended December 31, 2015;
- Generation's Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2016 and June 30, 2016; and
- Generation's Current Reports on Form 8-K filed with the SEC on April 5, 2016, April 15, 2016, May 25, 2016, May 27, 2016, June 2, 2016 and July 7, 2016.

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Commonwealth Edison Company (Exchange Act File No. 1-1839)

- ComEd's Annual Report on Form 10-K for the year ended December 31, 2015;
- ComEd's Reports on Form 10-Q for the quarterly periods ended March 31, 2016 and June 30, 2016; and
- ComEd's Current Reports on Form 8-K filed with the SEC on May 27, 2016 and June 27, 2016.

PECO Energy Company (Exchange Act File No. 000-16844)

- PECO's Annual Report on Form 10-K for the year ended December 31, 2015;
- PECO's Reports on Form 10-Q for the quarterly periods ended March 31, 2016 and June 30, 2016;
- PECO's Current Report on Form 8-K filed with the SEC on May 27, 2016.

Baltimore Gas and Electric Company (Exchange Act File No. 1-1910)

- BGE's Annual Report on Form 10-K for the year ended December 31, 2015;
- BGE's Reports on Form 10-Q for the quarterly periods ended March 31, 2016 and June 30, 2016; and
- BGE's Current Reports on Form 8-K filed with the SEC on May 27, 2016, June 3, 2016, June 9, 2016 and August 18, 2016.

Potomac Electric Power Company (Exchange Act File No. 001-01072)

- Pepco's Annual Report on Form 10-K for the year ended December 31, 2015;
- Pepco's Reports on Form 10-Q for the quarterly periods ended March 31, 2016 and June 30, 2016; and
- Pepco's Current Reports on Form 8-K filed with the SEC on February 26, 2016, March 7, 2016, March 24, 2016 and May 27, 2016.

Delmarva Power & Light Company (Exchange Act File No. 001-01405)

- DPL's Annual Report on Form 10-K for the year ended December 31, 2015;
- DPL's Reports on Form 10-Q for the quarterly periods ended March 31, 2016 and June 30, 2016; and
- DPL's Current Reports on Form 8-K filed with the SEC on February 26, 2016, March 7, 2016, March 24, 2016 and May 27, 2016.

Upon written or oral request, we will provide without charge to each person, including any beneficial owner, to whom this prospectus is delivered, a copy of any or all of such documents which are incorporated herein by reference (other than exhibits to such documents unless such exhibits are specifically incorporated by reference into the documents that this prospectus incorporates). Written or oral requests for copies should be directed to Exelon Corporation, Attn: Investor Relations, 10 South Dearborn Street, 52nd Floor, P.O. Box 805398, Chicago, IL 60680-5398, 312-394-2345.

Any statement contained in this prospectus, or in a document all or a portion of which is incorporated by reference, shall be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus, any supplement or any document incorporated by reference modifies or supersedes such statement. Any such statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this prospectus.

All reports and other documents subsequently filed by us pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act, prior to the filing of a post-effective amendment, which indicates that all of a class of securities offered hereby have been sold or which deregisters all of a class of securities then remaining unsold, shall be deemed incorporated by reference herein and to be a part hereof from the date of filing of such documents.

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$

Exelon Generation Company, LLC

$ 2.950% Senior Notes due 2020
$ % Senior Notes due 2022

PRELIMINARY PROSPECTUS SUPPLEMENT

Joint Book-Running Managers

Barclays
J.P. Morgan

Morgan Stanley

Senior Co-Manager

KeyBanc Capital Markets

March , 2017

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Calculation of Registration Fee

Title of each class of securities to be registered	Proposed maximum offering price	Amount of registration fee
Senior Debt Securities	$751,162,500.00	$87,059.73

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Filed Pursuant to Rule 424(b)(2)
Registration No. 333-213383-06

PROSPECTUS SUPPLEMENT
(To Prospectus Dated August 30, 2016)

$750,000,000

Exelon Generation Company, LLC

$250,000,000 2.950% Senior Notes due 2020
$500,000,000 3.400% Senior Notes due 2022

The $250,000,000 2.950% Senior Notes due 2020 (the 2020 Senior Notes) will be part of our 2.950% Senior Notes due 2020, of which we issued $750,000,000 in aggregate principal amount on January 8, 2015. Accordingly, the 2020 Senior Notes offered hereby will:

- be identical to the terms of the previously issued 2.950% Senior Notes due 2020 (other than the initial offering price); and
- have the same CUSIP number and will be fungible with the previously issued 2.950% Senior Notes due 2020.

Interest on the 2020 Senior Notes is payable on January 15 and July 15 of each year, beginning on July 15, 2017. The 2020 Senior Notes will mature on January 15, 2020. Upon the issuance of the 2.950% Senior Notes due 2020 offered hereby, the outstanding aggregate principal amount of our 2.950% Senior Notes due 2020 will be $1,000,000,000.

The $500,000,000 3.400% Senior Notes due 2022 (the 2022 Senior Notes and, collectively with the 2020 Senior Notes, the Senior Notes) will bear interest at the rate of 3.400% per year. Interest on the 2022 Senior Notes is payable on March 15 and September 15 of each year, beginning on September 15, 2017. The 2022 Senior Notes will mature on March 15, 2022.

We may redeem some or all of the Senior Notes at any time at the redemption prices described under the caption "Description of Senior Notes—Redemption at Our Option."

The Senior Notes will be our senior unsecured obligations and will rank equally with all of our other senior unsecured indebtedness.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Senior Notes or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Investing in the Senior Notes involves risks. See "Risk Factors " beginning on page S-6.

	Per 2020 Senior Note	Per 2022 Senior Note	Total
Public Offering Price (1)(2)	100.895%	99.785%	$751,162,500
Underwriting Discount	0.350%	0.600%	$ 3,875,000
Proceeds, before expenses, to us	100.545%	99.185%	$747,287,500

(1) Without giving effect to accrued interest that must be paid by the purchasers of the 2020 Senior Notes from January 15, 2017 to, but excluding, the issuance date. The total amount of accrued interest on March 10, 2017 will be $4.507 per $1,000 principal amount of the 2020 Senior Notes.
(2) Plus accrued interest on the 2022 Notes from March 10, 2017, if settlement occurs after that date.

The underwriters expect to deliver the Senior Notes in book-entry form only through the facilities of The Depository Trust Company, including Clearstream Banking, socíeté anonyme and/or Eurostream Bank S.A./N.V., against payment in New York, New York on or about March 10, 2017.

Joint Book-Running Managers

Barclays **J.P. Morgan**

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Morgan Stanley

Senior Co-Manager

KeyBanc Capital Markets

Co-Managers

Academy Securities **Huntington Investment Company**

The date of this prospectus supplement is March 7, 2017

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You should rely only on the information contained or incorporated by reference in this prospectus supplement. We have not authorized anyone to provide you with different information. We are not, and the underwriters are not making an offer of these securities in any jurisdiction where the offer is prohibited. You should not assume that the information contained in this prospectus supplement is accurate as of any date other than the date on the front of this prospectus supplement.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement and the accompanying prospectus contain information about our company and about the Senior Notes. They also refer to information contained in other documents that we file with the Securities and Exchange Commission (SEC). To the extent information in this prospectus supplement is inconsistent with the accompanying prospectus or the documents that are incorporated by reference in this prospectus supplement and the accompanying prospectus, you should rely on this prospectus supplement.

Exelon Generation Company, LLC is a subsidiary of Exelon Corporation, or Exelon. The accompanying prospectus also includes information about Exelon and its other affiliates, Commonwealth Edison Company, PECO Energy Company, Baltimore Gas and Electric Company, Delmarva Power & Light Company and Potomac Electric Power Company and their securities, which does not apply to us or the Senior Notes. The Senior Notes are solely our obligations and not obligations of Exelon or any of its other affiliates.

Except as otherwise provided herein, when we refer to “Generation,” “the Company,” “we,” “our” or “us” in this prospectus supplement, we mean Exelon Generation Company, LLC together with our subsidiaries.

FORWARD-LOOKING STATEMENTS

This prospectus supplement and the documents incorporated or deemed incorporated by reference as described under the heading “Where You Can Find More Information” contain forward-looking statements that are not based entirely on historical facts and are subject to risks and uncertainties. Words such as “believes,” “anticipates,” “expects,” “intends,” “plans,” “predicts” and “estimates” and similar expressions are intended to identify forward-looking statements but are not the only means to identify those statements. These forward-looking statements are based on assumptions, expectations and assessments made by our management in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe to be appropriate. Any forward-looking statements are not guarantees of our future performance and are subject to risks and uncertainties.

The factors that could cause actual results to differ materially from the forward-looking statements include: (a) any risk factors discussed in this prospectus supplement and the accompanying prospectus; (b) those factors discussed in the following sections of Generation’s 2016 Annual Report on Form 10-K: ITEM 1A. Risk Factors, ITEM 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations and ITEM 8. Financial Statements and Supplementary Data: Note 24; and (c) other factors discussed herein and in other filings with the SEC by Generation, as applicable.

You are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date on the front of this prospectus or, as the case may be, as of the date on which we make any subsequent forward-looking statement that is deemed incorporated by reference. We do not undertake any obligation to update or revise any forward-looking statement to reflect events or circumstances after the date as of which any such forward-looking statement is made.

EXELON GENERATION COMPANY, LLC

Generation, one of the largest competitive electric generation companies in the United States as measured by owned and contracted MW, physically delivers and markets power across multiple geographic regions through its customer-facing business, Constellation. Constellation sells electricity and natural gas, including renewable energy, in competitive markets to both wholesale and retail customers. The retail sales include commercial, industrial and residential customers. Generation leverages its energy generation portfolio to ensure delivery of energy to both wholesale and retail customers under long-term and short-term contracts, and in

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wholesale power markets. Generation operates in well-developed energy markets and employs an integrated hedging strategy to manage commodity price volatility. Generation's fleet provides geographic and supply source diversity. These factors help Generation mitigate the challenging conditions emanating from competitive energy markets. Generation's customer facing activities foster development and delivery of other innovative energy-related products and services for its customers. Generation's customers include distribution utilities, municipalities, cooperatives, financial institutions, and commercial, industrial, governmental, and residential customers in competitive markets. Generation has six reportable segments consisting of the Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Power Regions not considered individually significant.

Generation was formed in 2000 as a Pennsylvania limited liability company. Generation began operations as a result of a corporate restructuring, effective January 1, 2001, in which Exelon Corporation (Exelon) separated its generation and other competitive businesses from its regulated energy delivery businesses at Commonwealth Edison Company (ComEd) and PECO Energy Company (PECO). Generation's principal executive offices are located at 300 Exelon Way, Kennett Square, Pennsylvania 19348, and its telephone number is 610-765-5959.

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SUMMARY FINANCIAL INFORMATION

We have provided the following summary financial information for your reference. We have derived the summary information presented here from the financial statements we have incorporated by reference into this prospectus supplement and the accompanying prospectus. You should read it together with our historical consolidated financial statements and the related notes incorporated by reference in this prospectus supplement and the accompanying prospectus. See "Where You Can Find More Information" in this prospectus supplement.

	Year Ended December 31,		
	2016	2015	2014
	($ in millions)		
Income Statement Data			
Total operating revenues	$17,751	$19,135	$17,393
Operating income	836	2,275	1,176
Net income	558	1,340	1,019
Cash Flow Data			
Cash interest paid, net of amount capitalized .	$ (339)	$ (348)	$ (322)
Capital expenditures	(3,078)	(3,841)	(3,012)
Net cash flows provided by operating activities	4,444	4,199	1,826
Net cash flows used in investing activities	(3,851)	(4,069)	(1,767)
Net cash flows used in financing activities	(734)	(479)	(537)

	As of December 31,		
	2016	2015	2014
	($ in millions)		
Balance Sheet Data			
Property, plant and equipment, net	$25,585	$25,843	$23,082
Deferred debits and other assets	14,861	14,344	14,612
Total assets (a)	46,974	46,529	44,951
Long-term debt, including current maturities (b)	8,319	8,026	6,697
Long-term debt to affiliate	922	933	1,499
Total liabilities (a)	33,718	33,559	30,900
Total member's equity	11,482	11,635	12,718

(a) Generation's consolidated assets include $8,817 million, $8,235 million and $8,118 million at December 31, 2016, December 31, 2015 and December 31, 2014, respectively, of certain variable interest entities (VIEs) that can only be used to settle the liabilities of the VIE. Generation's consolidated liabilities include $3,170 million, $3,135 million and $2,512 million at December 31, 2016, December 31, 2015 and December 31, 2014, respectively, of certain VIEs for which the VIE creditors do not have recourse to Generation.

(b) Includes long-term debt of variable interest entities.

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THE OFFERING

For a more complete description of the terms of the Senior Notes, see "Description of Senior Notes."

Issuer	Exelon Generation Company, LLC.
Securities Offered	An aggregate of $750,000,000 of Senior Notes, consisting of $250,000,000 of 2.950% Senior Notes due 2020 and $500,000,000 of 3.400% Senior Notes due 2022.
Maturity Date	The 2020 Senior Notes will mature on January 15, 2020. The 2022 Senior Notes will mature on March 15, 2022.
Interest Rate	Interest on the 2020 Senior Notes will accrue from January 15, 2017 at a rate of 2.950% per year. Interest on the 2022 Senior Notes will accrue from March 10, 2017 at a rate of 3.400% per year.
Interest Payment Date	Interest on the 2020 Senior Notes will be payable semi-annually in arrears on January 15 and July 15 of each year, beginning on July 15, 2017. Interest on the 2022 Senior Notes will be payable semi-annually in arrears on March 15 and September 15 of each year, beginning on September 15, 2017.
Ranking	The Senior Notes will be senior unsecured obligations of Generation and will rank *pari passu* with all of our senior unsecured indebtedness. The Senior Notes will be effectively subordinated to all liabilities of our subsidiaries, and our ability to pay principal and interest on each series of the Senior Notes could be affected by the ability of our subsidiaries to declare and distribute dividends or otherwise transfer assets to us.
Optional Redemption	We may redeem each series of the Senior Notes in whole or in part, at our option at any time, at a redemption price equal the redemption prices described under the caption "Description of Senior Notes—Redemption at Our Option."
Certain Covenants	We have agreed to certain limitations on our ability to, among other things, engage in mergers, consolidations or similar transactions, create liens and engage in sale and leaseback transactions. See "Description of Senior Notes—Covenants."
Use of Proceeds	We intend to use the net proceeds from this offering to repay our total outstanding commercial paper obligations and for general corporate purposes. As of March 3, 2017, we had $1,426,501,000 of outstanding commercial paper obligations, which had remaining maturities of up to nineteen days and annual interest rates ranging from 0.950% to 1.210%. To the extent we do not use the net proceeds immediately, we may temporarily invest them in short-term, interest-bearing obligations. See "Use of Proceeds."
Trustee	U.S. Bank National Association.

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Book-Entry Form	The Senior Notes will be issued in book-entry form through the facilities of The Depository Trust Company (DTC), including Clearstream Banking, socíeté anonyme and/or Eurostream Bank S.A./N.V. See "Description of Senior Notes—Book-Entry Delivery."
Risk Factors	You should carefully consider all of the information set forth in this prospectus supplement and, in particular, you should evaluate the specific factors set forth under "Risk Factors" in deciding whether to invest in the Senior Notes.
Governing Law	Commonwealth of Pennsylvania.

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RISK FACTORS

Your investment in the Senior Notes will involve various risks. Before investing in the Senior Notes, you should carefully consider the following discussion as well as the other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus, including the information under ITEM 1A. Risk Factors of our 2016 Annual Report on Form 10-K.

Exelon could exercise control over us to the detriment of holders of the Senior Notes.

Exelon, as our ultimate parent, controls all matters submitted for member approval and has control over our management and affairs. In circumstances involving a conflict of interest between Exelon, on the one hand, and our creditors, on the other, we can give no assurance that Exelon would not exercise its power to control us in a manner that would benefit Exelon to the detriment of our creditors, including the holders of the Senior Notes.

There may be no public market for the Senior Notes.

We can give no assurances concerning the liquidity of any markets that may develop for the Senior Notes offered by this prospectus supplement, the ability of any investor to sell any of the Senior Notes or the price at which investors would be able to sell them. If markets for the Senior Notes do not develop, investors may be unable to resell the Senior Notes for an extended period of time, if at all. If markets for the Senior Notes do develop, they may not continue or it may not be sufficiently liquid to allow holders to resell any of the Senior Notes. Consequently, investors may not be able to liquidate their investment readily, and lenders may not readily accept the Senior Notes as collateral for loans.

The Indenture does not restrict the amount of additional debt that we may incur.

The Senior Notes and Indenture (as defined below) pursuant to which the Senior Notes will be issued do not place any limitation on the amount of unsecured debt that we or our subsidiaries may incur. Our incurrence of additional debt may have important consequences for you as a holder of the Senior Notes, including making it more difficult for us to satisfy our obligations with respect to the Senior Notes, a loss in the trading value of your Senior Notes and a risk that one or more of the credit ratings of the Senior Notes are lowered or withdrawn.

The Senior Notes will be structurally subordinated to the liabilities of our subsidiaries.

Because Generation conducts a portion of its operations through its subsidiaries, the Senior Notes will be structurally subordinated to the liabilities of its subsidiaries. The rights of Generation, and the rights of its creditors, including the holders of the Senior Notes, to participate in any distribution of the assets of any of its subsidiaries upon that subsidiary's liquidation or reorganization or otherwise are necessarily subject to the prior claims of creditors of that subsidiary, except to the extent that Generation's claims as a creditor of that subsidiary may be recognized.

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USE OF PROCEEDS

The net proceeds of this offering after deducting the underwriting discounts and commissions and estimated offering expenses payable by us, are expected to be approximately $745,887,500. We intend to use the net proceeds from this offering to repay our total outstanding commercial paper obligations and for general corporate purposes. As of March 3, 2017, we had $1,426,501,000 of outstanding commercial paper obligations, which had remaining maturities of up to nineteen days and annual interest rates ranging from 0.950% to 1.210%. To the extent we do not use the net proceeds immediately, we may temporarily invest them in short-term, interest-bearing obligations.

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CAPITALIZATION

The following table sets forth our capitalization as of December 31, 2016 (1) on an actual basis and (2) on an as adjusted basis to give effect to the issuance of Senior Notes offered hereby. The "As Adjusted" column will be completed in the final prospectus supplement based upon the actual terms of this offering that are determined at pricing. This table should be read in conjunction with our consolidated financial statements and related notes for the year ended December 31, 2016, incorporated by reference in this prospectus supplement and the accompanying prospectus. See "Where You Can Find More Information" in this prospectus supplement.

	As of December 31, 2016	
	Actual	As Adjusted
	($ in millions)	
Short-term borrowings	$ 699	—
Long-term debt:		
Long-term debt, including $1,117 million of current maturities	8,319	9,069
Long-term debt to affiliate	922	922
Total member's equity	11,482	11,482
Total capitalization, including short-term borrowings and $1,117 million of current maturities	$21,422	$ 21,473

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RATIO OF EARNINGS TO FIXED CHARGES

The following table provides our consolidated ratio of earnings to fixed charges:

	Years Ended December 31,				
	2012	2013	2014	2015	2016
Ratio of earnings to fixed charges	2.6	3.3	2.7	3.4	2.1

The ratio of earnings to fixed charges represents, on a pre-tax basis, the number of times earnings cover fixed charges. Earnings consist of pre-tax net income from continuing operations after adjustment for income from equity investees and capitalized interest or allowance for funds used during construction, to which has been added fixed charges. Fixed charges consist of interest costs and amortization of debt discount and premium on all indebtedness and the estimated interest portion of all rental expense.

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DESCRIPTION OF SENIOR NOTES

General

The Senior Notes will be issued under an indenture dated as of September 28, 2007 (Indenture), between us and U.S. Bank National Association, as trustee. The Indenture provides for issuance from time to time of debt securities in series (including the Senior Notes issued in this offering) in an unlimited amount. We may issue, without notice to, or the consent of, the holders of the Senior Notes offered hereby, additional securities under the Indenture from time to time.

The Senior Notes:

- will be general unsecured obligations of Generation;
- will be *pari passu* in right of payment with all of our other unsecured and unsubordinated indebtedness from time to time outstanding; and
- will be senior in right of payment to any future subordinated indebtedness of Generation.

All debt securities, including the Senior Notes, issued and to be issued under the Indenture will be our unsecured general obligations and will rank equally with all of our other unsecured and unsubordinated indebtedness from time to time outstanding. Because Generation conducts a portion of its operations through its subsidiaries, these notes will be structurally subordinated to the liabilities of its subsidiaries. The rights of Generation, and the rights of its creditors, including the holders of the Senior Notes, to participate in any distribution of the assets of any of its subsidiaries upon that subsidiary's liquidation or reorganization or otherwise are necessarily subject to the prior claims of creditors of that subsidiary, except to the extent that Generation's claims as a creditor of that subsidiary may be recognized.

The 2020 Senior Notes offered by this prospectus supplement will be part of our 2.950% Senior Notes due 2020, of which we issued $750,000,000 in aggregate principal amount on January 8, 2015. Accordingly, the 2020 Senior Notes offered by the prospectus supplement will have terms that are identical to the terms of the previously issued 2.950% Senior Notes due 2020 (other than the initial offering price) and will have the same CUSIP number and will be fungible with the previously issued 2.950% Senior Notes due 2020. Upon the issuance of the 2.950% Senior Notes due 2020 offered hereby, the outstanding aggregate principal amount of our 2.950% Senior Notes due 2020 will be $1,000,000,000.

The Senior Notes will not be guaranteed by, or otherwise be obligations of, our parent Exelon or any of our direct or indirect subsidiaries or affiliates. References in this description of the Senior Notes to "we," "our" or the "company" are to Exelon Generation Company, LLC and not its subsidiaries and references to "indenture securities" means debt securities issued under the Indenture, including the Senior Notes.

In the discussion that follows, references to paying principal on the Senior Notes are to payment at maturity or redemption.

The following summaries of certain provisions of the Senior Notes and the Indenture do not purport to be complete and are subject, and qualified in their entirety by reference, to all of the provisions of the Senior Notes and the Indenture, including the definitions of terms therein. We recommend that you read the Indenture, a copy of which may be obtained from the trustee.

Principal, Maturity and Interest

The Senior Notes of each series will be unlimited in aggregate principal amount. The 2020 Senior Notes offered hereby initially will be issued in the aggregate principal amount of $250,000,000, and the 2022 Senior Notes initially will be issued in the aggregate principal amount of $500,000,000. We may, without the consent of the holders of the Senior Notes of either of the series offered in this prospectus supplement, create and issue additional notes ranking equally with the Senior Notes of such series and otherwise similar in all respects (except

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for the public offering price and issue date) so that such additional notes shall be consolidated and form a single series with such series of Senior Notes. No additional notes of any Series can be issued if an event of default exists with respect to such series of Senior Notes. The Senior Notes will be issued in book-entry form only in denominations of $2,000 and multiples of $1,000 in excess thereof.

The 2020 Senior Notes will mature on January 15, 2020. The 2022 Senior Notes will mature on March 15, 2022. Interest on the 2020 Senior Notes will be payable semi-annually in arrears on January 15 and July 15 of each year, beginning on July 15, 2017. Interest on the 2022 Senior Notes will be payable semi-annually in arrears on March 15 and September 15 of each year, beginning on September 15, 2017. Interest on the 2020 Senior Notes will accrue from January 15, 2017 at a rate of 2.950% per year. Interest on the 2022 Senior Notes will accrue from March 10, 2017 at a rate of 3.400% per year. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Redemption at Our Option

At any time prior to December 15, 2019 (in the case of the 2020 Senior Notes) or February 15, 2022 (in the case of the 2022 Senior Notes), we may redeem each series of Senior Notes in whole or in part, at our option at any time, at a redemption price equal to the greater of:

(1) 100% of the principal amount of the Senior Notes of the series being redeemed; or

(2) the sum of the present values of the remaining scheduled payments of principal and interest thereon (exclusive of interest accrued to the date of redemption) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below) plus, as applicable, 25 basis points (in the case of the 2020 Senior Notes) and, 25 basis points (in the case of the 2022 Senior Notes).

plus, in each case, accrued interest on the principal amount being redeemed to the redemption date.

At any time on or after December 15, 2019 (in the case of the 2020 Senior Notes) or February 15, 2022 (in the case of the 2022 Senior Notes), we may redeem each series of Senior Notes in whole or in part at 100% of the principal amount of the Senior Notes of the series being redeemed, plus accrued interest on the principal amount being redeemed to the redemption date.

Redemption of the Senior Notes of one series may be made without the redemption of the Senior Notes of the other series.

“Comparable Treasury Issue” means the United States Treasury security or securities selected by an Independent Investment Banker (as defined below) as having an actual or interpolated maturity comparable to the remaining term of the Senior Notes being redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Senior Notes.

“Comparable Treasury Price” means, with respect to any redemption date, (1) the average of the Reference Treasury Dealer Quotations (as defined below) for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotations, or (2) if the trustee obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

“Independent Investment Banker” means one of the Reference Treasury Dealers (as defined below) appointed by the trustee after consultation with us.

“Reference Treasury Dealer” means, with respect to the 2020 Senior Notes, each of Barclays Capital Inc. and Morgan Stanley & Co. LLC and, with respect to the 2022 Senior Notes, each of Barclays Capital Inc. and J.P. Morgan Securities LLC, and, in each case, their respective successors, and two other primary U.S. Government securities dealers in The City of New York (Primary Treasury Dealer) selected by us. If any Reference Treasury Dealer shall cease to be a Primary Treasury Dealer, we will substitute another Primary Treasury Dealer for that dealer.

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"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the trustee by such Reference Treasury Dealer at 3:30 p.m. New York City time on the third business day preceding such redemption date.

"Treasury Rate" means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

We will mail notice of any redemption at least 30 days but not more than 60 days before the redemption date to each registered holder of Senior Notes to be redeemed.

Unless we default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the Senior Notes or portions thereof called for redemption.

Covenants

Affirmative Covenants

The Indenture provides that we comply with the following affirmative covenants:

- punctually pay principal and interest on the indenture securities;
- if the indenture securities are no longer in book-entry form, maintain an office in New York, New York where indenture securities may be presented for payment, exchange and transfer;
- appoint a trustee to fill any vacancy;
- issue a certificate to the trustee on January 31 each year indicating whether we have complied with all covenants and conditions in the Indenture;
- maintain our limited liability company existence; and
- pay our taxes and other assessments and claims as they become due, unless they are being contested in good faith.

Mergers and Consolidations

We will not consolidate with or merge with or into any other person, or sell, convey, transfer or lease our properties and assets substantially as an entirety to any person, and we will not permit any person to consolidate with or merge with or into us, unless:

- immediately prior to and immediately following such consolidation, merger, sale or lease, no Event of Default under the Indenture shall have occurred and be continuing; and
- we are the surviving or continuing entity, or the surviving or continuing entity or entity that acquires by sale, conveyance, transfer or lease is organized in the United States or under the laws of a foreign jurisdiction and consents to the jurisdiction of the courts of the United States and in either case expressly assumes the payment and performance of all of our obligations under the Indenture and the Senior Notes.

Limitation on Liens

We may not issue, assume, guarantee or permit to exist any Indebtedness secured by any lien on any of our property, whether owned on the date that the Senior Notes are issued or thereafter acquired, without in any such case effectively securing the outstanding Senior Notes (together with, if we shall so determine, any other

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Indebtedness of or guaranteed by us ranking equally with the Senior Notes) equally and ratably with such Indebtedness (but only so long as such Indebtedness is so secured); provided that the foregoing restriction shall not apply to the following permitted liens:

(1) pledges or deposits in the ordinary course of business in connection with bids, tenders, contracts or statutory obligations or to secure surety or performance bonds;

(2) liens imposed by law, such as carriers', warehousemen's and mechanics' liens, arising in the ordinary course of business;

(3) liens for property taxes being contested in good faith;

(4) minor encumbrances, easements or reservations which do not in the aggregate materially adversely affect the value of the properties or impair their use;

(5) liens on property existing at the time of acquisition thereof by us, or to secure any Indebtedness incurred by us prior to, at the time of, or within 90 days after the later of the acquisition, the completion of construction (including any improvements on an existing property) or the commencement of commercial operation of the property, which Indebtedness is incurred for the purpose of financing all or any part of the purchase price or construction or improvements;

(6) liens to secure purchase money Indebtedness not in excess of the cost or value of the property acquired;

(7) liens securing obligations issued by a state, territory or possession of the United States, or any political subdivision of any of the foregoing or the District of Columbia, to finance the acquisition or construction of property, and on which the interest is not, in the opinion of tax counsel of recognized standing or in accordance with a ruling issued by the Internal Revenue Service, includible in gross income of the holder by reason of Section 103(a)(1) of the Internal Revenue Code of 1986, as amended (or any successor to such provision) as in effect at the time of the issuance of such obligations; and

(8) other liens to secure Indebtedness so long as the amount of outstanding Indebtedness secured by liens pursuant to this clause (8) does not exceed 10% of our consolidated net tangible assets.

In the event that we shall propose to pledge, mortgage or hypothecate any property to secure Indebtedness, other than as permitted by clauses (1) through (8) of the previous paragraph, we shall (prior thereto) give written notice thereof to the trustee, who shall give notice to the holders, and we shall, prior to or simultaneously with such pledge, mortgage or hypothecation, effectively secure, all the Senior Notes equally and ratably with such Indebtedness. The Indenture does not limit our Subsidiaries' ability to issue, assume, guarantee or permit to exist any Indebtedness secured by any lien on any of such Subsidiary's property, whether owned on the date the Senior Notes are issued or thereafter acquired, provided that such Indebtedness is limited in recourse only to such Subsidiary.

As used in this prospectus supplement, "Indebtedness" of any person means (1) all indebtedness of such person for borrowed money, (2) all obligations of such person evidenced by senior notes, debentures, notes or other similar instruments, (3) all obligations of such person to pay the deferred purchase price of property or services, (4) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even though the rights and remedies of the seller or lender under such agreement in the event of the default are limited to repossession or sale of such property), (5) all capital lease obligations of such person (excluding leases of property in the ordinary course of business), and (6) all Indebtedness of the type referred to in clauses (1) through (5) above secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any lien or security interest on property.

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As used in this prospectus supplement, "Subsidiary" means any corporation or other entity of which sufficient voting stock or other ownership or economic interests having ordinary voting power to elect a majority of the board of directors (or equivalent body) are at the time directly or indirectly held by us.

Restriction on Sales and Leasebacks

We may not enter into any sale and leaseback transaction with any Subsidiary. In addition, we may not enter into any sale and leaseback transaction unless we comply with this restrictive covenant. A "sale and leaseback transaction" generally is an arrangement between us and a Subsidiary, bank, insurance company or other lender or investor where we lease real or personal property which was or will be sold by us to that Subsidiary, lender or investor.

We can comply with this restrictive covenant if we meet either of the following conditions:

- the sale and leaseback transaction is entered into prior to, concurrently with or within 90 days after the acquisition, the completion of construction (including any improvements on an existing property) or the commencement of commercial operations of the property; or
- we could otherwise grant a lien on the property as a permitted lien described in "—Limitation on Liens."

Events of Default

We will be subject to an "event of default" under the Indenture if any of the following occurs:

- failure to pay interest for 60 days after the date payment is due and payable; provided that if we extend an interest payment period in accordance with the terms of the indenture securities, the extension will not be a failure to pay interest;
- failure to pay principal or premium, if any, on any indenture security when due, either at maturity, upon any redemption, by declaration or otherwise;
- failure to make any sinking fund payments when due;
- failure to perform other covenants under the Indenture for 60 days after the trustee has notified us that performance was required; or
- bankruptcy, insolvency or reorganization of our company.

In addition to the events of default described in the Indenture, an event of default under the Senior Notes will include:

- an event of default, as defined in any of our instruments under which there may be issued, or by which there may be secured or evidenced, any Indebtedness of our company that has resulted in the acceleration of such Indebtedness, or any default occurring in payment of any such Indebtedness at final maturity (and after the expiration of any applicable grace periods), other than such Indebtedness the principal of which, and interest on which, does not individually, or in the aggregate, exceed $100,000,000; or
- one or more final judgments, decrees or orders of any court, tribunal, arbitrator, administrative or other governmental body or similar entity for the payment of money shall be rendered against us or any of our properties in an aggregate amount in excess of $100,000,000 (excluding the amount thereof covered by insurance) and such judgment, decree or order shall remain unvacated, undischarged and unstayed for more than 60 consecutive days, except while being contested in good faith by appropriate proceedings.

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We will be required to file annually with the trustee a certificate, signed by an officer of our company, stating whether or not the officer knows of any default by us in the performance, observance or fulfillment of any condition or covenant of the Indenture. The Indenture provides that the trustee may withhold notice of a default (except payment defaults) to the holders of indenture securities of the series to which the default applies if the trustee considers it in the interests of those holders of those indenture securities to do so.

An event of default for a particular series of indenture securities does not necessarily constitute an event of default for any other series of indenture securities issued under the Indenture. If an event of default relating to the payment of interest, principal or any sinking fund installment involving any series of indenture securities has occurred and is continuing, the trustee or the holders of not less than 25% in aggregate principal amount of outstanding indenture securities of each affected series may declare the entire principal amount of all the indenture securities of that series (or, if the indenture securities of that series are original issue discount securities, that portion of the principal amount as may be specified in the terms thereof) to be due and payable immediately.

Where an event of default has occurred and is continuing with respect to the outstanding indenture securities of a series, the trustee is under no obligation to exercise any of its rights or powers under the Indenture at the request, order or direction of the holders of the outstanding indenture securities of that series, unless those holders have offered the trustee reasonable indemnity against the expenses and liabilities that it might incur in compliance with the request that the trustee take action in response to an event of default. Subject to these provisions for the indemnification of the trustee, the holders of a majority in principal amount of the outstanding indenture securities of a series will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee, or exercising any trust or power conferred on the trustee with respect to the indenture securities of that series.

The holders of a majority in principal amount of the outstanding indenture securities of a series may, on behalf of the holders of all indenture securities of that series, waive any past default under the Indenture with respect to that series and its consequences, except a default (1) in payment of the principal of (or premium, if any) or interest, or any additional amounts payable in respect of any indenture security of that series or (2) in respect of a covenant or provision that cannot be modified or amended without the consent of the holder of each affected outstanding indenture security of that series.

The Indenture imposes limitations on suits brought by holders of indenture securities against us. Except for actions for payment of overdue principal or interest, no holder of indenture securities of any series may institute any action against us under the Indenture unless:

- the holder has previously given to the trustee written notice of default and continuance of that default;
- the holders of at least 25% in principal amount of the affected outstanding indenture securities have requested that the trustee institute the action;
- the requesting holders have offered the trustee reasonable indemnity for expenses and liabilities that may be incurred by bringing the action;
- the trustee has not instituted the action within 60 days after the request; and
- the trustee has not received inconsistent direction by the holders of a majority in principal amount of the outstanding indenture securities of that series.

Modification or Waiver

The Indenture provides that the trustee and we may modify and amend the Indenture and enter into supplemental indentures without the consent of any holders of indenture securities to:

- evidence the assumption by a successor corporation of our obligations;
- add covenants for the protection of the holders of indenture securities;

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- cure any ambiguity or correct any inconsistency in the Indenture, provided that this action does not adversely affect the interests of holders of any series of indenture securities in any material respect;
- evidence and provide for the acceptance of appointment by a successor trustee; and
- to make any change that would provide any additional rights or benefits to the holders of indenture securities or that does not adversely affect the legal rights under the Indenture of any holder.

The Indenture also provides that the trustee and we may, with the consent of the holders, add, eliminate or modify in any way the provisions of the Indenture or modify in any manner the rights of the holders of the indenture securities. Consent of the holders means holders of not less than a majority in aggregate principal amount of indenture securities of all affected series then outstanding, voting as one class. We cannot do this, however, for those matters requiring the consent of each holder as described below.

The trustee and we may not without the consent of the holder of each outstanding indenture security affected thereby:

- extend the final maturity of any indenture security;
- reduce the principal amount or premium, if any;
- reduce the rate or extend the time of payment of interest;
- reduce any amount payable on redemption;
- reduce the amount of the principal of any indenture security issued with an original issue discount that is payable upon acceleration or provable in bankruptcy;
- impair the right to sue for the enforcement of any payment on any indenture security when due; or
- reduce the percentage of holders of indenture securities of any series whose consent is required for any modification of the Indenture.

In determining whether the holders of the requisite principal amount of outstanding indenture securities have given any request, demand, authorization, direction, notice, consent or waiver under the Indenture, (1) the principal amount of an original issue discount security that will be deemed to be outstanding will be the amount of the principal thereof that would then be due and payable upon acceleration of the maturity thereof and (2) indenture securities owned by us or any other obligor upon the indenture securities or any affiliate of ours or of any other obligor will be disregarded.

Satisfaction and Discharge, Defeasance and Covenant Defeasance

We may discharge obligations to holders of Senior Notes that have not already been delivered to the trustee for cancellation and that have either become due and payable or are to become due and payable, or are scheduled for redemption, within one year. We may discharge these obligations by irrevocably depositing with the trustee cash or "U.S. Government Obligations" (as defined below), as trust funds, in an amount certified to be enough to pay when due, whether at maturity, upon redemption or otherwise, the principal of and interest on the Senior Notes.

We may also discharge any and all of our obligations to holders of Senior Notes at any time, referred to as "defeasance." We may also be released from the obligations imposed by any covenants of the Senior Notes and provisions of the Indenture, and we may avoid complying with those covenants without creating an event of default under the Indenture, referred to as "covenant defeasance." We may effect defeasance and covenant defeasance only if, among other things:

- we irrevocably deposit with the trustee cash or U.S. Government Obligations, as trust funds, in an amount certified to be enough to pay at maturity, or upon redemption, the principal, and interest on all outstanding Senior Notes; and

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- we deliver to the trustee an opinion of counsel from a nationally recognized law firm to the effect that (1) in the case of covenant defeasance, the holders of the series of indenture securities will not recognize income, gain or loss for U.S. federal income tax purposes as a result of that defeasance, and will be subject to tax in the same manner and at the same time as if no covenant defeasance had occurred and (2) in the case of defeasance, either we have received from, or there has been published by, the Internal Revenue Service a ruling or there has been a change in applicable U.S. federal income tax law, and based thereon, the holders of the series of indenture securities will not recognize income, gain or loss for U.S. federal income tax purposes as a result of that defeasance, and will be subject to tax in the same manner as if no defeasance had occurred.

Although we may discharge or decrease our obligations under the Senior Notes and the Indenture as described in the two preceding paragraphs, we may not avoid, among other things, the rights and obligations of the trustee under the Indenture, to register the transfer or exchange of Senior Notes, to replace any temporary, mutilated, destroyed, lost or stolen Senior Notes or to maintain an office or agency in respect of any series of indenture securities.

If we effect covenant defeasance with respect to any Senior Notes and those Senior Notes are declared due and payable because of the occurrence of any event of default other than the event of default resulting from a failure to comply with any covenant in the Indenture after the notice served therefor has elapsed, the amount of U.S. Government Obligations and funds on deposit with the trustee will be sufficient to pay amounts due on those Senior Notes at the time of their stated maturity but may not be sufficient to pay amounts due on those Senior Notes at the time of the acceleration resulting from that event of default. In that case, we would remain liable to make payment of those amounts due at the time of acceleration.

If the trustee or any paying agent is prevented by a court or governmental authority from applying any money deposited with the trustee in accordance with the Indenture, then our obligations under the Indenture and the Senior Notes shall be revived and reinstated as though no deposit had occurred pursuant to the Indenture. Thereafter, our obligation will continue until such time as the trustee or paying agent is permitted to apply all money in accordance with the Indenture. Any payment of principal of (or premium, if any) or interest that we make on any Senior Note following the reinstatement of our obligations will be subrogated to the rights of the holders of those Senior Notes to receive such payment from the money held by the trustee or paying agent.

As used above, “U.S. Government Obligations” means securities that are (1) direct obligations of the United States or (2) obligations of a person controlled or supervised by and acting as an agency or instrumentality of the United States, the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States, which are not callable or redeemable at the option of the issuer thereof.

Concerning the Trustee

We and our affiliates use or will use some of the banking services of the trustee in the normal course of business.

Governing Law

The Indenture and the Senior Notes will be governed by the laws of the Commonwealth of Pennsylvania.

Book-Entry System

We will issue the Senior Notes in the form of one or more global notes in fully registered form initially in the name of Cede & Co., as nominee of DTC, or such other name as may be requested by an authorized representative of DTC. The global Senior Notes will be deposited with DTC and may not be transferred except as a whole by DTC to a nominee of DTC or by a nominee of DTC to DTC or another nominee of DTC or by DTC or any nominee to a successor of DTC or a nominee of such successor.

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DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended (Exchange Act). DTC holds and provides asset servicing for (over 3.5 million issues of) U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants (direct participants) deposit with DTC. DTC also facilitates the post-trade settlement among direct participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between direct participants' accounts. This eliminates the need for physical movement of securities certificates. Direct participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (DTCC). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly (indirect participants). The rules applicable to DTC and its direct and indirect participants are on file with the SEC. More information about DTC can be found at www.dtcc.com. We do not intend this internet address to be an active link or to otherwise incorporate the content of the website into this prospectus supplement.

Clearstream advises that it is incorporated under the laws of Luxembourg as a bank. Clearstream holds securities for its customers and facilitates the clearance and settlement of securities transactions between its customers through electronic book-entry transfers between their accounts. Clearstream provides to its customers among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream interfaces with domestic securities markets in over 30 countries through established depository and custodial relationships. As a bank, Clearstream is subject to regulation by the Luxembourg Commission for the Supervision of the Financial Sector, also known as the *Commission de Surveillance du Secteur Financier*. Its customers are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Its customers in the United States are limited to securities brokers and dealers and banks. Indirect access to Clearstream is also available to other institutions such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with the customer.

Euroclear advises that it was created in 1968 to hold securities for its participants and to clear and settle transactions between Euroclear participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Euroclear provides various other services, including securities lending and borrowing and interfaces with domestic markets in several countries. Euroclear is operated by Euroclear Bank S.A./N.V. Euroclear Clearance establishes policy for Euroclear on behalf of Euroclear participants. Euroclear participants include banks, including central banks, securities brokers and dealers and other professional financial intermediaries and may include the Initial purchasers. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear participant, either directly or indirectly. Securities clearance accounts and cash accounts with the Euroclear operator are governed by the terms and conditions governing use of Euroclear and the related operating procedures of Euroclear. These terms and conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear operator acts under the terms and conditions only on behalf of Euroclear participants and has no record of or relationship with persons holding through Euroclear participants.

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Euroclear further advises that investors that acquire, hold and transfer interests in the Senior Notes by book-entry through accounts with the Euroclear operator or any other securities intermediary are subject to the laws and contractual provisions governing their relationship with their intermediary, as well as the laws and contractual provisions governing the relationship between such an intermediary and each other intermediary, if any, standing between themselves and the global securities.

Purchases of Senior Notes under the DTC system must be made by or through direct participants, which will receive a credit for the Senior Notes in DTC's records. The ownership interest of each actual purchaser of Senior Notes is in turn to be recorded on the direct and indirect participants' records. Beneficial owners of the Senior Notes will not receive written confirmation from DTC of their purchase, but beneficial owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the direct or indirect participant through which the beneficial owner entered into the transaction. Transfers of ownership interests in the Senior Notes are to be accomplished by entries made on the books of direct and indirect participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates representing their ownership interests in the Senior Notes, except in the event that use of the book-entry system for the Senior Notes is discontinued.

To facilitate subsequent transfers, all Senior Notes deposited by direct participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Senior Notes with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the Senior Notes; DTC's records reflect only the identity of the direct participants to whose accounts such Senior Notes are credited, which may or may not be the beneficial owners. The direct and indirect participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants, and by direct participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. The laws of some jurisdictions may require that certain persons take physical delivery in definitive form of securities which they own. Consequently, those persons may be prohibited from purchasing beneficial interests in the global Senior Notes from any beneficial owner or otherwise.

Redemption notices shall be sent to DTC. If less than all of the Senior Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each direct participant in such issue to be redeemed.

So long as DTC's nominee is the registered owner of the global Senior Notes, such nominee for all purposes will be considered the sole owner or holder of the Senior Notes for all purposes under the Indenture. Except as provided below, beneficial owners will not be entitled to have any of the Senior Notes registered in their names, will not receive or be entitled to receive physical delivery of the Senior Notes in definitive form and will not be considered the owners or holders thereof under the Indenture.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Senior Notes. Under its usual procedures, DTC mails an omnibus proxy to the issuer as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those direct participants to whose accounts the Senior Notes are credited on the record date (identified in a listing attached to the omnibus proxy).

All payments on the global Senior Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit direct participants' accounts upon DTC's receipt of funds and corresponding detail information from trustees or issuers on payment dates in accordance with their respective holdings shown on DTC's records. Payments by participants to beneficial

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owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such participant and not of DTC, the Trustee or us, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) shall be the responsibility of the Trustee or us, disbursement of such payments to direct participants shall be the responsibility of DTC, and disbursement of such payments to the beneficial owners shall be the responsibility of direct and indirect participants.

DTC may discontinue providing its service as securities depositary with respect to the Senior Notes at any time by giving reasonable notice to us or the Trustee. In addition, we may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depositary). In the event that a successor securities depositary is not obtained under the above circumstances, or, alternatively, if an event of default with respect to the Senior Notes has occurred and is outstanding, Senior Notes certificates in fully registered form are required to be printed and delivered to beneficial owners of the global Senior Notes representing such Senior Notes.

Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC's rules and will be settled in immediately available funds using DTC's same-day funds settlement system. Secondary market trading between Clearstream customers and/or Euroclear participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream and Euroclear and will be settled using the procedures applicable to conventional EuroSenior Notes in immediately available funds.

Cross market transfers between persons holding directly or indirectly through DTC on the one hand, and directly or indirectly through Clearstream customers or Euroclear participants, on the other, will be effected in DTC in accordance with DTC's rules on behalf of the relevant European international clearing system by its U.S. depositary; however, such cross market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in such system in accordance with its rules and procedures and within its established deadlines, in European time. The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to its U.S. depository to take action to effect final settlement on its behalf by delivering interests in the Senior Notes to or receiving interests in the Senior Notes from DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Clearstream customers and Euroclear participants may not deliver instructions directly to their respective U.S. depositaries.

Because of time-zone differences, credits of interests in the Senior Notes received by Clearstream or Euroclear as a result of a transaction with a DTC participant will be made during subsequent securities settlement processing and dated the business day following the DTC settlement date. Such credits or any transactions involving interests in such Senior Notes settled during such processing will be reported to the relevant Clearstream customers or Euroclear participants on such business day. Cash received by Clearstream or Euroclear as a result of sales of interests in the Senior Notes by or through a Clearstream customer or a Euroclear participant to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Clearstream or Euroclear cash account only as of the business day following settlement in DTC.

The information in this section has been obtained from sources that we believe to be reliable, but we take no responsibility for its accuracy.

Neither we, the trustee nor the underwriters will have any responsibility or obligation to direct participants, or the persons for whom they act as nominees, with respect to the accuracy of the records of DTC, its nominee or any direct participant with respect to any ownership interest in the Senior Notes, or payments to, or the providing of notice to direct participants or beneficial owners. The Senior Notes will be denominated in United States dollars and principal and interest will be paid in United States dollars. The Senior Notes will not be subject to any conversion, amortization, or sinking fund.

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CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

General

The following is a summary of certain U.S. federal income tax consequences material to the purchase, ownership and disposition of the Senior Notes. This summary is based upon current provisions of the Internal Revenue Code of 1986, as amended (the Code), proposed, temporary and final Treasury regulations thereunder, and published rulings and court decisions currently in effect, and other applicable authorities. The current tax laws and the current regulations, administrative rulings and court decisions may be changed, possibly retroactively, and may be subject to differing interpretation. There can be no guarantee that the Internal Revenue Service (the IRS) or U.S. courts will agree with the tax consequences described in this summary. The statements set forth in the following discussion, to the extent they constitute matters of U.S. federal income tax law or legal conclusions with respect thereto, represent the opinion of Ballard Spahr LLP.

There is currently $750,000,0000 in aggregate principal amount of 2.950% Senior Notes due 2020 that were issued on January 8, 2015 (the “Prior Issuance”). The 2020 Senior Notes offered hereby will be fungible with the senior notes issued in the Prior Issuance and will be subject to the same information reporting for U.S. federal income tax purposes. This discussion pertains to the additional 2020 Senior Notes and 2022 Senior Notes offered hereby, and does not apply to the senior notes issued in the Prior Issuance that are presently outstanding.

The following summary does not furnish information in the level of detail or with the attention to an investor’s specific tax circumstances that would be provided by an investor’s own tax advisor. For example, it does not discuss the tax consequences of the purchase, ownership and disposition of the Senior Notes by investors that are subject to special treatment under the U.S. federal income tax laws, including banks and thrifts, insurance companies, holders that will hold the Senior Notes as a position in a “straddle” or as a part of a “synthetic security” or “conversion transaction” or other integrated investment comprised of the Senior Notes and one or more other investments, U.S. expatriates or former long-term residents or citizens of the U.S., certain part-year nonresident aliens, government instrumentalities or agencies, entities that are tax exempt for U.S. federal income tax purposes, retirement plans, individual retirement accounts or other tax deferred accounts, bond houses, broker dealers or similar persons or organizations acting in the capacity of underwriters, dealers or traders in securities or currencies, traders in securities that elect to use a mark to market method of accounting for their securities holdings, insurance companies, real estate investment trusts and regulated investment companies and shareholders of such corporations, U.S. Holders whose functional currency is not the U.S. dollar, controlled foreign corporations, passive foreign investment companies or their shareholders, trusts and estates, and pass-through entities. This discussion does not address the tax consequences to shareholders, beneficiaries or other owners of a holder of Senior Notes. In addition, the discussion regarding the Senior Notes is limited to the U.S. federal income tax consequences of the initial investors (and not a purchaser in the secondary market) that purchase the Senior Notes in the initial offering at their issue price (generally, the first price at which a substantial amount of the notes is sold for money to investors, not including sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) and beneficially hold those Senior Notes as capital assets within the meaning of Section 1221 of the Code. This discussion does not address the tax consequences for a beneficial owner of a Senior Note who or which is not a U.S. Holder (defined below). The following summary assumes, as is expected, that the Senior Notes will be issued without original issue discount.

This discussion does not address U.S. federal estate and gift tax consequences, alternative minimum tax consequences, any foreign, state or local tax consequences, tax treaties or any other non-income tax consequences of the ownership and disposition of the Senior Notes to the beneficial owner of a Senior Note. Accordingly, prospective purchasers of the Senior Notes should consult their own tax advisors with respect to the potential consequences of any taxes not specifically discussed herein.

If an entity or an arrangement treated as a partnership (or other flow-through entity) for U.S. federal income tax purposes holds a Senior Note, the tax consequences to a partner or other owner of the entity will generally

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depend upon the status of the partner (or other owner) and the activities of such entity. Accordingly, this summary does not apply to partnerships (or other flow-through entities). Partners or other owners in an entity or arrangement treated as a partnership (or other flow-through entity) holding a Senior Note should consult their tax advisors regarding the U.S. federal income tax consequences to them of the acquisition, ownership and disposition by the partnership (or other flow-through entity) of the Senior Notes.

Prospective purchasers of the Senior Notes should consult their own tax advisors with respect to the U.S. federal, state, local and foreign tax consequences of purchasing, owning or disposing of the Senior Notes.

U.S. Holders

For purposes of this summary, a "U.S. Holder" is a beneficial owner of the Senior Notes that, for U.S. federal income tax purposes, is:

- a citizen or individual resident of the United States,
- a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States or any state thereof (including the District of Columbia),
- an estate the income of which is subject to U.S. federal income taxation regardless of its source, or
- a trust (1) if such trust was in existence on August 20, 1996 and validly elected to be treated as a United States person for U.S. federal income tax purposes or (2) if (i) a court within the United States is able to exercise primary supervision over its administration and (ii) one or more United States persons for U.S. federal income tax purposes have the authority to control all of the substantial decisions of such trust.

Qualified Reopening

Debt instruments issued as part of the "qualified reopening" of a previous issue of debt instruments are treated as part of the original issue and, consequently, are deemed to have the same issue date and the same issue price as the original debt instruments. It is expected that this offering of the 2020 Senior Notes will meet the requirements for a "qualified reopening" of the Prior Issuance under applicable U.S. Treasury regulations and therefore as having the same issue price and issue date as the Prior Issuance for U.S. federal income tax purposes. Accordingly, it is expected that this offering of 2020 Senior Notes will not be considered to be issued with "original issue discount" for U.S. federal income tax purposes.

Additional Amounts

We may be obligated to pay an additional amount beyond stated principal and interest to the holders of the Senior Notes if we elect to redeem the Senior Notes as described under "Description of Senior Notes—Redemption at Our Option." The obligation to make such payments may implicate provisions of the U.S. Treasury regulations relating to contingent payment debt instruments. U.S. Treasury regulations provide that the possibility that a payment will be made will not affect the amount, timing of interest income or character of gain a U.S. Holder recognizes if there is only a remote chance as of the date the Senior Notes were issued that such payments will be made. We intend to take the position that the possibility that such payment will be made is remote, which would cause the Senior Notes not to be treated as contingent payment debt instruments. Our determination that this contingency is remote is binding on a U.S. Holder unless such holder discloses its contrary position in the manner required by the applicable U.S. Treasury regulations. Our determination is not, however, binding on the IRS, and if the IRS were to challenge this determination, a U.S. Holder might be required to accrue income on its Senior Notes in excess of stated interest and to treat any gains as ordinary income. In the event a contingency occurs, it could affect the amount and timing of the income recognized by a holder and may result in other material adverse tax consequences of ownership and disposition of the Senior

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Notes. Holders of the Senior Notes should consult their tax advisors as to the tax considerations relating to the payment of the additional amount. The remainder of this disclosure assumes that the Senior Notes will not be treated as contingent payment debt instruments.

Pre-Issuance Accrued Interest

A portion of the price paid for the Senior Notes issued pursuant to this offering will be allocable to interest that accrued prior to the date such Senior Notes are purchased ('pre-issuance accrued interest"). To the extent that a portion of a U.S. Holder's purchase price for the Senior Notes is allocable to pre-issuance accrued interest, a portion of the first stated interest payment equal to the amount of such pre-issuance accrued interest may be treated as a nontaxable return of such pre-issuance accrued interest to the U.S. Holder. The remainder of this discussion assumes that the Senior Notes will be so treated, and all references to interest in the remainder of this discussion exclude references to pre-issuance accrued interest.

Stated Interest

In general, stated interest on a Senior Note will be taxed to a beneficial owner of a Senior Note as ordinary interest income at the time it accrues or is received, in accordance with the U.S. Holder's regular method of accounting for U.S. federal income tax purposes.

Taxable Disposition of a Senior Note

Upon the sale, exchange, redemption or other taxable disposition of a Senior Note, a U.S. Holder generally will recognize taxable gain or loss equal to the difference, if any, between the amount realized on the sale, exchange, redemption or other taxable disposition (not including any amount attributable to accrued but unpaid interest or pre-issuance accrued interest) and the U.S. Holder's adjusted tax basis in the Senior Note. Any amount attributable to accrued but unpaid interest will be treated as a payment of interest and taxed in the manner described above under "Stated Interest." In general, the U.S. Holder's adjusted tax basis in a Senior Note will be equal to the initial purchase price of the Senior Note paid by the U.S. Holder, reduced by the amount of principal payments on the Senior Note received before such date of sale, exchange, redemption or other taxable disposition.

Gain or loss recognized on the sale, exchange, redemption or other taxable disposition of a Senior Note generally will be capital gain or loss, and will be long-term capital gain or loss if, at the time of sale, exchange, redemption or other taxable disposition of the Senior Note has been held by the investor for more than one year. For certain non-corporate U.S. Holders (including individuals), net long-term capital gains generally are taxed at a lower rate than ordinary income. Capital losses are, with limited exception, deductible only to the extent of capital gains recognized during the taxable year. Any excess capital losses may be carried over to and deducted in other taxable years subject to certain limitations.

Tax on Net Investment Income

A 3.8% tax is imposed on the "net investment income" (or "undistributed net investment income", in the case of estates and trusts) of certain individuals, trusts and estates, if their adjusted gross income exceeds certain thresholds. In the case of an individual, the net investment income tax will be imposed on the lesser of (i) an individual's "net investment income" and (ii) the amount by which an individual's modified adjusted gross income exceeds $250,000 (if the individual is married and filing jointly or a surviving spouse), $125,000 (if the individual is married and filing separately) or $200,000 (in any other case). In the case of an estate or trust, the tax will be imposed on the lesser of (i) "undistributed net investment income," and (ii) the excess of adjusted gross income over the dollar amount at which the highest income tax bracket applicable to an estate or trust begins (for taxable years beginning in 2017, that dollar amount is $12,500).

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For these purposes, "net investment income" will generally include interest on and net gain attributable to the taxable disposition of property not held in a trade or business (including interest paid on and gain from the sale, exchange, redemption or other taxable disposition of a Senior Note), other than a trade or business that consists of certain passive or trading activities, and certain other types of income, reduced by permitted deductions properly allocable to the income or gain. Prospective U.S. Holders should consult their own tax advisors regarding the implications of this net investment income tax based upon their particular circumstances.

Information Reporting and Backup Withholding

Information reporting requirements may apply to interest and principal payments made to, and to the proceeds of sales or other dispositions before maturity by, certain owners of Senior Notes unless such owner is a corporation or other exempt recipient. In addition, backup withholding applies to payments of principal, premium, and interest to a U.S. Holder who is not a corporation or other exempt recipient if

- such U.S. Holder fails to furnish his or her taxpayer identification number, which for an individual would be his or her Social Security Number, to the payor in the manner required,
- such U.S. Holder furnishes an incorrect taxpayer identification number and the payor is so notified by the IRS,
- the payor is notified by the IRS that such U.S. Holder has failed to properly report payments of interest and dividends, or
- in certain circumstances, such U.S. Holder fails to certify, under penalties of perjury, that he or she has furnished a correct taxpayer identification number and has not been notified by the IRS that he or she is subject to backup withholding for failure to properly report interest and dividend payments.

The current rate of backup withholding is 28%. Any amounts withheld under backup withholding rules will generally be allowed as a refund or credit against a U.S. Holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS. Certain penalties may be imposed by the IRS on a recipient of payments that is required to supply information but that does not do so in the proper manner. U.S. Holders should consult their tax advisors as to their qualification for exemption from backup withholding and the procedure for obtaining such an exemption.

Non-U.S. Holders

The following is a summary of certain material U.S. federal income tax consequences that will apply to a Non-U.S. Holder. As used herein, the term Non-U.S. Holder means a beneficial owner of notes that is an individual, corporation, estate or trust (other than a grantor trust) for U.S. federal income tax purposes and that is not a U.S. Holder.

Interest

Subject to the discussion below under "—Information Reporting and Backup Withholding" and "—Foreign Account Tax Compliance," all payments of interest on the Senior Notes made to a Non-U.S. Holder will be exempt from U.S. federal withholding tax, provided that: (i) the interest is not effectively connected with a U.S. trade or business of such Non-U.S. Holder (or, if required under an applicable income tax treaty, is not attributable to a U.S. permanent establishment or fixed base maintained by such Non-U.S. Holder) (ii) such Non-U.S. Holder does not own, actually or constructively, 10% or more of the total combined voting power of all classes of our stock entitled to vote for U.S. federal tax purposes, (iii) such Non-U.S. Holder is not a controlled

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foreign corporation for U.S. federal income tax purposes that is related, directly or indirectly, to us through stock ownership, (iv) such Non-U.S. Holder is not a bank receiving certain types of interest, and (v) either (A) such Non-U.S. Holder certifies under penalties of perjury on IRS Form W-8BEN (Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding), for individuals, or, IRS Form W-8BEN-E (Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding), for entities, as appropriate (or a suitable substitute or applicable successor form) that it is not a United States person, (as defined in the Code) and provides its name, address, and U.S. taxpayer identification number, if any, or (B) a securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business and holds the Senior Notes on behalf of such Non-U.S. Holder certifies under penalties of perjury that the certification referred to in clause (A) has been received from the Non-U.S. Holder, and furnishes a copy thereof.

Except as described below under "—Effectively Connected Income," a Non-U.S. Holder that does not qualify for exemption from withholding as described above, generally will be subject to U.S. federal withholding tax at a rate of 30% on payments of interest on the Senior Notes. A Non-U.S. Holder may be entitled to the benefits of an income tax treaty under which interest on the Senior Notes is subject to a reduced rate of U.S. federal withholding tax or is exempt from U.S. federal withholding tax if the Non-U.S. Holder furnishes a properly completed and executed IRS Form W-8BEN or IRS Form W-8BEN-E, as appropriate (or a suitable substitute form or applicable successor form), claiming the reduction or exemption and complies with any other applicable procedures.

Disposition of a Senior Note

Subject to the discussion below under "—Information Reporting and Backup Withholding" and "—Foreign Account Tax Compliance," a Non-U.S. Holder generally will not be subject to U.S. federal withholding tax on gain realized on the sale, exchange, redemption or other taxable disposition of Senior Notes unless (i) the gain is effectively connected with the conduct of a U.S. trade or business of the Non-U.S. Holder (and, generally, if an income tax treaty applies, is attributable to a U.S. permanent establishment or fixed base maintained by the Non-U.S. Holder) or (ii) in the case of a Non-U.S. Holder who is a nonresident alien individual, the individual is present in the United States for 183 or more days in the taxable year of the disposition and certain other conditions are met.

Effectively Connected Income

If a Non-U.S. Holder is engaged in a trade or business in the United States, and if interest on the Senior Notes or gain realized on a sale, exchange, redemption or other taxable disposition of Senior Notes is effectively connected with the conduct of such trade or business (and, generally, if an income tax treaty applies, is attributable to a United States permanent establishment or fixed base maintained by the Non-U.S. Holder), the Non-U.S. Holder will be exempt from the withholding tax discussed above under "—Interest" (provided that the Non-U.S. Holder provides a properly completed and executed IRS Form W-8ECI or substantially similar substitute form). In addition, the Non-U.S. Holder, generally will be required to file a U.S. federal income tax return and generally will be subject to regular U.S. federal income tax on such income or gain in the same manner as if it were a U.S. Holder (unless an applicable income tax treaty provides otherwise). In addition, if such Non-U.S. Holder is a foreign corporation, such Non-U.S. Holder may be subject to a branch profits tax equal to 30% (or such lower rate provided by an applicable income tax treaty) of a dividend equivalent amount deemed to have been remitted from the United States out of its effectively connected earnings and profits for the taxable year.

Information Reporting and Backup Withholding

The amount of interest paid to each Non-U.S. Holder and the tax withheld with respect to such interest, regardless of whether withholding was required, will be reported annually to the IRS. Copies of the information

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returns reporting such interest and withholding may also be made available to the tax authorities in the country in which the Non-U.S. Holder resides under the provisions of an applicable income tax treaty or information exchange agreement.

A Non-U.S. Holder will be subject to backup withholding on interest paid to such Non-U.S. Holder unless such Non-U.S. Holder certifies under penalties of perjury that it is not a United States person as defined in the Code (and the payor does not have actual knowledge or reason to know that it is a United States person) or it otherwise establishes an exemption from backup withholding.

Information reporting and, depending on the circumstances, backup withholding, generally will apply to the proceeds of a disposition of Senior Notes effected within the United States or through certain U.S.-related financial intermediaries by a Non-U.S. Holder, unless the Non-U.S. Holder certifies under penalties of perjury that it is not a United States person (and the payor does not have actual knowledge or reason to know that it is a United States person) as defined in the Code or otherwise establishes an exemption from such requirements.

Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a Non-U.S. Holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS. Non-U.S. Holders should consult their own advisors regarding the application of U.S. federal withholding and backup withholding in their particular circumstance and the availability of, and procedure for, obtaining an exemption from, or refund of, U.S. federal withholding and backup withholding under the Code and current Treasury regulations.

Foreign Account Tax Compliance

Sections 1471 through 1474 of the Code and the final Treasury regulations and official IRS guidance associated with such provisions (such provisions, regulations and guidance commonly known as FATCA) generally impose a withholding tax of 30% on interest income from, and the gross proceeds from a disposition of, debt obligations, such as the Senior Notes, paid to certain foreign entities unless various information reporting and diligence requirements are satisfied. This would generally apply in the case of debt obligations held through intermediaries that do not agree to satisfy such information reporting requirements. Accordingly, the entity through which a U.S. Holder or a Non-U.S. Holder holds its Senior Notes will affect the determination of whether such withholding is required. Under current IRS regulations and other guidance, FATCA applies to certain withholdable payments of interest and, after December 31, 2018, will apply to certain withholdable payments of gross proceeds arising from the disposition of debt instruments. Application of this FATCA tax does not depend on whether the payment otherwise would be exempt from U.S. federal withholding tax under the other exemptions described above. Under certain circumstances, a shareholder may be eligible for refunds or credits of such taxes from the IRS. We will not pay any additional amounts to U.S. Holders or Non-U.S. Holders in respect of any amounts withheld under FATCA (or any other withholding tax provisions). Foreign entities located in jurisdictions that have entered into an intergovernmental agreement with the U.S. governing FATCA may be subject to different rules. Prospective holders of the Senior Notes should consult their tax advisors regarding the implications of FATCA on their ownership and disposition of the Senior Notes.

The U.S. federal income tax discussion set forth above is included for general information only and may not be applicable depending upon an owner's particular situation. Prospective purchasers of the Senior Notes should consult their own tax advisors with respect to the tax consequences to them of the ownership and disposition of Senior Notes, including the tax consequences under state, local, foreign and other tax laws and the possible effects of changes in United States or other tax laws.

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UNDERWRITING

Barclays Capital Inc. and J.P. Morgan Securities LLC are acting as representatives of the underwriters set forth below. Subject to the terms and conditions contained in an underwriting agreement between us and the underwriters, we have agreed to sell to the underwriters and the underwriters have severally agreed to purchase from us, the principal amount of the Senior Notes listed opposite their names below.

Underwriter	Principal Amount of 2020 Senior Notes	Principal Amount of 2022 Senior Notes
Barclays Capital Inc.	$ 87,500,000	$ 175,000,000
J.P. Morgan Securities LLC	87,500,000	175,000,000
Morgan Stanley & Co. LLC	50,000,000	100,000,000
KeyBanc Capital Markets Inc.	12,500,000	25,000,000
Academy Securities, Inc.	6,250,000	12,500,000
The Huntington Investment Company	6,250,000	12,500,000
Total	$ 250,000,000	$ 500,000,000

The underwriters have agreed to purchase all of the Senior Notes sold pursuant to the underwriting agreement if any of the Senior Notes are purchased. If an underwriter defaults, the underwriting agreement provides that the purchase commitments of the non-defaulting underwriters may be increased or the underwriting agreement may be terminated.

We have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended (Securities Act), or to contribute to payments the underwriters may be required to make in respect of those liabilities.

The underwriters are offering the Senior Notes, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the Senior Notes, and other conditions contained in the underwriting agreement, such as the receipt by the underwriters of officer's certificates and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

It is expected that delivery of the Senior Notes will be made on or about March 10, 2017.

Commissions and Discounts

The underwriters have advised us that they propose initially to offer the Senior Notes to the public at the public offering price on the cover page of this prospectus supplement and may offer the Senior Notes to certain securities dealers at that price less a concession not to exceed 0.200% of the principal amount of the 2020 Senior Notes and 0.350% of the principal amount of the 2022 Senior Notes. The underwriters may allow, and such dealers may reallow, a discount not to exceed 0.125% of the principal amount of the 2020 Senior Notes and 0.250% of the principal amount of the 2022 Senior Notes. After the initial public offering, the public offering price, concession and discount may be changed.

The expenses of the offering, not including the underwriting discount, are estimated to be $1,400,000 and are payable by us.

New Issue of Senior Notes

Each series of the Senior Notes are new issues of securities with no established trading market. We do not intend to apply for listing of each series of the Senior Notes on any national securities exchange or for quotation of each series of the Senior Notes on any automated dealer quotation system. We have been advised by the representatives of the underwriters that they presently intend to make markets in each series of the Senior Notes after completion of the offering. However, they are under no obligation to do so and may discontinue any market-making activities at any time without any notice. We cannot assure the liquidity of trading markets for

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either series of the Senior Notes or that active public markets for either series of the Senior Notes will develop. If active public trading markets for either series the Senior Notes does not develop, the market price and liquidity of such series the Senior Notes may be adversely affected.

Price Stabilization and Short Positions

In connection with the offering, the underwriters are permitted to engage in transactions that stabilize the market price of the Senior Notes. Such transactions consist of bids or purchases to peg, fix or maintain the price of the Senior Notes. If the underwriters create a short position in the Senior Notes in connection with the offering, *i.e.*, if they sell more Senior Notes than are on the cover page of this prospectus supplement, the underwriters may reduce that short position by purchasing Senior Notes in the open market. Purchases of a security to stabilize the price or to reduce a short position could cause the price of the security to be higher than it might be in the absence of such purchases.

The underwriters also may impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased notes sold by or for the account of such underwriter in stabilizing or short covering transactions.

Neither we nor any of the underwriters makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Senior Notes. In addition, neither we nor any of the underwriters makes any representation that the underwriters will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Other Relationships

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Some of the underwriters and their affiliates have engaged in, and some or all of the underwriters and their affiliates may in the future engage in, investment banking, financial advisory and commercial banking services in the ordinary course of business with us and our affiliates. They have received and may in the future receive customary fees and commissions for these transactions. The underwriters and their affiliates may provide credit to us or our affiliates as lenders from time to time, including under our existing revolving credit facilities. In particular, certain of the underwriters or their affiliates from time to time may hold outstanding commercial paper issued by us, which may be repaid with a portion of the net proceeds received by us from the sale of the Senior Notes. See “Use of Proceeds” in this prospectus supplement.

In the ordinary course of their various business activities, the underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities and/or instruments of the issuer. The underwriters and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Notice To Investors In Certain Jurisdictions

European Economic Area

This prospectus supplement and the accompanying prospectus are not a prospectus for the purposes of the Prospectus Directive (as defined below).

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In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), each underwriter has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) it has not made and will not make an offer of Senior Notes which are the subject of the offering contemplated by this prospectus supplement to the public in that Relevant Member State other than:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant underwriter or underwriters nominated by Generation for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Senior Notes shall require Generation or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of notes to the public" in relation to any Senior Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Senior Notes to be offered so as to enable an investor to decide to purchase or subscribe the Senior Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

United Kingdom

Each underwriter has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Senior Notes in circumstances in which Section 21(1) of the FSMA does not apply to Generation; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Senior Notes in, from or otherwise involving the United Kingdom.

Hong Kong

The Senior Notes have not been offered or sold or will not be offered or sold by means of any document other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) (the "SFO") and any rules made thereunder, or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32, Laws of Hong Kong) or which do not constitute an offer to the public within the meaning of that Ordinance, and no advertisement, invitation or document relating to the Senior Notes has been or will be issued or has been or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to Senior Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made thereunder.

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Japan

The Senior Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended, the "FIEA") and each underwriter has agreed that it will not offer or sell any securities, directly or indirectly, in Japan or to, or for the account or the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the account or the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Singapore

This prospectus supplement and the accompanying prospectus have not been registered as a prospectus under the Securities and Futures Act, Chapter 289 of Singapore (the "SFA") by the Monetary Authority of Singapore, and the offer of the Senior Notes in Singapore is made primarily pursuant to the exemptions under Sections 274 and 275 of the SFA. Accordingly, the Senior Notes may not be offered or sold, or made the subject of an invitation for subscription or purchase, nor may this prospectus supplement and the accompanying prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the Senior Notes be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor as defined in Section 4A of the SFA ("Institutional Investor") pursuant to Section 274 of the SFA, (ii) to an accredited investor as defined in Section 4A of the SFA (an "Accredited Investor") or other relevant person as defined in Section 275(2) of the SFA (a "Relevant Person"), or to any person pursuant to an offer referred to in Section 275(1A) of the SFA, and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable exemption or provision of the SFA.

It is a condition of the offer that where the Senior Notes are subscribed or purchased pursuant to an offer made in reliance on Section 275 by a Relevant Person which is:

(a) a corporation (which is not an Accredited Investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an Accredited Investor; or

(b) a trust (where the trustee is not an Accredited Investor) whose sole purpose is to hold investments and each beneficiary is an Accredited Investor,

the shares, debentures and units of shares and debentures of that corporation, and the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has subscribed for or acquired the Senior Notes except:

(1) to an Institutional Investor, or an Accredited Investor or other Relevant Person, or which arises from any offer referred to in Section 275(1A) of the SFA (in the case of that corporation) or Section 276(4)(i)(B) of the SFA (in the case of that trust);

(2) where no consideration is or will be given for the transfer; or

(3) where the transfer is by operation of law.

Canada

The Senior Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration

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Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Senior Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus supplement (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Korea

The Senior Notes have not been and will not be registered under the Financial Investments Services and Capital Markets Act of Korea and the decrees and regulations thereunder, or the FSCMA, and the Senior Notes have been and will be offered in Korea as a private placement under the FSCMA. None of the Senior Notes may be offered, sold or delivered directly or indirectly, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea except pursuant to the applicable laws and regulations of Korea, including the FSCMA and the Foreign Exchange Transaction Law of Korea and the decrees and regulations thereunder, or the FETL. The Senior Notes have not been listed on any of securities exchanges in the world including, without limitation, the Korea Exchange in Korea. Furthermore, the purchaser of the Senior Notes shall comply with all applicable regulatory requirements (including but not limited to requirements under the FETL) in connection with the purchase of the Senior Notes. By the purchase of the Senior Notes, the relevant holder thereof will be deemed to represent and warrant that if it is in Korea or is a resident of Korea, it purchased the Senior Notes pursuant to the applicable laws and regulations of Korea.

Taiwan

The Senior Notes have not been and will not be registered with the Financial Supervisory Commission of Taiwan pursuant to relevant securities laws and regulations and may not be sold, issued or offered within Taiwan through a public offering or in circumstances which constitutes an offer within the meaning of the Securities and Exchange Act of Taiwan that requires a registration or approval of the Financial Supervisory Commission of Taiwan. No person or entity in Taiwan has been authorized to offer, sell, give advice regarding or otherwise intermediate the offering and sale of the Senior Notes in Taiwan.

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LEGAL MATTERS

Ballard Spahr LLP, Philadelphia, Pennsylvania, will render an opinion as to the validity of the Senior Notes and pass on certain legal matters for us. Winston & Strawn LLP will pass on certain legal matters for the underwriters. Winston & Strawn LLP provides legal services to Exelon and its subsidiaries from time to time.

EXPERTS

The consolidated financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) incorporated in this prospectus supplement by reference to the Annual Report on Form 10-K for the year ended December 31, 2016 have been so incorporated in reliance on the report (which contains an explanatory paragraph on the effectiveness of internal control over financial reporting due to the exclusion of certain elements of the internal control over financial reporting of the Consolidated Edison Solutions, Inc. business Generation acquired during 2016) of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

The SEC allows us to "incorporate by reference" the information filed by us with the SEC, which means that we can refer you to important information without restating it in this prospectus supplement and the accompanying prospectus. The information incorporated by reference is considered to be part of this prospectus supplement and the accompanying prospectus and should be read with the same care. Exelon, Generation, ComEd, PECO, Baltimore Gas and Electric Company, Pepco Holdings LLC, Potomac Electric Power Company, Delmarva Power & Light Company and Atlantic City Electric file combined reports under the Exchange Act. Information contained in the combined reports relating to each registrant is filed separately by such registrant on its own behalf and only the information related to Generation is incorporated by reference in this prospectus supplement and the accompanying prospectus. Generation does not make any representation as to information relating to any other registrant or securities issued by any other registrant and you should not rely on any information relating to any registrant other than Generation in determining whether to invest in the Senior Notes. We incorporate by reference our Annual Report on Form 10-K for the year ended December 31, 2016 and any future filings that we make with the SEC under the Exchange Act if the filings are made prior to the time that all of the Senior Notes are sold in this offering. You can also find more information about us from the sources described under "Documents Incorporated by Reference" in the accompanying prospectus.

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PROSPECTUS

EXELON CORPORATION

Debt Securities
Common Stock
Stock Purchase Contracts
Stock Purchase Units
Preferred Stock
Depositary Shares

EXELON GENERATION COMPANY, LLC

Debt Securities

COMMONWEALTH EDISON COMPANY

Debt Securities

PECO ENERGY COMPANY

Debt Securities

BALTIMORE GAS AND ELECTRIC COMPANY

Debt Securities

POTOMAC ELECTRIC POWER COMPANY

Debt Securities

DELMARVA POWER & LIGHT COMPANY

Debt Securities

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Exelon Corporation (Exelon) may use this prospectus to offer and sell from time to time:

- debt securities;
- common stock;
- stock purchase contracts;
- stock purchase units;
- preferred stock in one or more series;
- depositary shares.

Exelon Generation Company, LLC (Generation) may use this prospectus to offer and sell from time to time:

- debt securities

Commonwealth Edison Company (ComEd) may use this prospectus to offer and sell from time to time:

- debt securities

PECO Energy Company (PECO) may use this prospectus to offer and sell from time to time:

- debt securities

Baltimore Gas and Electric Company (BGE) may use this prospectus to offer and sell from time to time:

- debt securities

Potomac Electric Power Company (Pepco) may use this prospectus to offer and sell from time to time:

- debt securities

Delmarva Power & Light Company (DPL) may use this prospectus to offer and sell from time to time:

- debt securities

Exelon, Generation, ComEd, PECO, BGE, Pepco and DPL sometimes refer to the securities listed above as the "Securities."

Exelon, Generation, ComEd, PECO, BGE, Pepco and DPL will provide the specific terms of the Securities in supplements to this prospectus prepared in connection with each offering. Please read this prospectus and the applicable prospectus supplement carefully before you invest. This prospectus may not be used to consummate sales of the offered Securities unless accompanied by a prospectus supplement.

Exelon's common shares are listed on the New York Stock Exchange, under the symbol "EXC."

Please see "Risk Factors" beginning on page 2 for a discussion of factors you should consider in connection with a purchase of the Securities offered in this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is August 30, 2016.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that Exelon, Generation, ComEd, PECO, BGE, Pepco and DPL have each filed with the Securities and Exchange Commission (SEC) using a "shelf" registration process. Under this shelf registration process, each of us may, from time to time, sell our Securities described in this prospectus in one or more offerings. Each time Exelon, Generation, ComEd, PECO, BGE, Pepco or DPL (each, a registrant) sells Securities, the registrant will provide a prospectus supplement that will contain a description of the Securities the registrant will offer and specific information about the terms of the offering. The prospectus supplement may also add, update or change information contained in this prospectus. If there is any inconsistency between the information in this prospectus and the prospectus supplement, you should rely on the prospectus supplement. You should read both this prospectus and any prospectus supplement together with additional information described under "Where You Can Find More Information."

Information contained herein relating to each registrant is filed separately by such registrant on its own behalf. No registrant makes any representation as to information relating to any other registrant or Securities issued by any other registrant.

As used in this prospectus, the terms "we," "our" and "us" generally refer to:

- Exelon with respect to Securities issued by Exelon.
- Generation with respect to Securities issued by Generation.
- ComEd with respect to Securities issued by ComEd.
- PECO with respect to Securities issued by PECO.
- BGE with respect to Securities issued by BGE.
- Pepco with respect to Securities issued by Pepco.
- DPL with respect to Securities issued by DPL.

None of the registrants will guarantee or provide other credit or funding support for the Securities to be offered by another registrant pursuant to this prospectus.

We are not offering the Securities in any state where the offer is not permitted.

For more detailed information about the Securities, you should read the exhibits to the registration statement. Those exhibits have either been filed with the registration statement or incorporated by reference to earlier SEC filings listed in the registration statement.

You should rely only on information contained in this prospectus and which is incorporated by reference or the documents to which we have referred you. We have not authorized anyone to provide you with information that is different. This prospectus and related prospectus supplement may be used only where it is legal to sell these securities. The information in this prospectus and any prospectus supplement may only be accurate on the date of this document. The business of the registrant, financial condition, results of operations and prospects may have changed since that date.

Please see "Risk Factors" beginning on page 2 for a discussion of factors you should consider in connection with a purchase of the Securities offered in this prospectus.

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FORWARD-LOOKING STATEMENTS

This prospectus and the documents incorporated or deemed incorporated by reference as described under the heading "Where You Can Find More Information" contain forward-looking statements that are not based entirely on historical facts and are subject to risks and uncertainties. Words such as "believes," "anticipates," "expects," "intends," "plans," "predicts" and "estimates" and similar expressions are intended to identify forward-looking statements but are not the only means to identify those statements. These forward-looking statements are based on assumptions, expectations and assessments made by our management in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe to be appropriate. Any forward-looking statements are not guarantees of our future performance and are subject to risks and uncertainties.

This prospectus contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which are subject to risks and uncertainties. The factors that could cause actual results to differ materially from the forward-looking statements made by Exelon, Generation, ComEd, PECO, BGE, Pepco and DPL include those factors discussed herein, as well as the items discussed in (1) the combined 2015 Annual Report on Form 10-K of Exelon, Generation, ComEd, PECO and BGE in (a) ITEM 1A. Risk Factors, (b) ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) ITEM 8. Financial Statements and Supplementary Data: Note 23; (2) the combined 2015 Annual Reports on Form 10-K of Pepco and DPL in (a) ITEM 1A. Risk Factors, (b) ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) ITEM 8. Financial Statements and Supplementary Data: Note 16; (3) Exelon's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2016 and June 30, 2016 in (a) Part II, Other Information, ITEM 1A. Risk Factors; (b) Part 1, Financial Information, ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations and (c) Part I, Financial Information, ITEM 1. Financial Statements: Note 18 and (4) other factors discussed in filings with the SEC by each of the registrants.

You are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date on the front of this prospectus or, as the case may be, as of the date on which we make any subsequent forward-looking statement that is deemed incorporated by reference. We do not undertake any obligation to update or revise any forward-looking statement to reflect events or circumstances after the date as of which any such forward-looking statement is made.

RISK FACTORS

Investing in the Securities involves various risks. You are urged to read and consider the risk factors described in (a) the combined Annual Reports on Form 10-K of Exelon, Generation, ComEd, PECO, and BGE, as applicable, for the year ended December 31, 2015, filed with the SEC on February 10, 2016, (b) the combined Annual Reports on Form 10-K of Pepco and DPL, as applicable, for the year ended December 31, 2015, filed with the SEC on February 19, 2016 and (c) (3) the registrants' combined Quarterly Reports on Form 10-Q for the quarters ended March 31, 2016 and June 30, 2016. Before making an investment decision, you should carefully consider these risks as well as other information we include or incorporate by reference in this prospectus. The prospectus supplement applicable to each type or series of Securities offered by one of the registrants will contain a discussion of additional risks applicable to an investment in such registrant and the particular type of Securities the registrant is offering under that prospectus supplement.

EXELON CORPORATION

Exelon, incorporated in Pennsylvania in February 1999, is a utility services holding company engaged, through Generation, in the energy generation business, and through ComEd, PECO, BGE Pepco, DPL and Atlantic City Electric Company, in the energy delivery businesses. Exelon's principal executive offices are located at 10 South Dearborn Street, Chicago, Illinois 60603, and its telephone number is 800-483-3220.

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EXELON GENERATION COMPANY, LLC

Generation's integrated business consists of its owned and contracted electric generating facilities and investments in generation ventures that are marketed through its leading customer-facing activities. These customer-facing activities include, wholesale energy marketing operations and its competitive retail customer supply of electric and natural gas products and services, including renewable energy products, risk management services and natural gas exploration and production activities. Generation has six reportable segments consisting of the Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Regions.

Generation was formed in 2000 as a Pennsylvania limited liability company. Generation began operations as a result of a corporate restructuring, effective January 1, 2001, in which Exelon separated its generation and other competitive businesses from its regulated energy delivery businesses at ComEd and PECO. Generation's principal executive offices are located at 300 Exelon Way, Kennett Square, Pennsylvania 19348, and its telephone number is 610-765-5959.

COMMONWEALTH EDISON COMPANY

ComEd's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in northern Illinois, including the City of Chicago.

ComEd was organized in the State of Illinois in 1913 as a result of the merger of Cosmopolitan Electric Company into the original corporation named Commonwealth Edison Company, which was incorporated in 1907. ComEd's principal executive offices are located at 440 South LaSalle Street, Chicago, Illinois 60605, and its telephone number is 312-394-4321.

PECO ENERGY COMPANY

PECO's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in southeastern Pennsylvania, including the City of Philadelphia, as well as the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services to retail customers in the Pennsylvania counties surrounding the City of Philadelphia.

PECO was incorporated in Pennsylvania in 1929. PECO's principal executive offices are located at 2301 Market Street, Philadelphia, Pennsylvania 19103, and its telephone number is 215-841-4000.

BALTIMORE GAS AND ELECTRIC COMPANY

BGE's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in central Maryland, including the City of Baltimore, as well as the purchase and regulated retail sale of natural gas and the provision of gas distribution services to retail customers in central Maryland, including the City of Baltimore.

BGE was incorporated in Maryland in 1906. BGE's principal executive offices are located at 110 West Fayette Street, Baltimore, Maryland 21201, and its telephone number is 410-234-5000.

POTOMAC ELECTRIC POWER COMPANY

Pepco's energy delivery business consists of the Purchase and regulated retail sale of electricity and the provision of electric distribution and transmission services in the District of Columbia and major portions of Prince George's County and Montgomery County in Maryland.

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Pepco was incorporated in the District of Columbia in 1896 and Virginia in 1949. Pepco's principal executive offices are located at 701 Ninth Street, N.W., Washington, D.C. 20068, and its telephone number is (202) 872-2000.

DELMARVA POWER & LIGHT COMPANY

DPL's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of electric distribution and transmission services in portions of Maryland and Delaware, and the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services in northern Delaware.

DPL was incorporated in Delaware in 1909 and Virginia in 1979. DPL's principal executive offices are located at 500 North Wakefield Drive Newark, Delaware 19702, and its telephone number is (202) 872-2000.

USE OF PROCEEDS

Except as otherwise indicated in the applicable prospectus supplement, each registrant expects to use the net proceeds from the sale of the Securities for general corporate purposes, including to discharge or refund (by redemption, by purchase on the open market, by purchase in private transactions, by tender offer or otherwise) outstanding long-term debt. Each registrant will describe in the applicable prospectus supplement any specific allocation of the proceeds to a particular purpose that the registrant has made at the date of that prospectus supplement. Please refer to our annual and quarterly reports incorporated by reference into this prospectus and any prospectus supplement for information concerning each registrant's outstanding long-term debt. See "Where You Can Find More Information."

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RATIO OF EARNINGS TO FIXED CHARGES AND RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERENCE SECURITY DIVIDENDS

Exelon

The following are Exelon's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Six Months Ended
	2011	2012	2013	2014	2015	June 30, 2016
Ratio of earnings to fixed charges	4.9	2.4	2.6	2.7	3.3	1.8

The following are Exelon's consolidated ratios of earnings to combined fixed charges and preference stock dividends for each of the periods indicated:

	Years Ended December 31,					Six Months Ended
	2011	2012	2013	2014	2015	June 30, 2016
Ratio of earnings to combined fixed charges and preference security dividends	4.9	2.3	2.5	2.7	3.3	1.8

Generation

The following are Generation's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Six Months Ended
	2011	2012	2013	2014	2015	June 30, 2016
Ratio of earnings to fixed charges	7.3	2.6	3.3	2.8	3.5	2.1

ComEd

The following are ComEd's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Six Months Ended
	2011	2012	2013	2014	2015	June 30, 2016
Ratio of earnings to fixed charges	3.0	3.0	1.7	3.1	3.1	3.4

PECO

The following are PECO's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Six Months Ended
	2011	2012	2013	2014	2015	June 30, 2016
Ratio of earnings to fixed charges	4.7	4.9	5.6	5.0	5.4	5.3

BGE

The following are BGE's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Six Months Ended
	2011	2012	2013	2014	2015	June 30, 2016
Ratio of earnings to fixed charges	2.4	1.0	3.6	3.8	4.7	4.5

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Pepco

The following are Pepco's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Six Months Ended
	2011	2012	2013	2014	2015	June 30, 2016
Ratio of earnings to fixed charges	2.22	2.54	2.89	3.05	3.08	0.10(a)

(a) The ratio coverage was less than 1:1. Pepco required additional earnings of $64 million in order to achieve a coverage ratio of 1:1.

DPL

The following are DPL's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Six Months Ended
	2011	2012	2013	2014	2015	June 30, 2016
Ratio of earnings to fixed charges	3.31	3.25	3.64	4.19	3.31	(1.2)(a)

(a) The ratio coverage was less than 1:1. DPL required additional earnings of $62 million in order to achieve a coverage ratio of 1:1.

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DESCRIPTION OF SECURITIES

Each time one of the registrants sells securities, it will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with additional information described under “Where You Can Find More Information.”

PLAN OF DISTRIBUTION

We may sell the Securities offered (a) through agents; (b) by underwriters or dealers; (c) directly to one or more purchasers; or (d) through a combination of any of these methods of sale.

In some cases we may also repurchase the Securities and reoffer them to the public by one or more of the methods described above.

This prospectus may be used in connection with any offering of securities through any of these methods or other methods described in the applicable prospectus supplement.

Any underwriter or agent involved in the offer and sale of the Securities will be named in the applicable prospectus supplement.

By Agents

Offered securities may be sold on a one time or a continuing basis by agents designated by the applicable registrant. The agents will use their reasonable efforts to solicit purchases for the period of their appointment under the terms of an agency agreement between the agents and the applicable issuer.

By Underwriters or Dealers

If underwriters are used in the sale, the underwriters may be designated by the applicable registrant or selected through a bidding process. The securities will be acquired by the underwriters for their own account. The underwriters may resell the Securities in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. Underwriters may sell the Securities to or through dealers, and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or commissions from the purchasers for whom they may act as agents. The obligations of the underwriters to purchase the Securities will be subject to certain conditions. The underwriters will be obligated to purchase all the Securities of the series offered if any of the securities are purchased. Any initial public offering price and any discounts or concessions allowed or re-allowed or paid to dealers may be changed from time to time.

Only underwriters named in the applicable prospectus supplement are deemed to be underwriters in connection with the Securities offered hereby.

If dealers are utilized in the sale of the Securities, the applicable registrant will sell the Securities to the dealers as principals. The dealers may then resell the Securities to the public at varying prices to be determined by such dealers at the time of resale. The names of the dealers and the terms of the transaction will be set forth in the applicable prospectus supplement.

Direct Sales

We may also sell Securities directly to the public. In this case, no underwriters or agents would be involved.

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General Information

We may authorize agents, underwriters or dealers to solicit offers by certain institutions to purchase Securities from us at the public offering price pursuant to delayed delivery contracts providing for payment and delivery on a later date or dates, all as described in the applicable prospectus supplement. Each delayed delivery contract will be for an amount not less than, and the aggregate amount of the Securities shall be not less nor more than, the respective amounts stated in the applicable prospectus supplement. Such institutions may include commercial and savings banks, insurance companies, pension funds, investment companies, educational and charitable institutions, and other institutions, but will in all cases be subject to our approval. The delayed delivery contracts will not be subject to any conditions except:

- the purchase by an institution of the Securities covered by its delayed delivery contract shall not, at any time of delivery, be prohibited under the laws of any jurisdiction in the United States to which such delayed delivery contract is subject; and
- if the Securities are being sold to underwriters, we shall have sold to those underwriters the total amount of the Securities less the amount thereof covered by the delayed delivery contracts. The underwriters will not have any responsibility in respect of the validity or performance of the delayed delivery contracts.

Unless otherwise specified in the related prospectus supplement, each series of the Securities will be a new issue with no established trading market, other than the common stock. Any common stock sold pursuant to a prospectus supplement or issuable upon conversion of another offered Security will be listed on the New York Stock Exchange, subject to official notice of issuance. We may elect to list any of the other securities on an exchange, but are not obligated to do so. It is possible that one or more underwriters may make a market in a series of the Securities, but no underwriter will be obligated to do so and any underwriter may discontinue any market making at any time without notice. We cannot predict the activity of trading in, or liquidity of, our Securities.

In connection with sales by an agent or in an underwritten offering, the SEC rules permit the underwriters or agents to engage in transactions that stabilize the price of the Securities. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters or agents of a greater number of securities than they are required to purchase in an offering. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Securities while an offering is in progress.

The underwriters also may impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the underwriters have repurchased Securities sold by or for the account of that underwriter in stabilizing or short-covering transactions.

These activities by the underwriters may stabilize, maintain or otherwise affect the market price of the Securities. As a result, the price of the Securities may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the underwriters at any time. These transactions may be effected on an exchange or automated quotation system, if the Securities are listed on that exchange or admitted for trading on that automated quotation system, in the over-the-counter market or otherwise.

We may from time to time, without the consent of the existing Security holders, create and issue further Securities having the same terms and conditions as the Securities being offered hereby in all respects, except for issue date, issue price and if applicable, the first payment of interest or dividends therein or other terms as noted in the applicable prospectus supplement. Additional Securities issued in this manner will be consolidated with, and will form a single series with, the previously outstanding securities.

Underwriters, dealers and agents that participate in the distribution of the Securities may be underwriters as defined in the Securities Act of 1933, and any discounts or commissions received by them from us and any profit on the resale of the Securities by them may be treated as underwriting discounts and commissions under the Securities Act.

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We may have agreements with the underwriters, dealers and agents to indemnify them against certain civil liabilities, including liabilities under the Securities Act of 1933, or to contribute with respect to payments which the underwriters, dealers or agents may be required to make.

Underwriters, dealers and agents may engage in transactions with, or perform services for, us or our subsidiaries or affiliates in the ordinary course of their businesses.

LEGAL MATTERS

Ballard Spahr LLP, Philadelphia, Pennsylvania, will render an opinion as to the validity of the Securities for us.

Winston & Strawn LLP, Chicago, Illinois, will render an opinion as to the validity of the Securities for any underwriters, dealers, purchasers or agents. Winston & Strawn LLP provides legal services to Exelon and its subsidiaries from time to time.

EXPERTS

The financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) of (a) Exelon, Generation, ComEd, PECO and BGE incorporated in this prospectus by reference to the combined Annual Reports on Form 10-K for the year ended December 31, 2015 and (b) of Pepco and DPL by reference to the combined Annual Reports on Form 10-K for the year ended December 31, 2015 have been so incorporated in reliance on the reports of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

Exelon, Generation, ComEd, PECO, BGE, Pepco and DPL each file reports and other information with the SEC. The public may read and copy any reports or other information that we file with the SEC at the SEC's public reference room, 100 F Street, N.E., Room 1580, Washington, D.C. 20549. The public may obtain information on the operation of the public reference room by calling the SEC at 1-800-SEC-0330. These documents are also available to the public from commercial document retrieval services and at the web site maintained by the SEC at http://www.sec.gov. Reports, proxy statements and other information concerning Exelon may also be inspected at the offices of the New York Stock Exchange, which is located at 20 Broad Street, New York, New York 10005. You may also obtain a copy of the registration statement at no cost by writing us at the following address:

Exelon Corporation
Attn: Investor Relations
10 South Dearborn Street - 52nd Floor
P.O. Box 805398
Chicago, IL 60680-5398

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This prospectus is one part of a registration statement filed on Form S-3 with the SEC under the Securities Act of 1933, as amended, known as the Securities Act. This prospectus does not contain all of the information set forth in the registration statement and the exhibits and schedules to the registration statement. For further information concerning us and the Securities, you should read the entire registration statement, including this prospectus and any related prospectus supplements, and the additional information described under the sub-heading "Documents Incorporated By Reference" below. The registration statement has been filed electronically and may be obtained in any manner listed above. Any statements contained herein concerning the provisions of any document are not necessarily complete, and, in each instance, reference is made to the copy of such document filed as an exhibit to the registration statement or otherwise filed with the SEC. Each such statement is qualified in its entirety by such reference.

Information about us is also available on Exelon's web site at http://www.exeloncorp.com. The information on Exelon's web site is not incorporated into this prospectus by reference, and you should not consider it a part of this prospectus.

DOCUMENTS INCORPORATED BY REFERENCE

The SEC allows us to "incorporate by reference" information that we file with the SEC, which means that we can disclose important information to you by referring you to the documents we file with the SEC. The information incorporated by reference is an important part of this prospectus, and information that we file later with the SEC will automatically update and supersede this information. This incorporation by reference does not include documents that are furnished but not filed with the SEC. We incorporate by reference the documents listed below and any future documents that we file with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (known as the Exchange Act) but prior to the termination of any offering of securities made by this prospectus:

Exelon Corporation (Exchange Act File No. 1-16169)

- Exelon's Annual Report on Form 10-K for the year ended December 31, 2015;
- Exelon's Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2016 and June 30, 2016;
- The description of Exelon's common stock contained in the registration statement on Form 8-A filed under the Securities Exchange Act of 1934 on October 10, 2000, as amended, including any amendment thereto or report filed for the purpose of updating such description; and
- Exelon's Current Reports on Form 8-K filed with the SEC on January 7, 2016, February 26, 2016, March 7, 2016, March 24, 2016, April 1, 2016, April 5, 2016, April 7, 2016, April 15, 2016, April 29, 2016, May 25, 2016, May 25, 2016, May 27, 2016, June 2, 2016, June 3, 2016, June 10, 2016 and July 7, 2016.

Exelon Generation Company, LLC (Exchange Act File No. 333-85496)

- Generation's Annual Report on Form 10-K for the year ended December 31, 2015;
- Generation's Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2016 and June 30, 2016; and
- Generation's Current Reports on Form 8-K filed with the SEC on April 5, 2016, April 15, 2016, May 25, 2016, May 27, 2016, June 2, 2016 and July 7, 2016.

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Commonwealth Edison Company (Exchange Act File No. 1-1839)

- ComEd's Annual Report on Form 10-K for the year ended December 31, 2015;
- ComEd's Reports on Form 10-Q for the quarterly periods ended March 31, 2016 and June 30, 2016; and
- ComEd's Current Reports on Form 8-K filed with the SEC on May 27, 2016 and June 27, 2016.

PECO Energy Company (Exchange Act File No. 000-16844)

- PECO's Annual Report on Form 10-K for the year ended December 31, 2015;
- PECO's Reports on Form 10-Q for the quarterly periods ended March 31, 2016 and June 30, 2016;
- PECO's Current Report on Form 8-K filed with the SEC on May 27, 2016.

Baltimore Gas and Electric Company (Exchange Act File No. 1-1910)

- BGE's Annual Report on Form 10-K for the year ended December 31, 2015;
- BGE's Reports on Form 10-Q for the quarterly periods ended March 31, 2016 and June 30, 2016; and
- BGE's Current Reports on Form 8-K filed with the SEC on May 27, 2016, June 3, 2016, June 9, 2016 and August 18, 2016.

Potomac Electric Power Company (Exchange Act File No. 001-01072)

- Pepco's Annual Report on Form 10-K for the year ended December 31, 2015;
- Pepco's Reports on Form 10-Q for the quarterly periods ended March 31, 2016 and June 30, 2016; and
- Pepco's Current Reports on Form 8-K filed with the SEC on February 26, 2016, March 7, 2016, March 24, 2016 and May 27, 2016.

Delmarva Power & Light Company (Exchange Act File No. 001-01405)

- DPL's Annual Report on Form 10-K for the year ended December 31, 2015;
- DPL's Reports on Form 10-Q for the quarterly periods ended March 31, 2016 and June 30, 2016; and
- DPL's Current Reports on Form 8-K filed with the SEC on February 26, 2016, March 7, 2016, March 24, 2016 and May 27, 2016.

Upon written or oral request, we will provide without charge to each person, including any beneficial owner, to whom this prospectus is delivered, a copy of any or all of such documents which are incorporated herein by reference (other than exhibits to such documents unless such exhibits are specifically incorporated by reference into the documents that this prospectus incorporates). Written or oral requests for copies should be directed to Exelon Corporation, Attn: Investor Relations, 10 South Dearborn Street, 52nd Floor, P.O. Box 805398, Chicago, IL 60680-5398, 312-394-2345.

Any statement contained in this prospectus, or in a document all or a portion of which is incorporated by reference, shall be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus, any supplement or any document incorporated by reference modifies or supersedes such statement. Any such statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this prospectus.

All reports and other documents subsequently filed by us pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act, prior to the filing of a post-effective amendment, which indicates that all of a class of securities offered hereby have been sold or which deregisters all of a class of securities then remaining unsold, shall be deemed incorporated by reference herein and to be a part hereof from the date of filing of such documents.

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$750,000,000

Exelon Generation Company, LLC

$250,000,000 2.950% Senior Notes due 2020
$500,000,000 3.400% Senior Notes due 2022

PROSPECTUS SUPPLEMENT

Joint Book-Running Managers

Barclays

J.P. Morgan

Morgan Stanley

Senior Co-Manager

KeyBanc Capital Markets

Co-Managers

Academy Securities

Huntington Investment Company

S1-SSA-0009 - 28113

March 7, 2017

S1-SSA-0009 - 28114

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Filed Pursuant to Rule 424(B)(3)
Registration File No. 333-184712

Exelon Generation Company, LLC

Offers To Exchange

Exelon Generation Company, LLC
$523,303,000 4.25% Senior Notes due 2022
and
$788,203,000 5.60% Senior Notes due 2042
for
$523,303,000 4.25% Senior Notes due 2022
and
$788,203,000 5.60% Senior Notes due 2042
that have been registered under the Securities Act of 1933

The Exchange Offer

Exelon Generation Company, LLC (Generation) hereby offers, upon the terms and subject to the conditions described in this prospectus and the related letter of transmittal, to exchange (i) up to $523,303,000 of our outstanding unregistered 4.25% Senior Notes due 2022 (the outstanding 2022 notes) for a new series of our 4.25% Senior Notes due 2022 (which we refer to as the new 2022 notes); and (ii) up to $788,203,000 of our outstanding unregistered 5.60% Senior Notes due 2042 (the outstanding 2042 notes, and collectively with the outstanding 2022 notes, the outstanding notes) for a new series of our 5.60% Senior Notes due 2042 (which we refer to as the new 2042 notes, and collectively with the new 2022 notes, the new notes). We refer to these offers to exchange new notes for the outstanding notes as the "exchange offer." The new notes will have substantially the same terms as the outstanding notes, except that the new notes will be registered under the Securities Act, the transfer restrictions and registration rights relating to the outstanding notes will not apply to the new notes, and the new notes will not provide for the payment of additional interest relating to the timing of the exchange offer. We will not receive any proceeds from the exchange offer. The exchange offer is not conditioned upon a minimum aggregate principal amount of outstanding notes being tendered.

The exchange offer will expire at 5:00 p.m., New York City time, on February 6, 2013 (the Expiration Date), unless the exchange offer is extended or earlier terminated by Generation. You may withdraw your tendered outstanding notes at any time on or prior to the expiration of the exchange offer. We will exchange all outstanding notes that you validly tender and do not validly withdraw before the exchange offer expires for an equal principal amount of new notes in the same series as tendered. The exchange of outstanding notes for new notes will not be a taxable event for United States federal income tax purposes. We do not intend to apply for listing of the new notes on any securities exchange or to arrange for them to be quoted on any quotation system.

See "Risk Factors" beginning on page 21 for a discussion of factors you should consider in evaluating this exchange offer.

Each broker-dealer that receives new notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such new notes. The letter of transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of new notes received in exchange for outstanding notes where such outstanding notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. We have agreed that, starting on the Expiration Date and ending 180 days after the Expiration Date, we will make this prospectus available to any broker-dealer for use in connection with any such resale. See "Plan of Distribution."

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the new notes or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

S1-SSA-0009 - 28115

Prospectus dated January 8, 2013.

S1-SSA-0009 - 28116

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When we refer to the term "note" or "notes," we are referring to both the outstanding notes and the new notes to be issued in the exchange offer. When we refer to "holders" of the notes, we are referring to those persons who are the registered holders of notes on the books of the registrar appointed under the indenture. Unless the context otherwise indicates, all references to "we," "us" or "our" in this prospectus mean Exelon Generation Company, LLC, a Pennsylvania limited liability company, and its consolidated subsidiaries.

We are only responsible for the information incorporated by reference or provided in this prospectus and the accompanying prospectus supplement or included elsewhere in the registration statement of which this prospectus is a part. We have not authorized anyone to provide you with different information. We are not making an offer to sell or soliciting an offer to buy these securities in any jurisdiction in which the offer or solicitation is not authorized or in which the person making the offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make the offer or solicitation. You should not assume that the information in this prospectus or the accompanying prospectus supplement is accurate as of any date other than the date on the front of the document.

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WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, information statements and other information with the SEC. You may read and copy any document that we file with the SEC at the Public Reference Room of the SEC at 100 F Street, N.E., Washington, D.C. 20549. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. Our SEC filings are also available to the public over the Internet on the SEC's web site at http://www.sec.gov. You can also inspect reports and other information we file at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005.

In addition to the resources maintained by the SEC, you may also obtain these filings at no cost by writing us at Exelon Generation Company, LLC, 10 South Dearborn Street, 52nd Floor, P.O. Box 805398, Chicago, Illinois 60680-5398; Attention: Investor Relations or by calling us at 312-394-2345.

Information about us is also available on Exelon's web site at http://www.exeloncorp.com. This web site and the SEC's web site above are intended to be inactive textual references only. Information on Exelon's or the SEC's web site (other than the documents incorporated by reference) is not a part of this prospectus supplement.

INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

We are "incorporating by reference" into this prospectus supplement certain information we file with the SEC. This means we are disclosing important information to you by referring you to the documents containing the information. The information we incorporate by reference is considered to be part of this prospectus. Information that we file later with the SEC that is deemed incorporated by reference into this prospectus (but not information deemed pursuant to the SEC's rules to be furnished to and not filed with the SEC) will automatically update and supersede information previously included.

Exelon Corporation (Exelon), Generation, Commonwealth Edison Company (ComEd), PECO Energy Company (PECO) and Baltimore Gas and Electric Company (BGE) file combined reports under the Securities Exchange Act of 1934, as amended (Exchange Act). We are incorporating by reference into this prospectus portions of the documents listed below relating to Generation and any subsequent filings Generation makes with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act (excluding information deemed pursuant to the SEC's rules to be furnished and not filed with the SEC) after the date of this prospectus and prior to the later of (i) the termination or completion of the exchange offer and (ii) the termination of the period of time described under "Plan of Distribution" during which we have agreed to make available this prospectus to broker-dealers in connection with certain resales of the new notes:

Our Annual Report on Form 10-K for the year ended December 31, 2011;

Our Quarterly Reports on Form 10-Q for the periods ended March 31, 2012, June 30, 2012 and September 30, 2012; and

Our Current Reports on Form 8-K and Form 8-K/A dated:

- January 16, 2012 and filed on January 17, 2012;
- February 16, 2012 and filed on February 16, 2012;
- February 17, 2012 and filed February 21, 2012;
- March 9, 2012 and filed on March 14, 2012;
- March 12, 2012 and filed on March 16, 2012;
- March 12, 2012 and filed on May 25, 2012;
- April 5, 2012 and filed on April 5, 2012;

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- June 7, 2012 and filed on June 7, 2012;
- June 13, 2012 and filed on June 14, 2012;
- June 18, 2012 and filed on June 18, 2012;
- June 18, 2012 and filed on June 19, 2012;
- June 26, 2012 and filed on June 27, 2012;
- June 28, 2012 and filed on June 28, 2012;
- July 12, 2012 and filed on July 12, 2012;
- August 1, 2012 and filed on August 1, 2012;
- August 10, 2012 and filed on August 13, 2012;
- September 4, 2012 and filed on September 4, 2012;
- September 18, 2012 and filed on September 18, 2012;
- September 24, 2012 and filed on September 24, 2012;
- October 29, 2012 and filed on October 29, 2012; and
- December 21, 2012 and filed on December 21, 2012.

FORWARD-LOOKING STATEMENTS

This prospectus and the documents incorporated or deemed incorporated by reference as described under the heading "Incorporation by Reference" contain certain forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, that are subject to risks and uncertainties. The safe harbor for forward-looking statements provided in the Private Securities Litigation Reform Act of 1995 does not apply to statements in this prospectus made in connection with the exchange offer. The factors that could cause actual results to differ materially from the forward-looking statements include: (1) any risk factors discussed in this prospectus supplement and the accompanying prospectus; (2) those factors discussed in the following sections of our 2011 Annual Report on Form 10-K: ITEM 1A. Risk Factors, ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and ITEM 8. Financial Statements and Supplementary Data: Note 18; (3) those factors discussed in the following sections of Constellation Energy Group's 2011 Annual Report on Form 10-K: ITEM 1A. Risk Factors, ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and ITEM 8. Financial Statements and Supplementary Data: Note 12; (4) those factors discussed in the following section of our Quarterly Reports on Form 10-Q for the periods ended March 31, 2012, June 30, 2012 and September 30, 2012: Part II- ITEM 1A. Risk Factors, and Part 1, Financial Information, ITEM 1. Financial Statements: Note 15, 16 and 16, respectively, and (5) other factors discussed herein and in other filings with the SEC. You are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date on the front of this prospectus or, as the case may be, as of the date on which we make any subsequent forward-looking statement that is deemed incorporated by reference. We do not undertake any obligation to update or revise any forward-looking statement to reflect events or circumstances after the date as of which any such forward-looking statement is made.

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SUMMARY

The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information included elsewhere or incorporated by reference in this prospectus. Because this is a summary, it may not contain all the information you should consider before deciding whether to participate in the exchange offer. You should read this entire prospectus carefully, including the section titled "Risk Factors," before making an investment decision. Unless otherwise indicated or unless the context requires otherwise, all references in this prospectus to "Generation" "we," "us," "our" or similar references, mean Exelon Generation Company, LLC and its consolidated subsidiaries.

EXELON GENERATION COMPANY, LLC

Generation was formed in 2000 as a Pennsylvania limited liability company. Generation began operations as a result of a corporate restructuring, effective January 1, 2001, in which Exelon separated its generation and other competitive businesses from its regulated energy delivery businesses at ComEd and PECO. In March 2012, in connection with the merger with Constellation Energy Group, Inc. (Constellation), Exelon contributed to Generation certain subsidiaries that were acquired from Constellation, including Constellation's generation and customer supply businesses. Generation's principal executive offices are located at 300 Exelon Way, Kennett Square, Pennsylvania 19348, and its telephone number is 610-765-5959.

Generation is one of the largest competitive electric generation companies in the United States, as measured by owned and controlled megawatts. Generation combines its large generation fleet with an experienced wholesale energy marketing operation and a competitive retail supply operation. Generation's presence in well-developed wholesale energy markets, integrated hedging strategy that mitigates the adverse impact of short-term market volatility, and low-cost nuclear generating fleet, which is operated consistently at high capacity factors, position it well to succeed in competitive energy markets. Generation's business consists of its owned and contracted electric generating facilities, its wholesale energy marketing operations and its competitive retail supply operations.

Generation's other business activities include retail and wholesale gas, upstream natural gas, proprietary trading, energy efficiency and demand response, the design, construction and operation of renewable energy, heating, cooling and cogeneration facilities, and home improvements, sales of electric and gas appliances, servicing of heating, air conditioning, plumbing, electrical and indoor air quality systems.

Generation is a public utility under the Federal Power Act, and is subject to the exclusive ratemaking jurisdiction of the Federal Energy Regulatory Commission over wholesale sales of electricity and the transmission of electricity in interstate commerce.

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SUMMARY FINANCIAL INFORMATION

We have provided the following Generation summary financial information for your reference. We have derived the summary information presented here from Generation's financial statements that we have incorporated by reference into this prospectus. You should read the summary financial information together with our historical consolidated financial statements and the related notes incorporated by reference in this prospectus and the Unaudited Pro Forma Condensed Combined Consolidated Financial Statements and the related notes included and incorporated by reference in this prospectus. See "Incorporation by Reference" and "Unaudited Pro Forma Condensed Combined Consolidated Financial Statements."

	Year Ended December 31,			Nine Months Ended September 30,	
	2011	2010	2009	2012	2011
	($ in millions)			($ in millions) (unaudited)	
Income Statement Data					
Operating revenues	$10,308	$10,025	$ 9,703	$10,509	$ 7,919
Operating income	2,876	3,046	3,295	830	2,203
Net income	1,771	1,972	2,122	419	1,325
Cash Flow Data					
Cash interest paid, net of amount capitalized	$ 158	$ 145	$ 69	$ 104	$ 82
Capital expenditures	(2,491)	(1,883)	(1,977)	(2,602)	(1,865)
Net cash flows provided by operating activities	3,313	3,032	3,930	3,013	2,122
Net cash flows used in investing activities	(3,077)	(2,896)	(2,220)	(2,056)	(2,421)
Net cash flows used in financing activities	(196)	(779)	(1,746)	(623)	(14)

	As of December 31,			As of September 30,
	2011	2010	2009	2012
	($ in millions)			($ in millions) (unaudited)
Balance Sheet Data				
Property, plant and equipment, net	$13,475	$11,662	$ 9,809	$18,708
Deferred debits and other assets	10,741	9,785	9,237	15,224
Total assets	27,433	24,534	22,406	41,090
Long-term debt, including due within one year	3,677	3,679	2,993	7,383
Deferred credits and other liabilities	12,907	11,838	10,385	16,549
Total liabilities	18,725	17,357	15,614	28,160
Total member's equity	8,703	7,172	6,790	12,839

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UNAUDITED PRO FORMA CONDENSED COMBINED CONSOLIDATED FINANCIAL STATEMENTS

On March 12, 2012, our parent corporation, Exelon, completed the merger contemplated by its Agreement and Plan of Merger, dated as of April 28, 2011, with Constellation Energy Group, Inc. (Constellation). As a result of the merger, a wholly owned subsidiary of Exelon was merged into Constellation (Initial Merger) and Constellation became a wholly owned subsidiary of Exelon. Immediately thereafter, Exelon completed a series of internal corporate organizational restructuring transactions. Initially, Constellation merged with and into Exelon, with Exelon continuing as the surviving corporation (Upstream Merger). Simultaneously with the Upstream Merger, Constellation's interest in Baltimore Gas and Electric Company (BGE) was transferred to Exelon's subsidiary that holds its other energy delivery businesses, Commonwealth Edison Company (ComEd) and PECO Energy Company (PECO). Exelon next contributed to Generation certain subsidiaries that were acquired from Constellation, including Constellation's generation and customer supply businesses.

The following Unaudited Pro Forma Condensed Combined Consolidated Financial Statements (referred to as the pro forma financial statements) combine the historical consolidated financial statements of Generation and Nonregulated Constellation to illustrate the effect of the Initial Merger and the Upstream Merger (collectively the mergers). You should read the pro forma financial statements together with our historical consolidated financial statements and the related notes incorporated by reference in this prospectus. See "Where You Can Find More Information" in this prospectus.

The pro forma financial statements were based on and should be read in conjunction with the:

- accompanying notes to the pro forma financial statements; and
- consolidated financial statements of Generation for the nine months ended September 30, 2012 and the notes relating thereto which are included in Exelon's Quarterly Report on Form 10-Q for the quarter ended September 30, 2012 in Part 1. FINANCIAL INFORMATION, Item 1. Financial Statements, beginning at page 13.

The historical consolidated financial statements have been adjusted in the pro forma financial statements to give effect to pro forma events that are (1) directly attributable to the mergers, (2) factually supportable and (3) expected to have a continuing impact on the combined results. The Unaudited Pro Forma Condensed Combined Consolidated Statement of Operations (which we refer to as the pro forma statement of operations) for the nine months ended September 30, 2012 gives effect to the mergers as if they occurred on January 1, 2011. The Unaudited Pro Form Condensed Combined Consolidated Balance Sheet (which we refer to as the pro forma balance sheet) gives effect to the mergers as if they occurred on September 30, 2012.

As described in the accompanying notes, the pro forma financial statements have been prepared using the acquisition method of accounting under existing United States generally accepted accounting principles, or GAAP, and the regulations of the SEC.

The pro forma financial statements have been presented for informational purposes only and are not necessarily indicative of what the combined company's results of operations would have been had the mergers been completed on the date indicated. In addition, the pro forma financial statements do not purport to project the future results of operations or financial position of the combined company. The pro forma financial statements do not reflect any cost savings (or associated costs to achieve such savings) from operating efficiencies, synergies or other actions that are expected to result from the mergers.

Assumptions and estimates underlying the pro forma adjustments are described in the accompanying notes, which should be read in conjunction with the pro forma financial statements. The initial accounting for the mergers is not complete because the valuations necessary to assess the fair values of certain assets acquired and liabilities assumed are considered preliminary. The preliminary amounts recognized are subject to revision until

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the valuations are completed and to the extent that additional information is obtained about the facts and circumstances that existed as of the acquisition date. Any changes to the fair value assessments may affect the purchase price allocation and material changes could require the financial statements to be retroactively amended. See Note 3 – Purchase Price and Preliminary Purchase Price Allocation of the Notes to the Unaudited Pro Forma Condensed Combined Consolidated Financial Statements for additional information.

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EXELON GENERATION COMPANY, LLC
UNAUDITED PRO FORMA CONDENSED COMBINED CONSOLIDATED BALANCE SHEET
As of September 30, 2012
(in millions)

ASSETS	Generation	Pro Forma Adjustments (m)	Pro Forma Combined
Current assets			
Cash and cash equivalents	$ 732	$ 339	$ 1,071
Cash and cash equivalents of variable interest entities	98	—	98
Restricted cash and investments	1	—	1
Restricted cash of variable interest entities	19	—	19
Accounts receivable, net			
Customer	1,580	—	1,580
Other	291	—	291
Accounts receivable, net, variable interest entities	225	—	225
Mark-to-market derivative assets	928	—	928
Mark-to-market derivative assets from affiliates	352	—	352
Receivables from affiliates	130	—	130
Unamortized energy contract assets	1,141	—	1,141
Inventories, net			
Fossil fuel	136	—	136
Materials and supplies	620	—	620
Other	905	(339)	566
Total current assets	7,158	—	7,158
Property, plant and equipment, net	18,708	—	18,708
Deferred debits and other assets			
Nuclear decommissioning trust funds	7,140	—	7,140
Investments	82	—	82
Investments in affiliates	348	—	348
Goodwill	1,908	—	1,908
Mark-to-market derivative assets	1,026	—	1,026
Prepaid Pension Asset	2,021	—	2,021
Pledged assets for Zion Station decommissioning	631	—	631
Unamortized energy contract assets	1,191	—	1,191
Other	877	—	877
Total deferred debits and other assets	15,224	—	15,224
Total assets	$ 41,090	$ —	$ 41,090

See accompanying Notes to the Unaudited Pro Forma Condensed Combined Consolidated Financial Statements, which are an integral part of these statements.

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EXELON GENERATION COMPANY, LLC
UNAUDITED PRO FORMA CONDENSED COMBINED CONSOLIDATED BALANCE SHEET
As of September 30, 2012
(in millions)

	Generation	Pro Forma Adjustments (m)	Pro Forma Combined
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Short-term borrowings	$ 11	$ —	$ 11
Long-term debt due within one year	23	—	23
Long-term debt due within one year of variable interest entities	4	—	4
Accounts payable	1,501	—	1,501
Accounts payable of variable interest entities	132	—	132
Accrued expenses	1,106	—	1,106
Payables to affiliates	99	—	99
Deferred income taxes	69	—	69
Mark-to-market derivative liabilities	504	—	504
Unamortized energy contract liabilities	429	—	429
Other	377	—	377
Total current liabilities	4,255	—	4,255
Long-term debt	7,148	—	7,148
Long-term debt of variable interest entities	208	—	208
Deferred credits and other liabilities			
Deferred income taxes and unamortized investment tax credits	5,410	—	5,410
Asset retirement obligations	4,730	—	4,730
Non-pension postretirement benefit obligations	849	—	849
Spent nuclear fuel obligation	1,020	—	1,020
Payables to affiliates	2,383	—	2,383
Mark-to-market derivative liabilities	355	—	355
Unamortized energy contract liabilities	589	—	589
Payable for Zion Station decommissioning	422	—	422
Other	791	—	791
Total deferred credits and other liabilities	16,549	—	16,549
Total liabilities	28,160	—	28,160
Commitments and contingencies			
Equity			
Membership interest	8,814	—	8,814
Undistributed earnings	3,273	—	3,273
Accumulated other comprehensive loss, net	752	—	752
Total shareholders' equity	12,839	—	12,839
Noncontrolling interest	91	—	91
Total equity	12,930	—	12,930
Total liabilities and shareholders' equity	$ 41,090	$ —	$ 41,090

See accompanying Notes to the Unaudited Pro Forma Condensed Combined Consolidated Financial Statements, which are an integral part of these statements.

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EXELON GENERATION COMPANY, LLC
UNAUDITED PRO FORMA CONDENSED COMBINED CONSOLIDATED
STATEMENT OF OPERATIONS
For the Nine Months Ended September 30, 2012
(in millions)

	Generation Historical (a)	Nonregulated Constellation Historical (a)	Pro Forma Adjustments	Pro Forma Combined
Operating revenues	$ 9,276	$ 1,846	$ 366 (d)	$ 11,488
Operating revenues from affiliates	1,233	—	32 (b)	1,265
Operating expenses				
Purchased power and fuel	5,018	1,451	32 (b) 30 (d)	6,531
Operating and maintenance	3,319	283	(248) (i) (35) (j) (18) (k)	3,301
Operating and maintenance from affiliates	437	—	—	437
Depreciation and amortization	564	63	(11) (c) 10 (g) (17) (m)	609
Taxes other than income	272	22	—	294
Total operating expenses	9,610	1,819	(257)	11,172
Equity investment earnings (losses) of unconsolidated affiliates	(69)	(15)	9 (e) (1) (f)	(76)
Operating income	830	12	663	1,505
Other income and deductions				
Interest expense	(223)	(26)	11 (h)	(238)
Other, net	185	(17)	4 (h)	172
Total other income and deductions	(38)	(43)	15	(66)
Income (loss) before income taxes	792	(31)	678	1,439
Income taxes expense (benefit)	373	2	272 (l)	647
Net income (loss)	419	(33)	406	792
Net income attributable to noncontrolling interest	(6)	(7)	—	(13)
Net income (loss) attributable to common stock	$ 425	$ (26)	$ 406	$ 805

See accompanying Notes to the Unaudited Pro Forma Condensed Combined Consolidated Financial Statements, which are an integral part of these statements.

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GENERATION AND NONREGULATED CONSTELLATION
NOTES TO THE UNAUDITED PRO FORMA CONDENSED
COMBINED CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Basis of Pro Forma Presentation

The pro forma financial statements were derived from historical consolidated financial statements of Generation and Nonregulated Constellation for, and as of, the nine months ended September 30, 2012. Certain reclassifications have been made to the historical financial statements of Nonregulated Constellation to conform with Generation's presentation. This resulted in income statement adjustments to operating revenues and operating expenses.

The historical consolidated financial statements have been adjusted in the pro forma financial statements to give effect to pro forma events that are (1) directly attributable to the mergers, (2) factually supportable, and (3) expected to have a continuing impact on the combined results. The following matters have not been reflected in the pro forma financial statements as they do not meet the aforementioned criteria.

- Cost savings (or associated costs to achieve such savings) from operating efficiencies, synergies or other restructuring that have not yet been incurred and reflected in the historical financial statements, and that could result from the mergers. The timing and effect of actions associated with integration are currently uncertain.
- Other than depreciation and amortization expense, adjustments to eliminate the operating revenues and expenses directly associated with Constellation's Brandon Shores, H.A. Wagner and C.P. Crane generation plants that Generation agreed to enter into contracts to sell within 150 days (subsequently extended 30 days by the Department of Justice (DOJ)) following the completion of the mergers, given the specifically identifiable revenues related to the plants are not determinable. Generation has excluded the depreciation and amortization expense recorded for these assets prior to the merger from the pro forma statement of operations. See Note 4 – Pro Forma Adjustments to Financial Statements for additional information.
- Generation's commitment to cause construction of a headquarters building in Baltimore for Generation's competitive energy business, or commitment to develop 285 — 300 MW of new generation in Maryland, expected to be completed over a period of 10 years. Such costs, which are expected to be primarily capital in nature, will be recognized as incurred. As of September 30, 2012, amounts reflected in the Generation consolidated financial statements for these expenditure commitments were immaterial. Given the information available as of the filing of this document, Generation cannot estimate the expense it will incur related to these commitments. Other regulatory commitments were expensed in the consolidated financial statements of Generation for the nine months ended September 30, 2012. The related pro forma adjustments are described in Note 4 – Pro Forma Adjustments to Financial Statements.

The pro forma financial statements were prepared using the acquisition method of accounting under GAAP and the regulations of the SEC. Generation has been treated as the acquirer in the mergers for accounting purposes. Acquisition accounting requires, among other things, that most assets acquired and liabilities assumed be recognized at fair value as of the acquisition date. In addition, acquisition accounting establishes that the consideration transferred be measured at the closing date of the merger at the then-current market price. The initial accounting for the mergers is not complete because the valuations necessary to assess the fair values of certain assets acquired and liabilities assumed are considered preliminary. The preliminary amounts recognized are subject to revision until the valuations are completed and to the extent that additional information is obtained about the facts and circumstances that existed as of the acquisition date. **Differences between these preliminary estimates and the final acquisition accounting could occur and these**

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differences could have a material impact on the accompanying pro forma financial statements and the combined company's future results of operations and financial position. See Note 3 – Purchase Price and Preliminary Purchase Price Allocation for additional information.

Note 2. Significant Accounting Policies

Generation is not aware of any differences in accounting policies that would have a material impact on the combined financial statements. The pro forma financial statements do not assume any differences in accounting policies.

Note 3. Purchase Price and Preliminary Purchase Price Allocation

Exelon acquired all of the outstanding shares of Constellation's common stock for shares of Exelon common stock at the fixed exchange ratio of 0.930 of a share of Exelon common stock per share of Constellation's common stock. The total consideration transferred was based on the opening price of a share of Exelon common stock on March 12, 2012 (in millions except conversion ratio and share price):

	Number of Shares/ Awards Issued	Total Estimated Fair Value
Issuance of Exelon common stock to Constellation stockholders at the exchange ratio of 0.930 shares for each share of Constellation common stock; based on the opening price of Exelon common stock on March 12, 2012 of $38.91 (a)	187.45	$ 7,294
Issuance of Exelon equity awards to replace existing Constellation equity awards (b)	11.30	71
Total estimated purchase price		$ 7,365

(a) The number of shares issued excludes 0.7 million shares of stock that are held in a custodian account specifically for the settlement of unvested share-based restricted stock awards. The related share value is excluded from the estimated fair value as these awards have not vested and therefore are not in the purchase price.

(b) Includes vested Constellation stock options and restricted stock units converted at fair value to Exelon awards on March 12, 2012. The fair value of the stock options was determined using the Black-Scholes model.

The purchase price was computed using Constellation's outstanding shares as of March 12, 2012, adjusted for the exchange ratio. The purchase price reflects the market value of Exelon's common stock issued in connection with the Initial Merger based on the opening price of a share of Exelon common stock on March 12, 2012. The purchase price also reflects the total estimated fair value of Constellation's share-based compensation awards outstanding as of March 12, 2012, excluding the value associated with employee service yet to be rendered.

The allocation of the purchase price to the fair values of assets acquired and liabilities assumed includes pro forma adjustments to reflect the fair values of Constellation's assets and liabilities at the time of the completion of the mergers. The final allocation of the purchase price could differ materially from the preliminary allocation used for the pro form financial statements as the valuations are not complete.

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The preliminary purchase price allocation of the Initial Merger of Exelon with Constellation and Exelon's contribution of certain subsidiaries of Constellation to Generation was as follows:

	Exelon	Generation
Preliminary Purchase Price Allocation		
Current assets	$ 4,936	$ 3,638
Property, plant and equipment	9,240	3,948
Unamortized energy contracts	3,218	3,218
Other intangibles, trade name and retail relationships	457	457
Investment in affiliates	1,942	1,942
Pension and OPEB regulatory asset	740	—
Other assets	2,668	1,266
Total assets	23,201	14,469
Current liabilities	3,431	2,798
Unamortized energy contracts	1,722	1,512
Long-term debt, including current maturities	6,038	2,972
Noncontrolling interest	92	92
Deferred credits and other liabilities and preferred securities	4,553	1,837
Total liabilities, preferred securities and noncontrolling interest	15,836	9,211
Total purchase price	$ 7,365	$ 5,258

Intangible Assets Recorded

For the power supply and fuel accrual-based contracts acquired from Nonregulated Constellation, the difference between the contract price and the market price at the date of the mergers was recognized as either an intangible asset or liability based on whether the accrual-based contracts were in or out-of-the-money. The valuation of the acquired intangible assets/liabilities was estimated by applying either the market approach or the income approach depending on the nature of the underlying contract. The market approach was utilized when prices and other relevant information generated by market transactions involving comparable transactions were available. Otherwise the income approach, which is based upon discounted projected future cash flows associated with the underlying contracts, was utilized. The measure is based upon certain unobservable inputs, which are considered Level 3 inputs, pursuant to applicable accounting guidance. Key estimates and inputs include forecasted power and fuel prices and the discount rate. These intangible assets and liabilities will be amortized over the life of the contract in relation to the present value of the underlying cash flows. Amortization expense and income will be recorded through operating revenues or purchased power and fuel expense, respectively. The weighted-average amortization period is approximately 1.5 years.

The fair value of the Nonregulated Constellation trade name intangible asset was determined based on the relief from royalty method of the income approach whereby fair value is the present value of the license fees avoided by owning the assets. The measure is based upon certain unobservable inputs, which are considered Level 3 inputs, pursuant to applicable accounting guidance. Key assumptions include the hypothetical royalty rate and the discount rate. The intangible asset will be amortized on a straight line basis over an estimated ten year useful life as amortization expense. The trade name intangible asset is included in deferred debits and other assets within Generation's Consolidated Balance Sheets.

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The fair value of the retail relationships was determined based on a "multi-period excess method" of the income approach. Under this method, the intangible asset's fair value is equal to the estimated future cash flows that will be earned on the current customer base, taking into account expected contract renewals based on customer attrition rates and costs to retain those customers. The measure is based upon certain unobservable inputs, which are considered Level 3 inputs, pursuant to applicable accounting guidance. Key assumptions include the customer attrition rate and the discount rate. The intangible assets will be amortized on a straight line based over the useful life of the underlying assets averaging approximately 12.4 years as amortization expense.

Generation's acquired intangible assets and liabilities included in its Consolidated Balance Sheet, along with the future estimated amortization, were as follows as of September 30, 2012:

					Estimated amortization expense				
Description	Weighted Average Amortization	Gross	Accumulated Amortization	Net	Remainder of 2012	2013	2014	2015	2016
Unamortized energy contracts, net	1.5	$1,702	$ (794)	$ 908	$ 301	$473	$ 89	$18	$(31)
Trade name	10.0	243	(14)	229	10	24	24	24	24
Retail relationships	12.4	214	(9)	205	8	19	19	19	19
Total, net		$2,159	$ (817)	$1,342	$ 319	$516	$132	$61	$ 12

Note 4. Pro Forma Adjustments to Financial Statements

The pro forma adjustments included in the pro forma financial statements are as follows:

(a) *Generation and Nonregulated Constellation historical presentation* – Certain financial statement line items included in Generation's and Nonregulated Constellation's historical presentation have been reclassified between line items. These reclassifications had no impact on the historical operating income or net income reported by Generation or Nonregulated Constellation. In addition, Nonregulated Constellation's historical presentation in the pro forma statement of operations for the nine months ended September 30, 2012 represents the activity from January 1, 2012 through the effective time of the merger.

(b) *Intercompany Transactions* – The pro forma statement of operations for Generation includes pro forma adjustments to eliminate transactions between Generation and Nonregulated Constellation included in each company's historical financial statements, primarily for purchases and sales of energy between the companies.

Unaudited Pro Forma Combined Consolidated Statement of Operations (in millions)	Generation Nine Months Ended September 30, 2012
Operating revenues	$ 32
Operating revenues from affiliates	
Operating expenses	
Purchased power and fuel	32
Pro forma statement of operations adjustment	$ —

(c) *Nonregulated Property, Plant and Equipment* – The pro forma statement of operations for Generation includes the pro forma adjustments to reflect the decrease in depreciation and depletion expense resulting from the fair valuation adjustment to Nonregulated Constellation's generating assets, resulting in net decreased

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depreciation expense of $11 million and for the nine months ended September 30, 2012. These estimates are preliminary, subject to change and could vary materially from the actual adjustment until the valuations are completed. The estimated useful life of Nonregulated Constellation's property, plant and equipment ranges from 10 to 44 years.

(d) *Power Supply and Fuel Contracts* – The pro forma statement of operations includes pro forma adjustments to reflect the increase in operating revenues for sales and decrease in purchased power expense for purchases resulting from the amortization of the fair valuation adjustment related to Nonregulated Constellation's non-derivative energy and fuel contracts. The pro forma statement of operations for Generation includes an increase of operating revenues of $366 million and an increase in purchased power expense of $30 million for the nine months ended September 30, 2012. These estimates are preliminary, subject to change and could vary materially from the actual adjustments at the time the valuations are completed.

(e) *Investments in Affiliates* – The pro forma statement of operations for Generation includes the pro forma adjustment reflecting a decrease in the basis difference amortization of $9 million for the nine months ended September 30, 2012. The basis difference represents the difference between the carrying amount and fair value of Nonregulated Constellation's investment in CENG. The basis difference is amortized over the respective useful lives of the assets and liabilities of CENG or as CENG's assets and liabilities impact the earnings of CENG.

(f) *Other Investments* – The pro forma statement of operations for Generation includes the pro forma adjustment for the basis difference amortization for the fair value of Nonregulated Constellation's investment in a hydroelectric generation facility of $1 million for the nine months ended September 30, 2012. The basis difference represents the difference between the carrying amount and fair value of Nonregulated Constellation's investment and is assumed to be amortized straight line over a term of 40 years based on the anticipated life of the asset.

(g) *Intangible Assets* – The pro forma statement of operations for Generation includes the pro forma adjustment to reflect the net incremental amortization resulting from the pro forma fair valuation of Nonregulated Constellation NewEnergy's trade names and customer relationships of $10 million for the nine months ended September 30, 2012. The trade name and customer relationships intangible assets are assumed to be amortized straight line over their useful lives, which range from 5 to 15 years.

(h) *Debt* – The pro forma statement of operations includes the pro forma adjustment to reflect the net reduction in interest expense resulting from the fair valuation of Nonregulated Constellation's third-party debt of $11 million for Generation for the nine months ended September 30, 2012. In addition, the pro forma statements of operation includes pro forma adjustments to reflect the elimination of the amortization of Nonregulated Constellation's deferred debt issuance and credit facility costs of $4 million in other expense for Generation for the nine months ended September 30, 2012.

(i) *Merger Transaction Costs* –The Generation pro forma statement of operations includes the pro forma adjustment to eliminate the merger transaction costs incurred by Generation and Nonregulated Constellation of $248 million for the nine months ended September 30, 2012. The merger transaction costs consisted of investment banking fees, legal fees, and employee-related costs directly attributable to the mergers and other merger-related transaction costs. These costs have been excluded from the pro forma statements of operations as they reflect non-recurring charges not expected to have a continuing impact on the combined results.

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(j) *Regulatory Commitments* – The pro forma statement of operations for the nine months ended September 30, 2012 includes a pro forma adjustment to exclude costs related to commitments promised in the settlement agreements, as these adjustments are directly attributable to the mergers and reflect non-recurring charges not expected to have a continuing impact on the combined results. The following pre-tax costs were excluded from the pro forma statement of operations for the nine months ended September 30, 2012:

Description	Payment Period	BGE	Generation	Exelon	Statement of Operations Location
BGE rate credit of $100 per residential customer (a)	Q2 2012	$113	$ —	$ 113	Revenues
Customer investment fund to invest in energy efficiency and low-income energy assistance to BGE customers	2012 to 2014	—	—	113.5	O&M Expense
Contribution for renewable energy, energy efficiency or related projects in Baltimore	2012 to 2014	—	—	2	O&M Expense
Charitable contributions at $7 million per year for 10 years	2012 to 2021	28	35	70	O&M Expense
State funding for offshore wind development projects	Q2 2012	—	—	32	O&M Expense
Miscellaneous tax benefits	Q2 2012	(2)	—	(2)	Taxes Other Than Income
Total		$139	$ 35	$328.5	

(k) Share-based Compensation – Each Constellation share award was converted as described above. The authoritative guidance for accounting for business combinations requires that the fair value of replacement awards and cash payments made to settle vested awards attributable to pre-combination service be included in the determination of the purchase price. Accordingly, the fair value of Constellation share-based awards which immediately vested at the effective time of the Initial Merger has been attributed to pre-combination service and reflected in purchase price. For unvested Constellation share-based awards converted to unvested Exelon awards at the effective time of the Initial Merger, the future compensation expense is consistent with the compensation expense recorded in Constellation's historical income statements. For unvested Constellation share-based awards that were immediately vested at the effective time of the Initial Merger, the Generation pro forma statement of operations for the nine months ended September 30, 2012 includes the pro forma adjustment of $18 million to exclude expense related to the acceleration. These costs have been excluded from the pro forma statements of operations as they reflect non-recurring charges directly attributable to the transaction.

(l) *Income Taxes* – The pro forma statement of operations includes the pro forma adjustment to reflect the tax effects of the pro forma adjustments based on an estimated prospective statutory tax rate of 40% for the combined company. The estimated prospective statutory tax rate of 40% could change based on future changes in the applicable tax rates and final determination of the combined company's tax position.

(m) *Assets Held for Sale* – The pro forma statement of operations reflects the elimination of the depreciation and amortization expense directly associated with Constellation's Brandon Shores, H.A. Wagner and C.P. Crane generation plants that Generation has committed to sell within 150 days (subsequently extended 30 days by the DOJ) following the completion of the mergers of $17 million for the nine months ended September 30, 2012. The pro forma balance sheet reflects the elimination of the assets and liabilities directly associated with Constellation's Brandon Shores, H.A. Wagner and C.P. Crane generation plants that Exelon has recorded as assets held for sale on its balance sheet, as well as expected cash proceeds and estimated loss on sale. On August 8, 2012, Generation reached an agreement to sell these Maryland generating stations and associated

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assets. The agreement includes a base price with purchase price adjustments based on fuel inventory, working capital, capital expenditures, and timing of the closing, resulting in estimated proceeds of approximately $388 million in the fourth quarter less cash payments of approximately $32 million over a twelve-month period beginning in June 2014. Generation expects to incur transaction costs of approximately $20 million through the closing of the transaction. Decisions by certain market participants to remove themselves from the bidding process, combined with the deadlines and limitations on the pool of potential buyers imposed by the merger approval orders, resulted in realized sales proceeds below the estimated fair value of the Maryland generating stations than would have been achieved in an orderly transaction. Consequently, Generation recorded a pre-tax loss of $278 million in operating and maintenance expense in the third quarter of 2012 to reflect the difference between the estimated sales price and carrying value.

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PROSPECTUS SUMMARY

For a more complete description of the terms of the New Notes, see "Description of New Notes."

Summary of the Exchange Offer

On June 18, 2012, we completed the private offering of $275,000,000 aggregate principal amount of outstanding 2022 notes and $500,000,000 aggregate principal amount of outstanding 2042 notes. We received proceeds, after deducting the discount to the initial purchasers, of $767,836,500 from that offering. On June 28, 2012 and July 13, 2012, pursuant to an exchange offer, we issued an additional $248,303,000 aggregate principal amount of outstanding 2022 notes and an additional $288,203,000 aggregate principal amount of outstanding 2042 notes in connection with private exchange offers to certain eligible holders to exchange any and all of the outstanding 7.60% Senior Notes due 2032 of our parent, Exelon (which were assumed by Exelon from Constellation).

The Exchange Offer	We are offering to exchange up to $523,303,000 of our new 2022 notes and $788,203,000 of our new 2042 notes for a like aggregate principal amount of outstanding notes of the same series. The outstanding notes may be exchanged only in minimum denominations of $2,000 and integral multiples of $1,000 thereof.
Resale of the New Notes	We are making the exchange offer in reliance on the position of the staff of the Division of Corporation Finance of the SEC outlined in certain interpretive letters issued to other companies in other transactions. We believe that the new notes acquired in this exchange offer may be freely traded without compliance with the provisions of the Securities Act that call for registration and delivery of a prospectus, except as described in the following paragraph. The new notes will be freely tradable only if the holders meet the conditions described under "Required Representations" above. If you are a broker-dealer that purchased outstanding notes for your own account as part of market-making or trading activities, you must deliver a prospectus when you sell the new notes. We have agreed in the registration rights agreement relating to the outstanding notes to allow you to use this prospectus for this purpose during the one-year period following the Expiration Date, subject to our right under some circumstances to restrict your use of this prospectus. See "The Exchange Offer – Resales of New Notes." Broker-dealers that acquired outstanding notes directly from us may not rely on the staff's interpretations and must comply with the registration and prospectus delivery requirements of the Securities Act, including being named as a selling security holder, in order to resell the outstanding notes or the new notes.
Accrued Interest on the New Notes	The new 2022 notes will bear interest at an annual rate of 4.25% and the new 2042 notes will bear interest at an annual rate of 5.60%. Any interest that has accrued and is unpaid on the outstanding notes before their tender in this exchange offer will be payable on the new notes on the first interest payment date after the conclusion of this exchange offer.

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Procedures for Exchanging Notes	If you wish to accept the exchange offer and your outstanding notes are held by a custodial entity such as a bank, broker, dealer, trust company or other nominee, you must instruct this custodial entity to tender your outstanding notes on your behalf pursuant to the procedures of the custodial entity. If your outstanding notes are registered in your name, you must complete, sign and date the accompanying letter of transmittal, or a facsimile of the letter of transmittal, according to the instructions contained in this prospectus and the letter of transmittal. You must also mail or otherwise deliver the letter of transmittal, or a facsimile of the letter of transmittal, together with the outstanding notes and any other required documents, to the Exchange Agent at the address set forth on the cover page of the letter of transmittal. Custodial entities that are participants in The Depository Trust Company, or "DTC," may tender outstanding notes through DTC's Automated Tender Offer Program, or "ATOP," which enables a custodial entity, and the beneficial owner on whose behalf the custodial entity is acting, to electronically agree to be bound by the letter of transmittal. **A letter of transmittal need not accompany tenders effected through ATOP.** By tendering your outstanding notes in either of these manners, you will represent and agree with us that: • you are acquiring the new notes in the ordinary course of your business; • you have no arrangement or understanding with any person to participate in a distribution (within the meaning of the Securities Act) of the new notes in violation of the provisions of the Securities Act; • you are not an affiliate of the issuer (within the meaning of Rule 405 under the Securities Act); and • if you are a broker-dealer registered under the Exchange Act, you are participating in the exchange offer for your own account in exchange for outstanding notes acquired as a result of market-making activities or other trading activities and you will deliver a prospectus in connection with any resale of the new notes. See "The Exchange Offer—Effect of Surrendering Outstanding notes."
Expiration Date	5:00 p.m., Eastern time, on the last business day of the Exchange Period (as defined herein), unless the exchange offer is extended (Expiration Date).
Exchange Date	We will notify the Exchange Agent of the date of acceptance of the outstanding notes for exchange.

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Withdrawal Rights	If you tender your outstanding notes for exchange in this exchange offer and later wish to withdraw them, you may do so at any time before 5:00 p.m., Eastern time, on the Expiration Date.
Acceptance of Outstanding Notes and Delivery of New Notes	We will accept any outstanding notes that are properly tendered for exchange before 5:00 p.m., Eastern time, on the Expiration Date. The new notes will be delivered promptly after the Expiration Date.
Tax Consequences	You will not incur any material federal income tax consequences from your participation in this exchange offer. The exchange of notes will not constitute a taxable exchange for United States federal income tax purposes. For a discussion of other United States federal income tax consequences resulting from the exchange and the acquisition, ownership and disposition of the new notes, see "Federal Income Tax Considerations."
Use of Proceeds	We will not receive any cash proceeds from this exchange offer.
Exchange Agent	U.S. Bank National Association is serving as the Exchange Agent. Its address and telephone number are provided in this prospectus under the heading "The Exchange Offer – Exchange Agent."
Effect on Holders of Outstanding Notes	Any outstanding notes that remain outstanding after this exchange offer will continue to be subject to restrictions on their transfer. The outstanding notes may not be offered or sold in the United States for the account of or benefit of United States persons within the meaning of the Securities Act, except pursuant to an exemption from or in a transaction not subject to, the registration requirements of the Securities Act. After this exchange offer, holders of outstanding notes will not (with limited exceptions) have any further rights under the registration rights agreement. Any market for outstanding notes that are not exchanged could be adversely affected by the consummation of this exchange offer.

Summary of the New Notes

This exchange offer applies to $523,303,000 aggregate principal amount of the outstanding 2022 notes and $788,203,000 aggregate principal amount of the outstanding 2042 notes. The terms of the new notes will be the same as the outstanding notes, except that the new notes will not contain language restricting their transfer, and holders of the new notes generally will not be entitled to further registration rights under the registration rights agreement. The new notes will be issued under the same indenture as the outstanding notes.

Issuer	Exelon Generation Company, LLC.
Securities Offered	An aggregate of $1,311,506,000 of new notes, consisting of (i) $523,303,000 of 4.25% Senior Notes due 2022 which have been registered under the Securities Act; and (ii) $788,203,000 of 5.60% Senior Notes due 2042 which have been registered under the Securities Act.

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Interest	Interest on the new notes will accrue at the rate of 4.25% per annum, in the case of the new 2022 notes, and 5.60% per annum, in the case of the new 2042 notes, from the latest date on which interest shall have been paid on the outstanding notes surrendered in exchange therefor or, if no interest has been paid on such outstanding notes, from June 18, 2012. Interest on each series of the new notes will be payable semi-annually in arrears on June 15 and December 15 of each year, beginning on December 15, 2012.
Maturity	The new 2022 notes will mature on June 15, 2022. The new 2042 notes will mature on June 15, 2042.
Ranking	The new notes will be senior unsecured obligations of Generation and will rank *pari passu* with all of our senior unsecured indebtedness.
Optional Redemption	We may redeem each series of the new notes, in whole or in part, at any time at the redemption prices described under the caption "Description of New Notes — Redemption at Our Option."
Certain Covenants	We have agreed to certain limitations on our ability to, among other things, engage in mergers, consolidations or similar transactions, create liens securing indebtedness and engage in sale and leaseback transactions. See "Description of New Notes — Covenants."
Book-Entry Form	The new notes will be issued in book-entry form only through The Depository Trust Company (DTC) for the accounts of its participants, including Clearstream Banking, société anonyme (Clearstream) and/or Eurostream Bank S.A./N.V. (Eurostream). See "Description of New Notes — Book-Entry System."
Risk Factors	You should carefully consider all of the information set forth in this prospectus supplement, in particular, you should evaluate the specific factors set forth under "Risk Factors" and incorporated by reference in this prospectus supplement in deciding whether to invest in the new notes.
Governing Law	Commonwealth of Pennsylvania.
Trustee	U.S. Bank National Association.

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RISK FACTORS

Our business is affected by the factors discussed in Management's Discussion and Analysis of Financial Condition and Results of Operations incorporated into this prospectus by reference to our Annual Report on Form 10-K and our quarterly reports on Form 10-Q for the periods ended March 31, 2012, June 30, 2012 and September 30, 2012. In addition, the other factors described in this section could affect our business, results of operations or the prices of our securities. We believe the risks and uncertainties described below and in our Annual Report on Form 10-K are the material risks and uncertainties known or currently anticipated by us that affect our business. You should carefully consider all of these factors before making a decision to participate in the exchange offer. Each of the following factors could have a material adverse effect on our business and could result in a loss or a decrease in the value of your investment.

If you do not validly tender your outstanding notes, you will continue to hold unregistered securities and your ability to transfer your outstanding notes will be adversely affected.

We will only issue new notes in exchange for outstanding notes that you timely and validly tender (and do not validly withdraw). Therefore, you should carefully follow the instructions on how to tender your outstanding notes. Neither we nor the Exchange Agent is required to tell you of any defects or irregularities with respect to your tender of outstanding notes.

If you do not exchange your outstanding notes for new notes pursuant to the exchange offer, the outstanding notes you hold will continue to be subject to the existing transfer restrictions. In general, you may not offer or sell the outstanding notes except under an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. Following this exchange offer, we do not plan to register outstanding notes under the Securities Act except in the limited circumstances that may be required under our registration rights agreement with the initial purchasers of the outstanding notes. Further, if you continue to hold any outstanding notes after the exchange offer is consummated, you may have trouble selling them because there will be fewer such notes outstanding.

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THE EXCHANGE OFFER

Purpose of the Exchange Offer

In connection with the sale of the outstanding notes, we entered into a registration rights agreement with the initial purchasers. Under the registration rights agreement, we agreed to use our best efforts to complete the exchange offer and to file and cause to become effective with the SEC a registration statement for the exchange of the outstanding notes for new notes.

The terms of the new notes are the same as the terms of the outstanding notes, except that the new notes have been registered under the Securities Act and will not be subject to some restrictions on transfer that apply to the outstanding notes. In that regard, the outstanding notes provide, among other things, that if the exchange offer has not been consummated within the period specified in the outstanding notes, the interest rate on the outstanding notes will increase by 0.25% per annum, until the exchange offer is consummated, provided that aggregate amount of any such increase in the interest rate on the outstanding notes shall in no event exceed 0.50% per annum.

Each broker-dealer that receives new notes for its own account in exchange for outstanding notes, where such outstanding notes were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of such new notes. See “Plan of Distribution” in the Prospectus.

Upon completion of the exchange offer, holders of outstanding notes will not be entitled to any further registration rights under the registration rights agreement, except under limited circumstances. See “Risk Factors – If you do not validly tender your outstanding notes, you will continue to hold unregistered securities and your ability to transfer your outstanding notes will be adversely affected” and “Description of the New Notes.” The exchange offer is not being made to holders of outstanding notes in any jurisdiction in which the exchange offer or the acceptance of the new notes would not comply with securities or blue sky laws.

The outstanding notes were issued and are held in the book-entry system of The Depository Trust Company (“DTC”). Unless the context requires otherwise, the term “holder” with respect to the exchange offer means any person whose outstanding notes are held of record by DTC and who desires to deliver such outstanding notes by book-entry transfer at DTC. As soon as practicable after the Expiration Date, we will exchange the outstanding notes for a like aggregate principal amount of the new notes.

Completion of the exchange offer is subject to the conditions that the exchange offer not violate any applicable law or interpretation of the staff of the Division of Corporate Finance of the SEC (the Staff) and that no injunction, order or decree has been issued that would prohibit, prevent or materially impair our ability to proceed with the exchange offer. The exchange offer is also subject to various procedural requirements discussed below with which holders must comply. We reserve the right, in our absolute discretion, to waive compliance with these requirements subject to applicable law.

Terms of the Exchange Offer

We are offering, upon the terms and subject to the conditions described in this prospectus and in the accompanying letter of transmittal, to exchange up to $523,303,000 of our new 2022 notes and $788,203,000 of our new 2042 notes for a like aggregate principal amount of outstanding notes of the same series properly tendered on or before the Expiration Date and not properly withdrawn in accordance with the procedures described below. We will issue, promptly after the Expiration Date, an aggregate principal amount of up to $523,303,000 of our new 2022 notes and $788,203,000 of our new 2042 notes in exchange for a like aggregate principal amount of outstanding notes of the same series tendered and accepted in connection with the exchange offer. We will pay all charges and expenses, other than certain applicable taxes described below, in connection with the exchange offer. See “- Fees and Expenses.”

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Holders may tender their outstanding notes in whole or in part in minimum denominations of $2,000 and integral multiples of $1,000 thereof. The exchange offer is not conditioned upon any minimum principal amount of outstanding notes being tendered. As of the date of this prospectus, $523,303,000 aggregate principal amount of our outstanding 2022 notes and $788,203,000 aggregate principal amount of our outstanding 2042 notes is outstanding. Holders of outstanding notes do not have any appraisal or dissenters' rights in connection with the exchange offer. Outstanding notes that are not tendered or are tendered but not accepted in connection with the exchange offer will remain outstanding and be entitled to the benefits of the indenture, but will not be entitled to any further registration rights under the registration rights agreement, except under limited circumstances. See "Risk Factors – If you do not validly tender your outstanding notes, you will continue to hold unregistered securities and your ability to transfer your outstanding notes will be adversely affected" and "Description of the New Notes." If any tendered outstanding notes are not accepted for exchange because of an invalid tender, the occurrence of other events described in this prospectus or otherwise, appropriate book-entry transfer will be made, without expense, to the tendering holder of the outstanding notes promptly after the Expiration Date. Holders who tender outstanding notes in connection with the exchange offer will not be required to pay brokerage commissions or fees or, subject to the instructions in the noteholders' instruction form, transfer taxes with respect to the exchange of outstanding notes in connection with the exchange offer.

We do not make any recommendation to holders of outstanding notes as to whether to exchange all or any portion of their outstanding notes in the exchange offer. In addition, no one has been authorized to make any recommendation as to whether holders should exchange outstanding notes for new notes in the exchange offer. Holders of outstanding notes must make their own decisions whether to exchange outstanding notes in the exchange offer and, if so, the aggregate amount of outstanding notes to exchange based on the holders' own financial positions and requirements.

Expiration Date; Extensions; Amendments

We will keep the Exchange Offer open for acceptance for a period of not less than twenty (20) Business Days after the date notice thereof is mailed to the Holders (or longer if required by applicable law) (such period referred to herein as the "Exchange Period"). The term "Expiration Date" means 5:00 p.m., Eastern time, on the last Business Day of the Exchange Period. However, if the exchange offer is extended by us, the term "Expiration Date" will mean the latest date and time to which we extend the exchange offer.

We expressly reserve the right in our sole and absolute discretion, subject to applicable law, at any time and from time to time:

- to delay the acceptance of the outstanding notes for exchange (if we amend or extend the exchange offer),
- to extend the Expiration Date and retain all outstanding notes tendered in the exchange offer, subject, however, to the right of holders of outstanding notes to withdraw their tendered outstanding notes as described under "– Withdrawal Rights," and
- to waive any condition or otherwise amend the terms of the exchange offer in any respect.

If the exchange offer is amended in a manner determined by us to constitute a material change, we will promptly

- disclose the amendment in a prospectus supplement that will be distributed to the holders of the outstanding notes,
- file a post-effective amendment to the registration statement filed with the SEC with regard to the new notes and the exchange offer, and
- extend the exchange offer to the extent required by Rule 14e-1 under the Exchange Act.

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We will promptly notify the Exchange Agent by making an oral or written public announcement of any delay in acceptance, extension, termination or amendment. This announcement in the case of an extension will be made no later than 9:00 a.m., Eastern time, on the next business day after the previously scheduled expiration date. Without limiting the manner in which we may choose to make any public announcement and, subject to applicable law, we will have no obligation to publish, advertise or otherwise communicate any such public announcement other than by issuing a release to an appropriate news agency.

Effect of Surrendering Outstanding Notes

By surrendering outstanding notes pursuant to the exchange offer, you will be representing to us that, among other things:

- you are acquiring the new notes in the ordinary course of your business;
- you have no arrangement or understanding with any person to participate in the distribution (within the meaning of the Securities Act) of the new notes in violation of the provisions of the Securities Act;
- you are not an "affiliate," (within the meaning of Rule 405 under the Securities Act), of the issuer, or if you are an affiliate, you will comply with the registration and prospectus delivery requirements of the Securities Act to the extent practicable;
- if you are a broker-dealer registered under the Exchange Act, you are participating in this exchange offer for your own account in exchange for outstanding notes acquired as a result of market making activities or other trading activities and you will deliver a prospectus in connection with any resale of the new notes; and
- we may rely upon these representations for purposes of the exchange offer.
- In addition, if you are a broker-dealer and you will receive new notes for your own account in exchange for outstanding notes that were acquired as a result of market-making activities or other trading activities, you must acknowledge in the letter of transmittal that you will deliver a prospectus in connection with any resale of your new notes. See "Plan of Distribution."

Acceptance of Outstanding Notes for Exchange; Delivery of New Notes

On the settlement date, new notes to be issued in exchange for outstanding notes in the exchange offer, if consummated, will be delivered in book-entry form.

We will be deemed to have accepted validly tendered outstanding notes that have not been validly withdrawn as provided in this prospectus when, and if, we have given oral or written notice thereof to the Exchange Agent. Subject to the terms and conditions of the exchange offer, delivery of new notes will be made by the Exchange Agent on the settlement date upon receipt of such notice. The Exchange Agent will act as agent for tendering holders of the outstanding notes for the purpose of receiving outstanding notes and transmitting new notes as of the settlement date with respect to the outstanding notes. If any tendered outstanding notes are not accepted for any reason set forth in the terms and conditions of the exchange offer, those unaccepted outstanding notes will be returned without expense to the tendering holder as promptly as practicable after the expiration or termination of the exchange offer.

Procedures for Tendering Outstanding Notes

A holder of outstanding notes who wishes to accept the exchange offer, and whose outstanding notes are held by a custodial entity such as a bank, broker, dealer, trust company or other nominee, must instruct the custodial entity to tender and consent with respect to that holder's outstanding notes on the holder's behalf pursuant to the procedures of the custodial entity.

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To tender in the exchange offer, a holder of outstanding notes must either:

(i) complete, sign and date the letter of transmittal (or a facsimile thereof) in accordance with its instructions, including guaranteeing the signature(s) to the letter of transmittal, if required, and mail or otherwise deliver such letter of transmittal or such facsimile, together with the certificates representing the outstanding notes specified therein, to the exchange agent at the address set forth in the letter of transmittal for receipt on or prior to the expiration date; or

(ii) comply with the DTC's Automated Tender Offer Program, or ATOP, procedures for book-entry transfer described below on or prior to the expiration date.

The Exchange Agent and DTC have confirmed that the exchange offer is eligible for ATOP. The letter of transmittal (or facsimile thereof), with any required signature guarantees, or (in the case of book-entry transfer) an agent's message in lieu of the letter of transmittal, and any other required documents, must be transmitted to and received by the exchange agent on or prior to the expiration date of the exchange offer at one of its addresses set forth under "—Exchange Agent" in this prospectus or as set forth in the letter of transmittal. Outstanding notes will not be deemed surrendered until the letter of transmittal and signature guarantees, if any, or agent's message, are received by the Exchange Agent.

The method of delivery of outstanding notes, the letter of transmittal, and all other required documents to the Exchange Agent is at the election and risk of the holder. Instead of delivery by mail, holders should use an overnight or hand delivery service, properly insured. In all cases, sufficient time should be allowed to assure delivery to and receipt by the Exchange Agent on or before the expiration date. Do not send the letter of transmittal or any outstanding notes to anyone other than the Exchange Agent.

All new notes will be delivered only in book-entry form through DTC. Accordingly, if you anticipate tendering other than through DTC, you are urged to contact promptly a bank, broker or other intermediary (that has the capability to hold securities custodially through DTC) to arrange for receipt of any new notes to be delivered to you pursuant to the exchange offer and to obtain the information necessary to provide the required DTC participant with account information for the letter of transmittal.

Book-Entry Delivery Procedures for Tendering Outstanding notes Held with DTC

If you wish to tender outstanding notes held on your behalf by a custodial entity with DTC, you must:

(i) inform your custodial entity of your interest in tendering your outstanding notes pursuant to the exchange offer; and

(ii) instruct your custodial entity to tender all outstanding notes you wish to be tendered in the exchange offer into the Exchange Agent's account at DTC on or prior to the expiration date. Any financial institution that is a nominee in DTC, including Euroclear and Clearstream, must tender outstanding notes by effecting a book-entry transfer of the outstanding notes to be tendered in the exchange offer into the account of the Exchange Agent at DTC by electronically transmitting its acceptance of the exchange offer through the ATOP procedures for transfer. DTC will then verify the acceptance, execute a book-entry delivery to the exchange agent's account at DTC, and send an agent's message to the Exchange Agent. An "agent's message" is a message, transmitted by DTC to and received by the exchange agent and forming part of a book-entry confirmation, which states that DTC has received an express acknowledgement from an organization that participates in DTC (a "participant") tendering outstanding notes that the participant has received and agrees to be bound by the terms of the letter of transmittal and that we may enforce the agreement against the participant. **A letter of transmittal need not accompany tenders effected through ATOP.**

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Proper Execution and Delivery of Letter of Transmittal

Signatures on a letter of transmittal or notice of withdrawal described below (see "—Withdrawal Rights"), as the case may be, must be guaranteed by an eligible institution unless the outstanding notes tendered pursuant to the letter of transmittal are tendered (i) by a holder who has not completed the box entitled "Special Delivery Instructions" or "Special Issuance and Payment Instructions" on the letter of transmittal or (ii) for the account of an eligible institution. If signatures on a letter of transmittal or notice of withdrawal are required to be guaranteed, such guarantee must be made by an eligible guarantor institution within the meaning of Rule 17Ad-15 under the Exchange Act.

If the letter of transmittal is signed by the holder(s) of outstanding notes tendered thereby, the signature(s) must correspond with the name(s) as written on the face of the outstanding notes without alteration, enlargement or any change whatsoever. If any of the outstanding notes tendered thereby are held by two or more holders, all such holders must sign the letter of transmittal. If any of the outstanding notes tendered thereby are registered in different names on different outstanding notes, it will be necessary to complete, sign and submit as many separate letters of transmittal, and any accompanying documents, as there are different registrations of certificates.

If outstanding notes that are not tendered for exchange pursuant to the exchange offer are to be returned to a person other than the holder thereof, certificates for such outstanding notes must be endorsed or accompanied by an appropriate instrument of transfer, signed exactly as the name of the registered owner appears on the certificates, with the signatures on the certificates or instruments of transfer guaranteed by an eligible institution.

If the letter of transmittal is signed by a person other than the holder of any outstanding notes listed therein, such outstanding notes must be properly endorsed or accompanied by a properly completed bond power, signed by such holder exactly as such holder's name appears on such outstanding notes. If the letter of transmittal or any outstanding notes, bond powers or other instruments of transfer are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing, and, unless waived by us, evidence satisfactory to us of their authority to so act must be submitted with the letter of transmittal.

No alternative, conditional, irregular or contingent tenders will be accepted. By executing the letter of transmittal (or facsimile thereof), the tendering holders of outstanding notes waive any right to receive any notice of the acceptance for exchange of their outstanding notes. Tendering holders should indicate in the applicable box in the letter of transmittal the name and address to which payments and/or substitute certificates evidencing outstanding notes for amounts not tendered or not exchanged are to be issued or sent, if different from the name and address of the person signing the letter of transmittal. If no such instructions are given, outstanding notes not tendered or exchanged will be returned to such tendering holder.

All questions as to the validity, form, eligibility (including time of receipt), and acceptance and withdrawal of tendered outstanding notes will be determined by us in our absolute discretion, which determination will be final and binding. We reserve the absolute right to reject any and all tendered outstanding notes determined by us not to be in proper form or not to be properly tendered or any tendered outstanding notes our acceptance of which would, in the opinion of our counsel, be unlawful. We also reserve the right to waive, in our absolute discretion, any defects, irregularities or conditions of tender as to particular outstanding notes, whether or not waived in the case of other outstanding notes. Our interpretation of the terms and conditions of the exchange offer (including the instructions in the letter of transmittal) will be final and binding on all parties. Unless waived, any defects or irregularities in connection with tenders of outstanding notes must be cured within such time as we shall determine. Although we intend to notify holders of defects or irregularities with respect to tenders of outstanding notes, neither we, the exchange agent nor any other person will be under any duty to give such notification or shall incur any liability for failure to give any such notification. Tenders of outstanding notes will not be deemed to have been made until such defects or irregularities have been cured or waived.

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Any holder whose outstanding notes have been mutilated, lost, stolen or destroyed will be responsible for obtaining replacement securities or for arranging for indemnification with the trustee of the outstanding notes. Holders may contact the Exchange Agent for assistance with such matters.

Resales of New Notes

We are making the exchange offer in reliance on the position of the Staff as defined in certain interpretive letters addressed to third parties in other transactions. However, we did not seek our own interpretive letter and we cannot assure that the Staff would make a similar determination with respect to the exchange offer as it has in other interpretive letters to third parties. Based on these interpretations by the Staff, and subject to the two immediately following sentences, we believe that new notes issued pursuant to this exchange offer in exchange for outstanding notes may be offered for resale, resold and otherwise transferred by a holder thereof (other than a holder who is a broker-dealer) without further compliance with the registration and prospectus delivery requirements of the Securities Act, provided that such new notes are acquired in the ordinary course of the holder's business and that the holder is not participating, and has no arrangement or understanding with any person to participate, in a distribution (within the meaning of the Securities Act) of the new notes.

However, any holder of outstanding notes who is an "affiliate" of ours or who intends to participate in the exchange offer for the purpose of distributing new notes, or any broker-dealer who purchased outstanding notes from us to resell pursuant to Rule 144A or any other available exemption under the Securities Act:

- will not be able to rely on the interpretations of the Staff set forth in the above-mentioned no-action letters;
- will not be able to tender its outstanding notes in the exchange offer; and
- must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any sale or other transfer of such outstanding notes unless such sale is made pursuant to an exemption from such requirements.

In addition, as described below, if any broker-dealer holds outstanding notes acquired for its own account as a result of market-making or other trading activities and exchanges those outstanding notes for new notes, then that broker-dealer must deliver a prospectus meeting the requirements of the Securities Act in connection with any resales of those new notes. Each holder of outstanding notes who wishes to exchange outstanding notes for new notes in the exchange offer will be required to represent that:

- it is not our affiliate;
- the new notes to be received by it are being acquired in the ordinary course of its business; and
- At the time of the consummation of the exchange offer, it has no arrangement or understanding with any person to participate in the distribution (within the meaning of the Securities Act) of the new notes.

In addition, we may require the holder, as a condition to that holder's eligibility to participate in the exchange offer, to furnish to us (or an agent of ours) in writing, information as to the number of "beneficial owners" (within the meaning of Rule 13d-3 under the Exchange Act) on behalf of whom that holder holds the outstanding notes to be exchanged in the exchange offer.

Each broker-dealer that receives new notes for its own account in the exchange offer must acknowledge that it acquired the outstanding notes for its own account as the result of market-making activities or other trading activities and must agree that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of those new notes. The letter of transmittal states that by making that acknowledgement and delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. Based on the position taken by the Staff in the interpretive letters referred to above, we believe that participating broker-dealers who acquired outstanding notes

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for their own accounts as a result of market-making activities or other trading activities may fulfill their prospectus delivery requirements with respect to the new notes received upon exchange of outstanding notes (other than outstanding notes that represent an unsold allotment from the initial sale of the outstanding notes) with a prospectus meeting the requirements of the Securities Act, which may be this prospectus prepared for this exchange offer so long as it contains a description of the plan of distribution regarding the resale of the new notes.

Accordingly, this prospectus, as it may be amended or supplemented from time to time, may be used by a participating broker-dealer in connection with resales of new notes received in exchange for outstanding notes where the outstanding notes were acquired by the participating broker-dealer for its own account as a result of market-making or other trading activities. See "Plan of Distribution." Subject to certain provisions contained in the registration rights agreement, we have agreed that this prospectus, as it may be amended or supplemented from time to time, may be used by a participating broker-dealer in connection with resales of new notes for a period not exceeding one year after the expiration date. However, a participating broker-dealer who intends to use this prospectus in connection with the resale of new notes received in exchange for outstanding notes pursuant to the exchange offer must notify us on or before the Expiration Date that it is a participating broker-dealer. This notice may be given in the space provided for that purpose in the letter of transmittal or may be delivered to the Exchange Agent at one of the addresses set forth herein under "– Exchange Agent."

Any participating broker-dealer who is an "affiliate" of ours may not rely on these interpretive letters and must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction. In that regard, each participating broker-dealer who surrenders outstanding notes in the exchange offer will be deemed to have agreed, by execution of the letter of transmittal or an agent's message, that upon receipt of notice from us of the occurrence of any event or the discovery of:

- any fact that makes any statement contained or incorporated by reference in this prospectus untrue in any material respect, or
- any fact that causes this prospectus to omit to state a material fact necessary in order to make the statements contained or incorporated by reference in this prospectus, in light of the circumstances under which they were made, not misleading, or
- the occurrence of other events specified in the registration rights agreement,

that participating broker-dealer will suspend the sale of new notes under this prospectus until we have amended or supplemented this prospectus to correct the misstatement or omission and have furnished copies of the amended or supplemented prospectus to the participating broker-dealer, or we have given notice that the sale of the new notes may be resumed, as the case may be.

Withdrawal Rights

Except as otherwise provided in this prospectus, tenders of outstanding notes may be withdrawn at any time on or before the Expiration Date. In order for a withdrawal to be effective, a written, telegraphic, telex or facsimile transmission of the notice of withdrawal must be timely received by the Exchange Agent at its address listed under "– Exchange Agent" on or before the Expiration Date. Any notice of withdrawal must specify the name of the person who tendered the outstanding notes to be withdrawn and the aggregate principal amount of outstanding notes to be withdrawn.

The notice of withdrawal must specify the name and number of the account at DTC to be credited with the withdrawal of outstanding notes, in which case a notice of withdrawal will be effective if delivered to the Exchange Agent by written, telegraphic, telex or facsimile transmission. Withdrawals of tenders of outstanding notes may not be rescinded. Outstanding notes properly withdrawn will not be deemed validly tendered for purposes of the exchange offer, but may be retendered at any subsequent time on or before the Expiration Date

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by following any of the procedures described above under "– Procedures for Tendering Outstanding Notes." All questions as to the validity, form and eligibility, including time of receipt, of withdrawal notices will be determined by us, in our sole discretion, and our determination will be final and binding on all parties. None of we, the Exchange Agent or any other person is under any duty to give any notification of any irregularities in any notice of withdrawal nor will those parties incur any liability for failure to give that notice. Any outstanding notes that have been tendered but which are withdrawn will be credited to the holder promptly after withdrawal.

Interest on New Notes

Interest on the new 2022 notes will accrue at the rate of 4.25% per annum and interest on the new 2042 notes will accrue at the rate of 5.60% per annum. Interest will be payable semiannually in arrears on June 15 and December 15 of each year, commencing December 15, 2012. We will make each interest payment to the persons in whose names the new notes are registered at the close of business on the 15th day immediately preceding the applicable interest payment date. The new notes will bear interest from and including the last interest payment date on the outstanding notes, or if one has not yet occurred, the date of issuance of the outstanding notes. Accordingly, holders of outstanding notes that are accepted for exchange will not receive accrued but unpaid interest on outstanding notes at the time of tender. Rather, that interest will be payable on the new notes delivered in exchange for the outstanding notes on the first interest payment date after the Expiration Date.

Accounting Treatment

The new notes will be recorded at the same carrying value as the outstanding notes for which they are exchanged, which is the aggregate principal amount of the outstanding notes, as reflected in our accounting records on the date of exchange. Accordingly, no gain or loss for accounting purposes will be recognized in connection with the exchange offer. The cost of the exchange offer will be amortized over the term of the new notes.

Exchange Agent

U.S. Bank National Association has been appointed Exchange Agent for the exchange offer. Delivery of the noteholders' instruction forms, letters of transmittal and any other required documents, questions, requests for assistance, and requests for additional copies of this prospectus or of the noteholders' instruction form or letters of transmittal should be directed to the Exchange Agent as follows:

By Mail:

U.S. Bank National Association
60 Livingston Avenue
Mail Station—EP-MN-WS2N
St. Paul, Minnesota 55107-2292
Attention: Specialized Finance
Phone: (651) 466-7150

By Courier or Overnight Delivery:

U.S. Bank National Association
111 Fillmore Avenue
St. Paul, Minnesota 55107-1402
Attention: Specialized Finance
Phone: (651) 466-7150

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By Facsimile Transmission (for Eligible Institutions only):

U.S. Bank National Association
Facsimile: (651) 466-7372
Attention: Specialized Finance

Delivery to other than the above addresses or facsimile number will not constitute a valid delivery.

Fees and Expenses

We have agreed to pay the Exchange Agent reasonable and customary fees for its services and will reimburse it for its reasonable out-of-pocket expenses. We will also pay brokerage houses and other custodians, nominees and fiduciaries the reasonable out-of-pocket expenses incurred by them in forwarding copies of this prospectus and related documents to the beneficial owners of outstanding notes, and in handling or tendering for their customers. Holders who tender their outstanding notes for exchange will not be obligated to pay any transfer taxes in connection with the transfer. If, however, new notes are to be delivered to, or are to be issued in the name of, any person other than the registered holder of the outstanding notes tendered, or if a transfer tax is imposed for any reason other than the exchange of outstanding notes in connection with the exchange offer, then the amount of any such transfer taxes, whether imposed on the registered holder or any other persons, will be payable by the tendering holder. If satisfactory evidence of payment of such taxes or exemption therefrom is not submitted with the exchanging holder's letter of instruction or the letter of transmittal, the amount of such transfer taxes will be billed directly to such tendering holder. We will not make any payment to brokers, dealers or other nominees soliciting acceptances of the exchange offer.

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USE OF PROCEEDS

The exchange offer is being made in accordance with requirements of the registration rights agreement. We will not receive any cash proceeds from the issuance of the new notes in the exchange offer. In exchange for issuing the new notes as described in this prospectus, we will receive an equal principal amount of outstanding notes, which will be canceled.

The net proceeds from the sale of the outstanding notes, after deducting discounts and commissions and estimated offering expenses payable by us were used for general corporate purposes.

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth the ratios of earnings to fixed charges for Generation for each of the periods indicated. The ratios were calculated pursuant to applicable rules of the SEC.

	Years Ended December 31,					Nine Months Ended September 30,
	2007	2008	2009	2010	2011	2012
Ratio of earnings to fixed charges	8.2	8.6	10.4	8.5	7.3	2.6

The ratio of earnings to fixed charges represents, on a pre-tax basis, the number of times earnings cover fixed charges. Earnings consist of pre-tax net income from continuing operations after adjustment for income from equity investees and capitalized interest or allowance for funds used during construction, to which has been added fixed charges. Fixed charges consist of interest costs and amortization of debt discount and premium on all indebtedness and the estimated interest portion of all rental expense.

DESCRIPTION OF NEW NOTES

General

The new notes will be issued under an indenture dated as of September 28, 2007 (Indenture), between us and U.S. Bank National Association, as trustee. The Indenture provides for issuance from time to time of debt securities in series (including the new notes) in an unlimited amount. We may issue, without notice to, or the consent of, the holders of the new notes, additional securities under the Indenture from time to time.

The new notes are unsecured and will rank equally with all of our unsecured and unsubordinated debt.

The new notes will be denominated in United States dollars and principal and interest will be paid in United States dollars. The new notes will not be subject to any conversion, amortization, or sinking fund.

The new notes will not be guaranteed by, or otherwise be obligations of, our parent Exelon or any of our direct or indirect subsidiaries or affiliates. References in this description of the new notes to “we,” “our” or the “company” are to Exelon Generation Company, LLC and not its subsidiaries and references to “indenture securities” means debt securities issued under the Indenture, including the new notes.

In the discussion that follows, references to paying principal on the new notes are to payment at maturity or redemption.

The following summaries of certain provisions of the new notes and the Indenture do not purport to be complete and are subject, and qualified in their entirety by reference, to all of the provisions of the new notes and

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the Indenture, including the definitions of terms therein. We recommend that you read the Indenture, a copy of which may be obtained from the trustee.

Principal, Maturity and Interest

The new notes of each series will be unlimited in aggregate principal amount. The new 2022 notes initially will be issued in the aggregate principal amount of $523,303,000, and the new 2042 notes initially will be issued in the aggregate principal amount of $788,203,000. We may, without the consent of the holders of the new notes of either of the series offered in this prospectus supplement, create and issue additional notes ranking equally with the new notes of such series and otherwise similar in all respects (except for the public offering price and issue date) so that such additional notes shall be consolidated and form a single series with such series of new notes. The new notes will be issued in book-entry form only in denominations of $2,000 and integral multiples of $1,000 thereof.

The new 2022 notes will mature on June 15, 2022. The new 2042 notes will mature on June 15, 2042. Interest on the new notes of each series will be payable semi-annually on June 15 and December 15 of each year, beginning on December 15, 2012 until the principal on the new notes of such series is paid or made available for payment. Interest on the new notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of issuance. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Redemption at Our Option

At any time prior to March 15, 2022 (in the case of the new 2022 notes) or December 15, 2041 (in the case of the new 2042 notes), we may redeem each series of new notes in whole or in part, at our option at any time, at a redemption price equal to the greater of:

(1) 100% of the principal amount of the new notes of the series being redeemed; or

(2) the sum of the present values of the remaining scheduled payments of principal and interest thereon (exclusive of interest accrued to the date of redemption) discounted to the redemption date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below) plus, as applicable, 40 basis points (in the case of the new 2022 notes) and 45 basis points (in the case of the new 2042 notes),

plus, in any case, accrued interest on the principal amount being redeemed to the redemption date.

At any time on or after March 15, 2022 (in the case of the new 2022 notes) or December 15, 2041 (in the case of the new 2042 notes), we may redeem each series of new notes in whole or in part at 100% of the principal amount of the new notes of the series being redeemed, plus accrued interest on the principal amount being redeemed to the redemption date.

Redemption of the new notes of one series may be made without the redemption of the new notes of the other series.

“Comparable Treasury Issue” means the United States Treasury security or securities selected by an Independent Investment Banker (as defined below) as having an actual or interpolated maturity comparable to the remaining term of the new notes being redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such new notes.

“Comparable Treasury Price” means, with respect to any redemption date, (1) the average of the Reference Treasury Dealer Quotations (as defined below) for such redemption date, after excluding the highest and lowest

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such Reference Treasury Dealer Quotations, or (2) if the trustee obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

"Independent Investment Banker" means one of the Reference Treasury Dealers (as defined below) appointed by the trustee after consultation with us.

"Reference Treasury Dealer" means each of Barclays Capital Inc., RBS Securities Inc., Scotia Capital (USA) Inc. and UBS Securities LLC, their respective successors, and two other primary U.S. Government securities dealers in the United States (Primary Treasury Dealer) selected by us. If any Reference Treasury Dealer shall cease to be a Primary Treasury Dealer, we will substitute another Primary Treasury Dealer for that dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the trustee by such Reference Treasury Dealer at 3:30 p.m. New York City time on the third business day preceding such redemption date.

"Treasury Rate" means, with respect to any redemption date, the rate per annum equal to the semiannual equivalent yield to maturity or interpolated (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

We will mail notice of any redemption at least 30 days but not more than 60 days before the redemption date to each registered holder of new notes to be redeemed.

Unless we default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the new notes or portions thereof called for redemption.

Covenants

Affirmative Covenants

The Indenture provides that we comply with the following affirmative covenants:

- punctually pay principal and interest on the indenture securities;
- if the indenture securities are no longer in book-entry form, maintain an office in New York, New York where indenture securities may be presented for payment, exchange and transfer;
- appoint a trustee to fill any vacancy;
- issue a certificate to the trustee on January 31 each year indicating whether we have complied with all covenants and conditions in the Indenture;
- maintain our limited liability company existence; and
- pay our taxes and other assessments and claims as they become due, unless they are being contested in good faith.

Mergers and Consolidations

We will not consolidate with or merge with or into any other person, or sell, convey, transfer or lease our properties and assets substantially as an entirety to any person, and we will not permit any person to consolidate with or merge with or into us, unless:

- immediately prior to and immediately following such consolidation, merger, sale or lease, no Event of Default under the Indenture shall have occurred and be continuing; and

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- we are the surviving or continuing entity, or the surviving or continuing entity or entity that acquires by sale, conveyance, transfer or lease is organized in the United States or under the laws of a foreign jurisdiction and consents to the jurisdiction of the courts of the United States and in either case expressly assumes the payment and performance of all of our obligations under the Indenture and the new notes.

Limitation on Liens

We may not issue, assume, guarantee or permit to exist any Indebtedness secured by any lien on any of our property, whether owned on the date that the new notes are issued or thereafter acquired, without in any such case effectively securing the outstanding new notes (together with, if we shall so determine, any other Indebtedness of or guaranteed by us ranking equally with the new notes) equally and ratably with such Indebtedness (but only so long as such Indebtedness is so secured); provided that the foregoing restriction shall not apply to the following permitted liens:

(1) pledges or deposits in the ordinary course of business in connection with bids, tenders, contracts or statutory obligations or to secure surety or performance bonds;

(2) liens imposed by law, such as carriers', warehousemen's and mechanics' liens, arising in the ordinary course of business;

(3) liens for property taxes being contested in good faith;

(4) minor encumbrances, easements or reservations which do not in the aggregate materially adversely affect the value of the properties or impair their use;

(5) liens on property existing at the time of acquisition thereof by us, or to secure any Indebtedness incurred by us prior to, at the time of, or within 90 days after the later of the acquisition, the completion of construction (including any improvements on an existing property) or the commencement of commercial operation of the property, which Indebtedness is incurred for the purpose of financing all or any part of the purchase price or construction or improvements;

(6) liens to secure purchase money Indebtedness not in excess of the cost or value of the property acquired;

(7) liens securing obligations issued by a state, territory or possession of the United States, or any political subdivision of any of the foregoing or the District of Columbia, to finance the acquisition or construction of property, and on which the interest is not, in the opinion of tax counsel of recognized standing or in accordance with a ruling issued by the Internal Revenue Service, includible in gross income of the holder by reason of Section 103(a)(1) of the Internal Revenue Code of 1986, as amended (or any successor to such provision) as in effect at the time of the issuance of such obligations; and

(8) other liens to secure Indebtedness so long as the amount of outstanding Indebtedness secured by liens pursuant to this clause (8) does not exceed 10% of our consolidated net tangible assets.

In the event that we shall propose to pledge, mortgage or hypothecate any property to secure Indebtedness, other than as permitted by clauses (1) through (8) of the previous paragraph, we shall (prior thereto) give written notice thereof to the trustee, who shall give notice to the holders, and we shall, prior to or simultaneously with such pledge, mortgage or hypothecation, effectively secure, all the new notes equally and ratably with such Indebtedness. The Indenture does not limit our Subsidiaries' ability to issue, assume, guarantee or permit to exist any Indebtedness secured by any lien on any of such Subsidiary's property, whether owned on the date the new notes are issued or thereafter acquired, provided that such Indebtedness is limited in recourse only to such Subsidiary.

As used in this prospectus, "Indebtedness" of any person means (1) all indebtedness of such person for borrowed money, (2) all obligations of such person evidenced by senior notes, debentures, notes or other similar instruments, (3) all obligations of such person to pay the deferred purchase price of property or services, (4) all

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indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by such person (even though the rights and remedies of the seller or lender under such agreement in the event of the default are limited to repossession or sale of such property), (5) all capital lease obligations of such person (excluding leases of property in the ordinary course of business), and (6) all Indebtedness of the type referred to in clauses (1) through (5) above secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any lien or security interest on property.

As used in this prospectus, "Subsidiary" means any corporation or other entity of which sufficient voting stock or other ownership or economic interests having ordinary voting power to elect a majority of the board of directors (or equivalent body) are at the time directly or indirectly held by us.

Restriction on Sales and Leasebacks

We may not enter into any sale and leaseback transaction with any Subsidiary. In addition, we may not enter into any sale and leaseback transaction unless we comply with this restrictive covenant. A "sale and leaseback transaction" generally is an arrangement between us and a Subsidiary, bank, insurance company or other lender or investor where we lease real or personal property which was or will be sold by us to that Subsidiary, lender or investor.

We can comply with this restrictive covenant if we meet either of the following conditions:

- the sale and leaseback transaction is entered into prior to, concurrently with or within 90 days after the acquisition, the completion of construction (including any improvements on an existing property) or the commencement of commercial operations of the property; or
- we could otherwise grant a lien on the property as a permitted lien described in "— Limitation on Liens."

Events of Default

We will be subject to an "event of default" under the Indenture if any of the following occurs:

- failure to pay interest for 60 days after the date payment is due and payable; provided that if we extend an interest payment period in accordance with the terms of the indenture securities, the extension will not be a failure to pay interest;
- failure to pay principal or premium, if any, on any indenture security when due, either at maturity, upon any redemption, by declaration or otherwise;
- failure to make any sinking fund payments when due;
- failure to perform other covenants under the Indenture for 60 days after the trustee has notified us that performance was required; or
- bankruptcy, insolvency or reorganization of our company.

In addition to the events of default described in the Indenture, an event of default under the new notes will include:

- an event of default, as defined in any of our instruments under which there may be issued, or by which there may be secured or evidenced, any Indebtedness of our company that has resulted in the acceleration of such Indebtedness, or any default occurring in payment of any such Indebtedness at final maturity (and after the expiration of any applicable grace periods), other than such Indebtedness the principal of which, and interest on which, does not individually, or in the aggregate, exceed $100,000,000; or

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- one or more final judgments, decrees or orders of any court, tribunal, arbitrator, administrative or other governmental body or similar entity for the payment of money shall be rendered against us or any of our properties in an aggregate amount in excess of $100,000,000 (excluding the amount thereof covered by insurance) and such judgment, decree or order shall remain unvacated, undischarged and unstayed for more than 60 consecutive days, except while being contested in good faith by appropriate proceedings.

We will be required to file annually with the trustee a certificate, signed by an officer of our company, stating whether or not the officer knows of any default by us in the performance, observance or fulfillment of any condition or covenant of the Indenture. The Indenture provides that the trustee may withhold notice of a default (except payment defaults) to the holders of indenture securities of the series to which the default applies if the trustee considers it in the interests of those holders of those indenture securities to do so.

An event of default for a particular series of indenture securities does not necessarily constitute an event of default for any other series of indenture securities issued under the Indenture. If an event of default relating to the payment of interest, principal or any sinking fund installment involving any series of indenture securities has occurred and is continuing, the trustee or the holders of not less than 25% in aggregate principal amount of outstanding indenture securities of each affected series may declare the entire principal amount of all the indenture securities of that series (or, if the indenture securities of that series are original issue discount securities, that portion of the principal amount as may be specified in the terms thereof) to be due and payable immediately.

Where an event of default has occurred and is continuing with respect to the outstanding indenture securities of a series, the trustee is under no obligation to exercise any of its rights or powers under the Indenture at the request, order or direction of the holders of the outstanding indenture securities of that series, unless those holders have offered the trustee reasonable indemnity against the expenses and liabilities that it might incur in compliance with the request that the trustee take action in response to an event of default. Subject to these provisions for the indemnification of the trustee, the holders of a majority in principal amount of the outstanding indenture securities of a series will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee, or exercising any trust or power conferred on the trustee with respect to the indenture securities of that series.

The holders of a majority in principal amount of the outstanding indenture securities of a series may, on behalf of the holders of all indenture securities of that series, waive any past default under the Indenture with respect to that series and its consequences, except a default (1) in payment of the principal of (or premium, if any) or interest, or any additional amounts payable in respect of any indenture security of that series or (2) in respect of a covenant or provision that cannot be modified or amended without the consent of the holder of each affected outstanding indenture security of that series.

The Indenture imposes limitations on suits brought by holders of indenture securities against us. Except for actions for payment of overdue principal or interest, no holder of indenture securities of any series may institute any action against us under the Indenture unless:

- the holder has previously given to the trustee written notice of default and continuance of that default;
- the holders of at least 25% in principal amount of the affected outstanding indenture securities have requested that the trustee institute the action;
- the requesting holders have offered the trustee reasonable indemnity for expenses and liabilities that may be incurred by bringing the action;
- the trustee has not instituted the action within 60 days after the request; and
- the trustee has not received inconsistent direction by the holders of a majority in principal amount of the outstanding indenture securities of that series.

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Modification or Waiver

The Indenture provides that the trustee and we may modify and amend the Indenture and enter into supplemental indentures without the consent of any holders of indenture securities to:

- evidence the assumption by a successor corporation of our obligations;
- add covenants for the protection of the holders of indenture securities;
- cure any ambiguity or correct any inconsistency in the Indenture, provided that this action does not adversely affect the interests of holders of any series of indenture securities in any material respect;
- evidence and provide for the acceptance of appointment by a successor trustee; and
- to make any change that would provide any additional rights or benefits to the holders of indenture securities or that does not adversely affect the legal rights under the Indenture of any holder.

The Indenture also provides that the trustee and we may, with the consent of the holders, add, eliminate or modify in any way the provisions of the Indenture or modify in any manner the rights of the holders of the indenture securities. Consent of the holders means holders of not less than a majority in aggregate principal amount of indenture securities of all affected series then outstanding, voting as one class. We cannot do this, however, for those matters requiring the consent of each holder as described below.

The trustee and we may not without the consent of the holder of each outstanding indenture security affected thereby:

- extend the final maturity of any indenture security;
- reduce the principal amount or premium, if any;
- reduce the rate or extend the time of payment of interest;
- reduce any amount payable on redemption;
- reduce the amount of the principal of any indenture security issued with an original issue discount that is payable upon acceleration or provable in bankruptcy;
- impair the right to sue for the enforcement of any payment on any indenture security when due; or
- reduce the percentage of holders of indenture securities of any series whose consent is required for any modification of the Indenture.

In determining whether the holders of the requisite principal amount of outstanding indenture securities have given any request, demand, authorization, direction, notice, consent or waiver under the Indenture, (1) the principal amount of an original issue discount security that will be deemed to be outstanding will be the amount of the principal thereof that would then be due and payable upon acceleration of the maturity thereof and (2) indenture securities owned by us or any other obligor upon the indenture securities or any affiliate of ours or of any other obligor will be disregarded.

Satisfaction and Discharge, Defeasance and Covenant Defeasance

We may discharge obligations to holders of new notes that have not already been delivered to the trustee for cancellation and that have either become due and payable or are to become due and payable, or are scheduled for redemption, within one year. We may discharge these obligations by irrevocably depositing with the trustee cash or “U.S. Government Obligations” (as defined below), as trust funds, in an amount certified to be enough to pay when due, whether at maturity, upon redemption or otherwise, the principal of and interest on the new notes.

We may also discharge any and all of our obligations to holders of new notes at any time, referred to as “defeasance.” We may also be released from the obligations imposed by any covenants of the new notes and

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provisions of the Indenture, and we may avoid complying with those covenants without creating an event of default under the Indenture, referred to as "covenant defeasance." We may effect defeasance and covenant defeasance only if, among other things:

- we irrevocably deposit with the trustee cash or U.S. Government Obligations, as trust funds, in an amount certified to be enough to pay at maturity, or upon redemption, the principal, and interest on all outstanding new notes; and
- we deliver to the trustee an opinion of counsel from a nationally recognized law firm to the effect that (1) in the case of covenant defeasance, the holders of the series of indenture securities will not recognize income, gain or loss for U.S. federal income tax purposes as a result of that defeasance, and will be subject to tax in the same manner and at the same time as if no covenant defeasance had occurred and (2) in the case of defeasance, either we have received from, or there has been published by, the Internal Revenue Service a ruling or there has been a change in applicable U.S. federal income tax law, and based thereon, the holders of the series of indenture securities will not recognize income, gain or loss for U.S. federal income tax purposes as a result of that defeasance, and will be subject to tax in the same manner as if no defeasance had occurred.

Although we may discharge or decrease our obligations under the new notes and the Indenture as described in the two preceding paragraphs, we may not avoid, among other things, the rights and obligations of the trustee under the Indenture, to register the transfer or exchange of new notes, to replace any temporary, mutilated, destroyed, lost or stolen new notes or to maintain an office or agency in respect of any series of indenture securities.

If we effect covenant defeasance with respect to any new notes and those new notes are declared due and payable because of the occurrence of any event of default other than the event of default resulting from a failure to comply with any covenant in the Indenture after the notice served therefor has elapsed, the amount of U.S. Government Obligations and funds on deposit with the trustee will be sufficient to pay amounts due on those new notes at the time of their stated maturity but may not be sufficient to pay amounts due on those new notes at the time of the acceleration resulting from that event of default. In that case, we would remain liable to make payment of those amounts due at the time of acceleration.

If the trustee or any paying agent is prevented by a court or governmental authority from applying any money deposited with the trustee in accordance with the Indenture, then our obligations under the Indenture and the new notes shall be revived and reinstated as though no deposit had occurred pursuant to the Indenture. Thereafter, our obligation will continue until such time as the trustee or paying agent is permitted to apply all money in accordance with the Indenture. Any payment of principal of (or premium, if any) or interest that we make on any new notes following the reinstatement of our obligations will be subrogated to the rights of the holders of those new notes to receive such payment from the money held by the trustee or paying agent.

As used above, "U.S. Government Obligations" means securities that are (1) direct obligations of the United States or (2) obligations of a person controlled or supervised by and acting as an agency or instrumentality of the United States, the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States, which are not callable or redeemable at the option of the issuer thereof.

Concerning the Trustee

We and our affiliates use or will use some of the banking services of the trustee in the normal course of business.

Governing Law

The Indenture and the new notes will be governed by the laws of the Commonwealth of Pennsylvania.

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Book-Entry System

DTC will act as securities depository for the new notes. The new notes will be issued as fully-registered securities registered in the name of Cede & Co., as nominee of DTC, or such other name as may be requested by an authorized representative of DTC. The new notes will be deposited with DTC and may not be transferred except as a whole by DTC to a nominee of DTC or by a nominee of DTC to DTC or another nominee of DTC or by DTC or any nominee to a successor of DTC or a nominee of such successor.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds and provides asset servicing for (over 3.5 million issues of) U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants (Direct Participants) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (DTCC). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (Indirect Participants). The rules applicable to DTC and its Direct and Indirect Participants are on file with the SEC. More information about DTC can be found at www.dtcc.com and www.dtc.org. We do not intend this internet address to be an active link or to otherwise incorporate the content of the website into this prospectus.

Clearstream advises that it is incorporated under the laws of Luxembourg as a bank. Clearstream holds securities for its customers and facilitates the clearance and settlement of securities transactions between its customers through electronic book-entry transfers between their accounts. Clearstream provides to its customers among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream interfaces with domestic securities markets in over 30 countries through established depository and custodial relationships. As a bank, Clearstream is subject to regulation by the Luxembourg Commission for the Supervision of the Financial Sector, also known as the *Commission de Surveillance du Secteur Financier*. Its customers are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. Its customers in the United States are limited to securities brokers and dealers and banks. Indirect access to Clearstream is also available to other institutions such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with the customer.

Euroclear advises that it was created in 1968 to hold securities for its participants and to clear and settle transactions between Euroclear participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Euroclear provides various other services, including securities lending and borrowing and interfaces with domestic markets in several countries. Euroclear is operated by Euroclear Bank S.A./N.V. Euroclear Clearance establishes policy for Euroclear on behalf of Euroclear participants. Euroclear participants include banks, including central banks, securities brokers and dealers and other professional financial intermediaries and may include the Initial purchasers. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear participant, either directly or indirectly. Securities clearance accounts and cash accounts with the Euroclear operator are governed by the terms and conditions governing use of Euroclear and the related operating procedures of

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Euroclear. These terms and conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear operator acts under the terms and conditions only on behalf of Euroclear participants and has no record of or relationship with persons holding through Euroclear participants.

Euroclear further advises that investors that acquire, hold and transfer interests in the new notes by book-entry through accounts with the Euroclear operator or any other securities intermediary are subject to the laws and contractual provisions governing their relationship with their intermediary, as well as the laws and contractual provisions governing the relationship between such an intermediary and each other intermediary, if any, standing between themselves and the global securities.

Purchases of new notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the new notes on DTC's records. The ownership interest of each actual purchaser of new notes is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the new notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in new notes, except in the event that use of the book-entry system for the new notes is discontinued.

To facilitate subsequent transfers, all new notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of new notes with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the new notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such new notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. The laws of some jurisdictions may require that certain persons take physical delivery in definitive form of securities which they own. Consequently, those persons may be prohibited from purchasing beneficial interests in the global bonds from any beneficial owner or otherwise.

Redemption notices shall be sent to DTC. If less than all of the notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

So long as DTC's nominee is the registered owner of the new notes, such nominee for all purposes will be considered the sole owner or holder of the new notes for all purposes under the Indenture. Except as provided below, Beneficial Owners will not be entitled to have any of the new notes registered in their names, will not receive or be entitled to receive physical delivery of the new notes in definitive form and will not be considered the owners or holders thereof under the Indenture.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the new notes. Under its usual procedures, DTC mails an omnibus proxy to us as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the new notes are credited on the record date (identified in a listing attached to the omnibus proxy).

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All payments on the new notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from us or the trustee on payment dates in accordance with their respective holdings shown on DTC's records. Payments by participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such participant and not of DTC, the trustee, or us, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) shall be the responsibility of the trustee or us, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct Participants and Indirect Participants.

DTC may discontinue providing its service as securities depositary with respect to the new notes at any time by giving reasonable notice to us or the trustee. In addition, we may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depositary). In the event that a successor securities depositary is not obtained under the above circumstances, or, alternatively, if an event of default with respect to the new notes has occurred and is outstanding, new notes in fully registered form are required to be printed and delivered to Beneficial Owners of the new notes representing such new notes.

Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC's rules and will be settled in immediately available funds using DTC's same-day funds settlement system. Secondary market trading between Clearstream customers and/or Euroclear participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream and Euroclear and will be settled using the procedures applicable to conventional Eurobonds in immediately available funds.

Cross market transfers between persons holding directly or indirectly through DTC on the one hand, and directly or indirectly through Clearstream customers or Euroclear participants, on the other, will be effected in DTC in accordance with DTC's rules on behalf of the relevant European international clearing system by its U.S. depositary; however, such cross market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in such system in accordance with its rules and procedures and within its established deadlines, in European time. The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to its U.S. depository to take action to effect final settlement on its behalf by delivering interests in the new notes to or receiving interests in the new notes from DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Clearstream customers and Euroclear participants may not deliver instructions directly to their respective U.S. depositaries.

Because of time-zone differences, credits of interests in the new notes received by Clearstream or Euroclear as a result of a transaction with a DTC participant will be made during subsequent securities settlement processing and dated the business day following the DTC settlement date. Such credits or any transactions involving interests in such new notes settled during such processing will be reported to the relevant Clearstream customers or Euroclear participants on such business day. Cash received by Clearstream or Euroclear as a result of sales of interests in the new notes by or through a Clearstream customer or a Euroclear participant to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Clearstream or Euroclear cash account only as of the business day following settlement in DTC.

The information in this section has been obtained from sources that we believe to be reliable, but we take no responsibility for its accuracy.

Neither we, the trustee nor the Exchange Agent will have any responsibility or obligation to Direct Participants, or the persons for whom they act as nominees, with respect to the accuracy of the records of DTC, its nominee or any Direct Participant with respect to any ownership interest in the new notes, or payments to, or the providing of notice to Direct Participants or Beneficial Owners.

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PLAN OF DISTRIBUTION

We are making the exchange offer in reliance on the position of the Staff of the Division of Corporation Finance of the SEC as defined certain interpretive letters issued to third parties in other transactions.

Each broker-dealer that receives new notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such new notes. This Prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of new notes received in exchange for outstanding notes where such outstanding notes were acquired as a result of market-making activities or other trading activities. The Company has agreed that, for a period of 180 days after the expiration of the exchange offer, it will make this Prospectus, as amended or supplemented, available to any brokerdealer for use in connection with any such resale.

We will not receive any proceeds from any sale of new notes by broker-dealers. New notes received by broker-dealers for their own account pursuant to the exchange offer may be sold from time to time in one or more transactions in the over-the-counter market, in negotiated transactions, through the writing of options on the new notes or a combination of such methods of resale, at market prices prevailing at the time of resale, at prices related to such prevailing market prices or negotiated prices. Any such resale may be made directly to purchasers or to or through brokers or dealers who may receive compensation in the form of commissions or concessions from any such broker-dealer or the purchasers of any such new notes. Any broker-dealer that resells new notes that were received by it for its own account pursuant to the exchange offer and any broker or dealer that participates in a distribution of such new notes may be deemed to be an “underwriter” within the meaning of the Securities Act and any profit on any such resale of new notes and any commission or concessions received by any such persons may be deemed to be underwriting compensation under the Securities Act. The Letter of Transmittal states that, by acknowledging that it will deliver and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an “underwriter” within the meaning of the Securities Act.

For a period of 180 days after the expiration of the exchange offer we will promptly send additional copies of this Prospectus and any amendment or supplement to this Prospectus to any broker-dealer that requests such documents in the Letter of Transmittal. We have agreed to pay all expenses incident to the exchange offer (including the expenses of one counsel for the holders of the outstanding notes) other than commissions or concessions of any brokers or dealers and will indemnify the holders of the outstanding notes (including any broker-dealers) against certain liabilities, including liabilities under the Securities Act.

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FEDERAL INCOME TAX CONSIDERATIONS

The following discussion is a summary of certain United States federal income tax consequences relevant to the acquisition, ownership and disposition of the new notes by the beneficial owners thereof ("Holders"). This discussion is limited to the tax consequences to the initial Holders of outstanding notes who purchased the outstanding notes at issuance at the issue price within the meaning of Section 1273 of the Internal Revenue Code of 1986, as amended (the "Code"), and does not address the tax consequences to subsequent purchasers of the outstanding notes or the new notes. This summary does not purport to be a complete analysis of all of the potential United States federal income tax consequences relating to the purchase of the outstanding notes or the exchange of outstanding notes for new notes or the ownership and disposition of notes, nor does this summary describe any federal estate or gift tax consequences.

There can be no assurance that the Internal Revenue Service ("IRS") will take a similar view of the tax consequences described herein. Furthermore, this discussion does not address all aspects of taxation that might be relevant to particular purchasers in light of their individual circumstances. For instance, this discussion does not address the alternative minimum tax provisions of the Code, foreign, state, local or other tax laws, any U.S. tax considerations (e.g., estate or gift tax) other than U.S. federal income tax considerations or special rules applicable to certain categories of purchasers (including brokers or dealers in securities or foreign currencies, traders that elect to mark-to-market their securities, insurance companies, regulated investment companies, real estate investment trusts, financial institutions, tax-exempt entities, trusts, estates, partnerships or other pass-through entities, Holders whose functional currency is not the United States dollar and, except to the extent discussed below, certain Foreign Holders (as defined below)) or to purchasers who hold the notes as part of a hedge, straddle, conversion, constructive ownership or constructive sale transaction or other risk reduction transaction. This discussion is based on the provisions of the Code, the Treasury Regulations promulgated thereunder, and administrative and judicial interpretations thereof, all as in effect as of the date of this prospectus and all of which are subject to change (possibly on a retroactive basis). This discussion below assumes that the outstanding notes (and the new notes) have been (and will be) held as capital assets within the meaning of Code Section 1221.

You are urged to consult your tax advisor as to the specific tax consequences of an exchange of the outstanding notes for new notes in light of your particular tax situation, including the application and effect of the Code, as well as state, local and foreign income tax, estate and gift tax and other tax laws.

Tax Consequences to United States Holders

The following summary is a general description of the United States federal income tax consequences applicable to a "United States Holder." For the purpose of this discussion, the term "United States Holder" means a Holder of an outstanding note or a new note that is for United States federal income tax purposes: (1) a citizen or resident of the United States, (2) a corporation, partnership or other entity created or organized in or under the laws of the United States or of any political subdivision thereof, (3) an estate, the income of which is subject to United States federal income taxation regardless of its source, or (4) a trust, the administration of which is subject to the primary supervision of a court within the United States and which has one or more United States persons with authority to control all substantial decisions, or a trust that was in existence on August 20, 1996 and has elected to continue to be treated as a United States trust.

If a partnership (or an entity taxable as a partnership) holds the new notes, the United States federal income tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership. If you are a partner in a partnership (or an entity taxable as a partnership) holding new notes, you should consult your tax advisor.

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Exchange Offer

The exchange of an outstanding note for a new note pursuant to the exchange offer generally will not be taxable to the exchanging Holder for United States federal income tax purposes. As a result, an exchanging Holder:

- will not recognize any gain or loss on the exchange;
- will have a holding period for the new note that includes the holding period for the outstanding note exchanged therefor;
- will have an initial adjusted tax basis in the new note equal to its adjusted tax basis in the outstanding note exchanged therefor; and
- will experience tax consequences upon a subsequent sale, exchange, redemption or retirement of a new note similar to the tax consequences upon a sale, exchange, redemption or retirement of an outstanding note.

This exchange offer is not expected to result in any United States federal income tax consequences to a nonexchanging Holder.

Issue Price of New Notes; Original Issue Discount

The new notes will be treated as newly issued debt with an issue price equal to the fair market value of the new notes on the Exchange Date.

A new note will be treated as issued with original issue discount if the excess of the new note's "stated redemption price at maturity" (as defined below over its issue price equals or exceeds a de minimis amount (generally 0.25% of the new note's stated redemption price at maturity multiplied by the number of years to its maturity, weighing each payment by reference to the number of full years elapsed from the Exchange Date to the anticipated date of such payment). A new note's "stated redemption price at maturity" generally includes all payments on the new note other than payments of stated interest.

Generally, any de minimis original issue discount must be included in income as principal payments on the new notes are received. The amount includible equals the product of the total de minimis original issue discount and a fraction, the numerator of which is the amount of the principal payment and the denominator of which is the stated principal amount of the new note.

Generally, non-de minimis original issue discount on the new notes must be included in income as it accrues, before (and without regard to the timing of) receipt of the cash attributable to such income, and without regard to the Holder's method of accounting, using a constant yield method. The amount of original issue discount includible in income is the sum of the daily portions of original issue discount with respect to a new note for each day during the taxable year or portion of the taxable year in which the Holder holds the new note.

Under certain circumstances (see "Description of the New Notes—Redemption at Our Option"), we may be required to pay amounts on the new notes that are in excess of stated interest or principal on the new notes. Under the United States Treasury Regulations, the possibility of additional payments under a debt instrument may be disregarded for purposes of determining the amount of original issue discount income to be recognized by the Holder in respect of the debt instrument (or the timing of such recognition) if the likelihood of the payments, as of the date the debt instrument is issued, is remote, the amount of potential payments is incidental or another applicable exception applies. We believe that the possibility of additional payments will be disregarded. Therefore, we do not intend to treat the possibility of such additional payments as affecting the amount of interest or original issue discount to be recognized by the beneficial owner of a new note or the timing or character of such recognition. Our determination is binding on each Holder unless the Holder explicitly discloses to the IRS in the proper manner that its determination is different than ours.

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Our determination is not binding on the IRS. It is possible that the IRS may take a different position regarding the possibility of such additional payments. If that position were sustained, the timing, amount and character of income recognized with respect to the new notes might differ substantially, and possibly adversely, from the consequences described herein.

Payments of Stated Interest

Stated interest paid on the new notes will generally be taxable to a United States Holder as ordinary interest income at the time the interest accrues or is received in accordance with such Holder's method of accounting for United States federal income tax purposes.

Payments of Accrued and Unpaid Interest on the Outstanding Notes

Each Holder whose outstanding notes are accepted for exchange by us will receive on the first interest payment date for the new notes an amount representing (a) interest, if any, accrued from the most recent interest payment date in respect of the outstanding notes up to but not including the Exchange Date ("old note accrued interest"), less (b) interest, if any, accrued on the new notes up to but not including the Exchange Date (pre-issuance interest). By exchanging outstanding notes for new notes pursuant to the Exchange Offer, each Holder whose outstanding notes are accepted for exchange agrees to treat the entire amount of the old note accrued interest as having been received on such interest payment date for United States federal income tax purposes. Additionally, each Holder agrees to treat the portion of the stated interest received on the new notes constituting pre-issuance interest on the first interest payment date as a nontaxable return of capital.

Sale, Redemption, Retirement or Other Disposition of the Notes

In general, upon the sale, redemption, retirement or other taxable disposition of a new note, a United States Holder will recognize capital gain or loss equal to the difference between the amount realized on such sale, redemption, retirement or other disposition (not including any amount attributable to accrued but unpaid interest that the United States Holder has not already included in gross income) and such Holder's adjusted tax basis in the note. Any amount attributable to accrued but unpaid interest that the United States Holder has not already included in gross income will be treated as a payment of interest. See "Payments of Interest" above. A United States Holder's adjusted tax basis in a note generally will equal the cost of the outstanding note, reduced by any principal payments received by such Holder and increased by any accrued but unpaid interest the Holder has included in income.

Under current law, a noncorporate United States Holder generally will be subject to a maximum tax rate of 20% (15% for taxable years beginning before January 1, 2013) on net capital gains realized by the Holder on the disposition of capital assets (including the notes) held for more than one year. Capital losses realized by a Holder from the disposition of capital assets (including the notes) during any taxable year are, with minor exceptions, deductible only to the extent of capital gains realized in that taxable year or subsequent taxable years.

Unearned Income Tax

For taxable years beginning after December 31, 2012, a United States Holder that is an individual or estate, or a trust that does not fall into a special class of trusts that is exempt from such tax, will be subject to a 3.8% tax (the "Unearned Income Tax") on the lesser of (1) the United States Holder's "net investment income" for the relevant taxable year and (2) the excess of the United States Holder's adjusted gross income (increased by certain amounts of excluded foreign income) for the taxable year over a certain threshold (which in the case of individuals will be between $125,000 and $250,000, depending on the individual's circumstances). A United States Holder's net investment income will generally include its interest income and net gain from the disposition of the Notes, unless such interest income and net gain is derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). Net investment income may, however, be reduced by properly allocable deductions to such income. United States Holders that are individuals, estates or trusts are urged to consult their tax advisors regarding the applicability of the Unearned Income Tax to their income and gains from the Notes.

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Tax Consequences to Foreign Holders

The following summary is a general description of certain United States federal income tax consequences to a "Foreign Holder" (which, for the purpose of this discussion, means a Holder that is not a United States Holder). Special rules not discussed in this summary may apply to certain Foreign Holders, including a Holder that is (within the meaning of the Code) a "controlled foreign corporation," a "passive foreign investment company," an "expatriate," or a "foreign personal holding company." The following summary is additionally subject to the discussion below concerning backup withholding.

Exchange Offer

A Foreign Holder will not recognize gain or loss from the exchange of an outstanding note for a new note regardless of whether such Holder is otherwise subject to United States federal income tax with respect to income derived from an outstanding note or a new note under the rules described below.

Payments of Interest

Assuming that a Foreign Holder's income from a new note is not "effectively connected" with the conduct by such Holder of a trade or business in the United States, payments of interest (including original issue discount) on a new note to a Foreign Holder will not be subject to United States federal income tax or withholding tax, provided that:

- such Holder does not own, actually or constructively, 10% or more of the total combined voting power of all classes of our stock entitled to vote;
- such Holder is not, for United States federal income tax purposes, a controlled foreign corporation related, directly or indirectly, to us through stock ownership;
- such Holder is not a bank receiving interest in the manner described in Code Section 881(c)(3)(A); and
- the certification requirements imposed under Code Section 871(h) or 881(c) (summarized below) are met.

Payments of interest on a new note that do not satisfy all of the foregoing requirements are generally subject to United States federal income tax at a flat rate of 30% (or a lower applicable treaty rate, provided certain certification requirements are met), which will be collected through withholding by our paying agent.

Except to the extent otherwise provided under an applicable tax treaty, a Foreign Holder generally will be subject to United States federal income tax in the same manner as a United States Holder with respect to interest on a new note if such interest is effectively connected with the conduct of a United States trade or business by such Holder. Effectively connected interest income will not be subject to withholding tax if the Foreign Holder delivers an IRS Form W-8ECI to the paying agent. Effectively connected interest income received by a corporate Foreign Holder may also, under certain circumstances, be subject to an additional "branch profits tax" at a 30% rate (or lower applicable treaty rate).

Sales, Exchange, Redemption or Retirement of a New Note

In general, a Foreign Holder will not be subject to United States federal income tax or withholding tax on the receipt of payments of principal on a new note or on any gain recognized on the sale, redemption, retirement or other taxable disposition of a new note, unless:

- such Foreign Holder is a nonresident alien individual who is present in the United States for 183 or more days during the taxable year of disposition and certain other conditions are met; or
- the gain is effectively connected with the conduct of a United States trade or business by the Foreign Holder.

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Any amount paid to a Foreign Holder on the sale, redemption, retirement or other taxable disposition of a new note that is attributable to accrued but unpaid interest will be treated in the same manner as payments of interest made to a Foreign Holder (as described above under "—Payments of Interest").

Withholding Tax Exemption Procedures

In order to obtain the exemption from United States federal income tax withholding described above, either (1) a Foreign Holder of a new note must provide a certificate containing its name and address, and certify, under penalties of perjury, to our paying agent that such Holder is a Foreign Holder, or (2) a securities clearing organization, bank or other financial institution that holds customer securities in the ordinary course of its trade or business (a "Financial Institution") that holds a new note on behalf of the Foreign Holder must (a) certify, under penalties of perjury, to our paying agent that the required certificate has been received from the Foreign Holder by it or by an intermediary Financial Institution and (b) furnish a copy of the certificate to our paying agent. A certificate described in this paragraph is effective only with respect to payments of interest made to the Foreign Holder after issuance of the certificate in the calendar year of its issuance and the two immediately succeeding calendar years. The foregoing certification may be provided by the Foreign Holder on IRS Form W-8BEN, W-8IMY or W-8EXP, as applicable.

Backup Withholding and Information Reporting

Backup withholding tax (presently imposed at the rate of 28%) but scheduled to increase to 31% after 2012 and certain information reporting requirements apply to certain payments of principal and interest or the proceeds of sale made to certain Holders of new notes.

In the case of a noncorporate United States Holder, information reporting requirements will apply to payments of principal or interest made by our paying agent on a new note. The payor will be required to impose backup withholding tax if:

- a Holder fails to furnish its Taxpayer Identification Number ("TIN") (which, for an individual, is the individual's Social Security number) to the payor in the manner required;
- a Holder furnishes an incorrect TIN and the payor is so notified by the IRS;
- the payor is notified by the IRS that such Holder has failed to properly report payments of interest or dividends; or
- under certain circumstances, a Holder fails to certify, under penalties of perjury, that it has furnished a correct TIN and is not subject to backup withholding for failure to report interest or dividend payments.

Backup withholding and information reporting do not apply with respect to payments made to certain exempt recipients, including a corporation.

In the case of a Foreign Holder, backup withholding will not apply to payments of principal or interest made by our paying agent on a new note (absent actual knowledge that the Holder is actually a United States Holder) if the Foreign Holder has provided the required certification under penalties of perjury that it is not a United States Holder or has otherwise established an exemption from backup withholding. If the Foreign Holder provides the required certification, such Holder may nevertheless be subject to United States federal income tax withholding as described above under "– Tax Consequences to Foreign Holders."

Backup withholding tax is not an additional tax. Rather, any amount withheld from a payment to a Holder is generally allowed as a credit against such Holder's United States federal income tax liability and may entitle the Holder to a refund provided that certain required information is provided to the IRS.

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Additional Future Information Reporting and Withholding Requirements

Under the provisions of the Foreign Account Tax Compliance Act ("FATCA"), foreign financial institutions (which include hedge funds, private equity funds, mutual funds, securitization vehicles and any other investment vehicles regardless of their size) must comply with new information reporting rules with respect to their United States account holders and investors or confront a new withholding tax on United States source payments made to them. Specifically, FATCA requires that foreign financial institutions enter into an agreement with the United States government to collect and provide the IRS substantial information regarding United States account holders of such foreign financial institution. Additionally, FATCA requires all other foreign entities that are not financial institutions to provide the withholding agent with a certification identifying the substantial United States owners of such foreign entity.

A foreign financial institution or other foreign entity that does not comply with the FATCA reporting requirements will be subject to a new 30% withholding tax with respect to any "withholdable payments" made after December 31, 2012, other than such payments that are made on "obligations" that are "grandfathered" from the application of the FATCA reporting and withholding requirements, For this purpose, withholdable payments are United States source payments otherwise subject to nonresident withholding tax and also include the entire gross proceeds from the sale of any equity or debt instruments of United States issuers. As enacted, FATCA grandfathered only those obligations that were outstanding on March 18, 2012. However, under proposed IRS regulations issued February 8, 2012 (but not yet adopted as final regulations, the "Proposed FATCA Regulations"), obligations that are outstanding on January 1, 2013, will be grandfathered from the FATCA reporting and withholding requirements. Therefore, if the Proposed FATCA Regulations are adopted in their current form, payments made on the new notes should not be subject to such FATCA requirements.

LEGAL MATTERS

The validity of the new notes will be passed upon for us by Ballard Spahr LLP.

EXPERTS

The financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) of Generation incorporated in this Prospectus by reference to the Annual Report on Form 10-K for the year ended December 31, 2011 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

The audited historical financial statements of Constellation Energy Group, Inc. and Baltimore Gas and Electric Company included as Exhibit 99.1 to Generation's Current Report on Form 8-K/A dated March 9, 2012 and filed on May 25, 2012 have been incorporated by reference in this Prospectus in reliance on the reports of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

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Filed Pursuant to Rule 433
Registration Statement No. 333-196220-04
Dated January 8, 2015

Exelon Generation Company, LLC
Pricing Term Sheet

$750,000,000 2.950% Senior Notes Due 2020

Issuer:	Exelon Generation Company, LLC
Expected Ratings*:	Baa2 (Moody's); BBB (S&P); BBB+ (Fitch)
Principal Amount:	$750,000,000
Security Type:	Senior Notes
Trade Date:	January 8, 2015
Settlement Date:	January 13, 2015 (T+3)
Coupon:	2.950%
Maturity Date:	January 15, 2020
Interest Payment Dates:	Semi-annually on January 15 and July 15, commencing July 15, 2015
Benchmark Treasury:	1.625% due December 31, 2019
Benchmark Treasury Yield:	1.504%
Spread to Benchmark Treasury:	+145 basis points
Yield to Maturity:	2.954%
Offering Price:	99.981% of Principal Amount
Optional Redemption:	At any time prior to December 15, 2019, at a discount rate of Treasury plus 25 basis points; and on or after December 15, 2019, at 100% of the principal amount plus accrued and unpaid interest to the redemption date
CUSIP / ISIN:	30161MAP8 / US30161MAP86
Joint Book-Running Managers:	Barclays Capital Inc. Morgan Stanley & Co. LLC Citigroup Global Markets Inc. Credit Suisse Securities (USA) LLC J.P. Morgan Securities LLC
Co-Managers:	Samuel A. Ramirez & Company, Inc. Telsey Advisory Group LLC

***Note:** A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

The issuer has filed a registration statement (including a prospectus) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents the issuer has filed with the SEC for more complete information about the issuer and this offering. You may get these documents for free by visiting EDGAR on the SEC Web site at www.sec.gov. Alternatively, the issuer, any underwriter or any dealer participating in the offering will arrange to send you the prospectus if you request it by calling Barclays Capital Inc. toll-free at 1-888-603-5847 or Morgan Stanley & Co. LLC toll-free at 1-866-718-1649.

S1-SSA-0009 - 28166

FWP 1 d352988dfwp.htm FWP

Filed Pursuant to Rule 433
Registration Statement No. 333-213383-06
Dated March 7, 2017

$750,000,000
Exelon Generation Company, LLC

$250,000,000 2.950% Senior Notes Due 2020
$500,000,000 3.400% Senior Notes Due 2022

March 7, 2017

Pricing Term Sheet

	$250,000,000 2.950% Senior Notes Due 2020	**$500,000,000 3.400% Senior Notes Due 2022**
Issuer:	Exelon Generation Company, LLC	Exelon Generation Company, LLC
Expected Ratings*:	Baa2 (Moody's); BBB (Fitch); BBB (S&P)	Baa2 (Moody's); BBB (Fitch); BBB (S&P)
Principal Amount:	$250,000,000	$500,000,000
Security Type:	Senior Notes	Senior Notes
Trade Date:	March 7, 2017	March 7, 2017
Settlement Date:	March 10, 2017 (T+3)	March 10, 2017 (T+3)
Coupon:	2.950%	3.400%
Qualified Reopening:	There is currently outstanding $750.0 million in aggregate principal amount of notes of this series that were issued on January 8, 2015. The notes offered hereby will be fungible with the previously issued notes of this series, and both the notes offered hereby and such previously issued notes, taken together, will be treated as a single series for all purposes.	N/A
Maturity Date:	January 15, 2020	March 15, 2022
Interest Payment Dates:	Semi-annually on January 15 and July 15 commencing July 15, 2017	Semi-annually on March 15 and September 15, commencing September 15, 2017
Benchmark Treasury:	1.375% due February 15, 2020	1.875% due February 28, 2022
Benchmark Treasury Yield:	1.612%	2.047%
Spread to Benchmark Treasury:	+100 basis points	+140 basis points
Yield to Maturity:	2.612%	3.447%
Offering Price:	100.895% of Principal Amount[1]	99.785% of Principal Amount
Optional Redemption:	At any time prior to December 15, 2019, at a discount rate of Treasury plus 25 basis points; and on or after December 15, 2019, at 100% of the principal amount plus accrued and unpaid interest to the redemption date	At any time prior to February 15, 2022, at a discount rate of Treasury plus 25 basis points; and on or after February 15, 2022, at 100% of the principal amount plus accrued and unpaid interest to the redemption date

[1] Plus accrued and unpaid interest from and including January 15, 2017 to, but excluding March 10, 2017, in the aggregate amount of $1,126,736.11, or $4.507 per $1,000 principal amount of the notes.

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CUSIP / ISIN:	30161MAP8 / US3016MAP86	30161MAR4 / US30161MAR43
Joint Book-Running Managers:	Barclays Capital Inc. J.P. Morgan Securities LLC Morgan Stanley & Co. LLC	Barclays Capital Inc. J.P. Morgan Securities LLC Morgan Stanley & Co. LLC
Senior Co-Manager:	KeyBanc Capital Markets Inc.	KeyBanc Capital Markets Inc.
Co-Managers:	Academy Securities, Inc. The Huntington Investment Company	Academy Securities, Inc. The Huntington Investment Company

***Note:** A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

The issuer has filed a registration statement (including a prospectus) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents the issuer has filed with the SEC for more complete information about the issuer and this offering. You may get these documents for free by visiting EDGAR on the SEC Web site at www.sec.gov. Alternatively, the issuer, any underwriter or any dealer participating in the offering will arrange to send you the prospectus if you request it by calling Barclays Capital Inc. toll-free at 1-888-603-5847 or J.P. Morgan Securities LLC collect at 1-212-834-4533.

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FWP 1 d352988dfwp.htm FWP

Filed Pursuant to Rule 433
Registration Statement No. 333-213383-06
Dated March 7, 2017

Explanatory Note: This Rule 433 filing is being submitted solely to correct a typographical error with respect to the ISIN number for the $250,000,000 2.950% Senior Notes Due 2020 and supersedes the previously submitted Rule 433 filing.

$750,000,000
Exelon Generation Company, LLC

$250,000,000 2.950% Senior Notes Due 2020
$500,000,000 3.400% Senior Notes Due 2022

March 7, 2017

Pricing Term Sheet

	$250,000,000 2.950% Senior Notes Due 2020	**$500,000,000 3.400% Senior Notes Due 2022**
Issuer:	Exelon Generation Company, LLC	Exelon Generation Company, LLC
Expected Ratings*:	Baa2 (Moody's); BBB (Fitch); BBB (S&P)	Baa2 (Moody's); BBB (Fitch); BBB (S&P)
Principal Amount:	$250,000,000	$500,000,000
Security Type:	Senior Notes	Senior Notes
Trade Date:	March 7, 2017	March 7, 2017
Settlement Date:	March 10, 2017 (T+3)	March 10, 2017 (T+3)
Coupon:	2.950%	3.400%
Qualified Reopening:	There is currently outstanding $750.0 million in aggregate principal amount of notes of this series that were issued on January 8, 2015. The notes offered hereby will be fungible with the previously issued notes of this series, and both the notes offered hereby and such previously issued notes, taken together, will be treated as a single series for all purposes.	N/A
Maturity Date:	January 15, 2020	March 15, 2022
Interest Payment Dates:	Semi-annually on January 15 and July 15, commencing July 15, 2017	Semi-annually on March 15 and September 15, commencing September 15, 2017
Benchmark Treasury:	1.375% due February 15, 2020	1.875% due February 28, 2022
Benchmark Treasury Yield:	1.612%	2.047%
Spread to Benchmark Treasury:	+100 basis points	+140 basis points
Yield to Maturity:	2.612%	3.447%

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Offering Price:	100.895% of Principal Amount[1]	99.785% of Principal Amount
Optional Redemption:	At any time prior to December 15, 2019, at a discount rate of Treasury plus 25 basis points; and on or after December 15, 2019, at 100% of the principal amount plus accrued and unpaid interest to the redemption date	At any time prior to February 15, 2022, at a discount rate of Treasury plus 25 basis points; and on or after February 15, 2022, at 100% of the principal amount plus accrued and unpaid interest to the redemption date
CUSIP / ISIN:	30161MAP8 / US30161MAP86	30161MAR4 / US30161MAR43
Joint Book-Running Managers:	Barclays Capital Inc. J.P. Morgan Securities LLC Morgan Stanley & Co. LLC	Barclays Capital Inc. J.P. Morgan Securities LLC Morgan Stanley & Co. LLC
Senior Co-Manager:	KeyBanc Capital Markets Inc.	KeyBanc Capital Markets Inc.
Co-Managers:	Academy Securities, Inc. The Huntington Investment Company	Academy Securities, Inc. The Huntington Investment Company

***Note:** A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

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1 Plus accrued and unpaid interest from and including January 15, 2017 to, but excluding March 10, 2017, in the aggregate amount of $1,126,736.11, or $4.507 per $1,000 principal amount of the notes.

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As filed with the Securities and Exchange Commission on April 28, 2017

Registration Statement No. 333-213383
Registration Statement No. 333-213383– 01
Registration Statement No. 333-213383– 02
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Registration Statement No. 333-213383– 04
Registration Statement No. 333-213383– 05
Registration Statement No. 333-213383– 06
Registration Statement No. 333-213383–

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

Post-Effective Amendment No. 1
to
FORM S-3
REGISTRATION STATEMENT

UNDER
THE SECURITIES ACT OF 1933

Exelon Corporation

(Exact name of registrant as specified in its charter)

Pennsylvania
(State or other jurisdiction of incorporation or organization)
23-2990190
(I.R.S. Employer Identification No.)
10 South Dearborn Street
P.O. Box 805379
Chicago, Illinois 60680-5379
800-483-3220
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Exelon Generation Company, LLC
(Exact name of registrant as specified in its charter)
Pennsylvania
(State or other jurisdiction of incorporation or organization)
23-3064219
(I.R.S. Employer Identification No.)
300 Exelon Way
Kennett Square,
Pennsylvania 19348
610-765-5959
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Commonwealth Edison Company
(Exact name of registrant as specified in its Charter)
Illinois
(State or other jurisdiction of incorporation or organization)
36-0938600
(I.R.S. Employer Identification No.)
440 South LaSalle Street
Suite 3300
Chicago, Illinois 60605-1028
312-394-4321
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

PECO Energy Company
(Exact name of registrant as specified in its charter)
Pennsylvania
(State or other jurisdiction of incorporation or organization)
23-0970240
(I.R.S. Employer Identification No.)
2301 Market Street
Philadelphia, PA 19101
215-841-4000

Baltimore Gas and Electric Company
(Exact name of registrant as specified in its Charter)
Maryland
(State or other jurisdiction of incorporation or organization)
52-0280210
(I.R.S. Employer Identification No.)
2 Center Plaza, 110 West Fayette Street,
Baltimore, Maryland 21201
410-234-5000

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(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Potomac Electric Power Company

(Exact name of registrant as specified in its charter)

District of Columbia and Virginia

(State or other jurisdiction of incorporation or organization)

53-0127880

(I.R.S. Employer Identification No.)

701 Ninth Street, N.W.

Washington, District of Columbia 20068

202-872-2000

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Atlantic City Electric Company

(Exact name of registrant as specified in its Charter)

New Jersey

(State or other jurisdiction of incorporation or organization)

21-0398280

(I.R.S. Employer Identification No.)

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Delmarva Power & Light Company

(Exact name of registrant as specified in its Charter)

Delaware and Virginia

(State or other jurisdiction of incorporation or organization)

51-0084283

(I.R.S. Employer Identification No.)

500 North Wakefield Drive

Newark, Delaware 19702

202-872-2000

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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500 North Wakefield Drive
Newark, Delaware 19702
202-872-2000
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Jonathan W. Thayer
Senior Executive Vice President and Chief Financial Officer
Exelon Corporation
10 South Dearborn Street
P.O. Box 805379
Chicago, Illinois 60603
800-483-3220
http://www.exeloncorp.com

(Name, address, including zip code, and telephone number, including area code, of agent for service for each registrant)

With copies to:

Bruce G. Wilson, Esquire
Senior Vice President and Deputy General Counsel
Exelon Corporation
10 South Dearborn Street
P.O. Box 805379
Chicago, Illinois 60603
800-483-3220

Patrick R. Gillard, Esquire
Ballard Spahr LLP
1735 Market Street, 51st Floor
Philadelphia, Pennsylvania 19103
215-665-8500

Approximate date of commencement of proposed sale to public: From time to time after the Registration Statement becomes effective, as determined by market and other conditions.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. ☐

If any of the securities being registered on this Form are being offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. ☒

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering. ☐

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, please check the following box. ☒

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

	Large Accelerated	Accelerated	Non-Accelerated	Smaller Reporting Company	Emerging Growth Company
Exelon Corporation	☒				
Exelon Generation Company, LLC			☒		
Commonwealth Edison Company			☒		
PECO Energy Company			☒		
Baltimore Gas and Electric Company			☒		
Pepco Holdings LLC			☒		
Potomac Electric Power Company			☒		
Delmarva Power & Light Company			☒		
Atlantic City Electric Company			☒		

Calculation of Registration Fee

Title of each class of securities to be registered	Amount to be registered/Proposed maximum offering price per unit/Amount of registration fee
Exelon Corporation debt securities	(1)
Exelon Corporation common stock	(1)
Exelon Corporation stock purchase contracts	(1)
Exelon Corporation stock purchase units(2)	(1)
Exelon Corporation preferred stock	(1)
Exelon Corporation depositary shares	(1)
Exelon Generation Company, LLC debt securities	(1)
Commonwealth Edison Company debt securities	(1)
PECO Energy Company debt securities	(1)
Baltimore Gas and Electric Company debt securities	(1)
Potomac Electric Power Company debt securities	(1)
Delmarva Power & Light Company debt securities	(1)
Atlantic City Electric Company debt securities	(1)
Total	(1)

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(1) There are being registered hereunder such presently indeterminate principal amount or number of (a) debt securities, shares of common stock, stock purchase contracts, stock purchase units, shares of preferred stock and depositary shares, which may be sold from time to time by Exelon Corporation, (b) debt securities, which may be sold from time to time by Exelon Generation Company, LLC, (c) debt securities, which may be sold from time to time by Commonwealth Edison Company, (d) debt securities, which may be sold from time to time by PECO Energy Company, (e) debt securities, which may be sold from time to time by Baltimore Gas and Electric Company, (f) debt securities which may be sold from time to time by Potomac Electric Power Company, (g) debt securities which may be sold from time to time by Delmarva Power & Light Company and (h)debt securities which may be sold from time to time by Atlantic City Electric Company . In accordance with Rules 456(b) and 457(r), the registrants are each deferring payment of all of the registration fee.

(2) Each stock purchase unit consists of (a) a stock purchase contract under which the holder upon settlement will purchase an indeterminate number of shares of Exelon Corporation common stock and (b) debt securities or preferred stock of Exelon Corporation registered under this registration statement.

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EXPLANATORY NOTE

This Post-Effective Amendment No. 1 to the Registration Statement on Form S-3 (Registration Statement No. 333-213383) is being filed to add Atlantic City Electric Company, as a co-registrant, (ii) update the information in the prospectus in Part I; (ii) update the information in Part II with respect to the addition of Atlantic City Electric Company as a registrant and (iii) file additional exhibits to the Registration Statement.

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PROSPECTUS

EXELON CORPORATION

Debt Securities
Common Stock
Stock Purchase Contracts
Stock Purchase Units
Preferred Stock
Depositary Shares

EXELON GENERATION COMPANY, LLC

Debt Securities

COMMONWEALTH EDISON COMPANY

Debt Securities

PECO ENERGY COMPANY

Debt Securities

BALTIMORE GAS AND ELECTRIC COMPANY

Debt Securities

POTOMAC ELECTRIC POWER COMPANY

Debt Securities

DELMARVA POWER & LIGHT COMPANY

Debt Securities

ATLANTIC CITY ELECTRIC COMPANY

Debt Securities

Exelon Corporation (Exelon) may use this prospectus to offer and sell from time to time:

- debt securities;
- common stock;
- stock purchase contracts;
- stock purchase units;
- preferred stock in one or more series;
- depositary shares.

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Exelon Generation Company, LLC (Generation) may use this prospectus to offer and sell from time to time:

- debt securities

Commonwealth Edison Company (ComEd) may use this prospectus to offer and sell from time to time:

- debt securities

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PECO Energy Company (PECO) may use this prospectus to offer and sell from time to time:

- debt securities

Baltimore Gas and Electric Company (BGE) may use this prospectus to offer and sell from time to time:

- debt securities

Potomac Electric Power Company (Pepco) may use this prospectus to offer and sell from time to time:

- debt securities

Delmarva Power & Light Company (DPL) may use this prospectus to offer and sell from time to time:

- debt securities

Atlantic City Electric Company (ACE) may use this prospectus to offer and sell from time to time:

- debt securities

Exelon, Generation, ComEd, PECO, BGE, Pepco, DPL and ACE sometimes refer to the securities listed above as the "Securities."

Exelon, Generation, ComEd, PECO, BGE, Pepco, DPL and ACE will provide the specific terms of the Securities in supplements to this prospectus prepared in connection with each offering. Please read this prospectus and the applicable prospectus supplement carefully before you invest. This prospectus may not be used to consummate sales of the offered Securities unless accompanied by a prospectus supplement.

Exelon's common shares are listed on the New York Stock Exchange, under the symbol "EXC."

Please see "Risk Factors" beginning on page 2 for a discussion of factors you should consider in connection with a purchase of the Securities offered in this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is April 28, 2017.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that Exelon, Generation, ComEd, PECO, BGE, Pepco, DPL and ACE have each filed with the Securities and Exchange Commission (SEC) using a "shelf" registration process. Under this shelf registration process, each of us may, from time to time, sell our Securities described in this prospectus in one or more offerings. Each time Exelon, Generation, ComEd, PECO, BGE, Pepco, DPL or ACE (each, a registrant) sells Securities, the registrant will provide a prospectus supplement that will contain a description of the Securities the registrant will offer and specific information about the terms of the offering. The prospectus supplement may also add, update or change information contained in this prospectus. If there is any inconsistency between the information in this prospectus and the prospectus supplement, you should rely on the prospectus supplement. You should read both this prospectus and any prospectus supplement together with additional information described under "Where You Can Find More Information."

Information contained herein relating to each registrant is filed separately by such registrant on its own behalf. No registrant makes any representation as to information relating to any other registrant or Securities issued by any other registrant.

As used in this prospectus, the terms "we," "our" and "us" generally refer to:

- Exelon with respect to Securities issued by Exelon.
- Generation with respect to Securities issued by Generation.
- ComEd with respect to Securities issued by ComEd.
- PECO with respect to Securities issued by PECO.
- BGE with respect to Securities issued by BGE.
- Pepco with respect to Securities issued by Pepco.
- DPL with respect to Securities issued by DPL.
- ACE with respect to Securities issued by ACE.

None of the registrants will guarantee or provide other credit or funding support for the Securities to be offered by another registrant pursuant to this prospectus.

We are not offering the Securities in any state where the offer is not permitted.

For more detailed information about the Securities, you should read the exhibits to the registration statement. Those exhibits have either been filed with the registration statement or incorporated by reference to earlier SEC filings listed in the registration statement.

You should rely only on information contained in this prospectus and which is incorporated by reference or the documents to which we have referred you. We have not authorized anyone to provide you with information that is different. This prospectus and related prospectus supplement may be used only where it is legal to sell these securities. The information in this prospectus and any prospectus supplement may only be accurate on the date of this document. The business of the registrant, financial condition, results of operations and prospects may have changed since that date.

Please see "Risk Factors" beginning on page 2 for a discussion of factors you should consider in connection with a purchase of the Securities offered in this prospectus.

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FORWARD-LOOKING STATEMENTS

This prospectus and the documents incorporated or deemed incorporated by reference as described under the heading “Where You Can Find More Information” contain forward-looking statements that are not based entirely on historical facts and are subject to risks and uncertainties. Words such as “believes,” “anticipates,” “expects,” “intends,” “plans,” “predicts” and “estimates” and similar expressions are intended to identify forward-looking statements but are not the only means to identify those statements. These forward-looking statements are based on assumptions, expectations and assessments made by our management in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe to be appropriate. Any forward-looking statements are not guarantees of our future performance and are subject to risks and uncertainties.

This prospectus contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which are subject to risks and uncertainties. The factors that could cause actual results to differ materially from the forward-looking statements made by Exelon, Generation, ComEd, PECO, BGE, Pepco, DPL and ACE include those factors discussed herein, as well as the items discussed in (1) the combined 2016 Annual Report on Form 10-K of Exelon, Generation, ComEd, PECO, BGE, Pepco, DPL and ACE in (a) ITEM 1A. Risk Factors, (b) ITEM 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations and (c) ITEM 8. Financial Statements and Supplementary Data: Note 24; and (2) other factors discussed in filings with the SEC by each of the registrants.

You are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date on the front of this prospectus or, as the case may be, as of the date on which we make any subsequent forward-looking statement that is deemed incorporated by reference. We do not undertake any obligation to update or revise any forward-looking statement to reflect events or circumstances after the date as of which any such forward-looking statement is made.

RISK FACTORS

Investing in the Securities involves various risks. You are urged to read and consider the risk factors described in (a) the combined Annual Reports on Form 10-K of Exelon, Generation, ComEd, PECO, BGE, Pepco, DPL and ACE as applicable, for the year ended December 31, 2016, filed with the SEC on February 13, 2017. Before making an investment decision, you should carefully consider these risks as well as other information we include or incorporate by reference in this prospectus. The prospectus supplement applicable to each type or series of Securities offered by one of the registrants will contain a discussion of additional risks applicable to an investment in such registrant and the particular type of Securities the registrant is offering under that prospectus supplement.

EXELON CORPORATION

Exelon, incorporated in Pennsylvania in February 1999, is a utility services holding company engaged, through Generation, in the energy generation business, and through ComEd, PECO, BGE Pepco, DPL and ACE, in the energy delivery businesses. Exelon’s principal executive offices are located at 10 South Dearborn Street, Chicago, Illinois 60603, and its telephone number is 800-483-3220.

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EXELON GENERATION COMPANY, LLC

Generation, one of the largest competitive electric generation companies in the United States as measured by owned and contracted MW, physically delivers and markets power across multiple geographic regions through its customer-facing business, Constellation. Constellation sells electricity and natural gas, including renewable energy, in competitive markets to both wholesale and retail customers. The retail sales include commercial, industrial and residential customers. Generation leverages its energy generation portfolio to ensure delivery of energy to both wholesale and retail customers under long-term and short-term contracts, and in wholesale power markets. Generation operates in well-developed energy markets and employs an integrated hedging strategy to manage commodity price volatility. Generation's fleet provides geographic and supply source diversity. These factors help Generation mitigate the challenging conditions emanating from competitive energy markets. Generation's customer facing activities foster development and delivery of other innovative energy-related products and services for its customers. Generation's customers include distribution utilities, municipalities, cooperatives, financial institutions, and commercial, industrial, governmental, and residential customers in competitive markets. Generation has six reportable segments consisting of the Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Power Regions not considered individually significant.

Generation was formed in 2000 as a Pennsylvania limited liability company. Generation began operations as a result of a corporate restructuring, effective January 1, 2001, in which Exelon Corporation (Exelon) separated its generation and other competitive businesses from its regulated energy delivery businesses at Commonwealth Edison Company (ComEd) and PECO Energy Company (PECO). Generation's principal executive offices are located at 300 Exelon Way, Kennett Square, Pennsylvania 19348, and its telephone number is 610-765-5959.

COMMONWEALTH EDISON COMPANY

ComEd's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in northern Illinois, including the City of Chicago.

ComEd was organized in the State of Illinois in 1913 as a result of the merger of Cosmopolitan Electric Company into the original corporation named Commonwealth Edison Company, which was incorporated in 1907. ComEd's principal executive offices are located at 440 South LaSalle Street, Chicago, Illinois 60605, and its telephone number is 312-394-4321.

PECO ENERGY COMPANY

PECO's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in southeastern Pennsylvania, including the City of Philadelphia, as well as the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services to retail customers in the Pennsylvania counties surrounding the City of Philadelphia.

PECO was incorporated in Pennsylvania in 1929. PECO's principal executive offices are located at 2301 Market Street, Philadelphia, Pennsylvania 19103, and its telephone number is 215-841-4000.

BALTIMORE GAS AND ELECTRIC COMPANY

BGE's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in central Maryland, including the City of Baltimore, as well as the purchase and regulated retail sale of natural gas and the provision of gas distribution services to retail customers in central Maryland, including the City of Baltimore.

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BGE was incorporated in Maryland in 1906. BGE's principal executive offices are located at 110 West Fayette Street, Baltimore, Maryland 21201, and its telephone number is 410-234-5000.

POTOMAC ELECTRIC POWER COMPANY

Pepco's energy delivery business consists of the Purchase and regulated retail sale of electricity and the provision of electric distribution and transmission services in the District of Columbia and major portions of Prince George's County and Montgomery County in Maryland.

Pepco was incorporated in the District of Columbia in 1896 and Virginia in 1949. Pepco's principal executive offices are located at 701 Ninth Street, N.W., Washington, D.C. 20068, and its telephone number is (202) 872-2000.

DELMARVA POWER & LIGHT COMPANY

DPL's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of electric distribution and transmission services in portions of Maryland and Delaware, and the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services in northern Delaware.

DPL was incorporated in Delaware in 1909 and Virginia in 1979. DPL's principal executive offices are located at 500 North Wakefield Drive Newark, Delaware 19702, and its telephone number is (202) 872-2000.

ATLANTIC CITY ELECTRIC COMPANY

ACE's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of electric distribution and transmission services in portions of southern New Jersey.

ACE was incorporated in New Jersey in 1924. ACE's principal executive offices are located at 500 North Wakefield Drive Newark, Delaware 19702, and its telephone number is (202) 872-2000.

USE OF PROCEEDS

Except as otherwise indicated in the applicable prospectus supplement, each registrant expects to use the net proceeds from the sale of the Securities for general corporate purposes, including to discharge or refund (by redemption, by purchase on the open market, by purchase in private transactions, by tender offer or otherwise) outstanding long-term debt. Each registrant will describe in the applicable prospectus supplement any specific allocation of the proceeds to a particular purpose that the registrant has made at the date of that prospectus supplement. Please refer to our annual and quarterly reports incorporated by reference into this prospectus and any prospectus supplement for information concerning each registrant's outstanding long-term debt. See "Where You Can Find More Information."

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RATIO OF EARNINGS TO FIXED CHARGES AND RATIO OF EARNINGS TO FIXED CHARGES AND PREFERENCE STOCK DIVIDENDS

Exelon

The following are Exelon's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,				
	2012	2013	2014	2015	2016
Ratio of earnings to fixed charges	2.4	2.6	2.7	3.2	2.0

The following are Exelon's consolidated ratios of earnings to combined fixed charges and preference stock dividends for each of the periods indicated:

	Years Ended December 31,				
	2012	2013	2014	2015	2016
Ratio of earnings to combined fixed charges and preference security dividends	2.3	2.5	2.7	3.2	2.0

Generation

The following are Generation's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,				
	2012	2013	2014	2015	2016
Ratio of earnings to fixed charges	2.6	3.3	2.7	3.4	2.1

ComEd

The following are ComEd's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,				
	2012	2013	2014	2015	2016
Ratio of earnings to fixed charges	3.0	1.7	3.1	3.1	2.4

PECO

The following are PECO's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,				
	2012	2013	2014	2015	2016
Ratio of earnings to fixed charges	4.9	5.6	5.0	5.4	5.6

BGE

The following are BGE's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,				
	2012	2013	2014	2015	2016
Ratio of earnings to fixed charges	1.0	3.6	3.8	4.7	4.7

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Pepco

The following are Pepco's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,				
	2012	2013	2014	2015	2016
Ratio of earnings to fixed charges	2.7	2.9	3.0	3.1	1.5

DPL

The following are DPL's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,				
	2012	2013	2014	2015	2016
Ratio of earnings to fixed charges	3.3	3.7	4.2	3.3	1.2

ACE

The following are ACE's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,				
	2012	2013	2014	2015	2016
Ratio of earnings to fixed charges	1.7	2.1	2.1	2.1	0.3(a)

(a) The ratio coverage was less than 1:1. ACE required additional earnings of $49 million to achieve a coverage ratio of 1:1.

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DESCRIPTION OF SECURITIES

Each time one of the registrants sells securities, it will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with additional information described under “Where You Can Find More Information.”

PLAN OF DISTRIBUTION

We may sell the Securities offered (a) through agents; (b) by underwriters or dealers; (c) directly to one or more purchasers; or (d) through a combination of any of these methods of sale.

In some cases we may also repurchase the Securities and reoffer them to the public by one or more of the methods described above.

This prospectus may be used in connection with any offering of securities through any of these methods or other methods described in the applicable prospectus supplement.

Any underwriter or agent involved in the offer and sale of the Securities will be named in the applicable prospectus supplement.

By Agents

Offered securities may be sold on a one time or a continuing basis by agents designated by the applicable registrant. The agents will use their reasonable efforts to solicit purchases for the period of their appointment under the terms of an agency agreement between the agents and the applicable issuer.

By Underwriters or Dealers

If underwriters are used in the sale, the underwriters may be designated by the applicable registrant or selected through a bidding process. The securities will be acquired by the underwriters for their own account. The underwriters may resell the Securities in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. Underwriters may sell the Securities to or through dealers, and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or commissions from the purchasers for whom they may act as agents. The obligations of the underwriters to purchase the Securities will be subject to certain conditions. The underwriters will be obligated to purchase all the Securities of the series offered if any of the securities are purchased. Any initial public offering price and any discounts or concessions allowed or re-allowed or paid to dealers may be changed from time to time.

Only underwriters named in the applicable prospectus supplement are deemed to be underwriters in connection with the Securities offered hereby.

If dealers are utilized in the sale of the Securities, the applicable registrant will sell the Securities to the dealers as principals. The dealers may then resell the Securities to the public at varying prices to be determined by such dealers at the time of resale. The names of the dealers and the terms of the transaction will be set forth in the applicable prospectus supplement.

Direct Sales

We may also sell Securities directly to the public. In this case, no underwriters or agents would be involved.

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General Information

We may authorize agents, underwriters or dealers to solicit offers by certain institutions to purchase Securities from us at the public offering price pursuant to delayed delivery contracts providing for payment and delivery on a later date or dates, all as described in the applicable prospectus supplement. Each delayed delivery contract will be for an amount not less than, and the aggregate amount of the Securities shall be not less nor more than, the respective amounts stated in the applicable prospectus supplement. Such institutions may include commercial and savings banks, insurance companies, pension funds, investment companies, educational and charitable institutions, and other institutions, but will in all cases be subject to our approval. The delayed delivery contracts will not be subject to any conditions except:

- the purchase by an institution of the Securities covered by its delayed delivery contract shall not, at any time of delivery, be prohibited under the laws of any jurisdiction in the United States to which such delayed delivery contract is subject; and
- if the Securities are being sold to underwriters, we shall have sold to those underwriters the total amount of the Securities less the amount thereof covered by the delayed delivery contracts. The underwriters will not have any responsibility in respect of the validity or performance of the delayed delivery contracts.

Unless otherwise specified in the related prospectus supplement, each series of the Securities will be a new issue with no established trading market, other than the common stock. Any common stock sold pursuant to a prospectus supplement or issuable upon conversion of another offered Security will be listed on the New York Stock Exchange, subject to official notice of issuance. We may elect to list any of the other securities on an exchange, but are not obligated to do so. It is possible that one or more underwriters may make a market in a series of the Securities, but no underwriter will be obligated to do so and any underwriter may discontinue any market making at any time without notice. We cannot predict the activity of trading in, or liquidity of, our Securities.

In connection with sales by an agent or in an underwritten offering, the SEC rules permit the underwriters or agents to engage in transactions that stabilize the price of the Securities. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters or agents of a greater number of securities than they are required to purchase in an offering. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Securities while an offering is in progress.

The underwriters also may impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the underwriters have repurchased Securities sold by or for the account of that underwriter in stabilizing or short-covering transactions.

These activities by the underwriters may stabilize, maintain or otherwise affect the market price of the Securities. As a result, the price of the Securities may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the underwriters at any time. These transactions may be effected on an exchange or automated quotation system, if the Securities are listed on that exchange or admitted for trading on that automated quotation system, in the over-the-counter market or otherwise.

We may from time to time, without the consent of the existing Security holders, create and issue further Securities having the same terms and conditions as the Securities being offered hereby in all respects, except for issue date, issue price and if applicable, the first payment of interest or dividends therein or other terms as noted in the applicable prospectus supplement. Additional Securities issued in this manner will be consolidated with, and will form a single series with, the previously outstanding securities.

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Underwriters, dealers and agents that participate in the distribution of the Securities may be underwriters as defined in the Securities Act of 1933, and any discounts or commissions received by them from us and any profit on the resale of the Securities by them may be treated as underwriting discounts and commissions under the Securities Act.

We may have agreements with the underwriters, dealers and agents to indemnify them against certain civil liabilities, including liabilities under the Securities Act of 1933, or to contribute with respect to payments which the underwriters, dealers or agents may be required to make.

Underwriters, dealers and agents may engage in transactions with, or perform services for, us or our subsidiaries or affiliates in the ordinary course of their businesses.

LEGAL MATTERS

Ballard Spahr LLP, Philadelphia, Pennsylvania, will render an opinion as to the validity of the Securities for us.

Winston & Strawn LLP, Chicago, Illinois, will render an opinion as to the validity of the Securities for any underwriters, dealers, purchasers or agents. Winston & Strawn LLP provides legal services to Exelon and its subsidiaries from time to time.

EXPERTS

The financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) of Exelon and Generation incorporated in this prospectus by reference to the combined Annual Report on Form 10-K for the year ended December 31, 2016 have been so incorporated in reliance on the reports (which contain explanatory paragraphs on the effectiveness of internal control over financial reporting due to the exclusion of certain elements of the internal control over financial reporting of the ConEdison Solutions business acquired during 2016) of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

The financial statements and management's assessment (where applicable) of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) of ComEd, PECO, BGE, Pepco, DPL and ACE incorporated in this prospectus by reference to the combined Annual Report on Form 10-K for the year ended December 31, 2016 have been so incorporated in reliance on the reports of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

Exelon, Generation, ComEd, PECO, BGE, Pepco, DPL and ACE each file reports and other information with the SEC. The public may read and copy any reports or other information that we file with the SEC at the SEC's public reference room, 100 F Street, N.E., Room 1580, Washington, D.C. 20549. The public may obtain information on the operation of the public reference room by calling the SEC at 1-800-SEC-0330. These documents are also available to the public from commercial document retrieval services and at the web site maintained by the SEC at http://www.sec.gov. Reports, proxy statements and other information concerning Exelon may also be inspected at the offices of the New York Stock Exchange, which is located at 20 Broad

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Street, New York, New York 10005. You may also obtain a copy of the registration statement at no cost by writing us at the following address:

Exelon Corporation
Attn: Investor Relations
10 South Dearborn Street - 52nd Floor
P.O. Box 805398
Chicago, IL 60680-5398

This prospectus is one part of a registration statement filed on Form S-3 with the SEC under the Securities Act of 1933, as amended, known as the Securities Act. This prospectus does not contain all of the information set forth in the registration statement and the exhibits and schedules to the registration statement. For further information concerning us and the Securities, you should read the entire registration statement, including this prospectus and any related prospectus supplements, and the additional information described under the sub-heading "Documents Incorporated By Reference" below. The registration statement has been filed electronically and may be obtained in any manner listed above. Any statements contained herein concerning the provisions of any document are not necessarily complete, and, in each instance, reference is made to the copy of such document filed as an exhibit to the registration statement or otherwise filed with the SEC. Each such statement is qualified in its entirety by such reference.

Information about us is also available on Exelon's web site at http://www.exeloncorp.com. The information on Exelon's web site is not incorporated into this prospectus by reference, and you should not consider it a part of this prospectus.

DOCUMENTS INCORPORATED BY REFERENCE

The SEC allows us to "incorporate by reference" information that we file with the SEC, which means that we can disclose important information to you by referring you to the documents we file with the SEC. The information incorporated by reference is an important part of this prospectus, and information that we file later with the SEC will automatically update and supersede this information. This incorporation by reference does not include documents that are furnished but not filed with the SEC. We incorporate by reference the documents listed below and any future documents that we file with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (known as the Exchange Act) but prior to the termination of any offering of securities made by this prospectus:

Exelon Corporation (Exchange Act File No. 1-16169)

- Exelon's Annual Report on Form 10-K for the year ended December 31, 2016;
- The description of Exelon's common stock contained in the registration statement on Form 8-A filed under the Securities Exchange Act of 1934 on October 10, 2000, as amended, including any amendment thereto or report filed for the purpose of updating such description; and
- Exelon's Current Reports on Form 8-K filed with the SEC on March 10, 2017, April 3, 2017 and April 3, 2017.

Exelon Generation Company, LLC (Exchange Act File No. 333-85496)

- Generation's Annual Report on Form 10-K for the year ended December 31, 2016; and
- Generation's Current Reports on Form 8-K filed with the SEC on March 10, 2017 and April 3, 2017.

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Commonwealth Edison Company (Exchange Act File No. 1-1839)

- ComEd's Annual Report on Form 10-K for the year ended December 31, 2016.

PECO Energy Company (Exchange Act File No. 000-16844)

- PECO's Annual Report on Form 10-K for the year ended December 31, 2016.

Baltimore Gas and Electric Company (Exchange Act File No. 1-1910)

- BGE's Annual Report on Form 10-K for the year ended December 31, 2016.

Potomac Electric Power Company (Exchange Act File No. 001-01072)

- Pepco's Annual Report on Form 10-K for the year ended December 31, 2016.

Delmarva Power & Light Company (Exchange Act File No. 001-01405)

- DPL's Annual Report on Form 10-K for the year ended December 31, 2016.

Atlantic City Electric Company (Exchange Act File No. 001-03559)

- ACE's Annual Report on Form 10-K for the year ended December 31, 2016.

Upon written or oral request, we will provide without charge to each person, including any beneficial owner, to whom this prospectus is delivered, a copy of any or all of such documents which are incorporated herein by reference (other than exhibits to such documents unless such exhibits are specifically incorporated by reference into the documents that this prospectus incorporates). Written or oral requests for copies should be directed to Exelon Corporation, Attn: Investor Relations, 10 South Dearborn Street, 52nd Floor, P.O. Box 805398, Chicago, IL 60680-5398, 312-394-2345.

Any statement contained in this prospectus, or in a document all or a portion of which is incorporated by reference, shall be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus, any supplement or any document incorporated by reference modifies or supersedes such statement. Any such statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this prospectus.

All reports and other documents subsequently filed by us pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act, prior to the filing of a post-effective amendment, which indicates that all of a class of securities offered hereby have been sold or which deregisters all of a class of securities then remaining unsold, shall be deemed incorporated by reference herein and to be a part hereof from the date of filing of such documents.

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PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The expenses in connection with the issuance and distribution of the Securities are set forth in the following table. All amounts except the SEC registration fee are estimated.

SEC registration fee	$*
Listing fees and expenses	$**
Accounting fees and expenses	$**
Printing and engraving expenses	$**
Legal fees and expenses	$**
Trustee fees	$**
Miscellaneous	$**
Total	$**

* To be deferred pursuant to Rule 456(b) and calculated in connection with the offering of securities under this registration statement pursuant to Rule 457(r).

** Estimated expenses not presently known. Each prospectus supplement will reflect estimated expenses based on the amount of the related offering.

ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Exelon Corporation

Chapter 17, Subchapter D of the Pennsylvania Business Corporation Law of 1988, as amended (the PBCL), contains provisions permitting indemnification of officers and directors of a business corporation incorporated in Pennsylvania. Sections 1741 and 1742 of the PBCL provide that a business corporation may indemnify directors and officers against liabilities and expenses he or she may incur in connection with a threatened, pending or completed civil, administrative or investigative proceeding by reason of the fact that he or she is or was a representative of the corporation or was serving at the request of the corporation as a representative of another enterprise, provided that the particular person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the corporation, and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful. In general, the power to indemnify under these sections does not exist in the case of actions against a director or officer by or in the right of the corporation if the person otherwise entitled to indemnification shall have been adjudged to be liable to the corporation, unless it is judicially determined that, despite the adjudication of liability but in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnification for the expenses the court deems proper. Section 1743 of the PBCL provides that the corporation is required to indemnify directors and officers against expenses they may incur in defending these actions if they are successful on the merits or otherwise in the defense of such actions.

Section 1746 of the PBCL provides that indemnification under the other sections of Subchapter D is not exclusive of other rights that a person seeking indemnification may have under any by-law, agreement, vote of shareholders or disinterested directors or otherwise, whether or not the corporation would have the power to indemnify the person under any other provision of law. However, Section 1746 prohibits indemnification in circumstances where the act or failure to act giving rise to the claim for indemnification is determined by a court to have constituted willful misconduct or recklessness.

Section 1747 of the PBCL permits a corporation to purchase and maintain insurance on behalf of any person who is or was a director or officer of the corporation, or is or was serving at the request of the corporation as a

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representative of another enterprise, against any liability asserted against such person and incurred by him or her in that capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify the person against such liability under Subchapter D.

Exelon's Bylaws provide that it is obligated to indemnify directors and officers and other persons designated by the board of directors against any liability, including any damage, judgment, amount paid in settlement, fine, penalty, cost or expense (including, without limitation, attorneys' fees and disbursements) including in connection with any proceeding. Exelon's Bylaws provide that no indemnification shall be made where the act or failure to act giving rise to the claim for indemnification is determined by arbitration or otherwise to have constituted willful misconduct or recklessness or attributable to receipt from Exelon of a personal benefit to which the recipient is not legally entitled.

As permitted by PBCL Section 1713, Exelon's Bylaws provide that directors generally will not be liable for monetary damages in any action, whether brought by shareholders directly or in the right of Exelon or by third parties, unless they fail in the good faith performance of their duties as fiduciaries (the standard of care established by the PBCL), and such failure constitutes self-dealing, willful misconduct or recklessness.

Exelon has entered into indemnification agreements with each of its directors. Exelon also currently maintains liability insurance for its directors and officers. In addition, the directors, officers and employees of Exelon are insured under policies of insurance, within the limits and subject to the limitations of the policies, against claims made against them for acts in the discharge of their duties, and Exelon is insured to the extent that it is required or permitted by law to indemnify the directors, officers and employees for such loss. The premiums for such insurance are paid by Exelon.

Exelon Generation Company, LLC

Section 4.6 of Generation's operating agreement provides, as follows:

The Member shall, and any officer, employee or agent of the Company may in the Member's absolute discretion, be indemnified by the Company to the fullest extent permitted by Section 8945 of the Pennsylvania Limited Liability Company Law of 1994 and as may be otherwise permitted by applicable law.

Section 8945 of the Pennsylvania Limited Liability Company Law of 1994 provides that:

8945. Indemnification.

(a) General rule. Subject to such standards and restrictions, if any, as are set forth in the operating agreement, a limited liability company may and shall have the power to indemnify and hold harmless any member or manager or other person from and against any and all claims and demands whatsoever.

(b) When indemnification is not to be made. Indemnification under subsection (a) shall not be made in any case where the act giving rise to the claim for indemnification is determined by a court to have constituted willful misconduct or recklessness. The certificate of organization or operating agreement may not provide for indemnification in the case of willful misconduct or recklessness.

(c) Grounds. Indemnification under subsection (a) may be granted for any action taken and may be made whether or not the company would have the power to indemnify the person under any other provision of law except as provided in this section and whether or not the indemnified liability arises or arose from any threatened, pending or completed action by or in the right of the company. Such indemnification is declared to be consistent with the public policy of this Commonwealth.

(d) Payment of expenses. Expenses incurred by a member, manager or other person in defending any action or proceeding against which indemnification may be made under this section may be paid by the company in

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advance of the final disposition of such action or proceeding upon receipt of an undertaking by or on behalf of such person to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the company.

(e) Rights to indemnification. The indemnification and advancement of expenses provided by or granted under this section shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to serve in the capacity as to which he was indemnified and shall inure to the benefit of the heirs, executors and administrators of such person.

(f) Mandatory indemnification. Without regard to whether indemnification or advancement of expenses is provided under subsections (a) and (d), a limited liability company shall be subject to section 8331(2) (relating to rules determining rights and duties of partners) and both the members and the managers, if any, shall be deemed to be general partners for purposes of applying that section.

In addition, the officers and employees of Generation are insured under policies of insurance, within the limits and subject to the limitations of the policies, against claims made against them for acts in the discharge of their duties, and the registrant is insured to the extent that it is required or permitted by law to indemnify the officers and employees for such loss. The premiums for such insurance are paid by Generation.

Commonwealth Edison Company

Certain provisions of the Illinois Business Corporation Act of 1983, as amended (the BCA), provide that ComEd may, and in some circumstances must, indemnify the directors and officers of ComEd and of each subsidiary company against liabilities and expenses incurred by such person by reason of the fact that such person was serving in such capacity, subject to certain limitations and conditions set forth in the statute. ComEd's Restated Articles of Incorporation and Amended and Restated By-Laws provide that ComEd will indemnify its directors and officers and any other person serving as director, officer, employee or agent of another business entity at ComEd's request, to the extent permitted by the statute. In addition, ComEd's Restated Articles of Incorporation provide, as permitted by the BCA, that directors shall not be personally liable for monetary damages for breach of fiduciary duty as a director, except (i) for breaches of their duty of loyalty to ComEd or its shareholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 8.65 of the BCA, and (iv) for transactions from which a director derived an improper personal benefit.

ComEd has entered into indemnification agreements with each of its directors. ComEd also maintains liability insurance policies which indemnify ComEd's directors and officers, the directors and officers of subsidiaries of ComEd, and the trustees of the Commonwealth Edison Company Service Annuity Fund and the Commonwealth Edison Company of Indiana, Inc. Service Annuity Fund, against loss arising from claims by reason of their legal liability for acts as such directors, officers or trustees, subject to limitations and conditions as set forth in the policies.

PECO Energy Company

As noted above, the PBCL, contains provisions permitting indemnification of officers and directors of a business corporation incorporated in Pennsylvania. Sections 1741 and 1742 of the PBCL provide that a business corporation may indemnify directors and officers against liabilities and expenses he or she may incur in connection with a threatened, pending or completed civil, administrative or investigative proceeding by reason of the fact that he or she is or was a representative of the corporation or was serving at the request of the corporation as a representative of another enterprise, provided that the particular person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the corporation, and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful. In general, the power to indemnify under these sections does not exist in the case of actions against a director or officer by or in

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the right of the corporation if the person otherwise entitled to indemnification shall have been adjudged to be liable to the corporation, unless it is judicially determined that, despite the adjudication of liability but in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnification for the expenses the court deems proper. Section 1743 of the PBCL provides that the corporation is required to indemnify directors and officers against expenses they may incur in defending these actions if they are successful on the merits or otherwise in the defense of such actions.

Section 1746 of the PBCL provides that indemnification under the other sections of Subchapter D is not exclusive of other rights that a person seeking indemnification may have under any by-law, agreement, vote of shareholders or disinterested directors or otherwise, whether or not the corporation would have the power to indemnify the person under any other provision of law. However, Section 1746 prohibits indemnification in circumstances where the act or failure to act giving rise to the claim for indemnification is determined by a court to have constituted willful misconduct or recklessness.

Section 1747 of the PBCL permits a corporation to purchase and maintain insurance on behalf of any person who is or was a director or officer of the corporation, or is or was serving at the request of the corporation as a representative of another enterprise, against any liability asserted against such person and incurred by him or her in that capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify the person against such liability under Subchapter D.

PECO's Bylaws provide that it is obligated to indemnify directors and officers and other persons designated by the board of directors against any liability, including any damage, judgment, amount paid in settlement, fine, penalty, cost or expense (including, without limitation, attorneys' fees and disbursements) including in connection with any proceeding. PECO's Bylaws provide that no indemnification shall be made where the act or failure to act giving rise to the claim for indemnification is determined by arbitration or otherwise to have constituted willful misconduct or recklessness or attributable to receipt from PECO of a personal benefit to which the recipient is not legally entitled.

As permitted by PBCL Section 1713, PECO's Bylaws provide that directors generally will not be liable for monetary damages in any action, whether brought by shareholders directly or in the right of PECO or by third parties, unless they fail in the good faith performance of their duties as fiduciaries (the standard of care established by the PBCL), and such failure constitutes self-dealing, willful misconduct or recklessness.

PECO has entered into indemnification agreements with each of its directors. PECO also currently maintains liability insurance for its directors and officers. In addition, the directors, officers and employees of PECO are insured under policies of insurance, within the limits and subject to the limitations of the policies, against claims made against them for acts in the discharge of their duties, and PECO is insured to the extent that it is required or permitted by law to indemnify the directors, officers and employees for such loss. The premiums for such insurance are paid by PECO.

Baltimore Gas and Electric Company

The following description of indemnification allowed under Maryland statutory law is a summary rather than a complete description. Reference is made to Section 2-418 of the Corporations and Associations Article of the Maryland Annotated Code, which is incorporated herein by reference, and the following summary is qualified in its entirety by such reference.

By a Maryland statute, a Maryland corporation may indemnify any director who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (Proceeding) by reason of the fact that he is a present or former director of the corporation and any person who, while a director of the corporation, is or was serving at the request of the corporation as a director, officer, partner, trustee, employee, or agent of another corporation, partnership, joint

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venture, trust, limited liability company, other enterprise, or employee benefit plan (Director). Such indemnification may be against judgments, penalties, fines, settlements and reasonable expenses actually incurred by such Director in connection with the Proceeding unless it is established that (a) the act or omission of the Director was material to the matter giving rise to the Proceeding and (i) was committed in bad faith, or (ii) was the result of active and deliberate dishonesty; or (b) the Director actually received an improper personal benefit in money, property, or services; or (c) in the case of any criminal proceeding, the Director had reasonable cause to believe the act or omission was unlawful. However, the corporation may not indemnify any Director in connection with a Proceeding by or in the right of the corporation if the Director has been adjudged to be liable to the corporation. A Director who has been successful in the defense of any Proceeding described above, or in the defense of any claim, issue or matter in the Proceeding, shall be indemnified against reasonable expenses incurred in connection with the Proceeding or the claim, issue or matter in which the Director has been successful. The corporation may not indemnify a Director in respect of any Proceeding charging improper personal benefits to the Director in which the Director was adjudged to be liable on the basis that personal benefit was improperly received. The corporation may not indemnify a Director or advance expenses for a Proceeding brought by the Director against the corporation except if the Proceeding is brought to enforce indemnification by the corporation or if the corporation's charter or bylaws, a board resolution or contract provides otherwise. Notwithstanding the above provisions, a court of appropriate jurisdiction, upon application of the Director, may order indemnification if it determines that in view of all the relevant circumstances, the Director is fairly and reasonably entitled to indemnification; however, indemnification with respect to any Proceeding by or in the right of the corporation or in which liability was adjudged on the basis that personal benefit was improperly received shall be limited to expenses. A corporation may advance reasonable expenses to a Director prior to the final disposition of a Proceeding upon receipt by the corporation of a written undertaking by or on behalf of the Director to repay the amount if it shall ultimately be determined that the standard of conduct necessary for indemnification by the corporation has not been met.

A corporation may indemnify and advance expenses to an officer of the corporation to the same extent that it may indemnify Directors under the statute.

The indemnification and advancement of expenses provided by statute is not exclusive of any other rights, by indemnification or otherwise, to which a Director or officer may be entitled under the charter, bylaws, a resolution of shareholders or directors, an agreement or otherwise.

A corporation may purchase and maintain insurance on behalf of any person who is or was a Director or officer, whether or not the corporation would have the power to indemnify a Director or officer against liability under the provision of this section of Maryland law. Further, a corporation may provide similar protection, including a trust fund, letter of credit or surety bond, not inconsistent with the statute.

Article V of BGE's Charter reads as follows:

> "A director or officer of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages except (i) to the extent that it is proved that the person actually received an improper benefit or profit in money, property, or services for the amount of the benefit or profit in money, property, or services actually received or (ii) to the extent that a judgment or other final adjudication adverse to the person is entered in a proceeding based on a finding in the proceeding that the person's action or failure to act was the result of active and deliberate dishonesty and was material to the cause of action adjudicated in the proceeding. It is the intent of this Article that the liability of directors and officers shall be limited to the fullest extent permitted by the Maryland General Corporation Law, as amended from time to time.
>
> Any repeal or modification of the foregoing paragraph by the stockholders of the corporation shall not adversely affect any right or protection of a director or officer of the corporation existing at the time of such repeal or modification."

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Article IV of BGE's By-Laws reads as follows:

> "Each person made or threatened to be made party to an action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was a director or officer of the Company, or, at its request, is or was a director or officer of another corporation, shall be indemnified by the Company (to the extent indemnification is not otherwise provided by insurance) against the liabilities, costs and expenses of every kind actually and reasonably incurred by him as a result of such action, suit or proceeding, or any threat thereof or any appeal thereon, but in each case only if and to the extent permissible under applicable common or statutory law, state or federal. The foregoing indemnity shall not be inclusive of other rights to which such person may be entitled."

BGE has entered into indemnification agreements with each of its directors. The directors and officers of BGE are covered by insurance indemnifying them against certain liabilities which might be incurred by them in their capacities as such, including certain liabilities arising under the Securities Act of 1933. The premium for this insurance is paid by Exelon with BGE's share of the premium being reimbursed by BGE.

Pepco

Section 29-306.51 of the Business Corporation Act of 2010, or the DCBCA, provides that a District of Columbia corporation may indemnify an individual who is a party to a proceeding because the individual is a director of the corporation against liability incurred in the proceeding if the director conducted himself or herself in good faith and reasonably believed, in the case of conduct in an official capacity, that his or her conduct was in the best interests of the corporation, and in all other cases, that his or her conduct was at least not opposed to the best interests of the corporation (or, in the case of conduct with respect to an employee benefit plan, for a purpose the director reasonably believed to be in the interests of the participants in, and the beneficiaries of, the plan), and, in the case of any criminal proceeding, had no reasonable cause to believe that his or her conduct was unlawful. Unless ordered by a court of competent jurisdiction, a corporation may not indemnify a director (i) in connection with a proceeding by or in the right of the corporation, except for expenses incurred in connection with the proceeding if it is determined that the director has met the relevant standard of conduct, or (ii) with respect to conduct for which the director was adjudged liable on the basis of receiving a financial benefit to which he or she was not entitled.

Under Section 29-306.52 of the DCBCA, a corporation must indemnify a director who was wholly successful, on the merits or otherwise, in the defense of any proceeding to which the director was a party because he or she was a director of the corporation, against expenses incurred by the director in connection with the proceeding.

Under Section 29-306.53 of the DCBCA, a corporation may, before final disposition of a proceeding, advance funds to pay for or reimburse expenses incurred in connection with such a proceeding so long as the director provides the corporation with a signed affirmation of the director's good faith belief that the relevant standard of conduct has been met by the director or that the proceeding involves conduct for which liability has been eliminated under a provision of the articles of incorporation and an undertaking of the director to repay any funds advanced if the director is not entitled to mandatory indemnification under Section 29-306.52 of the DCBCA and it is ultimately determined that the director has not met the relevant standard of conduct for indemnification.

Section 29-306.56 of the DCBCA provides that a corporation may also indemnify and advance expenses to an individual who is a party to a proceeding because he or she is an officer of the corporation (i) to the same extent as a director, and, (ii) if he or she is an officer but not a director (and, where the officer is also a director if the basis on which the person is a party to the proceeding is an act or omission solely as an officer), to such further extent as may be provided by the articles of incorporation, the bylaws, a resolution of the board of directors, or contract except for liability (A) in connection with a proceeding by or in the right of the corporation

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(other than for expenses incurred in connection with the proceeding) or (B) arising out of conduct that constitutes a receipt by the officer of a financial benefit to which the officer is not entitled, an intentional infliction of harm on the corporation or the shareholders or an intentional violation of criminal law. The mandatory indemnification requirement under Section 29-306.52 of the DCBCA discussed above also applies to an officer of the corporation who is not also a director, to the same extent as if the officer was a director.

Under Sections 13.1-697 and 13.1-702 of the Virginia Stock Corporation Act, or the VSCA, a Virginia corporation may indemnify any current or former director or officer who was, is or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding if the director conducted himself in good faith and (i) believed, in the case of conduct in his official capacity with the corporation, that his conduct was in the best interests of the corporation or, in all other cases, that his conduct was at least not opposed to the best interests of the corporation, or (ii) in the case of a criminal proceeding, he had no reasonable cause to believe his conduct was unlawful; provided, however that, unless ordered by a court, a corporation may not indemnify a director or officer in connection with (i) a proceeding by or in the right of the corporation in which the director or officer was found liable to the corporation, other than for reasonable expenses or (ii) any other proceeding charging improper personal benefit to him, whether or not involving action in his official capacity, in which he was adjudged liable on the basis that personal benefit was improperly received.

Under Sections 13.1-698 and 13.1-702 of the VSCA, unless limited by its articles of incorporation, a Virginia corporation is required to indemnify any director or officer who entirely prevails in the defense of any proceeding to which he was a party because he is or was a director of the corporation against reasonable expenses incurred by him in connection with the proceeding.

The By-Laws of Pepco provide that Pepco will, to the fullest extent permitted by law, indemnify each director or officer and each former director and officer of Pepco against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with any threatened, pending or completed action, suit or proceeding by reason of the fact that he is or was a director or officer, except in relation to matters as to which such director or officer shall be finally adjudged in such action, suit or proceeding to have knowingly violated the criminal law or to be liable for willful misconduct in the performance of his duty to Pepco; and that such indemnification shall be in addition to, but that such indemnification rights shall not be exclusive of, any other rights to which such person may be entitled under any by-law, agreement, vote of stockholders, or otherwise.

DPL

DPL's Articles of Restatement of Certificate and Articles of Incorporation provide, in accordance with Section 102(b)(7) of the DGCL and Section 13.1-692.1 of the VSCA, that no director of DPL shall be personally liable to DPL or its stockholders for monetary damages for breach of fiduciary duty as a director, provided that such provision shall not eliminate or limit the liability of a director for (i) any breach of the director's duty of loyalty to DPL or its stockholders, (ii) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) liability under Section 174 of the DGCL for unlawful payment of dividends or stock purchases or redemptions, or (iv) any transaction from which the director derived an improper personal benefit. Under the VSCA, this provision does not limit the liability of a director who has engaged in willful misconduct or a knowing violation of the criminal law or of any federal or state securities law, including, without limitation, any claim of unlawful insider trading or manipulation of the market for any security.

Under Section 145 of the DGCL, a corporation is permitted to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than action by or in the right of the corporation), by reason of the fact that the person is or was an officer, director, employee or agent of the corporation or is or was serving at the request of the corporation as an officer, director, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees), judgments, fines and amounts

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paid in settlement actually and reasonably incurred in connection with such proceeding: (i) if the person acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation; and (ii) in the case of a criminal proceeding, the person had no reasonable cause to believe that his conduct was unlawful.

Under Section 145 of the DGCL, a corporation also is permitted to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to obtain a judgment in its favor by reason of the fact that the person is or was a director or officer against expenses (including attorneys' fees) actually and reasonably incurred in connection with the defense or settlement of such action or suit if the person acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, except that no indemnification is permitted with respect to any claim, issue or matter as to which the person is found liable to the corporation unless and to the extent that the Delaware Court of Chancery or the court in which the action or suit is brought determines that, despite the adjudication of liability, the person is fairly and reasonably entitled to indemnification for such expenses as the court shall deem proper.

Under Section 145 of the DGCL, a corporation must indemnify any present or former director or officer of the corporation who is successful on the merits or otherwise in the defense of any action, suit or proceeding against expenses (including attorneys' fees) actually and reasonably incurred by such person.

Under Sections 13.1-697 and 13.1-702 of the VSCA, a Virginia corporation may indemnify any current or former director or officer who was, is or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding if the director conducted himself or herself in good faith and (i) believed, in the case of conduct in his official capacity with the corporation, that his conduct was in the best interests of the corporation or, in all other cases, that his conduct was at least not opposed to the best interests of the corporation, or (ii) in the case of a criminal proceeding, he had no reasonable cause to believe his conduct was unlawful; provided, however, that, unless ordered by a court, a corporation may not indemnify a director or officer in connection with (i) a proceeding by or in the right of the corporation in which the director or officer was found liable to the corporation, other than for reasonable expenses or (ii) any other proceeding charging improper personal benefit to him, whether or not involving action in his official capacity, in which he was adjudged liable on the basis that personal benefit was improperly received.

Under Sections 13.1-698 and 13.1-702 of the VSCA, unless limited by its articles of incorporation, a Virginia corporation is required to indemnify any director or officer who entirely prevails in the defense of any proceeding to which he was a party because he is or was a director of the corporation against reasonable expenses incurred by him in connection with the proceeding.

The Amended and Restated Bylaws of DPL provide that DPL shall indemnify, to the full extent that it shall have power under applicable law, any person made or threatened to be made a party to any threatened, pending or completed action suit or proceeding by reason of the fact that such person is or was a director or officer of DPL, but that such indemnification rights shall not be exclusive of, any other rights to which such person may be entitled under any bylaw, agreement, vote of stockholders or disinterested directors or otherwise.

ACE

In accordance with Section 14A:2-7 of New Jersey Business Corporation Act, or the NJBCA, Article VI of ACE's Restated Certificate of Incorporation provides that any person who is or was a director or officer of ACE shall not be personally liable to ACE or its shareholders for any breach of duty owed to ACE or its shareholders, but excluding any breach of duty based upon an act or omission (a) in breach of such person's duty of loyalty to ACE or its shareholders, (b) not in good faith or involving a knowing violation of law or (c) resulting in receipt by such person of an improper personal benefit.

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Section 14A:3-5 of the NJBCA generally provides that a corporation may indemnify its current or former directors or officers, or any person who may have served at its request as a director or officer of another corporation, against expenses and liabilities in any pending, threatened or completed civil, criminal, administrative or arbitrative action, suit or proceeding which involves the director or officer in his capacity as such, other than a proceeding by or in the right of a corporation, if (i) the director or officer acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation and, (ii) in a criminal proceeding, he had no reasonable cause to believe his conduct was unlawful. A corporation may indemnify a director or officer against expenses incurred in connection with any proceeding brought by or in the right of the corporation which involves the director or officer in his capacity as such, if the director or officer acted in good faith in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, except that indemnification is not permitted in an action by or in the right of the corporation if the corporate agent is adjudged to be liable to the corporation, unless the court in which the proceeding was brought shall have determined that indemnification is appropriate in light of the circumstances of the case. A corporation is required to indemnify a director or officer against expenses to the extent such person has been successful on the merits or otherwise in a proceeding, or in the defense of any claim, issue or matter therein.

Article VI of ACE's Amended and Restated Bylaws provides that ACE shall, to the fullest extent it shall have power under applicable law, indemnify any person who is or was made a party or is threatened to be made a party to any proceeding by reason of the fact that he is or was a director or officer of ACE. The indemnification in Article VI is not exclusive of any other right which a director or officer may have or acquire under any bylaw, agreement, vote of the stockholders or disinterested directors or otherwise.

ITEM 16. EXHIBITS.

Reference is made to the Exhibit Index filed herewith at page II-27, such Exhibit Index being incorporated in this Item 16 by reference.

ITEM 17. UNDERTAKINGS.

(a) Each of the undersigned registrants hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement; provided, however, that paragraphs (a)(1)(i), (a)(1)(ii) and (a)(1)(iii) of this section do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Commission by the registrant pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement, or is contained in a form of prospectus filed pursuant to Rule 424(b) that is part of the registration statement.

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(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser:

(A) Each prospectus filed by the registrant pursuant to Rule 424(b)(3) shall be deemed to be part of the registration statement as of the date the filed prospectus was deemed part of and included in the registration statement; and

(B) Each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5), or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (vii), or (x) for the purpose of providing the information required by Section 10(a) of the Securities Act of 1933 shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration statement to which that prospectus relates, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date.

(5) That, for the purpose of determining liability of the registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities:

Each of the undersigned registrants undertake that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

(b) Each of the undersigned registrants hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual

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report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, each registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Chicago, State of Illinois, on this 28th day of April, 2017.

EXELON CORPORATION

By: /s/ Christopher M. Crane
Christopher M. Crane
President and Chief Executive Officer and Director
(Principal Executive Officer)

By: /s/ Jonathan W. Thayer
Jonathan W. Thayer
Senior Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

By: /s/ Duane M. DesParte
Duane M. DesParte
Senior Vice President and Corporate Controller
(Principal Accounting Officer)

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Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
*	Director and Chairman	April 28, 2017
Mayo A. Shattuck III		
*	Director	April 28, 2017
Anthony K. Anderson		
*	Director	April 28, 2017
Ann C. Berzin		
*	Director	April 28, 2017
Yves C. de Balmann		
*	Director	April 28, 2017
Nicholas DeBenedictis		
*	Director	April 28, 2017
Nancy L. Gioia		
*	Director	April 28, 2017
Linda Jojo		
*	Director	April 28, 2017
Paul L. Joskow		
*	Director	April 28, 2017
Robert J. Lawless		
*	Director	April 28, 2017
Richard W. Mies		
*	Director	April 28, 2017
John W. Rogers, Jr.		
*	Director	April 28, 2017
Stephen D. Steinour		

* By: /s/ Jonathan W. Thayer
Jonathan W. Thayer
Attorney-in-fact

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Chicago, State of Illinois, on this 28th day of April, 2017.

EXELON GENERATION COMPANY, LLC

By: /s/ Kenneth W. Cornew
Kenneth W. Cornew
President and Chief Executive Officer
(Principal Executive Officer)

By: /s/ Bryan P. Wright
Bryan P. Wright
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

By: /s/ Matthew N. Bauer
Matthew N. Bauer
Vice President and Controller
(Principal Accounting Officer)

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Chicago, State of Illinois, on this 28th day of April, 2017.

COMMONWEALTH EDISON COMPANY

By: /s/ Anne R. Pramaggiore
Anne R. Pramaggiore
President, Chief Executive Officer and Director
(Principal Executive Officer)

By: /s/ Joseph R. Trpik, Jr.
Joseph R. Trpik, Jr.
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

By: /s/ Gerald Kozel
Gerald Kozel
Vice President and Controller
(Principal Accounting Officer)

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Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
*	Director and Chairman	April 28, 2017
Christopher M. Crane		
*	Director and Vice Chairman	April 28, 2017
Denis P. O'Brien		
*	Director	April 28, 2017
James W. Compton		
*	Director	April 28, 2017
A. Steven Crown		
*	Director	April 28, 2017
Nicholas DeBenedictis		
*	Director	April 28, 2017
Peter V. Fazio, Jr.		
*	Director	April 28, 2017
Michael Moskow		
*	Director	April 28, 2017
Jesse Ruiz		

* By: /s/ Joseph R. Trpik, Jr.
Joseph R. Trpik, Jr.
Attorney-in-fact

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Philadelphia, Commonwealth of Pennsylvania, on this 28th day of April, 2017.

PECO ENERGY COMPANY

By: /s/ Craig L. Adams
Craig L. Adams
President and Chief Executive Officer and Director
(Principal Executive Officer)

By: /s/ Phillip S. Barnett
Phillip S. Barnett
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

By: /s/ Scott A. Bailey
Scott A. Bailey
Vice President and Controller
(Principal Accounting Officer)

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Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
*	Director and Chairman	April 28, 2017
Christopher M. Crane		
*	Director and Vice Chairman	April 28, 2017
Denis P. O'Brien		
*	Director	April 28, 2017
M. Walter D'Alessio		
*	Director	April 28, 2017
Nelson A. Diaz		
*	Director	April 28, 2017
Nicholas DeBenedictis		
*	Director	April 28, 2017
Rosemarie B. Greco		
*	Director	April 28, 2017
Charisse R. Lillie		
*	Director	April 28, 2017
Ronald Rubin		

* By: /s/ Phillip S. Barnett
Phillip S. Barnett
Attorney-in-fact

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, Baltimore Gas and Electric Company, a registrant, certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Baltimore, State of Maryland on the 28th day of April, 2017.

BALTIMORE GAS AND ELECTRIC COMPANY

By: /s/ Calvin Butler
Calvin Butler
Chief Executive Officer and Director
(Principal Executive Officer)

By: /s/ David M. Vahos
David M. Vahos
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

By: /s/ Andrew W. Holmes
Andrew W. Holmes
Vice President and Controller
(Principal Accounting Officer)

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Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
*	Director and Chairman	April 28, 2017
Christopher M. Crane		
*	Director and Vice Chairman	April 28, 2017
Denis P. O'Brien		
*	Director	April 28, 2017
Ann C. Berzin		
*	Director	April 28, 2017
Michael E. Cryor		
*	Director	April 28, 2017
James R. Curtiss		
*	Director	April 28, 2017
Joseph L. Haskins		
*	Director	April 28, 2017
Maria Tildon		
*	Director	April 28, 2017
Michael D. Sullivan		

* By: /s/ David M. Vahos
David M. Vahos
Attorney-in-fact

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, Potomac Electric Power Company, a registrant, certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Washington, District of Columbia on the 28th day of April, 2017.

POTOMAC ELECTRIC POWER COMPANY

By: /s/ David M. Velazquez
David M. Velazquez
Chief Executive Officer and Director
(Principal Executive Officer)

By: /s/ Donna J. Kinzel
Donna J. Kinzel
Senior Vice President, Chief Financial Officer,
Treasurer and Director
(Principal Financial Officer)

By: /s/ Robert M. Aiken
Robert M. Aiken
Vice President and Controller
(Principal Accounting Officer)

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Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
*	Director and Chairman	April 28, 2017
Christopher M. Crane		
*	Director and Vice Chairman	April 28, 2017
Denis P. O'Brien		
*	Director	April 28, 2017
Kenneth J. Parker		
*	Director	April 28, 2017
J. Tyler Anthony		
*	Director	April 28, 2017
Kevin McGowan		

* By: /s/ Donna J. Kinzel
Donna J. Kinzel
Attorney-in-fact

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, Delmarva Power & Light Company, a registrant, certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Newark, State of Delaware on the 28th day of April, 2017.

DELMARVA POWER & LIGHT COMPANY

By: /s/ David M. Velazquez
David M. Velazquez
Chief Executive Officer and Director
(Principal Executive Officer)

By: /s/ Donna J. Kinzel
Donna J. Kinzel
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

By: /s/ Robert M. Aiken
Robert M. Aiken
Vice President and Controller
(Principal Accounting Officer

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Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
*	Director	April 28, 2017
Denis P. O'Brien		

* By: /s/ Donna J. Kinzel
Donna J. Kinzel
Attorney-in-fact

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, Atlantic City Electric Company, a registrant, certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Newark, State of Delaware on the 28th day of April, 2017.

ATLANTIC CITY ELECTRIC COMPANY

By: /s/ David M. Velazquez
David M. Velazquez
Chief Executive Officer and Director
(Principal Executive Officer)

By: /s/ Donna J. Kinzel
Donna J. Kinzel
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

By: /s/ Robert M. Aiken
Robert M. Aiken
Vice President and Controller
(Principal Accounting Officer

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INDEX TO EXHIBITS

Exhibit No.	Description
1.1*	Form of Underwriting Agreement with respect to Securities.
3.1	Amended and Restated Articles of Incorporation of Exelon Corporation (incorporated herein by reference to File No. 001-16169, Form 10-Q for the quarter ended September 30, 2008, Exhibit 3-1-2).
3.2	Exelon Corporation Amended and Restated Bylaws, as amended on April 26, 2016 (incorporated by reference to File No 001-16169, Form 8-K dated April 29, 2016, Exhibit 4.1).
3.3	Certificate of Formation of Exelon Generation Company, LLC (incorporated by reference to Registration Statement No. 333-85496, Form S-4, Exhibit 3-1).
3.4	First Amended and Restated Operating Agreement of Exelon Generation Company, LLC executed as of January 1, 2001 (incorporated herein by reference to File No. 333-85496, 2003 Form 10-K, Exhibit 3-8).
3.5	Charter of Baltimore Gas and Electric Company, restated as of August 16, 1996 (incorporated by reference to Exhibit 3 to the Quarterly Report on Form 10-Q for the quarter ended September 30, 1996, File No. 1-1910).
3.6	Articles of Amendment to the Charter of Baltimore Gas and Electric Company as of February 2, 2010. (incorporated by reference to Exhibit No. 3.1 to the Current Report on Form 8-K dated February 4, 2010, File No. 1-1910.)
3.7	Bylaws of Baltimore Gas and Electric Company (incorporated by reference to Exhibit 3.11 to the Annual Report on Form 10-k for the year ended December 31, 2013 File No. 1-1910).
3.8	Restated Articles of Incorporation of Commonwealth Edison Company effective February 20, 1985, including Statements of Resolution Establishing Series, relating to the establishment of three new series of Commonwealth Edison Company preference stock known as the “$9.00 Cumulative Preference Stock,” the “$6.875 Cumulative Preference Stock” and the “$2.425 Cumulative Preference Stock” (incorporated by reference to Exhibit 3-2 to Commonwealth Edison Company’s 1994 Form 10-K, File No. 1-1839).
3.9	Commonwealth Edison Company Amended and Restated By-Laws, effective January 23, 2006, as further amended January 28, 2008 and July 27, 2009 (incorporated by reference to Exhibit 3.1 to Commonwealth Edison Company’s Form 8-K filed July 27, 2009, File No. 1-16169).
3.10	Amended and Restated Articles of Incorporation for PECO Energy Company (incorporated by reference to File No. 1-01401, 2000 Form 10-K, Exhibit 3-3).
3.11	PECO Energy Company amended Bylaws (incorporated by reference to File No. 000-16844, Form 8-K dated May 6, 2009, Exhibit 99.1).
3.12	Pepco Restated Articles of Incorporation and Articles of Restatement (incorporated by reference to File No. 001-01-01072, Form 10-Q, dated May 5, 2006, Exhibit 3.1).
3.13	Pepco Bylaws (incorporated by reference to Exhibit 3.2 to Pepco’s Form 10-Q, dated May 5, 2006).
3.14**	Amendment to Pepco Bylaws, effective as of March 23, 2016 .
3.15	DPL Articles of Restatement of Certificate and Articles of Incorporation (incorporated by reference to File No. 001-01405, Form 10-Q, dated March 1, 2007, Exhibit 3.3).
3.16	DPL Bylaws (incorporated by reference to Exhibit 3.2.1 to DPL’s Form 10-Q, dated May 9, 2005).

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Exhibit No.	Description
3.17**	Amendment to DPL Bylaws, effective as of March 23, 2016.
3.18	Atlantic City Electric Company Restated Certificate of Incorporation (filed in New Jersey on August 9, 2002) (incorporated by reference to File No. 001-03559, Amendment No. 1 to Form U5B dated February 13, 2003, Exhibit B.8.1)
3.19	Bylaws of Atlantic City Electric Company (incorporated by reference to File No. 001-03559, Form 10-Q dated May 9, 2005, Exhibit 3.2.2)
4.1	Indenture, dated as of June 11, 2015, between Exelon Corporation and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated by reference to file no. 1-16169, Form 8-K dated June 11, 2015, Exhibit 4.1).
4.2	Indenture, dated as of September 28, 2007, between Exelon Generation Company, LLC and U.S. Bank National Association, as trustee (incorporated by reference to File No. 333-85496, Form 8-K, Exhibit 4.1).
4.3	Indenture, dated as of July 24, 2006, between Baltimore Gas and Electric Company and Deutsche Bank Trust Company Americas, as trustee (incorporated by reference to Exhibit 4(b) of the Registration Statement on Form S-3 of Baltimore Gas and Electric Company filed July 24, 2006, Reg. No. 333-135991-01).
4.4	First Supplemental Indenture, dated as of October 13, 2006, between Baltimore Gas and Electric Company and Deutsche Bank Trust Company Americas, as trustee, (Incorporated by reference to Exhibit 4(a) to the Quarterly Report on Form 10-Q for the quarter ended September 30, 2006, File No. 1-1910).
4.5	Form of Baltimore Gas and Electric Company Unsecured Debt Security (Fixed Rate) (included in Exhibit 4.4).
4.6	Form of Baltimore Gas and Electric Company Unsecured Debt Security (Floating Rate) (included in Exhibit 4.4).
4.7	Indenture and Security Agreement, dated as of July 9, 2009, between Baltimore Gas and Electric Company and Deutsche Bank Trust Company Americas, as trustee (including form of Baltimore Gas and Electric Company Officer's Certificate and form of Senior Secured Bond) (incorporated by reference to Exhibits 4(u) and 4(u)(1) of Post-Effective Amendment No. 1 to the Registration Statement on Form S-3 of Baltimore Gas and Electric Company filed July 9, 2009, Reg. No. 333-157637-01).
4.8	Supplemental Indenture No. 1, dated as of October 1, 2009, to the Indenture and Security Agreement dated as of July 9, 2009, between Baltimore Gas and Electric Company and Deutsche Bank Trust Company Americas, as trustee (incorporated by reference to Exhibit 4(c) to the Quarterly Report on Form 10-Q for the quarter ended September 30, 2009, File No. 1-1910).
4.9	Baltimore Gas and Electric Company Deed of Easement and Right-of-Way Grant, dated as of July 9, 2009 (Incorporated by reference to Exhibit 4(u)(2) of Post-Effective Amendment No. 1 to the Registration Statement on Form S-3 of Baltimore Gas and Electric Company filed July 9, 2009, Reg. No. 333-157637-01).
4.10	Mortgage of Commonwealth Edison Company to Illinois Merchants Trust Company, Trustee (BNY Mellon Trust Company of Illinois, as current successor Trustee), dated as of July 1, 1923, as supplemented and amended by Supplemental Indenture thereto dated August 1, 1994 (incorporated herein by reference to Exhibit 2-1 to Commonwealth Edison Company's Form S-7, File No. 2-60201).

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Exhibit No.	Description
4.11	Supplemental Indentures to the aforementioned Commonwealth Edison Company Mortgage are incorporated herein by reference as follows:

Dated as of	File Reference	Exhibit No.
August 1, 1946	2-60201, Form S-7	2-1
April 1, 1953	2-60201, Form S-7	2-1
March 31, 1967	2-60201, Form S-7	2-1
April 1, 1967	2-60201, Form S-7	2-1
February 28, 1969	2-60201, Form S-7	2-1
May 29, 1970	2-60201, Form S-7	2-1
June 1, 1971	2-60201, Form S-7	2-1
April 1, 1972	2-60201, Form S-7	2-1
May 31, 1972	2-60201, Form S-7	2-1
June 15, 1973	2-60201, Form S-7	2-1
May 31, 1974	2-60201, Form S-7	2-1
June 13, 1975	2-60201, Form S-7	2-1
May 28, 1976	2-60201, Form S-7	2-1
June 3, 1977	2-60201, Form S-7	2-1
May 17, 1978	2-99665, Form S-3	4-3
August 31, 1978	2-99665, Form S-3	4-3
June 18, 1979	2-99665, Form S-3	4-3
June 20, 1980	2-99665, Form S-3	4-3
April 16, 1981	2-99665, Form S-3	4-3
April 30, 1982	2-99665, Form S-3	4-3
April 15, 1983	2-99665, Form S-3	4-3
April 13, 1984	2-99665, Form S-3	4-3
April 15, 1985	2-99665, Form S-3	4-3
April 15, 1986	33-6879, Form S-3	4-9
April 15, 1993	33-64028, Form S-3	4-13
June 15, 1993	1-1839, Form 8-K dated May 21, 1993	4-1
January 15, 1994	1-1839, 1993 Form 10-K	4-15
June 1, 1996	1-1839, 1996 Form 10-K	4-16
March 1, 2002	1-1839, 2001 Form 10-K	4-4-1
May 20, 2002	333-99363, Form S-3	4-1-1
June 1, 2002	333-99363, Form S-3	4-1-1
October 7, 2002	333-99715, Form S-4	4-1-3
January 13, 2003	1-1839, Form 8-K dated January 22, 2003	4-4
March 14, 2003	1-1839, Form 8-K dated April 7, 2003	4-4
August 13, 2003	1-1839, Form 8-K dated August 25, 2003	4-4
February 15, 2005	1-1839, Form 10-Q for the quarter ended March 31, 2005	4-3-1
February 22, 2006	1-1839, Form 8-K dated March 6, 2006	4.1
August 1, 2006	1-1839, Form 8-K dated August 28, 2006	4.1
September 15, 2006	1-1839, Form 8-K dated October 2, 2006	4.1
December 1, 2006	1-1839, Form 8-K dated December 19, 2006	4.1
March 1, 2007	1-1839, Form 8-K dated March 23, 2007	4.1
August 30, 2007	1-1839, Form 8-K dated September 10, 2007	4.1
December 20, 2007	1-1839, Form 8-K dated January 16, 2008	4.1
March 10, 2008	1-1839, Form 8-K dated March 27, 2008	4.1
April 23, 2008	001-01839, Form 8-K dated May 12, 2008	4.1
June 12, 2008	001-01839, Form 8-K dated June 27, 2008	4.1

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Dated as of	File Reference	Exhibit No.
July 12, 2010	001-01839, Form 8-K dated August 2, 2010	4.1
January 4, 2011	001-01839, Form 8-K dated January 18, 2011	4.1
August 22, 2011	001-01839, Form 8-K dated September 7, 2011	4.1
September 17, 2012	001-01839, Form 8-K dated October 1, 2012	4.1
August 1, 2013	001-01839, Form 8-K dated August 19, 2013	4.1
January 2, 2014	001-01839, Form 8-K dated January 10, 2014	4.1
October 28, 2014	001-01839, Form 8-K dated November 10, 2014	4.1
February 18, 2015	001-01839, Form 8-K dated March 2, 2015	4.1
June 15, 2016	001-01839, Form 8-K dated June 27, 2016	4.1

4.14 Instrument of Resignation, Appointment and Acceptance dated as of February 20, 2002, under the provisions of the Commonwealth Edison Company Mortgage dated July 1, 1923, and Indentures Supplemental thereto, regarding corporate trustee (incorporated by reference to Exhibit 4-4-2 to Commonwealth Edison Company's 2001 Form 10-K, File No. 1-1839).

4.15 Instrument dated as of January 31, 1996, under the provisions of the Commonwealth Edison Company Mortgage dated July 1, 1923 and Indentures Supplemental thereto, regarding individual trustee (incorporated herein by reference to Exhibit 4-29 to Commonwealth Edison Company's 1995 Form 10-K, File No. 1-1839).

4.16 Indenture, dated as of September 1, 1987, between Commonwealth Edison Company and Citibank, N.A., as Trustee (U.S. Bank National Association, as current successor Trustee) relating to Notes (incorporated herein by reference to Exhibit 4-13 to Commonwealth Edison Company's Form S-3, File No. 33-20619).

4.17 Supplemental Indentures to the aforementioned Commonwealth Edison Indenture are incorporated herein by reference as follows:

Dated as of	File Reference	Exhibit No.
July 14, 1989	33-32929, Form S-3	4-16

4.18 First and Refunding Mortgage, dated as of May 1, 1923, between The Counties Gas and Electric Company (predecessor to PECO Energy Company) and Fidelity Trust Company, as Trustee (U.S. National Association, as current successor trustee), (Registration No. 2-2281, Exhibit B-1).

4.19 Supplemental Indentures to PECO Energy Company's First and Refunding Mortgage (incorporated herein by reference to the following):

Dated as of	File Reference	Exhibit No.
May 1, 1927	2-2881	B-1(c)
March 1, 1937	2-2881	B-1(g)
December 1, 1941	2-4863	B-1(h)
November 1, 1944	2-5472	B-1(i)
December 1, 1946	2-6821	7-1(j)
September 1, 1957	2-13562	2(b)-17
May 1, 1958	2-14020	2(b)-18
March 1, 1968	2-34051	2(b)-24
March 1, 1981	2-72802	4-46
March 1, 1981	2-72802	4-47
December 1, 1984	1-01401, 1984 Form 10-K	4-2(b)
March 1, 1993	1-01401, 1992 Form 10-K	4(e)-86

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Dated as of	File Reference	Exhibit No.
May 1, 1993	1-01401, March 31, 1993 Form 10-Q	4(e)-88
May 1, 1993	1-01401, March 31, 1993 Form 10-Q	4(e)-89
September 15, 2002	1-01401, September 30, 2002 Form 10-Q	4-1
October 1, 2002	1-01401, September 30, 2002 Form 10-Q	4-2
April 15, 2003	00-16844, March 31, 2003 Form 10-Q	4.1
April 15, 2004	00-16844, September 30, 2004 Form 10-Q	4-1-1
September 15, 2006	000-16844, Form 8-K dated September 25, 2006	4.1
March 15, 2007	000-1684, Form 8-K dated March 3, 2008	4.1
February 15, 2008	000-1684, Form 8-K dated March 19, 2007	4.1
September 15, 2008	000-1684, Form 8-K dated October 2, 2008	4.1
March 15, 2009	000-1684, Form 8-K dated March 26, 2009	4.1
September 1, 2012	000-1684, Form 8-K dated September 17, 2012	4.1
September 15, 2013	000-1684, Form 8-K dated September 23, 2013	4.1
September 15, 2013	000-1684, Form 8-K dated September 23, 2013	4.1
September 1, 2014	000-1684, Form 8-K dated September 15, 2014	4.1
September 1, 2015	000-1684, Form 8-K dated October 5, 2015	4.1
September 1, 2016	000-16844, Form 8-K dated September 21, 2016	4.1

4.20 Mortgage and Deed of Trust, dated as of July 1, 1936, between Potomac Electric Power Company and The Bank of New York Mellon, as successor trustee, and Supplemental Indenture dated as of July 1, 1936 (filed as Exhibit B-4 to First Amendment dated June 19, 1936 to Pepco's Registration Statement (File No. 2-2232) and incorporated by reference herein)

4.21 Supplemental Indentures to Potomac Electric Power Company's Mortgage and Deed of Trust (incorporated herein by reference to the following):

Dated as of	Reference and Exhibit No
December 10, 1939	Exh. B to Pepco's Form 8-K, 1/3/40.
July 15, 1942	Exh. B-1 to Amendment No. 2, 8/24/42, and B-3 to Post-Effective Amendment, 8/31/42, to Pepco's Registration Statement No. 2-5032.
October 15, 1947	Exh. A to Pepco's Form 8-K, 12/8/47.
December 31, 1948	Exh. A-2 to Pepco's Form 10-K, 4/13/49.
December 31, 1949	Exh. (a)-1 to Pepco's Form 8-K, 2/8/50.
February 15, 1951	Exh. (a) to Pepco's Form 8-K, 3/9/51.
February 16, 1953	Exh. (a)-1 to Pepco's Form 8-K, 3/5/53.
March 15, 1954 and March 15, 1955	Exh. 4-B to Pepco's Registration Statement No. 2-11627, 5/2/55.
March 15, 1956	Exh. C to Pepco's Form 10-K, 4/4/56.
April 1, 1957	Exh. 4-B to Pepco's Registration Statement No. 2-13884, 2/5/58.
May 1, 1958	Exh. 2-B to Pepco's Registration Statement No. 2-14518, 11/10/58.
May 1, 1959	Exh. 4-B to Amendment No. 1, 5/13/59, to Pepco's Registration Statement No. 2-15027.
May 2, 1960	Exh. 2-B to Pepco's Registration Statement No. 2-17286, 11/9/60.
April 3, 1961	Exh. A-1 to Pepco's Form 10-K, 4/24/61.
May 1, 1962	Exh. 2-B to Pepco's Registration Statement No. 2-21037, 1/25/63.
May 1, 1963	Exh. 4-B to Pepco's Registration Statement No. 2-21961, 12/19/63.
April 23, 1964	Exh. 2-B to Pepco's Registration Statement No. 2-22344, 4/24/64.
May 3, 1965	Exh. 2-B to Pepco's Registration Statement No. 2-24655, 3/16/66.
June 1, 1966	Exh. 1 to Pepco's Form 10-K, 4/11/67.

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Dated as of	Reference and Exhibit No
April 28, 1967	Exh. 2-B to Post-Effective Amendment No. 1 to Pepco's Registration Statement No. 2-26356, 5/3/67.
July 3, 1967	Exh. 2-B to Pepco's Registration Statement No. 2-28080, 1/25/68.
May 1, 1968	Exh. 2-B to Pepco's Registration Statement No. 2-31896, 2/28/69.
June 16, 1969	Exh. 2-B to Pepco's Registration Statement No. 2-36094, 1/27/70.
May 15, 1970	Exh. 2-B to Pepco's Registration Statement No. 2-38038, 7/27/70.
September 1, 1971	Exh. 2-C to Pepco's Registration Statement No. 2-45591, 9/1/72.
June 17, 1981	Exh. 2 to Amendment No. 1 to Pepco's Form 8-A, 6/18/81.
November 1, 1985	Exh. 2B to Pepco's Form 8-A, 11/1/85.
September 16, 1987	Exh. 4-B to Pepco's Registration Statement No. 33-18229, 10/30/87.
May 1, 1989	Exh. 4-C to Pepco's Registration Statement No. 33-29382, 6/16/89.
May 21, 1991	Exh. 4 to Pepco's Form 10-K, 3/27/92.
May 7, 1992	Exh. 4 to Pepco's Form 10-K, 3/26/93.
September 1, 1992	Exh. 4 to Pepco's Form 10-K, 3/26/93.
November 1, 1992	Exh. 4 to Pepco's Form 10-K, 3/26/93.
July 1, 1993	Exh. 4.4 to Pepco's Registration Statement No. 33-49973, 8/11/93.
February 10, 1994	Exh. 4 to Pepco's Form 10-K, 3/25/94.
February 11, 1994	Exh. 4 to Pepco's Form 10-K, 3/25/94.
October 2, 1997	Exh. 4 to Pepco's Form 10-K, 3/26/98.
November 17, 2003	Exh. 4.1 to Pepco's Form 10-K, 3/11/04.
March 16, 2004	Exh. 4.3 to Pepco's Form 8-K, 3/23/04.
May 24, 2005	Exh. 4.2 to Pepco's Form 8-K, 5/26/05.
April 1, 2006	Exh. 4.1 to Pepco's Form 8-K, 4/17/06.
November 13, 2007	Exh. 4.2 to Pepco's Form 8-K, 11/15/07.
March 24, 2008	Exh. 4.1 to Pepco's Form 8-K, 3/28/08.
December 3, 2008	Exh. 4.2 to Pepco's Form 8-K, 12/8/08.
March 28, 2012	Exh. 4.2 to Pepco's Form 8-K, 3/29/12.
March 11, 2013	Exh. 4.2 to Pepco's Form 8-K, 3/12/13.
November 14, 2013	Exh. 4.2 to Pepco's Form 8-K, 11/15/13.
March 11, 2014	Exh. 4.2 to Pepco's Form 8-K, 3/12/14.
March 9, 2015	Exh. 4.3 to Pepco's Form 8-K, 3/10/15.

4.22 Indenture, dated as of July 28, 1989, between Potomac Electric Power Company and The Bank of New York Mellon, as trustee, with respect to Pepco's Medium-Term Note Program (incorporated herein by reference to Exhibit 4 to Pepco's Form 8-K, dated June 21, 1990).

4.23 Senior Note Indenture, dated November 17, 2003 between Potomac Electric Power Company and The Bank of New York Mellon, as trustee (incorporated herein by reference to Exhibit 4.2 to Potomac Electric Power Company's Form 8-K, dated November 21, 2003)

4.24 Supplemental Indenture, to the aforesaid Senior Note Indenture, dated March 3, 2008 (incorporated herein by reference to Exhibit 4.3 to Potomac Electric Power Company's Form 10-K, dated March 2, 2009).

4.25 Mortgage and Deed of Trust of Delmarva Power & Light Company to The Bank of New York Mellon (ultimate successor to the New York Trust Company), as trustee, dated as of October 1, 1943 and copies of the First through Sixty-Eighth Supplemental Indentures thereto (incorporated herein by reference to Exhibit 4-A to Delmarva Power & Light Company's Registration Statement No. 33-1763, dated November 27, 1985)

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Exhibit No.	Description
4.26	Supplemental Indentures to Delmarva Power & Light Company's Mortgage and Deed of Trust (incorporated herein by reference to the following):

Description	File Reference and Exhibit No.
Copies of the First through Sixty-Eighth Supplemental Indentures thereto	Exh. 4-B to DPL's Registration Statement No. 33-39756, 4/03/91.
Sixty-Ninth Supplemental Indenture	
Seventieth through Seventy-Fourth Supplemental Indentures	Exhs. 4-B to DPL's Registration Statement No. 33-24955, 10/13/88.
Seventy-Fifth through Seventy-Seventh Supplemental Indentures	Exhs. 4-D, 4-E and 4-F to DPL's Registration Statement No. 33-39756, 4/03/91.
Seventy-Eighth and Seventy-Ninth Supplemental Indentures	Exhs. 4-E and 4-F to DPL's Registration Statement No. 33-46892, 4/1/92.
Eightieth Supplemental Indenture	Exh. 4 to DPL's Registration Statement No. 33-49750, 7/17/92.
Eighty-First Supplemental Indenture	Exh. 4-G to DPL's Registration Statement No. 33-57652, 1/29/93.
Eighty-Second Supplemental Indenture	Exh. 4-H to DPL's Registration Statement No. 33-63582, 5/28/93.
Eighty-Third Supplemental Indenture	Exh. 99 to DPL's Registration Statement No. 33-50453, 10/1/93.
Eighty-Fourth through Eighty-Eighth Supplemental Indentures	Exhs. 4-J, 4-K, 4-L, 4-M and 4-N to DPL's Registration Statement No. 33-53855, 1/30/95.
Eighty-Ninth and Ninetieth Supplemental Indentures	Exhs. 4-K and 4-L to DPL's Registration Statement No. 333-00505, 1/29/96.
Ninety-First Supplemental Indenture	Exh. 4.L to DPL's Registration Statement No. 333 24059, 3/27/97.
Ninety-Second Supplemental Indenture	Exh. 4.4 to DPL's Form 10-K, 2/24/12.
Ninety-Third Supplemental Indenture	Exh. 4.4 to DPL's Form 10-K, 2/24/12.
Ninety-Fourth Supplemental Indenture	Exh. 4.4 to DPL's Form 10-K, 2/24/12.
Ninety-Fifth Supplemental Indenture	Exh. 4-K to DPL's Post-Effective Amendment No. 1 to Registration Statement No. 333-145691-02, 11/18/08.
Ninety-Sixth Supplemental Indenture	Exh. 4.4 to DPL's Form 10-K, 2/24/12.
Ninety-Seventh Supplemental Indenture	Exh. 4.4 to DPL's Form 10-K, 2/24/12.
Ninety-Eighth Supplemental Indenture	Exh. 4.4 to DPL's Form 10-K, 2/24/12.
Ninety-Ninth Supplemental Indenture	Exh. 4.4 to DPL's Form 10-K, 2/24/12.
One Hundredth Supplemental Indenture	Exh. 4.4 to DPL's Form 10-K, 2/24/12.
One Hundred and First Supplemental Indenture	Exh. 4.4 to DPL's Form 10-K, 2/24/12.
One Hundred and Second Supplemental Indenture	Exh. 4.4 to DPL's Form 10-K, 2/24/12.
One Hundred and Third Supplemental Indenture	Exh. 4.4 to DPL's Form 10-K, 2/24/12.
One Hundred and Fourth Supplemental Indenture	Exh. 4.4 to DPL's Form 10-K, 2/24/12.
One Hundred and Fifth Supplemental Indenture	Exh. 4.4 to DPL's Form 8-K, 10/1/09.
One Hundred and Sixth Supplemental Indenture	Exh. 4.4 to DPL's Form 10-K, 2/25/11.

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Exhibit No. Description

Description	File Reference and Exhibit No.
One Hundred and Seventh Supplemental Indenture	Exh. 4.2 to DPL's Form 10-Q, 8/3/11.
One Hundred and Eighth Supplemental Indenture	Exh. 4.2 to DPL's Form 8-K, 6/3/11.
One Hundred and Ninth Supplemental Indenture	Exh. 4.3 to DPL's Form 10-Q, 8/7/12.
One Hundred and Tenth Supplemental Indenture	Exh. 4.2 to DPL's Form 8-K, 6/20/12.
One Hundred and Eleventh Supplemental Indenture	Exh. 4.1 to DPL's Form 10-Q, 8/6/13.
One Hundred and Twelfth Supplemental Indenture	Exh. 4.2 to DPL's Form 8-K, 11/8/13.
One Hundred and Thirteenth Supplemental Indenture	Exhibit 4.4 to DPL's Form 10-K, 2/27/15.
One Hundred and Fourteenth Supplemental Indenture	Exh. 4.3 to DPL's Form 8-K, 6/3/14.
One Hundred and Fifteenth Supplemental Indenture	Exh. 4.4 to DPL's 10-K, 2/19/16
One Hundred and Sixteenth Supplemental Indenture	Exh. 4.2 to DPL's Form 8-K, 5/5/15.
One Hundred and Seventeenth Supplemental Indenture	Exh. 4.2 to DPL's Form 8-K, 12/12/16.
One Hundred and Eighteenth Supplemental Indenture	Exh. 4-45-1 to DPL's 10-K, 2/13/17

4.27 Indenture between Delmarva Power & Light Company and The Bank of New York Mellon Trust Company, N.A. (ultimate successor to Manufacturers Hanover Trust Company), as trustee, dated as of November 1, 1988 (incorporated herein by reference to Exhibit No. 4-G to DPL's Registration Statement No. 33-46892, dated April 1, 1992)

4.28 Mortgage and Deed of Trust, dated January 15, 1937, between Atlantic City Electric Company and The Bank of New York Mellon (formerly Irving Trust Company), as trustee (incorporated by reference to File No. 2-66280, Registration Statement dated December 21, 1979, Exhibit 2(a))

4.29 Supplemental Indentures to Atlantic City Electric Company Mortgage:

Dated as of	File Reference	Exhibit No.
June 1, 1949	2-66280, Registration Statement, 12/21/79	2(b)
July 1, 1950	2-66280, Registration Statement, 12/21/79	2(b)
November 1, 1950	2-66280, Registration Statement, 12/21/79	2(b)
March 1, 1952	2-66280, Registration Statement, 12/21/79	2(b)
January 1, 1953	2-66280, Registration Statement, 12/21/79	2(b)
March 1, 1954	2-66280, Registration Statement, 12/21/79	2(b)
March 1, 1955	2-66280, Registration Statement, 12/21/79	2(b)
January 1, 1957	2-66280, Registration Statement, 12/21/79	2(b)
April 1, 1958	2-66280, Registration Statement, 12/21/79	2(b)
April 1, 1959	2-66280, Registration Statement, 12/21/79	2(b)
March 1, 1961	2-66280, Registration Statement, 12/21/79	2(b)
July 1, 1962	2-66280, Registration Statement, 12/21/79	2(b)
March 1, 1963	2-66280, Registration Statement, 12/21/79	2(b)

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Exhibit No.	Description		
	Dated as of	**File Reference**	**Exhibit No.**
	February 1, 1966	2-66280, Registration Statement, 12/21/79	2(b)
	April 1, 1970	2-66280, Registration Statement, 12/21/79	2(b)
	September 1, 1970	2-66280, Registration Statement, 12/21/79	2(b)
	May 1, 1971	2-66280, Registration Statement, 12/21/79	2(b)
	April 1, 1972	2-66280, Registration Statement, 12/21/79	2(b)
	June 1, 1973	2-66280, Registration Statement, 12/21/79	2(b)
	January 1, 1975	2-66280, Registration Statement, 12/21/79	2(b)
	May 1, 1975	2-66280, Registration Statement, 12/21/79	2(b)
	December 1, 1976	2-66280, Registration Statement, 12/21/79	2(b)
	January 1, 1980	Form 10-K, 3/25/81	4(e)
	May 1, 1981	Form 10-Q, 8/10/81	4(a)
	November 1, 1983	Form 10-K, 3/30/84	4(d)
	April 15, 1984	Form 10-Q, 5/14/84	4(a)
	July 15, 1984	Form 10-Q, 8/13/84	4(a)
	October 1, 1985	Form 10-Q, 11/12/85	4
	May 1, 1986	Form 10-Q, 5/12/86	4
	July 15, 1987	Form 10-K, 3/28/88	4(d)
	October 1, 1989	Form 10-Q for quarter ended 9/30/89	4(a)
	March 1, 1991	Form 10-K, 3/28/91	4(d)(1)
	May 1, 1992	33-49279, Registration Statement, 1/6/93	4(b)
	January 1, 1993	333-108861, Registration Statement, 9/17/03	4.05(hh)
	August 1, 1993	Form 10-Q, 11/12/93	4(a)
	September 1, 1993	Form 10-Q, 11/12/93	4(b)
	November 1, 1993	Form 10-K, 3/29/94	4(c)(1)
	June 1, 1994	Form 10-Q, 8/14/94	4(a)
	October 1, 1994	Form 10-Q, 11/14/94	4(a)
	November 1, 1994	Form 10-K, 3/21/95	4(c)(1)
	March 1, 1997	001-03559, Form 8-K, 3/24/97	4(b)
	April 1, 2004	001-03559, Form 8-K, 4/6/04	4.3
	August 10, 2004	001-03559, Form 10-Q, 11/8/04	4
	March 8, 2006	001-03559, Form 8-K, 3/17/06	4
	November 6, 2008	001-03559, Form 8-K, 11/10/08	4.2
	March 29, 2011	001-03559, Form 8-K, 4/1/11	4.2
	August 18, 2014	001-03559, Form 8-K, 8/19/14	4.2
	December 1, 2015	001-03559, Form 8-K, 12/2/15	4.2

4.30 Senior Note Indenture, dated as of April 1, 2004, between Atlantic City Electric Company and The Bank of New York Mellon, as trustee, with respect to the senior notes (incorporated by reference to File No. 001-03559, Form 8-K dated April 6, 2004, Exhibit 4.3).

4.31 Indenture, dated as of March 1, 1997, between Atlantic City Electric Company and The Bank of New York Mellon, as trustee, with respect to the other debt securities (incorporated by reference to File No. 001-03559, Form 8-K dated March 24, 1997, Exhibit 4(e)).

5.1 Opinion of Ballard Spahr LLP regarding the legality of the Securities.

12.1 Statement regarding computation of ratio of earnings to fixed charges for Exelon and statement regarding computation of consolidated ratios of earnings to combined fixed charges and preferred stock dividends for Exelon (incorporated by reference to File No 1-16169, Form 10-K dated February 13, 2017, Exhibit 12.2).

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Exhibit No.	Description
12.2	Statement regarding computation of ratio of earnings to fixed charges for Generation (incorporated by reference to File No 333-85496, Form 10-K dated February 13, 2017, Exhibit 12.2) .
12.3	Statement regarding computation of ratio of earnings to fixed charges for ComEd (incorporated by reference to File No 1-1839, Form 10-K dated February 13, 2017, Exhibit 12.3).
12.4	Statement regarding computation of ratio of earnings to fixed charges for PECO (incorporated by reference to File No 000-16844, Form 10-K dated February 13, 2017, Exhibit 12.4).
12.5	Statement regarding computation of ratio of earnings to fixed charges for BGE (incorporated by reference to File No 1-1910, Form 10-K dated February 13, 2017, Exhibit 12.5).
12.6	Statement regarding computation of ratio of earnings to fixed charges for Pepco (incorporated by reference to File No 001-01072, Form 10-K dated February 13, 2017, Exhibit 12.7).
12.7	Statement regarding computation of ratio of earnings to fixed charges for DPL (incorporated by reference to File No 001-01405, Form 10-K dated February 13, 2017, Exhibit 12.8).
12.8	Statement regarding computation of ratio of earnings to fixed charges for ACE (incorporated by reference to File No 001-03559, Form 10-K dated February 13, 2017, Exhibit 12.9).
23.1**	Consent of PricewaterhouseCoopers LLP for Exelon.
23.2**	Consent of PricewaterhouseCoopers LLP for Generation.
23.3**	Consent of PricewaterhouseCoopers LLP for ComEd.
23.4**	Consent of PricewaterhouseCoopers LLP for PECO.
23.5**	Consent of PricewaterhouseCoopers LLP for BGE.
23.6**	Consent of PricewaterhouseCoopers LLP for Pepco.
23.7**	Consent of PricewaterhouseCoopers LLP for DPL.
23.8	Consent of PricewaterhouseCoopers LLP for ACE.
23.9	Consent of Ballard Spahr LLP (included in Exhibit 5.1).
24.1**	Powers of Attorney for Exelon.
24.2**	Powers of Attorney for ComEd.
24.3**	Powers of Attorney for PECO.
24.4**	Powers of Attorney for BGE.
24.5**	Powers of Attorney for Pepco.
24.6**	Powers of Attorney for DPL.
24.7	Powers of Attorney for ACE (included on signature page).
25.1**	Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939, as amended, of The Bank of New York Mellon Trust Company, N.A., as trustee under the Indenture, dated as of June 11, 2015, between Exelon Corporation and The Bank of New York Mellon Trust Company, N.A., as trustee.
25.2**	Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939, as amended, of U.S. Bank National Association, as trustee under the Indenture, dated as of September 28, 2007, between Exelon Generation Company, LLC and U.S. Bank National Association, as trustee.
25.3**	Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939, as amended, of U.S. Bank National Association, as trustee under the First and Refunding Mortgage, dated May 1, 1923, between The Counties Gas and Electric Company (predecessor to PECO Energy Company) and Fidelity Trust Company, as Trustee (U.S. National Association, as current successor trustee).

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Exhibit No.	Description
25.4**	Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939, as amended, of Deutsche Bank Trust Company Americas, as trustee under the Indenture, dated as of July 24, 2006, between Baltimore Gas and Electric Company and Deutsche Bank Trust Company Americas, as trustee, and the Indenture and Security Agreement, dated as of July 9, 2009, between Baltimore Gas and Electric Company and Deutsche Bank Trust Company Americas, as trustee.
25.5**	Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939, as amended, of BNY Mellon Trust Company of Illinois, as trustee under the Mortgage of Commonwealth Edison Company to Illinois Merchants Trust Company, Trustee (BNY Mellon Trust Company of Illinois, as current successor Trustee), dated as of July 1, 1923.
25.6**	Form T-2 Statement of Eligibility under the Trust Indenture Act of 1939, as amended, of D.G. Donovan, as co-trustee under the Mortgage of Commonwealth Edison Company to Illinois Merchants Trust Company, Trustee (BNY Mellon Trust Company of Illinois, as current successor Trustee), dated as of July 1, 1923.
25.7**	Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939, as amended, of U.S. Bank National Association, as trustee under the Indenture, dated as of September 1, 1987, between Commonwealth Edison Company and Citibank, N.A., as Trustee (U.S. Bank National Association, as current successor Trustee).
25.8**	Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939, as amended, of The Bank of New York Mellon to act as Trustee under the Mortgage and Deed of Trust, dated as of July 1, 1936, between Potomac Electric Power Company and The Bank of New York Mellon, as successor trustee.
25.9**	Form T-1 Statement of Eligibility of The Bank of New York Mellon under the Trust Indenture Act of 1939, as amended, to act as Trustee under Senior Note Indenture, dated November 17, 2003 between Potomac Electric Power Company and The Bank of New York Mellon, as trustee.
25.10**	Form T-1 Statement of Eligibility of The Bank of New York Mellon under the Trust Indenture Act of 1939, as amended, to act as Trustee under the Indenture, dated as of July 28, 1989, between Potomac Electric Power Company and The Bank of New York Mellon, as trustee.
25.11**	Form T-1 Statement of Eligibility of The Bank of New York Mellon under the Trust Indenture Act of 1939, as amended, to act as Trustee under the Mortgage and Deed of Trust of Delmarva Power & Light Company to The Bank of New York Mellon (ultimate successor to the New York Trust Company), as trustee, dated as of October 1, 1943.
25.12**	Form T-1 Statement of Eligibility of The Bank of New York Mellon Trust Company, N.A. under the Trust Indenture Act of 1939, as amended, to act as Trustee under the Indenture between Delmarva Power & Light Company and The Bank of New York Mellon Trust Company, N.A. (ultimate successor to Manufacturers Hanover Trust Company), as trustee, dated as of November 1, 1988.
25.13	Form T-1 Statement of Eligibility of The Bank of New York Mellon under the Trust Indenture Act of 1939, as amended, to act as Trustee under the Mortgage and Deed of Trust, dated January 15, 1937, between Atlantic City Electric Company and The Bank of New York Mellon (formerly Irving Trust Company), as trustee .
25.14	Form T-1 Statement of Eligibility of The Bank of New York Mellon under the Trust Indenture Act of 1939, as amended, to act as Trustee under the Senior Note Indenture, dated as of April 1, 2004, between Atlantic City Electric Company and The Bank of New York Mellon, as trustee.
25.15	Form T-1 Statement of Eligibility of The Bank of New York Mellon under the Trust Indenture Act of 1939, as amended, to act as Trustee under the Indenture, dated as of March 1, 1997, between Atlantic City Electric Company and The Bank of New York Mellon, as trustee.

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* A form of Underwriting Agreement with respect to any Securities will be filed as an Exhibit on Form 8-K, as contemplated by Item 601(b)(1) of Regulation S-K under the Securities Act.

** Filed previously

EX-5.1 2 d384913dex51.htm EX-5.1

Exhibit 5.1

Ballard Spahr LLP

1735 Market Street, 51st Floor
Philadelphia, PA 19103-7599
TEL 215.665.8500
FAX 215.864.8999
www.ballardspahr.com

April 28, 2017

Exelon Corporation
10 South Dearborn Street
P.O. Box 805379
Chicago, Illinois 60680-5379

Exelon Generation Company, LLC
300 Exelon Way
Kennett Square, Pennsylvania, 19348

Commonwealth Edison Company
440 South LaSalle Street
Suite 3300
Chicago, Illinois 60605-1028

PECO Energy Company
2301 Market Street
Philadelphia, Pennsylvania 19101

Baltimore Gas and Electric Company
2 Center Plaza, 110 West Fayette Street,
Baltimore, Maryland 21201

Potomac Electric Power Company
701 Ninth Street, N.W.
Washington, District of Columbia 20068

Delmarva Power & Light Company
500 North Wakefield Drive
Newark, Delaware 19702

Atlantic City Electric Company
500 North Wakefield Drive
Newark, Delaware 19702

Re: Registration Statement on Form S-3

Ladies and Gentlemen:

We refer to Amendment No. 1 to Registration Statement on Form S-3 (the "Registration Statement") being filed by Exelon Corporation, a Pennsylvania corporation ("Exelon"), Exelon Generation Company, LLC, a Pennsylvania limited liability company ("Generation"), Commonwealth Edison Company, an Illinois corporation ("ComEd"), PECO Energy Company, a Pennsylvania corporation ("PECO"), Baltimore Gas and Electric Company, a Maryland corporation ("BGE"), Potomac Electric Power Company, a District of Columbia and Virginia corporation ("Pepco"), Delmarva Power & Light Company, a Delaware and Virginia corporation ("DPL") and Atlantic City Electric Company, a New Jersey corporation ("ACE"), with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Act"), relating to an unlimited amount of (a) debt securities ("Exelon Debt Securities"), shares of common stock ("Exelon Common Stock"), stock purchase contracts ("Exelon Stock Purchase Contracts"), stock purchase units ("Exelon Stock Purchase Units"), shares of preferred stock ("Exelon Preferred Stock") and depositary shares ("Exelon Depositary Shares"),

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which may be sold from time to time by Exelon, (b) debt securities ("Generation Debt Securities"), which may be sold from time to time by Exelon Generation Company, LLC, (c) first mortgage bonds ("ComEd Mortgage Bonds") and notes ("ComEd Notes"), which may be sold from time to time by Commonwealth Edison Company, (d) first mortgage bonds ("PECO Mortgage Bonds"), which may be sold from time to time by PECO Energy Company, (e) unsecured debt securities ("BGE Unsecured Debt Securities"), senior secured bonds ("BGE Debt Securities"), which may be sold from time to time by Baltimore Gas and Electric Company, (f) first mortgage bonds ("Pepco Mortgage Bonds"), senior notes (the "Pepco Senior Notes") and other debt securities ("Other Pepco Debt Securities"), which may be sold from time to time by Pepco, (g) first mortgage bonds ("DPL Mortgage Bonds") and other debt securities ("Other DPL Debt Securities"), which may be sold from time to time by DPL, and (h) first mortgage bonds ("ACE Mortgage Bonds"), senior notes (the "ACE Senior Notes") and other debt securities ("Other ACE Debt Securities"), in each case in amounts, at prices and on terms to be determined at the time of an offering (collectively, the "Securities").

Unless otherwise specified in the applicable prospectus supplement, the Exelon Debt Securities will be issued under an Indenture (the "Exelon Indenture") between Exelon and The Bank of New York Mellon, as trustee, dated as of June 11, 2015.

Unless otherwise specified in the applicable prospectus supplement, the Generation Debt Securities will be issued under an Indenture (the "Generation Indenture") between Generation and U.S. Bank National Association, as trustee, dated as of September 28, 2007.

Unless otherwise specified in the applicable prospectus supplement, the ComEd Mortgage Bonds will be issued under ComEd's Mortgage (the "ComEd Mortgage"), dated as of July 1, 1923, as amended and supplemented, between ComEd and BNY Mellon Trust Company of Illinois (current successor to Illinois Merchants Trust Company), as trustee, and D.G. Donovan, as co-trustee, and the ComEd Notes will be issued under the Indenture (the "ComEd Senior Indenture"), as amended and supplemented, between ComEd and U.S. Bank National Association (current successor to Citibank, N.A.), as trustee, dated as of September 1, 1987.

Unless otherwise specified in the applicable prospectus supplement, the PECO Mortgage Bonds will be issued under PECO's First and Refunding Mortgage (the "PECO Mortgage"), dated as of May 1, 1923, between The Counties Gas and Electric Company (predecessor to PECO) and Fidelity Trust Company, Trustee (now U.S. Bank National Association, as successor trustee), as amended and supplemented and as to be further amended and supplemented by one or more supplemental indentures creating the PECO Mortgage Bonds.

Unless otherwise specified in the applicable prospectus supplement, the BGE Unsecured Debt Securities will be issued under an Indenture relating to the unsecured debt securities, dated as of July 24, 2006, as supplemented by Supplemental Indenture No. 1 thereto dated as of October 13, 2009 (the "BGE Unsecured Indenture"), between BGE and Deutsche Bank Trust Company Americas, as trustee, and the BGE Secured Debt Securities will be issued under an Indenture and Security Agreement between BGE and Deutsche Bank Trust Company Americas, as Trustee relating to the secured debt securities, dated as of July 9, 2009 (the "BGE Secured Indenture").

Unless otherwise specified in the applicable prospectus supplement, the Pepco Mortgage Bonds will be issued pursuant to the Mortgage and Deed of Trust dated as of July 1, 1936, between Pepco and The Bank of New York Mellon, as trustee, as amended and supplemented (the "Pepco Mortgage"), the Pepco Senior Notes will be issued pursuant to the Indenture between the Pepco and The Bank of New York Mellon, as trustee, dated as of November 17, 2003 (the "Pepco Senior Note Indenture"), and the Other Pepco Debt Securities will be issued pursuant to the Indenture dated July 28, 1989 (the "Pepco Note Indenture"), between Pepco and The Bank of New York Mellon, as trustee.

Unless otherwise specified in the applicable prospectus supplement, the DPL Mortgage Bonds will be issued pursuant to the Mortgage and Deed of Trust, dated as of October 1, 1943, between DPL and The Bank of New York Mellon, as trustee, as amended and supplemented (the "DPL Mortgage"), and the Other DPL Debt Securities will be issued pursuant to the Indenture, dated as of November 1, 1988 (the "DPL Note Indenture"), between the DPL and The Bank of New York Mellon Trust Company, as trustee.

Unless otherwise specified in the applicable prospectus supplement, the ACE Mortgage Bonds will be issued pursuant to the Mortgage and Deed of Trust dated as of January 15, 1937, between ACE and The Bank of New York Mellon, as trustee, as amended and supplemented (the "ACE Mortgage"), the ACE Senior Notes will be issued pursuant to the Indenture between the ACE and The Bank of New York Mellon, as trustee, dated as of April 1, 2004 (the "ACE Senior Note Indenture"), and the Other ACE Debt Securities will be issued pursuant to the Indenture dated March 24, 2997 (the "ACE Note Indenture"), between Pepco and The Bank of New York Mellon, as trustee.

In rendering the opinions expressed below, we have examined originals or copies, certified or otherwise identified to our satisfaction, of the Registration Statement and all exhibits thereto and such corporate records and other agreements, documents and instruments, and such certificates or comparable documents of public officials and officers and representatives of the registrants and have made such inquiries of such officers and representatives and have considered such matters of law as we have deemed appropriate as the basis for the opinion hereinafter set forth. We have also assumed the authenticity of all documents submitted to us as originals, the genuineness of all signatures, the legal capacity of all persons and the conformity with the original documents of any copies thereof submitted to us for examination.

In rendering the opinions expressed below, we have assumed that (a) the Registration Statement has become effective under the Act, (b) a prospectus supplement with respect to the applicable Securities shall have been filed with the Commission in compliance with the Act and the rules and regulations thereunder, (c) the applicable Securities have been duly and properly authorized for issuance, (d) all instruments relating to the applicable Securities have been duly and properly authorized and properly executed and delivered and (e) the terms of the applicable Securities have been duly and properly established in conformity with the applicable instruments so as not to violate any applicable law or result in a default under or breach of any agreement or instrument binding upon Exelon, Generation, ComEd, PECO, BGE, Pepco, DPL or ACE, as applicable, and so as to comply with any requirement or restriction imposed by any court or governmental or regulatory body having jurisdiction over Exelon, Generation, ComEd, PECO, BGE, Pepco, DPL or ACE, as applicable.

Based on the foregoing, we are of the opinion that:

1. When a series of Exelon Debt Securities shall have been duly and properly executed and authenticated in accordance with the Exelon Indenture and duly and properly issued and delivered by Exelon in the manner contemplated in any prospectus supplement relating thereto to the purchasers thereof against payment of the agreed consideration therefor, each series of Exelon Debt Securities will constitute valid and binding obligations of Exelon, enforceable in accordance with their terms, subject to (i) bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other similar laws now or hereafter in effect relating to or affecting creditors' rights generally and (ii) general principles of equity (regardless of whether considered in a proceeding at law or in equity).

2. When the shares of Exelon Common Stock have been duly and properly issued, sold and delivered as contemplated in any prospectus supplement relating thereto, the shares of Exelon Common Stock (including any Exelon Common Stock duly issued pursuant to Stock Purchase Contracts), will be legally issued, fully paid and non-assessable.

3. When the Exelon Stock Purchase Contracts have been duly and properly executed and issued in accordance with the Stock Purchase Contract Agreement relating to such Exelon Stock Purchase Contracts and issued and sold in the form and in the manner contemplated in any prospectus supplement relating thereto, such Exelon Stock Purchase Contracts will constitute valid and binding obligations of Exelon, enforceable in accordance with their terms, subject to (i) bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other similar laws now or hereafter in effect relating to or affecting creditors' rights generally and (ii) general principles of equity (regardless of whether considered in a proceeding at law or in equity).

4. When (a) the collateral has been deposited with the collateral agent in accordance with the applicable collateral arrangements and (b) the Exelon Stock Purchase Contracts have been duly and properly executed and issued in accordance with the Stock Purchase Contract Agreement relating to such Exelon Stock Purchase Contracts, and issued and sold in the form and in the manner contemplated in the any prospectus supplement relating thereto, the Exelon Stock Purchase Units will constitute valid and binding obligations of Exelon, enforceable in accordance with their terms, subject to (i) bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other similar laws now or hereafter in effect relating to or affecting creditors' rights generally and (ii) general principles of equity (regardless of whether considered in a proceeding at law or in equity).

5. When (a) a Statement with Respect to Shares of Exelon classifying the Exelon Preferred Stock and setting forth the terms thereof has been duly and properly authorized, executed and filed with the Secretary of the Commonwealth of Pennsylvania, Department of State and (b) the shares of Exelon Preferred Stock have been duly and properly issued and paid for in the manner contemplated in any prospectus supplement relating thereto, the shares of Exelon Preferred Stock will be legally issued, fully paid and non-assessable.

6. When (a) a Statement with Respect to Shares of Exelon classifying the Exelon Depositary Shares and setting forth the terms thereof has been duly and properly authorized, executed and filed with the Secretary of the Commonwealth of Pennsylvania, Department of State and (b) the Exelon Depositary Shares have been duly and properly issued and paid for in the manner contemplated in any prospectus supplement relating thereto, the shares of Exelon Depositary Shares will be legally issued, fully paid and non-assessable

7. When a series of Generation Debt Securities shall have been duly and properly executed and authenticated in accordance with the Generation Debt Indenture and duly and properly issued and delivered by Generation in the manner contemplated in the Registration Statement and any prospectus supplement relating thereto to the purchasers thereof against payment of the agreed consideration therefor, each series of Generation Debt Securities will constitute valid and binding obligations of Generation, enforceable in accordance with their terms, subject to (i) bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other similar laws now or hereafter in effect relating to or affecting creditors' rights generally and (ii) general principles of equity (regardless of whether considered in a proceeding at law or in equity).

8. When a series of ComEd Mortgage Bonds have been duly and properly executed and authenticated in accordance with the ComEd Mortgage and duly and properly issued and delivered by ComEd in the manner contemplated in any prospectus supplement relating thereto to the purchasers thereof against payment of the agreed consideration therefor, the ComEd Mortgage Bonds will constitute

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binding obligations of ComEd, subject to (i) bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other similar laws now or hereafter in effect relating to or affecting creditors' rights generally and (ii) general principles of equity (regardless of whether considered in a proceeding at law or in equity).

9. When a series of ComEd Notes have been duly and properly executed and authenticated in accordance with the ComEd Senior Indenture and duly and properly issued and delivered by ComEd in the manner contemplated in any prospectus supplement relating thereto to the purchasers thereof against payment of the agreed consideration therefor, the ComEd Notes will constitute binding obligations of ComEd, subject to (i) bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other similar laws now or hereafter in effect relating to or affecting creditors' rights generally and (ii) general principles of equity (regardless of whether considered in a proceeding at law or in equity).

10. When a series of PECO Mortgage Bonds have been duly and properly executed and authenticated in accordance with the PECO Mortgage and duly and properly issued and delivered by PECO in the manner contemplated in any prospectus supplement relating thereto to the purchasers thereof against payment of the agreed consideration therefor, the PECO Mortgage Bonds will constitute binding obligations of PECO, subject to (i) bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other similar laws now or hereafter in effect relating to or affecting creditors' rights generally and (ii) general principles of equity (regardless of whether considered in a proceeding at law or in equity).

11. When a series of BGE Unsecured Debt Securities have been duly and properly executed and authenticated in accordance with the BGE Unsecured Indenture and duly and properly issued and delivered by BGE in the manner contemplated in any prospectus supplement relating thereto to the purchasers thereof against payment of the agreed consideration therefor, the BGE Unsecured Debt Securities will constitute binding obligations of BGE, subject to (i) bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other similar laws now or hereafter in effect relating to or affecting creditors' rights generally and (ii) general principles of equity (regardless of whether considered in a proceeding at law or in equity).

12. When a series of BGE Secured Debt Securities have been duly and properly executed and authenticated in accordance with the BGE Secured Indenture and duly and properly issued and delivered by BGE in the manner contemplated in any prospectus supplement relating thereto to the purchasers thereof against payment of the agreed consideration therefor, the BGE Secured Debt Securities will constitute binding obligations of BGE, subject to (i) bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other similar laws now or hereafter in effect relating to or affecting creditors' rights generally and (ii) general principles of equity (regardless of whether considered in a proceeding at law or in equity).

13. When a series of Pepco Mortgage Bonds have been duly and properly executed and authenticated in accordance with the Pepco Mortgage and duly and properly issued and delivered by Pepco in the manner contemplated in any prospectus supplement relating thereto to the purchasers thereof against payment of the agreed consideration therefor, the Pepco Mortgage Bonds will constitute binding obligations of Pepco, subject to (i) bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other similar laws now or hereafter in effect relating to or affecting creditors' rights generally and (ii) general principles of equity (regardless of whether considered in a proceeding at law or in equity).

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14. When a series of Pepco Senior Notes have been duly and properly executed and authenticated in accordance with the Pepco Senior Note Indenture and duly and properly issued and delivered by Pepco in the manner contemplated in any prospectus supplement relating thereto to the purchasers thereof against payment of the agreed consideration therefor, the Pepco Senior Notes will constitute binding obligations of Pepco, subject to (i) bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other similar laws now or hereafter in effect relating to or affecting creditors' rights generally and (ii) general principles of equity (regardless of whether considered in a proceeding at law or in equity).

15. When a series of Other Pepco Debt Securities have been duly and properly executed and authenticated in accordance with the Pepco Note Indenture and duly and properly issued and delivered by Pepco in the manner contemplated in any prospectus supplement relating thereto to the purchasers thereof against payment of the agreed consideration therefor, the Other Pepco Debt Securities will constitute binding obligations of Pepco, subject to (i) bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other similar laws now or hereafter in effect relating to or affecting creditors' rights generally and (ii) general principles of equity (regardless of whether considered in a proceeding at law or in equity).

16. When a series of DPL Mortgage Bonds have been duly and properly executed and authenticated in accordance with the DPL Mortgage and duly and properly issued and delivered by DPL in the manner contemplated in any prospectus supplement relating thereto to the purchasers thereof against payment of the agreed consideration therefor, the DPL Mortgage Bonds will constitute binding obligations of DPL, subject to (i) bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other similar laws now or hereafter in effect relating to or affecting creditors' rights generally and (ii) general principles of equity (regardless of whether considered in a proceeding at law or in equity).

17. When a series of Other DPL Debt Securities have been duly and properly executed and authenticated in accordance with the DPL Note Indenture and duly and properly issued and delivered by DPL in the manner contemplated in any prospectus supplement relating thereto to the purchasers thereof against payment of the agreed consideration therefor, the Other DPL Debt Securities will constitute binding obligations of DPL, subject to (i) bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other similar laws now or hereafter in effect relating to or affecting creditors' rights generally and (ii) general principles of equity (regardless of whether considered in a proceeding at law or in equity).

18. When a series of ACE Mortgage Bonds have been duly and properly executed and authenticated in accordance with the ACE Mortgage and duly and properly issued and delivered by ACE in the manner contemplated in any prospectus supplement relating thereto to the purchasers thereof against payment of the agreed consideration therefor, the ACE Mortgage Bonds will constitute binding obligations of ACE, subject to (i) bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other similar laws now or hereafter in effect relating to or affecting creditors' rights generally and (ii) general principles of equity (regardless of whether considered in a proceeding at law or in equity).

19. When a series of ACE Senior Notes have been duly and properly executed and authenticated in accordance with the ACE Senior Note Indenture and duly and properly issued and delivered by ACE in the manner contemplated in any prospectus supplement relating thereto to the purchasers thereof against payment of the agreed consideration therefor, the ACE Senior Notes will constitute binding obligations of ACE, subject to (i) bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other similar laws now or hereafter in effect relating to or affecting creditors' rights generally and (ii) general principles of equity (regardless of whether considered in a proceeding at law or in equity).

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20. When a series of Other ACE Debt Securities have been duly and properly executed and authenticated in accordance with the ACE Note Indenture and duly and properly issued and delivered by Pepco in the manner contemplated in any prospectus supplement relating thereto to the purchasers thereof against payment of the agreed consideration therefor, the Other ACE Debt Securities will constitute binding obligations of Pepco, subject to (i) bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other similar laws now or hereafter in effect relating to or affecting creditors' rights generally and (ii) general principles of equity (regardless of whether considered in a proceeding at law or in equity).

We express no opinion as to the law of any jurisdiction other than the laws of the Commonwealth of Pennsylvania, the State of Illinois and the State of New York. We did not find it necessary for the purposes of this opinion, and accordingly we do not purport to cover herein, the application of the securities or "Blue Sky" laws of the various states. We undertake no responsibility to update or supplement this opinion in response to changes in law or future events or circumstances.

This opinion is being furnished in accordance with the requirements of Item 601 of Regulation S-K promulgated under the Act, and no opinion is expressed herein as to any matter pertaining to the contents of the Registration Statement, other than as to the specific issues addressed herein, and no opinion may be inferred or implied beyond that expressly stated herein.

We consent to the filing of this opinion as Exhibit 5.1 to the Registration Statement and to the references to this firm under the heading "Legal Matters" in the Prospectus included in the Registration Statement. This opinion is not to be used, circulated, quoted, referred to or relied upon by any other person or for any other purpose without our prior written consent. In giving this consent, we do not thereby admit that we are "experts" within the meaning of the Securities Act of 1933, as amended.

Very truly yours,

/s/ Ballard Spahr LLP

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EX-23.8 3 d384913dex238.htm EX-23.8

Exhibit 23.8

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in this Registration Statement on Form S-3 of our report dated February 13, 2017 relating to the Atlantic City Electric Company financial statements and financial statement schedule, which appears in Exelon Corporation's Annual Report on Form 10-K for the year ended December 31, 2016. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

/s/ PricewaterhouseCoopers LLP
Washington, D.C.
April 28, 2017

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EX-25.13 4 d384913dex2513.htm EX-25.13

Exhibit 25.13

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939
OF A CORPORATION DESIGNATED TO ACT AS TRUSTEE

☐ **CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF A TRUSTEE PURSUANT TO SECTION 305(b)(2)**

THE BANK OF NEW YORK MELLON
(Exact name of trustee as specified in its charter)

New York **(Jurisdiction of incorporation if not a U.S. national bank)**	**13-5160382** **(I.R.S. employer identification no.)**
225 Liberty Street, New York, N.Y. **(Address of principal executive offices)**	**10286** **(Zip code)**

Atlantic City Electric Company
(Exact name of obligor as specified in its charter)

New Jersey **(State or other jurisdiction of incorporation or organization)**	**21-0398280** **(I.R.S. employer identification no.)**
500 North Wakefield Drive **Newark, Delaware** **(Address of principal executive offices)**	**19702** **(Zip code)**

First Mortgage Bonds
(Title of the indenture securities)

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1. General information. Furnish the following information as to the Trustee:

(a) Name and address of each examining or supervising authority to which it is subject.

Name	Address
Superintendent of the Department of Financial Services of the State of New York	One State Street, New York, N.Y. 10004-1417, and Albany, N.Y. 12223
Federal Reserve Bank of New York	33 Liberty Street, New York, N.Y. 10045
Federal Deposit Insurance Corporation	550 17th Street, NW Washington, D.C. 20429
The Clearing House Association L.L.C.	100 Broad Street New York, N.Y. 10004

(b) Whether it is authorized to exercise corporate trust powers.

Yes.

2. Affiliations with Obligor.

If the obligor is an affiliate of the trustee, describe each such affiliation.

None.

16. List of Exhibits.

Exhibits identified in parentheses below, on file with the Commission, are incorporated herein by reference as an exhibit hereto, pursuant to Rule 7a-29 under the Trust Indenture Act of 1939 (the "Act") and 17 C.F.R. 229.10(d).

1. A copy of the Organization Certificate of The Bank of New York Mellon (formerly known as The Bank of New York, itself formerly Irving Trust Company) as now in effect, which contains the authority to commence business and a grant of powers to exercise corporate trust powers. (Exhibit 1 to Amendment No. 1 to Form T-1 filed with Registration Statement No. 33-6215, Exhibits 1a and 1b to Form T-1 filed with Registration Statement No. 33-21672, Exhibit 1 to Form T-1 filed with Registration Statement No. 33-29637, Exhibit 1 to Form T-1 filed with Registration Statement No. 333-121195 and Exhibit 1 to Form T-1 filed with Registration Statement No. 333-152735).

4. A copy of the existing By-laws of the Trustee (Exhibit 4 to Form T-1 filed with Registration Statement No. 333-207042).

6. The consent of the Trustee required by Section 321(b) of the Act (Exhibit 6 to Form T-1 filed with Registration Statement No. 333-188382).

7. A copy of the latest report of condition of the Trustee published pursuant to law or to the requirements of its supervising or examining authority.

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SIGNATURE

Pursuant to the requirements of the Act, the Trustee, The Bank of New York Mellon, a corporation organized and existing under the laws of the State of New York, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in The City of New York, and State of New York, on the 17th day of April, 2017.

THE BANK OF NEW YORK MELLON

By: /s/ Francine Kincaid
Name: Francine Kincaid
Title: Vice President

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EXHIBIT 7

Consolidated Report of Condition of

THE BANK OF NEW YORK MELLON

of 225 Liberty Street, New York, N.Y. 10286
And Foreign and Domestic Subsidiaries,
a member of the Federal Reserve System, at the close of business December 31, 2016, published in accordance with a call made by the Federal Reserve Bank of this District pursuant to the provisions of the Federal Reserve Act.

ASSETS	Dollar amounts in thousands
Cash and balances due from depository institutions:	
Noninterest-bearing balances and currency and coin	4,245,000
Interest-bearing balances	69,260,000
Securities:	
Held-to-maturity securities	39,852,000
Available-for-sale securities	68,602,000
Federal funds sold and securities purchased under agreements to resell:	
Federal funds sold in domestic offices	0
Securities purchased under agreements to resell	14,616,000
Loans and lease financing receivables:	
Loans and leases held for sale	0
Loans and leases, net of unearned income	33,868,000
LESS: Allowance for loan and lease losses	143,000
Loans and leases, net of unearned income and allowance	33,725,000
Trading assets	3,439,000
Premises and fixed assets (including capitalized leases)	1,053,000
Other real estate owned	4,000
Investments in unconsolidated subsidiaries and associated companies	515,000
Direct and indirect investments in real estate ventures	0
Intangible assets:	
Goodwill	6,244,000
Other intangible assets	927,000
Other assets	15,094,000
Total assets	257,576,000

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LIABILITIES	
Deposits:	
In domestic offices	110,284,000
Noninterest-bearing	69,903,000
Interest-bearing	40,381,000
In foreign offices, Edge and Agreement subsidiaries, and IBFs	102,533,000
Noninterest-bearing	7,872,000
Interest-bearing	94,661,000
Federal funds purchased and securities sold under agreements to repurchase:	
Federal funds purchased in domestic offices	152,000
Securities sold under agreements to repurchase	2,392,000
Trading liabilities	3,747,000
Other borrowed money:	
(includes mortgage indebtedness and obligations under capitalized leases)	7,066,000
Not applicable	
Not applicable	
Subordinated notes and debentures	515,000
Other liabilities	6,489,000
Total liabilities	233,178,000
EQUITY CAPITAL	
Perpetual preferred stock and related surplus	0
Common stock	1,135,000
Surplus (exclude all surplus related to preferred stock)	10,516,000
Retained earnings	14,417,000
Accumulated other comprehensive income	-2,020,000
Other equity capital components	0
Total bank equity capital	24,048,000
Noncontrolling (minority) interests in consolidated subsidiaries	350,000
Total equity capital	24,398,000
Total liabilities and equity capital	257,576,000

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I, Thomas P. Gibbons, Chief Financial Officer of the above-named bank do hereby declare that this Report of Condition is true and correct to the best of my knowledge and belief.

Thomas P. Gibbons,
Chief Financial Officer

We, the undersigned directors, attest to the correctness of this statement of resources and liabilities. We declare that it has been examined by us, and to the best of our knowledge and belief has been prepared in conformance with the instructions and is true and correct.

Gerald L. Hassell
Catherine A. Rein
Joseph J. Echevarria

Directors

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EX-25.14 5 d384913dex2514.htm EX-25.14

Exhibit 25.14

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939
OF A CORPORATION DESIGNATED TO ACT AS TRUSTEE

☐ **CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF A TRUSTEE PURSUANT TO SECTION 305(b)(2)**

THE BANK OF NEW YORK MELLON
(Exact name of trustee as specified in its charter)

New York **(Jurisdiction of incorporation if not a U.S. national bank)**	**13-5160382** **(I.R.S. employer identification no.)**
225 Liberty Street, **New York, N.Y.** **(Address of principal executive offices)**	**10286** **(Zip code)**

Atlantic City Electric Company
(Exact name of obligor as specified in its charter)

New Jersey **(State or other jurisdiction of incorporation or organization)**	**21-0398280** **(I.R.S. employer identification no.)**
500 North Wakefield Drive **Newark, Delaware** **(Address of principal executive offices)**	**19702** **(Zip code)**

Senior Notes
(Title of the indenture securities)

S1-SSA-0009 - 28243

1. General information. Furnish the following information as to the Trustee:

(a) Name and address of each examining or supervising authority to which it is subject.

Name	Address
Superintendent of the Department of Financial Services of the State of New York	One State Street, New York, N.Y. 10004-1417, and Albany, N.Y. 12223
Federal Reserve Bank of New York	33 Liberty Street, New York, N.Y. 10045
Federal Deposit Insurance Corporation	550 17th Street, NW Washington, D.C. 20429
The Clearing House Association L.L.C.	100 Broad Street New York, N.Y. 10004

(b) Whether it is authorized to exercise corporate trust powers.

Yes.

2. Affiliations with Obligor.

If the obligor is an affiliate of the trustee, describe each such affiliation.

None.

16. List of Exhibits.

Exhibits identified in parentheses below, on file with the Commission, are incorporated herein by reference as an exhibit hereto, pursuant to Rule 7a-29 under the Trust Indenture Act of 1939 (the "Act") and 17 C.F.R. 229.10(d).

1. A copy of the Organization Certificate of The Bank of New York Mellon (formerly known as The Bank of New York, itself formerly Irving Trust Company) as now in effect, which contains the authority to commence business and a grant of powers to exercise corporate trust powers. (Exhibit 1 to Amendment No. 1 to Form T-1 filed with Registration Statement No. 33-6215, Exhibits 1a and 1b to Form T-1 filed with Registration Statement No. 33-21672, Exhibit 1 to Form T-1 filed with Registration Statement No. 33-29637, Exhibit 1 to Form T-1 filed with Registration Statement No. 333-121195 and Exhibit 1 to Form T-1 filed with Registration Statement No. 333-152735).

4. A copy of the existing By-laws of the Trustee (Exhibit 4 to Form T-1 filed with Registration Statement No. 333-207042).

6. The consent of the Trustee required by Section 321(b) of the Act (Exhibit 6 to Form T-1 filed with Registration Statement No. 333-188382).

7. A copy of the latest report of condition of the Trustee published pursuant to law or to the requirements of its supervising or examining authority.

S1-SSA-0009 - 28245

SIGNATURE

Pursuant to the requirements of the Act, the Trustee, The Bank of New York Mellon, a corporation organized and existing under the laws of the State of New York, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in The City of New York, and State of New York, on the 17th day of April, 2017.

THE BANK OF NEW YORK MELLON

By: /s/ Francine Kincaid
Name: Francine Kincaid
Title: Vice President

S1-SSA-0009 - 28246

EXHIBIT 7

Consolidated Report of Condition of

THE BANK OF NEW YORK MELLON

of 225 Liberty Street, New York, N.Y. 10286
And Foreign and Domestic Subsidiaries,
a member of the Federal Reserve System, at the close of business December 31, 2016, published in accordance with a call made by the Federal Reserve Bank of this District pursuant to the provisions of the Federal Reserve Act.

	Dollar amounts in thousands
ASSETS	
Cash and balances due from depository institutions:	
Noninterest-bearing balances and currency and coin	4,245,000
Interest-bearing balances	69,260,000
Securities:	
Held-to-maturity securities	39,852,000
Available-for-sale securities	68,602,000
Federal funds sold and securities purchased under agreements to resell:	
Federal funds sold in domestic offices	0
Securities purchased under agreements to resell	14,616,000
Loans and lease financing receivables:	
Loans and leases held for sale	0
Loans and leases, net of unearned income	33,868,000
LESS: Allowance for loan and lease losses	143,000
Loans and leases, net of unearned income and allowance	33,725,000
Trading assets	3,439,000
Premises and fixed assets (including capitalized leases)	1,053,000
Other real estate owned	4,000
Investments in unconsolidated subsidiaries and associated companies	515,000
Direct and indirect investments in real estate ventures	0
Intangible assets:	
Goodwill	6,244,000
Other intangible assets	927,000
Other assets	15,094,000
Total assets	257,576,000

S1-SSA-0009 - 28247

LIABILITIES	
Deposits:	
In domestic offices	110,284,000
Noninterest-bearing	69,903,000
Interest-bearing	40,381,000
In foreign offices, Edge and Agreement subsidiaries, and IBFs	102,533,000
Noninterest-bearing	7,872,000
Interest-bearing	94,661,000
Federal funds purchased and securities sold under agreements to repurchase:	
Federal funds purchased in domestic offices	152,000
Securities sold under agreements to repurchase	2,392,000
Trading liabilities	3,747,000
Other borrowed money:	
(includes mortgage indebtedness and obligations under capitalized leases)	7,066,000
Not applicable	
Not applicable	
Subordinated notes and debentures	515,000
Other liabilities	6,489,000
Total liabilities	233,178,000
EQUITY CAPITAL	
Perpetual preferred stock and related surplus	0
Common stock	1,135,000
Surplus (exclude all surplus related to preferred stock)	10,516,000
Retained earnings	14,417,000
Accumulated other comprehensive income	-2,020,000
Other equity capital components	0
Total bank equity capital	24,048,000
Noncontrolling (minority) interests in consolidated subsidiaries	350,000
Total equity capital	24,398,000
Total liabilities and equity capital	257,576,000

S1-SSA-0009 - 28248

I, Thomas P. Gibbons, Chief Financial Officer of the above-named bank do hereby declare that this Report of Condition is true and correct to the best of my knowledge and belief.

Thomas P. Gibbons,
Chief Financial Officer

We, the undersigned directors, attest to the correctness of this statement of resources and liabilities. We declare that it has been examined by us, and to the best of our knowledge and belief has been prepared in conformance with the instructions and is true and correct.

Gerald L. Hassell
Catherine A. Rein
Joseph J. Echevarria

Directors

S1-SSA-0009 - 28249

EX-25.15 6 d384913dex2515.htm EX-25.15

Exhibit 25.15

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939
OF A CORPORATION DESIGNATED TO ACT AS TRUSTEE

☐ **CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF A TRUSTEE PURSUANT TO SECTION 305(b)(2)**

THE BANK OF NEW YORK MELLON
(Exact name of trustee as specified in its charter)

New York **(Jurisdiction of incorporation if not a U.S. national bank)**	**13-5160382** **(I.R.S. employer identification no.)**
225 Liberty Street, New York, N.Y. **(Address of principal executive offices)**	**10286** **(Zip code)**

Atlantic City Electric Company
(Exact name of obligor as specified in its charter)

New Jersey **(State or other jurisdiction of incorporation or organization)**	**21-0398280** **(I.R.S. employer identification no.)**
500 North Wakefield Drive **Newark, Delaware** **(Address of principal executive offices)**	**19702** **(Zip code)**

Debt Securities
(Title of the indenture securities)

S1-SSA-0009 - 28250

1. General information. Furnish the following information as to the Trustee:

(a) Name and address of each examining or supervising authority to which it is subject.

Name	Address
Superintendent of the Department of Financial Services of the State of New York	One State Street, New York, N.Y. 10004-1417, and Albany, N.Y. 12223
Federal Reserve Bank of New York	33 Liberty Street, New York, N.Y. 10045
Federal Deposit Insurance Corporation	550 17th Street, NW Washington, D.C. 20429
The Clearing House Association L.L.C.	100 Broad Street New York, N.Y. 10004

(b) Whether it is authorized to exercise corporate trust powers.

Yes.

2. Affiliations with Obligor.

If the obligor is an affiliate of the trustee, describe each such affiliation.

None.

16. List of Exhibits.

Exhibits identified in parentheses below, on file with the Commission, are incorporated herein by reference as an exhibit hereto, pursuant to Rule 7a-29 under the Trust Indenture Act of 1939 (the "Act") and 17 C.F.R. 229.10(d).

1. A copy of the Organization Certificate of The Bank of New York Mellon (formerly known as The Bank of New York, itself formerly Irving Trust Company) as now in effect, which contains the authority to commence business and a grant of powers to exercise corporate trust powers. (Exhibit 1 to Amendment No. 1 to Form T-1 filed with Registration Statement No. 33-6215, Exhibits 1a and 1b to Form T-1 filed with Registration Statement No. 33-21672, Exhibit 1 to Form T-1 filed with Registration Statement No. 33-29637, Exhibit 1 to Form T-1 filed with Registration Statement No. 333-121195 and Exhibit 1 to Form T-1 filed with Registration Statement No. 333-152735).

4. A copy of the existing By-laws of the Trustee (Exhibit 4 to Form T-1 filed with Registration Statement No. 333-207042).

6. The consent of the Trustee required by Section 321(b) of the Act (Exhibit 6 to Form T-1 filed with Registration Statement No. 333-188382).

7. A copy of the latest report of condition of the Trustee published pursuant to law or to the requirements of its supervising or examining authority.

S1-SSA-0009 - 28252

SIGNATURE

Pursuant to the requirements of the Act, the Trustee, The Bank of New York Mellon, a corporation organized and existing under the laws of the State of New York, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in The City of New York, and State of New York, on the 17th day of April, 2017.

THE BANK OF NEW YORK MELLON

By: /s/ Francine Kincaid
Name: Francine Kincaid
Title: Vice President

S1-SSA-0009 - 28253

EXHIBIT 7

Consolidated Report of Condition of

THE BANK OF NEW YORK MELLON

of 225 Liberty Street, New York, N.Y. 10286
And Foreign and Domestic Subsidiaries,
a member of the Federal Reserve System, at the close of business December 31, 2016, published in accordance with a call made by the Federal Reserve Bank of this District pursuant to the provisions of the Federal Reserve Act.

	Dollar amounts in thousands
ASSETS	
Cash and balances due from depository institutions:	
Noninterest-bearing balances and currency and coin	4,245,000
Interest-bearing balances	69,260,000
Securities:	
Held-to-maturity securities	39,852,000
Available-for-sale securities	68,602,000
Federal funds sold and securities purchased under agreements to resell:	
Federal funds sold in domestic offices	0
Securities purchased under agreements to resell	14,616,000
Loans and lease financing receivables:	
Loans and leases held for sale	0
Loans and leases, net of unearned income	33,868,000
LESS: Allowance for loan and lease losses	143,000
Loans and leases, net of unearned income and allowance	33,725,000
Trading assets	3,439,000
Premises and fixed assets (including capitalized leases)	1,053,000
Other real estate owned	4,000
Investments in unconsolidated subsidiaries and associated companies	515,000
Direct and indirect investments in real estate ventures	0
Intangible assets:	
Goodwill	6,244,000
Other intangible assets	927,000
Other assets	15,094,000
Total assets	257,576,000

S1-SSA-0009 - 28254

LIABILITIES	
Deposits:	
In domestic offices	110,284,000
Noninterest-bearing	69,903,000
Interest-bearing	40,381,000
In foreign offices, Edge and Agreement subsidiaries, and IBFs	102,533,000
Noninterest-bearing	7,872,000
Interest-bearing	94,661,000
Federal funds purchased and securities sold under agreements to repurchase:	
Federal funds purchased in domestic offices	152,000
Securities sold under agreements to repurchase	2,392,000
Trading liabilities	3,747,000
Other borrowed money:	
(includes mortgage indebtedness and obligations under capitalized leases)	7,066,000
Not applicable	
Not applicable	
Subordinated notes and debentures	515,000
Other liabilities	6,489,000
Total liabilities	233,178,000
EQUITY CAPITAL	
Perpetual preferred stock and related surplus	0
Common stock	1,135,000
Surplus (exclude all surplus related to preferred stock)	10,516,000
Retained earnings	14,417,000
Accumulated other comprehensive income	-2,020,000
Other equity capital components	0
Total bank equity capital	24,048,000
Noncontrolling (minority) interests in consolidated subsidiaries	350,000
Total equity capital	24,398,000
Total liabilities and equity capital	257,576,000

S1-SSA-0009 - 28255

I, Thomas P. Gibbons, Chief Financial Officer of the above-named bank do hereby declare that this Report of Condition is true and correct to the best of my knowledge and belief.

Thomas P. Gibbons,
Chief Financial Officer

We, the undersigned directors, attest to the correctness of this statement of resources and liabilities. We declare that it has been examined by us, and to the best of our knowledge and belief has been prepared in conformance with the instructions and is true and correct.

Gerald L. Hassell
Catherine A. Rein
Joseph J. Echevarria

Directors

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As filed with the Securities and Exchange Commission on May 23, 2014

Registration Statement No. 333-
Registration Statement No. 333-
Registration Statement No. 333-
Registration Statement No. 333-
Registration Statement No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM S-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Exelon Corporation
(Exact name of registrant as specified in its charter)

Pennsylvania
(State or other jurisdiction of incorporation or organization)

23-2990190
(I.R.S. Employer Identification No.)

10 South Dearborn Street
P.O. Box 805379
Chicago, Illinois 60680-5379
312-394-7398
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Exelon Generation Company, LLC
(Exact name of registrant as specified in its charter)

Pennsylvania
(State or other jurisdiction of incorporation or organization)

23-3064219
(I.R.S. Employer Identification No.)

300 Exelon Way
Kennett Square, Pennsylvania 19348
610-765-5959

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Commonwealth Edison Company
(Exact name of registrant as specified in its Charter)

Illinois
(State or other jurisdiction of incorporation or organization)

36-0938600
(I.R.S. Employer Identification No.)

440 South LaSalle Street
Suite 3300
Chicago, Illinois 60605–1028
312-394-4321

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

PECO Energy Company
(Exact name of registrant as specified in its charter)

Pennsylvania
(State or other jurisdiction of incorporation or organization)

23-0970240
(I.R.S. Employer Identification No.)

2301 Market Street
Philadelphia, PA 19101
215-841-4000

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Baltimore Gas and Electric Company
(Exact name of registrant as specified in its Charter)

Maryland
(State or other jurisdiction of incorporation or organization)

52-0280210
(I.R.S. Employer Identification No.)

2 Center Plaza, 110 West Fayette Street,
Baltimore, Maryland 21201
410-234-5000

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Jonathan W. Thayer
Executive Vice President and Chief Financial Officer
Exelon Corporation
10 South Dearborn Street
P.O. Box 805379
Chicago, Illinois 60603
312-394-7398
http://www.exeloncorp.com

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(Name, address, including zip code, and telephone number, including area code, of agent for service for each registrant)

With copies to:

Bruce G. Wilson, Esquire
Senior Vice President and Deputy General Counsel
Exelon Corporation
10 South Dearborn Street
P.O. Box 805379
Chicago, Illinois 60603
312-394-7398

Patrick R. Gillard, Esquire
Ballard Spahr LLP
1735 Market Street, 51 st Floor
Philadelphia, Pennsylvania 19103
215-665-8500

Approximate date of commencement of proposed sale to public : From time to time after the Registration Statement becomes effective, as determined by market and other conditions.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. ☐

If any of the securities being registered on this Form are being offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. ☒

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering. ☐

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, please check the following box. ☒

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

	Large Accelerated	Accelerated	Non-Accelerated	Small Reporting Company
Exelon Corporation	☒			
Exelon Generation Company, LLC			☒	
Commonwealth Edison Company			☒	
PECO Energy Company			☒	
Baltimore Gas and Electric Company			☒	

Calculation of Registration Fee

Title of each class of securities to be registered	Amount to be registered/ Proposed maximum offering price per unit/ Amount of registration fee
Exelon Corporation senior debt securities	(1)
Exelon Corporation subordinated debt securities	(1)
Exelon Corporation common stock	(1)
Exelon Corporation stock purchase contracts	(1)
Exelon Corporation stock purchase units(2)	(1)
Exelon Corporation preferred stock	(1)
Exelon Corporation depositary shares	(1)
Exelon Generation Company, LLC senior debt securities	(1)
Exelon Generation Company, LLC preferred securities	(1)
Commonwealth Edison Company first mortgage bonds	(1)
Commonwealth Edison Company notes	(1)
PECO Energy Company first and refunding mortgage bonds	(1)
PECO Energy Company preferred stock	(1)
Baltimore Gas and Electric Company unsecured debt securities	(1)
Baltimore Gas and Electric Company senior secured bonds	(1)
Baltimore Gas and Electric Company preferred stock	(1)
Total	(1)

(1) There are being registered hereunder such presently indeterminate principal amount or number of (a) senior debt securities, subordinated debt securities, shares of common stock, stock purchase contracts, stock purchase units, shares of preferred stock and depositary shares, which may be sold from time to time by Exelon Corporation, (b) senior debt securities and preferred securities, which may be sold from time to time by Exelon Generation Company, LLC, (c) first mortgage bonds and notes, which may be sold from time to time by Commonwealth Edison Company, (d) shares of preferred stock and first and refunding mortgage bonds, which may be sold from time to time by PECO Energy Company and (e) unsecured debt securities, senior secured bonds and preferred stock, which may be sold from time to time by Baltimore Gas and Electric Company. In accordance with Rules 456(b) and 457(r), the registrants are each deferring payment of all of the registration fee.

(2) Each stock purchase unit consists of (a) a stock purchase contract under which the holder upon settlement will purchase an indeterminate number of shares of Exelon Corporation common stock and (b) debt obligations or preferred stock of Exelon Corporation registered under this registration statement.

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PROSPECTUS

EXELON CORPORATION

Senior Debt Securities
Subordinated Debt Securities
Common Stock
Stock Purchase Contracts
Stock Purchase Units
Preferred Stock
Depositary Shares

EXELON GENERATION COMPANY, LLC

Senior Debt Securities
Preferred Securities

COMMONWEALTH EDISON COMPANY

First Mortgage Bonds
Notes

PECO ENERGY COMPANY

First and Refunding Mortgage Bonds
Preferred Stock

BALTIMORE GAS AND ELECTRIC COMPANY

Unsecured Debt Securities
Senior Secured Bonds
Preferred Stock

Exelon Corporation (Exelon) may use this prospectus to offer and sell from time to time:

- senior debt securities;
- subordinated debt securities;
- common stock;
- stock purchase contracts;
- stock purchase units;
- preferred stock in one or more series;
- depositary shares.

Exelon Generation Company, LLC (Generation) may use this prospectus to offer and sell from time to time:

- senior debt securities; and
- preferred limited liability company interests in one or more series.

Commonwealth Edison Company (ComEd) may use this prospectus to offer and sell from time to time:

- first mortgage bonds; and
- unsecured notes.

PECO Energy Company (PECO) may use this prospectus to offer and sell from time to time:

- first and refunding mortgage bonds; and
- preferred stock in one or more series

Baltimore Gas and Electric Company (BGE) may use this prospectus to offer and sell from time to time:

- unsecured debt securities;
- senior secured bonds; and
- preferred stock in one or more series.

Exelon, Generation, ComEd, PECO and BGE sometimes refer to the securities listed above as the "Securities."

Exelon, Generation, ComEd, PECO and BGE will provide the specific terms of the Securities in supplements to this prospectus prepared in connection with each offering. Please read this prospectus and the applicable prospectus supplement carefully before you invest. This prospectus may not be used to consummate sales of the offered Securities unless accompanied by a prospectus supplement.

Exelon's common shares are listed on the New York Stock Exchange, under the symbol "EXC."

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Please see " Risk Factors " beginning on page 2 for a discussion of factors you should consider in connection with a purchase of the Securities offered in this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Securities or determined if this prospectus is truthful

or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is May 23, 2014.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that Exelon, Generation, ComEd, PECO and BGE have each filed with the Securities and Exchange Commission (SEC) using a "shelf" registration process. Under this shelf registration process, each of us may, from time to time, sell our Securities described in this prospectus in one or more offerings. Each time Exelon, Generation, ComEd, PECO or BGE (each, a registrant) sells Securities, the registrant will provide a prospectus supplement that will contain a description of the Securities the registrant will offer and specific information about the terms of the offering. The prospectus supplement may also add, update or change information contained in this prospectus. If there is any inconsistency between the information in this prospectus and the prospectus supplement, you should rely on the prospectus supplement. You should read both this prospectus and any prospectus supplement together with additional information described under "Where You Can Find More Information."

Information contained herein relating to each registrant is filed separately by such registrant on its own behalf. No registrant makes any representation as to information relating to any other registrant or Securities issued by any other registrant.

As used in this prospectus, the terms "we," "our" and "us" generally refer to:

- Exelon with respect to Securities issued by Exelon.
- Generation with respect to Securities issued by Generation.
- ComEd with respect to Securities issued by ComEd.
- PECO with respect to Securities issued by PECO.
- BGE with respect to Securities issued by BGE.

None of the registrants will guarantee or provide other credit or funding support for the Securities to be offered by another registrant pursuant to this prospectus.

We are not offering the Securities in any state where the offer is not permitted.

For more detailed information about the Securities, you should read the exhibits to the registration statement. Those exhibits have either been filed with the registration statement or incorporated by reference to earlier SEC filings listed in the registration statement.

You should rely only on information contained in this prospectus and which is incorporated by reference or the documents to which we have referred you. We have not authorized anyone to provide you with information that is different. This prospectus and related prospectus supplement may be used only where it is legal to sell these securities. The information in this prospectus and any prospectus supplement may only be accurate on the date of this document. The business of the registrant, financial condition, results of operations and prospects may have changed since that date.

Please see "Risk Factors" beginning on page 2 for a discussion of factors you should consider in connection with a purchase of the Securities offered in this prospectus.

FORWARD-LOOKING STATEMENTS

This prospectus and the documents incorporated or deemed incorporated by reference as described under the heading “Where You Can Find More Information” contain forward-looking statements that are not based entirely on historical facts and are subject to risks and uncertainties. Words such as “believes,” “anticipates,” “expects,” “intends,” “plans,” “predicts” and “estimates” and similar expressions are intended to identify forward-looking statements but are not the only means to identify those statements. These forward-looking statements are based on assumptions, expectations and assessments made by our management in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe to be appropriate. Any forward-looking statements are not guarantees of our future performance and are subject to risks and uncertainties.

This presentation contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which are subject to risks and uncertainties. The factors that could cause actual results to differ materially from the forward-looking statements made by the registrants include those factors discussed herein, as well as the items discussed in (1) each registrant’s 2013 Annual Report on Form 10-K in (a) ITEM 1A. Risk Factors, (b) ITEM 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations and (c) ITEM 8. Financial Statements and Supplementary Data: Note 22; and (2) other factors discussed herein and in other filings with the SEC by Exelon, Generation, ComEd, PECO and BGE, as applicable.

You are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date on the front of this prospectus or, as the case may be, as of the date on which we make any subsequent forward-looking statement that is deemed incorporated by reference. We do not undertake any obligation to update or revise any forward-looking statement to reflect events or circumstances after the date as of which any such forward-looking statement is made.

RISK FACTORS

Investing in the Securities involves various risks. You are urged to read and consider the risk factors described in the combined Annual Reports on Form 10-K of Exelon, Generation, ComEd, PECO, and BGE, as applicable, for the year ended December 31, 2013, filed with the SEC on February 13, 2014. Before making an investment decision, you should carefully consider these risks as well as other information we include or incorporate by reference in this prospectus. The prospectus supplement applicable to each type or series of Securities offered by one of the registrants will contain a discussion of additional risks applicable to an investment in such registrant and the particular type of Securities the registrant is offering under that prospectus supplement.

EXELON CORPORATION

Exelon, incorporated in Pennsylvania in February 1999, is a utility services holding company engaged, through Generation, in the energy generation business, and through ComEd, PECO and BGE, in the energy delivery businesses. Exelon’s principal executive offices are located at 10 South Dearborn Street, Chicago, Illinois 60603, and its telephone number is 312-394-7398.

EXELON GENERATION COMPANY, LLC

Generation’s integrated business consists of its owned and contracted electric generating facilities and investments in generation ventures that are marketed through its leading customer-facing activities. These customer-facing activities include, wholesale energy marketing operations and its competitive retail customer

supply of electric and natural gas products and services, including renewable energy products, risk management services and natural gas exploration and production activities. Generation has six reportable segments consisting of the Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Regions.

Generation was formed in 2000 as a Pennsylvania limited liability company. Generation began operations as a result of a corporate restructuring, effective January 1, 2001, in which Exelon separated its generation and other competitive businesses from its regulated energy delivery businesses at ComEd and PECO. Generation's principal executive offices are located at 300 Exelon Way, Kennett Square, Pennsylvania 19348, and its telephone number is 610-765-5959.

COMMONWEALTH EDISON COMPANY

ComEd's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in northern Illinois, including the City of Chicago.

ComEd was organized in the State of Illinois in 1913 as a result of the merger of Cosmopolitan Electric Company into the original corporation named Commonwealth Edison Company, which was incorporated in 1907. ComEd's principal executive offices are located at 440 South LaSalle Street, Chicago, Illinois 60605, and its telephone number is 312-394-4321.

PECO ENERGY COMPANY

PECO's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in southeastern Pennsylvania, including the City of Philadelphia, as well as the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services to retail customers in the Pennsylvania counties surrounding the City of Philadelphia.

PECO was incorporated in Pennsylvania in 1929. PECO's principal executive offices are located at 2301 Market Street, Philadelphia, Pennsylvania 19103, and its telephone number is 215-841-4000.

BALTIMORE GAS AND ELECTRIC COMPANY

BGE's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in central Maryland, including the City of Baltimore, as well as the purchase and regulated retail sale of natural gas and the provision of gas distribution services to retail customers in central Maryland, including the City of Baltimore.

BGE was incorporated in Maryland in 1906. BGE's principal executive offices are located at 110 West Fayette Street, Baltimore, Maryland 21201, and its telephone number is 410-234-5000.

USE OF PROCEEDS

Except as otherwise indicated in the applicable prospectus supplement, each registrant expects to use the net proceeds from the sale of the Securities for general corporate purposes, including to discharge or refund (by redemption, by purchase on the open market, by purchase in private transactions, by tender offer or otherwise) outstanding long-term debt. Each registrant will describe in the applicable prospectus supplement any specific allocation of the proceeds to a particular purpose that the registrant has made at the date of that prospectus

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supplement. Please refer to our annual and quarterly reports incorporated by reference into this prospectus and any prospectus supplement for information concerning each registrant's outstanding long-term debt. See "Where You Can Find More Information."

RATIO OF EARNINGS TO FIXED CHARGES AND RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERENCE SECURITY DIVIDENDS

Exelon

The following are Exelon's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	5.4	4.9	4.9	2.3	2.6	1.1

The following are Exelon's consolidated ratios of earnings to combined fixed charges and preference stock dividends for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to combined fixed charges and preference stock dividends	5.4	4.8	4.9	2.3	2.5	1.1

Generation

The following are Generation's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	10.4	8.5	7.3	2.6	3.3	(a)

(a) The ratio coverage was less than 1:1. Generation required additional earnings of $380 million in order to achieve a coverage ratio of 1:1.

Generation had no preference securities outstanding during the periods indicated; therefore, the ratio of earnings to combined fixed charges and preference security dividends is the same as the ratio of earnings to fixed charges for Generation.

ComEd

The following are ComEd's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	2.9	2.8	3.0	3.0	1.7	3.0

ComEd had no preference securities outstanding during the periods indicated; therefore, the ratio of earnings to combined fixed charges and preference security dividends is the same as the ratio of earnings to fixed charges for ComEd.

PECO

The following are PECO's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	3.7	3.3	4.7	4.9	5.6	5.1

The following are PECO's consolidated ratios of earnings to combined fixed charges and preference security dividends for each of the periods indicated:

	Years Ended December 31,				
	2009	2010	2011	2012	2013
Ratio of earnings to combined fixed charges and preferred stock dividends	3.6	3.2	4.5	4.7	5.2

On May 1, 2013, PECO redeemed all of its outstanding preferred securities; therefore, the ratio of earnings to combined fixed charges and preferred stock dividends is the same as the ratio of earnings to fixed charges for PECO for the three months ended March 31, 2014.

BGE

The following are BGE's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to fixed charges	2.0	2.7	2.4	1.0	3.6	5.8

The following are BGE's consolidated ratios of earnings to combined fixed charges and preference stock dividends for each of the periods indicated:

	Years Ended December 31,					Three Months Ended
	2009	2010	2011	2012	2013	March 31, 2014
Ratio of earnings to combined fixed charges and preference stock dividends	1.7	2.4	2.1	(a)	3.1	5.0

(a) The ratio coverage was less than 1:1. BGE required additional earnings of $14 million in order to achieve a coverage ratio of 1:1.

DESCRIPTION OF SECURITIES

Each time one of the registrants sells securities, it will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with additional information described under "Where You Can Find More Information."

PLAN OF DISTRIBUTION

We may sell the Securities offered (a) through agents; (b) by underwriters or dealers; (c) directly to one or more purchasers; or (d) through a combination of any of these methods of sale.

In some cases we may also repurchase the Securities and reoffer them to the public by one or more of the methods described above.

This prospectus may be used in connection with any offering of securities through any of these methods or other methods described in the applicable prospectus supplement.

Any underwriter or agent involved in the offer and sale of the Securities will be named in the applicable prospectus supplement.

By Agents

Offered securities may be sold on a one time or a continuing basis by agents designated by the applicable registrant. The agents will use their reasonable efforts to solicit purchases for the period of their appointment under the terms of an agency agreement between the agents and the applicable issuer.

By Underwriters or Dealers

If underwriters are used in the sale, the underwriters may be designated by the applicable registrant or selected through a bidding process. The securities will be acquired by the underwriters for their own account. The underwriters may resell the Securities in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. Underwriters may sell the Securities to or through dealers, and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or commissions from the purchasers for whom they may act as agents. The obligations of the underwriters to purchase the Securities will be subject to certain conditions. The underwriters will be obligated to purchase all the Securities of the series offered if any of the securities are purchased. Any initial public offering price and any discounts or concessions allowed or re-allowed or paid to dealers may be changed from time to time.

Only underwriters named in the applicable prospectus supplement are deemed to be underwriters in connection with the Securities offered hereby.

If dealers are utilized in the sale of the Securities, the applicable registrant will sell the Securities to the dealers as principals. The dealers may then resell the Securities to the public at varying prices to be determined by such dealers at the time of resale. The names of the dealers and the terms of the transaction will be set forth in the applicable prospectus supplement.

Direct Sales

We may also sell Securities directly to the public. In this case, no underwriters or agents would be involved.

General Information

We may authorize agents, underwriters or dealers to solicit offers by certain institutions to purchase Securities from us at the public offering price pursuant to delayed delivery contracts providing for payment and delivery on a later date or dates, all as described in the applicable prospectus supplement. Each delayed delivery contract will be for an amount not less than, and the aggregate amount of the Securities shall be not less nor more than, the respective amounts stated in the applicable prospectus supplement. Such institutions may include commercial and savings banks, insurance companies, pension funds, investment companies, educational and charitable institutions, and other institutions, but will in all cases be subject to our approval. The delayed delivery contracts will not be subject to any conditions except:

- the purchase by an institution of the Securities covered by its delayed delivery contract shall not, at any time of delivery, be prohibited under the laws of any jurisdiction in the United States to which such delayed delivery contract is subject; and

- if the Securities are being sold to underwriters, we shall have sold to those underwriters the total amount of the Securities less the amount thereof covered by the delayed delivery contracts. The underwriters will not have any responsibility in respect of the validity or performance of the delayed delivery contracts.

Unless otherwise specified in the related prospectus supplement, each series of the Securities will be a new issue with no established trading market, other than the common stock. Any common stock sold pursuant to a prospectus supplement or issuable upon conversion of another offered Security will be listed on the New York Stock Exchange, subject to official notice of issuance. We may elect to list any of the other securities on an exchange, but are not obligated to do so. It is possible that one or more underwriters may make a market in a series of the Securities, but no underwriter will be obligated to do so and any underwriter may discontinue any market making at any time without notice. We cannot predict the activity of trading in, or liquidity of, our Securities.

In connection with sales by an agent or in an underwritten offering, the SEC rules permit the underwriters or agents to engage in transactions that stabilize the price of the Securities. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters or agents of a greater number of securities than they are required to purchase in an offering. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Securities while an offering is in progress.

The underwriters also may impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the underwriters have repurchased Securities sold by or for the account of that underwriter in stabilizing or short-covering transactions.

These activities by the underwriters may stabilize, maintain or otherwise affect the market price of the Securities. As a result, the price of the Securities may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the underwriters at any time. These transactions may be effected on an exchange or automated quotation system, if the Securities are listed on that exchange or admitted for trading on that automated quotation system, in the over-the-counter market or otherwise.

We may from time to time, without the consent of the existing Security holders, create and issue further Securities having the same terms and conditions as the Securities being offered hereby in all respects, except for issue date, issue price and if applicable, the first payment of interest or dividends therein or other terms as noted in the applicable prospectus supplement. Additional Securities issued in this manner will be consolidated with, and will form a single series with, the previously outstanding securities.

Underwriters, dealers and agents that participate in the distribution of the Securities may be underwriters as defined in the Securities Act of 1933, and any discounts or commissions received by them from us and any profit on the resale of the Securities by them may be treated as underwriting discounts and commissions under the Securities Act.

We may have agreements with the underwriters, dealers and agents to indemnify them against certain civil liabilities, including liabilities under the Securities Act of 1933, or to contribute with respect to payments which the underwriters, dealers or agents may be required to make.

Underwriters, dealers and agents may engage in transactions with, or perform services for, us or our subsidiaries or affiliates in the ordinary course of their businesses.

LEGAL MATTERS

Ballard Spahr LLP, Philadelphia, Pennsylvania, will render an opinion as to the validity of the Securities for us.

Winston & Strawn LLP, Chicago, Illinois, will render an opinion as to the validity of the Securities for any underwriters, dealers, purchasers or agents. Winston & Strawn LLP provides legal services to Exelon and its subsidiaries from time to time.

EXPERTS

The financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) of Exelon, Generation, ComEd, PECO and BGE incorporated in this prospectus by reference to the combined Annual Reports on Form 10-K for the year ended December 31, 2013 have been so incorporated in reliance on the reports of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

Exelon, Generation, ComEd, PECO and BGE each file reports and other information with the SEC. The public may read and copy any reports or other information that we file with the SEC at the SEC's public reference room, 100 F Street, N.E., Room 1580, Washington, D.C. 20549. The public may obtain information on the operation of the public reference room by calling the SEC at 1-800-SEC-0330. These documents are also available to the public from commercial document retrieval services and at the web site maintained by the SEC at http://www.sec.gov. Reports, proxy statements and other information concerning Exelon may also be inspected at the offices of the New York Stock Exchange, which is located at 20 Broad Street, New York, New York 10005. You may also obtain a copy of the registration statement at no cost by writing us at the following address:

Exelon Corporation
Attn: Investor Relations
10 South Dearborn Street—52 nd Floor
P.O. Box 805398
Chicago, IL 60680-5398

This prospectus is one part of a registration statement filed on Form S-3 with the SEC under the Securities Act of 1933, as amended, known as the Securities Act. This prospectus does not contain all of the information set forth in the registration statement and the exhibits and schedules to the registration statement. For further information concerning us and the Securities, you should read the entire registration statement, including this prospectus and any related prospectus supplements, and the additional information described under the sub-heading "Documents Incorporated By Reference" below. The registration statement has been filed electronically and may be obtained in any manner listed above. Any statements contained herein concerning the provisions of any document are not necessarily complete, and, in each instance, reference is made to the copy of such document filed as an exhibit to the registration statement or otherwise filed with the SEC. Each such statement is qualified in its entirety by such reference.

Information about us is also available on Exelon's web site at http://www.exeloncorp.com. The information on Exelon's web site is not incorporated into this prospectus by reference, and you should not consider it a part of this prospectus.

DOCUMENTS INCORPORATED BY REFERENCE

The SEC allows us to "incorporate by reference" information that we file with the SEC, which means that we can disclose important information to you by referring you to the documents we file with the SEC. The information incorporated by reference is an important part of this prospectus, and information that we file later with the SEC will automatically update and supersede this information. This incorporation by reference does not include documents that are furnished but not filed with the SEC. We incorporate by reference the documents listed below and any future documents that we file with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (known as the Exchange Act) but prior to the termination of any offering of securities made by this prospectus:

Exelon Corporation (Exchange Act File No. 1-16169)

- Exelon's Annual Report on Form 10-K for the year ended December 31, 2013;
- Exelon's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014;
- The description of Exelon's common stock contained in the registration statement on Form 8-A filed under the Securities Exchange Act of 1934, as amended, including any amendment thereto or report filed for the purpose of updating such description; and
- Exelon's Current Reports on Form 8-K filed with the SEC on February 12, 2014, February 13, 2014, February 28, 2014, April 1, 2014, April 30, 2014 and May 7, 2014.

Exelon Generation Company, LLC (Exchange Act File No. 333-85496)

- Generation's Annual Report on Form 10-K for the year ended December 31, 2013;
- Generation's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014; and
- Generation's Current Reports on Form 8-K filed with the SEC on February 12, 2014 and April 1, 2014.

Commonwealth Edison Company (Exchange Act File No. 1-1839)

- ComEd's Annual Report on Form 10-K for the year ended December 31, 2013;
- ComEd's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014; and
- ComEd's Current Reports on Form 8-K filed with the SEC on January 10, 2014 and February 28, 2014.

PECO Energy Company (Exchange Act File No. 000-16844)

- PECO's Annual Report on Form 10-K for the year ended December 31, 2013; and
- PECO's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014.

Baltimore Gas and Electric Company (Exchange Act File No. 1-1910)

- BGE's Annual Report on Form 10-K for the year ended December 31, 2013;
- BGE's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014; and
- BGE's Current Reports on Form 8-K filed with the SEC on February 13, 2014 and May 16, 2014.

Upon written or oral request, we will provide without charge to each person, including any beneficial owner, to whom this prospectus is delivered, a copy of any or all of such documents which are incorporated herein by reference (other than exhibits to such documents unless such exhibits are specifically incorporated by reference

into the documents that this prospectus incorporates). Written or oral requests for copies should be directed to Exelon Corporation, Attn: Investor Relations, 10 South Dearborn Street, 52 nd Floor, P.O. Box 805398, Chicago, IL 60680-5398, 312-394-2345.

Any statement contained in this prospectus, or in a document all or a portion of which is incorporated by reference, shall be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus, any supplement or any document incorporated by reference modifies or supersedes such statement. Any such statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this prospectus.

All reports and other documents subsequently filed by us pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act, prior to the filing of a post-effective amendment, which indicates that all of a class of securities offered hereby have been sold or which deregisters all of a class of securities then remaining unsold, shall be deemed incorporated by reference herein and to be a part hereof from the date of filing of such documents.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The expenses in connection with the issuance and distribution of the Securities are set forth in the following table. All amounts except the SEC registration fee are estimated.

SEC registration fee	$	*
Listing fees and expenses	$	**
Accounting fees and expenses	$	**
Printing and engraving expenses	$	**
Legal fees and expenses	$	**
Trustee fees	$	**
Miscellaneous	$	**
Total	$	**

* To be deferred pursuant to Rule 456(b) and calculated in connection with the offering of securities under this registration statement pursuant to Rule 457(r).

** Estimated expenses not presently known. Each prospectus supplement will reflect estimated expenses based on the amount of the related offering.

ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Exelon Corporation

Chapter 17, Subchapter D of the Pennsylvania Business Corporation Law of 1988, as amended (the PBCL), contains provisions permitting indemnification of officers and directors of a business corporation incorporated in Pennsylvania. Sections 1741 and 1742 of the PBCL provide that a business corporation may indemnify directors and officers against liabilities and expenses he or she may incur in connection with a threatened, pending or completed civil, administrative or investigative proceeding by reason of the fact that he or she is or was a representative of the corporation or was serving at the request of the corporation as a representative of another enterprise, provided that the particular person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the corporation, and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful. In general, the power to indemnify under these sections does not exist in the case of actions against a director or officer by or in the right of the corporation if the person otherwise entitled to indemnification shall have been adjudged to be liable to the corporation, unless it is judicially determined that, despite the adjudication of liability but in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnification for the expenses the court deems proper. Section 1743 of the PBCL provides that the corporation is required to indemnify directors and officers against expenses they may incur in defending these actions if they are successful on the merits or otherwise in the defense of such actions.

Section 1746 of the PBCL provides that indemnification under the other sections of Subchapter D is not exclusive of other rights that a person seeking indemnification may have under any by-law, agreement, vote of shareholders or disinterested directors or otherwise, whether or not the corporation would have the power to indemnify the person under any other provision of law. However, Section 1746 prohibits indemnification in circumstances where the act or failure to act giving rise to the claim for indemnification is determined by a court to have constituted willful misconduct or recklessness.

Section 1747 of the PBCL permits a corporation to purchase and maintain insurance on behalf of any person who is or was a director or officer of the corporation, or is or was serving at the request of the corporation as a representative of another enterprise, against any liability asserted against such person and incurred by him or her

in that capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify the person against such liability under Subchapter D.

Exelon's Bylaws provide that it is obligated to indemnify directors and officers and other persons designated by the board of directors against any liability, including any damage, judgment, amount paid in settlement, fine, penalty, cost or expense (including, without limitation, attorneys' fees and disbursements) including in connection with any proceeding. Exelon's Bylaws provide that no indemnification shall be made where the act or failure to act giving rise to the claim for indemnification is determined by arbitration or otherwise to have constituted willful misconduct or recklessness or attributable to receipt from Exelon of a personal benefit to which the recipient is not legally entitled.

As permitted by PBCL Section 1713, Exelon's Bylaws provide that directors generally will not be liable for monetary damages in any action, whether brought by shareholders directly or in the right of Exelon or by third parties, unless they fail in the good faith performance of their duties as fiduciaries (the standard of care established by the PBCL), and such failure constitutes self-dealing, willful misconduct or recklessness.

Exelon has entered into indemnification agreements with each of its directors. Exelon also currently maintains liability insurance for its directors and officers. In addition, the directors, officers and employees of Exelon are insured under policies of insurance, within the limits and subject to the limitations of the policies, against claims made against them for acts in the discharge of their duties, and Exelon is insured to the extent that it is required or permitted by law to indemnify the directors, officers and employees for such loss. The premiums for such insurance are paid by Exelon.

Exelon Generation Company, LLC

Section 4.6 of Generation's operating agreement provides, as follows:

The Member shall, and any officer, employee or agent of the Company may in the Member's absolute discretion, be indemnified by the Company to the fullest extent permitted by Section 8945 of the Pennsylvania Limited Liability Company Law of 1994 and as may be otherwise permitted by applicable law.

Section 8945 of the Pennsylvania Limited Liability Company Law of 1994 provides that:

8945. Indemnification.

(a) General rule. Subject to such standards and restrictions, if any, as are set forth in the operating agreement, a limited liability company may and shall have the power to indemnify and hold harmless any member or manager or other person from and against any and all claims and demands whatsoever.

(b) When indemnification is not to be made. Indemnification under subsection (a) shall not be made in any case where the act giving rise to the claim for indemnification is determined by a court to have constituted willful misconduct or recklessness. The certificate of organization or operating agreement may not provide for indemnification in the case of willful misconduct or recklessness.

(c) Grounds. Indemnification under subsection (a) may be granted for any action taken and may be made whether or not the company would have the power to indemnify the person under any other provision of law except as provided in this section and whether or not the indemnified liability arises or arose from any threatened, pending or completed action by or in the right of the company. Such indemnification is declared to be consistent with the public policy of this Commonwealth.

(d) Payment of expenses. Expenses incurred by a member, manager or other person in defending any action or proceeding against which indemnification may be made under this section may be paid by the company in advance of the final disposition of such action or proceeding upon receipt of an undertaking by or on behalf of such person to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the company.

(e) Rights to indemnification. The indemnification and advancement of expenses provided by or granted under this section shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to serve in the capacity as to which he was indemnified and shall inure to the benefit of the heirs, executors and administrators of such person.

(f) Mandatory indemnification. Without regard to whether indemnification or advancement of expenses is provided under subsections (a) and (d), a limited liability company shall be subject to section 8331(2) (relating to rules determining rights and duties of partners) and both the members and the managers, if any, shall be deemed to be general partners for purposes of applying that section.

In addition, the officers and employees of Generation are insured under policies of insurance, within the limits and subject to the limitations of the policies, against claims made against them for acts in the discharge of their duties, and the registrant is insured to the extent that it is required or permitted by law to indemnify the officers and employees for such loss. The premiums for such insurance are paid by Generation.

Commonwealth Edison Company

Certain provisions of the Illinois Business Corporation Act of 1983, as amended (the BCA), provide that ComEd may, and in some circumstances must, indemnify the directors and officers of ComEd and of each subsidiary company against liabilities and expenses incurred by such person by reason of the fact that such person was serving in such capacity, subject to certain limitations and conditions set forth in the statute. ComEd's Restated Articles of Incorporation and Amended and Restated By—Laws provide that ComEd will indemnify its directors and officers and any other person serving as director, officer, employee or agent of another business entity at ComEd's request, to the extent permitted by the statute. In addition, ComEd's Restated Articles of Incorporation provide, as permitted by the BCA, that directors shall not be personally liable for monetary damages for breach of fiduciary duty as a director, except (i) for breaches of their duty of loyalty to ComEd or its shareholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 8.65 of the BCA, and (iv) for transactions from which a director derived an improper personal benefit.

ComEd has entered into indemnification agreements with each of its directors. ComEd also maintains liability insurance policies which indemnify ComEd's directors and officers, the directors and officers of subsidiaries of ComEd, and the trustees of the Commonwealth Edison Company Service Annuity Fund and the Commonwealth Edison Company of Indiana, Inc. Service Annuity Fund, against loss arising from claims by reason of their legal liability for acts as such directors, officers or trustees, subject to limitations and conditions as set forth in the policies.

PECO Energy Company

As noted above, the PBCL, contains provisions permitting indemnification of officers and directors of a business corporation incorporated in Pennsylvania. Sections 1741 and 1742 of the PBCL provide that a business corporation may indemnify directors and officers against liabilities and expenses he or she may incur in connection with a threatened, pending or completed civil, administrative or investigative proceeding by reason of the fact that he or she is or was a representative of the corporation or was serving at the request of the corporation as a representative of another enterprise, provided that the particular person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the corporation, and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful. In general, the power to indemnify under these sections does not exist in the case of actions against a director or officer by or in the right of the corporation if the person otherwise entitled to indemnification shall have been adjudged to be liable to the corporation, unless it is judicially determined that, despite the adjudication of liability but in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnification for the expenses the court deems proper. Section 1743 of the PBCL provides that the corporation is required to indemnify

directors and officers against expenses they may incur in defending these actions if they are successful on the merits or otherwise in the defense of such actions.

Section 1746 of the PBCL provides that indemnification under the other sections of Subchapter D is not exclusive of other rights that a person seeking indemnification may have under any by-law, agreement, vote of shareholders or disinterested directors or otherwise, whether or not the corporation would have the power to indemnify the person under any other provision of law. However, Section 1746 prohibits indemnification in circumstances where the act or failure to act giving rise to the claim for indemnification is determined by a court to have constituted willful misconduct or recklessness.

Section 1747 of the PBCL permits a corporation to purchase and maintain insurance on behalf of any person who is or was a director or officer of the corporation, or is or was serving at the request of the corporation as a representative of another enterprise, against any liability asserted against such person and incurred by him or her in that capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify the person against such liability under Subchapter D.

PECO's Bylaws provide that it is obligated to indemnify directors and officers and other persons designated by the board of directors against any liability, including any damage, judgment, amount paid in settlement, fine, penalty, cost or expense (including, without limitation, attorneys' fees and disbursements) including in connection with any proceeding. PECO's Bylaws provide that no indemnification shall be made where the act or failure to act giving rise to the claim for indemnification is determined by arbitration or otherwise to have constituted willful misconduct or recklessness or attributable to receipt from PECO of a personal benefit to which the recipient is not legally entitled.

As permitted by PBCL Section 1713, PECO's Bylaws provide that directors generally will not be liable for monetary damages in any action, whether brought by shareholders directly or in the right of PECO or by third parties, unless they fail in the good faith performance of their duties as fiduciaries (the standard of care established by the PBCL), and such failure constitutes self-dealing, willful misconduct or recklessness.

PECO has entered into indemnification agreements with each of its directors. PECO also currently maintains liability insurance for its directors and officers. In addition, the directors, officers and employees of PECO are insured under policies of insurance, within the limits and subject to the limitations of the policies, against claims made against them for acts in the discharge of their duties, and PECO is insured to the extent that it is required or permitted by law to indemnify the directors, officers and employees for such loss. The premiums for such insurance are paid by PECO.

Baltimore Gas and Electric Company

The following description of indemnification allowed under Maryland statutory law is a summary rather than a complete description. Reference is made to Section 2-418 of the Corporations and Associations Article of the Maryland Annotated Code, which is incorporated herein by reference, and the following summary is qualified in its entirety by such reference.

By a Maryland statute, a Maryland corporation may indemnify any director who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (Proceeding) by reason of the fact that he is a present or former director of the corporation and any person who, while a director of the corporation, is or was serving at the request of the corporation as a director, officer, partner, trustee, employee, or agent of another corporation, partnership, joint venture, trust, limited liability company, other enterprise, or employee benefit plan (Director). Such indemnification may be against judgments, penalties, fines, settlements and reasonable expenses actually incurred by such Director in connection with the Proceeding unless it is established that (a) the act or omission of the Director was material to the matter giving rise to the Proceeding and (i) was committed in bad faith, or

(ii) was the result of active and deliberate dishonesty; or (b) the Director actually received an improper personal benefit in money, property, or services; or (c) in the case of any criminal proceeding, the Director had reasonable cause to believe the act or omission was unlawful. However, the corporation may not indemnify any Director in connection with a Proceeding by or in the right of the corporation if the Director has been adjudged to be liable to the corporation. A Director who has been successful in the defense of any Proceeding described above, or in the defense of any claim, issue or matter in the Proceeding, shall be indemnified against reasonable expenses incurred in connection with the Proceeding or the claim, issue or matter in which the Director has been successful. The corporation may not indemnify a Director in respect of any Proceeding charging improper personal benefits to the Director in which the Director was adjudged to be liable on the basis that personal benefit was improperly received. The corporation may not indemnify a Director or advance expenses for a Proceeding brought by the Director against the corporation except if the Proceeding is brought to enforce indemnification by the corporation or if the corporation's charter or bylaws, a board resolution or contract provides otherwise. Notwithstanding the above provisions, a court of appropriate jurisdiction, upon application of the Director, may order indemnification if it determines that in view of all the relevant circumstances, the Director is fairly and reasonably entitled to indemnification; however, indemnification with respect to any Proceeding by or in the right of the corporation or in which liability was adjudged on the basis that personal benefit was improperly received shall be limited to expenses. A corporation may advance reasonable expenses to a Director prior to the final disposition of a Proceeding upon receipt by the corporation of a written undertaking by or on behalf of the Director to repay the amount if it shall ultimately be determined that the standard of conduct necessary for indemnification by the corporation has not been met.

A corporation may indemnify and advance expenses to an officer of the corporation to the same extent that it may indemnify Directors under the statute.

The indemnification and advancement of expenses provided by statute is not exclusive of any other rights, by indemnification or otherwise, to which a Director or officer may be entitled under the charter, bylaws, a resolution of shareholders or directors, an agreement or otherwise.

A corporation may purchase and maintain insurance on behalf of any person who is or was a Director or officer, whether or not the corporation would have the power to indemnify a Director or officer against liability under the provision of this section of Maryland law. Further, a corporation may provide similar protection, including a trust fund, letter of credit or surety bond, not inconsistent with the statute.

Article V of BGE's Charter reads as follows:

> "A director or officer of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages except (i) to the extent that it is proved that the person actually received an improper benefit or profit in money, property, or services for the amount of the benefit or profit in money, property, or services actually received or (ii) to the extent that a judgment or other final adjudication adverse to the person is entered in a proceeding based on a finding in the proceeding that the person's action or failure to act was the result of active and deliberate dishonesty and was material to the cause of action adjudicated in the proceeding. It is the intent of this Article that the liability of directors and officers shall be limited to the fullest extent permitted by the Maryland General Corporation Law, as amended from time to time.
>
> Any repeal or modification of the foregoing paragraph by the stockholders of the corporation shall not adversely affect any right or protection of a director or officer of the corporation existing at the time of such repeal or modification."

Article IV of BGE's By-Laws reads as follows:

> "Each person made or threatened to be made party to an action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was a director or officer of the Company, or, at its request, is or was a director or officer of another

corporation, shall be indemnified by the Company (to the extent indemnification is not otherwise provided by insurance) against the liabilities, costs and expenses of every kind actually and reasonably incurred by him as a result of such action, suit or proceeding, or any threat thereof or any appeal thereon, but in each case only if and to the extent permissible under applicable common or statutory law, state or federal. The foregoing indemnity shall not be inclusive of other rights to which such person may be entitled."

BGE has entered into indemnification agreements with each of its directors. The directors and officers of BGE are covered by insurance indemnifying them against certain liabilities which might be incurred by them in their capacities as such, including certain liabilities arising under the Securities Act of 1933. The premium for this insurance is paid by Exelon with BGE's share of the premium being reimbursed by BGE.

ITEM 16. EXHIBITS.

Reference is made to the Exhibit Index filed herewith at page II-19, such Exhibit Index being incorporated in this Item 16 by reference.

ITEM 17. UNDERTAKINGS.

(a) Each of the undersigned registrants hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement; provided, however, that paragraphs (a)(1)(i), (a)(1)(ii) and (a)(1)(iii) of this section do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Commission by the registrant pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement, or is contained in a form of prospectus filed pursuant to Rule 424(b) that is part of the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser:

(A) Each prospectus filed by the registrant pursuant to Rule 424(b)(3) shall be deemed to be part of the registration statement as of the date the filed prospectus was deemed part of and included in the registration statement; and

(B) Each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5), or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (vii), or (x) for the purpose of providing the information required by Section 10(a) of the Securities Act of 1933 shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration statement to which that prospectus relates, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date.

(5) That, for the purpose of determining liability of the registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities:

Each of the undersigned registrants undertake that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

(b) Each of the undersigned registrants hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, each registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Chicago, State of Illinois, on this 23rd day of May, 2014.

EXELON CORPORATION

By: /s/ Christopher M. Crane
Christopher M. Crane
President and Chief Executive Officer and Director
(Principal Executive Officer)

By: /s/ Jonathan W. Thayer
Jonathan W. Thayer
Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

By: /s/ Duane M. DesParte
Duane M. DesParte
Senior Vice President and Corporate Controller
(Principal Accounting Officer)

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Christopher M. Crane or Jonathan W. Thayer and each or any one of them, his true and lawful attorneys in fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement and any registration statement relating to any offering made pursuant to this registration statement that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the SEC, granting unto said attorneys in fact and agents, and each of them, full power and authority to perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or his or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Mayo A. Shattuck III Mayo A. Shattuck III	Director and Chairman	May 23, 2014
/s/ Anthony K. Anderson Anthony K. Anderson	Director	May 23, 2014
/s/ Ann C. Berzin Ann C. Berzin	Director	May 23, 2014
/s/ John A. Canning, Jr. John A. Canning, Jr.	Director	May 23, 2014
/s/ Yves C. de Balmann Yves C. de Balmann	Director	May 23, 2014
/s/ Nicholas DeBenedictis Nicholas DeBenedictis	Director	May 23, 2014
/s/ Nelson A. Diaz Nelson A. Diaz	Director	May 23, 2014
/s/ Sue L. Gin Sue L. Gin	Director	May 23, 2014
/s/ Paul L. Joskow Paul L. Joskow	Director	May 23, 2014
/s/ Robert J. Lawless Robert J. Lawless	Director	May 23, 2014
/s/ Richard W. Mies Richard W. Mies	Director	May 23, 2014

/s/ William C. Richardson William C. Richardson	Director	May 23, 2014
/s/ John W. Rogers, Jr. John W. Rogers, Jr.	Director	May 23, 2014
/s/ Stephen D. Steinour Stephen D. Steinour	Director	May 23, 2014

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Chicago, State of Illinois, on this 23rd day of May, 2014.

EXELON GENERATION COMPANY, LLC

By: /s/ Kenneth W. Cornew
Kenneth W. Cornew
President and Chief Executive Officer
(Principal Executive Officer)

By: /s/ Bryan P. Wright
Bryan P. Wright
Senior Vice President and
Chief Financial Officer
(Principal Financial Officer)

By: /s/ Robert Aiken
Robert Aiken
Vice President and
Controller
(Principal Accounting Officer)

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S–3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Chicago, State of Illinois, on this 23rd day of May, 2014.

COMMONWEALTH EDISON COMPANY

By: /s/ Anne R. Pramaggiore
Anne R. Pramaggiore
President, Chief Executive Officer and Director
(Principal Executive Officer)

By: /s/ Joseph R. Trpik, Jr.
Joseph R. Trpik, Jr.
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

By: /s/ Gerald Kozel
Gerald Kozel
Vice President and Controller
(Principal Accounting Officer)

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KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Anne R. Pramaggiore and Joseph R. Trpik, Jr. and each of them, his or her true and lawful attorney-in-fact and agent, with full power of substitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments to this Registration Statement, including any filings pursuant to Rule 462(b) or 462(e) under the Securities Act of 1933, as amended, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto such attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying all that such attorneys-in-fact and agents, or any of them or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Christopher M. Crane Christopher M. Crane	Director and Chairman	May 23, 2014
/s/ Denis P. O'Brien Denis P. O'Brien	Director and Vice Chairman	May 23, 2014
/s/ James W. Compton James W. Compton	Director	May 23, 2014
/s/ A. Steven Crown A. Steven Crown	Director	May 23, 2014
/s/ Nicholas DeBenedictis Nicholas DeBenedictis	Director	May 23, 2014
/s/ Peter V. Fazio, Jr. Peter V. Fazio, Jr.	Director	May 23, 2014
/s/ Sue L. Gin Sue L. Gin	Director	May 23, 2014
/s/ Michael Moskow Michael Moskow	Director	May 23, 2014
/s/ Jesse H. Ruiz Jesse H. Ruiz	Director	May 23, 2014

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Philadelphia, Commonwealth of Pennsylvania, on this 23rd day of May, 2014.

PECO ENERGY COMPANY

By: /s/ Craig L. Adams
Craig L. Adams
President and
Chief Executive Officer and Director
(Principal Executive Officer)

By: /s/ Phillip S. Barnett
Phillip S. Barnett
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

By: /s/ Scott A. Bailey
Scott A. Bailey
Vice President and Controller
(Principal Accounting Officer)

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Craig L. Adams and Phillip S. Barnett and each or any one of them, his true and lawful attorneys in fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement and any registration statement relating to any offering made pursuant to this registration statement that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the SEC, granting unto said attorneys in fact and agents, and each of them, full power and authority to perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or his or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Christopher M. Crane Christopher M. Crane	Director and Chairman	May 23, 2014
/s/ Denis P. O'Brien Denis P. O'Brien	Director and Vice Chairman	May 23, 2014
/s/ M. Walter D'Alessio M. Walter D'Alessio	Director	May 23, 2014
/s/ Nelson A. Diaz Nelson A. Diaz	Director	May 23, 2014
/s/ Nicholas DeBenedictis Nicholas DeBenedictis	Director	May 23, 2014
/s/ Rosemarie B. Greco Rosemarie B. Greco	Director	May 23, 2014
/s/ Charisse R. Lillie Charisse R. Lillie	Director	May 23, 2014
/s/ Ronald Rubin Ronald Rubin	Director	May 23, 2014

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, Baltimore Gas and Electric Company, a registrant, certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Baltimore, State of Maryland on the 23rd day of May, 2014.

BALTIMORE GAS AND ELECTRIC COMPANY

By: /s/ Calvin Butler
Calvin Butler
Chief Executive Officer and Director
(Principal Executive Officer)

By: /s/ David M. Vahos
David M. Vahos
Vice President, Controller, Chief Financial Officer and Treasurer (Principal Financial Officer and Principal Accounting Officer)

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KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Calvin Butler and David M. Vahos as his true and lawful attorney-in-fact with full power of substitution and resubstitution, in any and all capacities, to sign this Registration Statement or amendments (including, without limitation, post-effective amendments and registration statements filed pursuant to Rule 462 under the Securities Act of 1933) thereto and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and conforming all that said attorney-in-fact and agent, or his substitute, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Christopher M. Crane Christopher M. Crane	Director and Chairman	May 23, 2014
/s/ Denis P. O'Brien Denis P. O'Brien	Director and Vice Chairman	May 23, 2014
/s/ Ann C. Berzin Ann C. Berzin	Director	May 23, 2014
/s/ Michael E. Cryor Michael E. Cryor	Director	May 23, 2014
/s/ James R. Curtiss James R. Curtiss	Director	May 23, 2014
/s/ Joseph L. Haskins Joseph L. Haskins	Director	May 23, 2014
/s/ Carla D. Hayden Carla D. Hayden	Director	May 23, 2014
/s/ Michael D. Sullivan Michael D. Sullivan	Director	May 23, 2014

INDEX TO EXHIBITS

Exhibit No.	Description
1.1*	Form of Underwriting Agreement with respect to Securities.
3.1	Amended and Restated Articles of Incorporation of Exelon Corporation (incorporated herein by reference to File No. 001-16169, Form 10-Q for the quarter ended September 30, 2008, Exhibit 3-1-2).
3.2	Amended and Restated Bylaws of Exelon Corporation, effective as of March 12, 2012 (incorporated herein by reference to Exhibit 3.1 to the Current Report on Form 8-K filed March 14, 2012, File No. 001-16169).
3.3	Certificate of Formation of Exelon Generation Company, LLC (incorporated by reference to Registration Statement No. 333-85496, Form S-4, Exhibit 3-1).
3.4	First Amended and Restated Operating Agreement of Exelon Generation Company, LLC executed as of January 1, 2001 (incorporated herein by reference to File No. 333-85496, 2003 Form 10-K, Exhibit 3-8).
3.5***	Form of Amendment to Amended and Restated Operating Agreement of Exelon Generation Company, LLC.
3.6	Charter of Baltimore Gas and Electric Company, restated as of August 16, 1996 (Incorporated by reference to Exhibit 3 to the Quarterly Report on Form 10–Q for the quarter ended September 30, 1996, File No. 1–1910).
3.7	Articles of Amendment to the Charter of Baltimore Gas and Electric Company as of February 2, 2010. (Designated as Exhibit No. 3.1 to the Current Report on Form 8-K dated February 4, 2010, File No. 1-1910.)
3.8	Bylaws of Baltimore Gas and Electric Company (Incorporated by reference to Exhibit 3.11 to the Annual Report on Form 10–k for the year ended December 31, 2013 File No. 1–1910).
3.9	Restated Articles of Incorporation of Commonwealth Edison Company effective February 20, 1985, including Statements of Resolution Establishing Series, relating to the establishment of three new series of Commonwealth Edison Company preference stock known as the “$9.00 Cumulative Preference Stock,” the “$6.875 Cumulative Preference Stock” and the “$2.425 Cumulative Preference Stock” (incorporated herein by reference to Exhibit 3–2 to Commonwealth Edison Company’s 1994 Form 10–K, File No. 1–1839).
3.10	Commonwealth Edison Company Amended and Restated By–Laws, effective January 23, 2006, as further amended January 28, 2008 and July 27, 2009 (incorporated herein by reference to Exhibit 3.1 to Commonwealth Edison Company’s Form 8-K filed July 27, 2009, File No. 1–16169).
3.11	Amended and Restated Articles of Incorporation for PECO Energy Company (incorporated herein by reference to File No. 1-01401, 2000 Form 10-K, Exhibit 3-3).
3.12	PECO Energy Company amended Bylaws (Incorporated by reference to File No. 000-16844, Form 8-K dated May 6, 2009, Exhibit 99.1).
4.1	Form of Indenture between Exelon Corporation and The Bank of New York Trust Company, N.A., as trustee, relating to senior debt securities (incorporated by reference to File No. 333-14620, Form S-3, Exhibit 4-4).
4.2	Form of Indenture of Exelon Corporation relating to subordinated debt securities.
4.3	Indenture between Exelon Generation Company, LLC and U.S. Bank National Association, as trustee relating to Generation senior debt securities (incorporated by reference to File No. 333-85496, Form 8-K dated September 28, 2007, Exhibit 4.1).

4.4 Indenture dated as of July 24, 2006, between Baltimore Gas and Electric Company and Deutsche Bank Trust Company Americas, as trustee (Incorporated by reference to Exhibit 4(b) of the Registration Statement on Form S–3 of Baltimore Gas and Electric Company filed July 24, 2006, Reg. No. 333–135991–01).

4.5 First Supplemental Indenture between Baltimore Gas and Electric Company and Deutsche Bank Trust Company Americas, as trustee, dated as of October 13, 2006 (Incorporated by reference to Exhibit 4(a) to the Quarterly Report on Form 10–Q for the quarter ended September 30, 2006, File No. 1–1910).

4.6** Baltimore Gas and Electric Company Preferred Stock certificate.

4.7 Form of Baltimore Gas and Electric Company Unsecured Debt Security (Fixed Rate) (Included in Exhibit 4.4).

4.8 Form of Baltimore Gas and Electric Company Unsecured Debt Security (Floating Rate) (Included in Exhibit 4.4).

4.9 Indenture and Security Agreement dated as of July 9, 2009, between Baltimore Gas and Electric Company and Deutsche Bank Trust Company Americas, as trustee (including form of Baltimore Gas and Electric Company Officer's Certificate and form of Senior Secured Bond) (Incorporated by reference to Exhibits 4(u) and 4(u)(1) of Post-Effective Amendment No. 1 to the Registration Statement on Form S-3 of Baltimore Gas and Electric Company filed July 9, 2009, Reg. No. 333-157637-01).

4.10 Supplemental Indenture No. 1, dated as of October 1, 2009, to the Indenture and Security Agreement dated as of July 9, 2009, between Baltimore Gas and Electric Company and Deutsche Bank Trust Company Americas, as trustee (Incorporated by reference to Exhibit 4(c) to the Quarterly Report on Form 10-Q for the quarter ended September 30, 2009, File No. 1-1910).

4.11 Baltimore Gas and Electric Company Deed of Easement and Right–of–Way Grant dated as of July 9, 2009 (Incorporated by reference to Exhibit 4(u)(2) of Post-Effective Amendment No. 1 to the Registration Statement on Form S-3 of Baltimore Gas and Electric Company filed July 9, 2009, Reg. No. 333-157637-01).

4.12 Mortgage of Commonwealth Edison Company to Illinois Merchants Trust Company, Trustee (BNY Mellon Trust Company of Illinois, as current successor Trustee), dated July 1, 1923, as supplemented and amended by Supplemental Indenture thereto dated August 1, 1994 (incorporated herein by reference to Exhibit 2-1 to Commonwealth Edison Company's Form S-7, File No. 2-60201).

4.13 Supplemental Indentures to the aforementioned Commonwealth Edison Company Mortgage are incorporated herein by reference as follows:

Dated as of	File Reference	Exhibit No.
August 1, 1946	2–60201, Form S–7	2–1
April 1, 1953	2–60201, Form S–7	2–1
March 31, 1967	2–60201, Form S–7	2–1
April 1, 1967	2–60201, Form S–7	2–1
February 28, 1969	2–60201, Form S–7	2–1
May 29, 1970	2–60201, Form S–7	2–1
June 1, 1971	2–60201, Form S–7	2–1
April 1, 1972	2–60201, Form S–7	2–1
May 31, 1972	2–60201, Form S–7	2–1
June 15, 1973	2–60201, Form S–7	2–1
May 31, 1974	2–60201, Form S–7	2–1
June 13, 1975	2–60201, Form S–7	2–1
May 28, 1976	2–60201, Form S–7	2–1
June 3, 1977	2–60201, Form S–7	2–1
May 17, 1978	2–99665, Form S–3	4–3

Dated as of	File Reference	Exhibit No.
August 31, 1978	2–99665, Form S–3	4–3
June 18, 1979	2–99665, Form S–3	4–3
June 20, 1980	2–99665, Form S–3	4–3
April 16, 1981	2–99665, Form S–3	4–3
April 30, 1982	2–99665, Form S–3	4–3
April 15, 1983	2–99665, Form S–3	4–3
April 13, 1984	2–99665, Form S–3	4–3
April 15, 1985	2–99665, Form S–3	4–3
April 15, 1986	33–6879, Form S–3	4–9
April 15, 1993	33–64028, Form S–3	4–13
June 15, 1993	1–1839, Form 8–K dated May 21, 1993	4–1
January 15, 1994	1–1839, 1993 Form 10–K	4–15
June 1, 1996	1–1839, 1996 Form 10–K	4–16
March 1, 2002	1–1839, 2001 Form 10–K	4–4–1
May 20, 2002	333–99363, Form S–3	4–1–1
June 1, 2002	333–99363, Form S–3	4–1–1
October 7, 2002	333–99715, Form S–4	4–1–3
January 13, 2003	1–1839, Form 8–K dated January 22, 2003	4–4
March 14, 2003	1–1839, Form 8–K dated April 7, 2003	4–4
August 13, 2003	1–1839, Form 8–K dated August 25, 2003	4–4
February 15, 2005	1–1839, Form 10–Q for the quarter ended March 31, 2005	4–3–1
February 22, 2006	1–1839, Form 8–K dated March 6, 2006	4.1
August 1, 2006	1–1839, Form 8–K dated August 28, 2006	4.1
September 15, 2006	1–1839, Form 8–K dated October 2, 2006	4.1
December 1, 2006	1–1839, Form 8–K dated December 19, 2006	4.1
March 1, 2007	1–1839, Form 8–K dated March 23, 2007	4.1
August 30, 2007	1–1839, Form 8–K dated September 10, 2007	4.1
December 20, 2007	1–1839, Form 8–K dated January 16, 2008	4.1
March 10, 2008	1–1839, Form 8–K dated March 27, 2008	4.1
April 23, 2008	001–01839, Form 8–K dated May 12, 2008	4.1
June 12, 2008	001–01839, Form 8–K dated June 27, 2008	4.1
July 12, 2010	001–01839, Form 8–K dated August 2, 2010	4.1
January 4, 2011	001–01839, Form 8–K dated January 18, 2011	4.1
August 22, 2011	001–01839, Form 8-K dated September 7, 2011	4.1
September 17, 2012	001-01839, Form 8-K dated October 1, 2012	4.1
August 1, 2013	001-01839, Form 8-K dated August 19, 2013	4.1
January 2, 2014	001–01839, Form 8-K dated January 10, 2014	4.1

4.14 Instrument of Resignation, Appointment and Acceptance dated as of February 20, 2002, under the provisions of the Commonwealth Edison Company Mortgage dated July 1, 1923, and Indentures Supplemental thereto, regarding corporate trustee (incorporated by reference to Exhibit 4–4–2 to Commonwealth Edison Company's 2001 Form 10–K, File No. 1–1839).

4.15 Instrument dated as of January 31, 1996, under the provisions of the Commonwealth Edison Company Mortgage dated July 1, 1923 and Indentures Supplemental thereto, regarding individual trustee (incorporated herein by reference to Exhibit 4–29 to Commonwealth Edison Company's 1995 Form 10–K, File No. 1–1839).

4.16 Indenture dated as of September 1, 1987 between Commonwealth Edison Company and Citibank, N.A., as Trustee (U.S. Bank National Association, as current successor Trustee) relating to Notes (incorporated herein by reference to Exhibit 4–13 to Commonwealth Edison Company's Form S–3, File No. 33–20619).

4.17 Supplemental Indentures to the aforementioned Commonwealth Edison Indenture are incorporated herein by reference as follows:

Dated as of	File Reference	Exhibit No.
July 14, 1989	33–32929, Form S–3	4–16

4.18**** Form of Supplemental Indenture relating to the Commonwealth Edison Company First Mortgage Bonds.

4.19**** Form of Supplemental Indenture relating to the Commonwealth Edison Company Notes.

4.20 First and Refunding Mortgage dated May 1, 1923 between The Counties Gas and Electric Company (predecessor to PECO Energy Company) and Fidelity Trust Company, as Trustee (U.S. National Association, as current successor trustee), (incorporated by reference to Registration No. 2-2281, Exhibit B-1).

4.21 Supplemental Indentures to PECO Energy Company's First and Refunding Mortgage (incorporated herein by reference to the following):

Dated as of	File Reference	Exhibit No.
May 1, 1927	2-2881	B-1(c)
March 1, 1937	2-2881	B-1(g)
December 1, 1941	2-4863	B-1(h)
November 1, 1944	2-5472	B-1(i)
December 1, 1946	2-6821	7-1(j)
September 1, 1957	2-13562	2(b)-17
May 1, 1958	2-14020	2(b)-18
March 1, 1968	2-34051	2(b)-24
March 1, 1981	2-72802	4-46
March 1, 1981	2-72802	4-47
December 1, 1984	1-01401, 1984 Form 10-K	4-2(b)
March 1, 1993	1-01401, 1992 Form 10-K	4(e)-86
May 1, 1993	1-01401, March 31, 1993 Form 10-Q	4(e)-88
May 1, 1993	1-01401, March 31, 1993 Form 10-Q	4(e)-89
September 15, 2002	1-01401, September 30, 2002 Form 10-Q	4-1
October 1, 2002	1-01401, September 30, 2002 Form 10-Q	4-2
April 15, 2003	00-16844, March 31, 2003 Form 10-Q	4.1
April 15, 2004	00-16844, September 30, 2004 Form 10-Q	4-1-1
September 15, 2006	000-16844, Form 8-K dated September 25, 2006	4.1
March 15, 2007	000-1684, Form 8-K dated March 3, 2008	4.1
February 15, 2008	000-1684, Form 8-K dated March 19, 2007	4.1
September 15, 2008	000-1684, Form 8-K dated October 2, 2008	4.1
March 15, 2009	000-1684, Form 8-K dated March 26, 2009	4.1
September 1, 2012	000-1684, Form 8-K dated September 17, 2012	4.1
September 15, 2013	000-1684, Form 8-K dated September 23, 2013	4.1
September 15, 2013	000-1684, Form 8-K dated September 23, 2013	4.1

4.22 Form of Supplemental Indenture relating to PECO Energy Company First and Refunding Mortgage Bonds (incorporated by reference to File No. 333-14620-07, Form S-3, Exhibit 4.19).

4.23 Form of Statement with Respect to Shares for PECO Energy Company preferred stock (incorporated herein by reference to File No. 333-105207, Form S-3, Exhibit 4-12).

5.1 Opinion of Ballard Spahr LLP regarding the legality of the Securities.

12.1	Statement regarding computation of ratio of earnings to fixed charges for Exelon and statement regarding computation of consolidated ratios of earnings to combined fixed charges and preferred stock dividends for Exelon.
12.2	Statement regarding computation of ratio of earnings to fixed charges for Generation.
12.3	Statement regarding computation of ratio of earnings to fixed charges for ComEd.
12.4	Statement regarding computation of ratio of earnings to fixed charges for PECO and statement regarding computation of consolidated ratios of earnings to combined fixed charges and preferred stock dividends for PECO.
12.5	Statement regarding computation of ratio of earnings to fixed charges for BGE and statement regarding computation of consolidated ratios of earnings to combined fixed charges and preference stock dividends for BGE.
23.1	Consent of PricewaterhouseCoopers LLP.
23.2	Consent of PricewaterhouseCoopers LLP.
23.3	Consent of PricewaterhouseCoopers LLP.
23.4	Consent of PricewaterhouseCoopers LLP.
23.5	Consent of PricewaterhouseCoopers LLP.
23.6	Consent of Ballard Spahr LLP (included in Exhibit 5.1).
24.1	Powers of Attorney for Exelon (included on signature page).
24.2	Powers of Attorney for ComEd (included on signature page).
24.3	Powers of Attorney for PECO (included on signature page).
24.4	Powers of Attorney for BGE (included on signature page).
25.1	Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939 of The Bank of New York Mellon Trust Company, N.A., as trustee under the Indenture relating to Exelon senior debt securities.
25.2	Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939 of The Bank of New York Mellon Trust Company, N.A., as trustee under the Indenture relating to Exelon subordinated debt securities.
25.3	Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939 of U.S. Bank National Association, as trustee under the Indenture relating to Generation senior debt securities.
25.4	Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939 of U.S. Bank National Association, as trustee under the PECO mortgage.
25.5	Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939 of Deutsche Bank Trust Company Americas, as trustee under the Baltimore Gas and Electric Company Indenture.
25.6	Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939 of Deutsche Bank Trust Company Americas, as trustee under the Baltimore Gas and Electric Company Indenture and Security Agreement.
25.7	Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939 of BNY Mellon Trust Company of Illinois, as trustee under the Commonwealth Edison Company Mortgage.
25.8	Form T-2 Statement of Eligibility under the Trust Indenture Act of 1939 of D.G. Donovan, as co-trustee under the Commonwealth Edison Company Mortgage.

25.9 Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939 of U.S. Bank National Association, as trustee under the Commonwealth Edison Company Senior Indenture.

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* A form of Underwriting Agreement with respect to any Securities will be filed as an Exhibit on Form 8-K, as contemplated by Item 601 (b)(1) of Regulation S-K under the Securities Act.

** To be filed by amendment or incorporated by reference pursuant to a current report on Form 8-K in connection with an offering of the Securities by Baltimore Gas and Electric Company.

*** To be filed by amendment or incorporated by reference pursuant to a current report on Form 8-K in connection with the issuance of any Exelon Generation Company, LLC Preferred Securities.

**** To be filed by an amendment or incorporated by reference pursuant to a current report on Form 8-K to this Registration Statement or incorporated by reference pursuant to a current report on Form 8-K in connection with the offering of Securities by Commonwealth Edison Company.

Exhibit 4.2

EXELON CORPORATION

Issuer

TO

,

Trustee

Indenture

(For Unsecured Subordinated Debt Securities)

Dated as of

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Reconciliation and tie between Trust Indenture Act of 1939
and Indenture, dated as of

Trust Indenture Act Section		Indenture Section
Section 310	(a)(1)	909
	(a)(2)	909
	(a)(3)	914(b)
	(a)(4)	Not Applicable
	(b)	908
		910
Section 311	(a)	913
	(b)	913
	(c)	913
Section 312	(a)	1001
	(b)	1001
	(c)	1001
Section 313	(a)	1002
	(b)	1002
	(c)	1002
	(d)	1002
Section 314	(a)	1002
	(a)(4)	606
	(b)	Not Applicable
	(c)(1)	102
	(c)(2)	102
	(c)(3)	Not Applicable
	(d)	Not Applicable
	(e)	102
Section 315	(a)	901
		903
	(b)	902
	(c)	901
	(d)	901
	(e)	814
Section 316	(a)	812
		813
	(a)(1)(A)	802
		812
	(a)(1)(B)	813
	(a)(2)	Not Applicable
	(b)	808
Section 317	(a)(1)	803
	(a)(2)	804
	(b)	603
Section 318	(a)	107

Note: This reconciliation and tie shall not, for any purpose, be deemed to be a part of the Indenture.

SUBORDINATED INDENTURE

, dated as of , among **Exelon Corporation** , a corporation duly organized and existing under the laws of (herein called the "Company"), having its principal office at , and , a having its designated corporate trust office at , as Trustee (herein called the "Trustee").

RECITAL OF THE COMPANY

The Company has duly authorized the execution and delivery of this Indenture to provide for the issuance from time to time of its unsecured subordinated debentures, notes or other evidences of indebtedness (herein called the "Securities"), in an unlimited aggregate principal amount to be issued in one or more series as contemplated herein; and all acts necessary to make this Indenture a valid agreement of the Company, in accordance with its terms, have been performed and all acts necessary to make this Indenture a valid agreement of the Company have been performed.

For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires, capitalized terms used herein shall have the meanings assigned to them in Article One of this Indenture.

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

For and in consideration of the premises and the purchase of the Securities by the Holders thereof, it is mutually covenanted and agreed, for the equal and proportionate benefit of all Holders of the Securities or of any series thereof, as follows:

ARTICLE ONE
Definitions and Other Provisions of General Application

SECTION 101. Definitions.

For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular;

(b) all terms used herein without definition which are defined in the Trust Indenture Act, either directly or by reference therein, have the meanings assigned to them therein;

(c) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles in the United States, and, except as otherwise herein expressly provided, the term "generally accepted accounting principles" with respect to any computation required or permitted hereunder shall mean such accounting principles as are generally accepted in the United States at the date of such computation or, at the election of the Company from time to time, at the date of the execution

and delivery of this Indenture; provided, however, that in determining generally accepted accounting principles applicable to the Company, the Company shall, to the extent required, conform to any order, rule or regulation of any administrative agency, regulatory authority or other governmental body having jurisdiction over the Company;

(d) the words “herein”, “hereof” and “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision; and

(e) unless the context otherwise requires, any reference to an “Article” or a “Section” refers to an Article or a Section, as the case may be, of this Indenture.

Certain terms, used principally in Article Nine, are defined in that Article.

“Act,”

when used with respect to any Holder of a Security, has the meaning specified in Section 104.

“Affiliate”

of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, “control” when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“Authenticating Agent”

means any Person (other than the Company or an Affiliate of the Company) authorized by the Trustee pursuant to Section 915 to act on behalf of the Trustee to authenticate one or more series of Securities.

“Authorized Officer”

means the Chairman of the Board, the President, any Vice President, the Treasurer, any Assistant Treasurer, the Secretary, any Assistant Secretary or any other officer or agent of the Company, as the case requires, duly authorized by their respective Board of Directors to act in respect of matters relating to this Indenture.

“Board of Directors”

means the board of directors of the Company, or any committee of that board duly authorized to act in respect of matters relating to this Indenture, or the equivalent governing body of an entity, or any committee, corporation, individual or group of individuals duly authorized to act for such entity in respect of matters relating to this Indenture.

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“Board Resolution”

means a copy of a resolution certified by the Secretary or an Assistant Secretary of the Company, to have been duly adopted by the Board of Directors of the Company, and to be in full force and effect on the date of such certification, and delivered to the Trustee.

“Business Day,”

when used with respect to a Place of Payment or any other particular location specified in the Securities or this Indenture, means any day, other than a Saturday or Sunday, which is not a day on which banking institutions or trust companies in such Place of Payment or other location are generally authorized or required by law, regulation or executive order to remain closed, except as may be otherwise specified as contemplated by Section 301.

“Commission”

means the Securities and Exchange Commission, as from time to time constituted, created under the Exchange Act, or, if at any time after the date of execution and delivery of this Indenture such Commission is not existing and performing the duties now assigned to it under the Trust Indenture Act, then the body, if any, performing such duties at such time.

“Company”

means the Person named as the “Company” in the first paragraph of this Indenture until a successor Person shall have become such pursuant to the applicable provisions of this Indenture, and thereafter “Company” shall mean such successor Person.

“Company Request” or “Company Order”

means a written request or order signed in the name of the Company by an Authorized Officer and delivered to the Trustee.

“Corporate Trust Office”

means the designated corporate trust office of the Trustee at which, at any particular time, its corporate trust business shall be administered, which office at the date hereof is located at Attention: Corporate Trust Administration, or such other address as the Trustee may designate from time to time by notice to the Holders and the Company, or the principal corporate trust office of any successor Trustee (or such other address as such successor Trustee may designate from time to time by notice to the Holders and the Company).

“Corporation”

means a corporation, association, bank, company, limited liability company, joint stock company, statutory trust, or other business entity, and references to “corporate” and other derivations of “corporation” herein shall be deemed to include appropriate derivations of such entities.

“Defaulted Interest”

has the meaning specified in Section 307.

“Discount Security”

means any Security which provides for an amount less than the principal amount thereof to be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 802. The term “interest” with respect to a Discount Security means interest, if any, borne by such Security at a Stated Interest Rate.

“Dollar” or “$”

means a dollar or other equivalent unit in such coin or currency of the United States as at the time shall be legal tender for the payment of public and private debts.

“Eligible Obligations”

means:

(a) with respect to Securities denominated in Dollars, Government Obligations; or

(b) with respect to Securities denominated in a currency other than Dollars or in a composite currency, such other obligations or instruments as shall be specified with respect to such Securities, as contemplated by Section 301.

“Event of Default”

has the meaning specified in Section 801.

“Exchange Act”

means the Securities Exchange Act of 1934 and the rules and regulations promulgated thereunder, as amended from time to time, or any successor legislation.

“Governmental Authority”

means the government of the United States or of any State or Territory thereof or of the District of Columbia or of any county, municipality or other political subdivision of any of the foregoing, or any department, agency, authority or other instrumentality of any of the foregoing.

“Government Obligations”

means:

(a) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States and entitled to the benefit of the full faith and credit thereof; and

(b) certificates, depositary receipts or other instruments which evidence a direct ownership interest in obligations described in clause (a) above or in any specific interest or principal payments due in respect thereof; provided, however, that the custodian of such obligations or specific interest or principal payments shall be a bank or trust company (which may include the Trustee or any Paying Agent) subject to Federal or state supervision or examination with a combined capital and surplus of at least $50,000,000; and provided, further, that except as may be otherwise required by law, such custodian shall be obligated to pay to the holders of such certificates, depositary receipts or other instruments the full amount received by such custodian in respect of such obligations or specific payments and shall not be permitted to make any deduction therefrom.

"Holder"

means a Person in whose name a Security is registered in the Security Register.

"Indenture"

means this instrument as originally executed and delivered and as it may from time to time be supplemented or amended by one or more indentures or other instruments supplemental hereto entered into pursuant to the applicable provisions hereof, including, for all purposes of this instrument and any such supplemental indenture or other instrument, the provisions of the Trust Indenture Act that are deemed to be a part of and govern this Indenture and any such supplemental indenture or such other instrument, respectively. The term "Indenture" shall also include the terms of particular series of Securities established as contemplated by Section 301.

"Interest Payment Date,"

when used with respect to any Security, means the Stated Maturity of an installment of interest on such Security.

"Maturity,"

when used with respect to any Security, means the date on which the principal of such Security or an installment of principal becomes due and payable as provided in such Security or in this Indenture, whether at the Stated Maturity, by declaration of acceleration, upon call for redemption or otherwise.

"Notice of Default"

means a written notice of the kind specified in Section 801(c).

"Officer's Certificate"

means a certificate signed by an Authorized Officer of the Company and delivered to the Trustee.

"Opinion of Counsel"

means a written opinion of counsel, who may be counsel for the Company or an Affiliate of the Company, or an employee of any thereof, and who shall be reasonably acceptable to the Trustee.

"Outstanding,"

when used with respect to Securities, means, as of the date of determination, all Securities theretofore authenticated and delivered under this Indenture, except:

(a) Securities theretofore canceled or delivered to the Security Registrar for cancellation;

(b) Securities deemed to have been paid for all purposes of this Indenture in accordance with Section 701 (whether or not the Company's indebtedness in respect thereof shall be satisfied and discharged for any other purpose); and

(c) Securities which have been paid pursuant to Section 306 or in exchange for or in lieu of which other Securities have been authenticated and delivered pursuant to this Indenture, other than any such Securities in respect of which there shall have been presented to the Trustee proof satisfactory to it and the Company that such Securities are held by a bona fide purchaser or purchasers in whose hands such Securities are valid obligations of the Company;

provided, however, that in determining whether or not the Holders of the requisite principal amount of the Securities Outstanding under this Indenture, or the Outstanding Securities of any series or Tranche, have given any request, demand, authorization, direction, notice, consent or waiver hereunder or whether or not a quorum is present at a meeting of Holders of Securities,

(x) Securities owned by the Company or any other obligor upon the Securities or any Affiliate of the Company or of such other obligor (unless the Company, such Affiliate or such obligor owns all Securities Outstanding under this Indenture, or all Outstanding Securities of each such series and each such Tranche, as the case may be, determined without regard to this clause (x)) shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver or upon any such determination as to the presence of a quorum, only Securities which a Responsible Officer of the Trustee actually knows to be so owned shall be so disregarded; provided, however, that Securities so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Securities and that the pledgee is not the Company or any other obligor upon the Securities or any Affiliate of the Company or of such other obligor;

(y) the principal amount of a Discount Security that shall be deemed to be Outstanding for such purposes shall be the amount of the principal thereof that would be due and payable as of the date of such determination upon a declaration of acceleration of the Maturity thereof pursuant to Section 802; and

(z) the principal amount of any Security which is denominated in a currency other than Dollars or in a composite currency that shall be deemed to be Outstanding for such purposes shall be the amount of Dollars which could have been purchased by the principal amount (or, in the case of a Discount Security, the Dollar equivalent on the date determined as set forth below of the amount determined as provided in (y) above) of such currency or composite currency evidenced by such Security, in each such case certified to the Trustee in an Officer's Certificate of the Company, based (i) on the average of the mean of the buying and selling spot rates quoted by three banks which are members of the New York Clearing House Association selected by the Company in effect at 11:00 A.M. (New York time) in The City of New York on the fifth Business Day preceding any such determination or (ii) if on such fifth Business Day it shall not be possible or practicable to obtain such quotations from such three banks, on such other quotations or alternative methods of determination which shall be as consistent as practicable with the method set forth in (i) above;

provided, further, that, in the case of any Security the principal of which is payable from time to time without presentment or surrender, the principal amount of such Security that shall be deemed to be Outstanding at any time for all purposes of this Indenture shall be the original principal amount thereof less the aggregate amount of principal thereof theretofore paid.

"Pari Passu Securities"

means (i) indebtedness and other securities that, among other things, by its terms ranks equally with the Securities of any series in right of payment and upon liquidation; (ii) guarantees of indebtedness or other securities described in clause (i), and (iii) trade accounts payable and accrued liabilities arising in the ordinary course of business of the Company, with respect to the Securities of any series.

"Paying Agent"

means any Person, including the Company, authorized by the Company to pay the principal of and premium, if any, or interest, if any, on any Securities on behalf of the Company.

"Periodic Offering"

means an offering of Securities of a series from time to time any or all of the specific terms of which Securities, including without limitation the rate or rates of interest or formula for determining the rate or rates of interest, if any, thereon, the Stated Maturity or Maturities thereof and the redemption provisions, if any, with respect thereto, are to be determined by the Company or its agents upon the issuance of such Securities.

"Person"

means a legal person, including any individual, Corporation, estate, partnership, joint venture, unincorporated association or government, or any agency or political subdivision thereof or any other entity of whatever nature.

“Place of Payment,”

when used with respect to the Securities of any series, or any Tranche thereof, means the place or places, specified as contemplated by Section 301, at which, subject to Section 602, principal of and premium, if any, and interest, if any, on the Securities of such series or Tranche are payable.

“Predecessor Security”

of any particular Security means every previous Security evidencing all or a portion of the same debt as that evidenced by such particular Security; and, for the purposes of this definition, any Security authenticated and delivered under Section 306 in exchange for or in lieu of a mutilated, destroyed, lost or stolen Security shall be deemed (to the extent lawful) to evidence the same debt as the mutilated, destroyed, lost or stolen Security.

“Redemption Date,”

when used with respect to any Security to be redeemed, means the date fixed for such redemption by or pursuant to this Indenture.

“Redemption Price,”

when used with respect to any Security to be redeemed, means the price at which it is to be redeemed pursuant to this Indenture.

“Regular Record Date”

for the interest payable on any Interest Payment Date on the Securities of any series means the date specified for that purpose as contemplated by Section 301.

“Required Currency”

has the meaning specified in Section 311.

“Responsible Officer,”

when used with respect to the Trustee, means any vice-president, any assistant vice-president, any assistant secretary, any assistant treasurer, any trust officer or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of that officer’s knowledge of and familiarity with the particular subject and who shall have direct responsibility for the administration of this Indenture.

“Securities”

has the meaning stated in the first recital of this Indenture and more particularly means any securities authenticated and delivered under this Indenture.

"Securities Act"

means the Securities Act of 1933, and the rules and regulations promulgated thereunder, as amended from time to time, or any successor legislation.

"Security Register" and "Security Registrar"

have the respective meanings specified in Section 305.

"Senior Indebtedness"

means all of the Company's obligations, as the case may be, whether presently existing or from time to time hereafter incurred, created, assumed or existing, to pay principal, premium, interest, penalties, fees and any other payment in respect of any of the following:

(a) obligations for borrowed money, including without limitation, such obligations as are evidenced by credit agreements, notes, debentures, bonds or other securities or instruments;

(b) capitalized lease obligations;

(c) all obligations of the types referred to in clauses (a) and (b) above of others which the Company has assumed, endorsed, guaranteed, contingently agreed to purchase or provide funds for the payment of, or otherwise becomes liable for, under any agreement; or

(d) all renewals, extensions or refundings of obligations of the kinds described in any of the preceding categories.

unless, in the case of any particular obligation, indebtedness, renewal, extension or refunding, the instrument creating or evidencing the same or the assumption or guarantee of the same expressly provides that such obligation, indebtedness, renewal, extension or refunding is not superior in right of payment to or is pari passu with the Securities; and provided further that trade accounts payable and accrued liabilities arising in the ordinary course of business shall not be deemed to be Senior Indebtedness.

"Special Record Date"

for the payment of any Defaulted Interest on the Securities of any series means a date fixed by the Trustee pursuant to Section 307.

"Stated Interest Rate"

means a rate (whether fixed or variable) at which an obligation by its terms is stated to bear simple interest. Any calculation or other determination to be made under this Indenture by reference to the Stated Interest Rate on a Security shall be made without regard to the effective interest cost to the Company of such Security and without regard to the Stated Interest Rate on, or the effective cost to the Company of, any other indebtedness in respect of which the Company's obligations are evidenced or secured in whole or in part by such Security.

"Stated Maturity,"

when used with respect to any Security or any obligation or any installment of principal thereof or interest thereon, means the date on which the principal of such obligation or such installment of principal or interest is stated in such Security to be due and payable (without regard to any provisions for redemption, prepayment, acceleration, purchase or extension).

"Tranche"

means a group of Securities which (a) are of the same series and (b) have identical terms except as to principal amount and/or date of issuance.

"Trust Indenture Act"

means, as of any time, the Trust Indenture Act of 1939, as amended, or any successor statute, as in effect at such time.

"Trustee"

means the Person named as the "Trustee" in the first paragraph of this Indenture until a successor Trustee shall have become such with respect to one or more series of Securities pursuant to the applicable provisions of this Indenture, and thereafter "Trustee" shall mean or include each Person who is then a Trustee hereunder, and if at any time there is more than one such Person, "Trustee" as used with respect to the Securities of any series shall mean the Trustee with respect to Securities of that series.

"United States"

means the United States of America, its Territories, its possessions and other areas subject to its political jurisdiction.

SECTION 102. Compliance Certificates and Opinions.

Except as otherwise expressly provided in this Indenture, upon any application or request by the Company to the Trustee to take any action under any provision of this Indenture, the Company shall each, furnish to the Trustee an Officer's Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with and an Opinion of Counsel stating that in the opinion of such counsel all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include:

(a) a statement that each Person signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement that, in the opinion of each such Person, such Person has made such examination or investigation as is necessary to enable such Person to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(d) a statement as to whether, in the opinion of each such Person, such condition or covenant has been complied with.

SECTION 103. Form of Documents Delivered to Trustee.

In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an officer of the Company may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which such Officer's Certificate or opinion are based are erroneous. Any such certificate or Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Company stating that the information with respect to such factual matters is in the possession of the Company, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Where (i) any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, or (ii) two or more Persons are each required to make, give or execute any such application, request, consent, certificate, statement, opinion or other instrument under this Indenture, any such applications, requests, consents, certificates, statements, opinions or other instruments may, but need not, be consolidated and form one instrument.

Whenever, subsequent to the receipt by the Trustee of any Board Resolution, Officer's Certificate, Opinion of Counsel or other document or instrument, a clerical, typographical or other inadvertent or unintentional error or omission shall be discovered therein, a new document or instrument may be substituted therefor in corrected form with the same force and effect as if originally filed in the corrected form and, irrespective of the date or dates of the actual execution and/or delivery thereof, such substitute document or instrument shall be deemed to have been executed and/or delivered as of the date or dates required with respect to the document or instrument for which it is substituted. Anything in this Indenture to the contrary notwithstanding, if any such corrective document or instrument indicates that action has been taken by or at the request of the Company, which could not have been taken had the original document or

instrument not contained such error or omission, the action so taken shall not be invalidated or otherwise rendered ineffective but shall be and remain in full force and effect, except to the extent that such action was a result of willful misconduct or bad faith. Without limiting the generality of the foregoing, any Securities issued under the authority of such defective document or instrument shall nevertheless be the valid obligations of the Company entitled to the benefits of this Indenture equally and ratably with all other Outstanding Securities, except as aforesaid.

SECTION 104. Acts of Holders.

(a) Any request, demand, authorization, direction, notice, consent, election, waiver or other action provided by this Indenture to be made, given or taken by Holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by an agent duly appointed in writing or, alternatively, may be embodied in and evidenced by the record of Holders voting in favor thereof, either in person or by proxies duly appointed in writing, at any meeting of Holders duly called and held in accordance with the provisions of Article Thirteen, or a combination of such instruments and any such record. Except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments or record or both are delivered to the Trustee and, where it is hereby expressly required, to the Company. Such instrument or instruments and any such record (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Holders signing such instrument or instruments and so voting at any such meeting. Proof of execution of any such instrument or of a writing appointing any such agent, or of the holding by any Person of a Security, shall be sufficient for any purpose of this Indenture and (subject to Section 901) conclusive in favor of the Trustee, the Company, if made in the manner provided in this Section. The record of any meeting of Holders shall be proved in the manner provided in Section 1306.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by a certificate of a notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof or may be proved in any other manner which the Trustee and the Company deem sufficient. Where such execution is by a signer acting in a capacity other than his individual capacity, such certificate or affidavit shall also constitute sufficient proof of his authority.

(c) The principal amount (except as otherwise contemplated in clause (y) of the first proviso to the definition of Outstanding) and serial numbers of Securities held by any Person, and the date of holding the same, shall be proved by the Security Register;

(d) Any request, demand, authorization, direction, notice, consent, election, waiver or other Act of a Holder of any Security shall bind every future Holder of the same Security and the Holder of every Security issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof in respect of anything done, omitted or suffered to be done by the Trustee, the Company in reliance thereon, whether or not notation of such action is made upon such Security.

(e) Until such time as written instruments shall have been delivered to the Trustee with respect to the requisite percentage of principal amount of Securities for the action

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contemplated by such instruments, any such instrument executed and delivered by or on behalf of a Holder may be revoked with respect to any or all of such Securities by written notice by such Holder or any subsequent Holder, proven in the manner in which such instrument was proven.

(f) Securities of any series, or any Tranche thereof, authenticated and delivered after any Act of Holders may, and shall if required by the Trustee, bear a notation in form approved by the Trustee as to any action taken by such Act of Holders. If the Company shall so determine, new Securities of any series, or any Tranche thereof, so modified as to conform, in the opinion of the Trustee and the Company, to such action may be prepared and executed by the Company and authenticated and delivered by the Trustee in exchange for Outstanding Securities of such series or Tranche.

(g) If the Company shall solicit from Holders any request, demand, authorization, direction, notice, consent, waiver or other Act, the Company may, at its option, by Company Order fix in advance a record date for the determination of Holders entitled to give such request, demand, authorization, direction, notice, consent, waiver or other Act, but the Company shall have any obligation to do so. If such a record date is fixed, such request, demand, authorization, direction, notice, consent, waiver or other Act may be given before or after such record date, but only the Holders of record at the close of business on the record date shall be deemed to be Holders for the purposes of determining whether Holders of the requisite proportion of the Outstanding Securities have authorized or agreed or consented to such request, demand, authorization, direction, notice, consent, waiver or other Act, and for that purpose the Outstanding Securities shall be computed as of the record date. Any such Act, given as aforesaid, shall be effective whether or not the Holders which authorized or agreed or consented to such Act remain Holders after such record date and whether or not the Securities held by such Holders remain Outstanding after such record date.

SECTION 105. Notices, etc. to Trustee, Company.

Any request, demand, authorization, direction, notice, consent, election, waiver or Act of Holders or other document provided or permitted by this Indenture to be made upon, given or furnished to, or filed with, the Trustee by any Holder or by the Company, or the Company by the Trustee or by any Holder, shall be sufficient for every purpose hereunder (unless otherwise herein expressly provided) if in writing and delivered personally to an officer or other responsible employee of the addressee, or transmitted by facsimile transmission or other direct written electronic means to such telephone number or other electronic communications address as the parties hereto shall from time to time designate, or transmitted by registered mail, charges prepaid, to the applicable address set opposite such party's name below or to such other address as such party hereto may from time to time designate:

If to the Trustee, to:

Attention:
Telephone: ( )
Facsimile: ( )

With a copy to:

Attention:
Telephone: ( )
Facsimile: ( )

If to the Company, to:

Attention:
Telephone: ( )
Facsimile: ( )

Any communication contemplated herein shall be deemed to have been made, given, furnished and filed if personally delivered, on the date of delivery, if transmitted by facsimile transmission or other direct written electronic means, on the date of transmission, and if transmitted by registered mail, on the date of receipt.

The Trustee agrees to accept and act upon instructions or directions pursuant to this Indenture sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods; provided , however , that (a) the party providing such electronic instructions or directions, subsequent to the transmission thereof, shall provide the originally executed instructions or directions to the Trustee in a timely manner and (b) such originally executed instructions or directions shall be signed by an authorized representative of the party providing such instructions or directions. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions or directions notwithstanding such instructions or directions conflict or are inconsistent with a subsequent written instruction or direction or if the subsequent written instruction or direction is never received. The party providing instructions or directions by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, as aforesaid, agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

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Notwithstanding anything to the contrary contained herein, as long as the Securities are in the form of a global security, notice to the Holders may be made electronically in accordance with procedures of the depositary.

SECTION 106. Notice to Holders of Securities; Waiver.

Except as otherwise expressly provided herein, where this Indenture provides for notice to Holders of any event, such notice shall be sufficiently given, and shall be deemed given, to Holders if in writing and mailed, first-class postage prepaid, to each Holder affected by such event, at the address of such Holder as it appears in the Security Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice.

In case by reason of the suspension of regular mail service or by reason of any other cause it shall be impracticable to give such notice to Holders by mail, then such notification as shall be made with the approval of the Trustee shall constitute a sufficient notification for every purpose hereunder. In any case where notice to Holders is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Holder shall affect the sufficiency of such notice with respect to other Holders.

Any notice required by this Indenture may be waived in writing by the Person entitled to receive such notice, either before or after the event otherwise to be specified therein, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 107. Conflict with Trust Indenture Act.

If any provision of this Indenture limits, qualifies or conflicts with another provision hereof which is required or deemed to be included in this Indenture by, or is otherwise governed by, any of the provisions of the Trust Indenture Act, such other provision shall control; and if any provision hereof otherwise conflicts with the Trust Indenture Act, the Trust Indenture Act shall control.

SECTION 108. Effect of Headings and Table of Contents.

The Article and Section headings in this Indenture and the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 109. Successors and Assigns.

All covenants and agreements in this Indenture by the Company and Trustee shall bind their respective successors and assigns, whether so expressed or not.

SECTION 110. Separability Clause.

In case any provision in this Indenture or the Securities shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

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SECTION 111. Benefits of Indenture.

Nothing in this Indenture or the Securities, express or implied, shall give to any Person, other than the parties hereto, their successors hereunder, the Holders and, so long as the notice described in Section 1513 hereof has not been given, the holders of Senior Indebtedness, any benefit or any legal or equitable right, remedy or claim under this Indenture.

SECTION 112. Governing Law.

This Indenture and the Securities shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania, without regard to conflict of laws principles thereunder, except to the extent that the law of any other jurisdiction shall be mandatorily applicable.

SECTION 113. Legal Holidays.

In any case where any Interest Payment Date, Redemption Date or Stated Maturity of any Security shall not be a Business Day at any Place of Payment, then (notwithstanding any other provision of this Indenture or of the Securities other than a provision in Securities of any series, or any Tranche thereof, or in an indenture supplemental hereto, or in the Board Resolution or Officer's Certificate which establishes the terms of the Securities of such series or Tranche, which specifically states that such provision shall apply in lieu of this Section) payment of interest or principal and premium, if any, need not be made at such Place of Payment on such date, but may be made on the next succeeding Business Day at such Place of Payment, except that if such Business Day is in the next succeeding calendar year, such payment shall be made on the immediately preceding Business Day, in each case with the same force and effect, and in the same amount, as if made on the Interest Payment Date or Redemption Date, or at the Stated Maturity, as the case may be, and, if such payment is made or duly provided for on such Business Day, no interest shall accrue on the amount so payable for the period from and after such Interest Payment Date, Redemption Date or Stated Maturity, as the case may be, to such Business Day.

SECTION 114. Waiver of Jury Trial.

EACH OF THE COMPANY AND THE TRUSTEE HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS INDENTURE, THE SECURITIES OR THE TRANSACTION CONTEMPLATED HEREBY.

SECTION 115. *FATCA* .

In order to comply with applicable tax laws, rules and regulations (inclusive of directives, guidelines and interpretations promulgated by competent authorities) in effect from time to time ("Applicable Law") a foreign financial institution, issuer, trustee, paying agent, holder or other institution is or has agreed to be subject to related to the Indenture, the Company and Guarantors agree (i) to provide to [The Bank of New York Mellon Trust Company, N.A.] sufficient information about holders or other applicable parties and/or transactions (including any

modification to the terms of such transactions) so [The Bank of New York Mellon Trust Company, N.A.] can determine whether it has tax related obligations under Applicable Law, (ii) that [The Bank of New York Mellon Trust Company, N.A.] shall be entitled to make any withholding or deduction from payments under the Indenture to the extent necessary to comply with Applicable Law for which [The Bank of New York Mellon Trust Company, N.A.] shall not have any liability, and (iii) to hold harmless [The Bank of New York Mellon Trust Company, N.A.] for any losses it may suffer due to the actions it takes to comply with such Applicable Law. The terms of this section shall survive the termination of this Indenture.

ARTICLE TWO
Security Forms

SECTION 201. Forms Generally.

The definitive Securities of each series shall be in substantially the form or forms thereof established in the indenture supplemental hereto establishing such series or in a Board Resolution establishing such series, or in an Officer's Certificate pursuant to such supplemental indenture or Board Resolution, in each case with such appropriate terms, insertions, omissions, substitutions and other variations as are required or permitted by this Indenture, and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may be required to comply with the rules of any securities exchange or as may, consistently herewith, be determined by the officers executing such Securities, as evidenced by their execution thereof. If the form or forms of Securities of any series are established in a Board Resolution or in an Officer's Certificate pursuant to a Board Resolution, such Board Resolution and Officer's Certificate, if any, shall be delivered to the Trustee at or prior to the delivery of the Company Order contemplated by Section 303 for the authentication and delivery of such Securities.

Unless otherwise specified as contemplated by Sections 301 or 1201(g), the Securities of each series shall be issuable in registered form without coupons. The definitive Securities shall be produced in such manner as shall be determined by the officers executing such Securities, as evidenced by their execution thereof.

SECTION 202. Form of Trustee's Certificate of Authentication.

The Trustee's certificate of authentication shall be in substantially the form set forth below:

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

Dated: , as Trustee

By: _____
Authorized Signatory

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ARTICLE THREE
The Securities

SECTION 301. Amount Unlimited; Issuable in Series.

The aggregate principal amount of Securities which may be authenticated and delivered under this Indenture is unlimited.

The Securities may be issued in one or more series. Subject to the last paragraph of this Section, prior to the authentication and delivery of Securities of any series there shall be established by specification in a supplemental indenture or in a Board Resolution of the Company, or in an Officer's Certificate of the Company (which need not comply with Section 102) pursuant to a supplemental indenture or a Board Resolution:

(a) the title of the Securities of such series (which shall distinguish the Securities of such series from Securities of all other series);

(b) any limit upon the aggregate principal amount of the Securities of such series which may be authenticated and delivered under this Indenture (except for Securities authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Securities of such series pursuant to Section 304, 305, 306, 406 or 1206 and, except for any Securities which, pursuant to Section 303, are deemed never to have been authenticated and delivered hereunder);

(c) the Person or Persons (without specific identification) to whom interest on Securities of such series, or any Tranche thereof, shall be payable on any Interest Payment Date, if other than the Persons in whose names such Securities (or one or more Predecessor Securities) are registered at the close of business on the Regular Record Date for such interest;

(d) the date or dates on which the principal of the Securities of such series or any Tranche thereof, is payable or any formulary or other method or other means by which such date or dates shall be determined, by reference to an index or other fact or event ascertainable outside of this Indenture or otherwise (without regard to any provisions for redemption, prepayment, acceleration, purchase or extension);

(e) the rate or rates at which the Securities of such series, or any Tranche thereof, shall bear interest, if any (including the rate or rates at which overdue principal shall bear interest, if different from the rate or rates at which such Securities shall bear interest prior to Maturity, and, if applicable, the rate or rates at which overdue premium or interest, or interest deferred as contemplated in Section 312 shall bear interest, if any), or any formulary or other method or other means by which such rate or rates shall be determined, by reference to an index or other fact or event ascertainable outside of this Indenture or otherwise; the date or dates from which such interest shall accrue; the Interest Payment Dates on which such interest shall be payable and the Regular Record Date, if any, for the interest payable on such Securities on any Interest Payment Date; the right of the Company, if any, to extend the interest payment periods and the duration of any such extension, and the consequences thereof, as contemplated by Section 312; and the basis of computation of interest, if other than as provided in Section 310;

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(f) the place or places at which or methods (if other than as provided elsewhere in this Indenture) by which (1) the principal of and premium, if any, and interest, if any, on Securities of such series, or any Tranche thereof, shall be payable, (2) registration of transfer of Securities of such series, or any Tranche thereof, may be effected, (3) exchanges of Securities of such series, or any Tranche thereof, may be effected and (4) notices and demands to or upon the Company in respect of the Securities of such series, or any Tranche thereof, and this Indenture may be served; the Security Registrar and any Paying Agent or Agents for such series or Tranche; and if such is the case, that the principal of such Securities shall be payable without presentment or surrender thereof;

(g) the period or periods within which, or the date or dates on which, the price or prices at which and the terms and conditions upon which the Securities of such series, or any Tranche thereof, may be redeemed, in whole or in part, at the option of the Company and any restrictions on such redemptions, including but not limited to a restriction on a partial redemption by the Company of the Securities of any series, or any Tranche thereof, resulting in delisting of such Securities from any national exchange, the Nasdaq national market or such other interdealer quotation system or self-regulatory organization upon which Securities are listed or traded;

(h) the obligation or obligations, if any, of the Company to redeem or purchase or repay the Securities of such series, or any Tranche thereof, pursuant to any sinking fund or other mandatory redemption provisions or at the option of a Holder thereof and the period or periods within which or the date or dates on which, the price or prices at which and the terms and conditions upon which such Securities shall be redeemed or purchased or repaid, in whole or in part, pursuant to such obligation, and applicable exceptions to the requirements of Section 404 in the case of mandatory redemption or redemption or repayment at the option of the Holder;

(i) the denominations in which Securities of such series, or any Tranche thereof, shall be issuable if other than denominations of $25 and any integral multiple thereof;

(j) the currency or currencies, including composite currencies, in which payment of the principal of and premium, if any, and interest, if any, on the Securities of such series, or any Tranche thereof, shall be payable (if other than in Dollars) and the manner in which the equivalent of the principal amount thereof in Dollars is to be determined for any purpose, including for the purpose of determining the principal amount deemed to be Outstanding at any time;

(k) if the principal of or premium, if any, or interest, if any, on the Securities of such series, or any Tranche thereof, are to be payable, at the election of the Company or a Holder thereof, in a coin or currency other than that in which the Securities are stated to be payable, the period or periods within which, and the terms and conditions upon which, such election may be made;

(l) if the principal of or premium, if any, or interest, if any, on the Securities of such series, or any Tranche thereof, are to be payable, or are to be payable at the election of the Company or a Holder thereof, in securities or other property, the type and amount of such securities or other property, or the formulary or other method or other means by which such amount shall be determined, and the period or periods within which, and the terms and conditions upon which, any such election may be made;

(m) if the amount payable in respect of principal of or premium, if any, or interest, if any, on the Securities of such series, or any Tranche thereof, may be determined with reference to an index or other fact or event ascertainable outside of this Indenture, the manner in which such amounts shall be determined to the extent not established pursuant to clause (e) of this paragraph;

(n) if other than the entire principal amount thereof, the portion of the principal amount of Securities of such series, or any Tranche thereof, which shall be payable upon declaration of acceleration of the Maturity thereof pursuant to Section 802;

(o) any Events of Default, in addition to those specified in Section 801, or any exceptions to those specified in Section 801 with respect to the Securities of such series, and any covenants of the Company for the benefit of the Holders of the Securities of such series, or any Tranche thereof, in addition to those set forth in Article Six, or any exceptions to those set forth in Article Six, and in Article Fourteen;

(p) the terms, if any, pursuant to which the Securities of such series, or any Tranche thereof, may be converted into or exchanged for shares of capital stock or other securities of the Company or any other Person;

(q) the obligations or instruments, if any, which shall be considered to be Eligible Obligations in respect of the Securities of such series, or any Tranche thereof, denominated in a currency other than Dollars or in a composite currency, and any additional or alternative provisions for the reinstatement of the Company's indebtedness in respect of such Securities after the satisfaction and discharge thereof as provided in Sections 701 and 702 (or any exceptions to those set forth in Sections 701 and 702);

(r) if the Securities of such series, or any Tranche thereof, are to be issued in global form, (i) any limitations on the rights of the Holder or Holders of such Securities to transfer or exchange the same or to obtain the registration of transfer thereof, (ii) any limitations on the rights of the Holder or Holders thereof to obtain certificates therefor in definitive form in lieu of global form and (iii) any and all other matters incidental to such Securities;

(s) if the Securities of such series, or any Tranche thereof, are to be issuable as bearer securities, any and all matters incidental thereto which are not specifically addressed in a supplemental indenture as contemplated by clause (g) of Section 1201;

(t) to the extent not established pursuant to clause (r) of this paragraph, any limitations on the rights of the Holders of the Securities of such Series, or any Tranche thereof, to transfer or exchange such Securities or to obtain the registration of transfer thereof; and if a service charge will be made for the registration of transfer or exchange of Securities of such series, or any Tranche thereof, the amount or terms thereof;

(u) any exceptions to Section 113, or variation in the definition of Business Day, with respect to the Securities of such series, or any Tranche thereof;

(v) any variation in the definition of Pari Passu Securities, with respect to the Securities of such series, or any Tranche thereof;

(w) any collateral security, assurance or guarantee for the Securities of such series, or any Tranche thereof; and

(x) any other terms of the Securities of such series, or any Tranche thereof, not inconsistent with the provisions of this Indenture.

With respect to Securities of a series subject to a Periodic Offering, the indenture supplemental hereto or the Board Resolution which establishes such series, or the Officer's Certificate pursuant to such supplemental indenture or Board Resolution, as the case may be, may provide general terms or parameters for Securities of such series and provide either that the specific terms of Securities of such series, or any Tranche thereof, shall be specified in a Company Order or that such terms shall be determined by the Company or its agents in accordance with procedures specified in a Company Order as contemplated by clause (b) of Section 303.

All Securities of any one series shall be substantially identical, except as to principal amount and date of issue and except as may be set forth in the terms of such series as contemplated above. The Securities of each series shall be subordinated in right of payment to Senior Indebtedness of the Company as provided in Article Fifteen.

Unless otherwise provided with respect to a series of Securities as contemplated in Section 301(b), the aggregate principal amount of a series of Securities may be increased and additional Securities of such series may be issued up to the maximum aggregate principal amount authorized with respect to such series as increased.

SECTION 302. Denominations.

Unless otherwise provided as contemplated by Section 301 with respect to any series of Securities, or any Tranche thereof, the Securities of each series shall be issuable in denominations of $25 and any integral multiple thereof.

SECTION 303. Execution, Authentication, Delivery and Dating.

Unless otherwise provided as contemplated by Section 301 with respect to any series of Securities, or any Tranche thereof, the Securities shall be executed on behalf of the Company by an Authorized Officer of the Company and may have the corporate seal of the Company affixed thereto or reproduced thereon and attested by any other Authorized Officer of the Company. The signature of any or all of these officers on the Securities may be manual or facsimile.

Securities bearing the manual or facsimile signatures of individuals who were at the time of execution Authorized Officers of the Company shall bind the Company, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Securities or did not hold such offices at the date of such Securities.

The Trustee shall authenticate and deliver Securities of a series, for original issue, at one time or from time to time in accordance with the Company Order referred to below, upon receipt by the Trustee of:

(a) the instrument or instruments establishing the form or forms and terms of the Securities of such series, as provided in Sections 201 and 301;

(b) a Company Order requesting the authentication and delivery of such Securities and to the extent that the terms of such Securities shall not have been established in an indenture supplemental hereto or in a Board Resolution, or in an Officer's Certificate pursuant to a supplemental indenture or Board Resolution, all as contemplated by Sections 201 and 301, either (i) establishing such terms or (ii) in the case of Securities of a series subject to a Periodic Offering, specifying procedures, acceptable to the Trustee, by which such terms are to be established (which procedures may provide, to the extent acceptable to the Trustee, for authentication and delivery pursuant to oral or electronic instructions from the Company or any agent or agents thereof, which oral instructions are to be promptly confirmed electronically or in writing), in either case in accordance with the instrument or instruments delivered pursuant to clause (a) above;

(c) Reserved;

(d) the Securities of such series, each executed on behalf of the Company by an Authorized Officer of the Company;

(e) an Opinion of Counsel to the effect that:

(i) (A) the form or forms of such Securities have been duly authorized by the Company and (B) the form or forms of the Securities have been established in conformity with the provisions of this Indenture;

(ii) (A) the terms of such Securities have been duly authorized by the Company and (B) the terms of the Securities have been established in conformity with the provisions of this Indenture; and

(iii) such Securities, when authenticated and delivered by the Trustee and issued and delivered by the Company in the manner and subject to any conditions specified in such Opinion of Counsel, will have been duly issued under this Indenture and will constitute valid and legally binding obligations of the Company, entitled to the benefits provided by this Indenture, and enforceable in accordance with their terms, subject, as to enforcement, to laws relating to or affecting generally the enforcement of creditors' rights, including, without limitation, bankruptcy and insolvency laws and to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law);

provided, however, that, with respect to Securities of a series subject to a Periodic Offering, the Trustee shall be entitled to receive such Opinion of Counsel only once at or prior to the time of the first authentication and delivery of Securities of such series, and that in lieu of the opinions described in clauses (ii) and (iii) above such Opinion of Counsel may, alternatively, state, respectively,

(x) that, when the terms of such Securities shall have been established pursuant to a Company Order or Orders (acceptable to the Trustee) as may be specified from time to time by a Company Order or Orders, all as contemplated by and in accordance with the instrument or instruments delivered pursuant to clause (a) above, such terms will have been duly authorized by the Company, and will have been established in conformity with the provisions of this Indenture; and

(y) that such Securities, when (1) executed by the Company, (2) authenticated and delivered by the Trustee in accordance with this Indenture, (3) issued and delivered by the Company in the manner and subject to any conditions specified in such Opinion of Counsel and (4) in the case of Securities, paid for, all as contemplated by and in accordance with the aforesaid Company Order or Orders, will have been duly issued under this Indenture and will constitute valid and legally binding obligations of the Company, entitled to the benefits provided by the Indenture, and enforceable in accordance with their terms, subject, as to enforcement, to laws relating to or affecting generally the enforcement of creditors' rights, including, without limitation, bankruptcy and insolvency laws and to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

With respect to Securities of a series subject to a Periodic Offering, the Trustee may conclusively rely, as to the authorization by the Company of any of such Securities, the forms and terms thereof and the legality, validity, binding effect and enforceability thereof, upon the Opinion of Counsel and other documents delivered pursuant to Sections 201 and 301 and this Section, as applicable, at or prior to the time of the first authentication of Securities of such series, unless and until such opinion or other documents have been superseded or revoked or expire by their terms. In connection with the authentication and delivery of Securities of a series, pursuant to a Periodic Offering, the Trustee shall be entitled to assume that the Company's instructions to authenticate and deliver such Securities do not violate any applicable law or any applicable rule, regulation or order of any Governmental Authority having jurisdiction over the Company.

If the forms or terms of the Securities of any series have been established by or pursuant to a Board Resolution or an Officer's Certificate as permitted by Sections 201 or 301, the Trustee shall not be required to authenticate such Securities if the issuance of such Securities pursuant to this Indenture will materially or adversely affect the Trustee's own rights, duties or immunities under the Securities and this Indenture or otherwise in a manner which is not reasonably acceptable to the Trustee.

Unless otherwise specified as contemplated by Section 301 with respect to any series of Securities, or any Tranche thereof, each Security shall each be dated the date of its authentication.

Unless otherwise specified as contemplated by Section 301 with respect to any series of Securities, or any Tranche thereof, no Security shall be entitled to any benefit under this

Indenture or be valid or obligatory for any purpose unless there appears on such Security a certificate of authentication substantially in the form provided for herein executed by the Trustee or an Authenticating Agent by manual signature of an authorized officer hereof, and such certificate upon any Security shall be conclusive evidence, and the only evidence, that such Security has been duly authenticated and delivered hereunder and is entitled to the benefits of this Indenture. Notwithstanding the foregoing, if any Security shall have been authenticated and delivered hereunder to the Company, or any Person acting on its behalf, but shall never have been issued and sold by the Company, and the Company shall deliver such Security to the Security Registrar for cancellation as provided in Section 309 together with a written statement (which need not comply with Section 102 and need not be accompanied by an Officer's Certificate and an Opinion of Counsel) stating that such Security has never been issued and sold by the Company, for all purposes of this Indenture such Security shall be deemed never to have been authenticated and delivered hereunder and shall never be entitled to the benefits hereof.

SECTION 304. Temporary Securities.

Pending the preparation of definitive Securities of any series, or any Tranche thereof, the Company may execute, and upon Company Order the Trustee shall authenticate and deliver, temporary Securities which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Securities in lieu of which they are issued, with such appropriate insertions, omissions, substitutions and other variations as the officers executing such Securities may determine, as evidenced by their execution of such Securities; provided, however, that temporary Securities need not recite specific redemption, sinking fund, conversion or exchange provisions.

Unless otherwise specified as contemplated by Section 301 with respect to the Securities of any series, or any Tranche thereof, after the preparation of definitive Securities of such series or Tranche, the temporary Securities of such series or Tranche shall be exchangeable, without charge to the Holder thereof, for definitive Securities of such series or Tranche upon surrender of such temporary Securities at the office or agency of the Company maintained pursuant to Section 602 in a Place of Payment for such Securities. Upon such surrender of temporary Securities, the Company shall, except as aforesaid, execute and the Trustee shall authenticate and deliver in exchange therefor definitive Securities of the same series and Tranche, of authorized denominations and of like tenor and aggregate principal amount.

Until exchanged in full as hereinabove provided, temporary Securities shall in all respects be entitled to the same benefits under this Indenture as definitive Securities of the same series and Tranche and of like tenor authenticated and delivered hereunder.

SECTION 305. Registration, Registration of Transfer and Exchange.

The Company shall cause to be kept in each office designated pursuant to Section 602, with respect to the Securities of each series or any Tranche thereof, a register (all registers kept in accordance with this Section being collectively referred to as the "Security Register") in which, subject to such reasonable regulations as it may prescribe, the Company shall provide for the registration of Securities of such series or Tranche and the registration of transfer thereof. The Company shall designate one Person to maintain the Security Register for the Securities of

each series on a consolidated basis, and such Person is referred to herein, with respect to such series, as the "Security Registrar." Anything herein to the contrary notwithstanding, the Company may designate one or more of its offices or an office of any Affiliate as an office in which a register with respect to the Securities of one or more series, or any Tranche or Tranches thereof, shall be maintained, and the Company may designate itself or any Affiliate as the Security Registrar with respect to one or more of such series. The Security Register shall be open for inspection by the Trustee and the Company at all reasonable times.

Except as otherwise specified as contemplated by Section 301 with respect to the Securities of any series, or any Tranche thereof, upon surrender for registration of transfer of any Security of such series or Tranche at the office or agency of the Company maintained pursuant to Section 602 in a Place of Payment for such series or Tranche, the Company shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Securities of the same series and Tranche, of authorized denominations and of like tenor and aggregate principal amount.

Except as otherwise specified as contemplated by Section 301 with respect to the Securities of any series, or any Tranche thereof, any Security of such series or Tranche may be exchanged at the option of the Holder, for one or more new Securities of the same series and Tranche, of authorized denominations and of like tenor and aggregate principal amount, upon surrender of the Securities to be exchanged at any such office or agency. Whenever any Securities are so surrendered for exchange, the Company shall execute, and the Trustee shall authenticate and deliver, the Securities, which the Holder making the exchange is entitled to receive.

All Securities delivered upon any registration of transfer or exchange of Securities shall be valid obligations of the Company, evidencing the same obligation, and entitled to the same benefits under this Indenture, as the Securities surrendered upon such registration of transfer or exchange.

Every Security presented or surrendered for registration of transfer or for exchange shall (if so required by the Company, the Trustee or the Security Registrar) be duly endorsed or shall be accompanied by a written instrument of transfer in form satisfactory to the Company, the Trustee or the Security Registrar, as the case may be, duly executed by the Holder thereof or his attorney duly authorized in writing.

Unless otherwise specified as contemplated by Section 301 with respect to Securities of any series, or any Tranche thereof, no service charge shall be made for any registration of transfer or exchange of Securities, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Securities, other than exchanges pursuant to Section 304, 406 or 1206 not involving any transfer.

The Company shall not be required to execute or to provide for the registration of transfer of or the exchange of (a) Securities of any series, or any Tranche thereof, during a period of 15 days immediately preceding the date notice is to be given identifying the serial numbers of the Securities of such series or Tranche called for redemption or (b) any Security so selected for redemption in whole or in part, except the unredeemed portion of any Security being redeemed in part.

SECTION 306. Mutilated, Destroyed, Lost and Stolen Securities.

If any mutilated Security is surrendered to the Trustee, the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor a new Security of the same series and Tranche, and of like tenor and principal amount, and bearing a number not contemporaneously outstanding.

If there shall be delivered to the Company and the Trustee (a) evidence to their satisfaction of the ownership of and the destruction, loss or theft of any Security and (b) such security or indemnity as may be reasonably required by them to save each of them and any agent of either of them harmless, then, in the absence of notice to the Company or the Trustee that such Security is held by a Person purporting to be the owner of such Security, the Company shall execute and the Trustee shall authenticate and deliver, in lieu of any such destroyed, lost or stolen Security, a new Security of the same series and Tranche, and of like tenor and principal amount, and bearing a number not contemporaneously outstanding.

Notwithstanding the foregoing, in case any such mutilated, destroyed, lost or stolen Security has become or is about to become due and payable, the Company in its discretion may, instead of issuing a new Security, pay such Security.

Upon the issuance of any new Security under this Section, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other reasonable expenses (including the fees and expenses of the Trustee) in connection therewith.

Every new Security of any series issued pursuant to this Section in lieu of any destroyed, lost or stolen Security shall constitute an original additional contractual obligation of the Company, whether or not the destroyed, lost or stolen Security shall be at any time enforceable by anyone other than the Holder of such new Security, and any such new Security shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Securities of such series duly issued hereunder.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities.

SECTION 307. Payment of Interest; Interest Rights Preserved.

Unless otherwise specified as contemplated by Section 301 with respect to the Securities of any series, or any Tranche thereof, interest on any Security which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Person in whose name that Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest.

Subject to Section 312, any interest on any Security of any series which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date (herein called "Defaulted Interest") shall forthwith cease to be payable to the Holder on the related Regular Record Date by virtue of having been such Holder, and such Defaulted Interest may be paid by the Company, at its election in each case, as provided in clause (a) or (b) below:

(a) The Company may elect to make payment of any Defaulted Interest to the Persons in whose names the Securities of such series (or their respective Predecessor Securities) are registered at the close of business on a date (herein called a "Special Record Date") for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Company shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Security of such series and the date of the proposed payment, and at the same time the Company shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this clause provided. Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 days and not less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Company of such Special Record Date and, in the name and at the expense of the Company, shall promptly cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Holder of Securities of such series at the address of such Holder as it appears in the Security Register, not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been so mailed, such Defaulted Interest shall be paid to the Persons in whose names the Securities of such series (or their respective Predecessor Securities) are registered at the close of business on such Special Record Date.

(b) The Company may make payment of any Defaulted Interest on the Securities of any series in any other lawful manner not inconsistent with the requirements of any securities exchange on which such Securities may be listed, and upon such notice as may be required by such exchange, if, after notice given by the Company to the Trustee of the proposed payment pursuant to this clause, such manner of payment shall be deemed practicable by the Trustee.

Subject to the foregoing provisions of this Section and Section 305, each Security delivered under this Indenture upon registration of transfer of or in exchange for or in lieu of any other Security shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Security.

SECTION 308. Persons Deemed Owners.

Prior to the due presentment of a Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name such Security is registered as the absolute owner of such Security for the purpose of receiving payment of principal of and premium, if any, and (subject to Sections 305 and 307) interest, if any, on such Security and for all other purposes whatsoever, whether or not such Security be overdue, and none of the Company or Trustee or any agent of the Company or the Trustee shall be affected by notice to the contrary.

SECTION 309. Cancellation by Security Registrar.

All Securities surrendered for payment, redemption, registration of transfer or exchange or credit against any sinking fund payment shall, if surrendered to any Person other than the Security Registrar, be delivered to the Security Registrar and, if not theretofore canceled, shall be promptly canceled by the Security Registrar. The Company may at any time deliver to the Security Registrar for cancellation any Securities previously authenticated and delivered hereunder which the Company may have acquired in any manner whatsoever or which the Company shall not have issued and sold, and all Securities so delivered shall be promptly canceled by the Security Registrar. No Securities shall be authenticated in lieu of or in exchange for any Securities canceled as provided in this Section, except as expressly permitted by this Indenture. All canceled Securities held by the Security Registrar shall be disposed of in accordance with the customary procedures of the Security Registrar as at the time of disposition shall be in effect, and the Security Registrar shall promptly deliver a certificate of disposition to the Trustee and the Company unless, by a Company Order delivered to the Security Registrar and the Trustee, the Company shall direct that canceled Securities be returned to it. The Security Registrar shall promptly deliver evidence of any cancellation of a Security in accordance with this Section 309 to the Trustee and the Company.

SECTION 310. Computation of Interest.

Except as otherwise specified as contemplated by Section 301 for Securities of any series, or any Tranche thereof, interest on the Securities of each series shall be computed on the basis of a 360-day year consisting of twelve 30-day months and for any period shorter than a full calendar month, on the basis of the actual number of days elapsed during such period.

SECTION 311. Payment to Be in Proper Currency.

In the case of the Securities of any series, or any Tranche thereof, denominated in any currency other than Dollars or in a composite currency (the “Required Currency”), except as otherwise specified with respect to such Securities as contemplated by Section 301, the obligation of the Company to make any payment of the principal thereof, or the premium, if any, or interest, if any, thereon, shall not be discharged or satisfied by any tender by the Company, or recovery by the Trustee, in any currency other than the Required Currency, except to the extent that such tender or recovery shall result in the Trustee timely holding the full amount of the Required Currency then due and payable. If any such tender or recovery is in a currency other than the Required Currency, the Trustee may take such actions as it considers appropriate to exchange such currency for the Required Currency. The costs and risks of any such exchange, including without limitation the risks of delay and exchange rate fluctuation, shall be borne by the Company. The Company shall remain fully liable for any shortfall or delinquency in the full amount of Required Currency then due and payable, and in no circumstances shall the Trustee be liable therefor except in the case of its negligence or willful misconduct.

SECTION 312. Extension of Interest Payment.

The Company shall have the right at any time, so long as no Event of Default hereunder has occurred and is continuing with respect to the Securities of any series, to extend interest payment periods (i.e. defer interest payments) from time to time on all Securities of such series, if so specified as contemplated by Section 301 with respect to such Securities and upon such terms as may be specified as contemplated by Section 301 with respect to such Securities.

SECTION 313. CUSIP Numbers.

The Company in issuing the Securities may use "CUSIP" or other similar numbers (if then generally in use), and, if so, the Company, the Trustee or the Security Registrar may use "CUSIP" or such other numbers in notices or redemption as a convenience to Holders; provided that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Securities or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Securities, in which case none of the Company or, as the case may be, the Trustee or the Security Registrar, or any agent of any of them, shall have any liability in respect of any CUSIP or such other numbers used on any such notice, and any such redemption shall not be affected by any defect in or omission of such numbers.

ARTICLE FOUR
Redemption of Securities

SECTION 401. Applicability of Article.

Securities of any series, or any Tranche thereof, which are redeemable before their Stated Maturity shall be redeemable in accordance with their terms and (except as otherwise specified as contemplated by Section 301 for Securities of such series or Tranche) in accordance with this Article.

SECTION 402. Election to Redeem; Notice to Trustee.

The election of the Company to redeem any Securities shall be evidenced by a Board Resolution or an Officer's Certificate of the Company. The Company shall, at least 45 days prior to the Redemption Date fixed by the Company (unless a shorter notice shall be satisfactory to the Trustee), notify the Trustee, in writing of such Redemption Date and of the principal amount of such Securities to be redeemed. In the case of any redemption of Securities (a) prior to the expiration of any restriction on such redemption provided in the terms of such Securities or elsewhere in this Indenture or (b) pursuant to an election of the Company which is subject to a condition specified in the terms of such Securities or elsewhere in this Indenture, the Company shall furnish the Trustee with an Officer's Certificate evidencing compliance with such restriction or condition.

SECTION 403. Selection of Securities to Be Redeemed.

If less than all the Securities of any series, or any Tranche thereof, are to be redeemed, the particular Securities to be redeemed shall be selected by the Trustee from the Outstanding

Securities of such series or Tranche not previously called for redemption, by such method as shall be provided for any particular series or Tranche, or, in the absence of any such provision, by such method as the Trustee shall deem fair and appropriate and which may, in any case, provide for the selection for redemption of portions (equal to the minimum authorized denomination for Securities of such series or Tranche or any integral multiple thereof) of the principal amount of Securities of such series or Tranche of a denomination larger than the minimum authorized denomination for Securities of such series or Tranche; provided, however, that if, as indicated in an Officer's Certificate, the Company shall have offered to purchase all or any principal amount of the Securities then Outstanding of any series, or any Tranche thereof, and less than all of such Securities as to which such offer was made shall have been tendered to the Company for such purchase, the Trustee, if so directed by Company Order, shall select for redemption all or any principal amount of such Securities which have not been so tendered.

Unless the Securities to be redeemed are in the form of global securities, the Trustee shall promptly notify the Company and the Security Registrar in writing of the Securities selected for redemption and, in the case of any Securities selected to be redeemed in part, the principal amount thereof to be redeemed.

For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to the redemption of Securities shall relate, in the case of any Securities redeemed or to be redeemed only in part, to the portion of the principal amount of such Securities which has been or is to be redeemed.

SECTION 404. Notice of Redemption.

Notice of redemption shall be given in the manner provided in Section 106 to the Holders of the Securities to be redeemed and to the Trustee not less than 30 nor more than 60 days prior to the Redemption Date.

Except as otherwise specified as contemplated by Section 301 for Securities of any series, or any Tranche thereof, all notices of redemption shall state:

(a) the Redemption Date,

(b) the Redemption Price, or the formula pursuant to which the Redemption Price is to be determined if the Redemption Price cannot be determined at the time the notice is given,

(c) if less than all the Outstanding Securities of any series or Tranche are to be redeemed, the identification of the particular Securities to be redeemed and the portion of the principal amount of any Security to be redeemed in part,

(d) that on the Redemption Date the Redemption Price, together with accrued interest, if any, to the Redemption Date, will become due and payable upon each such Security to be redeemed and, if applicable, that interest thereon will cease to accrue on and after said date,

(e) the place or places where such Securities are to be surrendered for payment of the Redemption Price and accrued interest, if any, unless it shall have been specified as contemplated by Section 301 with respect to such Securities that such surrender shall not be required,

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(f) that the redemption is for a sinking or other fund, if such is the case,

(g) the CUSIP numbers, if any, assigned to such Securities; provided however, that such notice may state that no representation is made as to the correctness of CUSIP numbers, and the redemption of such Securities shall not be affected by any defect in or omission of such numbers, and

(h) such other matters as the Company shall deem desirable or appropriate.

Unless otherwise specified with respect to any Securities in accordance with Section 301, with respect to any notice of redemption of Securities at the election of the Company, unless, upon the giving of such notice, such Securities shall be deemed to have been paid in accordance with Section 701, such notice may state that such redemption shall be conditional upon the receipt by the Paying Agent or Agents for such Securities, on or prior to the date fixed for such redemption, of money sufficient to pay the principal of and premium, if any, and interest, if any, on such Securities and that if such money shall not have been so received such notice shall be of no force or effect and the Company shall not be required to redeem such Securities. In the event that such notice of redemption contains such a condition and such money is not so received, the redemption shall not be made and within a reasonable time thereafter notice shall be given, in the manner in which the notice of redemption was given, that such money was not so received and such redemption was not required to be made, and the Paying Agent or Agents for the Securities otherwise to have been redeemed shall promptly return to the Holders thereof any of such Securities which had been surrendered for payment upon such redemption.

Notice of redemption of Securities to be redeemed at the election of the Company, and any notice of non-satisfaction of a condition for redemption as aforesaid, shall be given by the Company or, at the Company's written request delivered at least five (5) days before such notice is to be given (unless a shorter period shall be satisfactory to the Trustee), by the Trustee in the name and at the expense of the Company. Notice of mandatory redemption of Securities shall be given by the Trustee in the name and at the expense of the Company.

SECTION 405. Securities Payable on Redemption Date.

Notice of redemption having been given as aforesaid, and the conditions, if any, set forth in such notice having been satisfied, the Securities or portions thereof so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless, in the case of an unconditional notice of redemption, the Company shall default in the payment of the Redemption Price and accrued interest, if any) such Securities or portions thereof, if interest-bearing, shall cease to bear interest. Upon surrender of any such Security for redemption in accordance with such notice, such Security or portion thereof shall be paid by the Company at the Redemption Price, together with accrued interest, if any, to the Redemption Date; provided, however, that no such surrender shall be a condition to such payment if so specified as contemplated by Section 301 with respect to such Security; and provided, further, that except as otherwise specified as contemplated by Section 301 with respect

to such Security, any installment of interest on any Security the Stated Maturity of which installment is on or prior to the Redemption Date shall be payable to the Holder of such Security, or one or more Predecessor Securities, registered as such at the close of business on the related Regular Record Date according to the terms of such Security and subject to the provisions of Section 307.

SECTION 406. Securities Redeemed in Part.

Upon the surrender of any Security which is to be redeemed only in part at a Place of Payment therefor (with, if the Company or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company and the Trustee duly executed by, the Holder thereof or his attorney duly authorized in writing), the Company shall execute, and the Trustee shall authenticate and deliver to the Holder of such Security, without service charge, a new Security or Securities of the same series and Tranche, of any authorized denomination requested by such Holder and of like tenor and in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Security so surrendered.

ARTICLE FIVE
Sinking Funds

SECTION 501. Applicability of Article.

The provisions of this Article shall be applicable to any sinking fund for the retirement of the Securities of any series, or any Tranche thereof, except as otherwise specified as contemplated by Section 301 for Securities of such series or Tranche.

The minimum amount of any sinking fund payment provided for by the terms of Securities of any series, or any Tranche thereof, is herein referred to as a “mandatory sinking fund payment”, and any payment in excess of such minimum amount provided for by the terms of Securities of any series, or any Tranche thereof, is herein referred to as an “optional sinking fund payment”. If provided for by the terms of Securities of any series, or any Tranche thereof, the cash amount of any sinking fund payment may be subject to reduction as provided in Section 502. Each sinking fund payment shall be applied to the redemption of Securities of the series or Tranche in respect of which it was made as provided for by the terms of such Securities.

SECTION 502. Satisfaction of Sinking Fund Payments with Securities.

The Company (a) may deliver to the Trustee Outstanding Securities (other than any previously called for redemption) of a series or Tranche in respect of which a mandatory sinking fund payment is to be made and (b) may apply as a credit Securities of such series or Tranche which have been (i) redeemed either at the election of the Company pursuant to the terms of such Securities or through the application of permitted optional sinking fund payments pursuant to the terms of such Securities or (ii) repurchased by the Company in the open market, by tender offer or otherwise, in each case in satisfaction of all or any part of such mandatory sinking fund payment; provided, however, that no Securities shall be applied in satisfaction of a mandatory sinking fund payment if such Securities shall have been previously so applied. Securities so applied shall be received and credited for such purpose by the Trustee at the Redemption Price specified in such Securities for redemption through operation of the sinking fund and the amount of such mandatory sinking fund payment shall be reduced accordingly.

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SECTION 503. Redemption of Securities for Sinking Fund.

Not less than 45 days prior to each sinking fund payment date for the Securities of any series, or any Tranche thereof, the Company shall deliver to the Trustee an Officer's Certificate specifying:

(a) the amount of the next succeeding mandatory sinking fund payment for such series or Tranche;

(b) the amount, if any, of the optional sinking fund payment to be made together with such mandatory sinking fund payment;

(c) the aggregate sinking fund payment;

(d) the portion, if any, of such aggregate sinking fund payment which is to be satisfied by the payment of cash; and

(e) the portion, if any, of such aggregate sinking fund payment which is to be satisfied by delivering and crediting Securities of such series or Tranche pursuant to Section 502 and stating the basis for such credit and that such Securities have not previously been so credited, and the Company shall also deliver to the Trustee not later than 45 days prior to such sinking fund payment date, any Securities to be so delivered.

If the Company shall not deliver such Officer's Certificate, the next succeeding sinking fund payment for such series or Tranche shall be made entirely in cash in the amount of the mandatory sinking fund payment. Not less than 40 days before each such sinking fund payment date, unless the Securities are held in the form of global securities (in which case, the Securities to be redeemed shall be selected in accordance with the procedures of the depository), the Trustee shall select the Securities to be redeemed upon such sinking fund payment date in the manner specified in Section 403 and cause notice of the redemption thereof to be given in the name of and at the expense of the Company in the manner provided in Section 404. Such notice having been duly given, the redemption of such Securities shall be made upon the terms and in the manner stated in Sections 405 and 406.

ARTICLE SIX
Covenants

SECTION 601. Payment of Principal, Premium and Interest.

The Company shall pay the principal of and premium, if any, and interest, if any, on the Securities of each series in accordance with the terms of such Securities and this Indenture.

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SECTION 602. Maintenance of Office or Agency.

The Company shall maintain in each Place of Payment for the Securities of each series, or any Tranche thereof, an office or agency where payment of such Securities shall be made or such Securities shall be surrendered for payment, where the registration of transfer or exchange of such Securities may be effected and where notices and demands to or upon the Company in respect of such Securities and this Indenture may be served. The Company shall give prompt written notice to the Trustee of the location, and any change in the location, of each such office or agency and prompt notice to the Holders of any such change in the manner specified in Section 106. If at any time the Company shall fail to maintain any such required office or agency in respect of Securities of any series, or any Tranche thereof, or shall fail to furnish the Trustee with the address thereof, payment of such Securities may be made, registration of transfer or exchange thereof may be effected and notices and demands in respect thereof may be served at the Corporate Trust Office of the Trustee, and each of the Company hereby appoints the Trustee as its agent for all such purposes in any such event.

The Company may also from time to time designate one or more other offices or agencies with respect to the Securities of one or more series, or any Tranche thereof, for any or all of the foregoing purposes and may from time to time rescind such designations; provided, however, that, unless otherwise specified as contemplated by Section 301 with respect to the Securities of such series or Tranche, no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency for such purposes in each Place of Payment for such Securities in accordance with the requirements set forth above. The Company shall give prompt written notice to the Trustee, and prompt notice to the Holders in the manner specified in Section 106, of any such designation or rescission and of any change in the location of any such other office or agency.

Anything herein to the contrary notwithstanding, any office or agency required by this Section may be maintained at an office of the Company or any Affiliate of the Company, in which event the Company or such Affiliate, as the case may be, shall perform all functions to be performed at such office or agency.

SECTION 603. Money for Securities Payments to Be Held in Trust.

If the Company shall at any time act as its own Paying Agent with respect to the Securities of any series, or any Tranche thereof, it shall, on or before each due date of the principal of and premium, if any, and interest, if any, on any of such Securities, segregate and hold in trust for the benefit of the Persons entitled thereto a sum sufficient to pay the principal and premium, if any, or interest so becoming due until such sums shall be paid to such Persons or otherwise disposed of as herein provided. The Company shall promptly notify the Trustee of any failure by the Company (or any other obligor on such Securities) to make any payment of principal of or premium, if any, or interest, if any, on such Securities.

Whenever the Company shall have one or more Paying Agents for the Securities of any series, or any Tranche thereof, it shall, on or before each due date of the principal of and premium, if any, and interest, if any, on such Securities, deposit with such Paying Agents sums sufficient (without duplication) to pay the principal and premium or interest so becoming due,

such sums to be held in trust for the benefit of the Persons entitled to such principal, premium or interest, and (unless such Paying Agent is the Trustee) the Company shall promptly notify the Trustee of any failure by it so to act.

The Company shall cause each Paying Agent for the Securities of any series, or any Tranche thereof, other than the Company or the Trustee, to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section, that such Paying Agent shall:

(a) hold all sums held by it for the payment of the principal of and premium, if any, or interest, if any, on such Securities in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided;

(b) give the Trustee notice of any failure by the Company (or any other obligor upon such Securities) to make any payment of principal of or premium, if any, or interest, if any, on such Securities; and

(c) at any time during the continuance of any such failure, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Paying Agent and furnish to the Trustee such information as it possesses regarding the names and addresses of the Persons entitled to such sums.

The Company may at any time pay, or by Company Order direct any Paying Agent to pay, to the Trustee all sums held in trust by the Company or such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by the Company or such Paying Agent and, if so stated in a Company Order delivered to the Trustee, in accordance with the provisions of Article Seven; and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such money.

Any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of and premium, if any, or interest, if any, on any Security and remaining unclaimed for two years after such principal and premium, if any, or interest, if any, has become due and payable shall be paid to the Company on Company Request, or, if then held by the Company, shall be discharged from such trust; and, upon such payment or discharge, the Holder of such Security shall, as an unsecured general creditor and not as a Holder of an Outstanding Security, look only to the Company for payment of the amount so due and payable and remaining unpaid, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, shall thereupon cease; provided, however, that the Trustee or such Paying Agent, before being required to make any such payment to the Company, may at the expense of the Company cause to be mailed, on one occasion only, notice to such Holder that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such mailing, any unclaimed balance of such money then remaining will be paid to the Company.

SECTION 604. Corporate Existence.

Subject to the rights of the Company under Article Eleven, the Company shall do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence.

SECTION 605. Maintenance of Properties.

The Company shall cause (or, with respect to property owned in common with others, make reasonable effort to cause) all its properties used or useful in the conduct of its business to be maintained and kept in good condition, repair and working order and shall cause (or, with respect to property owned in common with others, make reasonable effort to cause) to be made all necessary repairs, renewals, replacements, betterments and improvements thereof, all as, in the judgment of the Company may be necessary so that the business carried on in connection therewith may be properly conducted; provided, however, that nothing in this Section shall prevent the Company from discontinuing, or causing the discontinuance of, the operation and maintenance of any of its properties if such discontinuance is, in the judgment of the Company, desirable in the conduct of its business.

SECTION 606. Annual Officer's Certificate as to Compliance.

Not later than in each year, commencing , the Company shall deliver to the Trustee an Officer's Certificate which need not comply with Section 102, executed by its principal executive officer, principal financial officer or the principal accounting officer, as to such officer's knowledge of such obligor's compliance with all conditions and covenants under this Indenture, such compliance to be determined without regard to any period of grace or requirement of notice under this Indenture.

SECTION 607. Waiver of Certain Covenants.

The Company may omit in any particular instance to comply with any term, provision or condition set forth in (a) Sections 602, 608 or any additional covenant or restriction specified with respect to the Securities of any series, or any Tranche thereof, as contemplated by Section 301 or by clause (b) of Section 1201 if before the time for such compliance the Holders of a majority in aggregate principal amount of the Outstanding Securities of all series and Tranches with respect to which compliance with Section 602, 608 or such additional covenant or restriction is to be omitted, considered as one class, shall, by Act of such Holders, either waive such compliance in such instance or generally waive compliance with such term, provision or condition and (b) Section 604, 605 or Article Eleven if before the time for such compliance the Holders of a majority in aggregate principal amount of Securities Outstanding under this Indenture shall, by Act of such Holders, either waive such compliance in such instance or generally waive compliance with such term, provision or condition; but, in the case of (a) or (b), no such waiver shall extend to or affect such term, provision or condition except to the extent so expressly waived, and, until such waiver shall become effective, the obligations of the Company and the duties of the Trustee in respect of any such term, provision or condition shall remain in full force and effect.

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SECTION 608. Restrictions on Dividends and Debt Payments.

If the Company shall have elected to extend any interest payment period as provided in Section 312, and any such period, or any extension thereof, shall be continuing, then the Company shall not (i) declare or pay any dividends or distributions on its capital stock, (ii) redeem, purchase, acquire or make a liquidation payment with respect to any of its capital stock, (iii) pay any principal, interest or premium on, or repay, repurchase or redeem any debt securities that are equal or junior in right of payment to the Securities, or (iv) make any payments with respect to any guarantee of debt securities if such guarantee is equal or junior in right of payment to the Securities.

The foregoing provisions do not prevent or restrict the Company from making: (1) purchases, redemptions or other acquisitions of its capital stock in connection with any employment contract, benefit plan or other similar arrangement with or for the benefit of employees, officers, directors or agents or a stock purchase or dividend reinvestment plan, or the satisfaction of its obligations pursuant to any contract or security outstanding on the date that the interest payment period is extended requiring it to purchase, redeem or acquire its capital stock, (2) any payment, repayment, redemption, purchase, acquisition or declaration of dividend described in clauses (i) and (ii) above as a result of a reclassification of its capital stock, or the exchange or conversion of all or a portion of one class or series of its capital stock for another class or series of its capital stock, (3) the purchase of fractional interests in shares of its capital stock pursuant to the conversion or exchange provisions of its capital stock or the security being converted or exchanged, or in connection with the settlement of stock purchase contracts, (4) dividends or distributions paid or made in its capital stock (or rights to acquire its capital stock), or repurchases, redemptions or acquisitions of capital stock in connection with the issuance or exchange of capital stock (or of securities convertible into or exchangeable for shares of its capital stock and distributions in connection with the settlement of stock purchase contracts), (5) redemptions, exchanges or repurchases of, or with respect to, any rights outstanding under a shareholder rights plan or the declaration or payment thereunder of a dividend or distribution of or with respect to rights in the future, (6) payments under any preferred trust securities guarantee or guarantee of subordinated debentures, which guarantee is executed and delivered by the Company concurrently with the issuance by a trust of any preferred trust securities, so long as the amount of payments made on any preferred trust securities or subordinated debentures (as the case may be) is paid on all preferred trust securities or subordinated debentures (as the case may be) then outstanding on a pro rata basis in proportion to the full distributions to which each series of preferred trust securities or subordinated debentures (as the case may be) is then entitled, or (7) payments under any guarantee of junior subordinated debentures executed and delivered by the Company, so long as the amount of payments made on any junior subordinated debentures is paid on all junior subordinated debentures then outstanding on a pro rata basis in proportion to the full payment to which each series of junior subordinated debentures is then entitled.

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ARTICLE SEVEN
Satisfaction and Discharge

SECTION 701. Satisfaction and Discharge of Securities.

Any Security or Securities, or any portion of the principal amount thereof, shall be deemed to have been paid for all purposes of this Indenture, and the entire indebtedness of the Company in respect thereof shall be deemed to have been satisfied and discharged, if there shall have been irrevocably deposited with the Trustee or any Paying Agent (other than the Company), in trust:

(a) money in an amount which shall be sufficient, or

(b) in the case of a deposit made prior to the Maturity of such Securities or portions thereof, Eligible Obligations, which shall not contain provisions permitting the redemption or other prepayment thereof at the option of the issuer thereof, the principal of and the interest on which when due, without any regard to reinvestment thereof, will provide moneys which, together with the money, if any, deposited with or held by the Trustee or such Paying Agent, shall be sufficient, or

(c) a combination of (a) or (b) which shall be sufficient,

to pay when due the principal of and premium, if any, and interest, if any, due and to become due on such Securities or portions thereof on or prior to Maturity; provided, however, that in the case of the provision for payment or redemption of less than all the Securities of any series or Tranche, such Securities or portions thereof shall have been selected as provided herein and, in the case of a redemption, the notice requisite to the validity of such redemption shall have been given or irrevocable authority shall have been given by the Company to the Trustee to give such notice, under arrangements satisfactory to the Trustee; and provided, further, that the Company shall have delivered to the Trustee and such Paying Agent:

(x) if such deposit shall have been made prior to the Maturity of such Securities, a Company Order stating that the money and Eligible Obligations deposited in accordance with this Section shall be held in trust, as provided in Section 703;

(y) if Eligible Obligations shall have been deposited, (i) an Opinion of Counsel that (A) the obligations so deposited constitute Eligible Obligations and do not contain provisions permitting the redemption or other prepayment at the option of the issuer thereof, and (B) that all conditions precedent provided for under this Indenture to the satisfaction and discharge of the Company's indebtedness in respect of such Securities or portions thereof have been complied with and (ii) an opinion of an independent public accountant of nationally recognized standing, selected by the Company, to the effect that the requirements set forth in clause (b) above have been satisfied; and

(z) if such deposit shall have been made prior to the Maturity of such Securities, an Officer's Certificate stating the Company's intention that, upon delivery of such Officer's Certificate, its indebtedness in respect of such Securities or portions thereof will have been satisfied and discharged as contemplated in this Section.

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Upon the deposit of money or Eligible Obligations, or both, in accordance with this Section, together with the documents required by clauses (x), (y) and (z) above, the Trustee shall, upon receipt of a Company Request, acknowledge in writing that the Security or Securities or portions thereof with respect to which such deposit was made are deemed to have been paid for all purposes of this Indenture and that the entire indebtedness of the Company in respect thereof have been satisfied and discharged as contemplated in this Section. In the event that all of the conditions set forth in the preceding paragraph shall have been satisfied in respect of any Securities or portions thereof except that, for any reason, the Officer's Certificate specified in clause (z) (if otherwise required) shall not have been delivered, such Securities or portions thereof shall nevertheless be deemed to have been paid for all purposes of this Indenture, and the Holders of such Securities or portions thereof shall nevertheless be no longer entitled to the benefits of this Indenture or of any of the covenants of the Company under Article Six (except the covenants contained in Sections 602 and 603) or any other covenants made in respect of such Securities or portions thereof as contemplated by Section 301 or Section 1201(b), but the indebtedness of the Company in respect of such Securities or portions thereof shall not be deemed to have been satisfied and discharged prior to Maturity for any other purpose, and the Holders of such Securities or portions thereof shall continue to be entitled to look to the Company for payment of the indebtedness represented thereby; and, upon Company Request, the Trustee shall acknowledge in writing that such Securities or portions thereof are deemed to have been paid for all purposes of this Indenture.

If payment at Stated Maturity of less than all of the Securities of any series, or any Tranche thereof, is to be provided for in the manner and with the effect provided in this Section, such Securities, or portions of principal amount thereof, shall be selected in the manner specified by Section 403 for selection for redemption of less than all the Securities of a series or Tranche.

In the event that Securities which shall be deemed to have been paid for purposes of this Indenture, and, if such is the case, in respect of which the Company's indebtedness in respect thereof shall have been satisfied and discharged, all as provided in this Section do not mature and are not to be redeemed within the 60 day period commencing with the date of the deposit of moneys or Eligible Obligations, as aforesaid, the Company shall, as promptly as practicable, give a notice, in the same manner as a notice of redemption with respect to such Securities, to the Holders of such Securities to the effect that such deposit has been made and the effect thereof.

Notwithstanding that any Securities shall be deemed to have been paid for purposes of this Indenture, as aforesaid, the obligations of the Company and the Trustee in respect of such Securities under Sections 304, 305, 306, 403, 404, 406, 503 (as to notice of redemption), 602, 603, 907, 909, 910 and 915 and this Article Seven shall survive.

The Company shall pay, and shall indemnify the Trustee or any Paying Agent with which Eligible Obligations shall have been deposited as provided in this Section against, any tax, fee or other charge imposed on or assessed against such Eligible Obligations or the principal or interest received in respect of such Eligible Obligations, including, but not limited to, any such tax payable by any entity deemed, for tax purposes, to have been created as a result of such deposit.

Anything herein to the contrary notwithstanding, (a) if, at any time after a Security would be deemed to have been paid for purposes of this Indenture, and, if such is the case, the

Company's indebtedness would be deemed to have been satisfied or discharged, pursuant to this Section (without regard to the provisions of this paragraph), the Trustee or any Paying Agent, as the case may be, (i) shall be required to return the money or Eligible Obligations, or combination thereof, deposited with it as aforesaid to the Company or its representative under any applicable Federal or State bankruptcy, insolvency or other similar law, or (ii) are unable to apply any money in accordance with this Article with respect to any Securities by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, such Security shall thereupon be deemed retroactively not to have been paid and any satisfaction and discharge of the Company's indebtedness shall retroactively be deemed not to have been effected, and such Security shall be deemed to remain Outstanding and (b) any satisfaction and discharge of the Company's indebtedness in respect of any Security shall be subject to the provisions of the last paragraph of Section 603.

SECTION 702. Satisfaction and Discharge of Indenture.

This Indenture shall upon Company Request be delivered to the Trustee, together with an Officer's Certificate and an Opinion of Counsel to the effect that all conditions precedent to the satisfaction and discharge of this Indenture have been complied with, cease to be of further effect (except as hereinafter expressly provided), and the Trustee, at the expense of the Company, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture, when

(a) no Securities remain Outstanding hereunder; and

(b) the Company has paid or caused to be paid all other sums payable hereunder by the Company;

provided, however, that if, in accordance with the last paragraph of Section 701, any Security, previously deemed to have been paid for purposes of this Indenture, shall be deemed retroactively not to have been so paid, this Indenture shall thereupon be deemed retroactively not to have been satisfied and discharged, as aforesaid, and to remain in full force and effect, and the Company shall execute and deliver such instruments as the Trustee shall reasonably request to evidence and acknowledge the same.

Notwithstanding the satisfaction and discharge of this Indenture as aforesaid, the obligations of the Company and the Trustee under Sections 304, 305, 306, 403, 404, 406, 503 (as to notice of redemption), 602, 603, 907, 909, 910 and 915 and this Article Seven shall survive.

Upon satisfaction and discharge of this Indenture as provided in this Section, the Trustee shall upon receipt of a Company Request assign, transfer and turn over to the Company or to the order of the Company, subject to the lien provided by Section 907, any and all money, securities and other property then held by the Trustee for the benefit of the Holders of the Securities other than money and Eligible Obligations held by the Trustee pursuant to Section 703 and shall execute and deliver to the Company such instruments as, in the reasonable judgment of the Company, shall be necessary, to effect or evidence the satisfaction and discharge of this Indenture.

SECTION 703. Application of Trust Money.

Neither the Eligible Obligations nor the money deposited pursuant to Section 701, nor the principal or interest payments on any such Eligible Obligations, shall be withdrawn or used for any purpose other than, and such Eligible Obligations and money deposited and the principal and interest payments on any such Eligible Obligations shall be held in trust for, the payment of the principal of and premium, if any, and interest, if any, on the Securities or portions of principal amount thereof in respect of which such deposit was made, all subject, however, to the provisions of Section 603; provided, however, that, so long as there shall not have occurred and be continuing an Event of Default, any cash received from such principal or interest payments on such Eligible Obligations, if not then needed for such purpose, shall, to the extent practicable, be invested at the written direction of the Company in Eligible Obligations of the type described in clause (b) in the first paragraph of Section 701 maturing at such times and in such amounts as shall be sufficient, as determined by the Company, together with any other moneys and the proceeds of any other Eligible Obligations then held by the Trustee, to pay when due the principal of and premium, if any, and interest, if any, due and to become due on such Securities or portions thereof on and prior to the Maturity thereof, and interest earned from such reinvestment shall upon receipt of a Company Request be paid over to the Company or to the order of the Company as received, free and clear of any trust, lien or pledge under this Indenture except the lien provided by Section 907; and provided, further, that, so long as there shall not have occurred and be continuing an Event of Default, any moneys held in accordance with this Section on the Maturity of all such Securities in excess of the amount required to pay the principal of and premium, if any, and interest, if any, then due on such Securities, as determined by the Company, shall upon receipt of a Company Request be paid over to the Company or to the order of the Company free and clear of any trust, lien or pledge under this Indenture except the lien provided by Section 907; and provided, further, that if an Event of Default shall have occurred and be continuing, moneys to be paid over to the Company or to the order of the Company pursuant to this Section shall be held until such Event of Default shall have been waived or cured.

For the avoidance of doubt, any moneys deposited with the Trustee pursuant to this Section 703 shall be invested by the Trustee only at the written direction of the Company (such direction to specify the particular investment to be made), if and to the extent then permitted by law, in Eligible Obligations. In the event of a loss on the sale of such investments (after giving effect to any interest or other income thereon except to the extent theretofore paid to the Company), the Trustee shall have no responsibility in respect of such loss except that the Trustee shall notify the Company of the amount of such loss and the Company shall promptly pay such amount to the Trustee to be credited as part of the moneys originally invested. The Trustee shall have no liability whatsoever for any loss, fee, tax or other charge incurred in connection with any investment, reinvestment or liquidation of an investment hereunder.

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ARTICLE EIGHT
Events of Default; Remedies

SECTION 801. Events of Default.

"Event of Default," wherever used herein with respect to Securities of any series, means any one of the following events, subject to such additions and exceptions as may be provided pursuant to Section 301:

(a) failure to pay interest, on any Security of such series within 30 days after the same becomes due and payable (whether or not payment is prohibited by the subordination provisions of Article Fourteen or Article Fifteen hereof); provided, however, that a valid extension of the interest payment period by the Company as contemplated in Section 312 of this Indenture shall not constitute a default in the payment of interest for this purpose; or

(b) failure to pay the principal of or premium, if any, on any Security of such series when it becomes due and payable (whether or not payment is prohibited by the subordination provisions of Article Fourteen or Article Fifteen hereof); or

(c) failure to perform, or breach of, any covenant or warranty of the Company in this Indenture (other than a covenant or warranty a default in the performance of which or breach of which is elsewhere in this Section specifically dealt with or which has expressly been included in this Indenture solely for the benefit of one or more series of Securities other than such series) and the continuance of such default or breach for a period of 90 days after there has been given, by registered or certified mail, to the Company by the Trustee, or to the Company and the Trustee by the Holders of at least 33% in principal amount of the Outstanding Securities of such series, a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder, unless the Trustee, or the Trustee and the Holders of a principal amount of Securities of such series not less than the principal amount of Securities the Holders of which gave such notice, as the case may be, shall agree in writing to an extension of such period prior to its expiration; provided, however, that the Trustee, or the Trustee and the Holders of such principal amount of Securities of such series, as the case may be, shall be deemed to have agreed to an extension of such period if corrective action is initiated by the Company within such period and is being diligently pursued in good faith; or

(d) Reserved; or

(e) the entry by a court having jurisdiction in the premises of (1) a decree or order for relief in respect of the Company in an involuntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or (2) a decree or order adjudging the Company a bankrupt or insolvent, or approving as properly filed a petition by one or more Persons other than the Company seeking reorganization, arrangement, adjustment or composition of or in respect of the Company under any applicable Federal or State law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official for the Company or for any substantial part of its property, or ordering the winding up or liquidation of its affairs, and any such decree or order for relief or any such other decree or order shall have remained unstayed and in effect for a period of 90 consecutive days; or

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(f) the commencement by the Company of a voluntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or of any other case or proceeding to be adjudicated a bankrupt or insolvent, or the consent by the Company to the entry of a decree or order for relief in respect of the Company in a case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding against the Company, or the filing by the Company of a petition or answer or consent seeking reorganization or relief under any applicable Federal or State law, or the consent by the Company to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or similar official of the Company or of any substantial part of its property, or the making by the Company of an assignment for the benefit of creditors, or the admission by the Company in writing of its inability to pay its debts generally as they become due, or the authorization of such action by the Board of Directors of the Company; or

(g) any other Event of Default specified with respect to Securities of such series.

SECTION 802. Acceleration of Maturity; Rescission and Annulment.

If an Event of Default applicable to the Securities of one or more series, but not applicable to all Outstanding Securities, shall have occurred and be continuing, either the Trustee or the Holders of not less than 33% in aggregate principal amount of the Securities of each such series may then declare the principal amount of all Securities of such series (or, if any of the Securities of such series are Discount Securities, such portion of the principal amount of such Securities as may be specified in the terms thereof as contemplated by Section 301) and interest accrued thereon to be due and payable immediately (provided that the payment of principal and interest on such Securities shall remain subordinated to the extent provided in this Indenture), by a notice in writing to the Company (and to the Trustee if given by Holders), and, upon receipt by the Company of notice of such declaration of acceleration, such principal amount (or specified amount) and interest accrued thereon shall become immediately due and payable. If an Event of Default applicable to all Outstanding Securities shall have occurred and be continuing, either the Trustee or the Holders of not less than 33% in principal amount of all Securities then Outstanding (considered as one class), and not the Holders of the Securities of any one of such series, may declare the principal of all Securities (or, if any of the Securities of such series are Discount Securities, such portion of the principal amount of such Securities as may be specified in the terms thereof as contemplated by Section 301) and interest accrued thereon to be due and payable immediately (provided that the payment of principal and interest on such Securities shall remain subordinated to the extent provided in this Indenture), by a notice in writing to the Company (and to the Trustee if given by Holders), and, upon receipt by the Company of notice of such declaration of acceleration, such principal amount (or specified amount) and interest accrued thereon shall become immediately due and payable.

At any time after such a declaration of acceleration with respect to Securities of any series shall have been made and before a judgment or decree for payment of the money due shall have been obtained by the Trustee as hereinafter in this Article provided, the Event or Events of Default giving rise to such declaration of acceleration shall, without further act, be deemed to have been waived, and such declaration and its consequences shall, without further act, be deemed to have been rescinded and annulled, if

(a) the Company shall have paid or deposited with the Trustee a sum sufficient to pay

(1) all overdue interest, if any, on all Securities of such series then Outstanding;

(2) the principal of and premium, if any, on any Securities of such series then Outstanding which have become due otherwise than by such declaration of acceleration and interest thereon at the rate or rates prescribed therefor in such Securities;

(3) to the extent that payment of such interest is lawful, interest upon overdue interest at the rate or rates prescribed therefor in such Securities;

(4) all amounts due to the Trustee under Section 907;

and

(b) if, after application of money paid or deposited in accordance with clause (a) of this Section 802, Securities of such series would remain Outstanding, any other Event or Events of Default with respect to Securities of such series, other than the non-payment of the principal of Securities of such series which shall have become due solely by such declaration of acceleration, shall have been cured or waived as provided in Section 813.

No such rescission shall affect any subsequent Event of Default or impair any right consequent thereon.

SECTION 803. Collection of Indebtedness and Suits for Enforcement by Trustee.

If an Event of Default described in clause (a) or (b) of Section 801 shall have occurred and be continuing, the Company shall, upon demand of the Trustee, pay to it, for the benefit of the Holders of the Securities of the series with respect to which such Event of Default shall have occurred, the whole amount then due and payable on such Securities for principal and premium, if any, and interest, if any, and, to the extent permitted by law, interest on premium, if any, and on any overdue principal and interest, at the rate or rates prescribed therefor in such Securities, and, in addition thereto, such further amount as shall be sufficient to cover any amounts due to the Trustee under Section 907. Unless otherwise specified pursuant to Section 301 with respect to any series of Securities, the rate or rates at which Securities shall bear interest on overdue principal, premium, interest, if any, shall be, to the extent permitted by law, the same rate or rates at which such Securities shall bear interest prior to Maturity.

If the Company shall fail to pay such amounts forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, may institute a judicial proceeding for the collection of the sums so due and unpaid, may prosecute such proceeding to judgment or final decree and may enforce the same against the Company or any other obligor upon such Securities and collect the moneys adjudged or decreed to be payable in the manner provided by law out of the property of the Company or any other obligor upon such Securities, wherever situated.

If an Event of Default with respect to Securities of any series shall have occurred and be continuing, the Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Holders of Securities of such series by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy.

SECTION 804. Trustee May File Proofs of Claim.

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Company or any other obligor upon the Securities or the property of the Company or of such other obligor or their creditors, the Trustee (irrespective of whether the principal of the Securities shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand on the Company for the payment of overdue principal or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise,

(a) to file and prove a claim for the whole amount of principal, premium, if any, and interest, if any, owing and unpaid in respect of the Securities and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for amounts due to the Trustee under Section 907) and of the Holders allowed in such judicial proceeding, and

(b) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amounts due it under Section 907.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Securities or the rights of any Holder thereof or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

SECTION 805. Trustee May Enforce Claims Without Possession of Securities.

All rights of action and claims under this Indenture or the Securities may be prosecuted and enforced by the Trustee without the possession of any of the Securities or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Holders in respect of which such judgment has been recovered.

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SECTION 806. Application of Money Collected.

Any money collected by the Trustee pursuant to this Article shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal or premium, if any, or interest, if any, upon presentation of the Securities in respect of which or for the benefit of which such money shall have been collected and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

First: To the payment of all amounts due the Trustee under Section 907;

Second: Subject to the provisions of Articles Fourteen and Fifteen, the payment of the amounts then due and unpaid upon the Securities for principal of and premium, if any, and interest, if any, in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the amounts due and payable on such Securities for principal, premium, if any, and interest, if any, respectively; and

Third: To the Company.

SECTION 807. Limitation on Suits.

No Holder shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless:

(a) such Holder shall have previously given written notice to the Trustee of a continuing Event of Default with respect to the Securities of such series;

(b) the Holders of a majority in aggregate principal amount of the Outstanding Securities of all series in respect of which an Event of Default shall have occurred and be continuing, considered as one class, shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;

(c) such Holder or Holders shall have offered to the Trustee indemnity satisfactory to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request;

(d) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity shall have failed to institute any such proceeding; and

(e) no direction inconsistent with such written request shall have been given to the Trustee during such 60-day period by the Holders of a majority in aggregate principal amount of the Outstanding Securities of all series in respect of which an Event of Default shall have occurred and be continuing, considered as one class;

it being understood and intended that no one or more of such Holders shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb

or prejudice the rights of any other of such Holders (it being understood that the Trustee does not have an affirmative duty to ascertain whether or not such actions or forbearances are unduly prejudicial to such Holders) or to obtain or to seek to obtain priority or preference over any other of such Holders or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all of such Holders.

SECTION 808. Unconditional Right of Holders to Receive Principal, Premium and Interest.

Notwithstanding any other provision in this Indenture, the Holder of any Security shall have the right, which is absolute and unconditional, to receive payment of the principal of and premium, if any, and (subject to Section 307 and 312) interest, if any, on such Security on the Stated Maturity or Maturities expressed in such Security (or, in the case of redemption, on the Redemption Date) and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such Holder.

SECTION 809. Restoration of Rights and Remedies.

If the Trustee or any Holder has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee or to such Holder, then and in every such case, subject to any determination in such proceeding, the Company and the Trustee and such Holder shall be restored severally and respectively to their former positions hereunder and thereafter all rights and remedies of the Trustee and such Holder shall continue as though no such proceeding had been instituted.

SECTION 810. Rights and Remedies Cumulative.

Except as otherwise provided with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities in the last paragraph of Section 306, no right or remedy herein conferred upon or reserved to the Trustee or to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

SECTION 811. Delay or Omission Not Waiver.

No delay or omission of the Trustee or of any Holder to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case may be.

SECTION 812. Control by Holders of Securities.

If an Event of Default shall have occurred and be continuing in respect of a series of Securities, the Holders of a majority in principal amount of the Outstanding Securities of such

series shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, with respect to the Securities of such series; provided, however, that if an Event of Default shall have occurred and be continuing with respect to more than one series of Securities, the Holders of a majority in aggregate principal amount of the Outstanding Securities of all such series, considered as one class, shall have the right to make such direction, and not the Holders of the Securities of any one of such series; and provided, further, that

(a) such direction shall not be in conflict with any rule of law or with this Indenture, and could not involve the Trustee in personal liability in circumstances where indemnity would not, in the Trustee's sole discretion, be adequate, and

(b) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction.

SECTION 813. Waiver of Past Defaults.

The Holders of a majority in aggregate principal amount of the Outstanding Securities of any series may on behalf of the Holders of all the Securities of such series waive any past default hereunder with respect to such series and its consequences, except a default

(a) in the payment of the principal of or premium, if any, or interest, if any, on any Security of such series, or

(b) in respect of a covenant or provision hereof which under Section 1202 cannot be modified or amended without the consent of the Holder of each Outstanding Security of such series affected.

Upon any such waiver, such default shall cease to exist, and any and all Events of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

SECTION 814. Undertaking for Costs.

The Company and the Trustee agree, and each Holder by his acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken, suffered or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section shall not apply to any suit instituted by the Company, to any suit instituted by the Trustee, to any suit instituted by any Holder, or group of Holders, holding in the aggregate more than 10% in aggregate principal amount of the Outstanding Securities of all series in respect of which such suit may be brought, considered as one class, or to any suit instituted by any Holder for the enforcement of the payment of the principal of or premium, if any, or interest, if any, on any Security on or after the Stated Maturity or Maturities expressed in such Security (or, in the case of redemption, on or after the Redemption Date).

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SECTION 815. Waiver of Usury, Stay or Extension Laws.

The Company covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any usury, stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE NINE
The Trustee

SECTION 901. Certain Duties and Responsibilities.

(a) Except during the continuance of an Event of Default with respect to Securities of any series,

(i) the Trustee undertakes to perform, with respect to Securities of such series, such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(ii) in the absence of bad faith on its part, the Trustee may, with respect to Securities of such series, conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provisions hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein).

(b) In case an Event of Default with respect to Securities of any series shall have occurred and be continuing, the Trustee shall exercise, with respect to the Securities of such series, such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

(c) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) this subsection shall not be construed to limit the effect of subsection (a) of this Section;

(ii) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;

(iii) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of a majority in principal amount of the Outstanding Securities of any one or more series, as provided herein, relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture with respect to the Securities of such series; and

(iv) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(d) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

SECTION 902. Notice of Defaults.

The Trustee shall give notice of any default hereunder with respect to the Securities of any series to the Holders of Securities of such series in the manner and to the extent required to do so by the Trust Indenture Act, unless such default shall have been cured or waived; provided, however, that in the case of any default of the character specified in Section 801(c), no such notice to Holders shall be given until at least 45 days after the occurrence thereof. For the purpose of this Section, the term “default” means any event which is, or after notice or lapse of time, or both, would become, an Event of Default with respect to the Securities of such series.

SECTION 903. Certain Rights of Trustee.

Subject to the provisions of Section 901 and to the applicable provisions of the Trust Indenture Act:

(a) the Trustee may conclusively rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) any request or direction of the Company mentioned herein shall be sufficiently evidenced by a Company Request or Company Order, or as otherwise expressly provided herein, and any resolution of the Board of Directors of the Company may be sufficiently evidenced by a Board Resolution thereof;

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(c) whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, conclusively rely upon an Officer's Certificate of the Company;

(d) the Trustee may consult with counsel of its selection and the advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(e) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any Holder pursuant to this Indenture, unless such Holder shall have offered to the Trustee security or indemnity satisfactory to the Trustee against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(f) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall (subject to applicable legal requirements) with prior notice to the Company be entitled to examine, during normal business hours, the books, records and premises of the Company, personally or by agent or attorney at the sole cost of the Company and shall incur no liability or additional liability of any kind by reason of such inquiry or investigation;

(g) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder;

(h) except as otherwise provided in Section 801, the Trustee shall not be charged with knowledge of any Event of Default with respect to the Securities of any series for which it is acting as Trustee unless either (1) a Responsible Officer of the Trustee shall have actual knowledge of the Event of Default or (2) written notice of such Event of Default shall have been given to the Trustee by the Company or any other obligor on such Securities or by any Holder of such Securities;

(i) the Trustee shall not be liable for any action taken, suffered, or omitted to be taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture;

(j) the rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder;

(k) the Trustee may request that the Company deliver a certificate setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Indenture;

(l) in no event shall the Trustee be responsible or liable for special, indirect, or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action; and

(m) in no event shall the Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

SECTION 904. Not Responsible for Recitals or Issuance of Securities.

The recitals contained herein and in the Securities (except the Trustee's certificates of authentication) shall be taken as the statements of the Company and neither the Trustee nor any Authenticating Agent assumes responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Securities. Neither the Trustee nor any Authenticating Agent shall be accountable for the use or application by the Company of Securities or the proceeds thereof.

SECTION 905. May Hold Securities.

Each of the Trustee, any Authenticating Agent, any Paying Agent, any Security Registrar or any other agent of the Company or the Trustee, in its individual or any other capacity, may become the owner or pledgee of Securities and, subject to Sections 908 and 913, may otherwise deal with the Company with the same rights it would have if it were not the Trustee, Authenticating Agent, Paying Agent, Security Registrar or such other agent.

SECTION 906. Money Held in Trust.

Money held by the Trustee in trust hereunder need not be segregated from other funds, except to the extent required by law. The Trustee shall be under no liability for interest on or investment of any money received by it hereunder except as expressly provided herein or otherwise agreed with, and for the sole benefit of, the Company.

SECTION 907. Compensation and Reimbursement.

The Company agrees

(a) to pay to the Trustee from time to time such compensation for all services rendered by it hereunder as the Company and the Trustee shall from time to time agree in writing (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(b) except as otherwise expressly provided herein, to reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances reasonably incurred or made by the Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except to the extent that any such expense, disbursement or advance may be attributable to the Trustee's negligence, willful misconduct or bad faith; and

(c) to indemnify each of the Trustee and its agents for and hold them harmless from and against, any loss, liability claims, damage or expense, including taxes (other than taxes based upon, measured by or determined by the income of the Trustee, incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of the trust or trusts hereunder or the performance of its duties hereunder, including the costs and expenses of defending itself against any claim (whether accepted by the Company, any Holder or any other Person) or liability in connection with the exercise or performance of any of its powers or duties hereunder or in connection with enforcing the provisions of this Section 907, except to the extent any such loss, liability claim, damage or expense is due to its own negligence or bad faith.

As security for the performance of the obligations of the Company under this Section, the Trustee shall have a lien prior to the Securities upon all property and funds held or collected by the Trustee as such other than property and funds held in trust under Section 703 (except as otherwise provided in Section 703). "Trustee" for purposes of this Section shall include any predecessor Trustee; provided, however, that the negligence or bad faith of any Trustee hereunder shall not affect the rights of any other Trustee hereunder.

When the Trustee incurs expenses or renders services in connection with an Event of Default specified in Section 801(d) or Section 801(e), the expenses (including the reasonable charges and expenses of its counsel) and the compensation for the services are intended to constitute expenses of administration under any applicable Federal or State bankruptcy, insolvency or other similar law.

The provisions of this Section 907 shall survive the termination of this Indenture.

SECTION 908. Disqualification; Conflicting Interests.

If the Trustee shall have or acquire any conflicting interest within the meaning of the Trust Indenture Act, it shall either eliminate such conflicting interest or resign to the extent, in the manner and with the effect, and subject to the conditions, provided in the Trust Indenture Act and this Indenture.

SECTION 909. Corporate Trustee Required; Eligibility.

There shall at all times be a Trustee hereunder which shall be

(a) a Corporation organized and doing business under the laws of the United States, any State or Territory thereof or the District of Columbia, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least $50,000,000 and subject to supervision or examination by Federal or State authority, or

(b) if and to the extent permitted by the Commission by rule, regulation or order upon application, a Corporation or other Person organized and doing business under the laws of a foreign government, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least $50,000,000 or the Dollar equivalent of the applicable foreign currency and subject to supervision or examination by authority of such foreign government or a political subdivision thereof substantially equivalent to supervision or examination applicable to United States institutional trustees,

and, in either case, qualified and eligible under this Article and the Trust Indenture Act. If such Corporation publishes reports of condition at least annually, pursuant to law or to the requirements of such supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such Corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section and the Trust Indenture Act, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

SECTION 910. Resignation and Removal; Appointment of Successor.

(a) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee in accordance with the applicable requirements of Section 911.

(b) The Trustee may resign at any time with respect to the Securities of one or more series by giving written notice thereof to the Company. If the instrument of acceptance by a successor Trustee required by Section 911 shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee with respect to the Securities of such series.

(c) The Trustee may be removed at any time with respect to the Securities of any series by Act of the Holders of a majority in principal amount of the Outstanding Securities of such series delivered to the Trustee, the Company.

(d) If at any time:

(1) the Trustee shall fail to comply with Section 908 after written request therefor by the Company or by any Holder who has been a bona fide Holder for at least six months, or

(2) the Trustee shall cease to be eligible under Section 909 or Section 310(a) of the Trust Indenture Act and shall fail to resign after written request therefor by the Company or by any such Holder, or

(3) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (x) the Company by Board Resolutions may remove the Trustee with respect to all Securities or (y) subject to Section 814, any Holder who has been a bona fide Holder for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee with respect to all Securities and the appointment of a successor Trustee or Trustees.

(e) If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause (other than as contemplated in clause (y) in subsection (d) of this Section), with respect to the Securities of one or more series, the Company, by Board Resolutions, shall promptly appoint a successor Trustee or Trustees with respect to the Securities of that or those series (it being understood that any such successor Trustee may be appointed with respect to the Securities of one or more or all of such series and that at any time (subject to Section 914) there shall be only one Trustee with respect to the Securities of any particular series) and shall comply with the applicable requirements of Section 911. If, within one year after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Trustee with respect to the Securities of any series shall be appointed by Act of the Holders of a majority in principal amount of the Outstanding Securities of such series delivered to the Company and the retiring Trustee, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment in accordance with the applicable requirements of Section 911, become the successor Trustee with respect to the Securities of such series and to that extent supersede the successor Trustee appointed by the Company. If no successor Trustee with respect to the Securities of any series shall have been so appointed by the Company or the Holders and accepted appointment in the manner required by Section 911, any Holder who has been a bona fide Holder of a Security of such series for at least six months may, on behalf of itself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee with respect to the Securities of such series.

(f) So long as no event which is, or after notice or lapse of time, or both, would become, an Event of Default shall have occurred and be continuing, and except with respect to a Trustee appointed by Act of the Holders of a majority in principal amount of the Outstanding Securities pursuant to subsection (e) of this Section, if the Company shall have delivered to the Trustee (i) Board Resolutions appointing a successor Trustee, effective as of a date specified therein, and (ii) an instrument of acceptance of such appointment, effective as of such date, by such successor Trustee in accordance with Section 911, the Trustee shall be deemed to have resigned as contemplated in subsection (b) of this Section, the successor Trustee shall be deemed to have been appointed by the Company pursuant to subsection (e) of this Section and such appointment shall be deemed to have been accepted as contemplated in Section 911, all as of such date, and all other provisions of this Section and Section 911 shall be applicable to such resignation, appointment and acceptance except to the extent inconsistent with this subsection (f).

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(g) The Company shall give notice of each resignation and each removal of the Trustee with respect to the Securities of any series and each appointment of a successor Trustee with respect to the Securities of any series by mailing written notice of such event by first-class mail, postage prepaid, to all Holders of Securities of such series as their names and addresses appear in the Security Register. Each notice shall include the name of the successor Trustee with respect to the Securities of such series and the address of its Corporate Trust Office.

SECTION 911. Acceptance of Appointment by Successor.

(a) In case of the appointment hereunder of a successor Trustee with respect to the Securities of all series, every such successor Trustee so appointed shall execute, acknowledge and deliver to the Company and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee; but, on the request of the Company or the successor Trustee, such retiring Trustee shall, upon payment of all sums owed to it, execute and deliver an instrument transferring to such successor Trustee all the rights, powers and trusts of the retiring Trustee and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder.

(b) In case of the appointment hereunder of a successor Trustee with respect to the Securities of one or more (but not all) series, the Company, the retiring Trustee and each successor Trustee with respect to the Securities of such series shall execute and deliver an indenture supplemental hereto wherein each successor Trustee shall accept such appointment and which (1) shall contain such provisions as shall be necessary or desirable to transfer and confirm to, and to vest in, each successor Trustee all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series to which the appointment of such successor Trustee relates, (2) if the retiring Trustee is not retiring with respect to all Securities, shall contain such provisions as shall be deemed necessary or desirable to confirm that all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series as to which the retiring Trustee is not retiring shall continue to be vested in the retiring Trustee and (3) shall add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, it being understood that nothing herein or in such supplemental indenture shall constitute such Trustees co-trustees of the same trust and that each such Trustee shall be trustee of a trust or trusts hereunder separate and apart from any trust or trusts hereunder administered by any other such Trustee; and upon the execution and delivery of such supplemental indenture the resignation or removal of the retiring Trustee shall become effective to the extent provided therein and each such successor Trustee, without any further act, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series to which the appointment of such successor Trustee relates; but, on request of the Company, or any successor Trustee, such retiring Trustee, upon payment of all sums owed to it, shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder with respect to the Securities of that or those series to which the appointment of such successor Trustee relates.

(c) Upon request of any such successor Trustee and the Company shall execute any instruments which fully vest in and confirm to such successor Trustee all such rights, powers and trusts referred to in subsection (a) or (b) of this Section, as the case may be.

(d) No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article.

SECTION 912. Merger, Conversion, Consolidation or Succession to Business.

Any Corporation or other Person into which the Trustee may be merged or converted or with which it may be consolidated, or any Corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any Corporation succeeding to all or substantially all the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such Corporation shall be otherwise qualified and eligible under this Article, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Securities shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Securities so authenticated with the same effect as if such successor Trustee had itself authenticated such Securities.

SECTION 913. Preferential Collection of Claims Against Company.

If the Trustee shall be or become a creditor of the Company or any other obligor upon the Securities (other than by reason of a relationship described in Section 311(b) of the Trust Indenture Act), the Trustee shall be subject to any and all applicable provisions of the Trust Indenture Act regarding the collection of claims against the Company or such other obligor.

SECTION 914. Co-trustees and Separate Trustees.

At any time or times, for the purpose of meeting the legal requirements of any applicable jurisdiction, the Company and the Trustee shall have power to appoint, and, upon the written request of the Trustee or of the Holders of at least 33% in principal amount of the Securities then Outstanding, the Company shall for such purpose join with the Trustee in the execution and delivery of all instruments and agreements necessary or proper to appoint, one or more Persons approved by the Trustee either to act as co-trustee, jointly with the Trustee, or to act as separate trustee, in either case with such powers as may be provided in the instrument of appointment, and to vest in such Person or Persons, in the capacity aforesaid, any property, title, right or power deemed necessary or desirable, subject to the other provisions of this Section. If the Company does not join in such appointment within 15 days after the receipt by it of a request so to do, or if an Event of Default shall have occurred and be continuing, the Trustee alone shall have power to make such appointment.

Should any written instrument or instruments from the Company be required by any co-trustee or separate trustee to more fully confirm to such co-trustee or separate trustee such property, title, right or power, any and all such instruments shall, on request, be executed, acknowledged and delivered by the Company.

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Every co-trustee or separate trustee shall, to the extent permitted by law, but to such extent only, be appointed subject to the following conditions:

(a) the Securities shall be authenticated and delivered, and all rights, powers, duties and obligations hereunder in respect of the custody of securities, cash and other personal property held by, or required to be deposited or pledged with, the Trustee hereunder, shall be exercised solely, by the Trustee;

(b) the rights, powers, duties and obligations hereby conferred or imposed upon the Trustee in respect of any property covered by such appointment shall be conferred or imposed upon and exercised or performed either by the Trustee or by the Trustee and such co-trustee or separate trustee jointly, as shall be provided in the instrument appointing such co-trustee or separate trustee, except to the extent that under any law of any jurisdiction in which any particular act is to be performed, the Trustee shall be incompetent or unqualified to perform such act, in which event such rights, powers, duties and obligations shall be exercised and performed by such co-trustee or separate trustee.

(c) the Trustee at any time, by an instrument in writing executed by it, with the concurrence of the Company, may accept the resignation of or remove any co-trustee or separate trustee appointed under this Section, and, if an Event of Default shall have occurred and be continuing, the Trustee shall have power to accept the resignation of, or remove, any such co-trustee or separate trustee without the concurrence of the Company. Upon the written request of the Trustee, the Company shall join with the Trustee in the execution and delivery of all instruments and agreements necessary or proper to effectuate such resignation or removal. A successor to any co-trustee or separate trustee so resigned or removed may be appointed in the manner provided in this Section;

(d) no co-trustee or separate trustee hereunder shall be personally liable by reason of any act or omission of the Trustee, or any other such trustee hereunder, and the Trustee shall not be personally liable by reason of any act or omission of any such co-trustee or separate trustee; and

(e) any Act of Holders delivered to the Trustee shall be deemed to have been delivered to each such co-trustee and separate trustee.

SECTION 915. Appointment of Authenticating Agent.

The Trustee may appoint an Authenticating Agent or Agents acceptable to the Company with respect to the Securities of one or more series, or any Tranche thereof, which shall be authorized to act on behalf of the Trustee to authenticate Securities of such series or Tranche, issued upon original issuance, exchange, registration of transfer or partial redemption thereof or pursuant to Section 306, and Securities so authenticated shall be entitled to the benefits of this Indenture and shall be valid and obligatory for all purposes as if authenticated by the Trustee hereunder. Wherever reference is made in this Indenture to the authentication and delivery of Securities by the Trustee or the Trustee's certificate of authentication, such reference shall be deemed to include authentication and delivery on behalf of the Trustee by an Authenticating Agent and a certificate of authentication executed on behalf of the Trustee by an Authenticating

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Agent. Each Authenticating Agent shall be acceptable to the Company and shall at all times be a Corporation organized and doing business under the laws of the United States, any State or Territory thereof or the District of Columbia or the Commonwealth of Puerto Rico, authorized under such laws to act as Authenticating Agent, having a combined capital and surplus of not less than $50,000,000 and subject to supervision or examination by Federal or State authority. If such Authenticating Agent publishes reports of condition at least annually, pursuant to law or to the requirements of said supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such Authenticating Agent shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time an Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, such Authenticating Agent shall resign immediately in the manner and with the effect specified in this Section.

Any Corporation into which an Authenticating Agent may be merged or converted or with which it may be consolidated, or any Corporation resulting from any merger, conversion or consolidation to which such Authenticating Agent shall be a party, or any Corporation succeeding to the corporate agency or corporate trust business of an Authenticating Agent, shall continue to be an Authenticating Agent, provided such Corporation shall be otherwise eligible under this Section, without the execution or filing of any paper or any further act on the part of the Trustee or the Authenticating Agent.

An Authenticating Agent may resign at any time by giving written notice thereof to the Trustee, the Company. The Trustee may at any time terminate the agency of an Authenticating Agent by giving written notice thereof to such Authenticating Agent, the Company. Upon receiving such a notice of resignation or upon such a termination, or in case at any time such Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, the Trustee may appoint a successor Authenticating Agent which shall be acceptable to the Company. Any successor Authenticating Agent upon acceptance of its appointment hereunder shall become vested with all the rights, powers and duties of its predecessor hereunder, with like effect as if originally named as an Authenticating Agent. No successor Authenticating Agent shall be appointed unless eligible under the provisions of this Section.

The Company agrees to pay to each Authenticating Agent from time to time reasonable compensation for its services under this Section.

The provisions of Sections 308, 904 and 905 shall be applicable to each Authenticating Agent.

If an appointment with respect to the Securities of one or more series, or any Tranche thereof, shall be made pursuant to this Section, the Securities of such series or Tranche may have endorsed thereon, in addition to the Trustee's certificate of authentication, an alternative certificate of authentication substantially in the following form:

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

Dated: , as Trustee

By: _____
As Authenticating Agent

By: _____
Authorized Signatory

If all of the Securities of a series may not be originally issued at one time, and if the Trustee does not have an office capable of authenticating Securities upon original issuance located in a Place of Payment where the Company wishes to have Securities of such series authenticated upon original issuance, the Trustee, if so requested by the Company in writing (which writing need not comply with Section 102 and need not be accompanied by an Opinion of Counsel), shall appoint, in accordance with this Section and in accordance with such procedures as shall be acceptable to the Trustee, an Authenticating Agent having an office in a Place of Payment designated by the Company with respect to such series of Securities.

ARTICLE TEN
Holders' Lists and Reports by Trustee, Company

SECTION 1001. Lists of Holders.

Semiannually, not later than and in each year, commencing , and at such other times as the Trustee may request in writing, the Company shall furnish or cause to be furnished to the Trustee information as to the names and addresses of the Holders, and the Trustee shall preserve such information and similar information received by it in any other capacity and afford to the Holders access to information so preserved by it, all to such extent, if any, and in such manner as shall be required by the Trust Indenture Act; provided, however, that no such list need be furnished so long as the Trustee shall be the Security Registrar.

SECTION 1002. Reports by Trustee, Company.

Not later than in each year, commencing , the Trustee shall transmit to the Holders, the Commission and each securities exchange upon which any Securities are listed, a report, dated as of the next preceding , with respect to any events and other matters described in Section 313(a) of the Trust Indenture Act, in such manner and to the extent required by the Trust Indenture Act. The Trustee shall transmit to the Holders, the Commission and each securities exchange upon which any Securities are listed, and the Company, as the case requires, shall file with the Trustee (within 30 days after filing with the Commission in the case of reports which pursuant to the Trust Indenture Act must be filed with the Commission and furnished to the Trustee) and transmit to the Holders, such other information, reports and other documents, if any, at such times and in such manner, as shall be required by the Trust Indenture Act. The Company shall notify the Trustee of the listing of any Securities on any securities exchange or of the delisting thereof.

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ARTICLE ELEVEN
Consolidation, Merger, Conveyance or Other Transfer

SECTION 1101. Company May Consolidate, etc., Only on Certain Terms.

The Company shall not consolidate with or merge into any other entity, or convey or otherwise transfer or lease its properties and assets substantially as an entirety to any Person, unless

(a) the Person formed by such consolidation or into which the Company is merged or the Person which acquires by conveyance or transfer, or which leases, the properties and assets of the Company substantially as an entirety shall be a Person organized and existing under the laws of the United States, any State thereof or the District of Columbia, and shall expressly assume, by an indenture supplemental hereto, executed and delivered to the Trustee, in form satisfactory to the Trustee, the due and punctual payment of the principal of and premium, if any, and interest, if any, on all Outstanding Securities and the performance of every covenant of this Indenture on the part of the Company to be performed or observed;

(b) immediately after giving effect to such transaction, no Event of Default and no event which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing; and

(c) the Company shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that such consolidation, merger, conveyance, or other transfer or lease and such supplemental indenture comply with this Article and that all conditions precedent herein provided for relating to such transactions have been complied with.

SECTION 1102. Successor Entity Substituted.

Upon any consolidation by the Company with or merger by the Company into any other Person or any conveyance, or other transfer or lease of the properties and assets of the Company substantially as an entirety in accordance with Section 1101, the successor Person formed by such consolidation or into which the Company is merged or the Person to which such conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Indenture with the same effect as if such successor Person had been named as the Company, as the case may be, herein, and thereafter, except in the case of a lease, the predecessor Person shall be relieved of all obligations and covenants under this Indenture and the Securities Outstanding hereunder.

SECTION 1103. Limitation.

Nothing in this Indenture shall be deemed to prevent or restrict:

(a) any consolidation or merger after the consummation of which the Company would be the surviving or resulting entity,

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(b) any conveyance or other transfer, or lease, of any part of the properties and/or assets of the Company, which does not constitute the entirety, or substantially the entirety, of its properties and assets,

(c) the approval by the Company of, or the consent by the Company to, any consolidation or merger to which any direct or indirect subsidiary or affiliate of the Company may be a party or any conveyance, transfer or lease by any such subsidiary or affiliate of any of its properties or assets, or

(d) any other transaction not contemplated by Section 1101.

ARTICLE TWELVE
Supplemental Indentures

SECTION 1201. Supplemental Indentures Without Consent of Holders.

Without the consent of any Holders, the Company and the Trustee, at any time and from time to time, may enter into one or more indentures supplemental hereto, in form reasonably satisfactory to the Trustee, for any of the following purposes:

(a) to evidence the succession of another Person to the Company and the assumption by any such successor of the covenants of the Company herein and in the Securities, all as provided in Article Eleven; or

(b) to add one or more covenants of the Company or other provisions for the benefit of all Holders or for the benefit of the Holders of, or to remain in effect only so long as there shall be Outstanding, Securities of one or more specified series, or one or more specified Tranches thereof, or to surrender any right or power herein conferred upon the Company; or

(c) to add any additional Events of Default with respect to all or any series of Securities Outstanding hereunder; or

(d) to change or eliminate any provision of this Indenture or to add any new provision to this Indenture; provided, however, that if such change, elimination or addition shall adversely affect the interests of the Holders of Securities of any series or Tranche Outstanding on the date of such indenture supplemental hereto in any material respect, such change, elimination or addition shall become effective (i) with respect to such series or Tranche only pursuant to the provisions of Section 1202 hereof or (ii) when no Security of such series or Tranche remains Outstanding; or

(e) to provide collateral security for all but not part of the Securities; or

(f) to establish the form or terms of Securities of any series or Tranche as contemplated by Sections 201 and 301; or

(g) to provide for the authentication and delivery of bearer securities and coupons appertaining thereto representing interest, if any, thereon and for the procedures for the registration, exchange and replacement thereof and for the giving of notice to, and the solicitation of the vote or consent of, the holders thereof, and for any and all other matters incidental thereto; or

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(h) to evidence and provide for the acceptance of appointment hereunder by a separate or successor Trustee or co-trustee with respect to the Securities of one or more series and to add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, pursuant to the requirements of Section 911(b); or

(i) to provide for the procedures required to permit the Company to utilize, at its option, a non-certificated system of registration for all, or any series or Tranche of, the Securities; or

(j) to change any place or places where (1) the principal of and premium, if any, and interest, if any, on all or any series of Securities, or any Tranche thereof, shall be payable, (2) all or any series of Securities, or any Tranche thereof, may be surrendered for registration of transfer, (3) all or any series of Securities, or any Tranche thereof, may be surrendered for exchange and (4) notices and demands to or upon the Company in respect of all or any series of Securities, or any Tranche thereof, and this Indenture may be served; or

(k) to cure any ambiguity, to correct or supplement any provision herein which may be defective or inconsistent with any other provision herein, or to make any other changes to the provisions hereof or to add other provisions with respect to matters or questions arising under this Indenture, provided that such other changes or additions shall not adversely affect the interests of the Holders of Securities of any series or Tranche in any material respect.

Without limiting the generality of the foregoing, if the Trust Indenture Act as in effect at the date of the execution and delivery of this Indenture or at any time thereafter shall be amended and

(x) if any such amendment shall require one or more changes to any provisions hereof or the inclusion herein of any additional provisions, or shall by operation of law be deemed to effect such changes or incorporate such provisions by reference or otherwise, this Indenture shall be deemed to have been amended so as to conform to such amendment to the Trust Indenture Act, and the Company and the Trustee may, without the consent of any Holders, enter into an indenture supplemental hereto to effect or evidence such changes or additional provisions; or

(y) if any such amendment shall permit one or more changes to, or the elimination of, any provisions hereof which, at the date of the execution and delivery hereof or at any time thereafter, are required by the Trust Indenture Act to be contained herein, this Indenture shall be deemed to have been amended to effect such changes or elimination, and the Company and the Trustee may, without the consent of any Holders, enter into an indenture supplemental hereto to evidence such amendment hereof.

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SECTION 1202. Supplemental Indentures With Consent of Holders.

With the consent of the Holders of a majority in aggregate principal amount of the Securities of all series then Outstanding under this Indenture, considered as one class, by Act of said Holders delivered to the Company and the Trustee, the Company, when authorized by Board Resolutions, and the Trustee may enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, this Indenture or modifying in any manner the rights of the Holders of Securities of such series under the Indenture; provided, however, that if there shall be Securities of more than one series Outstanding hereunder and if a proposed supplemental indenture shall directly affect the rights of the Holders of Securities of one or more, but less than all, of such series, then the consent only of the Holders of a majority in aggregate principal amount of the Outstanding Securities of all series so directly affected, considered as one class, shall be required; and provided, further, that if the Securities of any series shall have been issued in more than one Tranche and if the proposed supplemental indenture shall directly affect the rights of the Holders of Securities of one or more, but less than all, of such Tranches, then the consent only of the Holders of a majority in aggregate principal amount of the Outstanding Securities of all Tranches so directly affected, considered as one class, shall be required; and provided, further, that no such supplemental indenture shall:

(a) change the Stated Maturity of the principal of, or any installment of principal of or interest on (except as provided in Section 312 hereof), any Security, or reduce the principal amount thereof or the rate of interest thereon (or the amount of any installment of interest thereon) or change the method of calculating such rate or reduce any premium payable upon the redemption thereof, or reduce the amount of the principal of a Discount Security that would be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 802, or change the coin or currency (or other property), in which any Security or any premium or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity of any Security (or, in the case of redemption, on or after the Redemption Date), without, in any such case, the consent of the Holder of such Security, or

(b) reduce the percentage in principal amount of the Outstanding Securities of any series or any Tranche thereof, the consent of the Holders of which is required for any such supplemental indenture, or the consent of the Holders of which is required for any waiver of compliance with any provision of this Indenture or of any default hereunder and its consequences, or reduce the requirements of Section 1304 for quorum or voting, without, in any such case, the consent of the Holders of each Outstanding Security of such series or Tranche, or

(c) modify any of the provisions of this Section, Section 607 or Section 813 with respect to the Securities of any series, or any Tranche thereof, or except to increase the percentages in principal amount referred to in this Section or such other Sections or to provide that other provisions of this Indenture cannot be modified or waived without the consent of the Holder of each Outstanding Security affected thereby; provided, however, that this clause shall not be deemed to require the consent of any Holder with respect to changes in the references to “the Trustee” and concomitant changes in this Section, or the deletion of this proviso, in accordance with the requirements of Sections 911(b), 914 and 1201(h).

A supplemental indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more particular series of Securities, or of one or more Tranches thereof, or which modifies the rights of the Holders of Securities of such series or Tranches with respect to such covenant or other provision, shall be deemed not to affect the rights under this Indenture of the Holders of Securities of any other series or Tranche.

It shall not be necessary for any Act of Holders under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof. A waiver by a Holder of such Holder's right to consent under this Section shall be deemed to be a consent of such Holder.

SECTION 1203. Execution of Supplemental Indentures.

In executing, or accepting the additional trusts created by, any supplemental indenture permitted by this Article or the modifications thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and (subject to Section 901) shall be fully protected in relying upon, an Officer's Certificate and an Opinion of Counsel stating that the execution of such supplemental indenture is authorized or permitted by this Indenture. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture which affects the Trustee's own rights, duties, immunities or liabilities under this Indenture or otherwise.

SECTION 1204. Effect of Supplemental Indentures.

Upon the execution of any supplemental indenture under this Article this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes; and every Holder of Securities theretofore or thereafter authenticated and delivered hereunder shall be bound thereby. Any supplemental indenture permitted by this Article may restate this Indenture in its entirety, and, upon the execution and delivery thereof, any such restatement shall supersede this Indenture as theretofore in effect for all purposes.

SECTION 1205. Conformity With Trust Indenture Act.

Every supplemental indenture executed pursuant to this Article shall conform to the requirements of the Trust Indenture Act as then in effect.

SECTION 1206. Reference in Securities to Supplemental Indentures.

Securities of any series, or any Tranche thereof, authenticated and delivered after the execution of any supplemental indenture pursuant to this Article may, and shall if required by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Company shall so determine, new Securities of any series, or any Tranche thereof, so modified as to conform, in the opinion of the Trustee and the Company, to any such supplemental indenture may be prepared and executed by the Company and authenticated and delivered by the Trustee in exchange for Outstanding Securities of such series or Tranche.

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SECTION 1207. Modification Without Supplemental Indenture.

If the terms of any particular series of Securities shall have been established in a Board Resolution or an Officer's Certificate pursuant to a Board Resolution as contemplated by Section 301, and not in an indenture supplemental hereto, additions to, changes in or the elimination of any of such terms may be effected by means of a supplemental Board Resolution or Officer's Certificate, as the case may be, delivered to, and accepted in writing by, the Trustee; provided, however, that such supplemental Board Resolution or Officer's Certificate shall not be accepted by the Trustee or otherwise be effective unless all conditions set forth in this Indenture which would be required to be satisfied if such additions, changes or elimination were contained in a supplemental indenture shall have been appropriately satisfied. Upon the acceptance thereof by the Trustee, any such supplemental Board Resolution or Officer's Certificate shall be deemed to be a "supplemental indenture" for purposes of Sections 1204 and 1206.

ARTICLE THIRTEEN
Meetings of Holders; Action Without Meeting

SECTION 1301. Purposes for Which Meetings May Be Called.

A meeting of Holders of Securities of one or more, or all, series, or any Tranche or Tranches thereof, may be called at any time and from time to time pursuant to this Article to make, give or take any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be made, given or taken by Holders of Securities of such series or Tranches.

SECTION 1302. Call, Notice and Place of Meetings.

(a) The Trustee may at any time call a meeting of Holders of Securities of one or more, or all, series, or any Tranche or Tranches thereof, for any purpose specified in Section 1301, to be held at such time and at such place in the Borough of Manhattan, The City of New York, New York as the Trustee shall determine, or, with the approval of the Company, at any other place. Notice of every such meeting, setting forth the time and the place of such meeting and in general terms the action proposed to be taken at such meeting, shall be given, in the manner provided in Section 106, not less than 21 nor more than 180 days prior to the date fixed for the meeting.

(b) If the Trustee shall have been requested to call a meeting of the Holders of Securities of one or more, or all, series, or any Tranche or Tranches thereof, by the Company or by the Holders of 33% in aggregate principal amount of all of such series and Tranches, considered as one class, for any purpose specified in Section 1301, by written request setting forth in reasonable detail the action proposed to be taken at the meeting, and the Trustee shall not have given the notice of such meeting within 21 days after receipt of such request or shall not thereafter proceed to cause the meeting to be held as provided herein, then the Company or the Holders of Securities of such series and Tranches in the amount above specified, as the case may be, may determine the time and the place in the Borough of Manhattan, The City of New York, or in such other place as shall be determined or approved by the Company for such meeting and may call such meeting for such purposes by giving notice thereof as provided in subsection (a) of this Section.

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(c) Any meeting of Holders of Securities of one or more, or all, series, or any Tranche or Tranches thereof, shall be valid without notice if the Holders of all Outstanding Securities of such series or Tranches are present in person or by proxy and if representatives of the Company and the Trustee are present, or if notice is waived in writing before or after the meeting by the Holders of all Outstanding Securities of such series, or any Tranche or Tranches thereof, or by such of them as are not present at the meeting in person or by proxy, and by the Company and the Trustee.

SECTION 1303. Persons Entitled to Vote at Meetings.

To be entitled to vote at any meeting of Holders of Securities of one or more, or all, series, or any Tranche or Tranches thereof, a Person shall be (a) a Holder of one or more Outstanding Securities of such series or Tranches, or (b) a Person appointed by an instrument in writing as proxy for a Holder or Holders of one or more Outstanding Securities of such series or Tranches by such Holder or Holders. The only Persons who shall be entitled to attend any meeting of Holders of Securities of any series or Tranche shall be the Persons entitled to vote at such meeting and their counsel, any representatives of the Trustee and its counsel and any representatives of the Company and its counsel.

SECTION 1304. Quorum; Action.

The Persons entitled to vote a majority in aggregate principal amount of the Outstanding Securities of the series and Tranches with respect to which a meeting shall have been called as hereinbefore provided, considered as one class, shall constitute a quorum for a meeting of Holders of Securities of such series and Tranches; provided, however, that if any action is to be taken at such meeting which this Indenture expressly provides may be taken by the Holders of a specified percentage, which is less than a majority, in principal amount of the Outstanding Securities of such series and Tranches, considered as one class, the Persons entitled to vote such specified percentage in principal amount of the Outstanding Securities of such series and Tranches, considered as one class, shall constitute a quorum. In the absence of a quorum within one hour of the time appointed for any such meeting, the meeting shall, if convened at the request of Holders of Securities of such series and Tranches, be dissolved. In any other case the meeting may be adjourned for such period as may be determined by the chairman of the meeting prior to the adjournment of such meeting. In the absence of a quorum at any such adjourned meeting, such adjourned meeting may be further adjourned for such period as may be determined by the chairman of the meeting prior to the adjournment of such adjourned meeting. Except as provided by Section 1305(e), notice of the reconvening of any meeting adjourned for more than 30 days shall be given as provided in Section 1302(a) not less than 10 days prior to the date on which the meeting is scheduled to be reconvened. Notice of the reconvening of an adjourned meeting shall state expressly the percentage, as provided above, of the principal amount of the Outstanding Securities of such series and Tranches which shall constitute a quorum.

Except as limited by Section 1202, any resolution presented to a meeting or adjourned meeting duly reconvened at which a quorum is present as aforesaid may be adopted only by the

affirmative vote of the Holders of a majority in aggregate principal amount of the Outstanding Securities of the series and Tranches with respect to which such meeting shall have been called, considered as one class; provided, however, that, except as so limited, any resolution with respect to any action which this Indenture expressly provides may be taken by the Holders of a specified percentage, which is less than a majority, in principal amount of the Outstanding Securities of such series and Tranches, considered as one class, may be adopted at a meeting or an adjourned meeting duly reconvened and at which a quorum is present as aforesaid by the affirmative vote of the Holders of such specified percentage in principal amount of the Outstanding Securities of such series and Tranches, considered as one class.

Any resolution passed or decision taken at any meeting of Holders of Securities duly held in accordance with this Section shall be binding on all the Holders of Securities of the series and Tranches with respect to which such meeting shall have been held, whether or not present or represented at the meeting.

SECTION 1305. Attendance at Meetings; Determination of Voting Rights; Conduct and Adjournment of Meetings.

(a) Attendance at meetings of Holders of Securities may be in person or by proxy; and, to the extent permitted by law, any such proxy shall remain in effect and be binding upon any future Holder of the Securities with respect to which it was given unless and until specifically revoked by the Holder or future Holder of such Securities before being voted.

(b) Notwithstanding any other provisions of this Indenture, the Trustee may make such reasonable regulations as it may deem advisable for any meeting of Holders of Securities in regard to proof of the holding of such Securities and of the appointment of proxies and in regard to the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidence of the right to vote, and such other matters concerning the conduct of the meeting as it shall deem appropriate. Except as otherwise permitted or required by any such regulations, the holding of Securities shall be proved in the manner specified in Section 104 and the appointment of any proxy shall be proved in the manner specified in Section 104. Such regulations may provide that written instruments appointing proxies, regular on their face, may be presumed valid and genuine without the proof specified in Section 104 or other proof.

(c) The Trustee shall, by an instrument in writing, appoint a temporary chairman of the meeting, unless the meeting shall have been called by the Company or by Holders as provided in Section 1302(b), in which case the Company or the Holders of Securities of the series and Tranches calling the meeting, as the case may be, shall in like manner appoint a temporary chairman. A permanent chairman and a permanent secretary of the meeting shall be elected by vote of the Persons entitled to vote a majority in aggregate principal amount of the Outstanding Securities of all series and Tranches represented at the meeting, considered as one class.

(d) At any meeting each Holder or proxy shall be entitled to one vote for each $1 principal amount of Securities held or represented by him; provided, however, that no vote shall be cast or counted at any meeting in respect of any Security challenged as not Outstanding and ruled by the chairman of the meeting to be not Outstanding. The chairman of the meeting shall have no right to vote, except as a Holder of a Security or proxy.

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(e) Any meeting duly called pursuant to Section 1302 at which a quorum is present may be adjourned from time to time by Persons entitled to vote a majority in aggregate principal amount of the Outstanding Securities of all series and Tranches represented at the meeting, considered as one class; and the meeting may be held as so adjourned without further notice.

SECTION 1306. Counting Votes and Recording Action of Meetings.

The vote upon any resolution submitted to any meeting of Holders shall be by written ballots on which shall be subscribed the signatures of the Holders or of their representatives by proxy and the principal amounts and serial numbers of the Outstanding Securities, of the series and Tranches with respect to which the meeting shall have been called, held or represented by them. The permanent chairman of the meeting shall appoint two inspectors of votes who shall count all votes cast at the meeting for or against any resolution and who shall make and file with the secretary of the meeting their verified written reports of all votes cast at the meeting. A record in triplicate of the proceedings of each meeting of Holders shall be prepared by the secretary of the meeting and there shall be attached to said record the original reports of the inspectors of votes on any vote by ballot taken thereat and affidavits by one or more persons having knowledge of the facts setting forth a copy of the notice of the meeting and showing that said notice was given as provided in Section 1302 and, if applicable, Section 1304. Each copy shall be signed and verified by the affidavits of the permanent chairman and secretary of the meeting and one such copy shall be delivered to each of the Company and the Trustee to be preserved by the Trustee, the latter to have attached thereto the ballots voted at the meeting. Any record so signed and verified shall be conclusive evidence of the matters therein stated.

SECTION 1307. Action Without Meeting.

In lieu of a vote of Holders at a meeting as hereinbefore contemplated in this Article, any request, demand, authorization, direction, notice, consent, waiver or other action may be made, given or taken by Holders by written instruments as provided in Section 104.

ARTICLE FOURTEEN
RESERVED

ARTICLE FIFTEEN
Subordination of Securities

SECTION 1501. Securities Subordinate to Senior Indebtedness of the Company.

The Company, for itself, its successors and assigns, covenants and agrees, and each Holder of the Securities of each series, by its acceptance thereof, likewise covenants and agrees, that the payment of the principal of and premium, if any, and interest, if any, on each and all of the Securities is hereby expressly subordinated and junior in right of payment, and subject, to the extent and in the manner set forth in this Article, in right of payment to the prior payment in full of all Senior Indebtedness of the Company. However, the Securities of each series will rank equally in right of payment with any Pari Passu Securities of the Company.

Each Holder of the Securities of each series, by its acceptance thereof, authorizes and directs the Trustee on its behalf to take such action as may be necessary or appropriate to effectuate the subordination as provided in this Article, and appoints the Trustee its attorney-in-fact for any and all such purposes.

SECTION 1502. Payment Over of Proceeds of Securities.

In the event (a) of any insolvency or bankruptcy proceedings or any receivership, liquidation, reorganization or other similar proceedings in respect of the Company or a substantial part of its property and assets, or of any proceedings for liquidation, dissolution or other winding up of the Company, whether or not involving insolvency or bankruptcy, or (b) subject to the provisions of Section 1503, that (i) a default shall have occurred with respect to the payment of principal of or interest on or other monetary amounts due and payable on any Senior Indebtedness of the Company, or (ii) there shall have occurred a default (other than a default in the payment of principal or interest or other monetary amounts due and payable) in respect of any Senior Indebtedness of the Company, as defined therein or in the instrument under which the same is outstanding, permitting the holder or holders thereof, or any other Person on its or their behalf to accelerate the maturity thereof (with notice or lapse of time, or both), and such default shall have continued beyond the period of grace, if any, in respect thereof, and, in the cases of subclauses (i) and (ii) of this clause (b), such default shall not have been cured or waived or shall not have ceased to exist, or (c) that the principal of and/or premium, if any, and/or accrued interest, if any, on the Securities of any series shall have been declared due and payable pursuant to Section 801 and such declaration shall not have been rescinded and annulled as provided in Section 802, then:

(1) the holders of all Senior Indebtedness of the Company shall first be entitled to receive payment of the full amount due thereon, or provision shall be made for such payment in money or money's worth, before the Holders of any of the Securities are entitled to receive a payment on account of the principal of, premium if any, or interest on the indebtedness evidenced by the Securities, including, without limitation, any payments made pursuant to Articles Four and Five;

(2) any payment by, or distribution of property or assets of, the Company of any kind or character, whether in cash, property or securities, to which any Holder or the Trustee would be entitled except for the provisions of this Article, shall be paid or delivered by the Person making such payment or distribution, whether a trustee in bankruptcy, a receiver or liquidating trustee or otherwise, directly to the holders of such Senior Indebtedness of the Company or their representative or representatives or to the trustee or trustees under any indenture under which any instruments evidencing any of such Senior Indebtedness of the Company may have been issued, ratably according to the aggregate amounts remaining unpaid on account of such Senior Indebtedness of the Company held or represented by each, to the extent necessary to make payment in full of all Senior Indebtedness of the Company remaining unpaid after giving effect to any concurrent payment or distribution (or provision therefor) to the holders of such Senior Indebtedness of the Company, before any payment or distribution is made to the Holders of the indebtedness evidenced by the Securities or to the Trustee under this Indenture; and

(3) in the event that, notwithstanding the foregoing, any payment by, or distribution of property or assets of, the Company of any kind or character, whether in cash, property or securities, in respect of principal of, or premium, if any, or interest on the Securities or in connection with any repurchase by the Company of the Securities, shall be received by the Trustee or any Holder before all Senior Indebtedness of the Company is paid in full, or provision is made for such payment in money or money's worth, such payment or distribution in respect of principal of, or premium, if any, or interest on the Securities or in connection with any repurchase by the Company of the Securities shall be paid over to the holders of such Senior Indebtedness of the Company or their representative or representatives or to the trustee or trustees under any indenture under which any instruments evidencing any such Senior Indebtedness of the Company may have been issued, ratably as aforesaid, for application to the payment of all Senior Indebtedness of the Company remaining unpaid until all such Senior Indebtedness of the Company shall have been paid in full, after giving effect to any concurrent payment or distribution (or provision therefor) to the holders of such Senior Indebtedness of the Company.

Notwithstanding the foregoing, at any time after the 123rd day following the date of deposit of cash or Eligible Obligations pursuant to Section 701 or 702 (provided all conditions set out in such Section shall have been satisfied), the funds so deposited and any interest thereon will not be subject to any rights of holders of Senior Indebtedness of the Company including, without limitation, those arising under this Article Fifteen; provided that no event described in clauses (e) and (f) of Section 801 with respect to the Company has occurred during such 123-day period.

For purposes of this Article only, the words "cash, property or securities" shall not be deemed to include shares of stock of the Company as reorganized or readjusted, or securities of the Company or any other Person provided for by a plan of reorganization or readjustment which are subordinate in right of payment to all Senior Indebtedness of the Company which may at the time be outstanding to the same extent as, or to a greater extent than, the Securities are so subordinated as provided in this Article. The consolidation of the Company with, or the merger of the Company into, another Person or the liquidation or dissolution of the Company following the conveyance or transfer of its property and assets as an entirety, or substantially as an entirety, to another Person upon the terms and conditions provided for in Article Eleven hereof shall not be deemed a dissolution, winding-up, liquidation or reorganization for the purposes of this Section 1502 if such other Person shall, as a part of such consolidation, merger, conveyance or transfer, comply with the conditions stated in Article Eleven hereof. Nothing in Section 1501 or in this Section 1502 shall apply to claims of, or payments to, the Trustee under or pursuant to Section 907.

SECTION 1503. Disputes with Holders of Certain Senior Indebtedness of the Company.

Any failure by the Company to make any payment on or perform any other obligation in respect of Senior Indebtedness of the Company, other than any indebtedness incurred by the Company or assumed or guaranteed, directly or indirectly, by the Company for money borrowed (or any deferral, renewal, extension or refunding thereof) or any other obligation as to which the provisions of this Section shall have been waived by the Company in the instrument or

instruments by which the Company incurred, assumed, guaranteed or otherwise created such indebtedness or obligation, shall not be deemed a default under clause (b) of Section 1502 if (i) the Company shall be disputing its obligation to make such payment or perform such obligation and (ii) either (A) no final judgment relating to such dispute shall have been issued against the Company which is in full force and effect and is not subject to further review, including a judgment that has become final by reason of the expiration of the time within which a party may seek further appeal or review, or (B) in the event that a judgment that is subject to further review or appeal has been issued, the Company shall in good faith be prosecuting an appeal or other proceeding for review and a stay or execution shall have been obtained pending such appeal or review.

SECTION 1504. Subrogation.

Senior Indebtedness of the Company shall not be deemed to have been paid in full unless the holders thereof shall have received cash (or securities or other property satisfactory to such holders) in full payment of such Senior Indebtedness of the Company then outstanding. Upon the payment in full of all Senior Indebtedness of the Company, the rights of the Holders of the Securities shall be subrogated to the rights of the holders of Senior Indebtedness of the Company to receive any further payments or distributions of cash, property or securities of the Company applicable to the holders of the Senior Indebtedness of the Company until all amounts owing on the Securities shall be paid in full; and such payments or distributions of cash, property or securities received by the Holders of the Securities, by reason of such subrogation, which otherwise would be paid or distributed to the holders of such Senior Indebtedness of the Company shall, as between the Company, its creditors other than the holders of Senior Indebtedness of the Company, and the Holders, be deemed to be a payment by the Company to or on account of Senior Indebtedness of the Company, it being understood that the provisions of this Article are and are intended solely for the purpose of defining the relative rights of the Holders, on the one hand, and the holders of the Senior Indebtedness of the Company, on the other hand.

SECTION 1505. Obligation of the Company Unconditional.

Nothing contained in this Article or elsewhere in this Indenture or in the Securities is intended to or shall impair, as among the Company, its creditors other than the holders of Senior Indebtedness of the Company and the Holders, the obligation of the Company, which is absolute and unconditional, to pay to the Holders the principal of, premium, if any, and interest on the Securities as and when the same shall become due and payable in accordance with their terms, or is intended to or shall affect the relative rights of the Holders and creditors of the Company other than the holders of Senior Indebtedness of the Company, nor shall anything herein or therein prevent the Trustee or any Holder from exercising all remedies otherwise permitted by applicable law upon default under this Indenture, subject to the rights, if any, under this Article of the holders of Senior Indebtedness of the Company in respect of cash, property or securities of the Company received upon the exercise of any such remedy.

Upon any payment or distribution of assets, cash or property or securities of the Company referred to in this Article, the Trustee and the Holders shall be entitled to rely conclusively upon any order or decree of a court of competent jurisdiction in which such

dissolution, winding up, liquidation or reorganization proceedings are pending for the purpose of ascertaining the Persons entitled to participate in such distribution, the holders of the Senior Indebtedness of the Company and other indebtedness of the Company, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon, and all other facts pertinent thereto or to this Article.

The Trustee shall be entitled to conclusively rely on the delivery to it of a written notice by a Person representing himself to be a holder of Senior Indebtedness of the Company (or a representative of such holder or a trustee under any indenture under which any instruments evidencing any such Senior Indebtedness of the Company may have been issued) to establish that such notice has been given by a holder of such Senior Indebtedness of the Company or such representative or trustee on behalf of such holder. In the event that the Trustee determines in good faith that further evidence is required with respect to the right of any Person as a holder of Senior Indebtedness, or its representative or representatives or trustee or trustees under any indenture under which any instruments evidencing any such Senior Indebtedness of the Company may have been issued, to participate in any payment or distribution pursuant to this Article, the Trustee may request such Person to furnish evidence to the reasonable satisfaction of the Trustee as to the amount of Senior Indebtedness of the Company held by such Person, the extent to which such Person is entitled to participate in such payment or distribution and any other facts pertinent to the right of such Person under this Article, and, if such evidence is not furnished, the Trustee may defer any payment to such Person pending judicial determination as to the right of such Person to receive such payment or distribution.

SECTION 1506. Priority of Senior Indebtedness of the Company Upon Maturity.

Upon the maturity of the principal of any Senior Indebtedness of the Company by lapse of time, acceleration or otherwise, all matured principal of Senior Indebtedness of the Company and interest, premium and other payment obligation, if any, thereon shall first be paid in full before any payment of principal or premium, if any, or interest, if any, is made upon the Securities or before any Securities can be acquired by the Company or any sinking fund payment is made with respect to the Securities (except that required sinking fund payments may be reduced by Securities acquired before such maturity of such Senior Indebtedness of the Company).

SECTION 1507. Trustee as Holder of Senior Indebtedness of the Company; Preservation of Trustee' Rights.

The Trustee in its individual capacity shall be entitled to all rights set forth in this Article with respect to any Senior Indebtedness of the Company at any time held by it, to the same extent as any other holder of Senior Indebtedness of the Company. Nothing in this Article shall deprive the Trustee of any of its rights as such holder.

Nothing in this Article shall apply to claims of, or payments to, the Trustee under or pursuant to Section 907.

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SECTION 1508. Notice to Trustee to Effectuate Subordination.

The Company shall give prompt written notice to the Trustee of any fact known to the Company which would prohibit the making of any payment to or by the Trustee in respect of the Securities. Failure to give such notice shall not affect the subordination of the Securities to Senior Indebtedness.

Notwithstanding the provisions of this Article or any other provision of this Indenture, the Trustee shall not be charged with knowledge of the existence of any facts which would prohibit the making of any payment of moneys to or by the Trustee unless and until the Trustee shall have received written notice thereof at the address specified in Section 105 from the Company, from a Holder or from a holder of any Senior Indebtedness of the Company or from any representative or representatives of such holder or any trustee or trustees under any indenture under which any instruments evidencing any such Senior Indebtedness of the Company may have been issued and, prior to the receipt of any such written notice, the Trustee shall be entitled, subject to Section 901, in all respects to assume that no such facts exist; provided, however, that, if a Responsible Officer of the Trustee shall not have received, at least three Business Days prior to the date upon which by the terms hereof any such money may become payable for any purpose, with respect to such moneys the notice provided for in this Section, then, anything herein contained to the contrary notwithstanding, the Trustee shall have full power and authority to receive such moneys and/or apply the same to the purpose for which they were received, and shall not be affected by any notice to the contrary, which may be received by it within three Business Days prior to such date; provided, however, that no such application shall affect the obligations under this Article of the persons receiving such moneys from the Trustee.

SECTION 1509. Modification, Extension, etc. of Senior Indebtedness of the Company.

The holders of Senior Indebtedness of the Company or their representative or representatives or the trustee or trustees under any indenture under which any instruments evidencing any such Senior Indebtedness of the Company may have been issued may, without affecting in any manner the subordination of the payment of the principal of and premium, if any, and interest, if any, on the Securities, at any time or from time to time and in their absolute discretion, agree with the Company to change the manner, place or terms of payment, change or extend the time of payment of, or renew or alter, any Senior Indebtedness of the Company, or amend or supplement any instrument pursuant to which any Senior Indebtedness of the Company is issued, or exercise or refrain from exercising any other of their rights under the Senior Indebtedness of the Company including, without limitation, the waiver of default thereunder, all without notice to or assent from the Holders or the Trustee.

SECTION 1510. Trustee Has No Fiduciary Duty to Holders of Senior Indebtedness of the Company.

With respect to the holders of Senior Indebtedness of the Company, the Trustee undertakes to perform or to observe only such of its covenants and objectives as are specifically set forth in this Indenture, and no implied covenants or obligations with respect to the holders of Senior Indebtedness of the Company shall be read into this Indenture against the Trustee. The Trustee shall not be deemed to owe any fiduciary duty to the holders of Senior Indebtedness of

the Company, and shall not be liable to any such holders if it shall mistakenly pay over or deliver to the Holders or the Company or any other Person, money or assets to which any holders of Senior Indebtedness of the Company shall be entitled by virtue of this Article or otherwise.

SECTION 1511. Paying Agents Other Than the Trustee.

In case at any time any Paying Agent other than the Trustee shall have been appointed by the Company and be then acting hereunder, the term "Trustee" as used in this Article shall in such case (unless the context shall otherwise require) be construed as extending to and including such Paying Agent within its meaning as fully for all intents and purposes as if such Paying Agent were named in this Article in addition to or in place of the Trustee; provided, however, that Sections 1507, 1508 and 1510 shall not apply to the Company if it acts as Paying Agent.

SECTION 1512. Rights of Holders of Senior Indebtedness of the Company Not Impaired.

No right of any present or future holder of Senior Indebtedness of the Company to enforce the subordination herein shall at any time or in any way be prejudiced or impaired by any act or failure to act on the part of the Company or by any noncompliance by the Company with the terms, provisions and covenants of this Indenture, regardless of any knowledge thereof any such holder may have or be otherwise charged with.

SECTION 1513. Effect of Subordination Provisions; Termination.

Notwithstanding anything contained herein to the contrary, other than as provided in the immediately succeeding sentence, all the provisions of this Indenture shall be subject to the provisions of this Article, so far as the same may be applicable thereto.

Notwithstanding anything contained herein to the contrary, the provisions of this Article Fifteen shall be of no further effect, and the Securities shall no longer be subordinated in right of payment to the prior payment of Senior Indebtedness of the Company, if, and to the extent, the Company shall have delivered to the Trustee a notice to such effect. Any such notice delivered by the Company shall not be deemed to be a supplemental indenture for purposes of Article Twelve.

ARTICLE SIXTEEN
Immunity of Incorporators, Stockholders, Officers and Directors

SECTION 1601. Liability Solely Corporate.

No recourse shall be had for the payment of the principal of or premium, if any, or interest, if any, on any Securities, or any part thereof, or for any claim based thereon or otherwise in respect thereof, or of the indebtedness represented thereby, or upon any obligation, covenant or agreement under this Indenture, against any incorporator, stockholder, officer or director, as such, past, present or future of the Company or of any predecessor or successor Person of the Company (either directly or through the Company or a predecessor or successor Person of either of them), whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly agreed and understood that this Indenture and all the Securities are solely corporate obligations, and that, except as

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otherwise provided as contemplated by Section 301, no personal liability whatsoever shall attach to, or be incurred by, any incorporator, stockholder, officer or director, past, present or future, of the Company or of any predecessor or successor Person of the Company, either directly or indirectly through the Company or of any predecessor or successor Person, because of the indebtedness hereby authorized or under or by reason of any of the obligations, covenants or agreements contained in this Indenture or in any of the Securities or to be implied herefrom or therefrom, and that any such personal liability is hereby expressly waived and released as a condition of, and as part of the consideration for, the execution of this Indenture and the issuance of the Securities.

This instrument may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

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IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed, in , , as of the day and year first above written.

_____,
as Issuer

By: _____
Name:

_____,
as Trustee

By: _____
Name: _____
Title: _____

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Exhibit 5.1

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May 23, 2014

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Chicago, Illinois 60680-5379

Exelon Generation Company, LLC
300 Exelon Way
Kennett Square, Pennsylvania, 19348

Commonwealth Edison Company
440 South LaSalle Street
Suite 3300
Chicago, Illinois 60605-1028

PECO Energy Company
2301 Market Street
Philadelphia, Pennsylvania 19101

Baltimore Gas and Electric Company
2 Center Plaza, 110 West Fayette Street,
Baltimore, Maryland 21201

Re: Registration Statement on Form S-3

Ladies and Gentlemen:

We refer to the Registration Statement on Form S-3 (the " Registration Statement ") being filed by Exelon Corporation, a Pennsylvania corporation (" Exelon "), Exelon Generation Company, LLC, a Pennsylvania limited liability company (" Generation "), Commonwealth Edison Company, an Illinois corporation (" ComEd "), PECO Energy Company, a Pennsylvania corporation (" PECO ") and Baltimore Gas and Electric Company, a Maryland corporation (" BGE "), with the Securities and Exchange Commission (the " Commission ") under the Securities Act of 1933, as amended (the " Act "), relating to an unlimited amount of (a) senior debt securities (" Exelon Senior Debt Securities "), subordinated debt securities (" Exelon Subordinated Debt Securities "), shares of common stock (" Exelon Common Stock "), stock purchase contracts (" Exelon Stock Purchase Contracts "), stock purchase units (" Exelon Stock Purchase Units "), shares of preferred stock (" Exelon Preferred Stock ") and depositary shares (" Exelon Depositary Shares "), which may be sold from time to time by Exelon Corporation, (b) senior debt securities (" Generation Debt Securities ") and preferred securities (" Generation Preferred Securities "), which may be sold from time to time by Exelon Generation Company, LLC, (c) first mortgage bonds (" ComEd Mortgage Bonds ") and notes (" ComEd Notes "), which may be sold from time to time by Commonwealth Edison Company, (d) shares of preferred stock (" PECO Preferred Stock ") and first and refunding mortgage bonds (" PECO Mortgage Bonds "), which may be sold from time to time by PECO

Energy Company and (e) unsecured debt securities (" BGE Unsecured Debt Securities "), senior secured bonds (" BGE Secured Debt Securities ") and preferred stock (" BGE Preferred Stock "), which may be sold from time to time by Baltimore Gas and Electric Company, in each case in amounts, at prices and on terms to be determined at the time of an offering (collectively, the " Securities ").

Unless otherwise specified in the applicable prospectus supplement, the Exelon Senior Debt Securities will be issued under an Indenture (the " Exelon Senior Indenture ") between Exelon and The Bank of New York Trust Company, National Association, as trustee, which will be governed by Pennsylvania law, and the Subordinated Indebtedness will be issued under an Indenture (the " Exelon Subordinated Indenture ") between Exelon and The Bank of New York Trust Company, National Association, as trustee, as trustee, which will be governed by Pennsylvania law.

Unless otherwise specified in the applicable prospectus supplement, the Generation Debt Securities will be issued under an Indenture (the " Generation Indenture ") between Generation and U.S. Bank National Association, as trustee, dated as of September 28, 2007.

Unless otherwise specified in the applicable prospectus supplement, the ComEd Mortgage Bonds will be issued under ComEd's Mortgage (the " ComEd Mortgage "), dated July 1, 1923, as amended and supplemented, between ComEd and BNY Mellon Trust Company of Illinois (current successor to Illinois Merchants Trust Company), as trustee, and D.G. Donovan, as co-trustee, which is governed by Illinois law, and the ComEd Notes will be issued under the Indenture (the " ComEd Senior Indenture "), dated as of September 1, 1987, as amended and supplemented, between ComEd and U.S. Bank National Association (current successor to Citibank, N.A.), as trustee, which is governed by New York law.

Unless otherwise specified in the applicable prospectus supplement, the PECO Mortgage Bonds will be issued under PECO's First and Refunding Mortgage (the " PECO Mortgage "), dated May 1, 1923, between The Counties Gas and Electric Company (predecessor to PECO) and Fidelity Trust Company, Trustee (now U.S. Bank National Association, as successor trustee), as amended and supplemented and as to be further amended and supplemented by one or more supplemental indentures creating the PECO Mortgage Bonds.

Unless otherwise specified in the applicable prospectus supplement, the BGE Unsecured Debt Securities will be issued under an Indenture relating to the unsecured debt securities, dated as of July 24, 2006, as supplemented by Supplemental Indenture No. 1 thereto dated as of October 13, 2009 (the " BGE Unsecured Indenture "), between BGE and Deutsche Bank Trust Company Americas, as trustee, which is governed by New York law, and the BGE Secured Debt Securities will be issued under an Indenture and Security Agreement between BGE and Deutsche Bank Trust Company Americas, as Trustee relating to the secured debt securities, dated as of July 9, 2009 (the " BGE Secured Indenture "), which is governed by New York law.

In rendering the opinions expressed below, we have examined originals or copies, certified or otherwise identified to our satisfaction, of the Registration Statement and all exhibits thereto and such corporate records and other agreements, documents and instruments, and such certificates or comparable documents of public officials and officers and representatives of the registrants and have made such inquiries of such officers and representatives and have considered such matters of law as we have deemed appropriate as the basis for the opinion hereinafter set forth. We have also assumed the authenticity of all documents submitted to us as originals, the genuineness of all signatures, the legal capacity of all persons and the conformity with the original documents of any copies thereof submitted to us for examination.

In rendering the opinions expressed below, we have assumed that (a) the Registration Statement has become effective under the Act, (b) a prospectus supplement with respect to the applicable Securities

shall have been filed with the Commission in compliance with the Act and the rules and regulations thereunder, (c) the applicable Securities have been duly and properly authorized for issuance, (d) all instruments relating to the applicable Securities have been duly and properly authorized and properly executed and delivered and (e) the terms of the applicable Securities have been duly and properly established in conformity with the applicable instruments so as not to violate any applicable law or result in a default under or breach of any agreement or instrument binding upon Exelon, Generation, ComEd, PECO or BGE, as applicable, and so as to comply with any requirement or restriction imposed by any court or governmental or regulatory body having jurisdiction over Exelon, Generation, ComEd, PECO or BGE, as applicable.

Based on the foregoing, we are of the opinion that:

1. When a series of Exelon Senior Debt Securities shall have been duly and properly executed and authenticated in accordance with the Exelon Senior Indenture and duly and properly issued and delivered by Exelon in the manner contemplated in any prospectus supplement relating thereto to the purchasers thereof against payment of the agreed consideration therefor, each series of Exelon Senior Debt Securities will constitute valid and binding obligations of Exelon, enforceable in accordance with their terms, subject to (i) bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other similar laws now or hereafter in effect relating to or affecting creditors' rights generally and (ii) general principles of equity (regardless of whether considered in a proceeding at law or in equity).

2. When a series of Exelon Subordinated Debt Securities shall have been duly and properly executed and authenticated in accordance with the Exelon Subordinated Indenture and duly and properly issued and delivered by Exelon in the manner contemplated in any prospectus supplement relating thereto to the purchasers thereof against payment of the agreed consideration therefor, each series of Subordinated Indebtedness will constitute valid and binding obligations of Exelon, enforceable in accordance with their terms, subject to (i) bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other similar laws now or hereafter in effect relating to or affecting creditors' rights generally and (ii) general principles of equity (regardless of whether considered in a proceeding at law or in equity).

3. When the shares of Exelon Common Stock have been duly and properly issued, sold and delivered as contemplated in any prospectus supplement relating thereto, the shares of Exelon Common Stock (including any Exelon Common Stock duly issued pursuant to Stock Purchase Contracts), will be legally issued, fully paid and non-assessable.

4. When the Exelon Stock Purchase Contracts have been duly and properly executed and issued in accordance with the Stock Purchase Contract Agreement relating to such Exelon Stock Purchase Contracts and issued and sold in the form and in the manner contemplated in any prospectus supplement relating thereto, such Exelon Stock Purchase Contracts will constitute valid and binding obligations of Exelon, enforceable in accordance with their terms, subject to (i) bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other similar laws now or hereafter in effect relating to or affecting creditors' rights generally and (ii) general principles of equity (regardless of whether considered in a proceeding at law or in equity).

5. When (a) the collateral has been deposited with the collateral agent in accordance with the applicable collateral arrangements and (b) the Exelon Stock Purchase Contracts have been duly and properly executed and issued in accordance with the Stock Purchase Contract Agreement relating to such Exelon Stock Purchase Contracts, and issued and sold in the form and in the manner contemplated in the any prospectus supplement relating thereto, the Exelon Stock Purchase Units will constitute valid and binding obligations of Exelon, enforceable in accordance with their terms, subject to (i) bankruptcy,

insolvency, reorganization, fraudulent transfer, moratorium and other similar laws now or hereafter in effect relating to or affecting creditors' rights generally and (ii) general principles of equity (regardless of whether considered in a proceeding at law or in equity).

6. When (a) a Statement with Respect to Shares of Exelon classifying the Exelon Preferred Stock and setting forth the terms thereof has been duly and properly authorized, executed and filed with the Secretary of the Commonwealth of Pennsylvania, Department of State and (b) the shares of Exelon Preferred Stock have been duly and properly issued and paid for in the manner contemplated in any prospectus supplement relating thereto, the shares of Exelon Preferred Stock will be legally issued, fully paid and non-assessable.

7. When (a) a Statement with Respect to Shares of Exelon classifying the Exelon Depositary Shares and setting forth the terms thereof has been duly and properly authorized, executed and filed with the Secretary of the Commonwealth of Pennsylvania, Department of State and (b) the Exelon Depositary Shares have been duly and properly issued and paid for in the manner contemplated in any prospectus supplement relating thereto, the shares of Exelon Depositary Shares will be legally issued, fully paid and non-assessable

8. When a series of Generation Debt Securities shall have been duly and properly executed and authenticated in accordance with the Generation Debt Indenture and duly and properly issued and delivered by Generation in the manner contemplated in the Registration Statement and any prospectus supplement relating thereto to the purchasers thereof against payment of the agreed consideration therefor, each series of Generation Debt Securities will constitute valid and binding obligations of Generation, enforceable in accordance with their terms, subject to (i) bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other similar laws now or hereafter in effect relating to or affecting creditors' rights generally and (ii) general principles of equity (regardless of whether considered in a proceeding at law or in equity).

9. When (a) Generation shall have duly executed and delivered an appropriate amendment to its Amended and Restated Operating Agreement authorizing the establishment of Generation Preferred Securities and (b) the Generation Preferred Securities have been duly and properly issued and paid for in the manner contemplated in any prospectus supplement relating thereto, the Generation Preferred Securities will be legally issued, fully paid and non-assessable.

10. When a series of ComEd Mortgage Bonds have been duly and properly executed and authenticated in accordance with the ComEd Mortgage and duly and properly issued and delivered by ComEd in the manner contemplated in any prospectus supplement relating thereto to the purchasers thereof against payment of the agreed consideration therefor, the ComEd Mortgage Bonds will constitute binding obligations of ComEd, subject to (i) bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other similar laws now or hereafter in effect relating to or affecting creditors' rights generally and (ii) general principles of equity (regardless of whether considered in a proceeding at law or in equity).

11. When a series of ComEd Notes have been duly and properly executed and authenticated in accordance with the ComEd Senior Indenture and duly and properly issued and delivered by ComEd in the manner contemplated in any prospectus supplement relating thereto to the purchasers thereof against payment of the agreed consideration therefor, the ComEd Notes will constitute binding obligations of ComEd, subject to (i) bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other similar laws now or hereafter in effect relating to or affecting creditors' rights generally and (ii) general principles of equity (regardless of whether considered in a proceeding at law or in equity).

12. When a series of PECO Mortgage Bonds have been duly and properly executed and authenticated in accordance with the PECO Mortgage and duly and properly issued and delivered by PECO in the manner contemplated in any prospectus supplement relating thereto to the purchasers thereof against payment of the agreed consideration therefor, the PECO Mortgage Bonds will constitute binding obligations of PECO, subject to (i) bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other similar laws now or hereafter in effect relating to or affecting creditors' rights generally and (ii) general principles of equity (regardless of whether considered in a proceeding at law or in equity).

13. When (a) a Statement with Respect to Shares of PECO classifying the PECO Preferred Stock and setting forth the terms thereof has been duly and properly authorized, executed and filed with the Secretary of the Commonwealth of Pennsylvania, Department of State and (b) the shares of PECO Preferred Stock have been duly and properly issued and paid for in the manner contemplated in any prospectus supplement relating thereto, the shares of PECO Preferred Stock will be legally issued, fully paid and non-assessable.

14. When a series of BGE Unsecured Debt Securities have been duly and properly executed and authenticated in accordance with the BGE Unsecured Indenture and duly and properly issued and delivered by BGE in the manner contemplated in any prospectus supplement relating thereto to the purchasers thereof against payment of the agreed consideration therefor, the BGE Unsecured Debt Securities will constitute binding obligations of BGE, subject to (i) bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other similar laws now or hereafter in effect relating to or affecting creditors' rights generally and (ii) general principles of equity (regardless of whether considered in a proceeding at law or in equity).

16. When a series of BGE Secured Debt Securities have been duly and properly executed and authenticated in accordance with the BGE Secured Indenture and duly and properly issued and delivered by BGE in the manner contemplated in any prospectus supplement relating thereto to the purchasers thereof against payment of the agreed consideration therefor, the BGE Secured Debt Securities will constitute binding obligations of BGE, subject to (i) bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other similar laws now or hereafter in effect relating to or affecting creditors' rights generally and (ii) general principles of equity (regardless of whether considered in a proceeding at law or in equity).

17. When (a) appropriate Articles Supplementary with respect to the BGE Preferred Stock to be issued and sold has been duly filed with the State Department of Assessments and Taxation of the State of Maryland and (b) the BGE Preferred Stock has been duly and properly issued and paid for in the manner contemplated in any prospectus supplement relating thereto, the BGE Preferred Stock will be validly issued, fully paid and non-assessable.

We express no opinion as to the law of any jurisdiction other than the laws of the Commonwealth of Pennsylvania, the State of Delaware, the State of Maryland, the State of Illinois and the State of New York. We did not find it necessary for the purposes of this opinion, and accordingly we do not purport to cover herein, the application of the securities or "Blue Sky" laws of the various states. We undertake no responsibility to update or supplement this opinion in response to changes in law or future events or circumstances.

This opinion is being furnished in accordance with the requirements of Item 601 of Regulation S-K promulgated under the Act, and no opinion is expressed herein as to any matter pertaining to the contents of the Registration Statement, other than as to the specific issues addressed herein, and no opinion may be inferred or implied beyond that expressly stated herein.

We consent to the filing of this opinion as Exhibit 5.1 to the Registration Statement and to the references to this firm under the heading "Legal Matters" in the Prospectus included in the Registration Statement. This opinion is not to be used, circulated, quoted, referred to or relied upon by any other person or for any other purpose without our prior written consent. In giving this consent, we do not thereby admit that we are "experts" within the meaning of the Securities Act of 1933, as amended.

Very truly yours,

/s/ Ballard Spahr LLP

Exhibit 12.1

Exelon Corporation
Ratio of Earnings to Fixed Charges

	2009	2010	2011	2012	2013	3 Months Ended March 31, 2014
Pre-tax income from continuing operations	4,418	4,221	3,952	1,798	2,773	39
Plus: Loss from equity investees	27	—	1	91	(10)	19
Less: Capitalized interest	(55)	(43)	(57)	(75)	(67)	(20)
Pre-tax income from continuing operations after adjustment for income or loss from equity investees and capitalized interest	4,390	4,178	3,896	1,814	2,696	38
Fixed Charges:						
Interest expensed and capitalized, amortization of debt discount and premium on all indebtedness	761	836	761	1,055	1,470	256
Interest component of rental expense (a)	230	241	237	310	269	76
Total fixed charges	991	1,077	998	1,331	1,705	332
Pre-tax income from continuing operations after adjustment for income or loss from equity investees and capitalized interest plus fixed charges	5,381	5,255	4,894	3,145	4,401	370
Ratio of earnings to fixed charges	5.4	4.9	4.9	2.3	2.6	1.1

(a) Represents one-third of rental expense relating to operating leases, which is a reasonable approximation of the interest factor.

Exelon Corporation
Ratio of Earnings to Fixed Charges and Preferred Stock Dividends

	2009	2010	2011	2012	2013	3 Months Ended March 31, 2014
Pre-tax income from continuing operations	4,418	4,221	3,952	1,798	2,773	39
Plus: Loss from equity investees	27	—	1	91	(10)	19
Less: Capitalized interest	(55)	(43)	(57)	(75)	(67)	(20)
Preference security dividend requirements	(7)	(7)	(6)	(26)	(32)	(1)
Pre-tax income from continuing operations after adjustment for income or loss from equity investees, capitalized interest and preference security dividend requirements	4,383	4,171	3,890	1,788	2,664	37
Fixed Charges:						
Interest expensed and capitalized, amortization of debt discount and premium on all indebtedness	761	836	761	1,055	1,470	256
Interest component of rental expense (a)	230	241	237	310	269	76
Preference security dividend requirements of consolidated subsidiaries	7	7	6	26	32	1
Total fixed charges	998	1,084	1,004	1,357	1,737	333
Pre-tax income from continuing operations after adjustment for income or loss from equity investees, capitalized interest and preference security dividend requirements plus fixed charges	5,381	5,255	4,894	3,145	4,401	370
Ratio of earnings to fixed charges and preferred stock dividends	5.4	4.8	4.9	2.3	2.5	1.1

(a) Represents one-third of rental expense relating to operating leases, which is a reasonable approximation of the interest factor.

Exhibit 12.2

Exelon Generation Company, LLC
Ratio of Earnings to Fixed Charges

	2009	2010	2011	2012	2013	3 Months Ended March 31, 2014
Pre-tax income from continuing operations	3,555	3,150	2,827	1,058	1,675	(384)
Plus: (Income) or loss from equity investees	3	—	1	91	(10)	19
Less: Capitalized interest	(49)	(38)	(49)	(67)	(54)	(15)
Pre-tax income from continuing operations after adjustment for income or loss from equity investees and capitalized interest	3,509	3,112	2,779	1,082	1,611	(380)
Fixed Charges:						
Interest expensed and capitalized, amortization of debt discount and premium on all indebtedness	162	191	219	402	445	105
Interest component of rental expense (a)	212	222	220	291	248	70
Total fixed charges	374	413	439	693	693	175
Pre-tax income from continuing operations after adjustment for income or loss from equity investees and capitalized interest plus fixed charges	3,883	3,525	3,218	1,775	2,304	(205)
Ratio of earnings to combined fixed charges	10.4	8.5	7.3	2.6	3.3	(1.2)(b)

(a) Represents one-third of rental expense relating to operating leases, which is a reasonable approximation of the interest factor.
(b) Due to the loss for the 3 months ended March 31, 2014, the ratio coverage was less than 1:1. Generation would have needed to generate additional earnings of $380 million to achieve a ratio coverage of 1:1

Exhibit 12.3

Commonwealth Edison Company
Ratio of Earnings to Fixed Charges

	2009	2010	2011	2012	2013	3 Months Ended March 31, 2014
Pre-tax income from continuing operations	602	693	666	618	401	163
Plus: Loss from equity investees	—	—	—	—	—	—
Less: Capitalized interest	(3)	(2)	(4)	(3)	(5)	(1)
Pre-tax income from continuing operations after adjustment for income or loss from equity investees and capitalized interest	599	691	662	615	396	162
Fixed Charges:						
Interest expensed and capitalized, amortization of debt discount and premium on all indebtedness (b)	301	368	330	297	575	79
Interest component of rental expense (a)	7	6	6	6	5	1
Total fixed charges	308	374	336	303	580	80
Pre-tax income from continuing operations after adjustment for income or loss from equity investees, capitalized interest plus fixed charges	907	1,065	998	918	976	242
Ratio of earnings to fixed charges	2.9	2.8	3.0	3.0	1.7	3.0

(a) Represents one-third of rental expense relating to operating leases, which is a reasonable approximation of the interest factor.

(b) Includes interest expense of $3 million for the quarter ended March 31, 2014 and $294 million for the year ended December 31, 2013, related to the remeasurement of the like-kind exchange tax position. See Note 14 - Income Taxes of the Exelon Form 10-K for the year ended December 31, 2013 for additional information regarding the like-kind exchange tax position.

Exhibit 12.4

PECO Energy Company
Ratio of Earnings to Fixed Charges

	2009	2010	2011	2012	2013	3 Months Ended March 31, 2014
Pre-tax income from continuing operations	499	476	535	508	557	123
Plus: Loss from equity investees	24	—	—	—	—	—
Less: Capitalized interest	(2)	(4)	(4)	(2)	(2)	(1)
Pre-tax income from continuing operations after adjustment for income or loss from equity investees and capitalized interest	521	472	531	506	555	122
Fixed Charges:						
Interest expensed and capitalized, amortization of debt discount and premium on all indebtedness	185	193	135	122	114	28
Interest component of rental expense (a)	9	10	9	9	7	2
Total fixed charges	194	203	144	131	121	30
Pre-tax income from continuing operations after adjustment for income or loss from equity investees and capitalized interest plus fixed charges	715	675	675	637	676	152
Ratio of earnings to combined fixed charges	3.7	3.3	4.7	4.9	5.6	5.1

(a) Represents one-third of rental expense relating to operating leases, which is a reasonable approximation of the interest factor.

PECO Energy Company
Ratio of Earnings to Fixed Charges and Preferred Stock Dividends

	2009	2010	2011	2012	2013
Pre-tax income from continuing operations	499	476	535	508	557
Plus: Loss from equity investees	24	—	—	—	—
Less: Capitalized interest	(2)	(4)	(4)	(2)	(2)
Preference security dividend requirements	(6)	(6)	(6)	(5)	(10)
Pre-tax income from continuing operations after adjustment for income or loss from equity investees, capitalized interest and preference security dividend requirements	515	466	525	501	545
Fixed Charges:					
Interest expensed and capitalized, amortization of debt discount and premium on all indebtedness	185	193	135	122	114
Interest component of rental expense (a)	9	10	9	9	7
Preference security dividend requirements	6	6	6	5	10
Total fixed charges	200	209	150	136	131
Pre-tax income from continuing operations after adjustment for income or loss from equity investees, capitalized interest and preference security dividend requirements plus fixed charges	715	675	675	637	676
Ratio of earnings to fixed charges and preferred stock dividends	3.6	3.2	4.5	4.7	5.2

(a) Represents one-third of rental expense relating to operating leases, which is a reasonable approximation of the interest factor.

Exhibit 12.5

BGE
Ratio of Earnings to Fixed Charges

	2009	2010	2011	2012	2013	3 Months Ended March 31, 2014
Pre-tax income from continuing operations	155	244	211	11	344	146
Less: Capitalized interest	(4)	(6)	(7)	(5)	(6)	(2)
Pre-tax income from continuing operations after adjustment for income or loss from equity investees and capitalized interest	151	238	204	6	338	144
Fixed Charges:						
Interest expensed and capitalized, amortization of debt discount and premium on all indebtedness	148	137	136	149	127	29
Interest component of rental expense (a)	5	4	5	4	4	1
Total fixed charges	153	141	141	153	131	30
Pre-tax income from continuing operations after adjustment for income or loss from equity investees, capitalized interest and preference security dividend requirements plus fixed charges	304	379	345	159	469	174
Ratio of earnings to fixed charges	2.0	2.7	2.4	1.0	3.6	5.8

(a) Represents one-third of rental expense relating to operating leases, which is a reasonable approximation of the interest factor.

BGE
Ratio of Earnings to Fixed Charges and Preference Stock Dividends

	2009	2010	2011	2012	2013	3 Months Ended March 31, 2014
Pre-tax income from continuing operations	155	244	211	11	344	146
Less: Capitalized interest	(4)	(6)	(7)	(5)	(6)	(2)
Preference security dividend requirements	(22)	(20)	(20)	(20)	(21)	(5)
Pre-tax income from continuing operations after adjustment for income or loss from equity investees and capitalized interest	129	218	184	(14)	317	139
Fixed Charges:						
Interest expensed and capitalized, amortization of debt discount and premium on all indebtedness	148	137	136	149	127	29
Interest component of rental expense (a)	5	4	5	4	4	1
Preference security dividend requirements	22	20	20	20	21	5
Total fixed charges	175	161	161	173	152	35
Pre-tax income from continuing operations after adjustment for income or loss from equity investees, capitalized interest and preference security dividend requirements plus fixed charges	304	379	345	159	469	174
Ratio of earnings to fixed charges and preferred stock dividends	1.7	2.4	2.1	0.9 (b)	3.1	5.0

(a) Represents one-third of rental expense relating to operating leases, which is a reasonable approximation of the interest factor.
(b) The ratio coverage was less than 1:1. The registrant must generate additional earnings of $14 million to achieve a coverage ratio of 1:1.

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in this Registration Statement on Form S-3 of Exelon Corporation of our report dated February 13, 2014, relating to the financial statements, financial statement schedules and the effectiveness of internal control over financial reporting, which appears in Exelon Corporation's Annual Report on Form 10-K for the year ended December 31, 2013. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

/s/ PricewaterhouseCoopers LLP
Chicago, Illinois
May 23, 2014

Exhibit 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in this Registration Statement on Form S-3 of Exelon Generation Company, LLC of our report dated February 13, 2014, relating to the financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in Exelon Generation Company's Annual Report on Form 10-K for the year ended December 31, 2013. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

/s/ PricewaterhouseCoopers LLP
Baltimore, Maryland
May 23, 2014

Exhibit 23.3

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in this Registration Statement on Form S-3 of Commonwealth Edison Company of our report dated February 13, 2014, relating to the financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in Commonwealth Edison Company's Annual Report on Form 10-K for the year ended December 31, 2013. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

/s/ PricewaterhouseCoopers LLP
Chicago, Illinois
May 23, 2014

Exhibit 23.4

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in this Registration Statement on Form S-3 of PECO Energy Company of our report dated February 13, 2014, relating to the financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in PECO Energy Company's Annual Report on Form 10-K for the year ended December 31, 2013. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

/s/ PricewaterhouseCoopers LLP
Philadelphia, Pennsylvania
May 23, 2014

Exhibit 23.5

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in this Registration Statement on Form S-3 of Baltimore Gas and Electric Company of our report dated February 13, 2014, relating to the financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in Baltimore Gas and Electric Company's Annual Report on Form 10-K for the year ended December 31, 2013. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

/s/ PricewaterhouseCoopers LLP
Baltimore, Maryland
May 23, 2014

Exhibit 25.1

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939
OF A CORPORATION DESIGNATED TO ACT AS TRUSTEE

☐ **CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF A TRUSTEE PURSUANT TO SECTION 305(b)(2)**

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.
(Exact name of trustee as specified in its charter)

(Jurisdiction of incorporation if not a U.S. national bank)	**95-3571558** (I.R.S. employer identification no.)
400 South Hope Street Suite 400 Los Angeles, California (Address of principal executive offices)	**90071** (Zip code)

Exelon Corporation
(Exact name of obligor as specified in its charter)

Pennsylvania (State or other jurisdiction of incorporation or organization)	**23-2990190** (I.R.S. employer identification no.)
10 South Dearborn Street P.O. Box 805379 Chicago, Illinois (Address of principal executive offices)	**60680-5379** (Zip code)

Senior Debt Securities
(Title of the indenture securities)

1. General information. Furnish the following information as to the trustee:

(a) Name and address of each examining or supervising authority to which it is subject.

Name	Address
Comptroller of the Currency United States Department of the Treasury	Washington, DC 20219
Federal Reserve Bank	San Francisco, CA 94105
Federal Deposit Insurance Corporation	Washington, DC 20429

(b) Whether it is authorized to exercise corporate trust powers.

Yes.

2. Affiliations with Obligor.

If the obligor is an affiliate of the trustee, describe each such affiliation.

None.

16. List of Exhibits.

Exhibits identified in parentheses below, on file with the Commission, are incorporated herein by reference as an exhibit hereto, pursuant to Rule 7a-29 under the Trust Indenture Act of 1939 (the "Act") and 17 C.F.R. 229.10(d).

1. A copy of the articles of association of The Bank of New York Mellon Trust Company, N.A., formerly known as The Bank of New York Trust Company, N.A. (Exhibit 1 to Form T-1 filed with Registration Statement No. 333-121948 and Exhibit 1 to Form T-1 filed with Registration Statement No. 333-152875).
2. A copy of certificate of authority of the trustee to commence business. (Exhibit 2 to Form T-1 filed with Registration Statement No. 333-121948).
3. A copy of the authorization of the trustee to exercise corporate trust powers (Exhibit 3 to Form T-1 filed with Registration Statement No. 333-152875).

4. A copy of the existing by-laws of the trustee (Exhibit 4 to Form T-1 filed with Registration Statement No. 333-162713).

6. The consent of the trustee required by Section 321(b) of the Act (Exhibit 6 to Form T-1 filed with Registration Statement No. 333-152875).

7. A copy of the latest report of condition of the Trustee published pursuant to law or to the requirements of its supervising or examining authority.

SIGNATURE

Pursuant to the requirements of the Act, the trustee, The Bank of New York Mellon Trust Company, N.A., a banking association organized and existing under the laws of the United States of America, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of Chicago, and State of Illinois, on the 19th day of May, 2014.

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.

By: /s/ R.Tarnas
Name: R. Tarnas
Title: Vice President

EXHIBIT 7

Consolidated Report of Condition of
THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.
of 400 South Hope Street, Suite 400, Los Angeles, CA 90071

At the close of business March 31, 2014, published in accordance with Federal regulatory authority instructions.

	Dollar amounts in thousands
ASSETS	
Cash and balances due from depository institutions:	
Noninterest-bearing balances and currency and coin	1,670
Interest-bearing balances	297
Securities:	
Held-to-maturity securities	0
Available-for-sale securities	688,739
Federal funds sold and securities purchased under agreements to resell:	
Federal funds sold	135,000
Securities purchased under agreements to resell	0
Loans and lease financing receivables:	
Loans and leases held for sale	0
Loans and leases, net of unearned income	0
LESS: Allowance for loan and lease losses	0
Loans and leases, net of unearned income and allowance	0
Trading assets	0
Premises and fixed assets (including capitalized leases)	3,890
Other real estate owned	0
Investments in unconsolidated subsidiaries and associated companies	0
Direct and indirect investments in real estate ventures	0
Intangible assets:	
Goodwill	856,313
Other intangible assets	123,966
Other assets	122,558
Total assets	$ 1,932,433

LIABILITIES	
Deposits:	
In domestic offices	692
Noninterest-bearing	692
Interest-bearing	0
Not applicable	
Federal funds purchased and securities sold under agreements to repurchase:	
Federal funds purchased	0
Securities sold under agreements to repurchase	0
Trading liabilities	0
Other borrowed money:	
(includes mortgage indebtedness and obligations under capitalized leases)	0
Not applicable	
Not applicable	
Subordinated notes and debentures	0
Other liabilities	250,184
Total liabilities	250,876
Not applicable	
EQUITY CAPITAL	
Perpetual preferred stock and related surplus	0
Common stock	1,000
Surplus (exclude all surplus related to preferred stock)	1,122,030
Not available	
Retained earnings	557,284
Accumulated other comprehensive income	1,243
Other equity capital components	0
Not available	
Total bank equity capital	1,681,557
Noncontrolling (minority) interests in consolidated subsidiaries	0
Total equity capital	1,681,557
Total liabilities and equity capital	1,932,433

I, Cherisse Waligura, CFO of the above-named bank do hereby declare that the Reports of Condition and Income (including the supporting schedules) for this report date have been prepared in conformance with the instructions issued by the appropriate Federal regulatory authority and are true to the best of my knowledge and belief.

Cherisse Waligura) CFO

We, the undersigned directors (trustees), attest to the correctness of the Report of Condition (including the supporting schedules) for this report date and declare that it has been examined by us and to the best of our knowledge and belief has been prepared in conformance with the instructions issued by the appropriate Federal regulatory authority and is true and correct.

Troy Kilpatrick, President)
Antonio I. Portuondo, Director) Directors (Trustees)
William D. Lindelof, Director)

Exhibit 25.2

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939
OF A CORPORATION DESIGNATED TO ACT AS TRUSTEE

☐ **CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF A TRUSTEE PURSUANT TO SECTION 305(b)(2)**

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.
(Exact name of trustee as specified in its charter)

(Jurisdiction of incorporation if not a U.S. national bank)	**95-3571558** (I.R.S. employer identification no.)
400 South Hope Street Suite 400 Los Angeles, California (Address of principal executive offices)	**90071** (Zip code)

Exelon Corporation
(Exact name of obligor as specified in its charter)

Pennsylvania (State or other jurisdiction of incorporation or organization)	**23-2990190** (I.R.S. employer identification no.)
10 South Dearborn Street P.O. Box 805379 Chicago, Illinois (Address of principal executive offices)	**60680-5379** (Zip code)

Subordinated Debt Securities
(Title of the indenture securities)

1. General information. Furnish the following information as to the trustee:

(a) Name and address of each examining or supervising authority to which it is subject.

Name	Address
Comptroller of the Currency United States Department of the Treasury	Washington, DC 20219
Federal Reserve Bank	San Francisco, CA 94105
Federal Deposit Insurance Corporation	Washington, DC 20429

(b) Whether it is authorized to exercise corporate trust powers.

Yes.

2. Affiliations with Obligor.

If the obligor is an affiliate of the trustee, describe each such affiliation.

None.

16. List of Exhibits.

Exhibits identified in parentheses below, on file with the Commission, are incorporated herein by reference as an exhibit hereto, pursuant to Rule 7a-29 under the Trust Indenture Act of 1939 (the "Act") and 17 C.F.R. 229.10(d).

1. A copy of the articles of association of The Bank of New York Mellon Trust Company, N.A., formerly known as The Bank of New York Trust Company, N.A. (Exhibit 1 to Form T-1 filed with Registration Statement No. 333-121948 and Exhibit 1 to Form T-1 filed with Registration Statement No. 333-152875).
2. A copy of certificate of authority of the trustee to commence business. (Exhibit 2 to Form T-1 filed with Registration Statement No. 333-121948).
3. A copy of the authorization of the trustee to exercise corporate trust powers (Exhibit 3 to Form T-1 filed with Registration Statement No. 333-152875).

4. A copy of the existing by-laws of the trustee (Exhibit 4 to Form T-1 filed with Registration Statement No. 333-162713).

6. The consent of the trustee required by Section 321(b) of the Act (Exhibit 6 to Form T-1 filed with Registration Statement No. 333-152875).

7. A copy of the latest report of condition of the Trustee published pursuant to law or to the requirements of its supervising or examining authority.

SIGNATURE

Pursuant to the requirements of the Act, the trustee, The Bank of New York Mellon Trust Company, N.A., a banking association organized and existing under the laws of the United States of America, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of Chicago, and State of Illinois, on the 19th day of May, 2014.

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.

By: /s/ R. Tarnas
Name: R. Tarnas
Title: Vice President

EXHIBIT 7

Consolidated Report of Condition of
THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.
of 400 South Hope Street, Suite 400, Los Angeles, CA 90071

At the close of business March 31, 2014, published in accordance with Federal regulatory authority instructions.

	Dollar amounts in thousands
ASSETS	
Cash and balances due from depository institutions:	
Noninterest-bearing balances and currency and coin	1,670
Interest-bearing balances	297
Securities:	
Held-to-maturity securities	0
Available-for-sale securities	688,739
Federal funds sold and securities purchased under agreements to resell:	
Federal funds sold	135,000
Securities purchased under agreements to resell	0
Loans and lease financing receivables:	
Loans and leases held for sale	0
Loans and leases, net of unearned income	0
LESS: Allowance for loan and lease losses	0
Loans and leases, net of unearned income and allowance	0
Trading assets	0
Premises and fixed assets (including capitalized leases)	3,890
Other real estate owned	0
Investments in unconsolidated subsidiaries and associated companies	0
Direct and indirect investments in real estate ventures	0
Intangible assets:	
Goodwill	856,313
Other intangible assets	123,966
Other assets	122,558
Total assets	$ 1,932,433

LIABILITIES	
Deposits:	
In domestic offices	692
Noninterest-bearing	692
Interest-bearing	0
Not applicable	
Federal funds purchased and securities sold under agreements to repurchase:	
Federal funds purchased	0
Securities sold under agreements to repurchase	0
Trading liabilities	0
Other borrowed money:	
(includes mortgage indebtedness and obligations under capitalized leases)	0
Not applicable	
Not applicable	
Subordinated notes and debentures	0
Other liabilities	250,184
Total liabilities	250,876
Not applicable	
EQUITY CAPITAL	
Perpetual preferred stock and related surplus	0
Common stock	1,000
Surplus (exclude all surplus related to preferred stock)	1,122,030
Not available	
Retained earnings	557,284
Accumulated other comprehensive income	1,243
Other equity capital components	0
Not available	
Total bank equity capital	1,681,557
Noncontrolling (minority) interests in consolidated subsidiaries	0
Total equity capital	1,681,557
Total liabilities and equity capital	1,932,433

I, Cherisse Waligura, CFO of the above-named bank do hereby declare that the Reports of Condition and Income (including the supporting schedules) for this report date have been prepared in conformance with the instructions issued by the appropriate Federal regulatory authority and are true to the best of my knowledge and belief.

Cherisse Waligura) CFO

We, the undersigned directors (trustees), attest to the correctness of the Report of Condition (including the supporting schedules) for this report date and declare that it has been examined by us and to the best of our knowledge and belief has been prepared in conformance with the instructions issued by the appropriate Federal regulatory authority and is true and correct.

Troy Kilpatrick, President)
Antonio I. Portuondo, Director) Directors (Trustees)
William D. Lindelof, Director)

Exhibit 25.3

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939
OF A CORPORATION DESIGNATED TO ACT AS TRUSTEE

☐ **Check if an Application to Determine Eligibility of a Trustee Pursuant to Section 305(b)(2)**

U.S. BANK NATIONAL ASSOCIATION

(Exact name of Trustee as specified in its charter)

31-0841368
I.R.S. Employer Identification No.

800 Nicollet Mall
Minneapolis, Minnesota
(Address of principal executive offices)

55402
(Zip Code)

George J. Rayzis
U.S. Bank National Association
50 South 16th Street, Suite 2000
Philadelphia, PA 19102
(215) 761-9317
(Name, address and telephone number of agent for service)

Exelon Generation Company, LLC
(Issuer with respect to the Securities)

Pennsylvania
(State or other jurisdiction of incorporation or organization)

23-3064219
(I.R.S. Employer Identification No.)

300 Exelon Way
Kennett Square, Pennsylvania
(Address of Principal Executive Offices)

19348
(Zip Code)

Senior Debt Securities
(Title of the Indenture Securities)

S1-SSA-0009 - 28407

FORM T-1

Item 1. **GENERAL INFORMATION .** Furnish the following information as to the Trustee.

a) *Name and address of each examining or supervising authority to which it is subject.*

Comptroller of the Currency
Washington, D.C.

b) *Whether it is authorized to exercise corporate trust powers.*

Yes

Item 2. **AFFILIATIONS WITH OBLIGOR.** *If the obligor is an affiliate of the Trustee, describe each such affiliation.*

None

Items 3-15 *Items 3-15 are not applicable because to the best of the Trustee's knowledge, the obligor is not in default under any Indenture for which the Trustee acts as Trustee.*

Item 16. **LIST OF EXHIBITS:** *List below all exhibits filed as a part of this statement of eligibility and qualification.*

1. A copy of the Articles of Association of the Trustee.*
2. A copy of the certificate of authority of the Trustee to commence business, attached as Exhibit 2.
3. A copy of the certificate of authority of the Trustee to exercise corporate trust powers, attached as Exhibit 3.
4. A copy of the existing bylaws of the Trustee.**
5. A copy of each Indenture referred to in Item 4. Not applicable.
6. The consent of the Trustee required by Section 321(b) of the Trust Indenture Act of 1939, attached as Exhibit 6.
7. Report of Condition of the Trustee as of March 31, 2014 published pursuant to law or the requirements of its supervising or examining authority, attached as Exhibit 7.

* Incorporated by reference to Exhibit 25.1 to Amendment No. 2 to registration statement on S-4, Registration Number 333-128217 filed on November 15, 2005.

** Incorporated by reference to Exhibit 25.1 to registration statement on S-4, Registration Number 333-166527 filed on May 5, 2010.

S1-SSA-0009 - 28408

SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939, as amended, the Trustee, U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, has duly caused this statement of eligibility and qualification to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of Philadelphia, State of Pennsylvania on the 23rd of May, 2014.

By: /s/ George J. Rayzis
George J. Rayzis
Vice President

Exhibit 2

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

CERTIFICATE OF CORPORATE EXISTENCE

I, Thomas J. Curry, Comptroller of the Currency, do hereby certify that:

1. The Comptroller of the Currency, pursuant to Revised Statutes 324, et seq, as amended, and 12 USC 1, et seq, as amended, has possession, custody, and control of all records pertaining to the chartering, regulation, and supervision of all national banking associations.

2. "U.S. Bank National Association," Cincinnati, Ohio (Charter No. 24), is a national banking association formed under the laws of the United States and is authorized thereunder to transact the business of banking on the date of this certificate.

IN TESTIMONY WHEREOF, today, February 27, 2013, I have hereunto subscribed my name and caused my seal of office to be affixed to these presents at the U.S. Department of the Treasury, in the City of Washington, District of Columbia.

Comptroller of the Currency

Exhibit 3

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

CERTIFICATION OF FIDUCIARY POWERS

I, Thomas J. Curry, Comptroller of the Currency, do hereby certify that:

1. The Office of the Comptroller of the Currency, pursuant to Revised Statutes 324, et seq, as amended, and 12 USC 1, et seq, as amended, has possession, custody, and control of all records pertaining to the chartering, regulation, and supervision of all national banking associations.

2. "U.S. Bank National Association," Cincinnati, Ohio (Charter No. 24), was granted, under the hand and seal of the Comptroller, the right to act in all fiduciary capacities authorized under the provisions of the Act of Congress approved September 28, 1962, 76 Stat. 668, 12 USC 92a, and that the authority so granted remains in full force and effect on the date of this certificate.

IN TESTIMONY WHEREOF, today, February 27, 2013, I have hereunto subscribed my name and caused my seal of office to be affixed to these presents at the U.S. Department of the Treasury, in the City of Washington, District of Columbia.

Comptroller of the Currency

Exhibit 6

CONSENT

In accordance with Section 321(b) of the Trust Indenture Act of 1939, the undersigned, U.S. BANK NATIONAL ASSOCIATION hereby consents that reports of examination of the undersigned by Federal, State, Territorial or District authorities may be furnished by such authorities to the Securities and Exchange Commission upon its request therefor.

Dated: May 23, 2014

By: /s/ George J. Rayzis
George J. Rayzis
Vice President

Exhibit 7
U.S. Bank National Association
Statement of Financial Condition
As of 3/31/2014

($000's)

	3/31/2014
Assets	
Cash and Balances Due From Depository Institutions	$ 7,390,563
Securities	84,977,518
Federal Funds	36,998
Loans & Lease Financing Receivables	234,549,731
Fixed Assets	4,726,552
Intangible Assets	13,234,790
Other Assets	22,187,278
Total Assets	**$367,103,430**
Liabilities	
Deposits	$270,081,137
Fed Funds	3,856,384
Treasury Demand Notes	0
Trading Liabilities	422,782
Other Borrowed Money	35,507,326
Acceptances	0
Subordinated Notes and Debentures	4,623,000
Other Liabilities	11,663,853
Total Liabilities	**$326,154,482**
Equity	
Common and Preferred Stock	18,200
Surplus	14,266,409
Undivided Profits	25,808,807
Minority Interest in Subsidiaries	$ 855,532
Total Equity Capital	**$ 40,948,948**
Total Liabilities and Equity Capital	**$367,103,430**

Exhibit 25.4

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939
OF A CORPORATION DESIGNATED TO ACT AS TRUSTEE

☐ **Check if an Application to Determine Eligibility of a Trustee Pursuant to Section 305(b)(2)**

U.S. BANK NATIONAL ASSOCIATION

(Exact name of Trustee as specified in its charter)

31-0841368
I.R.S. Employer Identification No.

800 Nicollet Mall
Minneapolis, Minnesota
(Address of principal executive offices)

55402
(Zip Code)

George J. Rayzis
U.S. Bank National Association
50 South 16 th Street, Suite 2000
Philadelphia, PA 19102
(215) 761-9317
(Name, address and telephone number of agent for service)

PECO Energy Company
(Issuer with respect to the Securities)

Pennsylvania
(State or other jurisdiction of incorporation or organization)

23-0970240
(I.R.S. Employer Identification No.)

2301 Market Street
Philadelphia, PA
(Address of Principal Executive Offices)

19101
(Zip Code)

First and Refunding Mortgage Bonds
(Title of the Indenture Securities)

FORM T-1

Item 1. **GENERAL INFORMATION .** Furnish the following information as to the Trustee.

a) *Name and address of each examining or supervising authority to which it is subject.*

Comptroller of the Currency
Washington, D.C.

b) *Whether it is authorized to exercise corporate trust powers.*

Yes

Item 2. **AFFILIATIONS WITH OBLIGOR.** *If the obligor is an affiliate of the Trustee, describe each such affiliation.*

None

Items 3-15 *Items 3-15 are not applicable because to the best of the Trustee's knowledge, the obligor is not in default under any Indenture for which the Trustee acts as Trustee.*

Item 16. **LIST OF EXHIBITS:** *List below all exhibits filed as a part of this statement of eligibility and qualification.*

1. A copy of the Articles of Association of the Trustee.*
2. A copy of the certificate of authority of the Trustee to commence business, attached as Exhibit 2.
3. A copy of the certificate of authority of the Trustee to exercise corporate trust powers, attached as Exhibit 3.
4. A copy of the existing bylaws of the Trustee.**
5. A copy of each Indenture referred to in Item 4. Not applicable.
6. The consent of the Trustee required by Section 321(b) of the Trust Indenture Act of 1939, attached as Exhibit 6.
7. Report of Condition of the Trustee as of March 31, 2014 published pursuant to law or the requirements of its supervising or examining authority, attached as Exhibit 7.

* Incorporated by reference to Exhibit 25.1 to Amendment No. 2 to registration statement on S-4, Registration Number 333-128217 filed on November 15, 2005.

** Incorporated by reference to Exhibit 25.1 to registration statement on S-4, Registration Number 333-166527 filed on May 5, 2010.

S1-SSA-0009 - 28415

SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939, as amended, the Trustee, U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, has duly caused this statement of eligibility and qualification to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of Philadelphia, State of Pennsylvania on the 23rd of May, 2014.

By: /s/ George J. Rayzis
George J. Rayzis
Vice President

Exhibit 2

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

CERTIFICATE OF CORPORATE EXISTENCE

I, Thomas J. Curry, Comptroller of the Currency, do hereby certify that:

1. The Comptroller of the Currency, pursuant to Revised Statutes 324, et seq, as amended, and 12 USC 1, et seq, as amended, has possession, custody, and control of all records pertaining to the chartering, regulation, and supervision of all national banking associations.

2. "U.S. Bank National Association," Cincinnati, Ohio (Charter No. 24), is a national banking association formed under the laws of the United States and is authorized thereunder to transact the business of banking on the date of this certificate.

IN TESTIMONY WHEREOF, today, February 27, 2013, I have hereunto subscribed my name and caused my seal of office to be affixed to these presents at the U.S. Department of the Treasury, in the City of Washington, District of Columbia.

Comptroller of the Currency

Exhibit 3

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

CERTIFICATION OF FIDUCIARY POWERS

I, Thomas J. Curry, Comptroller of the Currency, do hereby certify that:

1. The Office of the Comptroller of the Currency, pursuant to Revised Statutes 324, et seq, as amended, and 12 USC 1, et seq, as amended, has possession, custody, and control of all records pertaining to the chartering, regulation, and supervision of all national banking associations.

2. "U.S. Bank National Association," Cincinnati, Ohio (Charter No. 24), was granted, under the hand and seal of the Comptroller, the right to act in all fiduciary capacities authorized under the provisions of the Act of Congress approved September 28, 1962, 76 Stat. 668, 12 USC 92a, and that the authority so granted remains in full force and effect on the date of this certificate.

IN TESTIMONY WHEREOF, today, February 27, 2013, I have hereunto subscribed my name and caused my seal of office to be affixed to these presents at the U.S. Department of the Treasury, in the City of Washington, District of Columbia.

Comptroller of the Currency

Exhibit 6

CONSENT

In accordance with Section 321(b) of the Trust Indenture Act of 1939, the undersigned, U.S. BANK NATIONAL ASSOCIATION hereby consents that reports of examination of the undersigned by Federal, State, Territorial or District authorities may be furnished by such authorities to the Securities and Exchange Commission upon its request therefor.

Dated: May 23, 2014

By: /s/ George J. Rayzis
George J. Rayzis
Vice President

Exhibit 7
U.S. Bank National Association
Statement of Financial Condition
As of 3/31/2014

($000's)

	3/31/2014
Assets	
Cash and Balances Due From Depository Institutions	$ 7,390,563
Securities	84,977,518
Federal Funds	36,998
Loans & Lease Financing Receivables	234,549,731
Fixed Assets	4,726,552
Intangible Assets	13,234,790
Other Assets	22,187,278
Total Assets	**$367,103,430**
Liabilities	
Deposits	$270,081,137
Fed Funds	3,856,384
Treasury Demand Notes	0
Trading Liabilities	422,782
Other Borrowed Money	35,507,326
Acceptances	0
Subordinated Notes and Debentures	4,623,000
Other Liabilities	11,663,853
Total Liabilities	**$326,154,482**
Equity	
Common and Preferred Stock	18,200
Surplus	14,266,409
Undivided Profits	25,808,807
Minority Interest in Subsidiaries	$ 855,532
Total Equity Capital	**$ 40,948,948**
Total Liabilities and Equity Capital	**$367,103,430**

Exhibit 25.5

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939
OF A CORPORATION DESIGNATED TO ACT AS TRUSTEE

☐ **CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF A TRUSTEE PURSUANT TO SECTION 305(b)(2)**

DEUTSCHE BANK TRUST COMPANY AMERICAS
(formerly BANKERS TRUST COMPANY)
(Exact name of trustee as specified in its charter)

NEW YORK (Jurisdiction of Incorporation or organization if not a U.S. national bank)	**13-4941247** (I.R.S. Employer Identification no.)
60 WALL STREET **NEW YORK, NEW YORK** (Address of principal executive offices)	**10005** (Zip Code)

Deutsche Bank Trust Company Americas
Attention: Lynne Malina
Legal Department
60 Wall Street, 37th Floor
New York, New York 10005
(212) 250 – 0677
(Name, address and telephone number of agent for service)

Baltimore Gas and Electric Company
(Exact name of obligor as specified in its charter)

Maryland (State or other jurisdiction of incorporation or organization)	**52-0280210** (IRS Employer Identification No.)
2 Center Plaza, 110 West Fayette Street, **Baltimore, Maryland** (Address of principal executive offices)	**21201** (Zip Code)

Debt Securities
(Title of the Indenture securities)

S1-SSA-0009 - 28421

Item 1. General Information.

Furnish the following information as to the trustee.

(a) Name and address of each examining or supervising authority to which it is subject.

Name	Address
Federal Reserve Bank (2nd District)	New York, NY
Federal Deposit Insurance Corporation	Washington, D.C.
New York State Banking Department	Albany, NY

(b) Whether it is authorized to exercise corporate trust powers.

Yes.

Item 2. Affiliations with Obligor.

If the obligor is an affiliate of the Trustee, describe each such affiliation.

None.

Item 3. -15. Not Applicable

Item 16. List of Exhibits.

Exhibit 1 - Restated Organization Certificate of Bankers Trust Company dated August 6, 1998, Certificate of Amendment of the Organization Certificate of Bankers Trust Company dated September 25, 1998, Certificate of Amendment of the Organization Certificate of Bankers Trust Company dated December 16, 1998, and Certificate of Amendment of the Organization Certificate of Bankers Trust Company dated February 27, 2002 - Incorporated herein by reference to Exhibit 1 filed with Form T-1 Statement, Registration No. 333-157637-01.

Exhibit 2 - Certificate of Authority to commence business - Incorporated herein by reference to Exhibit 2 filed with Form T-1 Statement, Registration No. 333-157637-01.

Exhibit 3 - Authorization of the Trustee to exercise corporate trust powers - Incorporated herein by reference to Exhibit 3 filed with Form T-1 Statement, Registration No. 333-157637-01.

Exhibit 4 - Existing By-Laws of Deutsche Bank Trust Company Americas, as amended on April 15, 2002 business - Incorporated herein by reference to Exhibit 4 filed with Form T-1 Statement, Registration No. 333-157637-01.

Exhibit 5 - Not applicable.

Exhibit 6 - Consent of Bankers Trust Company required by Section 321(b) of the Act. - business - Incorporated herein by reference to Exhibit 6 filed with Form T-1 Statement, Registration No. 333-157637-01.

Exhibit 7 - The latest report of condition of Deutsche Bank Trust Company Americas dated as of December 31, 2013. Copy attached.

Exhibit 8 - Not Applicable.

Exhibit 9 - Not Applicable.

SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939, as amended, the trustee, Deutsche Bank Trust Company Americas, a corporation organized and existing under the laws of the State of New York, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in The City of New York, and State of New York, on this 6th day of May, 2014.

DEUTSCHE BANK TRUST COMPANY AMERICAS

By: /s/ CAROL NG
CAROL NG
VICE PRESIDENT

DEUTSCHE BANK TRUST COMPANY AMERICAS
Legal Title of Bank
NEW YORK
City
NY 10005
State Zip Code
FDIC Certificate Number: 00623

Consolidated Report of Condition for Insured Banks and Savings Associations for December 31, 2013

All schedules are to be reported in thousands of dollars. Unless otherwise indicated, report the amount outstanding as of the last business day of the quarter.

Schedule RC—Balance Sheet

Dollar Amounts in Thousands			RCFD	Tril | Bil | Mil | Thou	
Assets					
1. Cash and balances due from depository institutions (from Schedule RC-A):					
a. Noninterest-bearing balances and currency and coin (1)			0081	134,000	1.a
b. Interest-bearing balances (2)			0071	18,845,000	1.b
2. Securities:					
a. Held-to-maturity securities (from Schedule RC-B, column A)			1754	0	2.a
b. Available-for-sale securities (from Schedule RC-B, column D)			1773	14,000	2.b
3. Federal funds sold and securities purchased under agreements to resell:			RCON		
a. Federal funds sold in domestic offices			B987	123,000	3.a
			RCFD		
b. Securities purchased under agreements to resell (3)			B989	15,200,000	3.b
4. Loans and lease financing receivables (from Schedule RC-C):					
a. Loans and leases held for sale			5369	0	4.a
b. Loans and leases, net of unearned income	B528	19,907,000			4.b
c. LESS: Allowance for loan and lease losses	3123	69,000			4.c
d. Loans and leases, net of unearned income and allowance (item 4.b minus 4.c)			B529	19,838,000	4.d
5. Trading assets (from Schedule RC-D)			3545	362,000	5
6. Premises and fixed assets (including capitalized leases)			2145	43,000	6
7. Other real estate owned (from Schedule RC-M)			2150	2,000	7
8. Investments in unconsolidated subsidiaries and associated companies			2130	0	8
9. Direct and indirect investments in real estate ventures			3656	0	9
10. Intangible assets:					
a. Goodwill			3163	0	10.a
b. Other intangible assets (from Schedule RC-M)			0426	44,000	10.b
11. Other assets (from Schedule RC-F)			2160	1,154,000	11
12. Total assets (sum of items 1 through 11)			2170	55,759,000	12

(1) Includes cash items in process of collection and unposted debits.
(2) Includes time certificates of deposit not held for trading.
(3) Includes all securities resale agreements in domestic and foreign offices, regardless of maturity.

Schedule RC—Continued

Dollar Amounts in Thousands			RCON	Trl | Bil | Mil | Thou	
Liabilities					
13. Deposits:					
a. In domestic offices (sum of totals of columns A and C from Schedule RC-E, part I)			2200	38,271,000	13.a
(1) Noninterest-bearing (4)	6631	26,730,000			13.a.1
(2) Interest-bearing	6636	11,541,000			13.a.2
b. In foreign offices, Edge and Agreement subsidiaries, and IBFs			RCFN		
(from Schedule RC-E, part II)			2200	2,715,000	13.b
(1) Noninterest-bearing	6631	290,000			13.b.1
(2) Interest-bearing	6636	2,425,000			13.b.2
14. Federal funds purchased and securities sold under agreements to repurchase:			RCON		
a. Federal funds purchased in domestic offices (5)			B993	3,940,000	14.a
			RCFD		
b. Securities sold under agreements to repurchase (6)			B995	0	14.b
15. Trading liabilities (from Schedule RC-D)			3548	11,000	15
16. Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases) (from Schedule RC-M)			3190	59,000	16
17. and 18. Not applicable					

(4) Includes noninterest-bearing demand, time, and savings deposits.
(5) Report overnight Federal Home Loan Bank advances in Schedule RC, item 16, "Other borrowed money."
(6) Includes all securities repurchase agreements in domestic and foreign offices, regardless of maturity.

Dollar Amounts in Thousands	RCFD	Trl | Bil | Mil | Thou	
Liabilities—Continued			
19. Subordinated notes and debentures (1)	3200	0	19
20. Other liabilities (from Schedule RC-G)	2930	1,444,000	20
21. Total liabilities (sum of items 13 through 20)	2948	46,440,000	21
22. Not applicable			
Equity Capital			
Bank Equity Captal			
23. Perpetual preferred stock and related surplus	3838	0	23
24. Common stock	3230	2,127,000	24
25. Surplus (excludes all surplus related to preferred stock)	3839	594,000	25
26. a. Retained earnings	3632	6,313,000	26.a
b. Accumulated other comprehensive income (2)	B530	82,000	26.b
c. Other equity capital components (3)	A130	0	26.c
27. a. Total bank equity capital (sum of items 23 through 26.c)	3210	9,116,000	27.a
b. Noncontrolling (minority) interests in consolidated subsidiaries	3000	203,000	27.b
28. Total equity capital (sum of items 27.a and 27.b)	G105	9,319,000	28
29. Total liabilities and equity capital (sum of items 21 and 28)	3300	55,759,000	29

Memoranda

To be reported with the March Report of Condition.

	RCFD	Number	
1. Indicate in the box at the right the number of the statement below that best describes the most comprehensive level of auditing work performed for the bank by independent external auditors as of any date during 2012	6724	N/A	M.1

1 = Independent audit of the bank conducted in accordance with generally accepted auditing standards by a certified public accounting firm which submits a report on the bank
2 = Independent audit of the bank's parent holding company conducted in accordance with generally accepted auditing standards by a certified public accounting firm which submits a report on the consolidated holding company (but not on the bank separately)
3 = Attestation on bank management's assertion on the effectiveness of the bank's internal control over financial reporting by a certified public accounting firm.
4 = Directors' examination of the bank conducted in accordance with generally accepted auditing standards by a certified public accounting firm (may be required by state chartering authority)
5 = Directors' examination of the bank performed by other external auditors (may be required by state chartering authority)
6 = Review of the bank's financial statements by external auditors
7 = Compilation of the bank's financial statements by external auditors
8 = Other audit procedures (excluding tax preparation work)
9 = No external audit work

To be reported with the March Report of Condition.

	RCON	MM / DD	
2. Bank's fiscal year-end date	8678	N/A	M.2

(1) Includes limited-life preferred stock and related surplus.
(2) Includes, but is not limited to, net unrealized holding gains (losses) on available-for-sale securities, accumulated net gains (losses) on cash flow hedges, cumulative foreign currency translation adjustments, and accumulated defined benefit pension and other post retirement plan adjustments.
(3) Includes treasury stock and unearned Employee Stock Ownership Plan shares.

Exhibit 25.6

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939
OF A CORPORATION DESIGNATED TO ACT AS TRUSTEE

☐ **CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF A TRUSTEE PURSUANT TO SECTION 305(b)(2)**

DEUTSCHE BANK TRUST COMPANY AMERICAS

(formerly BANKERS TRUST COMPANY)
(Exact name of trustee as specified in its charter)

NEW YORK (Jurisdiction of Incorporation or organization if not a U.S. national bank)	**13-4941247** (I.R.S. Employer Identification no.)
60 WALL STREET **NEW YORK, NEW YORK** (Address of principal executive offices)	**10005** (Zip Code)

Deutsche Bank Trust Company Americas
Attention: Lynne Malina
Legal Department
60 Wall Street, 37th Floor
New York, New York 10005
(212) 250 – 0677
(Name, address and telephone number of agent for service)

Baltimore Gas and Electric Company
(Exact name of obligor as specified in its charter)

Maryland (State or other jurisdiction of incorporation or organization)	**52-0280210** (IRS Employer Identification No.)
2 Center Plaza, 110 West Fayette Street, **Baltimore, Maryland** (Address of principal executive offices)	**21201** (Zip Code)

Senior Secured Bonds
(Title of the Indenture securities)

S1-SSA-0009 - 28428

Item 1. General Information.

Furnish the following information as to the trustee.

(a) Name and address of each examining or supervising authority to which it is subject.

Name	Address
Federal Reserve Bank (2nd District)	New York, NY
Federal Deposit Insurance Corporation	Washington, D.C.
New York State Banking Department	Albany, NY

(b) Whether it is authorized to exercise corporate trust powers.

Yes.

Item 2. Affiliations with Obligor.

If the obligor is an affiliate of the Trustee, describe each such affiliation.

None.

Item 3. -15. Not Applicable

Item 16. List of Exhibits.

Exhibit 1 - Restated Organization Certificate of Bankers Trust Company dated August 6, 1998, Certificate of Amendment of the Organization Certificate of Bankers Trust Company dated September 25, 1998, Certificate of Amendment of the Organization Certificate of Bankers Trust Company dated December 16, 1998, and Certificate of Amendment of the Organization Certificate of Bankers Trust Company dated February 27, 2002 - Incorporated herein by reference to Exhibit 1 filed with Form T-1 Statement, Registration No. 333-157637-01.

Exhibit 2 - Certificate of Authority to commence business - Incorporated herein by reference to Exhibit 2 filed with Form T-1 Statement, Registration No. 333-157637-01.

Exhibit 3 - Authorization of the Trustee to exercise corporate trust powers - Incorporated herein by reference to Exhibit 3 filed with Form T-1 Statement, Registration No. 333-157637-01.

Exhibit 4 - Existing By-Laws of Deutsche Bank Trust Company Americas, as amended on April 15, 2002 business - Incorporated herein by reference to Exhibit 4 filed with Form T-1 Statement, Registration No. 333-157637-01.

Exhibit 5 - Not applicable.

Exhibit 6 - Consent of Bankers Trust Company required by Section 321(b) of the Act. - business - Incorporated herein by reference to Exhibit 6 filed with Form T-1 Statement, Registration No. 333-157637-01.

Exhibit 7 - The latest report of condition of Deutsche Bank Trust Company Americas dated as of December 31, 2013. Copy attached.

Exhibit 8 - Not Applicable.

Exhibit 9 - Not Applicable.

SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939, as amended, the trustee, Deutsche Bank Trust Company Americas, a corporation organized and existing under the laws of the State of New York, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in The City of New York, and State of New York, on this 6th day of May, 2014.

DEUTSCHE BANK TRUST COMPANY AMERICAS

By: /s/ CAROL NG
CAROL NG
VICE PRESIDENT

DEUTSCHE BANK TRUST COMPANY AMERICAS
Legal Title of Bank
NEW YORK
City
NY 10005
State Zip Code
FDIC Certificate Number: 00623

Consolidated Report of Condition for Insured Banks and Savings Associations for December 31, 2013

All schedules are to be reported in thousands of dollars. Unless otherwise indicated, report the amount outstanding as of the last business day of the quarter.

Schedule RC—Balance Sheet

Dollar Amounts in Thousands			RCFD	Tril | Bil | Mil | Thou	
Assets					
1. Cash and balances due from depository institutions (from Schedule RC-A):					
a. Noninterest-bearing balances and currency and coin (1)			0081	134,000	1.a
b. Interest-bearing balances (2)			0071	18,845,000	1.b
2. Securities:					
a. Held-to-maturity securities (from Schedule RC-B, column A)			1754	0	2.a
b. Available-for-sale securities (from Schedule RC-B, column D)			1773	14,000	2.b
3. Federal funds sold and securities purchased under agreements to resell:			RCON		
a. Federal funds sold in domestic offices			B987	123,000	3.a
			RCFD		
b. Securities purchased under agreements to resell (3)			B989	15,200,000	3.b
4. Loans and lease financing receivables (from Schedule RC-C):					
a. Loans and leases held for sale			5369	0	4.a
b. Loans and leases, net of unearned income	B528	19,907,000			4.b
c. LESS: Allowance for loan and lease losses	3123	69,000			4.c
d. Loans and leases, net of unearned income and allowance (item 4.b minus 4.c)			B529	19,838,000	4.d
5. Trading assets (from Schedule RC-D)			3545	362,000	5
6. Premises and fixed assets (including capitalized leases)			2145	43,000	6
7. Other real estate owned (from Schedule RC-M)			2150	2,000	7
8. Investments in unconsolidated subsidiaries and associated companies			2130	0	8
9. Direct and indirect investments in real estate ventures			3656	0	9
10. Intangible assets:					
a. Goodwill			3163	0	10.a
b. Other intangible assets (from Schedule RC-M)			0426	44,000	10.b
11. Other assets (from Schedule RC-F)			2160	1,154,000	11
12. Total assets (sum of items 1 through 11)			2170	55,759,000	12

(1) Includes cash items in process of collection and unposted debits.
(2) Includes time certificates of deposit not held for trading.
(3) Includes all securities resale agreements in domestic and foreign offices, regardless of maturity.

Schedule RC—Continued

Dollar Amounts in Thousands			RCON	Tril | Bil | Mil | Thou	
Liabilities					
13. Deposits:					
a. In domestic offices (sum of totals of columns A and C from Schedule RC-E, part I)			2200	38,271,000	13.a
(1) Noninterest-bearing (4)	6631	26,730,000			13.a.1
(2) Interest-bearing	6636	11,541,000			13.a.2
b. In foreign offices, Edge and Agreement subsidiaries, and IBFs			RCFN		
(from Schedule RC-E, part II)			2200	2,715,000	13.b
(1) Noninterest-bearing	6631	290,000			13.b.1
(2) Interest-bearing	6636	2,425,000			13.b.2
14. Federal funds purchased and securities sold under agreements to repurchase:			RCON		
a. Federal funds purchased in domestic offices (5)			B993	3,940,000	14.a
			RCFD		
b. Securities sold under agreements to repurchase (6)			B995	0	14.b
15. Trading liabilities (from Schedule RC-D)			3548	11,000	15
16. Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases) (from Schedule RC-M)			3190	59,000	16
17. and 18. Not applicable					

(4) Includes noninterest-bearing demand, time, and savings deposits.
(5) Report overnight Federal Home Loan Bank advances in Schedule RC, item 16, "Other borrowed money."
(6) Includes all securities repurchase agreements in domestic and foreign offices, regardless of maturity.

Dollar Amounts in Thousands	RCFD	Trl | Bil | Mil | Thou	
Liabilities—Continued			
19. Subordinated notes and debentures (1)	3200	0	19
20. Other liabilities (from Schedule RC-G)	2930	1,444,000	20
21. Total liabilities (sum of items 13 through 20)	2948	46,440,000	21
22. Not applicable			
Equity Capital			
Bank Equity Captal			
23. Perpetual preferred stock and related surplus	3838	0	23
24. Common stock	3230	2,127,000	24
25. Surplus (excludes all surplus related to preferred stock)	3839	594,000	25
26. a. Retained earnings	3632	6,313,000	26.a
b. Accumulated other comprehensive income (2)	B530	82,000	26.b
c. Other equity capital components (3)	A130	0	26.c
27. a. Total bank equity capital (sum of items 23 through 26.c)	3210	9,116,000	27.a
b. Noncontrolling (minority) interests in consolidated subsidiaries	3000	203,000	27.b
28. Total equity capital (sum of items 27.a and 27.b)	G105	9,319,000	28
29. Total liabilities and equity capital (sum of items 21 and 28)	3300	55,759,000	29

Memoranda

To be reported with the March Report of Condition.

	RCFD	Number	
1. Indicate in the box at the right the number of the statement below that best describes the most comprehensive level of auditing work performed for the bank by independent external auditors as of any date during 2012	6724	N/A	M.1

1 = Independent audit of the bank conducted in accordance with generally accepted auditing standards by a certified public accounting firm which submits a report on the bank
2 = Independent audit of the bank's parent holding company conducted in accordance with generally accepted auditing standards by a certified public accounting firm which submits a report on the consolidated holding company (but not on the bank separately)
3 = Attestation on bank management's assertion on the effectiveness of the bank's internal control over financial reporting by a certified public accounting firm.
4 = Directors' examination of the bank conducted in accordance with generally accepted auditing standards by a certified public accounting firm (may be required by state chartering authority)
5 = Directors' examination of the bank performed by other external auditors (may be required by state chartering authority)
6 = Review of the bank's financial statements by external auditors
7 = Compilation of the bank's financial statements by external auditors
8 = Other audit procedures (excluding tax preparation work)
9 = No external audit work

To be reported with the March Report of Condition.

	RCON	MM / DD	
2. Bank's fiscal year-end date	8678	N/A	M.2

(1) Includes limited-life preferred stock and related surplus.
(2) Includes, but is not limited to, net unrealized holding gains (losses) on available-for-sale securities, accumulated net gains (losses) on cash flow hedges, cumulative foreign currency translation adjustments, and accumulated defined benefit pension and other post retirement plan adjustments.
(3) Includes treasury stock and unearned Employee Stock Ownership Plan shares.

Exhibit 25.7

FORM T-1

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939
OF A CORPORATION DESIGNATED TO ACT AS TRUSTEE

☐ **CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF A TRUSTEE PURSUANT TO SECTION 305(b)(2)**

BNY MELLON TRUST COMPANY OF ILLINOIS

(formerly known as BNY Midwest Trust Company)
(Exact name of trustee as specified in its charter)

Illinois (State of incorporation if not a U.S. national bank)	**36-3800435** (I.R.S. employer identification no.)
2 North LaSalle Street **Suite 1020** **Chicago, Illinois** (Address of principal executive offices)	**60602** (Zip code)

Commonwealth Edison Company
(Exact name of obligor as specified in its charter)

Illinois (State or other jurisdiction of incorporation or organization)	**36-0938600** (I.R.S. employer identification no.)
440 South LaSalle Street **Suite 3300** **Chicago, Illinois** (Address of principal executive offices)	**60605-1028** (Zip code)

First Mortgage Bonds
(Title of the indenture securities)

1. General information. Furnish the following information as to the Trustee:

(a) Name and address of each examining or supervising authority to which it is subject.

Name	Address
Illinois Department of Financial and Professional Regulation Division of Banking Compliance Reporting Section	320 West Washington Street 5 th Floor Springfield, Illinois 62786
Federal Reserve Bank of Chicago	230 S. LaSalle Street Chicago, Illinois 60603

(b) Whether it is authorized to exercise corporate trust powers.

Yes.

2. Affiliations with Obligor.

If the obligor is an affiliate of the trustee, describe each such affiliation.

None.

16. List of Exhibits.

Exhibits identified in parentheses below, on file with the Commission, are incorporated herein by reference as an exhibit hereto, pursuant to Rule 7a-29 under the Trust Indenture Act of 1939 (the "Act") and 17 C.F.R. 229.10(d).

1. A copy of Articles of Incorporation of BNY Mellon Trust Company of Illinois (formerly known as BNY Midwest Trust Company, CTC Illinois Trust Company and Continental Trust Company) as now in effect. (Exhibit 1 to Form T-1 filed with the Registration Statement No. 333-47688 and Exhibit 1 to Form T-1 filed with the Registration Statement No. 333-158920).

2,3. A copy of the Certificate of Authority of the Trustee as now in effect, which contains the authority to commence business and a grant of powers to exercise corporate trust powers. (Exhibit 2 to Form T-1 filed with the Registration Statement No. 333-47688 and Exhibit 2 to Form T-1 filed with the Registration Statement No. 333-158920).

4. A copy of the existing By-laws of the Trustee.

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6. The consent of the Trustee required by Section 321(b) of the Act.

7. A copy of the latest report of condition of the Trustee published pursuant to law or to the requirements of its supervising or examining authority.

SIGNATURE

Pursuant to the requirements of the Act, the Trustee, BNY Mellon Trust Company of Illinois, a corporation organized and existing under the laws of the State of Illinois, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in The City of Chicago, and State of Illinois, on the 19th day of May, 2014.

BNY MELLON TRUST COMPANY OF ILLINOIS

By: /s/ R. Tarnas
Name: R. Tarnas
Title: Vice President

EXHIBIT 4

BY-LAWS

of
BNY Mellon Trust Company of Illinois

(formerly BNY Midwest Trust Company)

Amended and Restated as of March 29, 2007
and Amended as of July 1, 2008

ARTICLE I.

OFFICES

Section 1. The registered office of the Corporation required by the Illinois Business Corporation Act of 1983, as amended (the " Act "), to be maintained in the State of Illinois shall be in the City of Chicago, County of Cook, State of Illinois. The Corporation may also have offices at such other places both within and without the State of Illinois as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE II.

SHAREHOLDERS

Section 1. Time and Place of Meetings . All meetings of the shareholders for the election of directors or for any other purpose may be held at such time and place, within or without the State of Illinois, as shall be prescribed from time to time by the Board of Directors. In the absence of a designation of a place for any such meeting by the Board of Directors, each such meeting shall be held at the principal office of the Corporation.

Section 2. Annual Meetings . An annual meeting of shareholders shall be held commencing with the year 1993 for the purpose of electing directors and transacting such other business as may properly be brought before the meeting. The date and time of the annual meeting in each year shall be determined by the Board of Directors.

Section 3. Special Meetings . Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by law, may be called by the President and CEO, by a majority of the Board of Directors or by the holders of not less than twenty percent of the outstanding shares entitled to vote on the matter for which the meeting is called by written request executed by such holders and delivered to the President and CEO or the Secretary of the Corporation.

Section 4. Notice of Meetings . Written notice of each meeting of the shareholders stating the place, date and time of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be given not less than ten nor more than sixty

days before the date of the meeting, or in the case of a merger, consolidation, share exchange, dissolution or sale, lease or exchange of assets, not less than twenty nor more than sixty days before the date of the meeting, either personally or by mail, by the President and CEO or by the Secretary at the direction of the President and CEO or the person or persons calling the meeting, to each shareholder of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the shareholder at address as it appears on the records of the Corporation, with postage thereon prepaid.

Any shareholder entitled to receive notice may waive notice of any meeting by a writing executed and delivered to the Corporation either before or after the meeting. Attendance of a shareholder at any meeting shall constitute a waiver of notice of such meeting, unless the shareholder attends such meeting for the express purpose of objecting to the holding of such meetings because proper notice was not given and at the beginning of such meeting records such objection with the person acting as secretary of the meeting and does not thereafter vote on any action taken at the meeting.

Section 5. Quorum . The holders of record of a majority of the shares issued and outstanding and entitled to vote thereat, represented in person or by proxy, shall constitute a quorum at all meetings of the shareholders for the transaction of business, except as otherwise provided by the Act or by the Articles of Incorporation. If a quorum is not represented, the holders of record of the shares represented in person or by proxy at the meeting and entitled to vote thereat shall have power, by the affirmative vote of the holders of a majority of such shares, to adjourn the meeting to another time and/or place, without notice other than announcement at the meeting, except as hereinafter provided until a quorum shall be present or represented. At such adjourned meeting, at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the original meeting.

Section 6. Voting . At all meetings of the shareholders, each shareholder shall be entitled to vote, in person or by proxy, each share owned by such shareholder of record on the record date for the meeting. Each outstanding share shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders, unless otherwise provided in the Act, the Articles of Incorporation or these By-laws. When a quorum is present at any meeting, the affirmative vote of the holders of record of a majority of the shares having voting power represented in person or by proxy shall decide any question brought before such meeting, unless the question is one upon which, by express provision of the Act, the Articles of Incorporation or of these By-laws, a different vote is required, in which case such express provision shall govern and control the decision of such question.

Section 7. Informal Action by Shareholders . Unless otherwise provided by the Articles of Incorporation or the Act, any action required to be taken at a meeting of the shareholders, or any other action which may be taken at a meeting of the shareholders, may be taken without a meeting and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by (a) the holders of outstanding shares having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voting, provided that (i) at least five days

prior to the execution of the consent a notice in writing is delivered to all of the shareholders entitled to vote with respect to the subject matter thereof, and (ii) those shareholders who have not consented in writing are notified in writing at their respective addresses appearing on the records of the Corporation of the taking of the corporate action promptly after the effective date of such action; or (b) all of the shareholders entitled to vote with respect to the subject matter thereof.

Section 8. Proxies . At all meetings of shareholders, a shareholder may vote in person or vote by proxy which is executed in writing by the shareholder or his duly authorized attorney-in-fact. Such proxy shall be filed with the Secretary or other person authorized to tabulate votes at any time prior to the commencement of the meeting. No proxy shall be valid after eleven months from the date of its execution unless otherwise provided in the proxy.

ARTICLE III.

BOARD OF DIRECTORS

Section 1. General Powers . The business and affairs of the Corporation shall be managed and controlled by or under the direction of its Board of Directors, which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by law or by the Articles of Incorporation or by these By-laws directed or required to be exercised or done by the shareholders.

Section 2. Number, Qualification and Tenure . The Board of Directors of the Corporation shall consist of not less than five members and not more than nine members. Within the limits above specified, the number of directors shall be determined from time to time by resolution of the Board of Directors. The number of directors initially shall be fixed at eight. The directors shall be elected at the annual meeting of shareholders, except as provided in the Articles of Incorporation or Section 3 of this Article, and each director elected shall hold office until his successor is elected and qualified or until his earlier death, termination, resignation or removal from office. Any decrease in the number of directors shall not have the effect of shortening the term of any incumbent director.

Section 3. Vacancies and Newly Created Directorships . Vacancies and newly created directorships resulting from any increase in the number of directors may be filled by the appointment by a majority of the directors then in office though less than a quorum, and each director so appointed shall hold office until his successor is elected and qualified at the next annual or special meeting of shareholders called for such purpose, or until the earlier death, termination, resignation or removal from office of such director.

Section 4. Place of Meetings . The Board of Directors may hold meetings, both regular and special, either within or without the State of Illinois.

Section 5. Meetings . The Board of Directors shall hold a regular meeting, to be known as the annual meeting, immediately following each annual meeting of the shareholders.

Other regular meetings of the Board of Directors shall be held at such time and place as the Board of Directors may designate from time to time. No notice of regular meetings need be given, other than by announcement at the immediately preceding regular meeting. Special meetings of the Board of Directors may be called by or at the request of the President and CEO or by the Secretary at the written request of a majority of the Board of Directors. Notice of any special meeting of the Board shall be given at least twenty-four hours prior thereto, either in writing, by facsimile or telephonically to each director at the address shown for such director on the records of the Corporation.

Section 6. Waiver of Notice; Business and Purpose . Notice of any meeting of the Board of Directors may be waived in writing signed by the person or persons entitled to such notice either before or after the time of the meeting. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened and at the beginning of such meeting records such objection with the person acting as secretary of the meeting and does not thereafter vote on any action taken at the meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in the notice or waiver of notice of such meeting, unless specifically required by the Act.

Section 7. Quorum and Voting . At all meetings of the Board of Directors a majority of the total number of directors then in office shall constitute a quorum for the transaction of business. If a quorum shall not be present at any meeting of the Board of Directors, the directors present thereat may adjourn the meeting without notice other than announcement at the meeting, to any other date, time and place until a quorum shall be present. The act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, unless the act of a greater number is required by the Act or by the Articles of Incorporation. Withdrawal of directors from any meeting shall not cause the failure of a duly constituted quorum at such meeting. A director who is in attendance at a meeting of the Board of Directors but who abstains from the vote on any matter by announcing his abstention to the person acting as secretary of the meeting and not voting on such matter shall not be deemed to be present at such meeting for purposes of the preceding sentence or Section 13 of this Article with respect to such vote, but shall be deemed to be present at such meeting for all other purposes.

Section 8. Organization . The President and CEO, if elected, shall act as chairman at all meetings of the Board of Directors. If the President and CEO is not elected or if elected, is not present, a director chosen by a majority of the directors present, shall act as chairman at such meeting of the Board of Directors.

Section 9. Committees . The Board has power over and is solely responsible for the management, supervision, and administration of the Association. The Board may delegate its power, but none of its responsibilities, to such persons or committees as the Board may determine. The Board of Directors, by resolution adopted by a majority of the whole Board, may designate two or more directors to constitute an Executive Committee.

The Board of Directors, by resolution adopted by a majority of the whole Board, may authorize the formation of a Trust Committee. The Board shall appoint the members of the Trust Committee, which may include directors or officers of the Corporation. The Trust Committee's responsibilities include, but are not limited to, approval of new accounts, review of closed accounts, account reviews, other client matters, new or updated policies and procedures, and review of any current litigation issues.

The Board of Directors, by resolution adopted by a majority of the whole Board, may create one or more other committees, including, without limitation, an Audit Committee and a Fiduciary Committee, and appoint two or more directors to serve on such committee or committees. Each director appointed to serve on any such committee shall serve, unless the resolution designating the respective committee is sooner amended or rescinded by the Board of Directors, until the next annual meeting of the Board or until his respective successor is designated. The Board of Directors, by resolution adopted by a majority of the whole Board, may also designate additional directors as alternate members of any committee to serve as members of such committee in the place and stead of any regular member or members thereof who may be unable to attend a meeting or otherwise unavailable to act as a member of such committee. In the absence or disqualification of a member and all alternate members designated to serve in the place and stead of such member, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another director to act at the meeting in the place and stead of such absent or disqualified member.

The Executive Committee may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation between the meetings of the Board of Directors, and any other committee may exercise the power and authority of the Board of Directors to the extent specified by the resolution establishing or outlining the duties of such committee, or the Articles of Incorporation or these By-laws provided , however , that no committee may take any action that is expressly required by the Act or the Articles of Incorporation or these By-laws to be taken by the Board of Directors and not by a committee thereof. Each committee shall keep a record of its acts and proceedings, which shall form a part of the records of the Corporation in the custody of the Secretary, and all actions of each committee shall be reported to the Board of Directors at the next meeting of the Board.

Meetings of committees may be called at any time by the President and CEO, or the chairman of the respective committee. A majority of the members of the committee shall constitute a quorum for the transaction of business and, except as expressly limited by this section, the act of a majority of the members present at any meeting at which there is a quorum shall be the act of such committee. Except as expressly provided in this section or in the resolution designating the committee, a majority of the members of any such committee may select its chairman, fix its rules of procedure, fix the time and place of its meetings and specify what notice of meetings, if any, shall be given.

Section 10. Action without Meeting . Unless otherwise specifically prohibited by the Articles of Incorporation or these By-laws, any action required or permitted to be taken at any

meeting of the Board of Directors or any committee thereof may be taken without a meeting, if all members of the Board of Directors or such committee, as the case may be, execute a consent thereto in writing setting forth the action so taken, and the writing or writings are filed with the minutes of proceedings of the Board of Directors or such committee.

Section 11 Attendance by Telephone . Members of the Board of Directors or any committee thereof may participate in and act at any meeting of the Board of Directors or such committee, as the case may be, through the use of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other. Participation in such meeting shall constitute attendance and presence in person at the meeting of the person or persons so participating.

Section 12. Compensation . Each director, as such, shall be entitled to receive reimbursement for his reasonable expenses incurred in attending meetings of the Board of Directors or any committee thereof or otherwise in connection with his attention to the affairs of the Corporation. In addition, each director, who is not at the time a regularly compensated officer or employee of the Corporation or any of its direct or indirect subsidiaries, shall be entitled to such fee for his services as a director (and if a member of any committee of the Board of Directors, such fee for his services as such member) as may be fixed from time to time by the Board of Directors. Such fees may be fixed both for meetings attended and on an annual basis, or either thereof, and may be payable currently or deferred.

Section 13. Presumption of Assent . A director who, is present at a meeting of the Board of Directors or any committee thereof when corporate action is taken shall be deemed to have assented to the action taken unless: (a) he objects at the beginning of the meeting to holding such meeting or transacting business at such meeting; (b) his dissent from the action taken is entered in the minutes of such meeting; or (c) he delivers written notice of his dissent to the person acting as the secretary of the meeting before the adjournment thereof or forwards such dissent by registered or certified mail to the Secretary immediately after the adjournment of such meeting. The right of dissent is not available to a director who votes in favor of the action taken.

ARTICLE IV.

OFFICERS

Section 1. Enumeration . The officers of the Corporation shall be chosen by the Board of Directors and shall include a President and CEO and a Secretary and may include such officers as the Board of Directors deems appropriate, including, but not limited to, Managing Directors, Vice Presidents, a Treasurer, an Auditor, a Compliance Officer and a Tax Officer. The Board of Directors may also elect one or more Assistant Secretaries and Assistant Treasurers and such other officers and agents as it may deem appropriate. Any number of offices may be held by the same person.

Section 2. Term of Office . The officers of the Corporation shall be elected at the annual meeting of the Board of Directors and shall hold office until their successors are elected

and qualified, or until their earlier death, termination, resignation or removal from office. Any officer, agent or employee elected or appointed by the Board of Directors may be removed and replaced only by the Board of Directors, and may be removed, with or without cause, at any time by a majority vote of the Board of Directors whenever in its judgment the best interests of the Corporation will be served thereby. Any officer, agent or employee who is not elected or appointed by the Board of Directors shall hold office at the discretion of the President and CEO. Any vacancy in any office because of death, resignation, termination, removal, disqualification or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

Section 3. President and CEO . The President and CEO shall be the chief executive officer of the Corporation and, as such, shall have general supervision, direction and control of the business and affairs of the Corporation, subject to the control of the Board of Directors, shall preside at meetings of the Board of Directors and of the shareholders and shall have such other functions, authority and duties as customarily appertain to the office of the chief executive officer of a business corporation or as may be prescribed by the Board of Directors. The President and CEO shall also have the authority to remove or suspend any officer, agent or employee who shall not have been appointed by the Board of Directors and to suspend, pending final action by the Board of Directors, any officer, employee or agent who shall have been appointed by the Board of Directors. The President and CEO shall be a member of the Board of Directors. The President and CEO may appoint one or more Vice Presidents, Assistant Vice Presidents, Assistant Secretaries, Assistant Treasurers and such other officers as he shall deem necessary and appropriate and may give any of them further designations or alternative titles as he considers desirable. Any number of offices may be held by the same person.

Section 5. Managing Director . Each Managing Director, if any, shall perform such duties and have such other powers as may from time to time be prescribed by the Board of Directors or the President and CEO.

Section 6. Secretary . The Secretary shall, except as otherwise determined by the Board of Directors, (a) attend and record all of the proceedings of all meetings of stockholders or the Board of Directors; (b) see that all notices are given and records and reports properly kept and filed by the Corporation as required by these By-laws or as required by law; (c) have charge of and control over the records of the Corporation and the certificate books, transfer books and stock ledgers, and such other books and papers as the Board of Directors may direct; and (d) he the custodian of the corporate seal of the Corporation and see that it is affixed to all documents to be executed on behalf of the Corporation under its seal.

Section 7. Treasurer . The Treasurer, if any, shall be the principal accounting and financial officer of the Corporation. The Treasurer, if any, shall (a) make arrangements for the custody and safekeeping of all funds of the Corporation, and shall have charge of their collection, receipt and disbursement; (b) receive and have authority to sign receipts for all moneys paid to the Corporation and shall deposit the same in the name and to the credit of the Corporation in such banks or depositories as the Board of Directors shall authorize; (c) endorse for collection on behalf of the Corporation all checks, drafts, notes and other obligations payable to the Corporation; (d) shall disburse or cause to be disbursed funds of the Corporation only on

properly approved vouchers and payrolls or in such other manner as the Board of Directors may authorize or require; and shall keep or cause to be kept full and accurate accounts of the transactions of his office in books belonging to the Corporation. He shall be bonded for the faithful discharge of his duties in such form and amount, and with such surety or sureties, as the Board of Directors may require.

Section 8. Assistant Secretaries and Assistant Treasurers . The Assistant Secretaries and Assistant Treasurers, in general, shall perform such duties as shall be assigned to the Secretary or Treasurer, respectively, under these By-laws or by the President and CEO.

Section 9. Other Officers and Agents . Any officer or agent who is elected or appointed from time to time by the Board of Directors and whose duties are not specified in these By-laws shall perform such duties and have such powers as may from time to time be prescribed by the Board of Directors or the President and CEO.

Section 10. This section has been intentionally omitted.

Section 11.1 Real Property . Real property owned by the Corporation in its own right shall not be deeded, conveyed, mortgaged, assigned or transferred except when duly authorized by a resolution of the Board. The Board may from time-to-time authorize officers to deed, convey, mortgage, assign or transfer real property owned by the Corporation in its own right with such maximum values as the Board may fix in its authorizing resolution.

Section 11.2. Senior Signing Powers . Subject to the exception provided in Section 11.1, the President and CEO, any Senior Executive Vice President and any Executive Vice President is authorized to accept, endorse, execute or sign any document, instrument or paper in the name of, or on behalf of, the Corporation in all transactions arising out of, or in connection with, the normal course of the Corporation's business or in any fiduciary, representative or agency capacity and, when required, to affix the seal of the Corporation thereto. In such instances as in the judgment of the President and CEO, any Senior Executive Vice President or any Executive Vice President may be proper and desirable, any one of said officers may authorize in writing from time-to-time any other officer to have the powers set forth in this section applicable only to the performance or discharge of the duties of such officer within his or her particular division or function. Any officer of the Corporation authorized in or pursuant to Section 11.3 to have any of the powers set forth therein, other than the officer signing pursuant to this Section 11.2, is authorized to attest to the seal of the Corporation on any documents requiring such seal.

Section 11.3. Limited Signing Powers. Subject to the exception provided in Section 11.1, in such instances as in the judgment of the President and CEO, any Senior Executive Vice President, or any Executive Vice President may be proper and desirable, any one of said officers may authorize in writing from time-to-time any other officer, employee or individual to have the limited signing powers or limited power to affix the seal of the Corporation to specified classes of documents set forth in a resolution of the Board applicable only to the performance or discharge of the duties of such officer, employee or individual within his or her division or function.

Section 11.4. Powers of Attorney. All powers of attorney on behalf of the Corporation shall be executed by any officer of the Corporation jointly with the President and CEO any Senior Executive Vice President, any Executive Vice President, any Senior Vice President or any Managing Director, provided that the execution by such Senior Vice President or Managing Director of said Power of Attorney shall be applicable only to the performance or discharge of the duties of said officer within his or her particular division or function. Any such power of attorney may, however, be executed by any officer or officers or person or persons who may be specifically authorized to execute the same by the Board of Directors.

Section 11.5. Auditor. The Auditor or any officer designated by the Auditor is authorized to certify in the name of, or on behalf of the Corporation, in its own right or in a fiduciary or representative capacity, as to the accuracy and completeness of any account, schedule of assets, or other document, instrument or paper requiring such certification.

ARTICLE V.

CERTIFICATES FOR SHARES, ETC.

Section 1. Form . The shares of the Corporation shall be represented by certificates; provided , however , the Board of Directors may provide by resolution or resolutions that some or all of any or all classes or series of the Corporation's shares shall be uncertificated shares. Each certificate for shares shall he consecutively numbered or otherwise identified. Certificates representing shares in the Corporation shall be signed by or in the name of the Corporation by the President and CEO, or a Managing Director and by the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary of the Corporation. Where a certificate is countersigned by a transfer agent, other than the Corporation or an employee of the Corporation, or by a registrar, the signatures of one or more officers of the Corporation may be facsimiles. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, the certificate may be issued by the Corporation with the same effect as if such officer, transfer agent or registrar were such, officer, transfer agent or registrar at the date of its issue.

Section 2. Transfer . Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the Corporation to issue a new certificate or uncertificated shares in place of any certificate therefor issued by the Corporation to the person entitled thereto, cancel the old certificate and record the transaction in its share book.

Section 3. Replacement . In case of the loss, destruction, mutilation or theft of a certificate representing shares of the Corporation, a new certificate may be issued upon the

surrender of the mutilated certificate or, in the case of loss, destruction or theft of a certificate, upon satisfactory proof of such loss, destruction or theft and upon such terms as the Board of Directors may prescribe. The Board of Directors may in its discretion require the owner of the lost, destroyed or stolen certificate, or his legal representative, to give the Corporation a bond, in such sum and in such form and with such surety or sureties as it may direct, to indemnify the Corporation against any claim that may be made against it with respect to the certificate alleged to have been lost, destroyed or stolen.

ARTICLE VI.

INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS

Section 1. Third Party Actions. The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, including all appeals (other than an action, suit or proceeding by or in the right of the Corporation) by reason of the fact that he is or was a director, officer or employee of the Corporation (and the Corporation, in the discretion of the Board of Directors, may so indemnify a person by reason of the fact that he is or was an agent of the Corporation or is or was serving at the request of the Corporation in any other capacity for or on behalf of the Corporation), against expenses (including attorneys' fees), judgments, decrees, fines, penalties and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful; provided , however , the Corporation shall be required to indemnify an officer, director or employee in connection with an action, suit or proceeding initiated by such person only if such action, suit or proceeding was authorized by the Board of Directors. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of *nolo contendere* or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith or in a manner which he reasonably believed to be in or not opposed to the best interests of the Corporation and, with respect to any criminal action or proceeding, had reasonable cause to believe his conduct was unlawful.

Section 2. Actions by or in the Right of the Corporation . The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit, including all appeals, by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he is or was a director or officer of the Corporation (and the Corporation, in the discretion of the Board of Directors, may so indemnify a person by reason of the fact that he is or was an employee or agent of the Corporation or is or was serving at the request of the Corporation in any other capacity for or on behalf of the Corporation), against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, except that no indemnification shall be made in respect of any claim, issue or matter

as to which such person shall have been finally adjudged to be liable for negligence or misconduct in the performance of his duty to the Corporation unless and only to the extent that the court in which such action or suit was brought, or any other court of competent jurisdiction, shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses as such court shall deem proper. Notwithstanding the foregoing, the Corporation shall be required to indemnify an officer or director in connection with an action, suit or proceeding initiated by such person only if such action, suit or proceeding was authorized by the Board of Directors.

Section 3. Indemnity if Successful . To the extent that a director, officer, employee or agent of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 1 or 2 of this Article, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys, fees) actually and reasonably incurred by him in connection therewith.

Section 4. Standard of Conduct . Except in a situation governed by Section 3 of this Article, any indemnification under Section 1 or 2 of this Article (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the director or officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in Section 1 or 2, as applicable, of this Article. Such determination shall be made (i) by a majority vote of directors acting at a meeting at which a quorum consisting of directors who were not parties to such action, suit or proceeding is present, or (ii) if such a quorum is not obtainable, or even if obtainable, a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (iii) by the shareholders.

Section 5. Expenses . Expenses of each officer and director hereunder indemnified actually and reasonably incurred in defending a civil or criminal action, suit or proceeding or threat thereof may be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such person to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Corporation as authorized in this Article. Such expenses incurred by employees and agents may be so paid upon receipt of the aforesaid undertaking and such other terms and conditions, if any, as the Board of Directors deems appropriate.

Section 6. Nonexclusivity . The indemnification and advancement of expenses provided by, or granted pursuant to other Sections of this Article, shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may now or hereafter be entitled under any law, by-law, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

Section 7. Insurance . The Corporation may purchase and maintain insurance, on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is

or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under the provisions of the Act. Insurance purchased by the Corporation in accordance with this Section 7 may but not need (i) be for the benefit of all directors, officers, employees and agents of the Corporation and (ii) provide also for the indemnification or reimbursement to the Corporation of and for payments and obligations to make payments by the Corporation to any of its directors, officers, employees or agents to the extent such payments or obligations to make payments are permitted under this Article VI.

Section 8. Definitions . For purposes of this Article, references to “the Corporation” shall include, in addition to the surviving corporation, any merging corporation (including any corporation having merged with a merging corporation) absorbed in a merger which, if its separate existence had continued, would have had the power and authority to indemnify any or all of its directors, officers, employees and agents, so that any person who was a director, officer, employee or agent of such merging corporation, or was serving at the request of such merging corporation in any other capacity, shall stand in the same position under the provisions of this Article with respect to the surviving corporation as such person would have had with respect to such merging corporation if its separate existence had continued as such corporation was constituted immediately prior to such merger.

For purposes of this Article, references to “other capacities” shall include serving as a trustee or agent for any employee benefit plan; references to “fines” shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to “serving at the request of the Corporation” shall include any service as a director, officer, employee or agent of the Corporation which imposes duties on, or involves services by, such director, officer, employee, or agent with respect to an employee benefit plan or its participants or beneficiaries. A person who acted in good faith and in a manner he or she reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner “not opposed to the best interests of the Corporation” as referred to in this Article.

Section 9. Reports to Shareholders . If required by the Act, the Corporation shall report any indemnity payment or advancement of expenses by the Corporation to any director, officer, employee or agent provided for in this Article to the shareholders in writing either with or before the distribution of the notice of the next shareholders’ meeting.

Section 10. Continuation . The indemnification and advancement of expenses provided by, or granted pursuant to, this Article VI shall, unless otherwise, provided when authorized or ratified, continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 11. Severability . If any provision hereof is invalid or unenforceable in any jurisdiction, the other provisions hereof shall remain in full force and effect in such

jurisdiction, and the remaining provisions hereof shall be liberally construed to effectuate the provisions hereof, and the invalidity of any provision hereof in any jurisdiction shall not affect the validity or enforceability of such provision in any other jurisdiction.

Section 12. Amendment . The right to indemnification conferred by this Article shall be deemed to be a contract between the Corporation and each person referred to herein until amended or repealed, but no amendment to or repeal of these provisions shall apply to or have any effect on the right to indemnification of any person with respect to any liability or alleged liability of such person for or with respect to any act or omission of such person occurring prior to such amendment or repeal.

ARTICLE VII.

GENERAL PROVISIONS

Section 1. Fiscal Year . The fiscal year of the Corporation shall be fixed from time to time by resolution of the Board of Directors.

Section 2. The Seal . The Board shall provide a corporate seal for the Corporation which may be affixed to any document, certificate or paper and attested by such individuals as provided by these By-laws or as the Board may from time-to-time determine.

Section 3. Notices and Mailing . Except as otherwise provided in the Act, the Articles of Incorporation or these By-laws, all notices required to be given by any provision of these By-laws shall be deemed to have been given (i) when received, if given in person, (ii) on the date of acknowledgment of receipt, if sent by telex, facsimile or other wire transmission, (iii) one day after delivery, properly addressed, to a reputable courier for same day or overnight delivery, or (iv) four days after being deposited, properly addressed, in the U.S. mail, certified or registered mail, postage prepaid.

Section 4. Waiver of Notice . Whenever any notice is required to be given under the Act or the provisions of the Articles of Incorporation or these By-laws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent to notice.

Section 5. Interpretation . In these By-laws, unless a clear contrary intention appears, the singular number includes the plural number and vice versa , and reference to either gender includes the other gender.

ARTICLE VIII.

AMENDMENTS

Unless the power to make, alter, amend or repeal these By-laws is reserved to the shareholders by the Articles of Incorporation, these By-laws, including any By-law adopted by

the shareholders, may be made, altered, amended or repealed by the shareholders or the Board of Directors, but the fact that the power to make, alter, amend or repeal these By-laws has been conferred upon the Board of Directors shall not divest the shareholders of the same powers.

BNY MELLON TRUST COMPANY OF ILLINOIS
SIGNING AUTHORITY RESOLUTION
Pursuant to Section 11.3 of the By-Laws
Adopted December 19, 2012

RESOLVED, that the Resolution of the Board, referred to in Section 11.3 of the By-Laws of the Corporation be, and it hereby is, amended in its entirety, to read as follows:

RESOLVED , that, pursuant to Section 11.3 of the By-laws of Corporation authority be, and hereby is, granted to the Chairman, the President, any Vice Chairman of the Board, any Senior Executive Vice President, or any Executive Vice President, in such instances as in the judgment of any one of said officers may be proper and desirable, to authorize in writing from time-to-time any other officer, employee or individual to have the limited signing authority set forth in any one or more of the following paragraphs applicable only to the performance or discharge of the duties of such officer, employee or individual within his or her division or function:

(A) All signing authority set forth in paragraphs (B) through (I) below except Level C, D and P which must be specifically designated.

(B1) Individuals authorized to accept, endorse, execute or sign any bill receivable; certification; contract, document or other instrument evidencing, embodying a commitment with respect to, or reflecting the terms or conditions of, a loan or an extension of credit by the Corporation; note; and document, instrument or paper of any type, including stock and bond powers, required for purchasing, selling, transferring, exchanging or otherwise disposing of or dealing in foreign currency, derivatives or any form of securities, including options and futures thereon; in each case in transactions arising out of, or in connection with, the normal course of the Corporation's business.

(B2) Individuals authorized to endorse, execute or sign any certification; disclosure notice required by law; document, instrument or paper of any type required for judicial, regulatory or administrative proceedings or filings; and legal opinions.

(C1) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in excess of $500,000,000 with single authorization for all transactions.

(C2) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in excess of $500,000,000*.

(C3) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to $500,000,000.

(C4) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount in excess of $100,000,000 but not to exceed $500,000,000*.

(C5) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to $100,000,000.

(C6) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to $10,000,000.

(C7) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to $5,000,000.

(C8) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to $1,000,000.

(C9) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to $250,000.

(C10) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to $50,000.

(C11) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to $5,000.

* Dual authorization is required by any combination of senior officer and/or Sector Head approved designee for non-exempt transactions. Single authorization required for exempt transactions.

(D1) Authority to accept, endorse, execute or sign any contract obligating the Corporation for the payment of money or the provision of services in an amount up to $1,000,000.

(D2) Authority to accept, endorse, execute or sign any contract obligating the Corporation for the payment of money or the provision of services in an amount up to $250,000.

(D3) Authority to accept, endorse, execute or sign any contract obligating the Corporation for the payment of money or the provision of services in an amount up to $50,000.

(D4) Authority to accept, endorse, execute or sign any contract obligating the Corporation for the payment of money or the provision of services in an amount up to $5,000.

(E) Authority to accept, endorse, execute or sign any guarantee of signature to assignments of stocks, bonds or other instruments; certification required for transfers and deliveries of stocks, bonds or other instruments; and document, instrument or paper of any type required in connection with any Individual Retirement Account or Keogh Plan or similar plan.

(F) Authority to accept, endorse, execute or sign any certificate of authentication as bond, unit investment trust or debenture trustee and on behalf of the Corporation as registrar and transfer agent.

(G) Authority to accept, endorse, execute or sign any Bankers acceptance; letter of credit; and bill of lading.

(H) Authority to accept, endorse, execute or sign any document, instrument or paper of any type required in connection with the ownership, management or transfer of real or personal property held by the Corporation in trust or in connection with any transaction with respect to which the Corporation is acting in any fiduciary, representative or agency capacity, including the acceptance of such fiduciary, representative or agency account.

(I1) Authority to effect the external movement of free delivery of securities and internal transfers resulting in changes of beneficial ownership.

(I2) Authority to effect the movement of securities versus payment at market or contract value.

(J) Authority to either sign on behalf of the Corporation or to affix the seal of the Corporation to any of the following classes of documents: Trust Indentures, Escrow Agreements, Pooling and Servicing Agreements, Collateral Agency Agreements, Custody Agreements, Trustee's Deeds, Executor's Deeds, Personal Representative's Deeds, Other Real Estate Deeds for property not owned by the Corporation in its own right, Corporate Resolutions, Mortgage Satisfactions, Mortgage Assignments, Trust Agreements, Loan Agreements, Trust and Estate Accountings, Probate Petitions, responsive pleadings in litigated matters and Petitions in Probate Court with respect to Accountings, Contracts for providing customers with Corporation products or services.

(N) Individuals authorized to accept, endorse, execute or sign internal transactions only, (i.e., general ledger tickets); does not include the authority to authorize external money movements, internal money movements or internal free deliveries that result in changes of beneficial ownership.

(P1) Authority to approve the payment of valid expenses as incurred to meet the obligations of the Corporation, excluding salary and other employee directed benefit payments; in each case, in excess of $10,000,000.

(P2) Authority to approve the payment of valid expenses as incurred to meet the obligations of the Corporation, excluding salary and other employee directed benefit payments; in each case, in an amount up to $10,000,000.

(P3) Authority to approve the payment of valid expenses as incurred to meet the obligations of the Corporation, excluding salary and other employee directed benefit payments; in each case, in an amount up to $5,000,000.

(P4) Authority to approve the payment of valid expenses as incurred to meet the obligations of the Corporation, excluding salary and other employee directed benefit payments; in each case, in an amount up to $1,000,000.

(P5) Authority to approve the payment of valid expenses as incurred to meet the obligations of the Corporation, excluding salary and other employee directed benefit payments; in each case, in an amount up to $250,000.

(P6) Authority to approve the payment of valid expenses as incurred to meet the obligations of the Corporation, excluding salary and other employee directed benefit payments; in each case, in an amount up to $100,000.

(P7) Authority to approve the payment of valid expenses as incurred to meet the obligations of the Corporation, excluding salary and other employee directed benefit payments; in each case, in an amount up to $50,000.

(P8) Authority to approve the payment of valid expenses as incurred to meet the obligations of the Corporation, excluding salary and other employee directed benefit payments; in each case, in an amount up to $25,000.

(P9) Authority to approve the payment of valid expenses as incurred to meet the obligations of the Corporation, excluding salary and other employee directed benefit payments; in each case, in an amount up to $10,000.

(P10) Authority to approve the payment of valid expenses as incurred to meet the obligations of the Corporation, excluding salary and other employee directed benefit payments; in each case, in an amount up to $5,000.

(P11) Authority to approve the payment of valid expenses as incurred to meet the obligations of the Corporation, excluding salary and other employee directed benefit payments; in each case, in an amount up to $3,000.

RESOLVED , that any signing authority granted pursuant to this resolution may be rescinded by the Chairman, the President, any Vice Chairman of the Board, any Senior Executive Vice President, or any Executive Vice President and such signing authority shall terminate without the necessity of any further action when the person having such authority leaves the employ of the Corporation.

EXHIBIT 6

CONSENT OF THE TRUSTEE

Pursuant to the requirements of Section 321 (b) of the Trust Indenture Act of 1939, as amended, BNY Mellon Trust Company of Illinois hereby consents that reports of examinations by Federal, State, Territorial or District authorities may be furnished by such authorities to the Securities and Exchange Commission upon request therefor.

Dated: May 19, 2014

BNY MELLON TRUST COMPANY OF ILLINOIS

By: /s/ R. Tarnas
Name: R. Tarnas
Title: Vice President

EXHIBIT 7

DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION
DIVISION OF BANKING
CONSOLIDATED REPORT OF CONDITION

Trust Company Name:	**BNY Mellon Trust Company of Illinois**
Address:	**2 North LaSalle Street, Suite 1020**
City, State, Zip	**Chicago, IL 60602**
Credential Number:	**TRS.0060392**

Include the institution's domestic & foreign subsidiaries, completed for the period ending as of close of business on **31-Mar-14**
and submitted in response to the call of the Illinois Department of Financial and Professional Regulation.

Changes to this form or its format are prohibited.

		In Thousands(000)
ASSETS		
1. Cash and Due from Depository Institution		118,163
2. U.S. Treasury Securities		0
3. Obligations of States and Political Subdivisions		0
4. Other Bonds, Notes Receivable, and Debentures		0
Itemize the Notes Receivable amount listed above:		
Inter-Company/Employee/Director:		
Other (List):		
5. Corporate Stock		0
6. Trust Company Premises, Furniture, Fixtures and Other Assets Representing TC Premises		0
7. Accounts Receivable:		1,000
Itemize Accounts Receivable amount listed above:		
Fee Accounts Receivable	928	
Inter-Company Account Receivable	72	
Other (List):		
9. Goodwill		0
10. Intangibles		0
11. Other Assets		3
Itemize assets that account for 10% or greater of Line 11: (Description & Amount)		
Accrued Interest Receivable	3	
TOTAL ASSETS		119,166
LIABILITIES		
12. Accounts Payable		85
13. Taxes Payable		0
14. Other Liabilities for Borrowed Money		0
15. Other Liabilities		474
Itemize Liabilities that account for 10% or greater of Line 15) (Description & Amount)		
Reserve for Taxes	419	
16. **TOTAL LIABILITIES**		559
EQUITY CAPITAL		
17. Preferred Stock		0
18. Common Stock		2,000
19. Surplus		71,153
20. Reserve for Operating Expenses		0
21. Retained Earnings (Loss)		45,454
22. **TOTAL EQUITY CAPITAL**		118,607
TOTAL LIABILITIES AND EQUITY CAPITAL		119,166
Check / should equal zero - otherwise correct		0

S1-SSA-0009 - 28458

DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION
DIVISION OF BANKING
CONSOLIDATED REPORT OF INCOME

Trust Company Name:	**BNY Mellon Trust Company of Illinois**
Address:	**2 North LaSalle Street, Suite 1020**
City, State, Zip	**Chicago, IL 60602**
Credential Number:	**TRS.0060392**

		In Thousands(000)
INCOME		
1. Income from Fiduciary Activities:		
A. Estates		0
B. Personal		0
C. Investment Advisory		0
D. Managed Employee Benefit		0
E. Non-managed Employee Benefit		0
F. Custody		1,273
G. Corporate Services		27
H. Land Trusts		0
I. All Other Fiduciary Activities		0
2. Interest Income		39
3. All Other Income: (List below)		5
Global Payment Fees	5	
4. TOTAL OPERATING INCOME (Sum of Items 1-3)		1,344
EXPENSES		
5. Operating Expenses:		
A. Salaries		49
B. Employee Benefits		55
C. Trust Company Occupancy Expense		10
D. Furniture and Equipment Expense		3
E. Data Services		0
F. Marketing		0
G. Audits/Examinations		0
H. Insurance (Fiduciary Activities)		0
I. All Other		38
Itemize amounts < than 10% Line 1 above.		
Affiliate Non Interest Expense	15	
Professional and Consulting Fees	14	
Examination Fees	5	
6. TOTAL OPERATING EXPENSES (Items A-l)		155
7. NET OPERATING INC/ LOSS BEFORE TAXES		1,189
8. APPLICABLE INCOME TAXES		425
9. EXTRAORDINARY ITEMS		0
10. NET INCOME (LOSS) AFTER TAXES		764

Explain any change greater than 10% from the average of the previous quarter(s). Note if this is the first quarter of the fiscal year disregard question:

Trust Company Name: **BNY Mellon Trust Company of Illinois**

CHANGES IN EQUITY CAPITAL

Thousands of Dollars (Year-to-Date)	PREFERRED STOCK (PAR)	COMMON STOCK (PAR)	SURPLUS & RESERVE	RETAINED EARNING	TOTAL EQUITY CAPITAL (Line Total)
1. Balance beginning of fiscal year	0	2,000	71,149	44,690	117,839
2. Net Income (loss)				764	764
3. Sale, conversion, acquisition, or retirement of capital					0
4. Changes incident to mergers and absorptions					0
5. Cash dividends declared on preferred stock					0
6. Cash dividends declared on common stock					0
7. Stock dividends issued					0
8. Other increases (decreases)			4		4
Itemize other:					
Affiliate Restricted Stock/Share Grant AP 4					
9. Ending Balance	0	2,000	71,153	45,454	118,607
Check / should equal zero - otherwise correct					0

CERTIFICATION SECTION

Person to whom Department Supervisory Staff should direct questions concerning this report.

I, Robert L. De Paola of BNY Mellon Trust Company of Illinois

(Name of Officer Authorized to Sign Report) *(Name of Trust Company)*

certify that the information contained in these statements are accurate to the best of my knowledge and belief.

I understand that submission of false information with the intention to deceive the Secretary or his Administrative Officers is a felony.

(Signature of Officer Authorized to Sign Report)

Managing Director
Full Title/Position

Robert L. De Paola
PRINT Name of Officer Above

212-635-1413
Telephone Number (Extension)

212-635-1601
Fax Number

robert.de.paola@bnymellon.com
E-mail Address

Exhibit 25.8

FORM T-2

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939
OF AN INDIVIDUAL DESIGNATED TO ACT AS TRUSTEE

☐ **CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF A TRUSTEE PURSUANT TO SECTION 305(b)(2)**

D.G. Donovan

(Name of trustee)

N/A
(Social Security Number)

2. North LaSalle Street
Suite 1020
Chicago, IL 60602
(Business address: street, city state and zip code)

Commonwealth Edison Company
(Exact name of obligor as specified in its charter)

Illinois
(State or other jurisdiction of incorporation or organization)

36-0938600
(I.R.S. employer identification no.)

440 South LaSalle Street
Suite 3300
Chicago, Illinois
(Address of principal executive offices)

60605-1028
(Zip code)

First Mortgage Bonds
(Title of the indenture securities)

1. **Affiliations with Obligor.**

If the obligor is an affiliate of the trustee, describe each such affiliation.

None. (see Note below.)

2. **Trusteeships under other indentures.**

If the trustee is trustee under another indenture under which any other securities, or certificates of interest or participation in any other securities, of the obligor are outstanding, file a copy of each such indenture as an exhibit and furnish the following information:

(a) Title of the securities outstanding under each such other indenture.

Not applicable.

(b) A brief statement of the facts relied upon by the trustee as a basis for the claim that no conflicting interest within the meaning of Section 310(b)(1) of the Trust Indenture Act of 1939 (the "Act") arises as a result of the trusteeship under such other indenture, including a statement as to how the indenture securities will rank as compared with the securities issued under such other indenture.

Not applicable.

11. **List of Exhibits.**

None.

NOTE

Inasmuch as this Form T-2 is filed prior to the ascertainment by the Trustee of all facts on which to base a responsive answer to Item 1, the answer to said Item is based on incomplete information.

Item 1 may, however, be considered as correct unless amended by an amendment to this Form T-2.

SIGNATURE

Pursuant to the requirements of the Act, I, D.G. Donovan have signed this statement of eligibility in the City of Chicago and State of Illinois, on the 19th day of May, 2014.

/s/ D.G. DONOVAN
Name: D.G. DONOVAN

Exhibit 25.9

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939
OF A CORPORATION DESIGNATED TO ACT AS TRUSTEE

☐ **Check if an Application to Determine Eligibility of a Trustee Pursuant to Section 305(b)(2)**

U.S. BANK NATIONAL ASSOCIATION

(Exact name of Trustee as specified in its charter)

31-0841368
I.R.S. Employer Identification No.

800 Nicollet Mall
Minneapolis, Minnesota
(Address of principal executive offices)

55402
(Zip Code)

George J. Rayzis
U.S. Bank National Association
50 South 16 th Street, Suite 2000
Philadelphia, PA 19102
(215) 761-9317
(Name, address and telephone number of agent for service)

Commonwealth Edison Company
(Issuer with respect to the Securities)

Illinois
(State or other jurisdiction of incorporation or organization)

36-0938600
(I.R.S. Employer Identification No.)

440 South LaSalle Street
Suite 3300
Chicago, Illinois
(Address of Principal Executive Offices)

60605-1028
(Zip Code)

Notes
(Title of the Indenture Securities)

FORM T-1

Item 1. **GENERAL INFORMATION .** Furnish the following information as to the Trustee.

a) *Name and address of each examining or supervising authority to which it is subject.*

Comptroller of the Currency
Washington, D.C.

b) *Whether it is authorized to exercise corporate trust powers.*

Yes

Item 2. **AFFILIATIONS WITH OBLIGOR.** *If the obligor is an affiliate of the Trustee, describe each such affiliation.*

None

Items 3-15 *Items 3-15 are not applicable because to the best of the Trustee's knowledge, the obligor is not in default under any Indenture for which the Trustee acts as Trustee.*

Item 16. **LIST OF EXHIBITS:** *List below all exhibits filed as a part of this statement of eligibility and qualification.*

1. A copy of the Articles of Association of the Trustee.*
2. A copy of the certificate of authority of the Trustee to commence business, attached as Exhibit 2.
3. A copy of the certificate of authority of the Trustee to exercise corporate trust powers, attached as Exhibit 3.
4. A copy of the existing bylaws of the Trustee.**
5. A copy of each Indenture referred to in Item 4. Not applicable.
6. The consent of the Trustee required by Section 321(b) of the Trust Indenture Act of 1939, attached as Exhibit 6.
7. Report of Condition of the Trustee as of March 31, 2014 published pursuant to law or the requirements of its supervising or examining authority, attached as Exhibit 7.

* Incorporated by reference to Exhibit 25.1 to Amendment No. 2 to registration statement on S-4, Registration Number 333-128217 filed on November 15, 2005.

** Incorporated by reference to Exhibit 25.1 to registration statement on S-4, Registration Number 333-166527 filed on May 5, 2010.

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SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939, as amended, the Trustee, U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, has duly caused this statement of eligibility and qualification to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of Philadelphia, State of Pennsylvania on the 23rd of May, 2014.

By: /s/ George J. Rayzis
George J. Rayzis
Vice President

Exhibit 2

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

CERTIFICATE OF CORPORATE EXISTENCE

I, Thomas J. Curry, Comptroller of the Currency, do hereby certify that:

1. The Comptroller of the Currency, pursuant to Revised Statutes 324, et seq, as amended, and 12 USC 1, et seq, as amended, has possession, custody, and control of all records pertaining to the chartering, regulation, and supervision of all national banking associations.

2. "U.S. Bank National Association," Cincinnati, Ohio (Charter No. 24), is a national banking association formed under the laws of the United States and is authorized thereunder to transact the business of banking on the date of this certificate.

IN TESTIMONY WHEREOF, today, February 27, 2013, I have hereunto subscribed my name and caused my seal of office to be affixed to these presents at the U.S. Department of the Treasury, in the City of Washington, District of Columbia.

Comptroller of the Currency

Exhibit 3

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

CERTIFICATION OF FIDUCIARY POWERS

I, Thomas J. Curry, Comptroller of the Currency, do hereby certify that:

1. The Office of the Comptroller of the Currency, pursuant to Revised Statutes 324, et seq, as amended, and 12 USC 1, et seq, as amended, has possession, custody, and control of all records pertaining to the chartering, regulation, and supervision of all national banking associations.

2. "U.S. Bank National Association," Cincinnati, Ohio (Charter No. 24), was granted, under the hand and seal of the Comptroller, the right to act in all fiduciary capacities authorized under the provisions of the Act of Congress approved September 28, 1962, 76 Stat. 668, 12 USC 92a, and that the authority so granted remains in full force and effect on the date of this certificate.

IN TESTIMONY WHEREOF, today, February 27, 2013, I have hereunto subscribed my name and caused my seal of office to be affixed to these presents at the U.S. Department of the Treasury, in the City of Washington, District of Columbia.

Comptroller of the Currency

Exhibit 6

CONSENT

In accordance with Section 321(b) of the Trust Indenture Act of 1939, the undersigned, U.S. BANK NATIONAL ASSOCIATION hereby consents that reports of examination of the undersigned by Federal, State, Territorial or District authorities may be furnished by such authorities to the Securities and Exchange Commission upon its request therefor.

Dated: May 23, 2014

By: /s/ George J. Rayzis
George J. Rayzis
Vice President

Exhibit 7
U.S. Bank National Association
Statement of Financial Condition
As of 3/31/2014

($000's)

	3/31/2014
Assets	
Cash and Balances Due From Depository Institutions	$ 7,390,563
Securities	84,977,518
Federal Funds	36,998
Loans & Lease Financing Receivables	234,549,731
Fixed Assets	4,726,552
Intangible Assets	13,234,790
Other Assets	22,187,278
Total Assets	**$367,103,430**
Liabilities	
Deposits	$270,081,137
Fed Funds	3,856,384
Treasury Demand Notes	0
Trading Liabilities	422,782
Other Borrowed Money	35,507,326
Acceptances	0
Subordinated Notes and Debentures	4,623,000
Other Liabilities	11,663,853
Total Liabilities	**$326,154,482**
Equity	
Common and Preferred Stock	18,200
Surplus	14,266,409
Undivided Profits	25,808,807
Minority Interest in Subsidiaries	$ 855,532
Total Equity Capital	**$ 40,948,948**
Total Liabilities and Equity Capital	**$367,103,430**

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As filed with the Securities and Exchange Commission on August 30, 2016

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Registration Statement No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM S-3
REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

Exelon Corporation

(Exact name of registrant as specified in its charter)

Pennsylvania
(State or other jurisdiction of incorporation or organization)

23-2990190
(I.R.S. Employer Identification No.)

10 South Dearborn Street
P.O. Box 805379
Chicago, Illinois 60680-5379
800-483-3220
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Exelon Generation Company, LLC
(Exact name of registrant as specified in its charter)

Pennsylvania
(State or other jurisdiction of incorporation or organization)

23-3064219
(I.R.S. Employer Identification No.)

300 Exelon Way
Kennett Square, Pennsylvania 19348
610-765-5959
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

PECO Energy Company
(Exact name of registrant as specified in its charter)

Pennsylvania
(State or other jurisdiction of incorporation or organization)

23-0970240
(I.R.S. Employer Identification No.)

2301 Market Street
Philadelphia, PA 19101
215-841-4000
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Potomac Electric Power Company
(Exact name of registrant as specified in its charter)

District of Columbia and Virginia
(State or other jurisdiction of incorporation or organization)

53-0127880
(I.R.S. Employer Identification No.)

701 Ninth Street, N.W.
Washington, District of Columbia 20068
202-872-2000
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Commonwealth Edison Company
(Exact name of registrant as specified in its Charter)

Illinois
(State or other jurisdiction of incorporation or organization)

36-0938600
(I.R.S. Employer Identification No.)

440 South LaSalle Street
Suite 3300
Chicago, Illinois 60605-1028
312-394-4321
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Baltimore Gas and Electric Company
(Exact name of registrant as specified in its Charter)

Maryland
(State or other jurisdiction of incorporation or organization)

52-0280210
(I.R.S. Employer Identification No.)

2 Center Plaza, 110 West Fayette Street,
Baltimore, Maryland 21201
410-234-5000
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Delmarva Power & Light Company
(Exact name of registrant as specified in its Charter)

Delaware and Virginia
(State or other jurisdiction of incorporation or organization)

51-0084283
(I.R.S. Employer Identification No.)

500 North Wakefield Drive
Newark, Delaware 19702
202-872-2000
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Jonathan W. Thayer
Senior Executive Vice President and Chief Financial Officer
Exelon Corporation
10 South Dearborn Street
P.O. Box 805379
Chicago, Illinois 60603
800-483-3220
http://www.exeloncorp.com

(Name, address, including zip code, and telephone number, including area code, of agent for service for each registrant)

With copies to:

Bruce G. Wilson, Esquire
Senior Vice President and Deputy General Counsel
Exelon Corporation
10 South Dearborn Street
P.O. Box 805379
Chicago, Illinois 60603
800-483-3220

Patrick R. Gillard, Esquire
Ballard Spahr LLP
1735 Market Street, 51 st Floor
Philadelphia, Pennsylvania 19103
215-665-8500

Approximate date of commencement of proposed sale to public : From time to time after the Registration Statement becomes effective, as determined by market and other conditions.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. ☐

If any of the securities being registered on this Form are being offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. ☒

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering. ☐

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, please check the following box. ☒

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

	Large Accelerated	Accelerated	Non-Accelerated	Small Reporting Company
Exelon Corporation	☒			
Exelon Generation Company, LLC			☒	
Commonwealth Edison Company			☒	
PECO Energy Company			☒	
Baltimore Gas and Electric Company			☒	
Potomac Electric Power Company			☒	
Delmarva Power & Light Company			☒	

Calculation of Registration Fee

Title of each class of securities to be registered	Amount to be registered /Proposed maximum offering price per unit/Amount of registration fee
Exelon Corporation debt securities	(1)
Exelon Corporation common stock	(1)
Exelon Corporation stock purchase contracts	(1)
Exelon Corporation stock purchase units (2)	(1)
Exelon Corporation preferred stock	(1)
Exelon Corporation depositary shares	(1)
Exelon Generation Company, LLC debt securities	(1)
Commonwealth Edison Company debt securities	(1)
PECO Energy Company debt securities	(1)
Baltimore Gas and Electric Company debt securities	(1)
Potomac Electric Power Company debt securities	(1)
Delmarva Power & Light Company debt securities	(1)
Total	(1)

(1) There are being registered hereunder such presently indeterminate principal amount or number of (a) debt securities, shares of common stock, stock purchase contracts, stock purchase units, shares of preferred stock and depositary shares, which may be sold from time to time by Exelon Corporation, (b) debt securities, which may be sold from time to time by Exelon Generation Company, LLC, (c) debt securities, which may be sold from time to time by Commonwealth Edison Company, (d) debt securities, which may be sold from time to time by PECO Energy Company, (e) debt securities, which may be sold from time to time by Baltimore Gas and Electric Company, (f) debt securities which may be sold from time to time by Potomac Electric Power Company and (g) debt securities which may be sold from time to time by Delmarva Power & Light Company. In accordance with Rules 456(b) and 457(r), the registrants are each deferring payment of all of the registration fee.

(2) Each stock purchase unit consists of (a) a stock purchase contract under which the holder upon settlement will purchase an indeterminate number of shares of Exelon Corporation common stock and (b) debt securities or preferred stock of Exelon Corporation registered under this registration statement.

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PROSPECTUS

EXELON CORPORATION

Debt Securities
Common Stock
Stock Purchase Contracts
Stock Purchase Units
Preferred Stock
Depositary Shares

EXELON GENERATION COMPANY, LLC

Debt Securities

COMMONWEALTH EDISON COMPANY

Debt Securities

PECO ENERGY COMPANY

Debt Securities

BALTIMORE GAS AND ELECTRIC COMPANY

Debt Securities

POTOMAC ELECTRIC POWER COMPANY

Debt Securities

DELMARVA POWER & LIGHT COMPANY

Debt Securities

Exelon Corporation (Exelon) may use this prospectus to offer and sell from time to time:

- debt securities;
- common stock;
- stock purchase contracts;
- stock purchase units;
- preferred stock in one or more series;
- depositary shares.

Exelon Generation Company, LLC (Generation) may use this prospectus to offer and sell from time to time:

- debt securities

Commonwealth Edison Company (ComEd) may use this prospectus to offer and sell from time to time:

- debt securities

PECO Energy Company (PECO) may use this prospectus to offer and sell from time to time:

- debt securities

Baltimore Gas and Electric Company (BGE) may use this prospectus to offer and sell from time to time:

- debt securities

Potomac Electric Power Company (Pepco) may use this prospectus to offer and sell from time to time:

- debt securities

Delmarva Power & Light Company (DPL) may use this prospectus to offer and sell from time to time:

- debt securities

Exelon, Generation, ComEd, PECO, BGE, Pepco and DPL sometimes refer to the securities listed above as the "Securities."

Exelon, Generation, ComEd, PECO, BGE, Pepco and DPL will provide the specific terms of the Securities in supplements to this prospectus prepared in connection with each offering. Please read this prospectus and the applicable prospectus supplement carefully before you invest. This prospectus may not be used to consummate sales of the offered Securities unless accompanied by a prospectus supplement.

Exelon's common shares are listed on the New York Stock Exchange, under the symbol "EXC."

Please see " Risk Factors " beginning on page 2 for a discussion of factors you should consider in connection with a purchase of the Securities offered in this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is August 30, 2016.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that Exelon, Generation, ComEd, PECO, BGE, Pepco and DPL have each filed with the Securities and Exchange Commission (SEC) using a "shelf" registration process. Under this shelf registration process, each of us may, from time to time, sell our Securities described in this prospectus in one or more offerings. Each time Exelon, Generation, ComEd, PECO, BGE, Pepco or DPL (each, a registrant) sells Securities, the registrant will provide a prospectus supplement that will contain a description of the Securities the registrant will offer and specific information about the terms of the offering. The prospectus supplement may also add, update or change information contained in this prospectus. If there is any inconsistency between the information in this prospectus and the prospectus supplement, you should rely on the prospectus supplement. You should read both this prospectus and any prospectus supplement together with additional information described under "Where You Can Find More Information."

Information contained herein relating to each registrant is filed separately by such registrant on its own behalf. No registrant makes any representation as to information relating to any other registrant or Securities issued by any other registrant.

As used in this prospectus, the terms "we," "our" and "us" generally refer to:

- Exelon with respect to Securities issued by Exelon.
- Generation with respect to Securities issued by Generation.
- ComEd with respect to Securities issued by ComEd.
- PECO with respect to Securities issued by PECO.
- BGE with respect to Securities issued by BGE.
- Pepco with respect to Securities issued by Pepco.
- DPL with respect to Securities issued by DPL.

None of the registrants will guarantee or provide other credit or funding support for the Securities to be offered by another registrant pursuant to this prospectus .

We are not offering the Securities in any state where the offer is not permitted.

For more detailed information about the Securities, you should read the exhibits to the registration statement. Those exhibits have either been filed with the registration statement or incorporated by reference to earlier SEC filings listed in the registration statement.

You should rely only on information contained in this prospectus and which is incorporated by reference or the documents to which we have referred you. We have not authorized anyone to provide you with information that is different. This prospectus and related prospectus supplement may be used only where it is legal to sell these securities. The information in this prospectus and any prospectus supplement may only be accurate on the date of this document. The business of the registrant, financial condition, results of operations and prospects may have changed since that date.

Please see "Risk Factors" beginning on page 2 for a discussion of factors you should consider in connection with a purchase of the Securities offered in this prospectus.

S1-SSA-0009 - 28476

FORWARD-LOOKING STATEMENTS

This prospectus and the documents incorporated or deemed incorporated by reference as described under the heading “Where You Can Find More Information” contain forward-looking statements that are not based entirely on historical facts and are subject to risks and uncertainties. Words such as “believes,” “anticipates,” “expects,” “intends,” “plans,” “predicts” and “estimates” and similar expressions are intended to identify forward-looking statements but are not the only means to identify those statements. These forward-looking statements are based on assumptions, expectations and assessments made by our management in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe to be appropriate. Any forward-looking statements are not guarantees of our future performance and are subject to risks and uncertainties.

This prospectus contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which are subject to risks and uncertainties. The factors that could cause actual results to differ materially from the forward-looking statements made by Exelon, Generation, ComEd, PECO, BGE, Pepco and DPL include those factors discussed herein, as well as the items discussed in (1) the combined 2015 Annual Report on Form 10-K of Exelon, Generation, ComEd, PECO and BGE in (a) ITEM 1A. Risk Factors, (b) ITEM 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations and (c) ITEM 8. Financial Statements and Supplementary Data: Note 23; (2) the combined 2015 Annual Reports on Form 10-K of Pepco and DPL in (a) ITEM 1A. Risk Factors, (b) ITEM 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations and (c) ITEM 8. Financial Statements and Supplementary Data: Note 16; (3) Exelon’s Quarterly Reports on Form 10-Q for the quarters ended March 31, 2016 and June 30, 2016 in (a) Part II, Other Information, ITEM 1A. Risk Factors; (b) Part 1, Financial Information, ITEM 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations and (c) Part I, Financial Information, ITEM 1. Financial Statements: Note 18 and (4) other factors discussed in filings with the SEC by each of the registrants.

You are cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date on the front of this prospectus or, as the case may be, as of the date on which we make any subsequent forward-looking statement that is deemed incorporated by reference. We do not undertake any obligation to update or revise any forward-looking statement to reflect events or circumstances after the date as of which any such forward-looking statement is made.

RISK FACTORS

Investing in the Securities involves various risks. You are urged to read and consider the risk factors described in (a) the combined Annual Reports on Form 10-K of Exelon, Generation, ComEd, PECO, and BGE, as applicable, for the year ended December 31, 2015, filed with the SEC on February 10, 2016, (b) the combined Annual Reports on Form 10-K of Pepco and DPL, as applicable, for the year ended December 31, 2015, filed with the SEC on February 19, 2016 and (c) (3) the registrants’ combined Quarterly Reports on Form 10-Q for the quarters ended March 31, 2016 and June 30, 2016. Before making an investment decision, you should carefully consider these risks as well as other information we include or incorporate by reference in this prospectus. The prospectus supplement applicable to each type or series of Securities offered by one of the registrants will contain a discussion of additional risks applicable to an investment in such registrant and the particular type of Securities the registrant is offering under that prospectus supplement.

EXELON CORPORATION

Exelon, incorporated in Pennsylvania in February 1999, is a utility services holding company engaged, through Generation, in the energy generation business, and through ComEd, PECO, BGE Pepco, DPL and Atlantic City Electric Company, in the energy delivery businesses. Exelon’s principal executive offices are located at 10 South Dearborn Street, Chicago, Illinois 60603, and its telephone number is 800-483-3220.

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EXELON GENERATION COMPANY, LLC

Generation's integrated business consists of its owned and contracted electric generating facilities and investments in generation ventures that are marketed through its leading customer-facing activities. These customer-facing activities include, wholesale energy marketing operations and its competitive retail customer supply of electric and natural gas products and services, including renewable energy products, risk management services and natural gas exploration and production activities. Generation has six reportable segments consisting of the Mid-Atlantic, Midwest, New England, New York, ERCOT and Other Regions.

Generation was formed in 2000 as a Pennsylvania limited liability company. Generation began operations as a result of a corporate restructuring, effective January 1, 2001, in which Exelon separated its generation and other competitive businesses from its regulated energy delivery businesses at ComEd and PECO. Generation's principal executive offices are located at 300 Exelon Way, Kennett Square, Pennsylvania 19348, and its telephone number is 610-765-5959.

COMMONWEALTH EDISON COMPANY

ComEd's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in northern Illinois, including the City of Chicago.

ComEd was organized in the State of Illinois in 1913 as a result of the merger of Cosmopolitan Electric Company into the original corporation named Commonwealth Edison Company, which was incorporated in 1907. ComEd's principal executive offices are located at 440 South LaSalle Street, Chicago, Illinois 60605, and its telephone number is 312-394-4321.

PECO ENERGY COMPANY

PECO's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in southeastern Pennsylvania, including the City of Philadelphia, as well as the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services to retail customers in the Pennsylvania counties surrounding the City of Philadelphia.

PECO was incorporated in Pennsylvania in 1929. PECO's principal executive offices are located at 2301 Market Street, Philadelphia, Pennsylvania 19103, and its telephone number is 215-841-4000.

BALTIMORE GAS AND ELECTRIC COMPANY

BGE's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to retail customers in central Maryland, including the City of Baltimore, as well as the purchase and regulated retail sale of natural gas and the provision of gas distribution services to retail customers in central Maryland, including the City of Baltimore.

BGE was incorporated in Maryland in 1906. BGE's principal executive offices are located at 110 West Fayette Street, Baltimore, Maryland 21201, and its telephone number is 410-234-5000.

POTOMAC ELECTRIC POWER COMPANY

Pepco's energy delivery business consists of the Purchase and regulated retail sale of electricity and the provision of electric distribution and transmission services in the District of Columbia and major portions of Prince George's County and Montgomery County in Maryland.

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Pepco was incorporated in the District of Columbia in 1896 and Virginia in 1949. Pepco's principal executive offices are located at 701 Ninth Street, N.W., Washington, D.C. 20068, and its telephone number is (202) 872-2000.

DELMARVA POWER & LIGHT COMPANY

DPL's energy delivery business consists of the purchase and regulated retail sale of electricity and the provision of electric distribution and transmission services in portions of Maryland and Delaware, and the purchase and regulated retail sale of natural gas and the provision of natural gas distribution services in northern Delaware.

DPL was incorporated in Delaware in 1909 and Virginia in 1979. DPL's principal executive offices are located at 500 North Wakefield Drive Newark, Delaware 19702, and its telephone number is (202) 872-2000.

USE OF PROCEEDS

Except as otherwise indicated in the applicable prospectus supplement, each registrant expects to use the net proceeds from the sale of the Securities for general corporate purposes, including to discharge or refund (by redemption, by purchase on the open market, by purchase in private transactions, by tender offer or otherwise) outstanding long-term debt. Each registrant will describe in the applicable prospectus supplement any specific allocation of the proceeds to a particular purpose that the registrant has made at the date of that prospectus supplement. Please refer to our annual and quarterly reports incorporated by reference into this prospectus and any prospectus supplement for information concerning each registrant's outstanding long-term debt. See "Where You Can Find More Information."

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RATIO OF EARNINGS TO FIXED CHARGES AND RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERENCE SECURITY DIVIDENDS

Exelon

The following are Exelon's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Six Months Ended
	2011	2012	2013	2014	2015	June 30, 2016
Ratio of earnings to fixed charges	4.9	2.4	2.6	2.7	3.3	1.8

The following are Exelon's consolidated ratios of earnings to combined fixed charges and preference stock dividends for each of the periods indicated:

	Years Ended December 31,					Six Months Ended
	2011	2012	2013	2014	2015	June 30, 2016
Ratio of earnings to combined fixed charges and preference security dividends	4.9	2.3	2.5	2.7	3.3	1.8

Generation

The following are Generation's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Six Months Ended
	2011	2012	2013	2014	2015	June 30, 2016
Ratio of earnings to fixed charges	7.3	2.6	3.3	2.8	3.5	2.1

ComEd

The following are ComEd's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Six Months Ended
	2011	2012	2013	2014	2015	June 30, 2016
Ratio of earnings to fixed charges	3.0	3.0	1.7	3.1	3.1	3.4

PECO

The following are PECO's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Six Months Ended
	2011	2012	2013	2014	2015	June 30, 2016
Ratio of earnings to fixed charges	4.7	4.9	5.6	5.0	5.4	5.3

BGE

The following are BGE's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Six Months Ended
	2011	2012	2013	2014	2015	June 30, 2016
Ratio of earnings to fixed charges	2.4	1.0	3.6	3.8	4.7	4.5

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Pepco

The following are Pepco's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Six Months Ended
	2011	2012	2013	2014	2015	June 30, 2016
Ratio of earnings to fixed charges	2.22	2.54	2.89	3.05	3.08	0.10(a)

(a) The ratio coverage was less than 1:1. Pepco required additional earnings of $64 million in order to achieve a coverage ratio of 1:1.

DPL

The following are DPL's consolidated ratios of earnings to fixed charges for each of the periods indicated:

	Years Ended December 31,					Six Months Ended
	2011	2012	2013	2014	2015	June 30, 2016
Ratio of earnings to fixed charges	3.31	3.25	3.64	4.19	3.31	(1.2)(a)

(a) The ratio coverage was less than 1:1. DPL required additional earnings of $62 million in order to achieve a coverage ratio of 1:1.

DESCRIPTION OF SECURITIES

Each time one of the registrants sells securities, it will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with additional information described under “Where You Can Find More Information.”

PLAN OF DISTRIBUTION

We may sell the Securities offered (a) through agents; (b) by underwriters or dealers; (c) directly to one or more purchasers; or (d) through a combination of any of these methods of sale.

In some cases we may also repurchase the Securities and reoffer them to the public by one or more of the methods described above.

This prospectus may be used in connection with any offering of securities through any of these methods or other methods described in the applicable prospectus supplement.

Any underwriter or agent involved in the offer and sale of the Securities will be named in the applicable prospectus supplement.

By Agents

Offered securities may be sold on a one time or a continuing basis by agents designated by the applicable registrant. The agents will use their reasonable efforts to solicit purchases for the period of their appointment under the terms of an agency agreement between the agents and the applicable issuer.

By Underwriters or Dealers

If underwriters are used in the sale, the underwriters may be designated by the applicable registrant or selected through a bidding process. The securities will be acquired by the underwriters for their own account. The underwriters may resell the Securities in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. Underwriters may sell the Securities to or through dealers, and such dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or commissions from the purchasers for whom they may act as agents. The obligations of the underwriters to purchase the Securities will be subject to certain conditions. The underwriters will be obligated to purchase all the Securities of the series offered if any of the securities are purchased. Any initial public offering price and any discounts or concessions allowed or re-allowed or paid to dealers may be changed from time to time.

Only underwriters named in the applicable prospectus supplement are deemed to be underwriters in connection with the Securities offered hereby.

If dealers are utilized in the sale of the Securities, the applicable registrant will sell the Securities to the dealers as principals. The dealers may then resell the Securities to the public at varying prices to be determined by such dealers at the time of resale. The names of the dealers and the terms of the transaction will be set forth in the applicable prospectus supplement.

Direct Sales

We may also sell Securities directly to the public. In this case, no underwriters or agents would be involved.

General Information

We may authorize agents, underwriters or dealers to solicit offers by certain institutions to purchase Securities from us at the public offering price pursuant to delayed delivery contracts providing for payment and delivery on a later date or dates, all as described in the applicable prospectus supplement. Each delayed delivery contract will be for an amount not less than, and the aggregate amount of the Securities shall be not less nor more than, the respective amounts stated in the applicable prospectus supplement. Such institutions may include commercial and savings banks, insurance companies, pension funds, investment companies, educational and charitable institutions, and other institutions, but will in all cases be subject to our approval. The delayed delivery contracts will not be subject to any conditions except:

- the purchase by an institution of the Securities covered by its delayed delivery contract shall not, at any time of delivery, be prohibited under the laws of any jurisdiction in the United States to which such delayed delivery contract is subject; and
- if the Securities are being sold to underwriters, we shall have sold to those underwriters the total amount of the Securities less the amount thereof covered by the delayed delivery contracts. The underwriters will not have any responsibility in respect of the validity or performance of the delayed delivery contracts.

Unless otherwise specified in the related prospectus supplement, each series of the Securities will be a new issue with no established trading market, other than the common stock. Any common stock sold pursuant to a prospectus supplement or issuable upon conversion of another offered Security will be listed on the New York Stock Exchange, subject to official notice of issuance. We may elect to list any of the other securities on an exchange, but are not obligated to do so. It is possible that one or more underwriters may make a market in a series of the Securities, but no underwriter will be obligated to do so and any underwriter may discontinue any market making at any time without notice. We cannot predict the activity of trading in, or liquidity of, our Securities.

In connection with sales by an agent or in an underwritten offering, the SEC rules permit the underwriters or agents to engage in transactions that stabilize the price of the Securities. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters or agents of a greater number of securities than they are required to purchase in an offering. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Securities while an offering is in progress.

The underwriters also may impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the underwriters have repurchased Securities sold by or for the account of that underwriter in stabilizing or short-covering transactions.

These activities by the underwriters may stabilize, maintain or otherwise affect the market price of the Securities. As a result, the price of the Securities may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the underwriters at any time. These transactions may be effected on an exchange or automated quotation system, if the Securities are listed on that exchange or admitted for trading on that automated quotation system, in the over-the-counter market or otherwise.

We may from time to time, without the consent of the existing Security holders, create and issue further Securities having the same terms and conditions as the Securities being offered hereby in all respects, except for issue date, issue price and if applicable, the first payment of interest or dividends therein or other terms as noted in the applicable prospectus supplement. Additional Securities issued in this manner will be consolidated with, and will form a single series with, the previously outstanding securities.

Underwriters, dealers and agents that participate in the distribution of the Securities may be underwriters as defined in the Securities Act of 1933, and any discounts or commissions received by them from us and any profit on the resale of the Securities by them may be treated as underwriting discounts and commissions under the Securities Act.

We may have agreements with the underwriters, dealers and agents to indemnify them against certain civil liabilities, including liabilities under the Securities Act of 1933, or to contribute with respect to payments which the underwriters, dealers or agents may be required to make.

Underwriters, dealers and agents may engage in transactions with, or perform services for, us or our subsidiaries or affiliates in the ordinary course of their businesses.

LEGAL MATTERS

Ballard Spahr LLP, Philadelphia, Pennsylvania, will render an opinion as to the validity of the Securities for us.

Winston & Strawn LLP, Chicago, Illinois, will render an opinion as to the validity of the Securities for any underwriters, dealers, purchasers or agents. Winston & Strawn LLP provides legal services to Exelon and its subsidiaries from time to time.

EXPERTS

The financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) of (a) Exelon, Generation, ComEd, PECO and BGE incorporated in this prospectus by reference to the combined Annual Reports on Form 10-K for the year ended December 31, 2015 and (b) of Pepco and DPL by reference to the combined Annual Reports on Form 10-K for the year ended December 31, 2015 have been so incorporated in reliance on the reports of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

Exelon, Generation, ComEd, PECO, BGE, Pepco and DPL each file reports and other information with the SEC. The public may read and copy any reports or other information that we file with the SEC at the SEC's public reference room, 100 F Street, N.E., Room 1580, Washington, D.C. 20549. The public may obtain information on the operation of the public reference room by calling the SEC at 1-800-SEC-0330. These documents are also available to the public from commercial document retrieval services and at the web site maintained by the SEC at http://www.sec.gov. Reports, proxy statements and other information concerning Exelon may also be inspected at the offices of the New York Stock Exchange, which is located at 20 Broad Street, New York, New York 10005. You may also obtain a copy of the registration statement at no cost by writing us at the following address:

Exelon Corporation
Attn: Investor Relations
10 South Dearborn Street - 52 nd Floor
P.O. Box 805398
Chicago, IL 60680-5398

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This prospectus is one part of a registration statement filed on Form S-3 with the SEC under the Securities Act of 1933, as amended, known as the Securities Act. This prospectus does not contain all of the information set forth in the registration statement and the exhibits and schedules to the registration statement. For further information concerning us and the Securities, you should read the entire registration statement, including this prospectus and any related prospectus supplements, and the additional information described under the sub-heading “Documents Incorporated By Reference” below. The registration statement has been filed electronically and may be obtained in any manner listed above. Any statements contained herein concerning the provisions of any document are not necessarily complete, and, in each instance, reference is made to the copy of such document filed as an exhibit to the registration statement or otherwise filed with the SEC. Each such statement is qualified in its entirety by such reference.

Information about us is also available on Exelon’s web site at http://www.exeloncorp.com. The information on Exelon’s web site is not incorporated into this prospectus by reference, and you should not consider it a part of this prospectus.

DOCUMENTS INCORPORATED BY REFERENCE

The SEC allows us to “incorporate by reference” information that we file with the SEC, which means that we can disclose important information to you by referring you to the documents we file with the SEC. The information incorporated by reference is an important part of this prospectus, and information that we file later with the SEC will automatically update and supersede this information. This incorporation by reference does not include documents that are furnished but not filed with the SEC. We incorporate by reference the documents listed below and any future documents that we file with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (known as the Exchange Act) but prior to the termination of any offering of securities made by this prospectus:

Exelon Corporation (Exchange Act File No. 1-16169)

- Exelon’s Annual Report on Form 10-K for the year ended December 31, 2015;
- Exelon’s Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2016 and June 30, 2016;
- The description of Exelon’s common stock contained in the registration statement on Form 8-A filed under the Securities Exchange Act of 1934 on October 10, 2000, as amended, including any amendment thereto or report filed for the purpose of updating such description; and
- Exelon’s Current Reports on Form 8-K filed with the SEC on January 7, 2016, February 26, 2016, March 7, 2016, March 24, 2016, April 1, 2016, April 5, 2016, April 7, 2016, April 15, 2016, April 29, 2016, May 25, 2016, May 25, 2016, May 27, 2016, June 2, 2016, June 3, 2016, June 10, 2016 and July 7, 2016.

Exelon Generation Company, LLC (Exchange Act File No. 333-85496)

- Generation’s Annual Report on Form 10-K for the year ended December 31, 2015;
- Generation’s Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2016 and June 30, 2016; and
- Generation’s Current Reports on Form 8-K filed with the SEC on April 5, 2016, April 15, 2016, May 25, 2016, May 27, 2016, June 2, 2016 and July 7, 2016.

Commonwealth Edison Company (Exchange Act File No. 1-1839)

- ComEd's Annual Report on Form 10-K for the year ended December 31, 2015;
- ComEd's Reports on Form 10-Q for the quarterly periods ended March 31, 2016 and June 30, 2016; and
- ComEd's Current Reports on Form 8-K filed with the SEC on May 27, 2016 and June 27, 2016.

PECO Energy Company (Exchange Act File No. 000-16844)

- PECO's Annual Report on Form 10-K for the year ended December 31, 2015;
- PECO's Reports on Form 10-Q for the quarterly periods ended March 31, 2016 and June 30, 2016;
- PECO's Current Report on Form 8-K filed with the SEC on May 27, 2016.

Baltimore Gas and Electric Company (Exchange Act File No. 1-1910)

- BGE's Annual Report on Form 10-K for the year ended December 31, 2015;
- BGE's Reports on Form 10-Q for the quarterly periods ended March 31, 2016 and June 30, 2016; and
- BGE's Current Reports on Form 8-K filed with the SEC on May 27, 2016, June 3, 2016, June 9, 2016 and August 18, 2016.

Potomac Electric Power Company (Exchange Act File No. 001-01072)

- Pepco's Annual Report on Form 10-K for the year ended December 31, 2015;
- Pepco's Reports on Form 10-Q for the quarterly periods ended March 31, 2016 and June 30, 2016; and
- Pepco's Current Reports on Form 8-K filed with the SEC on February 26, 2016, March 7, 2016, March 24, 2016 and May 27, 2016.

Delmarva Power & Light Company (Exchange Act File No. 001-01405)

- DPL's Annual Report on Form 10-K for the year ended December 31, 2015;
- DPL's Reports on Form 10-Q for the quarterly periods ended March 31, 2016 and June 30, 2016; and
- DPL's Current Reports on Form 8-K filed with the SEC on February 26, 2016, March 7, 2016, March 24, 2016 and May 27, 2016.

Upon written or oral request, we will provide without charge to each person, including any beneficial owner, to whom this prospectus is delivered, a copy of any or all of such documents which are incorporated herein by reference (other than exhibits to such documents unless such exhibits are specifically incorporated by reference into the documents that this prospectus incorporates). Written or oral requests for copies should be directed to Exelon Corporation, Attn: Investor Relations, 10 South Dearborn Street, 52 nd Floor, P.O. Box 805398, Chicago, IL 60680-5398, 312-394-2345.

Any statement contained in this prospectus, or in a document all or a portion of which is incorporated by reference, shall be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus, any supplement or any document incorporated by reference modifies or supersedes such statement. Any such statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this prospectus.

All reports and other documents subsequently filed by us pursuant to Sections 13(a), 13(c), 14 and 15(d) of the Exchange Act, prior to the filing of a post-effective amendment, which indicates that all of a class of securities offered hereby have been sold or which deregisters all of a class of securities then remaining unsold, shall be deemed incorporated by reference herein and to be a part hereof from the date of filing of such documents.

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PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The expenses in connection with the issuance and distribution of the Securities are set forth in the following table. All amounts except the SEC registration fee are estimated.

SEC registration fee	$	*
Listing fees and expenses	$	**
Accounting fees and expenses	$	**
Printing and engraving expenses	$	**
Legal fees and expenses	$	**
Trustee fees	$	**
Miscellaneous	$	**
Total	$	**

* To be deferred pursuant to Rule 456(b) and calculated in connection with the offering of securities under this registration statement pursuant to Rule 457(r).

** Estimated expenses not presently known. Each prospectus supplement will reflect estimated expenses based on the amount of the related offering.

ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Exelon Corporation

Chapter 17, Subchapter D of the Pennsylvania Business Corporation Law of 1988, as amended (the PBCL), contains provisions permitting indemnification of officers and directors of a business corporation incorporated in Pennsylvania. Sections 1741 and 1742 of the PBCL provide that a business corporation may indemnify directors and officers against liabilities and expenses he or she may incur in connection with a threatened, pending or completed civil, administrative or investigative proceeding by reason of the fact that he or she is or was a representative of the corporation or was serving at the request of the corporation as a representative of another enterprise, provided that the particular person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the corporation, and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful. In general, the power to indemnify under these sections does not exist in the case of actions against a director or officer by or in the right of the corporation if the person otherwise entitled to indemnification shall have been adjudged to be liable to the corporation, unless it is judicially determined that, despite the adjudication of liability but in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnification for the expenses the court deems proper. Section 1743 of the PBCL provides that the corporation is required to indemnify directors and officers against expenses they may incur in defending these actions if they are successful on the merits or otherwise in the defense of such actions.

Section 1746 of the PBCL provides that indemnification under the other sections of Subchapter D is not exclusive of other rights that a person seeking indemnification may have under any by-law, agreement, vote of shareholders or disinterested directors or otherwise, whether or not the corporation would have the power to indemnify the person under any other provision of law. However, Section 1746 prohibits indemnification in circumstances where the act or failure to act giving rise to the claim for indemnification is determined by a court to have constituted willful misconduct or recklessness.

Section 1747 of the PBCL permits a corporation to purchase and maintain insurance on behalf of any person who is or was a director or officer of the corporation, or is or was serving at the request of the corporation as a

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representative of another enterprise, against any liability asserted against such person and incurred by him or her in that capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify the person against such liability under Subchapter D.

Exelon's Bylaws provide that it is obligated to indemnify directors and officers and other persons designated by the board of directors against any liability, including any damage, judgment, amount paid in settlement, fine, penalty, cost or expense (including, without limitation, attorneys' fees and disbursements) including in connection with any proceeding. Exelon's Bylaws provide that no indemnification shall be made where the act or failure to act giving rise to the claim for indemnification is determined by arbitration or otherwise to have constituted willful misconduct or recklessness or attributable to receipt from Exelon of a personal benefit to which the recipient is not legally entitled.

As permitted by PBCL Section 1713, Exelon's Bylaws provide that directors generally will not be liable for monetary damages in any action, whether brought by shareholders directly or in the right of Exelon or by third parties, unless they fail in the good faith performance of their duties as fiduciaries (the standard of care established by the PBCL), and such failure constitutes self-dealing, willful misconduct or recklessness.

Exelon has entered into indemnification agreements with each of its directors. Exelon also currently maintains liability insurance for its directors and officers. In addition, the directors, officers and employees of Exelon are insured under policies of insurance, within the limits and subject to the limitations of the policies, against claims made against them for acts in the discharge of their duties, and Exelon is insured to the extent that it is required or permitted by law to indemnify the directors, officers and employees for such loss. The premiums for such insurance are paid by Exelon.

Exelon Generation Company, LLC

Section 4.6 of Generation's operating agreement provides, as follows:

The Member shall, and any officer, employee or agent of the Company may in the Member's absolute discretion, be indemnified by the Company to the fullest extent permitted by Section 8945 of the Pennsylvania Limited Liability Company Law of 1994 and as may be otherwise permitted by applicable law.

Section 8945 of the Pennsylvania Limited Liability Company Law of 1994 provides that:

8945. Indemnification.

(a) General rule. Subject to such standards and restrictions, if any, as are set forth in the operating agreement, a limited liability company may and shall have the power to indemnify and hold harmless any member or manager or other person from and against any and all claims and demands whatsoever.

(b) When indemnification is not to be made. Indemnification under subsection (a) shall not be made in any case where the act giving rise to the claim for indemnification is determined by a court to have constituted willful misconduct or recklessness. The certificate of organization or operating agreement may not provide for indemnification in the case of willful misconduct or recklessness.

(c) Grounds. Indemnification under subsection (a) may be granted for any action taken and may be made whether or not the company would have the power to indemnify the person under any other provision of law except as provided in this section and whether or not the indemnified liability arises or arose from any threatened, pending or completed action by or in the right of the company. Such indemnification is declared to be consistent with the public policy of this Commonwealth.

(d) Payment of expenses. Expenses incurred by a member, manager or other person in defending any action or proceeding against which indemnification may be made under this section may be paid by the company in advance of the final disposition of such action or proceeding upon receipt of an undertaking by or on behalf of such person to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the company.

(e) Rights to indemnification. The indemnification and advancement of expenses provided by or granted under this section shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to serve in the capacity as to which he was indemnified and shall inure to the benefit of the heirs, executors and administrators of such person.

(f) Mandatory indemnification. Without regard to whether indemnification or advancement of expenses is provided under subsections (a) and (d), a limited liability company shall be subject to section 8331(2) (relating to rules determining rights and duties of partners) and both the members and the managers, if any, shall be deemed to be general partners for purposes of applying that section.

In addition, the officers and employees of Generation are insured under policies of insurance, within the limits and subject to the limitations of the policies, against claims made against them for acts in the discharge of their duties, and the registrant is insured to the extent that it is required or permitted by law to indemnify the officers and employees for such loss. The premiums for such insurance are paid by Generation.

Commonwealth Edison Company

Certain provisions of the Illinois Business Corporation Act of 1983, as amended (the BCA), provide that ComEd may, and in some circumstances must, indemnify the directors and officers of ComEd and of each subsidiary company against liabilities and expenses incurred by such person by reason of the fact that such person was serving in such capacity, subject to certain limitations and conditions set forth in the statute. ComEd's Restated Articles of Incorporation and Amended and Restated By-Laws provide that ComEd will indemnify its directors and officers and any other person serving as director, officer, employee or agent of another business entity at ComEd's request, to the extent permitted by the statute. In addition, ComEd's Restated Articles of Incorporation provide, as permitted by the BCA, that directors shall not be personally liable for monetary damages for breach of fiduciary duty as a director, except (i) for breaches of their duty of loyalty to ComEd or its shareholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 8.65 of the BCA, and (iv) for transactions from which a director derived an improper personal benefit.

ComEd has entered into indemnification agreements with each of its directors. ComEd also maintains liability insurance policies which indemnify ComEd's directors and officers, the directors and officers of subsidiaries of ComEd, and the trustees of the Commonwealth Edison Company Service Annuity Fund and the Commonwealth Edison Company of Indiana, Inc. Service Annuity Fund, against loss arising from claims by reason of their legal liability for acts as such directors, officers or trustees, subject to limitations and conditions as set forth in the policies.

PECO Energy Company

As noted above, the PBCL, contains provisions permitting indemnification of officers and directors of a business corporation incorporated in Pennsylvania. Sections 1741 and 1742 of the PBCL provide that a business corporation may indemnify directors and officers against liabilities and expenses he or she may incur in connection with a threatened, pending or completed civil, administrative or investigative proceeding by reason of the fact that he or she is or was a representative of the corporation or was serving at the request of the corporation as a representative of another enterprise, provided that the particular person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the corporation, and, with respect to

any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful. In general, the power to indemnify under these sections does not exist in the case of actions against a director or officer by or in the right of the corporation if the person otherwise entitled to indemnification shall have been adjudged to be liable to the corporation, unless it is judicially determined that, despite the adjudication of liability but in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnification for the expenses the court deems proper. Section 1743 of the PBCL provides that the corporation is required to indemnify directors and officers against expenses they may incur in defending these actions if they are successful on the merits or otherwise in the defense of such actions.

Section 1746 of the PBCL provides that indemnification under the other sections of Subchapter D is not exclusive of other rights that a person seeking indemnification may have under any by-law, agreement, vote of shareholders or disinterested directors or otherwise, whether or not the corporation would have the power to indemnify the person under any other provision of law. However, Section 1746 prohibits indemnification in circumstances where the act or failure to act giving rise to the claim for indemnification is determined by a court to have constituted willful misconduct or recklessness.

Section 1747 of the PBCL permits a corporation to purchase and maintain insurance on behalf of any person who is or was a director or officer of the corporation, or is or was serving at the request of the corporation as a representative of another enterprise, against any liability asserted against such person and incurred by him or her in that capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify the person against such liability under Subchapter D.

PECO's Bylaws provide that it is obligated to indemnify directors and officers and other persons designated by the board of directors against any liability, including any damage, judgment, amount paid in settlement, fine, penalty, cost or expense (including, without limitation, attorneys' fees and disbursements) including in connection with any proceeding. PECO's Bylaws provide that no indemnification shall be made where the act or failure to act giving rise to the claim for indemnification is determined by arbitration or otherwise to have constituted willful misconduct or recklessness or attributable to receipt from PECO of a personal benefit to which the recipient is not legally entitled.

As permitted by PBCL Section 1713, PECO's Bylaws provide that directors generally will not be liable for monetary damages in any action, whether brought by shareholders directly or in the right of PECO or by third parties, unless they fail in the good faith performance of their duties as fiduciaries (the standard of care established by the PBCL), and such failure constitutes self-dealing, willful misconduct or recklessness.

PECO has entered into indemnification agreements with each of its directors. PECO also currently maintains liability insurance for its directors and officers. In addition, the directors, officers and employees of PECO are insured under policies of insurance, within the limits and subject to the limitations of the policies, against claims made against them for acts in the discharge of their duties, and PECO is insured to the extent that it is required or permitted by law to indemnify the directors, officers and employees for such loss. The premiums for such insurance are paid by PECO.

Baltimore Gas and Electric Company

The following description of indemnification allowed under Maryland statutory law is a summary rather than a complete description. Reference is made to Section 2-418 of the Corporations and Associations Article of the Maryland Annotated Code, which is incorporated herein by reference, and the following summary is qualified in its entirety by such reference.

By a Maryland statute, a Maryland corporation may indemnify any director who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (Proceeding) by reason of the fact that he is a present or former director

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of the corporation and any person who, while a director of the corporation, is or was serving at the request of the corporation as a director, officer, partner, trustee, employee, or agent of another corporation, partnership, joint venture, trust, limited liability company, other enterprise, or employee benefit plan (Director). Such indemnification may be against judgments, penalties, fines, settlements and reasonable expenses actually incurred by such Director in connection with the Proceeding unless it is established that (a) the act or omission of the Director was material to the matter giving rise to the Proceeding and (i) was committed in bad faith, or (ii) was the result of active and deliberate dishonesty; or (b) the Director actually received an improper personal benefit in money, property, or services; or (c) in the case of any criminal proceeding, the Director had reasonable cause to believe the act or omission was unlawful. However, the corporation may not indemnify any Director in connection with a Proceeding by or in the right of the corporation if the Director has been adjudged to be liable to the corporation. A Director who has been successful in the defense of any Proceeding described above, or in the defense of any claim, issue or matter in the Proceeding, shall be indemnified against reasonable expenses incurred in connection with the Proceeding or the claim, issue or matter in which the Director has been successful. The corporation may not indemnify a Director in respect of any Proceeding charging improper personal benefits to the Director in which the Director was adjudged to be liable on the basis that personal benefit was improperly received. The corporation may not indemnify a Director or advance expenses for a Proceeding brought by the Director against the corporation except if the Proceeding is brought to enforce indemnification by the corporation or if the corporation's charter or bylaws, a board resolution or contract provides otherwise. Notwithstanding the above provisions, a court of appropriate jurisdiction, upon application of the Director, may order indemnification if it determines that in view of all the relevant circumstances, the Director is fairly and reasonably entitled to indemnification; however, indemnification with respect to any Proceeding by or in the right of the corporation or in which liability was adjudged on the basis that personal benefit was improperly received shall be limited to expenses. A corporation may advance reasonable expenses to a Director prior to the final disposition of a Proceeding upon receipt by the corporation of a written undertaking by or on behalf of the Director to repay the amount if it shall ultimately be determined that the standard of conduct necessary for indemnification by the corporation has not been met.

A corporation may indemnify and advance expenses to an officer of the corporation to the same extent that it may indemnify Directors under the statute.

The indemnification and advancement of expenses provided by statute is not exclusive of any other rights, by indemnification or otherwise, to which a Director or officer may be entitled under the charter, bylaws, a resolution of shareholders or directors, an agreement or otherwise.

A corporation may purchase and maintain insurance on behalf of any person who is or was a Director or officer, whether or not the corporation would have the power to indemnify a Director or officer against liability under the provision of this section of Maryland law. Further, a corporation may provide similar protection, including a trust fund, letter of credit or surety bond, not inconsistent with the statute.

Article V of BGE's Charter reads as follows:

> "A director or officer of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages except (i) to the extent that it is proved that the person actually received an improper benefit or profit in money, property, or services for the amount of the benefit or profit in money, property, or services actually received or (ii) to the extent that a judgment or other final adjudication adverse to the person is entered in a proceeding based on a finding in the proceeding that the person's action or failure to act was the result of active and deliberate dishonesty and was material to the cause of action adjudicated in the proceeding. It is the intent of this Article that the liability of directors and officers shall be limited to the fullest extent permitted by the Maryland General Corporation Law, as amended from time to time.
>
> Any repeal or modification of the foregoing paragraph by the stockholders of the corporation shall not adversely affect any right or protection of a director or officer of the corporation existing at the time of such repeal or modification."

Article IV of BGE's By-Laws reads as follows:

> "Each person made or threatened to be made party to an action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was a director or officer of the Company, or, at its request, is or was a director or officer of another corporation, shall be indemnified by the Company (to the extent indemnification is not otherwise provided by insurance) against the liabilities, costs and expenses of every kind actually and reasonably incurred by him as a result of such action, suit or proceeding, or any threat thereof or any appeal thereon, but in each case only if and to the extent permissible under applicable common or statutory law, state or federal. The foregoing indemnity shall not be inclusive of other rights to which such person may be entitled."

BGE has entered into indemnification agreements with each of its directors. The directors and officers of BGE are covered by insurance indemnifying them against certain liabilities which might be incurred by them in their capacities as such, including certain liabilities arising under the Securities Act of 1933. The premium for this insurance is paid by Exelon with BGE's share of the premium being reimbursed by BGE.

Pepco

Section 29-306.51 of the Business Corporation Act of 2010, or the DCBCA, provides that a District of Columbia corporation may indemnify an individual who is a party to a proceeding because the individual is a director of the corporation against liability incurred in the proceeding if the director conducted himself or herself in good faith and reasonably believed, in the case of conduct in an official capacity, that his or her conduct was in the best interests of the corporation, and in all other cases, that his or her conduct was at least not opposed to the best interests of the corporation (or, in the case of conduct with respect to an employee benefit plan, for a purpose the director reasonably believed to be in the interests of the participants in, and the beneficiaries of, the plan), and, in the case of any criminal proceeding, had no reasonable cause to believe that his or her conduct was unlawful. Unless ordered by a court of competent jurisdiction, a corporation may not indemnify a director (i) in connection with a proceeding by or in the right of the corporation, except for expenses incurred in connection with the proceeding if it is determined that the director has met the relevant standard of conduct, or (ii) with respect to conduct for which the director was adjudged liable on the basis of receiving a financial benefit to which he or she was not entitled.

Under Section 29-306.52 of the DCBCA, a corporation must indemnify a director who was wholly successful, on the merits or otherwise, in the defense of any proceeding to which the director was a party because he or she was a director of the corporation, against expenses incurred by the director in connection with the proceeding.

Under Section 29-306.53 of the DCBCA, a corporation may, before final disposition of a proceeding, advance funds to pay for or reimburse expenses incurred in connection with such a proceeding so long as the director provides the corporation with a signed affirmation of the director's good faith belief that the relevant standard of conduct has been met by the director or that the proceeding involves conduct for which liability has been eliminated under a provision of the articles of incorporation and an undertaking of the director to repay any funds advanced if the director is not entitled to mandatory indemnification under Section 29-306.52 of the DCBCA and it is ultimately determined that the director has not met the relevant standard of conduct for indemnification.

Section 29-306.56 of the DCBCA provides that a corporation may also indemnify and advance expenses to an individual who is a party to a proceeding because he or she is an officer of the corporation (i) to the same extent as a director, and, (ii) if he or she is an officer but not a director (and, where the officer is also a director if the basis on which the person is a party to the proceeding is an act or omission solely as an officer), to such further extent as may be provided by the articles of incorporation, the bylaws, a resolution of the board of directors, or contract except for liability (A) in connection with a proceeding by or in the right of the corporation

(other than for expenses incurred in connection with the proceeding) or (B) arising out of conduct that constitutes a receipt by the officer of a financial benefit to which the officer is not entitled, an intentional infliction of harm on the corporation or the shareholders or an intentional violation of criminal law. The mandatory indemnification requirement under Section 29-306.52 of the DCBCA discussed above also applies to an officer of the corporation who is not also a director, to the same extent as if the officer was a director.

Under Sections 13.1-697 and 13.1-702 of the Virginia Stock Corporation Act, or the VSCA, a Virginia corporation may indemnify any current or former director or officer who was, is or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding if the director conducted himself in good faith and (i) believed, in the case of conduct in his official capacity with the corporation, that his conduct was in the best interests of the corporation or, in all other cases, that his conduct was at least not opposed to the best interests of the corporation, or (ii) in the case of a criminal proceeding, he had no reasonable cause to believe his conduct was unlawful; provided, however that, unless ordered by a court, a corporation may not indemnify a director or officer in connection with (i) a proceeding by or in the right of the corporation in which the director or officer was found liable to the corporation, other than for reasonable expenses or (ii) any other proceeding charging improper personal benefit to him, whether or not involving action in his official capacity, in which he was adjudged liable on the basis that personal benefit was improperly received.

Under Sections 13.1-698 and 13.1-702 of the VSCA, unless limited by its articles of incorporation, a Virginia corporation is required to indemnify any director or officer who entirely prevails in the defense of any proceeding to which he was a party because he is or was a director of the corporation against reasonable expenses incurred by him in connection with the proceeding.

The By-Laws of Pepco provide that Pepco will, to the fullest extent permitted by law, indemnify each director or officer and each former director and officer of Pepco against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with any threatened, pending or completed action, suit or proceeding by reason of the fact that he is or was a director or officer, except in relation to matters as to which such director or officer shall be finally adjudged in such action, suit or proceeding to have knowingly violated the criminal law or to be liable for willful misconduct in the performance of his duty to Pepco; and that such indemnification shall be in addition to, but that such indemnification rights shall not be exclusive of, any other rights to which such person may be entitled under any by-law, agreement, vote of stockholders, or otherwise.

DPL

DPL's Articles of Restatement of Certificate and Articles of Incorporation provide, in accordance with Section 102(b)(7) of the DGCL and Section 13.1-692.1 of the VSCA, that no director of DPL shall be personally liable to DPL or its stockholders for monetary damages for breach of fiduciary duty as a director, provided that such provision shall not eliminate or limit the liability of a director for (i) any breach of the director's duty of loyalty to DPL or its stockholders, (ii) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) liability under Section 174 of the DGCL for unlawful payment of dividends or stock purchases or redemptions, or (iv) any transaction from which the director derived an improper personal benefit. Under the VSCA, this provision does not limit the liability of a director who has engaged in willful misconduct or a knowing violation of the criminal law or of any federal or state securities law, including, without limitation, any claim of unlawful insider trading or manipulation of the market for any security.

Under Section 145 of the DGCL, a corporation is permitted to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than action by or in the right of the corporation), by reason of the fact that the person is or was an officer, director, employee or agent of the corporation or is or was serving at the request of the corporation as an officer, director, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees), judgments, fines and amounts

paid in settlement actually and reasonably incurred in connection with such proceeding: (i) if the person acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation; and (ii) in the case of a criminal proceeding, the person had no reasonable cause to believe that his conduct was unlawful.

Under Section 145 of the DGCL, a corporation also is permitted to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to obtain a judgment in its favor by reason of the fact that the person is or was a director or officer against expenses (including attorneys' fees) actually and reasonably incurred in connection with the defense or settlement of such action or suit if the person acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, except that no indemnification is permitted with respect to any claim, issue or matter as to which the person is found liable to the corporation unless and to the extent that the Delaware Court of Chancery or the court in which the action or suit is brought determines that, despite the adjudication of liability, the person is fairly and reasonably entitled to indemnification for such expenses as the court shall deem proper.

Under Section 145 of the DGCL, a corporation must indemnify any present or former director or officer of the corporation who is successful on the merits or otherwise in the defense of any action, suit or proceeding against expenses (including attorneys' fees) actually and reasonably incurred by such person.

Under Sections 13.1-697 and 13.1-702 of the VSCA, a Virginia corporation may indemnify any current or former director or officer who was, is or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding if the director conducted himself or herself in good faith and (i) believed, in the case of conduct in his official capacity with the corporation, that his conduct was in the best interests of the corporation or, in all other cases, that his conduct was at least not opposed to the best interests of the corporation, or (ii) in the case of a criminal proceeding, he had no reasonable cause to believe his conduct was unlawful; provided, however, that, unless ordered by a court, a corporation may not indemnify a director or officer in connection with (i) a proceeding by or in the right of the corporation in which the director or officer was found liable to the corporation, other than for reasonable expenses or (ii) any other proceeding charging improper personal benefit to him, whether or not involving action in his official capacity, in which he was adjudged liable on the basis that personal benefit was improperly received.

Under Sections 13.1-698 and 13.1-702 of the VSCA, unless limited by its articles of incorporation, a Virginia corporation is required to indemnify any director or officer who entirely prevails in the defense of any proceeding to which he was a party because he is or was a director of the corporation against reasonable expenses incurred by him in connection with the proceeding.

The Amended and Restated Bylaws of DPL provide that DPL shall indemnify, to the full extent that it shall have power under applicable law, any person made or threatened to be made a party to any threatened, pending or completed action suit or proceeding by reason of the fact that such person is or was a director or officer of DPL, but that such indemnification rights shall not be exclusive of, any other rights to which such person may be entitled under any bylaw, agreement, vote of stockholders or disinterested directors or otherwise.

ITEM 16. EXHIBITS.

Reference is made to the Exhibit Index filed herewith at page II-24, such Exhibit Index being incorporated in this Item 16 by reference.

ITEM 17. UNDERTAKINGS.

(a) Each of the undersigned registrants hereby undertakes:

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(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement; provided, however, that paragraphs (a)(1)(i), (a)(1)(ii) and (a)(1)(iii) of this section do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Commission by the registrant pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement, or is contained in a form of prospectus filed pursuant to Rule 424(b) that is part of the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser:

(A) Each prospectus filed by the registrant pursuant to Rule 424(b)(3) shall be deemed to be part of the registration statement as of the date the filed prospectus was deemed part of and included in the registration statement; and

(B) Each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5), or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (vii), or (x) for the purpose of providing the information required by Section 10(a) of the Securities Act of 1933 shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration statement to which that prospectus relates, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date.

(5) That, for the purpose of determining liability of the registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities:

Each of the undersigned registrants undertake that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

(b) Each of the undersigned registrants hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, each registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Chicago, State of Illinois, on this 30 th day of August, 2016.

EXELON CORPORATION

By: /s/ Christopher M. Crane
Christopher M. Crane
President and Chief Executive Officer and Director
(Principal Executive Officer)

By: /s/ Jonathan W. Thayer
Jonathan W. Thayer
Senior Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

By: /s/ Duane M. DesParte
Duane M. DesParte
Senior Vice President and Corporate Controller (Principal Accounting Officer)

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Christopher M. Crane or Jonathan W. Thayer and each or any one of them, his true and lawful attorneys in fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement and any registration statement relating to any offering made pursuant to this registration statement that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the SEC, granting unto said attorneys in fact and agents, and each of them, full power and authority to perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or his or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Mayo A. Shattuck III Mayo A. Shattuck III	Director and Chairman	August 30, 2016
/s/ Anthony K. Anderson Anthony K. Anderson	Director	August 30, 2016
/s/ Ann C. Berzin Ann C. Berzin	Director	August 30, 2016
/s/ Yves C. de Balmann Yves C. de Balmann	Director	August 30, 2016
/s/ Nicholas DeBenedictis Nicholas DeBenedictis	Director	August 30, 2016
/s/ Nancy L. Gioia Nancy L. Gioia	Director	August 30, 2016
/s/ Linda Jojo Linda Jojo	Director	August 30, 2016
/s/ Paul L. Joskow Paul L. Joskow	Director	August 30, 2016
/s/ Robert J. Lawless Robert J. Lawless	Director	August 30, 2016
/s/ Richard W. Mies Richard W. Mies	Director	August 30, 2016
/s/ John W. Rogers, Jr. John W. Rogers, Jr.	Director	August 30, 2016
/s/ Stephen D. Steinour Stephen D. Steinour	Director	August 30, 2016

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Chicago, State of Illinois, on this 30 th day of August, 2016.

EXELON GENERATION COMPANY, LLC

By: /s/ Kenneth W. Cornew
Kenneth W. Cornew
President and Chief Executive Officer
(Principal Executive Officer)

By: /s/ Bryan P. Wright
Bryan P. Wright
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

By: /s/ Matthew N. Bauer
Matthew N. Bauer
Vice President and Controller
(Principal Accounting Officer)

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Chicago, State of Illinois, on this 30 th day of August, 2016.

COMMONWEALTH EDISON COMPANY

By: /s/ Anne R. Pramaggiore
Anne R. Pramaggiore
President, Chief Executive Officer and Director
(Principal Executive Officer)

By: /s/ Joseph R. Trpik, Jr.
Joseph R. Trpik, Jr.
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

By: /s/ Gerald Kozel
Gerald Kozel
Vice President and Controller
(Principal Accounting Officer)

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Anne R. Pramaggiore and Joseph R. Trpik, Jr. and each of them, his or her true and lawful attorney-in-fact and agent, with full power of substitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments to this Registration Statement, including any filings pursuant to Rule 462(b) or 462(e) under the Securities Act of 1933, as amended, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto such attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying all that such attorneys-in-fact and agents, or any of them or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Christopher M. Crane Christopher M. Crane	Director and Chairman	August 30, 2016
/s/ Denis P. O'Brien Denis P. O'Brien	Director and Vice Chairman	August 30, 2016
/s/ James W. Compton James W. Compton	Director	August 30, 2016
/s/ A. Steven Crown A. Steven Crown	Director	August 30, 2016
/s/ Nicholas DeBenedictis Nicholas DeBenedictis	Director	August 30, 2016
/s/ Peter V. Fazio, Jr. Peter V. Fazio, Jr.	Director	August 30, 2016
/s/ Michael Moskow Michael Moskow	Director	August 30, 2016
/s/ Jesse Ruiz Jesse Ruiz	Director	August 30, 2016

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Philadelphia, Commonwealth of Pennsylvania, on this 30 th day of August, 2016.

PECO ENERGY COMPANY

By: /s/ Craig L. Adams
Craig L. Adams
President and Chief Executive Officer and Director
(Principal Executive Officer)

By: /s/ Phillip S. Barnett
Phillip S. Barnett
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

By: /s/ Scott A. Bailey
Scott A. Bailey
Vice President and Controller
(Principal Accounting Officer)

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Craig L. Adams and Phillip S. Barnett and each or any one of them, his true and lawful attorneys in fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement and any registration statement relating to any offering made pursuant to this registration statement that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the SEC, granting unto said attorneys in fact and agents, and each of them, full power and authority to perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or his or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Christopher M. Crane Christopher M. Crane	Director and Chairman	August 30, 2016
/s/ Denis P. O'Brien Denis P. O'Brien	Director and Vice Chairman	August 30, 2016
/s/ M. Walter D'Alessio M. Walter D'Alessio	Director	August 30, 2016
/s/ Nelson A. Diaz Nelson A. Diaz	Director	August 30, 2016
/s/ Nicholas DeBenedictis Nicholas DeBenedictis	Director	August 30, 2016
/s/ Rosemarie B. Greco Rosemarie B. Greco	Director	August 30, 2016
/s/ Charisse R. Lillie Charisse R. Lillie	Director	August 30, 2016
/s/ Ronald Rubin Ronald Rubin	Director	August 30, 2016

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, Baltimore Gas and Electric Company, a registrant, certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Baltimore, State of Maryland on the 30 th day of August, 2016.

BALTIMORE GAS AND ELECTRIC COMPANY

By: /s/ Calvin Butler
Calvin Butler
Chief Executive Officer and Director
(Principal Executive Officer)

By: /s/ David M. Vahos
David M. Vahos
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

By: /s/ Andrew W. Holmes
Andrew W. Holmes
Vice President and Controller
(Principal Accounting Officer)

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Calvin Butler and David M. Vahos as his true and lawful attorney-in-fact with full power of substitution and resubstitution, in any and all capacities, to sign this Registration Statement or amendments (including, without limitation, post-effective amendments and registration statements filed pursuant to Rule 462 under the Securities Act of 1933) thereto and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and conforming all that said attorney-in-fact and agent, or his substitute, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Christopher M. Crane Christopher M. Crane	Director and Chairman	August 30, 2016
/s/ Denis P. O'Brien Denis P. O'Brien	Director and Vice Chairman	August 30, 2016
/s/ Ann C. Berzin Ann C. Berzin	Director	August 30, 2016
/s/ Michael E. Cryor Michael E. Cryor	Director	August 30, 2016
/s/ James R. Curtiss James R. Curtiss	Director	August 30, 2016
/s/ Joseph L. Haskins Joseph L. Haskins	Director	August 30, 2016
/s/ Maria Tildon Maria Tildon	Director	August 30, 2016
/s/ Michael D. Sullivan Michael D. Sullivan	Director	August 30, 2016

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, Potomac Electric Power Company, a registrant, certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Washington, District of Columbia on the 30 th day of August, 2016.

POTOMAC ELECTRIC POWER COMPANY

By: /s/ David M. Velazquez
David M. Velazquez
Chief Executive Officer and Director
(Principal Executive Officer)

By: /s/ Donna J. Kinzel
Donna J. Kinzel
Senior Vice President, Chief Financial Officer, Treasurer and Director
(Principal Financial Officer)

By: /s/ Robert M. Aiken
Robert M. Aiken
Vice President and Controller
(Principal Accounting Officer)

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints David M. Velazquez and Donna J. Kinzel as his true and lawful attorney-in-fact with full power of substitution and resubstitution, in any and all capacities, to sign this Registration Statement or amendments (including, without limitation, post-effective amendments and registration statements filed pursuant to Rule 462 under the Securities Act of 1933) thereto and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and conforming all that said attorney-in-fact and agent, or his substitute, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Christopher M. Crane Christopher M. Crane	Director and Chairman	August 30, 2016
/s/ Denis P. O'Brien Denis P. O'Brien	Director and Vice Chairman	August 30, 2016
/s/ Kenneth J. Parker Kenneth J. Parker	Director	August 30, 2016
/s/ J. Tyler Anthony J. Tyler Anthony	Director	August 30, 2016
/s/ Kevin McGowan Kevin McGowan	Director	August 30, 2016

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, Delmarva Power & Light Company, a registrant, certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Newark, State of Delaware on the 30 th day of August, 2016.

DELMARVA POWER & LIGHT COMPANY

By: /s/ David M. Velazquez
David M. Velazquez
Chief Executive Officer and Director
(Principal Executive Officer)

By: /s/ Donna J. Kinzel
Donna J. Kinzel
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer)

By: /s/ Robert M. Aiken
Robert M. Aiken
Vice President and Controller
(Principal Accounting Officer

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints David M. Velazquez and Donna J. Kinzel as his true and lawful attorney-in-fact with full power of substitution and resubstitution, in any and all capacities, to sign this Registration Statement or amendments (including, without limitation, post-effective amendments and registration statements filed pursuant to Rule 462 under the Securities Act of 1933) thereto and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and conforming all that said attorney-in-fact and agent, or his substitute, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Denis P. O'Brien Denis P. O'Brien	Director and Chairman	August 30, 2016

INDEX TO EXHIBITS

Exhibit No.	Description
1.1*	Form of Underwriting Agreement with respect to Securities.
3.1	Amended and Restated Articles of Incorporation of Exelon Corporation (incorporated herein by reference to File No. 001-16169, Form 10-Q for the quarter ended September 30, 2008, Exhibit 3-1-2).
3.2	Exelon Corporation Amended and Restated Bylaws, as amended on April 26, 2016 (File No . 001-16169, Form 8-K dated April 29, 2016, Exhibit 4.1).
3.3	Certificate of Formation of Exelon Generation Company, LLC (Registration Statement No. 333-85496, Form S-4, Exhibit 3-1).
3.4	First Amended and Restated Operating Agreement of Exelon Generation Company, LLC executed as of January 1, 2001 (incorporated herein by reference to File No. 333-85496, 2003 Form 10-K, Exhibit 3-8).
3.5	Charter of Baltimore Gas and Electric Company, restated as of August 16, 1996 (Incorporated by reference to Exhibit 3 to the Quarterly Report on Form 10-Q for the quarter ended September 30, 1996, File No. 1-1910).
3.6	Articles of Amendment to the Charter of Baltimore Gas and Electric Company as of February 2, 2010. (Designated as Exhibit No. 3.1 to the Current Report on Form 8-K dated February 4, 2010, File No. 1-1910.)
3.7	Bylaws of Baltimore Gas and Electric Company (Incorporated by reference to Exhibit 3.11 to the Annual Report on Form 10-k for the year ended December 31, 2013 File No. 1-1910).
3.8	Restated Articles of Incorporation of Commonwealth Edison Company effective February 20, 1985, including Statements of Resolution Establishing Series, relating to the establishment of three new series of Commonwealth Edison Company preference stock known as the "$9.00 Cumulative Preference Stock," the "$6.875 Cumulative Preference Stock" and the "$2.425 Cumulative Preference Stock" (incorporated herein by reference to Exhibit 3-2 to Commonwealth Edison Company's 1994 Form 10-K, File No. 1-1839).
3.9	Commonwealth Edison Company Amended and Restated By-Laws, effective January 23, 2006, as further amended January 28, 2008 and July 27, 2009 (incorporated herein by reference to Exhibit 3.1 to Commonwealth Edison Company's Form 8-K filed July 27, 2009, File No. 1-16169).
3.10	Amended and Restated Articles of Incorporation for PECO Energy Company (incorporated herein by reference to File No. 1-01401, 2000 Form 10-K, Exhibit 3-3).
3.11	PECO Energy Company amended Bylaws (Incorporated by reference to File No. 000-16844, Form 8-K dated May 6, 2009, Exhibit 99.1).
3.12	Pepco Restated Articles of Incorporation and Articles of Restatement (incorporated by reference to File No. 001-01-01072, Form 10-Q, dated May 5, 2006, Exhibit 3.1).
3.13	Pepco Bylaws (incorporated by reference to Exhibit 3.2 to Pepco's Form 10-Q, dated May 5, 2006).
3.14	Amendment to Pepco Bylaws, effective as of March 23, 2016.
3.15	DPL Articles of Restatement of Certificate and Articles of Incorporation (incorporated by reference to File No. 001-01405, Form 10-Q, dated March 1, 2007, Exhibit 3.3).
3.16	DPL Bylaws (incorporated by reference to Exhibit 3.2.1 to DPL's Form 10-Q, dated May 9, 2005).

Exhibit No.	Description
3.17	Amendment to DPL Bylaws, effective as of March 23, 2016.
4.1	Indenture, dated as of June 11, 2015, between Exelon Corporation and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated by reference to file no. 1-16169, Form 8-K dated June 11, 2015, Exhibit 4.1).
4.2	Indenture, dated as of September 28, 2007, between Exelon Generation Company, LLC and U.S. Bank National Association, as trustee (incorporated by reference to File No. 333-85496, Form 8-K, Exhibit 4.1).
4.3	Indenture, dated as of July 24, 2006, between Baltimore Gas and Electric Company and Deutsche Bank Trust Company Americas, as trustee (incorporated by reference to Exhibit 4(b) of the Registration Statement on Form S-3 of Baltimore Gas and Electric Company filed July 24, 2006, Reg. No. 333-135991-01).
4.4	First Supplemental Indenture, dated as of October 13, 2006, between Baltimore Gas and Electric Company and Deutsche Bank Trust Company Americas, as trustee, (Incorporated by reference to Exhibit 4(a) to the Quarterly Report on Form 10-Q for the quarter ended September 30, 2006, File No. 1-1910).
4.5	Form of Baltimore Gas and Electric Company Unsecured Debt Security (Fixed Rate) (included in Exhibit 4.4).
4.6	Form of Baltimore Gas and Electric Company Unsecured Debt Security (Floating Rate) (included in Exhibit 4.4).
4.7	Indenture and Security Agreement, dated as of July 9, 2009, between Baltimore Gas and Electric Company and Deutsche Bank Trust Company Americas, as trustee (including form of Baltimore Gas and Electric Company Officer's Certificate and form of Senior Secured Bond) (incorporated by reference to Exhibits 4(u) and 4(u)(1) of Post-Effective Amendment No. 1 to the Registration Statement on Form S-3 of Baltimore Gas and Electric Company filed July 9, 2009, Reg. No. 333-157637-01).
4.8	Supplemental Indenture No. 1, dated as of October 1, 2009, to the Indenture and Security Agreement dated as of July 9, 2009, between Baltimore Gas and Electric Company and Deutsche Bank Trust Company Americas, as trustee (incorporated by reference to Exhibit 4(c) to the Quarterly Report on Form 10-Q for the quarter ended September 30, 2009, File No. 1-1910).
4.9	Baltimore Gas and Electric Company Deed of Easement and Right-of-Way Grant, dated as of July 9, 2009 (Incorporated by reference to Exhibit 4(u)(2) of Post-Effective Amendment No. 1 to the Registration Statement on Form S-3 of Baltimore Gas and Electric Company filed July 9, 2009, Reg. No. 333-157637-01).
4.10	Mortgage of Commonwealth Edison Company to Illinois Merchants Trust Company, Trustee (BNY Mellon Trust Company of Illinois, as current successor Trustee), dated as of July 1, 1923, as supplemented and amended by Supplemental Indenture thereto dated August 1, 1994 (incorporated herein by reference to Exhibit 2-1 to Commonwealth Edison Company's Form S-7, File No. 2-60201).

Exhibit No.	Description
4.11	Supplemental Indentures to the aforementioned Commonwealth Edison Company Mortgage are incorporated herein by reference as follows:

Dated as of	File Reference	Exhibit No.
August 1, 1946	2-60201, Form S-7	2-1
April 1, 1953	2-60201, Form S-7	2-1
March 31, 1967	2-60201, Form S-7	2-1
April 1, 1967	2-60201, Form S-7	2-1
February 28, 1969	2-60201, Form S-7	2-1
May 29, 1970	2-60201, Form S-7	2-1
June 1, 1971	2-60201, Form S-7	2-1
April 1, 1972	2-60201, Form S-7	2-1
May 31, 1972	2-60201, Form S-7	2-1
June 15, 1973	2-60201, Form S-7	2-1
May 31, 1974	2-60201, Form S-7	2-1
June 13, 1975	2-60201, Form S-7	2-1
May 28, 1976	2-60201, Form S-7	2-1
June 3, 1977	2-60201, Form S-7	2-1
May 17, 1978	2-99665, Form S-3	4-3
August 31, 1978	2-99665, Form S-3	4-3
June 18, 1979	2-99665, Form S-3	4-3
June 20, 1980	2-99665, Form S-3	4-3
April 16, 1981	2-99665, Form S-3	4-3
April 30, 1982	2-99665, Form S-3	4-3
April 15, 1983	2-99665, Form S-3	4-3
April 13, 1984	2-99665, Form S-3	4-3
April 15, 1985	2-99665, Form S-3	4-3
April 15, 1986	33-6879, Form S-3	4-9
April 15, 1993	33-64028, Form S-3	4-13
June 15, 1993	1-1839, Form 8-K dated May 21, 1993	4-1
January 15, 1994	1-1839, 1993 Form 10-K	4-15
June 1, 1996	1-1839, 1996 Form 10-K	4-16
March 1, 2002	1-1839, 2001 Form 10-K	4-4-1
May 20, 2002	333-99363, Form S-3	4-1-1
June 1, 2002	333-99363, Form S-3	4-1-1
October 7, 2002	333-99715, Form S-4	4-1-3
January 13, 2003	1-1839, Form 8-K dated January 22, 2003	4-4
March 14, 2003	1-1839, Form 8-K dated April 7, 2003	4-4
August 13, 2003	1-1839, Form 8-K dated August 25, 2003	4-4
February 15, 2005	1-1839, Form 10-Q for the quarter ended March 31, 2005	4-3-1
February 22, 2006	1-1839, Form 8-K dated March 6, 2006	4.1
August 1, 2006	1-1839, Form 8-K dated August 28, 2006	4.1
September 15, 2006	1-1839, Form 8-K dated October 2, 2006	4.1
December 1, 2006	1-1839, Form 8-K dated December 19, 2006	4.1
March 1, 2007	1-1839, Form 8-K dated March 23, 2007	4.1
August 30, 2007	1-1839, Form 8-K dated September 10, 2007	4.1
December 20, 2007	1-1839, Form 8-K dated January 16, 2008	4.1
March 10, 2008	1-1839, Form 8-K dated March 27, 2008	4.1
April 23, 2008	001-01839, Form 8-K dated May 12, 2008	4.1
June 12, 2008	001-01839, Form 8-K dated June 27, 2008	4.1

Exhibit No. Description

Dated as of	File Reference	Exhibit No.
July 12, 2010	001-01839, Form 8-K dated August 2, 2010	4.1
January 4, 2011	001-01839, Form 8-K dated January 18, 2011	4.1
August 22, 2011	001-01839, Form 8-K dated September 7, 2011	4.1
September 17, 2012	001-01839, Form 8-K dated October 1, 2012	4.1
August 1, 2013	001-01839, Form 8-K dated August 19, 2013	4.1
January 2, 2014	001-01839, Form 8-K dated January 10, 2014	4.1
October 28, 2014	001-01839, Form 8-K dated November 10, 2014	4.1
February 18, 2015	001-01839, Form 8-K dated March 2, 2015	4.1
June 15, 2016	001-01839, Form 8-K dated June 27, 2016	4.1

4.14 Instrument of Resignation, Appointment and Acceptance dated as of February 20, 2002, under the provisions of the Commonwealth Edison Company Mortgage dated July 1, 1923, and Indentures Supplemental thereto, regarding corporate trustee (incorporated by reference to Exhibit 4-4-2 to Commonwealth Edison Company's 2001 Form 10-K, File No. 1-1839).

4.15 Instrument dated as of January 31, 1996, under the provisions of the Commonwealth Edison Company Mortgage dated July 1, 1923 and Indentures Supplemental thereto, regarding individual trustee (incorporated herein by reference to Exhibit 4-29 to Commonwealth Edison Company's 1995 Form 10-K, File No. 1-1839).

4.16 Indenture, dated as of September 1, 1987, between Commonwealth Edison Company and Citibank, N.A., as Trustee (U.S. Bank National Association, as current successor Trustee) relating to Notes (incorporated herein by reference to Exhibit 4-13 to Commonwealth Edison Company's Form S-3, File No. 33-20619).

4.17 Supplemental Indentures to the aforementioned Commonwealth Edison Indenture are incorporated herein by reference as follows:

Dated as of	File Reference	Exhibit No.
July 14, 1989	33-32929, Form S-3	4-16

4.18 First and Refunding Mortgage, dated as of May 1, 1923, between The Counties Gas and Electric Company (predecessor to PECO Energy Company) and Fidelity Trust Company, as Trustee (U.S. National Association, as current successor trustee), (Registration No. 2-2281, Exhibit B-1).

4.19 Supplemental Indentures to PECO Energy Company's First and Refunding Mortgage (incorporated herein by reference to the following):

Dated as of	File Reference	Exhibit No.
May 1, 1927	2-2881	B-1(c)
March 1, 1937	2-2881	B-1(g)
December 1, 1941	2-4863	B-1(h)
November 1, 1944	2-5472	B-1(i)
December 1, 1946	2-6821	7-1(j)
September 1, 1957	2-13562	2(b)-17
May 1, 1958	2-14020	2(b)-18
March 1, 1968	2-34051	2(b)-24
March 1, 1981	2-72802	4-46
March 1, 1981	2-72802	4-47

Exhibit No. Description

Dated as of	File Reference	Exhibit No.
December 1, 1984	1-01401, 1984 Form 10-K	4-2(b)
March 1, 1993	1-01401, 1992 Form 10-K	4(e)-86
May 1, 1993	1-01401, March 31, 1993 Form 10-Q	4(e)-88
May 1, 1993	1-01401, March 31, 1993 Form 10-Q	4(e)-89
September 15, 2002	1-01401, September 30, 2002 Form 10-Q	4-1
October 1, 2002	1-01401, September 30, 2002 Form 10-Q	4-2
April 15, 2003	00-16844, March 31, 2003 Form 10-Q	4.1
April 15, 2004	00-16844, September 30, 2004 Form 10-Q	4-1-1
September 15, 2006	000-16844, Form 8-K dated September 25, 2006	4.1
March 15, 2007	000-1684, Form 8-K dated March 3, 2008	4.1
February 15, 2008	000-1684, Form 8-K dated March 19, 2007	4.1
September 15, 2008	000-1684, Form 8-K dated October 2, 2008	4.1
March 15, 2009	000-1684, Form 8-K dated March 26, 2009	4.1
September 1, 2012	000-1684, Form 8-K dated September 17, 2012	4.1
September 15, 2013	000-1684, Form 8-K dated September 23, 2013	4.1
September 15, 2013	000-1684, Form 8-K dated September 23, 2013	4.1
September 1, 2014	000-1684, Form 8-K dated September 15, 2014	4.1
September 1, 2015	000-1684, Form 8-K dated October 5, 2015	4.1

4.20 Mortgage and Deed of Trust, dated as of July 1, 1936, between Potomac Electric Power Company and The Bank of New York Mellon, as successor trustee, and Supplemental Indenture dated as of July 1, 1936 (filed as Exhibit B-4 to First Amendment dated June 19, 1936 to Pepco's Registration Statement (File No. 2-2232) and incorporated by reference herein)

4.21 Supplemental Indentures to Potomac Electric Power Company's Mortgage and Deed of Trust (incorporated herein by reference to the following):

Dated as of	Reference and Exhibit No
December 10, 1939	Exh. B to Pepco's Form 8-K, 1/3/40.
July 15, 1942	Exh. B-1 to Amendment No. 2, 8/24/42, and B-3 to Post-Effective Amendment, 8/31/42, to Pepco's Registration Statement No. 2-5032.
October 15, 1947	Exh. A to Pepco's Form 8-K, 12/8/47.
December 31, 1948	Exh. A-2 to Pepco's Form 10-K, 4/13/49.
December 31, 1949	Exh. (a)-1 to Pepco's Form 8-K, 2/8/50.
February 15, 1951	Exh. (a) to Pepco's Form 8-K, 3/9/51.
February 16, 1953	Exh. (a)-1 to Pepco's Form 8-K, 3/5/53.
March 15, 1954 and March 15, 1955	Exh. 4-B to Pepco's Registration Statement No. 2-11627, 5/2/55.
March 15, 1956	Exh. C to Pepco's Form 10-K, 4/4/56.
April 1, 1957	Exh. 4-B to Pepco's Registration Statement No. 2-13884, 2/5/58.
May 1, 1958	Exh. 2-B to Pepco's Registration Statement No. 2-14518, 11/10/58.
May 1, 1959	Exh. 4-B to Amendment No. 1, 5/13/59, to Pepco's Registration Statement No. 2-15027.
May 2, 1960	Exh. 2-B to Pepco's Registration Statement No. 2-17286, 11/9/60.
April 3, 1961	Exh. A-1 to Pepco's Form 10-K, 4/24/61.
May 1, 1962	Exh. 2-B to Pepco's Registration Statement No. 2-21037, 1/25/63.
May 1, 1963	Exh. 4-B to Pepco's Registration Statement No. 2-21961, 12/19/63.
April 23, 1964	Exh. 2-B to Pepco's Registration Statement No. 2-22344, 4/24/64.
May 3, 1965	Exh. 2-B to Pepco's Registration Statement No. 2-24655, 3/16/66.

Exhibit No.	Description	
	Dated as of	**Reference and Exhibit No**
	June 1, 1966	Exh. 1 to Pepco's Form 10-K, 4/11/67.
	April 28, 1967	Exh. 2-B to Post-Effective Amendment No. 1 to Pepco's Registration Statement No. 2-26356, 5/3/67.
	July 3, 1967	Exh. 2-B to Pepco's Registration Statement No. 2-28080, 1/25/68.
	May 1, 1968	Exh. 2-B to Pepco's Registration Statement No. 2-31896, 2/28/69.
	June 16, 1969	Exh. 2-B to Pepco's Registration Statement No. 2-36094, 1/27/70.
	May 15, 1970	Exh. 2-B to Pepco's Registration Statement No. 2-38038, 7/27/70.
	September 1, 1971	Exh. 2-C to Pepco's Registration Statement No. 2-45591, 9/1/72.
	June 17, 1981	Exh. 2 to Amendment No. 1 to Pepco's Form 8-A, 6/18/81.
	November 1, 1985	Exh. 2B to Pepco's Form 8-A, 11/1/85.
	September 16, 1987	Exh. 4-B to Pepco's Registration Statement No. 33-18229, 10/30/87.
	May 1, 1989	Exh. 4-C to Pepco's Registration Statement No. 33-29382, 6/16/89.
	May 21, 1991	Exh. 4 to Pepco's Form 10-K, 3/27/92.
	May 7, 1992	Exh. 4 to Pepco's Form 10-K, 3/26/93.
	September 1, 1992	Exh. 4 to Pepco's Form 10-K, 3/26/93.
	November 1, 1992	Exh. 4 to Pepco's Form 10-K, 3/26/93.
	July 1, 1993	Exh. 4.4 to Pepco's Registration Statement No. 33-49973, 8/11/93.
	February 10, 1994	Exh. 4 to Pepco's Form 10-K, 3/25/94.
	February 11, 1994	Exh. 4 to Pepco's Form 10-K, 3/25/94.
	October 2, 1997	Exh. 4 to Pepco's Form 10-K, 3/26/98.
	November 17, 2003	Exh. 4.1 to Pepco's Form 10-K, 3/11/04.
	March 16, 2004	Exh. 4.3 to Pepco's Form 8-K, 3/23/04.
	May 24, 2005	Exh. 4.2 to Pepco's Form 8-K, 5/26/05.
	April 1, 2006	Exh. 4.1 to Pepco's Form 8-K, 4/17/06.
	November 13, 2007	Exh. 4.2 to Pepco's Form 8-K, 11/15/07.
	March 24, 2008	Exh. 4.1 to Pepco's Form 8-K, 3/28/08.
	December 3, 2008	Exh. 4.2 to Pepco's Form 8-K, 12/8/08.
	March 28, 2012	Exh. 4.2 to Pepco's Form 8-K, 3/29/12.
	March 11, 2013	Exh. 4.2 to Pepco's Form 8-K, 3/12/13.
	November 14, 2013	Exh. 4.2 to Pepco's Form 8-K, 11/15/13.
	March 11, 2014	Exh. 4.2 to Pepco's Form 8-K, 3/12/14.
	March 9, 2015	Exh. 4.3 to Pepco's Form 8-K, 3/10/15.
4.22	Indenture, dated as of July 28, 1989, between Potomac Electric Power Company and The Bank of New York Mellon, as trustee, with respect to Pepco's Medium-Term Note Program (incorporated herein by reference to Exhibit 4 to Pepco's Form 8-K, dated June 21, 1990).	
4.23	Senior Note Indenture, dated November 17, 2003 between Potomac Electric Power Company and The Bank of New York Mellon, as trustee (incorporated herein by reference to Exhibit 4.2 to Potomac Electric Power Company's Form 8-K, dated November 21, 2003)	
4.24	Supplemental Indenture, to the aforesaid Senior Note Indenture, dated March 3, 2008 (incorporated herein by reference to Exhibit 4.3 to Potomac Electric Power Company's Form 10-K, dated March 2, 2009).	
4.25	Mortgage and Deed of Trust of Delmarva Power & Light Company to The Bank of New York Mellon (ultimate successor to the New York Trust Company), as trustee, dated as of October 1, 1943 and copies of the First through Sixty-Eighth Supplemental Indentures thereto (incorporated herein by reference to Exhibit 4-A to Delmarva Power & Light Company's Registration Statement No. 33-1763, dated November 27, 1985)	

Exhibit No.	Description
4.26	Supplemental Indentures to Delmarva Power & Light Company's Mortgage and Deed of Trust (incorporated herein by reference to the following):

Description	File Reference and Exhibit No.
Copies of the First through Sixty-Eighth Supplemental Indentures thereto	Exh. 4-B to DPL's Registration Statement No. 33-39756, 4/03/91.
Sixty-Ninth Supplemental Indenture	
Seventieth through Seventy-Fourth Supplemental Indentures	Exhs. 4-B to DPL's Registration Statement No. 33-24955, 10/13/88.
Seventy-Fifth through Seventy-Seventh Supplemental Indentures	Exhs. 4-D, 4-E and 4-F to DPL's Registration Statement No. 33-39756, 4/03/91.
Seventy-Eighth and Seventy-Ninth Supplemental Indentures	Exhs. 4-E and 4-F to DPL's Registration Statement No. 33-46892, 4/1/92.
Eightieth Supplemental Indenture	Exh. 4 to DPL's Registration Statement No. 33-49750, 7/17/92.
Eighty-First Supplemental Indenture	Exh. 4-G to DPL's Registration Statement No. 33-57652, 1/29/93.
Eighty-Second Supplemental Indenture	Exh. 4-H to DPL's Registration Statement No. 33-63582, 5/28/93.
Eighty-Third Supplemental Indenture	Exh. 99 to DPL's Registration Statement No. 33-50453, 10/1/93.
Eighty-Fourth through Eighty-Eighth Supplemental Indentures	Exhs. 4-J, 4-K, 4-L, 4-M and 4-N to DPL's Registration Statement No. 33-53855, 1/30/95.
Eighty-Ninth and Ninetieth Supplemental Indentures	Exhs. 4-K and 4-L to DPL's Registration Statement No. 333- 00505, 1/29/96.
Ninety-First Supplemental Indenture	Exh. 4.L to DPL's Registration Statement No. 333 24059, 3/27/97.
Ninety-Second Supplemental Indenture	Exh. 4.4 to DPL's Form 10-K, 2/24/12.
Ninety-Third Supplemental Indenture	Exh. 4.4 to DPL's Form 10-K, 2/24/12.
Ninety-Fourth Supplemental Indenture	Exh. 4.4 to DPL's Form 10-K, 2/24/12.
Ninety-Fifth Supplemental Indenture	Exh. 4-K to DPL's Post-Effective Amendment No. 1 to Registration Statement No. 333-145691-02, 11/18/08.
Ninety-Sixth Supplemental Indenture	Exh. 4.4 to DPL's Form 10-K, 2/24/12.
Ninety-Seventh Supplemental Indenture	Exh. 4.4 to DPL's Form 10-K, 2/24/12.
Ninety-Eighth Supplemental Indenture	Exh. 4.4 to DPL's Form 10-K, 2/24/12.
Ninety-Ninth Supplemental Indenture	Exh. 4.4 to DPL's Form 10-K, 2/24/12.
One Hundredth Supplemental Indenture	Exh. 4.4 to DPL's Form 10-K, 2/24/12.
One Hundred and First Supplemental Indenture	Exh. 4.4 to DPL's Form 10-K, 2/24/12.

Exhibit No. Description

Description	File Reference and Exhibit No.
One Hundred and Second Supplemental Indenture	Exh. 4.4 to DPL's Form 10-K, 2/24/12.
One Hundred and Third Supplemental Indenture	Exh. 4.4 to DPL's Form 10-K, 2/24/12.
One Hundred and Fourth Supplemental Indenture	Exh. 4.4 to DPL's Form 10-K, 2/24/12.
One Hundred and Fifth Supplemental Indenture	Exh. 4.4 to DPL's Form 8-K, 10/1/09.
One Hundred and Sixth Supplemental Indenture	Exh. 4.4 to DPL's Form 10-K, 2/25/11.
One Hundred and Seventh Supplemental Indenture	Exh. 4.2 to DPL's Form 10-Q, 8/3/11.
One Hundred and Eighth Supplemental Indenture	Exh. 4.2 to DPL's Form 8-K, 6/3/11.
One Hundred and Ninth Supplemental Indenture	Exh. 4.3 to DPL's Form 10-Q, 8/7/12.
One Hundred and Tenth Supplemental Indenture	Exh. 4.2 to DPL's Form 8-K, 6/20/12.
One Hundred and Eleventh Supplemental Indenture	Exh. 4.1 to DPL's Form 10-Q, 8/6/13.
One Hundred and Twelfth Supplemental Indenture	Exh. 4.2 to DPL's Form 8-K, 11/8/13.
One Hundred and Thirteenth Supplemental Indenture	Exhibit 4.4 to DPL's Form 10-K, 2/27/15.
One Hundred and Fourteenth Supplemental Indenture	Exh. 4.3 to DPL's Form 8-K, 6/3/14.
One Hundred and Fifteenth Supplemental Indenture	Exh. 4.4 to DPL's 10-K, 2/19/16
One Hundred and Sixteenth Supplemental Indenture	Exh. 4.2 to DPL's Form 8-K, 5/5/15.

4.27 Indenture between Delmarva Power & Light Company and The Bank of New York Mellon Trust Company, N.A. (ultimate successor to Manufacturers Hanover Trust Company), as trustee, dated as of November 1, 1988 (incorporated herein by reference to Exhibit No. 4-G to DPL's Registration Statement No. 33-46892, dated April 1, 1992)

5.1 Opinion of Ballard Spahr LLP regarding the legality of the Securities.

12.1 Statement regarding computation of ratio of earnings to fixed charges for Exelon and statement regarding computation of consolidated ratios of earnings to combined fixed charges and preferred stock dividends for Exelon.

12.2 Statement regarding computation of ratio of earnings to fixed charges for Generation.

12.3 Statement regarding computation of ratio of earnings to fixed charges for ComEd.

12.4 Statement regarding computation of ratio of earnings to fixed charges for PECO.

12.5 Statement regarding computation of ratio of earnings to fixed charges for BGE.

12.6 Statement regarding computation of ratio of earnings to fixed charges for Pepco.

Exhibit No.	Description
12.7	Statement regarding computation of ratio of earnings to fixed charges for DPL.
23.1	Consent of PricewaterhouseCoopers LLP for Exelon.
23.2	Consent of PricewaterhouseCoopers LLP for Generation.
23.3	Consent of PricewaterhouseCoopers LLP for ComEd.
23.4	Consent of PricewaterhouseCoopers LLP for PECO.
23.5	Consent of PricewaterhouseCoopers LLP for BGE.
23.6	Consent of PricewaterhouseCoopers LLP for Pepco.
23.7	Consent of PricewaterhouseCoopers LLP for DPL.
23.8	Consent of Ballard Spahr LLP (included in Exhibit 5.1).
24.1	Powers of Attorney for Exelon (included on signature page).
24.2	Powers of Attorney for ComEd (included on signature page).
24.3	Powers of Attorney for PECO (included on signature page).
24.4	Powers of Attorney for BGE (included on signature page).
24.5	Powers of Attorney for Pepco (included on signature page).
24.6	Powers of Attorney for DPL (included on signature page).
25.1	Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939, as amended, of The Bank of New York Mellon Trust Company, N.A., as trustee under the Indenture, dated as of June 11, 2015, between Exelon Corporation and The Bank of New York Mellon Trust Company, N.A., as trustee.
25.2	Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939, as amended, of U.S. Bank National Association, as trustee under the Indenture, dated as of September 28, 2007, between Exelon Generation Company, LLC and U.S. Bank National Association, as trustee.
25.3	Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939, as amended, of U.S. Bank National Association, as trustee under the First and Refunding Mortgage, dated May 1, 1923, between The Counties Gas and Electric Company (predecessor to PECO Energy Company) and Fidelity Trust Company, as Trustee (U.S. National Association, as current successor trustee).
25.4	Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939, as amended, of Deutsche Bank Trust Company Americas, as trustee under the Indenture, dated as of July 24, 2006, between Baltimore Gas and Electric Company and Deutsche Bank Trust Company Americas, as trustee, and the Indenture and Security Agreement, dated as of July 9, 2009, between Baltimore Gas and Electric Company and Deutsche Bank Trust Company Americas, as trustee.
25.5	Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939, as amended, of BNY Mellon Trust Company of Illinois, as trustee under the Mortgage of Commonwealth Edison Company to Illinois Merchants Trust Company, Trustee (BNY Mellon Trust Company of Illinois, as current successor Trustee), dated as of July 1, 1923.
25.6	Form T-2 Statement of Eligibility under the Trust Indenture Act of 1939, as amended, of D.G. Donovan, as co-trustee under the Mortgage of Commonwealth Edison Company to Illinois Merchants Trust Company, Trustee (BNY Mellon Trust Company of Illinois, as current successor Trustee), dated as of July 1, 1923.
25.7	Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939, as amended, of U.S. Bank National Association, as trustee under the Indenture, dated as of September 1, 1987, between Commonwealth Edison Company and Citibank, N.A., as Trustee (U.S. Bank National Association, as current successor Trustee).

Exhibit No.	Description
25.8	Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939, as amended, of The Bank of New York Mellon to act as Trustee under the Mortgage and Deed of Trust, dated as of July 1, 1936, between Potomac Electric Power Company and The Bank of New York Mellon, as successor trustee.
25.9	Form T-1 Statement of Eligibility of The Bank of New York Mellon under the Trust Indenture Act of 1939, as amended, to act as Trustee under Senior Note Indenture, dated November 17, 2003 between Potomac Electric Power Company and The Bank of New York Mellon, as trustee.
25.10	Form T-1 Statement of Eligibility of The Bank of New York Mellon under the Trust Indenture Act of 1939, as amended, to act as Trustee under the Indenture, dated as of July 28, 1989, between Potomac Electric Power Company and The Bank of New York Mellon, as trustee.
25.11	Form T-1 Statement of Eligibility of The Bank of New York Mellon under the Trust Indenture Act of 1939, as amended, to act as Trustee under the Mortgage and Deed of Trust of Delmarva Power & Light Company to The Bank of New York Mellon (ultimate successor to the New York Trust Company), as trustee, dated as of October 1, 1943.
25.12	Form T-1 Statement of Eligibility of The Bank of New York Mellon Trust Company, N.A. under the Trust Indenture Act of 1939, as amended, to act as Trustee under the Indenture between Delmarva Power & Light Company and The Bank of New York Mellon Trust Company, N.A. (ultimate successor to Manufacturers Hanover Trust Company), as trustee, dated as of November 1, 1988.

* A form of Underwriting Agreement with respect to any Securities will be filed as an Exhibit on Form 8-K, as contemplated by Item 601(b)(1) of Regulation S-K under the Securities Act.

Amendments of Bylaws

RESOLVED , that Section 1 of Article III of the Bylaws of the Corporation shall be amended by adding the following text at the end of such section:

Notwithstanding any other provision of these Bylaws and any provision of law or the Certificate of Incorporation that otherwise so empowers the Company, the stockholders, the Board of Directors, any Director, any officer or any other person, neither the stockholders nor the Board of Directors nor any Director nor any officer nor any other person shall be authorized or empowered, nor shall they permit the Company, without the unanimous prior approval of the entire Board of Directors (in addition to any approval or consent of the stockholders required by Section 4 of Article II), to: (a) commence any case, proceeding or other action on behalf of the Company under any existing or future law of any jurisdiction relating to bankruptcy, insolvency, reorganization, or relief for debtors; (b) institute proceedings to have the Company adjudicated as bankrupt or insolvent; (c) consent to or acquiesce in the institution of bankruptcy or insolvency proceedings against the Company; (d) file a petition or consent to a petition seeking reorganization, arrangement, adjustment, winding-up, dissolution, composition, liquidation, or other relief on behalf of the Company of its debts under any federal or state law relating to bankruptcy; (e) apply for, or consent to, or acquiesce in the appointment of, a receiver, liquidator, sequestrator, trustee or other officer with similar powers of such person with respect to the Company; (f) make any assignment for the benefit of the Company's creditors; (g) admit in writing the Company's inability to pay its debts generally as they become due; or (h) the amendment or repeal of the unanimous consent requirement set forth above in this Section 1 or the unanimous vote requirement set forth in Section 4 of Article II of these Bylaws.

RESOLVED , that Section 4 of Article II of the Bylaws of the Corporation shall be amended by adding the following text at the end of such section:

Notwithstanding the foregoing, unanimous consent or approval of the stockholders is required for: (1) the authorization for the Company to take any action described in clauses (a) through (h) of Section 4 of Article III of these Bylaws (in addition to any authorization required by Section 4 of Article III); and (2) the amendment or repeal of the foregoing unanimous vote requirement.

Amendments of Bylaws

RESOLVED , that Section 8 of Article III of the Amended and Restated Bylaws of the Corporation shall be amended by adding the following text at the end of such section:

Notwithstanding any other provision of these Bylaws and any provision of law or the Certificate of Incorporation that otherwise so empowers the Corporation, the stockholders, the Board of Directors, any Director, any officer or any other person, neither the stockholders nor the Board of Directors nor any Director nor any officer nor any other person shall be authorized or empowered, nor shall they permit the Corporation, without the unanimous prior approval of the entire Board of Directors (in addition to any approval or consent of the stockholders required by Section 6(b) of Article II), to: (a) commence any case, proceeding or other action on behalf of the Corporation under any existing or future law of any jurisdiction relating to bankruptcy, insolvency, reorganization, or relief for debtors; (b) institute proceedings to have the Corporation adjudicated as bankrupt or insolvent; (c) consent to or acquiesce in the institution of bankruptcy or insolvency proceedings against the Corporation; (d) file a petition or consent to a petition seeking reorganization, arrangement, adjustment, winding-up, dissolution, composition, liquidation, or other relief on behalf of the Corporation of its debts under any federal or state law relating to bankruptcy; (e) apply for, or consent to, or acquiesce in the appointment of, a receiver, liquidator, sequestrator, trustee or other officer with similar powers of such person with respect to the Corporation; (f) make any assignment for the benefit of the Corporation's creditors; (g) admit in writing the Corporation's inability to pay its debts generally as they become due; or (h) the amendment or repeal of the unanimous consent requirement set forth above in this Section 8 or the unanimous vote requirement set forth in Section 6(b) of Article II of these Bylaws.

RESOLVED , that Section 6(b) of Article II of the Amended and Restated Bylaws of the Corporation shall be amended by adding the following text at the end of such section:

Notwithstanding the foregoing, unanimous consent or approval of the stockholders is required for: (1) the authorization for the Corporation to take any action described in clauses (a) through (h) of Section 8 of Article III of these Bylaws (in addition to any authorization required by Section 8 of Article III); and (2) the amendment or repeal of the foregoing unanimous vote requirement.

Exhibit 5.1

Ballard Spahr LLP

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August 30, 2016

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Chicago, Illinois 60680-5379

Exelon Generation Company, LLC
300 Exelon Way
Kennett Square, Pennsylvania, 19348

Commonwealth Edison Company
440 South LaSalle Street
Suite 3300
Chicago, Illinois 60605-1028

PECO Energy Company
2301 Market Street
Philadelphia, Pennsylvania 19101

Baltimore Gas and Electric Company
2 Center Plaza, 110 West Fayette Street,
Baltimore, Maryland 21201

Potomac Electric Power Company
701 Ninth Street, N.W.
Washington, District of Columbia 20068

Delmarva Power & Light Company
500 North Wakefield Drive
Newark, Delaware 19702

Re: Registration Statement on Form S-3

Ladies and Gentlemen:

We refer to the Registration Statement on Form S-3 (the " Registration Statement ") being filed by Exelon Corporation, a Pennsylvania corporation (" Exelon "), Exelon Generation Company, LLC, a Pennsylvania limited liability company (" Generation "), Commonwealth Edison Company, an Illinois corporation (" ComEd "), PECO Energy Company, a Pennsylvania corporation (" PECO "), Baltimore Gas and Electric Company, a Maryland corporation (" BGE "), Potomac Electric Power Company, a District of Columbia and Virginia corporation (" Pepco ") and Delmarva Power & Light Company, a Delaware and Virginia corporation (" DPL "), with the Securities and Exchange Commission (the " Commission ") under the Securities Act of 1933, as amended (the " Act "), relating to an unlimited amount of (a) debt securities (" Exelon Debt Securities "), shares of common stock (" Exelon Common Stock "), stock purchase contracts (" Exelon Stock Purchase Contracts "), stock purchase units (" Exelon Stock Purchase Units "), shares of preferred stock (" Exelon Preferred Stock ") and depositary shares (" Exelon Depositary Shares "), which may be sold from time to time by Exelon, (b) debt securities (" Generation Debt Securities "), which may

be sold from time to time by Exelon Generation Company, LLC, (c) first mortgage bonds (" ComEd Mortgage Bonds ") and notes (" ComEd Notes "), which may be sold from time to time by Commonwealth Edison Company, (d) first mortgage bonds (" PECO Mortgage Bonds "), which may be sold from time to time by PECO Energy Company, (e) unsecured debt securities (" BGE Unsecured Debt Securities "), senior secured bonds (" BGE Debt Securities "), which may be sold from time to time by Baltimore Gas and Electric Company, (f) first mortgage bonds ("Pepco Mortgage Bonds"), senior notes (the " Pepco Senior Notes ") and other debt securities (" Other Pepco Debt Securities "), which may be sold from time to time by Pepco, and (g) first mortgage bonds (" DPL Mortgage Bonds ") and other debt securities (" Other DPL Debt Securities "), which may be sold from time to time by DPL in each case in amounts, at prices and on terms to be determined at the time of an offering (collectively, the " Securities ").

Unless otherwise specified in the applicable prospectus supplement, the Exelon Debt Securities will be issued under an Indenture (the " Exelon Indenture ") between Exelon and The Bank of New York Mellon, as trustee, dated as of June 11, 2015.

Unless otherwise specified in the applicable prospectus supplement, the Generation Debt Securities will be issued under an Indenture (the " Generation Indenture ") between Generation and U.S. Bank National Association, as trustee, dated as of September 28, 2007.

Unless otherwise specified in the applicable prospectus supplement, the ComEd Mortgage Bonds will be issued under ComEd's Mortgage (the " ComEd Mortgage "), dated as of July 1, 1923, as amended and supplemented, between ComEd and BNY Mellon Trust Company of Illinois (current successor to Illinois Merchants Trust Company), as trustee, and D.G. Donovan, as co-trustee, and the ComEd Notes will be issued under the Indenture (the " ComEd Senior Indenture "), as amended and supplemented, between ComEd and U.S. Bank National Association (current successor to Citibank, N.A.), as trustee, dated as of September 1, 1987 .

Unless otherwise specified in the applicable prospectus supplement, the PECO Mortgage Bonds will be issued under PECO's First and Refunding Mortgage (the " PECO Mortgage "), dated as of May 1, 1923, between The Counties Gas and Electric Company (predecessor to PECO) and Fidelity Trust Company, Trustee (now U.S. Bank National Association, as successor trustee), as amended and supplemented and as to be further amended and supplemented by one or more supplemental indentures creating the PECO Mortgage Bonds.

Unless otherwise specified in the applicable prospectus supplement, the BGE Unsecured Debt Securities will be issued under an Indenture relating to the unsecured debt securities, dated as of July 24, 2006, as supplemented by Supplemental Indenture No. 1 thereto dated as of October 13, 2009 (the " BGE Unsecured Indenture "), between BGE and Deutsche Bank Trust Company Americas, as trustee, and the BGE Secured Debt Securities will be issued under an Indenture and Security Agreement between BGE and Deutsche Bank Trust Company Americas, as Trustee relating to the secured debt securities, dated as of July 9, 2009 (the " BGE Secured Indenture ").

Unless otherwise specified in the applicable prospectus supplement, the Pepco Mortgage Bonds will be issued pursuant to the Mortgage and Deed of Trust dated as of July 1, 1936, between Pepco and The Bank of New York Mellon, as trustee, as amended and supplemented (the " Pepco Mortgage "), the Pepco Senior Notes will be issued pursuant to the Indenture between the Pepco and The Bank of New York Mellon, as trustee, dated as of November 17, 2003 (the " Pepco Senior Note Indenture "), and the Other Pepco Debt Securities will be issued pursuant to the Indenture dated July 28, 1989 (the " Pepco Note Indenture "), between Pepco and The Bank of New York Mellon, as trustee.

Unless otherwise specified in the applicable prospectus supplement, the DPL Mortgage Bonds will be issued pursuant to the Mortgage and Deed of Trust, dated as of October 1, 1943, between DPL and The Bank of New York Mellon, as trustee, as amended and supplemented (the " DPL Mortgage "), and the Other DPL Debt Securities will be issued pursuant to the Indenture, dated as of November 1, 1988 (the " DPL Note Indenture "), between the DPL and The Bank of New York Mellon Trust Company, as trustee.

In rendering the opinions expressed below, we have examined originals or copies, certified or otherwise identified to our satisfaction, of the Registration Statement and all exhibits thereto and such corporate records and other agreements, documents and instruments, and such certificates or comparable documents of public officials and officers and representatives of the registrants and have made such inquiries of such officers and representatives and have considered such matters of law as we have deemed appropriate as the basis for the opinion hereinafter set forth. We have also assumed the authenticity of all documents submitted to us as originals, the genuineness of all signatures, the legal capacity of all persons and the conformity with the original documents of any copies thereof submitted to us for examination.

In rendering the opinions expressed below, we have assumed that (a) the Registration Statement has become effective under the Act, (b) a prospectus supplement with respect to the applicable Securities shall have been filed with the Commission in compliance with the Act and the rules and regulations thereunder, (c) the applicable Securities have been duly and properly authorized for issuance, (d) all instruments relating to the applicable Securities have been duly and properly authorized and properly executed and delivered and (e) the terms of the applicable Securities have been duly and properly established in conformity with the applicable instruments so as not to violate any applicable law or result in a default under or breach of any agreement or instrument binding upon Exelon, Generation, ComEd, PECO, BGE, Pepco or DPL, as applicable, and so as to comply with any requirement or restriction imposed by any court or governmental or regulatory body having jurisdiction over Exelon, Generation, ComEd, PECO, BGE, Pepco or DPL, as applicable.

Based on the foregoing, we are of the opinion that:

1. When a series of Exelon Debt Securities shall have been duly and properly executed and authenticated in accordance with the Exelon Indenture and duly and properly issued and delivered by Exelon in the manner contemplated in any prospectus supplement relating thereto to the purchasers thereof against payment of the agreed consideration therefor, each series of Exelon Debt Securities will constitute valid and binding obligations of Exelon, enforceable in accordance with their terms, subject to (i) bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other similar laws now or hereafter in effect relating to or affecting creditors' rights generally and (ii) general principles of equity (regardless of whether considered in a proceeding at law or in equity).

2. When the shares of Exelon Common Stock have been duly and properly issued, sold and delivered as contemplated in any prospectus supplement relating thereto, the shares of Exelon Common Stock (including any Exelon Common Stock duly issued pursuant to Stock Purchase Contracts), will be legally issued, fully paid and non-assessable.

3. When the Exelon Stock Purchase Contracts have been duly and properly executed and issued in accordance with the Stock Purchase Contract Agreement relating to such Exelon Stock Purchase Contracts and issued and sold in the form and in the manner contemplated in any prospectus supplement relating thereto, such Exelon Stock Purchase Contracts will constitute valid and binding obligations of Exelon, enforceable in accordance with their terms, subject to (i) bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other similar laws now or hereafter in effect relating to or affecting creditors' rights generally and (ii) general principles of equity (regardless of whether considered in a proceeding at law or in equity).

4. When (a) the collateral has been deposited with the collateral agent in accordance with the applicable collateral arrangements and (b) the Exelon Stock Purchase Contracts have been duly and properly executed and issued in accordance with the Stock Purchase Contract Agreement relating to such Exelon Stock Purchase Contracts, and issued and sold in the form and in the manner contemplated in the any prospectus supplement relating thereto, the Exelon Stock Purchase Units will constitute valid and binding obligations of Exelon, enforceable in accordance with their terms, subject to (i) bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other similar laws now or hereafter in effect relating to or affecting creditors' rights generally and (ii) general principles of equity (regardless of whether considered in a proceeding at law or in equity).

5. When (a) a Statement with Respect to Shares of Exelon classifying the Exelon Preferred Stock and setting forth the terms thereof has been duly and properly authorized, executed and filed with the Secretary of the Commonwealth of Pennsylvania, Department of State and (b) the shares of Exelon Preferred Stock have been duly and properly issued and paid for in the manner contemplated in any prospectus supplement relating thereto, the shares of Exelon Preferred Stock will be legally issued, fully paid and non-assessable.

6. When (a) a Statement with Respect to Shares of Exelon classifying the Exelon Depositary Shares and setting forth the terms thereof has been duly and properly authorized, executed and filed with the Secretary of the Commonwealth of Pennsylvania, Department of State and (b) the Exelon Depositary Shares have been duly and properly issued and paid for in the manner contemplated in any prospectus supplement relating thereto, the shares of Exelon Depositary Shares will be legally issued, fully paid and non-assessable

7. When a series of Generation Debt Securities shall have been duly and properly executed and authenticated in accordance with the Generation Debt Indenture and duly and properly issued and delivered by Generation in the manner contemplated in the Registration Statement and any prospectus supplement relating thereto to the purchasers thereof against payment of the agreed consideration therefor, each series of Generation Debt Securities will constitute valid and binding obligations of Generation, enforceable in accordance with their terms, subject to (i) bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other similar laws now or hereafter in effect relating to or affecting creditors' rights generally and (ii) general principles of equity (regardless of whether considered in a proceeding at law or in equity).

8. When a series of ComEd Mortgage Bonds have been duly and properly executed and authenticated in accordance with the ComEd Mortgage and duly and properly issued and delivered by ComEd in the manner contemplated in any prospectus supplement relating thereto to the purchasers thereof against payment of the agreed consideration therefor, the ComEd Mortgage Bonds will constitute binding obligations of ComEd, subject to (i) bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other similar laws now or hereafter in effect relating to or affecting creditors' rights generally and (ii) general principles of equity (regardless of whether considered in a proceeding at law or in equity).

9. When a series of ComEd Notes have been duly and properly executed and authenticated in accordance with the ComEd Senior Indenture and duly and properly issued and delivered by ComEd in the manner contemplated in any prospectus supplement relating thereto to the purchasers thereof against payment of the agreed consideration therefor, the ComEd Notes will constitute binding obligations of ComEd, subject to (i) bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other similar laws now or hereafter in effect relating to or affecting creditors' rights generally and (ii) general principles of equity (regardless of whether considered in a proceeding at law or in equity).

10. When a series of PECO Mortgage Bonds have been duly and properly executed and authenticated in accordance with the PECO Mortgage and duly and properly issued and delivered by PECO in the manner contemplated in any prospectus supplement relating thereto to the purchasers thereof against payment of the agreed consideration therefor, the PECO Mortgage Bonds will constitute binding obligations of PECO, subject to (i) bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other similar laws now or hereafter in effect relating to or affecting creditors' rights generally and (ii) general principles of equity (regardless of whether considered in a proceeding at law or in equity).

11. When a series of BGE Unsecured Debt Securities have been duly and properly executed and authenticated in accordance with the BGE Unsecured Indenture and duly and properly issued and delivered by BGE in the manner contemplated in any prospectus supplement relating thereto to the purchasers thereof against payment of the agreed consideration therefor, the BGE Unsecured Debt Securities will constitute binding obligations of BGE, subject to (i) bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other similar laws now or hereafter in effect relating to or affecting creditors' rights generally and (ii) general principles of equity (regardless of whether considered in a proceeding at law or in equity).

12. When a series of BGE Secured Debt Securities have been duly and properly executed and authenticated in accordance with the BGE Secured Indenture and duly and properly issued and delivered by BGE in the manner contemplated in any prospectus supplement relating thereto to the purchasers thereof against payment of the agreed consideration therefor, the BGE Secured Debt Securities will constitute binding obligations of BGE, subject to (i) bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other similar laws now or hereafter in effect relating to or affecting creditors' rights generally and (ii) general principles of equity (regardless of whether considered in a proceeding at law or in equity).

13. When a series of Pepco Mortgage Bonds have been duly and properly executed and authenticated in accordance with the Pepco Mortgage and duly and properly issued and delivered by Pepco in the manner contemplated in any prospectus supplement relating thereto to the purchasers thereof against payment of the agreed consideration therefor, the Pepco Mortgage Bonds will constitute binding obligations of Pepco, subject to (i) bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other similar laws now or hereafter in effect relating to or affecting creditors' rights generally and (ii) general principles of equity (regardless of whether considered in a proceeding at law or in equity).

14. When a series of Pepco Senior Notes have been duly and properly executed and authenticated in accordance with the Pepco Senior Note Indenture and duly and properly issued and delivered by Pepco in the manner contemplated in any prospectus supplement relating thereto to the purchasers thereof against payment of the agreed consideration therefor, the Pepco Senior Notes will constitute binding obligations of Pepco, subject to (i) bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other similar laws now or hereafter in effect relating to or affecting creditors' rights generally and (ii) general principles of equity (regardless of whether considered in a proceeding at law or in equity).

15. When a series of Other Pepco Debt Securities have been duly and properly executed and authenticated in accordance with the Pepco Note Indenture and duly and properly issued and delivered by Pepco in the manner contemplated in any prospectus supplement relating thereto to the purchasers thereof against payment of the agreed consideration therefor, the Other Pepco Debt Securities will constitute binding obligations of Pepco, subject to (i) bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other similar laws now or hereafter in effect relating to or affecting creditors' rights generally and (ii) general principles of equity (regardless of whether considered in a proceeding at law or in equity).

16. When a series of DPL Mortgage Bonds have been duly and properly executed and authenticated in accordance with the DPL Mortgage and duly and properly issued and delivered by DPL in the manner contemplated in any prospectus supplement relating thereto to the purchasers thereof against payment of the agreed consideration therefor, the DPL Mortgage Bonds will constitute binding obligations of DPL, subject to (i) bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other similar laws now or hereafter in effect relating to or affecting creditors' rights generally and (ii) general principles of equity (regardless of whether considered in a proceeding at law or in equity).

17. When a series of Other DPL Debt Securities have been duly and properly executed and authenticated in accordance with the DPL Note Indenture and duly and properly issued and delivered by DPL in the manner contemplated in any prospectus supplement relating thereto to the purchasers thereof against payment of the agreed consideration therefor, the Other DPL Debt Securities will constitute binding obligations of DPL, subject to (i) bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other similar laws now or hereafter in effect relating to or affecting creditors' rights generally and (ii) general principles of equity (regardless of whether considered in a proceeding at law or in equity).

We express no opinion as to the law of any jurisdiction other than the laws of the Commonwealth of Pennsylvania, the State of Illinois and the State of New York. We did not find it necessary for the purposes of this opinion, and accordingly we do not purport to cover herein, the application of the securities or "Blue Sky" laws of the various states. We undertake no responsibility to update or supplement this opinion in response to changes in law or future events or circumstances.

This opinion is being furnished in accordance with the requirements of Item 601 of Regulation S-K promulgated under the Act, and no opinion is expressed herein as to any matter pertaining to the contents of the Registration Statement, other than as to the specific issues addressed herein, and no opinion may be inferred or implied beyond that expressly stated herein.

We consent to the filing of this opinion as Exhibit 5.1 to the Registration Statement and to the references to this firm under the heading "Legal Matters" in the Prospectus included in the Registration Statement. This opinion is not to be used, circulated, quoted, referred to or relied upon by any other person or for any other purpose without our prior written consent. In giving this consent, we do not thereby admit that we are "experts" within the meaning of the Securities Act of 1933, as amended.

Very truly yours,

/s/ Ballard Spahr LLP

Exhibit 12.1

Exelon Corporation
Ratio of Earnings to Fixed Charges and Ratio of Earnings to Fixed Charges and Preferred Stock Dividends
For the Six Months Ended June 30, 2016

	Six Months Ended June 30, 2016
Pre-tax income (loss) from continuing operations after adjustment for income or loss from equity investees, minority interest, capitalized interest and preference security dividend requirements	
Income from continuing operations before income taxes and minority interest	725
Plus (income) loss from equity investees	—
Less capitalized interest	(66)
	659
Less preference security dividend requirements	(8)
Less minority interest in pre-tax income of subs that have not incurred fixed charges	—
	651
Fixed charges:	
Interest expense and amortization of debt discount and premium on all indebtedness	718
Interest component of rental expense	123
Distributions on mandatorily redeemable preferred securities	—
Preferred stock dividend requirements	8
	849
Pre-tax income (loss) from continuing operations after adjustment for income or loss from equity investees, capitalized interest and preference security dividend requirements plus fixed charges	1,500
Ratio of earnings to fixed charges	1.8
Ratio of earnings to fixed charges and preferred stock dividends	1.8

Exhibit 12.2

Exelon Generation Company, LLC
SEC Ratio of Earnings to Fixed Charges
For the Six Months Ended June 30, 2016

	Six Months Ended June 30, 2016
Pre-tax income (loss) from continuing operations after adjustment for income or loss from equity investees, minority interest, capitalized interest and preference security dividend requirements	
Income from continuing operations before income taxes and minority interest	416
Plus amortization of capitalized interest	—
Plus (income) loss from equity investees	—
Less capitalized interest	(50)
Less preference security dividend requirements of consolidated subsidiaries	—
Less minority interest of in pre-tax income of subs that have not incurred fixed charges	—
	366
Fixed charges:	
Interest expense and amortization of debt discount and premium on all indebtness	240
Interest component of rental expense	108
Distributions on mandatorily redeemable preferred securities	—
Preferred stock dividend requirements of consolidated subsidiaries	—
	348
Pre-tax income (loss) from continuing operations after adjustment for income or loss from equity investees, capitalized interest and preference security dividend requirements plus fixed charges	714
Ratio of earnings to fixed charges	2.1

Exhibit 12.3

ComEd
SEC Ratio of Earnings to Fixed Charges
For the Six Months Ended June 30, 2016

	Six Months Ended June 30, 2016
Pre-tax income (loss) from continuing operations after adjustment for income or loss from equity investees, minority interest,	
Income from continuing operations before income taxes and minority interest	428
Plus amortization of capitalized interest	—
Plus (income) loss from equity investees	—
Less capitalized interest	(3)
Less preference security dividend requirements of consolidated subsidiaries	—
Less minority interest of in pre-tax income of subs that have not incurred fixed charges	—
	425
Fixed charges:	
Interest expense and amortization of debt discount and premium on all indebtness	178
Interest component of rental expense	3
Distributions on mandatorily redeemable preferred securities	—
Preferred stock dividend requirements of consolidated subsidiaries	—
	181
Pre-tax income (loss) from continuing operations after adjustment for income or loss from equity investees, capitalized interest	606
Ratio of earnings to fixed charges	3.4

Exhibit 12.4

PECO Energy Company
Computation of Earnings to Fixed Charges
For the Six Months Ended June 30, 2016

	Six Months Ended 30-Jun 2016
Pre-tax income (loss) from continuing operations after adjustment for income or loss from equity investees, minority interest, capitalized interest and preference security dividend requirements	
Income from continuing operations before income taxes and minority interest	291
Plus (income) loss from equity investees	—
Less capitalized interest A	(4)
Less preference security dividend requirements E	—
Less minority interest in pre-tax income of subs that have not incurred fixed charges	—
	287
Fixed charges:	
Interest expense and amortization of debt discount and premium on all indebtedness	65
Interest component of rental expense	1
Distributions on mandatorily redeemable preferred securities	—
Preferred stock dividend requirements	—
	66
Pre-tax income (loss) from continuing operations after adjustment for income or loss from equity investees, capitalized interest and preference security dividend requirements plus fixed charges	353
Ratio of earnings to fixed charges	5.3

Exhibit 12.5

BGE
Computation of Earnings to Combined Fixed Charges
For the Six Months Ended June 30, 2016

	Six Months Ended June 30, 2016
Pre-tax income (loss) from continuing operations after adjustment for income or loss from equity investees, minority interest, capitalized interest and preference stock dividend requirements	
Income from continuing operations before income taxes and minority interest	208
Plus (income) loss from equity investees	—
Less capitalized interest	(7)
Less preference stock dividend requirements	(9)
Less minority interest in pre-tax income of subs that have not incurred fixed charges	—
	192
Fixed charges:	
Interest expense and amortization of debt discount and premium on all indebtedness	55
Interest component of rental expense	2
Distributions on mandatorily redeemable preferred securities	—
Preferred stock dividend requirements	9
	66
Pre-tax income (loss) from continuing operations after adjustment for income or loss from equity investees, capitalized interest and preference security dividend requirements plus fixed charges	258
Ratio of earnings to fixed charges	4.5

Exhibit 12.6

Pepco
Computation of Earnings to Combined Fixed Charges
For the Six Months Ended June 30, 2016

	Six Months Ended 30-Jun 2016
Pre-tax income (loss) from continuing operations after adjustment for income or loss from equity investees, minority interest,capitalized interest and preference security dividend requirements	
Income from continuing operations before income taxes and minority interest	(61)
Plus (income) loss from equity investees	0
Less capitalized interest	(3)
Less preference security dividend requirements	—
Less minority interest in pre-tax income of subs that have not incurred fixed charges	—
	(64)
Fixed charges:	
Interest expense and amortization of debt discount and premium on all indebtedness	70
Interest component of rental expense	4
Distributions on mandatorily redeemable preferred securities	—
Preferred stock dividend requirements	—
	74
Pre-tax income (loss) from continuing operations after adjustment for income or loss from equity investees, capitalized interest and preference security dividend requirements plus fixed charges	10
Ratio of earnings to fixed charges	0.1

Exhibit 12.7

DPL
Computation of Earnings to Combined Fixed Charges
For the Six Months Ended June 30, 2016

	Six Months Ended 30-Jun 2016
Pre-tax income (loss) from continuing operations after adjustment for income or loss from equity investees, minority interest, capitalized interest and preference security dividend requirements	
Income from continuing operations before income taxes and minority interest	(61)
Plus (income) loss from equity investees	0
Less capitalized interest	(1)
Less preference security dividend requirements	—
Less minority interest in pre-tax income of subs that have not incurred fixed charges	—
	(62)
Fixed charges:	
Interest expense and amortization of debt discount and premium on all indebtedness	26
Interest component of rental expense	2
Distributions on mandatorily redeemable preferred securities	—
Preferred stock dividend requirements	—
	28
Pre-tax income (loss) from continuing operations after adjustment for income or loss from equity investees, capitalized interest and preference security dividend requirements plus fixed charges	(34)
Ratio of earnings to fixed charges	(1.2)

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in this Registration Statement on Form S-3 of our report dated February 10, 2016 relating to the Exelon Corporation financial statements, financial statement schedules and the effectiveness of internal control over financial reporting, which appears in Exelon Corporation's Annual Report on Form 10-K for the year ended December 31, 2015. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

/s/ PricewaterhouseCoopers LLP
Chicago, Illinois
August 30, 2016

Exhibit 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in this Registration Statement on Form S-3 of our report dated February 10, 2016 relating to the Exelon Generation Company, LLC financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in Exelon Corporation's Annual Report on Form 10-K for the year ended December 31, 2015. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

/s/ PricewaterhouseCoopers LLP
Baltimore, Maryland
August 30, 2016

Exhibit 23.3

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in this Registration Statement on Form S-3 of our report dated February 10, 2016 relating to the Commonwealth Edison Company financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in Exelon Corporation's Annual Report on Form 10-K for the year ended December 31, 2015. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

/s/ PricewaterhouseCoopers LLP
Chicago, Illinois
August 30, 2016

Exhibit 23.4

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in this Registration Statement on Form S-3 of our report dated February 10, 2016 relating to the PECO Energy Company financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in Exelon Corporation's Annual Report on Form 10-K for the year ended December 31, 2015. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

/s/ PricewaterhouseCoopers LLP
Philadelphia, Pennsylvania
August 30, 2016

Exhibit 23.5

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in this Registration Statement on Form S-3 of our report dated February 10, 2016 relating to the Baltimore Gas and Electric Company financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in Exelon Corporation's Annual Report on Form 10-K for the year ended December 31, 2015. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

/s/ PricewaterhouseCoopers LLP
Baltimore, Maryland
August 30, 2016

Exhibit 23.6

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in this Registration Statement on Form S-3 of our report dated February 19, 2016 relating to the Potomac Electric Power Company financial statements and financial statement schedule, which appears in Pepco Holdings Inc.'s Annual Report on Form 10-K for the year ended December 31, 2015. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

/s/ PricewaterhouseCoopers LLP
Washington, DC
August 30, 2016

Exhibit 23.7

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in this Registration Statement on Form S-3 of our report dated February 19, 2016 relating to the Delmarva Power & Light Company financial statements and financial statement schedule, which appears in Pepco Holdings Inc.'s Annual Report on Form 10-K for the year ended December 31, 2015. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

/s/ PricewaterhouseCoopers LLP
Washington, DC
August 30, 2016

Exhibit 25.1

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939 OF A
CORPORATION DESIGNATED TO ACT AS TRUSTEE

☐ **CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF A TRUSTEE PURSUANT TO SECTION 305(b)(2)**

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.
(Exact name of trustee as specified in its charter)

(Jurisdiction of incorporation if not a U.S. national bank)	95-3571558 (I.R.S. employer identification no.)
400 South Hope Street Suite 500 Los Angeles, California (Address of principal executive offices)	90071 (Zip code)

Exelon Corporation
(Exact name of obligor as specified in its charter)

Pennsylvania (State or other jurisdiction of incorporation or organization)	23-2990190 (I.R.S. employer identification no.)
10 South Dearborn Street P.O. Box 805379 Chicago, Illinois (Address of principal executive offices)	60680-5379 (Zip code)

Senior Debt Securities
(Title of the indenture securities)

1. General information. Furnish the following information as to the trustee:

(a) Name and address of each examining or supervising authority to which it is subject.

Name	Address
Comptroller of the Currency United States Department of the Treasury	Washington, DC 20219
Federal Reserve Bank	San Francisco, CA 94105
Federal Deposit Insurance Corporation	Washington, DC 20429

(b) Whether it is authorized to exercise corporate trust powers.

Yes.

2. Affiliations with Obligor.

If the obligor is an affiliate of the trustee, describe each such affiliation.

None.

16. List of Exhibits.

Exhibits identified in parentheses below, on file with the Commission, are incorporated herein by reference as an exhibit hereto, pursuant to Rule 7a-29 under the Trust Indenture Act of 1939 (the "Act") and 17 C.F.R. 229.10(d).

1. A copy of the articles of association of The Bank of New York Mellon Trust Company, N.A., formerly known as The Bank of New York Trust Company, N.A. (Exhibit 1 to Form T-1 filed with Registration Statement No. 333-121948 and Exhibit 1 to Form T-1 filed with Registration Statement No. 333-152875).
2. A copy of certificate of authority of the trustee to commence business. (Exhibit 2 to Form T-1 filed with Registration Statement No. 333-121948).
3. A copy of the authorization of the trustee to exercise corporate trust powers (Exhibit 3 to Form T-1 filed with Registration Statement No. 333-152875).

4. A copy of the existing by-laws of the trustee (Exhibit 4 to Form T-1 filed with Registration Statement No. 333-162713).

6. The consent of the trustee required by Section 321(b) of the Act (Exhibit 6 to Form T-1 filed with Registration Statement No. 333-152875).

7. A copy of the latest report of condition of the Trustee published pursuant to law or to the requirements of its supervising or examining authority.

SIGNATURE

Pursuant to the requirements of the Act, the Trustee, The Bank of New York Mellon Trust Company, N.A., a banking association organized and existing under the laws of the United States of America, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of Los Angeles, and State of California, on the 29 th day of August, 2016.

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A.

By: /s/ Valere Boyd
Name: Valere Boyd
Title: Vice President

EXHIBIT 7

Consolidated Report of Condition of
THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.
of 400 South Hope Street, Suite 500, Los Angeles, CA 90071

At the close of business June 30, 2016, published in accordance with Federal regulatory authority instructions.

	Dollar amounts in thousands
ASSETS	
Cash and balances due from depository institutions:	
Noninterest-bearing balances and currency and coin	5,220
Interest-bearing balances	359,936
Securities:	
Held-to-maturity securities	0
Available-for-sale securities	647,868
Federal funds sold and securities purchased under agreements to resell:	
Federal funds sold	0
Securities purchased under agreements to resell	0
Loans and lease financing receivables:	
Loans and leases held for sale	0
Loans and leases, net of unearned income	0
LESS: Allowance for loan and lease losses	0
Loans and leases, net of unearned income and allowance	0
Trading assets	0
Premises and fixed assets (including capitalized leases)	10,881
Other real estate owned	0
Investments in unconsolidated subsidiaries and associated companies	0
Direct and indirect investments in real estate ventures	0
Intangible assets:	
Goodwill	856,313
Other intangible assets	64,065
Other assets	128,760
Total assets	$ 2,073,043
LIABILITIES	
Deposits:	
In domestic offices	525
Noninterest-bearing	525
Interest-bearing	0
Not applicable	
Federal funds purchased and securities sold under agreements to repurchase:	
Federal funds purchased	0
Securities sold under agreements to repurchase	0
Trading liabilities	0
Other borrowed money:	
(includes mortgage indebtedness and obligations under capitalized leases)	0
Not applicable	
Not applicable	
Subordinated notes and debentures	0
Other liabilities	284,265
Total liabilities	284,790
Not applicable	
EQUITY CAPITAL	
Perpetual preferred stock and related surplus	0
Common stock	1,000
Surplus (exclude all surplus related to preferred stock)	1,122,601
Not available	
Retained earnings	663,308
Accumulated other comprehensive income	1,344
Other equity capital components	0
Not available	
Total bank equity capital	1,788,253
Noncontrolling (minority) interests in consolidated subsidiaries	0
Total equity capital	1,788,253
Total liabilities and equity capital	2,073,043

S1-SSA-0009 - 28546

I, Matthew J. McNulty, CFO of the above-named bank do hereby declare that the Reports of Condition and Income (including the supporting schedules) for this report date have been prepared in conformance with the instructions issued by the appropriate Federal regulatory authority and are true to the best of my knowledge and belief.

Matthew J. McNulty) CFO

We, the undersigned directors (trustees), attest to the correctness of the Report of Condition (including the supporting schedules) for this report date and declare that it has been examined by us and to the best of our knowledge and belief has been prepared in conformance with the instructions issued by the appropriate Federal regulatory authority and is true and correct.

Antonio I. Portuondo, President)
William D. Lindelof, Director) Directors (Trustees)
Alphonse J. Briand, Director)

Exhibit 25.2

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY UNDER
THE TRUST INDENTURE ACT OF 1939 OF A
CORPORATION DESIGNATED TO ACT AS TRUSTEE

☐ **Check if an Application to Determine Eligibility of a Trustee Pursuant to Section 305(b)(2)**

U.S. BANK NATIONAL ASSOCIATION

(Exact name of Trustee as specified in its charter)

31-0841368
I.R.S. Employer Identification No.

800 Nicollet Mall
Minneapolis, Minnesota
(Address of principal executive offices)

55402
(Zip Code)

George J. Rayzis
U.S. Bank National Association
50 South 16th Street, Suite 2000
Philadelphia, PA 19102
(215) 761-9317
(Name, address and telephone number of agent for service)

Exelon Generation Company, LLC
(Issuer with respect to the Securities)

Pennsylvania
(State or other jurisdiction of incorporation or organization)

23-3064219
(I.R.S. Employer Identification No.)

300 Exelon Way
Kennett Square, Pennsylvania
(Address of Principal Executive Offices)

19348
(Zip Code)

Debt Securities
(Title of the Indenture Securities)

FORM T-1

Item 1. **GENERAL INFORMATION.** Furnish the following information as to the Trustee.

a) *Name and address of each examining or supervising authority to which it is subject.*

Comptroller of the Currency
Washington, D.C.

b) *Whether it is authorized to exercise corporate trust powers.*

Yes

Item 2. **AFFILIATIONS WITH OBLIGOR.** *If the obligor is an affiliate of the Trustee, describe each such affiliation.*

None

Items 3-15 *Items 3-15 are not applicable because to the best of the Trustee's knowledge, the obligor is not in default under any Indenture for which the Trustee acts as Trustee.*

Item 16. **LIST OF EXHIBITS:** *List below all exhibits filed as a part of this statement of eligibility and qualification.*

1. A copy of the Articles of Association of the Trustee.*
2. A copy of the certificate of authority of the Trustee to commence business, attached as Exhibit 2.
3. A copy of the certificate of authority of the Trustee to exercise corporate trust powers, attached as Exhibit 3.
4. A copy of the existing bylaws of the Trustee.**
5. A copy of each Indenture referred to in Item 4. Not applicable.
6. The consent of the Trustee required by Section 321(b) of the Trust Indenture Act of 1939, attached as Exhibit 6.
7. Report of Condition of the Trustee as of June 30, 2016 published pursuant to law or the requirements of its supervising or examining authority, attached as Exhibit 7.

* Incorporated by reference to Exhibit 25.1 to Amendment No. 2 to registration statement on S-4, Registration Number 333-128217 filed on November 15, 2005.

** Incorporated by reference to Exhibit 25.1 to registration statement on form S-3ASR, Registration Number 333-199863 filed on November 5, 2014.

S1-SSA-0009 - 28549

SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939, as amended, the Trustee, U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, has duly caused this statement of eligibility and qualification to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of Philadelphia, State of Pennsylvania on the 30th of August, 2016.

By: /s/ George J. Rayzis
George J. Rayzis
Vice President

Exhibit 2

Office of the Comptroller of the Currency

Washington, DC 20219

CERTIFICATE OF CORPORATE, EXISTENCE

I, Thomas J. Curry, Comptroller of the Currency, do hereby certify that:

1. The Comptroller of the Currency, pursuant to Revised Statutes 324, et seq. as amended, and 12 USC 1, et amended, has possession, custody, and control of all records pertaining to the chartering, regulation, and supervision of all national banking associations.

2. "U.S. Bank National Association, " Cincinnati, Ohio (Charter No. 24), is a national banking association formed under the laws of the United States and is authorized thereunder to transact the business of banking on the date of this certificate.

IN TESTIMONY WHEREOF, today, June, 15, 2016, I have hereunto subscribed my name and caused my seal of office to be affixed to these presents at the U.S. Department of the Treasury, in the City of Washington, District of Columbia.

Comptroller of the Currency

Exhibit 3

Office of the Comptroller of the Currency

Washington, DC 20219

CERTIFICATION OF FIDUCIARY POWERS

I, Thomas J. Curry, Comptroller of the Currency, do hereby certify that:

1. The Office of the Comptroller of the Currency, pursuant to Revised Statutes 324, et seq, as amended, and 12 USC 1, et seq, as amended, has possession, custody, and control of all records pertaining to the chartering, regulation, and supervision of all national banking associations.

2. "U.S. Bank National Association," Cincinnati, Ohio (Charter No. 24), was granted, under the hand and seal of the Comptroller, the right to act in all fiduciary capacities authorized under the provisions of the Act of Congress approved September 28, 1962, 76 Stat. 668, 12 USC 92a, and that the authority so granted remains in full force and effect on the date of this certificate.

IN TESTIMONY WHEREOF, today, June 15, 2016, I have hereunto subscribed my name and caused my seal of office to be affixed to these presents at the U.S. Department of the Treasury, in the City of Washington, District of Columbia.

Comptroller of the Currency

Exhibit 6

CONSENT

In accordance with Section 321(b) of the Trust Indenture Act of 1939, the undersigned, U.S. BANK NATIONAL ASSOCIATION hereby consents that reports of examination of the undersigned by Federal, State, Territorial or District authorities may be furnished by such authorities to the Securities and Exchange Commission upon its request therefor.

Dated: August 30, 2016

By: /s/ George J. Rayzis
George J. Rayzis
Vice President

S1-SSA-0009 - 28553

Exhibit 7
U.S. Bank National Association
Statement of Financial Condition
As of 6/30/2016

($000's)

	6/30/2016
Assets	
Cash and Balances Due From Depository Institutions	$ 14,010,590
Securities	108,246,267
Federal Funds	68,244
Loans & Lease Financing Receivables	268,104,901
Fixed Assets	5,866,910
Intangible Assets	12,591,165
Other Assets	24,574,630
Total Assets	**$433,462,707**
Liabilities	
Deposits	$327,848,275
Fed Funds	1,179,456
Treasury Demand Notes	0
Trading Liabilities	2,172,890
Other Borrowed Money	40,280,996
Acceptances	0
Subordinated Notes and Debentures	3,800,000
Other Liabilities	13,036,463
Total Liabilities	**$388,318,080**
Equity	
Common and Preferred Stock	18,200
Surplus	14,266,915
Undivided Profits	30,049,363
Minority Interest in Subsidiaries	810,149
Total Equity Capital	**$ 45,144,627**
Total Liabilities and Equity Capital	**$433,462,707**

Exhibit 25.3

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY UNDER
THE TRUST INDENTURE ACT OF 1939 OF A
CORPORATION DESIGNATED TO ACT AS TRUSTEE

☐ **Check if an Application to Determine Eligibility of a Trustee Pursuant to Section 305(b)(2)**

U.S. BANK NATIONAL ASSOCIATION

(Exact name of Trustee as specified in its charter)

31-0841368
I.R.S. Employer Identification No.

800 Nicollet Mall
Minneapolis, Minnesota
(Address of principal executive offices)

55402
(Zip Code)

George J. Rayzis
U.S. Bank National Association
50 South 16th Street, Suite 2000
Philadelphia, PA 19102
(215) 761-9317
(Name, address and telephone number of agent for service)

PECO Energy Company
(Issuer with respect to the Securities)

Pennsylvania
(State or other jurisdiction of incorporation or organization)

23-0970240
(I.R.S. Employer Identification No.)

2301 Market Street
Philadelphia, PA
(Address of Principal Executive Offices)

19101
(Zip Code)

Debt Securities
(Title of the Indenture Securities)

S1-SSA-0009 - 28555

FORM T-1

Item 1. **GENERAL INFORMATION.** Furnish the following information as to the Trustee.

a) *Name and address of each examining or supervising authority to which it is subject.*

Comptroller of the Currency
Washington, D.C.

b) *Whether it is authorized to exercise corporate trust powers.*

Yes

Item 2. **AFFILIATIONS WITH OBLIGOR.** *If the obligor is an affiliate of the Trustee, describe each such affiliation.*

None

Items 3-15 *Items 3-15 are not applicable because to the best of the Trustee's knowledge, the obligor is not in default under any Indenture for which the Trustee acts as Trustee.*

Item 16. LIST OF EXHIBITS: *List below all exhibits filed as a part of this statement of eligibility and qualification.*

1. A copy of the Articles of Association of the Trustee.*
2. A copy of the certificate of authority of the Trustee to commence business, attached as Exhibit 2.
3. A copy of the certificate of authority of the Trustee to exercise corporate trust powers, attached as Exhibit 3.
4. A copy of the existing bylaws of the Trustee.**
5. A copy of each Indenture referred to in Item 4. Not applicable.
6. The consent of the Trustee required by Section 321(b) of the Trust Indenture Act of 1939, attached as Exhibit 6.
7. Report of Condition of the Trustee as of June 30, 2016 published pursuant to law or the requirements of its supervising or examining authority, attached as Exhibit 7.

* Incorporated by reference to Exhibit 25.1 to Amendment No. 2 to registration statement on S-4, Registration Number 333-128217 filed on November 15, 2005.

** Incorporated by reference to Exhibit 25.1 to registration statement on form S-3ASR, Registration Number 333-199863 filed on November 5, 2014.

S1-SSA-0009 - 28556

SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939, as amended, the Trustee, U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, has duly caused this statement of eligibility and qualification to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of Philadelphia, State of Pennsylvania on the 30th of August, 2016.

By: /s/ George J. Rayzis
George J. Rayzis
Vice President

S1-SSA-0009 - 28557

Exhibit 2

Office of the Comptroller of the Currency

Washington, DC 20219

CERTIFICATE OF CORPORATE EXISTENCE

I, Thomas J. Curry, Comptroller of the Currency, do hereby certify that:

1. The Comptroller of the Currency, pursuant to Revised Statutes 324, et seq, as amended, and 12 USC 1, et seq, as amended, has possession, custody, and control of all records pertaining to the chartering, regulation, and supervision of all national banking associations.

2. "U.S. Bank National Association," Cincinnati, Ohio (Charter No. 24), is a national banking association formed under the laws of the United States and is authorized thereunder to transact the business of banking on the date of this certificate.

IN TESTIMONY WHEREOF, today, June 15, 2016, I have hereunto subscribed my name and caused my seal of office to be affixed to these presents at the U.S. Department of the Treasury, in the City of Washington, District of Columbia.

Comptroller of the Currency

Exhibit 3

Office of the Comptroller of the Currency

Washington, DC 20219

CERTIFICATION OF FIDUCIARY POWERS

I, Thomas J. Curry, Comptroller of the Currency, do hereby certify that:

1. The Office of the Comptroller of the Currency, pursuant to Revised Statutes 324, et seq, as amended, and 12 USC 1, et seq, as amended, has possession, custody, and control of all records pertaining to the chartering, regulation, and supervision of all national banking associations.

2. "U.S. Bank National Association," Cincinnati, Ohio (Charter No. 24), was granted, under the hand and seal of the Comptroller, the right to act in all fiduciary capacities authorized under the provisions of the Act of Congress approved September 28, 1962, 76 Stat. 668, 12 USC 92a, and that the authority so granted remains in full force and effect on the date of this certificate.

IN TESTIMONY WHEREOF, today,
June 15, 2016, I have hereunto subscribed my name and caused my seal of office to be affixed to these presents at the U.S. Department of the Treasury, in the City of Washington, District of Columbia.

Comptroller of the Currency

Exhibit 6

CONSENT

In accordance with Section 321(b) of the Trust Indenture Act of 1939, the undersigned, U.S. BANK NATIONAL ASSOCIATION hereby consents that reports of examination of the undersigned by Federal, State, Territorial or District authorities may be furnished by such authorities to the Securities and Exchange Commission upon its request therefor.

Dated: August 30, 2016

By: /s/ George J. Rayzis
George J. Rayzis
Vice President

Exhibit 7
U.S. Bank National Association
Statement of Financial Condition
As of 6/30/2016

($000's)

	6/30/2016
Assets	
Cash and Balances Due From Depository Institutions	$ 14,010,590
Securities	108,246,267
Federal Funds	68,244
Loans & Lease Financing Receivables	268,104,901
Fixed Assets	5,866,910
Intangible Assets	12,591,165
Other Assets	24,574,630
Total Assets	**$433,462,707**
Liabilities	
Deposits	$327,848,275
Fed Funds	1,179,456
Treasury Demand Notes	0
Trading Liabilities	2,172,890
Other Borrowed Money	40,280,996
Acceptances	0
Subordinated Notes and Debentures	3,800,000
Other Liabilities	13,036,463
Total Liabilities	**$388,318,080**
Equity	
Common and Preferred Stock	18,200
Surplus	14,266,915
Undivided Profits	30,049,363
Minority Interest in Subsidiaries	810,149
Total Equity Capital	**$ 45,144,627**
Total Liabilities and Equity Capital	**$433,462,707**

Exhibit 25.4

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939
OF A CORPORATION DESIGNATED TO ACT AS TRUSTEE

☐ **CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF A TRUSTEE PURSUANT TO SECTION 305(b)(2)**

DEUTSCHE BANK TRUST COMPANY AMERICAS
(formerly BANKERS TRUST COMPANY)
(Exact name of trustee as specified in its charter)

NEW YORK (Jurisdiction of Incorporation or organization if not a U.S. national bank)	**13-4941247** (I.R.S. Employer Identification no.)
60 WALL STREET **NEW YORK, NEW YORK** (Address of principal executive offices)	**10005** (Zip Code)

Deutsche Bank Trust Company Americas
Attention: Catherine Wang
Legal Department
60 Wall Street, 36th Floor
New York, New York 10005
(212) 250 – 7544
(Name, address and telephone number of agent for service)

Baltimore Gas and Electric Company
(Exact name of obligor as specified in its charter)

Maryland (State or other jurisdiction of incorporation or organization)	**52-0280210** (I.R.S. Employer Identification No.)
2 Center Plaza, 110 West Fayette Street **Baltimore, Maryland** (Address of principal executive offices)	**21201** (Zip code)

Debt Securities
(Title of the Indenture securities)

Item 1. General Information.

Furnish the following information as to the trustee.

(a) Name and address of each examining or supervising authority to which it is subject.

Name	Address
Federal Reserve Bank (2nd District)	New York, NY
Federal Deposit Insurance Corporation	Washington, D.C.
New York State Banking Department	Albany, NY

(b) Whether it is authorized to exercise corporate trust powers.

Yes.

Item 2. Affiliations with Obligor.

If the obligor is an affiliate of the Trustee, describe each such affiliation.

None.

Item 3. -15. Not Applicable

Item 16. List of Exhibits.

Exhibit 1 - Restated Organization Certificate of Bankers Trust Company dated August 31, 1998; Certificate of Amendment of the Organization Certificate of Bankers Trust Company dated September 25, 1998; Certificate of Amendment of the Organization Certificate of Bankers Trust Company dated December 18, 1998; Certificate of Amendment of the Organization Certificate of Bankers Trust Company dated September 3, 1999; and Certificate of Amendment of the Organization Certificate of Bankers Trust Company dated March 14, 2002, incorporated herein by reference to Exhibit 1 filed with Form T-1 Statement, Registration No. 333-201810.

Exhibit 2 - Certificate of Authority to commence business, incorporated herein by reference to Exhibit 2 filed with Form T-1 Statement, Registration No. 333-201810.

Exhibit 3 - Authorization of the Trustee to exercise corporate trust powers, incorporated herein by reference to Exhibit 3 filed with Form T-1 Statement, Registration No. 333- 201810.

Exhibit 4 - Existing By-Laws of Deutsche Bank Trust Company Americas, dated July 24, 2014, incorporated herein by reference to Exhibit 4 filed with Form T-1 Statement, Registration No. 333-201810.

Exhibit 5 - Not applicable.

Exhibit 6 - Consent of Bankers Trust Company required by Section 321(b) of the Act, incorporated herein by reference to Exhibit 6 filed with Form T-1 Statement, Registration No. 333-201810.

Exhibit 7 - A copy of the latest report of condition of the trustee published pursuant to law or the requirements of its supervising or examining authority.

Exhibit 8 - Not Applicable.

Exhibit 9 - Not Applicable.

SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939, as amended, the trustee, Deutsche Bank Trust Company Americas, a corporation organized and existing under the laws of the State of New York, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in The City of New York, and State of New York, on this 18th day of August, 2016.

DEUTSCHE BANK TRUST COMPANY AMERICAS

By: /s/ Carol Ng
Name: Carol Ng
Title: Vice President

Federal Financial Institutions Examination Council

Consolidated Reports of Condition and Income for a Bank with Domestic Offices Only—FFIEC 041

Report at the close of business March 31, 2016

20160331
(RCON 9999)

This report is required by law: 12 U.S.C. § 324 (State member banks); 12 U.S.C. §1817 (State nonmember banks); 12 U.S.C. §161 (National banks); and 12 U.S.C. §1464 (Savings associations).

Unless the context indicates otherwise, the term "bank" in this report form refers to both banks and savings associations.

This report form is to be filed by banks with domestic offices only. Banks with foreign offices (as defined in the instructions) must file FFIEC 031.

NOTE: Each bank's board of directors and senior management are responsible for establishing and maintaining an effective system of internal control, including controls over the Reports of Condition and Income. The Reports of Condition and Income are to be prepared in accordance with federal regulatory authority instructions. The Reports of Condition and Income must be signed by the Chief Financial Officer (CFO) of the reporting bank (or by the individual performing an equivalent function) and attested to by not less than two directors (trustees) for state nonmember banks and three directors for state member banks, national banks, and savings associations.

I, the undersigned CFO (or equivalent) of the named bank, attest that the Reports of Condition and Income (including the supporting schedules) for this report date have been prepared in conformance with the instructions issued by the appropriate Federal regulatory authority and are true and correct to the best of my knowledge and belief.

We, the undersigned directors (trustees), attest to the correctness of the Reports of Condition and Income (including the supporting schedules) for this report date and declare that the Reports of Condition and Income have been examined by us and to the best of our knowledge and belief have been prepared in conformance with the instructions issued by the appropriate Federal regulatory authority and are true and correct.

Signature of Chief Financial Officer (or Equivalent)

Date of Signature

Director (Trustee)

Director (Trustee)

Director (Trustee)

Submission of Reports

Each bank must file its Reports of Condition and Income (Call Report) data by either:

(a) Using computer software to prepare its Call Report and then submitting the report data directly to the FFIEC's Central Data Repository (CDR), an Internet-based system for data collection (https://cdr.ffiec.gov/cdr/), or

(b) Completing its Call Report in paper form and arranging with a software vendor or another party to convert the data into the electronic format that can be processed by the CDR. The software vendor or other party then must electronically submit the bank's data file to the CDR.

For technical assistance with submissions to the CDR, please contact the CDR Help Desk by telephone at (888) CDR-3111, by fax at (703) 774-3946, or by e-mail at CDR.Help@ffiec.gov.

To fulfill the signature and attestation requirement for the Reports of Condition and Income for this report date, attach your bank's completed signature page (or a photocopy or a computer generated version of this page) to the hard-copy record of the data file submitted to the CDR that your bank must place in its files.

The appearance of your bank's hard-copy record of the submitted data file need not match exactly the appearance of the FFIEC's sample report forms, but should show at least the caption of each Call Report item and the reported amount.

DEUTSCHE BANK TRUST COMPANY AMERICAS
Legal Title of Bank (RSSD 9017)

New York
City (RSSD 9130)

FDIC Certificate Number **623** (RSSD 9050)

NY State Abbreviation (RSSD 9200)

10005 Zip Code (RSSD 9220)

The estimated average burden associated with this information collection is 50.4 hours per respondent and is estimated to vary from 20 to 775 hours per response, depending on individual circumstances. Burden estimates include the time for reviewing instructions, gathering and maintaining data in the required form, and completing the information collection, but exclude the time for compiling and maintaining business records in the normal course of a respondent's activities. A Federal agency may not conduct or sponsor, and an organization (or a person) is not required to respond to a collection of information, unless it displays a currently valid OMB control number. Comments concerning the accuracy of this burden estimate and suggestions for reducing this burden should be directed to the Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, DC 20503, and to one of the following: Secretary, Board of Governors of the Federal Reserve System, 20th and C Streets, NW, Washington, DC 20551; Legislative and Regulatory Analysis Division, Office of the Comptroller of the Currency, Washington, DC 20219; Assistant Executive Secretary, Federal Deposit Insurance Corporation, Washington, DC 20429.

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Consolidated Report of Condition for Insured Banks and Savings Associations for March 31, 2016

All schedules are to be reported in thousands of dollars. Unless otherwise indicated, report the amount outstanding as of the last business day of the quarter.

Schedule RC—Balance Sheet

		Dollar Amounts in Thousands		RCON	Tril | Bil | Mil | Thou	
Assets						
1.	Cash and balances due from depository institutions (from Schedule RC-A):					
	a. Noninterest-bearing balances and currency and coin (1)			0081	1,265,000	1.a.
	b. Interest-bearing balances (2)			0071	19.408.000	1.b.
2.	Securities:					
	a. Held-to-maturity securities (from Schedule RC-B, column A)			1754	**0**	2.a.
	b. Available-for-sale securities (from Schedule RC-B, column D)			1773	**0**	2.b.
3.	Federal funds sold and securities purchased under agreements to resell:					
	a. Federal funds sold			B987	0	3.a.
	b. Securities purchased under agreements to resell (3)			B989	11,777,000	3.b.
4.	Loans and lease financing receivables (from Schedule RC-C):					
	a. Loans and leases held for sale			5369	0	4.a.
	b. Loans and leases, net of unearned income	B528	18,038,000			4.b.
	c. LESS: Allowance for loan and lease losses	3123	28,000			4.c.
	d. Loans and leases, net of unearned income and allowance (item 4.b minus 4.c)			B529	**18,010,000**	4.d.
5.	Trading assets (from Schedule RC-D)			3545	**6,000**	5.
6	Premises and fixed assets (including capitalized leases)			2145	15,000	6.
7.	Other real estate owned (from Schedule RC-M)			2150	**0**	7.
8.	Investments in unconsolidated subsidiaries and associated companies			2130	0	8.
9.	Direct and indirect investments in real estate ventures			3656	0	9.
10.	Intangible assets:					
	a. Goodwill			3163	0	10.a.
	b. Other intangible assets (from Schedule RC-M)			0426	**25,000**	10.b.
11	Other assets (from Schedule RC-F)			2160	**1,164,000**	11.
12.	Total assets (sum of items 1 through 11)			2170	**51,670,000**	12.
Liabilities						
13.	Deposits:					
	a. In domestic offices (sum of totals of columns A and C from Schedule RC-E)			2200	**39,140,000**	13.a.
	(1) Noninterest-bearing (4)	6631	26,188,000			13.a.(1)
	(2) Interest-bearing	6636	12,952,000			13.a.(2)
	b. Not applicable					
14.	Federal funds purchased and securities sold under agreements to repurchase:					
	a. Federal funds purchased (5)			B993	1,260,000	14.a.
	b. Securities sold under agreements to repurchase (6)			B995	0	14.b.
15.	Trading liabilities (from Schedule RC-D)			3548	**6,000**	15.
16.	Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases) (from Schedule RC-M)			3190	**5,000**	16.
17.	and 18. Not applicable					
19.	Subordinated notes and debentures (7)					
20.	Other liabilities (from Schedule RC-G)			3200	0	19.
21.	Total liabilities (sum of items 13 through 20)			2930	**2,394,000**	20.
22.	Not applicable			2948	**42,805,000**	21.

1. Includes cash items in process of collection and unposted debits.
2. Includes time certificates of deposit not held for trading.
3. Includes all securities resale agreements, regardless of maturity.
4. Includes noninterest-bearing demand, time, and savings deposits.
5. Report overnight Federal Home Loan Bank advances in Schedule RC, item 16, “Other borrowed money.”
6. Includes all securities repurchase agreements, regardless of maturity.
7. Includes limited-life preferred stock and related surplus.

Schedule RC—Continued

	Dollar Amounts in Thousands	RCON	Tril | Bil | Mil | Thou	
Equity Capital				
	Bank Equity Capital			
23.	Perpetual preferred stock and related surplus	3838	0	23.
24.	Common stock	3230	2,127,000	24.
25.	Surplus (exclude all surplus related to preferred stock)	3839	600,000	25.
26.	a. Retained earnings	3632	6,139,000	26.a.
	b. Accumulated other comprehensive income (1)	B530	(1,000)	26.b.
	c. Other equity capital components (2)	A130	0	26.c.
27.	a. Total bank equity capital (sum of items 23 through 26.c)	3210	**8,865,000**	27.a.
	b. Noncontrolling (minority) interests in consolidated subsidiaries	3000	0	27.b.
28.	Total equity capital (sum of items 27.a and 27.b)	G105	**8,865,000**	28.
29.	Total liabilities and equity capital (sum of items 21 and 28)	3300	**51,670,000**	29.
Memoranda				
To be reported with the March Report of Condition				
1.	Indicate in the box at the right the number of the statement below that best describes the most comprehensive level of auditing work performed for the bank by independent external auditors as of any date during *2015*	RCON	Number	
		6724	1	M.1.

1 = Independent audit of the bank conducted in accordance with generally accepted auditing standards by a certified public accounting firm which submits a report on the bank
2 = Independent audit of the bank's parent holding company conducted in accordance with generally accepted auditing standards by a certified public accounting firm which submits a report on the consolidated holding company (but not on the bank separately)
3 = Attestation on bank management's assertion on the effectiveness of the bank's internal control over financial reporting by a certified public accounting firm
4 = Directors' examination of the bank conducted in accordance with generally accepted auditing standards by a certified public accounting firm (may be required by state-chartering authority)
5 = Directors' examination of the bank performed by other external auditors (may be required by state-chartering authority)
6 = Review of the bank's financial statements by external auditors
7 = Compilation of the bank's financial statements by external auditors
8 = Other audit procedures (excluding tax preparation work)
9 = No external audit work

	RCON	MM | DD	
To be reported with the March Report of Condition			
2. Bank's fiscal year-end date	8678	1231	M.2.

1. Includes, but is not limited to, net unrealized holding gains (losses) on available-for-sale securities, accumulated net gains (losses) on cash flow hedges, and accumulated defined benefit pension and other postretirement plan adjustments.
2. Includes treasury stock and unearned Employee Stock Ownership Plan shares.

Exhibit 25.5

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939
OF A CORPORATION DESIGNATED TO ACT AS TRUSTEE

☐ **CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF A TRUSTEE PURSUANT TO SECTION 305(b)(2)**

BNY MELLON TRUST COMPANY OF ILLINOIS
(formerly known as BNY Midwest Trust Company)

(Exact name of trustee as specified in its charter)

Illinois (State of incorporation if not a U.S. national bank)	**36-3800435** (I.R.S. employer identification no.)
2 North LaSalle Street **Suite 1020** **Chicago, Illinois** (Address of principal executive offices)	**60602** (Zip code)

Commonwealth Edison Company
(Exact name of obligor as specified in its charter)

Illinois (State or other jurisdiction of incorporation or organization)	**36-0938600** (I.R.S. employer identification no.)
440 South LaSalle Street **Suite 3300** **Chicago, Illinois** (Address of principal executive offices)	**60605-1028** (Zip code)

First Mortgage Bonds
(Title of the indenture securities)

1. General information. Furnish the following information as to the Trustee:

(a) Name and address of each examining or supervising authority to which it is subject.

Name	Address
Illinois Department of Financial and Professional Regulation Division of Banking Compliance Reporting Section	320 West Washington Street 5 th Floor Springfield, Illinois 62786
Federal Reserve Bank of Chicago	230 S. LaSalle Street Chicago, Illinois 60603

(b) Whether it is authorized to exercise corporate trust powers.

Yes.

2. Affiliations with Obligor.

If the obligor is an affiliate of the trustee, describe each such affiliation.

None.

16. List of Exhibits.

Exhibits identified in parentheses below, on file with the Commission, are incorporated herein by reference as an exhibit hereto, pursuant to Rule 7a-29 under the Trust Indenture Act of 1939 (the "Act") and 17 C.F.R. 229.10(d).

1. A copy of Articles of Incorporation of BNY Mellon Trust Company of Illinois (formerly known as BNY Midwest Trust Company, CTC Illinois Trust Company and Continental Trust Company) as now in effect. (Exhibit 1 to Form T-1 filed with the Registration Statement No. 333-47688 and Exhibit 1 to Form T-1 filed with the Registration Statement No. 333-158920).

2,3. A copy of the Certificate of Authority of the Trustee as now in effect, which contains the authority to commence business and a grant of powers to exercise corporate trust powers. (Exhibit 2 to Form T-1 filed with the Registration Statement No. 333-47688 and Exhibit 2 to Form T-1 filed with the Registration Statement No. 333-158920).

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4. A copy of the existing By-laws of the Trustee (Exhibit 4 to Form T-1 filed with the Registration Statement No. 333-196220).

6. The consent of the Trustee required by Section 321(b) of the Act (Exhibit 6 to Form T-1 filed with the Registration Statement No. 333-196220).

7. A copy of the latest report of condition of the Trustee published pursuant to law or to the requirements of its supervising or examining authority.

SIGNATURE

Pursuant to the requirements of the Act, the trustee, BNY Mellon Trust Company of Illinois, a corporation organized and existing under the laws of the State of Illinois, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of Chicago, and State of Illinois, on the 29th day of August, 2016.

BNY MELLON TRUST COMPANY OF ILLINOIS

By: /s/ D.G. Donovan
Name: D. G. Donovan
Title: Vice President

Exhibit 7

DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION
DIVISION OF BANKING
CONSOLIDATED REPORT OF CONDITION

Trust Company Name: **BNY MELLON TRUST COMPANY OF ILLINOIS**
Address: **2 NORTH LASALLE ST., SUITE 1020**
City, State, Zip **CHICAGO, IL 60602**
Credential Number: **TRS # 60392** *(5-digit number-should begin with 60)*

Include the institution's domestic & foreign subsidiaries, completed for the period ending as of close of business on:
and submitted in response to the call of the Illinois Department of Financial and Professional Regulation. **6/30/2016**

ALTERATION OF THIS FORM IS PROHIBITED AND WILL BE CONSIDERED NON-COMPLIANCE WITH FILING REQUIREMENTS.

		In Thousands(000)
ASSETS		
1. Cash and Due from Depository Institution		120,760
2. U.S. Treasury Securities		0
3. Obligations of States and Political Subdivisions		0
4. Other Bonds, Notes Receivable, and Debentures		0
Itemize the Notes Receivable amount listed above:		
Inter-Company/Employee/Director:		
Other (List):		
5. Corporate Stock		0
6. Trust Company Premises, Furniture, Fixtures and Other Assets Representing TC Premises		0
7. Accounts Receivable:		747
Itemize Accounts Receivable amount listed above:		
Fee Accounts Receivable	696	
Inter-Company Account Receivable	51	
Other (List):		
8. Goodwill		0
9. Intangibles		0
10. Other Assets		0
Itemize assets that account for 10% or greater of Line 11: (Description & Amount)		
11. **TOTAL ASSETS**		121,507
LIABILITIES		
12. Accounts Payable		443
13. Taxes Payable		0
14. Other Liabilities for Borrowed Money		0
15. Other Liabilities		128
Itemize Liabilities that account for 10% or greater of Line 15) (Description & Amount)		
Reserve for Taxes	46	
Deferred Income	28	
Accrued Expenses	54	
16. **TOTAL LIABILITIES**		571
EQUITY CAPITAL		
17. Preferred Stock		0
18. Common Stock		2,000
19. Surplus		71,194
20. Reserve for Operating Expenses		0
21. Retained Earnings (Loss)		47,742
22. **TOTAL EQUITY CAPITAL**		120,936
23. **TOTAL LIABILITIES AND EQUITY CAPITAL**		121,507
Check & Balance: ***should equal zero*** *- otherwise incorrect*		0

Trust Company Name: **BNY MELLON TRUST COMPANY OF ILLINOIS**
Credential Number: **TRS #** **60392**

	In Thousands(000)
INCOME	
1. Income from Fiduciary Activities:	
A. Estates	0
B. Personal	0

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C. Investment Advisory		0
D. Managed Employee Benefit		0
E. Non-managed Employee Benefit		0
F. Custody		1,300
G. Corporate Services		92
H. Land Trusts		0
I. All Other Fiduciary Activities		0
2. Interest Income		6
3. All Other Income: (List below)		5
Miscellaneous Charges/Fees	5	
4. TOTAL OPERATING INCOME (Sum of Items 1-3)		1,403
EXPENSES		
5. Operating Expenses:		
A. Salaries		101
B. Employee Benefits		37
C. Trust Company Occupancy Expense		5
D. Furniture and Equipment Expense		12
E. Data Services		0
F. Marketing		0
G. Audits Examinations		0
H. Insurance (Fiduciary Activities)		0
I. All Other		932
Itemize amounts > 10% from Line 1 above.		
Affiliate N1 Expense	867	
6. TOTAL OPERATING EXPENSES (Items A-1)		1,087
7. NET OPERATING INCOME/LOSS *BEFORE TAXES*		316
8. APPLICABLE INCOME TAXES		120
9. EXTRAORDINARY ITEMS		0
10. NET INCOME (LOSS) *AFTER TAXES*		196

Explain any change greater than 10% from the average of the previous quarter(s).
IF this is the first quarter of the fiscal year, disregard explanation:

1.G Corporate Services - This change is due to the timing of the Invoice Billed.
5.B Employee Benefits - During the first quarter 2016, an incentive adjustment was booked, resulting in a reduction in expense.
5.C Trust Company Occupancy - Change is due to a decrease in Rent Expense in Q2 2016.

Trust Company Name: **BNY MELLON TRUST COMPANY OF ILLINOIS**

CHANGES IN EQUITY CAPITAL

Thousands of Dollars (Year-to-Date)	PREFERRED STOCK (PAR)	COMMON STOCK (PAR)	SURPLUS & RESERVE	RETAINED EARNINGS	TOTAL EQUITY CAPITAL (Line Total)
1. Balance beginning of fiscal year	0	2,000	71,176	47,546	120,722
2. Net Income (loss)				196	196
3. Capital sale/conversion/acquisition/retirement	0	0	0	0	0
4. Changes incident to mergers & absorptions	0	0	0	0	0
5. Cash dividends declared on preferred stock			0	0	0
6. Cash dividends declared on common stock			0	0	0
7. Stock dividends issued	0	0	0	0	0
8. Other increases/decreases - **ITEMIZE :**	0	0	18	0	18
Affiliate Restricted Stock/Share Grant					
9. Ending Balance	**0**	**2,000**	**71,194**	**47,742**	**120,936**
*Check & Balance: **should equal zero** - otherwise incorrect*					0

NOTE: *Additional Page(s) may be attached to this report if an item requires further explanation or justification*

CERTIFICATION SECTION
Person to whom Supervisory Staff should direct questions concerning this report.

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I, David A. Hayes of BNY Mellon Trust Company of Illinois

*(**PRINT** Name and Title of Officer Authorized to Sign Report)* *(Name of Trust Company)*

do certify that the information contained in these statements are accurate to the best of my knowledge and belief. I understand that submission of

/s/ David A. Hayes	Managing Director - Regulatory Reporting
(Signature of Officer Authorized to Sign Report)	*Title*
David A. Hayes	412-234-7430
Name of Officer Above	*Telephone Number (Extension)*
412-234-0972	David Hayes@bnymellon.com
Fax Number	*E-mail Address*

Exhibit 25.6

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM T-2

STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939
OF AN INDIVIDUAL DESIGNATED TO ACT AS TRUSTEE

☐ **CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF A TRUSTEE PURSUANT TO SECTION 305(b)(2)**

D.G. Donovan

(Name of trustee)

N/A
(IRS Employer Identification Number)

2. North LaSalle Street
Suite 1020
Chicago, IL 60602
(Business address: street, city state and zip code)

Commonwealth Edison Company
(Exact name of obligor as specified in its charter)

Illinois
(State or other jurisdiction of incorporation or organization)

36-0938600
(I.R.S. employer identification no.)

440 South LaSalle Street
Suite 3300
Chicago, Illinois
(Address of principal executive offices)

60605-1028
(Zip code)

First Mortgage Bonds
(Title of the indenture securities)

1. **Affiliations with Obligor.**

If the obligor is an affiliate of the trustee, describe each such affiliation.

None. (see Note below.)

2. **Trusteeships under other indentures.**

If the trustee is trustee under another indenture under which any other securities, or certificates of interest or participation in any other securities, of the obligor are outstanding, file a copy of each such indenture as an exhibit and furnish the following information:

(a) Title of the securities outstanding under each such other indenture.

Not applicable.

(b) A brief statement of the facts relied upon by the trustee as a basis for the claim that no conflicting interest within the meaning of Section 310(b)(1) of the Trust Indenture Act of 1939 (the "Act") arises as a result of the trusteeship under such other indenture, including a statement as to how the indenture securities will rank as compared with the securities issued under such other indenture.

Not applicable.

11. **List of Exhibits.**

None.

NOTE

Inasmuch as this Form T-2 is filed prior to the ascertainment by the Trustee of all facts on which to base a responsive answer to Item 1, the answer to said Item is based on incomplete information.

Item 1 may, however, be considered as correct unless amended by an amendment to this Form T-2.

SIGNATURE

Pursuant to the requirements of the Act, I, D.G. Donovan have signed this statement of eligibility in the City of Chicago and State of Illinois, on the 29th day of August, 2016.

/s/ D.G. Donovan

Name: D.G. Donovan

Exhibit 25.7

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939
OF A CORPORATION DESIGNATED TO ACT AS TRUSTEE

☐ **Check if an Application to Determine Eligibility of a Trustee Pursuant to Section 305(b)(2)**

U.S. BANK NATIONAL ASSOCIATION

(Exact name of Trustee as specified in its charter)

31-0841368
I.R.S. Employer Identification No.

800 Nicollet Mall
Minneapolis, Minnesota
(Address of principal executive offices)

55402
(Zip Code)

George J. Rayzis
U.S. Bank National Association
50 South 16th Street, Suite 2000
Philadelphia, PA 19102
(215) 761-9317
(Name, address and telephone number of agent for service)

Commonwealth Edison Company
(Issuer with respect to the Securities)

Illinois
(State or other jurisdiction of incorporation or organization)

36-0938600
(I.R.S. Employer Identification No.)

440 South LaSalle Street, Suite 3300
Chicago, Illinois
(Address of Principal Executive Offices)

60605-1028
(Zip Code)

Debt Securities
(Title of the Indenture Securities)

S1-SSA-0009 - 28580

FORM T-1

Item 1. **GENERAL INFORMATION .** Furnish the following information as to the Trustee.

a) *Name and address of each examining or supervising authority to which it is subject.*

Comptroller of the Currency
Washington, D.C.

b) *Whether it is authorized to exercise corporate trust powers.*

Yes

Item 2. **AFFILIATIONS WITH OBLIGOR.** *If the obligor is an affiliate of the Trustee, describe each such affiliation.*

None

Items 3-15 *Items 3-15 are not applicable because to the best of the Trustee's knowledge, the obligor is not in default under any Indenture for which the Trustee acts as Trustee.*

Item 16. **LIST OF EXHIBITS:** *List below all exhibits filed as a part of this statement of eligibility and qualification.*

1. A copy of the Articles of Association of the Trustee.*
2. A copy of the certificate of authority of the Trustee to commence business, attached as Exhibit 2.
3. A copy of the certificate of authority of the Trustee to exercise corporate trust powers, attached as Exhibit 3.
4. A copy of the existing bylaws of the Trustee.**
5. A copy of each Indenture referred to in Item 4. Not applicable.
6. The consent of the Trustee required by Section 321(b) of the Trust Indenture Act of 1939, attached as Exhibit 6.
7. Report of Condition of the Trustee as of June 30, 2016 published pursuant to law or the requirements of its supervising or examining authority, attached as Exhibit 7.

* Incorporated by reference to Exhibit 25.1 to Amendment No. 2 to registration statement on S-4, Registration Number 333-128217 filed on November 15, 2005.

** Incorporated by reference to Exhibit 25.1 to registration statement on form S-3ASR, Registration Number 333-199863 filed on November 5, 2014.

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SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939, as amended, the Trustee, U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, has duly caused this statement of eligibility and qualification to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of Philadelphia, State of Pennsylvania on the 30th of August, 2016.

By: /s/ George J. Rayzis
George J. Rayzis
Vice President

Exhibit 2

Office of the Comptroller of the Currency

Washington, DC 20219

CERTIFICATE OF CORPORATE, EXISTENCE

I, Thomas J. Curry, Comptroller of the Currency, do hereby certify that:

1. The Comptroller of the Currency, pursuant to Revised Statutes 324, et seq, as amended, and 12 USC 1, et seq, as amended, has possession, custody, and control of all records pertaining to the chartering, regulation, and supervision of all national banking associations.

2. "U.S. Bank National Association," Cincinnati, Ohio (Charter No. 24), is a national banking association formed under the laws of the United States and is authorized thereunder to transact the business of banking on the date of this certificate.

IN TESTIMONY WHEREOF, today, June 15, 2016, I have hereunto subscribed my name and caused my seal of office to be affixed to these presents at the U.S. Department of the Treasury, in the City of Washington, District of Columbia.

Comptroller of the Currency

Exhibit 3

Office of the Comptroller of the Currency

Washington, DC 20219

CERTIFICATION OF FIDUCIARY POWERS

I, Thomas J. Curry, Comptroller of the Currency, do hereby certify that:

1. The Office of the Comptroller of the Currency, pursuant to Revised Statutes 324, et seq, as amended, and 12 USC 1, et seq, as amended, has possession, custody, and control of all records pertaining to the chartering, regulation, and supervision of all national banking associations.

2. "U.S. Bank National Association," Cincinnati, Ohio (Charter No. 24), was granted, under the hand and seal of the Comptroller, the right to act in all fiduciary capacities authorized under the provisions of the Act of Congress approved September 28, 1962, 76 Stat. 668, 12 USC 92a, and that the authority so granted remains in full force and effect on the date of this certificate.

IN TESTIMONY WHEREOF, today, June 15, 2016, I have hereunto subscribed my name and caused my seal of office to be affixed to these presents at the U.S. Department of the Treasury, in the City of Washington, District of Columbia.

Comptroller of the Currency

Exhibit 6

CONSENT

In accordance with Section 321(b) of the Trust Indenture Act of 1939, the undersigned, U.S. BANK NATIONAL ASSOCIATION hereby consents that reports of examination of the undersigned by Federal, State, Territorial or District authorities may be furnished by such authorities to the Securities and Exchange Commission upon its request therefor.

Dated: August 30, 2016

By: /s/ George J. Rayzis
George J. Rayzis
Vice President

S1-SSA-0009 - 28585

Exhibit 7
U.S. Bank National Association
Statement of Financial Condition
As of 6/30/2016

($000's)

	6/30/2016
Assets	
Cash and Balances Due From Depository Institutions	$ 14,010,590
Securities	108,246,267
Federal Funds	68,244
Loans & Lease Financing Receivables	268,104,901
Fixed Assets	5,866,910
Intangible Assets	12,591,165
Other Assets	24,574,630
Total Assets	**$433,462,707**
Liabilities	
Deposits	$327,848,275
Fed Funds	1,179,456
Treasury Demand Notes	0
Trading Liabilities	2,172,890
Other Borrowed Money	40,280,996
Acceptances	0
Subordinated Notes and Debentures	3,800,000
Other Liabilities	13,036,463
Total Liabilities	**$388,318,080**
Equity	
Common and Preferred Stock	18,200
Surplus	14,266,915
Undivided Profits	30,049,363
Minority Interest in Subsidiaries	810,149
Total Equity Capital	**$ 45,144,627**
Total Liabilities and Equity Capital	**$433,462,707**

Exhibit 25.8

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939
OF A CORPORATION DESIGNATED TO ACT AS TRUSTEE

☐ **CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF A TRUSTEE PURSUANT TO SECTION 305(b)(2)**

THE BANK OF NEW YORK MELLON
(Exact name of trustee as specified in its charter)

New York (Jurisdiction of incorporation if not a U.S. national bank)	**13-5160382** (I.R.S. employer identification no.)
225 Liberty Street, New York, N.Y. (Address of principal executive offices)	**10286** (Zip code)

Potomac Electric Power Company
(Exact name of obligor as specified in its charter)

District of Columbia and Virginia (State or other jurisdiction of incorporation or organization)	**53-0127880** (I.R.S. employer identification no.)
701 Ninth Street, N.W. **Washington, District of Columbia** (Address of principal executive offices)	**20068** (Zip code)

First Mortgage Bonds
(Title of the indenture securities)

S1-SSA-0009 - 28587

1. General information. Furnish the following information as to the Trustee:

(a) Name and address of each examining or supervising authority to which it is subject.

Name	Address
Superintendent of the Department of Financial Services of the State of New York	One State Street, New York, N.Y. 10004-1417, and Albany, N.Y. 12223
Federal Reserve Bank of New York	33 Liberty Street, New York, N.Y. 10045
Federal Deposit Insurance Corporation	550 17 th Street, NW Washington, D.C. 20429
The Clearing House Association L.L.C.	100 Broad Street New York, N.Y. 10004

(b) Whether it is authorized to exercise corporate trust powers.

Yes.

2. Affiliations with Obligor.

If the obligor is an affiliate of the trustee, describe each such affiliation.

None.

16. List of Exhibits.

Exhibits identified in parentheses below, on file with the Commission, are incorporated herein by reference as an exhibit hereto, pursuant to Rule 7a-29 under the Trust Indenture Act of 1939 (the "Act") and 17 C.F.R. 229.10(d).

1. A copy of the Organization Certificate of The Bank of New York Mellon (formerly known as The Bank of New York, itself formerly Irving Trust Company) as now in effect, which contains the authority to commence business and a grant of powers to exercise corporate trust powers. (Exhibit 1 to Amendment No. 1 to Form T-1 filed with Registration Statement No. 33-6215, Exhibits 1a and 1b to Form T-1 filed with Registration Statement No. 33-21672, Exhibit 1 to Form T-1 filed with Registration Statement No. 33-29637, Exhibit 1 to Form T-1 filed with Registration Statement No. 333-121195 and Exhibit 1 to Form T-1 filed with Registration Statement No. 333-152735).

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4. A copy of the existing By-laws of the Trustee (Exhibit 4 to Form T-1 filed with Registration Statement No. 333-207042).

6. The consent of the Trustee required by Section 321(b) of the Act (Exhibit 6 to Form T-1 filed with Registration Statement No. 333-188382).

7. A copy of the latest report of condition of the Trustee published pursuant to law or to the requirements of its supervising or examining authority.

SIGNATURE

Pursuant to the requirements of the Act, the trustee, The Bank of New York Mellon, a corporation organized and existing under the laws of the State of New York, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of Woodland Park, and State of New Jersey, on the 29th day of August, 2016.

THE BANK OF NEW YORK MELLON

By: /s/ Laurence J. O'Brien
Name: Laurence J. O'Brien
Title: Vice President

EXHIBIT 7

Consolidated Report of Condition of

THE BANK OF NEW YORK MELLON

of 225 Liberty Street, New York, N.Y. 10286
And Foreign and Domestic Subsidiaries,

a member of the Federal Reserve System, at the close of business June 30, 2016, published in accordance with a call made by the Federal Reserve Bank of this District pursuant to the provisions of the Federal Reserve Act.

	Dollar amounts in thousands
ASSETS	
Cash and balances due from depository institutions:	
Noninterest-bearing balances and currency and coin	5,045,000
Interest-bearing balances	97,696,000
Securities:	
Held-to-maturity securities	40,504,000
Available-for-sale securities	72,663,000
Federal funds sold and securities purchased under agreements to resell:	
Federal funds sold in domestic offices	5,000
Securities purchased under agreements to resell	16,902,000
Loans and lease financing receivables:	
Loans and leases held for sale	217,000
Loans and leases, net of unearned income	35,107,000
LESS: Allowance for loan and lease losses	137,000
Loans and leases, net of unearned income and allowance	34,970,000
Trading assets	5,254,000
Premises and fixed assets (including capitalized leases)	1,071,000
Other real estate owned	5,000
Investments in unconsolidated subsidiaries and associated companies	527,000
Direct and indirect investments in real estate ventures	0
Intangible assets:	
Goodwill	6,301,000
Other intangible assets	985,000
Other assets	16,574,000
Total assets	298,719,000
LIABILITIES	
Deposits:	
In domestic offices	138,076,000
Noninterest-bearing	90,728,000
Interest-bearing	47,348,000
In foreign offices, Edge and Agreement subsidiaries, and IBFs	114,024,000
Noninterest-bearing	8,485,000
Interest-bearing	105,539,000
Federal funds purchased and securities sold under agreements to repurchase:	
Federal funds purchased in domestic offices	224,000
Securities sold under agreements to repurchase	636,000
Trading liabilities	5,507,000
Other borrowed money:	
(includes mortgage indebtedness and obligations under capitalized leases)	7,363,000
Not applicable	
Not applicable	
Subordinated notes and debentures	515,000
Other liabilities	8,594,000
Total liabilities	274,939,000

EQUITY CAPITAL	
Perpetual preferred stock and related surplus	0
Common stock	1,135,000
Surplus (exclude all surplus related to preferred stock)	10,397,000
Retained earnings	13,218,000
Accumulated other comprehensive income	-1,320,000
Other equity capital components	0
Total bank equity capital	23,430,000
Noncontrolling (minority) interests in consolidated subsidiaries	350,000
Total equity capital	23,780,000
Total liabilities and equity capital	298,719,000

I, Thomas P. Gibbons, Chief Financial Officer of the above-named bank do hereby declare that this Report of Condition is true and correct to the best of my knowledge and belief.

Thomas P. Gibbons,
Chief Financial Officer

We, the undersigned directors, attest to the correctness of this statement of resources and liabilities. We declare that it has been examined by us, and to the best of our knowledge and belief has been prepared in conformance with the instructions and is true and correct.

Gerald L. Hassell
Catherine A. Rein
Joseph J. Echevarria

Directors

Exhibit 25.9

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939
OF A CORPORATION DESIGNATED TO ACT AS TRUSTEE

☐ **CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF A TRUSTEE PURSUANT TO SECTION 305(b)(2)**

THE BANK OF NEW YORK MELLON
(Exact name of trustee as specified in its charter)

New York (Jurisdiction of incorporation if not a U.S. national bank)	**13-5160382** (I.R.S. employer identification no.)
225 Liberty Street, New York, N.Y. (Address of principal executive offices)	**10286** (Zip code)

Potomac Electric Power Company
(Exact name of obligor as specified in its charter)

District of Columbia and Virginia (State or other jurisdiction of incorporation or organization)	**53-0127880** (I.R.S. employer identification no.)
701 Ninth Street, N.W. **Washington, District of Columbia** (Address of principal executive offices)	**20068** (Zip code)

Senior Notes
(Title of the indenture securities)

1. General information. Furnish the following information as to the Trustee:

(a) Name and address of each examining or supervising authority to which it is subject.

Name	Address
Superintendent of the Department of Financial Services of the State of New York	One State Street, New York, N.Y. 10004-1417, and Albany, N.Y. 12223
Federal Reserve Bank of New York	33 Liberty Street, New York, N.Y. 10045
Federal Deposit Insurance Corporation	550 17 th Street, NW Washington, D.C. 20429
The Clearing House Association L.L.C.	100 Broad Street New York, N.Y. 10004

(b) Whether it is authorized to exercise corporate trust powers.

Yes.

2. Affiliations with Obligor.

If the obligor is an affiliate of the trustee, describe each such affiliation.

None.

16. List of Exhibits.

Exhibits identified in parentheses below, on file with the Commission, are incorporated herein by reference as an exhibit hereto, pursuant to Rule 7a-29 under the Trust Indenture Act of 1939 (the "Act") and 17 C.F.R. 229.10(d).

1. A copy of the Organization Certificate of The Bank of New York Mellon (formerly known as The Bank of New York, itself formerly Irving Trust Company) as now in effect, which contains the authority to commence business and a grant of powers to exercise corporate trust powers. (Exhibit 1 to Amendment No. 1 to Form T-1 filed with Registration Statement No. 33-6215, Exhibits 1a and 1b to Form T-1 filed with Registration Statement No. 33-21672, Exhibit 1 to Form T-1 filed with Registration Statement No. 33-29637, Exhibit 1 to Form T-1 filed with Registration Statement No. 333-121195 and Exhibit 1 to Form T-1 filed with Registration Statement No. 333-152735).

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4. A copy of the existing By-laws of the Trustee (Exhibit 4 to Form T-1 filed with Registration Statement No. 333-207042).

6. The consent of the Trustee required by Section 321(b) of the Act (Exhibit 6 to Form T-1 filed with Registration Statement No. 333-188382).

7. A copy of the latest report of condition of the Trustee published pursuant to law or to the requirements of its supervising or examining authority.

SIGNATURE

Pursuant to the requirements of the Act, the trustee, The Bank of New York Mellon, a corporation organized and existing under the laws of the State of New York, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of Woodland Park, and State of New Jersey, on the 29th day of August, 2016.

THE BANK OF NEW YORK MELLON

By: /s/ Laurence J. O'Brien
Name: Laurence J. O'Brien
Title: Vice President

EXHIBIT 7

Consolidated Report of Condition of

THE BANK OF NEW YORK MELLON

of 225 Liberty Street, New York, N.Y. 10286
And Foreign and Domestic Subsidiaries,

a member of the Federal Reserve System, at the close of business June 30, 2016, published in accordance with a call made by the Federal Reserve Bank of this District pursuant to the provisions of the Federal Reserve Act.

	Dollar amounts in thousands
ASSETS	
Cash and balances due from depository institutions:	
Noninterest-bearing balances and currency and coin	5,045,000
Interest-bearing balances	97,696,000
Securities:	
Held-to-maturity securities	40,504,000
Available-for-sale securities	72,663,000
Federal funds sold and securities purchased under agreements to resell:	
Federal funds sold in domestic offices	5,000
Securities purchased under agreements to resell	16,902,000
Loans and lease financing receivables:	
Loans and leases held for sale	217,000
Loans and leases, net of unearned income	35,107,000
LESS: Allowance for loan and lease losses	137,000
Loans and leases, net of unearned income and allowance	34,970,000
Trading assets	5,254,000
Premises and fixed assets (including capitalized leases)	1,071,000
Other real estate owned	5,000
Investments in unconsolidated subsidiaries and associated companies	527,000
Direct and indirect investments in real estate ventures	0
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Other assets	16,574,000
Total assets	298,719,000
LIABILITIES	
Deposits:	
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Noninterest-bearing	90,728,000
Interest-bearing	47,348,000
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Noninterest-bearing	8,485,000
Interest-bearing	105,539,000
Federal funds purchased and securities sold under agreements to repurchase:	
Federal funds purchased in domestic offices	224,000
Securities sold under agreements to repurchase	636,000
Trading liabilities	5,507,000
Other borrowed money:	
(includes mortgage indebtedness and obligations under capitalized leases)	7,363,000
Not applicable	
Not applicable	
Subordinated notes and debentures	515,000
Other liabilities	8,594,000
Total liabilities	274,939,000

EQUITY CAPITAL	
Perpetual preferred stock and related surplus	0
Common stock	1,135,000
Surplus (exclude all surplus related to preferred stock)	10,397,000
Retained earnings	13,218,000
Accumulated other comprehensive income	-1,320,000
Other equity capital components	0
Total bank equity capital	23,430,000
Noncontrolling (minority) interests in consolidated subsidiaries	350,000
Total equity capital	23,780,000
Total liabilities and equity capital	298,719,000

I, Thomas P. Gibbons, Chief Financial Officer of the above-named bank do hereby declare that this Report of Condition is true and correct to the best of my knowledge and belief.

Thomas P. Gibbons,
Chief Financial Officer

We, the undersigned directors, attest to the correctness of this statement of resources and liabilities. We declare that it has been examined by us, and to the best of our knowledge and belief has been prepared in conformance with the instructions and is true and correct.

Gerald L. Hassell
Catherine A. Rein
Joseph J. Echevarria

Directors

Exhibit 25.10

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939
OF A CORPORATION DESIGNATED TO ACT AS TRUSTEE

☐ **CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF A TRUSTEE PURSUANT TO SECTION 305(b)(2)**

THE BANK OF NEW YORK MELLON
(Exact name of trustee as specified in its charter)

New York (Jurisdiction of incorporation if not a U.S. national bank)	**13-5160382** (I.R.S. employer identification no.)
225 Liberty Street, New York, N.Y. (Address of principal executive offices)	**10286** (Zip code)

Potomac Electric Power Company
(Exact name of obligor as specified in its charter)

District of Columbia and Virginia (State or other jurisdiction of incorporation or organization)	**53-0127880** (I.R.S. employer identification no.)
701 Ninth Street, N.W. **Washington, District of Columbia** (Address of principal executive offices)	**20068** (Zip code)

Debt Securities
(Title of the indenture securities)

1. General information. Furnish the following information as to the Trustee:

(a) Name and address of each examining or supervising authority to which it is subject.

Name	Address
Superintendent of the Department of Financial Services of the State of New York	One State Street, New York, N.Y. 10004-1417, and Albany, N.Y. 12223
Federal Reserve Bank of New York	33 Liberty Street, New York, N.Y. 10045
Federal Deposit Insurance Corporation	550 17 th Street, NW Washington, D.C. 20429
The Clearing House Association L.L.C.	100 Broad Street New York, N.Y. 10004

(b) Whether it is authorized to exercise corporate trust powers.

Yes.

2. Affiliations with Obligor.

If the obligor is an affiliate of the trustee, describe each such affiliation.

None.

16. List of Exhibits.

Exhibits identified in parentheses below, on file with the Commission, are incorporated herein by reference as an exhibit hereto, pursuant to Rule 7a-29 under the Trust Indenture Act of 1939 (the "Act") and 17 C.F.R. 229.10(d).

1. A copy of the Organization Certificate of The Bank of New York Mellon (formerly known as The Bank of New York, itself formerly Irving Trust Company) as now in effect, which contains the authority to commence business and a grant of powers to exercise corporate trust powers. (Exhibit 1 to Amendment No. 1 to Form T-1 filed with Registration Statement No. 33-6215, Exhibits 1a and 1b to Form T-1 filed with Registration Statement No. 33-21672, Exhibit 1 to Form T-1 filed with Registration Statement No. 33-29637, Exhibit 1 to Form T-1 filed with Registration Statement No. 333-121195 and Exhibit 1 to Form T-1 filed with Registration Statement No. 333-152735).

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4. A copy of the existing By-laws of the Trustee (Exhibit 4 to Form T-1 filed with Registration Statement No. 333-207042).

6. The consent of the Trustee required by Section 321(b) of the Act (Exhibit 6 to Form T-1 filed with Registration Statement No. 333-188382).

7. A copy of the latest report of condition of the Trustee published pursuant to law or to the requirements of its supervising or examining authority.

SIGNATURE

Pursuant to the requirements of the Act, the trustee, The Bank of New York Mellon, a corporation organized and existing under the laws of the State of New York, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of Woodland Park, and State of New Jersey, on the 29th day of August, 2016.

THE BANK OF NEW YORK MELLON

By: /s/ Laurence J. O'Brien
Name: Laurence J. O'Brien
Title: Vice President

EXHIBIT 7

Consolidated Report of Condition of

THE BANK OF NEW YORK MELLON

of 225 Liberty Street, New York, N.Y. 10286
And Foreign and Domestic Subsidiaries,

a member of the Federal Reserve System, at the close of business June 30, 2016, published in accordance with a call made by the Federal Reserve Bank of this District pursuant to the provisions of the Federal Reserve Act.

	Dollar amounts in thousands
ASSETS	
Cash and balances due from depository institutions:	
Noninterest-bearing balances and currency and coin	5,045,000
Interest-bearing balances	97,696,000
Securities:	
Held-to-maturity securities	40,504,000
Available-for-sale securities	72,663,000
Federal funds sold and securities purchased under agreements to resell:	
Federal funds sold in domestic offices	5,000
Securities purchased under agreements to resell	16,902,000
Loans and lease financing receivables:	
Loans and leases held for sale	217,000
Loans and leases, net of unearned income	35,107,000
LESS: Allowance for loan and lease losses	137,000
Loans and leases, net of unearned income and allowance	34,970,000
Trading assets	5,254,000
Premises and fixed assets (including capitalized leases)	1,071,000
Other real estate owned	5,000
Investments in unconsolidated subsidiaries and associated companies	527,000
Direct and indirect investments in real estate ventures	0
Intangible assets:	
Goodwill	6,301,000
Other intangible assets	985,000
Other assets	16,574,000
Total assets	298,719,000
LIABILITIES	
Deposits:	
In domestic offices	138,076,000
Noninterest-bearing	90,728,000
Interest-bearing	47,348,000
In foreign offices, Edge and Agreement subsidiaries, and IBFs	114,024,000
Noninterest-bearing	8,485,000
Interest-bearing	105,539,000
Federal funds purchased and securities sold under agreements to repurchase:	
Federal funds purchased in domestic offices	224,000
Securities sold under agreements to repurchase	636,000
Trading liabilities	5,507,000
Other borrowed money:	
(includes mortgage indebtedness and obligations under capitalized leases)	7,363,000
Not applicable	
Not applicable	
Subordinated notes and debentures	515,000
Other liabilities	8,594,000
Total liabilities	274,939,000

EQUITY CAPITAL	
Perpetual preferred stock and related surplus	0
Common stock	1,135,000
Surplus (exclude all surplus related to preferred stock)	10,397,000
Retained earnings	13,218,000
Accumulated other comprehensive income	-1,320,000
Other equity capital components	0
Total bank equity capital	23,430,000
Noncontrolling (minority) interests in consolidated subsidiaries	350,000
Total equity capital	23,780,000
Total liabilities and equity capital	298,719,000

I, Thomas P. Gibbons, Chief Financial Officer of the above-named bank do hereby declare that this Report of Condition is true and correct to the best of my knowledge and belief.

Thomas P. Gibbons,
Chief Financial Officer

We, the undersigned directors, attest to the correctness of this statement of resources and liabilities. We declare that it has been examined by us, and to the best of our knowledge and belief has been prepared in conformance with the instructions and is true and correct.

Gerald L. Hassell
Catherine A. Rein
Joseph J. Echevarria

Directors

Exhibit 25.11

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939
OF A CORPORATION DESIGNATED TO ACT AS TRUSTEE

☐ **CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF A TRUSTEE PURSUANT TO SECTION 305(b)(2)**

THE BANK OF NEW YORK MELLON
(Exact name of trustee as specified in its charter)

New York (Jurisdiction of incorporation if not a U.S. national bank)	**13-5160382** (I.R.S. employer identification no.)
225 Liberty Street, New York, N.Y. (Address of principal executive offices)	**10286** (Zip code)

Delmarva Power & Light Company
(Exact name of obligor as specified in its charter)

Delaware and Virginia (State or other jurisdiction of incorporation or organization)	**51-0084283** (I.R.S. employer identification no.)
500 North Wakefield Drive **Newark, Delaware** (Address of principal executive offices)	**19702** (Zip code)

First Mortgage Bonds
(Title of the indenture securities)

1. General information. Furnish the following information as to the Trustee:

(a) Name and address of each examining or supervising authority to which it is subject.

Name	Address
Superintendent of the Department of Financial Services of the State of New York	One State Street, New York, N.Y. 10004-1417, and Albany, N.Y. 12223
Federal Reserve Bank of New York	33 Liberty Street, New York, N.Y. 10045
Federal Deposit Insurance Corporation	550 17 th Street, NW Washington, D.C. 20429
The Clearing House Association L.L.C.	100 Broad Street New York, N.Y. 10004

(b) Whether it is authorized to exercise corporate trust powers.

Yes.

2. Affiliations with Obligor.

If the obligor is an affiliate of the trustee, describe each such affiliation.

None.

16. List of Exhibits.

Exhibits identified in parentheses below, on file with the Commission, are incorporated herein by reference as an exhibit hereto, pursuant to Rule 7a-29 under the Trust Indenture Act of 1939 (the "Act") and 17 C.F.R. 229.10(d).

1. A copy of the Organization Certificate of The Bank of New York Mellon (formerly known as The Bank of New York, itself formerly Irving Trust Company) as now in effect, which contains the authority to commence business and a grant of powers to exercise corporate trust powers. (Exhibit 1 to Amendment No. 1 to Form T-1 filed with Registration Statement No. 33-6215, Exhibits 1a and 1b to Form T-1 filed with Registration Statement No. 33-21672, Exhibit 1 to Form T-1 filed with Registration Statement No. 33-29637, Exhibit 1 to Form T-1 filed with Registration Statement No. 333-121195 and Exhibit 1 to Form T-1 filed with Registration Statement No. 333-152735).

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4. A copy of the existing By-laws of the Trustee (Exhibit 4 to Form T-1 filed with Registration Statement No. 333-207042).

6. The consent of the Trustee required by Section 321(b) of the Act (Exhibit 6 to Form T-1 filed with Registration Statement No. 333-188382).

7. A copy of the latest report of condition of the Trustee published pursuant to law or to the requirements of its supervising or examining authority.

SIGNATURE

Pursuant to the requirements of the Act, the trustee, The Bank of New York Mellon, a corporation organized and existing under the laws of the State of New York, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of Woodland Park, and State of New Jersey, on the 29th day of August, 2016.

THE BANK OF NEW YORK MELLON

By: /s/ Laurence J. O'Brien
Name: Laurence J. O'Brien
Title: Vice President

EXHIBIT 7

Consolidated Report of Condition of

THE BANK OF NEW YORK MELLON

of 225 Liberty Street, New York, N.Y. 10286
And Foreign and Domestic Subsidiaries,

a member of the Federal Reserve System, at the close of business June 30, 2016, published in accordance with a call made by the Federal Reserve Bank of this District pursuant to the provisions of the Federal Reserve Act.

	Dollar amounts in thousands
ASSETS	
Cash and balances due from depository institutions:	
Noninterest-bearing balances and currency and coin	5,045,000
Interest-bearing balances	97,696,000
Securities:	
Held-to-maturity securities	40,504,000
Available-for-sale securities	72,663,000
Federal funds sold and securities purchased under agreements to resell:	
Federal funds sold in domestic offices	5,000
Securities purchased under agreements to resell	16,902,000
Loans and lease financing receivables:	
Loans and leases held for sale	217,000
Loans and leases, net of unearned income	35,107,000
LESS: Allowance for loan and lease losses	137,000
Loans and leases, net of unearned income and allowance	34,970,000
Trading assets	5,254,000
Premises and fixed assets (including capitalized leases)	1,071,000
Other real estate owned	5,000
Investments in unconsolidated subsidiaries and associated companies	527,000
Direct and indirect investments in real estate ventures	0
Intangible assets:	
Goodwill	6,301,000
Other intangible assets	985,000
Other assets	16,574,000
Total assets	298,719,000
LIABILITIES	
Deposits:	
In domestic offices	138,076,000
Noninterest-bearing	90,728,000
Interest-bearing	47,348,000
In foreign offices, Edge and Agreement subsidiaries, and IBFs	114,024,000
Noninterest-bearing	8,485,000
Interest-bearing	105,539,000
Federal funds purchased and securities sold under agreements to repurchase:	
Federal funds purchased in domestic offices	224,000
Securities sold under agreements to repurchase	636,000
Trading liabilities	5,507,000
Other borrowed money:	
(includes mortgage indebtedness and obligations under capitalized leases)	7,363,000
Not applicable	
Not applicable	
Subordinated notes and debentures	515,000
Other liabilities	8,594,000
Total liabilities	274,939,000

EQUITY CAPITAL	
Perpetual preferred stock and related surplus	0
Common stock	1,135,000
Surplus (exclude all surplus related to preferred stock)	10,397,000
Retained earnings	13,218,000
Accumulated other comprehensive income	-1,320,000
Other equity capital components	0
Total bank equity capital	23,430,000
Noncontrolling (minority) interests in consolidated subsidiaries	350,000
Total equity capital	23,780,000
Total liabilities and equity capital	298,719,000

I, Thomas P. Gibbons, Chief Financial Officer of the above-named bank do hereby declare that this Report of Condition is true and correct to the best of my knowledge and belief.

Thomas P. Gibbons,
Chief Financial Officer

We, the undersigned directors, attest to the correctness of this statement of resources and liabilities. We declare that it has been examined by us, and to the best of our knowledge and belief has been prepared in conformance with the instructions and is true and correct.

Gerald L. Hassell
Catherine A. Rein
Joseph J. Echevarria

Directors

Exhibit 25.12

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939
OF A CORPORATION DESIGNATED TO ACT AS TRUSTEE

☐ **CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF A TRUSTEE PURSUANT TO SECTION 305(b)(2)**

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.
(Exact name of trustee as specified in its charter)

(Jurisdiction of incorporation if not a U.S. national bank)	95-3571558 (I.R.S. employer identification no.)
400 South Hope Street Suite 500 Los Angeles, California (Address of principal executive offices)	90071 (Zip code)

Delmarva Power & Light Company
(Exact name of obligor as specified in its charter)

Delaware and Virginia (State or other jurisdiction of incorporation or organization)	51-0084283 (I.R.S. employer identification no.)
500 North Wakefield Drive Newark, Delaware (Address of principal executive offices)	19702 (Zip code)

Debt Securities
(Title of the indenture securities)

1. General information. Furnish the following information as to the trustee:

(a) Name and address of each examining or supervising authority to which it is subject.

Name	Address
Comptroller of the Currency United States Department of the Treasury	Washington, DC 20219
Federal Reserve Bank	San Francisco, CA 94105
Federal Deposit Insurance Corporation	Washington, DC 20429

(b) Whether it is authorized to exercise corporate trust powers.

Yes.

2. Affiliations with Obligor.

If the obligor is an affiliate of the trustee, describe each such affiliation.

None.

16. List of Exhibits.

Exhibits identified in parentheses below, on file with the Commission, are incorporated herein by reference as an exhibit hereto, pursuant to Rule 7a-29 under the Trust Indenture Act of 1939 (the "Act") and 17 C.F.R. 229.10(d).

1. A copy of the articles of association of The Bank of New York Mellon Trust Company, N.A., formerly known as The Bank of New York Trust Company, N.A. (Exhibit 1 to Form T-1 filed with Registration Statement No. 333-121948 and Exhibit 1 to Form T-1 filed with Registration Statement No. 333-152875).
2. A copy of certificate of authority of the trustee to commence business. (Exhibit 2 to Form T-1 filed with Registration Statement No. 333-121948).
3. A copy of the authorization of the trustee to exercise corporate trust powers (Exhibit 3 to Form T-1 filed with Registration Statement No. 333-152875).

4. A copy of the existing by-laws of the trustee (Exhibit 4 to Form T-1 filed with Registration Statement No. 333-162713).

6. The consent of the trustee required by Section 321(b) of the Act (Exhibit 6 to Form T-1 filed with Registration Statement No. 333-152875).

7. A copy of the latest report of condition of the Trustee published pursuant to law or to the requirements of its supervising or examining authority.

SIGNATURE

Pursuant to the requirements of the Act, the Trustee, The Bank of New York Mellon Trust Company, N.A., a banking association organized and existing under the laws of the United States of America, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of Los Angeles, and State of California, on the 29 th day of August, 2016.

THE BANK OF NEW YORK MELLON
TRUST COMPANY, N.A.

By: /s/ Valere Boyd
Name: Valere Boyd
Title: Vice President

EXHIBIT 7

Consolidated Report of Condition of
THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.
of 400 South Hope Street, Suite 500, Los Angeles, CA 90071

At the close of business June 30, 2016, published in accordance with Federal regulatory authority instructions.

	Dollar amounts in thousands
ASSETS	
Cash and balances due from depository institutions:	
Noninterest-bearing balances and currency and coin	5,220
Interest-bearing balances	359,936
Securities:	
Held-to-maturity securities	0
Available-for-sale securities	647,868
Federal funds sold and securities purchased under agreements to resell:	
Federal funds sold	0
Securities purchased under agreements to resell	0
Loans and lease financing receivables:	
Loans and leases held for sale	0
Loans and leases, net of unearned income	0
LESS: Allowance for loan and lease losses	0
Loans and leases, net of unearned income and allowance	0
Trading assets	0
Premises and fixed assets (including capitalized leases)	10,881
Other real estate owned	0
Investments in unconsolidated subsidiaries and associated companies	0
Direct and indirect investments in real estate ventures	0
Intangible assets:	
Goodwill	856,313
Other intangible assets	64,065
Other assets	128,760
Total assets	$ 2,073,043
LIABILITIES	
Deposits:	
In domestic offices	525
Noninterest-bearing	525
Interest-bearing	0
Not applicable	
Federal funds purchased and securities sold under agreements to repurchase:	
Federal funds purchased	0
Securities sold under agreements to repurchase	0
Trading liabilities	0
Other borrowed money:	
(includes mortgage indebtedness and obligations under capitalized leases)	0
Not applicable	
Not applicable	
Subordinated notes and debentures	0
Other liabilities	284,265
Total liabilities	284,790
Not applicable	
EQUITY CAPITAL	
Perpetual preferred stock and related surplus	0
Common stock	1,000
Surplus (exclude all surplus related to preferred stock)	1,122,601
Not available	
Retained earnings	663,308
Accumulated other comprehensive income	1,344
Other equity capital components	0
Not available	
Total bank equity capital	1,788,253
Noncontrolling (minority) interests in consolidated subsidiaries	0
Total equity capital	1,788,253
Total liabilities and equity capital	2,073,043

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I, Matthew J. McNulty, CFO of the above-named bank do hereby declare that the Reports of Condition and Income (including the supporting schedules) for this report date have been prepared in conformance with the instructions issued by the appropriate Federal regulatory authority and are true to the best of my knowledge and belief.

Matthew J. McNulty) CFO

We, the undersigned directors (trustees), attest to the correctness of the Report of Condition (including the supporting schedules) for this report date and declare that it has been examined by us and to the best of our knowledge and belief has been prepared in conformance with the instructions issued by the appropriate Federal regulatory authority and is true and correct.

Antonio I. Portuondo, President)
William D. Lindelof, Director) Directors (Trustees)
Alphonse J. Briand, Director)

OTHER - Exelon

OTHER (PEG)

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities Offered	Maximum Aggregate Offering Price	Amount of Registration Fee(1)
2.650% Senior Notes due November 15, 2022	$700,000,000	$87,150

(1) The filing fee of $87,150 is calculated in accordance with Rule 457(r) under the Securities Act of 1933 and relates to the Registration Statement on Form S-3 (No. 333-200352) filed by Public Service Enterprise Group Incorporated on November 18, 2014.

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Filed Pursuant to Rule 424(b)(2)
Registration Statement No. 333-200352

PROSPECTUS SUPPLEMENT
NOVEMBER 2, 2017
TO PROSPECTUS DATED NOVEMBER 18, 2014

$700,000,000

Public Service Enterprise Group Incorporated

2.650% Senior Notes Due 2022

We will pay interest on the 2.650% Senior Notes due 2022, or the Senior Notes, semi-annually on May 15 and November 15 of each year, beginning on May 15, 2018. The Senior Notes will mature at par on November 15, 2022, unless we redeem them in accordance with their terms prior to such date.

The Senior Notes will be our senior unsecured obligations and will rank equally in right of payment with our other existing and future senior unsecured indebtedness; senior in right of payment to any of our indebtedness that is expressly subordinated in right of payment to the Senior Notes; effectively junior in right of payment to any of our future secured indebtedness to the extent of the value of the assets securing such indebtedness; and structurally junior to all indebtedness and other liabilities of our subsidiaries.

We may redeem some or all of the Senior Notes at any time at the applicable redemption price, as more fully described in this prospectus supplement under the caption "Description of the Senior Notes — Optional Redemption." There is no sinking fund for the Senior Notes.

The Senior Notes will be issued only in registered form in denominations of $2,000 and integral multiples of $1,000 in excess thereof.

Investing in the Senior Notes involves risks. See "Risk Factors" beginning on page 6 of the accompanying prospectus, as well as the risk factors contained in our Annual Report on Form 10-K for the year ended December 31, 2016 and in our other periodic reports filed with the Securities and Exchange Commission, which are incorporated herein by reference.

	Per Senior Note	Total
Public Offering Price[1]	99.873%	$699,111,000
Underwriting Discount	0.600%	$ 4,200,000
Proceeds, Before Expenses, to PSEG[1]	99.273%	$694,911,000

[1] Plus accrued interest, if any, from November 6, 2017, if settlement occurs after that date.

The underwriters expect to deliver the Senior Notes in book-entry form only through The Depository Trust Company, Clearstream Banking, S.A and Euroclear Bank S.A./N.V. on or about November 6, 2017.

Neither the Securities and Exchange Commission nor any state or other securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Joint Book-Running Managers

Barclays **J.P. Morgan** **Morgan Stanley**
CIBC Capital Markets **RBC Capital Markets** **TD Securities**

Co-Managers

BNY Mellon Capital Markets, LLC **PNC Capital Markets LLC**
US Bancorp **Loop Capital Markets**

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You should rely only on the information contained or incorporated by reference or deemed to be incorporated by reference in this prospectus supplement, the accompanying prospectus and any free writing prospectus we may provide to you. We have not, and the underwriters have not, authorized any other person to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted.

You should not assume that the information in this prospectus supplement, the accompanying prospectus, any free writing prospectus we may provide to you and any document incorporated by reference herein and therein is accurate as of any date other than the date of the applicable document. Our business, prospects, financial condition, results of operations and cash flows may have changed since such dates.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first is this prospectus supplement, which describes the specific terms of the offering of the Senior Notes and certain other matters relating to us and the underwriters. The second part, the accompanying prospectus, gives more general information about securities we may offer from time to time, some of which information may not apply to the Senior Notes we are offering in this prospectus supplement.

If the description of the Senior Notes varies between this prospectus supplement and the accompanying prospectus, you should rely on the information contained in or incorporated by reference into this prospectus supplement.

Unless we have indicated otherwise, or the context otherwise requires (e.g., in the case of the issuer of the Senior Notes), references in this prospectus supplement and the accompanying prospectus to "PSEG," "we," "us" and "our" or similar terms are to Public Service Enterprise Group Incorporated and its consolidated subsidiaries.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Securities and Exchange Commission, or the SEC, allows us to "incorporate by reference" information that we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference or deemed incorporated by reference is an important part of this prospectus supplement and the accompanying prospectus, and information that we file later with the SEC will be deemed to automatically update and supersede this incorporated information. We incorporate by reference the following documents filed with the SEC and any future filings made with the SEC under Section 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, prior to the termination of the offering of the Senior Notes pursuant to this prospectus supplement (other than, in each case, documents or information deemed to have been furnished and not filed in accordance with SEC rules).

- Our Annual Report on Form 10-K for the year ended December 31, 2016;
- Our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2017, June 30, 2017, and September 30, 2017;
- Portions of our Definitive Proxy Statement on Schedule 14A for the Annual Meeting of Stockholders of PSEG held on April 18, 2017, filed with the SEC on March 14, 2017, that are incorporated by reference into Part III of our Annual Report on Form 10-K for the year ended December 31, 2016; and
- Our Current Reports on Form 8-K filed on April 20, 2017, May 10, 2017, and June 23, 2017.

You can get a free copy of any of the documents incorporated by reference by making an oral or written request directed to:

Vice President, Investor Relations
PSEG Services Corporation
80 Park Plaza, 6th Floor
Newark, NJ 07102
Telephone (973) 430-6565

FORWARD-LOOKING STATEMENTS

This prospectus supplement or other offering materials may contain or incorporate by reference statements about our and our subsidiaries' future performance, including, without limitation, future revenues, earnings, strategies, prospects, consequences and all other statements that are not purely historical that constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those anticipated. Such statements are based on management's beliefs as well as assumptions made by and information currently available to management. When used herein, the words "anticipate," "intend," "estimate," "believe," "expect," "plan," "should," "hypothetical," "potential," "forecast," "project," variations of such words and similar expressions are intended to identify forward-looking statements. Factors that may cause actual results to differ are often presented with the forward-looking statements themselves. Other factors that could cause actual results to differ materially from those contemplated in any forward-looking statements made by us herein are

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discussed in filings we make with the SEC, including our Annual Report on Form 10-K and subsequent reports on Form 10-Q and Form 8-K. These factors include, but are not limited to:

- fluctuations in wholesale power and natural gas markets, including the potential impacts on the economic viability of our generation units;
- our ability to obtain adequate fuel supply;
- any inability to manage our energy obligations with available supply;
- increases in competition in wholesale energy and capacity markets;
- changes in technology related to energy generation, distribution and consumption and customer usage patterns;
- economic downturns;
- third-party credit risk relating to our sale of generation output and purchase of fuel;
- adverse performance of our decommissioning and defined benefit plan trust fund investments and changes in funding requirements;
- changes in state and federal legislation and regulations;
- the impact of pending rate case proceedings;
- regulatory, financial, environmental, health and safety risks associated with our ownership and operation of nuclear facilities;
- adverse changes in energy industry laws, policies and regulations, including market structures and transmission planning;
- changes in federal and state environmental regulations and enforcement;
- delays in receipt of, or an inability to receive, necessary licenses and permits;
- adverse outcomes of any legal, regulatory or other proceeding, settlement, investigation or claim applicable to us and/or the energy industry;
- changes in tax laws and regulations;
- the impact of our holding company structure on our ability to meet our corporate funding needs, service debt and pay dividends;
- lack of growth or slower growth in the number of customers or changes in customer demand;
- any inability of PSEG Power LLC to meet its commitments under forward sale obligations;
- reliance on transmission facilities that we do not own or control and the impact on our ability to maintain adequate transmission capacity;
- any inability to successfully develop or construct generation, transmission and distribution projects;
- any equipment failures, accidents, severe weather events or other incidents that impact our ability to provide safe and reliable service to our customers;
- our inability to exercise control over the operations of generation facilities in which we do not maintain a controlling interest;
- any inability to maintain sufficient liquidity;
- any inability to realize anticipated tax benefits or retain tax credits;
- challenges associated with recruitment and/or retention of key executives and a qualified workforce;
- the impact of our covenants in our debt instruments on our operations; and
- the impact of acts of terrorism, cybersecurity attacks or intrusions.

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Additional information concerning these factors is set forth or referred to under "Risk Factors" in the accompanying prospectus.

All of the forward-looking statements made in this prospectus supplement and the other offering materials are qualified by these cautionary statements and we cannot assure you that the results or developments anticipated by management will be realized or even if realized, will have the expected consequences to, or effects on, us or our business, prospects, financial condition, results of operations or cash flows. Readers are cautioned not to place undue reliance on these forward-looking statements in making any investment decision. Forward-looking statements made in this prospectus supplement or the other offering materials apply only as of the date of this prospectus supplement or such other offering materials. While we may elect to update forward-looking statements from time to time, we specifically disclaim any obligation to do so, even in light of new information or future events, unless otherwise required by applicable securities laws.

The forward-looking statements contained in this prospectus supplement and the other offering materials are intended to qualify for the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Exchange Act.

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SUMMARY

The following summary contains basic information about us and the offering. It may not contain all of the information that may be important to you in making a decision to purchase the Senior Notes. You should read this entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference or deemed to be incorporated by reference before making your investment decision.

Public Service Enterprise Group Incorporated

We are a holding company with a diversified business mix within the energy industry. Our operations are located primarily in the Northeastern and Mid-Atlantic United States. Our business approach focuses on operational excellence, financial strength and disciplined investment. As a holding company, our profitability depends on our subsidiaries' operating results. We have two principal direct, wholly-owned subsidiaries:

- Public Service Electric and Gas Company, which is a public utility engaged principally in the transmission of electricity and distribution of electricity and natural gas in certain areas of New Jersey; and
- PSEG Power LLC, which is a multi-regional energy supply company that integrates the operations of its merchant nuclear and fossil generating assets with its power marketing businesses through competitive energy sales in well-developed energy markets and fuel supply functions primarily in the Northeast and Mid-Atlantic United States.

Our other direct, wholly-owned subsidiaries are:

- PSEG Energy Holdings L.L.C., which earns revenues primarily from its portfolio of lease investments;
- PSEG Long Island LLC, which operates the Long Island Power Authority's electric transmission and distribution system under a contractual agreement; and
- PSEG Services Corporation, which provides us and our operating subsidiaries with certain management, administrative and general services at cost.

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The Offering

The following summary of the terms of the offering is provided solely for your convenience and is not intended to be complete. You should read and consider the more specific details contained in this prospectus supplement and the accompanying prospectus prior to making a decision to purchase the Senior Notes. See "Description of the Senior Notes" in this prospectus supplement and "Description of the Senior and Subordinated Debt Securities" in the accompanying prospectus.

Issuer	Public Service Enterprise Group Incorporated
Securities Offered	$700,000,000 aggregate principal amount of 2.650% Senior Notes due November 15, 2022.
Ranking	The Senior Notes will be our senior unsecured obligations and will rank equally in right of payment with our other existing and future senior unsecured indebtedness; senior in right of payment to any of our indebtedness that is expressly subordinated in right of payment to the Senior Notes; effectively junior in right of payment to any of our future secured indebtedness to the extent of the value of the assets securing such indebtedness; and structurally junior to all indebtedness and other liabilities of our subsidiaries. At September 30, 2017, we had approximately $2.1 billion of outstanding indebtedness (including letters of credit) that ranks equally with the Senior Notes.
Maturity	The Senior Notes will mature on November 15, 2022, subject to the provisions described below under " — Optional Redemption."
Optional Redemption	We may redeem the Senior Notes at any time, in whole or in part, prior to October 15, 2022 (the date that is one month prior to their maturity date), at a price equal to the greater of (a) 100% of the principal amount of the Senior Notes being redeemed and (b) the sum of the present values of the remaining scheduled payments of principal of and interest on the Senior Notes being redeemed that would be due if such Senior Notes matured on October 15, 2022, exclusive of accrued interest to the redemption date, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below) plus 12.5 basis points, plus any accrued and unpaid interest on the principal amount of the Senior Notes being redeemed to, but excluding, the redemption date. In addition, we may redeem the Senior Notes at any time, in whole or in part, on or after October 15, 2022 (the date that is one month prior to their maturity date) at a redemption price equal to 100% of the principal amount of the Senior Notes being redeemed, plus any accrued and unpaid interest on the principal amount of the Senior Notes being redeemed to, but excluding, the redemption date. See "Description of the Senior Notes — Optional Redemption."
Interest Payment Dates	May 15 and November 15 of each year, beginning on May 15, 2018.
Use of Proceeds	We expect to use the net proceeds from the sale of the Senior Notes for general corporate purposes, including the repayment in full of our $500 million term loan and accrued and unpaid interest, if any, thereon and the repayment of a portion of our indebtedness outstanding under our commercial paper program. See "Use of Proceeds."

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Conflicts of Interest	Certain of the underwriters or their affiliates are lenders under our $500 million term loan, and will receive a portion of the net proceeds from this offering used to repay the term loan. See "Underwriting (Conflicts of Interest) — Conflicts of Interest."
Trustee	The Senior Notes will be issued under an Indenture with U.S. Bank National Association, as successor Trustee. The Trustee will also act as paying agent and registrar for the Senior Notes.
Risk Factors	An investment in the Senior Notes involves certain risks. You should carefully consider the risks described in "Risk Factors" beginning on page 6 of the accompanying prospectus, as well as in the risk factors contained in our Annual Report on Form 10-K for the year ended December 31, 2016 and in our other periodic reports filed with the SEC, which are incorporated herein by reference.

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CONSOLIDATED RATIOS OF EARNINGS TO FIXED CHARGES

	Nine Months Ended September 30, 2017	Years Ended December 31,				
		2016	2015	2014	2013	2012
Ratio of Earnings to Fixed Charges[1]	3.57	3.72	6.83	6.43	5.44	5.18

(1) The term "earnings" is defined as pre-tax Income from continuing operations before income or loss from equity method investees plus distributed income from equity investees. Add to pre-tax income the amount of fixed charges adjusted to exclude (a) the amount of any interest capitalized during the period and (b) the actual amount of any preferred securities dividend requirements of majority-owned subsidiaries stated on a pre-tax level. Fixed Charges represent (a) interest, whether expensed or capitalized, (b) amortization of debt discount, premium and expense, (c) an estimate of interest implicit in rentals, and (d) preferred securities dividend requirements of majority-owned subsidiaries stated on a pre-tax level.

USE OF PROCEEDS

We estimate the net proceeds from the sale of the Senior Notes to be approximately $694.0 million after deducting the underwriting discount and estimated offering expenses. We expect to use the net proceeds from the sale of the Senior Notes for general corporate purposes, including the repayment in full of our $500 million term loan and accrued and unpaid interest, if any, thereon and the repayment of a portion of our indebtedness outstanding under our commercial paper program. The term loan matures on November 13, 2017. As of September 30, 2017, the interest rate on the term loan was 2.110% per annum. As of September 30, 2017, we had $201.8 million of indebtedness outstanding under our commercial paper program at an average interest rate of 1.37% per annum and with an average maturity of 18 days. Our commercial paper program is available principally to support our working capital needs.

Certain of the underwriters or their affiliates are lenders under our $500 million term loan and our commercial paper program, and will receive a portion of the net proceeds from this offering used to repay the term loan and a portion of our indebtedness outstanding under our commercial paper program. See "Underwriting (Conflicts of Interest) — Conflicts of Interest."

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DESCRIPTION OF THE SENIOR NOTES

Set forth below is a description of the specific terms of the Senior Notes. This description supplements, and should be read together with, the description of the general terms and provisions of senior debt securities set forth in the accompanying prospectus under the caption "Description of the Senior and Subordinated Debt Securities." The following description does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the description in the accompanying prospectus and the Indenture dated as of November 1, 1998 (as amended and supplemented to the date hereof, the "Indenture"), between us and U.S. Bank National Association, as successor trustee (the "Trustee"). The Trustee's address is 21 South Street, Morristown, NJ 07960.

References in this section to "PSEG", "we", "us" and "our" refer to Public Service Enterprise Group Incorporated without its consolidated subsidiaries.

General

We will issue the Senior Notes under the Indenture. The terms of the Senior Notes are stated in the Indenture and include terms made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"). You should refer to the Indenture and the Trust Indenture Act for a statement of these terms. The Indenture is governed by New Jersey law.

Principal, Maturity and Interest

The Indenture does not limit the aggregate principal amount of senior debt securities that we may issue under it and provides that senior debt securities may be issued under it up to the principal amount as we may authorize from time to time. The senior debt securities may be issued from time to time in one or more series. We may "reopen" any series of senior debt securities, including the Senior Notes, and issue additional senior debt securities of that series without the consent of existing holders. Any additional notes of a series having similar terms, together with the notes of such series, will constitute a single series of senior debt securities under the Indenture; provided, that if the additional notes are not fungible for U.S. federal income tax purposes, the additional notes will have a separate CUSIP number.

The Senior Notes will initially be limited to $700.0 million. The Senior Notes will be issued in registered form only, without coupons, in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof. The Senior Notes will mature at par on November 15, 2022 (the "Stated Maturity Date"), unless we redeem them in accordance with their terms prior to such date.

Interest on the Senior Notes will accrue at the rate of 2.650% per annum. Interest on the of Senior Notes will be payable semi-annually in arrears on May 15 and November 15 of each year (each, an "Interest Payment Date") beginning on May 15, 2018. We will make each payment of interest on the Senior Notes on an Interest Payment Date to the persons in whose names such Senior Notes are registered at the close of business on the 15th day immediately preceding such Interest Payment Date.

Interest on the Senior Notes will accrue from November 6, 2017 or, if interest has already been paid, from the most recent Interest Payment Date to which interest was paid or duly provided for. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

If any Interest Payment Date, the Stated Maturity Date or date of earlier redemption is not a Business Day, the required payment shall be made on the next succeeding day that is a Business Day, without any interest or other payment in respect of the payment subject to delay, with the same force and effect as if made on such Interest Payment Date, the Stated Maturity Date or such date of earlier redemption, as the case may be. "Business Day" means each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in Newark, New Jersey and The City of New York are authorized or obligated by law or executive order to close.

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Ranking

The Senior Notes will be our senior unsecured obligations and will rank:

- equally in right of payment with our other existing and future senior unsecured indebtedness;
- senior in right of payment to any of our indebtedness that is expressly subordinated in right of payment to the Senior Notes;
- effectively junior in right of payment to any of our future secured indebtedness to the extent of the value of the assets securing such indebtedness; and
- structurally junior to all indebtedness and other liabilities of our subsidiaries.

At September 30, 2017, we had approximately $2.1 billion of outstanding indebtedness (including letters of credit) that ranks equally with the Senior Notes. We currently do not have any outstanding secured indebtedness.

As of September 30, 2017, our subsidiaries had $10.8 billion of outstanding indebtedness and other liabilities (excluding intercompany obligations and liabilities of a type not required to be reflected on a balance sheet of such subsidiaries in accordance with U.S. generally accepted accounting principles but including letters of credit) to which the Senior Notes would have been structurally subordinated.

Optional Redemption

We may redeem the Senior Notes at any time, in whole or in part, prior to October 15, 2022 (the date that is one month prior to the Stated Maturity Date) upon not less than 10 nor more than 60 days' prior written notice, as more fully described under " — Selection and Notice" below, at a price equal to the greater of:

(a) 100% of the principal amount of the Senior Notes being redeemed; and

(b) the sum of the present values of the remaining scheduled payments of principal of and interest on the Senior Notes being redeemed that would be due if such Senior Notes matured on October 15, 2022, exclusive of accrued interest to the redemption date, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 12.5 basis points,

plus any accrued and unpaid interest on the principal amount of the Senior Notes being redeemed to, but excluding, the redemption date.

In addition, we may redeem the Senior Notes at any time, in whole or in part, on or after October 15, 2022 (the date that is one month prior to the Stated Maturity Date), upon not less than 10 nor more than 60 days' prior written notice, as more fully described under " — Selection and Notice" below, at a redemption price equal to 100% of the principal amount of the Senior Notes being redeemed, plus accrued and unpaid interest on the principal amount of the Senior Notes being redeemed to, but excluding, the redemption date.

"Comparable Treasury Issue" means, with respect to any redemption date for any of the Senior Notes being redeemed, the United States Treasury security selected by an Independent Investment Banker as having the maturity comparable to the remaining term of the Senior Notes to be redeemed (assuming that such Senior Notes matured on October 15, 2022) that would be utilized, at the time of selection and in accordance with the customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Senior Notes.

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"Comparable Treasury Price" means, with respect to any redemption date for any of the Senior Notes being redeemed:

(a) the average of three Reference Treasury Dealer Quotations (as defined below) for the redemption date, after excluding the highest and lowest of five Reference Treasury Dealer Quotations, or

(b) if the Independent Investment Banker obtains fewer than five Reference Treasury Dealer Quotations, the average of all Reference Treasury Dealer Quotations obtained.

"Independent Investment Banker" means one of the Reference Treasury Dealers appointed by us after consultation with the Trustee.

"Reference Treasury Dealer" means each of Barclays Capital Inc., J.P. Morgan Securities LLC, Morgan Stanley & Co. LLC, RBC Capital Markets, LLC and TD Securities (USA) LLC and their respective affiliates or successors, provided that if any of the foregoing shall cease to be a primary U.S. government securities dealer in the United States (a "Primary Treasury Dealer"), we will substitute therefor another Primary Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by that Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding such redemption date.

"Treasury Rate" means, with respect to any redemption date for any of the Senior Notes being redeemed, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date. The Treasury Rate will be calculated by us on the third Business Day preceding the redemption date. The Trustee shall not be responsible for any such calculation.

Unless we default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the Senior Notes called for redemption.

Additional Event of Default

In addition to the events of default described under "Description of the Senior and Subordinated Debt Securities — Events of Default," the following will also constitute an event of default under the Indenture with respect to the Senior Notes:

- an acceleration of our indebtedness for borrowed money in excess of $75,000,000, which acceleration has not been rescinded or annulled within ten days after written notice of such default as provided in the Indenture; provided, that this event of default will be remedied, cured or waived without further action upon the part of either the Trustee or any of the holders if the default under our other indebtedness is remedied, cured or waived.

Selection and Notice

If less than all of the Senior Notes are to be redeemed on any redemption date, the Trustee will select the Senior Notes for redemption in accordance with any method the Trustee considers fair and appropriate, subject to the selection convention applicable to securities in book-entry form. Senior Notes in denominations of $2,000 or less may not be redeemed in part. Notices of redemption will be delivered at least 10 but not more than 60 days prior to the redemption date to each holder of Senior Notes at its registered address. The notice of redemption will state the portion of the principal amount to be redeemed if a Senior Note is to be redeemed in part. A Senior Note in principal amount equal to the unredeemed portion will be issued in the name of the holder upon cancellation of the original Senior Note.

Book-Entry Only Issuance — The Depository Trust Company

The Depository Trust Company ("DTC") will act as the initial securities depositary for the Senior Notes. The Senior Notes will be issued only as fully registered securities registered in the name of Cede & Co., DTC's nominee. One or more fully registered global certificates will be issued, representing in the aggregate the total principal amount of Senior Notes, and will be deposited with or on behalf of DTC. See "Description of the Senior and Subordinated Debt Securities — Book-Entry Debt Securities" in the accompanying prospectus.

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Investors may elect to hold interests in the global securities through either DTC in the United States or Clearstream Banking, S.A. ("Clearstream, Luxembourg"), or Euroclear Bank S.A./N.V., as operator (the "Euroclear operator") of the Euroclear system (the "Euroclear system"), in Europe if they are participants of such systems, or indirectly through organizations which are participants in such systems. Clearstream, Luxembourg and the Euroclear system will hold interests on behalf of their participants through customers' securities accounts in Clearstream, Luxembourg's and the Euroclear system's names on the books of their respective U.S. depositaries, which in turn will hold such interests in customers' securities accounts in the depositaries' names on the books of DTC. Because the depositary can act only on behalf of participants, which in turn act on behalf of indirect participants and certain banks, the ability of a person having a beneficial interest in a global security to pledge such interest to persons or entities that do not participate in the depositary system, or otherwise take actions in respect of such interests, may be affected by the lack of physical certificates evidencing such interests.

Clearstream, Luxembourg advises that it is incorporated under the laws of Luxembourg as a professional depositary. Clearstream, Luxembourg holds securities for its participating organizations ("Clearstream participants") and facilitates the clearance and settlement of securities transactions between Clearstream participants through electronic book-entry changes in accounts of Clearstream participants, thereby eliminating the need for physical movement of certificates. Clearstream, Luxembourg provides to Clearstream participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream, Luxembourg interfaces with domestic markets in several countries. As a professional depositary, Clearstream, Luxembourg is subject to regulation by the Luxembourg Commission for the Supervision of the Financial Sector (Commission de Surveillance du Secteur Financier). Clearstream participants are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations and may include the underwriters. Indirect access to Clearstream, Luxembourg is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Clearstream participant, either directly or indirectly.

Distributions with respect to interests in the Senior Notes held beneficially through Clearstream, Luxembourg will be credited to cash accounts of Clearstream participants in accordance with its rules and procedures, to the extent received by the U.S. depositary for Clearstream, Luxembourg.

The Euroclear system advises that it was created in 1968 to hold securities for participants of the Euroclear system ("Euroclear participants") and to clear and settle transactions between Euroclear participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Euroclear provides various other services, including securities lending and borrowing and interfaces with domestic markets in several countries. The Euroclear system is operated by Euroclear Bank S.A./N.V. (the "Euroclear operator") under contract with Euroclear Clearance Systems S.C., a Belgian cooperative corporation (the "cooperative"). All operations are conducted by the Euroclear operator, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear operator, not the cooperative. The cooperative establishes policy for the Euroclear system on behalf of Euroclear participants. Euroclear participants include banks (including central banks), securities brokers and dealers and other professional financial intermediaries and may include the underwriters. Indirect access to the Euroclear system is also available to other firms that clear through or maintain a custodial relationship with a Euroclear participant, either directly or indirectly. The Euroclear operator is a Belgian bank that is licensed by the Belgian Banking and Finance Commission to carry out banking activities on a global basis. As such, it is regulated by the Belgian Banking and Finance Commission. Securities clearance accounts and cash accounts with the Euroclear operator are governed by the Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear system, and applicable Belgian law (collectively, the "terms and conditions"). The terms and conditions govern transfers of securities and cash within the Euroclear system, withdrawals of securities and cash from the Euroclear system, and receipts of payments with respect to securities in the Euroclear system. All securities in the Euroclear system are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear operator acts under the terms and conditions only on behalf of Euroclear participants, and has no records of or relationship with persons holding through Euroclear participants.

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Distributions with respect to the Senior Notes held beneficially through the Euroclear system will be credited to the cash accounts of Euroclear participants in accordance with the terms and conditions, to the extent received by the U.S. depositary for the Euroclear system.

The information in this section, together with the information in "Description of the Senior and Subordinated Debt Securities — Book-Entry Debt Securities" in the accompanying prospectus concerning DTC, its book-entry system, Clearstream, Luxembourg and the Euroclear system has been obtained from sources that we believe to be reliable, but we have not attempted to verify the accuracy of this information.

Global Clearance and Settlement Procedures

Initial settlement for the Senior Notes will be made in immediately available funds. Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC rules and will be settled in immediately available funds using DTC's Same-Day Funds Settlement System. Secondary market trading between Clearstream participants and/or Euroclear participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream, Luxembourg and the Euroclear system, as applicable.

Clearstream, Luxembourg and the Euroclear system will record the ownership interests of their participants in much the same way as DTC, and DTC will record the total ownership of each of the U.S. agents of Clearstream, Luxembourg and the Euroclear system, as participants in DTC. When the Senior Notes are to be transferred from the account of a DTC participant to the account of a Clearstream participant or a Euroclear participant, the purchaser must send instructions to Clearstream, Luxembourg or the Euroclear system through a participant at least one day prior to settlement. Clearstream, Luxembourg or the Euroclear system, as the case may be, will instruct its U.S. agent to receive the Senior Notes against payment. After settlement, Clearstream, Luxembourg or the Euroclear system will credit its participant's account. Credit for the Senior Notes will appear on the next day (European time).

Because settlement is taking place during New York business hours, DTC participants will be able to employ their usual procedures for sending the Senior Notes to the relevant U.S. agent acting for the benefit of Clearstream or Euroclear participants. The sale proceeds will be available to the DTC seller on the settlement date. As a result, to the DTC participant, a cross-market transaction will settle no differently than a trade between two DTC participants.

When a Clearstream or Euroclear participant wishes to transfer the Senior Notes to a DTC participant, the seller will be required to send instructions to Clearstream, Luxembourg or the Euroclear system through a participant at least one business day prior to settlement. In these cases, Clearstream, Luxembourg or the Euroclear system will instruct its U.S. agent to transfer these Senior Notes against payment for them. The payment will then be reflected in the account of the Clearstream or Euroclear participant the following day, with the proceeds back valued to the value date, which would be the preceding day, when settlement occurs in New York, if settlement is not completed on the intended value date, that is, the trade fails, proceeds credited to the Clearstream or Euroclear participant's account will instead be valued as of the actual settlement date. Clearstream participants and Euroclear participants may not deliver instructions directly to their respective U.S. depositaries.

You should be aware that you will only be able to make and receive deliveries, payments and other communications involving the Senior Notes through Clearstream, Luxembourg and the Euroclear system on the days when those clearing systems are open for business. Those systems may not be open for business on days when banks, brokers and other institutions are open for business in the United States. Because of time-zone differences, credits of Senior Notes received in Clearstream, Luxembourg or the Euroclear system as a result of a transaction with a DTC participant will be made during subsequent securities settlement processing and dated the business day following the DTC settlement date. Such credits or any transactions in such Senior Notes settled during such processing will be reported to the relevant Euroclear participant or Clearstream participant on such business day. Cash received in Clearstream, Luxembourg or the Euroclear system as a result of sales of the Senior Notes by or through a Clearstream participant or a Euroclear participant to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Clearstream, Luxembourg or the Euroclear system cash account only as of the business day following settlement in DTC.

Although DTC, Clearstream, Luxembourg and the Euroclear system have agreed to the foregoing procedures in order to facilitate transfers of Senior Notes among participants of DTC, Clearstream, Luxembourg and the Euroclear system, they are under no obligation to perform or continue to perform such procedures and such procedures may be discontinued or changed at any time.

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MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of certain material U.S. federal income tax consequences of the purchase, ownership and disposition of Senior Notes. Except where noted, this summary deals only with Senior Notes held as capital assets by beneficial owners of Senior Notes who purchase such Senior Notes in this offering at the public offering price listed on the cover page of this prospectus supplement. This summary is based upon the provisions of the Internal Revenue Code of 1986, as amended, or the Code, the Treasury Regulations promulgated thereunder and judicial and administrative rulings and decisions now in effect, all of which are subject to change or differing interpretations, possibly with retroactive effect. This summary does not purport to address all aspects of U.S. federal income taxation that may affect particular investors in light of their individual circumstances, or certain types of investors subject to special treatment under the U.S. federal income tax laws, such as persons that mark to market their securities, financial institutions, regulated investment companies, real estate investment trusts, corporations subject to the accumulated earnings tax, holders subject to the alternative minimum tax, individual retirement and other tax-deferred accounts, tax-exempt organizations, brokers, dealers in securities and commodities, certain former U.S. citizens or long-term residents, life insurance companies, persons that hold Senior Notes as part of a hedge against currency or interest rate risks or that hold Senior Notes as part of a position in a constructive sale, straddle, conversion transaction or other integrated transaction for U.S. federal income tax purposes, controlled foreign corporations, passive foreign investment companies, persons that acquire Senior Notes in connection with employment or other performance of personal services, partnerships or other pass-through entities and investors in such entities, subsequent purchasers of Senior Notes, U.S. holders (as defined below) whose "functional currency" is not the U.S. dollar and persons that are members of an "expanded group", within the meaning of Treasury Regulations Section 1.385-1, of which PSEG is also a member. This summary does not address any aspect of state, local or foreign taxation or any U.S. federal tax other than the income tax.

For purposes of this summary, a "U.S. holder" is a beneficial owner of a Senior Note that, for U.S. federal income tax purposes, is:

- an individual citizen or resident of the United States;
- a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States, any state or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust, if (a) a court within the United States is able to exercise primary jurisdiction over administration of the trust and one or more U.S. persons have authority to control all substantial decisions of the trust or (b) it has a valid election in effect to be treated as a U.S. person.

For purposes of this summary, a "non-U.S. holder" is a beneficial owner of a Senior Note that is not a U.S. holder or a partnership (including an entity or arrangement treated as a partnership for U.S. federal income tax purposes).

If a partnership (including an entity or arrangement treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of Senior Notes, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. Partnerships that hold Senior Notes (and partners in such partnerships) should consult their tax advisors.

We have not requested, and do not intend to request, a ruling from the U.S. Internal Revenue Service, or the IRS, with respect to any of the U.S. federal income tax consequences described below. There can be no assurance that the IRS will not disagree with or challenge any of the conclusions set forth herein.

If you are considering investing in Senior Notes, you should consult your own tax advisor with respect to your particular tax consequences of the purchase, ownership and disposition of the Senior Notes, including the consequences under the laws of any state, local or non-U.S. jurisdiction.

Certain Additional Payments

In certain circumstances, we may be obligated to pay amounts in excess of stated interest or principal on the Senior Notes. For example, we may be required to pay amounts in redemption of the Senior Notes in addition to the stated principal amount of and interest on the Senior Notes as described under "Description of the Senior Notes — Optional Redemption." The obligation to make these payments may implicate the provisions of the

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Treasury Regulations relating to "contingent payment debt instruments." Treasury Regulations provide special rules for contingent payment debt instruments which, if applicable, could cause the timing, amount and character of a holder's income, gain or loss with respect to the Senior Notes to be different from the consequences discussed herein. Although the issue is not free from doubt, we believe that the possibility of the payment of such additional amounts ought not result in the Senior Notes being treated as contingent payment debt instruments under the applicable Treasury Regulations. This position is not binding on the IRS, which may take a contrary position and treat the Senior Notes as contingent payment debt instruments. If the Senior Notes were deemed to be contingent payment debt instruments, a holder would generally be required to treat any gain recognized on the sale or other disposition of the Senior Notes as ordinary income rather than as capital gain. Furthermore, a holder would be required to accrue interest income on a constant yield basis at an assumed yield determined at the time of issuance of the Senior Notes, with adjustments to such accruals when any payments are made that differ from the payments calculated based on the assumed yield. The remainder of this discussion assumes that the Senior Notes are not treated as contingent payment debt instruments. Holders are urged to consult their own tax advisors regarding the potential application to the Senior Notes of the rules regarding contingent payment debt instruments and the consequences thereof.

U.S. holders

Payments of interest. Stated interest on a Senior Note will generally be taxable to a U.S. holder as ordinary interest income at the time it is paid or accrued in accordance with the U.S. holder's regular method of accounting for U.S. federal income tax purposes.

Sale, exchange, redemption or other taxable disposition of a Senior Note. Upon the sale, exchange, redemption or other taxable disposition of a Senior Note, a U.S. holder will recognize taxable gain or loss equal to the difference between the amount realized on the sale, exchange, redemption or other taxable disposition and the U.S. holder's adjusted tax basis in the Senior Note. For these purposes, the amount realized does not include any amount attributable to accrued interest. Amounts attributable to accrued interest are treated as interest as described under " — Payments of interest" above. A U.S. holder's adjusted tax basis in a Senior Note will generally be such U.S. holder's cost for the Senior Note. Gain or loss realized on the sale, exchange, redemption or other taxable disposition of a Senior Note will generally be capital gain or loss and will be long-term capital gain or loss if at the time of the sale, exchange, redemption or other taxable disposition the Senior Note has been held by the U.S. holder for more than one year. Long-term capital gains of individual U.S. holders are eligible for preferential rates of U.S. federal income taxation. The deductibility of capital losses is subject to limitations under the Code.

Information reporting and backup withholding. Information returns will be filed with the IRS in connection with payments on the Senior Notes and the proceeds from a sale, exchange, redemption or other disposition of the Senior Notes, unless the U.S. holder is an exempt recipient such as a corporation. A U.S. holder will be subject to U.S. backup withholding, currently at a rate of 28%, on these payments if the U.S. holder fails to provide its taxpayer identification number to the payor and comply with certain certification procedures or otherwise establish an exemption from backup withholding. Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a U.S. holder will generally be allowed as a credit against the U.S. holder's U.S. federal income tax liability and may entitle the U.S. holder to a refund, provided that the required information is timely furnished to the IRS.

Medicare Tax. Certain U.S. holders that are individuals, estates or trusts are subject to a 3.8% tax on all or a portion of their "net investment income," which may include all or a portion of their interest and net gains from the disposition of Senior Notes. If you are a U.S. holder that is an individual, estate or trust, you should consult your tax advisor regarding the applicability of the Medicare tax to your income and gains in respect of your investment in the Senior Notes.

Non-U.S. holders

Payments of interest. Subject to the discussion below concerning backup withholding and FATCA (as defined below), payments of interest on a Senior Note received or accrued by a non-U.S. holder generally will not be subject to U.S. federal income or withholding tax, as long as the non-U.S. holder:

- does not conduct a trade or business in the United States with respect to which the interest is effectively connected;

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- does not actually, indirectly or constructively own 10% or more of the total combined voting power of all classes of PSEG's stock entitled to vote, within the meaning of Section 871(h)(3) of the Code;
- is not a "controlled foreign corporation" with respect to which we are a "related person" within the meaning of Section 881(c)(3)(C) of the Code;
- is not a bank whose receipt of the interest is described in Section 881(c)(3)(A) of the Code; and
- satisfies the certification requirements described below.

The certification requirements will be satisfied if either (a) the beneficial owner of a Senior Note timely certifies, under penalties of perjury, to us or to the person who otherwise would be required to withhold U.S. tax that such owner is a non-U.S. holder and provides its name and address or (b) a custodian, broker, nominee or other intermediary acting as an agent for the beneficial owner (such as a securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business) that holds the Senior Note in such capacity timely certifies, under penalties of perjury, to us or to the person who otherwise would be required to withhold U.S. tax that such statement has been received from the beneficial owner of the Senior Note by such intermediary, or by any other financial institution between such intermediary and the beneficial owner, and furnishes to us or to the person who otherwise would be required to withhold U.S. tax a copy thereof. In general, the foregoing certification may be provided on a properly completed IRS Form W-8BEN, W-8BEN-E or W-8IMY, as applicable.

A non-U.S. holder that is not exempt from tax under the foregoing rules generally will be subject to U.S. federal income tax withholding on payments of interest at a rate of 30% unless:

- the interest is effectively connected with a U.S. trade or business conducted by such non-U.S. holder (and, if an applicable income tax treaty so provides, is attributable to a permanent establishment maintained in the United States by the non-U.S. holder), in which case the non-U.S. holder will be subject to U.S. federal income tax on a net income basis at the rate applicable to U.S. holders generally; or
- an applicable income tax treaty provides for a lower rate of, or exemption from, withholding tax.

A non-U.S. holder that is treated as a corporation for U.S. federal income tax purposes and has effectively connected interest income (as described in the first bullet point above) may also, under certain circumstances, be subject to an additional "branch profits tax," which is generally imposed on a foreign corporation on the deemed repatriation from the United States of effectively connected earnings and profits, at a 30% rate, unless the rate is reduced or eliminated by an applicable income tax treaty.

To claim the benefit of a reduced rate or exemption from withholding under an income tax treaty or to claim exemption from withholding because income is effectively connected with a U.S. trade or business, the non-U.S. holder must timely provide the appropriate, properly executed IRS forms. Certification to claim income is effectively connected with a U.S. trade or business is generally made on IRS Form W-8ECI. Certification to claim the benefit of a reduced rate or exemption from withholding under an income tax treaty is generally made on IRS Form W-8BEN or W-8BEN-E. These forms may be required to be periodically updated.

Sale, exchange, redemption or other taxable disposition of a Senior Note. Subject to the discussion below concerning FATCA, a non-U.S. holder generally will not be subject to U.S. federal income tax on any gain realized on the sale, exchange, redemption or other taxable disposition of a Senior Note unless (a) such gain is effectively connected with the conduct by the non-U.S. holder of a U.S. trade or business (and, if an applicable income tax treaty so provides, is attributable to a permanent establishment maintained in the United States by the non-U.S. holder) or (b) except to the extent that an applicable income tax treaty otherwise provides, in the case of a non-U.S. holder who is an individual, the non-U.S. holder is present in the United States for 183 days or more during the taxable year in which such gain is realized and certain other conditions exist.

Except to the extent that an applicable income tax treaty otherwise provides, generally a non-U.S. holder will be taxed in the same manner as a U.S. holder with respect to gain that is effectively connected with the non-U.S. holder's conduct of a U.S. trade or business. A non-U.S. holder that is treated as a corporation for U.S. federal income tax purposes may also, under certain circumstances, be subject to the branch profits tax as described above.

Information reporting and backup withholding. Payments of interest on Senior Notes to a non-U.S. holder generally will be reported to the IRS and to the non-U.S. holder. Copies of applicable IRS information returns may

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be made available under the provisions of a specific tax treaty or agreement to the tax authorities of the country in which the non-U.S. holder resides. Non-U.S. holders are generally exempt from backup withholding, currently at a rate of 28%, and additional information reporting on payments of principal, premium (if any), or interest, provided that the non-U.S. holder (a) certifies its nonresident status on the appropriate IRS Form (or a suitable substitute form) and certain other conditions are met or (b) otherwise establishes an exemption.

Payments of the proceeds from a sale of Senior Notes by a non-U.S. holder made to or through a foreign office of a broker generally will not be subject to information reporting or backup withholding. Information reporting may apply to such payments, however, if the broker is a U.S. person, a controlled foreign corporation for U.S. tax purposes, the U.S. branch of a foreign bank or a foreign insurance company, a foreign partnership controlled by U.S. persons or engaged in a U.S. trade or business, or a foreign person 50% or more of whose gross income is effectively connected with a U.S. trade or business for a specified three-year period. Payments of the proceeds from the sale of Senior Notes through the U.S. office of a broker is subject to information reporting and backup withholding unless the non-U.S. holder certifies as to its non-U.S. status or otherwise establishes an exemption from information reporting and backup withholding.

Backup withholding is not an additional tax. Any backup withholding generally will be allowed as a credit or refund against the non-U.S. holder's U.S. federal income tax liability, provided that the required information is timely furnished to the IRS.

Foreign Account Tax Compliance

Sections 1471 to 1474 of the Code and the Treasury Regulations thereunder ("FATCA") impose withholding taxes on certain types of payments made to "foreign financial institutions," as specially defined under FATCA, and certain other non-U.S. entities. FATCA imposes a 30% withholding tax on payments of interest on, and gross proceeds from the sale, exchange, redemption or other disposition of, Senior Notes paid to a foreign financial institution unless the foreign financial institution is deemed to be compliant with FATCA or enters into an agreement with the IRS to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned foreign entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these reporting and other requirements. In addition, FATCA imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity of a certain type unless the entity certifies that it does not have any substantial U.S. owners or furnishes identifying information to the IRS or to the withholding agent regarding each substantial U.S. owner. These rules currently apply to payments of interest and are expected to apply to payments of gross proceeds from the sale, exchange, redemption or other disposition of Senior Notes after December 31, 2018. Prospective investors should consult their tax advisors regarding the application of FATCA to the acquisition, ownership or disposition of Senior Notes.

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UNDERWRITING (CONFLICTS OF INTEREST)

Subject to the terms and conditions set forth in the underwriting agreement, dated the date hereof (the "Underwriting Agreement"), for which Barclays Capital Inc., J.P. Morgan Securities LLC and Morgan Stanley & Co. LLC are acting as representatives, we have agreed to sell to each of the underwriters, and each of the underwriters has severally agreed to purchase from us, the aggregate principal amount of Senior Notes set forth opposite the name of such underwriter:

Underwriter	Principal Amount of Senior Notes
Barclays Capital Inc.	$ 109,900,000
J.P. Morgan Securities LLC	109,900,000
Morgan Stanley & Co. LLC	109,900,000
CIBC World Markets Corp.	84,000,000
RBC Capital Markets, LLC	84,000,000
TD Securities (USA) LLC	84,000,000
BNY Mellon Capital Markets, LLC	33,600,000
PNC Capital Markets LLC	33,600,000
U.S. Bancorp Investments, Inc.	33,600,000
Loop Capital Markets LLC	17,500,000
Total	$ 700,000,000

The Underwriting Agreement provides that the obligations of the underwriters to pay for and accept delivery of the Senior Notes are subject to, among other things, the approval of certain legal matters by their counsel and certain other conditions. The underwriters are obligated to take and pay for all the Senior Notes if any are taken. If any underwriter defaults, the Underwriting Agreement provides that the purchase commitments of the non-defaulting underwriters may be increased or the Underwriting Agreement may be terminated.

The underwriters have advised us that they propose initially to offer all or part of the Senior Notes to the public at the public offering price set forth on the cover page of this prospectus supplement and may offer the Senior Notes to certain dealers at such price less a concession not in excess of 0.350% of the principal amount of the Senior Notes. The underwriters may allow, and such dealers may reallow, a discount not in excess of 0.125% of the principal amount of the Senior Notes. After the initial public offering, the public offering price, concession and discount may be changed. The Senior Notes are offered subject to receipt and acceptance by the underwriters and to certain other conditions, including the right to reject orders in whole or in part.

The underwriting discount to be paid by us to the underwriters will be 0.600% per Senior Note, for a total of $4,200,000. In addition, we estimate that we will incur other offering expenses of approximately $900,000.

The Senior Notes will not have an established trading market when issued, and it is not anticipated that the Senior Notes will be listed on any securities exchange. The underwriters have advised us that they intend to make a market for the Senior Notes, but they have no obligation to do so, and may discontinue market making at any time without providing any notice. No assurance can be given as to the development, maintenance or liquidity of any trading market for the Senior Notes.

In connection with the offering, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the Senior Notes. Specifically, the underwriters may over-allot in connection with this offering, creating short positions in the Senior Notes for their own account. In addition, to cover over-allotments or to stabilize the price of the Senior Notes, the underwriters may bid for, and purchase, such Senior Notes in the open market. Finally, the underwriters may reclaim selling concessions allowed to a dealer for distributing Senior Notes in this offering if the underwriters repurchase previously distributed Senior Notes in transactions that cover syndicate short positions, in stabilization transactions or otherwise. Any of these activities may stabilize or maintain the price of the Senior Notes above independent market levels. The underwriters are not required to engage in these activities, and may end any of these activities at any time and, in any case, will end these activities after a limited period.

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Neither we nor the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Senior Notes. In addition, neither we nor the underwriters make any representation that such transactions will be engaged in or that such transactions, once commenced, will not be discontinued without notice.

We have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act or to contribute to payments required to be made in respect thereof.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services, including lending under certain of our credit facilities, to us and to persons and entities with relationships with us for which they are paid customary fees and expenses.

In the ordinary course of their various business activities, the underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of ours (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with us. The underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

U.S. Bancorp Investments, Inc., one of the underwriters, is an affiliate of the Trustee.

Conflicts of Interest

We expect to use the net proceeds from the sale of the Senior Notes for general corporate purposes, including the repayment in full of our $500 million term loan and accrued and unpaid interest, if any, thereon and the repayment of a portion of our indebtedness outstanding under our commercial paper program. See "Use of Proceeds." Certain of the underwriters or their affiliates are lenders under the term loan and our commercial paper program. Upon our application of the net proceeds from this offering to repay the term loan and a portion of our indebtedness outstanding under our commercial paper program, such underwriters or affiliates will receive a portion of the net proceeds from this offering. If the foregoing results in payments to an underwriter and/or its affiliates of 5% or more of the net proceeds from this offering (not including the underwriting discount), there would be a "conflict of interest" under Rule 5121 of the Financial Industry Regulatory Authority, Inc. ("FINRA"). Because the Senior Notes offered hereby are investment grade rated, no "qualified independent underwriter" is required to be appointed in connection with this offering. However, as required by FINRA Rule 5121, no sale of the Senior Notes offered hereby will be made by the affected underwriter to an account over which it exercises discretion without the prior specific written consent of the account holder.

Selling Restrictions

Notice to Prospective Investors in Canada

The Senior Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Senior Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus supplement and the accompanying prospectus (including any amendment thereto) contain a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

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Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts ("NI 33-105"), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Notice to Prospective Investors in the European Economic Area

Neither this prospectus supplement nor the accompanying prospectus is a prospectus for the purposes of the Prospectus Directive (as defined below). This prospectus supplement and the accompanying prospectus have been prepared on the basis that any offer of the Senior Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of the Senior Notes. Accordingly, any person making or intending to make an offer in that Relevant Member State of the Senior Notes which are the subject of the offering contemplated in this prospectus supplement and the accompanying prospectus may only do so in circumstances in which no obligation arises for us or any of the underwriters to publish a prospectus pursuant to Article 3 of the Prospectus Directive in relation to such offer. Neither we nor the underwriters have authorized, nor do we/they authorize, the making of any offer of the Senior Notes in circumstances in which an obligation arises for us or the underwriters to publish a prospectus for such offer.

In relation to each Relevant Member State, no offer of Senior Notes which are the subject of the offering contemplated by this prospectus supplement and the accompanying prospectus may be made to the public in that Relevant Member State other than:

(1) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(2) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the representatives for any such offer; or

(3) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Senior Notes shall require us or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Senior Notes to the public" in relation to any Senior Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Senior Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Senior Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, and the expression "Prospectus Directive" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

Notice to Prospective Investors in the United Kingdom

The communication of this prospectus supplement, the accompanying prospectus and any other document or materials relating to the issue of the Senior Notes offered hereby is not being made, and such documents and/or materials have not been approved, by an authorised person for the purposes of section 21 of the United Kingdom's Financial Services and Markets Act 2000, as amended (the "FSMA"). Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the United Kingdom falling within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order")), or within Article 49(2)(a) to (d) of the Financial Promotion Order, or to any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order (all such persons together being referred to as "relevant persons"). In the United Kingdom, the Senior Notes offered hereby are only available to, and any investment or investment activity to which this prospectus supplement and the accompanying prospectus relate will be engaged in only with, relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on this prospectus supplement and the accompanying prospectus or any of their contents.

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Any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in connection with the issue or sale of the Senior Notes may only be communicated or caused to be communicated in circumstances in which Section 21(1) of the FSMA does not apply to us.

All applicable provisions of the FSMA must be complied with in respect to anything done by any person in relation to the Senior Notes in, from or otherwise involving the United Kingdom.

Notice to Prospective Investors in Hong Kong

The Senior Notes may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32) of Hong Kong, or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap.571) of Hong Kong and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32) of Hong Kong, and no advertisement, invitation or document relating to the Senior Notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to Senior Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder.

Notice to Prospective Investors in Singapore

This prospectus supplement and the accompanying prospectus have not been registered as prospectuses under the Securities and Futures Act, Chapter 289 of Singapore (the "SFA") by the Monetary Authority of Singapore, and the offer of the Senior Notes in Singapore is made primarily pursuant to the exemptions under Sections 274 and 275 of the SFA. Accordingly, this prospectus supplement, the accompanying prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Senior Notes may not be circulated or distributed, nor may the Senior Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor as defined in Section 4A of the SFA (an "Institutional Investor") pursuant to Section 274 of the SFA, (ii) to an accredited investor as defined in Section 4A of the SFA (an "Accredited Investor") or other relevant person as defined in Section 275(2) of the SFA (a "Relevant Person") and pursuant to Section 275(1) of the SFA, or to any person pursuant to an offer referred to in Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with, the conditions of any other applicable exemption or provision of the SFA.

It is a condition of the offer that where the Senior Notes are subscribed for or acquired pursuant to an offer made in reliance on Section 275 of the SFA by a Relevant Person which is: (a) a corporation (which is not an Accredited Investor), the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an Accredited Investor; or (b) a trust (where the trustee is not an Accredited Investor), the sole purpose of which is to hold investments and each beneficiary of the trust is an individual who is an Accredited Investor, shares, debentures and units of shares and debentures of that corporation and the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has subscribed for or acquired the Senior Notes except: (1) to an Institutional Investor, or an Accredited Investor or other Relevant Person, or which arises from an offer referred to in Section 275(1A) of the SFA (in the case of that corporation) or Section 276(4)(i)(B) of the SFA (in the case of that trust); (2) where no consideration is or will be given for the transfer; or (3) where the transfer is by operation of law.

Notice to Prospective Investors in Japan

The Senior Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended (the Financial Instruments and Exchange Law)) and each underwriter is deemed to have agreed that it will not offer or sell any securities, directly or indirectly, in Japan or to, or for the account or benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale,

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directly or indirectly, in Japan or to, or for the account or benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

Notice to Prospective Investors in Switzerland

This document is not intended to constitute an offer or solicitation to purchase or invest in the Senior Notes described herein. The Senior Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this prospectus supplement nor any other offering or marketing material relating to the Senior Notes constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations, and neither this prospectus supplement nor any other offering or marketing material relating to the Senior Notes may be publicly distributed or otherwise made publicly available in Switzerland.

Notice to Prospective Investors in Australia

No placement document, prospectus, product disclosure statement or other disclosure document (including as defined in the Corporations Act 2001 (Cth) ("Corporations Act")) has been or will be lodged with the Australian Securities and Investments Commission ("ASIC") or any other governmental agency, in relation to the offering. This prospectus supplement does not constitute a prospectus, product disclosure statement or other disclosure document for the purposes of Corporations Act, and does not purport to include the information required for a prospectus, product disclosure statement or other disclosure document under the Corporations Act. No action has been taken which would permit an offering of the Senior Notes in circumstances that would require disclosure under Parts 6D.2 or 7.9 of the Corporations Act.

The Senior Notes may not be offered for sale, nor may application for the sale or purchase or any Senior Notes be invited in Australia (including an offer or invitation which is received by a person in Australia) and neither this prospectus supplement nor any other offering material or advertisement relating to the Senior Notes may be distributed or published in Australia unless, in each case:

(a) the aggregate consideration payable on acceptance of the offer or invitation by each offeree or invitee is at least A$500,000 (or its equivalent in another currency, in either case, disregarding moneys lent by the person offering the Senior Notes or making the invitation or its associates) or the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 or 7.9 of the Corporations Act;

(b) the offer, invitation or distribution complied with the conditions of the Australian financial services license of the person making the offer, invitation or distribution or an applicable exemption from the requirement to hold such license;

(c) the offer, invitation or distribution complies with all applicable Australian laws, regulations and directives (including, without limitation, the licensing requirements set out in Chapter 7 of the Corporations Act);

(d) the offer or invitation does not constitute an offer or invitation to a person in Australia who is a "retail client" as defined for the purposes of Section 761G of the Corporations Act; and

(e) such action does not require any document to be lodged with ASIC or the ASX.

LEGAL MATTERS

Certain legal matters with respect to the offering of the Senior Notes will be passed upon for us by Tamara L. Linde, Esquire, our Executive Vice President and General Counsel, or Shawn P. Leyden, Vice President and Deputy General Counsel of PSEG Services Corporation, a wholly owned subsidiary of PSEG. Ms. Linde is also an employee of our affiliate, PSEG Services Corporation. Each of Ms. Linde and Mr. Leyden beneficially owns or has rights to acquire an aggregate of less than 0.01% of PSEG's common stock. Sidley Austin LLP, New York, New York, will act as counsel to the underwriters in this offering. Sidley Austin LLP will rely on the opinion of Ms. Linde or Mr. Leyden as to all matters of New Jersey law. Sidley Austin LLP has from time to time represented, and continues to represent, us and our affiliates in connection with certain unrelated legal matters.

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EXPERTS

The consolidated financial statements, and the related consolidated financial statement schedule, incorporated in this prospectus supplement and the accompanying prospectus by reference from our Annual Report on Form 10-K, and the effectiveness of our internal control over financial reporting have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports, which are incorporated herein by reference. Such consolidated financial statements and consolidated financial statement schedule have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

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PROSPECTUS

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED

Common Stock, Preferred Stock,
Stock Purchase Contracts, Stock Purchase Units,
Senior Debt Securities and Subordinated Debt Securities

From time to time, we may offer the securities described in this prospectus separately or together in any combination, in one or more classes or series, in amounts, at prices and on terms that we will determine at the time of the offering.

We will provide the specific terms of each series or issue of securities in supplements to this prospectus. You should read this prospectus and the applicable prospectus supplement carefully before you invest.

Our common stock is listed on the New York Stock Exchange under the ticker symbol "PEG."

Investing in our securities involves risks. You should carefully consider the information in the section entitled "Risk Factors" beginning on page 6 of this prospectus, as well as the risk factors contained in our most recently filed Annual Report on Form 10-K and our other periodic reports filed with the Securities and Exchange Commission and incorporated by reference into this prospectus before you invest in any of our securities.

We may offer and sell the securities directly, through agents we select from time to time or to or through underwriters or dealers we select. If we use any agents, underwriters or dealers to sell the securities, we will name them and describe their compensation in a prospectus supplement. The price to the public of those securities and the net proceeds we expect to receive from that sale will also be set forth in a prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved any of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is November 18, 2014.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission (the "SEC") using a "shelf" registration process. Under this shelf process, we may, from time to time, sell the securities described in this prospectus or combinations thereof in one or more offerings.

This prospectus provides a general description of the securities we may offer. Each time we sell securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with additional information described under "Where You Can Find More Information."

In this prospectus, unless the context indicates otherwise, the words and terms "PSEG," "we," "our," "ours" and "us" refer to Public Service Enterprise Group Incorporated and its consolidated subsidiaries.

We may use this prospectus to offer from time to time:

- shares of our common stock, without par value;
- shares of our preferred stock, without par value, which may be convertible into our common stock;
- stock purchase contracts to purchase shares of our common stock;
- our unsecured debt securities, which may include senior and subordinated securities and which may be convertible into our common stock. In this prospectus, we refer to the debt securities, which may include senior and subordinated debt securities, as the "debt securities;" and
- stock purchase units, consisting of a stock purchase contract and our debt securities or debt obligations of third parties, including United States Treasury securities, that are pledged to secure the stock purchase unit holders' obligations under the stock purchase contracts.

We sometimes refer to our common stock, preferred stock, stock purchase contracts, stock purchase units and the debt securities, collectively, as the "securities."

We believe that we have included or incorporated by reference all information material to investors in this prospectus, but certain details that may be important for specific investment purposes have not been included. For more detailed information about the securities, you should also review the exhibits to the registration statement, which were either filed with the registration statement or incorporated by reference to other SEC filings.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports and other information with the SEC. Our filings are also available to the public over the Internet on the SEC's web site at http://www.sec.gov, as well as our web site at http://www.pseg.com. None of the information contained at any time on our web site is incorporated by reference into this prospectus. You may read and copy any material on file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room.

You may also inspect these documents at the New York Stock Exchange, Inc. (the "New York Stock Exchange"), where certain of our securities are listed.

The SEC allows us to "incorporate by reference" documents that we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference or deemed incorporated by reference is an important part of this prospectus, and information that we file later with the SEC will be deemed to automatically update and supersede this incorporated information. We incorporate by reference the documents listed below that have been filed with the SEC.

- Our Annual Report on Form 10-K for the year ended December 31, 2013;
- Our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2014, June 30, 2014 and September 30, 2014;
- Information in our Definitive Proxy Statement on Schedule 14A filed on March 10, 2014 that is incorporated by reference into our Annual Report on Form 10-K;

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- Our Current Reports on Form 8-K filed on February 21, 2014, April 2, 2014 (second filing), April 17, 2014 and July 17, 2014; and
- The description of our common stock in our registration statement filed pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and any amendment or report filed for the purpose of amending such description.

We also incorporate by reference any future filings made with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act, on or after the date of this prospectus and prior to the termination of any particular offering of securities, except for Current Reports on Form 8-K containing only disclosure furnished under Item 2.02 or 7.01 of Form 8-K and exhibits relating to such disclosure, unless otherwise specifically stated in the Form 8-K.

You can get a free copy of any of the documents incorporated by reference by making an oral or written request directed to:

Vice President, Investor Relations
PSEG Services Corporation
80 Park Plaza, 6th Floor
Newark, NJ 07102
Telephone (973) 430-6565

You should rely only on the information contained or incorporated by reference or deemed to be incorporated by reference in this prospectus or in the prospectus supplement or documents to which we otherwise refer you. We have not authorized anyone else to provide you with different or additional information. You should not rely on any other information or representations. Our business, prospects, financial condition and results of operations may change after this prospectus and the prospectus supplement are distributed to you. You should not assume that the information in this prospectus and the prospectus supplement is accurate as of any date other than the dates on the front of those documents. You should read all information supplementing this prospectus.

FORWARD-LOOKING STATEMENTS

This prospectus and any prospectus supplement, including the documents incorporated by reference or deemed to be incorporated by reference, include "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, included in this prospectus and any prospectus supplement and the documents incorporated by reference or deemed to be incorporated by reference that address activities, events or developments that we expect or anticipate will or may occur in the future, including such matters as our future performance, future capital expenditures and growth, revenues, earnings, business strategy, market and industry developments and prospects, are forward-looking statements. When used in this prospectus, any prospectus supplement or in documents incorporated by reference or deemed to be incorporated by reference, the words "will," "anticipate," "intend," "estimate," "believe," "expect," "plan," "should," "hypothetical," "potential," "forecast," "project," and variations of such words and similar expressions are intended to identify forward-looking statements. These statements are based on assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions and expected future developments as well as other factors we believe are appropriate under the circumstances. However, actual results and developments may differ materially from our expectations and predictions due to a number of risks and uncertainties, many of which are beyond our control. Certain factors that could cause actual results to differ materially from those contemplated in any forward-looking statements are discussed in the Risk Factors and Management's Discussion and Analysis of Financial Condition and Results of Operations sections of our most recently filed Annual Report on Form 10-K and any subsequently filed Quarterly Reports on Form 10-Q and in the notes to our financial statements and other information filed with the SEC. These factors include, but are not limited to:

- adverse changes in the demand for or the price of the capacity and energy that we sell into wholesale electricity markets;
- adverse changes in energy industry law, policies and regulation, including market structures and a potential shift away from competitive markets toward subsidized market mechanisms, capacity market design, transmission planning and cost allocation rules, including how transmission projects are planned and who is permitted to build transmission in the future, and reliability standards;

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- any inability of our transmission and distribution businesses to obtain adequate and timely rate relief and regulatory approvals from federal and state regulators;
- changes in federal and state environmental regulations and enforcement that could increase our costs or limit our operations;
- changes in nuclear regulation and/or general developments in the nuclear power industry, including various impacts from any accidents or incidents experienced at our facilities or by others in the industry, that could limit operations of our nuclear generating units;
- actions or activities at one of our nuclear units located on a multi-unit site that might adversely affect our ability to continue to operate that unit or other units located at the same site;
- any inability to manage our energy obligations, available supply and risks;
- adverse outcomes of any legal, regulatory or other proceeding, settlement, investigation or claim applicable to us and/or the energy industry;
- any deterioration in our credit quality or the credit quality of our counterparties;
- availability of capital and credit at commercially reasonable terms and conditions and our ability to meet cash needs;
- changes in the cost of, or interruption in the supply of, fuel and other commodities necessary to the operation of our generating units;
- delays in receipt of necessary permits and approvals for our construction and development activities;
- delays or unforeseen cost escalations in our construction and development activities;
- any inability to achieve, or continue to sustain, our expected levels of operating performance;
- any equipment failures, accidents, severe weather events or other incidents that impact our ability to provide safe and reliable service to our customers, and any inability to obtain sufficient insurance coverage or recover proceeds of insurance with respect to such events;
- acts of terrorism, cybersecurity attacks or intrusions that could adversely impact our businesses;
- increases in competition in energy supply markets as well as competition for certain transmission projects;
- any inability to realize anticipated tax benefits or retain tax credits;
- challenges associated with recruitment and/or retention of a qualified workforce;
- adverse performance of our decommissioning and defined benefit plan trust fund investments and changes in funding requirements;
- changes in technology, such as distributed generation and micro grids, and greater reliance on these technologies; and
- changes in customer behaviors, including energy efficiency, net-metering and demand response.

Additional information concerning these factors is set forth or referred to under “Risk Factors.”

All of the forward-looking statements made in this prospectus and any prospectus supplement or in the documents incorporated by reference or deemed to be incorporated by reference are qualified by these cautionary statements and we cannot assure you that the results or developments anticipated by us will be realized or, even if realized, will have the expected consequences to, or effects on, us or our business, prospects, financial condition or results of operations. You should not place undue reliance on these forward-looking statements in making your investment decision to purchase any securities. Except as may be required by federal securities laws, we expressly disclaim any obligation or undertaking to release publicly any updates or revisions to these forward-looking statements to reflect events or circumstances that occur or arise or are anticipated to occur or arise after the date hereof. In making an investment decision regarding the securities, we are not making, and you should not infer, any representation about the likely existence of any particular future set of facts or circumstances.

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The forward-looking statements contained in this prospectus, any prospectus supplement and the documents incorporated by reference or deemed to be incorporated by reference herein or therein are intended to qualify for the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Exchange Act.

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED

We are an energy company with a diversified business mix. Our operations are located primarily in the Northeastern and Mid-Atlantic United States. Our business approach focuses on operational excellence, financial strength and disciplined investment. As a holding company, our profitability depends on our subsidiaries' operating results. We have two principal direct, wholly-owned subsidiaries:

- Public Service Electric and Gas Company ("PSE&G"), which is an operating public utility company engaged principally in the transmission and distribution of electric energy and gas service in New Jersey; and
- PSEG Power LLC ("Power"), which is a multi-regional independent electric generation and wholesale energy marketing and trading company.

Our other direct, wholly-owned subsidiaries are:

- PSEG Energy Holdings L.L.C. ("Energy Holdings"), which earns revenues primarily from its portfolio of lease investments;
- PSEG Long Island LLC ("PSEG LI"), which operates the Long Island Power Authority's transmission and distribution system under a contractual agreement; and
- PSEG Services Corporation ("Services"), which provides corporate support and managerial and administrative services to us and our subsidiaries.

We are a New Jersey corporation with our principal offices located at 80 Park Plaza, Newark, New Jersey 07101. Our telephone number is (973) 430-7000.

Ratios of Earnings to Fixed Charges

Our ratios of earnings to fixed charges for each of the periods indicated are as follows:

	Nine Months Ended September 30, 2014	Years Ended December 31,				
		2013	2012	2011	2010	2009
Ratios of Earnings to Fixed Charges[1]	5.97	5.44	5.18	5.53	5.43	5.27

1 The term Earnings is defined as pre-tax income from continuing operations before income or loss from equity investees, plus distributed income from equity investees, plus the amount of fixed charges adjusted to exclude (a) the amount of any interest capitalized during the period and (b) the actual amount of any preferred securities dividend requirements of majority-owned subsidiaries stated on a pre-tax level. Fixed Charges represent (a) interest, whether expensed or capitalized, (b) amortization of debt discount, premium and expense, (c) an estimate of interest implicit in rentals and (d) preferred securities dividend requirements of majority-owned subsidiaries stated on a pre-tax level.

Ratios of Earnings to Combined Fixed Charges and Preference Dividends

Because we currently have no preferred stock outstanding, our ratios of earnings to combined fixed charges and preference dividends for each of the periods indicated are the same as our ratios of earnings to fixed charges.

RISK FACTORS

In addition to the risk factors contained in our most recently filed Annual Report on Form 10-K and our other periodic reports filed with the SEC and incorporated by reference into this prospectus, as well as those risk factors that may be included in the applicable prospectus supplement and other information contained in the documents incorporated by reference or elsewhere in this prospectus, prospective investors should carefully consider the risks described below before making a decision to purchase the securities. Such factors could affect actual results and cause our results to differ materially from those expressed in any forward-looking statements made by, or on behalf of, us. Some or all of these factors may apply to us and our subsidiaries. See "Forward-Looking Statements."

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Because We Are a Holding Company, Our Ability to Service Our Debt Could be Limited

We are a holding company with no material assets other than the stock or membership interests of our subsidiaries and project affiliates. Accordingly, all of our operations are conducted by our subsidiaries and project affiliates which are separate and distinct legal entities that have no obligation, contingent or otherwise, to pay any amounts when due on our debt or to make any funds available to us to pay such amounts and satisfy our other corporate funding needs, including payment of dividends on our capital stock. As a result, our debt will effectively be subordinated to all existing and future preferred equity and liabilities of our subsidiaries and project affiliates, including holders of their debt, trade creditors, secured creditors, taxing authorities and guarantee holders, and our rights and hence the rights of our creditors to participate in any distribution of assets of any subsidiary or project affiliate upon its liquidation or reorganization or otherwise would be subject to the prior claims of that subsidiary's or project affiliate's creditors and preferred equity holders, except to the extent that our claims as a creditor of such subsidiary or project affiliate may be recognized.

We depend on our subsidiaries' and project affiliates' cash flows and our access to capital in order to service our indebtedness and satisfy our other corporate funding needs, including payment of dividends on our capital stock. The debt agreements of subsidiaries and project affiliates generally restrict their ability to pay dividends, make cash distributions or otherwise transfer funds to us. These restrictions may include achieving and maintaining financial performance or debt coverage ratios, absence of events of default, or priority in payment of other current or prospective obligations. Our subsidiaries' ability to pay dividends, make cash distributions or otherwise transfer funds to us may also be limited or restricted by regulatory considerations or applicable law. As a result, we can give no assurances that our subsidiaries and project affiliates will be able to transfer funds to us to meet all of our needs.

Our subsidiaries have financed and may in the future finance some investments using non-recourse project level financing. Each non-recourse project level financing is structured to be repaid out of cash flows provided by the investment. In the event of a default under a financing agreement which is not cured, the lenders would generally have rights to the related assets. In the event of foreclosure after a default, our subsidiary may lose its equity in the asset or may not be entitled to any cash that the asset may generate. Although a default under a project financing agreement is not expected to cause a default with respect to our debt, other debt of the applicable subsidiary, if any, or debt of our other subsidiaries, it may materially affect our ability to service our outstanding indebtedness and satisfy our other corporate funding needs, including payment of dividends on our capital stock.

We can give no assurances that our current and future capital structure, operating performance or financial condition will permit us to access the capital markets or to obtain other financing at the times, in the amounts and on the terms necessary or advisable for us to successfully carry out our business strategy and to service our indebtedness and satisfy our other corporate funding needs, including payment of dividends on our capital stock.

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USE OF PROCEEDS

Unless otherwise indicated in the applicable prospectus supplement, we will use the net proceeds from the sale of the securities for general corporate purposes, including repayment of outstanding debt.

DESCRIPTION OF THE SENIOR AND SUBORDINATED DEBT SECURITIES

We may issue from time to time one or more series of the senior debt securities under our Senior Debt Indenture dated as of November 1, 1998 between us and US Bank National Association, as Senior Trustee, or one or more series of the subordinated debt securities under our Subordinated Debt Indenture to be entered into between us and US Bank National Association, as Subordinated Trustee. The term "Trustee" refers to either the Senior Trustee or the Subordinated Trustee, as appropriate. We will provide information about these debt securities in a prospectus supplement.

The Senior Debt Indenture and the form of Subordinated Debt Indenture (sometimes together referred as the "Indentures" and, individually, as an "Indenture") are incorporated by reference as exhibits to the registration statement of which this prospectus is a part. The Indentures are subject to and governed by the Trust Indenture Act of 1939, as amended. We have summarized the material terms and provisions of the Indentures. Because this section is a summary, it does not describe every aspect of the debt securities and the Indentures. We urge you to read the Indenture that governs your debt securities for provisions that may be important to you.

Provisions Applicable to Both the Senior and Subordinated Indentures

General

The debt securities will be our unsecured obligations. The senior debt securities will rank equally with all of our other unsecured and unsubordinated indebtedness. The subordinated debt securities will be subordinated in right of payment to the prior payment in full of our senior indebtedness as described below under "— Subordinated Indenture Provisions." In this section, unless the context requires otherwise, the words "we," "our," "ours" and "us" refer to Public Service Enterprise Group Incorporated and not its consolidated subsidiaries.

Because we are a holding company and conduct all of our operations through our subsidiaries and project affiliates, holders of our debt securities will generally have a junior position to claims of creditors, including trade creditors, debt holders, secured creditors, taxing authorities and guarantee holders, and any preferred stockholders of those subsidiaries and project affiliates other than, in each case, where we are recognized as a creditor of such subsidiary or project affiliate. As of October 31, 2014, PSE&G had no shares of its preferred stock outstanding. Our subsidiaries have ongoing corporate debt programs used to finance their business activities. As of October 31, 2014, our subsidiaries and project affiliates had approximately $8.6 billion of recourse debt outstanding. See "Risk Factors."

Each Indenture provides that any debt securities proposed to be sold under this prospectus and the relevant prospectus supplement may be issued in an unlimited amount under that Indenture in one or more series, in each case as authorized by us from time to time.

You should read the relevant prospectus supplement for a description of the material terms of each series of debt securities being offered, including:

- the title of the debt securities and whether the debt securities will be senior debt securities or subordinated debt securities;
- the aggregate principal amount of the debt securities and any limit on the aggregate principal amount of the debt securities of that series;
- if less than the principal amount of the debt securities is payable upon acceleration of the maturity of the debt securities, the portion that will be payable or how this portion will be determined;
- the date or dates, or how the date or dates will be determined or extended, on which the principal of the debt securities will be payable;

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- the rate or rates of interest, which may be fixed or variable, that the debt securities will bear, if any, or how the rate or rates will be determined;
- the terms of any remarketing of the debt securities;
- the date or dates from which interest, if any, on the debt securities will accrue or how the date or dates will be determined;
- the interest payment dates, if any, and the record dates for any interest payments or how the date or dates will be determined;
- the basis upon which interest will be calculated if other than that of a 360-day year of twelve 30-day months;
- the right, if any, to extend or defer interest payment periods and the duration of any extension or deferral;
- any optional redemption provisions;
- any sinking fund or other provisions that would obligate us to repurchase or otherwise redeem the debt securities;
- whether the debt securities will be issued as registered securities, bearer securities or both and any applicable restrictions;
- whether the debt securities will be issuable in temporary or permanent global form and any applicable restrictions or limitations;
- the place or places where the principal of and any premium and interest on the debt securities will be payable and to whom and how those payments will be made;
- whether the debt securities are convertible into or exchangeable for any other securities and, if so, the applicable terms and conditions;
- the denominations in which the debt securities will be issuable, if other than $1,000 or any integral multiple thereof in the case of registered securities and $5,000 in the case of bearer securities;
- the index, formula or other method, if any, with reference to which the amount of principal of or any premium or interest on the debt securities will be determined and the manner in which such amounts will be determined;
- if other than the applicable Trustee, the identity of each security registrar and/or paying agent;
- the applicability of the provisions of the applicable Indenture described below under "— Satisfaction and Discharge, Full Defeasance and Covenant Defeasance" and any provisions in modification of, in addition to or in lieu of any of these provisions;
- whether and under what circumstances we will pay additional amounts in respect of any tax, assessment or governmental charge and, if so, whether we will have the option to redeem the debt securities rather than pay the additional amounts (and the terms of this option);
- any deletions, additions or changes in the events of default in the applicable Indenture and any change in the right of the applicable Trustee or the holders to declare the principal amount of the debt securities due and payable;
- any deletions, additions or changes in the covenants in the applicable Indenture;
- the applicability of or any change in the subordination provisions of the Subordinated Indenture for a series of subordinated debt securities;
- any provisions granting special rights to holders of the debt securities upon the occurrence of specified events; and
- any other material terms of the debt securities.

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If applicable, the prospectus supplement will also set forth information concerning any other securities offered thereby and a discussion of federal income tax considerations relevant to the securities being offered.

For purposes of this prospectus, any reference to the payment of principal of or premium or interest, if any, on the debt securities will include the payment of any additional amounts required by the terms of the debt securities.

Debt securities may provide for less than the entire principal amount to be payable upon acceleration of the maturity date ("original issue discount securities"). Federal income tax and other matters concerning any original issue discount securities will be discussed in the applicable prospectus supplement.

Neither Indenture limits the amount of debt securities that may be issued in distinct series from time to time. Debt securities issued under an Indenture are referred to, when a single Trustee is acting as trustee for all debt securities issued under an Indenture, as the "indenture securities." Each Indenture provides that there may be more than one Trustee thereunder, each with respect to one or more different series of indenture securities. See "— Resignation of Trustee" below. At a time when two or more Trustees are acting under either Indenture, each with respect to only certain series, the term indenture securities will mean the one or more series with respect to which each respective Trustee is acting. In the event that there is more than one Trustee under either Indenture, the powers and trust obligations of each Trustee as described herein will extend only to the one or more series of indenture securities for which it is Trustee. If two or more Trustees are acting under either Indenture, then the indenture securities for which each Trustee is acting would in effect be treated as if issued under separate indentures.

The general provisions of the Indentures do not contain any provisions that would limit our ability to incur indebtedness or that would afford holders of debt securities protection in the event of a highly leveraged or similar transaction involving us. Please refer to the prospectus supplement for information with respect to any deletions from, modifications of or additions to the events of default or our covenants that are described below, including any addition of a covenant or other provision providing event risk or similar protection.

We have the ability, without the consent of the holders thereof, to issue indenture securities with terms different from those of indenture securities previously issued and to reopen a previous series of indenture securities and issue additional indenture securities of that series, unless the reopening was restricted when that series was created.

Denominations, Registration and Transfer

Debt securities of a series may be issuable solely as registered securities, solely as bearer securities or as both registered securities and bearer securities. The Indentures also provide that debt securities of a series may be issuable in global form. See "— Book-Entry Debt Securities." Unless otherwise provided in the prospectus supplement, debt securities denominated in U.S. dollars (other than global securities, which may be of any denomination) are issuable in denominations of $1,000 or any integral multiples of $1,000 (in the case of registered securities) and in the denomination of $5,000 (in the case of bearer securities). Unless otherwise indicated in the prospectus supplement, bearer securities will have interest coupons attached.

Registered securities will be exchangeable for other registered securities of the same series. If provided in the prospectus supplement, bearer securities (with all unmatured coupons, except as provided below, and all matured coupons which are in default) of any series may be similarly exchanged for registered securities of the same series of any authorized denominations and of a like aggregate principal amount and tenor. If so provided, bearer securities surrendered in exchange for registered securities between a regular record date or a special record date and the relevant date for payment of interest will be surrendered without the coupon relating to that date for payment of interest, and interest will not be payable in respect of the registered security issued in exchange for the bearer security, but will be payable only to the holder of the coupon when due in accordance with the terms of the applicable Indenture. Unless otherwise specified in the prospectus supplement, bearer securities will not be issued in exchange for registered securities.

Registered securities of a series may be presented for registration of transfer and debt securities of a series may be presented for exchange

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- at each office or agency required to be maintained by us for payment of that series as described in "— Payment and Paying Agents" below, and
- at each other office or agency that we may designate from time to time for those purposes.

No service charge will be made for any transfer or exchange of debt securities, but we may require payment of any tax or other governmental charge payable in connection with the transfer or exchange.

We will not be required to

- issue, register the transfer of or exchange debt securities during a period beginning at the opening of business 15 days before any selection of debt securities of that series to be redeemed and ending at the close of business on
  - if debt securities of the series are issuable only as registered securities, the day of mailing of the relevant notice of redemption and
  - if debt securities of the series are issuable as bearer securities, the day of the first publication of the relevant notice of redemption, or, if debt securities of the series are also issuable as registered securities and there is no publication, the day of mailing of the relevant notice of redemption;
- register the transfer of or exchange of any registered security, or portion thereof, called for redemption, except the unredeemed portion of any registered security being redeemed in part;
- exchange any bearer security called for redemption, except to exchange the bearer security for a registered security of that series and like tenor that is simultaneously surrendered for redemption; or
- issue, register the transfer of or exchange any debt security which has been surrendered for repayment at the option of the holder, except the portion, if any, of that debt security not to be so repaid.

Payment and Paying Agents

Unless otherwise provided in the prospectus supplement, principal, premium, interest and additional amounts, if any, on registered securities will be payable at any office or agency to be maintained by us in Morristown, New Jersey and The City of New York, except that at our option interest on an interest payment date may be paid

- by check mailed to the address of the person entitled thereto appearing in the security register or
- by wire transfer to an account maintained by the person entitled thereto as specified in the security register.

Unless otherwise provided in the prospectus supplement, payment of any installment of interest due on any interest payment date for registered securities will be made to the person in whose name the registered security is registered at the close of business on the regular record date for that interest.

If debt securities of a series are issuable solely as bearer securities or as both registered securities and bearer securities, unless otherwise provided in the prospectus supplement, we will be required to maintain an office or agency

- outside the United States where, subject to any applicable laws and regulations, the principal of and premium, and interest, if any, on the series will be payable and
- in The City of New York for payments with respect to any registered securities of that series (and for payments with respect to bearer securities of that series in the limited circumstances described below, but not otherwise);

provided that, if required in connection with any listing of debt securities on the Luxembourg Stock Exchange or any other stock exchange located outside the United States, we will maintain an office or agency for those debt securities in any city located outside the United States required by the applicable stock exchange. The initial locations of those offices and agencies will be specified in the prospectus supplement. Unless otherwise provided in the prospectus supplement, principal of and premium, if any, and interest, if any, on bearer securities may be paid by wire transfer to an account maintained by the person entitled thereto with a bank located outside the United States. Unless otherwise provided in the prospectus supplement, payment of installments of interest

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on any bearer securities on or before maturity will be made only against surrender of coupons for those interest installments as they mature. Unless otherwise provided in the prospectus supplement, no payment with respect to any bearer security will be made at any office or agency of ours in the United States or by check mailed to any address in the United States or by transfer to an account maintained with a bank located in the United States. However, payments of principal of and premium, if any, and interest, if any, on bearer securities payable in U.S. dollars will be made at the office of our paying agent in The City of New York if payment of the full amount thereof in U.S. dollars at all offices or agencies outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions.

We may from time to time designate additional offices or agencies, approve a change in the location of any office or agency and, except as provided above, rescind the designation of any office or agency.

Events of Default

The following will constitute events of default under each Indenture with respect to any series of debt securities, unless we state otherwise in the applicable prospectus supplement:

- we do not pay interest on a debt security of that series within 30 days of its due date;
- we do not pay principal of, or any premium on, a debt security of that series on its due date;
- we do not deposit any sinking fund payment when due by the terms of any debt security of that series;
- we remain in breach of a covenant in respect of the debt securities of that series for 60 days after we receive a written notice of default stating we are in breach. The notice must be sent by either the Trustee or holders of at least 25% of the principal amount of debt securities of that series;
- we file for bankruptcy or a court appoints a custodian or orders our liquidation under any bankruptcy law or certain other events in bankruptcy, insolvency or reorganization occur; and
- any other event of default provided with respect to debt securities of that series occurs.

We are required to file with the Trustee, annually, an officer's certificate as to our compliance with all conditions and covenants under the applicable Indenture. Each Indenture provides that the Trustee may withhold notice to the holders of debt securities of a series of any default (except payment defaults on the debt securities of that series) if it considers it in the interest of the holders of debt securities of such series to do so.

If an event of default with respect to debt securities of a series has occurred and is continuing, the Trustee or the holders of not less than 25% in principal amount of outstanding debt securities of that series may declare the applicable principal amount of all of the debt securities of that series to be due and payable immediately.

Subject to the provisions of the applicable Indenture relating to the duties of the Trustee, in case an event of default with respect to debt securities of a series has occurred and is continuing, the Trustee is under no obligation to exercise any of its rights or powers under the Indenture at the request, order or direction of the holders of debt securities of that series, unless the holders of the debt securities of that series have offered the Trustee reasonable indemnity against the expenses and liabilities which might be incurred by it in compliance with that request. Subject to such provisions for the indemnification of the Trustee and to certain other provisions, the holders of a majority in principal amount of the outstanding debt securities of a series will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, with respect to the debt securities of that series.

The holders of a majority in principal amount of the outstanding debt securities of a series may, on behalf of the holders of all debt securities of that series and any related coupons, waive any past default with respect to that series and its consequences, except a default

- in the payment of the principal of, or premium, or interest, if any, on any debt security of that series or any related coupons, or
- relating to a covenant or provision that cannot be modified or amended without the consent of the holder of each outstanding debt security of that series affected by the modification or amendment.

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Merger or Consolidation

Each Indenture provides that we may not consolidate with or merge with or into any other corporation or convey or transfer our properties and assets as an entirety or substantially as an entirety to any person, unless either we are the continuing corporation or such corporation or person assumes by supplemental indenture all of our obligations under such Indenture and the debt securities issued thereunder and immediately after the transaction no default shall exist.

Modification or Waiver

Modification and amendment of each Indenture may be made by us and the Trustee thereunder with the consent of the holders of a majority in principal amount of all outstanding indenture securities issued thereunder that are affected by the modification or amendment. The consent of the holder of each outstanding indenture security affected is, however, required to:

- change the maturity of the principal of or any installment of principal of or interest on that indenture security;
- reduce the principal amount of, or the rate or amount of interest in respect of, or any premium payable upon the redemption of, that indenture security, or change the manner of calculation thereof;
- change our obligation, if any, to pay additional amounts in respect of that indenture security;
- reduce the portion of the principal of an original issue discount security or indexed security that would be due and payable upon a declaration of acceleration of the maturity date thereof or provable in bankruptcy;
- adversely affect any right of repayment at the option of the holder of that indenture security;
- change the place or currency of payment of principal, premium or interest on that indenture security;
- impair the right to institute suit for the enforcement of any such payment on or after the maturity date, redemption date or repayment date;
- adversely affect any right to convert or exchange that indenture security;
- reduce the percentage in principal amount of outstanding indenture securities required to amend or waive compliance with certain provisions of the applicable Indenture or to waive certain defaults;
- reduce the requirements for voting or quorum described below; or
- modify any of the foregoing requirements or any of the provisions relating to waiving past defaults or compliance with certain restrictive provisions, except to increase the percentage of holders required to effect any such waiver or to provide that certain other provisions of the Indenture cannot be modified or waived without the consent of the holders of each indenture security affected thereby.

In addition, under the Subordinated Indenture, no modification or amendment thereof may, without the consent of the holder of each outstanding subordinated indenture security affected thereby, modify any of the provisions of that Indenture relating to the subordination of the subordinated indenture securities in a manner adverse to the holders and no such modification or amendment may adversely affect the rights of any holder of senior indebtedness described under the caption "— Subordinated Debt Indenture Provisions" without the consent of that holder of senior indebtedness.

The holders of a majority in aggregate principal amount of outstanding indenture securities have the right to waive our compliance with certain covenants in the applicable Indenture.

Modification and amendment of each Indenture may be made by the Trustee and us, without the consent of any holder, for any of the following purposes:

- to evidence the succession of another person to us as obligor under such Indenture;
- to add to our covenants for the benefit of the holders of all or any series of indenture securities issued under the Indenture or to surrender any right or power conferred upon us by the Indenture;

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- to add events of default for the benefit of the holders of all or any series of indenture securities;
- to add to or change any provisions of the Indenture to facilitate the issuance of, or to liberalize the terms of, bearer securities, or to permit or facilitate the issuance of indenture securities in uncertificated form, provided that any such actions do not adversely affect the holders of the indenture securities or any related coupons;
- to change or eliminate any provisions of the Indenture, as long as that change or elimination will become effective only when there are no indenture securities outstanding entitled to the benefit of those provisions;
- to secure the indenture securities under the applicable Indenture pursuant to any requirements of the Indenture, or otherwise;
- to establish the form or terms of indenture securities of any series and any related coupons;
- to evidence and provide for the acceptance of appointment by a successor Trustee or facilitate the administration of the trusts under the Indenture by more than one Trustee;
- to cure any ambiguity, defect or inconsistency in the Indenture, provided that such action does not adversely affect the interests of holders of indenture securities of a series issued thereunder or any related coupons in any material respect; or
- to supplement any of the provisions of the Indenture to the extent necessary to permit or facilitate defeasance and discharge of any series of indenture securities thereunder, provided that the action does not adversely affect the interests of the holders of any indenture securities and any related coupons in any material respect.

In determining whether the holders of the requisite principal amount of outstanding indenture securities have given any request, demand, authorization, direction, notice, consent or waiver under the applicable Indenture or whether a quorum is present at a meeting of holders of indenture securities thereunder,

- the principal amount of an original issue discount security that will be deemed to be outstanding will be the amount of the principal thereof that would be due and payable as of the date of such determination upon acceleration of the maturity thereof,
- the principal amount of an indexed security that may be counted in making such determination will be equal to the principal face amount of the indexed security at original issuance, unless otherwise provided with respect to the indexed security pursuant to the Indenture and
- indenture securities owned by us or any other obligor upon the indenture securities or any affiliate of ours or of any other obligor shall be disregarded.

Each Indenture contains provisions for convening meetings of the holders of indenture securities of a series if indenture securities of that series are issuable as bearer securities. A meeting may be called at any time by the Trustee, and also, upon request, by us or the holders of at least 10% in principal amount of the outstanding indenture securities of that series, in any such case upon notice given as provided in the applicable Indenture. Except for any consent that must be given by the holder of each indenture security affected thereby, as described above, any resolution presented at a meeting at which a quorum is present may be adopted by the affirmative vote of the holders of a majority in principal amount of the outstanding indenture securities of that series; except that any resolution with respect to any action that may be made, given or taken by the holders of a specified percentage which is less than a majority in principal amount of the outstanding indenture securities of a series may be adopted at a meeting at which a quorum is present by the affirmative vote of the holders of that specified percentage in principal amount of the outstanding indenture securities of that series. Any resolution passed or decision taken at any meeting of holders of indenture securities of a series held in accordance with the applicable Indenture will be binding on all holders of indenture securities of that series and any related coupons whether or not present or represented at the meeting. The quorum at any meeting called to adopt a resolution will be persons holding or representing a majority in principal amount of the outstanding indenture securities of a series; except that, if any action is to be taken at the meeting with respect to a consent or waiver which may be given by the holders of not less than a specified percentage in principal amount of the outstanding indenture

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securities of a series, the persons holding or representing that specified percentage in principal amount of the outstanding indenture securities of that series will constitute a quorum.

Satisfaction and Discharge, Full Defeasance and Covenant Defeasance

We may discharge certain of our obligations to holders of debt securities of a series that have not already been delivered to the applicable Trustee for cancellation and that either have become due and payable or are due and payable within one year (or scheduled for redemption within one year) by irrevocably depositing with the applicable Trustee, in trust, funds in an amount sufficient to make interest, principal and any other payments on the debt securities on their various due dates.

Each Indenture provides that, if the series of debt securities provides for it, we may elect either to defease and be discharged from any and all obligations with respect to such debt securities and any related coupons, with certain limited exceptions (this is called "full defeasance") or to be released from our obligations under any specified covenant with respect to those debt securities and any related coupons, and any omission to comply with those obligations shall not constitute a default or an event of default with respect to those debt securities and any related coupons (this is called "covenant defeasance").

In order to effect full defeasance or covenant defeasance, we must deposit for the benefit of all holders of the debt securities of the particular series a combination of cash and/or U.S. government securities or U.S. government agency notes or bonds that will generate enough cash to make interest, principal and other payments on the debt securities on their various due dates.

A trust may only be established if, among other things, we have delivered to the Trustee a legal opinion stating that the holders of the debt securities and any related coupons will not recognize income, gain or loss for United States federal income tax purposes as a result of the full defeasance or covenant defeasance and will be subject to United States federal income tax on the same amounts, in the same manner and at the same times as would have been the case if the full defeasance or covenant defeasance had not occurred, and the legal opinion, in the case of full defeasance, must refer to and be based upon a ruling of the Internal Revenue Service or a change in applicable United States federal income tax law occurring after the date of the applicable Indenture.

In the event we effect covenant defeasance with respect to any debt securities and any related coupons and those debt securities and coupons are declared due and payable because of the occurrence of certain events of default with respect to any covenant as to which there has been covenant defeasance, the amount of funds on deposit with the Trustee will be sufficient to pay amounts due on those debt securities and coupons at the time of their stated maturity date but may not be sufficient to pay amounts due on those debt securities and coupons at the time of the acceleration resulting from the event of default. In such case, we would remain liable to make payment of those amounts due at the time of acceleration.

The prospectus supplement may further describe the provisions, if any, permitting full defeasance or covenant defeasance, including any modifications to the provisions described above, with respect to the debt securities of or within a particular series and any related coupons.

Book-Entry Debt Securities

Debt securities of a series may be issued, in whole or in part, in global form that will be deposited with, or on behalf of, a depositary identified in the prospectus supplement. Global securities may be issued in either registered or bearer form and in either temporary or permanent form (a "global security"). Unless otherwise provided in the prospectus supplement, debt securities that are represented by a global security will be issued in denominations of $1,000 and any integral multiple thereof, and will be issued in registered form only, without coupons. Payments of principal of (and premium, if any) and interest, if any, on debt securities represented by a global security will be made by us to the applicable Trustee and then by the applicable Trustee to the depositary.

We anticipate that any global securities will be deposited with, or on behalf of, The Depository Trust Company ("DTC"), New York, New York, that global securities will be registered in the name of DTC's nominee, and that the following provisions will apply to the depositary arrangements with respect to any global securities. Additional or differing terms of the depositary arrangements will be described in the prospectus supplement.

So long as DTC or its nominee is the registered owner of a global security, DTC or its nominee, as the case may be, will be considered the sole holder of the debt securities represented by such global security for all

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purposes under the applicable Indenture. Except as provided below, owners of beneficial interests in a global security will not be entitled to have debt securities represented by the global security registered in their names, will not receive or be entitled to receive physical delivery of debt securities in certificated form and will not be considered the owners or holders thereof under the applicable Indenture. The laws of some states require that certain purchasers of securities take physical delivery of such securities in certificated form; those laws may limit the transferability of beneficial interests in a global security.

If

- DTC is at any time unwilling, unable or ineligible to continue as depositary and a successor depositary is not appointed by us within 90 days following notice to us;
- we determine, in our sole discretion, not to have any debt securities represented by one or more global securities; or
- an event of default under the applicable Indenture has occurred and is continuing,

then we will issue individual debt securities in certificated form in exchange for the relevant global securities. In any such instance, an owner of a beneficial interest in a global security will be entitled to physical delivery of individual debt securities in certificated form of like tenor and rank, equal in principal amount to such beneficial interest and to have such debt securities in certificated form registered in its name. Unless otherwise provided in the prospectus supplement, debt securities so issued in certificated form will be issued in denominations of $1,000 or any integral multiple thereof and will be issued in registered form only, without coupons.

The following is based on information furnished by DTC and applies to the extent that it is the depositary, unless otherwise provided in the prospectus supplement:

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities that its participants deposit with it. DTC also facilitates the post-trade settlement among its participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges in its participants' accounts. This eliminates the need for physical movement of securities certificates. Direct participants of DTC include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation. The Depository Trust & Clearing Corporation is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. The Depository Trust & Clearing Corporation is owned by the users of its regulated subsidiaries. Access to DTC's system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly. DTC rules applicable to its participants are on file with the SEC.

Except as otherwise provided in this prospectus or a prospectus supplement, purchases of debt securities under DTC's system must be made by or through direct participants, which will receive a credit for those debt securities on DTC's records. The beneficial ownership interest of each actual purchaser of each debt security represented by a global security ("beneficial owner") is in turn to be recorded on the records of the direct and indirect participants' records. Beneficial owners will not receive written confirmation from DTC of their purchase. Beneficial owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the direct or indirect participants through which the beneficial owner entered into the transaction. Transfers of ownership interests in a global security representing debt securities are to be accomplished by entries made on the books of direct and indirect participants acting on behalf of beneficial owners. Beneficial owners of a global security representing debt securities will not receive certificates representing their ownership interests in a global security, except in the event that use of the book-entry system for those debt securities is discontinued.

To facilitate subsequent transfers, all global securities representing debt securities deposited by direct participants with DTC are registered in the name of DTC's nominee, Cede & Co. ("Cede"), or such other name

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as may be requested by an authorized representative of DTC. The deposit of global securities with DTC and their registration in the name of Cede or such other nominee of DTC do not effect any change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the global securities representing the debt securities; DTC's records reflect only the identity of the direct participants to whose accounts such debt securities are credited, which may or may not be the beneficial owners. The direct and indirect participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants, and by direct participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

If applicable, redemption notices will be sent to Cede. If less than all of the debt securities within a series are being redeemed, DTC's practice is to determine by lot the amount of the interest of each direct participant in that issue to be redeemed.

Neither DTC nor Cede (nor any other nominee of DTC) will consent or vote with respect to the global securities representing debt securities unless authorized by a direct participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an omnibus proxy to us as soon as possible after the applicable record date. The omnibus proxy assigns Cede's consenting or voting rights to those direct participants to whose accounts book-entry securities are credited on the applicable record date (identified in a listing attached to the omnibus proxy).

Redemption proceeds, distributions and dividend payments on the global securities representing the debt securities will be made to Cede, or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit direct participants' accounts, upon DTC's receipt of funds and corresponding detailed information from us or the applicable Trustee, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such participant and not of DTC, the applicable Trustee or us, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments to Cede (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of us or the applicable Trustee, disbursement of such payments to direct participants will be the responsibility of DTC, and disbursement of such payments to the beneficial owners will be the responsibility of direct and indirect participants.

A beneficial owner will give notice of any option to elect to have its debt securities purchased or tendered, through its participant, to the applicable Trustee, and will effect delivery of such debt securities by causing the direct participant to transfer the participant's interest in the global security representing those debt securities, on DTC's records, to such Trustee. The requirement for physical delivery of debt securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the global security representing those debt securities are transferred by direct participants on DTC's records and followed by a book-entry credit of tendered debt securities to the applicable Trustee's account with DTC.

DTC may discontinue providing its services as depositary with respect to debt securities at any time by giving reasonable notice to us or the applicable Trustee. Under those circumstances, in the event that a successor depositary is not obtained, certificates are required to be printed and delivered.

We may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that we believe to be reliable, but we take no responsibility for the accuracy thereof.

Unless stated otherwise in the prospectus supplement, the underwriters or agents with respect to a series of debt securities issued as global securities will be direct participants in DTC.

None of any underwriter or agent, the Trustees, any applicable paying agent or us will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial interests in a global security, or for maintaining, supervising or reviewing any records relating to such beneficial interests.

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Resignation of Trustee

Each Trustee may resign or be removed with respect to one or more series of indenture securities and a successor Trustee may be appointed to act with respect to the series. In the event that two or more persons are acting as Trustee with respect to different series of indenture securities under one of the Indentures, each such Trustee shall be a Trustee of a trust thereunder separate and apart from the trust administered by any other Trustee, and any action described herein to be taken by the Trustee may then be taken by each Trustee with respect to, and only with respect to, the one or more series of indenture securities for which it is Trustee.

Subordinated Debt Indenture Provisions

Upon any distribution of our assets upon any dissolution, winding up, liquidation or reorganization, the payment of the principal of and premium and interest, if any, on subordinated debt securities is to be subordinated to the extent provided in the Subordinated Debt Indenture in right of payment to the prior payment in full of all Senior Indebtedness, but our obligation to make payment of the principal of and premium and interest, if any, on the subordinated debt securities will not otherwise be affected. In addition, no payment on account of the principal of or premium or interest, if any, on the subordinated debt securities may be made at any time unless full payment of all amounts due in respect of the principal of and premium and interest, if any, on Senior Indebtedness has been made or duly provided for in money.

In the event that, notwithstanding the foregoing, any payment by us is received by the Subordinated Trustee or the holders of any of the subordinated debt securities before all Senior Indebtedness is paid in full, the payment or distribution shall be paid over to the holders of the Senior Indebtedness or on their behalf for application to the payment of all the Senior Indebtedness remaining unpaid until all the Senior Indebtedness has been paid in full, after giving effect to any concurrent payment or distribution to the holders of the Senior Indebtedness. Subject to the payment in full of all Senior Indebtedness upon this distribution, the holders of the subordinated debt securities will be subrogated to the rights of the holders of the Senior Indebtedness to the extent of payments made to the holders of the Senior Indebtedness out of the distributive share of the subordinated debt securities.

By reason of the subordination, in the event of a distribution of assets upon insolvency, certain of our general creditors may recover more, ratably, than holders of the subordinated securities. The Subordinated Indenture provides that the subordination provisions thereof will not apply to money and securities held in trust pursuant to the defeasance provisions of the Subordinated Indenture.

If this prospectus is being delivered in connection with a series of subordinated debt securities, the accompanying prospectus supplement or the information incorporated by reference therein will set forth the definition of Senior Indebtedness and the approximate amount of Senior Indebtedness outstanding as of a recent date.

Governing Law

The Indentures and the debt securities will be governed by, and construed in accordance with, the laws of the State of New Jersey.

The Trustee under the Senior Debt Indenture and the Subordinated Debt Indenture

US Bank National Association, the Trustee under our Senior Debt Indenture dated as of November 1, 1998 with respect to our senior debt securities, will also be trustee under the Subordinated Debt Indenture to be entered into with respect to our subordinated debt securities. In the event that the Trustee's position as trustee under the Senior Debt Indenture and the Subordinated Debt Indenture creates a conflict for the Trustee, under certain circumstances, the Trustee will resign as trustee under either the Senior Debt Indenture or the Subordinated Debt Indenture.

US Bank National Association is trustee under various indentures relating to our subsidiaries and affiliates. Our subsidiaries, our affiliates and we maintain other normal banking relationships, including credit facilities and lines of credit, with US Bank National Association.

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DESCRIPTION OF THE CAPITAL STOCK

The following description summarizes the material terms of our capital stock. Because this section is a summary, it does not describe every aspect of our capital stock. For additional information, you should refer to the applicable provisions of the New Jersey Business Corporation Act and our Certificate of Incorporation, as amended (the "Charter"), and By-Laws, as amended. Our Charter and By-Laws are exhibits to the registration statement of which this prospectus is a part.

Authorized Capital

Our authorized capital stock consists of 1,000,000,000 shares of common stock, without par value, and 50,000,000 shares of preferred stock, without par value.

Common Stock

General. As of October 31, 2014, 506,043,534 shares of our common stock were issued and outstanding. The outstanding shares of our common stock are, and any shares of common stock offered by a future prospectus supplement when issued and paid for will be, fully paid and non-assessable.

Dividend Rights. Holders of our common stock are entitled to such dividends as may be declared from time to time by our board of directors from legally available funds after payment of all amounts owed on any preferred stock that may be outstanding.

Voting Rights. Holders of our common stock are entitled to one vote for each share held by them on all matters presented to shareholders.

Liquidation Rights. After satisfaction of our creditors and the preferential liquidation rights of any preferred stock, the holders of our common stock are entitled to share, ratably, in the distribution of all remaining net assets.

Redemption Rights. The shares of our common stock are not subject to redemption or to any further calls or assessments and are not entitled to the benefit of any sinking fund provisions.

Transfer Agents and Registrars

The transfer agent and registrar for our common stock is Wells Fargo Shareowner Services, a division of Wells Fargo Bank, N.A.

Preferred Stock

Our board of directors is authorized, without further shareholder action, to divide the preferred stock into one or more classes or series and to determine the designations, preferences, limitations and special rights of any class or series including, but not limited to, the following:

- the rate (or manner of calculation of the rate) of dividends, if any, payable and whether such dividends are payable on a cumulative basis, and the frequency of any such payments;
- the rights, if any, of the holders of shares of the series upon our voluntary or involuntary liquidation, dissolution or winding-up;
- the terms and conditions upon which shares may be converted into shares of other series or other capital stock, if issued with the privilege of conversion;
- the price at and the terms and conditions upon which shares may be redeemed; and
- the voting rights, if any.

As of the date of this prospectus, no shares of preferred stock are outstanding.

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DESCRIPTION OF THE STOCK PURCHASE CONTRACTS AND STOCK PURCHASE UNITS

We may issue stock purchase contracts representing contracts obligating holders to purchase from us, and us to sell to the holders, a specified number of shares of our common stock (or a range of numbers of shares pursuant to a predetermined formula) at a future date or dates. The price per share of our common stock and number of shares of our common stock may be fixed at the time the stock purchase contracts are issued or may be determined by reference to a specific formula set forth in the stock purchase contracts.

The stock purchase contracts may be issued separately or as a part of units, known as stock purchase units, consisting of a stock purchase contract and our debt securities or debt obligations of third parties (including United States Treasury securities), that would secure the holders' obligations to purchase our common stock under the stock purchase contracts. The stock purchase contracts may require us to make periodic payments to the holders of the stock purchase units or vice-versa. These payments may be unsecured or prefunded on some basis.

The applicable prospectus supplement will describe the terms of any stock purchase contracts or stock purchase units and, if applicable, debt securities and will contain a discussion of the material United States federal income tax considerations applicable to the stock purchase contracts and stock purchase units. The description in the applicable prospectus supplement will not contain all of the information you may find useful, and reference will be made to the stock purchase contracts, and, if applicable, the debt securities securing the holders' obligations thereunder and the related collateral or depositary arrangements relating to the stock purchase contracts or stock purchase units.

PLAN OF DISTRIBUTION

We may sell the securities directly to purchasers or indirectly through underwriters, dealers or agents. The names of any such underwriters, dealers or agents will be set forth in the relevant prospectus supplement. We will also set forth in the relevant prospectus supplement:

- the terms of the offering of the securities;
- the proceeds we will receive from the offering;
- any underwriting discounts and other items constituting underwriters' compensation;
- any initial public offering price;
- any discounts or concessions allowed or reallowed or paid to dealers; and
- any securities exchanges on which we may list the securities.

We may distribute the securities from time to time in one or more transactions at:

- a fixed price;
- prices that may be changed;
- market prices at the time of sale;
- prices related to prevailing market prices; or
- negotiated prices.

We will describe the method of distribution in the relevant prospectus supplement.

If we use underwriters with respect to an offering of the securities, we will set forth in the relevant prospectus supplement:

- the name of the managing underwriter, if any;
- the names of any other underwriters; and
- the terms of the transaction, including any underwriting discounts and other items constituting compensation of the underwriters and dealers, if any.

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The underwriters will acquire any securities for their own accounts and they may resell the securities from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price and at varying prices determined at the time of sale.

Any initial public offering price and any discounts or concessions allowed or reallowed or paid to dealers may be changed from time to time. We anticipate that any underwriting agreement pertaining to any securities will:

- entitle the underwriters to indemnification by us against certain civil liabilities, including liabilities under the Securities Act, or to contribution with respect to payments that the underwriters may be required to make related to any such civil liability;
- subject the obligations of the underwriters to certain conditions precedent; and
- obligate the underwriters to purchase all securities offered in a particular offering if any such securities are purchased.

If we use a dealer in an offering of the securities, we will sell such securities to the dealer, as principal. The dealer may then resell the securities to the public at varying prices to be determined by such dealer at the time of resale. We will set forth the name of the dealer and the terms of the transaction in the prospectus supplement.

If we use an agent in an offering of the securities, we will name the agent and describe the terms of the agency in the relevant prospectus supplement. Unless we indicate otherwise in the prospectus supplement, we will require an agent to act on a best efforts basis for the period of its appointment.

We may enter into derivative transactions with third parties, or sell securities not covered by this prospectus to third parties in privately negotiated transactions. If the applicable prospectus supplement indicates, in connection with those derivatives, the third parties may sell securities covered by this prospectus and the applicable prospectus supplement, including in short sale transactions. If so, the third party may use securities pledged by us or borrowed from us or others to settle those sales or to close out any related open borrowings of stock, and may use securities received from us in settlement of those derivatives to close out any related open borrowings of stock. The third party in such sale transactions will be an underwriter and, if not identified in this prospectus, will be identified in the applicable prospectus supplement.

Dealers and agents named in a prospectus supplement may be considered underwriters of the securities described in the prospectus supplement under the Securities Act. We may indemnify them against certain civil liabilities under the Securities Act.

If underwriters are used in the sale, to facilitate the offering of securities, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of such securities. Specifically, the underwriters may over-allot in connection with the offering, creating a short position in such securities for their own accounts. In addition, to cover over-allotments or to stabilize the price of such securities, the underwriters may bid for, and purchase, such securities in the open market. Finally, in any offering of securities through a syndicate of underwriters, the underwriting syndicate may reclaim selling concessions allowed to an underwriter or a dealer for distributing such securities in the offering, if the syndicate repurchases previously distributed securities in transactions to cover syndicate short positions, in stabilization transactions or otherwise. Any of these activities may stabilize or maintain the market price of such securities above independent market levels. The underwriters are not required to engage in these activities, and may end any of these activities at any time.

In the ordinary course of business, we may engage in transactions with underwriters, dealers, agents and their affiliates and they may perform services for us.

We may solicit offers to purchase the securities and make sales directly to institutional investors or others who may be considered underwriters under the Securities Act with respect to such sales. We will describe the terms of any such offer in the relevant prospectus supplement. We may also sell the securities through competitive bidding procedures described in the relevant prospectus supplement.

If we authorize underwriters or other agents to solicit offers to purchase the securities from institutional investors pursuant to contracts providing for payment and delivery at a future date, we will indicate that we are doing so in the relevant prospectus supplement.

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Each series of securities will be a new issue and, except for the common stock, which is listed on the New York Stock Exchange, will have no established trading market. We may elect to list any series of new securities on an exchange, or in the case of the common stock, on any additional exchange, but unless we advise you differently in the prospectus supplement, we have no obligation to cause any securities to be so listed. Any underwriters that purchase securities for public offering and sale may make a market in the securities, but such underwriters will not be obligated to do so and may discontinue any market making at any time without notice. We make no assurance as to the liquidity of, or the development or maintenance of, any trading markets for any securities.

We will estimate our expenses associated with any offering of the securities in the relevant prospectus supplement.

LEGAL MATTERS

The validity of the securities, including the binding nature of debt securities, to be issued by us will be passed upon for us by M. Courtney McCormick, Esquire, our Deputy General Counsel, or Tamara L. Linde, Esquire, our Executive Vice President and General Counsel, and for any underwriters, dealers or agents by Sidley Austin LLP, New York, New York, who may rely on the opinion of Ms. McCormick or Ms. Linde as to matters of New Jersey law. Mses. McCormick and Linde own shares of our common stock. Sidley Austin LLP has from time to time represented and continues to represent us and our affiliates in connection with certain unrelated legal matters.

EXPERTS

The consolidated financial statements and the related consolidated financial statement schedule incorporated in this prospectus by reference from our Annual Report on Form 10-K and the effectiveness of our internal control over financial reporting have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports which are incorporated herein by reference. Such consolidated financial statements and consolidated financial statement schedule have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

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$700,000,000

Public Service Enterprise Group Incorporated

2.650% Senior Notes Due 2022

PROSPECTUS SUPPLEMENT
November 2, 2017

Joint Book-Running Managers

Barclays
J.P. Morgan
Morgan Stanley
CIBC Capital Markets
RBC Capital Markets
TD Securities

Co-Managers

BNY Mellon Capital Markets, LLC
PNC Capital Markets LLC
US Bancorp
Loop Capital Markets

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CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities Offered	Maximum Aggregate Offering Price	Amount of Registration Fee(1)
1.600% Senior Notes due November 15, 2019	$400,000,000	$46,360
2.000% Senior Notes due November 15, 2021	$300,000,000	$34,770

(1) The filing fee of $81,130 is calculated in accordance with Rule 457(r) under the Securities Act of 1933 and relates to the Registration Statement on Form S-3 (No. 333-200352) filed by Public Service Enterprise Group Incorporated on November 18, 2014.

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Filed Pursuant to Rule 424(b)(2)
Registration Statement No. 333-200352

PROSPECTUS SUPPLEMENT
NOVEMBER 3, 2016
TO PROSPECTUS DATED NOVEMBER 18, 2014

$700,000,000

Public Service Enterprise Group Incorporated

$400,000,000 1.600% Senior Notes Due 2019
$300,000,000 2.000% Senior Notes Due 2021

We will pay interest on the 1.600% Senior Notes due 2019, or the 2019 Senior Notes, semi-annually on May 15 and November 15 of each year, beginning on May 15, 2017. The 2019 Senior Notes will mature at par on November 15, 2019, unless we redeem them in accordance with their terms prior to such date.

We will pay interest on the 2.000% Senior Notes due 2021, or the 2021 Senior Notes, semi-annually on May 15 and November 15 of each year, beginning on May 15, 2017. The 2021 Senior Notes will mature at par on November 15, 2021, unless we redeem them in accordance with their terms prior to such date. We refer to the 2019 Senior Notes and the 2021 Senior Notes collectively as the Senior Notes.

The Senior Notes will be our senior unsecured obligations and will rank equally in right of payment amongst themselves and with our other existing and future senior unsecured indebtedness; senior in right of payment to any of our indebtedness that is expressly subordinated in right of payment to the Senior Notes; effectively junior in right of payment to any of our future secured indebtedness to the extent of the value of the assets securing such indebtedness; and structurally junior to all indebtedness and other liabilities of our subsidiaries.

We may redeem some or all of the Senior Notes of each series at any time at the applicable redemption price, as more fully described in this prospectus supplement under the caption "Description of the Senior Notes —Optional Redemption." There is no sinking fund for the Senior Notes.

Each series of Senior Notes will be issued only in registered form in denominations of $2,000 and integral multiples of $1,000 in excess thereof.

Investing in the Senior Notes involves risks. See "Risk Factors" beginning on page 6 of the accompanying prospectus, as well as the risk factors contained in our Annual Report on Form 10-K for the year ended December 31, 2015 and in our other periodic reports filed with the Securities and Exchange Commission, which are incorporated herein by reference.

	Per 2019 Senior Note	Total	Per 2021 Senior Note	Total
Public Offering Price[1]	99.883%	$399,532,000	99.810%	$299,430,000
Underwriting Discount	0.350%	$ 1,400,000	0.600%	$ 1,800,000
Proceeds, Before Expenses, to PSEG[1]	99.533%	$398,132,000	99.210%	$297,630,000

[1] Plus accrued interest, if any, from November 8, 2016, if settlement occurs after that date.

The underwriters expect to deliver the Senior Notes in book-entry form only through The Depository Trust Company, Clearstream Banking, S.A. and Euroclear Bank S.A./N.V. on or about November 8, 2016.

Neither the Securities and Exchange Commission nor any state or other securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Joint Book-Running Managers

Barclays **J.P. Morgan** **RBC Capital Markets**
Scotiabank **Wells Fargo Securities**

Co-Managers

CIBC Capital Markets **Citigroup**
TD Securities **MFR Securities, Inc.**

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You should rely only on the information contained or incorporated by reference or deemed to be incorporated by reference in this prospectus supplement, the accompanying prospectus and any free writing prospectus we may provide to you. We have not, and the underwriters have not, authorized any other person to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted.

You should assume that the information appearing in this prospectus supplement, the accompanying prospectus and any free writing prospectus we may provide to you and any document incorporated by reference herein and therein is only accurate as of the respective dates on the front covers hereof and thereof. Our business, prospects, financial condition, liquidity and results of operations may have changed since such dates.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first is this prospectus supplement, which describes the specific terms of the offering of the Senior Notes and certain other matters relating to us and the underwriters. The second part, the accompanying prospectus, gives more general information about securities we may offer from time to time, some of which information may not apply to the Senior Notes we are offering in this prospectus supplement.

If the description of the Senior Notes varies between this prospectus supplement and the accompanying prospectus, you should rely on the information contained in or incorporated by reference into this prospectus supplement.

Unless we have indicated otherwise, or the context otherwise requires (e.g., in the case of the issuer of the Senior Notes), references in this prospectus supplement and the accompanying prospectus to "PSEG," "we," "us" and "our" or similar terms are to Public Service Enterprise Group Incorporated and its consolidated subsidiaries.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Securities and Exchange Commission, or the SEC, allows us to "incorporate by reference" information that we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference or deemed incorporated by reference is an important part of this prospectus supplement and the accompanying prospectus, and information that we file later with the SEC will be deemed to automatically update and supersede this incorporated information. We incorporate by reference the following documents filed with the SEC and any future filings made with the SEC under Section 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, prior to the termination of the offering of the Senior Notes pursuant to this prospectus supplement (other than, in each case, documents or information deemed to have been furnished and not filed in accordance with SEC rules).

- Our Annual Report on Form 10-K for the year ended December 31, 2015;
- Our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2016, June 30, 2016, and September 30, 2016;
- Portions of our Definitive Proxy Statement on Schedule 14A for the Annual Meeting of Stockholders of PSEG held on April 19, 2016, filed with the SEC on March 14, 2016, that are incorporated by reference into Part III of our Annual Report on Form 10-K for the year ended December 31, 2015; and
- Our Current Reports on Form 8-K filed on April 25, 2016, September 7, 2016, and October 5, 2016, and our amended Current Report on Form 8-K/A filed on February 16, 2016.

You can get a free copy of any of the documents incorporated by reference by making an oral or written request directed to:

Vice President, Investor Relations
PSEG Services Corporation
80 Park Plaza, 6th Floor
Newark, NJ 07102
Telephone (973) 430-6565

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SUMMARY

The following summary contains basic information about us and the offering. It may not contain all of the information that may be important to you in making a decision to purchase the Senior Notes. You should read this entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference or deemed to be incorporated by reference before making your investment decision.

Public Service Enterprise Group Incorporated

We are an energy company with a diversified business mix. Our operations are located primarily in the Northeastern and Mid-Atlantic United States. Our business approach focuses on operational excellence, financial strength and disciplined investment. As a holding company, our profitability depends on our subsidiaries' operating results. Below are descriptions of our two principal direct operating subsidiaries.

Public Service Electric & Gas Company (PSE&G). PSE&G is a public utility company engaged principally in the transmission of electricity and distribution of electricity and natural gas in certain areas of New Jersey. PSE&G is subject to regulation by the New Jersey Board of Public Utilities and the Federal Energy Regulatory Commission. PSE&G also invests in solar generation projects and has also implemented energy efficiency and demand response programs in New Jersey.

PSEG Power LLC (PSEG Power). PSEG Power is a multi-regional, wholesale energy supply company that integrates its generating asset operations and gas supply commitments with its wholesale energy, fuel supply and energy transacting functions primarily in the Northeast and Mid-Atlantic United States through its principal direct wholly owned subsidiaries.

Our other direct wholly owned subsidiaries include PSEG Energy Holdings L.L.C., which primarily has investments in leveraged leases; PSEG Long Island LLC, which operates the Long Island Power Authority's transmission and distribution system under an operations services agreement; and PSEG Services Corporation, which provides certain management, administrative and general services to PSEG and its subsidiaries at cost.

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The Offering

The following summary of the terms of the offering is provided solely for your convenience and is not intended to be complete. You should read and consider the more specific details contained in this prospectus supplement and the accompanying prospectus prior to making a decision to purchase either series of the Senior Notes. See "Description of the Senior Notes" in this prospectus supplement and "Description of the Senior and Subordinated Debt Securities" in the accompanying prospectus.

Issuer	Public Service Enterprise Group Incorporated
Securities Offered	$400,000,000 aggregate principal amount of 1.600% Senior Notes due November 15, 2019. $300,000,000 aggregate principal amount of 2.000% Senior Notes due November 15, 2021.
Ranking	The Senior Notes will be our senior unsecured obligations and will rank equally in right of payment amongst themselves and with our other existing and future senior unsecured indebtedness; senior in right of payment to any of our indebtedness that is expressly subordinated in right of payment to the Senior Notes; effectively junior in right of payment to any of our future secured indebtedness to the extent of the value of the assets securing such indebtedness; and structurally junior to all indebtedness and other liabilities of our subsidiaries. At September 30, 2016, we had approximately $765.0 million of outstanding indebtedness (including letters of credit) that ranks equally with the Senior Notes.
Maturity	The 2019 Senior Notes will mature on November 15, 2019 and the 2021 Senior Notes will mature on November 15, 2021, in each case subject to the provisions described below under " — Optional Redemption."
Optional Redemption	We may redeem the 2019 Senior Notes at any time, in whole or in part, prior to their maturity date and the 2021 Senior Notes at any time, in whole or in part, prior to October 15, 2021 (the date that is one month prior to their maturity date), in each case at a price equal to the greater of (a) 100% of the principal amount of the Senior Notes of such series being redeemed and (b) the sum of the present values of the remaining scheduled payments of principal of and interest on the Senior Notes of such series being redeemed that would be due on their maturity date (in the case of the 2019 Senior Notes) or that would be due if such Senior Notes matured on October 15, 2021 (in the case of the 2021 Senior Notes), exclusive of accrued interest to the redemption date, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below) plus 15 basis points (in the case of the 2019 Senior Notes) or 15 basis points (in the case of the 2021 Senior Notes), plus any accrued and unpaid interest on the principal amount of the Senior Notes of such series being redeemed to, but excluding, the redemption date. In addition, we may redeem the 2021 Senior Notes at any time, in whole or in part, on or after October 15, 2021 (the date that is one month prior to their maturity date) at a redemption price equal to 100% of the principal amount of the 2021 Senior Notes being redeemed, plus any accrued and unpaid interest on the principal amount of the 2021 Senior Notes being redeemed to, but excluding, the redemption date. See "Description of the Senior Notes — Optional Redemption."
Interest Payment Dates	May 15 and November 15 of each year, beginning on May 15, 2017.

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Use of Proceeds	We expect to use the net proceeds from the sale of the Senior Notes for general corporate purposes, which may include the repayment of all or a portion of our indebtedness outstanding under our commercial paper program. See "Use of Proceeds."
Trustee	The Senior Notes will be issued under an Indenture with U.S. Bank National Association, as successor Trustee. The Trustee will also act as paying agent and registrar for the Senior Notes.
Risk Factors	An investment in the Senior Notes involves certain risks. You should carefully consider the risks described in "Risk Factors" beginning on page 6 of the accompanying prospectus, as well as in the risk factors contained in our Annual Report on Form 10-K for the year ended December 31, 2015 and in our other periodic reports filed with the SEC, which are incorporated herein by reference.

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CONSOLIDATED RATIOS OF EARNINGS TO FIXED CHARGES

	Nine Months Ended September 30, 2016	Years Ended December 31,				
		2015	2014	2013	2012	2011
Ratio of Earnings to Fixed Charges[1]	5.29x	6.83x	6.43x	5.44x	5.18x	5.53x

(1) The term "earnings" is defined as pre-tax Income from Continuing Operations before income or loss from equity method investees plus distributed income from equity investees. Add to pre-tax income the amount of fixed charges adjusted to exclude (a) the amount of any interest capitalized during the period and (b) the actual amount of any preferred securities dividend requirements of majority-owned subsidiaries stated on a pre-tax level. Fixed charges represent (a) interest, whether expensed or capitalized, (b) amortization of debt discount, premium and expense, (c) an estimate of interest implicit in rentals, and (d) preferred securities dividend requirements of majority-owned subsidiaries stated on a pre-tax level.

USE OF PROCEEDS

We estimate the net proceeds from the sale of the Senior Notes to be approximately $695.2 million after deducting the underwriting discount and estimated offering expenses. We expect to use the net proceeds from the sale of the Senior Notes for general corporate purposes, which may include the repayment of all or a portion of our indebtedness outstanding under our commercial paper program. As of September 30, 2016, we had $255.0 million of indebtedness outstanding under our commercial paper program at an average interest rate of 0.79% per annum and with an average maturity of 29 days. Our commercial paper program is available principally to support our working capital needs.

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DESCRIPTION OF THE SENIOR NOTES

Set forth below is a description of the specific terms of each series of Senior Notes. This description supplements, and should be read together with, the description of the general terms and provisions of senior debt securities set forth in the accompanying prospectus under the caption "Description of the Senior and Subordinated Debt Securities." The following description does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the description in the accompanying prospectus and the Indenture dated as of November 1, 1998 (as amended and supplemented to the date hereof, the "Indenture"), between us and U.S. Bank National Association, as successor trustee (the "Trustee"). The Trustee's address is 21 South Street, Morristown, NJ 07960.

References in this section to "PSEG", "we", "us" and "our" refer to Public Service Enterprise Group Incorporated without its consolidated subsidiaries.

General

We will issue the Senior Notes under the Indenture. The terms of the Senior Notes are stated in the Indenture and include terms made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"). You should refer to the Indenture and the Trust Indenture Act for a statement of these terms. The Indenture is governed by New Jersey law.

Principal, Maturity and Interest

The Indenture does not limit the aggregate principal amount of senior debt securities that we may issue under it and provides that senior debt securities may be issued under it up to the principal amount as we may authorize from time to time. The senior debt securities may be issued from time to time in one or more series. We may "reopen" any series of senior debt securities, including either series of Senior Notes, and issue additional senior debt securities of that series without the consent of existing holders. Any additional notes of a series having similar terms, together with the notes of such series, will constitute a single series of senior debt securities under the Indenture; provided that if the additional notes are not fungible for U.S. federal income tax purposes, the additional notes will have a separate CUSIP number.

The 2019 Senior Notes will initially be limited to $400.0 million and the 2021 Senior Notes will initially be limited to $300.0 million. Each series of Senior Notes will be issued in registered form only, without coupons, in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof. The 2019 Senior Notes will mature at par on November 15, 2019, or the 2019 Senior Notes Stated Maturity Date, and the 2021 Senior Notes will mature at par on November 15, 2021, or the 2021 Senior Notes Stated Maturity Date, in each case unless we redeem them in accordance with their terms prior to such date.

Interest on the 2019 Senior Notes will accrue at the rate of 1.600% per annum and interest on the 2021 Senior Notes will accrue at the rate of 2.000% per annum. Interest on each series of Senior Notes will be payable semi-annually in arrears on May 15 and November 15 of each year (each, an "Interest Payment Date") beginning on May 15, 2017. We will make each payment of interest on each series of Senior Notes on an Interest Payment Date to the persons in whose names such Senior Notes are registered at the close of business on the 15th day immediately preceding such Interest Payment Date.

Interest on each series of Senior Notes will accrue from November 8, 2016 or, if interest has already been paid, from the most recent Interest Payment Date to which interest was paid or duly provided for. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

If any Interest Payment Date, the 2019 Senior Notes Stated Maturity Date, the 2021 Senior Notes Stated Maturity Date or date of earlier redemption is not a Business Day, the required payment shall be made on the next succeeding day that is a Business Day, without any interest or other payment in respect of the payment subject to delay, with the same force and effect as if made on such Interest Payment Date, the 2019 Senior Notes Stated Maturity Date, the 2021 Senior Notes Stated Maturity Date or such date of earlier redemption, as the case may be. "Business Day" means each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in Newark, New Jersey and The City of New York are authorized or obligated by law or executive order to close.

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Ranking

Each series of Senior Notes will be our senior unsecured obligations and will rank:

- equally amongst themselves and in right of payment with our other existing and future senior unsecured indebtedness;
- senior in right of payment to any of our indebtedness that is expressly subordinated in right of payment to the Senior Notes;
- effectively junior in right of payment to any of our future secured indebtedness to the extent of the value of the assets securing such indebtedness; and
- structurally junior to all indebtedness and other liabilities of our subsidiaries.

At September 30, 2016, we had approximately $765.0 million of outstanding indebtedness (including letters of credit) that ranks equally with the Senior Notes. We currently do not have any outstanding secured indebtedness.

As of September 30, 2016, our subsidiaries had $10.4 billion of outstanding indebtedness and other liabilities (excluding intercompany obligations and liabilities of a type not required to be reflected on a balance sheet of such subsidiaries in accordance with U.S. generally accepted accounting principles but including letters of credit) to which the Senior Notes would have been structurally subordinated.

Optional Redemption

We may redeem the 2019 Senior Notes at any time, in whole or in part, prior to the 2019 Senior Notes Stated Maturity Date and the 2021 Senior Notes at any time, in whole or in part, prior to October 15, 2021 (the date that is one month prior to the 2021 Senior Notes Stated Maturity Date), in each case, upon not less than 10 nor more than 60 days' prior written notice, as more fully described under " — Selection and Notice" below, at a price equal to the greater of:

(a) 100% of the principal amount of the Senior Notes of such series being redeemed; and

(b) the sum of the present values of the remaining scheduled payments of principal of and interest on the Senior Notes of such series being redeemed that would be due on the 2019 Senior Notes Stated Maturity Date (in the case of the 2019 Senior Notes) or that would be due if such Senior Notes matured on October 15, 2021 (in the case of the 2021 Senior Notes), exclusive of accrued interest to the redemption date, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 15 basis points (in the case of the 2019 Senior Notes) or 15 basis points (in the case of the 2021 Senior Notes),

plus, in either case, any accrued and unpaid interest on the principal amount of the Senior Notes of such series being redeemed to, but excluding, the redemption date.

In addition, we may redeem the 2021 Senior Notes at any time, in whole or in part, on or after October 15, 2021 (the date that is one month prior to the 2021 Senior Notes Stated Maturity Date), upon not less than 10 nor more than 60 days' prior written notice, as more fully described under " — Selection and Notice" below, at a redemption price equal to 100% of the principal amount of the 2021 Senior Notes being redeemed, plus accrued and unpaid interest on the principal amount of the 2021 Senior Notes being redeemed to, but excluding, the redemption date.

"Comparable Treasury Issue" means, with respect to any redemption date for any of the Senior Notes of a series being redeemed, the United States Treasury security selected by an Independent Investment Banker as having the maturity comparable to the remaining term of the Senior Notes of such series to be redeemed (in the case of the 2021 Senior Notes, assuming that such 2021 Senior Notes matured on October 15, 2021) that would be utilized, at the time of selection and in accordance with the customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Senior Notes of such series.

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"Comparable Treasury Price" means, with respect to any redemption date for any of the Senior Notes of a series being redeemed:

(a) the average of three Reference Treasury Dealer Quotations (as defined below) for the redemption date, after excluding the highest and lowest of five Reference Treasury Dealer Quotations, or

(b) if the Independent Investment Banker obtains fewer than five Reference Treasury Dealer Quotations, the average of all Reference Treasury Dealer Quotations obtained.

"Independent Investment Banker" means one of the Reference Treasury Dealers appointed by us after consultation with the Trustee.

"Reference Treasury Dealer" means each of Barclays Capital Inc., J.P. Morgan Securities LLC, RBC Capital Markets, LLC, Scotia Capital (USA) Inc. and Wells Fargo Securities, LLC, and their respective affiliates or successors, provided that if any of the foregoing shall cease to be a primary U.S. government securities dealer in the United States (a "Primary Treasury Dealer"), we will substitute therefor another Primary Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by that Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding such redemption date.

"Treasury Rate" means, with respect to any redemption date for any of the Senior Notes of a series being redeemed, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date. The Treasury Rate will be calculated by us on the third Business Day preceding the redemption date. The Trustee shall not be responsible for any such calculation.

Unless we default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the Senior Notes of a series called for redemption.

Additional Event of Default

In addition to the events of default described under "Description of the Senior and Subordinated Debt Securities — Events of Default," the following will also constitute an event of default under the Indenture with respect to each series of Senior Notes:

- an acceleration of our indebtedness for borrowed money in excess of $75,000,000, which acceleration has not been rescinded or annulled within ten days after written notice of such default as provided in the indenture; provided that this event of default will be remedied, cured or waived without further action upon the part of either the trustee or any of the holders if the default under our other indebtedness is remedied, cured or waived.

Selection and Notice

If less than all of the Senior Notes of a series are to be redeemed on any redemption date, the Trustee will select the Senior Notes of such series for redemption in accordance with any method the Trustee considers fair and appropriate, subject to the selection convention applicable to securities in book-entry form. Senior Notes of a series in denominations of $2,000 or less may not be redeemed in part. Notices of redemption will be delivered at least 10 but not more than 60 days prior to the redemption date to each holder of Senior Notes of a series to be redeemed at its registered address. The notice of redemption will state the portion of the principal amount to be redeemed if a Senior Note of such series is to be redeemed in part. A Senior Note of such series in principal amount equal to the unredeemed portion will be issued in the name of the holder upon cancellation of the original Senior Note of such series.

Book-Entry Only Issuance — The Depository Trust Company

The Depository Trust Company ("DTC") will act as the initial securities depositary for the Senior Notes. Each series of Senior Notes will be issued only as fully registered securities registered in the name of Cede & Co., DTC's nominee. One or more fully registered global certificates will be issued, representing in the aggregate the total principal amount of Senior Notes of each series, and will be deposited with or on behalf of DTC. See "Description of the Senior and Subordinated Debt Securities — Book-Entry Debt Securities" in the accompanying prospectus.

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Investors may elect to hold interests in the global securities through either DTC in the United States or Clearstream Banking, S.A. ("Clearstream, Luxembourg"), or Euroclear Bank S.A./N.V., as operator (the "Euroclear operator") of the Euroclear system (the "Euroclear system"), in Europe if they are participants of such systems, or indirectly through organizations which are participants in such systems. Clearstream, Luxembourg and the Euroclear system will hold interests on behalf of their participants through customers' securities accounts in Clearstream, Luxembourg's and the Euroclear system's names on the books of their respective U.S. depositaries, which in turn will hold such interests in customers' securities accounts in the depositaries' names on the books of DTC. Because the depositary can act only on behalf of participants, which in turn act on behalf of indirect participants and certain banks, the ability of a person having a beneficial interest in a global security to pledge such interest to persons or entities that do not participate in the depositary system, or otherwise take actions in respect of such interests, may be affected by the lack of physical certificates evidencing such interests.

Clearstream, Luxembourg advises that it is incorporated under the laws of Luxembourg as a professional depositary. Clearstream, Luxembourg holds securities for its participating organizations ("Clearstream participants") and facilitates the clearance and settlement of securities transactions between Clearstream participants through electronic book-entry changes in accounts of Clearstream participants, thereby eliminating the need for physical movement of certificates. Clearstream, Luxembourg provides to Clearstream participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream, Luxembourg interfaces with domestic markets in several countries. As a professional depositary, Clearstream, Luxembourg is subject to regulation by the Luxembourg Monetary Institute. Clearstream participants are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations and may include the underwriters. Indirect access to Clearstream, Luxembourg is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Clearstream participant, either directly or indirectly.

Distributions with respect to interests in the Senior Notes of either series held beneficially through Clearstream, Luxembourg will be credited to cash accounts of Clearstream participants in accordance with its rules and procedures, to the extent received by the U.S. depositary for Clearstream, Luxembourg.

The Euroclear system advises that it was created in 1968 to hold securities for participants of the Euroclear system ("Euroclear participants") and to clear and settle transactions between Euroclear participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. The Euroclear system includes various other services, including securities lending and borrowing and interfaces with domestic markets in several countries. The Euroclear system operates under contract with Euroclear plc, a U.K. corporation. All operations are conducted by the Euroclear system, and all Euroclear system securities clearance accounts and Euroclear system cash accounts are accounts with the Euroclear system, not the Euroclear operator. The Euroclear operator establishes policy for the Euroclear system on behalf of Euroclear participants. Euroclear participants include banks (including central banks), securities brokers and dealers and other professional financial intermediaries and may include the underwriters. Indirect access to the Euroclear system is also available to other firms that clear through or maintain a custodial relationship with a Euroclear participant, either directly or indirectly. The Euroclear system is a Belgian bank. As such, it is regulated by the Belgian Banking and Finance Commission. Securities clearance accounts and cash accounts with the Euroclear operator are governed by the Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear system, and applicable Belgian law (collectively, the "terms and conditions"). The terms and conditions govern transfers of securities and cash within the Euroclear system, withdrawals of securities and cash from the Euroclear system, and receipts of payments with respect to securities in the Euroclear system. All securities in the Euroclear system are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear operator acts under the terms and conditions only on behalf of Euroclear participants, and has no records of or relationship with persons holding through Euroclear participants.

Distributions with respect to each series of Senior Notes held beneficially through the Euroclear system will be credited to the cash accounts of Euroclear participants in accordance with the terms and conditions, to the extent received by the U.S. depositary for the Euroclear system.

The information in this section, together with the information in "Description of the Senior and Subordinated Debt Securities — Book-Entry Debt Securities" in the accompanying prospectus concerning DTC,

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its book-entry system, Clearstream, Luxembourg and the Euroclear system has been obtained from sources that we believe to be reliable, but we have not attempted to verify the accuracy of this information.

Global Clearance and Settlement Procedures

Initial settlement for the Senior Notes of each series will be made in immediately available funds. Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC rules and will be settled in immediately available funds using DTC's Same-Day Funds Settlement System. Secondary market trading between Clearstream participants and/or Euroclear participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream, Luxembourg and the Euroclear system, as applicable.

Clearstream, Luxembourg and the Euroclear system will record the ownership interests of their participants in much the same way as DTC, and DTC will record the total ownership of each of the U.S. agents of Clearstream, Luxembourg and the Euroclear system, as participants in DTC. When Senior Notes of either series are to be transferred from the account of a DTC participant to the account of a Clearstream participant or a Euroclear participant, the purchaser must send instructions to Clearstream, Luxembourg or the Euroclear system through a participant at least one day prior to settlement. Clearstream, Luxembourg or the Euroclear system, as the case may be, will instruct its U.S. agent to receive Senior Notes of such series against payment. After settlement, Clearstream, Luxembourg or the Euroclear system will credit its participant's account. Credit for the Senior Notes of such series will appear on the next day (European time).

Because settlement is taking place during New York business hours, DTC participants will be able to employ their usual procedures for sending Senior Notes of either series to the relevant U.S. agent acting for the benefit of Clearstream or Euroclear participants. The sale proceeds will be available to the DTC seller on the settlement date. As a result, to the DTC participant, a cross-market transaction will settle no differently than a trade between two DTC participants.

When a Clearstream or Euroclear participant wishes to transfer Senior Notes of a series to a DTC participant, the seller will be required to send instructions to Clearstream, Luxembourg or the Euroclear system through a participant at least one business day prior to settlement. In these cases, Clearstream, Luxembourg or the Euroclear system will instruct its U.S. agent to transfer these Senior Notes of such series against payment for them. The payment will then be reflected in the account of the Clearstream or Euroclear participant the following day, with the proceeds back valued to the value date, which would be the preceding day, when settlement occurs in New York, if settlement is not completed on the intended value date, that is, the trade fails, proceeds credited to the Clearstream or Euroclear participant's account will instead be valued as of the actual settlement date. Clearstream participants and Euroclear participants may not deliver instructions directly to their respective U.S. depositaries.

You should be aware that you will only be able to make and receive deliveries, payments and other communications involving the Senior Notes of a series through Clearstream, Luxembourg and the Euroclear system on the days when those clearing systems are open for business. Those systems may not be open for business on days when banks, brokers and other institutions are open for business in the United States. Because of time-zone differences, credits of Senior Notes of a series received in Clearstream, Luxembourg or the Euroclear system as a result of a transaction with a DTC participant will be made during subsequent securities settlement processing and dated the business day following the DTC settlement date. Such credits or any transactions in such Senior Notes settled during such processing will be reported to the relevant Euroclear participant or Clearstream participant on such business day. Cash received in Clearstream, Luxembourg or the Euroclear system as a result of sales of the Senior Notes of a series by or through a Clearstream participant or a Euroclear participant to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Clearstream, Luxembourg or the Euroclear system cash account only as of the business day following settlement in DTC.

Although DTC, Clearstream, Luxembourg and the Euroclear system have agreed to the foregoing procedures in order to facilitate transfers of Senior Notes of either series among participants of DTC, Clearstream, Luxembourg and the Euroclear system, they are under no obligation to perform or continue to perform such procedures and such procedures may be discontinued or changed at any time.

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MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of certain material U.S. federal income tax consequences of the purchase, ownership and disposition of Senior Notes. Except where noted, this summary deals only with Senior Notes held as capital assets by beneficial owners of Senior Notes of either series who purchase such Senior Notes in this offering at the applicable public offering price listed on the cover page of this prospectus supplement. This summary is based upon the provisions of the Internal Revenue Code of 1986, as amended, or the Code, the Treasury Regulations promulgated thereunder and judicial and administrative rulings and decisions now in effect, all of which are subject to change or differing interpretations, possibly with retroactive effect. This summary does not purport to address all aspects of U.S. federal income taxation that may affect particular investors in light of their individual circumstances, or certain types of investors subject to special treatment under the U.S. federal income tax laws, such as persons that mark to market their securities, financial institutions, regulated investment companies, real estate investment trusts, corporations subject to the accumulated earnings tax, holders subject to the alternative minimum tax, individual retirement and other tax-deferred accounts, tax-exempt organizations, brokers, dealers in securities and commodities, certain former U.S. citizens or long-term residents, life insurance companies, persons that hold Senior Notes as part of a hedge against currency or interest rate risks or that hold Senior Notes as part of a position in a constructive sale, straddle, conversion transaction or other integrated transaction for U.S. federal income tax purposes, controlled foreign corporations, passive foreign investment companies, persons that acquire Senior Notes in connection with employment or other performance of personal services, partnerships or other pass-through entities and investors in such entities, subsequent purchasers of Senior Notes, U.S. holders (as defined below) whose "functional currency" is not the U.S. dollar and persons that are members of an "expanded group", within the meaning of Treasury Regulations Section 1.385-1, of which PSEG is also a member. This summary does not address any aspect of state, local or foreign taxation or any U.S. federal tax other than the income tax.

For purposes of this summary, a "U.S. holder" is a beneficial owner of a Senior Note that, for U.S. federal income tax purposes, is:

- an individual citizen or resident of the United States;
- a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States, any state or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust, if (a) a court within the United States is able to exercise primary jurisdiction over administration of the trust and one or more U.S. persons have authority to control all substantial decisions of the trust or (b) it has a valid election in effect to be treated as a U.S. person.

For purposes of this summary, a "non-U.S. holder" is a beneficial owner of a Senior Note that is not a U.S. holder or a partnership (including an entity or arrangement treated as a partnership for U.S. federal income tax purposes).

If a partnership (including an entity or arrangement treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of Senior Notes, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. Partnerships that hold Senior Notes (and partners in such partnerships) should consult their tax advisors.

We have not requested, and do not intend to request, a ruling from the U.S. Internal Revenue Service, or the IRS, with respect to any of the U.S. federal income tax consequences described below. There can be no assurance that the IRS will not disagree with or challenge any of the conclusions set forth herein.

If you are considering investing in Senior Notes, you should consult your own tax advisor with respect to your particular tax consequences of the purchase, ownership and disposition of the Senior Notes, including the consequences under the laws of any state, local or non-U.S. jurisdiction.

Certain Additional Payments

In certain circumstances, we may be obligated to pay amounts in excess of stated interest or principal on the Senior Notes. For example, we may be required to pay amounts in redemption of the Senior Notes in addition to the stated principal amount of and interest on the Senior Notes as described under "Description of the Senior Notes

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— Optional Redemption." The obligation to make these payments may implicate the provisions of the Treasury Regulations relating to "contingent payment debt instruments." Treasury Regulations provide special rules for contingent payment debt instruments which, if applicable, could cause the timing, amount and character of a holder's income, gain or loss with respect to the Senior Notes to be different from the consequences discussed herein. Although the issue is not free from doubt, we believe that the possibility of the payment of such additional amounts ought not result in the Senior Notes being treated as contingent payment debt instruments under the applicable Treasury Regulations. This position is not binding on the IRS, which may take a contrary position and treat the Senior Notes as contingent payment debt instruments. If the Senior Notes were deemed to be contingent payment debt instruments, a holder would generally be required to treat any gain recognized on the sale or other disposition of the Senior Notes as ordinary income rather than as capital gain. Furthermore, a holder would be required to accrue interest income on a constant yield basis at an assumed yield determined at the time of issuance of the Senior Notes, with adjustments to such accruals when any payments are made that differ from the payments calculated based on the assumed yield. The remainder of this discussion assumes that the Senior Notes are not treated as contingent payment debt instruments. Holders are urged to consult their own tax advisors regarding the potential application to the Senior Notes of the rules regarding contingent payment debt instruments and the consequences thereof.

U.S. holders

Payments of interest. Stated interest on a Senior Note will generally be taxable to a U.S. holder as ordinary interest income at the time it is paid or accrued in accordance with the U.S. holder's regular method of accounting for U.S. federal income tax purposes.

Sale, exchange, redemption or other taxable disposition of a Senior Note. Upon the sale, exchange, redemption or other taxable disposition of a Senior Note, a U.S. holder will recognize taxable gain or loss equal to the difference between the amount realized on the sale, exchange, redemption or other taxable disposition and the U.S. holder's adjusted tax basis in the Senior Note. For these purposes, the amount realized does not include any amount attributable to accrued interest. Amounts attributable to accrued interest are treated as interest as described under " — Payments of interest" above. A U.S. holder's adjusted tax basis in a Senior Note will generally be such U.S. holder's cost for the Senior Note. Gain or loss realized on the sale, exchange, redemption or other taxable disposition of a Senior Note will generally be capital gain or loss and will be long-term capital gain or loss if at the time of the sale, exchange, redemption or other taxable disposition the Senior Note has been held by the U.S. holder for more than one year. Long-term capital gains of individual U.S. holders are eligible for preferential rates of U.S. federal income taxation. The deductibility of capital losses is subject to limitations under the Code.

Information reporting and backup withholding. Information returns will be filed with the IRS in connection with payments on the Senior Notes and the proceeds from a sale, exchange, redemption or other disposition of the Senior Notes, unless the U.S. holder is an exempt recipient such as a corporation. A U.S. holder will be subject to U.S. backup withholding, currently at a rate of 28%, on these payments if the U.S. holder fails to provide its taxpayer identification number to the payor and comply with certain certification procedures or otherwise establish an exemption from backup withholding. Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a U.S. holder will be allowed as a credit against the U.S. holder's U.S. federal income tax liability and may entitle the U.S. holder to a refund, provided that the required information is timely furnished to the IRS.

Medicare Tax. Certain U.S. holders that are individuals, estates or trusts are subject to a 3.8% tax on all or a portion of their "net investment income," which may include all or a portion of their interest and net gains from the disposition of Senior Notes. If you are a U.S. holder that is an individual, estate or trust, you should consult your tax advisor regarding the applicability of the Medicare tax to your income and gains in respect of your investment in the Senior Notes.

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Non-U.S. holders

Payments of interest. Subject to the discussion below concerning backup withholding and FATCA (as defined below), payments of interest on a Senior Note received or accrued by a non-U.S. holder generally will not be subject to U.S. federal income or withholding tax, as long as the non-U.S. holder:

- does not conduct a trade or business in the United States with respect to which the interest is effectively connected;
- does not actually, indirectly or constructively own 10% or more of the total combined voting power of all classes of PSEG's stock entitled to vote, within the meaning of Section 871(h)(3) of the Code;
- is not a "controlled foreign corporation" with respect to which we are a "related person" within the meaning of Section 881(c)(3)(C) of the Code;
- is not a bank whose receipt of the interest is described in Section 881(c)(3)(A) of the Code; and
- satisfies the certification requirements described below.

The certification requirements will be satisfied if either (a) the beneficial owner of a Senior Note timely certifies, under penalties of perjury, to us or to the person who otherwise would be required to withhold U.S. tax that such owner is a non-U.S. holder and provides its name and address or (b) a custodian, broker, nominee or other intermediary acting as an agent for the beneficial owner (such as a securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business) that holds the Senior Note in such capacity timely certifies, under penalties of perjury, to us or to the person who otherwise would be required to withhold U.S. tax that such statement has been received from the beneficial owner of the Senior Note by such intermediary, or by any other financial institution between such intermediary and the beneficial owner, and furnishes to us or to the person who otherwise would be required to withhold U.S. tax a copy thereof. In general, the foregoing certification may be provided on a properly completed IRS Form W-8BEN, W-8BEN-E or W-8IMY, as applicable.

A non-U.S. holder that is not exempt from tax under the foregoing rules generally will be subject to U.S. federal income tax withholding on payments of interest at a rate of 30% unless:

- the interest is effectively connected with a U.S. trade or business conducted by such non-U.S. holder (and, if an applicable income tax treaty so provides, is attributable to a permanent establishment maintained in the United States by the non-U.S. holder), in which case the non-U.S. holder will be subject to U.S. federal income tax on a net income basis at the rate applicable to U.S. holders generally; or
- an applicable income tax treaty provides for a lower rate of, or exemption from, withholding tax.

A non-U.S. holder that is treated as a corporation for U.S. federal income tax purposes and has effectively connected interest income (as described in the first bullet point above) may also, under certain circumstances, be subject to an additional "branch profits tax," which is generally imposed on a foreign corporation on the deemed repatriation from the United States of effectively connected earnings and profits, at a 30% rate, unless the rate is reduced or eliminated by an applicable income tax treaty.

To claim the benefit of a reduced rate or exemption from withholding under an income tax treaty or to claim exemption from withholding because income is effectively connected with a U.S. trade or business, the non-U.S. holder must timely provide the appropriate, properly executed IRS forms. Certification to claim income is effectively connected with a U.S. trade or business is generally made on IRS Form W-8ECI. Certification to claim the benefit of a reduced rate or exemption from withholding under an income tax treaty is generally made on IRS Form W-8BEN or W-8BEN-E. These forms may be required to be periodically updated.

Sale, exchange, redemption or other taxable disposition of a Senior Note. Subject to the discussion below concerning FATCA, a non-U.S. holder generally will not be subject to U.S. federal income tax on any gain realized on the sale, exchange, redemption or other taxable disposition of a Senior Note unless (a) such gain is effectively connected with the conduct by the non-U.S. holder of a U.S. trade or business (and, if an applicable income tax treaty so provides, is attributable to a permanent establishment maintained in the United States by the non-U.S. holder) or (b) except to the extent that an applicable income tax treaty otherwise provides, in the case of a non-U.S. holder who is an individual, the non-U.S. holder is present in the United States for 183 days or more during the taxable year in which such gain is realized and certain other conditions exist.

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Except to the extent that an applicable income tax treaty otherwise provides, generally a non-U.S. holder will be taxed in the same manner as a U.S. holder with respect to gain that is effectively connected with the non-U.S. holder's conduct of a U.S. trade or business. A non-U.S. holder that is treated as a corporation for U.S. federal income tax purposes may also, under certain circumstances, be subject to the branch profits tax as described above.

Information reporting and backup withholding. Payments of interest on Senior Notes to a non-U.S. holder generally will be reported to the IRS and to the non-U.S. holder. Copies of applicable IRS information returns may be made available under the provisions of a specific tax treaty or agreement to the tax authorities of the country in which the non-U.S. holder resides. Non-U.S. holders are generally exempt from backup withholding, currently at a rate of 28%, and additional information reporting on payments of principal, premium (if any), or interest, provided that the non-U.S. holder (a) certifies its nonresident status on the appropriate IRS Form (or a suitable substitute form) and certain other conditions are met or (b) otherwise establishes an exemption.

Payments of the proceeds from a sale of Senior Notes by a non-U.S. holder made to or through a foreign office of a broker generally will not be subject to information reporting or backup withholding. Information reporting may apply to such payments, however, if the broker is a U.S. person, a controlled foreign corporation for U.S. tax purposes, the U.S. branch of a foreign bank or a foreign insurance company, a foreign partnership controlled by U.S. persons or engaged in a U.S. trade or business, or a foreign person 50% or more of whose gross income is effectively connected with a U.S. trade or business for a specified three-year period. Payments of the proceeds from the sale of Senior Notes through the U.S. office of a broker is subject to information reporting and backup withholding unless the non-U.S. holder certifies as to its non-U.S. status or otherwise establishes an exemption from information reporting and backup withholding.

Backup withholding is not an additional tax. Any backup withholding generally will be allowed as a credit or refund against the non-U.S. holder's U.S. federal income tax liability, provided that the required information is timely furnished to the IRS.

Foreign Account Tax Compliance

Sections 1471 to 1474 of the Code and the Treasury Regulations thereunder ("FATCA") impose withholding taxes on certain types of payments made to "foreign financial institutions," as specially defined under FATCA, and certain other non-U.S. entities. FATCA imposes a 30% withholding tax on payments of interest on, and gross proceeds from the sale, exchange, redemption or other disposition of, Senior Notes paid to a foreign financial institution unless the foreign financial institution is deemed to be compliant with FATCA or enters into an agreement with the IRS to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned foreign entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these reporting and other requirements. In addition, FATCA imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity of a certain type unless the entity certifies that it does not have any substantial U.S. owners or furnishes identifying information to the IRS or to the withholding agent regarding each substantial U.S. owner. These rules currently apply to payments of interest and are expected to apply to payments of gross proceeds from the sale, exchange, redemption or other disposition of Senior Notes after December 31, 2018. Prospective investors should consult their tax advisors regarding the application of FATCA to the acquisition, ownership or disposition of Senior Notes.

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UNDERWRITING

Subject to the terms and conditions set forth in the underwriting agreement, dated the date hereof (the "Underwriting Agreement"), for which Barclays Capital Inc., J.P. Morgan Securities LLC and RBC Capital Markets, LLC are acting as representatives, we have agreed to sell to each of the underwriters, and each of the underwriters has severally agreed to purchase from us, the aggregate principal amount of each series of Senior Notes set forth opposite the name of such underwriter:

Underwriter	Principal Amount of 2019 Senior Notes	Principal Amount of 2021 Senior Notes
Barclays Capital Inc.	$ 73,000,000	$ 54,750,000
J.P. Morgan Securities LLC	73,000,000	54,750,000
RBC Capital Markets, LLC	73,000,000	54,750,000
Scotia Capital (USA) Inc.	48,000,000	36,000,000
Wells Fargo Securities, LLC	48,000,000	36,000,000
CIBC World Markets Corp.	24,000,000	18,000,000
Citigroup Global Markets Inc.	24,000,000	18,000,000
TD Securities (USA) LLC	24,000,000	18,000,000
MFR Securities, Inc.	13,000,000	9,750,000
Total	$ 400,000,000	$ 300,000,000

The Underwriting Agreement provides that the obligations of the underwriters to pay for and accept delivery of the Senior Notes of each series are subject to, among other things, the approval of certain legal matters by their counsel and certain other conditions. The underwriters are obligated to take and pay for all the Senior Notes of a series if any are taken. If any underwriter defaults, the Underwriting Agreement provides that the purchase commitments of the non-defaulting underwriters may be increased or the Underwriting Agreement may be terminated.

The underwriters have advised us that they propose initially to offer all or part of the Senior Notes of each series to the public at the applicable public offering price set forth on the cover page of this prospectus supplement and may offer the Senior Notes of each series to certain dealers at such price less a concession not in excess of 0.200% of the principal amount of the 2019 Senior Notes or 0.350% of the principal amount of the 2021 Senior Notes. The underwriters may allow, and such dealers may reallow, a discount not in excess of 0.125% of the principal amount of the 2019 Senior Notes or 0.125% of the principal amount of the 2021 Senior Notes. After the initial public offering, the applicable public offering price, concession and discount may be changed. The Senior Notes are offered subject to receipt and acceptance by the underwriters and to certain other conditions, including the right to reject orders in whole or in part.

The underwriting discount to be paid by us to the underwriters will be 0.350% per 2019 Senior Note, for a total of $1,400,000, and 0.600% per 2021 Senior Note, for a total of $1,800,000. In addition, we estimate that we will incur other offering expenses of approximately $600,000.

Neither series of Senior Notes will have an established trading market when issued, and it is not anticipated that the Senior Notes of either series will be listed on any securities exchange. The underwriters have advised us that they intend to make a market for each series of Senior Notes, but they have no obligation to do so, and may discontinue market making at any time without providing any notice. No assurance can be given as to the development, maintenance or liquidity of any trading market for the Senior Notes of either series.

In connection with the offering, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of either or both series of Senior Notes. Specifically, the underwriters may over-allot in connection with this offering, creating short positions in either or both series of Senior Notes for their own account. In addition, to cover over-allotments or to stabilize the price of either or both series of Senior Notes, the underwriters may bid for, and purchase, such Senior Notes in the open market. Finally, the underwriters may reclaim selling concessions allowed to a dealer for distributing Senior Notes of either or both series in this offering, if the underwriters repurchase previously distributed Senior Notes of such series in transactions that cover syndicate short positions, in stabilization transactions or otherwise. Any of these activities may stabilize or maintain the price of either or both series of Senior Notes above independent market levels. The underwriters are not required to engage in these activities, and may end any of these activities at any time and, in any case, will end these activities after a limited period.

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Neither we nor the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of either series of Senior Notes. In addition, neither we nor the underwriters make any representation that such transactions will be engaged in or that such transactions, once commenced, will not be discontinued without notice.

We have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended, or to contribute to payments required to be made in respect thereof.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services, including lending under certain of our credit facilities, to us and to persons and entities with relationships with us for which they are paid customary fees and expenses.

In the ordinary course of their various business activities, the underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of ours (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with us. The underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

Selling Restrictions

Notice to Prospective Investors in Canada

The Senior Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Senior Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus supplement and the accompanying prospectus (including any amendment thereto) contain a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts ("NI 33-105"), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Notice to Prospective Investors in the European Economic Area

Neither this prospectus supplement nor the accompanying prospectus is a prospectus for the purposes of the Prospectus Directive (as defined below). This prospectus supplement and the accompanying prospectus have been prepared on the basis that any offer of the Senior Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of the Senior Notes. Accordingly, any person making or intending to make an offer in that Relevant Member State of the Senior Notes which are the subject of the offering contemplated in this prospectus supplement and the accompanying prospectus may only do so in circumstances in which no obligation arises for us or any of the underwriters to publish a prospectus pursuant to Article 3 of the Prospectus Directive in relation to such offer. Neither we nor the

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underwriters have authorized, nor do we/they authorize, the making of any offer of the Senior Notes in circumstances in which an obligation arises for us or the underwriters to publish a prospectus for such offer.

In relation to each Relevant Member State, no offer of Senior Notes which are the subject of the offering contemplated by this prospectus supplement and the accompanying prospectus may be made to the public in that Relevant Member State other than:

(1) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(2) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the representatives for any such offer; or

(3) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Senior Notes shall require us or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Senior Notes to the public" in relation to any Senior Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Senior Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Senior Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, and the expression "Prospectus Directive" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

Notice to Prospective Investors in the United Kingdom

The communication of this prospectus supplement, the accompanying prospectus and any other document or materials relating to the issue of the Senior Notes offered hereby is not being made, and such documents and/or materials have not been approved, by an authorised person for the purposes of section 21 of the United Kingdom's Financial Services and Markets Act 2000, as amended (the "FSMA"). Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the United Kingdom falling within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order")), or within Article 49(2)(a) to (d) of the Financial Promotion Order, or to any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order (all such persons together being referred to as "relevant persons"). In the United Kingdom, the Senior Notes offered hereby are only available to, and any investment or investment activity to which this prospectus supplement and the accompanying prospectus relate will be engaged in only with, relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on this prospectus supplement and the accompanying prospectus or any of their contents.

Any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in connection with the issue or sale of the Senior Notes may only be communicated or caused to be communicated in circumstances in which Section 21(1) of the FSMA does not apply to us.

All applicable provisions of the FSMA must be complied with in respect to anything done by any person in relation to the Senior Notes in, from or otherwise involving the United Kingdom.

Notice to Prospective Investors in Hong Kong

The Senior Notes may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the Senior Notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to Senior Notes which are or are intended

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to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Notice to Prospective Investors in Singapore

This prospectus supplement and the accompanying prospectus have not been registered as prospectuses with the Monetary Authority of Singapore. Accordingly, this prospectus supplement, the accompanying prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Senior Notes may not be circulated or distributed, nor may the Senior Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Senior Notes are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired the Senior Notes under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; or (3) by operation of law.

Notice to Prospective Investors in Japan

The Senior Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the Financial Instruments and Exchange Law) and each underwriter is deemed to have agreed that it will not offer or sell any securities, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

LEGAL MATTERS

Certain legal matters with respect to the offering of the Senior Notes will be passed upon for us by Tamara L. Linde, Esquire, our Executive Vice President and General Counsel, or Shawn P. Leyden, Vice President and Deputy General Counsel of PSEG Services Corporation, a wholly owned subsidiary of PSEG. Ms. Linde is also an employee of our affiliate, PSEG Services Corporation. Each of Ms. Linde and Mr. Leyden beneficially owns or has rights to acquire an aggregate of less than 0.01% of PSEG's common stock. Sidley Austin LLP, New York, New York, will act as counsel to the underwriters in this offering. Sidley Austin LLP will rely on the opinion of Ms. Linde or Mr. Leyden as to all matters of New Jersey law. Sidley Austin LLP has from time to time represented, and continues to represent, us and our affiliates in connection with certain unrelated legal matters.

EXPERTS

The consolidated financial statements and the related consolidated financial statement schedule, incorporated in this prospectus supplement and the accompanying prospectus by reference from our Annual Report on Form 10-K for the year ended December 31, 2015, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which is incorporated herein by reference. Such consolidated financial statements and consolidated financial statement schedule have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

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PROSPECTUS

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED

Common Stock, Preferred Stock,
Stock Purchase Contracts, Stock Purchase Units,
Senior Debt Securities and Subordinated Debt Securities

From time to time, we may offer the securities described in this prospectus separately or together in any combination, in one or more classes or series, in amounts, at prices and on terms that we will determine at the time of the offering.

We will provide the specific terms of each series or issue of securities in supplements to this prospectus. You should read this prospectus and the applicable prospectus supplement carefully before you invest.

Our common stock is listed on the New York Stock Exchange under the ticker symbol "PEG."

Investing in our securities involves risks. You should carefully consider the information in the section entitled "Risk Factors" beginning on page 6 of this prospectus, as well as the risk factors contained in our most recently filed Annual Report on Form 10-K and our other periodic reports filed with the Securities and Exchange Commission and incorporated by reference into this prospectus before you invest in any of our securities.

We may offer and sell the securities directly, through agents we select from time to time or to or through underwriters or dealers we select. If we use any agents, underwriters or dealers to sell the securities, we will name them and describe their compensation in a prospectus supplement. The price to the public of those securities and the net proceeds we expect to receive from that sale will also be set forth in a prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved any of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is November 18, 2014.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission (the "SEC") using a "shelf" registration process. Under this shelf process, we may, from time to time, sell the securities described in this prospectus or combinations thereof in one or more offerings.

This prospectus provides a general description of the securities we may offer. Each time we sell securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with additional information described under "Where You Can Find More Information."

In this prospectus, unless the context indicates otherwise, the words and terms "PSEG," "we," "our," "ours" and "us" refer to Public Service Enterprise Group Incorporated and its consolidated subsidiaries.

We may use this prospectus to offer from time to time:

- shares of our common stock, without par value;
- shares of our preferred stock, without par value, which may be convertible into our common stock;
- stock purchase contracts to purchase shares of our common stock;
- our unsecured debt securities, which may include senior and subordinated securities and which may be convertible into our common stock. In this prospectus, we refer to the debt securities, which may include senior and subordinated debt securities, as the "debt securities;" and
- stock purchase units, consisting of a stock purchase contract and our debt securities or debt obligations of third parties, including United States Treasury securities, that are pledged to secure the stock purchase unit holders' obligations under the stock purchase contracts.

We sometimes refer to our common stock, preferred stock, stock purchase contracts, stock purchase units and the debt securities, collectively, as the "securities."

We believe that we have included or incorporated by reference all information material to investors in this prospectus, but certain details that may be important for specific investment purposes have not been included. For more detailed information about the securities, you should also review the exhibits to the registration statement, which were either filed with the registration statement or incorporated by reference to other SEC filings.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports and other information with the SEC. Our filings are also available to the public over the Internet on the SEC's web site at http://www.sec.gov, as well as our web site at http://www.pseg.com. None of the information contained at any time on our web site is incorporated by reference into this prospectus. You may read and copy any material on file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room.

You may also inspect these documents at the New York Stock Exchange, Inc. (the "New York Stock Exchange"), where certain of our securities are listed.

The SEC allows us to "incorporate by reference" documents that we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference or deemed incorporated by reference is an important part of this prospectus, and information that we file later with the SEC will be deemed to automatically update and supersede this incorporated information. We incorporate by reference the documents listed below that have been filed with the SEC.

- Our Annual Report on Form 10-K for the year ended December 31, 2013;
- Our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2014, June 30, 2014 and September 30, 2014;
- Information in our Definitive Proxy Statement on Schedule 14A filed on March 10, 2014 that is incorporated by reference into our Annual Report on Form 10-K;

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- Our Current Reports on Form 8-K filed on February 21, 2014, April 2, 2014 (second filing), April 17, 2014 and July 17, 2014; and

- The description of our common stock in our registration statement filed pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and any amendment or report filed for the purpose of amending such description.

We also incorporate by reference any future filings made with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act, on or after the date of this prospectus and prior to the termination of any particular offering of securities, except for Current Reports on Form 8-K containing only disclosure furnished under Item 2.02 or 7.01 of Form 8-K and exhibits relating to such disclosure, unless otherwise specifically stated in the Form 8-K.

You can get a free copy of any of the documents incorporated by reference by making an oral or written request directed to:

Vice President, Investor Relations
PSEG Services Corporation
80 Park Plaza, 6th Floor
Newark, NJ 07102
Telephone (973) 430-6565

You should rely only on the information contained or incorporated by reference or deemed to be incorporated by reference in this prospectus or in the prospectus supplement or documents to which we otherwise refer you. We have not authorized anyone else to provide you with different or additional information. You should not rely on any other information or representations. Our business, prospects, financial condition and results of operations may change after this prospectus and the prospectus supplement are distributed to you. You should not assume that the information in this prospectus and the prospectus supplement is accurate as of any date other than the dates on the front of those documents. You should read all information supplementing this prospectus.

FORWARD-LOOKING STATEMENTS

This prospectus and any prospectus supplement, including the documents incorporated by reference or deemed to be incorporated by reference, include "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, included in this prospectus and any prospectus supplement and the documents incorporated by reference or deemed to be incorporated by reference that address activities, events or developments that we expect or anticipate will or may occur in the future, including such matters as our future performance, future capital expenditures and growth, revenues, earnings, business strategy, market and industry developments and prospects, are forward-looking statements. When used in this prospectus, any prospectus supplement or in documents incorporated by reference or deemed to be incorporated by reference, the words "will," "anticipate," "intend," "estimate," "believe," "expect," "plan," "should," "hypothetical," "potential," "forecast," "project," and variations of such words and similar expressions are intended to identify forward-looking statements. These statements are based on assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions and expected future developments as well as other factors we believe are appropriate under the circumstances. However, actual results and developments may differ materially from our expectations and predictions due to a number of risks and uncertainties, many of which are beyond our control. Certain factors that could cause actual results to differ materially from those contemplated in any forward-looking statements are discussed in the Risk Factors and Management's Discussion and Analysis of Financial Condition and Results of Operations sections of our most recently filed Annual Report on Form 10-K and any subsequently filed Quarterly Reports on Form 10-Q and in the notes to our financial statements and other information filed with the SEC. These factors include, but are not limited to:

- adverse changes in the demand for or the price of the capacity and energy that we sell into wholesale electricity markets;

- adverse changes in energy industry law, policies and regulation, including market structures and a potential shift away from competitive markets toward subsidized market mechanisms, capacity market design, transmission planning and cost allocation rules, including how transmission projects are planned and who is permitted to build transmission in the future, and reliability standards;

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- any inability of our transmission and distribution businesses to obtain adequate and timely rate relief and regulatory approvals from federal and state regulators;
- changes in federal and state environmental regulations and enforcement that could increase our costs or limit our operations;
- changes in nuclear regulation and/or general developments in the nuclear power industry, including various impacts from any accidents or incidents experienced at our facilities or by others in the industry, that could limit operations of our nuclear generating units;
- actions or activities at one of our nuclear units located on a multi-unit site that might adversely affect our ability to continue to operate that unit or other units located at the same site;
- any inability to manage our energy obligations, available supply and risks;
- adverse outcomes of any legal, regulatory or other proceeding, settlement, investigation or claim applicable to us and/or the energy industry;
- any deterioration in our credit quality or the credit quality of our counterparties;
- availability of capital and credit at commercially reasonable terms and conditions and our ability to meet cash needs;
- changes in the cost of, or interruption in the supply of, fuel and other commodities necessary to the operation of our generating units;
- delays in receipt of necessary permits and approvals for our construction and development activities;
- delays or unforeseen cost escalations in our construction and development activities;
- any inability to achieve, or continue to sustain, our expected levels of operating performance;
- any equipment failures, accidents, severe weather events or other incidents that impact our ability to provide safe and reliable service to our customers, and any inability to obtain sufficient insurance coverage or recover proceeds of insurance with respect to such events;
- acts of terrorism, cybersecurity attacks or intrusions that could adversely impact our businesses;
- increases in competition in energy supply markets as well as competition for certain transmission projects;
- any inability to realize anticipated tax benefits or retain tax credits;
- challenges associated with recruitment and/or retention of a qualified workforce;
- adverse performance of our decommissioning and defined benefit plan trust fund investments and changes in funding requirements;
- changes in technology, such as distributed generation and micro grids, and greater reliance on these technologies; and
- changes in customer behaviors, including energy efficiency, net-metering and demand response.

Additional information concerning these factors is set forth or referred to under “Risk Factors.”

All of the forward-looking statements made in this prospectus and any prospectus supplement or in the documents incorporated by reference or deemed to be incorporated by reference are qualified by these cautionary statements and we cannot assure you that the results or developments anticipated by us will be realized or, even if realized, will have the expected consequences to, or effects on, us or our business, prospects, financial condition or results of operations. You should not place undue reliance on these forward-looking statements in making your investment decision to purchase any securities. Except as may be required by federal securities laws, we expressly disclaim any obligation or undertaking to release publicly any updates or revisions to these forward-looking statements to reflect events or circumstances that occur or arise or are anticipated to occur or arise after the date hereof. In making an investment decision regarding the securities, we are not making, and you should not infer, any representation about the likely existence of any particular future set of facts or circumstances.

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The forward-looking statements contained in this prospectus, any prospectus supplement and the documents incorporated by reference or deemed to be incorporated by reference herein or therein are intended to qualify for the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Exchange Act.

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED

We are an energy company with a diversified business mix. Our operations are located primarily in the Northeastern and Mid-Atlantic United States. Our business approach focuses on operational excellence, financial strength and disciplined investment. As a holding company, our profitability depends on our subsidiaries' operating results. We have two principal direct, wholly-owned subsidiaries:

- Public Service Electric and Gas Company ("PSE&G"), which is an operating public utility company engaged principally in the transmission and distribution of electric energy and gas service in New Jersey; and
- PSEG Power LLC ("Power"), which is a multi-regional independent electric generation and wholesale energy marketing and trading company.

Our other direct, wholly-owned subsidiaries are:

- PSEG Energy Holdings L.L.C. ("Energy Holdings"), which earns revenues primarily from its portfolio of lease investments;
- PSEG Long Island LLC ("PSEG LI"), which operates the Long Island Power Authority's transmission and distribution system under a contractual agreement; and
- PSEG Services Corporation ("Services"), which provides corporate support and managerial and administrative services to us and our subsidiaries.

We are a New Jersey corporation with our principal offices located at 80 Park Plaza, Newark, New Jersey 07101. Our telephone number is (973) 430-7000.

Ratios of Earnings to Fixed Charges

Our ratios of earnings to fixed charges for each of the periods indicated are as follows:

	Nine Months Ended September 30, 2014	Years Ended December 31,				
		2013	2012	2011	2010	2009
Ratios of Earnings to Fixed Charges[1]	5.97	5.44	5.18	5.53	5.43	5.27

1 The term Earnings is defined as pre-tax income from continuing operations before income or loss from equity investees, plus distributed income from equity investees, plus the amount of fixed charges adjusted to exclude (a) the amount of any interest capitalized during the period and (b) the actual amount of any preferred securities dividend requirements of majority-owned subsidiaries stated on a pre-tax level. Fixed Charges represent (a) interest, whether expensed or capitalized, (b) amortization of debt discount, premium and expense, (c) an estimate of interest implicit in rentals and (d) preferred securities dividend requirements of majority-owned subsidiaries stated on a pre-tax level.

Ratios of Earnings to Combined Fixed Charges and Preference Dividends

Because we currently have no preferred stock outstanding, our ratios of earnings to combined fixed charges and preference dividends for each of the periods indicated are the same as our ratios of earnings to fixed charges.

RISK FACTORS

In addition to the risk factors contained in our most recently filed Annual Report on Form 10-K and our other periodic reports filed with the SEC and incorporated by reference into this prospectus, as well as those risk factors that may be included in the applicable prospectus supplement and other information contained in the documents incorporated by reference or elsewhere in this prospectus, prospective investors should carefully consider the risks described below before making a decision to purchase the securities. Such factors could affect actual results and cause our results to differ materially from those expressed in any forward-looking statements made by, or on behalf of, us. Some or all of these factors may apply to us and our subsidiaries. See "Forward-Looking Statements."

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Because We Are a Holding Company, Our Ability to Service Our Debt Could be Limited

We are a holding company with no material assets other than the stock or membership interests of our subsidiaries and project affiliates. Accordingly, all of our operations are conducted by our subsidiaries and project affiliates which are separate and distinct legal entities that have no obligation, contingent or otherwise, to pay any amounts when due on our debt or to make any funds available to us to pay such amounts and satisfy our other corporate funding needs, including payment of dividends on our capital stock. As a result, our debt will effectively be subordinated to all existing and future preferred equity and liabilities of our subsidiaries and project affiliates, including holders of their debt, trade creditors, secured creditors, taxing authorities and guarantee holders, and our rights and hence the rights of our creditors to participate in any distribution of assets of any subsidiary or project affiliate upon its liquidation or reorganization or otherwise would be subject to the prior claims of that subsidiary's or project affiliate's creditors and preferred equity holders, except to the extent that our claims as a creditor of such subsidiary or project affiliate may be recognized.

We depend on our subsidiaries' and project affiliates' cash flows and our access to capital in order to service our indebtedness and satisfy our other corporate funding needs, including payment of dividends on our capital stock. The debt agreements of subsidiaries and project affiliates generally restrict their ability to pay dividends, make cash distributions or otherwise transfer funds to us. These restrictions may include achieving and maintaining financial performance or debt coverage ratios, absence of events of default, or priority in payment of other current or prospective obligations. Our subsidiaries' ability to pay dividends, make cash distributions or otherwise transfer funds to us may also be limited or restricted by regulatory considerations or applicable law. As a result, we can give no assurances that our subsidiaries and project affiliates will be able to transfer funds to us to meet all of our needs.

Our subsidiaries have financed and may in the future finance some investments using non-recourse project level financing. Each non-recourse project level financing is structured to be repaid out of cash flows provided by the investment. In the event of a default under a financing agreement which is not cured, the lenders would generally have rights to the related assets. In the event of foreclosure after a default, our subsidiary may lose its equity in the asset or may not be entitled to any cash that the asset may generate. Although a default under a project financing agreement is not expected to cause a default with respect to our debt, other debt of the applicable subsidiary, if any, or debt of our other subsidiaries, it may materially affect our ability to service our outstanding indebtedness and satisfy our other corporate funding needs, including payment of dividends on our capital stock.

We can give no assurances that our current and future capital structure, operating performance or financial condition will permit us to access the capital markets or to obtain other financing at the times, in the amounts and on the terms necessary or advisable for us to successfully carry out our business strategy and to service our indebtedness and satisfy our other corporate funding needs, including payment of dividends on our capital stock.

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USE OF PROCEEDS

Unless otherwise indicated in the applicable prospectus supplement, we will use the net proceeds from the sale of the securities for general corporate purposes, including repayment of outstanding debt.

DESCRIPTION OF THE SENIOR AND SUBORDINATED DEBT SECURITIES

We may issue from time to time one or more series of the senior debt securities under our Senior Debt Indenture dated as of November 1, 1998 between us and US Bank National Association, as Senior Trustee, or one or more series of the subordinated debt securities under our Subordinated Debt Indenture to be entered into between us and US Bank National Association, as Subordinated Trustee. The term "Trustee" refers to either the Senior Trustee or the Subordinated Trustee, as appropriate. We will provide information about these debt securities in a prospectus supplement.

The Senior Debt Indenture and the form of Subordinated Debt Indenture (sometimes together referred as the "Indentures" and, individually, as an "Indenture") are incorporated by reference as exhibits to the registration statement of which this prospectus is a part. The Indentures are subject to and governed by the Trust Indenture Act of 1939, as amended. We have summarized the material terms and provisions of the Indentures. Because this section is a summary, it does not describe every aspect of the debt securities and the Indentures. We urge you to read the Indenture that governs your debt securities for provisions that may be important to you.

Provisions Applicable to Both the Senior and Subordinated Indentures

General

The debt securities will be our unsecured obligations. The senior debt securities will rank equally with all of our other unsecured and unsubordinated indebtedness. The subordinated debt securities will be subordinated in right of payment to the prior payment in full of our senior indebtedness as described below under "— Subordinated Indenture Provisions." In this section, unless the context requires otherwise, the words "we," "our," "ours" and "us" refer to Public Service Enterprise Group Incorporated and not its consolidated subsidiaries.

Because we are a holding company and conduct all of our operations through our subsidiaries and project affiliates, holders of our debt securities will generally have a junior position to claims of creditors, including trade creditors, debt holders, secured creditors, taxing authorities and guarantee holders, and any preferred stockholders of those subsidiaries and project affiliates other than, in each case, where we are recognized as a creditor of such subsidiary or project affiliate. As of October 31, 2014, PSE&G had no shares of its preferred stock outstanding. Our subsidiaries have ongoing corporate debt programs used to finance their business activities. As of October 31, 2014, our subsidiaries and project affiliates had approximately $8.6 billion of recourse debt outstanding. See "Risk Factors."

Each Indenture provides that any debt securities proposed to be sold under this prospectus and the relevant prospectus supplement may be issued in an unlimited amount under that Indenture in one or more series, in each case as authorized by us from time to time.

You should read the relevant prospectus supplement for a description of the material terms of each series of debt securities being offered, including:

- the title of the debt securities and whether the debt securities will be senior debt securities or subordinated debt securities;
- the aggregate principal amount of the debt securities and any limit on the aggregate principal amount of the debt securities of that series;
- if less than the principal amount of the debt securities is payable upon acceleration of the maturity of the debt securities, the portion that will be payable or how this portion will be determined;
- the date or dates, or how the date or dates will be determined or extended, on which the principal of the debt securities will be payable;

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- the rate or rates of interest, which may be fixed or variable, that the debt securities will bear, if any, or how the rate or rates will be determined;
- the terms of any remarketing of the debt securities;
- the date or dates from which interest, if any, on the debt securities will accrue or how the date or dates will be determined;
- the interest payment dates, if any, and the record dates for any interest payments or how the date or dates will be determined;
- the basis upon which interest will be calculated if other than that of a 360-day year of twelve 30-day months;
- the right, if any, to extend or defer interest payment periods and the duration of any extension or deferral;
- any optional redemption provisions;
- any sinking fund or other provisions that would obligate us to repurchase or otherwise redeem the debt securities;
- whether the debt securities will be issued as registered securities, bearer securities or both and any applicable restrictions;
- whether the debt securities will be issuable in temporary or permanent global form and any applicable restrictions or limitations;
- the place or places where the principal of and any premium and interest on the debt securities will be payable and to whom and how those payments will be made;
- whether the debt securities are convertible into or exchangeable for any other securities and, if so, the applicable terms and conditions;
- the denominations in which the debt securities will be issuable, if other than $1,000 or any integral multiple thereof in the case of registered securities and $5,000 in the case of bearer securities;
- the index, formula or other method, if any, with reference to which the amount of principal of or any premium or interest on the debt securities will be determined and the manner in which such amounts will be determined;
- if other than the applicable Trustee, the identity of each security registrar and/or paying agent;
- the applicability of the provisions of the applicable Indenture described below under "— Satisfaction and Discharge, Full Defeasance and Covenant Defeasance" and any provisions in modification of, in addition to or in lieu of any of these provisions;
- whether and under what circumstances we will pay additional amounts in respect of any tax, assessment or governmental charge and, if so, whether we will have the option to redeem the debt securities rather than pay the additional amounts (and the terms of this option);
- any deletions, additions or changes in the events of default in the applicable Indenture and any change in the right of the applicable Trustee or the holders to declare the principal amount of the debt securities due and payable;
- any deletions, additions or changes in the covenants in the applicable Indenture;
- the applicability of or any change in the subordination provisions of the Subordinated Indenture for a series of subordinated debt securities;
- any provisions granting special rights to holders of the debt securities upon the occurrence of specified events; and
- any other material terms of the debt securities.

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If applicable, the prospectus supplement will also set forth information concerning any other securities offered thereby and a discussion of federal income tax considerations relevant to the securities being offered.

For purposes of this prospectus, any reference to the payment of principal of or premium or interest, if any, on the debt securities will include the payment of any additional amounts required by the terms of the debt securities.

Debt securities may provide for less than the entire principal amount to be payable upon acceleration of the maturity date ("original issue discount securities"). Federal income tax and other matters concerning any original issue discount securities will be discussed in the applicable prospectus supplement.

Neither Indenture limits the amount of debt securities that may be issued in distinct series from time to time. Debt securities issued under an Indenture are referred to, when a single Trustee is acting as trustee for all debt securities issued under an Indenture, as the "indenture securities." Each Indenture provides that there may be more than one Trustee thereunder, each with respect to one or more different series of indenture securities. See "— Resignation of Trustee" below. At a time when two or more Trustees are acting under either Indenture, each with respect to only certain series, the term indenture securities will mean the one or more series with respect to which each respective Trustee is acting. In the event that there is more than one Trustee under either Indenture, the powers and trust obligations of each Trustee as described herein will extend only to the one or more series of indenture securities for which it is Trustee. If two or more Trustees are acting under either Indenture, then the indenture securities for which each Trustee is acting would in effect be treated as if issued under separate indentures.

The general provisions of the Indentures do not contain any provisions that would limit our ability to incur indebtedness or that would afford holders of debt securities protection in the event of a highly leveraged or similar transaction involving us. Please refer to the prospectus supplement for information with respect to any deletions from, modifications of or additions to the events of default or our covenants that are described below, including any addition of a covenant or other provision providing event risk or similar protection.

We have the ability, without the consent of the holders thereof, to issue indenture securities with terms different from those of indenture securities previously issued and to reopen a previous series of indenture securities and issue additional indenture securities of that series, unless the reopening was restricted when that series was created.

Denominations, Registration and Transfer

Debt securities of a series may be issuable solely as registered securities, solely as bearer securities or as both registered securities and bearer securities. The Indentures also provide that debt securities of a series may be issuable in global form. See "— Book-Entry Debt Securities." Unless otherwise provided in the prospectus supplement, debt securities denominated in U.S. dollars (other than global securities, which may be of any denomination) are issuable in denominations of $1,000 or any integral multiples of $1,000 (in the case of registered securities) and in the denomination of $5,000 (in the case of bearer securities). Unless otherwise indicated in the prospectus supplement, bearer securities will have interest coupons attached.

Registered securities will be exchangeable for other registered securities of the same series. If provided in the prospectus supplement, bearer securities (with all unmatured coupons, except as provided below, and all matured coupons which are in default) of any series may be similarly exchanged for registered securities of the same series of any authorized denominations and of a like aggregate principal amount and tenor. If so provided, bearer securities surrendered in exchange for registered securities between a regular record date or a special record date and the relevant date for payment of interest will be surrendered without the coupon relating to that date for payment of interest, and interest will not be payable in respect of the registered security issued in exchange for the bearer security, but will be payable only to the holder of the coupon when due in accordance with the terms of the applicable Indenture. Unless otherwise specified in the prospectus supplement, bearer securities will not be issued in exchange for registered securities.

Registered securities of a series may be presented for registration of transfer and debt securities of a series may be presented for exchange

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- at each office or agency required to be maintained by us for payment of that series as described in "— Payment and Paying Agents" below, and
- at each other office or agency that we may designate from time to time for those purposes.

No service charge will be made for any transfer or exchange of debt securities, but we may require payment of any tax or other governmental charge payable in connection with the transfer or exchange.

We will not be required to

- issue, register the transfer of or exchange debt securities during a period beginning at the opening of business 15 days before any selection of debt securities of that series to be redeemed and ending at the close of business on
  - if debt securities of the series are issuable only as registered securities, the day of mailing of the relevant notice of redemption and
  - if debt securities of the series are issuable as bearer securities, the day of the first publication of the relevant notice of redemption, or, if debt securities of the series are also issuable as registered securities and there is no publication, the day of mailing of the relevant notice of redemption;
- register the transfer of or exchange of any registered security, or portion thereof, called for redemption, except the unredeemed portion of any registered security being redeemed in part;
- exchange any bearer security called for redemption, except to exchange the bearer security for a registered security of that series and like tenor that is simultaneously surrendered for redemption; or
- issue, register the transfer of or exchange any debt security which has been surrendered for repayment at the option of the holder, except the portion, if any, of that debt security not to be so repaid.

Payment and Paying Agents

Unless otherwise provided in the prospectus supplement, principal, premium, interest and additional amounts, if any, on registered securities will be payable at any office or agency to be maintained by us in Morristown, New Jersey and The City of New York, except that at our option interest on an interest payment date may be paid

- by check mailed to the address of the person entitled thereto appearing in the security register or
- by wire transfer to an account maintained by the person entitled thereto as specified in the security register.

Unless otherwise provided in the prospectus supplement, payment of any installment of interest due on any interest payment date for registered securities will be made to the person in whose name the registered security is registered at the close of business on the regular record date for that interest.

If debt securities of a series are issuable solely as bearer securities or as both registered securities and bearer securities, unless otherwise provided in the prospectus supplement, we will be required to maintain an office or agency

- outside the United States where, subject to any applicable laws and regulations, the principal of and premium, and interest, if any, on the series will be payable and
- in The City of New York for payments with respect to any registered securities of that series (and for payments with respect to bearer securities of that series in the limited circumstances described below, but not otherwise);

provided that, if required in connection with any listing of debt securities on the Luxembourg Stock Exchange or any other stock exchange located outside the United States, we will maintain an office or agency for those debt securities in any city located outside the United States required by the applicable stock exchange. The initial locations of those offices and agencies will be specified in the prospectus supplement. Unless otherwise provided in the prospectus supplement, principal of and premium, if any, and interest, if any, on bearer securities may be paid by wire transfer to an account maintained by the person entitled thereto with a bank located outside the United States. Unless otherwise provided in the prospectus supplement, payment of installments of interest

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on any bearer securities on or before maturity will be made only against surrender of coupons for those interest installments as they mature. Unless otherwise provided in the prospectus supplement, no payment with respect to any bearer security will be made at any office or agency of ours in the United States or by check mailed to any address in the United States or by transfer to an account maintained with a bank located in the United States. However, payments of principal of and premium, if any, and interest, if any, on bearer securities payable in U.S. dollars will be made at the office of our paying agent in The City of New York if payment of the full amount thereof in U.S. dollars at all offices or agencies outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions.

We may from time to time designate additional offices or agencies, approve a change in the location of any office or agency and, except as provided above, rescind the designation of any office or agency.

Events of Default

The following will constitute events of default under each Indenture with respect to any series of debt securities, unless we state otherwise in the applicable prospectus supplement:

- we do not pay interest on a debt security of that series within 30 days of its due date;
- we do not pay principal of, or any premium on, a debt security of that series on its due date;
- we do not deposit any sinking fund payment when due by the terms of any debt security of that series;
- we remain in breach of a covenant in respect of the debt securities of that series for 60 days after we receive a written notice of default stating we are in breach. The notice must be sent by either the Trustee or holders of at least 25% of the principal amount of debt securities of that series;
- we file for bankruptcy or a court appoints a custodian or orders our liquidation under any bankruptcy law or certain other events in bankruptcy, insolvency or reorganization occur; and
- any other event of default provided with respect to debt securities of that series occurs.

We are required to file with the Trustee, annually, an officer's certificate as to our compliance with all conditions and covenants under the applicable Indenture. Each Indenture provides that the Trustee may withhold notice to the holders of debt securities of a series of any default (except payment defaults on the debt securities of that series) if it considers it in the interest of the holders of debt securities of such series to do so.

If an event of default with respect to debt securities of a series has occurred and is continuing, the Trustee or the holders of not less than 25% in principal amount of outstanding debt securities of that series may declare the applicable principal amount of all of the debt securities of that series to be due and payable immediately.

Subject to the provisions of the applicable Indenture relating to the duties of the Trustee, in case an event of default with respect to debt securities of a series has occurred and is continuing, the Trustee is under no obligation to exercise any of its rights or powers under the Indenture at the request, order or direction of the holders of debt securities of that series, unless the holders of the debt securities of that series have offered the Trustee reasonable indemnity against the expenses and liabilities which might be incurred by it in compliance with that request. Subject to such provisions for the indemnification of the Trustee and to certain other provisions, the holders of a majority in principal amount of the outstanding debt securities of a series will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, with respect to the debt securities of that series.

The holders of a majority in principal amount of the outstanding debt securities of a series may, on behalf of the holders of all debt securities of that series and any related coupons, waive any past default with respect to that series and its consequences, except a default

- in the payment of the principal of, or premium, or interest, if any, on any debt security of that series or any related coupons, or
- relating to a covenant or provision that cannot be modified or amended without the consent of the holder of each outstanding debt security of that series affected by the modification or amendment.

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Merger or Consolidation

Each Indenture provides that we may not consolidate with or merge with or into any other corporation or convey or transfer our properties and assets as an entirety or substantially as an entirety to any person, unless either we are the continuing corporation or such corporation or person assumes by supplemental indenture all of our obligations under such Indenture and the debt securities issued thereunder and immediately after the transaction no default shall exist.

Modification or Waiver

Modification and amendment of each Indenture may be made by us and the Trustee thereunder with the consent of the holders of a majority in principal amount of all outstanding indenture securities issued thereunder that are affected by the modification or amendment. The consent of the holder of each outstanding indenture security affected is, however, required to:

- change the maturity of the principal of or any installment of principal of or interest on that indenture security;
- reduce the principal amount of, or the rate or amount of interest in respect of, or any premium payable upon the redemption of, that indenture security, or change the manner of calculation thereof;
- change our obligation, if any, to pay additional amounts in respect of that indenture security;
- reduce the portion of the principal of an original issue discount security or indexed security that would be due and payable upon a declaration of acceleration of the maturity date thereof or provable in bankruptcy;
- adversely affect any right of repayment at the option of the holder of that indenture security;
- change the place or currency of payment of principal, premium or interest on that indenture security;
- impair the right to institute suit for the enforcement of any such payment on or after the maturity date, redemption date or repayment date;
- adversely affect any right to convert or exchange that indenture security;
- reduce the percentage in principal amount of outstanding indenture securities required to amend or waive compliance with certain provisions of the applicable Indenture or to waive certain defaults;
- reduce the requirements for voting or quorum described below; or
- modify any of the foregoing requirements or any of the provisions relating to waiving past defaults or compliance with certain restrictive provisions, except to increase the percentage of holders required to effect any such waiver or to provide that certain other provisions of the Indenture cannot be modified or waived without the consent of the holders of each indenture security affected thereby.

In addition, under the Subordinated Indenture, no modification or amendment thereof may, without the consent of the holder of each outstanding subordinated indenture security affected thereby, modify any of the provisions of that Indenture relating to the subordination of the subordinated indenture securities in a manner adverse to the holders and no such modification or amendment may adversely affect the rights of any holder of senior indebtedness described under the caption "— Subordinated Debt Indenture Provisions" without the consent of that holder of senior indebtedness.

The holders of a majority in aggregate principal amount of outstanding indenture securities have the right to waive our compliance with certain covenants in the applicable Indenture.

Modification and amendment of each Indenture may be made by the Trustee and us, without the consent of any holder, for any of the following purposes:

- to evidence the succession of another person to us as obligor under such Indenture;
- to add to our covenants for the benefit of the holders of all or any series of indenture securities issued under the Indenture or to surrender any right or power conferred upon us by the Indenture;

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- to add events of default for the benefit of the holders of all or any series of indenture securities;
- to add to or change any provisions of the Indenture to facilitate the issuance of, or to liberalize the terms of, bearer securities, or to permit or facilitate the issuance of indenture securities in uncertificated form, provided that any such actions do not adversely affect the holders of the indenture securities or any related coupons;
- to change or eliminate any provisions of the Indenture, as long as that change or elimination will become effective only when there are no indenture securities outstanding entitled to the benefit of those provisions;
- to secure the indenture securities under the applicable Indenture pursuant to any requirements of the Indenture, or otherwise;
- to establish the form or terms of indenture securities of any series and any related coupons;
- to evidence and provide for the acceptance of appointment by a successor Trustee or facilitate the administration of the trusts under the Indenture by more than one Trustee;
- to cure any ambiguity, defect or inconsistency in the Indenture, provided that such action does not adversely affect the interests of holders of indenture securities of a series issued thereunder or any related coupons in any material respect; or
- to supplement any of the provisions of the Indenture to the extent necessary to permit or facilitate defeasance and discharge of any series of indenture securities thereunder, provided that the action does not adversely affect the interests of the holders of any indenture securities and any related coupons in any material respect.

In determining whether the holders of the requisite principal amount of outstanding indenture securities have given any request, demand, authorization, direction, notice, consent or waiver under the applicable Indenture or whether a quorum is present at a meeting of holders of indenture securities thereunder,

- the principal amount of an original issue discount security that will be deemed to be outstanding will be the amount of the principal thereof that would be due and payable as of the date of such determination upon acceleration of the maturity thereof,
- the principal amount of an indexed security that may be counted in making such determination will be equal to the principal face amount of the indexed security at original issuance, unless otherwise provided with respect to the indexed security pursuant to the Indenture and
- indenture securities owned by us or any other obligor upon the indenture securities or any affiliate of ours or of any other obligor shall be disregarded.

Each Indenture contains provisions for convening meetings of the holders of indenture securities of a series if indenture securities of that series are issuable as bearer securities. A meeting may be called at any time by the Trustee, and also, upon request, by us or the holders of at least 10% in principal amount of the outstanding indenture securities of that series, in any such case upon notice given as provided in the applicable Indenture. Except for any consent that must be given by the holder of each indenture security affected thereby, as described above, any resolution presented at a meeting at which a quorum is present may be adopted by the affirmative vote of the holders of a majority in principal amount of the outstanding indenture securities of that series; except that any resolution with respect to any action that may be made, given or taken by the holders of a specified percentage which is less than a majority in principal amount of the outstanding indenture securities of a series may be adopted at a meeting at which a quorum is present by the affirmative vote of the holders of that specified percentage in principal amount of the outstanding indenture securities of that series. Any resolution passed or decision taken at any meeting of holders of indenture securities of a series held in accordance with the applicable Indenture will be binding on all holders of indenture securities of that series and any related coupons whether or not present or represented at the meeting. The quorum at any meeting called to adopt a resolution will be persons holding or representing a majority in principal amount of the outstanding indenture securities of a series; except that, if any action is to be taken at the meeting with respect to a consent or waiver which may be given by the holders of not less than a specified percentage in principal amount of the outstanding indenture

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securities of a series, the persons holding or representing that specified percentage in principal amount of the outstanding indenture securities of that series will constitute a quorum.

Satisfaction and Discharge, Full Defeasance and Covenant Defeasance

We may discharge certain of our obligations to holders of debt securities of a series that have not already been delivered to the applicable Trustee for cancellation and that either have become due and payable or are due and payable within one year (or scheduled for redemption within one year) by irrevocably depositing with the applicable Trustee, in trust, funds in an amount sufficient to make interest, principal and any other payments on the debt securities on their various due dates.

Each Indenture provides that, if the series of debt securities provides for it, we may elect either to defease and be discharged from any and all obligations with respect to such debt securities and any related coupons, with certain limited exceptions (this is called "full defeasance") or to be released from our obligations under any specified covenant with respect to those debt securities and any related coupons, and any omission to comply with those obligations shall not constitute a default or an event of default with respect to those debt securities and any related coupons (this is called "covenant defeasance").

In order to effect full defeasance or covenant defeasance, we must deposit for the benefit of all holders of the debt securities of the particular series a combination of cash and/or U.S. government securities or U.S. government agency notes or bonds that will generate enough cash to make interest, principal and other payments on the debt securities on their various due dates.

A trust may only be established if, among other things, we have delivered to the Trustee a legal opinion stating that the holders of the debt securities and any related coupons will not recognize income, gain or loss for United States federal income tax purposes as a result of the full defeasance or covenant defeasance and will be subject to United States federal income tax on the same amounts, in the same manner and at the same times as would have been the case if the full defeasance or covenant defeasance had not occurred, and the legal opinion, in the case of full defeasance, must refer to and be based upon a ruling of the Internal Revenue Service or a change in applicable United States federal income tax law occurring after the date of the applicable Indenture.

In the event we effect covenant defeasance with respect to any debt securities and any related coupons and those debt securities and coupons are declared due and payable because of the occurrence of certain events of default with respect to any covenant as to which there has been covenant defeasance, the amount of funds on deposit with the Trustee will be sufficient to pay amounts due on those debt securities and coupons at the time of their stated maturity date but may not be sufficient to pay amounts due on those debt securities and coupons at the time of the acceleration resulting from the event of default. In such case, we would remain liable to make payment of those amounts due at the time of acceleration.

The prospectus supplement may further describe the provisions, if any, permitting full defeasance or covenant defeasance, including any modifications to the provisions described above, with respect to the debt securities of or within a particular series and any related coupons.

Book-Entry Debt Securities

Debt securities of a series may be issued, in whole or in part, in global form that will be deposited with, or on behalf of, a depositary identified in the prospectus supplement. Global securities may be issued in either registered or bearer form and in either temporary or permanent form (a "global security"). Unless otherwise provided in the prospectus supplement, debt securities that are represented by a global security will be issued in denominations of $1,000 and any integral multiple thereof, and will be issued in registered form only, without coupons. Payments of principal of (and premium, if any) and interest, if any, on debt securities represented by a global security will be made by us to the applicable Trustee and then by the applicable Trustee to the depositary.

We anticipate that any global securities will be deposited with, or on behalf of, The Depository Trust Company ("DTC"), New York, New York, that global securities will be registered in the name of DTC's nominee, and that the following provisions will apply to the depositary arrangements with respect to any global securities. Additional or differing terms of the depositary arrangements will be described in the prospectus supplement.

So long as DTC or its nominee is the registered owner of a global security, DTC or its nominee, as the case may be, will be considered the sole holder of the debt securities represented by such global security for all

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purposes under the applicable Indenture. Except as provided below, owners of beneficial interests in a global security will not be entitled to have debt securities represented by the global security registered in their names, will not receive or be entitled to receive physical delivery of debt securities in certificated form and will not be considered the owners or holders thereof under the applicable Indenture. The laws of some states require that certain purchasers of securities take physical delivery of such securities in certificated form; those laws may limit the transferability of beneficial interests in a global security.

If

- DTC is at any time unwilling, unable or ineligible to continue as depositary and a successor depositary is not appointed by us within 90 days following notice to us;
- we determine, in our sole discretion, not to have any debt securities represented by one or more global securities; or
- an event of default under the applicable Indenture has occurred and is continuing,

then we will issue individual debt securities in certificated form in exchange for the relevant global securities. In any such instance, an owner of a beneficial interest in a global security will be entitled to physical delivery of individual debt securities in certificated form of like tenor and rank, equal in principal amount to such beneficial interest and to have such debt securities in certificated form registered in its name. Unless otherwise provided in the prospectus supplement, debt securities so issued in certificated form will be issued in denominations of $1,000 or any integral multiple thereof and will be issued in registered form only, without coupons.

The following is based on information furnished by DTC and applies to the extent that it is the depositary, unless otherwise provided in the prospectus supplement:

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities that its participants deposit with it. DTC also facilitates the post-trade settlement among its participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges in its participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct participants of DTC include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation. The Depository Trust & Clearing Corporation is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. The Depository Trust & Clearing Corporation is owned by the users of its regulated subsidiaries. Access to DTC’s system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly. DTC rules applicable to its participants are on file with the SEC.

Except as otherwise provided in this prospectus or a prospectus supplement, purchases of debt securities under DTC’s system must be made by or through direct participants, which will receive a credit for those debt securities on DTC’s records. The beneficial ownership interest of each actual purchaser of each debt security represented by a global security (“beneficial owner”) is in turn to be recorded on the records of the direct and indirect participants’ records. Beneficial owners will not receive written confirmation from DTC of their purchase. Beneficial owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the direct or indirect participants through which the beneficial owner entered into the transaction. Transfers of ownership interests in a global security representing debt securities are to be accomplished by entries made on the books of direct and indirect participants acting on behalf of beneficial owners. Beneficial owners of a global security representing debt securities will not receive certificates representing their ownership interests in a global security, except in the event that use of the book-entry system for those debt securities is discontinued.

To facilitate subsequent transfers, all global securities representing debt securities deposited by direct participants with DTC are registered in the name of DTC’s nominee, Cede & Co. (“Cede”), or such other name

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as may be requested by an authorized representative of DTC. The deposit of global securities with DTC and their registration in the name of Cede or such other nominee of DTC do not effect any change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the global securities representing the debt securities; DTC's records reflect only the identity of the direct participants to whose accounts such debt securities are credited, which may or may not be the beneficial owners. The direct and indirect participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants, and by direct participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

If applicable, redemption notices will be sent to Cede. If less than all of the debt securities within a series are being redeemed, DTC's practice is to determine by lot the amount of the interest of each direct participant in that issue to be redeemed.

Neither DTC nor Cede (nor any other nominee of DTC) will consent or vote with respect to the global securities representing debt securities unless authorized by a direct participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an omnibus proxy to us as soon as possible after the applicable record date. The omnibus proxy assigns Cede's consenting or voting rights to those direct participants to whose accounts book-entry securities are credited on the applicable record date (identified in a listing attached to the omnibus proxy).

Redemption proceeds, distributions and dividend payments on the global securities representing the debt securities will be made to Cede, or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit direct participants' accounts, upon DTC's receipt of funds and corresponding detailed information from us or the applicable Trustee, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such participant and not of DTC, the applicable Trustee or us, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments to Cede (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of us or the applicable Trustee, disbursement of such payments to direct participants will be the responsibility of DTC, and disbursement of such payments to the beneficial owners will be the responsibility of direct and indirect participants.

A beneficial owner will give notice of any option to elect to have its debt securities purchased or tendered, through its participant, to the applicable Trustee, and will effect delivery of such debt securities by causing the direct participant to transfer the participant's interest in the global security representing those debt securities, on DTC's records, to such Trustee. The requirement for physical delivery of debt securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the global security representing those debt securities are transferred by direct participants on DTC's records and followed by a book-entry credit of tendered debt securities to the applicable Trustee's account with DTC.

DTC may discontinue providing its services as depositary with respect to debt securities at any time by giving reasonable notice to us or the applicable Trustee. Under those circumstances, in the event that a successor depositary is not obtained, certificates are required to be printed and delivered.

We may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that we believe to be reliable, but we take no responsibility for the accuracy thereof.

Unless stated otherwise in the prospectus supplement, the underwriters or agents with respect to a series of debt securities issued as global securities will be direct participants in DTC.

None of any underwriter or agent, the Trustees, any applicable paying agent or us will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial interests in a global security, or for maintaining, supervising or reviewing any records relating to such beneficial interests.

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Resignation of Trustee

Each Trustee may resign or be removed with respect to one or more series of indenture securities and a successor Trustee may be appointed to act with respect to the series. In the event that two or more persons are acting as Trustee with respect to different series of indenture securities under one of the Indentures, each such Trustee shall be a Trustee of a trust thereunder separate and apart from the trust administered by any other Trustee, and any action described herein to be taken by the Trustee may then be taken by each Trustee with respect to, and only with respect to, the one or more series of indenture securities for which it is Trustee.

Subordinated Debt Indenture Provisions

Upon any distribution of our assets upon any dissolution, winding up, liquidation or reorganization, the payment of the principal of and premium and interest, if any, on subordinated debt securities is to be subordinated to the extent provided in the Subordinated Debt Indenture in right of payment to the prior payment in full of all Senior Indebtedness, but our obligation to make payment of the principal of and premium and interest, if any, on the subordinated debt securities will not otherwise be affected. In addition, no payment on account of the principal of or premium or interest, if any, on the subordinated debt securities may be made at any time unless full payment of all amounts due in respect of the principal of and premium and interest, if any, on Senior Indebtedness has been made or duly provided for in money.

In the event that, notwithstanding the foregoing, any payment by us is received by the Subordinated Trustee or the holders of any of the subordinated debt securities before all Senior Indebtedness is paid in full, the payment or distribution shall be paid over to the holders of the Senior Indebtedness or on their behalf for application to the payment of all the Senior Indebtedness remaining unpaid until all the Senior Indebtedness has been paid in full, after giving effect to any concurrent payment or distribution to the holders of the Senior Indebtedness. Subject to the payment in full of all Senior Indebtedness upon this distribution, the holders of the subordinated debt securities will be subrogated to the rights of the holders of the Senior Indebtedness to the extent of payments made to the holders of the Senior Indebtedness out of the distributive share of the subordinated debt securities.

By reason of the subordination, in the event of a distribution of assets upon insolvency, certain of our general creditors may recover more, ratably, than holders of the subordinated securities. The Subordinated Indenture provides that the subordination provisions thereof will not apply to money and securities held in trust pursuant to the defeasance provisions of the Subordinated Indenture.

If this prospectus is being delivered in connection with a series of subordinated debt securities, the accompanying prospectus supplement or the information incorporated by reference therein will set forth the definition of Senior Indebtedness and the approximate amount of Senior Indebtedness outstanding as of a recent date.

Governing Law

The Indentures and the debt securities will be governed by, and construed in accordance with, the laws of the State of New Jersey.

The Trustee under the Senior Debt Indenture and the Subordinated Debt Indenture

US Bank National Association, the Trustee under our Senior Debt Indenture dated as of November 1, 1998 with respect to our senior debt securities, will also be trustee under the Subordinated Debt Indenture to be entered into with respect to our subordinated debt securities. In the event that the Trustee's position as trustee under the Senior Debt Indenture and the Subordinated Debt Indenture creates a conflict for the Trustee, under certain circumstances, the Trustee will resign as trustee under either the Senior Debt Indenture or the Subordinated Debt Indenture.

US Bank National Association is trustee under various indentures relating to our subsidiaries and affiliates. Our subsidiaries, our affiliates and we maintain other normal banking relationships, including credit facilities and lines of credit, with US Bank National Association.

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DESCRIPTION OF THE CAPITAL STOCK

The following description summarizes the material terms of our capital stock. Because this section is a summary, it does not describe every aspect of our capital stock. For additional information, you should refer to the applicable provisions of the New Jersey Business Corporation Act and our Certificate of Incorporation, as amended (the "Charter"), and By-Laws, as amended. Our Charter and By-Laws are exhibits to the registration statement of which this prospectus is a part.

Authorized Capital

Our authorized capital stock consists of 1,000,000,000 shares of common stock, without par value, and 50,000,000 shares of preferred stock, without par value.

Common Stock

General. As of October 31, 2014, 506,043,534 shares of our common stock were issued and outstanding. The outstanding shares of our common stock are, and any shares of common stock offered by a future prospectus supplement when issued and paid for will be, fully paid and non-assessable.

Dividend Rights. Holders of our common stock are entitled to such dividends as may be declared from time to time by our board of directors from legally available funds after payment of all amounts owed on any preferred stock that may be outstanding.

Voting Rights. Holders of our common stock are entitled to one vote for each share held by them on all matters presented to shareholders.

Liquidation Rights. After satisfaction of our creditors and the preferential liquidation rights of any preferred stock, the holders of our common stock are entitled to share, ratably, in the distribution of all remaining net assets.

Redemption Rights. The shares of our common stock are not subject to redemption or to any further calls or assessments and are not entitled to the benefit of any sinking fund provisions.

Transfer Agents and Registrars

The transfer agent and registrar for our common stock is Wells Fargo Shareowner Services, a division of Wells Fargo Bank, N.A.

Preferred Stock

Our board of directors is authorized, without further shareholder action, to divide the preferred stock into one or more classes or series and to determine the designations, preferences, limitations and special rights of any class or series including, but not limited to, the following:

- the rate (or manner of calculation of the rate) of dividends, if any, payable and whether such dividends are payable on a cumulative basis, and the frequency of any such payments;
- the rights, if any, of the holders of shares of the series upon our voluntary or involuntary liquidation, dissolution or winding-up;
- the terms and conditions upon which shares may be converted into shares of other series or other capital stock, if issued with the privilege of conversion;
- the price at and the terms and conditions upon which shares may be redeemed; and
- the voting rights, if any.

As of the date of this prospectus, no shares of preferred stock are outstanding.

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DESCRIPTION OF THE STOCK PURCHASE CONTRACTS AND STOCK PURCHASE UNITS

We may issue stock purchase contracts representing contracts obligating holders to purchase from us, and us to sell to the holders, a specified number of shares of our common stock (or a range of numbers of shares pursuant to a predetermined formula) at a future date or dates. The price per share of our common stock and number of shares of our common stock may be fixed at the time the stock purchase contracts are issued or may be determined by reference to a specific formula set forth in the stock purchase contracts.

The stock purchase contracts may be issued separately or as a part of units, known as stock purchase units, consisting of a stock purchase contract and our debt securities or debt obligations of third parties (including United States Treasury securities), that would secure the holders' obligations to purchase our common stock under the stock purchase contracts. The stock purchase contracts may require us to make periodic payments to the holders of the stock purchase units or vice-versa. These payments may be unsecured or prefunded on some basis.

The applicable prospectus supplement will describe the terms of any stock purchase contracts or stock purchase units and, if applicable, debt securities and will contain a discussion of the material United States federal income tax considerations applicable to the stock purchase contracts and stock purchase units. The description in the applicable prospectus supplement will not contain all of the information you may find useful, and reference will be made to the stock purchase contracts, and, if applicable, the debt securities securing the holders' obligations thereunder and the related collateral or depositary arrangements relating to the stock purchase contracts or stock purchase units.

PLAN OF DISTRIBUTION

We may sell the securities directly to purchasers or indirectly through underwriters, dealers or agents. The names of any such underwriters, dealers or agents will be set forth in the relevant prospectus supplement. We will also set forth in the relevant prospectus supplement:

- the terms of the offering of the securities;
- the proceeds we will receive from the offering;
- any underwriting discounts and other items constituting underwriters' compensation;
- any initial public offering price;
- any discounts or concessions allowed or reallowed or paid to dealers; and
- any securities exchanges on which we may list the securities.

We may distribute the securities from time to time in one or more transactions at:

- a fixed price;
- prices that may be changed;
- market prices at the time of sale;
- prices related to prevailing market prices; or
- negotiated prices.

We will describe the method of distribution in the relevant prospectus supplement.

If we use underwriters with respect to an offering of the securities, we will set forth in the relevant prospectus supplement:

- the name of the managing underwriter, if any;
- the names of any other underwriters; and
- the terms of the transaction, including any underwriting discounts and other items constituting compensation of the underwriters and dealers, if any.

S1-SSA-0009 - 28707

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The underwriters will acquire any securities for their own accounts and they may resell the securities from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price and at varying prices determined at the time of sale.

Any initial public offering price and any discounts or concessions allowed or reallowed or paid to dealers may be changed from time to time. We anticipate that any underwriting agreement pertaining to any securities will:

- entitle the underwriters to indemnification by us against certain civil liabilities, including liabilities under the Securities Act, or to contribution with respect to payments that the underwriters may be required to make related to any such civil liability;
- subject the obligations of the underwriters to certain conditions precedent; and
- obligate the underwriters to purchase all securities offered in a particular offering if any such securities are purchased.

If we use a dealer in an offering of the securities, we will sell such securities to the dealer, as principal. The dealer may then resell the securities to the public at varying prices to be determined by such dealer at the time of resale. We will set forth the name of the dealer and the terms of the transaction in the prospectus supplement.

If we use an agent in an offering of the securities, we will name the agent and describe the terms of the agency in the relevant prospectus supplement. Unless we indicate otherwise in the prospectus supplement, we will require an agent to act on a best efforts basis for the period of its appointment.

We may enter into derivative transactions with third parties, or sell securities not covered by this prospectus to third parties in privately negotiated transactions. If the applicable prospectus supplement indicates, in connection with those derivatives, the third parties may sell securities covered by this prospectus and the applicable prospectus supplement, including in short sale transactions. If so, the third party may use securities pledged by us or borrowed from us or others to settle those sales or to close out any related open borrowings of stock, and may use securities received from us in settlement of those derivatives to close out any related open borrowings of stock. The third party in such sale transactions will be an underwriter and, if not identified in this prospectus, will be identified in the applicable prospectus supplement.

Dealers and agents named in a prospectus supplement may be considered underwriters of the securities described in the prospectus supplement under the Securities Act. We may indemnify them against certain civil liabilities under the Securities Act.

If underwriters are used in the sale, to facilitate the offering of securities, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of such securities. Specifically, the underwriters may over-allot in connection with the offering, creating a short position in such securities for their own accounts. In addition, to cover over-allotments or to stabilize the price of such securities, the underwriters may bid for, and purchase, such securities in the open market. Finally, in any offering of securities through a syndicate of underwriters, the underwriting syndicate may reclaim selling concessions allowed to an underwriter or a dealer for distributing such securities in the offering, if the syndicate repurchases previously distributed securities in transactions to cover syndicate short positions, in stabilization transactions or otherwise. Any of these activities may stabilize or maintain the market price of such securities above independent market levels. The underwriters are not required to engage in these activities, and may end any of these activities at any time.

In the ordinary course of business, we may engage in transactions with underwriters, dealers, agents and their affiliates and they may perform services for us.

We may solicit offers to purchase the securities and make sales directly to institutional investors or others who may be considered underwriters under the Securities Act with respect to such sales. We will describe the terms of any such offer in the relevant prospectus supplement. We may also sell the securities through competitive bidding procedures described in the relevant prospectus supplement.

If we authorize underwriters or other agents to solicit offers to purchase the securities from institutional investors pursuant to contracts providing for payment and delivery at a future date, we will indicate that we are doing so in the relevant prospectus supplement.

S1-SSA-0009 - 28708

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Each series of securities will be a new issue and, except for the common stock, which is listed on the New York Stock Exchange, will have no established trading market. We may elect to list any series of new securities on an exchange, or in the case of the common stock, on any additional exchange, but unless we advise you differently in the prospectus supplement, we have no obligation to cause any securities to be so listed. Any underwriters that purchase securities for public offering and sale may make a market in the securities, but such underwriters will not be obligated to do so and may discontinue any market making at any time without notice. We make no assurance as to the liquidity of, or the development or maintenance of, any trading markets for any securities.

We will estimate our expenses associated with any offering of the securities in the relevant prospectus supplement.

LEGAL MATTERS

The validity of the securities, including the binding nature of debt securities, to be issued by us will be passed upon for us by M. Courtney McCormick, Esquire, our Deputy General Counsel, or Tamara L. Linde, Esquire, our Executive Vice President and General Counsel, and for any underwriters, dealers or agents by Sidley Austin LLP, New York, New York, who may rely on the opinion of Ms. McCormick or Ms. Linde as to matters of New Jersey law. Mses. McCormick and Linde own shares of our common stock. Sidley Austin LLP has from time to time represented and continues to represent us and our affiliates in connection with certain unrelated legal matters.

EXPERTS

The consolidated financial statements and the related consolidated financial statement schedule incorporated in this prospectus by reference from our Annual Report on Form 10-K and the effectiveness of our internal control over financial reporting have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports which are incorporated herein by reference. Such consolidated financial statements and consolidated financial statement schedule have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

S1-SSA-0009 - 28709

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$700,000,000

Public Service Enterprise Group Incorporated

$400,000,000 1.600% Senior Notes Due 2019
$300,000,000 2.000% Senior Notes Due 2021

PROSPECTUS SUPPLEMENT

November 3, 2016

Joint Book-Running Managers

Barclays

J.P. Morgan

RBC Capital Markets

Scotiabank

Wells Fargo Securities

Co-Managers

CIBC Capital Markets

Citigroup

TD Securities

MFR Securities, Inc.

S1-SSA-0009 - 28710

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Filed Pursuant to Rule 424(b)(2)
Registration Statement No. 333-200352

PROSPECTUS

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
2,513,578 shares of Common Stock without Par Value

Enterprise Direct℠ Plan
(Dividend Reinvestment and Stock Purchase Plan)

We hereby offer participation in the Enterprise Direct Plan ("Enterprise Direct" or "Plan"). Enterprise Direct is a direct stock purchase plan designed to promote long-term ownership among investors in our common stock, without par value ("Common Stock").

Under Enterprise Direct:

- Shareholders who own shares of Common Stock or any series of preferred stock of our subsidiary, Public Service Electric and Gas Company ("PSE&G") ("Preferred Stock"), directly in their name may enroll.
- Non-shareholders may enroll in the Plan by making an initial investment ("Initial Investment") of at least $250. The maximum Initial Investment is $10,000. An enrollment fee ("Enrollment Fee") will be deducted from the Initial Investment.
- All or a portion of dividends from Common Stock or Preferred Stock may automatically be reinvested in additional shares of Common Stock.
- Once enrolled, Participants may make additional investments ("Voluntary Contributions") of $50 or more. The maximum Voluntary Contribution for any single investment date will be $10,000. The maximum annual investment (including the Initial Investment and Voluntary Contributions, but excluding reinvested dividends and shares deposited with Enterprise Direct for safekeeping only) is $125,000.
- Shareholders who hold Common Stock certificates may deposit them with the Administrator for safekeeping, whether or not they reinvest their dividends.
- No trading fees will be charged for purchases or reinvestments through the Plan. Participants will be required to pay certain fees in connection with the Plan. See "Service Fees".
- Any shareholders enrolled or deemed to be enrolled ("Participants") may sell shares of Common Stock credited to their accounts through Enterprise Direct. Trading fees, related service charges and any applicable taxes will be deducted from the proceeds of such sales.
- Participants may have any non-reinvested dividends on shares of Common Stock held in their Enterprise Direct accounts paid by electronic deposit.

Shares of Common Stock will be purchased under the Plan, at our option, from newly issued shares, shares held in our treasury or shares purchased on the open market by a broker-dealer registered under the Securities Exchange Act of 1934 ("Exchange Act") who may be affiliated with the Plan's Administrator, which is acting as an "agent independent" of us and our affiliates, as that term is defined in rules and regulations under the Exchange Act ("Independent Agent"). However, Common Stock purchased with the Initial Investment by a non-shareholder will be acquired in the open market. All sales of Common Stock under the Plan will be made by an Independent Agent.

The Common Stock is listed on the New York Stock Exchange under the ticker symbol "PEG." The closing price of the Common Stock on November 17, 2014 was $40.46.

We have appointed Wells Fargo Shareowner Services, a division of Wells Fargo Bank, N.A., as the Administrator of the Plan.

Investing in the Common Stock involves risks. You should carefully consider the information in the section entitled "Risk Factors" on page 4 of this prospectus, as well as the risk factors contained in our most recently filed Annual Report on Form 10-K and our other periodic reports filed with the Securities and Exchange Commission and incorporated by reference into this prospectus before you invest in the Common Stock.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is November 18, 2014.

S1-SSA-0009 - 28711

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission (the "SEC") using a "shelf" registration process. Under this shelf process, we may, from time to time, sell the securities described in this prospectus or combinations thereof in one or more offerings. You should read both this prospectus together with additional information described under "Where You Can Find More Information."

In this prospectus, unless the context indicates otherwise, the words and terms "PSEG," "we," "our," "ours" and "us" refer to Public Service Enterprise Group Incorporated and its consolidated subsidiaries.

We believe that we have included or incorporated by reference all information material to investors in this prospectus, but certain details that may be important for specific investment purposes have not been included. For more detailed information about the securities, you should also review the exhibits to the registration statement, which were either filed with the registration statement or incorporated by reference to other SEC filings.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports and other information with the SEC. Our filings are available to the public over the Internet on the SEC's web site at http://www.sec.gov, as well as on our web site at http://www.pseg.com. None of the information contained at any time on our web site is incorporated by reference into this prospectus. You may read and copy any material on file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room.

You may also inspect these documents at the New York Stock Exchange, Inc. ("New York Stock Exchange"), where certain of our securities are listed.

The SEC allows us to "incorporate by reference" documents that we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference or deemed incorporated by reference is an important part of this prospectus, and information that we file later with the SEC will be deemed to automatically update and supersede this incorporated information. We incorporate by reference the documents listed below that have been filed with the SEC.

- Our Annual Report on Form 10-K for the year ended December 31, 2013.
- Our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2014, June 30, 2014 and September 30, 2014.
- Information in our Definitive Proxy Statement on Schedule 14A filed on March 10, 2014 that is incorporated by reference into our Annual Report on Form 10-K.
- Our Current Reports on Form 8-K filed on February 21, 2014, April 2, 2014 (second filing), April 17, 2014 and July 17, 2014.
- The description of Common Stock in our registration statement filed pursuant to Section 12 of the Exchange Act, and any amendment or report filed for the purpose of amending such description.

We also incorporate by reference any future filings made with the SEC under Section 13(a), 13(c), 14, or 15(d) of the Exchange Act on or after the date of this prospectus and prior to the termination of this offering of Common Stock, except for Current Reports on Form 8-K containing only disclosure furnished under Item 2.02 or 7.01 of Form 8-K, unless otherwise specifically stated in the Form 8-K.

You can get a free copy of any of the documents incorporated by reference in this prospectus by making an oral or written request directed to:

Vice President, Investor Relations
PSEG Services Corporation
80 Park Plaza, 6th Floor
Newark, NJ 07102
Telephone (973) 430-6565

You should rely only on the information contained or incorporated by reference or deemed to be incorporated by reference in this prospectus or in any prospectus supplement or documents to which we otherwise refer you. We have not authorized anyone else to provide you with different or additional information. You should not rely on any other information or representations. Our business, prospects, financial conditions and results of operations may change after this prospectus and the prospectus supplement are distributed to you. You should not assume that the information in this prospectus and any prospectus supplement is accurate as of any date other than the dates on the front of those documents. You should read all information supplementing this prospectus.

THIS PROSPECTUS CONTAINS THE TEXT OF ENTERPRISE DIRECT IN ITS ENTIRETY AND, THEREFORE, SHOULD BE RETAINED BY PARTICIPANTS FOR FUTURE REFERENCE.

S1-SSA-0009 - 28712

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FORWARD-LOOKING STATEMENTS

This prospectus and any prospectus supplement, including the documents incorporated by reference or deemed to be incorporated by reference, include "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, included in this prospectus and any prospectus supplement and the documents incorporated by reference or deemed to be incorporated by reference that address activities, events or developments that we expect or anticipate will or may occur in the future, including such matters as our future performance, future capital expenditures and growth, revenues, earnings, business strategy, market and industry developments and prospects, are forward-looking statements. When used in this prospectus, any prospectus supplement or in documents incorporated by reference or deemed to be incorporated by reference, the words "will," "anticipate," "intend," "estimate," "believe," "expect," "plan," "should," "hypothetical," "potential," "forecast," "project," and variations of such words and similar expressions are intended to identify forward-looking statements. These statements are based on assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions and expected future developments as well as other factors we believe are appropriate under the circumstances. However, actual results and developments may differ materially from our expectations and predictions due to a number of risks and uncertainties, many of which are beyond our control. Certain factors that could cause actual results to differ materially from those contemplated in any forward-looking statements are discussed in the Risk Factors and Management's Discussion and Analysis of Financial Condition and Results of Operations sections of our most recently filed Annual Report on Form 10-K and any subsequently filed Quarterly Reports on Form 10-Q and in the notes to our financial statements and other information filed with the SEC. These factors include, but are not limited to:

- adverse changes in the demand for or the price of the capacity and energy that we sell into wholesale electricity markets;
- adverse changes in energy industry law, policies and regulation, including market structures and a potential shift away from competitive markets toward subsidized market mechanisms, capacity market design, transmission planning and cost allocation rules, including how transmission projects are planned and who is permitted to build transmission in the future, and reliability standards;
- any inability of our transmission and distribution businesses to obtain adequate and timely rate relief and regulatory approvals from federal and state regulators;
- changes in federal and state environmental regulations and enforcement that could increase our costs or limit our operations;
- changes in nuclear regulation and/or general developments in the nuclear power industry, including various impacts from any accidents or incidents experienced at our facilities or by others in the industry, that could limit operations of our nuclear generating units;
- actions or activities at one of our nuclear units located on a multi-unit site that might adversely affect our ability to continue to operate that unit or other units located at the same site;
- any inability to manage our energy obligations, available supply and risks;
- adverse outcomes of any legal, regulatory or other proceeding, settlement, investigation or claim applicable to us and/or the energy industry;
- any deterioration in our credit quality or the credit quality of our counterparties;
- availability of capital and credit at commercially reasonable terms and conditions and our ability to meet cash needs;
- changes in the cost of, or interruption in the supply of, fuel and other commodities necessary to the operation of our generating units;
- delays in receipt of necessary permits and approvals for our construction and development activities;
- delays or unforeseen cost escalations in our construction and development activities;
- any inability to achieve, or continue to sustain, our expected levels of operating performance;
- any equipment failures, accidents, severe weather events or other incidents that impact our ability to provide safe and reliable service to our customers, and any inability to obtain sufficient insurance coverage or recover proceeds of insurance with respect to such events;
- acts of terrorism, cybersecurity attacks or intrusions that could adversely impact our businesses;
- increases in competition in energy supply markets as well as competition for certain transmission projects;
- any inability to realize anticipated tax benefits or retain tax credits;
- challenges associated with recruitment and/or retention of a qualified workforce;

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- adverse performance of our decommissioning and defined benefit plan trust fund investments and changes in funding requirements;
- changes in technology, such as distributed generation and micro grids, and greater reliance on these technologies; and
- changes in customer behaviors, including increases in energy efficiency, net-metering and demand response.

Additional information concerning these factors is set forth or referred to under "Risk Factors."

All of the forward-looking statements made in this prospectus and any prospectus supplement or in the documents incorporated by reference or deemed to be incorporated by reference are qualified by these cautionary statements and we cannot assure you that the results or developments anticipated by us will be realized or, even if realized, will have the expected consequences to, or effects on, us or our business, prospects, financial condition or results of operations. You should not place undue reliance on these forward-looking statements in making your investment decision to purchase the Common Stock. Except as may be required by federal securities laws, we expressly disclaim any obligation or undertaking to release publicly any updates or revisions to these forward-looking statements to reflect events or circumstances that occur or arise or are anticipated to occur or arise after the date hereof. In making an investment decision regarding the Common Stock, we are not making, and you should not infer, any representation about the likely existence of any particular future set of facts or circumstances.

The forward-looking statements contained in this prospectus, any prospectus supplement and the documents incorporated by reference or deemed to be incorporated by reference herein or therein are intended to qualify for the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Exchange Act.

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED

We are an energy company with a diversified business mix. Our operations are located primarily in the Northeastern and Mid-Atlantic United States. Our business approach focuses on operational excellence, financial strength and disciplined investment. As a holding company, our profitability depends on our subsidiaries' operating results, We have two principal direct, wholly-owned subsidiaries:

- PSE&G, which is an operating public utility company engaged principally in the transmission and distribution of electric energy and gas service in New Jersey; and
- PSEG Power LLC ("Power"), which is a multi-regional independent electric generation and wholesale energy marketing and trading company.

Our other direct, wholly-owned subsidiaries are:

- PSEG Energy Holdings L.L.C. ("Energy Holdings"), which earns revenues primarily from its portfolio of lease investments;
- PSEG Long Island LLC ("PSEG LI"), which operates the Long Island Power Authority's transmission and distribution system under a contractual agreement; and
- PSEG Services Corporation ("Services"), which provides corporate support and managerial and administrative services to us and our subsidiaries.

We are a New Jersey corporation with our principal offices located at 80 Park Plaza, Newark, New Jersey 07101. Our telephone number is (973) 430-7000.

RISK FACTORS

In addition to the risk factors contained in our most recently filed Annual Report on Form 10-K and our other periodic reports filed with the SEC and incorporated by reference into this prospectus, as well as those risk factors that may be included in the applicable prospectus supplement and other information contained in the documents incorporated by reference or elsewhere in this prospectus, prospective investors should carefully consider the risks described below before making a decision to purchase the securities. Such factors could affect actual results and cause our results to differ materially from those expressed in any forward-looking statements made by, or on behalf of, us. Some or all of these factors may apply to us and our subsidiaries. See "Forward-Looking Statements."

Because We Are a Holding Company, Our Ability to Service Our Debt Could be Limited

We are a holding company with no material assets other than the stock or membership interests of our subsidiaries and project affiliates. Accordingly, all of our operations are conducted by our subsidiaries and project affiliates which are separate and distinct legal entities that have no obligation, contingent or otherwise, to pay any amounts when due on our debt or to make any funds available to us to pay such amounts and satisfy our other corporate funding needs, including payment of dividends on our capital stock. As a result, our debt will effectively be subordinated to all existing and future preferred equity

S1-SSA-0009 - 28714

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and liabilities of our subsidiaries and project affiliates, including holders of their debt, trade creditors, secured creditors, taxing authorities and guarantee holders, and our rights and hence the rights of our creditors to participate in any distribution of assets of any subsidiary or project affiliate upon its liquidation or reorganization or otherwise would be subject to the prior claims of that subsidiary's or project affiliate's creditors and preferred equity holders, except to the extent that our claims as a creditor of such subsidiary or project affiliate may be recognized.

We depend on our subsidiaries' and project affiliates' cash flows and our access to capital in order to service our indebtedness and satisfy our other corporate funding needs, including payment of dividends on our capital stock. The debt agreements of subsidiaries and project affiliates generally restrict their ability to pay dividends, make cash distributions or otherwise transfer funds to us. These restrictions may include achieving and maintaining financial performance or debt coverage ratios, absence of events of default, or priority in payment of other current or prospective obligations. As a result, we can give no assurances that our subsidiaries and project affiliates will be able to transfer funds to us to meet all of our needs.

Our subsidiaries have financed some investments using non-recourse project level financing. Each non-recourse project level financing is structured to be repaid out of cash flows provided by the investment. In the event of a default under a financing agreement which is not cured, the lenders would generally have rights to the related assets. In the event of foreclosure after a default, our subsidiary may lose its equity in the asset or may not be entitled to any cash that the asset may generate. Although a default under a project financing agreement is not expected to cause a default with respect to our debt, other debt of the applicable subsidiary, if any, or debt of our other subsidiaries, it may materially affect our ability to service our outstanding indebtedness and satisfy our other corporate funding needs, including payment of dividends on our capital stock.

We can give no assurances that our current and future capital structure, operating performance or financial condition will permit us to access the capital markets or to obtain other financing at the times, in the amounts and on the terms necessary or advisable for us to successfully carry out our business strategy and to service our indebtedness and satisfy our other corporate funding needs, including payment of dividends on our capital stock.

DESCRIPTION OF THE COMMON STOCK

The following description summarizes the material terms of our Common Stock. Because this section is a summary, it does not describe every aspect of our Common Stock. For additional information, you should refer to the applicable provisions of the New Jersey Business Corporation Act and our Certificate of Incorporation, as amended (the "Charter"), and By-Laws, as amended. Our Charter and By-Laws are exhibits to the registration statement of which this prospectus is a part.

Authorized Capital Stock

Our authorized capital stock consists of 1,000,000,000 shares of Common Stock, without par value, and 50,000,000 shares of preferred stock, without par value.

Common Stock

General. As of October 31, 2014, 506,043,534 shares of our Common Stock were issued and outstanding. The outstanding shares of our Common Stock are, and any shares of Common Stock offered hereby when issued and paid for will be, fully paid and non-assessable.

Dividend Rights. Holders of our Common Stock are entitled to such dividends as may be declared from time to time by our board of directors from legally available funds after payment of all amounts owed on any preferred stock that may be outstanding.

Voting Rights. Holders of our Common Stock are entitled to one vote for each share held by them on all matters presented to shareholders.

Liquidation Rights. After satisfaction of our creditors and the preferential liquidation rights of any preferred stock, the holders of our Common Stock are entitled to share, ratably, in the distribution of all remaining net assets.

Redemption Rights. The shares of our Common Stock are not subject to redemption or to any further calls or assessments and are not entitled to the benefit of any sinking fund provisions.

Transfer Agent and Registrar

The transfer agent and registrar for our Common Stock is Wells Fargo Shareowner Services, a division of Wells Fargo Bank, N.A.

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THE ENTERPRISE DIRECT PLAN

The following constitutes the full text of Enterprise Direct:

Purpose

Enterprise Direct is a direct stock purchase plan designed to promote long-term ownership among investors in our Common Stock. Participants may purchase shares of Common Stock and reinvest all or a portion of the dividends paid on Common Stock and/or Preferred Stock in shares of Common Stock, without the payment of any trading fees. To the extent, if any, that such shares are purchased directly from us, the Plan will provide us with additional equity capital.

Administration

Enterprise Direct is administered by the individual (who may be our employee or an employee of any of our subsidiaries), bank, trust company or other entity (including us or any of our subsidiaries) appointed from time to time by us to act as administrator of the Plan (the "Administrator").

The Administrator is responsible for administering the Plan, receiving all cash investments made by Participants, forwarding funds to be used to purchase Common Stock in the open market and sales instructions to the Independent Agent, holding shares of stock acquired under the Plan, maintaining records, sending statements of account to Participants and performing other duties related to the Plan. Under certain circumstances, the Administrator may be an Independent Agent.

We have appointed Wells Fargo Shareowner Services, a division of Wells Fargo Bank, N.A. as the Administrator of Enterprise Direct.

Inquiries

Participants may contact the Administrator at the following:

By Writing To:

Wells Fargo Shareowner Services
P.O. Box 64856
St. Paul, MN 55164-0856

Certified/Overnight Mail:
Wells Fargo Shareowner Services
1110 Centre Pointe Curve, Suite 101
Mendota Heights, MN 55120-4100

By Telephone, Toll Free:

1-800-242-0813 between 8:00 a.m. and 8:00 p.m. Monday through Friday, Eastern Time

– International Calls:

1-651-450-4064

– For the hearing impaired:

Please call 1-800-242-0813 and utilize our relay service

By Website:

shareowneronline.com

To obtain information and perform certain transactions on your account online, including investments via electronic funds transfer ("EFT"), share withdrawals and sale of shares, you may use the Administrator's website at: shareowneronline.com.

For current shareholders of record: Go to shareowneronline.com and click on "Sign Up Now!" under "I am a Current Shareowner." You will need your 10-digit account number, your 12-digit Authentication ID and a valid email address. Your account number can be found on your dividend check, dividend deposit notice or account statement. If you do not have your Authorization ID, you may request one online or by phone. Your Authorization ID will be sent to your mailing address on file.

For non-shareholders of record (new investors): Go to shareowneronline.com and click on "Direct Purchase Plan," under the column titled "Invest in a Plan." Next, simply click on "Invest Now!" under the column "New Investors for PSEG." Then follow the instructions on the "Buy Shares" page.

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For optional cash investments, sales, transfers, deposits or withdrawals, mail the tear-off portion of your transaction advice or account statement to:

Wells Fargo Shareowner Services
P.O. Box 64856
St. Paul, MN 55164-0856

For certificate deposits, mail the tear-off portion of your transaction advice or account statement along with your certificates to:

Certified/Overnight Mail:
Wells Fargo Shareowner Services
1110 Center Pointe Curve, Suite 101
Mendota Heights, MN 55120-4100

Eligibility

Any person or entity is eligible to participate in Enterprise Direct provided that (i) such person or entity fulfills the requirements described below under "Enrollment Procedures" and (ii) in the case of foreign investors, participation is limited to shareholders whose participation would not violate local laws and regulations or subject the Plan, the Administrator or us to taxation by or in such jurisdictions.

Regulations in certain countries may limit or prohibit participation in this type of plan. Therefore, persons residing outside the U.S. who wish to participate in Enterprise Direct should first determine whether they are subject to any governmental regulations prohibiting their participation. Enterprise Direct is not offered to any person in any country where such participation is prohibited or where registration of us, the Administrator or the Common Stock would be required as a condition of such person's participation.

Enrollment Procedures

Requests for copies of an Account Authorization Form (the "AAF") and this prospectus should be made to the Administrator at the addresses and telephone numbers listed in "Inquiries," above.

Shareholders

Shareholders who hold shares of Common Stock or shares of any series of Preferred Stock directly in their name may join Enterprise Direct by logging into their account on-line, by telephone or by completing the AAF. See "Methods of Investment."

Non-Shareholders

Investors may join Enterprise Direct by enrolling on-line or by returning a completed AAF to the Administrator. To enroll, investors must make an Initial Investment of at least $250. The maximum Initial Investment is $10,000. See "Methods of Investment," Non-shareholders will pay a one-time enrollment fee. See "Service Fees." Common Stock purchased with the Initial Investment by a non-shareholder will be purchased in the open market. See "Purchases of Common Stock."

"Street Name" Holders/Transfer of Shares From a Broker

Beneficial owners whose shares are registered in the name of a bank, a broker, a trustee or other agent may transfer these shares to an Enterprise Direct account by instructing their agent to register these shares directly in their name. Upon such registration, the shareholder may enroll in Enterprise Direct on-line or by returning a completed AAF to the Administrator.

Methods of Investment

A Participant's total investment cannot exceed $125,000 per calendar year and must be made in U.S. dollars. For the purpose of applying the annual limit, all investments during any calendar year (including the Initial Investment and all Voluntary Contributions, but excluding reinvested dividends and shares deposited with Enterprise Direct for safekeeping only) are aggregated. **No interest will be paid on amounts held by the Administrator pending investment.**

Direct Investment

Participants may make investments in Common Stock through Enterprise Direct of at least $250 for an Initial Investment and at least $50 per investment for any Voluntary Contributions (each, a "Direct Investment") by mailing a new AAF together with a check as directed on the form. **The check must be in U.S. dollars and drawn on a U.S. or Canadian financial institution. Do not send cash. Money orders, traveler's checks or third party checks will not be accepted.** Funds received by the Administrator at least two business days prior to an Investment Date (as defined in "Investment Dates," below) will be invested on such Investment Date. Funds received less than two business days prior to an Investment Date will be invested on the following Investment Date. Any individual or entity may make Direct Investments on behalf of any Participant or eligible investor as a gift or award.

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A Direct Investment received by the Administrator and not yet used to purchase Common Stock through the Plan will be returned to the Participant as soon as practicable if a written request is received by the Administrator at least five business days prior to the applicable Investment Date. However, no refund of a check will be made until the check has cleared. Accordingly, such refunds may be delayed up to three weeks. **No interest will be paid on a Direct Investment that is refunded to the Participant.**

Automatic Investments

Participants may make Voluntary Contributions through electronic withdrawals of at least $50 from a predesignated account with a U.S. Financial institution ("Automatic Investments"). To initiate Automatic Investments, Participants may enroll on-line or complete and return the Automatic Cash Withdrawal and Investment section of the AAF. Automatic Investments will be initiated as promptly as practicable. Once initiated, funds will be drawn on the 25th day of each month, or if such date is not a business day, the deduction will be made on the preceding business day.

Dividends

Participants may elect to acquire Common Stock through the Plan by reinvesting all or a portion of dividends paid on Common Stock or Preferred Stock registered in their names by completing an AAF. Participants electing partial reinvestment of dividends must designate the specific number of shares and series of securities (i.e., Common Stock and/or the one or more series of Preferred Stock) on which dividends will be paid in cash or reinvested. Once a Participant elects reinvestment, dividends paid on the specific securities so designated will be reinvested in shares of Common Stock until a different AAF is received. An AAF must be received by the Administrator no later than the first business day of a month in which a dividend is to be paid to be effective with respect to that dividend. **The amount reinvested will be reduced by any amount which is required to be withheld under applicable tax law or other statutes.** See "Income Tax Information."

If a Participant does not elect to reinvest dividends, or elects partial reinvestment, that portion of the dividends not being reinvested will be sent to the Participant by check or, if the Participant has elected, by electronic direct deposit. See "Direct Deposit of Dividends Not Reinvested." **The amount of any such dividends paid will be reduced by any amount which is required to be withheld under applicable tax law or other statutes.** See "Income Tax Information."

Investment Dates

Enterprise Direct's "Investment Dates" are as follows:

(a) For Direct Investments, (i) the 15th day of each calendar month and the last calendar day of the month, or, if such day is not a day on which the financial markets in New York City are open for business, the immediately preceding day on which they are open. **No interest will be paid on amounts held by the Administrator pending investment.**

(b) For Automatic Investments, the last calendar day of each month, or, if such day is not a day on which the financial markets in New York City are open for business, the immediately preceding day on which they are open.

(c) For dividends paid on Common Stock or Preferred Stock which are designated for investment through Enterprise Direct, on each respective dividend payment date.

Purchases of Common Stock

Common Stock will be purchased by the Independent Agent in the open market or directly from us, at our sole discretion. However, Common Stock purchased with Initial Investment funds for non-shareholders will be acquired only in the open market. Shares purchased from us may be either newly issued shares or shares held in our treasury.

We may not change our determination regarding the source of the shares (i.e., from us or in the open market) more than once in any 3-month period. At any time that shares of Common Stock are purchased in the open market for Participants, we will not exercise our right to change the source of purchases of Common Stock absent a determination by our board of directors or the finance committee of our board of directors that we have a need to increase equity capital or there is another compelling reason for such change.

Open market purchases by the Independent Agent may be made on any stock exchange in the United States where the Common Stock is traded, in the over-the-counter market, from Participants who are selling through the Plan or by negotiated transactions on such terms as the Independent Agent, in its sole discretion, may reasonably determine at the time of purchase. Any shares purchased by the Independent Agent from us will be made in accordance with applicable requirements. None of us, the Administrator (unless the Administrator is also the Independent Agent) nor any Participant shall have any authority or power to direct the time or price at which shares of Common Stock may be purchased. We will pay all trading fees, related service charges and any applicable taxes incurred by the Independent Agent in connection with the purchase of shares of Common Stock in the open market. For information concerning the potential income tax consequences to the Participant of open market purchases see "Income Tax Information."

For shares purchased in the open market, the Independent Agent may, at its sole discretion, purchase such shares at any time beginning on the Investment Date and ending on the business day before the next Investment Date. The number of

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shares (including any fraction of a share) of Common Stock credited to the account of a Participant for a particular Investment Date will be determined by dividing the total amount of dividends, Direct Investments and/or Automatic Investments to be invested for such Participant on such Investment Date by the weighted average price per share of such purchases made for all Participants for such Investment Date.

Purchases of shares of Common Stock from us, whether newly issued or treasury shares, will be made on the relevant Investment Date at the average of the high and low sales prices of the Common Stock reported on the New York Stock Exchange Composite Tape as published for the Investment Date. No trading fees will be incurred on shares acquired directly from us.

Under Enterprise Direct, a Participant does not have the ability to order the purchase of a specific number of shares, the purchase of shares at a specified price or a particular date of purchase, as may be done with purchases through a broker.

The Independent Agent may commingle each Participant's funds with those of other Participants for the purpose of executing purchase and sale transactions.

Sales of Common Stock

A Participant may sell any or all full shares of Common Stock in the Participant's account without terminating participation in Enterprise Direct by delivering a request acceptable to the Administrator. See "Administration." Any remaining full shares and fraction of a share will remain in the Participant's account. **Under Enterprise Direct, a Participant does not have the ability to sell shares at a specific price or on a particular date, as may be done with sales through a broker.**

A request to have the check for the proceeds of the sale of Plan shares issued in a name other than the account name of record will be honored only after the requirements for the transfer of stock have been met. See "Gift/Transfer of Shares."

HOW CAN I SELL MY SHARES?

You may instruct the Administrator to sell some or all of Your Plan shares by placing a sale order via the Internet. To place a sale order, visit the Administrator's website at shareowneronline.com (see "Inquiries").

Sale Orders via IVR System

You may instruct the Administrator to sell some or all of your Plan shares by placing a sale order via the Interactive Voice Response ("IVR") system. To place a sale order, contact the Administrator, toll-free, at 1-800-242-0813. Simply select the menu option for sales and follow the instructions provided. For security purposes, you will be asked to enter your PIN ID (see "Inquiries").

Sale Orders via Internet

You may instruct the Administrator to sell some or all of your Plan shares by placing a sale order via the Internet. To place a sale order, visit the Administrator's website at shareowneronline.com (see "Inquiries").

Sale Orders via Mail

You may instruct the Administrator to sell some or all of your Plan shares by completing and signing the tear-off portion of your account statement and mailing the instructions to the Administrator. If there is more than one name or owner on the Plan account, all Participants must sign the tear-off portion of the account statement.

HOW ARE SHARES SOLD?

As with purchases, the Administrator aggregates all requests to sell shares and then sells the total shares on the open market. Sales are made through an Independent Agent who will receive trading fees. Normally, the shares will be sold on the New York Stock Exchange, where our Common Stock trades.

Sales are made at least once a week. Depending on the number of shares being sold and current trading volume in the shares, sales may be executed in multiple transactions and may be traded on more than one day. The fee in connection with the sale of shares is $10.00 plus trading fees. The selling price will not be known until the sale is complete. The price per share sold will reflect the per share fee, and will always be the average weighted price for all shares sold for the Plan on the trade date or dates less the per share transaction fee.

A check for the proceeds of the sale of shares, less applicable taxes and transaction fees, will normally be mailed to you by first class mail within two (2) business days after the final trade settlement date.

Sales will be made by the Independent Agent as soon as practicable after receipt of such request by the Administrator. Subject to applicable regulations, the Independent Agent shall have sole discretion as to all matters relating to such sales, including determining the number of shares, if any, to be sold on any day or at any time of that day, the prices received for such shares, the markets on which such sales are made and the person (including other brokers and dealers) from or through

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whom such sales are made. The proceeds from the sale, less any fees charged by us and trading fees, related service charges and any applicable taxes paid by the Independent Agent, will be remitted to the Participant by the Administrator. A service fee will be charged for such sales. See "Service Fees."

A request to sell shares of Common Stock in a Participant's account is irrevocable when made. The price received by the Independent Agent for the account of the Participant will necessarily be dependent on market conditions in effect at the time of the sale. The market price of shares of Common Stock may fluctuate up or down between the time the Participant requests such sale and the time such shares are actually sold by the Independent Agent. No liability for any such change in market price in connection with any such sale is or has been assumed by us, the Administrator or the Independent Agent.

Changing Plan Options

Participants may change their Enterprise Direct options at any time on-line, by telephone or by delivering a new AAF or other instructions to that effect to the Administrator. Any such instructions must be **received** by the Administrator no later than the first business day of a month in which a dividend is to be paid to be effective for that dividend. In addition, for changes involving Automatic Investments, an AAF indicating such change must be **received** by the Administrator no later than ten business days prior to the Investment Date upon which the change is to become effective.

Withdrawal from Enterprise Direct

Participants may withdraw from Enterprise Direct by giving notice to the Administrator. Upon withdrawal, the Administrator will maintain all shares of Common Stock held in the Participant's account in book-entry form, unless the Participant requests that the Administrator either (i) send a certificate for the number of whole shares held in the Enterprise Direct account and a check for the value of any fractional shares (based on 100% of the then current market price of the Common Stock at the time such shares are sold, less applicable fees, related service charges and any applicable taxes); or (ii) sell all shares in the Enterprise Direct account as described under "Sales of Common Stock." Thereafter, dividends will be paid in cash unless the shareholder rejoins Enterprise Direct.

Certificates will be issued upon withdrawal in the name or names in which the account is maintained, unless otherwise instructed. See "Gift/Transfer of Shares." No certificates will be issued for a fractional share.

All notices of withdrawal will be processed by the Administrator and any uninvested funds will be returned to the withdrawing Participant as soon as practicable, without interest. If a notice of withdrawal is received on or after an ex-dividend date but before the related dividend payment date, the withdrawal will be processed as described above and a separate dividend check will be mailed to the Participant as soon as practicable following the dividend payment date.

Safekeeping

Both Participants and non-Participants may deposit some or all of their Common Stock certificates with the Administrator for safekeeping. Shares deposited will be credited to the shareholder's account as maintained by the Administrator. By using Enterprise Direct's safekeeping service, shareholders no longer bear the risk and cost associated with the loss, theft or destruction of stock certificates. Shareholders using this service who are not Enterprise Direct Participants will receive dividends in cash until they enroll in Enterprise Direct. Shares held in safekeeping may be sold or transferred as described in "Sales of Common Stock" and "Gift/Transfer of Shares."

To deposit certificates with Enterprise Direct's safekeeping service, shareholders should send their certificates by registered and insured mail to the Administrator with written instructions to deposit such shares. **The certificates should not be endorsed and the assignment section should not be completed.** All certificates deposited for safekeeping will be cancelled and a book-entry account established for the shareholder.

Direct Deposit of Dividends Not Reinvested

Participants and non-Participants who elect not to reinvest all dividends on shares of Common Stock and Preferred Stock may receive non-reinvested dividends by electronic deposit to their accounts at predesignated U.S. financial institutions on the applicable dividend payment date. To receive direct deposit of funds, Participants and non-Participants must obtain from the Administrator a Direct Deposit of Dividends Authorization Form and complete, sign and return it to the Administrator. Direct deposit of funds will become effective as promptly as practicable after receipt of a completed Direct Deposit of Dividends Authorization Form. Changes in designated direct deposit accounts may be made by logging into your account on-line or delivering a new Direct Deposit of Dividends Authorization Form to the Administrator.

Dividends on shares of Common Stock and Preferred Stock not designated for reinvestment and not directly deposited will be paid by check on the applicable dividend payment date.

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Gift/Transfer of Shares

Shareholders may transfer the ownership of some or all of their Enterprise Direct shares or shares of Common Stock held in safekeeping by contacting the Administrator and complying with its requirements for the transfer of stock then in effect. See "Inquiries." Shares may be transferred to new or existing shareholders.

Service Fees

Enrollment Fee for Non-Shareholders (Deducted from the Initial Investment)	$10.00
Sales and Termination Fee Per Transaction (Plus trading fees, related service charges and any applicable taxes incurred by the Independent Agent in connection with such sale)	$10.00
Fee for Each Returned Check or Rejected Automatic Investment In the event that a Participant's optional cash investment check or EFT is returned unpaid for any reason, the Participant will be charged a $25.00 return fee. Further, the Administrator will immediately remove from the Participant's account shares that were purchased in anticipation of the collection of such funds plus the return fee. These shares will be sold to recover any uncollected funds and the return fee. If the net proceeds of the sale of such shares are insufficient to recover in full the uncollected amounts plus the return fee, the Administrator reserves the right to sell such additional shares from any of the Participant's accounts maintained by the Administrator as may be necessary to recover in full the uncollected balance plus the return fee. The sale of such shares may, in some cases, yield an amount greater than that required to recover in full the uncollected balance plus the return fee. If this occurs, only amounts in excess of $1.00 will be remitted to the Participant.	$25.00
Fee for Account Research (Per hour; one hour minimum)	$25.00

We reserve the right at any time to change these fees or to charge Participants (including those who do not reinvest dividends) other fees, including but not limited to administrative, set-up and handling fees. Notices of such future changes or additional fees will be sent to Participants at least 30 days prior to their effective date.

The Administrator will deduct the applicable fees and any other charges from proceeds due from a sale, funds received for investment or the payment of dividends. Any trading fees paid by us on behalf of a Participant to purchase shares of Common Stock under Enterprise Direct will be reported to the Internal Revenue Service ("IRS") as income to the Participant. See "Income Tax Information." At present, we estimate that trading fees will not exceed $0.10 per share. We do not control the amount or the timing of changes to trading fees. Therefore, no notice of increases in trading fees will be provided.

Reports to Participants

Participants will be provided quarterly statements listing all transactions in the Participant's account for the calendar year through that quarter at their last known address as shown on the Administrator's records. In addition, Participants will be provided a monthly confirmation statement for each month in which a Voluntary Contribution is made. **Quarterly statements provide cost basis information which is necessary for tax reporting after the sale of Common Stock and should be retained by the Participant.**

Stock Splits; Stock Dividends; Rights Offerings

Only dividends payable in cash may be reinvested under the Plan. In the event dividends are paid in shares of Common Stock, or if shares of Common Stock are distributed in connection with any stock split or similar transaction, each Participant's account will be adjusted to reflect the receipt of shares of Common Stock so paid or distributed. In the event of a rights offering, rights will be issued and mailed directly to the Participant for the number of whole shares only and rights based on a fraction of a share held in the Participant's account will be sold and the net proceeds will be applied as a Direct Investment to purchase shares of Common Stock under the Plan on the next Investment Date.

Rights of Participants

All Common Stock purchased and/or held in a Participant's account will be held in a nominee name and administered by the Administrator, as custodian. Cash held for a Participant's account pending investment will be held in a segregated account and will not be commingled with our or the Administrator's funds (although funds held for Participants will be commingled with funds held for other Participants). Participants will be provided all reports distributed to our shareholders, as well as proxy materials, including a proxy covering all Common Stock held in the Participant's account, relating to any annual or special meeting of our shareholders at the last address for the Participant shown on the Administrator's records. Common Stock held in a Participant's account will be voted as and to the extent specified by the Participant. If a proxy with

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respect to the Common Stock held in a Participant's account is not received by the Administrator prior to the fifth day before a shareholder meeting, the Administrator will vote the shares held in the Participant's account in accordance with the recommendations of our management.

Responsibility of the Administrator and Us; Indemnification

Neither we nor the Administrator can assure a profit or protect against a loss on shares purchased under Enterprise Direct. The establishment and maintenance of Enterprise Direct by us does not constitute an assurance with respect to either the value of Common Stock or whether we will continue to pay dividends on Common Stock or at what rate.

Neither we nor the Administrator will be liable for any losses or liability howsoever incurred by Participants arising from, related to or in connection with the administration of the Plan or the Administrator's actions or non-actions with respect to the Plan (including by way of example and not by way of limitation any losses or claim of liability arising from (i) the failure to terminate a Participant's account, sell shares in the Plan or invest optional cash investments or dividends without prior receipt of proper documentation and instructions; (ii) the prices at which shares are purchased or sold for the Participant's account, the timing of such purchases and sales, and the fluctuation of prices of the shares (a) between the receipt of cash or dividends for investment and such investment, (b) between the receipt of instructions to sell and such sale and (c) after the purchase and sale of shares, and (iii) the transfer of shares from Participant's account to a broker pursuant to the Profile Program of The Depositary Trust Company) except for such losses and liabilities caused by the Administrator's negligence or willful misconduct. In no event shall the Administrator be liable for special, consequential or punitive damages or losses due to forces beyond its control (including by way of example and not by way of limitation strikes, work stoppages, acts of war or terrorism, insurrection, revolution, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware services)).

MODIFICATION OR TERMINATION OF ENTERPRISE DIRECT

We may modify or terminate Enterprise Direct at any time with or without prior notice and, in such event, Participants will be so notified. The Administrator also reserves the right to change any administrative procedures of Enterprise Direct.

Interpretation of Enterprise Direct

We and the Administrator may, in our absolute discretion, interpret and regulate Enterprise Direct as deemed necessary or desirable in connection with the operation of Enterprise Direct and resolve questions or ambiguities concerning the various provisions of Enterprise Direct.

Governing Law

Enterprise Direct shall be governed by and construed in accordance with the laws of the State of New Jersey.

Termination of Participation

If a Participant does not have at least one whole share of Common Stock credited to the Participant's account under Enterprise Direct, or does not own any Common Stock or Preferred Stock for which dividends are designated for reinvestment pursuant to Enterprise Direct, the Participant's participation in Enterprise Direct may be terminated by us upon written notice to the Participant. Additionally, we may terminate any Participant's participation in Enterprise Direct after sending written notice to such Participant at the address appearing on the Administrator's records. A Participant whose participation has been terminated will receive (i) a certificate for all of the whole shares of Common Stock credited to the Participant's account in Enterprise Direct, (ii) any dividends and cash investments credited to the Participant's account and (iii) a check for the cash value of any fraction of a share of Common Stock credited to the Participant's account. Such fraction of a share shall be valued at the weighted average price per share of the aggregate number of shares sold by the Independent Agent on the day such fraction of a share is sold.

INCOME TAX INFORMATION

We believe that the following is an accurate summary (as of the date of this prospectus) of the U.S. federal income tax consequences generally applicable to Participants in Enterprise Direct who are taxed on their dividend income.

For U.S. federal income tax purposes, dividends invested in our Common Stock under Enterprise Direct are taxable to the same extent and in the same manner as the dividends received from us in cash. Therefore, taxable Participants cannot avoid U.S. federal income taxes by participating in Enterprise Direct. **Further, trading fees paid by us for open market purchase of shares on a Participant's behalf are also treated as taxable dividends for this purpose.** Annual informational returns sent to the IRS and to Participants, where required, will reflect all dividends declared on their Common Stock or Preferred Stock, whether or not invested under Enterprise Direct, and any related trading fees.

A Participant's income tax basis in shares acquired under Enterprise Direct will equal the price at which the shares are credited to the Participant's account by the Administrator and will be increased by any trading fees incurred by us in purchasing the shares on the open market.

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This Plan assumes that each Participant will use the first-in, first-out (FIFO) method when determining the tax basis of any shares sold. Participants may designate their preference for a different method of determining the tax basis of shares by identifying this preference in writing to the Plan Administrator. Participants may designate their preference for specific identification cost basis at any time.

This discussion does not address the tax considerations arising under the laws of any foreign, state or local jurisdictions, nor does it address all tax considerations applicable to a Participant's particular circumstances. Further, certain Participants, such as tax-exempt entities (e.g., pension plans and IRAs) and foreign shareholders, may be exempt from U.S. federal income tax on their dividend income. **Accordingly, Participants are urged to discuss participation in Enterprise Direct with their tax advisors before enrolling.**

In the case of Participants in Enterprise Direct whose dividends are subject to U.S. back-up withholding, the Administrator will reinvest dividends less the amount of tax required to be withheld.

In the case of foreign shareholders whose dividends are subject to U.S. tax withholding, the Administrator will reinvest dividends less the amount of tax required to be withheld. The filing of any documentation required obtaining a reduction in the U.S. withholding tax will be the responsibility of the foreign shareholder.

Legislation commonly referred to as "FATCA" generally imposes a withholding tax of 30% on payments of U.S.-source dividends and the proceeds from the sale or other disposition of U.S. stock to certain non-U.S. entities (including financial intermediaries), unless various U.S. information reporting and due diligence requirements have been satisfied. An intergovernmental agreement between the United States and the non-U.S. entity's jurisdiction may modify these requirements. Withholding (if applicable) currently applies to any payment of amounts treated as dividends and will apply to any payment made after December 31, 2016 of gross proceeds of the sale, exchange or other disposition of the shares. If withholding applies, we will not be required to pay any additional amounts with respect to amounts withheld. Participants should consult their tax advisers regarding the potential application of FATCA.

USE OF PROCEEDS

We will receive proceeds from the purchase of Common Stock pursuant to Enterprise Direct only to the extent that any such purchases are made directly from us and not in open market purchases by the Administrator. Proceeds received by us from such purchases will be used for general corporate purposes.

PLAN OF DISTRIBUTION

Common Stock offered pursuant to Enterprise Direct will be purchased in the open market or, at our option, directly from us. Participants will be required to pay certain fees in connection with Enterprise Direct. See "Service Fees" for a description of the fees charged by Enterprise Direct. All other costs related to the administration of Enterprise Direct will be paid by us.

LEGAL MATTERS

The legality of the Common Stock covered hereby has been passed upon for us by M. Courtney McCormick, Esq., our Deputy General Counsel. Ms. McCormick owns shares of Common Stock.

EXPERTS

The consolidated financial statements and the related consolidated financial statement schedule incorporated in this prospectus by reference from our Annual Report on Form 10-K and the effectiveness of our internal control over financial reporting have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports which are incorporated herein by reference. Such consolidated financial statements and consolidated financial statement schedule have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

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No person has been authorized to give any information or to make any representations other than those contained in this prospectus, and, if given or made, such information or representations must not be relied upon as having been authorized. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. Neither the delivery of this prospectus nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in our affairs since the date hereof or that the information herein is correct as of any time subsequent to its date.

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PSEG

Public Service Enterprise Group Incorporated

Enterprise Direct[SM]

(Dividend Reinvestment And Stock Purchase Plan)

November 18, 2014

Prospectus

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Registration No. 333-221638
Filed Pursuant to Rule 424(b)(3)

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED

2,500,000 shares of Common Stock without Par Value

Enterprise Direct℠ Plan
(Dividend Reinvestment and Stock Purchase Plan)

Supplement to Prospectus dated November 17, 2017

This supplement to the Prospectus dated November 17, 2017, serves to provide the following information:

Wells Fargo Shareowner Services ("Shareowner Services"), a division of Wells Fargo & Company ("Wells Fargo"), has been appointed as Administrator of the Plan. On February 1, 2018, Wells Fargo announced that it had completed the sale of Shareowner Services to Equiniti Group plc. In connection with the sale of Shareowner Services, its business and operations, the Administrator appointment will be transferred to Equiniti Trust Company, d/b/a EQ Shareowner Services. Accordingly, EQ Shareowner Services will now serve as the Administrator of the Plan. Following the sale, the broker purchasing and selling shares of Common Stock under the Plan is no longer an affiliate of the Independent Agent. The addresses and telephone numbers for the Administrator provided in the Prospectus remain unchanged.

Unless expressly defined herein, all terms in this supplement have the same meanings as in the Prospectus.

This Supplement is part of the Prospectus and must accompany the Prospectus.

The date of this Supplement is February 9, 2018.

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CORRESP 1 filename1.htm

Public Service Enterprise Group Incorporated
80 Park Plaza, Newark, New Jersey 07102-4194

August 3, 2017

VIA EDGAR

William H. Thompson
Accounting Branch Chief
Office of Consumer Products
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: Public Service Enterprise Group Incorporated
Form 10-K for the Fiscal Year Ended December 31, 2016
Filed February 27, 2017
File No. 1-09120

Dear Mr. Thompson:

Reference is made to your letter dated July 26, 2017 to Ralph Izzo, President and Chief Executive Officer, Public Service Enterprise Group Incorporated (the "Company" or "we"), setting forth the Staff's comment on the above-referenced filing (the "Comment Letter"). We are submitting this letter in response to the Staff's Comment Letter. The headings and numbered paragraph in this letter correspond to the original headings and numbered paragraph in the Comment Letter. For ease of reference, we have repeated the Staff's comment before our response.

Notes to Consolidated Financial Statements

Note 18. Stock Based Compensation, page 155

1. **We note that restricted stock units and performance share units entitle the recipients to dividends. Please tell us if these awards qualify as participating securities as defined in ASC 260-10-20. If so, please tell us what consideration you gave to computing earnings per share under the two-class method. Please refer to ASC 260-10-45-60B.**

The dividend equivalent units related to our restricted stock units and performance share units are forfeitable with the base awards. As a result, these awards would not be considered participating securities and therefore, the two-class method for computing earnings per share would not apply to our restricted stock unit awards and performance share unit awards.

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* * * *

Once you have had time to review our response to the Staff's comment, we would appreciate the opportunity to discuss any additional questions or concerns that you may have. Please feel free to call me at (973) 430-6424.

Sincerely,

/s/ Stuart J. Black

Stuart J. Black
Vice President and Controller

cc:

Ralph Izzo, President and Chief Executive Officer
Daniel Cregg, Executive Vice President and Chief Financial Officer
Tamara Linde, Executive Vice President and General Counsel

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CORRESP 1 filename1.htm

Public Service Enterprise Group Incorporated
80 Park Plaza, Newark, New Jersey 07102-4194

October 5, 2016

VIA EDGAR

Mr. James Allegretto
Senior Assistant Chief Accountant
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: Public Service Enterprise Group Incorporated
Form 8-K Dated July 29, 2016
Filed July 29, 2016
File No. 1-09120

Dear Mr. Allegretto:

Reference is made to your letter dated September 22, 2016 to Stuart J. Black, Vice President and Controller, Public Service Enterprise Group Incorporated (the "Company" or "we"), setting forth the Staff's comments on the above-referenced filing (the "Comment Letter"). We are submitting this letter in response to the Staff's Comment Letter. The headings and numbered paragraphs in this letter correspond to the original headings and numbered paragraphs in the Comment Letter. For ease of reference, we have repeated each of the Staff's comments before our responses.

Exhibit 99

PSEG Power

1. **In your next earnings release, please provide a more substantive, and concise, discussion of how Adjusted EBITDA is useful to investors. Please provide us with your proposed changes in your response letter.**

The Company proposes revising its discussion of how Adjusted EBITDA is useful to investors in its next earnings release as follows (underline indicates additions):

> Management believes Adjusted EBITDA is useful to investors and other users of our financial statements in evaluating operating performance because it provides them with an additional tool to compare business performance across companies and across periods. Management also believes that Adjusted EBITDA is widely used by investors to measure operating performance without regard to items such as income tax expense, interest expense, depreciation and amortization and major maintenance expense at Power's fossil

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generation facilities, which can vary substantially from company to company depending upon, among other things, the book value of assets, capital structure, whether assets were constructed or acquired and accounting methods. Adjusted EBITDA also allows investors and other users to assess the underlying financial performance of our fleet before management's decision to deploy capital. Adjusted EBITDA excludes the same items as our Operating Earnings measure as well as income tax expense, interest expense, depreciation and amortization and major maintenance expense. See Attachment 12 for a complete list of items excluded from Net Income in the determination of Adjusted EBITDA. The presentation of Adjusted EBITDA is intended to complement, and should not be considered an alternative to, the presentation of Net Income, which is an indicator of financial performance determined in accordance with GAAP.

Attachment 12

Consolidated Operating Earnings Reconciliation

2. **Please revise your next earnings release to begin your reconciliations with GAAP net income rather than "operating earnings." See Question 102.10 of the updated Non-GAAP Compliance and Disclosure Interpretations issued on May 17, 2016. Also, clearly identify operating earnings as a non-GAAP measure.**

The Company will revise its reconciliations and clearly identify operating earnings as a non-GAAP measure in its next earnings release.

PSEG Power Adjusted EBITDA Reconciliation

3. **We note that you exclude major maintenance expense at Power's fossil generation facilities from Adjusted EBITDA. Please explain to us why this is not a normal, recurring, cash operating expense necessary to operate your business. See Question 100.01 of the updated Non-GAAP Compliance and Disclosure Interpretations issued on May 17, 2016.**

While major maintenance for our fossil generation facilities could be considered a recurring operating expense at the company level, we exclude it from Adjusted EBITDA due to the potential diversity of practice for accounting for such costs allowed under GAAP, as discussed below. In addition, at the individual plant level, major maintenance differs from routine maintenance in both scope and frequency.

Major maintenance is dependent upon many factors including, but not limited to, current and expected operating conditions, the age and type of generation, passage of time, and management's discretion to defer or forego the expense. As a result, at the individual plant level, many of the components included in major maintenance expense are infrequent in nature and are highly variable in scope and cost.

ASC 908-360-25-2 *Airlines* states that there are three acceptable methods of accounting for major maintenance. This guidance has been accepted and applied by analogy to all major maintenance activities. We have adopted the direct expense method to account for major maintenance, which requires expense recognition as it is incurred and is included in Operation

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and Maintenance Expense in our financial statements. The other two acceptable methods allow for capitalization with depreciation expense incurred over the life of the asset or next major maintenance event. This creates diversity in practice based on methods elected by each company, and for companies that capitalize major maintenance, such spending is excluded from EBITDA by definition.

As a result, we have elected to exclude major maintenance expense from our Adjusted EBITDA. Due to the inherent diversity of the industry's accounting for major maintenance, investors are able to add these costs as a proxy to depreciation expense to allow for better market comparison of operating performance. We believe our disclosures about costs in each period regarding major maintenance expense increase transparency about our accounting policy elections and allow investors to more accurately compare us to other generation companies in regards to both ongoing maintenance and major maintenance activities.

Given the variability and discretionary nature of these expenses, coupled with the diversity in accounting methods, management believes that excluding major maintenance expense from Adjusted EBITDA is widely used by investors and the analyst community to consistently measure operating performance.

* * * *

To the extent applicable, the Company agrees to make the modifications discussed above for PSEG Power LLC and Public Service Electric and Gas Company.

The Company hereby acknowledges that (i) it is responsible for the adequacy and accuracy of the disclosure in the filings, (ii) the Staff's comments or changes to disclosure in response to Staff comments do not foreclose the Commission from taking any action with respect to the filings, and (iii) the Company may not assert Staff comments as a defense in any proceeding initiated by the Commission or any person under the federal securities laws of the United States.

Once you have had time to review our responses to the Staff's comments, we would appreciate the opportunity to discuss any additional questions or concerns that you may have. Please feel free to call me at (973) 430-6424.

Sincerely,

/s/ Stuart J. Black

Stuart J. Black
Vice President and Controller

cc:

Robert Babula, Staff Accountant, U.S. Securities and Exchange Commission
Christine Adams, Staff Accountant, U.S. Securities and Exchange Commission
Daniel Cregg, Executive Vice President and Chief Financial Officer, Public Service Enterprise Group Incorporated
Tamara Linde, Executive Vice President and General Counsel, Public Service Enterprise Group Incorporated

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CORRESP 1 filename1.htm

Public Service Enterprise Group Incorporated
80 Park Plaza, Newark, New Jersey 07102-4194

November 16, 2016

VIA EDGAR

Mr. James Allegretto
Senior Assistant Chief Accountant
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: Public Service Enterprise Group Incorporated
Form 8-K Dated July 29, 2016
Response Dated October 5, 2016
File No. 1-09120

Dear Mr. Allegretto:

Reference is made to your letter dated November 7, 2016 to Stuart J. Black, Vice President and Controller, Public Service Enterprise Group Incorporated (the "Company" or "we"), setting forth the Staff's comments on the above-referenced filing (the "Comment Letter"). We are submitting this letter in response to the Staff's Comment Letter. The headings and numbered paragraph in this letter correspond to the original headings and numbered paragraph in the Comment Letter. For ease of reference, we have repeated the Staff's comment before our response.

Exhibit 99

PSEG Power Adjusted EBITDA Reconciliation

1. **We have read your response to comment 3. Explain to us what peer analysis, if any, you have performed to assess whether there is widespread diversity of practice related to the accounting for major maintenance expenses. Further, tell us whether you believe there is any one method that is more prevalent in practice. Lastly, tell us whether there are other utility companies that you are aware of that adjust for major maintenance expense.**

We have performed an analysis of the most recent 10-K filings of 12 peer utility and merchant generator companies (similar to PSEG Power) to understand their disclosed accounting policies with respect to major maintenance. While it is not always possible to discern a company's actual capitalization policy and capitalization criteria from its audited financial statements, our analysis identified at least two companies (as discussed in our recent teleconference) that appear to utilize the "deferred method" of accounting for major maintenance (i.e., capitalize the major maintenance expense and depreciate over the period until the next

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major maintenance event). In addition, while reviewing the disclosed capitalization policies, it appears that a number of companies that follow the "direct expense method" may capitalize costs associated with maintenance if such expenditures meet certain betterment criteria, including extending the useful life or enhancing the productive capacity or efficiency of the generating asset. While it does appear that the direct expense method is the most commonly disclosed method in our analysis, it also appears that the application of the direct expense method can vary company by company.

With respect to peer utility and merchant generator companies that utilize the performance measure "Adjusted EBITDA", we are aware of at least one other company (as discussed in our recent teleconference) that adjusts for major maintenance in a manner similar to our presentation of Adjusted EBITDA.

As discussed in our recent teleconference, we believe that providing major maintenance as supplemental information, and not as an adjustment to net income in our reconciliation to Adjusted EBITDA, would provide investors and other users of our financial statements with the information necessary to assess our operating performance. As such, we will revise our disclosure relating to, and reconciliation of, Adjusted EBITDA in subsequent filings to omit major maintenance as a non-GAAP adjustment and will provide it separately as supplemental information.

* * * *

Once you have had time to review our responses to the Staff's comments, we would appreciate the opportunity to discuss any additional questions or concerns that you may have. Please feel free to call me at (973) 430-6424.

Sincerely,

/s/ Stuart J. Black

Stuart J. Black
Vice President and Controller

cc:

Robert Babula, Staff Accountant, U.S. Securities and Exchange Commission
Christine Adams, Staff Accountant, U.S. Securities and Exchange Commission
Daniel Cregg, Executive Vice President and Chief Financial Officer, Public Service Enterprise Group Incorporated
Tamara Linde, Executive Vice President and General Counsel, Public Service Enterprise Group Incorporated

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 (Amendment No. _)

Filed by the Registrant ☒ Filed by a Party other than the Registrant ☐

Check the appropriate box:

☐ Preliminary Proxy Statement

☐ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

☒ Definitive Proxy Statement

☐ Definitive Additional Materials

☐ Soliciting Material under §240.14a-12

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

☒ No fee required

☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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(5) Total fee paid:

☐ Fee paid previously with preliminary materials.

☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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Public Service Enterprise Group Incorporated

80 Park Plaza, P.O. Box 1171, Newark, New Jersey 07101-1171

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD APRIL 16, 2013
AND

PROXY STATEMENT

To the Stockholders of Public Service Enterprise Group Incorporated:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Public Service Enterprise Group Incorporated will be held at the New Jersey Performing Arts Center, One Center Street, Newark, New Jersey, on April 16, 2013, at 1:00 P.M., for the following purposes:

1. To elect ten members of the Board of Directors to hold office until the Annual Meeting of Stockholders in 2014, each until his or her respective successor is elected and qualified;
2. To consider and act upon an advisory vote on the approval of executive compensation;
3. To consider and act upon the approval of an amendment and restatement of the 2004 Long-Term Incentive Plan;
4. To consider and act upon the approval of an amendment and restatement of the Employee Stock Purchase Plan;
5. To consider and act upon the ratification of the appointment of Deloitte & Touche LLP as independent auditor for 2013;
6. To consider and act upon a stockholder proposal relating to simple majority vote requirement, if the proponent presents the proposal at the meeting; and
7. To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

Stockholders entitled to vote at the meeting are the holders of Common Stock of record on February 15, 2013.

By order of the Board of Directors,

M. Courtney McCormick
Secretary

February 27, 2013

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to be Held on April 16, 2013: The Proxy Statement and Annual Report to Stockholders are available at www.ezodproxy.com/pseg/2013/pseg2012ar

YOUR VOTE IS IMPORTANT. PLEASE SIGN, DATE AND MAIL THE ACCOMPANYING PROXY CARD PROMPTLY. TELEPHONE AND ELECTRONIC VOTING ARE ALSO AVAILABLE. PLEASE USE THE TOLL-FREE TELEPHONE NUMBER OR THE INTERNET ADDRESS SHOWN ON THE PROXY CARD.

The approximate date on which this Proxy Statement and the accompanying proxy card were first sent or given to security holders and made available electronically via the Internet was March 8, 2013.

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Forward-Looking Statements

The statements contained in this Proxy Statement about us and our subsidiaries' future performance, including, without limitation, future revenues, earnings, strategies, prospects, consequences and all other statements that are not purely historical, are forward-looking statements for purposes of the safe harbor provisions under The Private Securities Litigation Reform Act of 1995. Although we believe that our expectations are based on information currently available and on reasonable assumptions, we can give no assurance they will be achieved. There are a number of risks and uncertainties that could cause actual results to differ materially from the forward-looking statements made herein. A discussion of some of these risks and uncertainties is contained in our Annual Report on Form 10-K and subsequent reports on Form 10-Q and Form 8-K filed with the Securities and Exchange Commission (SEC), and available on our website: http://www.pseg.com. These documents address in further detail our business, industry issues and other factors that could cause actual results to differ materially from those indicated in this Proxy Statement. In addition, any forward-looking statements included herein represent our estimates only as of the date hereof and should not be relied upon as representing our estimates as of any subsequent date. While we may elect to update forward-looking statements from time to time, we specifically disclaim any obligation to do so, even if our internal estimates change, unless otherwise required by applicable securities laws.

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PROXY STATEMENT SUMMARY

OUR COMPANY

Public Service Enterprise Group Incorporated (we, us, our, PSEG or the Company) is distributing this Proxy Statement in connection with our 2013 Annual Meeting of Stockholders. We are a holding company that directly owns four subsidiaries:

- **PSEG Power LLC (Power)**, an electric generation and wholesale energy trading company;
- **Public Service Electric and Gas Company (PSE&G)**, an operating electric and gas utility;
- **PSEG Energy Holdings L.L.C. (Energy Holdings)**, the owner of electric generation and energy-related investments; and
- **PSEG Services Corporation (Services)**, which provides management and administrative services to us and our subsidiaries.

ANNUAL MEETING PROPOSALS

Proposals	Board Recommendation	Page Number for More Information
1. **Election of Directors –** vote to elect director nominees to serve one-year terms.	**FOR**	8
2. **Approval of Executive Compensation –** advisory vote to approve the executive compensation of the named executive officers.	**FOR**	30
3. **2004 Long-Term Incentive Plan –** approve proposed amendment and restatement of our 2004 Long-Term Incentive Plan.	**FOR**	68
4. **Employee Stock Purchase Plan –** approve proposed amendment and restatement of the PSEG Employee Stock Purchase Plan.	**FOR**	72
5. **Ratification of Auditor –** ratification of the appointment of Deloitte & Touche LLP as independent auditor for 2013.	**FOR**	75
6. **Stockholder Proposal –** stockholder proposal requesting elimination of voting requirements that calls for a greater than simple majority vote.	**AGAINST**	77

VOTING AND PROCEDURES

Voting is strongly encouraged. We urge you to sign, date and return the accompanying proxy card whether or not you plan to attend the Annual Meeting. For stockholders of record, we have provided several alternative methods for voting, including voting via the Internet or the toll-free telephone number listed below.

Annual Meeting of Stockholders

Date and Time	April 16, 2013 at 1:00 P.M.
Location	The New Jersey Performing Arts Center (NJPAC), One Center Street, Newark, NJ
Record Date	February 15, 2013 Holders of Common Stock outstanding on the record date will have one vote per share

Voting Methods

Internet/Mobile	**Phone**	**Mail**	**In Person**
http://www.ematerials.com/peg	1-800-560-1965 (toll-free)	Wells Fargo Shareowner Services, P.O. Box 64873 St. Paul, MN 55164-9397	At the Annual Meeting

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To Submit Proposals for 2014 Annual Meeting

Final Date November 8, 2013 (last day for receipt by us)

Contact Corporate Secretary, PSEG, 80 Park Plaza, T4B, P.O. Box 1171
Newark, New Jersey 07101-1171

NOMINEES FOR ELECTION AS DIRECTOR

Name	Age	Director Since	Primary Occupation	Committee Memberships	Other Public Company Boards
Albert R. Gamper, Jr.	71	2000	Retired Chairman of the Board and CEO of CIT Group	Lead Director, A, E, F	1
William V. Hickey	68	2001	Chairman of the Board and CEO of Sealed Air Corporation	F, FG (Chair), NG (Chair), O	2
Ralph Izzo	55	2006	Chairman of the Board, President and CEO of PSEG	E (Chair)	0
Shirley Ann Jackson	66	2001	President of Rensselaer Polytechnic Institute	E, F (Chair), FG, NG, O	4
David Lilley	66	2009	Retired Chairman of the Board, President and CEO of Cytec Industries	A (Chair), F, O	2
Thomas A. Renyi	67	2003	Retired Executive Chairman of The Bank of New York Mellon	A, CG (Chair), O	1
Hak Cheol (H.C.) Shin	55	2008	Executive Vice President – International Operations of 3M Company	A, CG, FG, NG	0
Richard J. Swift	68	1994	Retired Chairman of the Board, President and CEO of Foster Wheeler	CG, E, FG, NG, O (Chair)	4
Susan Tomasky	60	2012	Retired President – AEP Transmission of American Electric Power Corporation	A, CG	2
Alfred W. Zollar	58	2012	Retired General Manager – Tivoli Software Division of IBM Corporation	F, FG, NG	1

A=Audit CG=Corporate Governance E=Executive F=Finance FG=Fossil Generation NG=Nuclear Generation O=Organization and Compensation

CORPORATE GOVERNANCE

We have adopted what we believe are strong corporate governance standards and practices to assure effective management by our executives and oversight by our Board of Directors (Board). These measures include the following:

- **Independent Directors.** The Board has established standards for director independence, which are set forth in our Corporate Governance Principles (Principles). All of our current directors and nominees are independent under our Principles and the requirements of the New York Stock Exchange (NYSE), except Ralph Izzo, our Chairman of the Board, President and Chief Executive Officer (CEO), who is an employee of the Company.
- **Board Leadership. Our Board leadership structure currently consists of a Chairman, (who is also our CEO), a Lead Director, who is elected by the independent directors, and strong committee chairs.** Our Board believes that this structure strikes an appropriate balance in providing for independent leadership at the Board level, while ensuring that the individual charged with managing the day-to-day operations of the company is responsible for chairing regular meetings of the Board and leading the discussion on key business and strategic issues.
- **Risk Management Oversight.** Risk management is a key part of our strategic planning and business operations. We believe that we have an effective system of risk management with appropriate controls and Board oversight.
- **Code of Ethics.** We are committed to operating in accordance with the highest ethical and legal standards. Our Standards of Integrity (Standards) establish a set of common expectations for behavior to which each director and employee must adhere.

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BUSINESS PERFORMANCE

In 2012, our financial results continued to be adversely impacted by lower prices for electricity and natural gas in the markets we serve, while uncertainty concerning regulatory and environmental policies dampened investor returns. Electricity prices remained low due to a combination of a decline in demand growth and sustained low natural gas prices. The slow economic recovery has negatively impacted utility sales, as well as prices in the wholesale energy and capacity markets in which we operate. The continued decline in wholesale natural gas prices, resulting from greater supply from shale production, further contributed to the continuing decline in the wholesale price of electricity.

In response to the challenging conditions facing our industry, we remained committed to our strategy of pursing operational excellence, financial strength and disciplined investment. We ended the year with a strong balance sheet and cash position, reflected in our stable credit ratings and the revision of our dividend payout policy. We settled ten years of IRS audit and leasing issues and obtained important regulatory and environmental approvals. Nuclear and fossil generation remained at consistently high levels, while we managed costs and improved dispatch economics and staffing efficiencies. Our utility again earned national recognition for outstanding reliability and outage response, even as we faced one of the greatest operational challenges in our history due to Superstorm Sandy. We substantially increased capital investments in our utility, concentrating on projects with contemporaneous returns.

Compared to the prior year, year over year earnings were lower, but within our targeted range and the price of our Common Stock was lower at year end. While power prices declined approximately 24% from 2011 to 2012, through executing our strategy the decline in our earnings was, in comparison, approximately 15% during the same period.

Financial Highlights

	YE 2012 ($ 000's)	YE 2011 ($ 000's)
Total Revenues	9,781	11,079
Income from Continuing Operations	1,275	1,407
Net Income	1,275	1,503
Total Assets	31,725	29,821
	($)	($)
Earnings Per Share - Diluted		
Income from Continuing Operations	2.51	2.77
Net Income	2.51	2.96
Dividends Paid per Share	1.42	1.37
Market Price per Share	30.60	33.01

For a more comprehensive assessment of the Company's performance, please review the entire Proxy Statement and our Annual Report on Form 10-K for the year ended December 31, 2012 (Form 10-K).

EXECUTIVE COMPENSATION

We have designed a competitive performance-oriented executive compensation program that we believe helps us recruit and retain top talent while closely linking pay to performance, which we benchmark to industry peers. We seek to align the interests of our executive officers, including our CEO and the Named Executive Officers (NEOs) reported in this Proxy Statement, with those of our stockholders through short-term and long-term incentive opportunities. Ultimate payment depends upon performance, measured against financial and other business results utilizing internal targets and relevant peer group comparisons. In setting and overseeing executive compensation, our Board utilizes an independent compensation consultant which provides no other services to us. A detailed discussion of our executive compensation program, including its elements, the factors we use in determining compensation and our governance features, appears below in the Compensation Discussion and Analysis (CD&A).

Our program provides the following compensation:

- Base salary;
- Annual cash incentive opportunity under our Senior Management Incentive Compensation Plan (SMICP), with multiple performance measures, including a strong emphasis on earnings per share (EPS) and potential payments of between zero and 150% of target;

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- Equity-based incentive awards under our 2004 Long-Term Incentive Plan (LTIP) consisting of:
  - 60% performance share units (PSUs), with payment, if any, measured over a three-year period against Return on Invested Capital (ROIC) and relative Total Shareholder Return (TSR), with the opportunity to earn between zero and 200% of target based on performance; and
  - 40% restricted stock units (RSUs), which cliff vest at the end of three years.
- Market-based retirement and post-employment benefits, including double trigger change-in-control provisions and no excise-tax gross-ups.

We have adopted executive compensation governance measures, including:

- Pre-clearance for trading in our Common Stock;
- Clawbacks;
- A prohibition on hedging and pledging our Common Stock;
- A stock ownership and retention policy; and
- An annual compensation risk assessment.

Pay for Performance

We believe that our pay for performance philosophy is critical to our continued success and that our program effectively focuses our executives on creating sustained stockholder value without encouraging excessive risk. By emphasizing incentive-based compensation, our CEO and NEOs will be rewarded based upon our financial results, with the ultimate payout of a significant portion of their total compensation determined relative to the achievement of our goals. For 2013, the target incentive pay for our CEO was 88% and the average target incentive pay for our NEOs was 71% of targeted total direct compensation, respectively.

When we compared our recent financial performance with the compensation of our CEO and NEOs, we found that the financial measures we examined were at approximately the median of our peer group of companies and our executive compensation was at or below the peer median. Thus, we concluded that our performance and executive compensation are appropriately aligned. Further, performance is reflected in the actual value of the equity incentive compensation paid upon vesting of awards. For the performance share units granted under the LTIP in December 2009 with a three-year performance period ended December 31, 2012, actual payout was at 50% of target, based on our TSR compared to peer companies and ROIC in relation to target, as reported in the Option Exercises and Stock Vested During 2012 Table.

The following table provides highlights of the compensation for our CEO and other NEOs in 2012 as reported in the 2012 Summary Compensation Table in this Proxy Statement. For the complete details of compensation, please review the entire Proxy Statement.

NEO	Base Salary 2012 ($)	Equity Incentive Plan Compensation 2012 ($)	Non-Equity Incentive Plan Compensation 2012 ($)	Total Compensation 2012 ($)[1]
Ralph Izzo	1,004,715	5,724,001	1,653,800	10,513,543
Caroline Dorsa	595,691	1,099,985	567,900	3,678,237
William Levis	560,377	1,099,985	546,200	2,989,703
Randall E. Mehrberg	553,414	924,182	499,400	2,716,866
J. A. Bouknight, Jr.	535,570	849,495	461,300	1,926,914
Ralph A. LaRossa	497,142	824,611	400,700	2,332,861

(1) Reflects all compensation as reported in the 2012 Summary Compensation Table.

Key Recent Executive Compensation Actions

During 2012, we:

- Reviewed our compensation philosophy and all key elements of our executive compensation program in light of our strategy and objectives as well as the results of the 96% approval of our 2012 Say on Pay vote; and
- Adopted and recommended that shareholders approve an Amendment and Restatement of the LTIP, with no request to approve additional shares of Common Stock for distribution under the LTIP.

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ANNUAL MEETING, VOTING AND PROCEDURES

Proxy Statement

This Proxy Statement is furnished by PSEG on behalf of the Board. We are soliciting proxies to be voted at the 2013 Annual Meeting of Stockholders scheduled to be held on April 16, 2013 and at all adjournments or postponements of that meeting.

The mailing address of our principal executive offices is 80 Park Plaza, P.O. Box 1171, Newark, New Jersey 07101-1171, telephone (973) 430-7000. Our Internet website is www.pseg.com.

Proxy Statement Format

In an effort to encourage stockholder voting, we have structured our Proxy Statement in an easy-to-read format. After describing each proposal, we provide the information for you to consider in voting. Accordingly:

- Proposal 1. **Election of Directors** (page 8) is followed by a discussion of our corporate governance practices, board structure and director nominee biographies;
- Proposal 2. **Advisory Vote on the Approval of Executive Compensation** (page 30) is followed by the Report of our Organization and Compensation Committee, our CD&A, with a detailed explanation of executive compensation, and the compensation tables;
- Proposal 3. **Approval of Amended and Restated LTIP** (page 68) includes an explanation of its key features;
- Proposal 4. **Approval of Amended and Restated Employee Stock Purchase Plan (ESPP)** (page 72) includes an explanation of its key features;
- Proposal 5. **Ratification of the Appointment of Independent Auditor** (page 75) is followed by our Audit Committee Report and disclosure of our Independent Auditor's fees; and
- Proposal 6. **Stockholder Proposal on Majority Voting** (page 77), is followed by our reasons for opposing the proposal.

Annual Report on Form 10-K

We have provided without charge to each person solicited by means of this Proxy Statement, a copy of our Form 10-K, which has been filed with the Securities and Exchange Commission (SEC). Each such copy of the Form 10-K does not include any exhibits thereto, but is accompanied by a list briefly describing all such exhibits. We will furnish any such exhibit upon request. Any such request should be made in writing to: Vice President-Investor Relations, Public Service Enterprise Group Incorporated, 80 Park Plaza, T6B, P.O. Box 1171, Newark, New Jersey 07101-1171. The Form 10-K is also available on our website www.pseg.com/info/investors/financial_info/index.jsp.

Delivery of Documents and Internet Availability

Each stockholder receives his or her own proxy card by which to vote. In future years, we intend to send only a single copy of each of our Annual Report to Stockholders, in which we will include our Form 10-K, and Proxy Statement to any household at which two or more stockholders reside if they appear to be members of the same family, unless one of the stockholders at that address notifies us to request individual copies. This "householding" saves our company printing and delivery costs. If you share an address with another stockholder and receive only a single copy of one of those documents, we will send you an additional copy if you send a written request to the address noted above or phone (973) 430-6566.

Our Annual Report to Stockholders, Form 10-K and Proxy Statement are available over the Internet. If you are a stockholder of record and would like to receive these documents, as well as other stockholder communications and materials, electronically in the future and save our company the cost of producing and mailing them to you, you may do so by following the instructions at www.ematerials.com/peg. If your shares are held in the name of a bank or broker, please follow that organization's instructions for electronic delivery. You may also follow the instructions provided for future electronic delivery if you vote via the Internet.

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If you receive our future Proxy Statements, Annual Reports and Forms 10-K electronically over the Internet, you will receive each year an e-mail message containing the Internet address to access these documents. The e-mail will also include instructions for voting via the Internet as you will not receive a separate proxy card.

This year, due to a change of our registrar and transfer agent, we are not able to provide “householding” or electronic delivery.

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Annual Meeting

Attendance
Our Annual Meeting will be held on Tuesday, April 16, 2013 at 1:00 P.M., at the NJPAC in Newark, New Jersey. We request that if you plan to attend the Annual Meeting, you should so indicate on the proxy card or when voting your shares telephonically or electronically. We have included transportation information and a map on the back cover of this Proxy Statement. **Please bring with you evidence that you are a stockholder.**

Holders of record of the 505,961,739 shares of Common Stock outstanding on February 15, 2013 will have one vote per share. A quorum will consist of the holders of Common Stock entitled to cast a majority of the votes at the Annual Meeting, present in person or represented by proxy. All votes cast by proxy or in person will be counted. Abstentions and broker non-votes will not be counted, except for the purpose of establishing a quorum. All votes will be tabulated by an independent inspector of elections.

Election of directors under Proposal 1 is subject to our majority vote requirement described below. The say-on-pay vote presented in Proposal 2 is advisory and non-binding, whether or not approved by a majority of the votes cast. The approval of the respective amendment and restatement of each of the LTIP and ESPP under Proposal 3 and Proposal 4, respectively, requires receipt of a majority of the votes cast with respect to each. A majority of the votes cast is needed for the Proposal 5 ratification of the auditor. The stockholder proposal contained in Proposal 6 must receive a majority of the votes cast to be approved, but is non-binding on us. Any change to our governing documents as set forth in Proposal 6 would require additional action by our Board and our stockholders, as described further below.

Proxy Card and Voting of Shares

Every vote is important. We urge you to vote whether or not you plan to attend the Annual Meeting. Kindly sign, date and return the accompanying proxy card or, if you are a stockholder of record, you may vote your proxy using the toll-free telephone number listed on the proxy card or via the Internet at the electronic address also listed on the proxy card. When a proxy card is returned properly dated and signed, or properly voted telephonically or electronically, the shares represented by the proxy will be voted by the persons named as proxies in accordance with the voting stockholder's directions.

You may specify your choices by marking the appropriate boxes on the enclosed proxy card. The proxy card also includes any shares registered in the names shown on the proxy in Enterprise Direct (our dividend reinvestment and stock purchase plan) and the PSEG ESPP. If a proxy card is dated, signed and returned without specifying choices, the shares will be voted as recommended by the Board. If you vote telephonically or electronically, you should follow the directions given during the call or on the computer screen. If you are a stockholder of record, your shares will not be voted unless you provide a proxy by return mail, telephonically or electronically or vote in person at the Annual Meeting. However, if no instructions are received from you with respect to any shares held in Enterprise Direct, the administrator of that plan will vote those shares in accordance with the recommendations of the Board.

If you are a participant in the PSEG Thrift and Tax-Deferred Savings Plan or the PSEG Employee Savings Plan, you will receive a separate direction card from the respective plan's trustee for shares that have been allocated to your accounts. The trustee will vote the shares of Common Stock beneficially owned by you under the respective plan in accordance with your instructions. If no instructions are received, the shares will not be voted.

If your shares are held in the name of a bank or broker, you should follow the voting instructions on the form received from your bank or broker. For such shares, the availability of telephone or Internet voting will depend on the voting processes of your bank or broker. If no instructions are received from you by a bank or broker with respect to such shares, the shares may be voted by the bank or broker on certain of the proposals in this Proxy Statement at the discretion of the bank or broker in accordance with the rules of the NYSE. The NYSE rules provide that if no instructions are received from you, a bank or broker may vote your shares that are held by it only in regard to Proposal 5, Ratification of the Appointment of Independent Auditor.

A bank or broker may not vote your shares held by it in regard to Proposal 1. Election of Directors, Proposal 2. Advisory Vote on the Approval of Executive Compensation, Proposal 3. Approval of LTIP, Proposal 4. Approval of ESPP and Proposal 6. Shareholder Proposal on Simple Majority Voting, unless it receives instructions from you. If you do not provide instructions to your bank or broker as to how you wish to vote in respect of each of these matters, your shares will not be voted on these matters.

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If any matters not described in this Proxy Statement should properly come before the Annual Meeting, the persons named in the enclosed proxy card or their substitutes will vote proxies given in said form of proxy in respect of any such matters in accordance with their best judgment. As of the date of this Proxy Statement, the Board and management did not know of any other matters which might be presented for stockholder action at the Annual Meeting.

You may revoke a proxy given in the form of the card which accompanies this Proxy Statement or a vote made telephonically or electronically. However, by law, your presence at the Annual Meeting will not revoke a proxy you have given, unless you file a written notice of such revocation with the Secretary of PSEG prior to the voting of the proxies at the Annual Meeting or you vote the shares subject to the proxy by written ballot.

Solicitation

The cost of soliciting proxies in the form accompanying this Proxy Statement will be borne by us. In addition to solicitation by mail, proxies may be solicited by our directors, officers and employees, none of whom will be directly compensated for such services, in person or by telephone, electronically or by facsimile. We have also retained Morrow & Co. to assist in the distribution and solicitation of proxies from brokers, bank nominees, other institutional holders and certain large individual holders. The anticipated cost of such services is approximately $13,500, plus reimbursement of expenses.

Date for Submission of Stockholder Proposals

Any proposals intended for inclusion in the Proxy Statement in connection with our 2014 Annual Meeting of Stockholders should be sent to: Corporate Secretary, Public Service Enterprise Group Incorporated, 80 Park Plaza, T4B, P.O. Box 1171, Newark, New Jersey 07101-1171, and must be received by November 8, 2013.

Discretionary Proxy Voting Authority

If we are not notified by January 22, 2014 of any proposal intended to be presented for consideration at the 2014 Annual Meeting of Stockholders, then the proxies named by us with respect to that meeting shall have discretionary voting authority with respect to such proposal if presented at that meeting.

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Proposal 1
ELECTION OF DIRECTORS

You are being asked to vote on the election of ten individuals nominated by your Board to serve as the Directors of our Company. In this Proxy Statement, we are providing you with information about the Board, director independence, our leadership structure, risk management oversight, Board committees, code of ethics and related matters of corporate governance. We also describe our provisions for majority voting, our director qualifications, diversity and retirement criteria and the specific experience, skills and qualifications of each nominee. We also report to you information about security ownership and director compensation. **As recommended by the Board, we ask you to vote for all nominees.**

CORPORATE GOVERNANCE

Board of Directors

Our business and affairs are managed by or under the direction of the Board, which delegates certain responsibilities to its committees and to management consistent with our By-Laws. The Board has adopted and operates under the Principles which reflect our current governance practices in accordance with applicable statutory and regulatory requirements, including those of the SEC and the NYSE. Our By-Laws and Principles are posted on our website, www.pseg.com/info/investors/governance/index.jsp. We will send you a copy of either or both upon request.

The Board provides direction and oversight of the conduct of our business by management. In fulfilling these responsibilities, the Board performs the following principal functions:

- Approves corporate strategy, major management initiatives and significant investments;
- Monitors and provides oversight of financial and business integrity and performance, including risk management;
- Selects, evaluates the performance of, and approves succession plans for the CEO and other senior executives;
- Selects nominees for election to the Board; and
- Evaluates Board processes and performance.

The Board has full and free access to all members of management and may hire its own consultants and advisors as it deems necessary.

Independence

Under our Principles and the requirements of the NYSE, the Board must consist of a majority of independent directors. The Board has established standards for director independence, which are set forth in the Principles.

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Independence Standards
In order to be independent: • A director may not be an employee of ours or any of our subsidiaries; • No member of a director's immediate family may be one of our executive officers or an executive officer of one of our subsidiaries; • A director or immediate family member may not be an employee of any company where any executive of ours or our subsidiaries serves on the compensation committee; • A director may not be an employee and an immediate family member may not be an executive officer of any company that makes payments to or receives payments from us and our subsidiaries in any year more than the greater of $1 million or 2% of such company's consolidated gross revenue; • A director or immediate family member may not receive more than $50,000 in direct compensation from us (other than fees and compensation provided to directors generally); • A director or immediate family member may not be affiliated with or employed by our independent auditor; and • A director may not be an executive officer of a charity, if, in any year, contributions by us and our subsidiaries to that charity exceed the greater of $1 million or 2% of the charity's consolidated gross revenue. These limitations apply for three years after the end of the applicable affiliation or arrangement.

The Board has determined that all of the current directors and all of the nominees for election as directors are independent under our Principles and the requirements of the NYSE, except Ralph Izzo, our Chairman of the Board, President and CEO. These determinations were based upon a review of the responses submitted by each director and nominee to questionnaires we provided them, relevant business records, publicly available information and applicable SEC and NYSE requirements.

Leadership Structure

Under our By-Laws, our senior leadership may include a Chairman of the Board, a President and a CEO, which positions may be held by one person or may be divided between two different people. As provided in its charter, the Corporate Governance Committee has the responsibility to assess the structure of the Board and periodically evaluate the Board's governance practices as well as the Principles. Building on the advice of the Corporate Governance Committee, the Board applies its experience and knowledge of our business to establish what it believes to be the most effective form of organization. In doing so, it utilizes its understanding of the challenges and opportunities we face and its evaluation of the individuals who are involved.

Based on that analysis and evaluation, the Board has determined that, at the present time and given our present officers and personnel, it is in the best interests of the Company and stockholders for a single individual to hold all three positions of Chairman of the Board, President and CEO. The Board believes that this strikes a desirable balance allowing us to benefit from the advantages of efficiency, coordination and accountability. Ralph Izzo currently holds these positions. As such, he has plenary powers of supervision and direction of our business and affairs and he also presides at all meetings of the Board and of stockholders. The Board believes that Mr. Izzo possesses the attributes of experience, judgment, vision, managerial skill and overall leadership ability essential for our continued success. Mr. Izzo's in-depth knowledge and understanding of our strategy, operations, risk profile, regulatory and environmental circumstances and financial condition best position him to head our Board and provide leadership to management, employees, investors, customers, officials and the public. The diverse experience and independence of the other directors allows the Board to maintain effective oversight of operations, long-range planning, finances and risk management.

In addition to the Chairman, President and CEO, our leadership structure is designed to rely on the contributions of our Lead Director. The Lead Director provides the independent directors with a key means for collaboration and communication regarding Board agendas and the information directors receive from management. Importantly, all directors play an active role in overseeing the company's business both at the Board and Committee level, bringing fresh and differing viewpoints. The Lead Director coordinates with the Chairs of our various Board committees in setting agendas for committee meetings. Albert R. Gamper, Jr. currently serves as Lead Director. In that capacity, he complements the talents and contributions of Mr. Izzo and promotes confidence in our governance structure by providing an additional perspective to that of management. Our Principles provide for the following:

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Lead Director Duties and Responsibilities
• Presides at all meetings of the Board at which the Chairman of the Board is not present, including executive sessions of the independent directors.
• Serves as principal liaison on Board-wide issues between the Chairman of the Board and the independent directors.
• Calls meetings of the independent directors, as may be necessary or desirable.
• Consults with the Chairman of the Board on Board agendas.
• Advises the Chairman of the Board on the quality and timeliness of information provided to the directors.
• Serves on the Executive Committee.
• Receives from the Corporate Secretary communications to, or for consideration by, the non-management directors.

The Lead Director is an independent director designated annually by the non-management directors with the expectation that he or she will typically serve in that capacity for four years. The Lead Director may be appointed to serve up to twelve additional months beyond the four years if approved by a majority of the non-management independent directors. Mr. Gamper was designated as our Lead Director by the Board in April 2012 for a term expiring at the first meeting of directors after the 2013 Annual Meeting of Stockholders. The Corporate Governance Committee expects to make a recommendation regarding the individual to serve as Lead Director at its first meeting following the 2013 Annual Meeting, in accordance with our policy.

The Board believes that our leadership structure has been designed with the appropriate controls to support the efficacy of this arrangement without jeopardizing the integrity of the governance process. A majority of the Board must consist of independent directors in accordance with our Principles and, currently, Mr. Izzo is our only director who is not independent. As discussed below, our Principles also set forth various expectations and criteria for Board membership. All directors must adhere to our Standards and exercise their responsibilities in a manner consistent with our best interests and those of our stockholders and their fiduciary duties established by applicable law.

Risk Management Oversight

The Board is responsible for the oversight of risk at PSEG, both as a whole and through delegation to Board committees, which meet regularly and report back to the full Board. All committees play significant roles in carrying out the risk oversight function. In particular:

- The Audit Committee oversees risk related to the Company's financial statements, the financial reporting process, accounting and legal matters. The Committee provides oversight on legal and business compliance, financial reporting, disclosure controls and procedures and risk management controls, as well as policies with respect to risk assessment and risk management. Our Chief Risk Officer and Chief Financial Officer report on risk management to the Audit Committee at its meetings and, through the reports of the Audit Committee Chair, to the Board.
- The Finance Committee oversees financing transactions and approves appropriate commodity portfolio risk tolerance limits. Compliance is monitored through regular reporting to the Board. The Finance Committee is responsible for monitoring risk related to our investments in our pension and post-retirement benefits and nuclear decommissioning trusts and receives periodic reports on their performance at least annually.
- The Fossil Generation Operations Oversight Committee and the Nuclear Generation Operations Oversight Committee monitor and evaluate risks associated with our electric station operations, including risks associated with environmental, safety and other compliance and personnel and performance matters.
- The Organization and Compensation Committee considers the risks and rewards associated with our compensation and human resources philosophy and programs. As discussed below, this Committee has reviewed our compensation policies and practices as they relate to risk management and seeks to administer our compensation plans so as to appropriately balance the incentive nature of the compensation with mechanisms that serve to mitigate risk.

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- The Corporate Governance Committee evaluates Board and committee performance, monitors composition of the Board and the qualifications of the Board members and nominees, assists the Board in administering corporate governance practices and oversees our political participation activities and expenditures. In doing so, the Corporate Governance Committee seeks to ensure our governance and leadership structure is appropriately designed to mitigate reputational risk.

Risk management is also a key part of our strategic planning and business operations. The Board has approved a Risk Management Policy and it reviews and adopts the Company's Financial Risk Management Practice. The Financial Risk Management Practice serves to define the major roles, responsibilities and procedures, including controls and reporting, necessary to actively manage our financial risk exposure

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consistent with our business plans. It is reviewed annually and approved by the Audit Committee and the Finance Committee and recommended to the Board for its approval.

Risk Management Program
The Board also has oversight of the Risk Management Program which consists of policies, processes and controls, including the Risk Management Policy and Financial Risk Management Practice, as well as other policies and practices developed by management relating to: • Business conduct and integrity; • Internal control, risk assessment and control, business compliance; • Transaction review, credit practice, delegation of authority, supply chain practices; • Environment, health and safety, information management, corporate responsibility; • Employee matters, diversity and inclusion; and • Operational excellence. Our Risk Management Program forms an integral part of our corporate culture and values.

We have established a management-level Risk Management Committee (RMC) that is responsible for assessing exposure and determining our overall financial risk management strategy, taking into consideration, when appropriate, operational, regulatory and legal risks. The RMC, consisting of senior executives, is charged with, among other things:

- Establishing the framework for identifying, measuring, aggregating, monitoring, controlling and reporting on our financial-related risks;
- Establishing trading limits and controls; and
- Considering and addressing major implications to our generation, transmission and distribution businesses that have a bearing on the management of risks that could impact financial results.

In addition, our Capital Review Committee, which also consists of senior management employees, provides oversight and reviews proposed capital projects. Investments above a stated amount require approval of our Board or the respective board of Power, PSE&G or Energy Holdings, as applicable. Our Compliance Committee of senior management personnel reviews various compliance issues, including the approval of our Standards, and regularly reports to the Audit Committee.

Our Delegation of Authority sets forth the respective authority levels at which management and employees are authorized to conduct business.

The Board believes that we have an effective system of risk management practices with appropriate controls and Board oversight.

Meetings

The Board holds regularly scheduled meetings and meets on other occasions when circumstances require. Board and Committee meetings are scheduled over an entire work day and often begin on the prior afternoon or evening. Each meeting typically takes approximately two to three hours or longer. Each Committee executes its responsibilities, as described below, and the Board receives reports from the Committee Chairs on the significant matters considered and actions taken. A Board meeting typically focuses on the strategic and more important issues facing us. Directors spend additional time preparing for Board and Committee meetings they attend and they are called upon for counsel between meetings.

Our Principles provide that the Board will meet at least six times each year and in executive session without management in attendance at every meeting, unless waived by the Board. When the Board meets in executive sessions, the Lead Director presides. In addition, each Board committee, except the Executive Committee, meets in executive session at each of its meetings, unless waived by the respective Committee.

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Under our Principles, each director is expected to attend all Board meetings and all meetings of committees of which such director is a member, as well as the Annual Meeting of Stockholders. Meeting materials are provided to Board and Committee members in advance of each meeting, and members are expected to review such materials prior to each meeting. During 2012, each incumbent director attended at least 75% of the aggregate number of Board meetings and committee meetings on which he or she served. Each attended the 2012 Annual Meeting of Stockholders.

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2012 Meetings and Executive Sessions

Board/Committee	Meetings	Executive Sessions
PSEG Board	7*	7
PSE&G Board	6	6
Audit	8	5
Corporate Governance	4	4
Executive	0	0
Finance	4	0
Fossil Generation Operations Oversight	3**	2
Nuclear Generation Operations Oversight	3***	2
Organization and Compensation	5	5

* Includes an all-day business strategy session

** One meeting held at a generating station

*** One meeting held at the site of nuclear generating stations we operate

Director Orientation and Continuing Education

New directors receive an orientation program and materials, which includes visits to our facilities and presentations by senior management to familiarize new directors with our strategic plans, operations, significant financial, accounting and risk management issues, compliance programs, the Standards, principal officers and internal and independent auditors. During each year, continuing education is provided to all directors on topics of importance to our business.

Stock Ownership

Our Principles require that directors own shares of our Common Stock (including any restricted stock, whether or not vested, any stock units under the Directors' Equity Plan and any phantom stock under the Directors' Deferred Compensation Plan) equal to four times the annual cash retainer (currently $70,000) within five years after election to the Board. All incumbent directors currently meet this requirement, except Ms. Tomasky and Mr. Zollar, each of whom was first elected to the Board in 2012.

Communications with the Board

You, as a stockholder, and other interested parties may communicate directly with the Board, including the independent directors, by writing to:

M. Courtney McCormick, Secretary
Public Service Enterprise Group Incorporated
80 Park Plaza, T4B, P.O. Box 1171, Newark, New Jersey 07101-1171,

and indicating who should receive the communication. Unless the context otherwise requires, the Secretary will provide the communication to the Lead Director and to the Chair of the Board Committee most closely associated with the nature of the request. The Secretary has the discretion not to forward communications that are commercial advertisements, other forms of soliciting material or billing complaints. All communications are available to any member of the Board upon his or her request.

Committees of the Board

The committees of the Board, their principal functions, and membership requirements are described below. Each committee has open and free access to all Company information, may require any of our officers or employees to furnish it with information, documents or reports that it deems necessary or desirable in carrying out its duties, is empowered to investigate any matter involving us and may retain appropriate resources to assist it in discharging its responsibilities.

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Each committee, other than the Executive Committee, operates pursuant to a charter that defines its roles and responsibilities and annually conducts a performance evaluation of its activities and a review of its charter. The authority of the Executive Committee is set forth in our By-Laws. The committee charters and our By-Laws are posted on our website, www.pseg.com/info/investors/governance/committees.jsp. We will send you a copy of any or all of them upon request.

Each committee reports its activities to the Board. Each committee Chair is appointed annually with the expectation that he or she will typically serve in that capacity for four years. A Chair may be appointed to serve up to twelve additional months beyond the four years if approved by a majority of the independent directors.

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Committee	Membership Requirements
Audit	Comprised of three or more directors, each of whom must be independent of management in accordance with SEC and NYSE rules and meet NYSE requirements for financial literacy. At least one member must have accounting or financial management expertise. The Committee meets at least four times per year, and in executive session without management present at each meeting, unless waived by the Committee. Members may receive no direct or indirect compensation from us or our subsidiaries, other than as a director or committee member, and may not be affiliated with us or our subsidiaries, in accordance with applicable legal requirements. Under our Principles, without Board approval, a director may not serve as a member of our Audit Committee if he or she serves on the Audit Committee of more than three public companies, including ours.
Corporate Governance	Consists of three or more independent directors who meet at least two times per year, and in executive session without management present at each meeting, unless waived by the Committee.
Executive	Consists of the Chairman of the Board, Lead Director and at least one additional independent director.
Finance	Consists of three or more independent directors who meet at least three times per year, and in executive session without management present at each meeting, unless waived by the Committee.
Fossil Generation Operations Oversight	Consists of three or more independent directors who meet at least three times per year, and in executive session without management present at each meeting, unless waived by the Committee.
Nuclear Generation Operations Oversight	Consists of three or more independent directors who meet at least three times per year, and in executive session without management present at each meeting, unless waived by the Committee.
Organization & Compensation	Consists of three or more independent directors who meet at least two times per year, and in executive session without management present at each meeting, unless waived by the Committee.

Audit Committee

The Audit Committee's responsibilities include:

- Assisting the Board in fulfilling its responsibility for oversight of the integrity of our financial statements and the quality and integrity of our accounting, auditing and financial reporting practices;
- Appointing, terminating, compensating, including preapproving all services and fees, and overseeing the work of the independent auditor; the independent auditor reports directly to the Audit Committee;
- Reviewing the independence of the independent auditor, as well as Public Company Accounting Oversight Board (PCAOB) and peer review reports of the independent auditor's performance;
- Reviewing with the independent auditor, management and internal auditors our annual audited and quarterly financial statements and the acceptability and quality of our financial statements and our accounting, reporting and auditing practices;
- Reviewing with the independent auditor any audit issues or difficulties and management's response, and resolving disagreements which may arise between management and the independent auditor regarding financial reporting;
- Providing oversight to our internal audit and environmental, health and safety audit functions and legal and business conduct compliance program;
- Reviewing the status of pending material litigation;
- Reviewing risk management controls and disclosure controls and procedures;
- Reviewing earnings press releases, financial information and earnings guidance provided to analysts and rating agencies; and
- Recommending to the Board the inclusion of the audited financial statements in our Form 10-K.

The Board determines annually, and upon any change in Audit Committee composition, the independence, financial literacy and financial expertise of the Audit Committee members and makes written affirmation to the NYSE in accordance with its rules. The Board has determined that all members of the Audit Committee are financially literate and, in addition, that Albert R. Gamper, Jr., David Lilley (Chair), Thomas A. Renyi, Hak Cheol Shin and Susan Tomasky, each a member of the Audit Committee, possesses accounting or financial management expertise, as defined in the NYSE rules. The Board further has determined that Albert R. Gamper, Jr., David Lilley (Chair),

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Thomas A. Renyi, and Susan Tomasky, each a member of the Audit Committee, is an audit committee financial expert under the Sarbanes-Oxley Act of 2002 and the rules of the SEC.

Management and the Board believe that the current composition of the Audit Committee provides that Committee with the requisite expertise and experience to recommend to the Board the inclusion of the audited financial statements in our Form 10-K. The Board will consider this matter annually as a part of its ongoing governance review. The Audit Committee will also continue its practices to assure that adequate independent procedures exist for receipt and treatment of complaints regarding accounting, internal controls or auditing matters.

The Audit Committee Report appears below under Proposal 5. Ratification of the Appointment of Independent Auditor in this Proxy Statement.

Corporate Governance Committee

The Corporate Governance Committee's responsibilities include:

- Assisting the Board in administering the corporate governance practices of the Board and its committees;
- Monitoring the composition of the Board to assure a reasonable balance of professional interests, business experience, financial expertise, diversity and independence;
- Considering the qualifications of Board members and evaluating prospective nominees, including those identified by the Committee or by other Board members, management, stockholders or other sources, and recommending to the Board membership changes and nominees;
- Making a recommendation to the Board as to whether to accept the tendered resignation of any director who fails to receive a majority of votes cast "for" that director's election in an uncontested election;
- Recommending to the Board the chairs and members of Board committees;
- Evaluating performance of the Board and its committees, including a review of the size, structure and composition of the Board and its committees and their governance practices, including interactions with management;
- Making recommendations to the Board to improve effectiveness of the Board and its committees;
- Overseeing the directors' orientation and continuing education;
- Reviewing and making recommendations to the Board with respect to compensation of directors;
- Providing input to the Organization and Compensation Committee regarding the performance of the CEO as Chairman of the Board;
- Periodically reviewing the Charters of the Board committees and recommending appropriate changes; and
- Reviewing our political participation activities and expenses.

The nomination process and criteria utilized are described below under Nominees and Election.

Executive Committee

Except as otherwise provided by law, the Executive Committee may exercise all the authority of the Board when the Board is not in session.

Finance Committee

The Finance Committee's responsibilities include:

- Reviewing and making recommendations to the Board regarding corporate financial policies and processes and significant financial decisions;
- Reviewing and recommending to the Board annually our financial plan;
- Reviewing and making recommendations to the Board regarding our dividend policy and capital structure;
- Discussing with management the application and effects of our policies with respect to risk assessment and risk management, including the limits and authorities contained in the Financial Risk Management Practice;

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- Reviewing and recommending to the Board authorizations with respect to the issuance, sale and redemption of securities by us and our subsidiaries;
- Reviewing with the Thrift and Pension Investment Committee Chair and monitoring the investment guidelines for and investment performance of the trust funds of our pension plans and our nuclear decommissioning trust fund;
- Reviewing with management our cash management policies and practices; and
- Reviewing with management credit agency ratings and analyses.

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Fossil Generation Operations Oversight Committee

The Fossil Generation Operations Oversight Committee's responsibilities include:

- Evaluating the effectiveness of our fossil generation operations, focusing on safety, plant performance, regulatory matters, large construction projects and improvement in operations;
- Reviewing labor and human relations, environmental, health and safety and legal and compliance issues related to our fossil generation operations; and
- Reviewing the results of major inspections, evaluations and audit findings by external oversight groups and management's response.

Nuclear Generation Operations Oversight Committee

The Nuclear Generation Operations Oversight Committee's responsibilities include:

- Evaluating effectiveness of our nuclear generation operations, focusing on safety, plant performance, regulatory matters, large construction projects and improvement in operations;
- Reviewing labor and human relations, environmental, health and safety and legal and compliance issues related to our nuclear generation operations; and
- Reviewing the results of major inspections, evaluations and audit findings by external oversight groups and management's response.

Organization and Compensation Committee (O&CC)

The O&CC's responsibilities include:

- Reviewing, approving and modifying, as necessary, our executive compensation policy, programs, plans and awards;
- Reviewing the stockholder advisory vote on say-on-pay and considering any action it deems appropriate in light of that vote;
- Reviewing executive compensation levels and targets for consistency and alignment with compensation policy and strategic and operating objectives;
- Reviewing the risk to us of our compensation policies and practices;
- Retaining and annually reviewing the performance of its compensation consultant;
- Reviewing and making recommendations to the Board concerning corporate organization in general and executive compensation including incentive plans and equity-based plans;
- Administering our incentive compensation plans;
- Reviewing and approving corporate goals and objectives relevant to CEO compensation;
- Evaluating the CEO's performance in light of those goals and objectives and, with the independent Board members, determining and approving the CEO's compensation based on this evaluation;
- Annually reviewing performance for certain other key members of management;
- Annually reviewing management succession and development plans;
- Monitoring compliance with the Stock Ownership and Retention Policy; and
- Reviewing the CD&A and providing its report thereon in this Proxy Statement.

The O&CC Report on Executive Compensation appears below under Proposal 2. Advisory Vote on the Approval of Executive Compensation.

Compensation Consultant

The O&CC has the authority to retain compensation consultants, with sole authority for their hiring and firing. Since September 2009, the O&CC has retained Compensation Advisory Partners LLC (CAP) as its independent compensation consultant to provide it information and advice that is not influenced by management. CAP is an executive compensation consulting firm that does not perform any other services for us or our subsidiaries. CAP provides advice to the O&CC on executive compensation and may also provide advice to the Corporate Governance Committee on matters pertaining to compensation of directors who are not executive officers. CAP may not perform any other services for us without obtaining the prior approval of the Chair of the O&CC.

Responsibility for assignment to and evaluation of work by CAP is solely that of the O&CC and, with respect to the compensation of non-employee directors, the Corporate Governance Committee.

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The SEC and NYSE require compensation committees to assess the independence of their advisors and determine whether any conflicts of interest exist. In February 2013, the O&CC reviewed CAPs independence relative to the following factors: (i) CAP's provision of other services to the Company; (ii) the amount of fees CAP receives from the Company as a percentage of CAP's total revenue; (iii) the policies and procedures of CAP that are designed to prevent conflicts of interest; (iv) any business or personal relationship between O&CC members and CAP or its compensation consultants; (v) any PSEG stock owned by CAP or its compensation consultants; (vi) any business or personal relationship between our executive officers and CAP or any of its compensation consultants; and (vii) other factors that would be relevant to CAP's independence from management. On the basis of such review, the O&CC concluded that CAP is independent and no conflicts of interest exist.

In furtherance of CAP's independence, management receives copies of certain materials provided by CAP to the O&CC only after the materials have been provided to the O&CC. The scope of CAP's assignment is to provide general advice relating to all aspects of executive compensation, including the review of our current compensation programs and levels, benefit plans, provision of comparative industry trends and peer data and the recommendation of program and pay level changes.

We pay the fees of any compensation consultant retained by the O&CC. Additional information regarding any such services performed in the past year is included in the CD&A below. The O&CC also utilizes the services of our internal compensation professionals.

Compensation Committee Interlocks and Insider Participation

During 2012, each of the following individuals served as a member of the O&CC: William V. Hickey, Shirley Ann Jackson, David Lilley, Thomas A. Renyi, and Richard J. Swift (Chair). During 2012, no member of the O&CC was an officer or employee or a former officer or employee of any PSEG company. None of our officers served as a director of or on the compensation committee of any of the companies for which any of these individuals served as an officer. No member of the O&CC had a direct or indirect material interest in any transaction with us.

Code of Ethics

Standards of Integrity
Our Standards is a code of ethics applicable to us and our subsidiaries. The Standards: • Are an integral part of our business conduct compliance program and embody our commitment to conduct operations in accordance with the highest legal and ethical standards; • Apply to all of our directors and employees (including Power's, PSE&G's, Energy Holdings' and Services' respective principal executive officer, principal financial officer, principal accounting officer or Controller and persons performing similar functions) each of whom is responsible for understanding and complying with the Standards; • Establish a set of common expectations for behavior to which each director and employee must adhere in dealings with investors, customers, fellow employees, competitors, vendors, government officials, the media and all others who may associate their words and actions with us; and • Have been developed to provide reasonable assurance that, in conducting our business, directors and employees behave ethically and in accordance with the law and do not take advantage of investors, regulators or customers through manipulation, abuse of confidential information or misrepresentation of material facts.

The Standards are posted on our website, www.pseg.com/info/investors/governance/documents.jsp. We will send you a copy on request.

We will post on our website, www.pseg.com/info/investors/governance/documents.jsp:

- Any amendment (other than one that is technical, administrative or non-substantive) that we adopt to the Standards; and
- Any grant by us of a waiver from the Standards that applies to any director, principal executive officer, principal financial officer, principal accounting officer or Controller, or persons performing similar functions, for us or our direct subsidiaries noted above, and that relates to any element enumerated by applicable SEC requirement.

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A waiver of any provision of the Standards may be granted in exceptional circumstances, but only for substantial cause. A waiver for any director or executive officer may be made only by the Board and, if granted, must be promptly disclosed to our stockholders. In 2012, we did not grant any waivers to the Standards.

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Political Contributions

We regularly evaluate our reporting practices to ensure that our disclosure appropriately meets the needs of our shareholders. Accordingly, the Board recently approved a Corporate Political Participation Practice, which we have made publicly available on our website at www.pseg.com/info/investors/governance/documents.jsp. In accordance with this Practice, we provide our stockholders with access to our reported state and federal political contributions. The Political Participation Practice also establishes a controls process, pursuant to which our senior management monitors, assesses, and approves certain political contributions. Our Board is responsible for generally overseeing our political participation activities and expenses. We believe this Political Participation Practice will allow us to minimize reputational and political risks and continue to focus on our operational excellence

Transactions with Related Persons

There were no transactions during 2012, and there are no transactions currently proposed, in which we were or are to be a participant and the amount involved exceeded $120,000 and in which any related person (director, nominee, executive officer or their immediate family members) had or will have a direct or indirect material interest.

Our policies and procedures with regard to transactions with related parties, including the review, approval or ratification of any such transactions, the standards applied and the responsibilities for application are set forth in our Principles, our Business Conduct Compliance Program (Compliance Program) and the Standards. These are our only written policies and procedures regarding the review, approval or ratification of transactions with related persons.

- The Principles provide written guidelines for directors and management to effectively pursue and support the Company's business objectives. The Principles are reviewed periodically by the Corporate Governance Committee, which recommends appropriate changes to the Board. Under the Principles, a director must notify the Chair of the Corporate Governance Committee if he or she encounters a conflict of interest or proposes to accept a position with an entity which may present a conflict of interest, so that the issue may be reviewed. Potential conflicts of interest include positions that directors or immediate family members hold as directors, officers or employees of other companies with which we do business or propose to do business and charitable and other tax-exempt organizations to which we contribute or propose to contribute.
- Our Compliance Program establishes an organizational structure and validates the Standards and its mandated procedures, practices and programs. The Audit Committee has overall responsibility for oversight of the Compliance Program and has delegated to our Compliance Committee overall responsibility for the design, implementation and execution of the Compliance Program. The Compliance Committee's duties include assurance that we take all reasonable steps to coordinate organization-wide ethics and compliance activities, consistent enforcement of the Standards including the detection and prevention of wrongdoing as a result of compliance investigations and otherwise foster a culture for ethical behavior and a commitment to legal compliance. The Compliance Committee, comprised of members of senior management, is chaired by our Executive Vice President and General Counsel, who has overall responsibility for administering the Compliance Program.
- The Standards establish a written set of common expectations of behavior for all directors, officers and employees regarding business relationships, personal conduct (including, among other things corporate opportunities, conflicts of interest and supplier, competitor and governmental relations), safeguard of Company property, business controls and compliance with regulatory requirements. In addition, the Standards mandate procedures for seeking ethical guidance, reporting concerns, investigation and discipline. Our Executive Vice President and General Counsel has overall responsibility for administering the Standards.
- Our written management practices provide that any capital investment with a non-PSEG entity or its affiliate, for which one of our directors or officers serves as a director or executive officer, must be approved by our Board.

NOMINEES AND ELECTION

Election

Directors elected at each annual meeting are elected to serve one-year terms. Directors whose terms are to expire are eligible for re-nomination and will be considered by the Corporate Governance Committee in accordance with its policies and the retirement policy for directors, which are summarized in this Proxy Statement. Each of the current directors has been nominated for re-election.

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Our By-Laws currently provide that the Board shall consist of not less than three nor more than 16 directors as shall be fixed from time to time by the Board. The number of directors is currently set at ten.

The nominees listed below were selected by the directors upon the recommendation of the Corporate Governance Committee. As discussed above under Annual Meeting, Voting and Procedures, proxies will be voted in accordance with your instructions as indicated on the enclosed proxy card, bank or broker voting card or when voting by telephone or Internet.

If at the time of the 2013 Annual Meeting any of the nominees listed below should be unable to serve, which is not anticipated, it is the intention of the persons designated as proxies to vote, in their discretion, for other nominees, unless the number of directors constituting a full Board is reduced.

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Majority Voting for Election of Directors

Our By-laws provide that in an uncontested election, each director shall be elected by a majority of the votes cast with respect to the director. A majority of votes cast means that the number of shares cast "for" a director's election exceeds the number of votes cast "against" that director. We do not include as votes cast (i) shares which are marked withheld, (ii) abstentions and (iii) shares as to which a stockholder has given no authority or direction.

As provided in our Principles, the Board has adopted a policy whereby any incumbent director receiving a majority vote "against" must promptly tender an offer of resignation. As a result, in uncontested elections, the Board will nominate for election or re-election as a director only candidates who have agreed promptly to tender a letter of resignation in the event that the number of shares voted "for" that director does not exceed the number of shares voted "against" that director. If an incumbent director fails to receive the required "majority" vote, the Corporate Governance Committee will consider the matter and then make a recommendation to the Board as to whether or not to accept the resignation. The Board will make the determination on whether or not to accept the recommendation of the Corporate Governance Committee.

The Principles further provide that no director who fails to receive a majority vote in an uncontested election shall participate in either the recommendation of the Corporate Governance Committee or the determination of the Board with respect to his or her resignation letter or that of any other director in regard to that year's Annual Meeting election. Any such director may, however, participate in any and all other matters of the Board and its various committees to the fullest extent to which he or she would otherwise be permitted in accordance with applicable law and the Principles. If a majority of the Corporate Governance Committee fails to receive a majority vote, then the remaining independent directors will determine whether to accept one or more of the applicable resignations. If three or fewer independent directors did not receive a majority vote in the same election, then all independent directors may participate in any discussions or actions with respect to accepting or rejecting the resignation offers (except that no director will vote to accept or reject his or her own resignation offer).

In evaluating tendered resignations, the Corporate Governance Committee and the Board may consider all factors they deem relevant, including, but not limited to, the stated reason(s) for the "against" vote, the impact that the acceptance of the resignation would have upon our compliance with applicable law or regulation, the potential triggering of any change in control or similar provision in contracts, benefit plans or otherwise, the qualifications of the director and his or her past and anticipated future contributions to us.

The Corporate Governance Committee and the Board may consider possible remedies or actions to take in lieu of or in addition to acceptance or rejection of the resignation, such as development and implementation of a plan to address and cure the issues underlying the failure to receive a majority vote.

Following the Board's determination, we will publicly disclose the decision and, if applicable, the reasons for accepting or rejecting the resignation. To the extent that the Board accepts one or more resignations, the Corporate Governance Committee may recommend to the Board, and the Board will then determine, whether to fill any vacancy.

Director Qualifications, Diversity and Retirement

The Board believes that a nominee for director should be selected on the basis of the individual's ability, diversity of background and experience and soundness of judgment, from among candidates with an attained position of leadership in their field of endeavor. As noted above, a majority of the Board must consist of independent directors in accordance with our Principles and NYSE requirements.

The Board seeks to maintain an orderly transition for retirement and proper succession planning. Under the Board's retirement policy, directors who have never been employees of the PSEG group of companies may not serve as directors beyond the Annual Meeting of Stockholders following their seventy-second birthday. If however, the Corporate Governance Committee and the Board determine that there is good cause to extend any such director's Board service, he or she may be re-nominated following the age of seventy-two, but in no event beyond the age of seventy-five, and remain in service for the full term until the next Annual Meeting of Stockholders following his or her seventy-fifth birthday. Directors who are former PSEG CEOs may not serve as directors beyond the Annual Meeting of Stockholders following termination of active employment with the PSEG group of companies, unless otherwise determined by the Board, and may not serve beyond their seventy-second birthday. Directors who are former employees, other than CEOs, may not serve as directors beyond the Annual Meeting of Stockholders following termination of active employment with the PSEG group of companies.

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In addition, it is the policy of the Board that a nominee recommended initially for election be able to serve at least five years, consistent with the Board's retirement policy. The Board believes that the ability of a director to serve for at least five years is a reasonable expectation in order for us to receive an appropriate benefit from the individual's abilities. This is especially so in light of the time invested by a director to become knowledgeable about our complex business operations. The Board believes that these age and service limitations provide it with a means for achieving a reasonable balance of veteran and new directors.

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Diversity
Diversity is a factor for consideration of nominees for director pursuant to the diversity policy contained in our Principles and the charter of the Corporate Governance Committee. In considering diversity, the Corporate Governance Committee utilizes a broad meaning to include not only factors such as race, gender and national origin, but also background, experience, skills, accomplishments, financial expertise, professional interests, personal qualities and other traits desirable in achieving an appropriate group of qualified individuals. The Corporate Governance Committee considers and assesses the effectiveness of this policy in connection with the annual nomination process to assure it contains an effective mix of people to best further our long-term business interests.

The Corporate Governance Committee also considers the amount of time that a person will likely have to devote to his or her duties as a director, including non-PSEG responsibilities as an executive officer, board member or trustee of business or charitable institutions and the contributions by directors to our ongoing business. The Corporate Governance Committee considers the qualifications of incumbent directors and potential new nominees, as well as the continuity of service and the benefit of new ideas and perspectives, before making recommendations to the Board for election or re-election. The Board then selects nominees based on the Corporate Governance Committee's recommendation.

The Corporate Governance Committee does not believe it is appropriate to set absolute term limits on the length of a director's term. Directors who have served on the Board for an extended period of time are able to provide valuable insight into the operations and future of the Company based on their experience with and understanding of our history, policies and objectives.

Prior to accepting an invitation to serve as a director of another public company, the CEO and any directors must submit a letter to the Corporate Governance Committee so as to allow it to review potential conflicts and time demands of the new directorship. Any director who undertakes or assumes a new principal occupation, position or responsibility from that which he or she held when he or she was elected to the Board must submit a letter to the Corporate Governance Committee volunteering to resign from the Board. The Board does not believe that in every instance a director who undertakes or assumes a new occupation, position or responsibility from that which he or she held when the director joined the Board should necessarily leave the Board. The Corporate Governance Committee reviews the relevant details of such director's new position and determines the continued appropriateness of Board membership under the circumstances.

Nominees and Nomination Process

The present terms of all ten directors, **Albert R. Gamper, Jr., William V. Hickey, Ralph Izzo, Shirley Ann Jackson, David Lilley, Thomas A. Renyi, Hak Cheol Shin, Richard J. Swift, Susan Tomasky** and **Alfred W. Zollar**, expire at the 2013 Annual Meeting. Each director has been re-nominated. Each will be presented for election to serve until the 2014 Annual Meeting, or until their respective successors are elected and qualified. All nominees, except Mr. Zollar, who was elected as a director by the Board in June 2012, were elected to their present terms by our stockholders.

Conrad Harper retired from the Board effective December 31, 2012. Mr. Harper had served on the Board since 1997. The members of the Board wish to thank Mr. Harper and express the Board's sincere appreciation for his many years of dedicated service to our Company.

The Corporate Governance Committee on occasion may pay a fee to an executive search firm to assist it in identifying and evaluating potential director nominees meeting our criteria, which are described further below. Any such firm's function would be to assist the Committee in identifying potential candidates for its consideration. During 2012, we engaged a third-party firm to conduct a search for potential candidates. Mr. Zollar was identified to us in this process.

The Corporate Governance Committee will consider stockholders' recommendations for nominees for election to the Board. Such recommendations must be submitted in writing to M. Courtney McCormick, Secretary, Public Service Enterprise Group Incorporated, 80 Park Plaza, T4B, P.O. Box 1171, Newark, New Jersey 07101-1171. Nominations must be accompanied by the written consent of any such person to serve if nominated and elected and by biographical material to permit evaluation of the individual recommended. Our By-Laws require that stockholder nominations must be submitted at least 90 days in advance of an Annual Meeting of Stockholders.

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The Corporate Governance Committee utilizes the same criteria to evaluate all potential nominees, including those recommended by stockholders or from other sources.

We show below for each nominee:

- The period of service as a director;
- Age as of the date of the Annual Meeting;
- Present committee memberships;
- Business experience during at least the last five years; and
- Other directorships during the past five years.

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We also discuss the specific experience, qualifications, attributes and skills that led to the conclusion that he or she should serve as one of our directors. Each nominee's beneficial ownership of Common Stock is shown under Security Ownership of Directors, Management and Certain Beneficial Owners. Compensation for service as a director is shown in the Director Compensation Table and accompanying narrative.

As discussed above, the Corporate Governance Committee and the Board recommend and nominate for election those individuals they deem qualified and capable of serving as directors pursuant to the criteria they have set. Each of the nominees this year meets these standards.

Board Composition, Skills and Qualifications

Composition

The Board is comprised of individuals with a diverse mix of knowledge, expertise and backgrounds. Among the ten nominees, we have business leaders from industries including banking, science and technology, energy, consumer products and manufacturing as well as those who have excelled in academia and public service. As a group, they complement one another with a desirable mix of competencies and skills as the Board discharges its duties of overseeing our businesses. Our Board members have dealt widely with the types of issues and challenges facing us, including achieving optimal operational and financial performance, managing for growth, meeting regulatory, environmental and safety requirements, overseeing risk management and corporate governance, maintaining an engaged and diverse workforce and adapting to rapidly evolving business conditions. All have served in leadership positions.

Skills and Qualifications

	Albert R. Gamper	William V. Hickey	Raph Izzo	Shirley Ann Jackson	David Lilley	Thomas A. Renyi	Hak Cheol Shin	Richard J. Swift	Susan Tomasky	Alfred W. Zollar
Accounting/Finance	X	X	X	X	X	X		X	X	
Construction/Engineering								X		
Consumer Products/ Product Development		X			X		X			X
Customer Satisfaction & Sales					X	X	X			X
Government			X	X					X	
Industry/Generating Plant Operations			X	X				X	X	
Legal									X	
Management	X	X	X	X	X	X	X	X	X	X
Manufacturing		X			X		X	X		
Science/Scientific Research			X	X						
Technology		X	X				X			X

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Committee Membership

Current committee assignments are presented in the following table. From time to time, Committee assignments and chairs are changed to best utilize the talents of our directors. The last such changes occurred in April 2012 and Mr. Zollar received committee assignments in September 2012. Ongoing committee assignments for all directors are expected to be made at the organizational meeting following the 2013 Annual Meeting of Stockholders.

	Audit	Corporate Governance	Executive	Finance	Fossil Generation Operations Oversight	Nuclear Generation Operations Oversight	Organization & Compensation
Albert R. Gamper, Jr.*	X		X	X			
William V. Hickey				X	C	C	X
Ralph Izzo			C				
Shirley Ann Jackson			X	C	X	X	X
David Lilley	C			X			X
Thomas A. Renyi	X	C					X
Hak Cheol Shin	X	X			X	X	
Richard J. Swift		X	X		X	X	C
Susan Tomasky	X	X					
Alfred W. Zollar				X	X	X	

C = Committee Chairperson
X = Committee Member
*Also serves as Lead Director

During 2012, Albert R. Gamper, Jr., Richard J. Swift and Ralph Izzo also served on the Board of Directors of PSE&G. Shirley Ann Jackson became a member of the PSE&G Board of Directors in February 2013. Mr. Izzo also serves on the Boards of Directors of Power, Energy Holdings and Services.

Biographical Information for Nominees for Election as Director

Shown below is the relevant business and biographical information for each of the individuals nominated for election to the Board.

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THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ALL NOMINEES

ALBERT R. GAMPER, JR., age 71
Director since 2000

Experience

- Lead Director since April 2011.
- Director of PSE&G.
- Chairman of the Board of CIT Group, Inc., Livingston, New Jersey, a commercial insurance company, from July 2004 until December 2004; Chairman of the Board and Chief Executive Officer of CIT Group, Inc. from September 2003 to July 2004; Chairman of the Board, President and Chief Executive Officer from June 2002 to September 2003; President and Chief Executive Officer from February 2002 to June 2002; Chairman of the Board, President and Chief Executive Officer from January 2000 to June 2001; President and Chief Executive Officer from December 1989 to December 1999. President and Chief Executive Officer of Tyco Capital Corporation from June 2001 to February 2002.
- Trustee to the Fidelity Group of Funds.

Skills and Qualifications

- ***Management/Finance*** – Mr. Gamper acquired extensive management experience in financial services as Chairman of the Board, President and Chief Executive Officer of CIT Group, Inc. Moreover, in that role he had ultimate responsibility for financial matters and the overall operations of that company.
- The Board values Mr. Gamper's background considering our capital structure, liquidity needs and need to assess and oversee credit and other risks. He brings perspective and leadership to management and governance oversight.

WILLIAM V. HICKEY, age 68
Director since 2001

Experience

- Chairman of the Board and Chief Executive Officer of Sealed Air Corporation, Elmwood Park, New Jersey, which manufactures food and specialty protective packaging materials and systems, since September 2012; President and Chief Executive officer from March 2000 to August 2012; President and Chief Operating Officer from December 1996 to February 2000.
- Director of Sealed Air Corporation.
- Director of Sensient Technologies Corporation.

Skills and Qualifications

- ***Manufacturing/Product Development/Consumer Products/ Accounting/Finance/Management/Technology*** – Mr. Hickey has a strong industrial and commercial manufacturing background from his service as President and Chief Executive Officer at Sealed Air Corporation. He is also a Certified Public Accountant and, as CEO of Sealed Air Corporation, he had ultimate responsibility for financial matters and overall business performance.
- Mr. Hickey's executive managerial experience with product innovation, development, production and marketing contributes to the Board's ability to oversee our Company and focus on operational excellence.

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THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ALL NOMINEES

RALPH IZZO, age 55
Director since 2006

Experience

- Chairman of the Board, President and Chief Executive Officer of PSEG since April 1, 2007.
- Chair of the Executive Committee.
- Director of PSE&G, Power, Energy Holdings and Services.
- President and Chief Operating Officer of PSEG from October 2006 to April 2007; President and Chief Operating Officer of PSE&G from October 2003 to October 2006.

Skills and Qualifications

- ***Management/Strategic Planning/Finance/Industry Operations*** – During Dr. Izzo's career as our Chairman of the Board, President and CEO, he has developed broad experience in general management, strategic planning and finance, as well as a thorough understanding of our business operations and the challenges and opportunities of our industry.
- ***Technology/Scientific Research*** – Dr. Izzo's background as a research physicist is of much benefit to a company that deals with many technical and scientific matters.
- ***Governmental Matters*** – Dr. Izzo's prior service as an energy and policy analyst at the federal and state levels is a significant asset as we position ourselves as a leader in the energy industry and public policy arena.

SHIRLEY ANN JACKSON, age 66
Director since 2001

Experience

- Director of PSE&G.
- President of Rensselaer Polytechnic Institute, Troy, New York, since July 1999.
- Former director of PSEG from 1987 to 1995.
- Chair, U.S. Nuclear Regulatory Commission (NRC) from July 1995 to July 1999.
- Director of FedEx Corporation, IBM Corporation, Marathon Oil Corporation and Medtronic, Inc.
- Former director of NYSE Euronext and US Steel.

Skills and Qualifications

- ***Management/Government/Science/Finance/Generating Plant Operations*** - Dr. Jackson is a distinguished scientist, who also brings an array of executive, governmental, scientific and academic experience from her years as Chair of the NRC and President of Rensselaer Polytechnic Institute. Her responsibilities as the head of a major university include financial matters.
- We are a heavily regulated business which is very much affected by public policy and scientific developments, so Dr. Jackson's experience and continued involvement in energy policy, scientific research and development, technology and innovation, security and financial services industry oversight is highly valued by the Board. Her background as a nuclear physicist and former NRC Chair is important as we have extensive nuclear operations.

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THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ALL NOMINEES

DAVID LILLEY, age 66
Director since 2009

Experience

- Chairman of the Board, President and Chief Executive Officer of Cytec Industries, Inc., Woodland Park, New Jersey, a global specialty chemicals and materials company from January 1999 until December 2008; President and Chief Executive Officer from May 1998 to January 1999; President and Chief Operating Officer from January 1997 to May 1998.
- Director of Rockwell Collins, Inc. and Tesoro Corporation.
- Former director of Arch Chemicals, Inc. and Cytec Industries, Inc.

Skills and Qualifications

- ***Product Development/Manufacturing/Sales/Finance/Management*** – Mr. Lilley has experience in product development, manufacturing and sales, gained from his years as Chairman of the Board, President and Chief Executive Officer at Cytec Industries. In this role he also had ultimate responsibility for financial matters and overall business performance.
- Mr. Lilley's leadership is very important to us in light of the Board's oversight of our operations and adherence to safety and environmental requirements.

THOMAS A. RENYI, age 67
Director since 2003

Experience

- Executive Chairman of The Bank of New York Mellon Corporation, New York, New York, a provider of banking and other financial services to corporations and individuals, from July 2007 until August 2008.
- Chairman of the Board and Chief Executive Officer of The Bank of New York Company, Inc. and The Bank of New York from February 1998 to July 2007.
- Director of Hartford Financial Services.
- Former director of RiskMetrics Group.

Skills and Qualifications

- ***Finance/Management/Customer Satisfaction*** – Mr. Renyi had a long career with The Bank of New York Mellon and its predecessor, The Bank of New York, where he served as Chairman of the Board and Chief Executive Officer. In that capacity, he had substantial responsibility for the successful implementation of two major mergers. As a result, he brings to us a deep knowledge of finance, as well as significant experience in oversight of the operations of a major enterprise and meeting customer expectations.
- The Board views Mr. Renyi's background as highly valuable in the oversight of risk management and our continued focus on financial strength, disciplined investment and operational excellence.

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THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ALL NOMINEES

HAK CHEOL (H.C.) SHIN, age 55
Director since 2008

Experience

- Executive Vice President – International Operations, of 3M Company, St. Paul, Minnesota, a diversified technology company, with product lines in consumer and office, healthcare electronics, industrial, graphics, transportations, safety and telecommunications markets, since May 2011.
- Executive Vice President-Industrial and Transportation Business of 3M Company from January 2006 to May 2011; Executive Vice President-Industrial Business from June 2005 to January 2006; Division Vice President-Industrial Adhesives and Tapes Division from July 2003 to June 2005; Division Vice President-Electronics Markets Materials Division from October 2002 to June 2003; Division Vice President-Superabrasives and Microfinishing Systems Division from March 2001 to October 2002.

Skills and Qualifications

- ***Technology/Manufacturing/Consumer Products/Customer Satisfaction/Management*** – Mr. Shin brings diversified experience in the areas of technology, manufacturing, consumer products and customer satisfaction acquired through various senior positions at 3M Company, a company noted for innovation and operational excellence.
- Mr. Shin's skills are important as we seek operational excellence and invest in renewable energy technology, while satisfying customer expectations and maintaining reliability.

RICHARD J. SWIFT, age 68
Director since 1994

Experience

- Lead Director from February 2010 until April 2011.
- Presiding Director from June 2007 until February 2010.
- Director of PSE&G.
- Former Chairman of the Financial Accounting Standards Advisory Council from January 2002 to December 2006.
- Chairman of the Board, President and Chief Executive Officer of Foster Wheeler, Ltd., Clinton, New Jersey, which provides design, engineering, construction, manufacturing, management, plant operations and environmental services, from April 1994 until October 2001.
- Director of CVS Caremark Corporation, Hubbell Incorporated, Ingersoll-Rand Limited and Kaman Corporation.

Skills and Qualifications

- ***Management/Engineering/Construction/Generating Plant Operations/Finance/Manufacturing*** – Mr. Swift is a licensed professional engineer who brings a strong managerial background in engineering, construction and generating plant operations as CEO at Foster Wheeler, Ltd. Mr. Swift also served as Chairman of the Financial Accounting Standards Advisory Council.
- The Board believes that we benefit significantly from Mr. Swift's experience as we are heavily engaged in similar endeavors in our generation and utility businesses. While CEO at Foster Wheeler, he had ultimate responsibility for financial matters.

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THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ALL NOMINEES

SUSAN TOMASKY, age 60
Director since 2012

Experience

- President-AEP Transmission of American Electric Power Corporation, Columbus, Ohio, an electric utility holding company with generation, transmission and distribution businesses, from May 2008 to July 2011.
- Executive Vice President – Shared Services of American Electric Power Corporation from September 2006 to May 2008; Executive Vice President and Chief Financial Officer from September 2001 to September 2006; Executive Vice President and General Counsel and Corporate Secretary from July 1998 to September 2001.
- Former General Counsel, U.S. Federal Energy Regulatory Commission (FERC), from March 1993 to June 1997.
- Director of Tesoro Corporation and Summit Midstream Partners, LP.

Skills and Qualifications

- ***Industry Operations/Management/Finance/Legal/Government*** – Ms. Tomasky has broad electric industry executive experience having served in key leadership positions involving transmission operations, services, finance, law and governance at one of the largest utility holding companies in the United States. Her service at the FERC is highly valuable to us as several of our businesses are subject to that agency's regulation.
- The Board views Ms. Tomasky's background as providing a valuable resource and perspective on utility management, finance, law and governmental regulation.

ALFRED W. ZOLLAR, age 58
Director since 2012

Experience

- General Manager – Tivoli Software division of International Business Machines Corporation (IBM), Armonk, New York, a worldwide information technology and consulting company, from July 2004 to January 2011; General Manager – eServer iSeries from January 2003 to July 2004; President and Chief Executive Officer – Lotus Software division from January 2000 to 2003; Division General Manager – Network Computer Software division from 1996 to 2000.
- Director of Chubb Corporation

Skills and Qualifications

- ***Management/Technology/Product Development/Customer Satisfaction*** – Mr. Zollar brings a wealth of knowledge from his executive leadership, product development and information technology experience. He has served in various leadership roles, including senior management positions, in every IBM software group division.
- The Board believes that Mr. Zollar's executive and managerial experience in business development and technology will greatly contribute to our oversight of operational excellence and customer satisfaction.

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SECURITY OWNERSHIP OF DIRECTORS, MANAGEMENT AND CERTAIN BENEFICIAL OWNERS

Directors, Nominees and Management

The following table sets forth, as of February 15, 2013, beneficial ownership of our Common Stock by the directors, nominees and executive officers named in the 2012 Summary Compensation Table. The information presented includes stock options, stock units and phantom shares. None of these amounts exceeds 1% of our Common Stock outstanding.

	Owned Shares (#)[1]	Restricted Stock (#)[2]	Stock Units/ Restricted Stock Units (#)[3]	Phantom Shares (#)[4]	Stock Options (#)[5]	Total (#)
J.A. Bouknight, Jr.	8,387	-	23,017	-	53,625	85,029
Caroline Dorsa	20,825	8,800	29,199	-	110,825	169,649
Albert R. Gamper, Jr.	8,492	9,600	19,836	23,518	-	61,446
William V. Hickey	6,332	9,600	19,836	18,531	-	54,299
Ralph Izzo	389,896	-	157,433	-	1,209,125	1,756,454
Shirley Ann Jackson	5,604	9,600	19,836	-	-	35,040
Ralph A. LaRossa	32,298	-	57,557	-	201,600	291,455
William Levis	58,758	-	62,628	-	232,200	353,586
David Lilley	-	-	14,174	12,240	-	26,414
Randall E. Mehrberg	15,751	-	25,429	-	179,175	220,355
Thomas A. Renyi	4,628	8,800	19,836	32,646	-	65,910
Hak Cheol Shin	-	-	16,957	-	-	16,957
Richard J. Swift	304	14,400	19,836	45,720	-	80,260
Susan Tomasky	-	-	3,615	-	-	3,615
Alfred W. Zollar	-	-	3,452	-	-	3,452
All directors and executive officers as a group (16 persons)	571,416	60,800	501,241	132,655	1,986,550	3,252,662

(1) Includes all shares, if any, held directly, in brokerage accounts, under the Thrift and Tax-Deferred Savings Plan (401(k) Plan), Enterprise Direct, ESPP, shares owned jointly by or with a spouse and shares held in a trust or a custodial account. Beneficial ownership is disclaimed as to 360 shares.

(2) Includes restricted stock granted to executive officers under the LTIP and restricted stock granted to directors under the former Stock Plan for Outside Directors.

(3) Includes restricted stock units granted to executive officers under the LTIP and stock units granted to directors under the Equity Compensation Plan for Outside Directors (Directors Equity Plan), with no voting rights.

(4) Includes phantom shares accrued under the Directors' Deferred Compensation Plan for those individuals who have elected to have the earnings on their deferred payments calculated based upon the performance of our Common Stock, with no voting rights.

(5) Stock options granted under the LTIP and exercisable currently or within 60 days. Excludes stock options not exercisable within 60 days as follows:

Izzo (#)	Dorsa (#)	Levis (#)	Mehrberg (#)	Bouknight (#)	LaRossa (#)	Group (#)
86,975	16,575	17,500	14,725	17,875	13,800	167,450

Certain Beneficial Owners

As of February 15, 2013, no person or group was known to us to be the beneficial owner of more than five percent of our Common Stock, according to the Schedules 13G filed by the respective owners with the SEC.

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Section 16(a) Beneficial Ownership Reporting Compliance

During 2012, none of our directors or executive officers was late in filing a Form 3, 4 or 5 in accordance with the requirements of Section 16(a) of the Securities Exchange Act of 1934, as amended, with regard to transactions involving our Common Stock, with the exception of Susan Tomasky, one of our Directors. Ms. Tomasky filed one late report on Form 3 to report any ownership by her of our Common Stock at the time of her election to the Board. At that time, Ms. Tomasky did not own any of our Common Stock.

DIRECTORS' COMPENSATION

2012 DIRECTOR COMPENSATION TABLE

	Fees Earned or Paid in Cash ($)[2]	Stock Awards ($)[3]	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)[4]	Total ($)
Albert R. Gamper, Jr.	110,000	110,019	-	-	-	150	220,169
Conrad K. Harper [1]	98,705	76,794	-	-	-	5,150	180,649
William V. Hickey	105,000	110,019	-	-	-	150	215,169
Shirley Ann Jackson	97,500	110,019	-	-	-	5,150	212,669
David Lilley	100,591	110,019	-	-	-	5,150	215,760
Thomas A. Renyi	98,205	110,019	-	-	-	150	208,374
Hak Cheol Shin	95,000	110,019	-	-	-	150	205,169
Richard J. Swift	100,000	110,019	-	-	-	5,150	215,169
Susan Tomasky	60,015	110,019	-	-	-	-	170,034
Alfred W. Zollar	41,588	110,025	-	-	-	-	151,613

(1) Retired on December 31, 2012; stock award was prorated, as explained in note 3 below.

(2) Includes all meeting fees, chair/committee retainer fees and the annual retainer as described below. Includes the following amounts deferred pursuant to the Directors' Deferred Compensation Plan, described below:

Gamper ($)	Harper ($)	Hickey ($)	Jackson ($)	Lilley ($)	Renyi ($)	Shin ($)	Swift ($)	Tomasky ($)	Zollar ($)
-	98,705	105,000	97,500	100,591	98,205	-	-	-	-

(3) For each outside director, except Mr. Zollar, the grant date fair value of the award on May 2, 2012, equated to 3,496 stock units based on the then current market price of the Common Stock of $31.47. Mr. Zollar's stock units were granted on July 2, 2012, and equated to 3,375 shares based on the then current market price of $32.60. Mr. Harper's stock units were prorated to reflect his retirement on December 31, 2012. In addition, each outside director's account is credited with additional stock units on the quarterly dividend dates at the then current dividend rate.

The following table shows outstanding stock units granted under the Directors' Equity Plan and restricted stock granted under the prior Stock Plan for Outside Directors, as of December 31, 2012.

	Gamper (#)	Harper (#)	Hickey (#)	Jackson (#)	Lilley (#)	Renyi (#)	Shin (#)	Swift (#)	Tomasky (#)	Zollar (#)
Stock Units	19,836	19,836	19,836	19,836	14,174	19,836	16,957	19,836	3,615	3,452
Restricted Stock	9,600	13,200	9,600	9,600	-	8,800	-	14,400	-	-

(4) Consists of charitable contributions made by us on behalf of each individual and under our educational matching gift program.

Director Fees

A director who is an employee of a PSEG Company receives no additional compensation for services as a director.

Directors receive an annual retainer of $70,000 and an annual equity grant of Common Stock units equal to $110,000, paid quarterly. The Lead Director receives an incremental $25,000 cash retainer. The Audit Committee Chair is paid an additional retainer of $25,000, the O&CC Chair is paid an additional retainer of $15,000 and the Chair of any other committee is paid an additional retainer of $12,500. Each Audit Committee member receives an additional $10,000 annually. Each other director is paid an additional $5,000 annually per committee assignment.

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Directors' Equity Plan

The Directors' Equity Plan is a deferred compensation plan and, under its terms, each outside director is granted an award of "stock units" each May 1st (in an amount determined from time-to-time by the Board) which is recorded in a bookkeeping account in her/his name and accrues credits equivalent to the dividends on shares of our Common Stock. If a director fails to remain a member of the Board (other than on account of disability or death) until the earlier of the succeeding April 30th or the next Annual Meeting of Stockholders, the award for that year will be prorated to reflect actual service. Distributions under the Directors' Equity Plan are made in shares of our Common Stock after the director terminates service on the Board in accordance with distribution elections made by her/him, which may be either in a lump-sum payment or in annual payments over a period of up to ten years.

Under the Directors' Equity Plan, with respect to grants made in 2012 and future years, directors may elect to commence distribution of a particular year's deferrals either upon termination of service or after a specified number of years thereafter. A director may elect to receive distribution of such deferrals in the form of a lump-sum payment, or annual installments over a period of three to fifteen years. Distribution elections must be made prior to the date that services giving rise to the awards are performed.

Shares granted under the prior Stock Plan for Outside Directors are subject to forfeiture if a director leaves service prior to age 72, except after a change-in-control or if waived by non-participating directors.

Directors' Deferred Compensation Plan

Under the Directors' Deferred Compensation Plan, directors who are not employees may elect to defer any portion of their cash retainer by making appropriate elections in the calendar year prior to the year in which the services giving rise to such compensation being deferred is rendered. At the same time he/she elects to defer such compensation, the participant must make an election as to the timing and the form of distribution from his/her Directors' Deferred Compensation Plan account. Distributions are made in cash or, at the election of the participant in the case of amounts credited with earnings by reference to the performance of our Common Stock, in shares of Common Stock.

For amounts deferred prior to 2012, distributions may commence (a) on the thirtieth day after the date he/she terminates service as a director or, in the alternative, (b) on January 15th of any calendar year following termination of service elected by him/her, but in any event no later than the later of (i) January of the year following the year of his/her 71st birthday or (ii) January following termination of service. Participants may elect to receive the distribution of their Directors' Deferred Compensation account in the form of one lump-sum payment, or annual distributions over a period selected by the participant, up to 10 years.

With respect to compensation deferred in 2012 and future years, directors may elect to commence distribution of a particular year's deferrals, either (a) within 30 days of termination of service, or (b) a specified number of years following termination of service. They may elect to receive distribution of such deferrals in the form of a lump-sum payment, or annual installments over a period of three to fifteen years.

Participants may make changes of distribution elections on a prospective basis. Participants may also make changes of distribution elections with respect to prior deferred compensation as long as any such new distribution election is made at least one year prior to the date that the commencement of the distribution would otherwise have occurred and the revised commencement date is at least five years later than the date that the commencement of the distribution would otherwise have occurred.

Participants may choose to have amounts deferred under the Directors' Deferred Compensation Plan credited with earnings based on (i) the performance of one or more of pre-mixed lifestyle investment portfolio funds, (ii) at the rate of Prime plus 1/2%, capped at 120% of the applicable federal long-term rate, or (iii) by reference to the performance of our Common Stock, in such percentages designated by the participant. These are the same investment options offered under our 401(k) plan to employees (except the Schwab Personal Choice Retirement Account). A participant who fails to provide a designation will accrue earnings on his/her account at the rate of Prime plus 1/2%, capped at 120% of the applicable federal long-term rate. A participant may change fund selection daily, except for the Common Stock Fund, for which selection may be made only prior to deferral.

For 2012, the one-year rates of return as of December 31, 2012 for the offered funds as computed by the recordkeeper for the Directors' Deferred Compensation Plan were as follows:

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Pre-Mixed Portfolios		Target Retirement Funds	
Conservative Portfolio	8.93%	Target Retirement Income	8.13%
Moderate Portfolio	12.03%	Target Retirement 2010	10.02%
Aggressive Portfolio	15.09%	Target Retirement 2015	11.27%
		Target Retirement 2020	12.25%
Funds		Target Retirement 2025	13.19%
Stable Value	2.56%	Target Retirement 2030	14.14%
Diversified Bond	4.82%	Target Retirement 2035	15.06%
Large Company Stock Index	15.89%	Target Retirement 2040	15.45%
Mid-Cap Index	15.94%	Target Retirement 2045	15.47%
Institutional Developed Markets Index	18.85%	Target Retirement 2050	15.48%
Small-Cap Index	18.18%	**Other**	
Enterprise Common Stock	-4.27%	Prime Plus 1/2%	3.00%

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Proposal 2
ADVISORY VOTE ON THE APPROVAL OF EXECUTIVE COMPENSATION

We are providing you with an opportunity to cast an advisory vote on our executive compensation programs as described in this Proxy Statement. This is commonly referred to as “say-on-pay.” We plan to do this each year, in accordance with the applicable rules of the SEC.

This vote is advisory and thus it is non-binding on us and the Board. However, management, the O&CC and the Board intend to carefully review the voting results and take them into consideration when making future decisions regarding our executive compensation. In accordance with applicable SEC requirements, we will disclose to you in our future proxy statements how our compensation policies and decisions have taken into account the results of the most recent stockholder advisory vote on our executive compensation.

At the 2012 Annual Meeting of Stockholders, our stockholders voted over 96% in favor of our say-on-pay proposal. We were gratified by this result and believe this demonstrated strong support for our executive compensation policies and practices and our approach to aligning pay and performance. In furtherance of our pay for performance philosophy, we continuously review and make changes to our executive compensation program in recognition of investor concerns, evolving trends and best practices. We annually review and adjust as necessary the compensation of our executives in light of their performance, their role in our management, our business results and our financial condition. Based on this review, we did not make any significant changes to our program.

We have disclosed in this Proxy Statement an overview of the philosophy and elements of our executive compensation program, as well as the details of the individual compensation paid or awarded to each of our NEOs and our process for making those determinations. We have provided below the Report of our O&CC, our CD&A and compensation tables. In our CD&A, we have explained the reasons supporting our executive pay decisions as reported in the various Tables and accompanying narrative included in this Proxy Statement.

We believe our executive compensation is reasonable and appropriate, reflecting market conditions. We are asking you to indicate your support of our executive compensation program as described in this Proxy Statement. This vote is not intended to address any specific item of compensation or any specific individual. Rather, it is an indication of your agreement with the overall philosophy, policies, practices and compensation of our executive officers as described in this Proxy Statement. Accordingly, as recommended by the Board, we ask for you to vote in favor of the following resolution:

> **Resolved, that the stockholders hereby approve, on an advisory basis, the compensation of the NEOs, as disclosed in the Company’s Proxy Statement for the 2013 Annual Meeting of Stockholders pursuant to the applicable rules of the SEC, including the CD&A, compensation tables and narrative discussion.**

The Board of Directors recommends a vote FOR the resolution in this proposal.

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COMPENSATION COMMITTEE REPORT

The Organization and Compensation Committee of the Board of Directors has reviewed and discussed the Compensation Discussion and Analysis included in this Proxy Statement with management and with Compensation Advisory Partners LLC, the Committee's compensation consultant. Based on such review and discussions, the Organization and Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement.

Members of the Organization and Compensation Committee:

Richard J. Swift, Chair
William V. Hickey
Shirley Ann Jackson
David Lilley
Thomas A. Renyi

February 19, 2013

COMPENSATION DISCUSSION AND ANALYSIS

This CD&A explains our executive compensation philosophy and the material elements of our executive compensation program and the decisions made regarding our CEO and the NEOs in this Proxy Statement. We have provided an Executive Summary consisting of an overview of the key aspects of our program and recent actions followed by a more detailed analysis and specific information concerning compensation, including:

- **Compensation Philosophy;**
- **Elements of Executive Compensation; and**
- **Executive Compensation Governance Features and Controls.**

We provide an explanation of the data reported in the Tables in this Proxy Statement, with respect to pay for performance, "say-on-pay", compensation risk, the components of our compensation, calculations as to SMICP and LTIP incentive payouts and certain compensation policies.

2012 NEOs
• **Ralph Izzo**, Chairman of the Board, President and CEO
• **Caroline Dorsa**, Executive Vice President and Chief Financial Officer (CFO)
• **William Levis**, President and Chief Operating Officer (COO) of our subsidiary, Power
• **Randall E. Mehrberg**, Executive Vice President-Strategy and Development of our subsidiary, Services, and the President and COO of our subsidiary, Energy Holdings
• **J. A. Bouknight, Jr.**, Executive Vice President and General Counsel
• **Ralph A. LaRossa**, President and COO of our subsidiary, PSE&G

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CD&A Executive Summary

Executive compensation is administered under the direction of the O&CC. The O&CC is made up of directors who are independent under NYSE rules and our requirements for independent directors. The O&CC receives advice from its independent compensation consultant, CAP, which provides only executive compensation consulting services to the O&CC.

Executive Compensation Philosophy - Pay for Performance, Peer Group and Pay Mix

Our executive compensation program is designed to closely link pay to performance and align the interests of executives, including our NEOs, with stockholders. We have structured our program to tie executive compensation to the successful execution of our strategic plans, meeting our financial and operational goals and delivery of strong returns to our shareholders. This translates into higher compensation in years of strong performance and stockholder returns and lower compensation when performance is not as strong. We seek to create stockholder value by attracting and retaining exceptional executive talent needed for long-term success and providing incentives for our executives to achieve outstanding individual performance and business results. Our senior management team, headed by our NEOs, continues to provide strategic and operational leadership in a difficult market and regulatory environment. We do this with competitive compensation opportunities relative to our industry peers for similar positions, with actual compensation payments determined by individual and business performance, without encouraging excessive risk.

We benchmark executive compensation, including that of the NEOs, to a peer group of companies in our industry where data for the position is available to us. To most effectively evaluate executive compensation, we believe that an analysis of the “pay mix”, or Total Direct Compensation (base salary plus target annual incentive and target long-term incentive) is a better measure for evaluating executive compensation as opposed to focusing on each of the elements individually. We target Total Direct Compensation at the median of the industry peer group) within a range that recognizes differences in roles, performance, tenure and volatility of market data from year to year:

- We consider a range of +/-20% in relation to a comparable position to be within the competitive benchmark median;
- In determining the mix of the elements of Total Direct Compensation, we use the competitive analysis as a general guideline;
- The overwhelming amount of our CEO’s and NEOs’ compensation is performance-based and tied to stockholders’ interests rather than to base salary; and
- For 2012, the target percentage of incentive compensation, both annual and long-term, constituted 88% of targeted Total Direct Compensation for our CEO and 71% for our other NEOs as a group.

The O&CC regularly reviews, and evaluates at least annually, the philosophy, objectives, design and effectiveness of our compensation program, including the performance of the NEOs. The O&CC maintains the flexibility to make decisions about the program and actual compensation levels and awards based on achievement of our business objectives and relevant circumstances affecting our Company. In addition to the established performance measures, these may include economic, market and competitive conditions, regulatory and legal requirements and peer group best practices.

Our compensation consists primarily of the following components:

- **Base Salary:** We pay a base salary which is determined based on position responsibilities, individual experience, performance and the competitive market for the position.
- **Annual Cash Incentive**: We provide an opportunity for an annual cash incentive through our SMICP with actual payment determined by the achievement of key financial and operating goals (at the individual, business unit and PSEG level) using multiple performance measures, with a strong emphasis on EPS and with the O&CC exercising overall judgment. The maximum award fund for all participants is 2.5% of net income. Individual payments are capped at 150% of target.
- **Equity-Based Awards**: Equity-based awards are provided under our LTIP, consisting of performance share units (60%), as well as restricted stock units (40%). Pay-out of performance share units, if any, is dependent on achievement of long-range financial targets measured by ROIC and the market performance of our Common Stock with reference to TSR relative to our peers. LTIP performance share unit payouts may be as low as zero and are capped at 200% of target. The value of vested restricted stock units is dependent on the market price our Common Stock. Long-term incentive grants are made with a multi-year timeframe for vesting and payouts.
- **Retirement and Post-Employment Benefits** : We provide benefits that are comparable to those of companies with whom we compete for executive talent.

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Executive Compensation Practices

The table below highlights our executive compensation practices which remain consistent with our compensation philosophy. The left column outlines the practices we believe are conducive to encouraging sound performance by our senior executives and the right column describes those practices that we have chosen not to implement because we do not believe they further our stockholders' long-term interests.

Our Executive Compensation Practices (What We Do)	NOT Our Executive Compensation Practices (What We Don't Do)
We tightly align pay and performance and the O&CC validates this alignment annually and ensures performance-based compensation comprises a significant portion of executive compensation.	We do not provide perks except in cases where there is a compelling business reason and only provide limited tax gross-up for new hire relocation.
We establish goals and targets in the beginning of the performance period and hold our executives accountable for achieving specified levels to earn a payout under the incentives.	We do not adjust targets, nor do we re-price options. In addition, we do not provide guarantees on bonus payouts, unless needed for one year when recruiting a new executive.
We position pay around market median and require strong performance to deliver pay above these levels.	We do not pay above-market compensation and except in very limited circumstances do not commit to salary increases.
We have double trigger vesting on equity and severance for change in control.	We do not provide gross-ups for excise taxes upon a change-in-control.
We have caps on potential incentive payments and we have a robust clawback policy.	We do not have plans that encourage excessive risk taking.
Our qualified plan retirement formulas are the same for the executives as for all other non-union employees.	We no longer provide any additional service credit to executives and have not in several years.
We require executives to hold meaningful amounts of stock and also require them to hold 25% of proceeds from equity awards until retirement.	We do not allow hedging or pledging of our stock by executives.
The O&CC engages an independent compensation consultant.	The consultant does no other work for us and has no conflicts of interest.

2012 Performance Highlights

2012 was another challenging year for us and our industry due to low market prices for electricity and natural gas, uncertain regulatory and environmental requirements and difficult economic conditions. Earnings for 2012 were within our targeted range, but lower than the prior year, while the price of our Common Stock was modestly lower at year-end. Despite regulatory, environmental and economic challenges during 2012, among other things, we met our strategic and operational objectives.

Our long-range strategy, with its emphasis on business fundamentals, helped to mitigate the impact on earnings. Our shift of investment capital in recent years from generation to the rate-regulated utility business has enabled us to limit the decline in earnings despite the dramatic fall in power prices while also ensuring that we are able to provide reliable service to our utility customers. We benefited too from our emphasis on cost controls and operational efficiencies. As a result, we were able to maintain a strong balance sheet and cash position, which allowed us to increase our dividend under a revised payout formula. We were again recognized for our superior reliability as a utility and our response to Superstorm Sandy, which placed enormous strain on our employees and operations. Macroeconomic pressures, industry dynamics and unplanned events like Superstorm Sandy emphasize our need to maintain our focus on operational excellence, financial strength and disciplined investment by attracting and retaining the top talent that is critical for us to accomplish these objectives. We believe that our performance-based compensation programs have and will continue to deliver the appropriate compensation based on our results relative to both our business plan and our peers, helping us manage through an evolving business environment.

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2012 Accomplishments
• Achieved high levels of nuclear, fossil and utility operational performance.
• Employed our hedging strategy to mitigate the full impact of difficult market conditions and low electricity prices.
• Obtained regulatory and environmental approvals for key transmission investments.
• Continued a strategic emphasis on utility investment with more stable regulated returns.
• Received national recognition for reliability.
• Maintained our credit ratings and increased our dividend within our revised payout formula.
• Strengthened our balance sheet and refinanced debt at historically low cost.
• Pursued growth opportunities, invested in energy infrastructure and enhanced our utility capital program.
• Settled ten years of outstanding Internal Revenue Service audits.
• Managed the risks, including adverse tax and credit consequence, associated with our lease portfolio.
• Managed expenses with continued cost control measures.

Say-On-Pay, Key O&CC Actions and Stockholder Engagement

We provide our stockholders with an annual opportunity to cast an advisory "Say-on-Pay" vote.

- We believe that this voting opportunity can provide valuable insights into our stockholders' views on our compensation programs. **At the 2012 Annual Meeting, our stockholders voted over 96% in favor of our say-on-pay proposal, demonstrating their concurrence that our programs reflect our strong pay for performance philosophy** .

The O&CC considered recommendations from CAP and management with regard to compensation design and effectiveness and reviewed competitive practices within our peer group. In addition, the O&CC monitors trends and developments in the market, with the assistance of CAP, as they relate to executive compensation. Based on the reviews and analyses undertaken by the O&CC, we did not make any significant changes to our programs. The O&CC considered this strong stockholder reinforcement of our compensation philosophy and program in determining to continue with our consistent results-oriented pay for performance approach. The O&CC took the following actions related to compensation:

- Analyzed pay for performance by comparing our recent financial results with the compensation of our CEO and NEOs and found them to be appropriately aligned;
- Approved payouts under the SMICP and LTIP based on its assessment of CEO, NEOs and Company performance relative to pre-established goals for 2012 measured substantially on EPS, ROIC and TSR;
- Approved incentive compensation awards having a significant degree of difficulty;
- Approved an amendment and restatement of the LTIP with no shares added to the amount previously authorized by stockholders in 2004, in furtherance of a judicious, tax-efficient use of equity-based compensation;
- Approved an amendment and restatement of the ESPP providing for a greater discount for non-union employees; and;
- Recommended that the LTIP and ESPP, each as amended and restated, be presented to stockholders for adoption at the 2013 Annual Meeting.

As noted elsewhere in this Proxy Statement, we had determined in 2011 to move the timing of our annual award of LTIP grants to February from the previous December. As a result, no annual LTIP grants were awarded in 2011 and accordingly, no such grants for that year are shown in our Summary Compensation Table, except for the special retention award to Mr. Levis. The grants made in February 2012 are included in the Summary Compensation Table. The amount shown for 2012, as compared to 2011, does not represent an increase in or addition of a new component of executive compensation. The difference between those two years with regard to the LTIP compensation reported in the CD&A and this Proxy Statement is due solely to the award timing difference. Changes in salary and SMICP are discussed in detail below.

Our Company has a long-standing practice of engaging in constructive dialogue with our stockholders on various matters of interest to them, including executive compensation and governance. We do this by meeting periodically with our major stockholders and groups of investors as well as by regular written communications. These interactions provide us with valuable insights. In recent years we have enhanced our efforts with regard to matters of executive compensation and corporate governance to keep pace with evolving investor priorities and expectations. We strive to be clear and transparent in the information we provide to investors in our Proxy Statement, Form 10-K and other reports filed with the SEC and in our investor communications. We continue to welcome feedback from our stockholders and will continue to consider the outcome of the say-on-pay vote when making future compensation decisions regarding our NEOs.

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COMPENSATION PHILOSOPHY

Pay for Performance

We believe it is important to link pay with performance and long-term stockholder value. We utilize compensation to further align the interests of our executives with those of our stockholders. However, we believe that it is crucial to our stockholders' long-term interests that we not measure performance too narrowly on merely a single year's results. Our compensation programs are designed to assess and reward for varying time horizons. Our SMICP focuses on financial and operating performance over a one-year period while our LTIP is focused on multi-year performance criteria and payouts. Similarly, the goals of individual NEOs, including our CEO, place a high value on strategic initiatives, long-range planning and operational excellence. While the impact of this approach may not necessarily be seen in any single year, over time the actual value of compensation, especially equity grants, should reflect our Company's performance.

Our ability to compete and reliably serve our customers as a recognized industry leader, while adjusting to evolving industry and market factors is to a great degree dependent on our ability to appropriately incent the performance of our senior executives and retain their continued employment. When we establish performance targets, we consider internal and external factors and set stretch goals to reflect an appropriate degree of difficulty. Our incentive compensation payouts are determined based on measures that align CEO and NEO compensation with stockholder interests, as EPS, TSR and ROIC are used in calculating the amounts. Although these are important components for evaluating pay for performance, we do not believe it is particularly meaningful to merely compare EPS or Common Stock price at year-end with CEO and NEO reported compensation. For example, a meaningful pay for performance analysis entails more than a mere comparison of year-end quantitative measures such as TSR to compensation as reported. Among other things, the reported compensation, in particular the equity compensation shown in the tables in the Proxy Statement, is based on an accounting valuation of targeted future payouts. These could differ significantly from what is ultimately earned by the executives depending on actual results of the performance measures and the value of equity awards at the time they are earned, if at all. The O&CC considers these factors when it assesses the pay for performance relationship.

Viewing performance in this broad context, we believe the total compensation paid to senior executives in recent years and as structured for future payouts has achieved the desired results. In general, our delivered performance in 2012, relative to the degree of difficulty, was aligned with our pre-set goals and our business plan. As described in more detail below, in 2012, financial results reflect the current industry and Company circumstances while our CEO and NEOs have continued to focus on strategic responses and operational efficiencies to optimize earnings and returns while positioning us for continued success. For another year, these efforts have helped mitigate the effects of low gas and power prices and regulatory uncertainty.

As part of our pay for performance review during 2012, the O&CC considered relative financial performance data comparing us to those companies in our peer group for whom data was available. A further discussion regarding peer group analysis is provided below. With the assistance of CAP, we analyzed key performance metrics and compensation for 2011, the most recent year for which data was available. Included in the metrics were revenue growth, EPS growth, return on capital and TSR. The total cash compensation included base salary and SMICP and the total direct compensation included those two items plus the grant date fair value of LTIP awards, all of which are reported in our 2012 Summary Compensation Table. These performance metrics were broader than the measures we use in determining award payouts under the SMICP and LTIP. We believe they provide a more expansive view of our relative performance.

Based on this assessment, and as further discussed below, while the most recent year was challenging for us and the rest of the industry, we performed well on a relative basis over a longer period (i.e., three years). In particular, when we consider our TSR over the timeframe, we have delivered returns better than those in our peer group whose business most closely approximates ours as a whole, the integrated holding companies. In evaluating the compensation of the NEOs and in particular the CEO, we assessed the amount relative to the performance delivered and continue to conclude the two are aligned.

2012 Performance

2012 was another challenging year for us, as reflected in our lower earnings and modestly lower year-end Common Stock price, compared to 2011. Natural gas prices continued to decline. This depressed the market price for electricity and capacity and, thus, reduced our profit margins. We expect this downward pressure on natural gas and wholesale electric prices to continue through 2013 and beyond. Economic conditions and customer usage patterns also lowered demand and revenues. Lower market prices and greater competition again created incentives for increased customer "migration" to alternate electric suppliers, reducing margins although to a lesser degree than in the prior year. We expect these trends to continue as long as the economy remains weak and natural gas prices stay low.

Much of executive management's focus in guiding our Company has been to respond strategically to market forces, low natural gas and electricity prices and weak regional economic conditions. The requisite analytical judgment and operational and managerial abilities that we expect of our senior executives are critical factors in positioning us for the future. Their efforts have been aimed at mitigating the impacts of these pressures by improving performance, actively influencing legislative and regulatory policies and adjusting our business mix by shifting investment to best take advantage of emerging opportunities for growth, particularly in connection with utility rate-regulated returns. While these activities are not easily measured over the short-term by reference solely to current EPS and stock price in comparison to the levels in the recent past, the ability of our management team to address these challenges successfully are vital skills on which we place significant value in setting total compensation for our NEOs.

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2012 Highlights

- Our focus remained on operational excellence, improving our financial strength and making disciplined investments in view of the challenges we face.
- Earnings declined at Power, largely due to lower natural gas prices but the effects of these adverse events were mitigated in part through continued cost control measures and the pursuit of growth investments at PSE&G and Holdings.
- We benefited from our hedging strategy and operational flexibility which enabled us to avoid the full impact of difficult power and capacity market conditions.
- We further strengthened our balance sheet and successfully refinanced debt at historically low cost.
- We maintained our credit ratings and substantial liquidity resources and increased our dividend within our revised payout policy.
- We achieved high levels of nuclear, fossil and utility performance. Utility operations again received industry recognition as among the best in the nation.
- We enhanced our utility capital program with investments in our solar, energy efficiency and economic stimulus programs for which we receive contemporaneous returns.
- We continued to pursue other growth opportunities that complement our businesses and can earn appropriate risk adjusted returns.
- We received necessary regulatory and environmental approvals for planned utility transmission projects.
- We managed the risks, including adverse tax and credit consequences, associated with our lease portfolio and settled ten years of IRS audits.
- At year-end we were severely challenged by Superstorm Sandy, but responded well.

As a result of the continued focus on operational excellence, financial strength and disciplined investment, our management team has effectively responded to challenging conditions. For example, despite the steep reduction in power prices over the past five years, our EPS for the same period has experienced a more modest decline, as depicted below:

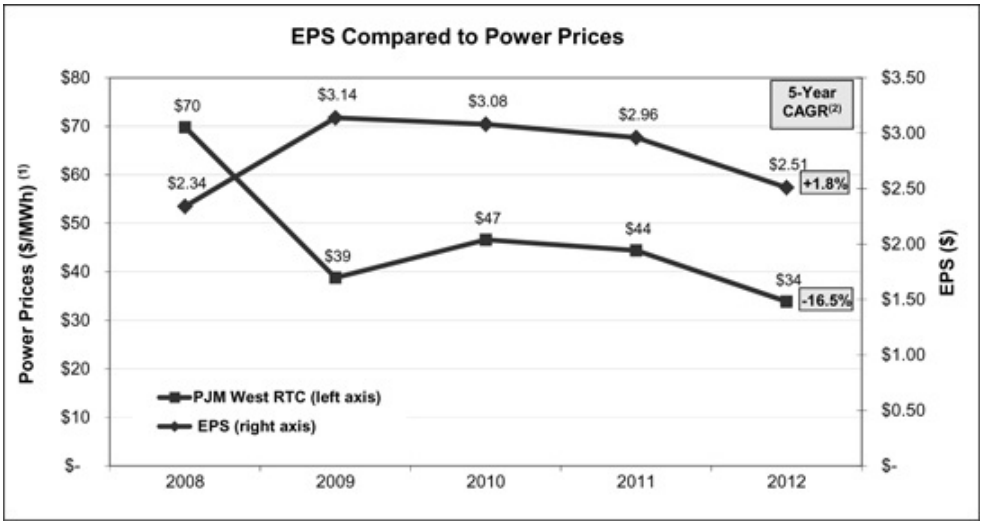

(1) Historical PJM Western Hub Round-the-Clock (RTC) price

(2) Compound Annual Growth Rate

In 2013, we will continue to focus on strong management of operations, including generation capacity and utility reliability, pursuit of new investments, strengthening our relationships with key stakeholders, sustained advocacy for competitive markets, adequate rate treatment and cost recovery and environmentally responsible rules. Our success will depend upon our ability to maintain strong operational and financial performance and appropriately invest in growth opportunities in a difficult economy and cost-constrained environment, amidst continued low natural gas and power prices, reduced demand, threats to competitive markets and more stringent environmental controls. We believe that our executive compensation programs reward and create incentives for our executives, from whom we expect superior performance, to meet these challenges now and in the future. We have made decisions with regard to executive compensation based on

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2012 individual and business performance and the value of the individual to our Company, including long-term incentive awards that may be earned and/or whose value will be based upon future performance.

If you would like additional information about our 2012 Performance, including our financial statements and a more complete description of our business, please see our Form 10-K.

Peer Group

A second element of our compensation philosophy includes an evaluation of the compensation of our NEOs relative to an identified peer group. We set executive compensation to be competitive within the peer group which was developed to reflect similarly-sized energy companies with comparable businesses. We believe that these companies appropriately reflect the landscape of our industry and the market in which we compete for talent. We have included regulated utilities, merchant generators and combined holding companies such as us. We have attempted to include a broad enough group to provide diversity for balanced comparison while selecting only those we think sufficiently similar to provide a meaningful benchmark.

We consider Base Salary, Total Cash Compensation (base salary plus target annual incentive) and Total Direct Compensation (base salary plus target annual incentive plus target long-term incentive) as the elements of compensation within the peer group for purposes of benchmarking and assessing the market from which we draw executive talent as well as investor capital. Each year, we re-evaluate the peer group to assess its continuing appropriateness. For 2012, we removed Constellation Energy Group and Progress Energy, as they were acquired in 2012 by others in the peer group.

Thus, substantially the same peer group was used as a reference point for setting pay levels at the end of 2011 for 2012 as well as setting pay for 2013 at the end of 2012. The O&CC targets the median (50th percentile) of this peer group for positions comparable to those of our officers for Total Direct Compensation. The peer group is also used for comparison in assessing our performance under our LTIP as well as an overall validation of the alignment between pay and performance.

Pay Governance LLC assists in analyzing the annual Towers Watson Energy Services Executive Compensation Survey–U.S. assessment of the market using the peer companies. We use the peer group data to the extent each position is reported in the survey data. CAP also reviews the outcome of the competitive assessment. As shown below, based on the most recently available data, as provided by CAP, our revenue and market capitalization were below the median, while our net income exceeded the median.

Peer Group

Company Name	Revenue 2011 ($ Millions)	Net Income 2011 ($ Millions)	Market Capitalization at 12/31/11 ($ Millions)
Ameren Corporation	7,531	519	8,025
American Electric Power Company, Inc.	15,116	1,946	19,949
Consolidated Edison, Inc.	12,938	1,062	18,169
Dominion Resources, Inc.	14,379	1,408	30,235
DTE Energy Company	8,897	711	9,216
Duke Energy Corporation	14,529	1,706	29,320
Edison International	12,760	22	13,489
Entergy Corporation	11,229	1,367	12,865
Exelon Corporation	18,924	2,495	28,755
FirstEnergy Corp.	16,346	885	18,527
NextEra Energy, Inc.	15,341	1,923	25,724
PG&E Corporation	14,956	844	16,730
PPL Corporation	12,737	1,495	17,014
Sempra Energy	10,036	1,365	13,190
Southern Company	17,657	2,268	39,899
Xcel Energy Inc.	10,655	841	13,404

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Company Name	Revenue 2011 ($ Millions)	Net Income 2011 ($ Millions)	Market Capitalization at 12/31/11 ($ Millions)
PSEG	11,079	1,503	16,700
Peer Group 75th Percentile	15,172	1,760	26,482
Peer Group Median	13,659	1,366	17,591
Peer Group 25th Percentile	11,085	843	13,351

Compensation Benchmark

The data used for the comparisons below are from the most recent data available for the companies in the peer group. The O&CC considers a range of approximately +/- 20% of the 50th percentile of comparable positions to be within the competitive median.

Base salary, target Total Cash Compensation and target Total Direct Compensation of each of the NEOs included in this Proxy Statement as a percentage of the comparative median benchmark levels of the peer group are noted below. Decisions on salary and other pay elements, except the LTIP, are typically made at the O&CC meeting each December. Below is each executive's market positioning as of the time those decisions were made:

% of Comparative Median Benchmark Levels (2012)

NEO	Izzo (%)	Dorsa (%)	Levis (%)	Mehrberg (%)	Bouknight (%)	LaRossa (%)
Base Salary	78	96	107	N/A	105	102
Total Cash Compensation	87	96	110	N/A	105	102
Total Direct Compensation	108	96	112	N/A	103	106

The target LTIP award that is included in Total Direct Compensation was determined by the O&CC in February 2012. The O&CC kept the same annual incentive target for the NEOs, except for Messrs. Bouknight and LaRossa, whose targets were each increased to 65% from 60% to align with market. For Total Direct Compensation, we included the salaries and bonus targets that were approved in December 2011 and effective for 2012. For Mr. Levis, there was insufficient relevant data for the peer group companies, so we compared his compensation to that of an expanded sample of all energy companies in the Towers Watson survey. For Mr. Mehrberg, due to the uniqueness of his role in having multiple responsibilities, we were unable to identify relevant market data. It is difficult to precisely benchmark Mr. Mehrberg's compensation because of his diverse duties. We could not identify any directly comparable position within the reported peer group data available to us of a senior executive with two or more manager staff functions who also has additional operational responsibilities. We compared Mr. Mehrberg's position to one encompassing his administrative staff duties and added an amount to reflect expanded duties in order to align Mr. Mehrberg's compensation with our other senior executives for internal equity within that group. Each NEO's Total Direct Compensation was within +/-20% of the median, which we believe is consistent with our philosophy.

Pay Mix

The final element of our compensation philosophy is a consideration of the total mix of pay. The O&CC believes that Total Direct Compensation is a better measure for evaluating executive compensation than focusing on each of the elements individually and it does not set a formula to determine the mix of the various elements. The mix of base salary and annual cash incentive for each of the executive positions is surveyed from the peer group. The reported pay structure from the competitive analysis is used as a general guideline in determining the appropriate mix of compensation among base salary, annual and long-term incentive compensation opportunity. However, we also consider that the majority of a senior executive's compensation should be performance-based and the more senior an executive is in the organization, the more his/her pay should be oriented toward long-term compensation.

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The mix of base salary, target annual cash incentive and long-term incentives for 2012 are presented below for the CEO as well as the average for the other NEOs. We have also provided a comparison of the targeted pay mix to that of the peer group.

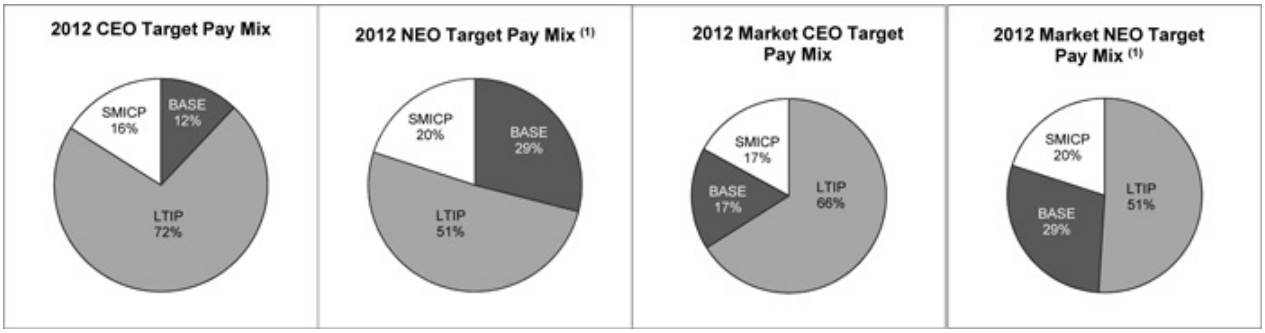

(1) Excludes the CEO and, as explained above, Mr. Mehrberg

ELEMENTS OF EXECUTIVE COMPENSATION

The main components of our executive compensation program, including those for our NEOs, are set forth in the following table. A more detailed description is provided in the respective sections below.

Compensation Element	Description	Objective
Base Salary	Fixed cash compensation	Provides compensation for the executive to perform his/her job functions Assists with recruitment and retention
Annual Cash Incentive	Paid each year if warranted by performance Opportunity to earn between zero and 150% of target award, which is based on a percentage of base salary Metrics and goals (typically earnings, operational and other) are established at the beginning of each year and the payout is made based on performance	Intended to reward for driving best-in-class operating and financial results over a one-year timeframe Creates a direct connection between business success and financial reward Provides strong line of sight
Long-Term Incentives (See Table under LTIP)	Performance Share Units, typically with the opportunity to earn from zero to 200% of target at the end of the three — year performance period Restricted Stock Units generally vest at the end of three years Stock Options (while no longer being used as a core part of the long-term incentive, executives still hold options that were granted in prior years)	Rewards strong financial and stock price performance Provides for strong alignment with stockholders Assists with retention Intended to reward for driving financial results over a multi-year time frame
Retirement Plans	Defined benefit pension plans Defined contribution 401(k) plan with a partial Company matching contribution Supplemental retirement benefits for certain employees beyond qualified plan benefits, in view of IRS limits	Provides retirement income for participants in recognition of length of service Assists with recruitment and retention
Deferred Compensation Plans	Permits participants to defer receipt of a portion of cash and equity compensation	Provides participants with the opportunity to more effectively manage their taxes Assists with retention

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		Assists with retention
Post-Employment Benefits	Severance and change-in-control benefits	Assures the continuing performance of executives in the face of a possible termination of employment without cause Assists with retention
Other Benefits	Health and welfare programs Limited perquisites	To be competitive with peer companies Aids safety and efficiency Assists with recruitment and retention

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CEO Compensation

Mr. Izzo's compensation is designed to position his total pay around the median of the market. Mr. Izzo has demonstrated strong performance over his tenure as CEO and the O&CC believes this arrangement is appropriate. The changes to the key terms of Mr. Izzo's compensation in 2012 were as follows:

- **Base Salary***:* The median salary for a CEO in the peer group is approximately $1.24 million. In view of his exceptional performance during his tenure as CEO, the O&CC has intended to position Mr. Izzo's salary at approximately the median of the peer group. However, given the challenging economic environment, since December 2008, Mr. Izzo had volunteered to forego a salary increase. He expressed a desire to receive no salary increase again for 2012; however, the O&CC believed at least a modest salary increase was appropriate so as not to fall further behind the competitive market and to recognize the CEO's performance and leadership throughout his tenure. A base salary of $980,000 was effective for 2012, a $30,000 increase over 2011. At the end of 2012, the O&CC increased Mr. Izzo's salary to $1.1 million for 2013. It took this action to better position the CEO relative to peers as it felt that paying a salary that was more than 20% below median to a CEO who has delivered outstanding results was not in the best interest of the Company and its stockholders.
- **Annual Cash Incentive***:* The CEO's annual incentive target for 2012 was equal to 125% of salary, which when combined with his salary, positioned his target cash compensation at 87% of the market median for 2012. In conjunction with the salary increase for 2013 noted above, the O&CC decided to reduce the CEO's target annual incentive for 2013 to 120% of salary. It had been set at 125% in recognition of his well below median salary to give a more balanced compensation at risk profile.
- **Long-term Incentive***:* The CEO's grant of long-term incentive (in February 2012) was equal to $5.725 million, which, when combined with the CEO's salary and target bonus, positioned his total direct compensation for 2012 at 108% of the market median. The long-term incentive grant awarded in 2012 was unchanged from his previous grant. Due to his base salary increase for 2012, the CEO's Total Direct Compensation was slightly higher than for 2011. The long-term incentive opportunity target level was determined so as to position the CEO's pay around the median recognizing that his cash compensation continues to be below median. This puts a greater emphasis on long-term compensation for the CEO which is at risk based on performance. Consistent with our pay for performance approach, we believe this appropriately focuses him on the long-term success of the organization and driving stockholder value.

The CEO's compensation level is reflected above in the competitive positioning detailed in Total Direct Compensation. A recommendation with respect to CEO compensation was included with data presented to the O&CC by management. After meeting in executive session, without the CEO present, the O&CC determined CEO compensation in consultation with all the independent directors.

Mr. Izzo's salary, annual cash incentive and long-term incentive exceed that of the other NEOs due to his greater level of duties and responsibilities as the principal executive officer to whom the other NEOs report, and whom the Board holds fully accountable for the execution of corporate business plans.

Further detail regarding the CEO's compensation is set forth below.

Base Salary

As the reference point for competitive base salaries, the O&CC considers the median of base salaries provided to executives in the peer group who have duties and responsibilities similar to those of our executive officers. The O&CC also considers the executive's current salary and makes adjustments based principally on individual performance, including achievement of targets, and experience. Each NEO's base salary level is reviewed annually by the O&CC using a budget it establishes for merit increases and salary survey data provided by Pay Governance and reviewed by CAP. The NEOs' individual performance and, other than the CEO, his/her business unit's performance are considered in setting salaries. Base salaries for satisfactory performance are targeted at the median of the relevant competitive benchmark data.

The O&CC considers base salaries and salary adjustments for individual NEOs, other than the CEO, based on:

- **Recommendations of the CEO**: considering the respective NEO's level of responsibilities, experience in position, sustained performance over time, results during the immediately preceding year and the pay in relation to the benchmark median.
- **Performance metrics**: as reflected in the CEOs recommendations, including achievement of financial targets, safety and operational results, customer satisfaction, regulatory outcomes and other factors.
- **Additional factors**: leadership ability, managerial skills and other personal aptitudes and attributes. For 2012, the O&CC set the merit increase budget at 2.0%.

Salaries for the NEOs for 2012 were approved at the December 2011 meeting of the O&CC. Salaries for 2013 were approved by the O&CC in December 2012, with each of the NEO's receiving an increase based on his/her performance and to better align with the peer group:

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NEO	Base Salary 2012 ($)	Base Salary 2013 ($)
Izzo	980,000	1,100,000
Dorsa	590,000	619,500
Levis	550,000	566,500
Mehrberg	545,000	561,400
Bouknight	530,000	545,900
LaRossa	485,000	500,000

Annual Cash Incentive Compensation

The SMICP was approved by stockholders in 2004. It is an annual cash incentive compensation program for our most senior officers, including the NEOs. To support the performance-based objectives of our compensation program, corporate and business unit goals and measures are established each year based on factors deemed necessary to achieve our financial and non-financial business objectives. The goals and measures are established by the CEO for the NEOs reporting to him, and for each other participant by the individual to whom he or she reports.

The SMICP sets a maximum award fund in any year of 2.5% of net income. The formula for calculating the maximum award fund for any plan year was determined at the time of plan adoption by reference to, among other things, similar award funds used by other companies and a review of executive compensation practices designed to address compliance with the requirements of Internal Revenue Code (IRC) Section 162(m), which, as explained below, limits the Federal income tax deduction for compensation in excess of certain amounts. If appropriate, the Board will recommend for stockholder approval any material changes to the SMICP required to align the plan with our compensation objectives.

The CEO's maximum award cannot exceed 10% of the award fund. The maximum award for each other participant cannot exceed 90% of the award fund divided by the number of participants, other than the CEO, for that year. For 2012 performance under the SMICP, these limits were $31,875,000 for the total award pool (of which $ 7,546,600 was awarded), $3,187,500 for the CEO's maximum award and $2,390,625 for each other participant's maximum award.

Subject to the overall maximums stated above, NEOs are eligible for annual incentive compensation. The beginning point in the process is a calculation based on a combination of the achievement of individual performance goals and business/employer performance goals, as well as overall corporate performance, as measured by the Corporate Factor. The Corporate Factor for 2012 was EPS from Continuing Operations. We believe sustained EPS is a significant driver of stockholder value and provides line-of-sight over a one-year period between individual actions of executives and company performance. For the business units, we used operating earnings, which for Power excluded from Income from Continuing Operations gains or losses associated with our nuclear decommissioning trust, mark-to-market accounting and Superstorm Sandy costs, adjusted to include interest variances from the business plan, and which for PSE&G were adjusted to exclude Superstorm Sandy costs and interest variances from the business plan.

For 2013, the Committee kept the same annual incentive targets for the NEOs, except for Mr. Izzo, as discussed above.

We maintained the same overall annual incentive structure as we have had for the last several years as we believe it supports our objectives of rewarding strong financial performance driven by operational excellence. We believe that through outstanding operations we can deliver the greatest long-term financial returns to our stockholders. The maximum result of this calculation is a comparative performance of 1.5. The corporate factor in 2012 could range from zero to 1.5 based on pre-determined EPS goals. The payout factor and related targets for 2012 are illustrated below. If the actual EPS is between the points shown below, the Corporate Payout Factor is determined using linear interpolation. In addition, Messrs. Levis, Mehrberg and LaRossa have business unit (BU) earnings and multiple BU scorecard (financial, operational and strategic) metrics and goals. Ms. Dorsa and Mr. Bouknight each have multiple BU scorecard metrics and goals. All participants have strategic metrics and goals: for Mr. Izzo, operational excellence, financial strength and disciplined investment; for Ms. Dorsa and Messrs. Levis, Mehrberg, Bouknight and LaRossa, employee engagement. Each factor is multiplied by the respective individual's weighting shown below. An illustration of the plan mechanics is provided below, which when added together results in an individual's payout as a percent of target incentive. The total payout is capped at 150% of target.

Weighting x Corporate EPS (0-150%)	+	Weighting x BU Earnings (0-150%)	+	Weighting x BU Scorecard (0-150%)	+	Weighting x Strategic Goals (0-150%)

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The corporate performance goal targets and payout factors at each target performance level for 2012 are set forth below:

EPS from Continuing Operations ($)	Corporate Payout Factor (#)
< 2.25	0.000
2.25	0.500
2.37	1.000
2.50	1.500

The respective business unit performance goal targets and payout factors at each target performance level for 2012 for Power and PSE&G are set forth below:

Adjusted Operating Earnings ($ Millions)		
Power	PSE&G	Payout Factor
<583.7	<517.5	0.000
583.7	517.5	0.500
614.9	545.1	1.000
648.6	575.0	1.500

For Energy Holdings, the business unit performance goal targets and payout factors are based on a four-factor formula tied to its year-end balance sheet values of owned and leased assets as compared to business plan target values. The four asset/lease categories are merchant energy leases (50%), global assets (10%), real estate investments (20%) and other assets (20%).

The actual corporate and business unit results and corresponding payout factors for the performance levels achieved for 2012 are set forth below:

Factors	Actual Results ($)	Payout Factor (#)
Corporate EPS	2.51	1.500
	($ Millions)	
Power	649.1	1.500
PSE&G	546.2	1.019
Holdings	N/A	1.245

Each factor (corporate earnings, BU earnings, BU scorecard and individual/strategic goals) is weighted based on an executive's role, with the intention of balancing business unit and individual performance with corporate performance. The weighting for each of the NEOs for 2012 is detailed below, together with the actual achievement factor attained in 2012:

NEO	Weight and Payout Factor	Corporate EPS	BU Earnings	BU Scorecard	Individual Strategic Goals	Overall Achievement Factor
Izzo	*Weight*	75%	-	-	25%	
	Achievement	1.500	-	-	0.900	1.350
Dorsa	*Weight*	75%	-	15%	10%	
	Achievement	1.500	-	1.336	0.500	1.375
Levis	*Weight*	60%	15%	15%	10%	
	Achievement	1.500	1.500	0.990	0.500	1.324
Mehrberg	*Weight*	60%	15%	15%	10%	
	Achievement	1.500	1.245	1.145	0.500	1.309
Bouknight	*Weight*	75%	-	15%	10%	
	Achievement	1.500	-	1.096	0.500	1.339
LaRossa	*Weight*	60%	15%	15%	10%	
	Achievement	1.500	1.019	1.121	0.500	1.271

The final step in the process is for the O&CC to make an overall judgment as to the appropriate payout levels for each NEO taking into account the overall achievement factors along with other less quantifiable considerations, such as leadership and success in adapting to a changing external environment and the recommendations of the CEO.

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The SMICP awards of the NEOs for 2012 are shown below and in the 2012 Summary Compensation Table. The Committee made its determinations regarding SMICP awards for the 2012 performance year in February 2013, for payment that month. Based upon the executive's overall achievement factor, his/her current base salary and target annual incentive opportunity and any O&CC modifications, if applicable, each earned the following payout for 2012, as to which we also show the percent relative to salary:

NEO	Base Salary ($)	Target Annual Incentive Percentage (%)	Target Annual Incentive Dollars ($)	Overall Achievement Factor (#)	Modification (if applicable)	Payout Earned [1] ($)	Percent of Salary (%)
Izzo	980,000	125	1,225,000	1.350	-	1,653,800	168.8
Dorsa	590,000	70	413,000	1.375	-	567,900	96.3
Levis	550,000	75	412,500	1.324	-	546,200	99.3
Mehrberg	545,000	70	381,500	1.309	-	499,400	91.6
Bouknight	530,000	65	344,500	1.339	-	461,300	87.0
LaRossa	485,000	65	315,250	1.271	-	400,700	82.6

[1] Reflects rounding

The O&CC believes that the 2012 goals established for the NEOs provided the appropriate degree of difficulty, based upon the overall economic environment and that the final award determinations are appropriate. It made no discretionary modifications. To ensure that pay and performance are aligned the O&CC, with the assistance of CAP, assesses whether the payouts that are earned by the NEOs are consistent with our performance relative to peers.

Long-Term Incentive Compensation

NEOs, other officers as determined by the Committee and other key employees, as selected by the CEO within guidelines established by the O&CC, are eligible to participate in the LTIP. This plan is designed to attract and retain qualified personnel for positions of substantial responsibility, motivate participants toward achievement of long-range corporate goals, provide incentive compensation opportunities that are competitive with those of companies with whom we compete for talent and align participants' interests with those of stockholders.

The LTIP was approved by stockholders at the 2004 Annual Meeting and in accordance with the actions of the O&CC and recommendation of the Board of Directors we are submitting an amendment and restatement of the plan extending its term for an additional ten years for approval by stockholders at this year's Annual Meeting, as part of this proxy statement. We are not proposing to increase the number of shares of Common Stock authorized to be issued under the Amendment and Restatement of the LTIP and are otherwise making only relatively minor revisions to provide consistency with our other compensation and benefit plans and ease of administration. You may find additional information below under Proposal 3. To permit flexibility, the LTIP provides for different forms of equity awards: restricted stock, restricted stock units, performance share units and stock options. Currently, the maximum number of shares that may be awarded under grants to any one individual is 1,000,000 during any 36 month period. Under the Amended and Restated LTIP, the maximum will be 500,000 during any calendar year. In general, since 2010, we have been granting performance share units and restricted stock units.

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Compensation Element	Description	Objective
Performance Share Units	Right to receive full value shares that are earned based upon independent metrics measured over a three-year period: TSR relative to peers ROIC against our internal goals Participants have the opportunity to earn from zero to 200% of their target award based on performance Dividend equivalents are accrued as declared and paid on earned shares	Rewards for strong financial and stock price performance over a longer time frame than annual rewards Full value shares assist with retention
Restricted Stock Units	Right to receive shares of full value stock at vesting dates Generally, cliff vest at the end of three years Dividend equivalents are accrued as declared	Serves as retention device as recipient must remain an employee through vesting dates to earn payout

The CEO develops recommendations for LTIP awards for each NEO, with the exception of himself and submits these recommendations to the O&CC for approval. Factors that are considered in the determination of award amounts are:

- The competitive market as defined by the peer group, which in general is targeted around median;
- An individual's role and responsibilities within the Company;
- Contribution of the executive; and
- How critical the role is to the organization and need to retain the individual.

In general, when making LTIP grants, the O&CC's determinations are made independently from any consideration of the individual's prior LTIP awards. With respect to the CEO, the O&CC develops a recommended award opportunity in consultation with CAP and submits the proposal to the Board. The value of an executive's current holdings is not a consideration, though it is reviewed periodically by the O&CC. Beginning in 2012, grants are typically being made each February. Previously the grants were made in December. Restricted stock units generally cliff vest after three years.

In previous years, restricted stock awards were made. Generally, these restricted stock awards vested one-fourth annually as determined at the time of grant. Recipients of restricted stock awards have full voting rights and receive dividends at the regular dividend rate and are paid on each regular dividend date. Dividends on restricted stock units accrue and are paid in additional shares at vesting. Generally, unvested shares of restricted stock and unvested restricted stock units vest pro-rata if retirement occurs within one year of the grant and thereafter according to the original vesting schedule. Generally, unvested restricted stock is forfeited upon resignation but is paid upon an involuntary termination of employment, while unvested restricted stock units are forfeited upon resignation or involuntary termination of employment.

Performance share units are denominated in shares of Common Stock and are subject to achievement of certain performance goals over a three-year period and are payable as determined by us in shares of our Common Stock or cash. Dividend equivalent units accrue but are only paid if the underlying performance share units are ultimately earned.

Performance Share Unit Payouts On Prior Years' Awards for Performance Period Ended December 31, 2012

LTIP awards of performance share units made in December 2009 were reported in our 2010 Proxy Statement at fair value at the time of the grants. These performance share unit grants were subject to the achievement of goals related to TSR and ROIC over a three-year performance period ended December 31, 2012. Based on the performance results for that period, in 2013, Messrs. Izzo, Levis, Mehrberg, Bouknight and LaRossa and Ms. Dorsa received payment of shares of our Common Stock equal to 50% (see table below) of the grant target amounts.

Each metric is independent and equally weighted (i.e., 50% each). TSR relative to the peer group was selected as it provides alignment with our stockholders and provides the incentive to deliver a return to stockholders greater than that of our peers. ROIC was used to ensure that we are effectively using our capital base. Based upon performance relative to the peer group on TSR and three-year average ROIC vs. our internal goals, executives can earn a stock award of between zero and 200% of their target. We believe that the ROIC goal represents a

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significant degree of difficulty. We determine ROIC by dividing Income from Continuing Operations (adjusted for certain interest expense) by debt and equity (adjusted for securitized debt and cash).

Recipients will receive 100% of their grant amount if:

- For the three-year performance period TSR places us in the 50th percentile of the peer group; and
- Our ROIC for the three-year performance period meets a pre-set target based on our business plan.

Payment, if any, is made early in the following year, once results are reviewed and approved by the O&CC. Dividend equivalents are accrued over the performance period and paid in shares of Common Stock in relation to the number of shares earned based on results for the performance period. Upon retirement, death or disability, performance share units are prorated for each month of service during the performance period and paid following the end of the period based on actual performance.

For these grants, the performance schedule for relative TSR, which can earn an individual 50% of the performance share unit award, is detailed below:

TSR Performance Vs. Peers [1]	Percent Payout Factor for TSR Component
Below 35th Percentile	0%
35th Percentile	25%
50th Percentile	100%
75th Percentile	200%

(1) Beginning with grants made in 2012, TSR performance will be measured by comparing our numerical ranking among peer group companies in respect to the TSR performance component.

For these grants, the performance schedule for relative ROIC, which can earn an individual 50% of the performance share unit award, is detailed below:

2010 Performance Share Unit Grant 3 Year Average ROIC Target	2010	2011	2012	3 Yr Average	Payout%[1]
Maximum (110% of Goal)				10.70%	200%
Target	10.80%	9.60%	8.80%	9.70%	100%
Threshold (90% of Goal)				8.70%	25%

(1) Payout % above and below target will be interpolated based on the three-year average.

Actual results of the three-year period ended December 31, 2012 were:

TSR		ROIC	
PSEG Ranking:	11th of 15 peer companies	Actual 3-year Average:	9.70%
Percentile:	28.6%	Internal Goal:	9.70%
Payout:	0	Payout:	100%
Performance Share Unit Payout Factor:		50%	

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Based on these results, the dollar amount of each payment, made in shares of our Common Stock, is shown below, calculated using the average of the high and low price of our Common Stock on February 19, 2013, $31.40.

NEO	Performance Share Units Granted (#)	Performance Share Units Earned (#) [1]	Performance Share Units Earned ($) [1]
Izzo	64,450	36,710	1,152,694
Dorsa	12,250	6,978	219,109
Levis	12,950	7,376	231,606
Mehrberg	10,900	6,209	194,963
Bouknight	10,900	6,209	194,963
LaRossa	10,250	5,838	183,313

[1] Performance units earned and market value reflect rounding. Includes accrued dividend equivalents earned.

These amounts are reported in the Option Exercises and Stock Vested During 2012 Table below.

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2012 Grants

The structure of the long-term incentive is consistent with the prior grant as described above which is in the form of 60% performance share units and 40% restricted stock units vesting at the end of three years. The mix between performance share units and restricted stock units was determined based on our desire to provide the majority of long-term incentives in a performance-based vehicle while providing for strong retention during a challenging period in the industry. The greater emphasis on performance share units places more of our NEOs' potential compensation payouts at risk. Grants are typically made each February.

As discussed above, in 2011 we moved the date for annual LTIP awards to February from December of the previous year. Accordingly, no grants were made in 2011 and the 2012 grants do not represent a significant new element or amount of compensation. The amounts approved in February 2012 for the NEOs are shown below. These awards are reported in the Summary Compensation Table at the grant date fair value.

NEO	PSU (#)	PSU ($)	RSU (#)	RSU ($)	Total LTIP Award ($)
Izzo	109,900	3,435,000	74,050	2,290,000	5,725,000
Dorsa	21,100	660,000	14,250	440,000	1,100,000
Levis	21,100	660,000	14,250	440,000	1,100,000
Mehrberg	17,750	555,000	11,950	370,000	925,000
Bouknight	16,300	510,000	11,000	340,000	850,000
LaRossa	15,850	495,000	10,650	330,000	825,000

Retirement Benefits

We provide certain qualified retirement benefits under the Pension Plan of PSEG (Pension Plan) and the Cash Balance Pension Plan of PSEG (Cash Balance Plan) to maintain practices that are competitive with companies in the energy services industry with which we compete for executive talent. Participation depends upon the date of hire of the individual. Messrs. Izzo and LaRossa participate in the Pension Plan as they each began employment before January 1, 1996. Each of the other NEOs participates in the Cash Balance Plan as they were hired after that date.

In addition to the qualified plans, we provide certain limited nonqualified retirement benefits under the Retirement Income Reinstatement Plan (Reinstatement Plan) and the Supplemental Executive Retirement Income Plan (Supplemental Plan). We maintain these supplemental plans to provide competitive retirement benefits. Our supplemental executive retirement plans were adopted to assist in the recruitment and retention of key employees.

- The Reinstatement Plan is an unfunded retirement plan that provides retirement benefits that would have been paid under our qualified retirement plans but for the limitations of the IRC which caps the amount of an employee's compensation that may be considered for qualified plan purposes. All employees who are affected by the compensation limit are eligible to participate in this plan. SMICP amounts are also included in computing benefits under this plan.
- The Supplemental Plan is an unfunded retirement benefit plan that provides supplemental limited retirement and death benefits to participants nominated by the CEO and designated by our Employee Benefits Policy Committee. It also provides retirement benefits based upon additional credited years of service for prior allied professional or industrial experience to employees selected by the CEO. The plan is primarily used as a recruitment and retention tool. In 2011, the O&CC decided that we will no longer provide any additional years of credited service under the Supplemental Plan to individuals not previously provided with that benefit.

All of our NEOs participate in the Reinstatement Plan. Messrs. Izzo and LaRossa participate in the additional limited provisions of the Supplemental Plan. Ms. Dorsa and Messrs. Levis and Mehrberg will be eligible to participate in the additional limited provisions of the Supplemental Plan in accordance with their respective employment agreements. As described in the Pension Benefits Table, as part of their promotion and hiring, Mr. Izzo and Ms. Dorsa respectively are eligible to receive additional years of credited service under certain circumstances.

Additional information is provided in the Pension Benefits Table and the accompanying narrative, below.

We also maintain a defined contribution 401(k) Plan and provide a partial employer matching contribution for 401(k) Plan participants.

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Deferred Compensation Plans

We offer a deferred compensation plan to our officers, including the NEOs, so they can more effectively manage their personal tax obligations. Participants may elect to defer all or any portion of their cash compensation and may choose from among several different investment options based upon the choices available in our 401(k) Plan, as well as a market-based rate of Prime plus 1/2%, capped at 120% of the applicable federal long-term rate.

We also have a plan to permit deferral of equity compensation. Generally, the election to defer shares underlying an equity award must be made before the services giving rise to the equity award are performed. Deferred shares will be held in a Rabbi Trust.

Additional details about these deferred compensation plans are provided in the descriptions following the Non-Qualified Deferred Compensation Table.

Severance and Change-in-Control Benefits

We provide severance benefits in the event of certain employment terminations. These benefits are available to officers, including the NEOs, in order to be competitive with the companies in our industry and provide a level of financial security to the executive in periods of uncertainty in the event of a termination without cause. All of our NEOs participate in our Key Executive Severance Plan. Mr. Izzo is also eligible for certain other severance benefits.

We provide severance benefits upon a change-in-control to officers, including the NEOs. A change-in-control is by its nature disruptive to an organization and the executives. Such executives are frequently key players in the success of organizational change. To assure the continuing performance of such executives and maintain stability and continuity in the face of a possible termination of employment in the event of a change-in-control, we provide a competitive severance package. In addition, some executives, who may be key parties to such transaction, may have their employment terminated following its completion. A severance plan with benefits applicable upon a change-in-control is an important element for attracting and retaining key executives.

Neither our Key Executive Severance Plan nor Mr. Izzo's severance agreement provide for gross-up payments from us in the event that any NEO or other participant is subject to an excise tax related to receipt of a change-in-control payment. Both the Key Executive Severance Plan and Mr. Izzo's severance agreement include a "double-trigger" provision on benefits, which are paid only in the event of termination of employment following a change-in-control. Performance share payments, if any, are prorated.

Severance and change-in-control benefits are described under Potential Payments Upon Termination of Employment or Change-in-Control below.

Perquisites

We provide certain perquisites that we believe are reasonably within compensation practices of our peers or provide benefit to us, such as providing an appropriate degree of personal security to executives with a high public profile and allowing the executive to be productive while commuting. These include automobile use (and for the CEO, a driver) or car service, reimbursement of relocation expenses, annual physical examinations, limited spousal travel (with CEO approval) to executives on business trips, home security, charitable contributions on behalf of the individual and limited personal entertainment. These perquisites are described in the 2012 Summary Compensation Table, as applicable.

We do not provide a tax gross-up of personal benefit amounts deemed to be taxable income under Federal or state income tax laws and regulations, except for certain relocation expenses, primarily in the case of newly-hired executives.

EXECUTIVE COMPENSATION GOVERNANCE FEATURES AND CONTROLS

Independent Compensation Consultant

The O&CC has retained CAP to provide information, analyses and advice regarding executive and director compensation, as described in this Proxy Statement. CAP reports directly to the O&CC and the O&CC has established procedures that it considers adequate to ensure that CAP's advice is objective and not influenced by management. These procedures include an agreement specifying what information can and cannot be shared with management. In addition, CAP regularly meets with the O&CC in executive session, without the presence of management. CAP provides only executive compensation consulting services.

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At the O&CC's direction, CAP provided the following services:

- Evaluated the competitive positioning of our NEOs' base salaries, annual incentive and long-term incentive compensation relative to our peers and compensation philosophy;
- Advised the O&CC on CEO and other NEO target award levels within the annual and long-term incentive programs;
- Reviewed our annual and long-term incentive programs to ensure they continue to be aligned with our philosophy, drive performance and consider market practices;
- Briefed the O&CC on executive compensation trends among our peers and broader industry and compared them to our current practices;

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- Analyzed the results of the stockholder advisory say-on-pay vote;
- Informed the O&CC on changes in the regulatory environment as they relate to executive compensation;
- Reviewed the composition of our Peer Group;
- Advised the O&CC on the performance measures and performance targets for the annual and long-term incentive programs and advised on the payout leverage (the extent of the pay opportunity and the degree of difficulty) for the plans;
- Reviewed our total share usage and “burn rate” for the LTIP;
- Conducted an assessment to determine whether any elements of our employee compensation programs create a potential incentive to take on excessive risk;
- Advised on issues related to shareholder advisory groups;
- Validated the pay for performance alignment of the compensation programs including considering the realizable pay for the CEO;
- Evaluated our share ownership guidelines relative to our peers and broader industry; and
- Reviewed and commented on this CD&A.

In the course of conducting its activities, CAP attended five meetings of the O&CC in 2012 and presented its findings and recommendations for discussion.

Management also retains a compensation consultant, Pay Governance, to provide market compensation data for our officers, including the NEOs. This data is made available to CAP.

Compensation Risk Assessment

CAP, in consultation with management, conducted an update in 2012 to the comprehensive assessment of our compensation programs originally analyzed in 2010 and updated in 2011 to determine if any of these programs create a potential incentive for individuals to take excessive risks which are reasonably likely to have a material adverse effect on our Company. The risk assessment included a full inventory of all incentive compensation plans in the organization, including their design, metrics, goals and operation. Our Vice President and Chief Risk Officer, as well as our Senior Vice President–Human Resources, participated in this process. Management and CAP reviewed this assessment with the O&CC. In addition, final decisions regarding our executive compensation policies and programs, as well as specific approval of individual NEO compensation, are determined by the O&CC, all of whose members are independent of management and, as appropriate, the full Board, all of whose members, except our CEO, are independent of management. Based on this review, the O&CC determined that the programs do not create an incentive for individuals to take excessive risks which are reasonably likely to have an adverse effect on us. Factors considered include:

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Compensation Risk Assessment Factors

• There are strong governance processes and controls in place at the senior leadership levels under the oversight of the O&CC and, where appropriate, the full Board.
• We provide a balanced total compensation package that includes fixed compensation (e.g., salary and benefits) and at-risk compensation (e.g., annual and long-term incentive).
• There were no material changes to our incentive compensation plans since the original analysis in 2010.
• Long-term incentives vest over a multi-year timeframe.
• There are caps on the total amount of SMICP and LTIP incentive compensation that can be earned.
• Multiple dimensions of performance are used in the incentive structure, including:
  • A balanced scorecard;
  • EPS for corporate financial performance;
  • Earnings for business unit performance; and
  • Key strategic and operational metrics that specifically address identified risks.
• We use performance share units, with payout determined by:
  • ROIC; and
  • TSR compared to peers.
• We use a consistent incentive framework for the entire organization.
• Executives receive a significant portion of their compensation in the form of equity, which discourages them from making short-term decisions that may result in long-term harm to the organization.
• Our stock ownership and retention policy further discourage this behavior and, under our insider trading policy, all transactions in our Common Stock by officers need pre-clearance by the General Counsel's office.
• We have a recoupment (clawback) policy, requiring forfeiture or repayment of incentive amount, resulting from misconduct, accounting restatement or breach of agreement.
• Our corporate culture demands the highest level of ethical behavior and requires all employees to take ethics training annually.
• We have policies in place to govern financial and enterprise risk, as discussed above in Risk Management Overview.

Role of CEO

The CEO attends O&CC meetings, other than executive sessions. Other executive officers and internal compensation professionals may attend portions of O&CC meetings, as requested by the O&CC. The CEO recommends changes to the salaries of his direct reports (who include the NEOs). The CEO develops and the OCC considers these recommendations in the context of the respective executives' individual performance, competitiveness of salary vs. peer group and internal equity among executives. The CEO recommends incentive compensation targets (expressed as a percentage of base salary) for the SMICP and LTIP grants for his direct reports as well as the associated goals, objectives and performance evaluations. The CEO participates in the O&CC's discussions of those recommendations.

The design and effectiveness of compensation policies and programs are reviewed by the CEO in conjunction with CAP, and periodically in light of general industry practices and in comparison to the peer group trends. The CEO also reviews such compensation matters with our internal compensation professionals. Recommendations for changes are made to the O&CC as deemed appropriate by the CEO. The O&CC believes that the role played by the CEO in this process is appropriate because the CEO is uniquely suited to evaluate the performance of his direct reports.

Recent O&CC Actions

The O&CC considered recommendations from CAP and management with regard to compensation design and effectiveness and reviewed competitive practices within our peer group. In addition, the O&CC monitors trends and developments in the market, with the assistance of CAP, as they relate to executive compensation. The O&CC took the following actions related to compensation:

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- Reviewed our compensation program following the 2012 annual say-on-pay advisory vote of stockholders and determined that no material changes were needed, particularly in light of the more than 96% favorable vote for each of the last two years;
- Approved salary increases for 2012 and 2013, to remain competitive with benchmarked peers;
- Approved payouts under the SMICP and LTIP based on its assessment of CEO, NEOs and Company performance relative to pre-established goals;
- Reviewed the peer group used for benchmarking compensation and performance and made no changes other than removing Constellation Energy Group and Progress Energy, as they were acquired in 2012 by others in the peer group;
- Analyzed pay for performance by comparing our recent financial results with the compensation of our CEO and NEOs and found them to be appropriately aligned;
- Reviewed our management succession plan and affirmed the approach and considered whether any compensation actions were needed to support the succession plan;
- Reviewed our stock ownership guidelines and compliance and affirmed the standards;
- Retained the SMICP annual target incentives for 2013 for NEOs and reduced the CEO's annual target incentive for 2013 to 120% from 125%, in view of the increase to his 2013 base salary;
- Affirmed the current structure of the LTIP long-term incentive component, which is comprised of 60% performance share units and 40% restricted stock units;
- Migrated LTIP grant timing to February of each year, starting with the February 2012 grants, in order to better align with peer practices and our business planning cycle;
- Established 2013 performance targets for the NEOs under the SMICP, with 75% based on PSEG and business unit earnings results;
- Reviewed the risk assessment conducted by CAP and management and determined that our compensation programs do not create a potential incentive for individuals, either NEOs or others, to take excessive risks which are reasonably likely to have a material adverse effect on us;
- Approved an Amendment and Restatement of the LTIP without adding any shares to the amount authorized in 2004 and recommended that it be presented to shareholders for adoption at the 2013 Annual Meeting; and
- Approved an Amendment and Restatement of the ESPP providing for a greater discount for non-union employees and recommended that it be presented to shareholders for adoption at the 2013 Annual Meeting.

Trading Pre-clearance

Under our Insider Trading Practice, all of our officers, including the NEOs, are required to obtain pre-clearance from the Office of the General Counsel prior to engaging in any transaction involving our Common Stock. In addition, our Insider Trading Practice does not permit any such transactions except during "open window" periods. These are limited times following the public release of earnings and disclosure of material information.

Hedging and Pledging

We have a policy which prohibits officers, including NEOs, from hedging, short-selling or pledging our Common Stock.

Clawbacks

We have adopted provisions that require a participant to forfeit any annual or long-term incentive grants and repay profits made on sales of LTIP shares if they are earned as a result of misconduct related to accounting restatements. LTIP grants and shares received on exercise of LTIP grants are also subject to clawback if the participant violates his/her non-compete, non-solicitation or confidentiality agreements. We anticipate adjusting the terms of our clawback policy to comply with the Dodd-Frank Act once further guidance is released from the SEC.

Employment Agreements

We have entered into agreements with Messrs. Levis, Mehrberg and Bouknight and Ms. Dorsa and a severance agreement with Mr. Izzo. These are discussed following the Grants of Plan-Based Award Table below.

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Stock Ownership and Retention Policy

In order to strengthen the alignment of the interests of management with those of stockholders, we have established a Stock Ownership and Retention Policy (Policy). Each officer must acquire a prescribed amount of shares by January 1 following the fifth anniversary of the date of the adoption of the Policy or the date they are elected or promoted. In addition to shares individually or jointly owned directly, through a broker or in Enterprise Direct or the ESPP, the following are counted toward the ownership requirement: (i) shares held in trusts for the benefit of immediate family members where the officer is the trustee, (ii) shares granted to the officer in the form of restricted stock and restricted stock units, whether or not vested, and (iii) shares held by the officer in the 401(k) Plan. Stock options and performance share units (as distinct from shares which are actually issued as a result of exercise or vesting) are not counted. Shares subject to hedging or monetization transactions (such as zero-cost collars and forward sale contracts), which allow the officer to retain legal ownership without its full risks and rewards, are not counted for purposes of either the ownership or retention provisions of the Policy, since our Insider Trading Practice does not permit such hedging or pledging.

Each officer must retain at least 100%, after tax and costs of issuance, of all shares acquired through equity grants made subsequent to the adoption of the Policy, including the vesting of restricted stock or restricted stock unit grants, payout of performance share unit awards and exercise of option grants, until his or her ownership requirement is met. Once an officer attains his/her required level of stock ownership, he/she must retain 25%, after tax and costs of issuance, of shares received from equity awards granted after the ownership requirement has been met, until retirement or his or her employment otherwise ends.

In the event an officer is not in compliance with any provision of the Policy, the O&CC may take such action as it deems appropriate, consistent with the provisions of our compensation plans and applicable law and regulations, to enable the officer to achieve compliance at the earliest practicable time or otherwise enforce the Policy. Such action may include establishing conditions with respect to requiring all or part of any SMICP or LTIP award to be held in shares. The O&CC may vary the application of the provisions of the Policy for good cause or exceptional circumstances.

The Policy was not a factor considered by the O&CC in making the 2012 grants under the LTIP.

The following table shows, for each NEO, the dollar amount of stock ownership required by the Policy and the dollar amount of actual holdings as of February 19, 2013. Messrs. Izzo, Levis and LaRossa and Ms. Dorsa each have met their respective requirement as of their January 1, 2013 compliance date. The compliance date for Mr. Bouknight is January 1, 2015, and for Mr. Mehrberg it is January 1, 2014.

NEO	Multiple Required	Required Amount ($) (1)	Amount Held as of February 19, 2013 ($)(2)
Izzo	5	5,500,000	19,364,303
Dorsa	3	1,858,500	2,314,230
Levis	3	1,699,500	4,226,921
Mehrberg	3	1,684,200	1,654,089
Bouknight	3	1,637,700	1,317,660
LaRossa	3	1,500,000	3,142,560

(1) Determined as of January 1, 2013, the effective date of the current salary of each of the NEOs.

(2) Based on average price of Common Stock for the twelve months preceding the effective date of the current base salary of the respective NEO. Does not include performance share units which vested December 31, 2012.

Accounting and Tax Implications

The O&CC has considered the effect of Financial Accounting Standards Board Accounting Standards Codification Topic 718 (formerly FAS 123R) (see Note 18 to Consolidated Financial Statements included in our Form 10-K) regarding the expensing of equity awards in determining the nature of the grants under the LTIP. The O&CC, with the assistance of CAP, reviews the competitiveness of the NEOs' LTIP grants, as measured against the peer group, using reported Topic 718 grant values and approves grants to the NEOs accordingly as reported above in Long-Term Incentive Compensation.

The O&CC considers the tax-deductibility of our compensation payments. IRC Section 162(m) generally denies a deduction for United States Federal income tax purposes for compensation in excess of $1 million for persons named in the proxy statement, except for qualifying performance-based compensation pursuant to stockholder-approved plans. Stockholder approval of the SMICP was received at the 2004 Annual Meeting of Stockholders. As a result, payment of qualifying performance-based compensation under this plan is not now subject to the limitation on deductions contained in Section 162(m). Although stockholders' approval of the LTIP was received at the 2004 Annual

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Meeting of Stockholders, applicable IRC provisions require that stockholders give such approval at least every five years for performance-based compensation plans that permit the O&CC to change the criteria used from year to year. Since we have not subsequently sought such approval, the payments of performance share units made to the NEOs (except the CFO, to whom the deduction limitation is not applicable) in 2013 with respect to such LTIP grants made in 2009 for the three-year performance period ended December 31, 2012, are subject to the limitation on deductions. Any future payments, if earned, with respect to LTIP grants of performance share units made in 2010, 2011 and 2012 are likewise subject to this limitation. Further the O&CC believes that restricted stock and restricted stock units are valuable components of incentive compensation as they align the interest of the recipients with those of stockholders. However, because the vesting of such grants is not performance-based, restricted stock and restricted stock unit grants do not qualify for tax-deductibility under Section 162(m).

We are asking our shareholders to approve the Amended and Restated 2004 Long-Term Incentive Plan at this year's Annual Meeting of Stockholders. If approval is received, future payments, if any are earned, on performance share units granted during the five-year period following such approval will not be subject to the limitation and should qualify for tax-deductibility under Section 162(m).

In 2012, none of our NEOs had compensation in excess of the amount deductible under Section 162(m) of the IRC. Amounts deferred by the NEOs are not included in the Section 162(m) calculations because they are not otherwise deductible under applicable tax law. The O&CC will continue to evaluate executive compensation in light of Section 162(m) and the flexibility that is desirable in administering our executive compensation program in accordance with our compensation philosophy.

In light of Section 162(m), as well as certain NYSE rules, the Board's general policy is to present all incentive compensation plans in which executive officers participate to stockholders for approval prior to implementation.

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2012 SUMMARY COMPENSATION TABLE

The following table summarizes the compensation of our NEOs for the years shown. The NEOs are our CEO, CFO and four most highly compensated executive officers in 2012.

Name and Principal Position[1]	Year	Salary ($) [2]	Bonus ($)	Stock Awards ($)[3]	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)[4]	Change in Pension Value and Non-Qualified Deferred Compensation Earnings ($)[5]	All Other Compensation ($)[6,7]	Total ($)
Ralph Izzo	2012	1,004,715	-	5,724,001	-	1,653,800	2,064,000	67,027	10,513,543
Chairman of the Board,	2011	946,450	-	-	-	1,535,400	1,710,000	185,306	4,377,156
President and CEO	2010	946,450	-	5,726,042	-	1,113,900	1,384,000	63,422	9,233,814
Caroline Dorsa	2012	595,691	-	1,099,985	-	567,900	1,338,000	76,661	3,678,237
EVP and CFO	2011	567,871	-	-	-	505,100	726,000	79,368	1,878,339
	2010	567,871	-	1,023,937	-	310,900	493,000	71,702	2,467,410
William Levis	2012	560,377	-	1,099,985	-	546,200	739,000	44,141	2,989,703
President and COO (Power)	2011	543,960	-	999,396	-	517,200	346,000	41,460	2,448,016
	2010	543,960	-	1,023,937	-	348,200	280,000	36,083	2,232,180
Randall E. Mehrberg	2012	553,414	-	924,182	-	499,400	693,000	46,870	2,716,866
EVP Strategy & Dev. and	2011	542,963	-	-	-	491,000	451,000	42,552	1,527,515
President & COO (Energy Holdings)	2010	542,963	-	925,291	-	331,600	232,000	24,500	2,056,354
J. A. Bouknight, Jr.	2012	535,570	-	849,495	-	461,300	61,000	19,549	1,926,914
EVP and General Counsel	2011	518,057	-	-	-	412,200	45,000	14,398	989,655
Ralph A. LaRossa	2012	497,142	-	824,611	-	400,700	578,000	32,408	2,332,861
President and COO (PSE&G)	2011	466,850	-	-	-	353,200	604,000	111,329	1,535,379
	2010	466,850	-	2,824,277	-	185,300	454,000	18,313	3,948,740

(1) Mr. Bouknight was not a NEO in 2010; therefore, we did not report his information for that year.

(2) Amounts shown are actual payments based on annualized salary. . Mr. Bouknight's 2011 and 2012 salary includes $461,074 and $475,775, respectively, deferred under the Deferred Compensation Plan. 2012 salaries include a one-time pay adjustment provided to all employees as a result of a change in the methodology of the bi-weekly pay calculation.

(3) The amounts shown reflect the grant date fair value of the awards. For a discussion of the assumptions made in valuation, see Note 18 to the Consolidated Financial Statements included in our Form 10-K. LTIP awards were granted in February 2012, as discussed in the CD&A. Awards consist of performance share units and restricted stock units. Due to a change in timing of grants no LTIP awards were granted in 2011, with the exception of a retention award of restricted stock units to Mr. Levis. In 2010, Mr. LaRossa was granted an additional retention award of restricted stock units and performance share units. Performance share unit value is shown at the target amount. Actual value of the shares received upon vesting of restricted stock units depends upon the price of our Common Stock. Payout value of the performance share units earned upon vesting at the conclusion of the three-year performance period may be less than or exceed the grant date fair value, dependent upon achieving TSR and ROIC performance factors. More detailed information is provided in the CD&A. The respective amounts below represent the grant date fair value of performance share units at target and maximum amounts:

	Izzo		Dorsa		Levis		Merhberg		Bouknight		LaRossa	
	Value at Target (100%) ($)	Value at Maximum (200%) ($)	Value at Target (100%) ($)	Value at Maximum (200%) ($)	Value at Target (100%) ($)	Value at Maximum (200%) ($)	Value at Target (100%) ($)	Value at Maximum (200%) ($)	Value at Target (100%) ($)	Value at Maximum (200%) ($)	Value at Target (100%) ($)	Value at Maximum (200%) ($)
2012	3,434,375	6,868,750	659,375	1,318,750	659,375	1,318,750	554,688	1,109,375	509,375	1,018,750	495,313	990,625
2010	3,436,150	6,872,300	614,693	1,229,386	614,693	1,229,386	555,097	1,110,194	-	-	1,495,015	2,990,030

(4) Amounts awarded were earned under the SMICP and determined and paid in the following year. Mr. Izzo elected to defer his entire 2011 and 2010 awards and Mr. Bouknight elected to defer his entire 2012 award and $391,590 of his 2011 award under the Deferred Compensation Plan.

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(5) Includes the change in the actuarial present value of accumulated benefit under defined benefit pension plans and supplemental executive retirement plans between calendar years 2012 and 2011, 2011 and 2010, and 2010 and 2009, determined by calculating the benefit under the applicable plan benefit formula for each of the plans, measured at December 31 of each year, based on years of credited service, earnings in effect at the respective measurement dates, applicable interest rates and computational assumptions. These changes are:

	Izzo ($)	Dorsa ($)	Levis ($)	Mehrberg ($)	Bouknight ($)	LaRossa ($)
2012	2,064,000	1,338,000	739,000	693,000	61,000	578,000
2011	1,710,000	726,000	346,000	451,000	45,000	604,000
2010	1,384,000	493,000	280,000	232,000	-	454,000

Any interest earned under the Deferred Compensation Plan at the prime rate plus 1/2% did not exceed 120% of the applicable long-term rate for any of the NEOs in 2012, 2011 or 2010.

(6) For 2012, depending on the individual, includes perquisites and personal benefits which include (a) automobile and related expenses, (b) physical examinations, (c) home security systems, (d) spousal travel, (e) personal entertainment and (f) charitable contributions on behalf of the individual. For automobiles, the pro rata personal usage value of the vehicle lease cost based on the IRS Annual Lease Value Table was used; for parking, the market value for the parking space was used; for the driver, actual pro-rata expense was used for the time devoted to CEO commuting and personal use; for the car service actual cost was used. Two NEOs received a perquisite in 2012 that exceeded the greater of $25,000 or 10% of his/her total perquisite and personal benefit amount: Mr. Izzo received home security services in the amount of $33,044 and Ms. Dorsa used a car service for commuting, with a cost to us of $66,511.

(7) In 2012, the employer matching contribution to our 401(k) Plan was the same percentage generally available to all employees.

	Izzo ($)	Dorsa ($)	Levis ($)	Mehrberg ($)	Bouknight ($)	LaRossa ($)
Company Match	10,000	10,000	10,000	10,000	2,399	10,000

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2012 GRANTS OF PLAN-BASED AWARDS TABLE

The following table provides information on plan-based awards made to our NEOs during 2012.

Name and Type of Award [1]	Grant Date [1]	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards[2]			Estimated Future Payouts Under Equity Incentive Plan Awards[3]			All Other Stock Awards; Number of Shares of Stock or Units (#)	All Other Option Awards; Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock and Option Awards ($)[4]
		Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)				
Ralph Izzo		612,500	1,225,000	1,837,500							
PSUs	2/21/2012				0	109,900	219,800				3,434,375
RSUs	2/21/2012					74,050					2,289,626
Caroline Dorsa		206,500	413,000	619,500							
PSUs	2/21/2012				0	21,100	42,200				659,375
RSUs	2/21/2012					14,250					440,610
William Levis		206,250	412,500	618,750							
PSUs	2/21/2012				0	21,100	42,200				659,375
RSUs	2/21/2012					14,250					440,610
Randall E. Mehrberg		190,750	381,500	572,250							
PSUs	2/21/2012				0	17,750	35,500				554,688
RSUs	2/21/2012					11,950					369,494
J. A. Bouknight Jr.		172,250	344,500	516,750							
PSUs	2/21/2012				0	16,300	32,600				509,375
RSUs	2/21/2012					11,000					340,120
Ralph A. LaRossa		157,625	315,250	472,875							
PSUs	2/21/2012				0	15,850	31,700				495,313
RSUs	2/21/2012					10,650					329,298

(1) Relates to equity awards (performance share units (PSUs) and restricted stock units (RSUs)) all of which were made under the LTIP.

(2) Represents possible payouts under SMICP for 2012 performance. The actual awards were determined in February 2013 and paid in the same month, as reported in the 2012 Summary Compensation Table.

(3) Represents LTIP award described below.

(4) Represents the fair value at the grant date of the equity award granted in 2012. For a discussion of the assumptions made in valuation see Note 18 to the Consolidated Financial Statements included in our Form 10-K.

Material Factors Concerning Awards Shown in Summary Compensation Table, Grants of Plan-Based Awards Table and Employment Agreements

SMICP

The plan-based awards for annual cash incentive compensation included in the 2012 Summary Compensation Table were paid in 2013 with respect to 2012 performance under the terms of the SMICP. The range of possible awards for each NEO in relation to his/her Target Award is set forth in the Grants of Plan-Based Awards Table above. An explanation of the SMICP and performance goals, measures and performance factors achieved are described under Annual Cash Incentive Compensation in the CD&A.

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LTIP

As explained in the CD&A and shown above, LTIP awards were made to NEOs in February 2012, in the form of restricted stock units and performance share units. The restricted stock units cliff vest after three years. The three-year performance period for the performance share units ends December 31, 2014, with payment, if any, made the following year. The range of possible payouts for each NEO in relation to his/her target award is set forth in the table above. Payments of awards granted in December 2009 were made in 2013 based on performance for the three-year period that ended on December 31, 2012. Further explanation of performance share unit payment determination is set forth under Long-Term Incentive Compensation in the CD&A above. For further information about vesting, see Employment Agreements and Potential Payments Upon Termination of Employment or Change-In-Control below.

No stock options have been granted since 2009. Some options granted in previous years are still outstanding as reported in the Outstanding Equity Awards at Year-End Table. Grants were made with an exercise price equal to the NYSE closing price on the date of grant for a 10-year term. No discounted options may be granted and no repricings may be done without stockholders' approval.

Employment Agreements

Ralph Izzo

We entered into a severance agreement with Mr. Izzo on December 16, 2008 incorporating certain of the severance provisions of his then expiring employment agreement. The terms are discussed below under Potential Payments Upon Termination of Employment or Change-In-Control.

Caroline Dorsa

The agreement executed between us and Ms. Dorsa, covering her employment as Executive Vice President and CFO, effective April 9, 2009, provides for an initial base salary of $570,000, with a salary review annually each January. The agreement provided for a cash payment upon employment of $200,000, which would have had to be repaid if Ms. Dorsa had left the Company (voluntarily or upon termination for cause) within three years of her date of hire. Ms. Dorsa also received a cash payment of $4,322 to make-up for lost compensation due to her acceptance of employment with us. In addition, the agreement provides that Ms. Dorsa will participate in the SMICP and the LTIP during her term of employment. Ms. Dorsa's target incentive award under the SMICP was initially set at 60% of base salary. The agreement also provided for an award to Ms. Dorsa of 8,800 shares of Restricted Stock under the LTIP vesting on April 9, 2014, assuming continued employment. Ms. Dorsa's long-term compensation opportunity under the LTIP was set at $900,000 for 2009 (prorated from her date of hire) and will be reviewed annually pursuant to the terms of the LTIP. The agreement also provides that if Ms. Dorsa remains employed through April 9, 2014, she will become a participant in the additional limited benefits provision of the Supplemental Plan and receive 15 additional years of credited service. On July 12, 2011, we entered into an amendment to the agreement to adjust her benefits that accrue after December 31, 2011 under the Supplemental Plan to provide for a calculation reducing her benefits to be based on the highest seven-year average rather than the highest five-year average, in alignment with changes generally applicable to other participants in those plans. Ms. Dorsa also participates in the Key Executive Severance Plan. Finally, the agreement provides that we will provide Ms. Dorsa with a car service for commuting purposes.

William Levis

We entered into an agreement with Mr. Levis, effective January 1, 2007, in connection with his initial employment with us, covering his employment as President and Chief Nuclear Officer of Power's subsidiary, Nuclear. The agreement provided for a base salary of $500,000, with a salary review in December 2007 and annually thereafter. The agreement further provided for a cash payment of $500,000, which would have had to have been repaid if Mr. Levis had left the Company (voluntarily or upon termination for cause) before January 1, 2012. Mr. Levis also received $16,667 to make-up for lost bonus opportunity with his prior employer. In addition, the agreement provides that Mr. Levis will participate in the SMICP and the LTIP during his term of employment. Mr. Levis' target incentive award under the SMICP must be at least 60% of base salary. The agreement awarded to Mr. Levis a grant of 100,000 shares of restricted stock under the LTIP, of which 40,000 shares vested on January 1, 2010 and 60,000 shares vested on January 1, 2013. Long-term compensation opportunity is to be reviewed annually pursuant to the terms of the LTIP. The agreement also provided that on January 16, 2013, Mr. Levis became a participant in the additional limited benefits provision of the Supplemental Plan. Finally, upon retirement Mr. Levis will receive a lump sum present value payment equal to the employer health and welfare benefits contribution for which he would have been eligible if employed by us prior to 1996. On September 19, 2011, we entered into an amendment to the agreement to adjust his benefits that accrue after December 31, 2011 under the Supplemental Plan to provide for a calculation reducing his benefit to be based on the highest seven-year average rather than the highest five-year average, in alignment with changes generally applicable to other participants in those plans.

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Randall E. Mehrberg

The agreement executed between us and Mr. Mehrberg, covering his employment as Executive Vice President — Planning and Strategy effective September 8, 2008, provides for an initial base salary of $545,000, with an annual salary review beginning January 2010. The agreement provided for cash payments of $250,000 within 45 days of employment and on September 8, 2009, each of which would have had to be repaid if Mr. Mehrberg had left the Company (voluntarily or upon termination for cause) within three years of the applicable payment. In addition, the agreement provides that Mr. Mehrberg will participate in the SMICP and the LTIP during his term of employment. Mr. Mehrberg's target incentive award under the SMICP was initially set at 60% of base salary. Mr. Mehrberg's long-term compensation opportunity under the LTIP was set at $800,000 for 2008 (prorated from his date of hire) and will be reviewed annually pursuant to the terms of the LTIP. As provided in the agreement, if Mr. Mehrberg resigns on or after September 8, 2012, in order to take a position with a governmental or non-profit entity agreed to by our CEO, any unvested LTIP awards will vest as if he retired. An amendment dated May 3, 2011 provides that if Mr. Mehrberg resigns on or after September 8, 2012, but before January 1, 2017, in order to take a position with a governmental entity or another employer agreed to by our CEO, retires and our CEO approves full vesting, or is terminated without cause, any unvested LTIP awards would fully vest without proration upon such a resignation, retirement or termination. The agreement also provides that if Mr. Mehrberg remains employed through September 8, 2013, or if, before then, he resigns to take a position with a governmental entity or is terminated without cause, he will become a participant in the additional limited benefits provision of the Supplemental Plan. On June 8, 2011, we entered into an amendment to Mr. Mehrberg's agreement to adjust his benefits that accrue after December 31, 2011 under the Supplemental Plan to provide for a calculation reducing his benefit to be based on the highest seven-year average rather than the highest five-year average, in alignment with changes generally applicable to other participants in those plans. Finally, the agreement provided Mr. Mehrberg with severance benefits that are covered by the terms of the Key Executive Severance Plan.

J.A. Bouknight, Jr.

The agreement executed between us and Mr. Bouknight covering his employment as Executive Vice President — Law, effective November 2, 2009, provides for an initial base salary of $520,000, with an annual salary review beginning January 2010. The agreement provides for cash payment of $300,000 within 45 days of employment, which would have had to be repaid if Mr. Bouknight had left the Company (voluntarily or upon termination for cause) prior to December 31, 2012. In addition, the agreement provides that Mr. Bouknight will participate in the SMICP and the LTIP during his term of employment. Mr. Bouknight's target incentive award under the SMICP was initially set at 60% of base salary. Mr. Bouknight's long-term compensation opportunity under the LTIP was set at $800,000 for 2009 (prorated from date of hire) and will be reviewed annually pursuant to the terms of the LTIP. As provided in this agreement, if Mr. Bouknight or the Company terminates his employment other than for cause after December 31, 2012, any unvested LTIP awards will vest as if he retired. Further, if he retires on or after that date or his employment is terminated by reason of disability or death, any unvested performance share units awarded with respect to the years 2009 through 2012 and earned would fully vest without proration. Finally, the agreement provided Mr. Bouknight with severance benefits that are covered by the terms of the Key Executive Severance Plan. On November 20, 2012, we entered into an amendment to Mr. Bouknight's employment agreement to provide that any award of performance share units granted to Mr. Bouknight in 2013 under the LTIP will fully vest, without proration, if Mr. Bouknight's date of retirement is on or after December 31, 2013, or if his employment is terminated by reason of disability or death, and any such award due will be made after the completion of the three-year performance cycle applicable to each grant.

For additional information regarding severance benefit provisions, see Potential Payments Upon Termination of Employment or Change-in-Control.

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OUTSTANDING EQUITY AWARDS AT YEAR-END (12/31/12) TABLE

The following table lists all outstanding stock option, performance share unit, restricted stock and restricted stock unit awards as of December 31, 2012 for our NEOs.

	Option Awards						Stock Awards			
Name and Option Grant Date		Number of Securities Underlying Unexercised Options Exercisable (#)(1)	Number of Securities Underlying Unexercised Options Unexercisable (#)(1)	Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)(2)	Option Expiration Date	Number of Shares or Units of Stock that have Not Vested (#)(3)	Market Value of Shares or Units of Stock that have Not Vested ($)(4)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights that have Not Vested (#)(5)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units, Units or Other Rights that have Not Vested ($)(4,6)
Ralph Izzo							157,433	4,817,450	225,048	6,886,469
	5/3/2004	22,000	-		21.3750	5/3/2014				
	1/16/2007	140,000	-		32.9250	1/16/2017				
	3/20/2007	113,000	-		39.1650	3/20/2017				
	12/18/2007	199,800	-		48.2050	12/18/2017				
	12/16/2008	473,400	-		30.0300	12/16/2018				
	12/14/2009	260,925	86,975		33.4900	12/14/2019				
Caroline Dorsa							37,999	1,162,769	41,765	1,278,009
	4/9/2009	61,100	-		30.1800	4/9/2019				
	12/14/2009	49,725	16,575		33.4900	12/14/2019				
William Levis							122,628	3,752,417	41,765	1,278,009
	1/16/2007	39,000	-		32.9250	1/16/2017				
	6/19/2007	3,500	-		44.4350	6/19/2017				
	12/18/2007	42,000	-		48.2050	12/18/2017				
	12/16/2008	95,200	-		30.0300	12/16/2018				
	12/14/2009	52,500	17,500		33.4900	12/14/2019				
Randall E. Mehrberg							25,429	778,127	36,351	1,112,341
	9/22/2008	54,800	-		34.8000	9/22/2018				
	12/16/2008	80,200	-		30.0300	12/16/2018				
	12/14/2009	44,175	14,725		33.4900	12/14/2019				
J.A. Bouknight, Jr.							23,017	704,320	32,925	1,007,505
	11/2/2009	9,450	3,150		29.5200	11/2/2019				
	12/14/2009	44,175	14,725		33.4900	12/14/2019				
Ralph A. LaRossa							57,557	1,761,244	64,470	1,972,782
	1/16/2007	52,000	-		32.9250	1/16/2017				
	12/18/2007	33,000	-		48.2050	12/18/2017				
	12/16/2008	75,200	-		30.0300	12/16/2018				
	12/14/2009	41,400	13,800		33.4900	12/14/2019				

(1) Grants made on the dates shown under the LTIP of non-qualified options to purchase our Common Stock. Options vest 25% annually over four years on the grant date anniversary.

(2) Closing price on NYSE on grant date.

(3) The vesting schedule for unvested restricted stock (RSA) and unvested restricted stock units (RSU) is shown below. Dividends on restricted stock accrue at the regular dividend rate and are paid on each regular dividend payment date as declared by the Board. Dividend equivalents accrue on restricted stock units and are paid in shares of Common Stock at vesting.

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	Type of Award	Grant Date	Vesting Schedule 2013 (#)	2014 (#)	2015 (#)	2016 (#)[a]	2017 (#)[a]
Ralph Izzo	RSU	12/21/2010		79,957			
	RSU	2/21/2012			77,476		
Caroline Dorsa	RSA	4/9/2009		8,800			
	RSU	12/21/2010		14,290			
	RSU	2/21/2012			14,909		
William Levis	RSA	1/16/2007	60,000				
	RSU	12/21/2010		14,290			
	RSU	12/21/2011					33,428
	RSU	2/21/2012			14,910		
Randall E. Mehrberg	RSU	12/21/2010		12,926			
	RSU	2/21/2012			12,503		
J.A. Bouknight, Jr.	RSU	12/21/2010		11,508			
	RSU	2/21/2012			11,509		
Ralph A. LaRossa	RSU	12/21/2010		11,508		34,906	
	RSU	2/21/2012			11,143		

[a] Represents retention awards.

[4] Value represents number of shares or units multiplied by the closing price on the NYSE on December 31, 2012 of $30.60.

[5] The vesting schedule for unvested performance share units (PSUs) is shown below. Performance share units awarded under the LTIP are earned based on a three-year performance period and are shown at target. The vesting schedule below shows the number of outstanding performance share units at target and includes accrued dividend equivalents. Payment, if any, is made in the first quarter of the following year. For further explanation of performance share units, see the CD&A.

	Grant Date	Vesting Schedule 2013 (#)	2014 (#)
Ralph Izzo	12/21/2010	110,063	
	2/21/2012		114,985
Caroline Dorsa	12/21/2010	19,689	
	2/21/2012		22,076
William Levis	12/21/2010	19,689	
	2/21/2012		22,076
Randall E. Mehrberg	12/21/2010	17,780	
	2/21/2012		18,571
J.A. Bouknight, Jr.	12/21/2010	15,871	
	2/21/2012		17,054
Ralph A. LaRossa	12/21/2010	47,887[a]	
	2/21/2012		16,583

[a] Includes retention award.

[6] Value of performance share units are shown at target, multiplied by the closing price on the NYSE on December 31, 2012 of $30.60.

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OPTION EXERCISES AND STOCK VESTED DURING 2012 TABLE

The following table provides information regarding the exercise of stock options by the NEOs in 2012 and the vesting during 2012 of performance share units previously granted to the NEOs, under our LTIP.

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)[2]	Number of Shares Acquired on Vesting (#)[3]	Value Realized on Vesting ($)[4]
Ralph Izzo	300,000[1]	3,339,845	36,710	1,152,694
Caroline Dorsa	-	-	6,978	219,109
William Levis	-	-	7,376	231,606
Randall E. Mehrberg	-	-	6,209	194,963
J. A. Bouknight, Jr.	-	-	6,209	194,963
Ralph A. LaRossa	-	-	5,838	183,313

(1) Reflects Mr. Izzo's transactions pursuant to a 10b-5-1 Trading Plan, which expired December 31, 2012, under applicable SEC rules, with Mr. Izzo retaining 57,978 shares.

(2) Reflects the difference between the exercise price and the market price on the date of exercise, multiplied by the number of shares acquired.

(3) Messrs. Izzo, Levis, Mehrberg, Bouknight, LaRossa and Ms. Dorsa, had 73,421, 14,752, 12,417, 12,417, 11,677 and 13,955 performance share units, respectively, which vested on December 31, 2012 for the three-year performance period ended that day. The final awards shown in the table were made at 50% of target, calculated based upon a comparison of our TSR with those of a peer group of companies and our three-year average ROIC compared to our internal goal. Performance share units earned and value realized reflect rounding. Shares will be issued in February 2013. Messrs. Izzo, Mehrberg, Bouknight and LaRossa deferred payment, as reported in the Non-Qualified Deferred Compensation Table. A more detailed explanation of the calculation of the amount earned appears in the CD&A.

(4) Reflects the value of the performance share units on February 19, 2013, the performance share unit value determination date, using the average of the high and low PSEG stock price—$31.40

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2012 PENSION BENEFITS TABLE

The following table provides information on the actuarial present value of the NEOs accumulated benefit under each of our pension and retirement plans.

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit ($)[4]	Payments During Last Fiscal Year ($)
Ralph Izzo	Qualified Pension Plan[1]	20.69	2,165,000	-
	Retirement Income Reinstatement Plan[2]	20.69	2,714,000	-
	Supplemental Executive Retirement Plan[3,5]	24.75	5,407,000	-
			10,286,000	
Caroline Dorsa	Qualified Pension Plan[1]	3.73	47,000	-
	Retirement Income Reinstatement Plan[2]	3.73	105,000	-
	Supplemental Executive Retirement Plan[3,5,6]	14.92	4,237,000	-
			4,389,000	
William Levis	Qualified Pension Plan[1]	6.00	77,000	-
	Retirement Income Reinstatement Plan[2]	6.00	184,000	-
	Supplemental Executive Retirement Plan[6]	6.00	3,368,000	-
			3,629,000	
Randall E. Mehrberg	Qualified Pension Plan[1]	4.31	62,000	-
	Retirement Income Reinstatement Plan[2]	4.31	125,000	-
	Supplemental Executive Retirement Plan[6]	4.31	3,170,000	-
			3,357,000	
J. A. Bouknight Jr.	Qualified Pension Plan[1]	3.16	27,000	-
	Retirement Income Reinstatement Plan[2]	3.16	133,000	-
	Supplemental Executive Retirement Plan			-
			160,000	
Ralph A. LaRossa	Qualified Pension Plan[1]	27.50	585,000	-
	Retirement Income Reinstatement Plan[2]	27.50	1,095,000	-
	Supplemental Executive Retirement Plan	27.50	1,392,000	-
			3,072,000	

(1) All NEOs participate in either the Pension Plan, a traditional defined benefit pension plan, or the Cash Balance Plan, a cash balance defined benefit pension plan, depending on date of hire, each of which is a qualified plan under the IRC. Such plans are available to all other employees under the same terms and conditions. Messrs. Izzo and LaRossa participate in the Pension Plan. Ms. Dorsa and Messrs. Levis, Mehrberg and Bouknight participate in the Cash Balance Plan. Years shown reflect actual years of service.

(2) Years shown reflect actual years of service.

(3) Certain employees receive additional years of credited service for the purpose of retirement benefit calculations under the Supplemental Plan in recognition of prior work experience, including 15 years for Ms. Dorsa pursuant to her employment agreement, which vest ratably over five years. In addition, Mr. Izzo receives an additional 5 years which vest at age 60 as described below under Supplemental Plan. The additional 5 years are prorated in the table for participants under age 60. Years shown reflect the sum of actual years of service and years credited under the Supplemental Plan.

(4) Amounts shown represent actuarial present value of accumulated benefit computed as of the same Pension Plan measurement date used for our financial statements for the year ended December 31, 2012, with two exceptions: (i) NEOs were assumed to retire at the plan's normal retirement age and (ii) no pre-retirement termination, disability or death was assumed to occur. For a discussion of the valuation method and material assumptions applied in quantifying the present value, see Note 12 to the Consolidated Financial Statements included in our 2012 Annual Report on Form 10-K.

(5) The actuarial present value of accumulated benefits based on actual years of service for Mr. Izzo and Ms. Dorsa is $8,278,000, and $2,854,000, respectively, and the actuarial present value of accumulated benefits based on additional years of service for each such person is $2,008,000, and $1,535,000, respectively.

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(6) Mr. Mehrberg and Ms. Dorsa will be eligible to participate in the additional limited benefits provision of the Supplemental Plan if employed by us on September 8, 2013 and April 9, 2014, respectively. Mr. Levis became eligible on January 16, 2013.

Qualified Pension Plans

All of our employees are eligible to participate in either the Pension Plan or the Cash Balance Plan.

Pension Plan

The Pension Plan covers employees hired prior to January 1, 1996 and provides participants with a life annuity benefit at normal retirement (age 65) pursuant to a formula based upon (a) the participant's number of years of service and (b) the average of the participant's five or seven highest years of compensation up to the limit imposed by the IRC. We amended the Pension Plan effective January 1, 2012, to change the benefit formula for non-represented participants. The effect of the change is to reduce projected pension payments. Under the new formula, the average of the participant's seven highest years of compensation up to the limit imposed by the IRC will be used rather than the average of the participant's five highest years of compensation.

A participant's benefit under the Pension Plan is equal to A plus B:

A. The accrued benefit calculated under the five-year final average pay formula as of December 31, 2011, as follows:

(i) 1.3% of the lesser of 5-year final average earnings (determined as of December 31, 2011) or $24,600 times years of credited service (determined as of December 31, 2011) not exceeding 35 years;

(ii) 1.5% of the amount by which 5-year final average earnings (determined as of December 31, 2011) exceeds $24,600 times years of credited service not exceeding 35 years; and

(iii) 1.5% of 5-year final average earnings times years of credited service (determined as of December 31, 2011) in excess of 35 years.

B. The accrued benefit calculated under the seven-year final average pay formula, as follows:

(i) 1.3% of the lesser of 7-year final average earnings beginning on January 1, 2012 or $24,600 times years of credited service not exceeding 35 years less the number of years as of December 31, 2011;

(ii) 1.5% of the amount by which 7-year final average earnings beginning on January 1, 2012 exceeds $24,600 times years of credited service not exceeding 35 years less the number of years as of December 31, 2011; and

(iii) 1.5% of 7-year final average earnings times years of credited service in excess of 35 years less the number of years in excess of 35 years as of December 31, 2011.

An additional benefit equal to $4.00 per month for each year of credited service is payable until the retiree reaches age 65.

All active participants are fully vested in their Pension Plan benefit. Benefits are payable on an unreduced basis (i) at age 65, (ii) at age 60, if the participant's age, plus years of service, equals or exceeds 80 or (iii) at age 55, if the participant has 25 or more years of service. Participants whose age, plus years of service, equals or exceeds 80, but who have not yet met the criteria in (ii) or (iii) , may commence their Pension Plan benefits on a reduced basis.

Cash Balance Plan

The Cash Balance Plan covers employees hired or rehired on or after January 1, 1996 and provides each participant with a life annuity benefit at normal retirement (age 65) equal to the actuarial equivalent of a notional amount maintained for him/her. Participants are eligible for retirement under the Cash Balance Plan upon the attainment of age 55 with five or more years of service. Participants' accounts are credited each year with a percentage of compensation, which is determined based on the participant's age plus years of service measured at year-end.

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Sum of Age and Service	Percentage of Compensation Credited %
<30	2.00
30-39	2.50
40-49	3.25
50-59	4.25
60-69	5.50
70-79	7.00
80-89	9.00
90+	12.00

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Each participant's notional amount grows each year with interest credits based on a 6.0% annual rate of interest. Participants become immediately fully vested in their Cash Balance Plan benefit.

Reinstatement Plan

Certain management and highly compensated employees are eligible to participate in a nonqualified excess benefit retirement plan, the Reinstatement Plan, designed to replace earned pension benefits as determined under the qualified pension formula, but which cannot be paid from the qualified pension plans as a result of the IRC mandated limits for qualified plans. The benefits payable under this plan mirror those of the qualified plans described above except that the compensation considered in computing the benefit (i) will not be limited by qualified plan limits, (ii) will include any amounts that the participant deferred under deferred compensation plans, (iii) will include amounts earned under the SMICP (which are not considered under the qualified pension plans), (iv) will be limited to 150% of average base salary for the applicable five years and (v) will be offset by any benefits received by the participant under the qualified plan.

As a result of the changes made to the benefit formula under the qualified Pension Plan for non-represented employees, the Reinstatement Plan benefits for such participants were calculated as of December 31, 2011 using the five-year final average pay formula. Beginning on January 1, 2012, the participants' Reinstatement Plan benefits will be determined under a seven-year final average pay formula. The participants' Reinstatement Plan benefits will be equal to the sum of their benefits determined as set forth above, less their benefit under the Pension Plan or Cash Balance Plan.

Supplemental Plan

Certain employees receive additional years of service for the purpose of retirement benefit calculations in recognition of prior allied work experience. However, we have determined effective January 1, 2011 to no longer provide additional credited service to those who do not already have this benefit. Such benefits are paid from a nonqualified plan, the Supplemental Plan. Under the additional service credit provisions, certain participants may also receive an additional five years of credited service for the purpose of this supplemental benefit calculation if they retire between ages 60 and 65. The credited years of service reduce by one year for each six-month period such participant works beyond age 65. This feature of the plan is designed to encourage retirement on or before age 65. Benefits payable under the additional service provisions of the Supplemental Plan mirror those payable under the Reinstatement Plan, except that the additional years of service are considered in calculating the Supplemental Plan benefit amount. Any benefit payable under this plan is offset by benefits payable under the qualified plan and the Reinstatement Plan.

Certain participants in the Supplemental Plan receive additional limited benefits. This portion of the Supplemental Plan provides a total target replacement income percentage equal to credited service for qualified pension plan calculation purposes, plus 30, to a maximum of 75%, of covered compensation. Covered compensation used for determining limited benefits under the Supplemental Plan is the same as the covered compensation used under for the Reinstatement Plan. The target replacement amount under the limited benefit portion of this Plan is reduced by any pension benefits from any previous employers accrued and vested at the time of hire, by the participant's Social Security benefit at normal retirement age and by the pension benefits provided by each other PSEG retirement benefit plan (qualified plans and non-qualified plans). The additional limited benefits provision of the Supplemental Plan also provides a death benefit equal to 150% of base compensation if death occurs while the participant is actively employed. Participants designated for the additional limited benefit become entitled to this benefit only upon (a) retirement under the terms of the qualified plan in which they participate (Pension Plan or Cash Balance Plan) or (b) death.

The change in the benefit formula under the qualified Pension Plan from a five-year final average pay formula to a seven-year final average pay formula impacts the limited benefits under the Supplemental Plan. Accordingly, we amended the Supplemental Plan as of January 1, 2012 to reflect this change.

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2012 NON-QUALIFIED DEFERRED COMPENSATION TABLE

The following table provides information regarding compensation deferred by the NEOs under our Deferred Compensation Plans.

Name		Executive Contributions in Last Fiscal Year (2012) ($)[1]	Registrant Contributions in Last Fiscal Year (2012) ($)	Aggregate Earnings in Last Fiscal Year (2012) ($)	Aggregate Withdrawals/ Distributions (2012) ($)	Aggregate Balance at Last Fiscal Year End (2012) ($)[2]
Ralph Izzo	Deferred Compensation Plan	-	-	243,340		8,619,070
	Equity Deferral Plan	1,152,694	-	-		1,152,694
Caroline Dorsa	Deferred Compensation Plan	-	-	56,955		694,779
	Equity Deferral Plan	-	-	-		-
William Levis	Deferred Compensation Plan	-	-	-		-
	Equity Deferral Plan	-	-	-		-
Randall E. Mehrberg	Deferred Compensation Plan	-	-	-		-
	Equity Deferral Plan	194,963	-	-		194,963
J. A. Bouknight, Jr.	Deferred Compensation Plan	937,075	-	250,458		2,877,825
	Equity Deferral Plan	194,963	-	-		194,963
Ralph A. LaRossa	Deferred Compensation Plan	-	-	-		-
	Equity Deferral Plan	183,313	-	-		183,313

(1) Amounts shown under Executive Contributions in Last Fiscal Year (2012) include 2012 salary and SMICP earned in 2012 and paid in February 2013 as shown in the Summary Compensation Table and performance share units vested at December 31, 2012 and paid in February 2013 as shown in the Option Exercises and Stock Vested Table; all of which are shown in this proxy statement.

(2) Includes amounts reported in the Summary Compensation Table in the current or prior-year proxy statements for the Deferred Compensation Plan and/or the Equity Deferral Plan as follows: Mr. Izzo $7,473,894 and $1,152,694, Ms. Dorsa $567,020, Mr. Mehrberg $194,963, Mr. Bouknight $2,084,538 and $194,963, and Mr. LaRossa $183,313. For Mr. Izzo and Mr. Bouknight, includes SMICP contributions of $1,535,400 and $391,590, respectively, earned in 2011 and paid in 2012 which were included in the 2011 Summary Compensation Table in our 2012 proxy statement.

Deferred Compensation Plan

Under the Deferred Compensation Plan, participants, including the NEOs, may elect to defer any portion of their cash compensation by making appropriate elections in the calendar year prior to the year in which the services giving rise to the compensation being deferred are rendered. A participant may change an election to defer compensation not later than the date that is the last date that an election to defer may be made.

At the same time he/she elects to defer compensation, the participant must make an election as to the timing and the form of distribution of that year's deferrals from his/her Deferred Compensation Plan account. For compensation deferred in 2011 and earlier or years distribution may commence (a) on the thirtieth day after the date he/she terminates employment or, in the alternative, (b) on January 15th of any calendar year following termination of employment elected by him/her, but in any event no later than the later of (i) the January of the year following the year of his/her 70th birthday or (ii) the January following termination of employment. Notwithstanding the forgoing, however, for NEOs and other specified employees, distribution of his/her account may not occur earlier than six months following the date of his/her termination of service. Participants may elect to receive the distribution of their Deferred Compensation account in the form of one lump-sum payment, annual distributions over a five-year period or annual distributions over a 10-year period.

With respect to compensation deferred in 2012 and future years, participants may elect to commence distribution of particular year's deferrals (a) six months following his/her termination of employment, or (b) a specified number of years following his/her termination from employment. Participants may elect to receive distribution of such deferrals under the Deferred Compensation Plan in the form of a lump-sum payment or annual distributions over a period of three to fifteen years.

Under the scheduled future date distribution feature, participants may elect to receive a specific plan year's deferral balance on a specified date as early as three years after the beginning of the year in which the deferrals are made. Distributions are paid in a lump sum within 90 days from the date elected regardless of whether the participant is employed by us on the payment date.

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Participants may change their distribution elections as to future year's deferrals. Participants may also make changes of their distribution elections with respect to prior years' deferrals provided that (a) any such new distribution election is made at least one year prior to the previously selected commencement date or (b) the new commencement date is at least five years later than the previously selected commencement date.

Amounts deferred under the Deferred Compensation Plan are credited with earnings based on (a) the performance of one or more of the pre-mixed lifestyle investment portfolio funds available to employees under our 401(k) plans (except the Company Stock fund and the Schwab Personal Choice Retirement Account) or (b) at the rate of Prime plus 1/2%, capped at 120% of the applicable federal long-term rate, in such percentages as selected by the participant. A participant who fails to provide a designation of investment funds will accrue earnings on his/her account at the rate of Prime plus 1/2%, capped at 120% of the applicable federal long-term rate. A participant may change his/her investment election on a daily basis.

For 2012, the one-year rates of return as of December 31, 2012 for the funds offered as computed by the recordkeeper of the Deferred Compensation Plan, were as follows:

Pre-Mixed Portfolios		**Target Retirement Funds**	
Conservative Portfolio	8.93%	Target Retirement Income	8.13%
Moderate Portfolio	12.03%	Target Retirement 2010	10.02%
Aggressive Portfolio	15.09%	Target Retirement 2015	11.27%
		Target Retirement 2020	12.25%
Funds		Target Retirement 2025	13.19%
Stable Value	2.56%	Target Retirement 2030	14.14%
Diversified Bond	4.82%	Target Retirement 2035	15.06%
Large Company Stock Index	15.89%	Target Retirement 2040	15.45%
Mid-Cap Index	15.94%	Target Retirement 2045	15.47%
Institutional Developed Markets Index	18.85%	Target Retirement 2050	15.48%
Small – Cap Index	18.18%	**Other**	
		Prime Plus 1/2%	3.00%

Equity Deferral Plan

Effective November 1, 2011, we established the Equity Deferral Plan. Participants may defer receipt of all or a portion of the shares of our Common Stock underlying future equity awards under the LTIP. Deferral elections must be made prior to the date that services giving rise to the awards are performed. The annual enrollment window for the 2012 plan year, covering the awards made in February 2012, commenced on November 1, 2011 and closed on November 30, 2011. In addition, during that initial enrollment period, participants were permitted to make a one-time election to defer the shares underlying their performance share units awards granted in 2010 or 2011. Deferral elections under the Equity Deferral Plan are irrevocable.

At the time a participant elects to defer he/she must make an election as to the timing of payment of the deferred shares. Distributions will be made in a lump sum. Distributions may commence (a) on a specified date occurring between the third anniversary and the fifteenth anniversary of the date that the shares otherwise would have been distributed to the participant (b) upon termination of employment, or (c) the earlier of (a) and (b). Notwithstanding the forgoing, however, for NEOs and other specified employees, distribution may not occur earlier than six months following the date of his/her termination of employment. Participants will receive shares on the applicable distribution date. We will hold the deferred shares in a Rabbi Trust. The dividends attributable to the deferred shares will be reinvested in Common Stock and distributed at the same time that the deferred shares are distributed to the participants. Participants are not permitted to direct the trustee of the Rabbi Trust to vote the deferred shares.

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POTENTIAL PAYMENTS UPON TERMINATION OF EMPLOYMENT OR CHANGE-IN-CONTROL

Mr. Izzo's severance agreement provides for certain benefits if he is terminated without "cause" (a willful failure to perform his duties) or resigns for "good reason" (a reduction in pay, position or authority) during the term of such agreement. He would be paid a benefit of two times base salary and target bonus, as well as a prorated payment of SMICP target incentive award for the year of termination. His welfare benefits would be continued for two years, unless he is sooner employed. Any unvested equity awards would be forfeited. The agreement provides that Mr. Izzo will be prohibited from competing with and from recruiting employees from us or our subsidiaries or affiliates, for certain periods after termination of employment. Violations of these provisions require a forfeiture of certain benefits.

Our Key Executive Severance Plan provides severance benefits to Ms. Dorsa and Messrs. Izzo, Levis, Mehrberg, Bouknight and LaRossa, and to certain of our other key executive-level employees whose employment is terminated without cause. Participants must agree to restrictive covenants including confidentiality, non-competition and non-solicitation.

Under our Key Executive Severance Plan, if any of Ms. Dorsa and Messrs. Izzo, Levis, Mehrberg, Bouknight and LaRossa is terminated without cause or resigns her or his employment for good reason within two years after a change-in-control, the individual will receive (1) a pro rata bonus based on her or his target annual incentive compensation, (2) three times the sum of her/his salary and target incentive bonus, (3) accelerated vesting of equity-based awards, except for performance share units, which vest pro rata, (4) a lump sum payment equal to the actuarial equivalent of her or his benefits under all of our retirement plans in which the individual participates calculated as though she or he remained employed for three years beyond the date employment is terminated less the actuarial equivalent of such benefits on the date employment terminates (reported in the table below as Enhanced Retirement Benefit), (5) three years continued welfare benefits (the first 18 months of which will be provided through PSEG-paid COBRA continuation coverage), (6) one year of PSEG-paid outplacement services and (7) vesting of any compensation previously deferred. Payments are limited to an amount that would not give rise to an excise tax liability under applicable IRS provisions, currently 2.99 times the individual's average W-2 compensation for the period. Amounts above that limit are forfeited. Potential payments are shown below in the Change-in-Control Termination Table.

Also under the Key Executive Severance Plan, Ms. Dorsa and Messrs. Levis, Mehrberg, Bouknight and LaRossa would be entitled to certain severance benefits in the event that their employment was terminated without cause other than in a change-in-control situation. In such event they would be entitled to 1.0 times their annual base salary plus their target bonus, as well as a prorated payment of their SMICP target incentive award for the year of termination and certain outplacement services, educational assistance, health care and life insurance coverage. The Key Executive Severance Plan further provides that any unvested equity awards would be accelerated or forfeited in accordance with the terms of the individual's grants under the LTIP and/or employment agreement.

If a termination without cause or for a reduction in force or reorganization had occurred on December 31, 2012, each of the NEOs would have received the following benefits:

Termination without Cause	Izzo ($)	Dorsa ($)	Levis ($)	Mehrberg ($)	Bouknight ($)	LaRossa ($)
Severance	4,410,000	1,003,000	962,500	926,500	874,500	800,250
Pro Rata Bonus (SMICP)	1,225,000	413,000	412,500	381,500	344,500	315,250
Unvested Stock Option Spread	-	-	-	-	-	-
Unvested Restricted Stock Spread and Unvested Restricted Stock Units Spread (1)	-	-	2,858,910	-	-	1,068,127
LTIP Performance Unit Payout(1)	-	-	-	-	-	979,673
Supplemental Plan Benefits(2)				3,069,000		
Health/Welfare Benefits	47,423	13,852	20,679	19,917	25,111	19,096
Outplacement	25,000	25,000	25,000	25,000	25,000	25,000
Education Assistance	3,000	3,000	3,000	3,000	3,000	3,000
Aggregate Payments	5,710,423	1,457,852	4,282,589	4,424,917	1,272,111	3,210,396

(1) Pursuant to the terms of Mr. Levis' employment agreement and Messrs. Levis' and LaRossa's respective retention awards, these amounts would have been payable only upon a termination without cause following a change in leadership.

(2) Pursuant to Mr. Mehrberg's employment agreement, he would have been deemed to be eligible for the additional limited benefits under the Supplemental Plan.

If a termination without cause or resignation with good reason had occurred on December 31, 2012 following a change-in-control, each of the NEOs would have received the following benefits:

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Change-in-Control Termination	Izzo ($)	Dorsa ($)	Levis ($)	Mehrberg ($)	Bouknight ($)	LaRossa ($)
Severance	6,615,000	3,009,000	2,887,500	2,779,500	2,623,500	2,400,750
Pro Rata Bonus (SMICP)	1,225,000	413,000	412,500	381,500	344,500	315,250
Unvested Stock Option Spread	-	-	-	-	3,402	-
Unvested Restricted Stock Spread and Unvested Restricted Stock Units Spread	4,817,461	1,162,772	3,752,402	778,132	704,324	1,761,246
LTIP Performance Unit Payout	3,418,144	626,839	626,839	552,146	497,729	1,472,600
Enhanced Retirement Benefit	5,353,000	4,590,000	3,085,000	3,001,000	187,000	1,572,000
Health/Welfare Benefits	71,135	46,628	67,663	66,448	82,931	61,586
Retiree Medical Increase[1]	-	-	-	-	-	213,000
Outplacement	25,000	25,000	25,000	25,000	25,000	25,000
Parachute Payments Forfeited	(9,465,111)	(7,561,972)	(2,793,404)	(3,992,902)	(3,128,830)	(3,652,814)
Aggregate Payments	12,059,629	2,311,267	8,063,500	3,590,824	1,339,556	4,168,618

(1) Represents amount Mr. LaRossa would receive because he is not yet retirement eligible.

No NEO would be eligible for any payments under the Key Executive Severance Plan, either prior to or following a change-in-control, if he/she voluntarily terminated his/her employment (other than for “good reason” as described above) or if his/her employment were terminated by us for “cause.”

If a NEO were to retire or his/her employment were terminated on account of death or disability, the Key Executive Severance Plan provides that such participant would be entitled to accrued pay through the date of termination and prorated payment of his/her target incentive award for the year of termination.

Change-in-control provisions under the Key Executive Severance Plan generally means the occurrence of any of the following events:

- Any person is or becomes the beneficial owner of our securities representing 25% or more of the combined voting power of our then outstanding securities; or
- A majority of the Board is replaced without approval of the current Board; or
- There is consummated a merger or consolidation of us, other than a merger or consolidation which would result in our voting securities outstanding immediately prior to such merger continuing to represent at least 75% of the combined voting power of the securities of us or such surviving entity immediately after such merger or consolidation; or
- Our stockholders approve a plan of complete liquidation or dissolution of us or there is consummated an agreement for the sale or disposition by us of all or substantially all of our assets.

For additional information regarding the provisions of LTIP awards, see Material Factors Concerning Awards Shown in Summary Compensation Table, Grants of Plan-Based Awards Table and Employment Agreements above.

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Proposal 3
APPROVAL OF THE AMENDMENT AND RESTATEMENT OF THE 2004 LONG-TERM INCENTIVE PLAN

There will be presented to the Annual Meeting a proposal to approve the amendment and restatement of our 2004 Long-Term Incentive Plan (LTIP). The LTIP is a broad-based equity compensation program that provides for grants of various long-term incentive compensation awards, such as qualified and non-qualified stock options, stock appreciation rights, performance shares, performance share units, restricted stock and restricted stock units to officers and other key employees of PSEG and its subsidiaries which was first submitted to and approved by stockholders at the 2004 Annual Meeting. An earlier long-term incentive compensation plan was approved by stockholders at the 2001 Annual Meeting.

The purposes of the LTIP are to attract and retain the best available personnel for positions of substantial responsibility within the PSEG family of companies; to motivate participants, by means of appropriate incentives, to achieve PSEG's long-range goals; to provide incentive compensation opportunities that are competitive with those of other similar companies; and to align participants' interests with those of PSEG's stockholders and thereby promote the long-term financial interest of PSEG and its subsidiaries, including the growth in value of PSEG's equity and enhancement of long-term stockholder return.

If the amendment and restatement of the LTIP is approved by stockholders at the Annual Meeting, its term will be extended until April 16, 2023. The term of the LTIP currently expires on April 20, 2014. The Board believes that the LTIP, which allows the use of multiple compensation vehicles, is desirable to reflect current compensation practices of the competitive market and to provide us with the flexibility needed to provide effective long-term incentive compensation to key employees. The Board believes that an appropriate equity-based long-term incentive compensation program plays an important role in promoting PSEG's long-term financial interest, enhancing long-term stockholder return and retaining the services of outstanding personnel. The Board has authorized the amendment and restatement of the LTIP and directed that it be submitted to stockholders for approval.

The key features of the LTIP, as amended and restated, are:

- The plan is administered by the O&CC, which is comprised solely of independent directors;
- The exercise price of any stock options that may be awarded under the LTIP may not be less than the fair market value of the Common Stock on the date of grant;
- There is a prohibition on the repricing of stock options without stockholder approval;
- No discounted stock options may be granted;
- No additional shares are being authorized, only those shares already currently available under the plan will be available for awards under the amended and restated LTIP;
- The amended and restated LTIP will have a 10-year life from the date of stockholder approval;
- There is a limit on full value share awards (restricted stock, restricted stock units, performance shares and performance share units);
- There is an annual limit on the number of stock awards that may be granted to any individual;
- Shares of stock and cash that may be granted to any individual are limited; and
- Performance goals are used for performance-based awards.

We believe that the amended and restated LTIP reflects current long-term compensation practices of competitive companies and affords PSEG flexibility in shaping appropriate long-term incentive compensation to retain existing employees and recruit employees in the competitive market.

The key changes from the current version of the LTIP made in the amended and restated LTIP are:

- The plan term will be extended beyond April 20, 2014 until the date that is ten years from the date of stockholder approval;
- The maximum number of shares subject to awards to any individual will be changed from a total of one million during any 36-month period to 500,000 during any calendar year;
- The post-employment termination period during which a retired employee may exercise a stock option grant will be extended from three to five years (but in no case beyond ten years from the date of grant); and

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- If, within 24 months following a change-in-control, a participant's employment is terminated without cause, all of his/her awards will vest in full (under the current LTIP, this period was 18 months).

No additional shares of Common Stock are being requested to be authorized for issuance under the amended and restated LTIP at this time. Only the 16,495,807 shares currently available under the LTIP (which amount gives effect to the payout to be made in February 2013 of earned performance share units and the grant in February 2013 of performance share units shown in the table below) will be available under the amended and restated plan.

The Board of Directors recommends a vote FOR the amendment and restatement of the LTIP.

The amended and restated LTIP is set forth in Appendix A. Its primary provisions are summarized below:

Administration. The amended and restated LTIP will be administered by the O&CC, which is comprised of non-employee directors, none of whom may receive any awards under the amended and restated LTIP. The O&CC will establish the terms and conditions of all awards that may be granted under the amended and restated LTIP, subject to certain limitations contained in the amended and restated LTIP.

Eligible Employees. The O&CC may grant long-term incentive awards to any employee of PSEG or its subsidiaries. In the past, the O&CC has granted long-term incentive awards in the form of stock options, restricted stock, restricted stock units and performance share units to those employees who have been identified as key contributors to PSEG's or its subsidiaries' success. Because stockholder approval is currently being sought for the amendment and restatement of the LTIP, certain of the annual long-term incentive grants made to NEOs in February 2013 were made subject to the stockholders' approval of the amended and restated LTIP. Under the amended and restated LTIP, no employee may receive an equity award of more than 500,000 shares during any calendar year or a cash award of $10,000,000 during any 36-month period. In February 2013, the most recent grant date for awards under the LTIP, 253 employees received grants of restricted stock units with respect to 325,280 shares of Common Stock and performance share units with respect to 420,625 shares of Common Stock.

Shares Available. As mentioned above, if the amendment and restatement of the LTIP is approved by stockholders, the approximately 16,495,807 million shares of Common Stock available for future grants under the current plan would remain available under the amended and restated LTIP. Approval of the amended and restated LTIP will not increase the number of shares currently available for use in long-term incentive compensation. As of February 20, 2013, grants of equity awards with respect to approximately 5,065,069 million shares of Common Stock remain outstanding under the LTIP and are subject to forfeiture and reissuance under the current plan, or if adopted by stockholders, the amended and restated LTIP. The amended and restated LTIP provides that no more than 50% of the shares available for awards may be used for restricted stock, restricted stock units, performance shares or performance share unit awards. The amended and restated LTIP also provides that no more than 1,000,000 shares may be granted as qualified stock options under Section 422 of the IRC.

Incentive Awards. The amended and restated LTIP permits grants of the following types of long-term incentive compensation vehicles: non-qualified stock options; performance shares; performance share units; restricted stock; incentive stock options; stock appreciation rights; stock units; and cash awards. These may briefly be described as follows:

- Non-Qualified Stock Options: an option to purchase a specified number of shares in the future at a specified price. The term of any option may not exceed 10 years. The per share option price may not be less than the fair market value of the Common Stock on the date of the grant. Once granted and except as a result of changes of PSEG's capitalization, the O&CC may not reduce the per share option price of an outstanding option, or cancel options and replace them with new options at a lower price, without stockholder approval.
- Performance Shares: a right to receive Common Stock in the future, dependent upon achieving performance goals and satisfaction of such restrictions and conditions as may be established by the O&CC.
- Performance Share Units: a grant of a Stock Unit which is contingent on the achievement of performance goals and satisfaction of such restrictions and conditions as may be established by the O&CC.
- Restricted Stock: a grant of shares of Common Stock which is subject to limitations on transfer and a risk of forfeiture based on a vesting period and/or achievement of performance measures, as determined by the O&CC. A participant receiving such a grant would be the beneficial owner of such shares of Common Stock, with the right to receive dividends and to vote.
- Incentive Stock Options: stock options that meet the requirements of Section 422 of the IRC.
- Stock Appreciation Rights: a right to receive shares of Common Stock or cash, as determined by the O&CC, equal to the appreciation in value, if any, in the Common Stock between the date of grant and a future exercise date.
- Stock Units: a right to receive shares of Common Stock or cash in lieu of such stock in the future.
- Cash Awards: an award of cash, either outright, based on performance measures, or as payment of one of the above types of awards based upon the value of a certain number of shares of Common Stock.

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Performance Measures. The O&CC may establish performance measures to determine whether an award is earned or granted, and to determine the size of the award. Any performance measures would be based upon one or more of the following metrics: total shareholder return; return on equity; revenue; earnings before interest, taxes, depreciation and amortization (EBITDA); operating income; pre-tax or after-tax income; cash flow; cash flow per share; net earnings; earnings per share; return on invested capital; return on invested assets; economic value added; share price performance; improvement in or attainment of expense levels; improvement in or attainment of working capital levels; safety performance; Occupational Health and Safety Administration (OSHA) recordable rate; lost time accident rate; forced outage rate; nuclear capacity factor; Institute of Nuclear Power Operations (INPO) rating; availability factor; customer average interruption duration index (CAIDI); system average interruption frequency index (SAIFI); leak rate per mile; as determined on a grant specific basis by the O&CC.

U. S. Federal Income Tax Consequences. The grant of a non-qualified stock option would not result in income for a grantee or in a deduction for PSEG. However, the exercise of a non-qualified stock option would result in ordinary income for the grantee and a deduction for PSEG measured by the difference between the option price and the fair market value of the shares received at the time of exercise. Income tax withholding would be required.

With respect to other performance awards under the amended and restated LTIP, the employee who receives such an award must recognize ordinary (compensation) income at the time the stock or cash is received at the end of the performance period. If stock is awarded to an employee, the employee must recognize ordinary (compensation) income equal to the fair market value of the stock received. If the award is paid in cash, the employee must recognize ordinary (compensation) income equal to the amount of cash received. PSEG will be entitled to a deduction as a business expense in an equal amount subject to applicable IRS limits. Income tax withholding would be required.

Generally, an employee who receives shares of restricted stock will not be taxed on the grant until the applicable restrictions expire since there is a substantial risk of forfeiture of the stock. When the restrictions expire, the employee will be taxed on the then current value of the stock at ordinary tax rates and PSEG will be entitled to a deduction as a business expense in an equal amount. Dividends paid on restricted stock are considered compensation and are taxable to the employee at ordinary income tax rates and PSEG will be entitled to a deduction as a business expense in an equal amount.

Neither the grant nor exercise of an incentive stock option results in taxable income to the grantee or in a deduction as a business expense for PSEG. However, the spread between the exercise price of the incentive stock option and its fair market value constitutes an item of adjustment to the grantee for alternative minimum tax purposes. Subsequent qualifying transfers of stock acquired through the exercise of incentive stock options are taxed at capital gains rates. PSEG will not be entitled to a tax deduction at the time of transfer.

The grant of a stock appreciation right would not result in income for a grantee or in a deduction for PSEG. However, the exercise of a stock appreciation right would result in ordinary income for the grantee and a deduction for PSEG measured by the fair market value of and stock and/or cash received at the time of exercise. Income tax withholding would be required.

Other Information. The Board may amend the amended and restated LTIP as deemed appropriate, except that the Board may not, without further approval of stockholders, (a) increase the total number of shares of Common Stock which may be issued pursuant to awards made under the plan, (b) increase the maximum number of shares that may be issued as awards to any individual, or (c) change the class of individuals eligible for awards. In addition, if the Securities Exchange Act of 1934, as amended (1934 Act) or NYSE rules requires PSEG to obtain stockholder approval of a plan change, then such approval will be sought. Awards are not assignable or transferable except in limited circumstances upon death. PSEG has filed a registration statement under the Securities Act of 1933 as amended (1933 Act) with respect to the shares to be issued under the LTIP.

In February 2013, the O&CC granted 253 employees awards of restricted stock units with respect to 325,280 shares and performance share units with respect to 420,625 shares. These award amounts were designed to reflect the median of the market of PSEG's peer group. The grants to Messrs. Izzo, Levis, Mehrberg, Bouknight and LaRossa, with respect to 174,200 performance share units were made contingent upon stockholder approval of the amended and restated LTIP, in order for payment of these performance-based the awards to qualify for a tax deduction under section 162(m) of the IRC. If the stockholders do not approve the amendment and restatement of the LTIP, these grants will be voided. The O&CC has not granted any stock options under the LTIP since 2009.

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The following table provides information regarding award grants made by the O&CC in February 2013. The restricted stock units are subject to a three-year cliff vesting schedule and the performance share units are subject to achievement of stated performance goals for a performance period beginning on January 1, 2013 and ending on December 31, 2015. As noted above, the performance share unit award grants to Messrs. Izzo, Levis, Mehrberg, Bouknight and LaRossa, will be voided if stockholders do not approve the amendment and restatement of the LTIP.

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Name and Position	Restricted Stock Units (#)	Performance Share Units (#)
Ralph Izzo, Chairman, President and CEO - PSEG	72,900	105,550[1]
Caroline Dorsa, Executive Vice President and CFO - PSEG	15,300	22,100
William Levis, President and COO - Power	14,000	51,000[1]
Randall E. Mehrberg, President and COO - Energy Holdings	11,800	17,050[1]
J. A. Bouknight, Jr., Executive Vice President and General Counsel - PSEG	10,800	15,650[1]
Ralph A. LaRossa, President and COO - PSE&G	10,800	15,650[1]
All Executive Officers as a Group (7)	139,600	230,850
All Non-Employee Directors and Nominees as a Group	-	-
All Non-Executive Employees as a Group (247)	185,680	189,775

(1) Contingent upon stockholder approval of the amended and restated LTIP, except with respect to 30,700 performance share units granted to Mr. Levis.

The Board of Directors recommends a vote FOR this proposal.

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Proposal 4
APPROVAL OF THE AMENDMENT AND RESTATEMENT OF THE EMPLOYEE STOCK PURCHASE PLAN

There will be presented to the Annual Meeting a proposal to approve the amendment and restatement of PSEG's Employee Stock Purchase Plan (ESPP). The ESPP is a stock purchase program that provides a convenient method for employees of PSEG and its subsidiaries to purchase shares of PSEG's Common Stock through payroll deductions. The ESPP has been in effect since 1986 when PSE&G's stockholders approved the acquisition of all of PSE&G's outstanding common stock by PSEG and PSEG adopted the then-existing PSE&G employee stock purchase plan. PSE&G's employee stock purchase plan had been originally adopted in 1977 and the ESPP has continuously been made available to employees since that time.

The purposes of the ESPP are to better align the interests of employees and stockholders by providing employees with a convenient way to make regular investments in shares of PSEG Common Stock and thereby promote the long-term financial interest of PSEG and its subsidiaries, including the growth in value of PSEG's equity and enhancement of long-term stockholder return. In addition, the ESPP serves as a way to attract and retain qualified personnel by providing an additional compensation opportunity in the form of a purchase discount from the market price of the Common Stock. In the present version of the ESPP, participating employees receive a 5% discount from the then current market price of the Common Stock when shares are purchased with employee contributions and reinvested dividends.

The key changes from the present version of the ESPP made in the amended and restated ESPP are:

- Non-union employees will be able to participate from date of hire and will no longer have to wait one year before enrolling in the plan;
- The purchase price discount for contributions by non-union employees will be increased to 10%;
- The ESPP's administrator, the O&CC, will be conferred authority to change the applicable plan purchase price discounts without the need for further Board approval, as long as any such discount authorized does not exceed 15%;
- The O&CC will also be conferred authority to change the record keeper of the ESPP without the need for further Board approval; and
- Certain administrative changes will be made to the ESPP to, among other things, (i) ease the processes for enrolling in the plan and disposing of shares of Common Stock acquired through the plan, (ii) revise the frequency of stock purchases under the plan from the current monthly to quarterly, (iii) give participants an option to opt out of reinvesting dividends and (iv) clarify other administrative protocols.

No additional new issue shares of Common Stock are being requested to be authorized for issuance under the amended and restated ESPP at this time. Only the 3.6 million new issue shares currently available under the ESPP will be available under the amended and restated plan. This numerical limitation on shares does not apply to any shares purchased for the plan by an independent agent on the open market.

The Board believes that the ESPP, which facilitates employee share ownership, is desirable to promote a commonality of interests between employees and stockholders and is an appropriate element of PSEG's employee compensation practices. The Board further believes that an employee stock purchase program can also play an important role in promoting PSEG's long-term financial interest and in retaining the long-term commitment of outstanding personnel. The Board has authorized the amendment and restatement of the ESPP and directed that it be submitted to stockholders for approval.

The key features of the ESPP, as amended and restated, are:

- The plan is administered by the O&CC which is comprised solely of independent directors;
- All eligible employees of those PSEG's subsidiary companies which have elected to participate in the ESPP (each, an Employer) may enroll in the amended and restated ESPP. At February 15, 2013, 2,418 of 10,052 eligible employees participated in the ESPP;
- Represented employees over age 18 may enroll in the amended and restated ESPP at any time following the completion of one year of service;
- Non-represented employees over age 18 may enroll in the amended and restated ESPP at any time following commencement of employment;
- Except in limited circumstances, all participant contributions to the amended and restated ESPP will be through payroll deduction and, in no case, may a participant's total contributions in any calendar year exceed 10% of that participant's base pay in such year;

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- The discount received by a participant with respect to stock purchases pursuant to the terms of the amended and restated ESPP, as well as any broker fees paid by Employers for stock purchases under the plan will be taxable to participants as ordinary income and deductible by their respective Employers as a compensation expense;
- Employers will arrange for the withholding of proper tax amounts and will include all information with respect to income and taxes resulting from plan transactions on each participant's IRS Form W-2;
- The record keeper will provide participants with quarterly statements of their activities in the amended and restated ESPP;
- The purchase price discount applicable to stock purchases made pursuant to the terms of the amended and restated ESPP for contributions by represented employees will be 5%;
- The purchase price discount applicable to stock purchases made pursuant to the terms of the amended and restated ESPP for contributions by non-represented employees will be 10%;
- The purchase price discount applicable to purchases made pursuant to the terms of the amended and restated ESPP for reinvested dividends for participants will be 5%;
- The O&CC will be authorized to increase the purchase price discount for participants to as much as 15% without the need for prior Board approval;
- Shares sold pursuant to the amended and restated ESPP may, at PSEG's sole discretion, be acquired directly from PSEG or purchased on the open market through an independent agent;
- All recent ESPP share purchases have been made on the open market through an independent agent and PSEG currently intends to continue open market purchases;
- No participant may require the plan or PSEG to repurchase any shares acquired pursuant to the terms of the ESPP;
- Except in limited circumstances, any shares acquired by participants pursuant to the terms of the amended and restated ESPP must be held for at least three months from purchase date before being sold or otherwise disposed;
- No additional new issue shares are being requested to be authorized for sale pursuant to the amended and restated ESPP, only those new issue shares already currently available under the plan, 3.6 million shares, will be available for future sale under the amended and restated ESPP;
- Participants will have full rights of ownership of shares purchased pursuant to the terms of the amended and restated ESPP, including the right to receive dividends and the right to vote their shares on matters brought for stockholder approval; and
- Dividends on shares acquired by participants pursuant to the terms of the amended and restated ESPP will be reinvested in new shares unless the participant elects not to reinvest dividends.

The amended and restated ESPP is comparable to similar plans of competitive companies and affords PSEG flexibility in shaping appropriate compensation opportunities to assist it in retaining employees and recruiting employees in the competitive market.

The Board of Directors recommends a vote FOR the amendment and restatement of the ESPP.

The amended and restated ESPP is set forth in Appendix B. Its primary provisions are summarized below:

Administration. The amended and restated ESPP will be administered by the O&CC, which is comprised of non-employee directors, none of whom may purchase any shares pursuant to the plan. In its discretion, the O&CC may change the record keeper of the plan and may change the discount applicable to participant purchases under the plan, as long as such discount does not exceed 15%.

Eligible Employees. The amended and restated ESPP is open to active employees who, at the time of enrollment, have attained age 18 and, for represented employees, have been in the employ of an Employer for more than one year. As of February 15, 2013, 2,418 employees participated in the plan out of 10,052 employees eligible to participate.

Shares Available. As mentioned above, if the amendment and restatement of the ESPP is approved by stockholders, the approximately 3.6 million shares of new issue Common Stock available for future purchases under the present plan would remain available under the amended and restated ESPP. This numerical limitation on shares does not apply to any shares purchased by an independent agent on the open market. Approval of the amended and restated ESPP will not increase the number of new issue shares currently available for sale pursuant to the terms of the plan. It has been recent PSEG practice to purchase all shares for the plan in the open market through an independent agent and not to use new issue shares for such purpose. As of February 15, 2013, the ESPP held approximately 1.18 million shares of Common Stock for the accounts of 2,418 participants.

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U. S. Federal Income Tax Consequences. For purposes of Federal income and social security taxes and state income taxes, each participant in the ESPP will be treated as receiving compensation on each date shares are purchased for such participant's account in an amount equal to the sum of (a) the applicable discount from the weighted average price on the shares purchased for the participant's account during such period, including both the shares purchased through payroll deductions and those purchased through the reinvestment of dividends, and (b) any brokerage commissions on the purchase of such shares. As required by applicable law, each participant's respective Employer will withhold from such participant's pay the appropriate amount of withholding taxes attributable to such compensation and will include such compensation on the participant's Form W-2 for the year.

For purposes of Federal and state income taxes, each participant will also be treated as receiving income on each dividend payment date (ordinarily, the last business day of March, June, September and December) equal to the dividends on the shares held for the participant's account under the ESPP, even if dividends are reinvested in additional shares.

The participant's tax basis in shares purchased under the ESPP will equal 100% of the weighted average price of the stock acquired in the investment period plus any applicable brokerage commissions.

A participant's holding period for shares acquired through the ESPP will begin on the day following the date shares are purchased for such participant's account.

A participant, who, upon withdrawal or termination from the ESPP, receives a cash adjustment for a fraction of a share credited to his or her account, will realize a gain or loss with respect to such fraction. Gain or loss will also be realized by a participant who sells shares that have been withdrawn from the plan. The amount of such gain or loss will be the difference between the amount which the participant receives for his or her shares or fraction of a share and his or her tax basis therefor.

The amount of the applicable discount and of the brokerage commissions on all purchases of shares purchased under the ESPP will constitute an allowable Federal income tax expense to each participant's respective Employer.

The ESPP is not qualified under Section 401(a) of the IRC.

Effective Date. If approved by stockholders, the amendment and restatement of the ESPP will become effective on July 1, 2013. If it is not approved, the present version of the plan will remain in operation.

Other Information. Although the ESPP is of indefinite duration, PSEG reserves the right to amend, modify or terminate the ESPP at any time, in its sole discretion. PSEG also retains the right to change the record keeper and/or any independent agent at its sole discretion. The Board may amend the amended and restated ESPP as deemed appropriate, except that the Board may not, without further approval of stockholders, (a) increase the total number of new issue shares of Common Stock which may be issued pursuant to the terms of the plan, (b) increase the maximum discount on share purchases pursuant to the terms of the plan beyond 15%, or (c) change the class of individuals eligible to participate in the plan. In addition, if the 1934 Act or NYSE rules require PSEG to obtain stockholder approval of a plan change, then such approval will be sought. The plan authorizes the O&CC to change the discount applicable to purchases under the plan, but any such approved discount may not exceed 15%.

Shares held in the plan are not assignable or transferable except in limited circumstances upon death. Shares acquired through the amended and restated ESPP must be held by the participant for at least three months before they may be sold.

While the amended and restated ESPP does not place restrictions on resale's of Common Stock acquired thereunder, shares of Common Stock acquired by an "affiliate," as that term is defined in Rule 405 under the 1933 Act, may only be resold pursuant to the registration requirements of the 1933 Act or an appropriate exemption therefrom. PSEG has filed a registration statement under the 1933 Act with respect to the shares to be issued under the ESPP. Acquisitions of shares of Common Stock and dispositions of shares of Common Stock by an officer or director, as defined under the rules promulgated under Section 16 of the 1934 Act, of PSEG within any six-month period may give rise to the right of PSEG to recapture any profit from such transactions pursuant to Section 16(b) of the 1934 Act.

Currently, none of our NEOs participates in the ESPP.

The Board of Directors recommends a vote FOR this proposal.

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Proposal 5
RATIFICATION OF THE APPOINTMENT OF INDEPENDENT AUDITOR

The Audit Committee of the Board, each member of which is independent, has appointed Deloitte & Touche LLP of Parsippany, New Jersey, as independent auditor to make the annual audit of our books of account and supporting records for 2013, subject to the ratification of the stockholders at the Annual Meeting. As recommended by the Board, we ask you to ratify this appointment.

Representatives of Deloitte & Touche LLP will be present at the Annual Meeting and will be afforded an opportunity to make a statement if they so desire and to respond to appropriate questions.

The Board Of Directors Recommends A Vote "For" This Proposal.

AUDIT COMMITTEE REPORT

The Audit Committee of the PSEG Board of Directors is comprised solely of independent directors. It operates under a written charter adopted by the PSEG Board of Directors which is posted on PSEG's website, www.pseg.com/info/investors/governance/committees.jsp. The Audit Committee Charter is annually reviewed and assessed for adequacy by the PSEG Audit Committee.

Management is responsible for PSEG's financial statements and internal controls. The Independent Registered Public Accountant of PSEG, Deloitte & Touche LLP, reports directly to the PSEG Audit Committee and is responsible for performing an independent audit of PSEG's annual consolidated financial statements in accordance with the standards of Public Company Accounting Oversight Board (PCAOB) (U.S.) and on PSEG's internal controls and for issuing reports thereon. The Audit Committee's overall responsibility is to assist the PSEG Board of Directors in overseeing the quality and integrity of the accounting, auditing and financial reporting practices.

Management has represented to the Audit Committee that PSEG's Consolidated Financial Statements were prepared in accordance with accounting principles generally accepted in the United States (GAAP). In performance of its responsibilities, the Audit Committee has reviewed PSEG's Consolidated Financial Statements for the year ended December 31, 2012 and discussed these financial statements with management, the internal auditors and the independent auditor. The Audit Committee periodically meets privately with the Chief Financial Officer, the General Counsel, and the internal auditors and with the independent auditor. At all of its meetings (except those held telephonically) the Audit Committee meets in executive session with only Audit Committee members present. The Audit Committee discussed with the independent auditor:

- PSEG's critical accounting policies;
- New accounting standards and policies affecting PSEG;
- That there were no disagreements with management over the application of accounting principles;
- Significant accounting estimates made by management and the disclosures in the financial statements;
- Accounting and reporting for significant transactions; and
- The other matters required to be discussed by the Statement on Auditing Standards No. 61, as amended (AU section 380) as adopted by the PCAOB in Rule 3200T.

The independent auditor also provided to the Audit Committee the written disclosures required by the PCAOB's standards in PCAOB Rule 3526 and current SEC requirements for auditor independence. The Audit Committee discussed with the independent auditor the firm's independence with respect to PSEG, internal quality control procedures, and any material issues raised and any steps taken to deal with such issues by the most recent internal quality control review, peer review or by any inquiry or investigation by governmental or professional authorities within the preceding five years, with respect to one or more independent audits carried out by the firm. The Audit Committee has also reviewed the requirements of the Sarbanes-Oxley Act of 2002 with respect to auditor independence and has defined the amount and scope of services that may be performed by Deloitte & Touche LLP consistent with maintaining that firm's independence. The Audit Committee requires that all services of Deloitte & Touche LLP be pre-approved by the Audit Committee or the Audit Committee Chair. The Audit Committee has considered whether the independent auditor's provision of non-audit services to PSEG and the total fees paid for non-audit services relative to fees paid for audit services are compatible with maintaining the independent auditor's independence. On the basis of its review, the Audit Committee determined that the independent auditor has the requisite independence.

Based on the Audit Committee's discussions with management, the internal auditors and the independent auditor, the Audit Committee's review of the audited financial statements, the representations of management to the independent auditor regarding the audited financial statements and the independent auditor's report to the Audit Committee, the Audit Committee recommended to the Board of Directors that

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the audited financial statements be included in PSEG's Annual Report on Form 10-K for the fiscal year ended December 31, 2012, for filing with the SEC.

Members of the Audit Committee:

David Lilley, Chair
Albert R. Gamper, Jr.
Thomas A. Renyi
Hak Cheol Shin
Susan Tomasky

February 18, 2013

FEES BILLED BY DELOITTE & TOUCHE LLP FOR 2012 AND 2011

The appointment, termination, compensation and oversight of the work of the Independent Registered Public Accountants, Deloitte & Touche LLP, is the direct responsibility of the Audit Committee of our Board, which reviews its independence, the services provided and its fees, as well as peer review reports of its performance. All fees paid to Deloitte & Touche LLP, the member firms of Deloitte Touche Tohmatsu and their respective affiliates (collectively, Deloitte & Touche) for all services, audit and non-audit, provided to us and our subsidiaries are pre-approved by the Audit Committee or its Chair.

	Years ended December 31,	
	2012 ($)	2011 ($)
Audit Fees[1]	6,450,000	5,731,700
Audit Related Fees[2]	47,400	47,400
Tax Fees[3]	348,392	768,781
All Other Fees[4]	-	-

(1) The audit fees were incurred for audits of our annual consolidated financial statements and our subsidiaries, including our Annual Reports on Form 10-K, reviews of financial statements included in our quarterly reports on Form 10-Q and for services rendered in connection with certain financing transactions, statutory and regulatory filings and fees for accounting consultations related to the application of new accounting standards and rules.

(2) The audit related fees primarily related to performing certain attest services.

(3) The tax fees primarily relate to tax compliance and tax advice.

(4) There were no fees other than the above.

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Proposal 6
STOCKHOLDER PROPOSAL ON SIMPLE MAJORITY VOTE

The following proposal was submitted on October 22, 2012, by William Steiner, 112 Abbottsford Gate, Piermont, NY 10968, who is the owner of at least 11,000 shares of our Common Stock in accordance with applicable SEC rules. The proposal is printed exactly as it was submitted:

Proposal 6 — Simple Majority Vote Right

RESOLVED, Shareholders request that our board take the steps necessary so that each voting requirement in our charter and bylaws that calls for a greater than simple majority vote be eliminated. And then be replaced by a requirement of a majority of the votes cast for and against the proposal, or a simple majority in compliance with applicable laws. If necessary this means the closest standard to a majority of the votes cast for and against such proposals consistent with applicable laws.

Shareowners are willing to pay a premium for shares of corporations that have excellent corporate governance. Supermajority voting requirements have been found to be one of six entrenching mechanisms that are negatively related to company performance according to "What Matters in Corporate Governance" by Lucien Bebchuk, Alma Cohen and Allen Ferrell of the Harvard Law School.

This proposal topic won from 74% to 88% support at Weyerhaeuser, Alcoa, Waste Management, Goldman Sachs, FirstEnergy, McGraw-Hill and Macy's. The proponents of these proposals included James McRitchie and Ray T. Chevedden.

Currently a 1%-minority can frustrate the will of our 79%-shareholder majority. Supermajority requirements are arguably most often used to block initiatives supported by most shareowners but opposed by management.

This proposal should also be evaluated in the context of our Company's overall corporate governance as reported in 2012:

GMI/The Corporate Library, an independent investment research firm, rated our company "C" due to concerns related to director qualifications and executive pay. CEO Ralph Izzo's $1.7 million change in pension value and non-qualified deferred earnings were well over his base salary. This was also true for two of our other highest paid executives, CFO Caroline Dorsa and President Ralph LaRossa. Because such pay was not tied directly to company performance, it is difficult to justify in terms of shareholder value. Furthermore, long-term incentive pay continued to include restricted stock units that simply vested over time. GMI said that equity pay should have performance-vesting criteria to align with shareholder interests. Although long-term incentive pay included performance share units, some concerns included: performance was measured over three-years, portions tied to relative Total Shareholder Return vest 100% at median performance and payouts could be cash-based.

Five of our directors were long-tenured with 11 to 18 years of tenure and such tenure erodes director independence. And two of these directors were beyond age 70.

Shirley Ann Jackson (11-years tenure) and Richard Swift (18-years tenure) received our highest negative votes and were potentially over-extended with seats on 5 major boards each. Ms. Jackson continued her typical pattern of receiving among the highest negative votes at companies where she is a director. Plus these directors controlled 3 seats on our most important board committees. Albert Gamper had 12-years tenure to erode his independence and was our Lead Director.

Please encourage our board to respond positively to this proposal to strengthen our corporate governance:

Simple Majority Vote Right — Proposal 6

The Board of Directors recommends a vote AGAINST the adoption of this proposal for the following reasons:

The Board recommends a vote against this proposal because it believes that the supermajority voting requirements under the Company's Amended Certificate of Incorporation and Bylaws (collectively, governance documents) are appropriate and necessary. Under the Company's existing governance documents, a simple majority vote already applies to most matters submitted for stockholder approval. More than a simple majority is only required in a few, but important, matters of corporate structure and governance, which include: (i) certain mergers and other business combinations; (ii) the removal of a director without cause; (iii) certain amendments to the By-laws; (iv) the

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requirements for number, election and terms of directors; (v) provisions for the submission of candidates to the Board by stockholders; and (vi) provisions allowing amendments to the By-Laws to be adopted or new By-Laws enacted by a majority vote of the directors present at any meeting at which there is a quorum. As explained in further detail below, the Board believes that requiring a higher voting threshold in limited circumstances where the Company faces fundamental governance and structural change protects the long-term interests of the company and its stockholders.

Broad Stockholder Support. New Jersey law permits supermajority voting requirements and a number of publicly-traded companies have adopted these provisions to preserve and maximize long-term value for all stockholders. The Board believes that changes to certain fundamental provisions of the governance documents should have the support of a broad consensus of the Company's stockholders rather than a simple majority. For this reason, our current provisions allow for broad stockholder representation by giving minority stockholders the ability to defeat proposed extraordinary transactions. Without these provisions, it would be possible for a group of short-term stockholders to approve a transaction that could negatively impact the long-term interests of stockholders, even if opposed by nearly half of the Company's stockholders.

Fiduciary Duties. Further, the Board has fiduciary duties under the law to act in a manner that it believes to be in the best interests of the Company and its stockholders. Stockholders, on the other hand, do not have the same fiduciary duties. As a result, a group of stockholders may act in their own self-interests to the detriment of other stockholders. Accordingly, the supermajority voting standards help protect the long-term interests of the Company and all stockholders.

Protection Against Unsolicited Takeover Proposals. Our voting provisions may further protect the Company's stockholders by encouraging persons making unsolicited takeover proposals to negotiate directly with the Board. Nine of the Company's Board members are independent under the standards adopted by the NYSE. Considering the Board's overall independence and its aforementioned fiduciary duty, the Company believes that the Board is in the best position to evaluate the adequacy and fairness of proposed offers, to negotiate the best possible transaction on behalf of all stockholders and to protect stockholders against abusive takeover tactics. These provisions are not intended to, and do not, preclude unsolicited, non-abusive offers to acquire the Company at a fair price.

Corporate Governance. The proponent contends that an affirmative vote of this proposal would serve as a means of strengthening the Company's corporate governance. However, the Board does not believe that implementation of this proposal would enhance the Company's governance practices. Our Corporate Governance Committee regularly considers and evaluates corporate governance developments and recommends changes to the Board. As discussed in this Proxy Statement, the Board operates under corporate governance principles and practices that are designed to maximize long-term value for all stockholders, align the interests of the Board and executive officers with those of our stockholders and promote high ethical conduct among our Directors and employees. Additionally, the Company's governance policies and practices comply with all of the NYSE and SEC corporate governance standards.

Furthermore, and significantly, we already provide for a majority vote regarding the election of directors. A vote in favor of this proposal is not necessary in order for our stockholders to have the benefit of that provision.

It is important to note that stockholder approval of this proposal would not in itself remove the current voting standards. In order to change the current standards under our governance documents, the Board must first propose amendments to the Company's governance documents. The amendments must then be approved by stockholders in accordance with the applicable provisions of our governance documents.

After careful consideration, the Board has determined that retention of the few supermajority voting requirements remains in the long-term best interests of the Company and its stockholders. The Board believes that the supermajority provisions represent prudent corporate governance and protects the interests of all stockholders.

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Appendix A
AMENDED AND RESTATED 2004 LONG-TERM INCENTIVE PLAN

Public Service Enterprise Group Incorporated

2004 Long-Term Incentive Plan

Amended and Restated as of April 16, 2013

1. Purposes.

The purposes of the Public Service Enterprise Group Incorporated 2004 Long-Term Incentive Plan ("Plan") are to promote the growth and profitability of the Company and its Subsidiaries by enabling them to attract and retain the best available personnel for positions of substantial responsibility; to motivate Participants, by means of appropriate incentives, to achieve long-range goals; to provide incentive compensation opportunities that are competitive with those of other similar companies; and to align Participants' interests with those of the Company's shareholders and thereby promote the long-term financial interest of the Company and its Subsidiaries, including the growth in value of the Company's equity and enhancement of long-term shareholder return.

2. Effective Date.

The Plan was effective as of April 20, 2004 and had a term of ten years from its effective date. The Plan was amended effective as of December 1, 2009 to change the provisions of Subsection 8(b) regarding option vesting following a Change in Control.

The Plan is being amended and restated effective as of April 16, 2013 (the "Effective Date") and shall have a term of ten years from the Effective Date, provided that shareholder approval is received on such date. Shareholder approval of the amendment and restatement of the Plan is needed to comply with Code section 162(m).

With respect to Awards granted prior to the Effective Date, the terms of the Plan in effect as of the grant date shall apply. On and after the Effective Date, Options or other awards shall be granted under the terms of the 2013 amendment and restatement. In the event of Plan termination or expiration, any then-outstanding Award shall remain in effect pursuant to the terms of its Award Grant.

3. Definitions.

Capitalized terms used in this Plan have the meanings specified in this Section 3:

"Award" means a grant to a Participant of Options, Stock Appreciation Rights, Restricted Stock, Stock Units, Performance Shares, Performance Share Units, Cash Awards or any combination thereof.

"Award Grant" means the written notification or agreement confirming an Award and setting forth the terms and conditions thereof.

"Board of Directors" means the Board of Directors of the Company and, when used in the context of actions taken or authorized to be taken by the Board of Directors, means valid actions taken by not less than a quorum of the whole Board of Directors of the Company.

"Cash Award" means the right to receive a Performance Award denominated in cash with the eventual payment amount subject to achievement of goals relating to specified Performance Measures and subject to such other restrictions and conditions as may be established by the Committee.

"Cause" means an act of dishonesty, moral turpitude or an intentional or grossly negligent act, in each case, detrimental to the best interests of the Company or a Subsidiary, including violation of the Company's Standards of Integrity, as determined by the Committee in its sole discretion, and as may be further defined in the Award Grants.

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"Change in Control" means the occurrence of any of the following events:

(1) any "Person" (within the meaning of Section 13(d) of the Exchange Act) is or becomes the beneficial owner within the meaning of Rule l3d-3 under the Exchange Act (a "Beneficial Owner"), directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its affiliates) representing 25% or more of the combined voting power of the Company's then outstanding securities, excluding any Person who becomes such a Beneficial Owner in connection with a transaction described in clause (A) of paragraph (3) below; or

(2) the following individuals cease for any reason to constitute a majority of the number of directors then serving: individuals who, on April 17, 2013, constitute the Board of Directors and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not

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limited to a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board of Directors or nomination for election by the Company's shareholders was approved or recommended by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on April 17, 2013 or whose appointment, election or nomination for election was previously so approved or recommended; or

(3) there is consummated a merger or consolidation of the Company or any direct or indirect wholly owned Subsidiary of the Company with any other corporation, other than (A) a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof), in combination with the ownership of any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any Subsidiary, at least 75% of the combined voting power of the securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation, or (B) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 25% or more of the combined voting power of the Company's then-outstanding securities; or

(4) the shareholders of the Company approve a plan of complete liquidation or dissolution of the Company or there is consummated an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least 75% of the combined voting power of the voting securities of which is owned by shareholders of the Company in substantially the same proportions as their ownership of the Company immediately prior to such sale.

Notwithstanding the foregoing subparagraphs (1), (2), (3) and (4), a "Change in Control" shall not be deemed to have occurred by virtue of the consummation of any transaction or series of integrated transactions immediately following which the record holders of the Common Stock immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of the Company immediately following such transaction or series of transactions.

"Code" means the Internal Revenue Code of 1986, as amended, and shall be deemed to include all official guidance issued thereunder.

"Committee" means the Organization and Compensation Committee of the Board of Directors described in Section 4, or any committee or other person or persons designated by the Board of Directors as successor to the powers and duties of the Organization and Compensation Committee as described in Section 4.

"Common Stock" means the Company's authorized Common Stock, no par value, except as this definition may be modified as provided in Section 13.

"Company" means Public Service Enterprise Group Incorporated, a New Jersey corporation, or any successor thereto.

"Covered Employee" means a person defined as such in Code section 162(m)(3) and regulations and other guidance thereunder.

"Date of Termination" means the first day occurring on or after the date of grant of an Award on which the Participant is not performing services as an Employee for the Company or any Subsidiary, regardless of the reason for cessation of services; provided that a cessation of services shall not be deemed to occur by reason of a transfer of a Participant between the Company and a Subsidiary or between two Subsidiaries; and further provided that a Participant's services shall not be considered terminated while the Participant is on an approved leave of absence from the Company or a Subsidiary. Unless determined otherwise by the Committee, if, as a result of a sale or other transaction, the organization for which a Participant is performing services as an Employee ceases to be the Company or a Subsidiary and the Participant is not, at the end of the 30-day period following the transaction, performing services as an Employee for the Company or an organization that is then a Subsidiary, then the occurrence of such transaction shall be treated as the Participant's Date of Termination.

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“Director” means any member of the Board of Directors who is not an Employee.

“Disability” shall have the meaning ascribed to such term in the Company’s Long-Term Disability Plan (regardless of whether the Participant is eligible for benefits under such plan). For the purposes of this Plan, the question of whether a Participant’s condition shall be considered a Disability shall be determined in each case by the Committee and such determination by the Committee shall be final.

“Effective Date” shall have the meaning set forth in Section 2.

“Employee” means any employee of the Company or a Subsidiary who is receiving remuneration for personal services rendered to the Company or Subsidiary, including any such person who is an officer of the Company or Subsidiary, other than (1) solely as a

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director of the Company or a Subsidiary, (2) as a consultant, (3) as an independent contractor, (4) as an individual who is a "leased employee" within the meaning of Code section 414(n), or (5) any other individual engaged by the Company or Subsidiary in a relationship that the Company characterizes as other than an employment relationship or who has waived his rights to coverage as an employee (regardless of whether a determination is made by the Internal Revenue Service or other governmental agency or court after the individual is engaged to perform such services that the individual is an employee of the Company or Subsidiary for the purposes of the Code or otherwise).

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Exercise Period" means the period beginning on the date on which an Option or Stock Appreciation Right becomes exercisable pursuant to its terms, and ending on the Expiration Date of such Option or Stock Appreciation Right.

"Exercise Price" means the price established by the Committee (or determined according to a method established by the Committee) at the time an Option or Stock Appreciation Right is granted and shall not be less than 100% of the Fair Market Value of a share of Common Stock on the date of grant of the Option or Stock Appreciation Right.

"Expiration Date" means, with respect to an Option or Stock Appreciation Right, the date specified in the Award Grant after which such Option or Stock Appreciation Right may not be exercised; provided that the Expiration Date (except as described below or in Section 8) shall not be later than the earliest to occur of:

(i) the ten-year anniversary of the date of grant;

(ii) if the Participant's Date of Termination occurs by reason of Retirement or Disability, the five-year anniversary of such Date of Termination;

(iii) if the Participant's Date of Termination occurs by reason of death, the third-year anniversary of such Date of Termination;

(iv) if the Participant's Date of Termination occurs by reason of involuntary termination without Cause, the 90th day after the Date of Termination;

(v) if the Participant's Date of Termination occurs by reason of involuntary termination for Cause, the Date of Termination;

(vi) if the Participant's Date of Termination occurs voluntarily or for any other reason not described above, the Date of Termination.

The Committee in its sole discretion may establish an Expiration Date later than as described above, but not later than the ten-year anniversary of the date of grant. Notwithstanding the foregoing, if the Participant's Date of Termination occurs by reason of an involuntary termination without Cause and death or Disability occurs after the involuntary termination without Cause and before the otherwise applicable Expiration Date, the Expiration Date for a Non-Statutory Option or a Stock Appreciation Right which was exercisable as a result of death or Disability shall not be earlier than the first anniversary of the date of Date of Termination, but in no event beyond the ten-year anniversary of the date of grant.

"Fair Market Value" as of any specified date means the closing sale price of the Common Stock on the New York Stock Exchange - Composite Tape on such date or, if there are no sales on such date, on the next preceding day on which there are sales. If the shares are not then listed on the NYSE, and if the shares of Common Stock are then listed on any other national securities exchange or traded on the over-the-counter market, the fair market value shall be the closing price on such exchange or on the NASDAQ National Market System or the mean of the closing bid and asked prices of the shares of Common Stock on the over-the-counter market, as reported by the NASDAQ, the National Association of Securities Dealers OTC Bulletin Board or the National Quotation Bureau, Inc., as the case may be, on such date or, if there is no closing price or bid or asked price on that day, the closing price or mean of the closing bid and asked prices on the most recent day preceding such date for which such prices are available. In all events, with respect to Non-Statutory Options and Stock Appreciation Rights, Fair Market Value shall not be less than fair market value as determined under Code section 409A.

"Incentive Option" means an Option which is intended to be an "incentive stock option'' as defined in Code section 422.

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“Non-Statutory Option” means an Option which is not intended to qualify as an Incentive Option as defined above.

“NYSE” means the New York Stock Exchange.

“Option” means an Incentive Option or a Non-Statutory Option granted by the Company pursuant to the Plan to purchase shares of Common Stock at an Exercise Price established by the Committee.

“Participant” means an Employee selected by the Committee to receive an Award. The term shall include any transferee or transferees of any person who has received an Award to the extent the transfer is permitted by the Plan and the applicable Award Grant.

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"Performance Award" means an Award of Performance Shares, Performance Share Units and/or a Cash Award.

"Performance Goal" means a target based on Performance Measures that is established by the Committee in connection with a Performance Award. Performance Goals may be established on a corporate-wide basis or with respect to one or more business units, divisions, or Subsidiaries, and may be in either absolute terms or relative to the performance of one or more comparable companies or an index covering multiple companies.

"Performance Measures" means criteria established by the Committee relating to any of the following: revenue; earnings before interest, taxes, depreciation and amortization (EBITDA); operating income; pre- or after-tax income; cash flow; cash flow per share; net earnings; earnings per share; return on equity; return on invested capital; return on assets; economic value added (or an equivalent metric); share price performance; total shareholder return; improvement in or attainment of expense levels; improvement in or attainment of working capital levels; safety performance; OSHA recordable rate; lost time accident rate; forced outage rate; nuclear capacity factor; INPO rating; availability factor; customer average interruption duration index (CAIDI); system average interruption frequency index (SAIFI); or leak rate per mile. Performance Measures may be applied by excluding the impact of charges for restructurings, discontinued operations, extraordinary items, and other unusual or non-recurring items, and the cumulative effects of accounting changes, each as defined by generally accepted accounting principles.

"Performance Share" means a grant of shares of Common Stock which is contingent on achievement of Performance Goals and satisfaction of such other restrictions and conditions as may be established by the Committee.

"Performance Share Unit" means a grant of a Stock Unit which is contingent on the achievement of Performance Goals and satisfaction of such restrictions and conditions as may be established by the Committee.

"Plan" means this Public Service Enterprise Group Incorporated 2004 Long-Term Incentive Plan, amended and restated as of April 16, 2013.

"Prior Plans" mean the Public Service Enterprise Group Incorporated 1989 Long-Term Incentive Plan and the Public Service Enterprise Group Incorporated 2001 Long-Term Incentive Plan.

"Restricted Stock" means a grant of shares of Common Stock subject to transfer restrictions and a risk of forfeiture or other restrictions that will lapse upon the completion of a period of service by the Participant, or achievement of other objectives, including Performance Goals, as determined by the Committee. Subject to any such forfeiture, and except as may otherwise be determined by the Committee at the time of grant, the Participant shall be currently entitled to dividends on such shares and shall be entitled to vote such shares.

"Restricted Stock Unit" means a grant of a Stock Unit which is subject to transfer restrictions and a risk of forfeiture or other restrictions that will lapse upon the completion of service by the Participant, or achievement of other objectives or conditions, as determined by the Committee.

"Retirement" means cessation of services as an Employee for the Company or a Subsidiary by reason of satisfying the criteria for retirement (normal retirement or early retirement) under the provisions of the qualified defined benefit plan of the Company or Subsidiary in which the Employee participates on the date of the Employee's cessation of services.

"Stock Appreciation Right" means a grant of an Award that will enable the Participant to receive shares of Common Stock or cash equal to the appreciation in value, if any, of the Common Stock between the Fair Market Value of the Common Stock on the date the Stock Appreciation Right is granted and the Fair Market Value of the Common Stock on a future exercise date.

"Stock Unit" means a right to receive a share of Common Stock in the future.

"Subsidiary" means any corporation, limited liability company, partnership, joint venture or other entity during any period in which at least fifty percent of the voting or profits interest is owned, directly or indirectly, by the Company (or by any entity that is a successor to the Company), and any other business venture designated by the Committee in which the Company (or any entity that is a successor to the Company) has a significant interest, as determined in the discretion of the Committee.

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"Successor" means the person or persons entitled in lieu of the Participant to receive any shares of Common Stock or other benefits under the Plan by reason of a beneficiary designation, will, laws of intestacy, or family assignments as permitted under the Plan. The Successor of a deceased Participant shall be the person or persons entitled to do so under a beneficiary designation in accordance with Section 11 or, if none, under the Participant's will or, if the Participant shall have failed to designate a beneficiary or make testamentary disposition of such Awards or shall have died intestate, by the Participant's legal representative or representatives.

4. Administration.

The Plan shall be administered by the Organization and Compensation Committee of the Board of Directors which shall consist of not less

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than three Directors of the Company appointed by the Board of Directors. No person shall be eligible or continue to serve as a member of such Committee unless such person is an “outside director” within the meaning of regulations under Code section 162(m) and a “non-employee director” within the meaning of Exchange Act Rule 16b-3.

The Committee shall keep minutes of its meetings. The acts of a majority of the members present at any meeting of the Committee at which a quorum is present (as determined under the By Laws of the Company), or acts approved in writing by the entire Committee, shall be the acts of the Committee.

Within the limits of the express provisions of the Plan, the Committee shall have the authority, subject to such orders or resolutions, not inconsistent with the provisions of the Plan, as may from time to time be issued or adopted by the Board of Directors, in its discretion to determine the individuals to whom, and the time or times at which, Awards shall be granted, the type of Award grants, the number of shares of Common Stock to be subject to each Award, the limitations, restrictions and conditions applicable to each Award grant, the terms and provisions of agreements that may be entered into in connection with Award grants (which need not be identical), to interpret the Plan, to prescribe, amend and rescind rules and regulations relating to the Plan and to make all other determinations and take all other actions deemed necessary or advisable for the administration of the Plan.

In making its determinations relating to Award grants, the Committee may consult with the Chief Executive Officer of the Company and may take into account the recommendations of the Chief Executive Officer with respect to grants to be made to other Employees. The Committee may also take into account the nature of the services rendered by such individuals, their present and potential contributions to the Company’s success and such other factors as the Committee, in its discretion, shall deem relevant.

The Committee’s determinations on the matters regarding this Plan (including matters referred to in this Section 4) shall be conclusive and shall be binding on the Company, its Stockholders, its Affiliates, all Participants, all other Employees and all other persons. Except to the extent prohibited by applicable law or the applicable NYSE rules, the Committee may allocate all or any portion of its responsibilities and powers to any one or more of its members and may delegate all or any part of its responsibilities and powers to the Chief Executive Officer of the Company or a committee of officers of the Company, except with respect to Awards to any Covered Employee or to an officer or other person subject to Section 16 of the Exchange Act. Any such allocation or delegation may be revised or revoked by the Committee at any time.

5. Eligibility.

Subject to the provisions of the Plan, the Committee shall determine and designate, from time to time, those Employees who will be granted one or more Awards under the Plan, and who thereby will become “Participants” in the Plan.

(A) In determining eligibility to receive an Award, as well as in determining the type and amount of the Award to any Participant, the Committee shall consider the position and responsibilities of the Employee being considered, the nature and value to the Company or a Subsidiary of such Employee’s services and accomplishments, such Employee’s present and potential contribution to the success of the Company or its Subsidiaries and such other factors as the Committee may deem relevant.

(B) The Plan does not constitute a contract of employment or for provision of other services, and selection as a Participant will not give any Participant or other individual the right to be retained in the employ of or continue to provide services to the Company or any Subsidiary or give any Participant or other individual any right or claim to any benefit under the Plan, unless such right or claim has specifically accrued under the terms of the Plan, nor shall the Plan in any way interfere with the right of the Company or any Subsidiary to terminate the employment or services of any Participant or other individual at any time.

(C) Neither a Participant nor any other person shall, by reason of participation in the Plan, acquire any right in or title to any assets, funds or property of the Company or any Subsidiary whatsoever, including, without limitation, any specific funds, assets or other property which the Company or any Subsidiary, in its sole discretion, may set aside in anticipation of a liability under the Plan. A Participant shall have only a contractual right to the Common Stock or amounts, if any, payable under the Plan, unsecured by any assets of the Company or any Subsidiary, and nothing contained in the Plan shall constitute a guarantee that the assets of the Company or any Subsidiary shall be sufficient to pay any benefits to any person.

(D) Awards need not be uniform among Participants. The receipt of an Award by a Participant shall not entitle that Participant to receive an Award in the future.

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6. Shares Available.

The type and number of shares of Common Stock for which Awards may be granted under the Plan shall be determined in accordance with this Section 6:

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PSEG **APPENDIX A**

(A) The shares of Common Stock with respect to which Awards may be made under the Plan shall be shares authorized but unissued or currently held or shares reacquired by the Company and held as treasury shares, including shares purchased in the open market or in private transactions, all at the time of the Award.

(B) Subject to adjustment as provided in Section 13 herein, the maximum number of shares of Common Stock available for issuance to Participants under the Plan (the "Share Authorization") as of the Effective Date shall be **[insert],** increased by the number of shares attributable to Awards issued under the Plan prior to the Effective Date that become available under the Plan on and after the Effective Date. This amendment and restatement of the Plan does not include any additional shares that were not available for issuance under the Plan on the date immediately preceding the Effective Date, other than the shares attributable to Awards issued under the Plan prior to the Effective Date that become available under the Plan on and after the Effective Date.

(C) Subject to Section 13, the following additional maximums are imposed under the Plan:

(1) The maximum number of shares of Common Stock that may be issued by Options intended to be Incentive Options shall be one million (1,000,000).

(2) The maximum number of shares of Common Stock that may be issued by Options that are not intended to be Incentive Options shall be, in the aggregate, fifty percent (50%) of the total shares reserved for Awards pursuant to paragraph (B) above.

(3) The maximum number of shares of Common Stock that may be issued in conjunction with Awards granted pursuant to Section 9 (relating to Other Stock Awards) and Section 10 (relating to Performance Shares and Performance Share Units) shall be, in the aggregate, fifty percent (50%) of the total shares reserved for Awards pursuant to paragraph (B) above.

(4) The maximum number of shares that may be covered by Awards granted to any one individual pursuant to this Plan shall be five hundred thousand (500,000) shares during any calendar year.

(5) For Cash Awards that are intended to be "performance-based compensation" (within the meaning of regulations under Code section 162(m)), the maximum Awards payable in cash to any one individual for a 36-month performance period shall not exceed ten million dollars ($10,000,000). Such maximum shall be reduced proportionately in the case of a performance period of less than 36 months and shall be increased proportionately for a performance period of longer than 36 months (but no further adjustment shall be made in the case of a performance period of greater than 60 months). If, after an amount has been earned with respect to a Cash Award, the delivery of such amount is deferred pursuant to Section 7(B), any additional amount attributable to earnings during the deferral period shall be disregarded for purposes of this limitation.

(D) Shares of Common Stock covered by an Award shall only be counted as used to the extent they are actually issued and delivered to a Participant, or, if permitted by the Committee, a Participant's designated transferee. Any shares of Common Stock related to Awards which terminate by expiration, forfeiture, cancellation, or otherwise without the issuance, are settled in cash in lieu of shares, or are exchanged with the Committee's permission, prior to the issuance of the Common Stock, for Awards not involving shares of Common Stock, shall be available again for grant under the Plan. Moreover, if the Exercise Price of any Option granted under the Plan or the tax withholding requirements with respect to any Award granted under the Plan are satisfied by tendering shares of Common Stock to the Company (by either actual delivery or by attestation), or if a Stock Appreciation Right is exercised, only the number of shares of Common Stock issued, net of the shares tendered, if any, will be deemed delivered for purposes of determining the maximum number of shares of Common Stock available for delivery under the Plan. The maximum number of shares of Common Stock available for issuance under the Plan shall not be reduced to reflect any dividends or dividend equivalents that are reinvested into additional shares or credited as additional Restricted Stock, Restricted Stock Units, Performance Shares, Performance Share Units or Other Stock-Based Awards.

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7. Awards.

The Committee shall have full and complete authority, in its discretion, subject to the provisions of the Plan, to grant Awards to Participants consisting of Options, Stock Appreciation Rights, Restricted Stock, Stock Units, Performance Shares, Performance Share Units, Cash Awards or any combination thereof, as more fully described in Sections 8 through 10, subject to such terms and conditions as the Committee deems appropriate. Awards may be granted singly, in combination or in tandem so that the settlement or payment of one automatically reduces or cancels the other. Awards may also be made in combination or in tandem with, in replacement of, as alternatives to, or as the payment form for, grants or rights under any other compensation plan of the Company or any Subsidiary, including the plan of any acquired entity. The Committee may permit or require that any Award be prorated to the date of any termination of employment.

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(A) Dividends and Dividend Equivalents

The Committee may provide that Awards denominated in Common Stock earn dividends or dividend equivalents. Such dividend equivalents may be paid currently in cash or shares of Common Stock or may be credited to an account established by the Committee under the Plan in the name of the Participant. In addition, dividends or dividend equivalents paid on outstanding awards or issued shares may be credited to such account rather than paid currently. Any crediting of dividends or dividend equivalents may be subject to such restrictions and conditions as the Committee may establish, including reinvestment in additional shares or share equivalents.

(B) Deferrals

The Committee may require or permit Participants to elect to defer the issuance of shares or the settlement of Awards in cash under such rules and procedures as it may establish under the Plan or otherwise. It may also provide that deferred settlements include the payment or crediting of interest on the deferral amounts, conversion of deferred amounts into deferred Common Stock equivalents, or the payment or crediting of dividend equivalents on deferred settlements denominated in shares.

If a Participant elects to defer the issuance of shares of a Restricted Stock Unit or a Performance Share Unit, he or she must make such deferral election under the terms of the Public Service Enterprise Group Equity Deferral Plan.

(C) Settlements

Settlement of Awards may be in the form of cash, shares of Common Stock, other Awards, or in such combinations thereof as the Committee shall determine at the time of grant, and with such restrictions as it may impose.

8. Options and Stock Appreciation Rights.

The Committee may grant Options containing such terms and conditions as shall be requisite, in the judgment of the Committee, to constitute either Incentive Options or Non-Statutory Options. Incentive and Non-Statutory Options shall be identified as such in the Award Grant. The Committee may grant Stock Appreciation Rights either (i) independently of Options or (ii) in tandem with Options such that the exercise of the Option or Stock Appreciation Right with respect to a share of Common Stock cancels the tandem Stock Appreciation Right or Option, respectively, with respect to such share. The grant of each Option or Stock Appreciation Right shall be confirmed in writing by an Award Grant in the form prescribed by the Committee.

(A) Exercise Price.

At the time an Option or Stock Appreciation Right is granted, the Committee shall determine the Exercise Price. Except for adjustments as provided in Section 13, the Exercise Price for any outstanding Option or Stock Appreciation Right may not be decreased after the date of grant nor may any outstanding Option or Stock Appreciation Right be surrendered to the Company as consideration for the grant of a new Option or Stock Appreciation Right with a lower Exercise Price.

Notwithstanding any provision in the Plan to the contrary, an outstanding Option or Stock Appreciation Right may not be (i) modified to reduce the Exercise Price thereof nor may a new Option or Stock Appreciation Right at a lower price be substituted for a surrendered Option or Stock Appreciation Right (other than adjustments or substitutions in accordance with Section 13), or (ii) repurchased by the Company if the per share option price of the Option or Stock Appreciation Right is less than the Fair Market Value of a share of Common Stock (other than a cancellation for no value in accordance with Section 15), unless such action is approved by the Stockholders of the Company.

(B) Exercise Period.

Each Option or Stock Appreciation Right granted under this Plan shall be exercisable during such period and under such circumstances as the Committee shall determine, subject to the following rules:

(1) An Option or Stock Appreciation Right must be exercised prior to the Expiration Date.

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(2) Each Option or Stock Appreciation Right shall become exercisable upon the occurence of a Change in Control unless it is replaced by the same type of award of equivalent value provided by the continuing entity, which replacement award vests not later than the outstanding Option or Stock Appreciation Right and, to the extent not previously vested, vests in full in the event the Participant's employment is involuntarily terminated, other than for Cause, within twenty-four months following the Change in Control whether or not otherwise then exercisable under the provisions of the applicable Award Grant relating thereto.

(3) The effect of a Participant's cessation of performance of services as an Employee for the Company or a Subsidiary shall be as follows:

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(i) *Retirement.* If cessation of performance of services as an Employee is the result of Retirement, the Participant may exercise any outstanding Option or Stock Appreciation Right that had become exercisable under the terms of the applicable Award Grant prior to the Date of Termination before the Expiration Date.

(ii) *Death.* If a Participant dies while the Participant is continuing to perform services as an Employee for the Company or a Subsidiary, or during the period following Retirement and before the Expiration Date, the Successor may exercise the Participant's Options or Stock Appreciation Rights at any time prior to the Expiration Date, whether or not such Options or Stock Appreciation Rights were exercisable on the date of the Participant's death under the applicable Award Grant.

(iii) *Disability.* If the Committee determines that a Participant ceased to perform services as an Employee for the Company or a Subsidiary because of Disability, any Option or Stock Appreciation Right held by such Participant on the Date of Termination may be exercised (whether or not such Option or Stock Appreciation Right was exercisable on the Date of Termination under the provisions of the Award Grant relating thereto) at any time prior to the Expiration Date.

(iv) *Involuntary Termination without Cause.* If the Company or a Subsidiary terminates the Participant's employment services involuntarily without Cause, as determined in the sole discretion of the Committee, then the Participant may exercise any outstanding Option or Stock Appreciation Right which was vested on the Date of Termination at any time before the Expiration Date.

(v) *Involuntary Termination for Cause.* If the Participant ceases to perform services as an Employee for the Company or a Subsidiary involuntarily for Cause, any outstanding Option or Stock Appreciation Right held by such Participant shall be immediately cancelled.

(vi) *Other Termination.* If the Participant ceases to perform services for the Company or a Subsidiary for any reason other than as set forth in subparagraphs (i) through (v) above, any outstanding Option or Stock Appreciation Right held by such Participant shall be immediately cancelled.

(C) Exercise Procedures.

Each Option or Stock Appreciation Right granted under this Plan may be exercised to the extent exercisable, in whole or in part at any time during the Exercise Period, for such number of shares as shall be prescribed by the provisions of the Award Grant evidencing such Option or Stock Appreciation Right, provided that:

(1) An Option or Stock Appreciation Right may be exercised by the Participant or a Successor only by written notice (in the form prescribed by the Committee) to the Company specifying the number of shares to which such notice applies.

(2) The aggregate Exercise Price of the shares as to which an Option may be exercised shall be, in the discretion of the Committee, (a) paid in U.S. funds by any one or any combination of the following: cash (including check, draft or wire transfer made payable to the order of the Company), or delivery of Common Stock certificates endorsed in blank or accompanied by executed stock powers with signatures guaranteed by a national bank or trust company or a member of a national securities exchange evidencing shares of Common Stock whose value shall be deemed to be the Fair Market Value on the date of exercise of such Common Stock, or (b) deemed to be paid in full provided the notice of the exercise of an Option is accompanied by a copy of irrevocable instructions to a broker to promptly deliver to the Company the amount of sale or loan proceeds sufficient to cover the Exercise Price or (c) paid upon such terms and conditions, including provision for securing the payment of the same, as the Committee, in its discretion, shall provide. Exercise of an Option shall be contingent upon the satisfaction of applicable withholding taxes. Payment of applicable taxes shall be effectuated in the same manner as the Exercise Price is paid.

(3) As soon as practicable after receipt by the Company of notice of exercise and of payment in full of the Exercise Price of the shares with respect to which an Option has been exercised, a certificate or certificates representing such shares (which may be in book entry form) shall be recorded on the records of the Company (or its transfer agents or registrars) in the name or names of the Participant or Successor and shall be delivered to the Participant, Participant's agent or Successor (including through electronic delivery to a brokerage account).

(D) Special Rules Relating to Incentive Options.

(1) No Incentive Option may be granted to an individual who is not an Employee of the Company or a Subsidiary.

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(2) The aggregate Fair Market Value (determined as of the time the Option is granted) of the Common Stock with respect to which Incentive Options are exercisable for the first time during any calendar year by an Employee under all plans of the Company and its Subsidiaries shall not exceed the greater of $100,000 or such sum as may from time to time be permitted under Code section 422.

9. Other Stock Awards.

The Committee may make Awards consisting of Restricted Stock or Stock Units containing such terms and conditions, and subject to such restrictions and contingencies as the Committee shall determine, subject to the provisions of the Plan. Unless otherwise authorized by the Committee, as a condition of receiving an Award consisting of Restricted Stock, a Participant must waive in writing the right to make an election under Code section 83(b) to report the value of the Restricted Stock as income on the Date of Grant. If the right to become vested in a Restricted Stock Award granted under this Section 9 is conditioned on the completion of a specified period of service as an Employee with the Company or the Subsidiaries, without achievement of Performance Measures or other performance objectives being required as a condition of vesting, and without it being granted in lieu of other compensation or to replace forfeited awards from a prior service recipient, then, unless otherwise determined by the Committee and set forth in a Participant's Award Grant, the required period of service for full vesting shall be not less than three years. Notwithstanding the foregoing, the Committee has the discretion to accelerate the vesting of an Award upon the occurrence of certain circumstances, including but not limited to, the Participant's Retirement, death, Disability, or termination by the Company without Cause. The circumstances which result in accelerated vesting shall be set forth in the Participant's Award Grant.

In the event of a Change in Control, unless such Award is replaced by the same type of award of equivalent value provided by the continuing entity which replacement award vests not later than the replaced Award and, to the extent not previously vested, the Award vests in full in the event of any involuntary cessation of performance of services for the continuing entity within the twenty-four month period following the Change in Control (other than involuntary termination for Cause).

10. Performance Awards.

The Committee may make Awards consisting of Performance Shares or Performance Share Units, containing such terms and conditions, and subject to such restrictions and contingencies as the Committee shall determine, subject to the provisions of the Plan. Performance Awards shall be conditioned on the achievement of Performance Goals, based on one or more Performance Measures, as determined by the Committee, over a performance period (not less than one year) prescribed by the Committee. For Awards under this Section 10 intended to be "performance-based compensation" within the meaning of regulations under Code section 162(m), the grant of the Awards and the performance goals shall be made during the period required under Code section 162(m). In the event that a Change in Control occurs after a Performance Award has been granted but before completion of the performance period, a pro-rata portion of such Award shall become payable as of the date of the Change in Control to the extent otherwise earned on the basis of achievement of the pro-rata portion of the Performance Goals relating to the portion of the performance period completed as of the date of the Change in Control. Notwithstanding the foregoing, if a Change in Control occurs that does not constitute a "change in control" under Code section 409A, the pro-rata portion of such Award shall be paid on the date that such Award would have been paid had a Change in Control not occurred. Unless otherwise directed by the Committee, as a condition of receiving an Award consisting of Performance Shares, a Participant must waive in writing the right to make an election under Code section 83(b) to report the value of the Performance Shares as income on the Date of Grant.

11. Non-Transferability.

Unless otherwise designated by the Committee to the contrary, each Award granted under the Plan shall by its terms be non-transferable by the Participant (except by will or the laws of descent and distribution). An Option or Stock Appreciation Right shall be exercisable during the Participant's lifetime only by the Participant, his or her guardian or legal representative or by such other means as the Committee may approve from time to time that is not inconsistent with or contrary to the provisions of either Section 16(b) of the Exchange Act or Rule 16b-3, as either may be amended from time to time, or any law, rule, regulation or other provision that may hereafter replace such Rule. A Participant may also designate a beneficiary to exercise his or her Awards after the Participant's death. The Committee may amend outstanding Awards to provide for transfer, without payment of consideration, to immediate family members of the Participant or to trusts or partnerships for such family members.

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12. Listing and Registration of Shares and Restrictions on Shares.

If at any time the Board of Directors shall determine, in its discretion, that the listing, registration or qualification of any of the shares subject to Awards under the Plan upon any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory body, is necessary or desirable as a condition of or in connection with the purchase or issue of shares thereunder, no outstanding Awards which would result in the purchase or issuance of shares may be exercised or otherwise settled unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Board of Directors or the

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Committee. The Board of Directors or the Committee may require any Participant to make such representations and furnish such information as it may consider appropriate in connection with the issuance or delivery of the shares in compliance with applicable law and shall have the authority to cause the Company at its expense to take any action related to the Plan which may be required in connection with such listing, registration, qualification, consent or approval.

The Committee may impose such restrictions on any shares acquired pursuant to Restricted Stock Awards as it may deem advisable, including, without limitation, restrictions to comply with applicable Federal securities laws, with the requirements of any stock exchange or market upon which such shares are then listed and/or traded and with any blue sky or state securities laws applicable to such shares.

Certificates representing shares subject to Restricted Stock Awards may bear a legend substantially as follows:

> The sale or other transfer of the shares of stock represented by this certificate, whether voluntary, involuntary or by operation of law, is subject to certain restrictions on transfer as set forth in the Public Service Enterprise Group Incorporated 2004 Long-Term Incentive Plan, and in an award document. A copy of such Plan and award documents may be obtained from Public Service Enterprise Group Incorporated.

The Company shall have the right to retain (or escrow) certificates or shares that are subject to Restricted Stock Awards until such time as all restrictions applicable to such shares have been satisfied. Shares subject to Restricted Stock Awards shall become freely transferrable (subject to applicable laws and Company imposed trading restrictions), and legends on share certificates shall be removed, once all restrictions applicable to such shares have been satisfied.

All Awards made under this Plan are specifically made with the proviso that the Company may institute clawback and/or other forfeiture provisions as may be required by law, listing requirements or Company policy, including such provisions that are instituted with respect to Awards that are issued prior to implementation of such law, listing requirements or Company policy.

The Committee may require Participants to execute stock powers or other similar instruments in order to facilitate the return to the Company of shares upon forfeiture of Restricted Stock Awards.

Neither the Participant nor his or her Successor will have any of the rights or privileges of a shareholder of the Company in respect of any shares deliverable hereunder unless and until certificates representing such shares (which may be in book entry form) will have been issued and recorded on the records of the Company or its transfer agents or registrars, and delivered to the Participant (including through electronic delivery to a brokerage account).

13. Adjustments.

The Committee may make such adjustments as it deems appropriate to meet the intent of the Plan in the event of changes that impact the Company's share price or share status, provided that any such actions are consistently and equitably applicable to all affected Participants and provided, further, that no such adjustment shall be made to Awards to Covered Employees if it would cause such Awards to no longer qualify as "performance-based compensation" for purposes of Code section 162(m).

In the event of any stock dividend, stock split, combination or exchange of shares, merger, consolidation, spin-off or other distribution (other than normal cash dividends) of Company assets to shareholders, or any other change affecting shares, such adjustments, if any, as the Committee in its discretion may deem appropriate to reflect such change shall be made with respect to (i) the aggregate number of shares that may be issued under the Plan or that may be subject to Awards of a specified type and/or to any individual; (ii) the number of shares covered by outstanding Awards to any individual under the Plan; and/or (iii) the applicable price per share with respect to any outstanding Options, Stock Appreciation Rights and other Awards under the Plan.

14. Tax Withholding.

Delivery of any cash, shares, dividends or any other benefits under the Plan is subject to withholding of applicable taxes. The Committee unilaterally or by arrangement with the Participant or Successor shall make appropriate provision for satisfaction of withholding taxes in the case of any transaction under the Plan, which gives rise to a withholding requirement. The Committee, in its discretion, and subject to such requirements as the Committee may impose prior to the occurrence of such withholding, may permit such withholding obligations to be satisfied through cash payment by the Participant, through the surrender of shares of Common Stock which the Participant already owns or (to the extent of minimum statutory withholding requirements) through withholding of shares of Common Stock to which the Participant is otherwise entitled under the Plan.

15. Amendments and Termination.

The Board of Directors may amend this Plan as it shall deem advisable, except that the Board of Directors may not, without further approval of the shareholders of the Company, (a) increase the total number of shares of Common Stock which may be issued under the Plan as set forth in Section 6(B) or the maximum number of shares that may be issued, as Awards pursuant to Sections 8 through 10, to any individual,

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or (b) change the class of individuals eligible for Awards. The Board of Directors may, in its discretion, terminate this Plan at any time. No amendment or termination may, in the absence of written consent to the amendment or termination by the affected Participant (or, if the Participant is not then living, the affected Successor), adversely affect the rights of any Participant or Successor under any Award granted under the Plan prior to the date such amendment or termination is effective, provided that adjustments pursuant to Section 13 are not subject to such limitation. Subject to the foregoing and the requirements of Code section 162(m), the Board of Directors may without further action on the part of the shareholders of the Company or the consent of Participants, amend the Plan to preserve the Company's tax deduction under Code section 162(m).

16. Foreign Jurisdictions.

The Committee may, from time to time, adopt, amend, and terminate under the Plan such arrangements, not inconsistent with the intent of the Plan, as it may deem necessary or desirable, to make available tax or other benefits of laws of any foreign jurisdiction to Participants who are subject to such laws and who receive Awards under the Plan.

17. Compliance with Code sections 162(m) and 409A.

With respect to Covered Employees, transactions under the Plan are intended to avoid loss of the deduction referred to in paragraph (1) of Code section 162(m). Anything in the Plan or elsewhere to the contrary notwithstanding, to the extent any provision of the Plan or action by the Committee would result in the loss of such deduction, it shall be deemed null and void as relates to Covered Employees, to the extent permitted by law and deemed advisable by the Committee.

With respect to performance-based compensation, the Company intends to comply with Code section 162(m). However, for business reasons, there may be instances where the Committee decides that certain grants of performance-based compensation will not comply with Code section 162(m).

The Company intends that this Plan shall comply with the requirements of Code section 409A, and it shall be interpreted and administered accordingly. To the extent that Code section 409A applies, the date of a termination of employment shall be determined in accordance with the separation from service rules under Code section 409A.

18. Notices.

All notices under the Plan shall be in writing, and if to the Company, shall be delivered to the Secretary of the Company or mailed to its principal office, 80 Park Plaza, Newark, New Jersey 07102, addressed to the attention of the Secretary; and if to the Participant, shall be delivered personally or mailed to the Participant at the address appearing in the payroll records of the Company or Subsidiary or, if applicable, to the Participant's Successor at the last known address appearing in the records of the Company. Such addresses may be changed at any time by written notice to the other party.

19. General.

Except where otherwise indicated by the context, any masculine term used herein shall also include the feminine; the singular shall include the plural and the plural shall include the singular.

The titles and headings of the sections of the Plan are for convenience of reference only and, in the event of any conflict, the text of the Plan, rather than such titles or headings, shall control.

If any part of the Plan is declared to be unlawful or invalid, such unlawfulness or invalidity shall not invalidate any other part of the Plan. Any part of the Plan so declared to be unlawful or invalid shall, if possible, be construed in a manner that will give effect to the terms of such part to the fullest extent possible while remaining lawful and valid.

The provisions of the Plan shall take precedence over any conflicting provision contained in an Award. All matters relating to the Plan or an Award granted hereunder shall, to the extent not preempted by Federal law, be governed and construed in accordance with the laws of the State of New Jersey, without regard to the principles of conflict of laws.

The Plan and Award Grants shall be binding on Successors and on successors to the Company, whether the existence of such successor to the Company is the result of a direct or indirect purchase of all or substantially all of the business and/or assets of the Company, or a merger, consolidation, or otherwise.

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Appendix B
AMENDED AND RESTATED EMPLOYEE STOCK PURCHASE PLAN

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
EMPLOYEE STOCK PURCHASE PLAN

Amended and Restated July 1, 2013

Section 1. Definitions

Unless the context clearly requires otherwise, where used in the Plan, the words and phrases hereinafter defined shall have the following meanings:

a. *Committee* shall mean the Organization and Compensation Committee of the Board of Directors of PSEG.

b. *Common Stock* shall mean the common stock (without par value) of PSEG.

c. *Eligible Employee* shall mean (i) any active Represented Employee of an Employer who has completed one (1) year of service and has attained the age of eighteen (18) years, or (ii) any active Non-Represented Employee of an Employer who has attained age 18.

d. *Employee* shall mean an individual employed by an Employer who is receiving remuneration for services provided to the Employer other than (i) solely as a director of an Employer, (ii) as a consultant, (iii) as an independent contractor, (iv) as an individual who is a “leased employee” within the meaning of the IRC, or (v) any other individual engaged by an Employer in a relationship that the Employer characterizes as other than an employment relationship.

e. *Employer* shall mean PSEG and any Participating Affiliate.

f. *Enrollment Form* shall mean the form, which may be in electronic format, as may be designated by the Committee pursuant to which an Eligible Employee will authorize a specified dollar amount or a specific percentage of his/her base pay to be withheld from his or her pay or sick benefits to be paid over for the purchase of shares of Common Stock under the Plan.

g. *Independent Agent* shall mean an agent independent of PSEG and its affiliates selected by PSEG to make open market purchases of Common Stock on behalf of Participants.

h. *IRC* shall mean the Internal Revenue Code of 1986, as amended, and shall be deemed to include all official guidance thereunder.

i. *Investment Date* shall mean (i) for shares purchased directly from PSEG: the last business day of the quarter, and (ii) for shares purchased by the Independent Agent in the open market: the last day on which shares are purchased during the applicable Investment Period.

j. *Investment Period* shall mean, with respect to purchases of Common Stock made on the open market, the period commencing not earlier than the fifteenth day of the month in which such open market purchases are to be made and ending no later than the last business day of such month during which period the Independent Agent shall make purchases for Participants under the Plan.

k. *Non-Represented Employee* shall mean any Employee not included in a unit of Employees covered by a collective bargaining agreement.

l. *Participating Affiliate* shall mean any organization within the controlled group of corporations (as defined in the IRC) within which PSEG is a member and which (i) adopts the Plan with the approval of PSEG’s Board of Directors, (ii) authorizes PSEG’s Board of Directors to act for it in all matters arising under or with respect to the Plan, and (iii) complies with such other terms and conditions relating to the Plan as may be imposed by PSEG’s Board of Directors.

m. *Participants* shall mean those Eligible Employees who are currently having payroll deductions made for the purchase of Common Stock under the Plan.

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n. *Plan* shall mean this Public Service Enterprise Group Incorporated Employee Stock Purchase Plan.

o. *PSEG* shall mean Public Service Enterprise Group Incorporated, a New Jersey corporation.

p. *Record-keeper* shall mean the record-keeper selected by the Committee.

q. *Represented Employee* shall mean any Employee included in a unit of Employees covered by a collective bargaining agreement.

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PSEG APPENDIX B

Section 2. The Plan

The Plan provides a method for Eligible Employees to purchase shares of Common Stock at a discount from the market price. Shares of Common Stock acquired under the Plan for accounts of Participants will be purchased either (a) directly from PSEG or (b) in the open market by an Independent Agent selected by PSEG. Shares of Common Stock will be purchased with Participants' funds made available by payroll deduction, reinvestment of dividends on shares of Common Stock purchased for Participants and held for their accounts under the Plan, together with an amount equal to the applicable purchase price discount.

Section 3. Eligibility

Participation in the Plan is open to all Eligible Employees of Employers.

Section 4. Enrollment

An Eligible Employee may enroll in the Plan at any time utilizing the Record-keeper's on-line enrollment process. Through the enrollment process, the Participant will authorize the Participant's Employer to withhold a specified dollar amount or a specific percentage of his/her base pay from a Participant's pay or sick benefits each pay period and to use such payroll deductions to purchase shares of Common Stock for the Participant's account. Enrollment in the Plan shall be effective, and payroll deductions shall commence, as soon as practical after the on-line enrollment process is completed.

Once enrolled in the Plan, a Participant shall remain in the Plan until the Participant withdraws from the Plan, the Participant's enrollment is terminated under Section 10 or the Plan is terminated under Section 15. After withdrawing or being terminated from the Plan, an Eligible Employee may re-enroll in the Plan at any time by completing a new enrollment process as provided above.

A Participant may change the amount of his/her payroll deductions under the Plan at any time via the Record-keeper's on-line system, indicating the new amount of deduction. The change in amount of deduction shall be effective as soon as practicable following completion of the process.

Section 5. Limit on Payroll Deductions

A Participant may authorize payroll deductions to be made each pay period in any amount up to 10% of the Participant's base pay, but not less than $5 a week for those on weekly payroll and $10 every two weeks for those on a biweekly payroll. A request by a Participant to reduce payroll deductions below such minimum will be deemed to be a request to withdraw from the Plan.

Section 6. Purchases of Stock

PSEG will have sole discretion as to whether Common Stock purchased under the Plan will be purchased directly from it. PSEG will notify the Independent Agent prior to the commencement of the Investment Period for which the Independent Agent will be required to purchase shares for the Plan in the open market. Purchases of Common Stock not directly made from PSEG may be made by the Independent Agent on any securities exchange on which shares of Common Stock are traded or in negotiated transactions.

On the Open Market. Amounts deducted from Participants' pay or sick benefits and an amount equal to the purchase price discount shall be transmitted to PSEG by each such Participant's respective Employer. Similarly, the Record-keeper will transmit to PSEG any dividends to be reinvested in shares of Common Stock held for the accounts of Participants under the Plan. PSEG shall forward these amounts to the Independent Agent. The Independent Agent shall apply all such amounts to the purchase of shares of Common Stock at any time or times, at the sole discretion of the Independent Agent, during the applicable Investment Period. The last date during an Investment Period on which shares are so acquired by the Independent Agent (Investment Date) is the date as of which such shares will be credited to Participants' accounts.

Directly from PSEG. Amounts deducted from Participants' pay or sick benefits and an amount equal to the purchase price discount will be transmitted to PSEG by each such Participant's respective Employer. Similarly, the Record-keeper will transmit to PSEG any dividends to be reinvested in shares of Common Stock held for the accounts of Participants under the Plan. PSEG shall, on the Investment Date, apply all such amounts to the purchase of new issue shares of Common Stock.

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Purchases of shares of Common Stock under the Plan may be made only through payroll deductions and the reinvestment of dividends on shares held for the account of Participants under the Plan. Shares purchased shall be allocated to Participants' accounts as full shares and fractional shares to six decimal places on the basis of Participants' payroll deductions and reinvested dividends.

Under no circumstances will Common Stock purchased under the Plan be bought back from a Participant or the Independent Agent by PSEG or by any Employer.

Section 7. Cost of Stock Purchased

On the Open Market. The cost to each Participant of the Common Stock purchased with Participant contributions on the open market for the Participant's account under this Plan shall be 95% for Represented Employees and 90% for Non-Represented Employees (or such other percentage as may be authorized by the Committee pursuant to Section 14 of the Plan) of the weighted average price paid by the Independent Agent for all shares purchased during the applicable Investment Period. The cost to each Participant of the Common Stock

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purchased with reinvested dividends on the open market shall be 95% (or such other percentage as may be authorized by the Committee pursuant to Section 14 of the Plan) of the weighted average price paid by the Independent Agent for all shares purchased during the applicable Investment Period.

Directly from PSEG. The cost to each Participant of the Common Stock purchased with Participant contributions directly from PSEG for the Participant's account under the Plan will be 95% for Represented Employees and 90% for Non-Represented Employees (or such other percentage as may be authorized by the Committee pursuant to Section 14 of the Plan) of the average of the high and low sale prices of the Common Stock as reported on the New York Stock Exchange on the applicable Investment Date. The cost to each Participant of the Common Stock purchased reinvested dividends directly from PSEG for the Participant's account under the Plan will be 95% (or such other percentage as may be authorized by the Committee pursuant to Section 14 of the Plan) of the average of the high and low sale prices of the Common Stock as reported on the New York Stock Exchange on the applicable Investment Date.

Each Employer will pay its respective costs of administering the Plan, including payment to PSEG or to the Independent Agent, as the case may be, on behalf of Participants of an amount equal to the applicable discount, but not including any expenses of sale incurred in (i) sales of shares held in the Plan or (ii) making cash distributions to Participants representing fractional shares held for their account. Brokerage commissions associated with the purchase of shares of Common Stock on the open market under the Plan will be paid by each respective Employer. All payments made on behalf of Participants by their respective Employer will be reported to the Internal Revenue Service as taxable income to such Participants. No interest will be paid on payroll deductions or dividends being held for the purchase of shares of Common Stock under the Plan.

Section 8. Sale of Stock; Withdrawal of Shares from the Plan

Shares of Common Stock purchased under the Plan for the account of Participants, either by payroll deductions or by the reinvestment of dividends, shall be held by the Record-keeper in its name, or in the name of its nominee, for the account of Participants. A Participant may at any time following the end of the third month after the applicable Investment Date, by notice to the Record-keeper prescribed by the Committee utilizing the Record-keeper's on-line process, request or the sale of any number of full shares of Common Stock held for the Participant's account under the Plan or the transfer of shares held in the Participant's account to the Participant. Any such sale or transfer shall be made as soon as practicable.

Following any such sale at the Participant's request, a cash payment representing proceeds of sale based on the current market price at time of sale, less any related brokerage commission and transfer tax, shall be made to the Participant.

Certificates or book-entry forms of ownership evidencing shares purchased for a Participant under the Plan will be issued only in the name of the Participant.

Transfers of full shares shall be issued only upon request by the Participant to the Record-keeper or upon termination of the Plan. Transfers of fractional shares shall not be made nor will fractional shares be sold under any circumstances. For payments made representing fractional shares held for the account of a Participant upon withdrawal or termination from the Plan, or upon termination of the Plan, see Sections 10 and 15.

A Participant's rights under the Plan may not be transferred, assigned or pledged during the Participant's lifetime. Shares held for the account of a Participant under the Plan may not be pledged as collateral.

Section 9. Dividends

All dividends on all shares of Common Stock held for participants under the Plan by the Record-keeper shall be applied to the purchase of full and fractional shares of Common Stock, unless the Participant otherwise elects to receive cash dividends. A Participant may change his/her dividend election at any time via the Record-keeper's on-line system. The change in dividend treatment shall be effective as soon as practicable following completion of the process.

Section 10. Withdrawal

A Participant may withdraw from the Plan at any time by notifying the Record-keeper in such form as prescribed by the Committee that the Participant wishes to withdraw or by reducing authorization for payroll deductions below the required minimum contribution. Any such withdrawal shall be effective as soon as practicable after receipt of the request to withdraw. A Participant's enrollment in the Plan shall terminate automatically upon death, termination of employment, retirement or upon commencement of a leave of absence of more than one month without pay (unless the Participant makes arrangements with his/her Employer to continue monthly payments) and payroll deductions shall cease as soon as practicable.

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Following such any such withdrawal or termination, the Participant may request that sale or transfer of shares held for the account of the Participant be made. Cash payment of any uninvested dividends and payroll deductions will also be made to Participants upon their withdrawal or termination from the Plan or upon termination of the Plan.

Section 11. Reports to Participants

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As soon as practicable after the close of each calendar quarter, the Record-keeper shall provide each Participant with a statement of account showing the share transactions in the Participant's account for that quarter, the cost thereof and the balance of shares held for the Participant's account under the Plan. Each Participant shall also receive income tax information annually relating to all transactions in Common Stock under the Plan, dividends received and such other information that may be distributed to PSEG stockholders generally.

Section 12. Voting of Shares

A Participant shall receive a proxy and copies of all soliciting material furnished by PSEG to its stockholders in connection with any meeting of stockholders or consent sought in lieu of a meeting. If the proxy is returned properly signed and marked for voting, all of the full and fractional shares of Common Stock held for the Participant's account will be voted as marked. If no direction as to voting is received, the Record-keeper will vote those shares in accordance with the recommendations of PSEG's Board of Directors.

Section 13. Subscription Rights, Stock Dividends and Stock Splits

If, during the course of the Plan, PSEG should grant to the holders of its Common Stock rights to subscribe to an issue or issues of securities of PSEG, any such rights attaching to the shares of Common Stock held by the Record-keeper under the Plan shall be distributed to Participants. However, rights shall be issued for the number of full shares only and rights based on a fraction of a share held in a Participant's account will be sold and the net proceeds will be applied to the purchase of Common Stock for the account of the Participant on the next Investment Date.

Stock dividends on shares held in a Participant's account under the Plan and Common Stock issued upon any split of such shares, shall be credited to the Participant's account.

Section 14. Administration

The Committee shall administer the Plan. The Committee shall have full discretionary authority to interpret the Plan and to answer all questions which may arise concerning the application, administration and interpretation of the Plan. The Committee shall adopt such rules and procedures as in its opinion are necessary or advisable to administer the Plan and to transact its business.

The Committee may, without further action by the Board of Directors, at its discretion change the amount of discount applicable to purchases of shares of Common Stock under the Plan as long as such discount does not exceed 15% of the applicable purchase price for such shares.

The Record-keeper shall keep a continuing record of each Participant's account under the Plan, send quarterly statements of account to Participants and perform for Participants other duties relating to the Plan. Common Stock purchased under the Plan will be registered in the name of PSEG, or its nominee, as administrator for Participants in the Plan.

PSEG's Board of Directors may change the administrator, the Independent Agent or the Record-keeper in its discretion. The Committee may change the Independent Agent or the Record-keeper in its discretion.

The Committee may delegate its authority (other than with respect to interpretation of the Plan, the determination of the amount of discount applicable to share purchases or changing the Record-keeper) as it deems appropriate.

Section 15. Termination and Amendment

The Plan may be terminated at any time by action of PSEG's Board of Directors. Any such termination shall be effective on an Investment Date. Upon termination, distribution of all full shares held for the account of each Participant shall be made to the Participant and a cash payment representing the weighted average market value of any fractional shares held for the account of the Participant, determined as of the Date of Termination, less the expenses of any sale necessary to make such cash payment, shall be made to the Participant.

PSEG may also modify, suspend or amend the Plan at any time by action of its Board of Directors. All Participants will receive notification of any such modification, suspension or amendment.

No amendment or termination of the Plan shall impair any rights which shall have accrued under the Plan or deprive any Participant of the equivalent in cash or other benefits of the contributions of the Participant under the Plan.

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Section 16. Effective Date

The Plan was originally adopted in 1986. The effective date of the amendment and restatement of the Plan shall be July 1, 2013.

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Public Service Enterprise Group Incorporated
80 Park Plaza, P.O. Box 1171, Newark, New Jersey 07101-1171

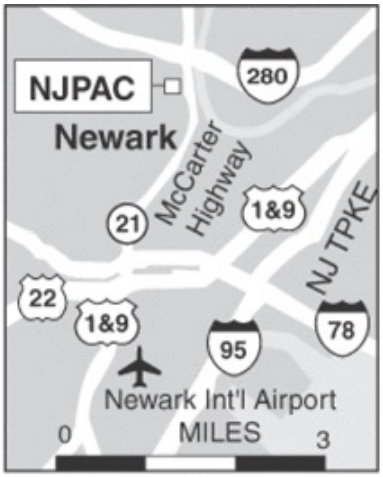

Arrangements have been made to provide free parking within close proximity to the New Jersey Performing Arts Center (NJPAC) at locations designated (P) on the map above.

Please bring your parking ticket with you to the meeting so that it can be validated by PSEG. Reasonable parking expenses incurred at locations other than those shown above will be reimbursed. You may obtain driving directions and public transportation information by calling 1-888-GO-NJPAC or on the NJPAC website, www.njpac.org.

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Shareowner Services
P.O. Box 64945
St. Paul, MN 55164-0945

Address Change? Mark box, sign, and indicate changes below: ☐

COMPANY #

TO VOTE BY INTERNET OR TELEPHONE, SEE REVERSE SIDE OF THIS PROXY CARD.

TO VOTE BY MAIL AS THE BOARD OF DIRECTORS RECOMMENDS ON ALL ITEMS BELOW, SIMPLY SIGN, DATE, AND RETURN THIS PROXY CARD.

The Board of Directors Recommends a Vote "FOR" Items 1, 2, 3, 4 and 5 and "AGAINST" on Item 6.

1. ELECTION OF DIRECTORS:
Nominees for terms expiring in 2014 are:

		FOR	AGAINST	ABSTAIN			FOR	AGAINST	ABSTAIN
1.1	Albert R. Gamper, Jr.	☐	☐	☐	**1.6**	Thomas A. Renyi	☐	☐	☐
1.2	William V. Hickey	☐	☐	☐	**1.7**	Hak Cheol Shin	☐	☐	☐

Please fold here – Do not separate

1.3	Ralph Izzo	☐	☐	☐	**1.8**	Richard J. Swift	☐	☐	☐
1.4	Shirley Ann Jackson	☐	☐	☐	**1.9**	Susan Tomasky	☐	☐	☐
1.5	David Lilley	☐	☐	☐	**1.10**	Alfred W. Zollar	☐	☐	☐

2.	Advisory vote on the approval of executive compensation	☐ For	☐ Against	☐ Abstain
3.	Approval of Amendment and Restatement of 2004 Long-Term Incentive Plan	☐ For	☐ Against	☐ Abstain
4.	Approval of Amendment and Restatement of Employee Stock Purchase Plan	☐ For	☐ Against	☐ Abstain
5.	Ratification of the appointment of Deloitte & Touche LLP as independent auditor for the year 2013	☐ For	☐ Against	☐ Abstain
6.	Stockholder proposal on simple majority vote requirement	☐ For	☐ Against	☐ Abstain

THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED AS DIRECTED OR, IF NO DIRECTION IS GIVEN, WILL BE VOTED AS THE BOARD RECOMMENDS.

Please indicate if you plan to attend the Annual Meeting by marking this box. ☐

Date _____

Signature(s) in Box

Please sign exactly as your name(s) appears on Proxy. If held in joint tenancy, all persons should sign. Trustees, administrators, etc., should include title and authority. Corporations should provide full name of corporation and title of authorized officer signing the Proxy.

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Public Service Enterprise Group Incorporated
2013 Annual Meeting of Stockholders

New Jersey Performing Arts Center
One Center Street, Newark, New Jersey

April 16, 2013 at 1:00 P.M.

(Registration Begins at 12:00 P.M. Light refreshments will be available.)

For wheelchair and hearing-impaired seating, please see host/hostess for assistance.

You should present evidence that you are a stockholder in order to gain admittance to the meeting. If shares are held in the name of a broker, trust, bank, or other nominee, you should bring with you a proxy or letter from the broker, trustee, bank or nominee confirming your beneficial ownership of the shares. Each stockholder may be asked to present valid picture identification, such as a driver's license. Cameras, recording devices and other electronic devices will not be permitted at the meeting.

THANK YOU FOR VOTING

For electronic delivery of future proxy materials, please visit www.ematerials.com/peg. To access your shareholder account online, please visit www.shareowneronline.com.

Important notice regarding the Internet availability of proxy materials for the Annual Meeting of Stockholders
The Proxy Statement and the 2012 Annual Report to Stockholders are available at:
http://www.ezodproxy.com/pseg/2013/pseg2012ar

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
PROXY FOR ANNUAL MEETING OF STOCKHOLDERS
April 16, 2013

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS OF PSEG

The undersigned hereby appoints **Shirley Ann Jackson, Ralph Izzo and Richard J. Swift**, and each or any of them, proxies of the undersigned, each with full power of substitution, to vote in their discretion (subject to any directions indicated on the reverse side of this proxy) at the Annual Meeting of Stockholders of Public Service Enterprise Group Incorporated (PSEG) to be held on April 16, 2013 and at all adjournments or postponements thereof, upon all matters which may come before the meeting or any adjournment, including the proposals set forth in the Notice of Meeting and Proxy Statement, receipt of which is hereby acknowledged. Said proxies are instructed to vote as set forth on the reverse side hereof with respect to said proposals.

Shares represented by this proxy will be voted in accordance with recommendations of the Board of Directors of PSEG as stated on the reverse side, unless otherwise indicated on the reverse, in which case they will be voted as marked. Information pertaining to each proposal is included in the Proxy Statement under proposals corresponding to the item numbers set forth on the reverse side.

If you have not voted by telephone or the Internet, please mark your proxy on the reverse side, sign it and date it, and return it promptly in the envelope provided.

Vote by Internet, Telephone or Mail
24 Hours a Day, 7 Days a Week

Your phone or Internet vote authorizes the named proxies to vote your shares in the same manner as if you marked, signed and returned your proxy card.

S1-SSA-0009 - 28878

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INTERNET/MOBILE

www.ematerials.com/peg

Use the Internet to vote your proxy until 11:59 p.m. (CT) on April 15, 2013.

PHONE

1-800-560-1965

Use a touch-tone telephone to vote your proxy until 11:59 p.m. (CT) on April 15, 2013.

MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope provided.

If you vote your proxy by Internet or by Telephone, you do NOT need to mail back your Proxy Card.

S1-SSA-0009 - 28879

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No. _)

Filed by the Registrant ☒ Filed by a Party other than the Registrant ☐

Check the appropriate box:

☐ Preliminary Proxy Statement

☐ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

☒ Definitive Proxy Statement

☐ Definitive Additional Materials

☐ Soliciting Material under §240.14a-12

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

☒ No fee required

☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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(5) Total fee paid:

☐ Fee paid previously with preliminary materials.

☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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Public Service Enterprise Group Incorporated

80 Park Plaza, P.O. Box 1171, Newark, New Jersey 07101-1171

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
AND PROXY STATEMENT

Date	April 21, 2015 at 1:00 P.M.
Location	The Robert Treat Hotel 50 Park Place Newark, New Jersey 07102
Items of Business	1. Elect ten members of the Board of Directors to hold office until the Annual Meeting of Stockholders in 2016, each until his or her respective successor is elected and qualified; 2. Consider and act upon an advisory vote on the approval of executive compensation; 3. Consider and act upon the ratification of the appointment of Deloitte & Touche LLP as independent auditor for 2015; and 4. Transact such other business as may properly come before the meeting or any adjournment or postponement thereof.
Record Date	Stockholders entitled to vote at the meeting are the holders of Common Stock of record on February 20, 2015.

Scan this ***QR Code*** to view the 2015 PSEG Proxy Statement and Annual Report on your mobile device.

By order of the Board of Directors,

M. Courtney McCormick
Secretary

March 3, 2015

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to be Held on April 21, 2015: The Proxy Statement and Annual Report to Stockholders are available at www.ezodproxy.com/pseg/2015/ar

IMPORTANT!

YOUR VOTE IS IMPORTANT, REGARDLESS OF THE NUMBER OF SHARES YOU OWN. PLEASE SIGN, DATE AND MAIL THE ACCOMPANYING PROXY CARD OR VOTING INSTRUCTION FORM PROMPTLY. YOU MAY ALSO VOTE VIA THE INTERNET OR BY TELEPHONE. PLEASE USE THE INTERNET ADDRESS OR TOLL-FREE NUMBER SHOWN ON YOUR PROXY CARD OR VOTING INSTRUCTION FORM.

YOU MAY HAVE MULTIPLE ACCOUNTS AND THEREFORE RECEIVE MORE THAN ONE PROXY CARD OR VOTING INSTRUCTION FORM AND RELATED MATERIALS. PLEASE VOTE EACH PROXY CARD AND VOTING INSTRUCTION FORM THAT YOU RECEIVE. THANK YOU FOR VOTING.

The approximate date on which this Proxy Statement and the accompanying proxy card were first sent or given to security holders and made available electronically via the Internet was March 9, 2015.

S1-SSA-0009 - 28882

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HOW TO USE THIS PROXY STATEMENT

Public Service Enterprise Group Incorporated (we, us, our, PSEG or the Company) is distributing this Proxy Statement in connection with our 2015 Annual Meeting of Stockholders.

How to Use This Proxy Statement

In an effort to encourage stockholder voting, we have structured our Proxy Statement in an easy-to-read format. After describing each proposal, we provide the related information for you to consider in voting.

- Our Proxy Statement begins with a Proxy Statement Summary, which provides a broad overview of the materials presented in connection with our 2015 Annual Meeting of Stockholders.
- More detailed information follows on our Corporate Governance, Election of Directors, Executive Compensation, Independent Auditor and other information relevant to the matters on which we are asking you to cast your vote.
- We have organized this document according to each voting item, including:
  - Background about the work of our Board of Directors (Board) and qualifications of each nominee;
  - Executive officer compensation with tables and a detailed Compensation Discussion and Analysis (CD&A).
- We have also provided a Summary CD&A, which contains the highlights of our executive compensation program and pay-for-performance approach.
- We include instructions about how to vote, attend the Annual Meeting and communicate with us.

We have three items on which we are asking for your vote:

- Proposal 1. **Election of Directors** (page 9) is followed by a discussion of our corporate governance practices, board structure and director nominee biographies;
- Proposal 2. **Advisory Vote on the Approval of Executive Compensation** (page 32) is followed by the Report of our Board's Organization and Compensation Committee (O&CC), our CD&A, with a detailed explanation of executive compensation, and the compensation tables;
- Proposal 3. **Ratification of the Appointment of Independent Auditor** (page 67) is followed by our Board's Audit Committee Report and disclosure of our Independent Auditor's fees.

Go Green with Electronic Delivery

You can help us and the environment by choosing to receive future proxy statements and related documents such as the Annual Report and Form 10-K by electronic delivery. Doing so will save us the expense of printing and mailing copies to you. It will also help us fulfill our commitment to reduce our environmental impact. You may sign-up for future electronic delivery at the website below, depending on the nature of your ownership. Please note that these are not the same sites to use for voting. For further information about how to vote, see pages 1 and 7.

If you are a stockholder of record, please go to www.proxyconsent.com/peg.

For shares held in the Employee Stock Purchase Plan (ESPP), go to https://enroll.icsdelivery.com/peg.

For shares held in Employee Benefit Plans, go to www.proxyconsent.com/peg.

If your shares are held by a bank or broker, please go to https://enroll.icsdelivery.com/peg.

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New Location for Annual Meeting

Please note that this year we will be holding our Annual Meeting at the **Robert Treat Hotel at 50 Park Place in Newark, New Jersey**. Please see the map at the back of this Proxy Statement for directions.

Forward-Looking Statements

The statements contained in this Proxy Statement about our and our subsidiaries' future performance, including, without limitation, future revenues, earnings, strategies, prospects, consequences and all other statements that are not purely historical, are forward-looking statements for purposes of the safe harbor provisions under The Private Securities Litigation Reform Act of 1995. Although we believe that our expectations are based on information currently available and on reasonable assumptions, we can give no assurance they will be achieved. There are a number of risks and uncertainties that could cause actual results to differ materially from any forward-looking statements made herein. A discussion of some of these risks and uncertainties is contained in our Annual Report on Form 10-K and subsequent reports on Form 10-Q and Form 8-K filed with the Securities and Exchange Commission (SEC), and available on our website: http://investor.pseg.com/sec-filings. These reports address in further detail our business, industry issues and other factors that could cause actual results to differ materially from those indicated in this Proxy Statement. In addition, any forward-looking statements included herein represent our estimates only as of the date hereof and should not be relied upon as representing our estimates as of any subsequent date. While we may elect to update forward-looking statements from time to time, we specifically disclaim any obligation to do so, even if our internal estimates change, unless otherwise required by applicable securities laws.

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PROXY STATEMENT SUMMARY

OUR COMPANY

PSEG is a holding company that directly owns five subsidiaries:

- **Public Service Electric and Gas Company (PSE&G)**, an operating electric and gas utility in New Jersey;
- **PSEG Power LLC (Power)**, an electric generation and wholesale energy trading company;
- **PSEG Long Island LLC (PSEG LI)**, an operator of an electric utility transmission and distribution system in New York under a contract with the Long Island Power Authority;
- **PSEG Energy Holdings L.L.C. (Energy Holdings)**, an owner of energy-related investments; and
- **PSEG Services Corporation (Services)**, which provides management and administrative services to us and our subsidiaries.

ANNUAL MEETING PROPOSALS

Proposals	Board Recommendation	Page Number for More Information
1. **Election of Directors –** vote to elect ten director nominees to serve one-year terms.	***FOR***	**9**
2. **Approval of Executive Compensation –** advisory vote to approve the executive compensation of the named executive officers.	***FOR***	**32**
3. **Ratification of Auditor –** ratification of the appointment of Deloitte & Touche LLP as independent auditor for 2015.	***FOR***	**67**

VOTING AND PROCEDURES

Voting is strongly encouraged. We urge you to sign, date and return the accompanying proxy card or voting instruction form whether or not you plan to attend the Annual Meeting. For stockholders of record, we have provided several alternative voting methods, including voting via the Internet or the toll-free telephone number listed below. For shares held by a bank or broker, including those in the various stockholder and employee plans that we offer, please follow the voting instructions you receive from your bank, broker or plan administrator. Most banks and brokers are likely to provide you with methods for internet or toll-free telephone voting.

Annual Meeting of Stockholders

Date and Time	April 21, 2015 at 1:00 P.M.
Location	**The Robert Treat Hotel, 50 Park Place, Newark, NJ.**
Record Date	February 20, 2015
	Holders of Common Stock outstanding on the record date will have one vote per share.

Voting Methods for Stockholders of Record

Internet/Mobile http://www.proxypush.com/peg	**Phone** 1-866-883-3382 (toll-free)
Mail Wells Fargo Shareowner Services P.O. Box 64873 St. Paul, MN 55164-9397	**In Person** At the Annual Meeting

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PROXY STATEMENT SUMMARY

To Submit Proposals for 2016 Annual Meeting

Final Date November 10, 2015 (last day for receipt by us)

Contact Corporate Secretary, PSEG, 80 Park Plaza, T4B, P.O. Box 1171
Newark, New Jersey 07101-1171

NOMINEES FOR ELECTION AS DIRECTOR

Name	Age	Director Since	Primary Occupation	Committee Memberships
Albert R. Gamper, Jr.	73	2000	Retired Chairman of the Board and CEO of CIT Group	Lead Director, A, E, F
William V. Hickey	70	2001	Retired Chairman of the Board and CEO of Sealed Air Corporation	F(Chair), FG, NG, O
Ralph Izzo	57	2006	Chairman of the Board, President and CEO of PSEG	E (Chair)
Shirley Ann Jackson	68	2001	President of Rensselaer Polytechnic Institute	E, F, FG (Chair), NG (Chair), O
David Lilley	68	2009	Retired Chairman of the Board, President and CEO of Cytec Industries	A (Chair), F, O
Thomas A. Renyi	69	2003	Retired Executive Chairman of The Bank of New York Mellon	A, CG (Chair), O
Hak Cheol (H.C.) Shin	57	2008	Executive Vice President – International Operations of 3M Company	A, F, FG, NG
Richard J. Swift	70	1994	Retired Chairman of the Board, President and CEO of Foster Wheeler	CG, E, FG, NG, O (Chair)
Susan Tomasky	62	2012	Retired President – AEP Transmission of American Electric Power Corporation	A, CG
Alfred W. Zollar	60	2012	Retired General Manager – Tivoli Software Division of IBM Corporation	CG, FG, NG

A=Audit CG=Corporate Governance E=Executive F=Finance FG=Fossil Generation NG=Nuclear Generation O=Organization and Compensation

We believe that our directors are a diverse group of highly qualified leaders with a broad range of business, industry, academic and public service experience. Their skills in the areas of accounting, finance, construction, consumer products, sales, government, law, operations, management, science, technology and risk management serve us well. For additional information about individual skills and qualifications of each individual, please refer to the chart on page 22 and biographical data on pages 23 to 27.

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CORPORATE GOVERNANCE

We have adopted what we believe are strong corporate governance standards and practices to assure effective management by our executives and oversight by our Board of Directors (Board). We are committed to good governance because it promotes the long-term interests of stockholders, as well as accountability and trust in our company. These measures include the following:

Independent Directors	Board Leadership	Risk Management	Code of Ethics
Established standards for director independence are set forth in our Corporate Governance Principles (Principles). All of our current directors and nominees are independent under our Principles and the requirements of the New York Stock Exchange (NYSE), except Ralph Izzo, our Chairman of the Board, President and Chief Executive Officer (CEO), who is an employee of the Company.	Our Board leadership structure consists of a Chairman (who is also our CEO), a Lead Director, who is elected by the independent directors, and strong committee chairs. This provides for independent Board leadership, while ensuring that the individual managing day-to-day operations is responsible for leading the Board discussions on key business and strategic issues.	Risk management is a key part of our strategic planning and business operations. We believe that we have an effective system of risk management with appropriate controls and Board oversight.	We are committed to operating in accordance with the highest ethical and legal standards. Our Standards of Integrity (Standards) establish a set of common expectations for behavior to which each director and employee must adhere.

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Corporate Governance Highlights			
✓	Annual Election of Directors	✓	Succession Planning
✓	Majority Voting for Directors	✓	Risk Oversight by the Board and Committees
✓	Independent Board (all but CEO)	✓	Standards of Integrity
✓	Independent Lead Director	✓	Stockholders' Right to Call Special Meetings
✓	Regular Executive Sessions of Independent Directors	✓	Stockholder Engagement
✓	Independent Committee Chairs and Members	✓	No "Poison Pill" (Stockholder Rights Plan)
✓	Annual CEO Evaluation	✓	Commitment to Sustainability
✓	Annual Board and Committee Self-Evaluations	✓	Annual Political Contributions Report

BUSINESS PERFORMANCE

Our business plan is designed to achieve growth while managing the risks associated with fluctuations in commodity prices and changes in consumer demand. In 2014, we continued our focus on operational excellence, financial strength and disciplined investment. These guiding principles have provided the base from which we have been able to execute our strategic initiatives, including:

- Growing our utility operations and improving reliability through continued investment in transmission and distribution infrastructure projects with greater diversity of regulatory oversight; and
- Maintaining a diverse, reliable and flexible generation fleet to allow us to capitalize on opportunities as they arise in the locations in which we operate.

For a comprehensive assessment of the Company's performance, please review the entire Proxy Statement and our Annual Report on Form 10-K for the year ended December 31, 2014 (Form 10-K), which can be found on our website http://investor.pseg.com/sec-filings and on the SEC's website www.sec.gov. A copy of our Form 10-K has been provided to each person solicited by means of this Proxy Statement.

Financial Highlights

Dollars in Millions, except per share amounts	2014 ($)	2013 ($)
Total Revenues	10,886	9,968
Income from Continuing Operations	1,518	1,243
Net Income	1,518	1,243
Total Assets	35,333	32,522
Earnings Per Share (EPS) - Diluted		
Income from Continuing Operations	2.99	2.45
Net Income	2.99	2.45
Dividends Paid per Share	1.48	1.44
Market Price per Share - Year-end	41.41	32.04

EXECUTIVE COMPENSATION

Compensation Philosophy

We have designed a competitive executive compensation program benchmarked against our peers that we believe helps us recruit and retain top talent while closely linking pay to performance with the ultimate goal of aligning our leadership team with stockholders' interests. Our incentives put a significant portion of our executives' pay, including that of our CEO and Named Executive Officers (NEOs), at risk based on performance. These pay-at-risk incentives are targeted to pay out at approximately the median of our peer group when we deliver on our pre-established financial and operating goals.

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PROXY STATEMENT SUMMARY

In overseeing executive compensation, our Board utilizes an independent compensation consultant which provides only compensation services to the Board. A detailed discussion of our executive compensation program, including its elements, the factors we use in determining compensation and our governance features, appears in the CD&A. The key components of our executive compensation program are:

Fixed	Base Salary	Experience, performance and competitive market.
Performance-Based	Annual cash incentive under our Senior Management Incentive Compensation Plan (SMICP)	Emphasis on EPS as the corporate financial objective with additional operational metrics. Payment from zero to 150% of target percentage of salary, and up to 200% for exceptional performance.
Performance-Based	Equity-based incentive awards under our Long-Term Incentive Plan (LTIP)	60% performance share units (PSUs) with payment, if any, measured over a three-year period based upon Return on Invested Capital (ROIC) vs. our business plan and peers and relative Total Shareholder Return (TSR), with the opportunity to earn between zero and 200% of target based on performance. 40% restricted stock units (RSUs), which cliff vest at the end of three years.
	Market-based retirement and post-employment benefits	Double trigger change-in-control provisions. No excise-tax gross-ups.

We have adopted executive compensation governance measures that we believe support good governance practices and further align our executives' interests with those of stockholders while discouraging executives from taking excessive risk.

Compensation Governance Highlights			
✓	Pay for Performance Alignment	✓	No Hedging or Pledging
✓	Annual Compensation Risk Assessment	✓	Clawback Provisions
✓	Stock Ownership and Retention Policies	✓	Common Stock Trading Pre-Clearance

Pay for Performance

- For 2014, the target annual and long-term incentive pay, representing pay at risk, for our CEO and other NEOs as a group was 86% and 70%, respectively, of targeted total direct compensation, as discussed in the CD&A under Compensation Philosophy-Pay Mix.
- We compared our recent financial performance with the compensation of our CEO and NEOs relative to our peer companies. The financial measures we examined were above the median of our peer group of companies and our executive compensation was at the peer median. Thus, we have concluded that our performance and executive compensation are appropriately aligned.
- Further, performance is reflected in the actual value paid upon vesting of the one-year annual cash incentive payments and the three-year equity incentive compensation awards:
  - Approved SMICP payments for 2014 were above target relative to internal goals, which were heavily weighted towards earnings;
  - For the PSUs granted under the LTIP for the three-year performance period ended December 31, 2014, actual payout was above target, based on our TSR compared to peer companies and ROIC in relation to target.

These compensation amounts reflect the effect on earnings of our strategic initiatives and the rebalancing of our business mix. The following table provides highlights of the compensation for our CEO and other NEOs in 2014 as reported in the 2014 Summary Compensation Table in this Proxy Statement. For the complete details of compensation, please review the entire Proxy Statement.

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NEO	Base Salary 2014 ($)	Equity Incentive Plan Compensation 2014 ($)	Non-Equity Incentive Plan Compensation 2014 ($)	Total Compensation 2014 ($)(1)
Ralph Izzo	1,142,307	5,723,686	1,636,100	11,014,644
Caroline Dorsa	673,006	1,249,737	625,200	3,856,787
William Levis	669,540	2,100,614	583,600	4,225,784
Ralph A. LaRossa	640,866	1,000,178	604,800	2,988,434
J. A. Bouknight, Jr. (2)	308,643	851,182	244,800	1,581,767
Tamara L. Linde (3)	397,010	438,705	305,100	1,618,374

(1) Reflects all compensation, including change in pension value and all other, as reported in the 2014 Summary Compensation Table.
(2) Retired on July 1, 2014.
(3) Elected to position effective July 2, 2014.

Key Recent Executive Compensation Actions

In overseeing our executive compensation program, our O&CC, working with its consultant, continued to emphasize our results-oriented philosophy. During 2014, we:

- Reviewed our compensation philosophy and all key elements of our executive compensation program in light of our strategy and objectives, as well as the results of the 95% approval of the Say-on-Pay vote received at the 2014 Annual Meeting of Stockholders;
- Confirmed the pay for performance alignment of executive compensation with financial results and approved benchmarked salaries, incentive awards and payouts in accordance with established criteria; and
- Added relative ROIC compared to peers as a third factor in measuring three-year performance to determine PSU payouts under the LTIP.

For a more comprehensive discussion, see our CD&A.

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ANNUAL MEETING, VOTING AND PROCEDURES

Proxy Statement

This Proxy Statement is provided by us on behalf of the Board. A “proxy” is a person you have legally designated to vote the stock you own. We are asking you to designate as proxies the individuals named by us on the proxy card, voting instruction form or electronic instruction associated with this Proxy Statement to vote at the 2015 Annual Meeting of Stockholders scheduled to be held on April 21, 2015 and at all adjournments or postponements of that meeting. For instructions on how to vote, please see Proxy Card and Voting of Shares section below.

The mailing address of our principal executive offices is 80 Park Plaza, P.O. Box 1171, Newark, New Jersey 07101-1171, telephone (973) 430-7000. Our Internet website is www.pseg.com.

Annual Report on Form 10-K

We have provided without charge to each person solicited by means of this Proxy Statement a copy of our Form 10-K for 2014, which has been filed with the Securities and Exchange Commission (SEC), including a list briefly describing the related exhibits. You may request copies of the exhibits by writing to: Vice President-Investor Relations, Public Service Enterprise Group Incorporated, 80 Park Plaza, T6B, P.O. Box 1171, Newark, New Jersey 07101-1171. The Form 10-K is also available on our website http://investor.pseg.com/sec-filings.

Delivery of Documents and Internet Availability

We use several different methods to deliver the proxy statement and voting materials to you, including the U.S. Mail and the Internet. Each stockholder receives his or her own proxy card, voting instruction form or electronic instructions for voting. For detailed information on how to vote, see Proxy Card and Voting of Shares below.

One Copy per Household

We have sent only a single copy of our Annual Report to Stockholders, including our Form 10-K, and Proxy Statement, to any household with two or more stockholders having the same last name and address unless one of the stockholders has requested individual copies. This “householding” saves our company printing and delivery costs. If you share an address with another stockholder and receive only a single copy of one of those documents, you may request an additional copy by writing to the above address or contacting us at (973) 430-6566.

Electronic Delivery

Stockholders may choose to no longer receive printed copies of our Annual Report, Form 10-K and Proxy Statement and instead receive and view them electronically over the internet. If you would like to receive these documents, as well as other stockholder communications and materials, electronically in the future and save us the cost of printing and mailing them to you, you may do so by following the instructions at the websites shown on page (i) above, under Go Green with Electronic Delivery. If your shares are held in the name of a bank or broker, please follow that organization’s instructions for electronic delivery. You may also follow the instructions provided for future electronic delivery if you vote via the Internet.

If you receive our future Proxy Statements, Annual Reports and Forms 10-K electronically over the Internet, you will receive each year an e-mail message containing the Internet address to access these documents. The e-mail will also include instructions for voting via the Internet as you will not receive a separate proxy card.

Annual Meeting

This year we will be holding our Annual Meeting at a new location, the Robert Treat Hotel, in Newark, New Jersey. Please note the new address, 50 Park Place, Newark, New Jersey 07102.

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Attendance

Our Annual Meeting will be held on Tuesday, April 21, 2015 at 1:00 P.M., at the Robert Treat Hotel, 50 Park Place in Newark, New Jersey.

- You have the right to attend the Annual Meeting if you are a stockholder of record, beneficial owner whose shares are held of record by a bank or broker, or a participant in one of the plans noted below.
- We request that if you plan to attend the Annual Meeting, you should so indicate on the proxy card or voting instruction form or when voting your shares telephonically or electronically.
- Please bring with you evidence that you are a stockholder.
- We have included transportation information and a map in this Proxy Statement.

Holders of record of the 506,361,758 shares of Common Stock outstanding on February 20, 2015 will have one vote per share. A quorum will consist of the holders of Common Stock entitled to cast a majority of the votes at the Annual Meeting, present in person or represented by proxy. All votes cast by proxy or in person will be counted. Abstentions and broker non-votes will not be counted, except for the purpose of establishing a quorum. All votes will be tabulated by an independent inspector of elections.

Election of directors under Proposal 1 is subject to our majority vote requirement described below. The say-on-pay vote presented in Proposal 2 is advisory and non-binding, whether or not approved by a majority of the votes cast. A majority of the votes cast is needed for ratification of the appointment of the auditor under Proposal 3.

Proxy Card and Voting of Shares: How to Vote

Stockholders of Record

Every vote is important. We urge you to vote whether or not you plan to attend the Annual Meeting. You may specify your choices by marking the appropriate boxes on the enclosed proxy card. Once done, kindly sign, date and return the accompanying proxy card, or you may vote your proxy using the toll-free telephone number listed on the proxy card or via the Internet at the electronic address provided above and also listed on the proxy card. When a proxy card is returned properly dated and signed, or properly voted telephonically or electronically, the shares represented by the proxy will be voted by the persons named as proxies in accordance with the voting stockholder's directions. If you are a stockholder of record, your shares will not be voted unless you provide a proxy by return mail, telephonically or electronically or vote in person at the Annual Meeting.

Shares Held in Plans

- ***Enterprise Direct***: The proxy card includes any shares registered in the names shown on the proxy in Enterprise Direct (our dividend reinvestment and stock purchase plan). If a proxy card is dated, signed and returned without specifying choices, the shares will be voted as recommended by the Board. If you vote telephonically or electronically, you should follow the directions given during the call or on the computer screen. If no instructions are received from you with respect to any shares held in Enterprise Direct, the administrator of the plan will vote those shares in accordance with the recommendations of the Board.
- ***PSEG ESPP***: If you are a participant in the ESPP, you will receive a separate voting instruction form from the administrator of the plan. If no instructions are received from you with respect to any shares held in the ESPP, the administrator of the plan may vote those shares in accordance with the recommendations of the Board.
- ***PSEG Employee Benefit Plans:*** If you are a participant in the Thrift and Tax-Deferred Savings Plan or the Employee Savings Plan of PSEG (PSEG Savings Plans) or either of the two Incentive Thrift Plans (Incentive Thrift Plans) of Long Island Electric Utility Servco LLC, a subsidiary of PSEG LI, you will receive a separate proxy card from the respective plan's trustee for shares that have been allocated to your accounts. The trustee will vote the shares of Common Stock beneficially owned by you under the respective plan in accordance with your instructions. If no instructions are received with respect to the PSEG Savings Plans, the shares will not be voted. If no instructions are received with respect to the Incentive Thrift Plans, the respective trustee will vote your shares in the same proportion as those shares as to which it receives instructions from other participants in the plan in which you participate.

Shares Held by Banks or Brokers

- If your shares are held in the name of a bank or broker, you should follow the voting directions on the instruction form received from your bank or broker. For such shares, while the availability of telephone or Internet voting will depend on the processes of your bank or broker, we believe that most will make such voting methods available. In accordance with the rules of the NYSE, if no instructions are received from you by a bank or broker with respect to such shares, the bank or broker may use its discretion to vote your shares that are held by it only in regard to Proposal 3, Ratification of the Appointment of Independent Auditor and the shares will not be voted on the other proposals presented in this Proxy Statement.

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ANNUAL MEETING, VOTING AND PROCEDURES

Revoking a Proxy

You may revoke a proxy given in the form of the card which accompanies this Proxy Statement or a vote made telephonically or electronically. However, by law, your presence at the Annual Meeting will not revoke a proxy you have given unless you file a written notice of such revocation with the Secretary of PSEG prior to the voting of the proxies at the Annual Meeting or you vote the shares subject to the proxy by written ballot. The Secretary's mailing address appears below.

Solicitation

The cost of soliciting proxies in the form accompanying this Proxy Statement will be borne by us. In addition to solicitation by mail, proxies may be solicited by our directors, officers and employees, none of whom will be directly compensated for such services, in person or by telephone, electronically or by facsimile. We have also retained Morrow & Co. to assist in the distribution and solicitation of proxies from brokers, bank nominees, other institutional holders and certain large individual holders. The anticipated cost of such services is approximately $15,000, plus reimbursement of expenses.

Date for Submission of Stockholder Proposals

In accordance with SEC rules, stockholders may submit proposals intended for inclusion in the Proxy Statement in connection with our 2016 Annual Meeting of Stockholders. Such proposals should be sent to: Corporate Secretary, Public Service Enterprise Group Incorporated, 80 Park Plaza, T4B, P.O. Box 1171, Newark, New Jersey 07101-1171, and must be received by November 10, 2015.

Discretionary Proxy Voting Authority

If any matters not described in this Proxy Statement are properly presented at the Annual Meeting, the persons named in the enclosed proxy card or their substitutes will vote proxies so given in respect of any such matters in accordance with their best judgment. As of the date of this Proxy Statement, the Board and management did not know of any other matters which might be presented for stockholder action at the Annual Meeting.

If we are not notified by January 26, 2016 of any proposal intended to be presented for consideration at the 2016 Annual Meeting of Stockholders, then the persons named by us shall have discretionary voting authority with respect to such proposal if presented at that Annual Meeting.

Voting Tabulation Results

Proxies and ballots will be received and tabulated by an independent inspector of elections. We will announce preliminary voting results at the Annual Meeting. We will disclose the final voting results in a Current Report on Form 8-K to be filed with the SEC on or before April 27, 2015. The Form 8-K will be available on our website at http://investor.pseg.com/sec-filings and on the SEC's website at www.sec.gov.

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Proposal 1
ELECTION OF DIRECTORS

You are being asked to vote on the election of ten individuals nominated by your Board to serve as the Directors of our Company. Below, we have provided information about the Board, director independence, our leadership structure, risk management oversight, Board committees, code of ethics and related matters of corporate governance. We also describe our provisions for majority voting, our director qualifications, diversity and retirement criteria and each nominee's specific experience, skills and qualifications. We also report to you information about security ownership and director compensation. All of the nominees currently serve as directors of the Company and were elected to their positions by the stockholders. **As recommended by the Board, we ask you to vote FOR all nominees.**

CORPORATE GOVERNANCE

Board of Directors

Our business and affairs are managed by or under the direction of the Board, which delegates certain responsibilities to its committees and to management consistent with our By-Laws. The Board has adopted and operates under the Principles which reflect our current governance practices in accordance with applicable statutory and regulatory requirements, including those of the SEC and the NYSE. The Principles provide written guidelines for directors and management to effectively pursue and support the Company's business objectives. The Principles are reviewed periodically by the Corporate Governance Committee, which recommends appropriate changes to the Board. You can request copies of our By-Laws and Principles or view them at http://investor.pseg.com/corporate-governance.

The Board provides direction and oversight of the conduct of our business by management. In fulfilling these responsibilities, the Board performs the following principal functions:

- Approves corporate strategy, major management initiatives and significant investments;
- Monitors and provides oversight of financial and business integrity and performance, including risk management;
- Selects, evaluates the performance of, and approves succession plans for the CEO and other senior executives;
- Selects nominees for election to the Board; and
- Evaluates Board processes and performance.

The Board has full and free access to all members of management and may hire its own consultants and advisors as it deems necessary.

Independence

Under our Principles and the requirements of the NYSE, the Board must consist of a majority of independent directors. The Board has established standards for director independence, which are set forth in the Principles.

Communications with the Board

You, as a stockholder, and other interested parties may communicate directly with the Board, including the independent directors, by writing to:

M. Courtney McCormick, Secretary
Public Service Enterprise Group Incorporated
80 Park Plaza, T4B, P.O. Box 1171, Newark, New Jersey 07101-1171

and indicating who should receive the communication. Unless the context otherwise requires, the Secretary will provide the communication to the Lead Director and to the Chair of the Board committee most closely associated with the nature of the request. The Secretary has the discretion not to forward communications that are commercial advertisements, other forms of soliciting material or billing complaints. All communications are available to any member of the Board upon his or her request.

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Independence Standards

An independent director must have no material relationship with PSEG and its subsidiaries, including the following:

- A director may not be an employee of ours or any of our subsidiaries;
- No member of a director's immediate family may be one of our executive officers or an executive officer of one of our subsidiaries;
- A director or immediate family member may not be an employee of any company where any executive of ours or our subsidiaries serves on the compensation committee;
- A director may not be an employee and an immediate family member may not be an executive officer of any company that makes payments to or receives payments from us and our subsidiaries in any year more than the greater of $1 million or 2% of such company's consolidated gross revenue;
- A director or immediate family member may not receive more than $50,000 in direct compensation from us (other than fees and compensation provided to directors generally);
- A director or immediate family member may not be affiliated with or employed by our independent auditor; and
- A director may not be an executive officer of a charity, if, in any year, contributions by us and our subsidiaries to that charity exceed the greater of $1 million or 2% of the charity's consolidated gross revenue.

These limitations apply for three years after the end of the applicable affiliation or arrangement.

The Board annually reviews other commercial relationships of directors and determines whether any of those relationships are material relationships that impair a director's independence.

The Board has determined that all of the current directors, all of whom are nominees for election, are independent under our Principles and the requirements of the NYSE, except Ralph Izzo, our Chairman of the Board, President and CEO. These determinations were based upon a review of the responses submitted by each director to questionnaires we provided to them, relevant business records, publicly available information and applicable SEC and NYSE requirements.

Leadership Structure

Under our By-Laws, our senior leadership may include a Chairman of the Board, a President and a CEO, which positions may be held by one person or may be divided between two different people. As provided in its charter, the Corporate Governance Committee has the responsibility to assess the structure of the Board and periodically evaluate the Board's governance practices as well as the Principles. Building on the advice of the Corporate Governance Committee, the Board applies its experience and knowledge of our business to establish what it believes to be the most effective form of organization. In doing so, it utilizes its understanding of the challenges and opportunities we face and its evaluation of the individuals who are involved.

Based on that analysis and evaluation, the Board has determined that, at the present time and given our present officers and personnel, it is in the best interests of the Company and stockholders for a single individual to hold all three positions of Chairman of the Board, President and CEO. The Board believes that this strikes a desirable balance allowing us to benefit from the advantages of efficiency, coordination and accountability. Ralph Izzo currently holds these positions. As such, he has plenary powers of supervision and direction of our business and affairs and he also presides at all meetings of the Board and of stockholders. The Board believes that Mr. Izzo possesses the attributes of experience, judgment, vision, managerial skill and overall leadership ability essential for our continued success. Mr. Izzo's in-depth knowledge and understanding of our strategy, operations, risk profile, regulatory and environmental circumstances and financial condition best position him to head our Board and provide leadership to management, employees, investors, customers, officials and the public. The diverse experience and independence of the other directors allows the Board to maintain effective oversight of operations, long-range planning, finances and risk management.

Lead Director

In addition to the Chairman, President and CEO, our leadership structure is designed to rely on the contributions of our Lead Director. The Lead Director provides the independent directors with a key means for collaboration and communication regarding Board agendas and the information directors receive from management. Importantly, all directors play an active role in overseeing the company's business both at the Board and committee levels, bringing fresh and differing viewpoints. The Lead Director coordinates with the Chairs of our various Board committees in setting agendas for committee meetings. Albert R. Gamper, Jr. currently serves as Lead Director. In that capacity, he complements the talents and contributions of Mr. Izzo and promotes confidence in our governance structure by providing an additional perspective to that of management.

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Lead Director Duties and Responsibilities

Our Lead Director:

- Presides at all meetings of the Board at which the Chairman is not present, including executive sessions of the independent directors;
- Serves as principal liaison on Board-wide issues between the Chairman and the independent directors;
- Calls meetings of the independent directors, as may be necessary or desirable;
- Consults with the Chairman on Board agendas;
- Advises the Chairman on the quality and timeliness of information provided to the directors;
- Serves on the Executive Committee; and
- Receives from the Corporate Secretary communications to, or for consideration by, the independent directors.

The Lead Director is an independent director designated annually by the independent directors with the expectation that he or she will typically serve in that capacity for four years. The Lead Director may be appointed to serve up to twelve additional months beyond the four years if approved by a majority of the independent directors. Mr. Gamper was designated as our Lead Director in April 2014 for a term expiring at the first meeting of directors after the 2015 Annual Meeting of Stockholders. Mr. Gamper has served as Lead Director since April 2011. The Corporate Governance Committee expects to make a recommendation regarding the individual to serve as Lead Director at its first meeting following the 2015 Annual Meeting, in accordance with our policy.

The Board believes that our leadership structure has been designed with the appropriate controls to support the efficacy of this arrangement without jeopardizing the integrity of the governance process. As discussed below, our Principles also set forth various expectations and criteria for Board membership. All directors must adhere to our Standards and exercise their responsibilities in a manner consistent with our best interests and those of our stockholders and their fiduciary duties established by applicable law.

Risk Management Oversight

The Board is responsible for the oversight of risk at PSEG, both as a whole and through delegation to Board committees, which meet regularly and report back to the full Board. All committees play significant roles in carrying out the risk oversight function. In particular:

- The Audit Committee oversees risk related to the Company's financial statements, the financial reporting process, accounting and legal matters. The Audit Committee provides oversight on legal and business compliance, financial reporting, disclosure controls and procedures and risk management controls, as well as policies with respect to risk assessment and risk management. Our Chief Risk Officer and Chief Financial Officer report on risk management to the Audit Committee at its meetings and, through the reports of the Audit Committee Chair, to the Board.
- The Finance Committee oversees financing transactions and approves appropriate commodity portfolio risk tolerance limits. Compliance is monitored through regular reporting to the Board. The Finance Committee is responsible for monitoring risk related to our investments in our pension and post-retirement benefits and nuclear decommissioning trusts and receives periodic reports on their performance at least annually.
- The Fossil Generation Operations Oversight Committee and the Nuclear Generation Operations Oversight Committee monitor and evaluate risks associated with our electric station operations, including risks associated with environmental, safety and other compliance and personnel and performance matters.
- The O&CC considers the risks and rewards associated with our compensation and human resources philosophy and programs. As discussed below, the O&CC has reviewed our compensation policies and practices as they relate to risk management and seeks to administer our compensation plans so as to appropriately balance the incentive nature of the compensation with mechanisms that serve to mitigate risk.
- The Corporate Governance Committee evaluates Board and committee performance, monitors composition of the Board and the qualifications of the Board members and nominees, assists the Board in administering corporate governance practices and oversees our political participation activities and expenditures. In doing so, the Corporate Governance Committee seeks to ensure our governance and leadership structure is appropriately designed to mitigate reputational risk.

Risk Management Policy

Risk management is also a key part of our strategic planning and business operations. The Board has approved a Risk Management Policy and it reviews and adopts the Company's Financial Risk Management Practice. In accordance with the Risk Management Policy, we maintain and execute a Risk Management Program for identifying, quantifying, monitoring, managing and reporting on our risks, including emerging issues such as cybersecurity. The Financial Risk Management Practice serves to define the major roles, responsibilities and procedures, including controls and reporting, necessary to actively manage our financial risk exposure consistent with our business plans. It is reviewed annually and approved by the Audit Committee and the Finance Committee and recommended to the Board for its approval.

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Risk Management Program

The Board has oversight of the Risk Management Program which consists of policies, processes and controls, including the Risk Management Policy and Financial Risk Management Practice, as well as other policies and practices developed by management relating to risks, including but not limited to: market; credit; operations; political; regulatory; legal; compliance; strategic; reputation; business interruption; environmental; and staffing.

Our Risk Management Program forms an integral part of our corporate culture and values.

Risk Management Committee

Under the Risk Management Policy, we have established a Risk Management Committee (RMC) consisting of senior executives. The RMC is charged with, among other things:

- Establishing the framework for implementing the Risk Management Policy;
- Establishing limits and controls and managing risk within established tolerances; and
- Considering and addressing major implications to our generation, transmission and distribution businesses that have a bearing on the management of risks that could impact financial results.

In addition, our Capital Review Committee, which also consists of senior management employees, provides oversight and reviews proposed capital projects. Investments above a stated amount require approval of our Board or our respective subsidiary's board, as applicable. Our Compliance Committee of senior management personnel reviews various compliance issues, including the approval of our Standards, and regularly reports to the Audit Committee.

Our Delegation of Authority provisions set forth the respective authority levels at which management and employees are authorized to conduct business.

The Board believes that we have an effective system of risk management practices with appropriate controls and Board oversight.

Talent Management and Succession Planning

Our business planning process includes key aspects of workforce development. We believe that we utilize a rigorous and disciplined process to evaluate talent and provide for succession planning in relation to our business objectives. This starts at the local level and continues through senior management, with direct involvement of our CEO and Board. We periodically review our workforce challenges, progress on achieving our commitment to diversity and effectiveness of our organizational structure and staffing.

The Board takes very seriously its responsibility to provide for an orderly process of succession within the ranks of our senior management. Periodically, at least annually, the O&CC reviews with the CEO succession plans for key leadership positions to assure that highly qualified candidates are available should the need arise to fill vacancies. We seek to maintain a continuity of management through appropriate recruitment and retention methods, including market-based and performance-measured compensation and career advancement and training opportunities.

Director Orientation and Continuing Education

New directors receive an orientation program and materials, which includes visits to our facilities and presentations by senior management to familiarize them with our strategic plans, operations, significant financial, accounting, regulatory and risk management issues, compliance programs, the Standards, principal officers and internal and independent auditors. During each year, continuing education is provided to all directors on topics of importance to our business.

Meetings of the Board, Committees and Stockholders

The Board holds regularly scheduled meetings and meets on other occasions when circumstances require. Board and committee meetings are scheduled over most of an entire work day and usually begin on the prior afternoon or evening. Each committee executes its responsibilities, as described below, and the Board receives reports from the committee Chairs on the significant matters considered and actions taken. A Board meeting typically focuses on the strategic and more important issues facing us. Directors spend additional time preparing for Board and committee meetings they attend and they are called upon for counsel between meetings.

Our Principles provide that the Board will meet at least six times each year and in executive session without management in attendance at every meeting, unless waived by the Board. When the Board meets in executive sessions, the Lead Director presides. In addition, each Board committee, except the Executive Committee, meets in executive session at each of its meetings, unless waived by the respective committee.

Special meetings of the Board of Directors may be called by the Chairman of the Board, CEO, or a majority of the directors by written request at anytime. Special meetings of the stockholders may be called at any time by the Board of Directors or by the CEO or upon the written request of the holders of a majority of the capital stock entitled to cast votes.

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2014 Meetings and Executive Sessions		
Board/Committee	Meetings	Executive Sessions
PSEG Board	9*	8
PSE&G Board	6	6
Audit	8	6
Corporate Governance	4	2
Executive	1	0
Finance	4	0
Fossil Generation Operations Oversight	3**	2
Nuclear Generation Operations Oversight	3***	2
O&CC	5	4

* Includes all-day Business Strategy Session and two special meetings
** One meeting held at a generating station
*** One meeting held at the site of nuclear generating stations we operate

Attendance

Under our Principles, each director is expected to attend all Board meetings and all meetings of committees of which such director is a member, as well as the Annual Meeting of Stockholders. Meeting materials are provided to Board and Committee members in advance of each meeting, and members are expected to review such materials prior to each meeting. During 2014, each director attended at least 75% of the aggregate number of meetings of the Board and the committees on which he or she served. All of the directors except two attended the 2014 Annual Meeting of Stockholders.

Board Committee Responsibilities

The Board committees, their principal functions, membership requirements and minimum number of meetings held are described below. Each committee has open and free access to all Company information, may require any of our officers or employees to furnish it with information, documents or reports that it deems necessary or desirable in carrying out its duties, is empowered to investigate any matter involving us and may retain appropriate resources to assist it in discharging its responsibilities.

Each committee, other than the Executive Committee, operates pursuant to a charter that defines its roles and responsibilities and annually conducts a performance evaluation of its activities and a review of its charter. The authority of the Executive Committee is set forth in our By-Laws. The committee charters and our By-Laws are posted on our website, www.pseg.com/info/investors/governance/committees.jsp. We will send you a copy of any or all of them upon request.

Each committee reports its activities to the Board. Each committee Chair is appointed annually with the expectation that he or she will typically serve in that capacity for four years. A Chair may be appointed to serve up to twelve additional months beyond the four years if approved by a majority of the independent directors.

A list of current committee membership requirements can be found below:

Committee	Membership Requirements
Audit	Consists of three or more independent directors, in accordance with SEC and NYSE rules, who must meet NYSE requirements for financial literacy. At least one member must have accounting or financial management expertise. The committee meets at least four times per year. Members may receive no direct or indirect compensation from us or our subsidiaries, other than as a director or committee member, and may not be affiliated with us or our subsidiaries. Under our Principles, without Board approval, a director may not serve as a member of our Audit Committee if he or she serves on the Audit Committee of more than three public companies, including ours.
Corporate Governance	Consists of three or more independent directors who meet at least two times per year.
Executive	Consists of the Chairman of the Board, the Lead Director and at least one additional independent director.
Finance	Consists of three or more independent directors who meet at least three times per year.
Fossil Generation Operations Oversight	Consists of three or more independent directors who meet at least three times per year.
Nuclear Generation Operations Oversight	Consists of three or more independent directors who meet at least three times per year.
Organization & Compensation	Consists of three or more independent directors in accordance with SEC and NYSE rules, who meet at least two times per year.

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CORPORATE GOVERNANCE

Each Committee of the Board is responsible for the following activities:

Audit Committee

- Assisting the Board in fulfilling its responsibility for oversight of the integrity of our financial statements and the quality and integrity of our accounting, auditing and financial reporting practices;
- Appointing, terminating, compensating, including preapproving all services and fees, and overseeing the work of the independent auditor, which reports directly to the Audit Committee;
- Reviewing the independence of the independent auditor, as well as Public Company Accounting Oversight Board (PCAOB) and peer review reports of the independent auditor's performance;
- Reviewing with the independent auditor, management and internal auditors our annual audited and quarterly financial statements and the acceptability and quality of our financial statements and our accounting, reporting and auditing practices;
- Reviewing with the independent auditor any audit issues or difficulties and management's response, and resolving disagreements which may arise between management and the independent auditor regarding financial reporting;
- Providing oversight to our internal audit and environmental, health and safety audit functions and legal and business conduct compliance program;
- Reviewing the status of pending material litigation;
- Reviewing risk management controls and disclosure controls and procedures;
- Reviewing earnings press releases, financial information and earnings guidance provided to analysts and rating agencies; and
- Recommending to the Board the inclusion of the audited financial statements in our Form 10-K.

Composition of the Audit Committee

The Board determines annually, and upon any change in Audit Committee composition, the independence, financial literacy and financial expertise of the Audit Committee members and makes written affirmation to the NYSE in accordance with its rules. The Board has determined that all members of the Audit Committee are financially literate and, in addition, that Albert R. Gamper, Jr., David Lilley (Chair), Thomas A. Renyi, Hak Cheol Shin and Susan Tomasky, each a member of the Audit Committee, possesses accounting or financial management expertise, as defined in the NYSE rules. The Board further has determined that Albert R. Gamper, Jr., David Lilley (Chair), Thomas A. Renyi, and Susan Tomasky, each a member of the Audit Committee, is an audit committee financial expert under the Sarbanes-Oxley Act of 2002 and the rules of the SEC.

Management and the Board believe that the current composition of the Audit Committee provides that committee with the requisite expertise and experience to recommend to the Board the inclusion of the audited financial statements in our Form 10-K. The Board will consider this matter annually as a part of its ongoing governance review. The Audit Committee will also continue its practices to assure that adequate independent procedures exist for receipt and treatment of complaints regarding accounting, internal controls or auditing matters.

The Audit Committee Report appears below under Proposal 3. Ratification of the Appointment of Independent Auditor in this Proxy Statement.

Corporate Governance Committee

- Assisting the Board in administering the corporate governance practices of the Board and its committees;
- Monitoring the composition of the Board to assure a reasonable balance of professional interests, business experience, financial expertise, diversity and independence;
- Considering the qualifications of Board members and evaluating prospective nominees, including those identified by the Committee or by other Board members, management, stockholders or other sources, and recommending to the Board membership changes and nominees;
- Making a recommendation to the Board as to whether to accept the tendered resignation of any director who fails to receive a majority of votes cast "for" that director's election in an uncontested election;
- Recommending to the Board the chairs and members of Board committees;
- Evaluating performance of the Board and its committees, including a review of the size, structure and composition of the Board and its committees and their governance practices, including interactions with management;

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- Making recommendations to the Board to improve effectiveness of the Board and its committees;
- Overseeing the directors' orientation and continuing education;
- Reviewing and making recommendations to the Board with respect to compensation of directors;
- Providing input to the O&CC regarding the performance of the CEO as Chairman of the Board;
- Periodically reviewing the Charters of the Board committees and recommending appropriate changes; and
- Reviewing our political participation activities and expenses.

The nomination process and criteria utilized are described below under Nominees and Election.

Executive Committee

Except as otherwise provided by law, the Executive Committee may exercise all the authority of the Board when the Board is not in session.

Finance Committee

- Reviewing and making recommendations to the Board regarding corporate financial policies and processes and significant financial decisions;
- Reviewing and recommending to the Board annually our financial plan;
- Reviewing and making recommendations to the Board regarding our dividend policy and capital structure;
- Discussing with management the application and effects of our policies with respect to risk assessment and risk management, including the limits and authorities contained in the Financial Risk Management Practice;
- Reviewing and recommending to the Board authorizations with respect to the issuance, sale and redemption of securities by us and our subsidiaries;
- Reviewing with the Chairs of the Thrift and Pension and the Nuclear Decommissioning Trust Investment Committees, and monitoring, the investment guidelines for and investment performance of the respective trust funds;
- Reviewing with management our cash management policies and practices; and
- Reviewing with management credit agency ratings and analyses.

Fossil Generation Operations Oversight Committee

- Evaluating the effectiveness of our fossil generation operations, focusing on safety, plant performance, regulatory matters, large construction projects and improvement in operations;
- Reviewing labor and human relations, environmental, health and safety and legal and compliance issues related to our fossil generation operations; and
- Reviewing the results of major inspections, evaluations and audit findings by external oversight groups and management's response.

Nuclear Generation Operations Oversight Committee

- Evaluating the effectiveness of our nuclear generation operations, focusing on safety, plant performance, regulatory matters, large construction projects and improvement in operations;
- Reviewing labor and human relations, environmental, health and safety and legal and compliance issues related to our nuclear generation operations; and
- Reviewing the results of major inspections, evaluations and audit findings by external oversight groups and management's response.

Organization and Compensation Committee (O&CC)

- Reviewing, approving and modifying, as necessary, our executive compensation policy, programs, plans and awards;
- Reviewing the stockholder advisory vote on say-on-pay and considering any action it deems appropriate in light of that vote;
- Reviewing executive compensation levels and targets for consistency and alignment with compensation policy and strategic and operating objectives;
- Reviewing the risk to us of our compensation policies and practices;
- Retaining, compensating, overseeing and annually reviewing the performance of its advisors, including its compensation consultant;
- Reviewing the independence of its compensation consultant and advisors;
- Reviewing and making recommendations to the Board concerning corporate organization in general and executive compensation including incentive plans and equity-based plans;
- Administering our incentive compensation plans;
- Reviewing and approving corporate goals and objectives relevant to CEO compensation;

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- Evaluating the CEO's performance in light of those goals and objectives and, with the independent Board members, determining and approving the CEO's compensation based on such evaluation;

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- Annually reviewing performance of certain other key members of management;
- Annually reviewing management succession and development plans;
- Monitoring compliance with the Stock Ownership and Retention Policy; and
- Reviewing the CD&A and providing its report in this Proxy Statement.

The O&CC Report on Executive Compensation appears below under Proposal 2. Advisory Vote on the Approval of Executive Compensation.

Composition of the O&CC

The Board determines annually the independence of the O&CC members and makes written affirmation to the NYSE in accordance with its rules. The Board believes that the current composition of the O&CC provides that committee with the requisite expertise and experience to oversee our executive compensation program and assess the alignment of pay for performance.

Compensation Consultant

The O&CC has the authority to retain advisors and compensation consultants, with sole authority for their hiring and firing. The O&CC is directly responsible for such appointment, compensation and oversight in accordance with the applicable SEC requirements and NYSE standards. Since September 2009, the O&CC has retained Compensation Advisory Partners LLC (CAP) as its independent compensation consultant to provide it with information and advice that is not influenced by management. CAP is an executive compensation consulting firm that does not perform any other services for us or our subsidiaries. CAP provides advice to the O&CC on executive compensation and may also provide advice to the Corporate Governance Committee on matters pertaining to compensation of directors who are not executive officers. CAP may not perform any other services for us without obtaining the prior approval of the Chair of the O&CC.

In furtherance of CAP's independence, management receives copies of certain materials provided by CAP to the O&CC only after the materials have been provided to the O&CC. The scope of CAP's assignment is to provide general advice relating to all aspects of executive compensation, including the review of our current compensation programs and levels, benefit plans, provision of comparative industry trends and peer data and the recommendation of program and pay level changes. Responsibility for assignment to and evaluation of work by CAP is solely that of the O&CC and, with respect to the compensation of non-employee directors, the Corporate Governance Committee.

We pay the fees of any compensation consultant retained by the O&CC. Additional information regarding any such services performed in the past year is included in the CD&A below. The O&CC also utilizes the services of our internal compensation professionals.

Determination of Compensation Consultant's Independence

The SEC and NYSE require compensation committees to assess the independence of their advisors and determine whether any conflicts of interest exist. In July 2014, the O&CC reviewed CAP's independence relative to the following factors: (i) CAP's provision of other services to the Company; (ii) the amount of fees CAP receives from the Company as a percentage of CAP's total revenue; (iii) the policies and procedures of CAP that are designed to prevent conflicts of interest; (iv) any business or personal relationship between O&CC members and CAP or its compensation consultants; (v) any PSEG stock owned by CAP or its compensation consultants; (vi) any business or personal relationship between our executive officers and CAP or any of its compensation consultants; and (vii) other factors that would be relevant to CAP's independence from management. On the basis of such review, the O&CC concluded that CAP is independent and no conflicts of interest exist.

Compensation Committee Interlocks and Insider Participation

During 2014, each of the following individuals served as a member of the O&CC: William V. Hickey, Shirley Ann Jackson, David Lilley, Thomas A. Renyi, and Richard J. Swift (Chair). No member of the O&CC was an officer or employee or a former officer or employee of any PSEG company. None of our officers served as a director of or on the compensation committee of any of the companies for which any of these individuals served as an officer. No member of the O&CC had a direct or indirect material interest in any transaction with us.

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Code of Ethics

Standards of Integrity

Our Standards is a code of ethics applicable to us and our subsidiaries. The Standards:

- Are an integral part of our business conduct compliance program and embody our commitment to conduct operations in accordance with the highest legal and ethical standards;
- Apply to all of our directors and employees (including PSE&G's, Power's, PSEG LI's, Energy Holdings' and Services' respective principal executive officer, principal financial officer, principal accounting officer or Controller and persons performing similar functions) each of whom is responsible for understanding and complying with the Standards;
- Establish a set of common expectations for behavior to which each director and employee must adhere in dealings with investors, customers, fellow employees, competitors, vendors, government officials, the media and all others who may associate their words and actions with us; and
- Have been developed to provide reasonable assurance that, in conducting our business, directors and employees behave ethically and in accordance with the law and do not take advantage of investors, regulators or customers through manipulation, abuse of confidential information or misrepresentation of material facts.

The Standards are posted on our website, www.pseg.com/info/investors/governance/documents.jsp. We will send you a copy on request.

We will post on that website:

- Any amendment (other than one that is technical, administrative or non-substantive) that we adopt to the Standards; and
- Any grant by us of a waiver from the Standards that applies to any director, principal executive officer, principal financial officer, principal accounting officer or Controller, or persons performing similar functions, for us or our direct subsidiaries noted above, and that relates to any element enumerated by an applicable SEC requirement.

A waiver of any provision of the Standards may be granted in exceptional circumstances, but only for substantial cause. A waiver for any director or executive officer may be made only by the Board and, if granted, must be promptly disclosed to our stockholders. In 2014, we did not grant any waivers to the Standards.

Political Contributions

As a highly regulated company whose operations can be significantly impacted by public policies, it is essential that PSEG takes an active role in the political process. PSEG regularly communicates with government officials on issues affecting our business, participates in trades associations that focus on policies which may influence our company and makes political contributions that align with the long-term interests of PSEG and its stockholders.

Our Practice and Board Oversight

We are committed to participating in an ethical manner and in full compliance with all federal, state and local laws. We have established a Corporate Political Participation Practice that sets forth a controls process pursuant to which our senior management monitors, assesses and approves certain political contributions. The Corporate Governance Committee also oversees our political activities and contributions in accordance with the Practice. We believe this Practice allows us to minimize reputational and political risks and continue to focus on our operational excellence. Stockholders may view our Practice at www.pseg.com/info/investors/governance/documents.jsp.

Annual Political Contributions Report

PSEG continues to value thoughtful stockholder engagement. Based on our communications with stockholders, we have expanded our level of disclosure by creating an annual political contributions report to be published in 2016. The report will include our corporate contributions to candidates, trade associations and other political and social welfare organizations. PSEG will request that trade associations to which it paid total annual payments of $50,000 or more identify the portion of dues or payments received from PSEG that were used for expenditures or contributions that, if made directly by PSEG, would not have been deductible under Section 162(e)(1)(B) of the Internal Revenue Code (IRC). The report will be made available on our website.

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Transactions with Related Persons

There were no transactions during 2014, and there are no transactions currently proposed, in which we were or are to be a participant and the amount involved exceeded $120,000 and in which any related person (director, nominee, executive officer or their immediate family members) had or will have a direct or indirect material interest.

Our policies and procedures with regard to transactions with related parties, including the review, approval or ratification of any such transactions, the standards applied and the responsibilities for application are set forth in our Principles, our Business Conduct Compliance Program (Compliance Program) and the Standards. These are our only written policies and procedures regarding the review, approval or ratification of transactions with related persons.

- The Principles provide that a director must notify the Chair of the Corporate Governance Committee if he or she encounters a conflict of interest or proposes to accept a position with an entity which may present a conflict of interest, so that the issue may be reviewed. Potential conflicts of interest include positions that directors or immediate family members hold as directors, officers or employees of other companies with which we do business or propose to do business and charitable and other tax-exempt organizations to which we contribute or propose to contribute.
- The Compliance Program establishes an organizational structure and validates the Standards and its mandated procedures, practices and programs. The Audit Committee has overall responsibility for oversight of the Compliance Program and has delegated to our Compliance Committee overall responsibility for the design, implementation and execution of the Compliance Program. The Compliance Committee's duties include assurance that we take all reasonable steps to coordinate organization-wide ethics and compliance activities, consistent enforcement of the Standards, including the detection and prevention of wrongdoing as a result of compliance investigations and otherwise foster a culture for ethical behavior and a commitment to legal compliance. The Compliance Committee, comprised of members of senior management, is chaired by our Executive Vice President and General Counsel, who has overall responsibility for administering the Compliance Program.
- The Standards establish a written set of common expectations of behavior for all directors, officers and employees regarding business relationships, personal conduct (including, among other things, corporate opportunities, conflicts of interest and supplier, competitor and governmental relations), safeguarding of Company property, business controls and compliance with regulatory requirements. In addition, the Standards mandate procedures for seeking ethical guidance, reporting concerns, investigation and discipline. Our Executive Vice President and General Counsel has overall responsibility for administering the Standards.
- Our written management practices provide that any capital investment with a non-PSEG entity or its affiliate, for which one of our directors or officers serves as a director or executive officer, must be approved by our Board.

NOMINEES AND ELECTION

Election

Directors elected at each annual meeting are elected to serve one-year terms. Directors whose terms are to expire are eligible for re-nomination and will be considered by the Corporate Governance Committee in accordance with its policies and the retirement policy for directors, which are summarized in this Proxy Statement. Each of the current directors has been nominated for re-election.

Our By-Laws currently provide that the Board shall consist of not less than three nor more than 16 directors as shall be fixed from time to time by the Board. The number of directors is currently fixed at ten.

The nominees listed below were selected by the directors upon the recommendation of the Corporate Governance Committee. As discussed above under Annual Meeting, Voting and Procedures, proxies will be voted in accordance with your instructions as indicated on the enclosed proxy card, voting instruction form or when voting by telephone or Internet.

If at the time of the 2015 Annual Meeting any of the nominees listed below should be unable to serve, which is not anticipated, it is the intention of the persons designated as proxies to vote, in their discretion, for other nominees, unless the number of directors constituting a full Board is reduced.

Majority Voting for Election of Directors

Our By-laws provide that in an uncontested election, each director shall be elected by a majority of the votes cast with respect to the director. A majority of votes cast means that the number of shares cast "for" a director's election exceeds the number of votes cast "against" that director. We do not include as votes cast (i) shares which are marked withheld, (ii) abstentions and (iii) shares as to which a stockholder has given no authority or direction.

As provided in our Principles, the Board has adopted a policy whereby any incumbent director receiving a majority vote "against" must promptly tender an offer of resignation. As a result, in uncontested elections, the Board will nominate for election or re-election as a director only candidates who have agreed promptly to tender a letter of resignation in the event that the number of shares voted "for" that director does not exceed the number of shares voted "against" that director. If an incumbent director fails to receive the required "majority" vote, the Corporate Governance Committee will consider the matter and then make a recommendation to the Board as to whether or not to accept the resignation. The Board will make the determination on whether or not to accept the recommendation of the Corporate Governance Committee.

Failure to Receive a Majority Vote

The Principles further provide that no director who fails to receive a majority vote in an uncontested election shall participate in either the recommendation of the Corporate Governance Committee or the determination of the Board with respect to his or her resignation letter or that of any other director in regard to that year's Annual Meeting election. Any such director may, however, participate in any and all other matters of the Board and its various committees to the fullest extent to which he or she would otherwise be permitted in accordance with applicable law and the Principles. If a majority of the Corporate Governance Committee fails to receive a majority vote, then the remaining independent directors will determine whether to accept one or more of the applicable resignations. If three or fewer independent directors do not receive a majority vote in the same election, then all independent directors may participate in any discussions or actions with respect to accepting or rejecting the resignation

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offers (except that no director will vote to accept or reject his or her own resignation offer).

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In evaluating tendered resignations, the Corporate Governance Committee and the Board may consider all factors they deem relevant, including, but not limited to, the stated reason(s) for the "against" vote, the impact that the acceptance of the resignation would have upon our compliance with applicable law or regulation, the potential triggering of any change in control or similar provision in contracts, benefit plans or otherwise, the qualifications of the director and his or her past and anticipated future contributions to us.

The Corporate Governance Committee and the Board may consider possible remedies or actions to take in lieu of or in addition to accepting or rejecting of the resignation, such as development and implementation of a plan to address and cure the issues underlying the failure to receive a majority vote.

Following the Board's determination, we will publicly disclose the decision and, as applicable, the reasons for accepting or rejecting the resignation. To the extent that the Board accepts one or more resignations, the Corporate Governance Committee may recommend to the Board, and the Board will then determine, whether to fill any vacancy.

Ability, Diversity and Independence of Directors

The Board believes that a nominee for director should be selected on the basis of the individual's ability, diversity of background and experience and soundness of judgment, from among candidates with an attained position of leadership in their field of endeavor. As noted above, a majority of the Board must consist of independent directors in accordance with our Principles and NYSE requirements.

The Board is guided by its consideration of how to best enhance its capability to oversee the affairs of the Company. It does not believe that adopting arbitrary or inflexible policies will achieve that purpose. Rather it looks to promote better governance through a more dynamic examination and understanding of its members' abilities to meet evolving challenges. It values the mix of skills and experience, independence from management, fresh perspectives and seasoned knowledge that collectively help to guide the Company.

Diversity

Diversity is a factor for consideration of nominees for director pursuant to the diversity policy contained in our Principles and the charter of the Corporate Governance Committee. In considering diversity, the Corporate Governance Committee utilizes a broad meaning to include not only factors such as race, gender and national origin, but also background, experience, leadership positions, skills, accomplishments, financial expertise, professional interests, personal qualities and other traits desirable in achieving an appropriate group of qualified individuals. The Corporate Governance Committee considers and assesses the effectiveness of this policy in connection with the annual nomination process to assure the Board contains an effective mix of people to best further our long-term business interests.

Director Qualifications and Availability

In addition, it is the Board's policy that a nominee recommended initially for election be able to serve at least five years, consistent with the Board's retirement policy. The Board believes that the ability of a director to serve for at least five years is a reasonable expectation in order for us to receive an appropriate benefit from the individual's abilities. This is especially so in light of the time invested by a director to become knowledgeable about our complex business operations. The Board believes that these age and service limitations provide it with a means for achieving a reasonable balance of veteran and new directors.

The Corporate Governance Committee also considers the amount of time that a person will likely have to devote to his or her duties as a director, including non-PSEG responsibilities as an executive officer, board member or trustee of business or charitable institutions and the contributions by directors to our ongoing business. The Corporate Governance Committee considers the qualifications of incumbent directors and potential new nominees, as well as the continuity of service and the benefit of new ideas and perspectives, before making recommendations to the Board for election or re-election. The Board then selects nominees based on the Corporate Governance Committee's recommendation.

The Corporate Governance Committee does not believe it is appropriate to set absolute term limits on the length of a director's term. Directors who have served on the Board for an extended period of time are able to provide valuable insight into the operations and future of the Company based on their experience with and understanding of our history, policies and objectives. In selecting individuals for our Company, with its long investment horizon, the Corporate Governance Committee weighs the need for both director refreshment and institutional memory.

Prior to accepting an invitation to serve as a director of another public company, the CEO and any directors must submit a letter to the Corporate Governance Committee so as to allow it to review potential conflicts and time demands of the new directorship. Any director who undertakes or assumes a new principal occupation, position or responsibility from that which he or she held when he or she was elected to the Board must submit a letter to the Corporate Governance Committee volunteering to resign from the Board. The Board does not believe that in every instance a director who undertakes or assumes a new occupation, position or responsibility from that which he or she held when the director joined the Board should necessarily leave the Board. The Corporate Governance Committee reviews the relevant details of such director's new position and determines the continued appropriateness of Board membership under the circumstances.

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NOMINEES AND ELECTION

The Corporate Governance Committee and the Board believe that the experience gained through other directorships provides us with a breadth of valuable knowledge and insight. Exposure to other industries, management and issues gives a director a perspective not necessarily otherwise available to him or her from a more limited range of experience. The Corporate Governance Committee carefully monitors the attendance and participation of each director to assure that he or she demonstrates an appropriate level of commitment and effort in serving on our Board. In renominating the current directors, the Corporate Governance Committee and the Board determined that each director had successfully balanced the demands on his or her time and attention in meeting the fiduciary obligations to us.

Nominees and Nomination Process

The present terms of all ten directors, **Albert R. Gamper, Jr., William V. Hickey, Ralph Izzo, Shirley Ann Jackson, David Lilley, Thomas A. Renyi, Hak Cheol Shin, Richard J. Swift, Susan Tomasky** and **Alfred W. Zollar**, expire at the 2015 Annual Meeting. Each director has been re-nominated. Each will be presented for election to serve until the 2016 Annual Meeting, or until his or her respective successor is elected and qualified. All nominees were elected to their present terms by our stockholders.

The Corporate Governance Committee on occasion may pay a fee to an executive search firm to assist it in identifying and evaluating potential director nominees meeting our criteria, which are described further above. Any such firm's function would be to assist the Committee in identifying potential candidates for its consideration. During 2014, we did not engage a third-party firm to conduct a search for potential candidates.

The Corporate Governance Committee will consider stockholders' recommendations for nominees for election to the Board. Such recommendations must be submitted in writing to M. Courtney McCormick, Secretary, Public Service Enterprise Group Incorporated, 80 Park Plaza, T4B, P.O. Box 1171, Newark, New Jersey 07101-1171. Nominations must be made in compliance with the procedures set forth in our By-Laws and accompanied by the written consent of any such person to serve if nominated and elected and by biographical material to permit evaluation of the individual recommended. Our By-Laws require that stockholder nominations must be submitted at least 90 days in advance of an Annual Meeting of Stockholders.

The Corporate Governance Committee utilizes the same criteria to evaluate all potential nominees, including those recommended by stockholders or from other sources.

We show below for each nominee:

- The period of service as a director;
- Age as of the date of the Annual Meeting;
- Present committee memberships;
- Business experience during at least the last five years; and
- Other directorships during the past five years.

We also discuss the specific experience, qualifications, attributes and skills that led to the conclusion that he or she should serve as one of our directors. Each nominee's beneficial ownership of Common Stock is shown under Security Ownership of Directors, Management and Certain Beneficial Owners. Compensation for service as a director is shown in the Director Compensation Table and accompanying narrative.

As discussed above, the Corporate Governance Committee and the Board recommend and nominate for election those individuals they deem qualified and capable of serving as directors pursuant to the criteria they have set. Each of the nominees this year meets these standards.

Committee Membership

Current committee assignments are presented in the following table. From time to time, Committee assignments and chairs are changed to best utilize the talents of our directors. The last such changes occurred in April 2014. Ongoing committee assignments for all directors are expected to be made at the organizational meeting following the 2015 Annual Meeting of Stockholders.

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	Audit	Corporate Governance	Executive	Finance	Fossil Generation Operations Oversight	Nuclear Generation Operations Oversight	Organization & Compensation
Albert R. Gamper, Jr. Lead Director	✓		✓	✓			
William V. Hickey				Chair	✓	✓	✓
Ralph Izzo			Chair				
Shirley Ann Jackson			✓	✓	Chair	Chair	✓
David Lilley	Chair			✓			✓
Thomas A. Renyi	✓	Chair					✓
Hak Cheol Shin	✓			✓	✓	✓	
Richard J. Swift		✓	✓		✓	✓	Chair
Susan Tomasky	✓	✓					
Alfred W. Zollar		✓			✓	✓	

During 2014, Albert R. Gamper, Jr., Ralph Izzo, Shirley Ann Jackson and Richard J. Swift also served on the Board of Directors of PSE&G. Mr. Izzo also serves on the Boards of Directors of Power, Energy Holdings and Services.

Director Retirement

The Board seeks to maintain an orderly transition for retirement and proper succession planning. Under the Board's retirement policy, set forth in our Principles, directors who have never been employees of the PSEG group of companies may not serve as directors beyond the Annual Meeting of Stockholders held in the calendar year following their seventy-second birthday. If however, the Corporate Governance Committee and the Board determine that there is good cause to extend any such director's Board service, he or she may be re-nominated following the age of seventy-two, but in no event beyond the age of seventy-five, and remain in service for the full term until the next Annual Meeting of Stockholders held in the calendar year following his or her seventy-fifth birthday.

Mr. Gamper attained age 72 in March 2014. As provided in the Principles, he is eligible to serve beyond the expiration of his term at the 2015 Annual Meeting upon the determination of the Corporate Governance Committee and the Board. The Corporate Governance Committee and the Board have determined that Mr. Gamper's experience, especially his contributions as Lead Director for the past four years, are of particular value to us at this time and warrant an extension of his service for another year. Accordingly, he has been re-nominated for election.

Directors who are former PSEG CEOs may not serve as directors beyond the Annual Meeting of Stockholders following termination of active employment with the PSEG group of companies, unless otherwise determined by the Board, and may not serve beyond their seventy-second birthday. Directors who are former employees, other than CEOs, may not serve as directors beyond the Annual Meeting of Stockholders following termination of active employment with the PSEG group of companies.

Stock Ownership

Our Principles require that directors own shares of our Common Stock (including any restricted stock, whether or not vested, any stock units under the Directors' Equity Plan and any phantom stock under the Directors' Deferred Compensation Plan) equal to four times the annual cash retainer (currently $85,000) within five years after election to the Board. All incumbent directors currently meet this requirement. Additional details can be found in the table under Security Ownership of Directors, Management and Certain Beneficial Owners below.

Board Composition and Individual Qualifications

The Board is comprised of individuals with a diverse mix of knowledge, expertise and backgrounds. We have business leaders from industries including banking, science and technology, energy, consumer products and manufacturing as well as those who have excelled in academia and public service. As a group, they complement one another with a desirable mix of competencies and skills necessary to oversee our businesses. Our Board members have dealt widely with the types of issues facing us, including achieving optimal operational and financial performance, managing for growth, meeting regulatory, environmental and safety requirements, overseeing risk management and corporate governance, maintaining an engaged and diverse workforce and adapting to rapidly evolving business conditions.

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NOMINEES AND ELECTION

The Corporate Governance Committee and the Board periodically review the skills and qualifications that they determine are necessary for the proper oversight of the Company by the directors in furtherance of their fiduciary duties. The Committee and the Board remain focused on ensuring that the individual and collective abilities of the directors continue to meet the governance needs of the Company. They are committed to nominating individuals who satisfy the applicable criteria for outstanding service to our Company and who together comprise the appropriate Board membership composition in light of evolving business demands. The Board evaluates the effectiveness of each director in contributing to the Board's work and the potential of each new nominee.

Skills and Qualifications	Albert R. Gamper, Jr.	William V. Hickey	Ralph Izzo	Shirley Ann Jackson	David Lilley	Thomas A. Renyi	Hak Cheol Shin	Richard J. Swift	Susan Tomasky	Alfred W. Zollar
Accounting/Finance experience is important in overseeing our financial reporting and internal controls to assure transparency and accuracy.	✓	✓	✓	✓	✓	✓		✓	✓	
Construction/Engineering experience is important in assessing our operations, project development and opportunities for growth.			✓					✓		
Consumer Products/Product Development experience is important in developing innovative solutions and adapting our business and strategy to meet customer expectations.		✓			✓		✓			✓
Customer Satisfaction & Sales experience is important in understanding the consumer-driven aspect of our business in order to provide outstanding service.					✓	✓	✓			✓
Government experience is important to a heavily regulated entity directly impacted by governmental actions, public policy and economic trends.			✓	✓					✓	
Industry/Generating Plant Operations experience is important in overseeing the development and implementation of our operating plan and business strategy.			✓	✓				✓	✓	
Legal experience is important in understanding and evaluating our legal risks and obligations.									✓	
Management experience is important in overseeing the leadership and performance of our Company's senior management.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Manufacturing experience is important in understanding and assessing the operation of our business, including safety and environmental compliance.		✓			✓		✓	✓		
Risk Management experience is important in overseeing the risks facing the Company.	✓		✓			✓		✓	✓	
Science/Scientific Research experience is important to an entity dependent on scientific and engineering expertise.			✓	✓						
Technology experience is important in assessing the best tools to enhance business operations and customer service.		✓	✓	✓			✓			✓

Biographical Information for Nominees for Election as Director

Shown below is the relevant business and biographical information for each of the individuals nominated for election to the Board.

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THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ALL NOMINEES

ALBERT R. GAMPER, JR., age 73

Director since 2000

Experience

- Lead Director since April 2011.
- Director of PSE&G.
- Chairman of the Board of CIT Group, Inc., Livingston, New Jersey, a commercial insurance company, from July 2004 until December 2004; Chairman of the Board and Chief Executive Officer of CIT Group, Inc. from September 2003 to July 2004; Chairman of the Board, President and Chief Executive Officer from June 2002 to September 2003; President and Chief Executive Officer from February 2002 to June 2002; Chairman of the Board, President and Chief Executive Officer from January 2000 to June 2001; President and Chief Executive Officer from December 1989 to December 1999. President and Chief Executive Officer of Tyco Capital Corporation from June 2001 to February 2002.
- Trustee to the Fidelity Group of Funds.

Skills and Qualifications

- ***Management/Finance/Risk Management*** – Mr. Gamper acquired extensive management experience in financial services as Chairman of the Board, President and Chief Executive Officer of CIT Group, Inc. Moreover, in that role he had ultimate responsibility for financial matters and the overall operations of that company.
- The Board values Mr. Gamper's background considering our capital structure, liquidity needs and need to assess and oversee credit and other risks. He brings perspective and leadership to management and governance oversight.

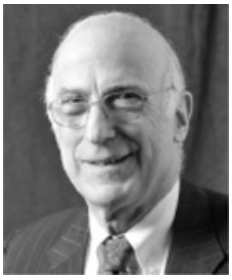

WILLIAM V. HICKEY, age 70

Director since 2001

Experience

- Chairman of the Board of Sealed Air Corporation, Elmwood Park, New Jersey, which manufactures food and specialty protective packaging materials and systems, from March 2013 until May 2013; Chairman of the Board and Chief Executive Officer from September 2012 to February 2013, President and Chief Executive officer from March 2000 to August 2012; President and Chief Operating Officer from December 1996 to February 2000.
- Director of Sensient Technologies Corporation.

Skills and Qualifications

- ***Manufacturing/Product Development/Consumer Products/ Accounting/Finance/Management/Technology*** – Mr. Hickey has a strong industrial and commercial manufacturing background from his service as President and Chief Executive Officer at Sealed Air Corporation. He is also a Certified Public Accountant and, as CEO of Sealed Air Corporation, he had ultimate responsibility for financial matters and overall business performance.
- Mr. Hickey's executive managerial experience with product innovation, development, production and marketing contributes to the Board's ability to oversee our Company and focus on operational excellence.

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THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ALL NOMINEES

RALPH IZZO, age 57

Director since 2006

Experience

- Chairman of the Board, President and Chief Executive Officer of PSEG since April 2007.
- Chair of the Executive Committee.
- Director of PSE&G, Power, Energy Holdings and Services.
- President and Chief Operating Officer of PSEG from October 2006 to April 2007; President and Chief Operating Officer of PSE&G from October 2003 to October 2006.
- Director of the Williams Companies, Inc.

Skills and Qualifications

- ***Management/Strategic Planning/Finance/Industry Operations/Risk Management/Engineering/Technology/Scientific Research/Government*** – During Dr. Izzo's tenure as our Chairman of the Board, President and CEO, he has developed broad experience in general management, strategic planning, finance and risk management, as well as a thorough understanding of our business operations and the challenges and opportunities of our industry.
- Dr. Izzo's background as a research physicist is of much benefit to a company that deals with many technical and scientific matters. His prior service as an energy and policy analyst at the federal and state levels is a significant asset as we position ourselves as a leader in the energy industry and public policy arena.

SHIRLEY ANN JACKSON, age 68

Director since 2001

Experience

- Director of PSE&G.
- President of Rensselaer Polytechnic Institute, Troy, New York, since July 1999.
- Former director of PSEG from 1987 to 1995.
- Chair, U.S. Nuclear Regulatory Commission (NRC) from July 1995 to July 1999.
- Director of FedEx Corporation, IBM Corporation, Marathon Oil Corporation and Medtronic, Inc.
- Former director of NYSE Euronext.

Skills and Qualifications

- ***Management/Government/Science/Technology/Finance/Generating Plant Operations*** – Dr. Jackson is a distinguished scientist, who also brings an array of executive, governmental, scientific and academic experience from her years as Chair of the NRC and President of Rensselaer Polytechnic Institute. Her responsibilities as the head of a major university include financial matters.
- We are a heavily regulated business which is very much affected by public policy and scientific developments, so Dr. Jackson's experience and continued involvement in energy policy, scientific research and development, technology and innovation, security and financial services industry oversight is highly valued by the Board. Her background as a nuclear physicist and former NRC Chair is important as we have extensive nuclear operations.

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THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ALL NOMINEES

DAVID LILLEY, age 68

Director since 2009

Experience

- Chairman of the Board, President and Chief Executive Officer of Cytec Industries, Inc., Woodland Park, New Jersey, a global specialty chemicals and materials company from January 1999 until December 2008; President and Chief Executive Officer from May 1998 to January 1999; President and Chief Operating Officer from January 1997 to May 1998.
- Director of Rockwell Collins, Inc. and Tesoro Corporation.
- Former director of Arch Chemicals, Inc.

Skills and Qualifications

- ***Product Development/Manufacturing/Sales/Finance/Management*** – Mr. Lilley has experience in product development, manufacturing and sales, gained from his years as Chairman of the Board, President and Chief Executive Officer at Cytec Industries. In this role he also had ultimate responsibility for financial matters and overall business performance.
- Mr. Lilley's leadership is very important to us in light of the Board's oversight of our operations and adherence to safety and environmental requirements.

THOMAS A. RENYI, age 69

Director since 2003

Experience

- Executive Chairman of The Bank of New York Mellon Corporation, New York, New York, a provider of banking and other financial services to corporations and individuals, from July 2007 until August 2008.
- Chairman of the Board and Chief Executive Officer of The Bank of New York Company, Inc. and The Bank of New York from February 1998 to July 2007.
- Director of Hartford Financial Services Group, Inc. and Royal Bank of Canada.
- Former director of RiskMetrics Group.

Skills and Qualifications

- ***Finance/Management/Customer Satisfaction/Risk Management*** – Mr. Renyi had a long career with The Bank of New York Mellon and its predecessor, The Bank of New York, where he served as Chairman of the Board and Chief Executive Officer. In that capacity, he had substantial responsibility for the successful implementation of two major mergers. As a result, he brings to us a deep knowledge of finance, as well as significant experience in oversight of the operations of a major enterprise and meeting customer expectations.
- The Board views Mr. Renyi's background as highly valuable in the oversight of risk management and our continued focus on financial strength, disciplined investment and operational excellence.

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THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ALL NOMINEES

HAK CHEOL (H.C.) SHIN, age 57

Director since 2008

Experience

- Executive Vice President – International Operations, of 3M Company, St. Paul, Minnesota, a diversified technology company, with product lines in consumer and office, healthcare electronics, industrial, graphics, transportation, safety and telecommunications markets, since May 2011.
- Executive Vice President-Industrial and Transportation Business of 3M Company from January 2006 to May 2011; Executive Vice President-Industrial Business from June 2005 to January 2006; Division Vice President-Industrial Adhesives and Tapes Division from July 2003 to June 2005; Division Vice President-Electronics Markets Materials Division from October 2002 to June 2003; Division Vice President-Superabrasives and Microfinishing Systems Division from March 2001 to October 2002.

Skills and Qualifications

- ***Technology/Manufacturing/Consumer Products/Customer Satisfaction/Management*** – Mr. Shin brings diversified experience in the areas of technology, manufacturing, consumer products and customer satisfaction acquired through various senior positions at 3M Company, a company noted for innovation and operational excellence.
- Mr. Shin's skills are important as we seek operational excellence and invest in renewable energy technology, while satisfying customer expectations and maintaining reliability.

RICHARD J. SWIFT, age 70

Director since 1994

Experience

- Lead Director from February 2010 until April 2011.
- Presiding Director from June 2007 until February 2010.
- Director of PSE&G.
- Former Chairman of the Financial Accounting Standards Advisory Council from January 2002 to December 2006.
- Chairman of the Board, President and Chief Executive Officer of Foster Wheeler, Ltd., Clinton, New Jersey, which provides design, engineering, construction, manufacturing, management, plant operations and environmental services, from April 1994 until October 2001.
- Director of CVS Caremark Corporation, Hubbell Incorporated, Ingersoll-Rand Limited and Kaman Corporation.

Skills and Qualifications

- ***Management/Engineering/Construction/Generating Plant Operations/Finance/Manufacturing/ Risk Management*** – Mr. Swift is a licensed professional engineer who brings a strong managerial background in engineering, construction and generating plant operations as CEO at Foster Wheeler, Ltd. Mr. Swift also served as Chairman of the Financial Accounting Standards Advisory Council and brings us finance and risk management experience.
- The Board believes that we benefit significantly from Mr. Swift's experience as we are heavily engaged in similar endeavors in our generation and utility businesses. While CEO at Foster Wheeler, he had ultimate responsibility for financial matters.

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THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ALL NOMINEES

SUSAN TOMASKY, age 62

Director since 2012

Experience

- President-AEP Transmission of American Electric Power Corporation, Columbus, Ohio, an electric utility holding company with generation, transmission and distribution businesses, from May 2008 to July 2011.
- Executive Vice President – Shared Services of American Electric Power Corporation from September 2006 to May 2008; Executive Vice President and Chief Financial Officer from September 2001 to September 2006; Executive Vice President and General Counsel and Corporate Secretary from July 1998 to September 2001.
- Former General Counsel, U.S. Federal Energy Regulatory Commission (FERC), from March 1993 to June 1997.
- Director of Tesoro Corporation and Summit Midstream Partners, LP.

Skills and Qualifications

- ***Industry Operations/Management/Finance/Legal/Government/Risk Management*** – Ms. Tomasky has broad electric industry executive experience having served in key leadership positions involving transmission operations, services, finance, law and governance at one of the largest utility holding companies in the United States. Her service at the FERC is highly valuable to us as several of our businesses are subject to that agency's regulation.
- The Board views Ms. Tomasky's background as providing a valuable resource and perspective on utility management, finance, law, risk management and governmental regulation.

ALFRED W. ZOLLAR, age 60

Director since 2012

Experience

- Executive Partner, Siris Capital Group, LLC, a private equity firm, since February 2014; General Manager – Tivoli Software division of International Business Machines Corporation (IBM), Armonk, New York, a worldwide information technology and consulting company, from July 2004 to January 2011; General Manager – eServer iSeries from January 2003 to July 2004; President and Chief Executive Officer – Lotus Software division from January 2000 to 2003; Division General Manager – Network Computer Software division from 1996 to 2000.
- Director of Chubb Corporation.

Skills and Qualifications

- ***Management/Technology/Product Development/Customer Satisfaction*** – Mr. Zollar brings a wealth of knowledge from his executive leadership, product development and information technology experience. He has served in various leadership roles, including senior management positions, in every IBM software group division.
- The Board believes that Mr. Zollar's executive and managerial experience in business development and technology greatly contributes to our oversight of operational excellence, customer satisfaction and cybersecurity.

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SECURITY OWNERSHIP OF DIRECTORS, MANAGEMENT AND CERTAIN BENEFICIAL OWNERS

The following table sets forth, as of February 20, 2015, beneficial ownership of our Common Stock by the directors, nominees and currently serving executive officers named in the 2014 Summary Compensation Table. None of these amounts exceeds 1% of our Common Stock outstanding. The table also sets forth, as of such date, beneficial ownership in shares by any person or group known to us to be the beneficial owner of more than five percent of our Common Stock. According to the schedule 13G filed by the respective owner with the SEC, these securities were acquired and are held in the ordinary course of business and not for the purpose of changing or influencing the control of the Company.

Name	Owned Shares (#)(1)	Restricted Stock (#)(2)	Stock Units/ Restricted Stock Units (#)(3)	Phantom Shares (#)(4)	Deferred Equity Shares (#)(5)	Stock Options (#)(6)	Amount of Beneficial Ownership of Common Stock (#)	Percent of Class
Directors:								
Albert R. Gamper, Jr.	9,079	9,600	27,786	25,500	-	-	71,965	<1%
William V. Hickey	6,332	9,600	27,786	20,092	-	-	63,810	<1%
Shirley Ann Jackson	5,604	9,600	27,786	-	-	-	42,990	<1%
David Lilley	-	-	21,646	19,868	-	-	41,514	<1%
Thomas A. Renyi	-	8,800	27,786	41,461	-	-	78,047	<1%
Hak Cheol Shin	-	-	24,663	-	-	-	24,663	<1%
Richard J. Swift	304	14,400	27,786	49,571	-	-	92,061	<1%
Susan Tomasky	-	-	10,196	-	-	-	10,196	<1%
Alfred W. Zollar	-	-	10,020	-	-	-	10,020	<1%
NEOs:								
Caroline Dorsa	83,651	-	47,546	-	-	127,400	258,597	<1%
Ralph Izzo	473,257	-	230,723	-	280,125	1,274,100	2,258,205	<1%
Ralph A. LaRossa	59,846	-	73,471	-	45,260	215,400	393,977	<1%
William Levis	50,474	-	80,615	-	-	115,500	246,589	<1%
Tamara L. Linde	22,648	-	12,662	-	-	-	35,310	<1%
All Directors, NEOs and Executive Officers of the Company as a Group (16 Persons):	750,752	52,000	670,117	156,492	325,385	1,732,400	3,687,146	<1%
Certain Beneficial Owners:								
Blackrock, Inc. (7)	-	-	-	-	-	-	35,094,885	6.9%
Vanguard Group, Inc. (8)	-	-	-	-	-	-	28,989,266	5.7%
State Street Corporation (9)	-	-	-	-	-	-	25,873,909	5.1%

(1) Includes all shares, if any, held directly, in brokerage accounts, under the Thrift and Tax-Deferred Savings Plan (401(k) Plan), Enterprise Direct, ESPP, shares owned jointly by or with a spouse and shares held in a trust or a custodial account. Beneficial ownership is disclaimed as to 360 shares by an executive officer.

(2) Includes restricted stock granted to directors under the former Stock Plan for Outside Directors.

(3) Includes restricted stock units granted to executive officers under the LTIP and stock units granted to directors under the Equity Compensation Plan for Outside Directors (Directors Equity Plan), with no voting rights.

(4) Includes phantom shares accrued under the Directors' Deferred Compensation Plan for those individuals who have elected to have the earnings on their deferred payments calculated based upon the performance of our Common Stock, with no voting rights.

(5) Includes shares deferred under the Equity Deferral Plan, with no voting rights.

(6) Stock options granted under the LTIP, all of which are exercisable currently. Unexercised stock options have no voting rights.

(7) As reported on Schedule 13G/A filed February 9, 2015. Address: 55 East 52nd Street, NY, NY 10022.

(8) As reported on Schedule 13G/A filed on February 10, 2015. Address: 100 Vanguard Blvd., Malvern, PA 19355.

(9) As reported on Schedule 13G filed on February 11, 2015. Address: One Lincoln Street, Boston, MA 02111.

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Section 16(a) Beneficial Ownership Reporting Compliance

During 2015, none of our directors or executive officers was late in filing a Form 3, 4 or 5 in accordance with the requirements of Section 16(a) of the Securities Exchange Act of 1934, as amended (Exchange Act), with regard to transactions involving our Common Stock.

DIRECTOR COMPENSATION

2014 DIRECTOR COMPENSATION TABLE

	Fees Earned or Paid in Cash ($)(1)	Stock Awards ($)(2)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)(3)	Total ($)
Albert R. Gamper, Jr.	128,750	120,004	-	-	-	150	248,904
William V. Hickey	114,375	120,004	-	-	-	150	234,529
Shirley Ann Jackson	120,000	120,004	-	-	-	-	240,004
David Lilley	123,750	120,004	-	-	-	150	243,904
Thomas A. Renyi	112,500	120,004		-	-	-	232,504
Hak Cheol Shin	113,750	120,004	-	-	-	-	233,754
Richard J. Swift	128,125	120,004	-	-	-	5,150	253,279
Susan Tomasky	100,000	120,004	-	-	-	-	220,004
Alfred W. Zollar	101,875	120,004	-	-	-	-	221,879

(1) Includes all meeting fees, chair/committee retainer fees and the annual retainer as described below. Includes the following amounts deferred pursuant to the Directors' Deferred Compensation Plan, described below:

Gamper ($)	Hickey ($)	Jackson ($)	Lilley ($)	Renyi ($)	Shin ($)	Swift ($)	Tomasky ($)	Zollar ($)
-	114,375	120,000	123,750	112,500	-	-	-	-

(2) For each the grant date fair value of the award on May 1, 2014, equated to 2,966 stock units, rounded up to the nearest whole share, based on the then current market price of the Common Stock of $40.46. In addition, each individual's account is credited with additional stock units on the quarterly dividend dates at the then current dividend rate.

The following table shows outstanding stock units granted under the Directors' Equity Plan and restricted stock granted under the prior Stock Plan for Outside Directors, as of December 31, 2014:

	Gamper (#)	Hickey (#)	Jackson (#)	Lilley (#)	Renyi (#)	Shin (#)	Swift (#)	Tomasky (#)	Zollar (#)
Stock Units	27,786	27,786	27,786	21,646	27,786	24,663	27,786	10,196	10,020
Restricted Stock	9,600	9,600	9,600	-	8,800	-	14,400	-	-

(3) Consists of charitable contributions made by us on behalf of each individual and under our educational matching gift program.

Director Fees and Plans

A director who is an employee of a PSEG Company receives no additional compensation for services as a director. Mr. Izzo receives no compensation as a director. His compensation as an employee is shown in this Proxy Statement in the executive compensation tables and CD&A.

Directors are compensated in accordance with the schedule below. All amounts are paid in cash, except the equity grant, which is paid in Common Stock units equal to the amount shown. All payments to the Chairs and Committee members, as indicated, are per assignment and incremental to the annual retainer and equity grant.

In December 2013, the Board's Compensation Consultant, CAP, provided an analysis of director compensation using the executive compensation peer group. Based on its recommendation, the Corporate Governance Committee recommended and the Board approved changes effective May 1, 2014, as set forth in the table below:

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DIRECTOR COMPENSATION

	Fee Schedule 1/1/2014-4/30/2014 ($)	Fee Schedule 5/1/2014-12/31/2014 ($)
Annual Retainer	70,000	85,000
Annual Equity Grant	110,000	120,000
Lead Director	25,000	30,000
Audit Committee Chair	25,000	30,000
O&CC Chair	15,000	30,000
Other Committee Chair	12,500	12,500
Audit Committee Member	10,000	12,500
Other Committee Member	5,000	7,500

Directors' Equity Plan

The Directors' Equity Plan is a deferred compensation plan and, under its terms, each outside director is granted an award of "stock units" each May 1st (in an amount determined from time-to-time by the Board) which is recorded in a bookkeeping account in her/his name and accrues credits equivalent to the dividends on shares of our Common Stock. If a director fails to remain a member of the Board (other than on account of disability or death) until the earlier of the succeeding April 30th or the next Annual Meeting of Stockholders, the award for that year will be prorated to reflect actual service. Distributions under the Directors' Equity Plan are made in shares of our Common Stock after the director terminates service on the Board in accordance with distribution elections made by her/him, which may be either in a lump-sum payment or, with respect to grants made prior to 2012, in annual payments over a period of up to ten years.

Under the Directors' Equity Plan, with respect to grants made beginning in 2012, directors may elect to commence distribution of a particular year's deferrals either upon termination of service or after a specified number of years thereafter. A director may elect to receive distribution of such deferrals in the form of a lump-sum payment, or annual installments over a period of three to fifteen years. Distribution elections must be made prior to the date that services giving rise to the awards are performed.

Shares granted under the prior Stock Plan for Outside Directors are subject to forfeiture if a director leaves service prior to age 72, except after a change-in-control or if waived by non-participating directors.

Directors' Deferred Compensation Plan

Under the Directors' Deferred Compensation Plan, directors who are not employees may elect to defer any portion of their cash retainer by making appropriate elections in the calendar year prior to the year in which the services giving rise to such compensation being deferred is rendered. At the same time he/she elects to defer such compensation, the participant must make an election as to the timing and the form of distribution from his/her Directors' Deferred Compensation Plan account. Distributions are made in cash or, at the election of the participant in the case of amounts credited with earnings by reference to the performance of our Common Stock, in shares of Common Stock.

For amounts deferred prior to 2012, distributions may commence (a) on the thirtieth day after the date he/she terminates service as a director or, in the alternative, (b) on January 15th of any calendar year following termination of service elected by him/her, but in any event no later than the later of (i) January of the year following the year of his/her 71st birthday or (ii) January following termination of service. Participants may elect to receive the distribution of their Directors' Deferred Compensation account in the form of one lump-sum payment, or annual distributions over a period selected by the participant, up to 10 years.

With respect to compensation deferred beginning in 2012, directors may elect to commence distribution of a particular year's deferrals, either (a) within 30 days of termination of service, or (b) a specified number of years following termination of service. They may elect to receive distribution of such deferrals in the form of a lump-sum payment, or annual installments over a period of three to fifteen years.

Participants may make changes of distribution elections on a prospective basis. Participants may also make changes of distribution elections with respect to prior deferred compensation as long as any such new distribution election is made at least one year prior to the date that the commencement of the distribution would otherwise have occurred and the revised commencement date is at least five years later than the date that the commencement of the distribution would otherwise have occurred.

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Investments

Participants may choose to have amounts deferred under the Directors' Deferred Compensation Plan credited with earnings based on (i) the performance of one or more of pre-mixed lifestyle investment portfolio funds, (ii) at the rate of Prime plus 1/2%, capped at 120% of the applicable federal long-term rate, or (iii) by reference to the performance of our Common Stock, in such percentages designated by the participant. These are the same investment options offered under our 401(k) plan to employees (except the Schwab Personal Choice Retirement Account). A participant who fails to provide a designation will accrue earnings on his/her account at the rate of Prime plus 1/2%, capped at 120% of the applicable federal long-term rate. A participant may change fund selection daily, except for the Common Stock Fund, for which selection may be made only prior to deferral.

The one-year rates of return as of December 31, 2014 for the offered funds as computed by the recordkeeper for the Directors' Deferred Compensation Plan were as follows:

Rates of Return			
Pre-Mixed Portfolios		**Target Retirement Funds**	
Conservative Portfolio	4.72%	Target Retirement Income	5.62%
Moderate Portfolio	4.84%	Target Retirement 2010	5.91%
Aggressive Portfolio	5.58%	Target Retirement 2015	6.57%
Funds		Target Retirement 2020	7.14%
Stable Value	1.82%	Target Retirement 2025	7.16%
Diversified Bond	5.76%	Target Retirement 2030	7.16%
Fidelity Intermediate Bond(1)	0.92%	Target Retirement 2035	7.16%
Large Company Stock Index	13.61%	Target Retirement 2040	7.20%
Mid-Cap Index	13.73%	Target Retirement 2045	7.16%
Institutional Developed Markets Index	-5.65%	Target Retirement 2050	7.16%
Small – Cap Index	7.48%	Target Retirement 2055	7.20%
Enterprise Common Stock	36.73%	Target Retirement 2060	7.16%
Other			
Prime Plus 1/2%	3.64%		

(1) Partial year rate of return from date added to choices available to participants.

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Proposal 2
ADVISORY VOTE ON THE APPROVAL OF EXECUTIVE COMPENSATION

Say-On-Pay

As required by Section 14A of the Exchange Act, we are providing you with an opportunity to cast an advisory vote on our executive compensation programs as described in this Proxy Statement. This is commonly referred to as “say-on-pay.” We plan to do this each year, in accordance with the applicable rules of the SEC.

This vote is advisory and, thus, it is non-binding on us and the Board. However, management, the O&CC and the Board intend to carefully review the voting results and take them into consideration when making future decisions regarding our executive compensation. In accordance with applicable SEC requirements, we will disclose to you in our future proxy statements how our compensation policies and decisions have taken into account the results of the most recent stockholder advisory vote on our executive compensation.

95% of stockholders voted in favor of say-on-pay proposal	At our 2014 annual meeting, stockholders showed significant support for our executive compensation program, with approximately 95% voting in favor of our say-on-pay proposal. We strongly encourage investor feedback and will continue to review and make changes to our executive compensation program in recognition of investor concerns, evolving trends and best practices.

We were gratified by this say-on-pay result and believe this demonstrated strong support for our executive compensation policies and practices and our approach to aligning pay and performance. In furtherance of our pay for performance philosophy, we continuously review and make changes to our executive compensation program in recognition of investor concerns, evolving trends and best practices. We annually review and adjust, as necessary, the compensation of our executives in light of their performance, their role in our management, our business results and our financial condition. Based on this review, we made individual determinations about the compensation of our CEO and the other NEOs, as discussed below. We did not make any significant changes to our program for 2014.

We have disclosed in this Proxy Statement an overview of the philosophy and elements of our executive compensation program, as well as the details of the individual compensation paid or awarded to each of our NEOs and our process for making those determinations. We have provided below the Report of our O&CC, the CD&A and the compensation tables. In our CD&A, we have explained the reasons supporting our executive pay decisions as reported in the various tables and accompanying narrative included in this Proxy Statement.

We believe our executive compensation is reasonable and appropriate, reflecting market conditions. We are asking you to indicate your support of our executive compensation program as described in this Proxy Statement. This vote is not intended to address any specific item of compensation or any specific individual. Rather, it is an indication of your agreement with the overall philosophy, policies, practices and compensation of our executive officers as described in this Proxy Statement. Accordingly, as recommended by the Board, we ask for you to vote in favor of the following resolution:

> **Resolved, that the stockholders hereby approve, on an advisory basis, the compensation of the NEOs, as disclosed in the Company’s Proxy Statement for the 2015 Annual Meeting of Stockholders pursuant to the applicable rules of the SEC, including the CD&A, compensation tables and narrative discussion.**

The Board of Directors recommends a vote FOR the resolution in this proposal.

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COMPENSATION COMMITTEE REPORT

The Organization and Compensation Committee of the Board of Directors has reviewed and discussed the Compensation Discussion and Analysis included in this Proxy Statement with management and with Compensation Advisory Partners LLC, the Committee's compensation consultant. Based on such review and discussions, the Organization and Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement.

Members of the Organization and Compensation Committee:

Richard J. Swift, Chair
William V. Hickey
Shirley Ann Jackson
David Lilley
Thomas A. Renyi

February 17, 2015

COMPENSATION DISCUSSION AND ANALYSIS (CD&A)

This CD&A explains our executive compensation philosophy, the material elements of our executive compensation program and the decisions made regarding the compensation of our CEO and the NEOs in this Proxy Statement. We have provided an Executive Summary consisting of an overview of the key aspects of our program and recent actions followed by a more detailed analysis and specific information concerning compensation, including:

- **Compensation Philosophy;**
- **Elements of Executive Compensation; and**
- **Executive Compensation Governance Features and Controls.**

We provide an explanation of the data reported in the tables in this Proxy Statement, with respect to pay for performance, say-on-pay, compensation risk, the components of our compensation, calculations as to SMICP and LTIP incentive payouts and certain compensation policies.

2014 NEOs

- **Ralph Izzo**, Chairman of the Board, President and CEO
- **Caroline Dorsa**, Executive Vice President (EVP) and Chief Financial Officer (CFO)
- **William Levis**, President and Chief Operating Officer (COO) of our subsidiary, Power
- **Ralph A. LaRossa**, President and COO of our subsidiary, PSE&G
- **J. A. Bouknight, Jr.**, Retired EVP and General Counsel (1)
- **Tamara L. Linde,** EVP and General Counsel (2)

(1) Retired July 1, 2014.
(2) Elected to position effective July 2, 2014.

In the CD&A Executive Summary we specifically address those areas which we believe are of utmost interest to our stockholders. A complete reading of the CD&A provides a more thorough description of our compensation program and explanation of our recent activities:

- The mix of salary, cash incentive compensation and equity incentive compensation;
- The weighting of performance measures used to determine compensation;
- The criteria used for target pay positioning;
- The reasons for selecting particular companies as peers for benchmarking compensation;
- The manner in which equity awards are determined; and
- The rationale for severance and change-in-control arrangements.

We have designed this CD&A to be forthcoming and transparent in demonstrating that our executive compensation program is based on well-established principles thoughtfully carried out under the oversight of the O&CC for the long-term benefit of our stockholders.

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CD&A Executive Summary

Executive compensation is governed under the direction and authority of the O&CC. The O&CC is made up of directors who are independent under NYSE rules and our requirements for independent directors. The O&CC receives advice from its independent compensation consultant, CAP, which provides only compensation consulting services to the Board and not to management.

Executive Compensation Philosophy - Pay Mix and Peer Group

Our executive compensation program is designed to closely link pay and performance and align the interests of our executives with stockholders. We have structured our program to tie executive compensation to the successful execution of our strategic plans, meeting our financial and operational goals and delivery of strong returns while balancing the concerns of our multiple stakeholders. This translates into higher compensation in years of strong performance and stockholder returns and lower compensation when performance is not as strong. We provide a peer-competitive compensation package to attract and retain exceptional executive talent needed for long-term success, with incentives for our executives to achieve outstanding individual performance and business results. Our senior management team, headed by our NEOs, continues to provide strategic and management leadership as we focus on operational excellence, financial strength and disciplined investment.

The O&CC annually reviews and evaluates the philosophy, objectives, design and effectiveness of our compensation program, including the performance of the NEOs. The O&CC maintains the flexibility to make decisions about the program and actual compensation levels and awards based on achievement of our business objectives and relevant circumstances affecting our Company. In addition to the established performance measures, these may include economic, market and competitive conditions, regulatory and legal requirements, internal pay equity considerations and peer group best practices. The O&CC and the entire Board seek to assure alignment of pay with performance in order to create value without encouraging excessive risk taking. Our directors are committed to acting in the best interest of stockholders as responsible stewards overseeing our executive compensation program.

Our compensation consists primarily of the following components:

- **Base Salary:** We pay a base salary which is determined based on position responsibilities, individual experience, performance, internal equity and the competitive market for the position. This is reviewed annually and adjusted when appropriate.
- **Annual Cash Incentive**: We provide an opportunity for an annual cash incentive through our SMICP with actual payment determined by the achievement of key financial and operating goals (at the individual, business unit and PSEG level) using multiple performance measures, with a strong emphasis on EPS and with the O&CC exercising overall judgment. Individual payments are generally capped at 150% of target, with the potential for up to 200% in circumstances of exceptional performance.
- **Equity-Based Incentive Awards**: Equity-based awards are provided under our LTIP, consisting of PSUs (60%), as well as RSUs (40%). Payout of PSUs, if any, is dependent on achievement of long-range financial targets measured by ROIC as compared to both our three-year plan and relative to peers and the market performance of our Common Stock with reference to TSR relative to our peers. LTIP PSU payouts may be as low as zero and are capped at 200% of target. The value of RSUs, which cliff vest after three years, is dependent on the market price of our Common Stock.
- **Retirement and Post-Employment Benefits**: We provide benefits that are comparable to those of companies with whom we compete for executive talent.

We benchmark executive compensation, including that of the NEOs, to a peer group of companies in our industry. To most effectively evaluate executive compensation, we believe that an analysis of the “pay mix”, or Total Direct Compensation (base salary plus target annual incentive and target long-term incentive) is a better measure for evaluating executive compensation as opposed to focusing on each of the elements individually. We target Total Direct Compensation at the median of the industry peer group within a range that recognizes differences in roles, performance, job scope, tenure and volatility of market data from year to year:

- We consider a range of +/-20% in relation to a comparable position to be within the competitive benchmark median;
- In determining the mix of the elements of Total Direct Compensation, we exercise judgment, using the competitive analysis as a general guideline;
- The overwhelming amount of our CEO’s and NEOs’ compensation is performance-based and tied to stockholders’ interests rather than to base salary; and
- For 2014, the target percentage of incentive compensation, both annual and long-term, constituted 86% of targeted Total Direct Compensation for our CEO and 70% for our other NEOs as a group.

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Executive Compensation Practices

The table below highlights our executive compensation practices which remain consistent with our compensation philosophy. The left column outlines the practices we believe are conducive to encouraging sound performance by our senior executives and the right column describes those practices that we have chosen not to implement because we do not believe they further our stockholders' long-term interests.

Our Executive Compensation Practices (What We Do)	NOT Our Executive Compensation Practices (What We Don't Do)
Pay for Performance. We closely align pay and performance and the O&CC validates this alignment annually and ensures performance-based compensation comprises a significant portion of executive compensation.	**Limited Perk Policy**. We do not provide perquisites except in cases where there is a compelling business reason and only provide limited tax gross-up for new hire relocation.
Meaningful Performance Goals. We establish clear and measureable goals and targets in the beginning of the performance period and hold our executives accountable for achieving specified levels to earn a payout under our incentives plans.	**No Target Adjustments, Limited Guaranteed Bonuses.** We do not adjust targets, nor do we re-price or buy out options. In addition, we do not provide guarantees on bonus payouts, unless needed for one year when recruiting a new executive.
Competitive Pay. We position target pay competitively around market median and require strong performance to deliver pay above these levels.	**No Above Market Pay.** We do not pay above-market compensation.
Rigorous Vesting Conditions. We have double trigger vesting on equity and severance for change-in-control.	**No Excise Tax Gross Ups.** We do not provide gross-ups for excise taxes upon a change-in-control.
Clawback Policy. We have caps on potential incentive payments and we have a robust clawback policy.	**No Excessive Risks.** We do not have plans that encourage excessive risk taking.
Uniform Retirement Formulas. Our qualified plan retirement formulas are the same for the executives as for all other non-union employees.	**No Additional Service Credit.** We no longer provide any additional retirement service credit to executives and have not in several years.
Stock Retention Requirements. We require executives to hold meaningful amounts of stock and also require them to hold 25% of proceeds from equity awards until retirement.	**No Hedging or Pledging.** We do not allow hedging or pledging of our stock by executives.
Compensation Consultant. The O&CC engages an independent compensation consultant.	**Compensation Consultant Independence.** The consultant works directly for the Board, does no other work for us and has no conflicts of interest.
Stockholder Engagement. We solicit feedback from investors on our compensation program.	**No Unearned Dividend Paid.** We do not pay dividend equivalents on unearned performance share units.

2014 PSEG Performance Highlights

Our long-range strategy, with its emphasis on business fundamentals, helped to drive performance. Earnings for 2014 were improved compared to the prior year and above our targeted range. This was due primarily to higher transmission revenue at PSE&G, Power's access to and management of natural gas supplies as well as lower costs primarily related to pension and post-employment benefits. These factors were partially offset by lower volumes of electricity sold at lower average pricing, lower capacity prices and higher generation cost at Power. The price of our Common Stock was significantly higher at year-end compared to the prior year. Financial highlights are included in the Executive Summary to this Proxy Statement on page 3 above. You can find a more comprehensive discussion of our 2014 business and financial performance in our Form 10-K.

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CD&A EXECUTIVE SUMMARY

2014 Accomplishments

- **Operational Excellence**
  - Generating fleet flexibility allowed us to take advantage of market opportunities while managing costs.
  - Construction of transmission and solar projects proceeded on schedule and within budget.
  - Received recognition for customer satisfaction.
  - Managed expenses with continued cost control measures.
- **Financial Strength**
  - Maintained solid investment grade credit ratings and increased our dividend.
  - Funded construction projects with internally generated cash and external debt financing.
  - Maintained strong cash position and substantial liquidity.
- **Disciplined Investment**
  - Utilized rigorous investment criteria in deploying capital to invest in energy infrastructure in response to low market prices for energy, environmental requirements and public policy.

Pay for Performance

We focus on operational excellence, financial strength and disciplined investment to achieve growth while managing risk. Our strategy has been to emphasize utility investment, mitigate merchant generation risk and operate in a cost-efficient manner. We have aligned our compensation structure with the performance results we expect our executives to attain in carrying out this strategy. We show below a chart comparing the relative contributions to earnings of PSE&G and Power over the past five years, together with the percentage increase of capital expenditures (CapEx) at PSE&G compared to total investment in our Company. Also shown is the comparison of Compound Annual Growth Rate (CAGR) at PSE&G and Power over the five-year period. We believe that this graph demonstrates the value to stockholders of our business strategy and the success we have achieved under our NEOs' leadership of the Company. This impact on our earnings is reflected in the realized pay of our NEOs, since our executive compensation program links incentive payouts to earnings measures over multiple time frames.

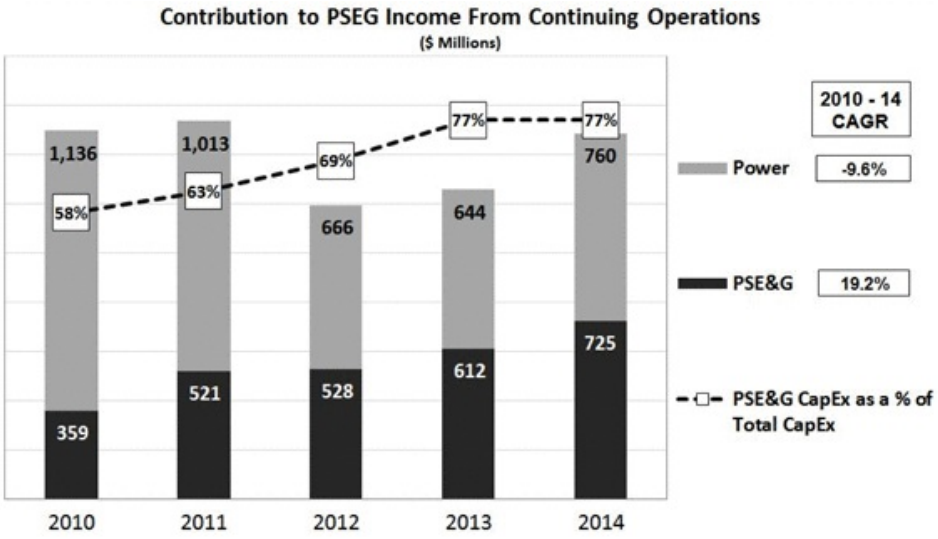

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The analytical judgment and operational and managerial abilities that we expect of our senior executives are critical factors in positioning us for the future. Their performance in improving our operating efficiencies, actively influencing legislative and regulatory policies and adjusting our business mix by shifting investment to best take advantage of emerging opportunities for growth, particularly in connection with utility rate-regulated returns, have led to the accomplishments noted above. While these activities are not easily measured over the short-term by reference solely to current EPS and stock price in comparison to the levels in the recent past, the ability of our management team to address these challenges successfully are vital skills on which we place significant value in setting total compensation for our NEOs. We believe that our performance-based compensation programs have and will continue to deliver the appropriate compensation based on our results relative to both our business plan and our peers, helping us manage through an evolving business environment. As a result of the continued focus on operational excellence, financial strength and disciplined investment, the O&CC believes that our management team has effectively responded to challenging conditions.

Say-On-Pay, Stockholder Engagement and Transparent Disclosure

We provide our stockholders with an annual opportunity to cast an advisory "say-on-pay" vote. We believe that this voting opportunity can provide valuable insights into our stockholders' views on our compensation programs.

> **At the 2014 Annual Meeting, our stockholders voted approximately 95% in favor of our say-on-pay proposal, demonstrating their concurrence that our programs reflect our strong pay for performance philosophy**.

We have a long-standing practice of engaging in constructive dialogue with our stockholders on various matters of interest to them. We do this by meeting periodically with our major stockholders and groups of investors as well as by regular written communications. These interactions help us to understand your needs and concerns and provide us with valuable insights. In recent years, we have enhanced our efforts with regard to matters of executive compensation and corporate governance to keep pace with evolving investor priorities and expectations. The O&CC considered the 2014 say-on-pay vote result, investor input and current market practices as it evaluated whether any further changes to our executive compensation program were warranted.

We strive to be clear and transparent in the information we provide to investors in our Proxy Statement, Form 10-K and other reports filed with the SEC and in our investor communications. We believe our executive compensation disclosure addresses the issues considered most important to, and provides the useful information desired by, our stockholders, as evidenced by the feedback we receive at our meetings throughout the year. We always welcome your comments and suggestions and will continue to consider the outcome of the say-on-pay vote when making future compensation decisions regarding our NEOs.

Key O&CC Actions

The O&CC monitors trends and developments in the market, with the assistance of CAP, as they relate to executive compensation. The O&CC uses this information as an input as it makes decisions on executive compensation throughout the year. In 2014, the O&CC considered recommendations from CAP and management with regard to compensation design and effectiveness and reviewed competitive practices within our peer group. Based on the reviews and analyses undertaken by the O&CC, we did not make any significant changes to our programs with exception of incorporating relative ROIC into our PSU measure as further detailed below. The O&CC considered the strong stockholder reinforcement of our compensation philosophy and program in determining to continue with our consistent results-oriented pay for performance approach. For 2014, the O&CC took the following actions related to executive compensation:

- Analyzed pay for performance by comparing our recent financial results with the compensation of our CEO and NEOs and found them to be appropriately aligned;
- Reviewed our total share usage and "burn rate" for the LTIP relative to the peer panel and found these levels relatively low compared to peers;
- Approved payouts under the SMICP and LTIP based on its assessment of CEO, NEOs and Company performance relative to pre-established goals for 2014 measured substantially on EPS, ROIC and relative TSR;
- Incorporated relative ROIC vs. our peers into the PSU measure under the LTIP;
- Approved incentive compensation awards having goals with a significant degree of difficulty;
- Approved salary increases for select NEOs, to reflect performance and achieve desired positioning vs. the market;
- Modified the peer group effective for 2014 to better align with our size and business mix;
- Determined that our compensation programs do not create a potential incentive for individuals to take excessive risks.

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Compensation Philosophy

Pay for Performance

We believe it is important to link pay with performance and long-term stockholder value. We utilize compensation to further align the interests of our executives with those of our stockholders as well as other stakeholders. However, we believe that it is crucial to our stockholders' long-term interests that we not measure performance too narrowly on merely a single year's results. Our compensation programs are designed to reward for performance over varying time horizons with our incentives linked to successful implementation of our corporate strategic objectives. Our SMICP focuses on financial and operating performance over a one-year period while our LTIP is focused on multi-year performance. Similarly, the goals of individual NEOs, including our CEO, place a high value on strategic initiatives, long-range planning and operational excellence which drive value and ensure we meet our responsibilities as a public utility. While the impact of this approach may not necessarily be seen in any single year, over time the actual value of compensation, especially equity grants, reflect our Company's performance and the O&CC reviews this alignment each year.

Our ability to effectively compete and reliably serve our customers, while adjusting to evolving industry and market factors is to a great degree dependent on our ability to appropriately attract, retain and reward exceptional talent, including our senior executives. When we establish performance targets, we consider internal and external factors and set stretch goals to reflect an appropriate degree of difficulty. Our incentive compensation payouts are determined based on measures that align CEO and NEO compensation with stockholder interests, as EPS, TSR and ROIC are used in calculating the amounts. Although these are important components for evaluating pay for performance, we do not believe it is particularly meaningful to merely compare EPS or Common Stock price at year-end with CEO and NEO reported compensation. For example, a meaningful pay for performance analysis entails more than a mere comparison of year-end quantitative measures such as TSR to compensation as reported. Among other things, the reported compensation, in particular the equity compensation shown in the tables in the Proxy Statement is based on an accounting valuation. These could differ significantly from what is ultimately earned by the executives depending on actual results of the performance measures and the value of equity awards at the time they are earned, if at all. The O&CC considers these factors when it assesses the pay for performance relationship.

If you would like additional information about our 2014 performance, including our financial statements and a more complete description of our business, please see our Form 10-K.

Peer Comparison and Benchmarking

As part of our pay for performance review during 2014, the O&CC considered relative financial performance data comparing us to those companies in our peer group for whom data was available, as discussed further below. With the assistance of CAP, we analyzed key performance metrics and compensation for 2013, the most recent year for which data was available. Included in the metrics were operating income margin, EPS growth, return on capital and TSR. The total cash compensation included base salary and SMICP and the total direct compensation included those two items plus the grant date fair value of LTIP awards, all of which are reported in our 2014 Summary Compensation Table. These performance metrics were broader than the measures we use in determining award payouts under the SMICP and LTIP. We believe they provide a more expansive view of our relative performance.

Viewing performance in this broad context, we believe the total compensation paid to senior executives and as structured for future payouts has achieved the desired results. In general, our delivered performance in 2014, relative to the degree of difficulty, was aligned with our pre-set goals and our business plan. We believe that our financial results reflect the current industry and Company circumstances as well as the continued focus of our CEO and NEOs on strategic responses and operational efficiencies to optimize earnings and returns while positioning us for continued success. In evaluating the compensation of the NEOs and in particular the CEO, we assessed the amount relative to the performance delivered and continue to conclude the two are aligned.

How We Chose Peers

Attracting and retaining top talent requires paying competitive compensation. We evaluate and set executive compensation to be competitive within an identified peer group which was developed to reflect similarly-sized energy companies with comparable businesses. We believe that these companies appropriately reflect the landscape of our industry and the market in which we compete for talent. We have included regulated utilities, independent power producers, and merchant generators and combined holding companies such as us. We have attempted to include a broad enough group to provide diversity for balanced comparison while selecting only those we think are sufficiently similar to provide a meaningful benchmark.

We consider Base Salary, Total Cash Compensation (base salary plus target annual incentive) and Total Direct Compensation (base salary plus target annual incentive plus target long-term incentive) as the elements of compensation within the peer group for purposes of benchmarking and assessing the market from which we draw executive talent as well as with whom we compete for investor capital. Each year, we re-evaluate the peer group to assess its continuing appropriateness. Effective for 2014, we added NiSource Inc., Northeast Utilities (now Eversource Energy), NRG Energy Inc. and Pepco Holdings Inc., which more closely aligns us to the peer median in revenue, consistent with our compensation philosophy of targeting the median.

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Company Name	2013 Revenue	2013 Net Income	Market Cap at 12/31/13
	($Millions)	*($Millions)*	*($Millions)*
Ameren Corporation	$5,625	$289	$8,774
American Electric Power Co., Inc.	$15,357	$1,480	$22,776
Consolidated Edison, Inc.	$12,354	$1,062	$16,191
Dominion Resources, Inc.	$13,120	$1,697	$37,548
DTE Energy Company	$9,661	$661	$11,738
Duke Energy Corporation	$23,996	$2,665	$48,721
Edison International	$12,581	$915	$15,085
Entergy Corporation	$11,391	$712	$11,282
Exelon Corporation	$24,888	$1,719	$23,471
FirstEnergy Corp.	$14,459	$392	$13,793
NextEra Energy, Inc.	$15,136	$1,908	$37,260
NiSource Inc.	$5,657	$532	$10,301
Northeast Utilities (now Eversource Energy)	$7,301	$786	$13,357
NRG Energy, Inc.	$11,295	($386)	$9,289
Pepco Holdings, Inc.	$4,666	($212)	$4,778
PG&E Corporation	$15,598	$814	$18,098
PPL Corporation	$11,860	$1,130	$18,964
Sempra Energy	$10,557	$1,001	$21,937
Southern Company	$17,087	$1,644	$36,248
Xcel Energy Inc.	$10,915	$948	$13,904

	2013 Revenue	2013 Net Income	Market Cap at 12/31/13
	($Millions)	*($Millions)*	*($Millions)*
PSEG	$9,968	$1,243	$16,208
Peer Group 75th Percentile	$15,191	$1,521	$22,950
Peer Group Median	$12,107	$932	$15,638
Peer Group 25th Percentile	$10,333	$629	$11,624

How We Use Peer Data

The 2014 peer group was used as a reference point for setting pay levels for 2014. The O&CC targets the median (50th percentile) of the peer group for positions comparable to those of our officers for Total Direct Compensation. The peer group is also used for comparison in assessing our performance under our LTIP as well as an overall validation of the alignment between pay and performance.

Pay Governance LLC assists in analyzing the annual Towers Watson Energy Services Executive Compensation Survey–U.S. assessment of the market using the peer companies. We use the peer group data to the extent each position is reported in the survey data. CAP also reviews the outcome of the competitive assessment. As shown in the table above, based on the most recently available fiscal year end data, as provided by CAP, our revenue is at the 25th percentile while net income and market capitalization exceeded the median.

Compensation Benchmark

The data used for the comparisons below are from the most recent data available for the companies in the peer group shown above. The O&CC considers a range of approximately +/- 20% of the 50th percentile of comparable positions to be within the competitive median.

Base salary, target Total Cash Compensation and target Total Direct Compensation of each of the NEOs included in this Proxy Statement as a percentage of the comparative median benchmark levels of the peer group are noted below. Decisions on salary, annual incentive target and other pay elements, except the LTIP, are typically made at the O&CC meeting each December. The target LTIP award is determined by the O&CC in February. However, Ms. Linde's compensation for her current position was determined by the O&CC in June 2014 in connection with her election to her current position.

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Below is each executive's market positioning as of the time those decisions were made. Each NEO's Total Direct Compensation, except Ms. Linde's, was within +/-20% of the median, which is consistent with our philosophy. Ms. Linde was newly promoted to her position effective July 2, 2014.

% of Comparative Median Benchmark Levels (2014)						
	Izzo (%)	Dorsa (%)	Levis (%)	LaRossa (%)	Bouknight (%)	Linde (%)
Base Salary	91	104	111	110	100	86
Total Cash Compensation	98	107	111	114	100	86
Total Direct Compensation	111	103	107	116	96	72

Pay Mix

The final element of our compensation philosophy is a consideration of the total mix of pay. The O&CC believes that Total Direct Compensation is a better measure for evaluating executive compensation than focusing on each of the elements individually and it does not set a formula to determine the mix of the various elements. The mix of base salary and annual cash incentive for each of the executive positions is surveyed from the peer group. The reported pay structure from the competitive analysis is used as a general guideline in determining the appropriate mix of compensation among base salary, annual and long-term incentive compensation opportunity. However, we also consider that the majority of a senior executive's compensation should be performance-based and the more senior an executive is in the organization, the more his/her pay should be oriented toward long-term compensation.

The mix of base salary, target annual cash incentive and long-term incentives for 2014 are presented below for the CEO as well as for the other NEOs excluding the CEO. We have also provided a comparison of the targeted pay mix to that of the peer group.

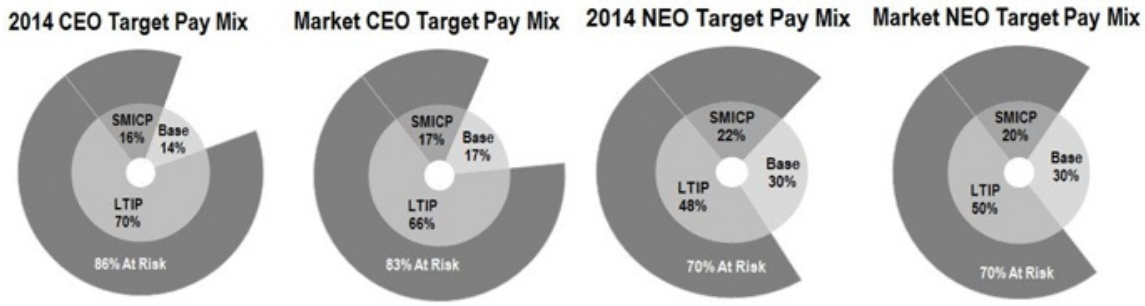

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Elements of Executive Compensation

The main components of our executive compensation program, including those for our NEOs, are set forth in the following table. A more detailed description is provided in the respective sections below.

Compensation Element	Description	Objective
Base Salary	Fixed cash compensation	Provides compensation for the executive to perform his/her job functions Assists with recruitment and retention
Annual Cash Incentive	Variable cash compensation paid each year if warranted by performance, based on a percentage of base salary Opportunity to earn between zero and 150% of target, measured by financial and operating performance of the business, with up to 200% for exceptional individual performance Metrics and goals (typically earnings, operational and other) are established at the beginning of each year and the payout is made based on performance	Intended to reward for driving best-in-class operating and financial results over a one-year timeframe Creates a direct connection between business success and financial reward Provides strong line of sight by recognizing exceptional individual performance
Long-Term Incentive (See Table under LTIP)	Performance Share Units provide the opportunity to earn from zero to 200% of target at the end of the three - year performance period Restricted Stock Units generally vest at the end of three years	Rewards strong financial and stock price performance Provides for strong alignment with stockholders Assists with retention Intended to reward for driving financial results over a multi-year time frame
Deferred Compensation Plans	Permits participants to defer receipt of all or a portion of cash and equity compensation	Provides participants with the opportunity to more effectively manage their taxes Assists with retention
Other Compensation	Health and welfare programs Limited perquisites	To be competitive with peer companies Aids safety and efficiency Assists with recruitment and retention
Post-Employment Benefits/ Retirement Plans	Defined benefit pension plans Defined contribution 401(k) plan with a partial Company matching contribution Supplemental retirement benefits for certain employees beyond qualified plan benefits, in view of IRS limits Severance and change-in-control benefits	Provides retirement income in recognition of length of service Assists with recruitment and retention Assures the continuing performance of executives in the face of a possible termination of employment without cause Assists with retention

CEO Compensation

Mr. Izzo's compensation is designed to position his total pay around the median of the market. Mr. Izzo has demonstrated strong performance over his tenure as CEO and the O&CC believes this arrangement is appropriate. The changes to the key terms of Mr. Izzo's compensation in 2014 were as follows:

- **Base Salary**: At his request, Mr. Izzo did not receive an increase in base salary for 2014.
- **Annual Cash Incentive***:* The CEO's annual incentive target for 2014 was 120% of salary. Taken together with his salary, this positioned the CEO's target cash compensation at approximately 98% of the market median.
- **Long-term Incentive***:* The CEO's grant of long-term incentive (in February 2014) was $5,725,000 (reported in the Summary Compensation Table below at grant date fair value), which, when combined with the CEO's salary and target bonus, positioned his total direct compensation for 2014 at 111% of the market median. The long-term incentive opportunity target level was determined so as to put a greater emphasis on long-term compensation for the CEO which is at risk based on performance. Consistent with our pay for performance approach, we believe this appropriately focuses him on the long-term success of the organization and driving stockholder value.

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The CEO's compensation level is reflected above in the competitive positioning detailed in Total Direct Compensation. After meeting in executive session, without the CEO present, the O&CC determined CEO compensation in consultation with all the independent directors.

Mr. Izzo's salary, annual cash incentive and long-term incentive exceed that of the other NEOs due to his greater level of duties and responsibilities as the principal executive officer to whom the other NEOs report, and whom the Board holds fully accountable for the execution of corporate business plans.

Further detail regarding the CEO's compensation is set forth below.

Base Salary

As the reference point for competitive base salaries, the O&CC considers the median of base salaries provided to executives in the peer group who have duties and responsibilities similar to those of our executive officers. The O&CC also considers the executive's current salary and makes adjustments based principally on individual performance, including achievement of targets, and experience. Each NEO's base salary level is reviewed annually by the O&CC using a budget it establishes for merit increases and salary survey data provided by Pay Governance and reviewed by CAP. For 2014, the O&CC set the merit increase budget at 3.0%.

The NEOs' individual performance and, other than the CEO, his/her business unit's performance are considered in setting salaries. Base salaries for satisfactory performance are targeted at the median of the relevant competitive benchmark data.

The O&CC considers base salaries and salary adjustments for individual NEOs, other than the CEO, based on:

- **Recommendations of the CEO**: considering the respective NEO's level of responsibilities, experience in position, sustained performance over time, results during the immediately preceding year and the pay in relation to the benchmark median.
- **Performance metrics**: as reflected in the CEOs recommendations, including achievement of financial targets, safety and operational results, customer satisfaction, regulatory outcomes and other factors.
- **Additional factors**: leadership ability, managerial skills and other personal aptitudes and attributes. Salaries for the NEOs for 2014 were approved at the December 2013 meeting of the O&CC, except for Ms. Linde's salary, which was set in June 2014 in connection with her promotion to her current position. These amounts are shown in the table below. Salary decisions were based on each NEO's performance and appropriate alignment with the peer group. Mr. Izzo did not receive an increase, as noted above, nor did Mr. Bouknight, who retired in July 2014. For 2014, the increases for Messrs. Levis and LaRossa also reflected significant emphasis by the O&CC on internal pay equity considerations. Those two individuals have critical management responsibilities for our two largest operating subsidiaries, Power and PSE&G, respectively. In addition, the increase for Mr. LaRossa reflected his added duties as Chairman of the Board of PSEG LI:

NEO	Base Salary 2014 ($)
Ralph Izzo	1,100,000
Caroline Dorsa	650,000
William Levis	650,000
Ralph A. LaRossa	625,000
J. A. Bouknight, Jr.(1)	545,900
Tamara L. Linde(2)	470,000

(1) Retired July 1 ,2014
(2) Elected to position effective July 2, 2014.

Annual Cash Incentive

The SMICP was approved by stockholders in 2002. It is an annual cash incentive compensation program for our most senior officers, including the NEOs. To support the performance-based objectives of our compensation program, corporate and business unit goals and measures are established each year based on factors deemed necessary to achieve our financial and non-financial business objectives. The corporate-level goals and those for the CEO are developed by the O&CC with input from the entire Board. The goals and measures are established by the CEO for the NEOs reporting to him, and for each other participant by the individual to whom he or she reports.

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The SMICP sets a maximum award fund in any year of 2.5% of net income. The formula for calculating the maximum award fund for any plan year was determined at the time of plan adoption by reference to, among other things, similar award funds used by other companies and a review of executive compensation practices designed to address compliance with the requirements of IRC Section 162(m), which, as explained below, limits the federal income tax deduction for compensation in excess of certain amounts. If appropriate, the Board will recommend for stockholder approval any material changes to the SMICP required to align the plan with our compensation objectives.

The CEO's maximum award cannot exceed 10% of the award fund. The maximum award for each other participant cannot exceed 90% of the award fund divided by the number of participants, other than the CEO, for that year. For 2014 performance under the SMICP, these limits were $37,975,000 for the total award pool, $3,797,500 for the CEO's maximum award and $2,848,125 for each other participant's maximum award. Of the total award pool, $9,870,900 was awarded for 2014.

Subject to the overall maximums stated above, NEOs are eligible for annual incentive compensation. The beginning point in the process is a calculation based on a combination of the achievement of individual performance goals and business/employer performance goals, as well as overall corporate performance, as measured by the Corporate Factor. The Corporate Factor for 2014 was EPS from Continuing Operations. We believe sustained EPS is a significant driver of stockholder value and provides line-of-sight over a one-year period between individual actions of executives and company performance.

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For the business units, we used operating earnings, which for Power excluded from Income from Continuing Operations gains or losses associated with our nuclear decommissioning trust, mark-to-market accounting and Superstorm Sandy costs, adjusted for interest variances from the business plan, and which for PSE&G were adjusted for interest variances from the business plan.

Impact of Company Performance on Incentive Compensation

For 2014, the O&CC increased the annual cash incentive targets for Ms. Dorsa to 75% (from 70%) and Mr. LaRossa to 75% (from 65%) in recognition of their significant impact on Company's ultimate performance and results.

We maintained the same overall annual incentive structure as we have had for the last several years as we believe it supports our objectives of rewarding strong financial performance driven by operational excellence. We believe that through outstanding operations we can deliver the greatest long-term financial returns to our stockholders. The maximum result of this calculation is a comparative performance of 1.5. The corporate factor in 2014 could range from zero to 1.5 based on pre-determined EPS goals. The payout factor and related targets for 2014 are illustrated below. If the actual EPS is between the points shown below, the Corporate Payout Factor is determined using linear interpolation. In addition, Messrs. Levis and LaRossa had business unit (BU) earnings and multiple BU scorecard (financial, operational and strategic) metrics and goals. Mses. Dorsa and Linde and Mr. Bouknight each had multiple BU scorecard metrics and goals. All participants had strategic metrics and goals: for Mr. Izzo, operational excellence, financial strength and disciplined investment; for Mses. Dorsa and Linde and Messrs. Levis, Bouknight and LaRossa, "people strong" (retention, inclusion, supplier diversity and employee engagement). Each factor is multiplied by the respective individual's weighting shown below. An illustration of the plan mechanics is provided below, which when added together results in an individual's payout as a percent of target incentive. The total payout is generally capped at 150% of target, increased to 200% for exceptional individual performance.

Weighting x Corporate EPS (0-150%)	+	Weighting x BU Earnings (0-150%)	+	Weighting x BU Scorecard (0-150%)	+	Weighting x Strategic Goals (0-150%)

The corporate performance goal targets and payout factors at each target performance level for 2014 are set forth below:

EPS from Continuing Operations ($)	Corporate Payout Factor (#)
<2.57	0.00
2.57	0.50
2.68	1.00
2.78	1.50

The respective business unit performance goal targets and payout factors at each target performance level for 2014 for Power and PSE&G are set forth below:

Adjusted Operating Earnings		
Power ($Millions)	PSE&G ($Millions)	Payout Factor (#)
<550.1	<705.2	0.00
550.1	705.2	0.50
574.2	733.4	1.00
610.0	745.0	1.50

The actual corporate and business unit results and corresponding payout factors for the performance levels achieved for 2014 are set forth below:

Factors	Actual Results ($)	Indicative Payout Factor (#)	Adjusted Payout Factor (#)
Corporate EPS	2.99	1.50	1.45
	($Millions)		
Power	641.7	1.50	1.45
PSE&G	717.1	0.71	0.90

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As shown above under Adjusted Payout Factor, the O&CC, upon the recommendation of the CEO, modified the payout factors for PSEG EPS and Power BU earnings after consideration of several unique circumstances affecting the Company in 2014. In the judgment of the O&CC, these earnings components, if not adjusted, would have resulted in payouts that did not appropriately reflect its assessment of Company performance. Specifically, the O&CC determined that aspects of our results driven by external factors would have had too great of an influence if not modified. At Power, a sharp, end of year drop in forward prices produced gains that swung Income from Continuing Operations strongly positive independently of our actions. Had this not happened, operational performance would have yielded lower results. Accordingly, the PSEG payout factor was adjusted, impacting the CEO and each of the NEOs and the Power payout factor was adjusted, impacting Mr. Levis. PSE&G grew its earnings by over 15% and met all project and capital expenditure targets in managing the largest capital program in its history. The O&CC concluded that the successful management achievements and robust earnings growth warranted an adjustment for PSE&G, impacting Mr. LaRossa.

Determination of Individual Payouts

Each element (corporate earnings, BU earnings, BU scorecard and strategic goals) is weighted based on an executive's role, with the intention of balancing business unit and individual performance with corporate performance. The weighting for each of the NEOs for 2014 is detailed below, together with the actual achievement factor attained in 2014:

NEO	Weight and Payout Factor	Corporate EPS	BU Earnings	BU Scorecard	Corporate Strategic Goals	Overall Achievement Factor
Ralph Izzo	*Weight*	75%	-	-	25%	
	Achievement	1.45	-	-	1.02	1.34
Caroline Dorsa	*Weight*	75%	-	15%	10%	
	Achievement	1.45	-	1.08	1.00	1.35
William Levis	*Weight*	60%	15%	15%	10%	
	Achievement	1.45	1.45	0.97	1.00	1.33
Ralph A. LaRossa	*Weight*	60%	15%	15%	10%	
	Achievement	1.45	0.90	1.24	1.00	1.29
J.A. Bouknight, Jr.	*Weight*	75%	-	15%	10%	
	Achievement	1.45	-	1.25	1.00	1.38
Tamara L. Linde (1)	*Weight*	75%	-	15%	10%	
	Achievement	1.45	-	1.25	1.00	1.38
	Weight	60%	-	30%	10%	
	Achievement	1.45	-	1.25	1.00	1.35

(1) Prior to her election to her current position, effective July 2, 2014, Ms. Linde participated in the Management Incentive Compensation Plan (MICP), an annual cash incentive plan for officers with similar performance metrics as the SMICP. We have provided information with respect to the SMICP followed by the MICP.

The final step in the process is for the O&CC to make an overall judgment as to the appropriate payout levels for each NEO taking into account the overall achievement factors along with other less quantifiable considerations, such as leadership and success in adapting to a changing external environment and the recommendations of the CEO.

The SMICP awards of the NEOs for 2014 are shown below and in the 2014 Summary Compensation Table. The O&CC made its determinations regarding SMICP awards for the 2014 performance year in February 2015, for payment that month. Based upon the executive's overall achievement factor, his/her current base salary and target annual incentive opportunity and any O&CC modifications, if applicable, each earned the following payout for 2014, as to which we also show the percent relative to salary:

NEO	Base Salary ($)	Target Annual Incentive Percentage (%)	Target Annual Incentive Dollars ($)	Overall Achievement Factor	Modification (if applicable)	Payout Earned(1) ($)	Percent of Salary (%)
Ralph Izzo	1,100,000	120	1,320,000	1.34	(132,700)	1,636,100	149
Caroline Dorsa	650,000	75	487,500	1.35	(32,900)	625,200	96
William Levis	650,000	75	487,500	1.33	(64,800)	583,600	90
Ralph A. La Rossa	625,000	75	468,800	1.29	-	604,800	97
J. A. Bouknight, Jr. (2)	545,900	65	354,800	1.38	-	244,800	
Tamara L. Linde (3)	470,000	65	305,500	1.38	-	210,900	
	310,000	45	139,500	1.35	-	94,200	

(1) Reflects rounding and, as applicable, proration.
(2) Salary paid and amount of payout earned were prorated in light of Mr. Bouknight's retirement in July 2014. Payout earned represents 90% of prorated salary.
(3) Reflects SMICP and MICP. Respective salary amounts paid and payouts earned were prorated for time in position. Payouts earned represent 90% and 61%, respectively, of prorated salary amounts.

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The O&CC believes that the 2014 goals established for the NEOs provided the appropriate degree of difficulty, based upon the overall economic environment and that the final award determinations are appropriate. The final payout factors for Mr. Izzo, Ms. Dorsa and Mr. Levis were reduced by the O&CC in connection with the matter that is currently subject to a pending FERC Staff investigation, as discussed in Note 12 of the Consolidated Financial Statements included in our Form 10-K. To ensure that pay and performance are aligned, the O&CC, with the assistance of CAP, assesses whether the payouts that are earned by the NEOs are consistent with our performance relative to peers.

Long-Term Incentive

NEOs, other officers as determined by the Committee and other key employees, as selected by the CEO within guidelines established by the O&CC, are eligible to participate in the LTIP. This plan is designed to attract and retain qualified personnel for positions of substantial responsibility, motivate participants toward achievement of long-range corporate goals, provide incentive compensation opportunities that are competitive with those of companies with whom we compete for talent and align participants' interests with those of stockholders.

The LTIP, as amended and restated, was approved by our stockholders at the 2013 Annual Meeting. The LTIP provides for different forms of equity awards: restricted stock, RSUs, PSUs and stock options. The maximum number of shares that may be awarded under grants to any one individual under the LTIP is 500,000 during any calendar year. In general, since 2010, we have been granting PSUs and RSUs; however, some recipients of prior year LTIP awards still hold stock options that have not expired. The LTIP prohibits the repricing of stock options and the buy-out by us of underwater stock options for cash.
In recent years, our LTIP grants have consisted of the following:

	Description	Objective
Performance Share Units (PSUs)	Right to receive full value shares that are earned based upon independent metrics measured over a three-year period: 40% weighting on TSR relative to peers (rewarding management when we deliver value to stockholders in excess of our peers) 30% weighting on ROIC against our internal goals (rewarding management for effective deployment of capital) 30% weighting on ROIC relative to peers (rewarding management for managing our business and capital better than our peers) Participants have the opportunity to earn from zero to 200% of their target award based on performance Dividend equivalents are accrued as declared and paid on earned shares	Rewards for strong financial and stock price performance over a longer time frame than annual rewards Full value shares assist with retention
Restricted Stock Units (RSUs)	Right to receive shares of full value stock at vesting dates Generally, cliff vest at the end of three years Dividend equivalents are accrued as declared and paid when underlying shares vest	Serves as retention device as recipient generally must remain an employee through vesting dates to earn payout

Beginning with the 2014 grants, we revised the metrics we measure in determining the amount, if any, of full value shares earned from PSUs granted. As noted in the table above, we added relative ROIC measured against our peers. Given that our ROIC has historically exceeded that of our peers, we set the payout scale to deliver at target only when performance is well above the peer median.

The CEO develops recommendations for LTIP awards for each NEO, with the exception of himself and submits these recommendations to the O&CC for approval. Factors that are considered in the determination of award amounts are:

- The competitive market as defined by the peer group, which in general is targeted around median;
- An individual's role and responsibilities within the Company;
- Contribution of the executive; and
- How critical the role is to the organization and need to retain the individual.

In general, when making LTIP grants, the O&CC's determinations are made independently from any consideration of the individual's prior LTIP awards. With respect to the CEO, the O&CC develops a recommended award opportunity in consultation with CAP and submits the proposal to the Board. The value of an executive's current holdings is not a consideration, though it is reviewed periodically by the O&CC. Grants are typically made each February.

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In previous years, restricted stock awards were made. Generally, these restricted stock awards vested one-fourth annually as determined at the time of grant. Recipients of restricted stock awards have full voting rights and receive dividends at the regular dividend rate and are paid on each regular dividend date. None of the NEOs have any outstanding restricted stock awards.

Generally, unvested shares of restricted stock and unvested RSUs vest pro-rata if retirement occurs within one year of the grant and thereafter according to the original vesting schedule. Generally, unvested restricted stock is forfeited upon resignation but is paid upon an involuntary termination of employment without cause, while unvested RSUs are forfeited upon resignation or involuntary termination of employment.

PSUs are denominated in shares of Common Stock and are subject to achievement of certain performance goals over a three-year period and are payable as determined by us in shares of our Common Stock or cash. Generally, PSUs are prorated upon retirement or involuntary termination without cause and are forfeited upon a voluntary termination.

Impact of Company Performance on Prior Year's Performance Awards

LTIP awards of PSUs made for the three-year performance period ended December 31, 2014 were reported in our 2012 and 2013 Proxy Statements (other than for Ms. Linde, who was not an NEO at such time) at fair value at the time of the grants. These PSU grants were subject to the achievement of goals related to TSR and ROIC over a three-year performance period ended December 31, 2014. Based on the performance results for that period, in 2015, Messrs. Izzo, Levis, LaRossa and Bouknight and Ms. Dorsa received payment of shares of our Common Stock equal to 121% (see table below) of the grant target amounts. Although Ms. Linde was not an NEO at the time she received her LTIP award in February 2012, we have included her payout in 2015 for the performance period.

Each metric is independent and equally weighted (i.e., 50% each). TSR relative to the peer group was selected as it provides alignment with our stockholders and provides the incentive to deliver a return to stockholders greater than that of our peers. ROIC was used to ensure that we are effectively using our capital base. Based upon performance relative to the peer group on TSR and three-year average ROIC vs. our internal goals, executives can earn a stock award of between zero and 200% of their target. We believe that the ROIC goal represents a significant degree of difficulty. We determine ROIC by dividing net Income (adjusted for certain interest expense) by debt and equity (adjusted for securitized debt).

Recipients will receive 100% of their grant amount if:

- For the three-year performance period TSR places us at rank 9 of the peer group; and
- Our ROIC for the three-year performance period meets a pre-set target based on our business plan.

Payment, if any, is made early in the year following that end of the performance period, once results are reviewed and approved by the O&CC. Dividend equivalents are accrued over the performance period and paid in shares of Common Stock in relation to the number of shares earned based on results for the performance period. Upon retirement, death or disability, PSUs are prorated for each month of service during the performance period and paid following the end of the period based on actual performance.

For these grants, the performance schedule for relative TSR, which can earn an individual 50% of the PSU award, is based on the relative rank within the peer group. Shown below are the ranks and payout factors at threshold, target and maximum levels and our actual rank for this period:

TSR Performance vs. Peers (1)	Percent Payout Factor for TSR Component %
Rank 14	0.0
Rank 13	20.0
Rank 9	100.0
Rank 4	200.0
Actual Rank: 11	60.0

(1) TSR performance is measured by comparing our numerical ranking among peer group companies in respect to the TSR performance component. For 2012, the peer group consisted of us and 16 companies.

For these grants, the performance schedule for relative ROIC, which can earn an individual 50% of the PSU award, is detailed below:

	3 Year Average ROIC%	Payout%(1)
Maximum (115% of Goal)	8.4	200.0
Target	7.3	100.0
Threshold (85% of Goal)	6.2	25.0
Actual	8.2	181.8

(1) Payout percentage above and below target will be interpolated based on the three-year average.

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Actual results of the three-year period ended December 31, 2014 were:

Actual Results	Payout%
TSR Ranking: 11th of 17 Companies	60.0
ROIC Actual 3-year Average: 8.2%	181.8
Overall PSU Payout Factor (rounded)	121.0

Determination of Individual Payouts

Based on these results, participants earned a PSU payout of 121%. The dollar amount of each payment, made in shares of our Common Stock, is shown below, calculated using the average of the high and low price of our Common Stock on February 17, 2015, $39.435. These amounts are reported in the Option Exercises and Stock Vested during 2014 Table below.

NEO	PSUs Granted (#)	PSUs Earned (#) (1)	PSUs Payout ($) (1)
Ralph Izzo	109,900	150,851	5,948,809
Caroline Dorsa	21,100	28,962	1,142,116
William Levis	21,100	28,962	1,142,116
Ralph A. LaRossa	15,850	21,756	857,948
J.A. Bouknight, Jr.	16,300	22,373	882,279
Tamara L. Linde(2)	3,200	4,392	173,199

(1) Reflects rounding and includes accrued dividend equivalents earned.
(2) Grant made prior to Ms. Linde becoming an NEO.

2014 Grants

The structure of the long-term incentive is consistent with the prior grants as described above, in the form of 60% PSUs and 40% RSUs vesting at the end of three years. The mix between PSUs and RSUs was determined based on our desire to provide the majority of long-term incentives in a performance-based vehicle while providing for strong retention during a challenging period in the industry. The greater emphasis on PSUs places more of our NEOs' potential compensation payouts at risk. Grants are typically made each February.

The amounts approved in February 2014 for the NEOs are for the three-year performance period ending December 31, 2016 and are shown in the 2014 Grants of Plan-Based Awards Table. Also shown is the award made to Ms. Linde in June 2014 for the same performance period in connection with her election to her current position. These awards are also reported in the Summary Compensation Table at the grant date fair value. Payouts, if any, will be based on the same performance measures and goals discussed above with respect to payments made on prior years' awards and will be disclosed when the applicable performance period is completed. A portion of Mr. Bouknight's award was forfeited upon his retirement in July 2014.

As noted above, beginning with grants made in 2014, the O&CC incorporated relative ROIC as a new third metric into the PSU measurement performance with a 30% weighting. This was done to hold management accountable for delivering returns that are in line with our business plan, but also exceed that of peer companies. Absolute ROIC is also weighted at 30%. Recognizing that delivering value to stockholders is a priority, TSR compared to peers has the greatest weighting at 40%.

Other Compensation

Deferred Compensation Plan

We offer a deferred compensation plan to our officers, including the NEOs, so they can more effectively manage their personal tax obligations. Participants may elect to defer all or any portion of their cash compensation and may choose from among several different investment options based upon the choices available in our 401(k) Plan, as well as a market-based rate of Prime plus 1/2%, capped at 120% of the applicable federal long-term rate.

We also have a plan to permit deferral of equity compensation. Generally, the election to defer shares underlying an equity award must be made before the services giving rise to the equity award are performed. Deferred shares are held in a Rabbi Trust.

Additional details about these deferred compensation plans are provided in the descriptions following the Non-Qualified Deferred Compensation Table.

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Perquisites

We provide certain perquisites that we believe are reasonably within compensation practices of our peers or provide benefit to us, such as providing an appropriate degree of personal security to executives with a high public profile and allowing the executive to be productive while commuting. These include automobile use (and for the CEO, a driver), stipend or car service, reimbursement of relocation expenses, annual physical examinations, limited personal and spousal travel, including use of aircraft (in accordance with the policy we have established and with CEO approval), home security, charitable contributions on behalf of the individual and limited personal entertainment. These perquisites are described in the 2014 Summary Compensation Table, as applicable.

We do not provide a tax gross-up of personal benefit amounts deemed to be taxable income under federal or state income tax laws and regulations, except for certain relocation expenses, primarily in the case of newly-hired executives.

Post-Employment Benefits

Retirement Benefits

We provide certain qualified retirement benefits under the Pension Plan of PSEG (Pension Plan) and the Cash Balance Pension Plan of PSEG (Cash Balance Plan) to maintain practices that are competitive with companies in the energy services industry with which we compete for executive talent. Participation depends upon the date of hire of the individual. Messrs. Izzo and LaRossa and Ms. Linde participate in the Pension Plan as they each began employment before January 1, 1996. Each of the other NEOs participates in the Cash Balance Plan as they were hired after that date.

In addition to the qualified plans, we provide certain limited nonqualified retirement benefits under the Retirement Income Reinstatement Plan (Reinstatement Plan) and the Supplemental Executive Retirement Income Plan (Supplemental Plan). We maintain these supplemental plans to provide competitive retirement benefits. Our supplemental executive retirement plans were adopted to assist in the recruitment and retention of key employees.

- The Reinstatement Plan is an unfunded retirement plan that provides retirement benefits that would have been paid under our qualified retirement plans but for the limitations of the IRC which caps the amount of an employee's compensation that may be considered for qualified plan purposes. All employees who are affected by the compensation limit are eligible to participate in this plan. SMICP amounts and deferred amounts are also included in computing benefits under this plan.
- The Supplemental Plan is an unfunded retirement benefit plan that provides supplemental limited retirement and death benefits to participants nominated by the CEO and designated by our Employee Benefits Policy Committee. It also provides retirement benefits based upon additional credited years of service for prior allied professional or industrial experience to employees selected by the CEO. The plan is primarily used as a recruitment and retention tool. In 2011, the O&CC determined that we will no longer provide any additional years of credited service under the Supplemental Plan to individuals not previously provided with that benefit.

All of our NEOs participate in the Reinstatement Plan and all except Ms. Linde participate in the additional limited provisions of the Supplemental Plan. As described in the Pension Benefits Table, as part of their promotion and hiring, Mr. Izzo and Ms. Dorsa, respectively, are eligible to receive additional years of credited service under certain circumstances.

Additional information is provided in the Pension Benefits Table and the accompanying narrative, below. Amounts reported for 2014 reflect changes in the discount rate, as well actuarial changes, which impacted the benefit calculations.

We also maintain a defined contribution 401(k) Plan and provide a partial employer matching contribution for 401(k) Plan participants.

Severance and Change-In-Control Benefits

We provide severance benefits in the event of certain employment terminations. These benefits are available to officers, including the NEOs, in order to be competitive with the companies in our industry and provide a level of financial security to the executive in periods of uncertainty in the event of a termination without cause. All of our NEOs participate in our Key Executive Severance Plan. Mr. Izzo is also eligible for certain other severance benefits, as described under Potential Payments Upon Termination of Employment or Change-In-Control, below.

We provide severance benefits upon a change-in-control to officers, including the NEOs. A change-in-control is by its nature disruptive to an organization and its executives. Executives are frequently key players in the success of organizational change. To assure the continuing performance of such executives and maintain stability and continuity in the face of a possible termination of employment in the event of a change-in-control, we provide a competitive severance package. In addition, some executives, who may be key parties to such transaction, may have their employment terminated following its completion. A severance plan with benefits applicable upon a change-in-control is an important element for attracting and retaining key executives in a marketplace where such protection is common.

Neither our Key Executive Severance Plan nor Mr. Izzo's severance agreement provide for gross-up payments from us in the event that any NEO or other participant is subject to an excise tax related to receipt of a change-in-control payment. Both the Key Executive Severance Plan and Mr. Izzo's severance agreement include a "double-trigger" provision on benefits, which are paid only in the event of termination of employment following a change-in-control. Performance share unit payments, if any, are prorated.

Severance and change-in-control benefits are described under Potential Payments Upon Termination of Employment or Change-in-Control below.

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Executive Compensation Governance Features and Controls

Independent Compensation Consultant

The O&CC has retained CAP to provide information, analyses and advice regarding executive and director compensation, as described in this Proxy Statement. CAP reports directly to the O&CC and the O&CC has established procedures that it considers adequate to ensure that CAP's advice is objective and not influenced by management. These procedures include an agreement specifying what information can and cannot be shared with management. In addition, CAP regularly meets with the O&CC in executive session, without the presence of management. CAP provides only executive compensation consulting services.

At the O&CC's direction, CAP provided the following services:

- Evaluated the competitive positioning of our NEOs' base salaries, annual incentive and long-term incentive compensation relative to our peers and compensation philosophy;
- Advised the O&CC on CEO and other NEO target award levels within the annual and long-term incentive programs;
- Reviewed our annual and long-term incentive programs to ensure they continue to be aligned with our philosophy, drive performance and consider market practices;
- Briefed the O&CC on executive compensation trends among our peers and broader industry and compared them to our current practices;
- Analyzed the results of the stockholder advisory say-on-pay vote;
- Informed the O&CC on changes in the regulatory environment as they relate to executive compensation;
- Reviewed the composition of our Peer Group;
- Advised the O&CC on the performance measures and performance targets for the annual and long-term incentive programs and advised on the payout leverage (the extent of the pay opportunity and the degree of difficulty) for the plans;
- Presented a CEO compensation proposal to the O&CC;
- Reviewed our total share usage and "burn rate" for the LTIP;
- Conducted an assessment to determine whether any elements of our employee compensation programs encourage the taking of excessive risk;
- Advised on issues related to shareholder advisory groups;
- Validated the pay for performance alignment of the compensation programs;
- Evaluated our share ownership guidelines relative to our peers and broader industry;
- Assessed the competitiveness of director compensation for the Corporate Governance Committee and recommended changes; and
- Reviewed and commented on this CD&A.

In the course of conducting its activities, CAP attended four meetings of the O&CC in 2014 and presented its findings and recommendations for discussion.

Management also retains a compensation consultant, Pay Governance, to provide market compensation data for our officers, including the NEOs. This data is made available to CAP.

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Compensation Risk Assessment

In 2014, CAP, in consultation with management reviewed our compensation programs to assess the potential of whether they encourage individuals to take excessive risks. The risk assessment included a full inventory of all incentive compensation plans in the organization, including their design, metrics, goals and operation and a review of business and operational risks. Our Vice President and Chief Risk Officer, as well as our internal compensation professionals under the supervision of our Senior Vice President–Human Resources, participated in this process. Management and CAP reviewed this assessment with the O&CC. In addition, final decisions regarding our executive compensation policies and programs, as well as specific approval of individual NEO compensation, are determined by the O&CC, all of whose members are independent of management and, as appropriate, the full Board, all of whose members, except our CEO, are independent of management. Based on this review, the O&CC determined that the programs do not create an incentive for individuals to take excessive risks which are reasonably likely to have an adverse effect on us.

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Compensation Risk Assessment Factors

- There are strong governance processes and controls in place at the senior leadership levels under the oversight of the O&CC and, where appropriate, the full Board.
- We provide a balanced total compensation package that includes fixed compensation (i.e., salary and benefits) and at-risk compensation (i.e., annual and long-term incentive).
- There were no material changes to our incentive compensation plans for 2014.
- Long-term incentives vest over a multi-year timeframe.
- There are caps on the total amount of incentive compensation that can be earned.
- Multiple dimensions of performance are used in the incentive structure, including:
- A balanced scorecard;
  - EPS for corporate financial performance;
  - Earnings for business unit performance; and
  - Key strategic and operational metrics that specifically address identified risks.
- We use PSUs, with payout determined by:
  - ROIC compared to plan and peers; and
  - TSR compared to peers.
- Incentive plan formulas, performance measures/goals and corresponding payment scales are reviewed by CAP and approved each year by the O&CC.
- Executives receive a significant portion of their compensation in the form of equity, which discourages them from making short-term decisions that may result in long-term harm to the organization.
- Our stock ownership and retention policy further discourages a short-term focus and, under our insider trading policy, all transactions in our Common Stock by officers need pre-clearance by the General Counsel's office.
- We have clawback provisions, requiring forfeiture or repayment of incentive amounts, resulting from misconduct, accounting restatement or breach of agreement.
- Our corporate culture demands the highest level of ethical behavior and requires all employees to take ethics training annually.
- We have strong policies in place to govern financial and enterprise risk, as discussed above in Risk Management Oversight.

Role of CEO

The CEO attends O&CC meetings, other than executive sessions. Other executive officers and internal compensation professionals may attend portions of O&CC meetings, as requested by the O&CC. The CEO recommends changes to the salaries of his direct reports (who include the NEOs). The CEO develops and the O&CC considers these recommendations in the context of the respective executives' individual performance, competitiveness of salary vs. peer group and internal equity among executives. The CEO recommends incentive compensation targets (expressed as a percentage of base salary) for the SMICP and LTIP grants for his direct reports as well as the associated goals, objectives and performance evaluations. The CEO participates in the O&CC's discussions of those recommendations.

The CEO reviews the design and effectiveness of compensation policies and programs and the analyses and recommendations of CAP in light of general industry practices and in comparison to the peer group trends. The CEO also reviews such compensation matters with our internal compensation professionals. Recommendations for changes are made to the O&CC as deemed appropriate by the CEO. The O&CC believes that the role played by the CEO in this process is appropriate because the CEO is uniquely suited to evaluate the performance of his direct reports.

Trading Pre-clearance

Under our Insider Trading Practice, all of our officers, including the NEOs, are required to obtain pre-clearance from the Office of the General Counsel prior to engaging in any transaction involving our Common Stock. In addition, our Insider Trading Practice does not permit any such transactions except during "open window" periods. These are limited times following the public release of earnings and disclosure of material information.

Hedging and Pledging

We have a policy which prohibits officers, including NEOs, from hedging, short-selling or pledging our Common Stock.

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Clawbacks

We have adopted provisions that require a participant to forfeit any annual or long-term incentive grants and repay profits made on sales of LTIP shares if they are earned as a result of misconduct related to accounting restatements. LTIP grants and shares received on exercise of LTIP grants are also subject to clawback if the participant violates his/her non-compete, non-solicitation or confidentiality agreements. We anticipate adjusting the terms of our clawback provisions as may be needed to comply with the Dodd-Frank Act once further guidance is released from the SEC.

Employment Agreements

We have entered into written agreements with Messrs. Levis, Bouknight and Mses. Dorsa and Linde and a severance agreement with Mr. Izzo. These are discussed following the Grants of Plan-Based Award Table below.

Stock Ownership and Retention Policy

In order to strengthen the alignment of the interests of management with those of stockholders, we have established a Stock Ownership and Retention Policy (Policy) applicable to selected officers, including the NEOs. Each officer must maintain ownership of a sufficient number to shares of our Common Stock having a market value equal to the applicable prescribed multiple of such officer's annual base salary. Under the Policy, the required multiple for the CEO is 6 and for the other NEOs is 3.

Compliance is determined as of each January 1, using the average of the daily NYSE closing price for the preceding 12 months. The applicable required amount must be acquired by January 1 following the fifth anniversary of the date of the adoption of the Policy (November 20, 2007) for those serving at such time or the date he or she was newly elected or promoted. In addition to shares individually or jointly owned directly, through a broker or in Enterprise Direct or the ESPP, the following are counted toward the ownership requirement: (i) shares held in trusts for the benefit of immediate family members where the officer is the trustee, (ii) shares granted to the officer in the form of restricted stock and RSUs, whether or not vested, and (iii) shares held by the officer in the 401(k) Plan. Stock options and PSUs (as distinct from shares which are actually issued as a result of exercise or vesting) are not counted. Shares subject to hedging or pledging transactions (such as puts, collars and short sales), are not counted for purposes of either the ownership or retention provisions of the Policy, since our Insider Trading Practice does not permit such hedging or pledging.

Each officer must retain at least 100%, after tax and costs of issuance, of all shares acquired through equity grants made subsequent to the adoption of the Policy, including the vesting of restricted stock or RSU grants, payout of PSU awards and exercise of option grants, until his or her ownership requirement is met. Further, once an executive officer who is subject to Section 16(a) of the Exchange Act, including each NEO, attains his or her required level of stock ownership, he or she must retain 25%, after tax and costs of issuance, of vested shares received from equity awards granted thereafter, until retirement or his or her employment otherwise ends.

The Senior Vice President – Human Resources reports annually to the O&CC on the status of each officer's compliance with the Policy. In the event an officer is not in compliance with any provision of the Policy, the O&CC may take such action as it deems appropriate, consistent with the provisions of our compensation plans and applicable law and regulations, to enable the officer to achieve compliance at the earliest practicable time or otherwise enforce the Policy. Such action may include establishing conditions with respect to requiring all or part of any SMICP or LTIP award to be held in shares. The O&CC may vary the application of the provisions of the Policy for good cause or exceptional circumstances.

The Policy was not a factor considered by the O&CC in making the 2014 grants under the LTIP.

Messrs. Izzo, Levis, and LaRossa and Ms. Dorsa each have met their respective requirement. Ms. Linde has not yet met the requirement as she was just recently promoted to her position. Mr. Bouknight had met the requirement at the time he retired.

Accounting and Tax Implications

The O&CC has considered the effect of Financial Accounting Standards Board Accounting Standards Codification Topic 718 (see Note 17 to Consolidated Financial Statements included in our Form 10-K) regarding the expensing of equity awards in determining the nature of the grants under the LTIP. The O&CC, with the assistance of CAP, reviews the competitiveness of the NEOs' LTIP grants, as measured against the peer group, using reported Topic 718 grant values and approves grants to the NEOs accordingly as reported above in Long-Term Incentive.

The O&CC considers the tax-deductibility of our compensation payments. IRC Section 162(m) generally denies a deduction for United States Federal income tax purposes for compensation in excess of $1 million for persons named in the proxy statement, except for qualifying performance-based compensation pursuant to stockholder-approved plans. Stockholder approval of the SMICP was received at the 2002 Annual Meeting of Stockholders. As a result, we believe that payment of qualifying performance-based compensation in accordance with the terms of this plan would not be subject to the Section 162(m) limitation on deductions. Payments under the LTIP, if any are earned, on PSUs granted during the five-year period following stockholder approval of the LTIP at the 2013 Annual Meeting are not expected to be subject to the limitation and should qualify for tax-deductibility under Section 162(m).

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COMPENSATION DISCUSSION AND ANALYSIS

Although stockholder approval of the LTIP had been received at the 2004 Annual Meeting of Stockholders, applicable IRC provisions require that stockholders give such approval at least every five years for performance-based compensation plans that permit the O&CC to change the performance criteria used from year to year. Since we did not subsequently seek such further approval for the LTIP until the 2013 Annual Meeting, the payments of PSUs made to the NEOs (except the CFO, to whom the deduction limitation is not applicable) in 2013 and 2014 with respect to such LTIP grants awarded in 2009 and 2010 for the respective three-year performance periods ended December 31, 2012 and December 31, 2013, are subject to the Section 162(m) limitation on deductions. The only such grant made in 2013 prior to such approval and thus subject to the limitation was to Mr. Levis in accordance with his retention award pursuant to a prior determination of the O&CC. Any future payments, if earned, with respect to LTIP grants of PSUs made to the NEOs (except the CFO) in 2011 and 2012 are likewise subject to this limitation.

Further, the O&CC believes that restricted stock and RSUs are valuable components of incentive compensation as they align the interest of the recipients with those of stockholders. However, because the vesting of such grants is not performance-based, restricted stock and RSU grants are subject to the limitation on deductibility under Section 162(m).

In 2014, a portion of Messrs. Izzo's and Levis' compensation reported in this Proxy Statement exceeded the limit. Amounts deferred by the NEOs are not included in the Section 162(m) calculations during the deferral period because they are not otherwise deductible under applicable tax law. In light of Section 162(m), as well as certain NYSE rules, the Board's general policy is to present incentive compensation plans in which executive officers participate to stockholders for approval. However, the O&CC and the Board reserve the right to not seek such approval and to award incentive and other compensation that is not structured so as to be exempt from the deduction limit of Section 162(m), if they determine that such arrangements are in the best interests of the Company and our stockholders. The O&CC will continue to evaluate executive compensation and the flexibility that is desirable in administering our executive compensation program in accordance with our compensation philosophy.

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2014 SUMMARY COMPENSATION TABLE

The following table summarizes the compensation of our NEOs for the years shown. The NEOs are our CEO, CFO and four most highly compensated executive officers in 2014.

Name and Principal Position(1)	Year	Salary ($) (2)	Bonus ($)	Stock Awards ($)(3)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)(4)	Change in Pension Value and Non-Qualified Deferred Compensation Earnings ($)(5)	All Other Compensation ($)(6,7,8)	Total ($)
Ralph Izzo	2014	1,142,307	-	5,723,686	-	1,636,100	2,436,000	76,551	11,014,644
Chairman of the Board, President & CEO	2013	1,092,615	-	6,367,186	-	1,874,000	-	66,448	9,400,249
	2012	1,004,715	-	5,724,001	-	1,653,800	2,064,000	67,027	10,513,543
Caroline Dorsa	2014	673,006	-	1,249,737	-	625,200	1,225,000	83,844	3,856,787
EVP & CFO	2013	617,686	-	1,199,928	-	589,800	488,000	75,607	2,971,021
	2012	595,691	-	1,099,985	-	567,900	1,338,000	76,661	3,678,237
William Levis	2014	669,540	-	2,100,614	-	583,600	737,000	135,030	4,225,784
President & COO	2013	565,485	-	2,223,214	-	607,600	-	185,861	3,582,160
(Power)	2012	560,377	-	1,099,985	-	546,200	739,000	44,141	2,989,703
Ralph A. LaRossa	2014	640,866	-	1,000,178	-	604,800	682,000	60,590	2,988,434
President & COO	2013	499,078	-	943,788	-	438,800	-	64,483	1,946,149
(PSE&G)	2012	497,142	-	824,611	-	400,700	578,000	32,408	2,332,861
J. A. Bouknight, Jr.	2014	308,643	-	851,182	-	244,800	109,856	67,286	1,581,767
(Retired) EVP &	2013	544,922	-	943,788	-	496,700	67,000	18,559	2,070,969
General Counsel	2012	535,570	-	849,495	-	461,300	61,000	19,549	1,926,914
Tamara L. Linde	2014	397,010	-	438,705	-	305,100	460,000	17,559	1,618,374
EVP & General Counsel									

(1) Mr. Bouknight retired on July 1, 2014. A portion of his 2014 stock awards shown in this table were forfeited in accordance with the terms of the LTIP and his employment agreement. Ms. Linde was elected to her current position effective July 2, 2014. Amounts shown for Ms. Linde also include amounts with respect to her previous position with us prior to her promotion.

(2) Amounts shown are actual payments based on annualized salary. 2014 salaries include one additional pay period for 2014 which was applicable to all employees. Therefore, actual paid salaries shown here differ from annual salaries shown in the CD&A. 2012 salaries include a one-time pay adjustment provided to all employees as a result of a change in the methodology of the bi-weekly pay calculation.

Mr. Bouknight elected to defer $475,775, $484,869 and $274,691 of salary for years 2012, 2013 and 2014, respectively, under the Deferred Compensation Plan.

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(3) The amounts shown reflect the grant date fair value of the awards. For a discussion of the assumptions made in valuation, see Note 17 to the Consolidated Financial Statements included in our Form 10-K. 2014 LTIP awards were granted in February and June 2014 as discussed in the CD&A. 2013 LTIP awards were granted in February and April of 2013 and 2012 LTIP awards were granted in February 2012. Awards consist of PSUs and RSUs. PSU value is shown at the target amount. Actual value of the shares received upon vesting of RSUs depends upon the price of our Common Stock. Payout value of the PSUs earned upon vesting at the conclusion of the three-year performance period may be less than or exceed the grant date fair value, dependent upon achieving TSR and ROIC performance factors. More detailed information is provided in the CD&A. The respective amounts below represent the grant date fair value of PSUs at target and maximum amounts.

	2014		2013		2012	
	Value at Target (100%) ($)	Value at Maximum (200%) ($)	Value at Target (100%) ($)	Value at Maximum (200%) ($)	Value at Target (100%) ($)	Value at Maximum (200%) ($)
Ralph Izzo	3,434,514	6,869,028	4,077,397	8,154,794	3,434,375	6,868,750
Caroline Dorsa	749,419	1,498,838	719,355	1,438,710	659,375	1,318,750
William Levis	1,659,983	3,319,966	1,783,474	3,566,948	659,375	1,318,750
Ralph A. LaRossa	599,924	1,199,848	658,642	1,317,284	554,688	1,109,375
J. A. Bouknight, Jr.	510,615	1,021,230	604,560	1,209,120	509,375	1,018,750
Tamara L. Linde	243,666	487,332				

(4) As discussed in the CD&A, amounts awarded were earned under the SMICP (and MICP for Ms. Linde) and determined and paid in the following year. Mr. Bouknight elected to defer his entire 2014, 2013 and 2012 awards under the Deferred Compensation Plan. For 2014, Ms. Linde's SMICP payment was $210,900 and her MICP payment was $94,200.

(5) Includes the change in the actuarial present value of accumulated benefit under defined benefit pension plans and supplemental executive retirement plans between calendar years 2014 and 2013, 2013 and 2012, and 2012 and 2011, determined by calculating the benefit under the applicable plan benefit formula for each of the plans, measured at December 31 of each year, based on years of credited service, earnings in effect at the respective measurement dates, applicable interest rates and other assumptions as discussed in Note 11 to the Consolidated Financial Statements included in our Form 10-K. If the aggregate change in pension plan values is negative, it is shown as zero. The changes are as follows:

	Izzo ($)	Dorsa ($)	Levis ($)	LaRossa ($)	Bouknight ($)	Linde ($)
2014	2,436,000	1,225,000	737,000	682,000	109,856	460,000
2013	-	488,000	-	-	67,000	
2012	2,064,000	1,338,000	739,000	578,000	61,000	

Any interest earned under the Deferred Compensation Plan at the prime rate plus 1/2% did not exceed 120% of the applicable long-term rate for any of the NEOs in 2014, 2013 or 2012.

(6) For 2014, depending on the individual, includes perquisites and personal benefits which include (a) automobile and related expenses, (b) physical examinations, (c) home security systems, (d) limited personal and spousal travel, (e) personal entertainment and (f) charitable contributions on behalf of the individual. For automobiles, the pro rata personal usage value of the vehicle lease cost based on the IRS Annual Lease Value Table was used; for parking, the market value for the parking space was used; for the driver, actual pro-rata expense was used for the time devoted to CEO commuting and personal use; for the car service actual cost was used. Three NEOs received a perquisite in 2014 that exceeded the greater of $25,000 or 10% of his/her total perquisite and personal benefit amount: Messrs. Izzo and Levis each received home security services in the amount of $44,862 and $90,509, respectively, and Ms. Dorsa used a car service for commuting, with a cost to us of $66,314.

(7) Includes the employer matching contribution to our 401(k) Plan at the same percentage generally available to all employees. For 2014, these amounts were:

	Izzo ($)	Dorsa ($)	Levis ($)	LaRossa ($)	Bouknight ($)	Linde ($)
401(k) Company Match	9,102	9,860	10,200	10,200	1,596	10,200

(8) Includes $53,540 of accrued vacation for Mr. Bouknight, $47,651 of which he deferred.

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2014 GRANTS OF PLAN-BASED AWARDS TABLE

The following table provides information on plan-based awards made to our NEOs during 2014.

Name and Type of Award (1)	Grant Date(1)	Plan	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards(3)			Estimated Future Payouts Under Equity Incentive Plan Awards(4)			All Other Stock Awards; Number of Shares of Stock or Units (#)(5)	All Other Option Awards; Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock and Option Awards ($)(6)
			Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)				
Ralph Izzo		SMICP	660,000	1,320,000	1,980,000							
PSUs	2/18/2014					0	88,450	176,900				3,434,514
RSUs	2/18/2014								65,200			2,289,172
Caroline Dorsa		SMICP	243,800	487,500	731,300							
PSUs	2/18/2014					0	19,300	38,600				749,419
RSUs	2/18/2014								14,250			500,318
William Levis		SMICP	243,800	487,500	731,300							
PSUs (2)	2/18/2014					0	25,750	51,500				999,873
PSUs	2/18/2014					0	17,000	34,000				660,110
RSUs	2/18/2014								12,550			440,631
Ralph A. LaRossa		SMICP	234,400	468,800	703,100							
PSUs	2/18/2014					0	15,450	30,900				599,924
RSUs	2/18/2014								11,400			400,254
J. A. Bouknight Jr.		SMICP	177,400	354,800	532,300							
PSUs	2/18/2014					0	13,150	26,300				510,615
RSUs	2/18/2014								9,700			340,567
Tamara L. Linde		SMICP MICP	152,800 69,800	305,500 139,500	458,300 209,300							
PSUs	2/18/2014					0	2,600	5,200				100,958
PSUs	6/16/2014					0	3,250	6,500				142,708
RSUs	2/18/2014								2,850			100,064
RSUs	6/16/2014								2,500			94,975

(1) Relates to equity awards (PSUs and RSUs), all of which were made under the LTIP. A portion of Mr. Bouknight's PSU and RSU award were forfeited and his SMICP was prorated following his retirement on July 1, 2014. Ms. Linde received additional PSU and RSU awards on June 16, 2014 in connection with her promotion to her current position. Ms. Linde's SMIP and MICP were prorated for time in position.

(2) Made pursuant to a retention award with a December 20, 2011 determination date.

(3) Represents possible payouts under SMICP and MICP for 2014 performance. The actual awards were determined in February 2015 and paid thereafter, as reported in the 2014 Summary Compensation Table and were prorated for Mr. Bouknight and Ms. Linde.

(4) Represents LTIP award of PSUs described below.

(5) Represents LTIP award of RSUs described below.

(6) Represents the grant date fair value of the equity award. For a discussion of the assumptions made in valuation, see Note 17 to the Consolidated Financial Statements included in our Form 10-K.

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Material Factors Concerning Awards Shown in Summary Compensation Table, Grants of Plan-Based Awards Table and Employment Agreements

SMICP

The plan-based awards for annual cash incentive compensation included in the 2014 Summary Compensation Table were paid in 2015 with respect to 2014 performance under the terms of the SMICP and for Ms. Linde, the MICP. The range of possible awards for each NEO in relation to his/her target award is set forth in the Grants of Plan-Based Awards Table above. An explanation of the SMICP (and MICP) and performance goals, measures and performance factors achieved are described under Annual Cash Incentive in the CD&A.

LTIP

As explained in the CD&A and shown above, LTIP awards were made to NEOs in February 2014 (and, additionally, for Ms. Linde in June 2014 in connection with her promotion), in the form of RSUs and PSUs. The RSUs cliff vest after three years. The three-year performance period for the PSUs ends December 31, 2016, with payment, if any, made the following year. The range of possible payouts for each NEO in relation to his/her target award is set forth in the table above. Payments of awards granted in December 2011 and February 2012 were made in 2015 based on performance for the three-year period that ended on December 31, 2014. Further explanation of PSU payment determination is set forth under Long-Term Incentive in the CD&A. For further information about vesting, see Employment Agreements and Potential Payments Upon Termination of Employment or Change-In-Control below.

No stock options have been granted since 2009. Some options granted in previous years are still outstanding as reported in the Outstanding Equity Awards at Year-End Table. Grants were made with an exercise price equal to the NYSE closing price on the date of grant for a 10-year term. No discounted options may be granted and no repricings may be done without stockholders' approval.

Employment Agreements

The CEO and each NEO receives an annual salary review, participates in the SMICP and LTIP, and in the Supplemental Plan and the Key Executive Severance Plan. Mr. Izzo has entered into a severance agreement, the terms of which are discussed below under Potential Payments Upon Termination of Employment or Change-in-Control. Ms. Dorsa received 15 additional years of credited service under the Supplemental Plan as of April 9, 2014, pursuant to her agreement. Mr. Levis will receive a lump sum present value payment equal to the employer health and welfare benefits contribution for which he would have been eligible if employed by us prior to 1996, pursuant to his agreement. Ms. Dorsa and Mr. Levis entered into amendments to their agreements to adjust their respective benefits that accrue after December 31, 2011 under the Supplemental Plan to provide for a calculation reducing the benefit to be based on the highest seven-year average rather than the highest five-year average, in alignment with changes generally applicable to other plan participants, including Messrs. Izzo and LaRossa and Ms. Linde. Under Ms. Dorsa's agreement, we will provide her with a car service for commuting purposes.

Mr. Bouknight retired on July 1, 2014. Under his agreement, as amended, any unvested PSUs granted for (i) 2009 through 2013, and earned, fully vest without proration, and (ii) 2014, and earned, vest one-twelfth per month during that year.

For additional information regarding severance benefit provisions, see Potential Payments Upon Termination of Employment or Change-in-Control.

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OUTSTANDING EQUITY AWARDS AT YEAR-END (12/31/14) TABLE

The following table lists all outstanding awards, consisting of stock options, PSUs and RSUs, as of December 31, 2014 for our NEOs.

Name and Option Grant Date	Number of Securities Underlying Unexercised Options Exercisable (#)(1)	Number of Securities Underlying Unexercised Options Unexercisable (#)	Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)(2)	Option Expiration Date	Number of Shares or Units of Stock that have Not Vested (#)(3)	Market Value of Shares or Units of Stock that have Not Vested ($)(4)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights that have Not Vested (#)(5)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units, or Other Rights that have Not Vested ($)(6)
Ralph Izzo						230,723	9,554,239	412,512	17,082,122
1/16/2007	140,000			32.9250	1/16/2017				
3/20/2007	113,000			39.1650	3/20/2017				
12/18/2007	199,800			48.2050	12/18/2017				
12/16/2008	473,400			30.0300	12/16/2018				
12/14/2009	347,900			33.4900	12/14/2019				
Caroline Dorsa						47,546	1,968,880	87,990	3,643,666
4/9/2009	61,100			30.1800	12/15/2018				
12/14/2009	66,300			33.4900	12/14/2019				
William Levis						80,615	3,338,267	199,346	8,254,918
6/19/2007	3,500			44.4350	6/19/2017				
12/18/2007	42,000			48.2050	12/18/2017				
12/14/2009	70,000			33.4900	12/14/2019				
Ralph A. LaRossa						73,471	3,042,434	66,012	2,733,557
1/16/2007	52,000			32.9250	1/16/2017				
12/18/2007	33,000			48.2050	12/18/2017				
12/16/2008	75,200			30.0300	12/16/2018				
12/14/2009	55,200			33.4900	12/14/2019				
J. A. Bouknight, Jr. (7)						29,223	1,210,124	47,586	1,970,536
11/2/2009	12,600			29.5200	11/2/2019				
12/14/2009	58,900			33.4900	12/14/2019				
Tamara L. Linde						12,662	524,333	18,634	771,634
-	-			-	-				

(1) Grants made on the dates shown under the LTIP of non-qualified options to purchase our Common Stock. Options vest 25% annually over four years on the grant date anniversary. All options have fully vested.

(2) Closing price on NYSE on grant date.

(3) The vesting schedule for unvested RSUs is shown below. Dividend equivalents accrue on RSUs at the regular dividend rate and are paid in shares of Common Stock at vesting.

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	RSU Vesting Schedule				
	Grant Date	2015 (#)	2016 (#)	2017 (#)	Total (#)
Ralph Izzo	2/21/2012	84,002			
	2/19/2013		79,040		
	2/18/2014			67,681	230,723
Caroline Dorsa	2/21/2012	16,165			
	2/19/2013		16,589		
	2/18/2014			14,792	47,546
William Levis	12/20/2011			36,244 (a)	
	2/21/2012	16,165			
	2/19/2013		15,179		
	2/18/2014			13,027	80,615
Ralph A. LaRossa	12/21/2010		37,846 (a)		
	2/21/2012	12,081			
	2/19/2013		11,710		
	2/18/2014			11,834	73,471
J. A. Bouknight, Jr.	2/21/2012	12,478			
	2/19/2013		11,710		
	2/18/2014			5,035	29,223
Tamara L. Linde	2/21/2012	3,687			
	2/19/2013		3,470		
	2/18/2014			2,958	
	6/16/2014			2,547 (b)	12,662

(a) Includes retention award.
(b) June 2014 grant follows same vesting schedule as February 2014 RSU's.

(4) Value represents number of shares or units multiplied by the closing price on the NYSE on December 31, 2014 of $41.41.

(5) The vesting schedule for unvested PSUs is shown below. PSUs awarded under the LTIP are earned based on a three-year performance period and are shown at maximum. The vesting schedule below shows the number of outstanding PSUs at target and maximum and includes accrued dividend equivalents. Payment, if any, is made in the first quarter of the year following the end of the performance period. For further explanation of PSUs, see the CD&A.

	PSU Vesting Schedule						
	Grant Date	Target 2015 (#)	Maximum 2015 (#)	Target 2016 (#)	Maximum 2016 (#)	Target Total (#)	Maximum Total (#)
Ralph Izzo	2/19/2013	114,441	228,882				
	2/18/2014			91,815	183,630	206,256	412,512
Caroline Dorsa	2/19/2013	23,961	47,922				
	2/18/2014			20,034	40,068	43,995	87,990
William Levis	2/19/2013	55,296 (a)	110,592 (a)				
	2/18/2014			44,377 (a)	88,754 (a)	99,673	199,346
Ralph A. LaRossa	2/19/2013	16,968	33,936				
	2/18/2014			16,038	32,076	33,006	66,012
J. A. Bouknight, Jr.	2/19/2013	16,968	33,936				
	2/18/2014			6,825	13,650	23,793	47,586
Tamara L. Linde	2/19/2013	3,307	6,614				
	2/18/2014			2,699	5,398		
	6/16/2014			3,311 (b)	6,622 (b)	9,317	18,634

(a) Includes retention award.
(b) June 2014 grant follows same vesting schedule as February 2014 PSU's.

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(6) Value of PSUs are shown at maximum, multiplied by the closing price on the NYSE on December 31, 2014 of $41.41.

(7) Amounts shown reflect forfeiture of a partial amount of 2014 grant following Mr. Bouknight's retirement on July 1, 2014.

OPTION EXERCISES AND STOCK VESTED DURING 2014 TABLE

The following table provides information, as noted, regarding the exercise of stock options by the NEOs in 2014 and the vesting during 2014 of restricted stock (RSS), RSUs and PSUs previously granted to the NEOs, under our LTIP.

	Option Awards		Stock Awards		
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)(1)	Award	Number of Shares Acquired on Vesting (#)(2,3)	Value Realized on Vesting ($)(2,3)
Ralph Izzo	-	-	PSU	150,851	5,948,809
			RSU	83,514	2,675,789
Caroline Dorsa	-	-	PSU	28,962	1,142,116
			RSU	14,925	478,197
			RSS	8,800	340,560
William Levis	134,200	957,776	PSU	28,962	1,142,116
			RSU	14,925	478,197
Ralph A. LaRossa	-	-	PSU	21,756	857,948
			RSU	12,020	385,121
J. A. Bouknight, Jr.	-	-	PSU	22,373	882,279
			RSU	12,020	385,121
Tamara L. Linde	-	-	PSU	4,392	173,199
			RSU	4,419	141,585

(1) Reflects the difference between the exercise price and the market price on the date of exercise, multiplied by the number of shares acquired.

(2) Messrs. Izzo, Levis, LaRossa and Bouknight and Mses. Dorsa and Linde had PSUs which vested on December 31, 2014, including accrued dividend equivalents, for the three-year performance period ended that day. The final awards shown in the table were made at 121% of target, as explained in the CD&A. PSUs earned and value realized reflect rounding. Shares are issued in 2015. Mr. Izzo deferred payment, as reported in the Non-Qualified Deferred Compensation Table. Value realized reflects the value of the PSUs on February 17, 2015, the PSU value determination date, using the average of the high and low PSEG stock price of $39.435.

(3) Represents RSUs that vested January 1, 2014. January 1 was a non-business day so the closing price on December 31, 2013, $32.04, was used to calculate the value of the shares. For Ms. Dorsa, restricted stock vested on April 9, 2014, with a closing price of $38.70. Amounts shown reflect rounding.

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2014 PENSION BENEFITS TABLE

The following table provides information on the actuarial present value of the NEOs accumulated benefit under each of our pension and retirement plans.

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit ($)(4)	Payments During Last Fiscal Year ($) (5)
Ralph Izzo	Qualified Pension Plan(1)	22.69	2,513,000	-
	Retirement Income Reinstatement Plan(2)	22.69	3,664,000	-
	Supplemental Executive Retirement Plan(3)	27.14	6,348,000	-
			12,525,000	
Caroline Dorsa	Qualified Pension Plan(1)	5.73	78,000	-
	Retirement Income Reinstatement Plan(2)	5.73	211,000	-
	Supplemental Executive Retirement Plan(3)	20.73	5,813,000	-
			6,102,000	
William Levis	Qualified Pension Plan(1)	8.00	117,000	-
	Retirement Income Reinstatement Plan(2)	8.00	317,000	-
	Supplemental Executive Retirement Plan (2)	8.00	3,657,000	-
			4,091,000	
Ralph A. LaRossa	Qualified Pension Plan(1)	29.50	743,000	-
	Retirement Income Reinstatement Plan(2)	29.50	1,437,000	-
	Supplemental Executive Retirement Plan (2)	29.50	1,378,000	-
			3,558,000	
J. A. Bouknight Jr.	Qualified Pension Plan(1)	4.67	-	36,856
	Retirement Income Reinstatement Plan(2)	4.67	300,000	-
	Supplemental Executive Retirement Plan	-	-	-
			300,000	36,856
Tamara L. Linde	Qualified Pension Plan(1)	24.46	1,231,000	-
	Retirement Income Reinstatement Plan(2)	24.46	711,000	-
	Supplemental Executive Retirement Plan	-	-	-
			1,942,000	

(1) All NEOs participate in either the Pension Plan, a traditional defined benefit pension plan, or the Cash Balance Plan, a cash balance defined benefit pension plan, depending on date of hire, each of which is a qualified plan under the IRC. Such plans are available to all other employees under the same terms and conditions. Additional information about the plans is provided below. Messrs. Izzo and LaRossa and Ms. Linde participate in the Pension Plan. Ms. Dorsa and Messrs. Levis and Bouknight participate in the Cash Balance Plan. Years shown reflect actual years of service.

(2) Years shown reflect actual years of service.

(3) Certain employees receive additional years of credited service for the purpose of retirement benefit calculations under the Supplemental Plan in recognition of prior work experience, including 15 years for Ms. Dorsa pursuant to her employment agreement, which vest ratably over five years. In addition, Mr. Izzo receives an additional 5 years which vest at age 60 as described below under the Supplemental Plan. The additional 5 years are prorated in the table for participants under age 60. Years shown reflect the sum of actual years of service and years credited under the Supplemental Plan. The actuarial present value of accumulated benefits based on actual years of service for Mr. Izzo and Ms. Dorsa is $9,844,000 and $3,578,000, respectively, and the actuarial present value of accumulated benefits based on additional years of service for each such person is $2,681,000 and $2,524,000, respectively.

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(4) Amounts shown represent the actuarial present value of accumulated benefit computed as of the same Pension Plan measurement date used for our financial statements for the year ended December 31, 2014, with two exceptions: (i) NEOs were assumed to retire at the earliest date as of which they would be eligible to receive unreduced benefits and (ii) no pre-retirement termination, disability or death was assumed to occur. For a discussion of the valuation method and material assumptions applied in quantifying the present value, see Note 11 to the Consolidated Financial Statements included in our Form 10-K.

(5) This payment represents a 2014 distribution from the Cash Balance Plan due to Mr. Bouknight's retirement on July 1, 2014.

Qualified Pension Plans

All of our employees are eligible to participate in either the Pension Plan or the Cash Balance Plan, depending upon date of hire.

Pension Plan

The Pension Plan covers non-represented employees hired prior to January 1, 1996 and represented employees hired prior to January 1, 1997 and provides participants with a life annuity benefit at normal retirement (age 65) pursuant to a formula based upon (a) the participant's number of years of service and (b) the average of the participant's five or seven highest years of compensation up to the limit imposed by the IRC. We amended the Pension Plan effective January 1, 2012, to change the benefit formula for non-represented participants. The effect of the change is to reduce projected pension payments. Under the new formula, the average of the participant's seven highest years of compensation up to the limit imposed by the IRC will be used rather than the average of the participant's five highest years of compensation.

A participant's benefit under the Pension Plan is equal to A plus B:

A. The accrued benefit calculated under the five-year final average pay formula as of December 31, 2011, as follows:

(i) 1.3% of the lesser of 5-year final average earnings (determined as of December 31, 2011) or $24,600 times years of credited service (determined as of December 31, 2011) not exceeding 35 years;

(ii) 1.5% of the amount by which 5-year final average earnings (determined as of December 31, 2011) exceeds $24,600 times years of credited service not exceeding 35 years; and

(iii) 1.5% of 5-year final average earnings times years of credited service (determined as of December 31, 2011) in excess of 35 years.

B. The accrued benefit calculated under the seven-year final average pay formula, as follows:

(i) 1.3% of the lesser of 7-year final average earnings beginning on January 1, 2012 or $24,600 times years of credited service not exceeding 35 years less the number of years as of December 31, 2011;

(ii) 1.5% of the amount by which 7-year final average earnings beginning on January 1, 2012 exceeds $24,600 times years of credited service not exceeding 35 years less the number of years as of December 31, 2011; and

(iii) 1.5% of 7-year final average earnings times years of credited service in excess of 35 years less the number of years in excess of 35 years as of December 31, 2011.

An additional benefit equal to $4.00 per month for each year of credited service is payable until the retiree reaches age 65.

All active participants are fully vested in their Pension Plan benefit. Benefits are payable on an unreduced basis (i) at age 65, (ii) at age 60, if the participant's age, plus years of service, equals or exceeds 80 or (iii) at age 55, if the participant has 25 or more years of service. Participants whose age, plus years of service, equals or exceeds 80, but who have not yet met the criteria in (ii) or (iii) may commence their Pension Plan benefits on a reduced basis.

Cash Balance Plan

The Cash Balance Plan covers non-represented employees hired or rehired after December 31, 1995 and represented employees hired after December 31, 1996 and provides each participant with a life annuity benefit at normal retirement (age 65) equal to the actuarial equivalent of a notional amount maintained for him/her. Participants are eligible for retirement under the Cash Balance Plan upon the attainment of age 55 with five or more years of service. Participants' accounts are credited each year with a percentage of compensation, which is determined based on the participant's age plus years of service measured at year-end.

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Sum of Age and Service	Percentage of Compensation Credited (%)
<30	2.00
30-39	2.50
40-49	3.25
50-59	4.25
60-69	5.50
70-79	7.00
80-89	9.00
90+	12.00

Each participant's notional amount grows each year with interest credits based on a 6.0% annual rate of interest. Participants become immediately fully vested in their Cash Balance Plan benefit.

Reinstatement Plan

Certain management and highly compensated employees are eligible to participate in a nonqualified excess benefit retirement plan, the Reinstatement Plan, designed to replace earned pension benefits as determined under the qualified pension formula, but which cannot be paid from the qualified pension plans as a result of the IRC mandated limits for qualified plans. The benefits payable under this plan mirror those of the qualified plans described above except that the compensation considered in computing the benefit (i) will not be limited by qualified plan limits, (ii) will include any amounts that the participant deferred under deferred compensation plans, (iii) will include amounts earned under the SMICP (which are not considered under the qualified pension plans), (iv) will be limited to 150% of average base salary for the applicable five or seven years for Pension Plan participants and will be limited to 150% of base salary each year for Cash Balance participants and (v) will be offset by any benefits received by the participant under the applicable qualified pension plan (Pension Plan or Cash Balance Plan).

Supplemental Plan

Certain employees receive additional years of service for the purpose of retirement benefit calculations in recognition of prior allied work experience. However, we have determined, effective January 1, 2011, to no longer provide additional credited service to those who do not already have this benefit. Such benefits are paid from a nonqualified plan, the Supplemental Plan. Under the additional service credit provisions, certain participants may also receive an additional five years of credited service for the purpose of this supplemental benefit calculation if they retire between ages 60 and 65. The credited years of service reduce by one year for each six-month period such participant works beyond age 65. This feature of the plan is designed to encourage retirement on or before age 65. Benefits payable under the additional service provisions of the Supplemental Plan mirror those payable under the Reinstatement Plan, except that the additional years of service are considered in calculating the Supplemental Plan benefit amount. Any benefit payable under this plan is offset by benefits payable under the qualified plan and the Reinstatement Plan.

Certain participants in the Supplemental Plan receive additional limited benefits. This portion of the Supplemental Plan provides a total target replacement income percentage equal to credited service for qualified pension plan calculation purposes, plus any applicable additional credited service, plus 30, to a maximum of 75%, of an average of covered compensation. Covered compensation used for determining limited benefits under the Supplemental Plan is the same as the covered compensation used under the Reinstatement Plan. The target replacement amount under the limited benefit portion of this Plan is reduced by any pension benefits from any previous employers accrued and vested at the time of hire, by the participant's Social Security benefit at normal retirement age and by the pension benefits provided by each other PSEG retirement benefit plan (qualified plans and non-qualified plans). The additional limited benefits provision of the Supplemental Plan also provides a death benefit equal to 150% of base compensation if death occurs while the participant is actively employed. Participants designated for the additional limited benefit become entitled to this benefit only upon (a) retirement under the terms of the qualified plan in which they participate (Pension Plan or Cash Balance Plan) or (b) death.

The change in the benefit formula under the qualified Pension Plan from a five-year final average pay formula to a seven-year final average pay formula impacts the limited benefits under the Supplemental Plan. Accordingly, we amended the Supplemental Plan as of January 1, 2012 to reflect this change.

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2014 NON-QUALIFIED DEFERRED COMPENSATION TABLE

The following table provides information regarding compensation deferred by the NEOs under our Deferred Compensation Plans.

Name		Executive Contributions in Last Fiscal Year (2014) ($)(1)	Registrant Contributions in Last Fiscal Year (2014) ($)	Aggregate Earnings in Last Fiscal Year (2014) ($)	Aggregate Withdrawals/ Distributions (2014) ($)	Aggregate Balance at Last Fiscal Year End (2014) ($)(2)
Ralph Izzo	Deferred Compensation Plan	-	-	324,529	-	9,234,278
	Equity Deferral Plan	5,948,809	-	1,275,720	-	11,461,203
Caroline Dorsa	Deferred Compensation Plan	-	-	56,536	-	848,648
	Equity Deferral Plan	-	-	-	-	-
William Levis	Deferred Compensation Plan	-	-	-	-	-
	Equity Deferral Plan	-	-	-	-	-
Ralph A. LaRossa	Deferred Compensation Plan	-	-	-	-	-
	Equity Deferral Plan	-	-	425,535	-	1,929,964
J. A. Bouknight, Jr.	Deferred Compensation Plan	567,142	-	262,428	-	5,393,675
	Equity Deferral Plan	-	-	195,645	-	837,155
Tamara L. Linde	Deferred Compensation Plan	-	-	-	-	-
	Equity Deferral Plan	-	-	-	-	-

(1) Amounts shown under Executive Contributions in Last Fiscal Year include 2014 salary and SMICP earned in 2014 and paid in 2015 as shown in the 2014 Summary Compensation Table and PSUs vested at December 31, 2014 and paid in 2015 as shown in the Option Exercises and Stock Vested During 2014 Table.

(2) Includes amounts reported in the Summary Compensation Table in this current or prior-year proxy statements for the Deferred Compensation Plan and/or the Equity Deferral Plan, respectively, as follows: Mr. Izzo $7,473,894 and $9,231,329, Ms. Dorsa $567,020, Mr. LaRossa $1,870,473, and Mr. Bouknight $3,633,249. Mr. Bouknight's equity deferrals were not previously shown in the Summary Compensation Table as he was not an NEO at the applicable time.

Deferred Compensation Plan

Under the Deferred Compensation Plan, participants, including the NEOs, may elect to defer any portion of their cash compensation by making appropriate elections in the calendar year prior to the year in which the services giving rise to the compensation being deferred are rendered. A participant may change an election to defer compensation not later than the date that is the last date that an election to defer may be made.

At the same time he/she elects to defer compensation, the participant must make an election as to the timing and the form of distribution of that year's deferrals from his/her Deferred Compensation Plan account. For compensation deferred in 2011 and earlier years distribution may commence (a) on the thirtieth day after the date he/she terminates employment or, in the alternative, (b) on January 15th of any calendar year following termination of employment elected by him/her, but in any event no later than the later of (i) the January of the year following the year of his/her 70th birthday or (ii) the January following termination of employment. Notwithstanding the forgoing, however, for NEOs and other specified employees, distribution of his/her account may not occur earlier than six months following the date of his/her termination of service. Participants may elect to receive the distribution of their Deferred Compensation account in the form of one lump-sum payment, annual distributions over a five-year period or annual distributions over a 10-year period.

With respect to compensation deferred in 2012 and future years, participants may elect to commence distribution of a particular year's deferrals (a) six months following his/her termination of employment, or (b) a specified number of years following his/her termination from employment. Participants may elect to receive distribution of such deferrals under the Deferred Compensation Plan in the form of a lump-sum payment or annual distributions over a period of three to fifteen years.

Under the scheduled future date distribution feature, participants may elect to receive a specific plan year's deferral balance on a specified date as early as three years after the beginning of the year in which the deferrals are made. Distributions are paid in a lump sum within 90 days from the date elected regardless of whether the participant is employed by us on the payment date.

Participants may change their distribution elections as to future year's deferrals. Participants may also make changes of their distribution elections with respect to prior years' deferrals provided that (a) any such new distribution election is made at least one year prior to the previously selected commencement date or (b) the new commencement date is at least five years later than the previously selected commencement date.

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Amounts deferred under the Deferred Compensation Plan are credited with earnings based on (a) the performance of one or more of the pre-mixed lifestyle investment portfolio funds available to employees under our 401(k) plans (except the Company Stock Fund and the Schwab Personal Choice Retirement Account) or (b) at the rate of Prime plus 1/2%, capped at 120% of the applicable federal long-term rate, in such percentages as selected by the participant. A participant who fails to provide a designation of investment funds will accrue earnings on his/her account at the rate of Prime plus 1/2%, capped at 120% of the applicable federal long-term rate. A participant may change his/her investment election on a daily basis.

For 2014, the one-year rates of return as of December 31, 2014 for the funds offered as computed by the recordkeeper of the Deferred Compensation Plan were as follows:

Rates of Return			
Pre-Mixed Portfolios		**Target Retirement Funds**	
Conservative Portfolio	4.72%	Target Retirement Income	5.62%
Moderate Portfolio	4.84%	Target Retirement 2010	5.91%
Aggressive Portfolio	5.58%	Target Retirement 2015	6.57%
Funds		Target Retirement 2020	7.14%
Stable Value	1.82%	Target Retirement 2025	7.16%
Diversified Bond	5.76%	Target Retirement 2030	7.16%
Fidelity Intermediate Bond (1)	0.92%	Target Retirement 2035	7.16%
Large Company Stock Index	13.61%	Target Retirement 2040	7.20%
Mid-Cap Index	13.73%	Target Retirement 2045	7.16%
Institutional Developed Markets Index	-5.65%	Target Retirement 2050	7.16%
Small – Cap Index	7.48%	Target Retirement 2055	7.20%
Other		Target Retirement 2060	7.16%
Prime Plus 1/2%	3.64%		

(1) Partial year rate of return from date added to choices available to participants.

Equity Deferral Plan

Participants in our Equity Deferral Plan may defer receipt of all or a portion of the shares of our Common Stock underlying future equity awards under the LTIP. Deferral elections must be made during an annual enrollment period prior to the date that services giving rise to the awards are performed. Deferral elections under the Equity Deferral Plan are irrevocable.

At the time a participant elects to defer he/she must make an election as to the timing of payment of the deferred shares. Distributions will be made in a lump sum. Distributions may commence (a) on a specified date occurring between the third anniversary and the fifteenth anniversary of the date that the shares otherwise would have been distributed to the participant (b) upon termination of employment, or (c) the earlier of (a) and (b). Notwithstanding the forgoing, however, for NEOs and other specified employees, distribution may not occur earlier than six months following the date of his/her termination of employment. Participants will receive shares on the applicable distribution date. We hold the deferred shares in a Rabbi Trust. The dividends attributable to the deferred shares are reinvested in Common Stock and distributed at the same time that the deferred shares are distributed to the participants. Participants are not permitted to direct the trustee of the Rabbi Trust to vote the deferred shares.

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POTENTIAL PAYMENTS UPON TERMINATION OF EMPLOYMENT OR CHANGE-IN-CONTROL

Termination without Cause

Mr. Izzo's severance agreement provides for certain benefits if he is terminated without "cause" (a willful failure to perform his duties) or resigns for "good reason" (a reduction in pay, position or authority) during the term of such agreement. He would be paid a benefit of two times base salary and target bonus, as well as a prorated payment of SMICP target incentive award for the year of termination. His welfare benefits would be continued for two years, unless he is sooner employed. Any unvested equity awards would be forfeited. The agreement provides that Mr. Izzo will be prohibited from competing with and from recruiting employees from us or our subsidiaries or affiliates, for certain periods after termination of employment. Violations of these provisions require a forfeiture of certain benefits.

Our Key Executive Severance Plan provides severance benefits to Mses. Dorsa and Linde and Messrs. Izzo, Levis and LaRossa, and to certain of our other key executive-level employees whose employment is terminated without cause. Participants must agree to restrictive covenants including confidentiality, non-competition and non-solicitation.

Also under the Key Executive Severance Plan, Mses. Dorsa and Linde and Messrs. Levis and LaRossa would be entitled to certain severance benefits in the event that their employment was terminated without cause other than in a change-in-control situation. In such event they would be entitled to 1.0 times their annual base salary plus their target bonus, as well as a prorated payment of their SMICP target incentive award for the year of termination and certain outplacement services, educational assistance, health care and life insurance coverage. The Key Executive Severance Plan further provides that any unvested equity awards would be accelerated or forfeited in accordance with the terms of the individual's grants under the LTIP and/or employment agreement.

If a termination without cause or for a reduction in force or reorganization had occurred on December 31, 2014, each of the NEOs would have received the following benefits:

Termination without Cause (1)	Izzo ($)	Dorsa ($)	Levis ($)	LaRossa ($)	Linde ($)
Severance	4,840,000	1,137,500	1,137,500	1,093,750	775,500
Pro Rata Bonus (SMICP)	1,320,000	487,500	487,500	468,750	305,500
Unvested Restricted Stock Unit Spread (2)	-	-	1,500,869	1,567,215	-
Performance Share Unit Payout (2)	-	-	1,287,871	-	-
Health/Welfare Benefits	49,607	12,578	22,376	16,399	19,993
Outplacement	25,000	25,000	25,000	25,000	25,000
Education Assistance	3,000	3,000	3,000	3,000	3,000
Aggregate Payments	**6,237,607**	**1,665,578**	**4,464,116**	**3,174,114**	**1,128,993**

(1) Mr. Bouknight is excluded from this table as he retired on July 1, 2014.

(2) Pursuant to the terms of Mr. Levis' employment agreement and Messrs. Levis' and LaRossa's respective retention awards, these amounts would have been payable only upon a termination without cause following a change in leadership.

Change-In-Control

Under our Key Executive Severance Plan, if any of Mses. Dorsa and Linde and Messrs. Izzo, Levis, Bouknight and LaRossa is terminated without cause or resigns her or his employment for good reason within two years after a change-in-control, the individual will receive (1) three times (two times for Ms. Linde) the sum of her/his salary and target incentive bonus, (2) a pro rata bonus based on her or his target annual incentive compensation, (3) accelerated vesting of equity-based awards, except for PSUs, which vest pro rata, (4) a lump sum payment equal to the actuarial equivalent of her or his benefits under all of our retirement plans in which the individual participates calculated as though she or he remained employed for three years (two years for Ms. Linde) beyond the date employment is terminated less the actuarial equivalent of such benefits on the date employment terminates (reported in the table below as Enhanced Retirement Benefit for pension-related amount and as Retiree Medical Increase for amount due for retiree medical benefits), (5) three years continued welfare benefits, (6) one year of PSEG-paid outplacement services and (7) vesting of any compensation previously deferred. Payments are limited to an amount that would not give rise to an excise tax liability under applicable IRS provisions, currently 2.99 times the individual's average W-2 compensation for the period. Amounts above that limit are forfeited. Potential payments are shown below in the Change-in-Control Termination Table.

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If a termination without cause or resignation with good reason had occurred on December 31, 2014 following a change-in-control, each of the NEOs would have received the following benefits:

Change-in-Control Termination (1)	Izzo ($)	Dorsa ($)	Levis ($)	LaRossa ($)	Linde ($)
Severance	7,260,000	3,412,500	3,412,500	3,281,250	1,551,000
Pro Rata Bonus (SMICP)	1,320,000	487,500	487,500	468,750	305,500
Unvested Restricted Stock Unit Spread	9,554,260	1,968,885	3,338,311	3,042,438	524,315
Performance Share Unit Payout	4,426,679	938,037	2,139,075	689,811	174,247
Enhanced Retirement Benefit	7,038,000	97,000	222,000	993,000	93,000
Health/Welfare Benefits	74,410	48,563	87,251	62,294	54,346
Retiree Medical Increase (2)	-	-	-	236,000	-
Outplacement	25,000	25,000	25,000	25,000	25,000
Parachute Payments Forfeited	(10,303,052)	(2,331,849)	(891,530)	(3,125,607)	(723,733)
Aggregate Payments	**19,395,297**	**4,645,636**	**8,820,107**	**5,672,936**	**2,003,675**

(1) Mr. Bouknight is excluded from this table as he retired on July 1, 2014.

(2) Mr. LaRossa would be eligible for retiree medical under the change-in-control terms of the Key Executive Severance Plan.

No NEO would be eligible for any payments under the Key Executive Severance Plan, either prior to or following a change-in-control, if he/she voluntarily terminated his/her employment (other than for “good reason” as described above) or if his/her employment were terminated by us for “cause.”

If a NEO were to retire or his/her employment were terminated on account of death or disability, the Key Executive Severance Plan provides that such participant would be entitled to accrued pay through the date of termination and prorated payment of his/her target incentive award for the year of termination.

Change-in-control provisions under the Key Executive Severance Plan generally means the occurrence of any of the following events:

- Any person is or becomes the beneficial owner of our securities representing 25% or more of the combined voting power of our then outstanding securities; or
- A majority of the Board is replaced without approval of the current Board; or
- There is consummated a merger or consolidation of us, other than a merger or consolidation which would result in our voting securities outstanding immediately prior to such merger continuing to represent at least 75% of the combined voting power of the securities of us or such surviving entity immediately after such merger or consolidation; or
- Our stockholders approve a plan of complete liquidation or dissolution of us or there is consummated an agreement for the sale or disposition by us of all or substantially all of our assets.

For additional information regarding the provisions of LTIP awards, see Material Factors Concerning Awards Shown in Summary Compensation Table, Grants of Plan-Based Awards Table and Employment Agreements above.

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Proposal 3
RATIFICATION OF THE APPOINTMENT OF INDEPENDENT AUDITOR

The Audit Committee of the Board, each member of which is independent, has appointed Deloitte & Touche LLP of Parsippany, New Jersey, as independent auditor to make the annual audit of our books of account and supporting records for 2015, subject to the ratification of the stockholders at the Annual Meeting. As recommended by the Board, we ask you to ratify this appointment.

Representatives of Deloitte & Touche LLP will be present at the Annual Meeting and will be afforded an opportunity to make a statement if they so desire and to respond to appropriate questions.

The Board of Directors recommends a vote FOR this proposal.

FEES BILLED BY DELOITTE & TOUCHE LLP FOR 2014 AND 2013

The appointment, termination, compensation and oversight of the work of the Independent Registered Public Accountants, Deloitte & Touche LLP, our independent auditor, is the direct responsibility of the Audit Committee of our Board, which reviews its independence, the services provided and its fees, as well as peer review reports of its performance. Additional information about the Audit Committee appears above in Proposal 1 Election of Directors-Board Committee Responsibilities.

Pre-Approval of Services

Annually, in accordance with the Audit Committee Charter, the Audit Committee pre-approves all audit and non-audit services provided by the independent auditor. The Audit Committee reviews, in detail, the particular services in each of the Audit, Audit-Related, Tax and All Other categories that the independent auditor will perform subject to predetermined limits set by the Audit Committee for each category of service. The annual pre-approval of services and predetermined limits is documented in a Committee resolution.

During the year, circumstances may arise when it becomes necessary to engage the independent registered public accountants for additional services not contemplated in the annual Committee resolution. For those instances, the Chairman of the Committee has been authorized by the Audit Committee to approve Audit, Audit-Related, Tax and All Other in excess of the amounts and different from the types of service authorized in the Committee resolution, as well as the scope and amount of services with regard to the annual audit that may be necessary or advisable provided that any such authorizations are reported to the Audit Committee at the next meeting following such authorization.

The table below shows the fees paid to Deloitte and Touche LLP for Audit, Audit-Related, Tax and All Other services during or in connection with 2014 and 2013, all of which were approved, as described above.

	Years ended December 31,	
Description of Professional Service	**2014 ($)**	**2013 ($)**
Audit Fees - The audit fees were incurred for audits of our annual consolidated financial statements and those of our subsidiaries, including our Annual Reports on Form 10-K, reviews of financial statements included in our quarterly reports on Form 10-Q.	6,442,000	6,269,000
Audit Related Fees - The audit related fees primarily related to performing certain attest service.	539,400	47,400
Tax Fees - The tax fees relate to tax compliance and tax advice for 2014 preparation of various state and foreign corporate returns and assistance with filing tax refund claims.	1,089,467	299,046
All Other Fees - The all other fees relate to advice and recommendations regarding PSEG's compliance and enterprise risk management frameworks.	345,064	-

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AUDIT COMMITTEE REPORT

The Audit Committee of the PSEG Board of Directors is comprised solely of independent directors. It operates under a written charter adopted by the PSEG Board of Directors which is posted on PSEG's website, www.pseg.com/info/investors/governance/committees.jsp. The Audit Committee Charter is annually reviewed and assessed for adequacy by the PSEG Audit Committee.

Management is responsible for PSEG's financial statements and internal controls. The independent auditor of PSEG, Deloitte & Touche LLP, reports directly to the PSEG Audit Committee and is responsible for performing an independent audit of PSEG's annual consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (PCAOB) (U.S.) and on PSEG's internal controls and for issuing reports thereon. The Audit Committee's overall responsibility is to assist the PSEG Board of Directors in overseeing the quality and integrity of the accounting, auditing and financial reporting practices.

Management has represented to the Audit Committee that PSEG's Consolidated Financial Statements were prepared in accordance with generally accepted accounting principles (GAAP) in the United States. In performance of its responsibilities, the Audit Committee has reviewed PSEG's Consolidated Financial Statements for the year ended December 31, 2014 and discussed these financial statements with management, the internal auditors and the independent auditor.

The Committee periodically meets in executive session with the independent auditor, the Vice President-Internal Audit, the CFO, the General Counsel, the Ethics & Compliance Counsel and the environmental health and safety auditor. At all of its meetings (except those held telephonically) the Audit Committee meets in executive session with only Audit Committee members present. The Audit Committee discussed with the independent auditor:

- PSEG's critical accounting policies;
- New accounting standards and policies affecting PSEG;
- That there were no disagreements with management over the application of GAAP;
- Significant accounting estimates made by management and the disclosures in the financial statements;
- Accounting and reporting for significant transactions; and
- The other matters required to be discussed as described in PCAOB Auditing Standards No.16 Communications with Audit Committees, which relate to the audit, financial statements, significant risks and critical accounting estimates, among others.

The independent auditor also provided to the Audit Committee the written disclosures required by the PCAOB's standards in PCAOB Rule 3526, Communication with Audit Committee Concerning Independence, and current SEC requirements for auditor independence. The Audit Committee discussed with the independent auditor the firm's independence with respect to PSEG, internal quality control procedures, and any material issues raised and any steps taken to deal with such issues by the most recent internal quality control review, peer review or by any inquiry or investigation by governmental or professional authorities within the preceding five years, with respect to one or more independent audits carried out by the firm. The Audit Committee has also reviewed the requirements of the Sarbanes-Oxley Act of 2002 with respect to auditor independence and has defined the amount and scope of services that may be performed by Deloitte & Touche LLP consistent with maintaining that firm's independence. The Audit Committee requires that all services of Deloitte & Touche LLP be pre-approved by the Audit Committee or the Audit Committee Chair. The Audit Committee has considered whether the independent auditor's provision of non-audit services to PSEG and the total fees paid for non-audit services relative to fees paid for audit services are compatible with maintaining the independent auditor's independence. On the basis of its review, the Audit Committee determined that the independent auditor has the requisite independence.

Based on the Audit Committee's discussions with management, the internal auditors and the independent auditor, the Audit Committee's review of the audited financial statements, the representations of management to the independent auditor regarding the audited financial statements and the independent auditor's report to the Audit Committee, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in PSEG's Annual Report on Form 10-K for the fiscal year ended December 31, 2014, for filing with the SEC.

Members of the Audit Committee:

David Lilley, Chair
Albert R. Gamper, Jr.
Thomas A. Renyi
Hak Cheol Shin
Susan Tomasky

February 16, 2015

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MAPS, DIRECTIONS AND TRANSPORTATION

Please note the **new location** for this year's annual meeting of stockholders. The meeting will take place at:

The Robert Treat Hotel
50 Park Place,
Newark, New Jersey
and begins at 1:00 p.m.

Arrangements have been made to provide **free parking** at the **Military Park Garage,** an underground facility, which is located directly across from the Robert Treat Hotel on **Park Place.** Note that the garage can also be accessed via **Broad Street.**

(P) on map at right.

Newark, New Jersey, and the Robert Treat Hotel are in close proximity to all major highways. You may obtain driving directions and public transportation information by calling **973-622-1000** or on the **www.rthotel.com** Web site.

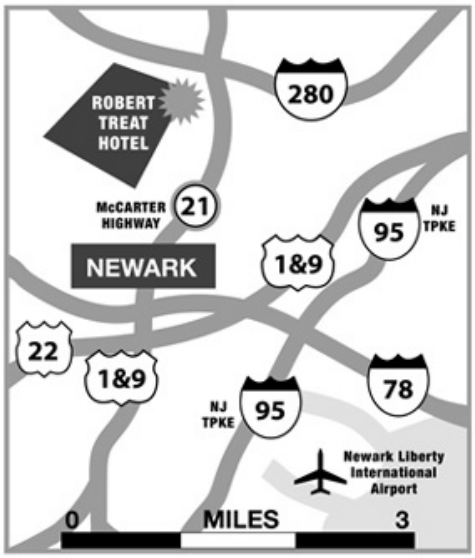

Remember to bring your parking pass with you to the meeting so that it can be validated by PSEG.

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Shareowner Services
P.O. Box 64945
St. Paul, MN 55164-0945

Address Change? Mark box, sign, and indicate changes below: ☐

TO VOTE BY INTERNET OR TELEPHONE, SEE REVERSE SIDE OF THIS PROXY CARD.

TO VOTE BY MAIL AS THE BOARD OF DIRECTORS RECOMMENDS ON ALL ITEMS BELOW, SIMPLY SIGN, DATE, AND RETURN THIS PROXY CARD.

The Board of Directors Recommends a Vote "FOR" Items 1, 2 and 3.

1. ELECTION OF DIRECTORS:
Nominees for terms expiring in 2016 are:

		FOR	AGAINST	ABSTAIN			FOR	AGAINST	ABSTAIN
1.1	Albert R. Gamper, Jr.	☐	☐	☐	**1.6**	Thomas A. Renyi	☐	☐	☐
1.2	William V. Hickey	☐	☐	☐	**1.7**	Hak Cheol Shin	☐	☐	☐
1.3	Ralph Izzo	☐	☐	☐	**1.8**	Richard J. Swift	☐	☐	☐
1.4	Shirley Ann Jackson	☐	☐	☐	**1.9**	Susan Tomasky	☐	☐	☐
1.5	David Lilley	☐	☐	☐	**1.10**	Alfred W. Zollar	☐	☐	☐

2. Advisory vote on the approval of executive compensation ☐ For ☐ Against ☐ Abstain

3. Ratification of the appointment of Deloitte & Touche LLP as Independent auditor for the year 2015 ☐ For ☐ Against ☐ Abstain

THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED AS DIRECTED OR, IF NO DIRECTION IS GIVEN, WILL BE VOTED AS THE BOARD RECOMMENDS.

Please indicate if you plan to attend the Annual Meeting by marking this box. ☐

Date _____
Signature(s) in Box

Please sign exactly as your name(s) appears on Proxy. If held in joint tenancy, all persons should sign. Trustees, administrators, etc., should include title and authority. Corporations should provide full name of corporation and title of authorized officer signing the Proxy.

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Public Service Enterprise Group Incorporated

2015 Annual Meeting of Stockholders

The Robert Treat Hotel
50 Park Place, Newark, New Jersey

April 21, 2015 at 1:00 P.M.

(Registration Begins at 12:00 P.M. Light refreshments will be available.)

For wheelchair and hearing-impaired seating, please see host/hostess for assistance.

You should present evidence that you are a stockholder in order to gain admittance to the meeting. If shares are held in the name of a broker, trust, bank, or other nominee, you should bring with you a proxy or letter from the broker, trustee, bank or nominee confirming your beneficial ownership of the shares. Each stockholder may be asked to present valid picture identification, such as a driver's license. Cameras, recording devices and other electronic devices will not be permitted at the meeting.

THANK YOU FOR VOTING

For electronic delivery of future proxy materials, please visit www.proxyconsent.com/peg.

Important notice regarding the Internet availability of proxy materials for the Annual Meeting of Stockholders
The Proxy Statement and the 2014 Annual Report to Stockholders are available at:
http://www.ezodproxy.com/pseg/2015/ar

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
PROXY FOR ANNUAL MEETING OF STOCKHOLDERS
April 21, 2015

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS OF PSEG

The undersigned hereby appoints **Shirley Ann Jackson, Ralph Izzo and Richard J. Swift**, and each or any of them, proxies of the undersigned, each with full power of substitution, to vote in their discretion (subject to any directions indicated on the reverse side of this proxy) at the Annual Meeting of Stockholders of Public Service Enterprise Group Incorporated (PSEG) to be held on April 21, 2015 and at all adjournments or postponements thereof, upon all matters which may come before the meeting or any adjournment, including the proposals set forth in the Notice of Meeting and Proxy Statement, receipt of which is hereby acknowledged. Said proxies are instructed to vote as set forth on the reverse side hereof with respect to said proposals.

Shares represented by this proxy will be voted in accordance with recommendations of the Board of Directors of PSEG as stated on the reverse side, unless otherwise indicated on the reverse, in which case they will be voted as marked. Information pertaining to each proposal is included in the Proxy Statement under proposals corresponding to the item numbers set forth on the reverse side.

If you have not voted by telephone or the Internet, please mark your proxy on the reverse side, sign it and date it, and return it promptly in the envelope provided.

Vote by Internet, Telephone or Mail
24 Hours a Day, 7 Days a Week

Your phone or Internet vote authorizes the named proxies to vote your shares in the same manner as if you marked, signed and returned your proxy card.

INTERNET/MOBILE
www.proxypush.com/peg

Use the Internet to vote your proxy until 11:59 p.m. (CT) on April 20, 2015.

PHONE
1-866-883-3382

Use a touch-tone telephone to vote your proxy until 11:59 p.m. (CT) on April 20, 2015.

MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope provided.

If you vote your proxy by Internet or by Telephone, you do NOT need to mail back your Proxy Card.

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 (Amendment No. _)

Filed by the Registrant ☒ Filed by a Party other than the Registrant ☐

Check the appropriate box:

☐ Preliminary Proxy Statement

☐ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

☒ Definitive Proxy Statement

☐ Definitive Additional Materials

☐ Soliciting Material under §240.14a-12

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

☒ No fee required

☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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(5) Total fee paid:

☐ Fee paid previously with preliminary materials.

☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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2014 PSEG Proxy Statement

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Public Service Enterprise Group Incorporated

80 Park Plaza, P.O. Box 1171, Newark, New Jersey 07101-1171

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS AND PROXY STATEMENT

Date	April 15, 2014 at 1:00 P.M.
Location	The New Jersey Performing Arts Center One Center Street Newark, New Jersey 07102
Items of Business	1. Elect ten members of the Board of Directors to hold office until the Annual Meeting of Stockholders in 2015, each until his or her respective successor is elected and qualified; 2. Consider and act upon an advisory vote on the approval of executive compensation; 3. Consider and act upon three management proposals to approve amendments to our Certificate of Incorporation and By-Laws to eliminate certain supermajority voting requirements; 4. Consider and act upon the ratification of the appointment of Deloitte & Touche LLP as independent auditor for 2014; and 5. Transact such other business as may properly come before the meeting or any adjournment or postponement thereof.
Record Date	Stockholders entitled to vote at the meeting are the holders of Common Stock of record on February 14, 2014.

Scan this ***QR Code*** to view the 2014 PSEG Proxy Statement and Annual Report on your mobile device.

By order of the Board of Directors,

M. Courtney McCormick
Secretary

March 3, 2014

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to be Held on April 15, 2014: The Proxy Statement and Annual Report to Stockholders are available at www.ezodproxy.com/pseg/2014/pseg2013ar

IMPORTANT!

YOUR VOTE IS IMPORTANT, REGARDLESS OF THE NUMBER OF SHARES YOU OWN. PLEASE SIGN, DATE AND MAIL THE ACCOMPANYING PROXY CARD OR VOTING INSTRUCTION FORM PROMPTLY. YOU MAY ALSO VOTE VIA THE INTERNET OR BY TELEPHONE. PLEASE USE THE INTERNET ADDRESS OR TOLL-FREE NUMBER SHOWN ON YOUR PROXY CARD OR VOTING INSTRUCTION FORM.

YOU MAY HAVE MULTIPLE ACCOUNTS AND THEREFOR RECEIVE MORE THAN ONE PROXY CARD OR VOTING INSTRUCTION FORM AND RELATED MATERIALS. PLEASE VOTE EACH PROXY CARD AND VOTING INSTRUCTION FORM THAT YOU RECEIVE. THANK YOU FOR VOTING.

The approximate date on which this Proxy Statement and the accompanying proxy card were first sent or given to security holders and made available electronically via the Internet was March 10, 2014.

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Forward-Looking Statements

The statements contained in this Proxy Statement about our and our subsidiaries' future performance, including, without limitation, future revenues, earnings, strategies, prospects, consequences and all other statements that are not purely historical, are forward-looking statements for purposes of the safe harbor provisions under The Private Securities Litigation Reform Act of 1995. Although we believe that our expectations are based on information currently available and on reasonable assumptions, we can give no assurance they will be achieved. There are a number of risks and uncertainties that could cause actual results to differ materially from any forward-looking statements made herein. A discussion of some of these risks and uncertainties is contained in our Annual Report on Form 10-K and subsequent reports on Form 10-Q and Form 8-K filed with the Securities and Exchange Commission (SEC), and available on our website: http://www.pseg.com. These reports address in further detail our business, industry issues and other factors that could cause actual results to differ materially from those indicated in this Proxy Statement. In addition, any forward-looking statements included herein represent our estimates only as of the date hereof and should not be relied upon as representing our estimates as of any subsequent date. While we may elect to update forward-looking statements from time to time, we specifically disclaim any obligation to do so, even if our internal estimates change, unless otherwise required by applicable securities laws.

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PROXY STATEMENT SUMMARY

OUR COMPANY

Public Service Enterprise Group Incorporated (we, us, our, PSEG or the Company) is distributing this Proxy Statement in connection with our 2014 Annual Meeting of Stockholders. We are a holding company that directly owns five subsidiaries:

- **PSEG Power LLC (Power)**, an electric generation and wholesale energy trading company;
- **Public Service Electric and Gas Company (PSE&G)** , an operating electric and gas utility in New Jersey;
- **PSEG Long Island LLC (PSEG LI)**, an operator of electric utility assets in New York under a contract with the Long Island Power Authority;
- **PSEG Energy Holdings L.L.C. (Energy Holdings)** , an owner of energy-related investments; and
- **PSEG Services Corporation (Services)**, which provides management and administrative services to us and our subsidiaries.

ANNUAL MEETING PROPOSALS

Proposals	Board Recommendation	Page Number for More Information
1. **Election of Directors –** vote to elect ten director nominees to serve one-year terms.	***FOR***	**9**
2. **Approval of Executive Compensation –** advisory vote to approve the executive compensation of the named executive officers.	***FOR***	**32**
3(a). **Approval of Amendments to our Certificate of Incorporation –** to eliminate supermajority voting requirements for certain business combinations.	***FOR***	**68**
3(b). **Approval of Amendments to our Certificate of Incorporation and By-Laws -** to eliminate supermajority voting requirements to remove a director without cause.	***FOR***	**68**
3(c). **Approval of Amendment to our Certificate of Incorporation –** to eliminate supermajority voting requirement to make certain amendments to our By-Laws.	***FOR***	**68**
4. **Ratification of Auditor –** ratification of the appointment of Deloitte & Touche LLP as independent auditor for 2014.	***FOR***	**70**

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VOTING AND PROCEDURES

Voting is strongly encouraged. We urge you to sign, date and return the accompanying proxy card whether or not you plan to attend the Annual Meeting. For stockholders of record, we have provided several alternative methods for voting, including voting via the Internet or the toll-free telephone number listed below. For shares held by a bank or broker, please follow the voting instructions you receive from each of them. Most banks and brokers are likely to provide you with methods for internet or toll-free telephone voting.

Annual Meeting of Stockholders

Date and Time	April 15, 2014 at 1:00 P.M.
Location	The New Jersey Performing Arts Center (NJPAC), One Center Street, Newark, NJ.
Record Date	February 14, 2014
	Holders of Common Stock outstanding on the record date will have one vote per share.

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Voting Methods

Internet/Mobile http://www.proxypush.com/peg	**Phone** 1-866-883-3382 (toll-free)
Mail Wells Fargo Shareowner Services P.O. Box 64873 St. Paul, MN 55164-9397	**In Person** At the Annual Meeting

To Submit Proposals for 2015 Annual Meeting

Final Date November 7, 2014 (last day for receipt by us)

Contact Corporate Secretary, PSEG, 80 Park Plaza, T4B, P.O. Box 1171
Newark, New Jersey 07101-1171

NOMINEES FOR ELECTION AS DIRECTOR

Name	Age	Director Since	Primary Occupation	Committee Memberships	Other Public Company Boards
Albert R. Gamper, Jr.	72	2000	Retired Chairman of the Board and CEO of CIT Group	Lead Director, A, E, F	1
William V. Hickey	69	2001	Retired Chairman of the Board and CEO of Sealed Air Corporation	F(Chair), FG, NG, O	1
Ralph Izzo	56	2006	Chairman of the Board, President and CEO of PSEG	E (Chair)	1
Shirley Ann Jackson	67	2001	President of Rensselaer Polytechnic Institute	E, F, FG (Chair), NG (Chair), O	4
David Lilley	67	2009	Retired Chairman of the Board, President and CEO of Cytec Industries	A (Chair), F, O	2
Thomas A. Renyi	68	2003	Retired Executive Chairman of The Bank of New York Mellon	A, CG (Chair), O	2
Hak Cheol (H.C.) Shin	56	2008	Executive Vice President – International Operations of 3M Company	A, CG, FG, NG	0
Richard J. Swift	69	1994	Retired Chairman of the Board, President and CEO of Foster Wheeler	CG, E, FG, NG, O (Chair)	4
Susan Tomasky	61	2012	Retired President – AEP Transmission of American Electric Power Corporation	A, CG	2
Alfred W. Zollar	59	2012	Retired General Manager – Tivoli Software Division of IBM Corporation	F, FG, NG	1

A=Audit CG=Corporate Governance E=Executive F=Finance FG=Fossil Generation NG=Nuclear Generation O=Organization and Compensation

We believe that our directors are a diverse group of highly qualified leaders with a broad range of business, industry, academic and public service experience. Their skills in the areas of accounting, finance, construction, consumer products, sales, government, law, operations, management, science, technology and risk management serve us well.

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CORPORATE GOVERNANCE

We have adopted what we believe are strong corporate governance standards and practices to assure effective management by our executives and oversight by our Board of Directors (Board). These measures include the following:

Independent Directors	Board Leadership	Risk Management	Code of Ethics
The Board has established standards for director independence, which are set forth in our Corporate Governance Principles (Principles). All of our current directors and nominees are independent under our Principles and the requirements of the New York Stock Exchange (NYSE), except Ralph Izzo, our Chairman of the Board, President and Chief Executive Officer (CEO), who is an employee of the Company.	Our Board leadership structure currently consists of a Chairman (who is also our CEO), a Lead Director, who is elected by the independent directors, and strong committee chairs. Our Board believes that this structure strikes an appropriate balance in providing for independent leadership at the Board level, while ensuring that the individual charged with managing the day-to-day operations of the company is responsible for chairing regular meetings of the Board and leading the discussion on key business and strategic issues.	Risk management is a key part of our strategic planning and business operations. We believe that we have an effective system of risk management with appropriate controls and Board oversight.	We are committed to operating in accordance with the highest ethical and legal standards. Our Standards of Integrity (Standards) establish a set of common expectations for behavior to which each director and employee must adhere.

BUSINESS PERFORMANCE

Our business plan is designed to manage the risks associated with fluctuations in commodity prices and changes in consumer demand as we invest to achieve growth in light of market, regulatory and economic trends. In 2013, we continued our focus on operational excellence, financial strength and disciplined investment. These guiding principles have provided the base from which we have been able to execute our strategic initiatives, including:

- Growing our utility operations through continued investment in transmission and distribution infrastructure projects with a consequent rebalancing of our business mix; and
- Maintaining a diverse, reliable and flexible generation fleet to allow us to capitalize on market opportunities as they arise in the locations in which our generation fleet operates.

Financial Highlights

Dollars in Millions, except per share amounts	2013 ($)	2012 ($)
Total Revenues	9,968	9,781
Income from Continuing Operations	1,243	1,275
Net Income	1,243	1,275
Total Assets	32,522	31,725
Earnings Per Share - Diluted		
Income from Continuing Operations	2.45	2.51
Net Income	2.45	2.51
Dividends Paid per Share	1.44	1.42
Market Price per Share - Year-end	32.04	30.60

For a more comprehensive assessment of the Company's performance, please review the entire Proxy Statement and our Annual Report on Form 10-K for the year ended December 31, 2013 (Form 10-K).

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EXECUTIVE COMPENSATION

Compensation Philosophy

We have designed a competitive executive compensation program that we believe helps us recruit and retain top talent while closely linking pay to performance. We seek to align the interests of our executive officers, including our CEO and the Named Executive Officers (NEOs) reported in this Proxy Statement, with those of our stockholders through performance-oriented short-term and long-term incentive opportunities. These pay-at-risk incentives are targeted to pay out at approximately the benchmarked industry peer median when we deliver on our goals. Amounts earned under our Senior Management Incentive Compensation Plan (SMICP) and Amended and Restated 2004 Long-Term Incentive Plan (LTIP) depend upon performance, measured against financial and other business results, utilizing internal targets and relevant peer group comparisons.

In overseeing executive compensation, our Board utilizes an independent compensation consultant which provides only compensation services to the Board. A detailed discussion of our executive compensation program, including its elements, the factors we use in determining compensation and our governance features, appears below in the Compensation Discussion and Analysis (CD&A).

We have adopted executive compensation governance measures that we believe support good governance practices and further align our executive's interests with those of stockholders, including:

- Pre-clearance for trading in our Common Stock;
- Clawbacks;
- A prohibition on hedging and pledging our Common Stock;
- A stock ownership and retention policy; and
- An annual compensation risk assessment.

Our program provides the following compensation:

Base salary, based on:

- Experience, performance and competitive market.

Annual cash incentive under our SMICP, which includes:

- Multiple performance measures with emphasis on EPS as the corporate objective; and
- Payment from zero to 150% of target percentage of salary, and up to 200% for exceptional performance.

Equity-based incentive awards under our LTIP, consisting of:

- 60% performance share units (PSUs), with payment, if any, measured over a three-year period against Return on Invested Capital (ROIC) and relative Total Shareholder Return (TSR), with the opportunity to earn between zero and 200% of target based on performance; and
- 40% restricted stock units (RSUs), which cliff vest at the end of three years.

Market-based retirement and post-employment benefits, with

- Double trigger change-in-control provisions; and
- No excise-tax gross-ups.

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Pay for Performance

We believe that our pay for performance philosophy is critical to our continued success and that our program effectively focuses our executives on creating sustained stockholder value without encouraging excessive risk. By emphasizing incentive-based compensation, our CEO and NEOs will be rewarded based upon our achieving financial and operating results, with the ultimate payout of a significant portion of their total compensation determined relative to the achievement of our goals. For 2013, the target annual and long-term incentive pay for our CEO was 86% and the average target annual and long-term incentive pay for our NEOs was 71% of targeted total direct compensation, respectively.

When we compared our recent financial performance with the compensation of our CEO and NEOs, we found that the financial measures we examined were at approximately the median of our peer group of companies and our executive compensation was at or below the peer median. Thus, we concluded that our performance and executive compensation are appropriately aligned. Further, performance is reflected in the actual value of the one-year annual cash incentive payments and the three-year equity incentive compensation paid upon vesting of awards:

- Approved SMICP payments for 2013 were above target relative to internal goals, which were heavily weighted towards earnings;
- For the performance share units granted under the LTIP in December 2010 with a three-year performance period ended December 31, 2013, actual payout was at 75% of target, based on our TSR compared to peer companies and ROIC in relation to target.

These realized compensation amounts reflect the effect on earnings of our strategic initiatives and the rebalancing of our business mix.

The following table provides highlights of the compensation for our CEO and other NEOs in 2013 as reported in the 2013 Summary Compensation Table in this Proxy Statement. For the complete details of compensation, please review the entire Proxy Statement.

NEO	Base Salary 2013 ($)	Equity Incentive Plan Compensation 2013 ($)	Non-Equity Incentive Plan Compensation 2013 ($)	Total Compensation 2013 ($)(1)
Ralph Izzo	1,092,615	6,367,186	1,874,400	9,400,649
Caroline Dorsa	617,686	1,199,928	589,800	2,971,021
William Levis	565,485	2,223,214	607,600	3,582,160
Randall E. Mehrberg(2)	549,595	1,029,280	495,400	2,143,929
J. A. Bouknight, Jr.	544,922	943,788	496,700	2,070,969
Ralph A. LaRossa	499,078	943,788	438,800	1,946,149

(1) Reflects all compensation, including change in pension value and all other, as reported in the 2013 Summary Compensation Table.
(2) Retired on December 2, 2013.

Key Recent Executive Compensation Actions

In overseeing our executive compensation program, our Organization and Compensation Committee (O&CC), working with its consultant, continued to emphasize our results oriented philosophy. During 2013, we:

- Reviewed our compensation philosophy and all key elements of our executive compensation program in light of our strategy and objectives, as well as the results of the 94% approval of the Say on Pay vote received at the 2013 Annual Meeting of Stockholders;
- Confirmed the pay for performance alignment of executive compensation with financial results and approved benchmarked salaries, incentive awards and payouts in accordance with established criteria; and
- Increased the stock ownership guideline for the CEO from 5x to 6x base salary to better align with market.

For a more comprehensive discussion, see our CD&A.

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ANNUAL MEETING, VOTING AND PROCEDURES

Proxy Statement

This Proxy Statement is furnished by us on behalf of the Board. We are soliciting proxies to be voted at the 2014 Annual Meeting of Stockholders scheduled to be held on April 15, 2014 and at all adjournments or postponements of that meeting.

The mailing address of our principal executive offices is 80 Park Plaza, P.O. Box 1171, Newark, New Jersey 07101-1171, telephone (973) 430-7000. Our Internet website is www.pseg.com.

Proxy Statement Format

In an effort to encourage stockholder voting, we have structured our Proxy Statement in an easy-to-read format. After describing each proposal, we provide the related information for you to consider in voting. Accordingly:

- Proposal 1. **Election of Directors** (page 9) is followed by a discussion of our corporate governance practices, board structure and director nominee biographies;
- Proposal 2. **Advisory Vote on the Approval of Executive Compensation** (page 32) is followed by the Report of our O&CC, our CD&A, with a detailed explanation of executive compensation and the compensation tables;
- Proposals 3(a), 3(b), and 3(c). **Approvals of Amendments to our Certificate of Incorporation and By-Laws to eliminate certain supermajority voting requirements** (page 68) are followed by our reasons for supporting each of the proposals; and
- Proposal 4. **Ratification of the Appointment of Independent Auditor** (page 70) is followed by our Audit Committee Report and disclosure of our Independent Auditor's fees.

Annual Report on Form 10-K

We have provided without charge to each person solicited by means of this Proxy Statement a copy of our Form 10-K, which has been filed with the Securities and Exchange Commission (SEC), including a list briefly describing the related exhibits. You may request copies of the exhibits by writing to: Vice President-Investor Relations, Public Service Enterprise Group Incorporated, 80 Park Plaza, T6B, P.O. Box 1171, Newark, New Jersey 07101-1171. The Form 10-K is also available on our website www.pseg.com/info/investors/financial_info/index.jsp.

Delivery of Documents and Internet Availability

Each stockholder receives his or her own proxy card by which to vote. We have sent only a single copy of our Annual Report to Stockholders, including our Form 10-K, and Proxy Statement, to any household with two or more stockholders having the same last name and address unless one of the stockholders has requested individual copies. This "householding" saves our company printing and delivery costs. If you share an address with another stockholder and receive only a single copy of one of those documents, you may request an additional copy by writing to the above address or contacting us at (973) 430-6566.

Stockholders may choose to no longer receive printed copies of our Annual Report, Form 10-K and Proxy Statement and instead receive and view them electronically over the internet. If you are a stockholder of record and would like to receive these documents, as well as other stockholder communications and materials, electronically in the future and save us the cost of producing and mailing them to you, you may do so by following the instructions at www.proxypush.com/peg. If your shares are held in the name of a bank or broker, please follow that organization's instructions for electronic delivery. You may also follow the instructions provided for future electronic delivery if you vote via the Internet.

If you receive our future Proxy Statements, Annual Reports and Forms 10-K electronically over the Internet, you will receive each year an e-mail message containing the Internet address to access these documents. The e-mail will also include instructions for voting via the Internet as you will not receive a separate proxy card.

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Annual Meeting

Attendance

Our Annual Meeting will be held on Tuesday, April 15, 2014 at 1:00 P.M., at the NJPAC in Newark, New Jersey. We request that if you plan to attend the Annual Meeting, you should so indicate on the proxy card or when voting your shares telephonically or electronically. We have included transportation information and a map in this Proxy Statement. Please bring with you evidence that you are a stockholder.

Holders of record of the 506,164,959 shares of Common Stock outstanding on February 14, 2014 will have one vote per share. A quorum will consist of the holders of Common Stock entitled to cast a majority of the votes at the Annual Meeting, present in person or represented by proxy. All votes cast by proxy or in person will be counted. Abstentions and broker non-votes will not be counted, except for the purpose of establishing a quorum. All votes will be tabulated by an independent inspector of elections.

Election of directors under Proposal 1 is subject to our majority vote requirement described below. The say-on-pay vote presented in Proposal 2 is advisory and non-binding, whether or not approved by a majority of the votes cast. The approval of each of the amendments to our Certificate of Incorporation and By-Laws set forth in Proposals 3(a), 3(b) and 3(c) must receive a favorable vote of at least 80% of the outstanding shares eligible to vote to be approved. A majority of the votes cast is needed for ratification of the auditor under Proposal 4.

Proxy Card and Voting of Shares

Every vote is important. We urge you to vote whether or not you plan to attend the Annual Meeting. Kindly sign, date and return the accompanying proxy card or, if you are a stockholder of record, you may vote your proxy using the toll-free telephone number listed on the proxy card or via the Internet at the electronic address provided above and also listed on the proxy card. When a proxy card is returned properly dated and signed, or properly voted telephonically or electronically, the shares represented by the proxy will be voted by the persons named as proxies in accordance with the voting stockholder's directions.

You may specify your choices by marking the appropriate boxes on the enclosed proxy card. The proxy card also includes any shares registered in the names shown on the proxy in Enterprise Direct (our dividend reinvestment and stock purchase plan). If a proxy card is dated, signed and returned without specifying choices, the shares will be voted as recommended by the Board. If you vote telephonically or electronically, you should follow the directions given during the call or on the computer screen. If you are a stockholder of record, your shares will not be voted unless you provide a proxy by return mail, telephonically or electronically or vote in person at the Annual Meeting. If you are participant in the PSEG Employee Stock Purchase Plan (ESPP), you will receive a separate direction card from the administrator of the plan. If no instructions are received from you with respect to any shares held in Enterprise Direct or the ESPP, the respective administrator of that plan will vote those shares in accordance with the recommendations of the Board.

If you are a participant in the Thrift and Tax-Deferred Savings Plan or the Employee Savings Plan of PSEG (PSEG Savings Plans) or either of the two Incentive Thrift Plans (Incentive Thrift Plans) of Long Island Electric Utility Servco LLC, a subsidiary of PSEG LI, you will receive a separate direction card from the respective plan's trustee for shares that have been allocated to your accounts. The trustee will vote the shares of Common Stock beneficially owned by you under the respective plan in accordance with your instructions. If no instructions are received with respect to the PSEG Savings Plans, the shares will not be voted. If no instructions are received with respect to the Incentive Thrift Plans, the respective trustee will vote your shares in the same proportion as those shares as to which it receives instructions from other participants in the plan in which you participate.

If your shares are held in the name of a bank or broker, you should follow the voting instructions on the form received from your bank or broker. For such shares, while the availability of telephone or Internet voting will depend on the processes of your bank or broker, we believe that most will make such voting methods available. In accordance with the rules of the NYSE, if no instructions are received from you by a bank or broker with respect to such shares, the bank or broker may use its discretion to vote your shares that are held by it only in regard to Proposal 4, Ratification of the Appointment of Independent Auditor.

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A bank or broker may not vote your shares held by it in regard to Proposal 1 - Election of Directors, Proposal 2 - Advisory Vote on the Approval of Executive Compensation, and Proposals 3(a), 3(b) and 3(c) – Amendments to Certificate of Incorporation and By-Laws, unless it receives instructions from you. If you do not provide instructions to your bank or broker as to how you wish to vote in respect of each of these matters, your shares will not be voted on these matters.

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You may revoke a proxy given in the form of the card which accompanies this Proxy Statement or a vote made telephonically or electronically. However, by law, your presence at the Annual Meeting will not revoke a proxy you have given unless you file a written notice of such revocation with the Secretary of PSEG prior to the voting of the proxies at the Annual Meeting or you vote the shares subject to the proxy by written ballot.

Solicitation

The cost of soliciting proxies in the form accompanying this Proxy Statement will be borne by us. In addition to solicitation by mail, proxies may be solicited by our directors, officers and employees, none of whom will be directly compensated for such services, in person or by telephone, electronically or by facsimile. We have also retained Morrow & Co. to assist in the distribution and solicitation of proxies from brokers, bank nominees, other institutional holders and certain large individual holders. The anticipated cost of such services is approximately $14,500, plus reimbursement of expenses.

Date for Submission of Stockholder Proposals

In accordance with SEC rules, stockholders may submit proposals intended for inclusion in the Proxy Statement in connection with our 2015 Annual Meeting of Stockholders. Such proposals should be sent to: Corporate Secretary, Public Service Enterprise Group Incorporated, 80 Park Plaza, T4B, P.O. Box 1171, Newark, New Jersey 07101-1171, and must be received by November 7, 2014.

Discretionary Proxy Voting Authority

If any matters not described in this Proxy Statement are properly presented at the Annual Meeting, the persons named in the enclosed proxy card or their substitutes will vote proxies so given in respect of any such matters in accordance with their best judgment. As of the date of this Proxy Statement, the Board and management did not know of any other matters which might be presented for stockholder action at the Annual Meeting.

If we are not notified by January 22, 2015 of any proposal intended to be presented for consideration at the 2015 Annual Meeting of Stockholders, then the persons named by us shall have discretionary voting authority with respect to such proposal if presented at that Annual Meeting.

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Proposal 1 ELECTION OF DIRECTORS

You are being asked to vote on the election of ten individuals nominated by your Board to serve as the Directors of our Company. Below, we have provided information about the Board, director independence, our leadership structure, risk management oversight, Board committees, code of ethics and related matters of corporate governance. We also describe our provisions for majority voting, our director qualifications, diversity and retirement criteria and each nominee's specific experience, skills and qualifications. We also report to you information about security ownership and director compensation. **As recommended by the Board, we ask you to vote FOR all nominees.**

CORPORATE GOVERNANCE

Board of Directors

Our business and affairs are managed by or under the direction of the Board, which delegates certain responsibilities to its committees and to management consistent with our By-Laws. The Board has adopted and operates under the Principles which reflect our current governance practices in accordance with applicable statutory and regulatory requirements, including those of the SEC and the NYSE. You can request copies of our By-Laws and Principles or view them at www.pseg.com/info/investors/governance/index.jsp.

The Board provides direction and oversight of the conduct of our business by management. In fulfilling these responsibilities, the Board performs the following principal functions:

- Approves corporate strategy, major management initiatives and significant investments;
- Monitors and provides oversight of financial and business integrity and performance, including risk management;
- Selects, evaluates the performance of, and approves succession plans for the CEO and other senior executives;
- Selects nominees for election to the Board; and
- Evaluates Board processes and performance.

The Board has full and free access to all members of management and may hire its own consultants and advisors as it deems necessary.

Independence

Under our Principles and the requirements of the NYSE, the Board must consist of a majority of independent directors. The Board has established standards for director independence, which are set forth in the Principles.

Independence Standards

An independent director must have no material relationship with PSEG and its subsidiaries, including the following:

- A director may not be an employee of ours or any of our subsidiaries;
- No member of a director's immediate family may be one of our executive officers or an executive officer of one of our subsidiaries;
- A director or immediate family member may not be an employee of any company where any executive of ours or our subsidiaries serves on the compensation committee;
- A director may not be an employee and an immediate family member may not be an executive officer of any company that makes payments to or receives payments from us and our subsidiaries in any year more than the greater of $1 million or 2% of such company's consolidated gross revenue;
- A director or immediate family member may not receive more than $50,000 in direct compensation from us (other than fees and compensation provided to directors generally);
- A director or immediate family member may not be affiliated with or employed by our independent auditor; and
- A director may not be an executive officer of a charity, if, in any year, contributions by us and our subsidiaries to that charity exceed the greater of $1 million or 2% of the charity's consolidated gross revenue.

These limitations apply for three years after the end of the applicable affiliation or arrangement.

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The Board annually reviews other commercial relationships of directors and determines whether any of those relationships are material relationships that impair a director's independence.

The Board has determined that all of the current directors, all of whom are nominees for election, are independent under our Principles and the requirements of the NYSE, except Ralph Izzo, our Chairman of the Board, President and CEO. These determinations were based upon a review of the responses submitted by each director to questionnaires we provided to them, relevant business records, publicly available information and applicable SEC and NYSE requirements.

Leadership Structure

Under our By-Laws, our senior leadership may include a Chairman of the Board, a President and a CEO, which positions may be held by one person or may be divided between two different people. As provided in its charter, the Corporate Governance Committee has the responsibility to assess the structure of the Board and periodically evaluate the Board's governance practices as well as the Principles. Building on the advice of the Corporate Governance Committee, the Board applies its experience and knowledge of our business to establish what it believes to be the most effective form of organization. In doing so, it utilizes its understanding of the challenges and opportunities we face and its evaluation of the individuals who are involved.

Based on that analysis and evaluation, the Board has determined that, at the present time and given our present officers and personnel, it is in the best interests of the Company and stockholders for a single individual to hold all three positions of Chairman of the Board, President and CEO. The Board believes that this strikes a desirable balance allowing us to benefit from the advantages of efficiency, coordination and accountability. Ralph Izzo currently holds these positions. As such, he has plenary powers of supervision and direction of our business and affairs and he also presides at all meetings of the Board and of stockholders. The Board believes that Mr. Izzo possesses the attributes of experience, judgment, vision, managerial skill and overall leadership ability essential for our continued success. Mr. Izzo's in-depth knowledge and understanding of our strategy, operations, risk profile, regulatory and environmental circumstances and financial condition best position him to head our Board and provide leadership to management, employees, investors, customers, officials and the public. The diverse experience and independence of the other directors allows the Board to maintain effective oversight of operations, long-range planning, finances and risk management.

In addition to the Chairman, President and CEO, our leadership structure is designed to rely on the contributions of our Lead Director. The Lead Director provides the independent directors with a key means for collaboration and communication regarding Board agendas and the information directors receive from management. Importantly, all directors play an active role in overseeing the company's business both at the Board and committee levels, bringing fresh and differing viewpoints. The Lead Director coordinates with the Chairs of our various Board committees in setting agendas for committee meetings. Albert R. Gamper, Jr. currently serves as Lead Director. In that capacity, he complements the talents and contributions of Mr. Izzo and promotes confidence in our governance structure by providing an additional perspective to that of management.

Lead Director Duties and Responsibilities

Our Lead Director:

- Presides at all meetings of the Board at which the Chairman is not present, including executive sessions of the independent directors;
- Serves as principal liaison on Board-wide issues between the Chairman and the independent directors;
- Calls meetings of the independent directors, as may be necessary or desirable;
- Consults with the Chairman on Board agendas;
- Advises the Chairman on the quality and timeliness of information provided to the directors;
- Serves on the Executive Committee; and
- Receives from the Corporate Secretary communications to, or for consideration by, the independent directors.

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The Lead Director is an independent director designated annually by the independent directors with the expectation that he or she will typically serve in that capacity for four years. The Lead Director may be appointed to serve up to twelve additional months beyond the four years if approved by a majority of the independent directors. Mr. Gamper was designated as our Lead Director in April 2013 for a term expiring at the first meeting of directors after the 2014 Annual Meeting of Stockholders. Mr. Gamper has served as Lead Director since April 2011. The Corporate Governance Committee expects to make a recommendation regarding the individual to serve as Lead Director at its first meeting following the 2014 Annual Meeting, in accordance with our policy.

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The Board believes that our leadership structure has been designed with the appropriate controls to support the efficacy of this arrangement without jeopardizing the integrity of the governance process. A majority of the Board must consist of independent directors in accordance with our Principles and, currently, Mr. Izzo is our only director who is not independent. As discussed below, our Principles also set forth various expectations and criteria for Board membership. All directors must adhere to our Standards and exercise their responsibilities in a manner consistent with our best interests and those of our stockholders and their fiduciary duties established by applicable law.

Risk Management Oversight

The Board is responsible for the oversight of risk at PSEG, both as a whole and through delegation to Board committees, which meet regularly and report back to the full Board. All committees play significant roles in carrying out the risk oversight function. In particular:

- The Audit Committee oversees risk related to the Company's financial statements, the financial reporting process, accounting and legal matters. The Audit Committee provides oversight on legal and business compliance, financial reporting, disclosure controls and procedures and risk management controls, as well as policies with respect to risk assessment and risk management. Our Chief Risk Officer and Chief Financial Officer report on risk management to the Audit Committee at its meetings and, through the reports of the Audit Committee Chair, to the Board.
- The Finance Committee oversees financing transactions and approves appropriate commodity portfolio risk tolerance limits. Compliance is monitored through regular reporting to the Board. The Finance Committee is responsible for monitoring risk related to our investments in our pension and post-retirement benefits and nuclear decommissioning trusts and receives periodic reports on their performance at least annually.
- The Fossil Generation Operations Oversight Committee and the Nuclear Generation Operations Oversight Committee monitor and evaluate risks associated with our electric station operations, including risks associated with environmental, safety and other compliance and personnel and performance matters.
- The O&CC considers the risks and rewards associated with our compensation and human resources philosophy and programs. As discussed below, the O&CC has reviewed our compensation policies and practices as they relate to risk management and seeks to administer our compensation plans so as to appropriately balance the incentive nature of the compensation with mechanisms that serve to mitigate risk.
- The Corporate Governance Committee evaluates Board and committee performance, monitors composition of the Board and the qualifications of the Board members and nominees, assists the Board in administering corporate governance practices and oversees our political participation activities and expenditures. In doing so, the Corporate Governance Committee seeks to ensure our governance and leadership structure is appropriately designed to mitigate reputational risk.

Risk management is also a key part of our strategic planning and business operations. The Board has approved a Risk Management Policy and it reviews and adopts the Company's Financial Risk Management Practice. The Financial Risk Management Practice serves to define the major roles, responsibilities and procedures, including controls and reporting, necessary to actively manage our financial risk exposure consistent with our business plans. It is reviewed annually and approved by the Audit Committee and the Finance Committee and recommended to the Board for its approval.

Risk Management Program

The Board has oversight of the Risk Management Program which consists of policies, processes and controls, including the Risk Management Policy and Financial Risk Management Practice, as well as other policies and practices developed by management relating to:

- Business conduct and integrity;
- Internal control, risk assessment and control, business compliance;
- Transaction review, credit practice, delegation of authority, supply chain practices;
- Environment, health and safety, information management, corporate responsibility;
- Employee matters, diversity and inclusion; and
- Operational excellence.

Our Risk Management Program forms an integral part of our corporate culture and values.

We have established a management-level Risk Management Committee (RMC) consisting of senior executives, that is responsible for assessing exposure and determining our overall financial risk management strategy, taking into consideration, when appropriate, operational, regulatory and legal risks. The RMC is charged with, among other things:

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- Establishing the framework for identifying, measuring, aggregating, monitoring, controlling and reporting on our financial-related risks;
- Establishing trading limits and controls; and
- Considering and addressing major implications to our generation, transmission and distribution businesses that have a bearing on the management of risks that could impact financial results.

In addition, our Capital Review Committee, which also consists of senior management employees, provides oversight and reviews proposed capital projects. Investments above a stated amount require approval of our Board or our respective subsidiary's board, as applicable. Our Compliance Committee of senior management personnel reviews various compliance issues, including the approval of our Standards, and regularly reports to the Audit Committee.

Our Delegation of Authority provisions set forth the respective authority levels at which management and employees are authorized to conduct business.

The Board believes that we have an effective system of risk management practices with appropriate controls and Board oversight.

Succession Planning

The Board takes very seriously its responsibility to provide for an orderly process of succession within the ranks of our senior management. The O&CC periodically reviews with the CEO succession plans for key leadership positions to assure that highly qualified candidates are available should the need arise to fill vacancies. We seek to maintain a continuity of management through appropriate recruitment and retention methods, including market-based and performance-measured compensation and career advancement and training opportunities.

Meetings

The Board holds regularly scheduled meetings and meets on other occasions when circumstances require. Board and committee meetings are scheduled over most of an entire work day and usually begin on the prior afternoon or evening. Each particular meeting typically takes approximately two to three hours or longer. Each committee executes its responsibilities, as described below, and the Board receives reports from the committee Chairs on the significant matters considered and actions taken. A Board meeting typically focuses on the strategic and more important issues facing us. Directors spend additional time preparing for Board and committee meetings they attend and they are called upon for counsel between meetings.

Our Principles provide that the Board will meet at least six times each year and in executive session without management in attendance at every meeting, unless waived by the Board. When the Board meets in executive sessions, the Lead Director presides. In addition, each Board committee, except the Executive Committee, meets in executive session at each of its meetings, unless waived by the respective committee.

Under our Principles, each director is expected to attend all Board meetings and all meetings of committees of which such director is a member, as well as the Annual Meeting of Stockholders. Meeting materials are provided to Board and Committee members in advance of each meeting, and members are expected to review such materials prior to each meeting. During 2013, each director attended at least 75% of the aggregate number of meetings of the Board and each committee on which he or she served. With the exception of Mr. Gamper, each director attended the 2013 Annual Meeting of Stockholders.

2013 Meetings and Executive Sessions

Board/Committee	Meetings	Executive Sessions
PSEG Board	7*	7
PSE&G Board	6	6
Audit	8	5
Corporate Governance	4	4
Executive	0	0
Finance	4	0
Fossil Generation Operations Oversight	3**	2
Nuclear Generation Operations Oversight	3***	2
Organization and Compensation	5	5

*Includes an all-day business strategy session
**One meeting held at a generating station
***One meeting held at the site of nuclear generating stations we operate

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Director Orientation and Continuing Education

New directors receive an orientation program and materials, which includes visits to our facilities and presentations by senior management to familiarize them with our strategic plans, operations, significant financial, accounting and risk management issues, compliance programs, the Standards, principal officers and internal and independent auditors. During each year, continuing education is provided to all directors on topics of importance to our business.

Communications with the Board

You, as a stockholder, and other interested parties may communicate directly with the Board, including the independent directors, by writing to:

M. Courtney McCormick, Secretary
Public Service Enterprise Group Incorporated
80 Park Plaza, T4B, P.O. Box 1171, Newark, New Jersey 07101-1171,

and indicating who should receive the communication. Unless the context otherwise requires, the Secretary will provide the communication to the Lead Director and to the Chair of the Board committee most closely associated with the nature of the request. The Secretary has the discretion not to forward communications that are commercial advertisements, other forms of soliciting material or billing complaints. All communications are available to any member of the Board upon his or her request.

Committees of the Board

The Board committees, their principal functions, membership requirements and minimum number of meetings held are described below. Each committee has open and free access to all Company information, may require any of our officers or employees to furnish it with information, documents or reports that it deems necessary or desirable in carrying out its duties, is empowered to investigate any matter involving us and may retain appropriate resources to assist it in discharging its responsibilities.

Each committee, other than the Executive Committee, operates pursuant to a charter that defines its roles and responsibilities and annually conducts a performance evaluation of its activities and a review of its charter. The authority of the Executive Committee is set forth in our By-Laws. The committee charters and our By-Laws are posted on our website, www.pseg.com/info/investors/governance/committees.jsp. We will send you a copy of any or all of them upon request.

Each committee reports its activities to the Board. Each committee Chair is appointed annually with the expectation that he or she will typically serve in that capacity for four years. A Chair may be appointed to serve up to twelve additional months beyond the four years if approved by a majority of the independent directors.

A list of current committee membership requirements can be found below:

Committee	Membership Requirements
Audit	Consists of three or more independent directors, in accordance with SEC and NYSE rules, who must meet NYSE requirements for financial literacy. At least one member must have accounting or financial management expertise. The committee meets at least four times per year. Members may receive no direct or indirect compensation from us or our subsidiaries, other than as a director or committee member, and may not be affiliated with us or our subsidiaries. Under our Principles, without Board approval, a director may not serve as a member of our Audit Committee if he or she serves on the Audit Committee of more than three public companies, including ours.
Corporate Governance	Consists of three or more independent directors who meet at least two times per year.
Executive	Consists of the Chairman of the Board, the Lead Director and at least one additional independent director.
Finance	Consists of three or more independent directors who meet at least three times per year.
Fossil Generation Operations Oversight	Consists of three or more independent directors who meet at least three times per year.
Nuclear Generation Operations Oversight	Consists of three or more independent directors who meet at least three times per year.
Organization & Compensation	Consists of three or more independent directors in accordance with SEC and NYSE rules, who meet at least two times per year.

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Audit Committee

The Audit Committee's responsibilities include:

- Assisting the Board in fulfilling its responsibility for oversight of the integrity of our financial statements and the quality and integrity of our accounting, auditing and financial reporting practices;
- Appointing, terminating, compensating, including preapproving all services and fees, and overseeing the work of the independent auditor, which reports directly to the Audit Committee;
- Reviewing the independence of the independent auditor, as well as Public Company Accounting Oversight Board (PCAOB) and peer review reports of the independent auditor's performance;
- Reviewing with the independent auditor, management and internal auditors our annual audited and quarterly financial statements and the acceptability and quality of our financial statements and our accounting, reporting and auditing practices;
- Reviewing with the independent auditor any audit issues or difficulties and management's response, and resolving disagreements which may arise between management and the independent auditor regarding financial reporting;
- Providing oversight to our internal audit and environmental, health and safety audit functions and legal and business conduct compliance program;
- Reviewing the status of pending material litigation;
- Reviewing risk management controls and disclosure controls and procedures;
- Reviewing earnings press releases, financial information and earnings guidance provided to analysts and rating agencies; and
- Recommending to the Board the inclusion of the audited financial statements in our Form 10-K.

Composition of the Audit Committee

The Board determines annually, and upon any change in Audit Committee composition, the independence, financial literacy and financial expertise of the Audit Committee members and makes written affirmation to the NYSE in accordance with its rules. The Board has determined that all members of the Audit Committee are financially literate and, in addition, that Albert R. Gamper, Jr., David Lilley (Chair), Thomas A. Renyi, Hak Cheol Shin and Susan Tomasky, each a member of the Audit Committee, possesses accounting or financial management expertise, as defined in the NYSE rules. The Board further has determined that Albert R. Gamper, Jr., David Lilley (Chair), Thomas A. Renyi, and Susan Tomasky, each a member of the Audit Committee, is an audit committee financial expert under the Sarbanes-Oxley Act of 2002 and the rules of the SEC.

Management and the Board believe that the current composition of the Audit Committee provides that committee with the requisite expertise and experience to recommend to the Board the inclusion of the audited financial statements in our Form 10-K. The Board will consider this matter annually as a part of its ongoing governance review. The Audit Committee will also continue its practices to assure that adequate independent procedures exist for receipt and treatment of complaints regarding accounting, internal controls or auditing matters.

The Audit Committee Report appears below under Proposal 4. Ratification of the Appointment of Independent Auditor in this Proxy Statement.

Corporate Governance Committee

The Corporate Governance Committee's responsibilities include:

- Assisting the Board in administering the corporate governance practices of the Board and its committees;
- Monitoring the composition of the Board to assure a reasonable balance of professional interests, business experience, financial expertise, diversity and independence;
- Considering the qualifications of Board members and evaluating prospective nominees, including those identified by the Committee or by other Board members, management, stockholders or other sources, and recommending to the Board membership changes and nominees;
- Making a recommendation to the Board as to whether to accept the tendered resignation of any director who fails to receive a majority of votes cast "for" that director's election in an uncontested election;

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- Recommending to the Board the chairs and members of Board committees;
- Evaluating performance of the Board and its committees, including a review of the size, structure and composition of the Board and its committees and their governance practices, including interactions with management;
- Making recommendations to the Board to improve effectiveness of the Board and its committees;
- Overseeing the directors' orientation and continuing education;
- Reviewing and making recommendations to the Board with respect to compensation of directors;
- Providing input to the O&CC regarding the performance of the CEO as Chairman of the Board;
- Periodically reviewing the Charters of the Board committees and recommending appropriate changes; and
- Reviewing our political participation activities and expenses.

The nomination process and criteria utilized are described below under Nominees and Election.

Executive Committee

Except as otherwise provided by law, the Executive Committee may exercise all the authority of the Board when the Board is not in session.

Finance Committee

The Finance Committee's responsibilities include:

- Reviewing and making recommendations to the Board regarding corporate financial policies and processes and significant financial decisions;
- Reviewing and recommending to the Board annually our financial plan;
- Reviewing and making recommendations to the Board regarding our dividend policy and capital structure;
- Discussing with management the application and effects of our policies with respect to risk assessment and risk management, including the limits and authorities contained in the Financial Risk Management Practice;
- Reviewing and recommending to the Board authorizations with respect to the issuance, sale and redemption of securities by us and our subsidiaries;
- Reviewing with the Chairs of the Thrift and Pension and the Nuclear Decommissioning Trust Investment Committees and monitoring the investment guidelines for and investment performance of the respective trust funds;
- Reviewing with management our cash management policies and practices; and
- Reviewing with management credit agency ratings and analyses.

Fossil Generation Operations Oversight Committee

The Fossil Generation Operations Oversight Committee's responsibilities include:

- Evaluating the effectiveness of our fossil generation operations, focusing on safety, plant performance, regulatory matters, large construction projects and improvement in operations;
- Reviewing labor and human relations, environmental, health and safety and legal and compliance issues related to our fossil generation operations; and
- Reviewing the results of major inspections, evaluations and audit findings by external oversight groups and management's response.

Nuclear Generation Operations Oversight Committee

The Nuclear Generation Operations Oversight Committee's responsibilities include:

- Evaluating the effectiveness of our nuclear generation operations, focusing on safety, plant performance, regulatory matters, large construction projects and improvement in operations;
- Reviewing labor and human relations, environmental, health and safety and legal and compliance issues related to our nuclear generation operations; and
- Reviewing the results of major inspections, evaluations and audit findings by external oversight groups and management's response.

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Organization and Compensation Committee (O&CC)

The O&CC's responsibilities include:

- Reviewing, approving and modifying, as necessary, our executive compensation policy, programs, plans and awards;
- Reviewing the stockholder advisory vote on say-on-pay and considering any action it deems appropriate in light of that vote;
- Reviewing executive compensation levels and targets for consistency and alignment with compensation policy and strategic and operating objectives;
- Reviewing the risk to us of our compensation policies and practices;
- Retaining, compensating, overseeing and annually reviewing the performance of its advisors, including its compensation consultant;
- Reviewing the independence of its compensation consultant and advisors;
- Reviewing and making recommendations to the Board concerning corporate organization in general and executive compensation including incentive plans and equity-based plans;
- Administering our incentive compensation plans;
- Reviewing and approving corporate goals and objectives relevant to CEO compensation;
- Evaluating the CEO's performance in light of those goals and objectives and, with the independent Board members, determining and approving the CEO's compensation based on such evaluation;
- Annually reviewing performance of certain other key members of management;
- Annually reviewing management succession and development plans;
- Monitoring compliance with the Stock Ownership and Retention Policy; and
- Reviewing the CD&A and providing its report in this Proxy Statement.

The O&CC Report on Executive Compensation appears below under Proposal 2. Advisory Vote on the Approval of Executive Compensation.

Composition of the O&CC

The Board determines annually the independence of the O&CC members and makes written affirmation to the NYSE in accordance with its rules. The Board believes that the current composition of the O&CC provides that committee with the requisite expertise and experience to oversee our executive compensation program and assess the alignment of pay for performance.

Compensation Consultant

The O&CC has the authority to retain advisors and compensation consultants, with sole authority for their hiring and firing. The O&CC is directly responsible for such appointment, compensation and oversight in accordance with the applicable SEC requirements and NYSE standards. Since September 2009, the O&CC has retained Compensation Advisory Partners LLC (CAP) as its independent compensation consultant to provide it with information and advice that is not influenced by management. CAP is an executive compensation consulting firm that does not perform any other services for us or our subsidiaries. CAP provides advice to the O&CC on executive compensation and may also provide advice to the Corporate Governance Committee on matters pertaining to compensation of directors who are not executive officers. CAP may not perform any other services for us without obtaining the prior approval of the Chair of the O&CC.

Responsibility for assignment to and evaluation of work by CAP is solely that of the O&CC and, with respect to the compensation of non-employee directors, the Corporate Governance Committee.

The SEC and NYSE require compensation committees to assess the independence of their advisors and determine whether any conflicts of interest exist. In July 2013, the O&CC reviewed CAP's independence relative to the following factors: (i) CAP's provision of other services to the Company; (ii) the amount of fees CAP receives from the Company as a percentage of CAP's total revenue; (iii) the policies and procedures of CAP that are designed to prevent conflicts of interest; (iv) any business or personal relationship between O&CC members and CAP or its compensation consultants; (v) any PSEG stock owned by CAP or its compensation consultants; (vi) any business or personal relationship between our executive officers and CAP or any of its compensation consultants; and (vii) other factors that would be relevant to CAP's independence from management. On the basis of such review, the O&CC concluded that CAP is independent and no conflicts of interest exist.

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In furtherance of CAP's independence, management receives copies of certain materials provided by CAP to the O&CC only after the materials have been provided to the O&CC. The scope of CAP's assignment is to provide general advice relating to all aspects of executive compensation, including the review of our current compensation programs and levels, benefit plans, provision of comparative industry trends and peer data and the recommendation of program and pay level changes.

We pay the fees of any compensation consultant retained by the O&CC. Additional information regarding any such services performed in the past year is included in the CD&A below. The O&CC also utilizes the services of our internal compensation professionals.

Compensation Committee Interlocks and Insider Participation

During 2013, each of the following individuals served as a member of the O&CC: William V. Hickey, Shirley Ann Jackson, David Lilley, Thomas A. Renyi, and Richard J. Swift (Chair). During 2013, no member of the O&CC was an officer or employee or a former officer or employee of any PSEG company. None of our officers served as a director of or on the compensation committee of any of the companies for which any of these individuals served as an officer. No member of the O&CC had a direct or indirect material interest in any transaction with us.

Code of Ethics

Standards of Integrity

Our Standards is a code of ethics applicable to us and our subsidiaries. The Standards:

- Are an integral part of our business conduct compliance program and embody our commitment to conduct operations in accordance with the highest legal and ethical standards;
- Apply to all of our directors and employees (including Power's, PSE&G's, PSEG LI's, Energy Holdings' and Services' respective principal executive officer, principal financial officer, principal accounting officer or Controller and persons performing similar functions) each of whom is responsible for understanding and complying with the Standards;
- Establish a set of common expectations for behavior to which each director and employee must adhere in dealings with investors, customers, fellow employees, competitors, vendors, government officials, the media and all others who may associate their words and actions with us; and
- Have been developed to provide reasonable assurance that, in conducting our business, directors and employees behave ethically and in accordance with the law and do not take advantage of investors, regulators or customers through manipulation, abuse of confidential information or misrepresentation of material facts.

The Standards are posted on our website, www.pseg.com/info/investors/governance/documents.jsp. We will send you a copy on request.

We will post on that website:

- Any amendment (other than one that is technical, administrative or non-substantive) that we adopt to the Standards; and
- Any grant by us of a waiver from the Standards that applies to any director, principal executive officer, principal financial officer, principal accounting officer or Controller, or persons performing similar functions, for us or our direct subsidiaries noted above, and that relates to any element enumerated by an applicable SEC requirement.

A waiver of any provision of the Standards may be granted in exceptional circumstances, but only for substantial cause. A waiver for any director or executive officer may be made only by the Board and, if granted, must be promptly disclosed to our stockholders. In 2013, we did not grant any waivers to the Standards.

Political Contributions

The Corporate Governance Committee oversees our political activities and contributions in accordance with the Corporate Political Participation Practice. This Practice establishes a controls process, pursuant to which our senior management monitors, assesses, and approves certain political contributions. We believe this Practice allows us to minimize reputational and political risks and continue to focus on our operational excellence. Stockholders may view our Practice at www.pseg.com/info/investors/governance/documents.jsp. We also provide stockholders with access to our reported state and federal political contributions.

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Transactions with Related Persons

There were no transactions during 2013, and there are no transactions currently proposed, in which we were or are to be a participant and the amount involved exceeded $120,000 and in which any related person (director, nominee, executive officer or their immediate family members) had or will have a direct or indirect material interest.

Our policies and procedures with regard to transactions with related parties, including the review, approval or ratification of any such transactions, the standards applied and the responsibilities for application are set forth in our Principles, our Business Conduct Compliance Program (Compliance Program) and the Standards. These are our only written policies and procedures regarding the review, approval or ratification of transactions with related persons.

- **The Principles** - provide written guidelines for directors and management to effectively pursue and support the Company's business objectives. The Principles are reviewed periodically by the Corporate Governance Committee, which recommends appropriate changes to the Board. Under the Principles, a director must notify the Chair of the Corporate Governance Committee if he or she encounters a conflict of interest or proposes to accept a position with an entity which may present a conflict of interest, so that the issue may be reviewed. Potential conflicts of interest include positions that directors or immediate family members hold as directors, officers or employees of other companies with which we do business or propose to do business and charitable and other tax-exempt organizations to which we contribute or propose to contribute.
- **The Compliance Program** - establishes an organizational structure and validates the Standards and its mandated procedures, practices and programs. The Audit Committee has overall responsibility for oversight of the Compliance Program and has delegated to our Compliance Committee overall responsibility for the design, implementation and execution of the Compliance Program. The Compliance Committee's duties include assurance that we take all reasonable steps to coordinate organization-wide ethics and compliance activities, consistent enforcement of the Standards, including the detection and prevention of wrongdoing as a result of compliance investigations and otherwise foster a culture for ethical behavior and a commitment to legal compliance. The Compliance Committee, comprised of members of senior management, is chaired by our Executive Vice President and General Counsel, who has overall responsibility for administering the Compliance Program.
- **The Standards**- establish a written set of common expectations of behavior for all directors, officers and employees regarding business relationships, personal conduct (including, among other things, corporate opportunities, conflicts of interest and supplier, competitor and governmental relations), safeguarding of Company property, business controls and compliance with regulatory requirements. In addition, the Standards mandate procedures for seeking ethical guidance, reporting concerns, investigation and discipline. Our Executive Vice President and General Counsel has overall responsibility for administering the Standards.
- Our written management practices provide that any capital investment with a non-PSEG entity or its affiliate, for which one of our directors or officers serves as a director or executive officer, must be approved by our Board.

NOMINEES AND ELECTION

Election

Directors elected at each annual meeting are elected to serve one-year terms. Directors whose terms are to expire are eligible for re-nomination and will be considered by the Corporate Governance Committee in accordance with its policies and the retirement policy for directors, which are summarized in this Proxy Statement. Each of the current directors has been nominated for re-election.

Our By-Laws currently provide that the Board shall consist of not less than three nor more than 16 directors as shall be fixed from time to time by the Board. The number of directors is currently fixed at ten.

The nominees listed below were selected by the directors upon the recommendation of the Corporate Governance Committee. As discussed above under Annual Meeting, Voting and Procedures, proxies will be voted in accordance with your instructions as indicated on the enclosed proxy card, bank or broker voting card or when voting by telephone or Internet.

If at the time of the 2014 Annual Meeting any of the nominees listed below should be unable to serve, which is not anticipated, it is the intention of the persons designated as proxies to vote, in their discretion, for other nominees, unless the number of directors constituting a full Board is reduced.

Majority Voting for Election of Directors

Our By-laws provide that in an uncontested election, each director shall be elected by a majority of the votes cast with respect to the director. A majority of votes cast means that the number of shares cast "for" a director's election exceeds the number of votes cast "against" that director. We do not include as votes cast (i) shares which are marked withheld, (ii) abstentions and (iii) shares as to which a stockholder has given no authority or direction.

As provided in our Principles, the Board has adopted a policy whereby any incumbent director receiving a majority vote "against" must promptly tender an offer of resignation. As a result, in uncontested elections, the Board will nominate for election or re-election as a director only candidates who have agreed promptly to tender a letter of resignation in the event that the number of shares voted "for" that director

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does not exceed the number of shares voted “against” that director. If an incumbent director fails to receive the required “majority” vote, the Corporate Governance Committee will consider the matter and then make a recommendation to the Board as to whether or not to accept the resignation. The Board will make the determination on whether or not to accept the recommendation of the Corporate Governance Committee.

The Principles further provide that no director who fails to receive a majority vote in an uncontested election shall participate in either the recommendation of the Corporate Governance Committee or the determination of the Board with respect to his or her resignation letter or that of any other director in regard to that year’s Annual Meeting election. Any such director may, however, participate in any and all other matters of the Board and its various committees to the fullest extent to which he or she would otherwise be permitted in accordance with applicable law and the Principles. If a majority of the Corporate Governance Committee fails to receive a majority vote, then the remaining independent directors will determine whether to accept one or more of the applicable resignations. If three or fewer independent directors do not receive a majority vote in the same election, then all independent directors may participate in any discussions or actions with respect to accepting or rejecting the resignation offers (except that no director will vote to accept or reject his or her own resignation offer).

In evaluating tendered resignations, the Corporate Governance Committee and the Board may consider all factors they deem relevant, including, but not limited to, the stated reason(s) for the “against” vote, the impact that the acceptance of the resignation would have upon our compliance with applicable law or regulation, the potential triggering of any change in control or similar provision in contracts, benefit plans or otherwise, the qualifications of the director and his or her past and anticipated future contributions to us.

The Corporate Governance Committee and the Board may consider possible remedies or actions to take in lieu of or in addition to accepting or rejecting of the resignation, such as development and implementation of a plan to address and cure the issues underlying the failure to receive a majority vote.

Following the Board’s determination, we will publicly disclose the decision and, as applicable, the reasons for accepting or rejecting the resignation. To the extent that the Board accepts one or more resignations, the Corporate Governance Committee may recommend to the Board, and the Board will then determine, whether to fill any vacancy.

Director Qualifications, Diversity and Retirement

The Board believes that a nominee for director should be selected on the basis of the individual’s ability, diversity of background and experience and soundness of judgment, from among candidates with an attained position of leadership in their field of endeavor. As noted above, a majority of the Board must consist of independent directors in accordance with our Principles and NYSE requirements.

The Board seeks to maintain an orderly transition for retirement and proper succession planning. Under the Board’s retirement policy, set forth in our Principles as revised in November 2013, directors who have never been employees of the PSEG group of companies may not serve as directors beyond the Annual Meeting of Stockholders held in the calendar year following their seventy-second birthday. If however, the Corporate Governance Committee and the Board determine that there is good cause to extend any such director’s Board service, he or she may be re-nominated following the age of seventy-two, but in no event beyond the age of seventy-five, and remain in service for the full term until the next Annual Meeting of Stockholders held in the calendar year following his or her seventy-fifth birthday. Mr. Gamper attained age 72 in March 2014. He is therefore eligible to serve until the 2015 Annual Meeting and has been re-nominated. Directors who are former PSEG CEOs may not serve as directors beyond the Annual Meeting of Stockholders following termination of active employment with the PSEG group of companies, unless otherwise determined by the Board, and may not serve beyond their seventy-second birthday. Directors who are former employees, other than CEOs, may not serve as directors beyond the Annual Meeting of Stockholders following termination of active employment with the PSEG group of companies.

In addition, it is the Board’s policy that a nominee recommended initially for election be able to serve at least five years, consistent with the Board’s retirement policy. The Board believes that the ability of a director to serve for at least five years is a reasonable expectation in order for us to receive an appropriate benefit from the individual’s abilities. This is especially so in light of the time invested by a director to become knowledgeable about our complex business operations. The Board believes that these age and service limitations provide it with a means for achieving a reasonable balance of veteran and new directors.

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Diversity

Diversity is a factor for consideration of nominees for director pursuant to the diversity policy contained in our Principles and the charter of the Corporate Governance Committee. In considering diversity, the Corporate Governance Committee utilizes a broad meaning to include not only factors such as race, gender and national origin, but also background, experience, skills, accomplishments, financial expertise, professional interests, personal qualities and other traits desirable in achieving an appropriate group of qualified individuals. The Corporate Governance Committee considers and assesses the effectiveness of this policy in connection with the annual nomination process to assure the Board contains an effective mix of people to best further our long-term business interests.

The Corporate Governance Committee also considers the amount of time that a person will likely have to devote to his or her duties as a director, including non-PSEG responsibilities as an executive officer, board member or trustee of business or charitable institutions and the contributions by directors to our ongoing business. The Corporate Governance Committee considers the qualifications of incumbent directors and potential new nominees, as well as the continuity of service and the benefit of new ideas and perspectives, before making recommendations to the Board for election or re-election. The Board then selects nominees based on the Corporate Governance Committee's recommendation.

The Corporate Governance Committee does not believe it is appropriate to set absolute term limits on the length of a director's term. Directors who have served on the Board for an extended period of time are able to provide valuable insight into the operations and future of the Company based on their experience with and understanding of our history, policies and objectives.

Prior to accepting an invitation to serve as a director of another public company, the CEO and any directors must submit a letter to the Corporate Governance Committee so as to allow it to review potential conflicts and time demands of the new directorship. Any director who undertakes or assumes a new principal occupation, position or responsibility from that which he or she held when he or she was elected to the Board must submit a letter to the Corporate Governance Committee volunteering to resign from the Board. The Board does not believe that in every instance a director who undertakes or assumes a new occupation, position or responsibility from that which he or she held when the director joined the Board should necessarily leave the Board. The Corporate Governance Committee reviews the relevant details of such director's new position and determines the continued appropriateness of Board membership under the circumstances.

Nominees and Nomination Process

The present terms of all ten directors, **Albert R. Gamper, Jr., William V. Hickey, Ralph Izzo, Shirley Ann Jackson, David Lilley, Thomas A. Renyi, Hak Cheol Shin, Richard J. Swift, Susan Tomasky** and **Alfred W. Zollar**, expire at the 2014 Annual Meeting. Each director has been re-nominated. Each will be presented for election to serve until the 2015 Annual Meeting, or until his or her respective successor is elected and qualified. All nominees were elected to their present terms by our stockholders.

The Corporate Governance Committee on occasion may pay a fee to an executive search firm to assist it in identifying and evaluating potential director nominees meeting our criteria, which are described further above. Any such firm's function would be to assist the Committee in identifying potential candidates for its consideration. During 2013, we did not engage a third-party firm to conduct a search for potential candidates.

The Corporate Governance Committee will consider stockholders' recommendations for nominees for election to the Board. Such recommendations must be submitted in writing to M. Courtney McCormick, Secretary, Public Service Enterprise Group Incorporated, 80 Park Plaza, T4B, P.O. Box 1171, Newark, New Jersey 07101-1171. Nominations must be made in compliance with the procedures set forth in our By-Laws and accompanied by the written consent of any such person to serve if nominated and elected and by biographical material to permit evaluation of the individual recommended. Our By-Laws require that stockholder nominations must be submitted at least 90 days in advance of an Annual Meeting of Stockholders.

The Corporate Governance Committee utilizes the same criteria to evaluate all potential nominees, including those recommended by stockholders or from other sources.

We show below for each nominee:

- The period of service as a director;
- Age as of the date of the Annual Meeting;
- Present committee memberships;
- Business experience during at least the last five years; and
- Other directorships during the past five years.

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We also discuss the specific experience, qualifications, attributes and skills that led to the conclusion that he or she should serve as one of our directors. Each nominee's beneficial ownership of Common Stock is shown under Security Ownership of Directors, Management and Certain Beneficial Owners. Compensation for service as a director is shown in the Director Compensation Table and accompanying narrative.

As discussed above, the Corporate Governance Committee and the Board recommend and nominate for election those individuals they deem qualified and capable of serving as directors pursuant to the criteria they have set. Each of the nominees this year meets these standards.

Committee Membership

Current committee assignments are presented in the following table. From time to time, Committee assignments and chairs are changed to best utilize the talents of our directors. The last such changes occurred in April 2013. Ongoing committee assignments for all directors are expected to be made at the organizational meeting following the 2014 Annual Meeting of Stockholders.

	Audit	Corporate Governance	Executive	Finance	Fossil Generation Operations Oversight	Nuclear Generation Operations Oversight	Organization & Compensation
Albert R. Gamper, Jr. Lead Director	✓		✓	✓			
William V. Hickey				Chair	✓	✓	✓
Ralph Izzo			Chair				
Shirley Ann Jackson			✓	✓	Chair	Chair	✓
David Lilley	Chair			✓			✓
Thomas A. Renyi	✓	Chair					✓
Hak Cheol Shin	✓	✓			✓	✓	
Richard J. Swift		✓	✓		✓	✓	Chair
Susan Tomasky	✓	✓					
Alfred W. Zollar				✓	✓	✓	

During 2013, Albert R. Gamper, Jr., Ralph Izzo, Shirley Ann Jackson and Richard J. Swift also served on the Board of Directors of PSE&G. Mr. Izzo also serves on the Boards of Directors of Power, PSEG LI, Energy Holdings and Services.

Stock Ownership

Our Principles require that directors own shares of our Common Stock (including any restricted stock, whether or not vested, any stock units under the Directors' Equity Plan and any phantom stock under the Directors' Deferred Compensation Plan) equal to four times the annual cash retainer (currently $70,000) within five years after election to the Board. All incumbent directors currently meet this requirement, except Ms. Tomasky and Mr. Zollar, each of whom was first elected to the Board in 2012. Additional details can be found in the table under Security Ownership of Directors, Management and Certain Beneficial Owners below.

Biographical Information for Nominees for Election as Director

Shown below is the relevant business and biographical information for each of the individuals nominated for election to the Board.

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Board Composition, Skills and Qualifications

Composition

The Board is comprised of individuals with a diverse mix of knowledge, expertise and backgrounds. Among the ten nominees, we have business leaders from industries including banking, science and technology, energy, consumer products and manufacturing as well as those who have excelled in academia and public service. As a group, they complement one another with a desirable mix of competencies and skills as the Board discharges its duties of overseeing our businesses. Our Board members have dealt widely with the types of issues and challenges facing us, including achieving optimal operational and financial performance, managing for growth, meeting regulatory, environmental and safety requirements, overseeing risk management and corporate governance, maintaining an engaged and diverse workforce and adapting to rapidly evolving business conditions. All have served in leadership positions.

Skills and Qualifications	Albert R. Gamper, Jr.	William V. Hickey	Ralph Izzo	Shirley Ann Jackson	David Lilley	Thomas A. Renyi	Hak Cheol Shin	Richard J. Swift	Susan Tomasky	Alfred W. Zollar
Accounting/Finance	✓	✓	✓	✓	✓	✓		✓	✓	
Construction/Engineering			✓					✓		
Consumer Products/Product Development		✓			✓		✓			✓
Customer Satisfaction & Sales					✓	✓	✓			✓
Government			✓	✓					✓	
Industry/Generating Plant Operations			✓	✓				✓	✓	
Legal									✓	
Management	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Manufacturing		✓			✓		✓	✓		
Risk Management	✓		✓			✓		✓	✓	
Science/Scientific Research			✓	✓						
Technology		✓	✓	✓			✓			✓

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THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ALL NOMINEES

ALBERT R. GAMPER, JR., age 72

Director since 2000

Experience

- Lead Director since April 2011.
- Director of PSE&G.
- Chairman of the Board of CIT Group, Inc., Livingston, New Jersey, a commercial insurance company, from July 2004 until December 2004; Chairman of the Board and Chief Executive Officer of CIT Group, Inc. from September 2003 to July 2004; Chairman of the Board, President and Chief Executive Officer from June 2002 to September 2003; President and Chief Executive Officer from February 2002 to June 2002; Chairman of the Board, President and Chief Executive Officer from January 2000 to June 2001; President and Chief Executive Officer from December 1989 to December 1999. President and Chief Executive Officer of Tyco Capital Corporation from June 2001 to February 2002.
- Trustee to the Fidelity Group of Funds.

Skills and Qualifications

- ***Management/Finance/Risk Management*** – Mr. Gamper acquired extensive management experience in financial services as Chairman of the Board, President and Chief Executive Officer of CIT Group, Inc. Moreover, in that role he had ultimate responsibility for financial matters and the overall operations of that company.
- The Board values Mr. Gamper's background considering our capital structure, liquidity needs and need to assess and oversee credit and other risks. He brings perspective and leadership to management and governance oversight.

WILLIAM V. HICKEY, age 69

Director since 2001

Experience

- Chairman of the Board of Sealed Air Corporation, Elmwood Park, New Jersey, which manufactures food and specialty protective packaging materials and systems, from March 2013 until May 2013; Chairman of the Board and Chief Executive Officer from September 2012 to February 2013, President and Chief Executive officer from March 2000 to August 2012; President and Chief Operating Officer from December 1996 to February 2000.
- Director of Sensient Technologies Corporation.

Skills and Qualifications

- ***Manufacturing/Product Development/Consumer Products/ Accounting/Finance/Management/Technology*** – Mr. Hickey has a strong industrial and commercial manufacturing background from his service as President and Chief Executive Officer at Sealed Air Corporation. He is also a Certified Public Accountant and, as CEO of Sealed Air Corporation, he had ultimate responsibility for financial matters and overall business performance.
- Mr. Hickey's executive managerial experience with product innovation, development, production and marketing contributes to the Board's ability to oversee our Company and focus on operational excellence.

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THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ALL NOMINEES

RALPH IZZO, age 56

Director since 2006

Experience

- Chairman of the Board, President and Chief Executive Officer of PSEG since April 1, 2007.
- Chair of the Executive Committee.
- Director of PSE&G, Power, PSEG LI, Energy Holdings and Services.
- President and Chief Operating Officer of PSEG from October 2006 to April 2007; President and Chief Operating Officer of PSE&G from October 2003 to October 2006.
- Director of the Williams Companies, Inc.

Skills and Qualifications

- ***Management/Strategic Planning/Finance/Industry Operations/Risk Management/Engineering/ Technology/Scientific Research/Government*** – During Dr. Izzo's tenure as our Chairman of the Board, President and CEO, he has developed broad experience in general management, strategic planning, finance and risk management, as well as a thorough understanding of our business operations and the challenges and opportunities of our industry.
- Dr. Izzo's background as a research physicist is of much benefit to a company that deals with many technical and scientific matters. His prior service as an energy and policy analyst at the federal and state levels is a significant asset as we position ourselves as a leader in the energy industry and public policy arena.

SHIRLEY ANN JACKSON, age 67

Director since 2001

Experience

- Director of PSE&G.
- President of Rensselaer Polytechnic Institute, Troy, New York, since July 1999.
- Former director of PSEG from 1987 to 1995.
- Chair, U.S. Nuclear Regulatory Commission (NRC) from July 1995 to July 1999.
- Director of FedEx Corporation, IBM Corporation, Marathon Oil Corporation and Medtronic, Inc.
- Former director of NYSE Euronext and US Steel.

Skills and Qualifications

- ***Management/Government/Science/Technology/Finance/Generating Plant Operations*** - Dr. Jackson is a distinguished scientist, who also brings an array of executive, governmental, scientific and academic experience from her years as Chair of the NRC and President of Rensselaer Polytechnic Institute. Her responsibilities as the head of a major university include financial matters.
- We are a heavily regulated business which is very much affected by public policy and scientific developments, so Dr. Jackson's experience and continued involvement in energy policy, scientific research and development, technology and innovation, security and financial services industry oversight is highly valued by the Board. Her background as a nuclear physicist and former NRC Chair is important as we have extensive nuclear operations.

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THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ALL NOMINEES

DAVID LILLEY, age 67

Director since 2009

Experience

- Chairman of the Board, President and Chief Executive Officer of Cytec Industries, Inc., Woodland Park, New Jersey, a global specialty chemicals and materials company from January 1999 until December 2008; President and Chief Executive Officer from May 1998 to January 1999; President and Chief Operating Officer from January 1997 to May 1998.
- Director of Rockwell Collins, Inc. and Tesoro Corporation.
- Former director of Arch Chemicals, Inc. and Cytec Industries, Inc.

Skills and Qualifications

- ***Product Development/Manufacturing/Sales/Finance/Management*** – Mr. Lilley has experience in product development, manufacturing and sales, gained from his years as Chairman of the Board, President and Chief Executive Officer at Cytec Industries. In this role he also had ultimate responsibility for financial matters and overall business performance.
- Mr. Lilley's leadership is very important to us in light of the Board's oversight of our operations and adherence to safety and environmental requirements.

THOMAS A. RENYI, age 68

Director since 2003

Experience

- Executive Chairman of The Bank of New York Mellon Corporation, New York, New York, a provider of banking and other financial services to corporations and individuals, from July 2007 until August 2008.
- Chairman of the Board and Chief Executive Officer of The Bank of New York Company, Inc. and The Bank of New York from February 1998 to July 2007.
- Directors of Hartford Financial Services and Royal Bank of Canada.
- Former director of RiskMetrics Group.

Skills and Qualifications

- ***Finance/Management/Customer Satisfaction/Risk Management*** – Mr. Renyi had a long career with The Bank of New York Mellon and its predecessor, The Bank of New York, where he served as Chairman of the Board and Chief Executive Officer. In that capacity, he had substantial responsibility for the successful implementation of two major mergers. As a result, he brings to us a deep knowledge of finance, as well as significant experience in oversight of the operations of a major enterprise and meeting customer expectations.
- The Board views Mr. Renyi's background as highly valuable in the oversight of risk management and our continued focus on financial strength, disciplined investment and operational excellence.

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THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ALL NOMINEES

HAK CHEOL (H.C.) SHIN, age 56

Director since 2008

Experience

- Executive Vice President – International Operations, of 3M Company, St. Paul, Minnesota, a diversified technology company, with product lines in consumer and office, healthcare electronics, industrial, graphics, transportation, safety and telecommunications markets, since May 2011.
- Executive Vice President-Industrial and Transportation Business of 3M Company from January 2006 to May 2011; Executive Vice President-Industrial Business from June 2005 to January 2006; Division Vice President-Industrial Adhesives and Tapes Division from July 2003 to June 2005; Division Vice President-Electronics Markets Materials Division from October 2002 to June 2003; Division Vice President-Superabrasives and Microfinishing Systems Division from March 2001 to October 2002.

Skills and Qualifications

- ***Technology/Manufacturing/Consumer Products/Customer Satisfaction/Management*** – Mr. Shin brings diversified experience in the areas of technology, manufacturing, consumer products and customer satisfaction acquired through various senior positions at 3M Company, a company noted for innovation and operational excellence.
- Mr. Shin's skills are important as we seek operational excellence and invest in renewable energy technology, while satisfying customer expectations and maintaining reliability.

RICHARD J. SWIFT, age 69

Director since 1994

Experience

- Lead Director from February 2010 until April 2011.
- Presiding Director from June 2007 until February 2010.
- Director of PSE&G.
- Former Chairman of the Financial Accounting Standards Advisory Council from January 2002 to December 2006.
- Chairman of the Board, President and Chief Executive Officer of Foster Wheeler, Ltd., Clinton, New Jersey, which provides design, engineering, construction, manufacturing, management, plant operations and environmental services, from April 1994 until October 2001.
- Director of CVS Caremark Corporation, Hubbell Incorporated, Ingersoll-Rand Limited and Kaman Corporation.

Skills and Qualifications

- ***Management/Engineering/Construction/Generating Plant Operations/Finance/Manufacturing/ Risk Management*** – Mr. Swift is a licensed professional engineer who brings a strong managerial background in engineering, construction and generating plant operations as CEO at Foster Wheeler, Ltd. Mr. Swift also served as Chairman of the Financial Accounting Standards Advisory Council and brings us finance and risk management experience.
- The Board believes that we benefit significantly from Mr. Swift's experience as we are heavily engaged in similar endeavors in our generation and utility businesses. While CEO at Foster Wheeler, he had ultimate responsibility for financial matters.

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THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ALL NOMINEES

SUSAN TOMASKY, age 61

Director since 2012

Experience

- President-AEP Transmission of American Electric Power Corporation, Columbus, Ohio, an electric utility holding company with generation, transmission and distribution businesses, from May 2008 to July 2011.
- Executive Vice President – Shared Services of American Electric Power Corporation from September 2006 to May 2008; Executive Vice President and Chief Financial Officer from September 2001 to September 2006; Executive Vice President and General Counsel and Corporate Secretary from July 1998 to September 2001.
- Former General Counsel, U.S. Federal Energy Regulatory Commission (FERC), from March 1993 to June 1997.
- Director of Tesoro Corporation and Summit Midstream Partners, LP.

Skills and Qualifications

- ***Industry Operations/Management/Finance/Legal/Government/Risk Management*** – Ms. Tomasky has broad electric industry executive experience having served in key leadership positions involving transmission operations, services, finance, law and governance at one of the largest utility holding companies in the United States. Her service at the FERC is highly valuable to us as several of our businesses are subject to that agency's regulation.
- The Board views Ms. Tomasky's background as providing a valuable resource and perspective on utility management, finance, law, risk management and governmental regulation.

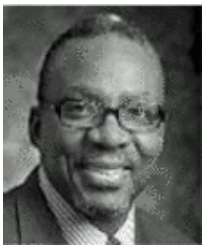

ALFRED W. ZOLLAR, age 59

Director since 2012

Experience

- Executive Partner, Siris Capital Group, LLC, a private equity firm, since February 2014; General Manager –Tivoli Software division of International Business Machines Corporation (IBM), Armonk, New York, a worldwide information technology and consulting company, from July 2004 to January 2011; General Manager – eServer iSeries from January 2003 to July 2004; President and Chief Executive Officer – Lotus Software division from January 2000 to 2003; Division General Manager – Network Computer Software division from 1996 to 2000.
- Director of Chubb Corporation.

Skills and Qualifications

- ***Management/Technology/Product Development/Customer Satisfaction*** – Mr. Zollar brings a wealth of knowledge from his executive leadership, product development and information technology experience. He has served in various leadership roles, including senior management positions, in every IBM software group division.
- The Board believes that Mr. Zollar's executive and managerial experience in business development and technology greatly contributes to our oversight of operational excellence and customer satisfaction.

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SECURITY OWNERSHIP OF DIRECTORS, MANAGEMENT AND CERTAIN BENEFICIAL OWNERS

Directors, Nominees and Management

The following table sets forth, as of February 14, 2014, beneficial ownership of our Common Stock by the directors, nominees and currently serving executive officers named in the 2014 Summary Compensation Table. The information presented includes stock options, stock units and phantom shares. None of these amounts exceeds 1% of our Common Stock outstanding.

	Owned Shares (#)(1)	Restricted Stock (#)(2)	Stock Units/ Restricted Stock Units (#)(3)	Phantom Shares (#)(4)	Deferred Equity Shares (#)(5)	Stock Options (#)(6)	Total (#)
J. A. Bouknight, Jr.	17,678	-	23,302	-	18,917	71,500	131,397
Caroline Dorsa	53,201	8,800	31,554	-	-	127,400	220,955
Albert R. Gamper, Jr.	8,803	9,600	23,825	24,565	-	-	66,793
William V. Hickey	6,332	9,600	23,825	19,356	-	-	59,113
Ralph Izzo	455,870	-	157,067	-	124,560	1,274,100	2,011,597
Shirley Ann Jackson	5,604	9,600	23,825	-	-	-	39,029
Ralph A. LaRossa	39,701	-	59,379	-	43,610	215,400	358,090
William Levis	28,973	-	65,112	-	-	249,700	343,785
David Lilley	-	-	17,911	16,051	-	-	33,962
Thomas A. Renyi	-	8,800	23,825	37,132	-	-	69,757
Hak Cheol Shin	-	-	20,817	-	-	-	20,817
Richard J. Swift	304	14,400	23,825	47,754	-	-	86,283
Susan Tomasky	-	-	6,883	-	-	-	6,883
Alfred W. Zollar	-	-	6,713	-	-	-	6,713
All directors and executive officers as a group (15 persons)	644,469	60,800	516,030	144,858	187,087	1,938,100	3,491,344

(1) Includes all shares, if any, held directly, in brokerage accounts, under the Thrift and Tax-Deferred Savings Plan (401(k) Plan), Enterprise Direct, ESPP, shares owned jointly by or with a spouse and shares held in a trust or a custodial account. Beneficial ownership is disclaimed as to 360 shares by an executive officer.

(2) Includes restricted stock granted to executive officers under the LTIP and restricted stock granted to directors under the former Stock Plan for Outside Directors.

(3) Includes restricted stock units granted to executive officers under the LTIP and stock units granted to directors under the Equity Compensation Plan for Outside Directors (Directors Equity Plan), with no voting rights.

(4) Includes phantom shares accrued under the Directors' Deferred Compensation Plan for those individuals who have elected to have the earnings on their deferred payments calculated based upon the performance of our Common Stock, with no voting rights.

(5) Includes shares deferred under the Equity Deferral Plan, with no voting rights.

(6) Stock options granted under the LTIP, all of which are exercisable currently. Unexercised stock options have no voting rights.

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Certain Beneficial Owners

The following table sets forth, as of February 14, 2014, beneficial ownership in shares by any person or group known to us to be the beneficial owner of more than five percent of our Common Stock. According to the schedule 13G filed by the respective owner with the SEC, these securities were acquired and are held in the ordinary course of business and not for the purpose of changing or influencing the control of the Company.

Name and Address	Amount and Nature of Beneficial Ownership	Percent
BlackRock, Inc. 40 East 52nd Street New York, NY 10022	38,590,563	7.60(1)
The Vanguard Group, Inc. 100 Vanguard Blvd Malvern, PA 19355	26,539,198	5.24(2)

(1) As reported on Schedule 13G/A filed January 30, 2014.
(2) As reported on Schedule 13G filed February 12, 2014.

Section 16(a) Beneficial Ownership Reporting Compliance

During 2013, none of our directors or executive officers was late in filing a Form 3, 4 or 5 in accordance with the requirements of Section 16(a) of the Securities Exchange Act of 1934, as amended, with regard to transactions involving our Common Stock.

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DIRECTOR COMPENSATION

2013 DIRECTOR COMPENSATION TABLE

	Fees Earned or Paid in Cash ($)(1)	Stock Awards ($)(2)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)(3)	Total ($)
Albert R. Gamper, Jr.	110,000	110,026	-	-	-	150	220,176
William V. Hickey	99,375	110,026	-	-	-	150	209,551
Shirley Ann Jackson	103,125	110,026	-	-	-	5,000	218,151
David Lilley	105,000	110,026	-	-	-	5,000	220,026
Thomas A. Renyi	97,500	110,026	-	-	-	150	207,676
Hak Cheol Shin	95,000	110,026	-	-	-	-	205,026
Richard J. Swift	100,000	110,026	-	-	-	5,150	215,176
Susan Tomasky	85,000	110,026	-	-	-	-	195,026
Alfred W. Zollar	85,000	110,026	-	-	-	-	195,026

(1) Includes all meeting fees, chair/committee retainer fees and the annual retainer as described below. Includes the following amounts deferred pursuant to the Directors' Deferred Compensation Plan, described below:

Gamper ($)	Hickey ($)	Jackson ($)	Lilley ($)	Renyi ($)	Shin ($)	Swift ($)	Tomasky ($)	Zollar ($)
-	99,375	103,125	105,000	97,500	-	-	-	-

(2) For each outside director, the grant date fair value of the award on May 1, 2013, equated to 3,007 stock units, rounded up to the nearest whole share, based on the then current market price of the Common Stock of $36.59. In addition, each outside director's account is credited with additional stock units on the quarterly dividend dates at the then current dividend rate.

The following table shows outstanding stock units granted under the Directors' Equity Plan and restricted stock granted under the prior Stock Plan for Outside Directors, as of December 31, 2013:

	Gamper (#)	Hickey (#)	Jackson (#)	Lilley (#)	Renyi (#)	Shin (#)	Swift (#)	Tomasky (#)	Zollar (#)
Stock Units	23,825	23,825	23,825	17,911	23,825	20,817	23,825	6,883	6,713
Restricted Stock	9,600	9,600	9,600	-	8,800	-	14,400	-	-

(3) Consists of charitable contributions made by us on behalf of each individual and under our educational matching gift program.

Director Fees

A director who is an employee of a PSEG Company receives no additional compensation for services as a director. Mr. Izzo receives no compensation as a director. His compensation as an employee is shown in this Proxy Statement, in the executive compensation tables and CD&A.

Directors receive an annual retainer of $70,000, paid quarterly, and an annual equity grant of Common Stock units equal to $110,000. The Lead Director receives an incremental $25,000 cash retainer. The Audit Committee Chair is paid an additional retainer of $25,000, the O&CC Chair is paid an additional retainer of $15,000 and the Chair of any other committee is paid an additional retainer of $12,500. Each Audit Committee member receives an additional $10,000 annually. Each other director is paid an additional $5,000 annually per committee assignment.

Directors' Equity Plan

The Directors' Equity Plan is a deferred compensation plan and, under its terms, each outside director is granted an award of "stock units" each May 1st (in an amount determined from time-to-time by the Board) which is recorded in a bookkeeping account in her/his name and accrues credits equivalent to the dividends on shares of our Common Stock. If a director fails to remain a member of the Board (other than on account of disability or death) until the earlier of the succeeding April 30th or the next Annual Meeting of Stockholders, the award for that year will be prorated to reflect actual service. Distributions under the Directors' Equity Plan are made in shares of our Common Stock after the director terminates service on the Board in accordance with distribution elections made by her/him, which may be either in a lump-sum payment or, with respect to grants made prior to 2012, in annual payments over a period of up to ten years.

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Under the Directors' Equity Plan, with respect to grants made beginning in 2012, directors may elect to commence distribution of a particular year's deferrals either upon termination of service or after a specified number of years thereafter. A director may elect to receive distribution of such deferrals in the form of a lump-sum payment, or annual installments over a period of three to fifteen years. Distribution elections must be made prior to the date that services giving rise to the awards are performed.

Shares granted under the prior Stock Plan for Outside Directors are subject to forfeiture if a director leaves service prior to age 72, except after a change-in-control or if waived by non-participating directors.

Directors' Deferred Compensation Plan

Under the Directors' Deferred Compensation Plan, directors who are not employees may elect to defer any portion of their cash retainer by making appropriate elections in the calendar year prior to the year in which the services giving rise to such compensation being deferred is rendered. At the same time he/she elects to defer such compensation, the participant must make an election as to the timing and the form of distribution from his/her Directors' Deferred Compensation Plan account. Distributions are made in cash or, at the election of the participant in the case of amounts credited with earnings by reference to the performance of our Common Stock, in shares of Common Stock.

For amounts deferred prior to 2012, distributions may commence (a) on the thirtieth day after the date he/she terminates service as a director or, in the alternative, (b) on January 15th of any calendar year following termination of service elected by him/her, but in any event no later than the later of (i) January of the year following the year of his/her 71st birthday or (ii) January following termination of service. Participants may elect to receive the distribution of their Directors' Deferred Compensation account in the form of one lump-sum payment, or annual distributions over a period selected by the participant, up to 10 years.

With respect to compensation deferred beginning in 2012, directors may elect to commence distribution of a particular year's deferrals, either (a) within 30 days of termination of service, or (b) a specified number of years following termination of service. They may elect to receive distribution of such deferrals in the form of a lump-sum payment, or annual installments over a period of three to fifteen years.

Participants may make changes of distribution elections on a prospective basis. Participants may also make changes of distribution elections with respect to prior deferred compensation as long as any such new distribution election is made at least one year prior to the date that the commencement of the distribution would otherwise have occurred and the revised commencement date is at least five years later than the date that the commencement of the distribution would otherwise have occurred.

Participants may choose to have amounts deferred under the Directors' Deferred Compensation Plan credited with earnings based on (i) the performance of one or more of pre-mixed lifestyle investment portfolio funds, (ii) at the rate of Prime plus 1/2%, capped at 120% of the applicable federal long-term rate, or (iii) by reference to the performance of our Common Stock, in such percentages designated by the participant. These are the same investment options offered under our 401(k) plan to employees (except the Schwab Personal Choice Retirement Account). A participant who fails to provide a designation will accrue earnings on his/her account at the rate of Prime plus 1/2%, capped at 120% of the applicable federal long-term rate. A participant may change fund selection daily, except for the Common Stock Fund, for which selection may be made only prior to deferral.

The one-year rates of return as of December 31, 2013 for the offered funds as computed by the recordkeeper for the Directors' Deferred Compensation Plan were as follows:

Rates of Return			
Pre-Mixed Portfolios		**Target Retirement Funds**	
Conservative Portfolio	12.17%	Target Retirement Income	5.75%
Moderate Portfolio	17.47%	Target Retirement 2010	8.96%
Aggressive Portfolio	23.69%	Target Retirement 2015	12.98%
Funds		Target Retirement 2020	15.79%
Stable Value	1.97%	Target Retirement 2025	18.11%
Diversified Bond	-1.97%	Target Retirement 2030	20.42%
Large Company Stock Index	32.27%	Target Retirement 2035	22.76%
Mid-Cap Index	35.09%	Target Retirement 2040	24.33%
Institutional Developed Markets Index	21.93%	Target Retirement 2045	24.30%
Small – Cap Index	37.74%	Target Retirement 2050	24.28%
Enterprise Common Stock	9.16%	Target Retirement 2055(1)	13.95%
Other		Target Retirement 2060(1)	13.25%
Prime Plus 1/2%	3.37%		

(1) Partial year rate of return from date added to choices available to participants.

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Proposal 2
ADVISORY VOTE ON THE APPROVAL OF EXECUTIVE COMPENSATION

We are providing you with an opportunity to cast an advisory vote on our executive compensation programs as described in this Proxy Statement. This is commonly referred to as "say-on-pay." We plan to do this each year, in accordance with the applicable rules of the SEC.

This vote is advisory and thus it is non-binding on us and the Board. However, management, the O&CC and the Board intend to carefully review the voting results and take them into consideration when making future decisions regarding our executive compensation. In accordance with applicable SEC requirements, we will disclose to you in our future proxy statements how our compensation policies and decisions have taken into account the results of the most recent stockholder advisory vote on our executive compensation.

At the 2013 Annual Meeting of Stockholders, our stockholders voted over 94% in favor of our say-on-pay proposal. We were gratified by this result and believe this demonstrated strong support for our executive compensation policies and practices and our approach to aligning pay and performance. In furtherance of our pay for performance philosophy, we continuously review and make changes to our executive compensation program in recognition of investor concerns, evolving trends and best practices. We annually review and adjust as necessary the compensation of our executives in light of their performance, their role in our management, our business results and our financial condition. Based on this review, we made individual determinations about the compensation of our CEO and the other NEOs, as discussed below. We did not make any significant changes to our program for 2013.

We have disclosed in this Proxy Statement an overview of the philosophy and elements of our executive compensation program, as well as the details of the individual compensation paid or awarded to each of our NEOs and our process for making those determinations. We have provided below the Report of our O&CC, the CD&A and the compensation tables. In our CD&A, we have explained the reasons supporting our executive pay decisions as reported in the various tables and accompanying narrative included in this Proxy Statement.

We believe our executive compensation is reasonable and appropriate, reflecting market conditions. We are asking you to indicate your support of our executive compensation program as described in this Proxy Statement. This vote is not intended to address any specific item of compensation or any specific individual. Rather, it is an indication of your agreement with the overall philosophy, policies, practices and compensation of our executive officers as described in this Proxy Statement. Accordingly, as recommended by the Board, we ask for you to vote in favor of the following resolution:

> **Resolved, that the stockholders hereby approve, on an advisory basis, the compensation of the NEOs, as disclosed in the Company's Proxy Statement for the 2014 Annual Meeting of Stockholders pursuant to the applicable rules of the SEC, including the CD&A, compensation tables and narrative discussion.**

The Board of Directors recommends a vote FOR the resolution in this proposal.

COMPENSATION COMMITTEE REPORT

The Organization and Compensation Committee of the Board of Directors has reviewed and discussed the Compensation Discussion and Analysis included in this Proxy Statement with management and with Compensation Advisory Partners LLC, the Committee's compensation consultant. Based on such review and discussions, the Organization and Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement.

Members of the Organization and Compensation Committee:

Richard J. Swift, Chair
William V. Hickey
Shirley Ann Jackson
David Lilley
Thomas A. Renyi

February 18, 2014

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COMPENSATION DISCUSSION AND ANALYSIS (CD&A)

This CD&A explains our executive compensation philosophy, the material elements of our executive compensation program and the decisions made regarding our CEO and the NEOs in this Proxy Statement. We have provided an Executive Summary consisting of an overview of the key aspects of our program and recent actions followed by a more detailed analysis and specific information concerning compensation, including:

- **Compensation Philosophy;**
- **Elements of Executive Compensation; and**
- **Executive Compensation Governance Features and Controls.**

We provide an explanation of the data reported in the tables in this Proxy Statement, with respect to pay for performance, “say-on-pay”, compensation risk, the components of our compensation, calculations as to SMICP and LTIP incentive payouts and certain compensation policies.

2013 NEOs

- **Ralph Izzo**, Chairman of the Board, President and CEO
- **Caroline Dorsa**, Executive Vice President (EVP) and Chief Financial Officer (CFO)
- **William Levis**, President and Chief Operating Officer (COO) of our subsidiary, Power
- **Randall E. Mehrberg,** Retired EVP-Strategy and Development and President and COO of our subsidiary, Energy Holdings
- **J. A. Bouknight, Jr.**, EVP and General Counsel
- **Ralph A. LaRossa**, President and COO of our subsidiary, PSE&G

In the CD&A Executive Summary we specifically address those areas which we believe are of utmost interest to our stockholders, while a complete reading of the CD&A provides a more thorough description of our compensation program and explanation of our recent activities:

- The mix of salary, cash incentive compensation, equity incentive compensation and short-term and long-term compensation;
- The weighting of performance measures used to determine compensation;
- The criteria used for target pay positioning;
- The reasons for selecting particular companies as peers for benchmarking compensation;
- The manner in which equity awards are determined; and
- The rationale for severance and change-in-control arrangements.

We have designed this CD&A to be forthcoming and transparent in demonstrating that our executive compensation program is based on well-established principles thoughtfully carried out under the oversight of the O&CC for the long-term benefit of our stockholders.

S1-SSA-0009 - 29006

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CD&A Executive Summary

Executive compensation is governed under the direction and authority of the O&CC. The O&CC is made up of directors who are independent under NYSE rules and our requirements for independent directors. The O&CC receives advice from its independent compensation consultant, CAP, which provides only compensation consulting services to the Board and not to management.

Executive Compensation Philosophy - Pay Mix and Peer Group

Our executive compensation program is designed to closely link pay and performance and align the interests of executives, including our NEOs, with stockholders. We have structured our program to tie executive compensation to the successful execution of our strategic plans, meeting our financial and operational goals and delivery of strong returns. This translates into higher compensation in years of strong performance and stockholder returns and lower compensation when performance is not as strong. We provide a peer-competitive compensation package to attract and retain exceptional executive talent needed for long-term success, with incentives for our executives to achieve outstanding individual performance and business results. Our senior management team, headed by our NEOs, continues to provide strategic and management leadership as we focus on operational excellence, financial strength and disciplined investment.

The O&CC annually reviews and evaluates the philosophy, objectives, design and effectiveness of our compensation program, including the performance of the NEOs. The O&CC maintains the flexibility to make decisions about the program and actual compensation levels and awards based on achievement of our business objectives and relevant circumstances affecting our Company. In addition to the established performance measures, these may include economic, market and competitive conditions, regulatory and legal requirements, internal pay equity considerations and peer group best practices. The O&CC and the entire Board seek to assure alignment of pay with performance in order to create value without encouraging excessive risk taking. Our directors are committed to acting in the best interest of stockholders as responsible stewards overseeing our executive compensation program.

Our compensation consists primarily of the following components:

- **Base Salary:** We pay a base salary which is determined based on position responsibilities, individual experience, performance, internal equity and the competitive market for the position.
- **Annual Cash Incentive**: We provide an opportunity for an annual cash incentive through our SMICP with actual payment determined by the achievement of key financial and operating goals (at the individual, business unit and PSEG level) using multiple performance measures, with a strong emphasis on EPS and with the O&CC exercising overall judgment. Individual payments are generally capped at 150% of target, with the potential for up to 200% in circumstances of exceptional performance.
- **Equity-Based Incentive Awards**: Equity-based awards are provided under our LTIP, consisting of performance share units (60%), as well as restricted stock units (40%). Payout of performance share units, if any, is dependent on achievement of long-range financial targets measured by ROIC as compared to our three-year plan and the market performance of our Common Stock with reference to TSR relative to our peers. LTIP performance share unit payouts may be as low as zero and are capped at 200% of target. The value of restricted stock units, which cliff vest after three years, is dependent on the market price of our Common Stock.
- **Retirement and Post-Employment Benefits**: We provide benefits that are comparable to those of companies with whom we compete for executive talent.

We benchmark executive compensation, including that of the NEOs, to a peer group of companies in our industry. To most effectively evaluate executive compensation, we believe that an analysis of the “pay mix”, or Total Direct Compensation (base salary plus target annual incentive and target long-term incentive) is a better measure for evaluating executive compensation as opposed to focusing on each of the elements individually. We target Total Direct Compensation at the median of the industry peer group within a range that recognizes differences in roles, performance, tenure and volatility of market data from year to year:

- We consider a range of +/-20% in relation to a comparable position to be within the competitive benchmark median;
- In determining the mix of the elements of Total Direct Compensation, we exercise judgment, using the competitive analysis as a general guideline;
- The overwhelming amount of our CEO’s and NEOs’ compensation is performance-based and tied to stockholders’ interests rather than to base salary; and
- For 2013, the target percentage of incentive compensation, both annual and long-term, constituted 86% of targeted Total Direct Compensation for our CEO and 71% for our other NEOs as a group.

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Executive Compensation Practices

The table below highlights our executive compensation practices which remain consistent with our compensation philosophy. The left column outlines the practices we believe are conducive to encouraging sound performance by our senior executives and the right column describes those practices that we have chosen not to implement because we do not believe they further our stockholders' long-term interests.

	Our Executive Compensation Practices (What We Do)		NOT Our Executive Compensation Practices (What We Don't Do)
✓	**Pay for Performance.** We closely align pay and performance and the O&CC validates this alignment annually and ensures performance-based compensation comprises a significant portion of executive compensation.	✗	**Limited Perk Policy.** We do not provide perks except in cases where there is a compelling business reason and only provide limited tax gross-up for new hire relocation.
✓	**Meaningful Performance Goals.** We establish clear and measureable goals and targets in the beginning of the performance period and hold our executives accountable for achieving specified levels to earn a payout under the incentives.	✗	**No Target Adjustments, Limited Guaranteed Bonuses.** We do not adjust targets, nor do we re-price or buy out options. In addition, we do not provide guarantees on bonus payouts, unless needed for one year when recruiting a new executive.
✓	**Competitive Pay.** We position target pay competitively around market median and require strong performance to deliver pay above these levels.	✗	**No Above Market Pay.** We do not pay above-market compensation.
✓	**Rigorous Vesting Conditions.** We have double trigger vesting on equity and severance for change-in-control.	✗	**No Excise Tax Gross Ups.** We do not provide gross-ups for excise taxes upon a change-in-control.
✓	**Clawback Policy.** We have caps on potential incentive payments and we have a robust clawback policy.	✗	**No Excessive Risks.** We do not have plans that encourage excessive risk taking.
✓	**Uniform Retirement Formulas.** Our qualified plan retirement formulas are the same for the executives as for all other non-union employees.	✗	**No Additional Service Credit.** We no longer provide any additional retirement service credit to executives and have not in several years.
✓	**Stock Retention Requirements.** We require executives to hold meaningful amounts of stock and also require them to hold 25% of proceeds from equity awards until retirement.	✗	**No Hedging or Pledging.** We do not allow hedging or pledging of our stock by executives.
✓	**Compensation Consultant.** The O&CC engages an independent compensation consultant.	✗	**Compensation Consultant Independence.** The consultant works directly for the Board, does no other work for us and has no conflicts of interest.

2013 PSEG Performance Highlights

In 2013, we met our strategic and operational objectives as we again confronted fluctuations in market prices for electricity and natural gas, uncertain regulatory and environmental requirements and difficult economic conditions. Our long-range strategy, with its emphasis on business fundamentals, helped to mitigate the impact on earnings of these challenges. Earnings for 2013 were above our targeted range, and the price of our Common Stock was modestly higher at year-end. Financial highlights are included in the Executive Summary to this Proxy Statement on page 3 above. You can find a more comprehensive discussion of our 2013 business and financial performance in our Form 10-K.

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2013 Accomplishments

- **Operational Excellence**
  - Achieved high levels of nuclear, fossil and utility operational performance.
  - Construction of transmission and solar projects proceeded on schedule and within budget.
  - Received national recognition for reliability.
  - Managed expenses with continued cost control measures.
- **Financial Strength**
  - Maintained and improved our credit ratings and increased our dividend.
  - Strengthened our balance sheet and pension funding and refinanced debt at historically low cost.
  - Maintained strong cash flow and liquidity.
- **Disciplined Investment**
  - Continued a strategic emphasis on utility investment with more stable regulated returns.

Pay For Performance

The market and other pressures on us emphasize our need to maintain our focus on operational excellence, financial strength and disciplined investment by attracting and retaining the top talent that is critical for us to accomplish our objectives. We show below a chart comparing the relative contributions to earnings of PSE&G and Power over the past five years, together with the percentage increase of capital expenditures (CapEx) at PSE&G compared to total investment in our Company. Also shown is the comparison of Compound Annual Growth Rate (CAGR) at PSE&G and Power over the five-year period. We believe that this visual depiction demonstrates the value to stockholders of our business strategy and the emphasis on utility investment. This impact on our earnings is reflected in the realized pay of our NEOs, since our executive compensation program links incentive payouts to earnings measures over multiple time frames.

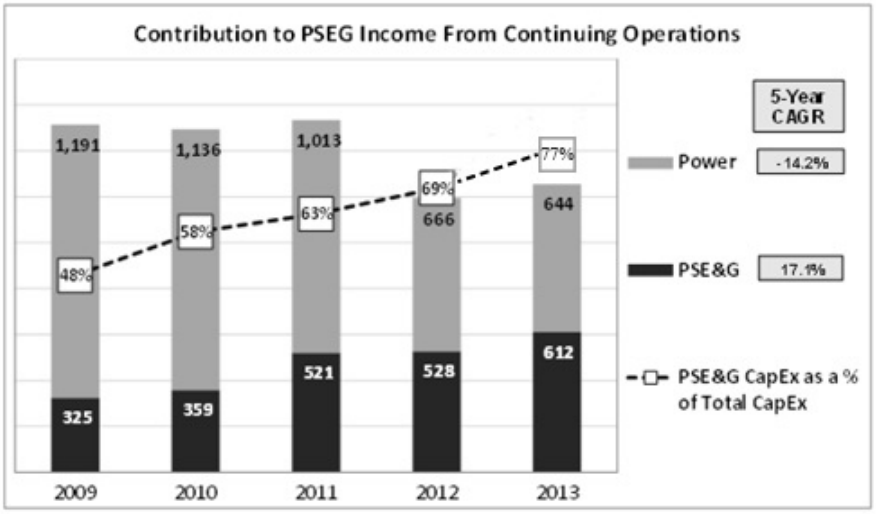

The analytical judgment and operational and managerial abilities that we expect of our senior executives are critical factors in positioning us for the future. Their performance in improving our operating efficiencies, actively influencing legislative and regulatory policies and adjusting our business mix by shifting investment to best take advantage of emerging opportunities for growth, particularly in connection with utility rate-regulated returns, have led to the accomplishments noted above. While these activities are not easily measured over the short-term by reference solely to current EPS and stock price in comparison to the levels in the recent past, the ability of our management team to address these challenges successfully are vital skills on which we place significant value in setting total compensation for our NEOs. We believe that our performance-based compensation programs have and will continue to deliver the appropriate compensation based on our results relative to both our business plan and our peers, helping us manage through an evolving business environment.

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Say-On-Pay, Stockholder Engagement and Transparent Disclosure

We provide our stockholders with an annual opportunity to cast an advisory "Say-on-Pay" vote. We believe that this voting opportunity can provide valuable insights into our stockholders' views on our compensation programs.

- **At the 2013 Annual Meeting, our stockholders voted over 94% in favor of our say-on-pay proposal, demonstrating their concurrence that our programs reflect our strong pay for performance philosophy** .

We have a long-standing practice of engaging in constructive dialogue with our stockholders on various matters of interest to them. We do this by meeting periodically with our major stockholders and groups of investors as well as by regular written communications. These interactions provide us with valuable insights. In recent years, we have enhanced our efforts with regard to matters of executive compensation and corporate governance to keep pace with evolving investor priorities and expectations.

We strive to be clear and transparent in the information we provide to investors in our Proxy Statement, Form 10-K and other reports filed with the SEC and in our investor communications. We believe our executive compensation disclosure addresses the issues considered most important to and provides the useful information desired by our stockholders, as evidenced by the feedback we receive at our meetings throughout the year. We always welcome your comments and suggestions and will continue to consider the outcome of the say-on-pay vote when making future compensation decisions regarding our NEOs.

Key O&CC Actions

The O&CC monitors trends and developments in the market, with the assistance of CAP, as they relate to executive compensation. In 2013, the O&CC considered recommendations from CAP and management with regard to compensation design and effectiveness and reviewed competitive practices within our peer group. Based on the reviews and analyses undertaken by the O&CC, we did not make any significant changes to our programs. The O&CC considered the strong stockholder reinforcement of our compensation philosophy and program in determining to continue with our consistent results-oriented pay for performance approach. In 2013, the O&CC took the following actions related to compensation:

- Analyzed pay for performance by comparing our recent financial results with the compensation of our CEO and NEOs and found them to be appropriately aligned, including the realizable pay of the CEO;
- Approved payouts under the SMICP and LTIP based on its assessment of CEO, NEOs and Company performance relative to pre-established goals for 2013 measured substantially on EPS, ROIC and relative TSR;
- Approved incentive compensation awards having goals with a significant degree of difficulty;
- Approved salary increases for 2014 to improve internal pay equity, reflect job responsibilities and remain competitive with benchmarked peers;
- Modified the peer group for 2014 to better align with our size and business mix;
- Increased the stock ownership guideline for the CEO from 5X to 6X base salary to be more in line with the market;
- Reduced change-in-control termination payment multiples and target bonus for future NEOs;
- Determined that our compensation programs do not create a potential incentive for individuals to take excessive risks.

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Compensation Philosophy and Performance

Pay for Performance

We believe it is important to link pay with performance and long-term stockholder value. We utilize compensation to further align the interests of our executives with those of our stockholders. However, we believe that it is crucial to our stockholders' long-term interests that we not measure performance too narrowly on merely a single year's results. Our compensation programs are designed to reward for performance over varying time horizons with our incentives linked to successful implementation of our corporate strategic objectives. Our SMICP focuses on financial and operating performance over a one-year period while our LTIP is focused on multi-year performance. Similarly, the goals of individual NEOs, including our CEO, place a high value on strategic initiatives, long-range planning and operational excellence. While the impact of this approach may not necessarily be seen in any single year, over time the actual value of compensation, especially equity grants, should reflect our Company's performance.

Our ability to effectively compete and reliably serve our customers, while adjusting to evolving industry and market factors is to a great degree dependent on our ability to appropriately attract, retain and reward senior executives. When we establish performance targets, we consider internal and external factors and set stretch goals to reflect an appropriate degree of difficulty. Our incentive compensation payouts are determined based on measures that align CEO and NEO compensation with stockholder interests, as EPS, TSR and ROIC are used in calculating the amounts. Although these are important components for evaluating pay for performance, we do not believe it is particularly meaningful to merely compare EPS or Common Stock price at year-end with CEO and NEO reported compensation. For example, a meaningful pay for performance analysis entails more than a mere comparison of year-end quantitative measures such as TSR to compensation as reported. Among other things, the reported compensation, in particular the equity compensation shown in the tables in the Proxy Statement, is based on an accounting valuation of targeted future payouts. These could differ significantly from what is ultimately earned by the executives depending on actual results of the performance measures and the value of equity awards at the time they are earned, if at all. The O&CC considers these factors when it assesses the pay for performance relationship.

As part of our pay for performance review during 2013, the O&CC considered relative financial performance data comparing us to those companies in our peer group for whom data was available, as discussed further below. With the assistance of CAP, we analyzed key performance metrics and compensation for 2012, the most recent year for which data was available. Included in the metrics were operating income margin, EPS growth, return on capital and TSR. The total cash compensation included base salary and SMICP and the total direct compensation included those two items plus the grant date fair value of LTIP awards, all of which are reported in our 2013 Summary Compensation Table. These performance metrics were broader than the measures we use in determining award payouts under the SMICP and LTIP. We believe they provide a more expansive view of our relative performance.

Viewing performance in this broad context, we believe the total compensation paid to senior executives and as structured for future payouts has achieved the desired results. In general, our delivered performance in 2013, relative to the degree of difficulty, was aligned with our pre-set goals and our business plan. We believe that our financial results reflect the current industry and Company circumstances as well as the continued focus of our CEO and NEOs on strategic responses and operational efficiencies to optimize earnings and returns while positioning us for continued success. In evaluating the compensation of the NEOs and in particular the CEO, we assessed the amount relative to the performance delivered and continue to conclude the two are aligned.

As a result of the continued focus on operational excellence, financial strength and disciplined investment, our management team has effectively responded to challenging conditions.

We will continue to focus on strong management of operations, including generation capacity and utility reliability, pursuit of new investments, strengthening our relationships with key stakeholders, sustained advocacy for competitive markets, adequate rate treatment and cost recovery and environmentally responsible rules. Our success will depend upon our ability to maintain strong operational and financial performance and appropriately invest in growth opportunities in a difficult economy and cost-constrained environment, amidst continued low natural gas and power prices, reduced demand, threats to competitive markets and more stringent environmental controls. We believe that our executive compensation programs reward and create incentives for our executives, from whom we expect superior performance, to meet these challenges now and in the future. We have made decisions with regard to executive compensation based on individual and business performance and the value of the individual to our Company, including long-term incentive awards that may be earned and/or whose value will be based upon future performance.

If you would like additional information about our 2013 performance, including our financial statements and a more complete description of our business, please see our Form 10-K.

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Peer Group

Attracting and retaining top talent requires paying competitive compensation. We evaluate and set executive compensation to be competitive within an identified peer group which was developed to reflect similarly-sized energy companies with comparable businesses. We believe that these companies appropriately reflect the landscape of our industry and the market in which we compete for talent. We have included regulated utilities, independent power producers, merchant generators and combined holding companies such as us. We have attempted to include a broad enough group to provide diversity for balanced comparison while selecting only those we think are sufficiently similar to provide a meaningful benchmark.

We consider Base Salary, Total Cash Compensation (base salary plus target annual incentive) and Total Direct Compensation (base salary plus target annual incentive plus target long-term incentive) as the elements of compensation within the peer group for purposes of benchmarking and assessing the market from which we draw executive talent as well as with whom we compete for investor capital. Each year, we re-evaluate the peer group to assess its continuing appropriateness. Effective for 2014, we added NiSource Inc., Northeast Utilities, NRG Energy Inc. and Pepco Holdings Inc., which more closely aligns us to the peer median in revenue, consistent with our compensation philosophy of targeting the median.

The 2013 peer group was used as a reference point for setting pay levels at the end of 2012 for 2013. The 2014 peer group was used for setting salaries for 2014 at the end of 2013 and will be used for all other 2014 pay decisions. The O&CC targets the median (50th percentile) of the peer group for positions comparable to those of our officers for Total Direct Compensation. The peer group is also used for comparison in assessing our performance under our LTIP as well as an overall validation of the alignment between pay and performance.

Pay Governance LLC assists in analyzing the annual Towers Watson Energy Services Executive Compensation Survey–U.S. assessment of the market using the peer companies. We use the peer group data to the extent each position is reported in the survey data. CAP also reviews the outcome of the competitive assessment. As shown below, based on the most recently available data, as provided by CAP, our revenue and market capitalization were below the median, while our net income exceeded the median.

2013 Peer Group			
Company Name	**2012 Revenue**	**2012 Net Income**	**Market Cap at 12/31/12**
	($Millions)	*($Millions)*	*($Millions)*
Ameren Corporation	6,828	(974)	7,454
American Electric Power Company, Inc.	14,945	1,259	20,710
Consolidated Edison, Inc.	12,188	1,141	16,266
Dominion Resources, Inc.	13,093	302	29,765
DTE Energy Company	8,791	610	10,333
Duke Energy Corporation	19,624	1,768	44,931
Edison International	11,862	(92)	14,723
Entergy Corporation	10,302	868	11,330
Exelon Corporation	23,489	1,160	25,406
FirstEnergy Corp.	15,320	770	17,465
NextEra Energy, Inc.	14,256	1,911	29,282
PG&E Corporation	15,040	816	17,277
PPL Corporation	12,189	1,526	16,654
Sempra Energy	9,647	865	17,157
Southern Company	16,537	2,415	37,420
Xcel Energy Inc.	10,128	905	13,024
	2012 Revenue	**2012 Net Income**	**Market Cap at 12/31/12**
	($Millions)	*($Millions)*	*($Millions)*
PSEG	9,781	1,275	15,481
Peer Group 75th Percentile	15,110	1,326	26,375
Peer Group Median	12,641	887	17,217
Peer Group 25th Percentile	10,259	730	14,299

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Compensation Benchmark

The data used for the comparisons below are from the most recent data available for the companies in the 2013 peer group shown above. The O&CC considers a range of approximately +/- 20% of the 50th percentile of comparable positions to be within the competitive median.

Base salary, target Total Cash Compensation and target Total Direct Compensation of each of the NEOs included in this Proxy Statement as a percentage of the comparative median benchmark levels of the peer group are noted below. Decisions on salary and other pay elements, except the LTIP, are typically made at the O&CC meeting each December. Below is each executive's market positioning as of the time those decisions were made:

% of Comparative Median Benchmark Levels (2013)						
	Izzo (%)	Dorsa (%)	Levis (%)	Mehrberg (%)	Bouknight (%)	LaRossa (%)
Base Salary	89	96	104	N/A	103	114
Total Cash Compensation	98	96	104	N/A	106	118
Total Direct Compensation	113	97	108	N/A	100	120

The target LTIP award that is included in Total Direct Compensation was determined by the O&CC in February 2013. The O&CC kept the same annual incentive target for the NEOs, except for Mr. Izzo whose target was reduced from 125% to 120%, as discussed below. For Total Direct Compensation, we included the salaries and bonus targets that were approved in December 2012 and effective for 2013. For Mr. Mehrberg, due to the uniqueness of his role in having multiple responsibilities, we were unable to identify relevant market data. It was difficult to precisely benchmark Mr. Mehrberg's compensation because of his diverse duties. We could not identify any directly comparable position within the reported peer group data available to us of a senior executive with two or more manager staff functions that also had additional operational responsibilities. We compared Mr. Mehrberg's position to one encompassing his administrative staff duties and added an amount to reflect expanded duties in order to align Mr. Mehrberg's compensation with our other senior executives for internal equity within that group. Each NEO's Total Direct Compensation was within +/-20% of the median, which is consistent with our philosophy.

Pay Mix

The final element of our compensation philosophy is a consideration of the total mix of pay. The O&CC believes that Total Direct Compensation is a better measure for evaluating executive compensation than focusing on each of the elements individually and it does not set a formula to determine the mix of the various elements. The mix of base salary and annual cash incentive for each of the executive positions is surveyed from the peer group. The reported pay structure from the competitive analysis is used as a general guideline in determining the appropriate mix of compensation among base salary, annual and long-term incentive compensation opportunity. However, we also consider that the majority of a senior executive's compensation should be performance-based and the more senior an executive is in the organization, the more his/her pay should be oriented toward long-term compensation.

The mix of base salary, target annual cash incentive and long-term incentives for 2013 are presented below for the CEO as well as for the other NEOs. We have also provided a comparison of the targeted pay mix to that of the peer group.

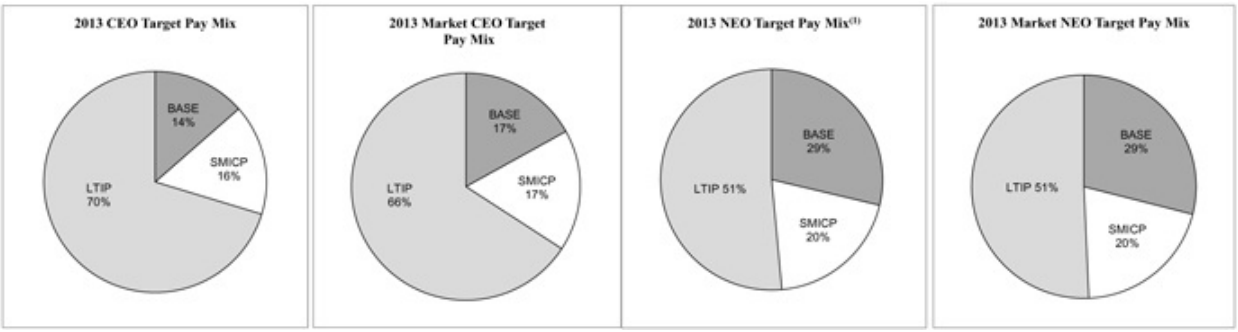

(1) Excludes the CEO and, as explained above, Mr. Mehrberg

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Elements of Executive Compensation

The main components of our executive compensation program, including those for our NEOs, are set forth in the following table. A more detailed description is provided in the respective sections below.

Compensation Element	Description	Objective
Base Salary	Fixed cash compensation	Provides compensation for the executive to perform his/her job functions Assists with recruitment and retention
Annual Cash Incentive	Paid each year if warranted by performance, based on a percentage of base salary Opportunity to earn between zero and 150% of target, measured by financial and operating performance of the business, with up to 200% for exceptional individual performance Metrics and goals (typically earnings, operational and other) are established at the beginning of each year and the payout is made based on performance	Intended to reward for driving best-in-class operating and financial results over a one-year timeframe Creates a direct connection between business success and financial reward Provides strong line of sight by recognizing exceptional individual performance.
Long-Term Incentives (See Table under LTIP)	Performance Share Units provide the opportunity to earn from zero to 200% of target at the end of the three - year performance period Restricted Stock Units generally vest at the end of three years	Rewards strong financial and stock price performance Provides for strong alignment with stockholders Assists with retention Intended to reward for driving financial results over a multi-year time frame
Retirement Plans	Defined benefit pension plans Defined contribution 401(k) plan with a partial Company matching contribution Supplemental retirement benefits for certain employees beyond qualified plan benefits, in view of IRS limits	Provides retirement income in recognition of length of service Assists with recruitment and retention
Deferred Compensation Plans	Permits participants to defer receipt of a portion of cash and equity compensation	Provides participants with the opportunity to more effectively manage their taxes Assists with retention
Post-Employment Benefits	Severance and change-in-control benefits	Assures the continuing performance of executives in the face of a possible termination of employment without cause Assists with retention
Other Benefits	Health and welfare programs Limited perquisites	To be competitive with peer companies Aids safety and efficiency Assists with recruitment and retention

CEO Compensation

Mr. Izzo's compensation is designed to position his total pay around the median of the market. Mr. Izzo has demonstrated strong performance over his tenure as CEO and the O&CC believes this arrangement is appropriate. The changes to the key terms of Mr. Izzo's compensation in 2013 were as follows:

- **Base Salary***:* The median salary for a CEO in the peer group is approximately $1.2 million. In view of his performance during his tenure as CEO, the O&CC has intended to position Mr. Izzo's salary at approximately the median of the peer group. Although Mr. Izzo requested that he not receive an increase that would bring him to the median, the O&CC increased Mr. Izzo's salary by $30,000 to $1.1 million for 2013. It took this action to better position the CEO relative to peers as it felt that paying a salary that was more than 20% below median to a CEO who has delivered strong results was not in the best interest of the Company and its stockholders.
- **Annual Cash Incentive***:* The CEO's annual incentive target for 2013 was reduced to 120% of salary, in light of his salary increase noted above. Taken together, this positioned the CEO's target cash compensation at approximately the market median.

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- **Long-term Incentive***:* The CEO's grant of long-term incentive (in February 2013) was equal to $5,725,000 million, which, when combined with the CEO's salary and target bonus, positioned his total direct compensation for 2013 at 113% of the market median. The long-term incentive opportunity target level was determined so as to put a greater emphasis on long-term compensation for the CEO which is at risk based on performance. Consistent with our pay for performance approach, we believe this appropriately focuses him on the long-term success of the organization and driving stockholder value.

The CEO's compensation level is reflected above in the competitive positioning detailed in Total Direct Compensation. After meeting in executive session, without the CEO present, the O&CC determined CEO compensation in consultation with all the independent directors.

Mr. Izzo's salary, annual cash incentive and long-term incentive exceed that of the other NEOs due to his greater level of duties and responsibilities as the principal executive officer to whom the other NEOs report, and whom the Board holds fully accountable for the execution of corporate business plans.

Further detail regarding the CEO's compensation is set forth below.

Base Salary

As the reference point for competitive base salaries, the O&CC considers the median of base salaries provided to executives in the peer group who have duties and responsibilities similar to those of our executive officers. The O&CC also considers the executive's current salary and makes adjustments based principally on individual performance, including achievement of targets, and experience. Each NEO's base salary level is reviewed annually by the O&CC using a budget it establishes for merit increases and salary survey data provided by Pay Governance and reviewed by CAP. For 2013, the O&CC set the merit increase budget at 3.0%.

The NEOs' individual performance and, other than the CEO, his/her business unit's performance are considered in setting salaries. Base salaries for satisfactory performance are targeted at the median of the relevant competitive benchmark data.

The O&CC considers base salaries and salary adjustments for individual NEOs, other than the CEO, based on:

- **Recommendations of the CEO**: considering the respective NEO's level of responsibilities, experience in position, sustained performance over time, results during the immediately preceding year and the pay in relation to the benchmark median.
- **Performance metrics**: as reflected in the CEOs recommendations, including achievement of financial targets, safety and operational results, customer satisfaction, regulatory outcomes and other factors.
- **Additional factors**: leadership ability, managerial skills and other personal aptitudes and attributes. Salaries for the NEOs for 2013 were approved at the December 2012 meeting of the O&CC. Salaries for 2014 were approved by the O&CC in December 2013. These amounts are shown in the table below. For each of these years, salary decisions were based on each NEO's performance and appropriate alignment with the peer group. For 2014, the increases for Messrs. Levis and LaRossa also reflect significant emphasis by the O&CC on internal pay equity considerations. Those two individuals have critical management responsibilities for our two largest operating subsidiaries, Power and PSE&G, respectively. In addition, the increase for Mr. LaRossa reflects his added duties as Chairman of the Board of PSEG LI:

NEO	Base Salary 2013 ($)	Base Salary 2014 ($)
Ralph Izzo	1,100,000	1,100,000
Caroline Dorsa	619,500	650,000
William Levis	566,500	650,000
Randall E. Mehrberg (1)	561,400	N/A
J.A. Bouknight, Jr.	545,900	545,900
Ralph A. LaRossa	500,000	625,000

(1) Mr. Mehrberg retired in December 2013

Annual Cash Incentive Compensation

The SMICP was approved by stockholders in 2002. It is an annual cash incentive compensation program for our most senior officers, including the NEOs. To support the performance-based objectives of our compensation program, corporate and business unit goals and measures are established each year based on factors deemed necessary to achieve our financial and non-financial business objectives. The corporate-level goals and those for the CEO are developed by the O&CC with input from the entire Board. The goals and measures are established by the CEO for the NEOs reporting to him, and for each other participant by the individual to whom he or she reports.

The SMICP sets a maximum award fund in any year of 2.5% of net income. The formula for calculating the maximum award fund for any plan year was determined at the time of plan adoption by reference to, among other things, similar award funds used by other companies and a review of executive compensation practices designed to address compliance with the requirements of Internal Revenue Code (IRC)

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Section 162(m), which, as explained below, limits the federal income tax deduction for compensation in excess of certain amounts. If appropriate, the Board will recommend for stockholder approval any material changes to the SMICP required to align the plan with our compensation objectives.

The CEO's maximum award cannot exceed 10% of the award fund. The maximum award for each other participant cannot exceed 90% of the award fund divided by the number of participants, other than the CEO, for that year. For 2013 performance under the SMICP, these limits were $31,075,000 for the total award pool, $3,107,500 for the CEO's maximum award and $2,330,625 for each other participant's maximum award. Of the total award pool, $6,303,500 was awarded.

Subject to the overall maximums stated above, NEOs are eligible for annual incentive compensation. The beginning point in the process is a calculation based on a combination of the achievement of individual performance goals and business/employer performance goals, as well as overall corporate performance, as measured by the Corporate Factor. The Corporate Factor for 2013 was EPS from Continuing Operations. We believe sustained EPS is a significant driver of stockholder value and provides line-of-sight over a one-year period between individual actions of executives and company performance. For the business units, we used operating earnings, which for Power excluded from Income from Continuing Operations gains or losses associated with our nuclear decommissioning trust, mark-to-market accounting and Superstorm Sandy costs and the impact of certain assets transferred to Power at year-end, adjusted for interest variances from the business plan, and which for PSE&G were adjusted for interest variances from the business plan.

For 2013, the O&CC kept the same annual incentive targets for the NEOs, except for Mr. Izzo, as discussed above.

We maintained the same overall annual incentive structure as we have had for the last several years as we believe it supports our objectives of rewarding strong financial performance driven by operational excellence. We believe that through outstanding operations we can deliver the greatest long-term financial returns to our stockholders. The maximum result of this calculation is a comparative performance of 1.5. The corporate factor in 2013 could range from zero to 1.5 based on pre-determined EPS goals. The payout factor and related targets for 2013 are illustrated below. If the actual EPS is between the points shown below, the Corporate Payout Factor is determined using linear interpolation. In addition, Messrs. Levis, Mehrberg and LaRossa had business unit (BU) earnings and multiple BU scorecard (financial, operational and strategic) metrics and goals. Ms. Dorsa and Mr. Bouknight each had multiple BU scorecard metrics and goals. All participants had strategic metrics and goals: for Mr. Izzo, operational excellence, financial strength and disciplined investment; for Ms. Dorsa and Messrs. Levis, Mehrberg, Bouknight and LaRossa, employee engagement. Each factor is multiplied by the respective individual's weighting shown below. An illustration of the plan mechanics is provided below, which when added together results in an individual's payout as a percent of target incentive. The total payout is generally capped at 150% of target, increased to 200% for exceptional individual performance.

Weighting x Corporate EPS (0-150%)	+	Weighting x BU Earnings (0-150%)	+	Weighting x BU Scorecard (0-150%)	+	Weighting x Strategic Goals (0-150%)

The corporate performance goal targets and payout factors at each target performance level for 2013 are set forth below:

EPS from Continuing Operations ($)	Corporate Payout Factor (#)
< 2.13	0.00
2.13	0.50
2.24	1.00
2.38	1.50

The respective business unit performance goal targets and payout factors at each target performance level for 2013 for Power and PSE&G are set forth below:

Adjusted Operating Earnings		
Power ($Millions)	PSE&G ($Millions)	Payout Factor (#)
< 533.7	< 576.2	0.00
533.7	576.2	0.50
559.8	604.3	1.00
593.0	640.2	1.50

For Energy Holdings, the business unit performance goal targets and payout factors are based on a four-factor formula tied to its year-end balance sheet values of owned and leased assets as compared to business plan target values. The four asset/lease categories are merchant energy leases (50%), global assets (10%), real estate investments (20%) and other assets (20%).

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The actual corporate and business unit results and corresponding payout factors for the performance levels achieved for 2013 are set forth below:

Factors	Actual Results ($)	Payout Factor (#)
Corporate EPS	2.45	1.50
	($Millions)	
Power	689.7	1.50
PSE&G	609.4	1.07
Holdings	N/A	1.37

Each factor (corporate earnings, BU earnings, BU scorecard and strategic goals) is weighted based on an executive's role, with the intention of balancing business unit and individual performance with corporate performance. The weighting for each of the NEOs for 2013 is detailed below, together with the actual achievement factor attained in 2013:

NEO	Weight and Payout Factor	Corporate EPS	BU Earnings	BU Scorecard	Corporate Strategic Goals	Overall Achievement Factor
Ralph Izzo	*Weight*	75%	-	-	25%	
	Achievement	1.50	-	-	1.16	1.42
Caroline Dorsa	*Weight*	75%	-	15%	10%	
	Achievement	1.50	-	0.92	1.00	1.36
William Levis	*Weight*	60%	15%	15%	10%	
	Achievement	1.50	1.50	1.33	1.00	1.43
Randall E. Mehrberg	*Weight*	60%	15%	15%	10%	
	Achievement	1.50	1.37	1.07	1.00	1.37
J.A. Bouknight, Jr.	*Weight*	75%	-	15%	10%	
	Achievement	1.50	-	1.18	1.00	1.40
Ralph A. LaRossa	*Weight*	60%	15%	15%	10%	
	Achievement	1.50	1.07	1.28	1.00	1.35

The final step in the process is for the O&CC to make an overall judgment as to the appropriate payout levels for each NEO taking into account the overall achievement factors along with other less quantifiable considerations, such as leadership and success in adapting to a changing external environment and the recommendations of the CEO.

The SMICP awards of the NEOs for 2013 are shown below and in the 2013 Summary Compensation Table. The O&CC made its determinations regarding SMICP awards for the 2013 performance year in February 2014, for payment that month. Based upon the executive's overall achievement factor, his/her current base salary and target annual incentive opportunity and any O&CC modifications, if applicable, each earned the following payout for 2013, as to which we also show the percent relative to salary:

NEO	Base Salary ($)	Target Annual Incentive Percentage (%)	Target Annual Incentive Dollars ($)	Overall Achievement Factor (#)	Modification (if applicable)	Payout Earned[1] ($)	Percent of Salary (%)
Ralph Izzo	1,100,000	120	1,320,000	1.42	-	1,874,400	170.4
Caroline Dorsa	619,500	70	433,700	1.36	-	589,800	95.2
William Levis	566,500	75	424,900	1.43	-	607,600	107.3
Randall E. Mehrberg [2]	561,400	70	393,000	1.37	-	495,400	88.2
J.A. Bouknight, Jr.	545,900	65	354,800	1.40	-	496,700	91.0
Ralph A. LaRossa	500,000	65	325,000	1.35	-	438,800	87.8

(1) Reflects rounding.
(2) Amount of payout earned was prorated in light of Mr. Mehrberg's retirement in December 2013.

The O&CC believes that the 2013 goals established for the NEOs provided the appropriate degree of difficulty, based upon the overall economic environment and that the final award determinations are appropriate. It made no discretionary modifications. To ensure that pay and performance are aligned, the O&CC, with the assistance of CAP, assesses whether the payouts that are earned by the NEOs are consistent with our performance relative to peers.

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Long-Term Incentive Compensation

NEOs, other officers as determined by the Committee and other key employees, as selected by the CEO within guidelines established by the O&CC, are eligible to participate in the LTIP. This plan is designed to attract and retain qualified personnel for positions of substantial responsibility, motivate participants toward achievement of long-range corporate goals, provide incentive compensation opportunities that are competitive with those of companies with whom we compete for talent and align participants' interests with those of stockholders.

The LTIP, as amended and restated, was approved by our stockholders at the 2013 Annual Meeting. There was no increase in the number of shares authorized to be issued thereunder. The LTIP provides for different forms of equity awards: restricted stock, restricted stock units, performance share units and stock options. The maximum number of shares that may be awarded under grants to any one individual under the LTIP is 500,000 during any calendar year. In general, since 2010, we have been granting performance share units and restricted stock units; however, some recipients of prior year LTIP awards still hold stock options that have not expired. The LTIP prohibits the repricing of stock options and the buy-out by us of underwater stock options for cash.

In recent years, our LTIP grants have consisted of the following:

Compensation Element	Description	Objective
Performance Share Units	Right to receive full value shares that are earned based upon independent metrics measured over a three-year period: TSR relative to peers (rewarding management when we deliver value to stockholders in excess of our peers) ROIC against our internal goals (rewarding management for effective deployment of capital) Participants have the opportunity to earn from zero to 200% of their target award based on performance Dividend equivalents are accrued as declared and paid on earned shares	Rewards for strong financial and stock price performance over a longer time frame than annual rewards Full value shares assist with retention
Restricted Stock Units	Right to receive shares of full value stock at vesting dates Generally, cliff vest at the end of three years Dividend equivalents are accrued as declared and paid when underlying shares vest	Serves as retention device as recipient must remain an employee through vesting dates to earn payout

The CEO develops recommendations for LTIP awards for each NEO, with the exception of himself and submits these recommendations to the O&CC for approval. Factors that are considered in the determination of award amounts are:

- The competitive market as defined by the peer group, which in general is targeted around median;
- An individual's role and responsibilities within the Company;
- Contribution of the executive; and
- How critical the role is to the organization and need to retain the individual.

In general, when making LTIP grants, the O&CC's determinations are made independently from any consideration of the individual's prior LTIP awards. With respect to the CEO, the O&CC develops a recommended award opportunity in consultation with CAP and submits the proposal to the Board. The value of an executive's current holdings is not a consideration, though it is reviewed periodically by the O&CC. Beginning in 2012, grants are typically being made each February. Previously, the grants were made in December.

In previous years, restricted stock awards were made. Generally, these restricted stock awards vested one-fourth annually as determined at the time of grant. Recipients of restricted stock awards have full voting rights and receive dividends at the regular dividend rate and are paid on each regular dividend date.

Generally, unvested shares of restricted stock and unvested restricted stock units vest pro-rata if retirement occurs within one year of the grant and thereafter according to the original vesting schedule. Generally, unvested restricted stock is forfeited upon resignation but is paid upon an involuntary termination of employment without cause, while unvested restricted stock units are forfeited upon resignation or involuntary termination of employment.

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Performance share units are denominated in shares of Common Stock and are subject to achievement of certain performance goals over a three-year period and are payable as determined by us in shares of our Common Stock or cash. Generally, performance share units are prorated upon retirement or involuntary termination without cause and are forfeited upon a voluntary termination.

Performance Share Unit Payouts on Prior Years' Awards for Performance Period Ended December 31, 2013

LTIP awards of performance share units made in December 2010 were reported in our 2011 Proxy Statement at fair value at the time of the grants. These performance share unit grants were subject to the achievement of goals related to TSR and ROIC over a three-year performance period ended December 31, 2013. Based on the performance results for that period, in 2014, Messrs. Izzo, Levis, Mehrberg, Bouknight and LaRossa and Ms. Dorsa received payment of shares of our Common Stock equal to 75% (see table below) of the grant target amounts.

Each metric is independent and equally weighted (i.e., 50% each). TSR relative to the peer group was selected as it provides alignment with our stockholders and provides the incentive to deliver a return to stockholders greater than that of our peers. ROIC was used to ensure that we are effectively using our capital base. Based upon performance relative to the peer group on TSR and three-year average ROIC vs. our internal goals, executives can earn a stock award of between zero and 200% of their target. We believe that the ROIC goal represents a significant degree of difficulty. We determine ROIC by dividing Income from Continuing Operations (adjusted for certain interest expense) by debt and equity (adjusted for securitized debt and cash).

Recipients will receive 100% of their grant amount if:

- For the three-year performance period TSR places us in the 50th percentile of the peer group; and
- Our ROIC for the three-year performance period meets a pre-set target based on our business plan.

Payment, if any, is made early in the year following that end of the performance period, once results are reviewed and approved by the O&CC. Dividend equivalents are accrued over the performance period and paid in shares of Common Stock in relation to the number of shares earned based on results for the performance period. Upon retirement, death or disability, performance share units are prorated for each month of service during the performance period and paid following the end of the period based on actual performance.

For these grants, the performance schedule for relative TSR, which can earn an individual 50% of the performance share unit award, is detailed below:

TSR Performance vs. Peers (1)	Percent Payout Factor for TSR Component
Below 35th Percentile	0%
35th Percentile	25%
50th Percentile	100%
75th Percentile	200%

(1) Beginning with grants made in 2012, TSR performance will be measured by comparing our numerical ranking among peer group companies in respect to the TSR performance component.

For these grants, the performance schedule for relative ROIC, which can earn an individual 50% of the performance share unit award, is detailed below:

	3 Year Average ROIC Target				
	2011	2012	2013	3 Yr Average	Payout%(1)
Maximum (115% of Goal)				9.3%	200
Target	8.5%	7.7%	8.0%	8.1%	100
Threshold (85% of Goal)				6.9%	25

(1) Payout % above and below target will be interpolated based on the three-year average.

Actual results of the three-year period ended December 31, 2013 were:

Actual Results		Payout
TSR Ranking: 11th of 15 Peer Companies	28.6% Percentile	0%
ROIC Actual 3-year Average: 8.7%		150%
Overall Performance Share Units		75%

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Based on these results, participants earned a performance share unit payout of 75%. The dollar amount of each payment, made in shares of our Common Stock, is shown below, calculated using the average of the high and low price of our Common Stock on February 18, 2014, $34.90.

NEO	Performance Share Units Granted (#)	Performance Share Units Earned (#) (1)	Performance Share Units Payout ($) (1)
Ralph Izzo	100,900	86,220	3,009,078
Caroline Dorsa	18,050	15,424	538,298
William Levis	18,050	15,424	538,298
Randall E. Mehrberg	16,300	13,929	486,122
J.A Bouknight, Jr.	14,550	12,433	433,912
Ralph A. LaRossa (2)	43,900	37,513	1,309,204

(1) Performance share units earned and market value reflect rounding. Includes accrued dividend equivalents earned.

(2) Includes a 29,350 retention grant with a payout of 25,080 units.

These amounts are reported in the Option Exercises and Stock Vested During 2013 Table below.

2013 Grants

The structure of the long-term incentive is consistent with the prior grants as described above, in the form of 60% performance share units and 40% restricted stock units vesting at the end of three years. The mix between performance share units and restricted stock units was determined based on our desire to provide the majority of long-term incentives in a performance-based vehicle while providing for strong retention during a challenging period in the industry. The greater emphasis on performance share units places more of our NEOs' potential compensation payouts at risk. Grants are typically made each February.

The amounts approved in February 2013 for the NEOs are shown in the 2013 Grants of Plan-Based Awards Table. These awards are also reported in the Summary Compensation Table at the grant date fair value. Payouts, if any, will be based on the same performance measures and goals discussed above with respect to payments made on prior years' awards and will be disclosed when the applicable performance period is completed.

In 2013, we submitted our LTIP to stockholders for approval at the Annual Meeting. The dollar amount and corresponding number of shares to be granted was determined by the O&CC in February. However, in order for 2013 grants to be eligible for the federal income tax deduction under the applicable limit, as described below in Accounting and Tax Implications, the annual grants for all of the NEOs (except Ms. Dorsa, to whom the tax deduction limit was not applicable, as noted below) were made in April, following receipt of stockholder approval. Since the market price of our Common Stock was higher in April than in February, the grant date fair value reported in the Summary Compensation Table is higher than the price used by the O&CC when determining the amount of the award in February, as reported in the 2013 Grants of Plans Based Awards Table. In addition, Mr. Levis received a grant in February 2013 pursuant to a prior determination of the O&CC with regard to his retention.

Retirement Benefits

We provide certain qualified retirement benefits under the Pension Plan of PSEG (Pension Plan) and the Cash Balance Pension Plan of PSEG (Cash Balance Plan) to maintain practices that are competitive with companies in the energy services industry with which we compete for executive talent. Participation depends upon the date of hire of the individual. Messrs. Izzo and LaRossa participate in the Pension Plan as they each began employment before January 1, 1996. Each of the other NEOs participates in the Cash Balance Plan as they were hired after that date.

In addition to the qualified plans, we provide certain limited nonqualified retirement benefits under the Retirement Income Reinstatement Plan (Reinstatement Plan) and the Supplemental Executive Retirement Income Plan (Supplemental Plan). We maintain these supplemental plans to provide competitive retirement benefits. Our supplemental executive retirement plans were adopted to assist in the recruitment and retention of key employees.

- The Reinstatement Plan is an unfunded retirement plan that provides retirement benefits that would have been paid under our qualified retirement plans but for the limitations of the IRC which caps the amount of an employee's compensation that may be considered for qualified plan purposes. All employees who are affected by the compensation limit are eligible to participate in this plan. SMICP amounts are also included in computing benefits under this plan.
- The Supplemental Plan is an unfunded retirement benefit plan that provides supplemental limited retirement and death benefits to

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participants nominated by the CEO and designated by our Employee Benefits Policy Committee. It also provides retirement benefits based upon additional credited years of service for prior allied professional or industrial experience to employees selected by the CEO. The plan is primarily used as a recruitment and retention tool. In 2011, the O&CC decided that we will no longer

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provide any additional years of credited service under the Supplemental Plan to individuals not previously provided with that benefit.

All of our NEOs participate in the Reinstatement Plan. Messrs. Izzo, Levis, LaRossa and Mehrberg participate in the additional limited provisions of the Supplemental Plan. Ms. Dorsa will be eligible to participate in the additional limited provisions of the Supplemental Plan in accordance with her employment agreement. As described in the Pension Benefits Table, as part of their promotion and hiring, Mr. Izzo and Ms. Dorsa, respectively, are eligible to receive additional years of credited service under certain circumstances.

Additional information is provided in the Pension Benefits Table and the accompanying narrative, below.

We also maintain a defined contribution 401(k) Plan and provide a partial employer matching contribution for 401(k) Plan participants.

Deferred Compensation Plans

We offer a deferred compensation plan to our officers, including the NEOs, so they can more effectively manage their personal tax obligations. Participants may elect to defer all or any portion of their cash compensation and may choose from among several different investment options based upon the choices available in our 401(k) Plan, as well as a market-based rate of Prime plus 1/2%, capped at 120% of the applicable federal long-term rate.

We also have a plan to permit deferral of equity compensation. Generally, the election to defer shares underlying an equity award must be made before the services giving rise to the equity award are performed. Deferred shares are held in a Rabbi Trust.

Additional details about these deferred compensation plans are provided in the descriptions following the Non-Qualified Deferred Compensation Table.

Severance and Change-in-Control Benefits

We provide severance benefits in the event of certain employment terminations. These benefits are available to officers, including the NEOs, in order to be competitive with the companies in our industry and provide a level of financial security to the executive in periods of uncertainty in the event of a termination without cause. All of our NEOs participate in our Key Executive Severance Plan. Mr. Izzo is also eligible for certain other severance benefits.

We provide severance benefits upon a change-in-control to officers, including the NEOs. A change-in-control is by its nature disruptive to an organization and its executives. Such executives are frequently key players in the success of organizational change. To assure the continuing performance of such executives and maintain stability and continuity in the face of a possible termination of employment in the event of a change-in-control, we provide a competitive severance package. In addition, some executives, who may be key parties to such transaction, may have their employment terminated following its completion. A severance plan with benefits applicable upon a change-in-control is an important element for attracting and retaining key executives in a marketplace where such protection is common.

In 2013, we reduced the amount payable with respect to one of the components of our Key Executive Severance Plan. New or promoted eligible participants will receive an amount equal to two times, rather than three times, the sum of his/her salary and target incentive bonus if he/she is terminated without cause or resigns for good reason within two years after a change-in-control.

Neither our Key Executive Severance Plan nor Mr. Izzo's severance agreement provide for gross-up payments from us in the event that any NEO or other participant is subject to an excise tax related to receipt of a change-in-control payment. Both the Key Executive Severance Plan and Mr. Izzo's severance agreement include a "double-trigger" provision on benefits, which are paid only in the event of termination of employment following a change-in-control. Performance share payments, if any, are prorated.

Severance and change-in-control benefits are described under Potential Payments Upon Termination of Employment or Change-in-Control below.

Perquisites

We provide certain perquisites that we believe are reasonably within compensation practices of our peers or provide benefit to us, such as providing an appropriate degree of personal security to executives with a high public profile and allowing the executive to be productive while commuting. These include automobile use (and for the CEO, a driver), stipend or car service, reimbursement of relocation expenses, annual physical examinations, limited personal and spousal travel, including use of aircraft (in accordance with the policy we have established and with CEO approval), home security, charitable contributions on behalf of the individual and limited personal entertainment. These perquisites are described in the 2013 Summary Compensation Table, as applicable.

We do not provide a tax gross-up of personal benefit amounts deemed to be taxable income under federal or state income tax laws and regulations, except for certain relocation expenses, primarily in the case of newly-hired executives.

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Executive Compensation Governance Features and Controls

Independent Compensation Consultant

The O&CC has retained CAP to provide information, analyses and advice regarding executive and director compensation, as described in this Proxy Statement. CAP reports directly to the O&CC and the O&CC has established procedures that it considers adequate to ensure that CAP's advice is objective and not influenced by management. These procedures include an agreement specifying what information can and cannot be shared with management. In addition, CAP regularly meets with the O&CC in executive session, without the presence of management. CAP provides only executive compensation consulting services.

At the O&CC's direction, CAP provided the following services:

- Evaluated the competitive positioning of our NEOs' base salaries, annual incentive and long-term incentive compensation relative to our peers and compensation philosophy;
- Advised the O&CC on CEO and other NEO target award levels within the annual and long-term incentive programs;
- Reviewed our annual and long-term incentive programs to ensure they continue to be aligned with our philosophy, drive performance and consider market practices;
- Briefed the O&CC on executive compensation trends among our peers and broader industry and compared them to our current practices;
- Analyzed the results of the stockholder advisory say-on-pay vote;
- Informed the O&CC on changes in the regulatory environment as they relate to executive compensation;
- Reviewed the composition of our Peer Group;
- Advised the O&CC on the performance measures and performance targets for the annual and long-term incentive programs and advised on the payout leverage (the extent of the pay opportunity and the degree of difficulty) for the plans;
- Presented a CEO compensation proposal to the O&CC;
- Reviewed our total share usage and "burn rate" for the LTIP;
- Conducted an assessment to determine whether any elements of our employee compensation programs encourage the taking of excessive risk;
- Advised on issues related to shareholder advisory groups;
- Validated the pay for performance alignment of the compensation programs including considering the realizable pay for the CEO;
- Evaluated our share ownership guidelines relative to our peers and broader industry;
- Assessed the competitiveness of director compensation for the Corporate Governance Committee; and
- Reviewed and commented on this CD&A.

In the course of conducting its activities, CAP attended four meetings of the O&CC in 2013 and presented its findings and recommendations for discussion.

Management also retains a compensation consultant, Pay Governance, to provide market compensation data for our officers, including the NEOs. This data is made available to CAP.

Compensation Risk Assessment

In 2013, CAP, in consultation with management reviewed our compensation programs to assess the potential of whether they encourage individuals to take excessive risks. The risk assessment included a full inventory of all incentive compensation plans in the organization, including their design, metrics, goals and operation and a review of business and operational risks. Our Vice President and Chief Risk Officer, as well as our internal compensation professionals under the supervision of our Senior Vice President–Human Resources, participated in this process. Management and CAP reviewed this assessment with the O&CC. In addition, final decisions regarding our executive compensation policies and programs, as well as specific approval of individual NEO compensation, are determined by the O&CC, all of whose members are independent of management and, as appropriate, the full Board, all of whose members, except our CEO, are independent of management. Based on this review, the O&CC determined that the programs do not create an incentive for individuals to take excessive risks which are reasonably likely to have an adverse effect on us. Factors considered include:

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Compensation Risk Assessment Factors

- There are strong governance processes and controls in place at the senior leadership levels under the oversight of the O&CC and, where appropriate, the full Board.
- We provide a balanced total compensation package that includes fixed compensation (e.g., salary and benefits) and at-risk compensation (e.g., annual and long-term incentive).
- There were no material changes to our incentive compensation plans since the original analysis in 2010.
- Long-term incentives vest over a multi-year timeframe.
- There are caps on the total amount of incentive compensation that can be earned.
- Multiple dimensions of performance are used in the incentive structure, including:
  - A balanced scorecard;
  - EPS for corporate financial performance;
  - Earnings for business unit performance; and
  - Key strategic and operational metrics that specifically address identified risks.
- We use performance share units, with payout determined by:
  - ROIC; and
  - TSR compared to peers.
- Incentive plan formulas, performance measures/goals and corresponding payment scales are reviewed by CAP and approved each year by the O&CC.
- We use a consistent incentive framework for the entire organization.
- Executives receive a significant portion of their compensation in the form of equity, which discourages them from making short-term decisions that may result in long-term harm to the organization.
- Our stock ownership and retention policy further discourages a short-term focus and, under our insider trading policy, all transactions in our Common Stock by officers need pre-clearance by the General Counsel's office.
- We have a recoupment (clawback) policy, requiring forfeiture or repayment of incentive amounts, resulting from misconduct, accounting restatement or breach of agreement.
- Our corporate culture demands the highest level of ethical behavior and requires all employees to take ethics training annually.
- We have policies in place to govern financial and enterprise risk, as discussed above in Risk Management Oversight.

Role of CEO

The CEO attends O&CC meetings, other than executive sessions. Other executive officers and internal compensation professionals may attend portions of O&CC meetings, as requested by the O&CC. The CEO recommends changes to the salaries of his direct reports (who include the NEOs). The CEO develops and the O&CC considers these recommendations in the context of the respective executives' individual performance, competitiveness of salary vs. peer group and internal equity among executives. The CEO recommends incentive compensation targets (expressed as a percentage of base salary) for the SMICP and LTIP grants for his direct reports as well as the associated goals, objectives and performance evaluations. The CEO participates in the O&CC's discussions of those recommendations.

The design and effectiveness of compensation policies and programs are reviewed by the CEO in conjunction with CAP, and periodically in light of general industry practices and in comparison to the peer group trends. The CEO also reviews such compensation matters with our internal compensation professionals. Recommendations for changes are made to the O&CC as deemed appropriate by the CEO. The O&CC believes that the role played by the CEO in this process is appropriate because the CEO is uniquely suited to evaluate the performance of his direct reports.

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Trading Pre-clearance

Under our Insider Trading Practice, all of our officers, including the NEOs, are required to obtain pre-clearance from the Office of the General Counsel prior to engaging in any transaction involving our Common Stock. In addition, our Insider Trading Practice does not permit any such transactions except during “open window” periods. These are limited times following the public release of earnings and disclosure of material information.

Hedging and Pledging

We have a policy which prohibits officers, including NEOs, from hedging, short-selling or pledging our Common Stock.

Clawbacks

We have adopted provisions that require a participant to forfeit any annual or long-term incentive grants and repay profits made on sales of LTIP shares if they are earned as a result of misconduct related to accounting restatements. LTIP grants and shares received on exercise of LTIP grants are also subject to clawback if the participant violates his/her non-compete, non-solicitation or confidentiality agreements. We anticipate adjusting the terms of our clawback policy as may be needed to comply with the Dodd-Frank Act once further guidance is released from the SEC.

Employment Agreements

We have entered into agreements with Messrs. Levis, Mehrberg and Bouknight and Ms. Dorsa and a severance agreement with Mr. Izzo. These are discussed following the Grants of Plan-Based Award Table below.

Stock Ownership and Retention Policy

In order to strengthen the alignment of the interests of management with those of stockholders, we have established a Stock Ownership and Retention Policy (Policy). Each officer must acquire a prescribed dollar amount of share ownership by January 1 following the fifth anniversary of the date of the adoption of the Policy or the date he or she was elected or promoted. In addition to shares individually or jointly owned directly, through a broker or in Enterprise Direct or the ESPP, the following are counted toward the ownership requirement: (i) shares held in trusts for the benefit of immediate family members where the officer is the trustee, (ii) shares granted to the officer in the form of restricted stock and restricted stock units, whether or not vested, and (iii) shares held by the officer in the 401(k) Plan. Stock options and performance share units (as distinct from shares which are actually issued as a result of exercise or vesting) are not counted. Shares subject to hedging or monetization transactions (such as zero-cost collars and forward sale contracts), which allow the officer to retain legal ownership without its full risks and rewards, are not counted for purposes of either the ownership or retention provisions of the Policy, since our Insider Trading Practice does not permit such hedging or pledging.

Each officer must retain at least 100%, after tax and costs of issuance, of all shares acquired through equity grants made subsequent to the adoption of the Policy, including the vesting of restricted stock or restricted stock unit grants, payout of performance share unit awards and exercise of option grants, until his or her ownership requirement is met. Once an officer attains his or her required level of stock ownership, he or she must retain 25%, after tax and costs of issuance, of shares received from equity awards granted thereafter, until retirement or his or her employment otherwise ends.

In the event an officer is not in compliance with any provision of the Policy, the O&CC may take such action as it deems appropriate, consistent with the provisions of our compensation plans and applicable law and regulations, to enable the officer to achieve compliance at the earliest practicable time or otherwise enforce the Policy. Such action may include establishing conditions with respect to requiring all or part of any SMICP or LTIP award to be held in shares. The O&CC may vary the application of the provisions of the Policy for good cause or exceptional circumstances.

The Policy was not a factor considered by the O&CC in making the 2013 grants under the LTIP.

In 2013, we increased the CEO’s multiple from 5x to 6x base salary to better align with market. The following table shows, for each NEO, the dollar amount of stock ownership required by the Policy and the dollar amount of actual holdings as of February 18, 2014, the payout date for performance shares units, as discussed above. Messrs. Izzo, Levis, Bouknight and LaRossa and Ms. Dorsa each have met their respective requirement. Mr. Mehrberg is not included in the table as he retired on December 2, 2013.

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Name	Multiple Required (#)	Required Amount ($) (1)	Amount Held ($) (2)
Ralph Izzo	6	6,600,000	24,368,182
Caroline Dorsa	3	1,950,000	3,091,214
William Levis	3	1,950,000	3,108,698
J. A. Bouknight, Jr.	3	1,637,700	1,979,068
Ralph A. LaRossa	3	1,875,000	4,714,685

(1) Determined as of the effective date of the current salary of each of the NEOs, which was January 1, 2014 for Ms. Dorsa and Messrs. Levis and LaRossa and January 1, 2013 for Messrs. Izzo and Bouknight.

(2) Based on average price of Common Stock for the twelve months preceding the effective date of the current base salary of the respective NEO.

Accounting and Tax Implications

The O&CC has considered the effect of Financial Accounting Standards Board Accounting Standards Codification Topic 718 (formerly FAS 123R) (see Note 18 to Consolidated Financial Statements included in our Form 10-K) regarding the expensing of equity awards in determining the nature of the grants under the LTIP. The O&CC, with the assistance of CAP, reviews the competitiveness of the NEOs' LTIP grants, as measured against the peer group, using reported Topic 718 grant values and approves grants to the NEOs accordingly as reported above in Long-Term Incentive Compensation.

The O&CC considers the tax-deductibility of our compensation payments. IRC Section 162(m) generally denies a deduction for United States Federal income tax purposes for compensation in excess of $1 million for persons named in the proxy statement, except for qualifying performance-based compensation pursuant to stockholder-approved plans. Stockholder approval of the SMICP was received at the 2002 Annual Meeting of Stockholders. As a result, we believe that payment of qualifying performance-based compensation in accordance with the terms of this plan would not be subject to the Section 162(m) limitation on deductions.

Although stockholder approval of the LTIP was received at the 2004 Annual Meeting of Stockholders, applicable IRC provisions require that stockholders give such approval at least every five years for performance-based compensation plans that permit the O&CC to change the performance criteria used from year to year. Since we did not subsequently seek such further approval for the LTIP until the 2013 Annual Meeting, the payments of performance share units made to the NEOs (except the CFO, to whom the deduction limitation is not applicable) in 2013 and 2014 with respect to such LTIP grants awarded in 2009 and 2010 for the respective three-year performance periods ended December 31, 2012 and December 31, 2013, are subject to the Section 162 (m) limitation on deductions. The only such grant made in 2013 prior to such approval and thus subject to the limitation was to Mr. Levis in accordance with his retention award pursuant to a prior determination of the O&CC. Any future payments, if earned, with respect to LTIP grants of performance share units made to the NEOs (except the CFO) in 2011 and 2012 are likewise subject to this limitation.

Further, the O&CC believes that restricted stock and restricted stock units are valuable components of incentive compensation as they align the interest of the recipients with those of stockholders. However, because the vesting of such grants is not performance-based, restricted stock and restricted stock unit grants are subject to the limitation on deductibility under Section 162(m).

Payments under the Amended and Restated 2004 Long-Term Incentive Plan, if any are earned, on performance share units granted during the five-year period following stockholder approval at the 2013 Annual Meeting are not expected to be subject to the limitation and should qualify for tax-deductibility under Section 162(m).

In 2013, a portion of Messrs. Izzo's and Levis' compensation reported in this Proxy Statement exceeded the limit. Amounts deferred by the NEOs are not included in the Section 162(m) calculations during the deferral period because they are not otherwise deductible under applicable tax law. In light of Section 162(m), as well as certain NYSE rules, the Board's general policy is to present incentive compensation plans in which executive officers participate to stockholders for approval. However, The OC&C and the Board reserve the right to not seek such approval and to award incentive and other compensation that is not structured so as to be exempt from the deduction limit of Section 162(m), if they determine that such arrangements are in the best interests of the Company and our stockholders. The O&CC will continue to evaluate executive compensation and the flexibility that is desirable in administering our executive compensation program in accordance with our compensation philosophy.

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2013 SUMMARY COMPENSATION TABLE

The following table summarizes the compensation of our NEOs for the years shown. The NEOs are our CEO, CFO and four most highly compensated executive officers in 2013.

Name and Principal Position(1)	Year	Salary ($) (2)	Bonus ($)	Stock Awards ($)(3)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)(4)	Change in Pension Value and Non-Qualified Deferred Compensation Earnings ($)(5)	All Other Compensation ($)(6,7& 8)	Total ($)
Ralph Izzo	2013	1,092,615	-	6,367,186	-	1,874,400	0	66,448	9,400,649
Chairman of the Board,	2012	1,004,715	-	5,724,001	-	1,653,800	2,064,000	67,027	10,513,543
President & CEO	2011	946,450	-	-	-	1,535,400	1,710,000	185,306	4,377,156
Caroline Dorsa	2013	617,686	-	1,199,928	-	589,800	488,000	75,607	2,971,021
EVP & CFO	2012	595,691	-	1,099,985	-	567,900	1,338,000	76,661	3,678,237
	2011	567,871	-	-	-	505,100	726,000	79,368	1,878,339
William Levis	2013	565,485	-	2,223,214	-	607,600	0	185,861	3,582,160
President & COO	2012	560,377	-	1,099,985	-	546,200	739,000	44,141	2,989,703
(Power)	2011	543,960	-	999,396	-	517,200	346,000	41,460	2,448,016
Randall E. Mehrberg	2013	549,595	-	1,029,280	-	495,400	0	69,654	2,143,929
EVP Strategy & Development and	2012	553,414	-	924,182	-	499,400	693,000	46,870	2,716,866
President & COO (Energy Holdings)	2011	542,963	-	-	-	491,000	451,000	42,552	1,527,515
J. A. Bouknight, Jr.	2013	544,922	-	943,788	-	496,700	67,000	18,559	2,070,969
EVP &	2012	535,570	-	849,495	-	461,300	61,000	19,549	1,926,914
General Counsel	2011	518,057	-	-	-	412,200	45,000	14,398	989,655
Ralph A. LaRossa	2013	499,078	-	943,788	-	438,800	0	64,483	1,946,149
President & COO	2012	497,142	-	824,611	-	400,700	578,000	32,408	2,332,861
(PSE&G)	2011	466,850	-	-	-	353,200	604,000	111,329	1,535,379

(1) Mr. Mehrberg retired on December 2, 2013.

(2) Amounts shown are actual payments based on annualized salary. Mr. Bouknight elected to defer $461,074, $475,775, and $484,869 of salary for years 2011, 2012 and 2013 respectively, under the Deferred Compensation Plan. 2012 salaries include a one-time pay adjustment provided to all employees as a result of a change in the methodology of the bi-weekly pay calculation.

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(3) The amounts shown reflect the grant date fair value of the awards. For a discussion of the assumptions made in valuation, see Note 18 to the Consolidated Financial Statements included in our Form 10-K. LTIP awards were granted in February and April 2013, as discussed in the CD&A. Awards consist of performance share units and restricted stock units. Due to a change in timing of grants, no LTIP awards were granted in 2011, with the exception of a retention award of restricted stock units to Mr. Levis. Performance share unit value is shown at the target amount. Actual value of the shares received upon vesting of restricted stock units depends upon the price of our Common Stock. Payout value of the performance share units earned upon vesting at the conclusion of the three-year performance period may be less than or exceed the grant date fair value, dependent upon achieving TSR and ROIC performance factors. More detailed information is provided in the CD&A. The respective amounts below represent the grant date fair value of performance share units at target and maximum amounts:

	2013		2012	
	Value at Target (100%) ($)	Value at Maximum (200%) ($)	Value at Target (100%) ($)	Value at Maximum (200%) ($)
Ralph Izzo	4,077,397	8,154,794	3,434,375	6,868,750
Caroline Dorsa	719,355	1,438,710	659,375	1,318,750
William Levis	1,783,474	3,566,948	659,375	1,318,750
Randall E. Mehrberg	658,642	1,317,284	554,688	1,109,375
J.A. Bouknight, Jr.	604,560	1,209,120	509,375	1,018,750
Ralph A. LaRossa	604,560	1,209,120	495,313	990,625

(4) Amounts awarded were earned under the SMICP and determined and paid in the following year. Mr. Izzo elected to defer his entire 2011 award and Mr. Bouknight elected to defer his entire 2013 and 2012 awards and $391,590 of his 2011 award under the Deferred Compensation Plan.

(5) Includes the change in the actuarial present value of accumulated benefit under defined benefit pension plans and supplemental executive retirement plans between calendar years 2013 and 2012, 2012 and 2011, and 2011 and 2010, determined by calculating the benefit under the applicable plan benefit formula for each of the plans, measured at December 31 of each year, based on years of credited service, earnings in effect at the respective measurement dates, applicable interest rates and computational assumptions. These changes are:

	Izzo ($)	Dorsa ($)	Levis ($)	Mehrberg ($)	Bouknight ($)	LaRossa ($)
2013	0	488,000	0	0	67,000	0
2012	2,064,000	1,338,000	739,000	693,000	61,000	578,000
2011	1,710,000	726,000	346,000	451,000	45,000	604,000

Any interest earned under the Deferred Compensation Plan at the prime rate plus 1/2% did not exceed 120% of the applicable long-term rate for any of the NEOs in 2013, 2012 or 2011. If the aggregate change in pension plan values is negative, it is shown as zero.

(6) For 2013, depending on the individual, includes perquisites and personal benefits which include (a) automobile and related expenses, (b) physical examinations, (c) home security systems, (d) limited personal and spousal travel, (e) personal entertainment and (f) charitable contributions on behalf of the individual. For automobiles, the pro rata personal usage value of the vehicle lease cost based on the IRS Annual Lease Value Table was used; for parking, the market value for the parking space was used; for the driver, actual pro-rata expense was used for the time devoted to CEO commuting and personal use; for the car service actual cost was used. Three NEOs received a perquisite in 2013 that exceeded the greater of $25,000 or 10% of his/her total perquisite and personal benefit amount: Messrs. Levis and LaRossa each received home security services in the amount of $148,457 and $44,064, respectively, and Ms. Dorsa used a car service for commuting, with a cost to us of $65,257.

(7) Includes the employer matching contribution to our 401(k) Plan at the same percentage generally available to all employees. For 2013, these amounts were:

	Izzo ($)	Dorsa ($)	Levis ($)	Mehrberg ($)	Bouknight ($)	LaRossa ($)
Company Match	10,200	10,200	10,200	10,200	2,409	10,200

(8) Includes $32,388 of accrued 2014 vacation for Mr. Mehrberg.

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2013 GRANTS OF PLAN-BASED AWARDS TABLE

The following table provides information on plan-based awards made to our NEOs during 2013.

Name and Type of Award (1)	Grant Date(1)	Deter-mination Date(2)	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards(3)			Estimated Future Payouts Under Equity Incentive Plan Awards(4)			All Other Stock Awards; Number of Shares of Stock or Units (#)(5)	All Other Option Awards; Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock and Option Awards ($)(6)
			Thres-hold ($)	Target ($)	Maximum ($)	Thres-hold (#)	Target (#)	Maximum (#)				
Ralph Izzo			660,000	1,320,000	1,980,000							
PSUs	4/16/2013	2/19/2013				0	105,550	211,100				4,077,397
RSUs	2/19/2013								72,900			2,289,789
Caroline Dorsa			216,850	433,700	650,550							
PSUs	2/19/2013					0	22,100	44,200				719,355
RSUs	2/19/2013								15,300			480,573
William Levis			212,450	424,900	637,350							
PSUs	2/19/2013	12/20/2011				0	30,700	61,400				999,285
PSUs	4/16/2013	2/19/2013				0	20,300	40,600				784,189
RSUs	2/19/2013								14,000			439,740
Randall E. Mehrberg			196,500	393,000	589,500							
PSUs	4/16/2013	2/19/2013				0	17,050	34,100				658,642
RSUs	2/19/2013								11,800			370,638
J. A. Bouknight Jr.			177,400	354,800	532,200							
PSUs	4/16/2013	2/19/2013				0	15,650	31,300				604,560
RSUs	2/19/2013								10,800			339,228
Ralph A. LaRossa			162,500	325,000	487,500							
PSUs	4/16/2013	2/19/2013				0	15,650	31,300				604,560
RSUs	2/19/2013								10,800			339,228

(1) Relates to equity awards (performance share units (PSUs) and restricted stock units (RSUs)), all of which were made under the LTIP.

(2) Represents date award was determined if different than grant date. The award to Mr. Levis on February 19, 2013 was pursuant to a December 20, 2011 retention determination. The awards to the NEOs, (except Ms. Dorsa) were determined on February 19, 2013, but not awarded until April 16, 2013, following receipt of stockholders approval of the LTIP, as explained in the CD&A.

(3) Represents possible payouts under SMICP for 2013 performance. The actual awards were determined in February 2014 and paid in the same month, as reported in the 2013 Summary Compensation Table.

(4) Represents LTIP award of performance share units described below.

(5) Represents LTIP award of restricted stock units described below.

(6) Represents the grant date fair value of the equity award. For a discussion of the assumptions made in valuation, see Note 18 to the Consolidated Financial Statements included in our Form 10-K.

Material Factors Concerning Awards Shown in Summary Compensation Table, Grants of Plan-Based Awards Table and Employment Agreements

SMICP

The plan-based awards for annual cash incentive compensation included in the 2013 Summary Compensation Table were paid in 2014 with respect to 2013 performance under the terms of the SMICP. The range of possible awards for each NEO in relation to his/her Target Award is set forth in the Grants of Plan-Based Awards Table above. An explanation of the SMICP and performance goals, measures and performance factors achieved are described under Annual Cash Incentive Compensation in the CD&A.

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LTIP

As explained in the CD&A and shown above, LTIP awards were made to NEOs in February 2013 and April 2013, in the form of restricted stock units and performance share units. The restricted stock units cliff vest after three years. The three-year performance period for the performance share units ends December 31, 2015, with payment, if any, made the following year. The range of possible payouts for each NEO in relation to his/her target award is set forth in the table above. Payments of awards granted in December 2010 were made in 2014 based on performance for the three-year period that ended on December 31, 2013. Further explanation of performance share unit payment determination is set forth under Long-Term Incentive Compensation in the CD&A. For further information about vesting, see Employment Agreements and Potential Payments Upon Termination of Employment or Change-In-Control below.

No stock options have been granted since 2009. Some options granted in previous years are still outstanding as reported in the Outstanding Equity Awards at Year-End Table. Grants were made with an exercise price equal to the NYSE closing price on the date of grant for a 10-year term. No discounted options may be granted and no repricings may be done without stockholders' approval.

Employment Agreements

Ralph Izzo

We entered into a severance agreement with Mr. Izzo on December 16, 2008 incorporating certain of the severance provisions of his then expiring employment agreement. The terms are discussed below under Potential Payments Upon Termination of Employment or Change-In-Control.

Caroline Dorsa

The agreement executed between us and Ms. Dorsa, covering her employment as Executive Vice President and CFO, effective April 9, 2009, provides for an initial base salary of $570,000, with a salary review annually each January. The agreement provided for a cash payment upon employment of $200,000, which would have had to be repaid if Ms. Dorsa had left the Company (voluntarily or upon termination for cause) within three years of her date of hire. Ms. Dorsa also received a cash payment of $4,322 to make-up for lost compensation due to her acceptance of employment with us. In addition, the agreement provides that Ms. Dorsa will participate in the SMICP and the LTIP during her term of employment. Ms. Dorsa's target incentive award under the SMICP was initially set at 60% of base salary. The agreement also provided for an award to Ms. Dorsa of 8,800 shares of Restricted Stock under the LTIP vesting on April 9, 2014, assuming continued employment. Ms. Dorsa's long-term compensation opportunity under the LTIP was set at $900,000 for 2009 (prorated from her date of hire) and will be reviewed annually pursuant to the terms of the LTIP. The agreement also provides that if Ms. Dorsa remains employed through April 9, 2014, she will become a participant in the additional limited benefits provision of the Supplemental Plan and receive 15 additional years of credited service. On July 12, 2011, we entered into an amendment to the agreement to adjust her benefits that accrue after December 31, 2011 under the Supplemental Plan to provide for a calculation reducing her benefits to be based on the highest seven-year average rather than the highest five-year average, in alignment with changes generally applicable to other participants in those plans. Ms. Dorsa also participates in the Key Executive Severance Plan. Finally, the agreement provides that we will provide Ms. Dorsa with a car service for commuting purposes.

William Levis

We entered into an agreement with Mr. Levis, effective January 1, 2007, in connection with his initial employment with us, covering his employment as President and Chief Nuclear Officer of Power's subsidiary, PSEG Nuclear LLC. The agreement provided for a base salary of $500,000, with a salary review in December 2007 and annually thereafter. The agreement further provided for a cash payment of $500,000, which would have had to have been repaid if Mr. Levis had left the Company (voluntarily or upon termination for cause) before January 1, 2012. Mr. Levis also received $16,667 to make-up for lost bonus opportunity with his prior employer. In addition, the agreement provides that Mr. Levis will participate in the SMICP and the LTIP during his term of employment. Mr. Levis' target incentive award under the SMICP must be at least 60% of base salary. The agreement awarded to Mr. Levis a grant of 100,000 shares of restricted stock under the LTIP, of which 40,000 shares vested on January 1, 2010 and 60,000 shares vested on January 1, 2013. Long-term compensation opportunity is to be reviewed annually pursuant to the terms of the LTIP. The agreement also provided that on January 16, 2013, Mr. Levis became a participant in the additional limited benefits provision of the Supplemental Plan. Finally, upon retirement, Mr. Levis will receive a lump sum present value payment equal to the employer health and welfare benefits contribution for which he would have been eligible if employed by us prior to 1996. On September 19, 2011, we entered into an amendment to the agreement to adjust his benefits that accrue after December 31, 2011 under the Supplemental Plan to provide for a calculation reducing his benefit to be based on the highest seven-year average rather than the highest five-year average, in alignment with changes generally applicable to other participants in those plans.

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Randall E. Mehrberg

The agreement executed between us and Mr. Mehrberg, covering his employment as Executive Vice President — Planning and Strategy effective September 8, 2008, provided for an initial base salary of $545,000, with an annual salary review beginning January 2010. The agreement provided for cash payments of $250,000 within 45 days of employment and on September 8, 2009, each of which would have had to be repaid if Mr. Mehrberg had left the Company (voluntarily or upon termination for cause) within three years of the applicable payment. In addition, the agreement provided that Mr. Mehrberg participated in the SMICP and the LTIP during his term of employment. Mr. Mehrberg's target incentive award under the SMICP was initially set at 60% of base salary. Mr. Mehrberg's long-term compensation opportunity under the LTIP was set at $800,000 for 2008 (prorated from his date of hire) and would be reviewed annually pursuant to the terms of the LTIP. As provided in the agreement, if Mr. Mehrberg resigned on or after September 8, 2012, in order to take a position with a governmental or non-profit entity agreed to by our CEO, any unvested LTIP awards would vest as if he retired. An amendment dated May 3, 2011 provided that if Mr. Mehrberg resigned on or after September 8, 2012, but before January 1, 2017, in order to take a position with a governmental entity or another employer agreed to by our CEO, retired and our CEO approved full vesting, or was terminated without cause, any unvested LTIP awards would fully vest without proration upon such a resignation, retirement or termination. The agreement also provided that if Mr. Mehrberg remained employed through September 8, 2013, or if, before then, he resigned to take a position with a governmental entity or was terminated without cause, he would become a participant in the additional limited benefits provision of the Supplemental Plan. On June 8, 2011, we entered into an amendment to Mr. Mehrberg's agreement to adjust his benefits that accrue after December 31, 2011 under the Supplemental Plan to provide for a calculation reducing his benefit to be based on the highest seven-year average rather than the highest five-year average, in alignment with changes generally applicable to other participants in those plans. Finally, the agreement provided Mr. Mehrberg with severance benefits covered by the terms of the Key Executive Severance Plan. Mr. Mehrberg retired in December 2013, at which time the CEO approved full vesting of his unvested LTIP awards.

J.A. Bouknight, Jr.

The agreement executed between us and Mr. Bouknight covering his employment as Executive Vice President — Law, effective November 2, 2009, provides for an initial base salary of $520,000, with an annual salary review beginning January 2010. The agreement provides for cash payment of $300,000 within 45 days of employment, which would have had to be repaid if Mr. Bouknight had left the Company (voluntarily or upon termination for cause) prior to December 31, 2012. In addition, the agreement provides that Mr. Bouknight will participate in the SMICP and the LTIP during his term of employment. Mr. Bouknight's target incentive award under the SMICP was initially set at 60% of base salary. Mr. Bouknight's long-term compensation opportunity under the LTIP was set at $800,000 for 2009 (prorated from date of hire) and will be reviewed annually pursuant to the terms of the LTIP. As provided in this agreement, if Mr. Bouknight or the Company terminates his employment other than for cause after December 31, 2012, any unvested LTIP awards will vest as if he retired. Further, if he retires on or after that date or his employment is terminated by reason of disability or death, any unvested performance share units awarded with respect to the years 2009 through 2012 and earned would fully vest without proration. Finally, the agreement provided Mr. Bouknight with severance benefits that are covered by the terms of the Key Executive Severance Plan. On November 20, 2012, we entered into an amendment to Mr. Bouknight's employment agreement to provide that any award of performance share units granted to Mr. Bouknight in 2013 under the LTIP will fully vest, without proration, if Mr. Bouknight's date of retirement is on or after December 31, 2013, or if his employment is terminated by reason of disability or death, and any such award due will be made after the completion of the three-year performance cycle applicable to each grant. A second amendment to Mr. Bouknight's employment agreement was entered into on February 18, 2014, with respect to any performance share units granted in 2014 or thereafter which provides that such awards will vest one-twelfth per month during the year of grant or earlier upon disability or death and be paid at the completion of the applicable performance cycle.

For additional information regarding severance benefit provisions, see Potential Payments Upon Termination of Employment or Change-in-Control.

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OUTSTANDING EQUITY AWARDS AT YEAR-END (12/31/13) TABLE

The following table lists all outstanding stock option, performance share unit, restricted stock and restricted stock unit awards as of December 31, 2013 for our NEOs.

Option Awards						Stock Awards			
Name and Option Grant Date	Number of Securities Underlying Unexercised Options Exercisable (#)(1)	Number of Securities Underlying Unexercised Options Unexercisable (#)(1)	Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)(2)	Option Expiration Date	Number of Shares or Units of Stock that have Not Vested (#)(3)	Market Value of Shares or Units of Stock that have Not Vested ($)(4)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights that have Not Vested (#)(5)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units, Units or Other Rights that have Not Vested ($)(6)
Ralph Izzo						240,581	7,708,215	230,347	7,380,318
1/16/2007	140,000			32.9250	1/16/2017				
3/20/2007	113,000			39.1650	3/20/2017				
12/18/2007	199,800			48.2050	12/18/2017				
12/16/2008	473,400			30.0300	12/16/2018				
12/14/2009	347,900			33.4900	12/14/2019				
Caroline Dorsa						55,279	1,771,139	46,142	1,478,390
4/9/2009	61,100			30.1800	12/15/2018				
12/14/2009	66,300			33.4900	12/14/2019				
William Levis						80,037	2,564,385	76,328	2,445,549
1/16/2007	39,000			32.9250	1/16/2017				
6/19/2007	3,500			44.4350	6/19/2017				
12/18/2007	42,000			48.2050	12/18/2017				
12/16/2008	95,200			30.0300	12/16/2018				
12/14/2009	70,000			33.4900	12/14/2019				
Randall E. Mehrberg						38,885	1,245,875	37,207	1,192,112
9/22/2008	54,800			34.8000	9/22/2018				
12/16/2008	80,200			30.0300	12/16/2018				
12/14/2009	58,900			33.4900	12/14/2019				
J.A. Bouknight, Jr.						35,322	1,131,717	34,159	1,094,454
11/2/2009	12,600			29.5200	11/2/2019				
12/14/2009	58,900			33.4900	12/14/2019				
Ralph A. LaRossa						71,399	2,287,624	33,667	1,078,691
1/16/2007	52,000			32.9250	1/16/2017				
12/18/2007	33,000			48.2050	12/18/2017				
12/16/2008	75,200			30.0300	12/16/2018				
12/14/2009	55,200			33.4900	12/14/2019				

(1) Grants made on the dates shown under the LTIP of non-qualified options to purchase our Common Stock. Options vest 25% annually over four years on the grant date anniversary. All options have fully vested.

(2) Closing price on NYSE on grant date.

(3) The vesting schedule for unvested restricted stock (RSA) and unvested restricted stock units (RSU) is shown below. Dividends on restricted stock accrue at the regular dividend rate and are paid on each regular dividend payment date as declared by the Board. Dividend equivalents accrue on restricted stock units and are paid in shares of Common Stock at vesting.

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	Type of Award	Grant Date	Vesting Schedule 2014 (#)	2015 (#)	2016 (#)	2017 (#)	Total (#)
Ralph Izzo	RSU	12/21/2010	83,514				
	RSU	2/21/2012		80,924			
	RSU	2/19/2013			76,143		240,581
Caroline Dorsa	RSA	4/9/2009	8,800				
	RSU	12/21/2010	14,925				
	RSU	2/21/2012		15,573			
	RSU	2/19/2013			15,981		55,279
William Levis	RSU	12/21/2010	14,925				
	RSU	12/21/2011				34,916 (a)	
	RSU	2/21/2012		15,573			
	RSU	2/19/2013			14,623		80,037
Randall E. Mehrberg (b)	RSU	12/21/2010	13,501				
	RSU	2/21/2012		13,059			
	RSU	2/19/2013			12,325		38,885
J.A. Bouknight, Jr.	RSU	12/21/2010	12,020				
	RSU	2/21/2012		12,021			
	RSU	2/19/2013			11,281		35,322
Ralph A. LaRossa	RSU	12/21/2010	12,020				
	RSU	12/21/2010			36,459 (a)		
	RSU	2/21/2012		11,639			
	RSU	2/19/2013			11,281		71,399

(a) Represents retention award.

(b) Restricted stock units vest as scheduled, in accordance with Mr. Mehrberg's employment agreement.

(4) Value represents number of shares or units multiplied by the closing price on the NYSE on December 31, 2013 of $32.04.

(5) The vesting schedule for unvested performance share units (PSUs) is shown below. Performance share units awarded under the LTIP are earned based on a three-year performance period and are shown at target. The vesting schedule below shows the number of outstanding performance share units at target and includes accrued dividend equivalents. Payment, if any, is made in the first quarter of the year following the end of the performance period. For further explanation of performance share units, see the CD&A.

	Grant Date	Vesting Schedule 2014 (#)	2015 (#)	Total (#)
Ralph Izzo	2/21/2012	120,101		
	4/16/2013		110,246	230,347
Caroline Dorsa	2/21/2012	23,059		
	2/19/2013		23,083	46,142
William Levis	2/21/2012	23,059		
	4/16/2013		21,203	
	2/19/2013		32,066 (a)	76,328
Randall E. Mehrberg (b)	2/21/2012	19,398		
	4/16/2013		17,809	37,207
J.A. Bouknight, Jr.	2/21/2012	17,813		
	4/16/2013		16,346	34,159
Ralph A. LaRossa	2/21/2012	17,321		
	4/16/2013		16,346	33,667

(a) Represents retention award.

(b) Performance share units vest as scheduled, in accordance with Mr. Mehrberg's employment agreement.

(6) Value of performance share units are shown at target, multiplied by the closing price on the NYSE on December 31, 2013 of $32.04.

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OPTION EXERCISES AND STOCK VESTED DURING 2013 TABLE

The following table provides information, as noted, regarding the exercise of stock options by the NEOs in 2013 and the vesting during 2013 of restricted stock and performance share units previously granted to the NEOs, under our LTIP. No restricted stock units vested in 2013.

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)(2)	Number of Shares Acquired on Vesting (#)(3)	Value Realized on Vesting ($)(5)
Ralph Izzo	22,000 (1)	280,641	86,220	3,009,078
Caroline Dorsa	-	-	15,424	538,298
William Levis	-	-	60,000 (4)	1,836,000
	-	-	15,424	538,298
Randall E. Mehrberg	-	-	13,929	486,122
J. A. Bouknight, Jr.	-	-	12,433	433,912
Ralph A. LaRossa	-	-	37,513	1,309,204

(1) Mr. Izzo exercised stock options that would have expired on May 3, 2014. After tax, Mr. Izzo retained the remaining 3,925 shares.

(2) Reflects the difference between the exercise price and the market price on the date of exercise, multiplied by the number of shares acquired.

(3) Messrs. Izzo, Levis, Mehrberg, Bouknight, LaRossa and Ms. Dorsa, had 114,960, 20,565, 18,571, 16,578, 50,018 and 20,565 performance share units, respectively, including accrued dividend equivalents, which vested on December 31, 2013 for the three-year performance period ended that day. The final awards shown in the table were made at 75% of target, calculated based upon a comparison of our TSR with those of a peer group of companies and our three-year average ROIC compared to our internal goal. Performance share units earned and value realized reflect rounding. Shares are issued in 2014. Messrs. Izzo, Bouknight and LaRossa deferred payment, as reported in the Non-Qualified Deferred Compensation Table. A more detailed explanation of the calculation of the amount earned appears in the CD&A.

(4) Represents restricted stock which vested on January 1, 2013.

(5) Reflects the value of the performance share units on February 18, 2014, the performance share unit value determination date, using the average of the high and low PSEG stock price $34.90.

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2013 PENSION BENEFITS TABLE

The following table provides information on the actuarial present value of the NEOs accumulated benefit under each of our pension and retirement plans.

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit ($)(4)	Payments During Last Fiscal Year ($) (7)
Ralph Izzo	Qualified Pension Plan(1)	21.69	2,096,000	-
	Retirement Income Reinstatement Plan(2)	21.69	2,786,000	-
	Supplemental Executive Retirement Plan(3,5)	25.94	5,207,000	-
			10,089,000	
Caroline Dorsa	Qualified Pension Plan(1)	4.73	58,000	-
	Retirement Income Reinstatement Plan(2)	4.73	135,000	-
	Supplemental Executive Retirement Plan(3,5,6)	18.92	4,684,000	-
			4,877,000	
William Levis	Qualified Pension Plan(1)	7.00	96,000	-
	Retirement Income Reinstatement Plan(2)	7.00	227,000	-
	Supplemental Executive Retirement Plan(6)	7.00	3,031,000	-
			3,354,000	
Randall E. Mehrberg	Qualified Pension Plan(1)	5.24	69,000	-
	Retirement Income Reinstatement Plan(2)	5.24	145,000	-
	Supplemental Executive Retirement Plan(6)	5.24	2,999,000	-
			3,213,000	
J. A. Bouknight Jr.	Qualified Pension Plan(1)	4.16	33,000	-
	Retirement Income Reinstatement Plan(2)	4.16	194,000	-
	Supplemental Executive Retirement Plan			-
			227,000	
Ralph A. LaRossa	Qualified Pension Plan(1)	28.50	572,000	-
	Retirement Income Reinstatement Plan(2)	28.50	1,071,000	-
	Supplemental Executive Retirement Plan	28.50	1,233,000	-
			2,876,000	

(1) All NEOs participate in either the Pension Plan, a traditional defined benefit pension plan, or the Cash Balance Plan, a cash balance defined benefit pension plan, depending on date of hire, each of which is a qualified plan under the IRC. Such plans are available to all other employees under the same terms and conditions. Additional information about the plans is provided below. Messrs. Izzo and LaRossa participate in the Pension Plan. Ms. Dorsa and Messrs. Levis, Mehrberg and Bouknight participate in the Cash Balance Plan. Years shown reflect actual years of service.

(2) Years shown reflect actual years of service.

(3) Certain employees receive additional years of credited service for the purpose of retirement benefit calculations under the Supplemental Plan in recognition of prior work experience, including 15 years for Ms. Dorsa pursuant to her employment agreement, which vest ratably over five years. In addition, Mr. Izzo receives an additional 5 years which vest at age 60 as described below under Supplemental Plan. The additional 5 years are prorated in the table for participants under age 60. Years shown reflect the sum of actual years of service and years credited under the Supplemental Plan.

(4) Amounts shown represent actuarial present value of accumulated benefit computed as of the same Pension Plan measurement date used for our financial statements for the year ended December 31, 2013, with two exceptions: (i) NEOs were assumed to retire at the

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plan's normal retirement age and (ii) no pre-retirement termination, disability or death was assumed to occur. For a discussion of the valuation method and material assumptions applied in quantifying the present value, see Note 12 to the Consolidated Financial Statements included in our Form 10-K.

(5) The actuarial present value of accumulated benefits based on actual years of service for Mr. Izzo and Ms. Dorsa is $7,998,000 and $2,917,000, respectively, and the actuarial present value of accumulated benefits based on additional years of service for each such person is $2,091,000, and $1,960,000, respectively.

(6) Ms. Dorsa will be eligible to participate in the additional limited benefits provision of the Supplemental Plan if employed by us on April 9, 2014. Mr. Levis and Mr. Mehrberg became eligible on January 16, 2013 and September 8, 2013, respectively.

(7) Although Mr. Mehrberg retired December 2, 2013, he did not receive any payout of his benefits in 2013.

Qualified Pension Plans

All of our employees are eligible to participate in either the Pension Plan or the Cash Balance Plan, depending upon date of hire.

Pension Plan

The Pension Plan covers non-represented employees hired prior to January 1, 1996 and represented employees hired prior to January 1, 1997 and provides participants with a life annuity benefit at normal retirement (age 65) pursuant to a formula based upon (a) the participant's number of years of service and (b) the average of the participant's five or seven highest years of compensation up to the limit imposed by the IRC. We amended the Pension Plan effective January 1, 2012, to change the benefit formula for non-represented participants. The effect of the change is to reduce projected pension payments. Under the new formula, the average of the participant's seven highest years of compensation up to the limit imposed by the IRC will be used rather than the average of the participant's five highest years of compensation.

A participant's benefit under the Pension Plan is equal to A plus B:

A. The accrued benefit calculated under the five-year final average pay formula as of December 31, 2011, as follows:

(i) 1.3% of the lesser of 5-year final average earnings (determined as of December 31, 2011) or $24,600 times years of credited service (determined as of December 31, 2011) not exceeding 35 years;

(ii) 1.5% of the amount by which 5-year final average earnings (determined as of December 31, 2011) exceeds $24,600 times years of credited service not exceeding 35 years; and

(iii) 1.5% of 5-year final average earnings times years of credited service (determined as of December 31, 2011) in excess of 35 years.

B. The accrued benefit calculated under the seven-year final average pay formula, as follows:

(i) 1.3% of the lesser of 7-year final average earnings beginning on January 1, 2012 or $24,600 times years of credited service not exceeding 35 years less the number of years as of December 31, 2011;

(ii) 1.5% of the amount by which 7-year final average earnings beginning on January 1, 2012 exceeds $24,600 times years of credited service not exceeding 35 years less the number of years as of December 31, 2011; and

(iii) 1.5% of 7-year final average earnings times years of credited service in excess of 35 years less the number of years in excess of 35 years as of December 31, 2011.

An additional benefit equal to $4.00 per month for each year of credited service is payable until the retiree reaches age 65.

All active participants are fully vested in their Pension Plan benefit. Benefits are payable on an unreduced basis (i) at age 65, (ii) at age 60, if the participant's age, plus years of service, equals or exceeds 80 or (iii) at age 55, if the participant has 25 or more years of service. Participants whose age, plus years of service, equals or exceeds 80, but who have not yet met the criteria in (ii) or (iii) may commence their Pension Plan benefits on a reduced basis.

Cash Balance Plan

The Cash Balance Plan covers non-represented employees hired or rehired after December 31, 1995 and represented employees hired after December 31, 1996 and provides each participant with a life annuity benefit at normal retirement (age 65) equal to the actuarial equivalent of a notional amount maintained for him/her. Participants are eligible for retirement under the Cash Balance Plan upon the attainment of age 55 with five or more years of service. Participants' accounts are credited each year with a percentage of compensation, which is determined based on the participant's age plus years of service measured at year-end.

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Sum of Age and Service	Percentage of Compensation Credited (%)
<30	2.00
30-39	2.50
40-49	3.25
50-59	4.25
60-69	5.50
70-79	7.00
80-89	9.00
90+	12.00

Each participant's notional amount grows each year with interest credits based on a 6.0% annual rate of interest. Participants become immediately fully vested in their Cash Balance Plan benefit.

Reinstatement Plan

Certain management and highly compensated employees are eligible to participate in a nonqualified excess benefit retirement plan, the Reinstatement Plan, designed to replace earned pension benefits as determined under the qualified pension formula, but which cannot be paid from the qualified pension plans as a result of the IRC mandated limits for qualified plans. The benefits payable under this plan mirror those of the qualified plans described above except that the compensation considered in computing the benefit (i) will not be limited by qualified plan limits, (ii) will include any amounts that the participant deferred under deferred compensation plans, (iii) will include amounts earned under the SMICP (which are not considered under the qualified pension plans), (iv) will be limited to 150% of average base salary for the applicable five or seven years and (v) will be offset by any benefits received by the participant under the applicable qualified pension plan (Pension Plan or Cash Balance Plan).

Supplemental Plan

Certain employees receive additional years of service for the purpose of retirement benefit calculations in recognition of prior allied work experience. However, we have determined, effective January 1, 2011, to no longer provide additional credited service to those who do not already have this benefit. Such benefits are paid from a nonqualified plan, the Supplemental Plan. Under the additional service credit provisions, certain participants may also receive an additional five years of credited service for the purpose of this supplemental benefit calculation if they retire between ages 60 and 65. The credited years of service reduce by one year for each six-month period such participant works beyond age 65. This feature of the plan is designed to encourage retirement on or before age 65. Benefits payable under the additional service provisions of the Supplemental Plan mirror those payable under the Reinstatement Plan, except that the additional years of service are considered in calculating the Supplemental Plan benefit amount. Any benefit payable under this plan is offset by benefits payable under the qualified plan and the Reinstatement Plan.

Certain participants in the Supplemental Plan receive additional limited benefits. This portion of the Supplemental Plan provides a total target replacement income percentage equal to credited service for qualified pension plan calculation purposes, plus 30, to a maximum of 75%, of covered compensation. Covered compensation used for determining limited benefits under the Supplemental Plan is the same as the covered compensation used under for the Reinstatement Plan. The target replacement amount under the limited benefit portion of this Plan is reduced by any pension benefits from any previous employers accrued and vested at the time of hire, by the participant's Social Security benefit at normal retirement age and by the pension benefits provided by each other PSEG retirement benefit plan (qualified plans and non-qualified plans). The additional limited benefits provision of the Supplemental Plan also provides a death benefit equal to 150% of base compensation if death occurs while the participant is actively employed. Participants designated for the additional limited benefit become entitled to this benefit only upon (a) retirement under the terms of the qualified plan in which they participate (Pension Plan or Cash Balance Plan) or (b) death.

The change in the benefit formula under the qualified Pension Plan from a five-year final average pay formula to a seven-year final average pay formula impacts the limited benefits under the Supplemental Plan. Accordingly, we amended the Supplemental Plan as of January 1, 2012 to reflect this change.

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2013 NON-QUALIFIED DEFERRED COMPENSATION TABLE

The following table provides information regarding compensation deferred by the NEOs under our Deferred Compensation Plans.

Name		Executive Contributions in Last Fiscal Year (2013) ($)(1)	Registrant Contributions in Last Fiscal Year (2013) ($)	Aggregate Earnings in Last Fiscal Year (2013) ($)	Aggregate Withdrawals/ Distributions (2013) ($)	Aggregate Balance at Last Fiscal Year End (2013) ($)(2)
Ralph Izzo	Deferred Compensation Plan	-	-	290,679	-	8,909,749
	Equity Deferral Plan	3,009,078	-	74,902	-	4,236,674
Caroline Dorsa	Deferred Compensation Plan	-	-	97,333	-	792,112
	Equity Deferral Plan	-	-	-	-	-
William Levis	Deferred Compensation Plan	-	-	-	-	-
	Equity Deferral Plan	-	-	-	-	-
Randall E. Mehrberg	Deferred Compensation Plan	-	-	-	-	-
	Equity Deferral Plan	-	-	12,667	-	207,598
J. A. Bouknight, Jr.	Deferred Compensation Plan	981,569	-	704,711	-	4,564,105
	Equity Deferral Plan	433,912	-	12,667	-	641,510
Ralph A. LaRossa	Deferred Compensation Plan	-	-	-	-	-
	Equity Deferral Plan	1,309,204	-	11,912	-	1,504,429

(1) Amounts shown under Executive Contributions in Last Fiscal Year (2013) include 2013 salary and SMICP earned in 2013 and paid in February 2014 as shown in the 2013 Summary Compensation Table and performance share units vested at December 31, 2013 and paid in February 2014 as shown in the Option Exercises and Stock Vested During 2013 Table.

(2) Includes amounts reported in the Summary Compensation Table in this current or prior-year proxy statements for the Deferred Compensation Plan and/or the Equity Deferral Plan as follows: Mr. Izzo $7,473,894 and $4,161,772, Ms. Dorsa $567,020, Mr. Mehrberg $194,931, Mr. Bouknight $3,066,107 and $628,843, and Mr. LaRossa $1,492,517.

Deferred Compensation Plan

Under the Deferred Compensation Plan, participants, including the NEOs, may elect to defer any portion of their cash compensation by making appropriate elections in the calendar year prior to the year in which the services giving rise to the compensation being deferred are rendered. A participant may change an election to defer compensation not later than the date that is the last date that an election to defer may be made.

At the same time he/she elects to defer compensation, the participant must make an election as to the timing and the form of distribution of that year's deferrals from his/her Deferred Compensation Plan account. For compensation deferred in 2011 and earlier years distribution may commence (a) on the thirtieth day after the date he/she terminates employment or, in the alternative, (b) on January 15th of any calendar year following termination of employment elected by him/her, but in any event no later than the later of (i) the January of the year following the year of his/her 70th birthday or (ii) the January following termination of employment. Notwithstanding the forgoing, however, for NEOs and other specified employees, distribution of his/her account may not occur earlier than six months following the date of his/her termination of service. Participants may elect to receive the distribution of their Deferred Compensation account in the form of one lump-sum payment, annual distributions over a five-year period or annual distributions over a 10-year period.

With respect to compensation deferred in 2012 and future years, participants may elect to commence distribution of a particular year's deferrals (a) six months following his/her termination of employment, or (b) a specified number of years following his/her termination from employment. Participants may elect to receive distribution of such deferrals under the Deferred Compensation Plan in the form of a lump-

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sum payment or annual distributions over a period of three to fifteen years.

Under the scheduled future date distribution feature, participants may elect to receive a specific plan year's deferral balance on a specified date as early as three years after the beginning of the year in which the deferrals are made. Distributions are paid in a lump sum within 90 days from the date elected regardless of whether the participant is employed by us on the payment date.

Participants may change their distribution elections as to future year's deferrals. Participants may also make changes of their distribution elections with respect to prior years' deferrals provided that (a) any such new distribution election is made at least one year prior to the previously selected commencement date or (b) the new commencement date is at least five years later than the previously selected commencement date.

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Amounts deferred under the Deferred Compensation Plan are credited with earnings based on (a) the performance of one or more of the pre-mixed lifestyle investment portfolio funds available to employees under our 401(k) plans (except the Company Stock fund and the Schwab Personal Choice Retirement Account) or (b) at the rate of Prime plus 1/2%, capped at 120% of the applicable federal long-term rate, in such percentages as selected by the participant. A participant who fails to provide a designation of investment funds will accrue earnings on his/her account at the rate of Prime plus 1/2%, capped at 120% of the applicable federal long-term rate. A participant may change his/her investment election on a daily basis.

For 2013, the one-year rates of return as of December 31, 2013 for the funds offered as computed by the recordkeeper of the Deferred Compensation Plan, were as follows:

Rates of Return			
Pre-Mixed Portfolios		**Target Retirement Funds**	
Conservative Portfolio	12.17%	Target Retirement Income	5.75%
Moderate Portfolio	17.47%	Target Retirement 2010	8.96%
Aggressive Portfolio	23.69%	Target Retirement 2015	12.98%
Funds		Target Retirement 2020	15.79%
Stable Value	1.97%	Target Retirement 2025	18.11%
Diversified Bond	-1.97%	Target Retirement 2030	20.42%
Large Company Stock Index	32.27%	Target Retirement 2035	22.76%
Mid-Cap Index	35.09%	Target Retirement 2040	24.33%
Institutional Developed Markets Index	21.93%	Target Retirement 2045	24.30%
Small – Cap Index	37.74%	Target Retirement 2050	24.28%
Other		Target Retirement 2055(1)	13.95%
Prime Plus 1/2%	3.37%	Target Retirement 2060(1)	13.25%

(1) Partial year rate of return from date added to choices available to participants.

Equity Deferral Plan

Participants in our Equity Deferral Plan may defer receipt of all or a portion of the shares of our Common Stock underlying future equity awards under the LTIP. Deferral elections must be made during an annual enrollment period prior to the date that services giving rise to the awards are performed. Deferral elections under the Equity Deferral Plan are irrevocable.

At the time a participant elects to defer he/she must make an election as to the timing of payment of the deferred shares. Distributions will be made in a lump sum. Distributions may commence (a) on a specified date occurring between the third anniversary and the fifteenth anniversary of the date that the shares otherwise would have been distributed to the participant (b) upon termination of employment, or (c) the earlier of (a) and (b). Notwithstanding the forgoing, however, for NEOs and other specified employees, distribution may not occur earlier than six months following the date of his/her termination of employment. Participants will receive shares on the applicable distribution date. We hold the deferred shares in a Rabbi Trust. The dividends attributable to the deferred shares are reinvested in Common Stock and distributed at the same time that the deferred shares are distributed to the participants. Participants are not permitted to direct the trustee of the Rabbi Trust to vote the deferred shares.

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POTENTIAL PAYMENTS UPON TERMINATION OF EMPLOYMENT OR CHANGE-IN-CONTROL

Mr. Izzo's severance agreement provides for certain benefits if he is terminated without "cause" (a willful failure to perform his duties) or resigns for "good reason" (a reduction in pay, position or authority) during the term of such agreement. He would be paid a benefit of two times base salary and target bonus, as well as a prorated payment of SMICP target incentive award for the year of termination. His welfare benefits would be continued for two years, unless he is sooner employed. Any unvested equity awards would be forfeited. The agreement provides that Mr. Izzo will be prohibited from competing with and from recruiting employees from us or our subsidiaries or affiliates, for certain periods after termination of employment. Violations of these provisions require a forfeiture of certain benefits.

Our Key Executive Severance Plan provides severance benefits to Ms. Dorsa and Messrs. Izzo, Levis, Bouknight and LaRossa, and to certain of our other key executive-level employees whose employment is terminated without cause. Participants must agree to restrictive covenants including confidentiality, non-competition and non-solicitation.

Under our Key Executive Severance Plan, if any of Ms. Dorsa and Messrs. Izzo, Levis, Bouknight and LaRossa is terminated without cause or resigns her or his employment for good reason within two years after a change-in-control, the individual will receive (1) a pro rata bonus based on her or his target annual incentive compensation, (2) three times the sum of her/his salary and target incentive bonus, (3) accelerated vesting of equity-based awards, except for performance share units, which vest pro rata, (4) a lump sum payment equal to the actuarial equivalent of her or his benefits under all of our retirement plans in which the individual participates calculated as though she or he remained employed for three years beyond the date employment is terminated less the actuarial equivalent of such benefits on the date employment terminates (reported in the table below as Enhanced Retirement Benefit), (5) three years continued welfare benefits (the first 18 months of which will be provided through PSEG-paid COBRA continuation coverage), (6) one year of PSEG-paid outplacement services and (7) vesting of any compensation previously deferred. Payments are limited to an amount that would not give rise to an excise tax liability under applicable IRS provisions, currently 2.99 times the individual's average W-2 compensation for the period. Amounts above that limit are forfeited. Potential payments are shown below in the Change-in-Control Termination Table.

Also under the Key Executive Severance Plan, Ms. Dorsa and Messrs. Levis, Bouknight and LaRossa would be entitled to certain severance benefits in the event that their employment was terminated without cause other than in a change-in-control situation. In such event they would be entitled to 1.0 times their annual base salary plus their target bonus, as well as a prorated payment of their SMICP target incentive award for the year of termination and certain outplacement services, educational assistance, health care and life insurance coverage. The Key Executive Severance Plan further provides that any unvested equity awards would be accelerated or forfeited in accordance with the terms of the individual's grants under the LTIP and/or employment agreement.

If a termination without cause or for a reduction in force or reorganization had occurred on December 31, 2013, each of the NEOs would have received the following benefits:

Termination without Cause(1)	Izzo ($)	Dorsa ($)	Levis ($)	Bouknight ($)	LaRossa ($)
Severance	4,840,000	1,053,150	991,375	900,735	825,000
Pro Rata Bonus (SMICP)	1,320,000	433,650	424,875	354,835	325,000
Unvested Restricted Stock Spread and Unvested Restricted Stock Units Spread (2)	-	-	1,118,699	-	1,168,151
LTIP Performance Unit Payout (2)	-	-	342,464	-	-
Health/Welfare Benefits	57,554	16,160	21,420	25,984	23,320
Outplacement	25,000	25,000	25,000	25,000	25,000
Education Assistance	3,000	3,000	3,000	3,000	3,000
Aggregate Payments	6,245,554	1,530,960	2,926,833	1,309,554	2,369,471

(1) Mr. Mehrberg is excluded from this table as he retired on December 2, 2013.

(2) Pursuant to the terms of Mr. Levis' employment agreement and Messrs. Levis' and LaRossa's respective retention awards, these amounts would have been payable only upon a termination without cause following a change in leadership.

If a termination without cause or resignation with good reason had occurred on December 31, 2013 following a change-in-control, each of the NEOs would have received the following benefits:

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Change-in-Control Termination(1)	Izzo ($)	Dorsa ($)	Levis ($)	Bouknight ($)	LaRossa ($)
Severance	7,260,000	3,159,450	2,974,125	2,702,205	2,475,000
Pro Rata Bonus (SMICP)	1,320,000	433,650	424,875	354,835	325,000
Unvested Restricted Stock Spread and Unvested Restricted Stock Units Spread	7,708,219	1,771,136	2,564,377	1,131,706	2,287,602
LTIP Performance Unit Payout	3,742,790	739,060	1,061,444	555,064	544,560
Enhanced Retirement Benefit	6,209,000	5,474,000	87,000	213,000	1,769,000
Health/Welfare Benefits	86,332	54,151	69,991	86,461	75,170
Retiree Medical Increase(2)	-	-	-	-	211,007
Outplacement	25,000	25,000	25,000	25,000	25,000
Parachute Payments Forfeited	(9,385,732)	(7,981,810)	(110,222)	(3,421,804)	(2,822,415)
Aggregate Payments	16,965,609	3,674,637	7,096,590	1,646,467	4,889,924

(1) Mr. Mehrberg is excluded from this table as he retired on December 2, 2013.

(2) Represents amount Mr. LaRossa would receive because he is not yet retirement eligible.

No NEO would be eligible for any payments under the Key Executive Severance Plan, either prior to or following a change-in-control, if he/she voluntarily terminated his/her employment (other than for “good reason” as described above) or if his/her employment were terminated by us for “cause.”

If a NEO were to retire or his/her employment were terminated on account of death or disability, the Key Executive Severance Plan provides that such participant would be entitled to accrued pay through the date of termination and prorated payment of his/her target incentive award for the year of termination.

Change-in-control provisions under the Key Executive Severance Plan generally means the occurrence of any of the following events:

- Any person is or becomes the beneficial owner of our securities representing 25% or more of the combined voting power of our then outstanding securities; or
- A majority of the Board is replaced without approval of the current Board; or
- There is consummated a merger or consolidation of us, other than a merger or consolidation which would result in our voting securities outstanding immediately prior to such merger continuing to represent at least 75% of the combined voting power of the securities of us or such surviving entity immediately after such merger or consolidation; or
- Our stockholders approve a plan of complete liquidation or dissolution of us or there is consummated an agreement for the sale or disposition by us of all or substantially all of our assets.

For additional information regarding the provisions of LTIP awards, see Material Factors Concerning Awards Shown in Summary Compensation Table, Grants of Plan-Based Awards Table and Employment Agreements above.

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Proposals 3(a), 3(b) and 3(c)
AMENDMENTS TO CERTIFICATE OF INCORPORATION AND BY-LAWS

There will be presented at the Annual Meeting three proposals to approve amendments to each of PSEG's Certificate of Incorporation, as amended, and By-Laws to eliminate provisions currently requiring a supermajority vote for certain actions. These amendments are described in Proposals 3(a), 3(b) and 3(c) below (Proposed Amendments).

At our 2013 Annual Meeting of Stockholders, a stockholder proposal was submitted on this topic. The proposal did not receive the support of more than a majority of outstanding shares. However, it did receive the support of a majority of the votes cast. The Board is aware that the proposal did not receive the support of a number of our largest stockholders. While the Board believes that those existing voting provisions have been beneficial in requiring strong stockholder support in connection with certain fundamental actions, the Board continues to be responsive to stockholder concerns and encourages stockholder participation in corporate governance. Accordingly, after consideration of the advantages and disadvantages of and stockholder support for the proposal to eliminate supermajority voting provisions, the Board has determined that, subject to the requisite approval of our stockholders, it is appropriate to remove these provisions from our governance documents. The Board's ability to do is governed by the laws of the State of New Jersey, where we are incorporated, and our Certificate of Incorporation and By-Laws.

Currently, our Certificate of Incorporation and By-Laws require the affirmative vote of shares representing 80% of our outstanding Common Stock for the following matters: (i) certain mergers and other business combinations; (ii) the removal of a director without cause; (iii) certain amendments to the By-Laws; (iv) amendments to or adoption of provisions inconsistent with existing requirements for number, election and terms of directors; (v) amendments to or adoption of provisions inconsistent with existing provisions for the submission of candidates to the Board by stockholders; and (vi) provisions allowing amendments to the By-Laws to be adopted or new By-Laws enacted by a majority vote of the shares represented and entitled to vote at a meeting or a majority vote of the directors present at any meeting at which there is a quorum.

Below is a summary of the recommended material terms and revisions. The actual text of the Proposed Amendments to the Certificate of Incorporation and By-Laws are set forth respectively in Appendices A and B to this Proxy Statement, marked with deletions indicated by strike-outs and additions indicated by underlining. Approval of any one of the three proposals with respect to the Proposed Amendments is not conditioned upon approval of any of the other proposals. Under the provisions of our Certificate of Incorporation and By-Laws as now in effect, the affirmative vote of at least 80% of the outstanding shares is required for the approval of each of the Proposed Amendments set forth in these proposals. Any shares that are not voted (whether by abstention or otherwise) on any such proposal will have the effect of a vote against the proposal.

Proposal 3(a)

Approval of Amendments to Article 7 of our Certificate of Incorporation to Eliminate the Supermajority Voting Requirements for Certain Business Combinations

Article 7, Section 1 of our Certificate of Incorporation currently requires the approval of 80% of shares outstanding for certain mergers and other business combinations. This provision would be revised to require a simple majority vote of shares outstanding for such transactions.

Article 7, Section 7 of our Certificate of Incorporation, which currently requires the affirmative vote of 80% of shares outstanding in order to make certain amendments to or to adopt certain provisions or take certain actions inconsistent with Article 7 would be revised to require a simple majority vote of shares outstanding to make such revisions and take such actions.

Approval of this proposal requires the affirmative vote of at least 80% of shares of Common Stock outstanding. If approved, the Board will take the next steps required to implement the proposed amendments.

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Proposal 3(b)

Approval of Amendments to Article 8 of our Certificate of Incorporation and Article I, Section 1(d) of our By-Laws to Eliminate the Supermajority Voting Requirements to Remove a Director Without Cause

Article 8, Section 4 of our Certificate of Incorporation and Article I, Section 1(d) of our By-Laws each currently requires the affirmative vote of 80% of shares outstanding in order to remove a director from office without cause. Each respective provision would be revised to require a simple majority vote of shares outstanding to remove a director without cause.

Article 8, Section 5 of our Certificate of Incorporation currently requires the affirmative vote of 80% of shares outstanding in order to make certain amendments to or adopt any provisions inconsistent with Article 8. This provision would be revised to require a simple majority vote of shares outstanding to make certain amendments and to adopt provisions inconsistent with Article 8.

Approval of this proposal requires the affirmative vote of at least 80% of shares of Common Stock outstanding. If approved, the Board will take the next steps required to implement the proposed amendments.

Proposal 3(c)

Approval of Amendment to Article 9 of our Certificate of Incorporation to Eliminate the Supermajority Voting Requirement to Make Certain Amendments to our By-Laws

Article 9 of our Certificate of Incorporation currently requires the approval of 80% of shares outstanding in order to make certain amendments to our By-Laws. This provision would be revised to require a simple majority vote of shares outstanding to make certain amendments to our By-Laws.

Approval of this proposal requires the affirmative vote of at least 80% of shares of Common Stock outstanding. If approved, the Board will take the next steps required to implement the proposed amendment.

The Board of Directors Recommends Votes FOR each of Proposals 3(a), 3(b) and 3(c).

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Proposal 4
RATIFICATION OF THE APPOINTMENT OF INDEPENDENT AUDITOR

The Audit Committee of the Board, each member of which is independent, has appointed Deloitte & Touche LLP of Parsippany, New Jersey, as independent auditor to make the annual audit of our books of account and supporting records for 2014, subject to the ratification of the stockholders at the Annual Meeting. As recommended by the Board, we ask you to ratify this appointment.

Representatives of Deloitte & Touche LLP will be present at the Annual Meeting and will be afforded an opportunity to make a statement if they so desire and to respond to appropriate questions.

The Board Of Directors Recommends A Voting "For" This Proposal.

AUDIT COMMITTEE REPORT

The Audit Committee of the PSEG Board of Directors is comprised solely of independent directors. It operates under a written charter adopted by the PSEG Board of Directors which is posted on PSEG's website, www.pseg.com/info/investors/governance/committees.jsp. The Audit Committee Charter is annually reviewed and assessed for adequacy by the PSEG Audit Committee.

Management is responsible for PSEG's financial statements and internal controls. The independent auditor of PSEG, Deloitte & Touche LLP, reports directly to the PSEG Audit Committee and is responsible for performing an independent audit of PSEG's annual consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (PCAOB) (U.S.) and on PSEG's internal controls and for issuing reports thereon. The Audit Committee's overall responsibility is to assist the PSEG Board of Directors in overseeing the quality and integrity of the accounting, auditing and financial reporting practices.

Management has represented to the Audit Committee that PSEG's Consolidated Financial Statements were prepared in accordance with generally accepted accounting principles (GAAP) in the United States. In performance of its responsibilities, the Audit Committee has reviewed PSEG's Consolidated Financial Statements for the year ended December 31, 2013 and discussed these financial statements with management, the internal auditors and the independent auditor. The Audit Committee periodically meets privately with the Chief Financial Officer, the General Counsel, and the Vice President-Internal Audit and with the independent auditor. At all of its meetings (except those held telephonically) the Audit Committee meets in executive session with only Audit Committee members present. The Audit Committee discussed with the independent auditor:

- PSEG's critical accounting policies;
- New accounting standards and policies affecting PSEG;
- That there were no disagreements with management over the application of GAAP;
- Significant accounting estimates made by management and the disclosures in the financial statements;
- Accounting and reporting for significant transactions; and
- The other matters required to be discussed as described in PCAOB Auditing Standards No.16 Communications with Audit Committees, which relate to the audit, financial statements, significant risks and critical accounting estimates, among others.

The independent auditor also provided to the Audit Committee the written disclosures required by the PCAOB's standards in PCAOB Rule 3526, Communication with Audit Committee Concerning Independence, and current SEC requirements for auditor independence. The Audit Committee discussed with the independent auditor the firm's independence with respect to PSEG, internal quality control procedures, and any material issues raised and any steps taken to deal with such issues by the most recent internal quality control review, peer review or by any inquiry or investigation by governmental or professional authorities within the preceding five years, with respect to one or more independent audits carried out by the firm. The Audit Committee has also reviewed the requirements of the Sarbanes-Oxley Act of 2002 with respect to auditor independence and has defined the amount and scope of services that may be performed by Deloitte & Touche LLP consistent with maintaining that firm's independence. The Audit Committee requires that all services of Deloitte & Touche LLP be pre-approved by the Audit Committee or the Audit Committee Chair. The Audit Committee has considered whether the independent auditor's provision of non-audit services to PSEG and the total fees paid for non-audit services relative to fees paid for audit services are compatible with maintaining the independent auditor's independence. On the basis of its review, the Audit Committee determined that the independent auditor has the requisite independence.

Based on the Audit Committee's discussions with management, the internal auditors and the independent auditor, the Audit Committee's review of the audited financial statements, the representations of management to the independent auditor regarding the audited financial

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statements and the independent auditor's report to the Audit Committee, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in PSEG's Annual Report on Form 10-K for the fiscal year ended December 31, 2013, for filing with the SEC.

Members of the Audit Committee:

David Lilley, Chair
Albert R. Gamper, Jr.
Thomas A. Renyi
Hak Cheol Shin
Susan Tomasky

February 17, 2014

FEES BILLED BY DELOITTE & TOUCHE LLP FOR 2013 AND 2012

The appointment, termination, compensation and oversight of the work of the Independent Registered Public Accountants, Deloitte & Touche LLP, is the direct responsibility of the Audit Committee of our Board, which reviews its independence, the services provided and its fees, as well as peer review reports of its performance. All fees paid to Deloitte & Touche LLP, the member firms of Deloitte Touche Tohmatsu and their respective affiliates (collectively, Deloitte & Touche) for all services, audit and non-audit, provided to us and our subsidiaries are pre-approved by the Audit Committee or its Chair.

	Years ended December 31,	
	2013 ($)	2012 ($)
Audit Fees (1)	6,269,000	6,450,000
Audit Related Fees (2)	47,400	47,400
Tax Fees (3)	299,046	348,392
All Other Fees (4)	-	-

(1) The audit fees were incurred for audits of our annual consolidated financial statements and those of our subsidiaries, including our Annual Reports on Form 10-K, reviews of financial statements included in our quarterly reports on Form 10-Q and for services rendered in connection with certain financing transactions, statutory and regulatory filings and fees for accounting consultations related to the application of new accounting standards and rules.

(2) The audit related fees primarily related to performing certain attest services.

(3) The tax fees primarily relate to tax compliance and tax advice.

(4) There were no fees other than the above.

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Appendix A
PROPOSED AMENDMENTS TO CERTIFICATE OF INCORPORATION

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED

Proposed Amendments to Public Service Enterprise Group Incorporated's Amended Certificate of Incorporation to Eliminate Supermajority Voting Requirements

Sections 1, 2 and 7 of Article 7 CERTAIN BUSINESS COMBINATIONS of the Certificate of Incorporation of this corporation, as amended to date, are amended to read as follows:

SECTION 1. Vote Required for Certain Business Combinations. In addition to any affirmative vote required by law and except as otherwise expressly provided in Section 2 of this Article 7:

(a) any merger or consolidation of the corporation or any Subsidiary (hereinafter defined) with (i) any Interested Shareholder (hereinafter defined) or (ii) any other corporations (whether or not itself an Interested Shareholder) which is, or after such merger or consolidation would be, an Affiliate (hereinafter defined) of an Interested Shareholder; or

(b) any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions) to or with any Interested Shareholder or any Affiliate of any Interested Shareholder of any assets of the corporation or any Subsidiary having an aggregate Fair Market Value (hereinafter defined) of $25,000,000 or more; or

(c) the issuance or transfer by the corporation or any Subsidiary (in one transaction or a series of transactions) of any securities of the corporation or any Subsidiary to any Interested Shareholder or Affiliate of any Interested Shareholder in exchange for cash, securities or other property (or a combination thereof) having an aggregate Fair Market Value of $25,000,000 or more; or

(d) the adoption of any plan or proposal for the liquidation or dissolution of the corporation proposed by or on behalf of any Interested Shareholder or any Affiliate of any Interested Shareholder; or

(e) any reclassification of securities (including any reverse stock split), recapitalization of the corporation, any merger or consolidation of the corporation with any of its Subsidiaries or any other transaction (whether or not with or into or otherwise involving an Interested Shareholder) which has the effect, directly or indirectly, of increasing the proportionate share of the outstanding shares of any class of equity or convertible securities of the corporation or any Subsidiary which is directly or indirectly owned by any Interested Shareholder or any Affiliate of any Interested Shareholder;

shall require prior approval by the affirmative vote of ~~80%~~ a majority of the votes which the holders of the then outstanding shares of capital stock of the corporation are entitled to vote in the election of directors (the "Voting Stock"), voting together as a single class (each share of the Voting Stock having a number of votes duly fixed by the Board of Directors pursuant to Article 3 of the Certificate of Incorporation or provided by the By-Laws). Such affirmative vote shall be required notwithstanding the fact that no vote may be required, or that a lesser percentage may be specified, by law or in any agreement with any national securities exchange or otherwise. The term "Business Combination" as used in this Article 7 shall mean any transaction which is referred to in any one or more of paragraphs (a) through (e) of this Section 1.

SECTION 2. Exceptions to ~~80%~~ Vote Required By Section 1. The provisions of Section 1 of this Article 7 shall not be applicable to any particular Business Combination (and such Business Combination shall require only such affirmative vote which may be required by law or otherwise) if all of the conditions specified in either of the following paragraphs (a) or (b) are met:

(a) The Business Combination shall have been approved by majority vote of the Disinterested Directors (hereinafter defined).

(b) All of the following conditions shall have been met:

(i) The aggregate amount of the cash and the Fair Market Value, as of the date of the consummation of the Business Combination, of consideration other than cash to be received per share by holders of Common Stock in such Business Combination shall be at least equal to the higher of:

(1) if applicable, the highest per share price (including any brokerage commissions, transfer taxes and soliciting dealers' fees) paid by the Interested Shareholder for any shares of Common Stock acquired by it (x) within the two-year period immediately prior to the first public announcement of the proposal of the Business Combination (the "Announcement Date") or (y) in the transaction in which it became an Interested Shareholder, whichever is higher; or

(2) the Fair Market Value per share of Common Stock on the Announcement Date or on the date (the "Determination Date") on which the Interested Shareholder became an Interested Shareholder, whichever is higher.

(ii) The aggregate amount of the cash and the Fair Market Value, as of the date of the consummation of the Business Combination, of consideration other than cash to be received per share by holders of shares of any class or series of outstanding Voting Stock other than Common Stock shall be at least equal to the highest of the following (it being intended that

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the requirements of this paragraph (b)(ii) shall be met with respect to every such class or series whether or not the Interested Shareholder has previously acquired any shares thereof):

(1) if applicable, the highest per share price (including any brokerage commissions, transfer taxes and soliciting dealers' fees) paid by the Interested Shareholder for any shares of such class or series acquired by it (x) within the two-year period immediately prior to the "Announcement Date" or (y) in the transaction in which it became an Interested Shareholder, whichever is higher; or

(2) if applicable, the highest preferential amount per share to which the holders of shares of such class or series are entitled in the event of any voluntary or involuntary liquidation, dissolution or winding up of the corporation; or

(3) the Fair Market Value per share of such class or series on the Announcement Date or on the Determination Date, whichever is higher.

(iii) The consideration to be received by holders of a particular class or series of outstanding Voting Stock (including Common Stock) shall be in cash or in the same form as the Interested Shareholder has previously paid for shares of such class or series of Voting Stock. If the Interested Shareholder has paid for shares of any class or series of Voting Stock with varying forms of considerations, the form of consideration for such class or series shall be either cash or the form used to acquire the largest number of shares of such class or series previously acquired by it. The price determined in accordance with paragraphs (b)(i) and (b)(ii) of this Section 2 shall be subject to appropriate adjustment in the event of any stock dividend, stock split, combination of shares or similar event.

(iv) After such Interested Shareholder has become an Interested Shareholder and prior to the consummation of such Business Combination: (1) except as approved by a majority of the Disinterested Directors, there shall have been no failure to declare and pay at the regular date therefor any dividends (whether or not cumulative) on any outstanding series of Preferred Stock: (2) there shall been (x) no reduction in the annual rate of dividends paid on the Common Stock (except as necessary to reflect any subdivisions of the Common Stock), except as approved by a majority of the Disinterested Directors and (y) an increase in such annual rate of dividends as necessary to reflect any reclassification (including any reverse stock split), recapitalization, reorganization or any similar transaction which has the effect of reducing the number of outstanding shares of Common Stock, unless the failure to so increase such annual rate is approved by a majority of the Disinterested Directors; and (3) such Interested Shareholder shall have not become the beneficial owner of any additional shares of Voting Stock except as part of the transaction which results in such Interested Shareholder becoming an Interested Shareholder.

(v) After such Interested Shareholder has become an Interested Shareholder, such Interested Shareholder shall not have received the benefit directly or indirectly (except proportionately as a shareholder) of any loans, advances, guarantees, pledges or other financial assistance, or any tax credits or other tax advantages, provided by the corporation, whether in anticipation of or in connection with such Business Combination or otherwise.

(vi) A proxy or information statement describing the proposed Business Combination and complying with the requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder (or any subsequent provisions replacing such act, rules or regulations) shall be mailed to shareholders of the corporation at least 30 days prior to the consummation of such Business Combination (whether or not such proxy or information statement is required to be mailed pursuant to such act, rules and regulations or subsequent provisions).

SECTION 7. Amendment. Notwithstanding any other provisions of this Certificate of Incorporation, the By-Laws of the corporation or applicable law, the affirmative vote of ~~80%~~ a majority of the votes of the then outstanding Voting Stock, voting together as a single class, shall be required (a) to amend, modify or repeal this Article 7, (b) adopt any provision to this Certificate of Incorporation or By-Laws which is inconsistent with this Article 7, or (c) prior to the fixing by the Board of Directors of any right or preference of any series of Preferred Stock which is inconsistent with the provisions of this Article 7.

Sections 4 and 5 of Article 8 BOARD OF DIRECTORS of the Certificate of Incorporation of this corporation, as amended to date, are amended to read as follows:

SECTION 4. Removal and Suspension. Subject to the rights of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation to elect directors under specified circumstances, any director may be removed from office without cause only by the affirmative vote of the holders of ~~80%~~ a majority of the combined voting powers of the then outstanding shares of stock entitled to vote generally in the election of directors, voting together as a single class. The Board of Directors, by the affirmative vote of a majority of the directors in office, may remove a director or directors for cause where, in the judgment of such majority, the continuation of the director or directors in office would be harmful to the corporation and may suspend the director or directors for a reasonable period pending final determination that cause exists for such removal.

SECTION 5 Amendment, repeal, etc. Notwithstanding anything in this Certificate of Incorporation to the contrary, the affirmative vote of the holders of at least ~~80%~~ a majority of the voting power of all shares of the corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required to alter, amend, adopt any provision inconsistent with or repeal this Article 8.

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Article 9 BY-LAW AMENDMENTS of the Certificate of Incorporation of this corporation, as amended to date, is amended to read as follows:

The Board of Directors shall have power to make, alter, amend and repeal the By-Laws of the corporation (except so far as the By-Laws of the corporation adopted by the shareholders shall otherwise provide). Any By-Laws made by the Directors under the powers conferred hereby may be altered, amended or repealed by the directors or by the shareholders. Notwithstanding the foregoing and anything contained in this Certificate of Incorporation to the contrary, Article 1, Section1; Article IX, Section 9; and Article XVI of the By-Laws shall not be altered, amended or repealed and no provision inconsistent therewith shall be adopted without the affirmative vote of the holders of at least ~~80%~~ a majority of the voting power of all the shares of the corporation entitled to vote generally in the election of directors, voting together as a single class. Notwithstanding anything contained in this Certificate of Incorporation to the contrary, the affirmative vote of the holders of at least ~~80%~~ a majority of the voting power of all the shares of the corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required to alter, amend, or adopt any provision inconsistent with or repeal this Article 9.

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Appendix B
PROPOSED AMENDMENT TO BY-LAWS

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED

Proposed Amendments to Public Service Enterprise Group Incorporated's By-laws to Eliminate Supermajority Voting Requirements

Article 1 SECTION 1(d) of the By-Laws of this corporation is amended to read as follows:

(d) Removal and Suspension. Subject to the rights of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation to elect directors under specified circumstances, any director may be removed from office without cause only by the affirmative vote of the holders of ~~80%~~ a majority of the combined voting power of the then outstanding shares of stock entitled to vote generally in the election of directors, voting together as a single class. The Board of Directors, by the affirmative vote of a majority of the directors in office, may remove a director or directors for cause where, in the judgment of such majority, the continuation of the director or directors in office would be harmful to the corporation and may suspend the director or directors for a reasonable period pending final determination that cause exists for such removal.

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MAP AND TRANSPORTATION

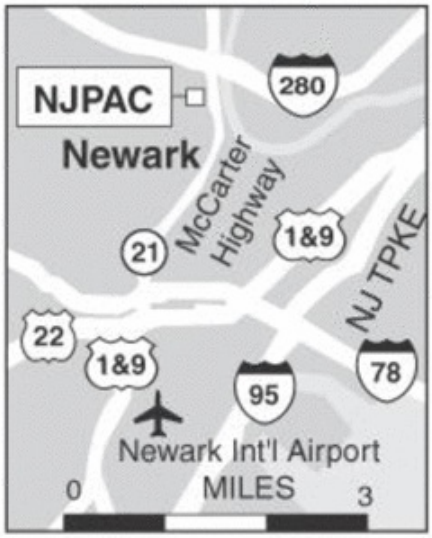

Arrangements have been made to provide free parking within close proximity to the New Jersey Performing Arts Center (NJPAC) at locations designated (P) on the map above.

Please bring your parking ticket with you to the meeting so that it can be validated by PSEG. Reasonable parking expenses incurred at locations other than those shown above will be reimbursed. You may obtain driving directions and public transportation information by calling 1-888-GO-NJPAC or on the NJPAC website, www.njpac.org.

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Public Service Enterprise Group Incorporated
80 Park Plaza, P.O. Box 1171
Newark, New Jersey 07101-1171
973-430-7000
www.pseg.com

Commitment to our Customers

- America's most reliable utility (five of the last nine years)
- Reliability One Award (last 12 years)
- EEI storm response award (2012 and 2011)
- System hardening and infrastructure enhancements
- Serving 2.2 million electric and 1.8 million gas customers in NJ and 1.1 million electric customers on Long Island
- Building relationships through communication and social media outreach

Commitment to our Employees

- Top 50 Employer: Equal Opportunity Magazine (2013)
- Fortune Most Admired Companies (since 2006)
- Diversity and inclusion in the workplace
- Employee health and safety; wellness and lifestyle
- Employee engagement, ethics and comfort speaking up
- Paying over $1.1 Billion in compensation and retiree benefits annually

Commitment to the Environment and Sustainability

- Renewable and solar energy and energy efficiency programs
- Climate leadership and carbon reduction
- Water management, estuary enhancement and biodiversity
- Dow Jones Sustainability North America Index (since 2008)
- Provider of green energy to Super Bowl XLVIII

Commitment to our Communities and the Economy

- PSEG Foundation investments in safety, community, education
- PSE&G Children's Specialized Hospital
- March of Dimes: Number 1 utility in New Jersey and United States in 2013
- Special Olympics USA Games 2014
- Over $7 million in annual charitable giving
- Over $1 billion annually spent with NJ businesses

PSEG:
Providing Safe, Reliable, Economic and Greener Energy

S1-SSA-0009 - 29054

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Shareowner Services
P.O. Box 64945
St. Paul, MN 55164-0945

Address Change? Mark box, sign, and indicate changes below: ☐

TO VOTE BY INTERNET OR TELEPHONE, SEE REVERSE SIDE OF THIS PROXY CARD.

TO VOTE BY MAIL AS THE BOARD OF DIRECTORS RECOMMENDS ON ALL ITEMS BELOW, SIMPLY SIGN, DATE, AND RETURN THIS PROXY CARD.

The Board of Directors Recommends a Vote "FOR" Items 1, 2, 3(a), 3(b), 3(c) and 4.

1. ELECTION OF DIRECTORS:
Nominees for terms expiring in 2015 are:

		FOR	AGAINST	ABSTAIN			FOR	AGAINST	ABSTAIN
1.1	Albert R. Gamper, Jr.	☐	☐	☐	**1.6**	Thomas A. Renyi	☐	☐	☐
1.2	William V. Hickey	☐	☐	☐	**1.7**	Hak Cheol Shin	☐	☐	☐

Please fold here – Do not separate

1.3	Ralph Izzo	☐	☐	☐	**1.8**	Richard J. Swift	☐	☐	☐
1.4	Shirley Ann Jackson	☐	☐	☐	**1.9**	Susan Tomasky	☐	☐	☐
1.5	David Lilley	☐	☐	☐	**1.10**	Alfred W. Zollar	☐	☐	☐

2.	Advisory vote on the approval of executive compensation	☐ For	☐ Against	☐ Abstain
3(a)	Approval of Amendments to Certificate of Incorporation to eliminate supermajority voting requirements for certain business combinations	☐ For	☐ Against	☐ Abstain
3(b)	Approval of Amendments to Certificate of Incorporation and By-Laws to eliminate supermajority voting requirements to remove a director without cause	☐ For	☐ Against	☐ Abstain
3(c)	Approval of Amendment to Certificate of Incorporation to eliminate supermajority voting requirement to make certain amendments to By-laws	☐ For	☐ Against	☐ Abstain
4.	Ratification of the appointment of Deloitte & Touche LLP as Independent auditor for the year 2014	☐ For	☐ Against	☐ Abstain

THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED AS DIRECTED OR, IF NO DIRECTION IS GIVEN, WILL BE VOTED AS THE BOARD RECOMMENDS.

Please indicate if you plan to attend the Annual Meeting by marking this box. ☐

Date _____

Signature(s) in Box

Please sign exactly as your name(s) appears on Proxy. If held in joint tenancy, all persons should sign. Trustees, administrators, etc., should include title and authority. Corporations should provide full name of corporation and title of authorized officer signing the Proxy.

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Public Service Enterprise Group Incorporated
2014 Annual Meeting of Stockholders

New Jersey Performing Arts Center
One Center Street, Newark, New Jersey

April 15, 2014 at 1:00 P.M.

(Registration Begins at 12:00 P.M. Light refreshments will be available.)

For wheelchair and hearing-impaired seating, please see host/hostess for assistance.

You should present evidence that you are a stockholder in order to gain admittance to the meeting. If shares are held in the name of a broker, trust, bank, or other nominee, you should bring with you a proxy or letter from the broker, trustee, bank or nominee confirming your beneficial ownership of the shares. Each stockholder may be asked to present valid picture identification, such as a driver's license. Cameras, recording devices and other electronic devices will not be permitted at the meeting.

THANK YOU FOR VOTING

For electronic delivery of future proxy materials, please visit www.proxypush.com/peg. To access your shareholder account online, please visit www.shareowneronline.com.

Important notice regarding the Internet availability of proxy materials for the Annual Meeting of Stockholders
The Proxy Statement and the 2013 Annual Report to Stockholders are available at:
http://www.ezodproxy.com/pseg/2014/pseg2013ar

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
PROXY FOR ANNUAL MEETING OF STOCKHOLDERS
April 15, 2014

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS OF PSEG

The undersigned hereby appoints **Shirley Ann Jackson, Ralph Izzo and Richard J. Swift,** and each or any of them, proxies of the undersigned, each with full power of substitution, to vote in their discretion (subject to any directions indicated on the reverse side of this proxy) at the Annual Meeting of Stockholders of Public Service Enterprise Group Incorporated (PSEG) to be held on April 15, 2014 and at all adjournments or postponements thereof, upon all matters which may come before the meeting or any adjournment, including the proposals set forth in the Notice of Meeting and Proxy Statement, receipt of which is hereby acknowledged. Said proxies are instructed to vote as set forth on the reverse side hereof with respect to said proposals.

Shares represented by this proxy will be voted in accordance with recommendations of the Board of Directors of PSEG as stated on the reverse side, unless otherwise indicated on the reverse, in which case they will be voted as marked. Information pertaining to each proposal is included in the Proxy Statement under proposals corresponding to the item numbers set forth on the reverse side.

If you have not voted by telephone or the Internet, please mark your proxy on the reverse side, sign it and date it, and return it promptly in the envelope provided.

Vote by Internet, Telephone or Mail
24 Hours a Day, 7 Days a Week

Your phone or Internet vote authorizes the named proxies to vote your shares in the same manner as if you marked, signed and returned your proxy card.

S1-SSA-0009 - 29056

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INTERNET/MOBILE

www.proxypush.com/peg

Use the Internet to vote your proxy until 11:59 p.m. (CT) on April 14, 2014.

PHONE

1-866-883-3382

Use a touch-tone telephone to vote your proxy until 11:59 p.m. (CT) on April 14, 2014.

MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope provided.

If you vote your proxy by Internet or by Telephone, you do NOT need to mail back your Proxy Card.

S1-SSA-0009 - 29057

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 (Amendment No. _)

Filed by the Registrant ☒ Filed by a Party other than the Registrant ☐

Check the appropriate box:

☐ Preliminary Proxy Statement

☐ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

☒ Definitive Proxy Statement

☐ Definitive Additional Materials

☐ Soliciting Material under §240.14a-12

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

☒ No fee required

☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

☐ Fee paid previously with preliminary materials.

☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

S1-SSA-0009 - 29058

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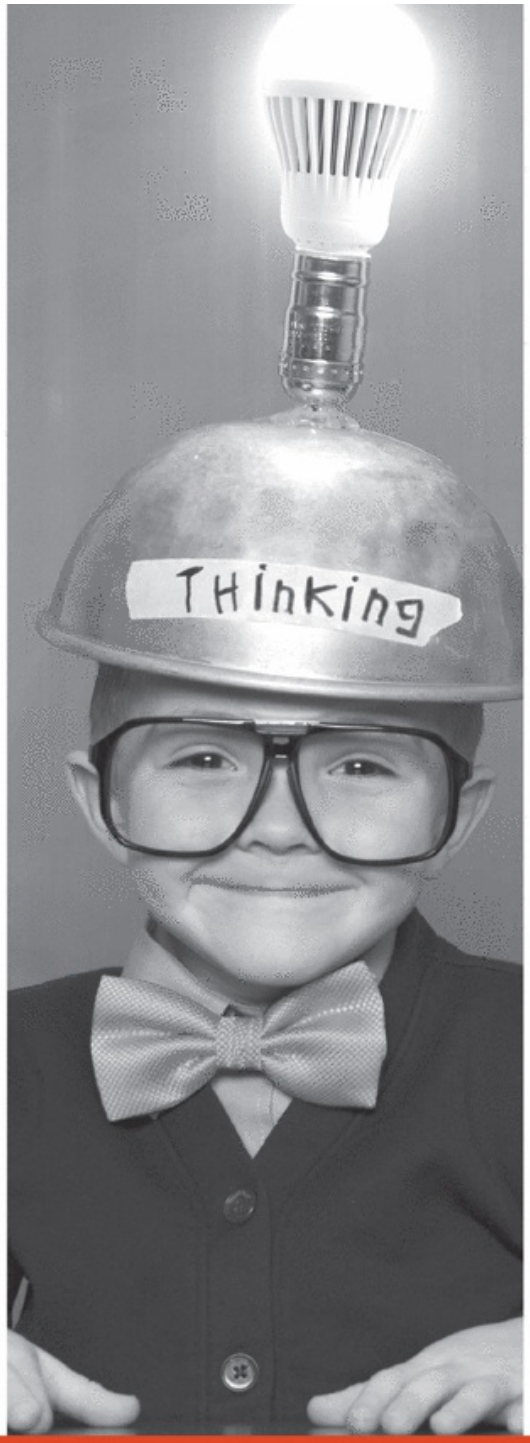

PSEG

→ about
OUR
eNergy
OUR Future
OUR
PlaNet

2018
PROXY
STATEMENT

S1-SSA-0009 - 29059

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Public Service Enterprise Group Incorporated
80 Park Plaza, Newark, NJ 07102

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS AND PROXY STATEMENT

DATE	LOCATION	RECORD DATE
April 17, 2018 at 1:00 P.M.	Newark Museum 49 Washington Street Newark, NJ 07102	Stockholders entitled to vote at the meeting are the holders of Common Stock of record on **February 16, 2018**

Items of Business

1. Elect eleven members of the Board of Directors to hold office until the Annual Meeting of Stockholders in 2019, or until his or her respective successor is elected and qualified;
2. Consider and act upon an advisory vote on the approval of executive compensation;
3. Consider and act upon the ratification of the appointment of Deloitte & Touche LLP as independent auditor for 2018; and
4. Transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

By order of the Board of Directors,

Michael K. Hyun

Secretary

March 2, 2018

YOUR VOTE IS IMPORTANT, REGARDLESS OF THE NUMBER OF SHARES YOU OWN. PLEASE SIGN, DATE AND MAIL THE ACCOMPANYING PROXY CARD OR VOTING INSTRUCTION FORM PROMPTLY. YOU MAY ALSO VOTE VIA THE INTERNET OR BY TELEPHONE. PLEASE USE THE INTERNET ADDRESS OR TOLL-FREE NUMBER SHOWN ON YOUR PROXY CARD OR VOTING INSTRUCTION FORM.

YOU MAY HAVE MULTIPLE ACCOUNTS AND THEREFORE RECEIVE MORE THAN ONE PROXY CARD OR VOTING INSTRUCTION FORM AND RELATED MATERIALS. PLEASE VOTE EACH PROXY CARD AND VOTING INSTRUCTION FORM THAT YOU RECEIVE. THANK YOU FOR VOTING.

Scan this ***QR Code*** to view the 2018 PSEG Proxy Statement and Annual Report on your mobile device.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to be held on April 17, 2018. The Proxy Statement and Annual Report to Stockholders are available at **www.ezodproxy.com/pseg/2018/ar**.

The approximate date on which this Proxy Statement and the accompanying proxy card were first sent or given to security holders and made available electronically via the Internet was March 13, 2018.

Public Service Enterprise Group Incorporated (we, us, our, PSEG or the Company) is distributing this Proxy Statement to solicit proxies in connection with our 2018 Annual Meeting of Stockholders.

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Please vote on these items:

PROPOSAL 1 Election of Directors

Page 6

is followed by a discussion of our corporate governance practices, board structure and director nominee biographies, skills and qualifications.

We ask you to vote FOR this proposal.

PROPOSAL 2 Advisory Vote on the Approval of Executive Compensation

Page 39

is followed by our Compensation Discussion and Analysis (CD&A), with a detailed explanation of executive compensation, and the compensation tables.

We ask you to vote FOR this proposal.

PROPOSAL 3 Ratification of the Appointment of Independent Auditor

Page 81

is followed by our Board's Audit Committee Report and disclosure of our Independent Auditor's fees.

We ask you to vote FOR this proposal.

Quick Reference Sections:

PROXY STATEMENT SUMMARY

Page 1

Provides an overview of materials presented in connection with the 2018 Annual Meeting of Stockholders.

CD&A EXECUTIVE SUMMARY

Page 40

Provides highlights of the Company's executive compensation program and pay-for-performance approach.

ATTENDANCE AND VOTING INSTRUCTIONS

Page 84

Provides how-to information for voting, as well as navigating you to the meeting.

Electronic Delivery

You can help us and the environment by choosing to receive future proxy statements and related documents such as the Annual Report and Form 10-K by electronic delivery. You may sign up for future electronic delivery at the website below, depending on the nature of your ownership. Please note that these are not the same sites to use for voting. For further information about how to vote, see pages iii and 85.

- If you are a stockholder of record, please go to **www.proxyconsent.com/peg.**
- For shares held in Employee Benefit Plans, go to **www.proxyconsent.com/peg.**
- If your shares are held by a bank or broker, please go to **https://enroll.icsdelivery.com/peg.**

S1-SSA-0009 - 29061

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Voting Methods for Stockholders of Record

INTERNET/MOBILE
http://www.proxypush.com/peg

MAIL
EQ Shareowner Services
P.O. Box 64945 St. Paul, MN 55164-0945

PHONE
1-866-883-3382 (toll-free)

IN PERSON
Newark Museum
49 Washington Street
Newark, NJ 07102

To Submit Proposals for 2019 Annual Meeting

FINAL DATE
November 13, 2018
(last day for receipt by us)

CONTACT
Corporate Secretary, PSEG
80 Park Plaza, T4B,
Newark, NJ 07102

Voting is strongly encouraged. We urge you to sign, date and return the accompanying proxy card or voting instruction form whether or not you plan to attend the Annual Meeting. For stockholders of record, we have provided several alternative voting methods, including voting via the Internet or the toll-free telephone number listed above. For shares held by a bank or broker, including those in the various stockholder and employee plans that we offer, please follow the voting instructions you receive from your bank, broker or plan administrator. Most banks and brokers are likely to provide you with methods for internet or toll-free telephone voting. For more information, see pages 84-86.

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Forward-Looking Statements

The statements contained in this Proxy Statement that are not purely historical are "forward-looking statements" within the meaning of The Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ materially from those anticipated. Such statements are based on management's beliefs as well as assumptions made by and information currently available to management. Factors that could cause actual results to differ materially from those contemplated in any forward-looking statements made by us herein are discussed in our Annual Report on Form 10-K and subsequent reports on Form 10-Q and Form 8-K filed with the Securities and Exchange Commission (SEC), and available on our website: http://investor.pseg.com/sec-filings. All of the forward-looking statements made in this Proxy Statement are qualified by these cautionary statements and we cannot assure you that the results or developments anticipated by management will be realized or even if realized, will have the expected consequences to, or effects on, us or our business, prospects, financial condition, results of operations or cash flows. Readers are cautioned not to place undue reliance on these forward-looking statements in making any investment decision. Forward-looking statements made in this Proxy Statement apply only as of the date hereof. While we may elect to update forward-looking statements from time to time, we specifically disclaim any obligation to do so, even in light of new information or future events, unless otherwise required by applicable securities laws.

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OUR COMPANY

PSEG is an energy company with a diversified business mix with two principal directly owned operating subsidiaries.

- Public Service Electric and Gas Company (PSE&G), a public utility engaged principally in the transmission of electricity and distribution of electricity and natural gas in certain areas of New Jersey. In addition, PSE&G invests in solar generation projects and energy efficiency and related programs in New Jersey.
- PSEG Power LLC (Power), a multi-regional energy supply company that integrates the operations of its merchant nuclear and fossil generating assets with its power marketing businesses and fuel supply functions through competitive energy sales in well-developed energy markets primarily in the Northeast and Mid-Atlantic United States through its principal direct wholly owned subsidiaries. In addition, Power owns and operates solar generation facilities in various states.

PSEG's other direct wholly owned subsidiaries are: PSEG Long Island LLC (PSEG LI), which operates the Long Island Power Authority's (LIPA) transmission and distribution (T&D) system under an Operations Services Agreement (OSA); PSEG Energy Holdings L.L.C. (Energy Holdings), which primarily has investments in leveraged leases; and PSEG Services Corporation (Services), which provides certain management, administrative and general services to PSEG and its subsidiaries at cost.

In recent years we have transformed our business mix to include a significantly higher percentage contribution to earnings by PSE&G, as noted on page 3 under Business Performance and in greater detail in our CD&A Executive Summary on pages 40-46.

ANNUAL MEETING PROPOSALS	Board Recommendation
1. **Election of Directors** – vote to elect eleven director nominees to serve one-year terms. See page 6 for more information.	***FOR***
2. **Approval of Executive Compensation** – advisory vote to approve the executive compensation of the named executive officers. See page 39 for more information.	***FOR***
3. **Ratification of Auditor** – ratification of the appointment of Deloitte & Touche LLP as independent auditor for 2018. See page 81 for more information.	***FOR***

NOMINEES FOR ELECTION AS DIRECTOR

Name	Age	Director Since	Primary Occupation	Committee Memberships
*Willie A. Deese	62	2016	Retired Executive Vice President of Merck & Co. Inc.	A, CG, O
*William V. Hickey	73	2001	Retired Chairman of the Board and CEO of Sealed Air Corporation	F, FG, NG, O
Ralph Izzo	60	2006	Chairman of the Board, President and CEO of PSEG	E (Chair)
*Shirley Ann Jackson	71	2001	President of Rensselaer Polytechnic Institute	CG (Chair), E, FG, NG, O
*David Lilley	71	2009	Retired Chairman of the Board, President and CEO of Cytec Industries	A, F, O (Chair)
*Barry H. Ostrowsky	67	2018	President and CEO of RWJBarnabas Health, Inc.	F, O
*Thomas A. Renyi	72	2003	Retired Executive Chairman of The Bank of New York Mellon	Lead Director, A, E, F
*Hak Cheol (H.C.) Shin	60	2008	Vice Chair and Executive Vice President of 3M Company	A, CG, FG (Chair), NG (Chair)
*Richard J. Swift	73	1994	Retired Chairman of the Board, President and CEO of Foster Wheeler	CG, E, FG, NG, O
*Susan Tomasky	65	2012	Retired President – AEP Transmission of American Electric Power Corporation	A (Chair), CG
*Alfred W. Zollar	63	2012	Retired General Manager – Tivoli Software Division of IBM Corporation	F(Chair), FG, NG

* Independent
A=Audit CG=Corporate Governance E=Executive F=Finance FG=Fossil Generation NG=Nuclear Generation O=Organization and Compensation

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We recognize the value of refreshment and succession planning, annual evaluation of effectiveness and performance and continuing education for our directors. We believe that our directors are a diverse group of highly qualified leaders with a broad range of business, industry, academic and public service experience. Their skills in the areas of accounting, finance, construction, engineering, consumer products, corporate governance, customer satisfaction and sales, government, law, operations, management, manufacturing, environment, science, technology, cybersecurity and risk management serve us well. We benefit as well from the strong ethnic and gender diversity of our Board of Directors (Board).

In February 2018, Barry H. Ostrowsky, an accomplished executive of a major New Jersey health care services provider, joined our Board. Upon the conclusion of the Annual Meeting in April 2018, Albert R. Gamper, Jr. will be concluding his distinguished service on our Board.

For additional biographical information about the experience, skills and qualifications of each individual nominee, please refer to the chart on page 28 and biographical data on pages 29-34.

CORPORATE GOVERNANCE

We have adopted what we believe are strong corporate governance standards and practices to assure effective management by our executives and oversight by our Board. We are committed to good governance because it promotes the long-term interests of stockholders, as well as accountability and trust in our company. These measures include the following:

Independent Directors	Board Leadership	Risk Management	Standards of Conduct
Established standards for director independence are set forth in our Corporate Governance Principles (Principles). All of our current directors and nominees are independent under our Principles and the requirements of the New York Stock Exchange (NYSE), except Ralph Izzo, our Chairman of the Board, President and Chief Executive Officer (CEO), who is an employee of the Company. (Page 9)	Our Board leadership structure consists of a Chairman (who is also our CEO), a Lead Director, who is elected by the independent directors, and strong committee chairs. This provides for independent Board leadership, while ensuring that the individual managing day-to-day operations is responsible for leading the Board discussions on key business and strategic issues. (Page 10)	Risk management is a key part of our strategic planning and business operations. We believe that we have an effective system of risk management with appropriate controls and Board oversight. (Page 11)	We are committed to operating in accordance with the highest ethical and legal standards. Our Standards of Conduct (Standards) is a code of ethics which establishes a set of common expectations for behavior to which each director and employee must adhere. (Page 19)

Corporate Governance Highlights

- Annual Election of all Directors
- Majority Voting for Directors
- Independent Board (all but CEO)
- Independent Lead Director
- Regular Executive Sessions of Independent Directors
- Independent Committee Chairs and Members
- Risk Oversight by the Board and Committees
- Annual CEO Evaluation
- Succession Planning
- Annual Board and Committee Self-Evaluations
- Corporate Governance Principles
- Standards of Conduct
- Related Person Transactions Practice
- Conflicts of Interest Practice
- Stockholders' Right to Call Special Meetings
- Proxy Access
- Stockholder Engagement
- No "Poison Pill" (Stockholder Rights Plan)
- Commitment to Sustainability and Corporate Responsibility
- Annual Political Contributions Report
- Diverse Skills and Qualifications of Directors
- Stock Ownership Requirements for Directors and Officers

For additional information on our corporate governance, see the discussion under Proposal 1. Election of Directors beginning on page 6.

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Key Recent Corporate Governance Actions

In overseeing corporate governance, our Board continued its focus on effectiveness and best practices. In 2017 we:

- Revised our Standards reflecting our unwavering commitment to conducting our business in accordance with the highest ethical expectations (see page 19);
- Adopted a Related Person Transactions Practice and Conflicts of Interest Practice to aid our governance and oversight of transactions involving our directors, executive officers and employees (see page 20);
- Further reviewed risks facing our business and our risk management program and processes, including Board and Committee responsibilities, and mapped newly identified risks to specific Board and Committee calendars and oversight duties (see page 11);
- Reviewed current trends and developments in corporate governance and their implications for us, including with respect to board composition, director diversity and tenure, sustainability and stockholder engagement (see pages 27, 24, 7 and 45); and
- Continued to build and maintain relationships with stockholders by engaging in constructive dialogue and exploring areas of interest involving corporate governance, executive compensation and related matters (see pages 45-46).

BUSINESS PERFORMANCE

Our business plan is designed to achieve growth while managing the risks associated with fluctuating commodity prices and changes in customer demand. We continue our focus on operational excellence, financial strength and disciplined investment. These guiding principles have provided the base from which we have been able to execute our strategic initiatives, including:

- Improving utility operations through growth in investment in transmission and distribution and other infrastructure projects designed to enhance system reliability and resiliency and to meet customer expectations and public policy objectives; and
- Maintaining and expanding a reliable generation fleet with the flexibility to utilize a diverse mix of fuels which allow us to respond to market volatility and capitalize on opportunities as they arise.

During 2017, our Net Income increased due primarily to the favorable impacts of tax legislation, partially offset by higher charges related to the early retirement of our existing coal/gas units at the Hudson and Mercer generating stations. Higher transmission revenues at PSE&G, lower charges in 2017 related to investments in certain leveraged leases at Energy Holdings and lower plant outage costs at Power, partially offset by lower volumes of electricity sold at lower average pricing, also contributed to the increase in Net Income. The Board's recent decision to increase the Common Stock dividend by 4.7% to an indicative annual level of $1.80 per share is supported by our business mix and strong balance sheet.

For additional information, see pages 43–44. For a comprehensive assessment of the Company's performance, please review the entire Proxy Statement and our Annual Report on Form 10-K for the year ended December 31, 2017 (Form 10-K), which can be found on our website http://investor.pseg.com/sec-filings and on the SEC's website, www.sec.gov. A copy of our Form 10-K has been provided to each person solicited by means of this Proxy Statement.

Financial Highlights

Dollars in Millions, except per share amounts	2017 ($)	2016 ($)
Operating Revenues	9,084	9,061
Income from Continuing Operations	1,574	887
Net Income	1,574	887
Total Assets	42,716	40,070
Earnings Per Share (EPS) – Diluted		
Income from Continuing Operations	3.10	1.75
Net Income	3.10	1.75
Dividends Paid per Share	1.72	1.64
Market Price per Share – Year-end	51.50	43.88

See Appendix A on pages 87-88 for Items excluded from Net Income to reconcile to Operating Earnings (non-GAAP).

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EXECUTIVE COMPENSATION

Our CD&A Executive Summary on pages 40-46, contains an overview of our executive compensation program, including discussion of say-on-pay, pay mix, peer group, best practices, pay for performance, engagement and key actions.

Compensation Philosophy

We have designed a competitive executive compensation program benchmarked against our peers that we believe helps us recruit and retain top talent. Our executive compensation program closely links pay to performance with the ultimate goal of aligning our leadership team with stockholders' interests. Our incentives put a significant portion of our executives' pay, including that of our CEO and Named Executive Officers (NEOs), at risk based on performance. These pay-at-risk incentives are targeted to pay out at approximately the median of our peer group when we deliver on our pre-established financial, operating and strategic goals.

In overseeing executive compensation, our Board utilizes an independent compensation consultant who provides only compensation services to the Board. A detailed discussion of our executive compensation program, including its elements, the factors we use in determining compensation and our governance features, appears in the CD&A beginning on page 47. The key components of our executive compensation program are:

Component	Type	Rationale
Base salary	Fixed	Experience, performance and competitive market.
Annual cash incentive under our Senior Management Incentive Compensation Plan (SMICP)	Variable Performance- Based	Emphasis on Operating EPS (non-GAAP) as the corporate financial objective with additional operational metrics. Payment from zero to 200% of target percentage of salary.
Equity-based incentive awards under our Long-Term Incentive Plan (LTIP), consisting of performance share units (PSUs) and restricted stock units (RSUs)	Variable Performance- Based	PSUs (70% for the CEO and most other NEOs) are measured over a three-year period based equally upon Total Shareholder Return (TSR) and Return on Invested Capital (ROIC) vs. peers with the opportunity to earn between zero and 200% of target. RSUs (30% for the CEO and most other NEOs) cliff vest at the end of three years.
Market-based retirement and post-employment benefits		Double trigger change-in-control provisions. No excise-tax gross-ups.

We have adopted executive compensation governance measures that we believe support good governance practices and further align our executives' interests with those of stockholders while discouraging executives from taking excessive risk. Effective with the 2017 grants, we removed ROIC vs. plan as a PSU measure to more closely align us with performance relative to peers and reposition the TSR/ROIC weighting.

✓ Compensation Governance Highlights

- Pay for Performance Alignment
- Annual Compensation Risk Assessment
- Stock Ownership and Retention Policies
- No Hedging or Pledging
- Clawback Practice
- Common Stock Trading Pre-Clearance

Pay for Performance

- For 2017, the target annual and long-term incentive pay, representing pay at risk, for our CEO and other NEOs as a group was 86% and 71%, respectively, of target total direct compensation, as discussed in the CD&A under Compensation Philosophy-Pay Mix (see page 50).
- We compared our recent financial performance and the compensation of our CEO and NEOs relative to that of our peer companies. The financial measures we examined were above the median of our peer group of companies while our executive

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compensation was closely aligned to the peer median. Thus, we have concluded that our performance and executive compensation are appropriately aligned (see page 43).

- Further, performance is reflected in the actual value paid upon vesting of the one-year annual cash incentive payments and the three-year equity incentive compensation awards.
  - For SMICP we set performance ranges to align with our business plan. Approved SMICP payments for 2017 were above target relative to internal goals, which were heavily weighted towards earnings. We continued to reward for strong financial performance and operational excellence (see pages 53-56).
  - For the PSUs granted under the LTIP for the three-year performance period ended December 31, 2017, actual payout was above target, based on our TSR compared to peer companies and ROIC in relation to both our business plan and peers. Our strong stock price performance and dividend payments have created value for our stockholders over the three-year period (see pages 56-59).

The following table provides highlights of the compensation for our CEO and other NEOs in 2017 as reported in the 2017 Summary Compensation Table on page 66. For the complete details of compensation, please review the entire Proxy Statement.

NEO	Base Salary 2017 ($)	Equity Incentive Plan Compensation 2017 ($)	Non-Equity Incentive Plan Compensation 2017 ($)	Total Compensation 2017 ($)(1)
Ralph Izzo	1,300,000	6,500,069	1,803,800	10,621,115
Daniel J. Cregg	585,000	1,000,041	511,200	2,608,201
Ralph A. LaRossa	704,808	1,300,050	602,000	3,431,448
William Levis(2)	527,875	1,250,041	425,600	2,800,255
Tamara L. Linde	560,769	1,000,041	444,400	2,562,555
Derek DiRisio	381,243	425,059	274,800	1,545,062

(1) Reflects all compensation, including change in pension value and all other, as reported in the 2017 Summary Compensation Table.
(2) Retired effective October 2, 2017.

Key Recent Executive Compensation Actions

In overseeing our executive compensation program, our Organization & Compensation Committee (O&CC), working with its consultant, continued to emphasize our results-oriented philosophy. During 2017, we:

- Reviewed our compensation philosophy and all key elements of our executive compensation program in light of our strategy and objectives, as well as the results of the approximately 89% approval of the Say-on-Pay vote received at the 2017 Annual Meeting of Stockholders (see pages 40 and 47);
- Confirmed the pay for performance alignment of executive compensation with financial results and approved benchmarked salaries, incentive awards and payouts in accordance with established criteria (see pages 43, 53, 56 and 59);
- Revised our stock ownership guidelines to increase multipliers for the CEO and certain of the NEOs and eliminated post-achievement holding requirements to more effectively align ownership with investor returns (see page 64); and
- Revised our incentive compensation weighting and metrics to reflect stockholder preferences (pages 57 and 59).

For more comprehensive information, see our discussion of executive compensation under Proposal 2. Advisory Vote on the Approval of Executive Compensation, beginning on page 39.

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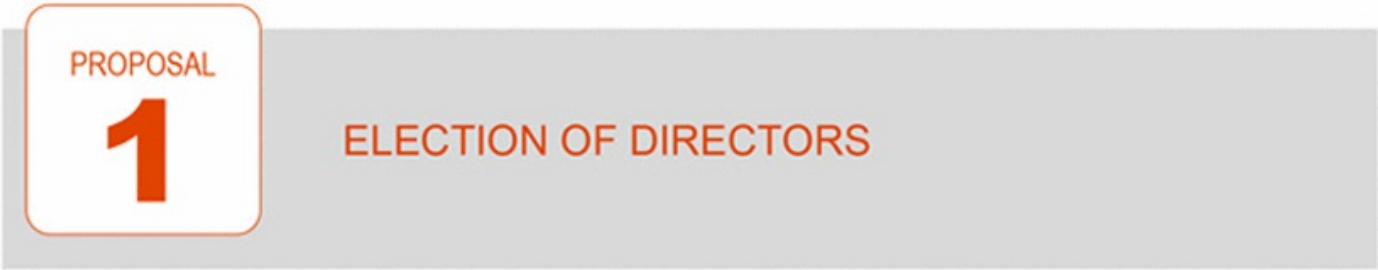

You are being asked to vote on the election of eleven individuals nominated by your Board to serve as the Directors of our Company. Below, we have provided information about the Board, director independence, our leadership structure, risk management oversight, Board committees, ethics and conduct and related matters of corporate governance. We also describe our provisions for majority voting, director qualifications, diversity and retirement criteria and each nominee's specific experience, skills and qualifications. We also report to you information about security ownership and director compensation. All of the nominees currently serve as directors of the Company and were elected to their positions by the stockholders, except for Barry H. Ostrowsky, who joined our Board in February 2018.

Vote required: A director will be elected if the number of shares voted FOR that director exceeds the number of shares voted AGAINST that director, not counting abstentions and votes withheld or for which no instructions are given. See Majority Voting for Election of Directors, under Nominees and Election on page 23.

AS RECOMMENDED BY THE BOARD, WE ASK YOU TO VOTE FOR ALL NOMINEES.

CORPORATE GOVERNANCE

Board of Directors

Our business and affairs are managed by or under the direction of the Board, which delegates certain responsibilities to its committees and to management consistent with our By-Laws. The Board has adopted and operates under the Principles which reflect our current governance practices in accordance with applicable statutory and regulatory requirements, including those of the SEC and the NYSE. The Principles provide written guidelines for directors and management to effectively pursue and support the Company's business objectives. The Principles are reviewed periodically by the Corporate Governance Committee, which recommends appropriate changes to the Board. You can request copies of our By-Laws and Principles or view them at http://investor.pseg.com/corporate-governance.

Board Responsibilities

The Board provides direction and oversight of the conduct of our business by management. In fulfilling these responsibilities, the Board performs the following principal functions:

- Approves corporate strategy, major management initiatives and significant investments;
- Monitors and provides oversight of financial and business integrity and performance, including risk management;
- Selects, evaluates the performance of, and approves succession plans for the CEO and other senior executives;
- Selects nominees for election to the Board; and
- Evaluates Board processes and performance.

The Board receives regular updates and actively engages in dialogue with our senior management. The Board has full and free access to all members of management and may hire its own consultants and advisors as it deems necessary.

Board Effectiveness and Accountability

Our Board, committees and directors undertake to perform their respective duties with the diligence and care required by law and expected of them by our stockholders, customers, employees and communities. We have adopted independence standards, standards of conduct and governance principles and implemented practices that are designed to reinforce our commitment to corporate and personal integrity. The Board monitors our dynamic and responsive stockholder engagement efforts as well as the broader outreach to our other stakeholders, with whom we maintain regular communications.

The organizational and leadership structures we have established, including the responsibilities of our Lead Director and the Board's oversight of our risk management program, executive compensation, talent management and succession planning,

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political contributions and adherence to company values and sustainability practices, serve to ensure that our Board and management operate effectively while maintaining a keen focus on long-term success.

Our director nomination process, including our commitment to diversity, refreshment and constructive evaluation, provides the means for us to present nominees for election each year who collectively and individually meet the high standards, and possess the requisite skills and experience, expected of those who lead our Company. The Board remains focused on shareholder value, long-term sustainability and strategic vision, in the context of our business environment, competitive landscape and regulatory climate.

Corporate Culture and Values

The Board recognizes its role in continuing to contribute to the future success of our Company by promoting a corporate culture and values based on the core commitments of :

- Safety;
- Continuous Improvement;
- Customer Service;
- Diversity and Inclusion; and
- Integrity.

We are very proud of our many accomplishments and the awards and recognition we have received. We have included a partial list of our achievements on the back cover of this proxy statement.

The Board regularly reviews matters pertaining to corporate governance, including current developments, emerging issues, trends and best practices. During 2017, the Board considered the implications of such items on board structure and composition, including the diversity and tenure of its members, sustainability and stockholder engagement.

Sustainability

The Board understands that its continued oversight of our Company's commitment to principles of sustainability is of increasing importance to stockholders, as well as other constituencies. For more than 100 years we have been operating our business with a focus on sustainability. This reflects a deep recognition that our continued ability to prosper as a business depends on helping others prosper too. Thus, we emphasize the importance of defining success not only by the bottom line but also by the environmental and social dimensions of performance. We strive to be both systematic and comprehensive in our approach to sustainability issues. Doing so helps us remain true to our most important commitments and to further improve performance.

Environmental Stewardship

Sustainable green energy strategies to promote job creation, economic growth and a healthy environment are critically important. Environmental stewardship and sustainability require strong commitments and excellent management. Our Environmental Health and Safety Policy establishes our commitment to conduct our business in a safe and responsible manner. Our strong relationships with the public sector, renewable energy developers and policymakers help us identify and implement innovative environmental solutions.

Our utility investments are designed to enhance system reliability and resiliency, meet our customers' expectations and support public policy objectives. Our efficient and environmentally responsible generation fleet, including a strong component of safe, reliable, clean nuclear energy, utilizes a diverse mix of fuel, allowing us to respond to market volatility and capitalize on opportunities.

PSEG is proud to be a leader in undertaking green energy initiatives. We are a leader in low-carbon energy and have long-advocated for comprehensive legislative solutions and public policies to cost-effectively reduce greenhouse gases. Over the past two decades, we have established and achieved aggressive carbon reduction goals. We have accomplished this through energy efficiency programs, deployment of renewable energy, increasing nuclear output, building clean and efficient natural gas plants and shifting output from coal to natural gas. We are combatting climate change emission reductions through energy efficiency and renewable energy projects. We recently have established a new climate goal to reduce our carbon footprint by lowering our CO_2 equivalent emissions.

Employee Welfare

Our commitment to health and safety is our foremost priority, underscored through our emphasis on a strong safety culture and continual striving for excellence in every part of our operations. Both our culture and management system illustrate our approach

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to safety throughout the Company, and is built on trust, care, knowledge and communication. We are committed to employee welfare and understand that our reputation and stability are key for us in attracting and retaining a highly qualified workforce. We provide opportunities for our employees to obtain training and development in order to grow with us and we will continue to foster a workplace environment that contributes to success.

Corporate Citizenship

We aim to diligently serve our customers and to meet their expectations and our obligation to provide safe and reliable service. We are committed to conducting operations in accordance with the highest ethical standards. We strongly support corporate citizenship and a culture that recognizes our deep involvement in community affairs and philanthropy. Our values are at the core of our culture as they guide and inspire our business efforts. These values and many of our accomplishments are listed on the back cover of this Proxy Statement.

Diversity and Inclusion

We believe in a culture dedicated to diversity and inclusion and that values and promotes equal opportunity. Our Diversity and Inclusion Council supports our efforts to assure that through diversity we embrace the full breadth of people, ideas, thoughts and perspectives, recognizing the vast blend of characteristics, experiences, needs and traditions of our people. Our culture of inclusion fosters a sense of belonging to all members of our organization, so that they are welcomed, respected and valued as human beings and business partners. We are committed as well to supplier diversity, supporting minority and women-owned businesses to strengthen the economy and create jobs.

Public Policy and Political Contributions

As a regulated company whose operations can be significantly impacted by public policies, it is essential that PSEG takes an active role in the political process and the debate that ultimately shapes public policy. PSEG regularly communicates with government officials on issues affecting our business, participates in trade associations that focus on policies which may influence our company and makes political contributions that align with the long-term interests of PSEG and our stockholders, our employees and the communities we serve.

Political Participation and Board Oversight

We are committed to participating in an ethical manner and in full compliance with all federal, state and local laws. We have established a Corporate Political Participation Practice that sets forth a controls process pursuant to which our senior management monitors, assesses and approves certain political contributions. The Corporate Governance Committee also oversees our political activities and contributions in accordance with this Practice. We believe this Practice allows us to minimize reputational and political risks and continue to focus on our operational excellence. Stockholders may view our Practice at www.pseg.com/info/investors/governance/documents.jsp.

Annual Political Contributions Report

PSEG continues to value thoughtful stockholder engagement. Based on our communications with stockholders, we have expanded our level of disclosure by preparing a political contributions report to be published annually. The report includes our corporate contributions to candidates, to trade associations, and to other political and social welfare organizations that are for the purpose of influencing an election or ballot measure. PSEG requests that trade associations to which it paid total annual payments of $50,000 or more identify the portion of dues or payments received from PSEG that were used for expenditures or contributions that, if made directly by PSEG, would not have been deductible under Section 162(e)(1)(B) of the Internal Revenue Code (IRC). The annual report is available on our website.

Stockholder Engagement and Communications with the Board

You, as a stockholder, and other interested parties, have a variety of channels for expressing your views to the Board:

- You may communicate directly with the Board, including the independent directors, by writing to:

  Michael K. Hyun, Secretary
  Public Service Enterprise Group Incorporated
  80 Park Plaza, T4B, Newark, NJ 07102

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Please indicate who should receive the communication. Unless the context otherwise requires, the Secretary will provide the communication to the Lead Director and to the Chair of the Board committee most closely associated with the nature of the request. The Secretary has the discretion not to forward communications that are commercial advertisements, other forms of soliciting material or billing complaints. All communications are available to any member of the Board upon his or her request.

- Voting for Directors – you have the opportunity to vote for the election of all of our directors on an annual basis.
- Say-On-Pay – you have the opportunity to cast an advisory vote each year on our executive compensation program.
- Director Nominations – you have the opportunity to recommend nominees for election to the Board in accordance with our By-Laws.
- Shareholder Proposals – you may submit proposals intended for inclusion in our proxy statement, in accordance with SEC rules.
- Proxy Access – subject to the applicable criteria, stockholders may nominate and include in our proxy statement director candidates.
- Engagement – we dialogue with a variety of our stockholders throughout the year, including at meetings of our major stockholders and at investor conferences.

Independence

Under our Principles and the requirements of the NYSE, the Board must consist of a majority of independent directors. The Board has established standards for director independence, which are set forth in the Principles and shown below.

Independence Standards

An independent director must have no material relationship with PSEG and its subsidiaries, including the following:

- A director may not be an employee of ours or any of our subsidiaries;
- A member of a director's immediate family may not be an executive officer of PSEG or one of our subsidiaries;
- A director or immediate family member may not be an employee of any company where any executive of ours or our subsidiaries serves on the compensation committee;
- A director may not be an employee and an immediate family member may not be an executive officer of any company that makes payments to or receives payments from us and our subsidiaries in any year more than the greater of $1 million or 2% of such company's consolidated gross revenue;
- A director or immediate family member may not receive more than $50,000 in direct compensation from us (other than fees and compensation provided to directors generally);
- A director or immediate family member may not be affiliated with or employed by our independent auditor; and
- A director may not be an executive officer of a charity, if, in any year, contributions by us and our subsidiaries to that charity exceed the greater of $1 million or 2% of the charity's consolidated gross revenue.

These limitations apply for three years after the end of the applicable affiliation or arrangement.

The Board annually reviews other commercial relationships of directors, and relationships directors have with charitable and other tax-exempt organizations, and determines whether any of those relationships are material relationships that impair a director's independence. Other than the payments by us, reported in this Proxy Statement in the Director Compensation Table, none of our directors have or will receive any compensation or have entered into any "golden leash" arrangements in connection with their service on our Board.

The Board has determined that all of the current directors and nominees for election, are independent under the Principles and the requirements of the NYSE, except Ralph Izzo, our Chairman of the Board, President and CEO. These determinations were based upon a review of the responses submitted by each director to questionnaires we provided to them, relevant business records, publicly available information and applicable SEC and NYSE requirements.

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Leadership Structure

Under our By-Laws, our senior leadership may include a Chairman of the Board, a President and a CEO, which positions may be held by one person or may be divided between two different people. As provided in its charter, the Corporate Governance Committee has the responsibility to assess the structure of the Board and periodically evaluate the Board's governance practices as well as the Principles. Building on the advice of the Corporate Governance Committee, the Board applies its experience and knowledge of our business to establish what it believes to be the most effective form of organization. In doing so, it utilizes its understanding of the challenges and opportunities we face and its evaluation of the individuals who are involved.

Based on that analysis and evaluation, the Board has determined that, at the present time and given our present officers and personnel, it is in the best interests of the Company and stockholders for a single individual to hold all three positions of Chairman of the Board, President and CEO. The Board believes that this strikes a desirable balance allowing us to benefit from the advantages of efficiency, coordination and accountability. Ralph Izzo currently holds these positions. As such, he has plenary powers of supervision and direction of our business and affairs and he also presides at all meetings of the Board and of stockholders. The Board believes that Mr. Izzo possesses the attributes of experience, judgment, vision, managerial skill and overall leadership ability essential for our continued success. Mr. Izzo's in-depth knowledge and understanding of our strategy, operations, risk profile, regulatory and environmental circumstances and financial condition best position him to head our Board and provide leadership to management, employees, investors, customers, officials and the public. The diverse experience and independence of the other directors allows the Board to maintain effective oversight of operations, long-range planning, finances and risk management.

Lead Director

In addition to the Chairman, President and CEO, our leadership and governance structure is designed to rely on the contributions of our Lead Director. The Lead Director provides the independent directors with a key means for collaboration and communication regarding Board agendas and the information directors receive from management. All directors play an active role in overseeing the company's business both at the Board and committee levels, bringing fresh and differing viewpoints. The Lead Director coordinates with the Chairs of our various Board committees in setting agendas for committee meetings. Thomas A. Renyi currently serves as Lead Director, a position he has held since April 2015. In that capacity, he complements the talents and contributions of Mr. Izzo and promotes confidence in our governance structure by providing an additional perspective to that of management.

Lead Director Duties and Responsibilities

Our Lead Director

- Presides at all meetings of the Board at which the Chairman is not present, including executive sessions of the independent directors;
- Serves as principal liaison on Board-wide issues between the Chairman and the independent directors;
- Calls meetings of the independent directors, as may be necessary or desirable;
- Consults with the Chairman on Board agendas;
- Reviews information sent to the Board and consults with the Chairman on the quality and timeliness of information provided to the directors;
- Serves on the Executive Committee; and
- Receives from the Corporate Secretary communications to, or for consideration by, the independent directors.

The Lead Director is an independent director designated annually by the independent directors with the expectation that he or she will typically serve in that capacity for four years. The Lead Director may be appointed to serve up to twelve additional months beyond the four years if approved by a majority of the independent directors. Mr. Renyi was re-designated as our Lead Director in April 2017 for a term expiring at the first meeting of directors after the 2018 Annual Meeting of Stockholders. The Corporate Governance Committee expects to make a recommendation regarding the individual to serve as Lead Director at the Board's first meeting following the 2018 Annual Meeting, in accordance with our policy.

The Board believes that our leadership structure has been designed with the appropriate controls to support the efficacy of this Lead Director arrangement without jeopardizing the integrity of the governance process. As discussed below, our Principles also set forth various expectations and criteria for Board membership. All directors must adhere to our Standards and exercise their responsibilities in a manner consistent with our best interests and those of our stockholders and their fiduciary duties established by applicable law.

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Risk Management Oversight

The Board is responsible for the oversight of risk at PSEG, both as a whole and through delegation to Board committees, which meet regularly and report back to the full Board. All committees play significant roles in carrying out the risk oversight function. In particular:

- The Corporate Governance Committee provides oversight of the policies and processes by which the Company assesses and manages enterprise risk. The Corporate Governance Committee reviews the mapping of identified enterprise risks to the Board and its committees and makes recommendations to the Board with respect to such mapping. Our Chief Risk Officer and Chief Financial Officer report on risk management to the Corporate Governance Committee, directly as well as through the reports of the Corporate Governance Committee Chair, to the Board. The Corporate Governance Committee also evaluates Board and committee performance, monitors composition of the Board and the qualifications of the Board members and nominees, assists the Board in administering corporate governance practices and oversees our political participation activities and expenditures. In doing so, the Corporate Governance Committee seeks to ensure our governance and leadership structure is appropriately designed to mitigate reputational risk.
- The Audit Committee oversees risks related to the Company's financial statements, the financial reporting process, accounting and legal matters and cybersecurity. The Audit Committee provides oversight on legal and business compliance, financial reporting, disclosure controls and procedures, cybersecurity risk management and risk management controls and reviews in a general manner the guidelines, policies and processes by which the Company assesses and manages enterprise risk, consistent with the listing standards of the NYSE. Our Chief Risk Officer and Chief Financial Officer report on risk management to the Audit Committee at its meetings.
- The Finance Committee oversees financing transactions and approves appropriate commodity portfolio risk tolerance limits. Compliance is monitored through regular reporting to the Board. The Finance Committee is responsible for monitoring risk related to our investments in our pension and post-retirement benefits and nuclear decommissioning trusts and receives periodic reports on their performance.
- The Fossil Generation Operations Oversight Committee and the Nuclear Generation Operations Oversight Committee monitor and evaluate risks associated with our electric station operations, including risks associated with environmental, safety and other compliance and personnel and performance matters.
- The O&CC considers the risks and rewards associated with our compensation and human resources philosophy and programs. As discussed on page 62, the O&CC has reviewed our compensation policies and practices as they relate to risk management and seeks to administer our compensation plans so as to appropriately balance the incentive nature of the compensation with mechanisms that serve to mitigate risk.

Risk Mapping

Under the oversight and direction of the Corporate Governance Committee and the Audit Committee, in 2016 we conducted a comprehensive review of the risk management oversight responsibilities of the Board and the committees. As a result, we mapped the key enterprise risks identified by management to the Board and committees based on the committees' respective areas of oversight. This mapping of risks serves to clarify the oversight responsibilities of each committee and ensure proper oversight of each identified risk. Changes were made to committee charters as necessary to reflect the specific oversight responsibilities of each committee. In addition, the Board and each committee determined specific processes and schedules for performing their duties in connection with the mapped risks. The mapping of risks and the annual schedule were further reviewed and adjusted in 2017, including an increase in the frequency of updates on cybersecurity.

Risk Management Policy

Risk management is a key part of our strategic planning and business operations. The Board has approved a Risk Management Policy and it reviews and adopts the Company's Financial Risk Management Practice. In accordance with the Risk Management Policy, we maintain and execute a Risk Management Program for identifying, quantifying, monitoring, managing and reporting on our risks, including evolving issues such as cybersecurity. The Financial Risk Management Practice serves to define the major roles, responsibilities and procedures, including controls and reporting, necessary to actively manage our financial risk exposure consistent with our business plans. It is reviewed and approved periodically by the Audit Committee, the Corporate Governance Committee and the Finance Committee and recommended to the Board for its approval.

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Risk Management Program

The Board has oversight of the Risk Management Program which consists of policies, process and controls, including the Risk Management Policy and Financial Risk Management Practice, as well as other policies and practices developed by management relating to risks, including but not limited to: market; credit; liquidity; operations; project development; political; regulatory; legal; compliance; strategic; reputation; business interruption; physical and cybersecurity; environmental; and staffing.

Our Risk Management Program forms an integral part of our corporate culture and values.

Risk Management Committee Structure

Under the Risk Management Policy, we have established a Risk Management Committee (RMC) consisting of senior executives. The RMC is charged with, among other things:

- Establishing and reviewing the framework for implementing the Risk Management Policy, including regularly reviewing and updating key management practices related to risk management;
- Establishing and monitoring limits and controls designed to manage financial risks;
- Regularly reviewing practices related to the review of potential transactions and the delegation of financial authority; and
- Reviewing the management of key enterprise-level risks.

In addition, other senior management committees oversee the management of specific categories of risks, including:

- Our Capital Review Committee provides oversight and reviews proposed capital projects;
- Our Compliance Committee reviews various compliance and ethics issues;
- Our Business Interruption Management Committee provides oversight of activities relating to a significant interruption of business or other adverse event; and
- Our Cybersecurity Council reviews prevalent cybersecurity issues, identifying the cyber risks to our critical infrastructure and confidential information, including personally identifiable information, as well as the measures the Company is taking or should take to identify and address those risks.

Our corporate compliance activities are centralized functions under our Chief Compliance Officer who has robust duties and responsibilities. Our Delegation of Authority provisions set forth the respective authority levels at which management and employees are authorized to conduct business.

The Board believes that we have an effective system of risk management practices with appropriate controls and Board oversight.

Cybersecurity

The Board believes that cybersecurity is a critical component of the risk management program. Management has established a Cybersecurity Council composed of members of senior management who are responsible for the Company's cybersecurity risk management practices. The Cybersecurity Council periodically reports to the Board, the Audit Committee and the Corporate Governance Committee on areas such as the adequacy of personnel and resources to monitor and address cybersecurity threats, technological advances in cybersecurity protection, rapidly evolving cybersecurity threats that may affect our company and industry, cybersecurity incident response and applicable cybersecurity laws, regulations and standards as well as collaboration mechanisms with intelligence and enforcement agencies and industry groups to assure timely threat awareness and response coordination. The Company's cybersecurity risk management practices are fully integrated into our overall risk management program.

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Talent Management and Succession Planning

Our business planning process includes key aspects of workforce development. We believe that we utilize a rigorous and disciplined process to evaluate talent and provide for succession planning in relation to our business objectives. This starts at the local level and continues through senior management, with direct involvement of our CEO and Board. We periodically review our workforce challenges, progress on achieving our commitment to diversity and effectiveness of our organizational structure and staffing.

The Board takes very seriously its responsibility to provide for an orderly process of succession within the ranks of our senior management. Periodically, the Board reviews with the CEO succession plans for key leadership positions and periodically meets with succession candidates to assure that highly qualified candidates are available, should the need arise to fill vacancies. The Board evaluates succession plans in the context of overall business strategy. Potential leaders are visible to Board members through formal presentations and informal events to allow the directors to personally assess individuals. We seek to maintain a continuity of management through appropriate recruitment and retention methods, including market-based and performance-measured compensation and career advancement and training opportunities.

Director Education and Board Evaluation

New directors receive an orientation program and materials, which includes visits to some of our facilities and presentations by senior management to familiarize them with our strategic plans, operations, significant financial, accounting, regulatory and risk management issues, governance practices, compliance programs, including the Standards, principal officers and internal and independent auditors. Each year, the Board is briefed and continuing education is provided to all directors on corporate governance trends and best practices and topics of importance to our business, which may include the matters noted above, as well as regular appraisals of new developments and requirements that may impact us and emerging trends facing us and our industry. The Board is also provided with presentations and materials from consultants and experts. Directors are encouraged to take advantage of other relevant educational programs.

The Board believes that a robust and constructive evaluation process is an important component of good corporate governance. The Board and each committee conduct an annual assessment process to evaluate the effectiveness of their processes and practices, including Board and committee performance, Board composition and culture, Board meetings and risk management. Among the items considered are the monitoring and oversight of policies, evaluation of the CEO and senior officers, consideration of shareholder value, understanding of the business, access to information and resources and opportunity to inquire of, or challenge, management. The process includes a survey of the directors and discussions at Board and committee meetings, as applicable.

Meetings of the Board, Committees and Stockholders

The Board holds regularly scheduled meetings and meets on other occasions when circumstances require. Board and committee meetings are usually scheduled over two days, beginning in the afternoon and ending in the afternoon of the following day. Each committee executes its responsibilities, as described below, and the Board receives reports from the committee Chairs on the significant matters considered and actions taken. A Board meeting typically focuses on the strategic and more important issues facing us. Directors spend additional time preparing for Board and committee meetings they attend and they are called upon for counsel between meetings.

Our Principles provide that the Board will meet at least six times each year and in executive session without management in attendance at every meeting, unless waived by the Board. When the Board meets in executive sessions, the Lead Director presides. In addition, each Board committee, except the Executive Committee, meets in executive session at each of its meetings, unless waived by the respective committee.

Special meetings of the Board of Directors may be called by the Chairman of the Board, CEO, or a majority of the directors by written request at any time. Special meetings of the stockholders may be called at any time by the Board of Directors or by the CEO or upon the written request of the holders of a majority of the capital stock entitled to cast votes.

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Corporate Governance

2017 Meetings and Executive Sessions

Board/Committee	Meetings	Executive Sessions
PSEG Board	8(1)	7
PSE&G Board	8(2)	7
Audit	8	6
Corporate Governance	7(3)	5
Executive	0	0
Finance	4	0
Fossil Generation Operations Oversight	4(4)	4
Nuclear Generation Operations Oversight	4(5)	4
Organization and Compensation	6(6)	6

(1) Includes one all-day Business Strategy Session and one special meeting
(2) Includes two special meetings
(3) Includes three special meetings
(4) One meeting held at a generating station
(5) One meeting held at the site of nuclear generating stations we operate
(6) Includes one special meeting

Attendance

Under our Principles, each director is expected to attend all Board meetings and all meetings of committees of which such director is a member, as well as the Annual Meeting of Stockholders. Meeting materials are provided to Board and Committee members in advance of each meeting, and members are expected to review such materials prior to each meeting. During 2017, each director attended at least 75% of the aggregate number of meetings of the Board and the committees on which he or she served. All of the directors attended the 2017 Annual Meeting of Stockholders, except Messrs. Gamper, Hickey and Renyi.

Committee Membership

Current committee assignments are presented in the following table. From time to time, Committee assignments and chairs are changed to best utilize the talents of our directors. We believe that rotating committee memberships strengthen our directors' understanding of the challenges we face while bringing greater diversity of perspective and experience to the work of each committee. The last such changes occurred in April 2017. Ongoing committee assignments for all directors are expected to be made at the organizational meeting of the Board following the 2018 Annual Meeting of Stockholders.

	Audit	Corporate Governance	Executive	Finance	Fossil Generation Operations Oversight	Nuclear Generation Operations Oversight	Organization & Compensation
Willie A. Deese	✓	✓					✓
Albert R. Gamper, Jr.	✓		✓	✓			✓
William V. Hickey				✓	✓	✓	✓
Ralph Izzo			Chair				
Shirley Ann Jackson		Chair	✓		✓	✓	✓
David Lilley	✓			✓			Chair
Barry H. Ostrowsky				✓			✓
Thomas A. Renyi **Lead Director**	✓		✓	✓			
Hak Cheol (H.C.) Shin	✓	✓			Chair	Chair	
Richard J. Swift		✓	✓		✓	✓	✓
Susan Tomasky	Chair	✓					
Alfred W. Zollar				Chair	✓	✓	

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During 2017, Albert R. Gamper, Jr., Ralph Izzo, Shirley Ann Jackson and Richard J. Swift also served on the Board of Directors of PSE&G. Mr. Izzo also serves on the Boards of Directors of Power, Energy Holdings and Services.

Board Committee Responsibilities

The Board committees, their principal functions, membership requirements and minimum number of meetings held are described below. Each committee has open and free access to all Company information, may require any of our officers or employees to furnish it with information, documents or reports that it deems necessary or desirable in carrying out its duties, is empowered to investigate any matter involving us and may retain appropriate resources to assist it in discharging its responsibilities.

Each committee, other than the Executive Committee, operates pursuant to a charter that defines its roles and responsibilities and annually conducts a performance evaluation of its activities and a review of its charter. The authority of the Executive Committee is set forth in our By-Laws. The committee charters and our By-Laws are posted on our website, www.pseg.com/info/investors/governance/committees.jsp. We will send you a copy of any or all of them upon request.

Each committee reports its activities to the Board. Each committee Chair is appointed annually with the expectation that he or she will typically serve in that capacity for four years. A Chair may be appointed to serve up to twelve additional months beyond the four years if approved by a majority of the independent directors.

A list of current committee membership requirements can be found below:

Committee	Membership Requirements
Audit	Consists of three or more independent directors, in accordance with SEC and NYSE rules, who must meet NYSE requirements for financial literacy. At least one member must have accounting or financial management expertise. The committee meets at least four times per year. Members may receive no direct or indirect compensation from us or our subsidiaries, other than as a director or committee member, and may not be affiliated with us or our subsidiaries. Under our Principles, without Board approval, a director may not serve as a member of our Audit Committee if he or she serves on the Audit Committee of more than three public companies, including ours.
Corporate Governance	Consists of three or more independent directors who meet at least two times per year.
Executive	Consists of the Chairman of the Board, the Lead Director and at least one additional independent director.
Finance	Consists of three or more independent directors who meet at least three times per year.
Fossil Generation Operations Oversight	Consists of three or more independent directors who meet at least three times per year.
Nuclear Generation Operations Oversight	Consists of three or more independent directors who meet at least three times per year.
Organization & Compensation	Consists of three or more independent directors in accordance with SEC and NYSE rules, who meet at least two times per year.

Each committee of the Board is responsible for the following activities:

Audit Committee

Members: Willie A. Deese, Albert R. Gamper, Jr., David Lilley, Thomas A. Renyi, H.C. Shin and Susan Tomasky (Chair)

- Assisting the Board in fulfilling its responsibility for oversight of the integrity of our financial statements; and the quality and integrity of our accounting, auditing and financial reporting practices;
- Appointing, terminating, compensating, including preapproving all services and fees, and overseeing the work of the independent auditor, which reports directly to the Audit Committee;
- Reviewing the independence of the independent auditor, as well as Public Company Accounting Oversight Board (PCAOB) and peer review reports of the independent auditor's performance;
- Reviewing with the independent auditor, management and internal auditors our annual audited and quarterly financial statements and the acceptability and quality of our financial statements and our accounting, reporting and auditing practices;

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- Reviewing with the independent auditor any audit issues or difficulties and management's response, and resolving disagreements which may arise between management and the independent auditor regarding financial reporting;
- Providing oversight to our internal audit and environmental, health and safety audit functions;
- Providing oversight to our legal and business conduct compliance program, including the Standards;
- Reviewing the status of pending material litigation;
- Reviewing in a general manner the guidelines, policies and processes by which the Company assesses and manages enterprise risk, consistent with the listing standards of the NYSE;
- Reviewing risk management controls and disclosure controls and procedures;
- Monitoring our cybersecurity programs and responses;
- Reviewing earnings press releases, financial information and earnings guidance provided to analysts and rating agencies;
- Recommending to the Board the inclusion of the audited financial statements in our Form 10-K;
- Issuing an annual committee report for inclusion in this Proxy Statement; and
- Providing oversight of management of risks related to the roles, duties and responsibilities of the committee.

The Audit Committee Report appears below under Proposal 3. Ratification of the Appointment of Independent Auditor on page 83.

Composition of the Audit Committee

The Board determines annually, and upon any change in Audit Committee composition, the independence, financial literacy and financial expertise of the Audit Committee members and makes written affirmation to the NYSE in accordance with its rules. The Board has determined that all members of the Audit Committee are financially literate and, in addition, that Willie A. Deese, Albert R. Gamper, Jr., David Lilley, Thomas A. Renyi, Hak Cheol (H.C.) Shin and Susan Tomasky (Chair), each a member of the Audit Committee possess accounting or financial management expertise, as defined in the NYSE rules. The Board further has determined that Willie A. Deese, Albert R. Gamper, Jr., David Lilley, Thomas A. Renyi and Susan Tomasky (Chair), each a member of the Audit Committee, is each an audit committee financial expert under the Sarbanes-Oxley Act of 2002 and the rules of the SEC.

Management and the Board believe that the current composition of the Audit Committee provides that committee with the requisite expertise and experience to recommend to the Board the inclusion of the audited financial statements in our Form 10-K. The Board will consider this matter annually as a part of its ongoing governance review. The Audit Committee will also continue its practices to assure that adequate independent procedures exist for receipt and treatment of complaints regarding accounting, internal controls or auditing matters.

Corporate Governance Committee

Members: Willie A. Deese, Shirley Ann Jackson (Chair), H.C. Shin, Richard J. Swift and Susan Tomasky

- Assisting the Board in administering the corporate governance practices of the Board and its committees;
- Monitoring the composition of the Board to assure a reasonable balance of professional interests, business experience, financial expertise, diversity and independence;
- Considering the qualifications of Board members and evaluating prospective nominees, including those identified by the Committee or by other Board members, management, stockholders or other sources, and recommending to the Board membership changes and nominees;
- Reviewing and assessing the independence of each nominee;
- Making a recommendation to the Board as to whether to accept the tendered resignation of any director who fails to receive a majority of votes cast "for" that director's election in an uncontested election;
- Recommending to the Board the chairs and members of Board committees;
- Evaluating performance of the Board and its committees, including a review of the size, structure and composition of the Board and its committees and their governance practices, including interactions with management;

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- Making recommendations to the Board to improve effectiveness of the Board and its committees;
- Overseeing risk management guidelines, policies, and processes and mapping identified risks to the Board and its committees;
- Providing oversight of management of risks related to the roles, duties and responsibilities of the committee;
- Monitoring governance trends and emerging best practices in corporate governance;
- Overseeing the directors' orientation and continuing education;
- Reviewing and taking appropriate action regarding transactions with related persons under our Related Person Transactions Practice, and periodically reviewing the Related Person Transactions Practice;
- Reviewing and making recommendations to the Board with respect to compensation of directors;
- Providing input to the O&CC regarding the performance of the CEO as Chairman of the Board;
- Periodically reviewing the Charters of the Board committees and recommending appropriate changes; and
- Reviewing our political participation activities and expenses.

The nomination process and criteria utilized are described under Nominees and Election beginning on page 23.

Executive Committee

Members: Albert R. Gamper, Jr., Ralph Izzo (Chair), Shirley Ann Jackson, Thomas A. Renyi, Richard J. Swift

Except as otherwise provided by law, the Executive Committee may exercise all the authority of the Board when the Board is not in session.

Finance Committee

Members: Albert R. Gamper, Jr., William V. Hickey, David Lilley, Barry H. Ostrowsky, Thomas A. Renyi and Alfred W. Zollar (Chair)

- Reviewing and making recommendations to the Board regarding corporate financial policies and processes and significant financial decisions;
- Reviewing and recommending to the Board annually our financial plan;
- Reviewing and making recommendations to the Board regarding our dividend policy and capital structure;
- Discussing with management the application and effects of our policies with respect to risk assessment and risk management, including the limits and authorities contained in the Financial Risk Management Practice;
- Reviewing and recommending to the Board authorizations with respect to the issuance, sale and redemption of securities by us and our subsidiaries;
- Reviewing on behalf of the Company, with the Thrift and Pension and the Nuclear Decommissioning Trust Investment Committees, periodic reporting on the investment guidelines for and investment performance of the Company's pension plan trust funds and nuclear decommissioning trust funds;
- Reviewing with management our cash management policies and practices;
- Reviewing with management credit agency ratings and analyses; and
- Providing oversight of management of risks related to the roles, duties and responsibilities of the committee.

Fossil Generation Operations Oversight Committee

Members: William V. Hickey, Shirley Ann Jackson, H.C. Shin (Chair), Richard J. Swift and Alfred W. Zollar

- Evaluating the effectiveness of our fossil generation operations, focusing on safety, plant performance, regulatory matters, large construction projects and improvement in operations;
- Reviewing labor and human relations, environmental, health and safety and legal and compliance issues related to our fossil generation operations;

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- Reviewing the results of major inspections, evaluations and audit findings by external oversight groups and management's response; and
- Providing oversight of management of risks related to the roles, duties and responsibilities of the committee.

Nuclear Generation Operations Oversight Committee

Members: William V. Hickey, Shirley Ann Jackson, H.C. Shin (Chair), Richard J. Swift and Alfred W. Zollar

- Evaluating the effectiveness of our nuclear generation operations, focusing on safety, plant performance, regulatory matters, large construction projects and improvement in operations;
- Reviewing labor and human relations, environmental, health and safety and legal and compliance issues related to our nuclear generation operations;
- Reviewing the results of major inspections, evaluations and audit findings by external oversight groups and management's response; and
- Providing oversight of management of risks related to the roles, duties and responsibilities of the committee.

Organization and Compensation Committee (O&CC)

Members: Willie A. Deese, Albert R. Gamper, Jr., William V. Hickey, Shirley Ann Jackson, David Lilley (Chair), Barry H. Ostrowsky and Richard J. Swift

- Reviewing, approving and modifying, as necessary, our executive compensation policies, practices and plans;
- Reviewing the stockholder advisory vote on say-on-pay and considering any action it deems appropriate in light of that vote;
- Reviewing executive compensation levels and targets for consistency and alignment with compensation policy and strategic and operating objectives;
- Reviewing the risk to us of our compensation policies and practices;
- Providing oversight of management risks related to the roles, duties and responsibilities of the committee;
- Retaining, compensating, overseeing and annually reviewing the performance of its advisors, including its compensation consultant;
- Reviewing the independence of its compensation consultant and advisors;
- Reviewing and making recommendations to the Board concerning corporate organization in general and executive compensation including incentive plans and equity-based plans;
- Administering our incentive compensation plans;
- Reviewing and approving corporate goals and objectives relevant to CEO compensation;
- Evaluating the CEO's performance in light of those goals and objectives and, with the independent Board members, determining and approving the CEO's compensation based on such evaluation;
- Annually reviewing performance of certain other key members of management;
- Annually reviewing management succession and development plans;
- Monitoring compliance with the Stock Ownership and Retention Policy;
- Monitoring compensation trends and emerging best practices in executive compensation; and
- Reviewing the CD&A and providing its report in this Proxy Statement.

The O&CC Report on Executive Compensation appears under Proposal 2. Advisory Vote on the Approval of Executive Compensation on page 65.

✓ Composition of the O&CC

The Board determines annually the independence of the O&CC members and makes written affirmation to the NYSE in accordance with its rules. The Board believes that the current composition of the O&CC provides that committee with the requisite expertise and experience to oversee our executive compensation program and assess the alignment of pay for performance.

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Compensation Consultant

The O&CC has the authority to retain advisors and compensation consultants, with sole authority for their hiring and firing. The O&CC is directly responsible for such appointment, compensation and oversight in accordance with the applicable SEC requirements and NYSE standards. Since September 2009, the O&CC has retained Compensation Advisory Partners LLC (CAP) as its independent compensation consultant to provide it with information and advice that is not influenced by management. CAP is an executive compensation consulting firm that does not perform any other services for us or our subsidiaries. CAP provides advice to the O&CC on executive compensation and may also provide advice to the Corporate Governance Committee on matters pertaining to compensation of directors who are not executive officers. CAP may not perform any other services for us without obtaining the prior approval of the Chair of the O&CC.

In furtherance of CAP's independence, management receives copies of certain materials provided by CAP to the O&CC only after approval by the O&CC Chair or the O&CC. The scope of CAP's assignment is to provide general advice relating to all aspects of executive compensation, including the review of our current compensation programs and levels, executive benefit plans, the provision of comparative industry trends and peer data and the recommendation of program and pay level changes. Responsibility for assignment to and evaluation of work by CAP is solely that of the O&CC and, with respect to the compensation of non-employee directors, the Corporate Governance Committee. CAP meets with the O&CC and the Chair without management present when appropriate.

We pay the fees of any compensation consultant retained by the O&CC. Additional information regarding any such services performed in the past year is included in the CD&A on page 61. The O&CC also utilizes the services of our internal compensation professionals.

Determination of Compensation Consultant's Independence

The SEC and NYSE require compensation committees to assess the independence of their advisors and determine whether any conflicts of interest exist. In July 2017, the O&CC reviewed CAP's independence relative to the following factors: (i) CAP's provision of other services to the Company; (ii) the amount of fees CAP receives from the Company as a percentage of CAP's total revenue; (iii) the policies and procedures of CAP that are designed to prevent conflicts of interest; (iv) any business or personal relationship between O&CC members and CAP or its compensation consultants; (v) any PSEG stock owned by CAP or its compensation consultants; (vi) any business or personal relationship between our executive officers and CAP or any of its compensation consultants; and (vii) other factors that would be relevant to CAP's independence from management. On the basis of such review, the O&CC concluded that CAP is independent and no conflicts of interest exist.

Compensation Committee Interlocks and Insider Participation

During 2017, each of the following individuals served as a member of the O&CC: Willie A. Deese, Albert R. Gamper, Jr., William V. Hickey, Shirley Ann Jackson, David Lilley (Chair) and Richard J. Swift. No member of the O&CC was an officer or employee or a former officer or employee of any PSEG company. None of our officers served as a director of or on the compensation committee of any of the companies for which any of these individuals served as an officer. No member of the O&CC had a direct or indirect material interest in any transaction with us.

Standards of Conduct

We have a long-established corporate culture of emphasizing integrity and honesty with an expectation of adherence to the highest ethical standards. We have embodied these principles in the Standards, our code of ethics. The Standards are posted on our website, www.pseg.com/info/investors/governance/documents.jsp. We will send you a copy upon request.

In 2017 we undertook a comprehensive review of our ethics code (formally known as Standards of Integrity). While the essential principles under our former Standards of Integrity guiding expected behaviors were not changed, we substantially revised the format to simplify the presentation by focusing on key concepts and emphasizing the importance of value driven compliance.

The Standards establish a written set of common expectations of behavior for all directors, officers and employees regarding business relationships, personal conduct (including, among other things, corporate opportunities, conflicts of interest and supplier, competitor and governmental relations), safeguarding of Company property, business controls and compliance with regulatory requirements. In addition, the Standards mandate procedures for seeking ethical guidance, reporting concerns, investigation and discipline. We require every employee to complete a training program on the Standards and to certify as to compliance with the Standards annually. We provide a hotline by which complaints can be brought to the attention of the Company. Our Chief Compliance Officer has overall responsibility for administering the Standards under the oversight of the Audit Committee of the Board.

The Compliance Program establishes an organizational structure and validates the Standards and its mandated procedures, practices and programs. The Audit Committee of the Board has overall responsibility for oversight of the Compliance Program and has delegated to our Compliance Committee overall responsibility for the design, implementation and execution of

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the Compliance Program. The Compliance Committee's duties include assurance that we take all reasonable steps to coordinate organization-wide ethics and compliance activities, consistent enforcement of the Standards, including the detection and prevention of wrongdoing as a result of compliance investigations and otherwise foster a culture for ethical behavior and a commitment to legal compliance. The Compliance Committee, comprised of members of senior management, is chaired by our Chief Compliance Officer, who has overall responsibility for administering the Compliance Program.

We will post on our website:

- Any amendment (other than one that is technical, administrative or non-substantive) that we adopt to the Standards; and
- Any grant by us of a waiver from the Standards that applies to any director, executive officer or persons performing similar functions and that relates to any element enumerated by an applicable SEC requirement.

A waiver of any provision of the Standards may be granted in exceptional circumstances, but only for substantial cause. A waiver for any director or executive officer may be made only by the Board and, if granted, will be promptly disclosed to our stockholders. In 2017, we did not grant any waivers to the Standards.

Standards of Conduct

The Standards are applicable to us and our subsidiaries. The Standards:

- Form an integral part of our business conduct compliance program and embody our commitment to conduct operations in accordance with the highest legal and ethical standards;
- Apply to all of our directors and employees (including our principal executive officer, principal financial officer and principal accounting officer), each of whom is responsible for and understanding and complying with the Standards;
- Establish a set of common expectations for behavior to which each director and employee must adhere in dealings with investors, customers, fellow employees, competitors, vendors, government officials, the media and all others who may associate their words and actions with us; and
- Have been developed to provide reasonable assurance that, in conducting our business, directors and employees behave ethically and in accordance with the law and do not take advantage of investors, regulators or customers through manipulation, abuse of confidential information or misrepresentation of material facts.

Our Standards and Compliance Program, and Related Person Transactions Practice and Conflicts of Interest Practice described below, establish policies and procedures regarding personal and business conduct. Our written management practices provide that any capital investment with non-PSEG entity or its affiliate, for which one of our directors or officers serves as a director or executive officer, must be approved by our Board. These are our only written policies and procedures regarding the review, approval or ratification of transactions with related persons.

Transactions with Related Persons

Our policies and procedures with regard to transactions with related persons, including the review and taking appropriate action regarding any such transactions, the standards applied and the responsibilities for application are set forth in our Related Person Transactions Practice.

Under the Related Person Transactions Practice, the Corporate Governance Committee of the Board reviews related person transactions with PSEG (including its subsidiaries) in which the amount involved exceeds $120,000 and in which any related person had, has, or will have a direct or indirect interest. In general, related persons are directors, executive officers, their immediate family members, and stockholders beneficially owning 5% or more of our outstanding stock. PSEG must be notified prior to entry into a transaction in which PSEG is or will be a participant and a related person has or will have an interest.

The Corporate Governance Committee considers those transactions that may constitute related person transactions or material changes to previously approved related person transactions. The Corporate Governance Committee takes into consideration a variety of factors and approves or ratifies those related person transactions that are in the best interests of PSEG and its stockholders. The Committee may impose such conditions as it deems appropriate in connection with the approval of the related person transactions.

When it is impracticable or undesirable to wait until a Committee meeting to consummate a related person transaction, the Committee Chair may review and approve a related person transaction. The Committee Chair reports any approved transactions to the Corporate Governance Committee.

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A list of all existing related person transactions is presented to the Corporate Governance Committee at least annually for review.

Except as noted below, there were no transactions during 2017, and no transaction currently proposed, in which we were or are to be a participant and the amount involved exceeded $120,000 and in which any related person (director, nominee, executive officer, any person known to us to beneficially own in excess of 5% of our Common Stock, or their immediate family members) had or will have a direct or indirect material interest.

PSEG Director Barry H. Ostrowsky is the President and Chief Executive Officer of RWJBarnabas Health, Inc. (RWJBarnabas), a non-profit corporation incorporated in New Jersey.

As part of the Company's philanthropic activities and commitment to invest in the communities in which we do business, the Company, directly or through a subsidiary, and PSEG Foundation, a 501(c)(3) organization that is funded by the Company, have periodically made charitable contributions to facilities operated by RWJBarnabas. In 2017, the Company and PSEG Foundation, collectively, donated approximately $216,550 to facilities affiliated with RWJBarnabas. PSEG Foundation has committed contributions of approximately $155,000 to facilities affiliated with RWJBarnabas, to occur in 2018. The Board expects that the Company and PSEG Foundation will make future contributions to facilities affiliated with RWJBarnabas.

Since 2013, the Company's subsidiary, Services, has had a contractual arrangement with an RWJBarnabas affiliate, Robert Wood Johnson University Hospital Hamilton (RWJ Hamilton), pursuant to which RWJ Hamilton provides medical care, medical testing and related services to the Company and its subsidiaries. In 2017, the Company paid a total of approximately $210,560 for services provided pursuant to this arrangement. The Company expects to pay a similar amount in 2018.

Since 2008, the Company's subsidiary, PSE&G, has engaged in an ongoing Hospital Energy Efficiency Program (HEE Program), through which PSE&G provides funds for energy efficiency upgrades to hospitals throughout the PSE&G service territory. The HEE Program was approved, and is overseen, by the New Jersey Board of Public Utilities (BPU). As of January 1, 2018, PSE&G has committed to invest approximately $199 million in a variety of hospitals through the HEE Program. PSEG had made commitments of approximately $30.9 million to RWJBarnabas facilities. These projects are in various stages of completion, with several fully completed and others in progress or in the planning stage. The aggregate portion that RWJBarnabas facilities have committed to repay to PSE&G through utility bills in accordance with the BPU-approved terms of the program is equal to approximately $10.9 million. Because the HEE Program is ongoing, the investment and repayment figures are subject to change in the coming years.

William Levis served as President of Power from June 2007 until October 2017 and was also one of our executive officers during that same time. In late December 2016, Levis advised the Company that he intended to retire in the third quarter of 2017. Subsequently, in July 2017, Mr. Levis informed PSEG management of his intention to join Holtec International, Inc. (Holtec) as its president and chief operating officer. Subsequent to his retirement from PSEG, Mr. Levis assumed a significant role involving Holtec.

PSEG has a long standing commercial relationship with Holtec dating back to the mid-1990s. Multiple agreements between Power and Holtec existed in 2017 relating to nuclear waste storage supply and services, equipment manufacturing and delivery for Fossil generation plants and other miscellaneous contracts. Since the beginning of 2017, the Company has paid approximately $23.7 million to Holtec under these agreements and anticipates paying Holtec an additional $17 million over the next twelve months. Of the contracts between the Company and Holtec, three were entered into since the beginning of 2017, with a notional value of approximately $125 million, primarily for the manufacture of storage containers and loading of spent nuclear fuel into the containers for on-site storage during the next ten years. There are also ten other contracts or arrangements between Holtec and the Company that predated 2017 and remain in effect at this time. The approximate dollar amount of Mr. Levis' interest in the PSEG and Holtec transactions referenced above is not determinable.

While an employee of PSEG, Mr. Levis was the individual responsible for, or managed employees who were responsible for, entering into agreements relating to Power's business, including transactions similar to the ones referenced above. Mr. Levis and some of the employees in his chain of command were directly or indirectly involved in the consummation or implementation of such transactions with Holtec.

In September 2017, the Company conducted an internal review of its agreements with Holtec and Mr. Levis' role in those transactions. The internal review concluded that the agreements were entered into consistent with the Company's procurement practices. The Corporate Governance Committee ratified and approved the transactions in accordance with the Company's Related Person Transactions Practice.

Christopher LaRossa, brother of Ralph LaRossa, President and Chief Operating Officer of Power and one of the Company's executive officers, is an employee of, and receives compensation from, PSE&G. During 2017, Christopher LaRossa served and currently serves as District Manager – Regulatory Policy and Procedure. The approximate total compensation paid to

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Christopher LaRossa during 2017 was within the range set for employees with comparable qualifications and responsibilities who hold similar positions at the Company (salary of $109,000 to $219,000 plus incentive compensation targeted at 20% of salary). He also received health insurance and other benefits available to all other employees in a similar position. His compensation was determined in accordance with our compensation practices applicable to employees who hold similar positions. Ralph LaRossa did not and does not have any direct responsibility for directing or reviewing his brother's work or any influence over his brother's compensation or the other terms of his employment.

Conflicts of Interest

Our Conflicts of Interest Practice applies to all employees, contractors, suppliers and any third party working on behalf of PSEG and covers situations where individual interests are or could be at odds or in conflict with PSEG's interests. Such situations are required to be reported to our Office of Ethics and Compliance, which may conduct an investigation or take actions it deems appropriate.

The Principles provide that a director must notify the Chair of the Corporate Governance Committee if he or she encounters a conflict of interest or proposes to accept a position with an entity which may present a conflict of interest, so that the issue may be reviewed. Potential conflicts of interest include positions that directors or immediate family members hold as directors, officers or employees of other companies with which we do business or propose to do business and charitable and other tax-exempt organizations to which we contribute or propose to contribute.

As described under Transactions With Related Persons, in September 2017, the Company, with the assistance of outside counsel, conducted an internal review of its agreements with Holtec and Mr. Levis' role in those transactions. The internal review found that Mr. Levis violated the Standards and his 2017 LTIP grant agreements by failing to disclose his employment discussions with Holtec at the time they occurred. The Audit Committee confirmed the findings of the internal review and the O&CC determined that Mr. Levis' vested 2017 LTIP grant of PSUs and RSUs will be forfeited.

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NOMINEES AND ELECTION

Election

Directors elected at each annual meeting are elected to serve one-year terms. Directors whose terms are to expire are eligible for re-nomination and will be considered by the Corporate Governance Committee in accordance with its policies and the retirement policy for directors, which are summarized in this Proxy Statement. Each of the current directors has been nominated for re-election, except of Albert R. Gamper, Jr., who has reached age 75 and no longer eligible to serve as a director beyond that time in accordance with our director retirement policy, as described on page 25, and therefore is not standing for re-election.

Our By-Laws currently provide that the Board shall consist of not less than three nor more than 16 directors as shall be fixed from time to time by the Board. The number of directors is currently fixed at twelve, which will be decreased to eleven upon the conclusion of the 2018 Annual Meeting and the end of the term of Mr. Gamper.

The nominees listed below were selected by the directors upon the recommendation of the Corporate Governance Committee. As discussed on pages 85-86 under Annual Meeting, Voting and Procedures, proxies will be voted in accordance with your instructions as indicated on the enclosed proxy card, voting instruction form or when voting by telephone or Internet.

If at the time of the 2018 Annual Meeting any of the nominees listed below should be unable to serve, which is not anticipated, it is the intention of the persons designated as proxies to vote, in their discretion, for other nominees, unless the number of directors constituting a full Board is reduced.

Majority Voting for Election of Directors

Our By-laws provide that in an uncontested election, each director shall be elected by a majority of the votes cast with respect to the director. A majority of votes cast means that the number of shares cast “for” a director’s election exceeds the number of votes cast “against” that director. We do not include as votes cast (i) shares which are marked withheld, (ii) abstentions and (iii) shares as to which a stockholder has given no authority or direction.

As provided in the Principles, the Board has adopted a policy whereby any incumbent director receiving a majority vote “against” must promptly tender an offer of resignation. As a result, in uncontested elections, the Board will nominate for election or re-election as a director only candidates who have agreed promptly to tender a letter of resignation in the event that the number of shares voted “for” that director does not exceed the number of shares voted “against” that director. If an incumbent director fails to receive the required “majority” vote, the Corporate Governance Committee will consider the matter and then make a recommendation to the Board as to whether or not to accept the resignation. The Board will make the determination on whether or not to accept the recommendation of the Corporate Governance Committee.

Failure to Receive a Majority Vote

The Principles further provide that no director who fails to receive a majority vote in an uncontested election shall participate in either the recommendation of the Corporate Governance Committee or the determination of the Board with respect to his or her resignation letter or that of any other director in regard to that year’s Annual Meeting election. Any such director may, however, participate in any and all other matters of the Board and its various committees to the fullest extent to which he or she would otherwise be permitted in accordance with applicable law and the Principles. If a majority of the Corporate Governance Committee fails to receive a majority vote, then the remaining independent directors will determine whether to accept one or more of the applicable resignations. If three or fewer independent directors do not receive a majority vote in the same election, then all independent directors may participate in any discussions or actions with respect to accepting or rejecting the resignation offers (except that no director will vote to accept or reject his or her own resignation offer).

In evaluating tendered resignations, the Corporate Governance Committee and the Board may consider all factors they deem relevant, including, but not limited to, the stated reason(s) for the “against” vote, the impact that the acceptance of the resignation would have upon our compliance with applicable law or regulation, the potential triggering of any change in control or similar provision in contracts, benefit plans or otherwise, the qualifications of the director and his or her past and anticipated future contributions to us.

The Corporate Governance Committee and the Board may consider possible remedies or actions to take in lieu of or in addition to accepting or rejecting of the resignation, such as development and implementation of a plan to address and cure the issues underlying the failure to receive a majority vote.

Following the Board’s determination, we will publicly disclose the decision and, as applicable, the reasons for accepting or rejecting the resignation. To the extent that the Board accepts one or more resignations, the Corporate Governance Committee may recommend to the Board, and the Board will then determine, whether to fill any vacancy.

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Ability and Diversity

The Board believes that a nominee for director should be selected on the basis of the individual's ability, diversity of background and experience and soundness of judgment, from among candidates with an attained position of leadership in their field of endeavor. As noted above, a majority of the Board must consist of independent directors in accordance with our Principles and NYSE requirements.

The Board is guided by its consideration of how to best enhance its capability to oversee the affairs of the Company. It analyzes the skills it believes are necessary for effective governance of a leading company in our industry and the particular attributes and abilities of each individual. The Board does not believe that adopting arbitrary or inflexible policies or requirements will achieve that purpose. Rather it looks to promote better governance through a more dynamic examination and understanding of its members' abilities to meet evolving challenges. It values the mix of skills and experience, independence from management, fresh perspectives and seasoned knowledge that collectively help to guide the Company.

Diversity

Diversity is a factor for consideration of nominees for director pursuant to the diversity policy contained in our Principles and the charter of the Corporate Governance Committee. In considering diversity, the Corporate Governance Committee utilizes a broad meaning to include not only factors such as ethnicity and gender, but also background, experience, leadership positions, skills, accomplishments, financial expertise, professional interests, personal qualities and other traits desirable in achieving an appropriate group of qualified individuals. The Corporate Governance Committee considers and assesses the effectiveness of this policy in connection with the annual nomination process to assure the Board contains an effective mix of people to best further our long-term business interests.

The Board recognizes the value to the Company of directors with varied backgrounds. Among other attributes, ethnic and gender diversity brings to the boardroom a range of experiences and perspectives that enhance the Board's role in management oversight and strategic planning. Similarly, refreshment of the Board brings new ideas and viewpoints and tenure is considered in light of our current policy to limit a director's term of service following attainment of age 75.

Demographic Background	Willie A. Deese	William V. Hickey	Ralph Izzo	Shirley Ann Jackson	David Lilley	Barry H. Ostrowsky	Thomas A. Renyi	Hak Cheol (H.C.) Shin	Richard J. Swift	Susan Tomasky	Alfred W. Zollar
Board Tenure	**2**	**17**	**11**	**17**	**9**	**-**	**15**	**10**	**24**	**6**	**6**
Diversity Gender				✓						✓	
Ethnic	✓			✓				✓			✓
Age	**62**	**73**	**60**	**71**	**71**	**67**	**72**	**60**	**73**	**65**	**63**

Refreshment and Tenure

The Corporate Governance Committee is very aware of the benefits of the refreshment of Board members to assure that new perspectives and ideas are considered. In selecting individuals for our Company, with its long investment horizon, the Corporate Governance Committee weighs the need for both director refreshment and institutional memory. It believes that the appropriate mix of varied levels of tenure and experience can help mitigate risk. We also refresh Board committees through rotation of memberships, as noted under Committee Membership.

The Corporate Governance Committee does not believe it is appropriate to set absolute term limits on the length of a director's term, but rather seeks to achieve a balance in the longevity of service through appropriate Board refreshment. Directors who have served on the Board for an extended period of time are able to provide valuable insight into the operations and future of the Company based on their experience with and understanding of our history, policies and objectives.

The Corporate Governance Committee is cognizant of the many years of service of some Board members. In evaluating that factor when making its nominating recommendations, it believes that average tenure is a better measure than the individual time

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served by any one member or another. Average tenure recognizes the refreshment that takes place as long-serving members retire and new directors join the Board. As of the date of the 2018 Annual Meeting, the average tenure of the members of our Board for their current term of service is approximately 11 years.

Director and Nominee Qualifications and Availability

It is the Board's policy that a nominee recommended initially for election be able to serve at least five years, consistent with the Board's retirement policy. The Board believes that the ability of a director to serve for at least five years is a reasonable expectation in order for us to receive an appropriate benefit from the individual's abilities. This is especially so in light of the time invested by a director to become knowledgeable about our complex business operations. The Board believes that these service limitations provide it with a means for achieving a reasonable balance of veteran and new directors.

The Corporate Governance Committee also considers the amount of time that a person will likely have to devote to his or her duties as a director, including non-PSEG responsibilities as an executive officer, board member or trustee of business or charitable institutions and the contributions by directors to our ongoing business. The Corporate Governance Committee considers the qualifications of incumbent directors and potential new nominees, as well as the continuity of service and the benefit of new ideas and perspectives, before making recommendations to the Board for election or re-election. The Board then selects nominees based on the Corporate Governance Committee's recommendation.

Prior to accepting an invitation to serve as a director of another public company, the CEO and any directors must submit a letter to the Corporate Governance Committee so as to allow it to review potential conflicts and time demands of the new directorship. Any director who undertakes or assumes a new principal occupation, position or responsibility from that which he or she held when he or she was elected to the Board must submit a letter to the Corporate Governance Committee volunteering to resign from the Board. The Board does not believe that in every instance a director who undertakes or assumes a new occupation, position or responsibility from that which he or she held when the director joined the Board should necessarily leave the Board. The Corporate Governance Committee reviews the relevant details of such director's new position and determines the continued appropriateness of Board membership under the circumstances.

The Corporate Governance Committee and the Board believe that the experience gained through other directorships provides us with a breadth of valuable knowledge and insight. Exposure to other industries, management and issues gives a director a perspective not necessarily otherwise available to him or her from a more limited range of experience. The Corporate Governance Committee carefully monitors the attendance and participation of each director to assure that he or she demonstrates an appropriate level of commitment and effort in serving on our Board. In renominating the current directors, the Corporate Governance Committee and the Board determined that each director had successfully balanced the demands on his or her time and attention in meeting the fiduciary obligations to us.

Director Terms of Service

The Board seeks to maintain an orderly transition for phased termination of service and proper succession planning. Under the Board's policy, set forth in our Principles, directors who have never been employees of the PSEG group of companies may not serve as directors beyond the Annual Meeting of Stockholders held in the calendar year following their seventy-fifth birthday.

We believe that the current retirement age allows us to benefit from long-serving directors, including their industry expertise, institutional knowledge, historical perspective, stability and continuity and comfort with challenging Company management, while maintaining our ability to refresh the Board through the addition of new members. Our Board has a high level of diversity in tenure and qualifications.

Directors who are former PSEG CEOs may not serve as directors beyond the Annual Meeting of Stockholders following termination of active employment with the PSEG group of companies, unless otherwise determined by the Board, and may not serve beyond their seventy-fifth birthday. Directors who are former employees, other than CEOs, may not serve as directors beyond the Annual Meeting of Stockholders following termination of active employment with PSEG.

Stock Ownership

We believe that it is an important aspect of Board service for the interest of each individual member of our Board to align with the interests of our stockholders. Our Principles require that directors own shares of our Common Stock (including any restricted stock, whether or not vested, any stock units under the Directors' Equity Plan and any phantom stock under the Directors' Deferred Compensation Plan) equal to five times the annual retainer (currently $95,000) within five years after election to the Board. We believe that this requirement is competitive with market practice. All incumbent directors currently meet this stock ownership level except for Mr. Deese, who joined the Board in 2016 and Mr. Ostrowsky, who joined the Board in 2018. Additional details can be found in the table under Security Ownership of Directors, Management and Certain Beneficial Owners on page 35.

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Nomination Process and Proxy Access

The Corporate Governance Committee considers the qualifications of Board members, evaluates prospective nominees and recommends candidates to the Board of Directors, in thoughtful recognition of the criteria discussed in this proxy statement. The Board's evaluation is focused on aligning the skills, qualifications and experience of our Board with the strategic development of our Company. Individual and collective competencies, personal characteristics, diversity of experience and backgrounds and commitment to the Company are assessed. The Corporate Governance Committee on occasion may pay a fee to an executive search firm to assist it in identifying and evaluating potential director nominees meeting our criteria, which are described further in this proxy statement. Any such firm's function would be to assist the Committee in identifying potential candidates for its consideration. During 2017, potential candidates were brought to our attention by members of the Board and we engaged a third-party firm to assist in evaluating such candidates, including Barry H. Ostrowsky, who was elected to the Board at a meeting held in December 2017, effective at the February 2018 Board meeting.

The Corporate Governance Committee will consider stockholders' recommendations for nominees for election to the Board. The Corporate Governance Committee utilizes the same criteria to evaluate all potential nominees, including those recommended by stockholders or from other sources. Our By-Laws require that stockholder nominations must be delivered to the Company's Secretary at least 90 days in advance of an Annual Meeting of Stockholders. With respect to an election to be held at a special meeting of stockholders for the election of directors, such advance notice of the nomination must be delivered to the Company's Secretary no later than the close of business on the seventh day following the date on which notice of such meeting is first given to stockholders. The chairman of the meeting may refuse to acknowledge the nomination of any person not made in compliance with the advance notice procedure contained in our By-Laws.

In order for a stockholder's proposed nominee to be included in the Company's proxy statement pursuant to the proxy access provisions of our By-Laws, such proposal must be received by the Company's Secretary no earlier than 150 days and no later than 120 days prior to the anniversary of the mailing date of the Company's proxy statement in the prior year. The proxy access provisions of our By-Laws permit an eligible stockholder (or a group of no more than 20 eligible stockholders) owning 3% or more of the Company's common stock continuously for at least three years to nominate director candidates representing up to 25% of the Board, and, upon the eligible stockholder's satisfaction of certain conditions as outlined in our By-Laws, require us to include such nominees in our proxy statement and proxy card for the annual meeting of stockholders. These proxy access provisions were adopted by the Board in 2015. In its consideration of proxy access, the Board engaged with a number of our significant stockholders and reviewed the published positions of other significant stockholders. Following these outreach efforts, the Board amended our By-Laws in order to provide meaningful proxy access rights to stockholders who are representative of the long-term interests of our Company.

Each nomination discussed above must be submitted in writing to **Michael K. Hyun, Secretary, Public Service Enterprise Group Incorporated, 80 Park Plaza, T4B, Newark, NJ 07102**. Nominations must be made in compliance with the procedures and requirements set forth in our By-Laws and accompanied by the written consent of any such person to serve if nominated and elected and by biographical material and the applicable requirements of the SEC to permit evaluation of the individual recommended.

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BIOGRAPHICAL INFORMATION OF DIRECTOR NOMINEES

The present terms of twelve directors, **Willie A. Deese, Albert R. Gamper, Jr., William V. Hickey, Ralph Izzo, Shirley Ann Jackson, David Lilley, Barry H. Ostrowsky, Thomas A. Renyi, Hak Cheol (H.C.) Shin, Richard J. Swift, Susan Tomasky** and **Alfred W. Zollar**, expire at the 2018 Annual Meeting. Each director, except for Mr. Gamper, has been re-nominated. Each nominee will be presented for election to serve until the 2019 Annual Meeting, or until his or her respective successor is elected and qualified. All nominees were elected to their present terms by our stockholders, except Mr. Ostrowsky, who was elected by the Board effective at the February 2018 meeting, as stated above. Albert R. Gamper, Jr. is not standing for re-election as he has reached the mandatory retirement age, as stated above. The Board wishes to thank Mr. Gamper for his many years of dedicated service.

We show below for each nominee:

- The period of service as a director;
- Age as of the date of the Annual Meeting;
- Present committee memberships;
- Business experience during at least the last five years; and
- Other public company directorships during the past five years.

We also discuss the specific experience, qualifications, attributes and skills that led to the conclusion that he or she should serve as one of our directors. Our Board members have diverse backgrounds and experience and possess many varied and valuable skills and qualifications, not all of which are intended to be listed on the matrix below. The Corporate Governance Committee and the Board periodically review the skills and qualifications that they determine are necessary for the proper oversight of the Company by the directors in furtherance of their fiduciary duties. The Committee and the Board remain focused on ensuring that the individual and collective abilities of the directors continue to meet the governance needs of the Company. They are committed to nominating individuals who satisfy the applicable criteria for outstanding service to our Company and who together comprise the appropriate Board membership composition in light of evolving business demands. The Board evaluates the effectiveness of each director in contributing to the Board's work and the potential of each new nominee.

Each nominee's beneficial ownership of Common Stock is shown under Security Ownership of Directors, Management and Certain Beneficial Owners. Compensation for service as a director is shown in the Director Compensation Table and accompanying narrative.

As discussed above, the Corporate Governance Committee and the Board recommend and nominate for election those individuals they deem qualified and capable of serving as directors pursuant to the criteria they have set. Each of the nominees this year meets these standards.

Board Composition

The Board is comprised of individuals with a diverse mix of knowledge, expertise and backgrounds. We have business leaders from industries including banking, science and technology, energy, consumer products and manufacturing as well as those who have excelled in academia and public service. As a group, they complement one another with a desirable mix of competencies and skills necessary to oversee our businesses. Our Board members have dealt widely with the types of issues facing us, including achieving optimal operational and financial performance, managing for growth, meeting regulatory, environmental and safety requirements, overseeing risk management and corporate governance, maintaining an engaged and diverse workforce and adapting to rapidly evolving business conditions.

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Biographical Information

Skills and Qualifications	Willie A. Deese	William V. Hickey	Ralph Izzo	Shirley Ann Jackson	David Lilley	Barry H. Ostrowsky	Thomas A. Renyi	Hak Cheol (H.C.) Shin	Richard J. Swift	Susan Tomasky	Alfred W. Zollar
Accounting/Finance experience is important in overseeing our financial reporting and internal controls to assure transparency and accuracy.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Construction/Engineering experience is important in assessing our operations, project development and opportunities for growth.			✓						✓		
Consumer Products/Product Development experience is important in developing innovative solutions and adapting our business and strategy to meet customer expectations.		✓			✓			✓			✓
Corporate Governance experience is important in assuring Board effectiveness and appropriate oversight.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Customer Satisfaction & Sales experience is important in understanding the consumer-driven aspect of our business in order to provide outstanding service.					✓	✓	✓	✓			✓
Environment/Science experience is important to an entity dependent on scientific expertise and in assessing environmental compliance, obligations and operations.			✓	✓	✓				✓	✓	
Government/Policy/Regulatory experience is important to a heavily regulated entity directly impacted by governmental actions, public policy and economic trends.	✓		✓	✓		✓				✓	
Industry/Generating Plant Operations experience is important in overseeing the development and implementation of our operating plan and business strategy.			✓	✓					✓	✓	
Legal experience is important in understanding and evaluating our legal risks and obligations.						✓				✓	
Management experience is important in overseeing the leadership and performance of our Company's senior management.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Manufacturing experience is important in understanding and assessing the operation of our business, including safety, controls, efficiency and compliance.	✓	✓			✓			✓	✓		
Risk Management experience is important in overseeing the risks facing the Company.			✓	✓		✓	✓		✓	✓	✓
Technology/Cybersecurity experience is important in assessing the best tools to enhance business operations and customer service and address cybersecurity risks.	✓	✓		✓				✓		✓	✓

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WILLIE A. DEESE

Age: 62
Director since: 2016
Occupation: Retired EVP-Merck & Co. Inc.

Committees:
- Audit
- Corporate Governance
- Organization & Compensation

EXPERIENCE

Executive Vice President of Merck & Co. Inc., Kenilworth, New Jersey, which develops, manufactures, and distributes pharmaceuticals, from January 2008 until June 2016; President of Merck Manufacturing Division from 2005 until 2008; Senior Vice President of Global Procurement at Merck from 2004 to 2005. Former Senior Vice President of Global Procurement and Logistics at GlaxoSmithKline, a pharmaceutical company.

Director of CDK Global, Inc. and Dentsply Sirona USA.

SKILLS AND QUALIFICATIONS

- Management
- Finance
- Regulatory
- Governance
- Manufacturing
- Technology

Mr. Deese has significant regulatory, manufacturing and procurement experience from his service as Executive Vice President of Merck & Co., Senior Vice President of Merck Manufacturing Division and Senior Vice President of Global Procurement and Logistics at GlaxoSmithKline.

The Board views Mr. Deese's background as a leader in a highly regulated industry to be of significant value in light of the many regulatory requirements our Company faces. His experience with manufacturing and technology is valuable to the oversight and cost effectiveness of our operations.

WILLIAM V. HICKEY

Age: 73
Director since: 2001
Occupation: Retired CEO-Sealed Air Corporation

Committees:
- Finance
- Fossil
- Nuclear
- Organization & Compensation

EXPERIENCE

Chairman of the Board of Sealed Air Corporation, Elmwood Park, New Jersey, which manufactures food and specialty protective packaging materials and systems, from March 2013 until May 2013; Chairman of the Board and Chief Executive Officer from September 2012 to February 2013; President and Chief Executive officer from March 2000 to August 2012; President and Chief Operating Officer from December 1996 to February 2000.

Former Director of Sensient Technologies Corporation.

SKILLS AND QUALIFICATIONS

- Manufacturing
- Consumer Products
- Finance
- Governance
- Management
- Technology

Mr. Hickey has a strong industrial and commercial manufacturing background from his service as President and Chief Executive Officer at Sealed Air Corporation. He is also a Certified Public Accountant and, as CEO of Sealed Air Corporation, he had ultimate responsibility for financial matters and overall business performance.

Mr. Hickey's executive managerial experience with product innovation, development, production and marketing contributes to the Board's ability to oversee our Company and focus on operational excellence.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ALL NOMINEES

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Biographical Information

RALPH IZZO

Age: 60
Director since: 2006
Occupation: CEO-PSEG

Committees:
- Executive (Chair)

EXPERIENCE

Chairman of the Board, President and Chief Executive Officer of PSEG since April 2007.

Chair of the Executive Committee.

Director of PSE&G, Power, Energy Holdings and Services.

President and Chief Operating Officer of PSEG from October 2006 to April 2007; President and Chief Operating Officer of PSE&G from October 2003 to October 2006.

Former Director of Williams Companies, Inc.

SKILLS AND QUALIFICATIONS

- **Management/Strategic Planning**
- **Finance**
- **Governance**
- **Industry/Operations**
- **Risk Management**
- **Construction/Engineering**
- **Environment/Science**
- **Government**

During Dr. Izzo's tenure as our Chairman of the Board, President and CEO, he has developed broad experience in general management, strategic planning, finance and risk management, as well as a thorough understanding of our business operations and the challenges and opportunities of our industry.

Dr. Izzo's background as a research physicist is of much benefit to a company that deals with many technical and scientific matters. His prior service as an energy and policy analyst at the federal and state levels is a significant asset as we position ourselves as a leader in the energy industry and public policy arena.

SHIRLEY ANN JACKSON

Age: 71
Director since: 2001
Occupation: President-Rensselaer Polytechnic Institute

Committees:
- Corporate Governance (Chair)
- Executive
- Fossil
- Nuclear
- Organization & Compensation

EXPERIENCE

President of Rensselaer Polytechnic Institute, Troy, New York, since July 1999.

Director of PSE&G.

Former director of PSEG from 1987 to 1995.

Chair, U.S. Nuclear Regulatory Commission (NRC) from July 1995 to July 1999.

Director of FedEx Corporation, IBM Corporation and Medtronic, Inc.

Former director of NYSE Euronext and Marathon Oil Corp.

SKILLS AND QUALIFICATIONS

- **Management**
- **Government**
- **Environment/Science**
- **Technology/Cybersecurity**
- **Risk Management**
- **Finance**
- **Governance**
- **Industry/Operations**

Dr. Jackson is a recipient of the National Medal of Science, the highest honor for scientific achievement bestowed by the President of the United States. As a distinguished scientist, Dr. Jackson brings an array of executive, governmental, scientific and academic experience from her years as Chair of the NRC and President of Rensselaer Polytechnic Institute. Her responsibilities as the head of a major university include financial matters.

We are a heavily regulated business which is very much affected by public policy and scientific developments. Thus, Dr. Jackson's experience and continued involvement in energy policy, scientific research and development, technology and innovation, security and financial services industry oversight is highly valued by the Board. Her background as a nuclear physicist and former NRC Chair is important as we have extensive nuclear operations.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ALL NOMINEES

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DAVID LILLEY

Age: 71
Director since: 2009
Occupation: Retired CEO-Cytec Industries

Committees:
- Audit
- Finance
- Organization & Compensation (Chair)

EXPERIENCE

Chairman of the Board, President and Chief Executive Officer of Cytec Industries, Inc., Woodland Park, New Jersey, a global specialty chemicals and materials company from January 1999 until December 2008; President and Chief Executive Officer from May 1998 to January 1999; President and Chief Operating Officer from January 1997 to May 1998.

Director of Rockwell Collins, Inc. and Andeavor Corporation (formerly Tesoro).

Former director of Arch Chemicals, Inc.

SKILLS AND QUALIFICATIONS

- **Product Development**
- **Manufacturing**
- **Sales**
- **Finance**
- **Management**
- **Governance**
- **Environment**

Mr. Lilley has experience in product development, manufacturing and sales, gained from his years as Chairman of the Board, President and Chief Executive Officer at Cytec Industries. In this role he also had ultimate responsibility for financial matters and overall business performance.

Mr. Lilley's leadership is very important to us in light of the Board's oversight of our operations and adherence to safety and environmental requirements.

BARRY H. OSTROWSKY

Age: 67
Director since: 2018
Occupation: President & CEO-RWJBarnabas Health

Committees:
- Finance
- Organization & Compensation

EXPERIENCE

President and Chief Executive Officer of RWJ Barnabas Health, West Orange, New Jersey, a comprehensive integrated healthcare delivery system of hospitals, programs and services, since April 2016. President and CEO of Barnabas Health from January 2012 until April 2016; President and Chief Operating Officer from July 2011 until January 2012; Executive Vice President and General Counsel from December 1996 until July 2011.

Formerly a senior partner at the law firm of Brach, Eichler in Roseland, New Jersey.

SKILLS AND QUALIFICATIONS

- **Management**
- **Finance**
- **Regulatory**
- **Legal**
- **Governance**
- **Customer Satisfaction**
- **Risk Management**

Mr. Ostrowsky has extensive experience at RWJ Barnabas and Barnabas Health in managing a large, comprehensive business enterprise, dealing with regulatory and public policy matters for an organization serving a diverse population. His legal background and experience in financial matters are also of great value to us.

The Board believes that Mr. Ostrowsky's significant management and strategic planning and implementation skills are especially useful as the landscape of our industry continues to change. He has a broad knowledge of consumers, customer service and healthcare, which is especially important to a company such as ours with such a large customer and employee base.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ALL NOMINEES

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Biographical Information

THOMAS A. RENYI

Age: 72
Director since: 2003
Lead Director since: April 2015
Occupation: Retired CEO-Bank of New York Mellon

Committees:
- Audit
- Executive
- Finance

EXPERIENCE

Executive Chairman of The Bank of New York Mellon Corporation, New York, New York, a provider of banking and other financial services to corporations and individuals, from July 2007 until his retirement in August 2008.

Chairman of the Board and Chief Executive Officer of The Bank of New York Company, Inc. and The Bank of New York from February 1998 to July 2007.

Director of Hartford Financial Services Group, Inc. and Royal Bank of Canada.

SKILLS AND QUALIFICATIONS

- **Finance**
- **Governance**
- **Management**
- **Customer Satisfaction**
- **Risk Management**

Mr. Renyi had a long career with The Bank of New York Mellon and its predecessor, The Bank of New York, where he served as Chairman of the Board and Chief Executive Officer. In that capacity, he had substantial responsibility for the successful implementation of two major mergers. As a result, he brings to us a deep knowledge of finance, as well as significant experience in oversight of the operations of a major enterprise and meeting customer expectations.

The Board views Mr. Renyi's background as highly valuable in the oversight of risk management and our continued focus on financial strength, disciplined investment and operational excellence.

HAK CHEOL (H.C.) SHIN

Age: 60
Director since: 2008
Occupation: Vice Chair and EVP-3M Company

Committees:
- Audit
- Corporate Governance
- Fossil (Chair)
- Nuclear (Chair)

EXPERIENCE

Vice Chair and Executive Vice President-Research and Development, Supply Chain Operations, Business Transformation and IT Business Development and Marketing-Sales, International Operations, of 3M Company, St. Paul, Minnesota, a diversified technology company, with product lines in consumer and office, healthcare electronics, industrial, graphics, transportation, safety and telecommunications markets, since May 2017.

Executive Vice President-International Operations of 3M Company from May 2011 to April 2017; Executive Vice President-Industrial and Transportation from January 2006 to May 2011; Executive Vice President-Industrial Business from June 2005 to January 2006; Division Vice President-Industrial Adhesives and Tapes Division from July 2003 to June 2005; Division Vice President-Electronics Markets Materials Division from October 2002 to June 2003; Division Vice President-Superabrasives and Microfinishing Systems Division from March 2001 to October 2002.

SKILLS AND QUALIFICATIONS

- **Technology**
- **Manufacturing**
- **Consumer Products**
- **Customer Satisfaction**
- **Governance**
- **Management**
- **Finance**

Mr. Shin brings diversified experience in the areas of technology, manufacturing, consumer products and customer satisfaction acquired through various senior positions at 3M Company, a company noted for innovation and operational excellence.

Mr. Shin's skills are important as we seek operational excellence and invest in renewable energy technology, while satisfying customer expectations and maintaining reliability.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ALL NOMINEES

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RICHARD J. SWIFT

Age: 73
Director since: 1994
Occupation: Retired CEO-Foster Wheeler

Committees:
- Corporate Governance
- Executive
- Fossil
- Nuclear
- Organization & Compensation

EXPERIENCE

Lead Director from February 2010 until April 2011.

Presiding Director from June 2007 until February 2010.

Director of PSE&G.

Former Chairman of the Financial Accounting Standards Advisory Council from January 2002 to December 2006.

Chairman of the Board, President and Chief Executive Officer of Foster Wheeler, Ltd., Clinton, New Jersey, which provides design, engineering, construction, manufacturing, management, plant operations and environmental services, from April 1994 until his retirement in October 2001.

Director of CVS Caremark Corporation, Hubbell Incorporated, Kaman Corporation and Lead Director of Ingersoll-Rand.

SKILLS AND QUALIFICATIONS

- Management
- Construction/ Engineering
- Industry/Operations
- Finance
- Governance
- Manufacturing
- Risk Management
- Environment

Mr. Swift is an experienced engineer who brings a strong managerial background in engineering, construction and generating plant operations as CEO at Foster Wheeler, Ltd. Mr. Swift also served as Chairman of the Financial Accounting Standards Advisory Council and brings us finance and risk management experience.

The Board believes that we benefit significantly from Mr. Swift's experience as we are heavily engaged in similar endeavors in our generation and utility businesses. While CEO at Foster Wheeler, he had ultimate responsibility for financial matters.

SUSAN TOMASKY

Age: 65
Director since: 2012
Occupation: Retired President-AEP Transmission of American Electric Power Corporation

Committees:
- Audit (Chair)
- Corporate Governance

EXPERIENCE

President-AEP Transmission of American Electric Power Corporation, Columbus, Ohio, an electric utility holding company with generation, transmission and distribution businesses, from May 2008 to July 2011.

Executive Vice President-Shared Services of American Electric Power Corporation from September 2006 to May 2008; Executive Vice President and Chief Financial Officer from September 2001 to September 2006; Executive Vice President and General Counsel and Corporate Secretary from July 1998 to September 2001.

Former General Counsel, U.S. Federal Energy Regulatory Commission (FERC), from March 1993 to June 1997.

Lead Director of Andeavor Corporation (formerly Tesoro) and Director of Summit Midstream Partners, LP.

SKILLS AND QUALIFICATIONS

- Industry/Operations
- Management
- Finance
- Legal
- Governance
- Government
- Risk Management
- Environment
- Cybersecurity

Ms. Tomasky has broad electric industry executive experience having served in key leadership positions involving transmission operations, services, finance, law and governance at one of the largest utility holding companies in the United States. Her service at the FERC is highly valuable to us as several of our businesses are subject to that agency's regulation.

The Board views Ms. Tomasky's background as providing a valuable resource and perspective on utility management, finance, law, risk management and governmental regulation.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ALL NOMINEES

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Biographical Information

ALFRED W. ZOLLAR

Age: 63
Director since: 2012
Occupation: Retired General Manager-Tivoli Software Division of IBM

Committees:
- Finance (Chair)
- Fossil
- Nuclear

EXPERIENCE

Executive Partner, Siris Capital Group, LLC, New York, New York a private equity firm, since February 2014.

General Manager-Tivoli Software division of International Business Machines Corporation (IBM), Armonk, New York, a worldwide information technology and consulting company, from July 2004 to January 2011; General Manager-eServer iSeries from January 2003 to July 2004; President and Chief Executive Officer-Lotus Software division from January 2000 to 2003; Division General Manager-Network Computer Software division from 1996 to 2000.

Former Director of Chubb Corporation.

SKILLS AND QUALIFICATIONS

- **Management**
- **Governance**
- **Technology/Cybersecurity**
- **Risk Management**
- **Product Development**
- **Customer Satisfaction**
- **Finance**

Mr. Zollar brings a wealth of knowledge from his executive leadership, product development and information technology experience. He has served in various leadership roles, including senior management positions, in every IBM software group division.

The Board believes that Mr. Zollar's executive and managerial experience in business development and technology greatly contributes to our oversight of operational excellence, customer satisfaction and cybersecurity.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ALL NOMINEES

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SECURITY OWNERSHIP OF DIRECTORS, MANAGEMENT AND CERTAIN BENEFICIAL OWNERS

The following table sets forth, as of February 16, 2018, beneficial ownership of our Common Stock by the directors, nominees and currently serving executive officers named in the 2017 Summary Compensation Table. None of these amounts exceeds one percent of our Common Stock outstanding. The table also sets forth, as of such date, beneficial ownership in shares by any person or group known to us to be the beneficial owner of more than five percent of our Common Stock. According to the Schedule 13G filed by the owner with the SEC, these securities were acquired and are held in the ordinary course of business and not for the purpose of changing or influencing the control of the Company.

Name	Owned Shares (#)(1)	Restricted Stock (#)(2)	Stock Units/ Restricted Stock Units (#)(3)	Phantom Shares (#)(4)	Deferred Equity Shares (#)(5)	Stock Options (#)(6)	Amount of Beneficial Ownership of Common Stock (#)	Percent of Class (%)
Directors:								
Willie A. Deese (7)	-	-	6,295	-	-	-	6,295	<1
Albert R. Gamper, Jr.(8)	9,979	9,600	40,542	28,529	-	-	88,650	<1
William V. Hickey	6,332	9,600	40,542	22,480	-	-	78,954	<1
Shirley Ann Jackson	5,604	9,600	40,542	-	-	-	55,746	<1
David Lilley	-	-	33,675	29,377	-	-	63,052	<1
Barry H. Ostrowsky(9)	-	-	-	-	-	-	-	
Thomas A. Renyi	-	8,800	40,542	58,605	-	-	107,947	<1
Hak Cheol (H.C.) Shin	-	-	37,049	-	-	-	37,049	<1
Richard J. Swift	304	14,400	40,542	55,461	-	-	110,707	<1
Susan Tomasky	-	-	20,869	-	-	-	20,869	<1
Alfred W. Zollar	-	-	20,671	-	-	-	20,671	<1
NEOs:								
Daniel J. Cregg	18,313	-	15,725	-	25,651	-	59,689	<1
Ralph Izzo	428,085	-	104,253	-	993,623	347,900	1,873,861	<1
Ralph A. LaRossa	9,177	-	21,925	-	134,585	-	165,687	<1
William Levis(10)	93,482	-	12,794	-	-	-	106,276	<1
Tamara L. Linde	35,645	-	15,725	-	-	-	51,370	<1
Derek DiRisio	28,674	-	7,833	-	-	-	36,507	<1
All Directors, NEOs and Executive Officers of the Company as a Group (19 Persons):								
	664,265	52,000	509,673	194,452	1,153,859	347,900	2,922,149	<1
Certain Beneficial Owners:								
Blackrock, Inc. (11)							48,427,758	9.60
State Street Corporation (12)							26,426,183	5.22
Vanguard Group, Inc. (13)							37,074,545	7.32

(1) Includes all shares, if any, held directly, in brokerage accounts, under the Thrift and Tax-Deferred Savings Plan (401(k) Plan), Enterprise Direct, ESPP, shares owned jointly by or with a spouse and shares held in a trust or a custodial account. Beneficial ownership is disclaimed as to 360 shares by an executive officer.
(2) Includes restricted stock granted to directors under the former Stock Plan for Outside Directors.
(3) Includes vested and unvested RSUs granted to executive officers under the LTIP and stock units granted to directors under the Equity Compensation Plan for Outside Directors (Directors Equity Plan), with no voting rights.
(4) Includes phantom shares accrued under the Directors' Deferred Compensation Plan for those individuals who have elected to have the earnings on their deferred payments calculated based upon the performance of our Common Stock, with no voting rights and all payouts in cash.
(5) Includes shares deferred under the Equity Deferral Plan, with no voting rights.
(6) Stock options granted under the LTIP, all of which are exercisable currently. Unexercised stock options have no voting rights.
(7) Mr. Deese joined the Board in February 2016.
(8) Mr. Gamper is not standing for re-election, having reached the mandatory retirement age for directors.

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(9) Mr. Ostrowsky joined the Board in February 2018.
(10) Mr. Levis retired effective October 2, 2017. Mr. Levis' unvested RSUs were forfeited upon his retirement. Forfeiture of Mr. Levis' vested 2017 RSUs is described in Conflicts of Interest on page 22.
(11) As reported on Schedule 13G/A filed on January 23, 2018. Address: 55 East 52nd Street, New York, NY 10055.
(12) As reported on Schedule 13G filed on February 14, 2018. Address: One Lincoln Street, Boston, MA 02111.
(13) As reported on Schedule 13G/A filed on February 12, 2018. Address: 100 Vanguard Blvd., Malvern, PA 19355.

Section 16(a) Beneficial Ownership Reporting Compliance

The following information is based upon our review of Forms 3 and 4 filed in, and Forms 5 filed with respect to, 2017, with the SEC under Section 16(a) of the Securities Exchange Act of 1934, as amended ("Exchange Act") regarding transactions involving our Common Stock. During 2017, none of our directors or executive officers was late in filing a Form 3, 4 or 5 in accordance with the applicable requirements of the SEC.

DIRECTOR COMPENSATION TABLE

The table below reports 2017 compensation to directors, except Mr. Izzo, as explained under Director Compensation and Mr. Ostrowsky, who was not a director in 2017.

	Fees Earned or Paid in Cash ($)(1)	Stock Awards ($)(2)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)(3)	Total ($)
Willie A. Deese	148,333	135,020				150	283,503
Albert R. Gamper, Jr.	175,000	135,020				150	310,170
William V. Hickey	156,666	135,020				150	291,836
Shirley Ann Jackson	180,000	135,020				150	315,170
David Lilley	165,000	135,020				150	300,170
Thomas A. Renyi	195,000	135,020				150	330,170
Hak Cheol (H.C.) Shin	160,000	135,020				-	295,020
Richard J. Swift	175,000	135,020				150	310,170
Susan Tomasky	145,000	135,020				150	280,170
Alfred W. Zollar	138,334	135,020				150	273,504

(1) Includes all meeting fees, chair/committee retainer fees and the annual retainer, as described below under Director Compensation, and reflects time served in a particular position throughout the year. Includes the following amounts deferred pursuant to the Directors' Deferred Compensation Plan, described below.

Deese ($)	Gamper ($)	Hickey ($)	Jackson ($)	Lilley ($)	Renyi ($)	Shin ($)	Swift ($)	Tomasky ($)	Zollar ($)
-	-	156,666	180,000	-	195,000	157,500	-	-	-

(2) For each, the grant date fair value of the award on May 1, 2017, equated to 3,089 stock units, rounded up to the nearest whole share, based on the then current market price of the Common Stock of $43.71. In addition, each individual's account is credited with additional stock units on the quarterly dividend dates at the then current dividend rate.

The following table shows outstanding stock units granted under the Directors' Equity Plan and restricted stock granted under the prior Stock Plan for Outside Directors, as of December 31, 2017:

	Deese (#)	Gamper (#)	Hickey (#)	Jackson (#)	Lilley (#)	Renyi (#)	Shin (#)	Swift (#)	Tomasky (#)	Zollar (#)
Stock Units	6,295	40,542	40,542	40,542	33,675	40,542	37,049	40,542	20,869	20,671
Restricted Stock	-	9,600	9,600	9,600	-	8,800	-	14,400	-	-

(3) Consists of charitable contributions made by us on behalf of each individual.

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Director Compensation

Director Fees

A director who is an employee of a PSEG Company receives no additional compensation for services as a director. Mr. Izzo receives no compensation as a director. His compensation as an employee is shown in this Proxy Statement in the executive compensation tables and CD&A. Periodically, CAP assesses the competitiveness of director compensation for the Corporate Governance Committee.

Directors are compensated in accordance with the schedule below. All amounts are paid in cash, except the equity grant, which is paid in Common Stock units equal to the amount shown. All payments to the Chairs and Committee members, as indicated, are per assignment and incremental to the annual retainer and equity grant. Following a review of peer company market data conducted by CAP, the fee schedule was last revised effective for May 1, 2016, to be competitive with our peers.

	Fee Schedule ($)
Annual Retainer	95,000
Annual Equity Grant	135,000
Lead Director	40,000
Committee Chair: Audit; O&CC	30,000
Committee Chair: Corporate Governance; Finance	25,000
Committee Chair: Fossil Generation; Nuclear Generation	12,500
Committee Member: Audit	20,000
Committee Member: Corporate Governance; Executive; Finance; O&CC	20,000
Committee Member: Fossil Generation; Nuclear Generation	10,000

Directors' Equity Plan

The Directors' Equity Plan is a deferred compensation plan and, under its terms, each outside director is granted an award of "stock units" each May 1st (in an amount determined from time-to-time by the Board) which is recorded in a bookkeeping account in his/her name and accrues credits equivalent to the dividends on shares of our Common Stock. If a director fails to remain a member of the Board (other than on account of disability or death) until the earlier of the succeeding April 30th or the next Annual Meeting of Stockholders, the award for that year will be prorated to reflect actual service. Distributions under the Directors' Equity Plan are made in shares of our Common Stock after the director terminates service on the Board in accordance with distribution elections made by him/her, which may be either in a lump-sum payment or, with respect to grants made prior to 2012, in annual payments over a period of up to ten years.

Under the Directors' Equity Plan, with respect to grants made beginning in 2012, directors may elect to commence distribution of a particular year's deferrals either upon termination of service or after a specified number of years thereafter. A director may elect to receive distribution of such deferrals in the form of a lump-sum payment, or annual installments over a period of three to fifteen years. Distribution elections must be made prior to the date that the services giving rise to the awards are performed.

Shares granted under the prior Stock Plan for Outside Directors are subject to forfeiture if a director leaves service prior to age 72, except after a change-in-control or if waived by non-participating directors.

Directors' Deferred Compensation Plan

Under the Directors' Deferred Compensation Plan, directors may elect to defer any portion of their director fees by making appropriate elections in the calendar year prior to the year in which the services giving rise to such compensation being deferred is rendered. At the same time he/she elects to defer such compensation, the participant must make an election as to the timing of the distribution from his/her Directors' Deferred Compensation Plan account. In accordance with the amendment to this plan made in 2017, distributions are made in cash. This change was made for administrative convenience. Deferred amounts are invested on behalf of each director as described below under Investments.

For amounts deferred prior to 2012, distributions may commence (a) on the thirtieth day after the date he/she terminates service as a director or, in the alternative, (b) on January 15th of any calendar year following termination of service elected by him/her, but in any event no later than the later of (i) January of the year following the year of his/her 71st birthday or (ii) January following termination of service. Participants may elect to receive the distribution of their Directors' Deferred Compensation account in the form of one lump-sum payment, or annual distributions over a period selected by the participant, up to ten years.

With respect to compensation deferred beginning in 2012, directors may elect to commence distribution of a particular year's deferrals, either (a) within 30 days of termination of service, or (b) a specified number of years following termination of service.

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They may elect to receive distribution of such deferrals in the form of a lump-sum payment, or annual installments over a period of three to fifteen years.

Participants may make a distribution election for each year's deferred compensation. Participants may also make changes regarding the timing of distribution elections with respect to prior deferred compensation as long as any such new distribution election is made at least one year prior to the date that the commencement of the distribution would otherwise have occurred and the revised commencement date is at least five years later than the date that the commencement of the distribution would otherwise have occurred.

Investments

Participants may choose to have amounts deferred under the Directors' Deferred Compensation Plan credited with earnings based on (i) the performance of one or more of pre-mixed lifestyle investment portfolio funds, (ii) at the rate of Prime plus 1/2%, capped at 120% of the applicable federal long-term rate, or (iii) by reference to the performance of our Common Stock, in such percentages designated by the participant. These are the same investment options offered under our 401(k) plan to employees (except the Fidelity Brokerage Link Account). A participant who fails to provide a designation will accrue earnings on his/her account at the rate of Prime plus 1/2%, capped at 120% of the applicable federal long-term rate. A participant may change fund selection daily, except for the Common Stock Fund, for which selection may be made only prior to deferral.

The one-year rates of return as of December 31, 2017 for the offered funds as computed by the recordkeeper for the Directors' Deferred Compensation Plan were as follows:

Rates of Return			
Funds		**Target Retirement Funds**	
Stable Value	2.05%	Target Retirement Income	8.58%
Diversified Bond	3.52%	Target Retirement 2015	11.50%
Fidelity Intermediate Bond	2.32%	Target Retirement 2020	14.11%
Large Company Stock Index	21.74%	Target Retirement 2025	15.94%
Mid-Cap Index	19.20%	Target Retirement 2030	17.57%
Institutional Developed Markets Index	26.41%	Target Retirement 2035	19.14%
Small-Cap Index	16.19%	Target Retirement 2040	20.76%
Primary Money Market	0.77%	Target Retirement 2045	21.48%
Enterprise Common Stock	16.70%	Target Retirement 2050	21.44%
Other		Target Retirement 2055	21.46%
Prime Plus 1/2%	3.21%	Target Retirement 2060	21.45%

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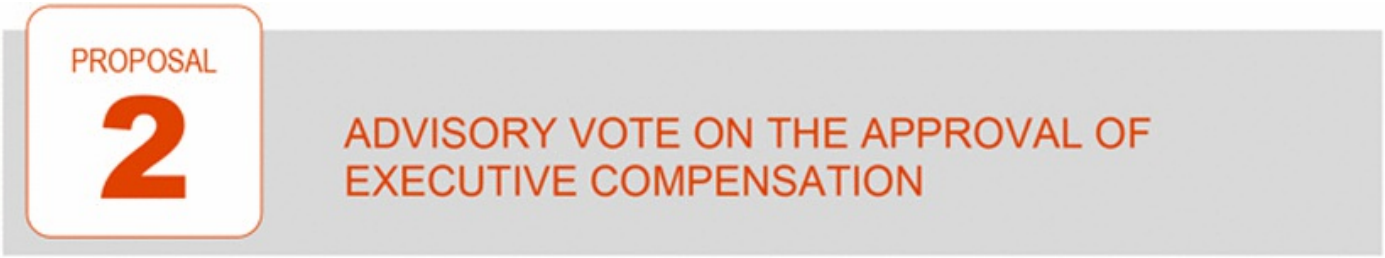

As required by Section 14A of the Exchange Act, we are providing you with an opportunity to cast an advisory vote on our executive compensation programs as described in this Proxy Statement. This is commonly referred to as "say-on-pay." We plan to do this each year, in accordance with the applicable rules of the SEC.

This vote is advisory and, thus, it is non-binding on us and the Board. However, management, the O&CC and the Board intend to carefully review the voting results and take them into consideration when making future decisions regarding our executive compensation. In accordance with applicable SEC requirements, we will disclose to you in our future proxy statements how our compensation policies and decisions have taken into account the results of the most recent stockholder advisory vote on our executive compensation.

We have disclosed in this Proxy Statement an overview of the philosophy and elements of our executive compensation program, as well as the details of the individual compensation paid or awarded to each of our NEOs and our process for making those determinations. We have provided below the Report of our O&CC, the CD&A and the compensation tables. In our CD&A, we have explained the reasons supporting our executive pay decisions as reported in the various tables and accompanying narrative included in this Proxy Statement. We have summarized the highlights in our CD&A Executive Summary.

We believe our executive compensation is reasonable and appropriate, reflecting market conditions. We are asking you to indicate your support of our executive compensation program as described in this Proxy Statement. This vote is not intended to address any specific item of compensation or any specific individual. Rather, it is an indication of your agreement with the overall philosophy, policies, practices and compensation of our executive officers as described in this Proxy Statement. Accordingly, as recommended by the Board, we ask for you to vote in favor of the following resolution:

> **Resolved, that the stockholders hereby approve, on an advisory basis, the compensation of the NEOs, as disclosed in the Company's Proxy Statement for the 2018 Annual Meeting of Stockholders pursuant to the applicable rules of the SEC, including the CD&A, compensation tables and narrative discussion.**

Vote required: We will tally the votes cast in person or by proxy, excluding abstentions and shares withheld or for which no instructions are given.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE RESOLUTION IN THIS PROPOSAL.

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CD&A EXECUTIVE SUMMARY

Say-On-Pay

We provide our stockholders with an annual opportunity to cast an advisory "say-on-pay" vote. We believe that this voting opportunity can give us valuable insights into our stockholders' views on our compensation programs. ***At the 2017 Annual Meeting, our stockholders voted approximately 89% in favor of our say-on-pay proposal, demonstrating their concurrence that our programs reflect our strong pay for performance philosophy.***

89% of stockholders voted in favor of 2017 say-on-pay proposal	We strongly encourage investor feedback and will continue to review and make changes to our executive compensation program in recognition of investor concerns, evolving trends and best practices.

We were gratified by this say-on-pay result and believe this demonstrated strong support for our executive compensation policies and practices and our approach to aligning pay and performance. In furtherance of our pay for performance philosophy, we continuously review and make changes to our executive compensation program in recognition of investor concerns, evolving trends and best practices. We annually review and adjust, as necessary, the compensation of our executives in light of their performance, their role in our management, our business results and our financial condition. Based on this review, we made individual determinations about the compensation of our CEO and the other NEOs, as discussed below. We recognize that the approval percentage of the say-on-pay vote was down slightly from the prior year and we solicited feedback from stockholders to understand their perspectives on our compensation program. We listened carefully and concluded that the lower vote was not indicative of any particular dissatisfaction with any identified aspects of our executive compensation and, accordingly, we did not make any additional changes to those we had already adopted for 2017 due to comments we received in prior years. Our communication with investors is discussed further below under Stockholder Engagement and Transparent Disclosure on pages 45-46.

Executive Compensation Philosophy – Pay Mix and Peer Group

Our executive compensation program is designed to closely link pay and performance and align the interests of our executives with stockholders. We are focused on connecting executive compensation design with corporate strategy and results. We have structured our program to tie executive compensation to the successful execution of our strategic plans, meeting our financial and operational goals and delivery of strong returns while balancing the interests of our multiple stakeholders, which include our stockholders, the customers we serve, our employees and the communities in which we operate.

Our pay for performance structure translates into higher compensation in years of strong performance and stockholder returns and lower compensation when performance is not as strong. We provide a peer-competitive compensation package to attract and retain exceptional executive talent needed for long-term success, with incentives for our executives to achieve outstanding individual performance and business results. Our senior management team, led by our NEOs, continues to provide strategic and tactical leadership as we focus on operational excellence, financial strength, continuous improvement and disciplined investment.

The O&CC annually reviews and evaluates the philosophy, objectives, design and effectiveness of our compensation program, including the performance of the NEOs. The O&CC maintains the flexibility to make decisions about the program and actual compensation levels and awards based on achievement of our business objectives and relevant circumstances affecting our Company. In addition to the established performance measures, these may include economic, market and competitive conditions, regulatory and legal requirements, internal pay equity considerations and peer group or market best practices. The O&CC and the Board seek to align strong pay for performance with long-term stockholder value creation without encouraging excessive risk taking. Our directors are committed to acting in the best interest of stockholders as responsible stewards overseeing our executive compensation program.

We take great care in making any adjustments to incentive plans. We use matrices that we believe more directly relate to the ongoing operations of our industry, as these are primary indicators for evaluating performances, allocation of resources and planning and forecasting in the future. While adjustments may protect executives from events outside their control, such matters can still ultimately affect stockholders. Adjusting a metric for too many variables can lead to a disconnect between pay and performance, while not adjusting can create a result that is not a true reflection of operational performance.

In setting goals we seek to establish target that are both challenging and realistic. We recognize that some investors express concern that goals for our annual incentive SMICP may be set at target levels lower than the previous year's target or actual performance. We believe that this is common among our peers, given the dynamics of our industry with certain factors beyond our control such as commodity prices, customer demand and energy efficiency. We believe that under such circumstances,

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always increasing performance targets and setting unachievable goals can negate the effectiveness of any incentives. We seek to strike a balance that rewards superior performance within realistic parameters of potential achievement.

Our commitment to employee accountability and the importance of integrity and ethical behavior on the part of all employees is reflected in our company values and embedded throughout our compensation philosophy and programs.

Components of Compensation

Base Salary

- Is reviewed annually and determined based on position responsibilities, individual experience, performance, internal equity and the competitive market for the position.

Annual Cash Incentive

- Under our SMICP for 2017 there is a potential maximum opportunity of 200% of target with exceptional business and individual performance. Actual payment is determined by the achievement of key financial and operating goals (at the individual, business unit and corporate level) using multiple performance measures, with a strong emphasis on EPS (non-GAAP) as the corporate factor. The O&CC exercises overall judgment.

Equity-Based Incentive Awards

- Under our LTIP for 2017, these consist of PSUs and RSUs, with payout of PSUs, if any, based equally on our ROIC vs. peers and TSR vs. peers. LTIP PSU payouts may be zero and are capped at 200% of target. The value of RSUs, which cliff vest after three years, is dependent on the market price of our Common Stock. Beginning with 2017 grants, we have omitted ROIC vs. plan to better align performance vs. peers. Awards are heavily weighted for performance with a 70%/30% mix of PSUs/RSUs for the CEO and most NEOs.

Retirement and Post-Employment Benefits

- Are comparable to those of companies with whom we compete for executive talent.

We benchmark executive compensation, including that of the NEOs, to a peer group of companies in our industry. To most effectively evaluate executive compensation, we believe that an analysis of the “pay mix” and target Total Direct Compensation (base salary plus target annual incentive and target long-term incentive) is a better measure for evaluating executive compensation as opposed to focusing on each of the elements individually.

Competitive Pay Positioning

- We target Total Direct Compensation at the median of our industry peer group with variation from median recognizing differences in roles, performance, job scope, experience and volatility of market data from year to year.
- We consider a range of approximately +/-20% in relation to a comparable position to be within the competitive benchmark median, while taking into consideration that an executive new to a role may be outside this range.
- We strive to migrate newly appointed executives toward median as he/she gains experience in the role.
- In determining the mix of the elements of target Total Direct Compensation, we exercise judgment, using the competitive analysis as a general guideline.
- An overwhelming portion of our CEO’s and NEOs’ compensation (i.e., annual and long-term incentives) is performance-based and tied to stockholders’ interests rather than to base salary.
- For 2017, the target percentage of incentive compensation, both annual and long-term, constituted 86% of target Total Direct Compensation for our CEO and 71% for our other NEOs as a group.

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Executive Compensation Practices

The table below highlights our 2017 executive compensation practices. The left column outlines the practices we believe are conducive to encouraging sound performance by our senior executives and good governance. The right column describes those practices that we have chosen not to implement because we do not believe they further our stockholders' long-term interests.

	WHAT WE DO		WHAT WE DON'T DO
✓	**Pay for Performance.** We closely align pay and performance, as a significant portion of target total direct compensation is pay at-risk. The O&CC validates this alignment annually and ensures performance-based compensation comprises a significant portion of executive compensation.	✗	**No Excessive Perks**. We do not provide perquisites except in cases where there is a compelling business reason nor do we provide gross-ups except in limited cases for relocation.
✓	**Stretch Performance Goals.** We establish clear and measureable goals and targets in the beginning of the performance period and hold our executives accountable for achieving specified levels to earn a payout under our incentive plans. Performance goals are linked to operating priorities designed to create long-term shareholder value. PSUs emphasize relative performances to link above-target payouts to when we outperform peers.	✗	**No Guaranteed Annual Salary Increases/ No Target Adjustments and Limited Guaranteed Bonuses.** For senior executives, annual salary increases are based on evaluations of individual performance and the competitive market. We do not adjust annual or long-term incentive plan targets. In addition, we do not provide guarantees on bonus payouts, only on an as-needed basis for recruitment purposes.
✓	**Competitive Pay.** We position target pay competitively around market median and require strong performance to deliver pay above these levels.	✗	**No Above Market Pay.** We do not pay above-market target total direct compensation outside of our benchmarked competitive range.
✓	**Double Trigger in the Event of a Change-in-Control.** We have double trigger vesting on equity and severance for change-in-control; executives will not receive cash severance nor will equity vest in the event of a change-in-control unless accompanied by qualifying termination of employment.	✗	**No Excise Tax Gross Ups.** We do not provide gross-ups for excise taxes upon a change-in-control. Taxes are our NEOs responsibility.
✓	**Maximum Payout Caps for Incentive Plans.** Annual cash incentive and PSU payouts are capped.	✗	**No Incenting of Short-Term Results to the Detriment of Long-Term Goals and Results.** NEOs pay mix is heavily weighted towards long-term incentives.
✓	**Clawback Practice.** Broad policy that allows for recoupment of all incentive compensation for any financial restatement, or incentive pay recalculation due to misconduct or material violations of Standards of Conduct.	✗	**No Excessive Risks.** Our compensation practices are appropriately structured and avoid incenting employees to engage in excessive risk taking.
✓	**Uniform Retirement Formulas.** Our qualified plan retirement formulas are the same for the executives as for all other non-union employees covered under the same qualified plans.	✗	**No Additional Service Credit.** We no longer offer any additional retirement service credit for pension calculation to executives and have not in several years.
✓	**Robust Stock Ownership Requirements.** We require executives to hold meaningful amounts of stock and require them to hold 100% of net shares until ownership requirement is met.	✗	**No Hedging or Pledging.** We do not allow hedging or pledging of our stock by executives.
✓	**Independent Compensation Consultant.** The O&CC engages an independent compensation consultant to review the executive compensation programs and practices.	✗	**No Compensation Consultant Conflicts.** The consultant does no other work for us and has no conflicts of interest and works directly for the Board.
✓	**Stockholder Engagement.** We solicit feedback from investors on our compensation program.	✗	**No Unearned Dividend Paid.** We do not pay accrued dividend equivalents on performance share units or unvested restricted stock units until the underlying awards are distributed.
✓	**Severance Provisions.** Provide reasonable, market-competitive post-employment and change-in-control provisions.	✗	**No Repricing or Exchange of Underwater Stock Options.** We do not reprice or buy out options, without stockholder approval.

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2017 PSEG Performance Highlights

Our long-range strategy, with its emphasis on business fundamentals, is designed to deliver shareholder value. Over the past few years, we have altered our business mix to reflect a higher percentage of earnings contributions by PSE&G. During 2017, our Net Income increased due primarily to the favorable impacts of December 2017 federal tax legislation at Power and Energy Holdings, partially offset by higher charges related to the early retirement of our Hudson and Mercer units. Higher transmission revenues in 2017 at PSE&G, lower charges in 2017 related to investments in certain leveraged leases at Energy Holdings and lower plant outage costs at Power, partially offset by lower volumes of electricity sold at lower average prices, also contributed to the increase in Net Income.

During 2017, we maintained a strong balance sheet. We continued to effectively deploy capital without the need for additional equity, while our solid credit ratings aided our ability to access capital and credit markets. The greater emphasis on capital spending for projects on which we receive contemporaneous returns at PSE&G, our regulated utility, in recent years has yielded strong results, which when combined with the cash flow generated by Power, our merchant generator and power marketer, has allowed us to increase our dividend. These actions to transition our business to meet market conditions and investor expectations reflect our multi-year, long-term approach to managing our company. Our focus has been to invest capital in transmission and distribution and other infrastructure projects aimed at maintaining service reliability to our customers and bolstering our system resiliency. At PSE&G, we continue to invest in transmission projects that focus on reliability improvements and replacement of aging infrastructure. We also continue to make investments to improve the resiliency of our gas and electric distribution system. At Power, we strive to improve performance and reduce costs in order to enhance the value of our generation fleet in light of low gas prices, environmental considerations and competitive market forces that reward efficiency and reliability.

On February 20, 2018, the Board of Directors approved a $0.45 per share common stock dividend for the first quarter of 2018. This represents an increase of $0.02 per outstanding share of the Company's Common Stock, or 4.7%, and reflects an indicative annual dividend rate of $1.80 per share. This also represents the seventh consecutive annual increase in the dividend rate and fourteenth increase in the past fifteen years. The increase is supported by our business mix and strong balance sheet which are expected to support consistent and sustainable growth in the dividend. We expect to continue to pay cash dividends on our common stock; however, the declaration and payment of future dividends to holders of our common stock will be at the discretion of the Board of Directors and will depend upon many factors, including our financial condition, earnings, capital requirements of our businesses, alternate investment opportunities, legal requirements, regulatory constraints, industry practice and other factors that the Board of Directors deems relevant. We continue to maintain solid investment grade credit ratings. You can find a more comprehensive discussion of our 2017 business and financial performance in our Form 10-K.

Pay for Performance

We focus on operational excellence, financial strength and disciplined investment to achieve growth while managing risk. Our strategy has been to deliver long-term value to our stockholders as we confront market pressures and regulatory uncertainty. We strive to set stretch goals. Recognizing that our business is highly sensitive to factors outside our control, including energy prices and weather, in some years our goals in the SMICP annual incentive may be below the prior year's results. Beginning in 2017, PSU awards now comprise 70% of our LTIP equity program for most of our NEOs and are based entirely on relative performance vs. peers to ensure we only payout above target when we outperform peers. We have emphasized utility growth and mitigation of merchant generation risk while operating in a cost-efficient manner. We have aligned our compensation structure with the performance results we expect our executives to attain in carrying out this strategy.

✓ Alignment of Performance and Compensation

- We compared our financial performance with the compensation of our CEO and NEOs relative to our peer companies. The financial measures we examined were above the median of our peer group of companies while our executive compensation was closely aligned to the peer median. Accordingly, we concluded that our performance and executive compensation are appropriately aligned.
- We continue to reward for strong financial performance and operational excellence. Our SMICP payouts for 2017, heavily weighted towards earnings, were above target relative to internal goals. Our PSU payouts for the three-year performance period ended December 31, 2017, based on TSR and ROIC, were above target relative to business plan and peers.

The charts below compare the relative contributions to earnings of PSE&G and Power over the past five years and show our steady earnings and consistent dividend growth in those years. We believe that these graphs demonstrate the value to stockholders of the successful implementation of our business strategy under the direction of our NEOs. This impact on our

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earnings is reflected in the realized pay of our NEOs, since our executive compensation program links incentive payouts to earnings measures over multiple time frames. Accordingly, we show below the annual TSR and ROIC in the last three years compared to our 2017 peer group. In determining performance-based payouts, we excluded from the calculations of ROIC vs. plan for the PSU awards payouts under the LTIP long-term incentive, the impact of the early retirement of our Hudson and Mercer coal/gas units and charges related to certain Energy Holdings' leveraged leases as well as the impact of the December 2017 tax legislation. These items are excluded from our SMICP corporate factor for which we use non-GAAP Operating Earnings.

Additional details are provided below under Annual Cash Incentive and Impact of Company Performance on Prior Year's Performance Awards on pages 53-59. See Appendix A on pages 87-88 for a complete list of items excluded from Net Income in the determination of non-GAAP Operating Earnings.

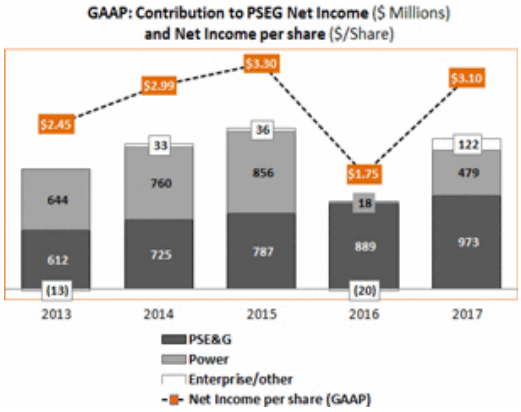

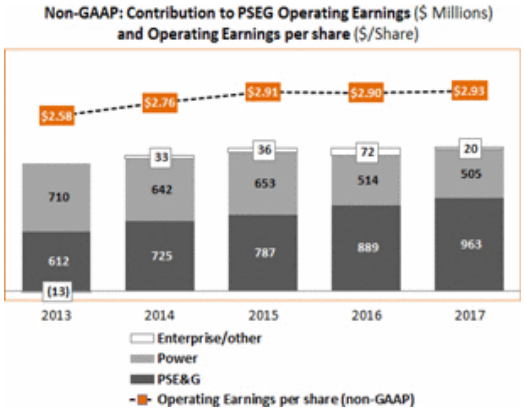

Note that Net Income is equal to Income from Continuing Operations for all years presented.

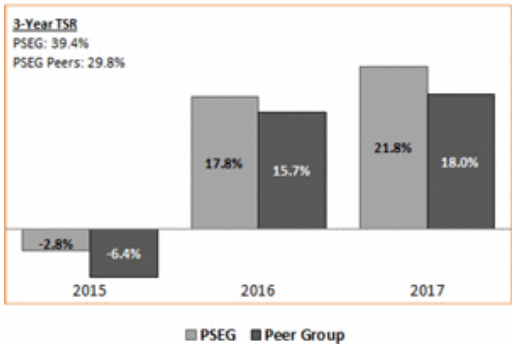

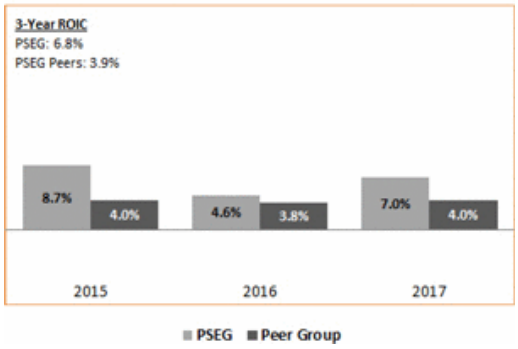

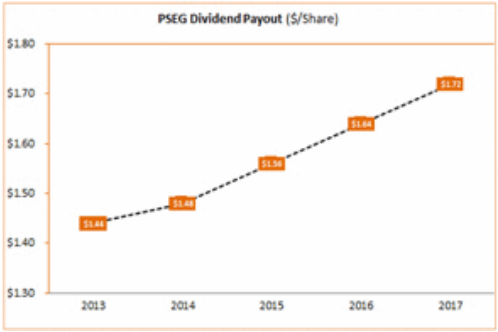

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The 2017 compensation paid to our NEOs reflects strong pay for performance alignment:

- SMICP payouts reflect 2017 performance results, heavily weighted towards non-GAAP Operating Earnings; and
- LTIP PSU payouts reflect three-year performance period (2015-2017) results for TSR vs. peers and ROIC vs. peers and plan.

We show below the actual payouts compared to target:

	2017	2016	2015
CEO SMICP Payout	111%	97%	139%
Average other NEO SMICP Payout	115%	95%	138%
PSU Payout	154%	173%	140%

Strategic Long-Term Management Focus

The analytical judgment and operational and managerial abilities that we expect of our senior executives are critical factors in positioning us for the future. Their performance in improving our operating efficiencies, actively influencing legislative and regulatory policies and adjusting our business mix by shifting investment to best take advantage of emerging opportunities for growth, particularly in connection with utility rate-regulated returns, have led to the accomplishments noted in Pay for Performance. While these activities are not easily measured over the short-term by reference solely to current EPS and stock price in comparison to the levels in the recent past, the ability of our management team to address these challenges successfully are vital skills on which we place significant value in setting total compensation for our NEOs. We believe that our performance-based compensation programs have and will continue to deliver the appropriate compensation based on our results relative to both our business plan and our peers, helping us manage through an evolving business environment. As a result of the continued focus on operational excellence, financial strength, continuous improvement and disciplined investment, the O&CC believes that our management team has effectively responded to challenging conditions.

Stockholder Engagement and Transparent Disclosure

We have a long-standing practice of engaging in constructive dialogue with our stockholders on various matters of interest to them, including corporate governance, executive compensation, business performance and strategy, risk management and sustainability. Our CEO and CFO meet periodically with our major stockholders and groups of investors at conferences and elsewhere and our Investor Relations team maintains regular written communications with these institutions and individuals.

These interactions help us to understand our investors' needs and concerns and provide us with valuable insights. We strive to build and maintain long-term relationships based on mutual trust and respect. In recent years, we have enhanced both our visibility and our efforts with regard to matters of executive compensation and corporate governance to keep pace with evolving investor priorities and expectations.

We strive to be clear and transparent in the information we provide to investors in our Proxy Statement, Form 10-K and other reports filed with the SEC and in our investor communications. We believe our executive compensation disclosure addresses the issues considered most important to, and provides the useful information desired by, our stockholders, as evidenced by the feedback we receive at our meetings throughout the year. We always welcome stockholders' comments and suggestions and will continue to consider the outcome of the say-on-pay vote when making future compensation decisions regarding our NEOs.

Through our engagement and focus on transparency we aim to ensure that our management and Board consider and that our business and practices continue to evolve and reflect the insights and perspectives of our stockholders. We also benchmark best practices against industry and recognized leaders. Accordingly, in recent years, we enhanced our proxy statement disclosure in both content and presentation format. Notably, in December 2015 we adopted proxy access in recognition of the value placed on it by so many of our investors.

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Engagement and Responsiveness

- The O&CC, with input from the independent compensation consultant, considered the 2017 say-on-pay vote result, investor input and current market practices as it evaluated whether any further changes to our executive compensation program were warranted.
- We noted the slight decline in say-on-pay voting results compared to the last few years and expanded our efforts to reach out to particular stockholders to understand why they voted as they did.
- No particular compensation practices were identified for revision for 2018, but effective for 2017 we previously increased the PSU/RSU split in LTIP awards to 70%/30% for most of our NEOs, in light of an often communicated stockholder preference for at least 65% of long-term incentive to be more performance contingent and less dependent on time-based grants.
- In another change effective for 2017 and future awards, PSU payouts are based equally on ROIC vs. peers and TSR vs. peers, eliminating ROIC vs. plan, in response to stockholder preference for the incentive to be measured more by relative performance compared to peers.
- We also adjusted compensation for our recently promoted NEOs as they gained experience in their roles, as a result of which the multiple of CEO to NEO pay is more in line with the expectations expressed by a number of stockholders.
- We further enhanced and clarified our disclosures and explanations of our practices and actions.
- We carefully considered concerns voiced to us about our combined role of CEO and Chairman of the Board, but continue to believe that it is the appropriate organizational and governance structure for us.
- We also analyzed comments we received about the tenure of the members of our Board. We believe that our commitment to refreshment of the Board allows us to continue to retain longer serving directors whom we value for their deep and diverse experience.

Key O&CC Actions

The O&CC monitors trends and developments in the market, with the assistance of CAP, as they relate to executive compensation. The O&CC uses this information as an input as it makes decisions on executive compensation throughout the year. In 2017, the O&CC considered recommendations from CAP and management with regard to compensation design and effectiveness and reviewed competitive practices within our peer group and broader market. Based on the reviews and analyses undertaken by the O&CC, we made changes to our programs for 2017 and 2018. The O&CC considered the strong stockholder reinforcement of our compensation philosophy and program in determining to continue with our consistent results-oriented pay for performance approach. For 2017 and 2018, the O&CC took the following actions related to executive compensation:

- Analyzed pay for performance by comparing our one-year and three-year financial results with the compensation of our CEO and NEOs and found them to be appropriately aligned;
- Reviewed our total share usage and average share usage (commonly referred to as “burn rate”) for the LTIP relative to the peer panel and found these levels relatively low compared to peers;
- Approved payouts under the SMICP and LTIP based on its assessment of CEO, NEOs and Company performance relative to pre-established goals for the period ending 2017 measured substantially on Operating EPS (non-GAAP), ROIC vs. plan and relative TSR and ROIC;
- Approved NEO compensation, including salary, incentives and goals with a significant degree of difficulty, retention and forfeiture;
- Modified the peer group to remove a peer that changed based on its business mix and added a company for 2018;
- Approved salary increases for NEOs, to reflect performance and achieve desired positioning vs. the market;
- Further increased the weighting of the PSUs in relation to RSUs for most of the NEOs to 70% and removed ROIC vs. plan as a PSU metric, with relative ROIC and relative TSR to be weighted equally in determining PSU payouts;
- Replaced EPS from Continuing Operations (GAAP) with Operating EPS (non-GAAP) as the corporate payout factor and, for Power, replaced Operating Earnings (non-GAAP) with Adjusted EBITDA (non-GAAP), as we believe that these metrics better reflect operational performance and are better aligned with benchmarked leading practices;
- Increased our stock ownership guidelines from 6x to 8x for the CEO and 3x to 4x for most of our other NEOs;
- Eliminated our 25% retention requirement of all equity awards until retirement in recognition of our robust ownership requirements, since holding requirements are most relevant for stock options, which we do not currently use; and
- Reconfirmed that our compensation programs do not create a potential incentive for individuals to take excessive risks.

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COMPENSATION DISCUSSION AND ANALYSIS (CD&A)

Executive compensation is governed under the direction and authority of the O&CC. The O&CC is made up of directors who are independent under NYSE rules and our requirements for independent directors. The O&CC receives advice from its independent compensation consultant, CAP, which provides only compensation consulting services to the Board and not to management.

Our CD&A describes our executive compensation program, including 2017 total compensation for our NEOs, who are listed below. The CD&A explains our:

- **Compensation Philosophy;**
- **Elements of Executive Compensation; and**
- **Executive Compensation Governance Features and Controls.**

2017 NEOs

- **Ralph Izzo**, Chairman of the Board, President and Chief Executive Officer (CEO)
- **Daniel J. Cregg**, Executive Vice President (EVP) and Chief Financial Officer (CFO)
- **Ralph A. LaRossa**, President and COO of our subsidiary, Power(1)
- **William Levis**, Retired President and COO of our subsidiary, Power(2)
- **Tamara L. Linde**, EVP and General Counsel
- **Derek DiRisio**, President of our subsidiary, PSEG Services Corporation

(1) Mr. LaRossa was elected as President and COO of Power effective October 2, 2017. Prior to that he was President and COO of PSE&G.

(2) Retired effective October 2, 2017.

We have designed this CD&A to be forthcoming and transparent in demonstrating that our executive compensation program is based on well-established principles thoughtfully carried out under the oversight of the O&CC for the long-term benefit of our stockholders. We describe in detail:

- The mix of salary, cash incentive compensation and equity incentive compensation;
- The criteria used for target pay positioning;
- The reasons for selecting particular companies as peers for benchmarking compensation;
- The approach in which goals are set;
- The manner in which equity awards are determined;
- The weighting of performance measures used to calculate compensation;
- The rationale for severance and change-in-control arrangements; and
- The governance features and controls we use.

In the CD&A Executive Summary beginning on page 40, we specifically address those areas which we believe are of utmost interest to our stockholders. A complete reading of the CD&A provides a more thorough description of our compensation program and explanation of our recent activities. In the Executive Summary we provide:

- Executive compensation philosophy and practices;
- Material elements of our executive compensation program, including key actions and program changes;
- Results of our 2017 say-on-pay vote and shareholder engagement; and
- Pay for performance alignment.

Compensation Philosophy

Pay for Performance

We believe it is important to link pay with performance and long-term stockholder value. We utilize compensation to further align the interests of our executives with those of our stockholders as well as other stakeholders. However, we believe that it is crucial to our stockholders' long-term interests that we not measure performance too narrowly on merely a single year's results. Our compensation programs are designed to reward for performance over varying time horizons with our incentives linked to successful implementation of our corporate strategic objectives.

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Our SMICP focuses on financial and operating performance over a one-year period while our LTIP focuses on multi-year performance. Similarly, the goals of individual NEOs, including our CEO, place a high value on strategic initiatives, long-range planning and operational excellence which drive value and ensure we meet our responsibilities as a public utility. While the impact of this approach may not necessarily be seen in any single year, over time the actual value of compensation, especially equity grants, reflect our Company's performance and the O&CC, with the assistance of CAP, reviews this alignment each year.

Our ability to effectively compete and reliably serve our customers, while adjusting to evolving industry and market factors is to a great degree dependent on our ability to appropriately attract, retain and reward exceptional talent, including our senior executives. When we establish performance targets, we consider internal and external factors and set stretch goals to reflect an appropriate degree of difficulty. Our incentive compensation payouts are determined based on financial measures that align CEO and NEO compensation with stockholder interests, as EPS, TSR and ROIC are used in calculating the amounts.

Although these are important components for evaluating pay for performance, we do not believe it is particularly meaningful to merely compare EPS or Common Stock price at year-end with CEO and NEO reported compensation. For example, a meaningful pay for performance analysis entails more than a simple comparison of year-end quantitative measures such as TSR to compensation as reported. Among other things, the reported compensation, in particular the equity compensation shown in the tables in the Proxy Statement, is based on an accounting valuation. These could differ significantly from what is ultimately earned by the executives depending on actual results of the performance measures and the value of equity awards at the time they are earned, if at all.

Each year, the O&CC, with the assistance of CAP, considers the pay for performance relationship not just from a target pay perspective, but also considering the actual realizable pay, which reflects our stock price performance, as noted above in the discussion of pay for performance in the CD&A Executive Summary.

If you would like additional information about our 2017 performance, including our financial statements and a more complete description of our business, please see our Form 10-K.

Peer Comparison and Benchmarking

As part of our pay for performance review during 2017, the O&CC considered relative financial performance data comparing us to those companies in our peer group for whom data was available, as discussed further below. With the assistance of CAP, we analyzed key performance metrics and compensation for 2016, the most recent year for which data was available. Included in the metrics were operating income margin, EPS growth, return on capital and relative TSR. The total cash compensation included base salary and SMICP and the total direct compensation included those two items plus the grant date fair value of LTIP awards, all of which are reported in our Summary Compensation Table. These performance metrics were broader than the measures we use in determining award payouts under the SMICP and LTIP in order to provide a more holistic view of overall company performance.

Viewing performance in this broad context, we believe the total compensation paid to senior executives and as structured for future payouts achieves the desired results. Our delivered performance in 2017, relative to the degree of difficulty, was aligned with our pre-set goals and our business plan. We believe that our financial results reflect the current industry and Company circumstances as well as the continued focus of our CEO and NEOs on strategic responses and operational efficiencies to optimize earnings and returns while positioning us for continued success. In evaluating the compensation of the NEOs and in particular the CEO, we assessed the amount relative to the performance delivered and continue to conclude the two are aligned.

How We Choose Peers

Attracting and retaining top talent requires paying competitive compensation. We evaluate and set executive compensation to be competitive within an identified peer group which was developed to reflect similarly-sized energy companies with comparable businesses and, in particular, includes those with a similar mix of regulated and integrated utilities and merchant generation operations. In doing so, we considered our peers' revenues, earnings and market capitalization. We believe that these companies appropriately reflect the landscape of our industry and the market in which we compete for talent. We have included regulated utilities, independent power producers, and merchant generators and combined holding companies similar to us. We have attempted to include a broad enough group to provide diversity for balanced comparison while selecting only those we think are sufficiently similar to provide a meaningful benchmark. However, given the nature of the industry, there are limited comparable integrated companies and merchant generators. Therefore the peer group is made up primarily of regulated utilities.

We consider Base Salary, Total Cash Compensation (base salary plus target annual incentive) and Total Direct Compensation (base salary plus target annual incentive plus target long-term incentive) as the elements of compensation within the peer group for purposes of benchmarking and assessing the market from which we draw executive talent as well as with whom we compete for investor capital. Each year, we re-evaluate the peer group to assess its continuing appropriateness and effective in 2017, we added Calpine Corporation. Our peer companies for 2017 are listed below. Effective in 2018, we removed NiSource Inc., as its business mix is no longer comparable to ours, and added CenterPoint Energy, Inc., based on its business mix and market capitalization.

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Peer Companies

Integrated Companies	Entergy Corporation	Exelon Corporation	FirstEnergy Corp.	NextEra Energy, Inc.
Regulated Utilities	Ameren Corporation	American Electric Power Co., Inc.	Consolidated Edison, Inc.	
	Dominion Resources, Inc.	DTE Energy Company	Duke Energy Corporation	
	Edison International	Eversource Energy	NiSource Inc.	
	PG&E Corporation	PPL Corporation	Sempra Energy	
	Southern Company	Xcel Energy Inc.		
Pure Merchant/Power Generation Companies	Calpine Corporation	NRG Energy, Inc.		

How We Use Peer Data

The 2017 peer group was used as a reference point for setting pay levels for 2017. The O&CC targets the median (50th percentile) of the peer group for positions comparable to those of our officers for Total Direct Compensation. The peer group is also used for comparison in assessing our performance under our LTIP as well as an overall validation of the alignment between pay and performance.

Pay Governance LLC assists in analyzing the annual Willis Towers Watson Energy Services Executive Compensation Survey–U.S. assessment of the market using the peer companies. We use the peer group data to the extent each position is reported in the survey data. CAP also reviews the outcome of the competitive assessment.

Compensation Benchmark

The data used for the comparisons below are from the most recent data available for the companies in the peer group shown above in How We Choose Peers. The O&CC considers a range of approximately +/-20% of the 50th percentile of comparable positions to be within the competitive median.

Base salary, target Total Cash Compensation and target Total Direct Compensation of each of the NEOs included in this Proxy Statement as a percentage of the comparative median benchmark levels of the peer group are noted below. Decisions on salary, annual incentive target and other pay elements, except the LTIP, are typically made at the O&CC meeting each December. The target LTIP award is determined by the O&CC in the following February.

Below is each executive's market positioning and time in position as of the time those decisions were made in December 2016. Each NEO's target Total Direct Compensation was within approximately +/-20% of the median, which is consistent with our philosophy. In addition, Mr. LaRossa's compensation reflects the additional duties he had as President of PSEG LI prior to becoming President and COO of Power in October 2017.

% of Comparative Median Benchmark Levels (2017)

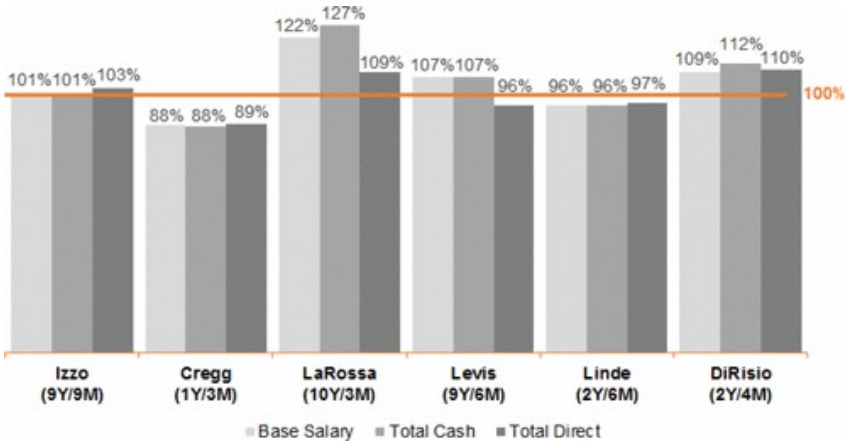

Note: Reflects decisions made for 2017 components; does not reflect Mr. LaRossa's change in position in October 2017.

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Pay Mix

The final element of our compensation philosophy is a consideration of the total pay mix. The O&CC believes that target Total Direct Compensation is a better measure for evaluating executive compensation than focusing on each of the elements individually and they do not set a formula to determine the mix of the various elements. The mix of base salary and annual cash incentive for each of the executive positions is benchmarked against the peer group. The reported pay structure from the competitive analysis is used as a general guideline in determining the appropriate mix of compensation among base salary, annual and long-term incentive compensation opportunity. However, we also consider that the majority of a senior executive's compensation should be performance-based and the more senior an executive's position is in the organization, the more his/her pay should be oriented toward long-term compensation.

The mix of base salary, target annual cash incentive and target long-term incentives for 2017 are presented below for the CEO as well as for the other NEOs excluding the CEO. We have also provided a comparison of the targeted pay mix to that of the peer group. Value at risk represents performance-based incentive awards of cash, RSUs and PSUs, whose payouts and values are dependent upon financial metrics and stock price, including peer comparisons.

CEO Target Pay Mix

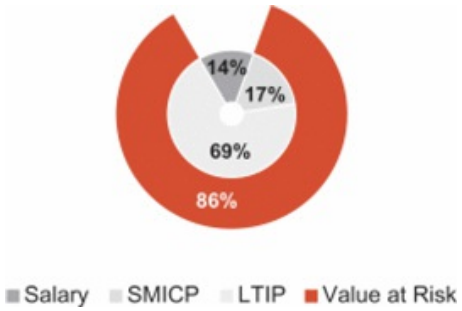

Market CEO Target Pay Mix

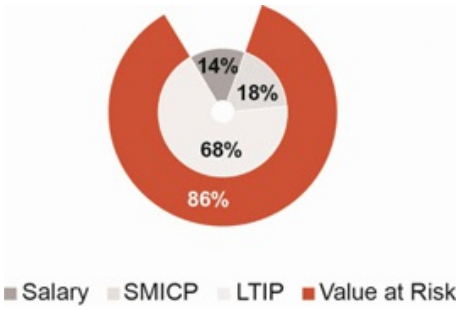

NEO Target Pay Mix

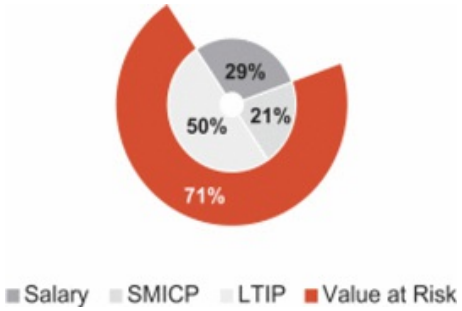

Market NEO Target Pay Mix

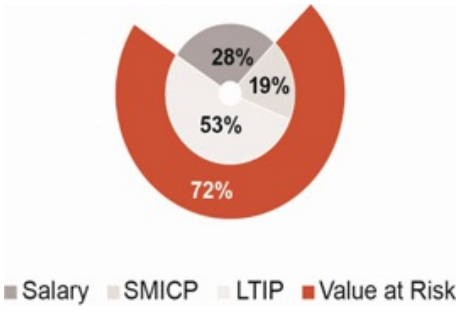

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Elements of Executive Compensation

The main components of our executive compensation program, including those for our NEOs, are set forth in the following table. A more detailed description is provided in the respective sections below.

Compensation Element	Description	Objective
Base Salary	Ongoing fixed cash compensation.	Provides compensation for the executive to perform his/her job functions. Assists with recruitment and retention.
Annual Cash Incentive	Variable cash compensation paid each year if warranted by performance against targets and individual performance, based on a percentage of base salary. Opportunity to earn between zero and 200% of target, measured by financial and operating performance of the business. Actual awards may be higher or lower than target, based on business and individual performance. Metrics and goals (typically earnings, operational performance and major initiatives) are established at the beginning of each year and the payout is made based on performance.	Intended to reward for driving superior operating and financial results over a one-year timeframe. Creates a direct connection between business success and financial reward. Provides strong line of sight by recognizing exceptional individual performance.
Long-Term Incentive (See Table under LTIP)	Variable equity compensation in form of Performance Share Units and Restricted Stock Units. Performance Share Units provide the opportunity to earn from zero to 200% of target at the end of the three-year performance period. Restricted Stock Units generally cliff vest at the end of three years.	Rewards strong financial and stock price performance. Provides for strong alignment with stockholders. Assists with retention. Intended to reward for driving financial results over a multi-year time frame. Enhances stock ownership.
Deferred Compensation Plans	Permits participants to defer receipt of all or a portion of cash and equity compensation and income tax liability with flexible distribution options.	Provides participants with the opportunity to more effectively manage their taxes and for future financial security. Assists with retention.
Other Compensation	Health and welfare programs. Limited perquisites.	Remain competitive with peer companies. Aids safety and efficiency. Assists with recruitment and retention.
Post-Employment Benefits/ Retirement Plans	Defined benefit pension plan. Defined contribution 401(k) plan with a partial Company matching contribution. Supplemental retirement benefits not provided by qualified plans. Severance and change-in-control benefits.	Provides retirement income in recognition of length of service. Aids in managing taxes and savings. Supports effective transition and assists with recruitment and retention in our industry. Assures the continuing performance of executives in the face of a possible termination of employment without cause.

Performance and Goals

We have provided detailed calculations of the payouts under our SMICP and LTIP, including a discussion of the pre-established goals for these incentive plans and the performance achieved by our NEOs in relation to those goals and upon which the

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payouts are based. Earnings fluctuate with energy prices and demand and we believe that we set challenging stretch goals designed to incent our executives to achieve superior performance results. In some years targets are set below prior year targets or actual results. However, we believe that such targets appropriately reflect the nature of the business, external factors beyond our control and industry-wide developments and trends impacting our financial results.

We do not disclose forward looking targets for our incentive plans, as the disclosure could result in competitive harm and be detrimental to our operating performance. The targets are intended to be challenging and ambitious but also realistic enough to be reasonably attainable. Targets are set based on the proposed business plan and a rigorous process is undertaken at the start of each year to determine the range of performance for each measure. The corporate and business unit performance goals are set at levels we believe require strong performance for a target payout, and superior performance for a greater than target payout. On an annual basis, the O&CC and CAP, our independent consultant, review the degree of difficulty of the targets to ensure we are driving performance.

CEO Compensation

Mr. Izzo's compensation is designed to position his total pay around the median of the market. Mr. Izzo has demonstrated strong performance over his tenure as CEO and the O&CC believes this arrangement is appropriate. The changes to the key terms of Mr. Izzo's compensation in 2017 were as follows:

Component	2017 vs. 2016
Base Salary	• Annual salary of $1,300,000 for 2017. • Positioned at 101% of the market median.
Annual Cash Incentive	• Increased annual incentive target to 125% of salary for 2017, from 120% in 2016. • Positioned at 101% of the market median for target cash compensation.
Long-Term Incentive	• Increased target long-term incentive to $6,500,000 (reported in the Summary Compensation Table at grant date fair value) in February 2017, or a 2% increase from 2016. • Positioned at 103% of the market median for target total direct compensation. • LTIP mix places more emphasis on the PSUs (70%) compared to the RSUs (30%) to enhance the performance orientation of the CEO's package.

2017 vs. 2016 Target Total Direct Compensation

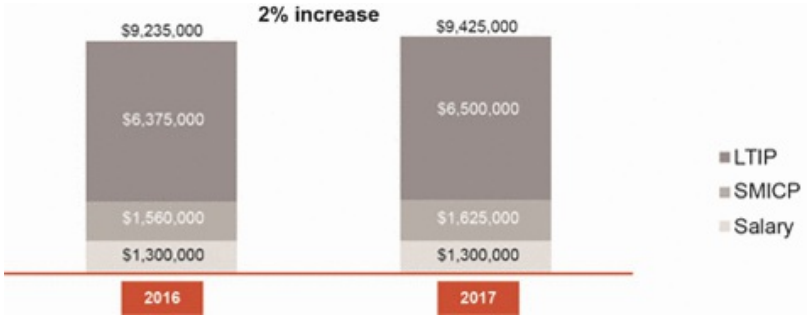

The graphic above summarizes the target compensation Mr. Izzo received in 2017 and 2016. The table does not include actual SMICP payouts, change in pension values and nonqualified deferred compensation earnings and all other compensation, which are shown in the Summary Compensation Table. SMICP and LTIP amounts in the graph above reflect the target values. Actual payouts are reported in the CD&A following the applicable performance period.

After meeting in executive session, without the CEO present, the O&CC determined CEO compensation in consultation with all the independent directors.

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Mr. Izzo's salary, annual cash incentive and long-term incentive exceed that of the other NEOs due to his greater level of duties and responsibilities as the principal executive officer to whom the other NEOs report, and whom the Board holds fully accountable for the execution of corporate business plans.

Further detail regarding the CEO's compensation is set forth below.

Base Salary

As the reference point for competitive base salaries, the O&CC considers the median of base salaries provided to executives in the peer group who have duties and responsibilities similar to those of our executive officers. The O&CC also considers the executive's current salary and makes adjustments based principally on individual performance, including achievement of targets, and experience. Each NEO's base salary level is reviewed annually by the O&CC using a budget it establishes for merit increases and salary survey data provided by Pay Governance and reviewed by CAP. For 2017, the O&CC set the merit increase budget at 3%. However, when an executive is promoted into a new role, we do not necessarily bring him/her to median immediately. Instead, we will bring him/her to median over a multi-year period, which can lead to annual salary increases greater than the budgeted merit increase.

The NEOs' individual performance and, other than the CEO, his /her business unit's performances are considered in setting salaries. Base salaries for satisfactory performance are targeted at the median of the relevant competitive benchmark data over time.

The O&CC considers base salaries and salary adjustments for individual NEOs, other than the CEO, based on:

- **Recommendations of the CEO**: Considering the respective NEO's level of responsibilities, experience in position, sustained performance over time, results during the immediately preceding year and the pay in relation to the benchmark median.
- **Performance metrics**: Including achievement of financial targets, safety and operational results, customer satisfaction, regulatory outcomes and other factors.
- **Additional factors**: Leadership ability, managerial skills and other personal aptitudes and attributes. Salaries for the NEOs for 2017 were approved at the December 2016 meeting of the O&CC. These amounts are shown in the table below. Salary decisions were based on each NEO's performance and appropriate alignment with the peer group.

NEO	Base Salary 2017 ($)	Base Salary 2016 ($)	Year-Over-Year Change (%)
Ralph Izzo	1,300,000	1,300,000	-
Daniel J. Cregg	587,600	520,000	13.0
Ralph A. LaRossa	705,600	685,000	3.0
William Levis (1)	669,500	669,500	-
Tamara L. Linde	561,800	535,000	5.0
Derek DiRisio (2)	381,600	-	-

(1) Retired effective October 2, 2017
(2) Was not a NEO in 2016.

Annual Cash Incentive

The SMICP was approved by stockholders. It is an annual cash incentive compensation program for our most senior officers, including the NEOs. To support the performance-based objectives of our compensation program, corporate and business unit goals and measures are established each year based on factors deemed necessary to achieve our financial and non-financial business objectives. The corporate-level goals and those for the CEO are developed by the O&CC with input from the entire Board. The goals and measures are established by the CEO for the NEOs reporting to him, and for each other participant by the individual to whom he or she reports.

The SMICP sets a maximum award fund in any year of 2.5% of Net Income. The formula for calculating the maximum award fund for any plan year was determined at the time of plan adoption by reference to, among other things, similar award funds used by other companies and a review of executive compensation practices designed to address compliance with the then applicable requirements of IRC Section 162(m), which, as explained in Accounting and Tax Implications on page 64, placed limits on the federal income tax deduction for compensation in excess of certain amounts. If appropriate, the Board will recommend for stockholder approval any material changes to the SMICP required to align the plan with our compensation objectives.

The CEO's maximum award cannot exceed 10% of the award fund. The maximum award for each other participant cannot exceed 90% of the award fund divided by the number of participants, other than the CEO, for that year. For 2017 performance under the SMICP, these limits were $39,350,000 for the total award pool, $3,935,000 for the CEO's maximum award and $2,724,231 for each other participant's maximum award. Of the total award pool, $5,918,500 was awarded for 2017.

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Subject to the overall maximums stated above, NEOs are eligible for annual incentive compensation. The beginning point in the process is a calculation based on a combination of the achievement of individual performance goals and business/employer performance goals, as well as overall corporate performance, as measured by the Corporate Factor. The Corporate Factor for 2017 was Operating EPS (non-GAAP), for which we established target performance levels. We switched to using Operating EPS (non-GAAP) from EPS from Continuing Operations as Operating Earnings (non-GAAP) excludes mark-to-market activity, Nuclear Decommissioning Trust (NDT) and other material one-time items, which management believes provides a consistent and comparable comparison of earnings. While other companies' definitions of operating earnings may differ, most peers using EPS as a factor for annual cash incentive purposes are using non-GAAP EPS. We believe sustained EPS is a significant driver of stockholder value and provides line of sight over a one year period between individual actions of executives and company performance.

We established business unit earnings targets for 2017 for PSE&G and Power based on non-GAAP Operating Earnings and non-GAAP Adjusted EBITDA, respectively, which, among other things, exclude the impact of Federal income tax legislation enacted in 2017. We used these non-GAAP measures because we believe they better reflect operating performance and more directly relate to ongoing operations of the businesses. PSE&G's non-GAAP Operating Earnings results are adjusted for variances between actual interest expense and the business plan. Power's non-GAAP Adjusted EBITDA excludes the same items as non-GAAP Operating Earnings, as well as income tax expense, interest expense and depreciation and amortization. We further adjusted Power's non-GAAP Adjusted EBITDA to exclude tax credit purchase costs which directly impact income tax expense.

See Appendix A on pages 87-88 for reconciliation to GAAP of non-GAAP Operating Earnings and non-GAAP Adjusted EBITDA.

Impact of Performance on Incentive Compensation

For 2017, we generally maintained the same overall annual incentive components and structure as we have had for the last several years as we believe these support our objectives of rewarding strong financial performance driven by operational excellence. We believe that through outstanding operations we can deliver the greatest long-term financial returns to our stockholders.

Each NEO's incentive compensation is evaluated based on his or her achievement of specific performance goals relating to the Company's and the applicable business unit's earnings, a business unit scorecard and strategic goals. As noted under Performance and Goals on page 51, while earnings targets may at times be lower than in prior years, we believe they appropriately reflect stretch targets that take into account current industry conditions. Messrs. LaRossa's and Levis' performance goals include a business unit (BU) earnings goal to more align their incentive compensation with their functional responsibilities. Mr. Izzo's incentive compensation is evaluated based on corporate earnings and corporate strategic goals. Corporate EPS and BU Earnings are based on the non-GAAP measures described above. The incentive compensation for each of Messrs. Cregg, LaRossa, Levis, DiRisio and Ms. Linde was based in part on the achievement of BU scorecard metrics which are comprised of goals based on financial, operational and strategic performance of their respective business units. The focus is on performance and continuous improvement measured against benchmarked targets.

All participants had corporate strategic metrics and goals: for Mr. Izzo, operational excellence, financial strength and disciplined investment, with multiple scorecard metrics and goals; for all NEOs, "people strong" (leadership & engagement and diversity & inclusion). The 2017 people strong goals support the improved engagement of our workforce inside PSEG as well as in the communities we serve. Each NEO's performance under each applicable factor – corporate EPS, BU earnings, BU scorecard and strategic goals – could range from zero to 2.0 based on the achievement of pre-determined goals.

The payout factor and related targets for 2017 are illustrated below. If EPS is between the points shown below, the Corporate Payout Factor is determined using linear interpolation. Each factor is multiplied by the respective individual's weighting shown below. An illustration of the plan mechanics is provided below, which when added together results in an individual's payout as a percent of target incentive. Each NEO's total payout is capped at 200% of target.

Weighting x Corporate EPS (0-200%)	+	Weighting x BU Earnings (0-200%)	+	Weighting x BU Scorecard (0-200%)	+	Weighting x Strategic Goals (0-200%)

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The corporate performance and respective business unit performance (Power and PSE&G) goal targets and payout factors at each target performance level for 2017 are set forth below:

Corporate Operating EPS (non-GAAP) ($)	Power Adjusted EBITDA (non-GAAP) ($Millions)	PSE&G Adjusted Operating Earnings (non-GAAP) ($Millions)	Payout Factor (#)
<2.75	<1,081.8	<925.1	0.00
2.75	1,081.8	925.1	0.50
2.90	1,155.8	956.7	1.00
3.05	1,229.8	988.3	1.50
3.10	1,254.0	998.7	2.00

Except as noted above, no adjustments were made to the results or payout factors. The actual corporate and business unit results and corresponding payout factors for the performance levels achieved for 2017 are set forth below:

Factors	Actual Adjusted Results ($)	Indicative Payout Factor (#)	Adjusted Payout Factor (#)
Corporate EPS(1)	2.93	1.10	-
	($Millions)		
Power(2)	1,193.8	1.26	-
PSE&G(3)	959.1	1.04	-

(1) Operating EPS (non-GAAP), as described above under Annual Cash Incentive.
(2) Adjusted EBITDA (non-GAAP), as described above under Annual Cash Incentive.
(3) Operating Earnings (non-GAAP), as described above under Annual Cash Incentive.

Determination of Individual Payouts

Each element (corporate EPS, BU earnings, BU scorecard and strategic goals) is weighted based on an executive's role, with the intention of balancing business unit and individual performance with corporate performance. The weighting for each of the NEOs for 2017 is detailed below, together with the actual achievement factor attained in 2017:

NEO	Weight and Payout Factor	Corporate EPS	BU Earnings	BU Scorecard	Corporate Strategic Goals	Overall Achievement Factor
Ralph Izzo	*Weight*	75%			25%	
	Achievement	1.10			1.14	1.11
Daniel J. Cregg	*Weight*	75%		15%	10%	
	Achievement	1.10		1.55	1.00	1.16
Ralph A. LaRossa	*Weight*	60%	15%	15%	10%	
	Achievement (1)	1.10	1.26	1.22	1.00	1.13
	Weight	60%	15%	15%	10%	
	Achievement (1)	1.10	1.04	1.49	1.00	1.14
William Levis	*Weight*	60%	15%	15%	10%	
	Achievement	1.10	1.26	1.22	1.00	1.13
Tamara L. Linde	*Weight*	75%		15%	10%	
	Achievement	1.10		1.36	1.00	1.13
Derek DiRisio	*Weight*	60%		30%	10%	
	Achievement	1.10		1.47	1.00	1.20

(1) Mr. LaRossa's payout was determined using PSE&G's and Power's results allocated based on the time he held positions with each respective company during 2017.

The final step in the process is for the O&CC to make an overall judgment as to the appropriate payout levels for each NEO taking into account the overall achievement factors along with other less quantifiable considerations, such as leadership and success in adapting to a changing external environment and the recommendations of the CEO.

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Compensation Discussion and Analysis

The SMICP awards of the NEOs for 2017 are shown below and in the 2017 Summary Compensation Table. The O&CC made its determinations regarding SMICP awards for the 2017 performance year in February 2018, for payment in March 2018. It made no modifications to the indicative results of each NEO. Based upon the executive's overall achievement factor, his/her current base salary and target annual incentive opportunity if applicable, each earned the following payout for 2017, as to which we also show the percent relative to salary:

NEO	Base Salary ($)	Target Annual Incentive Percentage (%)	Target Annual Incentive Dollars ($)	Overall Achievement Factor	Modification (if applicable)	Payout Earned(1) ($)	Percent of Salary (%)
Ralph Izzo	1,300,000	125%	1,625,000	1.11	-	1,803,800	139%
Daniel J. Cregg	587,600	75%	440,700	1.16	-	511,200	87%
Ralph A. LaRossa	705,600	75%	529,200	1.13/1.14	-	602,000	85%
William Levis(2)	669,500	75%	502,100	1.13	-	425,600	64%
Tamara L. Linde	561,800	70%	393,300	1.13	-	444,400	79%
Derek DiRisio	381,600	60%	229,000	1.20	-	274,800	72%

(1) Reflects rounding.
(2) Mr. Levis' payout was prorated due to his retirement effective October 2, 2017.

The O&CC believes that the 2017 goals established for the NEOs provided the appropriate degree of difficulty, based upon the overall economic environment and that the final award determinations are appropriate. As discussed in this CD&A, to ensure that pay and performance are aligned, the O&CC, with the assistance of CAP, assesses whether the payouts that are earned by our CEO and NEOs are consistent with our performance relative to peers.

Long-Term Incentive

NEOs, other officers as determined by the Committee and other key employees, as selected by the CEO within guidelines established by the O&CC, are eligible to participate in the LTIP. This plan is designed to attract and retain qualified personnel for positions of substantial responsibility, motivate participants toward achievement of long-range corporate goals, provide incentive compensation opportunities that are competitive with those of companies with whom we compete for talent and align participants' interests with those of stockholders.

The LTIP, as amended and restated, was approved by our stockholders at the 2013 Annual Meeting. The LTIP provides for different forms of equity awards: restricted stock, RSUs, PSUs and stock options to achieve various objectives. The maximum number of shares that may be awarded under grants to any one individual under the LTIP is 500,000 during any calendar year. In general, since 2010, we have been granting only PSUs and RSUs. Our CEO is the only recipient of prior year LTIP awards who still holds stock options that have not expired. None of the NEOs have any outstanding restricted stock awards. The LTIP prohibits the repricing of stock options and the buy-out by us of underwater stock options for cash.

	Description	Objective
Performance Share Units (PSUs)	Right to receive full value shares that are earned based upon independent metrics measured over a three-year period. Participants have the opportunity to earn from zero to 200% of their target award based on performance. Dividend equivalents are accrued as declared and distributed when underlying awards are earned and distributed.	Rewards for strong financial and stock price performance over a longer time frame than annual rewards. Full value shares assist with retention. Aligns the interests of officers with long-term stockholder value. Metrics and targets align with the business plan.
Restricted Stock Units (RSUs)	Right to receive shares of full value stock at vesting dates. Generally, cliff vest at the end of three years. Dividend equivalents are accrued as declared and distributed when underlying awards are distributed.	Serves as retention device as recipient generally must remain an employee through vesting dates to earn payout. Aligns the interests of officers with long-term stockholder value.

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For 2017, PSU grants were weighted 50% on TSR relative to peers (rewarding management when we deliver value to stockholders in excess of our peers) and 50% on ROIC relative to peers (rewarding management for managing our business and capital better than our peers). We removed ROIC against plan as we believe utilizing a relative metric is a better measure of performance. We also concluded that the equal weighting of relative TSR and relative ROIC better aligned executive incentive compensation with the interests of stockholders. In addition to the increased emphasis on relative performance compared to peers, the mix of PSUs compared to RSUs that are awarded was 70%/30% for all NEOs (65%/35% for Mr. DiRisio), reflecting a de-emphasis on time-based grants.

The CEO develops recommendations for LTIP awards for each NEO, with the exception of himself and submits these recommendations to the O&CC for approval. Factors that are considered in the determination of award amounts are:

- The competitive market as defined by the peer group, which in general is targeted around median;
- An individual's role and responsibilities within the Company;
- Contribution of the executive; and
- How critical the role is to the organization and need to retain the individual.

In general, when making LTIP grants, the O&CC's determinations are made independently from any consideration of the individual's prior LTIP awards. The value of an executive's current holdings is also not a consideration, though it is reviewed periodically by the O&CC. With respect to the CEO, the O&CC develops a recommended award opportunity in consultation with CAP and submits the proposal to the Board. Grants are typically made each February.

RSUs cliff vest at the end of three years. However, for retirement eligible employees, RSUs vest one-twelfth for each month of service beginning in the year of the grant of the RSUs and are fully vested at the end of that year. PSUs are denominated in units of Common Stock and are subject to achievement of certain performance goals over a three-year period. PSUs are payable as determined by us in shares of our Common Stock or cash. PSUs vest at the end of the performance period. However, for retirement eligible employees, PSUs vest one-thirty sixth for each month of service beginning in the year of the grant of the PSUs and are fully vested at the end of the performance period. Unvested RSUs and PSUs are forfeited upon retirement or termination of service. Any PSU payments are made following the conclusion on the performance period.

Impact of Company Performance on Prior Year's Performance Awards

LTIP awards of PSUs made for the three-year performance period ended December 31, 2017 were reported in our Proxy Statements (other than for Mr. DiRisio who was not a NEO at the time of such report) at fair value at the time of the grants. These PSU grants were subject to the achievement of goals related to relative TSR and absolute and relative ROIC over a three-year performance period ended December 31, 2017. Based on the performance results for that period, Messrs. Izzo, Cregg, LaRossa and DiRisio and Ms. Linde will receive payment in 2018 of shares of our Common Stock equal to 154% (see table below) of the grant target amounts. Mr. Levis will receive a prorated amount based on service during the performance period. Although Mr. DiRisio was not an NEO at the time he received his LTIP award in February 2015, we have included his payout in 2018 for the performance period.

Although typically paid in shares of our common stock, these PSUs were generated in 2015 and are measured on three metrics, including ROIC vs. plan. TSR relative to the peer group was selected as it provides alignment with our stockholders and provides the incentive to deliver a return to stockholders greater than that of our peers. ROIC was used to ensure that we are effectively using our capital base, but also are competitive with that of peer companies. We determine ROIC by dividing Net Income (adjusted for interest expense, excluding amounts related to securitized debt) by debt and equity (adjusted for securitized debt). In determining actual results, we adjusted ROIC vs. plan for compensation purposes to exclude from results the impact of the early retirement of our Hudson and Mercer coal/gas units and charges related to certain Energy Holdings leveraged leases. We also adjusted our ROIC vs. plan to exclude the positive impact of the federal tax legislation signed into effect in December 2017 that was not factored into our 2015 plan targets. We did not make these adjustments in measuring ROIC vs. peers. Based upon performance of the metrics, executives can earn a stock award of between zero and 200% of their target. We believe that each of the goals we establish represent a significant degree of difficulty that reward strong performance, with sharp drop-offs in payments for lower rankings.

Recipients will receive 100% of their grant amount if:

- For the three-year performance period TSR places us at rank 10 of 20 of the peer group;
- For the three-year performance period ROIC places us at rank 9 of 20 of the peer group; and
- For the three-year performance period, our ROIC meets a pre-set target based on our business plan.

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Payment, if any, is made early in the year following the end of the performance period, once results are reviewed and approved by the O&CC. Dividend equivalents are accrued over the performance period and paid in shares of Common Stock in relation to the number of shares earned based on results for the performance period. Upon retirement, death or disability, PSUs are prorated for each month of service during the performance period and paid following the end of the period based on actual performance.

For these grants, the performance schedule for relative TSR, which comprises 40% of the PSU award, is based on the relative rank within the peer group. Shown below are the ranks and payout factors at threshold, target and maximum levels and our actual rank for this period:

TSR Performance vs. Peers(1)	Percent Payout Factor for TSR Component (%)
Rank: 5	200.0
Rank: 10	100.0
Rank: 15	20.0
Rank: 16	0.0
Actual Rank: 7	160.0

(1) TSR performance is measured by comparing our numerical ranking among peer group companies in respect to the TSR performance component. For 2015 grants, the peer group consisted of us and 19 companies.

For these grants, the performance schedule for relative ROIC, which comprises 30% of the PSU award, is based on the relative rank within the peer group. Given that our ROIC has historically exceeded that of our peers, we set the payout scale to deliver above target only when performance is well above the peer median. Shown below are the ranks and payout factors at threshold, target and maximum levels and our actual rank for this period:

ROIC Performance vs. Peers(1)	Percent Payout Factor for ROIC Component (%)
Rank: 3	200.0
Rank: 9	100.0
Rank: 13	50.0
Rank: 14 and higher	0.0
Actual Rank: 2	200.0

(1) ROIC performance is measured by comparing our numerical ranking among peer group companies in respect to the ROIC performance component. For 2015 grants, the peer group consisted of us and 19 companies.

For these grants, the performance schedule for ROIC vs. plan, which comprises 30% of the PSU award, is detailed below:

ROIC Performance vs. Plan	3 Year Average ROIC (%)	Payout (%)(1)
Maximum (115% of Goal)	8.2	200.0
Target	7.1	100.0
Threshold (85% of Goal)	6.0	25.0
Actual(2)	7.1	100.0

(1) Payout percentage above and below target will be interpolated based on the three-year average.
(2) Excludes the impact of the early retirement of our Hudson and Mercer units, charges related to certain Energy Holdings' leveraged leases and the positive impact of new federal tax legislation.

Actual results of the three-year period ended December 31, 2017 were:

Actual Results	Payout (%)
TSR Ranking: 7 out of 20	160.0
ROIC Ranking: 2 out of 20	200.0
ROIC Actual 3-year Average: 7.1	100.0
Overall PSU Payout Factor (rounded)	154.0

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Determination of Individual Payouts

Based on these results, participants earned a PSU payout of 154%. The dollar amount of each payout, made in shares of our Common Stock, is shown below, calculated using the average of the high and low price of our Common Stock on March 1, 2018, $48.47 These amounts are reported in the Option Exercises and Stock Vested during 2017 Table.

NEO	PSUs Granted (#)	PSUs Earned (#) (1)	PSUs Payout ($) (1)
Ralph Izzo	83,150	143,265	6,944,055
Daniel J. Cregg	2,100	3,618	175,364
Ralph A. LaRossa	18,150	31,272	1,515,754
William Levis(2)	18,150	28,667	1,389,489
Tamara L. Linde	10,150	17,488	847,643
Derek DiRisio	5,800	9,993	484,361

(1) Reflects rounding and includes accrued dividend equivalents earned.

(2) Reflects forfeiture of unvested PSUs due to retirement in October 2017.

2017 Grants

The structure of the long-term incentive is consistent with the prior grants as described above, in the form of 70% PSUs and 30% RSUs vesting at the end of three years, except for Mr. DiRisio who received 65% in the form of PSUs and 35% in the form of RSUs. The mix between PSUs and RSUs was determined based on our desire to provide the majority of long-term incentives in a performance-based vehicle while providing for strong retention during a challenging period in the industry. The greater emphasis on PSUs places more of our NEOs' potential compensation payouts at risk. Grants are typically made each February.

The grants included in our Summary Compensation Table were approved in February 2017 for the NEOs. These grants are for the three-year performance period ending December 31, 2019 and are shown in the 2017 Grants of Plan-Based Awards Table. These awards are also reported in the Summary Compensation Table at the grant date fair value. Payouts, if any, will be based on TSR vs. peers and ROIC vs. peers, as we have eliminated ROIC vs. plan as a metric, and will be disclosed when the applicable performance period is completed.

2018 Retention Award

As described above in the CD&A, a primary goal of our executive compensation program is to attract, retain and reward exceptional talent. Our compensation philosophy encompasses a broad time frame linking performance and strategic objectives with long-term stockholder value. Led by our CEO and under the guidance of our Board and with the advice of our compensation consultant, we extensively review talent recruitment and retention. In particular, we evaluate retention of executives with a demonstrated track-record of superior performance in light of responsible succession planning and the roles that key individuals play in the future success of the Company. Accordingly, in February 2018, in connection with his election in October 2017 as President and COO of Power, Mr. LaRossa was awarded a retention grant having a target value of $3,000,000. This retention award was granted concurrently with our 2018 annual LTIP awards in equal amounts of PSUs and RSUs. The PSUs and RSUs will vest in December 2020 and January 2021, respectively, and are not subject to acceleration of vesting for retirement eligibility or retirement. The PSUs and RSUs shall vest upon Mr. LaRossa's death or disability, upon involuntary termination without cause or in the event that Mr. LaRossa is terminated, whether voluntary or involuntary, in connection with a change in leadership. The RSUs shall vest in the event that Mr. LaRossa is terminated, whether voluntary or involuntary, upon change in control and the PSUs shall vest upon a change in control.

Deferred Compensation Plan

We offer a deferred compensation plan to our officers, including the NEOs, so they can more effectively manage their personal tax obligations. Participants may elect to defer all or any portion of their cash compensation and may choose from among several different investment options based upon the choices available in our 401(k) Plan (except the Company Stock Fund and the Fidelity Brokerage Link Account), as well as a market-based rate of Prime plus 1/2%, capped at 120% of the applicable federal long-term rate.

We also have a plan to permit deferral of equity compensation. Generally, the election to defer shares underlying an equity award must be made before the services giving rise to the equity award are performed. Deferred shares are held in a Rabbi Trust.

Additional details about these deferred compensation plans are provided in the descriptions following the Non-Qualified Deferred Compensation Table.

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Perquisites

We provide certain perquisites that we believe are reasonably within compensation practices of our peers or provide benefit to us, such as providing an appropriate degree of personal security to executives with a high public profile and allowing the executive to be productive while commuting. These include automobile use (and for the CEO, a driver), stipend, reimbursement of relocation expenses, annual physical examinations, limited personal and spousal travel, including use of aircraft (in accordance with the policy we have established and with CEO approval), home security, charitable contributions on behalf of the individual and limited club memberships and personal entertainment. These perquisites are described in the 2017 Summary Compensation Table, as applicable.

We do not provide a tax gross-up of personal benefit amounts deemed to be taxable income under federal or state income tax laws and regulations, except for certain relocation expenses, primarily in the case of newly-hired executives.

Retirement Benefits

All employees, including the NEOs, receive certain qualified retirement benefits under the Pension Plan of PSEG (Pension Plan), which provides either a traditional defined benefit pension (Final Average Pay Component) or a cash balance defined benefit pension (Cash Balance Component). We do this in order to maintain practices that are competitive with companies in the energy services industry with which we compete for executive talent. The nature of the individual's Pension Plan benefit depends upon the date of hire. Messrs. Izzo, Cregg, LaRossa and DiRisio and Ms. Linde participate in the Final Average Pay Component as they each began employment before January 1, 1996. Mr. Levis participates in the Cash Balance Component as he was hired after that date.

In addition to the qualified plan, we provide certain nonqualified retirement benefits under the Retirement Income Reinstatement Plan (Reinstatement Plan) and the Supplemental Executive Retirement Income Plan (Supplemental Plan). We maintain these plans to provide competitive retirement benefits to assist in the recruitment and retention of key employees.

- The Reinstatement Plan is an unfunded non-qualified retirement plan that provides retirement benefits that would have been paid under our qualified retirement plan but for the limitations of the IRC which caps the amount of an employee's compensation that may be considered for qualified plan purposes. All employees who are affected by the compensation limit are eligible to participate in this plan. SMICP amounts and deferred amounts are also included in computing benefits under this plan.
- The Supplemental Plan is an unfunded non-qualified retirement benefit plan that provides supplemental limited retirement and death benefits to participants nominated by the CEO and designated by our Employee Benefits Policy Committee. It also provides retirement benefits based upon additional credited years of service for prior allied professional or industrial experience to employees selected by the CEO. The Supplemental Plan is primarily used as a recruitment and retention tool. In 2011, the O&CC determined that we will no longer offer any additional years of credited service under the Supplemental Plan to individuals not previously provided with that benefit.

All of our NEOs participate in the Reinstatement Plan and Messrs. Izzo, LaRossa and Levis participate in the additional limited benefit provisions of the Supplemental Plan. As described in the Pension Benefits Table, Mr. Izzo is eligible to receive additional years of credited service.

Additional information is provided in the Pension Benefits Table and the accompanying narrative, below. Amounts reported for 2017 reflect changes in the discount rate, as well as actuarial changes, which impacted the benefit calculations.

We also maintain a defined contribution 401(k) Plan and provide a partial employer matching contribution for 401(k) Plan participants.

Severance and Change-In-Control Benefits

We provide severance benefits in the event of certain employment terminations. These benefits are available to officers, including the NEOs, in order to be competitive with the companies in our industry and provide a level of financial security to the executive in periods of uncertainty in the event of a termination without cause. All of our NEOs participate in our Key Executive Severance Plan. Mr. Izzo is also eligible for certain other severance benefits, as described under Potential Payments Upon Termination of Employment or Change-In-Control.

We provide severance benefits upon a change-in-control to officers, including the NEOs. A change-in-control is by its nature disruptive to an organization and its executives. Executives are frequently key players in the success of organizational change. To assure the continuing performance of such executives and maintain stability and continuity in the face of a possible termination of employment in the event of a change-in-control, we provide a competitive severance package. In addition, some executives, who may be key parties to such transaction, may have their employment terminated following its completion. A

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severance plan with benefits applicable upon a change-in-control is an important element for attracting and retaining key executives in a marketplace where such protection is common.

Neither our Key Executive Severance Plan nor Mr. Izzo's severance agreement provide for gross-up payments from us in the event that any NEO or other participant is subject to an excise tax related to receipt of a change-in-control payment. Both the Key Executive Severance Plan and Mr. Izzo's severance agreement include a "double-trigger" provision on benefits, which are paid only in the event of termination of employment following a change-in-control. Performance share unit payments, if any, are prorated. No benefits are paid in the event of a termination for cause.

Severance and change-in-control benefits are described under Potential Payments Upon Termination of Employment or Change-in-Control.

Executive Compensation Governance Features and Controls

Independent Compensation Consultant

The O&CC has retained CAP to provide information, analyses and advice regarding executive and director compensation, as described in this Proxy Statement. CAP reports directly to the O&CC and the O&CC has established procedures that it considers adequate to ensure that CAP's advice is objective and not influenced by management. These procedures include an agreement specifying what information can and cannot be shared with management. In addition, CAP regularly meets with the O&CC in executive session, without the presence of management. CAP provides only executive compensation consulting services, as described below.

At the O&CC's direction, CAP provided the following services:

- Evaluated the competitive positioning of our NEOs' base salaries, annual incentive and long-term incentive compensation relative to our peers and compensation philosophy;
- Advised the O&CC on CEO and other NEO salaries and target award levels within the annual and long-term incentive programs;
- Reviewed our annual and long-term incentive programs to ensure they continue to be aligned with our compensation philosophy and business strategy, drive performance and consider market practices;
- Briefed the O&CC on executive compensation trends among our peers and broader industry and compared them to our current practices;
- Analyzed the results of the stockholder advisory say-on-pay vote, for PSEG and peers;
- Informed the O&CC on changes in the regulatory environment as they relate to executive compensation;
- Reviewed the composition of our Peer Group;
- Advised the O&CC on the performance measures and performance targets for the annual and long-term incentive programs and advised on the payout leverage (the extent of the pay opportunity and the degree of difficulty) for the plans;
- Presented a CEO compensation proposal to the O&CC;
- Reviewed our total share usage and "burn rate" for the LTIP;
- Conducted an assessment to determine whether any elements of our employee compensation programs encourage the taking of excessive risk;
- Advised on issues related to shareholder advisory groups;
- Validated the pay for performance alignment of the compensation programs;
- Evaluated our share ownership guidelines relative to our peers and broader industry;
- Assessed the competitiveness of director compensation for the Corporate Governance Committee and recommended no changes; and
- Reviewed and commented on this CD&A.

In the course of conducting its activities, CAP attended four meetings of the O&CC in 2017 and presented its findings and recommendations for discussion.

Management also retains a compensation consultant, Pay Governance, to provide market compensation data for our officers, including the NEOs. This data is made available to CAP.

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Compensation Risk Assessment

In 2017, CAP, in consultation with management reviewed our compensation programs to assess the potential of whether they encourage individuals to take excessive risks. The risk assessment included a full inventory of all incentive compensation plans in the organization, including their design, metrics, goals and operation and a review of business and operational risks and governance and oversight practices and internal controls. Our Vice President and Chief Risk Officer, as well as our internal compensation professionals under the supervision of our Senior Vice President-Human Resources, participated in this process. Management and CAP reviewed this assessment with the O&CC. In addition, final decisions regarding our executive compensation policies and programs, as well as specific approval of individual NEO compensation, are determined by the O&CC, all of whose members are independent of management and, as appropriate, the full Board, all of whose members, except our CEO, are independent of management. Based on this review, the O&CC determined that the programs do not create an incentive for individuals to take excessive risks which are reasonably likely to have an adverse effect on us.

✓ Compensation Risk Assessment Factors

- There are strong governance processes and controls in place at the senior leadership levels under the oversight of the O&CC and, where appropriate, the full Board.
- We provide a balanced total compensation package that includes fixed compensation (i.e., salary and benefits) and at-risk compensation (i.e., annual and long-term incentive).
- Changes to our incentive compensation plans for 2017 were reflective of market.
- Long-term incentives vest over a multi-year timeframe.
- There are caps on the total amount of incentive compensation that can be earned and paid out annually.
- Multiple dimensions of performance are used in the incentive structure, including:
  - A balanced scorecard;
  - EPS (non-GAAP) for corporate financial performance;
  - Earnings (non-GAAP) for business unit performance; and
  - Key strategic and operational metrics that specifically address identified risks.
- We use PSUs, with payout as determined by ROIC and TSR.
- Incentive plan formulas, performance measures/goals and corresponding payment scales are reviewed by CAP and approved each year by the O&CC.
- Executives receive a significant portion of their compensation in the form of equity, which discourages them from making short-term decisions that may result in long-term harm to the organization.
- Our stock ownership and retention policy further discourages a short-term focus and, under our insider trading policy, all transactions in our Common Stock by officers need pre-clearance by the General Counsel's office.
- We have clawback provisions, requiring forfeiture or repayment of incentive amounts, in certain circumstances, as described on page 63.
- Our corporate culture demands the highest level of ethical behavior and requires all employees to take ethics training annually.
- We have strong policies in place to govern financial and enterprise risk, as discussed above in Risk Management Oversight on page 11.

Role of CEO

The CEO attends O&CC meetings, other than executive sessions. Other executive officers and internal compensation professionals may attend portions of O&CC meetings, as requested by the O&CC. The CEO recommends changes to the salaries of his direct reports (who include the NEOs). The CEO develops and the O&CC considers these recommendations in the context of the respective executives' individual performance, experience in role, competitiveness of salary vs. peer group and internal equity among executives. The CEO recommends incentive compensation targets (expressed as a percentage of base salary) for the SMICP and LTIP grants for his direct reports as well as the associated goals, objectives and performance evaluations. The CEO participates in the O&CC's discussions of those recommendations.

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The CEO reviews the design and effectiveness of compensation policies and programs and the analyses and recommendations of CAP in light of general industry practices and in comparison to the peer group trends. The CEO also reviews such compensation matters with our internal compensation professionals. Recommendations for changes are made to the O&CC as deemed appropriate by the CEO. The O&CC believes that the role played by the CEO in this process is appropriate because the CEO is uniquely suited to evaluate the performance of his direct reports.

Standards

Our Standards set expectations of behavior in line with our commitment to adhere to the highest ethical standards and along with our Compliance Program, Related Person Transactions Practice and Conflicts of Interest Practice establish policies and procedures regarding personal and business conduct. The Audit Committee of the Board has oversight of our legal and business conduct compliance.

Hedging and Pledging

We have a policy which prohibits officers, including NEOs, from hedging, short-selling or pledging our Common Stock.

Trading Pre-clearance

Under our Insider Trading Practice, all of our officers, including the NEOs, are required to obtain pre-clearance from the Office of the General Counsel prior to engaging in any transaction involving our Common Stock. In addition, our Insider Trading Practice does not permit any such transactions except during “open window” periods or pursuant to pre-established plans. These are limited times following the public release of earnings and disclosure of material information.

Clawbacks

We have codified our policies/practices into a clawback practice with a three-year look-back, which:

- Applies to all incentive compensation to all non-represented employees;
- Applies in the event of (i) a restatement of financial statements, or (ii) recalculation of incentive compensation, in each case resulting from the employee’s misconduct, or (iii) an employee’s act or omission which constitutes a material violation of our Standards that results or would have resulted in termination of employment; and
- Is administered by the O&CC as to officer compensation.

In 2017, we reviewed this practice and revised it in February 2018 to cover violations that would have resulted in termination had we known then prior to the end of employment.

Actual grants may contain additional provisions, such as recoupment for violations of non-compete, non-solicitation or confidentiality agreements. We anticipate adjusting the terms of our clawback practice as may be needed to comply with the Dodd-Frank Act once final guidance is released from the SEC.

Employment Agreements

We have entered into a severance agreement with Mr. Izzo and an agreement with Mr. Levis with respect to certain retirement benefits. These are discussed following the Grants of Plan-Based Awards Table.

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Stock Ownership and Retention Policy

In order to strengthen the alignment of the interests of management with those of stockholders, we have established a Stock Ownership and Retention Policy (Policy) applicable to selected officers, including the NEOs. Each officer must maintain ownership of a sufficient number to shares of our Common Stock having a market value equal to the applicable prescribed multiple of such officer's annual base salary. The required amount must be acquired within five years.

Stock Ownership as Multiple of Base Salary	
CEO	8x
CFO, PSE&G and Power Presidents, General Counsel	4x
Services President	2x

What Counts Toward the Requirement	What Does Not Count Toward the Requirement
• PSEG shares owned personally or jointly, through a broker or in Enterprise Direct or the ESPP • Shares held in trusts • Restricted stock and RSUs (vested or unvested) • Shares held in the PSEG 401(k) Plan	• Unexercised stock options • Unearned PSUs

Each officer must retain at least 100%, after tax and costs of issuance, of all shares acquired through equity grants made subsequent to the adoption of the Policy, including the vesting of restricted stock or RSU grants, payout of PSU awards and exercise of option grants, until his or her ownership requirement is met.

The Senior Vice President-Human Resources reports annually to the O&CC on the status of each officer's compliance with the Policy. In the event an officer is not in compliance with any provision of the Policy, the O&CC may take such action as it deems appropriate, consistent with the provisions of our compensation plans and applicable law and regulations, to enable the officer to achieve compliance at the earliest practicable time or otherwise enforce the Policy. Such action may include establishing conditions with respect to requiring all or part of any SMICP or LTIP award to be held in shares. The O&CC may vary the application of the provisions of the Policy for good cause or exceptional circumstances.

The Policy was not a factor considered by the O&CC in making the 2017 grants under the LTIP.

Messrs. Izzo, Cregg, LaRossa, Levis and DiRisio and Ms. Linde each have met their respective requirement.

In 2017, we increased the percentage of ownership required for the CEO and certain other executive officers, and eliminated for all the requirement to retain until retirement or termination of employment 25% of shares that vest after the ownership level is reached. This action is effective for 2018 and was taken after benchmarking against peers and leading practices.

Accounting and Tax Implications

The O&CC has considered the effect of Financial Accounting Standards Board Accounting Standards Codification Topic 718 (see Note 18 to Consolidated Financial Statements included in our Form 10-K) regarding the expensing of equity awards in determining the nature of the grants under the LTIP. The O&CC, with the assistance of CAP, reviews the competitiveness of the NEOs' LTIP grants, as measured against the peer group, using grant date fair values and approves grants to the NEOs accordingly as reported above in Long-Term Incentive.

The O&CC considers the tax-deductibility of our compensation payments as one factor in determining executive compensation. In addition, the O&CC also considers other factors in making decisions, as noted in this CD&A, and retains the flexibility to award compensation consistent with our compensation philosophy and program even if not deductible. IRC Section 162(m) generally denies a deduction for United States Federal income tax purposes for compensation in excess of $1 million for the CEO and certain other persons named in the proxy statement. At the time that the O&CC made its decisions as to the 2017 incentive awards, an exemption existed for qualifying performance-based compensation pursuant to stockholder-approved plans.

Stockholder approval of the SMICP was received at the 2002 Annual Meeting of Stockholders. As a result, we believe that payment of qualifying performance-based compensation in accordance with the terms of this plan would not be subject to the Section 162(m) limitation on deductions. We also originally believed that payments under the LTIP, if any are earned, on PSUs granted during the five-year period following stockholder approval of the LTIP at the 2013 Annual Meeting would not be expected to be subject to the limitation and should qualify for tax-deductibility under Section 162(m). However, due to adjustments we made for the performance criteria for the PSUs granted in 2015 and 2016, we subsequently did not expect the payouts of those awards to be deductible. In addition, effective for 2018, the Section 162(m) exemption applicable for qualifying plans was repealed in the tax legislation enacted in December 2017, except for certain arrangements in place on November 2, 2017. Due to

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ambiguities and uncertainties as to the application and interpretation of Section 162(m) and the regulations issued thereunder, including the uncertain scope of the transition relief under the legislation repealing Section 162(m)'s exemption from the deduction limit, it is uncertain whether the incentive compensation under the SMICP for 2017 and the PSUs awarded in February 2017 under the LTIP that were intended by the O&CC to meet the requirements of the exception under Section 162(m) will be deductible.

Further, the O&CC believes that RSUs are valuable components of incentive compensation as they align the interest of the recipients with those of stockholders. However, because the vesting of such grants is not performance-based, restricted stock and RSU grants have been subject to the limitation on deductibility under Section 162(m).

Amounts deferred by the NEOs are not included in the Section 162(m) calculations during the deferral period because they are not otherwise deductible under applicable tax law. In light of certain NYSE rules, it remains the Board's general policy to present incentive compensation plans in which executive officers participate to stockholders for approval as may be necessary. The O&CC and the Board reserve the right to award incentive and other compensation that is not deductible if they determine that such arrangements are in the best interests of the Company and our stockholders. At this time, we do not expect the repeal of the exemption under Section 162(m) to have a significant impact on our executive compensation program. As noted, tax deductibility was only one factor in our decision to place a heavy emphasis on incentive compensation in structuring our executive compensation program. We believe that meaningful incentives drive performance and are an essential element in implementing our compensation philosophy.

The O&CC will continue to evaluate executive compensation and the flexibility that is desirable in administering our executive compensation program in accordance with our compensation philosophy. In 2017, as a consequence of the adjustments of the calculation of ROIC vs. plan in determining PSU payout under the LTIP, discussed above, the payout for the three-year performance period ended December 31, 2017 will not be deductible under Section 162(m) for any of the NEOs to the extent any such amounts would be included under the applicable rules regarding computation of 162(m) compensation. In 2017, a portion of the compensation reported in this Proxy Statement exceeded the limit and is not deductible.

COMPENSATION COMMITTEE REPORT

The Organization and Compensation Committee of the Board of Directors has reviewed and discussed the Compensation Discussion and Analysis included in this Proxy Statement with management and with Compensation Advisory Partners LLC, the Committee's compensation consultant. Based on such review and discussions, the Organization and Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement.

Members of the Organization and Compensation Committee:

David Lilley, Chair
Willie A. Deese
Albert R. Gamper, Jr.
William V. Hickey
Shirley Ann Jackson
Richard J. Swift

February 19, 2018

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2017 SUMMARY COMPENSATION TABLE

The following table summarizes the compensation of our NEOs for the years shown. The NEOs are our CEO, CFO and three most highly compensated executive officers in 2017, plus a retired executive officer who would have been among the three most highly compensated executive officers had he been employed by us at year-end.

Name and Principal Position(1)	Year	Salary ($)(2)	Bonus ($)	Stock Awards ($)(3)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)(4)	Change in Pension Value and Non-Qualified Deferred Compensation Earnings ($)(5)	All Other Compensation ($)(6,7 & 8)	Total ($)
Ralph Izzo	2017	1,300,000		6,500,069		1,803,800	963,000	54,246	10,621,115
Chairman of the Board,	2016	1,298,269		6,375,044		1,513,200	603,000	78,466	9,867,979
President & CEO	2015	1,245,386		5,725,546		2,085,000	-	151,315	9,207,247
Daniel J. Cregg	2017	585,000		1,000,041		511,200	483,000	28,960	2,608,201
EVP & CFO	2016	520,000		850,045		370,500	320,000	29,154	2,089,699
	2015	333,024		174,002		261,400	63,000	14,627	846,053
Ralph A. LaRossa	2017	704,808		1,300,050		602,000	777,000	47,590	3,431,448
President & COO	2016	684,308		1,250,016		503,500	525,000	40,128	3,002,952
(Power)	2015	663,770		1,249,548		703,300	215,000	45,326	2,876,944
William Levis	2017	527,875		1,250,041		425,600	402,000	194,739	2,800,255
President & COO	2016	668,825		1,250,016		467,000	252,000	52,751	2,690,592
(Power)	2015	650,000		1,249,548		653,300	-	36,968	2,589,816
Tamara L. Linde	2017	560,769		1,000,041		444,400	528,000	29,345	2,562,555
EVP &	2016	533,789		850,045		330,400	355,000	30,640	2,099,874
General Counsel	2015	499,078		698,931		451,800	124,000	28,798	1,802,607
Derek DiRisio	2017	381,243		425,059		274,800	438,000	25,960	1,545,062
President									
(Services)									

(1) Mr. Cregg was elected to his current position effective October 8, 2015. 2015 amounts shown for Mr. Cregg include amounts with respect to his previous position with us. Mr. LaRossa was elected President and COO of Power effective October 2, 2017; prior to that he was President and COO of PSE&G. Mr. Levis retired effective October 2, 2017. Mr. DiRisio was not an NEO in 2016 or 2015.

(2) Amounts shown are actual payments based on annualized salary. Therefore, actual paid salaries shown here differ from annual salaries shown in the CD&A. Mr. Cregg deferred $232,000 and $150,000 of his 2017 and 2016 salary, respectively.

(3) The amounts shown reflect the grant date fair value of the awards. For a discussion of the assumptions made in valuation, see Note 18 to the Consolidated Financial Statements included in our Form 10-K. 2017, 2016 and 2015 LTIP awards were granted in February of each year. 2017 awards are shown in the Grants of Plan Based Awards Table and discussed in the CD&A and consist of PSUs and RSUs. PSU value is shown at the target amount. Actual value of the shares received upon vesting of RSUs depends upon the price of our Common Stock. Payout value of the PSUs earned at the conclusion of the three-year performance period may be less than or exceed the grant date fair value, dependent upon achieving TSR and ROIC performance factors. More detailed information is provided in the CD&A. Mr. Levis' unvested PSUs and RSUs were forfeited upon his retirement as explained in the Outstanding Equity Awards at Year-End Table on pages 70-71. Forfeiture of Mr. Levis' vested 2017 PSUs and RSUs are described in Conflicts of Interest on page 22. The respective amounts below represent the grant date fair value of PSUs at target and maximum amounts.

	2017		2016		2015	
	Value at Target (100%) ($)	Value at Maximum (200%) ($)	Value at Target (100%) ($)	Value at Maximum (200%) ($)	Value at Target (100%) ($)	Value at Maximum (200%) ($)
Ralph Izzo	4,550,036	9,100,072	4,085,006	8,170,012	3,435,758	6,871,516
Daniel J. Cregg	700,016	1,400,032	510,035	1,020,070	86,772	173,544
Ralph A. LaRossa	910,034	1,820,068	750,014	1,500,028	749,958	1,499,916
William Levis	875,009	1,750,018	750,014	1,500,028	749,958	1,499,916
Tamara L. Linde	700,016	1,400,032	510,035	1,020,070	419,398	838,796
Derek DiRisio	276,288	552,576	-	-	-	-

(4) As discussed in the CD&A, amounts awarded were earned under the SMICP (and MICP for 2015 for Mr. Cregg) and determined and paid in the following year. Mr. Cregg deferred $204,480 and $111,150 of his 2017 and 2016 SMICP, respectively.

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(5) Includes the change in the actuarial present value of accumulated benefit under defined benefit pension plans and supplemental executive retirement plans between calendar years 2017 and 2016, 2016 and 2015, and 2015 and 2014, determined by calculating the benefit under the applicable plan benefit formula for each of the plans, measured at December 31 of each year, based on years of credited service, earnings in effect at the respective measurement dates, applicable interest rates and other assumptions as discussed in Note 12 to the Consolidated Financial Statements included in our Form 10-K. If the aggregate change in pension plan values is negative, it is shown as zero. The changes are as follows:

	Izzo ($)	Cregg ($)	LaRossa ($)	Levis ($)	Linde ($)	DiRisio ($)
2017	963,000	483,000	777,000	402,000	528,000	438,000
2016	603,000	320,000	525,000	252,000	355,000	-
2015	-	63,000	215,000	-	124,000	-

Any interest earned under the Deferred Compensation Plan at the prime rate plus ½% did not exceed 120% of the applicable long-term rate for any of the NEOs in 2017, 2016 or 2015.

(6) For 2017, depending on the individual, includes perquisites and personal benefits which include (a) automobile and related expenses, (b) physical examinations, (c) home security systems, (d) limited personal and spousal travel, (e) limited personal entertainment, (f) limited club memberships and (g) charitable contributions on behalf of the individual. For automobiles, the pro rata personal usage value of the vehicle lease cost based on the IRS Annual Lease Value Table was used or a stipend; for parking, the market value for the parking space was used; for the driver, actual pro-rata expense was used for the time devoted to CEO commuting and personal use. One NEO received a perquisite in 2017 that exceeded the greater of $25,000 or 10% of his/her total perquisite and personal benefit amount: Mr. Izzo received home security services in the amount of $27,552.

(7) Includes the employer matching contribution to our 401(k) Plan at the same percentage generally available to all non-represented employees. For 2017, these amounts were:

	Izzo ($)	Cregg ($)	LaRossa ($)	Levis ($)	Linde ($)	DiRisio ($)
401(k) Company Match	10,800	10,800	10,800	10,800	10,800	10,800

(8) Amount shown for Mr. Levis for 2017 includes payment of accrued vacation time of $46,350 and a health and welfare benefit payment of $88,865 as described under Employment Agreements on page 69.

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2017 GRANTS OF PLAN-BASED AWARDS TABLE

The following table provides information on plan-based awards made to our NEOs for 2017.

			Estimated Possible Payouts Under Non-Equity Incentive Plan Awards(2)			Estimated Future Payouts Under Equity Incentive Plan Awards(3)						
Name and Type of Award(1)	Grant Date	Plan	Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)	All Other Stock Awards; Number of Shares of Stock or Units (#)(4)	All Other Option Awards; Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock and Option Awards ($)(5)
Ralph Izzo		SMICP	812,500	1,625,000	3,250,000							
PSUs	2/21/2017					0	101,067	202,134				4,550,036
RSUs	2/21/2017								43,989			1,950,033
Daniel J. Cregg		SMICP	220,350	440,700	881,400							
PSUs	2/21/2017					0	15,549	31,098				700,016
RSUs	2/21/2017								6,768			300,025
Ralph A. LaRossa		SMICP	264,600	529,200	1,058,400							
PSUs	2/21/2017					0	20,214	40,428				910,034
RSUs	2/21/2017								8,798			390,016
William Levis(6)		SMICP	251,050	502,100	1,004,200							
PSUs	2/21/2017					0	19,436	38,872				875,009
RSUs	2/21/2017								8,460			375,032
Tamara L. Linde		SMICP	196,650	393,300	786,600							
PSUs	2/21/2017					0	15,549	31,098				700,016
RSUs	2/21/2017								6,768			300,025
Derek DiRisio		SMICP	114,500	229,000	458,000							
PSUs	2/21/2017					0	6,137	12,274				276,288
RSUs	2/21/2017								3,356			148,771

(1) Relates to equity awards (PSUs and RSUs), all of which were made under the LTIP.
(2) Represents possible payouts under SMICP for 2017 performance. The actual payouts on the awards were determined in February 2018 and paid thereafter, as reported in the 2017 Summary Compensation Table.
(3) Represents LTIP award of PSUs described below.
(4) Represents LTIP award of RSUs described below.
(5) Represents the grant date fair value of the equity award. For a discussion of the assumptions made in valuation, see Note 18 to the Consolidated Financial Statements included in our Form 10-K.
(6) Actual payouts of Mr. Levis' SMICP are subject to proration due to his retirement effective in October 2017. Mr. Levis' unvested PSUs and RSUs were forfeited upon his retirement as explained in the Outstanding Equity Awards Table at Year-End on pages 70-71. Forfeiture of his vested 2017 PSUs and RSUs is described in Conflicts of Interest on page 22.

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Material Factors Concerning Awards Shown in Summary Compensation Table, Grants of Plan-Based Awards Table and Employment Agreements

SMICP

The plan-based awards for annual cash incentive compensation included in the 2017 Summary Compensation Table were paid in 2018 with respect to 2017 performance under the terms of the SMICP. The range of possible awards for each NEO in relation to his/her target award is set forth in the Grants of Plan-Based Awards Table. An explanation of the SMICP and performance goals, measures and performance factors achieved are described under Annual Cash Incentive in the CD&A.

LTIP

As explained in the CD&A, under Long-Term Incentive and shown above, LTIP awards were made to NEOs in February 2017 in the form of RSUs and PSUs. The RSUs cliff vest after three years. The three-year performance period for the PSUs ends December 31, 2019, with payment, if any, made the following year. As explained in the CD&A, for retirement eligible employees, RSUs vest 1/12 per month in the year awarded and PSUs vest 1/36 per month over the three-year performance period. The range of possible payouts for each NEO in relation to his/her target award is set forth in the table above. Payments of awards granted in February 2015 will be made in 2018 based on performance for the three-year period that ended on December 31, 2017. Further explanation of PSU payment determination is set forth under Long-Term Incentive in the CD&A. For further information about vesting, see Potential Payments Upon Termination of Employment or Change-In-Control.

No stock options have been granted since 2009. Some options granted in previous years are still outstanding as reported in the Outstanding Equity Awards at Year-End Table. Grants were made with an exercise price equal to the NYSE closing price on the date of grant for a ten-year term. No discounted options may be granted and no repricings may be done without stockholders' approval.

Employment Agreements

The CEO and each NEO receives an annual salary review, participates in the SMICP and LTIP, and in the Supplemental Plan and the Key Executive Severance Plan. Mr. Izzo has entered into a severance agreement, the terms of which are discussed below under Potential Payments Upon Termination of Employment or Change-in-Control. Messrs. Izzo, LaRossa and Levis participate in the Supplemental Plan. Pursuant to his agreement with us, Mr. Levis will receive a payment of $88,865, six months after his retirement, representing a lump sum present value payment equal to the employer health and welfare benefits contribution for which he would have been eligible if employed by us prior to 1996. Mr. Levis entered into an amendment to his agreement to adjust his benefits that accrue after December 31, 2011 under the Supplemental Plan to provide for a calculation reducing the benefit to be based on the highest seven-year average rather than the highest five-year average, in alignment with changes generally applicable to other plan participants.

For additional information regarding severance benefit provisions, see Potential Payments Upon Termination of Employment or Change-in-Control.

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OUTSTANDING EQUITY AWARDS AT YEAR-END (12/31/17) TABLE

The following table lists all outstanding awards, consisting of stock options, PSUs and RSUs, as of December 31, 2017 for our NEOs.

Name and Option Grant Date	Number of Securities Underlying Unexercised Options Exercisable (#)(1)	Number of Securities Underlying Unexercised Options Unexercisable (#)(1)	Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)(2)	Option Expiration Date	Number of Shares or Units of Stock that have Not Vested (#)(3)	Market Value of Shares or Units of Stock that have Not Vested ($)(4)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights that have Not Vested (#)(5)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units, or Other Rights that have Not Vested ($)(6)
Ralph Izzo								101,899	5,247,799
12/14/2009	347,900			33.4900	12/14/2019				
Daniel J. Cregg								14,751	759,677
Ralph A. LaRossa								19,856	1,022,584
William Levis									
Tamara L. Linde								14,751	759,677
Derek DiRisio						12,364	636,747	12,357	636,386

(1) Grants made on the dates shown under the LTIP of non-qualified options to purchase our Common Stock. Options vested 25% annually over four years on the grant date anniversary. All options have fully vested.

(2) Closing price on NYSE on grant date.

(3) The vesting schedule for unvested RSUs is shown below. Dividend equivalents accrue on RSUs at the regular dividend rate and are paid in shares of Common Stock at vesting. Messrs. Izzo, Cregg, LaRossa and Ms. Linde are retirement eligible; therefore their annual RSUs are fully vested, as RSUs vest 1/12 each month in the year awarded. Unvested retention awards forfeit upon retirement. Mr. DiRisio will become retirement eligible in 2018 and he will vest in his 2016 and 2017 RSU awards. Due to his retirement eligibility, all of Mr. Levis' 2015 and 2016 RSU awards and 9/12th of his 2017 RSU awards were vested at the time of his retirement in October 2017. The remaining unvested 2017 RSU award was forfeited.

	RSU Vesting Schedule				
	Grant Date	2018 (#)	2019 (#)	2020 (#)	Total (#)
Derek DiRisio	2/17/2015	4,531			4,531
	2/16/2016	4,350			4,350
	2/21/2017	3,483			3,483

(4) Value represents number of shares or units multiplied by the closing price on the NYSE on December 31, 2017 of $51.50.

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(5) PSUs in the table above are shown at target The vesting schedule for unvested PSUs is shown below. PSUs awarded under the LTIP are earned based on a three-year performance period. Payment, if any, is made in the first quarter of the year following the end of the performance period. The vesting schedule below shows the number of unvested PSUs at target and maximum and includes accrued dividend equivalents. PSUs for retirement eligible NEOs (Messrs. Izzo, Cregg, LaRossa and Levis and Ms. Linde) vest 1/36 in their awards each month over the three-year performance period. The amounts shown for those individuals represent 12/36th of the 2016 award that vest in 2018, 12/36th of the 2017 awards that vest in 2018 and 12/36th of the 2017 awards that vest in 2019. Mr. DiRisio becomes retirement eligible in 2018. His entire 2016 award vests in 2018, 24/36th of his 2017 award vests in 2018, and 12/36th of his 2017 award vests in 2019. All such amounts are summed in the total. For further explanation of PSUs, see the CD&A. Due to his retirement eligibility, 33/36th of Mr. Levis' 2015 PSU awards, 21/36th of his 2016 PSU awards and 9/36th of his 2017 PSU awards were vested at the time of his retirement in October 2017. The remaining unvested PSU awards were forfeited.

		PSU Vesting Schedule					
	Grant Date	Target 2018 (#)	Maximum 2018 (#)	Target 2019 (#)	Maximum 2019 (#)	Target Total (#)	Maximum Total (#)
Ralph Izzo	2/16/2016	31,971	63,942	-	-	31,971	63,942
	2/21/2017	34,964	69,928	34,964	69,928	69,928	139,856
						101,899	203,798
Daniel J. Cregg	2/16/2016	3,992	7,984	-	-	3,992	7,984
	2/21/2017	5,379	10,759	5,380	10,759	10,759	21,518
						14,751	29,502
Ralph A. LaRossa	2/16/2016	5,870	11,740	-	-	5,870	11,740
	2/21/2017	6,993	13,986	6,993	13,986	13,986	27,972
						19,856	39,712
William Levis		-	-	-	-	-	-
Tamara L. Linde	2/16/2016	3,992	7,983	-	-	3,992	7,983
	2/21/2017	5,379	10,759	5,380	10,759	10,759	21,518
						14,751	29,501
Derek DiRisio	2/16/2016	5,988	11,976	-	-	5,988	11,976
	2/21/2017	4,246	8,492	2,123	4,246	6,369	12,738
						12,357	24,714

(6) Value of PSUs is shown at target, multiplied by the closing price on the NYSE on December 31, 2017 of $51.50.

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OPTION EXERCISES AND STOCK VESTED DURING 2017 TABLE

The following table provides information, as noted, regarding the exercise of stock options by the NEOs in 2017 and the vesting during 2017 of RSUs and PSUs previously granted to the NEOs, under our LTIP.

	Option Awards		Stock Awards		
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)(1)	Award	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($)
Ralph Izzo	433,200	3,509,968	PSU(2)(3)	143,265	6,944,055
			RSU(5)(6)	45,654	2,351,180
Daniel J. Cregg			PSU(2)(3)	3,618	175,364
			RSU(4)	2,797	122,757
			RSU(5)	18,186	936,575
Ralph A. LaRossa	33,000	63,113	PSU(2)(3)	31,272	1,515,754
			RSU(5)(6)	9,131	470,247
William Levis	45,500	53,875	PSU(2)(3)	28,667	1,389,489
			RSU(5)(6)	6,585	339,136
			RSU(7)	39,072	1,714,459
Tamara L. Linde			PSU(2)(3)	17,488	847,643
			RSU(4)	5,935	260,414
			RSU(5)	23,612	1,216,027
Derek DiRisio			PSU(2)	9,993	484,361
			RSU(4)	5,730	251,417

(1) Reflects the difference between the exercise price and the market price on the date of exercise, multiplied by the number of shares acquired.

(2) The table above shows the total payout value distributed for each of the NEOs for the 2015 grants based on the results of the three-year performance period and our Common Stock price, as described further in the CD&A. Messrs. Izzo, Cregg, LaRossa and Levis and Ms. Linde became retirement eligible in 2015, 2017, 2014, 2012 and 2017, respectively. Under the LTIP, PSUs vest one-thirty sixth per month of service for retirement eligible participants. We show below for each of Messrs. Izzo, Cregg, LaRossa and Levis and Ms. Linde the number of PSUs, including accrued dividend equivalents, at both target and maximum values, that vested in 2017 with respect to their 2016 and 2017 grants. No dollar values are shown for these as payouts, if any, are dependent on the actual results of the performance metrics and applicable stock prices for the respective performance periods. The number of PSUs, including dividend equivalents, earned, if any, will be determined at the conclusion of the applicable performance periods and reported in the relevant proxy statements. Mr. Levis' unvested PSUs were forfeited upon his retirement. Forfeiture of Mr. Levis' vested 2017 PSUs is described in Conflicts of Interest on page 22.

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	PSU Grant Date	Granted	Target Vested (#)	Maximum Vested (#)
Ralph Izzo	2/16/2016	89,095	31,971	63,942
	2/21/2017	101,067	34,964	69,928
Daniel J. Cregg	2/16/2016	11,124	7,983	15,966
	2/21/2017	15,549	5,379	10,758
Ralph A. LaRossa	2/16/2016	16,358	5,870	11,740
	2/21/2017	20,214	6,993	13,986
William Levis	2/16/2016	16,358	3,424	6,848
	2/21/2017	19,436	1,681	3,362
Tamara L. Linde	2/16/2016	11,124	7,983	15,966
	2/21/2017	15,549	5,379	10,758

(3) Messrs. Izzo, Cregg, LaRossa, Levis and DiRisio and Ms. Linde had PSUs which vested on December 31, 2017, including accrued dividend equivalents, for the three-year performance period ended that day. The final awards shown in the table were made at 154% of target, as explained in the CD&A. PSUs earned and value realized reflect rounding. Shares are issued in 2018. Messrs. Izzo, LaRossa and Cregg deferred payment, as reported in the Non-Qualified Deferred Compensation Table. Value realized reflects the value of the PSUs on March 1, 2018, the PSU value determination date, using the average of the high and low NYSE stock price of $48.47.

(4) Represents RSUs that vested January 1, 2017. The closing NYSE stock price of $43.88 was used to calculate the value of the shares. Amounts shown reflect rounding.

(5) Represents 2017 RSUs that vested for retirement eligible NEOs, at the NYSE closing price of $51.50 on December 31, 2017. Messrs. Izzo, LaRossa and Levis became retirement eligible in 2015, 2014 and 2012, respectively. Hence, their 2015 and 2016 annual RSUs were vested in prior years. Mr. Cregg and Ms. Linde became retirement eligible in 2017 at which time their 2015 and 2016 annual RSUs vested. Mr. Levis' unvested RSUs were forfeited upon his retirement. Forfeiture of Mr. Levis' vested 2017 RSUs is described in Conflicts of Interest on page 22.

(6) RSUs that vested in 2015 and 2016 due to retirement eligibility were previously reported in our prior years' proxy statements and were distributed on January 1, 2017, in the following amounts, including DEUs: Mr. Izzo: 72,960 shares, with a value of $3,201,504; Mr. LaRossa: 12,756, with a value of $559,772; Mr. Levis: 14,043, with a value of $616,241. The closing NYSE stock price of $43.88 on December 31, 2016 was used to calculate the value of the shares. Amounts include rounding.

(7) Represents 2012 retention award, which vested on January 1, 2017, and valued at the NYSE closing price of $43.88 on December 31, 2016.

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2017 PENSION BENEFITS TABLE

The following table provides information on the actuarial present value of the NEOs accumulated benefit under each of our pension and retirement plans.

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit ($)(4)	Payments During Last Fiscal Year ($)(5)
Ralph Izzo	Qualified Pension Plan(1)	25.69	2,825,000	
	Retirement Income Reinstatement Plan(2)	25.69	6,185,000	
	Supplemental Executive Retirement Plan(3)	30.69	5,000,000	
			14,010,000	
Daniel J. Cregg	Qualified Pension Plan(1)	26.17	1,546,000	
	Retirement Income Reinstatement Plan(2)	26.17	1,020,000	
	Supplemental Executive Retirement Plan			
			2,566,000	
Ralph A. LaRossa	Qualified Pension Plan(1)	32.50	1,272,000	
	Retirement Income Reinstatement Plan(2)	32.50	2,588,000	
	Supplemental Executive Retirement Plan	32.50	1,215,000	
			5,075,000	
William Levis	Qualified Pension Plan(1)	10.75	212,000	3,000
	Retirement Income Reinstatement Plan(2)	10.75	525,000	20,000
	Supplemental Executive Retirement Plan	10.75	3,816,000	143,000
			4,553,000	166,000
Tamara L. Linde	Qualified Pension Plan(1)	27.46	1,683,000	
	Retirement Income Reinstatement Plan(2)	27.46	1,266,000	
	Supplemental Executive Retirement Plan			
			2,949,000	
Derek DiRisio	Qualified Pension Plan(1)	26.30	1,510,000	
	Retirement Income Reinstatement Plan(2)	26.30	1,267,000	
	Supplemental Executive Retirement Plan			
			2,777,000	

(1) All NEOs participate in the Pension Plan. Additional information is provided below. Messrs. Izzo, Cregg, DiRisio and LaRossa and Ms. Linde participate in the Final Average Pay Component. Mr. Levis participates in the Cash Balance Component. Years shown reflect actual years of service.

(2) Years shown reflect actual years of service.

(3) Mr. Izzo receives five additional years of credited service, for the purpose of retirement benefit calculations under the Supplemental Plan in recognition of prior work experience. Years shown reflect the sum of actual years of service and years credited under the Supplemental Plan. The actuarial present value of accumulated benefits based on actual years of service for Mr. Izzo is $12,559,000 and the actuarial present value of accumulated benefits based on additional years of service for him is $1,451,000.

(4) Amounts shown represent the actuarial present value of accumulated benefit computed as of the same Pension Plan measurement date used for our financial statements for the year ended December 31, 2017, with these exceptions: (i) NEOs other than Mr. Levis were assumed to retire at the earliest date as of which they would be eligible to receive unreduced benefits; (ii) Mr. Levis' actual retirement date was used; and (iii) no pre-retirement termination, disability or death was assumed to occur. For a discussion of the valuation method and material assumptions applied in quantifying the present value, see Note 12 to the Consolidated Financial Statements included in our Form 10-K.

(5) This payment represents a 2017 distribution from the Cash Balance Component due to Mr. Levis retirement effective October 2, 2017.

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Qualified and Non-Qualified Pension Plans

All of our employees are eligible to participate in the Pension Plan in either the Final Average Pay Component or the Cash Balance Component, depending upon date of hire.

Final Average Pay Component

The Final Average Pay Component covers non-represented employees hired prior to January 1, 1996 and represented employees hired prior to January 1, 1997 and provides participants with a life annuity benefit at normal retirement (age 65) pursuant to a formula based upon (a) the participant's number of years of service and (b) the average of the participant's five or seven highest years of compensation up to the limit imposed by the IRC. We amended the Final Average Pay Component effective January 1, 2012, to change the benefit formula for non-represented participants. The effect of the change is to reduce projected pension payments. Under the new formula, the average of the participant's seven highest years of compensation up to the limit imposed by the IRC will be used rather than the average of the participant's five highest years of compensation.

A participant's benefit under the Final Average Pay Component is equal to A plus B:

A. The accrued benefit calculated under the five-year final average pay formula as of December 31, 2011, as follows:

(i) 1.3% of the lesser of 5-year final average earnings (determined as of December 31, 2011) or $24,600 times years of credited service (determined as of December 31, 2011) not exceeding 35 years;

(ii) 1.5% of the amount by which 5-year final average earnings (determined as of December 31, 2011) exceeds $24,600 times years of credited service not exceeding 35 years; and

(iii) 1.5% of 5-year final average earnings times years of credited service (determined as of December 31, 2011) in excess of 35 years.

B. The accrued benefit calculated under the seven-year final average pay formula, as follows:

(i) 1.3% of the lesser of 7-year final average earnings beginning on January 1, 2012 or $24,600 times years of credited service not exceeding 35 years less the number of years as of December 31, 2011;

(ii) 1.5% of the amount by which 7-year final average earnings beginning on January 1, 2012 exceeds $24,600 times years of credited service not exceeding 35 years less the number of years as of December 31, 2011; and

(iii) 1.5% of 7-year final average earnings times years of credited service in excess of 35 years less the number of years in excess of 35 years as of December 31, 2011.

An additional benefit equal to $4.00 per month (effective January 1, 2018, $5.00 per month for represented employees) for each year of credited service is payable until the retiree reaches age 65.

All active participants are fully vested in their Final Average Pay Component benefit. Benefits are payable on an unreduced basis (i) at age 65, (ii) at age 60, if the participant's age, plus years of service, equals or exceeds 80 or (iii) at age 55, if the participant has 25 or more years of service. Participants whose age, plus years of service, equals or exceeds 80, but who have not yet met the criteria in (ii) or (iii) may commence their Final Average Pay Component benefits on a reduced basis.

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Cash Balance Component

The Cash Balance Component covers non-represented employees hired or rehired after December 31, 1995 and represented employees hired after December 31, 1996 and provides each participant with a life annuity benefit at normal retirement (age 65) equal to the actuarial equivalent of a notional amount maintained for him/her. Participants are eligible for retirement under the Cash Balance Component upon the attainment of age 55 with five or more years of service. Participants' accounts are credited each year with a percentage of compensation, which is determined based on the participant's age plus years of service measured at year-end.

Sum of Age and Service	Percentage of Compensation Credited (%)
<30	2.00
30-39	2.50
40-49	3.25
50-59	4.25
60-69	5.50
70-79	7.00
80-89	9.00
90+	12.00

Each participant's notional amount grows each year with interest credits based on a 6.0% annual rate of interest. Participants become immediately fully vested in their Cash Balance Component benefit.

Reinstatement Plan

Certain management and highly compensated employees participate in a nonqualified excess benefit retirement plan, the Reinstatement Plan, designed to replace earned pension benefits as determined under the Pension Plan formula, but which cannot be paid from the Pension Plan as a result of the IRC mandated limits for qualified plans or the terms of the Pension Plan. The benefits payable under this plan mirror those of the Pension Plan described above except that the compensation considered in computing the benefit (i) will not be limited by qualified plan limits, (ii) will include any amounts that the participant deferred under deferred compensation plan, (iii) will include amounts earned under the SMICP (which are not considered under the Pension Plan), (iv) will be limited to 150% of average base salary for the applicable five or seven years for Final Average Pay Component participants and will be limited to 150% of base salary each year for Cash Balance Component participants and (v) will be offset by any benefits received by the participant under the Pension Plan (Final Average Pay Component or Cash Balance Component).

Supplemental Plan

Certain employees receive supplemental limited retirement and death benefits in a nonqualified plan, the Supplemental Plan. In addition, certain employees receive additional years of service for the purpose of retirement benefit calculations in recognition of prior allied work experience. However, we have determined, effective January 1, 2011, to no longer offer additional credited service to those who do not already have this benefit. Such benefits are paid from the Supplemental Plan. Benefits payable under the additional service provisions of the Supplemental Plan mirror those payable under the Reinstatement Plan, except that the additional years of service are considered in calculating the Supplemental Plan benefit amount. Any benefit payable under the Supplemental Plan is offset by benefits payable under the Pension Plan and the Reinstatement Plan.

Certain participants in the Supplemental Plan receive additional limited benefits. This portion of the Supplemental Plan provides a total target replacement income percentage equal to credited service for qualified pension plan calculation purposes, plus any applicable additional credited service, plus 30, to a maximum of 75%, of an average of covered compensation. Covered compensation used for determining limited benefits under the Supplemental Plan is the same as the covered compensation used under the Reinstatement Plan. The target replacement amount under the limited benefit portion of the Supplemental Plan is reduced by any pension benefits from any previous employers accrued and vested at the time of hire, by the participant's Social Security benefit at normal retirement age and by the pension benefits provided by each other PSEG retirement benefit plan (qualified plans and non-qualified plans). The additional limited benefits provision of the Supplemental Plan also provides a death benefit equal to 150% of base compensation if death occurs while the participant is actively employed. Participants designated for the additional limited benefit become entitled to this benefit only upon (a) retirement under the terms of the component of the Pension Plan in which they participate (Final Average Pay Component or Cash Balance Component), or (b) death.

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The change in the benefit formula under the qualified Final Average Pay Component from a five-year final average pay formula to a seven-year final average pay formula impacts the limited benefits under the Supplemental Plan. Accordingly, we amended the Supplemental Plan as of January 1, 2012 to reflect this change.

2017 NON-QUALIFIED DEFERRED COMPENSATION TABLE

The following table provides information regarding compensation deferred by the NEOs under our Deferred Compensation Plans.

Name		Executive Contributions in Last Fiscal Year (2017) ($)(1)	Registrant Contributions in Last Fiscal Year (2017) ($)	Aggregate Earnings in Last Fiscal Year (2017) ($)(2)	Aggregate Withdrawals/ Distributions (2017) ($)	Aggregate Balance at Last Fiscal Year End (2017) ($)(3)
Ralph Izzo	Deferred Compensation Plan	-	-	313,768	-	10,082,743
	Equity Deferral Plan	10,145,540	-	8,233,427	-	54,772,092
Daniel J. Cregg	Deferred Compensation Plan	436,480	-	48,336	-	751,193
	Equity Deferral Plan	122,732	-	134,397	-	1,321,423
Ralph A. LaRossa	Deferred Compensation Plan	-	-	-	-	-
	Equity Deferral Plan	559,733	-	1,185,815	-	6,933,134
William Levis	Deferred Compensation Plan	-	-	-	-	-
	Equity Deferral Plan	-	-	-	-	-
Tamara L. Linde	Deferred Compensation Plan	-	-	-	-	-
	Equity Deferral Plan	-	-	-	-	-
Derek DiRisio	Deferred Compensation Plan	-	-	-	-	-
	Equity Deferral Plan	-	-	-	-	-

(1) Amounts shown under Executive Contributions in Last Fiscal Year include, pursuant to the Deferred Compensation Plan, 2017 deferred salary and SMICP earned in 2017 and paid in 2018 and, pursuant to the Equity Deferral Plan, PSUs vested at December 31, 2017 and paid in 2018 and RSUs vested on January 1, 2017, as shown in the Option Exercises and Stock Vested During 2017 Table.

(2) Reflects earnings and change in value on amount in each individual's deferred compensation account.

(3) Includes amounts reported in the Summary Compensation Table in prior-year proxy statements for the Deferred Compensation Plan and/or the Equity Deferral Plan, respectively, as follows: Mr. Izzo $7,473,894 and $27,047,585; Mr. Cregg $697,630 and no equity deferral as the equity grant was made prior to becoming CFO; Mr. LaRossa equity deferral of $3,814,439

Deferred Compensation

Deferred Compensation Plan

Under the Deferred Compensation Plan, participants, including the NEOs, may elect to defer any portion of their cash compensation by making appropriate elections in the calendar year prior to the year in which the services giving rise to the compensation being deferred are rendered. A participant may change an election to defer compensation not later than the date that is the last date that an election to defer may be made.

At the same time he/she elects to defer compensation, the participant must make an election as to the timing and the form of distribution of that year's deferrals from his/her Deferred Compensation Plan account. For compensation deferred in 2011 and earlier years distribution may commence (a) on the thirtieth day after the date he/she terminates employment or, in the alternative, (b) on January 15th of any calendar year following termination of employment elected by him/her, but in any event no later than the later of (i) the January of the year following the year of his/her 70th birthday or (ii) the January following termination of employment. Notwithstanding the forgoing, however, for NEOs and other specified employees, distribution of his/her account may not occur earlier than six months following the date of his/her termination of service. Participants may elect to receive the distribution of their Deferred Compensation account in the form of one lump-sum payment, annual distributions over a five-year period or annual distributions over a 10-year period.

With respect to compensation deferred in 2012 and future years, participants may elect to commence distribution of a particular year's deferrals (a) six months following his/her termination of employment, or (b) a specified number of years following his/her termination from employment. Participants may elect to receive distribution of such deferrals under the Deferred Compensation Plan in the form of a lump-sum payment or annual distributions over a period of three to fifteen years.

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Under the scheduled future date distribution feature, participants may elect to receive a specific plan year's deferral balance on a specified date as early as three years after the beginning of the year in which the deferrals are made. Distributions are paid in a lump sum within 90 days from the date elected regardless of whether the participant is employed by us on the payment date.

Participants may change their distribution elections as to future year's deferrals. Participants may also make changes of their distribution elections with respect to prior years' deferrals provided that (a) any such new distribution election is made at least one year prior to the previously selected commencement date or (b) the new commencement date is at least five years later than the previously selected commencement date.

Amounts deferred under the Deferred Compensation Plan are credited with earnings based on (a) the performance of one or more of the pre-mixed lifestyle investment portfolio funds available to employees under our 401(k) plans (except the Company Stock Fund and the Fidelity Brokerage Link Account) or (b) at the rate of Prime plus 1/2%, capped at 120% of the applicable federal long-term rate, in such percentages as selected by the participant. A participant who fails to provide a designation of investment funds will accrue earnings on his/her account at the rate of Prime plus 1/2%, capped at 120% of the applicable federal long-term rate. A participant may change his/her investment election on a daily basis.

For 2017, the one-year rates of return as of December 31, 2017 for the funds offered as computed by the recordkeeper of the Deferred Compensation Plan were as follows:

Rates of Return			
Funds		**Target Retirement Funds**	
Stable Value	2.05%	Target Retirement Income	8.58%
Diversified Bond	3.52%	Target Retirement 2015	11.50%
Fidelity Intermediate Bond	2.32%	Target Retirement 2020	14.11%
Large Company Stock Index	21.74%	Target Retirement 2025	15.94%
Mid-Cap Index	19.20%	Target Retirement 2030	17.57%
Institutional Developed Markets Index	26.41%	Target Retirement 2035	19.14%
Small-Cap Index	16.19%	Target Retirement 2040	20.76%
Primary Money Market	0.77%	Target Retirement 2045	21.48%
Other		Target Retirement 2050	21.44%
Prime Plus 1/2%	3.21%	Target Retirement 2055	21.46%
		Target Retirement 2060	21.45%

Equity Deferral Plan

Participants in our Equity Deferral Plan may defer receipt of all or a portion of the shares of our Common Stock underlying future equity awards under the LTIP. Deferral elections must be made during an annual enrollment period prior to the date that services giving rise to the awards are performed. Deferral elections under the Equity Deferral Plan are irrevocable.

At the time a participant elects to defer he/she must make an election as to the timing of payment of the deferred shares. Distributions will be made in a lump sum. Distributions may commence (a) on a specified date occurring between the third anniversary and the fifteenth anniversary of the date that the shares otherwise would have been distributed to the participant (b) upon termination of employment, or (c) the earlier of (a) and (b). Notwithstanding the forgoing, however, for NEOs and other specified employees, distribution may not occur earlier than six months following the date of his/her termination of employment. Participants will receive shares on the applicable distribution date. We hold the deferred shares in a Rabbi Trust. The dividends attributable to the deferred shares are reinvested in Common Stock and distributed at the same time that the deferred shares are distributed to the participants. Participants are not permitted to direct the trustee of the Rabbi Trust to vote the deferred shares.

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POTENTIAL PAYMENTS UPON TERMINATION OF EMPLOYMENT OR CHANGE-IN-CONTROL

Termination without Cause

Mr. Izzo's severance agreement provides for certain benefits if he is terminated without "cause" (a willful failure to perform his duties) or resigns for "good reason" (a reduction in pay, position or authority) during the term of such agreement. He would be paid a benefit of two times base salary and target bonus, as well as a prorated payment of SMICP target incentive award for the year of termination. His welfare benefits would be continued for two years, unless he is sooner employed. Any unvested equity awards would be forfeited. The agreement provides that Mr. Izzo will be prohibited from competing with and from recruiting employees from us or our subsidiaries or affiliates, for certain periods after termination of employment. Violations of these provisions require a forfeiture of certain benefits.

Our Key Executive Severance Plan provides severance benefits to Messrs. Izzo, Cregg, LaRossa and DiRisio and Ms. Linde, and to certain of our other key executive-level employees whose employment is terminated without cause. Participants must agree to restrictive covenants including confidentiality, non-competition and non-solicitation. Termination for cause includes certain violations of our performance, behavioral and value expectations for executives.

Also under the Key Executive Severance Plan, Messrs. Cregg, LaRossa and DiRisio and Ms. Linde would be entitled to certain severance benefits in the event that their employment was terminated without cause other than in a change-in-control situation. In such event they would be entitled to 1.0 times their annual base salary plus their target bonus, as well as a prorated payment of their SMICP target incentive award for the year of termination and certain outplacement services, educational assistance, health care and life insurance coverage. The Key Executive Severance Plan further provides that any unvested equity awards would be accelerated or forfeited in accordance with the terms of the individual's grants under the LTIP and/or employment agreement.

If a termination without cause or for a reduction in force or reorganization had occurred on December 31, 2017, each of the NEOs would have received the following benefits as a lump sum payment:

Termination without Cause(1)	Izzo ($)	Cregg ($)	LaRossa(2) ($)	Linde ($)	DiRisio ($)
Severance	5,850,000	1,028,300	1,234,800	955,060	610,560
Pro Rata Bonus (SMICP)	1,625,000	440,700	529,200	393,260	228,960
Unvested Restricted Stock Units	-	-	-	-	-
Performance Share Unit Payout	-	-	-	-	-
Health/Welfare Benefits	40,081	18,375	16,151	21,411	15,634
Outplacement	25,000	25,000	25,000	25,000	25,000
Education Assistance	3,000	3,000	3,000	3,000	3,000
Aggregate Payments	**7,543,081**	**1,515,375**	**1,808,151**	**1,397,731**	**883,154**

(1) Mr. Levis is excluded from this table as he retired effective October 2, 2017.

(2) Does not include Mr. LaRossa's February 2018 retention award.

Change-In-Control

Under our Key Executive Severance Plan, if any of Messrs. Izzo, Cregg, LaRossa and DiRisio and Ms. Linde is terminated without cause or resigns his/her employment for good reason within two years after a change-in-control, the individual will receive (1) three times (two times for Messrs. Cregg and DiRisio and Ms. Linde) the sum of his/her salary and target incentive bonus, (2) a pro rata bonus based on his/her target annual incentive compensation, (3) accelerated vesting of equity-based awards, except for PSUs, which vest pro rata, based on target, (4) a lump sum payment equal to the actuarial equivalent of his/her benefits under all of our retirement plans in which the individual participates calculated as though he/she remained employed for three years (two years for Messrs. Cregg and DiRisio and Ms. Linde) beyond the date employment is terminated less the actuarial equivalent of such benefits on the date employment terminates (reported in the table below as Enhanced Retirement Benefit for pension-related amount and as Retiree Medical Increase for amount due for retiree medical benefits), (5) three years (two years for Messrs. Cregg and DiRisio and Ms. Linde) continued welfare benefits, (6) one year of PSEG-paid outplacement services and (7) vesting of any compensation previously deferred. Payments are limited to an amount that would not give rise to an excise tax liability under applicable IRS provisions, currently 2.99 times the individual's average W-2 compensation for the period. Amounts above that limit are forfeited. Potential payments are shown in the Change-in-Control Termination Table.

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If a termination without cause or resignation with good reason had occurred on December 31, 2017 following a change-in-control, each of the NEOs would have received the following benefits:

Change-in-Control Termination(1)	Izzo ($)	Cregg ($)	LaRossa(2) ($)	Linde ($)	DiRisio ($)
Severance	8,775,000	2,056,600	3,704,400	1,910,120	1,221,120
Pro Rata Bonus (SMICP)	1,625,000	440,700	529,200	393,260	228,960
Unvested and Vested Restricted Stock Units(3)	138,449	20,939	28,699	20,989	636,767
Performance Share Unit Payout	5,093,627	688,173	964,737	688,173	314,912
Enhanced Retirement Benefit	-	1,390,000	2,261,000	1,583,000	1,491,000
Retiree Medical Increase	208,000	-	-	-	-
Health/Welfare Benefits	69,816	39,708	62,196	55,501	40,430
Outplacement	25,000	25,000	25,000	25,000	25,000
Parachute Payments Forfeited	(574,277)	(3,076,563)	(1,327,214)	(2,108,372)	(1,040,165)
Aggregate Payments	**15,360,615**	**1,584,557**	**6,248,018**	**2,567,671**	**2,918,024**

(1) Mr. Levis is excluded from this table as he retired effective October 2, 2017

(2) Does not include Mr. LaRossa's February 2018 retention award.

(3) All annually granted RSUs for retirement eligible NEOs, Messrs. Izzo, Cregg and LaRossa and Ms. Linde, were vested at December 31, 2017. Amounts shown for them represent the present value of the accelerated payout at December 31, 2017. All of Mr. DiRisio's RSUs are unvested as he was not retirement eligible in 2017.

No NEO would be eligible for any payments under the Key Executive Severance Plan, either prior to or following a change-in-control, if he/she voluntarily terminated his/her employment (other than for "good reason" as described above under Termination Without Cause) or if his/her employment were terminated by us for "cause."

If a NEO were to retire or his/her employment were terminated on account of death or disability, the Key Executive Severance Plan provides that such participant would be entitled to accrued pay through the date of termination and prorated payment of his/her target incentive award for the year of termination.

Change-in-control provisions under the Key Executive Severance Plan generally mean the occurrence of any of the following events:

- Any person is or becomes the beneficial owner of our securities representing 25% or more of the combined voting power of our then outstanding securities; or
- A majority of the Board is replaced without approval of the current Board; or
- There is consummated a merger or consolidation of us, other than a merger or consolidation which would result in our voting securities outstanding immediately prior to such merger continuing to represent at least 75% of the combined voting power of the securities of us or such surviving entity immediately after such merger or consolidation; or
- Our stockholders approve a plan of complete liquidation or dissolution of us or there is consummated an agreement for the sale or disposition by us of all or substantially all of our assets.

For additional information regarding the provisions of LTIP awards, see Material Factors Concerning Awards Shown in Summary Compensation Table, Grants of Plan-Based Awards Table and Employment Agreements.

PAY RATIO

We have calculated the ratio of our CEO's compensation to that of our median employee. In doing so, we reviewed a comparison of our CEO's annual total compensation for 2017 to that of all other employees in 2017, using the same methodology and elements of compensation as we used in determining the total compensation shown for our CEO in the Summary Compensation Table that appears on page 66. Our calculation includes all employees as of December 31, 2017 and the median employee was determined using internal payroll records of income reported on IRS Form W-2, which is a consistently applied compensation measure, as provided by the applicable SEC provisions. We believe that the pay ratio shown below is a reasonable estimate calculated in a manner consistent with those provisions. We note that our calculation does not include all elements of our employee compensation package, such as health insurances and other benefits generally applicable to all employees.

For 2017, for purposes of this pay ratio disclosure, the compensation of our median employee was $132,480 and the compensation of our CEO was $10,621,115. The ratio of CEO to median employee pay was approximately 80:1.

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The Audit Committee of the Board, each member of which is independent, has appointed Deloitte & Touche LLP of Parsippany, NJ, as independent auditor to make the annual audit of our books of account and supporting records for 2018, subject to the ratification of the stockholders at the Annual Meeting. The responsibilities of the independent auditor include performing an audit of, and expressing an opinion on, our financial statements and internal control over financial reporting as well as discussing with the Audit Committee any matters deemed appropriate. Deloitte & Touche LLP (or its predecessors) has performed the annual audit of the books of account of PSEG (and its predecessors) since 1934. The members of the Audit Committee and the Board believe that the continued retention of Deloitte & Touche LLP is in the best interests of the Company. We believe our company derives many benefits from the long-term relationship, including:

- Enhanced audit quality due to a deep understanding of our business, accounting policy and practices and internal controls,
- Efficient fee structures due to experience and a familiarity with our company and industry expertise; and
- Avoidance of significant costs, disruptions and distractions that would be associated with engaging a new independent auditor.

As recommended by the Board, we ask you to ratify this appointment.

Representatives of Deloitte & Touche LLP will be present at the Annual Meeting and will be afforded an opportunity to make a statement if they so desire and to respond to appropriate questions.

Vote required: An affirmative vote requires a majority of the votes cast in person or by proxy, excluding abstentions and shares withheld of for which no instructions are given and not voted.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THIS PROPOSAL.

OVERSIGHT OF THE INDEPENDENT AUDITOR

The appointment, termination, compensation and oversight of the quality of the work of the Independent Registered Public Accountants, Deloitte & Touche LLP, our independent auditor, is the direct responsibility of the Audit Committee of our Board, which reviews its independence, the services provided and its fees, the selection of the lead engagement partner, as well as Public Company Accounting Oversight Board and peer review reports of its performance. The Audit Committee meets with the independent auditors and discusses the audit and as necessary any issues that may be encountered in connection with the audit. Additional information about the Audit Committee appears above in Proposal 1 Election of Directors-Board Committee Responsibilities on page 15.

The Audit Committee annually reviews the independence and performance of Deloitte & Touche LLP in connection with the Committee's determination as to whether to retain that firm or engage another as our independent auditor. Among other things, it considers various safeguards for auditor independence, including regulatory requirements and limits on non-audit services. Under applicable accounting requirements, there is a mandatory rotation of the lead engagement partner every five years. The current lead engagement partner was appointed in 2013. A successor has been appointed effective for the 2018 audit. In evaluating Deloitte & Touche, LLP, the Committee considers, among other things:

- Quality of work and performance, both recent and historical;
- Professional qualifications, capabilities and expertise;
- Level and appropriateness of fees;
- Independence;
- Experience with and knowledge of the Company and industry; and
- The impact that changing the independent auditor might have.

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Pre-Approval of Services

Annually, in accordance with the Audit Committee Charter, the Audit Committee pre-approves all audit and non-audit services provided by the independent auditor. The Audit Committee reviews, in detail, the particular services in each of the Audit, Audit-Related, Tax and All Other categories that the independent auditor will perform subject to predetermined limits set by the Audit Committee for each category of service. The annual pre-approval of services and predetermined limits is documented in a Committee resolution.

During the year, circumstances may arise when it becomes necessary to engage the independent registered public accountants for additional services not contemplated in the annual Committee resolution. For those instances, the Chairman of the Committee has been authorized by the Audit Committee to approve Audit, Audit-Related, Tax and All Other in excess of the amounts and different from the types of service authorized in the Committee resolution, as well as the scope and amount of services with regard to the annual audit that may be necessary or advisable provided that any such authorizations are reported to the Audit Committee at the next meeting following such authorization.

Fees Billed by Deloitte & Touche LLP for 2017 and 2016

The fees billed by Deloitte & Touche LLP are negotiated by management under the direction of the CFO, with the oversight and ultimate approval of the Audit Committee. The table below shows the fees paid to Deloitte and Touche LLP for Audit, Audit-Related, Tax and All Other services during or in connection with 2017 and 2016, all of which were approved, as described above.

	Years ended December 31,	
Description of Professional Service	2017 ($)	2016 ($)
Audit Fees – The audit fees were incurred for audits of our annual consolidated financial statements and those of our subsidiaries, including our Annual Reports on Form 10-K, reviews of financial statements included in our quarterly reports on Form 10-Q and for services rendered in connection with certain financing transactions, statutory and regulatory filings and fees for accounting consultations related to the application of new accounting standards and rules.	6,758,700	7,011,000
Audit Related Fees – The audit related fees primarily related to performing certain attest services.	-	223,351
Tax Fees – The tax fees relate to tax compliance and tax advice for 2016 preparation of various state and foreign corporate returns and assistance with filing tax refund claims.	94,188	70,405
All Other Fees	-	-

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AUDIT COMMITTEE REPORT

The Audit Committee of the PSEG Board of Directors is comprised solely of independent directors. It operates under a written charter adopted by the PSEG Board of Directors which is posted on PSEG's website, www.pseg.com/info/investors/governance/committees.jsp. The Audit Committee Charter is annually reviewed and assessed for adequacy by the PSEG Audit Committee.

Management is responsible for PSEG's financial statements and internal controls. The independent auditor of PSEG, Deloitte & Touche LLP, reports directly to the PSEG Audit Committee and is responsible for performing an independent audit of PSEG's annual consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (PCAOB) (U.S.) and on PSEG's internal controls and for issuing reports thereon. The Audit Committee's overall responsibility is to assist the PSEG Board of Directors in overseeing the quality and integrity of the accounting, auditing and financial reporting practices.

Management has represented to the Audit Committee that PSEG's Consolidated Financial Statements were prepared in accordance with generally accepted accounting principles (GAAP) in the United States. In performance of its responsibilities, the Audit Committee has reviewed PSEG's Consolidated Financial Statements for the year ended December 31, 2017 and discussed these financial statements with management, the internal auditors and the independent auditor.

The Committee periodically meets in executive session with the independent auditor, the Vice President-Internal Audit, the Chief Financial Officer, the General Counsel and the Chief Compliance Officer. At all of its meetings (except those held telephonically) the Audit Committee meets in executive session with only Audit Committee members present. The Audit Committee discussed with the independent auditor:

- PSEG's critical accounting policies;
- New accounting standards and policies affecting PSEG;
- That there were no disagreements with management over the application of GAAP;
- Significant accounting estimates made by management and the disclosures in the financial statements;
- Accounting and reporting for significant transactions; and
- The other matters required to be discussed as described in PCAOB Auditing Standards No. 16 Communications with Audit Committees, which relate to the audit, financial statements, significant risks and critical accounting estimates, among others.

The independent auditor also provided to the Audit Committee the written disclosures required by the PCAOB's standards in PCAOB Rule 3526, Communication with Audit Committee Concerning Independence, and current Securities and Exchange Commission (SEC) requirements for auditor independence. The Audit Committee discussed with the independent auditor the firm's independence with respect to PSEG, internal quality control procedures, and any material issues raised and any steps taken to deal with such issues by the most recent internal quality control review or by any review, inquiry or investigation by governmental or professional authorities within the preceding five years, with respect to one or more independent audits carried out by the firm. The Audit Committee has also reviewed the requirements of the Sarbanes-Oxley Act of 2002 with respect to auditor independence and has defined the amount and scope of services that may be performed by Deloitte & Touche LLP consistent with maintaining that firm's independence. The Audit Committee requires that all services of Deloitte & Touche LLP be pre-approved by the Audit Committee or the Audit Committee Chair. The Audit Committee has considered whether the independent auditor's provision of non-audit services to PSEG and the total fees paid for non-audit services relative to fees paid for audit services are compatible with maintaining the independent auditor's independence. On the basis of its review, the Audit Committee determined that the independent auditor has the requisite independence.

Based on the Audit Committee's discussions with management, the internal auditors and the independent auditor, the Audit Committee's review of the audited financial statements, the representations of management to the independent auditor regarding the audited financial statements and the independent auditor's report to the Audit Committee, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in PSEG's Annual Report on Form 10-K for the fiscal year ended December 31, 2017, for filing with the SEC.

Members of the Audit Committee:

Susan Tomasky, Chair	David Lilley
Willie A. Deese	Thomas A. Renyi
Albert R. Gamper, Jr.	Hak Cheol (H.C.) Shin

February 19, 2018

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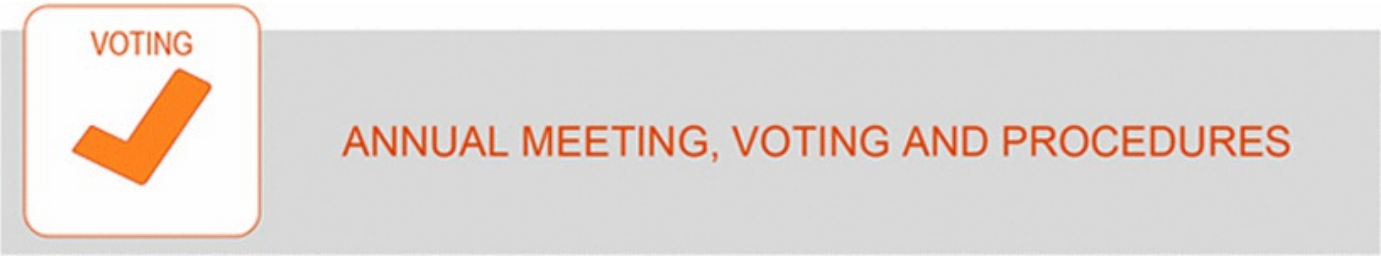

Proxy Statement

This Proxy Statement is provided by us on behalf of the Board. A "proxy" is a person you have legally designated to vote the stock you own. We are asking you to designate as proxies the individuals named by us on the proxy card, voting instruction form or electronic instruction associated with this Proxy Statement to vote at the 2018 Annual Meeting of Stockholders scheduled to be held on April 17, 2018 and at all adjournments or postponements of that meeting. For instructions on how to vote, please see Proxy Card and Voting of Shares section below.

The mailing address of our principal executive offices is 80 Park Plaza, Newark, NJ 07102, telephone (973) 430-7000. Our Internet website is www.pseg.com.

Annual Report on Form 10-K

We have provided without charge to each person solicited by means of this Proxy Statement a copy of our Form 10-K for 2017, which has been filed with the SEC, including a list briefly describing the related exhibits. You may request copies of the exhibits by writing to: Vice President-Investor Relations, Public Service Enterprise Group Incorporated, 80 Park Plaza, T6B, Newark, NJ 07102. The Form 10-K is also available on our website http://investor.pseg.com/sec-filings.

Delivery of Documents and Internet Availability

We use several different methods to deliver the proxy statement and voting materials to you, including the U.S. Mail and the Internet. Each stockholder receives his or her own proxy card, voting instruction form or electronic instructions for voting. For detailed information on how to vote, see Proxy Card and Voting of Shares below.

One Copy per Household

We have sent only a single copy of our Annual Report to Stockholders, including our Form 10-K, and Proxy Statement, to any household with two or more stockholders having the same last name and address unless one of the stockholders has requested individual copies. This "householding" saves our company printing and delivery costs. If you share an address with another stockholder and receive only a single copy of one of those documents, you may request an additional copy or delivery of a separate copy in the future by writing to the above address or contacting us at (973) 430-6566.

Electronic Delivery

Stockholders may choose to no longer receive printed copies of our Annual Report, Form 10-K and Proxy Statement and instead receive and view them electronically over the internet. If you would like to receive these documents, as well as other stockholder communications and materials, electronically in the future and save us the cost of printing and mailing them to you, you may do so by following the instructions at the websites shown on page i, under Electronic Delivery. If your shares are held in the name of a bank or broker, please follow that organization's instructions for electronic delivery. You may also follow the instructions provided for future electronic delivery if you vote via the Internet.

If you receive our future Proxy Statements, Annual Reports and Forms 10-K electronically over the Internet, you will receive each year an e-mail message containing the Internet address to access these documents. The e-mail will also include instructions for voting via the Internet as you will not receive a separate proxy card.

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Annual Meeting

This year we will be holding our Annual Meeting at the Newark Museum, in Newark, NJ. Please note the address, 49 Washington Street, Newark, NJ 07102.

Attendance

Our Annual Meeting will be held on Tuesday, April 17, 2018 at 1:00 PM, at the Newark Museum, 49 Washington Street in Newark, NJ.

- You have the right to attend the Annual Meeting if you are a stockholder of record, beneficial owner whose shares are held of record by a bank or broker, or a participant in one of the plans noted below.
- We request that if you plan to attend the Annual Meeting, you should so indicate on the proxy card or voting instruction form or when voting your shares telephonically or electronically.
- Please bring with you evidence that you are a stockholder.
- We have included transportation information and a map in this Proxy Statement.

Holders of record of the 504,764,707 shares of Common Stock outstanding on February 16, 2018 will have one vote per share. A quorum will consist of the holders of Common Stock entitled to cast a majority of the votes at the Annual Meeting, present in person or represented by proxy. All votes cast by proxy or in person will be counted. Abstentions and broker non-votes will not be counted, except for the purpose of establishing a quorum. All votes will be tabulated by an independent inspector of elections.

Election of directors under Proposal 1 is subject to our majority vote requirement described above. The say-on-pay vote presented in Proposal 2 is advisory and non-binding, whether or not approved by a majority of the votes cast. A majority of the votes cast is needed for ratification of the appointment of the auditor under Proposal 3. In tallying the vote on each proposal, we exclude abstentions and shares withheld or except as provided by applicable provisions, as discussed below, for which no instructions are given.

Proxy Card and Voting of Shares: How to Vote

Stockholders of Record

Every vote is important. We urge you to vote whether or not you plan to attend the Annual Meeting. You may specify your choices by marking the appropriate boxes on the enclosed proxy card. Once done, kindly sign, date and return the accompanying proxy card, or you may vote your proxy using the toll-free telephone number listed on the proxy card or via the Internet at the electronic address provided on page iii and also listed on the proxy card. When a proxy card is returned properly dated and signed, or properly voted telephonically or electronically, the shares represented by the proxy will be voted by the persons named as proxies in accordance with the voting stockholder's directions. If you are a stockholder of record, your shares will not be voted unless you provide a proxy by return mail, telephonically or electronically or vote in person at the Annual Meeting.

Shares Held in Plans

- ***Enterprise Direct***: The proxy card includes any shares registered in the names shown on the proxy in Enterprise Direct (our dividend reinvestment and stock purchase plan). If a proxy card is dated, signed and returned without specifying choices, the shares will be voted as recommended by the Board. If you vote telephonically or electronically, you should follow the directions given during the call or on the computer screen. If no instructions are received from you with respect to any shares held in Enterprise Direct, the administrator of the plan will vote those shares in accordance with the recommendations of the Board.
- ***PSEG Employee Stock Purchase Plan (ESPP)***: If you are a participant in the ESPP, you will receive a separate voting instruction form from the administrator of the plan. If no instructions are received from you with respect to any shares held in the ESPP, the administrator of the plan may vote those shares in accordance with the recommendations of the Board.
- ***PSEG Employee Benefit Plans:*** If you are a participant in the Thrift and Tax-Deferred Savings Plan or the Employee Savings Plan of PSEG (PSEG Savings Plans) or either of the two Incentive Thrift Plans (Incentive Thrift Plans) of Long Island Electric Utility Servco LLC, a subsidiary of PSEG LI, you will receive a separate proxy card from the respective plan's trustee for shares that have been allocated to your accounts. The trustee will vote the shares of Common Stock beneficially owned by you under the respective plan in accordance with your instructions. If no instructions are received with respect to the PSEG Savings Plans, the shares will not be voted. If no instructions are received with respect to the Incentive Thrift Plans, the

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respective trustee will vote your shares in the same proportion as those shares as to which it receives instructions from other participants in the plan in which you participate.

Shares Held by Banks or Brokers

- If your shares are held in the name of a bank or broker, you should follow the voting directions on the instruction form received from your bank or broker. For such shares, while the availability of telephone or Internet voting will depend on the processes of your bank or broker, we believe that most will make such voting methods available. In accordance with the rules of the NYSE, if no instructions are received from you by a bank or broker with respect to such shares, the bank or broker may use its discretion to vote your shares that are held by it only in regard to Proposal 3, Ratification of the Appointment of Independent Auditor and the shares will not be voted on the other proposals presented in this Proxy Statement.

Revoking a Proxy

You may revoke a proxy given in the form of the card which accompanies this Proxy Statement or a vote made telephonically or electronically. However, by law, your presence at the Annual Meeting will not revoke a proxy you have given unless you file a written notice of such revocation with the Secretary of PSEG prior to the voting of the proxies at the Annual Meeting or you vote the shares subject to the proxy by written ballot. The Secretary's mailing address is: Corporate Secretary, Public Service Enterprise Group Incorporated, 80 Park Plaza, T4B, Newark, NJ 07102.

Solicitation

The cost of soliciting proxies in the form accompanying this Proxy Statement will be borne by us. In addition to solicitation by mail, proxies may be solicited by our directors, officers and employees, none of whom will be directly compensated for such services, in person or by telephone, electronically or by facsimile. We have also retained Morrow Sodali to assist in the distribution and solicitation of proxies from brokers, bank nominees, other institutional holders and certain large individual holders. The anticipated cost of such services to us is approximately $25,000 plus reimbursement of expenses.

Date for Submission of Stockholder Proposals

In accordance with SEC rules, stockholders may submit proposals intended for inclusion in the Proxy Statement in connection with our 2019 Annual Meeting of Stockholders. Such proposals should be sent to: Corporate Secretary, Public Service Enterprise Group Incorporated, 80 Park Plaza, T4B, Newark, NJ 07102 and must be received by November 13, 2018.

Proxy Voting Authority

If any matters not described in this Proxy Statement are properly presented at the Annual Meeting, the persons named in the enclosed proxy card or their substitutes will vote proxies so given in respect of any such matters in accordance with their best judgment. As of the date of this Proxy Statement, the Board and management did not know of any other matters which might be presented for stockholder action at the Annual Meeting.

If we are not notified by January 17, 2019 of any proposal intended to be presented for consideration at the 2019 Annual Meeting of Stockholders, then the persons named by us shall have discretionary voting authority with respect to such proposal if presented at that Annual Meeting.

Voting Tabulation Results

Proxies and ballots will be received and tabulated by an independent inspector of elections. We will announce preliminary voting results at the Annual Meeting. We will disclose the final voting results in a Current Report on Form 8-K to be filed with the SEC on or before April 23, 2018. The Form 8-K will be available on our website at http://investor.pseg.com/sec-filings and on the SEC's website at www.sec.gov.

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APPENDIX A

Operating Earnings (non-GAAP) Reconciliations

Public Service Enterprise Group Incorporated					
	Year Ended December 31,				
	2017	2016	2015	2014	2013
Reconciling Items	($ millions, Unaudited)				
Net Income	**$ 1,574**	**$ 887**	**$ 1,679**	**$ 1,518**	**$ 1,243**
(Gain) Loss on Nuclear Decommissioning Trust (NDT) Fund Related Activity, pre-tax (PSEG Power)	(133)	(5)	(24)	(138)	(86)
(Gain) Loss on Mark-to-Market (MTM), pre-tax[a] (PSEG Power)	167	168	(157)	(111)	125
Storm O&M, net of insurance recoveries, pre-tax (PSEG Power)	-	-	(172)	27	54
Hudson/Mercer Early Retirement, pre-tax (PSEG Power)	975	669	-	-	-
Lease Related Activity, pre-tax (PSEG Enterprise/Other)	77	147	-	-	-
Income Taxes related to Operating Earnings (non-GAAP) reconciling items, excluding Tax Reform[b]	(427)	(391)	150	104	(27)
Tax Reform	(745)	-	-	-	-
Operating Earnings (non-GAAP)	**$ 1,488**	**$ 1,475**	**$ 1,476**	**$ 1,400**	**$ 1,309**
Fully Diluted Average Shares Outstanding (in millions)	**507**	**508**	**508**	**508**	**508**
	($ Per Share Impact – Diluted, Unaudited)				
Net Income	**$ 3.10**	**$ 1.75**	**$ 3.30**	**$ 2.99**	**$ 2.45**
(Gain) Loss on NDT Fund Related Activity, pre-tax (PSEG Power)	(0.26)	(0.01)	(0.05)	(0.27)	(0.17)
(Gain) Loss on MTM, pre-tax[a] (PSEG Power)	0.33	0.33	(0.31)	(0.22)	0.25
Storm O&M, net of insurance recoveries, pre-tax (PSEG Power)	-	-	(0.34)	0.05	0.11
Hudson/Mercer Early Retirement, pre-tax (PSEG Power)	1.92	1.32	-	-	-
Lease Related Activity, pre-tax (PSEG Enterprise/Other)	0.15	0.29	-	-	-
Income Taxes related to Operating Earnings (non-GAAP) reconciling items, excluding Tax Reform[b]	(0.84)	(0.78)	0.31	0.21	(0.06)
Tax Reform	(1.47)	-	-	-	-
Operating Earnings (non-GAAP)	**$ 2.93**	**$ 2.90**	**$ 2.91**	**$ 2.76**	**$ 2.58**

(a) Includes the financial impact from positions with forward delivery months.

(b) Income tax effect calculated at 40.85% statutory rate, except for lease related activity which is calculated at a combined leveraged lease effective tax rate and NDT related activity which is calculated at the 40.85% statutory rate plus a 20% tax on income (losses) from qualified NDT funds.

PSE&G					
	Year Ended December 31,				
	2017	2016	2015	2014	2013
Reconciling Items	($ millions, Unaudited)				
Net Income	**$ 973**	**$ 889**	**$ 787**	**$ 725**	**$ 612**
Tax Reform	(10)	-	-	-	-
Operating Earnings (non-GAAP)	**$ 963**	**$ 889**	**$ 787**	**$ 725**	**$ 612**

PSEG Power LLC					
	Year Ended December 31,				
	2017	2016	2015	2014	2013
Reconciling Items	($ millions, Unaudited)				
Net Income	**$ 479**	**$ 18**	**$ 856**	**$ 760**	**$ 644**
(Gain) Loss on Nuclear Decommissioning Trust (NDT) Fund Related Activity, pre-tax (PSEG Power)	(133)	(5)	(24)	(138)	(86)
(Gain) Loss on Mark-to-Market (MTM), pre-tax[a] (PSEG Power)	167	168	(157)	(111)	125
Storm O&M, net of insurance recoveries, pre-tax (PSEG Power)	-	-	(172)	27	54
Hudson/Mercer Early Retirement, pre-tax (PSEG Power)	975	669	-	-	-
Income Taxes related to Operating Earnings (non-GAAP) reconciling items, excluding Tax Reform[b]	(395)	(336)	150	104	(27)
Tax Reform	(588)	-	-	-	-
Operating Earnings (non-GAAP)	**$ 505**	**$ 514**	**$ 653**	**$ 642**	**$ 710**

(a) Includes the financial impact from positions with forward delivery months.

(b) Income tax effect calculated at 40.85% statutory rate, except for NDT related activity which is calculated at the 40.85% statutory rate plus a 20% tax on income (losses) from qualified NDT funds.

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Appendix A: Reconcilations

PSEG Enterprise/Other					
	Year Ended December 31,				
	2017	2016	2015	2014	2013
Reconciling Items	($ millions, Unaudited)				
Net Income (Loss)	**$ 122**	**$ (20)**	**$ 36**	**$ 33**	**$ (13)**
Lease Related Activity, pre-tax (PSEG Enterprise/Other)	77	147	-	-	-
Income Taxes related to Operating Earnings (non-GAAP) reconciling items, excluding Tax Reform[(a)]	(32)	(55)	-	-	-
Tax Reform	(147)	-	-	-	-
Operating Earnings (non-GAAP)	**$ 20**	**$ 72**	**$ 36**	**$ 33**	**$ (13)**

(a) Income tax effect calculated at a combined leveraged lease effective tax rate.

Management uses non-GAAP Operating Earnings in its internal analysis, and in communications with investors and analysts, as a consistent measure for comparing PSEG's financial performance to previous financial results. Non-GAAP Operating Earnings exclude the impact of returns (losses) associated with the Nuclear Decommissioning Trust (NDT), Mark-to-Market (MTM) accounting and material one-time items. The presentation of non-GAAP Operating Earnings is intended to complement, and should not be considered an alternative to, the presentation of Net Income, which is an indicator of financial performance determined in accordance with GAAP. In addition, non-GAAP Operating Earnings as presented in the tables above may not be comparable to similarly titled measures used by other companies.

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ATTENDING ?

MAP, DIRECTIONS AND TRANSPORTATION

Please note the **location** for this year's annual meeting of stockholders. The meeting will take place at:

Newark Museum
49 Washington Street,
Newark, NJ
and begins at 1:00 PM
on Tuesday, April 17, 2018

The **Newark Museum** in Newark, NJ is in close proximity to all major highways. You may obtain driving directions and public transportation information by calling **973-596-6550** or on the www.newarkmuseum.org Web site.

Arrangements have been made to provide **free valet parking** at the **Newark Museum.**

Please note: Large bags and backpacks must be left at the museum coat check.

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PSEG
We make things work for you.

PSEG VISION People providing safe, reliable, economic and greener energy.

Achievements

ENVIRONMENT AND SUSTAINABILITY

- Dow Jones Sustainability North America Index for the past 10 years
- Utility of the Year by SEPA (Smart Electric Power Alliance) – Solar 4 All
- Commitment to energy efficiency initiatives
- Largest estuary enhancement program in the world

DIVERSITY AND INCLUSION

- HISPA (Hispanic Inspiring Students' Performance and Achievements) Transform Award
- Perfect score on Corporate Equality Index of Human Rights Campaign Foundation
- Recognized for diversity by 2020 Women on Boards
- Encouraging engagement through Employee Business Resource Groups

COMMUNITIES AND THE ECONOMY

- March of Dimes Corporate Hero
- Named an Approved Employer by STEM Jobs
- United Way Corporate Champion
- Employing approximately 13,000 people
- Major contributor to New Jersey's economy

EMPLOYEES

- One of America's Best Employers by Forbes magazine
- Named to Fortune Magazine's list of the World's Most Admired Companies
- Top 100 Military-Friendly Employer
- Leadership Excellence Award by HR.com for employee development
- Honored for coaching and mentoring by Association for Talent Development

CUSTOMER SERVICE

- Mid-Atlantic ReliabilityOne Award winner for the past 16 years
- Investing to upgrade and strengthen our electric and gas systems

Commitments

SAFETY We put safety first.
CONTINUOUS IMPROVEMENT We aspire to achieve excellence.
CUSTOMER SERVICE We keep customers at the heart of everything we do.
DIVERSITY We treat all individuals and our communities with dignity and respect.
INTEGRITY We do what's right.

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EQ Shareowner Services
P.O. Box 64945
St. Paul, MN 55164-0945

Address Change? Mark box, sign, and indicate changes below: ☐

TO VOTE BY INTERNET OR TELEPHONE, SEE REVERSE SIDE OF THIS PROXY CARD.

TO VOTE BY MAIL AS THE BOARD OF DIRECTORS RECOMMENDS ON ALL ITEMS BELOW, SIMPLY SIGN, DATE, AND RETURN THIS PROXY CARD.

The Board of Directors Recommends a Vote "FOR" Items 1, 2 and 3.

1. ELECTION OF DIRECTORS:

		FOR	AGAINST	ABSTAIN			FOR	AGAINST	ABSTAIN
1.1	Willie A. Deese	☐	☐	☐	**1.7**	Thomas A.Renyi	☐	☐	☐
1.2	William V. Hickey	☐	☐	☐	**1.8**	Hak Cheol (H.C.) Shin	☐	☐	☐

Please fold here – Do not separate

1.3	Ralph Izzo	☐	☐	☐	**1.9**	Richard J. Swift	☐	☐	☐
1.4	Shirley Ann Jackson	☐	☐	☐	**1.10**	Susan Tomasky	☐	☐	☐
1.5	David Lilley	☐	☐	☐	**1.11**	Alfred W. Zollar	☐	☐	☐
1.6	Barry H. Ostrowsky	☐	☐	☐					

2.	Advisory vote on the approval of executive compensation	☐ For	☐ Against	☐ Abstain
3.	Ratification of the appointment of Deloitte & Touche LLP as Independent Auditor for the year 2018	☐ For	☐ Against	☐ Abstain

THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED AS DIRECTED OR, IF NO DIRECTION IS GIVEN, WILL BE VOTED AS THE BOARD RECOMMENDS.

Please indicate if you plan to attend the Annual Meeting by marking this box. ☐

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Date _____

Signature(s) in Box

Please sign exactly as your name(s) appears on Proxy. If held in joint tenancy, all persons should sign. Trustees, administrators, etc., should include title and authority. Corporations should provide full name of corporation and title of authorized officer signing the Proxy.

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Public Service Enterprise Group Incorporated
2018 Annual Meeting of Stockholders

Newark Museum
49 Washington Street, Newark, New Jersey

April 17, 2018 at 1:00 P.M.

(Registration Begins at 12:00 P.M. Light refreshments will be available.)

For wheelchair and hearing-impaired seating, please see host/hostess for assistance.

You should present evidence that you are a stockholder in order to gain admittance to the meeting. If shares are held in the name of a broker, trustee, bank or other nominee, you should bring with you a proxy or letter from the broker, trustee, bank or nominee confirming your beneficial ownership of the shares. Each stockholder may be asked to present valid picture identification, such as a driver's license. Cameras, recording devices and other electronic devices will not be permitted at the meeting.

THANK YOU FOR VOTING

For electronic delivery of future proxy materials, please visit www.proxyconsent.com/peg.

Important notice regarding the Internet availability of proxy materials for the Annual Meeting of Stockholders
The Proxy Statement and the 2017 Annual Report to Stockholders are available at:
http://www.ezodproxy.com/pseg/2018/ar

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
PROXY FOR ANNUAL MEETING OF STOCKHOLDERS
April 17, 2018

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS OF PSEG

The undersigned hereby appoints **Shirley Ann Jackson, Ralph Izzo and Richard J. Swift**, and each or any of them, proxies of the undersigned, each with full power of substitution, to vote in their discretion (subject to any directions indicated on the reverse side of this proxy) at the Annual Meeting of Stockholders of Public Service Enterprise Group Incorporated (PSEG) to be held on April 17, 2018 and at all adjournments or postponements thereof, upon all matters which may come before the meeting or any adjournment or postponement, including the proposals set forth in the Notice of Meeting and Proxy Statement, receipt of which is hereby acknowledged. Said proxies are instructed to vote as set forth on the reverse side hereof with respect to said proposals.

Shares represented by this proxy will be voted in accordance with recommendations of the Board of Directors of PSEG as stated on the reverse side, unless otherwise indicated on the reverse, in which case they will be voted as marked. Information pertaining to each proposal is included in the Proxy Statement under proposals corresponding to the item numbers set forth on the reverse side.

If you have not voted by telephone or the Internet, please mark your proxy on the reverse side, sign and date it, and return it promptly in the envelope provided.

Vote by Internet, Telephone or Mail
24 Hours a Day, 7 Days a Week

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Your phone or Internet vote authorizes the named proxies to vote your shares
in the same manner as if you marked, signed, dated and returned your proxy card.

INTERNET/MOBILE
www.proxypush.com/peg

Use the Internet to vote your proxy
until 11:59 p.m. (ET) on
April 16, 2018.

PHONE
1-866-883-3382

Use a touch-tone telephone to
vote your proxy until 11:59 p.m. (ET)
on April 16, 2018.

MAIL

Mark, sign and date your proxy
card and return it in the
postage-paid envelope provided.

If you vote your proxy by Internet or by Telephone, you do NOT need to mail back your Proxy Card.

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No. _)

Filed by the Registrant ☒ Filed by a Party other than the Registrant ☐

Check the appropriate box:

☐ Preliminary Proxy Statement

☐ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

☒ Definitive Proxy Statement

☐ Definitive Additional Materials

☐ Soliciting Material under §240.14a-12

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

☒ No fee required

☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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(5) Total fee paid:

☐ Fee paid previously with preliminary materials.

☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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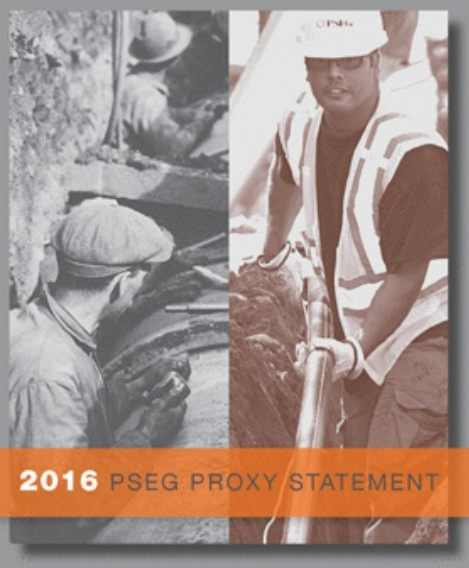

2016 PSEG PROXY STATEMENT

Modernizing our system to provide more reliable, resilient, cleaner and affordable energy.

PSEG

We make things work for you.

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Public Service Enterprise Group Incorporated
80 Park Plaza, Newark, New Jersey 07102

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS AND PROXY STATEMENT

DATE	LOCATION	RECORD DATE
April 19, 2016 at 1:00 P.M.	Newark Museum 49 Washington Street Newark, New Jersey 07102	Stockholders entitled to vote at the meeting are the holders of Common Stock of record on **February 19, 2016.**

Items of Business

1. Elect eleven members of the Board of Directors to hold office until the Annual Meeting of Stockholders in 2017, each until his or her respective successor is elected and qualified;
2. Consider and act upon an advisory vote on the approval of executive compensation;
3. Consider and act upon the ratification of the appointment of Deloitte & Touche LLP as independent auditor for 2016; and
4. Transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

By order of the Board of Directors,

Michael K. Hyun

Secretary

March 9, 2016

YOUR VOTE IS IMPORTANT, REGARDLESS OF THE NUMBER OF SHARES YOU OWN. PLEASE SIGN, DATE AND MAIL THE ACCOMPANYING PROXY CARD OR VOTING INSTRUCTION FORM PROMPTLY. YOU MAY ALSO VOTE VIA THE INTERNET OR BY TELEPHONE. PLEASE USE THE INTERNET ADDRESS OR TOLL-FREE NUMBER SHOWN ON YOUR PROXY CARD OR VOTING INSTRUCTION FORM.

YOU MAY HAVE MULTIPLE ACCOUNTS AND THEREFORE RECEIVE MORE THAN ONE PROXY CARD OR VOTING INSTRUCTION FORM AND RELATED MATERIALS. PLEASE VOTE EACH PROXY CARD AND VOTING INSTRUCTION FORM THAT YOU RECEIVE. THANK YOU FOR VOTING.

Scan this ***QR Code*** to view the 2016 PSEG Proxy Statement and Annual Report on your mobile device.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to be held on April 19, 2016. The Proxy Statement and Annual Report to Stockholders are available at www.ezodproxy.com/pseg/2016/ar.

The approximate date on which this Proxy Statement and the accompanying proxy card were first sent or given to security holders and made available electronically via the Internet was March 14, 2016.

Public Service Enterprise Group Incorporated (we, us, our, PSEG or the Company) is distributing this Proxy Statement to solicit proxies in connection with our 2016 Annual Meeting of Stockholders.

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Please vote on these three items:

PROPOSAL 1 Election of Directors

Page 5

is followed by a discussion of our corporate governance practices, board structure and director nominee biographies, skills and qualifications.

We ask you to vote FOR this proposal.

PROPOSAL 2 Advisory Vote on the Approval of Executive Compensation

Page 33

is followed by our Compensation Discussion and Analysis (CD&A), with a detailed explanation of executive compensation, and the compensation tables.

We ask you to vote FOR this proposal.

PROPOSAL 3 Ratification of the Appointment of Independent Auditor

Page 70

is followed by our Board's Audit Committee Report and disclosure of our Independent Auditor's fees.

We ask you to vote FOR this proposal.

Quick Reference Sections:

PROXY STATEMENT SUMMARY

Page 1

Provides an overview of materials presented in connection with the 2016 Annual Meeting of Stockholders.

CD&A EXECUTIVE SUMMARY

Page 34

Provides highlights of the Company's executive compensation program and pay-for-performance approach.

ATTENDANCE AND VOTING INSTRUCTIONS

Page 73

Provides how-to information for voting, as well as navigating you to the meeting.

Electronic Delivery

You can help us and the environment by choosing to receive future proxy statements and related documents such as the Annual Report and Form 10-K by electronic delivery. You may sign up for future electronic delivery at the website below, depending on the nature of your ownership. Please note that these are not the same sites to use for voting. For further information about how to vote, see pages iv and 73.

- If you are a stockholder of record, please go to **www.proxyconsent.com/peg.**
- For shares held in Employee Benefit Plans, go to **www.proxyconsent.com/peg.**
- If your shares are held by a bank or broker, please go to **https://enroll.icsdelivery.com/peg.**

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Voting Methods for Stockholders of Record

INTERNET/MOBILE	MAIL
http://www.proxypush.com/peg	Wells Fargo Shareowner Services P.O. Box 64945 St. Paul, MN 55164-0945
PHONE	**IN PERSON**
1-866-883-3382 (toll-free)	Newark Museum 49 Washington Street Newark, NJ 07102

To Submit Proposals for 2017 Annual Meeting

FINAL DATE	CONTACT
November 14, 2016 (last day for receipt by us)	Corporate Secretary, PSEG 80 Park Plaza, T4B, Newark, New Jersey 07102

Voting is strongly encouraged. We urge you to sign, date and return the accompanying proxy card or voting instruction form whether or not you plan to attend the Annual Meeting. For stockholders of record, we have provided several alternative voting methods, including voting via the Internet or the toll-free telephone number listed below. For shares held by a bank or broker, including those in the various stockholder and employee plans that we offer, please follow the voting instructions you receive from your bank, broker or plan administrator. Most banks and brokers are likely to provide you with methods for internet or toll-free telephone voting. For more information, see pages 73 – 75.

Forward-Looking Statements

The statements contained in this Proxy Statement about our and our subsidiaries' future performance, including, without limitation, future revenues, earnings, strategies, prospects, consequences and all other statements that are not purely historical, are forward-looking statements for purposes of the safe harbor provisions under The Private Securities Litigation Reform Act of 1995. Although we believe that our expectations are based on information currently available and on reasonable assumptions, we can give no assurance they will be achieved. There are a number of risks and uncertainties that could cause actual results to differ materially from any forward-looking statements made herein. A discussion of some of these risks and uncertainties is contained in our Annual Report on Form 10-K and subsequent reports on Form 10-Q and Form 8-K filed with the Securities and Exchange Commission (SEC), and available on our website: http://investor.pseg.com/sec-filings. These reports address in further detail our business, industry issues and other factors that could cause actual results to differ materially from those indicated in this Proxy Statement. In addition, any forward-looking statements included herein represent our estimates only as of the date hereof and should not be relied upon as representing our estimates as of any subsequent date. While we may elect to update forward-looking statements from time to time, we specifically disclaim any obligation to do so, even if our internal estimates change, unless otherwise required by applicable securities laws.

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OUR COMPANY

PSEG is a holding company that directly owns five subsidiaries:

- Public Service Electric and Gas Company (PSE&G), an operating electric and gas utility in New Jersey;
- PSEG Power LLC (Power), an electric generation and wholesale energy trading company;
- PSEG Long Island LLC (PSEG LI), an operator of an electric utility transmission and distribution system in New York under a contract with the Long Island Power Authority;
- PSEG Energy Holdings L.L.C. (Energy Holdings), an owner of energy-related investments; and
- PSEG Services Corporation (Services), which provides management and administrative services to us and our subsidiaries.

ANNUAL MEETING PROPOSALS	Board Recommendation
1. **Election of Directors** – vote to elect eleven director nominees to serve one-year terms. See page 5 for more information.	***FOR***
2. **Approval of Executive Compensation** – advisory vote to approve the executive compensation of the named executive officers. See page 33 for more information.	***FOR***
3. **Ratification of Auditor** – ratification of the appointment of Deloitte & Touche LLP as independent auditor for 2016. See page 70 for more information.	***FOR***

NOMINEES FOR ELECTION AS DIRECTOR

Name	Age	Director Since	Primary Occupation	Committee Memberships
Willie A. Deese	60	2016	Executive Vice President of Merck & Co. Inc.	CG, O
Albert R. Gamper, Jr.	74	2000	Retired Chairman of the Board and CEO of CIT Group	A, E, F, O
William V. Hickey	71	2001	Retired Chairman of the Board and CEO of Sealed Air Corporation	F(Chair), FG, NG, O
Ralph Izzo	58	2006	Chairman of the Board, President and CEO of PSEG	E (Chair)
Shirley Ann Jackson	69	2001	President of Rensselaer Polytechnic Institute	E, CG (Chair), FG, NG, O
David Lilley	69	2009	Retired Chairman of the Board, President and CEO of Cytec Industries	A (Chair), F, O
Thomas A. Renyi	70	2003	Retired Executive Chairman of The Bank of New York Mellon	Lead Director, A, E, F
Hak Cheol (H.C.) Shin	58	2008	Executive Vice President – International Operations of 3M Company	A, F, FG (Chair), NG (Chair)
Richard J. Swift	71	1994	Retired Chairman of the Board, President and CEO of Foster Wheeler	CG, E, FG, NG, O (Chair)
Susan Tomasky	63	2012	Retired President – AEP Transmission of American Electric Power Corporation	A, CG
Alfred W. Zollar	61	2012	Retired General Manager – Tivoli Software Division of IBM Corporation	CG, FG, NG

A=Audit CG=Corporate Governance E=Executive F=Finance FG=Fossil Generation NG=Nuclear Generation O=Organization and Compensation

We believe that our directors are a diverse group of highly qualified leaders with a broad range of business, industry, academic and public service experience. Their skills in the areas of accounting, finance, construction, engineering, consumer products, corporate governance, customer satisfaction and sales, government, law, operations, management, manufacturing, science, technology and risk management serve us well. For additional information about individual skills and qualifications of each individual, please refer to the chart on page 22 and biographical data on pages 23 to 28.

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CORPORATE GOVERNANCE

We have adopted what we believe are strong corporate governance standards and practices to assure effective management by our executives and oversight by our Board of Directors (Board). We are committed to good governance because it promotes the long-term interests of stockholders, as well as accountability and trust in our company. These measures include the following:

Independent Directors	Board Leadership	Risk Management	Code of Ethics
Established standards for director independence are set forth in our Corporate Governance Principles (Principles). All of our current directors and nominees are independent under our Principles and the requirements of the New York Stock Exchange (NYSE), except Ralph Izzo, our Chairman of the Board, President and Chief Executive Officer (CEO), who is an employee of the Company.	Our Board leadership structure consists of a Chairman (who is also our CEO), a Lead Director, who is elected by the independent directors, and strong committee chairs. This provides for independent Board leadership, while ensuring that the individual managing day-to-day operations is responsible for leading the Board discussions on key business and strategic issues.	Risk management is a key part of our strategic planning and business operations. We believe that we have an effective system of risk management with appropriate controls and Board oversight.	We are committed to operating in accordance with the highest ethical and legal standards. Our Standards of Integrity (Standards) establish a set of common expectations for behavior to which each director and employee must adhere.

✓ Corporate Governance Highlights

- Annual Election of all Directors
- Majority Voting for Directors
- Independent Board (all but CEO)
- Independent Lead Director
- Regular Executive Sessions of Independent Directors
- Independent Committee Chairs and Members
- Annual CEO Evaluation
- Annual Board and Committee Self-Evaluations
- Proxy Access
- Succession Planning
- Risk Oversight by the Board and Committees
- Standards of Integrity
- Stockholders' Right to Call Special Meetings
- Stockholder Engagement
- No "Poison Pill" (Stockholder Rights Plan)
- Commitment to Sustainability
- Annual Political Contributions Report
- Diverse Skills and Qualifications of Directors

For additional information on our corporate governance, see the discussion below beginning on page 5.

BUSINESS PERFORMANCE

Our business plan is designed to achieve growth while managing the risks associated with fluctuations in commodity prices and changes in consumer demand. In 2015, we continued our focus on operational excellence, financial strength and disciplined investment. These guiding principles have provided the base from which we have been able to execute our strategic initiatives, including:

- Growing our utility operations and improving reliability through continued investment in transmission and distribution infrastructure projects with greater diversity of regulatory oversight; and
- Maintaining a diverse, reliable and flexible generation fleet to allow us to capitalize on opportunities as they arise in the locations in which we operate.

During 2015, we grew earnings, maintained cash flow balances and sustained a strong balance sheet, while effectively deploying capital without the need for additional equity. The February 2016 increase in our quarterly Common Stock dividend represents the fifth consecutive increase in the indicative annual dividend rate. For additional information, see pages 35-36. For a comprehensive assessment of the Company's performance, please review the entire Proxy Statement and our Annual Report on Form 10-K for the year ended December 31, 2015 (Form 10-K), which can be found on our website http://investor.pseg.com/sec-filings and on the SEC's website www.sec.gov. A copy of our Form 10-K has been provided to each person solicited by means of this Proxy Statement.

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Financial Highlights

Dollars in Millions, except per share amounts	2015 ($)	2014 ($)
Total Revenues	10,415	10,886
Income from Continuing Operations	1,679	1,518
Net Income	1,679	1,518
Total Assets	37,535	35,287
Earnings Per Share (EPS) – Diluted		
Income from Continuing Operations	3.30	2.99
Net Income	3.30	2.99
Dividends Paid per Share	1.56	1.48
Market Price per Share - Year-end	38.69	41.41

EXECUTIVE COMPENSATION

Compensation Philosophy

We have designed a competitive executive compensation program benchmarked against our peers that we believe helps us recruit and retain top talent while closely linking pay to performance with the ultimate goal of aligning our leadership team with stockholders' interests. Our incentives put a significant portion of our executives' pay, including that of our CEO and Named Executive Officers (NEOs), at risk based on performance. These pay-at-risk incentives are targeted to pay out at approximately the median of our peer group when we deliver on our pre-established financial, operating and strategic goals.

In overseeing executive compensation, our Board utilizes an independent compensation consultant which provides only compensation services to the Board. A detailed discussion of our executive compensation program, including its elements, the factors we use in determining compensation and our governance features, appears in the CD&A. The key components of our executive compensation program are:

Base Salary	Fixed	Experience, performance and competitive market.
Annual cash incentive under our Senior Management Incentive Compensation Plan (SMICP)	Variable Performance-Based	Emphasis on EPS as the corporate financial objective with additional operational metrics. Payment from zero to 150% of target percentage of salary, and up to 200% for exceptional individual performance.
Equity-based incentive awards under our Long-Term Incentive Plan (LTIP)	Variable Performance-Based	60% performance share units (PSUs) with payment, if any, in shares of our Common Stock measured over a three-year period based upon Return on Invested Capital (ROIC) vs. our business plan, ROIC vs. peers and relative Total Shareholder Return (TSR), with the opportunity to earn between zero and 200% of target based on performance. 40% restricted stock units (RSUs), which cliff vest at the end of three years.
Market-based retirement and post-employment benefits		Double trigger change-in-control provisions. No excise-tax gross-ups.

We have adopted executive compensation governance measures that we believe support good governance practices and further align our executives' interests with those of stockholders while discouraging executives from taking excessive risk.

✓ Compensation Governance Highlights

- Pay for Performance Alignment
- Annual Compensation Risk Assessment
- Stock Ownership and Retention Policies
- No Hedging or Pledging
- Clawback Practice
- Common Stock Trading Pre-Clearance

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Pay for Performance

- For 2015, the target annual and long-term incentive pay, representing pay at risk, for our CEO and other NEOs as a group was 85% and 69%, respectively, of targeted total direct compensation, as discussed in the CD&A under Compensation Philosophy-Pay Mix.
- We compared our recent financial performance with the compensation of our CEO and NEOs relative to our peer companies. The financial measures we examined were above the median of our peer group of companies and our executive compensation was at the peer median. Thus, we have concluded that our performance and executive compensation are appropriately aligned.
- Further, performance is reflected in the actual value paid upon vesting of the one-year annual cash incentive payments and the three-year equity incentive compensation awards.
- Approved SMICP payments for 2015 were above target relative to internal goals, which were heavily weighted towards earnings.
- For the PSUs granted under the LTIP for the three-year performance period ended December 31, 2015, actual payout was above target, based on our TSR compared to peer companies and ROIC in relation to target.

These compensation amounts reflect the effect on earnings of our strategic initiatives and the rebalancing of our business mix. The following table provides highlights of the compensation for our CEO and other NEOs in 2015 as reported in the 2015 Summary Compensation Table in this Proxy Statement. For the complete details of compensation, please review the entire Proxy Statement.

NEO	Base Salary 2015 ($)	Equity Incentive Plan Compensation 2015 ($)	Non-Equity Incentive Plan Compensation 2015 ($)	Total Compensation 2015 ($)(1)
Ralph Izzo	1,245,386	5,725,546	2,085,000	9,196,647
Daniel J. Cregg(2)	333,024	174,002	261,400	835,453
Caroline Dorsa(3)	541,827	1,249,548	524,000	2,411,633
Ralph A. LaRossa	663,770	1,249,548	703,300	2,866,344
William Levis	650,000	1,249,548	653,300	2,579,216
Tamara L. Linde	499,078	698,931	451,800	1,792,007

(1) Reflects all compensation, including change in pension value and all other, as reported in the 2015 Summary Compensation Table.

(2) Elected to position effective October 8, 2015. Salary prorated based on time in prior and current positions.

(3) Retired on October 8, 2015. Accordingly, a portion of equity compensation was forfeited and non-equity compensation was prorated.

Key Recent Executive Compensation Actions

In overseeing our executive compensation program, our Organization & Compensation Committee (O&CC), working with its consultant, continued to emphasize our results-oriented philosophy. During 2015, we:

- Reviewed our compensation philosophy and all key elements of our executive compensation program in light of our strategy and objectives, as well as the results of the 94% approval of the Say-on-Pay vote received at the 2015 Annual Meeting of Stockholders;
- Confirmed the pay for performance alignment of executive compensation with financial results and approved benchmarked salaries, incentive awards and payouts in accordance with established criteria; and
- Adopted a comprehensive Clawback Practice applicable to all non-represented employees, including our NEOs, and to all incentive compensation plans to recoup incentive compensation in circumstances involving misconduct resulting in the restatement of financial statements, recalculation of incentive amounts or material violation of the Standards that results in termination of employment.

For more comprehensive information, see our discussion of executive compensation, beginning on page 33.

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You are being asked to vote on the election of eleven individuals nominated by your Board to serve as the Directors of our Company. Below, we have provided information about the Board, director independence, our leadership structure, risk management oversight, Board committees, code of ethics and related matters of corporate governance. We also describe our provisions for majority voting, director qualifications, diversity and retirement criteria and each nominee's specific experience, skills and qualifications. We also report to you information about security ownership and director compensation. All of the nominees currently serve as directors of the Company and were elected to their positions by the stockholders, except Mr. Deese, who joined our Board in February 2016.

AS RECOMMENDED BY THE BOARD, WE ASK YOU TO VOTE FOR ALL NOMINEES.

CORPORATE GOVERNANCE

Board of Directors

Our business and affairs are managed by or under the direction of the Board, which delegates certain responsibilities to its committees and to management consistent with our By-Laws. The Board has adopted and operates under the Principles which reflect our current governance practices in accordance with applicable statutory and regulatory requirements, including those of the SEC and the NYSE. The Principles provide written guidelines for directors and management to effectively pursue and support the Company's business objectives. The Principles are reviewed periodically by the Corporate Governance Committee, which recommends appropriate changes to the Board. You can request copies of our By-Laws and Principles or view them at http://investor.pseg.com/corporate-governance.

The Board provides direction and oversight of the conduct of our business by management. In fulfilling these responsibilities, the Board performs the following principal functions:

- Approves corporate strategy, major management initiatives and significant investments;
- Monitors and provides oversight of financial and business integrity and performance, including risk management;
- Selects, evaluates the performance of, and approves succession plans for the CEO and other senior executives;
- Selects nominees for election to the Board; and
- Evaluates Board processes and performance.

The Board has full and free access to all members of management and may hire its own consultants and advisors as it deems necessary.

Communications with the Board

You, as a stockholder, and other interested parties may communicate directly with the Board, including the independent directors, by writing to:

Michael K. Hyun, Secretary
Public Service Enterprise Group Incorporated
80 Park Plaza, T4B, Newark, New Jersey 07102

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and indicating who should receive the communication. Unless the context otherwise requires, the Secretary will provide the communication to the Lead Director and to the Chair of the Board committee most closely associated with the nature of the request. The Secretary has the discretion not to forward communications that are commercial advertisements, other forms of soliciting material or billing complaints. All communications are available to any member of the Board upon his or her request.

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Independence

Under our Principles and the requirements of the NYSE, the Board must consist of a majority of independent directors. The Board has established standards for director independence, which are set forth in the Principles and shown below.

Independence Standards

An independent director must have no material relationship with PSEG and its subsidiaries, including the following:

- A director may not be an employee of ours or any of our subsidiaries;
- No member of a director's immediate family may be an executive officer of PSEG or one of our subsidiaries;
- A director or immediate family member may not be an employee of any company where any executive of ours or our subsidiaries serves on the compensation committee;
- A director may not be an employee and an immediate family member may not be an executive officer of any company that makes payments to or receives payments from us and our subsidiaries in any year more than the greater of $1 million or 2% of such company's consolidated gross revenue;
- A director or immediate family member may not receive more than $50,000 in direct compensation from us (other than fees and compensation provided to directors generally);
- A director or immediate family member may not be affiliated with or employed by our independent auditor; and
- A director may not be an executive officer of a charity, if, in any year, contributions by us and our subsidiaries to that charity exceed the greater of $1 million or 2% of the charity's consolidated gross revenue.

These limitations apply for three years after the end of the applicable affiliation or arrangement.

The Board annually reviews other commercial relationships of directors, and relationships directors have with charitable and other tax-exempt organizations, and determines whether any of those relationships are material relationships that impair a director's independence.

The Board has determined that all of the current directors, all of whom are nominees for election, are independent under the Principles and the requirements of the NYSE, except Ralph Izzo, our Chairman of the Board, President and CEO. These determinations were based upon a review of the responses submitted by each director to questionnaires we provided to them, relevant business records, publicly available information and applicable SEC and NYSE requirements.

Leadership Structure

Under our By-Laws, our senior leadership may include a Chairman of the Board, a President and a CEO, which positions may be held by one person or may be divided between two different people. As provided in its charter, the Corporate Governance Committee has the responsibility to assess the structure of the Board and periodically evaluate the Board's governance practices as well as the Principles. Building on the advice of the Corporate Governance Committee, the Board applies its experience and knowledge of our business to establish what it believes to be the most effective form of organization. In doing so, it utilizes its understanding of the challenges and opportunities we face and its evaluation of the individuals who are involved.

Based on that analysis and evaluation, the Board has determined that, at the present time and given our present officers and personnel, it is in the best interests of the Company and stockholders for a single individual to hold all three positions of Chairman of the Board, President and CEO. The Board believes that this strikes a desirable balance allowing us to benefit from the advantages of efficiency, coordination and accountability. Ralph Izzo currently holds these positions. As such, he has plenary powers of supervision and direction of our business and affairs and he also presides at all meetings of the Board and of stockholders. The Board believes that Mr. Izzo possesses the attributes of experience, judgment, vision, managerial skill and overall leadership ability essential for our continued success. Mr. Izzo's in-depth knowledge and understanding of our strategy, operations, risk profile, regulatory and environmental circumstances and financial condition best position him to head our Board and provide leadership to management, employees, investors, customers, officials and the public. The diverse experience and independence of the other directors allows the Board to maintain effective oversight of operations, long-range planning, finances and risk management.

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Lead Director

In addition to the Chairman, President and CEO, our leadership structure is designed to rely on the contributions of our Lead Director. The Lead Director provides the independent directors with a key means for collaboration and communication regarding Board agendas and the information directors receive from management. Importantly, all directors play an active role in overseeing the company's business both at the Board and committee levels, bringing fresh and differing viewpoints. The Lead Director coordinates with the Chairs of our various Board committees in setting agendas for committee meetings. Thomas A. Renyi currently serves as Lead Director. In that capacity, he complements the talents and contributions of Mr. Izzo and promotes confidence in our governance structure by providing an additional perspective to that of management.

✓ Lead Director Duties and Responsibilities

Our Lead Director

- Presides at all meetings of the Board at which the Chairman is not present, including executive sessions of the independent directors;
- Serves as principal liaison on Board-wide issues between the Chairman and the independent directors;
- Calls meetings of the independent directors, as may be necessary or desirable;
- Consults with the Chairman on Board agendas;
- Reviews information sent to the Board and consults with the Chairman on the quality and timeliness of information provided to the directors;
- Serves on the Executive Committee; and
- Receives from the Corporate Secretary communications to, or for consideration by, the independent directors.

The Lead Director is an independent director designated annually by the independent directors with the expectation that he or she will typically serve in that capacity for four years. The Lead Director may be appointed to serve up to twelve additional months beyond the four years if approved by a majority of the independent directors. Mr. Renyi was designated as our Lead Director in April 2015 for a term expiring at the first meeting of directors after the 2016 Annual Meeting of Stockholders. The Corporate Governance Committee expects to make a recommendation regarding the individual to serve as Lead Director at its first meeting following the 2016 Annual Meeting, in accordance with our policy.

The Board believes that our leadership structure has been designed with the appropriate controls to support the efficacy of this arrangement without jeopardizing the integrity of the governance process. As discussed below, our Principles also set forth various expectations and criteria for Board membership. All directors must adhere to our Standards and exercise their responsibilities in a manner consistent with our best interests and those of our stockholders and their fiduciary duties established by applicable law.

Risk Management Oversight

The Board is responsible for the oversight of risk at PSEG, both as a whole and through delegation to Board committees, which meet regularly and report back to the full Board. All committees play significant roles in carrying out the risk oversight function. In particular:

- The Audit Committee oversees risks related to the Company's financial statements, the financial reporting process, accounting and legal matters. The Audit Committee provides oversight on legal and business compliance, financial reporting, disclosure controls and procedures and risk management controls, as well as policies with respect to risk assessment and risk management. Our Chief Risk Officer and Chief Financial Officer report on risk management to the Audit Committee at its meetings and, through the reports of the Audit Committee Chair, to the Board.
- The Finance Committee oversees financing transactions and approves appropriate commodity portfolio risk tolerance limits. Compliance is monitored through regular reporting to the Board. The Finance Committee is responsible for monitoring risk related to our investments in our pension and post-retirement benefits and nuclear decommissioning trusts and receives periodic reports on their performance at least annually.
- The Fossil Generation Operations Oversight Committee and the Nuclear Generation Operations Oversight Committee monitor and evaluate risks associated with our electric station operations, including risks associated with environmental, safety and other compliance and personnel and performance matters.

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Corporate Governance

- The O&CC considers the risks and rewards associated with our compensation and human resources philosophy and programs. As discussed below, the O&CC has reviewed our compensation policies and practices as they relate to risk management and seeks to administer our compensation plans so as to appropriately balance the incentive nature of the compensation with mechanisms that serve to mitigate risk.
- The Corporate Governance Committee evaluates Board and committee performance, monitors composition of the Board and the qualifications of the Board members and nominees, assists the Board in administering corporate governance practices and oversees our political participation activities and expenditures. In doing so, the Corporate Governance Committee seeks to ensure our governance and leadership structure is appropriately designed to mitigate reputational risk.

Risk Management Policy

Risk management is a key part of our strategic planning and business operations. The Board has approved a Risk Management Policy and it reviews and adopts the Company's Financial Risk Management Practice. In accordance with the Risk Management Policy, we maintain and execute a Risk Management Program for identifying, quantifying, monitoring, managing and reporting on our risks, including evolving issues such as cybersecurity. The Financial Risk Management Practice serves to define the major roles, responsibilities and procedures, including controls and reporting, necessary to actively manage our financial risk exposure consistent with our business plans. It is reviewed annually and approved by the Audit Committee and the Finance Committee and recommended to the Board for its approval.

✓ **Risk Management Program**

The Board has oversight of the Risk Management Program which consists of policies, process and controls, including the Risk Management Policy and Financial Risk Management Practice, as well as other policies and practices developed by management relating to risks, including but not limited to: market; credit; operations; project development; political; regulatory; legal; compliance; strategic; reputation; business interruption; security; environmental; and staffing.

Our Risk Management Program forms an integral part of our corporate culture and values.

Risk Management Committee Structure

Under the Risk Management Policy, we have established a Risk Management Committee (RMC) consisting of senior executives. The RMC is charged with, among other things:

- Establishing and reviewing the framework for implementing the Risk Management Policy, including regularly reviewing and updating key management practices related to risk management;
- Establishing and monitoring limits and controls designed to manage financial risks, including market, credit, and liquidity risks;
- Regularly reviewing practices related to the review of potential transactions and the delegation of financial authority; and
- Reviewing the management of key enterprise-level risks, including financial, operational, and strategic risks.

In addition, other senior management committees oversee the management of specific categories of risks, including:

- Our Capital Review Committee provides oversight and reviews proposed capital projects. Investments above a stated amount require approval of our Board or our respective subsidiary's board, as applicable.
- Our Compliance Committee reviews various compliance issues, including the approval of our Standards, and regularly reports to the Audit Committee.
- Our Business Interruption Management Committee provides oversight of activities aimed at protecting life, critical infrastructure and other property, business operations, and the financial integrity and public image of the company, in the event a significant interruption of business or other adverse event occurs.

Our Delegation of Authority provisions set forth the respective authority levels at which management and employees are authorized to conduct business.

The Board believes that we have an effective system of risk management practices with appropriate controls and Board oversight.

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Cybersecurity

The Board believes that cybersecurity is a critical component of the risk management program. The Board's cybersecurity oversight includes reporting from members of senior management who are responsible for the Company's cybersecurity risk management practices. Reports cover areas such as the adequacy of personnel and resources to monitor and address cybersecurity threats, technological advances in cybersecurity protection, rapidly evolving cybersecurity threats that may affect our company and industry, cybersecurity incident response and applicable cybersecurity laws, regulations and standards. The Company's cybersecurity risk management practices are fully integrated into our overall risk management program.

Talent Management and Succession Planning

Our business planning process includes key aspects of workforce development. We believe that we utilize a rigorous and disciplined process to evaluate talent and provide for succession planning in relation to our business objectives. This starts at the local level and continues through senior management, with direct involvement of our CEO and Board. We periodically review our workforce challenges, progress on achieving our commitment to diversity and effectiveness of our organizational structure and staffing.

The Board takes very seriously its responsibility to provide for an orderly process of succession within the ranks of our senior management. Periodically, at least annually, the O&CC reviews with the CEO succession plans for key leadership positions to assure that highly qualified candidates are available should the need arise to fill vacancies. We seek to maintain a continuity of management through appropriate recruitment and retention methods, including market-based and performance-measured compensation and career advancement and training opportunities.

Director Orientation and Continuing Education

New directors receive an orientation program and materials, which includes visits to our facilities and presentations by senior management to familiarize them with our strategic plans, operations, significant financial, accounting, regulatory and risk management issues, compliance programs, the Standards, principal officers and internal and independent auditors. During each year, continuing education is provided to all directors on topics of importance to our business.

Meetings of the Board, Committees and Stockholders

The Board holds regularly scheduled meetings and meets on other occasions when circumstances require. Board and committee meetings are scheduled over most of an entire work day and usually begin on the prior afternoon or evening. Each committee executes its responsibilities, as described below, and the Board receives reports from the committee Chairs on the significant matters considered and actions taken. A Board meeting typically focuses on the strategic and more important issues facing us. Directors spend additional time preparing for Board and committee meetings they attend and they are called upon for counsel between meetings.

Our Principles provide that the Board will meet at least six times each year and in executive session without management in attendance at every meeting, unless waived by the Board. When the Board meets in executive sessions, the Lead Director presides. In addition, each Board committee, except the Executive Committee, meets in executive session at each of its meetings, unless waived by the respective committee.

Special meetings of the Board of Directors may be called by the Chairman of the Board, CEO, or a majority of the directors by written request at anytime. Special meetings of the stockholders may be called at any time by the Board of Directors or by the CEO or upon the written request of the holders of a majority of the capital stock entitled to cast votes.

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2015 Meetings and Executive Sessions

Board/Committee	Meetings	Executive Sessions
PSEG Board	9*	8
PSE&G Board	7**	7
Audit	8	5
Corporate Governance	5**	4
Executive	0	0
Finance	4	1
Fossil Generation Operations Oversight	3***	2
Nuclear Generation Operations Oversight	3****	3
O&CC	5	5

* Includes all-day Business Strategy Session and two special meetings
** Includes one special meeting
*** One meeting held at a generating station
**** One meeting held at the site of nuclear generating stations we operate

Attendance

Under our Principles, each director is expected to attend all Board meetings and all meetings of committees of which such director is a member, as well as the Annual Meeting of Stockholders. Meeting materials are provided to Board and Committee members in advance of each meeting, and members are expected to review such materials prior to each meeting. During 2015, each director attended at least 75% of the aggregate number of meetings of the Board and the committees on which he or she served. All of the directors except one attended the 2015 Annual Meeting of Stockholders.

Board Committee Responsibilities

The Board committees, their principal functions, membership requirements and minimum number of meetings held are described below. Each committee has open and free access to all Company information, may require any of our officers or employees to furnish it with information, documents or reports that it deems necessary or desirable in carrying out its duties, is empowered to investigate any matter involving us and may retain appropriate resources to assist it in discharging its responsibilities.

Each committee, other than the Executive Committee, operates pursuant to a charter that defines its roles and responsibilities and annually conducts a performance evaluation of its activities and a review of its charter. The authority of the Executive Committee is set forth in our By-Laws. The committee charters and our By-Laws are posted on our website, www.pseg.com/info/investors/governance/committees.jsp. We will send you a copy of any or all of them upon request.

Each committee reports its activities to the Board. Each committee Chair is appointed annually with the expectation that he or she will typically serve in that capacity for four years. A Chair may be appointed to serve up to twelve additional months beyond the four years if approved by a majority of the independent directors.

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A list of current committee membership requirements can be found below:

Committee	Membership Requirements
Audit	Consists of three or more independent directors, in accordance with SEC and NYSE rules, who must meet NYSE requirements for financial literacy. At least one member must have accounting or financial management expertise. The committee meets at least four times per year. Members may receive no direct or indirect compensation from us or our subsidiaries, other than as a director or committee member, and may not be affiliated with us or our subsidiaries. Under our Principles, without Board approval, a director may not serve as a member of our Audit Committee if he or she serves on the Audit Committee of more than three public companies, including ours.
Corporate Governance	Consists of three or more independent directors who meet at least two times per year.
Executive	Consists of the Chairman of the Board, the Lead Director and at least one additional independent director.
Finance	Consists of three or more independent directors who meet at least three times per year.
Fossil Generation Operations Oversight	Consists of three or more independent directors who meet at least three times per year.
Nuclear Generation Operations Oversight	Consists of three or more independent directors who meet at least three times per year.
Organization & Compensation	Consists of three or more independent directors in accordance with SEC and NYSE rules, who meet at least two times per year.

Each Committee of the Board is responsible for the following activities:

Audit Committee

Members: Albert R. Gamper, Jr., David Lilley (Chair), Thomas A. Renyi, H.C. Shin and Susan Tomasky

- Assisting the Board in fulfilling its responsibility for oversight of the integrity of our financial statements and the quality and integrity of our accounting, auditing and financial reporting practices;
- Appointing, terminating, compensating, including preapproving all services and fees, and overseeing the work of the independent auditor, which reports directly to the Audit Committee;
- Reviewing the independence of the independent auditor, as well as Public Company Accounting Oversight Board (PCAOB) and peer review reports of the independent auditor's performance;
- Reviewing with the independent auditor, management and internal auditors our annual audited and quarterly financial statements and the acceptability and quality of our financial statements and our accounting, reporting and auditing practices;
- Reviewing with the independent auditor any audit issues or difficulties and management's response, and resolving disagreements which may arise between management and the independent auditor regarding financial reporting;
- Providing oversight to our internal audit and environmental, health and safety audit functions and legal and business conduct compliance program;
- Reviewing the status of pending material litigation;
- Reviewing risk management controls and disclosure controls and procedures;
- Reviewing earnings press releases, financial information and earnings guidance provided to analysts and rating agencies; and
- Recommending to the Board the inclusion of the audited financial statements in our Form 10-K.

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Composition of the Audit Committee

The Board determines annually, and upon any change in Audit Committee composition, the independence, financial literacy and financial expertise of the Audit Committee members and makes written affirmation to the NYSE in accordance with its rules. The Board has determined that all members of the Audit Committee are financially literate and, in addition, that Albert R. Gamper, Jr., David Lilley (Chair), Thomas A. Renyi, Hak Cheol Shin and Susan Tomasky, each a member of the Audit Committee, possesses accounting or financial management expertise, as defined in the NYSE rules. The Board further has determined that Albert R. Gamper, Jr., David Lilley (Chair), Thomas A. Renyi, and Susan Tomasky, each a member of the Audit Committee, is an audit committee financial expert under the Sarbanes-Oxley Act of 2002 and the rules of the SEC.

Management and the Board believe that the current composition of the Audit Committee provides that committee with the requisite expertise and experience to recommend to the Board the inclusion of the audited financial statements in our Form10-K. The Board will consider this matter annually as a part of its ongoing governance review. The Audit Committee will also continue its practices to assure that adequate independent procedures exist for receipt and treatment of complaints regarding accounting, internal controls or auditing matters.

The Audit Committee Report appears below under Proposal 3. Ratification of the Appointment of Independent Auditor in this Proxy Statement.

Corporate Governance Committee

Members: Willie A. Deese, Shirley Ann Jackson (Chair), Richard J. Swift, Susan Tomasky and Alfred W. Zollar.

- Assisting the Board in administering the corporate governance practices of the Board and its committees;
- Monitoring the composition of the Board to assure a reasonable balance of professional interests, business experience, financial expertise, diversity and independence;
- Considering the qualifications of Board members and evaluating prospective nominees, including those identified by the Committee or by other Board members, management, stockholders or other sources, and recommending to the Board membership changes and nominees;
- Making a recommendation to the Board as to whether to accept the tendered resignation of any director who fails to receive a majority of votes cast “for” that director’s election in an uncontested election;
- Recommending to the Board the chairs and members of Board committees;
- Evaluating performance of the Board and its committees, including a review of the size, structure and composition of the Board and its committees and their governance practices, including interactions with management;
- Making recommendations to the Board to improve effectiveness of the Board and its committees;
- Overseeing the directors’ orientation and continuing education;
- Reviewing and making recommendations to the Board with respect to compensation of directors;
- Providing input to the O&CC regarding the performance of the CEO as Chairman of the Board;
- Periodically reviewing the Charters of the Board committees and recommending appropriate changes; and
- Reviewing our political participation activities and expenses.

The nomination process and criteria utilized are described below under Nominees and Election.

Executive Committee

Members: Albert R. Gamper, Jr., Ralph Izzo (Chair), Shirley Ann Jackson, Thomas A. Renyi, Richard J. Swift.

Except as otherwise provided by law, the Executive Committee may exercise all the authority of the Board when the Board is not in session.

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Finance Committee

Members: Albert R. Gamper, Jr., William V. Hickey (Chair), David Lilley, Thomas A. Renyi and H.C. Shin.

- Reviewing and making recommendations to the Board regarding corporate financial policies and processes and significant financial decisions;
- Reviewing and recommending to the Board annually our financial plan;
- Reviewing and making recommendations to the Board regarding our dividend policy and capital structure;
- Discussing with management the application and effects of our policies with respect to risk assessment and risk management, including the limits and authorities contained in the Financial Risk Management Practice;
- Reviewing and recommending to the Board authorizations with respect to the issuance, sale and redemption of securities by us and our subsidiaries;
- Reviewing with the Chairs of the Thrift and Pension and the Nuclear Decommissioning Trust Investment Committees, and monitoring, the investment guidelines for and investment performance of the respective trust funds;
- Reviewing with management our cash management policies and practices; and
- Reviewing with management credit agency ratings and analyses.

Fossil Generation Operations Oversight Committee

Members: William V. Hickey, Shirley Ann Jackson, H.C. Shin (Chair), Richard J. Swift and Alfred W. Zollar.

- Evaluating the effectiveness of our fossil generation operations, focusing on safety, plant performance, regulatory matters, large construction projects and improvement in operations;
- Reviewing labor and human relations, environmental, health and safety and legal and compliance issues related to our fossil generation operations; and
- Reviewing the results of major inspections, evaluations and audit findings by external oversight groups and management's response.

Nuclear Generation Operations Oversight Committee

Members: William V. Hickey, Shirley Ann Jackson, H.C. Shin (Chair), Richard J. Swift and Alfred W. Zollar.

- Evaluating the effectiveness of our nuclear generation operations, focusing on safety, plant performance, regulatory matters, large construction projects and improvement in operations;
- Reviewing labor and human relations, environmental, health and safety and legal and compliance issues related to our nuclear generation operations; and
- Reviewing the results of major inspections, evaluations and audit findings by external oversight groups and management's response.

Organization and Compensation Committee (O&CC)

Members: Willie A. Deese, Albert R. Gamper, Jr., William V. Hickey, Shirley Ann Jackson, David Lilley and Richard J. Swift (Chair).

- Reviewing, approving and modifying, as necessary, our executive compensation policy, programs, plans and awards;
- Reviewing the stockholder advisory vote on say-on-pay and considering any action it deems appropriate in light of that vote;
- Reviewing executive compensation levels and targets for consistency and alignment with compensation policy and strategic and operating objectives;
- Reviewing the risk to us of our compensation policies and practices;
- Retaining, compensating, overseeing and annually reviewing the performance of its advisors, including its compensation consultant;
- Reviewing the independence of its compensation consultant and advisors;
- Reviewing and making recommendations to the Board concerning corporate organization in general and executive compensation including incentive plans and equity-based plans;

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- Administering our incentive compensation plans;
- Reviewing and approving corporate goals and objectives relevant to CEO compensation;
- Evaluating the CEO's performance in light of those goals and objectives and, with the independent Board members, determining and approving the CEO's compensation based on such evaluation;
- Annually reviewing performance of certain other key members of management;
- Annually reviewing management succession and development plans;
- Monitoring compliance with the Stock Ownership and Retention Policy; and
- Reviewing the CD&A and providing its report in this Proxy Statement.

The O&CC Report on Executive Compensation appears below under Proposal 2. Advisory Vote on the Approval of Executive Compensation.

✓ Composition of the O&CC

The Board determines annually the independence of the O&CC members and makes written affirmation to the NYSE in accordance with its rules. The Board believes that the current composition of the O&CC provides that committee with the requisite expertise and experience to oversee our executive compensation program and assess the alignment of pay for performance.

Compensation Consultant

The O&CC has the authority to retain advisors and compensation consultants, with sole authority for their hiring and firing. The O&CC is directly responsible for such appointment, compensation and oversight in accordance with the applicable SEC requirements and NYSE standards. Since September 2009, the O&CC has retained Compensation Advisory Partners LLC (CAP) as its independent compensation consultant to provide it with information and advice that is not influenced by management. CAP is an executive compensation consulting firm that does not perform any other services for us or our subsidiaries. CAP provides advice to the O&CC on executive compensation and may also provide advice to the Corporate Governance Committee on matters pertaining to compensation of directors who are not executive officers. CAP may not perform any other services for us without obtaining the prior approval of the Chair of the O&CC.

In furtherance of CAP's independence, management receives copies of certain materials provided by CAP to the O&CC only after the materials have been provided to the O&CC. The scope of CAP's assignment is to provide general advice relating to all aspects of executive compensation, including the review of our current compensation programs and levels, benefit plans, provision of comparative industry trends and peer data and the recommendation of program and pay level changes. Responsibility for assignment to and evaluation of work by CAP is solely that of the O&CC and, with respect to the compensation of non-employee directors, the Corporate Governance Committee.

We pay the fees of any compensation consultant retained by the O&CC. Additional information regarding any such services performed in the past year is included in the CD&A below. The O&CC also utilizes the services of our internal compensation professionals.

Determination of Compensation Consultant's Independence

The SEC and NYSE require compensation committees to assess the independence of their advisors and determine whether any conflicts of interest exist. In July 2015, the O&CC reviewed CAP's independence relative to the following factors: (i) CAP's provision of other services to the Company; (ii) the amount of fees CAP receives from the Company as a percentage of CAP's total revenue; (iii) the policies and procedures of CAP that are designed to prevent conflicts of interest; (iv) any business or personal relationship between O&CC members and CAP or its compensation consultants; (v) any PSEG stock owned by CAP or its compensation consultants; (vi) any business or personal relationship between our executive officers and CAP or any of its compensation consultants; and (vii) other factors that would be relevant to CAP's independence from management. On the basis of such review, the O&CC concluded that CAP is independent and no conflicts of interest exist.

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Compensation Committee Interlocks and Insider Participation

During 2015, each of the following individuals served as a member of the O&CC: Albert R. Gamper, Jr., William V. Hickey, Shirley Ann Jackson, David Lilley, and Richard J. Swift (Chair). No member of the O&CC was an officer or employee or a former officer or employee of any PSEG company. None of our officers served as a director of or on the compensation committee of any of the companies for which any of these individuals served as an officer. No member of the O&CC had a direct or indirect material interest in any transaction with us.

Code of Ethics

We have a long-established corporate culture of emphasizing integrity and honesty with an expectation of adherence to the highest ethical standards. We have embodied these principles in the Standards, our code of ethics. The Standards are posted on our website, www.pseg.com/info/investors/governance/documents.jsp. We will send you a copy on request.

We will post on our website:

- Any amendment (other than one that is technical, administrative or non-substantive) that we adopt to the Standards; and
- Any grant by us of a waiver from the Standards that applies to any director, principal executive officer, principal financial officer, principal accounting officer or Controller, or persons performing similar functions, for us or our direct subsidiaries noted above, and that relates to any element enumerated by an applicable SEC requirement.

A waiver of any provision of the Standards may be granted in exceptional circumstances, but only for substantial cause. A waiver for any director or executive officer may be made only by the Board and, if granted, must be promptly disclosed to our stockholders. In 2015, we did not grant any waivers to the Standards.

✓ Standards of Integrity

The Standards is a code of ethics applicable to us and our subsidiaries. The Standards:

- Are an integral part of our business conduct compliance program and embody our commitment to conduct operations in accordance with the highest legal and ethical standards;
- Apply to all of our directors and employees (including PSE&G's, Power's, PSEG LI's, Energy Holdings' and Services' respective principal executive officer, principal financial officer, principal accounting officer or Controller and persons performing similar functions) each of whom is responsible for understanding and complying with the Standards;
- Establish a set of common expectations for behavior to which each director and employee must adhere in dealings with investors, customers, fellow employees, competitors, vendors, government officials, the media and all others who may associate their words and actions with us; and
- Have been developed to provide reasonable assurance that, in conducting our business, directors and employees behave ethically and in accordance with the law and do not take advantage of investors, regulators or customers through manipulation, abuse of confidential information or misrepresentation of material facts.

Political Contributions

As a highly regulated company whose operations can be significantly impacted by public policies, it is essential that PSEG takes an active role in the political process. PSEG regularly communicates with government officials on issues affecting our business, participates in trade associations that focus on policies which may influence our company and makes political contributions that align with the long-term interests of PSEG and its stockholders.

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Corporate Governance

Our Practice and Board Oversight

We are committed to participating in an ethical manner and in full compliance with all federal, state and local laws. We have established a Corporate Political Participation Practice that sets forth a controls process pursuant to which our senior management monitors, assesses and approves certain political contributions. The Corporate Governance Committee also oversees our political activities and contributions in accordance with the Practice. We believe this Practice allows us to minimize reputational and political risks and continue to focus on our operational excellence. Stockholders may view our Practice at www.pseg.com/info/investors/governance/documents.jsp.

Annual Political Contributions Report

PSEG continues to value thoughtful stockholder engagement. Based on our communications with stockholders, we have expanded our level of disclosure by preparing a political contributions report to be published annually. The report will include our corporate contributions to candidates, trade associations and other political and social welfare organizations. PSEG will request that trade associations to which it paid total annual payments of $50,000 or more identify the portion of dues or payments received from PSEG that were used for expenditures or contributions that, if made directly by PSEG, would not have been deductible under Section 162(e)(1)(B) of the Internal Revenue Code (IRC). The report will be available on our website.

Transactions with Related Persons

There were no transactions during 2015, and there are no transactions currently proposed, in which we were or are to be a participant and the amount involved exceeded $120,000 and in which any related person (director, nominee, executive officer, any person known to us to beneficially own in excess of 5% of our Common Stock, or their immediate family members) had or will have a direct or indirect material interest.

Our policies and procedures with regard to transactions with related persons, including the review, approval or ratification of any such transactions, the standards applied and the responsibilities for application are set forth in our Principles, our Business Conduct Compliance Program (Compliance Program) and the Standards. These are our only written policies and procedures regarding the review, approval or ratification of transactions with related persons.

- The Principles provide that a director must notify the Chair of the Corporate Governance Committee if he or she encounters a conflict of interest or proposes to accept a position with an entity which may present a conflict of interest, so that the issue may be reviewed. Potential conflicts of interest include positions that directors or immediate family members hold as directors, officers or employees of other companies with which we do business or propose to do business and charitable and other tax-exempt organizations to which we contribute or propose to contribute.

- The Compliance Program establishes an organizational structure and validates the Standards and its mandated procedures, practices and programs. The Audit Committee has overall responsibility for oversight of the Compliance Program and has delegated to our Compliance Committee overall responsibility for the design, implementation and execution of the Compliance Program. The Compliance Committee's duties include assurance that we take all reasonable steps to coordinate organization-wide ethics and compliance activities, consistent enforcement of the Standards, including the detection and prevention of wrongdoing as a result of compliance investigations and otherwise foster a culture for ethical behavior and a commitment to legal compliance. The Compliance Committee, comprised of members of senior management, is chaired by our Executive Vice President and General Counsel, who has overall responsibility for administering the Compliance Program.

- The Standards establish a written set of common expectations of behavior for all directors, officers and employees regarding business relationships, personal conduct (including, among other things, corporate opportunities, conflicts of interest and supplier, competitor and governmental relations), safeguarding of Company property, business controls and compliance with regulatory requirements. In addition, the Standards mandate procedures for seeking ethical guidance, reporting concerns, investigation and discipline. We require every employee to certify as to compliance with the Standards annually. Our Executive Vice President and General Counsel has overall responsibility for administering the Standards.

- Our written management practices provide that any capital investment with a non-PSEG entity or its affiliate, for which one of our directors or officers serves as a director or executive officer, must be approved by our Board.

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NOMINEES AND ELECTION

Election

Directors elected at each annual meeting are elected to serve one-year terms. Directors whose terms are to expire are eligible for re-nomination and will be considered by the Corporate Governance Committee in accordance with its policies and the retirement policy for directors, which are summarized in this Proxy Statement. Each of the current directors has been nominated for re-election.

Our By-Laws currently provide that the Board shall consist of not less than three nor more than 16 directors as shall be fixed from time to time by the Board. The number of directors is currently fixed at eleven.

The nominees listed below were selected by the directors upon the recommendation of the Corporate Governance Committee. As discussed below under Annual Meeting, Voting and Procedures, proxies will be voted in accordance with your instructions as indicated on the enclosed proxy card, voting instruction form or when voting by telephone or Internet.

If at the time of the 2016 Annual Meeting any of the nominees listed below should be unable to serve, which is not anticipated, it is the intention of the persons designated as proxies to vote, in their discretion, for other nominees, unless the number of directors constituting a full Board is reduced.

Majority Voting for Election of Directors

Our By-laws provide that in an uncontested election, each director shall be elected by a majority of the votes cast with respect to the director. A majority of votes cast means that the number of shares cast “for” a director’s election exceeds the number of votes cast “against” that director. We do not include as votes cast (i) shares which are marked withheld, (ii) abstentions and (iii) shares as to which a stockholder has given no authority or direction.

As provided in the Principles, the Board has adopted a policy whereby any incumbent director receiving a majority vote “against” must promptly tender an offer of resignation. As a result, in uncontested elections, the Board will nominate for election or re-election as a director only candidates who have agreed promptly to tender a letter of resignation in the event that the number of shares voted “for” that director does not exceed the number of shares voted “against” that director. If an incumbent director fails to receive the required “majority” vote, the Corporate Governance Committee will consider the matter and then make a recommendation to the Board as to whether or not to accept the resignation. The Board will make the determination on whether or not to accept the recommendation of the Corporate Governance Committee.

Failure to Receive a Majority Vote

The Principles further provide that no director who fails to receive a majority vote in an uncontested election shall participate in either the recommendation of the Corporate Governance Committee or the determination of the Board with respect to his or her resignation letter or that of any other director in regard to that year’s Annual Meeting election. Any such director may, however, participate in any and all other matters of the Board and its various committees to the fullest extent to which he or she would otherwise be permitted in accordance with applicable law and the Principles. If a majority of the Corporate Governance Committee fails to receive a majority vote, then the remaining independent directors will determine whether to accept one or more of the applicable resignations. If three or fewer independent directors do not receive a majority vote in the same election, then all independent directors may participate in any discussions or actions with respect to accepting or rejecting the resignation offers (except that no director will vote to accept or reject his or her own resignation offer).

In evaluating tendered resignations, the Corporate Governance Committee and the Board may consider all factors they deem relevant, including, but not limited to, the stated reason(s) for the “against” vote, the impact that the acceptance of the resignation would have upon our compliance with applicable law or regulation, the potential triggering of any change in control or similar provision in contracts, benefit plans or otherwise, the qualifications of the director and his or her past and anticipated future contributions to us.

The Corporate Governance Committee and the Board may consider possible remedies or actions to take in lieu of or in addition to accepting or rejecting of the resignation, such as development and implementation of a plan to address and cure the issues underlying the failure to receive a majority vote.

Following the Board’s determination, we will publicly disclose the decision and, as applicable, the reasons for accepting or rejecting the resignation. To the extent that the Board accepts one or more resignations, the Corporate Governance Committee may recommend to the Board, and the Board will then determine, whether to fill any vacancy.

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Nominees and Election

Ability, Diversity and Independence of Directors

The Board believes that a nominee for director should be selected on the basis of the individual's ability, diversity of background and experience and soundness of judgment, from among candidates with an attained position of leadership in their field of endeavor. As noted above, a majority of the Board must consist of independent directors in accordance with our Principles and NYSE requirements.

The Board is guided by its consideration of how to best enhance its capability to oversee the affairs of the Company. It does not believe that adopting arbitrary or inflexible policies will achieve that purpose. Rather it looks to promote better governance through a more dynamic examination and understanding of its members' abilities to meet evolving challenges. It values the mix of skills and experience, independence from management, fresh perspectives and seasoned knowledge that collectively help to guide the Company.

✓ Diversity

Diversity is a factor for consideration of nominees for director pursuant to the diversity policy contained in our Principles and the charter of the Corporate Governance Committee. In considering diversity, the Corporate Governance Committee utilizes a broad meaning to include not only factors such as race, gender and national origin, but also background, experience, leadership positions, skills, accomplishments, financial expertise, professional interests, personal qualities and other traits desirable in achieving an appropriate group of qualified individuals. The Corporate Governance Committee considers and assesses the effectiveness of this policy in connection with the annual nomination process to assure the Board contains an effective mix of people to best further our long-term business interests.

Director and Nominee Qualifications and Availability

It is the Board's policy that a nominee recommended initially for election be able to serve at least five years, consistent with the Board's retirement policy. The Board believes that the ability of a director to serve for at least five years is a reasonable expectation in order for us to receive an appropriate benefit from the individual's abilities. This is especially so in light of the time invested by a director to become knowledgeable about our complex business operations. The Board believes that these service limitations provide it with a means for achieving a reasonable balance of veteran and new directors.

The Corporate Governance Committee also considers the amount of time that a person will likely have to devote to his or her duties as a director, including non-PSEG responsibilities as an executive officer, board member or trustee of business or charitable institutions and the contributions by directors to our ongoing business. The Corporate Governance Committee considers the qualifications of incumbent directors and potential new nominees, as well as the continuity of service and the benefit of new ideas and perspectives, before making recommendations to the Board for election or re-election. The Board then selects nominees based on the Corporate Governance Committee's recommendation.

The Corporate Governance Committee does not believe it is appropriate to set absolute term limits on the length of a director's term. Directors who have served on the Board for an extended period of time are able to provide valuable insight into the operations and future of the Company based on their experience with and understanding of our history, policies and objectives. In selecting individuals for our Company, with its long investment horizon, the Corporate Governance Committee weighs the need for both director refreshment and institutional memory.

Prior to accepting an invitation to serve as a director of another public company, the CEO and any directors must submit a letter to the Corporate Governance Committee so as to allow it to review potential conflicts and time demands of the new directorship. Any director who undertakes or assumes a new principal occupation, position or responsibility from that which he or she held when he or she was elected to the Board must submit a letter to the Corporate Governance Committee volunteering to resign from the Board. The Board does not believe that in every instance a director who undertakes or assumes a new occupation, position or responsibility from that which he or she held when the director joined the Board should necessarily leave the Board. The Corporate Governance Committee reviews the relevant details of such director's new position and determines the continued appropriateness of Board membership under the circumstances.

The Corporate Governance Committee and the Board believe that the experience gained through other directorships provides us with a breadth of valuable knowledge and insight. Exposure to other industries, management and issues gives a director a perspective not necessarily otherwise available to him or her from a more limited range of experience. The Corporate Governance Committee carefully monitors the attendance and participation of each director to assure that he or she demonstrates an appropriate level of commitment and effort in serving on our Board. In renominating the current directors, the Corporate Governance Committee and the Board determined that each director had successfully balanced the demands on his or her time and attention in meeting the fiduciary obligations to us.

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Nomination Process

The Corporate Governance Committee considers the qualifications of Board members, evaluates prospective nominees and recommends candidates to the Board of Directors. The Corporate Governance Committee on occasion may pay a fee to an executive search firm to assist it in identifying and evaluating potential director nominees meeting our criteria, which are described further above. Any such firm's function would be to assist the Committee in identifying potential candidates for its consideration. During 2015, we did not engage a third-party firm to conduct a search for potential candidates.

The Corporate Governance Committee will consider stockholders' recommendations for nominees for election to the Board. The Corporate Governance Committee utilizes the same criteria to evaluate all potential nominees, including those recommended by stockholders or from other sources. Our By-Laws require that stockholder nominations must be delivered to the Company's Secretary at least 90 days in advance of an Annual Meeting of Stockholders. With respect to an election to be held at a special meeting of stockholders for the election of directors, such advance notice of the nomination must be delivered to the Company's Secretary no later than the close of business on the seventh day following the date on which notice of such meeting is first given to stockholders. The chairman of the meeting may refuse to acknowledge the nomination of any person not made in compliance with the advance notice procedure contained in our By-Laws.

In order for a stockholder's proposed nominee to be included in the Company's proxy statement pursuant to the proxy access provisions of our By-Laws, such proposal must be received by the Company's Secretary no earlier than 150 days and no later than 120 days prior to the anniversary of the mailing date of the Company's proxy statement in the prior year. The proxy access provisions of our By-Laws permit an eligible stockholder (or a group of no more than 20 eligible stockholders) owning 3% or more of the Company's common stock continuously for at least three years to nominate director candidates representing up to 25% of the Board, and, upon the eligible stockholder's satisfaction of certain conditions as outlined in our By-Laws, require us to include such nominees in our proxy statement and proxy card for the annual meeting of stockholders. These proxy access provisions were adopted by the Board In December 2015. In its consideration of proxy access, the Board engaged with a number of our significant stockholders and reviewed the published positions of other significant stockholders. Following these outreach efforts, the Board amended our By-Laws in order to provide meaningful proxy access rights to stockholders who are representative of the long-term interests of our Company.

Each nomination discussed above must be submitted in writing to Michael K. Hyun, Secretary, Public Service Enterprise Group Incorporated, 80 Park Plaza, T4B, Newark, New Jersey 07102. Nominations must be made in compliance with the procedures and requirements set forth in our By-Laws and accompanied by the written consent of any such person to serve if nominated and elected and by biographical material and the applicable requirements of the SEC to permit evaluation of the individual recommended.

Nominees

The present terms of all eleven directors, **Willie A. Deese, Albert R. Gamper, Jr., William V. Hickey, Ralph Izzo, Shirley Ann Jackson, David Lilley, Thomas A. Renyi, Hak Cheol Shin, Richard J. Swift, Susan Tomasky** and **Alfred W. Zollar**, expire at the 2016 Annual Meeting. Each director has been re-nominated. Each will be presented for election to serve until the 2017 Annual Meeting, or until his or her respective successor is elected and qualified. All nominees were elected to their present terms by our stockholders, except Mr. Deese, who joined our Board in February 2016.

We show below for each nominee:

- The period of service as a director;
- Age as of the date of the Annual Meeting;
- Present committee memberships;
- Business experience during at least the last five years; and
- Other directorships during the past five years.

We also discuss the specific experience, qualifications, attributes and skills that led to the conclusion that he or she should serve as one of our directors. Each nominee's beneficial ownership of Common Stock is shown under Security Ownership of Directors, Management and Certain Beneficial Owners. Compensation for service as a director is shown in the Director Compensation Table and accompanying narrative.

As discussed above, the Corporate Governance Committee and the Board recommend and nominate for election those individuals they deem qualified and capable of serving as directors pursuant to the criteria they have set. Each of the nominees this year meets these standards.

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Board Composition

The Board is comprised of individuals with a diverse mix of knowledge, expertise and backgrounds. We have business leaders from industries including banking, science and technology, energy, consumer products and manufacturing as well as those who have excelled in academia and public service. As a group, they complement one another with a desirable mix of competencies and skills necessary to oversee our businesses. Our Board members have dealt widely with the types of issues facing us, including achieving optimal operational and financial performance, managing for growth, meeting regulatory, environmental and safety requirements, overseeing risk management and corporate governance, maintaining an engaged and diverse workforce and adapting to rapidly evolving business conditions.

Committee Membership

Current committee assignments are presented in the following table. From time to time, Committee assignments and chairs are changed to best utilize the talents of our directors. The most recent changes occurred in April 2015 and in February 2016 when Mr. Deese received his assignments. Ongoing committee assignments for all directors are expected to be made at the organizational meeting following the 2016 Annual Meeting of Stockholders.

	Audit	Corporate Governance	Executive	Finance	Fossil Generation Operations Oversight	Nuclear Generation Operations Oversight	Organization & Compensation
Willie A. Deese		✓					✓
Albert R. Gamper, Jr.	✓		✓	✓			✓
William V. Hickey				Chair	✓	✓	✓
Ralph Izzo			Chair				
Shirley Ann Jackson		Chair	✓		✓	✓	✓
David Lilley	Chair			✓			✓
Thomas A. Renyi **Lead Director**	✓		✓	✓			
Hak Cheol Shin	✓			✓	Chair	Chair	
Richard J. Swift		✓	✓		✓	✓	Chair
Susan Tomasky	✓	✓					
Alfred W. Zollar		✓			✓	✓	

During 2015, Albert R. Gamper, Jr., Ralph Izzo, Shirley Ann Jackson and Richard J. Swift also served on the Board of Directors of PSE&G. Mr. Izzo also serves on the Boards of Directors of Power, Energy Holdings and Services.

Director Retirement

The Board seeks to maintain an orderly transition for retirement and proper succession planning. Under the Board's retirement policy, set forth in our Principles, directors who have never been employees of the PSEG group of companies may not serve as directors beyond the Annual Meeting of Stockholders held in the calendar year following their seventy-fifth birthday.

In extending the retirement age from the previous limit of seventy-two (with the ability to extend to age seventy-five for good cause), the Corporate Governance Committee and the Board evaluated the benefits of long-serving directors, including industry expertise, institutional knowledge, historical perspective, stability and continuity and comfort with challenging Company management. The Corporate Governance Committee and the Board also considered the potential impact on Board tenure and refreshment. They determined that given the current high level of diversity in tenure and qualifications, as well as the size of the Board, raising the age limit would not substantially affect the ability to refresh the Board through the addition of new members. Further, they concluded that it would have minimal impact on average Board tenure and the length of service of currently serving individuals.

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Directors who are former PSEG CEOs may not serve as directors beyond the Annual Meeting of Stockholders following termination of active employment with the PSEG group of companies, unless otherwise determined by the Board, and may not serve beyond their seventy-fifth birthday. Directors who are former employees, other than CEOs, may not serve as directors beyond the Annual Meeting of Stockholders following termination of active employment with the PSEG group of companies.

Stock Ownership

Our Principles require that directors own shares of our Common Stock (including any restricted stock, whether or not vested, any stock units under the Directors' Equity Plan and any phantom stock under the Directors' Deferred Compensation Plan) equal to four times the annual cash retainer (currently $85,000) within five years after election to the Board. All incumbent directors currently meet this requirement except for Mr. Deese, who joined the Board in 2016. Additional details can be found in the table under Security Ownership of Directors, Management and Certain Beneficial Owners below.

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BIOGRAPHICAL INFORMATION, SKILLS AND QUALIFICATIONS

Shown below is the relevant business and biographical information, as well as skills and qualifications, for each of the individuals nominated for election to the Board.

The Corporate Governance Committee and the Board periodically review the skills and qualifications that they determine are necessary for the proper oversight of the Company by the directors in furtherance of their fiduciary duties. The Committee and the Board remain focused on ensuring that the individual and collective abilities of the directors continue to meet the governance needs of the Company. They are committed to nominating individuals who satisfy the applicable criteria for outstanding service to our Company and who together comprise the appropriate Board membership composition in light of evolving business demands. The Board evaluates the effectiveness of each director in contributing to the Board's work and the potential of each new nominee.

Skills and Qualifications	Willie A. Deese	Albert R. Gamper, Jr.	William V. Hickey	Ralph Izzo	Shirley Ann Jackson	David Lilley	Thomas A. Renyi	Hak Cheol Shin	Richard J. Swift	Susan Tomasky	Alfred W. Zollar
Accounting/Finance experience is important in overseeing our financial reporting and internal controls to assure transparency and accuracy.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Construction/Engineering experience is important in assessing our operations, project development and opportunities for growth.				✓					✓		
Consumer Products/Product Development experience is important in developing innovative solutions and adapting our business and strategy to meet customer expectations.			✓			✓		✓			✓
Corporate Governance experience is important in assuring Board effectiveness and appropriate oversight.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Customer Satisfaction & Sales experience is important in understanding the consumer-driven aspect of our business in order to provide outstanding service.						✓	✓	✓			✓
Government/Policy/Regulatory experience is important to a heavily regulated entity directly impacted by governmental actions, public policy and economic trends.	✓			✓	✓					✓	
Industry/Generating Plant Operations experience is important in overseeing the development and implementation of our operating plan and business strategy.				✓	✓				✓	✓	
Legal experience is important in understanding and evaluating our legal risks and obligations.										✓	
Management experience is important in overseeing the leadership and performance of our Company's senior management.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Manufacturing experience is important in understanding and assessing the operation of our business, including safety and environmental compliance.	✓		✓			✓		✓	✓		
Risk Management experience is important in overseeing the risks facing the Company.		✓		✓			✓		✓	✓	
Science/Scientific Research experience is important to an entity dependent on scientific and engineering expertise.				✓	✓						
Technology experience is important in assessing the best tools to enhance business operations and customer service.	✓		✓		✓			✓			✓

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WILLIE A. DEESE

Age: 60
Director since: 2016

Committees:
- Corporate Governance
- Organization & Compensation

EXPERIENCE

Executive Vice President of Merck & Co. Inc., Kenilworth, New Jersey, which develops, manufactures, and distributes pharmaceuticals, since January 2008; President of Merck Manufacturing Division from 2005 until 2008; Senior Vice President of Global Procurement at Merck from 2004 to 2005. Former Senior Vice President of Global Procurement and Logistics at GlaxoSmithKiline, a pharmaceutical company.

Director of CDK Global, Inc. and DENTSPLY International Inc.

SKILLS AND QUALIFICATIONS

- **Management**
- **Finance**
- **Regulatory**
- **Governance**
- **Manufacturing**
- **Technology**

Mr. Deese has significant regulatory, manufacturing and procurement experience from his service as Executive Vice President of Merck & Co., Senior Vice President of Merck Manufacturing Division and Senior Vice President of Global Procurement and Logistics at GlaxoSmithKline.

The Board views Mr. Deese's background as a leader in a highly regulated industry to be of significant value in light of the many regulatory requirements our Company faces. His experience with manufacturing and technology is valuable to the oversight of our operations.

ALBERT R. GAMPER, JR.

Age: 74
Director since: 2000

Committees:
- Audit
- Executive
- Finance
- Organization & Compensation

EXPERIENCE

Lead Director from April 2011 to April 2015.

Director of PSE&G.

Chairman of the Board of CIT Group, Inc., Livingston, New Jersey, a commercial insurance company, from July 2004 until December 2004; Chairman of the Board and Chief Executive Officer of CIT Group, Inc. from September 2003 to July 2004; Chairman of the Board, President and Chief Executive Officer from June 2002 to September 2003; President and Chief Executive Officer from February 2002 to June 2002; Chairman of the Board, President and Chief Executive Officer from January 2000 to June 2001; President and Chief Executive Officer from December 1989 to December 1999. President and Chief Executive Officer of Tyco Capital Corporation from June 2001 to February 2002.

Trustee to the Fidelity Group of Funds.

SKILLS AND QUALIFICATIONS

- **Management**
- **Finance**
- **Governance**
- **Risk Management**

Mr. Gamper acquired extensive management experience in financial services as Chairman of the Board, President and Chief Executive Officer of CIT Group, Inc. Moreover, in that role he had ultimate responsibility for financial matters and the overall operations of that company.

The Board values Mr. Gamper's background considering our capital structure, liquidity needs and need to assess and oversee credit and other risks. He brings perspective and leadership to management and governance oversight.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ALL NOMINEES

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Biographical Information

WILLIAM V. HICKEY

Age: 71
Director since: 2001

Committees:
- Finance (Chair)
- Fossil
- Nuclear
- Organization & Compensation

EXPERIENCE

Chairman of the Board of Sealed Air Corporation, Elmwood Park, New Jersey, which manufactures food and specialty protective packaging materials and systems, from March 2013 until May 2013; Chairman of the Board and Chief Executive Officer from September 2012 to February 2013, President and Chief Executive officer from March 2000 to August 2012; President and Chief Operating Officer from December 1996 to February 2000.

Former Director of Sensient Technologies Corporation.

SKILLS AND QUALIFICATIONS

- **Manufacturing**
- **Consumer Products**
- **Finance**
- **Governance**
- **Management**
- **Technology**

Mr. Hickey has a strong industrial and commercial manufacturing background from his service as President and Chief Executive Officer at Sealed Air Corporation. He is also a Certified Public Accountant and, as CEO of Sealed Air Corporation, he had ultimate responsibility for financial matters and overall business performance.

Mr. Hickey's executive managerial experience with product innovation, development, production and marketing contributes to the Board's ability to oversee our Company and focus on operational excellence.

RALPH IZZO

Age: 58
Director since: 2006

Committees:
- Executive (Chair)

EXPERIENCE

Chairman of the Board, President and Chief Executive Officer of PSEG since April 2007.

Chair of the Executive Committee.

Director of PSE&G, Power, Energy Holdings and Services.

President and Chief Operating Officer of PSEG from October 2006 to April 2007; President and Chief Operating Officer of PSE&G from October 2003 to October 2006.

Director of the Williams Companies, Inc.

SKILLS AND QUALIFICATIONS

- **Management/Strategic Planning**
- **Finance**
- **Governance**
- **Industry/Operations**
- **Risk Management**
- **Construction/Engineering**
- **Science**
- **Government**

During Dr. Izzo's tenure as our Chairman of the Board, President and CEO, he has developed broad experience in general management, strategic planning, finance and risk management, as well as a thorough understanding of our business operations and the challenges and opportunities of our industry.

Dr. Izzo's background as a research physicist is of much benefit to a company that deals with many technical and scientific matters. His prior service as an energy and policy analyst at the federal and state levels is a significant asset as we position ourselves as a leader in the energy industry and public policy arena.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ALL NOMINEES

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SHIRLEY ANN JACKSON

Age: 69
Director since: 2001

Committees:
- Corporate Governance (Chair)
- Executive
- Fossil
- Nuclear
- Organization & Compensation

EXPERIENCE

Director of PSE&G.

President of Rensselaer Polytechnic Institute, Troy, New York, since July 1999.

Former director of PSEG from 1987 to 1995.

Chair, U.S. Nuclear Regulatory Commission (NRC) from July 1995 to July 1999.

Director of FedEx Corporation, IBM Corporation and Medtronic, Inc.

Former director of NYSE Euronext and Marathon Oil Corporation.

SKILLS AND QUALIFICATIONS

- **Management**
- **Government**
- **Science**
- **Technology**
- **Finance**
- **Governance**
- **Industry/Operations**

Dr. Jackson is a recipient of the National Medal of Science, the highest honor for scientific achievement bestowed by the President of the United States. As a distinguished scientist, Dr. Jackson brings an array of executive, governmental, scientific and academic experience from her years as Chair of the NRC and President of Rensselaer Polytechnic Institute. Her responsibilities as the head of a major university include financial matters.

We are a heavily regulated business which is very much affected by public policy and scientific developments. Thus, Dr. Jackson's experience and continued involvement in energy policy, scientific research and development, technology and innovation, security and financial services industry oversight is highly valued by the Board. Her background as a nuclear physicist and former NRC Chair is important as we have extensive nuclear operations.

DAVID LILLEY

Age: 69
Director since: 2009

Committees:
- Audit (Chair)
- Finance
- Organization & Compensation

EXPERIENCE

Chairman of the Board, President and Chief Executive Officer of Cytec Industries, Inc., Woodland Park, New Jersey, a global specialty chemicals and materials company from January 1999 until December 2008; President and Chief Executive Officer from May 1998 to January 1999; President and Chief Operating Officer from January 1997 to May 1998.

Director of Rockwell Collins, Inc. and Tesoro Corporation.

Former director of Arch Chemicals, Inc.

SKILLS AND QUALIFICATIONS

- **Product Development**
- **Manufacturing**
- **Sales**
- **Finance**
- **Management**
- **Governance**

Mr. Lilley has experience in product development, manufacturing and sales, gained from his years as Chairman of the Board, President and Chief Executive Officer at Cytec Industries. In this role he also had ultimate responsibility for financial matters and overall business performance.

Mr. Lilley's leadership is very important to us in light of the Board's oversight of our operations and adherence to safety and environmental requirements.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ALL NOMINEES

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Biographical Information

THOMAS A. RENYI

Age: 70
Director since: 2003
Lead Director since: April 2015

Committees:
- Audit
- Executive
- Finance

EXPERIENCE

Executive Chairman of The Bank of New York Mellon Corporation, New York, New York, a provider of banking and other financial services to corporations and individuals, from July 2007 until his retirement in August 2008.

Chairman of the Board and Chief Executive Officer of The Bank of New York Company, Inc. and The Bank of New York from February 1998 to July 2007.

Director of Hartford Financial Services Group, Inc. and Royal Bank of Canada.

SKILLS AND QUALIFICATIONS

- Finance
- Governance
- Management
- Customer Satisfaction
- Risk Management

Mr. Renyi had a long career with The Bank of New York Mellon and its predecessor, The Bank of New York, where he served as Chairman of the Board and Chief Executive Officer. In that capacity, he had substantial responsibility for the successful implementation of two major mergers. As a result, he brings to us a deep knowledge of finance, as well as significant experience in oversight of the operations of a major enterprise and meeting customer expectations.

The Board views Mr. Renyi's background as highly valuable in the oversight of risk management and our continued focus on financial strength, disciplined investment and operational excellence.

HAK CHEOL (H.C.) SHIN

Age: 58
Director since: 2008

Committees:
- Audit
- Finance
- Fossil (Chair)
- Nuclear (Chair)

EXPERIENCE

Executive Vice President – International Operations, of 3M Company, St. Paul, Minnesota, a diversified technology company, with product lines in consumer and office, healthcare electronics, industrial, graphics, transportation, safety and telecommunications markets, since May 2011.

Executive Vice President-Industrial and Transportation Business of 3M Company from January 2006 to May 2011; Executive Vice President-Industrial Business from June 2005 to January 2006; Division Vice President-Industrial Adhesives and Tapes Division from July 2003 to June 2005; Division Vice President-Electronics Markets Materials Division from October 2002 to June 2003; Division Vice President-Superabrasives and Microfinishing Systems Division from March 2001 to October 2002.

SKILLS AND QUALIFICATIONS

- Technology
- Manufacturing
- Consumer Products
- Customer Satisfaction
- Governance
- Management
- Finance

Mr. Shin brings diversified experience in the areas of technology, manufacturing, consumer products and customer satisfaction acquired through various senior positions at 3M Company, a company noted for innovation and operational excellence.

Mr. Shin's skills are important as we seek operational excellence and invest in renewable energy technology, while satisfying customer expectations and maintaining reliability.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ALL NOMINEES

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RICHARD J. SWIFT

Age: 71
Director since: 1994

Committees:
- Corporate Governance
- Executive
- Fossil
- Nuclear
- Organization & Compensation (Chair)

EXPERIENCE

Lead Director from February 2010 until April 2011.

Presiding Director from June 2007 until February 2010.

Director of PSE&G.

Former Chairman of the Financial Accounting Standards Advisory Council from January 2002 to December 2006.

Chairman of the Board, President and Chief Executive Officer of Foster Wheeler, Ltd., Clinton, New Jersey, which provides design, engineering, construction, manufacturing, management, plant operations and environmental services, from April 1994 until his retirement in October 2001.

Director of CVS Caremark Corporation, Hubbell Incorporated, Ingersoll-Rand Limited and Kaman Corporation.

SKILLS AND QUALIFICATIONS

- **Management**
- **Construction/ Engineering**
- **Industry/Operations**
- **Finance**
- **Governance**
- **Manufacturing**
- **Risk Management**

Mr. Swift is a licensed professional engineer who brings a strong managerial background in engineering, construction and generating plant operations as CEO at Foster Wheeler, Ltd. Mr. Swift also served as Chairman of the Financial Accounting Standards Advisory Council and brings us finance and risk management experience.

The Board believes that we benefit significantly from Mr. Swift's experience as we are heavily engaged in similar endeavors in our generation and utility businesses. While CEO at Foster Wheeler, he had ultimate responsibility for financial matters.

SUSAN TOMASKY

Age: 63
Director since: 2012

Committees:
- Audit
- Corporate Governance

EXPERIENCE

President-AEP Transmission of American Electric Power Corporation, Columbus, Ohio, an electric utility holding company with generation, transmission and distribution businesses, from May 2008 to July 2011.

Executive Vice President – Shared Services of American Electric Power Corporation from September 2006 to May 2008; Executive Vice President and Chief Financial Officer from September 2001 to September 2006; Executive Vice President and General Counsel and Corporate Secretary from July 1998 to September 2001.

Former General Counsel, U.S. Federal Energy Regulatory Commission (FERC), from March 1993 to June 1997.

Lead Director of Tesoro Corporation and director Summit Midstream Partners, LP.

SKILLS AND QUALIFICATIONS

- **Industry/Operations**
- **Management**
- **Finance**
- **Legal**
- **Governance**
- **Government**
- **Risk Management**

Ms. Tomasky has broad electric industry executive experience having served in key leadership positions involving transmission operations, services, finance, law and governance at one of the largest utility holding companies in the United States. Her service at the FERC is highly valuable to us as several of our businesses are subject to that agency's regulation.

The Board views Ms. Tomasky's background as providing a valuable resource and perspective on utility management, finance, law, risk management and governmental regulation.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ALL NOMINEES

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Biographical Information

ALFRED W. ZOLLAR

Age: 61
Director since: 2012

Committees:
- Corporate Governance
- Fossil
- Nuclear

EXPERIENCE

Executive Partner, Siris Capital Group, LLC, a private equity firm, since February 2014; General Manager –Tivoli Software division of International Business Machines Corporation (IBM), Armonk, New York, a worldwide information technology and consulting company, from July 2004 to January 2011; General Manager – eServer iSeries from January 2003 to July 2004; President and Chief Executive Officer – Lotus Software division from January 2000 to 2003; Division General Manager – Network Computer Software division from 1996 to 2000.

Former Director of Chubb Corporation.

SKILLS AND QUALIFICATIONS

- **Management**
- **Governance**
- **Technology**
- **Product Development**
- **Customer Satisfaction**
- **Finance**

Mr. Zollar brings a wealth of knowledge from his executive leadership, product development and information technology experience. He has served in various leadership roles, including senior management positions, in every IBM software group division.

The Board believes that Mr. Zollar's executive and managerial experience in business development and technology greatly contributes to our oversight of operational excellence, customer satisfaction and cybersecurity.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ALL NOMINEES

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SECURITY OWNERSHIP OF DIRECTORS, MANAGEMENT AND CERTAIN BENEFICIAL OWNERS

The following table sets forth, as of February 19, 2016, beneficial ownership of our Common Stock by the directors, nominees and currently serving executive officers named in the 2015 Summary Compensation Table. None of these amounts exceeds 1% of our Common Stock outstanding. The table also sets forth, as of such date, beneficial ownership in shares by any person or group known to us to be the beneficial owner of more than five percent of our Common Stock. According to the Schedule 13G filed by the owner with the SEC, these securities were acquired and are held in the ordinary course of business and not for the purpose of changing or influencing the control of the Company.

Name	Owned Shares (#)(1)	Restricted Stock (#)(2)	Stock Units/ Restricted Stock Units (#)(3)	Phantom Shares (#)(4)	Deferred Equity Shares (#)(5)	Stock Options (#)(6)	Amount of Beneficial Ownership of Common Stock (#)	Percent of Class (%)
Directors:								
Willie A. Deese (7)	-	-	-	-	-	-	-	<1
Albert R. Gamper, Jr.	9,377	9,600	31,816	26,501	-	-	77,294	<1
William V. Hickey	6,332	9,600	31,816	20,882	-	-	68,630	<1
Shirley Ann Jackson	5,604	9,600	31,816	-	-	-	47,020	<1
David Lilley	-	-	25,436	23,875	-	-	49,311	<1
Thomas A. Renyi	-	8,800	31,816	46,542	-	-	87,158	<1
Hak Cheol Shin	-	-	28,571	-	-	-	28,571	<1
Richard J. Swift	304	14,400	31,816	51,518	-	-	98,038	<1
Susan Tomasky	-	-	13,539	-	-	-	13,539	<1
Alfred W. Zollar	-	-	13,355	-	-	-	13,355	<1
NEOs:								
Daniel J. Cregg	16,712	-	13,066	-	13,778	-	43,556	<1
Caroline Dorsa	108,406	-	25,195	-	-	-	133,601	<1
Ralph Izzo	500,332	-	184,793	-	544,921	1,154,100	2,384,146	<1
Ralph A. LaRossa	82,780	-	37,279	-	71,723	33,000	224,782	<1
William Levis	74,182	-	76,188	-	-	45,500	195,870	<1
Tamara L. Linde	19,870	-	21,131	-	-	-	41,001	<1
All Directors, NEOs and Executive Officers of the Company as a Group (18 Persons):								
	874,438	52,000	621,031	169,318	630,422	1,232,600	3,579,809	<1
Certain Beneficial Owners:								
Vanguard Group, Inc. (8)							32,220,396	6.36

(1) Includes all shares, if any, held directly, in brokerage accounts, under the Thrift and Tax-Deferred Savings Plan (401(k) Plan), Enterprise Direct, ESPP, shares owned jointly by or with a spouse and shares held in a trust or a custodial account. Beneficial ownership is disclaimed as to 360 shares by an executive officer.

(2) Includes restricted stock granted to directors under the former Stock Plan for Outside Directors.

(3) Includes vested and unvested restricted stock units granted to executive officers under the LTIP and stock units granted to directors under the Equity Compensation Plan for Outside Directors (Directors Equity Plan), with no voting rights.

(4) Includes phantom shares accrued under the Directors' Deferred Compensation Plan for those individuals who have elected to have the earnings on their deferred payments calculated based upon the performance of our Common Stock, with no voting rights.

(5) Includes shares deferred under the Equity Deferral Plan, with no voting rights.

(6) Stock options granted under the LTIP, all of which are exercisable currently. Unexercised stock options have no voting rights.

(7) Mr. Deese joined the Board in February 2016.

(8) As reported on Schedule 13G/A filed on February 10, 2016. Address: 100 Vanguard Blvd., Malvern, PA 19355.

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Section 16(a) Beneficial Ownership Reporting Compliance

During 2015, three of our directors and executive officers were late in filing a Form 3, 4 or 5 in accordance with the requirements of Section 16(a) of the Securities Exchange Act of 1934, as amended (Exchange Act), with regard to transactions involving our Common Stock. Ralph Izzo, our CEO and a director, was one day late in filing a Form 4 to report the cashless exercise of 20,000 options and corresponding disposition of 18,394 shares, due to an administrative oversight. David Lilley and Thomas A. Renyi, each a director, were each three days late in filing a Form 4 to report the acquisition of 858 and 941 phantom shares, respectively, in connection with the quarterly retainer paid to directors under the Directors' Deferred Compensation Plan, due to a late receipt of data.

DIRECTOR COMPENSATION TABLE

The table below reports 2015 compensation paid to directors (except Mr. Izzo, as explained below). Mr. Deese joined the Board in February 2016.

	Fees Earned or Paid in Cash ($)(1)	Stock Awards ($)(2)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)(3)	Total ($)
Albert R. Gamper, Jr.	123,750	120,006				150	243,906
William V. Hickey	120,000	120,006				-	240,006
Shirley Ann Jackson	126,875	120,006				5,000	251,881
David Lilley	127,500	120,006				150	247,656
Thomas A. Renyi	136,250	120,006				150	256,406
Hak Cheol Shin	122,500	120,006				-	242,506
Richard J. Swift	140,625	120,006				150	260,781
Susan Tomasky	100,000	120,006				150	220,156
Alfred W. Zollar	80,625	120,006				-	200,631

(1) Includes all meeting fees, chair/committee retainer fees and the annual retainer as described below. Includes the following amounts deferred pursuant to the Directors' Deferred Compensation Plan, described below:

Gamper ($)	Hickey ($)	Jackson ($)	Lilley ($)	Renyi ($)	Shin ($)	Swift ($)	Tomasky ($)	Zollar ($)
-	120,000	126,875	127,500	136,250	122,500	-	-	-

(2) For each, the grant date fair value of the award on May 1, 2015, equated to 2,860 stock units, rounded up to the nearest whole share, based on the then current market price of the Common Stock of $41.96. In addition, each individual's account is credited with additional stock units on the quarterly dividend dates at the then current dividend rate.

The following table shows outstanding stock units granted under the Directors' Equity Plan and restricted stock granted under the prior Stock Plan for Outside Directors, as of December 31, 2015:

	Gamper (#)	Hickey (#)	Jackson (#)	Lilley (#)	Renyi (#)	Shin (#)	Swift (#)	Tomasky (#)	Zollar (#)
Stock Units	31,816	31,816	31,816	25,436	31,816	28,571	31,816	13,539	13,355
Restricted Stock	9,600	9,600	9,600	-	8,800	-	14,400	-	-

(3) Consists of charitable contributions made by us on behalf of each individual and under our educational matching gift program.

Director Compensation

Director Fees

A director who is an employee of a PSEG Company receives no additional compensation for services as a director. Mr. Izzo receives no compensation as a director. His compensation as an employee is shown in this Proxy Statement in the executive compensation tables and CD&A. Periodically, CAP assesses the competitiveness of director compensation for the Corporate Governance Committee.

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Directors are compensated in accordance with the schedule below. All amounts are paid in cash, except the equity grant, which is paid in Common Stock units equal to the amount shown. All payments to the Chairs and Committee members, as indicated, are per assignment and incremental to the annual retainer and equity grant.

	Fee Schedule ($)
Annual Retainer	85,000
Annual Equity Grant	120,000
Lead Director	30,000
Audit Committee Chair	30,000
O&CC Chair	30,000
Other Committee Chair	12,500
Audit Committee Member	12,500
Other Committee Member	7,500

Directors' Equity Plan

The Directors' Equity Plan is a deferred compensation plan and, under its terms, each outside director is granted an award of "stock units" each May 1st (in an amount determined from time-to-time by the Board) which is recorded in a bookkeeping account in his/her name and accrues credits equivalent to the dividends on shares of our Common Stock. If a director fails to remain a member of the Board (other than on account of disability or death) until the earlier of the succeeding April 30th or the next Annual Meeting of Stockholders, the award for that year will be prorated to reflect actual service. Distributions under the Directors' Equity Plan are made in shares of our Common Stock after the director terminates service on the Board in accordance with distribution elections made by him/her, which may be either in a lump-sum payment or, with respect to grants made prior to 2012, in annual payments over a period of up to ten years.

Under the Directors' Equity Plan, with respect to grants made beginning in 2012, directors may elect to commence distribution of a particular year's deferrals either upon termination of service or after a specified number of years thereafter. A director may elect to receive distribution of such deferrals in the form of a lump-sum payment, or annual installments over a period of three to fifteen years. Distribution elections must be made prior to the date that services giving rise to the awards are performed.

Shares granted under the prior Stock Plan for Outside Directors are subject to forfeiture if a director leaves service prior to age 72, except after a change-in-control or if waived by non-participating directors.

Directors' Deferred Compensation Plan

Under the Directors' Deferred Compensation Plan, directors may elect to defer any portion of their cash retainer by making appropriate elections in the calendar year prior to the year in which the services giving rise to such compensation being deferred is rendered. At the same time he/she elects to defer such compensation, the participant must make an election as to the timing and the form of distribution from his/her Directors' Deferred Compensation Plan account. Distributions are made in cash or, at the election of the participant in the case of amounts credited with earnings by reference to the performance of our Common Stock, in shares of Common Stock.

For amounts deferred prior to 2012, distributions may commence (a) on the thirtieth day after the date he/she terminates service as a director or, in the alternative, (b) on January 15th of any calendar year following termination of service elected by him/her, but in any event no later than the later of (i) January of the year following the year of his/her 71st birthday or (ii) January following termination of service. Participants may elect to receive the distribution of their Directors' Deferred Compensation account in the form of one lump-sum payment, or annual distributions over a period selected by the participant, up to 10 years.

With respect to compensation deferred beginning in 2012, directors may elect to commence distribution of a particular year's deferrals, either (a) within 30 days of termination of service, or (b) a specified number of years following termination of service. They may elect to receive distribution of such deferrals in the form of a lump-sum payment, or annual installments over a period of three to fifteen years.

Participants may make changes of distribution elections on a prospective basis. Participants may also make changes of distribution elections with respect to prior deferred compensation as long as any such new distribution election is made at least one year prior to the date that the commencement of the distribution would otherwise have occurred and the revised commencement date is at least five years later than the date that the commencement of the distribution would otherwise have occurred.

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Investments

Participants may choose to have amounts deferred under the Directors' Deferred Compensation Plan credited with earnings based on (i) the performance of one or more of pre-mixed lifestyle investment portfolio funds, (ii) at the rate of Prime plus 1/2%, capped at 120% of the applicable federal long-term rate, or (iii) by reference to the performance of our Common Stock, in such percentages designated by the participant. These are the same investment options offered under our 401(k) plan to employees (except the Schwab Personal Choice Retirement Account). A participant who fails to provide a designation will accrue earnings on his/her account at the rate of Prime plus 1/2%, capped at 120% of the applicable federal long-term rate. A participant may change fund selection daily, except for the Common Stock Fund, for which selection may be made only prior to deferral.

The one-year rates of return as of December 31, 2015 for the offered funds as computed by the recordkeeper for the Directors' Deferred Compensation Plan were as follows:

Rates of Return			
Pre-Mixed Portfolios		**Target Retirement Funds**	
Conservative Portfolio	0.97%	Target Retirement Income	-0.20%
Moderate Portfolio	0.44%	Target Retirement 2010	-0.24%
Aggressive Portfolio	-0.32%	Target Retirement 2015	-0.50%
Funds		Target Retirement 2020	-0.65%
Stable Value	2.04%	Target Retirement 2025	-0.78%
Diversified Bond	0.60%	Target Retirement 2030	-0.98%
Fidelity Intermediate Bond	0.69%	Target Retirement 2035	-1.18%
Large Company Stock Index	1.33%	Target Retirement 2040	-1.54%
Mid-Cap Index	-1.36%	Target Retirement 2045	-1.54%
Institutional Developed Markets Index	-0.28%	Target Retirement 2050	-1.60%
Small – Cap Index	-3.68%	Target Retirement 2055	-1.71%
Prime Money Market	0.11%	Target Retirement 2060	-1.66%
Enterprise Common Stock	-3.20%		
Other			
Prime Plus 1/2%	3.05%		

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SAY-ON-PAY

As required by Section 14A of the Exchange Act, we are providing you with an opportunity to cast an advisory vote on our executive compensation programs as described in this Proxy Statement. This is commonly referred to as "say-on-pay." We plan to do this each year, in accordance with the applicable rules of the SEC.

This vote is advisory and, thus, it is non-binding on us and the Board. However, management, the O&CC and the Board intend to carefully review the voting results and take them into consideration when making future decisions regarding our executive compensation. In accordance with applicable SEC requirements, we will disclose to you in our future proxy statements how our compensation policies and decisions have taken into account the results of the most recent stockholder advisory vote on our executive compensation.

94% of stockholders voted in favor of say-on-pay proposal	At our 2015 annual meeting, stockholders showed significant support for our executive compensation program, with approximately 94% voting in favor of our say-on-pay proposal. We strongly encourage investor feedback and will continue to review and make changes to our executive compensation program in recognition of investor concerns, evolving trends and best practices.

We were gratified by this say-on-pay result and believe this demonstrated strong support for our executive compensation policies and practices and our approach to aligning pay and performance. In furtherance of our pay for performance philosophy, we continuously review and make changes to our executive compensation program in recognition of investor concerns, evolving trends and best practices. We annually review and adjust, as necessary, the compensation of our executives in light of their performance, their role in our management, our business results and our financial condition. Based on this review, we made individual determinations about the compensation of our CEO and the other NEOs, as discussed below. We did not make any significant changes to our program for 2015.

We have disclosed in this Proxy Statement an overview of the philosophy and elements of our executive compensation program, as well as the details of the individual compensation paid or awarded to each of our NEOs and our process for making those determinations. We have provided below the Report of our O&CC, the CD&A and the compensation tables. In our CD&A, we have explained the reasons supporting our executive pay decisions as reported in the various tables and accompanying narrative included in this Proxy Statement.

We believe our executive compensation is reasonable and appropriate, reflecting market conditions. We are asking you to indicate your support of our executive compensation program as described in this Proxy Statement. This vote is not intended to address any specific item of compensation or any specific individual. Rather, it is an indication of your agreement with the overall philosophy, policies, practices and compensation of our executive officers as described in this Proxy Statement. Accordingly, as recommended by the Board, we ask for you to vote in favor of the following resolution:

> **Resolved, that the stockholders hereby approve, on an advisory basis, the compensation of the NEOs, as disclosed in the Company's Proxy Statement for the 2016 Annual Meeting of Stockholders pursuant to the applicable rules of the SEC, including the CD&A, compensation tables and narrative discussion.**

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE RESOLUTION IN THIS PROPOSAL.

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CD&A EXECUTIVE SUMMARY

Executive Compensation Philosophy - Pay Mix and Peer Group

Our executive compensation program is designed to closely link pay and performance and align the interests of our executives with stockholders. We have structured our program to tie executive compensation to the successful execution of our strategic plans, meeting our financial and operational goals and delivery of strong returns while balancing the concerns of our multiple stakeholders, which include our stockholders, the customers we serve, our employees and the communities in which we operate. Our pay for performance structure translates into higher compensation in years of strong performance and stockholder returns and lower compensation when performance is not as strong. We provide a peer-competitive compensation package to attract and retain exceptional executive talent needed for long-term success, with incentives for our executives to achieve outstanding individual performance and business results. Our senior management team, led by our NEOs, continues to provide strategic and tactical leadership as we focus on operational excellence, financial strength and disciplined investment.

The O&CC annually reviews and evaluates the philosophy, objectives, design and effectiveness of our compensation program, including the performance of the NEOs. The O&CC maintains the flexibility to make decisions about the program and actual compensation levels and awards based on achievement of our business objectives and relevant circumstances affecting our Company. In addition to the established performance measures, these may include economic, market and competitive conditions, regulatory and legal requirements, internal pay equity considerations and peer group or/market best practices. The O&CC and the entire Board seek to assure alignment of pay with performance in order to create value without encouraging excessive risk taking. Our directors are committed to acting in the best interest of stockholders as responsible stewards overseeing our executive compensation program.

Our compensation consists primarily of the following components:

- **Base Salary** is reviewed annually and determined based on position responsibilities, individual experience, performance, internal equity and the competitive market for the position.
- **Annual Cash Incentive** under our SMICP for 2015 is generally capped at 150% of target with the potential for 200% for exceptional individual performance. Actual payment is determined by the achievement of key financial and operating goals (at the individual, business unit and corporate level) using multiple performance measures, with a strong emphasis on EPS for the corporate factor. The O&CC exercises overall judgment.
- **Equity-Based Incentive Awards** under our LTIP consist of PSUs (60%), and RSUs (40%). Payout of PSUs, if any, is dependent on achievement of long-range financial targets measured by ROIC as compared to both our three-year plan and relative to peers and the market performance of our Common Stock with reference to TSR relative to our peers. LTIP PSU payouts may be as low as zero and are capped at 200% of target. The value of RSUs, which cliff vest after three years, is dependent on the market price of our Common Stock.
- **Retirement and Post-Employment Benefits** are comparable to those of companies with whom we compete for executive talent.

We benchmark executive compensation, including that of the NEOs, to a peer group of companies in our industry. To most effectively evaluate executive compensation, we believe that an analysis of the “pay mix”, or Total Direct Compensation (base salary plus target annual incentive and target long-term incentive) is a better measure for evaluating executive compensation as opposed to focusing on each of the elements individually. We target Total Direct Compensation at the median of the industry peer group within a range that recognizes differences in roles, performance, job scope, tenure and volatility of market data from year to year:

- We consider a range of +/-20% in relation to a comparable position to be within the competitive benchmark median;
- In determining the mix of the elements of Total Direct Compensation, we exercise judgment, using the competitive analysis as a general guideline;
- The overwhelming amount of our CEO’s and NEOs’ compensation is performance-based and tied to stockholders’ interests rather than to base salary; and
- For 2015, the target percentage of incentive compensation, both annual and long-term, constituted 85% of targeted Total Direct Compensation for our CEO and 69% for our other NEOs as a group.

Our commitment to employee accountability and the importance of integrity and ethical behavior on the part of all employees are reflected in our company values and embedded throughout our compensation philosophy and programs.

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Executive Compensation Practices

The table below highlights for 2015 our executive compensation practices which remain consistent with our compensation philosophy. The left column outlines the practices we believe are conducive to encouraging sound performance by our senior executives and the right column describes those practices that we have chosen not to implement because we do not believe they further our stockholders' long-term interests.

	WHAT WE DO		WHAT WE DON'T DO
✓	**Pay for Performance.** We closely align pay and performance. The O&CC validates this alignment annually and ensures performance-based compensation comprises a significant portion of executive compensation.	✗	**Limited Perk Policy**. We do not provide perquisites except in cases where there is a compelling business reason nor do we provide gross-ups except in limited cases for relocation.
✓	**Meaningful Stretch Performance Goals.** We establish clear and measureable goals and targets in the beginning of the performance period and hold our executives accountable for achieving specified levels to earn a payout under our incentive plans.	✗	**No Guaranteed Annual Salary Increases, No Target Adjustments and Limited Guaranteed Bonuses.** For senior executives, annual salary increases are based on evaluations of individual performance and the competitive market. We do not adjust annual or long-term incentive plan targets, nor do we re-price or buy out options. In addition, we do not provide guarantees on bonus payouts, only on an as-needed basis for recruitment purposes.
✓	**Competitive Pay.** We position target pay competitively around market median and require strong performance to deliver pay above these levels.	✗	**No Above Market Pay.** We do not pay above-market compensation outside of our benchmarked competitive range.
✓	**Double Trigger in the Event Of a Change-in-Control.** We have double trigger vesting on equity and severance for change-in-control; executives will not receive cash severance nor will equity vest in the event of a change-in-control unless accompanied by qualifying termination of employment.	✗	**No Excise Tax Gross Ups.** We do not provide gross-ups for excise taxes upon a change-in-control.
✓	**Maximum Payout Caps for Incentive Plans.** Annual cash incentives and PSUs are capped.	✗	**Incent Short-Term Results to the Detriment of Long-Term Goals and Results.** NEOs pay mix is heavily weighted towards long-term incentives.
✓	**Clawback Practice.** Broad policy that allows for recoupment of all incentive compensation for any financial restatement or incentive pay recalculation due to misconduct.	✗	**No Excessive Risks.** We do not have plans that encourage excessive risk taking.
✓	**Uniform Retirement Formulas.** Our qualified plan retirement formulas are the same for the executives as for all other non-union employees.	✗	**No Additional Service Credit.** We no longer offer any additional retirement service credit to executives and have not in several years.
✓	**Robust Stock Ownership and Retention Requirements.** We require executives to hold meaningful amounts of stock and also require them to hold 100% of net shares until ownership requirement is met and then 25% of proceeds from equity awards until retirement.	✗	**No Hedging or Pledging.** We do not allow hedging or pledging of our stock by executives.
✓	**Compensation Consultant.** The O&CC engages an independent compensation consultant.	✗	**Compensation Consultant Independence.** The consultant works directly for the Board, does no other work for us and has no conflicts of interest.
✓	**Stockholder Engagement.** We solicit feedback from investors on our compensation program.	✗	**No Unearned Dividend Paid.** We do not pay dividend equivalents on unearned performance share units.

2015 PSEG Performance Highlights

Our long-range strategy, with its emphasis on business fundamentals, is designed to achieve growth while managing the risks associated with fluctuating commodity prices and changes in customer demand. Earnings for 2015 were improved compared to the prior year. This was primarily due to higher revenues due to increased investments in transmission projects at PSE&G, lower generation costs at Power due to lower fuel costs, primarily reflecting lower natural gas and coal prices, higher mark-to-market gains and insurance recoveries of Superstorm Sandy costs, primarily at Power. These factors were partially offset by lower capacity revenues at Power resulting from lower average auction prices coupled with lower ancillary and operating reserve revenues in the PJM region, lower realized gains and higher other–than–temporary impairments related to the Nuclear Decommissioning Trust Fund, and higher pension and post–employment benefits costs net of amounts capitalized. On February 16, 2016, the Board declared a quarterly Common Stock dividend for the first quarter of 2016 of $0.41 per share, an increase of $0.02 per outstanding share of the Company's Common Stock, or 5.1%. The increase in the quarterly dividend brings the indicative annual dividend rate to $1.64 per share, and represents the fifth consecutive annual increase in the dividend rate. The most recent increase in the annual dividend rate is supported by our business mix, continued positive cash flow from our generation business and our strong balance sheet. Financial highlights are included in the Executive Summary to this Proxy Statement on page 3 above. You can find a more comprehensive discussion of our 2015 business and financial performance in our Form 10-K.

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✓ 2015 Accomplishments

- **Operational Excellence**
  - Generating fleet flexibility allowed us to take advantage of market opportunities while managing costs.
  - Received recognition for customer satisfaction and reliability.
  - Managed expenses with continued cost control measures.
- **Financial Strength**
  - Maintained solid investment grade credit ratings and increased our dividend.
  - Funded construction projects with internally generated cash and external debt financing.
  - Maintained strong cash position and substantial liquidity.
- **Disciplined Investment**
  - Utilized rigorous investment criteria in deploying capital to invest in energy infrastructure in response to low market prices for energy, environmental requirements and public policy.

Pay for Performance

We focus on operational excellence, financial strength and disciplined investment to achieve growth while managing risk. Our strategy has been to emphasize utility investment, mitigate merchant generation risk and operate in a cost-efficient manner. We have aligned our compensation structure with the performance results we expect our executives to attain in carrying out this strategy. We show below a chart comparing the relative contributions to earnings of PSE&G and Power over the past five years, together with the percentage increase of capital expenditures (CapEx) at PSE&G compared to total investment in our Company. Also shown is the comparison of Compound Annual Growth Rate (CAGR) at PSE&G and Power over the five-year period. We believe that this graph demonstrates the value to stockholders of our business strategy and the success we have achieved under our NEOs' leadership of the Company. This impact on our earnings is reflected in the realized pay of our NEOs, since our executive compensation program links incentive payouts to earnings measures over multiple time frames.

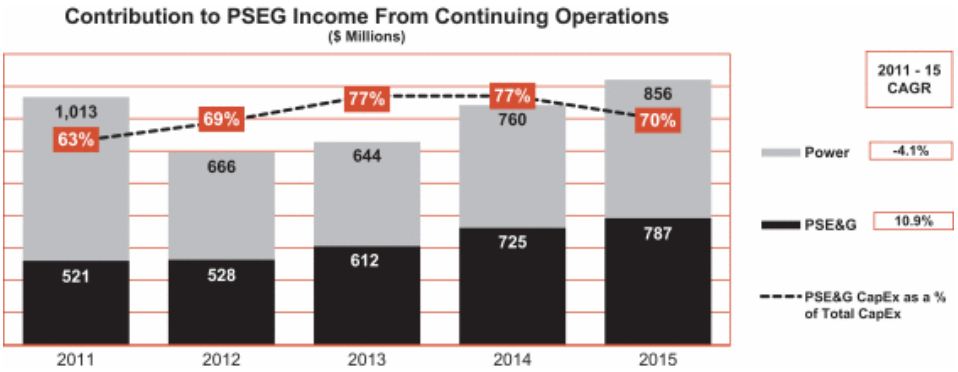

The 2015 compensation paid to our NEOs reflects strong pay for performance alignment:

- SMICP payouts reflect actual 2015 performance results, heavily weighted towards earnings; and
- LTIP PSU payouts reflect actual prior three – year performance period results for ROIC and relative TSR.

We show below the actual payouts compared to target:

	2015	2014	2013
CEO SMICP Payout	139%	124%	142%
Average other NEO SMICP Payout	138%	129%	138%
PSU Payout	140%	121%	75%

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The analytical judgment and operational and managerial abilities that we expect of our senior executives are critical factors in positioning us for the future. Their performance in improving our operating efficiencies, actively influencing legislative and regulatory policies and adjusting our business mix by shifting investment to best take advantage of emerging opportunities for growth, particularly in connection with utility rate-regulated returns, have led to the accomplishments noted above. While these activities are not easily measured over the short-term by reference solely to current EPS and stock price in comparison to the levels in the recent past, the ability of our management team to address these challenges successfully are vital skills on which we place significant value in setting total compensation for our NEOs. We believe that our performance-based compensation programs have and will continue to deliver the appropriate compensation based on our results relative to both our business plan and our peers, helping us manage through an evolving business environment. As a result of the continued focus on operational excellence, financial strength and disciplined investment, the O&CC believes that our management team has effectively responded to challenging conditions.

Say-On-Pay, Stockholder Engagement and Transparent Disclosure

We provide our stockholders with an annual opportunity to cast an advisory "say-on-pay" vote. We believe that this voting opportunity can provide valuable insights into our stockholders' views on our compensation programs. ***At the 2015 Annual Meeting, our stockholders voted approximately 94% in favor of our say-on-pay proposal, demonstrating their concurrence that our programs reflect our strong pay for performance philosophy.***

We have a long-standing practice of engaging in constructive dialogue with our stockholders on various matters of interest to them. We do this by meeting periodically with our major stockholders and groups of investors as well as by regular written communications. These interactions help us to understand our investors' needs and concerns and provide us with valuable insights. In recent years, we have enhanced our efforts with regard to matters of executive compensation and corporate governance to keep pace with evolving investor priorities and expectations. The O&CC, with input from the independent compensation consultant, considered the 2015 say-on-pay vote result, investor input and current market practices as it evaluated whether any further changes to our executive compensation program were warranted.

We strive to be clear and transparent in the information we provide to investors in our Proxy Statement, Form 10-K and other reports filed with the SEC and in our investor communications. We believe our executive compensation disclosure addresses the issues considered most important to, and provides the useful information desired by, our stockholders, as evidenced by the feedback we receive at our meetings throughout the year. We always welcome stockholders' comments and suggestions and will continue to consider the outcome of the say-on-pay vote when making future compensation decisions regarding our NEOs.

Key O&CC Actions

The O&CC monitors trends and developments in the market, with the assistance of CAP, as they relate to executive compensation. The O&CC uses this information as an input as it makes decisions on executive compensation throughout the year. In 2015, the O&CC considered recommendations from CAP and management with regard to compensation design and effectiveness and reviewed competitive practices within our peer group. Based on the reviews and analyses undertaken by the O&CC, we made several changes to our programs for 2015 as noted below. The O&CC considered the strong stockholder reinforcement of our compensation philosophy and program in determining to continue with our consistent results-oriented pay for performance approach. For 2015, the O&CC took the following actions related to executive compensation:

- Analyzed pay for performance by comparing our one – and three – year financial results with the compensation of our CEO and NEOs and found them to be appropriately aligned;
- Reviewed our total share usage and "burn rate" for the LTIP relative to the peer panel and found these levels relatively low compared to peers;
- Approved payouts under the SMICP and LTIP based on its assessment of CEO, NEOs and Company performance relative to pre-established goals for 2015 measured substantially on EPS, ROIC and relative TSR;
- Modified the maximum leverage in our SMICP to 200% of target (effective for the 2016 performance year for payout in 2017);
- Approved incentive compensation awards having goals with a significant degree of difficulty;
- Approved salary increases for NEOs, to reflect performance and achieve desired positioning vs. the market;
- Adopted at year-end 2015 a more robust and more broadly applicable clawback practice that enhances accountability and reinforces the importance of integrity and ethical behavior; and
- Determined that our compensation programs do not create a potential incentive for individuals to take excessive risks.

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COMPENSATION DISCUSSION AND ANALYSIS (CD&A)

Executive compensation is governed under the direction and authority of the O&CC. The O&CC is made up of directors who are independent under NYSE rules and our requirements for independent directors. The O&CC receives advice from its independent compensation consultant, CAP, which provides only compensation consulting services to the Board and not to management.

Our CD&A describes our executive compensation program, including 2015 total compensation for our named executive officers (NEOs), who are listed below. The CD&A explains our:

- **Compensation Philosophy;**
- **Elements of Executive Compensation; and**
- **Executive Compensation Governance Features and Controls.**

✓ **2015 NEOs**

- **Ralph Izzo**, Chairman of the Board, President and Chief Executive Officer (CEO)
- **Daniel J. Cregg**, Executive Vice President (EVP) and Chief Financial Officer (CFO)(1)
- **Caroline Dorsa**, Retired EVP and CFO(2)
- **Ralph A. LaRossa**, President and Chief Operating Officer (COO) of our subsidiary, PSE&G
- **William Levis**, President and COO of our subsidiary, Power
- **Tamara L. Linde**, EVP and General Counsel

(1) Elected to position effective October 8, 2015.

(2) Retired October 8, 2015 and included pursuant to SEC requirements.

We have designed this CD&A to be forthcoming and transparent in demonstrating that our executive compensation program is based on well-established principles thoughtfully carried out under the oversight of the O&CC for the long-term benefit of our stockholders. We describe in detail:

- The mix of salary, cash incentive compensation and equity incentive compensation;
- The criteria used for target pay positioning;
- The reasons for selecting particular companies as peers for benchmarking compensation;
- The manner in which equity awards are determined;
- The weighting of performance measures used to calculate compensation;
- The rationale for severance and change-in-control arrangements; and
- The governance features and controls we use.

In the CD&A Executive Summary above, we specifically address those areas which we believe are of utmost interest to our stockholders. A complete reading of the CD&A provides a more thorough description of our compensation program and explanation of our recent activities. In the Executive Summary we provide:

- Executive compensation philosophy and practices;
- Material elements of our executive compensation program, including key actions and program changes;
- Results of our 2015 say-on-pay vote and shareholders engagement; and
- Pay for performance alignment.

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Compensation Philosophy

Pay for Performance

We believe it is important to link pay with performance and long-term stockholder value. We utilize compensation to further align the interests of our executives with those of our stockholders as well as other stakeholders. However, we believe that it is crucial to our stockholders' long-term interests that we not measure performance too narrowly on merely a single year's results. Our compensation programs are designed to reward for performance over varying time horizons with our incentives linked to successful implementation of our corporate strategic objectives. Our SMICP focuses on financial and operating performance over a one-year period while our LTIP is focused on multi-year performance. Similarly, the goals of individual NEOs, including our CEO, place a high value on strategic initiatives, long-range planning and operational excellence which drive value and ensure we meet our responsibilities as a public utility. While the impact of this approach may not necessarily be seen in any single year, over time the actual value of compensation, especially equity grants, reflect our Company's performance and the O&CC reviews this alignment each year.

Our ability to effectively compete and reliably serve our customers, while adjusting to evolving industry and market factors is to a great degree dependent on our ability to appropriately attract, retain and reward exceptional talent, including our senior executives. When we establish performance targets, we consider internal and external factors and set stretch goals to reflect an appropriate degree of difficulty. Our incentive compensation payouts are determined based on financial measures that align CEO and NEO compensation with stockholder interests, as EPS, TSR and ROIC are used in calculating the amounts. Although these are important components for evaluating pay for performance, we do not believe it is particularly meaningful to merely compare EPS or Common Stock price at year-end with CEO and NEO reported compensation. For example, a meaningful pay for performance analysis entails more than a simple comparison of year-end quantitative measures such as TSR to compensation as reported. Among other things, the reported compensation, in particular the equity compensation shown in the tables in the Proxy Statement is based on an accounting valuation. These could differ significantly from what is ultimately earned by the executives depending on actual results of the performance measures and the value of equity awards at the time they are earned, if at all. Each year, the O&CC, with the assistance of CAP, considers the pay for performance relationship not just from a target pay perspective, but also considering the actual realizable pay, which reflects our stock price performance, as noted above in the discussion of pay for performance in the CD&A Executive Summary.

If you would like additional information about our 2015 performance, including our financial statements and a more complete description of our business, please see our Form 10-K.

Peer Comparison and Benchmarking

As part of our pay for performance review during 2015, the O&CC considered relative financial performance data comparing us to those companies in our peer group for whom data was available, as discussed further below. With the assistance of CAP, we analyzed key performance metrics and compensation for 2014, the most recent year for which data was available. Included in the metrics were operating income margin, EPS growth, return on capital and relative TSR. The total cash compensation included base salary and SMICP and the total direct compensation included those two items plus the grant date fair value of LTIP awards, all of which are reported in our Summary Compensation Table. These performance metrics were broader than the measures we use in determining award payouts under the SMICP and LTIP. We believe they provide a more expansive view of our relative performance.

Viewing performance in this broad context, we believe the total compensation paid to senior executives and as structured for future payouts has achieved the desired results. In general, our delivered performance in 2015, relative to the degree of difficulty, was aligned with our pre-set goals and our business plan. We believe that our financial results reflect the current industry and Company circumstances as well as the continued focus of our CEO and NEOs on strategic responses and operational efficiencies to optimize earnings and returns while positioning us for continued success. In evaluating the compensation of the NEOs and in particular the CEO, we assessed the amount relative to the performance delivered and continue to conclude the two are aligned.

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Compensation Discussion and Analysis

How We Choose Peers

Attracting and retaining top talent requires paying competitive compensation. We evaluate and set executive compensation to be competitive within an identified peer group which was developed to reflect similarly-sized energy companies with comparable businesses and, in particular, including those with a similar mix of regulated utility and merchant generation operations. We believe that these companies appropriately reflect the landscape of our industry and the market in which we compete for talent. We have included regulated utilities, independent power producers, and merchant generators and combined holding companies similar to us. We have attempted to include a broad enough group to provide diversity for balanced comparison while selecting only those we think are sufficiently similar to provide a meaningful benchmark.

We consider Base Salary, Total Cash Compensation (base salary plus target annual incentive) and Total Direct Compensation (base salary plus target annual incentive plus target long-term incentive) as the elements of compensation within the peer group for purposes of benchmarking and assessing the market from which we draw executive talent as well as with whom we compete for investor capital. Each year, we re-evaluate the peer group to assess its continuing appropriateness and we did not make any changes in 2015.

Company Name	2014 Revenue	2014 Net Income	Market Cap at 12/31/2014
	($Millions)	*($Millions)*	*($Millions)*
Ameren Corporation	5,838	586	11,193
American Electric Power Co., Inc.	17,020	1,634	29,707
Consolidated Edison, Inc.	12,919	1,092	19,334
Dominion Resources, Inc.	12,436	1,310	44,903
DTE Energy Company	12,301	905	15,287
Duke Energy Corporation	23,427	1,883	59,087
Edison International	13,413	1,612	21,334
Entergy Corporation	12,495	941	15,788
Eversource Energy (formerly Northeast Utilities)	7,742	820	16,955
Exelon Corporation	27,429	1,623	31,869
FirstEnergy Corp.	14,629	299	16,407
NextEra Energy, Inc.	17,021	2,465	46,394
NiSource Inc.	6,471	530	13,392
NRG Energy, Inc.	15,868	134	9,112
Pepco Holdings, Inc.	4,878	242	6,784
PG&E Corporation	17,090	1,436	25,294
PPL Corporation	11,499	1,737	24,162
Sempra Energy	11,035	1,161	27,419
Southern Company	18,467	1,963	44,190
Xcel Energy Inc.	11,686	1,021	18,164

	2014 Revenue	2014 Net Income	Market Cap at 12/31/2014
	($Millions)	*($Millions)*	*($Millions)*
PSEG	10,886	1,518	20,955
Peer Group 75th Percentile	17,020	1,626	30,247
Peer Group Median	12,707	1,127	20,334
Peer Group 25th Percentile	11,383	761	15,663

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How We Use Peer Data

The 2015 peer group was used as a reference point for setting pay levels for 2015. The O&CC targets the median (50th percentile) of the peer group for positions comparable to those of our officers for Total Direct Compensation. The peer group is also used for comparison in assessing our performance under our LTIP as well as an overall validation of the alignment between pay and performance.

Pay Governance LLC assists in analyzing the annual Towers Watson Energy Services Executive Compensation Survey–U.S. assessment of the market using the peer companies. We use the peer group data to the extent each position is reported in the survey data. CAP also reviews the outcome of the competitive assessment. As shown in the table above, based on the most recently available fiscal year end data, as provided by CAP, our revenue is at the 25th percentile while net income and market capitalization are above the median.

Compensation Benchmark

The data used for the comparisons below are from the most recent data available for the companies in the peer group shown above. The O&CC considers a range of approximately +/-20% of the 50th percentile of comparable positions to be within the competitive median.

Base salary, target Total Cash Compensation and target Total Direct Compensation of each of the NEOs included in this Proxy Statement as a percentage of the comparative median benchmark levels of the peer group are noted below. Decisions on salary, annual incentive target and other pay elements, except the LTIP, are typically made at the O&CC meeting each December. The target LTIP award is determined by the O&CC in February. However, Mr. Cregg's compensation for his current position was determined by the O&CC in October 2015 in connection with his election to his current position.

Below is each executive's market positioning as of the time those decisions were made. Each NEO's Total Direct Compensation, except Mr. Cregg's, was within +/-20% of the median, which is consistent with our philosophy. Mr. Cregg's total direct compensation reflects his LTIP award in connection with his position prior to promotion in October 2015 to his current position.

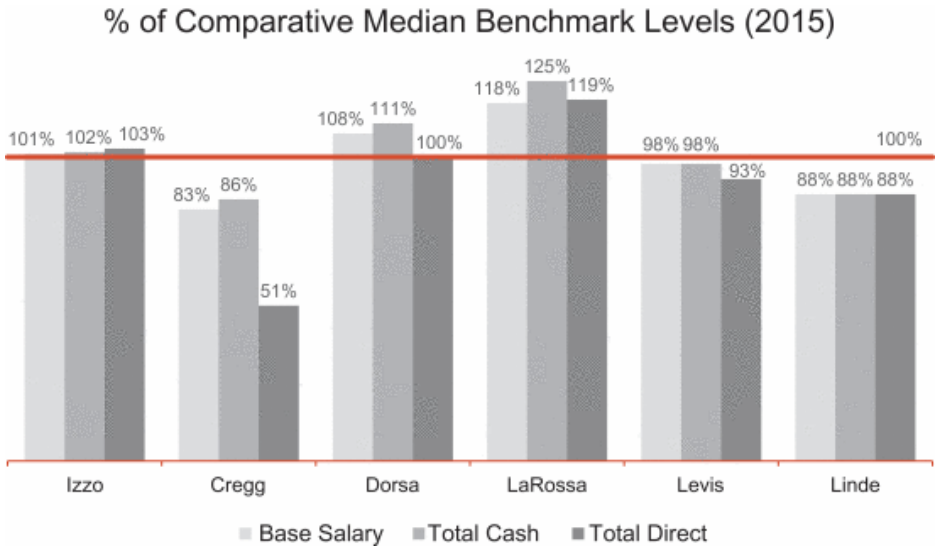

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Pay Mix

The final element of our compensation philosophy is a consideration of the total pay mix. The O&CC believes that Total Direct Compensation is a better measure for evaluating executive compensation than focusing on each of the elements individually and they do not set a formula to determine the mix of the various elements. The mix of base salary and annual cash incentive for each of the executive positions is surveyed from the peer group. The reported pay structure from the competitive analysis is used as a general guideline in determining the appropriate mix of compensation among base salary, annual and long-term incentive compensation opportunity. However, we also consider that the majority of a senior executive's compensation should be performance-based and the more senior an executive is in the organization, the more his/her pay should be oriented toward long-term compensation.

The mix of base salary, target annual cash incentive and long-term incentives for 2015 are presented below for the CEO as well as for the other NEOs excluding the CEO. We have also provided a comparison of the targeted pay mix to that of the peer group.

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Elements of Executive Compensation

The main components of our executive compensation program, including those for our NEOs, are set forth in the following table. A more detailed description is provided in the respective sections below.

Compensation Element	Description	Objective
Base Salary	Ongoing fixed cash compensation	Provides compensation for the executive to perform his/her job functions Assists with recruitment and retention
Annual Cash Incentive	Variable cash compensation paid each year if warranted by performance, based on a percentage of base salary Opportunity to earn between zero and 150% of target, measured by financial and operating performance of the business, with up to 200% for exceptional individual performance Metrics and goals (typically earnings, operational and other) are established at the beginning of each year and the payout is made based on performance	Intended to reward for driving best-in-class operating and financial results over a one-year timeframe Creates a direct connection between business success and financial reward Provides strong line of sight by recognizing exceptional individual performance
Long-Term Incentive (See Table under LTIP)	Performance Share Units provide the opportunity to earn from zero to 200% of target at the end of the three - year performance period Restricted Stock Units generally cliff vest at the end of three years	Rewards strong financial and stock price performance Provides for strong alignment with stockholders Assists with retention Intended to reward for driving financial results over a multi-year time frame Enhances stock ownership
Deferred Compensation Plans	Permits participants to defer receipt of all or a portion of cash and equity compensation	Provides participants with the opportunity to more effectively manage their taxes and for future financial security Assists with retention
Other Compensation	Health and welfare programs Limited perquisites	Remain competitive with peer companies Aids safety and efficiency Assists with recruitment and retention
Post-Employment Benefits/ Retirement Plans	Defined benefit pension plans Defined contribution 401(k) plan with a partial Company matching contribution Supplemental retirement benefits not provided by qualified plans Severance and change-in-control benefits	Provides retirement income in recognition of length of service Supports effective transition and assists with recruitment and retention in our industry Assures the continuing performance of executives in the face of a possible termination of employment without cause

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Performance and Goals

We have provided below detailed calculations of the payouts under our SMICP and LTIP, including a discussion of the pre-established goals for these incentive plans and the performance achieved by our NEOs in relation to those goals and upon which the payouts are based. We believe that we set challenging stretch goals assigned to incent our executives to achieve superior performance results.

We do not disclose forward looking goals for our incentive plans, as the disclosure could result in competitive harm and be detrimental to our operating performance. The goals are intended to be challenging and ambitious but also realistic enough to be reasonably attainable if our business objectives are achieved. Targets are set based on the proposed business plan and a rigorous process is undertaken at the start of each year to determine the range of performance for each measure. The corporate and business unit performance goals are set at levels we believe require strong performance for a target payout, and superior performance for a greater than target payout. On an annual basis, the O&CC and CAP, our outside independent consultant, review the degree of difficulty of the targets to ensure we are appropriately driving performance.

CEO Compensation

Mr. Izzo's compensation is designed to position his total pay around the median of the market. Mr. Izzo has demonstrated strong performance over his tenure as CEO and the O&CC believes this arrangement is appropriate. The changes to the key terms of Mr. Izzo's compensation in 2015 were as follows:

- **Base Salary**: Mr. Izzo's salary increased from $1.1 million to $1.25 million (14% increase), placing him at 101% of the market median.
- **Annual Cash Incentive**: The CEO's annual incentive target for 2015 was 120% of salary. Taken together with his salary, this positioned the CEO's target cash compensation at approximately 102% of the market median.
- **Long-term Incentive**: The CEO's target grant of long-term incentives (in February 2015) was $5,725,000 (reported in the Summary Compensation Table below at grant date fair value), which, when combined with the CEO's salary and target bonus, positioned his total direct compensation for 2015 at 103% of the market median. The long-term incentive opportunity target level was determined so as to put a greater emphasis on long-term compensation for the CEO which is at risk based on performance. Consistent with our pay for performance approach, we believe this appropriately focuses him on the long-term success of the organization and driving stockholder value.

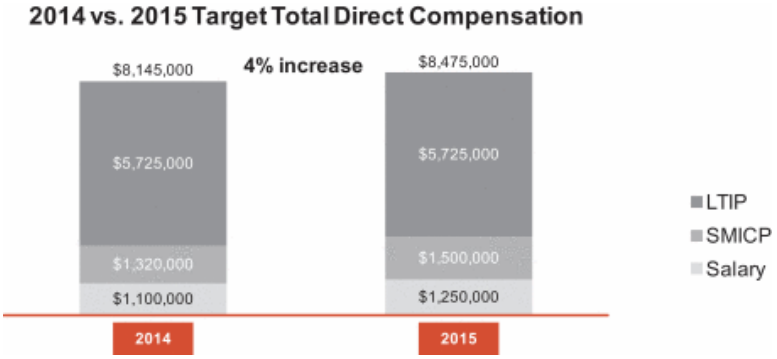

The graphic above summarizes the target compensation Mr. Izzo received in 2014 and 2015. The table does not include actual SMICP payouts, change in pension values and nonqualified deferred compensation earnings and all other compensation, which are shown in the Summary Compensation Table. SMICP amounts in the graph above reflect the target values. Actual LTIP payouts are reported in the CD&A following the applicable performance period.

The CEO's compensation level is reflected above in the competitive positioning detailed in Total Direct Compensation in the Comparative Median Benchmark graph above. After meeting in executive session, without the CEO present, the O&CC determined CEO compensation in consultation with all the independent directors.

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Mr. Izzo's salary, annual cash incentive and long-term incentive exceed that of the other NEOs due to his greater level of duties and responsibilities as the principal executive officer to whom the other NEOs report, and whom the Board holds fully accountable for the execution of corporate business plans.

Further detail regarding the CEO's compensation is set forth below.

Base Salary

As the reference point for competitive base salaries, the O&CC considers the median of base salaries provided to executives in the peer group who have duties and responsibilities similar to those of our executive officers. The O&CC also considers the executive's current salary and makes adjustments based principally on individual performance, including achievement of targets, and experience. Each NEO's base salary level is reviewed annually by the O&CC using a budget it establishes for merit increases and salary survey data provided by Pay Governance and reviewed by CAP. For 2015, the O&CC set the merit increase budget at 3.0%.

The NEOs' individual performance and, other than the CEO, his/her business unit's performance are considered in setting salaries. Base salaries for satisfactory performance are targeted at the median of the relevant competitive benchmark data.

The O&CC considers base salaries and salary adjustments for individual NEOs, other than the CEO, based on:

- **Recommendations of the CEO**: considering the respective NEO's level of responsibilities, experience in position, sustained performance over time, results during the immediately preceding year and the pay in relation to the benchmark median.
- **Performance metrics**: as reflected in the CEOs recommendations, including achievement of financial targets, safety and operational results, customer satisfaction, regulatory outcomes and other factors.
- **Additional factors**: leadership ability, managerial skills and other personal aptitudes and attributes. Salaries for the NEOs for 2015 were approved at the December 2014 meeting of the O&CC, except for Mr. Cregg's salary, which was set in October 2015 in connection with his promotion to his current position. These amounts are shown in the table below. Salary decisions were based on each NEO's performance and appropriate alignment with the peer group.

NEO	Base Salary 2015 ($)
Ralph Izzo	1,250,000
Daniel J. Cregg(1)	520,000
Caroline Dorsa(2)	675,000
Ralph A. LaRossa	665,000
William Levis	650,000
Tamara L. Linde	500,000

(1) Salary effective October 8, 2015 upon election to position.

(2) Retired October 8, 2015.

Annual Cash Incentive

The SMICP was approved by stockholders in 2002. It is an annual cash incentive compensation program for our most senior officers, including the NEOs. To support the performance-based objectives of our compensation program, corporate and business unit goals and measures are established each year based on factors deemed necessary to achieve our financial and non-financial business objectives. The corporate-level goals and those for the CEO are developed by the O&CC with input from the entire Board. The goals and measures are established by the CEO for the NEOs reporting to him, and for each other participant by the individual to whom he or she reports.

The SMICP sets a maximum award fund in any year of 2.5% of net income. The formula for calculating the maximum award fund for any plan year was determined at the time of plan adoption by reference to, among other things, similar award funds used by other companies and a review of executive compensation practices designed to address compliance with the requirements of IRC Section 162(m), which, as explained below, limits the federal income tax deduction for compensation in excess of certain amounts. If appropriate, the Board will recommend for stockholder approval any material changes to the SMICP required to align the plan with our compensation objectives.

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The CEO's maximum award cannot exceed 10% of the award fund. The maximum award for each other participant cannot exceed 90% of the award fund divided by the number of participants, other than the CEO, for that year. For 2015 performance under the SMICP, these limits were $41,975,000 for the total award pool, $4,197,500 for the CEO's maximum award and $37,777,500 for each other participant's maximum award. Of the total award pool, $6,954,000 was awarded for 2015.

Subject to the overall maximums stated above, NEOs are eligible for annual incentive compensation. The beginning point in the process is a calculation based on a combination of the achievement of individual performance goals and business/employer performance goals, as well as overall corporate performance, as measured by the Corporate Factor. The Corporate Factor for 2015 was EPS from Continuing Operations, for which we established target performance levels. In determining actual results, we adjusted this factor for compensation purposes to exclude from results our Superstorm Sandy insurance recoveries. We believe sustained EPS is a significant driver of stockholder value and provides line of sight over a one year period between individual actions of executives and company performance.

We established business unit earnings targets for 2015 for PSE&G and Power. For compensation purposes, we made adjustments to the PSE&G and Power business unit factor targets and results. For Power, we excluded from Income from Continuing Operations gains or losses associated with our nuclear decommissioning trust and mark to market accounting for the target and results. For PSE&G and Power, we excluded Superstorm Sandy insurance recoveries for the targets and results. We adjusted both PSE&G's and Power's results for variances between actual interest expense and the business plan.

Impact of Company Performance on Incentive Compensation

For 2015, we maintained the same overall annual incentive targets and structure as we have had for the last several years as we believe it supports our objectives of rewarding strong financial performance driven by operational excellence. We believe that through outstanding operations we can deliver the greatest long-term financial returns to our stockholders.

Each NEO's incentive compensation is evaluated based on his or her achievement of specific performance goals relating to the Company's and the applicable business unit's earnings, a business unit scorecard and strategic goals. Messrs. Levis' and LaRossa's performance goals include a business unit (BU) earnings goal to more align their incentive compensation with their functional responsibilities. Mr. Izzo's incentive compensation is evaluated based on corporate earnings and corporate strategic goals. The incentive compensation for each of Messrs. Cregg, Levis and LaRossa and Ms. Linde was based in part on the achievement of BU scorecard metrics and goals based on financial, operational and strategic performance of their respective business units.

All participants had corporate strategic metrics and goals: for Mr. Izzo, operational excellence, financial strength and disciplined investment; with multiple scorecard metrics and goals; for Mr. Izzo, Mses. Dorsa and Linde and Messrs. Cregg, Levis, and LaRossa, "people strong" (talent retention, employee and supplier diversity and inclusion). Each NEO's performance under each applicable factor – corporate EPS, BU earnings, BU scorecard and strategic goals – could range from zero to 1.5 based on the achievement of pre – determined goals. The payout factor and related targets for 2015 are illustrated below. If the actual EPS is between the points shown below, the Corporate Payout Factor is determined using linear interpolation. Each factor is multiplied by the respective individual's weighting shown below. An illustration of the plan mechanics is provided below, which when added together results in an individual's payout as a percent of target incentive. Each NEO's total payout is generally capped at 150% of target, increased to 200% for exceptional individual performance.

Weighting x Corporate EPS (0-150%)	+	Weighting x BU Earnings (0-150%)	+	Weighting x BU Scorecard (0-150%)	+	Weighting x Strategic Goals (0-150%)

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The corporate performance and respective business unit performance (Power and PSE&G) goal targets and payout factors at each target performance level for 2015 are set forth below:

Corporate EPS from Continuing Operations ($)	Power Adjusted Operating Earnings ($Millions)	PSE&G Adjusted Operating Earnings ($Millions)	Payout Factor (#)
<2.65	<620.00	<735.00	0.00
2.65	620.00	735.00	0.50
2.75	650.00	755.00	1.00
2.85	680.00	775.00	1.50

Except as noted above, no adjustments were made to the results or payout factors. The actual corporate and business unit results and corresponding payout factors for the performance levels achieved for 2015 are set forth below:

Factors	Actual Adjusted Results ($)	Indicative Payout Factor (#)	Adjusted Payout Factor (#)
Corporate EPS	3.10	1.50	-
	($Millions)		
Power	651.80	1.03	-
PSE&G	785.40	1.50	-

Determination of Individual Payouts

Each element (corporate earnings, BU earnings, BU scorecard and strategic goals) is weighted based on an executive's role, with the intention of balancing business unit and individual performance with corporate performance. The weighting for each of the NEOs for 2015 is detailed below, together with the actual achievement factor attained in 2015:

NEO	Weight and Payout Factor	Corporate EPS	BU Earnings	BU Scorecard	Corporate Strategic Goals	Overall Achievement Factor
Ralph Izzo	*Weight*	75%	-	-	25%	100%
	Achievement	1.50	-	-	1.05	1.39
Daniel J. Cregg (1)	*Weight*	75%	-	15%	10%	100%
	Achievement	1.50	-	1.00	1.05	1.38
	Weight	30%	30%	30%	10%	100%
	Achievement	1.50	1.50	1.00	1.05	1.31
Caroline Dorsa	*Weight*	75%	-	15%	10%	100%
	Achievement	1.50	-	1.00	1.05	1.38
Ralph A. LaRossa	*Weight*	60%	15%	15%	10%	100%
	Achievement	1.50	1.50	1.18	1.05	1.41
William Levis	*Weight*	60%	15%	15%	10%	100%
	Achievement	1.50	1.03	1.19	1.05	1.34
Tamara L. Linde	*Weight*	75%	-	15%	10%	100%
	Achievement	1.50	-	1.06	1.05	1.39

(1) Prior to his election to his current position, effective October 8, 2015, Mr. Cregg participated in the Management Incentive Compensation Plan (MICP), an annual cash incentive plan for officers with similar performance metrics as the SMICP. We have provided information with respect to the SMICP followed by the MICP.

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The final step in the process is for the O&CC to make an overall judgment as to the appropriate payout levels for each NEO taking into account the overall achievement factors along with other less quantifiable considerations, such as leadership and success in adapting to a changing external environment and the recommendations of the CEO.

The SMICP awards of the NEOs for 2015 are shown below and in the 2015 Summary Compensation Table. The O&CC made its determinations regarding SMICP awards for the 2015 performance year in February 2016, for payment in March 2016. It made no modifications to the indicative results of each NEO. Based upon the executive's overall achievement factor, his/her current base salary and target annual incentive opportunity if applicable, each earned the following payout for 2015, as to which we also show the percent relative to salary:

NEO	Base Salary ($)	Target Annual Incentive Percentage (%)	Target Annual Incentive Dollars ($)	Overall Achievement Factor	Modification (if applicable)	Payout Earned(1) ($)	Percent of Salary (%)
Ralph Izzo	1,250,000	120	1,500,000	1.39	-	2,085,000	167
Daniel J. Cregg(2)	520,000	75	390,000	1.38	-	134,600	
	286,600	45	128,970	1.31	-	126,800	
Caroline Dorsa(3)	675,000	75	506,250	1.38	-	524,000	
Ralph A. LaRossa	665,000	75	498,750	1.41	-	703,300	106
William Levis	650,000	75	487,500	1.34	-	653,300	101
Tamara L. Linde	500,000	65	325,000	1.39	-	451,800	90

(1) Reflects rounding and, as applicable, proration.

(2) Reflects SMICP and MICP. Respective salary amounts paid and payouts earned were prorated for time in position. Payouts earned represent 104% and 59% respectively, of prorated base salary.

(3) Salary paid and amount of payout earned were prorated in light of Ms. Dorsa's retirement in October 2015. Payout earned represents 104% of prorated base salary.

The O&CC believes that the 2015 goals established for the NEOs provided the appropriate degree of difficulty, based upon the overall economic environment and that the final award determinations are appropriate. To ensure that pay and performance are aligned, the O&CC, with the assistance of CAP, assesses whether the payouts that are earned by the NEOs are consistent with our performance relative to peers.

Long-Term Incentive

NEOs, other officers as determined by the Committee and other key employees, as selected by the CEO within guidelines established by the O&CC, are eligible to participate in the LTIP. This plan is designed to attract and retain qualified personnel for positions of substantial responsibility, motivate participants toward achievement of long-range corporate goals, provide incentive compensation opportunities that are competitive with those of companies with whom we compete for talent and align participants' interests with those of stockholders.

The LTIP, as amended and restated, was approved by our stockholders at the 2013 Annual Meeting. The LTIP provides for different forms of equity awards: restricted stock, RSUs, PSUs and stock options to achieve various objectives. The maximum number of shares that may be awarded under grants to any one individual under the LTIP is 500,000 during any calendar year. In general, since 2010, we have been granting PSUs and RSUs; however, some recipients of prior year LTIP awards still hold stock options that have not expired. None of the NEOs have any outstanding restricted stock awards. The LTIP prohibits the repricing of stock options and the buy-out by us of underwater stock options for cash.

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In recent years, our LTIP grants have consisted of the following:

	Description	Objective
Performance Share Units (PSUs)	Right to receive full value shares that are earned based upon independent metrics measured over a three-year period: 40% weighting on TSR relative to peers (rewarding management when we deliver value to stockholders in excess of our peers) 30% weighting on ROIC against our internal goals (rewarding management for effective deployment of capital) 30% weighting on ROIC relative to peers (rewarding management for managing our business and capital better than our peers) Participants have the opportunity to earn from zero to 200% of their target award based on performance Dividend equivalents are accrued as declared and distributed when underlying awards are earned and distributed	Rewards for strong financial and stock price performance over a longer time frame than annual rewards Full value shares assist with retention Aligns the interests of officers with long-term stockholder value
Restricted Stock Units (RSUs)	Right to receive shares of full value stock at vesting dates Generally, cliff vest at the end of three years Dividend equivalents are accrued as declared and distributed when underlying awards vest	Serves as retention device as recipient generally must remain an employee through vesting dates to earn payout Aligns the interests of officers with long-term stockholder value

Beginning with the 2014 grants, we revised the metrics we use to determine the amount, if any, of full value shares earned from PSUs granted. As noted in the table above, we added relative ROIC measured against our peers. Given that our ROIC has historically exceeded that of our peers, we set the payout scale to deliver at target only when performance is well above the peer median.

The CEO develops recommendations for LTIP awards for each NEO, with the exception of himself and submits these recommendations to the O&CC for approval. Factors that are considered in the determination of award amounts are:

- The competitive market as defined by the peer group, which in general is targeted around median;
- An individual's role and responsibilities within the Company;
- Contribution of the executive; and
- How critical the role is to the organization and need to retain the individual.

In general, when making LTIP grants, the O&CC's determinations are made independently from any consideration of the individual's prior LTIP awards. With respect to the CEO, the O&CC develops a recommended award opportunity in consultation with CAP and submits the proposal to the Board. The value of an executive's current holdings is not a consideration, though it is reviewed periodically by the O&CC. Grants are typically made each February.

RSUs cliff vest at the end of three years. However, for retirement eligible employees, RSUs vest one-twelfth for each month of service beginning in the year of the grant of the RSUs and are fully vested at the end of that year. PSUs are denominated in units of Common Stock and are subject to achievement of certain performance goals over a three-year period and are payable as determined by us in shares of our Common Stock or cash. PSUs vest at the end of the performance period. However, for retirement eligible employees, PSUs vest one-thirty sixth for each month of service beginning in the year of the grant of the PSUs and are fully vested at the end of the performance period. Unvested RSUs and PSUs are forfeited upon retirement or termination of service.

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Impact of Company Performance on Prior Year's Performance Awards

LTIP awards of PSUs made for the three-year performance period ended December 31, 2015 were reported in our Proxy Statements (other than for Mr. Cregg and Ms. Linde, who were not NEOs at such time) at fair value at the time of the grants. These PSU grants were subject to the achievement of goals related to TSR and ROIC over a three-year performance period ended December 31, 2015. Based on the performance results for that period, in 2016, Messrs. Izzo, LaRossa, and Levis and Ms. Dorsa will receive payment of shares of our Common Stock equal to 140% (see table below) of the grant target amounts.

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Although Mr. Cregg and Ms. Linde were not NEOs at the time they received their LTIP awards in February 2013, we have included their payouts in 2016 for the performance period.

Each metric is independent and equally weighted (i.e., 50% each). TSR relative to the peer group was selected as it provides alignment with our stockholders and provides the incentive to deliver a return to stockholders greater than that of our peers. ROIC was used to ensure that we are effectively using our capital base. Based upon performance relative to the peer group on TSR and three-year average ROIC vs. our internal goals, executives can earn a stock award of between zero and 200% of their target. We believe that the ROIC goal represents a significant degree of difficulty. We determine ROIC by dividing net Income (adjusted for certain interest expense) by debt and equity (adjusted for securitized debt).

Recipients will receive 100% of their grant amount if:

- For the three-year performance period TSR places us at rank 9 of the peer group; and
- Our ROIC for the three-year performance period meets a pre-set target based on our business plan.

Payment, if any, is made early in the year following the end of the performance period, once results are reviewed and approved by the O&CC. Dividend equivalents are accrued over the performance period and paid in shares of Common Stock in relation to the number of shares earned based on results for the performance period. Upon retirement, death or disability, PSUs are prorated for each month of service during the performance period and paid following the end of the period based on actual performance.

For these grants, the performance schedule for relative TSR, which can earn an individual 50% of the PSU award, is based on the relative rank within the peer group. Shown below are the ranks and payout factors at threshold, target and maximum levels and our actual rank for this period:

TSR Performance vs. Peers (1)	Percent Payout Factor for TSR Component %
Rank 4	200.0
Rank 9	100.0
Rank 13	20.0
Rank 14	0.0
Actual Rank: 10	80.0

(1) TSR performance is measured by comparing our numerical ranking among peer group companies in respect to the TSR performance component. For 2013, the peer group consisted of us and 16 companies.

For these grants, the performance schedule for relative ROIC, which can earn an individual 50% of the PSU award, is detailed below:

	3 Year Average ROIC%	Payout%(1)
Maximum (115% of Goal)	7.8	200.0
Target	6.8	100.0
Threshold (85% of Goal)	5.8	25.0
Actual	8.3	200.0

(1) Payout percentage above and below target will be interpolated based on the three-year average.

Actual results of the three-year period ended December 31, 2015 were:

Actual Results	Payout%
TSR Ranking: 10th of 17 Companies	80.0
ROIC Actual 3-year Average: 8.3%	200.0
Overall PSU Payout Factor (rounded)	140.0

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Determination of Individual Payouts

Based on these results, participants earned a PSU payout of 140%. The dollar amount of each payout, made in shares of our Common Stock, is shown below, calculated using the average of the high and low price of our Common Stock on February 16, 2016, $41.85. These amounts are reported in the Option Exercises and Stock Vested during 2015 Table below.

NEO	PSUs Granted (#)	PSUs Earned (#) (1)	PSUs Payout ($) (1)
Ralph Izzo	105,550	166,512	6,968,527
Daniel J. Cregg(2)	2,700	4,259	178,239
Caroline Dorsa(3)	22,100	31,958	1,337,442
Ralph A. LaRossa	15,650	24,689	1,033,235
William Levis	20,300	32,025	1,340,246
William Levis(4)	30,700	48,431	2,026,837
Tamara L. Linde(2)	3,050	4,812	201,382

(1) Reflects rounding and includes accrued dividend equivalents earned.
(2) Grants made prior to Mr. Cregg and Ms. Linde becoming NEOs.
(3) Reflects prorated payout due to retirement in October 2015.
(4) Represents retention award.

2015 Grants

The structure of the long-term incentive is consistent with the prior grants as described above, in the form of 60% PSUs and 40% RSUs vesting at the end of three years. The mix between PSUs and RSUs was determined based on our desire to provide the majority of long-term incentives in a performance-based vehicle while providing for strong retention during a challenging period in the industry. The greater emphasis on PSUs places more of our NEOs' potential compensation payouts at risk. Grants are typically made each February.

The amounts approved in February 2015 for the NEOs are for the three-year performance period ending December 31, 2017 and are shown in the 2015 Grants of Plan-Based Awards Table. These awards are also reported in the Summary Compensation Table at the grant date fair value. Payouts, if any, will be based on the same performance measures and goals discussed above with respect to payments made on prior years' awards and will be disclosed when the applicable performance period is completed. A portion of Ms. Dorsa's award was forfeited upon her retirement in October 2015.

As noted above, beginning with grants made in 2014, the O&CC incorporated relative ROIC as a new third metric into the PSU measurement performance with a 30% weighting. This was done to hold management accountable for delivering returns that are in line with our business plan, but also exceed that of peer companies. Absolute ROIC is also weighted at 30%. Recognizing that delivering value to stockholders is a priority, TSR compared to peers has the greatest weighting at 40%.

Deferred Compensation Plan

We offer a deferred compensation plan to our officers, including the NEOs, so they can more effectively manage their personal tax obligations. Participants may elect to defer all or any portion of their cash compensation and may choose from among several different investment options based upon the choices available in our 401(k) Plan, as well as a market-based rate of Prime plus 1/2%, capped at 120% of the applicable federal long-term rate.

We also have a plan to permit deferral of equity compensation. Generally, the election to defer shares underlying an equity award must be made before the services giving rise to the equity award are performed. Deferred shares are held in a Rabbi Trust.

Additional details about these deferred compensation plans are provided in the descriptions following the Non-Qualified Deferred Compensation Table.

Perquisites

We provide certain perquisites that we believe are reasonably within compensation practices of our peers or provide benefit to us, such as providing an appropriate degree of personal security to executives with a high public profile and allowing the executive to be productive while commuting. These include automobile use (and for the CEO, a driver), stipend or car service, reimbursement of relocation expenses, annual physical examinations, limited personal and spousal travel, including use of aircraft (in accordance with the policy we have established and with CEO approval), home security, charitable contributions on behalf of the individual and limited personal entertainment. These perquisites are described in the 2015 Summary Compensation Table, as applicable.

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We do not provide a tax gross-up of personal benefit amounts deemed to be taxable income under federal or state income tax laws and regulations, except for certain relocation expenses, primarily in the case of newly-hired executives.

Retirement Benefits

We provide certain qualified retirement benefits under the Pension Plan of PSEG (Pension Plan) and the Cash Balance Pension Plan of PSEG (Cash Balance Plan) to maintain practices that are competitive with companies in the energy services industry with which we compete for executive talent. Participation depends upon the date of hire of the individual. Messrs. Izzo, Cregg and LaRossa and Ms. Linde participate in the Pension Plan as they each began employment before January 1, 1996. Ms. Dorsa and Mr. Levis participate in the Cash Balance Plan as they each were hired after that date.

In addition to the qualified plans, we provide certain limited nonqualified retirement benefits under the Retirement Income Reinstatement Plan (Reinstatement Plan) and the Supplemental Executive Retirement Income Plan (Supplemental Plan). We maintain these supplemental plans to provide competitive retirement benefits. Our supplemental executive retirement plans were adopted to assist in the recruitment and retention of key employees.

- The Reinstatement Plan is an unfunded retirement plan that provides retirement benefits that would have been paid under our qualified retirement plans but for the limitations of the IRC which caps the amount of an employee's compensation that may be considered for qualified plan purposes. All employees who are affected by the compensation limit are eligible to participate in this plan. SMICP amounts and deferred amounts are also included in computing benefits under this plan.
- The Supplemental Plan is an unfunded retirement benefit plan that provides supplemental limited retirement and death benefits to participants nominated by the CEO and designated by our Employee Benefits Policy Committee. It also provides retirement benefits based upon additional credited years of service for prior allied professional or industrial experience to employees selected by the CEO. The plan is primarily used as a recruitment and retention tool. In 2011, the O&CC determined that we will no longer offer any additional years of credited service under the Supplemental Plan to individuals not previously provided with that benefit.

All of our NEOs participate in the Reinstatement Plan and all except Mr. Cregg and Ms. Linde participate in the additional limited provisions of the Supplemental Plan. As described in the Pension Benefits Table, as part of their promotion and hiring, Mr. Izzo is eligible to receive and Ms. Dorsa did receive additional years of credited service.

Additional information is provided in the Pension Benefits Table and the accompanying narrative, below. Amounts reported for 2015 reflect changes in the discount rate, as well as actuarial changes, which impacted the benefit calculations.

We also maintain a defined contribution 401(k) Plan and provide a partial employer matching contribution for 401(k) Plan participants.

Severance and Change-In-Control Benefits

We provide severance benefits in the event of certain employment terminations. These benefits are available to officers, including the NEOs, in order to be competitive with the companies in our industry and provide a level of financial security to the executive in periods of uncertainty in the event of a termination without cause. All of our NEOs participate in our Key Executive Severance Plan. Mr. Izzo is also eligible for certain other severance benefits, as described under Potential Payments Upon Termination of Employment or Change-In-Control, below.

We provide severance benefits upon a change-in-control to officers, including the NEOs. A change-in-control is by its nature disruptive to an organization and its executives. Executives are frequently key players in the success of organizational change. To assure the continuing performance of such executives and maintain stability and continuity in the face of a possible termination of employment in the event of a change-in-control, we provide a competitive severance package. In addition, some executives, who may be key parties to such transaction, may have their employment terminated following its completion. A severance plan with benefits applicable upon a change-in-control is an important element for attracting and retaining key executives in a marketplace where such protection is common.

Neither our Key Executive Severance Plan nor Mr. Izzo's severance agreement provide for gross-up payments from us in the event that any NEO or other participant is subject to an excise tax related to receipt of a change-in-control payment. Both the Key Executive Severance Plan and Mr. Izzo's severance agreement include a "double-trigger" provision on benefits, which are paid only in the event of termination of employment following a change-in-control. Performance share unit payments, if any, are prorated.

Severance and change-in-control benefits are described under Potential Payments Upon Termination of Employment or Change-in-Control below.

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Executive Compensation Governance Features and Controls

Independent Compensation Consultant

The O&CC has retained CAP to provide information, analyses and advice regarding executive and director compensation, as described in this Proxy Statement. CAP reports directly to the O&CC and the O&CC has established procedures that it considers adequate to ensure that CAP's advice is objective and not influenced by management. These procedures include an agreement specifying what information can and cannot be shared with management. In addition, CAP regularly meets with the O&CC in executive session, without the presence of management. CAP provides only executive compensation consulting services.

At the O&CC's direction, CAP provided the following services:

- Evaluated the competitive positioning of our NEOs' base salaries, annual incentive and long-term incentive compensation relative to our peers and compensation philosophy;
- Advised the O&CC on CEO and other NEO salaries and target award levels within the annual and long-term incentive programs;
- Reviewed our annual and long-term incentive programs to ensure they continue to be aligned with our compensation philosophy, business strategy, drive performance and consider market practices;
- Briefed the O&CC on executive compensation trends among our peers and broader industry and compared them to our current practices;
- Analyzed the results of the stockholder advisory say-on-pay vote;
- Informed the O&CC on changes in the regulatory environment as they relate to executive compensation;
- Reviewed the composition of our Peer Group;
- Advised the O&CC on the performance measures and performance targets for the annual and long-term incentive programs and advised on the payout leverage (the extent of the pay opportunity and the degree of difficulty) for the plans;
- Presented a CEO compensation proposal to the O&CC;
- Reviewed our total share usage and "burn rate" for the LTIP;
- Conducted an assessment to determine whether any elements of our employee compensation programs encourage the taking of excessive risk;
- Advised on issues related to shareholder advisory groups;
- Validated the pay for performance alignment of the compensation programs;
- Evaluated our share ownership guidelines relative to our peers and broader industry;
- Reviewed and commented on this CD&A.

In the course of conducting its activities, CAP attended four meetings of the O&CC in 2015 and presented its findings and recommendations for discussion.

Management also retains a compensation consultant, Pay Governance, to provide market compensation data for our officers, including the NEOs. This data is made available to CAP.

Compensation Risk Assessment

In 2015, CAP, in consultation with management reviewed our compensation programs to assess the potential of whether they encourage individuals to take excessive risks. The risk assessment included a full inventory of all incentive compensation plans in the organization, including their design, metrics, goals and operation and a review of business and operational risks. Our Vice President and Chief Risk Officer, as well as our internal compensation professionals under the supervision of our Senior Vice President–Human Resources, participated in this process. Management and CAP reviewed this assessment with the O&CC. In addition, final decisions regarding our executive compensation policies and programs, as well as specific approval of individual NEO compensation, are determined by the O&CC, all of whose members are independent of management and, as appropriate, the full Board, all of whose members, except our CEO, are independent of management. Based on this review, the O&CC determined that the programs do not create an incentive for individuals to take excessive risks which are reasonably likely to have an adverse effect on us.

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Compensation Risk Assessment Factors

- There are strong governance processes and controls in place at the senior leadership levels under the oversight of the O&CC and, where appropriate, the full Board.
- We provide a balanced total compensation package that includes fixed compensation (i.e., salary and benefits) and at-risk compensation (i.e., annual and long-term incentive).
- There were no material changes to our incentive compensation plans for 2015.
- Long-term incentives vest over a multi-year timeframe.
- There are caps on the total amount of incentive compensation that can be earned.
- Multiple dimensions of performance are used in the incentive structure, including:
  - A balanced scorecard;
  - EPS for corporate financial performance;
  - Earnings for business unit performance; and
  - Key strategic and operational metrics that specifically address identified risks.
- We use PSUs, with payout determined by:
  - ROIC compared to plan and peers; and
  - TSR compared to peers.
- Incentive plan formulas, performance measures/goals and corresponding payment scales are reviewed by CAP and approved each year by the O&CC.
- Executives receive a significant portion of their compensation in the form of equity, which discourages them from making short-term decisions that may result in long-term harm to the organization.
- Our stock ownership and retention policy further discourages a short-term focus and, under our insider trading policy, all transactions in our Common Stock by officers need pre-clearance by the General Counsel's office.
- We have clawback provisions, requiring forfeiture or repayment of incentive amounts, in certain circumstances, as described below.
- Our corporate culture demands the highest level of ethical behavior and requires all employees to take ethics training annually.
- We have strong policies in place to govern financial and enterprise risk, as discussed above in Risk Management Oversight.

Role of CEO

The CEO attends O&CC meetings, other than executive sessions. Other executive officers and internal compensation professionals may attend portions of O&CC meetings, as requested by the O&CC. The CEO recommends changes to the salaries of his direct reports (who include the NEOs). The CEO develops and the O&CC considers these recommendations in the context of the respective executives' individual performance, competitiveness of salary vs. peer group and internal equity among executives. The CEO recommends incentive compensation targets (expressed as a percentage of base salary) for the SMICP and LTIP grants for his direct reports as well as the associated goals, objectives and performance evaluations. The CEO participates in the O&CC's discussions of those recommendations.

The CEO reviews the design and effectiveness of compensation policies and programs and the analyses and recommendations of CAP in light of general industry practices and in comparison to the peer group trends. The CEO also reviews such compensation matters with our internal compensation professionals. Recommendations for changes are made to the O&CC as deemed appropriate by the CEO. The O&CC believes that the role played by the CEO in this process is appropriate because the CEO is uniquely suited to evaluate the performance of his direct reports.

Trading Pre-clearance

Under our Insider Trading Practice, all of our officers, including the NEOs, are required to obtain pre-clearance from the Office of the General Counsel prior to engaging in any transaction involving our Common Stock. In addition, our Insider Trading Practice does not permit any such transactions except during "open window" periods. These are limited times following the public release of earnings and disclosure of material information.

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Hedging and Pledging

We have a policy which prohibits officers, including NEOs, from hedging, short-selling or pledging our Common Stock.

Clawbacks

Effective in December 2015, we codified our current policies/practices into a single clawback practice with a three-year look-back, which:

- Applies to all incentive compensation to all non-represented employees;
- Applies in the event of a restatement of financial statements, or recalculation of incentive compensation, in each case resulting from the employee's misconduct, and material violation of our Standards that results in termination of employment; and
- Is administered by the O&CC as to officer compensation.

Actual grants may contain additional provisions, such as recoupment for violations of non-compete, non-solicitation or confidentiality agreements. We anticipate adjusting the terms of our clawback practice as may be needed to comply with the Dodd-Frank Act once final guidance is released from the SEC.

Employment Agreements

We have entered into written agreements with Messrs. Cregg and Levis and Mses. Dorsa and Linde and a severance agreement with Mr. Izzo. These are discussed following the Grants of Plan-Based Award Table below.

Stock Ownership and Retention Policy

In order to strengthen the alignment of the interests of management with those of stockholders, we have established a Stock Ownership and Retention Policy (Policy) applicable to selected officers, including the NEOs. Each officer must maintain ownership of a sufficient number to shares of our Common Stock having a market value equal to the applicable prescribed multiple of such officer's annual base salary. The required amount must be acquired within five years.

Stock Ownership as Multiple of Base Salary	
CEO	6x
Other NEOs	3x

What Counts Toward the Requirement	What Does Not Count Toward the Requirement
• PSEG shares owned personally or jointly, through a broker or in Enterprise Direct or the ESPP • Shares held in trusts • Restricted stock and RSUs (vested or unvested) • Shares held in the PSEG 401(k) Plan	• Unexercised stock options • Unearned performance share units • Hedged or pledged shares

Each officer must retain at least 100%, after tax and costs of issuance, of all shares acquired through equity grants made subsequent to the adoption of the Policy, including the vesting of restricted stock or RSU grants, payout of PSU awards and exercise of option grants, until his or her ownership requirement is met. Further, once an executive officer who is subject to Section 16(a) of the Exchange Act, including each NEO, attains his or her required level of stock ownership, he or she must retain 25%, after tax and costs of issuance, of vested shares received from equity awards granted thereafter, until retirement or his or her employment otherwise ends.

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The Senior Vice President – Human Resources reports annually to the O&CC on the status of each officer's compliance with the Policy. In the event an officer is not in compliance with any provision of the Policy, the O&CC may take such action as it deems appropriate, consistent with the provisions of our compensation plans and applicable law and regulations, to enable the officer to achieve compliance at the earliest practicable time or otherwise enforce the Policy. Such action may include establishing conditions with respect to requiring all or part of any SMICP or LTIP award to be held in shares. The O&CC may vary the application of the provisions of the Policy for good cause or exceptional circumstances.

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The Policy was not a factor considered by the O&CC in making the 2015 grants under the LTIP.

Messrs. Izzo, LaRossa and Levis and Ms. Linde each have met their respective requirement. Mr. Cregg has not yet met the requirement as he was recently promoted to his position. Ms. Dorsa had met the requirement at the time she retired.

Accounting and Tax Implications

The O&CC has considered the effect of Financial Accounting Standards Board Accounting Standards Codification Topic 718 (see Note 17 to Consolidated Financial Statements included in our Form 10-K) regarding the expensing of equity awards in determining the nature of the grants under the LTIP. The O&CC, with the assistance of CAP, reviews the competitiveness of the NEOs' LTIP grants, as measured against the peer group, using grant date fair values and approves grants to the NEOs accordingly as reported above in Long-Term Incentive.

The O&CC considers the tax-deductibility of our compensation payments. IRC Section 162(m) generally denies a deduction for United States Federal income tax purposes for compensation in excess of $1 million for persons named in the proxy statement, except for qualifying performance-based compensation pursuant to stockholder-approved plans. Stockholder approval of the SMICP was received at the 2002 Annual Meeting of Stockholders. As a result, we believe that payment of qualifying performance-based compensation in accordance with the terms of this plan would not be subject to the Section 162(m) limitation on deductions. Payments under the LTIP, if any are earned, on PSUs granted during the five-year period following stockholder approval of the LTIP at the 2013 Annual Meeting are not expected to be subject to the limitation and should qualify for tax-deductibility under Section 162(m).

Although stockholder approval of the LTIP had been received at the 2004 Annual Meeting of Stockholders, applicable IRC provisions require that stockholders give such approval at least every five years for performance-based compensation plans that permit the O&CC to change the performance criteria used from year to year. Since we did not subsequently seek such further approval for the LTIP until the 2013 Annual Meeting, the payments of PSUs made to the NEOs (except the CFO, to whom the deduction limitation is not applicable) with respect to such LTIP grants awarded prior to the stockholder approval in 2013 for the three-year performance period ended December 31, 2015, are subject to the Section 162(m) limitation on deductions. The only such grant made in 2013 prior to such approval and thus subject to the limitation was to Mr. Levis in accordance with his retention award pursuant to a prior determination of the O&CC.

Further, the O&CC believes that RSUs are valuable components of incentive compensation as they align the interest of the recipients with those of stockholders. However, because the vesting of such grants is not performance-based, restricted stock and RSU grants are subject to the limitation on deductibility under Section 162(m).

In 2015, a portion of Messrs. Izzo's, LaRossa's and Levis' compensation reported in this Proxy Statement exceeded the limit. Amounts deferred by the NEOs are not included in the Section 162(m) calculations during the deferral period because they are not otherwise deductible under applicable tax law. In light of Section 162(m), as well as certain NYSE rules, the Board's general policy is to present incentive compensation plans in which executive officers participate to stockholders for approval. However, the O&CC and the Board reserve the right to not seek such approval and to award incentive and other compensation that is not structured so as to be exempt from the deduction limit of Section 162(m), if they determine that such arrangements are in the best interests of the Company and our stockholders. The O&CC will continue to evaluate executive compensation and the flexibility that is desirable in administering our executive compensation program in accordance with our compensation philosophy.

COMPENSATION COMMITTEE REPORT

The Organization and Compensation Committee of the Board of Directors has reviewed and discussed the Compensation Discussion and Analysis included in this Proxy Statement with management and with Compensation Advisory Partners LLC, the Committee's compensation consultant. Based on such review and discussions, the Organization and Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement.

Members of the Organization and Compensation Committee:

Richard J. Swift, Chair
Willie A. Deese
Albert R. Gamper, Jr.
William V. Hickey
Shirley Ann Jackson
David Lilley

February 16, 2016

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2015 SUMMARY COMPENSATION TABLE

The following table summarizes the compensation of our NEOs for the years shown. The NEOs are our CEO, CFO and three most highly compensated executive officers in 2015.

Name and Principal Position(1)	Year	Salary ($) (2)	Bonus ($)	Stock Awards ($)(3)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)(4)	Change in Pension Value and Non-Qualified Deferred Compensation Earnings ($)(5)	All Other Compensation ($)(6,7 & 8)	Total ($)
Ralph Izzo	2015	1,245,386		5,725,546		2,085,000	-	140,715	9,196,647
Chairman of the Board,	2014	1,142,307		5,723,686		1,636,100	2,436,000	76,551	11,014,644
President & CEO	2013	1,092,615		6,367,186		1,874,000	-	66,448	9,400,249
Daniel J. Cregg	2015	333,024		174,002		261,400	63,000	4,027	835,453
EVP & CFO									
Caroline Dorsa	2015	541,827		1,249,548		524,000	12,957	83,301	2,411,633
Retired EVP & CFO	2014	673,006		1,249,737		625,200	1,225,000	83,844	3,856,787
	2013	617,686		1,199,928		589,800	488,000	75,607	2,971,021
Ralph A. LaRossa	2015	663,770		1,249,548		703,300	215,000	34,726	2,866,344
President & COO	2014	640,866		1,000,178		604,800	682,000	60,590	2,988,434
(PSE&G)	2013	499,078		943,788		438,800	-	64,483	1,946,149
William Levis	2015	650,000		1,249,548		653,300	-	26,368	2,579,216
President & COO	2014	669,540		2,100,614		583,600	737,000	135,030	4,225,784
(Power)	2013	565,485		2,223,214		607,600	-	185,861	3,582,160
Tamara L. Linde	2015	499,078		698,931		451,800	124,000	18,198	1,792,007
EVP &	2014	397,010		438,705		305,100	460,000	17,559	1,618,374
General Counsel									

(1) Ms. Dorsa retired on October 8, 2015. A portion of her 2015 stock awards shown in this table was forfeited in accordance with the terms of the LTIP. Mr. Cregg was elected to his current position effective October 8, 2015. Amounts shown for Mr. Cregg include amounts with respect to his previous position with us.

(2) Amounts shown are actual payments based on annualized salary. Therefore, actual paid salaries shown here differ from annual salaries shown in the CD&A. 2014 salaries include one additional pay period for 2014 which was applicable to all employees.

(3) The amounts shown reflect the grant date fair value of the awards. For a discussion of the assumptions made in valuation, see Note 17 to the Consolidated Financial Statements included in our Form 10-K. 2015 LTIP awards were granted in February as discussed in the CD&A. 2014 LTIP awards were granted in February and June. 2013 LTIP awards were granted in February and April of 2013. Awards consist of PSUs and RSUs. PSU value is shown at the target amount. Actual value of the shares received upon vesting of RSUs depends upon the price of our Common Stock. Payout value of the PSUs earned upon vesting at the conclusion of the three-year performance period may be less than or exceed the grant date fair value, dependent upon achieving TSR and ROIC performance factors. More detailed information is provided in the CD&A. The respective amounts below represent the grant date fair value of PSUs at target and maximum amounts.

	2015		2014		2013	
	Value at Target (100%) ($)	Value at Maximum (200%) ($)	Value at Target (100%) ($)	Value at Maximum (200%) ($)	Value at Target (100%) ($)	Value at Maximum (200%) ($)
Ralph Izzo	3,435,758	6,871,516	3,434,514	6,869,028	4,077,397	8,154,794
Daniel J. Cregg	86,772	173,544				
Caroline Dorsa	749,958	1,499,916	749,419	1,498,838	719,355	1,438,710
Ralph A. LaRossa	749,958	1,499,916	599,924	1,199,848	604,560	1,209,120
William Levis	749,958	1,499,916	1,659,983	3,319,966	1,783,474	3,566,948
Tamara L. Linde	419,398	838,796	243,666	487,332		

(4) As discussed in the CD&A, amounts awarded were earned under the SMICP (and MICP for Mr. Cregg and for 2014, Ms. Linde) and determined and paid in the following year. The amount shown for Ms. Dorsa was prorated due to her retirement.

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(5) Includes the change in the actuarial present value of accumulated benefit under defined benefit pension plans and supplemental executive retirement plans between calendar years 2015 and 2014, 2014 and 2013, and 2013 and 2012, determined by calculating the benefit under the applicable plan benefit formula for each of the plans, measured at December 31 of each year, based on years of credited service, earnings in effect at the respective measurement dates, applicable interest rates and other assumptions as discussed in Note 11 to the Consolidated Financial Statements included in our Form 10-K. If the aggregate change in pension plan values is negative, it is shown as zero. The changes are as follows:

	Izzo ($)	Cregg ($)	Dorsa ($)	LaRossa ($)	Levis ($)	Linde ($)
2015	-	63,000	12,957	215,000	-	124,000
2014	2,436,000		1,225,000	682,000	737,000	460,000
2013	-		488,000	-	-	

Any interest earned under the Deferred Compensation Plan at the prime rate plus 1/2% did not exceed 120% of the applicable long-term rate for any of the NEOs in 2015, 2014 or 2013.

(6) For 2015, depending on the individual, includes perquisites and personal benefits which include (a) automobile and related expenses, (b) physical examinations, (c) home security systems, (d) limited personal and spousal travel, (e) personal entertainment and (f) charitable contributions on behalf of the individual. For automobiles, the pro rata personal usage value of the vehicle lease cost based on the IRS Annual Lease Value Table was used or a stipend; for parking, the market value for the parking space was used; for the driver, actual pro-rata expense was used for the time devoted to CEO commuting and personal use; for the car service actual cost was used. Two NEOs received a perquisite in 2015 that exceeded the greater of $25,000 or 10% of his/her total perquisite and personal benefit amount: Mr. Izzo received home security services in the amount of $111,122, and Ms. Dorsa used a car service for commuting, with a cost to us of $56,786.

(7) Includes the employer matching contribution to our 401(k) Plan at the same percentage generally available to all employees. For 2015, these amounts were:

	Izzo ($)	Cregg ($)	Dorsa ($)	LaRossa ($)	Levis ($)	Linde ($)
401(k) Company Match	10,600	10,600	10,600	10,600	10,600	10,600

(8) Includes $23,365 of accrued vacation for Ms. Dorsa.

2015 GRANTS OF PLAN-BASED AWARDS TABLE

The following table provides information on plan-based awards made to our NEOs during 2015.

			Estimated Possible Payouts Under Non-Equity Incentive Plan Awards(2)			Estimated Future Payouts Under Equity Incentive Plan Awards(3)						
Name and Type of Award (1)	Grant Date(1)	Plan	Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)	All Other Stock Awards; Number of Shares of Stock or Units (#)(4)	All Other Option Awards; Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock and Option Awards ($)(5)
Ralph Izzo		SMICP	750,000	1,500,000	2,250,000							
PSUs	2/17/2015					0	83,150	166,300				3,435,758
RSUs	2/17/2015								57,750			2,289,788
Daniel J. Cregg(6)		SMICP	195,000	390,000	585,000							
		MICP	64,500	129,000	193,500							
PSUs	2/17/2015					0	2,100	4,200				86,772
RSUs	2/17/2015								2,200			87,230
Caroline Dorsa(6)		SMICP	253,200	506,300	759,500							
PSUs	2/17/2015					0	18,150	36,300				749,958
RSUs	2/17/2015								12,600			499,590
Ralph A. LaRossa		SMICP	249,400	498,800	748,200							
PSUs	2/17/2015					0	18,150	36,300				749,958
RSUs	2/17/2015								12,600			499,590
William Levis		SMICP	243,800	487,500	731,300							
PSUs	2/17/2015					0	18,150	36,300				749,958
RSUs	2/17/2015								12,600			499,590
Tamara L. Linde		SMICP	162,500	325,000	487,500							
PSUs	2/17/2015					0	10,150	20,300				419,398
RSUs	2/17/2015								7,050			279,533

(1) Relates to equity awards (PSUs and RSUs), all of which were made under the LTIP. A portion of Ms. Dorsa's PSU and RSU awards was forfeited and her SMICP was prorated following her retirement on October 8, 2015.

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(2) Represents possible payouts under SMICP and MICP for 2015 performance. The actual awards were determined in February 2016 and paid thereafter, as reported in the 2015 Summary Compensation Table and were prorated for Mr. Cregg and Ms. Dorsa.

(3) Represents LTIP award of PSUs described below.

(4) Represents LTIP award of RSUs described below.

(5) Represents the grant date fair value of the equity award. For a discussion of the assumptions made in valuation, see Note 17 to the Consolidated Financial Statements included in our Form 10-K.

(6) Actual payouts subject to proration based on time in position.

Material Factors Concerning Awards Shown in Summary Compensation Table, Grants of Plan-Based Awards Table and Employment Agreements

SMICP

The plan-based awards for annual cash incentive compensation included in the 2015 Summary Compensation Table were paid in 2016 with respect to 2015 performance under the terms of the SMICP and for Mr. Cregg, the MICP. The range of possible awards for each NEO in relation to his/her target award is set forth in the Grants of Plan-Based Awards Table above. An explanation of the SMICP (and MICP) and performance goals, measures and performance factors achieved are described under Annual Cash Incentive in the CD&A.

LTIP

As explained in the CD&A and shown above, LTIP awards were made to NEOs in February 2015 in the form of RSUs and PSUs. The RSUs cliff vest after three years. The three-year performance period for the PSUs ends December 31, 2017, with payment, if any, made the following year. The range of possible payouts for each NEO in relation to his/her target award is set forth in the table above. Payments of awards granted in February 2013 will be made in 2016 based on performance for the three-year period that ended on December 31, 2015. Further explanation of PSU payment determination is set forth under Long-Term Incentive in the CD&A. For further information about vesting, see Potential Payments Upon Termination of Employment or Change-In-Control below.

No stock options have been granted since 2009. Some options granted in previous years are still outstanding as reported in the Outstanding Equity Awards at Year-End Table. Grants were made with an exercise price equal to the NYSE closing price on the date of grant for a 10-year term. No discounted options may be granted and no repricings may be done without stockholders' approval.

Employment Agreements

The CEO and each NEO receives an annual salary review, participates in the SMICP and LTIP, and in the Supplemental Plan and the Key Executive Severance Plan. Mr. Izzo has entered into a severance agreement, the terms of which are discussed below under Potential Payments Upon Termination of Employment or Change-in-Control. Ms. Dorsa received 15 additional years of credited service under the Supplemental Plan as of April 9, 2014, pursuant to her agreement. Mr. Levis will receive a lump sum present value payment equal to the employer health and welfare benefits contribution for which he would have been eligible if employed by us prior to 1996, pursuant to his agreement. Ms. Dorsa and Mr. Levis entered into amendments to their agreements to adjust their respective benefits that accrue after December 31, 2011 under the Supplemental Plan to provide for a calculation reducing the benefit to be based on the highest seven-year average rather than the highest five-year average, in alignment with changes generally applicable to other plan participants, including Messrs. Izzo, Cregg and LaRossa and Ms. Linde. Under Ms. Dorsa's agreement, we provided her with a car service for commuting purposes.

For additional information regarding severance benefit provisions, see Potential Payments Upon Termination of Employment or Change-in-Control.

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OUTSTANDING EQUITY AWARDS AT YEAR-END (12/31/15) TABLE

The following table lists all outstanding awards, consisting of stock options, PSUs and RSUs, as of December 31, 2015 for our NEOs.

Name and Option Grant Date	Number of Securities Underlying Unexercised Options Exercisable (#)(1)	Number of Securities Underlying Unexercised Options Unexercisable (#)(1)	Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)(2)	Option Expiration Date	Number of Shares or Units of Stock that have Not Vested (#)(3)	Market Value of Shares or Units of Stock that have Not Vested ($)(4)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights that have Not Vested (#)(5)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units, or Other Rights that have Not Vested ($)(6)
Ralph Izzo								178,838	6,919,242
1/16/2007	60,000			32.9250	1/16/2017				
3/20/2007	113,000			39.1650	3/20/2017				
12/18/2007	199,800			48.2050	12/18/2017				
12/16/2008	473,400			30.0300	12/16/2018				
12/14/2009	347,900			33.4900	12/14/2019				
Daniel J. Cregg						8,138	314,859	9,220	356,722
Caroline Dorsa									
Ralph A. LaRossa						39,333	1,521,794	36,262	1,402,977
12/18/2007	33,000			48.2050	12/18/2017				
12/16/2008	36,000			30.0300	12/16/2018				
12/14/2009	55,200			33.4900	12/14/2019				
William Levis						37,668	1,457,375	92,936	3,595,694
6/19/2007	3,500			44.4350	6/19/2017				
12/18/2007	42,000			48.2050	12/18/2017				
Tamara L. Linde						16,655	644,382	33,590	1,299,597

(1) Grants made on the dates shown under the LTIP of non-qualified options to purchase our Common Stock. Options vest 25% annually over four years on the grant date anniversary. All options have fully vested.

(2) Closing price on NYSE on grant date.

(3) The vesting schedule for unvested RSUs is shown below. Dividend equivalents accrue on RSUs at the regular dividend rate and are paid in shares of Common Stock at vesting. Messrs. Izzo, LaRossa, and Levis are retirement eligible; therefore their annual RSUs are fully vested. Unvested retention awards forfeit upon retirement.

	RSU Vesting Schedule				
	Grant Date	2016 (#)	2017 (#)	2018 (#)	Total (#)
Daniel J. Cregg	2/19/2013	3,155			
	2/18/2014		2,697		
	2/17/2015			2,286	8,138
Ralph A. LaRossa	12/21/2010	39,333 (a)			39,333
William Levis	12/20/2011		37,668 (a)		37,668
Tamara L. Linde	2/19/2013	3,606			
	6/16/2014		2,647 (b)		
	2/18/2014		3,075		
	2/17/2015			7,327	16,655

(a) Represents retention award.

(b) June 2014 grant follows same vesting schedule as February 2014 RSU's.

(4) Value represents number of shares or units multiplied by the closing price on the NYSE on December 31, 2015 of $38.69.

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(5) The vesting schedule for unvested PSUs is shown below. PSUs awarded under the LTIP are earned based on a three-year performance period. Payment, if any, is made in the first quarter of the year following the end of the performance period. The vesting schedule below shows the number of unvested PSUs at target and maximum and includes accrued dividend equivalents. PSUs for retirement eligible NEO's (Messrs. Izzo, LaRossa and Levis) vest 1/36 in their award over the three year performance period. For further explanation of PSUs, see the CD&A.

		PSU Vesting Schedule					
	Grant Date	Target 2016 (#)	Maximum 2016 (#)	Target 2017 (#)	Maximum 2017 (#)	Target Total (#)	Maximum Total (#)
Ralph Izzo	2/18/2014	31,808	63,616				
	2/17/2015	28,806	57,612	28,805	57,610	89,419	178,838
Daniel J. Cregg	2/18/2014	2,427	4,854				
	2/17/2015			2,183	4,366	4,610	9,220
Ralph A. LaRossa	2/18/2014	5,556	11,112				
	2/17/2015	6,288	12,576	6,287	12,574	18,131	36,262
William Levis	2/18/2014	6,113	12,226				
	2/18/2014	27,780	55,560 (a)				
	2/17/2015	6,288	12,576	6,287	12,574	46,468	92,936
Tamara L. Linde	2/18/2014	2,805	5,610				
	6/16/2014	3,441	6,882 (b)				
	2/17/2015			10,549	21,098	16,795	33,590

(a) Represents retention award.

(b) June 2014 grant follows same vesting schedule as February 2014 PSU's.

(6) Value of PSUs are shown at maximum, multiplied by the closing price on the NYSE on December 31, 2015 of $38.69.

OPTION EXERCISES AND STOCK VESTED DURING 2015 TABLE

The following table provides information, as noted, regarding the exercise of stock options by the NEOs in 2015 and the vesting during 2015 of RSUs and PSUs previously granted to the NEOs, under our LTIP.

	Option Awards		Stock Awards		
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)(1)	Award	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($)
Ralph Izzo	80,000	600,866	PSU (2,3)	166,512	6,968,527
			RSU (4)	84,002	3,478,523
			RSU (5)	212,505	8,221,818
Daniel J. Cregg			PSU (3)	4,259	178,239
			RSU (4)	3,233	133,879
Caroline Dorsa	127,400	1,173,777	PSU (3)	31,958	1,337,442
			RSU (5)	9,821	379,974
Ralph A. LaRossa	91,200	819,542	PSU (2,3)	24,689	1,033,235
			RSU (5)	13,095	506,646
William Levis	70,000	673,526	PSU (2,3)	80,456	3,367,083
			RSU (5)	13,095	506,646
Tamara L. Linde			PSU (3)	4,812	201,382
			RSU (4)	3,687	152,679

(1) Reflects the difference between the exercise price and the market price on the date of exercise, multiplied by the number of shares acquired.

(2) The table above shows the total payout value distributed for each of the NEOs for the 2013 grants based on the results of the three-year performance period and our Common Stock price, as described further in the CD&A. Messrs. Izzo, LaRossa and Levis each became retirement eligible in 2015, 2014 and 2012, respectively. Under the LTIP, PSUs vest one-thirty sixth per month of service for retirement eligible participants. We show below for each of Messrs. Izzo, LaRossa and Levis the number of PSUs, including accrued dividend equivalents, at both target and maximum values, that vested in 2015 with respect to their 2014 and 2015 grants. No dollar values are shown for these as payouts, if any, are dependent on the actual results of the performance metrics and applicable stock prices for the respective performance periods. The number of PSUs, including dividend equivalents, earned, if any, will be determined at the conclusion of the applicable performance periods and reported in the relevant proxy statements.

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	PSU Grant Date	Granted	Target Vested (#)	Maximum Vested (#)
Ralph Izzo	2/18/2014	88,450	63,615	127,230
	2/17/2015	83,150	28,806	57,612
Ralph A. LaRossa	2/18/2014	15,450	5,556	11,112
	2/17/2015	18,150	6,288	12,576
William Levis	2/18/2014	17,000	6,113	12,226
	2/17/2015	18,150	6,288	12,576

(3) Messrs. Izzo, Cregg, LaRossa, and Levis and Mses. Dorsa and Linde had PSUs which vested on December 31, 2015, including accrued dividend equivalents, for the three-year performance period ended that day. Ms. Dorsa's amount reflects prorated payout due to retirement in October 2015.The final awards shown in the table were made at 140% of target, as explained in the CD&A. PSUs earned and value realized reflect rounding. Shares were issued in 2016. Messrs. Izzo, LaRossa and Cregg deferred payment, as reported in the Non-Qualified Deferred Compensation Table. Value realized reflects the value of the PSUs on February 16, 2016, the PSU value determination date, using the average of the high and low PSEG stock price of $41.85.

(4) Represents RSUs that vested January 1, 2015. January 1 was a non-business day so the PSEG closing price on December 31, 2014, $41.41, was used to calculate the value of the shares. Amounts shown reflect rounding.

(5) Represents RSUs that vested December 31, 2015 for retirement eligible NEOs at the PSEG closing price of $38.69. Mr. Levis became retirement eligible in 2012 and Mr. LaRossa and Ms. Dorsa became retirement eligible in 2014. Hence, their 2012, 2013 and 2014 annual RSU's were vested in prior years.

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2015 PENSION BENEFITS TABLE

The following table provides information on the actuarial present value of the NEOs accumulated benefit under each of our pension and retirement plans.

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit ($)(4)	Payments During Last Fiscal Year ($) (5)
Ralph Izzo	Qualified Pension Plan(1)	23.69	2,546,000	
	Retirement Income Reinstatement Plan(2)	23.69	4,145,000	
	Supplemental Executive Retirement Plan(3)	28.34	5,623,000	
			12,314,000	
Daniel J. Cregg	Qualified Pension Plan(1)	24.17	1,162,000	
	Retirement Income Reinstatement Plan(2)	24.17	601,000	
	Supplemental Executive Retirement Plan			
			1,763,000	
Caroline Dorsa	Qualified Pension Plan(1)	6.50	-	108,680
	Retirement Income Reinstatement Plan(2)	6.50	239,000	8,230
	Supplemental Executive Retirement Plan(3)	21.50	5,526,000	233,047
			5,765,000	349,957
Ralph A. LaRossa	Qualified Pension Plan(1)	30.50	851,000	
	Retirement Income Reinstatement Plan(2)	30.50	1,671,000	
	Supplemental Executive Retirement Plan	30.50	1,251,000	
			3,773,000	
William Levis	Qualified Pension Plan(1)	9.00	138,000	
	Retirement Income Reinstatement Plan(2)	9.00	370,000	
	Supplemental Executive Retirement Plan	9.00	3,557,000	
			4,065,000	
Tamara L. Linde	Qualified Pension Plan(1)	25.46	1,265,000	
	Retirement Income Reinstatement Plan(2)	25.46	801,000	
	Supplemental Executive Retirement Plan			
			2,066,000	

(1) All NEOs participate in either the Pension Plan, a traditional defined benefit pension plan, or the Cash Balance Plan, a cash balance defined benefit pension plan, depending on date of hire, each of which is a qualified plan under the IRC. Such plans are available to all other employees under the same terms and conditions. Additional information about the plans is provided below. Messrs. Izzo, Cregg and LaRossa and Ms. Linde participate in the Pension Plan. Ms. Dorsa and Mr. Levis participate in the Cash Balance Plan. Years shown reflect actual years of service.

(2) Years shown reflect actual years of service.

(3) Mr. Izzo and Ms. Dorsa receive additional years of credited service for the purpose of retirement benefit calculations under the Supplemental Plan in recognition of prior work experience, including 15 years for Ms. Dorsa pursuant to her employment agreement. In addition, Mr. Izzo receives an additional 5 years which vest at age 60 as described below under the Supplemental Plan. The additional 5 years are prorated in the table for participants under age 60. Years shown reflect the sum of actual years of service and years credited under the Supplemental Plan. The actuarial present value of accumulated benefits based on actual years of service for Mr. Izzo and Ms. Dorsa is $10,100,000 and $3,681,957, respectively, and the actuarial present value of accumulated benefits based on additional years of service for each such person is $2,214,000 and $2,433,000, respectively.

(4) Amounts shown represent the actuarial present value of accumulated benefit computed as of the same Pension Plan measurement date used for our financial statements for the year ended December 31, 2015, with two exceptions: (i) NEOs were assumed to retire at the earliest date as of which they would be eligible to receive unreduced benefits and (ii) no pre-retirement termination, disability or death was assumed to occur. For a discussion of the valuation method and material assumptions applied in quantifying the present value, see Note 11 to the Consolidated Financial Statements included in our Form 10-K.

(5) This payment represents a 2015 distribution from the Cash Balance Plans due to Mrs. Dorsa's retirement on October 8, 2015.

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Qualified and Non-Qualified Pension Plans

All of our employees are eligible to participate in either the Pension Plan or the Cash Balance Plan, depending upon date of hire.

Pension Plan

The Pension Plan covers non-represented employees hired prior to January 1, 1996 and represented employees hired prior to January 1, 1997 and provides participants with a life annuity benefit at normal retirement (age 65) pursuant to a formula based upon (a) the participant's number of years of service and (b) the average of the participant's five or seven highest years of compensation up to the limit imposed by the IRC. We amended the Pension Plan effective January 1, 2012, to change the benefit formula for non-represented participants. The effect of the change is to reduce projected pension payments. Under the new formula, the average of the participant's seven highest years of compensation up to the limit imposed by the IRC will be used rather than the average of the participant's five highest years of compensation.

A participant's benefit under the Pension Plan is equal to A plus B:

A. The accrued benefit calculated under the five-year final average pay formula as of December 31, 2011, as follows:

(i) 1.3% of the lesser of 5-year final average earnings (determined as of December 31, 2011) or $24,600 times years of credited service (determined as of December 31, 2011) not exceeding 35 years;

(ii) 1.5% of the amount by which 5-year final average earnings (determined as of December 31, 2011) exceeds $24,600 times years of credited service not exceeding 35 years; and

(iii) 1.5% of 5-year final average earnings times years of credited service (determined as of December 31, 2011) in excess of 35 years.

B. The accrued benefit calculated under the seven-year final average pay formula, as follows:

(i) 1.3% of the lesser of 7-year final average earnings beginning on January 1, 2012 or $24,600 times years of credited service not exceeding 35 years less the number of years as of December 31, 2011;

(ii) 1.5% of the amount by which 7-year final average earnings beginning on January 1, 2012 exceeds $24,600 times years of credited service not exceeding 35 years less the number of years as of December 31, 2011; and

(iii) 1.5% of 7-year final average earnings times years of credited service in excess of 35 years less the number of years in excess of 35 years as of December 31, 2011.

An additional benefit equal to $4.00 per month for each year of credited service is payable until the retiree reaches age 65.

All active participants are fully vested in their Pension Plan benefit. Benefits are payable on an unreduced basis (i) at age 65, (ii) at age 60, if the participant's age, plus years of service, equals or exceeds 80 or (iii) at age 55, if the participant has 25 or more years of service. Participants whose age, plus years of service, equals or exceeds 80, but who have not yet met the criteria in (ii) or (iii) may commence their Pension Plan benefits on a reduced basis.

Cash Balance Plan

The Cash Balance Plan covers non-represented employees hired or rehired after December 31, 1995 and represented employees hired after December 31, 1996 and provides each participant with a life annuity benefit at normal retirement (age 65) equal to the actuarial equivalent of a notional amount maintained for him/her. Participants are eligible for retirement under the Cash Balance Plan upon the attainment of age 55 with five or more years of service. Participants' accounts are credited each year with a percentage of compensation, which is determined based on the participant's age plus years of service measured at year-end.

Sum of Age and Service	Percentage of Compensation Credited (%)
<30	2.00
30-39	2.50
40-49	3.25
50-59	4.25
60-69	5.50
70-79	7.00
80-89	9.00
90+	12.00

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Each participant's notional amount grows each year with interest credits based on a 6.0% annual rate of interest. Participants become immediately fully vested in their Cash Balance Plan benefit.

Reinstatement Plan

Certain management and highly compensated employees are eligible to participate in a nonqualified excess benefit retirement plan, the Reinstatement Plan, designed to replace earned pension benefits as determined under the qualified pension formula, but which cannot be paid from the qualified pension plans as a result of the IRC mandated limits for qualified plans. The benefits payable under this plan mirror those of the qualified plans described above except that the compensation considered in computing the benefit (i) will not be limited by qualified plan limits, (ii) will include any amounts that the participant deferred under deferred compensation plans, (iii) will include amounts earned under the SMICP (which are not considered under the qualified pension plans), (iv) will be limited to 150% of average base salary for the applicable five or seven years for Pension Plan participants and will be limited to 150% of base salary each year for Cash Balance participants and (v) will be offset by any benefits received by the participant under the applicable qualified pension plan (Pension Plan or Cash Balance Plan).

Supplemental Plan

Certain employees receive additional years of service for the purpose of retirement benefit calculations in recognition of prior allied work experience. However, we have determined, effective January 1, 2011, to no longer offer additional credited service to those who do not already have this benefit. Such benefits are paid from a nonqualified plan, the Supplemental Plan. Under the additional service credit provisions, certain participants may also receive an additional five years of credited service for the purpose of this supplemental benefit calculation if they retire between ages 60 and 65. The credited years of service reduce by one year for each six-month period such participant works beyond age 65. This feature of the plan is designed to encourage retirement on or before age 65. Benefits payable under the additional service provisions of the Supplemental Plan mirror those payable under the Reinstatement Plan, except that the additional years of service are considered in calculating the Supplemental Plan benefit amount. Any benefit payable under this plan is offset by benefits payable under the qualified plan and the Reinstatement Plan.

Certain participants in the Supplemental Plan receive additional limited benefits. This portion of the Supplemental Plan provides a total target replacement income percentage equal to credited service for qualified pension plan calculation purposes, plus any applicable additional credited service, plus 30, to a maximum of 75%, of an average of covered compensation. Covered compensation used for determining limited benefits under the Supplemental Plan is the same as the covered compensation used under the Reinstatement Plan. The target replacement amount under the limited benefit portion of this Plan is reduced by any pension benefits from any previous employers accrued and vested at the time of hire, by the participant's Social Security benefit at normal retirement age and by the pension benefits provided by each other PSEG retirement benefit plan (qualified plans and non-qualified plans). The additional limited benefits provision of the Supplemental Plan also provides a death benefit equal to 150% of base compensation if death occurs while the participant is actively employed. Participants designated for the additional limited benefit become entitled to this benefit only upon (a) retirement under the terms of the qualified plan in which they participate (Pension Plan or Cash Balance Plan) or (b) death.

The change in the benefit formula under the qualified Pension Plan from a five-year final average pay formula to a seven-year final average pay formula impacts the limited benefits under the Supplemental Plan. Accordingly, we amended the Supplemental Plan as of January 1, 2012 to reflect this change.

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2015 NON-QUALIFIED DEFERRED COMPENSATION TABLE

The following table provides information regarding compensation deferred by the NEOs under our Deferred Compensation Plans.

Name		Executive Contributions in Last Fiscal Year (2015) ($)(1)	Registrant Contributions in Last Fiscal Year (2015) ($)	Aggregate Earnings in Last Fiscal Year (2015) ($)	Aggregate Withdrawals/ Distributions (2015) ($)	Aggregate Balance at Last Fiscal Year End (2015) ($)(2)
Ralph Izzo	Deferred Compensation Plan			281,581		9,515,859
	Equity Deferral Plan	10,447,050		(299,071)		21,609,182
Daniel J. Cregg	Deferred Compensation Plan					
	Equity Deferral Plan	178,239				178,239
Caroline Dorsa	Deferred Compensation Plan			(5,531)		843,117
	Equity Deferral Plan					
Ralph A. LaRossa	Deferred Compensation Plan					
	Equity Deferral Plan	1,033,193		(110,161)		2,852,996
William Levis	Deferred Compensation Plan					
	Equity Deferral Plan					
Tamara L. Linde	Deferred Compensation Plan					
	Equity Deferral Plan					

(1) Amounts shown under Executive Contributions in Last Fiscal Year include PSUs vested at December 31, 2015 and paid in 2016 and RSUs vested on January 1, 2015 as shown in the Option Exercises and Stock Vested During 2015 Table.

(2) Includes amounts reported in the Summary Compensation Table in prior-year proxy statements for the Deferred Compensation Plan and/or the Equity Deferral Plan, respectively, as follows: Mr. Izzo $7,473,894 and $15,598,352, Ms. Dorsa $567,020, Mr. LaRossa $2,475,033. Mr. Cregg's equity deferrals were not previously shown in the Summary Compensation Table as he was not a NEO prior to October 2015.

Deferred Compensation

Deferred Compensation Plan

Under the Deferred Compensation Plan, participants, including the NEOs, may elect to defer any portion of their cash compensation by making appropriate elections in the calendar year prior to the year in which the services giving rise to the compensation being deferred are rendered. A participant may change an election to defer compensation not later than the date that is the last date that an election to defer may be made.

At the same time he/she elects to defer compensation, the participant must make an election as to the timing and the form of distribution of that year's deferrals from his/her Deferred Compensation Plan account. For compensation deferred in 2011 and earlier years distribution may commence (a) on the thirtieth day after the date he/she terminates employment or, in the alternative, (b) on January 15th of any calendar year following termination of employment elected by him/her, but in any event no later than the later of (i) the January of the year following the year of his/her 70th birthday or (ii) the January following termination of employment. Notwithstanding the forgoing, however, for NEOs and other specified employees, distribution of his/her account may not occur earlier than six months following the date of his/her termination of service. Participants may elect to receive the distribution of their Deferred Compensation account in the form of one lump-sum payment, annual distributions over a five-year period or annual distributions over a 10-year period.

With respect to compensation deferred in 2012 and future years, participants may elect to commence distribution of a particular year's deferrals (a) six months following his/her termination of employment, or (b) a specified number of years following his/her termination from employment. Participants may elect to receive distribution of such deferrals under the Deferred Compensation Plan in the form of a lump-sum payment or annual distributions over a period of three to fifteen years.

Under the scheduled future date distribution feature, participants may elect to receive a specific plan year's deferral balance on a specified date as early as three years after the beginning of the year in which the deferrals are made. Distributions are paid in a lump sum within 90 days from the date elected regardless of whether the participant is employed by us on the payment date.

Participants may change their distribution elections as to future year's deferrals. Participants may also make changes of their distribution elections with respect to prior years' deferrals provided that (a) any such new distribution election is made at least

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one year prior to the previously selected commencement date or (b) the new commencement date is at least five years later than the previously selected commencement date.

Amounts deferred under the Deferred Compensation Plan are credited with earnings based on (a) the performance of one or more of the pre-mixed lifestyle investment portfolio funds available to employees under our 401(k) plans (except the Company Stock Fund and the Schwab Personal Choice Retirement Account) or (b) at the rate of Prime plus 1/2%, capped at 120% of the applicable federal long-term rate, in such percentages as selected by the participant. A participant who fails to provide a designation of investment funds will accrue earnings on his/her account at the rate of Prime plus 1/2%, capped at 120% of the applicable federal long-term rate. A participant may change his/her investment election on a daily basis.

For 2015, the one-year rates of return as of December 31, 2015 for the funds offered as computed by the recordkeeper of the Deferred Compensation Plan were as follows:

Rates of Return			
Pre-Mixed Portfolios		**Target Retirement Funds**	
Conservative Portfolio	0.97%	Target Retirement Income	-0.20%
Moderate Portfolio	0.44%	Target Retirement 2010	-0.24%
Aggressive Portfolio	-0.32%	Target Retirement 2015	-0.50%
Funds		Target Retirement 2020	-0.65%
Stable Value	2.04%	Target Retirement 2025	-0.78%
Diversified Bond	0.60%	Target Retirement 2030	-0.98%
Fidelity Intermediate Bond	0.69%	Target Retirement 2035	-1.18%
Large Company Stock Index	1.33%	Target Retirement 2040	-1.54%
Mid-Cap Index	-1.36%	Target Retirement 2045	-1.54%
Institutional Developed Markets Index	-0.28%	Target Retirement 2050	-1.60%
Small – Cap Index	-3.68%	Target Retirement 2055	-1.71%
Primary Money Market	0.11%	Target Retirement 2060	-1.66%
Other			
Prime Plus 1/2%	3.05%		

Equity Deferral Plan

Participants in our Equity Deferral Plan may defer receipt of all or a portion of the shares of our Common Stock underlying future equity awards under the LTIP. Deferral elections must be made during an annual enrollment period prior to the date that services giving rise to the awards are performed. Deferral elections under the Equity Deferral Plan are irrevocable.

At the time a participant elects to defer he/she must make an election as to the timing of payment of the deferred shares. Distributions will be made in a lump sum. Distributions may commence (a) on a specified date occurring between the third anniversary and the fifteenth anniversary of the date that the shares otherwise would have been distributed to the participant (b) upon termination of employment, or (c) the earlier of (a) and (b). Notwithstanding the forgoing, however, for NEOs and other specified employees, distribution may not occur earlier than six months following the date of his/her termination of employment. Participants will receive shares on the applicable distribution date. We hold the deferred shares in a Rabbi Trust. The dividends attributable to the deferred shares are reinvested in Common Stock and distributed at the same time that the deferred shares are distributed to the participants. Participants are not permitted to direct the trustee of the Rabbi Trust to vote the deferred shares.

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POTENTIAL PAYMENTS UPON TERMINATION OF EMPLOYMENT OR CHANGE-IN-CONTROL

Termination without Cause

Mr. Izzo's severance agreement provides for certain benefits if he is terminated without "cause" (a willful failure to perform his duties) or resigns for "good reason" (a reduction in pay, position or authority) during the term of such agreement. He would be paid a benefit of two times base salary and target bonus, as well as a prorated payment of SMICP target incentive award for the year of termination. His welfare benefits would be continued for two years, unless he is sooner employed. Any unvested equity awards would be forfeited. The agreement provides that Mr. Izzo will be prohibited from competing with and from recruiting employees from us or our subsidiaries or affiliates, for certain periods after termination of employment. Violations of these provisions require a forfeiture of certain benefits.

Our Key Executive Severance Plan provides severance benefits to Messrs. Izzo, Cregg, LaRossa and Levis and Ms. Linde, and to certain of our other key executive-level employees whose employment is terminated without cause. Participants must agree to restrictive covenants including confidentiality, non-competition and non-solicitation.

Also under the Key Executive Severance Plan, Messrs. Cregg, LaRossa and Levis and Ms. Linde would be entitled to certain severance benefits in the event that their employment was terminated without cause other than in a change-in-control situation. In such event they would be entitled to 1.0 times their annual base salary plus their target bonus, as well as a prorated payment of their SMICP target incentive award for the year of termination and certain outplacement services, educational assistance, health care and life insurance coverage. The Key Executive Severance Plan further provides that any unvested equity awards would be accelerated or forfeited in accordance with the terms of the individual's grants under the LTIP and/or employment agreement.

If a termination without cause or for a reduction in force or reorganization had occurred on December 31, 2015, each of the NEOs would have received the following benefits:

Termination without Cause (1)	Izzo ($)	Cregg ($)	LaRossa ($)	Levis ($)	Linde ($)
Severance	$5,500,000	$910,000	$1,163,750	$1,137,500	$825,000
Pro Rata Bonus (SMICP)	1,500,000	390,000	498,750	487,500	325,000
Unvested Restricted Stock Units (2)	-	-	1,521,794	1,457,375	-
Performance Share Unit Payout (2)	-	-	-	716,539	-
Health/Welfare Benefits	49,367	6,939	16,533	16,895	20,454
Outplacement	25,000	25,000	25,000	25,000	25,000
Education Assistance	3,000	3,000	3,000	3,000	3,000
Aggregate Payments	**$7,077,367**	**$1,334,939**	**$3,228,827**	**$3,843,809**	**$1,198,454**

(1) Ms. Dorsa is excluded from this table as she retired on October 8, 2015.

(2) Pursuant to the terms of Mr. Levis' employment agreement and Messrs. Levis' and LaRossa's respective retention awards, these amounts would have been payable only upon a termination without cause following a change in leadership.

Change-In-Control

Under our Key Executive Severance Plan, if any of Messrs. Izzo, Cregg, LaRossa, and Levis and Ms. Linde is terminated without cause or resigns his/her employment for good reason within two years after a change-in-control, the individual will receive (1) three times (two times for Mr. Cregg and Ms. Linde) the sum of his/her salary and target incentive bonus, (2) a pro rata bonus based on his/her target annual incentive compensation, (3) accelerated vesting of equity-based awards, except for PSUs, which vest pro rata, (4) a lump sum payment equal to the actuarial equivalent of his/her benefits under all of our retirement plans in which the individual participates calculated as though he/she remained employed for three years (two years for Mr. Cregg and Ms. Linde) beyond the date employment is terminated less the actuarial equivalent of such benefits on the date employment terminates (reported in the table below as Enhanced Retirement Benefit for pension-related amount and as Retiree Medical Increase for amount due for retiree medical benefits), (5) three years continued welfare benefits, (6) one year of PSEG-paid outplacement services and (7) vesting of any compensation previously deferred. Payments are limited to an amount that would not give rise to an excise tax liability under applicable IRS provisions, currently 2.99 times the individual's average W-2 compensation for the period. Amounts above that limit are forfeited. Potential payments are shown below in the Change-in-Control Termination Table.

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If a termination without cause or resignation with good reason had occurred on December 31, 2015 following a change-in-control, each of the NEOs would have received the following benefits:

Change-in-Control Termination (1)	Izzo ($)	Cregg ($)	LaRossa ($)	Levis ($)	Linde ($)
Severance	$8,250,000	$1,820,000	$3,491,250	$3,412,500	$1,650,000
Pro Rata Bonus (SMICP)	1,500,000	390,000	498,750	487,500	325,000
Unvested and Vested Restricted Stock Units (2)	49,274	314,859	1,531,747	1,467,654	644,382
Performance Share Unit Payout	3,575,768	90,754	673,193	1,432,858	297,152
Enhanced Retirement Benefit	2,146,000	372,000	2,797,000	143,000	342,000
Health/Welfare Benefits	74,050	16,717	62,693	64,905	53,283
Outplacement	25,000	25,000	25,000	25,000	25,000
Parachute Payments Forfeited	(1,826,223)	(1,142,857)	(4,126,654)	-	(1,011,906)
Aggregate Payments	**$13,793,869**	**$1,886,473**	**$4,952,979**	**$7,033,417**	**$2,324,911**

(1) Ms. Dorsa is excluded from this table as she retired on October 8, 2015.

(2) All annually granted RSUs for retirement eligible NEOs, Messrs. Izzo, LaRossa and Levis, were vested at December 31, 2015. Amounts shown for them represent the present value of the accelerated payout at December 31, 2015. Amounts shown for Messrs. LaRossa and Levis include their respective retention awards.

No NEO would be eligible for any payments under the Key Executive Severance Plan, either prior to or following a change-in-control, if he/she voluntarily terminated his/her employment (other than for “good reason” as described above) or if his/her employment were terminated by us for “cause.”

If a NEO were to retire or his/her employment were terminated on account of death or disability, the Key Executive Severance Plan provides that such participant would be entitled to accrued pay through the date of termination and prorated payment of his/her target incentive award for the year of termination.

Change-in-control provisions under the Key Executive Severance Plan generally means the occurrence of any of the following events:

- Any person is or becomes the beneficial owner of our securities representing 25% or more of the combined voting power of our then outstanding securities; or
- A majority of the Board is replaced without approval of the current Board; or
- There is consummated a merger or consolidation of us, other than a merger or consolidation which would result in our voting securities outstanding immediately prior to such merger continuing to represent at least 75% of the combined voting power of the securities of us or such surviving entity immediately after such merger or consolidation; or
- Our stockholders approve a plan of complete liquidation or dissolution of us or there is consummated an agreement for the sale or disposition by us of all or substantially all of our assets.

For additional information regarding the provisions of LTIP awards, see Material Factors Concerning Awards Shown in Summary Compensation Table, Grants of Plan-Based Awards Table and Employment Agreements above.

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Ratification of Auditor

The Audit Committee of the Board, each member of which is independent, has appointed Deloitte & Touche LLP of Parsippany, New Jersey, as independent auditor to make the annual audit of our books of account and supporting records for 2016, subject to the ratification of the stockholders at the Annual Meeting. Deloitte & Touche LLP has performed the annual audit of the books of account since 1973. The members of the Audit Committee and the Board believe that the continued retention of Deloitte & Touche LLP is in the best interests of the Company. As recommended by the Board, we ask you to ratify this appointment.

Representatives of Deloitte & Touche LLP will be present at the Annual Meeting and will be afforded an opportunity to make a statement if they so desire and to respond to appropriate questions.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THIS PROPOSAL.

OVERSIGHT OF THE INDEPENDENT AUDITOR

The appointment, termination, compensation and oversight of the quality of the work of the Independent Registered Public Accountants, Deloitte & Touche LLP, our independent auditor, is the direct responsibility of the Audit Committee of our Board, which reviews its independence, the services provided and its fees, the selection of the lead engagement partner, as well as PCAOB and peer review reports of its performance. Additional information about the Audit Committee appears above in Proposal 1 Election of Directors-Board Committee Responsibilities.

The Audit Committee annually reviews the independence and performance of Deloitte & Touche LLP in connection with the Committee's determination as to whether to retain that firm or engage another as our independent auditor. Under applicable accounting requirements, there is a mandatory rotation of the lead engagement partner every five years. In evaluating Deloitte & Touche, LLP, the Committee considers, among other things:

- Quality of work and performance, both recent and historical;
- Professional qualifications, capabilities and expertise;
- Level and appropriateness of fees;
- Independence; and
- Experience with and knowledge of the Company and industry.

Pre-Approval of Services

Annually, in accordance with the Audit Committee Charter, the Audit Committee pre-approves all audit and non-audit services provided by the independent auditor. The Audit Committee reviews, in detail, the particular services in each of the Audit, Audit-Related, Tax and All Other categories that the independent auditor will perform subject to predetermined limits set by the Audit Committee for each category of service. The annual pre-approval of services and predetermined limits is documented in a Committee resolution.

During the year, circumstances may arise when it becomes necessary to engage the independent registered public accountants for additional services not contemplated in the annual Committee resolution. For those instances, the Chairman of the Committee has been authorized by the Audit Committee to approve Audit, Audit-Related, Tax and All Other in excess of the amounts and different from the types of service authorized in the Committee resolution, as well as the scope and amount of services with regard to the annual audit that may be necessary or advisable provided that any such authorizations are reported to the Audit Committee at the next meeting following such authorization.

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Fees Billed by Deloitte & Touche LLP for 2015 and 2014

The fees billed by Deloitte & Touche LLP are negotiated by management under the direction of the CFO, with the oversight and ultimate approval of the Audit Committee. The table below shows the fees paid to Deloitte and Touche LLP for Audit, Audit-Related, Tax and All Other services during or in connection with 2015 and 2014, all of which were approved, as described above.

	Years ended December 31,	
Description of Professional Service	2015 ($)	2014 ($)
Audit Fees - The audit fees were incurred for audits of our annual consolidated financial statements and those of our subsidiaries, including our Annual Reports on Form 10-K, reviews of financial statements included in our quarterly reports on Form 10-Q and for services rendered in connection with certain financing transactions, statutory and regulatory filings and fees for accounting consultations related to the application of new accounting standards and rules.	6,545,200	6,442,000
Audit Related Fees - The audit related fees primarily related to performing certain attest services.	4,000	539,400
Tax Fees - The tax fees relate to tax compliance and tax advice for 2014 preparation of various state and foreign corporate returns and assistance with filing tax refund claims	247,115	1,089,467
All Other Fees - The all other fees relate to advice and recommendations regarding PSEG's Compliance and Enterprise Risk Management frameworks	-	345,064

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AUDIT COMMITTEE REPORT

The Audit Committee of the PSEG Board of Directors is comprised solely of independent directors. It operates under a written charter adopted by the PSEG Board of Directors which is posted on PSEG's website, www.pseg.com/info/investors/governance/committees.jsp. The Audit Committee Charter is annually reviewed and assessed for adequacy by the PSEG Audit Committee.

Management is responsible for PSEG's financial statements and internal controls. The independent auditor of PSEG, Deloitte & Touche LLP, reports directly to the PSEG Audit Committee and is responsible for performing an independent audit of PSEG's annual consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (PCAOB) (U.S.) and on PSEG's internal controls and for issuing reports thereon. The Audit Committee's overall responsibility is to assist the PSEG Board of Directors in overseeing the quality and integrity of the accounting, auditing and financial reporting practices.

Management has represented to the Audit Committee that PSEG's Consolidated Financial Statements were prepared in accordance with generally accepted accounting principles (GAAP) in the United States. In performance of its responsibilities, the Audit Committee has reviewed PSEG's Consolidated Financial Statements for the year ended December 31, 2015 and discussed these financial statements with management, the internal auditors and the independent auditor.

The Committee periodically meets in executive session with the independent auditor, the Vice President-Internal Audit, the CFO, the General Counsel, the Ethics & Compliance Counsel and the environmental health and safety auditor. At all of its meetings (except those held telephonically) the Audit Committee meets in executive session with only Audit Committee members present. The Audit Committee discussed with the independent auditor:

- PSEG's critical accounting policies;
- New accounting standards and policies affecting PSEG;
- That there were no disagreements with management over the application of GAAP;
- Significant accounting estimates made by management and the disclosures in the financial statements;
- Accounting and reporting for significant transactions; and
- The other matters required to be discussed as described in PCAOB Auditing Standards No.16 Communications with Audit Committees, which relate to the audit, financial statements, significant risks and critical accounting estimates, among others.

The independent auditor also provided to the Audit Committee the written disclosures required by the PCAOB's standards in PCAOB Rule 3526, Communication with Audit Committee Concerning Independence, and current SEC requirements for auditor independence. The Audit Committee discussed with the independent auditor the firm's independence with respect to PSEG, internal quality control procedures, and any material issues raised and any steps taken to deal with such issues by the most recent internal quality control review or by any review, inquiry or investigation by governmental or professional authorities within the preceding five years, with respect to one or more independent audits carried out by the firm. The Audit Committee has also reviewed the requirements of the Sarbanes-Oxley Act of 2002 with respect to auditor independence and has defined the amount and scope of services that may be performed by Deloitte & Touche LLP consistent with maintaining that firm's independence. The Audit Committee requires that all services of Deloitte & Touche LLP be pre-approved by the Audit Committee or the Audit Committee Chair. The Audit Committee has considered whether the independent auditor's provision of non-audit services to PSEG and the total fees paid for non-audit services relative to fees paid for audit services are compatible with maintaining the independent auditor's independence. On the basis of its review, the Audit Committee determined that the independent auditor has the requisite independence.

Based on the Audit Committee's discussions with management, the internal auditors and the independent auditor, the Audit Committee's review of the audited financial statements, the representations of management to the independent auditor regarding the audited financial statements and the independent auditor's report to the Audit Committee, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in PSEG's Annual Report on Form 10-K for the fiscal year ended December 31, 2015, for filing with the SEC.

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Members of the Audit Committee:

David Lilley, Chair	Hak Cheol Shin
Albert R. Gamper, Jr.	Susan Tomasky
Thomas A. Renyi	Alfred N. Zollar

February 15, 2016

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Proxy Statement

This Proxy Statement is provided by us on behalf of the Board. A "proxy" is a person you have legally designated to vote the stock you own. We are asking you to designate as proxies the individuals named by us on the proxy card, voting instruction form or electronic instruction associated with this Proxy Statement to vote at the 2016 Annual Meeting of Stockholders scheduled to be held on April 19, 2016 and at all adjournments or postponements of that meeting. For instructions on how to vote, please see Proxy Card and Voting of Shares section below.

The mailing address of our principal executive offices is 80 Park Plaza, Newark, New Jersey 07102, telephone (973) 430-7000. Our Internet website is www.pseg.com.

Annual Report on Form 10-K

We have provided without charge to each person solicited by means of this Proxy Statement a copy of our Form 10-K for 2015, which has been filed with the Securities and Exchange Commission (SEC), including a list briefly describing the related exhibits. You may request copies of the exhibits by writing to: Vice President-Investor Relations, Public Service Enterprise Group Incorporated, 80 Park Plaza, T6B, Newark, New Jersey 07102. The Form 10-K is also available on our website http://investor.pseg.com/sec-filings.

Delivery of Documents and Internet Availability

We use several different methods to deliver the proxy statement and voting materials to you, including the U.S. Mail and the Internet. Each stockholder receives his or her own proxy card, voting instruction form or electronic instructions for voting. For detailed information on how to vote, see Proxy Card and Voting of Shares below.

One Copy per Household

We have sent only a single copy of our Annual Report to Stockholders, including our Form 10-K, and Proxy Statement, to any household with two or more stockholders having the same last name and address unless one of the stockholders has requested individual copies. This "householding" saves our company printing and delivery costs. If you share an address with another stockholder and receive only a single copy of one of those documents, you may request an additional copy by writing to the above address or contacting us at (973) 430-6566.

Electronic Delivery

Stockholders may choose to no longer receive printed copies of our Annual Report, Form 10-K and Proxy Statement and instead receive and view them electronically over the internet. If you would like to receive these documents, as well as other stockholder communications and materials, electronically in the future and save us the cost of printing and mailing them to you, you may do so by following the instructions at the websites shown on page (i) above, under Electronic Delivery. If your shares are held in the name of a bank or broker, please follow that organization's instructions for electronic delivery. You may also follow the instructions provided for future electronic delivery if you vote via the Internet.

If you receive our future Proxy Statements, Annual Reports and Forms 10-K electronically over the Internet, you will receive each year an e-mail message containing the Internet address to access these documents. The e-mail will also include instructions for voting via the Internet as you will not receive a separate proxy card.

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Annual Meeting, Voting and Procedures

Annual Meeting

This year we will be holding our Annual Meeting at a new location, the Newark Museum, in Newark, New Jersey. **Please note the address, 49 Washington Street, Newark, New Jersey 07102.**

✓ **Attendance**

Our Annual Meeting will be held on Tuesday, April 19, 2016 at 1:00 P.M., at the Newark Museum, 49 Washington Street in Newark, New Jersey.

- You have the right to attend the Annual Meeting if you are a stockholder of record, beneficial owner whose shares are held of record by a bank or broker, or a participant in one of the plans noted below.
- We request that if you plan to attend the Annual Meeting, you should so indicate on the proxy card or voting instruction form or when voting your shares telephonically or electronically.
- Please bring with you evidence that you are a stockholder.
- We have included transportation information and a map in this Proxy Statement.

Holders of record of the 506,435,137 shares of Common Stock outstanding on February 19, 2016 will have one vote per share. A quorum will consist of the holders of Common Stock entitled to cast a majority of the votes at the Annual Meeting, present in person or represented by proxy. All votes cast by proxy or in person will be counted. Abstentions and broker non-votes will not be counted, except for the purpose of establishing a quorum. All votes will be tabulated by an independent inspector of elections.

Election of directors under Proposal 1 is subject to our majority vote requirement described above. The say-on-pay vote presented in Proposal 2 is advisory and non-binding, whether or not approved by a majority of the votes cast. A majority of the votes cast is needed for ratification of the appointment of the auditor under Proposal 3.

Proxy Card and Voting of Shares: How to Vote

Stockholders of Record

Every vote is important. We urge you to vote whether or not you plan to attend the Annual Meeting. You may specify your choices by marking the appropriate boxes on the enclosed proxy card. Once done, kindly sign, date and return the accompanying proxy card, or you may vote your proxy using the toll-free telephone number listed on the proxy card or via the Internet at the electronic address provided above and also listed on the proxy card. When a proxy card is returned properly dated and signed, or properly voted telephonically or electronically, the shares represented by the proxy will be voted by the persons named as proxies in accordance with the voting stockholder's directions. If you are a stockholder of record, your shares will not be voted unless you provide a proxy by return mail, telephonically or electronically or vote in person at the Annual Meeting.

Shares Held in Plans

- ***Enterprise Direct***: The proxy card includes any shares registered in the names shown on the proxy in Enterprise Direct (our dividend reinvestment and stock purchase plan). If a proxy card is dated, signed and returned without specifying choices, the shares will be voted as recommended by the Board. If you vote telephonically or electronically, you should follow the directions given during the call or on the computer screen. If no instructions are received from you with respect to any shares held in Enterprise Direct, the administrator of the plan will vote those shares in accordance with the recommendations of the Board.
- ***PSEG Employee Stock Purchase Plan (ESPP)***: If you are a participant in the ESPP, you will receive a separate voting instruction form from the administrator of the plan. If no instructions are received from you with respect to any shares held in the ESPP, the administrator of the plan may vote those shares in accordance with the recommendations of the Board.
- ***PSEG Employee Benefit Plans:*** If you are a participant in the Thrift and Tax-Deferred Savings Plan or the Employee Savings Plan of PSEG (PSEG Savings Plans) or either of the two Incentive Thrift Plans (Incentive Thrift Plans) of Long Island Electric Utility Servco LLC, a subsidiary of PSEG LI, you will receive a separate proxy card from the respective plan's trustee for shares that have been allocated to your accounts. The trustee will vote the shares of Common Stock beneficially owned by you under the respective plan in accordance with your instructions. If no instructions are received with respect to the PSEG Savings Plans, the shares will not be voted. If no instructions are received with respect to the Incentive Thrift Plans, the respective trustee will vote your shares in the same proportion as those shares as to which it receives instructions from other participants in the plan in which you participate.

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Shares Held by Banks or Brokers

- If your shares are held in the name of a bank or broker, you should follow the voting directions on the instruction form received from your bank or broker. For such shares, while the availability of telephone or Internet voting will depend on the processes of your bank or broker, we believe that most will make such voting methods available. In accordance with the rules of the NYSE, if no instructions are received from you by a bank or broker with respect to such shares, the bank or broker may use its discretion to vote your shares that are held by it only in regard to Proposal 3, Ratification of the Appointment of Independent Auditor and the shares will not be voted on the other proposals presented in this Proxy Statement.

Revoking a Proxy

You may revoke a proxy given in the form of the card which accompanies this Proxy Statement or a vote made telephonically or electronically. However, by law, your presence at the Annual Meeting will not revoke a proxy you have given unless you file a written notice of such revocation with the Secretary of PSEG prior to the voting of the proxies at the Annual Meeting or you vote the shares subject to the proxy by written ballot. The Secretary's mailing address appears above.

Solicitation

The cost of soliciting proxies in the form accompanying this Proxy Statement will be borne by us. In addition to solicitation by mail, proxies may be solicited by our directors, officers and employees, none of whom will be directly compensated for such services, in person or by telephone, electronically or by facsimile. We have also retained Morrow & Co. to assist in the distribution and solicitation of proxies from brokers, bank nominees, other institutional holders and certain large individual holders. The anticipated cost of such services is approximately $25,000 plus reimbursement of expenses.

Date for Submission of Stockholder Proposals

In accordance with SEC rules, stockholders may submit proposals intended for inclusion in the Proxy Statement in connection with our 2017 Annual Meeting of Stockholders. Such proposals should be sent to: Corporate Secretary, Public Service Enterprise Group Incorporated, 80 Park Plaza, T4B, Newark, New Jersey 07102 and must be received by November 14, 2016.

Discretionary Proxy Voting Authority

If any matters not described in this Proxy Statement are properly presented at the Annual Meeting, the persons named in the enclosed proxy card or their substitutes will vote proxies so given in respect of any such matters in accordance with their best judgment. As of the date of this Proxy Statement, the Board and management did not know of any other matters which might be presented for stockholder action at the Annual Meeting.

If we are not notified by January 30, 2017 of any proposal intended to be presented for consideration at the 2017 Annual Meeting of Stockholders, then the persons named by us shall have discretionary voting authority with respect to such proposal if presented at that Annual Meeting.

Voting Tabulation Results

Proxies and ballots will be received and tabulated by an independent inspector of elections. We will announce preliminary voting results at the Annual Meeting. We will disclose the final voting results in a Current Report on Form 8-K to be filed with the SEC on or before April 25, 2016. The Form 8-K will be available on our website at http://investor.pseg.com/sec-filings and on the SEC's website at www.sec.gov.

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Map, Directions and Transportation

Please note the **new location** for this year's annual meeting of stockholders. The meeting will take place at:

Newark Museum
49 Washington Street,
Newark, New Jersey
and begins at 1:00 p.m.

Arrangements have been made to provide **free valet parking** at the **Newark Museum.**

Newark, New Jersey, and the **Newark Museum** are in close proximity to all major highways. You may obtain driving directions and public transportation information by calling **973-596-6550** or on the www.newarkmuseum.org Web site.

Please note: Large bags and backpacks must be left at the museum coat check.

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PSEG'S VISION IS TO PROVIDE SAFE, RELIABLE, ECONOMIC AND GREENER ENERGY.

THIS SHARED VISION IS EVIDENCED BY OUR COMMITMENT TO CUSTOMERS, EMPLOYEES, OUR COMMUNITIES, THE ECONOMY, AND THE ENVIRONMENT. EACH DAY, WE FOCUS ON GROWING OUR ENERGY FUTURE – RESPONSIBLY, RELIABLY AND EFFICIENTLY – TO PROVIDE THE SAME LEVEL OF SERVICE FOR GENERATIONS TO COME.

PSEG
We make things work for you.

Public Service Enterprise Group Incorporated
80 Park Plaza
Newark, New Jersey 07102
973.430.7000
www.pseg.com

COMMITTED TO OUR CUSTOMERS

- MidAtlantic Reliability One Award winner for the past 14 years
- Recognized for customer satisfaction by J.D. Power for both large electric and gas business service in the East (2015)
- Investing to upgrade and strengthen our electric and gas systems

COMMITTED TO OUR EMPLOYEES

- One of America's Best Employers by Forbes magazine
- 2016 Diversity Leader Award by Profiles in Diversity Journal
- Top 100 Military-Friendly Employer (2013-2016)
- Leadership Excellence Award by HR.com for employee development

COMMITTED TO THE ENVIRONMENT AND SUSTAINABILITY

- Dow Jones Sustainability North America Index (since 2008)
- Alliance to Save Energy Star of Energy Efficiency Award (2015)
- Major solar investor in New Jersey and 11 other states
- Largest estuary enhancement program in the world

COMMITTED TO OUR COMMUNITIES AND THE ECONOMY

- PSEG Foundation invests in the future through charitable giving and initiatives
- March of Dimes – No. 1 utility fundraiser in the U.S.
- Employing approximately 13,000 people
- Major contributor to New Jersey's economy

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Shareowner Services
P.O. Box 64945
St. Paul, MN 55164-0945

Address Change? Mark box, sign, and indicate changes below: ☐

TO VOTE BY INTERNET OR TELEPHONE, SEE REVERSE SIDE OF THIS PROXY CARD.

TO VOTE BY MAIL AS THE BOARD OF DIRECTORS RECOMMENDS ON ALL ITEMS BELOW, SIMPLY SIGN, DATE, AND RETURN THIS PROXY CARD.

The Board of Directors Recommends a Vote "FOR" Items 1, 2 and 3.

1. ELECTION OF DIRECTORS:

		FOR	AGAINST	ABSTAIN			FOR	AGAINST	ABSTAIN
1.1	Willie A. Deese	☐	☐	☐	**1.7**	Thomas A. Renyi	☐	☐	☐
1.2	Albert R. Gamper, Jr.	☐	☐	☐	**1.8**	Hak Cheol Shin	☐	☐	☐

Please fold here – Do not separate

1.3	William V. Hickey	☐	☐	☐	**1.9**	Richard J. Swift	☐	☐	☐
1.4	Ralph Izzo	☐	☐	☐	**1.10**	Susan Tomasky	☐	☐	☐
1.5	Shirley Ann Jackson	☐	☐	☐	**1.11**	Alfred W. Zollar	☐	☐	☐
1.6	David Lilley	☐	☐	☐					

2. Advisory vote on the approval of executive compensation ☐ For ☐ Against ☐ Abstain

3. Ratification of the appointment of Deloitte & Touche LLP as Independent Auditor for the year 2016 ☐ For ☐ Against ☐ Abstain

THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED AS DIRECTED OR, IF NO DIRECTION IS GIVEN, WILL BE VOTED AS THE BOARD RECOMMENDS.

Please indicate if you plan to attend the Annual Meeting by marking this box. ☐

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Date _____

Signature(s) in Box

Please sign exactly as your name(s) appears on Proxy. If held in joint tenancy, all persons should sign. Trustees, administrators, etc., should include title and authority. Corporations should provide full name of corporation and title of authorized officer signing the Proxy.

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Public Service Enterprise Group Incorporated
2016 Annual Meeting of Stockholders

Newark Museum
49 Washington Street, Newark, New Jersey

April 19, 2016 at 1:00 P.M.

(Registration Begins at 12:00 P.M. Light refreshments will be available.)

For wheelchair and hearing-impaired seating, please see host/hostess for assistance.

You should present evidence that you are a stockholder in order to gain admittance to the meeting. If shares are held in the name of a broker, trustee, bank or other nominee, you should bring with you a proxy or letter from the broker, trustee, bank or nominee confirming your beneficial ownership of the shares. Each stockholder may be asked to present valid picture identification, such as a driver's license. Cameras, recording devices and other electronic devices will not be permitted at the meeting.

THANK YOU FOR VOTING

For electronic delivery of future proxy materials, please visit www.proxyconsent.com/peg.

Important notice regarding the Internet availability of proxy materials for the Annual Meeting of Stockholders
The Proxy Statement and the 2015 Annual Report to Stockholders are available at:
http://www.ezodproxy.com/pseg/2016/ar

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
PROXY FOR ANNUAL MEETING OF STOCKHOLDERS
April 19, 2016

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS OF PSEG

The undersigned hereby appoints **Shirley Ann Jackson, Ralph Izzo and Richard J. Swift,** and each or any of them, proxies of the undersigned, each with full power of substitution, to vote in their discretion (subject to any directions indicated on the reverse side of this proxy) at the Annual Meeting of Stockholders of Public Service Enterprise Group Incorporated (PSEG) to be held on April 19, 2016 and at all adjournments or postponements thereof, upon all matters which may come before the meeting or any adjournment, including the proposals set forth in the Notice of Meeting and Proxy Statement, receipt of which is hereby acknowledged. Said proxies are instructed to vote as set forth on the reverse side hereof with respect to said proposals.

Shares represented by this proxy will be voted in accordance with recommendations of the Board of Directors of PSEG as stated on the reverse side, unless otherwise indicated on the reverse, in which case they will be voted as marked. Information pertaining to each proposal is included in the Proxy Statement under proposals corresponding to the item numbers set forth on the reverse side.

If you have not voted by telephone or the Internet, please mark your proxy on the reverse side, sign and date it, and return it promptly in the envelope provided.

Vote by Internet, Telephone or Mail
24 Hours a Day, 7 Days a Week

Your phone or Internet vote authorizes the named proxies to vote your shares
in the same manner as if you marked, signed, dated and returned your proxy card.

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INTERNET/MOBILE

www.proxypush.com/peg

Use the Internet to vote your proxy until 11:59 p.m. (CT) on April 18, 2016.

PHONE

1-866-883-3382

Use a touch-tone telephone to vote your proxy until 11:59 p.m. (CT) on April 18, 2016.

MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope provided.

If you vote your proxy by Internet or by Telephone, you do NOT need to mail back your Proxy Card.

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No. _)

Filed by the Registrant ☒ Filed by a Party other than the Registrant ☐

Check the appropriate box:

☐ Preliminary Proxy Statement

☐ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

☒ Definitive Proxy Statement

☐ Definitive Additional Materials

☐ Soliciting Material under §240.14a-12

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

☒ No fee required

☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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(5) Total fee paid:

☐ Fee paid previously with preliminary materials.

☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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PSEG

2017 PSEG PROXY STATEMENT

BUILDING AND
PRESERVING
THE RIGHT
ENERGY MIX

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Public Service Enterprise Group Incorporated
80 Park Plaza, Newark, NJ 07102

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS AND PROXY STATEMENT

DATE	LOCATION	RECORD DATE
April 18, 2017 at 1:00 P.M.	Newark Museum 49 Washington Street Newark, NJ 07102	Stockholders entitled to vote at the meeting are the holders of Common Stock of record on February 17, 2017

Items of Business

1. Elect eleven members of the Board of Directors to hold office until the Annual Meeting of Stockholders in 2018, each until his or her respective successor is elected and qualified;
2. Consider and act upon an advisory vote on the approval of executive compensation;
3. Consider and act upon an advisory vote on the frequency of future advisory votes on the approval of executive compensation;
4. Consider and act upon the ratification of the appointment of Deloitte & Touche LLP as independent auditor for 2017; and
5. Transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

By order of the Board of Directors,

Michael K. Hyun

Secretary

March 3, 2017

YOUR VOTE IS IMPORTANT, REGARDLESS OF THE NUMBER OF SHARES YOU OWN. PLEASE SIGN, DATE AND MAIL THE ACCOMPANYING PROXY CARD OR VOTING INSTRUCTION FORM PROMPTLY. YOU MAY ALSO VOTE VIA THE INTERNET OR BY TELEPHONE. PLEASE USE THE INTERNET ADDRESS OR TOLL-FREE NUMBER SHOWN ON YOUR PROXY CARD OR VOTING INSTRUCTION FORM.

YOU MAY HAVE MULTIPLE ACCOUNTS AND THEREFORE RECEIVE MORE THAN ONE PROXY CARD OR VOTING INSTRUCTION FORM AND RELATED MATERIALS. PLEASE VOTE EACH PROXY CARD AND VOTING INSTRUCTION FORM THAT YOU RECEIVE. THANK YOU FOR VOTING.

Scan this ***QR Code*** to view the 2017 PSEG Proxy Statement and Annual Report on your mobile device.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to be held on April 18, 2017. The Proxy Statement and Annual Report to Stockholders are available at **www.ezodproxy.com/pseg/2017/ar**.

The approximate date on which this Proxy Statement and the accompanying proxy card were first sent or given to security holders and made available electronically via the Internet was March 14, 2017.

Public Service Enterprise Group Incorporated (we, us, our, PSEG or the Company) is distributing this Proxy Statement to solicit proxies in connection with our 2017 Annual Meeting of Stockholders.

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Please vote on these four items:

PROPOSAL 1 Election of Directors

Page 6

is followed by a discussion of our corporate governance practices, board structure and director nominee biographies, skills and qualifications.

We ask you to vote FOR this proposal.

PROPOSAL 2 Advisory Vote on the Approval of Executive Compensation

Page 35

is followed by our Compensation Discussion and Analysis (CD&A), with a detailed explanation of executive compensation and the compensation tables.

We ask you to vote FOR this proposal.

PROPOSAL 3 Advisory Vote on the Frequency of Future Advisory Votes on Executive Compensation

Page 75

is followed by our reasons for recommending an annual vote.

We ask you to vote FOR 1 YEAR in regard to this proposal.

PROPOSAL 4 Ratification of the Appointment of Independent Auditor

Page 76

is followed by our Board's Audit Committee Report and disclosure of our Independent Auditor's fees.

We ask you to vote FOR this proposal.

Quick Reference Sections:

PROXY STATEMENT SUMMARY

Page 1

Provides an overview of materials presented in connection with the 2017 Annual Meeting of Stockholders.

CD&A EXECUTIVE SUMMARY

Page 36

Provides highlights of the Company's executive compensation program and pay-for-performance approach.

ATTENDANCE AND VOTING INSTRUCTIONS

Page 79

Provides how-to information for voting, as well as navigating you to the meeting.

Electronic Delivery

You can help us and the environment by choosing to receive future proxy statements and related documents such as the Annual Report and Form 10-K by electronic delivery. You may sign up for future electronic delivery at the website below, depending on the nature of your ownership. Please note that these are not the same sites to use for voting. For further information about how to vote, see pages iii and 80.

- If you are a stockholder of record, please go to **www.proxyconsent.com/peg.**
- For shares held in Employee Benefit Plans, go to **www.proxyconsent.com/peg.**
- If your shares are held by a bank or broker, please go to **https://enroll.icsdelivery.com/peg.**

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Voting Methods for Stockholders of Record

INTERNET/MOBILE	MAIL
http://www.proxypush.com/peg	Wells Fargo Shareowner Services P.O. Box 64945 St. Paul, MN 55164-0945
PHONE	**IN PERSON**
1-866-883-3382 (toll-free)	Newark Museum 49 Washington Street Newark, NJ 07102

To Submit Proposals for 2018 Annual Meeting

FINAL DATE	CONTACT
November 14, 2017 (last day for receipt by us)	Corporate Secretary, PSEG 80 Park Plaza, T4B, Newark, NJ 07102

Voting is strongly encouraged. We urge you to sign, date and return the accompanying proxy card or voting instruction form whether or not you plan to attend the Annual Meeting. For stockholders of record, we have provided several alternative voting methods, including voting via the Internet or the toll-free telephone number listed above. For shares held by a bank or broker, including those in the various stockholder and employee plans that we offer, please follow the voting instructions you receive from your bank, broker or plan administrator. Most banks and brokers are likely to provide you with methods for internet or toll-free telephone voting. For more information, see pages 79 – 81.

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Forward-Looking Statements

The statements contained in this Proxy Statement about our and our subsidiaries' future performance, including, without limitation, future revenues, earnings, strategies, prospects, consequences and all other statements that are not purely historical, are "forward-looking statements" within the meaning of The Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ materially from those anticipated. Such statements are based on management's beliefs as well as assumptions made by and information currently available to management. When used herein, the words "anticipate," "intend," "estimate," "believe," "expect," "plan," "should," "hypothetical," "potential," "forecast," "project," variations of such words and similar expressions are intended to identify forward-looking statements. Factors that may cause actual results to differ are often presented with the forward-looking statements themselves. Other factors that could cause actual results to differ materially from those contemplated in any forward-looking statements made by us herein are discussed in our Annual Report on Form 10-K and subsequent reports on Form 10-Q and Form 8-K filed with the Securities and Exchange Commission (SEC), and available on our website: http://investor.pseg.com/sec-filings. All of the forward-looking statements made in this Proxy Statement are qualified by these cautionary statements and we cannot assure you that the results or developments anticipated by management will be realized or even if realized, will have the expected consequences to, or effects on, us or our business, prospects, financial condition, results of operations or cash flows. Readers are cautioned not to place undue reliance on these forward-looking statements in making any investment decision. Forward-looking statements made in this Proxy Statement apply only as of the date hereof. While we may elect to update forward-looking statements from time to time, we specifically disclaim any obligation to do so, even in light of new information or future events, unless otherwise required by applicable securities laws.

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OUR COMPANY

PSEG is an energy company with a diversified business mix whose principal directly-owned operating subsidiaries are:

- Public Service Electric and Gas Company (PSE&G), an operating electric and gas utility in New Jersey; and
- PSEG Power LLC (Power), an electric generation and energy marketing company.

In recent years we have transformed our business mix to include a significantly higher percentage contribution to earnings by PSE&G, as noted on page 3 under Business Performance and in greater detail in our CD&A Executive Summary on pages 36 – 42.

In addition, PSEG Long Island LLC (PSEG LI) operates an electric utility transmission and distribution system in New York under a contract with the Long Island Power Authority (LIPA), PSEG Energy Holdings LLC (Energy Holdings) primarily has investments in leveraged leases and PSEG Services Corporation (Services) provides management and administrative services to us and our subsidiaries.

ANNUAL MEETING PROPOSALS

		Board Recommendation
1.	**Election of Directors** – vote to elect eleven director nominees to serve one-year terms. See page 6 for more information.	***FOR***
2.	**Approval of Executive Compensation** – advisory vote to approve the executive compensation of the named executive officers. See page 35 for more information.	***FOR***
3.	**Frequency of Future Votes on Executive Compensation** – advisory vote on whether the stockholder advisory vote on executive compensation should be taken every year, every second year or every third year. See page 75 for more information.	***1 Year***
4.	**Ratification of Auditor** – ratification of the appointment of Deloitte & Touche LLP as independent auditor for 2017. See page 76 for more information.	***FOR***

NOMINEES FOR ELECTION AS DIRECTOR

Name	Age	Director Since	Primary Occupation	Committee Memberships
Willie A. Deese	61	2016	Retired Executive Vice President of Merck & Co. Inc.	CG, O
Albert R. Gamper, Jr.	75	2000	Retired Chairman of the Board and CEO of CIT Group	A, E, F, O
William V. Hickey	72	2001	Retired Chairman of the Board and CEO of Sealed Air Corporation	F (Chair), FG, NG, O
Ralph Izzo	59	2006	Chairman of the Board, President and CEO of PSEG	E (Chair)
Shirley Ann Jackson	70	2001	President of Rensselaer Polytechnic Institute	CG (Chair), E, FG, NG, O
David Lilley	70	2009	Retired Chairman of the Board, President and CEO of Cytec Industries	A, F, O (Chair)
Thomas A. Renyi	71	2003	Retired Executive Chairman of The Bank of New York Mellon	Lead Director, A, E, F
Hak Cheol (H.C.) Shin	59	2008	Executive Vice President – International Operations of 3M Company	A, CG, FG (Chair), NG (Chair)
Richard J. Swift	72	1994	Retired Chairman of the Board, President and CEO of Foster Wheeler	CG, E, FG, NG, O
Susan Tomasky	64	2012	Retired President – AEP Transmission of American Electric Power Corporation	A (Chair), CG
Alfred W. Zollar	62	2012	Retired General Manager – Tivoli Software Division of IBM Corporation	F, FG, NG

A=Audit CG=Corporate Governance E=Executive F=Finance FG=Fossil Generation NG=Nuclear Generation O=Organization and Compensation

We recognize the value of refreshment and succession planning, annual evaluation of effectiveness and performance and continuing education for our directors. We believe that our directors are a diverse group of highly qualified leaders with a broad range of business, industry, academic and public service experience. Their skills in the areas of accounting, finance, construction,

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engineering, consumer products, corporate governance, customer satisfaction and sales, government, law, operations, management, manufacturing, science, technology and risk management serve us well. For additional information about the experience, skills and qualifications of each individual, please refer to the chart on page 24 and biographical data on pages 25 to 30.

CORPORATE GOVERNANCE

We have adopted what we believe are strong corporate governance standards and practices to assure effective management by our executives and oversight by our Board of Directors (Board). We are committed to good governance because it promotes the long-term interests of stockholders, as well as accountability and trust in our company. These measures include the following:

Independent Directors	Board Leadership	Risk Management	Code of Ethics
Established standards for director independence are set forth in our Corporate Governance Principles (Principles). All of our current directors and nominees are independent under our Principles and the requirements of the New York Stock Exchange (NYSE), except Ralph Izzo, our Chairman of the Board, President and Chief Executive Officer (CEO), who is an employee of the Company.	Our Board leadership structure consists of a Chairman (who is also our CEO), a Lead Director, who is elected by the independent directors, and strong committee chairs. This provides for independent Board leadership, while ensuring that the individual managing day-to-day operations is responsible for leading the Board discussions on key business and strategic issues.	Risk management is a key part of our strategic planning and business operations. We believe that we have an effective system of risk management with appropriate controls and Board oversight.	We are committed to operating in accordance with the highest ethical and legal standards. Our Standards of Integrity (Standards) establish a set of common expectations for behavior to which each director and employee must adhere.

Corporate Governance Highlights

- Annual Election of all Directors
- Majority Voting for Directors
- Independent Board (all but CEO)
- Independent Lead Director
- Regular Executive Sessions of Independent Directors
- Independent Committee Chairs and Members
- Annual CEO Evaluation
- Annual Board and Committee Self-Evaluations
- Proxy Access
- Succession Planning
- Risk Oversight by the Board and Committees
- Standards of Integrity
- Stockholders' Right to Call Special Meetings
- Stockholder Engagement
- No "Poison Pill" (Stockholder Rights Plan)
- Commitment to Sustainability
- Annual Political Contributions Report
- Diverse Skills and Qualifications of Directors

For additional information on our corporate governance, see the discussion under Proposal 1. Election of Directors beginning on page 6.

Key Recent Corporate Governance Actions

In overseeing corporate governance, our Board continued its focus on effectiveness and best practices. In 2016, we:

- Conducted a comprehensive review of the key risks facing our business and our risk management program and processes, including Board and Committee responsibilities;
- Mapped the identified key risks to specific Board and Committee calendars and oversight duties;
- Reviewed current trends and developments in corporate governance and their implications for us, including with respect to board composition, director diversity and tenure, sustainability and stockholder proposals and engagement; and
- Continued to build and maintain relationships with stockholders by engaging in constructive dialogue and exploring areas of interest involving corporate governance, executive compensation and related matters.

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BUSINESS PERFORMANCE

Our business plan is designed to achieve growth while managing the risks associated with fluctuating commodity prices and changes in customer demand. We continue our focus on operational excellence, financial strength and disciplined investment. These guiding principles have provided the base from which we have been able to execute our strategic initiatives, including:

- Improving utility operations through growth in investment in transmission and distribution infrastructure projects designed to enhance system reliability and resiliency and to meet customer expectations and public policy objectives; and
- Maintaining and expanding a reliable generation fleet with the flexibility to utilize a diverse mix of fuels which allow us to respond to market volatility and capitalize on opportunities as they arise.

During 2016, our Net Income decreased due primarily to charges related to the early retirement of our Hudson and Mercer coal/gas units, mark-to-market losses in 2016 as compared to gains in 2015, lower volumes of electricity and gas sold at lower average realized sales prices, lower capacity and operating reserve revenues, storm insurance recoveries received primarily by Power in 2015 related to Superstorm Sandy, and charges in 2016 related to investments in certain leveraged leases at Energy Holdings. These decreases were partially offset by higher transmission revenues, lower generation costs and higher costs incurred at Power for planned outages in 2015 and higher management fee revenues at PSEG LI pursuant to its contract with LIPA. The Board's recent decision to increase the Common Stock dividend by 4.9% to an indicative annual level of $1.72 per share is supported by our business mix and strong balance sheet.

For additional information, see pages 38 – 40. For a comprehensive assessment of the Company's performance, please review the entire Proxy Statement and our Annual Report on Form 10-K for the year ended December 31, 2016 (Form 10-K), which can be found on our website http://investor.pseg.com/sec-filings and on the SEC's website, www.sec.gov. A copy of our Form 10-K has been provided to each person solicited by means of this Proxy Statement.

Financial Highlights

Dollars in Millions, except per share amounts	2016 ($)	2015 ($)
Operating Revenues	9,061	10,415
Income from Continuing Operations	887	1,679
Net Income	887	1,679
Total Assets	40,070	37,535
Earnings Per Share (EPS) – Diluted		
Income from Continuing Operations	1.75	3.30
Net Income	1.75	3.30
Dividends Paid per Share	1.64	1.56
Market Price per Share – Year-end	43.88	38.69

EXECUTIVE COMPENSATION

Compensation Philosophy

We have designed a competitive executive compensation program benchmarked against our peers that we believe helps us recruit and retain top talent while closely linking pay to performance with the ultimate goal of aligning our leadership team with stockholders' interests. Our incentives put a significant portion of our executives' pay, including that of our CEO and Named Executive Officers (NEOs), at risk based on performance. These pay-at-risk incentives are targeted to pay out at approximately the median of our peer group when we deliver on our pre-established financial, operating and strategic goals.

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Proxy Statement Summary

In overseeing executive compensation, our Board utilizes an independent compensation consultant who provides only compensation services to the Board. A detailed discussion of our executive compensation program, including its elements, the factors we use in determining compensation and our governance features, appears in the CD&A. The key components of our executive compensation program are:

Component	Type	Objective
Base Salary	Fixed	Experience, performance and competitive market.
Annual cash incentive under our Senior Management Incentive Compensation Plan (SMICP)	Variable Performance-Based	Emphasis on EPS (as adjusted, for example, to exclude certain non-recurring items) as the corporate financial objective with additional operational metrics. Payment from zero to 200% of target percentage of salary.
Equity-based incentive awards under our Long-Term Incentive Plan (LTIP), consisting of performance share units (PSUs) and restricted stock units (RSUs)	Variable Performance-Based	PSUs (64% for the CEO and 60% for the other NEOs) are measured over a three-year period based upon Return on Invested Capital (ROIC) vs. our business plan, ROIC vs. peers and relative Total Shareholder Return (TSR), with the opportunity to earn between zero and 200% of target. RSUs (36% for the CEO and 40% for the NEOs) cliff vest at the end of three years.
Market-based retirement and post-employment benefits		Double trigger change-in-control provisions. No excise-tax gross-ups.

We have adopted executive compensation governance measures that we believe support good governance practices and further align our executives' interests with those of stockholders while discouraging executives from taking excessive risk.

Compensation Governance Highlights

- Pay for Performance Alignment
- Annual Compensation Risk Assessment
- Stock Ownership and Retention Policies
- No Hedging or Pledging
- Clawback Practice
- Common Stock Trading Pre-Clearance

Pay for Performance

- For 2016, the target annual and long-term incentive pay, representing pay at risk, for our CEO and other NEOs as a group was 86% and 71%, respectively, of target total direct compensation, as discussed in the CD&A under Compensation Philosophy-Pay Mix.
- We compared our recent financial performance with the compensation of our CEO and NEOs relative to our peer companies. The financial measures we examined were above the median of our peer group of companies while our executive compensation was at the peer median. Thus, we have concluded that our performance and executive compensation are appropriately aligned.
- Further, performance is reflected in the actual value paid upon vesting of the one-year annual cash incentive payments and the three-year equity incentive compensation awards.
- Approved SMICP payments for 2016 were near target relative to internal goals, which were heavily weighted towards earnings.
- For the PSUs granted under the LTIP for the three-year performance period ended December 31, 2016, actual payout was above target, based on our TSR compared to peer companies and ROIC in relation to both our business plan and peers.

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The following table provides highlights of the compensation for our CEO and other NEOs in 2016 as reported in the 2016 Summary Compensation Table in this Proxy Statement. For the complete details of compensation, please review the entire Proxy Statement.

NEO	Base Salary 2016 ($)	Equity Incentive Plan Compensation 2016 ($)	Non-Equity Incentive Plan Compensation 2016 ($)	Total Compensation 2016 ($)(1)
Ralph Izzo	1,298,269	6,375,044	1,513,200	9,867,979
Daniel J. Cregg	520,000	850,045	370,500	2,089,699
Ralph A. LaRossa	684,308	1,250,016	503,500	3,002,952
William Levis	668,825	1,250,016	467,000	2,690,592
Tamara L. Linde	533,789	850,045	330,400	2,099,874

(1) Reflects all compensation, including change in pension value and all other, as reported in the 2016 Summary Compensation Table.

Key Recent Executive Compensation Actions

In overseeing our executive compensation program, our Organization & Compensation Committee (O&CC), working with its consultant, continued to emphasize our results-oriented philosophy. During 2016, we:

- Reviewed our compensation philosophy and all key elements of our executive compensation program in light of our strategy and objectives, as well as the results of the 91% approval of the Say-on-Pay vote received at the 2016 Annual Meeting of Stockholders;
- Confirmed the pay for performance alignment of executive compensation with financial results and approved benchmarked salaries, incentive awards and payouts in accordance with established criteria;
- Modified the maximum leverage in our SMICP annual incentive plan to 200% of target effective for 2016 performance to better align with peers and competitive market practices; and
- Increased for our NEOs the mix of PSUs and RSUs awarded under our LTIP equity incentive plan, beginning in 2017, to 70/30, and removed ROIC vs. plan as a metric for PSUs, in response to stockholder interest in having a greater percentage subject to performance criteria and challenging goals for payout.

For more comprehensive information, see our discussion of executive compensation under Proposal 2. Advisory Vote on the Approval of Executive Compensation, beginning on page 35.

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You are being asked to vote on the election of eleven individuals nominated by your Board to serve as the Directors of our Company. Below, we have provided information about the Board, director independence, our leadership structure, risk management oversight, Board committees, code of ethics and related matters of corporate governance. We also describe our provisions for majority voting, director qualifications, diversity and retirement criteria and each nominee's specific experience, skills and qualifications. We also report to you information about security ownership and director compensation. All of the nominees currently serve as directors of the Company and were elected to their positions by the stockholders.

Vote required: A director will be elected if the number of shares voted FOR that director exceeds the number of shares voted AGAINST that director, not counting abstentions and votes withheld or for which no instructions are given. See Majority Voting for Election of Directors, under Nominees and Election on page 19.

AS RECOMMENDED BY THE BOARD, WE ASK YOU TO VOTE FOR ALL NOMINEES.

CORPORATE GOVERNANCE

Board of Directors

Our business and affairs are managed by or under the direction of the Board, which delegates certain responsibilities to its committees and to management consistent with our By-Laws. The Board has adopted and operates under the Principles which reflect our current governance practices in accordance with applicable statutory and regulatory requirements, including those of the SEC and the NYSE. The Principles provide written guidelines for directors and management to effectively pursue and support the Company's business objectives. The Principles are reviewed periodically by the Corporate Governance Committee, which recommends appropriate changes to the Board. You can request copies of our By-Laws and Principles or view them at http://investor.pseg.com/corporate-governance.

The Board provides direction and oversight of the conduct of our business by management. In fulfilling these responsibilities, the Board performs the following principal functions:

- Approves corporate strategy, major management initiatives and significant investments;
- Monitors and provides oversight of financial and business integrity and performance, including risk management;
- Selects, evaluates the performance of, and approves succession plans for the CEO and other senior executives;
- Selects nominees for election to the Board; and
- Evaluates Board processes and performance.

The Board has full and free access to all members of management and may hire its own consultants and advisors as it deems necessary.

Board Effectiveness and Accountability

Our Board, committees and directors undertake to perform their respective duties with the diligence and care required by law and expected of them by our shareholders, customers, employees and communities. We have adopted independence standards, a code of ethics and governance principles and implemented practices that are designed to reinforce our commitment to corporate and personal integrity. The Board monitors our dynamic and responsive stockholder engagement efforts as well as the broader outreach to our other stakeholders, with whom we maintain regular communications.

The organizational and leadership structures we have established, including the responsibilities of our Lead Director and the Board's oversight of our risk management program, executive compensation, talent management and succession planning, political contributions and adherence to company values and sustainability practices, serve to ensure that our Board and management operate effectively while maintaining a keen focus on long-term success.

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Our director nomination process, including our commitment to diversity, refreshment and constructive evaluation, provide the means for us to present nominees for election each year who collectively and individually meet the high standards, and possess the requisite skills and experience, expected of those who lead our Company. The Board remains focused on shareholder value, long-term sustainability and strategic vision, in the context of our business environment, competitive landscape and regulatory climate.

Communications with the Board

You, as a stockholder, and other interested parties may communicate directly with the Board, including the independent directors, by writing to:

Michael K. Hyun, Secretary
Public Service Enterprise Group Incorporated
80 Park Plaza, T4B, Newark, NJ 07102

and indicating who should receive the communication. Unless the context otherwise requires, the Secretary will provide the communication to the Lead Director and to the Chair of the Board committee most closely associated with the nature of the request. The Secretary has the discretion not to forward communications that are commercial advertisements, other forms of soliciting material or billing complaints. All communications are available to any member of the Board upon his or her request.

Independence

Under our Principles and the requirements of the NYSE, the Board must consist of a majority of independent directors. The Board has established standards for director independence, which are set forth in the Principles and shown below.

Independence Standards

An independent director must have no material relationship with PSEG and its subsidiaries, including the following:

- A director may not be an employee of ours or any of our subsidiaries;
- No member of a director's immediate family may be an executive officer of PSEG or one of our subsidiaries;
- A director or immediate family member may not be an employee of any company where any executive of ours or our subsidiaries serves on the compensation committee;
- A director may not be an employee and an immediate family member may not be an executive officer of any company that makes payments to or receives payments from us and our subsidiaries in any year more than the greater of $1 million or 2% of such company's consolidated gross revenue;
- A director or immediate family member may not receive more than $50,000 in direct compensation from us (other than fees and compensation provided to directors generally);
- A director or immediate family member may not be affiliated with or employed by our independent auditor; and
- A director may not be an executive officer of a charity, if, in any year, contributions by us and our subsidiaries to that charity exceed the greater of $1 million or 2% of the charity's consolidated gross revenue.

These limitations apply for three years after the end of the applicable affiliation or arrangement.

The Board annually reviews other commercial relationships of directors, and relationships directors have with charitable and other tax-exempt organizations, and determines whether any of those relationships are material relationships that impair a director's independence. Other than the payments by us, reported in this Proxy Statement in the Director Compensation Table, none of our directors have or will receive any compensation or have entered into any "golden leash" arrangements in connection with their service on our Board.

The Board has determined that all of the current directors, all of whom are nominees for election, are independent under the Principles and the requirements of the NYSE, except Ralph Izzo, our Chairman of the Board, President and CEO. These determinations were based upon a review of the responses submitted by each director to questionnaires we provided to them, relevant business records, publicly available information and applicable SEC and NYSE requirements.

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Leadership Structure

Under our By-Laws, our senior leadership may include a Chairman of the Board, a President and a CEO, which positions may be held by one person or may be divided between two different people. As provided in its charter, the Corporate Governance Committee has the responsibility to assess the structure of the Board and periodically evaluate the Board's governance practices as well as the Principles. Building on the advice of the Corporate Governance Committee, the Board applies its experience and knowledge of our business to establish what it believes to be the most effective form of organization. In doing so, it utilizes its understanding of the challenges and opportunities we face and its evaluation of the individuals who are involved.

Based on that analysis and evaluation, the Board has determined that, at the present time and given our present officers and personnel, it is in the best interests of the Company and stockholders for a single individual to hold all three positions of Chairman of the Board, President and CEO. The Board believes that this strikes a desirable balance allowing us to benefit from the advantages of efficiency, coordination and accountability. Ralph Izzo currently holds these positions. As such, he has plenary powers of supervision and direction of our business and affairs and he also presides at all meetings of the Board and of stockholders. The Board believes that Mr. Izzo possesses the attributes of experience, judgment, vision, managerial skill and overall leadership ability essential for our continued success. Mr. Izzo's in-depth knowledge and understanding of our strategy, operations, risk profile, regulatory and environmental circumstances and financial condition best position him to head our Board and provide leadership to management, employees, investors, customers, officials and the public. The diverse experience and independence of the other directors allows the Board to maintain effective oversight of operations, long-range planning, finances and risk management.

Lead Director

In addition to the Chairman, President and CEO, our leadership and governance structure is designed to rely on the contributions of our Lead Director. The Lead Director provides the independent directors with a key means for collaboration and communication regarding Board agendas and the information directors receive from management. Importantly, all directors play an active role in overseeing the company's business both at the Board and committee levels, bringing fresh and differing viewpoints. The Lead Director coordinates with the Chairs of our various Board committees in setting agendas for committee meetings. Thomas A. Renyi currently serves as Lead Director, a position he has held since April 2015. In that capacity, he complements the talents and contributions of Mr. Izzo and promotes confidence in our governance structure by providing an additional perspective to that of management.

Lead Director Duties and Responsibilities

Our Lead Director

- Presides at all meetings of the Board at which the Chairman is not present, including executive sessions of the independent directors;
- Serves as principal liaison on Board-wide issues between the Chairman and the independent directors;
- Calls meetings of the independent directors, as may be necessary or desirable;
- Consults with the Chairman on Board agendas;
- Reviews information sent to the Board and consults with the Chairman on the quality and timeliness of information provided to the directors;
- Serves on the Executive Committee; and
- Receives from the Corporate Secretary communications to, or for consideration by, the independent directors.

The Lead Director is an independent director designated annually by the independent directors with the expectation that he or she will typically serve in that capacity for four years. The Lead Director may be appointed to serve up to twelve additional months beyond the four years if approved by a majority of the independent directors. Mr. Renyi was re-designated as our Lead Director in April 2016 for a term expiring at the first meeting of directors after the 2017 Annual Meeting of Stockholders. The Corporate Governance Committee expects to make a recommendation regarding the individual to serve as Lead Director at its first meeting following the 2017 Annual Meeting, in accordance with our policy.

The Board believes that our leadership structure has been designed with the appropriate controls to support the efficacy of this arrangement without jeopardizing the integrity of the governance process. As discussed below, our Principles also set forth various expectations and criteria for Board membership. All directors must adhere to our Standards and exercise their responsibilities in a manner consistent with our best interests and those of our stockholders and their fiduciary duties established by applicable law.

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Risk Management Oversight

The Board is responsible for the oversight of risk at PSEG, both as a whole and through delegation to Board committees, which meet regularly and report back to the full Board. All committees play significant roles in carrying out the risk oversight function. In particular:

- The Corporate Governance Committee provides oversight of the policies and processes by which the Company assesses and manages enterprise risk. The Corporate Governance Committee reviews the mapping of identified enterprise risks to the Board and its committees and makes recommendations to the Board with respect to such mapping. Our Chief Risk Officer and Chief Financial Officer report on risk management to the Corporate Governance Committee and, through the reports of the Corporate Governance Committee Chair, to the Board. The Corporate Governance Committee also evaluates Board and committee performance, monitors composition of the Board and the qualifications of the Board members and nominees, assists the Board in administering corporate governance practices and oversees our political participation activities and expenditures. In doing so, the Corporate Governance Committee seeks to ensure our governance and leadership structure is appropriately designed to mitigate reputational risk.
- The Audit Committee oversees risks related to the Company's financial statements, the financial reporting process, accounting and legal matters. The Audit Committee provides oversight on legal and business compliance, financial reporting, disclosure controls and procedures and risk management controls and reviews in a general manner the guidelines, policies and processes by which the Company assesses and manages enterprise risk, consistent with the listing standards of the NYSE. Our Chief Risk Officer and Chief Financial Officer report on risk management to the Audit Committee at its meetings.
- The Finance Committee oversees financing transactions and approves appropriate commodity portfolio risk tolerance limits. Compliance is monitored through regular reporting to the Board. The Finance Committee is responsible for monitoring risk related to our investments in our pension and post-retirement benefits and nuclear decommissioning trusts and receives periodic reports on their performance.
- The Fossil Generation Operations Oversight Committee and the Nuclear Generation Operations Oversight Committee monitor and evaluate risks associated with our electric station operations, including risks associated with environmental, safety and other compliance and personnel and performance matters.
- The O&CC considers the risks and rewards associated with our compensation and human resources philosophy and programs. As discussed below, the O&CC has reviewed our compensation policies and practices as they relate to risk management and seeks to administer our compensation plans so as to appropriately balance the incentive nature of the compensation with mechanisms that serve to mitigate risk.

Risk Mapping

In 2016, under the oversight and direction of the Audit Committee and the Corporate Governance Committee, we conducted a comprehensive review of the risk management oversight responsibilities of the Board and the committees. As a result, we mapped the key enterprise risks identified by management to the Board and committees based on the committees' respective areas of oversight. This mapping of risks serves to clarify the oversight responsibilities of each committee and ensure proper oversight of each identified risk. Changes were made to committee charters as necessary to reflect the specific oversight responsibilities of each committee. In addition, the Board and each committee determined specific processes and schedules for performing their duties in connection with the mapped risks.

Risk Management Policy

Risk management is a key part of our strategic planning and business operations. The Board has approved a Risk Management Policy and it reviews and adopts the Company's Financial Risk Management Practice. In accordance with the Risk Management Policy, we maintain and execute a Risk Management Program for identifying, quantifying, monitoring, managing and reporting on our risks, including evolving issues such as cybersecurity. The Financial Risk Management Practice serves to define the major roles, responsibilities and procedures, including controls and reporting, necessary to actively manage our financial risk exposure consistent with our business plans. It is reviewed and approved periodically by the Audit Committee, the Corporate Governance Committee and the Finance Committee and recommended to the Board for its approval.

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Risk Management Program

The Board has oversight of the Risk Management Program which consists of policies, process and controls, including the Risk Management Policy and Financial Risk Management Practice, as well as other policies and practices developed by Management relating to risks, including but not limited to: market; credit; operations; project development; political; regulatory; legal; compliance; strategic; reputation; business interruption; security; environmental; and staffing.

Our Risk Management Program forms an integral part of our corporate culture and values.

Risk Management Committee Structure

Under the Risk Management Policy, we have established a Risk Management Committee (RMC) consisting of senior executives. The RMC is charged with, among other things:

- Establishing and reviewing the framework for implementing the Risk Management Policy, including regularly reviewing and updating key management practices related to risk management;
- Establishing and monitoring limits and controls designed to manage financial risks;
- Regularly reviewing practices related to the review of potential transactions and the delegation of financial authority; and
- Reviewing the management of key enterprise-level risks.

In addition, other senior management committees oversee the management of specific categories of risks, including:

- Our Capital Review Committee provides oversight and reviews proposed capital projects;
- Our Compliance Committee reviews various compliance and ethics issues;
- Our Business Interruption Management Committee provides oversight of activities relating to a significant interruption of business or other adverse event; and
- Our Cybersecurity Council reviews prevalent cybersecurity issues, identifying the cyber risks to our critical infrastructure and confidential information as well as the measures the Company is taking or should take to identify and address those risks.

We have enhanced our corporate compliance activities by centralizing functions under a newly hired Chief Compliance Officer with expanded duties and responsibilities. Our Delegation of Authority provisions set forth the respective authority levels at which management and employees are authorized to conduct business.

The Board believes that we have an effective system of risk management practices with appropriate controls and Board oversight.

Cybersecurity

The Board believes that cybersecurity is a critical component of the risk management program. The Board's cybersecurity oversight includes reporting from members of senior management who are responsible for the Company's cybersecurity risk management practices. Reports cover areas such as the adequacy of personnel and resources to monitor and address cybersecurity threats, technological advances in cybersecurity protection, rapidly evolving cybersecurity threats that may affect our company and industry, cybersecurity incident response and applicable cybersecurity laws, regulations and standards as well as collaboration mechanisms with intelligence and enforcement agencies and industry groups to assure timely threat awareness and response coordination. The Company's cybersecurity risk management practices are fully integrated into our overall risk management program.

Talent Management and Succession Planning

Our business planning process includes key aspects of workforce development. We believe that we utilize a rigorous and disciplined process to evaluate talent and provide for succession planning in relation to our business objectives. This starts at the local level and continues through senior management, with direct involvement of our CEO and Board. We periodically review our workforce challenges, progress on achieving our commitment to diversity and effectiveness of our organizational structure and staffing.

The Board takes very seriously its responsibility to provide for an orderly process of succession within the ranks of our senior management. Periodically, the Board reviews with the CEO succession plans for key leadership positions and periodically meets

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with succession candidates to assure that highly qualified candidates are available, should the need arise to fill vacancies. We seek to maintain a continuity of management through appropriate recruitment and retention methods, including market-based and performance-measured compensation and career advancement and training opportunities.

Director Education and Board Evaluation

New directors receive an orientation program and materials, which includes visits to our facilities and presentations by senior management to familiarize them with our strategic plans, operations, significant financial, accounting, regulatory and risk management issues, compliance programs, the Standards, principal officers and internal and independent auditors. During each year, continuing education is provided to all directors on topics of importance to our business, which may include the matters noted above, as well as regular apprisals of new developments and requirements that may impact us and emerging trends facing us and our industry.

The Board believes that a robust and constructive evaluation process is an important component of good corporate governance. The Board and each committee conduct an annual assessment process to evaluate the effectiveness of their processes and practices, including Board and committee performance, Board composition and culture, Board meetings and risk management. Among the items considered are the monitoring and oversight of policies, evaluation of the CEO and senior officers, consideration of shareholder value, understanding of the business, access to information and resources and opportunity to inquire of, or challenge, management. The process includes a survey of the directors and discussions at Board and committee meetings, as applicable.

Meetings of the Board, Committees and Stockholders

The Board holds regularly scheduled meetings and meets on other occasions when circumstances require. Board and committee meetings are usually scheduled over two days, beginning in the afternoon and ending in the afternoon of the following day. Each committee executes its responsibilities, as described below, and the Board receives reports from the committee Chairs on the significant matters considered and actions taken. A Board meeting typically focuses on the strategic and more important issues facing us. Directors spend additional time preparing for Board and committee meetings they attend and they are called upon for counsel between meetings.

Our Principles provide that the Board will meet at least six times each year and in executive session without management in attendance at every meeting, unless waived by the Board. When the Board meets in executive sessions, the Lead Director presides. In addition, each Board committee, except the Executive Committee, meets in executive session at each of its meetings, unless waived by the respective committee.

Special meetings of the Board of Directors may be called by the Chairman of the Board, CEO, or a majority of the directors by written request at anytime. Special meetings of the stockholders may be called at any time by the Board of Directors or by the CEO or upon the written request of the holders of a majority of the capital stock entitled to cast votes.

2016 Meetings and Executive Sessions

Board/Committee	Meetings	Executive Sessions
PSEG Board	12*	10
PSE&G Board	6**	6
Audit	8	6
Corporate Governance	5**	5
Executive	0	0
Finance	4	2
Fossil Generation Operations Oversight	3***	2
Nuclear Generation Operations Oversight	3****	3
Organization and Compensation	5	5

* Includes one all-day Business Strategy Session and five special meetings
** Includes one special meeting
*** One meeting held at a generating station
****One meeting held at the site of nuclear generating stations we operate

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Corporate Governance

Attendance

Under our Principles, each director is expected to attend all Board meetings and all meetings of committees of which such director is a member, as well as the Annual Meeting of Stockholders. Meeting materials are provided to Board and Committee members in advance of each meeting, and members are expected to review such materials prior to each meeting. During 2016, each director attended at least 75% of the aggregate number of meetings of the Board and the committees on which he or she served. All of the directors attended the 2016 Annual Meeting of Stockholders.

Board Committee Responsibilities

The Board committees, their principal functions, membership requirements and minimum number of meetings held are described below. Each committee has open and free access to all Company information, may require any of our officers or employees to furnish it with information, documents or reports that it deems necessary or desirable in carrying out its duties, is empowered to investigate any matter involving us and may retain appropriate resources to assist it in discharging its responsibilities.

Each committee, other than the Executive Committee, operates pursuant to a charter that defines its roles and responsibilities and annually conducts a performance evaluation of its activities and a review of its charter. The authority of the Executive Committee is set forth in our By-Laws. The committee charters and our By-Laws are posted on our website, www.pseg.com/info/investors/governance/committees.jsp. We will send you a copy of any or all of them upon request.

Each committee reports its activities to the Board. Each committee Chair is appointed annually with the expectation that he or she will typically serve in that capacity for four years. A Chair may be appointed to serve up to twelve additional months beyond the four years if approved by a majority of the independent directors.

A list of current committee membership requirements can be found below:

Committee	Membership Requirements
Audit	Consists of three or more independent directors, in accordance with SEC and NYSE rules, who must meet NYSE requirements for financial literacy. At least one member must have accounting or financial management expertise. The committee meets at least four times per year. Members may receive no direct or indirect compensation from us or our subsidiaries, other than as a director or committee member, and may not be affiliated with us or our subsidiaries. Under our Principles, without Board approval, a director may not serve as a member of our Audit Committee if he or she serves on the Audit Committee of more than three public companies, including ours.
Corporate Governance	Consists of three or more independent directors who meet at least two times per year.
Executive	Consists of the Chairman of the Board, the Lead Director and at least one additional independent director.
Finance	Consists of three or more independent directors who meet at least three times per year.
Fossil Generation Operations Oversight	Consists of three or more independent directors who meet at least three times per year.
Nuclear Generation Operations Oversight	Consists of three or more independent directors who meet at least three times per year.
Organization & Compensation	Consists of three or more independent directors in accordance with SEC and NYSE rules, who meet at least two times per year.

Each Committee of the Board is responsible for the following activities:

Audit Committee

Members: Albert R. Gamper, Jr., David Lilley, Thomas A. Renyi, H.C. Shin and Susan Tomasky (Chair)

- Assisting the Board in fulfilling its responsibility for oversight of the integrity of our financial statements; and the quality and integrity of our accounting, auditing and financial reporting practices;
- Appointing, terminating, compensating, including preapproving all services and fees, and overseeing the work of the independent auditor, which reports directly to the Audit Committee;

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- Reviewing the independence of the independent auditor, as well as Public Company Accounting Oversight Board (PCAOB) and peer review reports of the independent auditor's performance;
- Reviewing with the independent auditor, management and internal auditors our annual audited and quarterly financial statements and the acceptability and quality of our financial statements and our accounting, reporting and auditing practices;
- Reviewing with the independent auditor any audit issues or difficulties and management's response, and resolving disagreements which may arise between management and the independent auditor regarding financial reporting;
- Providing oversight to our internal audit and environmental, health and safety audit functions and legal and business conduct compliance program;
- Reviewing the status of pending material litigation;
- Reviewing in a general manner the guidelines, policies and processes by which the Company assesses and manages enterprise risk, consistent with the listing standards of the NYSE;
- Reviewing risk management controls and disclosure controls and procedures;
- Reviewing earnings press releases, financial information and earnings guidance provided to analysts and rating agencies;
- Recommending to the Board the inclusion of the audited financial statements in our Form 10-K;
- Issuing an annual committee report for inclusion in this Proxy Statement; and
- Providing oversight of management of risks related to the roles, duties and responsibilities of the committee.

The Audit Committee Report appears below under Proposal 4. Ratification of the Appointment of Independent Auditor.

Composition of the Audit Committee

The Board determines annually, and upon any change in Audit Committee composition, the independence, financial literacy and financial expertise of the Audit Committee members and makes written affirmation to the NYSE in accordance with its rules. The Board has determined that all members of the Audit Committee are financially literate and, in addition, that Albert R. Gamper, Jr., David Lilley, Thomas A. Renyi, Hak Cheol (H.C.) Shin and Susan Tomasky (Chair), each a member of the Audit Committee, possesses accounting or financial management expertise, as defined in the NYSE rules. The Board further has determined that Albert R. Gamper, Jr., David Lilley, Thomas A. Renyi and Susan Tomasky (Chair), each a member of the Audit Committee, is an audit committee financial expert under the Sarbanes-Oxley Act of 2002 and the rules of the SEC.

Management and the Board believe that the current composition of the Audit Committee provides that committee with the requisite expertise and experience to recommend to the Board the inclusion of the audited financial statements in our Form 10-K. The Board will consider this matter annually as a part of its ongoing governance review. The Audit Committee will also continue its practices to assure that adequate independent procedures exist for receipt and treatment of complaints regarding accounting, internal controls or auditing matters.

Corporate Governance Committee

Members: Willie A. Deese, Shirley Ann Jackson (Chair), H.C. Shin, Richard J. Swift and Susan Tomasky

- Assisting the Board in administering the corporate governance practices of the Board and its committees;
- Monitoring the composition of the Board to assure a reasonable balance of professional interests, business experience, financial expertise, diversity and independence;
- Considering the qualifications of Board members and evaluating prospective nominees, including those identified by the Committee or by other Board members, management, stockholders or other sources, and recommending to the Board membership changes and nominees;
- Making a recommendation to the Board as to whether to accept the tendered resignation of any director who fails to receive a majority of votes cast "for" that director's election in an uncontested election;
- Recommending to the Board the chairs and members of Board committees;
- Evaluating performance of the Board and its committees, including a review of the size, structure and composition of the Board and its committees and their governance practices, including interactions with management;

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- Making recommendations to the Board to improve effectiveness of the Board and its committees;
- Overseeing risk management guidelines, policies, and processes and mapping identified risks to the Board and its committees;
- Providing oversight of management of risks related to the roles, duties and responsibilities of the committee;
- Overseeing the directors' orientation and continuing education;
- Reviewing and making recommendations to the Board with respect to compensation of directors;
- Providing input to the O&CC regarding the performance of the CEO as Chairman of the Board;
- Periodically reviewing the Charters of the Board committees and recommending appropriate changes; and
- Reviewing our political participation activities and expenses.

The nomination process and criteria utilized are described under Nominees and Election beginning on page 19.

Executive Committee

Members: Albert R. Gamper, Jr., Ralph Izzo (Chair), Shirley Ann Jackson, Thomas A. Renyi, Richard J. Swift

Except as otherwise provided by law, the Executive Committee may exercise all the authority of the Board when the Board is not in session.

Finance Committee

Members: Albert R. Gamper, Jr., William V. Hickey (Chair), David Lilley, Thomas A. Renyi and Alfred W. Zollar

- Reviewing and making recommendations to the Board regarding corporate financial policies and processes and significant financial decisions;
- Reviewing and recommending to the Board annually our financial plan;
- Reviewing and making recommendations to the Board regarding our dividend policy and capital structure;
- Discussing with management the application and effects of our policies with respect to risk assessment and risk management, including the limits and authorities contained in the Financial Risk Management Practice;
- Reviewing and recommending to the Board authorizations with respect to the issuance, sale and redemption of securities by us and our subsidiaries;
- Reviewing on behalf of the Company, with the Thrift and Pension and the Nuclear Decommissioning Trust Investment Committees, periodic reporting on the investment guidelines for and investment performance of the Company's pension plan trust funds and nuclear decommissioning trust funds;
- Reviewing with management our cash management policies and practices;
- Reviewing with management credit agency ratings and analyses; and
- Providing oversight of management of risks related to the roles, duties and responsibilities of the committee.

Fossil Generation Operations Oversight Committee

Members: William V. Hickey, Shirley Ann Jackson, H.C. Shin (Chair), Richard J. Swift and Alfred W. Zollar

- Evaluating the effectiveness of our fossil generation operations, focusing on safety, plant performance, regulatory matters, large construction projects and improvement in operations;
- Reviewing labor and human relations, environmental, health and safety and legal and compliance issues related to our fossil generation operations;
- Reviewing the results of major inspections, evaluations and audit findings by external oversight groups and management's response; and
- Providing oversight of management of risks related to the roles, duties and responsibilities of the committee.

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Nuclear Generation Operations Oversight Committee

Members: William V. Hickey, Shirley Ann Jackson, H.C. Shin (Chair), Richard J. Swift and Alfred W. Zollar

- Evaluating the effectiveness of our nuclear generation operations, focusing on safety, plant performance, regulatory matters, large construction projects and improvement in operations;
- Reviewing labor and human relations, environmental, health and safety and legal and compliance issues related to our nuclear generation operations;
- Reviewing the results of major inspections, evaluations and audit findings by external oversight groups and management's response; and
- Providing oversight of management of risks related to the roles, duties and responsibilities of the committee.

Organization and Compensation Committee (O&CC)

Members: Willie A. Deese, Albert R. Gamper, Jr., William V. Hickey, Shirley Ann Jackson, David Lilley (Chair) and Richard J. Swift

- Reviewing, approving and modifying, as necessary, our executive compensation policy, programs, plans and awards;
- Reviewing the stockholder advisory vote on say-on-pay and considering any action it deems appropriate in light of that vote;
- Reviewing executive compensation levels and targets for consistency and alignment with compensation policy and strategic and operating objectives;
- Reviewing the risk to us of our compensation policies and practices;
- Providing oversight of management risks related to the roles, duties and responsibilities of the committee;
- Retaining, compensating, overseeing and annually reviewing the performance of its advisors, including its compensation consultant;
- Reviewing the independence of its compensation consultant and advisors;
- Reviewing and making recommendations to the Board concerning corporate organization in general and executive compensation including incentive plans and equity-based plans;
- Administering our incentive compensation plans;
- Reviewing and approving corporate goals and objectives relevant to CEO compensation;
- Evaluating the CEO's performance in light of those goals and objectives and, with the independent Board members, determining and approving the CEO's compensation based on such evaluation;
- Annually reviewing performance of certain other key members of management;
- Annually reviewing management succession and development plans;
- Monitoring compliance with the Stock Ownership and Retention Policy; and
- Reviewing the CD&A and providing its report in this Proxy Statement.

The O&CC Report on Executive Compensation appears under Proposal 2. Advisory Vote on the Approval of Executive Compensation.

Composition of the O&CC

The Board determines annually the independence of the O&CC members and makes written affirmation to the NYSE in accordance with its rules. The Board believes that the current composition of the O&CC provides that committee with the requisite expertise and experience to oversee our executive compensation program and assess the alignment of pay for performance.

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Compensation Consultant

The O&CC has the authority to retain advisors and compensation consultants, with sole authority for their hiring and firing. The O&CC is directly responsible for such appointment, compensation and oversight in accordance with the applicable SEC requirements and NYSE standards. Since September 2009, the O&CC has retained Compensation Advisory Partners LLC (CAP) as its independent compensation consultant to provide it with information and advice that is not influenced by management. CAP is an executive compensation consulting firm that does not perform any other services for us or our subsidiaries. CAP provides advice to the O&CC on executive compensation and may also provide advice to the Corporate Governance Committee on matters pertaining to compensation of directors who are not executive officers. CAP may not perform any other services for us without obtaining the prior approval of the Chair of the O&CC.

In furtherance of CAP's independence, management receives copies of certain materials provided by CAP to the O&CC only after the materials have been provided to the O&CC. The scope of CAP's assignment is to provide general advice relating to all aspects of executive compensation, including the review of our current compensation programs and levels, benefit plans, the provision of comparative industry trends and peer data and the recommendation of program and pay level changes. Responsibility for assignment to and evaluation of work by CAP is solely that of the O&CC and, with respect to the compensation of non-employee directors, the Corporate Governance Committee. CAP meets with the O&CC and the Chair without management present when appropriate.

We pay the fees of any compensation consultant retained by the O&CC. Additional information regarding any such services performed in the past year is included in the CD&A below. The O&CC also utilizes the services of our internal compensation professionals.

Determination of Compensation Consultant's Independence

The SEC and NYSE require compensation committees to assess the independence of their advisors and determine whether any conflicts of interest exist. In July 2016, the O&CC reviewed CAP's independence relative to the following factors: (i) CAP's provision of other services to the Company; (ii) the amount of fees CAP receives from the Company as a percentage of CAP's total revenue; (iii) the policies and procedures of CAP that are designed to prevent conflicts of interest; (iv) any business or personal relationship between O&CC members and CAP or its compensation consultants; (v) any PSEG stock owned by CAP or its compensation consultants; (vi) any business or personal relationship between our executive officers and CAP or any of its compensation consultants; and (vii) other factors that would be relevant to CAP's independence from management. On the basis of such review, the O&CC concluded that CAP is independent and no conflicts of interest exist.

Compensation Committee Interlocks and Insider Participation

During 2016, each of the following individuals served as a member of the O&CC: Willie A. Deese, Albert R. Gamper, Jr., William V. Hickey, Shirley Ann Jackson, David Lilley (Chair) and Richard J. Swift. No member of the O&CC was an officer or employee or a former officer or employee of any PSEG company. None of our officers served as a director of or on the compensation committee of any of the companies for which any of these individuals served as an officer. No member of the O&CC had a direct or indirect material interest in any transaction with us.

Code of Ethics

We have a long-established corporate culture of emphasizing integrity and honesty with an expectation of adherence to the highest ethical standards. We have embodied these principles in the Standards, our code of ethics. The Standards are posted on our website, www.pseg.com/info/investors/governance/documents.jsp. We will send you a copy upon request.

We will post on our website:

- Any amendment (other than one that is technical, administrative or non-substantive) that we adopt to the Standards; and
- Any grant by us of a waiver from the Standards that applies to any director, principal executive officer, principal financial officer, principal accounting officer or Controller, or persons performing similar functions, for us or our direct subsidiaries noted above, and that relates to any element enumerated by an applicable SEC requirement.

A waiver of any provision of the Standards may be granted in exceptional circumstances, but only for substantial cause. A waiver for any director or executive officer may be made only by the Board and, if granted, must be promptly disclosed to our stockholders. In 2016, we did not grant any waivers to the Standards.

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Standards of Integrity

The Standards is a code of ethics applicable to us and our subsidiaries. The Standards:

- Are an integral part of our business conduct compliance program and embody our commitment to conduct operations in accordance with the highest legal and ethical standards;
- Apply to all of our directors and employees (including PSE&G's, Power's, PSEG LI's, Energy Holdings' and Services' respective principal executive officer, principal financial officer, principal accounting officer or Controller and persons performing similar functions) each of whom is responsible for understanding and complying with the Standards;
- Establish a set of common expectations for behavior to which each director and employee must adhere in dealings with investors, customers, fellow employees, competitors, vendors, government officials, the media and all others who may associate their words and actions with us; and
- Have been developed to provide reasonable assurance that, in conducting our business, directors and employees behave ethically and in accordance with the law and do not take advantage of investors, regulators or customers through manipulation, abuse of confidential information or misrepresentation of material facts.

Sustainability

For more than 100 years we have been operating our business with a focus on sustainability. This reflects a deep recognition that our continued ability to prosper as a business depends on helping others prosper too. Thus, we emphasize the importance of defining success not only by the bottom line but also by the environmental and social dimensions of performance. We strive to be both systematic and comprehensive in our approach to sustainability issues. Doing so helps us remain true to our most important commitments and to further improve performance.

Sustainable green energy strategies to promote job creation, economic growth and a healthy environment have never been more needed than they are today. Environmental stewardship and sustainability require strong commitments and excellent management. Our Environmental Health and Safety Policy establishes our commitment to conduct our business in a safe, environmentally friendly and responsible manner. Our strong relationships with the public sector, renewable energy developers and policymakers help us identify and implement innovative environmental solutions. PSEG is proud to be a leader in undertaking green generation initiatives. We are a leader in low-carbon energy and have long-advocated for comprehensive legislative solutions and public policies to cost-effectively reduce greenhouse gases. Over the past two decades, we have established and achieved a significant number of carbon reduction goals. We have accomplished this through energy efficiency programs, deployment of renewable energy, increasing nuclear output, building clean and efficient natural gas plants and shifting output from coal to natural gas.

Our commitment to health and safety is our foremost priority, underscored through our emphasis on a strong safety culture and continual striving for excellence in every part of our operations. Both our culture and management system illustrate our approach to safety throughout the Company, and is built on trust, care, knowledge and communication. We are committed to employee welfare and understand that our reputation and stability are key for us in attracting and retaining a highly qualified workforce. We provide opportunities for our employees to grow with us and we will continue to foster a workplace environment that contributes to success. We believe in a culture dedicated to diversity and inclusion and that values and promotes equal opportunity.

We aim to diligently serve our customers and to meet their expectations and our obligation to provide safe and reliable service. We are committed to conducting operations in accordance with the highest ethical standards. We strongly support corporate citizenship and a culture that recognizes our deep involvement in community affairs and philanthropy. Our values are at the core of our culture as they guide and inspire our business efforts. These values and many of our accomplishments are listed on the back cover of this Proxy Statement.

Diversity and Inclusion

Our Diversity and Inclusion Council supports our efforts to assure that through diversity we embrace the full breadth of people, ideas, thoughts and perspectives, recognizing the vast blend of characteristics, experiences, needs and traditions of our people. Our culture of inclusion fosters a sense of belonging to all members of our organization, so that they are welcomed, respected and valued as human beings and business partners. We are committed as well to supplier diversity, supporting minority and women-owned businesses to strengthen the economy and create jobs.

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Political Contributions

As a highly regulated company whose operations can be significantly impacted by public policies, it is essential that PSEG takes an active role in the political process. PSEG regularly communicates with government officials on issues affecting our business, participates in trade associations that focus on policies which may influence our company and makes political contributions that align with the long-term interests of PSEG and its stockholders.

Our Practice and Board Oversight

We are committed to participating in an ethical manner and in full compliance with all federal, state and local laws. We have established a Corporate Political Participation Practice that sets forth a controls process pursuant to which our senior management monitors, assesses and approves certain political contributions. The Corporate Governance Committee also oversees our political activities and contributions in accordance with the Practice. We believe this Practice allows us to minimize reputational and political risks and continue to focus on our operational excellence. Stockholders may view our Practice at www.pseg.com/info/investors/governance/documents.jsp.

Annual Political Contributions Report

PSEG continues to value thoughtful stockholder engagement. Based on our communications with stockholders, we have expanded our level of disclosure by preparing a political contributions report to be published annually. The report includes our corporate contributions to candidates, trade associations and other political and social welfare organizations. PSEG requests that trade associations to which it paid total annual payments of $50,000 or more identify the portion of dues or payments received from PSEG that were used for expenditures or contributions that, if made directly by PSEG, would not have been deductible under Section 162(e)(1)(B) of the Internal Revenue Code (IRC). The annual report is available on our website.

Transactions with Related Persons

There were no transactions during 2016, and there are no transactions currently proposed, in which we were or are to be a participant and the amount involved exceeded $120,000 and in which any related person (director, nominee, executive officer, any person known to us to beneficially own in excess of 5% of our Common Stock, or their immediate family members) had or will have a direct or indirect material interest.

Our policies and procedures with regard to transactions with related persons, including the review, approval or ratification of any such transactions, the standards applied and the responsibilities for application are set forth in our Principles, our Business Conduct Compliance Program (Compliance Program) and the Standards. These are our only written policies and procedures regarding the review, approval or ratification of transactions with related persons.

- The Principles provide that a director must notify the Chair of the Corporate Governance Committee if he or she encounters a conflict of interest or proposes to accept a position with an entity which may present a conflict of interest, so that the issue may be reviewed. Potential conflicts of interest include positions that directors or immediate family members hold as directors, officers or employees of other companies with which we do business or propose to do business and charitable and other tax-exempt organizations to which we contribute or propose to contribute.
- The Compliance Program establishes an organizational structure and validates the Standards and its mandated procedures, practices and programs. The Audit Committee has overall responsibility for oversight of the Compliance Program and has delegated to our Compliance Committee overall responsibility for the design, implementation and execution of the Compliance Program. The Compliance Committee's duties include assurance that we take all reasonable steps to coordinate organization-wide ethics and compliance activities, consistent enforcement of the Standards, including the detection and prevention of wrongdoing as a result of compliance investigations and otherwise foster a culture for ethical behavior and a commitment to legal compliance. The Compliance Committee, comprised of members of senior management, is chaired by our Chief Compliance Officer, who has overall responsibility for administering the Compliance Program.
- The Standards establish a written set of common expectations of behavior for all directors, officers and employees regarding business relationships, personal conduct (including, among other things, corporate opportunities, conflicts of interest and supplier, competitor and governmental relations), safeguarding of Company property, business controls and compliance with regulatory requirements. In addition, the Standards mandate procedures for seeking ethical guidance, reporting concerns, investigation and discipline. We require every employee to certify as to compliance with the Standards annually. Our Chief Compliance Officer has overall responsibility for administering the Standards.
- Our written management practices provide that any capital investment with a non-PSEG entity or its affiliate, for which one of our directors or officers serves as a director or executive officer, must be approved by our Board.

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NOMINEES AND ELECTION

Election

Directors elected at each annual meeting are elected to serve one-year terms. Directors whose terms are to expire are eligible for re-nomination and will be considered by the Corporate Governance Committee in accordance with its policies and the retirement policy for directors, which are summarized in this Proxy Statement. Each of the current directors has been nominated for re-election.

Our By-Laws currently provide that the Board shall consist of not less than three nor more than 16 directors as shall be fixed from time to time by the Board. The number of directors is currently fixed at eleven.

The nominees listed below were selected by the directors upon the recommendation of the Corporate Governance Committee. As discussed under Annual Meeting, Voting and Procedures, proxies will be voted in accordance with your instructions as indicated on the enclosed proxy card, voting instruction form or when voting by telephone or Internet.

If at the time of the 2017 Annual Meeting any of the nominees listed below should be unable to serve, which is not anticipated, it is the intention of the persons designated as proxies to vote, in their discretion, for other nominees, unless the number of directors constituting a full Board is reduced.

Majority Voting for Election of Directors

Our By-laws provide that in an uncontested election, each director shall be elected by a majority of the votes cast with respect to the director. A majority of votes cast means that the number of shares cast “for” a director’s election exceeds the number of votes cast “against” that director. We do not include as votes cast (i) shares which are marked withheld, (ii) abstentions and (iii) shares as to which a stockholder has given no authority or direction.

As provided in the Principles, the Board has adopted a policy whereby any incumbent director receiving a majority vote “against” must promptly tender an offer of resignation. As a result, in uncontested elections, the Board will nominate for election or re-election as a director only candidates who have agreed promptly to tender a letter of resignation in the event that the number of shares voted “for” that director does not exceed the number of shares voted “against” that director. If an incumbent director fails to receive the required “majority” vote, the Corporate Governance Committee will consider the matter and then make a recommendation to the Board as to whether or not to accept the resignation. The Board will make the determination on whether or not to accept the recommendation of the Corporate Governance Committee.

Failure to Receive a Majority Vote

The Principles further provide that no director who fails to receive a majority vote in an uncontested election shall participate in either the recommendation of the Corporate Governance Committee or the determination of the Board with respect to his or her resignation letter or that of any other director in regard to that year’s Annual Meeting election. Any such director may, however, participate in any and all other matters of the Board and its various committees to the fullest extent to which he or she would otherwise be permitted in accordance with applicable law and the Principles. If a majority of the Corporate Governance Committee fails to receive a majority vote, then the remaining independent directors will determine whether to accept one or more of the applicable resignations. If three or fewer independent directors do not receive a majority vote in the same election, then all independent directors may participate in any discussions or actions with respect to accepting or rejecting the resignation offers (except that no director will vote to accept or reject his or her own resignation offer).

In evaluating tendered resignations, the Corporate Governance Committee and the Board may consider all factors they deem relevant, including, but not limited to, the stated reason(s) for the “against” vote, the impact that the acceptance of the resignation would have upon our compliance with applicable law or regulation, the potential triggering of any change in control or similar provision in contracts, benefit plans or otherwise, the qualifications of the director and his or her past and anticipated future contributions to us.

The Corporate Governance Committee and the Board may consider possible remedies or actions to take in lieu of or in addition to accepting or rejecting of the resignation, such as development and implementation of a plan to address and cure the issues underlying the failure to receive a majority vote.

Following the Board’s determination, we will publicly disclose the decision and, as applicable, the reasons for accepting or rejecting the resignation. To the extent that the Board accepts one or more resignations, the Corporate Governance Committee may recommend to the Board, and the Board will then determine, whether to fill any vacancy.

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Ability, Diversity and Independence of Directors

The Board believes that a nominee for director should be selected on the basis of the individual's ability, diversity of background and experience and soundness of judgment, from among candidates with an attained position of leadership in their field of endeavor. As noted above, a majority of the Board must consist of independent directors in accordance with our Principles and NYSE requirements.

The Board is guided by its consideration of how to best enhance its capability to oversee the affairs of the Company. It analyzes the skills it believes are necessary for effective governance of a leading company in our industry and the particular attributes and abilities of each individual. The Board does not believe that adopting arbitrary or inflexible policies or requirements will achieve that purpose. Rather it looks to promote better governance through a more dynamic examination and understanding of its members' abilities to meet evolving challenges. It values the mix of skills and experience, independence from management, fresh perspectives and seasoned knowledge that collectively help to guide the Company.

Diversity

Diversity is a factor for consideration of nominees for director pursuant to the diversity policy contained in our Principles and the charter of the Corporate Governance Committee. In considering diversity, the Corporate Governance Committee utilizes a broad meaning to include not only factors such as race, gender and national origin, but also background, experience, leadership positions, skills, accomplishments, financial expertise, professional interests, personal qualities and other traits desirable in achieving an appropriate group of qualified individuals. The Corporate Governance Committee considers and assesses the effectiveness of this policy in connection with the annual nomination process to assure the Board contains an effective mix of people to best further our long-term business interests.

Refreshment and Tenure

The Corporate Governance Committee is very aware of the benefits of the refreshment of Board members to assure that new perspectives and ideas are considered. In selecting individuals for our Company, with its long investment horizon, the Corporate Governance Committee weighs the need for both director refreshment and institutional memory. It believes that the appropriate mix of varied levels of tenure and experience can help mitigate risk. We also refresh Board committees through rotation of memberships, as noted under Committee Membership.

The Corporate Governance Committee does not believe it is appropriate to set absolute term limits on the length of a director's term, but rather seeks to achieve a balance in the longevity of service through appropriate Board refreshment. Directors who have served on the Board for an extended period of time are able to provide valuable insight into the operations and future of the Company based on their experience with and understanding of our history, policies and objectives.

The Corporate Governance Committee is cognizant of the many years of service of some Board members. In evaluating that factor when making its nominating recommendations it believes that average tenure is a better measure than the individual time served by any one member or another. Average tenure recognizes the refreshment that takes place as long-serving members retire and new directors join the Board. As of the date of the 2017 Annual Meeting, the average tenure of the members of our Board for their current term of service is approximately 11 years.

Director and Nominee Qualifications and Availability

It is the Board's policy that a nominee recommended initially for election be able to serve at least five years, consistent with the Board's retirement policy. The Board believes that the ability of a director to serve for at least five years is a reasonable expectation in order for us to receive an appropriate benefit from the individual's abilities. This is especially so in light of the time invested by a director to become knowledgeable about our complex business operations. The Board believes that these service limitations provide it with a means for achieving a reasonable balance of veteran and new directors.

The Corporate Governance Committee also considers the amount of time that a person will likely have to devote to his or her duties as a director, including non-PSEG responsibilities as an executive officer, board member or trustee of business or charitable institutions and the contributions by directors to our ongoing business. The Corporate Governance Committee considers the qualifications of incumbent directors and potential new nominees, as well as the continuity of service and the benefit of new ideas and perspectives, before making recommendations to the Board for election or re-election. The Board then selects nominees based on the Corporate Governance Committee's recommendation.

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Prior to accepting an invitation to serve as a director of another public company, the CEO and any directors must submit a letter to the Corporate Governance Committee so as to allow it to review potential conflicts and time demands of the new directorship. Any director who undertakes or assumes a new principal occupation, position or responsibility from that which he or she held when he or she was elected to the Board must submit a letter to the Corporate Governance Committee volunteering to resign from the Board. The Board does not believe that in every instance a director who undertakes or assumes a new occupation, position or responsibility from that which he or she held when the director joined the Board should necessarily leave the Board. The Corporate Governance Committee reviews the relevant details of such director's new position and determines the continued appropriateness of Board membership under the circumstances.

The Corporate Governance Committee and the Board believe that the experience gained through other directorships provides us with a breadth of valuable knowledge and insight. Exposure to other industries, management and issues gives a director a perspective not necessarily otherwise available to him or her from a more limited range of experience. The Corporate Governance Committee carefully monitors the attendance and participation of each director to assure that he or she demonstrates an appropriate level of commitment and effort in serving on our Board. In renominating the current directors, the Corporate Governance Committee and the Board determined that each director had successfully balanced the demands on his or her time and attention in meeting the fiduciary obligations to us.

Director Retirement

The Board seeks to maintain an orderly transition for retirement and proper succession planning. Under the Board's retirement policy, set forth in our Principles, directors who have never been employees of the PSEG group of companies may not serve as directors beyond the Annual Meeting of Stockholders held in the calendar year following their seventy-fifth birthday.

We believe that the current retirement age allows us to benefit from long-serving directors, including their industry expertise, institutional knowledge, historical perspective, stability and continuity and comfort with challenging Company management, while maintaining our ability to refresh the Board through the addition of new members. Our Board has a high level of diversity in tenure and qualifications.

Directors who are former PSEG CEOs may not serve as directors beyond the Annual Meeting of Stockholders following termination of active employment with the PSEG group of companies, unless otherwise determined by the Board, and may not serve beyond their seventy-fifth birthday. Directors who are former employees, other than CEOs, may not serve as directors beyond the Annual Meeting of Stockholders following termination of active employment with PSEG.

Nomination Process and Proxy Access

The Corporate Governance Committee considers the qualifications of Board members, evaluates prospective nominees and recommends candidates to the Board of Directors. The Corporate Governance Committee on occasion may pay a fee to an executive search firm to assist it in identifying and evaluating potential director nominees meeting our criteria, which are described further above. Any such firm's function would be to assist the Committee in identifying potential candidates for its consideration. During 2016, we did not engage a third-party firm to conduct a search for potential candidates.

The Corporate Governance Committee will consider stockholders' recommendations for nominees for election to the Board. The Corporate Governance Committee utilizes the same criteria to evaluate all potential nominees, including those recommended by stockholders or from other sources. Our By-Laws require that stockholder nominations must be delivered to the Company's Secretary at least 90 days in advance of an Annual Meeting of Stockholders. With respect to an election to be held at a special meeting of stockholders for the election of directors, such advance notice of the nomination must be delivered to the Company's Secretary no later than the close of business on the seventh day following the date on which notice of such meeting is first given to stockholders. The chairman of the meeting may refuse to acknowledge the nomination of any person not made in compliance with the advance notice procedure contained in our By-Laws.

In order for a stockholder's proposed nominee to be included in the Company's proxy statement pursuant to the proxy access provisions of our By-Laws, such proposal must be received by the Company's Secretary no earlier than 150 days and no later than 120 days prior to the anniversary of the mailing date of the Company's proxy statement in the prior year. The proxy access provisions of our By-Laws permit an eligible stockholder (or a group of no more than 20 eligible stockholders) owning 3% or more of the Company's common stock continuously for at least three years to nominate director candidates representing up to 25% of the Board, and, upon the eligible stockholder's satisfaction of certain conditions as outlined in our By-Laws, require us to include such nominees in our proxy statement and proxy card for the annual meeting of stockholders. These proxy access provisions were adopted by the Board in December 2015. In its consideration of proxy access, the Board engaged with a number of our significant

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stockholders and reviewed the published positions of other significant stockholders. Following these outreach efforts, the Board amended our By-Laws in order to provide meaningful proxy access rights to stockholders who are representative of the long-term interests of our Company.

Each nomination discussed above must be submitted in writing to Michael K. Hyun, Secretary, Public Service Enterprise Group Incorporated, 80 Park Plaza, T4B, Newark, NJ 07102. Nominations must be made in compliance with the procedures and requirements set forth in our By-Laws and accompanied by the written consent of any such person to serve if nominated and elected and by biographical material and the applicable requirements of the SEC to permit evaluation of the individual recommended.

Nominees

The present terms of all eleven directors, **Willie A. Deese, Albert R. Gamper, Jr., William V. Hickey, Ralph Izzo, Shirley Ann Jackson, David Lilley, Thomas A. Renyi, Hak Cheol (H.C.) Shin, Richard J. Swift, Susan Tomasky** and **Alfred W. Zollar**, expire at the 2017 Annual Meeting. Each director has been re-nominated. Each will be presented for election to serve until the 2018 Annual Meeting, or until his or her respective successor is elected and qualified. All nominees were elected to their present terms by our stockholders.

We show below for each nominee:

- The period of service as a director;
- Age as of the date of the Annual Meeting;
- Present committee memberships;
- Business experience during at least the last five years; and
- Other directorships during the past five years.

We also discuss the specific experience, qualifications, attributes and skills that led to the conclusion that he or she should serve as one of our directors.

Each nominee's beneficial ownership of Common Stock is shown under Security Ownership of Directors, Management and Certain Beneficial Owners. Compensation for service as a director is shown in the Director Compensation Table and accompanying narrative.

As discussed above, the Corporate Governance Committee and the Board recommend and nominate for election those individuals they deem qualified and capable of serving as directors pursuant to the criteria they have set. Each of the nominees this year meets these standards.

Board Composition

The Board is comprised of individuals with a diverse mix of knowledge, expertise and backgrounds. We have business leaders from industries including banking, science and technology, energy, consumer products and manufacturing as well as those who have excelled in academia and public service. As a group, they complement one another with a desirable mix of competencies and skills necessary to oversee our businesses. Our Board members have dealt widely with the types of issues facing us, including achieving optimal operational and financial performance, managing for growth, meeting regulatory, environmental and safety requirements, overseeing risk management and corporate governance, maintaining an engaged and diverse workforce and adapting to rapidly evolving business conditions.

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Committee Membership

Current committee assignments are presented in the following table. From time to time, Committee assignments and chairs are changed to best utilize the talents of our directors. We believe that rotating committee memberships strengthen our directors' understanding of the challenges we face while bringing greater diversity of perspective and experience to the work of each committee. The last such changes occurred in April 2016. Ongoing committee assignments for all directors are expected to be made at the organizational meeting of the Board following the 2017 Annual Meeting of Stockholders.

	Audit	Corporate Governance	Executive	Finance	Fossil Generation Operations Oversight	Nuclear Generation Operations Oversight	Organization & Compensation
Willie A. Deese		✓					✓
Albert R. Gamper, Jr.	✓		✓	✓			✓
William V. Hickey				Chair	✓	✓	✓
Ralph Izzo			Chair				
Shirley Ann Jackson		Chair	✓		✓	✓	✓
David Lilley	✓			✓			Chair
Thomas A. Renyi Lead Director	✓		✓	✓			
Hak Cheol (H.C.) Shin	✓	✓			Chair	Chair	
Richard J. Swift		✓	✓		✓	✓	✓
Susan Tomasky	Chair	✓					
Alfred W. Zollar				✓	✓	✓	

During 2016, Albert R. Gamper, Jr., Ralph Izzo, Shirley Ann Jackson and Richard J. Swift also served on the Board of Directors of PSE&G. Mr. Izzo also serves on the Boards of Directors of Power, Energy Holdings and Services.

Stock Ownership

Our Principles require that directors own shares of our Common Stock (including any restricted stock, whether or not vested, any stock units under the Directors' Equity Plan and any phantom stock under the Directors' Deferred Compensation Plan) equal to five times the annual cash retainer (currently $95,000) within five years after election to the Board. We believe that this requirement is competitive with market practice. All incumbent directors currently meet this stock ownership level except for Mr. Deese, who joined the Board in 2016. Additional details can be found in the table under Security Ownership of Directors, Management and Certain Beneficial Owners on page 31.

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BIOGRAPHICAL INFORMATION, SKILLS AND QUALIFICATIONS

The table below summarizes the relevant business and biographical information, as well as skills and qualifications, for each of the individuals nominated for election to the Board. Our Board members have diverse backgrounds and experience and possess many varied and valuable skills and qualifications, not all of which are intended to be listed on this matrix.

The Corporate Governance Committee and the Board periodically review the skills and qualifications that they determine are necessary for the proper oversight of the Company by the directors in furtherance of their fiduciary duties. The Committee and the Board remain focused on ensuring that the individual and collective abilities of the directors continue to meet the governance needs of the Company. They are committed to nominating individuals who satisfy the applicable criteria for outstanding service to our Company and who together comprise the appropriate Board membership composition in light of evolving business demands. The Board evaluates the effectiveness of each director in contributing to the Board's work and the potential of each new nominee.

Skills and Qualifications	Willie A. Deese	Albert R. Gamper, Jr.	William V. Hickey	Ralph Izzo	Shirley Ann Jackson	David Lilley	Thomas A. Renyi	Hak Cheol (H.C.) Shin	Richard J. Swift	Susan Tomasky	Alfred W. Zollar
Accounting/Finance experience is important in overseeing our financial reporting and internal controls to assure transparency and accuracy.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Construction/Engineering experience is important in assessing our operations, project development and opportunities for growth.				✓					✓		
Consumer Products/Product Development experience is important in developing innovative solutions and adapting our business and strategy to meet customer expectations.			✓			✓		✓			✓
Corporate Governance experience is important in assuring Board effectiveness and appropriate oversight.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Customer Satisfaction & Sales experience is important in understanding the consumer-driven aspect of our business in order to provide outstanding service.						✓	✓	✓			✓
Government/Policy/Regulatory experience is important to a heavily regulated entity directly impacted by governmental actions, public policy and economic trends.	✓			✓	✓					✓	
Industry/Generating Plant Operations experience is important in overseeing the development and implementation of our operating plan and business strategy.				✓	✓				✓	✓	
Legal experience is important in understanding and evaluating our legal risks and obligations.										✓	
Management experience is important in overseeing the leadership and performance of our Company's senior management.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Manufacturing experience is important in understanding and assessing the operation of our business, including safety and environmental compliance.	✓		✓			✓		✓	✓		
Risk Management experience is important in overseeing the risks facing the Company.		✓		✓			✓		✓	✓	
Science/Scientific Research experience is important to an entity dependent on scientific and engineering expertise.				✓	✓						
Technology experience is important in assessing the best tools to enhance business operations and customer service.	✓		✓		✓			✓			✓

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WILLIE A. DEESE

Age: 61
Director since: 2016
Occupation: Retired EVP-Merck & Co. Inc.

Committees:
- Corporate Governance
- Organization & Compensation

EXPERIENCE

Executive Vice President of Merck & Co. Inc., Kenilworth, New Jersey, which develops, manufactures, and distributes pharmaceuticals, from January 2008 until June 2016; President of Merck Manufacturing Division from 2005 until 2008; Senior Vice President of Global Procurement at Merck from 2004 to 2005. Former Senior Vice President of Global Procurement and Logistics at GlaxoSmithKline, a pharmaceutical company.

Director of CDK Global, Inc. and DENTSPLY International Inc.

SKILLS AND QUALIFICATIONS

Management
Finance
Regulatory
Governance
Manufacturing
Technology

Mr. Deese has significant regulatory, manufacturing and procurement experience from his service as Executive Vice President of Merck & Co., Senior Vice President of Merck Manufacturing Division and Senior Vice President of Global Procurement and Logistics at GlaxoSmithKline.

The Board views Mr. Deese's background as a leader in a highly regulated industry to be of significant value in light of the many regulatory requirements our Company faces. His experience with manufacturing and technology is valuable to the oversight and cost effectiveness of our operations.

ALBERT R. GAMPER, JR.

Age: 75
Director since: 2000
Occupation: Retired CEO-CIT Group

Committees:
- Audit
- Executive
- Finance
- Organization & Compensation

EXPERIENCE

Lead Director from April 2011 to April 2015.

Director of PSE&G.

Chairman of the Board of CIT Group, Inc., Livingston, New Jersey, a commercial insurance company, from July 2004 until December 2004; Chairman of the Board and Chief Executive Officer of CIT Group, Inc. from September 2003 to July 2004; Chairman of the Board, President and Chief Executive Officer from June 2002 to September 2003; President and Chief Executive Officer from February 2002 to June 2002; Chairman of the Board, President and Chief Executive Officer from January 2000 to June 2001; President and Chief Executive Officer from December 1989 to December 1999. President and Chief Executive Officer of Tyco Capital Corporation from June 2001 to February 2002.

Trustee to the Fidelity Group of Funds.

SKILLS AND QUALIFICATIONS

Management
Finance
Governance
Risk Management

Mr. Gamper acquired extensive management experience in financial services as Chairman of the Board, President and Chief Executive Officer of CIT Group, Inc. Moreover, in that role he had ultimate responsibility for financial matters and the overall operations of that company.

The Board values Mr. Gamper's background considering our capital structure, liquidity needs and need to assess and oversee credit and other risks. He brings perspective and leadership to management and governance oversight.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ALL NOMINEES

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Biographical Information

WILLIAM V. HICKEY

Age: 72
Director since: 2001
Occupation: Retired CEO-Sealed Air Corporation

Committees:
- Finance (Chair)
- Fossil
- Nuclear
- Organization & Compensation

EXPERIENCE

Chairman of the Board of Sealed Air Corporation, Elmwood Park, New Jersey, which manufactures food and specialty protective packaging materials and systems, from March 2013 until May 2013; Chairman of the Board and Chief Executive Officer from September 2012 to February 2013; President and Chief Executive officer from March 2000 to August 2012; President and Chief Operating Officer from December 1996 to February 2000.

Former Director of Sensient Technologies Corporation.

SKILLS AND QUALIFICATIONS

Manufacturing
Consumer Products
Finance
Governance
Management
Technology

Mr. Hickey has a strong industrial and commercial manufacturing background from his service as President and Chief Executive Officer at Sealed Air Corporation. He is also a Certified Public Accountant and, as CEO of Sealed Air Corporation, he had ultimate responsibility for financial matters and overall business performance.

Mr. Hickey's executive managerial experience with product innovation, development, production and marketing contributes to the Board's ability to oversee our Company and focus on operational excellence.

RALPH IZZO

Age: 59
Director since: 2006
Occupation: CEO-PSEG

Committees:
- Executive (Chair)

EXPERIENCE

Chairman of the Board, President and Chief Executive Officer of PSEG since April 2007.

Chair of the Executive Committee.

Director of PSE&G, Power, Energy Holdings and Services.

President and Chief Operating Officer of PSEG from October 2006 to April 2007; President and Chief Operating Officer of PSE&G from October 2003 to October 2006.

Former Director of Williams Companies, Inc.

SKILLS AND QUALIFICATIONS

Management/Strategic Planning
Finance
Governance
Industry/Operations
Risk Management
Construction/Engineering
Science
Government

During Dr. Izzo's tenure as our Chairman of the Board, President and CEO, he has developed broad experience in general management, strategic planning, finance and risk management, as well as a thorough understanding of our business operations and the challenges and opportunities of our industry.

Dr. Izzo's background as a research physicist is of much benefit to a company that deals with many technical and scientific matters. His prior service as an energy and policy analyst at the federal and state levels is a significant asset as we position ourselves as a leader in the energy industry and public policy arena.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ALL NOMINEES

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SHIRLEY ANN JACKSON

Age: 70
Director since: 2001
Occupation: President-Rensselaer Polytechnic Institute

Committees:
- Corporate Governance (Chair)
- Executive
- Fossil
- Nuclear
- Organization & Compensation

EXPERIENCE

President of Rensselaer Polytechnic Institute, Troy, New York, since July 1999.

Director of PSE&G.

Former director of PSEG from 1987 to 1995.

Chair, U.S. Nuclear Regulatory Commission (NRC) from July 1995 to July 1999.

Director of FedEx Corporation, IBM Corporation and Medtronic, Inc.

Former director of NYSE Euronext and Marathon Oil Corporation.

SKILLS AND QUALIFICATIONS

Management
Government
Science
Technology
Finance
Governance
Industry/Operations

Dr. Jackson is a recipient of the National Medal of Science, the highest honor for scientific achievement bestowed by the President of the United States. As a distinguished scientist, Dr. Jackson brings an array of executive, governmental, scientific and academic experience from her years as Chair of the NRC and President of Rensselaer Polytechnic Institute. Her responsibilities as the head of a major university include financial matters.

We are a heavily regulated business which is very much affected by public policy and scientific developments. Thus, Dr. Jackson's experience and continued involvement in energy policy, scientific research and development, technology and innovation, security and financial services industry oversight is highly valued by the Board. Her background as a nuclear physicist and former NRC Chair is important as we have extensive nuclear operations.

DAVID LILLEY

Age: 70
Director since: 2009
Occupation: Retired CEO-Cytec Industries

Committees:
- Audit
- Finance
- Organization & Compensation (Chair)

EXPERIENCE

Chairman of the Board, President and Chief Executive Officer of Cytec Industries, Inc., Woodland Park, New Jersey, a global specialty chemicals and materials company from January 1999 until December 2008; President and Chief Executive Officer from May 1998 to January 1999; President and Chief Operating Officer from January 1997 to May 1998.

Director of Rockwell Collins, Inc. and Tesoro Corporation.

Former director of Arch Chemicals, Inc.

SKILLS AND QUALIFICATIONS

Product Development
Manufacturing
Sales
Finance
Management
Governance

Mr. Lilley has experience in product development, manufacturing and sales, gained from his years as Chairman of the Board, President and Chief Executive Officer at Cytec Industries. In this role he also had ultimate responsibility for financial matters and overall business performance.

Mr. Lilley's leadership is very important to us in light of the Board's oversight of our operations and adherence to safety and environmental requirements.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ALL NOMINEES

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Biographical Information

THOMAS A. RENYI

Age: 71
Director since: 2003
Lead Director since: April 2015
Occupation: Retired CEO-Bank of New York Mellon

Committees:
- Audit
- Executive
- Finance

EXPERIENCE

Executive Chairman of The Bank of New York Mellon Corporation, New York, New York, a provider of banking and other financial services to corporations and individuals, from July 2007 until his retirement in August 2008.

Chairman of the Board and Chief Executive Officer of The Bank of New York Company, Inc. and The Bank of New York from February 1998 to July 2007.

Director of Hartford Financial Services Group, Inc. and Royal Bank of Canada.

SKILLS AND QUALIFICATIONS

Finance
Governance
Management
Customer Satisfaction
Risk Management

Mr. Renyi had a long career with The Bank of New York Mellon and its predecessor, The Bank of New York, where he served as Chairman of the Board and Chief Executive Officer. In that capacity, he had substantial responsibility for the successful implementation of two major mergers. As a result, he brings to us a deep knowledge of finance, as well as significant experience in oversight of the operations of a major enterprise and meeting customer expectations.

The Board views Mr. Renyi's background as highly valuable in the oversight of risk management and our continued focus on financial strength, disciplined investment and operational excellence.

HAK CHEOL (H.C.) SHIN

Age: 59
Director since: 2008
Occupation: EVP-International Operations of 3M Company

Committees:
- Audit
- Corporate Governance
- Fossil (Chair)
- Nuclear (Chair)

EXPERIENCE

Executive Vice President-International Operations, of 3M Company, St. Paul, Minnesota, a diversified technology company, with product lines in consumer and office, healthcare electronics, industrial, graphics, transportation, safety and telecommunications markets, since May 2011.

Executive Vice President-Industrial and Transportation Business of 3M Company from January 2006 to May 2011; Executive Vice President-Industrial Business from June 2005 to January 2006; Division Vice President-Industrial Adhesives and Tapes Division from July 2003 to June 2005; Division Vice President-Electronics Markets Materials Division from October 2002 to June 2003; Division Vice President-Superabrasives and Microfinishing Systems Division from March 2001 to October 2002.

SKILLS AND QUALIFICATIONS

Technology
Manufacturing
Consumer Products
Customer Satisfaction
Governance
Management
Finance

Mr. Shin brings diversified experience in the areas of technology, manufacturing, consumer products and customer satisfaction acquired through various senior positions at 3M Company, a company noted for innovation and operational excellence.

Mr. Shin's skills are important as we seek operational excellence and invest in renewable energy technology, while satisfying customer expectations and maintaining reliability.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ALL NOMINEES

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RICHARD J. SWIFT

Age: 72
Director since: 1994
Occupation: Retired CEO-Foster Wheeler

Committees:
- Corporate Governance
- Executive
- Fossil
- Nuclear
- Organization & Compensation

EXPERIENCE

Lead Director from February 2010 until April 2011.

Presiding Director from June 2007 until February 2010.

Director of PSE&G.

Former Chairman of the Financial Accounting Standards Advisory Council from January 2002 to December 2006.

Chairman of the Board, President and Chief Executive Officer of Foster Wheeler, Ltd., Clinton, New Jersey, which provides design, engineering, construction, manufacturing, management, plant operations and environmental services, from April 1994 until his retirement in October 2001.

Director of CVS Caremark Corporation, Hubbell Incorporated, Ingersoll-Rand Limited and Kaman Corporation.

SKILLS AND QUALIFICATIONS

Management

Construction/ Engineering

Industry/Operations

Finance

Governance

Manufacturing

Risk Management

Mr. Swift is a licensed professional engineer who brings a strong managerial background in engineering, construction and generating plant operations as CEO at Foster Wheeler, Ltd. Mr. Swift also served as Chairman of the Financial Accounting Standards Advisory Council and brings us finance and risk management experience.

The Board believes that we benefit significantly from Mr. Swift's experience as we are heavily engaged in similar endeavors in our generation and utility businesses. While CEO at Foster Wheeler, he had ultimate responsibility for financial matters.

SUSAN TOMASKY

Age: 64
Director since: 2012
Occupation: Retired President-AEP Transmission of American Electric Power Corporation

Committees:
- Audit (Chair)
- Corporate Governance

EXPERIENCE

President-AEP Transmission of American Electric Power Corporation, Columbus, Ohio, an electric utility holding company with generation, transmission and distribution businesses, from May 2008 to July 2011.

Executive Vice President-Shared Services of American Electric Power Corporation from September 2006 to May 2008; Executive Vice President and Chief Financial Officer from September 2001 to September 2006; Executive Vice President and General Counsel and Corporate Secretary from July 1998 to September 2001.

Former General Counsel, U.S. Federal Energy Regulatory Commission (FERC), from March 1993 to June 1997.

Lead Director of Tesoro Corporation and Director of Summit Midstream Partners, LP.

SKILLS AND QUALIFICATIONS

Industry/Operations

Management

Finance

Legal

Governance

Government

Risk Management

Ms. Tomasky has broad electric industry executive experience having served in key leadership positions involving transmission operations, services, finance, law and governance at one of the largest utility holding companies in the United States. Her service at the FERC is highly valuable to us as several of our businesses are subject to that agency's regulation.

The Board views Ms. Tomasky's background as providing a valuable resource and perspective on utility management, finance, law, risk management and governmental regulation.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ALL NOMINEES

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Biographical Information

ALFRED W. ZOLLAR

Age: 62
Director since: 2012
Occupation: Retired General Manager-Tivoli Software Division of IBM

Committees:
- Finance
- Fossil
- Nuclear

EXPERIENCE

Executive Partner, Siris Capital Group, LLC, New York, New York a private equity firm, since February 2014; General Manager-Tivoli Software division of International Business Machines Corporation (IBM), Armonk, New York, a worldwide information technology and consulting company, from July 2004 to January 2011; General Manager-eServer iSeries from January 2003 to July 2004; President and Chief Executive Officer-Lotus Software division from January 2000 to 2003; Division General Manager-Network Computer Software division from 1996 to 2000.

Former Director of Chubb Corporation.

SKILLS AND QUALIFICATIONS

Management
Governance
Technology
Product Development
Customer Satisfaction
Finance

Mr. Zollar brings a wealth of knowledge from his executive leadership, product development and information technology experience. He has served in various leadership roles, including senior management positions, in every IBM software group division.

The Board believes that Mr. Zollar's executive and managerial experience in business development and technology greatly contributes to our oversight of operational excellence, customer satisfaction and cybersecurity.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ALL NOMINEES

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SECURITY OWNERSHIP OF DIRECTORS, MANAGEMENT AND CERTAIN BENEFICIAL OWNERS

The following table sets forth, as of February 17, 2017, beneficial ownership of our Common Stock by the directors, nominees and currently serving executive officers named in the 2016 Summary Compensation Table. None of these amounts exceeds one percent of our Common Stock outstanding. The table also sets forth, as of such date, beneficial ownership in shares by any person or group known to us to be the beneficial owner of more than five percent of our Common Stock. According to the Schedule 13G filed by the owner with the SEC, these securities were acquired and are held in the ordinary course of business and not for the purpose of changing or influencing the control of the Company.

Name	Owned Shares (#)(1)	Restricted Stock (#)(2)	Stock Units/ Restricted Stock Units (#)(3)	Phantom Shares (#)(4)	Deferred Equity Shares (#)(5)	Stock Options (#)(6)	Amount of Beneficial Ownership of Common Stock (#)	Percent of Class (%)
Directors:								
Willie A. Deese (7)	-	-	3,006	-	-	-	3,006	<1
Albert R. Gamper, Jr.	9,670	9,600	36,004	27,488	-	-	83,762	<1
William V. Hickey	6,332	9,600	36,004	21,660	-	-	73,596	<1
Shirley Ann Jackson	5,604	9,600	36,004	-	-	-	51,208	<1
David Lilley	-	-	29,387	28,306	-	-	57,693	<1
Thomas A. Renyi	-	8,800	36,004	52,351	-	-	97,155	<1
Hak Cheol (H.C.) Shin	-	-	32,638	-	-	-	32,638	<1
Richard J. Swift	304	14,400	36,004	53,438	-	-	104,146	<1
Susan Tomasky	-	-	17,048	-	-	-	17,048	<1
Alfred W. Zollar	-	-	16,858	-	-	-	16,858	<1
NEOs:								
Daniel J. Cregg	16,712	-	10,755	-	20,393	-	47,860	<1
Ralph Izzo	510,722	-	118,717	-	724,213	721,100	2,074,752	<1
Ralph A. LaRossa	24,022	-	25,911	-	99,918	33,000	182,851	<1
William Levis	84,032	-	25,911	-	-	45,500	155,443	<1
Tamara L. Linde	23,479	-	15,983	-	-	-	39,462	<1
All Directors, NEOs and Executive Officers of the Company as a Group (17 Persons):								
	715,524	52,000	491,269	183,243	844,524	799,600	3,086,160	<1
Certain Beneficial Owners:								
Blackrock, Inc. (8)							47,422,206	9.40
State Street Corporation (9)							26,762,288	5.29
Vanguard Group, Inc. (10)							33,898,006	6.70

(1) Includes all shares, if any, held directly, in brokerage accounts, under the Thrift and Tax-Deferred Savings Plan (401(k) Plan), Enterprise Direct, ESPP, shares owned jointly by or with a spouse and shares held in a trust or a custodial account. Beneficial ownership is disclaimed as to 360 shares by an executive officer.

(2) Includes restricted stock granted to directors under the former Stock Plan for Outside Directors.

(3) Includes vested and unvested restricted stock units granted to executive officers under the LTIP and stock units granted to directors under the Equity Compensation Plan for Outside Directors (Directors Equity Plan), with no voting rights.

(4) Includes phantom shares accrued under the Directors' Deferred Compensation Plan for those individuals who have elected to have the earnings on their deferred payments calculated based upon the performance of our Common Stock, with no voting rights.

(5) Includes shares deferred under the Equity Deferral Plan, with no voting rights.

(6) Stock options granted under the LTIP, all of which are exercisable currently. Unexercised stock options have no voting rights.

(7) Mr. Deese joined the Board in February 2016.

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(8) As reported on Schedule 13G/A filed on January 25, 2017. Address: 55 East 52nd Street, New York, NY 10055.

(9) As reported on Schedule 13G filed on February 9, 2017. Address: One Lincoln Street, Boston, MA 02111.

(10) As reported on Schedule 13G/A filed on February 13, 2017. Address: 100 Vanguard Blvd., Malvern, PA 19355.

Section 16(a) Beneficial Ownership Reporting Compliance

The following information is based upon our review of Forms 3 and 4 filed in, and Forms 5 filed with respect to, 2016, with the Securities and Exchange Commission under Section 16(a) of the Securities Exchange Act of 1934, as amended ("Exchange Act") regarding transactions involving our Common Stock. Messrs. Cregg, Izzo and LaRossa each filed one late report. These reports related to one transaction by Mr. Cregg, eight transactions by Mr. Izzo and seven transactions by Mr. LaRossa. All but one of these involved an initial misinterpretation of the reporting requirements upon distribution to the Rabbi Trust of PSUs and RSUs for which the individual had elected to defer payment pursuant to our Equity Deferral Plan. The remaining transaction, by Mr. Izzo, related to a fund balance transfer of 837 shares within his 401(k) account in our Thrift Plan. Mr. Deese, due to administrative error, filed one late report relating to his initial ownership when elected to the Board, at which time he owned none of our Common Stock. In each case, the required reports were made upon discovery of the missed filings.

DIRECTOR COMPENSATION TABLE

The table below reports 2016 compensation to directors (except Mr. Izzo, as explained under Director Compensation).

	Fees Earned or Paid in Cash ($)(1)	Stock Awards ($)(2)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)(3)	Total ($)
Willie A. Deese	108,195	135,001					243,196
Albert R. Gamper, Jr.	156,667	135,001					291,668
William V. Hickey	147,500	135,001				150	282,651
Shirley Ann Jackson	163,333	135,001					298,334
David Lilley	153,333	135,001				150	288,484
Thomas A. Renyi	176,500	135,001				150	311,651
Hak Cheol (H.C.) Shin	146,667	135,001					281,668
Richard J. Swift	163,332	135,001				150	298,483
Susan Tomasky	126,667	135,001				150	261,818
Alfred W. Zollar	151,041	135,001					286,042

(1) Includes all meeting fees, chair/committee retainer fees and the annual retainer as described below. Includes the following amounts deferred pursuant to the Directors' Deferred Compensation Plan, described below, reflects active time served in a particular position throughout the year.

Gamper ($)	Hickey ($)	Jackson ($)	Lilley ($)	Renyi ($)	Shin ($)	Swift ($)	Tomasky ($)	Zollar ($)
-	147,500	163,333	153,333	176,500	146,667	-	-	-

(2) For each, the grant date fair value of the award on May 1, 2016, equated to 2,924 stock units, rounded up to the nearest whole share, based on the then current market price of the Common Stock of $46.17. In addition, each individual's account is credited with additional stock units on the quarterly dividend dates at the then current dividend rate.

The following table shows outstanding stock units granted under the Directors' Equity Plan and restricted stock granted under the prior Stock Plan for Outside Directors, as of December 31, 2016:

	Deese (#)	Gamper (#)	Hickey (#)	Jackson (#)	Lilley (#)	Renyi (#)	Shin (#)	Swift (#)	Tomasky (#)	Zollar (#)
Stock Units	3,006	36,004	36,004	36,004	29,387	36,004	32,638	36,004	17,048	16,858
Restricted Stock	-	9,600	9,600	9,600	-	8,800	-	14,400	-	-

(3) Consists of charitable contributions made by us on behalf of each individual.

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Director Compensation

Director Fees

A director who is an employee of a PSEG Company receives no additional compensation for services as a director. Mr. Izzo receives no compensation as a director. His compensation as an employee is shown in this Proxy Statement in the executive compensation tables and CD&A. Periodically, CAP assesses the competitiveness of director compensation for the Corporate Governance Committee.

Directors are compensated in accordance with the schedule below. All amounts are paid in cash, except the equity grant, which is paid in Common Stock units equal to the amount shown. All payments to the Chairs and Committee members, as indicated, are per assignment and incremental to the annual retainer and equity grant. Following a review of peer company market data conducted by CAP, the fee schedule was revised effective for May 1, 2016, to be competitive with our peers.

	Fee Schedule(2016) ($)	Fee Schedule(2015) ($)
Annual Retainer	95,000	85,000
Annual Equity Grant	135,000	120,000
Lead Director	40,000	30,000
Committee Chair: Audit; O&CC	30,000	30,000
Committee Chair: Corporate Governance; Finance	25,000	12,500
Committee Chair: Fossil Generation; Nuclear Generation	12,500	12,500
Committee Member: Audit	20,000	12,500
Committee Member: Corporate Governance; Executive; Finance; O&CC	20,000	7,500
Committee Member: Fossil Generation; Nuclear Generation	10,000	7,500

Directors' Equity Plan

The Directors' Equity Plan is a deferred compensation plan and, under its terms, each outside director is granted an award of "stock units" each May 1st (in an amount determined from time-to-time by the Board) which is recorded in a bookkeeping account in his/her name and accrues credits equivalent to the dividends on shares of our Common Stock. If a director fails to remain a member of the Board (other than on account of disability or death) until the earlier of the succeeding April 30th or the next Annual Meeting of Stockholders, the award for that year will be prorated to reflect actual service. Distributions under the Directors' Equity Plan are made in shares of our Common Stock after the director terminates service on the Board in accordance with distribution elections made by him/her, which may be either in a lump-sum payment or, with respect to grants made prior to 2012, in annual payments over a period of up to ten years.

Under the Directors' Equity Plan, with respect to grants made beginning in 2012, directors may elect to commence distribution of a particular year's deferrals either upon termination of service or after a specified number of years thereafter. A director may elect to receive distribution of such deferrals in the form of a lump-sum payment, or annual installments over a period of three to fifteen years. Distribution elections must be made prior to the date that the services giving rise to the awards are performed.

Shares granted under the prior Stock Plan for Outside Directors are subject to forfeiture if a director leaves service prior to age 72, except after a change-in-control or if waived by non-participating directors.

Directors' Deferred Compensation Plan

Under the Directors' Deferred Compensation Plan, directors may elect to defer any portion of their cash retainer by making appropriate elections in the calendar year prior to the year in which the services giving rise to such compensation being deferred is rendered. At the same time he/she elects to defer such compensation, the participant must make an election as to the timing and the form of distribution from his/her Directors' Deferred Compensation Plan account. Distributions are made in cash or, at the election of the participant in the case of amounts credited with earnings by reference to the performance of our Common Stock, in shares of Common Stock.

For amounts deferred prior to 2012, distributions may commence (a) on the thirtieth day after the date he/she terminates service as a director or, in the alternative, (b) on January 15th of any calendar year following termination of service elected by him/her, but

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in any event no later than the later of (i) January of the year following the year of his/her 71st birthday or (ii) January following termination of service. Participants may elect to receive the distribution of their Directors' Deferred Compensation account in the form of one lump-sum payment, or annual distributions over a period selected by the participant, up to ten years.

With respect to compensation deferred beginning in 2012, directors may elect to commence distribution of a particular year's deferrals, either (a) within 30 days of termination of service, or (b) a specified number of years following termination of service. They may elect to receive distribution of such deferrals in the form of a lump-sum payment, or annual installments over a period of three to fifteen years.

Participants may make changes of distribution elections on a prospective basis. Participants may also make changes of distribution elections with respect to prior deferred compensation as long as any such new distribution election is made at least one year prior to the date that the commencement of the distribution would otherwise have occurred and the revised commencement date is at least five years later than the date that the commencement of the distribution would otherwise have occurred.

Investments

Participants may choose to have amounts deferred under the Directors' Deferred Compensation Plan credited with earnings based on (i) the performance of one or more of pre-mixed lifestyle investment portfolio funds, (ii) at the rate of Prime plus 1/2%, capped at 120% of the applicable federal long-term rate, or (iii) by reference to the performance of our Common Stock, in such percentages designated by the participant. These are the same investment options offered under our 401(k) plan to employees (except the Schwab Personal Choice Retirement Account). A participant who fails to provide a designation will accrue earnings on his/her account at the rate of Prime plus 1/2%, capped at 120% of the applicable federal long-term rate. A participant may change fund selection daily, except for the Common Stock Fund, for which selection may be made only prior to deferral.

The one-year rates of return as of December 31, 2016 for the offered funds as computed by the recordkeeper for the Directors' Deferred Compensation Plan were as follows:

	Rates of Return		
Pre-Mixed Portfolios		**Target Retirement Funds**	
Conservative Portfolio	5.78%	Target Retirement Income	5.18%
Moderate Portfolio	7.13%	Target Retirement 2010	5.22%
Aggressive Portfolio	9.25%	Target Retirement 2015	6.18%
Funds		Target Retirement 2020	6.95%
Stable Value	2.02%	Target Retirement 2025	7.44%
Diversified Bond	2.56%	Target Retirement 2030	7.86%
Fidelity Intermediate Bond	2.75%	Target Retirement 2035	8.30%
Large Company Stock Index	11.88%	Target Retirement 2040	8.72%
Mid-Cap Index	11.17%	Target Retirement 2045	8.84%
Institutional Developed Markets Index	2.43%	Target Retirement 2050	8.88%
Small-Cap Index	18.25%	Target Retirement 2055	8.90%
Primary Money Market	0.39%	Target Retirement 2060	8.88%
Enterprise Common Stock	17.88%		
Other			
Prime Plus 1/2%	2.66%		

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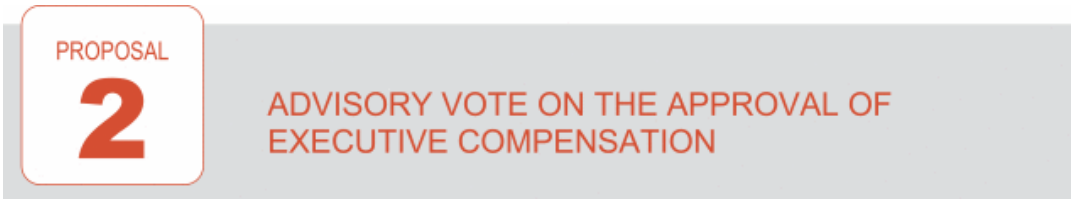

As required by Section 14A of the Exchange Act, we are providing you with an opportunity to cast an advisory vote on our executive compensation programs as described in this Proxy Statement. This is commonly referred to as “say-on-pay.” We plan to do this each year, in accordance with the applicable rules of the SEC.

This vote is advisory and, thus, it is non-binding on us and the Board. However, management, the O&CC and the Board intend to carefully review the voting results and take them into consideration when making future decisions regarding our executive compensation. In accordance with applicable SEC requirements, we will disclose to you in our future proxy statements how our compensation policies and decisions have taken into account the results of the most recent stockholder advisory vote on our executive compensation. As required, this year we also are asking you to vote (see Proposal 3) on the frequency of the “say-on-pay” vote. We believe that the advisory say-on-pay vote should be submitted to you annually.

We have disclosed in this Proxy Statement an overview of the philosophy and elements of our executive compensation program, as well as the details of the individual compensation paid or awarded to each of our NEOs and our process for making those determinations. We have provided below the Report of our O&CC, the CD&A and the compensation tables. In our CD&A, we have explained the reasons supporting our executive pay decisions as reported in the various tables and accompanying narrative included in this Proxy Statement. We have summarized the highlights in our CD&A Executive Summary.

We believe our executive compensation is reasonable and appropriate, reflecting market conditions. We are asking you to indicate your support of our executive compensation program as described in this Proxy Statement. This vote is not intended to address any specific item of compensation or any specific individual. Rather, it is an indication of your agreement with the overall philosophy, policies, practices and compensation of our executive officers as described in this Proxy Statement. Accordingly, as recommended by the Board, we ask for you to vote in favor of the following resolution:

> **Resolved, that the stockholders hereby approve, on an advisory basis, the compensation of the NEOs, as disclosed in the Company’s Proxy Statement for the 2017 Annual Meeting of Stockholders pursuant to the applicable rules of the SEC, including the CD&A, compensation tables and narrative discussion.**

Vote required: We will tally the votes cast in person or by proxy, excluding abstentions and shares withheld or for which no instructions are given.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE RESOLUTION IN THIS PROPOSAL.

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CD&A EXECUTIVE SUMMARY

Say-On-Pay

We provide our stockholders with an annual opportunity to cast an advisory "say-on-pay" vote. We believe that this voting opportunity can give us valuable insights into our stockholders' views on our compensation programs. ***At the 2016 Annual Meeting, our stockholders voted approximately 91% in favor of our say-on-pay proposal, demonstrating their concurrence that our programs reflect our strong pay for performance philosophy.***

91% of stockholders voted in favor of 2016 say-on-pay proposal	We strongly encourage investor feedback and will continue to review and make changes to our executive compensation program in recognition of investor concerns, evolving trends and best practices.

We were gratified by this say-on-pay result and believe this demonstrated strong support for our executive compensation policies and practices and our approach to aligning pay and performance. In furtherance of our pay for performance philosophy, we continuously review and make changes to our executive compensation program in recognition of investor concerns, evolving trends and best practices. We annually review and adjust, as necessary, the compensation of our executives in light of their performance, their role in our management, our business results and our financial condition. Based on this review, we made individual determinations about the compensation of our CEO and the other NEOs, as discussed below. In response to comments expressed by stockholders during our engagement process, we made changes to our program for 2017 to further increase the weighting of PSUs compared to RSUs granted under our LTIP, to enhance the emphasis on performance.

Executive Compensation Philosophy – Pay Mix and Peer Group

Our executive compensation program is designed to closely link pay and performance and align the interests of our executives with stockholders. We are focused on connecting executive compensation design with corporate strategy and results. We have structured our program to tie executive compensation to the successful execution of our strategic plans, meeting our financial and operational goals and delivery of strong returns while balancing the interests of our multiple stakeholders, which include our stockholders, the customers we serve, our employees and the communities in which we operate.

Our pay for performance structure translates into higher compensation in years of strong performance and stockholder returns and lower compensation when performance is not as strong. We provide a peer-competitive compensation package to attract and retain exceptional executive talent needed for long-term success, with incentives for our executives to achieve outstanding individual performance and business results. Our senior management team, led by our NEOs, continues to provide strategic and tactical leadership as we focus on operational excellence, financial strength, continuous improvement and disciplined investment.

The O&CC annually reviews and evaluates the philosophy, objectives, design and effectiveness of our compensation program, including the performance of the NEOs. The O&CC maintains the flexibility to make decisions about the program and actual compensation levels and awards based on achievement of our business objectives and relevant circumstances affecting our Company. In addition to the established performance measures, these may include economic, market and competitive conditions, regulatory and legal requirements, internal pay equity considerations and peer group or market best practices. The O&CC and the entire Board seek to align strong pay for performance with long-term shareholder value creation without encouraging excessive risk taking. Our directors are committed to acting in the best interest of stockholders as responsible stewards overseeing our executive compensation program.

Our commitment to employee accountability and the importance of integrity and ethical behavior on the part of all employees are reflected in our company values and embedded throughout our compensation philosophy and programs.

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Components of Compensation

Base Salary

- Is reviewed annually and determined based on position responsibilities, individual experience, performance, internal equity and the competitive market for the position.

Annual Cash Incentive

- Under our SMICP for 2016 there is a potential maximum opportunity of 200% of target with exceptional business and individual performance. Actual payment is determined by the achievement of key financial and operating goals (at the individual, business unit and corporate level) using multiple performance measures, with a strong emphasis on EPS (as adjusted, for example, to exclude certain non-recurring items) for the corporate factor. The O&CC exercises overall judgment.

Equity-Based Incentive Awards

- For 2016 under our LTIP, these consist of PSUs (60%; 64% for the CEO), and RSUs (40%; 36% for the CEO), with payout of PSUs, if any, based on our ROIC vs. plan and peers and TSR vs. peers. LTIP PSU payouts may be zero and are capped at 200% of target. The value of RSUs, which cliff vest after three years, is dependent on the market price of our Common Stock.
- Effective for 2017, we made the following changes to our LTIP:
  - Increased the weight of PSUs to 70% and decreased the weight of RSUs to 30% for all of our NEOs.
  - Removed ROIC vs. plan as a financial metric for PSUs; relative TSR and relative ROIC are now weighted equally (i.e., 50% each).

Retirement and Post-Employment Benefits

- Are comparable to those of companies with whom we compete for executive talent.

We benchmark executive compensation, including that of the NEOs, to a peer group of companies in our industry. To most effectively evaluate executive compensation, we believe that an analysis of the “pay mix” and target Total Direct Compensation (base salary plus target annual incentive and target long-term incentive) is a better measure for evaluating executive compensation as opposed to focusing on each of the elements individually.

Competitive Pay Positioning

- We target Total Direct Compensation at the median of the industry peer group within a range that recognizes differences in roles, performance, job scope, experience and volatility of market data from year to year.
- We consider a range of +/-20% in relation to a comparable position to be within the competitive benchmark median, while taking into consideration that an executive new to a role may be outside this range.
- We strive to migrate the executive new in the position to median as he/she gains experience in the role.
- In determining the mix of the elements of target Total Direct Compensation, we exercise judgment, using the competitive analysis as a general guideline.
- The overwhelming amount of our CEO’s and NEOs’ compensation is performance-based and tied to stockholders’ interests rather than to base salary.
- For 2016, the target percentage of incentive compensation, both annual and long-term, constituted 86% of target Total Direct Compensation for our CEO and 71% for our other NEOs as a group.

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Executive Compensation Practices

The table below highlights our 2016 executive compensation practices. The left column outlines the practices we believe are conducive to encouraging sound performance by our senior executives and good governance. The right column describes those practices that we have chosen not to implement because we do not believe they further our stockholders' long-term interests.

	WHAT WE DO		WHAT WE DON'T DO
✓	**Pay for Performance.** We closely align pay and performance, as a significant portion of target total direct compensation is pay at-risk. The O&CC validates this alignment annually and ensures performance-based compensation comprises a significant portion of executive compensation.	✕	**No Excessive Perks**. We do not provide perquisites except in cases where there is a compelling business reason nor do we provide gross-ups except in limited cases for relocation.
✓	**Stretch Performance Goals.** We establish clear and measureable goals and targets in the beginning of the performance period and hold our executives accountable for achieving specified levels to earn a payout under our incentive plans. Performance goals are linked to operating priorities designed to create long-term shareholder value. PSUs emphasize relative performances to link above-target payouts to when we outperform peers.	✕	**No Guaranteed Annual Salary Increases, No Target Adjustments and Limited Guaranteed Bonuses.** For senior executives, annual salary increases are based on evaluations of individual performance and the competitive market. We do not adjust annual or long-term incentive plan targets. In addition, we do not provide guarantees on bonus payouts, only on an as-needed basis for recruitment purposes.
✓	**Competitive Pay.** We position target pay competitively around market median and require strong performance to deliver pay above these levels.	✕	**No Above Market Pay.** We do not pay above-market target total direct compensation outside of our benchmarked competitive range.
✓	**Double Trigger in the Event of a Change-in-Control.** We have double trigger vesting on equity and severance for change-in-control; executives will not receive cash severance nor will equity vest in the event of a change-in-control unless accompanied by qualifying termination of employment.	✕	**No Excise Tax Gross Ups.** We do not provide gross-ups for excise taxes upon a change-in-control. Taxes are our NEOs responsibility.
✓	**Maximum Payout Caps for Incentive Plans.** Annual cash incentive and PSU payouts are capped.	✕	**No Incenting of Short-Term Results to the Detriment of Long-Term Goals and Results.** NEOs pay mix is heavily weighted towards long-term incentives.
✓	**Clawback Practice.** Broad policy that allows for recoupment of all incentive compensation for any financial restatement, or incentive pay recalculation due to misconduct or material violations of standards of integrity.	✕	**No Excessive Risks.** Our compensation practices are appropriately structured and avoid incenting employees to engage in excessive risk taking.
✓	**Uniform Retirement Formulas.** Our qualified plan retirement formulas are the same for the executives as for all other non-union employees covered under the same qualified plans.	✕	**No Additional Service Credit.** We no longer offer any additional retirement service credit for pension calculation to executives and have not in several years.
✓	**Robust Stock Ownership and Retention Requirements.** We require executives to hold meaningful amounts of stock and require them to hold 100% of net shares until ownership requirement is met. Once the ownership levels are met, NEOs must retain 25% of proceeds from equity awards until retirement.	✕	**No Hedging or Pledging.** We do not allow hedging or pledging of our stock by executives.
✓	**Independent Compensation Consultant.** The O&CC engages an independent compensation consultant to review the executive compensation programs and practices.	✕	**No Compensation Consultant Conflicts.** The consultant does no other work for us and has no conflicts of interest and works directly for the Board.
✓	**Stockholder Engagement.** We solicit feedback from investors on our compensation program.	✕	**No Unearned Dividend Paid.** We do not pay accrued dividend equivalents on performance share units or unvested restricted stock units until the underlying awards are distributed.
✓	**Severance Provisions.** Provide reasonable, market-competitive post-employment and change-in-control provisions.	✕	**No Repricing or Exchange of Underwater Stock Options.** We do not reprice or buy out options, without stockholder approval.

2016 PSEG Performance Highlights

Our long-range strategy, with its emphasis on business fundamentals, is designed to deliver shareholder value. Over the past few years, we have altered our business mix to reflect a higher percentage of earnings contributions by PSE&G. During 2016, our Net Income decreased due primarily to charges related to the early retirement of our Hudson and Mercer coal/gas units, mark-to-market losses in 2016 as compared to gains in 2015, lower volumes of electricity and gas sold at lower average realized sales prices, lower capacity and operating revenues, storm insurance recoveries received primarily by Power in 2015 related to Superstorm Sandy, and charges in 2016 related to investments in certain leveraged leases at Energy Holdings. These decreases were partially offset by higher transmission revenues, lower generation costs and higher costs incurred at Power for planned outages in 2015 and higher management fee revenues at PSEG LI pursuant to its contract with LIPA.

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During 2016, we maintained a strong balance sheet. We continued to effectively deploy capital without the need for additional equity, while our solid credit ratings aided our ability to access capital and credit markets. The greater emphasis on capital spending for projects on which we receive contemporaneous returns at PSE&G, our regulated utility, in recent years has yielded strong results which when combined with the cash flow generated by Power, our merchant generator and power marketer, has allowed us to increase our dividend. These actions to transition our business to meet market conditions and investor expectations reflect our multi-year, long-term approach to managing our company. Our focus has been to invest capital in transmission and distribution and other infrastructure projects aimed at maintaining service reliability to our customers and bolstering our system resiliency. At Power, our merchant generator and power marketer, we strive to improve performance and reduce costs in order to enhance the value of our generation fleet in light of low gas prices, environmental considerations and competitive market forces that reward efficiency and reliability.

On February 21, 2017, the Board declared a quarterly Common Stock dividend for the first quarter of 2017 of $0.43 per share, an increase of $0.02 per outstanding share of the Company's Common Stock, or 4.9%. The increase in the quarterly dividend brings the indicative annual dividend rate to $1.72 per share, and represents the sixth consecutive annual increase in the dividend rate and thirteenth increase in the past fourteen years. The increase is supported by our business mix and strong balance sheet which are expected to support consistent and sustainable growth in the dividend. The declaration and payment of future dividends to holders of our Common Stock will be at the discretion of the Board of Directors and will depend upon many factors, including our financial condition, earnings, capital requirements of our businesses, alternate investment opportunities, legal requirements, regulatory constraints, industry practice and other factors that the Board of Directors deems relevant. We continue to maintain solid investment grade credit ratings. Financial highlights are included in the Executive Summary to this Proxy Statement on page 3 above. You can find a more comprehensive discussion of our 2016 business and financial performance in our Form 10-K.

Pay for Performance

We focus on operational excellence, financial strength and disciplined investment to achieve growth while managing risk. Our strategy has been to deliver long-term value to our shareholders as we confront market pressures and regulatory uncertainty. We strive to set stretch goals. Recognizing that our business is highly sensitive to factors outside our control, including energy prices and weather, in some years our goals in the SMICP annual incentive may be below the prior year's results. However, our 2017 PSU awards now comprise 70% of our LTIP equity program and are based entirely on relative performance vs. peers to ensure we only payout above target when we outperform peers. We have emphasized utility growth and mitigation of merchant generation risk while operating in a cost-efficient manner. We have aligned our compensation structure with the performance results we expect our executives to attain in carrying out this strategy.

The charts below compare the relative contributions to earnings of PSE&G and Power over the past five years and show our steady earnings and consistent dividend growth in those years. We believe that these graphs demonstrate the value to stockholders of the successful implementation of our business strategy under the direction of our NEOs. This impact on our earnings is reflected in the realized pay of our NEOs, since our executive compensation program links incentive payouts to earnings measures over multiple time frames. In determining performance-based payouts, we excluded from the calculation of EPS from Continuing Operations under the 2016 SMICP annual incentive and from the calculation of ROIC vs. internal goals for the 2014 PSU awards under the LTIP long-term incentive, the impact of closing the Hudson and Mercer coal/gas units and charges related to certain Energy Holdings' leveraged leases. See Appendix A on page 82 for a complete list of items excluded from Net Income in the determination of non-GAAP Operating Earnings.

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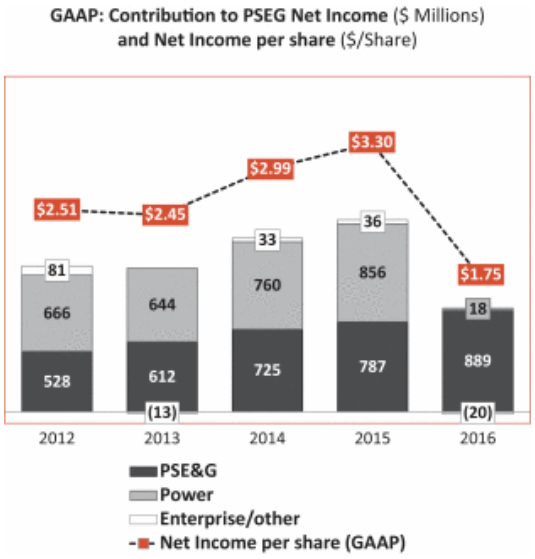

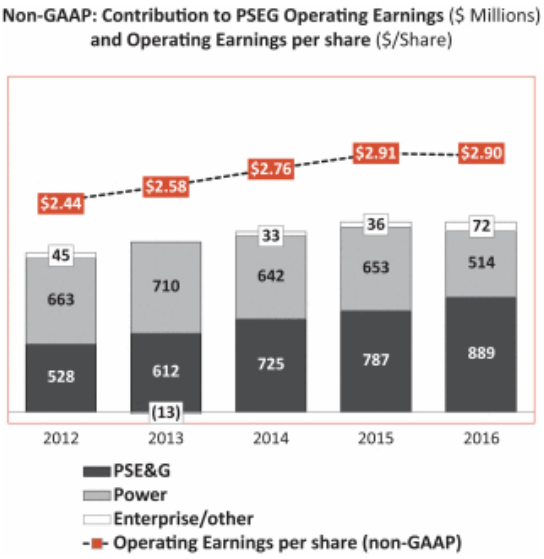

Note that Net Income is equal to Income From Continuing Operations for all years presented.

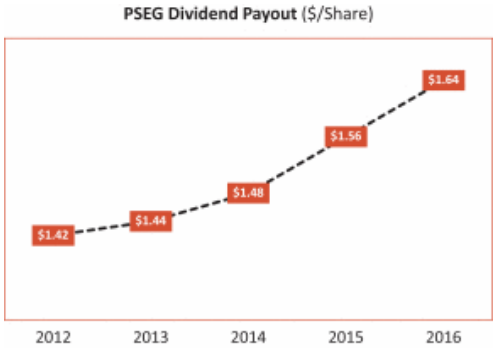

The 2016 compensation paid to our NEOs reflects strong pay for performance alignment:

- SMICP payouts reflect 2016 performance results, heavily weighted towards adjusted earnings; and
- LTIP PSU payouts reflect prior three-year performance period results for ROIC vs. plan and relative TSR for 2014 and 2015, with relative ROIC added to the metrics for 2016.

We show below the actual payouts compared to target:

	2016	2015	2014
CEO SMICP Payout	97%	139%	124%
Average other NEO SMICP Payout	95%	138%	129%
PSU Payout	173%	140%	121%

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Strategic Long-Term Management Focus

The analytical judgment and operational and managerial abilities that we expect of our senior executives are critical factors in positioning us for the future. Their performance in improving our operating efficiencies, actively influencing legislative and regulatory policies and adjusting our business mix by shifting investment to best take advantage of emerging opportunities for growth, particularly in connection with utility rate-regulated returns, have led to the accomplishments noted in Pay for Performance. While these activities are not easily measured over the short-term by reference solely to current EPS and stock price in comparison to the levels in the recent past, the ability of our management team to address these challenges successfully are vital skills on which we place significant value in setting total compensation for our NEOs. We believe that our performance-based compensation programs have and will continue to deliver the appropriate compensation based on our results relative to both our business plan and our peers, helping us manage through an evolving business environment. As a result of the continued focus on operational excellence, financial strength, continuous improvement and disciplined investment, the O&CC believes that our management team has effectively responded to challenging conditions.

Stockholder Engagement and Transparent Disclosure

We have a long-standing practice of engaging in constructive dialogue with our stockholders on various matters of interest to them, including corporate governance, executive compensation, business performance and strategy, risk management and sustainability. We do this by meeting periodically with our major stockholders and groups of investors at conferences and elsewhere as well as by regular written communications.

These interactions help us to understand our investors' needs and concerns and provide us with valuable insights. We strive to build and maintain long-term relationships based on mutual trust and respect. In recent years, we have enhanced both our visibility and our efforts with regard to matters of executive compensation and corporate governance to keep pace with evolving investor priorities and expectations.

Engagement and Responsiveness

- The O&CC, with input from the independent compensation consultant, considered the 2016 say-on-pay vote result, investor input and current market practices as it evaluated whether any further changes to our executive compensation program were warranted.
- We noted the slight decline in say-on-pay voting results compared to the last few years and expanded our efforts to reach out to particular stockholders to understand why they voted as they did.
- As a result, a specific action we took was to increase the PSU/RSU split in LTIP awards to 70%/30% for our NEOs, effective in 2017, in light of an often communicated stockholder preference for at least 65% of long-term incentive to be more performance contingent and less dependent on time-based grants.
- Also, effective for 2017 awards, we will be determining PSU payouts based equally on ROIC vs. peers and TSR vs. peers, eliminating ROIC vs. plan, in response to stockholder preference for the incentive to be measured more by relative performance compared to peers.
- We also adjusted compensation for our recently promoted NEOs as they gained experience in their roles, as a result of which the multiple of CEO to NEO pay is more in line with the expectations expressed by a number of stockholders.
- We further enhanced and clarified our disclosures and explanations of our practices and actions.
- We carefully considered concerns voiced to us about our combined role of CEO and Chairman of the Board, but continue to believe that it is the appropriate organizational and governance structure for us.

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We strive to be clear and transparent in the information we provide to investors in our Proxy Statement, Form 10-K and other reports filed with the SEC and in our investor communications. We believe our executive compensation disclosure addresses the issues considered most important to, and provides the useful information desired by, our stockholders, as evidenced by the feedback we receive at our meetings throughout the year. We always welcome stockholders' comments and suggestions and will continue to consider the outcome of the say-on-pay vote when making future compensation decisions regarding our NEOs.

Through our engagement and transparency we aim to ensure that our management and Board consider and that our business and practices continue to evolve and reflect the insights and perspectives of our stockholders. We also benchmark best practices against industry and recognized leaders. Accordingly, in recent years, we enhanced our proxy statement disclosure in both content and presentation format. Notably, we adopted proxy access in recognition of the value placed on it by so many of our investors.

Key O&CC Actions

The O&CC monitors trends and developments in the market, with the assistance of CAP, as they relate to executive compensation. The O&CC uses this information as an input as it makes decisions on executive compensation throughout the year. In 2016, the O&CC considered recommendations from CAP and management with regard to compensation design and effectiveness and reviewed competitive practices within our peer group and broader market. Based on the reviews and analyses undertaken by the O&CC, we made several changes to our programs for 2016 and 2017 as noted below. The O&CC considered the strong stockholder reinforcement of our compensation philosophy and program in determining to continue with our consistent results-oriented pay for performance approach. For 2016 and 2017, the O&CC took the following actions related to executive compensation:

- Analyzed pay for performance by comparing our one-year and three-year financial results with the compensation of our CEO and NEOs and found them to be appropriately aligned;
- Reviewed our total share usage and "burn rate" for the LTIP relative to the peer panel and found these levels relatively low compared to peers;
- Approved payouts under the SMICP and LTIP based on its assessment of CEO, NEOs and Company performance relative to pre-established goals for the period ending 2016 measured substantially on adjusted EPS, ROIC vs. plan and relative TSR and ROIC;
- Approved incentive compensation goals with a significant degree of difficulty;
- Modified the peer group to remove a peer that is no longer publicly traded and added a company for 2017;
- Approved salary increases for NEOs, to reflect performance and achieve desired positioning vs. the market;
- Increased the weighting of the PSUs in relation to RSUs that make up the CEO's long-term incentive under our LTIP to enhance the performance orientation of the CEO's package as a part of an overall review of his pay package;
- Effective for 2017, further increased the weighting of the PSUs in relation to RSUs for the CEO and all NEOs to 70% and removed ROIC vs plan as a PSU metric, with relative ROIC and relative TSR to be weighted equally in determining PSU payouts;
- Effective for 2017 under our SMICP, replaced EPS from continuing operations (GAAP) with operating EPS (non-GAAP) as the corporate payout factor and, for Power, replaced operating earnings with adjusted EBITDA (non-GAAP), as we believe that these metrics better reflect operational performance;
- Revised our Key Executive Severance Plan to expand the definition of termination for cause for certain violations of our behavioral and value expectations for executives; and
- Reconfirmed that our compensation programs do not create a potential incentive for individuals to take excessive risks.

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COMPENSATION DISCUSSION AND ANALYSIS (CD&A)

Executive compensation is governed under the direction and authority of the O&CC. The O&CC is made up of directors who are independent under NYSE rules and our requirements for independent directors. The O&CC receives advice from its independent compensation consultant, CAP, which provides only compensation consulting services to the Board and not to management.

Our CD&A describes our executive compensation program, including 2016 total compensation for our named executive officers (NEOs), who are listed below. The CD&A explains our:

- **Compensation Philosophy;**
- **Elements of Executive Compensation; and**
- **Executive Compensation Governance Features and Controls.**

2016 NEOs

- **Ralph Izzo**, Chairman of the Board, President and Chief Executive Officer (CEO)
- **Daniel J. Cregg**, Executive Vice President (EVP) and Chief Financial Officer (CFO)
- **Ralph A. LaRossa**, President and Chief Operating Officer (COO) of our subsidiary, PSE&G and Chairman of the Board of our subsidiary, PSEG LI
- **William Levis**, President and COO of our subsidiary, Power(1)
- **Tamara L. Linde**, EVP and General Counsel

(1) On December 21, 2016, Mr. Levis announced his retirement effective during the third quarter of 2017.

We have designed this CD&A to be forthcoming and transparent in demonstrating that our executive compensation program is based on well-established principles thoughtfully carried out under the oversight of the O&CC for the long-term benefit of our stockholders. We describe in detail:

- The mix of salary, cash incentive compensation and equity incentive compensation;
- The criteria used for target pay positioning;
- The reasons for selecting particular companies as peers for benchmarking compensation;
- The manner in which equity awards are determined;
- The weighting of performance measures used to calculate compensation;
- The rationale for severance and change-in-control arrangements; and
- The governance features and controls we use.

In the CD&A Executive Summary above, we specifically address those areas which we believe are of utmost interest to our stockholders. A complete reading of the CD&A provides a more thorough description of our compensation program and explanation of our recent activities. In the Executive Summary we provide:

- Executive compensation philosophy and practices;
- Material elements of our executive compensation program, including key actions and program changes;
- Results of our 2016 say-on-pay vote and shareholder engagement; and
- Pay for performance alignment.

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Compensation Philosophy

Pay for Performance

We believe it is important to link pay with performance and long-term stockholder value. We utilize compensation to further align the interests of our executives with those of our stockholders as well as other stakeholders. However, we believe that it is crucial to our stockholders' long-term interests that we not measure performance too narrowly on merely a single year's results. Our compensation programs are designed to reward for performance over varying time horizons with our incentives linked to successful implementation of our corporate strategic objectives.

Our SMICP focuses on financial and operating performance over a one-year period while our LTIP is focused on multi-year performance. Similarly, the goals of individual NEOs, including our CEO, place a high value on strategic initiatives, long-range planning and operational excellence which drive value and ensure we meet our responsibilities as a public utility. While the impact of this approach may not necessarily be seen in any single year, over time the actual value of compensation, especially equity grants, reflect our Company's performance and the O&CC, with the assistance of CAP, reviews this alignment each year.

Our ability to effectively compete and reliably serve our customers, while adjusting to evolving industry and market factors is to a great degree dependent on our ability to appropriately attract, retain and reward exceptional talent, including our senior executives. When we establish performance targets, we consider internal and external factors and set stretch goals to reflect an appropriate degree of difficulty. Our incentive compensation payouts are determined based on financial measures that align CEO and NEO compensation with stockholder interests, as EPS, TSR and ROIC are used in calculating the amounts.

Although these are important components for evaluating pay for performance, we do not believe it is particularly meaningful to merely compare EPS or Common Stock price at year-end with CEO and NEO reported compensation. For example, a meaningful pay for performance analysis entails more than a simple comparison of year-end quantitative measures such as TSR to compensation as reported. Among other things, the reported compensation, in particular the equity compensation shown in the tables in the Proxy Statement, is based on an accounting valuation. These could differ significantly from what is ultimately earned by the executives depending on actual results of the performance measures and the value of equity awards at the time they are earned, if at all.

Each year, the O&CC, with the assistance of CAP, considers the pay for performance relationship not just from a target pay perspective, but also considering the actual realizable pay, which reflects our stock price performance, as noted above in the discussion of pay for performance in the CD&A Executive Summary.

If you would like additional information about our 2016 performance, including our financial statements and a more complete description of our business, please see our Form 10-K.

Peer Comparison and Benchmarking

As part of our pay for performance review during 2016, the O&CC considered relative financial performance data comparing us to those companies in our peer group for whom data was available, as discussed further below. With the assistance of CAP, we analyzed key performance metrics and compensation for 2015, the most recent year for which data was available. Included in the metrics were operating income margin, EPS growth, return on capital and relative TSR. The total cash compensation included base salary and SMICP and the total direct compensation included those two items plus the grant date fair value of LTIP awards, all of which are reported in our Summary Compensation Table. These performance metrics were broader than the measures we use in determining award payouts under the SMICP and LTIP in order to provide a more holistic view of overall company performance.

Viewing performance in this broad context, we believe the total compensation paid to senior executives and as structured for future payouts achieves the desired results. Our delivered performance in 2016, relative to the degree of difficulty, was aligned with our pre-set goals and our business plan. We believe that our financial results reflect the current industry and Company circumstances as well as the continued focus of our CEO and NEOs on strategic responses and operational efficiencies to optimize earnings and returns while positioning us for continued success. In evaluating the compensation of the NEOs and in particular the CEO, we assessed the amount relative to the performance delivered and continue to conclude the two are aligned.

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How We Choose Peers

Attracting and retaining top talent requires paying competitive compensation. We evaluate and set executive compensation to be competitive within an identified peer group which was developed to reflect similarly-sized energy companies with comparable businesses and, in particular, including those with a similar mix of regulated and integrated utilities and merchant generation operations. In doing so, we considered our peers' revenues, earnings and market capitalization. We believe that these companies appropriately reflect the landscape of our industry and the market in which we compete for talent. We have included regulated utilities, independent power producers, and merchant generators and combined holding companies similar to us. We have attempted to include a broad enough group to provide diversity for balanced comparison while selecting only those we think are sufficiently similar to provide a meaningful benchmark. We consider Base Salary, Total Cash Compensation (base salary plus target annual incentive) and Total Direct Compensation (base salary plus target annual incentive plus target long-term incentive) as the elements of compensation within the peer group for purposes of benchmarking and assessing the market from which we draw executive talent as well as with whom we compete for investor capital. Each year, we re-evaluate the peer group to assess its continuing appropriateness and for 2016 removed Pepco Holdings, as they were acquired in 2016 by Exelon Corporation. Our peer companies for 2016 are listed below. Effective in 2017, we added Calpine Corporation.

Ameren Corporation	Entergy Corporation	NRG Energy, Inc.
American Electric Power Co., Inc.	Eversource Energy	PG&E Corporation
Consolidated Edison, Inc.	Exelon Corporation	PPL Corporation
Dominion Resources, Inc.	FirstEnergy Corp.	Sempra Energy
DTE Energy Company	NextEra Energy, Inc.	Southern Company
Duke Energy Corporation	NiSource Inc.	Xcel Energy Inc.
Edison International		

How We Use Peer Data

The 2016 peer group was used as a reference point for setting pay levels for 2016. The O&CC targets the median (50th percentile) of the peer group for positions comparable to those of our officers for Total Direct Compensation. The peer group is also used for comparison in assessing our performance under our LTIP as well as an overall validation of the alignment between pay and performance.

Pay Governance LLC assists in analyzing the annual Willis Towers Watson Energy Services Executive Compensation Survey–U.S. assessment of the market using the peer companies. We use the peer group data to the extent each position is reported in the survey data. CAP also reviews the outcome of the competitive assessment.

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Compensation Benchmark

The data used for the comparisons below are from the most recent data available for the companies in the peer group shown above in How We Choose Peers on page 45. The O&CC considers a range of approximately +/-20% of the 50th percentile of comparable positions to be within the competitive median.

Base salary, target Total Cash Compensation and target Total Direct Compensation of each of the NEOs included in this Proxy Statement as a percentage of the comparative median benchmark levels of the peer group are noted below. Decisions on salary, annual incentive target and other pay elements, except the LTIP, are typically made at the O&CC meeting each December. The target LTIP award is determined by the O&CC in the following February.

Below is each executive's market positioning as of the time those decisions were made. Each NEO's target Total Direct Compensation, was within approximately +/-20% of the median, which is consistent with our philosophy. The table below shows the years and months served in the position by each individual at year-end 2016. In addition, Mr. LaRossa's compensation reflects his additional duties for PSEG LI.

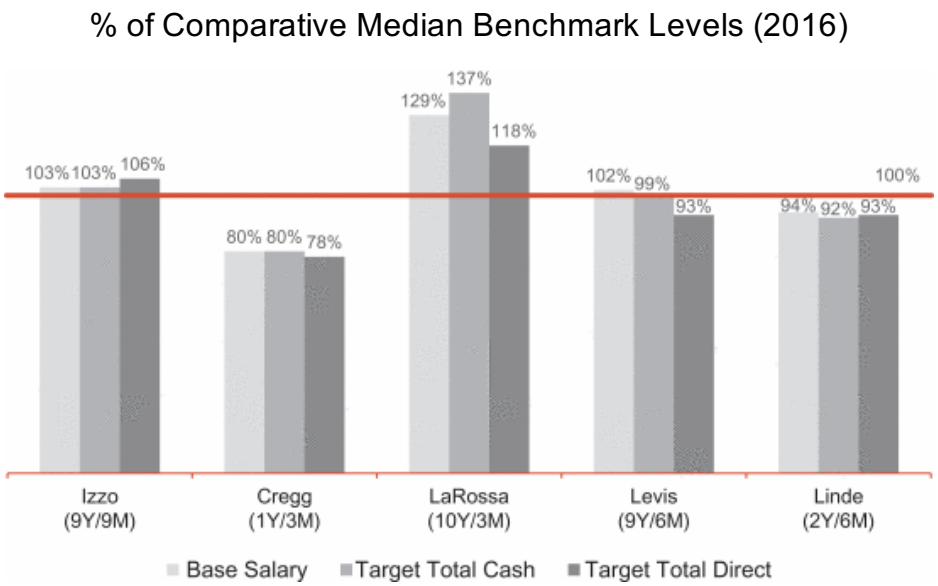

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Pay Mix

The final element of our compensation philosophy is a consideration of the total pay mix. The O&CC believes that target Total Direct Compensation is a better measure for evaluating executive compensation than focusing on each of the elements individually and they do not set a formula to determine the mix of the various elements. The mix of base salary and annual cash incentive for each of the executive positions is benchmarked against the peer group. The reported pay structure from the competitive analysis is used as a general guideline in determining the appropriate mix of compensation among base salary, annual and long-term incentive compensation opportunity. However, we also consider that the majority of a senior executive's compensation should be performance-based and the more senior an executive's position is in the organization, the more his/her pay should be oriented toward long-term compensation.

The mix of base salary, target annual cash incentive and long-term incentives for 2016 are presented below for the CEO as well as for the other NEOs excluding the CEO. We have also provided a comparison of the targeted pay mix to that of the peer group. Value at risk represents performance-based incentive awards of cash, RSUs and PSUs, whose payouts and values are dependent upon financial metrics and stock price, including peer comparisons.

CEO Target Pay Mix

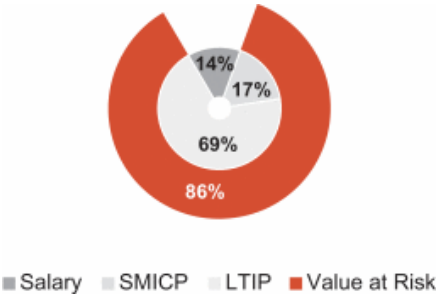

Market CEO Target Pay Mix

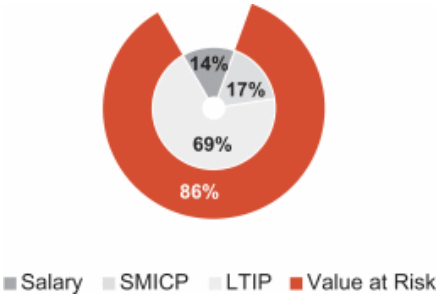

NEO Target Pay Mix

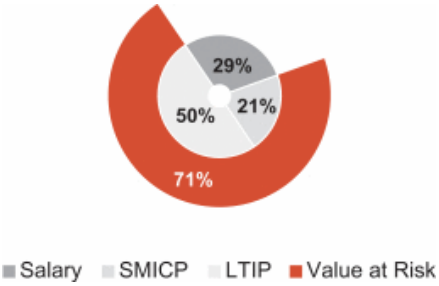

Market NEO Target Pay Mix

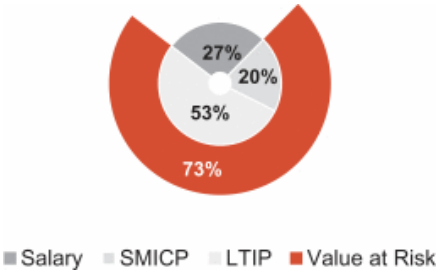

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Elements of Executive Compensation

The main components of our executive compensation program, including those for our NEOs, are set forth in the following table. A more detailed description is provided in the respective sections below.

Compensation Element	Description	Objective
Base Salary	Ongoing fixed cash compensation.	Provides compensation for the executive to perform his/her job functions. Assists with recruitment and retention.
Annual Cash Incentive	Variable cash compensation paid each year if warranted by performance against targets and individual performance, based on a percentage of base salary. Opportunity to earn between zero and 200% of target, measured by financial and operating performance of the business. Actual awards may be higher or lower than target, based on business and individual performance. Metrics and goals (typically earnings, operational performance and major initiatives) are established at the beginning of each year and the payout is made based on performance.	Intended to reward for driving superior operating and financial results over a one-year timeframe. Creates a direct connection between business success and financial reward. Provides strong line of sight by recognizing exceptional individual performance.
Long-Term Incentive (See Table under LTIP)	Variable equity compensation in form of Performance Share Units and Restricted Stock Units. Performance Share Units provide the opportunity to earn from zero to 200% of target at the end of the three-year performance period. Restricted Stock Units generally cliff vest at the end of three years.	Rewards strong financial and stock price performance. Provides for strong alignment with stockholders. Assists with retention. Intended to reward for driving financial results over a multi-year time frame. Enhances stock ownership.
Deferred Compensation Plans	Permits participants to defer receipt of all or a portion of cash and equity compensation on a pre-tax basis with flexible distribution options.	Provides participants with the opportunity to more effectively manage their taxes and for future financial security. Assists with retention.
Other Compensation	Health and welfare programs. Limited perquisites.	Remain competitive with peer companies. Aids safety and efficiency. Assists with recruitment and retention.
Post-Employment Benefits/ Retirement Plans	Defined benefit pension plan. Defined contribution 401(k) plan with a partial Company matching contribution. Supplemental retirement benefits not provided by qualified plans. Severance and change-in-control benefits.	Provides retirement income in recognition of length of service. Aids in managing taxes and savings. Supports effective transition and assists with recruitment and retention in our industry. Assures the continuing performance of executives in the face of a possible termination of employment without cause.

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Performance and Goals

We have provided below detailed calculations of the payouts under our SMICP and LTIP, including a discussion of the pre-established goals for these incentive plans and the performance achieved by our NEOs in relation to those goals and upon which the payouts are based. Earnings fluctuate with energy prices and demand and we believe that we set challenging stretch goals designed to incent our executives to achieve superior performance results. In some years targets are set below prior year targets or actual results. However, we believe that such targets appropriately reflect the nature of the business, external factors beyond our control and industry-wide developments and trends impacting our financial results.

We do not disclose forward looking targets for our incentive plans, as the disclosure could result in competitive harm and be detrimental to our operating performance. The targets are intended to be challenging and ambitious but also realistic enough to be reasonably attainable. Targets are set based on the proposed business plan and a rigorous process is undertaken at the start of each year to determine the range of performance for each measure. The corporate and business unit performance goals are set at levels we believe require strong performance for a target payout, and superior performance for a greater than target payout. On an annual basis, the O&CC and CAP, our outside independent consultant, review the degree of difficulty of the targets to ensure we are driving performance.

CEO Compensation

Mr. Izzo's compensation is designed to position his total pay around the median of the market. Mr. Izzo has demonstrated strong performance over his tenure as CEO and the O&CC believes this arrangement is appropriate. The changes to the key terms of Mr. Izzo's compensation in 2016 were as follows:

Component	2016 vs. 2015
Base Salary	• Increased salary to $1,300,000 for 2016, or 4% increase from 2015. • Positioned at 103% of the market median.
Annual Cash Incentive	• Annual incentive target of 120% of salary for 2016. • Positioned at 103% of the market median for target cash compensation.
Long-Term Incentive	• Increased target long-term incentive to $6,375,000 (reported in the Summary Compensation Table at grant date fair value) in February 2016, or an 11% increase from 2015. • Positioned at 106% of the market median for target total direct compensation. • LTIP mix places more emphasis on the PSUs (64%) compared to the RSUs (36%) to enhance the performance orientation of the CEO's package.

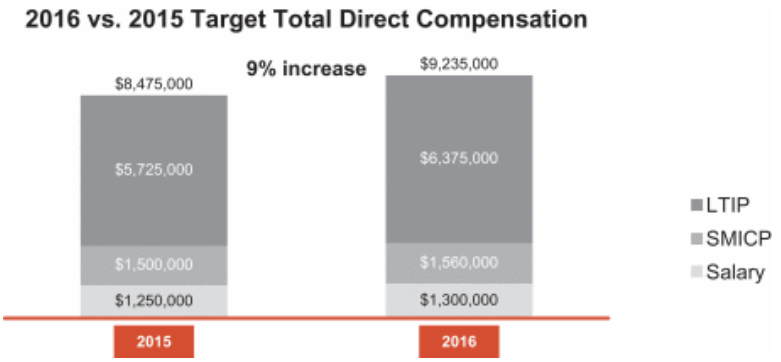

The graphic above summarizes the target compensation Mr. Izzo received in 2016 and 2015. The table does not include actual SMICP payouts, change in pension values and nonqualified deferred compensation earnings and all other compensation, which are shown in the Summary Compensation Table. SMICP and LTIP amounts in the graph above reflect the target values. Actual payouts are reported in the CD&A following the applicable performance period.

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After meeting in executive session, without the CEO present, the O&CC determined CEO compensation in consultation with all the independent directors.

Mr. Izzo's salary, annual cash incentive and long-term incentive exceed that of the other NEOs due to his greater level of duties and responsibilities as the principal executive officer to whom the other NEOs report, and whom the Board holds fully accountable for the execution of corporate business plans.

Further detail regarding the CEO's compensation is set forth below.

Base Salary

As the reference point for competitive base salaries, the O&CC considers the median of base salaries provided to executives in the peer group who have duties and responsibilities similar to those of our executive officers. The O&CC also considers the executive's current salary and makes adjustments based principally on individual performance, including achievement of targets, and experience. Each NEO's base salary level is reviewed annually by the O&CC using a budget it establishes for merit increases and salary survey data provided by Pay Governance and reviewed by CAP. For 2016, the O&CC set the merit increase budget at 3.0%.

The NEOs' individual performance and, other than the CEO, his/her business unit's performance are considered in setting salaries. Base salaries for satisfactory performance are targeted at the median of the relevant competitive benchmark data over time.

The O&CC considers base salaries and salary adjustments for individual NEOs, other than the CEO, based on:

- **Recommendations of the CEO**: Considering the respective NEO's level of responsibilities, experience in position, sustained performance over time, results during the immediately preceding year and the pay in relation to the benchmark median.
- **Performance metrics**: Including achievement of financial targets, safety and operational results, customer satisfaction, regulatory outcomes and other factors.
- **Additional factors**: Leadership ability, managerial skills and other personal aptitudes and attributes. Salaries for the NEOs for 2016 were approved at the December 2015 meeting of the O&CC. These amounts are shown in the table below. Salary decisions were based on each NEO's performance and appropriate alignment with the peer group.

NEO	Base Salary 2016 ($)	Base Salary 2015 ($)	Year-Over-Year Change (%)
Ralph Izzo	1,300,000	1,250,000	4.0
Daniel J. Cregg	520,000	335,000	(1)
Ralph A. LaRossa	685,000	665,000	3.0
William Levis	669,500	650,000	3.0
Tamara L. Linde	535,000	500,000	7.0

(1) Salary for 2015 is the rounded averaged annualized amount reflecting election to current position in October 2015, at which time Mr. Cregg received a promotional increase of 81%.

Annual Cash Incentive

The SMICP was approved by stockholders. It is an annual cash incentive compensation program for our most senior officers, including the NEOs. To support the performance-based objectives of our compensation program, corporate and business unit goals and measures are established each year based on factors deemed necessary to achieve our financial and non-financial business objectives. The corporate-level goals and those for the CEO are developed by the O&CC with input from the entire Board. The goals and measures are established by the CEO for the NEOs reporting to him, and for each other participant by the individual to whom he or she reports.

The SMICP sets a maximum award fund in any year of 2.5% of Net Income. The formula for calculating the maximum award fund for any plan year was determined at the time of plan adoption by reference to, among other things, similar award funds used by other companies and a review of executive compensation practices designed to address compliance with the requirements of IRC Section 162(m), which, as explained in Accounting and Tax Implications on page 61, limits the federal income tax deduction for compensation in excess of certain amounts. If appropriate, the Board will recommend for stockholder approval any material changes to the SMICP required to align the plan with our compensation objectives.

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The CEO's maximum award cannot exceed 10% of the award fund. The maximum award for each other participant cannot exceed 90% of the award fund divided by the number of participants, other than the CEO, for that year. For 2016 performance under the SMICP, these limits were $22,175,000 for the total award pool, $2,217,500 for the CEO's maximum award and $1,425,500 for each other participant's maximum award. Of the total award pool, $5,053,800 was awarded for 2016.

Subject to the overall maximums stated above, NEOs are eligible for annual incentive compensation. The beginning point in the process is a calculation based on a combination of the achievement of individual performance goals and business/employer performance goals, as well as overall corporate performance, as measured by the Corporate Factor. The Corporate Factor for 2016 was EPS from Continuing Operations, for which we established target performance levels. In determining actual results, we adjusted this factor for compensation purposes to exclude from EPS from Continuing Operations the impact of closing the Hudson and Mercer coal/gas units and charges related to certain Energy Holdings leveraged leases. This had the effect of increasing the payouts. We used this non-GAAP measure because we believe the charges did not reflect operating performance. We believe sustained EPS is a significant driver of stockholder value and provides line of sight over a one year period between individual actions of executives and company performance.

We established business unit earnings targets for 2016 for PSE&G and Power based on non-GAAP Operating Earnings. For Power, in determining results based on Operating Earnings, we excluded from GAAP Income from Continuing Operations the impact of closing the Hudson and Mercer coal/gas units. We also excluded gains or losses associated with our nuclear decommissioning trust and mark to market accounting for the target and results. We adjusted both PSE&G's and Power's results for variances between actual interest expense and the business plan. We used these non-GAAP measures because we believe they better reflect operating performance.

Impact of Performance on Incentive Compensation

For 2016, we generally maintained the same overall annual incentive targets and structure as we have had for the last several years as we believe it supports our objectives of rewarding strong financial performance driven by operational excellence. New for 2016, we increased the payout opportunity from 150% to 200% of target. This is a reflection of the competitive marketplace which tends to have a 200% maximum payout opportunity on the annual incentive. We believe that through outstanding operations we can deliver the greatest long-term financial returns to our stockholders.

Each NEO's incentive compensation is evaluated based on his or her achievement of specific performance goals relating to the Company's and the applicable business unit's earnings, a business unit scorecard and strategic goals. As noted under Performance and Goals on page 49, while earnings targets may at times be lower than in prior years, we believe they appropriately reflect stretch targets that take into account current industry conditions. Messrs. Levis' and LaRossa's performance goals include a business unit (BU) earnings goal to more align their incentive compensation with their functional responsibilities. Mr. Izzo's incentive compensation is evaluated based on corporate earnings and corporate strategic goals. The incentive compensation for each of Messrs. Cregg, Levis and LaRossa and Ms. Linde was based in part on the achievement of BU scorecard metrics which is comprised of goals based on financial, operational and strategic performance of their respective business units.

All participants had corporate strategic metrics and goals: for Mr. Izzo, operational excellence, financial strength and disciplined investment, with multiple scorecard metrics and goals; for all NEOs, "people strong" (talent retention, continuous improvement and cost savings). Each NEO's performance under each applicable factor-corporate EPS, BU earnings, BU scorecard and strategic goals-could range from zero to 2.0 based on the achievement of pre-determined goals. The payout factor and related targets for 2016 are illustrated below. If actual EPS is between the points shown below, the Corporate Payout Factor is determined using linear interpolation. Each factor is multiplied by the respective individual's weighting shown below. An illustration of the plan mechanics is provided below, which when added together results in an individual's payout as a percent of target incentive. Each NEO's total payout is capped at 200% of target.

Weighting x Corporate EPS (0-200%)	+	Weighting x BU Earnings (0-200%)	+	Weighting x BU Scorecard (0-200%)	+	Weighting x Strategic Goals (0-200%)

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The corporate performance and respective business unit performance (Power and PSE&G) goal targets and payout factors at each target performance level for 2016 are set forth below:

Corporate EPS from Continuing Operations ($)	Power Adjusted Operating Earnings ($Millions)	PSE&G Adjusted Operating Earnings ($Millions)	Payout Factor (#)
<2.58	<502.20	<861.30	0.00
2.58	502.20	861.30	0.50
2.73	540.00	900.00	1.00
2.88	577.80	938.70	1.50
2.94	588.60	956.70	2.00

Except as noted above, no adjustments were made to the results or payout factors. The actual corporate and business unit results and corresponding payout factors for the performance levels achieved for 2016 are set forth below:

Factors	Actual Adjusted Results ($)	Indicative Payout Factor (#)	Adjusted Payout Factor (#)
Corporate EPS(1)	2.71	0.93	-
	($Millions)		
Power(1)	507.60	0.57	-
PSE&G(1)	883.80	0.79	-

(1) As adjusted, as described above under Annual Cash Incentive.

Determination of Individual Payouts

Each element (corporate EPS, BU earnings, BU scorecard and strategic goals) is weighted based on an executive's role, with the intention of balancing business unit and individual performance with corporate performance. The weighting for each of the NEOs for 2016 is detailed below, together with the actual achievement factor attained in 2016:

NEO	Weight and Payout Factor	Corporate EPS	BU Earnings	BU Scorecard	Corporate Strategic Goals	Overall Achievement Factor
Ralph Izzo	*Weight*	75%			25%	
	Achievement	0.93			1.07	0.97
Daniel J. Cregg	*Weight*	75%		15%	10%	
	Achievement	0.93		0.75	1.38	0.95
Ralph A. LaRossa	*Weight*	60%	15%	15%	10%	
	Achievement	0.93	0.79	1.42	0.88	0.98
William Levis	*Weight*	60%	15%	15%	10%	
	Achievement	0.93	0.57	0.98	1.38	0.93
Tamara L. Linde	*Weight*	75%		15%	10%	
	Achievement	0.93		0.77	1.38	0.95

The final step in the process is for the O&CC to make an overall judgment as to the appropriate payout levels for each NEO taking into account the overall achievement factors along with other less quantifiable considerations, such as leadership and success in adapting to a changing external environment and the recommendations of the CEO.

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The SMICP awards of the NEOs for 2016 are shown below and in the 2016 Summary Compensation Table. The O&CC made its determinations regarding SMICP awards for the 2016 performance year in February 2017, for payment in March 2017. It made no modifications to the indicative results of each NEO. Based upon the executive's overall achievement factor, his/her current base salary and target annual incentive opportunity if applicable, each earned the following payout for 2016, as to which we also show the percent relative to salary:

NEO	Base Salary ($)	Target Annual Incentive Percentage (%)	Target Annual Incentive Dollars ($)	Overall Achievement Factor	Modification (if applicable)	Payout Earned(1) ($)	Percent of Salary (%)
Ralph Izzo	1,300,000	120%	1,560,000	0.97	-	1,513,200	116%
Daniel J. Cregg	520,000	75%	390,000	0.95	-	370,500	71%
Ralph A. LaRossa	685,000	75%	513,800	0.98	-	503,500	74%
William Levis	669,500	75%	502,100	0.93	-	467,000	70%
Tamara L. Linde	535,000	65%	347,800	0.95	-	330,400	62%

(1) Reflects rounding.

The O&CC believes that the 2016 goals established for the NEOs provided the appropriate degree of difficulty, based upon the overall economic environment and that the final award determinations are appropriate. To ensure that pay and performance are aligned, the O&CC, with the assistance of CAP, assesses whether the payouts that are earned by the NEOs are consistent with our performance relative to peers.

Long-Term Incentive

NEOs, other officers as determined by the Committee and other key employees, as selected by the CEO within guidelines established by the O&CC, are eligible to participate in the LTIP. This plan is designed to attract and retain qualified personnel for positions of substantial responsibility, motivate participants toward achievement of long-range corporate goals, provide incentive compensation opportunities that are competitive with those of companies with whom we compete for talent and align participants' interests with those of stockholders.

The LTIP, as amended and restated, was approved by our stockholders at the 2013 Annual Meeting. The LTIP provides for different forms of equity awards: restricted stock, RSUs, PSUs and stock options to achieve various objectives. The maximum number of shares that may be awarded under grants to any one individual under the LTIP is 500,000 during any calendar year. In general, since 2010, we have been granting only PSUs and RSUs; however, some recipients of prior year LTIP awards still hold stock options that have not expired. None of the NEOs have any outstanding restricted stock awards. The LTIP prohibits the repricing of stock options and the buy-out by us of underwater stock options for cash.

	Description	Objective
Performance Share Units (PSUs)	Right to receive full value shares that are earned based upon independent metrics measured over a three-year period. Participants have the opportunity to earn from zero to 200% of their target award based on performance. Dividend equivalents are accrued as declared and distributed when underlying awards are earned and distributed.	Rewards for strong financial and stock price performance over a longer time frame than annual rewards. Full value shares assist with retention. Aligns the interests of officers with long-term stockholder value. Metrics and targets align with the business plan.
Restricted Stock Units (RSUs)	Right to receive shares of full value stock at vesting dates. Generally, cliff vest at the end of three years. Dividend equivalents are accrued as declared and distributed when underlying awards are distributed.	Serves as retention device as recipient generally must remain an employee through vesting dates to earn payout. Aligns the interests of officers with long-term stockholder value.

For 2016, PSUs were weighted 40% on TSR relative to peers (rewarding management when we deliver value to stockholders in excess of our peers); 30% weighted on ROIC against our internal goals (rewarding management for effective deployment of capital); and 30% weighted on ROIC relative to peers (rewarding management for managing our business and capital better than

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our peers). For 2017, we removed ROIC against internal goals, as we concluded that the equal weighting of relative TSR and relative ROIC better aligned executive incentive compensation with the interests of stockholders. In addition to the increased emphasis on relative performance compared to peers, for 2017 we have increased the mix of PSUs compared to RSUs that are awarded to 70%/30% for all NEOs. For 2016, the split was 64%/36% for our CEO and 60%/40% for our other NEOs.

The CEO develops recommendations for LTIP awards for each NEO, with the exception of himself and submits these recommendations to the O&CC for approval. Factors that are considered in the determination of award amounts are:

- The competitive market as defined by the peer group, which in general is targeted around median;
- An individual's role and responsibilities within the Company;
- Contribution of the executive; and
- How critical the role is to the organization and need to retain the individual.

In general, when making LTIP grants, the O&CC's determinations are made independently from any consideration of the individual's prior LTIP awards. The value of an executive's current holdings is not a consideration, though it is reviewed periodically by the O&CC. With respect to the CEO, the O&CC develops a recommended award opportunity in consultation with CAP and submits the proposal to the Board. Grants are typically made each February.

RSUs cliff vest at the end of three years. However, for retirement eligible employees, RSUs vest one-twelfth for each month of service beginning in the year of the grant of the RSUs and are fully vested at the end of that year. PSUs are denominated in units of Common Stock and are subject to achievement of certain performance goals over a three-year period. PSU, are payable as determined by us in shares of our Common Stock or cash. PSUs vest at the end of the performance period. However, for retirement eligible employees, PSUs vest one-thirty sixth for each month of service beginning in the year of the grant of the PSUs and are fully vested at the end of the performance period. Unvested RSUs and PSUs are forfeited upon retirement or termination of service.

Impact of Company Performance on Prior Year's Performance Awards

LTIP awards of PSUs made for the three-year performance period ended December 31, 2016 were reported in our Proxy Statements (other than for Mr. Cregg who was not a NEO at the time of such report) at fair value at the time of the grants. These PSU grants were subject to the achievement of goals related to relative TSR and absolute and relative ROIC over a three-year performance period ended December 31, 2016. Based on the performance results for that period, Messrs. Izzo, LaRossa and Levis and Ms. Linde will receive payment in 2017 of shares of our Common Stock equal to 173% (see table below) of the grant target amounts. Although Mr. Cregg and Ms. Linde were not NEOs at the time they received their LTIP awards in February 2014, we have included their payouts in 2017 for the performance period.

Each metric is independent and weighted differently. TSR relative to the peer group was selected as it provides alignment with our stockholders and provides the incentive to deliver a return to stockholders greater than that of our peers. ROIC was used to ensure that we are effectively using our capital base and to hold management accountable for delivering returns that are in line with our business plan, but also are competitive with that of peer companies. We determine ROIC by dividing Net Income (adjusted for interest expense, excluding amounts related to securitized debt) by debt and equity (adjusted for securitized debt). Similar to the annual incentive plan, in determining actual results, we adjusted ROIC vs. internal goals for compensation purposes to exclude from results the impact of closing the Hudson and Mercer coal/gas units and charges related to certain Energy Holdings leveraged leases. This had the effect of increasing the payout. We did not make this adjustment in measuring ROIC vs. peers. Based upon performance relative to the peer group on TSR and ROIC and three-year average ROIC vs. our internal goals, executives can earn a stock award of between zero and 200% of their target. We believe that each of the goals we establish represent a significant degree of difficulty that reward strong performance, with sharp drop-offs in payments for lower rankings.

Recipients will receive 100% of their grant amount if:

- For the three-year performance period TSR places us at rank 10 of 20 of the peer group;
- For the three-year performance period ROIC places us at rank 9 of 20 of the peer group; and
- For the three-year performance period, our ROIC meets a pre-set target based on our business plan.

Payment, if any, is made early in the year following the end of the performance period, once results are reviewed and approved by the O&CC. Dividend equivalents are accrued over the performance period and paid in shares of Common Stock in relation to the number of shares earned based on results for the performance period. Upon retirement, death or disability, PSUs are prorated for each month of service during the performance period and paid following the end of the period based on actual performance.

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For these grants, the performance schedule for relative TSR, which comprises 40% of the PSU award, is based on the relative rank within the peer group. Shown below are the ranks and payout factors at threshold, target and maximum levels and our actual rank for this period:

TSR Performance vs. Peers(1)	Percent Payout Factor for TSR Component (%)
Rank: 5	200.0
Rank: 10	100.0
Rank: 15	20.0
Rank: 16	0.0
Actual Rank: 7	160.0

(1) TSR performance is measured by comparing our numerical ranking among peer group companies in respect to the TSR performance component. For 2014 grants, the peer group consisted of us and 19 companies.

For these grants, the performance schedule for relative ROIC, which comprises 30% of the PSU award, is based on the relative rank within the peer group. Given that our ROIC has historically exceeded that of our peers, we set the payout scale to deliver above target only when performance is well above the peer median. Shown below are the ranks and payout factors at threshold, target and maximum levels and our actual rank for this period:

ROIC Performance vs. Peers(1)	Percent Payout Factor for ROIC Component (%)
Rank: 3	200.0
Rank: 9	100.0
Rank: 13	50.0
Rank: 14	0.0
Actual Rank: 1	200.0

(1) ROIC performance is measured by comparing our numerical ranking among peer group companies in respect to the ROIC performance component. For 2014 grants, the peer group consisted of us and 19 companies.

For these grants, the performance schedule for ROIC vs. business plan, which comprises 30% of the PSU award, is detailed below:

ROIC Performance vs. Plan	3 Year Average ROIC (%)	Payout (%)(1)
Maximum (115% of Goal)	8.3	200.0
Target	7.2	100.0
Threshold (85% of Goal)	6.1	25.0
Actual(2)	7.9	164.0

(1) Payout percentage above and below target will be interpolated based on the three-year average.
(2) Excludes the impact of closing the Hudson and Mercer units and charges related to certain Energy Holdings' leveraged leases.

Actual results of the three-year period ended December 31, 2016 were:

Actual Results	Payout%
TSR Ranking: 7 out of 20	160.0
ROIC Ranking: 1 out of 20	200.0
ROIC Actual 3-year Average: 7.9	164.0
Overall PSU Payout Factor (rounded)	173.0

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Determination of Individual Payouts

Based on these results, participants earned a PSU payout of 173%. The dollar amount of each payout, made in shares of our Common Stock, is shown below, calculated using the average of the high and low price of our Common Stock on March 2, 2017, $45.52. These amounts are reported in the Option Exercises and Stock Vested during 2016 Table below.

NEO	PSUs Granted (#)	PSUs Earned (#) (1)	PSUs Payout ($) (1)
Ralph Izzo	88,450	171,232	7,794,481
Daniel J. Cregg(2)	2,250	4,356	198,285
Ralph A. LaRossa	15,450	29,910	1,361,503
William Levis	17,000	32,910	1,498,063
William Levis(3)	25,750	49,850	2,269,172
Tamara L. Linde(4)	2,600	5,033	229,102
Tamara L. Linde(5)	3,250	6,175	281,086

(1) Reflects rounding and includes accrued dividend equivalents earned.
(2) Grant made prior to Mr. Cregg becoming CFO.
(3) Represents retention award.
(4) Grant made prior to Ms. Linde becoming EVP & General Counsel.
(5) Represents promotional award.

2016 Grants

The structure of the long-term incentive is consistent with the prior grants as described above, in the form of 60% PSUs and 40% RSUs vesting at the end of three years with the exception of the CEO whose mix was 64% PSUs and 36% RSUs. The mix between PSUs and RSUs was determined based on our desire to provide the majority of long-term incentives in a performance-based vehicle while providing for strong retention during a challenging period in the industry. The greater emphasis on PSUs places more of our NEOs' potential compensation payouts at risk. Grants are typically made each February.

The amounts approved in February 2016 for the NEOs are for the three-year performance period ending December 31, 2018 and are shown in the 2016 Grants of Plan-Based Awards Table. These awards are also reported in the Summary Compensation Table at the grant date fair value. Payouts, if any, will be based on the same performance measures and goals discussed above with respect to payments made on prior years' awards and will be disclosed when the applicable performance period is completed.

Deferred Compensation Plan

We offer a deferred compensation plan to our officers, including the NEOs, so they can more effectively manage their personal tax obligations. Participants may elect to defer all or any portion of their cash compensation and may choose from among several different investment options based upon the choices available in our 401(k) Plan (except the Company Stock Fund and the Schwab Personal Choice Retirement Account), as well as a market-based rate of Prime plus 1/2%, capped at 120% of the applicable federal long-term rate.

We also have a plan to permit deferral of equity compensation. Generally, the election to defer shares underlying an equity award must be made before the services giving rise to the equity award are performed. Deferred shares are held in a Rabbi Trust.

Additional details about these deferred compensation plans are provided in the descriptions following the Non-Qualified Deferred Compensation Table.

Perquisites

We provide certain perquisites that we believe are reasonably within compensation practices of our peers or provide benefit to us, such as providing an appropriate degree of personal security to executives with a high public profile and allowing the executive to be productive while commuting. These include automobile use (and for the CEO, a driver), stipend, reimbursement of relocation expenses, annual physical examinations, limited personal and spousal travel, including use of aircraft (in accordance with the policy we have established and with CEO approval), home security, charitable contributions on behalf of the individual and limited personal entertainment. These perquisites are described in the 2016 Summary Compensation Table, as applicable.

We do not provide a tax gross-up of personal benefit amounts deemed to be taxable income under federal or state income tax laws and regulations, except for certain relocation expenses, primarily in the case of newly-hired executives.

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Retirement Benefits

All employees, including the NEOs, receive certain qualified retirement benefits under the Pension Plan of PSEG (Pension Plan), which provides either a traditional defined benefit pension (Final Average Pay Component) or a cash balance defined benefit pension (Cash Balance Component). We do this in order to maintain practices that are competitive with companies in the energy services industry with which we compete for executive talent. The nature of the individual's Pension Plan benefit depends upon the date of hire. Messrs. Izzo, Cregg and LaRossa and Ms. Linde participate in the Final Average Pay Component as they each began employment before January 1, 1996. Mr. Levis participates in the Cash Balance Component as he was hired after that date.

In addition to the qualified plan, we provide certain nonqualified retirement benefits under the Retirement Income Reinstatement Plan (Reinstatement Plan) and the Supplemental Executive Retirement Income Plan (Supplemental Plan). We maintain these plans to provide competitive retirement benefits, to assist in the recruitment and retention of key employees.

- The Reinstatement Plan is an unfunded non-qualified retirement plan that provides retirement benefits that would have been paid under our qualified retirement plan but for the limitations of the IRC which caps the amount of an employee's compensation that may be considered for qualified plan purposes. All employees who are affected by the compensation limit are eligible to participate in this plan. SMICP amounts and deferred amounts are also included in computing benefits under this plan.
- The Supplemental Plan is an unfunded non-qualified retirement benefit plan that provides supplemental limited retirement and death benefits to participants nominated by the CEO and designated by our Employee Benefits Policy Committee. It also provides retirement benefits based upon additional credited years of service for prior allied professional or industrial experience to employees selected by the CEO. The Supplemental Plan is primarily used as a recruitment and retention tool. In 2011, the O&CC determined that we will no longer offer any additional years of credited service under the Supplemental Plan to individuals not previously provided with that benefit.

All of our NEOs participate in the Reinstatement Plan and all except Mr. Cregg and Ms. Linde participate in the additional limited benefit provisions of the Supplemental Plan. As described in the Pension Benefits Table, as part of his hiring, Mr. Izzo is eligible to receive additional years of credited service.

Additional information is provided in the Pension Benefits Table and the accompanying narrative, below. Amounts reported for 2016 reflect changes in the discount rate, as well as actuarial changes, which impacted the benefit calculations.

We also maintain a defined contribution 401(k) Plan and provide a partial employer matching contribution for 401(k) Plan participants.

Severance and Change-In-Control Benefits

We provide severance benefits in the event of certain employment terminations. These benefits are available to officers, including the NEOs, in order to be competitive with the companies in our industry and provide a level of financial security to the executive in periods of uncertainty in the event of a termination without cause. All of our NEOs participate in our Key Executive Severance Plan. Mr. Izzo is also eligible for certain other severance benefits, as described under Potential Payments Upon Termination of Employment or Change-In-Control.

We provide severance benefits upon a change-in-control to officers, including the NEOs. A change-in-control is by its nature disruptive to an organization and its executives. Executives are frequently key players in the success of organizational change. To assure the continuing performance of such executives and maintain stability and continuity in the face of a possible termination of employment in the event of a change-in-control, we provide a competitive severance package. In addition, some executives, who may be key parties to such transaction, may have their employment terminated following its completion. A severance plan with benefits applicable upon a change-in-control is an important element for attracting and retaining key executives in a marketplace where such protection is common.

Neither our Key Executive Severance Plan nor Mr. Izzo's severance agreement provide for gross-up payments from us in the event that any NEO or other participant is subject to an excise tax related to receipt of a change-in-control payment. Both the Key Executive Severance Plan and Mr. Izzo's severance agreement include a "double-trigger" provision on benefits, which are paid only in the event of termination of employment following a change-in-control. Performance share unit payments, if any, are prorated. No benefits are paid in the event of a termination for cause.

Severance and change-in-control benefits are described under Potential Payments Upon Termination of Employment or Change-in-Control.

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Executive Compensation Governance Features and Controls

Independent Compensation Consultant

The O&CC has retained CAP to provide information, analyses and advice regarding executive and director compensation, as described in this Proxy Statement. CAP reports directly to the O&CC and the O&CC has established procedures that it considers adequate to ensure that CAP's advice is objective and not influenced by management. These procedures include an agreement specifying what information can and cannot be shared with management. In addition, CAP regularly meets with the O&CC in executive session, without the presence of management. CAP provides only executive compensation consulting services, as described below.

At the O&CC's direction, CAP provided the following services:

- Evaluated the competitive positioning of our NEOs' base salaries, annual incentive and long-term incentive compensation relative to our peers and compensation philosophy;
- Advised the O&CC on CEO and other NEO salaries and target award levels within the annual and long-term incentive programs;
- Reviewed our annual and long-term incentive programs to ensure they continue to be aligned with our compensation philosophy and business strategy, drive performance and consider market practices;
- Briefed the O&CC on executive compensation trends among our peers and broader industry and compared them to our current practices;
- Analyzed the results of the stockholder advisory say-on-pay vote, for PSEG and peers;
- Informed the O&CC on changes in the regulatory environment as they relate to executive compensation;
- Reviewed the composition of our Peer Group;
- Advised the O&CC on the performance measures and performance targets for the annual and long-term incentive programs and advised on the payout leverage (the extent of the pay opportunity and the degree of difficulty) for the plans;
- Presented a CEO compensation proposal to the O&CC;
- Reviewed our total share usage and "burn rate" for the LTIP;
- Conducted an assessment to determine whether any elements of our employee compensation programs encourage the taking of excessive risk;
- Advised on issues related to shareholder advisory groups;
- Validated the pay for performance alignment of the compensation programs;
- Evaluated our share ownership guidelines relative to our peers and broader industry;
- Assessed the competitiveness of director compensation for the Corporate Governance Committee and recommended changes; and
- Reviewed and commented on this CD&A.

In the course of conducting its activities, CAP attended four meetings of the O&CC in 2016 and presented its findings and recommendations for discussion.

Management also retains a compensation consultant, Pay Governance, to provide market compensation data for our officers, including the NEOs. This data is made available to CAP.

Compensation Risk Assessment

In 2016, CAP, in consultation with management reviewed our compensation programs to assess the potential of whether they encourage individuals to take excessive risks. The risk assessment included a full inventory of all incentive compensation plans in the organization, including their design, metrics, goals and operation and a review of business and operational risks and governance and oversight practices and internal controls. Our Vice President and Chief Risk Officer, as well as our internal compensation professionals under the supervision of our Senior Vice President-Human Resources, participated in this process. Management and CAP reviewed this assessment with the O&CC. In addition, final decisions regarding our executive compensation policies and programs, as well as specific approval of individual NEO compensation, are determined by the O&CC,

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all of whose members are independent of management and, as appropriate, the full Board, all of whose members, except our CEO, are independent of management. Based on this review, the O&CC determined that the programs do not create an incentive for individuals to take excessive risks which are reasonably likely to have an adverse effect on us.

Compensation Risk Assessment Factors

- There are strong governance processes and controls in place at the senior leadership levels under the oversight of the O&CC and, where appropriate, the full Board.
- We provide a balanced total compensation package that includes fixed compensation (i.e., salary and benefits) and at-risk compensation (i.e., annual and long-term incentive).
- Changes to our incentive compensation plans for 2016 were reflective of market.
- Long-term incentives vest over a multi-year timeframe.
- There are caps on the total amount of incentive compensation that can be earned and paid out annually.
- Multiple dimensions of performance are used in the incentive structure, including:
  - A balanced scorecard;
  - EPS for corporate financial performance;
  - Earnings for business unit performance; and
  - Key strategic and operational metrics that specifically address identified risks.
- We use PSUs, with payout as determined by ROIC and TSR.
- Incentive plan formulas, performance measures/goals and corresponding payment scales are reviewed by CAP and approved each year by the O&CC.
- Executives receive a significant portion of their compensation in the form of equity, which discourages them from making short-term decisions that may result in long-term harm to the organization.
- Our stock ownership and retention policy further discourages a short-term focus and, under our insider trading policy, all transactions in our Common Stock by officers need pre-clearance by the General Counsel's office.
- We have clawback provisions, requiring forfeiture or repayment of incentive amounts, in certain circumstances, as described below.
- Our corporate culture demands the highest level of ethical behavior and requires all employees to take ethics training annually.
- We have strong policies in place to govern financial and enterprise risk, as discussed above in Risk Management Oversight.

Role of CEO

The CEO attends O&CC meetings, other than executive sessions. Other executive officers and internal compensation professionals may attend portions of O&CC meetings, as requested by the O&CC. The CEO recommends changes to the salaries of his direct reports (who include the NEOs). The CEO develops and the O&CC considers these recommendations in the context of the respective executives' individual performance, experience in role, competitiveness of salary vs. peer group and internal equity among executives. The CEO recommends incentive compensation targets (expressed as a percentage of base salary) for the SMICP and LTIP grants for his direct reports as well as the associated goals, objectives and performance evaluations. The CEO participates in the O&CC's discussions of those recommendations.

The CEO reviews the design and effectiveness of compensation policies and programs and the analyses and recommendations of CAP in light of general industry practices and in comparison to the peer group trends. The CEO also reviews such compensation matters with our internal compensation professionals. Recommendations for changes are made to the O&CC as deemed appropriate by the CEO. The O&CC believes that the role played by the CEO in this process is appropriate because the CEO is uniquely suited to evaluate the performance of his direct reports.

Hedging and Pledging

We have a policy which prohibits officers, including NEOs, from hedging, short-selling or pledging our Common Stock.

Trading Pre-clearance

Under our Insider Trading Practice, all of our officers, including the NEOs, are required to obtain pre-clearance from the Office of the General Counsel prior to engaging in any transaction involving our Common Stock. In addition, our Insider Trading Practice does not permit any such transactions except during "open window" periods or pursuant to pre-established plans. These are limited times following the public release of earnings and disclosure of material information.

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Clawbacks

In December 2015 we codified our current policies/practices into a single clawback practice with a three-year look-back, which:

- Applies to all incentive compensation to all non-represented employees;
- Applies in the event of (i) a restatement of financial statements, or (ii) recalculation of incentive compensation, in each case resulting from the employee's misconduct, or (iii) an employee's act or omission which constitutes a material violation of our Standards that results in termination of employment; and
- Is administered by the O&CC as to officer compensation.

Actual grants may contain additional provisions, such as recoupment for violations of non-compete, non-solicitation or confidentiality agreements. We anticipate adjusting the terms of our clawback practice as may be needed to comply with the Dodd-Frank Act once final guidance is released from the SEC.

Employment Agreements

We have entered into written agreements with Messrs. Cregg and Levis and Ms. Linde and a severance agreement with Mr. Izzo. These are discussed following the Grants of Plan-Based Awards Table.

Stock Ownership and Retention Policy

In order to strengthen the alignment of the interests of management with those of stockholders, we have established a Stock Ownership and Retention Policy (Policy) applicable to selected officers, including the NEOs. Each officer must maintain ownership of a sufficient number to shares of our Common Stock having a market value equal to the applicable prescribed multiple of such officer's annual base salary. The required amount must be acquired within five years.

Stock Ownership as Multiple of Base Salary	
CEO	6x
Other NEOs	3x

What Counts Toward the Requirement	What Does Not Count Toward the Requirement
• PSEG shares owned personally or jointly, through a broker or in Enterprise Direct or the ESPP • Shares held in trusts • Restricted stock and RSUs (vested or unvested) • Shares held in the PSEG 401(k) Plan	• Unexercised stock options • Unearned performance share units

Each officer must retain at least 100%, after tax and costs of issuance, of all shares acquired through equity grants made subsequent to the adoption of the Policy, including the vesting of restricted stock or RSU grants, payout of PSU awards and exercise of option grants, until his or her ownership requirement is met. Further, once an executive officer who is subject to Section 16(a) of the Exchange Act, including each NEO, attains his or her required level of stock ownership, he or she must retain 25%, after tax and costs of issuance, of vested shares received from equity awards granted thereafter, until retirement or his or her employment otherwise ends.

The Senior Vice President-Human Resources reports annually to the O&CC on the status of each officer's compliance with the Policy. In the event an officer is not in compliance with any provision of the Policy, the O&CC may take such action as it deems appropriate, consistent with the provisions of our compensation plans and applicable law and regulations, to enable the officer to achieve compliance at the earliest practicable time or otherwise enforce the Policy. Such action may include establishing conditions with respect to requiring all or part of any SMICP or LTIP award to be held in shares. The O&CC may vary the application of the provisions of the Policy for good cause or exceptional circumstances.

The Policy was not a factor considered by the O&CC in making the 2016 grants under the LTIP.

Messrs. Izzo, Cregg, LaRossa and Levis and Ms. Linde each have met their respective requirement.

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Accounting and Tax Implications

The O&CC has considered the effect of Financial Accounting Standards Board Accounting Standards Codification Topic 718 (see Note 17 to Consolidated Financial Statements included in our Form 10-K) regarding the expensing of equity awards in determining the nature of the grants under the LTIP. The O&CC, with the assistance of CAP, reviews the competitiveness of the NEOs' LTIP grants, as measured against the peer group, using grant date fair values and approves grants to the NEOs accordingly as reported above in Long-Term Incentive.

The O&CC considers the tax-deductibility of our compensation payments. IRC Section 162(m) generally denies a deduction for United States Federal income tax purposes for compensation in excess of $1 million for persons named in the proxy statement (other than the CFO), except for qualifying performance-based compensation pursuant to stockholder-approved plans. Stockholder approval of the SMICP was received at the 2002 Annual Meeting of Stockholders. As a result, we believe that payment of qualifying performance-based compensation in accordance with the terms of this plan would not be subject to the Section 162(m) limitation on deductions. Payments under the LTIP, if any are earned, on PSUs granted during the five-year period following stockholder approval of the LTIP at the 2013 Annual Meeting are not expected to be subject to the limitation and should qualify for tax-deductibility under Section 162(m).

Further, the O&CC believes that RSUs are valuable components of incentive compensation as they align the interest of the recipients with those of stockholders. However, because the vesting of such grants is not performance-based, restricted stock and RSU grants are subject to the limitation on deductibility under Section 162(m).

Amounts deferred by the NEOs are not included in the Section 162(m) calculations during the deferral period because they are not otherwise deductible under applicable tax law. In light of Section 162(m), as well as certain NYSE rules, the Board's general policy is to present incentive compensation plans in which executive officers participate to stockholders for approval. However, the O&CC and the Board reserve the right to not seek such approval and to award incentive and other compensation that is not structured so as to be exempt from the deduction limit of Section 162(m), if they determine that such arrangements are in the best interests of the Company and our stockholders.

The O&CC will continue to evaluate executive compensation and the flexibility that is desirable in administering our executive compensation program in accordance with our compensation philosophy. As a consequence of the adjustments of the calculation of ROIC vs. plan in determining PSU payout under the LTIP, discussed above, the 2016 payout for the three-year performance period ended December 31, 2016 will not be deductible under Section 162(m) for any of the NEOs to the extent any such amounts would be included under the applicable rules regarding computation of 162(m) compensation. In 2016, a portion of Messrs. Izzo's, LaRossa's and Levis' compensation reported in this Proxy Statement exceeded the limit and are not deductible.

COMPENSATION COMMITTEE REPORT

The Organization and Compensation Committee of the Board of Directors has reviewed and discussed the Compensation Discussion and Analysis included in this Proxy Statement with management and with Compensation Advisory Partners LLC, the Committee's compensation consultant. Based on such review and discussions, the Organization and Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement.

Members of the Organization and Compensation Committee:

David Lilley, Chair
Willie A. Deese
Albert R. Gamper, Jr.
William V. Hickey
Shirley Ann Jackson
Richard J. Swift

February 20, 2017

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2016 SUMMARY COMPENSATION TABLE

The following table summarizes the compensation of our NEOs for the years shown. The NEOs are our CEO, CFO and three most highly compensated executive officers in 2016.

Name and Principal Position(1)	Year	Salary ($) (2)	Bonus ($)	Stock Awards ($)(3)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)(4)	Change in Pension Value and Non-Qualified Deferred Compensation Earnings ($)(5)	All Other Compensation ($)(6&7)	Total ($)
Ralph Izzo	2016	1,298,269		6,375,044		1,513,200	603,000	78,466	9,867,979
Chairman of the Board,	2015	1,245,386		5,725,546		2,085,000	-	151,315	9,207,247
President & CEO	2014	1,142,307		5,723,686		1,636,100	2,459,000	76,551	11,037,644
Daniel J. Cregg	2016	520,000		850,045		370,500	320,000	29,154	2,089,699
EVP & CFO	2015	333,024		174,002		261,400	63,000	14,627	846,053
Ralph A. LaRossa	2016	684,308		1,250,016		503,500	525,000	40,128	3,002,952
President & COO	2015	663,770		1,249,548		703,300	215,000	45,326	2,876,944
(PSE&G)	2014	640,866		1,000,178		604,800	682,000	60,590	2,988,434
William Levis	2016	668,825		1,250,016		467,000	252,000	52,751	2,690,592
President & COO	2015	650,000		1,249,548		653,300	-	36,968	2,589,816
(Power)	2014	669,540		2,100,614		583,600	737,000	135,030	4,225,784
Tamara L. Linde	2016	533,789		850,045		330,400	355,000	30,640	2,099,874
EVP &	2015	499,078		698,931		451,800	124,000	28,798	1,802,607
General Counsel	2014	397,010		438,705		305,100	460,000	17,559	1,618,374

(1) Mr. Cregg was elected to his current position effective October 8, 2015. 2015 amounts shown for Mr. Cregg include amounts with respect to his previous position with us.

(2) Amounts shown are actual payments based on annualized salary. Therefore, actual paid salaries shown here differ from annual salaries shown in the CD&A. 2014 salaries include one additional pay period for 2014 which was applicable to all employees. Mr. Cregg deferred $150,000 of his 2016 salary.

(3) The amounts shown reflect the grant date fair value of the awards. For a discussion of the assumptions made in valuation, see Note 18 to the Consolidated Financial Statements included in our Form 10-K. 2016, 2015 and 2014 LTIP awards were granted in February of each year and in June 2014 for Ms. Linde at the time of her promotion to her current position. 2016 awards are discussed in the CD&A and consist of PSUs and RSUs. PSU value is shown at the target amount. Actual value of the shares received upon vesting of RSUs depends upon the price of our Common Stock. Payout value of the PSUs earned at the conclusion of the three-year performance period may be less than or exceed the grant date fair value, dependent upon achieving TSR and ROIC performance factors. More detailed information is provided in the CD&A. The respective amounts below represent the grant date fair value of PSUs at target and maximum amounts.

	2016		2015		2014	
	Value at Target (100%) ($)	Value at Maximum (200%) ($)	Value at Target (100%) ($)	Value at Maximum (200%) ($)	Value at Target (100%) ($)	Value at Maximum (200%) ($)
Ralph Izzo	4,085,006	8,170,012	3,435,758	6,871,516	3,434,514	6,869,028
Daniel J. Cregg	510,035	1,020,070	86,772	173,544		
Ralph A. LaRossa	750,014	1,500,028	749,958	1,499,916	599,924	1,199,848
William Levis	750,014	1,500,028	749,958	1,499,916	1,659,983	3,319,966
Tamara L. Linde	510,035	1,020,070	419,398	838,796	243,666	487,332

(4) As discussed in the CD&A, amounts awarded were earned under the SMICP (and MICP for 2015 for Mr. Cregg and 2014 for Ms. Linde) and determined and paid in the following year. Mr. Cregg deferred $111,150 of his 2016 SMICP.

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(5) Includes the change in the actuarial present value of accumulated benefit under defined benefit pension plans and supplemental executive retirement plans between calendar years 2016 and 2015, 2015 and 2014, and 2014 and 2013, determined by calculating the benefit under the applicable plan benefit formula for each of the plans, measured at December 31 of each year, based on years of credited service, earnings in effect at the respective measurement dates, applicable interest rates and other assumptions as discussed in Note 12 to the Consolidated Financial Statements included in our Form 10-K. If the aggregate change in pension plan values is negative, it is shown as zero. The changes are as follows:

	Izzo ($)	Cregg ($)	LaRossa ($)	Levis ($)	Linde ($)
2016	603,000	320,000	525,000	252,000	355,000
2015	-	63,000	215,000	-	124,000
2014	2,459,000		682,000	737,000	460,000

Note that Mr. Izzo's amounts for 2016 and prior years above reflect a change in methodology in determining the Supplemental Plan benefit for all similarly situated participants.

Any interest earned under the Deferred Compensation Plan at the prime rate plus 1/2% did not exceed 120% of the applicable long-term rate for any of the NEOs in 2016, 2015, or 2014.

(6) For 2016, depending on the individual, includes perquisites and personal benefits which include (a) automobile and related expenses, (b) physical examinations, (c) home security systems, (d) limited personal and spousal travel, (e) personal entertainment and (f) charitable contributions on behalf of the individual. For automobiles, the pro rata personal usage value of the vehicle lease cost based on the IRS Annual Lease Value Table was used or a stipend; for parking, the market value for the parking space was used; for the driver, actual pro-rata expense was used for the time devoted to CEO commuting and personal use. One NEO received a perquisite in 2016 that exceeded the greater of $25,000 or 10% of his/her total perquisite and personal benefit amount: Mr. Izzo received home security services in the amount of $45,479.

(7) Includes the employer matching contribution to our 401(k) Plan at the same percentage generally available to all employees. For 2016, these amounts were:

	Izzo ($)	Cregg ($)	LaRossa ($)	Levis ($)	Linde ($)
401(k) Company Match	10,600	10,600	10,600	10,600	10,600

2016 GRANTS OF PLAN-BASED AWARDS TABLE

The following table provides information on plan-based awards made to our NEOs for 2016.

			Estimated Possible Payouts Under Non-Equity Incentive Plan Awards(2)			Estimated Future Payouts Under Equity Incentive Plan Awards(3)						
Name and Type of Award(1)	Grant Date(1)	Plan	Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)	All Other Stock Awards; Number of Shares of Stock or Units (#)(4)	All Other Option Awards; Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock and Option Awards ($)(5)
Ralph Izzo		SMICP	780,000	1,560,000	3,120,000							
PSUs	2/16/2016					0	89,095	178,190				4,085,006
RSUs	2/16/2016								54,434			2,290,038
Daniel J. Cregg		SMICP	195,000	390,000	780,000							
PSUs	2/16/2016					0	11,124	22,248				510,035
RSUs	2/16/2016								8,082			340,010
Ralph A. LaRossa		SMICP	256,900	513,800	1,027,600							
PSUs	2/16/2016					0	16,358	32,716				750,014
RSUs	2/16/2016								11,885			500,002
William Levis		SMICP	251,100	502,100	1,004,200							
PSUs	2/16/2016					0	16,358	32,716				750,014
RSUs	2/16/2016								11,885			500,002
Tamara L. Linde		SMICP	173,900	347,800	695,600							
PSUs	2/16/2016					0	11,124	22,248				510,035
RSUs	2/16/2016								8,082			340,010

(1) Relates to equity awards (PSUs and RSUs), all of which were made under the LTIP.

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(2) Represents possible payouts under SMICP for 2016 performance. The actual payouts on the awards were determined in February 2017 and paid thereafter, as reported in the 2016 Summary Compensation Table.

(3) Represents LTIP award of PSUs described below.

(4) Represents LTIP award of RSUs described below.

(5) Represents the grant date fair value of the equity award. For a discussion of the assumptions made in valuation, see Note 18 to the Consolidated Financial Statements included in our Form 10-K.

Material Factors Concerning Awards Shown in Summary Compensation Table, Grants of Plan-Based Awards Table and Employment Agreements

SMICP

The plan-based awards for annual cash incentive compensation included in the 2016 Summary Compensation Table were paid in 2017 with respect to 2016 performance under the terms of the SMICP. The range of possible awards for each NEO in relation to his/her target award is set forth in the Grants of Plan-Based Awards Table above. An explanation of the SMICP and performance goals, measures and performance factors achieved are described under Annual Cash Incentive in the CD&A.

LTIP

As explained in the CD&A and shown above, LTIP awards were made to NEOs in February 2016 in the form of RSUs and PSUs. The RSUs cliff vest after three years. The three-year performance period for the PSUs ends December 31, 2018, with payment, if any, made the following year. The range of possible payouts for each NEO in relation to his/her target award is set forth in the table above. Payments of awards granted in February 2014 will be made in 2017 based on performance for the three-year period that ended on December 31, 2016. Further explanation of PSU payment determination is set forth under Long-Term Incentive in the CD&A. For further information about vesting, see Potential Payments Upon Termination of Employment or Change-In-Control below.

No stock options have been granted since 2009. Some options granted in previous years are still outstanding as reported in the Outstanding Equity Awards at Year-End Table. Grants were made with an exercise price equal to the NYSE closing price on the date of grant for a ten-year term. No discounted options may be granted and no repricings may be done without stockholders' approval.

Employment Agreements

The CEO and each NEO receives an annual salary review, participates in the SMICP and LTIP, and in the Supplemental Plan and the Key Executive Severance Plan. Mr. Izzo has entered into a severance agreement, the terms of which are discussed below under Potential Payments Upon Termination of Employment or Change-in-Control. Mr. Levis will receive a lump sum present value payment equal to the employer health and welfare benefits contribution for which he would have been eligible if employed by us prior to 1996, pursuant to his agreement. Mr. Levis entered into an amendment to his agreement to adjust his benefits that accrue after December 31, 2011 under the Supplemental Plan to provide for a calculation reducing the benefit to be based on the highest seven-year average rather than the highest five-year average, in alignment with changes generally applicable to other plan participants, including Messrs. Izzo, Cregg and LaRossa and Ms. Linde.

For additional information regarding severance benefit provisions, see Potential Payments Upon Termination of Employment or Change-in-Control.

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OUTSTANDING EQUITY AWARDS AT YEAR-END (12/31/16) TABLE

The following table lists all outstanding awards, consisting of stock options, PSUs and RSUs, as of December 31, 2016 for our NEOs.

Name and Option Grant Date	Number of Securities Underlying Unexercised Options Exercisable (#)(1)	Number of Securities Underlying Unexercised Options Unexercisable (#)(1)	Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)(2)	Option Expiration Date	Number of Shares or Units of Stock that have Not Vested (#)(3)	Market Value of Shares or Units of Stock that have Not Vested ($)(4)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights that have Not Vested (#)(5)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units, or Other Rights that have Not Vested ($)(6)
Ralph Izzo								91,488	4,014,493
12/18/2007	199,800			48.2050	12/18/2017				
12/16/2008	233,400			30.0300	12/16/2018				
12/14/2009	347,900			33.4900	12/14/2019				
Daniel J. Cregg						13,553	594,706	13,802	605,632
Ralph A. LaRossa								17,833	782,512
12/18/2007	33,000			48.2050	12/18/2017				
William Levis						39,072	1,714,479	17,833	782,512
6/19/2007	3,500			44.4350	6/19/2017				
12/18/2007	42,000			48.2050	12/18/2017				
Tamara L. Linde						21,917	961,718	22,480	986,422

(1) Grants made on the dates shown under the LTIP of non-qualified options to purchase our Common Stock. Options vested 25% annually over four years on the grant date anniversary. All options have fully vested.

(2) Closing price on NYSE on grant date.

(3) The vesting schedule for unvested RSUs is shown below. Dividend equivalents accrue on RSUs at the regular dividend rate and are paid in shares of Common Stock at vesting. Messrs. Izzo, LaRossa and Levis are retirement eligible; therefore their annual RSUs are fully vested. Unvested retention awards forfeit upon retirement.

	RSU Vesting Schedule				
	Grant Date	2017 (#)	2018 (#)	2019 (#)	Total (#)
Daniel J. Cregg	2/18/2014	2,798			
	2/17/2015		2,372		
	2/16/2016			8,383	13,553
William Levis	12/20/2011	39,072 (a)			39,072
Tamara L. Linde	2/18/2014	2,745			
	6/16/2014	3,189 (b)			
	2/17/2015		7,600		
	2/16/2016			8,383	21,917

(a) Represents retention award.

(b) Promotion Award. Follows same vesting schedule as February 2014 RSU's.

(4) Value represents number of shares or units multiplied by the closing price on the NYSE on December 30, 2016 of $43.88.

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(5) The vesting schedule for unvested PSUs is shown below. PSUs awarded under the LTIP are earned based on a three-year performance period. Payment, if any, is made in the first quarter of the year following the end of the performance period. The vesting schedule below shows the number of unvested PSUs at target and maximum and includes accrued dividend equivalents. PSUs for retirement eligible NEO's (Messrs. Izzo, LaRossa and Levis) vest 1/36 in their award each month over the three-year performance period. For further explanation of PSUs, see the CD&A.

		PSU Vesting Schedule					
	Grant Date	Target 2017 (#)	Maximum 2017 (#)	Target 2018 (#)	Maximum 2018 (#)	Target Total (#)	Maximum Total (#)
Ralph Izzo	2/17/2015	29,879	59,758				
	2/16/2016	30,805	61,610	30,804	61,608	91,488	182,976
Daniel J. Cregg	2/17/2015	2,264	4,528				
	2/16/2016			11,538	23,076	13,802	27,604
Ralph A. LaRossa	2/17/2015	6,522	13,044				
	2/16/2016	5,656	11,312	5,655	11,310	17,833	35,666
William Levis	2/17/2015	6,522	13,044				
	2/16/2016	5,656	11,312	5,655	11,310	17,833	35,666
Tamara L. Linde	2/17/2015	10,942	21,884				
	2/16/2016			11,538	23,076	22,480	44,960

(a) Represents retention award.

(6) Value of PSUs are shown at target, multiplied by the closing price on the NYSE on December 30, 2016 of $43.88.

OPTION EXERCISES AND STOCK VESTED DURING 2016 TABLE

The following table provides information, as noted, regarding the exercise of stock options by the NEOs in 2016 and the vesting during 2016 of RSUs and PSUs previously granted to the NEOs, under our LTIP.

	Option Awards		Stock Awards			
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)(1)	Award		Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($)
Ralph Izzo	413,000	4,495,017	PSU	(2,3)	171,232	7,794,481
			RSU	(5)(6)	56,462	2,477,553
Daniel J. Cregg			PSU	(3)	4,356	198,285
			RSU	(4)	3,155	122,067
Ralph A. LaRossa	91,200	745,756	PSU	(2,3)	29,910	1,361,503
			RSU	(4)	39,333	1,521,794
			RSU	(5)(6)	12,328	540,953
William Levis			PSU	(2,3)	32,910	1,498,063
			PSU	(7)	49,850	2,269,172
			RSU	(5)(6)	12,328	540,953
Tamara L. Linde			PSU	(3)	5,033	229,102
			PSU	(7)	6,175	281,086
			RSU	(4)	3,606	139,516

(1) Reflects the difference between the exercise price and the market price on the date of exercise, multiplied by the number of shares acquired.

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(2) The table above shows the total payout value distributed for each of the NEOs for the 2014 grants based on the results of the three-year performance period and our Common Stock price, as described further in the CD&A. Messrs. Izzo, LaRossa and Levis each became retirement eligible in 2015, 2014 and 2012, respectively. Under the LTIP, PSUs vest one-thirty sixth per month of service for retirement eligible participants. We show below for each of Messrs. Izzo, LaRossa and Levis the number of PSUs, including accrued dividend equivalents, at both target and maximum values, that vested in 2016 with respect to their 2015 and 2016 grants. No dollar values are shown for these as payouts, if any, are dependent on the actual results of the performance metrics and applicable stock prices for the respective performance periods. The number of PSUs, including dividend equivalents, earned, if any, will be determined at the conclusion of the applicable performance periods and reported in the relevant proxy statements.

	PSU Grant Date	Granted	Target Vested (#)	Maximum Vested (#)
Ralph Izzo	2/17/15	83,150	29,879	59,758
	2/16/16	89,095	30,805	61,610
Ralph A. LaRossa	2/17/15	18,150	6,522	13,044
	2/16/16	16,358	5,656	11,312
William Levis	2/17/15	18,150	6,522	13,044
	2/16/16	16,358	5,656	11,312

(3) Messrs. Izzo, Cregg, LaRossa and Levis and Ms.Linde had PSUs which vested on December 31, 2016, including accrued dividend equivalents, for the three-year performance period ended that day. The final awards shown in the table were made at 173% of target, as explained in the CD&A. PSUs earned and value realized reflect rounding. Shares were issued in 2017. Messrs. Izzo, LaRossa and Cregg deferred payment, as reported in the Non-Qualified Deferred Compensation Table. Value realized reflects the value of the PSUs on March 2, 2017, the PSU value determination date, using the average of the high and low PSEG stock price of $45.52.

(4) Represents RSUs that vested January 1, 2016. The closing PSEG stock price of $38.69 was used to calculate the value of the shares. Amounts shown reflect rounding.

(5) Represents RSUs that vested December 31, 2016 for retirement eligible NEOs at the PSEG closing price of $43.88. Messrs. Izzo, LaRossa and Levis became retirement eligible in 2015, 2014 and 2012, respectively. Hence, their 2014 and 2015 annual RSU's were vested in prior years.

(6) RSUs that vested in 2014 and 2015 due to retirement eligibility were previously reported in our prior years' proxy statements and were distributed on January 1, 2016, in the following amounts, including DEUs: Mr. Izzo: 82,146 shares, with a value of $3,178,229; Mr. LaRossa: 12,169, with a value of $470,819; Mr. Levis: 15,770, with a value of $610,373. The closing PSEG stock price of $38.69 was used to calculate the value of the shares. Amounts include rounding.

(7) Represents retention award for Mr. Levis and promotional award for Ms. Linde, as explained in the CD&A.

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2016 PENSION BENEFITS TABLE

The following table provides information on the actuarial present value of the NEOs accumulated benefit under each of our pension and retirement plans.

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit ($)(4)	Payments During Last Fiscal Year ($)
Ralph Izzo	Qualified Pension Plan(1)	24.69	2,559,000	
	Retirement Income Reinstatement Plan(2)	24.69	5,188,000	
	Supplemental Executive Retirement Plan(3)	29.53	5,300,000	
			13,047,000	
Daniel J. Cregg	Qualified Pension Plan(1)	25.17	1,314,000	
	Retirement Income Reinstatement Plan(2)	25.17	769,000	
	Supplemental Executive Retirement Plan			
			2,083,000	
Ralph A. LaRossa	Qualified Pension Plan(1)	31.50	1,027,000	
	Retirement Income Reinstatement Plan(2)	31.50	2,059,000	
	Supplemental Executive Retirement Plan	31.50	1,212,000	
			4,298,000	
William Levis	Qualified Pension Plan(1)	10.00	166,000	
	Retirement Income Reinstatement Plan(2)	10.00	465,000	
	Supplemental Executive Retirement Plan	10.00	3,686,000	
			4,317,000	
Tamara L. Linde	Qualified Pension Plan(1)	26.46	1,428,000	
	Retirement Income Reinstatement Plan(2)	26.46	993,000	
	Supplemental Executive Retirement Plan			
			2,421,000	

(1) All NEOs participate in the Pension Plan. Additional information is provided below. Messrs. Izzo, Cregg and LaRossa and Ms. Linde participate in the Final Average Pay Component. Mr. Levis participates in the Cash Balance Component. Years shown reflect actual years of service.
(2) Years shown reflect actual years of service.
(3) Mr. Izzo receives five additional years of credited service, for the purpose of retirement benefit calculations under the Supplemental Plan in recognition of prior work experience. The additional five years are prorated in the table for Mr. Izzo until he reaches age 60. Years shown reflect the sum of actual years of service and years credited under the Supplemental Plan. The actuarial present value of accumulated benefits based on actual years of service for Mr. Izzo is $11,249,000 and the actuarial present value of accumulated benefits based on additional years of service for such person is $1,798,000.
(4) Amounts shown represent the actuarial present value of accumulated benefit computed as of the same Pension Plan measurement date used for our financial statements for the year ended December 31, 2016, with two exceptions: (i) NEOs were assumed to retire at the earliest date as of which they would be eligible to receive unreduced benefits and (ii) no pre-retirement termination, disability or death was assumed to occur. For a discussion of the valuation method and material assumptions applied in quantifying the present value, see Note 12 to the Consolidated Financial Statements included in our Form 10-K.

Qualified and Non-Qualified Pension Plans

All of our employees are eligible to participate in the Pension Plan in either the Final Average Pay Component or the Cash Balance Component, depending upon date of hire.

Final Average Pay Component

The Final Average Pay Component covers non-represented employees hired prior to January 1, 1996 and represented employees hired prior to January 1, 1997 and provides participants with a life annuity benefit at normal retirement (age 65) pursuant to a formula based upon (a) the participant's number of years of service and (b) the average of the participant's five or seven highest

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years of compensation up to the limit imposed by the IRC. We amended the Final Average Pay Component effective January 1, 2012, to change the benefit formula for non-represented participants. The effect of the change is to reduce projected pension payments. Under the new formula, the average of the participant's seven highest years of compensation up to the limit imposed by the IRC will be used rather than the average of the participant's five highest years of compensation.

A participant's benefit under the Final Average Pay Component is equal to A plus B:

A. The accrued benefit calculated under the five-year final average pay formula as of December 31, 2011, as follows:

(i) 1.3% of the lesser of 5-year final average earnings (determined as of December 31, 2011) or $24,600 times years of credited service (determined as of December 31, 2011) not exceeding 35 years;

(ii) 1.5% of the amount by which 5-year final average earnings (determined as of December 31, 2011) exceeds $24,600 times years of credited service not exceeding 35 years; and

(iii) 1.5% of 5-year final average earnings times years of credited service (determined as of December 31, 2011) in excess of 35 years.

B. The accrued benefit calculated under the seven-year final average pay formula, as follows:

(i) 1.3% of the lesser of 7-year final average earnings beginning on January 1, 2012 or $24,600 times years of credited service not exceeding 35 years less the number of years as of December 31, 2011;

(ii) 1.5% of the amount by which 7-year final average earnings beginning on January 1, 2012 exceeds $24,600 times years of credited service not exceeding 35 years less the number of years as of December 31, 2011; and

(iii) 1.5% of 7-year final average earnings times years of credited service in excess of 35 years less the number of years in excess of 35 years as of December 31, 2011.

An additional benefit equal to $4.00 per month for each year of credited service is payable until the retiree reaches age 65.

All active participants are fully vested in their Final Average Pay Component benefit. Benefits are payable on an unreduced basis (i) at age 65, (ii) at age 60, if the participant's age, plus years of service, equals or exceeds 80 or (iii) at age 55, if the participant has 25 or more years of service. Participants whose age, plus years of service, equals or exceeds 80, but who have not yet met the criteria in (ii) or (iii) may commence their Final Average Pay Component benefits on a reduced basis.

Cash Balance Component

The Cash Balance Component covers non-represented employees hired or rehired after December 31,1995 and represented employees hired after December 31,1996 and provides each participant with a life annuity benefit at normal retirement (age 65) equal to the actuarial equivalent of a notional amount maintained for him/her. Participants are eligible for retirement under the Cash Balance Component upon the attainment of age 55 with five or more years of service. Participants' accounts are credited each year with a percentage of compensation, which is determined based on the participant's age plus years of service measured at year-end.

Sum of Age and Service	Percentage of Compensation Credited (%)
<30	2.00
30-39	2.50
40-49	3.25
50-59	4.25
60-69	5.50
70-79	7.00
80-89	9.00
90+	12.00

Each participant's notional amount grows each year with interest credits based on a 6.0% annual rate of interest. Participants become immediately fully vested in their Cash Balance Component benefit.

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Reinstatement Plan

Certain management and highly compensated employees participate in a nonqualified excess benefit retirement plan, the Reinstatement Plan, designed to replace earned pension benefits as determined under the Pension Plan formula, but which cannot be paid from the Pension Plan as a result of the IRC mandated limits for qualified plans or the terms of the Pension Plan. The benefits payable under this plan mirror those of the Pension Plan described above except that the compensation considered in computing the benefit (i) will not be limited by qualified plan limits, (ii) will include any amounts that the participant deferred under deferred compensation plan, (iii) will include amounts earned under the SMICP (which are not considered under the Pension Plan), (iv) will be limited to 150% of average base salary for the applicable five or seven years for Final Average Pay Component participants and will be limited to 150% of base salary each year for Cash Balance Component participants and (v) will be offset by any benefits received by the participant under the Pension Plan (Final Average Pay Component or Cash Balance Component).

Supplemental Plan

Certain employees receive additional years of service for the purpose of retirement benefit calculations in recognition of prior allied work experience. However, we have determined, effective January 1, 2011, to no longer offer additional credited service to those who do not already have this benefit. Such benefits are paid from a nonqualified plan, the Supplemental Plan. Under the additional service credit provisions, certain participants may also receive an additional five years of credited service for the purpose of this supplemental benefit calculation if they retire between ages 60 and 65. The credited years of service reduce by one year for each six-month period such participant works beyond age 65. This feature of the plan is designed to encourage retirement on or before age 65. Benefits payable under the additional service provisions of the Supplemental Plan mirror those payable under the Reinstatement Plan, except that the additional years of service are considered in calculating the Supplemental Plan benefit amount. Any benefit payable under the Supplemental Plan is offset by benefits payable under the Pension Plan and the Reinstatement Plan.

Certain participants in the Supplemental Plan receive additional limited benefits. This portion of the Supplemental Plan provides a total target replacement income percentage equal to credited service for qualified pension plan calculation purposes, plus any applicable additional credited service, plus 30, to a maximum of 75%, of an average of covered compensation. Covered compensation used for determining limited benefits under the Supplemental Plan is the same as the covered compensation used under the Reinstatement Plan. The target replacement amount under the limited benefit portion of the Supplemental Plan is reduced by any pension benefits from any previous employers accrued and vested at the time of hire, by the participant's Social Security benefit at normal retirement age and by the pension benefits provided by each other PSEG retirement benefit plan (qualified plans and non-qualified plans). The additional limited benefits provision of the Supplemental Plan also provides a death benefit equal to 150% of base compensation if death occurs while the participant is actively employed. Participants designated for the additional limited benefit become entitled to this benefit only upon (a) retirement under the terms of the component of the Pension Plan in which they participate (Final Average Pay Component or Cash Balance Component), or (b) death.

The change in the benefit formula under the qualified Final Average Pay Component from a five-year final average pay formula to a seven-year final average pay formula impacts the limited benefits under the Supplemental Plan. Accordingly, we amended the Supplemental Plan as of January 1, 2012 to reflect this change.

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2016 NON-QUALIFIED DEFERRED COMPENSATION TABLE

The following table provides information regarding compensation deferred by the NEOs under our Deferred Compensation Plans.

Name		Executive Contributions in Last Fiscal Year (2016) ($)(1)	Registrant Contributions in Last Fiscal Year (2016) ($)	Aggregate Earnings in Last Fiscal Year (2016) ($)	Aggregate Withdrawals/ Distributions (2016) ($)	Aggregate Balance at Last Fiscal Year End (2016) ($)(2)
Ralph Izzo	Deferred Compensation Plan			253,116		9,768,975
	Equity Deferral Plan	10,972,710		3,811,234		36,393,126
Daniel J. Cregg	Deferred Compensation Plan	261,150		5,227		266,377
	Equity Deferral Plan	320,352		37,824		536,415
Ralph A. LaRossa	Deferred Compensation Plan					
	Equity Deferral Plan	1,832,322		502,268		5,187,586
William Levis	Deferred Compensation Plan					
	Equity Deferral Plan					
Tamara L. Linde	Deferred Compensation Plan					
	Equity Deferral Plan					

(1) Amounts shown under Executive Contributions in Last Fiscal Year include, pursuant to the Deferred Compensation Plan, 2016 deferred salary and SMICP earned in 2016 and paid in 2017 and, pursuant to the Equity Deferral Plan, PSUs vested at December 31, 2016 and paid in 2017 and RSUs vested on January 1, 2016, as shown in the Option Exercises and Stock Vested During 2016 Table.

(2) Includes amounts reported in the Summary Compensation Table in prior-year proxy statements for the Deferred Compensation Plan and/or the Equity Deferral Plan, respectively, as follows: Mr. Izzo $7,473,894 and $21,322,655, Mr. Cregg $261,150, and Mr. LaRossa $3,414,185. Mr. Cregg's equity deferrals were not previously shown in the Summary Compensation Table as he was not a NEO prior to October 2015.

Deferred Compensation

Deferred Compensation Plan

Under the Deferred Compensation Plan, participants, including the NEOs, may elect to defer any portion of their cash compensation by making appropriate elections in the calendar year prior to the year in which the services giving rise to the compensation being deferred are rendered. A participant may change an election to defer compensation not later than the date that is the last date that an election to defer may be made.

At the same time he/she elects to defer compensation, the participant must make an election as to the timing and the form of distribution of that year's deferrals from his/her Deferred Compensation Plan account. For compensation deferred in 2011 and earlier years distribution may commence (a) on the thirtieth day after the date he/she terminates employment or, in the alternative, (b) on January 15th of any calendar year following termination of employment elected by him/her, but in any event no later than the later of (i) the January of the year following the year of his/her 70th birthday or (ii) the January following termination of employment. Notwithstanding the forgoing, however, for NEOs and other specified employees, distribution of his/her account may not occur earlier than six months following the date of his/her termination of service. Participants may elect to receive the distribution of their Deferred Compensation account in the form of one lump-sum payment, annual distributions over a five-year period or annual distributions over a 10-year period.

With respect to compensation deferred in 2012 and future years, participants may elect to commence distribution of a particular year's deferrals (a) six months following his/her termination of employment, or (b) a specified number of years following his/her termination from employment. Participants may elect to receive distribution of such deferrals under the Deferred Compensation Plan in the form of a lump-sum payment or annual distributions over a period of three to fifteen years.

Under the scheduled future date distribution feature, participants may elect to receive a specific plan year's deferral balance on a specified date as early as three years after the beginning of the year in which the deferrals are made. Distributions are paid in a lump sum within 90 days from the date elected regardless of whether the participant is employed by us on the payment date.

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Participants may change their distribution elections as to future year's deferrals. Participants may also make changes of their distribution elections with respect to prior years' deferrals provided that (a) any such new distribution election is made at least one year prior to the previously selected commencement date or (b) the new commencement date is at least five years later than the previously selected commencement date.

Amounts deferred under the Deferred Compensation Plan are credited with earnings based on (a) the performance of one or more of the pre-mixed lifestyle investment portfolio funds available to employees under our 401(k) plans (except the Company Stock Fund and the Schwab Personal Choice Retirement Account) or (b) at the rate of Prime plus 1/2%, capped at 120% of the applicable federal long-term rate, in such percentages as selected by the participant. A participant who fails to provide a designation of investment funds will accrue earnings on his/her account at the rate of Prime plus 1/2%, capped at 120% of the applicable federal long-term rate. A participant may change his/her investment election on a daily basis.

For 2016, the one-year rates of return as of December 31, 2016 for the funds offered as computed by the recordkeeper of the Deferred Compensation Plan were as follows:

Rates of Return			
Pre-Mixed Portfolios		**Target Retirement Funds**	
Conservative Portfolio	5.78%	Target Retirement Income	5.18%
Moderate Portfolio	7.13%	Target Retirement 2010	5.22%
Aggressive Portfolio	9.25%	Target Retirement 2015	6.18%
Funds		Target Retirement 2020	6.95%
Stable Value	2.02%	Target Retirement 2025	7.44%
Diversified Bond	2.56%	Target Retirement 2030	7.86%
Fidelity Intermediate Bond	2.75%	Target Retirement 2035	8.30%
Large Company Stock Index	11.88%	Target Retirement 2040	8.72%
Mid-Cap Index	11.17%	Target Retirement 2045	8.84%
Institutional Developed Markets Index	2.43%	Target Retirement 2050	8.88%
Small-Cap Index	18.25%	Target Retirement 2055	8.90%
Primary Money Market	0.39%	Target Retirement 2060	8.88%
Other			
Prime Plus 1/2%	2.66%		

Equity Deferral Plan

Participants in our Equity Deferral Plan may defer receipt of all or a portion of the shares of our Common Stock underlying future equity awards under the LTIP. Deferral elections must be made during an annual enrollment period prior to the date that services giving rise to the awards are performed. Deferral elections under the Equity Deferral Plan are irrevocable.

At the time a participant elects to defer he/she must make an election as to the timing of payment of the deferred shares. Distributions will be made in a lump sum. Distributions may commence (a) on a specified date occurring between the third anniversary and the fifteenth anniversary of the date that the shares otherwise would have been distributed to the participant (b) upon termination of employment, or (c) the earlier of (a) and (b). Notwithstanding the forgoing, however, for NEOs and other specified employees, distribution may not occur earlier than six months following the date of his/her termination of employment. Participants will receive shares on the applicable distribution date. We hold the deferred shares in a Rabbi Trust. The dividends attributable to the deferred shares are reinvested in Common Stock and distributed at the same time that the deferred shares are distributed to the participants. Participants are not permitted to direct the trustee of the Rabbi Trust to vote the deferred shares.

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POTENTIAL PAYMENTS UPON TERMINATION OF EMPLOYMENT OR CHANGE-IN-CONTROL

Termination without Cause

Mr. Izzo's severance agreement provides for certain benefits if he is terminated without "cause" (a willful failure to perform his duties) or resigns for "good reason" (a reduction in pay, position or authority) during the term of such agreement. He would be paid a benefit of two times base salary and target bonus, as well as a prorated payment of SMICP target incentive award for the year of termination. His welfare benefits would be continued for two years, unless he is sooner employed. Any unvested equity awards would be forfeited. The agreement provides that Mr. Izzo will be prohibited from competing with and from recruiting employees from us or our subsidiaries or affiliates, for certain periods after termination of employment. Violations of these provisions require a forfeiture of certain benefits.

Our Key Executive Severance Plan provides severance benefits to Messrs. Izzo, Cregg, LaRossa and Levis and Ms. Linde, and to certain of our other key executive-level employees whose employment is terminated without cause. Participants must agree to restrictive covenants including confidentiality, non-competition and non-solicitation. We revised the Key Executive Severance Plan in 2016 to expand the definition of termination for cause for certain violations of our behavioral and value expectations for executives.

Also under the Key Executive Severance Plan, Messrs. Cregg, LaRossa and Levis and Ms. Linde would be entitled to certain severance benefits in the event that their employment was terminated without cause other than in a change-in-control situation. In such event they would be entitled to 1.0 times their annual base salary plus their target bonus, as well as a prorated payment of their SMICP target incentive award for the year of termination and certain outplacement services, educational assistance, health care and life insurance coverage. The Key Executive Severance Plan further provides that any unvested equity awards would be accelerated or forfeited in accordance with the terms of the individual's grants under the LTIP and/or employment agreement.

If a termination without cause or for a reduction in force or reorganization had occurred on December 31, 2016, each of the NEOs would have received the following benefits:

Termination without Cause	Izzo ($)	Cregg ($)	LaRossa ($)	Levis ($)	Linde ($)
Severance	5,720,000	910,000	1,198,750	1,171,625	882,750
Pro Rata Bonus (SMICP)	1,560,000	390,000	513,750	502,125	347,750
Unvested Restricted Stock Units(1)				1,714,459	
Performance Share Unit Payout					
Health/Welfare Benefits	52,116	6,939	16,533	16,895	20,454
Outplacement	25,000	25,000	25,000	25,000	25,000
Education Assistance	3,000	3,000	3,000	3,000	3,000
Aggregate Payments	**7,360,116**	**1,334,939**	**1,757,033**	**3,433,104**	**1,278,954**

(1) Pursuant to the terms of Mr. Levis' employment agreement and his retention award, this amount would have been payable only upon a termination without cause following a change in leadership.

Change-In-Control

Under our Key Executive Severance Plan, if any of Messrs. Izzo, Cregg, LaRossa and Levis and Ms. Linde is terminated without cause or resigns his/her employment for good reason within two years after a change-in-control, the individual will receive (1) three times (two times for Mr. Cregg and Ms. Linde) the sum of his/her salary and target incentive bonus, (2) a pro rata bonus based on his/her target annual incentive compensation, (3) accelerated vesting of equity-based awards, except for PSUs, which vest pro rata, (4) a lump sum payment equal to the actuarial equivalent of his/her benefits under all of our retirement plans in which the individual participates calculated as though he/she remained employed for three years (two years for Mr. Cregg and Ms. Linde) beyond the date employment is terminated less the actuarial equivalent of such benefits on the date employment terminates (reported in the table below as Enhanced Retirement Benefit for pension-related amount and as Retiree Medical Increase for amount due for retiree medical benefits), (5) three years (two years for Mr. Cregg and Ms. Linde) continued welfare benefits, (6) one year of PSEG-paid outplacement services and (7) vesting of any compensation previously deferred. Payments are limited to an amount that would not give rise to an excise tax liability under applicable IRS provisions, currently 2.99 times the individual's average W-2 compensation for the period. Amounts above that limit are forfeited. Potential payments are shown in the Change-in-Control Termination Table.

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If a termination without cause or resignation with good reason had occurred on December 31, 2016 following a change-in-control, each of the NEOs would have received the following benefits:

Change-in-Control Termination	Izzo ($)	Cregg ($)	LaRossa ($)	Levis ($)	Linde ($)
Severance	8,580,000	1,820,000	3,596,250	3,514,875	1,765,500
Pro Rata Bonus (SMICP)	1,560,000	390,000	513,750	502,125	347,750
Unvested and Vested Restricted Stock Units(1)	67,907	594,673	14,817	1,729,278	961,750
Performance Share Unit Payout	3,973,877	234,993	820,544	820,544	488,853
Enhanced Retirement Benefit	1,585,000	1,383,000	2,435,000	163,000	509,000
Retiree Medical Increase	186,000	-	-	-	-
Health/Welfare Benefits	78,173	19,212	66,296	78,311	60,019
Outplacement	25,000	25,000	25,000	25,000	25,000
Parachute Payments Forfeited	(2,690,266)	(2,419,686)	(2,804,397)	-	(1,230,259)
Aggregate Payments	**13,365,691**	**2,047,192**	**4,667,260**	**6,833,133**	**2,927,613**

(1) All annually granted RSUs for retirement eligible NEOs, Messrs. Izzo, LaRossa and Levis, were vested at December 31, 2016. Amounts shown for them represent the present value of the accelerated payout at December 31, 2016. Amount shown for Mr. Levis includes his retention award.

No NEO would be eligible for any payments under the Key Executive Severance Plan, either prior to or following a change-in-control, if he/she voluntarily terminated his/her employment (other than for “good reason” as described above under Termination Without Cause) or if his/her employment were terminated by us for “cause.”

If a NEO were to retire or his/her employment were terminated on account of death or disability, the Key Executive Severance Plan provides that such participant would be entitled to accrued pay through the date of termination and prorated payment of his/her target incentive award for the year of termination.

Change-in-control provisions under the Key Executive Severance Plan generally mean the occurrence of any of the following events:

- Any person is or becomes the beneficial owner of our securities representing 25% or more of the combined voting power of our then outstanding securities; or
- A majority of the Board is replaced without approval of the current Board; or
- There is consummated a merger or consolidation of us, other than a merger or consolidation which would result in our voting securities outstanding immediately prior to such merger continuing to represent at least 75% of the combined voting power of the securities of us or such surviving entity immediately after such merger or consolidation; or
- Our stockholders approve a plan of complete liquidation or dissolution of us or there is consummated an agreement for the sale or disposition by us of all or substantially all of our assets.

For additional information regarding the provisions of LTIP awards, see Material Factors Concerning Awards Shown in Summary Compensation Table, Grants of Plan-Based Awards Table and Employment Agreements above.

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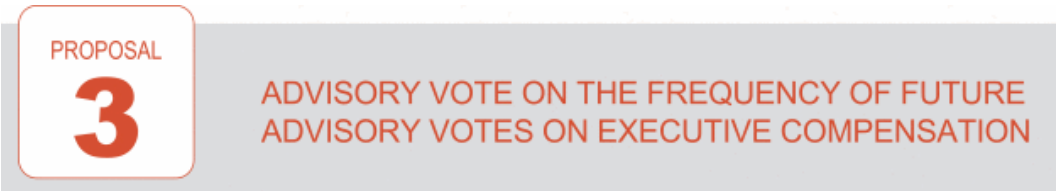

In this Proposal 3 we are providing you with the opportunity to cast an advisory vote on the frequency of the future advisory votes on executive compensation. This is sometimes referred to as “say-when-on-pay” vote. This is a non-binding vote which allows you to advise us from among three choices, or abstain, as to how often you think we should include a “say-on-pay” vote in our proxy statement. **You may choose whether this should occur once every year, every two years or every three years, or you may choose to abstain.** Under the Dodd-Frank Act, we must provide you with this “say-when-on-pay” voting opportunity at least once every six years.

We believe that we should submit the advisory vote on “say-on-pay” to you annually. Providing you with this opportunity each year is a good corporate governance practice promoting communication between us and our stockholders. An annual advisory vote allows you, as a stockholder, to express your views on an important issue at the same time as voting on other annual matters such as election of directors. The vote is advisory and thus it is non-binding on us and the Board of Directors, with whom the final determination remains. However, the Board intends to carefully review the voting results and take them into consideration when making future decisions regarding the frequency of “say-on-pay” votes.

Vote required: We will tally the votes cast in person or by proxy for each of the three choices, excluding abstentions and shares withheld or for which no instructions are given.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR “1 YEAR” IN REGARD TO THIS PROPOSAL.

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The Audit Committee of the Board, each member of which is independent, has appointed Deloitte & Touche LLP of Parsippany, NJ, as independent auditor to make the annual audit of our books of account and supporting records for 2017, subject to the ratification of the stockholders at the Annual Meeting. Deloitte & Touche LLP has performed the annual audit of the books of account since 1973. The members of the Audit Committee and the Board believe that the continued retention of Deloitte & Touche LLP is in the best interests of the Company. As recommended by the Board, we ask you to ratify this appointment.

Representatives of Deloitte & Touche LLP will be present at the Annual Meeting and will be afforded an opportunity to make a statement if they so desire and to respond to appropriate questions.

Vote required: An affirmative vote requires a majority of the votes cast in person or by proxy, excluding abstentions and shares withheld of for which no instructions are given.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THIS PROPOSAL.

OVERSIGHT OF THE INDEPENDENT AUDITOR

The appointment, termination, compensation and oversight of the quality of the work of the Independent Registered Public Accountants, Deloitte & Touche LLP, our independent auditor, is the direct responsibility of the Audit Committee of our Board, which reviews its independence, the services provided and its fees, the selection of the lead engagement partner, as well as PCAOB and peer review reports of its performance. Additional information about the Audit Committee appears above in Proposal 1 Election of Directors-Board Committee Responsibilities.

The Audit Committee annually reviews the independence and performance of Deloitte & Touche LLP in connection with the Committee's determination as to whether to retain that firm or engage another as our independent auditor. Under applicable accounting requirements, there is a mandatory rotation of the lead engagement partner every five years. In evaluating Deloitte & Touche, LLP, the Committee considers, among other things:

- Quality of work and performance, both recent and historical;
- Professional qualifications, capabilities and expertise;
- Level and appropriateness of fees;
- Independence; and
- Experience with and knowledge of the Company and industry.

Pre-Approval of Services

Annually, in accordance with the Audit Committee Charter, the Audit Committee pre-approves all audit and non-audit services provided by the independent auditor. The Audit Committee reviews, in detail, the particular services in each of the Audit, Audit-Related, Tax and All Other categories that the independent auditor will perform subject to predetermined limits set by the Audit Committee for each category of service. The annual pre-approval of services and predetermined limits is documented in a Committee resolution.

During the year, circumstances may arise when it becomes necessary to engage the independent registered public accountants for additional services not contemplated in the annual Committee resolution. For those instances, the Chairman of the Committee has been authorized by the Audit Committee to approve Audit, Audit-Related, Tax and All Other in excess of the amounts and different from the types of service authorized in the Committee resolution, as well as the scope and amount of services with regard to the annual audit that may be necessary or advisable provided that any such authorizations are reported to the Audit Committee at the next meeting following such authorization.

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Fees Billed by Deloitte & Touche LLP for 2016 and 2015

The fees billed by Deloitte & Touche LLP are negotiated by management under the direction of the CFO, with the oversight and ultimate approval of the Audit Committee. The table below shows the fees paid to Deloitte and Touche LLP for Audit, Audit-Related, Tax and All Other services during or in connection with 2016 and 2015, all of which were approved, as years ended described above.

	Years ended December 31,	
Description of Professional Service	2016 ($)	2015 ($)
Audit Fees - The audit fees were incurred for audits of our annual consolidated financial statements and those of our subsidiaries, including our Annual Reports on Form 10-K, reviews of financial statements included in our quarterly reports on Form 10-Q and for services rendered in connection with certain financing transactions, statutory and regulatory filings and fees for accounting consultations related to the application of new accounting standards and rules.	7,011,000	6,545,200
Audit Related Fees - The audit related fees primarily related to performing certain attest services.	223,351	4,000
Tax Fees - The tax fees relate to tax compliance and tax advice for 2015 preparation of various state and foreign corporate returns and assistance with filing tax refund claims.	70,405	247,115
All Other Fees	-	-

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AUDIT COMMITTEE REPORT

The Audit Committee of the PSEG Board of Directors is comprised solely of independent directors. It operates under a written charter adopted by the PSEG Board of Directors which is posted on PSEG's website, www.pseg.com/info/investors/governance/committees.jsp. The Audit Committee Charter is annually reviewed and assessed for adequacy by the PSEG Audit Committee.

Management is responsible for PSEG's financial statements and internal controls. The independent auditor of PSEG, Deloitte & Touche LLP, reports directly to the PSEG Audit Committee and is responsible for performing an independent audit of PSEG's annual consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (PCAOB) (U.S.) and on PSEG's internal controls and for issuing reports thereon. The Audit Committee's overall responsibility is to assist the PSEG Board of Directors in overseeing the quality and integrity of the accounting, auditing and financial reporting practices.

Management has represented to the Audit Committee that PSEG's Consolidated Financial Statements were prepared in accordance with generally accepted accounting principles (GAAP) in the United States. In performance of its responsibilities, the Audit Committee has reviewed PSEG's Consolidated Financial Statements for the year ended December 31, 2016 and discussed these financial statements with management, the internal auditors and the independent auditor.

The Committee periodically meets in executive session with the independent auditor, the Vice President-Internal Audit, the CFO, the General Counsel and the Chief Compliance Officer. At all of its meetings (except those held telephonically) the Audit Committee meets in executive session with only Audit Committee members present. The Audit Committee discussed with the independent auditor:

- PSEG's critical accounting policies;
- New accounting standards and policies affecting PSEG;
- That there were no disagreements with management over the application of GAAP;
- Significant accounting estimates made by management and the disclosures in the financial statements;
- Accounting and reporting for significant transactions; and
- The other matters required to be discussed as described in PCAOB Auditing Standards No.16 Communications with Audit Committees, which relate to the audit, financial statements, significant risks and critical accounting estimates, among others.

The independent auditor also provided to the Audit Committee the written disclosures required by the PCAOB's standards in PCAOB Rule 3526, Communication with Audit Committee Concerning Independence, and current SEC requirements for auditor independence. The Audit Committee discussed with the independent auditor the firm's independence with respect to PSEG, internal quality control procedures, and any material issues raised and any steps taken to deal with such issues by the most recent internal quality control review or by any review, inquiry or investigation by governmental or professional authorities within the preceding five years, with respect to one or more independent audits carried out by the firm. The Audit Committee has also reviewed the requirements of the Sarbanes-Oxley Act of 2002 with respect to auditor independence and has defined the amount and scope of services that may be performed by Deloitte & Touche LLP consistent with maintaining that firm's independence. The Audit Committee requires that all services of Deloitte & Touche LLP be pre-approved by the Audit Committee or the Audit Committee Chair. The Audit Committee has considered whether the independent auditor's provision of non-audit services to PSEG and the total fees paid for non-audit services relative to fees paid for audit services are compatible with maintaining the independent auditor's independence. On the basis of its review, the Audit Committee determined that the independent auditor has the requisite independence.

Based on the Audit Committee's discussions with management, the internal auditors and the independent auditor, the Audit Committee's review of the audited financial statements, the representations of management to the independent auditor regarding the audited financial statements and the independent auditor's report to the Audit Committee, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in PSEG's Annual Report on Form 10-K for the fiscal year ended December 31, 2016, for filing with the SEC.

Members of the Audit Committee:

Susan Tomasky, Chair	Thomas A. Renyi
Albert R. Gamper, Jr.	Hak Cheol (H.C.) Shin
David Lilley	

February 20, 2017

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Proxy Statement

This Proxy Statement is provided by us on behalf of the Board. A “proxy” is a person you have legally designated to vote the stock you own. We are asking you to designate as proxies the individuals named by us on the proxy card, voting instruction form or electronic instruction associated with this Proxy Statement to vote at the 2017 Annual Meeting of Stockholders scheduled to be held on April 18, 2017 and at all adjournments or postponements of that meeting. For instructions on how to vote, please see Proxy Card and Voting of Shares section below.

The mailing address of our principal executive offices is 80 Park Plaza, Newark, NJ 07102, telephone (973) 430-7000. Our Internet website is www.pseg.com.

Annual Report on Form 10-K

We have provided without charge to each person solicited by means of this Proxy Statement a copy of our Form 10-K for 2016, which has been filed with the Securities and Exchange Commission (SEC), including a list briefly describing the related exhibits. You may request copies of the exhibits by writing to: Vice President-Investor Relations, Public Service Enterprise Group Incorporated, 80 Park Plaza, T6B, Newark, NJ 07102. The Form 10-K is also available on our website http://investor.pseg.com/sec-filings.

Delivery of Documents and Internet Availability

We use several different methods to deliver the proxy statement and voting materials to you, including the U.S. Mail and the Internet. Each stockholder receives his or her own proxy card, voting instruction form or electronic instructions for voting. For detailed information on how to vote, see Proxy Card and Voting of Shares below.

One Copy per Household

We have sent only a single copy of our Annual Report to Stockholders, including our Form 10-K, and Proxy Statement, to any household with two or more stockholders having the same last name and address unless one of the stockholders has requested individual copies. This “householding” saves our company printing and delivery costs. If you share an address with another stockholder and receive only a single copy of one of those documents, you may request an additional copy by writing to the above address or contacting us at (973) 430-6566.

Electronic Delivery

Stockholders may choose to no longer receive printed copies of our Annual Report, Form 10-K and Proxy Statement and instead receive and view them electronically over the internet. If you would like to receive these documents, as well as other stockholder communications and materials, electronically in the future and save us the cost of printing and mailing them to you, you may do so by following the instructions at the websites shown on page (i) above, under Electronic Delivery. If your shares are held in the name of a bank or broker, please follow that organization’s instructions for electronic delivery. You may also follow the instructions provided for future electronic delivery if you vote via the Internet.

If you receive our future Proxy Statements, Annual Reports and Forms 10-K electronically over the Internet, you will receive each year an e-mail message containing the Internet address to access these documents. The e-mail will also include instructions for voting via the Internet as you will not receive a separate proxy card.

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Annual Meeting, Voting and Procedures

Annual Meeting

This year we will be holding our Annual Meeting at the Newark Museum, in Newark, NJ. Please note the address, 49 Washington Street, Newark, NJ 07102.

Attendance

Our Annual Meeting will be held on Tuesday, April 18, 2017 at 1:00 P.M., at the Newark Museum, 49 Washington Street in Newark, NJ.

- You have the right to attend the Annual Meeting if you are a stockholder of record, beneficial owner whose shares are held of record by a bank or broker, or a participant in one of the plans noted below.
- We request that if you plan to attend the Annual Meeting, you should so indicate on the proxy card or voting instruction form or when voting your shares telephonically or electronically.
- Please bring with you evidence that you are a stockholder.
- We have included transportation information and a map in this Proxy Statement.

Holders of record of the 506,217,300 shares of Common Stock outstanding on February 17, 2017 will have one vote per share. A quorum will consist of the holders of Common Stock entitled to cast a majority of the votes at the Annual Meeting, present in person or represented by proxy. All votes cast by proxy or in person will be counted. Abstentions and broker non-votes will not be counted, except for the purpose of establishing a quorum. All votes will be tabulated by an independent inspector of elections.

Election of directors under Proposal 1 is subject to our majority vote requirement described above. The say-on-pay vote presented in Proposal 2 is advisory and non-binding, whether or not approved by a majority of the votes cast. The frequency of future say-on-pay votes presented in Proposal 3 is advisory and non-binding. A majority of the votes cast is needed for ratification of the appointment of the auditor under Proposal 4. In tallying the vote on each proposal, we exclude abstentions and shares withheld or for which no instructions are given.

Proxy Card and Voting of Shares: How to Vote

Stockholders of Record

Every vote is important. We urge you to vote whether or not you plan to attend the Annual Meeting. You may specify your choices by marking the appropriate boxes on the enclosed proxy card. Once done, kindly sign, date and return the accompanying proxy card, or you may vote your proxy using the toll-free telephone number listed on the proxy card or via the Internet at the electronic address provided on page iii and also listed on the proxy card. When a proxy card is returned properly dated and signed, or properly voted telephonically or electronically, the shares represented by the proxy will be voted by the persons named as proxies in accordance with the voting stockholder's directions. If you are a stockholder of record, your shares will not be voted unless you provide a proxy by return mail, telephonically or electronically or vote in person at the Annual Meeting.

Shares Held in Plans

- ***Enterprise Direct***: The proxy card includes any shares registered in the names shown on the proxy in Enterprise Direct (our dividend reinvestment and stock purchase plan). If a proxy card is dated, signed and returned without specifying choices, the shares will be voted as recommended by the Board. If you vote telephonically or electronically, you should follow the directions given during the call or on the computer screen. If no instructions are received from you with respect to any shares held in Enterprise Direct, the administrator of the plan will vote those shares in accordance with the recommendations of the Board.
- ***PSEG Employee Stock Purchase Plan (ESPP)***: If you are a participant in the ESPP, you will receive a separate voting instruction form from the administrator of the plan. If no instructions are received from you with respect to any shares held in the ESPP, the administrator of the plan may vote those shares in accordance with the recommendations of the Board.
- ***PSEG Employee Benefit Plans:*** If you are a participant in the Thrift and Tax-Deferred Savings Plan or the Employee Savings Plan of PSEG (PSEG Savings Plans) or either of the two Incentive Thrift Plans (Incentive Thrift Plans) of Long Island Electric Utility Servco LLC, a subsidiary of PSEG LI, you will receive a separate proxy card from the respective plan's trustee for shares that have been allocated to your accounts. The trustee will vote the shares of Common Stock beneficially owned by you under the respective plan in accordance with your instructions. If no instructions are received with respect to the PSEG Savings Plans,

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the shares will not be voted. If no instructions are received with respect to the Incentive Thrift Plans, the respective trustee will vote your shares in the same proportion as those shares as to which it receives instructions from other participants in the plan in which you participate.

Shares Held by Banks or Brokers

- If your shares are held in the name of a bank or broker, you should follow the voting directions on the instruction form received from your bank or broker. For such shares, while the availability of telephone or Internet voting will depend on the processes of your bank or broker, we believe that most will make such voting methods available. In accordance with the rules of the NYSE, if no instructions are received from you by a bank or broker with respect to such shares, the bank or broker may use its discretion to vote your shares that are held by it only in regard to Proposal 4, Ratification of the Appointment of Independent Auditor and the shares will not be voted on the other proposals presented in this Proxy Statement.

Revoking a Proxy

You may revoke a proxy given in the form of the card which accompanies this Proxy Statement or a vote made telephonically or electronically. However, by law, your presence at the Annual Meeting will not revoke a proxy you have given unless you file a written notice of such revocation with the Secretary of PSEG prior to the voting of the proxies at the Annual Meeting or you vote the shares subject to the proxy by written ballot. The Secretary's mailing address appears on page 7.

Solicitation

The cost of soliciting proxies in the form accompanying this Proxy Statement will be borne by us. In addition to solicitation by mail, proxies may be solicited by our directors, officers and employees, none of whom will be directly compensated for such services, in person or by telephone, electronically or by facsimile. We have also retained Morrow Sodali to assist in the distribution and solicitation of proxies from brokers, bank nominees, other institutional holders and certain large individual holders. The anticipated cost of such services is approximately $25,000 plus reimbursement of expenses.

Date for Submission of Stockholder Proposals

In accordance with SEC rules, stockholders may submit proposals intended for inclusion in the Proxy Statement in connection with our 2018 Annual Meeting of Stockholders. Such proposals should be sent to: Corporate Secretary, Public Service Enterprise Group Incorporated, 80 Park Plaza, T4B, Newark, NJ 07102 and must be received by November 14, 2017.

Proxy Voting Authority

If any matters not described in this Proxy Statement are properly presented at the Annual Meeting, the persons named in the enclosed proxy card or their substitutes will vote proxies so given in respect of any such matters in accordance with their best judgment. As of the date of this Proxy Statement, the Board and management did not know of any other matters which might be presented for stockholder action at the Annual Meeting.

If we are not notified by January 26, 2018 of any proposal intended to be presented for consideration at the 2018 Annual Meeting of Stockholders, then the persons named by us shall have discretionary voting authority with respect to such proposal if presented at that Annual Meeting.

Voting Tabulation Results

Proxies and ballots will be received and tabulated by an independent inspector of elections. We will announce preliminary voting results at the Annual Meeting. We will disclose the final voting results in a Current Report on Form 8-K to be filed with the SEC on or before April 24, 2017. The Form 8-K will be available on our website at http://investor.pseg.com/sec-filings and on the SEC's website at www.sec.gov.

S1-SSA-0009 - 29340

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APPENDIX A

Operating Earnings (non-GAAP) Reconciliations

Public Service Enterprise Group Incorporated	Year Ended December 31,				
	2016	2015	2014	2013	2012
Reconciling Items	($ millions, Unaudited)				
Net Income (Loss)	**$ 887**	**$1,679**	**$1,518**	**$1,243**	**$1,275**
(Gain) Loss on Nuclear Decommissioning Trust (NDT) Fund Related Activity, pre-tax (PSEG Power)	(5)	(24)	(138)	(86)	(104)
(Gain) Loss on Mark-to-Market (MTM), pre-tax(a) (PSEG Power)	168	(157)	(111)	125	18
Storm O&M, net of insurance recoveries, pre-tax (PSEG Power)	-	(172)	27	54	66
Hudson/Mercer Early Retirement, pre-tax (PSEG Power)	669	-	-	-	-
Lease Related Activity, pre-tax (PSEG Enterprise/Other)	147	-	-	-	(61)
Income Taxes related to Operating Earnings (non-GAAP) reconciling items(b)	(391)	150	104	(27)	42
Operating Earnings (non-GAAP)	**$1,475**	**$1,476**	**$1,400**	**$1,309**	**$1,236**
Fully Diluted Average Shares Outstanding (in millions)	**508**	**508**	**508**	**508**	**507**
	($ Per Share Impact – Diluted, Unaudited)				
Net Income (Loss)	**$ 1.75**	**$ 3.30**	**$ 2.99**	**$ 2.45**	**$ 2.51**
(Gain) Loss on NDT Fund Related Activity, pre-tax (PSEG Power)	(0.01)	(0.05)	(0.27)	(0.17)	(0.21)
(Gain) Loss on MTM, pre-tax(a) (PSEG Power)	0.33	(0.31)	(0.22)	0.25	0.04
Storm O&M, net of insurance recoveries, pre-tax (PSEG Power)	-	(0.34)	0.05	0.11	0.13
Hudson/Mercer Early Retirement, pre-tax (PSEG Power)	1.32	-	-	-	-
Lease Related Activity, pre-tax (PSEG Enterprise/Other)	0.29	-	-	-	(0.12)
Income Taxes related to Operating Earnings (non-GAAP) reconciling items(b)	(0.78)	0.31	0.21	(0.06)	0.09
Operating Earnings (non-GAAP)	**$ 2.90**	**$ 2.91**	**$ 2.76**	**$ 2.58**	**$ 2.44**

(a) Includes the financial impact from positions with forward delivery months.
(b) Income tax effect calculated at 40.85% statutory rate, except for lease related activity which is calculated at a combined leveraged lease effective tax rate and NDT related activity which is calculated at the 40.85% statutory rate plus a 20% tax on income (losses) from qualified NDT funds.

PSEG Power LLC	Year Ended December 31,				
	2016	2015	2014	2013	2012
Reconciling Items	($ millions, Unaudited)				
Net Income (Loss)	**$ 18**	**$ 856**	**$ 760**	**$644**	**$ 666**
(Gain) Loss on Nuclear Decommissioning Trust (NDT) Fund Related Activity, pre-tax (PSEG Power)	(5)	(24)	(138)	(86)	(104)
(Gain) Loss on Mark-to-Market (MTM), pre-tax(a) (PSEG Power)	168	(157)	(111)	125	18
Storm O&M, net of insurance recoveries, pre-tax (PSEG Power)	-	(172)	27	54	66
Hudson/Mercer Early Retirement, pre-tax (PSEG Power)	669	-	-	-	-
Income Taxes related to Operating Earnings (non-GAAP) reconciling items(b)	(336)	150	104	(27)	17
Operating Earnings (non-GAAP)	**$ 514**	**$ 653**	**$ 642**	**$710**	**$ 663**

(a) Includes the financial impact from positions with forward delivery months.
(b) Income tax effect calculated at 40.85% statutory rate, except for NDT related activity which is calculated at the 40.85% statutory rate plus a 20% tax on income (losses) from qualified NDT funds.

PSEG Enterprise/Other	Year Ended December 31,				
	2016	2015	2014	2013	2012
Reconciling Items	($ millions, Unaudited)				
Net Income (Loss)	**$ (20)**	**$ 36**	**$ 33**	**$ (13)**	**$ 81**
Lease Related Activity, pre-tax (PSEG Enterprise/Other)	147	-	-	-	(61)
Income Taxes related to Operating Earnings (non-GAAP) reconciling items(a)	(55)	-	-	-	25
Operating Earnings (non-GAAP)	**$ 72**	**$ 36**	**$ 33**	**$ (13)**	**$ 45**

(a) Income tax effect calculated at a combined leveraged lease effective tax rate.

Management uses non-GAAP Operating Earnings in its internal analysis, and in communications with investors and analysts, as a consistent measure for comparing PSEG's financial performance to previous financial results. Non-GAAP Operating Earnings exclude the impact of returns (losses) associated with the Nuclear Decommissioning Trust (NDT), Mark-to-Market (MTM) accounting and material one-time items. The presentation of non-GAAP Operating Earnings is intended to complement, and should not be considered an alternative to, the presentation of Net Income, which is an indicator of financial performance determined in accordance with GAAP. In addition, non-GAAP Operating Earnings as presented in the tables above may not be comparable to similarly titled measures used by other companies.

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ATTENDING ?

MAP, DIRECTIONS AND TRANSPORTATION

Please note the **location** for this year's annual meeting of stockholders. The meeting will take place at:

Newark Museum
49 Washington Street,
Newark, NJ
and begins at 1:00 p.m.

Arrangements have been made to provide **free valet parking** at the **Newark Museum.**

The **Newark Museum** in Newark, NJ is in close proximity to all major highways. You may obtain driving directions and public transportation information by calling **973-596-6550** or on the www.newarkmuseum.org Web site.

Please note: Large bags and backpacks must be left at the museum coat check.

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THE PSEG VISION

PROVIDE SAFE, RELIABLE, ECONOMIC AND GREENER ENERGY

PSEG

ACHIEVEMENTS

CUSTOMER SERVICE

- MidAtlantic Reliability One Award winner for the past 15 years
- Recognized for customer satisfaction by J.D. Power for both electric and gas business service in the East
- Named Customer Champion by Cogent Reports
- Investing to upgrade and strengthen our electric and gas systems

EMPLOYEE

- One of America's Best Employers by Forbes magazine
- Diversity Leader Award by Profiles in Diversity Journal
- Top 100 Military-Friendly Employer
- Leadership Excellence Award by HR.com for employee development

ENVIRONMENT AND SUSTAINABILITY

- Dow Jones Sustainability North America Index for the past nine years
- N.J. Business and Industry Association Excellence Award – Solar 4 All
- Major solar investor in New Jersey and 12 other states
- Largest estuary enhancement program in the world

COMMUNITIES AND THE ECONOMY

- Inaugural Forbes Just 100 list for corporate citizenship
- Commerce & Industry Association of N.J. "Companies That Care"
- PSEG Foundation invests in the future through charitable giving and initiatives
- March of Dimes No. 1 utility fundraiser in the U.S.
- Employing approximately 13,000 people
- Major contributor to New Jersey's economy

COMMITMENTS

SAFETY We put safety first. **CONTINUOUS IMPROVEMENT** We aspire to achieve excellence.
CUSTOMER SERVICE We keep customers at the heart of everything we do.
DIVERSITY We treat all individuals and our communities with dignity and respect.
INTEGRITY We do what's right.

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Shareowner Services
P.O. Box 64945
St. Paul, MN 55164-0945

Address Change? Mark box, sign, and indicate changes below: ☐

TO VOTE BY INTERNET OR TELEPHONE, SEE REVERSE SIDE OF THIS PROXY CARD.

TO VOTE BY MAIL AS THE BOARD OF DIRECTORS RECOMMENDS ON ALL ITEMS BELOW, SIMPLY SIGN, DATE, AND RETURN THIS PROXY CARD.

The Board of Directors Recommends a Vote "FOR" Items 1, 2 and 4 and "1 Year" on Item 3.

1. ELECTION OF DIRECTORS:

		FOR	AGAINST	ABSTAIN			FOR	AGAINST	ABSTAIN
1.1	Willie A. Deese	☐	☐	☐	**1.7**	Thomas A. Renyi	☐	☐	☐
1.2	Albert R. Gamper, Jr.	☐	☐	☐	**1.8**	Hak Cheol (H.C.) Shin	☐	☐	☐

Please fold here – Do not separate

1.3	William V. Hickey	☐	☐	☐	**1.9**	Richard J. Swift	☐	☐	☐
1.4	Ralph Izzo	☐	☐	☐	**1.10**	Susan Tomasky	☐	☐	☐
1.5	Shirley Ann Jackson	☐	☐	☐	**1.11**	Alfred W. Zollar	☐	☐	☐
1.6	David Lilley	☐	☐	☐					

2.	Advisory vote on the approval of executive compensation			☐ For	☐ Against	☐ Abstain
3.	Advisory vote on the frequency of future advisory votes on executive compensation	☐ 1 Year	☐ 2 Years	☐ 3 Years	☐ Abstain	
4.	Ratification of the appointment of Deloitte & Touche LLP as Independent Auditor for the year 2017			☐ For	☐ Against	☐ Abstain

THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED AS DIRECTED OR, IF NO DIRECTION IS GIVEN, WILL BE VOTED AS THE BOARD RECOMMENDS.

Please indicate if you plan to attend the Annual Meeting by marking this box. ☐

Date _____

Signature(s) in Box

Please sign exactly as your name(s) appears on Proxy. If held in joint tenancy, all persons should sign. Trustees, administrators, etc., should include title and authority. Corporations should provide full name of corporation and title of authorized officer signing the Proxy.

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Public Service Enterprise Group Incorporated
2017 Annual Meeting of Stockholders

Newark Museum
49 Washington Street, Newark, New Jersey

April 18, 2017 at 1:00 P.M.

(Registration Begins at 12:00 P.M. Light refreshments will be available.)

For wheelchair and hearing-impaired seating, please see host/hostess for assistance.

You should present evidence that you are a stockholder in order to gain admittance to the meeting. If shares are held in the name of a broker, trustee, bank or other nominee, you should bring with you a proxy or letter from the broker, trustee, bank or nominee confirming your beneficial ownership of the shares. Each stockholder may be asked to present valid picture identification, such as a driver's license. Cameras, recording devices and other electronic devices will not be permitted at the meeting.

THANK YOU FOR VOTING

For electronic delivery of future proxy materials, please visit www.proxyconsent.com/peg.

Important notice regarding the Internet availability of proxy materials for the Annual Meeting of Stockholders
The Proxy Statement and the 2016 Annual Report to Stockholders are available at:
http://www.ezodproxy.com/pseg/2017/ar

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
PROXY FOR ANNUAL MEETING OF STOCKHOLDERS
April 18, 2017

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS OF PSEG

The undersigned hereby appoints **Shirley Ann Jackson, Ralph Izzo and Richard J. Swift**, and each or any of them, proxies of the undersigned, each with full power of substitution, to vote in their discretion (subject to any directions indicated on the reverse side of this proxy) at the Annual Meeting of Stockholders of Public Service Enterprise Group Incorporated (PSEG) to be held on April 18, 2017 and at all adjournments or postponements thereof, upon all matters which may come before the meeting or any adjournment, including the proposals set forth in the Notice of Meeting and Proxy Statement, receipt of which is hereby acknowledged. Said proxies are instructed to vote as set forth on the reverse side hereof with respect to said proposals.

Shares represented by this proxy will be voted in accordance with recommendations of the Board of Directors of PSEG as stated on the reverse side, unless otherwise indicated on the reverse, in which case they will be voted as marked. Information pertaining to each proposal is included in the Proxy Statement under proposals corresponding to the item numbers set forth on the reverse side.

If you have not voted by telephone or the Internet, please mark your proxy on the reverse side, sign and date it, and return it promptly in the envelope provided.

Vote by Internet, Telephone or Mail
24 Hours a Day, 7 Days a Week

Your phone or Internet vote authorizes the named proxies to vote your shares in the same manner as if you marked, signed, dated and returned your proxy card.

INTERNET/MOBILE
www.proxypush.com/peg

Use the Internet to vote your proxy until 11:59 p.m. (ET) on April 17, 2017.

PHONE
1-866-883-3382

Use a touch-tone telephone to vote your proxy until 11:59 p.m. (ET) on April 17, 2017.

MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope provided.

If you vote your proxy by Internet or by Telephone, you do NOT need to mail back your Proxy Card.

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 11-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED)**

For the year ended December 31, 2012

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED)**

Commission File Number 001-09120

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
EMPLOYEE SAVINGS PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
80 PARK PLAZA
NEWARK, NEW JERSEY 07102
MAILING ADDRESS: P.O. Box 1171
NEWARK, NEW JERSEY 07101-1171

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PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
EMPLOYEE SAVINGS PLAN

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All other schedules required by Section 2520.103.10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Trustee and Participants of Public Service Enterprise Group Incorporated
Employee Savings Plan:

We have audited the accompanying statements of net assets available for benefits of Public Service Enterprise Group Incorporated Employee Savings Plan (the "Plan") as of December 31, 2012 and 2011 and the related statement of changes in net assets available for benefits for the year ended December 31, 2012. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2012 and 2011 and the changes in net assets available for benefits for the year ended December 31, 2012, in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2012 is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Kronick Kalada Berdy & Co., P.C.
Kingston, Pennsylvania
June 27, 2013

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PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
EMPLOYEE SAVINGS PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	As of December 31,	
	2012	2011
	(Thousands)	
ASSETS		
Investments at Fair Value:		
Plan Interest in Master Employee Benefit Plan Trust (Note 3)	$1,054,959	$958,640
Total Investments	1,054,959	958,640
Receivables:		
Participant Loans	31,759	30,398
Deposits and Contributions – Employees	1,007	869
Deposits and Contributions – Employer	358	172
Total Receivables	33,124	31,439
Total Assets	1,088,083	990,079
LIABILITIES		
Accounts Payable	587	1
Accrued Expenses	361	205
Total Liabilities	948	206
NET ASSETS AVAILABLE FOR BENEFITS, AT FAIR VALUE	1,087,135	989,873
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	(22,166)	(20,100)
NET ASSETS AVAILABLE FOR BENEFITS	$1,064,969	$969,773

See Notes to Financial Statements.

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PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
EMPLOYEE SAVINGS PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
YEAR ENDED DECEMBER 31, 2012

	(Thousands)
ADDITIONS	
Net Investment Income	
Plan Interest in Income of Master Employee Benefit Plan Trust (Note 3)	$ 75,614
Interest on Participant Loans	1,029
Total Net Investment Income	76,643
Deposits and Contributions	
Employees	54,597
Employer	17,274
Total Deposits and Contribution	71,871
Total Additions	148,514
DEDUCTIONS	
Benefit Payments to Participants	49,295
Administrative Expenses	1,019
Total Deductions	50,314
INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS, PRIOR TO TRANSFERS	98,200
Transfers to Thrift and Tax-Deferred Savings Plan-Net	(3,004)
INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS	95,196
NET ASSETS AVAILABLE FOR BENEFITS	
Beginning of Year	969,773
End of Year	$1,064,969

See Notes to Financial Statements.

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NOTES TO FINANCIAL STATEMENTS

1. DESCRIPTION OF THE PLAN

General

The following description of the Public Service Enterprise Group Incorporated Employee Savings Plan ("Plan") is provided for general information purposes only. Participants should refer to the Plan Document and the Summary Plan Description ("SPD") for more information.

The Plan is a defined contribution retirement plan covering substantially all bargaining unit employees of Public Service Enterprise Group Incorporated ("Company") and its Participating Affiliates (each, an "Employer"). The Company's Employee Benefits Committee ("Benefits Committee") is the Named Fiduciary of the Plan and controls and manages its operation and administration. The Company's Thrift and Pension Investment Committee ("TPIC") is the Named Fiduciary of the Plan with respect to the investment of Plan assets. The trustee of the Plan, The Bank of New York Mellon ("Trustee"), is responsible for the custody and management of the Plan's assets. Aon Hewitt is the record keeper of the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

Substantially all of the Plan's assets are held in a trust account by the Trustee and consist of a divided interest in an investment account of the Master Employee Benefit Plan Trust ("Master Trust"), a master trust established by the Company and administered by the Trustee.

Contributions, Deposits and Investment Options

Generally, Participants may contribute from 1% to 7% of their annual compensation each year as basic deposits, as defined in the Plan ("Basic Deposits"), subject to certain Internal Revenue Code ("IRC") limitations. The Participant's Employer contributes an amount equal to 50% of each Participant's Basic Deposit as its matching contribution to the Plan (Employer Contributions). Employer Contributions begin when that Participant has completed 1,000 hours of service, as defined by the Plan, with his/her Employer. Employer Contributions are made in cash. Participants may also contribute amounts representing distributions from other plans and certain Individual Retirement Accounts ("IRA's").

Effective in February 2010, Employer Contributions for certain Participants who are eligible for retirement benefits under the Pension Plan of Public Service Enterprise Group Incorporated (Pension Plan) were suspended or reduced from 50% to 25% on the first 7% of Basic Deposits. These Employer Contributions were restored to their prior levels effective January 2011. Effective January 2012, the compensation for plan purposes for Participants who are represented by Utility Workers Union of America ("UWUA") Local 601 has changed such that overtime is limited to 10% of base earnings and miscellaneous pay is not included. For 2012, Employer Contributions for Participants who are represented by UWUA Local were reduced from 50% to 25% on the first 7% of Basic Deposits.

Participants have the ability to make Roth Elective Deferrals within the Plan. In addition, a Participant may elect to make supplemental deposits to the Plan in increments of 1% of compensation up to an additional 43% of compensation ("Supplemental Deposits"), subject to certain IRC limitations, without any corresponding matching Employer Contribution. Participants may designate such Basic and/or Supplemental Deposits as post-income tax contributions or Roth Elective Deferrals (together "Nondeferred Deposits") or pre-income tax contributions ("Deferred Deposits").

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NOTES TO FINANCIAL STATEMENTS

Each Participant may, within any Plan Year, make one or more additional lump sum deposits on a nondeferred basis in minimum amounts of $250 and in such total amounts which, when aggregated with such Participant's Basic Deposits and Supplemental Deposits, do not exceed 50% of his or her compensation for that Plan Year subject to IRC limitations.

Participants may direct the investment of their accounts into various investment options offered by the Plan. The Plan offers investment options in Investment Contracts, the Common Stock of the Company via the Enterprise Common Stock Fund ("Company Stock Fund") and the Employee Stock Ownership Plan ("ESOP") Fund, the Schwab Personal Choice Retirement Account ("PCRA") Fund, and mutual funds consisting of various target-date funds, other mutual funds and pre-mix portfolios (which are invested in specific percentages of the mutual funds).

The ESOP Fund includes amounts only for Participants who were hired prior to August 1, 1986 and qualified for participation. Contributions to or transfers into the ESOP Fund are no longer permitted. ESOP Fund Participants receive quarterly payments directly from the Trustee equal to the dividends paid to the Trustee on the shares of the Company Common Stock held for their account in the ESOP Fund.

Participant Accounts

Individual accounts are maintained for each Participant. Each Participant's account consists of (a) Participant's contributions, (b) the Employer's contributions and (c) earnings and/or losses. The Participant's account is reduced for certain administrative expenses. The benefit to which a Participant or beneficiary is entitled upon death, disability, retirement or termination of service, as applicable, is the benefit that can be provided from the Participant's vested account.

Participants who have elected to participate in the Company Stock Fund may elect to have the dividends on the shares of the Common Stock paid directly to the Participant (or beneficiary) in cash or paid to the Participant's account, which will then be reinvested in the Company Common Stock Fund. The reinvestment provision is not applicable with respect to Company Common Stock held in a Participant's ESOP Fund.

Participant Loans

Except as discussed in the following paragraph, Participants may borrow from their Plan accounts a minimum of $1,000 up to a maximum equal to the lesser of $50,000 or 50% of their vested account balance at the time the loan is originated. The loans are secured by the balance in the Participant's account and existing loans bear interest at rates that range from 3.25% to 9.50% at December 31, 2012, which are commensurate with local prevailing rates at the time that the loan was originated, as determined by the Benefits Committee. Principal and interest is paid ratably through payroll deductions.

No amounts may be loaned directly from any ESOP Fund, from any portion of a Participant's account attributable to transfers from the Cash Balance Pension Plan for Represented Employees of Public Service Enterprise Group Incorporated ("Cash Balance Plan") or from assets held in the Schwab PCRA Fund. Participants can initiate only one loan per calendar year and may have no more than two loans outstanding at any one time.

These loans are measured at their unpaid principal balances plus any accrued but unpaid interest.

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NOTES TO FINANCIAL STATEMENTS

Payment of Benefits

Upon termination of service due to retirement, a Participant may elect to receive an amount equal to the value of the vested interest in his or her account in either a lump-sum payment, or in quarterly or annual installments over a period not to exceed ten years, or may elect to leave the account balance in the Plan and elect a distribution at a later date. If a Participant is no longer working for the Company and has a balance in the Plan, he or she must begin to receive distributions from his or her account no later than April 1 following the calendar year in which he or she reaches age 70 1/2. If a Participant's account balance is less than $1,000 at the time of termination, the Participant will receive an automatic lump-sum payment for the entire account balance. For termination due to death, the Participant's beneficiary will receive a lump-sum distribution equal to the value of the Participant's vested interest in his or her account. For termination of service for reasons other than those described above, the Participant may elect to receive a lump-sum distribution equal to the value of the Participant's vested interest in his or her account or leave the account balance in the Plan and elect a distribution at a later date.

If a Participant withdraws Basic and/or Supplemental Deposits and/or vested Employer Contributions before such amounts have been in the Plan for twenty-four months, the Plan imposes a penalty in that such Participant will not be eligible to receive the matching Employer Contributions during the subsequent three months.

Distributions to Participants electing to withdraw Nondeferred Deposits and Employer Contributions are made as soon as practicable after such elections are received by the Plan's record keeper. Nondeferred Deposits may be withdrawn at any time, but certain penalties may apply. Deferred Deposits may not be withdrawn during employment prior to age 59 1/2 except for reasons of extraordinary financial hardship and to the extent permitted by the IRC ("hardship withdrawals"). Distributions to Participants of approved hardship withdrawals are made as soon as practicable after such approval.

Vesting

All Participants are 100% vested in the Plan from the first date of hire, except for certain amounts transferred from the Cash Balance Plan, for which the vesting schedule under the Cash Balance Plan applies.

Forfeitures

Any nonvested portion (certain amounts transferred from the Cash Balance Plan) of the Participant's account, determined as of the date of severance from employment, will be forfeited and will be applied thereafter to reduce a subsequent contribution or contributions of the Employer as provided in the Plan. If such former Participant is rehired and remains employed by an Employer at the end of the fifth Plan Year after the Plan Year in which such severance occurred, then such nonvested portion of the Participant's Account will be reinstated by the Employer and the Participant's right thereto will be determined as if the Participant had not terminated employment, provided that the Participant repays to the Plan the amount of any distribution paid to him or her resulting from the severance from employment.

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NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Plan have been prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America ("GAAP") which requires investment contracts held by a defined contribution plan to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount Participants would receive if they were to initiate permitted transactions under the terms of the Plan. Therefore, the Statements of Net Assets Available for Benefits present the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The Statement of Changes in Net Assets Available for Benefits is prepared on a contract value basis for fully benefit-responsive investment contracts.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires Plan management to make estimates and assumptions that affect the reported amounts of net assets available for benefits and changes therein and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Risks and Uncertainties

The Plan permits Participants to select from among various investment options. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near-term and that such changes could materially affect Participants' account balances and the amounts reported in the financial statements.

Investment Valuation and Income Recognition

The Plan's investment is in the Master Trust. The investments maintained in the Master Trust are stated at fair value, as determined by quoted market prices, except for its contracts within the Stable Value Fund, which are valued at contract value, Short-Term Investments and Cash Equivalents. The Master Trust's investments in the investment contracts of the Stable Value Fund are with various insurance companies and other financial institutions. Non-participating investment contract fair values were determined using a discounted cash flow method. Based on its duration, the estimated cash flow of each contract was discounted using a yield curve interpolated from swap rates and adjusted for liquidity and credit quality. For those contracts with no stated payment dates, the projected value at the end of the required days notice period was assumed to pay in full and this payment was then discounted following the process described above. Contract value is discussed in Note 3. The Fixed Income Funds are stated at fair value using observable inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

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NOTES TO FINANCIAL STATEMENTS

Certain Short-Term Investments and Cash Equivalents are stated at cost, which approximates fair market value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on an accrual basis. Dividend income is recorded on the ex-dividend date.

Payment of Benefits

Benefit payments to Participants are recorded upon distribution. Amounts allocated to accounts of persons who have elected to withdraw from the Plan, but have not yet been paid were $242,322 and $167,605 as of December 31, 2012 and 2011, respectively.

Administrative Expenses of the Plan

Certain expenses incurred with the general administration of the Plan, including taxes and brokerage costs, are recorded in the accompanying Statement of Changes in Net Assets Available for Benefits. Certain administrative functions performed by the officers and employees of the Company are paid by Employers (Note 6).

Transfers of the ESOP Fund

Participants are permitted to transfer all, but not less than all, of the shares of the Company's Common Stock from their ESOP Fund to other investment options in the Plan. To effectuate such transfers, the Trustee will sell the shares of the Company's Common Stock held in the ESOP Fund and invest the proceeds in the other investment funds designated by the Participant. The cash value of each share of the Company's Common Stock transferred will be equal to the price per share of the Company's Common Stock actually received by the Trustee.

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NOTES TO FINANCIAL STATEMENTS

3. INVESTMENT OF THE PLAN AND THE PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED THRIFT AND TAX-DEFERRED SAVINGS PLAN (THRIFT PLAN) IN THE MASTER TRUST

Use of the Master Trust permits the commingling of trust assets with the assets of the Thrift Plan for investment and administrative purposes. The Thrift Plan is a defined contribution retirement plan available to non-represented employees of the Employers. Although assets of both plans are commingled in the Master Trust, the Trustee maintains supporting records for the purpose of allocating the net assets and net income or loss of the investment account to the respective participating plans. The net assets and the net investment income or loss of the investment assets is allocated by the Trustee to each participating plan based on the relationship of the interest of each plan to the total of the interests of the participating plans. As of December 31, 2012 and 2011, the Plan's interests in the assets of the Master Trust were approximately 46% and 45%, respectively.

	As of December 31,	
	2012	2011
	(Thousands)	
Investments of Master Trust at Fair Value:		
Cash Equivalents and Short-Term Investments	$ 34,040	$ 64,521
Common Stock of Public Service Enterprise Group Incorporated*	171,884	186,893
Mutual Funds	1,151,684	960,745
Investment Contracts (Stable Value Fund)	882,339	845,638
Schwab PCRA Fund (a)	70,229	64,591
Total Investments	$ 2,310,176	$2,122,388

	For the Year Ended December 31, 2012
	(Thousands)
Investment Income (Loss) of Master Trust:	
Net Appreciation in Fair Value of Mutual Funds	$ 145,917
Net Depreciation in Fair Value of Common Stock of Public Service Enterprise Group Incorporated*	(12,783)
Net Appreciation in Fair Value of Schwab PCRA Fund (a)	4,695
Interest from Investment Contracts	22,847
Dividends from Common Stock of Public Service Enterprise Group Incorporated*	7,760
Total Investment Income, Net	$ 168,436

(a) Amounts primarily relate to equity investments in stocks and in mutual funds. The net change in fair value is primarily comprised of realized/unrealized gains or losses and dividends earned on these equity investments.

* Permitted party-in-interest.

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NOTES TO FINANCIAL STATEMENTS

Assets of the Stable Value Fund

The Stable Value Fund utilizes a "building block" approach that invests in a series of proprietary commingled fixed income funds to build each stable value portfolio. This approach provides extraordinary diversification, typically between 2,500 and 3,000 individual securities broadly diversified across fixed income sectors. As of December 31, 2012, the Stable Value Fund was comprised of the following:

Issuer	Expiration	Effective Rate	Fair Value (Thousands)
Bank of America (A)	Open-Ended	2.28%	$ 102,170
ING Life Insurance & Annuity Co. (A)	Open-Ended	2.97%	51,568
ING Life Insurance & Annuity Co. (A)	Open-Ended	2.25%	48,941
ING Life Insurance & Annuity Co. (A)	Open-Ended	2.35%	114,306
Monumental Life (A)	Open-Ended	2.80%	209,409
Pacific Life Insurance (A)	Open-Ended	2.85%	156,851
Pacific Life Insurance (A)	Open-Ended	2.25%	53,867
Prudential Ins Co. (A)	Open-Ended	2.49%	145,227
Total Investment Contracts			882,339
Investment in BNY Mellon Short-Term Investment Fund		0.05%	22,007
Total Stable Value Fund			$ 904,346

(A) Managed by INVESCO Institutional, Inc.

As of December 31, 2011, the Stable Value Fund was comprised of the following:

Issuer	Expiration	Effective Rate	Fair Value (Thousands)
Bank of America (A)	Open-Ended	2.89%	$ 99,688
ING Life Insurance & Annuity Co. (A)	Open-Ended	3.59%	49,361
ING Life Insurance & Annuity Co. (A)	Open-Ended	3.16%	48,101
ING Life Insurance & Annuity Co. (A)	Open-Ended	3.06%	111,693
JP Morgan Chase (A)	Open-Ended	3.02%	42,934
Monumental Life (A)	Open-Ended	3.37%	202,958
Pacific Life Insurance (A)	Open-Ended	2.95%	52,667
Pacific Life Insurance (A)	Open-Ended	3.37%	151,163
Prudential Ins Co. (A)	Open-Ended	3.03%	87,073
Total Investment Contracts			845,638
Investment in BNY Mellon Short-Term Investment Fund		0.05%	57,320
Total Stable Value Fund			$902,958

(A) Managed by INVESCO Institutional, Inc.

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NOTES TO FINANCIAL STATEMENTS

Most of the investments in the Stable Value Fund are in benefit-responsive investment contracts. The units in the underlying "building block Funds" are held by the Plan's Trustee. The accounts are credited with earnings on the underlying investments and charged for Participant withdrawals and administrative expenses. The investment contract issuer is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Master Trust.

As described in Note 2, because the investment contracts are fully benefit-responsive, contract value is the relevant measurement attribute for that portion of the net assets available for benefits attributable to the investment contracts. Contract value, as reported to the Master Trust by the Stable Value Fund managers, represents contributions made under the contracts, plus earnings, less Participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value.

There are no reserves against contract value for credit risk of the contract issuers or otherwise. The crediting interest rate is based on a formula agreed upon with the issuers, but may not be less than zero. Such rates are reviewed on a quarterly basis for resetting.

Certain events limit the ability of the Master Trust, as directed by the Plan to transact at contract value with the issuers. Such events include the following: (1) amendments to the Plan documents (including complete or partial plan termination or merger with another plan), (2) changes to the Plan's prohibition on competing investment options or deletion of equity wash provisions, (3) bankruptcy of the Plan Sponsor or other events (for example, divestitures or spin-offs of a subsidiary) that cause a significant withdrawal from the Plan, or (4) the failure of the Master Trust to qualify for exemption from federal income taxes or any required prohibited transaction exemption under ERISA. The TPIC does not believe that the occurrence of any such value event, which would limit the Plan's ability to transact at contract value with Participants, is probable.

The average yield based on actual earnings was approximately 0.94% and 1.44% for 2012 and 2011, respectively. The average yield based on interest rate credited to Participants was approximately 2.52% and 2.98% for 2012 and 2011, respectively.

The fair market value of the wrapper contracts in the Stable Value Fund, which is the difference between the Fund's fair value and contract value, was higher by $48,109,587 and $44,090,833 as of December 31, 2012 and 2011, respectively.

Assets of the Company Stock Fund

The assets of the Company Stock Fund are invested in shares of the Company's Common Stock.

Schwab PCRA Fund

The Schwab PCRA Fund is a self-directed brokerage account in which Participants can select and manage a wide selection of investments including mutual funds and stocks. Deposits into the Schwab PCRA Fund must come from balances transferred from the other options in the Plan. Participants may transfer up to 100% of their account balance, less $500 to pay for certain fees, to the Schwab PCRA Fund.

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NOTES TO FINANCIAL STATEMENTS

4. FAIR VALUE MEASUREMENTS

GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1—measurements utilize quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2—measurements include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and other observable inputs such as interest rates and yield curves that are observable at commonly quoted intervals.
- Level 3—measurements use unobservable inputs for assets or liabilities, based on the best information available and might include an entity's own data and assumptions.

In some valuations, the inputs may fall into different levels of the hierarchy. In these cases, the financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The following tables present information about the Master Trust's investments measured at fair value on a recurring basis at December 31, 2012 and December 31, 2011, including the fair value measurements and the levels of inputs used in determining those fair values.

	Recurring Fair Value Measurements as of December 31, 2012			
Description	Total	Quoted Market Prices for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(Thousands)			
Cash and Cash Equivalents	$ 34,040	$ 24,974	$ 9,066	$ 0
Common Stock of Public Service Enterprise Group Incorporated	171,884	171,884	0	0
Mutual Funds:				
Vanguard Developed Markets	192,666	192,666	0	0
Vanguard Institutional Index Fund	376,099	376,099	0	0
Vanguard Mid Cap Fund	169,242	169,242	0	0
Vanguard Small Cap Fund	155,031	155,031	0	0
Vanguard Target Retirement Funds	94,166	94,166	0	0
Fixed Income Securities	164,480	0	164,480	0
Stable Value Fund	882,339	0	882,339	0
Schwab PCRA Fund	70,229	70,229	0	0
Total Investment in Master Trust	$2,310,176	$1,254,291	$1,055,885	$ 0

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NOTES TO FINANCIAL STATEMENTS

Description	Recurring Fair Value Measurements as of December 31, 2011			
	Total	Quoted Market Prices for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
		(Thousands)		
Cash and Cash Equivalents	$ 64,521	$ 57,320	$ 7,201	$ 0
Common Stock of Public Service Enterprise Group Incorporated	186,893	186,893	0	0
Mutual Funds:				
Vanguard Developed Markets	146,036	146,036	0	0
Vanguard Institutional Index Fund	315,301	315,301	0	0
Vanguard Mid Cap Fund	147,790	147,790	0	0
Vanguard Small Cap Fund	142,856	142,856	0	0
Vanguard Target Retirement Funds	70,346	70,346	0	0
Fixed Income Securities	138,416	0	138,416	0
Stable Value Fund	845,638	0	845,638	0
Schwab PCRA Fund	64,591	64,591	0	0
Total Investment in Master Trust	$2,122,388	$1,131,133	$991,255	$ 0

Certain commingled cash equivalents included in temporary investment funds are valued using observable market prices or market parameters such as time-to-maturity, coupon rate, quality rating and current yield.

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NOTES TO FINANCIAL STATEMENTS

5. FEDERAL INCOME TAX STATUS

The Internal Revenue Service (IRS) has determined and informed the Company by a letter dated November 28, 2012, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). Although the Plan has been amended since receiving the determination letter to adopt IRS required amendments in connection with issuing the determination letter, the Plan administrator and the Plan's benefits counsel believe that the Plan is designed, and is currently being operated, in compliance with the applicable requirements of the IRC and, therefore, believe that the Plan is qualified, and the related trust is tax-exempt.

GAAP requires Plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan administrator believes it is no longer subject to income tax examinations for years prior to 2009.

6. RELATED-PARTY TRANSACTIONS

Certain Plan investments are in the Company's Common Stock. Since the Company is the Plan Sponsor, these transactions qualify as party-in-interest transactions. Certain administrative functions are performed by the officers and employees of the Company (who may also be Participants in the Plan) at no cost to the Plan.

As of December 31, 2012 and 2011, the Master Trust held 5,617,134 and 5,661,714 shares, respectively, of the Company's Common Stock, in the ESOP Fund and the Company Stock Fund, with a market value per share of $30.60 and $33.01, respectively.

For the year ended December 31, 2012, the Master Trust recorded dividend income of approximately $7.8 million from the Company's Common Stock.

These transactions are not deemed prohibited party-in-interest transactions, because they are covered by statutory or administrative exemptions from ERISA's rules on prohibited transactions.

7. PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in ERISA. In the event of Plan termination, Participants will become 100 percent vested in their accounts.

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NOTES TO FINANCIAL STATEMENTS

8. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of net assets available for benefits per the financial statements to Form 5500:

	2012	2011
Net assets available for benefits per the financial statements	$1,064,969,607	$969,774,354
Adjustment from contract value to fair value for fully benefit-responsive investment contracts	22,166,300	20,100,481
Net assets available for benefits per Form 5500	$ 1,087,135,907	$989,874,835

The Form 5500 includes a Net Investment Gain of $76,661,384 from Master Trust Investments for the year ended December 31, 2012 consisting of $77,680,082 of Investment Gains (comprised of the $75,614,263 of the Plan's interest in gains of Master Employee Benefit Plan Trust plus the $2,065,819 adjustment from fair value to contract value for fully benefit-responsive investment contracts) less $1,018,698 of administrative expenses.

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PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
EMPLOYEE SAVINGS PLAN
PLAN No. 006, EIN No. 22-2625848

SCHEDULE H, PART IV LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)
DECEMBER 31, 2012

Identity of Issue, Borrower or Similar Party	Description of Investment	Cost	Current Value
Various Participants *	2,902 Participant Loans (maturing 2013 to 2018 at interest rates of 3.25% to 9.50%), secured by participant accounts	$ 0	$31,758,712

* Permitted party-in-interest.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the Plan) have duly caused this Annual Report to be signed by the undersigned thereunto duly authorized.

Public Service Enterprise Group Incorporated
Employee Savings Plan
(Name of Plan)

By: /s/ Margaret M. Pego
Margaret M. Pego
Chairperson of Employee
Benefits Committee

Date: June 27, 2013

S1-SSA-0009 - 29364

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EXHIBIT INDEX

Exhibit Number	
99	Consent of Independent Registered Public Accounting Firm

S1-SSA-0009 - 29365

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EXHIBIT 99

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (033-44582) of Public Service Enterprise Group Incorporated of our report dated June 27, 2013, relating to the financial statements and supplemental schedule of Public Service Enterprise Group Incorporated Employee Savings Plan which appear on this Form 11-K for the year ended December 31, 2012.

/s/ Kronick Kalada Berdy & Co., P.C.
Kingston, Pennsylvania
June 27, 2013

S1-SSA-0009 - 29366

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 11-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934** ***(NO FEE REQUIRED)***

For the year ended December 31, 2012

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934** ***(NO FEE REQUIRED)***

Commission File Number 001-09120

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
THRIFT AND TAX-DEFERRED SAVINGS PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
80 PARK PLAZA
NEWARK, NEW JERSEY 07102
MAILING ADDRESS: P.O. Box 1171
NEWARK, NEW JERSEY 07101-1171

S1-SSA-0009 - 29367

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PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
THRIFT AND TAX-DEFERRED SAVINGS PLAN

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All other schedules required by Section 2520.103.10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Trustee and Participants of Public Service Enterprise Group Incorporated
Thrift and Tax-Deferred Savings Plan:

We have audited the accompanying statements of net assets available for benefits of Public Service Enterprise Group Incorporated Thrift and Tax-Deferred Savings Plan (the "Plan") as of December 31, 2012 and 2011 and the related statement of changes in net assets available for benefits for the year ended December 31, 2012. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2012 and 2011 and the changes in net assets available for benefits for the year ended December 31, 2012, in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2012 is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Kronick Kalada Berdy & Co., P.C.
Kingston, Pennsylvania
June 27, 2013

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PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
THRIFT AND TAX-DEFERRED SAVINGS PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	As of December 31,	
	2012	2011
	(Thousands)	
ASSETS		
Investments at Fair Value:		
Plan Interest in Master Employee Benefit Plan Trust (Note 3)	$1,255,217	$ 1,163,748
Total Investments	1,255,217	1,163,748
Receivables:		
Participant Loans	14,608	14,749
Deposits and Contributions – Employees	1,458	1,306
Deposits and Contributions – Employer	523	323
Other	0	137
Total Receivables	16,589	16,515
Total Assets	1,271,806	1,180,263
LIABILITIES		
Accounts Payable	416	—
Accrued Expenses	423	245
Total Liabilities	839	245
NET ASSETS AVAILABLE FOR BENEFITS, AT FAIR VALUE	1,270,967	1,180,018
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	(25,943)	(23,990)
NET ASSETS AVAILABLE FOR BENEFITS	$ 1,245,024	$1,156,028

See Notes to Financial Statements.

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PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
THRIFT AND TAX-DEFERRED SAVINGS PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
YEAR ENDED DECEMBER 31, 2012

	(Thousands)
ADDITIONS	
Net Investment Income	
Plan Interest in Income of Master Employee Benefit Plan Trust (Note 3)	$ 92,822
Interest on Participant Loans	474
Total Net Investment Income	93,296
Deposits and Contributions	
Employees	44,097
Employer	15,085
Total Deposits and Contribution	59,182
Total Additions	152,478
DEDUCTIONS	
Benefit Payments to Participants	65,418
Administrative Expenses	1,068
Total Deductions	66,486
INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS, PRIOR TO TRANSFERS	85,992
Transfers from Employee Savings Plan – Net	3,004
INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS	88,996
NET ASSETS AVAILABLE FOR BENEFITS	
Beginning of Year	1,156,028
End of Year	$ 1,245,024

See Notes to Financial Statements.

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NOTES TO FINANCIAL STATEMENTS

1. DESCRIPTION OF THE PLAN

General

The following description of the Public Service Enterprise Group Incorporated Thrift and Tax-Deferred Savings Plan ("Plan") is provided for general information purposes only. Participants should refer to the Plan Document and the Summary Plan Description ("SPD") for more information.

The Plan is a defined contribution retirement plan covering substantially all non-bargaining unit employees of Public Service Enterprise Group Incorporated ("Company") and its Participating Affiliates (each, an "Employer"). The Company's Employee Benefits Committee ("Benefits Committee") is the Named Fiduciary of the Plan and controls and manages its operation and administration. The Company's Thrift and Pension Investment Committee ("TPIC") is the Named Fiduciary of the Plan with respect to the investment of Plan assets. The trustee of the Plan, The Bank of New York Mellon ("Trustee"), is responsible for the custody and management of the Plan's assets. Aon Hewitt is the record keeper of the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

Substantially all of the Plan's assets are held in a trust account by the Trustee and consist of a divided interest in an investment account of the Master Employee Benefit Plan Trust ("Master Trust"), a master trust established by the Company and administered by the Trustee.

Contributions, Deposits and Investment Options

Generally, Participants may contribute from 1% to 8% of their annual compensation each year as basic deposits, as defined in the Plan ("Basic Deposits"), subject to certain Internal Revenue Code (IRC) limitations. The Participant's Employer contributes an amount equal to 50% of each Participant's Basic Deposit as its matching contribution to the Plan (Employer Contributions). Employer Contributions begin when that Participant has completed 1,000 hours of service, as defined in the Plan, with his/her Employer. Employer Contributions are made in cash. Participants may also contribute amounts representing distributions from other qualified plans and certain Individual Retirement Accounts ("IRA's").

Effective in February 2010, Employer Contributions for participants who are eligible for retirement benefits under the Pension Plan of Public Service Enterprise Group Incorporated ("Pension Plan") were suspended. The Company resumed making these matching contributions in January 2012.

Participants have the ability to make Roth Elective Deferrals within the Plan. In addition, a Participant may elect to make supplemental deposits to the Plan in increments of 1% of compensation up to an additional 42% of compensation ("Supplemental Deposits"), subject to certain IRC limitations, without any corresponding matching Employer Contribution. Participants may designate such Basic and/or Supplemental Deposits as post-income tax contributions or Roth Elective Deferrals (together "Nondeferred Deposits"), or pre-income tax contributions ("Deferred Deposits").

Each Participant may, within any Plan Year, make one or more additional lump sum deposits on a nondeferred basis in minimum amounts of $250 and in such total amounts which, when aggregated with such Participant's Basic Deposits and Supplemental Deposits, do not exceed 50% of his or her compensation for that Plan Year subject to IRC limitations.

Participants may direct the investment of their accounts into various investment options offered by the Plan. The Plan offers investment options in Investment Contracts, the Common Stock of the Company via the Enterprise Common Stock Fund ("Company Stock Fund") and the Employee Stock Ownership Plan ("ESOP") Fund, the Schwab Personal Choice Retirement Account ("PCRA") Fund, mutual funds consisting of various target-date funds, other mutual funds and pre-mix portfolios (which are invested in specific percentages of the mutual funds).

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NOTES TO FINANCIAL STATEMENTS

The ESOP Fund includes amounts only for Participants who were hired prior to August 1, 1986 and qualified for participation. Contributions to, or transfers into the ESOP Fund are no longer permitted. ESOP Fund Participants receive quarterly payments directly from the Trustee equal to the dividends paid to the Trustee on the shares of the Company Common Stock held for their account in the ESOP Fund.

Participant Accounts

Individual accounts are maintained for each Participant. Each Participant's account consists of (a) Participant's contributions (b) the Employer's contributions and (c) earnings and/or losses. The Participant's account is reduced for certain administrative expenses. The benefit to which a Participant or beneficiary is entitled upon death, disability, retirement or termination of service, as applicable, is the benefit that can be provided from the Participant's vested account.

Participants who have elected to participate in the Company Stock Fund may elect to have the dividends on the shares of the Common Stock paid directly to the Participant (or beneficiary) in cash or paid to the Participant's account, which will then be reinvested in the Company Common Stock Fund. The reinvestment provision is not applicable with respect to Company Common Stock held in a Participant's ESOP Fund.

Participant Loans

Except as discussed in the following paragraph, Participants may borrow from their Plan accounts a minimum of $1,000 up to a maximum equal to the lesser of $50,000 or 50% of their vested account balance at the time the loan is originated. The loans are secured by the balance in the Participant's account and existing loans bear interest at rates that range from 3.25% to 9.00%, at December 31, 2012, which are commensurate with local prevailing rates at the time that the loan was originated, as determined by the Benefits Committee. Principal and interest is paid ratably through payroll deductions.

No amounts may be loaned directly from any ESOP Fund, from any portion of a Participant's account attributable to transfers from the Cash Balance Pension Plan of Public Service Enterprise Group Incorporated ("Cash Balance Plan") or from assets held in the Schwab PCRA Fund. Participants can initiate only one loan per calendar year and may have no more than two loans outstanding at any one time.

These loans are measured at their unpaid principal balances plus any accrued but unpaid interest.

Payment of Benefits

Upon termination of service due to retirement, a Participant may elect to receive an amount equal to the value of the vested interest in his or her account in either a lump-sum payment, or in quarterly or annual installments over a period not to exceed ten years, or may elect to leave the account balance in the Plan and elect a distribution at a later time. If a Participant is no longer working for the Company and has a balance in the Plan, he or she must begin to receive distributions from his or her account no later than April 1 following the calendar year in which he or she reaches age 70 1/2. If a Participant's account balance is less than $1,000 at the time of termination, the Participant will receive an automatic lump-sum payment for the entire account balance. For termination due to death, the Participant's beneficiary will receive a lump-sum distribution equal to the value of the Participant's vested interest in his or her account. For termination of service for reasons other than those described above, the Participant may elect to receive a lump-sum distribution equal to the value of the Participant's vested interest in his or her account, or leave the account balance in the Plan and elect a distribution at a later date.

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NOTES TO FINANCIAL STATEMENTS

If a Participant withdraws Basic and/or Supplemental Deposits and/or vested Employer Contributions before such amounts have been in the Plan for twenty-four months, the Plan imposes a penalty in that such Participant will not be eligible to receive the matching Employer Contributions during the subsequent three months.

Withdrawals of Nondeferred Deposits and Employer Contributions are made as soon as practicable after such elections are received by the Plan's record keeper. Nondeferred Deposits may be withdrawn at any time, but certain penalties may apply. Deferred Deposits may not be withdrawn during employment prior to age 59 1/2 except for reasons of extraordinary financial hardship and to the extent permitted by the IRC (hardship withdrawals). Distributions to Participants of approved hardship withdrawals are made as soon as practicable after such approval.

Vesting

All Participants are 100% vested in the Plan from the first date of hire, except for certain amounts transferred from the Cash Balance Plan, for which the vesting schedule under the Cash Balance Plan applies.

Forfeitures

Any nonvested portion (certain amounts transferred from the Cash Balance Plan) of the Participant's account, determined as of the date of severance from employment, will be forfeited and will be applied thereafter to reduce a subsequent contribution or contributions of the Employer as provided in the Plan. If such former Participant is rehired and remains employed by an Employer at the end of the fifth Plan Year after the Plan Year in which such severance occurred, then such nonvested portion of the Participant's Account will be reinstated by the Employer and the Participant's right thereto will be determined as if the Participant had not terminated employment, provided that the Participant repays to the Plan the amount of any distribution paid to him or her resulting from the severance from employment.

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NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Plan have been prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America ("GAAP") which requires investment contracts held by a defined contribution plan to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount Participants would receive if they were to initiate permitted transactions under the terms of the Plan. Therefore, the Statements of Net Assets Available for Benefits present the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The Statement of Changes in Net Assets Available for Benefits is prepared on a contract value basis for fully benefit-responsive investment contracts.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires Plan management to make estimates and assumptions that affect the reported amounts of net assets available for benefits and changes therein and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Risks and Uncertainties

The Plan permits Participants to select from among various investment options. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near-term and that such changes could materially affect Participants' account balances and the amounts reported in the financial statements.

Investment Valuation and Income Recognition

The Plan's investment is in the Master Trust. The investments maintained in the Master Trust are stated at fair value, as determined by quoted market prices, except for its contracts within the Stable Value Fund, which are valued at contract value, Short-Term Investments and Cash Equivalents. The Master Trust's investments in the investment contracts of the Stable Value Fund are with various insurance companies and other financial institutions. Non-participating investment contract fair values were determined using a discounted cash flow method. Based on its duration, the estimated cash flow of each contract was discounted using a yield curve interpolated from swap rates and adjusted for liquidity and credit quality. For those contracts with no stated payment dates, the projected value at the end of the required days notice period was assumed to pay in full and this payment was then discounted following the process described above. Contract value is discussed in Note 3. The Fixed Income Funds are stated at fair value using observable inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

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NOTES TO FINANCIAL STATEMENTS

Certain Short-Term Investments and Cash Equivalents are stated at cost, which approximates fair market value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on an accrual basis. Dividend income is recorded on the ex-dividend date.

Payment of Benefits

Benefit payments to Participants are recorded upon distribution. Amounts allocated to accounts of persons who have elected to withdraw from the Plan, but have not yet been paid were $753,384 and $443,958 as of December 31, 2012 and 2011, respectively.

Administrative Expenses of the Plan

Certain expenses incurred with the general administration of the Plan, including taxes and brokerage costs, are recorded in the accompanying Statement of Changes in Net Assets Available for Benefits. Certain administrative functions performed by the officers and employees of the Company are paid by Employers (Note 6).

Transfers of the ESOP Fund

Participants are permitted to transfer all, but not less than all, of the shares of the Company's Common Stock from their ESOP Fund to other investment options in the Plan. To effectuate such transfers, the Trustee will sell the shares of the Company's Common Stock held in the ESOP Fund and invest the proceeds in the other investment funds designated by the Participant. The cash value of each share of the Company's Common Stock transferred will be equal to the price per share of the Company's Common Stock actually received by the Trustee.

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NOTES TO FINANCIAL STATEMENTS

3. INVESTMENT OF THE PLAN AND THE PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED EMPLOYEE SAVINGS PLAN (SAVINGS PLAN) IN THE MASTER TRUST

Use of the Master Trust permits the commingling of trust assets with the assets of the Savings Plan for investment and administrative purposes. The Savings Plan is a defined contribution retirement plan available to represented employees of the Employers. Although assets of both plans are commingled in the Master Trust, the Trustee maintains supporting records for the purpose of allocating the net assets and income or loss of the investment account to the respective participating plans. The net assets and the investment income or loss of the investment assets is allocated by the Trustee to each participating plan based on the relationship of the interest of each plan to the total of the interests of the participating plans. As of December 31, 2012 and 2011, the Plan's interests in the assets of the Master Trust were approximately 54% and 55%, respectively.

	As of December 31,	
	2012	2011
	(Thousands)	
Investments of Master Trust at Fair Value:		
Cash Equivalents and Short-Term Investments	$ 34,040	$ 64,521
Common Stock of Public Service Enterprise Group Incorporated*	171,884	186,893
Mutual Funds	1,151,684	960,745
Investment Contracts (Stable Value Fund)	882,339	845,638
Schwab PCRA Fund (a)	70,229	64,591
Total Investments	$ 2,310,176	$2,122,388

	For the Year Ended December 31, 2012
	(Thousands)
Investment Income (Loss) of Master Trust:	
Net Appreciation in Fair Value of Mutual Funds	$ 145,917
Net Depreciation in Fair Value of Common Stock of Public Service Enterprise Group Incorporated*	(12,783)
Net Appreciation in Fair Value of Schwab PCRA Fund (a)	4,695
Interest from Investment Contracts	22,847
Dividends from Common Stock of Public Service Enterprise Group Incorporated*	7,760
Total Investment Income, Net	$ 168,436

(a) Amounts primarily relate to equity investments in stocks and in mutual funds. The net change in fair value is primarily comprised of realized/unrealized gains or losses and dividends earned on these equity investments.

* Permitted party-in-interest.

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NOTES TO FINANCIAL STATEMENTS

Assets of the Stable Value Fund

The Stable Value Fund utilizes a "building block" approach that invests in a series of proprietary commingled fixed income funds to build each stable value portfolio. This approach provides significant diversification, typically between 2,500 and 3,000 individual securities broadly diversified across fixed income sectors. As of December 31, 2012, the Stable Value Fund was comprised of the following:

Issuer	Expiration	Effective Rate	Fair Value (Thousands)
Bank of America (A)	Open-Ended	2.28%	$102,170
ING Life Insurance & Annuity Co. (A)	Open-Ended	2.97%	51,568
ING Life Insurance & Annuity Co. (A)	Open-Ended	2.25%	48,941
ING Life Insurance & Annuity Co. (A)	Open-Ended	2.35%	114,306
Monumental Life (A)	Open-Ended	2.80%	209,409
Pacific Life Insurance (A)	Open-Ended	2.85%	156,851
Pacific Life Insurance (A)	Open-Ended	2.25%	53,867
Prudential Ins Co. (A)	Open-Ended	2.49%	145,227
Total Investment Contracts			882,339
Investment in BNY Mellon Short-Term Investment Fund		0.05%	22,007
Total Stable Value Fund			$ 904,346

(A) Managed by INVESCO Institutional, Inc.

As of December 31, 2011, the Stable Value Fund was comprised of the following:

Issuer	Expiration	Effective Rate	Fair Value (Thousands)
Bank of America (A)	Open-Ended	2.89%	$ 99,688
ING Life Insurance & Annuity Co. (A)	Open-Ended	3.59%	49,361
ING Life Insurance & Annuity Co. (A)	Open-Ended	3.16%	48,101
ING Life Insurance & Annuity Co. (A)	Open-Ended	3.06%	111,693
JP Morgan Chase (A)	Open-Ended	3.02%	42,934
Monumental Life (A)	Open-Ended	3.37%	202,958
Pacific Life Insurance (A)	Open-Ended	2.95%	52,667
Pacific Life Insurance (A)	Open-Ended	3.37%	151,163
Prudential Ins Co. (A)	Open-Ended	3.03%	87,073
Total Investment Contracts			845,638
Investment in BNY Mellon Short-Term Investment Fund		0.05%	57,320
Total Stable Value Fund			$902,958

(A) Managed by INVESCO Institutional, Inc.

Most of the investments in the Stable Value Fund are in benefit-responsive investment contracts. The units in the underlying "building block funds" are held by the Plan's Trustee. The accounts are credited with earnings on the underlying investments and charged for Participant withdrawals and administrative expenses. The investment contract issuer is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Master Trust.

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NOTES TO FINANCIAL STATEMENTS

As described in Note 2, because the investment contracts are fully benefit-responsive, contract value is the relevant measurement attribute for that portion of the net assets available for benefits attributable to the investment contracts. Contract value, as reported to the Master Trust by the Stable Value Fund managers, represents contributions made under the contracts, plus earnings, less Participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value.

There are no reserves against contract value for credit risk of the contract issuers or otherwise. The crediting interest rate is based on a formula agreed upon with the issuers, but may not be less than zero. Such rates are reviewed on a quarterly basis for resetting.

Certain events limit the ability of the Master Trust, as directed by the Plan to transact at contract value with the issuers. Such events include the following: (1) amendments to the Plan documents (including complete or partial plan termination or merger with another plan), (2) changes to the Plan's prohibition on competing investment options or deletion of equity wash provisions, (3) bankruptcy of the Plan Sponsor or other events (for example, divestitures or spin-offs of a subsidiary) that cause a significant withdrawal from the Plan, or (4) the failure of the Master Trust to qualify for exemption from federal income taxes or any required prohibited transaction exemption under ERISA. The TPIC does not believe that the occurrence of any such value event, which would limit the Plan's ability to transact at contract value with Participants, is probable.

The average yield based on actual earnings was approximately 0.94% and 1.44% for 2012 and 2011, respectively. The average yield based on interest rate credited to Participants was approximately 2.52% and 2.98% for 2012 and 2011, respectively.

The fair market value of the wrapper contracts in the Stable Value Fund, which is the difference between the Fund's fair value and contract value, was higher by $48,109,587 and $44,090,833 as of December 31, 2012 and 2011 respectively.

Assets of the Company Stock Fund

The assets of the Company Stock Fund are invested in shares of the Company's Common Stock.

Schwab PCRA Fund

The Schwab PCRA Fund is a self-directed brokerage account in which Participants can select and manage a wide selection of investments including mutual funds and stocks. Deposits into the Schwab PCRA Fund must come from balances transferred from the other options in the Plan. Participants may transfer up to 100% of their account balance, less $500 to pay for certain fees, to the Schwab PCRA Fund.

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NOTES TO FINANCIAL STATEMENTS

4. FAIR VALUE MEASUREMENTS

GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1—measurements utilize quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2—measurements include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and other observable inputs such as interest rates and yield curves that are observable at commonly quoted intervals.
- Level 3—measurements use unobservable inputs for assets or liabilities, based on the best information available and might include an entity's own data and assumptions.

In some valuations, the inputs may fall into different levels of the hierarchy. In these cases, the financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The following tables present information about the Master Trust's investments measured at fair value on a recurring basis at December 31, 2012 and December 31, 2011, including the fair value measurements and the levels of inputs used in determining those fair values.

	Recurring Fair Value Measurements as of December 31, 2012			
Description	Total	Quoted Market Prices for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(Thousands)			
Cash and Cash Equivalents	$ 34,040	$ 24,974	$ 9,066	$ 0
Common Stock of Public Service Enterprise Group Incorporated	171,884	171,884	0	0
Mutual Funds:				
Vanguard Developed Markets	192,666	192,666	0	0
Vanguard Institutional Index Fund	376,099	376,099	0	0
Vanguard Mid Cap Fund	169,242	169,242	0	0
Vanguard Small Cap Fund	155,031	155,031	0	0
Vanguard Target Retirement Funds	94,166	94,166	0	0
Fixed Income Securities	164,480	0	164,480	0
Stable Value Fund	882,339	0	882,339	0
Schwab PCRA Fund	70,229	70,229	0	0
Total Investment in Master Trust	$2,310,176	$1,254,291	$1,055,885	$ 0

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NOTES TO FINANCIAL STATEMENTS

Description	Recurring Fair Value Measurements as of December 31, 2011			
	Total	Quoted Market Prices for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(Thousands)			
Cash and Cash Equivalents	$ 64,521	$ 57,320	$ 7,201	$ 0
Common Stock of Public Service Enterprise Group Incorporated	186,893	186,893	0	0
Mutual Funds:				
Vanguard Developed Markets	146,036	146,036	0	0
Vanguard Institutional Index Fund	315,301	315,301	0	0
Vanguard Mid Cap Fund	147,790	147,790	0	0
Vanguard Small Cap Fund	142,856	142,856	0	0
Vanguard Target Retirement Funds	70,346	70,346	0	0
Fixed Income Securities	138,416	0	138,416	0
Stable Value Fund	845,638	0	845,638	0
Schwab PCRA Fund	64,591	64,591	0	0
Total Investment in Master Trust	$2,122,388	$1,131,133	$991,255	$ 0

Certain commingled cash equivalents included in temporary investment funds are valued using observable market prices or market parameters such as time-to-maturity, coupon rate, quality rating and current yield.

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NOTES TO FINANCIAL STATEMENTS

5. FEDERAL INCOME TAX STATUS

The Internal Revenue Service (IRS) has determined and informed the Company by a letter dated November 28, 2012, that the Plan and related trust, are designed in accordance with applicable sections of the Internal Revenue Code (IRC). Although the Plan has been amended since receiving the determination letter to adopt IRS required amendments in connection with issuing the determination letter, the Plan administrator and the Plan's benefits counsel believe that the Plan is designed, and is currently being operated, in compliance with the applicable requirements of the IRC and, therefore, believe that the Plan is qualified, and the related trust is tax-exempt.

GAAP requires Plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan administrator believes it is no longer subject to income tax examinations for years prior to 2009.

6. RELATED-PARTY TRANSACTIONS

Certain Plan investments are in the Company's Common Stock. Since the Company is the Plan Sponsor, these transactions qualify as party-in-interest transactions. Certain administrative functions are performed by the officers and employees of the Company (who may also be Participants in the Plan) at no cost to the Plan.

As of December 31, 2012 and 2011, the Master Trust held 5,617,134 and 5,661,714 shares, respectively, of the Company's Common Stock, in the ESOP Fund and the Company Stock Fund, with a market value per share of $30.60 and $33.01, respectively.

For the year ended December 31, 2012, the Master Trust recorded dividend income of approximately $7.8 million from the Company's Common Stock.

These transactions are not deemed prohibited party-in-interest transactions, because they are covered by statutory or administrative exemptions from ERISA's rules on prohibited transactions.

7. PLAN TERMINATION

Although it has not expressed any intention to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in ERISA. In the event of Plan termination, Participants will become 100 percent vested in their accounts.

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NOTES TO FINANCIAL STATEMENTS

8. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of net assets available for benefits per the financial statements to Form 5500:

	2012	2011
Net assets available for benefits per the financial statements	$ 1,245,024,142	$1,156,027,881
Adjustment from contract value to fair value for fully benefit-responsive investment contracts	25,943,287	23,990,351
Net assets available for benefits per Form 5500	$1,270,967,429	$ 1,180,018,232

The Form 5500 includes a Net Investment Gain of $93,707,204 from Master Trust Investments for the year ended December 31, 2012 consisting of $94,775,260 of Investment Gains (comprised of the $92,822,324, of the Plan's interest in gains of Master Employee Benefit Plan Trust plus the $1,952,936 adjustment from fair value to contract value for fully benefit-responsive investment contracts) less $1,068,056 of administrative expenses.

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PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
THRIFT AND TAX-DEFERRED SAVINGS PLAN
PLAN No. 004, EIN No. 22-2625848

SCHEDULE H, PART IV LINE 4i—SCHEDULE OF ASSETS (HELD AT END OF YEAR)
DECEMBER 31, 2012

Identity of Issue, Borrower or Similar Party	Description of Investment	Cost	Current Value
Various Participants*	1,190 Participant Loans (maturing 2013 to 2018 at interest rates of 3.25% to 9.00%), secured by participant accounts	$ 0	$14,608,024

* Permitted party-in-interest.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the Plan) have duly caused this Annual Report to be signed by the undersigned thereunto duly authorized.

Public Service Enterprise Group Incorporated
Thrift and Tax-Deferred Savings Plan
(Name of Plan)

By: /s/ Margaret M. Pego

Margaret M. Pego
Chairperson of Employee
Benefits Committee

Date: June 27, 2013

S1-SSA-0009 - 29385

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EXHIBIT INDEX

Exhibit Number	
99	Consent of Independent Registered Public Accounting Firm

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EXHIBIT 99

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (033-44581) of Public Service Enterprise Group Incorporated of our report dated June 27, 2013, relating to the financial statements and supplemental schedule of Public Service Enterprise Group Incorporated Thrift and Tax-Deferred Savings Plan which appear on this Form 11-K for the year ended December 31, 2012.

/s/ Kronick Kalada Berdy & Co., P.C.
Kingston, Pennsylvania
June 27, 2013

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 11-K

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2015

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 001-09120

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

LONG ISLAND ELECTRIC UTILITY SERVCO LLC
INCENTIVE THRIFT PLAN II

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED

80 PARK PLAZA

NEWARK, NEW JERSEY 07102

S1-SSA-0009 - 29388

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LONG ISLAND ELECTRIC UTILITY SERVCO LLC
INCENTIVE THRIFT PLAN II

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All other schedules required by Section 2520.103.10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Trustee and Participants of Long Island Electric Utility ServCo LLC
Incentive Thrift Plan II:

We have audited the accompanying statements of net assets available for benefits (modified cash basis) of Long Island Electric Utility ServCo LLC Incentive Thrift Plan II (the "Plan") as of December 31, 2015 and 2014 and the related statement of changes in net assets available for benefits (modified cash basis) for the year ended December 31, 2015. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 2, these financial statements and supplemental schedule were prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2015 and 2014 and the changes in net assets available for benefits for the year ended December 31, 2015, on the basis of accounting described in Note 2.

The supplemental information in the accompanying schedule of assets (held at end of year) (modified cash basis) as of December 31, 2015 has been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The supplemental information is the responsibility of the Plan's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information in the accompanying schedule, we evaluated whether the supplemental information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental information in the accompanying schedule is fairly stated in all material respects in relation to the financial statements as a whole.

/s/ Kronick Kalada Berdy & Co., P.C.
Kingston, Pennsylvania
June 28, 2016

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LONG ISLAND ELECTRIC UTILITY SERVCO LLC
INCENTIVE THRIFT PLAN II

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS (MODIFIED CASH BASIS)

	As of December 31,	
	2015	**2014**
	(Thousands)	
ASSETS		
Investment at Fair Value:		
Plan Interest in Master Employee Benefit Plan Trust (Note 3)	$ 164,658	$ 154,962
Total Investments	164,658	154,962
Receivable:		
Participant Loans	6,801	6,567
Total Receivable	6,801	6,567
Total Assets	171,459	161,529
LIABILITIES	—	—
NET ASSETS AVAILABLE FOR BENEFITS	$ 171,459	$ 161,529

See Notes to Financial Statements.

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LONG ISLAND ELECTRIC UTILITY SERVCO LLC
INCENTIVE THRIFT PLAN II

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS (MODIFIED CASH BASIS)
YEAR ENDED DECEMBER 31, 2015

		(Thousands)
ADDITIONS		
Net Investment Income (Loss)		
Plan Interest in Income (Loss) of Master Employee Benefit Plan Trust (Note 3)	$	(1,697)
Interest on Participant Loans		216
Total Net Investment Income (Loss)		(1,481)
Deposits and Contributions		
Employees		16,107
Rollovers		2,539
Total Deposits and Contributions		18,646
Total Additions		17,165
DEDUCTIONS		
Benefit Payments to Participants		5,824
Administrative Expenses		95
Total Deductions		5,919
INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS, PRIOR TO TRANSFERS		11,246
Transfers to Other Plans - Net		(1,316)
INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS		9,930
NET ASSETS AVAILABLE FOR BENEFITS		
Beginning of Year		161,529
End of Year	$	171,459

See Notes to Financial Statements.

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NOTES TO FINANCIAL STATEMENTS

1. DESCRIPTION OF THE PLAN

General

The following description of the Long Island Electric Utility ServCo LLC Incentive Thrift Plan II ("Plan") is provided for general information purposes only. Participants should refer to the Summary Plan Description ("SPD") for more information.

The Plan was established effective January 1, 2014. The Plan is a defined contribution retirement plan covering substantially all bargaining unit employees of Long Island Electric Utility ServCo LLC ("ServCo"). This includes, but is not limited to, individuals who were employed by National Grid Companies USA ("NatGrid") or an affiliate thereof, who were participants in the National Grid USA Companies' Incentive Thrift Plan II on December 31, 2013, and who became employees of ServCo on January 1, 2014 ("Transition Employees"). ServCo is an indirect subsidiary of Public Service Enterprise Group Incorporated ("PSEG").

The ServCo Employee Benefits Committee ("Benefits Committee") is the Named Fiduciary of the Plan and controls and manages its operation and administration. The ServCo Pension Investment Committee ("TPIC") is the Named Fiduciary of the Plan responsible for management of the Plan investments and the selection and monitoring of the funds offered under the Plan. The Vanguard Group Inc. ("Trustee") is responsible for the custody of the Plan's assets. Vanguard Participant Services is the record keeper of the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

Substantially all of the Plan's assets are held in a trust account by the Trustee and consist of a divided interest in an investment account of the Master Employee Benefit Plan Trust ("Master Trust"), a master trust established by ServCo and administered by the Trustee.

Contributions and Investment Options

Each Participant enters into a contribution agreement in order to make pre-tax contributions or Roth 401(k) contributions (together "Elective Contributions") and/or after-tax contributions, subject to certain Internal Revenue Code ("IRC") limitations. Generally, a Participant may elect to make after-tax contributions from 1% to 15% of their annual eligible compensation. The combined limit for Elective Contributions and after-tax contributions cannot exceed 50% of the Participant's annual eligible compensation. Participants may also contribute amounts representing distributions from other qualified plans and certain Individual Retirement Accounts ("IRAs").

Participants may direct the investment of their accounts into various investment options offered by the Plan through the Master Trust. The Plan offers investment options in the Common Stock of PSEG ("PSEG Share Fund"), which has been designated as an Employee Stock Ownership Plan ("ESOP") under section 4975(e) of the Code, and mutual funds consisting of various target-date funds and other registered investment company mutual funds.

Participant Accounts

Individual accounts are maintained for each Participant. Each Participant's account consists of (a) Participant's contributions, (b) earnings and/or losses, and (c) specific Participant transactions, as defined. The Participant's account is reduced for certain administrative expenses. The benefit to which a Participant or beneficiary is entitled upon death, disability, retirement or termination of service, as applicable, is the benefit that can be provided from the Participant's vested account.

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Dividends on PSEG Common Stock held in the accounts of Participants who have elected to participate in the PSEG Share Fund will be reinvested in the PSEG Share Fund.

Participant Loans

Except as discussed in the following paragraph, Participants may borrow from their Plan accounts a minimum of $1,000 up to a maximum equal to the lesser of $50,000 or 50% of their account balance at the time the loan is originated. The loans are secured by the balance in the Participant's account and existing loans bear interest at rates that at December 31, 2015, range from 3.25% to 10.50% which are commensurate with local prevailing rates at the time that the loan was originated, as determined, at such time by the Benefits Committee. Principal and interest is paid ratably through payroll deductions.

Participants may have no more than two loans outstanding at any one time.

These loans are measured at their unpaid principal balances plus any accrued but unpaid interest.

Payment of Benefits

Upon termination of employment, a Participant may elect to receive an amount equal to the value of the interest in his or her account in either a lump-sum payment, or through various periodic installment methods (not less frequently than annually). If a Participant's account balance is less than $1,000 at the time of termination, the Participant will receive an automatic lump-sum payment for the entire account balance. For termination due to death, the Participant's beneficiary will receive a lump-sum distribution equal to the value of the Participant's interest in his or her account. If a Participant is no longer working for ServCo and has a balance in the Plan, he or she must begin to receive distributions from his or her account no later than April 1 following the calendar year in which he or she reaches age 70½.

A Participant who is currently an employee and who has not attained age 59½ may withdraw all or part of his or her after-tax contributions. Other deposits may not be withdrawn during employment prior to age 59½ except for reasons of extraordinary financial hardship and to the extent permitted by the IRC ("hardship withdrawals"). Hardship withdrawals are subject to taxes and penalties. Participants who require a hardship withdrawal are prohibited from contributing to the Plan for six months following such distribution.

Vesting

All Participant contributions are 100% vested in the Plan.

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NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements are prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles ("GAAP"). The modified cash basis of accounting utilizes the cash basis of accounting while carrying investments at fair value and recording investment income on the accrual basis.

Use of Estimates

The preparation of financial statements requires Plan management to make estimates and assumptions that affect the reported amounts of net assets available for benefits and changes therein and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Risks and Uncertainties

The Plan permits Participants to select from among various investment options. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near-term and that such changes could materially affect Participants' account balances and the amounts reported in the financial statements.

Investment Valuation and Income Recognition

The Plan's investment is in the Master Trust. The investments maintained in the Master Trust are stated at fair value. Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Master Trust are deemed to be actively traded. Shares held by the PSEG Share Fund are valued at their closing price reported on the active market on which the security is traded.

At December 31, 2014, the Master Trust invested in Retirement Collective Trusts which were valued at net asset value at year-end. These funds were sold in 2015.

Purchases and sales of investments are recorded on a trade-date basis. Interest income is accrued when earned. Dividend income is recorded on the ex-dividend date. Capital gain distributions are included in dividend income.

Payment of Benefits

Benefit payments to Participants are recorded when paid.

Administrative Expenses of the Plan

Certain expenses incurred with the general administration of the Plan, including taxes and brokerage costs, are recorded in the accompanying Statement of Changes in Net Assets Available for Benefits. Certain administrative functions performed by the officers and employees of ServCo are paid by Employers (Note 6).

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3. INVESTMENT OF THE PLAN AND THE LONG ISLAND ELECTRIC UTILITY SERVCO LLC INCENTIVE THRIFT PLAN I (THRIFT PLAN I) IN THE MASTER TRUST

Use of the Master Trust permits the commingling of trust assets with the assets of the Thrift Plan I for investment and administrative purposes. The Thrift Plan I is a defined contribution retirement plan available to non-represented employees of ServCo. Although assets of both plans are commingled in the Master Trust, the Trustee maintains supporting records for the purpose of allocating the net assets and net income or loss of the investment account to the respective participating plans. The net assets and the net investment income or loss of the investment assets is allocated by the Trustee to each participating plan based on the relationship of the interest of each plan to the total of the interests of the participating plans. As of December 31, 2015 and 2014, the Plan's interests in the assets of the Master Trust were approximately 67%. Assets and investment income of the Master Trust consist of:

	As of December 31,	
	2015	2014
	(Thousands)	
Investments of Master Trust at Fair Value:		
PSEG Share Fund*	$ 4,383	$ 3,366
Mutual Funds	239,987	48,404
Target-date Retirement Collective Trusts	—	170,513
Total Investments	$ 244,370	$ 222,283

	For the Year Ended December 31, 2015
	(Thousands)
Investment Income (Loss) of Master Trust:	
Net Depreciation in Fair Value of investments*	$ (2,934)
Dividends from PSEG Share Fund*	160
Total Investment Income (Loss), Net	$ (2,774)

* Permitted party-in-interest.

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The changes in net assets of the Master Trust for the year ended December 31, 2015 are summarized as follows:

		(Thousands)
Changes in net assets:		
Net depreciation of investments	$	(5,332)
Interest and dividend income		2,558
Net Investment loss		(2,774)
Administrative expenses		(142)
Net transfers		25,003
Increase in net assets		22,087
Net assets:		
Beginning of year		222,283
End of year	$	244,370

4. FAIR VALUE MEASUREMENTS

GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1—measurements utilize quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2—measurements include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and other observable inputs such as interest rates and yield curves that are observable at commonly quoted intervals.
- Level 3—measurements use unobservable inputs for assets or liabilities, based on the best information available and might include an entity's own data and assumptions.

In some valuations, the inputs may fall into different levels of the hierarchy. In these cases, the financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

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The following tables present information about the Master Trust's investments measured at fair value on a recurring basis at December 31, 2015 and December 31, 2014, including the fair value measurements and the levels of inputs used in determining those fair values.

	Recurring Fair Value Measurements as of December 31, 2015			
Description	**Total**	**Quoted Market Prices for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
	(Thousands)			
PSEG Share Fund	$ 4,383	$ 4,383	$ —	$ —
Mutual Funds	239,987	239,987	—	—
Total Investment in Master Trust	$ 244,370	$ 244,370	$ —	$ —

	Recurring Fair Value Measurements as of December 31, 2014			
Description	**Total**	**Quoted Market Prices for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
	(Thousands)			
PSEG Share Fund	$ 3,366	$ 3,366	$ —	$ —
Mutual Funds	48,404	48,404	—	—
Target-date Retirement Collective Trusts	170,513	—	170,513	—
Total Investment in Master Trust	$ 222,283	$ 51,770	$ 170,513	$ —

5. FEDERAL INCOME TAX STATUS

The Internal Revenue Service (IRS) has determined and informed ServCo by a letter dated March 16, 2015, that the Plan and related trust are designed in accordance with applicable sections of the IRC. Although the Plan has been amended since receiving the determination letter to adopt IRS required amendments in connection with issuing the determination letter, the Plan administrator and the Plan's benefits Counsel believe that the Plan is designed, and is currently being operated, in compliance with the applicable requirements of the IRC and, therefore, believe that the Plan is qualified, and the related trust is tax-exempt.

The Plan Administrator is currently performing an internal audit of the Plan. The Plan Administrator will correct the errors that are discovered during the audit in accordance with the IRS correction program. If appropriate under the IRS correction program, the Plan Administrator will file a VCP submission with the IRS by December 31, 2016.

The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

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6. RELATED-PARTY TRANSACTIONS

Certain Plan investments are in the PSEG Share Fund. Since PSEG is the parent of ServCo, the Plan Sponsor, these transactions qualify as party-in-interest transactions. Certain administrative functions are performed by the officers and employees of ServCo (who may also be Participants in the Plan) at no cost to the Plan.

As of December 31, 2015 and 2014, the Master Trust held 113,275 and 81,294 shares, respectively, of PSEG Common Stock in the PSEG Share Fund, with a market value per share of $38.69 and $41.41, respectively.
For the year ended December 31, 2015, the Master Trust recorded dividend income of approximately $159,935 from PSEG Common Stock.

These transactions are not deemed prohibited party-in-interest transactions, because they are covered by statutory or administrative exemptions from ERISA's rules on prohibited transactions.

7. PLAN TERMINATION

Although it has not expressed any intent to do so, ServCo has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in ERISA. In the event of Plan termination, Participants are 100 percent vested in their accounts.

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LONG ISLAND ELECTRIC UTILITY SERVCO LLC
INCENTIVE THRIFT PLAN II
PLAN No. 003, EIN No. 45-4652143

SCHEDULE H, PART IV LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)
(MODIFIED CASH BASIS)
DECEMBER 31, 2015

Identity of Issue, Borrower or Similar Party	Description of Investment	Cost	Current Value
Various Participants *	708 Participant Loans (maturing 2016 to 2045 at interest rates of 3.25% to 10.50%), secured by participant accounts	$ —	$ 6,801,337

* Permitted party-in-interest.

S1-SSA-0009 - 29400

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the Plan) have duly caused this Annual Report to be signed by the undersigned thereunto duly authorized.

Long Island Electric Utility ServCo LLC
Incentive Thrift Plan II
(Name of Plan)

By: /s/ Margaret M. Pego

Margaret M. Pego
Chairperson of Employee
Benefits Committee

Date: June 28, 2016

S1-SSA-0009 - 29401

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EXHIBIT INDEX

Exhibit Number

23.1	Consent of Independent Registered Public Accounting Firm

S1-SSA-0009 - 29402

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Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (333-193127) of Public Service Enterprise Group Incorporated of our report dated June 28, 2016, relating to the financial statements and supplemental schedule of Long Island Electric Utility ServCo LLC Incentive Thrift Plan II which appear on this Form 11-K for the year ended December 31, 2015.

/s/ Kronick Kalada Berdy & Co., P.C.
Kingston, Pennsylvania
June 28, 2016

S1-SSA-0009 - 29403

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 11-K

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2015

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 001-09120

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

LONG ISLAND ELECTRIC UTILITY SERVCO LLC
INCENTIVE THRIFT PLAN I

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED

80 PARK PLAZA

NEWARK, NEW JERSEY 07102

S1-SSA-0009 - 29404

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LONG ISLAND ELECTRIC UTILITY SERVCO LLC
INCENTIVE THRIFT PLAN I

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All other schedules required by Section 2520.103.10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.

S1-SSA-0009 - 29405

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Trustee and Participants of Long Island Electric Utility ServCo LLC
Incentive Thrift Plan I:

We have audited the accompanying statements of net assets available for benefits (modified cash basis) of Long Island Electric Utility ServCo LLC Incentive Thrift Plan I (the "Plan") as of December 31, 2015 and 2014 and the related statement of changes in net assets available for benefits (modified cash basis) for the year ended December 31, 2015. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 2, these financial statements and supplemental schedule were prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2015 and 2014 and the changes in net assets available for benefits for the year ended December 31, 2015, on the basis of accounting described in Note 2.

The supplemental information in the accompanying schedule of assets (held at end of year) (modified cash basis) as of December 31, 2015 has been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The supplemental information is the responsibility of the Plan's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information in the accompanying schedule, we evaluated whether the supplemental information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental information in the accompanying schedule is fairly stated in all material respects in relation to the financial statements as a whole.

/s/ Kronick Kalada Berdy & Co., P.C.
Kingston, Pennsylvania
June 28, 2016

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LONG ISLAND ELECTRIC UTILITY SERVCO LLC
INCENTIVE THRIFT PLAN I

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS (MODIFIED CASH BASIS)

	As of December 31,	
	2015	**2014**
	(Thousands)	
ASSETS		
Investment at Fair Value:		
Plan Interest in Master Employee Benefit Plan Trust (Note 3)	$ 79,712	$ 67,322
Total Investments	79,712	67,322
Receivable:		
Participant Loans	2,279	1,884
Total Receivable	2,279	1,884
Total Assets	81,991	69,206
LIABILITIES	—	—
NET ASSETS AVAILABLE FOR BENEFITS	$ 81,991	$ 69,206

See Notes to Financial Statements.

S1-SSA-0009 - 29407

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LONG ISLAND ELECTRIC UTILITY SERVCO LLC
INCENTIVE THRIFT PLAN I

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS (MODIFIED CASH BASIS)
YEAR ENDED DECEMBER 31, 2015

		(Thousands)
ADDITIONS		
Net Investment Income (Loss)		
Plan Interest in Income (Loss) of Master Employee Benefit Plan Trust (Note 3)	$	(1,077)
Interest on Participant Loans		66
Total Net Investment Income (Loss)		(1,011)
Deposits and Contributions		
Employees		9,976
Employer		4,150
Rollovers		1,436
Total Deposits and Contributions		15,562
Total Additions		14,551
DEDUCTIONS		
Benefit Payments to Participants		3,035
Administrative Expenses		47
Total Deductions		3,082
INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS, PRIOR TO TRANSFERS		11,469
Transfers from Other Plans - Net		1,316
INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS		12,785
NET ASSETS AVAILABLE FOR BENEFITS		
Beginning of Year		69,206
End of Year	$	81,991

See Notes to Financial Statements.

S1-SSA-0009 - 29408

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NOTES TO FINANCIAL STATEMENTS

1. DESCRIPTION OF THE PLAN

General

The following description of the Long Island Electric Utility ServCo LLC Incentive Thrift Plan I ("Plan") is provided for general information purposes only. Participants should refer to the Summary Plan Description ("SPD") for more information.

The Plan was established effective January 1, 2014. The Plan is a defined contribution retirement plan covering substantially all non-bargaining unit employees of Long Island Electric Utility ServCo LLC ("ServCo"). This includes, but is not limited to, individuals who were employed by National Grid Companies USA ("NatGrid") or an affiliate thereof, who were participants in the National Grid USA Companies' Incentive Thrift Plan I on December 31, 2013, and who became employees of ServCo on January 1, 2014 ("Transition Employees"). ServCo is an indirect subsidiary of Public Service Enterprise Group Incorporated ("PSEG").

The ServCo Employee Benefits Committee ("Benefits Committee") is the Named Fiduciary of the Plan and controls and manages its operation and administration. The ServCo Pension Investment Committee ("TPIC") is the Named Fiduciary of the Plan responsible for management of the Plan investments and the selection and monitoring of the funds offered under the Plan. The Vanguard Group Inc. ("Trustee") is responsible for the custody of the Plan's assets. Vanguard Participant Services is the record keeper of the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

Substantially all of the Plan's assets are held in a trust account by the Trustee and consist of a divided interest in an investment account of the Master Employee Benefit Plan Trust ("Master Trust"), a master trust established by ServCo and administered by the Trustee.

Contributions and Investment Options

Each Participant enters into a contribution agreement in order to make pre-tax contributions or Roth 401(k) contributions (together "Elective Contributions") and/or after-tax contributions, subject to certain Internal Revenue Code ("IRC") limitations. Generally, a Participant may elect to make after-tax contributions from 1% to 15% of their annual eligible compensation. The combined limit for Elective Contributions and after-tax contributions cannot exceed 50% of the Participant's annual eligible compensation. Participants may also contribute amounts representing distributions from other qualified plans and certain Individual Retirement Accounts ("IRAs").

ServCo will make matching contributions ("Matching Contributions") which shall be equal to 50% of the Elective Contributions and/or after-tax contributions made by each Participant, which do not exceed the first 8% of the Participant's annual eligible compensation. Matching Contributions begin after that Participant has completed three months of service, as defined in the Plan, with ServCo.

ServCo also provides additional contributions ("Core Contributions") to Participants who are not eligible for benefits under the Long Island Electric Utility ServCo LLC Retirement Income Plan based on the Participant's age and years of service. Years of service include service with NatGrid for Transition Employees. For participants who were hired on January 1, 2014 and had a termination date from the Long Island Power Authority ("LIPA") on December 31, 2013, years of service include service with LIPA.

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Participants may direct the investment of their accounts into various investment options offered by the Plan through the Master Trust. The Plan offers investment options in the Common Stock of PSEG ("PSEG Share Fund"), which has been designated as an Employee Stock Ownership Plan ("ESOP") under section 4975(e) of the Code, and mutual funds consisting of various target-date funds and other registered investment company mutual funds.

Participant Accounts

Individual accounts are maintained for each Participant. Each Participant's account consists of (a) Participant's contributions, (b) Matching contributions, (c) Core contributions, if applicable, (d) earnings and/or losses, and (e) specific Participant transactions, as defined. The Participant's account is reduced for certain administrative expenses. The benefit to which a Participant or beneficiary is entitled upon death, disability, retirement or termination of service, as applicable, is the benefit that can be provided from the Participant's vested account.

Dividends on PSEG Common Stock held in the accounts of Participants who have elected to participate in the PSEG Share Fund will be reinvested in the PSEG Share Fund.

Participant Loans

Except as discussed in the following paragraph, Participants may borrow from their Plan accounts a minimum of $1,000 up to a maximum equal to the lesser of $50,000 or 50% of their vested account balance at the time the loan is originated. The loans are secured by the balance in the Participant's account and existing loans bear interest at rates that at December 31, 2015, range from 3.25% to 10.50% which are commensurate with local prevailing rates at the time that the loan was originated, as determined, at such time by the Benefits Committee. Principal and interest is paid ratably through payroll deductions.

Participants may have no more than two loans outstanding at any one time.

These loans are measured at their unpaid principal balances plus any accrued but unpaid interest.

Payment of Benefits

Upon termination of employment, a Participant may elect to receive an amount equal to the value of the vested interest in his or her account in either a lump-sum payment, or through various periodic installment methods (not less frequently than annually). If a Participant's account balance is less than $1,000 at the time of termination, the Participant will receive an automatic lump-sum payment for the entire account balance. For termination due to death, the Participant's beneficiary will receive a lump-sum distribution equal to the value of the Participant's vested interest in his or her account. If a Participant is no longer working for ServCo and has a balance in the Plan, he or she must begin to receive distributions from his or her account no later than April 1 following the calendar year in which he or she reaches age 70½.

A Participant who is currently an employee and who has not attained age 59½ may withdraw all or part of his or her after-tax contributions and/or vested Matching Contributions that have been in the Plan for more than two years. Other deposits may not be withdrawn during employment prior to age 59½ except for reasons of extraordinary financial hardship and to the extent permitted by the IRC ("hardship withdrawals"). Hardship withdrawals are subject to taxes and penalties. Participants who require a hardship withdrawal are prohibited from contributing to the Plan for six months following such distribution.

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Vesting

All Participant contributions are always 100% vested in the Plan. Matching and Core Contributions to a Participant's account are vested upon a Participant's completion of three years of service, or when a Participant reaches the age of 65, is disabled or dies. Years of service include service with National Grid for Transition Employees. For participants who were hired on January 1, 2014 and had a termination date from LIPA on December 31, 2013, years of service include service with LIPA.

Make Whole Benefits

Participants who are Transition Employees and were not fully vested in their Matching and/or Core Contributions under the NatGrid plan as of their date of hire with ServCo will be entitled to a make whole benefit when their NatGrid service plus their ServCo service equals three years. The make whole benefit is equal to their forfeited account balance under the NatGrid plan, adjusted for earnings.

Also, for Participants who are Transition Employees, the bonus paid by NatGrid in June 2014 will be included in their 2014 eligible compensation under the Plan for purposes of determining the Core Contributions if the following requirements are met: (i) the Participant was in the Plan prior to the date the bonus was paid by NatGrid, (ii) the bonus paid by NatGrid was attributable to their employment at NatGrid that was immediately prior to their date of hire at ServCo, and (iii) they were employed by ServCo on the date that the bonus was paid by NatGrid.

Forfeitures

Any nonvested contributions in a Participant’s Account are forfeited upon the Participant’s date of termination from ServCo, and shall be used to pay Plan expenses or reduce subsequent employer contributions. If such former Participant is rehired and remains employed by ServCo or another PSEG subsidiary at the end of the fifth Plan Year after the Plan Year in which such severance occurred, then such nonvested portion of the Participant’s Account will be reinstated by the employer and the Participant’s right thereto will be determined as if the Participant had not terminated employment, provided that the Participant repays to the Plan the amount of any distribution paid to him or her resulting from the severance from employment.

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NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements are prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles ("GAAP"). The modified cash basis of accounting utilizes the cash basis of accounting while carrying investments at fair value and recording investment income on the accrual basis.

Use of Estimates

The preparation of financial statements requires Plan management to make estimates and assumptions that affect the reported amounts of net assets available for benefits and changes therein and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Risks and Uncertainties

The Plan permits Participants to select from among various investment options. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near-term and that such changes could materially affect Participants' account balances and the amounts reported in the financial statements.

Investment Valuation and Income Recognition

The Plan's investment is in the Master Trust. The investments maintained in the Master Trust are stated at fair value. Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Master Trust are deemed to be actively traded. Shares held by the PSEG Share Fund are valued at their closing price reported on the active market on which the security is traded.

At December 31, 2014, the Master Trust invested in Retirement Collective Trusts which were valued at net asset value at year-end. These funds were sold in 2015.

Purchases and sales of investments are recorded on a trade-date basis. Interest income is accrued when earned. Dividend income is recorded on the ex-dividend date. Capital gain distributions are included in dividend income.

Payment of Benefits

Benefit payments to Participants are recorded when paid.

Administrative Expenses of the Plan

Certain expenses incurred with the general administration of the Plan, including taxes and brokerage costs, are recorded in the accompanying Statement of Changes in Net Assets Available for Benefits. Certain administrative functions performed by the officers and employees of ServCo are paid by Employers (Note 6).

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3. INVESTMENT OF THE PLAN AND THE LONG ISLAND ELECTRIC UTILITY SERVCO LLC INCENTIVE THRIFT PLAN II (THRIFT PLAN II) IN THE MASTER TRUST

Use of the Master Trust permits the commingling of trust assets with the assets of the Thrift Plan II for investment and administrative purposes. The Thrift Plan II is a defined contribution retirement plan available to represented employees of ServCo. Although assets of both plans are commingled in the Master Trust, the Trustee maintains supporting records for the purpose of allocating the net assets and net income or loss of the investment account to the respective participating plans. The net assets and the net investment income or loss of the investment assets is allocated by the Trustee to each participating plan based on the relationship of the interest of each plan to the total of the interests of the participating plans. As of December 31, 2015 and 2014, the Plan's interests in the assets of the Master Trust were approximately 33%. Assets and investment income of the Master Trust consist of:

	As of December 31,	
	2015	2014
	(Thousands)	
Investments of Master Trust at Fair Value:		
PSEG Share Fund*	$ 4,383	$ 3,366
Mutual Funds	239,987	48,404
Target-date Retirement Collective Trusts	—	170,513
Total Investments	$ 244,370	$ 222,283

	For the Year Ended December 31, 2015
	(Thousands)
Investment Income (Loss) of Master Trust:	
Net Depreciation in Fair Value of investments*	$ (2,934)
Dividends from PSEG Share Fund*	160
Total Investment Income (Loss), Net	$ (2,774)

* Permitted party-in-interest.

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The changes in net assets of the Master Trust for the year ended December 31, 2015 are summarized as follows:

		(Thousands)
Changes in net assets:		
Net depreciation of investments	$	(5,332)
Interest and dividend income		2,558
Net Investment loss		(2,774)
Administrative expenses		(142)
Net transfers		25,003
Increase in net assets		22,087
Net assets:		
Beginning of year		222,283
End of year	$	244,370

4. FAIR VALUE MEASUREMENTS

GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1—measurements utilize quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2—measurements include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and other observable inputs such as interest rates and yield curves that are observable at commonly quoted intervals.
- Level 3—measurements use unobservable inputs for assets or liabilities, based on the best information available and might include an entity's own data and assumptions.

In some valuations, the inputs may fall into different levels of the hierarchy. In these cases, the financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

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The following tables present information about the Master Trust's investments measured at fair value on a recurring basis at December 31, 2015 and December 31, 2014, including the fair value measurements and the levels of inputs used in determining those fair values.

	Recurring Fair Value Measurements as of December 31, 2015			
Description	**Total**	**Quoted Market Prices for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
		(Thousands)		
PSEG Share Fund	$ 4,383	$ 4,383	$ —	$ —
Mutual Funds	239,987	239,987	—	—
Total Investment in Master Trust	$ 244,370	$ 244,370	$ —	$ —

	Recurring Fair Value Measurements as of December 31, 2014			
Description	**Total**	**Quoted Market Prices for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
		(Thousands)		
PSEG Share Fund	$ 3,366	$ 3,366	$ —	$ —
Mutual Funds	48,404	48,404	—	—
Target-date Retirement Collective Trusts	170,513	—	170,513	—
Total Investment in Master Trust	$ 222,283	$ 51,770	$ 170,513	$ —

5. FEDERAL INCOME TAX STATUS

The Internal Revenue Service (IRS) has determined and informed ServCo by a letter dated April 14, 2015, that the Plan and related trust are designed in accordance with applicable sections of the IRC. Although the Plan has been amended since receiving the determination letter to adopt IRS required amendments in connection with issuing the determination letter, the Plan administrator and the Plan's benefits Counsel believe that the Plan is designed, and is currently being operated, in compliance with the applicable requirements of the IRC and, therefore, believe that the Plan is qualified, and the related trust is tax-exempt.

The Plan Administrator is currently performing an internal audit of the Plan. The Plan Administrator will correct the errors that are discovered during the audit in accordance with the IRS correction program. If appropriate under the IRS correction program, the Plan Administrator will file a VCP submission with the IRS by December 31, 2016.

The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

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6. RELATED-PARTY TRANSACTIONS

Certain Plan investments are in the PSEG Share Fund. Since PSEG is the parent of ServCo, the Plan Sponsor, these transactions qualify as party-in-interest transactions. Certain administrative functions are performed by the officers and employees of ServCo (who may also be Participants in the Plan) at no cost to the Plan.

As of December 31, 2015 and 2014, the Master Trust held approximately 113,275 and 81,294 shares, respectively, of PSEG Common Stock in the PSEG Share Fund, with a market value per share of $38.69 and $41.41, respectively.

For the year ended December 31, 2015, the Master Trust recorded dividend income of approximately $159,935 from PSEG Common Stock.

These transactions are not deemed prohibited party-in-interest transactions, because they are covered by statutory or administrative exemptions from ERISA's rules on prohibited transactions.

7. PLAN TERMINATION

Although it has not expressed any intent to do so, ServCo has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in ERISA. In the event of Plan termination, Participants will become 100 percent vested in their accounts.

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LONG ISLAND ELECTRIC UTILITY SERVCO LLC
INCENTIVE THRIFT PLAN I
PLAN No. 002, EIN No. 45-4652143

SCHEDULE H, PART IV LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)
(MODIFIED CASH BASIS)
DECEMBER 31, 2015

Identity of Issue, Borrower or Similar Party	Description of Investment	Cost	Current Value
Various Participants *	220 Participant Loans (maturing 2016 to 2030 at interest rates of 3.25% to 10.50%), secured by participant accounts	$ —	$ 2,278,648

* Permitted party-in-interest.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the Plan) have duly caused this Annual Report to be signed by the undersigned thereunto duly authorized.

Long Island Electric Utility ServCo LLC
Incentive Thrift Plan I
(Name of Plan)

By: /s/ Margaret M. Pego
Margaret M. Pego
Chairperson of Employee
Benefits Committee

Date: June 28, 2016

S1-SSA-0009 - 29418

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EXHIBIT INDEX

Exhibit Number

23.1	Consent of Independent Registered Public Accounting Firm

S1-SSA-0009 - 29419

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Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (333-193126) of Public Service Enterprise Group Incorporated of our report dated June 28, 2016, relating to the financial statements and supplemental schedule of Long Island Electric Utility ServCo LLC Incentive Thrift Plan I which appear on this Form 11-K for the year ended December 31, 2015.

/s/ Kronick Kalada Berdy & Co., P.C.
Kingston, Pennsylvania
June 28, 2016

S1-SSA-0009 - 29420

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 11-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2015

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number 001-09120

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED THRIFT AND TAX-DEFERRED SAVINGS PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
80 PARK PLAZA
NEWARK, NEW JERSEY 07102

S1-SSA-0009 - 29421

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PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
THRIFT AND TAX-DEFERRED SAVINGS PLAN

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All other schedules required by Section 2520.103.10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Trustee and Participants of Public Service Enterprise Group Incorporated
Thrift and Tax-Deferred Savings Plan:

We have audited the accompanying statements of net assets available for benefits of Public Service Enterprise Group Incorporated Thrift and Tax-Deferred Savings Plan (the "Plan") as of December 31, 2015 and 2014 and the related statement of changes in net assets available for benefits for the year ended December 31, 2015. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2015 and 2014 and the changes in net assets available for benefits for the year ended December 31, 2015, in conformity with accounting principles generally accepted in the United States of America.

The supplemental information in the accompanying schedule of assets (held at end of year) as of December 31, 2015 has been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The supplemental information is the responsibility of the Plan's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information in the accompanying schedule, we evaluated whether the supplemental information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental information in the accompanying schedule is fairly stated in all material respects in relation to the financial statements as a whole.

/s/ Kronick Kalada Berdy & Co., P.C.
Kingston, Pennsylvania
June 28, 2016

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PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
THRIFT & TAX-DEFERRED SAVINGS PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	As of December 31,	
	2015	**2014**
	(Thousands)	
ASSETS		
Investments:		
Plan Interest in Master Employee Benefit Plan Trust, (Note 3)	$ 1,512,654	$ 1,512,117
Total Investments	1,512,654	1,512,117
Receivables:		
Participant Loans	16,465	16,286
Deposits and Contributions – Employees	4	1,606
Deposits and Contributions – Employer	3	—
Total Receivables	16,472	17,892
Total Assets	1,529,126	1,530,009
LIABILITIES		
Accounts Payable	880	834
Accrued Expenses	621	593
Total Liabilities	1,501	1,427
NET ASSETS AVAILABLE FOR BENEFITS	$ 1,527,625	$ 1,528,582

See Notes to Financial Statements.

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PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
THRIFT & TAX-DEFERRED SAVINGS PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
YEAR ENDED DECEMBER 31, 2015

		(Thousands)
ADDITIONS		
Net Investment Income		
Plan Interest in Income of Master Employee Benefit Plan Trust (Note 3)	$	3,391
Interest on Participant Loans		502
Total Net Investment Income		3,893
Deposits and Contributions		
Employees		58,227
Employer		18,956
Total Deposits and Contributions		77,183
Total Additions		81,076
DEDUCTIONS		
Benefit Payments to Participants		86,743
Administrative Expenses		1,479
Total Deductions		88,222
DECREASE IN NET ASSETS AVAILABLE FOR BENEFITS, PRIOR TO TRANSFERS		(7,146)
Transfers from Employee Savings Plan-Net		6,189
DECREASE IN NET ASSETS AVAILABLE FOR BENEFITS		(957)
NET ASSETS AVAILABLE FOR BENEFITS		
Beginning of Year		1,528,582
End of Year	$	1,527,625

See Notes to Financial Statements.

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NOTES TO FINANCIAL STATEMENTS

1. DESCRIPTION OF THE PLAN

General

The following description of the Public Service Enterprise Group Incorporated Thrift and Tax-Deferred Savings Plan ("Plan") is provided for general information purposes only. Participants should refer to the Summary Plan Description ("SPD") for more information.

The Plan is a defined contribution retirement plan covering substantially all non-bargaining unit employees of Public Service Enterprise Group Incorporated ("Company") and its Participating Affiliates (each, an "Employer"). The Company's Employee Benefits Committee ("Benefits Committee") is the Named Fiduciary of the Plan and controls and manages its operation and administration. The Company's Thrift and Pension Investment Committee ("TPIC") is the Named Fiduciary of the Plan responsible for management of the Plan investments and the selection, and monitoring of the funds offered under the Plan. The trustee of the Plan, The Bank of New York Mellon ("Trustee"), is responsible for the custody of the Plan's assets. Aon Hewitt is the record keeper of the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

Substantially all of the Plan's assets are held in a trust account by the Trustee and consist of a divided interest in an investment account of the Master Employee Benefit Plan Trust ("Master Trust"), a master trust established by the Company and administered by the Trustee.

Contributions, Deposits and Investment Options

Generally, Participants may contribute from 1% to 8% of their annual eligible compensation each year as basic deposits, as defined in the Plan ("Basic Deposits"), subject to certain Internal Revenue Code ("IRC") limitations. The Participant's Employer contributes an amount equal to 50% of each Participant's Basic Deposit as its matching contribution to the Plan ("Employer Contributions"). Employer Contributions begin after that Participant has completed 1,000 hours of service, as defined in the Plan, with his/her Employer. Employer Contributions are made in cash. Participants may also contribute amounts representing distributions from other qualified plans and certain Individual Retirement Accounts ("IRAs").

Participants have the ability to make Roth Elective Deferrals within the Plan. In addition, a Participant may elect to make supplemental deposits to the Plan in increments of 1% of compensation up to an additional 42% of compensation ("Supplemental Deposits"), subject to certain IRC limitations, without any corresponding matching Employer Contribution. Participants may designate such Basic and/or Supplemental Deposits as post-income tax contributions or Roth Elective Deferrals (together, "Nondeferred Deposits"), or pre-income tax contributions ("Deferred Deposits").

Each Participant may, within any Plan Year, make one or more additional lump sum deposits on a nondeferred basis in minimum amounts of $250 and in such total amounts which, when aggregated with such Participant's Basic Deposits and Supplemental Deposits, do not exceed 50% of his or her compensation for that Plan Year, subject to IRC limitations.

Participants may direct the investment of their accounts into various investment options offered by the Plan through the Master Trust. The Plan offers investment options in Investment Contracts, the Common Stock of the Company via the Enterprise Common Stock Fund ("Company Stock Fund") , which has been designated as an Employee Stock Ownership Plan ("ESOP") under section 4975(e) of the Code, the Schwab Personal Choice Retirement Account ("PCRA") Fund, mutual funds consisting of various target-date funds, other mutual funds and pre-mix portfolios (which are invested in specific percentages of the mutual funds).

There is a Frozen ESOP Fund which includes amounts only for Participants who were hired prior to August 1, 1986 and eligible for participation. Contributions to, or transfers into the Frozen ESOP Fund are no longer permitted. Frozen ESOP Fund Participants receive quarterly payments directly from the Trustee equal to the dividends paid to the Trustee on the shares of the Company Common Stock held for their account in the Frozen ESOP Fund.

Participant Accounts

Individual accounts are maintained for each Participant. Each Participant's account consists of (a) Participant's contributions (b) applicable Employer contributions, (c) earnings and/or losses, and (d) specific Participant transactions, as defined. The Participant's account is reduced for certain administrative expenses. The benefit to which a Participant or beneficiary is entitled

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upon death, disability, retirement or termination of service, as applicable, is the benefit that can be provided from the Participant's vested account.

Participants who have elected to participate in the Company Stock Fund may elect to have the dividends on the shares of the Common Stock paid directly to the Participant (or beneficiary) in cash or paid to the Participant's account, which will then be reinvested in the Company Common Stock Fund. The reinvestment provision is not applicable with respect to Company Common Stock held in a Participant's Frozen ESOP Fund.

Participant Loans

Except as discussed in the following paragraph, Participants may borrow from their Plan accounts a minimum of $1,000 up to a maximum equal to the lesser of $50,000 or 50% of their vested account balance at the time the loan is originated. The loans are secured by the balance in the Participant's account and existing loans bear interest at rates that at December 31, 2015, range from 3.25% to 8.25%, which are commensurate with local prevailing rates at the time that the loan was originated, as determined, at such time by the Benefits Committee. Principal and interest is paid ratably through payroll deductions.

No amounts may be loaned directly from any ESOP Fund, from any portion of a Participant's account attributable to transfers from the Cash Balance Pension Plan of Public Service Enterprise Group Incorporated ("Cash Balance Plan") or from assets held in the Schwab PCRA Fund. Participants can initiate only one loan per calendar year and may have no more than two loans outstanding at any one time.

These loans are measured at their unpaid principal balances plus any accrued but unpaid interest.

Payment of Benefits

Upon termination of service due to retirement, a Participant may elect to receive an amount equal to the value of the vested interest in his or her account in either a lump-sum payment, or in quarterly or annual installments over a period not to exceed ten years (if the participant is retirement eligible), or may elect to leave the account balance in the Plan and elect a distribution at a later time. If a Participant is no longer working for the Company and has a balance in the Plan, he or she must begin to receive distributions from his or her account no later than April 1 following the calendar year in which he or she reaches age 70½. If a Participant's account balance is less than $1,000 at the time of termination, the Participant will receive an automatic lump-sum payment for the entire account balance. For termination due to death, the Participant's beneficiary will receive a lump-sum distribution equal to the value of the Participant's vested interest in his or her account. For termination of service for reasons other than those described above, the Participant may elect to receive a lump-sum distribution equal to the value of the Participant's vested interest in his or her account, or leave the account balance in the Plan and elect a distribution at a later date, but not later than April 1 following the calendar year in which he or she reaches age 70 ½.

If a Participant withdraws certain Basic and/or Supplemental Deposits and/or vested Employer Contributions before such amounts have been in the Plan for twenty-four months, the Plan imposes a penalty in that such Participant will not be eligible to receive matching Employer Contributions during the subsequent three months.

Withdrawals of Nondeferred Deposits and Employer Contributions are made as soon as practicable after such elections are received by the Plan's record keeper. Nondeferred Deposits may be withdrawn at any time, but certain penalties may apply. Deferred Deposits may not be withdrawn during employment prior to age 59½ except for reasons of extraordinary financial hardship and to the extent permitted by the IRC ("hardship withdrawals"). Distributions to Participants of approved hardship withdrawals are made as soon as practicable after such approval. If a Participant receives a hardship withdrawal, such Participant will not be eligible to make contributions to the Plan for six months.

Vesting

All Participants are 100% vested in the Plan from the first date of hire, except for certain amounts transferred from the Cash Balance Plan, for which the vesting schedule under the Cash Balance Plan applies.

Recently Issued Accounting Standards

In July 2015, the FASB issued ASU 2015-12, Plan Accounting: Defined Benefit Pension Plans (Topic 960) Defined Contribution Pension Plans (Topic 962) and Health and Welfare Benefit Plans (Topic 965): Part (I) Fully Benefit-Responsive Investment Contracts, Part (II) Plan Investment Disclosures, Part (III) Measurement Date Practical Expedient. This three-part standard simplifies employee benefit reporting with respect to fully benefit-responsive investment contracts and plan

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investment disclosures, and provides for a measurement-date practical expedient. Part I and II are effective for fiscal years beginning after December 15, 2015, and should be applied retrospectively, with early application permitted. Part III is effective for fiscal years beginning after December 15, 2015, and should be applied prospectively, with early application permitted. Plan management elected to adopt Parts I and II early. Accordingly, presentation of the fair value of the benefit-responsive contracts and the adjustment from fair value to contract value for fully benefit-responsive investment contracts held by the Master Trust has been removed from the Plan's Statement of Net Assets Available for Benefits. Certain reclassifications have been made to the 2014 financial statements to conform to the 2015 financial statement presentation. Reclassification had no effect on net assets available for benefits at December 31, 2015 or changes in net assets available for benefits for the year ended December 31, 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Plan have been prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Use of Estimates

The preparation of financial statements in conformity with GAAP requires Plan management to make estimates and assumptions that affect the reported amounts of net assets available for benefits and changes therein and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Risks and Uncertainties

The Plan permits Participants to select from among various investment options. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near-term and that such changes could materially affect Participants' account balances and the amounts reported in the financial statements.

Investment Valuation and Income Recognition

The Plan's investment is in the Master Trust. The investments maintained in the Master Trust are stated at fair value, as determined by quoted market prices, except for its contracts within the Stable Value Fund, which are valued at contract value, Short-Term Investments and Cash Equivalents. The Master Trust's investments in the investment contracts of the Stable Value Fund are with various insurance companies and other financial institutions. Contract value is discussed in Note 3.

Certain Short-Term Investments and Cash Equivalents are stated at cost, which approximates fair market value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on an accrual basis. Dividend income is recorded on the ex-dividend date.

Payment of Benefits

Benefit payments to Participants are recorded upon distribution. Amounts allocated to accounts of persons who have elected to withdraw from the Plan, but have not yet been paid were $84,269 and $397,778 as of December 31, 2015 and 2014, respectively.

Administrative Expenses of the Plan

Certain expenses incurred with the general administration of the Plan, including taxes and brokerage costs, are recorded in the accompanying Statement of Changes in Net Assets Available for Benefits. Certain administrative functions performed by the officers and employees of the Company are paid by Employers (Note 6).

Transfers of the Frozen ESOP Fund

Participants are permitted to transfer all, but not less than all, of the shares of the Company's Common Stock from their Frozen ESOP Fund to other investment options in the Plan. To effectuate such transfers, the Trustee will sell the shares of the Company's Common Stock held in the Frozen ESOP Fund and invest the proceeds in the other investment funds designated by

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the Participant. The cash value of each share of the Company's Common Stock transferred will be equal to the price per share of the Company's Common Stock actually received by the Trustee.

3. INVESTMENT OF THE PLAN AND THE PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED EMPLOYEE SAVINGS PLAN (SAVINGS PLAN) IN THE MASTER TRUST

Use of the Master Trust permits the commingling of trust assets with the assets of the Savings Plan for investment and administrative purposes. The Savings Plan is a defined contribution retirement plan available to represented employees of the Employers. Although assets of both plans are commingled in the Master Trust, the Trustee maintains supporting records for the purpose of allocating the net assets and income or loss of the investment account to the respective participating plans. The net assets and the investment income or loss of the investment assets is allocated by the Trustee to each participating plan based on the relationship of the interest of each plan to the total of the interests of the participating plans. As of December 31, 2015 and 2014, the Plan's interests in the assets of the Master Trust were approximately 53%.

	As of December 31,	
	2015	2014
	(Thousands)	
Investments of Master Trust at fair value:		
Cash Equivalents and Short-Term Investments	$ 36,784	$ 33,950
Common Stock of Public Service Enterprise Group Incorporated*	215,512	206,904
Mutual Funds	1,492,891	1,471,086
Fixed Income Securities	183,531	175,590
Schwab PCRA Fund (a)	89,298	92,153
Total Investments, at fair value	2,018,016	1,979,683
Investment of Master Trust, at contract value:		
Investment contracts (Stable Value Fund)	832,581	844,159
Total Investments of Master Trust	$ 2,850,597	$ 2,823,842

	For the Year Ended December 31, 2015
	(Thousands)
Investment Income of Master Trust:	
Net Depreciation in Fair Value of Mutual Funds	$ (5,533)
Net Depreciation in Fair Value of Schwab PCRA Fund (a)	(4,811)
Net Depreciation in Fair Value of Common Stock of Public Service Enterprise Group Incorporated*	(12,791)
Interest from Investment Contracts	18,433
Dividends from Common Stock of Public Service Enterprise Group Incorporated*	8,393
Total Investment Income, Net	$ 3,691

(a) Amounts primarily relate to equity investments in stocks and in mutual funds. The net change in fair value is primarily comprised of realized/unrealized gains or losses and dividends earned on these equity investments.

* Permitted party-in-interest.

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The changes in net assets of the Master Trust for the year ended December 31, 2015 are summarized as follows:

	For the Year Ended December 31, 2015 (Thousands)
Changes in net assets:	
Net depreciation of investments	$ (23,135)
Dividends from Common Stock of Public Service Enterprise Group Incorporated	8,393
Interest from Investment Contracts	18,433
Net Investment Income	3,691
Administrative Expenses	(2,989)
Net Transfers	26,053
Increase in Net Assets	26,755
Net Assets	
Beginning of Year	2,823,842
End of Year	$ 2,850,597

Assets of the Stable Value Fund

The Stable Value Fund utilizes a "building block" approach that invests in a series of proprietary commingled fixed income funds to build each stable value portfolio. This approach provides diversification, typically between 2,500 and 3,000 individual securities broadly diversified across fixed income sectors. As of December 31, 2015, the Stable Value Fund was comprised of the following:

Issuer	Expiration	Effective Rate	Contract Value (Thousands)
Bank of Tokyo (A)	Open-Ended	1.95%	$ 77,944
Pacific Life Insurance (A)	Open-Ended	2.27%	200,975
Prudential Ins Co. (A)	Open-Ended	2.27%	145,449
Transamerica (A)	Open-Ended	2.26%	200,487
Voya Retirement & Annuity Co. (A)	Open-Ended	2.13%	207,726
Total Investment Contracts			832,581
Investment in BNY Mellon Short-Term Investment Fund		0.22%	21,474
Total Stable Value Fund			$ 854,055

(A) Managed by INVESCO Institutional, Inc.

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As of December 31, 2014, the Stable Value Fund was comprised of the following:

Issuer	Expiration	Effective Rate	Contract Value (Thousands)
Bank of Tokyo (A)	Open-Ended	2.02%	$ 76,354
Pacific Life Insurance (A)	Open-Ended	2.20%	206,402
Prudential Ins Co. (A)	Open-Ended	2.23%	142,130
Transamerica (A)	Open-Ended	2.24%	205,858
Voya Retirement & Annuity Co. (A)	Open-Ended	2.72%	213,415
Total Investment Contracts			844,159
Investment in BNY Mellon Short-Term Investment Fund		0.03%	13,700
Total Stable Value Fund			$ 857,859

(A) Managed by INVESCO Institutional, Inc.

Most of the investments in the Stable Value Fund are in benefit-responsive investment contracts. The units in the underlying "building block funds" are held by the Plan's Trustee. The accounts are credited with earnings on the underlying investments and charged for Participant withdrawals and administrative expenses. The investment contract issuer is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Master Trust.

As described in Note 2, because the investment contracts are fully benefit-responsive, contract value is the relevant measurement attribute for that portion of the net assets available for benefits attributable to the investment contracts. Contract value, as reported to the Master Trust by the Stable Value Fund managers, represents contributions made under the contracts, plus earnings, less Participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value.

There are no reserves against contract value for credit risk of the contract issuers or otherwise. The crediting interest rate is based on a formula agreed upon with the issuers, but may not be less than zero. Such rates are reviewed on a quarterly basis for resetting.

Certain events limit the ability of the Master Trust, as directed by the Plan, to transact at contract value with the issuers. Such events include the following: (1) amendments to the Plan documents (including complete or partial plan termination or merger with another plan), (2) changes to the Plan's prohibition on competing investment options or deletion of equity wash provisions, (3) bankruptcy of the Plan Sponsor or other events (for example, divestitures or spin-offs of a subsidiary) that cause a significant withdrawal from the Plan, or (4) the failure of the Master Trust to qualify for exemption from federal income taxation or any required prohibited transaction exemption under ERISA. The TPIC does not believe that the occurrence of any such value event, which would limit the Plan's ability to transact at contract value with Participants, is probable.

The average yield based on actual earnings was approximately 1.90% and 1.51% for 2015 and 2014, respectively. The average yield based on interest rate credited to Participants was approximately 2.15% and 2.11% for 2015 and 2014, respectively.

The fair market value of the wrapper contracts in the Stable Value Fund, which is the difference between the Fund's fair value and contract value, was higher by $16,175,431 and $26,669,510 as of December 31, 2015 and 2014, respectively.

Assets of the Company Stock Fund

The assets of the Company Stock Fund are invested in shares of the Company's Common Stock.

Schwab PCRA Fund

The Schwab PCRA Fund is a self-directed brokerage account in which Participants can select and manage a wide selection of investments, including mutual funds and stocks. Deposits into the Schwab PCRA Fund must come from balances transferred from the other options in the Plan. Participants may transfer up to 100% of their account balance, less certain fees, to the Schwab PCRA Fund.

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4. FAIR VALUE MEASUREMENTS

GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1—measurements utilize quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2—measurements include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and other observable inputs such as interest rates and yield curves that are observable at commonly quoted intervals.
- Level 3—measurements use unobservable inputs for assets or liabilities, based on the best information available and might include an entity's own data and assumptions.

In some valuations, the inputs may fall into different levels of the hierarchy. In these cases, the financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The following tables present information about the Master Trust's investments measured at fair value on a recurring basis at December 31, 2015 and December 31, 2014, including the fair value measurements and the levels of inputs used in determining those fair values.

	Recurring Fair Value Measurements as of December 31, 2015			
Description	**Total**	**Quoted Market Prices for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
	(Thousands)			
Cash and Cash Equivalents	$ 36,784	$ 36,784	$ —	$ —
Common Stock of Public Service Enterprise Group Incorporated	215,512	215,512	—	—
Mutual Funds:				
Vanguard Developed Markets	269,975	269,975	—	—
Vanguard Institutional Index Fund	570,336	570,336	—	—
Vanguard Mid Cap Fund	258,805	258,805	—	—
Vanguard Small Cap Fund	211,838	211,838	—	—
Vanguard Target Retirement Funds	181,937	—	181,937	—
Fixed Income Securities	183,531	—	183,531	—
Schwab PCRA Fund	89,298	89,298	—	—
Total Investment in Master Trust, at fair value	$ 2,018,016	$ 1,652,548	$ 365,468	$ —

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Description	Recurring Fair Value Measurements as of December 31, 2014			
	Total	Quoted Market Prices for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(Thousands)			
Cash and Cash Equivalents	$ 33,950	$ 33,950	$ —	$ —
Common Stock of Public Service Enterprise Group Incorporated	206,904	206,904	—	—
Mutual Funds:				
Vanguard Developed Markets	250,302	250,302	—	—
Vanguard Institutional Index Fund	566,078	566,078	—	—
Vanguard Mid Cap Fund	268,409	268,409	—	—
Vanguard Small Cap Fund	221,610	221,610	—	—
Vanguard Target Retirement Funds	164,687	—	164,687	—
Fixed Income Securities	175,590	—	175,590	—
Schwab PCRA Fund	92,153	92,153	—	—
Total Investment in Master Trust, at fair value	$ 1,979,683	$ 1,639,406	$ 340,277	$ —

Certain commingled cash equivalents included in temporary investment funds are valued using observable market prices or market parameters such as time-to-maturity, coupon rate, quality rating and current yield.

5. FEDERAL INCOME TAX STATUS

The Internal Revenue Service (IRS) has determined and informed the Company by a letter dated February 2, 2015, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). On or about January 31, 2014, the Company submitted an application under the IRS' Employee Plans Compliance Resolution System to correct certain plan documents and operational errors.

GAAP requires Plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan Administrator believes it is no longer subject to income tax examinations for years prior to 2012.

6. RELATED-PARTY TRANSACTIONS

Certain Plan investments are in the Company's Common Stock. Since the Company is the Plan Sponsor, these transactions qualify as party-in-interest transactions. Certain administrative functions are performed by the officers and employees of the Company (who may also be Participants in the Plan) at no cost to the Plan.

As of December 31, 2015 and 2014, the Master Trust held 5,570,223 and 4,996,464 shares, respectively, of the Company's Common Stock, in the Frozen ESOP Fund and the Company Stock Fund, with a market value per share of $38.69 and $41.41, respectively.

For the year ended December 31, 2015, the Master Trust recorded dividend income of approximately $8.4 million from the Company's Common Stock.

These transactions are not deemed prohibited party-in-interest transactions, because they are covered by statutory or administrative exemptions from ERISA's rules on prohibited transactions.

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7. PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in ERISA. In the event of Plan termination, Participants will become 100 percent vested in their accounts.

8. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following describes classification differences between the financial statements and the Form 5500:

	2015	2014
Net assets available for benefits per the financial statements	$ 1,527,625,119	$ 1,528,582,375
Adjustment from contract value to fair value for fully benefit-responsive investment contracts	8,524,932	14,193,105
Net assets available for benefits per Form 5500	$ 1,536,150,051	$ 1,542,775,480

The Form 5500 includes a Net Investment Loss of $3,756,020 from Master Trust Investments for the year ended December 31, 2015 consisting of $2,277,519 of Investment Losses (comprised of the $3,390,654 of the Plan's interest in gains of the Master Trust less the $5,668,173 adjustment from fair value to contract value for fully benefit-responsive investment contracts) less $1,478,501 of administrative expenses.

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PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
THRIFT AND TAX-DEFERRED SAVINGS PLAN
PLAN No. 004, EIN No. 22-2625848

SCHEDULE H, PART IV LINE 4i – SCHEDULE OF ASSETS (HELD AT END OF YEAR) DECEMBER 31, 2015

Identity of Issue, Borrower or Similar Party	Description of Investment	Cost	Current Value
Various Participants *	1,143 Participant Loans (maturing 2016 to 2021 at interest rates of 3.25% to 8.25%), secured by participant accounts	$ —	$ 16,464,683

* Permitted party-in-interest.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the Plan) have duly caused this Annual Report to be signed by the undersigned thereunto duly authorized.

Public Service Enterprise Group Incorporated
Thrift and Tax-Deferred Savings Plan
(Name of Plan)

By: /s/ Margaret M. Pego

Margaret M. Pego
Chairperson of Employee
Benefits Committee

Date: June 28, 2016

S1-SSA-0009 - 29436

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EXHIBIT INDEX

Exhibit Number	
23.1	Consent of Independent Registered Public Accounting Firm

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EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (333-202591) of Public Service Enterprise Group Incorporated of our report dated June 28, 2016, relating to the financial statements and supplemental schedule of Public Service Enterprise Group Incorporated Thrift and Tax-Deferred Savings Plan which appear on this Form 11-K for the year ended December 31, 2015.

/s/ Kronick Kalada Berdy & Co., P.C.
Kingston, Pennsylvania
June 28, 2016

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 11-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2015

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number 001-09120

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED EMPLOYEE SAVINGS PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
80 PARK PLAZA
NEWARK, NEW JERSEY 07102

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PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
EMPLOYEE SAVINGS PLAN

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All other schedules required by Section 2520.103.10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Trustee and Participants of Public Service Enterprise Group Incorporated
Employee Savings Plan:

We have audited the accompanying statements of net assets available for benefits of Public Service Enterprise Group Incorporated Employee Savings Plan (the "Plan") as of December 31, 2015 and 2014 and the related statement of changes in net assets available for benefits for the year ended December 31, 2015. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2015 and 2014 and the changes in net assets available for benefits for the year ended December 31, 2015, in conformity with accounting principles generally accepted in the United States of America.

The supplemental information in the accompanying schedule of assets (held at end of year) as of December 31, 2015 has been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The supplemental information is the responsibility of the Plan's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information in the accompanying schedule, we evaluated whether the supplemental information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental information in the accompanying schedule is fairly stated in all material respects in relation to the financial statements as a whole.

/s/ Kronick Kalada Berdy & Co., P.C.
Kingston, Pennsylvania
June 28, 2016

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PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
EMPLOYEE SAVINGS PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	As of December 31,	
	2015	**2014**
	(Thousands)	
ASSETS		
Investments:		
Plan Interest in Master Employee Benefit Plan Trust, (Note 3)	$ 1,337,943	$ 1,311,726
Total Investments	1,337,943	1,311,726
Receivables:		
Participant Loans	37,025	35,555
Deposits and Contributions – Employees	1,039	2,133
Deposits and Contributions – Employer	284	314
Total Receivables	38,348	38,002
Total Assets	1,376,291	1,349,728
LIABILITIES		
Accounts Payable	1,015	855
Accrued Expenses	557	522
Total Liabilities	1,572	1,377
NET ASSETS AVAILABLE FOR BENEFITS	$ 1,374,719	$ 1,348,351

See Notes to Financial Statements.

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PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
EMPLOYEE SAVINGS PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
YEAR ENDED DECEMBER 31, 2015

		(Thousands)
ADDITIONS		
Investment Income		
Plan Interest in Income of Master Employee Benefit Plan Trust (Note 3)	$	300
Interest on Participant Loans		1,129
Total Investment Income		1,429
Deposits and Contributions		
Employees		66,964
Employer		20,738
Total Deposits and Contributions		87,702
Total Additions		89,131
DEDUCTIONS		
Benefit Payments to Participants		55,063
Administrative Expenses		1,511
Total Deductions		56,574
INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS, PRIOR TO TRANSFERS		32,557
Transfers to Thrift and Tax-Deferred Savings Plan-Net		(6,189)
INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS		26,368
NET ASSETS AVAILABLE FOR BENEFITS		
Beginning of Year		1,348,351
End of Year	$	1,374,719

See Notes to Financial Statements.

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NOTES TO FINANCIAL STATEMENTS

1. DESCRIPTION OF THE PLAN

General

The following description of the Public Service Enterprise Group Incorporated Employee Savings Plan ("Plan") is provided for general information purposes only. Participants should refer to the Summary Plan Description ("SPD") for more information.

The Plan is a defined contribution retirement plan covering substantially all bargaining unit employees of Public Service Enterprise Group Incorporated ("Company") and its Participating Affiliates (each, an "Employer"). The Company's Employee Benefits Committee ("Benefits Committee") is the Named Fiduciary of the Plan and controls and manages its operation and administration. The Company's Thrift and Pension Investment Committee ("TPIC") is the Named Fiduciary of the Plan responsible for management of the Plan investments and the selection, and monitoring of the funds offered under the Plan. The trustee of the Plan, The Bank of New York Mellon ("Trustee"), is responsible for the custody of the Plan's assets. Aon Hewitt is the record keeper of the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

Substantially all of the Plan's assets are held in a trust account by the Trustee and consist of a divided interest in an investment account of the Master Employee Benefit Plan Trust ("Master Trust"), a master trust established by the Company and administered by the Trustee.

Contributions, Deposits and Investment Options

Generally, Participants may contribute from 1% to 7% of their annual eligible compensation each year as basic deposits, as defined in the Plan ("Basic Deposits"), subject to certain Internal Revenue Code ("IRC") limitations. The Participant's Employer contributes an amount equal to 50% of each Participant's Basic Deposit as its matching contribution to the Plan ("Employer Contributions"). Employer Contributions begin after that Participant has completed 1,000 hours of service, as defined by the Plan, with his/her Employer. Employer Contributions are made in cash. Participants may also contribute amounts representing eligible rollover distributions from other plans and certain Individual Retirement Accounts ("IRAs").

Participants have the ability to make Roth Elective Deferrals within the Plan. In addition, a Participant may elect to make supplemental deposits to the Plan in increments of 1% of compensation up to an additional 43% of compensation ("Supplemental Deposits"), subject to certain IRC limitations, without any corresponding matching Employer Contribution. Participants may designate such Basic and/or Supplemental Deposits as post-income tax contributions or Roth Elective Deferrals (together, "Nondeferred Deposits") or pre-income tax contributions ("Deferred Deposits").

Each Participant may, within any Plan Year, make one or more additional lump sum deposits on a nondeferred basis in minimum amounts of $250 and in such total amounts which, when aggregated with such Participant's Basic Deposits and Supplemental Deposits, do not exceed 50% of his or her compensation for that Plan Year subject to IRC limitations.

Participants may direct the investment of their accounts into various investment options offered by the Plan through the Master Trust. The Plan offers investment options in Investment Contracts, the Common Stock of the Company via the Enterprise Common Stock Fund ("Company Stock Fund"), which has been designated as an Employee Stock Ownership Plan ("ESOP") Fund under Section 4975(e) of the Code, the Schwab Personal Choice Retirement Account ("PCRA") Fund, and mutual funds consisting of various target-date funds, other mutual funds and pre-mix portfolios (which are invested in specific percentages of the mutual funds).

There is a Frozen ESOP Fund which includes amounts only for Participants who were hired prior to August 1, 1986 and eligible for participation. Contributions to or transfers into the ESOP Fund are no longer permitted. Frozen ESOP Fund Participants receive quarterly payments directly from the Trustee equal to the dividends paid to the Trustee on the shares of the Company Common Stock held for their account in the Frozen ESOP Fund.

Participant Accounts

Individual accounts are maintained for each Participant. Each Participant's account consists of (a) Participant's contributions, (b) applicable Employer contributions, (c) earnings and/or losses, and (d) specific Participant transactions, as defined. The Participant's account is reduced for certain administrative expenses. The benefit to which a Participant or beneficiary is entitled upon death, disability, retirement or termination of service, as applicable, is the benefit that can be provided from the Participant's vested account.

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Participants who have elected to participate in the Company Stock Fund may elect to have the dividends on the shares of the Common Stock paid directly to the Participant (or beneficiary) in cash or paid to the Participant's account, which will then be reinvested in the Company Common Stock Fund. The reinvestment provision is not applicable with respect to Company Common Stock held in a Participant's Frozen ESOP Fund.

Participant Loans

Except as discussed in the following paragraph, Participants may borrow from their Plan accounts a minimum of $1,000 up to a maximum equal to the lesser of $50,000 or 50% of their vested account balance at the time the loan is originated. The loans are secured by the balance in the Participant's account and existing loans bear interest at rates that at December 31, 2015, range from 3.25% to 9.50% which are commensurate with local prevailing rates at the time that the loan was originated, as determined, at such time by the Benefits Committee. Principal and interest is paid ratably through payroll deductions.

No amounts may be loaned directly from any ESOP Fund, from any portion of a Participant's account attributable to transfers from the Cash Balance Pension Plan for Represented Employees of Public Service Enterprise Group Incorporated ("Cash Balance Plan") or from assets held in the Schwab PCRA Fund. Participants can initiate only one loan per calendar year and may have no more than two loans outstanding at any one time.

These loans are measured at their unpaid principal balances plus any accrued but unpaid interest.

Payment of Benefits

Upon termination of service due to retirement, a Participant may elect to receive an amount equal to the value of the vested interest in his or her account in either a lump-sum payment, or in quarterly or annual installments over a period not to exceed ten years (if the participant is retirement eligible), or may elect to leave the account balance in the Plan and elect a distribution at a later date. If a Participant is no longer working for the Company and has a balance in the Plan, he or she must begin to receive distributions from his or her account no later than April 1 following the calendar year in which he or she reaches age 70 ½. If a Participant's account balance is less than $1,000 at the time of termination, the Participant will receive an automatic lump-sum payment for the entire account balance. For termination due to death, the Participant's beneficiary will receive a lump-sum distribution equal to the value of the Participant's vested interest in his or her account. For termination of service for reasons other than those described above, the Participant may elect to receive a lump-sum distribution equal to the value of the Participant's vested interest in his or her account or leave the account balance in the Plan and elect a distribution at a later date, but not later than April 1 following the calendar year in which he or she reaches age 70 ½.

If a Participant withdraws certain Basic and/or Supplemental Deposits and/or vested Employer Contributions before such amounts have been in the Plan for twenty-four months, the Plan imposes a penalty in that such Participant will not be eligible to receive matching Employer Contributions during the subsequent three months.

Distributions to Participants electing to withdraw Nondeferred Deposits and Employer Contributions are made as soon as practicable after such elections are received by the Plan's record keeper. Nondeferred Deposits may be withdrawn at any time, but certain penalties may apply. Deferred Deposits may not be withdrawn during employment prior to age 59 ½ except for reasons of extraordinary financial hardship and to the extent permitted by the IRC ("hardship withdrawals"). Distributions to Participants of approved hardship withdrawals are made as soon as practicable after such approval. If a Participant receives a hardship withdrawal, such Participant will not be eligible to make contributions to the Plan for six months.

Vesting

All Participants are 100% vested in the Plan from the first date of hire, except for certain amounts transferred from the Cash Balance Plan, for which the vesting schedule under the Cash Balance Plan applies.

Recently Issued Accounting Standards

In July 2015, the FASB issued ASU 2015-12, Plan Accounting: Defined Benefit Pension Plans (Topic 960) Defined Contribution Pension Plans (Topic 962) and Health and Welfare Benefit Plans (Topic 965): Part (I) Fully Benefit-Responsive Investment Contracts, Part (II) Plan Investment Disclosures, Part (III) Measurement Date Practical Expedient. This three-part standard simplifies employee benefit reporting with respect to fully benefit-responsive investment contracts and plan investment disclosures, and provides for a measurement-date practical expedient. Part I and II are effective for fiscal years beginning after December 15, 2015, and should be applied retrospectively, with early application permitted. Part III is effective for fiscal years beginning after December 15, 2015, and should be applied prospectively, with early application permitted. Plan

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management elected to adopt Parts I and II early. Accordingly, presentation of the fair value of the benefit-responsive contracts and the adjustment from fair value to contract value for fully benefit-responsive investment contracts held by the Master Trust has been removed from the Plan's Statement of Net Assets Available For Benefits. Certain reclassifications have been made to the 2014 financial statements to conform to the 2015 financial statement presentation. Reclassification had no effect on net assets available for benefits at December 31, 2015 or changes in net assets available for benefits for the year ended December 31, 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Plan have been prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Use of Estimates

The preparation of financial statements in conformity with GAAP requires Plan management to make estimates and assumptions that affect the reported amounts of net assets available for benefits and changes therein and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Risks and Uncertainties

The Plan permits Participants to select from among various investment options. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near-term and that such changes could materially affect Participants' account balances and the amounts reported in the financial statements.

Investment Valuation and Income Recognition

The Plan's investment is in the Master Trust. The investments maintained in the Master Trust are stated at fair value, as determined by quoted market prices, except for its contracts within the Stable Value Fund, which are valued at contract value, Short-Term Investments and Cash Equivalents. The Master Trust's investments in the investment contracts of the Stable Value Fund are with various insurance companies and other financial institutions. Contract value is discussed in Note 3.

Certain Short-Term Investments and Cash Equivalents are stated at cost, which approximates fair market value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on an accrual basis. Dividend income is recorded on the ex-dividend date.

Payment of Benefits

Benefit payments to Participants are recorded upon distribution. Amounts allocated to accounts of persons who have elected to withdraw from the Plan, but have not yet been paid were $510,352 and $658,774 as of December 31, 2015 and 2014, respectively.

Administrative Expenses of the Plan

Certain expenses incurred with the general administration of the Plan, including taxes and brokerage costs, are recorded in the accompanying Statement of Changes in Net Assets Available for Benefits. Certain administrative functions performed by the officers and employees of the Company are paid by Employers (Note 6).

Transfers of the Frozen ESOP Fund

Participants are permitted to transfer all, but not less than all, of the shares of the Company's Common Stock from their Frozen ESOP Fund to other investment options in the Plan. To effectuate such transfers, the Trustee will sell the shares of the Company's Common Stock held in the Frozen ESOP Fund and invest the proceeds in the other investment funds designated by the Participant. The cash value of each share of the Company's Common Stock transferred will be equal to the price per share of the Company's Common Stock actually received by the Trustee.

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3. INVESTMENT OF THE PLAN AND THE PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED THRIFT AND TAX-DEFERRED SAVINGS PLAN (THRIFT PLAN) IN THE MASTER TRUST

Use of the Master Trust permits the commingling of trust assets with the assets of the Thrift Plan for investment and administrative purposes. The Thrift Plan is a defined contribution retirement plan available to non-represented employees of the Employers. Although assets of both plans are commingled in the Master Trust, the Trustee maintains supporting records for the purpose of allocating the net assets and net income or loss of the investment account to the respective participating plans. The net assets and the net investment income or loss of the investment assets is allocated by the Trustee to each participating plan based on the relationship of the interest of each plan to the total of the interests of the participating plans. As of December 31, 2015 and 2014, the Plan's interests in the assets of the Master Trust were approximately 47%.

	As of December 31,	
	2015	2014
	(Thousands)	
Investments of Master Trust at fair value:		
Cash Equivalents and Short-Term Investments	$ 36,784	$ 33,950
Common Stock of Public Service Enterprise Group Incorporated*	215,512	206,904
Mutual Funds	1,492,891	1,471,086
Fixed Income Securities	183,531	175,590
Schwab PCRA Fund (a)	89,298	92,153
Total Investments, at fair value	2,018,016	1,979,683
Investment of Master Trust, at contract value:		
Investment contracts (Stable Value Fund)	832,581	844,159
Total Investments of Master Trust	$ 2,850,597	$ 2,823,842

	For the Year Ended December 31, 2015
	(Thousands)
Investment Income of Master Trust:	
Net Depreciation in Fair Value of Mutual Funds	$ (5,533)
Net Depreciation in Fair Value of Schwab PCRA Fund (a)	(4,811)
Net Depreciation in Fair Value of Common Stock of Public Service Enterprise Group Incorporated*	(12,791)
Interest from Investment Contracts	18,433
Dividends from Common Stock of Public Service Enterprise Group Incorporated*	8,393
Total Investment Income, Net	$ 3,691

(a) Amounts primarily relate to equity investments in stocks and in mutual funds. The net change in fair value is primarily comprised of realized/unrealized gains or losses and dividends earned on these equity investments.

* Permitted party-in-interest.

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The changes in net assets of the Master Trust for the year ended December 31, 2015 are summarized as follows:

	For the Year Ended December 31, 2015 (Thousands)
Changes in net assets:	
Net depreciation of investments	$ (23,135)
Dividends from Common Stock of Public Service Enterprise Group Incorporated	8,393
Interest from Investment Contracts	18,433
Net Investment Income	3,691
Administrative Expenses	(2,989)
Net Transfers	26,053
Increase in Net Assets	26,755
Net Assets	
Beginning of Year	2,823,842
End of Year	$ 2,850,597

Assets of the Stable Value Fund

The Stable Value Fund utilizes a "building block" approach that invests in a series of proprietary commingled fixed income funds to build each stable value portfolio. This approach provides diversification, typically between 2,500 and 3,000 individual securities broadly diversified across fixed income sectors. As of December 31, 2015, the Stable Value Fund was comprised of the following:

Issuer	Expiration	Effective Rate	Contract Value (Thousands)
Bank of Tokyo (A)	Open-Ended	1.95%	$ 77,944
Pacific Life Insurance (A)	Open-Ended	2.27%	200,975
Prudential Ins Co. (A)	Open-Ended	2.27%	145,449
Transamerica (A)	Open-Ended	2.26%	200,487
Voya Retirement & Annuity Co. (A)	Open-Ended	2.13%	207,726
Total Investment Contracts			832,581
Investment in BNY Mellon Short-Term Investment Fund		0.22%	21,474
Total Stable Value Fund			$ 854,055

(A) Managed by INVESCO Institutional, Inc.

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As of December 31, 2014, the Stable Value Fund was comprised of the following:

Issuer	Expiration	Effective Rate	Contract Value (Thousands)
Bank of Tokyo (A)	Open-Ended	2.02%	$ 76,354
Pacific Life Insurance (A)	Open-Ended	2.20%	206,402
Prudential Ins Co. (A)	Open-Ended	2.23%	142,130
Transamerica (A)	Open-Ended	2.24%	205,858
Voya Retirement & Annuity Co. (A)	Open-Ended	2.72%	213,415
Total Investment Contracts			844,159
Investment in BNY Mellon Short-Term Investment Fund		0.03%	13,700
Total Stable Value Fund			$ 857,859

(A) Managed by INVESCO Institutional, Inc.

Most of the investments in the Stable Value Fund are in benefit-responsive investment contracts. The units in the underlying "building block funds" are held by the Plan's Trustee. The accounts are credited with earnings on the underlying investments and charged for Participant withdrawals and administrative expenses. The investment contract issuer is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Master Trust.

Because the investment contracts are fully benefit-responsive, contract value is the relevant measurement attribute for that portion of the net assets available for benefits attributable to the investment contracts. Contract value, as reported to the Master Trust by the Stable Value Fund managers, represents contributions made under the contracts, plus earnings, less Participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value.

There are no reserves against contract value for credit risk of the contract issuers or otherwise. The crediting interest rate is based on a formula agreed upon with the issuers, but may not be less than zero. Such rates are reviewed on a quarterly basis for resetting.

Certain events limit the ability of the Master Trust, as directed by the Plan, to transact at contract value with the issuers. Such events include the following: (1) amendments to the Plan documents (including complete or partial plan termination or merger with another plan), (2) changes to the Plan's prohibition on competing investment options or deletion of equity wash provisions, (3) bankruptcy of the Plan Sponsor or other events (for example, divestitures or spin-offs of a subsidiary) that cause a significant withdrawal from the Plan, or (4) the failure of the Master Trust to qualify for exemption from federal income taxation or any required prohibited transaction exemption under ERISA. The TPIC does not believe that the occurrence of any such value event, which would limit the Plan's ability to transact at contract value with Participants, is probable.

The average yield based on actual earnings was approximately 1.90% and 1.51% for 2015 and 2014, respectively. The average yield based on interest rate credited to Participants was approximately 2.15% and 2.11% for 2015 and 2014, respectively.

The fair market value of the wrapper contracts in the Stable Value Fund, which is the difference between the Fund's fair value and contract value, was higher by $16,175,431 and $26,669,510 as of December 31, 2015 and 2014, respectively.

Assets of the Company Stock Fund

The assets of the Company Stock Fund are invested in shares of the Company's Common Stock.

Schwab PCRA Fund

The Schwab PCRA Fund is a self-directed brokerage account in which Participants can select and manage a wide selection of investments, including mutual funds and stocks. Deposits into the Schwab PCRA Fund must come from balances transferred from the other options in the Plan. Participants may transfer up to 100% of their account balance, less certain fees, to the Schwab PCRA Fund.

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4. FAIR VALUE MEASUREMENTS

GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1—measurements utilize quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2—measurements include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and other observable inputs such as interest rates and yield curves that are observable at commonly quoted intervals.
- Level 3—measurements use unobservable inputs for assets or liabilities, based on the best information available and might include an entity's own data and assumptions.

In some valuations, the inputs may fall into different levels of the hierarchy. In these cases, the financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The following tables present information about the Master Trust's investments measured at fair value on a recurring basis at December 31, 2015 and December 31, 2014, including the fair value measurements and the levels of inputs used in determining those fair values.

	Recurring Fair Value Measurements as of December 31, 2015			
Description	**Total**	**Quoted Market Prices for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
	(Thousands)			
Cash and Cash Equivalents	$ 36,784	$ 36,784	$ —	$ —
Common Stock of Public Service Enterprise Group Incorporated	215,512	215,512	—	—
Mutual Funds:				
Vanguard Developed Markets	269,975	269,975	—	—
Vanguard Institutional Index Fund	570,336	570,336	—	—
Vanguard Mid Cap Fund	258,805	258,805	—	—
Vanguard Small Cap Fund	211,838	211,838	—	—
Vanguard Target Retirement Funds	181,937	—	181,937	—
Fixed Income Securities	183,531	—	183,531	—
Schwab PCRA Fund	89,298	89,298	—	—
Total Investment in Master Trust, at fair value	$ 2,018,016	$ 1,652,548	$ 365,468	$ —

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Description	Recurring Fair Value Measurements as of December 31, 2014			
	Total	Quoted Market Prices for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(Thousands)			
Cash and Cash Equivalents	$ 33,950	$ 33,950	$ —	$ —
Common Stock of Public Service Enterprise Group Incorporated	206,904	206,904	—	—
Mutual Funds:				
Vanguard Developed Markets	250,302	250,302	—	—
Vanguard Institutional Index Fund	566,078	566,078	—	—
Vanguard Mid Cap Fund	268,409	268,409	—	—
Vanguard Small Cap Fund	221,610	221,610	—	—
Vanguard Target Retirement Funds	164,687	—	164,687	—
Fixed Income Securities	175,590	—	175,590	—
Schwab PCRA Fund	92,153	92,153	—	—
Total Investment in Master Trust, at fair value	$ 1,979,683	$ 1,639,406	$ 340,277	$ —

Certain commingled cash equivalents included in temporary investment funds are valued using observable market prices or market parameters such as time-to-maturity, coupon rate, quality rating and current yield.

5. FEDERAL INCOME TAX STATUS

The Internal Revenue Service (IRS) has determined and informed the Company by a letter dated February 2, 2015, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). On or about January 31, 2014, the Company submitted an application under the IRS' Employee Plans Compliance Resolution System to correct certain plan documents and operational errors.

GAAP requires Plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan Administrator believes it is no longer subject to income tax examinations for years prior to 2012.

6. RELATED-PARTY TRANSACTIONS

Certain Plan investments are in the Company's Common Stock. Since the Company is the Plan Sponsor, these transactions qualify as party-in-interest transactions. Certain administrative functions are performed by the officers and employees of the Company (who may also be Participants in the Plan) at no cost to the Plan.

As of December 31, 2015 and 2014, the Master Trust held 5,570,223 and 4,996,464 shares, respectively, of the Company's Common Stock, in the Frozen ESOP Fund and the Company Stock Fund, with a market value per share of $38.69 and $41.41, respectively.

For the year ended December 31, 2015, the Master Trust recorded dividend income of approximately $8.4 million from the Company's Common Stock.

These transactions are not deemed prohibited party-in-interest transactions, because they are covered by statutory or administrative exemptions from ERISA's rules on prohibited transactions.

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7. PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in ERISA. In the event of Plan termination, Participants will become 100 percent vested in their accounts.

8. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following describes classification differences between the financial statements and the Form 5500:

	2015	2014
Net assets available for benefits per the financial statements	$ 1,374,719,000	$ 1,348,350,876
Adjustment from contract value to fair value for fully benefit-responsive investment contracts	7,650,499	12,476,405
Net assets available for benefits per Form 5500	$ 1,382,369,499	$ 1,360,827,281

The Form 5500 includes a Net Investment Loss of $6,035,920 from Master Trust Investments for the year ended December 31, 2015 consisting of $4,525,140 of Investment Losses (comprised of the $300,766 of the Plan's interest in gains of the Master Trust less the $4,825,906 adjustment from fair value to contract value for fully benefit-responsive investment contracts) less $1,510,780 of administrative expenses.

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PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
EMPLOYEE SAVINGS PLAN
PLAN No. 006, EIN No. 22-2625848

SCHEDULE H, PART IV LINE 4i – SCHEDULE OF ASSETS (HELD AT END OF YEAR) DECEMBER 31, 2015

Identity of Issue, Borrower or Similar Party	Description of Investment	Cost	Current Value
Various Participants *	2,738 Participant Loans (maturing 2016 to 2021 at interest rates of 3.25% to 9.50%), secured by participant accounts	$ —	$ 37,025,282

* Permitted party-in-interest.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the Plan) have duly caused this Annual Report to be signed by the undersigned thereunto duly authorized.

Public Service Enterprise Group Incorporated
Employee Savings Plan
(Name of Plan)

By: /s/ Margaret M. Pego

Margaret M. Pego
Chairperson of Employee
Benefits Committee

Date: June 28, 2016

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EXHIBIT INDEX

Exhibit Number	
23.1	Consent of Independent Registered Public Accounting Firm

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EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (333-202594) of Public Service Enterprise Group Incorporated of our report dated June 28, 2016, relating to the financial statements and supplemental schedule of Public Service Enterprise Group Incorporated Employee Savings Plan which appear on this Form 11-K for the year ended December 31, 2015.

/s/ Kronick Kalada Berdy & Co., P.C.
Kingston, Pennsylvania
June 28, 2016

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 11-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2014

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number 001-09120

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
EMPLOYEE SAVINGS PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
80 PARK PLAZA
NEWARK, NEW JERSEY 07102
MAILING ADDRESS: P.O. Box 1171
NEWARK, NEW JERSEY 07101-1171

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PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
EMPLOYEE SAVINGS PLAN

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All other schedules required by Section 2520.103.10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Trustee and Participants of Public Service Enterprise Group Incorporated
Employee Savings Plan:

We have audited the accompanying statements of net assets available for benefits of Public Service Enterprise Group Incorporated Employee Savings Plan (the "Plan") as of December 31, 2014 and 2013 and the related statement of changes in net assets available for benefits for the year ended December 31, 2014. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2014 and 2013 and the changes in net assets available for benefits for the year ended December 31, 2014, in conformity with accounting principles generally accepted in the United States of America.

The supplemental information in the accompanying schedule of assets (held at end of year) as of December 31, 2014 has been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The supplemental information is the responsibility of the Plan's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information in the accompanying schedule, we evaluated whether the supplemental information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental information in the accompanying schedule is fairly stated in all material respects in relation to the financial statements as a whole.

/s/ Kronick Kalada Berdy & Co., P.C.
Kingston, Pennsylvania
June 29, 2015

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PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
EMPLOYEE SAVINGS PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	As of December 31,	
	2014	2013
	(Thousands)	
ASSETS		
Investments at Fair Value:		
Plan Interest in Master Employee Benefit Plan Trust (Note 3)	$1,324,202	$1,214,237
Total Investments	1,324,202	1,214,237
Receivables:		
Participant Loans	35,555	34,486
Deposits and Contributions – Employees	2,133	1,009
Deposits and Contributions – Employer	314	290
Total Receivables	38,002	35,785
Total Assets	1,362,204	1,250,022
LIABILITIES		
Accounts Payable	855	598
Accrued Expenses	522	480
Total Liabilities	1,377	1,078
NET ASSETS REFLECTING INVESTMENT, AT FAIR VALUE	1,360,827	1,248,944
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	(12,476)	(9,322)
NET ASSETS AVAILABLE FOR BENEFITS	$1,348,351	$1,239,622

See Notes to Financial Statements.

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PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
EMPLOYEE SAVINGS PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
YEAR ENDED DECEMBER 31, 2014

	(Thousands)
ADDITIONS	
Net Investment Income	
Plan Interest in Income of Master Employee Benefit Plan Trust (Note 3)	$ 96,233
Interest on Participant Loans	1,088
Total Net Investment Income	97,321
Deposits and Contributions	
Employees	61,529
Employer	18,170
Total Deposits and Contributions	79,699
Total Additions	177,020
DEDUCTIONS	
Benefit Payments to Participants	58,412
Administrative Expenses	1,423
Total Deductions	59,835
INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS, PRIOR TO TRANSFERS	117,185
Transfers to Thrift and Tax-Deferred Savings Plan-Net	(8,456)
INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS	108,729
NET ASSETS AVAILABLE FOR BENEFITS	
Beginning of Year	1,239,622
End of Year	$1,348,351

See Notes to Financial Statements.

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NOTES TO FINANCIAL STATEMENTS

1. DESCRIPTION OF THE PLAN

General

The following description of the Public Service Enterprise Group Incorporated Employee Savings Plan ("Plan") is provided for general information purposes only. Participants should refer to the Summary Plan Description ("SPD") for more information.

The Plan is a defined contribution retirement plan covering substantially all bargaining unit employees of Public Service Enterprise Group Incorporated ("Company") and its Participating Affiliates (each, an "Employer"). The Company's Employee Benefits Committee ("Benefits Committee") is the Named Fiduciary of the Plan and controls and manages its operation and administration. The Company's Thrift and Pension Investment Committee ("TPIC") is the Named Fiduciary of the Plan responsible for management of the Plan investments and the selection, and monitoring of the funds offered under the Plan. The trustee of the Plan, The Bank of New York Mellon ("Trustee"), is responsible for the custody of the Plan's assets. Aon Hewitt is the record keeper of the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

Substantially all of the Plan's assets are held in a trust account by the Trustee and consist of a divided interest in an investment account of the Master Employee Benefit Plan Trust ("Master Trust"), a master trust established by the Company and administered by the Trustee.

Contributions, Deposits and Investment Options

Generally, Participants may contribute from 1% to 7% of their annual eligible compensation each year as basic deposits, as defined in the Plan ("Basic Deposits"), subject to certain Internal Revenue Code ("IRC") limitations. The Participant's Employer contributes an amount equal to 50% of each Participant's Basic Deposit as its matching contribution to the Plan ("Employer Contributions"). Employer Contributions begin after that Participant has completed 1,000 hours of service, as defined by the Plan, with his/her Employer. Employer Contributions are made in cash. Participants may also contribute amounts representing eligible rollover distributions from other plans and certain Individual Retirement Accounts ("IRAs").

Participants have the ability to make Roth Elective Deferrals within the Plan. In addition, a Participant may elect to make supplemental deposits to the Plan in increments of 1% of compensation up to an additional 43% of compensation ("Supplemental Deposits"), subject to certain IRC limitations, without any corresponding matching Employer Contribution. Participants may designate such Basic and/or Supplemental Deposits as post-income tax contributions or Roth Elective Deferrals (together, "Nondeferred Deposits") or pre-income tax contributions ("Deferred Deposits").

Each Participant may, within any Plan Year, make one or more additional lump sum deposits on a nondeferred basis in minimum amounts of $250 and in such total amounts which, when aggregated with such Participant's Basic Deposits and Supplemental Deposits, do not exceed 50% of his or her compensation for that Plan Year subject to IRC limitations.

Participants may direct the investment of their accounts into various investment options offered by the Plan through the Master Trust. The Plan offers investment options in Investment Contracts, the Common Stock of the Company via the Enterprise Common Stock Fund ("Company Stock Fund"), which has been designated as an Employee Stock Ownership Plan ("ESOP") Fund under Section 4975(e) of the Code, the Schwab Personal Choice Retirement Account ("PCRA") Fund, and mutual funds consisting of various target-date funds, other mutual funds and pre-mix portfolios (which are invested in specific percentages of the mutual funds).

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There is a Frozen ESOP Fund which includes amounts only for Participants who were hired prior to August 1, 1986 and eligible for participation. Contributions to or transfers into the ESOP Fund are no longer permitted. Frozen ESOP Fund Participants receive quarterly payments directly from the Trustee equal to the dividends paid to the Trustee on the shares of the Company Common Stock held for their account in the Frozen ESOP Fund.

Participant Accounts

Individual accounts are maintained for each Participant. Each Participant's account consists of (a) Participant's contributions, (b) applicable Employer contributions, (c) earnings and/or losses, and (d) specific Participant transactions, as defined. The Participant's account is reduced for certain administrative expenses. The benefit to which a Participant or beneficiary is entitled upon death, disability, retirement or termination of service, as applicable, is the benefit that can be provided from the Participant's vested account.

Participants who have elected to participate in the Company Stock Fund may elect to have the dividends on the shares of the Common Stock paid directly to the Participant (or beneficiary) in cash or paid to the Participant's account, which will then be reinvested in the Company Common Stock Fund. The reinvestment provision is not applicable with respect to Company Common Stock held in a Participant's Frozen ESOP Fund.

Participant Loans

Except as discussed in the following paragraph, Participants may borrow from their Plan accounts a minimum of $1,000 up to a maximum equal to the lesser of $50,000 or 50% of their vested account balance at the time the loan is originated. The loans are secured by the balance in the Participant's account and existing loans bear interest at rates that at December 31, 2014, range from 3.25% to 9.50% which are commensurate with local prevailing rates at the time that the loan was originated, as determined, at such time by the Benefits Committee. Principal and interest is paid ratably through payroll deductions.

No amounts may be loaned directly from any ESOP Fund, from any portion of a Participant's account attributable to transfers from the Cash Balance Pension Plan for Represented Employees of Public Service Enterprise Group Incorporated ("Cash Balance Plan") or from assets held in the Schwab PCRA Fund. Participants can initiate only one loan per calendar year and may have no more than two loans outstanding at any one time.

These loans are measured at their unpaid principal balances plus any accrued but unpaid interest.

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NOTES TO FINANCIAL STATEMENTS

Payment of Benefits

Upon termination of service due to retirement, a Participant may elect to receive an amount equal to the value of the vested interest in his or her account in either a lump-sum payment, or in quarterly or annual installments over a period not to exceed ten years, or may elect to leave the account balance in the Plan and elect a distribution at a later date. If a Participant is no longer working for the Company and has a balance in the Plan, he or she must begin to receive distributions from his or her account no later than April 1 following the calendar year in which he or she reaches age 70 ½. If a Participant's account balance is less than $1,000 at the time of termination, the Participant will receive an automatic lump-sum payment for the entire account balance. For termination due to death, the Participant's beneficiary will receive a lump-sum distribution equal to the value of the Participant's vested interest in his or her account. For termination of service for reasons other than those described above, the Participant may elect to receive a lump-sum distribution equal to the value of the Participant's vested interest in his or her account or leave the account balance in the Plan and elect a distribution at a later date, but not later than April 1 following the calendar year in which he or she reaches age 70 ½.

If a Participant withdraws certain Basic and/or Supplemental Deposits and/or vested Employer Contributions before such amounts have been in the Plan for twenty-four months, the Plan imposes a penalty in that such Participant will not be eligible to receive matching Employer Contributions during the subsequent three months.

Distributions to Participants electing to withdraw Nondeferred Deposits and Employer Contributions are made as soon as practicable after such elections are received by the Plan's record keeper. Nondeferred Deposits may be withdrawn at any time, but certain penalties may apply. Deferred Deposits may not be withdrawn during employment prior to age 59 ½ except for reasons of extraordinary financial hardship and to the extent permitted by the IRC ("hardship withdrawals"). Distributions to Participants of approved hardship withdrawals are made as soon as practicable after such approval. If a Participant receives a hardship withdrawal, such Participant will not be eligible to make contributions to the Plan for six months.

Vesting

All Participants are 100% vested in the Plan from the first date of hire, except for certain amounts transferred from the Cash Balance Plan, for which the vesting schedule under the Cash Balance Plan applies.

Forfeitures

Any nonvested portion (certain amounts transferred from the Cash Balance Plan) of the Participant's account, determined as of the date of severance from employment, will be forfeited and will be applied thereafter to reduce a subsequent contribution or contributions of the Employer as provided in the Plan. If such former Participant is rehired on or before the end of and remains employed by an Employer at the end of the fifth Plan Year after the Plan Year in which such severance occurred, then such nonvested portion of the Participant's Account will be reinstated by the Employer and the Participant's right thereto will be determined as if the Participant had not terminated employment, provided that the Participant repays to the Plan the amount of any distribution paid to him or her resulting from the severance from employment.

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NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Plan have been prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America ("GAAP") which requires investment contracts held by a defined contribution plan to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount Participants would receive if they were to initiate permitted transactions under the terms of the Plan. Therefore, the Statements of Net Assets Available for Benefits present the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The Statement of Changes in Net Assets Available for Benefits is prepared on a contract value basis for fully benefit-responsive investment contracts.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires Plan management to make estimates and assumptions that affect the reported amounts of net assets available for benefits and changes therein and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Risks and Uncertainties

The Plan permits Participants to select from among various investment options. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near-term and that such changes could materially affect Participants' account balances and the amounts reported in the financial statements.

Investment Valuation and Income Recognition

The Plan's investment is in the Master Trust. The investments maintained in the Master Trust are stated at fair value, as determined by quoted market prices, except for its contracts within the Stable Value Fund, which are valued at contract value, Short-Term Investments and Cash Equivalents. The Master Trust's investments in the investment contracts of the Stable Value Fund are with various insurance companies and other financial institutions. Non-participating investment contract fair values were determined using a discounted cash flow method. Based on its duration, the estimated cash flow of each contract was discounted using a yield curve interpolated from swap rates and adjusted for liquidity and credit quality. For those contracts with no stated payment dates, the projected value at the end of the required days notice period was assumed to pay in full and this payment was then discounted following the process described above. Contract value is discussed in Note 3. The Fixed Income Fund is stated at fair value using observable inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

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Certain Short-Term Investments and Cash Equivalents are stated at cost, which approximates fair market value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on an accrual basis. Dividend income is recorded on the ex-dividend date.

Payment of Benefits

Benefit payments to Participants are recorded upon distribution. Amounts allocated to accounts of persons who have elected to withdraw from the Plan, but have not yet been paid were $658,774 and $370,668 as of December 31, 2014 and 2013, respectively.

Administrative Expenses of the Plan

Certain expenses incurred with the general administration of the Plan, including taxes and brokerage costs, are recorded in the accompanying Statement of Changes in Net Assets Available for Benefits. Certain administrative functions performed by the officers and employees of the Company are paid by Employers (Note 6).

Transfers of the Frozen ESOP Fund

Participants are permitted to transfer all, but not less than all, of the shares of the Company's Common Stock from their Frozen ESOP Fund to other investment options in the Plan. To effectuate such transfers, the Trustee will sell the shares of the Company's Common Stock held in the Frozen ESOP Fund and invest the proceeds in the other investment funds designated by the Participant. The cash value of each share of the Company's Common Stock transferred will be equal to the price per share of the Company's Common Stock actually received by the Trustee.

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NOTES TO FINANCIAL STATEMENTS

3. INVESTMENT OF THE PLAN AND THE PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED THRIFT AND TAX-DEFERRED SAVINGS PLAN (THRIFT PLAN) IN THE MASTER TRUST

Use of the Master Trust permits the commingling of trust assets with the assets of the Thrift Plan for investment and administrative purposes. The Thrift Plan is a defined contribution retirement plan available to non-represented employees of the Employers. Although assets of both plans are commingled in the Master Trust, the Trustee maintains supporting records for the purpose of allocating the net assets and net income or loss of the investment account to the respective participating plans. The net assets and the net investment income or loss of the investment assets is allocated by the Trustee to each participating plan based on the relationship of the interest of each plan to the total of the interests of the participating plans. As of December 31, 2014 and 2013, the Plan's interests in the assets of the Master Trust were approximately 46%.

	As of December 31,	
	2014	2013
	(Thousands)	
Investments of Master Trust at Fair Value:		
Cash Equivalents and Short-Term Investments	$ 33,950	$ 52,173
Common Stock of Public Service Enterprise Group Incorporated*	206,904	181,303
Mutual Funds	1,646,676	1,468,617
Investment Contracts (Stable Value Fund)	870,829	847,353
Schwab PCRA Fund (a)	92,153	84,346
Total Investments	$2,850,512	$2,633,792

	For the Year Ended December 31, 2014
	(Thousands)
Investment Income of Master Trust:	
Net Appreciation in Fair Value of Mutual Funds	$ 120,718
Net Appreciation in Fair Value of Common Stock of Public Service Enterprise Group Incorporated*	49,638
Net Appreciation in Fair Value of Schwab PCRA Fund (a)	6,189
Interest from Investment Contracts	16,867
Dividends from Common Stock of Public Service Enterprise Group Incorporated*	7,717
Total Investment Income, Net	$ 201,129

(a) Amounts primarily relate to equity investments in stocks and in mutual funds. The net change in fair value is primarily comprised of realized/unrealized gains or losses and dividends earned on these equity investments.

* Permitted party-in-interest.

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NOTES TO FINANCIAL STATEMENTS

Assets of the Stable Value Fund

The Stable Value Fund utilizes a "building block" approach that invests in a series of proprietary commingled fixed income funds to build each stable value portfolio. This approach provides extraordinary diversification, typically between 2,500 and 3,000 individual securities broadly diversified across fixed income sectors. As of December 31, 2014, the Stable Value Fund was comprised of the following:

Issuer	Expiration	Effective Rate	Fair Value (Thousands)
Bank of Tokyo (A)	Open-Ended	2.02%	$ 78,195
Pacific Life Insurance (A)	Open-Ended	2.20%	213,551
Prudential Ins Co. (A)	Open-Ended	2.23%	148,008
Transamerica (A)	Open-Ended	2.24%	212,667
Voya Reirement & Annuity Co. (A)	Open-Ended	2.72%	218,408
Total Investment Contracts			870,829
Investment in BNY Mellon Short-Term Investment Fund		0.03%	13,700
Total Stable Value Fund			$ 884,529

(A) Managed by INVESCO Institutional, Inc.

As of December 31, 2013, the Stable Value Fund was comprised of the following:

Issuer	Expiration	Effective Rate	Fair Value (Thousands)
Bank of Tokyo (A)	Open-Ended	1.87%	$ 76,596
ING Life Insurance & Annuity Co. (A)	Open-Ended	2.42%	50,364
ING Life Insurance & Annuity Co. (A)	Open-Ended	1.67%	48,834
ING Life Insurance & Annuity Co. (A)	Open-Ended	1.62%	113,954
Monumental Life (A)	Open-Ended	2.11%	207,166
Pacific Life Insurance (A)	Open-Ended	2.29%	154,564
Pacific Life Insurance (A)	Open-Ended	1.55%	53,675
Prudential Ins Co. (A)	Open-Ended	1.92%	142,200
Total Investment Contracts			847,353
Investment in BNY Mellon Short-Term Investment Fund		0.03%	19,921
Total Stable Value Fund			$ 867,274

(A) Managed by INVESCO Institutional, Inc.

Most of the investments in the Stable Value Fund are in benefit-responsive investment contracts. The units in the underlying "building block funds" are held by the Plan's Trustee. The accounts are credited with earnings on the underlying investments and charged for Participant withdrawals and administrative expenses. The investment contract issuer is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Master Trust.

As described in Note 2, because the investment contracts are fully benefit-responsive, contract value is the relevant measurement attribute for that portion of the net assets available for benefits attributable to the investment contracts. Contract value, as reported to the Master Trust by the Stable Value Fund managers,

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represents contributions made under the contracts, plus earnings, less Participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value.

There are no reserves against contract value for credit risk of the contract issuers or otherwise. The crediting interest rate is based on a formula agreed upon with the issuers, but may not be less than zero. Such rates are reviewed on a quarterly basis for resetting.

Certain events limit the ability of the Master Trust, as directed by the Plan, to transact at contract value with the issuers. Such events include the following: (1) amendments to the Plan documents (including complete or partial plan termination or merger with another plan), (2) changes to the Plan's prohibition on competing investment options or deletion of equity wash provisions, (3) bankruptcy of the Plan Sponsor or other events (for example, divestitures or spin-offs of a subsidiary) that cause a significant withdrawal from the Plan, or (4) the failure of the Master Trust to qualify for exemption from federal income taxation or any required prohibited transaction exemption under ERISA. The TPIC does not believe that the occurrence of any such value event, which would limit the Plan's ability to transact at contract value with Participants, is probable.

The average yield based on actual earnings was approximately 1.51% and 1.38% for 2014 and 2013, respectively. The average yield based on interest rate credited to Participants was approximately 2.11% and 1.93% for 2014 and 2013, respectively.

The fair market value of the wrapper contracts in the Stable Value Fund, which is the difference between the Fund's fair value and contract value, was higher by $26,669,510 and $20,053,990 as of December 31, 2014 and 2013, respectively.

Assets of the Company Stock Fund

The assets of the Company Stock Fund are invested in shares of the Company's Common Stock.

Schwab PCRA Fund

The Schwab PCRA Fund is a self-directed brokerage account in which Participants can select and manage a wide selection of investments, including mutual funds and stocks. Deposits into the Schwab PCRA Fund must come from balances transferred from the other options in the Plan. Participants may transfer up to 100% of their account balance, less certain fees, to the Schwab PCRA Fund.

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NOTES TO FINANCIAL STATEMENTS

4. FAIR VALUE MEASUREMENTS

GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1—measurements utilize quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2—measurements include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and other observable inputs such as interest rates and yield curves that are observable at commonly quoted intervals.
- Level 3—measurements use unobservable inputs for assets or liabilities, based on the best information available and might include an entity's own data and assumptions.

In some valuations, the inputs may fall into different levels of the hierarchy. In these cases, the financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The following tables present information about the Master Trust's investments measured at fair value on a recurring basis at December 31, 2014 and December 31, 2013, including the fair value measurements and the levels of inputs used in determining those fair values.

	Recurring Fair Value Measurements as of December 31, 2014			
Description	Total	Quoted Market Prices for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(Thousands)			
Cash and Cash Equivalents	$ 33,950	$ 33,950	$ 0	$ 0
Common Stock of Public Service Enterprise Group Incorporated	206,904	206,904	0	0
Mutual Funds:				
Vanguard Developed Markets	250,302	250,302	0	0
Vanguard Institutional Index Fund	566,078	566,078	0	0
Vanguard Mid Cap Fund	268,409	268,409	0	0
Vanguard Small Cap Fund	221,610	221,610	0	0
Vanguard Target Retirement Funds	164,687	0	164,687	0
Fixed Income Securities	175,590	0	175,590	0
Stable Value Fund	870,829	0	870,829	0
Schwab PCRA Fund	92,153	92,153	0	0
Total Investment in Master Trust	$2,850,512	$ 1,639,406	$1,211,106	$ 0

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NOTES TO FINANCIAL STATEMENTS

Description	Recurring Fair Value Measurements as of December 31, 2013			
	Total	Quoted Market Prices for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(Thousands)			
Cash and Cash Equivalents	$ 52,173	$ 52,162	$ 11	$ 0
Common Stock of Public Service Enterprise Group Incorporated	181,303	181,303	0	0
Mutual Funds:				
Vanguard Developed Markets	245,240	245,240	0	0
Vanguard Institutional Index Fund	501,411	501,411	0	0
Vanguard Mid Cap Fund	238,378	238,378	0	0
Vanguard Small Cap Fund	217,213	217,213	0	0
Vanguard Target Retirement Funds	131,592	0	131,592	0
Fixed Income Securities	134,783	0	134,783	0
Stable Value Fund	847,353	0	847,353	0
Schwab PCRA Fund	84,346	84,346	0	0
Total Investment in Master Trust	$2,633,792	$ 1,520,053	$1,113,739	$ 0

Certain commingled cash equivalents included in temporary investment funds are valued using observable market prices or market parameters such as time-to-maturity, coupon rate, quality rating and current yield.

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5. FEDERAL INCOME TAX STATUS

The Internal Revenue Service (IRS) has determined and informed the Company by a letter dated February 2, 2015, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). On or about January 31, 2014, the Company submitted an application under the IRS' Employee Plans Compliance Resolution System to correct certain plan documents and operational errors.

GAAP requires Plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan Administrator believes it is no longer subject to income tax examinations for years prior to 2011.

6. RELATED-PARTY TRANSACTIONS

Certain Plan investments are in the Company's Common Stock. Since the Company is the Plan Sponsor, these transactions qualify as party-in-interest transactions. Certain administrative functions are performed by the officers and employees of the Company (who may also be Participants in the Plan) at no cost to the Plan.

As of December 31, 2014 and 2013, the Master Trust held 4,996,464 and 5,658,646 shares, respectively, of the Company's Common Stock, in the Frozen ESOP Fund and the Company Stock Fund, with a market value per share of $41.41 and $32.04, respectively.

For the year ended December 31, 2014, the Master Trust recorded dividend income of approximately $7.7 million from the Company's Common Stock.

These transactions are not deemed prohibited party-in-interest transactions, because they are covered by statutory or administrative exemptions from ERISA's rules on prohibited transactions.

7. PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in ERISA. In the event of Plan termination, Participants will become 100 percent vested in their accounts.

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8. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of net assets available for benefits per the financial statements to Form 5500:

	2014	2013
Net assets available for benefits per the financial statements	$1,348,350,876	$1,239,622,462
Adjustment from contract value to fair value for fully benefit-responsive investment contracts	12,476,405	9,322,478
Net assets available for benefits per Form 5500	$1,360,827,281	$1,248,944,940

The Form 5500 includes a Net Investment Gain of $97,964,527 from Master Trust Investments for the year ended December 31, 2014 consisting of $99,387,343 of Investment Gains (comprised of the $96,233,416 of the Plan's interest in gains of the Master Trust plus the $3,153,927 adjustment from fair value to contract value for fully benefit-responsive investment contracts) less $1,422,816 of administrative expenses.

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PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
EMPLOYEE SAVINGS PLAN
PLAN No. 006, EIN No. 22-2625848

SCHEDULE H, PART IV LINE 4i – SCHEDULE OF ASSETS (HELD AT END OF YEAR) DECEMBER 31, 2014

Identity of Issue, Borrower or Similar Party	Description of Investment	Cost	Current Value
Various Participants *	2,742 Participant Loans (maturing 2015 to 2020 at interest rates of 3.25% to 8.25%), secured by participant accounts	$ 0	$35,554,721

* Permitted party-in-interest.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the Plan) have duly caused this Annual Report to be signed by the undersigned thereunto duly authorized.

Public Service Enterprise Group Incorporated
Employee Savings Plan
(Name of Plan)

By: /s/ Margaret M. Pego
Margaret M. Pego
Chairperson of Employee
Benefits Committee

Date: June 29, 2015

S1-SSA-0009 - 29475

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EXHIBIT INDEX

Exhibit Number	
99	Consent of Independent Registered Public Accounting Firm

S1-SSA-0009 - 29476

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EXHIBIT 99

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (033-44582) of Public Service Enterprise Group Incorporated of our report dated June 29, 2015, relating to the financial statements and supplemental schedule of Public Service Enterprise Group Incorporated Employee Savings Plan which appear on this Form 11-K for the year ended December 31, 2014.

/s/ Kronick Kalada Berdy & Co., P.C.
Kingston, Pennsylvania
June 29, 2015

S1-SSA-0009 - 29477

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 11-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2014

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number 001-09120

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
THRIFT AND TAX-DEFERRED SAVINGS PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
80 PARK PLAZA
NEWARK, NEW JERSEY 07102
MAILING ADDRESS: P.O. Box 1171
NEWARK, NEW JERSEY 07101-1171

S1-SSA-0009 - 29478

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PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
THRIFT AND TAX-DEFERRED SAVINGS PLAN

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All other schedules required by Section 2520.103.10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Trustee and Participants of Public Service Enterprise Group Incorporated
Thrift and Tax-Deferred Savings Plan:

We have audited the accompanying statements of net assets available for benefits of Public Service Enterprise Group Incorporated Thrift and Tax-Deferred Savings Plan (the "Plan") as of December 31, 2014 and 2013 and the related statement of changes in net assets available for benefits for the year ended December 31, 2014. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2014 and 2013 and the changes in net assets available for benefits for the year ended December 31, 2014, in conformity with accounting principles generally accepted in the United States of America.

The supplemental information in the accompanying schedule of assets (held at end of year) as of December 31, 2014 has been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The supplemental information is the responsibility of the Plan's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information in the accompanying schedule, we evaluated whether the supplemental information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental information in the accompanying schedule is fairly stated in all material respects in relation to the financial statements as a whole.

/s/ Kronick Kalada Berdy & Co., P.C.
Kingston, Pennsylvania
June 29, 2015

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PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
THRIFT AND TAX-DEFERRED SAVINGS PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	As of December 31,	
	2014	2013
	(Thousands)	
ASSETS		
Investments at Fair Value:		
Plan Interest in Master Employee Benefit Plan Trust (Note 3)	$1,526,310	$1,419,555
Total Investments	1,526,310	1,419,555
Receivables:		
Participant Loans	16,286	15,948
Deposits and Contributions – Employees	1,606	1,512
Deposits and Contributions – Employer	0	476
Total Receivables	17,892	17,936
Total Assets	1,544,202	1,437,491
LIABILITIES		
Accounts Payable	834	370
Accrued Expenses	593	552
Total Liabilities	1,427	922
NET ASSETS REFLECTING INVESTMENT, AT FAIR VALUE	1,542,775	1,436,569
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	(14,193)	(10,732)
NET ASSETS AVAILABLE FOR BENEFITS	$1,528,582	$1,425,837

See Notes to Financial Statements.

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PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
THRIFT AND TAX-DEFERRED SAVINGS PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
YEAR ENDED DECEMBER 31, 2014

	(Thousands)
ADDITIONS	
Net Investment Income	
Plan Interest in Income of Master Employee Benefit Plan Trust (Note 3)	$ 104,896
Interest on Participant Loans	496
Total Net Investment Income	105,392
Deposits and Contributions	
Employees	53,596
Employer	15,316
Total Deposits and Contributions	68,912
Total Additions	174,304
DEDUCTIONS	
Benefit Payments to Participants	78,590
Administrative Expenses	1,425
Total Deductions	80,015
INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS, PRIOR TO TRANSFERS	94,289
Transfers from Employee Savings Plan - Net	8,456
INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS	102,745
NET ASSETS AVAILABLE FOR BENEFITS	
Beginning of Year	1,425,837
End of Year	$1,528,582

See Notes to Financial Statements.

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NOTES TO FINANCIAL STATEMENTS

1. DESCRIPTION OF THE PLAN

General

The following description of the Public Service Enterprise Group Incorporated Thrift and Tax-Deferred Savings Plan ("Plan") is provided for general information purposes only. Participants should refer to the Summary Plan Description ("SPD") for more information.

The Plan is a defined contribution retirement plan covering substantially all non-bargaining unit employees of Public Service Enterprise Group Incorporated ("Company") and its Participating Affiliates (each, an "Employer"). The Company's Employee Benefits Committee ("Benefits Committee") is the Named Fiduciary of the Plan and controls and manages its operation and administration. The Company's Thrift and Pension Investment Committee ("TPIC") is the Named Fiduciary of the Plan responsible for management of the Plan investments and the selection, and monitoring of the funds offered under the Plan. The trustee of the Plan, The Bank of New York Mellon ("Trustee"), is responsible for the custody of the Plan's assets. Aon Hewitt is the record keeper of the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

Substantially all of the Plan's assets are held in a trust account by the Trustee and consist of a divided interest in an investment account of the Master Employee Benefit Plan Trust ("Master Trust"), a master trust established by the Company and administered by the Trustee.

Contributions, Deposits and Investment Options

Generally, Participants may contribute from 1% to 8% of their annual eligible compensation each year as basic deposits, as defined in the Plan ("Basic Deposits"), subject to certain Internal Revenue Code ("IRC") limitations. The Participant's Employer contributes an amount equal to 50% of each Participant's Basic Deposit as its matching contribution to the Plan ("Employer Contributions"). Employer Contributions begin after that Participant has completed 1,000 hours of service, as defined in the Plan, with his/her Employer. Employer Contributions are made in cash. Participants may also contribute amounts representing distributions from other qualified plans and certain Individual Retirement Accounts ("IRAs").

Participants have the ability to make Roth Elective Deferrals within the Plan. In addition, a Participant may elect to make supplemental deposits to the Plan in increments of 1% of compensation up to an additional 42% of compensation ("Supplemental Deposits"), subject to certain IRC limitations, without any corresponding matching Employer Contribution. Participants may designate such Basic and/or Supplemental Deposits as post-income tax contributions or Roth Elective Deferrals (together, "Nondeferred Deposits"), or pre-income tax contributions ("Deferred Deposits").

Each Participant may, within any Plan Year, make one or more additional lump sum deposits on a nondeferred basis in minimum amounts of $250 and in such total amounts which, when aggregated with such Participant's Basic Deposits and Supplemental Deposits, do not exceed 50% of his or her compensation for that Plan Year, subject to IRC limitations.

Participants may direct the investment of their accounts into various investment options offered by the Plan through the Master Trust. The Plan offers investment options in Investment Contracts, the Common Stock of the Company via the Enterprise Common Stock Fund ("Company Stock Fund") , which has been designated as an Employee Stock Ownership Plan ("ESOP") under section 4975(e) of the Code, the Schwab Personal Choice Retirement Account ("PCRA") Fund, mutual funds consisting of various target-date funds, other mutual funds and pre-mix portfolios (which are invested in specific percentages of the mutual funds).

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NOTES TO FINANCIAL STATEMENTS

There is a Frozen ESOP Fund which includes amounts only for Participants who were hired prior to August 1, 1986 and eligible for participation. Contributions to, or transfers into the Frozen ESOP Fund are no longer permitted. Frozen ESOP Fund Participants receive quarterly payments directly from the Trustee equal to the dividends paid to the Trustee on the shares of the Company Common Stock held for their account in the Frozen ESOP Fund.

Participant Accounts

Individual accounts are maintained for each Participant. Each Participant's account consists of (a) Participant's contributions (b) applicable Employer contributions, (c) earnings and/or losses, and (d) specific Participant transactions, as defined. The Participant's account is reduced for certain administrative expenses. The benefit to which a Participant or beneficiary is entitled upon death, disability, retirement or termination of service, as applicable, is the benefit that can be provided from the Participant's vested account.

Participants who have elected to participate in the Company Stock Fund may elect to have the dividends on the shares of the Common Stock paid directly to the Participant (or beneficiary) in cash or paid to the Participant's account, which will then be reinvested in the Company Common Stock Fund. The reinvestment provision is not applicable with respect to Company Common Stock held in a Participant's Frozen ESOP Fund.

Participant Loans

Except as discussed in the following paragraph, Participants may borrow from their Plan accounts a minimum of $1,000 up to a maximum equal to the lesser of $50,000 or 50% of their vested account balance at the time the loan is originated. The loans are secured by the balance in the Participant's account and existing loans bear interest at rates that at December 31, 2014, range from 3.25% to 8.25%, which are commensurate with local prevailing rates at the time that the loan was originated, as determined, at such time by the Benefits Committee. Principal and interest is paid ratably through payroll deductions.

No amounts may be loaned directly from any ESOP Fund, from any portion of a Participant's account attributable to transfers from the Cash Balance Pension Plan of Public Service Enterprise Group Incorporated ("Cash Balance Plan") or from assets held in the Schwab PCRA Fund. Participants can initiate only one loan per calendar year and may have no more than two loans outstanding at any one time.

These loans are measured at their unpaid principal balances plus any accrued but unpaid interest.

Payment of Benefits

Upon termination of service due to retirement, a Participant may elect to receive an amount equal to the value of the vested interest in his or her account in either a lump-sum payment, or in quarterly or annual installments over a period not to exceed ten years, or may elect to leave the account balance in the Plan and elect a distribution at a later time. If a Participant is no longer working for the Company and has a balance in the Plan, he or she must begin to receive distributions from his or her account no later than April 1 following the calendar year in which he or she reaches age 70 ½. If a Participant's account balance is less than $1,000 at the time of termination, the Participant will receive an automatic lump-sum payment for the entire account balance. For termination due to death, the Participant's beneficiary will receive a lump-sum distribution equal to the value of the Participant's vested interest in his or her account. For termination of service for reasons other than those described above, the Participant may elect to receive a lump-sum distribution equal to the value of the Participant's vested interest in his or her account, or leave the account balance in the Plan and elect a distribution at a later date, but not later than April 1 following the calendar year in which he or she reaches age 70 ½.

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NOTES TO FINANCIAL STATEMENTS

If a Participant withdraws certain Basic and/or Supplemental Deposits and/or vested Employer Contributions before such amounts have been in the Plan for twenty-four months, the Plan imposes a penalty in that such Participant will not be eligible to receive matching Employer Contributions during the subsequent three months.

Withdrawals of Nondeferred Deposits and Employer Contributions are made as soon as practicable after such elections are received by the Plan's record keeper. Nondeferred Deposits may be withdrawn at any time, but certain penalties may apply. Deferred Deposits may not be withdrawn during employment prior to age 59 ½ except for reasons of extraordinary financial hardship and to the extent permitted by the IRC ("hardship withdrawals"). Distributions to Participants of approved hardship withdrawals are made as soon as practicable after such approval. If a Participant receives a hardship withdrawal, such Participant will not be eligible to make contributions to the Plan for six months.

Vesting

All Participants are 100% vested in the Plan from the first date of hire, except for certain amounts transferred from the Cash Balance Plan, for which the vesting schedule under the Cash Balance Plan applies.

Forfeitures

Any nonvested portion (certain amounts transferred from the Cash Balance Plan) of the Participant's account, determined as of the date of severance from employment, will be forfeited and will be applied thereafter to reduce a subsequent contribution or contributions of the Employer as provided in the Plan. If such former Participant is rehired on or before the end of and remains employed by an Employer at the end of the fifth Plan Year after the Plan Year in which such severance occurred, then such nonvested portion of the Participant's Account will be reinstated by the Employer and the Participant's right thereto will be determined as if the Participant had not terminated employment, provided that the Participant repays to the Plan the amount of any distribution paid to him or her resulting from the severance from employment.

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NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Plan have been prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America ("GAAP") which requires investment contracts held by a defined contribution plan to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount Participants would receive if they were to initiate permitted transactions under the terms of the Plan. Therefore, the Statements of Net Assets Available for Benefits present the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The Statement of Changes in Net Assets Available for Benefits is prepared on a contract value basis for fully benefit-responsive investment contracts.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires Plan management to make estimates and assumptions that affect the reported amounts of net assets available for benefits and changes therein and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Risks and Uncertainties

The Plan permits Participants to select from among various investment options. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near-term and that such changes could materially affect Participants' account balances and the amounts reported in the financial statements.

Investment Valuation and Income Recognition

The Plan's investment is in the Master Trust. The investments maintained in the Master Trust are stated at fair value, as determined by quoted market prices, except for its contracts within the Stable Value Fund, which are valued at contract value, Short-Term Investments and Cash Equivalents. The Master Trust's investments in the investment contracts of the Stable Value Fund are with various insurance companies and other financial institutions. Non-participating investment contract fair values were determined using a discounted cash flow method. Based on its duration, the estimated cash flow of each contract was discounted using a yield curve interpolated from swap rates and adjusted for liquidity and credit quality. For those contracts with no stated payment dates, the projected value at the end of the required days notice period was assumed to pay in full and this payment was then discounted following the process described above. Contract value is discussed in Note 3. The Fixed Income Fund is stated at fair value using observable inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

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NOTES TO FINANCIAL STATEMENTS

Certain Short-Term Investments and Cash Equivalents are stated at cost, which approximates fair market value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on an accrual basis. Dividend income is recorded on the ex-dividend date.

Payment of Benefits

Benefit payments to Participants are recorded upon distribution. Amounts allocated to accounts of persons who have elected to withdraw from the Plan, but have not yet been paid were $397,778 and $315,567 as of December 31, 2014 and 2013, respectively.

Administrative Expenses of the Plan

Certain expenses incurred with the general administration of the Plan, including taxes and brokerage costs, are recorded in the accompanying Statement of Changes in Net Assets Available for Benefits. Certain administrative functions performed by the officers and employees of the Company are paid by Employers (Note 6).

Transfers of the Frozen ESOP Fund

Participants are permitted to transfer all, but not less than all, of the shares of the Company's Common Stock from their Frozen ESOP Fund to other investment options in the Plan. To effectuate such transfers, the Trustee will sell the shares of the Company's Common Stock held in the Frozen ESOP Fund and invest the proceeds in the other investment funds designated by the Participant. The cash value of each share of the Company's Common Stock transferred will be equal to the price per share of the Company's Common Stock actually received by the Trustee.

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NOTES TO FINANCIAL STATEMENTS

3. INVESTMENT OF THE PLAN AND THE PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED EMPLOYEE SAVINGS PLAN (SAVINGS PLAN) IN THE MASTER TRUST

Use of the Master Trust permits the commingling of trust assets with the assets of the Savings Plan for investment and administrative purposes. The Savings Plan is a defined contribution retirement plan available to represented employees of the Employers. Although assets of both plans are commingled in the Master Trust, the Trustee maintains supporting records for the purpose of allocating the net assets and income or loss of the investment account to the respective participating plans. The net assets and the investment income or loss of the investment assets is allocated by the Trustee to each participating plan based on the relationship of the interest of each plan to the total of the interests of the participating plans. As of December 31, 2014 and 2013, the Plan's interests in the assets of the Master Trust were approximately 54%.

	As of December 31,	
	2014	2013
	(Thousands)	
Investments of Master Trust at Fair Value:		
Cash Equivalents and Short-Term Investments	$ 33,950	$ 52,173
Common Stock of Public Service Enterprise Group Incorporated*	206,904	181,303
Mutual Funds	1,646,676	1,468,617
Investment Contracts (Stable Value Fund)	870,829	847,353
Schwab PCRA Fund (a)	92,153	84,346
Total Investments	$2,850,512	$2,633,792

	For the Year Ended December 31, 2014
	(Thousands)
Investment Income of Master Trust:	
Net Appreciation in Fair Value of Mutual Funds	$ 120,718
Net Appreciation in Fair Value of Common Stock of Public Service Enterprise Group Incorporated*	49,638
Net Appreciation in Fair Value of Schwab PCRA Fund (a)	6,189
Interest from Investment Contracts	16,867
Dividends from Common Stock of Public Service Enterprise Group Incorporated*	7,717
Total Investment Income, Net	$ 201,129

(a) Amounts primarily relate to equity investments in stocks and in mutual funds. The net change in fair value is primarily comprised of realized/unrealized gains or losses and dividends earned on these equity investments.

* Permitted party-in-interest.

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NOTES TO FINANCIAL STATEMENTS

Assets of the Stable Value Fund

The Stable Value Fund utilizes a "building block" approach that invests in a series of proprietary commingled fixed income funds to build each stable value portfolio. This approach provides significant diversification, typically between 2,500 and 3,000 individual securities broadly diversified across fixed income sectors. As of December 31, 2014, the Stable Value Fund was comprised of the following:

Issuer	Expiration	Effective Rate	Fair Value (Thousands)
Bank of Tokyo (A)	Open-Ended	2.02%	$ 78,195
Pacific Life Insurance (A)	Open-Ended	2.20%	213,551
Prudential Ins Co. (A)	Open-Ended	2.23%	148,008
Transamerica (A)	Open-Ended	2.24%	212,667
Voya Reirement & Annuity Co. (A)	Open-Ended	2.72%	218,408
Total Investment Contracts			870,829
Investment in BNY Mellon Short-Term Investment Fund		0.03%	13,700
Total Stable Value Fund			$ 884,529

(A) Managed by INVESCO Institutional, Inc.

As of December 31, 2013, the Stable Value Fund was comprised of the following:

Issuer	Expiration	Effective Rate	Fair Value (Thousands)
Bank of Tokyo (A)	Open-Ended	1.87%	$ 76,596
ING Life Insurance & Annuity Co. (A)	Open-Ended	2.42%	50,364
ING Life Insurance & Annuity Co. (A)	Open-Ended	1.67%	48,834
ING Life Insurance & Annuity Co. (A)	Open-Ended	1.62%	113,954
Monumental Life (A)	Open-Ended	2.11%	207,166
Pacific Life Insurance (A)	Open-Ended	2.29%	154,564
Pacific Life Insurance (A)	Open-Ended	1.55%	53,675
Prudential Ins Co. (A)	Open-Ended	1.92%	142,200
Total Investment Contracts			847,353
Investment in BNY Mellon Short-Term Investment Fund		0.03%	19,921
Total Stable Value Fund			$ 867,274

(A) Managed by INVESCO Institutional, Inc.

Most of the investments in the Stable Value Fund are in benefit-responsive investment contracts. The units in the underlying "building block funds" are held by the Plan's Trustee. The accounts are credited with earnings on the underlying investments and charged for Participant withdrawals and administrative expenses. The investment contract issuer is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Master Trust.

As described in Note 2, because the investment contracts are fully benefit-responsive, contract value is the relevant measurement attribute for that portion of the net assets available for benefits attributable to the investment contracts. Contract value, as reported to the Master Trust by the Stable Value Fund managers, represents contributions made under the contracts, plus earnings, less Participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value.

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NOTES TO FINANCIAL STATEMENTS

There are no reserves against contract value for credit risk of the contract issuers or otherwise. The crediting interest rate is based on a formula agreed upon with the issuers, but may not be less than zero. Such rates are reviewed on a quarterly basis for resetting.

Certain events limit the ability of the Master Trust, as directed by the Plan, to transact at contract value with the issuers. Such events include the following: (1) amendments to the Plan documents (including complete or partial plan termination or merger with another plan), (2) changes to the Plan's prohibition on competing investment options or deletion of equity wash provisions, (3) bankruptcy of the Plan Sponsor or other events (for example, divestitures or spin-offs of a subsidiary) that cause a significant withdrawal from the Plan, or (4) the failure of the Master Trust to qualify for exemption from federal income taxation or any required prohibited transaction exemption under ERISA. The TPIC does not believe that the occurrence of any such value event, which would limit the Plan's ability to transact at contract value with Participants, is probable.

The average yield based on actual earnings was approximately 1.51% and 1.38% for 2014 and 2013, respectively. The average yield based on interest rate credited to Participants was approximately 2.11% and 1.93% for 2014 and 2013, respectively.

The fair market value of the wrapper contracts in the Stable Value Fund, which is the difference between the Fund's fair value and contract value, was higher by $26,669,510 and $20,053,990 as of December 31, 2014 and 2013 respectively.

Assets of the Company Stock Fund

The assets of the Company Stock Fund are invested in shares of the Company's Common Stock.

Schwab PCRA Fund

The Schwab PCRA Fund is a self-directed brokerage account in which Participants can select and manage a wide selection of investments, including mutual funds and stocks. Deposits into the Schwab PCRA Fund must come from balances transferred from the other options in the Plan. Participants may transfer up to 100% of their account balance, less certain fees, to the Schwab PCRA Fund.

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NOTES TO FINANCIAL STATEMENTS

4. FAIR VALUE MEASUREMENTS

GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1—measurements utilize quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2—measurements include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and other observable inputs such as interest rates and yield curves that are observable at commonly quoted intervals.
- Level 3—measurements use unobservable inputs for assets or liabilities, based on the best information available and might include an entity's own data and assumptions.

In some valuations, the inputs may fall into different levels of the hierarchy. In these cases, the financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The following tables present information about the Master Trust's investments measured at fair value on a recurring basis at December 31, 2014 and December 31, 2013, including the fair value measurements and the levels of inputs used in determining those fair values.

	Recurring Fair Value Measurements as of December 31, 2014			
Description	Total	Quoted Market Prices for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(Thousands)			
Cash and Cash Equivalents	$ 33,950	$ 33,950	$ 0	$ 0
Common Stock of Public Service Enterprise Group Incorporated	206,904	206,904	0	0
Mutual Funds:				
Vanguard Developed Markets	250,302	250,302	0	0
Vanguard Institutional Index Fund	566,078	566,078	0	0
Vanguard Mid Cap Fund	268,409	268,409	0	0
Vanguard Small Cap Fund	221,610	221,610	0	0
Vanguard Target Retirement Funds	164,687	0	164,687	0
Fixed Income Securities	175,590	0	175,590	0
Stable Value Fund	870,829	0	870,829	0
Schwab PCRA Fund	92,153	92,153	0	0
Total Investment in Master Trust	$2,850,512	$ 1,639,406	$1,211,106	$ 0

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NOTES TO FINANCIAL STATEMENTS

Description	Recurring Fair Value Measurements as of December 31, 2013			
	Total	Quoted Market Prices for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(Thousands)			
Cash and Cash Equivalents	$ 52,173	$ 52,162	$ 11	$ 0
Common Stock of Public Service Enterprise Group Incorporated	181,303	181,303	0	0
Mutual Funds:				
Vanguard Developed Markets	245,240	245,240	0	0
Vanguard Institutional Index Fund	501,411	501,411	0	0
Vanguard Mid Cap Fund	238,378	238,378	0	0
Vanguard Small Cap Fund	217,213	217,213	0	0
Vanguard Target Retirement Funds	131,592	0	131,592	0
Fixed Income Securities	134,783	0	134,783	0
Stable Value Fund	847,353	0	847,353	0
Schwab PCRA Fund	84,346	84,346	0	0
Total Investment in Master Trust	$2,633,792	$ 1,520,053	$1,113,739	$ 0

Certain commingled cash equivalents included in temporary investment funds are valued using observable market prices or market parameters such as time-to-maturity, coupon rate, quality rating and current yield.

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NOTES TO FINANCIAL STATEMENTS

5. FEDERAL INCOME TAX STATUS

The Internal Revenue Service (IRS) has determined and informed the Company by a letter dated February 2, 2015, that the Plan and related trust, are designed in accordance with applicable sections of the Internal Revenue Code (IRC). On or about January 31, 2014, the Company submitted an application under the IRS' Employee Plans Compliance Resolution System to correct certain plan documents and operational errors.

GAAP requires Plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan Administrator believes it is no longer subject to income tax examinations for years prior to 2011.

6. RELATED-PARTY TRANSACTIONS

Certain Plan investments are in the Company's Common Stock. Since the Company is the Plan Sponsor, these transactions qualify as party-in-interest transactions. Certain administrative functions are performed by the officers and employees of the Company (who may also be Participants in the Plan) at no cost to the Plan.

As of December 31, 2014 and 2013, the Master Trust held 4,996,464 and 5,658,646 shares, respectively, of the Company's Common Stock, in the Frozen ESOP Fund and the Company Stock Fund, with a market value per share of $41.41 and $32.04, respectively.

For the year ended December 31, 2014, the Master Trust recorded dividend income of approximately $7.7 million from the Company's Common Stock.

These transactions are not deemed prohibited party-in-interest transactions, because they are covered by statutory or administrative exemptions from ERISA's rules on prohibited transactions.

7. PLAN TERMINATION

Although it has not expressed any intention to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in ERISA. In the event of Plan termination, Participants will become 100 percent vested in their accounts.

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NOTES TO FINANCIAL STATEMENTS

8. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of net assets available for benefits per the financial statements to Form 5500:

	2014	2013
Net assets available for benefits per the financial statements	$1,528,582,375	$1,425,837,433
Adjustment from contract value to fair value for fully benefit-responsive investment contracts	14,193,105	10,731,512
Net assets available for benefits per Form 5500	$1,542,775,480	$1,436,568,945

The Form 5500 includes a Net Investment Gain of $106,932,561 from Master Trust Investments for the year ended December 31, 2014 consisting of $108,357,768 of Investment Gains (comprised of the $104,896,175, of the Plan's interest in gains of the Master Trust plus the $3,461,593 adjustment from fair value to contract value for fully benefit-responsive investment contracts) less $1,425,207 of administrative expenses.

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PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
THRIFT AND TAX-DEFERRED SAVINGS PLAN
PLAN No. 004, EIN No. 22-2625848

SCHEDULE H, PART IV LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR) DECEMBER 31, 2014

Identity of Issue, Borrower or Similar Party	Description of Investment	Cost	Current Value
Various Participants*	1,131 Participant Loans (maturing 2015 to 2020 at interest rates of 3.25% to 8.25%), secured by participant accounts	$ 0	$16,286,382

* Permitted party-in-interest.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the Plan) have duly caused this Annual Report to be signed by the undersigned thereunto duly authorized.

Public Service Enterprise Group Incorporated
Thrift and Tax-Deferred Savings Plan
(Name of Plan)

By: /s/ Margaret M. Pego
Margaret M. Pego
Chairperson of Employee
Benefits Committee

Date: June 29, 2015

S1-SSA-0009 - 29496

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EXHIBIT INDEX

Exhibit Number	
99	Consent of Independent Registered Public Accounting Firm

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EXHIBIT 99

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (033-44581) of Public Service Enterprise Group Incorporated of our report dated June 29, 2015, relating to the financial statements and supplemental schedule of Public Service Enterprise Group Incorporated Thrift and Tax-Deferred Savings Plan which appear on this Form 11-K for the year ended December 31, 2014.

/s/ Kronick Kalada Berdy & Co., P.C.
Kingston, Pennsylvania
June 29, 2015

S1-SSA-0009 - 29498

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 11-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2014

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number 001-09120

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

LONG ISLAND ELECTRIC UTILITY SERVCO LLC

INCENTIVE THRIFT PLAN I

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED

80 PARK PLAZA
NEWARK, NEW JERSEY 07102
MAILING ADDRESS: P.O. Box 1171
NEWARK, NEW JERSEY 07101-1171

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LONG ISLAND ELECTRIC UTILITY SERVCO LLC
INCENTIVE THRIFT PLAN I

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All other schedules required by Section 2520.103.10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Trustee and Participants of Long Island Electric Utility ServCo LLC
Incentive Thrift Plan I:

We have audited the accompanying statement of net assets available for benefits (modified cash basis) of Long Island Electric Utility ServCo LLC Incentive Thrift Plan I (the "Plan") as of December 31, 2014 and the related statement of changes in net assets available for benefits (modified cash basis) for the year ended December 31, 2014. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 2, these financial statements and supplemental schedule were prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2014 and the changes in net assets available for benefits for the year ended December 31, 2014, on the basis of accounting described in Note 2.

The supplemental information in the accompanying schedule of assets (held at end of year) (modified cash basis) as of December 31, 2014 has been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The supplemental information is the responsibility of the Plan's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information in the accompanying schedule, we evaluated whether the supplemental information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental information in the accompanying schedule is fairly stated in all material respects in relation to the financial statements as a whole.

/s/ Kronick Kalada Berdy & Co., P.C.
Kingston, Pennsylvania
June 29, 2015

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LONG ISLAND ELECTRIC UTILITY SERVCO LLC
INCENTIVE THRIFT PLAN I

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS (MODIFIED CASH BASIS)
AS OF DECEMBER 31, 2014

	(Thousands)
ASSETS	
Investment at Fair Value:	
Plan Interest in Master Employee Benefit Plan Trust (Note 3)	$ 67,322
Total Investments	67,322
Receivable:	
Participant Loans	1,884
Total Receivable	1,884
Total Assets	69,206
LIABILITIES	0
NET ASSETS AVAILABLE FOR BENEFITS	$ 69,206

See Notes to Financial Statements.

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LONG ISLAND ELECTRIC UTILITY SERVCO LLC
INCENTIVE THRIFT PLAN I

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS (MODIFIED CASH BASIS)
YEAR ENDED DECEMBER 31, 2014

	(Thousands)
ADDITIONS	
Investment Income	
Plan Interest in Income of Master Employee Benefit Plan Trust (Note 3)	$ 3,637
Interest on Participant Loans	45
Total Investment Income	3,682
Deposits and Contributions	
Employees	8,326
Employer	3,429
Rollovers	53,758
Total Deposits and Contributions	65,513
Total Additions	69,195
DEDUCTIONS	
Benefit Payments to Participants	1,362
Administrative Expenses	39
Total Deductions	1,401
INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS, PRIOR TO TRANSFERS	67,794
Transfers from Other Plans	1,412
INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS	69,206
NET ASSETS AVAILABLE FOR BENEFITS	
Beginning of Year	0
End of Year	$ 69,206

See Notes to Financial Statements.

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NOTES TO FINANCIAL STATEMENTS

1. DESCRIPTION OF THE PLAN

General

The following description of the Long Island Electric Utility ServCo LLC Incentive Thrift Plan I ("Plan") is provided for general information purposes only. Participants should refer to the Plan Document and the Summary Plan Description ("SPD") for more information.

The Plan was established effective January 1, 2014. The Plan is a defined contribution retirement plan covering substantially all non-bargaining unit employees of Long Island Electric Utility ServCo LLC ("ServCo"). This includes, but is not limited to, individuals who were employed by National Grid Companies USA ("NatGrid") or an affiliate thereof, who were participants in the National Grid USA Companies' Incentive Thrift Plan I on December 31, 2013, and who became employees of ServCo on January 1, 2014 ("Transition Employees"). ServCo is an indirect subsidiary of Public Service Enterprise Group Incorporated ("PSEG").

The ServCo Employee Benefits Committee ("Benefits Committee") is the Named Fiduciary of the Plan and controls and manages its operation and administration. The ServCo Pension Investment Committee ("TPIC") is the Named Fiduciary of the Plan responsible for management of the Plan investments and the selection, and monitoring of the funds offered under the Plan. The Vanguard Group Inc. ("Trustee"), is responsible for the custody of the Plan's assets. Vanguard Participant Services is the record keeper of the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

Substantially all of the Plan's assets are held in a trust account by the Trustee and consist of a divided interest in an investment account of the Master Employee Benefit Plan Trust ("Master Trust"), a master trust established by ServCo and administered by the Trustee.

Contributions, Deposits and Investment Options

Each Participant enters into a contribution agreement in order to make pre-tax contributions or Roth 401(k) contributions (together "Elective Contributions") and/or after-tax contributions, subject to certain Internal Revenue Code ("IRC") limitations. Generally, a Participant may elect to make after-tax contributions from 1% to 15% of their annual eligible compensation. The combined limit for Elective Contributions and after-tax contributions cannot exceed 50% of the Participant's annual eligible compensation. Participants may also contribute amounts representing distributions from other qualified plans and certain Individual Retirement Accounts ("IRAs").

ServCo will make matching contributions ("Matching Contributions") which shall be equal to 50% of the Elective Contributions and/or after-tax contributions made by each Participant, which do not exceed the first 8% of the Participant's annual eligible compensation. Matching Contributions begin after that Participant has completed three months of service, as defined in the Plan, with his/her Employer.

ServCo also provides additional contributions ("Core Contributions") to Participants who are not eligible for benefits under the Long Island Electric Utility ServCo LLC Retirement Income Plan based on the Participant's age and years of service. Years of service include service with NatGrid for Transition Employees. For participants who were hired on January 1, 2014 and had a termination date from the Long Island Power Authority ("LIPA") on December 31, 2013, years of service includes service with LIPA.

Participants may direct the investment of their accounts into various investment options offered by the Plan through the Master Trust. The Plan offers investment options in the Common Stock of PSEG ("PSEG Share Fund") and mutual funds consisting of various target-date funds and other registered investment company mutual funds.

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NOTES TO FINANCIAL STATEMENTS

Participant Accounts

Individual accounts are maintained for each Participant. Each Participant's account consists of (a) Participant's contributions, (b) Matching contributions, (c) Core contributions, if applicable, (d) earnings and/or losses, and (e) specific Participant transactions, as defined. The Participant's account is reduced for certain administrative expenses. The benefit to which a Participant or beneficiary is entitled upon death, disability, retirement or termination of service, as applicable, is the benefit that can be provided from the Participant's vested account.

Dividends on PSEG Common Stock held in the accounts of Participants who have elected to participate in the PSEG Share Fund will be reinvested in the PSEG Share Fund.

Participant Loans

Except as discussed in the following paragraph, Participants may borrow from their Plan accounts a minimum of $1,000 up to a maximum equal to the lesser of $50,000 or 50% of their vested account balance at the time the loan is originated. The loans are secured by the balance in the Participant's account and existing loans bear interest at rates that at December 31, 2014, range from 3.25% to 10.50% which are commensurate with local prevailing rates at the time that the loan was originated, as determined, at such time by the Benefits Committee. Principal and interest is paid ratably through payroll deductions.

Participants can initiate only one loan per calendar year and may have no more than two loans outstanding at any one time.

These loans are measured at their unpaid principal balances plus any accrued but unpaid interest.

Transition employees were permitted to rollover their outstanding loans under the NatGrid plan to the Plan. The rollovers are included in Tranfers from Other Plans.

Payment of Benefits

Upon termination of employment, a Participant may elect to receive an amount equal to the value of the vested interest in his or her account in either a lump-sum payment, or through various periodic installment methods (not less frequently than annually). If a Participant's account balance is less than $1,000 at the time of termination, the Participant will receive an automatic lump-sum payment for the entire account balance. For termination due to death, the Participant's beneficiary will receive a lump-sum distribution equal to the value of the Participant's vested interest in his or her account. If a Participant is no longer working for the Company and has a balance in the Plan, he or she must begin to receive distributions from his or her account no later than April 1 following the calendar year in which he or she reaches age 70 ½.

A Participant who is currently an employee and who has not attained age 59 ½ may withdraw all or part of his or her after-tax contributions and/or vested Matching Contributions that have been in the Plan for more than two years. Other deposits may not be withdrawn during employment prior to age 59 ½ except for reasons of extraordinary financial hardship and to the extent permitted by the IRC ("hardship withdrawals"). Hardship withdrawals are subject to taxes and penalties. Participants who require a hardship withdrawal are prohibited from contributing to the Plan for six months following such distribution.

S1-SSA-0009 - 29505

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NOTES TO FINANCIAL STATEMENTS

Vesting

All Participant contributions are 100% vested in the Plan. Matching and Core Contributions to a Participant's account are immediately vested upon a Participant's completion of three years of service, or when a Participant reaches the age of 65, is disabled or dies. Years of service includes service with National Grid for "transition employees." For participants who were hired on January 1, 2014 and had a termination date from LIPA on December 31, 2013, years of service includes service with LIPA.

Make Whole Benefits

Participants who are Transition Employees and were not fully vested in their Matching and/or Core contributions under the NatGrid plan as of their date of hire with ServCo will be entitled to a make whole benefit when their NatGrid service plus their ServCo service equals three years. The make whole benefit is equal to their forfeited account balance under the NatGrid plan, adjusted for interest.

Also, for Participants who are "transition employees," the bonus paid by NatGrid in June 2014 will be included in their 2014 eligible compensation under the Plan for purposes of determining the Core Contributions if the following requirements are met: (i) the Participant was in the Plan prior to the date the bonus was paid by NatGrid, (ii) the bonus paid by NatGrid was attributable to their employment at NatGrid that was immediately prior to their date of hire at ServCo, and (iii) they were employed by ServCo on the date that the bonus was paid by NatGrid.

Forfeitures

Any nonvested contributions in a Participant's Account are forfeited upon the Participant's date of termination from ServCo, and shall be used to pay Plan expenses or reduce subsequent employer contributions. If such former Participant is rehired on or before the end of and remains employed by ServCo or another PSEG subsidiary at the end of the fifth Plan Year after the Plan Year in which such severance occurred, then such nonvested portion of the Participant's Account will be reinstated by the employer and the Participant's right thereto will be determined as if the Participant had not terminated employment, provided that the Participant repays to the Plan the amount of any distribution paid to him or her resulting from the severance from employment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements are prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles ("GAAP"). The modified cash basis of accounting utilizes the cash basis of accounting while carrying investments at fair value and recording investment income on the accrual basis.

Use of Estimates

The preparation of financial statements requires Plan management to make estimates and assumptions that affect the reported amounts of net assets available for benefits and changes therein and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

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NOTES TO FINANCIAL STATEMENTS

Risks and Uncertainties

The Plan permits Participants to select from among various investment options. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near-term and that such changes could materially affect Participants' account balances and the amounts reported in the financial statements.

Investment Valuation and Income Recognition

The Plan's investment is in the Master Trust. The investments maintained in the Master Trust are stated at fair value. Shares of registered investment companies are valued at quoted market prices which represent the net asset value of shares held in the Master Trust at year-end. Units of the Retirement Collective Trusts are valued at net asset value at year-end. The PSEG Share Fund is valued at its year-end unit closing price (comprised of year-end market price plus uninvested cash position).

Purchases and sales of investments are recorded on a trade-date basis. Interest income is accrued when earned. Dividend income is recorded on the ex-dividend date. Capital gain distributions are included in dividend income.

Payment of Benefits

Benefit payments to Participants are recorded when paid.

Administrative Expenses of the Plan

Certain expenses incurred with the general administration of the Plan, including taxes and brokerage costs, are recorded in the accompanying Statement of Changes in Net Assets Available for Benefits. Certain administrative functions performed by the officers and employees of the Company are paid by Employers (Note 6).

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NOTES TO FINANCIAL STATEMENTS

3. INVESTMENT OF THE PLAN AND THE LONG ISLAND ELECTRIC UTILITY SERVCO LLC INCENTIVE THRIFT PLAN II (THRIFT PLAN II) IN THE MASTER TRUST

Use of the Master Trust permits the commingling of trust assets with the assets of the Thrift Plan II for investment and administrative purposes. The Thrift Plan II is a defined contribution retirement plan available to represented employees of ServCo. Although assets of both plans are commingled in the Master Trust, the Trustee maintains supporting records for the purpose of allocating the net assets and net income or loss of the investment account to the respective participating plans. The net assets and the net investment income or loss of the investment assets is allocated by the Trustee to each participating plan based on the relationship of the interest of each plan to the total of the interests of the participating plans. As of December 31, 2014, the Plan's interests in the assets of the Master Trust were approximately 30%. Assets and investment income of the Master Trust consist of:

	As of December 31, 2014 (Thousands)
Investments of Master Trust at Fair Value:	
Common Stock of Public Service Enterprise Group Incorporated *	$ 3,366
Mutual Funds	48,404
Target-date Retirement Collective Trusts	170,513
Total Investments	$ 222,283

	For the Year Ended December 31, 2014 (Thousands)
Investment Income of Master Trust:	
Net Appreciation in Fair Value of Common Stock of Public Service Enterprise Group Incorporated*	$ 436
Dividends from Common Stock of Public Service Enterprise Group Incorporated*	112
Net Appreciation in Fair Value of Mutual Funds	2,010
Net Appreciation in Fair Value of Target-date Retirement Collective Trusts	9,958
Total Investment Income, Net	$ 12,516

* Permitted party-in-interest.

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NOTES TO FINANCIAL STATEMENTS

4. FAIR VALUE MEASUREMENTS

GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1—measurements utilize quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2—measurements include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and other observable inputs such as interest rates and yield curves that are observable at commonly quoted intervals.
- Level 3—measurements use unobservable inputs for assets or liabilities, based on the best information available and might include an entity's own data and assumptions.

In some valuations, the inputs may fall into different levels of the hierarchy. In these cases, the financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The following table presents information about the Master Trust's investments measured at fair value on a recurring basis at December 31, 2014, including the fair value measurements and the levels of inputs used in determining those fair values.

	Recurring Fair Value Measurements as of December 31, 2014			
Description	Total	Quoted Market Prices for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(Thousands)			
PSEG Common Stock	$ 3,366	$ 3,366	$ 0	$ 0
Mutual Funds	48,404	48,404	0	0
Target-date Retirement Collective Trusts	170,513	0	170,513	0
Total Investment in Master Trust	$222,283	$ 51,770	$ 170,513	$ 0

5. FEDERAL INCOME TAX STATUS

The Internal Revenue Service (IRS) has determined and informed the Company by a letter dated April 14, 2015, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). Although the Plan has been amended since receiving the determination letter to adopt IRS required amendments in connection with issuing the determination letter, the Plan administrator and the Plan's benefits counsel believe that the Plan is designed, and is currently being operated, in compliance with the applicable requirements of the IRC and, therefore, believe that the Plan is qualified, and the related trust is tax-exempt.

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NOTES TO FINANCIAL STATEMENTS

The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

6. RELATED-PARTY TRANSACTIONS

Certain Plan investments are in PSEG's Common Stock. Since PSEG is the parent of ServCo, the Plan Sponsor, these transactions qualify as party-in-interest transactions. Certain administrative functions are performed by the officers and employees of ServCo (who may also be Participants in the Plan) at no cost to the Plan.

As of December 31, 2014, the Master Trust held approximately 81,294 shares of PSEG Common Stock in the PSEG Share Fund, with a market value per share of $41.41.

For the year ended December 31, 2014, the Master Trust recorded dividend income of approximately $112,167 from PSEG Common Stock.

These transactions are not deemed prohibited party-in-interest transactions, because they are covered by statutory or administrative exemptions from ERISA's rules on prohibited transactions.

7. PLAN TERMINATION

Although it has not expressed any intent to do so, ServCo has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in ERISA. In the event of Plan termination, Participants will become 100 percent vested in their accounts.

8. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The Form 5500 includes a Net Investment Gain of $3,598,258 from Plan Investments for the year ended December 31, 2014 consisting of $3,637,152 of the Plan's interest in gains of the Master Trust less $38,894 of administrative expenses.

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LONG ISLAND ELECTRIC UTILITY SERVCO LLC
INCENTIVE THRIFT PLAN I
PLAN No. 002, EIN No. 45-4652143

SCHEDULE H, PART IV LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)
(MODIFIED CASH BASIS)
DECEMBER 31, 2014

Identity of Issue, Borrower or Similar Party	Description of Investment	Cost	Current Value
Various Participants *	168 Participant Loans (maturing 2015 to 2028 at interest rates of 3.25% to 10.50%), secured by participant accounts	$ 0	$ 1,884,167

* Permitted party-in-interest.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the Plan) have duly caused this Annual Report to be signed by the undersigned thereunto duly authorized.

Long Island Electric Utility ServCo LLC
Incentive Thrift Plan I
(Name of Plan)

By: /s/ Margaret M. Pego
Margaret M. Pego
Chairperson of Employee
Benefits Committee

Date: June 29, 2015

S1-SSA-0009 - 29512

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EXHIBIT INDEX

Exhibit Number	
99	Consent of Independent Registered Public Accounting Firm

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EXHIBIT 99

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (333-193126) of Public Service Enterprise Group Incorporated of our report dated June 29, 2015, relating to the financial statements and supplemental schedule of Long Island Electric Utility ServCo LLC Incentive Thrift Plan I which appear on this Form 11-K for the year ended December 31, 2014.

/s/ Kronick Kalada Berdy & Co., P.C.
Kingston, Pennsylvania
June 29, 2015

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 11-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2014

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number 001-09120

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

LONG ISLAND ELECTRIC UTILITY SERVCO LLC
INCENTIVE THRIFT PLAN II

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
80 PARK PLAZA
NEWARK, NEW JERSEY 07102
MAILING ADDRESS: P.O. Box 1171
NEWARK, NEW JERSEY 07101-1171

S1-SSA-0009 - 29515

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LONG ISLAND ELECTRIC UTILITY SERVCO LLC
INCENTIVE THRIFT PLAN II

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All other schedules required by Section 2520.103.10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Trustee and Participants of Long Island Electric Utility ServCo LLC
Incentive Thrift Plan II:

We have audited the accompanying statement of net assets available for benefits (modified cash basis) of Long Island Electric Utility ServCo LLC Incentive Thrift Plan II (the "Plan") as of December 31, 2014 and the related statement of changes in net assets available for benefits (modified cash basis) for the year ended December 31, 2014. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 2, these financial statements and supplemental schedule were prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2014 and the changes in net assets available for benefits for the year ended December 31, 2014, on the basis of accounting described in Note 2.

The supplemental information in the accompanying schedule of assets (held at end of year) (modified cash basis) as of December 31, 2014 has been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The supplemental information is the responsibility of the Plan's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information in the accompanying schedule, we evaluated whether the supplemental information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental information in the accompanying schedule is fairly stated in all material respects in relation to the financial statements as a whole.

/s/ Kronick Kalada Berdy & Co., P.C.
Kingston, Pennsylvania
June 29, 2015

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LONG ISLAND ELECTRIC UTILITY SERVCO LLC
INCENTIVE THRIFT PLAN II

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS (MODIFIED CASH BASIS)
AS OF DECEMBER 31, 2014

	(Thousands)
ASSETS	
Investment at Fair Value:	
Plan Interest in Master Employee Benefit Plan Trust (Note 3)	$ 154,962
Total Investments	154,962
Receivable:	
Participant Loans	6,567
Total Receivable	6,567
Total Assets	161,529
LIABILITIES	0
NET ASSETS AVAILABLE FOR BENEFITS	$ 161,529

See Notes to Financial Statements.

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LONG ISLAND ELECTRIC UTILITY SERVCO LLC
INCENTIVE THRIFT PLAN II

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS (MODIFIED CASH BASIS)
YEAR ENDED DECEMBER 31, 2014

	(Thousands)
ADDITIONS	
Investment Income	
Plan Interest in Income of Master Employee Benefit Plan Trust (Note 3)	$ 8,879
Interest on Participant Loans	182
Total Investment Income	9,061
Deposits and Contributions	
Employees	15,143
Rollovers	138,389
Total Deposits and Contributions	153,532
Total Additions	162,593
DEDUCTIONS	
Benefit Payments to Participants	6,575
Administrative Expenses	85
Total Deductions	6,660
INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS, PRIOR TO TRANSFERS	155,933
Transfers from Other Plans	5,596
INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS	161,529
NET ASSETS AVAILABLE FOR BENEFITS	
Beginning of Year	0
End of Year	$ 161,529

See Notes to Financial Statements.

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NOTES TO FINANCIAL STATEMENTS

1. DESCRIPTION OF THE PLAN

General

The following description of the Long Island Electric Utility ServCo LLC Incentive Thrift Plan II ("Plan") is provided for general information purposes only. Participants should refer to the Plan Document and the Summary Plan Description ("SPD") for more information.

The Plan was established effective January 1, 2014. The Plan is a defined contribution retirement plan covering substantially all bargaining unit employees of Long Island Electric Utility ServCo LLC ("ServCo"). This includes, but is not limited to, individuals who were employed by National Grid Companies USA ("NatGrid") or an affiliate thereof, who were participants in the National Grid USA Companies' Incentive Thrift Plan II on December 31, 2013, and who became employees of ServCo on January 1, 2014 ("Transition Employees"). ServCo is an indirect subsidiary of Public Service Enterprise Group Incorporated ("PSEG").

The ServCo Employee Benefits Committee ("Benefits Committee") is the Named Fiduciary of the Plan and controls and manages its operation and administration. The ServCo Pension Investment Committee ("TPIC") is the Named Fiduciary of the Plan responsible for management of the Plan investments and the selection, and monitoring of the funds offered under the Plan. The Vanguard Group Inc. ("Trustee"), is responsible for the custody of the Plan's assets. Vanguard Participant Services is the record keeper of the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

Substantially all of the Plan's assets are held in a trust account by the Trustee and consist of a divided interest in an investment account of the Master Employee Benefit Plan Trust ("Master Trust"), a master trust established by ServCo and administered by the Trustee.

Contributions, Deposits and Investment Options

Each Participant enters into a contribution agreement in order to make pre-tax contributions or Roth 401(k) contributions (together "Elective Contributions") and/or after-tax contributions, subject to certain Internal Revenue Code ("IRC") limitations. Generally, a Participant may elect to make after-tax contributions from 1% to 15% of their annual eligible compensation. The combined limit for Elective Contributions and after-tax contributions cannot exceed 50% of the Participant's annual eligible compensation. Participants may also contribute amounts representing distributions from other qualified plans and certain Individual Retirement Accounts ("IRAs").

Participants may direct the investment of their accounts into various investment options offered by the Plan through the Master Trust. The Plan offers investment options in the Common Stock of PSEG ("PSEG Share Fund") and mutual funds consisting of various target-date funds and other registered investment company mutual funds.

Participant Accounts

Individual accounts are maintained for each Participant. Each Participant's account consists of (a) Participant's contributions, (b) earnings and/or losses, and (c) specific Participant transactions, as defined. The Participant's account is reduced for certain administrative expenses. The benefit to which a Participant or beneficiary is entitled upon death, disability, retirement or termination of service, as applicable, is the benefit that can be provided from the Participant's vested account.

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NOTES TO FINANCIAL STATEMENTS

Dividends on PSEG Common Stock held in the accounts of Participants who have elected to participate in the PSEG Share Fund will be reinvested in the PSEG Share Fund.

Participant Loans

Except as discussed in the following paragraph, Participants may borrow from their Plan accounts a minimum of $1,000 up to a maximum equal to the lesser of $50,000 or 50% of their account balance at the time the loan is originated. The loans are secured by the balance in the Participant's account and existing loans bear interest at rates that at December 31, 2014, range from 3.25% to 10.50% which are commensurate with local prevailing rates at the time that the loan was originated, as determined, at such time by the Benefits Committee. Principal and interest is paid ratably through payroll deductions.

Participants can initiate only one loan per calendar year and may have no more than two loans outstanding at any one time.

These loans are measured at their unpaid principal balances plus any accrued but unpaid interest.

Transition employees were permitted to rollover their outstanding loans under the NatGrid plan to the Plan. The rollovers are included in Tranfers from Other Plans.

Payment of Benefits

Upon termination of employment, a Participant may elect to receive an amount equal to the value of the interest in his or her account in either a lump-sum payment, or through various periodic installment methods (not less frequently than annually). If a Participant's account balance is less than $1,000 at the time of termination, the Participant will receive an automatic lump-sum payment for the entire account balance. For termination due to death, the Participant's beneficiary will receive a lump-sum distribution equal to the value of the Participant's interest in his or her account. If a Participant is no longer working for the Company and has a balance in the Plan, he or she must begin to receive distributions from his or her account no later than April 1 following the calendar year in which he or she reaches age 70 ½.

A Participant who is currently an employee and who has not attained age 59 ½ may withdraw all or part of his or her after-tax contributions. Other deposits may not be withdrawn during employment prior to age 59 ½ except for reasons of extraordinary financial hardship and to the extent permitted by the IRC ("hardship withdrawals"). Hardship withdrawals are subject to taxes and penalties. Participants who require a hardship withdrawal are prohibited from contributing to the Plan for six months following such distribution.

Vesting

All Participant contributions are 100% vested in the Plan.

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NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements are prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles ("GAAP"). The modified cash basis of accounting utilizes the cash basis of accounting while carrying investments at fair value and recording investment income on the accrual basis.

Use of Estimates

The preparation of financial statements requires Plan management to make estimates and assumptions that affect the reported amounts of net assets available for benefits and changes therein and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Risks and Uncertainties

The Plan permits Participants to select from among various investment options. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near-term and that such changes could materially affect Participants' account balances and the amounts reported in the financial statements.

Investment Valuation and Income Recognition

The Plan's investment is in the Master Trust. The investments maintained in the Master Trust are stated at fair value. Shares of registered investment companies are valued at quoted market prices which represent the net asset value of shares held in the Master Trust at year-end. Units of the Retirement Collective Trusts are valued at net asset value at year-end. The PSEG Share Fund is valued at its year-end unit closing price (comprised of year-end market price plus uninvested cash position).

Purchases and sales of investments are recorded on a trade-date basis. Interest income is accrued when earned. Dividend income is recorded on the ex-dividend date. Capital gain distributions are included in dividend income.

Payment of Benefits

Benefit payments to Participants are recorded when paid.

Administrative Expenses of the Plan

Certain expenses incurred with the general administration of the Plan, including taxes and brokerage costs, are recorded in the accompanying Statement of Changes in Net Assets Available for Benefits. Certain administrative functions performed by the officers and employees of the Company are paid by Employers (Note 6).

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NOTES TO FINANCIAL STATEMENTS

3. INVESTMENT OF THE PLAN AND THE LONG ISLAND ELECTRIC UTILITY SERVCO LLC INCENTIVE THRIFT PLAN I (THRIFT PLAN I) IN THE MASTER TRUST

Use of the Master Trust permits the commingling of trust assets with the assets of the Thrift Plan I for investment and administrative purposes. The Thrift Plan I is a defined contribution retirement plan available to non-represented employees of ServCo. Although assets of both plans are commingled in the Master Trust, the Trustee maintains supporting records for the purpose of allocating the net assets and net income or loss of the investment account to the respective participating plans. The net assets and the net investment income or loss of the investment assets is allocated by the Trustee to each participating plan based on the relationship of the interest of each plan to the total of the interests of the participating plans. As of December 31, 2014, the Plan's interests in the assets of the Master Trust were approximately 70%. Assets and investment income of the Master Trust consist of:

	As of December 31, 2014 (Thousands)
Investments of Master Trust at Fair Value:	
Common Stock of Public Service Enterprise Group Incorporated*	$ 3,366
Mutual Funds	48,404
Target-date Retirement Collective Trusts	170,513
Total Investments	$ 222,283

	For the Year Ended December 31, 2014 (Thousands)
Investment Income of Master Trust:	
Net Appreciation in Fair Value of Common Stock of Public Service Enterprise Group Incorporated*	$ 436
Dividends from Common Stock of Public Service Enterprise Group Incorporated*	112
Net Appreciation in Fair Value of Mutual Funds	2,010
Net Appreciation in Fair Value of Target-date Retirement Collective Trusts	9,958
Total Investment Income, Net	$ 12,516

* Permitted party-in-interest.

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NOTES TO FINANCIAL STATEMENTS

4. FAIR VALUE MEASUREMENTS

GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1—measurements utilize quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2—measurements include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and other observable inputs such as interest rates and yield curves that are observable at commonly quoted intervals.
- Level 3—measurements use unobservable inputs for assets or liabilities, based on the best information available and might include an entity's own data and assumptions.

In some valuations, the inputs may fall into different levels of the hierarchy. In these cases, the financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The following table presents information about the Master Trust's investments measured at fair value on a recurring basis at December 31, 2014, including the fair value measurements and the levels of inputs used in determining those fair values.

	Recurring Fair Value Measurements as of December 31, 2014			
Description	Total	Quoted Market Prices for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(Thousands)			
PSEG Common Stock	$ 3,366	$ 3,366	$ 0	$ 0
Mutual Funds	48,404	48,404	0	0
Target-date Retirement Collective Trusts	170,513	0	170,513	0
Total Investment in Master Trust	$222,283	$ 51,770	$ 170,513	$ 0

5. FEDERAL INCOME TAX STATUS

The Internal Revenue Service (IRS) has determined and informed the Company by a letter dated March 16, 2015, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). Although the Plan has been amended since receiving the determination letter to adopt IRS required amendments in connection with issuing the determination letter, the Plan administrator and the Plan's benefits counsel believe that the Plan is designed, and is currently being operated, in compliance with the applicable requirements of the IRC and, therefore, believe that the Plan is qualified, and the related trust is tax-exempt.

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NOTES TO FINANCIAL STATEMENTS

The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

6. RELATED-PARTY TRANSACTIONS

Certain Plan investments are in PSEG's Common Stock. Since PSEG is the parent of ServCo, the Plan Sponsor, these transactions qualify as party-in-interest transactions. Certain administrative functions are performed by the officers and employees of ServCo (who may also be Participants in the Plan) at no cost to the Plan.

As of December 31, 2014, the Master Trust held 81,294 shares of PSEG Common Stock in the PSEG Share Fund, with a market value per share of $41.41.

For the year ended December 31, 2014, the Master Trust recorded dividend income of approximately $112,167 from PSEG Common Stock.

These transactions are not deemed prohibited party-in-interest transactions, because they are covered by statutory or administrative exemptions from ERISA's rules on prohibited transactions.

7. PLAN TERMINATION

Although it has not expressed any intent to do so, ServCo has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in ERISA. In the event of Plan termination, Participants are 100 percent vested in their accounts.

8. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The Form 5500 includes a Net Investment Gain of $8,793,760 from Plan Investments for the year ended December 31, 2014 consisting of $8,878,692 of the Plan's interest in gains of the Master Trust less $84,932 of administrative expenses.

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LONG ISLAND ELECTRIC UTILITY SERVCO LLC
INCENTIVE THRIFT PLAN II
PLAN No. 003, EIN No. 45-4652143

SCHEDULE H, PART IV LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)
DECEMBER 31, 2014

Identity of Issue, Borrower or Similar Party	Description of Investment	Cost	Current Value
Various Participants *	650 Participant Loans (maturing 2015 to 2044 at interest rates of 3.25% to 10.50%), secured by participant accounts	$ 0	$ 6,567,170

* Permitted party-in-interest.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the Plan) have duly caused this Annual Report to be signed by the undersigned thereunto duly authorized.

Long Island Electric Utility ServCo LLC
Incentive Thrift Plan II
(Name of Plan)

By: /s/ Margaret M. Pego
Margaret M. Pego
Chairperson of Employee
Benefits Committee

Date: June 29, 2015

S1-SSA-0009 - 29527

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EXHIBIT INDEX

Exhibit Number	
99	Consent of Independent Registered Public Accounting Firm

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EXHIBIT 99

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (333-193127) of Public Service Enterprise Group Incorporated of our report dated June 29, 2015, relating to the financial statements and supplemental schedule of Long Island Electric Utility ServCo LLC Incentive Thrift Plan II which appear on this Form 11-K for the year ended December 31, 2014.

/s/ Kronick Kalada Berdy & Co., P.C.
Kingston, Pennsylvania
June 29, 2015

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 11-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2016

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number 001-09120

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED THRIFT AND TAX-DEFERRED SAVINGS PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
80 PARK PLAZA
NEWARK, NEW JERSEY 07102

S1-SSA-0009 - 29530

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PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
THRIFT AND TAX-DEFERRED SAVINGS PLAN

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All other schedules required by Section 2520.103.10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Trustee and Participants of Public Service Enterprise Group Incorporated
Thrift and Tax-Deferred Savings Plan:

We have audited the accompanying statements of net assets available for benefits of Public Service Enterprise Group Incorporated Thrift and Tax-Deferred Savings Plan (the "Plan") as of December 31, 2016 and 2015 and the related statement of changes in net assets available for benefits for the year ended December 31, 2016. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2016 and 2015 and the changes in net assets available for benefits for the year ended December 31, 2016, in conformity with accounting principles generally accepted in the United States of America.

The supplemental information in the accompanying schedule of assets (held at end of year) as of December 31, 2016 has been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The supplemental information is the responsibility of the Plan's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information in the accompanying schedule, we evaluated whether the supplemental information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental information in the accompanying schedule is fairly stated in all material respects in relation to the financial statements as a whole.

/s/ Kronick Kalada Berdy & Co., P.C.
Kingston, Pennsylvania
June 29, 2017

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PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
THRIFT & TAX-DEFERRED SAVINGS PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	As of December 31,	
	2016	**2015**
	(Thousands)	
ASSETS		
Investments:		
Plan Interest in Master Employee Benefit Plan Trust (Note 3)	$ 1,620,780	$ 1,512,654
Total Investments	1,620,780	1,512,654
Receivables:		
Participant Loans	16,945	16,465
Deposits and Contributions – Employees	1	4
Deposits and Contributions – Employer	1	3
Total Receivables	16,947	16,472
Total Assets	1,637,727	1,529,126
LIABILITIES		
Accounts Payable	1,851	880
Accrued Expenses	788	621
Total Liabilities	2,639	1,501
NET ASSETS AVAILABLE FOR BENEFITS	$ 1,635,088	$ 1,527,625

See Notes to Financial Statements.

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PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
THRIFT & TAX-DEFERRED SAVINGS PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
YEAR ENDED DECEMBER 31, 2016

		(Thousands)
ADDITIONS		
Net Investment Income		
Plan Interest in Income of Master Employee Benefit Plan Trust (Note 3)	$	114,183
Interest on Participant Loans		530
Total Net Investment Income		114,713
Deposits and Contributions		
Employees		58,848
Employer		19,713
Total Deposits and Contributions		78,561
Total Additions		193,274
DEDUCTIONS		
Benefit Payments to Participants		89,274
Administrative Expenses		1,891
Total Deductions		91,165
INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS, PRIOR TO TRANSFERS		102,109
Transfers from Employee Savings Plan-Net		5,354
INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS		107,463
NET ASSETS AVAILABLE FOR BENEFITS		
Beginning of Year		1,527,625
End of Year	$	1,635,088

See Notes to Financial Statements.

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NOTES TO FINANCIAL STATEMENTS

1. DESCRIPTION OF THE PLAN

General

The following description of the Public Service Enterprise Group Incorporated Thrift and Tax-Deferred Savings Plan ("Plan") is provided for general information purposes only. Participants should refer to the Summary Plan Description ("SPD") for more information.

The Plan is a defined contribution retirement plan covering substantially all non-bargaining unit employees of Public Service Enterprise Group Incorporated ("Company") and its Participating Affiliates (each, an "Employer"). The Company's Employee Benefits Committee ("Benefits Committee") is the Named Fiduciary of the Plan and controls and manages its operation and administration. The Company's Thrift and Pension Investment Committee ("TPIC") is the Named Fiduciary of the Plan responsible for management of the Plan investments and the selection, and monitoring of the funds offered under the Plan. The trustee of the Plan, The Bank of New York Mellon ("Trustee"), is responsible for the custody of the Plan's assets. Aon Hewitt is the record keeper of the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

Substantially all of the Plan's assets are held in a trust account by the Trustee and consist of a divided interest in an investment account of the Master Employee Benefit Plan Trust ("Master Trust"), a master trust established by the Company and administered by the Trustee.

Contributions, Deposits and Investment Options

Generally, Participants may contribute from 1% to 8% of their annual eligible compensation each year as basic deposits, as defined in the Plan ("Basic Deposits"), subject to certain Internal Revenue Code ("IRC") limitations. The Participant's Employer contributes an amount equal to 50% of each Participant's Basic Deposit as its matching contribution to the Plan ("Employer Contributions"). Employer Contributions begin after that Participant has completed 1,000 hours of service, as defined in the Plan, with his/her Employer. Employer Contributions are made in cash. Participants may also contribute amounts representing distributions from other qualified plans and certain Individual Retirement Accounts ("IRAs").

Participants have the ability to make Roth Elective Deferrals within the Plan. In addition, a Participant may elect to make supplemental deposits to the Plan in increments of 1% of compensation up to an additional 42% of compensation ("Supplemental Deposits"), subject to certain IRC limitations, without any corresponding matching Employer Contribution. Participants may designate such Basic and/or Supplemental Deposits as post-income tax contributions or Roth Elective Deferrals (together, "Nondeferred Deposits"), or pre-income tax contributions ("Deferred Deposits").

Each Participant may, within any Plan Year, make one or more additional lump sum deposits on a nondeferred basis in minimum amounts of $250 and in such total amounts which, when aggregated with such Participant's Basic Deposits and Supplemental Deposits, do not exceed 50% of his or her compensation for that Plan Year, subject to IRC limitations.

Participants may direct the investment of their accounts into various investment options offered by the Plan through the Master Trust. The Plan offers investment options in Investment Contracts, the Common Stock of the Company via the Enterprise Common Stock Fund ("Company Stock Fund") , which has been designated as an Employee Stock Ownership Plan ("ESOP") under section 4975(e) of the Code, the Schwab Personal Choice Retirement Account ("PCRA") , mutual funds consisting of various target-date funds, other mutual funds and pre-mix portfolios (which are invested in specific percentages of the mutual funds).

There is a Frozen ESOP Fund which includes amounts only for Participants who were hired prior to August 1, 1986 and eligible for participation. Contributions to, or transfers into the Frozen ESOP Fund are no longer permitted. Frozen ESOP Fund Participants receive quarterly payments directly from the Trustee equal to the dividends paid to the Trustee on the shares of the Company Common Stock held for their account in the Frozen ESOP Fund.

Participant Accounts

Individual accounts are maintained for each Participant. Each Participant's account consists of (a) Participant's contributions (b) applicable Employer contributions, (c) earnings and/or losses, and (d) specific Participant transactions, as defined. The Participant's account is reduced for certain administrative expenses. The benefit to which a Participant or beneficiary is entitled

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upon death, disability, retirement or termination of service, as applicable, is the benefit that can be provided from the Participant's vested account.

Participants who have elected to participate in the Company Stock Fund may elect to have the dividends on the shares of the Common Stock paid directly to the Participant (or beneficiary) in cash or paid to the Participant's account, which will then be reinvested in the Company Common Stock Fund. The reinvestment provision is not applicable with respect to Company Common Stock held in a Participant's Frozen ESOP Fund.

Participant Loans

Except as discussed in the following paragraph, Participants may borrow from their Plan accounts a minimum of $1,000 up to a maximum equal to the lesser of $50,000 or 50% of their vested account balance at the time the loan is originated. The loans are secured by the balance in the Participant's account and existing loans bear interest at rates that at December 31, 2016, range from 3.25% to 8.25%, which are commensurate with local prevailing rates at the time that the loan was originated, as determined, at such time by the Benefits Committee. Principal and interest is paid ratably through payroll deductions.

No amounts may be loaned directly from any ESOP Fund, from any portion of a Participant's account attributable to transfers from the Cash Balance Pension Plan of Public Service Enterprise Group Incorporated ("Cash Balance Plan") or from assets held in the Schwab PCRA. Participants can initiate only one loan per calendar year and may have no more than two loans outstanding at any one time.

These loans are measured at their unpaid principal balances plus any accrued but unpaid interest.

Payment of Benefits

Upon termination of service due to retirement, a Participant may elect to receive an amount equal to the value of the vested interest in his or her account in either a lump-sum payment, or in quarterly or annual installments over a period not to exceed ten years (if the participant is retirement eligible), or may elect to leave the account balance in the Plan and elect a distribution at a later time. If a Participant is no longer working for the Company and has a balance in the Plan, he or she must begin to receive distributions from his or her account no later than April 1 following the calendar year in which he or she reaches age 70½. If a Participant's account balance is less than $1,000 at the time of termination, the Participant will receive an automatic lump-sum payment for the entire account balance. For termination due to death, the Participant's beneficiary will receive a lump-sum distribution equal to the value of the Participant's vested interest in his or her account. For termination of service for reasons other than those described above, the Participant may elect to receive a lump-sum distribution equal to the value of the Participant's vested interest in his or her account, or leave the account balance in the Plan and elect a distribution at a later date, but not later than April 1 following the calendar year in which he or she reaches age 70 ½.

If a Participant withdraws certain Basic and/or Supplemental Deposits and/or vested Employer Contributions before such amounts have been in the Plan for twenty-four months, the Plan imposes a penalty in that such Participant will not be eligible to receive matching Employer Contributions during the subsequent three months.

Withdrawals of Nondeferred Deposits and Employer Contributions are made as soon as practicable after such elections are received by the Plan's record keeper. Nondeferred Deposits may be withdrawn at any time, but certain penalties may apply. Deferred Deposits may not be withdrawn during employment prior to age 59½ except for reasons of extraordinary financial hardship and to the extent permitted by the IRC ("hardship withdrawals"). Distributions to Participants of approved hardship withdrawals are made as soon as practicable after such approval. If a Participant receives a hardship withdrawal, such Participant will not be eligible to make contributions to the Plan for six months.

Vesting

All Participants are 100% vested in the Plan from the first date of hire, except for certain amounts transferred from the Cash Balance Plan, for which the vesting schedule under the Cash Balance Plan applies.

Recently Issued Accounting Standards

In July 2015, the FASB issued ASU 2015-12, Plan Accounting: Defined Benefit Pension Plans (Topic 960) Defined Contribution Pension Plans (Topic 962) and Health and Welfare Benefit Plans (Topic 965): Part (I) Fully Benefit-Responsive Investment Contracts, Part (II) Plan Investment Disclosures, Part (III) Measurement Date Practical Expedient. This three-part standard simplified employee benefit reporting with respect to fully benefit-responsive investment contracts and plan

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investment disclosures, and provided for a measurement-date practical expedient. Part I and II were effective for fiscal years beginning after December 15, 2015, to be applied retrospectively, with early application permitted. Part III was effective for fiscal years beginning after December 15, 2015, to be applied prospectively, with early application permitted. Plan management elected to adopt Parts I and II early. Accordingly, presentation of the fair value of the benefit-responsive contracts and the adjustment from fair value to contract value for fully benefit-responsive investment contracts held by the Master Trust has been removed from the Plan's Statement of Net Assets Available for Benefits.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Plan have been prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Use of Estimates

The preparation of financial statements in conformity with GAAP requires Plan management to make estimates and assumptions that affect the reported amounts of net assets available for benefits and changes therein and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Risks and Uncertainties

The Plan permits Participants to select from among various investment options. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near-term and that such changes could materially affect Participants' account balances and the amounts reported in the financial statements.

Investment Valuation and Income Recognition

The Plan's investment is in the Master Trust. The investments maintained in the Master Trust are stated at fair value, as determined by quoted market prices, except for its contracts within the Stable Value Fund, which are valued at contract value, Short-Term Investments and Cash Equivalents. The Master Trust's investments in the investment contracts of the Stable Value Fund are with various insurance companies and other financial institutions. Contract value is discussed in Note 3.

Certain Short-Term Investments and Cash Equivalents are stated at cost, which approximates fair market value.

Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by the Master Trust are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Master Trust are deemed to be actively traded and are redeemable daily without restriction. Shares held by Company Stock Fund and Frozen ESOP Fund are valued at their closing price reported on the active market on which the security is traded daily.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on an accrual basis. Dividend income is recorded on the ex-dividend date.

Payment of Benefits

Benefit payments to Participants are recorded upon distribution. Amounts allocated to accounts of persons who have elected to withdraw from the Plan, but have not yet been paid were $1,182,760 and $84,269 as of December 31, 2016 and 2015, respectively.

Administrative Expenses of the Plan

Certain expenses incurred with the general administration of the Plan, including taxes and brokerage costs, are recorded in the accompanying Statement of Changes in Net Assets Available for Benefits. Certain administrative functions performed by the officers and employees of the Company are paid by Employers (Note 6).

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Transfers of the Frozen ESOP Fund

Participants are permitted to transfer all, but not less than all, of the shares of the Company's Common Stock from their Frozen ESOP Fund to other investment options in the Plan. To effectuate such transfers, the Trustee will sell the shares of the Company's Common Stock held in the Frozen ESOP Fund and invest the proceeds in the other investment funds designated by the Participant. The cash value of each share of the Company's Common Stock transferred will be equal to the price per share of the Company's Common Stock actually received by the Trustee.

3. INVESTMENT OF THE PLAN AND THE PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED EMPLOYEE SAVINGS PLAN (SAVINGS PLAN) IN THE MASTER TRUST

Use of the Master Trust permits the commingling of trust assets with the assets of the Savings Plan for investment and administrative purposes. The Savings Plan is a defined contribution retirement plan available to represented employees of the Employers. Although assets of both plans are commingled in the Master Trust, the Trustee maintains supporting records for the purpose of allocating the net assets and income or loss of the investment account to the respective participating plans. The net assets and the investment income or loss of the investment assets is allocated by the Trustee to each participating plan based on the relationship of the interest of each plan to the total of the interests of the participating plans. As of December 31, 2016 and 2015, the Plan's interests in the assets of the Master Trust were approximately 52%. Master Trust investments consisted of:

	As of December 31,	
	2016	2015
	(Thousands)	
Investments of Master Trust at fair value:		
Cash Equivalents and Short-Term Investments	$ 81,965	$ 39,148
Common Stock of Public Service Enterprise Group Incorporated*	229,124	215,512
Mutual Funds	1,627,825	1,499,429
Fixed Income Securities	193,336	197,073
Schwab PCRA (a)	98,627	89,298
Total Investments, at fair value	2,230,877	2,040,460
Investment of Master Trust, at contract value:		
Investment contracts (Stable Value Fund)	871,621	832,581
Net Accounts Receivable (Payable) (a)	(29,166)	(22,444)
Total Investments of Master Trust	$ 3,073,332	$ 2,850,597

(a) Includes interest and dividends and receivables and payables related to pending securities sales and purchases.

	For the Year Ended December 31, 2016
	(Thousands)
Investment Income of Master Trust:	
Net Appreciation in Fair Value of Mutual Funds and Fixed Income Securities	$ 153,083
Net Appreciation in Fair Value of Schwab PCRA (a)	6,412
Net Appreciation in Fair Value of Common Stock of Public Service Enterprise Group Incorporated*	28,588
Interest from Investment Contracts	19,163
Dividends from Common Stock of Public Service Enterprise Group Incorporated*	8,655
Total Investment Income, Net	$ 215,901

(a) Amounts primarily relate to equity investments in stocks and in mutual funds. The net change in fair value is primarily comprised of realized/unrealized gains or losses and dividends earned on these equity investments.

* Permitted party-in-interest.

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The changes in net assets of the Master Trust for the year ended December 31, 2016 are summarized as follows:

	For the Year Ended December 31, 2016 (Thousands)
Changes in net assets:	
Net appreciation of investments	$ 188,083
Dividends from Common Stock of Public Service Enterprise Group Incorporated	8,655
Interest from Investment Contracts	19,163
Net Investment Income	215,901
Administrative Expenses	(3,669)
Net Transfers	10,503
Increase in Net Assets	222,735
Net Assets	
Beginning of Year	2,850,597
End of Year	$ 3,073,332

Assets of the Stable Value Fund

The Stable Value Fund utilizes a "building block" approach that invests in a series of proprietary commingled fixed income funds to build each stable value portfolio. This approach provides diversification, typically between 2,500 and 3,000 individual securities broadly diversified across fixed income sectors. As of December 31, 2016, the Stable Value Fund was comprised of the following:

Issuer	Expiration	Effective Rate	Contract Value (Thousands)
Bank of Tokyo (A)	Open-Ended	1.95%	$ 104,536
Pacific Life Insurance (A)	Open-Ended	2.27%	155,095
Prudential Ins Co. (A)	Open-Ended	2.27%	148,925
Transamerica (A)	Open-Ended	2.26%	154,522
RGA (A)	Open-Ended	1.97%	152,116
Voya Retirement & Annuity Co. (A)	Open-Ended	2.13%	156,427
Total Investment Contracts			871,621
Investment in BlackRock Financial Mgmt Short-Term Investment		0.32%	40,793
Total Stable Value Fund			$ 912,414

(A) Managed by INVESCO Institutional, Inc.

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As of December 31, 2015, the Stable Value Fund was comprised of the following:

Issuer	Expiration	Effective Rate	Contract Value (Thousands)
Bank of Tokyo (A)	Open-Ended	1.95%	$ 77,944
Pacific Life Insurance (A)	Open-Ended	2.27%	200,975
Prudential Ins Co. (A)	Open-Ended	2.27%	145,449
Transamerica (A)	Open-Ended	2.26%	200,487
Voya Retirement & Annuity Co. (A)	Open-Ended	2.13%	207,726
Total Investment Contracts			832,581
Investment in BNY Mellon Short-Term Investment Fund		0.22%	21,474
Total Stable Value Fund			$ 854,055

(A) Managed by INVESCO Institutional, Inc.

Most of the investments in the Stable Value Fund are in benefit-responsive investment contracts. The units in the underlying "building block funds" are held by the Plan's Trustee. The accounts are credited with earnings on the underlying investments and charged for Participant withdrawals and administrative expenses. The investment contract issuer is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Master Trust.

As described in Note 2, because the investment contracts are fully benefit-responsive, contract value is the relevant measurement attribute for that portion of the net assets available for benefits attributable to the investment contracts. Contract value, as reported to the Master Trust by the Stable Value Fund managers, represents contributions made under the contracts, plus earnings, less Participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value.

There are no reserves against contract value for credit risk of the contract issuers or otherwise. The crediting interest rate is based on a formula agreed upon with the issuers, but may not be less than zero. Such rates are reviewed on a quarterly basis for resetting.

Certain events limit the ability of the Master Trust, as directed by the Plan, to transact at contract value with the issuers. Such events include the following: (1) amendments to the Plan documents (including complete or partial plan termination or merger with another plan), (2) changes to the Plan's prohibition on competing investment options or deletion of equity wash provisions, (3) bankruptcy of the Plan Sponsor or other events (for example, divestitures or spin-offs of a subsidiary) that cause a significant withdrawal from the Plan, or (4) the failure of the Master Trust to qualify for exemption from federal income taxation or any required prohibited transaction exemption under ERISA. The TPIC does not believe that the occurrence of any such value event, which would limit the Plan's ability to transact at contract value with Participants, is probable.

The average yield based on actual earnings was approximately 1.92% and 1.90% for 2016 and 2015, respectively. The average yield based on interest rate credited to Participants was approximately 2.07% and 2.15% for 2016 and 2015, respectively.

The fair market value of the wrapper contracts in the Stable Value Fund, which is the difference between the Fund's fair value and contract value, was higher by $10,929,788 and $16,175,431 as of December 31, 2016 and 2015, respectively.

Assets of the Company Stock Fund

The assets of the Company Stock Fund are invested in shares of the Company's Common Stock.

Schwab PCRA

The Schwab PCRA is a self-directed brokerage account in which Participants can select and manage a wide selection of investments, including mutual funds and stocks. Deposits into the Schwab PCRA must come from balances transferred from the other options in the Plan. Participants may transfer up to 100% of their account balance, less certain fees, to the Schwab PCRA.

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4. FAIR VALUE MEASUREMENTS

GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1—measurements utilize quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2—measurements include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and other observable inputs such as interest rates and yield curves that are observable at commonly quoted intervals.
- Level 3—measurements use unobservable inputs for assets or liabilities, based on the best information available and might include an entity's own data and assumptions.

In some valuations, the inputs may fall into different levels of the hierarchy. In these cases, the financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The following tables present information about the Master Trust's investments measured at fair value on a recurring basis at December 31, 2016 and December 31, 2015, including the fair value measurements and the levels of inputs used in determining those fair values.

	Recurring Fair Value Measurements as of December 31, 2016			
Description	**Total**	**Quoted Market Prices for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
	(Thousands)			
Cash Equivalents and Short-Term Investments	$ 81,965	$ 62,533	$ 19,432	$ —
Common Stock of Public Service Enterprise Group Incorporated	229,124	229,124	—	—
Mutual Funds:				
Vanguard Developed Markets	278,323	278,323	—	—
Vanguard Institutional Index Fund	612,780	612,780	—	—
Vanguard Mid Cap Fund	270,475	270,475	—	—
Vanguard Small Cap Fund	242,142	242,142	—	—
Vanguard Target Retirement Funds	214,481	214,481	—	—
Fidelity Intermediate Bond Fund	9,624	9,624		
Fixed Income Securities	193,336	—	193,336	—
Schwab PCRA	98,627	97,799	828	—
Total Investment in Master Trust, at fair value	$ 2,230,877	$ 2,017,281	$ 213,596	$ —

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Description	Recurring Fair Value Measurements as of December 31, 2015			
	Total	Quoted Market Prices for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(Thousands)			
Cash Equivalents and Short-Term Investments	$ 39,148	$ 39,148	$ —	$ —
Common Stock of Public Service Enterprise Group Incorporated	215,512	215,512	—	—
Mutual Funds:				
Vanguard Developed Markets	269,974	269,974	—	—
Vanguard Institutional Index Fund	570,336	570,336	—	—
Vanguard Mid Cap Fund	258,805	258,805	—	—
Vanguard Small Cap Fund	211,838	211,838	—	—
Vanguard Target Retirement Funds	181,937	181,937	—	—
Fidelity Intermediate Bond Fund	6,539	6,539		
Fixed Income Securities	197,073	—	197,073	—
Schwab PCRA	89,298	88,440	858	—
Total Investment in Master Trust, at fair value	$ 2,040,460	$ 1,842,529	$ 197,931	$ —

In 2016, PSEG re-evaluated the classification, within the fair value hierarchy, of the investments included in the Master Trust. As a result, PSEG determined that at December 31, 2015, the Vanguard Target Retirement Funds and the Fidelity Intermediate Bond Fund investments should have been classified as Level 1 instead of Level 2 and certain investments in the Schwab PCRA should have been classified as Level 2 instead of Level 1, as previously presented for 2015. PSEG has determined that these errors were immaterial to its previously filed reports and, accordingly, has corrected the errors by revising the amounts disclosed for 2015 to report such investments in the appropriate levels.

Certain commingled cash equivalents included in temporary investment funds are valued using observable market prices or market parameters such as time-to-maturity, coupon rate, quality rating and current yield.

5. FEDERAL INCOME TAX STATUS

The Internal Revenue Service (IRS) has determined and informed the Company by a letter dated February 2, 2015, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). On or about January 31, 2014, the Company submitted an application to the IRS that the Plan and its related trust remain qualified. At the same time, the Company also submitted an application under the IRS' Employee Plans Compliance Resolution System to correct certain plan documents and operational errors. The Company has not yet received an updated determination letter or the compliance statement from the IRS.

GAAP requires Plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan Administrator believes it is no longer subject to income tax examinations for years prior to 2013.

6. RELATED-PARTY TRANSACTIONS

Certain Plan investments are in the Company's Common Stock. Since the Company is the Plan Sponsor, these transactions qualify as party-in-interest transactions. Certain administrative functions are performed by the officers and employees of the Company (who may also be Participants in the Plan) at no cost to the Plan.

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As of December 31, 2016 and 2015, the Master Trust held 5,221,613 and 5,570,223 shares, respectively, of the Company's Common Stock, in the Frozen ESOP Fund and the Company Stock Fund, with a market value per share of $43.88 and $38.69, respectively.

For the year ended December 31, 2016, the Master Trust recorded dividend income of approximately $8.7 million from the Company's Common Stock.

These transactions are not deemed prohibited party-in-interest transactions, because they are covered by statutory or administrative exemptions from ERISA's rules on prohibited transactions.

7. PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in ERISA. In the event of Plan termination, Participants will become 100 percent vested in their accounts.

8. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following describes classification differences between the financial statements and the Form 5500:

	2016	2015
Net assets available for benefits per the financial statements	$ 1,635,087,688	$ 1,527,625,119
Adjustment from contract value to fair value for fully benefit-responsive investment contracts	5,724,663	8,524,932
Net assets available for benefits per Form 5500	$ 1,640,812,351	$ 1,536,150,051

The Form 5500 includes a Net Investment Gain of $109,491,770 from Master Trust Investments for the year ended December 31, 2016 consisting of $111,382,283 of Investment Gains (comprised of the $114,182,551 of the Plan's interest in gains of the Master Trust less the $2,800,268 adjustment from fair value to contract value for fully benefit-responsive investment contracts) less $1,890,512 of administrative expenses.

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PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
THRIFT AND TAX-DEFERRED SAVINGS PLAN
PLAN No. 004, EIN No. 22-2625848

SCHEDULE H, PART IV LINE 4i – SCHEDULE OF ASSETS (HELD AT END OF YEAR) DECEMBER 31, 2016

Identity of Issue, Borrower or Similar Party	Description of Investment	Cost	Current Value
Various Participants *	1333 Participant Loans (maturing 2017 to 2022 at interest rates of 3.25% to 8.25%), secured by participant accounts	$ —	$ 16,944,925

* Permitted party-in-interest.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the Plan) have duly caused this Annual Report to be signed by the undersigned thereunto duly authorized.

Public Service Enterprise Group Incorporated
Thrift and Tax-Deferred Savings Plan
(Name of Plan)

By: /s/ Margaret M. Pego

Margaret M. Pego
Chairperson of Employee
Benefits Committee

Date: June 29, 2017

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EXHIBIT INDEX

Exhibit Number	
23.1	Consent of Independent Registered Public Accounting Firm

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EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (333-202591) of Public Service Enterprise Group Incorporated of our report dated June 29, 2017, relating to the financial statements and supplemental schedule of Public Service Enterprise Group Incorporated Thrift and Tax-Deferred Savings Plan which appear on this Form 11-K for the year ended December 31, 2016.

/s/ Kronick Kalada Berdy & Co., P.C.
Kingston, Pennsylvania
June 29, 2017

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 11-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2016

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number 001-09120

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED EMPLOYEE SAVINGS PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
80 PARK PLAZA
NEWARK, NEW JERSEY 07102

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PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
EMPLOYEE SAVINGS PLAN

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All other schedules required by Section 2520.103.10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Trustee and Participants of Public Service Enterprise Group Incorporated
Employee Savings Plan:

We have audited the accompanying statements of net assets available for benefits of Public Service Enterprise Group Incorporated Employee Savings Plan (the "Plan") as of December 31, 2016 and 2015 and the related statement of changes in net assets available for benefits for the year ended December 31, 2016. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2016 and 2015 and the changes in net assets available for benefits for the year ended December 31, 2016, in conformity with accounting principles generally accepted in the United States of America.

The supplemental information in the accompanying schedule of assets (held at end of year) as of December 31, 2016 has been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The supplemental information is the responsibility of the Plan's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information in the accompanying schedule, we evaluated whether the supplemental information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental information in the accompanying schedule is fairly stated in all material respects in relation to the financial statements as a whole.

/s/ Kronick Kalada Berdy & Co., P.C.
Kingston, Pennsylvania
June 29, 2017

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PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
EMPLOYEE SAVINGS PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	As of December 31,	
	2016	**2015**
	(Thousands)	
ASSETS		
Investments:		
Plan Interest in Master Employee Benefit Plan Trust (Note 3)	$ 1,452,552	$ 1,337,943
Total Investments	1,452,552	1,337,943
Receivables:		
Participant Loans	36,525	37,025
Deposits and Contributions – Employees	1,132	1,039
Deposits and Contributions – Employer	361	284
Total Receivables	38,018	38,348
Total Assets	1,490,570	1,376,291
LIABILITIES		
Accounts Payable	1,684	1,015
Accrued Expenses	716	557
Total Liabilities	2,400	1,572
NET ASSETS AVAILABLE FOR BENEFITS	$ 1,488,170	$ 1,374,719

See Notes to Financial Statements.

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PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
EMPLOYEE SAVINGS PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
YEAR ENDED DECEMBER 31, 2016

		(Thousands)
ADDITIONS		
Investment Income		
Plan Interest in Income of Master Employee Benefit Plan Trust (Note 3)	$	101,718
Interest on Participant Loans		1,140
Total Investment Income		102,858
Deposits and Contributions		
Employees		66,128
Employer		21,231
Total Deposits and Contributions		87,359
Total Additions		190,217
DEDUCTIONS		
Benefit Payments to Participants		69,633
Administrative Expenses		1,779
Total Deductions		71,412
INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS, PRIOR TO TRANSFERS		118,805
Transfers to Thrift and Tax-Deferred Savings Plan-Net		(5,354)
INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS		113,451
NET ASSETS AVAILABLE FOR BENEFITS		
Beginning of Year		1,374,719
End of Year	$	1,488,170

See Notes to Financial Statements.

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NOTES TO FINANCIAL STATEMENTS

1. DESCRIPTION OF THE PLAN

General

The following description of the Public Service Enterprise Group Incorporated Employee Savings Plan ("Plan") is provided for general information purposes only. Participants should refer to the Summary Plan Description ("SPD") for more information.

The Plan is a defined contribution retirement plan covering substantially all bargaining unit employees of Public Service Enterprise Group Incorporated ("Company") and its Participating Affiliates (each, an "Employer"). The Company's Employee Benefits Committee ("Benefits Committee") is the Named Fiduciary of the Plan and controls and manages its operation and administration. The Company's Thrift and Pension Investment Committee ("TPIC") is the Named Fiduciary of the Plan responsible for management of the Plan investments and the selection, and monitoring of the funds offered under the Plan. The trustee of the Plan, The Bank of New York Mellon ("Trustee"), is responsible for the custody of the Plan's assets. Aon Hewitt is the record keeper of the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

Substantially all of the Plan's assets are held in a trust account by the Trustee and consist of a divided interest in an investment account of the Master Employee Benefit Plan Trust ("Master Trust"), a master trust established by the Company and administered by the Trustee.

Contributions, Deposits and Investment Options

Generally, Participants may contribute from 1% to 7% of their annual eligible compensation each year as basic deposits, as defined in the Plan ("Basic Deposits"), subject to certain Internal Revenue Code ("IRC") limitations. The Participant's Employer contributes an amount equal to 50% of each Participant's Basic Deposit as its matching contribution to the Plan ("Employer Contributions"). Employer Contributions begin after that Participant has completed 1,000 hours of service, as defined by the Plan, with his/her Employer. Employer Contributions are made in cash. Participants may also contribute amounts representing eligible rollover distributions from other plans and certain Individual Retirement Accounts ("IRAs").

Participants have the ability to make Roth Elective Deferrals within the Plan. In addition, a Participant may elect to make supplemental deposits to the Plan in increments of 1% of compensation up to an additional 43% of compensation ("Supplemental Deposits"), subject to certain IRC limitations, without any corresponding matching Employer Contribution. Participants may designate such Basic and/or Supplemental Deposits as post-income tax contributions or Roth Elective Deferrals (together, "Nondeferred Deposits") or pre-income tax contributions ("Deferred Deposits").

Each Participant may, within any Plan Year, make one or more additional lump sum deposits on a nondeferred basis in minimum amounts of $250 and in such total amounts which, when aggregated with such Participant's Basic Deposits and Supplemental Deposits, do not exceed 50% of his or her compensation for that Plan Year subject to IRC limitations.

Participants may direct the investment of their accounts into various investment options offered by the Plan through the Master Trust. The Plan offers investment options in Investment Contracts, the Common Stock of the Company via the Enterprise Common Stock Fund ("Company Stock Fund"), which has been designated as an Employee Stock Ownership Plan ("ESOP") Fund under Section 4975(e) of the Code, the Schwab Personal Choice Retirement Account ("PCRA"), and mutual funds consisting of various target-date funds, other mutual funds and pre-mix portfolios (which are invested in specific percentages of the mutual funds).

There is a Frozen ESOP Fund which includes amounts only for Participants who were hired prior to August 1, 1986 and eligible for participation. Contributions to or transfers into the ESOP Fund are no longer permitted. Frozen ESOP Fund Participants receive quarterly payments directly from the Trustee equal to the dividends paid to the Trustee on the shares of the Company Common Stock held for their account in the Frozen ESOP Fund.

Participant Accounts

Individual accounts are maintained for each Participant. Each Participant's account consists of (a) Participant's contributions, (b) applicable Employer contributions, (c) earnings and/or losses, and (d) specific Participant transactions, as defined. The Participant's account is reduced for certain administrative expenses. The benefit to which a Participant or beneficiary is entitled upon death, disability, retirement or termination of service, as applicable, is the benefit that can be provided from the Participant's vested account.

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Participants who have elected to participate in the Company Stock Fund may elect to have the dividends on the shares of the Common Stock paid directly to the Participant (or beneficiary) in cash or paid to the Participant's account, which will then be reinvested in the Company Common Stock Fund. The reinvestment provision is not applicable with respect to Company Common Stock held in a Participant's Frozen ESOP Fund.

Participant Loans

Except as discussed in the following paragraph, Participants may borrow from their Plan accounts a minimum of $1,000 up to a maximum equal to the lesser of $50,000 or 50% of their vested account balance at the time the loan is originated. The loans are secured by the balance in the Participant's account and existing loans bear interest at rates that at December 31, 2016, range from 3.25% to 8.25% which are commensurate with local prevailing rates at the time that the loan was originated, as determined, at such time by the Benefits Committee. Principal and interest is paid ratably through payroll deductions.

No amounts may be loaned directly from any ESOP Fund, from any portion of a Participant's account attributable to transfers from the Cash Balance Pension Plan for Represented Employees of Public Service Enterprise Group Incorporated ("Cash Balance Plan") or from assets held in the Schwab PCRA. Participants can initiate only one loan per calendar year and may have no more than two loans outstanding at any one time.

These loans are measured at their unpaid principal balances plus any accrued but unpaid interest.

Payment of Benefits

Upon termination of service due to retirement, a Participant may elect to receive an amount equal to the value of the vested interest in his or her account in either a lump-sum payment, or in quarterly or annual installments over a period not to exceed ten years (if the participant is retirement eligible), or may elect to leave the account balance in the Plan and elect a distribution at a later date. If a Participant is no longer working for the Company and has a balance in the Plan, he or she must begin to receive distributions from his or her account no later than April 1 following the calendar year in which he or she reaches age 70 ½. If a Participant's account balance is less than $1,000 at the time of termination, the Participant will receive an automatic lump-sum payment for the entire account balance. For termination due to death, the Participant's beneficiary will receive a lump-sum distribution equal to the value of the Participant's vested interest in his or her account. For termination of service for reasons other than those described above, the Participant may elect to receive a lump-sum distribution equal to the value of the Participant's vested interest in his or her account or leave the account balance in the Plan and elect a distribution at a later date, but not later than April 1 following the calendar year in which he or she reaches age 70 ½.

If a Participant withdraws certain Basic and/or Supplemental Deposits and/or vested Employer Contributions before such amounts have been in the Plan for twenty-four months, the Plan imposes a penalty in that such Participant will not be eligible to receive matching Employer Contributions during the subsequent three months.

Distributions to Participants electing to withdraw Nondeferred Deposits and Employer Contributions are made as soon as practicable after such elections are received by the Plan's record keeper. Nondeferred Deposits may be withdrawn at any time, but certain penalties may apply. Deferred Deposits may not be withdrawn during employment prior to age 59 ½ except for reasons of extraordinary financial hardship and to the extent permitted by the IRC ("hardship withdrawals"). Distributions to Participants of approved hardship withdrawals are made as soon as practicable after such approval. If a Participant receives a hardship withdrawal, such Participant will not be eligible to make contributions to the Plan for six months.

Vesting

All Participants are 100% vested in the Plan from the first date of hire, except for certain amounts transferred from the Cash Balance Plan, for which the vesting schedule under the Cash Balance Plan applies.

Recently Issued Accounting Standards

In July 2015, the FASB issued ASU 2015-12, Plan Accounting: Defined Benefit Pension Plans (Topic 960) Defined Contribution Pension Plans (Topic 962) and Health and Welfare Benefit Plans (Topic 965): Part (I) Fully Benefit-Responsive Investment Contracts, Part (II) Plan Investment Disclosures, Part (III) Measurement Date Practical Expedient. This three-part standard simplified employee benefit reporting with respect to fully benefit-responsive investment contracts and plan investment disclosures, and provided for a measurement-date practical expedient. Part I and II were effective for fiscal years beginning after December 15, 2015, to be applied retrospectively, with early application permitted. Part III was effective for fiscal years beginning after December 15, 2015, to be applied prospectively, with early application permitted. Plan management

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elected to adopt Parts I and II early. Accordingly, presentation of the fair value of the benefit-responsive contracts and the adjustment from fair value to contract value for fully benefit-responsive investment contracts held by the Master Trust has been removed from the Plan's Statement of Net Assets Available For Benefits.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Plan have been prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Use of Estimates

The preparation of financial statements in conformity with GAAP requires Plan management to make estimates and assumptions that affect the reported amounts of net assets available for benefits and changes therein and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Risks and Uncertainties

The Plan permits Participants to select from among various investment options. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near-term and that such changes could materially affect Participants' account balances and the amounts reported in the financial statements.

Investment Valuation and Income Recognition

The Plan's investment is in the Master Trust. The investments maintained in the Master Trust are stated at fair value, as determined by quoted market prices, except for its contracts within the Stable Value Fund, which are valued at contract value, Short-Term Investments and Cash Equivalents. The Master Trust's investments in the investment contracts of the Stable Value Fund are with various insurance companies and other financial institutions. Contract value is discussed in Note 3.

Certain Short-Term Investments and Cash Equivalents are stated at cost, which approximates fair market value.

Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by the Master Trust are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Master Trust are deemed to be actively traded and are redeemable daily without restriction. Shares held by Company Stock Fund and Frozen ESOP Fund are valued at their closing price reported on the active market on which the security is traded daily.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on an accrual basis. Dividend income is recorded on the ex-dividend date.

Payment of Benefits

Benefit payments to Participants are recorded upon distribution. Amounts allocated to accounts of persons who have elected to withdraw from the Plan, but have not yet been paid were $1,368,082 and $510,352 as of December 31, 2016 and 2015, respectively.

Administrative Expenses of the Plan

Certain expenses incurred with the general administration of the Plan, including taxes and brokerage costs, are recorded in the accompanying Statement of Changes in Net Assets Available for Benefits. Certain administrative functions performed by the officers and employees of the Company are paid by Employers (Note 6).

Transfers of the Frozen ESOP Fund

Participants are permitted to transfer all, but not less than all, of the shares of the Company's Common Stock from their Frozen ESOP Fund to other investment options in the Plan. To effectuate such transfers, the Trustee will sell the shares of the

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Company's Common Stock held in the Frozen ESOP Fund and invest the proceeds in the other investment funds designated by the Participant. The cash value of each share of the Company's Common Stock transferred will be equal to the price per share of the Company's Common Stock actually received by the Trustee.

3. INVESTMENT OF THE PLAN AND THE PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED THRIFT AND TAX-DEFERRED SAVINGS PLAN (THRIFT PLAN) IN THE MASTER TRUST

Use of the Master Trust permits the commingling of trust assets with the assets of the Thrift Plan for investment and administrative purposes. The Thrift Plan is a defined contribution retirement plan available to non-represented employees of the Employers. Although assets of both plans are commingled in the Master Trust, the Trustee maintains supporting records for the purpose of allocating the net assets and net income or loss of the investment account to the respective participating plans. The net assets and the net investment income or loss of the investment assets is allocated by the Trustee to each participating plan based on the relationship of the interest of each plan to the total of the interests of the participating plans. As of December 31, 2016 and 2015, the Plan's interests in the assets of the Master Trust were approximately 48%. Master Trust investments consisted of:

	As of December 31,	
	2016	2015
	(Thousands)	
Investments of Master Trust at fair value:		
Cash Equivalents and Short-Term Investments	$ 81,965	$ 39,148
Common Stock of Public Service Enterprise Group Incorporated*	229,124	215,512
Mutual Funds	1,627,825	1,499,429
Fixed Income Securities	193,336	197,073
Schwab PCRA (a)	98,627	89,298
Total Investments, at fair value	2,230,877	2,040,460
Investment of Master Trust, at contract value:		
Investment contracts (Stable Value Fund)	871,621	832,581
Net Accounts Receivable (Payable) (a)	(29,166)	(22,444)
Total Investments of Master Trust	$ 3,073,332	$ 2,850,597

(a) Includes interest and dividends and receivables and payables related to pending securities sales and purchases.

	For the Year Ended December 31, 2016
	(Thousands)
Investment Income of Master Trust:	
Net Appreciation in Fair Value of Mutual Funds and Fixed Income Securities	$ 153,083
Net Appreciation in Fair Value of Schwab PCRA (a)	6,412
Net Appreciation in Fair Value of Common Stock of Public Service Enterprise Group Incorporated*	28,588
Interest from Investment Contracts	19,163
Dividends from Common Stock of Public Service Enterprise Group Incorporated*	8,655
Total Investment Income, Net	$ 215,901

(a) Amounts primarily relate to equity investments in stocks and in mutual funds. The net change in fair value is primarily comprised of realized/unrealized gains or losses and dividends earned on these equity investments.

* Permitted party-in-interest.

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The changes in net assets of the Master Trust for the year ended December 31, 2016 are summarized as follows:

	For the Year Ended December 31, 2016 (Thousands)
Changes in net assets:	
Net appreciation of investments	$ 188,083
Dividends from Common Stock of Public Service Enterprise Group Incorporated	8,655
Interest from Investment Contracts	19,163
Net Investment Income	215,901
Administrative Expenses	(3,669)
Net Transfers	10,503
Increase in Net Assets	222,735
Net Assets	
Beginning of Year	2,850,597
End of Year	$ 3,073,332

Assets of the Stable Value Fund

The Stable Value Fund utilizes a "building block" approach that invests in a series of proprietary commingled fixed income funds to build each stable value portfolio. This approach provides diversification, typically between 2,500 and 3,000 individual securities broadly diversified across fixed income sectors. As of December 31, 2016, the Stable Value Fund was comprised of the following:

Issuer	Expiration	Effective Rate	Contract Value (Thousands)
Bank of Tokyo (A)	Open-Ended	1.95%	$ 104,536
Pacific Life Insurance (A)	Open-Ended	2.27%	155,095
Prudential Ins Co. (A)	Open-Ended	2.27%	148,925
Transamerica (A)	Open-Ended	2.26%	154,522
RGA (A)	Open-Ended	1.97%	152,116
Voya Retirement & Annuity Co. (A)	Open-Ended	2.13%	156,427
Total Investment Contracts			871,621
Investment in BlackRock Financial Mgmt Short-Term Investment		0.32%	40,793
Total Stable Value Fund			$ 912,414

(A) Managed by INVESCO Institutional, Inc.

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As of December 31, 2015, the Stable Value Fund was comprised of the following:

Issuer	Expiration	Effective Rate	Contract Value (Thousands)
Bank of Tokyo (A)	Open-Ended	1.95%	$ 77,944
Pacific Life Insurance (A)	Open-Ended	2.27%	200,975
Prudential Ins Co. (A)	Open-Ended	2.27%	145,449
Transamerica (A)	Open-Ended	2.26%	200,487
Voya Retirement & Annuity Co. (A)	Open-Ended	2.13%	207,726
Total Investment Contracts			832,581
Investment in BNY Mellon Short-Term Investment Fund		0.22%	21,474
Total Stable Value Fund			$ 854,055

(A) Managed by INVESCO Institutional, Inc.

Most of the investments in the Stable Value Fund are in benefit-responsive investment contracts. The units in the underlying "building block funds" are held by the Plan's Trustee. The accounts are credited with earnings on the underlying investments and charged for Participant withdrawals and administrative expenses. The investment contract issuer is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Master Trust.

Because the investment contracts are fully benefit-responsive, contract value is the relevant measurement attribute for that portion of the net assets available for benefits attributable to the investment contracts. Contract value, as reported to the Master Trust by the Stable Value Fund managers, represents contributions made under the contracts, plus earnings, less Participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value.

There are no reserves against contract value for credit risk of the contract issuers or otherwise. The crediting interest rate is based on a formula agreed upon with the issuers, but may not be less than zero. Such rates are reviewed on a quarterly basis for resetting.

Certain events limit the ability of the Master Trust, as directed by the Plan, to transact at contract value with the issuers. Such events include the following: (1) amendments to the Plan documents (including complete or partial plan termination or merger with another plan), (2) changes to the Plan's prohibition on competing investment options or deletion of equity wash provisions, (3) bankruptcy of the Plan Sponsor or other events (for example, divestitures or spin-offs of a subsidiary) that cause a significant withdrawal from the Plan, or (4) the failure of the Master Trust to qualify for exemption from federal income taxation or any required prohibited transaction exemption under ERISA. The TPIC does not believe that the occurrence of any such value event, which would limit the Plan's ability to transact at contract value with Participants, is probable.

The average yield based on actual earnings was approximately 1.92% and 1.90% for 2016 and 2015, respectively. The average yield based on interest rate credited to Participants was approximately 2.07% and 2.15% for 2016 and 2015, respectively.

The fair market value of the wrapper contracts in the Stable Value Fund, which is the difference between the Fund's fair value and contract value, was higher by $10,929,788 and $16,175,431 as of December 31, 2016 and 2015, respectively.

Assets of the Company Stock Fund

The assets of the Company Stock Fund are invested in shares of the Company's Common Stock.

Schwab PCRA

The Schwab PCRA is a self-directed brokerage account in which Participants can select and manage a wide selection of investments, including mutual funds and stocks. Deposits into the Schwab PCRA must come from balances transferred from the other options in the Plan. Participants may transfer up to 100% of their account balance, less certain fees, to the Schwab PCRA.

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4. FAIR VALUE MEASUREMENTS

GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1—measurements utilize quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2—measurements include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and other observable inputs such as interest rates and yield curves that are observable at commonly quoted intervals.
- Level 3—measurements use unobservable inputs for assets or liabilities, based on the best information available and might include an entity's own data and assumptions.

In some valuations, the inputs may fall into different levels of the hierarchy. In these cases, the financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The following tables present information about the Master Trust's investments measured at fair value on a recurring basis at December 31, 2016 and December 31, 2015, including the fair value measurements and the levels of inputs used in determining those fair values.

	Recurring Fair Value Measurements as of December 31, 2016			
Description	**Total**	**Quoted Market Prices for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
	(Thousands)			
Cash Equivalents and Short-Term Investments	$ 81,965	$ 62,533	$ 19,432	$ —
Common Stock of Public Service Enterprise Group Incorporated	229,124	229,124	—	—
Mutual Funds:				
Vanguard Developed Markets	278,323	278,323	—	—
Vanguard Institutional Index Fund	612,780	612,780	—	—
Vanguard Mid Cap Fund	270,475	270,475	—	—
Vanguard Small Cap Fund	242,142	242,142	—	—
Vanguard Target Retirement Funds	214,481	214,481	—	—
Fidelity Intermediate Bond Fund	9,624	9,624		
Fixed Income Securities	193,336	—	193,336	—
Schwab PCRA	98,627	97,799	828	—
Total Investment in Master Trust, at fair value	$ 2,230,877	$ 2,017,281	$ 213,596	$ —

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Description	Recurring Fair Value Measurements as of December 31, 2015			
	Total	Quoted Market Prices for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(Thousands)			
Cash Equivalents and Short-Term Investments	$ 39,148	$ 39,148	$ —	$ —
Common Stock of Public Service Enterprise Group Incorporated	215,512	215,512	—	—
Mutual Funds:				
Vanguard Developed Markets	269,974	269,974	—	—
Vanguard Institutional Index Fund	570,336	570,336	—	—
Vanguard Mid Cap Fund	258,805	258,805	—	—
Vanguard Small Cap Fund	211,838	211,838	—	—
Vanguard Target Retirement Funds	181,937	181,937	—	—
Fidelity Intermediate Bond Fund	6,539	6,539		
Fixed Income Securities	197,073	—	197,073	—
Schwab PCRA	89,298	88,440	858	—
Total Investment in Master Trust, at fair value	$ 2,040,460	$ 1,842,529	$ 197,931	$ —

In 2016, PSEG re-evaluated the classification, within the fair value hierarchy, of the investments included in the Master Trust. As a result, PSEG determined that at December 31, 2015, the Vanguard Target Retirement Funds and the Fidelity Intermediate Bond Fund investments should have been classified as Level 1 instead of Level 2 and certain investments in the Schwab PCRA should have been classified as Level 2 instead of Level 1, as previously presented for 2015. PSEG has determined that these errors were immaterial to its previously filed reports and, accordingly, has corrected the errors by revising the amounts disclosed for 2015 to report such investments in the appropriate levels.

Certain commingled cash equivalents included in temporary investment funds are valued using observable market prices or market parameters such as time-to-maturity, coupon rate, quality rating and current yield.

5. FEDERAL INCOME TAX STATUS

The Internal Revenue Service (IRS) has determined and informed the Company by a letter dated February 2, 2015, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). On or about January 31, 2014, the Company submitted an application to the IRS that the Plan and its related trust remain qualified. At the same time, the Company also submitted an application under the IRS' Employee Plans Compliance Resolution System to correct certain plan documents and operational errors. The Company has not yet received an updated determination letter or the compliance statement from the IRS.

GAAP requires Plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan Administrator believes it is no longer subject to income tax examinations for years prior to 2013.

6. RELATED-PARTY TRANSACTIONS

Certain Plan investments are in the Company's Common Stock. Since the Company is the Plan Sponsor, these transactions qualify as party-in-interest transactions. Certain administrative functions are performed by the officers and employees of the Company (who may also be Participants in the Plan) at no cost to the Plan.

As of December 31, 2016 and 2015, the Master Trust held 5,221,613 and 5,570,223 shares, respectively, of the Company's Common Stock, in the Frozen ESOP Fund and the Company Stock Fund, with a market value per share of $43.88 and $38.69, respectively.

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For the year ended December 31, 2016, the Master Trust recorded dividend income of approximately $8.7 million from the Company's Common Stock.

These transactions are not deemed prohibited party-in-interest transactions, because they are covered by statutory or administrative exemptions from ERISA's rules on prohibited transactions.

7. PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in ERISA. In the event of Plan termination, Participants will become 100 percent vested in their accounts.

8. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following describes classification differences between the financial statements and the Form 5500:

	2016	2015
Net assets available for benefits per the financial statements	$ 1,488,169,869	$ 1,374,719,000
Adjustment from contract value to fair value for fully benefit-responsive investment contracts	5,205,125	7,650,499
Net assets available for benefits per Form 5500	$ 1,493,374,994	$ 1,382,369,499

The Form 5500 includes a Net Investment Gain of $97,494,490 from Master Trust Investments for the year ended December 31, 2016 consisting of $99,272,915 of Investment Gains (comprised of the $101,718,290 of the Plan's interest in gains of the Master Trust less the $2,445,374 adjustment from fair value to contract value for fully benefit-responsive investment contracts) less $1,778,426 of administrative expenses.

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PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
EMPLOYEE SAVINGS PLAN
PLAN No. 006, EIN No. 22-2625848

SCHEDULE H, PART IV LINE 4i – SCHEDULE OF ASSETS (HELD AT END OF YEAR) DECEMBER 31, 2016

Identity of Issue, Borrower or Similar Party	Description of Investment	Cost	Current Value
Various Participants *	3065 Participant Loans (maturing 2017 to 2022 at interest rates of 3.25% to 8.25%), secured by participant accounts	$ —	$ 36,524,858

* Permitted party-in-interest.

S1-SSA-0009 - 29562

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the Plan) have duly caused this Annual Report to be signed by the undersigned thereunto duly authorized.

Public Service Enterprise Group Incorporated
Employee Savings Plan
(Name of Plan)

By: /s/ Margaret M. Pego

Margaret M. Pego
Chairperson of Employee
Benefits Committee

Date: June 29, 2017

S1-SSA-0009 - 29563

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EXHIBIT INDEX

Exhibit Number	
23.1	Consent of Independent Registered Public Accounting Firm

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EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (333-202594) of Public Service Enterprise Group Incorporated of our report dated June 29, 2017, relating to the financial statements and supplemental schedule of Public Service Enterprise Group Incorporated Employee Savings Plan which appear on this Form 11-K for the year ended December 31, 2016.

/s/ Kronick Kalada Berdy & Co., P.C.
Kingston, Pennsylvania
June 29, 2017

S1-SSA-0009 - 29565

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 11-K

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2016

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 001-09120

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

LONG ISLAND ELECTRIC UTILITY SERVCO LLC
INCENTIVE THRIFT PLAN I

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED

80 PARK PLAZA

NEWARK, NEW JERSEY 07102

S1-SSA-0009 - 29566

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LONG ISLAND ELECTRIC UTILITY SERVCO LLC
INCENTIVE THRIFT PLAN I

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All other schedules required by Section 2520.103.10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Trustee and Participants of Long Island Electric Utility ServCo LLC
Incentive Thrift Plan I:

We have audited the accompanying statements of net assets available for benefits (modified cash basis) of Long Island Electric Utility ServCo LLC Incentive Thrift Plan I (the "Plan") as of December 31, 2016 and 2015 and the related statement of changes in net assets available for benefits (modified cash basis) for the year ended December 31, 2016. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 2, these financial statements and supplemental schedule were prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2016 and 2015 and the changes in net assets available for benefits for the year ended December 31, 2016, on the basis of accounting described in Note 2.

The supplemental information in the accompanying schedule of assets (held at end of year) (modified cash basis) as of December 31, 2016 has been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The supplemental information is the responsibility of the Plan's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information in the accompanying schedule, we evaluated whether the supplemental information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental information in the accompanying schedule is fairly stated in all material respects in relation to the financial statements as a whole.

/s/ Kronick Kalada Berdy & Co., P.C.
Kingston, Pennsylvania
June 29, 2017

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LONG ISLAND ELECTRIC UTILITY SERVCO LLC
INCENTIVE THRIFT PLAN I

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS (MODIFIED CASH BASIS)

	As of December 31,	
	2016	**2015**
	(Thousands)	
ASSETS		
Investment at Fair Value:		
Plan Interest in Master Employee Benefit Plan Trust (Note 3)	$ 101,128	$ 79,712
Total Investments	101,128	79,712
Receivable:		
Participant Loans	2,658	2,279
Total Receivable	2,658	2,279
Total Assets	103,786	81,991
LIABILITIES	—	—
NET ASSETS AVAILABLE FOR BENEFITS	$ 103,786	$ 81,991

See Notes to Financial Statements.

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LONG ISLAND ELECTRIC UTILITY SERVCO LLC
INCENTIVE THRIFT PLAN I

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS (MODIFIED CASH BASIS)
YEAR ENDED DECEMBER 31, 2016

	(Thousands)
ADDITIONS	
Net Investment Income	
Plan Interest in Income of Master Employee Benefit Plan Trust (Note 3)	$ 7,290
Interest on Participant Loans	77
Total Net Investment Income	7,367
Deposits and Contributions	
Employees	10,408
Employer	4,902
Rollovers	2,360
Total Deposits and Contributions	17,670
Total Additions	25,037
DEDUCTIONS	
Benefit Payments to Participants	3,464
Administrative Expenses	50
Total Deductions	3,514
INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS, PRIOR TO TRANSFERS	21,523
Transfers from Other Plans - Net	272
INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS	21,795
NET ASSETS AVAILABLE FOR BENEFITS	
Beginning of Year	81,991
End of Year	$ 103,786

See Notes to Financial Statements.

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NOTES TO FINANCIAL STATEMENTS

1. DESCRIPTION OF THE PLAN

General

The following description of the Long Island Electric Utility ServCo LLC Incentive Thrift Plan I ("Plan") is provided for general information purposes only. Participants should refer to the Summary Plan Description ("SPD") for more information.

The Plan was established effective January 1, 2014. The Plan is a defined contribution retirement plan covering substantially all non-bargaining unit employees of Long Island Electric Utility ServCo LLC ("ServCo"). This includes, but is not limited to, individuals who were employed by National Grid Companies USA ("NatGrid") or an affiliate thereof, who were participants in the National Grid USA Companies' Incentive Thrift Plan I on December 31, 2013, and who became employees of ServCo on January 1, 2014 ("Transition Employees"). ServCo is an indirect subsidiary of Public Service Enterprise Group Incorporated ("PSEG").

The ServCo Employee Benefits Committee ("Benefits Committee") is the Named Fiduciary of the Plan and controls and manages its operation and administration. The ServCo Pension Investment Committee ("PIC") is the Named Fiduciary of the Plan responsible for management of the Plan investments and the selection and monitoring of the funds offered under the Plan. The Vanguard Group Inc. ("Trustee") is responsible for the custody of the Plan's assets. Vanguard Participant Services is the record-keeper of the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

Substantially all of the Plan's assets are held in a trust account by the Trustee and consist of a divided interest in an investment account of the Master Employee Benefit Plan Trust ("Master Trust"), a master trust established by ServCo and administered by the Trustee.

Contributions and Investment Options

Each Participant enters into a contribution agreement in order to make pre-tax contributions or Roth 401(k) contributions (together "Elective Contributions") and/or after-tax contributions, subject to certain Internal Revenue Code ("IRC") limitations. Generally, a Participant may elect to make after-tax contributions from 1% to 15% of their annual eligible compensation. The combined limit for Elective Contributions and after-tax contributions cannot exceed 50% of the Participant's annual eligible compensation. Participants may also contribute amounts representing distributions from other qualified plans and certain Individual Retirement Accounts ("IRAs").

ServCo will make matching contributions ("Matching Contributions") which shall be equal to 50% of the Elective Contributions and/or after-tax contributions made by each Participant, which do not exceed the first 8% of the Participant's annual eligible compensation. Matching Contributions begin after that Participant has completed three months of service, as defined in the Plan, with ServCo.

ServCo also provides additional contributions ("Core Contributions") to Participants who are not eligible for benefits under the Long Island Electric Utility ServCo LLC Retirement Income Plan. Core Contributions are based on the Participant's age and years of service. Years of service include service with NatGrid for Transition Employees. For participants who were hired on January 1, 2014 and had a termination date from the Long Island Power Authority ("LIPA") on December 31, 2013, years of service include service with LIPA. For participants who move to ServCo from another PSEG entity, years of service includes service with that entity after January 1, 2014.

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Participants may direct the investment of their accounts into various investment options offered by the Plan through the Master Trust. The Plan offers investment options in the Common Stock of PSEG ("PSEG Share Fund"), which has been designated as an Employee Stock Ownership Plan ("ESOP") under section 4975(e) of the Code, and mutual funds consisting of various target-date funds and other registered investment company mutual funds.

Participant Accounts

Individual accounts are maintained for each Participant. Each Participant's account consists of (a) Participant's contributions, (b) Matching contributions, (c) Core contributions, if applicable, (d) earnings and/or losses, and (e) specific Participant transactions. The Participant's account is reduced for certain administrative expenses. The benefit to which a Participant is entitled upon disability, retirement or termination of service, as applicable, or a beneficiary upon the death of a Participant is the benefit that can be provided from the Participant's vested account.

Dividends on PSEG Common Stock held in the accounts of Participants who have elected to participate in the PSEG Share Fund will be reinvested in the PSEG Share Fund.

Participant Loans

Except as discussed in the following paragraph, Participants may borrow from their Plan accounts a minimum of $1,000 up to a maximum equal to the lesser of $50,000 or 50% of their vested account balance at the time the loan is originated. The loans are secured by the balance in the Participant's account and existing loans bear interest at rates that at December 31, 2016, range from 3.25% to 9.25% which are commensurate with local prevailing rates at the time that the loan was originated, as determined, at such time by the Benefits Committee. Principal and interest is paid ratably through payroll deductions.

Participants may have no more than two loans outstanding at any one time.

These loans are measured at their unpaid principal balances plus any accrued but unpaid interest.

Payment of Benefits

Upon termination of employment, a Participant may elect to receive an amount equal to the value of the vested interest in his or her account in either a lump-sum payment, or through various periodic installment methods (not less frequently than annually). If a Participant's account balance is less than $1,000 at the time of termination, the Participant will receive an automatic lump-sum payment for the entire account balance. For termination due to death, the Participant's beneficiary will receive a lump-sum distribution equal to the value of the Participant's vested interest in his or her account. If a Participant is no longer working for ServCo and has a balance in the Plan, he or she must begin to receive distributions from his or her account no later than April 1 following the calendar year in which he or she reaches age 70½.

A Participant who is currently an employee and who has not attained age 59½ may withdraw all or part of his or her after-tax contributions and/or vested Matching Contributions that have been in the Plan for more than two years. Elective Contributions may not be withdrawn during employment prior to age 59½ except for reasons of extraordinary financial hardship and to the extent permitted by the IRC ("hardship withdrawals"). Hardship withdrawals are subject to taxes and penalties. Participants who require a hardship withdrawal are prohibited from contributing to the Plan for six months following such distribution.

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NOTES TO FINANCIAL STATEMENTS

Vesting

All Participant contributions are always 100% vested in the Plan. Matching and Core Contributions to a Participant's account are vested upon a Participant's completion of three years of service, or when a Participant reaches the age of 65, is disabled or dies. Years of service include service with National Grid for Transition Employees. For participants who were hired on January 1, 2014 and had a termination date from LIPA on December 31, 2013, years of service include service with LIPA. For participants who move to ServCo from another PSEG entity, years of service includes service with that entity.

Make Whole Benefits

Participants who are Transition Employees and were not fully vested in their Matching and/or Core Contributions under the NatGrid plan as of their date of hire with ServCo will be entitled to a make whole benefit when their NatGrid service plus their ServCo service equals three years. The make whole benefit is equal to their forfeited account balance under the NatGrid plan, adjusted for earnings.

Forfeitures

Any nonvested contributions in a Participant’s Account are forfeited upon the Participant’s date of termination from ServCo, and shall be used to pay Plan expenses or reduce subsequent employer contributions. If such former Participant is rehired and remains employed by ServCo or another PSEG subsidiary at the end of the fifth Plan Year after the Plan Year in which such severance occurred, then such nonvested portion of the Participant’s Account will be reinstated by the employer and the Participant’s right thereto will be determined as if the Participant had not terminated employment, provided that the Participant repays to the Plan the amount of any distribution paid to him or her resulting from the severance from employment.

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NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements are prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles ("GAAP"). The modified cash basis of accounting utilizes the cash basis of accounting while carrying investments at fair value and recording investment income on the accrual basis.

Use of Estimates

The preparation of financial statements requires Plan management to make estimates and assumptions that affect the reported amounts of net assets available for benefits and changes therein and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Risks and Uncertainties

The Plan permits Participants to select from among various investment options. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near-term and that such changes could materially affect Participants' account balances and the amounts reported in the financial statements.

Investment Valuation and Income Recognition

The Plan's investment is in the Master Trust. The investments maintained in the Master Trust are stated at fair value. Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by the Master Trust are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Master Trust are deemed to be actively traded and are redeemable daily without restriction. Shares held by the PSEG Share Fund are valued at their closing price reported on the active market on which the security is traded daily.

Purchases and sales of investments are recorded on a trade-date basis. Interest income is accrued when earned. Dividend income is recorded on the ex-dividend date. Capital gain distributions are included in dividend income.

Payment of Benefits

Benefit payments to Participants are recorded when paid.

Administrative Expenses of the Plan

Certain expenses incurred with the general administration of the Plan, including taxes and brokerage costs, are recorded in the accompanying Statement of Changes in Net Assets Available for Benefits. Certain administrative functions performed by the officers and employees of ServCo are paid by Employers (Note 6).

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3. INVESTMENT OF THE PLAN AND THE LONG ISLAND ELECTRIC UTILITY SERVCO LLC INCENTIVE THRIFT PLAN II (THRIFT PLAN II) IN THE MASTER TRUST

Use of the Master Trust permits the commingling of trust assets with the assets of the Thrift Plan II for investment and administrative purposes. The Thrift Plan II is a defined contribution retirement plan available to represented employees of ServCo. Although assets of both plans are commingled in the Master Trust, the Trustee maintains supporting records for the purpose of allocating the net assets and net income or loss of the investment account to the respective participating plans. The net assets and the net investment income or loss of the investment assets is allocated by the Trustee to each participating plan based on the relationship of the interest of each plan to the total of the interests of the participating plans. As of December 31, 2016 and 2015, the Plan's interests in the assets of the Master Trust were approximately 35%. Assets and investment income of the Master Trust consist of:

	As of December 31,	
	2016	2015
	(Thousands)	
Investments of Master Trust at Fair Value:		
PSEG Share Fund*	$ 6,150	$ 4,383
Mutual Funds	281,535	239,987
Total Investments	$ 287,685	$ 244,370

	For the Year Ended December 31, 2016
	(Thousands)
Investment Income of Master Trust:	
Net Appreciation in Fair Value of Mutual Funds	$ 19,128
Net Appreciation in Fair Value of PSEG Share Fund*	482
Dividends from PSEG Share Fund*	215
Total Investment Income, Net	$ 19,825

* Permitted party-in-interest.

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The changes in net assets of the Master Trust for the year ended December 31, 2016 are summarized as follows:

		(Thousands)
Changes in Net Assets:		
Net Appreciation of Investments	$	19,610
Dividends from PSEG Share Fund		215
Net Investment Income		19,825
Administrative Expenses		(156)
Net Transfers		23,646
Increase in Net Assets		43,315
Net Assets:		
Beginning of Year		244,370
End of Year	$	287,685

4. FAIR VALUE MEASUREMENTS

GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1—measurements utilize quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2—measurements include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and other observable inputs such as interest rates and yield curves that are observable at commonly quoted intervals.
- Level 3—measurements use unobservable inputs for assets or liabilities, based on the best information available and might include an entity's own data and assumptions.

In some valuations, the inputs may fall into different levels of the hierarchy. In these cases, the financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

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The following tables present information about the Master Trust's investments measured at fair value on a recurring basis at December 31, 2016 and December 31, 2015, including the fair value measurements and the levels of inputs used in determining those fair values.

	Recurring Fair Value Measurements as of December 31, 2016			
Description	**Total**	**Quoted Market Prices for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
	(Thousands)			
PSEG Share Fund	$ 6,150	$ 6,150	$ —	$ —
Mutual Funds	281,535	281,535	—	—
Total Investment in Master Trust	$ 287,685	$ 287,685	$ —	$ —

	Recurring Fair Value Measurements as of December 31, 2015			
Description	**Total**	**Quoted Market Prices for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
	(Thousands)			
PSEG Share Fund	$ 4,383	$ 4,383	$ —	$ —
Mutual Funds	239,987	239,987	—	—
Total Investment in Master Trust	$ 244,370	$ 244,370	$ —	$ —

5. FEDERAL INCOME TAX STATUS

The Internal Revenue Service (IRS) has determined and informed ServCo by a letter dated April 14, 2015, that the Plan and related trust are designed in accordance with applicable sections of the IRC. Although the Plan has been amended since receiving the determination letter to adopt IRS required amendments in connection with issuing the determination letter, the Plan Administrator and the Plan's Benefits Counsel believe that the Plan is designed, and is currently being operated, in compliance with the applicable requirements of the IRC and, therefore, believe that the Plan is qualified, and the related trust is tax-exempt.

The Plan Administrator is currently performing an internal audit of the Plan. The Plan Administrator will correct the errors that are discovered during the audit in accordance with the IRS correction program. If appropriate under the IRS correction program, the Plan Administrator will file a VCP submission with the IRS.

The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

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NOTES TO FINANCIAL STATEMENTS

6. RELATED-PARTY TRANSACTIONS

Certain Plan investments are in the PSEG Share Fund. Since PSEG is the parent of ServCo, the Plan Sponsor, these transactions qualify as party-in-interest transactions. Certain administrative functions are performed by the officers and employees of ServCo (who may also be Participants in the Plan) at no cost to the Plan.

As of December 31, 2016 and 2015, the Master Trust held approximately 140,156 and 113,275 shares, respectively, of PSEG Common Stock in the PSEG Share Fund, with a market value per share of $43.88 and $38.69, respectively.

For the year ended December 31, 2016, the Master Trust recorded dividend income of approximately $214,901 from PSEG Common Stock.

These transactions are not deemed prohibited party-in-interest transactions, because they are covered by statutory or administrative exemptions from ERISA's rules on prohibited transactions.

7. PLAN TERMINATION

Although it has not expressed any intent to do so, ServCo has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in ERISA. In the event of Plan termination, Participants will become 100 percent vested in their accounts.

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LONG ISLAND ELECTRIC UTILITY SERVCO LLC
INCENTIVE THRIFT PLAN I
PLAN No. 002, EIN No. 45-4652143

SCHEDULE H, PART IV LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)
(MODIFIED CASH BASIS)
DECEMBER 31, 2016

Identity of Issue, Borrower or Similar Party	Description of Investment	Cost	Current Value
Various Participants *	241 Participant Loans (maturing 2017 to 2045 at interest rates of 3.25% to 9.25%), secured by participant accounts	$ —	$ 2,658,078

* Permitted party-in-interest.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the Plan) have duly caused this Annual Report to be signed by the undersigned thereunto duly authorized.

Long Island Electric Utility ServCo LLC
Incentive Thrift Plan I
(Name of Plan)

By: /s/ Margaret M. Pego
Margaret M. Pego
Chairperson of Employee
Benefits Committee

Date: June 29, 2017

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EXHIBIT INDEX

Exhibit Number

23.1	Consent of Independent Registered Public Accounting Firm

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Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (333-193126) of Public Service Enterprise Group Incorporated of our report dated June 29, 2017, relating to the financial statements and supplemental schedule of Long Island Electric Utility ServCo LLC Incentive Thrift Plan I which appear on this Form 11-K for the year ended December 31, 2016.

/s/ Kronick Kalada Berdy & Co., P.C.
Kingston, Pennsylvania
June 29, 2017

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 11-K

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2016

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 001-09120

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

LONG ISLAND ELECTRIC UTILITY SERVCO LLC
INCENTIVE THRIFT PLAN II

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED

80 PARK PLAZA

NEWARK, NEW JERSEY 07102

S1-SSA-0009 - 29583

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LONG ISLAND ELECTRIC UTILITY SERVCO LLC
INCENTIVE THRIFT PLAN II

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All other schedules required by Section 2520.103.10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Trustee and Participants of Long Island Electric Utility ServCo LLC
Incentive Thrift Plan II:

We have audited the accompanying statements of net assets available for benefits (modified cash basis) of Long Island Electric Utility ServCo LLC Incentive Thrift Plan II (the "Plan") as of December 31, 2016 and 2015 and the related statement of changes in net assets available for benefits (modified cash basis) for the year ended December 31, 2016. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 2, these financial statements and supplemental schedule were prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2016 and 2015 and the changes in net assets available for benefits for the year ended December 31, 2016, on the basis of accounting described in Note 2.

The supplemental information in the accompanying schedule of assets (held at end of year) (modified cash basis) as of December 31, 2016 has been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The supplemental information is the responsibility of the Plan's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information in the accompanying schedule, we evaluated whether the supplemental information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental information in the accompanying schedule is fairly stated in all material respects in relation to the financial statements as a whole.

/s/ Kronick Kalada Berdy & Co., P.C.
Kingston, Pennsylvania
June 29, 2017

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LONG ISLAND ELECTRIC UTILITY SERVCO LLC
INCENTIVE THRIFT PLAN II

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS (MODIFIED CASH BASIS)

	As of December 31,	
	2016	**2015**
	(Thousands)	
ASSETS		
Investment at Fair Value:		
Plan Interest in Master Employee Benefit Plan Trust (Note 3)	$ 186,557	$ 164,658
Total Investments	186,557	164,658
Receivable:		
Participant Loans	6,703	6,801
Total Receivable	6,703	6,801
Total Assets	193,260	171,459
LIABILITIES	—	—
NET ASSETS AVAILABLE FOR BENEFITS	$ 193,260	$ 171,459

See Notes to Financial Statements.

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LONG ISLAND ELECTRIC UTILITY SERVCO LLC
INCENTIVE THRIFT PLAN II

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS (MODIFIED CASH BASIS)
YEAR ENDED DECEMBER 31, 2016

		(Thousands)
ADDITIONS		
Net Investment Income		
Plan Interest in Income of Master Employee Benefit Plan Trust (Note 3)	$	12,535
Interest on Participant Loans		229
Total Net Investment Income		12,764
Deposits and Contributions		
Employees		17,415
Rollovers		1,648
Total Deposits and Contributions		19,063
Total Additions		31,827
DEDUCTIONS		
Benefit Payments to Participants		9,648
Administrative Expenses		106
Total Deductions		9,754
INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS, PRIOR TO TRANSFERS		22,073
Transfers to Other Plans - Net		(272)
INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS		21,801
NET ASSETS AVAILABLE FOR BENEFITS		
Beginning of Year		171,459
End of Year	$	193,260

See Notes to Financial Statements.

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NOTES TO FINANCIAL STATEMENTS

1. DESCRIPTION OF THE PLAN

General

The following description of the Long Island Electric Utility ServCo LLC Incentive Thrift Plan II ("Plan") is provided for general information purposes only. Participants should refer to the Summary Plan Description ("SPD") for more information.

The Plan was established effective January 1, 2014. The Plan is a defined contribution retirement plan covering substantially all bargaining unit employees of Long Island Electric Utility ServCo LLC ("ServCo"). This includes, but is not limited to, individuals who were employed by National Grid Companies USA ("NatGrid") or an affiliate thereof, who were participants in the National Grid USA Companies' Incentive Thrift Plan II on December 31, 2013, and who became employees of ServCo on January 1, 2014 ("Transition Employees"). ServCo is an indirect subsidiary of Public Service Enterprise Group Incorporated ("PSEG").

The ServCo Employee Benefits Committee ("Benefits Committee") is the Named Fiduciary of the Plan and controls and manages its operation and administration. The ServCo Pension Investment Committee ("PIC") is the Named Fiduciary of the Plan responsible for management of the Plan investments and the selection and monitoring of the funds offered under the Plan. The Vanguard Group Inc. ("Trustee") is responsible for the custody of the Plan's assets. Vanguard Participant Services is the record-keeper of the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

Substantially all of the Plan's assets are held in a trust account by the Trustee and consist of a divided interest in an investment account of the Master Employee Benefit Plan Trust ("Master Trust"), a master trust established by ServCo and administered by the Trustee.

Contributions and Investment Options

Each Participant enters into a contribution agreement in order to make pre-tax contributions or Roth 401(k) contributions (together "Elective Contributions") and/or after-tax contributions, subject to certain Internal Revenue Code ("IRC") limitations. Generally, a Participant may elect to make after-tax contributions from 1% to 15% of their annual eligible compensation. The combined limit for Elective Contributions and after-tax contributions cannot exceed 50% of the Participant's annual eligible compensation. Participants may also contribute amounts representing distributions from other qualified plans and certain Individual Retirement Accounts ("IRAs").

Participants may direct the investment of their accounts into various investment options offered by the Plan through the Master Trust. The Plan offers investment options in the Common Stock of PSEG ("PSEG Share Fund"), which has been designated as an Employee Stock Ownership Plan ("ESOP") under section 4975(e) of the Code, and mutual funds consisting of various target-date funds and other registered investment company mutual funds.

Participant Accounts

Individual accounts are maintained for each Participant. Each Participant's account consists of (a) Participant's contributions, (b) earnings and/or losses, and (c) specific Participant transactions. The Participant's account is reduced for certain administrative expenses. The benefit to which a Participant is entitled upon disability, retirement or termination of service, as applicable, or a beneficiary upon the death of a Participant is the benefit that can be provided from the Participant's vested account.

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Dividends on PSEG Common Stock held in the accounts of Participants who have elected to participate in the PSEG Share Fund will be reinvested in the PSEG Share Fund.

Participant Loans

Except as discussed in the following paragraph, Participants may borrow from their Plan accounts a minimum of $1,000 up to a maximum equal to the lesser of $50,000 or 50% of their account balance at the time the loan is originated. The loans are secured by the balance in the Participant's account and existing loans bear interest at rates that at December 31, 2016, range from 3.25% to 9.25% which are commensurate with local prevailing rates at the time that the loan was originated, as determined, at such time by the Benefits Committee. Principal and interest is paid ratably through payroll deductions.

Participants may have no more than two loans outstanding at any one time.

These loans are measured at their unpaid principal balances plus any accrued but unpaid interest.

Payment of Benefits

Upon termination of employment, a Participant may elect to receive an amount equal to the value of the interest in his or her account in either a lump-sum payment, or through various periodic installment methods (not less frequently than annually). If a Participant's account balance is less than $1,000 at the time of termination, the Participant will receive an automatic lump-sum payment for the entire account balance. For termination due to death, the Participant's beneficiary will receive a lump-sum distribution equal to the value of the Participant's interest in his or her account. If a Participant is no longer working for ServCo and has a balance in the Plan, he or she must begin to receive distributions from his or her account no later than April 1 following the calendar year in which he or she reaches age 70½.

A Participant who is currently an employee and who has not attained age 59½ may withdraw all or part of his or her after-tax contributions. Elective Contributions may not be withdrawn during employment prior to age 59½ except for reasons of extraordinary financial hardship and to the extent permitted by the IRC ("hardship withdrawals"). Hardship withdrawals are subject to taxes and penalties. Participants who require a hardship withdrawal are prohibited from contributing to the Plan for six months following such distribution.

Vesting

All Participant contributions are 100% vested in the Plan.

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NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements are prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles ("GAAP"). The modified cash basis of accounting utilizes the cash basis of accounting while carrying investments at fair value and recording investment income on the accrual basis.

Use of Estimates

The preparation of financial statements requires Plan management to make estimates and assumptions that affect the reported amounts of net assets available for benefits and changes therein and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Risks and Uncertainties

The Plan permits Participants to select from among various investment options. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near-term and that such changes could materially affect Participants' account balances and the amounts reported in the financial statements.

Investment Valuation and Income Recognition

The Plan's investment is in the Master Trust. The investments maintained in the Master Trust are stated at fair value. Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by the Master Trust are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Master Trust are deemed to be actively traded and are redeemable daily without restriction. Shares held by the PSEG Share Fund are valued at their closing price reported on the active market on which the security is traded daily.

Purchases and sales of investments are recorded on a trade-date basis. Interest income is accrued when earned. Dividend income is recorded on the ex-dividend date. Capital gain distributions are included in dividend income.

Payment of Benefits

Benefit payments to Participants are recorded when paid.

Administrative Expenses of the Plan

Certain expenses incurred with the general administration of the Plan, including taxes and brokerage costs, are recorded in the accompanying Statement of Changes in Net Assets Available for Benefits. Certain administrative functions performed by the officers and employees of ServCo are paid by Employers (Note 6).

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3. INVESTMENT OF THE PLAN AND THE LONG ISLAND ELECTRIC UTILITY SERVCO LLC INCENTIVE THRIFT PLAN I (THRIFT PLAN I) IN THE MASTER TRUST

Use of the Master Trust permits the commingling of trust assets with the assets of the Thrift Plan I for investment and administrative purposes. The Thrift Plan I is a defined contribution retirement plan available to non-represented employees of ServCo. Although assets of both plans are commingled in the Master Trust, the Trustee maintains supporting records for the purpose of allocating the net assets and net income or loss of the investment account to the respective participating plans. The net assets and the net investment income or loss of the investment assets is allocated by the Trustee to each participating plan based on the relationship of the interest of each plan to the total of the interests of the participating plans. As of December 31, 2016 and 2015, the Plan's interests in the assets of the Master Trust were approximately 65%. Assets and investment income of the Master Trust consist of:

	As of December 31,	
	2016	2015
	(Thousands)	
Investments of Master Trust at Fair Value:		
PSEG Share Fund*	$ 6,150	$ 4,383
Mutual Funds	281,535	239,987
Total Investments	$ 287,685	$ 244,370

	For the Year Ended December 31, 2016
	(Thousands)
Investment Income of Master Trust:	
Net Appreciation in Fair Value of Mutual Funds	$ 19,128
Net Appreciation in Fair Value of PSEG Share Fund*	482
Dividends from PSEG Share Fund*	215
Total Investment Income, Net	$ 19,825

* Permitted party-in-interest.

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The changes in net assets of the Master Trust for the year ended December 31, 2016 are summarized as follows:

		(Thousands)
Changes in Net Assets:		
Net Appreciation of Investments	$	19,610
Dividends from PSEG Share Fund		215
Net Investment Income		19,825
Administrative Expenses		(156)
Net Transfers		23,646
Increase in Net Assets		43,315
Net Assets:		
Beginning of Year		244,370
End of Year	$	287,685

4. FAIR VALUE MEASUREMENTS

GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1—measurements utilize quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2—measurements include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and other observable inputs such as interest rates and yield curves that are observable at commonly quoted intervals.
- Level 3—measurements use unobservable inputs for assets or liabilities, based on the best information available and might include an entity's own data and assumptions.

In some valuations, the inputs may fall into different levels of the hierarchy. In these cases, the financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

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The following tables present information about the Master Trust's investments measured at fair value on a recurring basis at December 31, 2016 and December 31, 2015, including the fair value measurements and the levels of inputs used in determining those fair values.

	Recurring Fair Value Measurements as of December 31, 2016			
Description	**Total**	**Quoted Market Prices for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
	(Thousands)			
PSEG Share Fund	$ 6,150	$ 6,150	$ —	$ —
Mutual Funds	281,535	281,535	—	—
Total Investment in Master Trust	$ 287,685	$ 287,685	$ —	$ —

	Recurring Fair Value Measurements as of December 31, 2015			
Description	**Total**	**Quoted Market Prices for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
	(Thousands)			
PSEG Share Fund	$ 4,383	$ 4,383	$ —	$ —
Mutual Funds	239,987	239,987	—	—
Total Investment in Master Trust	$ 244,370	$ 244,370	$ —	$ —

5. FEDERAL INCOME TAX STATUS

The Internal Revenue Service (IRS) has determined and informed ServCo by a letter dated March 16, 2015, that the Plan and related trust are designed in accordance with applicable sections of the IRC. Although the Plan has been amended since receiving the determination letter to adopt IRS required amendments in connection with issuing the determination letter, the Plan Administrator and the Plan's Benefits Counsel believe that the Plan is designed, and is currently being operated, in compliance with the applicable requirements of the IRC and, therefore, believe that the Plan is qualified, and the related trust is tax-exempt.

The Plan Administrator is currently performing an internal audit of the Plan. The Plan Administrator will correct the errors that are discovered during the audit in accordance with the IRS correction program. If appropriate under the IRS correction program, the Plan Administrator will file a VCP submission.

The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

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6. RELATED-PARTY TRANSACTIONS

Certain Plan investments are in the PSEG Share Fund. Since PSEG is the parent of ServCo, the Plan Sponsor, these transactions qualify as party-in-interest transactions. Certain administrative functions are performed by the officers and employees of ServCo (who may also be Participants in the Plan) at no cost to the Plan.

As of December 31, 2016 and 2015, the Master Trust held 140,156 and 113,275 shares, respectively, of PSEG Common Stock in the PSEG Share Fund, with a market value per share of $43.88 and $38.69, respectively.

For the year ended December 31, 2016, the Master Trust recorded dividend income of approximately $214,901 from PSEG Common Stock.

These transactions are not deemed prohibited party-in-interest transactions, because they are covered by statutory or administrative exemptions from ERISA's rules on prohibited transactions.

7. PLAN TERMINATION

Although it has not expressed any intent to do so, ServCo has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in ERISA. In the event of Plan termination, Participants are 100 percent vested in their accounts.

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LONG ISLAND ELECTRIC UTILITY SERVCO LLC
INCENTIVE THRIFT PLAN II
PLAN No. 003, EIN No. 45-4652143

SCHEDULE H, PART IV LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)
(MODIFIED CASH BASIS)
DECEMBER 31, 2016

Identity of Issue, Borrower or Similar Party	Description of Investment	Cost	Current Value
Various Participants *	729 Participant Loans (maturing 2017 to 2045 at interest rates of 3.25% to 9.25%), secured by participant accounts	$ —	$ 6,703,552

* Permitted party-in-interest.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the Plan) have duly caused this Annual Report to be signed by the undersigned thereunto duly authorized.

Long Island Electric Utility ServCo LLC
Incentive Thrift Plan II
(Name of Plan)

By: /s/ Margaret M. Pego

Margaret M. Pego
Chairperson of Employee
Benefits Committee

Date: June 29, 2017

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EXHIBIT INDEX

Exhibit Number

23.1	Consent of Independent Registered Public Accounting Firm

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Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (333-193127) of Public Service Enterprise Group Incorporated of our report dated June 29, 2017, relating to the financial statements and supplemental schedule of Long Island Electric Utility ServCo LLC Incentive Thrift Plan II which appear on this Form 11-K for the year ended December 31, 2016.

/s/ Kronick Kalada Berdy & Co., P.C.
Kingston, Pennsylvania
June 29, 2017

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 11-K

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2017

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 001-09120

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

LONG ISLAND ELECTRIC UTILITY SERVCO LLC
INCENTIVE THRIFT PLAN II

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED

80 PARK PLAZA

NEWARK, NEW JERSEY 07102

S1-SSA-0009 - 29599

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LONG ISLAND ELECTRIC UTILITY SERVCO LLC
INCENTIVE THRIFT PLAN II

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All other schedules required by Section 2520.103.10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Trustee and Participants of Long Island Electric Utility ServCo LLC
Incentive Thrift Plan II:

Opinion on the Financial Statements

We have audited the accompanying statements of net assets available for benefits (modified cash basis) of Long Island Electric Utility ServCo LLC Incentive Thrift Plan II (the Plan) as of December 31, 2017 and 2016 and the related statement of changes in net assets available for benefits (modified cash basis) for the year ended December 31, 2017, and the related notes (collectively, the financial statements). In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2017 and 2016 and the changes in net assets available for benefits for the year ended December 31, 2017, on the modified cash basis of accounting described in Note 2.

Basis for Opinion

These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on the Plan's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Plan in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risk of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by the Plan's management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 2, these financial statements and supplemental schedule were prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the Unites States of America.

Supplemental Information

The supplemental information in the accompanying Schedule H, Part IV Line 4i - Schedule of Assets (held at end of year) (modified cash basis) as of December 31, 2017 has been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The supplemental information is the responsibility of the Plan's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other

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records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

/s/ Kronick Kalada Berdy & Co., P.C.
We have served as the Plan's auditor since 2015.
Kingston, Pennsylvania
June 29, 2018

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LONG ISLAND ELECTRIC UTILITY SERVCO LLC
INCENTIVE THRIFT PLAN II

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS (MODIFIED CASH BASIS)

	As of December 31,	
	2017	**2016**
	(Thousands)	
ASSETS		
Investment at Fair Value:		
Plan Interest in Master Employee Benefit Plan Trust (Note 3)	$ 225,721	$ 186,557
Total Investments	225,721	186,557
Receivable:		
Notes Receivable from Participants	6,760	6,703
Total Receivable	6,760	6,703
Total Assets	232,481	193,260
LIABILITIES	—	—
NET ASSETS AVAILABLE FOR BENEFITS	$ 232,481	$ 193,260

See Notes to Financial Statements.

S1-SSA-0009 - 29603

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LONG ISLAND ELECTRIC UTILITY SERVCO LLC
INCENTIVE THRIFT PLAN II

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS (MODIFIED CASH BASIS)
YEAR ENDED DECEMBER 31, 2017

		(Thousands)
ADDITIONS		
Net Investment Income		
Plan Interest in Income of Master Employee Benefit Plan Trust (Note 3)	$	28,968
Interest on Notes Receivable from Participants		234
Total Net Investment Income		29,202
Deposits and Contributions		
Employees		17,552
Rollovers		2,274
Total Deposits and Contributions		19,826
Total Additions		49,028
DEDUCTIONS		
Benefit Payments to Participants		8,565
Administrative Expenses		109
Total Deductions		8,674
INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS, PRIOR TO TRANSFERS		40,354
Transfers to Other Plans - Net		(1,133)
INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS		39,221
NET ASSETS AVAILABLE FOR BENEFITS		
Beginning of Year		193,260
End of Year	$	232,481

See Notes to Financial Statements.

S1-SSA-0009 - 29604

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NOTES TO FINANCIAL STATEMENTS

1. DESCRIPTION OF THE PLAN

General

The following description of the Long Island Electric Utility ServCo LLC Incentive Thrift Plan II ("Plan") is provided for general information purposes only. Participants should refer to the Summary Plan Description ("SPD") for more information.

The Plan was established effective January 1, 2014. The Plan is a defined contribution retirement plan covering substantially all bargaining unit employees of Long Island Electric Utility ServCo LLC ("ServCo"). This includes, but is not limited to, individuals who were employed by National Grid Companies USA ("NatGrid") or an affiliate thereof, who were participants in the National Grid USA Companies' Incentive Thrift Plan II on December 31, 2013, and who became employees of ServCo on January 1, 2014 ("Transition Employees"). ServCo is an indirect subsidiary of Public Service Enterprise Group Incorporated ("PSEG").

The ServCo Employee Benefits Committee ("Benefits Committee") is the Named Fiduciary of the Plan and controls and manages its operation and administration. The ServCo Pension Investment Committee ("PIC") is the Named Fiduciary of the Plan responsible for management of the Plan investments and the selection and monitoring of the funds offered under the Plan. The Vanguard Group Inc. ("Trustee") is responsible for the custody of the Plan's assets. Vanguard Participant Services is the record-keeper of the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

The Plan's assets are held in a trust account by the Trustee and consist of a divided interest in an investment account of the Master Employee Benefit Plan Trust ("Master Trust"), a master trust established by ServCo and administered by the Trustee.

Contributions and Investment Options

Each Participant enters into a contribution agreement in order to make pre-tax contributions or Roth 401(k) contributions (together "Elective Contributions") and/or after-tax contributions, subject to certain Internal Revenue Code ("IRC") limitations. Generally, a Participant may elect to make after-tax contributions from 1% to 15% of their annual eligible compensation. The combined limit for Elective Contributions and after-tax contributions cannot exceed 50% of the Participant's annual eligible compensation. Participants may also contribute amounts representing distributions from other qualified plans and certain Individual Retirement Accounts ("IRAs").

Participants may direct the investment of their accounts into various investment options offered by the Plan through the Master Trust. The Plan offers investment options in the Common Stock of PSEG ("PSEG Share Fund"), which has been designated as an Employee Stock Ownership Plan ("ESOP") under section 4975(e) of the Code, and mutual funds consisting of various target-date funds and other registered investment company mutual funds.

Participant Accounts

Individual accounts are maintained for each Participant. Each Participant's account consists of (a) Participant's contributions, (b) earnings and/or losses, and (c) specific Participant transactions. The Participant's account is reduced for certain administrative expenses. The benefit to which a Participant is entitled upon disability, retirement or termination of service, as applicable, or a beneficiary upon the death of a Participant is the benefit that can be provided from the Participant's vested account.

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Dividends on PSEG Common Stock held in the accounts of Participants who have elected to participate in the PSEG Share Fund will be reinvested in the PSEG Share Fund.

Notes Receivable from Participants

Except as discussed in the following paragraph, Participants may borrow from their Plan accounts a minimum of $1,000 up to a maximum equal to the lesser of $50,000 or 50% of their account balance at the time the loan is originated. The loans are secured by the balance in the Participant's account and existing loans bear interest at rates that at December 31, 2017, range from 3.25% to 9.25% which are commensurate with local prevailing rates at the time that the loan was originated, as determined, at such time by the Benefits Committee. Principal and interest is paid ratably through payroll deductions.

Participants may have no more than two loans outstanding at any one time.

These notes receivable are measured at their unpaid principal balances plus any accrued but unpaid interest. Delinquent loans are reclassified as distributions based upon terms of the Plan document.

Payment of Benefits

Upon termination of employment, a Participant may elect to receive an amount equal to the value of the interest in his or her account in either a total or partial lump-sum payment, or through various periodic installment methods (not less frequently than annually). If a Participant's account balance is less than $1,000 at the time of termination, the Participant will receive an automatic lump-sum payment for the entire account balance. For termination due to death, the Participant's beneficiary will receive a lump-sum distribution equal to the value of the Participant's interest in their account. If a Participant is no longer working for ServCo and has a balance in the Plan, they must begin to receive distributions from their account no later than April 1 following the calendar year in which they reach age 70½.

A Participant who is currently an employee and who has not attained age 59½ may withdraw all or part of their after-tax contributions. Elective Contributions may not be withdrawn during employment prior to age 59½ except for reasons of extraordinary financial hardship and to the extent permitted by the IRC ("hardship withdrawals"). Hardship withdrawals are subject to taxes and penalties. Participants who require a hardship withdrawal are prohibited from contributing to the Plan for six months following such distribution.

Vesting

All Participant contributions are 100% vested in the Plan.

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NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements are prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles ("GAAP"). The modified cash basis of accounting utilizes the cash basis of accounting while carrying investments at fair value and recording investment income on the accrual basis.

Use of Estimates

The preparation of financial statements requires Plan management to make estimates and assumptions that affect the reported amounts of net assets available for benefits and changes therein and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Risks and Uncertainties

The Plan permits Participants to select from among various investment options. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near-term and that such changes could materially affect Participants' account balances and the amounts reported in the financial statements.

Investment Valuation and Income Recognition

The Plan's investment is in the Master Trust. The investments maintained in the Master Trust are stated at fair value. Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by the Master Trust are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Master Trust are deemed to be actively traded and are redeemable daily without restriction. Shares held by the PSEG Share Fund are valued at their closing price reported on the active market on which the security is traded daily.

Purchases and sales of investments are recorded on a trade-date basis. Interest income is accrued when earned. Dividend income is recorded on the ex-dividend date. Capital gain distributions are included in dividend income.

Payment of Benefits

Benefit payments to Participants are recorded when paid.

Administrative Expenses of the Plan

Certain expenses incurred with the general administration of the Plan, including taxes and brokerage costs, are recorded in the accompanying Statement of Changes in Net Assets Available for Benefits. Certain administrative functions performed by the officers and employees of ServCo are paid by Employers (Note 6).

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New Accounting Pronouncement

In February 2017, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2017-06, Employee Benefit Plan Master Trust Reporting - a consensus of the FASB Emerging Issues Task Force, which is intended to improve the usefulness of the information reported to users of employee benefit plan financial statements. The ASU relates primarily to how a plan reports its interest in a master trust. For each master trust in which a plan holds an interest, the plan will be required to disclose, as separate line items, the plan's interest in the statement of net assets available for benefits and any changes in that interest in the statement if changes in net assets available for benefits. In addition, a plan with a divided interest in the individual investments of the master trust will no longer be required to disclose its percentage interest in the master trust, but rather will be required to disclose the master trust's investments by general type and the individual plan's dollar amount of its interest in the master trust's investments by general type. Further, all plans will be required to disclose both their master trust's other assets and liability balances and the dollar amount of the individual plan's interest in each of those balances.

The amendments in the ASU are effective for fiscal years beginning after December 15, 2018, with early adoption permitted. Entities will be required to adopt the guidance retrospectively to all periods presented. Management has elected not to early adopt the ASU for the current year and does not expect the adoption of the ASU to have a material impact on the financial statements.

Subsequent Events

The Plan has evaluated the effects of events that have occurred subsequent to December 31, 2017, through the filing date of this Form 11-K and have identified no subsequent events.

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3. INVESTMENT OF THE PLAN AND THE LONG ISLAND ELECTRIC UTILITY SERVCO LLC INCENTIVE THRIFT PLAN I (THRIFT PLAN I) IN THE MASTER TRUST

Use of the Master Trust permits the commingling of trust assets with the assets of the Thrift Plan I for investment and administrative purposes. The Thrift Plan I is a defined contribution retirement plan available to non-represented employees of ServCo. Although assets of both plans are commingled in the Master Trust, the Trustee maintains supporting records for the purpose of allocating the net assets and net income or loss of the investment account to the respective participating plans. The net assets and the net investment income or loss of the investment assets is allocated by the Trustee to each participating plan based on the relationship of the interest of each plan to the total of the interests of the participating plans. As of December 31, 2017 and 2016, the Plan's interests in the assets of the Master Trust were approximately 63% and 65%, respectively. Assets and investment income of the Master Trust consist of:

	As of December 31,	
	2017	2016
	(Thousands)	
Investments of Master Trust at Fair Value:		
PSEG Share Fund*	$ 6,260	$ 6,150
Mutual Funds	354,012	281,535
Total Investments	$ 360,272	$ 287,685

	For the Year Ended December 31, 2017
	(Thousands)
Investment Income of Master Trust:	
Net Appreciation in Fair Value of Mutual Funds	$ 45,568
Net Appreciation in Fair Value of PSEG Share Fund*	977
Dividends from PSEG Share Fund*	217
Total Investment Income, Net	$ 46,762

* Permitted party-in-interest.

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The changes in net assets of the Master Trust for the year ended December 31, 2017 are summarized as follows:

		(Thousands)
Changes in Net Assets:		
Net Appreciation of Investments	$	46,545
Dividends from PSEG Share Fund		217
Net Investment Income		46,762
Administrative Expenses		(168)
Net Transfers		25,993
Increase in Net Assets		72,587
Net Assets:		
Beginning of Year		287,685
End of Year	$	360,272

4. FAIR VALUE MEASUREMENTS

GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1—measurements utilize quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2—measurements include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and other observable inputs such as interest rates and yield curves that are observable at commonly quoted intervals.
- Level 3—measurements use unobservable inputs for assets or liabilities, based on the best information available and might include an entity's own data and assumptions.

In some valuations, the inputs may fall into different levels of the hierarchy. In these cases, the financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

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The following tables present information about the Master Trust's investments measured at fair value on a recurring basis at December 31, 2017 and December 31, 2016, including the fair value measurements and the levels of inputs used in determining those fair values.

	Recurring Fair Value Measurements as of December 31, 2017			
Description	**Total**	**Quoted Market Prices for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
	(Thousands)			
PSEG Share Fund	$ 6,260	$ 6,260	$ —	$ —
Mutual Funds	354,012	354,012	—	—
Total Investment in Master Trust	$ 360,272	$ 360,272	$ —	$ —

	Recurring Fair Value Measurements as of December 31, 2016			
Description	**Total**	**Quoted Market Prices for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
	(Thousands)			
PSEG Share Fund	$ 6,150	$ 6,150	$ —	$ —
Mutual Funds	281,535	281,535	—	—
Total Investment in Master Trust	$ 287,685	$ 287,685	$ —	$ —

Mutual funds' Net Asset Values are published and redeemable daily without restriction and are therefore considered Level 1.

5. FEDERAL INCOME TAX STATUS

The Internal Revenue Service (IRS) has determined and informed ServCo by a letter dated March 16, 2015, that the Plan and related trust are designed in accordance with applicable sections of the IRC. Although the Plan has been amended since receiving the determination letter to adopt IRS required amendments in connection with issuing the determination letter, the Plan Administrator and the Plan's Benefits Counsel believe that the Plan is designed, and is currently being operated, in compliance with the applicable requirements of the IRC and, therefore, believe that the Plan is qualified, and the related trust is tax-exempt.

The Plan Administrator is currently performing an internal audit of the Plan. The Plan Administrator will correct the errors, if any, that are discovered during the audit in accordance with the IRS correction program. If appropriate under the IRS correction program, the Plan Administrator will file a VCP submission.

The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

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6. RELATED-PARTY TRANSACTIONS

Certain Plan investments are in the PSEG Share Fund. Since PSEG is the parent of ServCo, the Plan Sponsor, these transactions qualify as party-in-interest transactions. Certain administrative functions are performed by the officers and employees of ServCo (who may also be Participants in the Plan) at no cost to the Plan.

As of December 31, 2017 and 2016, the Master Trust held 121,559 and 140,156 shares, respectively, of PSEG Common Stock in the PSEG Share Fund, with a market value per share of $51.50 and $43.88, respectively.

For the year ended December 31, 2017, the Master Trust recorded dividend income of approximately $217,128 from PSEG Common Stock.

These transactions are not deemed prohibited party-in-interest transactions, because they are covered by statutory or administrative exemptions from ERISA's rules on prohibited transactions.

7. PLAN TRANSFERS

During the year, certain employees of ServCo, who were participants in the Plan, moved employment from ServCo to another PSEG entity. In these cases, their ServCo Plan accounts were transferred to the PSEG Thrift Plan. Similarly, certain employees of another PSEG entity, who were participants in the Thrift Plan, moved employment from another PSEG entity to ServCo. In these cases, their Thrift Plan accounts were transferred to the ServCo Plan.

8. PLAN TERMINATION

Although it has not expressed any intent to do so, ServCo has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in ERISA. In the event of Plan termination, Participants are 100% vested in their accounts.

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LONG ISLAND ELECTRIC UTILITY SERVCO LLC
INCENTIVE THRIFT PLAN II
PLAN No. 003, EIN No. 45-4652143

SCHEDULE H, PART IV LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)
(MODIFIED CASH BASIS)
DECEMBER 31, 2017

(a)	(b) Identity of Issue, Borrower or Similar Party	(c) Description of Investment	(d) Cost	(e) Current Value
*	Various Participants	761 Participant Loans (maturing 2018 to 2045 at interest rates of 3.25% to 9.25%), secured by participant accounts	**	$ 6,760,025

* Permitted party-in-interest.
** Cost information is not required for participant-directed investments and loans, and therefore is not included.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the Plan) have duly caused this Annual Report to be signed by the undersigned thereunto duly authorized.

Long Island Electric Utility ServCo LLC
Incentive Thrift Plan II
(Name of Plan)

By: /s/ Margaret M. Pego

Margaret M. Pego
Chairperson of Employee
Benefits Committee

Date: June 29, 2018

S1-SSA-0009 - 29614

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EXHIBIT INDEX

Exhibit Number

23.1	Consent of Independent Registered Public Accounting Firm

S1-SSA-0009 - 29615

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Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (333-193127) of Public Service Enterprise Group Incorporated of our report dated June 29, 2018, relating to the financial statements and supplemental schedule of Long Island Electric Utility ServCo LLC Incentive Thrift Plan II which appear on this Form 11-K for the year ended December 31, 2017.

/s/ Kronick Kalada Berdy & Co., P.C.
Kingston, Pennsylvania
June 29, 2018

S1-SSA-0009 - 29616

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 11-K

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2017

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 001-09120

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

LONG ISLAND ELECTRIC UTILITY SERVCO LLC
INCENTIVE THRIFT PLAN I

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED

80 PARK PLAZA

NEWARK, NEW JERSEY 07102

S1-SSA-0009 - 29617

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LONG ISLAND ELECTRIC UTILITY SERVCO LLC
INCENTIVE THRIFT PLAN I

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All other schedules required by Section 2520.103.10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.

S1-SSA-0009 - 29618

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Trustee and Participants of Long Island Electric Utility ServCo LLC
Incentive Thrift Plan I:

Opinion on the Financial Statements

We have audited the accompanying statements of net assets available for benefits (modified cash basis) of Long Island Electric Utility ServCo LLC Incentive Thrift Plan I (the Plan) as of December 31, 2017 and 2016, the related statement of changes in net assets available for benefits (modified cash basis) for the year ended December 31, 2017, and the related notes (collectively, the financial statements). In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2017 and 2016 and the changes in net assets available for benefits for the year ended December 31, 2017, on the modified cash basis of accounting described in Note 2.

Basis for Opinion

These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on the Plan's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Plan in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risk of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by the Plan's management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 2, these financial statements and supplemental schedule were prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Supplemental Information

The supplemental information in the accompanying Schedule H, Part IV Line 4i - Schedule of Assets (held at end of year) (modified cash basis) as of December 31, 2017 has been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The supplemental information is the responsibility of the Plan's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other

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records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

/s/ Kronick Kalada Berdy & Co., P.C.
We have served as the Plan's auditor since 2015.
Kingston, Pennsylvania
June 29, 2018

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LONG ISLAND ELECTRIC UTILITY SERVCO LLC
INCENTIVE THRIFT PLAN I

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS (MODIFIED CASH BASIS)

	As of December 31,	
	2017	**2016**
	(Thousands)	
ASSETS		
Investment at Fair Value:		
Plan Interest in Master Employee Benefit Plan Trust (Note 3)	$ 134,551	$ 101,128
Total Investments	134,551	101,128
Receivable:		
Notes Receivable from Participants	3,098	2,658
Total Receivable	3,098	2,658
Total Assets	137,649	103,786
LIABILITIES	—	—
NET ASSETS AVAILABLE FOR BENEFITS	$ 137,649	$ 103,786

See Notes to Financial Statements.

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LONG ISLAND ELECTRIC UTILITY SERVCO LLC
INCENTIVE THRIFT PLAN I

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS (MODIFIED CASH BASIS)
YEAR ENDED DECEMBER 31, 2017

		(Thousands)
ADDITIONS		
Net Investment Income		
Plan Interest in Income of Master Employee Benefit Plan Trust (Note 3)	$	17,794
Interest on Notes Receivable from Participants		100
Total Net Investment Income		17,894
Deposits and Contributions		
Employees		12,072
Employer		6,087
Rollovers		1,314
Total Deposits and Contributions		19,473
Total Additions		37,367
DEDUCTIONS		
Benefit Payments to Participants		4,872
Administrative Expenses		59
Total Deductions		4,931
INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS, PRIOR TO TRANSFERS		32,436
Transfers from Other Plans - Net		1,427
INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS		33,863
NET ASSETS AVAILABLE FOR BENEFITS		
Beginning of Year		103,786
End of Year	$	137,649

See Notes to Financial Statements.

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NOTES TO FINANCIAL STATEMENTS

1. DESCRIPTION OF THE PLAN

General

The following description of the Long Island Electric Utility ServCo LLC Incentive Thrift Plan I ("Plan") is provided for general information purposes only. Participants should refer to the Summary Plan Description ("SPD") for more information.

The Plan was established effective January 1, 2014. The Plan is a defined contribution retirement plan covering substantially all non-bargaining unit employees of Long Island Electric Utility ServCo LLC ("ServCo"). This includes, but is not limited to, individuals who were employed by National Grid Companies USA ("NatGrid") or an affiliate thereof, who were participants in the National Grid USA Companies' Incentive Thrift Plan I on December 31, 2013, and who became employees of ServCo on January 1, 2014 ("Transition Employees"). ServCo is an indirect subsidiary of Public Service Enterprise Group Incorporated ("PSEG").

The ServCo Employee Benefits Committee ("Benefits Committee") is the Named Fiduciary of the Plan and controls and manages its operation and administration. The ServCo Pension Investment Committee ("PIC") is the Named Fiduciary of the Plan responsible for management of the Plan investments and the selection and monitoring of the funds offered under the Plan. The Vanguard Group Inc. ("Trustee") is responsible for the custody of the Plan's assets. Vanguard Participant Services is the record-keeper of the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

The Plan's assets are held in a trust account by the Trustee and consist of a divided interest in an investment account of the Master Employee Benefit Plan Trust ("Master Trust"), a master trust established by ServCo and administered by the Trustee.

Contributions and Investment Options

Each Participant enters into a contribution agreement in order to make pre-tax contributions or Roth 401(k) contributions (together "Elective Contributions") and/or after-tax contributions, subject to certain Internal Revenue Code ("IRC") limitations. Generally, a Participant may elect to make after-tax contributions from 1% to 15% of their annual eligible compensation. The combined limit for Elective Contributions and after-tax contributions cannot exceed 50% of the Participant's annual eligible compensation. Participants may also contribute amounts representing distributions from other qualified plans and certain Individual Retirement Accounts ("IRAs").

ServCo will make matching contributions ("Matching Contributions") which shall be equal to 50% of the Elective Contributions and/or after-tax contributions made by each Participant, which do not exceed the first 8% of the Participant's annual eligible compensation. Matching Contributions begin after that Participant has completed three months of service, as defined in the Plan.

ServCo also provides additional contributions ("Core Contributions") to Participants who are not eligible for benefits under the Long Island Electric Utility ServCo LLC Retirement Income Plan. Core Contributions are based on the Participant's age and years of service. Years of service include service with NatGrid for Transition Employees. For participants who were hired on January 1, 2014 and had a termination date from the Long Island Power Authority ("LIPA") on December 31, 2013, years of service include service with LIPA. For participants who move to ServCo from another PSEG entity, years of service includes service with that entity after January 1, 2014.

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Participants may direct the investment of their accounts into various investment options offered by the Plan through the Master Trust. The Plan offers investment options in the Common Stock of PSEG ("PSEG Share Fund"), which has been designated as an Employee Stock Ownership Plan ("ESOP") under section 4975(e) of the Code, and mutual funds consisting of various target-date funds and other registered investment company mutual funds.

Participant Accounts

Individual accounts are maintained for each Participant. Each Participant's account consists of (a) Participant's contributions, (b) Matching Contributions, (c) Core Contributions, if applicable, (d) earnings and/or losses, and (e) specific Participant transactions. The Participant's account is reduced for certain administrative expenses. The benefit to which a Participant is entitled upon disability, retirement or termination of service, as applicable, or a beneficiary upon the death of a Participant, is the benefit that can be provided from the Participant's vested account.

Dividends on PSEG Common Stock held in the accounts of Participants who have elected to participate in the PSEG Share Fund will be reinvested in the PSEG Share Fund.

Notes Receivable from Participants

Except as discussed in the following paragraph, Participants may borrow from their Plan accounts a minimum of $1,000 up to a maximum equal to the lesser of $50,000 or 50% of their vested account balance at the time the loan is originated. The loans are secured by the balance in the Participant's account and existing loans bear interest at rates that at December 31, 2017, range from 3.25% to 9.25% which are commensurate with local prevailing rates at the time that the loan was originated, as determined, at such time by the Benefits Committee. Principal and interest is paid ratably through payroll deductions.

Participants may have no more than two loans outstanding at any one time.

These notes receivable are measured at their unpaid principal balances plus any accrued but unpaid interest. Delinquent loans are reclassified as distributions based upon terms of the Plan document.

Payment of Benefits

Upon termination of employment, a Participant may elect to receive an amount equal to the value of the vested interest in his or her account in either a total or partial lump-sum payment, or through various periodic installment methods (not less frequently than annually). If a Participant's account balance is less than $1,000 at the time of termination, the Participant will receive an automatic lump-sum payment for the entire account balance. For termination due to death, the Participant's beneficiary will receive a lump-sum distribution equal to the value of the Participant's vested interest in their account. If a Participant is no longer working for ServCo and has a balance in the Plan, they must begin to receive distributions from their account no later than April 1 following the calendar year in which they reach age 70½.

A Participant who is currently an employee and who has not attained age 59½ may withdraw all or part of their after-tax contributions and/or vested Matching Contributions that have been in the Plan for more than two years. Elective Contributions may not be withdrawn during employment prior to age 59½ except for reasons of extraordinary financial hardship and to the extent permitted by the IRC ("hardship withdrawals"). Hardship

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withdrawals are subject to taxes and penalties. Participants who require a hardship withdrawal are prohibited from contributing to the Plan for six months following such distribution.

Vesting

All Participant contributions are always 100% vested in the Plan. Matching and Core Contributions to a Participant's account are vested upon a Participant's completion of three years of service, or when a Participant reaches the age of 65, is disabled or dies. Years of service include service with National Grid, LIPA and another PSEG entity, as described above.

Make Whole Benefits

Participants who are Transition Employees and were not fully vested in their Matching and/or Core Contributions under the NatGrid plan as of their date of hire with ServCo will be entitled to a make whole benefit when their NatGrid service plus their ServCo service equals three years. The make whole benefit is equal to their forfeited account balance under the NatGrid plan, adjusted for earnings.

Forfeitures

Any nonvested contributions in a Participant’s Account are forfeited upon the Participant’s date of termination from ServCo, and shall be used to pay Plan expenses or reduce subsequent employer contributions. If such former Participant is rehired before incurring five consecutive one-year breaks-in-service, then such non-vested portion of the Participant’s Account will be reinstated and the Participant’s right thereto will be determined as if the Participant had not terminated employment, provided that the Participant repays to the Plan the amount of any distribution paid to them resulting from the severance from employment.

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NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements are prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles ("GAAP"). The modified cash basis of accounting utilizes the cash basis of accounting while carrying investments at fair value and recording investment income on the accrual basis.

Use of Estimates

The preparation of financial statements requires Plan management to make estimates and assumptions that affect the reported amounts of net assets available for benefits and changes therein and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Risks and Uncertainties

The Plan permits Participants to select from among various investment options. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near-term and that such changes could materially affect Participants' account balances and the amounts reported in the financial statements.

Investment Valuation and Income Recognition

The Plan's investment is in the Master Trust. The investments maintained in the Master Trust are stated at fair value. Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by the Master Trust are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Master Trust are deemed to be actively traded and are redeemable daily without restriction. Shares held by the PSEG Share Fund are valued at their closing price reported on the active market on which the security is traded daily.

Purchases and sales of investments are recorded on a trade-date basis. Interest income is accrued when earned. Dividend income is recorded on the ex-dividend date. Capital gain distributions are included in dividend income.

Payment of Benefits

Benefit payments to Participants are recorded when paid.

Administrative Expenses of the Plan

Certain expenses incurred with the general administration of the Plan, including taxes and brokerage costs, are recorded in the accompanying Statement of Changes in Net Assets Available for Benefits. Certain administrative functions performed by the officers and employees of ServCo are paid by the Employers (Note 6).

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NOTES TO FINANCIAL STATEMENTS

New Accounting Pronouncement

In February 2017, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2017-06, Employee Benefit Plan Master Trust Reporting - a consensus of the FASB Emerging Issues Task Force, which is intended to improve the usefulness of the information reported to users of employee benefit plan financial statements. The ASU relates primarily to how a plan reports its interest in a master trust. For each master trust in which a plan holds an interest, the plan will be required to disclose, as separate line items, the plan's interest in the statement of net assets available for benefits and any changes in that interest in the statement if changes in net assets available for benefits. In addition, a plan with a divided interest in the individual investments of the master trust will no longer be required to disclose its percentage interest in the master trust, but rather will be required to disclose the master trust's investments by general type and the individual plan's dollar amount of its interest in the master trust's investments by general type. Further, all plans will be required to disclose both their master trust's other assets and liability balances and the dollar amount of the individual plan's interest in each of those balances.

The amendments in the ASU are effective for fiscal years beginning after December 15, 2018, with early adoption permitted. Entities will be required to adopt the guidance retrospectively to all periods presented. Management has elected not to early adopt the ASU for the current year and does not expect the adoption of the ASU to have a material impact on the financial statements.

Subsequent Events

The Plan has evaluated the effects of events that have occurred subsequent to December 31, 2017, through the filing date of this Form 11-K and have identified no subsequent events.

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NOTES TO FINANCIAL STATEMENTS

3.INVESTMENT OF THE PLAN AND THE LONG ISLAND ELECTRIC UTILITY SERVCO LLC INCENTIVE THRIFT PLAN II (THRIFT PLAN II) IN THE MASTER TRUST

Use of the Master Trust permits the commingling of trust assets with the assets of the Thrift Plan II for investment and administrative purposes. The Thrift Plan II is a defined contribution retirement plan available to represented employees of ServCo. Although assets of both plans are commingled in the Master Trust, the Trustee maintains supporting records for the purpose of allocating the net assets and net income or loss of the investment account to the respective participating plans. The net assets and the net investment income or loss of the investment assets is allocated by the Trustee to each participating plan based on the relationship of the interest of each plan to the total of the interests of the participating plans. As of December 31, 2017 and 2016, the Plan's interests in the assets of the Master Trust were approximately 37% and 35%, respectively. Assets and investment income of the Master Trust consist of:

	As of December 31,	
	2017	2016
	(Thousands)	
Investments of Master Trust at Fair Value:		
PSEG Share Fund*	$ 6,260	$ 6,150
Mutual Funds	354,012	281,535
Total Investments	$ 360,272	$ 287,685

	For the Year Ended December 31, 2017
	(Thousands)
Investment Income of Master Trust:	
Net Appreciation in Fair Value of Mutual Funds	$ 45,568
Net Appreciation in Fair Value of PSEG Share Fund*	977
Dividends from PSEG Share Fund*	217
Total Investment Income, Net	$ 46,762

* Permitted party-in-interest.

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The changes in net assets of the Master Trust for the year ended December 31, 2017 are summarized as follows:

		(Thousands)
Changes in Net Assets:		
Net Appreciation of Investments	$	46,545
Dividends from PSEG Share Fund		217
Net Investment Income		46,762
Administrative Expenses		(168)
Net Transfers		25,993
Increase in Net Assets		72,587
Net Assets:		
Beginning of Year		287,685
End of Year	$	360,272

4. FAIR VALUE MEASUREMENTS

GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1—measurements utilize quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2—measurements include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and other observable inputs such as interest rates and yield curves that are observable at commonly quoted intervals.
- Level 3—measurements use unobservable inputs for assets or liabilities, based on the best information available and might include an entity's own data and assumptions.

In some valuations, the inputs may fall into different levels of the hierarchy. In these cases, the financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

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The following tables present information about the Master Trust's investments measured at fair value on a recurring basis at December 31, 2017 and December 31, 2016, including the fair value measurements and the levels of inputs used in determining those fair values.

	Recurring Fair Value Measurements as of December 31, 2017			
Description	**Total**	**Quoted Market Prices for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
	(Thousands)			
PSEG Share Fund	$ 6,260	$ 6,260	$ —	$ —
Mutual Funds	354,012	354,012	—	—
Total Investment in Master Trust	$ 360,272	$ 360,272	$ —	$ —

	Recurring Fair Value Measurements as of December 31, 2016			
Description	**Total**	**Quoted Market Prices for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
	(Thousands)			
PSEG Share Fund	$ 6,150	$ 6,150	$ —	$ —
Mutual Funds	281,535	281,535	—	—
Total Investment in Master Trust	$ 287,685	$ 287,685	$ —	$ —

Mutual funds' Net Asset Values are published and redeemable daily without restriction and are therefore considered Level 1.

5. FEDERAL INCOME TAX STATUS

The Internal Revenue Service (IRS) has determined and informed ServCo by a letter dated April 14, 2015, that the Plan and related trust are designed in accordance with applicable sections of the IRC. Although the Plan has been amended since receiving the determination letter to adopt IRS required amendments in connection with issuing the determination letter, the Plan Administrator and the Plan's Benefits Counsel believe that the Plan is designed, and is currently being operated, in compliance with the applicable requirements of the IRC and, therefore, believe that the Plan is qualified, and the related trust is tax-exempt.

The Plan Administrator is currently performing an internal audit of the Plan. The Plan Administrator will correct the errors, if any, that are discovered during the audit in accordance with the IRS correction program. If appropriate under the IRS correction program, the Plan Administrator will file a VCP submission with the IRS.

The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

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6. RELATED-PARTY TRANSACTIONS

Certain Plan investments are in the PSEG Share Fund. Since PSEG is the parent of ServCo, the Plan Sponsor, these transactions qualify as party-in-interest transactions. Certain administrative functions are performed by the officers and employees of ServCo (who may also be Participants in the Plan) at no cost to the Plan.

As of December 31, 2017 and 2016, the Master Trust held approximately 121,559 and 140,156 shares, respectively, of PSEG Common Stock in the PSEG Share Fund, with a market value per share of $51.50 and $43.88, respectively.

For the year ended December 31, 2017, the Master Trust recorded dividend income of approximately $217,128 from PSEG Common Stock.

These transactions are not deemed prohibited party-in-interest transactions, because they are covered by statutory or administrative exemptions from ERISA's rules on prohibited transactions.

7. PLAN TRANSFERS

During the year, certain employees of ServCo, who were participants in the Plan, moved employment from ServCo to another PSEG entity. In these cases, their ServCo Plan accounts were transferred to the PSEG Thrift Plan. Similarly, certain employees of another PSEG entity, who were participants in the Thrift Plan, moved employment from another PSEG entity to ServCo. In these cases, their Thrift Plan accounts were transferred to the ServCo Plan.

8. PLAN TERMINATION

Although it has not expressed any intent to do so, ServCo has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in ERISA. In the event of Plan termination, Participants will become 100% vested in their accounts.

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LONG ISLAND ELECTRIC UTILITY SERVCO LLC
INCENTIVE THRIFT PLAN I
PLAN No. 002, EIN No. 45-4652143

SCHEDULE H, PART IV LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)
(MODIFIED CASH BASIS)
DECEMBER 31, 2017

(a)	(b) Identity of Issue, Borrower or Similar Party	(c) Description of Investment	(d) Cost	(e) Current Value
*	Various Participants	276 Participant Loans (maturing 2018 to 2045 at interest rates of 3.25% to 9.25%), secured by participant accounts	**	$ 3,098,050

* Permitted party-in-interest.
** Cost information is not required for participant-directed investments and loans, and therefore is not included.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the Plan) have duly caused this Annual Report to be signed by the undersigned thereunto duly authorized.

Long Island Electric Utility ServCo LLC
Incentive Thrift Plan I
(Name of Plan)

By: /s/ Margaret M. Pego
Margaret M. Pego
Chairperson of Employee
Benefits Committee

Date: June 29, 2018

S1-SSA-0009 - 29633

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EXHIBIT INDEX

Exhibit Number

23.1	Consent of Independent Registered Public Accounting Firm

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Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (333-193126) of Public Service Enterprise Group Incorporated of our report dated June 29, 2018, relating to the financial statements and supplemental schedule of Long Island Electric Utility ServCo LLC Incentive Thrift Plan I which appear on this Form 11-K for the year ended December 31, 2017.

/s/ Kronick Kalada Berdy & Co., P.C.
Kingston, Pennsylvania
June 29, 2018

S1-SSA-0009 - 29635

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 11-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2017

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number 001-09120

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED EMPLOYEE SAVINGS PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
80 PARK PLAZA
NEWARK, NEW JERSEY 07102

S1-SSA-0009 - 29636

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PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
EMPLOYEE SAVINGS PLAN

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All other schedules required by Section 2520.103.10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Trustee and Participants of Public Service Enterprise Group Incorporated
Employee Savings Plan:

Opinion on the Financial Statements

We have audited the accompanying statements of net assets available for benefits of Public Service Enterprise Group Incorporated Employee Savings Plan (the "Plan") as of December 31, 2017 and 2016, the related statement of changes in net assets available for benefits for the year ended December 31, 2017, and the related notes (collectively, the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2017 and 2016 and the changes in net assets available for benefits for the year ended December 31, 2017, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on the Plan's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Plan in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risk of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by the Plan's management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Supplemental Information

The supplemental information in the accompanying Schedule H, Part IV Line 4i - schedule of assets (held at end of year) as of December 31, 2017 has been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The supplemental information is the responsibility of the Plan's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

/s/ Kronick Kalada Berdy & Co., P.C.
We have served as the Plan's auditor since 2006.
Kingston, Pennsylvania
June 29, 2018

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PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
EMPLOYEE SAVINGS PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	As of December 31,	
	2017	**2016**
	(Thousands)	
ASSETS		
Investments:		
Plan Interest in Master Employee Benefit Plan Trust (Note 3)	$ 1,647,440	$ 1,452,552
Total Investments	1,647,440	1,452,552
Receivables:		
Notes Receivable from Participants	36,120	36,525
Deposits and Contributions – Employees	1,102	1,132
Deposits and Contributions – Employer	378	361
Total Receivables	37,600	38,018
Total Assets	1,685,040	1,490,570
LIABILITIES		
Accounts Payable	887	1,684
Accrued Expenses	240	716
Total Liabilities	1,127	2,400
NET ASSETS AVAILABLE FOR BENEFITS	$ 1,683,913	$ 1,488,170

See Notes to Financial Statements.

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PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
EMPLOYEE SAVINGS PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
YEAR ENDED DECEMBER 31, 2017

		(Thousands)
ADDITIONS		
Investment Income		
Plan Interest in Income of Master Employee Benefit Plan Trust (Note 3)	$	203,044
Interest on Notes Receivable from Participants		1,693
Total Investment Income		204,737
Deposits and Contributions		
Employees		70,643
Employer		21,923
Total Deposits and Contributions		92,566
Total Additions		297,303
DEDUCTIONS		
Benefit Payments to Participants		91,856
Administrative Expenses		1,725
Total Deductions		93,581
INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS, PRIOR TO TRANSFERS		203,722
Transfers to Other Plans -Net		(7,979)
INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS		195,743
NET ASSETS AVAILABLE FOR BENEFITS		
Beginning of Year		1,488,170
End of Year	$	1,683,913

See Notes to Financial Statements.

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NOTES TO FINANCIAL STATEMENTS

1. DESCRIPTION OF THE PLAN

General

The following description of the Public Service Enterprise Group Incorporated Employee Savings Plan ("Plan") is provided for general information purposes only. Participants should refer to the Summary Plan Description ("SPD") for more information.

The Plan is a defined contribution retirement plan covering substantially all bargaining unit employees of Public Service Enterprise Group Incorporated ("Company") and its Participating Affiliates (each, an "Employer"). The Company's Employee Benefits Committee ("Benefits Committee") is the Named Fiduciary of the Plan and controls and manages its operation and administration. The Company's Thrift and Pension Investment Committee ("TPIC") is the Named Fiduciary of the Plan responsible for management of the Plan investments and the selection, and monitoring of the funds offered under the Plan. The trustee of the Plan, The Bank of New York Mellon ("Trustee"), is responsible for the custody of the Plan's assets. Alight (formerly Aon Hewitt) is the record keeper of the Plan through October 1, 2017. Fidelity Investments became the recordkeeper effective October 2, 2017. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

The Plan's assets are held in a trust account by the Trustee and consist of a divided interest in an investment account of the Master Employee Benefit Plan Trust ("Master Trust"), a master trust established by the Company and administered by the Trustee.

Contributions, Deposits and Investment Options

Generally, Participants may contribute from 1% to 50% of their annual eligible compensation each year, as defined in the Plan, subject to certain Internal Revenue Code ("IRC") limitations. Participants have the ability to make Roth Elective Deferrals within the Plan. Participants may designate such Deposits as post-income tax contributions or Roth Elective Deferrals (together, "Nondeferred Deposits"), or pre-income tax contributions ("Deferred Deposits"). The Participant's Employer contributes an amount equal to 50% of each Participant's first 7% of eligible compensation made as Deposits as its matching contribution to the Plan ("Employer Contributions"). Employer Contributions begin after that Participant has completed 180 days of service (1,000 hours of service prior to October 2, 2017), as defined by the Plan, with his/her Employer. Employer Contributions are made in cash. Participants may also contribute amounts representing eligible rollover distributions from other plans and certain Individual Retirement Accounts ("IRAs").

Participants may direct the investment of their accounts into various investment options offered by the Plan through the Master Trust. The Plan offers investment options in Investment Contracts, the Common Stock of the Company via the Enterprise Common Stock Fund ("Company Stock Fund"), which has been designated as an Employee Stock Ownership Plan ("ESOP") Fund under Section 4975(e) of the Code, the Fidelity BrokerageLink Account (prior to October 2, 2017, the Schwab PCRA), and mutual funds consisting of various target-date funds, and other mutual funds.

There is a Frozen ESOP Fund which includes amounts only for Participants who were hired prior to August 1, 1986 and eligible for participation. Contributions to or transfers into the ESOP Fund are no longer permitted. Frozen ESOP Fund Participants receive quarterly payments directly from the Trustee equal to the dividends paid to the Trustee on the shares of the Company Common Stock held for their account in the Frozen ESOP Fund.

Participant Accounts

Individual accounts are maintained for each Participant. Each Participant's account consists of (a) Participant's contributions, (b) applicable Employer contributions, (c) earnings and/or losses, and (d) specific Participant transactions, as defined. The Participant's account is reduced for certain administrative expenses. The benefit to which a Participant or beneficiary is entitled upon death, disability, retirement or termination of service, as applicable, is the benefit that can be provided from the Participant's vested account.

Participants who have elected to participate in the Company Stock Fund may elect to have the dividends on the shares of the Common Stock paid directly to the Participant (or beneficiary) in cash or paid to the Participant's account, which will then be reinvested in the Company Common Stock Fund. The reinvestment provision is not applicable with respect to Company Common Stock held in a Participant's Frozen ESOP Fund.

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Note Receivable from Participants

Except as discussed in the following paragraph, Participants may borrow from their Plan accounts a minimum of $1,000 up to a maximum equal to the lesser of $50,000 or 50% of their vested account balance at the time the loan is originated. The loans are secured by the balance in the Participant's account and existing loans bear interest at rates that at December 31, 2017, range from 3.25% to 4.25% which are commensurate with local prevailing rates at the time that the loan was originated, as determined, at such time by the Benefits Committee or its delegee. Principal and interest is paid ratably through payroll deductions.

No amounts may be loaned directly from any ESOP Fund, from any portion of a Participant's account attributable to transfers from the Represented Cash Balance Component of the Pension Plan of Public Service Enterprise Group Incorporated ("Represented Cash Balance Component") or from assets held in the Fidelity BrokerageLink (prior to October 2, 2017, Schwab PCRA). Participants can initiate only one loan per calendar year and may have no more than two loans outstanding at any one time. Delinquent loans are reclassified as distributions based upon the terms of the Plan document.

These loans are measured at their unpaid principal balances plus any accrued but unpaid interest. Delinquent loans are reclassified as distributions based upon the terms of the Plan document.

Payment of Benefits

Upon termination of service, a Participant may elect to receive an amount equal to the value of the vested interest in his or her account in either a lump-sum payment or may elect to leave the account balance in the Plan and elect a distribution at a later date. If a Participant is no longer working for the Company and has a balance in the Plan, he or she must begin to receive distributions from his or her account no later than April 1 following the calendar year in which he or she reaches age 70 ½. Prior to October 2, 2017, a Participant who terminated service on account of retirement could have elected installments in lieu of a lump sum. If a Participant's account balance is less than $1,000 at the time of termination, the Participant will receive an automatic lump-sum payment for the entire account balance. For termination due to death, the Participant's beneficiary will receive a lump-sum distribution equal to the value of the Participant's vested interest in his or her account. For termination of service for reasons other than those described above, the Participant may elect to receive a lump-sum distribution equal to the value of the Participant's vested interest in his or her account, or leave the account balance in the Plan and elect a distribution at a later date, but not later than April 1 following the calendar year in which he or she reaches age 70 ½.

If a Participant withdraws certain post-income tax Deposits and/or vested Employer Contributions before such amounts have been in the Plan for twenty-four months, the Plan imposes a penalty in that such Participant will not be eligible to receive matching Employer Contributions during the subsequent six months. If a Participant again withdraws certain post-income tax Deposits and/or vested Employer Contributions before such amounts have been in the Plan for twenty-four months, the Plan imposes a penalty in that such Participant will not be eligible to make contributions to the Plan for six months.

Distributions to Participants electing to withdraw Nondeferred Deposits and Employer Contributions are made as soon as practicable after such elections are received by the Plan's record keeper. Nondeferred Deposits may be withdrawn at any time, but certain penalties may apply. Deferred Deposits may not be withdrawn during employment prior to age 59 ½ except for reasons of extraordinary financial hardship and to the extent permitted by the IRC ("hardship withdrawals"). Distributions to Participants of approved hardship withdrawals are made as soon as practicable after such approval. If a Participant receives a hardship withdrawal, such Participant will not be eligible to make contributions to the Plan for six months.

Vesting

All Participants are 100% vested in the Plan from the first date of hire, except for certain amounts transferred from the Represented Cash Balance Component, for which the vesting schedule under the Represented Cash Balance Component applies.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Plan have been prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Use of Estimates

The preparation of financial statements in conformity with GAAP requires Plan management to make estimates and assumptions that affect the reported amounts of net assets available for benefits and changes therein and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Risks and Uncertainties

The Plan permits Participants to select from among various investment options. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near-term and that such changes could materially affect Participants' account balances and the amounts reported in the financial statements.

Investment Valuation and Income Recognition

The Plan's investment is in the Master Trust. The investments maintained in the Master Trust are stated at fair value, as determined by quoted market prices, except for its contracts within the Stable Value Fund, which are valued at contract value, Short-Term Investments and Cash Equivalents. The Master Trust's investments in the investment contracts of the Stable Value Fund are with various insurance companies and other financial institutions. Contract value is discussed in Note 3.

Certain Short-Term Investments and Cash Equivalents are stated at cost, which approximates fair market value.

Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by the Master Trust are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Master Trust are deemed to be actively traded and are redeemable daily without restriction. Shares held by Company Stock Fund and Frozen ESOP Fund are valued at their closing price reported on the active market on which the security is traded daily.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on an accrual basis. Dividend income is recorded on the ex-dividend date.

Payment of Benefits

Benefit payments to Participants are recorded upon distribution.

Administrative Expenses of the Plan

Certain expenses incurred with the general administration of the Plan, including taxes and brokerage costs, are recorded in the accompanying Statement of Changes in Net Assets Available for Benefits. Certain administrative functions performed by the officers and employees of the Company are paid by the Employers (Note 6).

Transfers of the Frozen ESOP Fund

Participants are permitted to transfer all, but not less than all, of the shares of the Company's Common Stock from their Frozen ESOP Fund to other investment options in the Plan. To effectuate such transfers, the Trustee will sell the shares of the Company's Common Stock held in the Frozen ESOP Fund and invest the proceeds in the other investment funds designated by

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the Participant. The cash value of each share of the Company's Common Stock transferred will be equal to the price per share of the Company's Common Stock actually received by the Trustee.

New Accounting Pronouncement

In February 2017, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2017-06, Employee Benefit Plan Master Trust Reporting - a consensus of the FASB Emerging Issues Task Force, which is intended to improve the usefulness of the information reported to users of employee benefit plan financial statements. The ASU relates primarily to how a plan reports its interest in a master trust. For each master trust in which a plan holds an interest, the plan will be required to disclose, as separate line items, the plan's interest in the statement of net assets available for benefits and any changes in that interest in the statement of changes in net assets available for benefits. In addition, a plan with a dividend interest in the individual investments of the master trust will no longer be required to disclose its percentage interest in the master trust, but rather will be required to disclose the master trust's investments by general type and the individual plan's dollar amount of its interest in the master trust's investments by general type. Further, all plans will be required to disclose both their master trust's other asset and liability balances and the dollar amount of the individual plan's interest in each of those balances.

The amendments in the ASU are effective for fiscal years beginning after December 15, 2018, with early adoption permitted. Entities will be required to adopt the guidance retrospectively to all periods presented. Management has elected not to early adopt the ASU for the current year and does not expect the adoption of the ASU to have a material impact on the financial statements.

Subsequent Events

The Plan has evaluated the effects of events that have occurred subsequent to December 31, 2017, through the filing date of this Form 11-K and identified no subsequent events.

3. INVESTMENT OF THE PLAN AND THE PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED THRIFT AND TAX-DEFERRED SAVINGS PLAN (THRIFT PLAN) IN THE MASTER TRUST

Use of the Master Trust permits the commingling of trust assets with the assets of the Thrift Plan for investment and administrative purposes. The Thrift Plan is a defined contribution retirement plan available to non-represented employees of the Employers. Although assets of both plans are commingled in the Master Trust, the Trustee maintains supporting records for the purpose of allocating the net assets and net income or loss of the investment account to the respective participating plans. The net assets and the net investment income or loss of the investment assets is allocated by the Trustee to each participating plan based on the relationship of the interest of each plan to the total of the interests of the participating plans. As of December 31, 2017 and 2016, the Plan's interests in the assets of the Master Trust were approximately 48%. Master Trust investments consisted of:

	As of December 31,	
	2017	2016
	(Thousands)	
Investments of Master Trust at fair value:		
Cash Equivalents and Short-Term Investments	$ 48,654	$ 81,965
Common Stock of Public Service Enterprise Group Incorporated*	248,516	229,124
Mutual Funds	2,026,827	1,627,825
Fixed Income Securities	231,383	193,336
Preferred Securities	586	—
Fidelity BrokerageLink/Schwab PCRA (a)	112,491	98,627
Total Investments, at fair value	2,668,457	2,230,877
Investment of Master Trust, at contract value:		
Investment contracts (Stable Value Fund)	786,336	871,621
Net Accounts Receivable (Payable) (a)	(20,716)	(29,166)
Total Investments of Master Trust	$ 3,434,077	$ 3,073,332

(a) Includes interest and dividends and receivables and payables related to pending securities sales and purchases.

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	For the Year Ended December 31, 2017 (Thousands)
Investment Income of Master Trust:	
Net Appreciation in Fair Value of Mutual Funds, Fixed Income and Preferred Securities	$ 345,661
Net Appreciation in Fair Value of Fidelity BrokerageLink (a)	10,740
Net Appreciation in Fair Value of Common Stock of Public Service Enterprise Group Incorporated*	37,563
Interest from Investment Contracts	18,965
Dividends from Common Stock of Public Service Enterprise Group Incorporated*	8,619
Total Investment Income, Net	$ 421,548

(a) Amounts primarily relate to equity investments in stocks and in mutual funds. The net change in fair value is primarily comprised of realized/unrealized gains or losses and dividends earned on these equity investments.

* Permitted party-in-interest.

The changes in net assets of the Master Trust for the year ended December 31, 2017 are summarized as follows:

	For the Year Ended December 31, 2017 (Thousands)
Changes in net assets:	
Net appreciation of investments	$ 393,964
Dividends from Common Stock of Public Service Enterprise Group Incorporated	8,619
Interest from Investment Contracts	18,965
Net Investment Income	421,548
Administrative Expenses	(3,347)
Net Transfers	(57,456)
Increase in Net Assets	360,745
Net Assets	
Beginning of Year	3,073,332
End of Year	$ 3,434,077

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Assets of the Stable Value Fund

The Stable Value Fund utilizes a "building block" approach that invests in a series of proprietary commingled fixed income funds to build each stable value portfolio. This approach provides diversification, typically between 2,500 and 3,000 individual securities broadly diversified across fixed income sectors. As of December 31, 2017, the Stable Value Fund was comprised of the following:

Issuer	Expiration	Effective Rate	Contract Value (Thousands)
Bank of Tokyo (A)	Open-Ended	2.17%	$ 98,621
Pacific Life Insurance (A)	Open-Ended	2.57%	139,331
Prudential Ins Co. (A)	Open-Ended	2.70%	133,591
Transamerica (A)	Open-Ended	2.41%	138,609
RGA (A)	Open-Ended	2.27%	136,070
Voya Retirement & Annuity Co. (A)	Open-Ended	2.18%	140,114
Total Investment Contracts			786,336
Investment in BlackRock Financial Mgmt Short-Term Investment		0.94%	16,305
Total Stable Value Fund			$ 802,641

(A) Managed by INVESCO Institutional, Inc.

As of December 31, 2016, the Stable Value Fund was comprised of the following:

Issuer	Expiration	Effective Rate	Contract Value (Thousands)
Bank of Tokyo (A)	Open-Ended	1.95%	$ 104,536
Pacific Life Insurance (A)	Open-Ended	2.27%	155,095
Prudential Ins Co. (A)	Open-Ended	2.27%	148,925
Transamerica (A)	Open-Ended	2.26%	154,522
RGA (A)	Open-Ended	1.97%	152,116
Voya Retirement & Annuity Co. (A)	Open-Ended	2.13%	156,427
Total Investment Contracts			871,621
Investment in BlackRock Financial Mgmt Short-Term Investment		0.32%	40,793
Total Stable Value Fund			$ 912,414

(A) Managed by INVESCO Institutional, Inc.

Most of the investments in the Stable Value Fund are in benefit-responsive investment contracts. The units in the underlying "building block funds" are held by the Plan's Trustee. The accounts are credited with earnings on the underlying investments and charged for Participant withdrawals and administrative expenses. The investment contract issuer is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Master Trust.

Because the investment contracts are fully benefit-responsive, contract value is the relevant measurement attribute for that portion of the net assets available for benefits attributable to the investment contracts. Contract value, as reported to the Master Trust by the Stable Value Fund managers, represents contributions made under the contracts, plus earnings, less Participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value.

There are no reserves against contract value for credit risk of the contract issuers or otherwise. The crediting interest rate is based on a formula agreed upon with the issuers, but may not be less than zero. Such rates are reviewed on a quarterly basis for resetting.

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Certain events limit the ability of the Master Trust, as directed by the Plan, to transact at contract value with the issuers. Such events include the following: (1) amendments to the Plan documents (including complete or partial plan termination or merger with another plan), (2) changes to the Plan's prohibition on competing investment options or deletion of equity wash provisions, (3) bankruptcy of the Plan Sponsor or other events (for example, divestitures or spin-offs of a subsidiary) that cause a significant withdrawal from the Plan, or (4) the failure of the Master Trust to qualify for exemption from federal income taxation or any required prohibited transaction exemption under ERISA. The TPIC does not believe that the occurrence of any such value event, which would limit the Plan's ability to transact at contract value with Participants, is probable.

The average yield based on actual earnings was approximately 2.43% and 1.92% for 2017 and 2016, respectively. The average yield based on interest rate credited to Participants was approximately 2.36% and 2.07% for 2017 and 2016, respectively.

The fair market value of the wrapper contracts in the Stable Value Fund, which is the difference between the Fund's fair value and contract value, was higher by $8,768,810 and $10,929,788 as of December 31, 2017 and 2016, respectively.

Assets of the Company Stock Fund

The assets of the Company Stock Fund are invested in shares of the Company's Common Stock.

Fidelity BrokerageLink (Formerly assets were held in Schwab PCRA prior to October 2, 2017)

The Fidelity BrokerageLink is a self-directed brokerage account in which Participants can select and manage a wide selection of investments, including mutual funds and stocks. Deposits into the Fidelity BrokerageLink must come from balances transferred from the other options in the Plan. Participants may transfer up to 99% of their account balance, less certain fees, to the Fidelity BrokerageLink.

4. FAIR VALUE MEASUREMENTS

GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1—measurements utilize quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2—measurements include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and other observable inputs such as interest rates and yield curves that are observable at commonly quoted intervals.
- Level 3—measurements use unobservable inputs for assets or liabilities, based on the best information available and might include an entity's own data and assumptions.

In some valuations, the inputs may fall into different levels of the hierarchy. In these cases, the financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

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The following tables present information about the Master Trust's investments measured at fair value on a recurring basis at December 31, 2017 and December 31, 2016, including the fair value measurements and the levels of inputs used in determining those fair values.

	Recurring Fair Value Measurements as of December 31, 2017			
Description	Total	Quoted Market Prices for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(Thousands)			
Cash Equivalents and Short-Term Investments	$ 48,654	$ 47,684	$ 970	$ —
Common Stock of Public Service Enterprise Group Incorporated*	248,516	248,516	—	—
Mutual Funds	2,026,827	2,026,827	—	—
Fixed Income Securities	231,383	—	231,383	—
Preferred Securities	586	—	586	—
Fidelity BrokerageLink	112,491	99,315	13,176	—
Total Investment in Master Trust, at fair value	$ 2,668,457	$ 2,422,342	$ 246,115	$ —

	Recurring Fair Value Measurements as of December 31, 2016			
Description	Total	Quoted Market Prices for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(Thousands)			
Cash Equivalents and Short-Term Investments	$ 81,965	$ 62,533	$ 19,432	$ —
Common Stock of Public Service Enterprise Group Incorporated*	229,124	229,124	—	—
Mutual Funds	1,627,825	1,627,825	—	—
Fixed Income Securities	193,336	—	193,336	—
Schwab PCRA	98,627	97,799	828	—
Total Investment in Master Trust, at fair value	$ 2,230,877	$ 2,017,281	$ 213,596	$ —

* Permitted party-in-interest.

Certain commingled cash equivalents included in temporary investment funds are valued using observable market prices or market parameters such as time-to-maturity, coupon rate, quality rating and current yield.

Mutual funds' Net Asset Values are published and redeemable daily without restriction and are therefore considered Level 1.

Debt securities include mainly investment grade corporate and municipal bonds, US Treasury obligations and Federal Agency asset-backed securities with a wide range of maturities. These investments are valued using an evaluated pricing approach that varies by asset class and reflects observable market information such as the most recent exchange price or quoted bid for similar securities and are therefore considered Level 2.

The Fidelity BrokerageLink account primarily consists of common stocks and preferred stocks that are measured using observable data in active markets and considered Level 1. The account also includes debt securities that are valued using an evaluated pricing approach that varies by asset class and reflects observable market information such as the most recent exchange prices or quoted bids for similar securities and considered level 2.

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5. FEDERAL INCOME TAX STATUS

The Internal Revenue Service (IRS) has determined and informed the Company by a letter dated September 13, 2017, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). On or about January 31, 2014, the Company submitted an application under the IRS' Employee Plans Compliance Resolution System to correct certain plan documents and operational errors. The Company received the compliance statement from the IRS dated August 31, 2017.

GAAP requires Plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan Administrator believes it is no longer subject to income tax examinations for years prior to 2014.

6. RELATED-PARTY TRANSACTIONS

Certain Plan investments are in the Company's Common Stock. Since the Company is the Plan Sponsor, these transactions qualify as party-in-interest transactions. Certain administrative functions are performed by the officers and employees of the Company (who may also be Participants in the Plan) at no cost to the Plan.

As of December 31, 2017 and 2016, the Master Trust held 4,825,560 and 5,221,613 shares, respectively, of the Company's Common Stock, in the Frozen ESOP Fund and the Company Stock Fund, with a market value per share of $51.50 and $43.88, respectively.

For the year ended December 31, 2017, the Master Trust recorded dividend income of approximately $8.6 million from the Company's Common Stock.

These transactions are not deemed prohibited party-in-interest transactions, because they are covered by statutory or administrative exemptions from ERISA's rules on prohibited transactions.

7. PLAN TRANSFERS

During the year, certain employees who were participants in the Plan moved employment to another PSEG entity, Long Island Electric Utility ServCo LLC ("ServCo"). In these cases, their Plan accounts were transferred to the ServCo Plan accounts. Similarly, certain employees of ServCo, who were participants in the ServCo Plan, moved employment from ServCo to other PSEG entities participating in the Plan. In these cases, their ServCo Plan accounts were transferred to the Plan.

8. PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in ERISA. In the event of Plan termination, Participants will become 100 percent vested in their accounts.

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9. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following describes classification differences between the financial statements and the Form 5500:

	2017	2016
Net assets available for benefits per the financial statements	$ 1,683,913,191	$ 1,488,169,869
Adjustment from contract value to fair value for fully benefit-responsive investment contracts	4,206,328	5,205,125
Net assets available for benefits per Form 5500	$ 1,688,119,519	$ 1,493,374,994

The Form 5500 includes a Net Investment Gain of $200,320,725 from Master Trust Investments for the year ended December 31, 2017 consisting of $202,045,542 of Investment Gains (comprised of the $203,044,339 of the Plan's interest in gains of the Master Trust less the $998,797 adjustment from fair value to contract value for fully benefit-responsive investment contracts) less $1,724,817 of administrative expenses.

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PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
EMPLOYEE SAVINGS PLAN
PLAN No. 006, EIN No. 22-2625848

SCHEDULE H, PART IV LINE 4i – SCHEDULE OF ASSETS (HELD AT END OF YEAR) DECEMBER 31, 2017

Identity of Issue, Borrower or Similar Party	Description of Investment	Cost	Current Value
* Various Participants	4,618 Participant Loans (maturing 2018 to 2023 at interest rates of 3.25% to 4.25%), secured by participant accounts	**	$ 36,119,995

* Permitted party-in-interest.

** Cost information is not required for participant-directed investments and loans, and therefore is not included.

S1-SSA-0009 - 29651

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the Plan) have duly caused this Annual Report to be signed by the undersigned thereunto duly authorized.

Public Service Enterprise Group Incorporated
Employee Savings Plan
(Name of Plan)

By: /s/ Margaret M. Pego

Margaret M. Pego
Chairperson of Employee
Benefits Committee

Date: June 29, 2018

S1-SSA-0009 - 29652

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EXHIBIT INDEX

Exhibit Number	
23.1	Consent of Independent Registered Public Accounting Firm

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EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (333-202594) of Public Service Enterprise Group Incorporated of our report dated June 29, 2018, relating to the financial statements and supplemental schedule of Public Service Enterprise Group Incorporated Employee Savings Plan which appear on this Form 11-K for the year ended December 31, 2017.

/s/ Kronick Kalada Berdy & Co., P.C.
Kingston, Pennsylvania
June 29, 2018

S1-SSA-0009 - 29654

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 11-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2017

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number 001-09120

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED THRIFT AND TAX-DEFERRED SAVINGS PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
80 PARK PLAZA
NEWARK, NEW JERSEY 07102

S1-SSA-0009 - 29655

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PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
THRIFT AND TAX-DEFERRED SAVINGS PLAN

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All other schedules required by Section 2520.103.10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Trustee and Participants of Public Service Enterprise Group Incorporated
Thrift and Tax-Deferred Savings Plan:

Opinion on the Financial Statements

We have audited the accompanying statements of net assets available for benefits of Public Service Enterprise Group Incorporated Thrift and Tax-Deferred Savings Plan (the "Plan") as of December 31, 2017 and 2016, the related statement of changes in net assets available for benefits for the year ended December 31, 2017, and the related notes (collectively, the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2017 and 2016 and the changes in net assets available for benefits for the year ended December 31, 2017, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on the Plan's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Plan in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risk of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by the Plan's management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Supplemental Information

The supplemental information in the accompanying Schedule H, Part IV Line 4i - schedule of assets (held at end of year) as of December 31, 2017 has been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The supplemental information is the responsibility of the Plan's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

/s/ Kronick Kalada Berdy & Co., P.C.
We have served as the Plan's auditor since 2006.
Kingston, Pennsylvania
June 29, 2018

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PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
THRIFT & TAX-DEFERRED SAVINGS PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	As of December 31,	
	2017	**2016**
	(Thousands)	
ASSETS		
Investments:		
Plan Interest in Master Employee Benefit Plan Trust (Note 3)	$ 1,786,637	$ 1,620,780
Total Investments	1,786,637	1,620,780
Receivables:		
Notes Receivable from Participants	16,115	16,945
Deposits and Contributions – Employees	—	1
Deposits and Contributions – Employer	—	1
Total Receivables	16,115	16,947
Total Assets	1,802,752	1,637,727
LIABILITIES		
Accounts Payable	963	1,851
Accrued Expenses	156	788
Total Liabilities	1,119	2,639
NET ASSETS AVAILABLE FOR BENEFITS	$ 1,801,633	$ 1,635,088

See Notes to Financial Statements.

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PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
THRIFT & TAX-DEFERRED SAVINGS PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
YEAR ENDED DECEMBER 31, 2017

		(Thousands)
ADDITIONS		
Net Investment Income		
Plan Interest in Income of Master Employee Benefit Plan Trust (Note 3)	$	218,504
Interest on Notes Receivable from Participants		688
Total Net Investment Income		219,192
Deposits and Contributions		
Employees		59,423
Employer		18,912
Total Deposits and Contributions		78,335
Total Additions		297,527
DEDUCTIONS		
Benefit Payments to Participants		137,045
Administrative Expenses		1,623
Total Deductions		138,668
INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS, PRIOR TO TRANSFERS		158,859
Transfers from Other Plans-Net		7,686
INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS		166,545
NET ASSETS AVAILABLE FOR BENEFITS		
Beginning of Year		1,635,088
End of Year	$	1,801,633

See Notes to Financial Statements.

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NOTES TO FINANCIAL STATEMENTS

1. DESCRIPTION OF THE PLAN

General

The following description of the Public Service Enterprise Group Incorporated Thrift and Tax-Deferred Savings Plan ("Plan") is provided for general information purposes only. Participants should refer to the Summary Plan Description ("SPD") for more information.

The Plan is a defined contribution retirement plan covering substantially all non-bargaining unit employees of Public Service Enterprise Group Incorporated ("Company") and its Participating Affiliates (each, an "Employer"). The Company's Employee Benefits Committee ("Benefits Committee") is the Named Fiduciary of the Plan and controls and manages its operation and administration. The Company's Thrift and Pension Investment Committee ("TPIC") is the Named Fiduciary of the Plan responsible for management of the Plan investments and the selection, and monitoring of the funds offered under the Plan. The trustee of the Plan, The Bank of New York Mellon ("Trustee"), is responsible for the custody of the Plan's assets. Alight (formerly Aon Hewitt) is the record keeper of the Plan through October 1, 2017. Fidelity Investments became the recordkeeper effective October 2, 2017. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

The Plan's assets are held in a trust account by the Trustee and consist of a divided interest in an investment account of the Master Employee Benefit Plan Trust ("Master Trust"), a master trust established by the Company and administered by the Trustee.

Contributions, Deposits and Investment Options

Generally, Participants may contribute from 1% to 50% of their annual eligible compensation each year, as defined in the Plan, subject to certain Internal Revenue Code ("IRC") limitations. Participants have the ability to make Roth Elective Deferrals within the Plan. Participants may designate such Deposits as post-income tax contributions or Roth Elective Deferrals (together, "Nondeferred Deposits"), or pre-income tax contributions ("Deferred Deposits"). The Participant's Employer contributes an amount equal to 50% of each Participant's first 8% of eligible compensation made as Deposits as its matching contribution to the Plan ("Employer Contributions"). Employer Contributions begin after that Participant has completed 180 days of service (1,000 hours of service prior to October 2, 2017), as defined in the Plan, with his/her Employer. Employer Contributions are made in cash. Participants may also contribute amounts representing distributions from other qualified plans and certain Individual Retirement Accounts ("IRAs").

Participants may direct the investment of their accounts into various investment options offered by the Plan through the Master Trust. The Plan offers investment options in Investment Contracts, the Common Stock of the Company via the Enterprise Common Stock Fund ("Company Stock Fund"), which has been designated as an Employee Stock Ownership Plan ("ESOP") under section 4975(e) of the Code, the Fidelity BrokerageLink Account (prior to October 2, 2017, the Schwab PCRA), mutual funds consisting of various target-date funds, and other mutual funds.

There is a Frozen ESOP Fund which includes amounts only for Participants who were hired prior to August 1, 1986 and eligible for participation. Contributions to, or transfers into the Frozen ESOP Fund are no longer permitted. Frozen ESOP Fund Participants receive quarterly payments directly from the Trustee equal to the dividends paid to the Trustee on the shares of the Company Common Stock held for their account in the Frozen ESOP Fund.

Participant Accounts

Individual accounts are maintained for each Participant. Each Participant's account consists of (a) Participant's contributions (b) applicable Employer contributions, (c) earnings and/or losses, and (d) specific Participant transactions, as defined. The Participant's account is reduced for certain administrative expenses. The benefit to which a Participant or beneficiary is entitled upon death, disability, retirement or termination of service, as applicable, is the benefit that can be provided from the Participant's vested account.

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Participants who have elected to participate in the Company Stock Fund may elect to have the dividends on the shares of the Common Stock paid directly to the Participant (or beneficiary) in cash or paid to the Participant's account, which will then be reinvested in the Company Common Stock Fund. The reinvestment provision is not applicable with respect to Company Common Stock held in a Participant's Frozen ESOP Fund.

Notes Receivable from Participants

Except as discussed in the following paragraph, Participants may borrow from their Plan accounts a minimum of $1,000 up to a maximum equal to the lesser of $50,000 or 50% of their vested account balance at the time the loan is originated. The loans are secured by the balance in the Participant's account and existing loans bear interest at rates that at December 31, 2017, range from 3.25% to 4.25%, which are commensurate with local prevailing rates at the time that the loan was originated, as determined, at such time by the Benefits Committee or its delegee. Principal and interest is paid ratably through payroll deductions.

No amounts may be loaned directly from any ESOP Fund, from any portion of a Participant's account attributable to transfers from the Cash Balance Component of the Pension Plan of Public Service Enterprise Group Incorporated ("Cash Balance Component") or from assets held in the Fidelity BrokerageLink (prior to October 2, 2017, Schwab PCRA). Participants can initiate only one loan per calendar year and may have no more than two loans outstanding at any one time.

These loans are measured at their unpaid principal balances plus any accrued but unpaid interest. Delinquent loans are reclassified as distributions based upon the terms of the Plan document.

Payment of Benefits

Upon termination of service, a Participant may elect to receive an amount equal to the value of the vested interest in his or her account in either a lump-sum payment or may elect to leave the account balance in the Plan and elect a distribution at a later time. If a Participant is no longer working for the Company and has a balance in the Plan, he or she must begin to receive distributions from his or her account no later than April 1 following the calendar year in which he or she reaches age 70½. Prior to October 2, 2017, a Participant who terminated service on account of retirement could have elected installments in lieu of a lump sum. If a Participant's account balance is less than $1,000 at the time of termination, the Participant will receive an automatic lump-sum payment for the entire account balance. For termination due to death, the Participant's beneficiary will receive a lump-sum distribution equal to the value of the Participant's vested interest in his or her account. For termination of service for reasons other than those described above, the Participant may elect to receive a lump-sum distribution equal to the value of the Participant's vested interest in his or her account, or leave the account balance in the Plan and elect a distribution at a later date, but not later than April 1 following the calendar year in which he or she reaches age 70 ½.

If a Participant withdraws certain post-income tax Deposits and/or vested Employer Contributions before such amounts have been in the Plan for twenty-four months, the Plan imposes a penalty in that such Participant will not be eligible to receive matching Employer Contributions during the subsequent six months. If a Participant again withdraws certain post-income tax Deposits and/or vested Employer Contributions before such amounts have been in the Plan for twenty-four months, the Plan imposes a penalty in that such Participant will not be eligible to make contributions to the Plan for six months.

Withdrawals of Nondeferred Deposits and Employer Contributions are made as soon as practicable after such elections are received by the Plan's record keeper. Nondeferred Deposits may be withdrawn at any time, but certain penalties may apply. Deferred Deposits may not be withdrawn during employment prior to age 59½ except for reasons of extraordinary financial hardship and to the extent permitted by the IRC ("hardship withdrawals"). Distributions to Participants of approved hardship withdrawals are made as soon as practicable after such approval. If a Participant receives a hardship withdrawal, such Participant will not be eligible to make contributions to the Plan for six months.

Vesting

All Participants are 100% vested in the Plan from the first date of hire, except for certain amounts transferred from the Cash Balance Component, for which the vesting schedule under the Cash Balance Component applies.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Plan have been prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Use of Estimates

The preparation of financial statements in conformity with GAAP requires Plan management to make estimates and assumptions that affect the reported amounts of net assets available for benefits and changes therein and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Risks and Uncertainties

The Plan permits Participants to select from among various investment options. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near-term and that such changes could materially affect Participants' account balances and the amounts reported in the financial statements.

Investment Valuation and Income Recognition

The Plan's investment is in the Master Trust. The investments maintained in the Master Trust are stated at fair value, as determined by quoted market prices, except for its contracts within the Stable Value Fund, which are valued at contract value, Short-Term Investments and Cash Equivalents. The Master Trust's investments in the investment contracts of the Stable Value Fund are with various insurance companies and other financial institutions. Contract value is discussed in Note 3.

Certain Short-Term Investments and Cash Equivalents are stated at cost, which approximates fair market value.

Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by the Master Trust are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Master Trust are deemed to be actively traded and are redeemable daily without restriction. Shares held by Company Stock Fund and Frozen ESOP Fund are valued at their closing price reported on the active market on which the security is traded daily.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on an accrual basis. Dividend income is recorded on the ex-dividend date.

Payment of Benefits

Benefit payments to Participants are recorded upon distribution.

Administrative Expenses of the Plan

Certain expenses incurred with the general administration of the Plan, including taxes and brokerage costs, are recorded in the accompanying Statement of Changes in Net Assets Available for Benefits. Certain administrative functions performed by the officers and employees of the Company are paid by the Employers (Note 6).

Transfers of the Frozen ESOP Fund

Participants are permitted to transfer all, but not less than all, of the shares of the Company's Common Stock from their Frozen ESOP Fund to other investment options in the Plan. To effectuate such transfers, the Trustee will sell the shares of the Company's Common Stock held in the Frozen ESOP Fund and invest the proceeds in the other investment funds designated by the Participant. The cash value of each share of the Company's Common Stock transferred will be equal to the price per share of the Company's Common Stock actually received by the Trustee.

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New Accounting Pronouncement

In February 2017, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2017-06, Employee Benefit Plan Master Trust Reporting - a consensus of the FASB Emerging Issues Task Force, which is intended to improve the usefulness of the information reported to users of employee benefit plan financial statements. The ASU relates primarily to how a plan reports its interest in a master trust. For each master trust in which a plan holds an interest, the plan will be required to disclose, as separate line items, the plan's interest in the statement of net assets available for benefits and any changes in that interest in the statement of changes in net assets available for benefits. In addition, a plan with a dividend interest in the individual investments of the master trust will no longer be required to disclose its percentage interest in the master trust, but rather will be required to disclose the master trust's investments by general type and the individual plan's dollar amount of its interest in the master trust's investments by general type. Further, all plans will be required to disclose both their master trust's other asset and liability balances and the dollar amount of the individual plan's interest in each of those balances.

The amendments in the ASU are effective for fiscal years beginning after December 15, 2018, with early adoption permitted. Entities will be required to adopt the guidance retrospectively to all periods presented. Management has elected not to early adopt the ASU for the current year and does not expect the adoption of the ASU to have a material impact on the financial statements.

Subsequent Events

The Plan has evaluated the effects of events that have occurred subsequent to December 31, 2017, through the filing date of this Form 11-K and identified no subsequent events.

3. INVESTMENT OF THE PLAN AND THE PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED EMPLOYEE SAVINGS PLAN (SAVINGS PLAN) IN THE MASTER TRUST

Use of the Master Trust permits the commingling of trust assets with the assets of the Savings Plan for investment and administrative purposes. The Savings Plan is a defined contribution retirement plan available to represented employees of the Employers. Although assets of both plans are commingled in the Master Trust, the Trustee maintains supporting records for the purpose of allocating the net assets and income or loss of the investment account to the respective participating plans. The net assets and the investment income or loss of the investment assets is allocated by the Trustee to each participating plan based on the relationship of the interest of each plan to the total of the interests of the participating plans. As of December 31, 2017 and 2016, the Plan's interests in the assets of the Master Trust were approximately 52%. Master Trust investments consisted of:

	As of December 31,	
	2017	2016
	(Thousands)	
Investments of Master Trust at fair value:		
Cash Equivalents and Short-Term Investments	$ 48,654	$ 81,965
Common Stock of Public Service Enterprise Group Incorporated*	248,516	229,124
Mutual Funds	2,026,827	1,627,825
Fixed Income Securities	231,383	193,336
Preferred Securities	586	—
Fidelity BrokerageLink/Schwab PCRA (a)	112,491	98,627
Total Investments, at fair value	2,668,457	2,230,877
Investment of Master Trust, at contract value:		
Investment contracts (Stable Value Fund)	786,336	871,621
Net Accounts Receivable (Payable) (a)	(20,716)	(29,166)
Total Investments of Master Trust	$ 3,434,077	$ 3,073,332

(a) Includes interest and dividends and receivables and payables related to pending securities sales and purchases.

S1-SSA-0009 - 29663

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	For the Year Ended December 31, 2017 (Thousands)
Investment Income of Master Trust:	
Net Appreciation in Fair Value of Mutual Funds, Fixed Income and Preferred Securities	$ 345,661
Net Appreciation in Fair Value of Fidelity BrokerageLink (a)	10,740
Net Appreciation in Fair Value of Common Stock of Public Service Enterprise Group Incorporated*	37,563
Interest from Investment Contracts	18,965
Dividends from Common Stock of Public Service Enterprise Group Incorporated*	8,619
Total Investment Income, Net	$ 421,548

(a) Amounts primarily relate to equity investments in stocks and in mutual funds. The net change in fair value is primarily comprised of realized/unrealized gains or losses and dividends earned on these equity investments.

* Permitted party-in-interest.

The changes in net assets of the Master Trust for the year ended December 31, 2017 are summarized as follows:

	For the Year Ended December 31, 2017 (Thousands)
Changes in net assets:	
Net appreciation of investments	$ 393,964
Dividends from Common Stock of Public Service Enterprise Group Incorporated	8,619
Interest from Investment Contracts	18,965
Net Investment Income	421,548
Administrative Expenses	(3,347)
Net Transfers	(57,456)
Increase in Net Assets	360,745
Net Assets	
Beginning of Year	3,073,332
End of Year	$ 3,434,077

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Assets of the Stable Value Fund

The Stable Value Fund utilizes a "building block" approach that invests in a series of proprietary commingled fixed income funds to build each stable value portfolio. This approach provides diversification, typically between 2,500 and 3,000 individual securities broadly diversified across fixed income sectors. As of December 31, 2017, the Stable Value Fund was comprised of the following:

Issuer	Expiration	Effective Rate	Contract Value (Thousands)
Bank of Tokyo (A)	Open-Ended	2.17%	$ 98,621
Pacific Life Insurance (A)	Open-Ended	2.57%	139,331
Prudential Ins Co. (A)	Open-Ended	2.70%	133,591
Transamerica (A)	Open-Ended	2.41%	138,609
RGA (A)	Open-Ended	2.27%	136,070
Voya Retirement & Annuity Co. (A)	Open-Ended	2.18%	140,114
Total Investment Contracts			786,336
Investment in BlackRock Financial Mgmt Short-Term Investment		0.94%	16,305
Total Stable Value Fund			$ 802,641

(A) Managed by INVESCO Institutional, Inc.

As of December 31, 2016, the Stable Value Fund was comprised of the following:

Issuer	Expiration	Effective Rate	Contract Value (Thousands)
Bank of Tokyo (A)	Open-Ended	1.95%	$ 104,536
Pacific Life Insurance (A)	Open-Ended	2.27%	155,095
Prudential Ins Co. (A)	Open-Ended	2.27%	148,925
Transamerica (A)	Open-Ended	2.26%	154,522
RGA (A)	Open-Ended	1.97%	152,116
Voya Retirement & Annuity Co. (A)	Open-Ended	2.13%	156,427
Total Investment Contracts			871,621
Investment in BlackRock Financial Mgmt Short-Term Investment		0.32%	40,793
Total Stable Value Fund			$ 912,414

(A) Managed by INVESCO Institutional, Inc.

Most of the investments in the Stable Value Fund are in benefit-responsive investment contracts. The units in the underlying "building block funds" are held by the Plan's Trustee. The accounts are credited with earnings on the underlying investments and charged for Participant withdrawals and administrative expenses. The investment contract issuer is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Master Trust.

As described in Note 2, because the investment contracts are fully benefit-responsive, contract value is the relevant measurement attribute for that portion of the net assets available for benefits attributable to the investment contracts. Contract value, as reported to the Master Trust by the Stable Value Fund managers, represents contributions made under the contracts, plus earnings, less Participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value.

There are no reserves against contract value for credit risk of the contract issuers or otherwise. The crediting interest rate is based on a formula agreed upon with the issuers, but may not be less than zero. Such rates are reviewed on a quarterly basis for resetting.

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Certain events limit the ability of the Master Trust, as directed by the Plan, to transact at contract value with the issuers. Such events include the following: (1) amendments to the Plan documents (including complete or partial plan termination or merger with another plan), (2) changes to the Plan's prohibition on competing investment options or deletion of equity wash provisions, (3) bankruptcy of the Plan Sponsor or other events (for example, divestitures or spin-offs of a subsidiary) that cause a significant withdrawal from the Plan, or (4) the failure of the Master Trust to qualify for exemption from federal income taxation or any required prohibited transaction exemption under ERISA. The TPIC does not believe that the occurrence of any such value event, which would limit the Plan's ability to transact at contract value with Participants, is probable.

The average yield based on actual earnings was approximately 2.43% and 1.92% for 2017 and 2016, respectively. The average yield based on interest rate credited to Participants was approximately 2.36% and 2.07% for 2017 and 2016, respectively.

The fair market value of the wrapper contracts in the Stable Value Fund, which is the difference between the Fund's fair value and contract value, was higher by $8,768,810 and $10,929,788 as of December 31, 2017 and 2016, respectively.

Assets of the Company Stock Fund

The assets of the Company Stock Fund are invested in shares of the Company's Common Stock.

Fidelity BrokerageLink (Formerly assets were held in Schwab PCRA prior to October 2, 2017)

The Fidelity BrokerageLink is a self-directed brokerage account in which Participants can select and manage a wide selection of investments, including mutual funds and stocks. Deposits into the Fidelity BrokerageLink must come from balances transferred from the other options in the Plan. Participants may transfer up to 99% of their account balance, less certain fees, to the Fidelity BrokerageLink.

4. FAIR VALUE MEASUREMENTS

GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1—measurements utilize quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2—measurements include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and other observable inputs such as interest rates and yield curves that are observable at commonly quoted intervals.
- Level 3—measurements use unobservable inputs for assets or liabilities, based on the best information available and might include an entity's own data and assumptions.

In some valuations, the inputs may fall into different levels of the hierarchy. In these cases, the financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

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The following tables present information about the Master Trust's investments measured at fair value on a recurring basis at December 31, 2017 and December 31, 2016, including the fair value measurements and the levels of inputs used in determining those fair values.

	Recurring Fair Value Measurements as of December 31, 2017			
Description	Total	Quoted Market Prices for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(Thousands)			
Cash Equivalents and Short-Term Investments	$ 48,654	$ 47,684	$ 970	$ —
Common Stock of Public Service Enterprise Group Incorporated*	248,516	248,516	—	—
Mutual Funds	2,026,827	2,026,827	—	—
Fixed Income Securities	231,383	—	231,383	—
Preferred Securities	586	—	586	—
Fidelity BrokerageLink	112,491	99,315	13,176	—
Total Investment in Master Trust, at fair value	$ 2,668,457	$ 2,422,342	$ 246,115	$ —

	Recurring Fair Value Measurements as of December 31, 2016			
Description	Total	Quoted Market Prices for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(Thousands)			
Cash Equivalents and Short-Term Investments	$ 81,965	$ 62,533	$ 19,432	$ —
Common Stock of Public Service Enterprise Group Incorporated*	229,124	229,124	—	—
Mutual Funds	1,627,825	1,627,825	—	—
Fixed Income Securities	193,336	—	193,336	—
Schwab PCRA	98,627	97,799	828	—
Total Investment in Master Trust, at fair value	$ 2,230,877	$ 2,017,281	$ 213,596	$ —

* Permitted party-in-interest.

Certain commingled cash equivalents included in temporary investment funds are valued using observable market prices or market parameters such as time-to-maturity, coupon rate, quality rating and current yield.

Mutual funds' Net Asset Values are published and redeemable daily without restriction and are therefore considered Level 1.

Debt securities include mainly investment grade corporate and municipal bonds, US Treasury obligations and Federal Agency asset-backed securities with a wide range of maturities. These investments are valued using an evaluated pricing approach that varies by asset class and reflects observable market information such as the most recent exchange price or quoted bid for similar securities and are therefore considered Level 2.

The Fidelity BrokerageLink account primarily consists of common stocks and preferred stocks that are measured using observable data in active markets and considered Level 1. The account also includes debt securities that are valued using an evaluated pricing approach that varies by asset class and reflects observable market information such as the most recent exchange prices or quoted bids for similar securities and considered level 2.

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5. FEDERAL INCOME TAX STATUS

The Internal Revenue Service (IRS) has determined and informed the Company by a letter dated September 13, 2017, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). On or about January 31, 2014, the Company submitted an application under the IRS' Employee Plans Compliance Resolution System to correct certain plan documents and operational errors. The Company received the compliance statement from the IRS dated August 31, 2017.

GAAP requires Plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan Administrator believes it is no longer subject to income tax examinations for years prior to 2014.

6. RELATED-PARTY TRANSACTIONS

Certain Plan investments are in the Company's Common Stock. Since the Company is the Plan Sponsor, these transactions qualify as party-in-interest transactions. Certain administrative functions are performed by the officers and employees of the Company (who may also be Participants in the Plan) at no cost to the Plan.

As of December 31, 2017 and 2016, the Master Trust held 4,825,560 and 5,221,613 shares, respectively, of the Company's Common Stock, in the Frozen ESOP Fund and the Company Stock Fund, with a market value per share of $51.50 and $43.88, respectively.

For the year ended December 31, 2017, the Master Trust recorded dividend income of approximately $8.6 million from the Company's Common Stock.

These transactions are not deemed prohibited party-in-interest transactions, because they are covered by statutory or administrative exemptions from ERISA's rules on prohibited transactions.

7. PLAN TRANSFERS

During the year, certain employees who were participants in the Plan moved employment to another PSEG entity, Long Island Electric Utility ServCo LLC ("ServCo"). In these cases, their Plan accounts were transferred to the ServCo Plan accounts. Similarly, certain employees of ServCo, who were participants in the ServCo Plan, moved employment from ServCo to other PSEG entities participating in the Plan. In these cases, their ServCo Plan accounts were transferred to the Plan.

8. PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in ERISA. In the event of Plan termination, Participants will become 100 percent vested in their accounts.

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9. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following describes classification differences between the financial statements and the Form 5500:

	2017	2016
Net assets available for benefits per the financial statements	$ 1,801,633,212	$ 1,635,087,688
Adjustment from contract value to fair value for fully benefit-responsive investment contracts	4,562,482	5,724,663
Net assets available for benefits per Form 5500	$ 1,806,195,694	$ 1,640,812,351

The Form 5500 includes a Net Investment Gain of $215,719,002 from Master Trust Investments for the year ended December 31, 2017 consisting of $217,341,666 of Investment Gains (comprised of the $218,503,847 of the Plan's interest in gains of the Master Trust less the $1,162,181 adjustment from fair value to contract value for fully benefit-responsive investment contracts) less $1,622,664 of administrative expenses.

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PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
THRIFT AND TAX-DEFERRED SAVINGS PLAN
PLAN No. 004, EIN No. 22-2625848

SCHEDULE H, PART IV LINE 4i – SCHEDULE OF ASSETS (HELD AT END OF YEAR) DECEMBER 31, 2017

Identity of Issue, Borrower or Similar Party	Description of Investment	Cost	Current Value
* Various Participants	1,912 Participant Loans (maturing 2018 to 2023 at interest rates of 3.25% to 4.25%), secured by participant accounts	**	$ 16,114,931

* Permitted party-in-interest.

** Cost information is not required for participant-directed investments and loans, and therefore is not included.

S1-SSA-0009 - 29670

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the Plan) have duly caused this Annual Report to be signed by the undersigned thereunto duly authorized.

Public Service Enterprise Group Incorporated
Thrift and Tax-Deferred Savings Plan
(Name of Plan)

By: /s/ Margaret M. Pego

Margaret M. Pego
Chairperson of Employee
Benefits Committee

Date: June 29, 2018

S1-SSA-0009 - 29671

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EXHIBIT INDEX

Exhibit Number	
23.1	Consent of Independent Registered Public Accounting Firm

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EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (333-202591) of Public Service Enterprise Group Incorporated of our report dated June 29, 2018, relating to the financial statements and supplemental schedule of Public Service Enterprise Group Incorporated Thrift and Tax-Deferred Savings Plan which appear on this Form 11-K for the year ended December 31, 2017.

/s/ Kronick Kalada Berdy & Co., P.C.
Kingston, Pennsylvania
June 29, 2018

S1-SSA-0009 - 29673

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 11-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934** ***(NO FEE REQUIRED)***

For the year ended December 31, 2013

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED)**

Commission File Number 001-09120

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
EMPLOYEE SAVINGS PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
80 PARK PLAZA
NEWARK, NEW JERSEY 07102
MAILING ADDRESS: P.O. Box 1171
NEWARK, NEW JERSEY 07101-1171

S1-SSA-0009 - 29674

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PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
EMPLOYEE SAVINGS PLAN

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All other schedules required by Section 2520.103.10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Trustee and Participants of Public Service Enterprise Group Incorporated
Employee Savings Plan:

We have audited the accompanying statements of net assets available for benefits of Public Service Enterprise Group Incorporated Employee Savings Plan (the "Plan") as of December 31, 2013 and 2012 and the related statement of changes in net assets available for benefits for the year ended December 31, 2013. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2013 and 2012 and the changes in net assets available for benefits for the year ended December 31, 2013, in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2013 is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Kronick Kalada Berdy & Co., P.C.
Kingston, Pennsylvania
June 30, 2014

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PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
EMPLOYEE SAVINGS PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	As of December 31,	
	2013	2012
	(Thousands)	
ASSETS		
Investments at Fair Value:		
Plan Interest in Master Employee Benefit Plan Trust (Note 3)	$1,214,237	$1,054,959
Total Investments	1,214,237	1,054,959
Receivables:		
Participant Loans	34,486	31,759
Deposits and Contributions – Employees	1,009	1,007
Deposits and Contributions – Employer	290	358
Total Receivables	35,785	33,124
Total Assets	1,250,022	1,088,083
LIABILITIES		
Accounts Payable	598	587
Accrued Expenses	480	361
Total Liabilities	1,078	948
NET ASSETS AVAILABLE FOR BENEFITS, AT FAIR VALUE	1,248,944	1,087,135
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	(9,322)	(22,166)
NET ASSETS AVAILABLE FOR BENEFITS	$1,239,622	$1,064,969

See Notes to Financial Statements.

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PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
EMPLOYEE SAVINGS PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
YEAR ENDED DECEMBER 31, 2013

	(Thousands)
ADDITIONS	
Net Investment Income	
Plan Interest in Income of Master Employee Benefit Plan Trust (Note 3)	$ 162,841
Interest on Participant Loans	1,354
Total Net Investment Income	164,195
Deposits and Contributions	
Employees	54,450
Employer	17,761
Total Deposits and Contributions	72,211
Total Additions	236,406
DEDUCTIONS	
Benefit Payments to Participants	56,141
Administrative Expenses	1,375
Total Deductions	57,516
INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS, PRIOR TO TRANSFERS	178,890
Transfers to Thrift and Tax-Deferred Savings Plan-Net	(4,237)
INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS	174,653
NET ASSETS AVAILABLE FOR BENEFITS	
Beginning of Year	1,064,969
End of Year	$1,239,622

See Notes to Financial Statements.

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NOTES TO FINANCIAL STATEMENTS

1. DESCRIPTION OF THE PLAN

General

The following description of the Public Service Enterprise Group Incorporated Employee Savings Plan ("Plan") is provided for general information purposes only. Participants should refer to the Plan Document and the Summary Plan Description ("SPD") for more information.

The Plan is a defined contribution retirement plan covering substantially all bargaining unit employees of Public Service Enterprise Group Incorporated ("Company") and its Participating Affiliates (each, an "Employer"). The Company's Employee Benefits Committee ("Benefits Committee") is the Named Fiduciary of the Plan and controls and manages its operation and administration. The Company's Thrift and Pension Investment Committee ("TPIC") is the Named Fiduciary of the Plan responsible for management of the Plan investments and the selection, and monitoring of the funds offered under the Plan. The trustee of the Plan, The Bank of New York Mellon ("Trustee"), is responsible for the custody of the Plan's assets. Aon Hewitt is the record keeper of the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

Substantially all of the Plan's assets are held in a trust account by the Trustee and consist of a divided interest in an investment account of the Master Employee Benefit Plan Trust ("Master Trust"), a master trust established by the Company and administered by the Trustee.

Contributions, Deposits and Investment Options

Generally, Participants may contribute from 1% to 7% of their annual eligible compensation each year as basic deposits, as defined in the Plan ("Basic Deposits"), subject to certain Internal Revenue Code ("IRC") limitations. The Participant's Employer contributes an amount equal to 50% of each Participant's Basic Deposit as its matching contribution to the Plan ("Employer Contributions"). Employer Contributions begin after that Participant has completed 1,000 hours of service, as defined by the Plan, with his/her Employer. Employer Contributions are made in cash. Participants may also contribute amounts representing eligible rollover distributions from other plans and certain Individual Retirement Accounts ("IRA's").

Effective January 2012, the compensation for plan purposes for Participants who are represented by Utility Workers Union of America ("UWUA") Local 601 has changed such that overtime is limited to 10% of base earnings and miscellaneous pay is not included. For 2012, Employer Contributions for Participants who are represented by UWUA Local 601 were reduced from 50% to 25% on the first 7% of Basic Deposits.

Participants have the ability to make Roth Elective Deferrals within the Plan. In addition, a Participant may elect to make supplemental deposits to the Plan in increments of 1% of compensation up to an additional 43% of compensation ("Supplemental Deposits"), subject to certain IRC limitations, without any corresponding matching Employer Contribution. Participants may designate such Basic and/or Supplemental Deposits as post-income tax contributions or Roth Elective Deferrals (together, "Nondeferred Deposits") or pre-income tax contributions ("Deferred Deposits").

Each Participant may, within any Plan Year, make one or more additional lump sum deposits on a nondeferred basis in minimum amounts of $250 and in such total amounts which, when aggregated with such Participant's Basic Deposits and Supplemental Deposits, do not exceed 50% of his or her compensation for that Plan Year subject to IRC limitations.

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NOTES TO FINANCIAL STATEMENTS

Participants may direct the investment of their accounts into various investment options offered by the Plan. The Plan offers investment options in Investment Contracts, the Common Stock of the Company via the Enterprise Common Stock Fund ("Company Stock Fund") and the Employee Stock Ownership Plan ("ESOP") Fund, the Schwab Personal Choice Retirement Account ("PCRA") Fund, and mutual funds consisting of various target-date funds, other mutual funds and pre-mix portfolios (which are invested in specific percentages of the mutual funds).

The ESOP Fund includes amounts only for Participants who were hired prior to August 1, 1986 and eligible for participation. Contributions to or transfers into the ESOP Fund are no longer permitted. ESOP Fund Participants receive quarterly payments directly from the Trustee equal to the dividends paid to the Trustee on the shares of the Company Common Stock held for their account in the ESOP Fund.

Participant Accounts

Individual accounts are maintained for each Participant. Each Participant's account consists of (a) Participant's contributions, (b) applicable Employer contributions, (c) earnings and/or losses, and (d) specific Participant transactions, as defined. The Participant's account is reduced for certain administrative expenses. The benefit to which a Participant or beneficiary is entitled upon death, disability, retirement or termination of service, as applicable, is the benefit that can be provided from the Participant's vested account.

Participants who have elected to participate in the Company Stock Fund may elect to have the dividends on the shares of the Common Stock paid directly to the Participant (or beneficiary) in cash or paid to the Participant's account, which will then be reinvested in the Company Common Stock Fund. The reinvestment provision is not applicable with respect to Company Common Stock held in a Participant's ESOP Fund.

Participant Loans

Except as discussed in the following paragraph, Participants may borrow from their Plan accounts a minimum of $1,000 up to a maximum equal to the lesser of $50,000 or 50% of their vested account balance at the time the loan is originated. The loans are secured by the balance in the Participant's account and existing loans bear interest at rates that at December 31, 2013, range from 3.25% to 9.50% which are commensurate with local prevailing rates at the time that the loan was originated, as determined, at such time by the Benefits Committee. Principal and interest is paid ratably through payroll deductions.

No amounts may be loaned directly from any ESOP Fund, from any portion of a Participant's account attributable to transfers from the Cash Balance Pension Plan for Represented Employees of Public Service Enterprise Group Incorporated ("Cash Balance Plan") or from assets held in the Schwab PCRA Fund. Participants can initiate only one loan per calendar year and may have no more than two loans outstanding at any one time.

These loans are measured at their unpaid principal balances plus any accrued but unpaid interest.

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NOTES TO FINANCIAL STATEMENTS

Payment of Benefits

Upon termination of service due to retirement, a Participant may elect to receive an amount equal to the value of the vested interest in his or her account in either a lump-sum payment, or in quarterly or annual installments over a period not to exceed ten years, or may elect to leave the account balance in the Plan and elect a distribution at a later date. If a Participant is no longer working for the Company and has a balance in the Plan, he or she must begin to receive distributions from his or her account no later than April 1 following the calendar year in which he or she reaches age 70 ½. If a Participant's account balance is less than $1,000 at the time of termination, the Participant will receive an automatic lump-sum payment for the entire account balance. For termination due to death, the Participant's beneficiary will receive a lump-sum distribution equal to the value of the Participant's vested interest in his or her account. For termination of service for reasons other than those described above, the Participant may elect to receive a lump-sum distribution equal to the value of the Participant's vested interest in his or her account or leave the account balance in the Plan and elect a distribution at a later date, but not later than April 1 following the calendar year in which he or she reaches age 70 ½.

If a Participant withdraws Basic and/or Supplemental Deposits and/or vested Employer Contributions before such amounts have been in the Plan for twenty-four months, the Plan imposes a penalty in that such Participant will not be eligible to receive matching Employer Contributions during the subsequent three months.

Distributions to Participants electing to withdraw Nondeferred Deposits and Employer Contributions are made as soon as practicable after such elections are received by the Plan's record keeper. Nondeferred Deposits may be withdrawn at any time, but certain penalties may apply. Deferred Deposits may not be withdrawn during employment prior to age 59 ½ except for reasons of extraordinary financial hardship and to the extent permitted by the IRC ("hardship withdrawals"). Distributions to Participants of approved hardship withdrawals are made as soon as practicable after such approval.

Vesting

All Participants are 100% vested in the Plan from the first date of hire, except for certain amounts transferred from the Cash Balance Plan, for which the vesting schedule under the Cash Balance Plan applies.

Forfeitures

Any nonvested portion (certain amounts transferred from the Cash Balance Plan) of the Participant's account, determined as of the date of severance from employment, will be forfeited and will be applied thereafter to reduce a subsequent contribution or contributions of the Employer as provided in the Plan. If such former Participant is rehired on or before the end of and remains employed by an Employer at the end of the fifth Plan Year after the Plan Year in which such severance occurred, then such nonvested portion of the Participant's Account will be reinstated by the Employer and the Participant's right thereto will be determined as if the Participant had not terminated employment, provided that the Participant repays to the Plan the amount of any distribution paid to him or her resulting from the severance from employment.

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NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Plan have been prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America ("GAAP") which requires investment contracts held by a defined contribution plan to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount Participants would receive if they were to initiate permitted transactions under the terms of the Plan. Therefore, the Statements of Net Assets Available for Benefits present the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The Statement of Changes in Net Assets Available for Benefits is prepared on a contract value basis for fully benefit-responsive investment contracts.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires Plan management to make estimates and assumptions that affect the reported amounts of net assets available for benefits and changes therein and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Risks and Uncertainties

The Plan permits Participants to select from among various investment options. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near-term and that such changes could materially affect Participants' account balances and the amounts reported in the financial statements.

Investment Valuation and Income Recognition

The Plan's investment is in the Master Trust. The investments maintained in the Master Trust are stated at fair value, as determined by quoted market prices, except for its contracts within the Stable Value Fund, which are valued at contract value, Short-Term Investments and Cash Equivalents. The Master Trust's investments in the investment contracts of the Stable Value Fund are with various insurance companies and other financial institutions. Non-participating investment contract fair values were determined using a discounted cash flow method. Based on its duration, the estimated cash flow of each contract was discounted using a yield curve interpolated from swap rates and adjusted for liquidity and credit quality. For those contracts with no stated payment dates, the projected value at the end of the required days notice period was assumed to pay in full and this payment was then discounted following the process described above. Contract value is discussed in Note 3. The Fixed Income Funds are stated at fair value using observable inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

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NOTES TO FINANCIAL STATEMENTS

Certain Short-Term Investments and Cash Equivalents are stated at cost, which approximates fair market value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on an accrual basis. Dividend income is recorded on the ex-dividend date.

Payment of Benefits

Benefit payments to Participants are recorded upon distribution. Amounts allocated to accounts of persons who have elected to withdraw from the Plan, but have not yet been paid were $370,668 and $242,322 as of December 31, 2013 and 2012, respectively.

Administrative Expenses of the Plan

Certain expenses incurred with the general administration of the Plan, including taxes and brokerage costs, are recorded in the accompanying Statement of Changes in Net Assets Available for Benefits. Certain administrative functions performed by the officers and employees of the Company are paid by Employers (Note 6).

Transfers of the ESOP Fund

Participants are permitted to transfer all, but not less than all, of the shares of the Company's Common Stock from their ESOP Fund to other investment options in the Plan. To effectuate such transfers, the Trustee will sell the shares of the Company's Common Stock held in the ESOP Fund and invest the proceeds in the other investment funds designated by the Participant. The cash value of each share of the Company's Common Stock transferred will be equal to the price per share of the Company's Common Stock actually received by the Trustee.

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NOTES TO FINANCIAL STATEMENTS

3. INVESTMENT OF THE PLAN AND THE PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED THRIFT AND TAX-DEFERRED SAVINGS PLAN (THRIFT PLAN) IN THE MASTER TRUST

Use of the Master Trust permits the commingling of trust assets with the assets of the Thrift Plan for investment and administrative purposes. The Thrift Plan is a defined contribution retirement plan available to non-represented employees of the Employers. Although assets of both plans are commingled in the Master Trust, the Trustee maintains supporting records for the purpose of allocating the net assets and net income or loss of the investment account to the respective participating plans. The net assets and the net investment income or loss of the investment assets is allocated by the Trustee to each participating plan based on the relationship of the interest of each plan to the total of the interests of the participating plans. As of December 31, 2013 and 2012, the Plan's interests in the assets of the Master Trust were approximately 46%, for both years.

	As of December 31,	
	2013	2012
	(Thousands)	
Investments of Master Trust at Fair Value:		
Cash Equivalents and Short-Term Investments	$ 52,173	$ 34,040
Common Stock of Public Service Enterprise Group Incorporated*	181,303	171,884
Mutual Funds	1,468,617	1,151,684
Investment Contracts (Stable Value Fund)	847,353	882,339
Schwab PCRA Fund (a)	84,346	70,229
Total Investments	$2,633,792	$2,310,176

	For the Year Ended December 31, 2013
	(Thousands)
Investment Income of Master Trust:	
Net Appreciation in Fair Value of Mutual Funds	$ 301,527
Net Appreciation in Fair Value of Common Stock of Public Service Enterprise Group Incorporated*	9,175
Net Appreciation in Fair Value of Schwab PCRA Fund (a)	13,143
Interest from Investment Contracts	18,084
Dividends from Common Stock of Public Service Enterprise Group Incorporated*	7,310
Total Investment Income, Net	$ 349,239

(a) Amounts primarily relate to equity investments in stocks and in mutual funds. The net change in fair value is primarily comprised of realized/unrealized gains or losses and dividends earned on these equity investments.

* Permitted party-in-interest.

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NOTES TO FINANCIAL STATEMENTS

Assets of the Stable Value Fund

The Stable Value Fund utilizes a "building block" approach that invests in a series of proprietary commingled fixed income funds to build each stable value portfolio. This approach provides extraordinary diversification, typically between 2,500 and 3,000 individual securities broadly diversified across fixed income sectors. As of December 31, 2013, the Stable Value Fund was comprised of the following:

Issuer	Expiration	Effective Rate	Fair Value (Thousands)
Bank of Tokyo (A)	Open-Ended	1.87%	$ 76,596
ING Life Insurance & Annuity Co. (A)	Open-Ended	2.42%	50,364
ING Life Insurance & Annuity Co. (A)	Open-Ended	1.67%	48,834
ING Life Insurance & Annuity Co. (A)	Open-Ended	1.62%	113,954
Monumental Life (A)	Open-Ended	2.11%	207,166
Pacific Life Insurance (A)	Open-Ended	2.29%	154,564
Pacific Life Insurance (A)	Open-Ended	1.55%	53,675
Prudential Ins Co. (A)	Open-Ended	1.92%	142,200
Total Investment Contracts			847,353
Investment in BNY Mellon Short-Term Investment Fund		0.03%	19,921
Total Stable Value Fund			$ 867,274

(A) Managed by INVESCO Institutional, Inc.

As of December 31, 2012, the Stable Value Fund was comprised of the following:

Issuer	Expiration	Effective Rate	Fair Value (Thousands)
Bank of America (A)	Open-Ended	2.28%	$ 102,170
ING Life Insurance & Annuity Co. (A)	Open-Ended	2.97%	51,568
ING Life Insurance & Annuity Co. (A)	Open-Ended	2.25%	48,941
ING Life Insurance & Annuity Co. (A)	Open-Ended	2.35%	114,306
Monumental Life (A)	Open-Ended	2.80%	209,409
Pacific Life Insurance (A)	Open-Ended	2.85%	156,851
Pacific Life Insurance (A)	Open-Ended	2.25%	53,867
Prudential Ins Co. (A)	Open-Ended	2.49%	145,227
Total Investment Contracts			882,339
Investment in BNY Mellon Short-Term Investment Fund		0.05%	22,007
Total Stable Value Fund			$ 904,346

(A) Managed by INVESCO Institutional, Inc.

Most of the investments in the Stable Value Fund are in benefit-responsive investment contracts. The units in the underlying "building block funds" are held by the Plan's Trustee. The accounts are credited with earnings on the underlying investments and charged for Participant withdrawals and administrative expenses. The investment contract issuer is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Master Trust.

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NOTES TO FINANCIAL STATEMENTS

As described in Note 2, because the investment contracts are fully benefit-responsive, contract value is the relevant measurement attribute for that portion of the net assets available for benefits attributable to the investment contracts. Contract value, as reported to the Master Trust by the Stable Value Fund managers, represents contributions made under the contracts, plus earnings, less Participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value.

There are no reserves against contract value for credit risk of the contract issuers or otherwise. The crediting interest rate is based on a formula agreed upon with the issuers, but may not be less than zero. Such rates are reviewed on a quarterly basis for resetting.

Certain events limit the ability of the Master Trust, as directed by the Plan, to transact at contract value with the issuers. Such events include the following: (1) amendments to the Plan documents (including complete or partial plan termination or merger with another plan), (2) changes to the Plan's prohibition on competing investment options or deletion of equity wash provisions, (3) bankruptcy of the Plan Sponsor or other events (for example, divestitures or spin-offs of a subsidiary) that cause a significant withdrawal from the Plan, or (4) the failure of the Master Trust to qualify for exemption from federal income taxation or any required prohibited transaction exemption under ERISA. The TPIC does not believe that the occurrence of any such value event, which would limit the Plan's ability to transact at contract value with Participants, is probable.

The average yield based on actual earnings was approximately 1.38% and 0.94% for 2013 and 2012, respectively. The average yield based on interest rate credited to Participants was approximately 1.93% and 2.52% for 2013 and 2012, respectively.

The fair market value of the wrapper contracts in the Stable Value Fund, which is the difference between the Fund's fair value and contract value, was higher by $20,053,990 and $48,109,587 as of December 31, 2013 and 2012, respectively.

Assets of the Company Stock Fund

The assets of the Company Stock Fund are invested in shares of the Company's Common Stock.

Schwab PCRA Fund

The Schwab PCRA Fund is a self-directed brokerage account in which Participants can select and manage a wide selection of investments, including mutual funds and stocks. Deposits into the Schwab PCRA Fund must come from balances transferred from the other options in the Plan. Participants may transfer up to 100% of their account balance, less certain fees, to the Schwab PCRA Fund.

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NOTES TO FINANCIAL STATEMENTS

4. FAIR VALUE MEASUREMENTS

GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1—measurements utilize quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2—measurements include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and other observable inputs such as interest rates and yield curves that are observable at commonly quoted intervals.
- Level 3—measurements use unobservable inputs for assets or liabilities, based on the best information available and might include an entity's own data and assumptions.

In some valuations, the inputs may fall into different levels of the hierarchy. In these cases, the financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The following tables present information about the Master Trust's investments measured at fair value on a recurring basis at December 31, 2013 and December 31, 2012, including the fair value measurements and the levels of inputs used in determining those fair values.

	Recurring Fair Value Measurements as of December 31, 2013			
Description	**Total**	**Quoted Market Prices for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
		(Thousands)		
Cash and Cash Equivalents	$ 52,173	$ 52,162	$ 11	$ 0
Common Stock of Public Service Enterprise Group Incorporated	181,303	181,303	0	0
Mutual Funds:				
Vanguard Developed Markets	245,240	245,240	0	0
Vanguard Institutional Index Fund	501,411	501,411	0	0
Vanguard Mid Cap Fund	238,378	238,378	0	0
Vanguard Small Cap Fund	217,213	217,213	0	0
Vanguard Target Retirement Funds	131,592	0	131,592	0
Fixed Income Securities	134,783	0	134,783	0
Stable Value Fund	847,353	0	847,353	0
Schwab PCRA Fund	84,346	84,346	0	0
Total Investment in Master Trust	$2,633,792	$ 1,520,053	$1,113,739	$ 0

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NOTES TO FINANCIAL STATEMENTS

Description	Recurring Fair Value Measurements as of December 31, 2012			
	Total	Quoted Market Prices for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(Thousands)			
Cash and Cash Equivalents	$ 34,040	$ 24,974	$ 9,066	$ 0
Common Stock of Public Service Enterprise Group Incorporated	171,884	171,884	0	0
Mutual Funds:				
Vanguard Developed Markets	192,666	192,666	0	0
Vanguard Institutional Index Fund	376,099	376,099	0	0
Vanguard Mid Cap Fund	169,242	169,242	0	0
Vanguard Small Cap Fund	155,031	155,031	0	0
Vanguard Target Retirement Funds	94,166	94,166	0	0
Fixed Income Securities	164,480	0	164,480	0
Stable Value Fund	882,339	0	882,339	0
Schwab PCRA Fund	70,229	70,229	0	0
Total Investment in Master Trust	$2,310,176	$ 1,254,291	$1,055,885	$ 0

Certain commingled cash equivalents included in temporary investment funds are valued using observable market prices or market parameters such as time-to-maturity, coupon rate, quality rating and current yield.

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NOTES TO FINANCIAL STATEMENTS

5. FEDERAL INCOME TAX STATUS

The Internal Revenue Service (IRS) has determined and informed the Company by a letter dated November 28, 2012, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). Although the Plan has been amended since receiving the determination letter to adopt IRS required amendments in connection with issuing the determination letter, the Plan administrator and the Plan's benefits counsel believe that the Plan is designed, and is currently being operated, in compliance with the applicable requirements of the IRC and, therefore, believe that the Plan is qualified, and the related trust is tax-exempt. On or about January 31, 2014, the Company submitted an application to the IRS requesting an updated determination letter on the qualified status of the Plan. Along with the determination letter, an application under the IRS' Employee Plans Compliance Resolution System was made to correct certain plan documents and operational errors.

GAAP requires Plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan administrator believes it is no longer subject to income tax examinations for years prior to 2010.

6. RELATED-PARTY TRANSACTIONS

Certain Plan investments are in the Company's Common Stock. Since the Company is the Plan Sponsor, these transactions qualify as party-in-interest transactions. Certain administrative functions are performed by the officers and employees of the Company (who may also be Participants in the Plan) at no cost to the Plan.

As of December 31, 2013 and 2012, the Master Trust held 5,658,646 and 5,617,134 shares, respectively, of the Company's Common Stock, in the ESOP Fund and the Company Stock Fund, with a market value per share of $32.04 and $30.60, respectively.

For the year ended December 31, 2013, the Master Trust recorded dividend income of approximately $7.3 million from the Company's Common Stock.

These transactions are not deemed prohibited party-in-interest transactions, because they are covered by statutory or administrative exemptions from ERISA's rules on prohibited transactions.

7. PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in ERISA. In the event of Plan termination, Participants will become 100 percent vested in their accounts.

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NOTES TO FINANCIAL STATEMENTS

8. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of net assets available for benefits per the financial statements to Form 5500:

	2013	2012
Net assets available for benefits per the financial statements	$1,239,622,462	$1,064,969,607
Adjustment from contract value to fair value for fully benefit-responsive investment contracts	9,322,478	22,166,300
Net assets available for benefits per Form 5500	$1,248,944,940	$1,087,135,907

The Form 5500 includes a Net Investment Gain of $148,622,692 from Master Trust Investments for the year ended December 31, 2013 consisting of $149,997,547 of Investment Gains (comprised of the $162,841,369 of the Plan's interest in gains of Master Employee Benefit Plan Trust less the $12,843,822 adjustment from fair value to contract value for fully benefit-responsive investment contracts) less $1,374,855 of administrative expenses.

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PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
EMPLOYEE SAVINGS PLAN
PLAN No. 006, EIN No. 22-2625848

SCHEDULE H, PART IV LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)
DECEMBER 31, 2013

Identity of Issue, Borrower or Similar Party	Description of Investment	Cost	Current Value
Various Participants *	2,711 Participant Loans (maturing 2014 to 2019 at interest rates of 3.25% to 9.50%), secured by participant accounts	$ 0	$34,486,243

* Permitted party-in-interest.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the Plan) have duly caused this Annual Report to be signed by the undersigned thereunto duly authorized.

Public Service Enterprise Group Incorporated
Employee Savings Plan
(Name of Plan)

By: /s/ Margaret M. Pego
Margaret M. Pego
Chairperson of Employee
Benefits Committee

Date: June 30, 2014

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EXHIBIT INDEX

Exhibit Number	
99	Consent of Independent Registered Public Accounting Firm

S1-SSA-0009 - 29693

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EXHIBIT 99

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (033-44582) of Public Service Enterprise Group Incorporated of our report dated June 30, 2014, relating to the financial statements and supplemental schedule of Public Service Enterprise Group Incorporated Employee Savings Plan which appear on this Form 11-K for the year ended December 31, 2013.

/s/ Kronick Kalada Berdy & Co., P.C.
Kingston, Pennsylvania
June 30, 2014

S1-SSA-0009 - 29694

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 11-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED)**

For the year ended December 31, 2013

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED)**

Commission File Number 001-09120

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED

THRIFT AND TAX-DEFERRED SAVINGS PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
80 PARK PLAZA
NEWARK, NEW JERSEY 07102
MAILING ADDRESS: P.O. Box 1171
NEWARK, NEW JERSEY 07101-1171

S1-SSA-0009 - 29695

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PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
THRIFT AND TAX-DEFERRED SAVINGS PLAN

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All other schedules required by Section 2520.103.10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Trustee and Participants of Public Service Enterprise Group Incorporated
Thrift and Tax-Deferred Savings Plan:

We have audited the accompanying statements of net assets available for benefits of Public Service Enterprise Group Incorporated Thrift and Tax-Deferred Savings Plan (the "Plan") as of December 31, 2013 and 2012 and the related statement of changes in net assets available for benefits for the year ended December 31, 2013. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2013 and 2012 and the changes in net assets available for benefits for the year ended December 31, 2013, in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2013 is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Kronick Kalada Berdy & Co., P.C.
Kingston, Pennsylvania
June 30, 2014

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PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
THRIFT AND TAX-DEFERRED SAVINGS PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	As of December 31,	
	2013	2012
	(Thousands)	
ASSETS		
Investments at Fair Value:		
Plan Interest in Master Employee Benefit Plan Trust (Note 3)	$1,419,555	$1,255,217
Total Investments	1,419,555	1,255,217
Receivables:		
Participant Loans	15,948	14,608
Deposits and Contributions – Employees	1,512	1,458
Deposits and Contributions – Employer	476	523
Total Receivables	17,936	16,589
Total Assets	1,437,491	1,271,806
LIABILITIES		
Accounts Payable	370	416
Accrued Expenses	552	423
Total Liabilities	922	839
NET ASSETS AVAILABLE FOR BENEFITS, AT FAIR VALUE	1,436,569	1,270,967
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	(10,732)	(25,943)
NET ASSETS AVAILABLE FOR BENEFITS	$1,425,837	$1,245,024

See Notes to Financial Statements.

S1-SSA-0009 - 29698

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PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
THRIFT AND TAX-DEFERRED SAVINGS PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
YEAR ENDED DECEMBER 31, 2013

	(Thousands)
ADDITIONS	
Net Investment Income	
Plan Interest in Income of Master Employee Benefit Plan Trust (Note 3)	$ 186,398
Interest on Participant Loans	626
Total Net Investment Income	187,024
Deposits and Contributions	
Employees	45,984
Employer	15,417
Total Deposits and Contributions	61,401
Total Additions	248,425
DEDUCTIONS	
Benefit Payments to Participants	70,430
Administrative Expenses	1,419
Total Deductions	71,849
INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS, PRIOR TO TRANSFERS	176,576
Transfers from Employee Savings Plan - Net	4,237
INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS	180,813
NET ASSETS AVAILABLE FOR BENEFITS	
Beginning of Year	1,245,024
End of Year	$1,425,837

See Notes to Financial Statements.

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NOTES TO FINANCIAL STATEMENTS

1. DESCRIPTION OF THE PLAN

General

The following description of the Public Service Enterprise Group Incorporated Thrift and Tax-Deferred Savings Plan ("Plan") is provided for general information purposes only. Participants should refer to the Plan Document and the Summary Plan Description ("SPD") for more information.

The Plan is a defined contribution retirement plan covering substantially all non-bargaining unit employees of Public Service Enterprise Group Incorporated ("Company") and its Participating Affiliates (each, an "Employer"). The Company's Employee Benefits Committee ("Benefits Committee") is the Named Fiduciary of the Plan and controls and manages its operation and administration. The Company's Thrift and Pension Investment Committee ("TPIC") is the Named Fiduciary of the Plan responsible for management of the Plan investments and the selection, and monitoring of the funds offered under the Plan. The trustee of the Plan, The Bank of New York Mellon ("Trustee"), is responsible for the custody of the Plan's assets. Aon Hewitt is the record keeper of the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

Substantially all of the Plan's assets are held in a trust account by the Trustee and consist of a divided interest in an investment account of the Master Employee Benefit Plan Trust ("Master Trust"), a master trust established by the Company and administered by the Trustee.

Contributions, Deposits and Investment Options

Generally, Participants may contribute from 1% to 8% of their annual eligible compensation each year as basic deposits, as defined in the Plan ("Basic Deposits"), subject to certain Internal Revenue Code ("IRC") limitations. The Participant's Employer contributes an amount equal to 50% of each Participant's Basic Deposit as its matching contribution to the Plan ("Employer Contributions"). Employer Contributions begin after that Participant has completed 1,000 hours of service, as defined in the Plan, with his/her Employer. Employer Contributions are made in cash. Participants may also contribute amounts representing distributions from other qualified plans and certain Individual Retirement Accounts ("IRA's").

Participants have the ability to make Roth Elective Deferrals within the Plan. In addition, a Participant may elect to make supplemental deposits to the Plan in increments of 1% of compensation up to an additional 42% of compensation ("Supplemental Deposits"), subject to certain IRC limitations, without any corresponding matching Employer Contribution. Participants may designate such Basic and/or Supplemental Deposits as post-income tax contributions or Roth Elective Deferrals (together, "Nondeferred Deposits"), or pre-income tax contributions ("Deferred Deposits").

Each Participant may, within any Plan Year, make one or more additional lump sum deposits on a nondeferred basis in minimum amounts of $250 and in such total amounts which, when aggregated with such Participant's Basic Deposits and Supplemental Deposits, do not exceed 50% of his or her compensation for that Plan Year, subject to IRC limitations.

Participants may direct the investment of their accounts into various investment options offered by the Plan. The Plan offers investment options in Investment Contracts, the Common Stock of the Company via the Enterprise Common Stock Fund ("Company Stock Fund") and the Employee Stock Ownership Plan ("ESOP") Fund, the Schwab Personal Choice Retirement Account ("PCRA") Fund, mutual funds consisting of various target-date funds, other mutual funds and pre-mix portfolios (which are invested in specific percentages of the mutual funds).

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NOTES TO FINANCIAL STATEMENTS

The ESOP Fund includes amounts only for Participants who were hired prior to August 1, 1986 and eligible for participation. Contributions to, or transfers into the ESOP Fund are no longer permitted. ESOP Fund Participants receive quarterly payments directly from the Trustee equal to the dividends paid to the Trustee on the shares of the Company Common Stock held for their account in the ESOP Fund.

Participant Accounts

Individual accounts are maintained for each Participant. Each Participant's account consists of (a) Participant's contributions (b) applicable Employer contributions, (c) earnings and/or losses, and (d) specific Participant transactions, as defined. The Participant's account is reduced for certain administrative expenses. The benefit to which a Participant or beneficiary is entitled upon death, disability, retirement or termination of service, as applicable, is the benefit that can be provided from the Participant's vested account.

Participants who have elected to participate in the Company Stock Fund may elect to have the dividends on the shares of the Common Stock paid directly to the Participant (or beneficiary) in cash or paid to the Participant's account, which will then be reinvested in the Company Common Stock Fund. The reinvestment provision is not applicable with respect to Company Common Stock held in a Participant's ESOP Fund.

Participant Loans

Except as discussed in the following paragraph, Participants may borrow from their Plan accounts a minimum of $1,000 up to a maximum equal to the lesser of $50,000 or 50% of their vested account balance at the time the loan is originated. The loans are secured by the balance in the Participant's account and existing loans bear interest at rates that at December 31, 2013, range from 3.25% to 8.25%, which are commensurate with local prevailing rates at the time that the loan was originated, as determined, at such time by the Benefits Committee. Principal and interest is paid ratably through payroll deductions.

No amounts may be loaned directly from any ESOP Fund, from any portion of a Participant's account attributable to transfers from the Cash Balance Pension Plan of Public Service Enterprise Group Incorporated ("Cash Balance Plan") or from assets held in the Schwab PCRA Fund. Participants can initiate only one loan per calendar year and may have no more than two loans outstanding at any one time.

These loans are measured at their unpaid principal balances plus any accrued but unpaid interest.

Payment of Benefits

Upon termination of service due to retirement, a Participant may elect to receive an amount equal to the value of the vested interest in his or her account in either a lump-sum payment, or in quarterly or annual installments over a period not to exceed ten years, or may elect to leave the account balance in the Plan and elect a distribution at a later time. If a Participant is no longer working for the Company and has a balance in the Plan, he or she must begin to receive distributions from his or her account no later than April 1 following the calendar year in which he or she reaches age 70 ½. If a Participant's account balance is less than $1,000 at the time of termination, the Participant will receive an automatic lump-sum payment for the entire account balance. For termination due to death, the Participant's beneficiary will receive a lump-sum distribution equal to the value of the Participant's vested interest in his or her account. For termination of service for reasons other than those described above, the Participant may elect to receive a lump-sum distribution equal to the value of the Participant's vested interest in his or her account, or leave the account balance in the Plan and elect a distribution at a later date, but not later than April 1 following the calendar year in which he or she reaches age 70 ½.

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NOTES TO FINANCIAL STATEMENTS

If a Participant withdraws Basic and/or Supplemental Deposits and/or vested Employer Contributions before such amounts have been in the Plan for twenty-four months, the Plan imposes a penalty in that such Participant will not be eligible to receive matching Employer Contributions during the subsequent three months.

Withdrawals of Nondeferred Deposits and Employer Contributions are made as soon as practicable after such elections are received by the Plan's record keeper. Nondeferred Deposits may be withdrawn at any time, but certain penalties may apply. Deferred Deposits may not be withdrawn during employment prior to age 59 ½ except for reasons of extraordinary financial hardship and to the extent permitted by the IRC ("hardship withdrawals"). Distributions to Participants of approved hardship withdrawals are made as soon as practicable after such approval.

Vesting

All Participants are 100% vested in the Plan from the first date of hire, except for certain amounts transferred from the Cash Balance Plan, for which the vesting schedule under the Cash Balance Plan applies.

Forfeitures

Any nonvested portion (certain amounts transferred from the Cash Balance Plan) of the Participant's account, determined as of the date of severance from employment, will be forfeited and will be applied thereafter to reduce a subsequent contribution or contributions of the Employer as provided in the Plan. If such former Participant is rehired on or before the end of and remains employed by an Employer at the end of the fifth Plan Year after the Plan Year in which such severance occurred, then such nonvested portion of the Participant's Account will be reinstated by the Employer and the Participant's right thereto will be determined as if the Participant had not terminated employment, provided that the Participant repays to the Plan the amount of any distribution paid to him or her resulting from the severance from employment.

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NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Plan have been prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America ("GAAP") which requires investment contracts held by a defined contribution plan to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount Participants would receive if they were to initiate permitted transactions under the terms of the Plan. Therefore, the Statements of Net Assets Available for Benefits present the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The Statement of Changes in Net Assets Available for Benefits is prepared on a contract value basis for fully benefit-responsive investment contracts.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires Plan management to make estimates and assumptions that affect the reported amounts of net assets available for benefits and changes therein and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Risks and Uncertainties

The Plan permits Participants to select from among various investment options. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near-term and that such changes could materially affect Participants' account balances and the amounts reported in the financial statements.

Investment Valuation and Income Recognition

The Plan's investment is in the Master Trust. The investments maintained in the Master Trust are stated at fair value, as determined by quoted market prices, except for its contracts within the Stable Value Fund, which are valued at contract value, Short-Term Investments and Cash Equivalents. The Master Trust's investments in the investment contracts of the Stable Value Fund are with various insurance companies and other financial institutions. Non-participating investment contract fair values were determined using a discounted cash flow method. Based on its duration, the estimated cash flow of each contract was discounted using a yield curve interpolated from swap rates and adjusted for liquidity and credit quality. For those contracts with no stated payment dates, the projected value at the end of the required days notice period was assumed to pay in full and this payment was then discounted following the process described above. Contract value is discussed in Note 3. The Fixed Income Fund is stated at fair value using observable inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

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NOTES TO FINANCIAL STATEMENTS

Certain Short-Term Investments and Cash Equivalents are stated at cost, which approximates fair market value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on an accrual basis. Dividend income is recorded on the ex-dividend date.

Payment of Benefits

Benefit payments to Participants are recorded upon distribution. Amounts allocated to accounts of persons who have elected to withdraw from the Plan, but have not yet been paid were $315,567 and $753,384 as of December 31, 2013 and 2012, respectively.

Administrative Expenses of the Plan

Certain expenses incurred with the general administration of the Plan, including taxes and brokerage costs, are recorded in the accompanying Statement of Changes in Net Assets Available for Benefits. Certain administrative functions performed by the officers and employees of the Company are paid by Employers (Note 6).

Transfers of the ESOP Fund

Participants are permitted to transfer all, but not less than all, of the shares of the Company's Common Stock from their ESOP Fund to other investment options in the Plan. To effectuate such transfers, the Trustee will sell the shares of the Company's Common Stock held in the ESOP Fund and invest the proceeds in the other investment funds designated by the Participant. The cash value of each share of the Company's Common Stock transferred will be equal to the price per share of the Company's Common Stock actually received by the Trustee.

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NOTES TO FINANCIAL STATEMENTS

3. INVESTMENT OF THE PLAN AND THE PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED EMPLOYEE SAVINGS PLAN (SAVINGS PLAN) IN THE MASTER TRUST

Use of the Master Trust permits the commingling of trust assets with the assets of the Savings Plan for investment and administrative purposes. The Savings Plan is a defined contribution retirement plan available to represented employees of the Employers. Although assets of both plans are commingled in the Master Trust, the Trustee maintains supporting records for the purpose of allocating the net assets and income or loss of the investment account to the respective participating plans. The net assets and the investment income or loss of the investment assets is allocated by the Trustee to each participating plan based on the relationship of the interest of each plan to the total of the interests of the participating plans. As of December 31, 2013 and 2012, the Plan's interests in the assets of the Master Trust were approximately 54%, for both years.

	As of December 31,	
	2013	2012
	(Thousands)	
Investments of Master Trust at Fair Value:		
Cash Equivalents and Short-Term Investments	$ 52,173	$ 34,040
Common Stock of Public Service Enterprise Group Incorporated*	181,303	171,884
Mutual Funds	1,468,617	1,151,684
Investment Contracts (Stable Value Fund)	847,353	882,339
Schwab PCRA Fund (a)	84,346	70,229
Total Investments	$2,633,792	$2,310,176

	For the Year Ended December 31, 2013
	(Thousands)
Investment Income of Master Trust:	
Net Appreciation in Fair Value of Mutual Funds	$ 301,527
Net Appreciation in Fair Value of Common Stock of Public Service Enterprise Group Incorporated*	9,175
Net Appreciation in Fair Value of Schwab PCRA Fund (a)	13,143
Interest from Investment Contracts	18,084
Dividends from Common Stock of Public Service Enterprise Group Incorporated*	7,310
Total Investment Income, Net	$ 349,239

(a) Amounts primarily relate to equity investments in stocks and in mutual funds. The net change in fair value is primarily comprised of realized/unrealized gains or losses and dividends earned on these equity investments.

* Permitted party-in-interest.

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NOTES TO FINANCIAL STATEMENTS

Assets of the Stable Value Fund

The Stable Value Fund utilizes a "building block" approach that invests in a series of proprietary commingled fixed income funds to build each stable value portfolio. This approach provides significant diversification, typically between 2,500 and 3,000 individual securities broadly diversified across fixed income sectors. As of December 31, 2013, the Stable Value Fund was comprised of the following:

Issuer	Expiration	Effective Rate	Fair Value (Thousands)
Bank of Tokyo (A)	Open-Ended	1.87%	$ 76,596
ING Life Insurance & Annuity Co. (A)	Open-Ended	2.42%	50,364
ING Life Insurance & Annuity Co. (A)	Open-Ended	1.67%	48,834
ING Life Insurance & Annuity Co. (A)	Open-Ended	1.62%	113,954
Monumental Life (A)	Open-Ended	2.11%	207,166
Pacific Life Insurance (A)	Open-Ended	2.29%	154,564
Pacific Life Insurance (A)	Open-Ended	1.55%	53,675
Prudential Ins Co. (A)	Open-Ended	1.92%	142,200
Total Investment Contracts			847,353
Investment in BNY Mellon Short-Term Investment Fund		0.03%	19,921
Total Stable Value Fund			$ 867,274

(A) Managed by INVESCO Institutional, Inc.

As of December 31, 2012, the Stable Value Fund was comprised of the following:

Issuer	Expiration	Effective Rate	Fair Value (Thousands)
Bank of America (A)	Open-Ended	2.28%	$ 102,170
ING Life Insurance & Annuity Co. (A)	Open-Ended	2.97%	51,568
ING Life Insurance & Annuity Co. (A)	Open-Ended	2.25%	48,941
ING Life Insurance & Annuity Co. (A)	Open-Ended	2.35%	114,306
Monumental Life (A)	Open-Ended	2.80%	209,409
Pacific Life Insurance (A)	Open-Ended	2.85%	156,851
Pacific Life Insurance (A)	Open-Ended	2.25%	53,867
Prudential Ins Co. (A)	Open-Ended	2.49%	145,227
Total Investment Contracts			882,339
Investment in BNY Mellon Short-Term Investment Fund		0.05%	22,007
Total Stable Value Fund			$ 904,346

(A) Managed by INVESCO Institutional, Inc.

Most of the investments in the Stable Value Fund are in benefit-responsive investment contracts. The units in the underlying "building block funds" are held by the Plan's Trustee. The accounts are credited with earnings on the underlying investments and charged for Participant withdrawals and administrative expenses. The investment contract issuer is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Master Trust.

As described in Note 2, because the investment contracts are fully benefit-responsive, contract value is the relevant measurement attribute for that portion of the net assets available for benefits attributable to the

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NOTES TO FINANCIAL STATEMENTS

investment contracts. Contract value, as reported to the Master Trust by the Stable Value Fund managers, represents contributions made under the contracts, plus earnings, less Participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value.

There are no reserves against contract value for credit risk of the contract issuers or otherwise. The crediting interest rate is based on a formula agreed upon with the issuers, but may not be less than zero. Such rates are reviewed on a quarterly basis for resetting.

Certain events limit the ability of the Master Trust, as directed by the Plan, to transact at contract value with the issuers. Such events include the following: (1) amendments to the Plan documents (including complete or partial plan termination or merger with another plan), (2) changes to the Plan's prohibition on competing investment options or deletion of equity wash provisions, (3) bankruptcy of the Plan Sponsor or other events (for example, divestitures or spin-offs of a subsidiary) that cause a significant withdrawal from the Plan, or (4) the failure of the Master Trust to qualify for exemption from federal income taxation or any required prohibited transaction exemption under ERISA. The TPIC does not believe that the occurrence of any such value event, which would limit the Plan's ability to transact at contract value with Participants, is probable.

The average yield based on actual earnings was approximately 1.38% and 0.94% for 2013 and 2012, respectively. The average yield based on interest rate credited to Participants was approximately 1.93% and 2.52% for 2013 and 2012, respectively.

The fair market value of the wrapper contracts in the Stable Value Fund, which is the difference between the Fund's fair value and contract value, was higher by $20,053,990 and $48,109,587 as of December 31, 2013 and 2012 respectively.

Assets of the Company Stock Fund

The assets of the Company Stock Fund are invested in shares of the Company's Common Stock.

Schwab PCRA Fund

The Schwab PCRA Fund is a self-directed brokerage account in which Participants can select and manage a wide selection of investments, including mutual funds and stocks. Deposits into the Schwab PCRA Fund must come from balances transferred from the other options in the Plan. Participants may transfer up to 100% of their account balance, less certain fees, to the Schwab PCRA Fund.

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NOTES TO FINANCIAL STATEMENTS

4. FAIR VALUE MEASUREMENTS

GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1—measurements utilize quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2—measurements include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and other observable inputs such as interest rates and yield curves that are observable at commonly quoted intervals.
- Level 3—measurements use unobservable inputs for assets or liabilities, based on the best information available and might include an entity's own data and assumptions.

In some valuations, the inputs may fall into different levels of the hierarchy. In these cases, the financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The following tables present information about the Master Trust's investments measured at fair value on a recurring basis at December 31, 2013 and December 31, 2012, including the fair value measurements and the levels of inputs used in determining those fair values.

	Recurring Fair Value Measurements as of December 31, 2013			
Description	Total	Quoted Market Prices for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(Thousands)			
Cash and Cash Equivalents	$ 52,173	$ 52,162	$ 11	$ 0
Common Stock of Public Service Enterprise Group Incorporated	181,303	181,303	0	0
Mutual Funds:				
Vanguard Developed Markets	245,240	245,240	0	0
Vanguard Institutional Index Fund	501,411	501,411	0	0
Vanguard Mid Cap Fund	238,378	238,378	0	0
Vanguard Small Cap Fund	217,213	217,213	0	0
Vanguard Target Retirement Funds	131,592	0	131,592	0
Fixed Income Securities	134,783	0	134,783	0
Stable Value Fund	847,353	0	847,353	0
Schwab PCRA Fund	84,346	84,346	0	0
Total Investment in Master Trust	$2,633,792	$ 1,520,053	$1,113,739	$ 0

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NOTES TO FINANCIAL STATEMENTS

Description	Recurring Fair Value Measurements as of December 31, 2012			
	Total	Quoted Market Prices for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	(Thousands)			
Cash and Cash Equivalents	$ 34,040	$ 24,974	$ 9,066	$ 0
Common Stock of Public Service Enterprise Group Incorporated	171,884	171,884	0	0
Mutual Funds:				
Vanguard Developed Markets	192,666	192,666	0	0
Vanguard Institutional Index Fund	376,099	376,099	0	0
Vanguard Mid Cap Fund	169,242	169,242	0	0
Vanguard Small Cap Fund	155,031	155,031	0	0
Vanguard Target Retirement Funds	94,166	94,166	0	0
Fixed Income Securities	164,480	0	164,480	0
Stable Value Fund	882,339	0	882,339	0
Schwab PCRA Fund	70,229	70,229	0	0
Total Investment in Master Trust	$2,310,176	$ 1,254,291	$1,055,885	$ 0

Certain commingled cash equivalents included in temporary investment funds are valued using observable market prices or market parameters such as time-to-maturity, coupon rate, quality rating and current yield.

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NOTES TO FINANCIAL STATEMENTS

5. FEDERAL INCOME TAX STATUS

The Internal Revenue Service (IRS) has determined and informed the Company by a letter dated November 28, 2012, that the Plan and related trust, are designed in accordance with applicable sections of the Internal Revenue Code (IRC). Although the Plan has been amended since receiving the determination letter to adopt IRS required amendments in connection with issuing the determination letter, the Plan administrator and the Plan's benefits counsel believe that the Plan is designed, and is currently being operated, in compliance with the applicable requirements of the IRC and, therefore, believe that the Plan is qualified, and the related trust is tax-exempt. On or about January 31, 2014, the Company submitted an application to the IRS requesting an updated determination letter on the qualified status of the Plan. Along with the determination letter, an application under the IRS' Employee Plans Compliance Resolution System was made to correct certain plan documents and operational errors.

GAAP requires Plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan administrator believes it is no longer subject to income tax examinations for years prior to 2010.

6. RELATED-PARTY TRANSACTIONS

Certain Plan investments are in the Company's Common Stock. Since the Company is the Plan Sponsor, these transactions qualify as party-in-interest transactions. Certain administrative functions are performed by the officers and employees of the Company (who may also be Participants in the Plan) at no cost to the Plan.

As of December 31, 2013 and 2012, the Master Trust held 5,658,646 and 5,617,134 shares, respectively, of the Company's Common Stock, in the ESOP Fund and the Company Stock Fund, with a market value per share of $32.04 and $30.60, respectively.

For the year ended December 31, 2013, the Master Trust recorded dividend income of approximately $7.3 million from the Company's Common Stock.

These transactions are not deemed prohibited party-in-interest transactions, because they are covered by statutory or administrative exemptions from ERISA's rules on prohibited transactions.

7. PLAN TERMINATION

Although it has not expressed any intention to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in ERISA. In the event of Plan termination, Participants will become 100 percent vested in their accounts.

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NOTES TO FINANCIAL STATEMENTS

8. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of net assets available for benefits per the financial statements to Form 5500:

	2013	2012
Net assets available for benefits per the financial statements	$1,425,837,433	$1,245,024,142
Adjustment from contract value to fair value for fully benefit-responsive investment contracts	10,731,512	25,943,287
Net assets available for benefits per Form 5500	$1,436,568,945	$1,270,967,429

The Form 5500 includes a Net Investment Gain of $169,768,290 from Master Trust Investments for the year ended December 31, 2013 consisting of $171,187,007 of Investment Gains (comprised of the $186,398,782, of the Plan's interest in gains of Master Employee Benefit Plan Trust less the $15,211,775 adjustment from fair value to contract value for fully benefit-responsive investment contracts) less $1,418,717 of administrative expenses.

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PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
THRIFT AND TAX-DEFERRED SAVINGS PLAN
PLAN No. 004, EIN No. 22-2625848

SCHEDULE H, PART IV LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR) DECEMBER 31, 2013

Identity of Issue, Borrower or Similar Party	Description of Investment	Cost	Current Value
Various Participants*	1,113 Participant Loans (maturing 2014 to 2019 at interest rates of 3.25% to 8.25%), secured by participant accounts	$ 0	$15,947,629

* Permitted party-in-interest.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the Plan) have duly caused this Annual Report to be signed by the undersigned thereunto duly authorized.

Public Service Enterprise Group Incorporated
Thrift and Tax-Deferred Savings Plan
(Name of Plan)

By: /s/ Margaret M. Pego
Margaret M. Pego
Chairperson of Employee
Benefits Committee

Date: June 30, 2014

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EXHIBIT INDEX

Exhibit Number	
99	Consent of Independent Registered Public Accounting Firm

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EXHIBIT 99

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (033-44581) of Public Service Enterprise Group Incorporated of our report dated June 30, 2014, relating to the financial statements and supplemental schedule of Public Service Enterprise Group Incorporated Thrift and Tax-Deferred Savings Plan which appear on this Form 11-K for the year ended December 31, 2013.

/s/ Kronick Kalada Berdy & Co., P.C.
Kingston, Pennsylvania
June 30, 2014

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Filed Pursuant to Rule 424(b)(5)
Registration Statement No. 333-200352

This preliminary prospectus supplement relates to an effective registration statement under the Securities Act of 1933, as amended, but is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED NOVEMBER 2, 2017

PROSPECTUS SUPPLEMENT
NOVEMBER , 2017
TO PROSPECTUS DATED NOVEMBER 18, 2014

$

Public Service Enterprise Group Incorporated

% Senior Notes Due 2022

We will pay interest on the % Senior Notes due 2022, or the Senior Notes, semi-annually on and of each year, beginning on , 2018. The Senior Notes will mature at par on November 15, 2022, unless we redeem them in accordance with their terms prior to such date.

The Senior Notes will be our senior unsecured obligations and will rank equally in right of payment with our other existing and future senior unsecured indebtedness; senior in right of payment to any of our indebtedness that is expressly subordinated in right of payment to the Senior Notes; effectively junior in right of payment to any of our future secured indebtedness to the extent of the value of the assets securing such indebtedness; and structurally junior to all indebtedness and other liabilities of our subsidiaries.

We may redeem some or all of the Senior Notes at any time at the applicable redemption price, as more fully described in this prospectus supplement under the caption "Description of the Senior Notes — Optional Redemption." There is no sinking fund for the Senior Notes.

The Senior Notes will be issued only in registered form in denominations of $2,000 and integral multiples of $1,000 in excess thereof.

Investing in the Senior Notes involves risks. See "Risk Factors" beginning on page 6 of the accompanying prospectus, as well as the risk factors contained in our Annual Report on Form 10-K for the year ended December 31, 2016 and in our other periodic reports filed with the Securities and Exchange Commission, which are incorporated herein by reference.

	Per Senior Note	Total
Public Offering Price[1]	%	$
Underwriting Discount	%	$
Proceeds, Before Expenses, to PSEG[1]	%	$

[1] Plus accrued interest, if any, from November , 2017, if settlement occurs after that date.

The underwriters expect to deliver the Senior Notes in book-entry form only through The Depository Trust Company, Clearstream Banking, S.A and Euroclear Bank S.A./N.V. on or about November , 2017.

Neither the Securities and Exchange Commission nor any state or other securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Joint Book-Running Managers

Barclays **J.P. Morgan** **Morgan Stanley**
CIBC Capital Markets **RBC Capital Markets** **TD Securities**

Co-Managers

BNY Mellon Capital Markets, LLC **PNC Capital Markets LLC**
US Bancorp **Loop Capital Markets**

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You should rely only on the information contained or incorporated by reference or deemed to be incorporated by reference in this prospectus supplement, the accompanying prospectus and any free writing prospectus we may provide to you. We have not, and the underwriters have not, authorized any other person to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted.

You should not assume that the information in this prospectus supplement, the accompanying prospectus, any free writing prospectus we may provide to you and any document incorporated by reference herein and therein is accurate as of any date other than the date of the applicable document. Our business, prospects, financial condition, results of operations and cash flows may have changed since such dates.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first is this prospectus supplement, which describes the specific terms of the offering of the Senior Notes and certain other matters relating to us and the underwriters. The second part, the accompanying prospectus, gives more general information about securities we may offer from time to time, some of which information may not apply to the Senior Notes we are offering in this prospectus supplement.

If the description of the Senior Notes varies between this prospectus supplement and the accompanying prospectus, you should rely on the information contained in or incorporated by reference into this prospectus supplement.

Unless we have indicated otherwise, or the context otherwise requires (e.g., in the case of the issuer of the Senior Notes), references in this prospectus supplement and the accompanying prospectus to "PSEG," "we," "us" and "our" or similar terms are to Public Service Enterprise Group Incorporated and its consolidated subsidiaries.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Securities and Exchange Commission, or the SEC, allows us to "incorporate by reference" information that we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference or deemed incorporated by reference is an important part of this prospectus supplement and the accompanying prospectus, and information that we file later with the SEC will be deemed to automatically update and supersede this incorporated information. We incorporate by reference the following documents filed with the SEC and any future filings made with the SEC under Section 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, prior to the termination of the offering of the Senior Notes pursuant to this prospectus supplement (other than, in each case, documents or information deemed to have been furnished and not filed in accordance with SEC rules).

- Our Annual Report on Form 10-K for the year ended December 31, 2016;
- Our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2017, June 30, 2017, and September 30, 2017;
- Portions of our Definitive Proxy Statement on Schedule 14A for the Annual Meeting of Stockholders of PSEG held on April 18, 2017, filed with the SEC on March 14, 2017, that are incorporated by reference into Part III of our Annual Report on Form 10-K for the year ended December 31, 2016; and
- Our Current Reports on Form 8-K filed on April 20, 2017, May 10, 2017, and June 23, 2017.

You can get a free copy of any of the documents incorporated by reference by making an oral or written request directed to:

Vice President, Investor Relations
PSEG Services Corporation
80 Park Plaza, 6th Floor
Newark, NJ 07102
Telephone (973) 430-6565

FORWARD-LOOKING STATEMENTS

This prospectus supplement or other offering materials may contain or incorporate by reference statements about our and our subsidiaries' future performance, including, without limitation, future revenues, earnings, strategies, prospects, consequences and all other statements that are not purely historical that constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those anticipated. Such statements are based on management's beliefs as well as assumptions made by and information currently available to management. When used herein, the words "anticipate," "intend," "estimate," "believe," "expect," "plan," "should," "hypothetical," "potential," "forecast," "project," variations of such words and similar expressions are intended to identify forward-looking statements. Factors that may cause actual results to differ are often presented with the forward-looking statements themselves. Other factors that could cause actual results to differ materially from those contemplated in any forward-looking statements made by us herein are

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discussed in filings we make with the SEC, including our Annual Report on Form 10-K and subsequent reports on Form 10-Q and Form 8-K. These factors include, but are not limited to:

- fluctuations in wholesale power and natural gas markets, including the potential impacts on the economic viability of our generation units;
- our ability to obtain adequate fuel supply;
- any inability to manage our energy obligations with available supply;
- increases in competition in wholesale energy and capacity markets;
- changes in technology related to energy generation, distribution and consumption and customer usage patterns;
- economic downturns;
- third-party credit risk relating to our sale of generation output and purchase of fuel;
- adverse performance of our decommissioning and defined benefit plan trust fund investments and changes in funding requirements;
- changes in state and federal legislation and regulations;
- the impact of pending rate case proceedings;
- regulatory, financial, environmental, health and safety risks associated with our ownership and operation of nuclear facilities;
- adverse changes in energy industry laws, policies and regulations, including market structures and transmission planning;
- changes in federal and state environmental regulations and enforcement;
- delays in receipt of, or an inability to receive, necessary licenses and permits;
- adverse outcomes of any legal, regulatory or other proceeding, settlement, investigation or claim applicable to us and/or the energy industry;
- changes in tax laws and regulations;
- the impact of our holding company structure on our ability to meet our corporate funding needs, service debt and pay dividends;
- lack of growth or slower growth in the number of customers or changes in customer demand;
- any inability of PSEG Power LLC to meet its commitments under forward sale obligations;
- reliance on transmission facilities that we do not own or control and the impact on our ability to maintain adequate transmission capacity;
- any inability to successfully develop or construct generation, transmission and distribution projects;
- any equipment failures, accidents, severe weather events or other incidents that impact our ability to provide safe and reliable service to our customers;
- our inability to exercise control over the operations of generation facilities in which we do not maintain a controlling interest;
- any inability to maintain sufficient liquidity;
- any inability to realize anticipated tax benefits or retain tax credits;
- challenges associated with recruitment and/or retention of key executives and a qualified workforce;
- the impact of our covenants in our debt instruments on our operations; and
- the impact of acts of terrorism, cybersecurity attacks or intrusions.

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Additional information concerning these factors is set forth or referred to under "Risk Factors" in the accompanying prospectus.

All of the forward-looking statements made in this prospectus supplement and the other offering materials are qualified by these cautionary statements and we cannot assure you that the results or developments anticipated by management will be realized or even if realized, will have the expected consequences to, or effects on, us or our business, prospects, financial condition, results of operations or cash flows. Readers are cautioned not to place undue reliance on these forward-looking statements in making any investment decision. Forward-looking statements made in this prospectus supplement or the other offering materials apply only as of the date of this prospectus supplement or such other offering materials. While we may elect to update forward-looking statements from time to time, we specifically disclaim any obligation to do so, even in light of new information or future events, unless otherwise required by applicable securities laws.

The forward-looking statements contained in this prospectus supplement and the other offering materials are intended to qualify for the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Exchange Act.

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SUMMARY

The following summary contains basic information about us and the offering. It may not contain all of the information that may be important to you in making a decision to purchase the Senior Notes. You should read this entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference or deemed to be incorporated by reference before making your investment decision.

Public Service Enterprise Group Incorporated

We are a holding company with a diversified business mix within the energy industry. Our operations are located primarily in the Northeastern and Mid-Atlantic United States. Our business approach focuses on operational excellence, financial strength and disciplined investment. As a holding company, our profitability depends on our subsidiaries' operating results. We have two principal direct, wholly-owned subsidiaries:

- Public Service Electric and Gas Company, which is a public utility engaged principally in the transmission of electricity and distribution of electricity and natural gas in certain areas of New Jersey; and
- PSEG Power LLC, which is a multi-regional energy supply company that integrates the operations of its merchant nuclear and fossil generating assets with its power marketing businesses through competitive energy sales in well-developed energy markets and fuel supply functions primarily in the Northeast and Mid-Atlantic United States.

Our other direct, wholly-owned subsidiaries are:

- PSEG Energy Holdings L.L.C., which earns revenues primarily from its portfolio of lease investments;
- PSEG Long Island LLC, which operates the Long Island Power Authority's electric transmission and distribution system under a contractual agreement; and
- PSEG Services Corporation, which provides us and our operating subsidiaries with certain management, administrative and general services at cost.

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The Offering

The following summary of the terms of the offering is provided solely for your convenience and is not intended to be complete. You should read and consider the more specific details contained in this prospectus supplement and the accompanying prospectus prior to making a decision to purchase the Senior Notes. See "Description of the Senior Notes" in this prospectus supplement and "Description of the Senior and Subordinated Debt Securities" in the accompanying prospectus.

Issuer	Public Service Enterprise Group Incorporated
Securities Offered	$ aggregate principal amount of % Senior Notes due November 15, 2022.
Ranking	The Senior Notes will be our senior unsecured obligations and will rank equally in right of payment with our other existing and future senior unsecured indebtedness; senior in right of payment to any of our indebtedness that is expressly subordinated in right of payment to the Senior Notes; effectively junior in right of payment to any of our future secured indebtedness to the extent of the value of the assets securing such indebtedness; and structurally junior to all indebtedness and other liabilities of our subsidiaries. At September 30, 2017, we had approximately $2.1 billion of outstanding indebtedness (including letters of credit) that ranks equally with the Senior Notes.
Maturity	The Senior Notes will mature on November 15, 2022, subject to the provisions described below under " — Optional Redemption."
Optional Redemption	We may redeem the Senior Notes at any time, in whole or in part, prior to October 15, 2022 (the date that is one month prior to their maturity date), at a price equal to the greater of (a) 100% of the principal amount of the Senior Notes being redeemed and (b) the sum of the present values of the remaining scheduled payments of principal of and interest on the Senior Notes being redeemed that would be due if such Senior Notes matured on October 15, 2022, exclusive of accrued interest to the redemption date, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below) plus basis points, plus any accrued and unpaid interest on the principal amount of the Senior Notes being redeemed to, but excluding, the redemption date. In addition, we may redeem the Senior Notes at any time, in whole or in part, on or after October 15, 2022 (the date that is one month prior to their maturity date) at a redemption price equal to 100% of the principal amount of the Senior Notes being redeemed, plus any accrued and unpaid interest on the principal amount of the Senior Notes being redeemed to, but excluding, the redemption date. See "Description of the Senior Notes — Optional Redemption."
Interest Payment Dates	and of each year, beginning on , 2018.
Use of Proceeds	We expect to use the net proceeds from the sale of the Senior Notes for general corporate purposes, including the repayment in full of our $500 million term loan and accrued and unpaid interest, if any, thereon and the repayment of a portion of our indebtedness outstanding under our commercial paper program. See "Use of Proceeds."

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Conflicts of Interest	Certain of the underwriters or their affiliates are lenders under our $500 million term loan, and will receive a portion of the net proceeds from this offering used to repay the term loan. See "Underwriting (Conflicts of Interest) — Conflicts of Interest."
Trustee	The Senior Notes will be issued under an Indenture with U.S. Bank National Association, as successor Trustee. The Trustee will also act as paying agent and registrar for the Senior Notes.
Risk Factors	An investment in the Senior Notes involves certain risks. You should carefully consider the risks described in "Risk Factors" beginning on page 6 of the accompanying prospectus, as well as in the risk factors contained in our Annual Report on Form 10-K for the year ended December 31, 2016 and in our other periodic reports filed with the SEC, which are incorporated herein by reference.

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CONSOLIDATED RATIOS OF EARNINGS TO FIXED CHARGES

	Nine Months Ended September 30, 2017	Years Ended December 31,				
		2016	2015	2014	2013	2012
Ratio of Earnings to Fixed Charges[1]	3.57	3.72	6.83	6.43	5.44	5.18

(1) The term "earnings" is defined as pre-tax Income from continuing operations before income or loss from equity method investees plus distributed income from equity investees. Add to pre-tax income the amount of fixed charges adjusted to exclude (a) the amount of any interest capitalized during the period and (b) the actual amount of any preferred securities dividend requirements of majority-owned subsidiaries stated on a pre-tax level. Fixed Charges represent (a) interest, whether expensed or capitalized, (b) amortization of debt discount, premium and expense, (c) an estimate of interest implicit in rentals, and (d) preferred securities dividend requirements of majority-owned subsidiaries stated on a pre-tax level.

USE OF PROCEEDS

We estimate the net proceeds from the sale of the Senior Notes to be approximately $ million after deducting the underwriting discount and estimated offering expenses. We expect to use the net proceeds from the sale of the Senior Notes for general corporate purposes, including the repayment in full of our $500 million term loan and accrued and unpaid interest, if any, thereon and the repayment of a portion of our indebtedness outstanding under our commercial paper program. The term loan matures on November 13, 2017. As of September 30, 2017, the interest rate on the term loan was 2.110% per annum. As of September 30, 2017, we had $201.8 million of indebtedness outstanding under our commercial paper program at an average interest rate of 1.37% per annum and with an average maturity of 18 days. Our commercial paper program is available principally to support our working capital needs.

Certain of the underwriters or their affiliates are lenders under our $500 million term loan and our commercial paper program, and will receive a portion of the net proceeds from this offering used to repay the term loan and a portion of our indebtedness outstanding under our commercial paper program. See "Underwriting (Conflicts of Interest) — Conflicts of Interest."

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DESCRIPTION OF THE SENIOR NOTES

Set forth below is a description of the specific terms of the Senior Notes. This description supplements, and should be read together with, the description of the general terms and provisions of senior debt securities set forth in the accompanying prospectus under the caption "Description of the Senior and Subordinated Debt Securities." The following description does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the description in the accompanying prospectus and the Indenture dated as of November 1, 1998 (as amended and supplemented to the date hereof, the "Indenture"), between us and U.S. Bank National Association, as successor trustee (the "Trustee"). The Trustee's address is 21 South Street, Morristown, NJ 07960.

References in this section to "PSEG", "we", "us" and "our" refer to Public Service Enterprise Group Incorporated without its consolidated subsidiaries.

General

We will issue the Senior Notes under the Indenture. The terms of the Senior Notes are stated in the Indenture and include terms made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"). You should refer to the Indenture and the Trust Indenture Act for a statement of these terms. The Indenture is governed by New Jersey law.

Principal, Maturity and Interest

The Indenture does not limit the aggregate principal amount of senior debt securities that we may issue under it and provides that senior debt securities may be issued under it up to the principal amount as we may authorize from time to time. The senior debt securities may be issued from time to time in one or more series. We may "reopen" any series of senior debt securities, including the Senior Notes, and issue additional senior debt securities of that series without the consent of existing holders. Any additional notes of a series having similar terms, together with the notes of such series, will constitute a single series of senior debt securities under the Indenture; provided, that if the additional notes are not fungible for U.S. federal income tax purposes, the additional notes will have a separate CUSIP number.

The Senior Notes will initially be limited to $ million. The Senior Notes will be issued in registered form only, without coupons, in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof. The Senior Notes will mature at par on November 15, 2022 (the "Stated Maturity Date"), unless we redeem them in accordance with their terms prior to such date.

Interest on the Senior Notes will accrue at the rate of % per annum. Interest on the of Senior Notes will be payable semi-annually in arrears on and of each year (each, an "Interest Payment Date") beginning on , 2018. We will make each payment of interest on the Senior Notes on an Interest Payment Date to the persons in whose names such Senior Notes are registered at the close of business on the 15th day immediately preceding such Interest Payment Date.

Interest on the Senior Notes will accrue from November , 2017 or, if interest has already been paid, from the most recent Interest Payment Date to which interest was paid or duly provided for. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

If any Interest Payment Date, the Stated Maturity Date or date of earlier redemption is not a Business Day, the required payment shall be made on the next succeeding day that is a Business Day, without any interest or other payment in respect of the payment subject to delay, with the same force and effect as if made on such Interest Payment Date, the Stated Maturity Date or such date of earlier redemption, as the case may be. "Business Day" means each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in Newark, New Jersey and The City of New York are authorized or obligated by law or executive order to close.

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Ranking

The Senior Notes will be our senior unsecured obligations and will rank:

- equally in right of payment with our other existing and future senior unsecured indebtedness;
- senior in right of payment to any of our indebtedness that is expressly subordinated in right of payment to the Senior Notes;
- effectively junior in right of payment to any of our future secured indebtedness to the extent of the value of the assets securing such indebtedness; and
- structurally junior to all indebtedness and other liabilities of our subsidiaries.

At September 30, 2017, we had approximately $2.1 billion of outstanding indebtedness (including letters of credit) that ranks equally with the Senior Notes. We currently do not have any outstanding secured indebtedness.

As of September 30, 2017, our subsidiaries had $10.8 billion of outstanding indebtedness and other liabilities (excluding intercompany obligations and liabilities of a type not required to be reflected on a balance sheet of such subsidiaries in accordance with U.S. generally accepted accounting principles but including letters of credit) to which the Senior Notes would have been structurally subordinated.

Optional Redemption

We may redeem the Senior Notes at any time, in whole or in part, prior to October 15, 2022 (the date that is one month prior to the Stated Maturity Date) upon not less than 10 nor more than 60 days' prior written notice, as more fully described under " — Selection and Notice" below, at a price equal to the greater of:

(a) 100% of the principal amount of the Senior Notes being redeemed; and

(b) the sum of the present values of the remaining scheduled payments of principal of and interest on the Senior Notes being redeemed that would be due if such Senior Notes matured on October 15, 2022, exclusive of accrued interest to the redemption date, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus basis points,

plus any accrued and unpaid interest on the principal amount of the Senior Notes being redeemed to, but excluding, the redemption date.

In addition, we may redeem the Senior Notes at any time, in whole or in part, on or after October 15, 2022 (the date that is one month prior to the Stated Maturity Date), upon not less than 10 nor more than 60 days' prior written notice, as more fully described under " — Selection and Notice" below, at a redemption price equal to 100% of the principal amount of the Senior Notes being redeemed, plus accrued and unpaid interest on the principal amount of the Senior Notes being redeemed to, but excluding, the redemption date.

"Comparable Treasury Issue" means, with respect to any redemption date for any of the Senior Notes being redeemed, the United States Treasury security selected by an Independent Investment Banker as having the maturity comparable to the remaining term of the Senior Notes to be redeemed (assuming that such Senior Notes matured on October 15, 2022) that would be utilized, at the time of selection and in accordance with the customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Senior Notes.

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"Comparable Treasury Price" means, with respect to any redemption date for any of the Senior Notes being redeemed:

(a) the average of three Reference Treasury Dealer Quotations (as defined below) for the redemption date, after excluding the highest and lowest of five Reference Treasury Dealer Quotations, or

(b) if the Independent Investment Banker obtains fewer than five Reference Treasury Dealer Quotations, the average of all Reference Treasury Dealer Quotations obtained.

"Independent Investment Banker" means one of the Reference Treasury Dealers appointed by us after consultation with the Trustee.

"Reference Treasury Dealer" means each of Barclays Capital Inc., J.P. Morgan Securities LLC, Morgan Stanley & Co. LLC, RBC Capital Markets, LLC and TD Securities (USA) LLC and their respective affiliates or successors, provided that if any of the foregoing shall cease to be a primary U.S. government securities dealer in the United States (a "Primary Treasury Dealer"), we will substitute therefor another Primary Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by that Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding such redemption date.

"Treasury Rate" means, with respect to any redemption date for any of the Senior Notes being redeemed, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date. The Treasury Rate will be calculated by us on the third Business Day preceding the redemption date. The Trustee shall not be responsible for any such calculation.

Unless we default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the Senior Notes called for redemption.

Additional Event of Default

In addition to the events of default described under "Description of the Senior and Subordinated Debt Securities — Events of Default," the following will also constitute an event of default under the Indenture with respect to the Senior Notes:

- an acceleration of our indebtedness for borrowed money in excess of $75,000,000, which acceleration has not been rescinded or annulled within ten days after written notice of such default as provided in the Indenture; provided, that this event of default will be remedied, cured or waived without further action upon the part of either the Trustee or any of the holders if the default under our other indebtedness is remedied, cured or waived.

Selection and Notice

If less than all of the Senior Notes are to be redeemed on any redemption date, the Trustee will select the Senior Notes for redemption in accordance with any method the Trustee considers fair and appropriate, subject to the selection convention applicable to securities in book-entry form. Senior Notes in denominations of $2,000 or less may not be redeemed in part. Notices of redemption will be delivered at least 10 but not more than 60 days prior to the redemption date to each holder of Senior Notes at its registered address. The notice of redemption will state the portion of the principal amount to be redeemed if a Senior Note is to be redeemed in part. A Senior Note in principal amount equal to the unredeemed portion will be issued in the name of the holder upon cancellation of the original Senior Note.

Book-Entry Only Issuance — The Depository Trust Company

The Depository Trust Company ("DTC") will act as the initial securities depositary for the Senior Notes. The Senior Notes will be issued only as fully registered securities registered in the name of Cede & Co., DTC's nominee. One or more fully registered global certificates will be issued, representing in the aggregate the total principal amount of Senior Notes, and will be deposited with or on behalf of DTC. See "Description of the Senior and Subordinated Debt Securities — Book-Entry Debt Securities" in the accompanying prospectus.

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Investors may elect to hold interests in the global securities through either DTC in the United States or Clearstream Banking, S.A. ("Clearstream, Luxembourg"), or Euroclear Bank S.A./N.V., as operator (the "Euroclear operator") of the Euroclear system (the "Euroclear system"), in Europe if they are participants of such systems, or indirectly through organizations which are participants in such systems. Clearstream, Luxembourg and the Euroclear system will hold interests on behalf of their participants through customers' securities accounts in Clearstream, Luxembourg's and the Euroclear system's names on the books of their respective U.S. depositaries, which in turn will hold such interests in customers' securities accounts in the depositaries' names on the books of DTC. Because the depositary can act only on behalf of participants, which in turn act on behalf of indirect participants and certain banks, the ability of a person having a beneficial interest in a global security to pledge such interest to persons or entities that do not participate in the depositary system, or otherwise take actions in respect of such interests, may be affected by the lack of physical certificates evidencing such interests.

Clearstream, Luxembourg advises that it is incorporated under the laws of Luxembourg as a professional depositary. Clearstream, Luxembourg holds securities for its participating organizations ("Clearstream participants") and facilitates the clearance and settlement of securities transactions between Clearstream participants through electronic book-entry changes in accounts of Clearstream participants, thereby eliminating the need for physical movement of certificates. Clearstream, Luxembourg provides to Clearstream participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream, Luxembourg interfaces with domestic markets in several countries. As a professional depositary, Clearstream, Luxembourg is subject to regulation by the Luxembourg Commission for the Supervision of the Financial Sector (Commission de Surveillance du Secteur Financier). Clearstream participants are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations and may include the underwriters. Indirect access to Clearstream, Luxembourg is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Clearstream participant, either directly or indirectly.

Distributions with respect to interests in the Senior Notes held beneficially through Clearstream, Luxembourg will be credited to cash accounts of Clearstream participants in accordance with its rules and procedures, to the extent received by the U.S. depositary for Clearstream, Luxembourg.

The Euroclear system advises that it was created in 1968 to hold securities for participants of the Euroclear system ("Euroclear participants") and to clear and settle transactions between Euroclear participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Euroclear provides various other services, including securities lending and borrowing and interfaces with domestic markets in several countries. The Euroclear system is operated by Euroclear Bank S.A./N.V. (the "Euroclear operator") under contract with Euroclear Clearance Systems S.C., a Belgian cooperative corporation (the "cooperative"). All operations are conducted by the Euroclear operator, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear operator, not the cooperative. The cooperative establishes policy for the Euroclear system on behalf of Euroclear participants. Euroclear participants include banks (including central banks), securities brokers and dealers and other professional financial intermediaries and may include the underwriters. Indirect access to the Euroclear system is also available to other firms that clear through or maintain a custodial relationship with a Euroclear participant, either directly or indirectly. The Euroclear operator is a Belgian bank that is licensed by the Belgian Banking and Finance Commission to carry out banking activities on a global basis. As such, it is regulated by the Belgian Banking and Finance Commission. Securities clearance accounts and cash accounts with the Euroclear operator are governed by the Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear system, and applicable Belgian law (collectively, the "terms and conditions"). The terms and conditions govern transfers of securities and cash within the Euroclear system, withdrawals of securities and cash from the Euroclear system, and receipts of payments with respect to securities in the Euroclear system. All securities in the Euroclear system are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear operator acts under the terms and conditions only on behalf of Euroclear participants, and has no records of or relationship with persons holding through Euroclear participants.

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Distributions with respect to the Senior Notes held beneficially through the Euroclear system will be credited to the cash accounts of Euroclear participants in accordance with the terms and conditions, to the extent received by the U.S. depositary for the Euroclear system.

The information in this section, together with the information in "Description of the Senior and Subordinated Debt Securities — Book-Entry Debt Securities" in the accompanying prospectus concerning DTC, its book-entry system, Clearstream, Luxembourg and the Euroclear system has been obtained from sources that we believe to be reliable, but we have not attempted to verify the accuracy of this information.

Global Clearance and Settlement Procedures

Initial settlement for the Senior Notes will be made in immediately available funds. Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC rules and will be settled in immediately available funds using DTC's Same-Day Funds Settlement System. Secondary market trading between Clearstream participants and/or Euroclear participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream, Luxembourg and the Euroclear system, as applicable.

Clearstream, Luxembourg and the Euroclear system will record the ownership interests of their participants in much the same way as DTC, and DTC will record the total ownership of each of the U.S. agents of Clearstream, Luxembourg and the Euroclear system, as participants in DTC. When the Senior Notes are to be transferred from the account of a DTC participant to the account of a Clearstream participant or a Euroclear participant, the purchaser must send instructions to Clearstream, Luxembourg or the Euroclear system through a participant at least one day prior to settlement. Clearstream, Luxembourg or the Euroclear system, as the case may be, will instruct its U.S. agent to receive the Senior Notes against payment. After settlement, Clearstream, Luxembourg or the Euroclear system will credit its participant's account. Credit for the Senior Notes will appear on the next day (European time).

Because settlement is taking place during New York business hours, DTC participants will be able to employ their usual procedures for sending the Senior Notes to the relevant U.S. agent acting for the benefit of Clearstream or Euroclear participants. The sale proceeds will be available to the DTC seller on the settlement date. As a result, to the DTC participant, a cross-market transaction will settle no differently than a trade between two DTC participants.

When a Clearstream or Euroclear participant wishes to transfer the Senior Notes to a DTC participant, the seller will be required to send instructions to Clearstream, Luxembourg or the Euroclear system through a participant at least one business day prior to settlement. In these cases, Clearstream, Luxembourg or the Euroclear system will instruct its U.S. agent to transfer these Senior Notes against payment for them. The payment will then be reflected in the account of the Clearstream or Euroclear participant the following day, with the proceeds back valued to the value date, which would be the preceding day, when settlement occurs in New York, if settlement is not completed on the intended value date, that is, the trade fails, proceeds credited to the Clearstream or Euroclear participant's account will instead be valued as of the actual settlement date. Clearstream participants and Euroclear participants may not deliver instructions directly to their respective U.S. depositaries.

You should be aware that you will only be able to make and receive deliveries, payments and other communications involving the Senior Notes through Clearstream, Luxembourg and the Euroclear system on the days when those clearing systems are open for business. Those systems may not be open for business on days when banks, brokers and other institutions are open for business in the United States. Because of time-zone differences, credits of Senior Notes received in Clearstream, Luxembourg or the Euroclear system as a result of a transaction with a DTC participant will be made during subsequent securities settlement processing and dated the business day following the DTC settlement date. Such credits or any transactions in such Senior Notes settled during such processing will be reported to the relevant Euroclear participant or Clearstream participant on such business day. Cash received in Clearstream, Luxembourg or the Euroclear system as a result of sales of the Senior Notes by or through a Clearstream participant or a Euroclear participant to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Clearstream, Luxembourg or the Euroclear system cash account only as of the business day following settlement in DTC.

Although DTC, Clearstream, Luxembourg and the Euroclear system have agreed to the foregoing procedures in order to facilitate transfers of Senior Notes among participants of DTC, Clearstream, Luxembourg and the Euroclear system, they are under no obligation to perform or continue to perform such procedures and such procedures may be discontinued or changed at any time.

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MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of certain material U.S. federal income tax consequences of the purchase, ownership and disposition of Senior Notes. Except where noted, this summary deals only with Senior Notes held as capital assets by beneficial owners of Senior Notes who purchase such Senior Notes in this offering at the public offering price listed on the cover page of this prospectus supplement. This summary is based upon the provisions of the Internal Revenue Code of 1986, as amended, or the Code, the Treasury Regulations promulgated thereunder and judicial and administrative rulings and decisions now in effect, all of which are subject to change or differing interpretations, possibly with retroactive effect. This summary does not purport to address all aspects of U.S. federal income taxation that may affect particular investors in light of their individual circumstances, or certain types of investors subject to special treatment under the U.S. federal income tax laws, such as persons that mark to market their securities, financial institutions, regulated investment companies, real estate investment trusts, corporations subject to the accumulated earnings tax, holders subject to the alternative minimum tax, individual retirement and other tax-deferred accounts, tax-exempt organizations, brokers, dealers in securities and commodities, certain former U.S. citizens or long-term residents, life insurance companies, persons that hold Senior Notes as part of a hedge against currency or interest rate risks or that hold Senior Notes as part of a position in a constructive sale, straddle, conversion transaction or other integrated transaction for U.S. federal income tax purposes, controlled foreign corporations, passive foreign investment companies, persons that acquire Senior Notes in connection with employment or other performance of personal services, partnerships or other pass-through entities and investors in such entities, subsequent purchasers of Senior Notes, U.S. holders (as defined below) whose "functional currency" is not the U.S. dollar and persons that are members of an "expanded group", within the meaning of Treasury Regulations Section 1.385-1, of which PSEG is also a member. This summary does not address any aspect of state, local or foreign taxation or any U.S. federal tax other than the income tax.

For purposes of this summary, a "U.S. holder" is a beneficial owner of a Senior Note that, for U.S. federal income tax purposes, is:

- an individual citizen or resident of the United States;
- a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States, any state or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust, if (a) a court within the United States is able to exercise primary jurisdiction over administration of the trust and one or more U.S. persons have authority to control all substantial decisions of the trust or (b) it has a valid election in effect to be treated as a U.S. person.

For purposes of this summary, a "non-U.S. holder" is a beneficial owner of a Senior Note that is not a U.S. holder or a partnership (including an entity or arrangement treated as a partnership for U.S. federal income tax purposes).

If a partnership (including an entity or arrangement treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of Senior Notes, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. Partnerships that hold Senior Notes (and partners in such partnerships) should consult their tax advisors.

We have not requested, and do not intend to request, a ruling from the U.S. Internal Revenue Service, or the IRS, with respect to any of the U.S. federal income tax consequences described below. There can be no assurance that the IRS will not disagree with or challenge any of the conclusions set forth herein.

If you are considering investing in Senior Notes, you should consult your own tax advisor with respect to your particular tax consequences of the purchase, ownership and disposition of the Senior Notes, including the consequences under the laws of any state, local or non-U.S. jurisdiction.

Certain Additional Payments

In certain circumstances, we may be obligated to pay amounts in excess of stated interest or principal on the Senior Notes. For example, we may be required to pay amounts in redemption of the Senior Notes in addition to the stated principal amount of and interest on the Senior Notes as described under "Description of the Senior Notes — Optional Redemption." The obligation to make these payments may implicate the provisions of the

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Treasury Regulations relating to "contingent payment debt instruments." Treasury Regulations provide special rules for contingent payment debt instruments which, if applicable, could cause the timing, amount and character of a holder's income, gain or loss with respect to the Senior Notes to be different from the consequences discussed herein. Although the issue is not free from doubt, we believe that the possibility of the payment of such additional amounts ought not result in the Senior Notes being treated as contingent payment debt instruments under the applicable Treasury Regulations. This position is not binding on the IRS, which may take a contrary position and treat the Senior Notes as contingent payment debt instruments. If the Senior Notes were deemed to be contingent payment debt instruments, a holder would generally be required to treat any gain recognized on the sale or other disposition of the Senior Notes as ordinary income rather than as capital gain. Furthermore, a holder would be required to accrue interest income on a constant yield basis at an assumed yield determined at the time of issuance of the Senior Notes, with adjustments to such accruals when any payments are made that differ from the payments calculated based on the assumed yield. The remainder of this discussion assumes that the Senior Notes are not treated as contingent payment debt instruments. Holders are urged to consult their own tax advisors regarding the potential application to the Senior Notes of the rules regarding contingent payment debt instruments and the consequences thereof.

U.S. holders

Payments of interest. Stated interest on a Senior Note will generally be taxable to a U.S. holder as ordinary interest income at the time it is paid or accrued in accordance with the U.S. holder's regular method of accounting for U.S. federal income tax purposes.

Sale, exchange, redemption or other taxable disposition of a Senior Note. Upon the sale, exchange, redemption or other taxable disposition of a Senior Note, a U.S. holder will recognize taxable gain or loss equal to the difference between the amount realized on the sale, exchange, redemption or other taxable disposition and the U.S. holder's adjusted tax basis in the Senior Note. For these purposes, the amount realized does not include any amount attributable to accrued interest. Amounts attributable to accrued interest are treated as interest as described under " — Payments of interest" above. A U.S. holder's adjusted tax basis in a Senior Note will generally be such U.S. holder's cost for the Senior Note. Gain or loss realized on the sale, exchange, redemption or other taxable disposition of a Senior Note will generally be capital gain or loss and will be long-term capital gain or loss if at the time of the sale, exchange, redemption or other taxable disposition the Senior Note has been held by the U.S. holder for more than one year. Long-term capital gains of individual U.S. holders are eligible for preferential rates of U.S. federal income taxation. The deductibility of capital losses is subject to limitations under the Code.

Information reporting and backup withholding. Information returns will be filed with the IRS in connection with payments on the Senior Notes and the proceeds from a sale, exchange, redemption or other disposition of the Senior Notes, unless the U.S. holder is an exempt recipient such as a corporation. A U.S. holder will be subject to U.S. backup withholding, currently at a rate of 28%, on these payments if the U.S. holder fails to provide its taxpayer identification number to the payor and comply with certain certification procedures or otherwise establish an exemption from backup withholding. Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a U.S. holder will generally be allowed as a credit against the U.S. holder's U.S. federal income tax liability and may entitle the U.S. holder to a refund, provided that the required information is timely furnished to the IRS.

Medicare Tax. Certain U.S. holders that are individuals, estates or trusts are subject to a 3.8% tax on all or a portion of their "net investment income," which may include all or a portion of their interest and net gains from the disposition of Senior Notes. If you are a U.S. holder that is an individual, estate or trust, you should consult your tax advisor regarding the applicability of the Medicare tax to your income and gains in respect of your investment in the Senior Notes.

Non-U.S. holders

Payments of interest. Subject to the discussion below concerning backup withholding and FATCA (as defined below), payments of interest on a Senior Note received or accrued by a non-U.S. holder generally will not be subject to U.S. federal income or withholding tax, as long as the non-U.S. holder:

- does not conduct a trade or business in the United States with respect to which the interest is effectively connected;

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- does not actually, indirectly or constructively own 10% or more of the total combined voting power of all classes of PSEG's stock entitled to vote, within the meaning of Section 871(h)(3) of the Code;
- is not a "controlled foreign corporation" with respect to which we are a "related person" within the meaning of Section 881(c)(3)(C) of the Code;
- is not a bank whose receipt of the interest is described in Section 881(c)(3)(A) of the Code; and
- satisfies the certification requirements described below.

The certification requirements will be satisfied if either (a) the beneficial owner of a Senior Note timely certifies, under penalties of perjury, to us or to the person who otherwise would be required to withhold U.S. tax that such owner is a non-U.S. holder and provides its name and address or (b) a custodian, broker, nominee or other intermediary acting as an agent for the beneficial owner (such as a securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business) that holds the Senior Note in such capacity timely certifies, under penalties of perjury, to us or to the person who otherwise would be required to withhold U.S. tax that such statement has been received from the beneficial owner of the Senior Note by such intermediary, or by any other financial institution between such intermediary and the beneficial owner, and furnishes to us or to the person who otherwise would be required to withhold U.S. tax a copy thereof. In general, the foregoing certification may be provided on a properly completed IRS Form W-8BEN, W-8BEN-E or W-8IMY, as applicable.

A non-U.S. holder that is not exempt from tax under the foregoing rules generally will be subject to U.S. federal income tax withholding on payments of interest at a rate of 30% unless:

- the interest is effectively connected with a U.S. trade or business conducted by such non-U.S. holder (and, if an applicable income tax treaty so provides, is attributable to a permanent establishment maintained in the United States by the non-U.S. holder), in which case the non-U.S. holder will be subject to U.S. federal income tax on a net income basis at the rate applicable to U.S. holders generally; or
- an applicable income tax treaty provides for a lower rate of, or exemption from, withholding tax.

A non-U.S. holder that is treated as a corporation for U.S. federal income tax purposes and has effectively connected interest income (as described in the first bullet point above) may also, under certain circumstances, be subject to an additional "branch profits tax," which is generally imposed on a foreign corporation on the deemed repatriation from the United States of effectively connected earnings and profits, at a 30% rate, unless the rate is reduced or eliminated by an applicable income tax treaty.

To claim the benefit of a reduced rate or exemption from withholding under an income tax treaty or to claim exemption from withholding because income is effectively connected with a U.S. trade or business, the non-U.S. holder must timely provide the appropriate, properly executed IRS forms. Certification to claim income is effectively connected with a U.S. trade or business is generally made on IRS Form W-8ECI. Certification to claim the benefit of a reduced rate or exemption from withholding under an income tax treaty is generally made on IRS Form W-8BEN or W-8BEN-E. These forms may be required to be periodically updated.

Sale, exchange, redemption or other taxable disposition of a Senior Note. Subject to the discussion below concerning FATCA, a non-U.S. holder generally will not be subject to U.S. federal income tax on any gain realized on the sale, exchange, redemption or other taxable disposition of a Senior Note unless (a) such gain is effectively connected with the conduct by the non-U.S. holder of a U.S. trade or business (and, if an applicable income tax treaty so provides, is attributable to a permanent establishment maintained in the United States by the non-U.S. holder) or (b) except to the extent that an applicable income tax treaty otherwise provides, in the case of a non-U.S. holder who is an individual, the non-U.S. holder is present in the United States for 183 days or more during the taxable year in which such gain is realized and certain other conditions exist.

Except to the extent that an applicable income tax treaty otherwise provides, generally a non-U.S. holder will be taxed in the same manner as a U.S. holder with respect to gain that is effectively connected with the non-U.S. holder's conduct of a U.S. trade or business. A non-U.S. holder that is treated as a corporation for U.S. federal income tax purposes may also, under certain circumstances, be subject to the branch profits tax as described above.

Information reporting and backup withholding. Payments of interest on Senior Notes to a non-U.S. holder generally will be reported to the IRS and to the non-U.S. holder. Copies of applicable IRS information returns may

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be made available under the provisions of a specific tax treaty or agreement to the tax authorities of the country in which the non-U.S. holder resides. Non-U.S. holders are generally exempt from backup withholding, currently at a rate of 28%, and additional information reporting on payments of principal, premium (if any), or interest, provided that the non-U.S. holder (a) certifies its nonresident status on the appropriate IRS Form (or a suitable substitute form) and certain other conditions are met or (b) otherwise establishes an exemption.

Payments of the proceeds from a sale of Senior Notes by a non-U.S. holder made to or through a foreign office of a broker generally will not be subject to information reporting or backup withholding. Information reporting may apply to such payments, however, if the broker is a U.S. person, a controlled foreign corporation for U.S. tax purposes, the U.S. branch of a foreign bank or a foreign insurance company, a foreign partnership controlled by U.S. persons or engaged in a U.S. trade or business, or a foreign person 50% or more of whose gross income is effectively connected with a U.S. trade or business for a specified three-year period. Payments of the proceeds from the sale of Senior Notes through the U.S. office of a broker is subject to information reporting and backup withholding unless the non-U.S. holder certifies as to its non-U.S. status or otherwise establishes an exemption from information reporting and backup withholding.

Backup withholding is not an additional tax. Any backup withholding generally will be allowed as a credit or refund against the non-U.S. holder's U.S. federal income tax liability, provided that the required information is timely furnished to the IRS.

Foreign Account Tax Compliance

Sections 1471 to 1474 of the Code and the Treasury Regulations thereunder ("FATCA") impose withholding taxes on certain types of payments made to "foreign financial institutions," as specially defined under FATCA, and certain other non-U.S. entities. FATCA imposes a 30% withholding tax on payments of interest on, and gross proceeds from the sale, exchange, redemption or other disposition of, Senior Notes paid to a foreign financial institution unless the foreign financial institution is deemed to be compliant with FATCA or enters into an agreement with the IRS to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned foreign entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these reporting and other requirements. In addition, FATCA imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity of a certain type unless the entity certifies that it does not have any substantial U.S. owners or furnishes identifying information to the IRS or to the withholding agent regarding each substantial U.S. owner. These rules currently apply to payments of interest and are expected to apply to payments of gross proceeds from the sale, exchange, redemption or other disposition of Senior Notes after December 31, 2018. Prospective investors should consult their tax advisors regarding the application of FATCA to the acquisition, ownership or disposition of Senior Notes.

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UNDERWRITING (CONFLICTS OF INTEREST)

Subject to the terms and conditions set forth in the underwriting agreement, dated the date hereof (the "Underwriting Agreement"), for which Barclays Capital Inc., J.P. Morgan Securities LLC and Morgan Stanley & Co. LLC are acting as representatives, we have agreed to sell to each of the underwriters, and each of the underwriters has severally agreed to purchase from us, the aggregate principal amount of Senior Notes set forth opposite the name of such underwriter:

Underwriter	Principal Amount of Senior Notes
Barclays Capital Inc.	$
J.P. Morgan Securities LLC	
Morgan Stanley & Co. LLC	
CIBC World Markets Corp.	
RBC Capital Markets, LLC	
TD Securities (USA) LLC	
BNY Mellon Capital Markets, LLC	
PNC Capital Markets LLC	
U.S. Bancorp Investments, Inc.	
Loop Capital Markets LLC	
Total	$

The Underwriting Agreement provides that the obligations of the underwriters to pay for and accept delivery of the Senior Notes are subject to, among other things, the approval of certain legal matters by their counsel and certain other conditions. The underwriters are obligated to take and pay for all the Senior Notes if any are taken. If any underwriter defaults, the Underwriting Agreement provides that the purchase commitments of the non-defaulting underwriters may be increased or the Underwriting Agreement may be terminated.

The underwriters have advised us that they propose initially to offer all or part of the Senior Notes to the public at the public offering price set forth on the cover page of this prospectus supplement and may offer the Senior Notes to certain dealers at such price less a concession not in excess of % of the principal amount of the Senior Notes. The underwriters may allow, and such dealers may reallow, a discount not in excess of % of the principal amount of the Senior Notes. After the initial public offering, the public offering price, concession and discount may be changed. The Senior Notes are offered subject to receipt and acceptance by the underwriters and to certain other conditions, including the right to reject orders in whole or in part.

The underwriting discount to be paid by us to the underwriters will be % per Senior Note, for a total of $. In addition, we estimate that we will incur other offering expenses of approximately $.

The Senior Notes will not have an established trading market when issued, and it is not anticipated that the Senior Notes will be listed on any securities exchange. The underwriters have advised us that they intend to make a market for the Senior Notes, but they have no obligation to do so, and may discontinue market making at any time without providing any notice. No assurance can be given as to the development, maintenance or liquidity of any trading market for the Senior Notes.

In connection with the offering, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the Senior Notes. Specifically, the underwriters may over-allot in connection with this offering, creating short positions in the Senior Notes for their own account. In addition, to cover over-allotments or to stabilize the price of the Senior Notes, the underwriters may bid for, and purchase, such Senior Notes in the open market. Finally, the underwriters may reclaim selling concessions allowed to a dealer for distributing Senior Notes in this offering if the underwriters repurchase previously distributed Senior Notes in transactions that cover syndicate short positions, in stabilization transactions or otherwise. Any of these activities may stabilize or maintain the price of the Senior Notes above independent market levels. The underwriters are not required to engage in these activities, and may end any of these activities at any time and, in any case, will end these activities after a limited period.

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Neither we nor the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Senior Notes. In addition, neither we nor the underwriters make any representation that such transactions will be engaged in or that such transactions, once commenced, will not be discontinued without notice.

We have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act or to contribute to payments required to be made in respect thereof.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services, including lending under certain of our credit facilities, to us and to persons and entities with relationships with us for which they are paid customary fees and expenses.

In the ordinary course of their various business activities, the underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of ours (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with us. The underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

U.S. Bancorp Investments, Inc., one of the underwriters, is an affiliate of the Trustee.

Conflicts of Interest

We expect to use the net proceeds from the sale of the Senior Notes for general corporate purposes, including the repayment in full of our $500 million term loan and accrued and unpaid interest, if any, thereon and the repayment of a portion of our indebtedness outstanding under our commercial paper program. See "Use of Proceeds." Certain of the underwriters or their affiliates are lenders under the term loan and our commercial paper program. Upon our application of the net proceeds from this offering to repay the term loan and a portion of our indebtedness outstanding under our commercial paper program, such underwriters or affiliates will receive a portion of the net proceeds from this offering. If the foregoing results in payments to an underwriter and/or its affiliates of 5% or more of the net proceeds from this offering (not including the underwriting discount), there would be a "conflict of interest" under Rule 5121 of the Financial Industry Regulatory Authority, Inc. ("FINRA"). Because the Senior Notes offered hereby are investment grade rated, no "qualified independent underwriter" is required to be appointed in connection with this offering. However, as required by FINRA Rule 5121, no sale of the Senior Notes offered hereby will be made by the affected underwriter to an account over which it exercises discretion without the prior specific written consent of the account holder.

Selling Restrictions

Notice to Prospective Investors in Canada

The Senior Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Senior Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus supplement and the accompanying prospectus (including any amendment thereto) contain a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

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Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts ("NI 33-105"), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Notice to Prospective Investors in the European Economic Area

Neither this prospectus supplement nor the accompanying prospectus is a prospectus for the purposes of the Prospectus Directive (as defined below). This prospectus supplement and the accompanying prospectus have been prepared on the basis that any offer of the Senior Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of the Senior Notes. Accordingly, any person making or intending to make an offer in that Relevant Member State of the Senior Notes which are the subject of the offering contemplated in this prospectus supplement and the accompanying prospectus may only do so in circumstances in which no obligation arises for us or any of the underwriters to publish a prospectus pursuant to Article 3 of the Prospectus Directive in relation to such offer. Neither we nor the underwriters have authorized, nor do we/they authorize, the making of any offer of the Senior Notes in circumstances in which an obligation arises for us or the underwriters to publish a prospectus for such offer.

In relation to each Relevant Member State, no offer of Senior Notes which are the subject of the offering contemplated by this prospectus supplement and the accompanying prospectus may be made to the public in that Relevant Member State other than:

(1) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(2) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the representatives for any such offer; or

(3) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Senior Notes shall require us or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Senior Notes to the public" in relation to any Senior Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Senior Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Senior Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, and the expression "Prospectus Directive" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

Notice to Prospective Investors in the United Kingdom

The communication of this prospectus supplement, the accompanying prospectus and any other document or materials relating to the issue of the Senior Notes offered hereby is not being made, and such documents and/or materials have not been approved, by an authorised person for the purposes of section 21 of the United Kingdom's Financial Services and Markets Act 2000, as amended (the "FSMA"). Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the United Kingdom falling within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order")), or within Article 49(2)(a) to (d) of the Financial Promotion Order, or to any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order (all such persons together being referred to as "relevant persons"). In the United Kingdom, the Senior Notes offered hereby are only available to, and any investment or investment activity to which this prospectus supplement and the accompanying prospectus relate will be engaged in only with, relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on this prospectus supplement and the accompanying prospectus or any of their contents.

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Any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in connection with the issue or sale of the Senior Notes may only be communicated or caused to be communicated in circumstances in which Section 21(1) of the FSMA does not apply to us.

All applicable provisions of the FSMA must be complied with in respect to anything done by any person in relation to the Senior Notes in, from or otherwise involving the United Kingdom.

Notice to Prospective Investors in Hong Kong

The Senior Notes may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32) of Hong Kong, or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap.571) of Hong Kong and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32) of Hong Kong, and no advertisement, invitation or document relating to the Senior Notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to Senior Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder.

Notice to Prospective Investors in Singapore

This prospectus supplement and the accompanying prospectus have not been registered as prospectuses under the Securities and Futures Act, Chapter 289 of Singapore (the "SFA") by the Monetary Authority of Singapore, and the offer of the Senior Notes in Singapore is made primarily pursuant to the exemptions under Sections 274 and 275 of the SFA. Accordingly, this prospectus supplement, the accompanying prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Senior Notes may not be circulated or distributed, nor may the Senior Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor as defined in Section 4A of the SFA (an "Institutional Investor") pursuant to Section 274 of the SFA, (ii) to an accredited investor as defined in Section 4A of the SFA (an "Accredited Investor") or other relevant person as defined in Section 275(2) of the SFA (a "Relevant Person") and pursuant to Section 275(1) of the SFA, or to any person pursuant to an offer referred to in Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with, the conditions of any other applicable exemption or provision of the SFA.

It is a condition of the offer that where the Senior Notes are subscribed for or acquired pursuant to an offer made in reliance on Section 275 of the SFA by a Relevant Person which is: (a) a corporation (which is not an Accredited Investor), the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an Accredited Investor; or (b) a trust (where the trustee is not an Accredited Investor), the sole purpose of which is to hold investments and each beneficiary of the trust is an individual who is an Accredited Investor, shares, debentures and units of shares and debentures of that corporation and the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has subscribed for or acquired the Senior Notes except: (1) to an Institutional Investor, or an Accredited Investor or other Relevant Person, or which arises from an offer referred to in Section 275(1A) of the SFA (in the case of that corporation) or Section 276(4)(i)(B) of the SFA (in the case of that trust); (2) where no consideration is or will be given for the transfer; or (3) where the transfer is by operation of law.

Notice to Prospective Investors in Japan

The Senior Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended (the Financial Instruments and Exchange Law)) and each underwriter is deemed to have agreed that it will not offer or sell any securities, directly or indirectly, in Japan or to, or for the account or benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale,

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directly or indirectly, in Japan or to, or for the account or benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

Notice to Prospective Investors in Switzerland

This document is not intended to constitute an offer or solicitation to purchase or invest in the Senior Notes described herein. The Senior Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this prospectus supplement nor any other offering or marketing material relating to the Senior Notes constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations, and neither this prospectus supplement nor any other offering or marketing material relating to the Senior Notes may be publicly distributed or otherwise made publicly available in Switzerland.

Notice to Prospective Investors in Australia

No placement document, prospectus, product disclosure statement or other disclosure document (including as defined in the Corporations Act 2001 (Cth) ("Corporations Act")) has been or will be lodged with the Australian Securities and Investments Commission ("ASIC") or any other governmental agency, in relation to the offering. This prospectus supplement does not constitute a prospectus, product disclosure statement or other disclosure document for the purposes of Corporations Act, and does not purport to include the information required for a prospectus, product disclosure statement or other disclosure document under the Corporations Act. No action has been taken which would permit an offering of the Senior Notes in circumstances that would require disclosure under Parts 6D.2 or 7.9 of the Corporations Act.

The Senior Notes may not be offered for sale, nor may application for the sale or purchase or any Senior Notes be invited in Australia (including an offer or invitation which is received by a person in Australia) and neither this prospectus supplement nor any other offering material or advertisement relating to the Senior Notes may be distributed or published in Australia unless, in each case:

(a) the aggregate consideration payable on acceptance of the offer or invitation by each offeree or invitee is at least A$500,000 (or its equivalent in another currency, in either case, disregarding moneys lent by the person offering the Senior Notes or making the invitation or its associates) or the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 or 7.9 of the Corporations Act;

(b) the offer, invitation or distribution complied with the conditions of the Australian financial services license of the person making the offer, invitation or distribution or an applicable exemption from the requirement to hold such license;

(c) the offer, invitation or distribution complies with all applicable Australian laws, regulations and directives (including, without limitation, the licensing requirements set out in Chapter 7 of the Corporations Act);

(d) the offer or invitation does not constitute an offer or invitation to a person in Australia who is a "retail client" as defined for the purposes of Section 761G of the Corporations Act; and

(e) such action does not require any document to be lodged with ASIC or the ASX.

LEGAL MATTERS

Certain legal matters with respect to the offering of the Senior Notes will be passed upon for us by Tamara L. Linde, Esquire, our Executive Vice President and General Counsel, or Shawn P. Leyden, Vice President and Deputy General Counsel of PSEG Services Corporation, a wholly owned subsidiary of PSEG. Ms. Linde is also an employee of our affiliate, PSEG Services Corporation. Each of Ms. Linde and Mr. Leyden beneficially owns or has rights to acquire an aggregate of less than 0.01% of PSEG's common stock. Sidley Austin LLP, New York, New York, will act as counsel to the underwriters in this offering. Sidley Austin LLP will rely on the opinion of Ms. Linde or Mr. Leyden as to all matters of New Jersey law. Sidley Austin LLP has from time to time represented, and continues to represent, us and our affiliates in connection with certain unrelated legal matters.

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EXPERTS

The consolidated financial statements, and the related consolidated financial statement schedule, incorporated in this prospectus supplement and the accompanying prospectus by reference from our Annual Report on Form 10-K, and the effectiveness of our internal control over financial reporting have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports, which are incorporated herein by reference. Such consolidated financial statements and consolidated financial statement schedule have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

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PROSPECTUS

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED

Common Stock, Preferred Stock,
Stock Purchase Contracts, Stock Purchase Units,
Senior Debt Securities and Subordinated Debt Securities

From time to time, we may offer the securities described in this prospectus separately or together in any combination, in one or more classes or series, in amounts, at prices and on terms that we will determine at the time of the offering.

We will provide the specific terms of each series or issue of securities in supplements to this prospectus. You should read this prospectus and the applicable prospectus supplement carefully before you invest.

Our common stock is listed on the New York Stock Exchange under the ticker symbol "PEG."

Investing in our securities involves risks. You should carefully consider the information in the section entitled "Risk Factors" beginning on page 6 of this prospectus, as well as the risk factors contained in our most recently filed Annual Report on Form 10-K and our other periodic reports filed with the Securities and Exchange Commission and incorporated by reference into this prospectus before you invest in any of our securities.

We may offer and sell the securities directly, through agents we select from time to time or to or through underwriters or dealers we select. If we use any agents, underwriters or dealers to sell the securities, we will name them and describe their compensation in a prospectus supplement. The price to the public of those securities and the net proceeds we expect to receive from that sale will also be set forth in a prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved any of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is November 18, 2014.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission (the "SEC") using a "shelf" registration process. Under this shelf process, we may, from time to time, sell the securities described in this prospectus or combinations thereof in one or more offerings.

This prospectus provides a general description of the securities we may offer. Each time we sell securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with additional information described under "Where You Can Find More Information."

In this prospectus, unless the context indicates otherwise, the words and terms "PSEG," "we," "our," "ours" and "us" refer to Public Service Enterprise Group Incorporated and its consolidated subsidiaries.

We may use this prospectus to offer from time to time:

- shares of our common stock, without par value;
- shares of our preferred stock, without par value, which may be convertible into our common stock;
- stock purchase contracts to purchase shares of our common stock;
- our unsecured debt securities, which may include senior and subordinated securities and which may be convertible into our common stock. In this prospectus, we refer to the debt securities, which may include senior and subordinated debt securities, as the "debt securities;" and
- stock purchase units, consisting of a stock purchase contract and our debt securities or debt obligations of third parties, including United States Treasury securities, that are pledged to secure the stock purchase unit holders' obligations under the stock purchase contracts.

We sometimes refer to our common stock, preferred stock, stock purchase contracts, stock purchase units and the debt securities, collectively, as the "securities."

We believe that we have included or incorporated by reference all information material to investors in this prospectus, but certain details that may be important for specific investment purposes have not been included. For more detailed information about the securities, you should also review the exhibits to the registration statement, which were either filed with the registration statement or incorporated by reference to other SEC filings.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports and other information with the SEC. Our filings are also available to the public over the Internet on the SEC's web site at http://www.sec.gov, as well as our web site at http://www.pseg.com. None of the information contained at any time on our web site is incorporated by reference into this prospectus. You may read and copy any material on file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room.

You may also inspect these documents at the New York Stock Exchange, Inc. (the "New York Stock Exchange"), where certain of our securities are listed.

The SEC allows us to "incorporate by reference" documents that we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference or deemed incorporated by reference is an important part of this prospectus, and information that we file later with the SEC will be deemed to automatically update and supersede this incorporated information. We incorporate by reference the documents listed below that have been filed with the SEC.

- Our Annual Report on Form 10-K for the year ended December 31, 2013;
- Our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2014, June 30, 2014 and September 30, 2014;
- Information in our Definitive Proxy Statement on Schedule 14A filed on March 10, 2014 that is incorporated by reference into our Annual Report on Form 10-K;

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- Our Current Reports on Form 8-K filed on February 21, 2014, April 2, 2014 (second filing), April 17, 2014 and July 17, 2014; and
- The description of our common stock in our registration statement filed pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and any amendment or report filed for the purpose of amending such description.

We also incorporate by reference any future filings made with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act, on or after the date of this prospectus and prior to the termination of any particular offering of securities, except for Current Reports on Form 8-K containing only disclosure furnished under Item 2.02 or 7.01 of Form 8-K and exhibits relating to such disclosure, unless otherwise specifically stated in the Form 8-K.

You can get a free copy of any of the documents incorporated by reference by making an oral or written request directed to:

Vice President, Investor Relations
PSEG Services Corporation
80 Park Plaza, 6th Floor
Newark, NJ 07102
Telephone (973) 430-6565

You should rely only on the information contained or incorporated by reference or deemed to be incorporated by reference in this prospectus or in the prospectus supplement or documents to which we otherwise refer you. We have not authorized anyone else to provide you with different or additional information. You should not rely on any other information or representations. Our business, prospects, financial condition and results of operations may change after this prospectus and the prospectus supplement are distributed to you. You should not assume that the information in this prospectus and the prospectus supplement is accurate as of any date other than the dates on the front of those documents. You should read all information supplementing this prospectus.

FORWARD-LOOKING STATEMENTS

This prospectus and any prospectus supplement, including the documents incorporated by reference or deemed to be incorporated by reference, include "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, included in this prospectus and any prospectus supplement and the documents incorporated by reference or deemed to be incorporated by reference that address activities, events or developments that we expect or anticipate will or may occur in the future, including such matters as our future performance, future capital expenditures and growth, revenues, earnings, business strategy, market and industry developments and prospects, are forward-looking statements. When used in this prospectus, any prospectus supplement or in documents incorporated by reference or deemed to be incorporated by reference, the words "will," "anticipate," "intend," "estimate," "believe," "expect," "plan," "should," "hypothetical," "potential," "forecast," "project," and variations of such words and similar expressions are intended to identify forward-looking statements. These statements are based on assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions and expected future developments as well as other factors we believe are appropriate under the circumstances. However, actual results and developments may differ materially from our expectations and predictions due to a number of risks and uncertainties, many of which are beyond our control. Certain factors that could cause actual results to differ materially from those contemplated in any forward-looking statements are discussed in the Risk Factors and Management's Discussion and Analysis of Financial Condition and Results of Operations sections of our most recently filed Annual Report on Form 10-K and any subsequently filed Quarterly Reports on Form 10-Q and in the notes to our financial statements and other information filed with the SEC. These factors include, but are not limited to:

- adverse changes in the demand for or the price of the capacity and energy that we sell into wholesale electricity markets;
- adverse changes in energy industry law, policies and regulation, including market structures and a potential shift away from competitive markets toward subsidized market mechanisms, capacity market design, transmission planning and cost allocation rules, including how transmission projects are planned and who is permitted to build transmission in the future, and reliability standards;

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- any inability of our transmission and distribution businesses to obtain adequate and timely rate relief and regulatory approvals from federal and state regulators;
- changes in federal and state environmental regulations and enforcement that could increase our costs or limit our operations;
- changes in nuclear regulation and/or general developments in the nuclear power industry, including various impacts from any accidents or incidents experienced at our facilities or by others in the industry, that could limit operations of our nuclear generating units;
- actions or activities at one of our nuclear units located on a multi-unit site that might adversely affect our ability to continue to operate that unit or other units located at the same site;
- any inability to manage our energy obligations, available supply and risks;
- adverse outcomes of any legal, regulatory or other proceeding, settlement, investigation or claim applicable to us and/or the energy industry;
- any deterioration in our credit quality or the credit quality of our counterparties;
- availability of capital and credit at commercially reasonable terms and conditions and our ability to meet cash needs;
- changes in the cost of, or interruption in the supply of, fuel and other commodities necessary to the operation of our generating units;
- delays in receipt of necessary permits and approvals for our construction and development activities;
- delays or unforeseen cost escalations in our construction and development activities;
- any inability to achieve, or continue to sustain, our expected levels of operating performance;
- any equipment failures, accidents, severe weather events or other incidents that impact our ability to provide safe and reliable service to our customers, and any inability to obtain sufficient insurance coverage or recover proceeds of insurance with respect to such events;
- acts of terrorism, cybersecurity attacks or intrusions that could adversely impact our businesses;
- increases in competition in energy supply markets as well as competition for certain transmission projects;
- any inability to realize anticipated tax benefits or retain tax credits;
- challenges associated with recruitment and/or retention of a qualified workforce;
- adverse performance of our decommissioning and defined benefit plan trust fund investments and changes in funding requirements;
- changes in technology, such as distributed generation and micro grids, and greater reliance on these technologies; and
- changes in customer behaviors, including energy efficiency, net-metering and demand response.

Additional information concerning these factors is set forth or referred to under “Risk Factors.”

All of the forward-looking statements made in this prospectus and any prospectus supplement or in the documents incorporated by reference or deemed to be incorporated by reference are qualified by these cautionary statements and we cannot assure you that the results or developments anticipated by us will be realized or, even if realized, will have the expected consequences to, or effects on, us or our business, prospects, financial condition or results of operations. You should not place undue reliance on these forward-looking statements in making your investment decision to purchase any securities. Except as may be required by federal securities laws, we expressly disclaim any obligation or undertaking to release publicly any updates or revisions to these forward-looking statements to reflect events or circumstances that occur or arise or are anticipated to occur or arise after the date hereof. In making an investment decision regarding the securities, we are not making, and you should not infer, any representation about the likely existence of any particular future set of facts or circumstances.

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The forward-looking statements contained in this prospectus, any prospectus supplement and the documents incorporated by reference or deemed to be incorporated by reference herein or therein are intended to qualify for the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Exchange Act.

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED

We are an energy company with a diversified business mix. Our operations are located primarily in the Northeastern and Mid-Atlantic United States. Our business approach focuses on operational excellence, financial strength and disciplined investment. As a holding company, our profitability depends on our subsidiaries' operating results. We have two principal direct, wholly-owned subsidiaries:

- Public Service Electric and Gas Company ("PSE&G"), which is an operating public utility company engaged principally in the transmission and distribution of electric energy and gas service in New Jersey; and
- PSEG Power LLC ("Power"), which is a multi-regional independent electric generation and wholesale energy marketing and trading company.

Our other direct, wholly-owned subsidiaries are:

- PSEG Energy Holdings L.L.C. ("Energy Holdings"), which earns revenues primarily from its portfolio of lease investments;
- PSEG Long Island LLC ("PSEG LI"), which operates the Long Island Power Authority's transmission and distribution system under a contractual agreement; and
- PSEG Services Corporation ("Services"), which provides corporate support and managerial and administrative services to us and our subsidiaries.

We are a New Jersey corporation with our principal offices located at 80 Park Plaza, Newark, New Jersey 07101. Our telephone number is (973) 430-7000.

Ratios of Earnings to Fixed Charges

Our ratios of earnings to fixed charges for each of the periods indicated are as follows:

	Nine Months Ended September 30, 2014	Years Ended December 31,				
		2013	2012	2011	2010	2009
Ratios of Earnings to Fixed Charges[1]	5.97	5.44	5.18	5.53	5.43	5.27

1 The term Earnings is defined as pre-tax income from continuing operations before income or loss from equity investees, plus distributed income from equity investees, plus the amount of fixed charges adjusted to exclude (a) the amount of any interest capitalized during the period and (b) the actual amount of any preferred securities dividend requirements of majority-owned subsidiaries stated on a pre-tax level. Fixed Charges represent (a) interest, whether expensed or capitalized, (b) amortization of debt discount, premium and expense, (c) an estimate of interest implicit in rentals and (d) preferred securities dividend requirements of majority-owned subsidiaries stated on a pre-tax level.

Ratios of Earnings to Combined Fixed Charges and Preference Dividends

Because we currently have no preferred stock outstanding, our ratios of earnings to combined fixed charges and preference dividends for each of the periods indicated are the same as our ratios of earnings to fixed charges.

RISK FACTORS

In addition to the risk factors contained in our most recently filed Annual Report on Form 10-K and our other periodic reports filed with the SEC and incorporated by reference into this prospectus, as well as those risk factors that may be included in the applicable prospectus supplement and other information contained in the documents incorporated by reference or elsewhere in this prospectus, prospective investors should carefully consider the risks described below before making a decision to purchase the securities. Such factors could affect actual results and cause our results to differ materially from those expressed in any forward-looking statements made by, or on behalf of, us. Some or all of these factors may apply to us and our subsidiaries. See "Forward-Looking Statements."

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Because We Are a Holding Company, Our Ability to Service Our Debt Could be Limited

We are a holding company with no material assets other than the stock or membership interests of our subsidiaries and project affiliates. Accordingly, all of our operations are conducted by our subsidiaries and project affiliates which are separate and distinct legal entities that have no obligation, contingent or otherwise, to pay any amounts when due on our debt or to make any funds available to us to pay such amounts and satisfy our other corporate funding needs, including payment of dividends on our capital stock. As a result, our debt will effectively be subordinated to all existing and future preferred equity and liabilities of our subsidiaries and project affiliates, including holders of their debt, trade creditors, secured creditors, taxing authorities and guarantee holders, and our rights and hence the rights of our creditors to participate in any distribution of assets of any subsidiary or project affiliate upon its liquidation or reorganization or otherwise would be subject to the prior claims of that subsidiary's or project affiliate's creditors and preferred equity holders, except to the extent that our claims as a creditor of such subsidiary or project affiliate may be recognized.

We depend on our subsidiaries' and project affiliates' cash flows and our access to capital in order to service our indebtedness and satisfy our other corporate funding needs, including payment of dividends on our capital stock. The debt agreements of subsidiaries and project affiliates generally restrict their ability to pay dividends, make cash distributions or otherwise transfer funds to us. These restrictions may include achieving and maintaining financial performance or debt coverage ratios, absence of events of default, or priority in payment of other current or prospective obligations. Our subsidiaries' ability to pay dividends, make cash distributions or otherwise transfer funds to us may also be limited or restricted by regulatory considerations or applicable law. As a result, we can give no assurances that our subsidiaries and project affiliates will be able to transfer funds to us to meet all of our needs.

Our subsidiaries have financed and may in the future finance some investments using non-recourse project level financing. Each non-recourse project level financing is structured to be repaid out of cash flows provided by the investment. In the event of a default under a financing agreement which is not cured, the lenders would generally have rights to the related assets. In the event of foreclosure after a default, our subsidiary may lose its equity in the asset or may not be entitled to any cash that the asset may generate. Although a default under a project financing agreement is not expected to cause a default with respect to our debt, other debt of the applicable subsidiary, if any, or debt of our other subsidiaries, it may materially affect our ability to service our outstanding indebtedness and satisfy our other corporate funding needs, including payment of dividends on our capital stock.

We can give no assurances that our current and future capital structure, operating performance or financial condition will permit us to access the capital markets or to obtain other financing at the times, in the amounts and on the terms necessary or advisable for us to successfully carry out our business strategy and to service our indebtedness and satisfy our other corporate funding needs, including payment of dividends on our capital stock.

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USE OF PROCEEDS

Unless otherwise indicated in the applicable prospectus supplement, we will use the net proceeds from the sale of the securities for general corporate purposes, including repayment of outstanding debt.

DESCRIPTION OF THE SENIOR AND SUBORDINATED DEBT SECURITIES

We may issue from time to time one or more series of the senior debt securities under our Senior Debt Indenture dated as of November 1, 1998 between us and US Bank National Association, as Senior Trustee, or one or more series of the subordinated debt securities under our Subordinated Debt Indenture to be entered into between us and US Bank National Association, as Subordinated Trustee. The term "Trustee" refers to either the Senior Trustee or the Subordinated Trustee, as appropriate. We will provide information about these debt securities in a prospectus supplement.

The Senior Debt Indenture and the form of Subordinated Debt Indenture (sometimes together referred as the "Indentures" and, individually, as an "Indenture") are incorporated by reference as exhibits to the registration statement of which this prospectus is a part. The Indentures are subject to and governed by the Trust Indenture Act of 1939, as amended. We have summarized the material terms and provisions of the Indentures. Because this section is a summary, it does not describe every aspect of the debt securities and the Indentures. We urge you to read the Indenture that governs your debt securities for provisions that may be important to you.

Provisions Applicable to Both the Senior and Subordinated Indentures

General

The debt securities will be our unsecured obligations. The senior debt securities will rank equally with all of our other unsecured and unsubordinated indebtedness. The subordinated debt securities will be subordinated in right of payment to the prior payment in full of our senior indebtedness as described below under "— Subordinated Indenture Provisions." In this section, unless the context requires otherwise, the words "we," "our," "ours" and "us" refer to Public Service Enterprise Group Incorporated and not its consolidated subsidiaries.

Because we are a holding company and conduct all of our operations through our subsidiaries and project affiliates, holders of our debt securities will generally have a junior position to claims of creditors, including trade creditors, debt holders, secured creditors, taxing authorities and guarantee holders, and any preferred stockholders of those subsidiaries and project affiliates other than, in each case, where we are recognized as a creditor of such subsidiary or project affiliate. As of October 31, 2014, PSE&G had no shares of its preferred stock outstanding. Our subsidiaries have ongoing corporate debt programs used to finance their business activities. As of October 31, 2014, our subsidiaries and project affiliates had approximately $8.6 billion of recourse debt outstanding. See "Risk Factors."

Each Indenture provides that any debt securities proposed to be sold under this prospectus and the relevant prospectus supplement may be issued in an unlimited amount under that Indenture in one or more series, in each case as authorized by us from time to time.

You should read the relevant prospectus supplement for a description of the material terms of each series of debt securities being offered, including:

- the title of the debt securities and whether the debt securities will be senior debt securities or subordinated debt securities;
- the aggregate principal amount of the debt securities and any limit on the aggregate principal amount of the debt securities of that series;
- if less than the principal amount of the debt securities is payable upon acceleration of the maturity of the debt securities, the portion that will be payable or how this portion will be determined;
- the date or dates, or how the date or dates will be determined or extended, on which the principal of the debt securities will be payable;

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- the rate or rates of interest, which may be fixed or variable, that the debt securities will bear, if any, or how the rate or rates will be determined;
- the terms of any remarketing of the debt securities;
- the date or dates from which interest, if any, on the debt securities will accrue or how the date or dates will be determined;
- the interest payment dates, if any, and the record dates for any interest payments or how the date or dates will be determined;
- the basis upon which interest will be calculated if other than that of a 360-day year of twelve 30-day months;
- the right, if any, to extend or defer interest payment periods and the duration of any extension or deferral;
- any optional redemption provisions;
- any sinking fund or other provisions that would obligate us to repurchase or otherwise redeem the debt securities;
- whether the debt securities will be issued as registered securities, bearer securities or both and any applicable restrictions;
- whether the debt securities will be issuable in temporary or permanent global form and any applicable restrictions or limitations;
- the place or places where the principal of and any premium and interest on the debt securities will be payable and to whom and how those payments will be made;
- whether the debt securities are convertible into or exchangeable for any other securities and, if so, the applicable terms and conditions;
- the denominations in which the debt securities will be issuable, if other than $1,000 or any integral multiple thereof in the case of registered securities and $5,000 in the case of bearer securities;
- the index, formula or other method, if any, with reference to which the amount of principal of or any premium or interest on the debt securities will be determined and the manner in which such amounts will be determined;
- if other than the applicable Trustee, the identity of each security registrar and/or paying agent;
- the applicability of the provisions of the applicable Indenture described below under "— Satisfaction and Discharge, Full Defeasance and Covenant Defeasance" and any provisions in modification of, in addition to or in lieu of any of these provisions;
- whether and under what circumstances we will pay additional amounts in respect of any tax, assessment or governmental charge and, if so, whether we will have the option to redeem the debt securities rather than pay the additional amounts (and the terms of this option);
- any deletions, additions or changes in the events of default in the applicable Indenture and any change in the right of the applicable Trustee or the holders to declare the principal amount of the debt securities due and payable;
- any deletions, additions or changes in the covenants in the applicable Indenture;
- the applicability of or any change in the subordination provisions of the Subordinated Indenture for a series of subordinated debt securities;
- any provisions granting special rights to holders of the debt securities upon the occurrence of specified events; and
- any other material terms of the debt securities.

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If applicable, the prospectus supplement will also set forth information concerning any other securities offered thereby and a discussion of federal income tax considerations relevant to the securities being offered.

For purposes of this prospectus, any reference to the payment of principal of or premium or interest, if any, on the debt securities will include the payment of any additional amounts required by the terms of the debt securities.

Debt securities may provide for less than the entire principal amount to be payable upon acceleration of the maturity date ("original issue discount securities"). Federal income tax and other matters concerning any original issue discount securities will be discussed in the applicable prospectus supplement.

Neither Indenture limits the amount of debt securities that may be issued in distinct series from time to time. Debt securities issued under an Indenture are referred to, when a single Trustee is acting as trustee for all debt securities issued under an Indenture, as the "indenture securities." Each Indenture provides that there may be more than one Trustee thereunder, each with respect to one or more different series of indenture securities. See "— Resignation of Trustee" below. At a time when two or more Trustees are acting under either Indenture, each with respect to only certain series, the term indenture securities will mean the one or more series with respect to which each respective Trustee is acting. In the event that there is more than one Trustee under either Indenture, the powers and trust obligations of each Trustee as described herein will extend only to the one or more series of indenture securities for which it is Trustee. If two or more Trustees are acting under either Indenture, then the indenture securities for which each Trustee is acting would in effect be treated as if issued under separate indentures.

The general provisions of the Indentures do not contain any provisions that would limit our ability to incur indebtedness or that would afford holders of debt securities protection in the event of a highly leveraged or similar transaction involving us. Please refer to the prospectus supplement for information with respect to any deletions from, modifications of or additions to the events of default or our covenants that are described below, including any addition of a covenant or other provision providing event risk or similar protection.

We have the ability, without the consent of the holders thereof, to issue indenture securities with terms different from those of indenture securities previously issued and to reopen a previous series of indenture securities and issue additional indenture securities of that series, unless the reopening was restricted when that series was created.

Denominations, Registration and Transfer

Debt securities of a series may be issuable solely as registered securities, solely as bearer securities or as both registered securities and bearer securities. The Indentures also provide that debt securities of a series may be issuable in global form. See "— Book-Entry Debt Securities." Unless otherwise provided in the prospectus supplement, debt securities denominated in U.S. dollars (other than global securities, which may be of any denomination) are issuable in denominations of $1,000 or any integral multiples of $1,000 (in the case of registered securities) and in the denomination of $5,000 (in the case of bearer securities). Unless otherwise indicated in the prospectus supplement, bearer securities will have interest coupons attached.

Registered securities will be exchangeable for other registered securities of the same series. If provided in the prospectus supplement, bearer securities (with all unmatured coupons, except as provided below, and all matured coupons which are in default) of any series may be similarly exchanged for registered securities of the same series of any authorized denominations and of a like aggregate principal amount and tenor. If so provided, bearer securities surrendered in exchange for registered securities between a regular record date or a special record date and the relevant date for payment of interest will be surrendered without the coupon relating to that date for payment of interest, and interest will not be payable in respect of the registered security issued in exchange for the bearer security, but will be payable only to the holder of the coupon when due in accordance with the terms of the applicable Indenture. Unless otherwise specified in the prospectus supplement, bearer securities will not be issued in exchange for registered securities.

Registered securities of a series may be presented for registration of transfer and debt securities of a series may be presented for exchange

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- at each office or agency required to be maintained by us for payment of that series as described in "— Payment and Paying Agents" below, and
- at each other office or agency that we may designate from time to time for those purposes.

No service charge will be made for any transfer or exchange of debt securities, but we may require payment of any tax or other governmental charge payable in connection with the transfer or exchange.

We will not be required to

- issue, register the transfer of or exchange debt securities during a period beginning at the opening of business 15 days before any selection of debt securities of that series to be redeemed and ending at the close of business on
  - if debt securities of the series are issuable only as registered securities, the day of mailing of the relevant notice of redemption and
  - if debt securities of the series are issuable as bearer securities, the day of the first publication of the relevant notice of redemption, or, if debt securities of the series are also issuable as registered securities and there is no publication, the day of mailing of the relevant notice of redemption;
- register the transfer of or exchange of any registered security, or portion thereof, called for redemption, except the unredeemed portion of any registered security being redeemed in part;
- exchange any bearer security called for redemption, except to exchange the bearer security for a registered security of that series and like tenor that is simultaneously surrendered for redemption; or
- issue, register the transfer of or exchange any debt security which has been surrendered for repayment at the option of the holder, except the portion, if any, of that debt security not to be so repaid.

Payment and Paying Agents

Unless otherwise provided in the prospectus supplement, principal, premium, interest and additional amounts, if any, on registered securities will be payable at any office or agency to be maintained by us in Morristown, New Jersey and The City of New York, except that at our option interest on an interest payment date may be paid

- by check mailed to the address of the person entitled thereto appearing in the security register or
- by wire transfer to an account maintained by the person entitled thereto as specified in the security register.

Unless otherwise provided in the prospectus supplement, payment of any installment of interest due on any interest payment date for registered securities will be made to the person in whose name the registered security is registered at the close of business on the regular record date for that interest.

If debt securities of a series are issuable solely as bearer securities or as both registered securities and bearer securities, unless otherwise provided in the prospectus supplement, we will be required to maintain an office or agency

- outside the United States where, subject to any applicable laws and regulations, the principal of and premium, and interest, if any, on the series will be payable and
- in The City of New York for payments with respect to any registered securities of that series (and for payments with respect to bearer securities of that series in the limited circumstances described below, but not otherwise);

provided that, if required in connection with any listing of debt securities on the Luxembourg Stock Exchange or any other stock exchange located outside the United States, we will maintain an office or agency for those debt securities in any city located outside the United States required by the applicable stock exchange. The initial locations of those offices and agencies will be specified in the prospectus supplement. Unless otherwise provided in the prospectus supplement, principal of and premium, if any, and interest, if any, on bearer securities may be paid by wire transfer to an account maintained by the person entitled thereto with a bank located outside the United States. Unless otherwise provided in the prospectus supplement, payment of installments of interest

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on any bearer securities on or before maturity will be made only against surrender of coupons for those interest installments as they mature. Unless otherwise provided in the prospectus supplement, no payment with respect to any bearer security will be made at any office or agency of ours in the United States or by check mailed to any address in the United States or by transfer to an account maintained with a bank located in the United States. However, payments of principal of and premium, if any, and interest, if any, on bearer securities payable in U.S. dollars will be made at the office of our paying agent in The City of New York if payment of the full amount thereof in U.S. dollars at all offices or agencies outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions.

We may from time to time designate additional offices or agencies, approve a change in the location of any office or agency and, except as provided above, rescind the designation of any office or agency.

Events of Default

The following will constitute events of default under each Indenture with respect to any series of debt securities, unless we state otherwise in the applicable prospectus supplement:

- we do not pay interest on a debt security of that series within 30 days of its due date;
- we do not pay principal of, or any premium on, a debt security of that series on its due date;
- we do not deposit any sinking fund payment when due by the terms of any debt security of that series;
- we remain in breach of a covenant in respect of the debt securities of that series for 60 days after we receive a written notice of default stating we are in breach. The notice must be sent by either the Trustee or holders of at least 25% of the principal amount of debt securities of that series;
- we file for bankruptcy or a court appoints a custodian or orders our liquidation under any bankruptcy law or certain other events in bankruptcy, insolvency or reorganization occur; and
- any other event of default provided with respect to debt securities of that series occurs.

We are required to file with the Trustee, annually, an officer's certificate as to our compliance with all conditions and covenants under the applicable Indenture. Each Indenture provides that the Trustee may withhold notice to the holders of debt securities of a series of any default (except payment defaults on the debt securities of that series) if it considers it in the interest of the holders of debt securities of such series to do so.

If an event of default with respect to debt securities of a series has occurred and is continuing, the Trustee or the holders of not less than 25% in principal amount of outstanding debt securities of that series may declare the applicable principal amount of all of the debt securities of that series to be due and payable immediately.

Subject to the provisions of the applicable Indenture relating to the duties of the Trustee, in case an event of default with respect to debt securities of a series has occurred and is continuing, the Trustee is under no obligation to exercise any of its rights or powers under the Indenture at the request, order or direction of the holders of debt securities of that series, unless the holders of the debt securities of that series have offered the Trustee reasonable indemnity against the expenses and liabilities which might be incurred by it in compliance with that request. Subject to such provisions for the indemnification of the Trustee and to certain other provisions, the holders of a majority in principal amount of the outstanding debt securities of a series will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, with respect to the debt securities of that series.

The holders of a majority in principal amount of the outstanding debt securities of a series may, on behalf of the holders of all debt securities of that series and any related coupons, waive any past default with respect to that series and its consequences, except a default

- in the payment of the principal of, or premium, or interest, if any, on any debt security of that series or any related coupons, or
- relating to a covenant or provision that cannot be modified or amended without the consent of the holder of each outstanding debt security of that series affected by the modification or amendment.

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Merger or Consolidation

Each Indenture provides that we may not consolidate with or merge with or into any other corporation or convey or transfer our properties and assets as an entirety or substantially as an entirety to any person, unless either we are the continuing corporation or such corporation or person assumes by supplemental indenture all of our obligations under such Indenture and the debt securities issued thereunder and immediately after the transaction no default shall exist.

Modification or Waiver

Modification and amendment of each Indenture may be made by us and the Trustee thereunder with the consent of the holders of a majority in principal amount of all outstanding indenture securities issued thereunder that are affected by the modification or amendment. The consent of the holder of each outstanding indenture security affected is, however, required to:

- change the maturity of the principal of or any installment of principal of or interest on that indenture security;
- reduce the principal amount of, or the rate or amount of interest in respect of, or any premium payable upon the redemption of, that indenture security, or change the manner of calculation thereof;
- change our obligation, if any, to pay additional amounts in respect of that indenture security;
- reduce the portion of the principal of an original issue discount security or indexed security that would be due and payable upon a declaration of acceleration of the maturity date thereof or provable in bankruptcy;
- adversely affect any right of repayment at the option of the holder of that indenture security;
- change the place or currency of payment of principal, premium or interest on that indenture security;
- impair the right to institute suit for the enforcement of any such payment on or after the maturity date, redemption date or repayment date;
- adversely affect any right to convert or exchange that indenture security;
- reduce the percentage in principal amount of outstanding indenture securities required to amend or waive compliance with certain provisions of the applicable Indenture or to waive certain defaults;
- reduce the requirements for voting or quorum described below; or
- modify any of the foregoing requirements or any of the provisions relating to waiving past defaults or compliance with certain restrictive provisions, except to increase the percentage of holders required to effect any such waiver or to provide that certain other provisions of the Indenture cannot be modified or waived without the consent of the holders of each indenture security affected thereby.

In addition, under the Subordinated Indenture, no modification or amendment thereof may, without the consent of the holder of each outstanding subordinated indenture security affected thereby, modify any of the provisions of that Indenture relating to the subordination of the subordinated indenture securities in a manner adverse to the holders and no such modification or amendment may adversely affect the rights of any holder of senior indebtedness described under the caption "— Subordinated Debt Indenture Provisions" without the consent of that holder of senior indebtedness.

The holders of a majority in aggregate principal amount of outstanding indenture securities have the right to waive our compliance with certain covenants in the applicable Indenture.

Modification and amendment of each Indenture may be made by the Trustee and us, without the consent of any holder, for any of the following purposes:

- to evidence the succession of another person to us as obligor under such Indenture;
- to add to our covenants for the benefit of the holders of all or any series of indenture securities issued under the Indenture or to surrender any right or power conferred upon us by the Indenture;

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- to add events of default for the benefit of the holders of all or any series of indenture securities;
- to add to or change any provisions of the Indenture to facilitate the issuance of, or to liberalize the terms of, bearer securities, or to permit or facilitate the issuance of indenture securities in uncertificated form, provided that any such actions do not adversely affect the holders of the indenture securities or any related coupons;
- to change or eliminate any provisions of the Indenture, as long as that change or elimination will become effective only when there are no indenture securities outstanding entitled to the benefit of those provisions;
- to secure the indenture securities under the applicable Indenture pursuant to any requirements of the Indenture, or otherwise;
- to establish the form or terms of indenture securities of any series and any related coupons;
- to evidence and provide for the acceptance of appointment by a successor Trustee or facilitate the administration of the trusts under the Indenture by more than one Trustee;
- to cure any ambiguity, defect or inconsistency in the Indenture, provided that such action does not adversely affect the interests of holders of indenture securities of a series issued thereunder or any related coupons in any material respect; or
- to supplement any of the provisions of the Indenture to the extent necessary to permit or facilitate defeasance and discharge of any series of indenture securities thereunder, provided that the action does not adversely affect the interests of the holders of any indenture securities and any related coupons in any material respect.

In determining whether the holders of the requisite principal amount of outstanding indenture securities have given any request, demand, authorization, direction, notice, consent or waiver under the applicable Indenture or whether a quorum is present at a meeting of holders of indenture securities thereunder,

- the principal amount of an original issue discount security that will be deemed to be outstanding will be the amount of the principal thereof that would be due and payable as of the date of such determination upon acceleration of the maturity thereof,
- the principal amount of an indexed security that may be counted in making such determination will be equal to the principal face amount of the indexed security at original issuance, unless otherwise provided with respect to the indexed security pursuant to the Indenture and
- indenture securities owned by us or any other obligor upon the indenture securities or any affiliate of ours or of any other obligor shall be disregarded.

Each Indenture contains provisions for convening meetings of the holders of indenture securities of a series if indenture securities of that series are issuable as bearer securities. A meeting may be called at any time by the Trustee, and also, upon request, by us or the holders of at least 10% in principal amount of the outstanding indenture securities of that series, in any such case upon notice given as provided in the applicable Indenture. Except for any consent that must be given by the holder of each indenture security affected thereby, as described above, any resolution presented at a meeting at which a quorum is present may be adopted by the affirmative vote of the holders of a majority in principal amount of the outstanding indenture securities of that series; except that any resolution with respect to any action that may be made, given or taken by the holders of a specified percentage which is less than a majority in principal amount of the outstanding indenture securities of a series may be adopted at a meeting at which a quorum is present by the affirmative vote of the holders of that specified percentage in principal amount of the outstanding indenture securities of that series. Any resolution passed or decision taken at any meeting of holders of indenture securities of a series held in accordance with the applicable Indenture will be binding on all holders of indenture securities of that series and any related coupons whether or not present or represented at the meeting. The quorum at any meeting called to adopt a resolution will be persons holding or representing a majority in principal amount of the outstanding indenture securities of a series; except that, if any action is to be taken at the meeting with respect to a consent or waiver which may be given by the holders of not less than a specified percentage in principal amount of the outstanding indenture

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securities of a series, the persons holding or representing that specified percentage in principal amount of the outstanding indenture securities of that series will constitute a quorum.

Satisfaction and Discharge, Full Defeasance and Covenant Defeasance

We may discharge certain of our obligations to holders of debt securities of a series that have not already been delivered to the applicable Trustee for cancellation and that either have become due and payable or are due and payable within one year (or scheduled for redemption within one year) by irrevocably depositing with the applicable Trustee, in trust, funds in an amount sufficient to make interest, principal and any other payments on the debt securities on their various due dates.

Each Indenture provides that, if the series of debt securities provides for it, we may elect either to defease and be discharged from any and all obligations with respect to such debt securities and any related coupons, with certain limited exceptions (this is called "full defeasance") or to be released from our obligations under any specified covenant with respect to those debt securities and any related coupons, and any omission to comply with those obligations shall not constitute a default or an event of default with respect to those debt securities and any related coupons (this is called "covenant defeasance").

In order to effect full defeasance or covenant defeasance, we must deposit for the benefit of all holders of the debt securities of the particular series a combination of cash and/or U.S. government securities or U.S. government agency notes or bonds that will generate enough cash to make interest, principal and other payments on the debt securities on their various due dates.

A trust may only be established if, among other things, we have delivered to the Trustee a legal opinion stating that the holders of the debt securities and any related coupons will not recognize income, gain or loss for United States federal income tax purposes as a result of the full defeasance or covenant defeasance and will be subject to United States federal income tax on the same amounts, in the same manner and at the same times as would have been the case if the full defeasance or covenant defeasance had not occurred, and the legal opinion, in the case of full defeasance, must refer to and be based upon a ruling of the Internal Revenue Service or a change in applicable United States federal income tax law occurring after the date of the applicable Indenture.

In the event we effect covenant defeasance with respect to any debt securities and any related coupons and those debt securities and coupons are declared due and payable because of the occurrence of certain events of default with respect to any covenant as to which there has been covenant defeasance, the amount of funds on deposit with the Trustee will be sufficient to pay amounts due on those debt securities and coupons at the time of their stated maturity date but may not be sufficient to pay amounts due on those debt securities and coupons at the time of the acceleration resulting from the event of default. In such case, we would remain liable to make payment of those amounts due at the time of acceleration.

The prospectus supplement may further describe the provisions, if any, permitting full defeasance or covenant defeasance, including any modifications to the provisions described above, with respect to the debt securities of or within a particular series and any related coupons.

Book-Entry Debt Securities

Debt securities of a series may be issued, in whole or in part, in global form that will be deposited with, or on behalf of, a depositary identified in the prospectus supplement. Global securities may be issued in either registered or bearer form and in either temporary or permanent form (a "global security"). Unless otherwise provided in the prospectus supplement, debt securities that are represented by a global security will be issued in denominations of $1,000 and any integral multiple thereof, and will be issued in registered form only, without coupons. Payments of principal of (and premium, if any) and interest, if any, on debt securities represented by a global security will be made by us to the applicable Trustee and then by the applicable Trustee to the depositary.

We anticipate that any global securities will be deposited with, or on behalf of, The Depository Trust Company ("DTC"), New York, New York, that global securities will be registered in the name of DTC's nominee, and that the following provisions will apply to the depositary arrangements with respect to any global securities. Additional or differing terms of the depositary arrangements will be described in the prospectus supplement.

So long as DTC or its nominee is the registered owner of a global security, DTC or its nominee, as the case may be, will be considered the sole holder of the debt securities represented by such global security for all

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purposes under the applicable Indenture. Except as provided below, owners of beneficial interests in a global security will not be entitled to have debt securities represented by the global security registered in their names, will not receive or be entitled to receive physical delivery of debt securities in certificated form and will not be considered the owners or holders thereof under the applicable Indenture. The laws of some states require that certain purchasers of securities take physical delivery of such securities in certificated form; those laws may limit the transferability of beneficial interests in a global security.

If

- DTC is at any time unwilling, unable or ineligible to continue as depositary and a successor depositary is not appointed by us within 90 days following notice to us;
- we determine, in our sole discretion, not to have any debt securities represented by one or more global securities; or
- an event of default under the applicable Indenture has occurred and is continuing,

then we will issue individual debt securities in certificated form in exchange for the relevant global securities. In any such instance, an owner of a beneficial interest in a global security will be entitled to physical delivery of individual debt securities in certificated form of like tenor and rank, equal in principal amount to such beneficial interest and to have such debt securities in certificated form registered in its name. Unless otherwise provided in the prospectus supplement, debt securities so issued in certificated form will be issued in denominations of $1,000 or any integral multiple thereof and will be issued in registered form only, without coupons.

The following is based on information furnished by DTC and applies to the extent that it is the depositary, unless otherwise provided in the prospectus supplement:

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities that its participants deposit with it. DTC also facilitates the post-trade settlement among its participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges in its participants' accounts. This eliminates the need for physical movement of securities certificates. Direct participants of DTC include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation. The Depository Trust & Clearing Corporation is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. The Depository Trust & Clearing Corporation is owned by the users of its regulated subsidiaries. Access to DTC's system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly. DTC rules applicable to its participants are on file with the SEC.

Except as otherwise provided in this prospectus or a prospectus supplement, purchases of debt securities under DTC's system must be made by or through direct participants, which will receive a credit for those debt securities on DTC's records. The beneficial ownership interest of each actual purchaser of each debt security represented by a global security ("beneficial owner") is in turn to be recorded on the records of the direct and indirect participants' records. Beneficial owners will not receive written confirmation from DTC of their purchase. Beneficial owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the direct or indirect participants through which the beneficial owner entered into the transaction. Transfers of ownership interests in a global security representing debt securities are to be accomplished by entries made on the books of direct and indirect participants acting on behalf of beneficial owners. Beneficial owners of a global security representing debt securities will not receive certificates representing their ownership interests in a global security, except in the event that use of the book-entry system for those debt securities is discontinued.

To facilitate subsequent transfers, all global securities representing debt securities deposited by direct participants with DTC are registered in the name of DTC's nominee, Cede & Co. ("Cede"), or such other name

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as may be requested by an authorized representative of DTC. The deposit of global securities with DTC and their registration in the name of Cede or such other nominee of DTC do not effect any change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the global securities representing the debt securities; DTC's records reflect only the identity of the direct participants to whose accounts such debt securities are credited, which may or may not be the beneficial owners. The direct and indirect participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants, and by direct participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

If applicable, redemption notices will be sent to Cede. If less than all of the debt securities within a series are being redeemed, DTC's practice is to determine by lot the amount of the interest of each direct participant in that issue to be redeemed.

Neither DTC nor Cede (nor any other nominee of DTC) will consent or vote with respect to the global securities representing debt securities unless authorized by a direct participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an omnibus proxy to us as soon as possible after the applicable record date. The omnibus proxy assigns Cede's consenting or voting rights to those direct participants to whose accounts book-entry securities are credited on the applicable record date (identified in a listing attached to the omnibus proxy).

Redemption proceeds, distributions and dividend payments on the global securities representing the debt securities will be made to Cede, or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit direct participants' accounts, upon DTC's receipt of funds and corresponding detailed information from us or the applicable Trustee, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such participant and not of DTC, the applicable Trustee or us, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments to Cede (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of us or the applicable Trustee, disbursement of such payments to direct participants will be the responsibility of DTC, and disbursement of such payments to the beneficial owners will be the responsibility of direct and indirect participants.

A beneficial owner will give notice of any option to elect to have its debt securities purchased or tendered, through its participant, to the applicable Trustee, and will effect delivery of such debt securities by causing the direct participant to transfer the participant's interest in the global security representing those debt securities, on DTC's records, to such Trustee. The requirement for physical delivery of debt securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the global security representing those debt securities are transferred by direct participants on DTC's records and followed by a book-entry credit of tendered debt securities to the applicable Trustee's account with DTC.

DTC may discontinue providing its services as depositary with respect to debt securities at any time by giving reasonable notice to us or the applicable Trustee. Under those circumstances, in the event that a successor depositary is not obtained, certificates are required to be printed and delivered.

We may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that we believe to be reliable, but we take no responsibility for the accuracy thereof.

Unless stated otherwise in the prospectus supplement, the underwriters or agents with respect to a series of debt securities issued as global securities will be direct participants in DTC.

None of any underwriter or agent, the Trustees, any applicable paying agent or us will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial interests in a global security, or for maintaining, supervising or reviewing any records relating to such beneficial interests.

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Resignation of Trustee

Each Trustee may resign or be removed with respect to one or more series of indenture securities and a successor Trustee may be appointed to act with respect to the series. In the event that two or more persons are acting as Trustee with respect to different series of indenture securities under one of the Indentures, each such Trustee shall be a Trustee of a trust thereunder separate and apart from the trust administered by any other Trustee, and any action described herein to be taken by the Trustee may then be taken by each Trustee with respect to, and only with respect to, the one or more series of indenture securities for which it is Trustee.

Subordinated Debt Indenture Provisions

Upon any distribution of our assets upon any dissolution, winding up, liquidation or reorganization, the payment of the principal of and premium and interest, if any, on subordinated debt securities is to be subordinated to the extent provided in the Subordinated Debt Indenture in right of payment to the prior payment in full of all Senior Indebtedness, but our obligation to make payment of the principal of and premium and interest, if any, on the subordinated debt securities will not otherwise be affected. In addition, no payment on account of the principal of or premium or interest, if any, on the subordinated debt securities may be made at any time unless full payment of all amounts due in respect of the principal of and premium and interest, if any, on Senior Indebtedness has been made or duly provided for in money.

In the event that, notwithstanding the foregoing, any payment by us is received by the Subordinated Trustee or the holders of any of the subordinated debt securities before all Senior Indebtedness is paid in full, the payment or distribution shall be paid over to the holders of the Senior Indebtedness or on their behalf for application to the payment of all the Senior Indebtedness remaining unpaid until all the Senior Indebtedness has been paid in full, after giving effect to any concurrent payment or distribution to the holders of the Senior Indebtedness. Subject to the payment in full of all Senior Indebtedness upon this distribution, the holders of the subordinated debt securities will be subrogated to the rights of the holders of the Senior Indebtedness to the extent of payments made to the holders of the Senior Indebtedness out of the distributive share of the subordinated debt securities.

By reason of the subordination, in the event of a distribution of assets upon insolvency, certain of our general creditors may recover more, ratably, than holders of the subordinated securities. The Subordinated Indenture provides that the subordination provisions thereof will not apply to money and securities held in trust pursuant to the defeasance provisions of the Subordinated Indenture.

If this prospectus is being delivered in connection with a series of subordinated debt securities, the accompanying prospectus supplement or the information incorporated by reference therein will set forth the definition of Senior Indebtedness and the approximate amount of Senior Indebtedness outstanding as of a recent date.

Governing Law

The Indentures and the debt securities will be governed by, and construed in accordance with, the laws of the State of New Jersey.

The Trustee under the Senior Debt Indenture and the Subordinated Debt Indenture

US Bank National Association, the Trustee under our Senior Debt Indenture dated as of November 1, 1998 with respect to our senior debt securities, will also be trustee under the Subordinated Debt Indenture to be entered into with respect to our subordinated debt securities. In the event that the Trustee's position as trustee under the Senior Debt Indenture and the Subordinated Debt Indenture creates a conflict for the Trustee, under certain circumstances, the Trustee will resign as trustee under either the Senior Debt Indenture or the Subordinated Debt Indenture.

US Bank National Association is trustee under various indentures relating to our subsidiaries and affiliates. Our subsidiaries, our affiliates and we maintain other normal banking relationships, including credit facilities and lines of credit, with US Bank National Association.

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DESCRIPTION OF THE CAPITAL STOCK

The following description summarizes the material terms of our capital stock. Because this section is a summary, it does not describe every aspect of our capital stock. For additional information, you should refer to the applicable provisions of the New Jersey Business Corporation Act and our Certificate of Incorporation, as amended (the "Charter"), and By-Laws, as amended. Our Charter and By-Laws are exhibits to the registration statement of which this prospectus is a part.

Authorized Capital

Our authorized capital stock consists of 1,000,000,000 shares of common stock, without par value, and 50,000,000 shares of preferred stock, without par value.

Common Stock

General. As of October 31, 2014, 506,043,534 shares of our common stock were issued and outstanding. The outstanding shares of our common stock are, and any shares of common stock offered by a future prospectus supplement when issued and paid for will be, fully paid and non-assessable.

Dividend Rights. Holders of our common stock are entitled to such dividends as may be declared from time to time by our board of directors from legally available funds after payment of all amounts owed on any preferred stock that may be outstanding.

Voting Rights. Holders of our common stock are entitled to one vote for each share held by them on all matters presented to shareholders.

Liquidation Rights. After satisfaction of our creditors and the preferential liquidation rights of any preferred stock, the holders of our common stock are entitled to share, ratably, in the distribution of all remaining net assets.

Redemption Rights. The shares of our common stock are not subject to redemption or to any further calls or assessments and are not entitled to the benefit of any sinking fund provisions.

Transfer Agents and Registrars

The transfer agent and registrar for our common stock is Wells Fargo Shareowner Services, a division of Wells Fargo Bank, N.A.

Preferred Stock

Our board of directors is authorized, without further shareholder action, to divide the preferred stock into one or more classes or series and to determine the designations, preferences, limitations and special rights of any class or series including, but not limited to, the following:

- the rate (or manner of calculation of the rate) of dividends, if any, payable and whether such dividends are payable on a cumulative basis, and the frequency of any such payments;
- the rights, if any, of the holders of shares of the series upon our voluntary or involuntary liquidation, dissolution or winding-up;
- the terms and conditions upon which shares may be converted into shares of other series or other capital stock, if issued with the privilege of conversion;
- the price at and the terms and conditions upon which shares may be redeemed; and
- the voting rights, if any.

As of the date of this prospectus, no shares of preferred stock are outstanding.

S1-SSA-0009 - 29758

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DESCRIPTION OF THE STOCK PURCHASE CONTRACTS AND STOCK PURCHASE UNITS

We may issue stock purchase contracts representing contracts obligating holders to purchase from us, and us to sell to the holders, a specified number of shares of our common stock (or a range of numbers of shares pursuant to a predetermined formula) at a future date or dates. The price per share of our common stock and number of shares of our common stock may be fixed at the time the stock purchase contracts are issued or may be determined by reference to a specific formula set forth in the stock purchase contracts.

The stock purchase contracts may be issued separately or as a part of units, known as stock purchase units, consisting of a stock purchase contract and our debt securities or debt obligations of third parties (including United States Treasury securities), that would secure the holders' obligations to purchase our common stock under the stock purchase contracts. The stock purchase contracts may require us to make periodic payments to the holders of the stock purchase units or vice-versa. These payments may be unsecured or prefunded on some basis.

The applicable prospectus supplement will describe the terms of any stock purchase contracts or stock purchase units and, if applicable, debt securities and will contain a discussion of the material United States federal income tax considerations applicable to the stock purchase contracts and stock purchase units. The description in the applicable prospectus supplement will not contain all of the information you may find useful, and reference will be made to the stock purchase contracts, and, if applicable, the debt securities securing the holders' obligations thereunder and the related collateral or depositary arrangements relating to the stock purchase contracts or stock purchase units.

PLAN OF DISTRIBUTION

We may sell the securities directly to purchasers or indirectly through underwriters, dealers or agents. The names of any such underwriters, dealers or agents will be set forth in the relevant prospectus supplement. We will also set forth in the relevant prospectus supplement:

- the terms of the offering of the securities;
- the proceeds we will receive from the offering;
- any underwriting discounts and other items constituting underwriters' compensation;
- any initial public offering price;
- any discounts or concessions allowed or reallowed or paid to dealers; and
- any securities exchanges on which we may list the securities.

We may distribute the securities from time to time in one or more transactions at:

- a fixed price;
- prices that may be changed;
- market prices at the time of sale;
- prices related to prevailing market prices; or
- negotiated prices.

We will describe the method of distribution in the relevant prospectus supplement.

If we use underwriters with respect to an offering of the securities, we will set forth in the relevant prospectus supplement:

- the name of the managing underwriter, if any;
- the names of any other underwriters; and
- the terms of the transaction, including any underwriting discounts and other items constituting compensation of the underwriters and dealers, if any.

S1-SSA-0009 - 29759

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The underwriters will acquire any securities for their own accounts and they may resell the securities from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price and at varying prices determined at the time of sale.

Any initial public offering price and any discounts or concessions allowed or reallowed or paid to dealers may be changed from time to time. We anticipate that any underwriting agreement pertaining to any securities will:

- entitle the underwriters to indemnification by us against certain civil liabilities, including liabilities under the Securities Act, or to contribution with respect to payments that the underwriters may be required to make related to any such civil liability;
- subject the obligations of the underwriters to certain conditions precedent; and
- obligate the underwriters to purchase all securities offered in a particular offering if any such securities are purchased.

If we use a dealer in an offering of the securities, we will sell such securities to the dealer, as principal. The dealer may then resell the securities to the public at varying prices to be determined by such dealer at the time of resale. We will set forth the name of the dealer and the terms of the transaction in the prospectus supplement.

If we use an agent in an offering of the securities, we will name the agent and describe the terms of the agency in the relevant prospectus supplement. Unless we indicate otherwise in the prospectus supplement, we will require an agent to act on a best efforts basis for the period of its appointment.

We may enter into derivative transactions with third parties, or sell securities not covered by this prospectus to third parties in privately negotiated transactions. If the applicable prospectus supplement indicates, in connection with those derivatives, the third parties may sell securities covered by this prospectus and the applicable prospectus supplement, including in short sale transactions. If so, the third party may use securities pledged by us or borrowed from us or others to settle those sales or to close out any related open borrowings of stock, and may use securities received from us in settlement of those derivatives to close out any related open borrowings of stock. The third party in such sale transactions will be an underwriter and, if not identified in this prospectus, will be identified in the applicable prospectus supplement.

Dealers and agents named in a prospectus supplement may be considered underwriters of the securities described in the prospectus supplement under the Securities Act. We may indemnify them against certain civil liabilities under the Securities Act.

If underwriters are used in the sale, to facilitate the offering of securities, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of such securities. Specifically, the underwriters may over-allot in connection with the offering, creating a short position in such securities for their own accounts. In addition, to cover over-allotments or to stabilize the price of such securities, the underwriters may bid for, and purchase, such securities in the open market. Finally, in any offering of securities through a syndicate of underwriters, the underwriting syndicate may reclaim selling concessions allowed to an underwriter or a dealer for distributing such securities in the offering, if the syndicate repurchases previously distributed securities in transactions to cover syndicate short positions, in stabilization transactions or otherwise. Any of these activities may stabilize or maintain the market price of such securities above independent market levels. The underwriters are not required to engage in these activities, and may end any of these activities at any time.

In the ordinary course of business, we may engage in transactions with underwriters, dealers, agents and their affiliates and they may perform services for us.

We may solicit offers to purchase the securities and make sales directly to institutional investors or others who may be considered underwriters under the Securities Act with respect to such sales. We will describe the terms of any such offer in the relevant prospectus supplement. We may also sell the securities through competitive bidding procedures described in the relevant prospectus supplement.

If we authorize underwriters or other agents to solicit offers to purchase the securities from institutional investors pursuant to contracts providing for payment and delivery at a future date, we will indicate that we are doing so in the relevant prospectus supplement.

S1-SSA-0009 - 29760

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Each series of securities will be a new issue and, except for the common stock, which is listed on the New York Stock Exchange, will have no established trading market. We may elect to list any series of new securities on an exchange, or in the case of the common stock, on any additional exchange, but unless we advise you differently in the prospectus supplement, we have no obligation to cause any securities to be so listed. Any underwriters that purchase securities for public offering and sale may make a market in the securities, but such underwriters will not be obligated to do so and may discontinue any market making at any time without notice. We make no assurance as to the liquidity of, or the development or maintenance of, any trading markets for any securities.

We will estimate our expenses associated with any offering of the securities in the relevant prospectus supplement.

LEGAL MATTERS

The validity of the securities, including the binding nature of debt securities, to be issued by us will be passed upon for us by M. Courtney McCormick, Esquire, our Deputy General Counsel, or Tamara L. Linde, Esquire, our Executive Vice President and General Counsel, and for any underwriters, dealers or agents by Sidley Austin LLP, New York, New York, who may rely on the opinion of Ms. McCormick or Ms. Linde as to matters of New Jersey law. Mses. McCormick and Linde own shares of our common stock. Sidley Austin LLP has from time to time represented and continues to represent us and our affiliates in connection with certain unrelated legal matters.

EXPERTS

The consolidated financial statements and the related consolidated financial statement schedule incorporated in this prospectus by reference from our Annual Report on Form 10-K and the effectiveness of our internal control over financial reporting have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports which are incorporated herein by reference. Such consolidated financial statements and consolidated financial statement schedule have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

S1-SSA-0009 - 29761

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Public Service Enterprise Group Incorporated

% Senior Notes Due 2022

PROSPECTUS SUPPLEMENT
November , 2017

Joint Book-Running Managers

Barclays
J.P. Morgan
Morgan Stanley
CIBC Capital Markets
RBC Capital Markets
TD Securities

Co-Managers

BNY Mellon Capital Markets, LLC
PNC Capital Markets LLC
US Bancorp
Loop Capital Markets

S1-SSA-0009 - 29762

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Filed Pursuant to Rule 424(b)(5)
Registration Statement No. 333-200352

This preliminary prospectus supplement relates to an effective registration statement under the Securities Act of 1933, as amended, but is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED NOVEMBER 3, 2016

PROSPECTUS SUPPLEMENT
NOVEMBER , 2016
TO PROSPECTUS DATED NOVEMBER 18, 2014

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Public Service Enterprise Group Incorporated

$ % Senior Notes Due 2019
$ % Senior Notes Due 2021

We will pay interest on the % Senior Notes due 2019, or the 2019 Senior Notes, semi-annually on and of each year, beginning on , 2017. The 2019 Senior Notes will mature at par on November 15, 2019, unless we redeem them in accordance with their terms prior to such date.

We will pay interest on the % Senior Notes due 2021, or the 2021 Senior Notes, semi-annually on and of each year, beginning on , 2017. The 2021 Senior Notes will mature at par on November 15, 2021, unless we redeem them in accordance with their terms prior to such date. We refer to the 2019 Senior Notes and the 2021 Senior Notes collectively as the Senior Notes.

The Senior Notes will be our senior unsecured obligations and will rank equally in right of payment amongst themselves and with our other existing and future senior unsecured indebtedness; senior in right of payment to any of our indebtedness that is expressly subordinated in right of payment to the Senior Notes; effectively junior in right of payment to any of our future secured indebtedness to the extent of the value of the assets securing such indebtedness; and structurally junior to all indebtedness and other liabilities of our subsidiaries.

We may redeem some or all of the Senior Notes of each series at any time at the applicable redemption price, as more fully described in this prospectus supplement under the caption "Description of the Senior Notes —Optional Redemption." There is no sinking fund for the Senior Notes.

Each series of Senior Notes will be issued only in registered form in denominations of $2,000 and integral multiples of $1,000 in excess thereof.

Investing in the Senior Notes involves risks. See "Risk Factors" beginning on page 6 of the accompanying prospectus, as well as the risk factors contained in our Annual Report on Form 10-K for the year ended December 31, 2015 and in our other periodic reports filed with the Securities and Exchange Commission, which are incorporated herein by reference.

	Per 2019 Senior Note	Total	Per 2021 Senior Note	Total
Public Offering Price[1]	%	$	%	$
Underwriting Discount	%	$	%	$
Proceeds, Before Expenses, to PSEG[1]	%	$	%	$

[1] Plus accrued interest, if any, from November , 2016, if settlement occurs after that date.

The underwriters expect to deliver the Senior Notes in book-entry form only through The Depository Trust Company, Clearstream Banking, S.A. and Euroclear Bank S.A./N.V. on or about November , 2016.

Neither the Securities and Exchange Commission nor any state or other securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Joint Book-Running Managers

Barclays **J.P. Morgan** **RBC Capital Markets**
Scotiabank **Wells Fargo Securities**

Co-Managers

CIBC Capital Markets **Citigroup**
MFR Securities, Inc. **TD Securities**

S1-SSA-0009-29763

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S1-SSA-0009 - 29764

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You should rely only on the information contained or incorporated by reference or deemed to be incorporated by reference in this prospectus supplement, the accompanying prospectus and any free writing prospectus we may provide to you. We have not, and the underwriters have not, authorized any other person to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted.

You should assume that the information appearing in this prospectus supplement, the accompanying prospectus and any free writing prospectus we may provide to you and any document incorporated by reference herein and therein is only accurate as of the respective dates on the front covers hereof and thereof. Our business, prospects, financial condition, liquidity and results of operations may have changed since such dates.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first is this prospectus supplement, which describes the specific terms of the offering of the Senior Notes and certain other matters relating to us and the underwriters. The second part, the accompanying prospectus, gives more general information about securities we may offer from time to time, some of which information may not apply to the Senior Notes we are offering in this prospectus supplement.

If the description of the Senior Notes varies between this prospectus supplement and the accompanying prospectus, you should rely on the information contained in or incorporated by reference into this prospectus supplement.

Unless we have indicated otherwise, or the context otherwise requires (e.g., in the case of the issuer of the Senior Notes), references in this prospectus supplement and the accompanying prospectus to "PSEG," "we," "us" and "our" or similar terms are to Public Service Enterprise Group Incorporated and its consolidated subsidiaries.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Securities and Exchange Commission, or the SEC, allows us to "incorporate by reference" information that we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference or deemed incorporated by reference is an important part of this prospectus supplement and the accompanying prospectus, and information that we file later with the SEC will be deemed to automatically update and supersede this incorporated information. We incorporate by reference the following documents filed with the SEC and any future filings made with the SEC under Section 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, prior to the termination of the offering of the Senior Notes pursuant to this prospectus supplement (other than, in each case, documents or information deemed to have been furnished and not filed in accordance with SEC rules).

- Our Annual Report on Form 10-K for the year ended December 31, 2015;
- Our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2016, June 30, 2016, and September 30, 2016;
- Portions of our Definitive Proxy Statement on Schedule 14A for the Annual Meeting of Stockholders of PSEG held on April 19, 2016, filed with the SEC on March 14, 2016, that are incorporated by reference into Part III of our Annual Report on Form 10-K for the year ended December 31, 2015; and
- Our Current Reports on Form 8-K filed on April 25, 2016, September 7, 2016, and October 5, 2016, and our amended Current Report on Form 8-K/A filed on February 16, 2016.

You can get a free copy of any of the documents incorporated by reference by making an oral or written request directed to:

Vice President, Investor Relations
PSEG Services Corporation
80 Park Plaza, 6th Floor
Newark, NJ 07102
Telephone (973) 430-6565

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SUMMARY

The following summary contains basic information about us and the offering. It may not contain all of the information that may be important to you in making a decision to purchase the Senior Notes. You should read this entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference or deemed to be incorporated by reference before making your investment decision.

Public Service Enterprise Group Incorporated

We are an energy company with a diversified business mix. Our operations are located primarily in the Northeastern and Mid-Atlantic United States. Our business approach focuses on operational excellence, financial strength and disciplined investment. As a holding company, our profitability depends on our subsidiaries' operating results. Below are descriptions of our two principal direct operating subsidiaries.

Public Service Electric & Gas Company (PSE&G). PSE&G is a public utility company engaged principally in the transmission of electricity and distribution of electricity and natural gas in certain areas of New Jersey. PSE&G is subject to regulation by the New Jersey Board of Public Utilities and the Federal Energy Regulatory Commission. PSE&G also invests in solar generation projects and has also implemented energy efficiency and demand response programs in New Jersey.

PSEG Power LLC (PSEG Power). PSEG Power is a multi-regional, wholesale energy supply company that integrates its generating asset operations and gas supply commitments with its wholesale energy, fuel supply and energy transacting functions primarily in the Northeast and Mid-Atlantic United States through its principal direct wholly owned subsidiaries.

Our other direct wholly owned subsidiaries include PSEG Energy Holdings L.L.C., which primarily has investments in leveraged leases; PSEG Long Island LLC, which operates the Long Island Power Authority's transmission and distribution system under an operations services agreement; and PSEG Services Corporation, which provides certain management, administrative and general services to PSEG and its subsidiaries at cost.

S1-SSA-0009 - 29767

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The Offering

The following summary of the terms of the offering is provided solely for your convenience and is not intended to be complete. You should read and consider the more specific details contained in this prospectus supplement and the accompanying prospectus prior to making a decision to purchase either series of the Senior Notes. See "Description of the Senior Notes" in this prospectus supplement and "Description of the Senior and Subordinated Debt Securities" in the accompanying prospectus.

Issuer	Public Service Enterprise Group Incorporated
Securities Offered	$ aggregate principal amount of % Senior Notes due November 15, 2019. $ aggregate principal amount of % Senior Notes due November 15, 2021.
Ranking	The Senior Notes will be our senior unsecured obligations and will rank equally in right of payment amongst themselves and with our other existing and future senior unsecured indebtedness; senior in right of payment to any of our indebtedness that is expressly subordinated in right of payment to the Senior Notes; effectively junior in right of payment to any of our future secured indebtedness to the extent of the value of the assets securing such indebtedness; and structurally junior to all indebtedness and other liabilities of our subsidiaries. At September 30, 2016, we had approximately $765.0 million of outstanding indebtedness (including letters of credit) that ranks equally with the Senior Notes.
Maturity	The 2019 Senior Notes will mature on November 15, 2019 and the 2021 Senior Notes will mature on November 15, 2021, in each case subject to the provisions described below under " — Optional Redemption."
Optional Redemption	We may redeem the 2019 Senior Notes at any time, in whole or in part, prior to their maturity date and the 2021 Senior Notes at any time, in whole or in part, prior to October 15, 2021 (the date that is one month prior to their maturity date), in each case at a price equal to the greater of (a) 100% of the principal amount of the Senior Notes of such series being redeemed and (b) the sum of the present values of the remaining scheduled payments of principal of and interest on the Senior Notes of such series being redeemed that would be due on their maturity date (in the case of the 2019 Senior Notes) or that would be due if such Senior Notes matured on October 15, 2021 (in the case of the 2021 Senior Notes), exclusive of accrued interest to the redemption date, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below) plus basis points (in the case of the 2019 Senior Notes) or basis points (in the case of the 2021 Senior Notes), plus any accrued and unpaid interest on the principal amount of the Senior Notes of such series being redeemed to, but excluding, the redemption date. In addition, we may redeem the 2021 Senior Notes at any time, in whole or in part, on or after October 15, 2021 (the date that is one month prior to their maturity date) at a redemption price equal to 100% of the principal amount of the 2021 Senior Notes being redeemed, plus any accrued and unpaid interest on the principal amount of the 2021 Senior Notes being redeemed to, but excluding, the redemption date. See "Description of the Senior Notes — Optional Redemption."
Interest Payment Dates	and of each year, beginning on , 2017.

S1-SSA-0009 - 29768

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Use of Proceeds	We expect to use the net proceeds from the sale of the Senior Notes for general corporate purposes, which may include the repayment of all or a portion of our indebtedness outstanding under our commercial paper program. See "Use of Proceeds."
Trustee	The Senior Notes will be issued under an Indenture with U.S. Bank National Association, as successor Trustee. The Trustee will also act as paying agent and registrar for the Senior Notes.
Risk Factors	An investment in the Senior Notes involves certain risks. You should carefully consider the risks described in "Risk Factors" beginning on page 6 of the accompanying prospectus, as well as in the risk factors contained in our Annual Report on Form 10-K for the year ended December 31, 2015 and in our other periodic reports filed with the SEC, which are incorporated herein by reference.

S1-SSA-0009 - 29769

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CONSOLIDATED RATIOS OF EARNINGS TO FIXED CHARGES

	Nine Months Ended September 30, 2016	Years Ended December 31,				
		2015	2014	2013	2012	2011
Ratio of Earnings to Fixed Charges[1]	5.29x	6.83x	6.43x	5.44x	5.18x	5.53x

(1) The term "earnings" is defined as pre-tax Income from Continuing Operations before income or loss from equity method investees plus distributed income from equity investees. Add to pre-tax income the amount of fixed charges adjusted to exclude (a) the amount of any interest capitalized during the period and (b) the actual amount of any preferred securities dividend requirements of majority-owned subsidiaries stated on a pre-tax level. Fixed charges represent (a) interest, whether expensed or capitalized, (b) amortization of debt discount, premium and expense, (c) an estimate of interest implicit in rentals, and (d) preferred securities dividend requirements of majority-owned subsidiaries stated on a pre-tax level.

USE OF PROCEEDS

We estimate the net proceeds from the sale of the Senior Notes to be approximately $ million after deducting the underwriting discount and estimated offering expenses. We expect to use the net proceeds from the sale of the Senior Notes for general corporate purposes, which may include the repayment of all or a portion of our indebtedness outstanding under our commercial paper program. As of September 30, 2016, we had $255.0 million of indebtedness outstanding under our commercial paper program at an average interest rate of 0.79% per annum and with an average maturity of 29 days. Our commercial paper program is available principally to support our working capital needs.

S1-SSA-0009 - 29770

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DESCRIPTION OF THE SENIOR NOTES

Set forth below is a description of the specific terms of each series of Senior Notes. This description supplements, and should be read together with, the description of the general terms and provisions of senior debt securities set forth in the accompanying prospectus under the caption "Description of the Senior and Subordinated Debt Securities." The following description does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the description in the accompanying prospectus and the Indenture dated as of November 1, 1998 (as amended and supplemented to the date hereof, the "Indenture"), between us and U.S. Bank National Association, as successor trustee (the "Trustee"). The Trustee's address is 21 South Street, Morristown, NJ 07960.

References in this section to "PSEG", "we", "us" and "our" refer to Public Service Enterprise Group Incorporated without its consolidated subsidiaries.

General

We will issue the Senior Notes under the Indenture. The terms of the Senior Notes are stated in the Indenture and include terms made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"). You should refer to the Indenture and the Trust Indenture Act for a statement of these terms. The Indenture is governed by New Jersey law.

Principal, Maturity and Interest

The Indenture does not limit the aggregate principal amount of senior debt securities that we may issue under it and provides that senior debt securities may be issued under it up to the principal amount as we may authorize from time to time. The senior debt securities may be issued from time to time in one or more series. We may "reopen" any series of senior debt securities, including either series of Senior Notes, and issue additional senior debt securities of that series without the consent of existing holders. Any additional notes of a series having similar terms, together with the notes of such series, will constitute a single series of senior debt securities under the Indenture; provided that if the additional notes are not fungible for U.S. federal income tax purposes, the additional notes will have a separate CUSIP number.

The 2019 Senior Notes will initially be limited to $ million and the 2021 Senior Notes will initially be limited to $ million. Each series of Senior Notes will be issued in registered form only, without coupons, in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof. The 2019 Senior Notes will mature at par on November 15, 2019, or the 2019 Senior Notes Stated Maturity Date, and the 2021 Senior Notes will mature at par on November 15, 2021, or the 2021 Senior Notes Stated Maturity Date, in each case unless we redeem them in accordance with their terms prior to such date.

Interest on the 2019 Senior Notes will accrue at the rate of % per annum and interest on the 2021 Senior Notes will accrue at the rate of % per annum. Interest on each series of Senior Notes will be payable semi-annually in arrears on and of each year (each, an "Interest Payment Date") beginning on , 2017. We will make each payment of interest on each series of Senior Notes on an Interest Payment Date to the persons in whose names such Senior Notes are registered at the close of business on the 15th day immediately preceding such Interest Payment Date.

Interest on each series of Senior Notes will accrue from November , 2016 or, if interest has already been paid, from the most recent Interest Payment Date to which interest was paid or duly provided for. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

If any Interest Payment Date, the 2019 Senior Notes Stated Maturity Date, the 2021 Senior Notes Stated Maturity Date or date of earlier redemption is not a Business Day, the required payment shall be made on the next succeeding day that is a Business Day, without any interest or other payment in respect of the payment subject to delay, with the same force and effect as if made on such Interest Payment Date, the 2019 Senior Notes Stated Maturity Date, the 2021 Senior Notes Stated Maturity Date or such date of earlier redemption, as the case may be. "Business Day" means each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in Newark, New Jersey and The City of New York are authorized or obligated by law or executive order to close.

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Ranking

Each series of Senior Notes will be our senior unsecured obligations and will rank:

- equally amongst themselves and in right of payment with our other existing and future senior unsecured indebtedness;
- senior in right of payment to any of our indebtedness that is expressly subordinated in right of payment to the Senior Notes;
- effectively junior in right of payment to any of our future secured indebtedness to the extent of the value of the assets securing such indebtedness; and
- structurally junior to all indebtedness and other liabilities of our subsidiaries.

At September 30, 2016, we had approximately $765.0 million of outstanding indebtedness (including letters of credit) that ranks equally with the Senior Notes. We currently do not have any outstanding secured indebtedness.

As of September 30, 2016, our subsidiaries had $10.4 billion of outstanding indebtedness and other liabilities (excluding intercompany obligations and liabilities of a type not required to be reflected on a balance sheet of such subsidiaries in accordance with U.S. generally accepted accounting principles but including letters of credit) to which the Senior Notes would have been structurally subordinated.

Optional Redemption

We may redeem the 2019 Senior Notes at any time, in whole or in part, prior to the 2019 Senior Notes Stated Maturity Date and the 2021 Senior Notes at any time, in whole or in part, prior to October 15, 2021 (the date that is one month prior to the 2021 Senior Notes Stated Maturity Date), in each case, upon not less than 10 nor more than 60 days' prior written notice, as more fully described under " — Selection and Notice" below, at a price equal to the greater of:

(a) 100% of the principal amount of the Senior Notes of such series being redeemed; and

(b) the sum of the present values of the remaining scheduled payments of principal of and interest on the Senior Notes of such series being redeemed that would be due on the 2019 Senior Notes Stated Maturity Date (in the case of the 2019 Senior Notes) or that would be due if such Senior Notes matured on October 15, 2021 (in the case of the 2021 Senior Notes), exclusive of accrued interest to the redemption date, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus basis points (in the case of the 2019 Senior Notes) or basis points (in the case of the 2021 Senior Notes),

plus, in either case, any accrued and unpaid interest on the principal amount of the Senior Notes of such series being redeemed to, but excluding, the redemption date.

In addition, we may redeem the 2021 Senior Notes at any time, in whole or in part, on or after October 15, 2021 (the date that is one month prior to the 2021 Senior Notes Stated Maturity Date), upon not less than 10 nor more than 60 days' prior written notice, as more fully described under " — Selection and Notice" below, at a redemption price equal to 100% of the principal amount of the 2021 Senior Notes being redeemed, plus accrued and unpaid interest on the principal amount of the 2021 Senior Notes being redeemed to, but excluding, the redemption date.

"Comparable Treasury Issue" means, with respect to any redemption date for any of the Senior Notes of a series being redeemed, the United States Treasury security selected by an Independent Investment Banker as having the maturity comparable to the remaining term of the Senior Notes of such series to be redeemed (in the case of the 2021 Senior Notes, assuming that such 2021 Senior Notes matured on October 15, 2021) that would be utilized, at the time of selection and in accordance with the customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Senior Notes of such series.

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"Comparable Treasury Price" means, with respect to any redemption date for any of the Senior Notes of a series being redeemed:

(a) the average of three Reference Treasury Dealer Quotations (as defined below) for the redemption date, after excluding the highest and lowest of five Reference Treasury Dealer Quotations, or

(b) if the Independent Investment Banker obtains fewer than five Reference Treasury Dealer Quotations, the average of all Reference Treasury Dealer Quotations obtained.

"Independent Investment Banker" means one of the Reference Treasury Dealers appointed by us after consultation with the Trustee.

"Reference Treasury Dealer" means each of Barclays Capital Inc., J.P. Morgan Securities LLC, RBC Capital Markets, LLC, Scotia Capital (USA) Inc. and Wells Fargo Securities, LLC, and their respective affiliates or successors, provided that if any of the foregoing shall cease to be a primary U.S. government securities dealer in the United States (a "Primary Treasury Dealer"), we will substitute therefor another Primary Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by that Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day preceding such redemption date.

"Treasury Rate" means, with respect to any redemption date for any of the Senior Notes of a series being redeemed, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date. The Treasury Rate will be calculated by us on the third Business Day preceding the redemption date. The Trustee shall not be responsible for any such calculation.

Unless we default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the Senior Notes of a series called for redemption.

Additional Event of Default

In addition to the events of default described under "Description of the Senior and Subordinated Debt Securities — Events of Default," the following will also constitute an event of default under the Indenture with respect to each series of Senior Notes:

- an acceleration of our indebtedness for borrowed money in excess of $75,000,000, which acceleration has not been rescinded or annulled within ten days after written notice of such default as provided in the indenture; provided that this event of default will be remedied, cured or waived without further action upon the part of either the trustee or any of the holders if the default under our other indebtedness is remedied, cured or waived.

Selection and Notice

If less than all of the Senior Notes of a series are to be redeemed on any redemption date, the Trustee will select the Senior Notes of such series for redemption in accordance with any method the Trustee considers fair and appropriate, subject to the selection convention applicable to securities in book-entry form. Senior Notes of a series in denominations of $2,000 or less may not be redeemed in part. Notices of redemption will be delivered at least 10 but not more than 60 days prior to the redemption date to each holder of Senior Notes of a series to be redeemed at its registered address. The notice of redemption will state the portion of the principal amount to be redeemed if a Senior Note of such series is to be redeemed in part. A Senior Note of such series in principal amount equal to the unredeemed portion will be issued in the name of the holder upon cancellation of the original Senior Note of such series.

Book-Entry Only Issuance — The Depository Trust Company

The Depository Trust Company ("DTC") will act as the initial securities depositary for the Senior Notes. Each series of Senior Notes will be issued only as fully registered securities registered in the name of Cede & Co., DTC's nominee. One or more fully registered global certificates will be issued, representing in the aggregate the total principal amount of Senior Notes of each series, and will be deposited with or on behalf of DTC. See "Description of the Senior and Subordinated Debt Securities — Book-Entry Debt Securities" in the accompanying prospectus.

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Investors may elect to hold interests in the global securities through either DTC in the United States or Clearstream Banking, S.A. ("Clearstream, Luxembourg"), or Euroclear Bank S.A./N.V., as operator (the "Euroclear operator") of the Euroclear system (the "Euroclear system"), in Europe if they are participants of such systems, or indirectly through organizations which are participants in such systems. Clearstream, Luxembourg and the Euroclear system will hold interests on behalf of their participants through customers' securities accounts in Clearstream, Luxembourg's and the Euroclear system's names on the books of their respective U.S. depositaries, which in turn will hold such interests in customers' securities accounts in the depositaries' names on the books of DTC. Because the depositary can act only on behalf of participants, which in turn act on behalf of indirect participants and certain banks, the ability of a person having a beneficial interest in a global security to pledge such interest to persons or entities that do not participate in the depositary system, or otherwise take actions in respect of such interests, may be affected by the lack of physical certificates evidencing such interests.

Clearstream, Luxembourg advises that it is incorporated under the laws of Luxembourg as a professional depositary. Clearstream, Luxembourg holds securities for its participating organizations ("Clearstream participants") and facilitates the clearance and settlement of securities transactions between Clearstream participants through electronic book-entry changes in accounts of Clearstream participants, thereby eliminating the need for physical movement of certificates. Clearstream, Luxembourg provides to Clearstream participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream, Luxembourg interfaces with domestic markets in several countries. As a professional depositary, Clearstream, Luxembourg is subject to regulation by the Luxembourg Monetary Institute. Clearstream participants are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations and may include the underwriters. Indirect access to Clearstream, Luxembourg is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Clearstream participant, either directly or indirectly.

Distributions with respect to interests in the Senior Notes of either series held beneficially through Clearstream, Luxembourg will be credited to cash accounts of Clearstream participants in accordance with its rules and procedures, to the extent received by the U.S. depositary for Clearstream, Luxembourg.

The Euroclear system advises that it was created in 1968 to hold securities for participants of the Euroclear system ("Euroclear participants") and to clear and settle transactions between Euroclear participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. The Euroclear system includes various other services, including securities lending and borrowing and interfaces with domestic markets in several countries. The Euroclear system operates under contract with Euroclear plc, a U.K. corporation. All operations are conducted by the Euroclear system, and all Euroclear system securities clearance accounts and Euroclear system cash accounts are accounts with the Euroclear system, not the Euroclear operator. The Euroclear operator establishes policy for the Euroclear system on behalf of Euroclear participants. Euroclear participants include banks (including central banks), securities brokers and dealers and other professional financial intermediaries and may include the underwriters. Indirect access to the Euroclear system is also available to other firms that clear through or maintain a custodial relationship with a Euroclear participant, either directly or indirectly. The Euroclear system is a Belgian bank. As such, it is regulated by the Belgian Banking and Finance Commission. Securities clearance accounts and cash accounts with the Euroclear operator are governed by the Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear system, and applicable Belgian law (collectively, the "terms and conditions"). The terms and conditions govern transfers of securities and cash within the Euroclear system, withdrawals of securities and cash from the Euroclear system, and receipts of payments with respect to securities in the Euroclear system. All securities in the Euroclear system are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear operator acts under the terms and conditions only on behalf of Euroclear participants, and has no records of or relationship with persons holding through Euroclear participants.

Distributions with respect to each series of Senior Notes held beneficially through the Euroclear system will be credited to the cash accounts of Euroclear participants in accordance with the terms and conditions, to the extent received by the U.S. depositary for the Euroclear system.

The information in this section, together with the information in "Description of the Senior and Subordinated Debt Securities — Book-Entry Debt Securities" in the accompanying prospectus concerning DTC,

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its book-entry system, Clearstream, Luxembourg and the Euroclear system has been obtained from sources that we believe to be reliable, but we have not attempted to verify the accuracy of this information.

Global Clearance and Settlement Procedures

Initial settlement for the Senior Notes of each series will be made in immediately available funds. Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC rules and will be settled in immediately available funds using DTC's Same-Day Funds Settlement System. Secondary market trading between Clearstream participants and/or Euroclear participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream, Luxembourg and the Euroclear system, as applicable.

Clearstream, Luxembourg and the Euroclear system will record the ownership interests of their participants in much the same way as DTC, and DTC will record the total ownership of each of the U.S. agents of Clearstream, Luxembourg and the Euroclear system, as participants in DTC. When Senior Notes of either series are to be transferred from the account of a DTC participant to the account of a Clearstream participant or a Euroclear participant, the purchaser must send instructions to Clearstream, Luxembourg or the Euroclear system through a participant at least one day prior to settlement. Clearstream, Luxembourg or the Euroclear system, as the case may be, will instruct its U.S. agent to receive Senior Notes of such series against payment. After settlement, Clearstream, Luxembourg or the Euroclear system will credit its participant's account. Credit for the Senior Notes of such series will appear on the next day (European time).

Because settlement is taking place during New York business hours, DTC participants will be able to employ their usual procedures for sending Senior Notes of either series to the relevant U.S. agent acting for the benefit of Clearstream or Euroclear participants. The sale proceeds will be available to the DTC seller on the settlement date. As a result, to the DTC participant, a cross-market transaction will settle no differently than a trade between two DTC participants.

When a Clearstream or Euroclear participant wishes to transfer Senior Notes of a series to a DTC participant, the seller will be required to send instructions to Clearstream, Luxembourg or the Euroclear system through a participant at least one business day prior to settlement. In these cases, Clearstream, Luxembourg or the Euroclear system will instruct its U.S. agent to transfer these Senior Notes of such series against payment for them. The payment will then be reflected in the account of the Clearstream or Euroclear participant the following day, with the proceeds back valued to the value date, which would be the preceding day, when settlement occurs in New York, if settlement is not completed on the intended value date, that is, the trade fails, proceeds credited to the Clearstream or Euroclear participant's account will instead be valued as of the actual settlement date. Clearstream participants and Euroclear participants may not deliver instructions directly to their respective U.S. depositaries.

You should be aware that you will only be able to make and receive deliveries, payments and other communications involving the Senior Notes of a series through Clearstream, Luxembourg and the Euroclear system on the days when those clearing systems are open for business. Those systems may not be open for business on days when banks, brokers and other institutions are open for business in the United States. Because of time-zone differences, credits of Senior Notes of a series received in Clearstream, Luxembourg or the Euroclear system as a result of a transaction with a DTC participant will be made during subsequent securities settlement processing and dated the business day following the DTC settlement date. Such credits or any transactions in such Senior Notes settled during such processing will be reported to the relevant Euroclear participant or Clearstream participant on such business day. Cash received in Clearstream, Luxembourg or the Euroclear system as a result of sales of the Senior Notes of a series by or through a Clearstream participant or a Euroclear participant to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Clearstream, Luxembourg or the Euroclear system cash account only as of the business day following settlement in DTC.

Although DTC, Clearstream, Luxembourg and the Euroclear system have agreed to the foregoing procedures in order to facilitate transfers of Senior Notes of either series among participants of DTC, Clearstream, Luxembourg and the Euroclear system, they are under no obligation to perform or continue to perform such procedures and such procedures may be discontinued or changed at any time.

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MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of certain material U.S. federal income tax consequences of the purchase, ownership and disposition of Senior Notes. Except where noted, this summary deals only with Senior Notes held as capital assets by beneficial owners of Senior Notes of either series who purchase such Senior Notes in this offering at the applicable public offering price listed on the cover page of this prospectus supplement. This summary is based upon the provisions of the Internal Revenue Code of 1986, as amended, or the Code, the Treasury Regulations promulgated thereunder and judicial and administrative rulings and decisions now in effect, all of which are subject to change or differing interpretations, possibly with retroactive effect. This summary does not purport to address all aspects of U.S. federal income taxation that may affect particular investors in light of their individual circumstances, or certain types of investors subject to special treatment under the U.S. federal income tax laws, such as persons that mark to market their securities, financial institutions, regulated investment companies, real estate investment trusts, corporations subject to the accumulated earnings tax, holders subject to the alternative minimum tax, individual retirement and other tax-deferred accounts, tax-exempt organizations, brokers, dealers in securities and commodities, certain former U.S. citizens or long-term residents, life insurance companies, persons that hold Senior Notes as part of a hedge against currency or interest rate risks or that hold Senior Notes as part of a position in a constructive sale, straddle, conversion transaction or other integrated transaction for U.S. federal income tax purposes, controlled foreign corporations, passive foreign investment companies, persons that acquire Senior Notes in connection with employment or other performance of personal services, partnerships or other pass-through entities and investors in such entities, subsequent purchasers of Senior Notes, U.S. holders (as defined below) whose "functional currency" is not the U.S. dollar and persons that are members of an "expanded group", within the meaning of Treasury Regulations Section 1.385-1, of which PSEG is also a member. This summary does not address any aspect of state, local or foreign taxation or any U.S. federal tax other than the income tax.

For purposes of this summary, a "U.S. holder" is a beneficial owner of a Senior Note that, for U.S. federal income tax purposes, is:

- an individual citizen or resident of the United States;
- a corporation, or other entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States, any state or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust, if (a) a court within the United States is able to exercise primary jurisdiction over administration of the trust and one or more U.S. persons have authority to control all substantial decisions of the trust or (b) it has a valid election in effect to be treated as a U.S. person.

For purposes of this summary, a "non-U.S. holder" is a beneficial owner of a Senior Note that is not a U.S. holder or a partnership (including an entity or arrangement treated as a partnership for U.S. federal income tax purposes).

If a partnership (including an entity or arrangement treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of Senior Notes, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. Partnerships that hold Senior Notes (and partners in such partnerships) should consult their tax advisors.

We have not requested, and do not intend to request, a ruling from the U.S. Internal Revenue Service, or the IRS, with respect to any of the U.S. federal income tax consequences described below. There can be no assurance that the IRS will not disagree with or challenge any of the conclusions set forth herein.

If you are considering investing in Senior Notes, you should consult your own tax advisor with respect to your particular tax consequences of the purchase, ownership and disposition of the Senior Notes, including the consequences under the laws of any state, local or non-U.S. jurisdiction.

Certain Additional Payments

In certain circumstances, we may be obligated to pay amounts in excess of stated interest or principal on the Senior Notes. For example, we may be required to pay amounts in redemption of the Senior Notes in addition to the stated principal amount of and interest on the Senior Notes as described under "Description of the Senior Notes

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— Optional Redemption." The obligation to make these payments may implicate the provisions of the Treasury Regulations relating to "contingent payment debt instruments." Treasury Regulations provide special rules for contingent payment debt instruments which, if applicable, could cause the timing, amount and character of a holder's income, gain or loss with respect to the Senior Notes to be different from the consequences discussed herein. Although the issue is not free from doubt, we believe that the possibility of the payment of such additional amounts ought not result in the Senior Notes being treated as contingent payment debt instruments under the applicable Treasury Regulations. This position is not binding on the IRS, which may take a contrary position and treat the Senior Notes as contingent payment debt instruments. If the Senior Notes were deemed to be contingent payment debt instruments, a holder would generally be required to treat any gain recognized on the sale or other disposition of the Senior Notes as ordinary income rather than as capital gain. Furthermore, a holder would be required to accrue interest income on a constant yield basis at an assumed yield determined at the time of issuance of the Senior Notes, with adjustments to such accruals when any payments are made that differ from the payments calculated based on the assumed yield. The remainder of this discussion assumes that the Senior Notes are not treated as contingent payment debt instruments. Holders are urged to consult their own tax advisors regarding the potential application to the Senior Notes of the rules regarding contingent payment debt instruments and the consequences thereof.

U.S. holders

Payments of interest. Stated interest on a Senior Note will generally be taxable to a U.S. holder as ordinary interest income at the time it is paid or accrued in accordance with the U.S. holder's regular method of accounting for U.S. federal income tax purposes.

Sale, exchange, redemption or other taxable disposition of a Senior Note. Upon the sale, exchange, redemption or other taxable disposition of a Senior Note, a U.S. holder will recognize taxable gain or loss equal to the difference between the amount realized on the sale, exchange, redemption or other taxable disposition and the U.S. holder's adjusted tax basis in the Senior Note. For these purposes, the amount realized does not include any amount attributable to accrued interest. Amounts attributable to accrued interest are treated as interest as described under " — Payments of interest" above. A U.S. holder's adjusted tax basis in a Senior Note will generally be such U.S. holder's cost for the Senior Note. Gain or loss realized on the sale, exchange, redemption or other taxable disposition of a Senior Note will generally be capital gain or loss and will be long-term capital gain or loss if at the time of the sale, exchange, redemption or other taxable disposition the Senior Note has been held by the U.S. holder for more than one year. Long-term capital gains of individual U.S. holders are eligible for preferential rates of U.S. federal income taxation. The deductibility of capital losses is subject to limitations under the Code.

Information reporting and backup withholding. Information returns will be filed with the IRS in connection with payments on the Senior Notes and the proceeds from a sale, exchange, redemption or other disposition of the Senior Notes, unless the U.S. holder is an exempt recipient such as a corporation. A U.S. holder will be subject to U.S. backup withholding, currently at a rate of 28%, on these payments if the U.S. holder fails to provide its taxpayer identification number to the payor and comply with certain certification procedures or otherwise establish an exemption from backup withholding. Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a U.S. holder will be allowed as a credit against the U.S. holder's U.S. federal income tax liability and may entitle the U.S. holder to a refund, provided that the required information is timely furnished to the IRS.

Medicare Tax. Certain U.S. holders that are individuals, estates or trusts are subject to a 3.8% tax on all or a portion of their "net investment income," which may include all or a portion of their interest and net gains from the disposition of Senior Notes. If you are a U.S. holder that is an individual, estate or trust, you should consult your tax advisor regarding the applicability of the Medicare tax to your income and gains in respect of your investment in the Senior Notes.

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Non-U.S. holders

Payments of interest. Subject to the discussion below concerning backup withholding and FATCA (as defined below), payments of interest on a Senior Note received or accrued by a non-U.S. holder generally will not be subject to U.S. federal income or withholding tax, as long as the non-U.S. holder:

- does not conduct a trade or business in the United States with respect to which the interest is effectively connected;
- does not actually, indirectly or constructively own 10% or more of the total combined voting power of all classes of PSEG's stock entitled to vote, within the meaning of Section 871(h)(3) of the Code;
- is not a "controlled foreign corporation" with respect to which we are a "related person" within the meaning of Section 881(c)(3)(C) of the Code;
- is not a bank whose receipt of the interest is described in Section 881(c)(3)(A) of the Code; and
- satisfies the certification requirements described below.

The certification requirements will be satisfied if either (a) the beneficial owner of a Senior Note timely certifies, under penalties of perjury, to us or to the person who otherwise would be required to withhold U.S. tax that such owner is a non-U.S. holder and provides its name and address or (b) a custodian, broker, nominee or other intermediary acting as an agent for the beneficial owner (such as a securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business) that holds the Senior Note in such capacity timely certifies, under penalties of perjury, to us or to the person who otherwise would be required to withhold U.S. tax that such statement has been received from the beneficial owner of the Senior Note by such intermediary, or by any other financial institution between such intermediary and the beneficial owner, and furnishes to us or to the person who otherwise would be required to withhold U.S. tax a copy thereof. In general, the foregoing certification may be provided on a properly completed IRS Form W-8BEN, W-8BEN-E or W-8IMY, as applicable.

A non-U.S. holder that is not exempt from tax under the foregoing rules generally will be subject to U.S. federal income tax withholding on payments of interest at a rate of 30% unless:

- the interest is effectively connected with a U.S. trade or business conducted by such non-U.S. holder (and, if an applicable income tax treaty so provides, is attributable to a permanent establishment maintained in the United States by the non-U.S. holder), in which case the non-U.S. holder will be subject to U.S. federal income tax on a net income basis at the rate applicable to U.S. holders generally; or
- an applicable income tax treaty provides for a lower rate of, or exemption from, withholding tax.

A non-U.S. holder that is treated as a corporation for U.S. federal income tax purposes and has effectively connected interest income (as described in the first bullet point above) may also, under certain circumstances, be subject to an additional "branch profits tax," which is generally imposed on a foreign corporation on the deemed repatriation from the United States of effectively connected earnings and profits, at a 30% rate, unless the rate is reduced or eliminated by an applicable income tax treaty.

To claim the benefit of a reduced rate or exemption from withholding under an income tax treaty or to claim exemption from withholding because income is effectively connected with a U.S. trade or business, the non-U.S. holder must timely provide the appropriate, properly executed IRS forms. Certification to claim income is effectively connected with a U.S. trade or business is generally made on IRS Form W-8ECI. Certification to claim the benefit of a reduced rate or exemption from withholding under an income tax treaty is generally made on IRS Form W-8BEN or W-8BEN-E. These forms may be required to be periodically updated.

Sale, exchange, redemption or other taxable disposition of a Senior Note. Subject to the discussion below concerning FATCA, a non-U.S. holder generally will not be subject to U.S. federal income tax on any gain realized on the sale, exchange, redemption or other taxable disposition of a Senior Note unless (a) such gain is effectively connected with the conduct by the non-U.S. holder of a U.S. trade or business (and, if an applicable income tax treaty so provides, is attributable to a permanent establishment maintained in the United States by the non-U.S. holder) or (b) except to the extent that an applicable income tax treaty otherwise provides, in the case of a non-U.S. holder who is an individual, the non-U.S. holder is present in the United States for 183 days or more during the taxable year in which such gain is realized and certain other conditions exist.

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Except to the extent that an applicable income tax treaty otherwise provides, generally a non-U.S. holder will be taxed in the same manner as a U.S. holder with respect to gain that is effectively connected with the non-U.S. holder's conduct of a U.S. trade or business. A non-U.S. holder that is treated as a corporation for U.S. federal income tax purposes may also, under certain circumstances, be subject to the branch profits tax as described above.

Information reporting and backup withholding. Payments of interest on Senior Notes to a non-U.S. holder generally will be reported to the IRS and to the non-U.S. holder. Copies of applicable IRS information returns may be made available under the provisions of a specific tax treaty or agreement to the tax authorities of the country in which the non-U.S. holder resides. Non-U.S. holders are generally exempt from backup withholding, currently at a rate of 28%, and additional information reporting on payments of principal, premium (if any), or interest, provided that the non-U.S. holder (a) certifies its nonresident status on the appropriate IRS Form (or a suitable substitute form) and certain other conditions are met or (b) otherwise establishes an exemption.

Payments of the proceeds from a sale of Senior Notes by a non-U.S. holder made to or through a foreign office of a broker generally will not be subject to information reporting or backup withholding. Information reporting may apply to such payments, however, if the broker is a U.S. person, a controlled foreign corporation for U.S. tax purposes, the U.S. branch of a foreign bank or a foreign insurance company, a foreign partnership controlled by U.S. persons or engaged in a U.S. trade or business, or a foreign person 50% or more of whose gross income is effectively connected with a U.S. trade or business for a specified three-year period. Payments of the proceeds from the sale of Senior Notes through the U.S. office of a broker is subject to information reporting and backup withholding unless the non-U.S. holder certifies as to its non-U.S. status or otherwise establishes an exemption from information reporting and backup withholding.

Backup withholding is not an additional tax. Any backup withholding generally will be allowed as a credit or refund against the non-U.S. holder's U.S. federal income tax liability, provided that the required information is timely furnished to the IRS.

Foreign Account Tax Compliance

Sections 1471 to 1474 of the Code and the Treasury Regulations thereunder ("FATCA") impose withholding taxes on certain types of payments made to "foreign financial institutions," as specially defined under FATCA, and certain other non-U.S. entities. FATCA imposes a 30% withholding tax on payments of interest on, and gross proceeds from the sale, exchange, redemption or other disposition of, Senior Notes paid to a foreign financial institution unless the foreign financial institution is deemed to be compliant with FATCA or enters into an agreement with the IRS to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned foreign entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these reporting and other requirements. In addition, FATCA imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity of a certain type unless the entity certifies that it does not have any substantial U.S. owners or furnishes identifying information to the IRS or to the withholding agent regarding each substantial U.S. owner. These rules currently apply to payments of interest and are expected to apply to payments of gross proceeds from the sale, exchange, redemption or other disposition of Senior Notes after December 31, 2018. Prospective investors should consult their tax advisors regarding the application of FATCA to the acquisition, ownership or disposition of Senior Notes.

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UNDERWRITING

Subject to the terms and conditions set forth in the underwriting agreement, dated the date hereof (the "Underwriting Agreement"), for which Barclays Capital Inc., J.P. Morgan Securities LLC and RBC Capital Markets, LLC are acting as representatives, we have agreed to sell to each of the underwriters, and each of the underwriters has severally agreed to purchase from us, the aggregate principal amount of each series of Senior Notes set forth opposite the name of such underwriter:

Underwriter	Principal Amount of 2019 Senior Notes	Principal Amount of 2021 Senior Notes
Barclays Capital Inc.	$	$
J.P. Morgan Securities LLC		
RBC Capital Markets, LLC		
Scotia Capital (USA) Inc.		
Wells Fargo Securities, LLC		
CIBC World Markets Corp.		
Citigroup Global Markets Inc.		
MFR Securities, Inc.		
TD Securities (USA) LLC		
Total	$	$

The Underwriting Agreement provides that the obligations of the underwriters to pay for and accept delivery of the Senior Notes of each series are subject to, among other things, the approval of certain legal matters by their counsel and certain other conditions. The underwriters are obligated to take and pay for all the Senior Notes of a series if any are taken. If any underwriter defaults, the Underwriting Agreement provides that the purchase commitments of the non-defaulting underwriters may be increased or the Underwriting Agreement may be terminated.

The underwriters have advised us that they propose initially to offer all or part of the Senior Notes of each series to the public at the applicable public offering price set forth on the cover page of this prospectus supplement and may offer the Senior Notes of each series to certain dealers at such price less a concession not in excess of % of the principal amount of the 2019 Senior Notes or % of the principal amount of the 2021 Senior Notes. The underwriters may allow, and such dealers may reallow, a discount not in excess of % of the principal amount of the 2019 Senior Notes or % of the principal amount of the 2021 Senior Notes. After the initial public offering, the applicable public offering price, concession and discount may be changed. The Senior Notes are offered subject to receipt and acceptance by the underwriters and to certain other conditions, including the right to reject orders in whole or in part.

The underwriting discount to be paid by us to the underwriters will be % per 2019 Senior Note, for a total of $, and % per 2021 Senior Note, for a total of $. In addition, we estimate that we will incur other offering expenses of approximately $.

Neither series of Senior Notes will have an established trading market when issued, and it is not anticipated that the Senior Notes of either series will be listed on any securities exchange. The underwriters have advised us that they intend to make a market for each series of Senior Notes, but they have no obligation to do so, and may discontinue market making at any time without providing any notice. No assurance can be given as to the development, maintenance or liquidity of any trading market for the Senior Notes of either series.

In connection with the offering, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of either or both series of Senior Notes. Specifically, the underwriters may over-allot in connection with this offering, creating short positions in either or both series of Senior Notes for their own account. In addition, to cover over-allotments or to stabilize the price of either or both series of Senior Notes, the underwriters may bid for, and purchase, such Senior Notes in the open market. Finally, the underwriters may reclaim selling concessions allowed to a dealer for distributing Senior Notes of either or both series in this offering, if the underwriters repurchase previously distributed Senior Notes of such series in transactions that cover syndicate short positions, in stabilization transactions or otherwise. Any of these activities may stabilize or maintain the price of either or both series of Senior Notes above independent market levels. The underwriters are not required to engage in these activities, and may end any of these activities at any time and, in any case, will end these activities after a limited period.

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Neither we nor the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of either series of Senior Notes. In addition, neither we nor the underwriters make any representation that such transactions will be engaged in or that such transactions, once commenced, will not be discontinued without notice.

We have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended, or to contribute to payments required to be made in respect thereof.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services, including lending under certain of our credit facilities, to us and to persons and entities with relationships with us for which they are paid customary fees and expenses.

In the ordinary course of their various business activities, the underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of ours (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with us. The underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

Selling Restrictions

Notice to Prospective Investors in Canada

The Senior Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Senior Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus supplement and the accompanying prospectus (including any amendment thereto) contain a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts ("NI 33-105"), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Notice to Prospective Investors in the European Economic Area

Neither this prospectus supplement nor the accompanying prospectus is a prospectus for the purposes of the Prospectus Directive (as defined below). This prospectus supplement and the accompanying prospectus have been prepared on the basis that any offer of the Senior Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of the Senior Notes. Accordingly, any person making or intending to make an offer in that Relevant Member State of the Senior Notes which are the subject of the offering contemplated in this prospectus supplement and the accompanying prospectus may only do so in circumstances in which no obligation arises for us or any of the underwriters to publish a prospectus pursuant to Article 3 of the Prospectus Directive in relation to such offer. Neither we nor the

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underwriters have authorized, nor do we/they authorize, the making of any offer of the Senior Notes in circumstances in which an obligation arises for us or the underwriters to publish a prospectus for such offer.

In relation to each Relevant Member State, no offer of Senior Notes which are the subject of the offering contemplated by this prospectus supplement and the accompanying prospectus may be made to the public in that Relevant Member State other than:

(1) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(2) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the representatives for any such offer; or

(3) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Senior Notes shall require us or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Senior Notes to the public" in relation to any Senior Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Senior Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Senior Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, and the expression "Prospectus Directive" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

Notice to Prospective Investors in the United Kingdom

The communication of this prospectus supplement, the accompanying prospectus and any other document or materials relating to the issue of the Senior Notes offered hereby is not being made, and such documents and/or materials have not been approved, by an authorised person for the purposes of section 21 of the United Kingdom's Financial Services and Markets Act 2000, as amended (the "FSMA"). Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the United Kingdom falling within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order")), or within Article 49(2)(a) to (d) of the Financial Promotion Order, or to any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order (all such persons together being referred to as "relevant persons"). In the United Kingdom, the Senior Notes offered hereby are only available to, and any investment or investment activity to which this prospectus supplement and the accompanying prospectus relate will be engaged in only with, relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on this prospectus supplement and the accompanying prospectus or any of their contents.

Any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in connection with the issue or sale of the Senior Notes may only be communicated or caused to be communicated in circumstances in which Section 21(1) of the FSMA does not apply to us.

All applicable provisions of the FSMA must be complied with in respect to anything done by any person in relation to the Senior Notes in, from or otherwise involving the United Kingdom.

Notice to Prospective Investors in Hong Kong

The Senior Notes may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the Senior Notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to Senior Notes which are or are intended

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to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Notice to Prospective Investors in Singapore

This prospectus supplement and the accompanying prospectus have not been registered as prospectuses with the Monetary Authority of Singapore. Accordingly, this prospectus supplement, the accompanying prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Senior Notes may not be circulated or distributed, nor may the Senior Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Senior Notes are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired the Senior Notes under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; or (3) by operation of law.

Notice to Prospective Investors in Japan

The Senior Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the Financial Instruments and Exchange Law) and each underwriter is deemed to have agreed that it will not offer or sell any securities, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

LEGAL MATTERS

Certain legal matters with respect to the offering of the Senior Notes will be passed upon for us by Tamara L. Linde, Esquire, our Executive Vice President and General Counsel, or Shawn P. Leyden, Vice President and Deputy General Counsel of PSEG Services Corporation, a wholly owned subsidiary of PSEG. Ms. Linde is also an employee of our affiliate, PSEG Services Corporation. Each of Ms. Linde and Mr. Leyden beneficially owns or has rights to acquire an aggregate of less than 0.01% of PSEG's common stock. Sidley Austin LLP, New York, New York, will act as counsel to the underwriters in this offering. Sidley Austin LLP will rely on the opinion of Ms. Linde or Mr. Leyden as to all matters of New Jersey law. Sidley Austin LLP has from time to time represented, and continues to represent, us and our affiliates in connection with certain unrelated legal matters.

EXPERTS

The consolidated financial statements and the related consolidated financial statement schedule, incorporated in this prospectus supplement and the accompanying prospectus by reference from our Annual Report on Form 10-K for the year ended December 31, 2015, have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which is incorporated herein by reference. Such consolidated financial statements and consolidated financial statement schedule have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

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PROSPECTUS

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED

Common Stock, Preferred Stock,
Stock Purchase Contracts, Stock Purchase Units,
Senior Debt Securities and Subordinated Debt Securities

From time to time, we may offer the securities described in this prospectus separately or together in any combination, in one or more classes or series, in amounts, at prices and on terms that we will determine at the time of the offering.

We will provide the specific terms of each series or issue of securities in supplements to this prospectus. You should read this prospectus and the applicable prospectus supplement carefully before you invest.

Our common stock is listed on the New York Stock Exchange under the ticker symbol "PEG."

Investing in our securities involves risks. You should carefully consider the information in the section entitled "Risk Factors" beginning on page 6 of this prospectus, as well as the risk factors contained in our most recently filed Annual Report on Form 10-K and our other periodic reports filed with the Securities and Exchange Commission and incorporated by reference into this prospectus before you invest in any of our securities.

We may offer and sell the securities directly, through agents we select from time to time or to or through underwriters or dealers we select. If we use any agents, underwriters or dealers to sell the securities, we will name them and describe their compensation in a prospectus supplement. The price to the public of those securities and the net proceeds we expect to receive from that sale will also be set forth in a prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved any of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is November 18, 2014.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission (the "SEC") using a "shelf" registration process. Under this shelf process, we may, from time to time, sell the securities described in this prospectus or combinations thereof in one or more offerings.

This prospectus provides a general description of the securities we may offer. Each time we sell securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with additional information described under "Where You Can Find More Information."

In this prospectus, unless the context indicates otherwise, the words and terms "PSEG," "we," "our," "ours" and "us" refer to Public Service Enterprise Group Incorporated and its consolidated subsidiaries.

We may use this prospectus to offer from time to time:

- shares of our common stock, without par value;
- shares of our preferred stock, without par value, which may be convertible into our common stock;
- stock purchase contracts to purchase shares of our common stock;
- our unsecured debt securities, which may include senior and subordinated securities and which may be convertible into our common stock. In this prospectus, we refer to the debt securities, which may include senior and subordinated debt securities, as the "debt securities;" and
- stock purchase units, consisting of a stock purchase contract and our debt securities or debt obligations of third parties, including United States Treasury securities, that are pledged to secure the stock purchase unit holders' obligations under the stock purchase contracts.

We sometimes refer to our common stock, preferred stock, stock purchase contracts, stock purchase units and the debt securities, collectively, as the "securities."

We believe that we have included or incorporated by reference all information material to investors in this prospectus, but certain details that may be important for specific investment purposes have not been included. For more detailed information about the securities, you should also review the exhibits to the registration statement, which were either filed with the registration statement or incorporated by reference to other SEC filings.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports and other information with the SEC. Our filings are also available to the public over the Internet on the SEC's web site at http://www.sec.gov, as well as our web site at http://www.pseg.com. None of the information contained at any time on our web site is incorporated by reference into this prospectus. You may read and copy any material on file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room.

You may also inspect these documents at the New York Stock Exchange, Inc. (the "New York Stock Exchange"), where certain of our securities are listed.

The SEC allows us to "incorporate by reference" documents that we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference or deemed incorporated by reference is an important part of this prospectus, and information that we file later with the SEC will be deemed to automatically update and supersede this incorporated information. We incorporate by reference the documents listed below that have been filed with the SEC.

- Our Annual Report on Form 10-K for the year ended December 31, 2013;
- Our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2014, June 30, 2014 and September 30, 2014;
- Information in our Definitive Proxy Statement on Schedule 14A filed on March 10, 2014 that is incorporated by reference into our Annual Report on Form 10-K;

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- Our Current Reports on Form 8-K filed on February 21, 2014, April 2, 2014 (second filing), April 17, 2014 and July 17, 2014; and

- The description of our common stock in our registration statement filed pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and any amendment or report filed for the purpose of amending such description.

We also incorporate by reference any future filings made with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act, on or after the date of this prospectus and prior to the termination of any particular offering of securities, except for Current Reports on Form 8-K containing only disclosure furnished under Item 2.02 or 7.01 of Form 8-K and exhibits relating to such disclosure, unless otherwise specifically stated in the Form 8-K.

You can get a free copy of any of the documents incorporated by reference by making an oral or written request directed to:

Vice President, Investor Relations
PSEG Services Corporation
80 Park Plaza, 6th Floor
Newark, NJ 07102
Telephone (973) 430-6565

You should rely only on the information contained or incorporated by reference or deemed to be incorporated by reference in this prospectus or in the prospectus supplement or documents to which we otherwise refer you. We have not authorized anyone else to provide you with different or additional information. You should not rely on any other information or representations. Our business, prospects, financial condition and results of operations may change after this prospectus and the prospectus supplement are distributed to you. You should not assume that the information in this prospectus and the prospectus supplement is accurate as of any date other than the dates on the front of those documents. You should read all information supplementing this prospectus.

FORWARD-LOOKING STATEMENTS

This prospectus and any prospectus supplement, including the documents incorporated by reference or deemed to be incorporated by reference, include "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, included in this prospectus and any prospectus supplement and the documents incorporated by reference or deemed to be incorporated by reference that address activities, events or developments that we expect or anticipate will or may occur in the future, including such matters as our future performance, future capital expenditures and growth, revenues, earnings, business strategy, market and industry developments and prospects, are forward-looking statements. When used in this prospectus, any prospectus supplement or in documents incorporated by reference or deemed to be incorporated by reference, the words "will," "anticipate," "intend," "estimate," "believe," "expect," "plan," "should," "hypothetical," "potential," "forecast," "project," and variations of such words and similar expressions are intended to identify forward-looking statements. These statements are based on assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions and expected future developments as well as other factors we believe are appropriate under the circumstances. However, actual results and developments may differ materially from our expectations and predictions due to a number of risks and uncertainties, many of which are beyond our control. Certain factors that could cause actual results to differ materially from those contemplated in any forward-looking statements are discussed in the Risk Factors and Management's Discussion and Analysis of Financial Condition and Results of Operations sections of our most recently filed Annual Report on Form 10-K and any subsequently filed Quarterly Reports on Form 10-Q and in the notes to our financial statements and other information filed with the SEC. These factors include, but are not limited to:

- adverse changes in the demand for or the price of the capacity and energy that we sell into wholesale electricity markets;

- adverse changes in energy industry law, policies and regulation, including market structures and a potential shift away from competitive markets toward subsidized market mechanisms, capacity market design, transmission planning and cost allocation rules, including how transmission projects are planned and who is permitted to build transmission in the future, and reliability standards;

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- any inability of our transmission and distribution businesses to obtain adequate and timely rate relief and regulatory approvals from federal and state regulators;
- changes in federal and state environmental regulations and enforcement that could increase our costs or limit our operations;
- changes in nuclear regulation and/or general developments in the nuclear power industry, including various impacts from any accidents or incidents experienced at our facilities or by others in the industry, that could limit operations of our nuclear generating units;
- actions or activities at one of our nuclear units located on a multi-unit site that might adversely affect our ability to continue to operate that unit or other units located at the same site;
- any inability to manage our energy obligations, available supply and risks;
- adverse outcomes of any legal, regulatory or other proceeding, settlement, investigation or claim applicable to us and/or the energy industry;
- any deterioration in our credit quality or the credit quality of our counterparties;
- availability of capital and credit at commercially reasonable terms and conditions and our ability to meet cash needs;
- changes in the cost of, or interruption in the supply of, fuel and other commodities necessary to the operation of our generating units;
- delays in receipt of necessary permits and approvals for our construction and development activities;
- delays or unforeseen cost escalations in our construction and development activities;
- any inability to achieve, or continue to sustain, our expected levels of operating performance;
- any equipment failures, accidents, severe weather events or other incidents that impact our ability to provide safe and reliable service to our customers, and any inability to obtain sufficient insurance coverage or recover proceeds of insurance with respect to such events;
- acts of terrorism, cybersecurity attacks or intrusions that could adversely impact our businesses;
- increases in competition in energy supply markets as well as competition for certain transmission projects;
- any inability to realize anticipated tax benefits or retain tax credits;
- challenges associated with recruitment and/or retention of a qualified workforce;
- adverse performance of our decommissioning and defined benefit plan trust fund investments and changes in funding requirements;
- changes in technology, such as distributed generation and micro grids, and greater reliance on these technologies; and
- changes in customer behaviors, including energy efficiency, net-metering and demand response.

Additional information concerning these factors is set forth or referred to under “Risk Factors.”

All of the forward-looking statements made in this prospectus and any prospectus supplement or in the documents incorporated by reference or deemed to be incorporated by reference are qualified by these cautionary statements and we cannot assure you that the results or developments anticipated by us will be realized or, even if realized, will have the expected consequences to, or effects on, us or our business, prospects, financial condition or results of operations. You should not place undue reliance on these forward-looking statements in making your investment decision to purchase any securities. Except as may be required by federal securities laws, we expressly disclaim any obligation or undertaking to release publicly any updates or revisions to these forward-looking statements to reflect events or circumstances that occur or arise or are anticipated to occur or arise after the date hereof. In making an investment decision regarding the securities, we are not making, and you should not infer, any representation about the likely existence of any particular future set of facts or circumstances.

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The forward-looking statements contained in this prospectus, any prospectus supplement and the documents incorporated by reference or deemed to be incorporated by reference herein or therein are intended to qualify for the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Exchange Act.

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED

We are an energy company with a diversified business mix. Our operations are located primarily in the Northeastern and Mid-Atlantic United States. Our business approach focuses on operational excellence, financial strength and disciplined investment. As a holding company, our profitability depends on our subsidiaries' operating results. We have two principal direct, wholly-owned subsidiaries:

- Public Service Electric and Gas Company ("PSE&G"), which is an operating public utility company engaged principally in the transmission and distribution of electric energy and gas service in New Jersey; and
- PSEG Power LLC ("Power"), which is a multi-regional independent electric generation and wholesale energy marketing and trading company.

Our other direct, wholly-owned subsidiaries are:

- PSEG Energy Holdings L.L.C. ("Energy Holdings"), which earns revenues primarily from its portfolio of lease investments;
- PSEG Long Island LLC ("PSEG LI"), which operates the Long Island Power Authority's transmission and distribution system under a contractual agreement; and
- PSEG Services Corporation ("Services"), which provides corporate support and managerial and administrative services to us and our subsidiaries.

We are a New Jersey corporation with our principal offices located at 80 Park Plaza, Newark, New Jersey 07101. Our telephone number is (973) 430-7000.

Ratios of Earnings to Fixed Charges

Our ratios of earnings to fixed charges for each of the periods indicated are as follows:

	Nine Months Ended September 30, 2014	Years Ended December 31,				
		2013	2012	2011	2010	2009
Ratios of Earnings to Fixed Charges[1]	5.97	5.44	5.18	5.53	5.43	5.27

1 The term Earnings is defined as pre-tax income from continuing operations before income or loss from equity investees, plus distributed income from equity investees, plus the amount of fixed charges adjusted to exclude (a) the amount of any interest capitalized during the period and (b) the actual amount of any preferred securities dividend requirements of majority-owned subsidiaries stated on a pre-tax level. Fixed Charges represent (a) interest, whether expensed or capitalized, (b) amortization of debt discount, premium and expense, (c) an estimate of interest implicit in rentals and (d) preferred securities dividend requirements of majority-owned subsidiaries stated on a pre-tax level.

Ratios of Earnings to Combined Fixed Charges and Preference Dividends

Because we currently have no preferred stock outstanding, our ratios of earnings to combined fixed charges and preference dividends for each of the periods indicated are the same as our ratios of earnings to fixed charges.

RISK FACTORS

In addition to the risk factors contained in our most recently filed Annual Report on Form 10-K and our other periodic reports filed with the SEC and incorporated by reference into this prospectus, as well as those risk factors that may be included in the applicable prospectus supplement and other information contained in the documents incorporated by reference or elsewhere in this prospectus, prospective investors should carefully consider the risks described below before making a decision to purchase the securities. Such factors could affect actual results and cause our results to differ materially from those expressed in any forward-looking statements made by, or on behalf of, us. Some or all of these factors may apply to us and our subsidiaries. See "Forward-Looking Statements."

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Because We Are a Holding Company, Our Ability to Service Our Debt Could be Limited

We are a holding company with no material assets other than the stock or membership interests of our subsidiaries and project affiliates. Accordingly, all of our operations are conducted by our subsidiaries and project affiliates which are separate and distinct legal entities that have no obligation, contingent or otherwise, to pay any amounts when due on our debt or to make any funds available to us to pay such amounts and satisfy our other corporate funding needs, including payment of dividends on our capital stock. As a result, our debt will effectively be subordinated to all existing and future preferred equity and liabilities of our subsidiaries and project affiliates, including holders of their debt, trade creditors, secured creditors, taxing authorities and guarantee holders, and our rights and hence the rights of our creditors to participate in any distribution of assets of any subsidiary or project affiliate upon its liquidation or reorganization or otherwise would be subject to the prior claims of that subsidiary's or project affiliate's creditors and preferred equity holders, except to the extent that our claims as a creditor of such subsidiary or project affiliate may be recognized.

We depend on our subsidiaries' and project affiliates' cash flows and our access to capital in order to service our indebtedness and satisfy our other corporate funding needs, including payment of dividends on our capital stock. The debt agreements of subsidiaries and project affiliates generally restrict their ability to pay dividends, make cash distributions or otherwise transfer funds to us. These restrictions may include achieving and maintaining financial performance or debt coverage ratios, absence of events of default, or priority in payment of other current or prospective obligations. Our subsidiaries' ability to pay dividends, make cash distributions or otherwise transfer funds to us may also be limited or restricted by regulatory considerations or applicable law. As a result, we can give no assurances that our subsidiaries and project affiliates will be able to transfer funds to us to meet all of our needs.

Our subsidiaries have financed and may in the future finance some investments using non-recourse project level financing. Each non-recourse project level financing is structured to be repaid out of cash flows provided by the investment. In the event of a default under a financing agreement which is not cured, the lenders would generally have rights to the related assets. In the event of foreclosure after a default, our subsidiary may lose its equity in the asset or may not be entitled to any cash that the asset may generate. Although a default under a project financing agreement is not expected to cause a default with respect to our debt, other debt of the applicable subsidiary, if any, or debt of our other subsidiaries, it may materially affect our ability to service our outstanding indebtedness and satisfy our other corporate funding needs, including payment of dividends on our capital stock.

We can give no assurances that our current and future capital structure, operating performance or financial condition will permit us to access the capital markets or to obtain other financing at the times, in the amounts and on the terms necessary or advisable for us to successfully carry out our business strategy and to service our indebtedness and satisfy our other corporate funding needs, including payment of dividends on our capital stock.

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USE OF PROCEEDS

Unless otherwise indicated in the applicable prospectus supplement, we will use the net proceeds from the sale of the securities for general corporate purposes, including repayment of outstanding debt.

DESCRIPTION OF THE SENIOR AND SUBORDINATED DEBT SECURITIES

We may issue from time to time one or more series of the senior debt securities under our Senior Debt Indenture dated as of November 1, 1998 between us and US Bank National Association, as Senior Trustee, or one or more series of the subordinated debt securities under our Subordinated Debt Indenture to be entered into between us and US Bank National Association, as Subordinated Trustee. The term "Trustee" refers to either the Senior Trustee or the Subordinated Trustee, as appropriate. We will provide information about these debt securities in a prospectus supplement.

The Senior Debt Indenture and the form of Subordinated Debt Indenture (sometimes together referred as the "Indentures" and, individually, as an "Indenture") are incorporated by reference as exhibits to the registration statement of which this prospectus is a part. The Indentures are subject to and governed by the Trust Indenture Act of 1939, as amended. We have summarized the material terms and provisions of the Indentures. Because this section is a summary, it does not describe every aspect of the debt securities and the Indentures. We urge you to read the Indenture that governs your debt securities for provisions that may be important to you.

Provisions Applicable to Both the Senior and Subordinated Indentures

General

The debt securities will be our unsecured obligations. The senior debt securities will rank equally with all of our other unsecured and unsubordinated indebtedness. The subordinated debt securities will be subordinated in right of payment to the prior payment in full of our senior indebtedness as described below under "— Subordinated Indenture Provisions." In this section, unless the context requires otherwise, the words "we," "our," "ours" and "us" refer to Public Service Enterprise Group Incorporated and not its consolidated subsidiaries.

Because we are a holding company and conduct all of our operations through our subsidiaries and project affiliates, holders of our debt securities will generally have a junior position to claims of creditors, including trade creditors, debt holders, secured creditors, taxing authorities and guarantee holders, and any preferred stockholders of those subsidiaries and project affiliates other than, in each case, where we are recognized as a creditor of such subsidiary or project affiliate. As of October 31, 2014, PSE&G had no shares of its preferred stock outstanding. Our subsidiaries have ongoing corporate debt programs used to finance their business activities. As of October 31, 2014, our subsidiaries and project affiliates had approximately $8.6 billion of recourse debt outstanding. See "Risk Factors."

Each Indenture provides that any debt securities proposed to be sold under this prospectus and the relevant prospectus supplement may be issued in an unlimited amount under that Indenture in one or more series, in each case as authorized by us from time to time.

You should read the relevant prospectus supplement for a description of the material terms of each series of debt securities being offered, including:

- the title of the debt securities and whether the debt securities will be senior debt securities or subordinated debt securities;
- the aggregate principal amount of the debt securities and any limit on the aggregate principal amount of the debt securities of that series;
- if less than the principal amount of the debt securities is payable upon acceleration of the maturity of the debt securities, the portion that will be payable or how this portion will be determined;
- the date or dates, or how the date or dates will be determined or extended, on which the principal of the debt securities will be payable;

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- the rate or rates of interest, which may be fixed or variable, that the debt securities will bear, if any, or how the rate or rates will be determined;
- the terms of any remarketing of the debt securities;
- the date or dates from which interest, if any, on the debt securities will accrue or how the date or dates will be determined;
- the interest payment dates, if any, and the record dates for any interest payments or how the date or dates will be determined;
- the basis upon which interest will be calculated if other than that of a 360-day year of twelve 30-day months;
- the right, if any, to extend or defer interest payment periods and the duration of any extension or deferral;
- any optional redemption provisions;
- any sinking fund or other provisions that would obligate us to repurchase or otherwise redeem the debt securities;
- whether the debt securities will be issued as registered securities, bearer securities or both and any applicable restrictions;
- whether the debt securities will be issuable in temporary or permanent global form and any applicable restrictions or limitations;
- the place or places where the principal of and any premium and interest on the debt securities will be payable and to whom and how those payments will be made;
- whether the debt securities are convertible into or exchangeable for any other securities and, if so, the applicable terms and conditions;
- the denominations in which the debt securities will be issuable, if other than $1,000 or any integral multiple thereof in the case of registered securities and $5,000 in the case of bearer securities;
- the index, formula or other method, if any, with reference to which the amount of principal of or any premium or interest on the debt securities will be determined and the manner in which such amounts will be determined;
- if other than the applicable Trustee, the identity of each security registrar and/or paying agent;
- the applicability of the provisions of the applicable Indenture described below under "— Satisfaction and Discharge, Full Defeasance and Covenant Defeasance" and any provisions in modification of, in addition to or in lieu of any of these provisions;
- whether and under what circumstances we will pay additional amounts in respect of any tax, assessment or governmental charge and, if so, whether we will have the option to redeem the debt securities rather than pay the additional amounts (and the terms of this option);
- any deletions, additions or changes in the events of default in the applicable Indenture and any change in the right of the applicable Trustee or the holders to declare the principal amount of the debt securities due and payable;
- any deletions, additions or changes in the covenants in the applicable Indenture;
- the applicability of or any change in the subordination provisions of the Subordinated Indenture for a series of subordinated debt securities;
- any provisions granting special rights to holders of the debt securities upon the occurrence of specified events; and
- any other material terms of the debt securities.

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If applicable, the prospectus supplement will also set forth information concerning any other securities offered thereby and a discussion of federal income tax considerations relevant to the securities being offered.

For purposes of this prospectus, any reference to the payment of principal of or premium or interest, if any, on the debt securities will include the payment of any additional amounts required by the terms of the debt securities.

Debt securities may provide for less than the entire principal amount to be payable upon acceleration of the maturity date ("original issue discount securities"). Federal income tax and other matters concerning any original issue discount securities will be discussed in the applicable prospectus supplement.

Neither Indenture limits the amount of debt securities that may be issued in distinct series from time to time. Debt securities issued under an Indenture are referred to, when a single Trustee is acting as trustee for all debt securities issued under an Indenture, as the "indenture securities." Each Indenture provides that there may be more than one Trustee thereunder, each with respect to one or more different series of indenture securities. See "— Resignation of Trustee" below. At a time when two or more Trustees are acting under either Indenture, each with respect to only certain series, the term indenture securities will mean the one or more series with respect to which each respective Trustee is acting. In the event that there is more than one Trustee under either Indenture, the powers and trust obligations of each Trustee as described herein will extend only to the one or more series of indenture securities for which it is Trustee. If two or more Trustees are acting under either Indenture, then the indenture securities for which each Trustee is acting would in effect be treated as if issued under separate indentures.

The general provisions of the Indentures do not contain any provisions that would limit our ability to incur indebtedness or that would afford holders of debt securities protection in the event of a highly leveraged or similar transaction involving us. Please refer to the prospectus supplement for information with respect to any deletions from, modifications of or additions to the events of default or our covenants that are described below, including any addition of a covenant or other provision providing event risk or similar protection.

We have the ability, without the consent of the holders thereof, to issue indenture securities with terms different from those of indenture securities previously issued and to reopen a previous series of indenture securities and issue additional indenture securities of that series, unless the reopening was restricted when that series was created.

Denominations, Registration and Transfer

Debt securities of a series may be issuable solely as registered securities, solely as bearer securities or as both registered securities and bearer securities. The Indentures also provide that debt securities of a series may be issuable in global form. See "— Book-Entry Debt Securities." Unless otherwise provided in the prospectus supplement, debt securities denominated in U.S. dollars (other than global securities, which may be of any denomination) are issuable in denominations of $1,000 or any integral multiples of $1,000 (in the case of registered securities) and in the denomination of $5,000 (in the case of bearer securities). Unless otherwise indicated in the prospectus supplement, bearer securities will have interest coupons attached.

Registered securities will be exchangeable for other registered securities of the same series. If provided in the prospectus supplement, bearer securities (with all unmatured coupons, except as provided below, and all matured coupons which are in default) of any series may be similarly exchanged for registered securities of the same series of any authorized denominations and of a like aggregate principal amount and tenor. If so provided, bearer securities surrendered in exchange for registered securities between a regular record date or a special record date and the relevant date for payment of interest will be surrendered without the coupon relating to that date for payment of interest, and interest will not be payable in respect of the registered security issued in exchange for the bearer security, but will be payable only to the holder of the coupon when due in accordance with the terms of the applicable Indenture. Unless otherwise specified in the prospectus supplement, bearer securities will not be issued in exchange for registered securities.

Registered securities of a series may be presented for registration of transfer and debt securities of a series may be presented for exchange

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- at each office or agency required to be maintained by us for payment of that series as described in "— Payment and Paying Agents" below, and
- at each other office or agency that we may designate from time to time for those purposes.

No service charge will be made for any transfer or exchange of debt securities, but we may require payment of any tax or other governmental charge payable in connection with the transfer or exchange.

We will not be required to

- issue, register the transfer of or exchange debt securities during a period beginning at the opening of business 15 days before any selection of debt securities of that series to be redeemed and ending at the close of business on
  - if debt securities of the series are issuable only as registered securities, the day of mailing of the relevant notice of redemption and
  - if debt securities of the series are issuable as bearer securities, the day of the first publication of the relevant notice of redemption, or, if debt securities of the series are also issuable as registered securities and there is no publication, the day of mailing of the relevant notice of redemption;
- register the transfer of or exchange of any registered security, or portion thereof, called for redemption, except the unredeemed portion of any registered security being redeemed in part;
- exchange any bearer security called for redemption, except to exchange the bearer security for a registered security of that series and like tenor that is simultaneously surrendered for redemption; or
- issue, register the transfer of or exchange any debt security which has been surrendered for repayment at the option of the holder, except the portion, if any, of that debt security not to be so repaid.

Payment and Paying Agents

Unless otherwise provided in the prospectus supplement, principal, premium, interest and additional amounts, if any, on registered securities will be payable at any office or agency to be maintained by us in Morristown, New Jersey and The City of New York, except that at our option interest on an interest payment date may be paid

- by check mailed to the address of the person entitled thereto appearing in the security register or
- by wire transfer to an account maintained by the person entitled thereto as specified in the security register.

Unless otherwise provided in the prospectus supplement, payment of any installment of interest due on any interest payment date for registered securities will be made to the person in whose name the registered security is registered at the close of business on the regular record date for that interest.

If debt securities of a series are issuable solely as bearer securities or as both registered securities and bearer securities, unless otherwise provided in the prospectus supplement, we will be required to maintain an office or agency

- outside the United States where, subject to any applicable laws and regulations, the principal of and premium, and interest, if any, on the series will be payable and
- in The City of New York for payments with respect to any registered securities of that series (and for payments with respect to bearer securities of that series in the limited circumstances described below, but not otherwise);

provided that, if required in connection with any listing of debt securities on the Luxembourg Stock Exchange or any other stock exchange located outside the United States, we will maintain an office or agency for those debt securities in any city located outside the United States required by the applicable stock exchange. The initial locations of those offices and agencies will be specified in the prospectus supplement. Unless otherwise provided in the prospectus supplement, principal of and premium, if any, and interest, if any, on bearer securities may be paid by wire transfer to an account maintained by the person entitled thereto with a bank located outside the United States. Unless otherwise provided in the prospectus supplement, payment of installments of interest

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on any bearer securities on or before maturity will be made only against surrender of coupons for those interest installments as they mature. Unless otherwise provided in the prospectus supplement, no payment with respect to any bearer security will be made at any office or agency of ours in the United States or by check mailed to any address in the United States or by transfer to an account maintained with a bank located in the United States. However, payments of principal of and premium, if any, and interest, if any, on bearer securities payable in U.S. dollars will be made at the office of our paying agent in The City of New York if payment of the full amount thereof in U.S. dollars at all offices or agencies outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions.

We may from time to time designate additional offices or agencies, approve a change in the location of any office or agency and, except as provided above, rescind the designation of any office or agency.

Events of Default

The following will constitute events of default under each Indenture with respect to any series of debt securities, unless we state otherwise in the applicable prospectus supplement:

- we do not pay interest on a debt security of that series within 30 days of its due date;
- we do not pay principal of, or any premium on, a debt security of that series on its due date;
- we do not deposit any sinking fund payment when due by the terms of any debt security of that series;
- we remain in breach of a covenant in respect of the debt securities of that series for 60 days after we receive a written notice of default stating we are in breach. The notice must be sent by either the Trustee or holders of at least 25% of the principal amount of debt securities of that series;
- we file for bankruptcy or a court appoints a custodian or orders our liquidation under any bankruptcy law or certain other events in bankruptcy, insolvency or reorganization occur; and
- any other event of default provided with respect to debt securities of that series occurs.

We are required to file with the Trustee, annually, an officer's certificate as to our compliance with all conditions and covenants under the applicable Indenture. Each Indenture provides that the Trustee may withhold notice to the holders of debt securities of a series of any default (except payment defaults on the debt securities of that series) if it considers it in the interest of the holders of debt securities of such series to do so.

If an event of default with respect to debt securities of a series has occurred and is continuing, the Trustee or the holders of not less than 25% in principal amount of outstanding debt securities of that series may declare the applicable principal amount of all of the debt securities of that series to be due and payable immediately.

Subject to the provisions of the applicable Indenture relating to the duties of the Trustee, in case an event of default with respect to debt securities of a series has occurred and is continuing, the Trustee is under no obligation to exercise any of its rights or powers under the Indenture at the request, order or direction of the holders of debt securities of that series, unless the holders of the debt securities of that series have offered the Trustee reasonable indemnity against the expenses and liabilities which might be incurred by it in compliance with that request. Subject to such provisions for the indemnification of the Trustee and to certain other provisions, the holders of a majority in principal amount of the outstanding debt securities of a series will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, with respect to the debt securities of that series.

The holders of a majority in principal amount of the outstanding debt securities of a series may, on behalf of the holders of all debt securities of that series and any related coupons, waive any past default with respect to that series and its consequences, except a default

- in the payment of the principal of, or premium, or interest, if any, on any debt security of that series or any related coupons, or
- relating to a covenant or provision that cannot be modified or amended without the consent of the holder of each outstanding debt security of that series affected by the modification or amendment.

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Merger or Consolidation

Each Indenture provides that we may not consolidate with or merge with or into any other corporation or convey or transfer our properties and assets as an entirety or substantially as an entirety to any person, unless either we are the continuing corporation or such corporation or person assumes by supplemental indenture all of our obligations under such Indenture and the debt securities issued thereunder and immediately after the transaction no default shall exist.

Modification or Waiver

Modification and amendment of each Indenture may be made by us and the Trustee thereunder with the consent of the holders of a majority in principal amount of all outstanding indenture securities issued thereunder that are affected by the modification or amendment. The consent of the holder of each outstanding indenture security affected is, however, required to:

- change the maturity of the principal of or any installment of principal of or interest on that indenture security;
- reduce the principal amount of, or the rate or amount of interest in respect of, or any premium payable upon the redemption of, that indenture security, or change the manner of calculation thereof;
- change our obligation, if any, to pay additional amounts in respect of that indenture security;
- reduce the portion of the principal of an original issue discount security or indexed security that would be due and payable upon a declaration of acceleration of the maturity date thereof or provable in bankruptcy;
- adversely affect any right of repayment at the option of the holder of that indenture security;
- change the place or currency of payment of principal, premium or interest on that indenture security;
- impair the right to institute suit for the enforcement of any such payment on or after the maturity date, redemption date or repayment date;
- adversely affect any right to convert or exchange that indenture security;
- reduce the percentage in principal amount of outstanding indenture securities required to amend or waive compliance with certain provisions of the applicable Indenture or to waive certain defaults;
- reduce the requirements for voting or quorum described below; or
- modify any of the foregoing requirements or any of the provisions relating to waiving past defaults or compliance with certain restrictive provisions, except to increase the percentage of holders required to effect any such waiver or to provide that certain other provisions of the Indenture cannot be modified or waived without the consent of the holders of each indenture security affected thereby.

In addition, under the Subordinated Indenture, no modification or amendment thereof may, without the consent of the holder of each outstanding subordinated indenture security affected thereby, modify any of the provisions of that Indenture relating to the subordination of the subordinated indenture securities in a manner adverse to the holders and no such modification or amendment may adversely affect the rights of any holder of senior indebtedness described under the caption "— Subordinated Debt Indenture Provisions" without the consent of that holder of senior indebtedness.

The holders of a majority in aggregate principal amount of outstanding indenture securities have the right to waive our compliance with certain covenants in the applicable Indenture.

Modification and amendment of each Indenture may be made by the Trustee and us, without the consent of any holder, for any of the following purposes:

- to evidence the succession of another person to us as obligor under such Indenture;
- to add to our covenants for the benefit of the holders of all or any series of indenture securities issued under the Indenture or to surrender any right or power conferred upon us by the Indenture;

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- to add events of default for the benefit of the holders of all or any series of indenture securities;
- to add to or change any provisions of the Indenture to facilitate the issuance of, or to liberalize the terms of, bearer securities, or to permit or facilitate the issuance of indenture securities in uncertificated form, provided that any such actions do not adversely affect the holders of the indenture securities or any related coupons;
- to change or eliminate any provisions of the Indenture, as long as that change or elimination will become effective only when there are no indenture securities outstanding entitled to the benefit of those provisions;
- to secure the indenture securities under the applicable Indenture pursuant to any requirements of the Indenture, or otherwise;
- to establish the form or terms of indenture securities of any series and any related coupons;
- to evidence and provide for the acceptance of appointment by a successor Trustee or facilitate the administration of the trusts under the Indenture by more than one Trustee;
- to cure any ambiguity, defect or inconsistency in the Indenture, provided that such action does not adversely affect the interests of holders of indenture securities of a series issued thereunder or any related coupons in any material respect; or
- to supplement any of the provisions of the Indenture to the extent necessary to permit or facilitate defeasance and discharge of any series of indenture securities thereunder, provided that the action does not adversely affect the interests of the holders of any indenture securities and any related coupons in any material respect.

In determining whether the holders of the requisite principal amount of outstanding indenture securities have given any request, demand, authorization, direction, notice, consent or waiver under the applicable Indenture or whether a quorum is present at a meeting of holders of indenture securities thereunder,

- the principal amount of an original issue discount security that will be deemed to be outstanding will be the amount of the principal thereof that would be due and payable as of the date of such determination upon acceleration of the maturity thereof,
- the principal amount of an indexed security that may be counted in making such determination will be equal to the principal face amount of the indexed security at original issuance, unless otherwise provided with respect to the indexed security pursuant to the Indenture and
- indenture securities owned by us or any other obligor upon the indenture securities or any affiliate of ours or of any other obligor shall be disregarded.

Each Indenture contains provisions for convening meetings of the holders of indenture securities of a series if indenture securities of that series are issuable as bearer securities. A meeting may be called at any time by the Trustee, and also, upon request, by us or the holders of at least 10% in principal amount of the outstanding indenture securities of that series, in any such case upon notice given as provided in the applicable Indenture. Except for any consent that must be given by the holder of each indenture security affected thereby, as described above, any resolution presented at a meeting at which a quorum is present may be adopted by the affirmative vote of the holders of a majority in principal amount of the outstanding indenture securities of that series; except that any resolution with respect to any action that may be made, given or taken by the holders of a specified percentage which is less than a majority in principal amount of the outstanding indenture securities of a series may be adopted at a meeting at which a quorum is present by the affirmative vote of the holders of that specified percentage in principal amount of the outstanding indenture securities of that series. Any resolution passed or decision taken at any meeting of holders of indenture securities of a series held in accordance with the applicable Indenture will be binding on all holders of indenture securities of that series and any related coupons whether or not present or represented at the meeting. The quorum at any meeting called to adopt a resolution will be persons holding or representing a majority in principal amount of the outstanding indenture securities of a series; except that, if any action is to be taken at the meeting with respect to a consent or waiver which may be given by the holders of not less than a specified percentage in principal amount of the outstanding indenture

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securities of a series, the persons holding or representing that specified percentage in principal amount of the outstanding indenture securities of that series will constitute a quorum.

Satisfaction and Discharge, Full Defeasance and Covenant Defeasance

We may discharge certain of our obligations to holders of debt securities of a series that have not already been delivered to the applicable Trustee for cancellation and that either have become due and payable or are due and payable within one year (or scheduled for redemption within one year) by irrevocably depositing with the applicable Trustee, in trust, funds in an amount sufficient to make interest, principal and any other payments on the debt securities on their various due dates.

Each Indenture provides that, if the series of debt securities provides for it, we may elect either to defease and be discharged from any and all obligations with respect to such debt securities and any related coupons, with certain limited exceptions (this is called "full defeasance") or to be released from our obligations under any specified covenant with respect to those debt securities and any related coupons, and any omission to comply with those obligations shall not constitute a default or an event of default with respect to those debt securities and any related coupons (this is called "covenant defeasance").

In order to effect full defeasance or covenant defeasance, we must deposit for the benefit of all holders of the debt securities of the particular series a combination of cash and/or U.S. government securities or U.S. government agency notes or bonds that will generate enough cash to make interest, principal and other payments on the debt securities on their various due dates.

A trust may only be established if, among other things, we have delivered to the Trustee a legal opinion stating that the holders of the debt securities and any related coupons will not recognize income, gain or loss for United States federal income tax purposes as a result of the full defeasance or covenant defeasance and will be subject to United States federal income tax on the same amounts, in the same manner and at the same times as would have been the case if the full defeasance or covenant defeasance had not occurred, and the legal opinion, in the case of full defeasance, must refer to and be based upon a ruling of the Internal Revenue Service or a change in applicable United States federal income tax law occurring after the date of the applicable Indenture.

In the event we effect covenant defeasance with respect to any debt securities and any related coupons and those debt securities and coupons are declared due and payable because of the occurrence of certain events of default with respect to any covenant as to which there has been covenant defeasance, the amount of funds on deposit with the Trustee will be sufficient to pay amounts due on those debt securities and coupons at the time of their stated maturity date but may not be sufficient to pay amounts due on those debt securities and coupons at the time of the acceleration resulting from the event of default. In such case, we would remain liable to make payment of those amounts due at the time of acceleration.

The prospectus supplement may further describe the provisions, if any, permitting full defeasance or covenant defeasance, including any modifications to the provisions described above, with respect to the debt securities of or within a particular series and any related coupons.

Book-Entry Debt Securities

Debt securities of a series may be issued, in whole or in part, in global form that will be deposited with, or on behalf of, a depositary identified in the prospectus supplement. Global securities may be issued in either registered or bearer form and in either temporary or permanent form (a "global security"). Unless otherwise provided in the prospectus supplement, debt securities that are represented by a global security will be issued in denominations of $1,000 and any integral multiple thereof, and will be issued in registered form only, without coupons. Payments of principal of (and premium, if any) and interest, if any, on debt securities represented by a global security will be made by us to the applicable Trustee and then by the applicable Trustee to the depositary.

We anticipate that any global securities will be deposited with, or on behalf of, The Depository Trust Company ("DTC"), New York, New York, that global securities will be registered in the name of DTC's nominee, and that the following provisions will apply to the depositary arrangements with respect to any global securities. Additional or differing terms of the depositary arrangements will be described in the prospectus supplement.

So long as DTC or its nominee is the registered owner of a global security, DTC or its nominee, as the case may be, will be considered the sole holder of the debt securities represented by such global security for all

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purposes under the applicable Indenture. Except as provided below, owners of beneficial interests in a global security will not be entitled to have debt securities represented by the global security registered in their names, will not receive or be entitled to receive physical delivery of debt securities in certificated form and will not be considered the owners or holders thereof under the applicable Indenture. The laws of some states require that certain purchasers of securities take physical delivery of such securities in certificated form; those laws may limit the transferability of beneficial interests in a global security.

If

- DTC is at any time unwilling, unable or ineligible to continue as depositary and a successor depositary is not appointed by us within 90 days following notice to us;
- we determine, in our sole discretion, not to have any debt securities represented by one or more global securities; or
- an event of default under the applicable Indenture has occurred and is continuing,

then we will issue individual debt securities in certificated form in exchange for the relevant global securities. In any such instance, an owner of a beneficial interest in a global security will be entitled to physical delivery of individual debt securities in certificated form of like tenor and rank, equal in principal amount to such beneficial interest and to have such debt securities in certificated form registered in its name. Unless otherwise provided in the prospectus supplement, debt securities so issued in certificated form will be issued in denominations of $1,000 or any integral multiple thereof and will be issued in registered form only, without coupons.

The following is based on information furnished by DTC and applies to the extent that it is the depositary, unless otherwise provided in the prospectus supplement:

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities that its participants deposit with it. DTC also facilitates the post-trade settlement among its participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges in its participants' accounts. This eliminates the need for physical movement of securities certificates. Direct participants of DTC include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation. The Depository Trust & Clearing Corporation is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. The Depository Trust & Clearing Corporation is owned by the users of its regulated subsidiaries. Access to DTC's system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly. DTC rules applicable to its participants are on file with the SEC.

Except as otherwise provided in this prospectus or a prospectus supplement, purchases of debt securities under DTC's system must be made by or through direct participants, which will receive a credit for those debt securities on DTC's records. The beneficial ownership interest of each actual purchaser of each debt security represented by a global security ("beneficial owner") is in turn to be recorded on the records of the direct and indirect participants' records. Beneficial owners will not receive written confirmation from DTC of their purchase. Beneficial owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the direct or indirect participants through which the beneficial owner entered into the transaction. Transfers of ownership interests in a global security representing debt securities are to be accomplished by entries made on the books of direct and indirect participants acting on behalf of beneficial owners. Beneficial owners of a global security representing debt securities will not receive certificates representing their ownership interests in a global security, except in the event that use of the book-entry system for those debt securities is discontinued.

To facilitate subsequent transfers, all global securities representing debt securities deposited by direct participants with DTC are registered in the name of DTC's nominee, Cede & Co. ("Cede"), or such other name

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as may be requested by an authorized representative of DTC. The deposit of global securities with DTC and their registration in the name of Cede or such other nominee of DTC do not effect any change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the global securities representing the debt securities; DTC's records reflect only the identity of the direct participants to whose accounts such debt securities are credited, which may or may not be the beneficial owners. The direct and indirect participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants, and by direct participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

If applicable, redemption notices will be sent to Cede. If less than all of the debt securities within a series are being redeemed, DTC's practice is to determine by lot the amount of the interest of each direct participant in that issue to be redeemed.

Neither DTC nor Cede (nor any other nominee of DTC) will consent or vote with respect to the global securities representing debt securities unless authorized by a direct participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an omnibus proxy to us as soon as possible after the applicable record date. The omnibus proxy assigns Cede's consenting or voting rights to those direct participants to whose accounts book-entry securities are credited on the applicable record date (identified in a listing attached to the omnibus proxy).

Redemption proceeds, distributions and dividend payments on the global securities representing the debt securities will be made to Cede, or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit direct participants' accounts, upon DTC's receipt of funds and corresponding detailed information from us or the applicable Trustee, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such participant and not of DTC, the applicable Trustee or us, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments to Cede (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of us or the applicable Trustee, disbursement of such payments to direct participants will be the responsibility of DTC, and disbursement of such payments to the beneficial owners will be the responsibility of direct and indirect participants.

A beneficial owner will give notice of any option to elect to have its debt securities purchased or tendered, through its participant, to the applicable Trustee, and will effect delivery of such debt securities by causing the direct participant to transfer the participant's interest in the global security representing those debt securities, on DTC's records, to such Trustee. The requirement for physical delivery of debt securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the global security representing those debt securities are transferred by direct participants on DTC's records and followed by a book-entry credit of tendered debt securities to the applicable Trustee's account with DTC.

DTC may discontinue providing its services as depositary with respect to debt securities at any time by giving reasonable notice to us or the applicable Trustee. Under those circumstances, in the event that a successor depositary is not obtained, certificates are required to be printed and delivered.

We may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that we believe to be reliable, but we take no responsibility for the accuracy thereof.

Unless stated otherwise in the prospectus supplement, the underwriters or agents with respect to a series of debt securities issued as global securities will be direct participants in DTC.

None of any underwriter or agent, the Trustees, any applicable paying agent or us will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial interests in a global security, or for maintaining, supervising or reviewing any records relating to such beneficial interests.

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Resignation of Trustee

Each Trustee may resign or be removed with respect to one or more series of indenture securities and a successor Trustee may be appointed to act with respect to the series. In the event that two or more persons are acting as Trustee with respect to different series of indenture securities under one of the Indentures, each such Trustee shall be a Trustee of a trust thereunder separate and apart from the trust administered by any other Trustee, and any action described herein to be taken by the Trustee may then be taken by each Trustee with respect to, and only with respect to, the one or more series of indenture securities for which it is Trustee.

Subordinated Debt Indenture Provisions

Upon any distribution of our assets upon any dissolution, winding up, liquidation or reorganization, the payment of the principal of and premium and interest, if any, on subordinated debt securities is to be subordinated to the extent provided in the Subordinated Debt Indenture in right of payment to the prior payment in full of all Senior Indebtedness, but our obligation to make payment of the principal of and premium and interest, if any, on the subordinated debt securities will not otherwise be affected. In addition, no payment on account of the principal of or premium or interest, if any, on the subordinated debt securities may be made at any time unless full payment of all amounts due in respect of the principal of and premium and interest, if any, on Senior Indebtedness has been made or duly provided for in money.

In the event that, notwithstanding the foregoing, any payment by us is received by the Subordinated Trustee or the holders of any of the subordinated debt securities before all Senior Indebtedness is paid in full, the payment or distribution shall be paid over to the holders of the Senior Indebtedness or on their behalf for application to the payment of all the Senior Indebtedness remaining unpaid until all the Senior Indebtedness has been paid in full, after giving effect to any concurrent payment or distribution to the holders of the Senior Indebtedness. Subject to the payment in full of all Senior Indebtedness upon this distribution, the holders of the subordinated debt securities will be subrogated to the rights of the holders of the Senior Indebtedness to the extent of payments made to the holders of the Senior Indebtedness out of the distributive share of the subordinated debt securities.

By reason of the subordination, in the event of a distribution of assets upon insolvency, certain of our general creditors may recover more, ratably, than holders of the subordinated securities. The Subordinated Indenture provides that the subordination provisions thereof will not apply to money and securities held in trust pursuant to the defeasance provisions of the Subordinated Indenture.

If this prospectus is being delivered in connection with a series of subordinated debt securities, the accompanying prospectus supplement or the information incorporated by reference therein will set forth the definition of Senior Indebtedness and the approximate amount of Senior Indebtedness outstanding as of a recent date.

Governing Law

The Indentures and the debt securities will be governed by, and construed in accordance with, the laws of the State of New Jersey.

The Trustee under the Senior Debt Indenture and the Subordinated Debt Indenture

US Bank National Association, the Trustee under our Senior Debt Indenture dated as of November 1, 1998 with respect to our senior debt securities, will also be trustee under the Subordinated Debt Indenture to be entered into with respect to our subordinated debt securities. In the event that the Trustee's position as trustee under the Senior Debt Indenture and the Subordinated Debt Indenture creates a conflict for the Trustee, under certain circumstances, the Trustee will resign as trustee under either the Senior Debt Indenture or the Subordinated Debt Indenture.

US Bank National Association is trustee under various indentures relating to our subsidiaries and affiliates. Our subsidiaries, our affiliates and we maintain other normal banking relationships, including credit facilities and lines of credit, with US Bank National Association.

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DESCRIPTION OF THE CAPITAL STOCK

The following description summarizes the material terms of our capital stock. Because this section is a summary, it does not describe every aspect of our capital stock. For additional information, you should refer to the applicable provisions of the New Jersey Business Corporation Act and our Certificate of Incorporation, as amended (the "Charter"), and By-Laws, as amended. Our Charter and By-Laws are exhibits to the registration statement of which this prospectus is a part.

Authorized Capital

Our authorized capital stock consists of 1,000,000,000 shares of common stock, without par value, and 50,000,000 shares of preferred stock, without par value.

Common Stock

General. As of October 31, 2014, 506,043,534 shares of our common stock were issued and outstanding. The outstanding shares of our common stock are, and any shares of common stock offered by a future prospectus supplement when issued and paid for will be, fully paid and non-assessable.

Dividend Rights. Holders of our common stock are entitled to such dividends as may be declared from time to time by our board of directors from legally available funds after payment of all amounts owed on any preferred stock that may be outstanding.

Voting Rights. Holders of our common stock are entitled to one vote for each share held by them on all matters presented to shareholders.

Liquidation Rights. After satisfaction of our creditors and the preferential liquidation rights of any preferred stock, the holders of our common stock are entitled to share, ratably, in the distribution of all remaining net assets.

Redemption Rights. The shares of our common stock are not subject to redemption or to any further calls or assessments and are not entitled to the benefit of any sinking fund provisions.

Transfer Agents and Registrars

The transfer agent and registrar for our common stock is Wells Fargo Shareowner Services, a division of Wells Fargo Bank, N.A.

Preferred Stock

Our board of directors is authorized, without further shareholder action, to divide the preferred stock into one or more classes or series and to determine the designations, preferences, limitations and special rights of any class or series including, but not limited to, the following:

- the rate (or manner of calculation of the rate) of dividends, if any, payable and whether such dividends are payable on a cumulative basis, and the frequency of any such payments;
- the rights, if any, of the holders of shares of the series upon our voluntary or involuntary liquidation, dissolution or winding-up;
- the terms and conditions upon which shares may be converted into shares of other series or other capital stock, if issued with the privilege of conversion;
- the price at and the terms and conditions upon which shares may be redeemed; and
- the voting rights, if any.

As of the date of this prospectus, no shares of preferred stock are outstanding.

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DESCRIPTION OF THE STOCK PURCHASE CONTRACTS AND STOCK PURCHASE UNITS

We may issue stock purchase contracts representing contracts obligating holders to purchase from us, and us to sell to the holders, a specified number of shares of our common stock (or a range of numbers of shares pursuant to a predetermined formula) at a future date or dates. The price per share of our common stock and number of shares of our common stock may be fixed at the time the stock purchase contracts are issued or may be determined by reference to a specific formula set forth in the stock purchase contracts.

The stock purchase contracts may be issued separately or as a part of units, known as stock purchase units, consisting of a stock purchase contract and our debt securities or debt obligations of third parties (including United States Treasury securities), that would secure the holders' obligations to purchase our common stock under the stock purchase contracts. The stock purchase contracts may require us to make periodic payments to the holders of the stock purchase units or vice-versa. These payments may be unsecured or prefunded on some basis.

The applicable prospectus supplement will describe the terms of any stock purchase contracts or stock purchase units and, if applicable, debt securities and will contain a discussion of the material United States federal income tax considerations applicable to the stock purchase contracts and stock purchase units. The description in the applicable prospectus supplement will not contain all of the information you may find useful, and reference will be made to the stock purchase contracts, and, if applicable, the debt securities securing the holders' obligations thereunder and the related collateral or depositary arrangements relating to the stock purchase contracts or stock purchase units.

PLAN OF DISTRIBUTION

We may sell the securities directly to purchasers or indirectly through underwriters, dealers or agents. The names of any such underwriters, dealers or agents will be set forth in the relevant prospectus supplement. We will also set forth in the relevant prospectus supplement:

- the terms of the offering of the securities;
- the proceeds we will receive from the offering;
- any underwriting discounts and other items constituting underwriters' compensation;
- any initial public offering price;
- any discounts or concessions allowed or reallowed or paid to dealers; and
- any securities exchanges on which we may list the securities.

We may distribute the securities from time to time in one or more transactions at:

- a fixed price;
- prices that may be changed;
- market prices at the time of sale;
- prices related to prevailing market prices; or
- negotiated prices.

We will describe the method of distribution in the relevant prospectus supplement.

If we use underwriters with respect to an offering of the securities, we will set forth in the relevant prospectus supplement:

- the name of the managing underwriter, if any;
- the names of any other underwriters; and
- the terms of the transaction, including any underwriting discounts and other items constituting compensation of the underwriters and dealers, if any.

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The underwriters will acquire any securities for their own accounts and they may resell the securities from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price and at varying prices determined at the time of sale.

Any initial public offering price and any discounts or concessions allowed or reallowed or paid to dealers may be changed from time to time. We anticipate that any underwriting agreement pertaining to any securities will:

- entitle the underwriters to indemnification by us against certain civil liabilities, including liabilities under the Securities Act, or to contribution with respect to payments that the underwriters may be required to make related to any such civil liability;
- subject the obligations of the underwriters to certain conditions precedent; and
- obligate the underwriters to purchase all securities offered in a particular offering if any such securities are purchased.

If we use a dealer in an offering of the securities, we will sell such securities to the dealer, as principal. The dealer may then resell the securities to the public at varying prices to be determined by such dealer at the time of resale. We will set forth the name of the dealer and the terms of the transaction in the prospectus supplement.

If we use an agent in an offering of the securities, we will name the agent and describe the terms of the agency in the relevant prospectus supplement. Unless we indicate otherwise in the prospectus supplement, we will require an agent to act on a best efforts basis for the period of its appointment.

We may enter into derivative transactions with third parties, or sell securities not covered by this prospectus to third parties in privately negotiated transactions. If the applicable prospectus supplement indicates, in connection with those derivatives, the third parties may sell securities covered by this prospectus and the applicable prospectus supplement, including in short sale transactions. If so, the third party may use securities pledged by us or borrowed from us or others to settle those sales or to close out any related open borrowings of stock, and may use securities received from us in settlement of those derivatives to close out any related open borrowings of stock. The third party in such sale transactions will be an underwriter and, if not identified in this prospectus, will be identified in the applicable prospectus supplement.

Dealers and agents named in a prospectus supplement may be considered underwriters of the securities described in the prospectus supplement under the Securities Act. We may indemnify them against certain civil liabilities under the Securities Act.

If underwriters are used in the sale, to facilitate the offering of securities, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of such securities. Specifically, the underwriters may over-allot in connection with the offering, creating a short position in such securities for their own accounts. In addition, to cover over-allotments or to stabilize the price of such securities, the underwriters may bid for, and purchase, such securities in the open market. Finally, in any offering of securities through a syndicate of underwriters, the underwriting syndicate may reclaim selling concessions allowed to an underwriter or a dealer for distributing such securities in the offering, if the syndicate repurchases previously distributed securities in transactions to cover syndicate short positions, in stabilization transactions or otherwise. Any of these activities may stabilize or maintain the market price of such securities above independent market levels. The underwriters are not required to engage in these activities, and may end any of these activities at any time.

In the ordinary course of business, we may engage in transactions with underwriters, dealers, agents and their affiliates and they may perform services for us.

We may solicit offers to purchase the securities and make sales directly to institutional investors or others who may be considered underwriters under the Securities Act with respect to such sales. We will describe the terms of any such offer in the relevant prospectus supplement. We may also sell the securities through competitive bidding procedures described in the relevant prospectus supplement.

If we authorize underwriters or other agents to solicit offers to purchase the securities from institutional investors pursuant to contracts providing for payment and delivery at a future date, we will indicate that we are doing so in the relevant prospectus supplement.

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Each series of securities will be a new issue and, except for the common stock, which is listed on the New York Stock Exchange, will have no established trading market. We may elect to list any series of new securities on an exchange, or in the case of the common stock, on any additional exchange, but unless we advise you differently in the prospectus supplement, we have no obligation to cause any securities to be so listed. Any underwriters that purchase securities for public offering and sale may make a market in the securities, but such underwriters will not be obligated to do so and may discontinue any market making at any time without notice. We make no assurance as to the liquidity of, or the development or maintenance of, any trading markets for any securities.

We will estimate our expenses associated with any offering of the securities in the relevant prospectus supplement.

LEGAL MATTERS

The validity of the securities, including the binding nature of debt securities, to be issued by us will be passed upon for us by M. Courtney McCormick, Esquire, our Deputy General Counsel, or Tamara L. Linde, Esquire, our Executive Vice President and General Counsel, and for any underwriters, dealers or agents by Sidley Austin LLP, New York, New York, who may rely on the opinion of Ms. McCormick or Ms. Linde as to matters of New Jersey law. Mses. McCormick and Linde own shares of our common stock. Sidley Austin LLP has from time to time represented and continues to represent us and our affiliates in connection with certain unrelated legal matters.

EXPERTS

The consolidated financial statements and the related consolidated financial statement schedule incorporated in this prospectus by reference from our Annual Report on Form 10-K and the effectiveness of our internal control over financial reporting have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports which are incorporated herein by reference. Such consolidated financial statements and consolidated financial statement schedule have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

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Public Service Enterprise Group Incorporated

$ % Senior Notes Due 2019
$ % Senior Notes Due 2021

PROSPECTUS SUPPLEMENT

November , 2016

Joint Book-Running Managers

Barclays

J.P. Morgan

RBC Capital Markets

Scotiabank

Wells Fargo Securities

Co-Managers

CIBC Capital Markets

Citigroup

MFR Securities, Inc.

TD Securities

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As filed with the Securities and Exchange Commission on March 6, 2015

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form S-8
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Public Service Enterprise Group Incorporated

(Exact name of Registrant as specified in its charter)

New Jersey
(State of Incorporation)

22-2625848
(I.R.S. Employer Identification No.)

80 Park Plaza, P.O. Box 1171, Newark, NJ 07101-1171
(Address, including zip code, of Registrant's principal executive offices)

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
Thrift and Tax-Deferred Savings Plan
(Full title of plan)

Caroline Dorsa
Executive Vice President
and Chief Financial Officer

or

M. Courtney McCormick, Esq.
Deputy General Counsel

80 Park Plaza
P.O. Box 1171
Newark, NJ 07101-1171
(973) 430-7000
(Name, address, including zip code, and telephone number, including area code, of agents for service)

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐

CALCULATION OF REGISTRATION FEE

Title of Securities to be registered[1]	Amount to be registered	Proposed maximum offering price per share[2]	Proposed maximum aggregate offering price[2]	Amount of registration fee[1,2]
Common Stock (without par value)	2,000,000 shares	$41.37	$82,740,000	$9,614

1 Pursuant to Rule 416(c) under the Securities Act of 1933, this registration statement also covers an indeterminate amount of interests to be offered or sold pursuant to the employee benefit plan described herein.

2 Estimated in accordance with Rule 457(h) under the Securities Act of 1933 solely for the purpose of determining the registration fee based on the average of the high and low prices of PSEG Common Stock on March 3, 2015 for, as reported in the consolidated reporting system.

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Prospectus

PSEG

2,000,000 SHARES
PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
COMMON STOCK (WITHOUT PAR VALUE)

offered through the

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
THRIFT AND TAX-DEFERRED SAVINGS PLAN

The Thrift and Tax-Deferred Savings Plan ("Thrift Plan") of Public Service Enterprise Group Incorporated ("PSEG"), provides a convenient method for employees of PSEG and its subsidiaries participating in the Thrift Plan to purchase shares of PSEG's Common Stock (without par value) through payroll deductions without payment of any brokerage commission or service charge. While shares of Common Stock are held under the Thrift Plan, dividends on such shares are used to purchase additional shares of Common Stock.

PSEG's Employee Benefits Committee is the Thrift Plan's plan administrator. Aon Hewitt is the Thrift Plan's third-party administrator. The Thrift Plan provides that shares of Common Stock purchased for participants will be purchased in the open market by an agent independent of PSEG and its affiliates, as selected by PSEG or at PSEG's option, directly from PSEG.

The price per share of Common Stock purchased in the open market by any independent agent will be the weighted average price, excluding brokerage commissions, of all shares acquired by that independent agent for the Thrift Plan during the period such purchases are made. Any applicable brokerage commissions for purchases by any independent agent in the open market will be paid for by the Thrift Plan and will be an expense of the Thrift Plan.

The price per share of Common Stock purchased directly from PSEG will be made at the average of the high and low sale prices of the Common Stock on the New York Stock Exchange on the date that such shares are purchased. In the event that there are no trades reported on the date of purchase, the purchase price will be determined on the basis of such prices on the next prior date on which the Common Stock was purchased.

You should read this prospectus carefully. If you are not now and do not wish to become a participant, or if you wish to continue your present participation without change, no action on your part is required. If you wish to join the Thrift Plan or change the amount of your payroll deductions under the Thrift Plan, please follow the instructions for submitting an enrollment form to Benefits Express. It is suggested that this prospectus be retained for future reference.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful and complete. Any representation to the contrary is a criminal offense.

March 6, 2015

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GENERAL INFORMATION ABOUT THE THRIFT PLAN

The Thrift Plan is administered by the Employee Benefits Committee appointed from time to time by the PSEG Board of Directors. The Committee has overall responsibility for the administration and interpretation of the Thrift Plan.

PSEG Services Corporation, PSEG's subsidiary, is responsible for receiving and processing enrollment forms and making payroll deductions. PSEG Services Corporation, PSEG's subsidiary, is located at 80 Park Plaza, Newark, NJ 07102.

Aon Hewitt is third-party administrator for the Thrift Plan. The third-party administrator keeps a continuing record of Participants' accounts under the Thrift Plan, sends quarterly statements of account to Participants and performs other duties relating to the Thrift Plan for Participants. The third-party administrator is located at Benefits Express (PSEG), 4 Overlook Point, P.O. Box 1584, Lincolnshire, IL 60069-1584.

The Thrift Plan has been in effect since 1999 and, previously, was the Thrift and Tax-Deferred Savings Plan of Public Service Electric and Gas Company established July 1, 1981. The Thrift Plan was last amended effective January 31, 2014. There are approximately 5,953 participants in the Thrift Plan.

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PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED

THRIFT AND TAX-DEFERRED SAVINGS PLAN

ARTICLE I
PURPOSE

Section 1.1. Purpose. The purpose of the Plan is to encourage and assist thrift and savings by eligible non-bargaining unit employees of Public Service Enterprise Group Incorporated and certain of its Affiliates through tax-sheltered forms of investment. The Plan and its related Trust Fund are intended to meet the requirements applicable to qualified profit-sharing plans under sections 401(a), 401(k), 401(m) and 501(a) of the Code and the requirements applicable to employee stock ownership plans under section 4975(e)(7) of the Code.

The Plan is intended to constitute a plan described in section 404(c) of the Employee Retirement Income Security Act of 1974, as amended, and Department of Labor regulations section 2550.404c-l. As a result, fiduciaries of the Plan may be relieved of liability for any losses that are the direct and necessary result of investment instructions given by Participants and beneficiaries.

ARTICLE II
DEFINITIONS

When used herein, the words and phrases hereinafter defined shall have the following meanings unless a different meaning is clearly required by the context of the Plan:

Section 2.1. "*Account*" shall mean the separate account maintained in the Plan for each Participant which consists of the Participant's Thrift Account, Roth Account and/or the Participant's Frozen ESOP Account.

Section 2.2. "*Active Participant*" shall mean a Participant who is an Eligible Employee presently making Nondeferred Deposits or for whom Deferred Deposits are presently being made.

Section 2.3. "*Additional Lump Sum Deposits*" shall mean that amount which is contributed to the Plan by a Participant on a lump sum basis. Additional Lump Sum Deposits shall not be entitled to be matched by Employer Contributions.

Section 2.4. "*Affiliate*" shall mean—

(a) any organization while it is a member of a controlled group of corporations (as defined in Code section 414(b) as modified by Code section 415(h)) which includes the Company;

(b) any trades or businesses (whether or not incorporated) while they are under common control (as defined in Code section 414(c) as modified by Code section 415(h)) with the Company;

(c) any organization during any period in which it (along with the Company) is a member of an affiliated service group (as defined in Code section 414(m)); or

(d) any other entity during any period in which it is required to be aggregated with the Company under Code section 414(o).

Section 2.5. "*Basic Deposits*" shall mean that amount, not less than 1%, nor more than 8% of a Participant's Compensation, contributed to the Plan through payroll deduction by or on behalf of a Participant which is entitled to be matched by Employer Contributions.

Section 2.6. "*Board of Directors*" shall mean the Board of Directors of the Company.

Section 2.7. "*Cash Balance Plan*" shall mean the Cash Balance Pension Plan of Public Service Enterprise Group Incorporated (formerly known as the "Cash Balance Pension Plan of Public Service Electric and Gas Company'') or the Cash Balance Pension Plan for Represented Employees of Public Service Enterprise Group Incorporated (formerly known as the "Cash Balance Pension Plan for Represented Employees of Public Service Electric and Gas Company'').

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Section 2.8. "*Code*" shall mean the Internal Revenue Code of 1986, as amended, or as it may be amended from time to time. A reference to a section of the Code shall also refer to any regulations and other guidance issued under that section.

Section 2.9. "*Commissioner*" shall mean the Commissioner of Internal Revenue.

Section 2.10. "*Committee*" or "Employee Benefits Committee" shall mean the Employee Benefits Committee of the Company appointed by the Board of Directors.

Section 2.11. "*Company*" shall mean Public Service Enterprise Group Incorporated or its successor.

Section 2.12. "*Company Common Stock*" shall mean the Common Stock, without nominal or par value, of the Company.

Section 2.13. "*Company Common Stock Fund*" shall mean the Fund established pursuant to Section 7.1(a). The Company Common Stock Fund is intended to qualify as an employee stock ownership plan under Code section 4975(e)(7).

Section 2.14. "*Compensation*" shall mean the total remuneration paid to a Participant for services rendered to an Employer excluding the Employer's cost for any public or private employee benefit plan, but including all Deferred Basic and Supplemental Deposits made by a Participant or on a Participant's behalf to this Plan and all elective contributions that are made by an Employer on behalf of a Participant which are not includible in income under Code section 125 or 132(f)(4), under rules adopted by the Committee which are uniformly applicable to all Participants similarly situated. However, Compensation shall not include the following:

(a) any amounts which are deferred under any deferred compensation plan of the Company or any Affiliate and any payments from any such plans of any previously deferred amount;

(b) any amounts received as an award pursuant to any of the following incentive compensation programs:

(1) the Company's Senior Management Incentive Compensation Plan or Management Incentive Compensation Plan;

(2) the PSEG Global Inc. Executive Long-Term Incentive Compensation Plan;

(3) the PSEG Global Inc. 1987 Stock Appreciation Rights Plan;

(4) the PSEG Energy Technologies Inc. Executive Long-Term Incentive Compensation Plan;

(5) the Company's 1989 Long-Term Incentive Plan;

(6) the Company's 2001 Long-Term Incentive Plan;

(7) the Company's 2004 Long-Term Incentive Plan;

(8) effective March 1, 2001, the PSEG Global Inc. 2001 Executive Long-term Incentive Compensation Plan;

(9) effective March 1, 2001, the PSEG Global Inc. Project Closing Bonus Program; and

(10) to the extent that it exceeds 150% of the Participant's base pay in the year of payment, the PSEG Power LLC Incentive Compensation Program for PSEG Energy Resources and Trade LLC employees;

(c) any payments received pursuant to the terms of this Plan;

(d) any amounts which constitute reimbursement of expenses;

(e) the following miscellaneous payments:

(1) separation pay;

(2) gratuity payments upon death;

(3) payment for vacation due at time of death;

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(4) worker's compensation for permanent partial disability;

(5) Employer contributions for social security, unemployment compensation or other taxes;

(6) Employer payments toward reimbursement of adoption expenses; and

(7) payments made expressly for the purpose of satisfying withholding tax liabilities on awards earned pursuant to any employee suggestion program of any Employer;

(f) the following special international payments:

(1) international service premium;

(2) commodities and services allowance;

(3) equalization pay;

(4) transportation allowance;

(5) foreign service pay; and

(6) hardship allowance; and

(g) any amounts received by a Participant as a result of the sale of vacation entitlements.

Effective from the first payroll period beginning after March 1, 2010, Compensation shall be limited to a Participant's base pay, his/her overtime pay and amounts received pursuant to the incentive compensation program in which he/she is a participant. Compensation shall, however, exclude the Company's or Participating Affiliate's cost for any public or private employee benefit plan, including this Plan, but shall include all elective contributions that are made by the Company or Participating Affiliate on behalf of a Participant which are not includible in income under Code sections 125, 132(f)(4) or 401(k). Compensation shall also exclude any amounts that would otherwise be excluded pursuant to the terms of subparagraphs (a), (b), and (c), above). Notwithstanding anything in the Plan to the contrary, Compensation shall include differential pay in the Plan Year in which it is paid.

In any case, however, Compensation of each Participant taken into account for any Plan Year shall not exceed the applicable compensation limit for such year determined under Code section 401(a)(17). This limit on annual compensation shall be adjusted for cost-of-living increases in accordance with Code section 401(a)(17)(B).

Section 2.15. "*Deferred*" in reference to Deposits shall mean that such Deposits are deferred from current Federal income taxation under Code section 401(k)), provided, however, that effective August 1, 2006, the term "Deferred" in reference to Deposits shall also apply to Roth Elective Deferrals.

Section 2.16. "*Deposits*" shall mean the aggregate of Additional Lump Sum Deposits, Basic Deposits and Supplemental Deposits made by or on behalf of a Participant to his or her Account. The total of all Deposits made by or on behalf of a Participant in any Plan Year shall not exceed 50% of the Participant's Compensation for such Plan Year. Deposits shall include "Deferred Compensation" credited to the Participant under the U.S. Energy Partners 401(k) Plan, "Elective Deferrals" credited to the Participant under the Arden Engineering Constructors, Inc. 401(k) Plan, "Employee Pre-Tax Basic Contributions" credited to the Participant under the Fluidics, Inc. Retirement and 401(k) Plan, and "Salary Reduction Contributions" credited to the Participant under the Wisvest-Connecticut 401(k) Plan.

Section 2.17. "*Disability*" shall mean any physical or mental condition which renders a Participant incapable of performing further work for his or her Employer, as certified in writing by a Doctor of Medicine designated and approved by the Committee.

Section 2.18. "*Eligible Employee*" shall mean any individual not included in a unit of employees covered by a collective bargaining agreement who is an Employee of the Company or a Participating Affiliate and who is receiving remuneration for personal services rendered to the Company or Participating Affiliate other than (1) solely as a director of the Company or a Participating Affiliate, (2) as a consultant, (3) as an independent contractor, (4) as an individual who is a "leased employee" within the meaning of Code section 414(n) and as defined in section 2.28(e) of this Plan, or (5) any other individual engaged by the Company or Participating Affiliate in a relationship mat the Company characterizes as other than an employment relationship or who has waived his or her rights to coverage as an employee (regardless of whether a determination is made by the Internal

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Revenue Service or other governmental agency or court after the individual is engaged to perform such services that the individual is an employee of the Company or Participating Affiliate for the purposes of the Code or otherwise).

Section 2.19. "*Employee*" shall mean any individual employed by the Company or an Affiliate.

Section 2.20. "*Employee Savings Plan*" shall mean the Public Service Enterprise Group Incorporated Employee Savings Plan (formerly known as the "Public Service Electric and Gas Company Employee Savings Plan").

Section 2.21. "*Employer*" shall mean the Company and any Participating Affiliate.

Section 2.22. "*Employer Contributions*" shall mean the amounts contributed to the Plan on behalf of Participants by an Employer in accordance with Article V. Employer Contributions shall include "Employer's Matching Contributions" credited to the Participant under the U.S. Energy Partners 401(k) Plan, "Employer Matching Contributions" and "Additional Employer Contributions" credited to the Participant under the Arden Engineering Constructors, Inc. 401(k) Plan, "Employer Matching Contributions" and Employer "Nonelective Contributions" credited to the Participant under the Fluidics, Inc. Retirement and 401(k) Plan and "Employer Matching Contributions" and "Employer Discretionary Contributions" credited to the Participant under the Wisvest-Connecticut 401(k) Plan.

Section 2.23. "*ERISA*" shall mean the Employee Retirement Income Security Act of 197 4, as amended, or as it may be amended from time to time. A reference to a section of ERISA shall also refer to any regulations and other guidance issued under that section.

Section 2.24. "*Frozen ESOP Account*" shall mean that separate portion of an Account established pursuant to Section 9.1 which evidences the shares of Company Common Stock transferred to the Plan for the Account of a Participant, pursuant to the merger with this Plan with the Public Service Electric and Gas Company Tax Reduction Act Employee Stock Ownership Plan (TRASOP) and/or the Public Service Electric and Gas Company Payroll-Based Employee Stock Ownership Plan (PA YSOP), including the net worth of the Trust Fund attributable thereto.

Section 2.25. "*Fund*" shall mean any of the funds or other investment options established under the Plan for the investment of Participants' Accounts and a loan fund for each Participant who takes a loan under Section 11.13. The Thrift and Pension Investment Committee shall have the discretion to add, change, or eliminate Funds as it deems appropriate. Except as otherwise directed by the Thrift and Pension Investment Committee, the Funds shall include a Company Common Stock Fund and a Personal Choice Retirement Account Fund.

Section 2.26. "*Highly Compensated Employee*" shall mean:

(a) any Employee, as defined in section 414(q) of the Code, who at any time:

(1) during the Plan Year or the preceding Plan Year was at any time a 5% owner (as defined in Code section 416(i)(l)); or

(2) for the preceding Plan Year, received Compensation (as defined in section 12.l(c)) from the Company or an Affiliate in excess of $80,000 (as adjusted for cost-of-living increases).

(b) If so elected, the Company may also provide that an Employee with Compensation in excess of $80,000 (as adjusted for cost-of-living increases) shall be a Highly Compensated Employee only if such Employee is in the group consisting of the top 20% of Employees when ranked on the basis of Compensation paid during such Plan Year, excluding those Employees permitted to be excluded pursuant to Code section 414(q) (herein referred to as the "Top Paid Group Election").

Effective for Plan Years beginning on or after January 1, 1997, the Company shall determine its Highly Compensated Employees without application of the Top Paid Group Election. Notwithstanding the foregoing, the Company may apply the Top Paid Group Election with respect to a Plan Year so long as such election is applied consistently to the determination years of all plans (retirement and non-retirement) of the Company that begin within the same calendar year and so long as the Plan is amended to reflect the application of the Top Paid Group Election to a given Plan Year.

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Section 2.27. "*Hour of Service*" shall mean:

(a) Each hour for which an Employee is directly or indirectly paid remuneration or entitled to such payment by an Employer for the performance of duties;

(b) Each hour for which an Employee is paid or entitled to payment by the Company on account of a period of time during which no duties are performed (whether or not the employment relationship has terminated) due to vacation, holiday, illness, incapacity (including disability), layoff, jury duty, military service, or leave of absence; provided, however, that an Employee shall not be credited with more than 501 Hours of Service under this sentence for any continuous period during which he or she performs no duties for the Company. Notwithstanding the preceding provisions of this subsection (b), no credit will be given:

(1) for an Hour of Service for which the individual is directly or indirectly paid, or entitled to payment, on account of a period during which no duties are performed if such payment is made or due under a plan maintained solely for the purpose of complying with applicable worker's compensation, unemployment compensation, or disability insurance laws; or

(2) for an Hour of Service for which a payment is made, which solely reimburses the individual for medical or medically related expenses incurred.

(c) Each hour not otherwise credited under the Plan for which back pay, irrespective of mitigation of damages, is either awarded or agreed to by an Employer. No more than 501 Hours of Service shall be credited under this item (c) for a period of time during which the Employee did not or would not have performed duties.

(d) Hours of Service will be credited for employment with an Affiliate.

(e) Hours of Service will be credited for employment as a "leased employee" as that term is defined in Code section 414(n) and as defined below, if such leased employee participates in the Plan as a result of subsequent employment with the Company or an Affiliate. A "leased employee" shall mean a person performing services for the Company or an Affiliate who is not a common-law employee where—

(1) such services are provided pursuant to an agreement between the Participating Affiliate and any other person or entity (hereinafter referred to as the "leasing organization");

(2) such person has performed the services for the Participating Affiliate on a substantially full-time basis for a period of at least one year;

(3) such services are performed under the primary direction of or control by the Participating Affiliate; and

(4) the person is not covered by a safe harbor plan under Code section 414(n)(5) maintained by the leasing organization. In applying the provisions of this paragraph (4), the Company or an Affiliate may rely upon a written certificate by the leasing organization that the individual is covered by a plan of the type described.

(f) An Employee shall be credited with an Hour of Service for each month during any period the Employee is absent from work with the Company or an Affiliate for qualified military service in accordance with Code section 414(u). Notwithstanding the foregoing, if the Employee fails to report to work before reemployment rights expire, the Employee shall not receive credit for Hours of Service during such military leave.

(g) The number of Hours of Service to be credited an Employee shall be on the basis of months of employment under which an Employee is credited with 190 Hours of Service for each month for which such Employee would be required to be credited with at least one Hour of Service.

(h) The crediting of Hours of Service under this Plan will be applied under the rules of paragraph (b) and (c) of the Department of Labor Regulation 2530.200b-2, which, by this reference, will be specifically incorporated in full into this Plan.

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Section 2.28. "*Investment Manager*" shall mean an investment manager as defined in ERISA section 3(38).

Section 2.29. "*Lay Off*" or "*Laid Off*" shall mean a Participant's involuntary separation from service with an Employer because of a reduction in work force at a time when there is no further work available with the Employer for which the Participant is qualified.

Section 2.30. "*Matured*" in reference to Deposits and Employer Contributions shall mean that the respective amount has been held in the Plan for at least 24 months. The 24-month period will include periods during which Deposits and Employer Contributions held in the Participant's Account were held in the U.S. Energy Partners 401(k) Plan, the Arden Engineering constructors, Inc. 401(k) Plan, and the Fluidics, Inc. Retirement and 401(k) Plan, respectively. The 24-month period shall also include periods during which Deposits and Employer Contributions held in the Participant's Thrift Account were held in the Wisvest-Connecticut 401(k) Plan, if applicable.

Section 2.31. "*Nondeferred*" in reference to Deposits shall mean that such Deposits are not deferred from current Federal income taxation under Code section 401(k).

Section 2.32. "*Participant*" shall mean any person who has an interest in the Trust Fund.

Section 2.33. "*Participating Affiliate*" shall mean any Affiliate of the Company which: (a) adopts the Plan with the approval of the Board of Directors; (b) authorizes the Board of Directors, the Employee Benefits Committee and the Thrift and Pension Investment Committee to act for it in all matters arising under or with respect to the Plan; and (c) complies with such other terms and conditions relating to the Plan as may be imposed by the Board of Directors. For the avoidance of any doubt, a Participating Affiliate shall not include Long Island Electric Utility ServCo LLC.

Section 2.34. "*Pension Plan*" shall mean the Pension Plan of Public Service Enterprise Group Incorporated (formerly known as the "Pension Plan of Public Service Electric and Gas Company").

Section 2.35. "*Personal Choice Retirement Account Fund*" shall mean the Fund established pursuant to Section 7.1(b).

Section 2.36. "*Plan*" shall mean this Public Service Enterprise Group Incorporated Thrift and Tax-Deferred Savings Plan (formerly known as the "Public Service Electric and Gas Company Thrift and Tax-Deferred Savings Plan"), including all amendments hereto which may hereafter be made.

Section 2.37. "*Plan Year*" shall mean the calendar year.

Section 2.38. "*Qualified Domestic Relations Order*" or "*QDRO*" shall mean any judgment, decree or order pursuant to a state domestic relations or community property law which relates to the provision of child support or marital property rights, which creates or recognizes the existence of an alternate payee's right to (or assigns to all alternate payee the right to) receive all or part of a Participant's Account, and which meets the requirements of (a) and (b) below, as interpreted in accordance with Code section 414(p):

(a) such order specifies:

(1) the name and last known mailing address of the Participant and each alternate payee;

(2) the amount or the percentage of the Participant's Account to be paid to each alternate payee, or the manner in which such amount or percentage is to be determined;

(3) the number of payments or the period to which the order applies; and

(4) each plan to which such order applies; and

(b) such order does not require the Plan to:

(1) provide any type or form of benefit or option not otherwise provided under the Plan;

(2) provide increased benefits; or

(3) pay to an alternate payee amounts required to be paid to another alternate payee under a prior QDRO.

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Section 2.39. "*Record Keeper*" shall mean the person(s) or entity(ies) designated by the Committee to maintain the records of the Plan and Plan Accounts and to perform such other functions as may be designated by the Committee.

Section 2.40. "*Required Beginning Date*" shall mean with respect to distributions to any Participant, no later than the April 1 of the calendar year following the calendar year in which the Participant attains age $70^1/2$; provided, however, that with respect to distributions to any Participant who attained age 70 before July 1, 1987 and who was not a "5% owner," the Required Beginning Date for such Participant shall be April 1 of the calendar year following the calendar year in which (1) the Participant attains age $70^1/2$ or (2) the Participant retires, whichever is later. Effective as of January 1, 2003, "Required Beginning Date" shall mean with respect to distributions to any Participant other than a 5% owner, April 1 of the calendar year following the calendar year in which the Participant attains age 70 1/2 or retires, whichever is later. The Required Beginning Date for a 5% owner shall mean no later than the April 1 of the calendar year following the calendar year in which such 5% owner attains age $70^1/2$. For purposes of this Section 2.40, a "5% owner" shall mean any person owning (or considered as owning within the meaning of Code section 318) more than 5% of the outstanding stock of an Employer or stock possessing more than 5% of the total combined voting power of such stock.

Section 2.41. "*Retirement*" shall mean the termination of employment by a Participant, other than by reason of his or her death, after attaining age 65 or —

(a) in the case of a participant in the Pension Plan, when the sum of the Participant's age and credited service (as defined in the Pension Plan) equals or exceeds 80 or under circumstances otherwise entitling the Participant to an immediately payable periodic retirement benefit under the Pension Plan, or

(b) in the case of a participant in the Cash Balance Plan, after attaining age 55 and completing five or more years of credited service (as defined in the Cash Balance Plan).

Section 2.42. "*Retirement Choice Program*" shall mean the Public Service Enterprise Group Incorporated Retirement Choice Program (formerly known as the "Public Service Electric and Gas Company Retirement Choice Program") or the Public Service Enterprise Group Incorporated Retirement Choice Program for Represented Employees (formerly known as the "Public Service Electric and Gas Company Retirement Choice Program for Represented Employees").

Section 2.43. "*Rollover Contributions*" shall mean Eligible Employee contributions transferred to the Plan, in accordance with Section 4.15, from a trust under another plan qualified under Code sections 501(a) and 401(a), respectively. Rollover Contributions shall also include "Rollover Contributions" credited to the Participant under the Arden Engineering Constructors, Inc. 401(k) Plan, the Fluidics, Inc. Retirement and 401(k) Plan, or the Wisvest-Connecticut 401(k) Plan. Rollover Contributions shall also include Eligible Employee contributions transferred to the Plan, in accordance with Section 4.15, from the following:

(a) a qualified plan described in both Code sections 401(a) and 403(a), including after-tax employee contributions;

(b) an annuity contract described in Code section 403(b);

(c) an eligible plan under Code section 457(b) which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state; and

(d) an individual retirement account or annuity described in Code sections 408(a) or 408(b) that is eligible to be rolled over.

Rollover Contributions shall include any amounts from a "qualified Roth contribution program" as defined in Code section 402A(b).

Section 2.44. "*Roth Account*" shall mean that separate portion of an Account established pursuant to Section 8.1(b) which evidences the value of Roth Elective Deferrals on behalf of a Participant under the Plan, including the net worth of the Trust Fund attributable thereto.

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Section 2.45. "*Roth Elective Deferral*" shall mean an elective deferral by a Participant that is designated irrevocably by the Participant in accordance with Section 4.3 as a Roth elective deferral and that is being made in lieu of all or a portion of the Deferred Deposits that are pre-tax elective deferrals the Participant is otherwise eligible to make under the Plan. Roth Elective Deferrals are treated as includable in the Participant's income at the time the Participant would have received that amount in cash if the Participant had not made a deferral election.

Section 2.46. "*Spouse*" shall mean the person to whom the Participant is married. Spouse shall include a person of the same sex if the individuals are lawfully married under applicable law even if the married couple is domiciled in a state that does not recognize the validity of same-sex marriages. Spouse shall not include individuals (whether of the opposite sex or the same sex) who have entered into a registered domestic partnership, civil union, or other similar formal relationship recognized under state law that is not denominated as a manage under the laws of that state.

Section 2.47. "*Supplemental Deposits*" shall mean the amount, if any, of Compensation contributed to the Plan through payroll deduction by or on behalf of a Participant which is greater than the maximum permitted Basic Deposit. Supplemental Deposits shall include "Deferred Compensation" credited to the Participant under the U.S. Energy Partners 401(k) Plan "Elective Deferrals" credited to the Participant under the Arden Engineering Constructors, Inc. 401(k) Plan, "Employee Pre-Tax Basic Contributions" credited to the Participant under the Fluidics, Inc. Retirement and 401(k) Plan, and "Salary Reduction Contributions" credited to the Participant under the Wisvest-Connecticut 401(k) Plan.

Section 2.48. "*Thrift Account*" shall mean that separate portion of an Account established pursuant to Section 8.1 (a) and which consists of the sum of the following subaccounts of such Participant:

(a) ***Basic Deposit Subaccount*** shall mean that portion of a Participant's Thrift Account which evidences the value of Basic Deposits by or on behalf of a Participant under the Plan, including the net worth of the Trust Fund attributable thereto.

(b) ***Supplemental Deposit Subaccount*** shall mean that portion of a Participant's Thrift Account which evidences the value of Supplemental Deposits and Additional Lump Sum Deposits under the Plan, assets transferred by the Participant from his or her Frozen ESOP Account and Rollover Contributions to the Plan by or on behalf of a Participant, including the net worth of the Trust Fund attributable thereto, and also including Deposits and Rollover Contributions credited to the Participant under the Arden Engineering Constructors, Inc. 401(k) Plan, the Fluidics, Inc. Retirement and 401(k) Plan, the U.S. Energy Partners 401(k) Plan, or the Wisvest-Connecticut 401(k) Plan and merged into or otherwise transferred to this Plan.

(c) ***Employer Contribution Subaccount*** shall mean that portion of a Participant's Thrift Account which evidences the value of Employer Contributions which have been credited to a Participant's Account under Section 5.1 of the Plan (less any forfeitures), including the net worth of the Trust Fund attributable thereto, and also including Employer Contributions credited to the Participant under the Arden Engineering Constructors, Inc. 401(k) Plan, the Fluidics, Inc. Retirement and 401(k) Plan, the U.S. Energy Partners 401(k) Plan, or the Wisvest-Connecticut 401(k) Plan and merged into or otherwise transferred to this Plan

(d) ***Retirement Choice Program Allocation Subaccount*** shall mean that portion of a Participant's Thrift Account which evidences the value of certain service and age points allocated to this Plan pursuant to the Cash Balance Plan and the Retirement Choice Plan and in accordance with Section 5.6 herein, including the net worth of the Trust Fund attributable thereto.

Section 2.49. "*Trust Agreement*" shall mean the agreement between the Company and the Trustee which provides for the management of the Trust Fund and the investment of Deposits, Employer Contributions and Rollover Contributions to the Plan and investment of Plan assets.

Section 2.50. "*Trust Fund*" shall mean the aggregate of Additional Lump Sum Deposits, Basic and Supplemental Deposits made by or on behalf of Participants, Rollover Contributions and Employer Contributions, together with Frozen ESOP Accounts, increased by any profits or income thereon, and decreased by any losses thereon and by any payments made therefrom.

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Section 2.51. "*Trustee*" shall mean any individual(s) or corporation(s) by whom any assets of the Plan are held under the Trust Agreement.

Section 2.52. "*Year of Service*" shall mean the 12 consecutive month period beginning on the first day of the month in which an Employee commences employment with the Company or an Affiliate and each succeeding 12 consecutive month period beginning on the yearly anniversary of such day, during which the Employee completes not less than 1,000 Hours of Service. The determination of whether an Employee shall have completed not less than 1,000 Hours of Service during any such period shall be made by crediting such Employee with 190 Hours of Service for each calendar month during such period in which the Employee is entitled to be credited with at least one Hour of Service for such month. For purposes of determining eligibility for Employer Contributions under Section 5.1, an Employee shall complete a Year of Service during the month in which he or she is credited with 1,000 Hours of Service during the applicable 12-month period. For the purposes of this Section 2.52, there shall be included service with the Company or an Affiliate as an Employee. In addition, any Employee whose Account includes balances transferred from the Arden Engineering Constructors, Inc. 401(k) Plan, the Fluidics, Inc. Retirement and 401(k) Plan, the U.S. Energy Partners 401(k) Plan, or the Wisvest-Connecticut 401(k) Plan shall, for purposes of determining Year of Service hereunder, be credited with service with U.S. Energy Partners, Arden Engineering Constructors, Inc., Fluidics, Inc., and Wiswest Corporation or Wisvest-Connecticut LLC, as applicable, in accordance with this Section 2.52.

Furthermore, for purposes of determining Year of Service hereunder, the following Employees will be deemed to have commenced employment on the dates set forth below:

(a) Any Employee who as of April 30, 1999 was an employee of Rich Fire Protection Company, Inc. and who, effective as of May 1, 1999, became an Employee of the Company or an Affiliate, shall for purposes of this Section 2.52 only, be deemed to have commenced employment as of May 1, 1999.

(b) Any Employee who as of April 30, 1999 was an employee of Liber Rich & Sons, Inc. and who, effective as of May 1, 1999, became an Employee of the Company or an Affiliate, shall for purposes of this Section 2.52 only, be deemed to have commenced employment as of May 1, 1999.

(c) Any Employee who as of May 20, 1999 was an employee of Struble Air Conditioning, Inc. and who, effective as of May 21, 1999, became an Employee of the Company or an Affiliate, shall for purposes of this Section 2.52 only, be deemed to have commenced employment as of May 21, 1999.

(d) Any Employee who as of June 30, 1999 was an employee of The Frank A. McBride Company, Inc. (or one its affiliated entities) and who, effective as of July 1, 1999, became an Employee of the Company or an Affiliate, shall for purposes of this Section 2.52 only, be deemed to have commenced employment as of July 1, 1999.

(e) Any Employee who as of January I 1, 1998 was an employee of Fluidics, Inc. and who, effective as of January 12, 1998, became an Employee of the Company or an Affiliate, shall for purposes of this Section 2.52 only, be deemed to have commenced employment as of January 12, 1998. This subsection (e) shall not apply to any Employee whose Account includes balances transferred from the Fluidics, Inc. Retirement and 401(k) Plan.

(f) Any Employee who as of October 30, 1999 was an employee of East Coast Mechanical, Inc. and who, effective as of October 31, 1999, became an Employee of the Company or an Affiliate, shall for purposes of this Section 2.52 only, be deemed to have commenced employment as of October 31, 1999.

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ARTICLE III
PARTICIPATION

Section 3.1. Participation. Each Eligible Employee may become a Participant by applying with the Record Keeper to establish a Thrift Account or Roth Account or accept a Rollover Contribution on such Eligible Employee's behalf, when a Frozen ESOP Account was established on his or her behalf, or when the Eligible Employee elects to make transfers of age and service credits pursuant to the terms of the Cash Balance Plan and the Retirement Choice Program. An Eligible Employee who, at the time he or she becomes employed by the Company or a Participating Affiliate is a participant in the Employee Savings Plan, shall be automatically enrolled in the Plan, and account balances held in that plan shall be transferred to this Plan.

By contacting the Record Keeper and using its automatic voice response system or such other method as approved by the Committee, the Eligible Employee can (a) arrange for the payment of an Additional Lump Sum Deposit to the Plan, (b) authorize his or her Employer to withhold an amount in a specified percentage of his or her Compensation, (c) authorize his or her Employer to accept a Rollover Contribution from another eligible plan in accordance with Section 4.15, (d) authorize establishing an Account to accept transfers of age and service credits pursuant to the terms of the Cash Balance Plan and the Retirement Choice Program, and (e) authorize the Record Keeper and/or Employer to pay any such amount to the Trustee for investment in an applicable Account under the Plan in accordance with the Eligible Employee's instructions.

An Eligible Employee who was a former employee of Wisvest-Connecticut LLC or Wisvest Corporation shall become a Participant upon the earlier of: (i) the establishment of a Thrift Account to accept the assets merged with this Plan from the Wisvest-Connecticut 401(k) Plan, effective December 31, 2002, or (ii) any of the methods for participation set forth above in this Section 3.1.

Notwithstanding the foregoing, in the case of any Eligible Employee who is hired or rehired to a permanent, full-time position on or after January 1, 2008, the Eligible Employee shall be provided with information on automatic enrollment upon his or her initial eligibility for the Plan. Unless the Eligible Employee timely elects to decline making Deposits or to elect an alternate contribution percentage, the Eligible Employee shall be automatically enrolled in the Plan and shall have Basic Deferred Deposits (none of which shall be designated as Roth Elective Deferrals) made by the Employer on his or her behalf in an amount equal to 3% of his or her Compensation. An Eligible Employee who is automatically enrolled may elect to withdraw Basic Deferred Deposits made pursuant in this paragraph (together with attributable earnings), provided that any such election must be made within 90 days of the Eligible Employee's date of hire and in accordance with procedures established by the Committee.

Participation in the Plan is entirely voluntary.

Section 3.2. Effective Date of Participation. Subject to the provisions of Section 3.1 above, the effective date of participation shall be the earliest of the following: (a) participation in the Plan shall be effective for an Eligible Employee and payroll deductions shall commence, as soon as practicable after the Eligible Employee has applied to the Record Keeper for participation; (b) participation in the Plan for an Eligible Employee whose account is transferred from the Savings Plan to this Plan shall be effective as of the date such individual became an Eligible Employee under the terms of this Plan; (c) participation in the Plan for an Eligible Employee making a Rollover Contribution or a transfer of age and service credits pursuant to the terms of the Cash Balance Plan and the Retirement Choice Program shall be effective as soon as practicable after such Eligible Employee's Rollover Contribution or transferred age and service credits are accepted for transfer; (d) participation of an Eligible Employee in the Plan with respect to the Frozen ESOP Account became effective upon receipt by the Plan of the assets credited to the account of such Eligible Employee in Public Service Electric and Gas Company's TRASOP and/or PAYSOP pursuant to a merger of such plan or plans with this Plan; and (e) participation in the Plan shall be effective for a newly hired Eligible Employee who is automatically enrolled in the Plan and payroll deductions shall commence as soon as practicable after such Eligible Employee's date of hire.

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ARTICLE IV
DEPOSITS

Section 4.1. Basic Deposits. Subject to the limitations of Sections 4.6 and 5.4, an Eligible Employee may elect:

(a) to make Basic Nondeferred Deposits to the Plan in an amount equal to any integral multiple of 1% of his or her Compensation up to a total of 8% each pay period;

(b) to have Basic Deferred Deposits made to the Plan by an Employer on his or her behalf in an amount equal to any integral multiple of 1% of his or her Compensation up to a total of 8% each pay period; or

(c) to make, or have made by an Employer on his or her behalf, any combination of Deposits under (a) or (b) above, totaling up to 8% of his or her Compensation each pay period;

Effective August 1, 2006, the provisions of section 4.3 regarding Roth Elective Deferrals shall apply to Basic Deferred Deposits. Basic Deposits made by or on behalf of a Participant shall be paid over by the Employer to the Trustee and deposited in the Trust Fund as soon as practicable after deduction and, in any event, within 15 business days after the end of the month in which such deduction is made. Such Basic Deposits shall be credited as soon as practicable to such Participant's Basic Deposit Subaccount in the Plan, or to the Participant's Roth Account, as applicable.

Section 4.2. Supplemental Deposits. Subject to the limitations of Sections 4.6 and 5.4, each Participant who is electing the maximum permitted Basic Deposit to the Plan may also elect:

(a) to make Supplemental Nondeferred Deposits to the Plan in an amount equal to any integral multiple of 1% of his or her Compensation to a total of 42% of his or her Compensation each pay period;

(b) to have Supplemental Deferred Deposits made by an Employer on his or her behalf in an amount equal to any integral multiple of 1% of his or her Compensation up to a total of 42% of his or her Compensation each pay period; or

(c) to make, or have made by an Employer on his or her behalf, any combination of the Deposits specified in (a) or (b) above, totaling up to 42% of his or her Compensation each pay period.

Effective August 1, 2006, the provisions of section 4.3 regarding Roth Elective Deferrals shall apply to Supplemental Deferred Deposits. Supplemental Deposits made by or on behalf of a Participant shall be paid over by an Employer to the Trustee and deposited in the Trust Fund as soon as practicable after deduction and, in any event, within 15 business days after the end of the month in which such deduction is made. Such Supplemental Deposits shall be credited as soon as practicable to such Participant's Supplemental Deposit Subaccount in the Plan, or to the Participant's Roth Account, as applicable.

Section 4.3. Roth Elective Deferrals. Effective August 1, 2006, a Participant may irrevocably elect that all or any portion of his or her Deferred Deposits, both Basic and Supplemental, shall be made as a Roth Elective Deferral. Roth Elective Deferrals shall be credited to the Participant's Roth Account in the same time and manner such amounts would have been credited to the Participant's Basic Deposit Subaccount or Supplemental Deposit Subaccount but for the election to have these contributions made as Roth Elective Deferrals. Notwithstanding any provision of this Plan to the contrary, Roth Elective Deferrals may not be recharacterized as Nondeferred Deposits.

Section 4.4. Additional Lump Sum Deposits. Within any Plan Year, each Participant may make one or more Additional Lump Sum Deposits on a Nondeferred basis in the minimum amount of $250 and in such total amounts which, when aggregated with such Participant's Basic Deposits and Supplemental Deposits, do not exceed 50% of his or her Compensation for that Plan Year and subject to the limitations of Sections 4.6, 4.13 and 5.4. Additional Lump Sum Deposits made by a Participant shall be paid over by the Record Keeper to the Trustee and deposited in the Trust Fund as soon as practicable, but no later than 15 business days after the end of the month in which such Additional Lump Sum Deposit is received. Such Additional Lump Sum Deposits shall be credited as soon as practicable to such Participant's Supplemental Deposit Subaccount in the Plan.

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Section 4.5. Method of Deposits. Basic Deposits and Supplemental Deposits by or on behalf of Active Participants shall be made by means of payroll deduction. For convenience of administration, if the percentage of Compensation elected to be contributed to the Plan by an Active Participant is not equal to a whole dollar amount, such amount will be increased to the next whole dollar amount in establishing the deduction to be made from such Active Participant's pay. In addition, if an Active Participant's Compensation is changed, the resulting change in deduction shall be made as soon as practicable after such change in Compensation.

Additional Lump Sum Deposits shall be paid directly by Participants to the Record Keeper who shall forward them to the Trustee for investment in the Participant's Thrift Account in accordance with his or her then current investment direction.

Section 4.6. Limits on Deferred Deposits.

(a) In no event may Deferred Deposits for any Participant attributable to any taxable year of such Participant (presumably the calendar year) exceed the amount permitted by Code section 402(g) in effect for such taxable year, except to the extent permitted under Section 4.6(b) of the Plan below. Where a Participant elects under Section 4.1 to have Deferred Deposits made by an Employer to the Plan which would otherwise exceed the limit of this Section 4.6(a) and 4.6(b) below, if applicable, such excessive Deferred Deposits (other than Roth Elective Deferral amounts) shall be deemed to be Nondeferred Deposits to the Plan ("Deemed Nondeferred Deposits") rather than Deferred Deposits to the Plan; provided, however, that such Deemed Nondeferred Deposits shall be subject to the limits and rules of Sections 4.1 and 4.2; and provided further, that such Deemed Nondeferred Deposits shall be deemed to be Basic Nondeferred Deposits (and, therefore, matched by Employer Contributions as set forth in Article V) to the extent possible under the limits of Sections 2.5 and 4.1, taking into account other Basic Deferred and Nondeferred Deposits of the Participant.

(b) In addition to the Deposits allowed by this Article IV, Eligible Employees who have attained age 50 before the close of a Plan Year shall be eligible to make catch-up contributions in accordance with, and subject to the limitations of, Code section 414(v) (and in the amount of allowable catch-up contributions for the Plan Year as set forth in Code section 414(v)). Such catch-up contributions shall not be taken into account for purposes of Section 4.6(a) and Article XII of the Plan. The Plan shall not be treated as failing to satisfy the provisions of the Plan implementing the requirements of Code sections 401(k)(3), 401(k)(11), 401(k)(12), 410(b), or 416, as applicable, by reason of such catch-up contributions. Unless otherwise determined by the Employee Benefits Committee, no election shall be required for the making of catch-up contributions, provided, however, that a Participant shall be able to elect that all or a portion of his or her catch-up contributions shall be Roth Elective Deferrals (in accordance with Section 4.3) and credited to such Participant's Roth Account. To the extent that a Participant has Deferred Deposits which would otherwise exceed the limit of Section 4.6(a) above, such excess Deferred Deposit shall first be deemed a catch-up contribution if allowed under the provisions of this Section 4.6(b). Any remaining excess Deferred Deposit after the application of this Section 4.6(b) shall be treated in accordance with Section 4.6(a) above.

Section 4.7. Distribution of Excess Deferral Amounts.

(a) Notwithstanding any other provision of the Plan to the contrary, an Employer shall distribute any Excess Deferral Amount (as defined below), adjusted according to Section 4.7(d), to Participants who claim such allocable Excess Deferral Amounts for a calendar year. Such distribution shall be made no later than the April 15th next following the end of the calendar year for which such claim is made.

(b) For purposes of this Section 4.7, "Excess Deferral Amount" shall mean the amount of Deferred Deposits for a calendar year that the Participant allocates to this Plan and claims pursuant to the election procedure set forth in Section 4.7(c) below. The Committee shall determine the extent to which the Excess Deferral Amount is composed of Deferred Deposits other than Roth Elective Deferrals and the extent to which the Excess Deferral Amount is composed of Roth Elective Deferrals, in accordance with administrative procedures applied uniformly to all Participants.

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(c) A Participant's election to claim an Excess Deferral Amount for a calendar year shall be in writing, shall be submitted to the Committee no later than the March 1st next following the end of such calendar year, shall specify the Excess Deferral Amount and shall state that if such amount is not distributed, such Excess Deferral Amount, when added to amounts deferred under other plans or arrangements described in Code sections 401(k), 408(k) or 403(b), exceeds the limit imposed on the Participant by Code section 402(g) for the taxable year (calendar year) in which the deferral occurred.

A Participant shall be deemed to make an election to claim an Excess Deferral Amount for a calendar year to the extent that the amount of Deferred Deposits, when aggregated with deferrals by the Participant pursuant to any other cash or deferred arrangement maintained by the Company or an Affiliate under Code section 401 (k), exceeds the limit imposed by Code section 402(g) for such year.

(d) The amount distributed to a Participant pursuant to this Section 4.7 with respect to a calendar year shall be increased or decreased, as applicable, by investment income or losses attributable thereto, as calculated in accordance with applicable Treasury regulations or other regulatory guidance. The amount distributed shall be adjusted for attributable income or losses for the period after the end of the calendar year for which the contributions were made and prior to the distribution date. Notwithstanding the foregoing, for Plan Years beginning on or after January 1, 2007, the amount distributed to a Participant shall include any income attributable to any period after the end of the calendar year through the distribution date.

(e) In the event that the Excess Deferral Amount consists of Roth Elective Deferrals, the excess Roth Elective Deferrals shall be returned by April 15 of the year following the year of contribution.

Section 4.8. Code Section 401(k) Limits on Deferred Deposits.

(a) Effective January 1, 1997, Deferred Deposits for any Plan Year shall not result in the actual deferral percentage of the group of Highly Compensated Employees eligible to participate in the Plan for such Plan Year exceeding the actual deferral percentage of the group of all other Eligible Employees for the current Plan Year by more than the greater of:

(1) one and one-quarter times; or

(2) the lesser of (A) two times or (B) two percentage points.

However, notwithstanding the above, the Committee may use the actual deferral percentage for the prior Plan Year for the group of Eligible Employees who are not Highly Compensated Employees by making an election at a time, and in a manner, prescribed by the Secretary of the Treasury. Such election may be revoked for a following Plan Year only in accordance with rules prescribed by the Secretary of the Treasury.

The actual deferral percentage of each group of Eligible Employees shall be the average of the ratios (calculated separately for each Eligible Employee in each group) of (i) the Deferred Deposits made on behalf of each Eligible Employee for the relevant Plan Year to (ii) such Eligible Employee's Compensation for the relevant Plan Year (or in the discretion of the Committee, for the portion of the Plan Year during which the Employee was an Eligible Employee, provided this alternative is applied uniformly to all Employees for the Plan Year on a reasonably consistent basis from Plan Year to Plan Year).

(b) "Compensation" for purposes of this Section 4.8 only shall mean an Eligible Employee's compensation as determined in any manner that satisfies the requirements of Code section 414(s).

(c) The Committee shall, consistent with regulations under the Code, establish nondiscriminatory rules to meet the requirements of this Section 4.8 provided, however, that any distribution to Highly Compensated Employees of Deferred Deposits to meet the requirements of this Section 4.8 shall be made on the basis of the dollar amount of Deferred Deposits on behalf of each such Highly Compensated Employee. Any distribution of Deferred Deposits made in accordance with this Section 4.8 shall occur no later than the last day of the Plan Year following the Plan Year for which such Deferred Deposit was made.

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(d) The amount of Deferred Deposits which must be distributed to any Highly Compensated Employee under this section for a Plan Year shall be reduced by "Excess Deferral Amounts" previously distributed to the Highly Compensated Employee for the taxable year of such Highly Compensated Employee ending during the Plan Year. Furthermore, the amount of any Deferred Deposit distributed under this section must include the income attributable thereto. For Plan Years ending prior to January 1, 2006 or beginning on or after January 1, 2008, in no event shall the distribution include income attributable to any period after the end of the Plan Year for which the Deferred Deposit was made. The Committee shall determine the extent to which any Deferred Deposit to be distributed is composed of Deferred Deposits other than Roth Elective Deferrals and the extent to which the Deferred Deposit to be distributed is composed of Roth Elective Deferrals, in accordance with administrative procedures applied uniformly to all Participants.

(e) Should the Committee determine during the course of any Plan Year that the nondiscrimination test of Code section 401(k) might not be met for such Plan Year, the Committee may reduce, at any time, the percentage of Deferred Deposits that a Highly Compensated Employee may elect to have contributed to the Plan in accordance with this Article IV to a percentage that the Committee determines appropriate to ensure that the test shall be met for the Plan Year.

(f) Notwithstanding any provision above, in running the actual deferral percentage test under this Section 4.8 the Committee may utilize any of the testing alternatives permitted under Code section 401(k) and Treasury Regulation section 1.401(k)-2.

(g) *Special Testing Provisions*:

(1) For purposes of this Section 4.8, the actual deferral percentage of a Highly Compensated Employee who is eligible for Deferred Deposits or similar employer contributions under two or more plans described in Code section 401(k) that are maintained by the Company or an Affiliate shall be determined as if all such contributions were made under a single Plan, except as otherwise provided in regulations under Code section 401(k).

(2) For purposes of this Section 4.8, actual deferral percentages shall be determined by considering all applicable contributions made under any other plans that are aggregated with this Plan for purposes of Code sections 401(a)(4) and 410(b). If other plans are permissively aggregated with this Plan for purposes of Code section 401(k), the aggregated plans must satisfy Code sections 401(a)(4) and 410(b) as if they constituted a single plan.

Section 4.9. Unmatched Employer Contributions. If, as the result of the operation of Sections 4.6, 4.7, and/or 4.8, and before the operation of Section 4.10, the combined Deposits of a Participant are adjusted in such a way that Employer Contributions previously made on behalf of a Participant for a Plan Year are no longer matched by such Participant's Basic Deposits, then the matching Employer Contributions allocated to such Participant's Account for such Plan Year shall be reduced, under nondiscriminatory rules established by the Committee, to the extent necessary to equal the percentage of Employer Contributions (as set forth in Article V) with respect to the Participant's remaining Basic Deposits for such Plan Year. The amount, if any, of previously allocated Employer Contributions in excess of the percentage of Employer Contributions (as set forth in Article V) of the Participant's remaining Basic Deposits shall be forfeited and applied to reduce future Employer Contributions to the Plan.

Section 4.10. Code Section 401(m) Limits on Nondeferred Deposits and Employer Contributions.

(a) Nondeferred Deposits together with Employer Contributions for any Plan Year shall not result in the actual contribution percentage of the group of Highly Compensated Employees eligible to participate in the Plan for such Plan Year exceeding the actual contribution percentage of the group of all other Eligible Employees for the current Plan Year by more than the greater of:

(1) one and one-quarter times; or

(2) the lesser of (A) two times or (8) two percentage points.

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However, notwithstanding the above; the Committee may use the actual contribution percentage for the prior Plan Year for the group of Eligible Employees who are not Highly Compensated Employees by making an election at a time, and in a manner, prescribed by the Secretary of the Treasury. Such election may be revoked for a following Plan Year only in accordance with rules prescribed by the Secretary of the Treasury.

The actual contribution percentage of each group of Eligible Employees shall be the average of the ratios (calculated separately for each Eligible Employee in each group) of (i) the Nondeferred Deposits and Employer Contributions made on behalf of each Eligible Employee for the relevant Plan Year to (ii) such Eligible Employee's Compensation for the relevant Plan Year (or in the discretion of the Committee, for the portion of the Plan Year during which the Employee was an Eligible Employee, provided this alternative is applied uniformly to all Employees for the Plan Year on a reasonably consistent basis from Plan Year to Plan Year).

(b) "Compensation" for purposes of this Section 4.10 only shall mean an Eligible Employee's compensation as determined in any manner that satisfies the requirements of Code section 414(s).

(c) The Committee shall, consistent with regulations under the Code, establish nondiscriminatory rules to meet the requirements of this Section 4.10; provided; however, that any distribution to Highly Compensated Employees of Nondeferred Deposits and/or Employer Contributions, or any allowable forfeiture of Employer Contributions, to meet the requirements of this Section 4.10 shall be made on the basis of the dollar amount of Nondeferred Deposits by, together with Employer Contributions on behalf of, each such Highly Compensated Employee. Any distribution made in accordance with this Section 4.10 shall occur no later than the last day of the Plan Year following the Plan Year for which such Deferred Deposit was made.

(d) Any Employer Contribution that is reduced in accordance with this Section 4.10 shall be refunded to the Highly Compensated Employee to the extent the Highly Compensated Employee is vested in the amount under Article X, and shall otherwise be treated as a forfeiture and used to reduce future Employer Contributions. Furthermore, the income attributable to any Nondeferred Contribution or Employer Contribution that is distributed to the Highly Compensated Employee shall include the income attributable thereto. For Plan Years ending prior to January 1, 2006 or beginning on or after January 1, 2008, in no event shall the distribution include income attributable to any period after the end of the Plan Year for which such Nondeferred Contribution or Employer Contribution was made.

(e) Should the Committee determine during the course of any Plan Year that the nondiscrimination test of Code section 401(m) might not be met for such Plan Year, the Committee may reduce, at any time, the percentage of Nondeferred Deposits that a Highly Compensated Employee may elect to have contributed to the Plan in accordance with this Article IV to a percentage that the Committee determines appropriate to ensure that the test shall be met for the Plan Year.

(f) Notwithstanding any provision above, in running the actual contribution percentage test under this Section 4.10, the Committee may utilize any of the testing alternatives permitted under Code section 401(m) and Treasury Regulation section 1.401(m)-2.

(g) *Special Testing Provisions:*

(1) For purposes of this Section 4.10, the actual contribution percentage of a Highly Compensated Employee who is eligible to participate in two or more plans providing for Nondeferred Contributions and Employer Contributions, or such other similar contributions within the meaning of Code section 401(m), that are maintained by the Company or an Affiliate shall be determined as if all these contributions are made under a single plan, except as otherwise provided in regulations under Code section 401(m).

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(2) For purposes of this Section 4.1 0, actual contribution percentages shall be determined by considering all applicable contributions made under any other plans that are aggregated with this Plan for purposes of Code sections 401(a)(4) and 410(b). If other plans are permissively aggregated with this Plan for purposes of Code section 401(m), the aggregated plans must satisfy Code sections 401(a)(4) and 410(b) as if they constituted a single plan.

(3) In the discretion of the Committee, the actual contribution percentage for a Participant may be determined by taking into account all or part of his or her Deferred Deposits, provided that the requirements in applicable Treasury regulations are satisfied.

Section 4.11. Changing Deposit Percentages. The percentage of Compensation deposited in the Plan by or on behalf of an Active Participant shall continue in effect until such Active Participant shall change the rate of such Deposits. An Active Participant may change the rate of Deposits to a higher or lower percentage of Compensation within the limitations of Sections 4.1, 4.2 and 4.6 by arranging for such change with the Record Keeper or as otherwise prescribed by the Committee. Any such change shall become effective as soon as practicable after receipt of the notice of change by the Record Keeper. Effective January 1, 2008, an Active Participant may make an election to automatically increase his or her rate of Deposits each year, but no higher than 8% of the Active Participant's Compensation. Any such election shall be effective as of a date designated by the Committee and shall be made by giving notice of election in the manner prescribed by the Committee.

Section 4.12. Suspension of Deposits.

(a) An Active Participant may suspend all of the Deposits to the Plan made by such Participant or on his or her behalf at any time by arranging for such suspension with the Record Keeper or as otherwise prescribed by the Committee. Such suspension shall be effective as soon as practicable after receipt of the notice of suspension by the Record Keeper, and shall continue until such Participant elects to have Deposits resumed by arranging therefor with the Record Keeper. Payroll deductions under the Plan shall begin again as soon as practicable after such notice is received by the Record Keeper.

(b) If, after other required and authorized deductions from an Active Participant's pay, there is not sufficient money available in any pay period to make the entire authorized payroll deduction for such Participant's Nondeferred Deposits, no payroll deduction shall be made therefor for that pay period.

(c) In case of any such total suspension of Deposits, pursuant to subsection (a), Employer Contributions on behalf of such Participant shall be automatically suspended for a like period.

Section 4.13. Limit on Additional Lump Sum Deposits. No further Additional Lump Sum Deposits may be made by any Participant in any Plan Year in which the aggregate amount of all of such Participant's Deposits under the Plan exceeds 50% of such Participant's Compensation for that Plan Year. Any Additional Lump Sum Deposits inadvertently received in excess of this limitation shall be refunded to the Participant as soon as practicable following determination of such excess.

Section 4.14. Elections. All elections under this Article IV shall be made at the time, in the manner and subject to the conditions as are specified by the Committee. Elections of Deferred Deposits shall in all cases be irrevocably made prior to the beginning of the payroll period for which such elections shall apply. In any year in which the Committee deems it necessary to do so to meet the requirements of Section 4.6, 4.8, 4.10 or 5.4 of the Code and the regulations thereunder, the Committee may reduce, for that Plan Year, the permissible amount of Deposits by or on behalf of any or all Active Participants.

Section 4.15. Rollover Contributions.

(a) Subject to such rules as may be established by the Committee, an Eligible Employee may transfer Rollover Contributions (as defined in Section 2.42) to the Plan, to be deposited in his or her Supplemental Deposit Account. The Eligible Employee must certify that such amount to be transferred as a Rollover Contribution qualifies for such transfer under the Code and regulations thereunder and must submit such information or evidence, satisfactory to the Committee that it may require in order to approve such transfer. In addition, Rollover Contributions shall then be subject to all terms and conditions of this Plan and the Trust Agreement and shall be treated in the same manner as Supplemental Deposits, unless the context of the Plan or Trust requires otherwise.

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(b) In. the event that the Plan accepts a Rollover Contribution from an Eligible Employee that includes an amount that the Committee later determines is an "invalid rollover contribution" (as defined below), the amount of the invalid rollover contribution, plus any earnings attributable thereto, shall be distributed to the Eligible Employee as soon as practicable after such determination.

(c) An "invalid rollover contribution" is an amount that is not an eligible Rollover Contribution, as described in subsection (a) above, or that does not satisfy the other requirements of Code section 401(a)(31), Code section 402(c), or Code section 408(d)(3) for treatment as a rollover or a rollover contribution.

Section 4.16. Transfers from the Employee Savings Plan. Any Eligible Employee who, at the time he or she becomes employed by the Company or a Participating Affiliate, is a participant in the Employee Savings Plan, shall automatically be enrolled in the Plan, and all balances in the Employee Savings Plan shall be transferred to the Plan. Upon the transfer of Employee whose terms of employment is covered by a collectively bargaining agreement to a position where his or her terms of employment is no longer covered by a collectively bargaining agreement and he or she become an Eligible Employee in this Plan, such Eligible Employee's account under the Savings Plan shall transfer to this Plan. All contribution and investment elections in effect for the Employee Savings Plan shall remain in effect, subject to change pursuant to the operation of Sections 4.11, 4.12 and 6.2 hereof.

Section 4.17. Qualified Military Service. Notwithstanding any provision in this Plan to the contrary, effective December 12, 1994, a Participant who is or was engaged in "qualified military service," as that term is defined in Code section 414(u), shall be permitted to make additional Basic Deposits, Supplemental Deposits, and Additional Lump Sum Deposits in accordance with this Article IV and in an amount as determined under Code section 414(u). Under no circumstances shall the Deposits provided for in this Section 4.17 exceed the amount the Participant would have been permitted to contribute had such Participant remained continuously employed by the Employer throughout the period of qualified military service.

ARTICLE V
EMPLOYER CONTRIBUTIONS

Section 5.1. Amount and Payment of Employer Contributions. Each Employer shall contribute to the Plan on behalf of Participants who are Eligible Employees, who have completed a Year of Service, and who are making or having their Employer make on their behalf Basic Deposits to the Plan an amount equal to 50% of the aggregate of such Basic Deposits, except to the extent that such Basic Deposits are reduced or distributed as provided in Sections 4.6 through 4.10, and except as provided in this Article V and in Section 11.4. Provided, however, that, effective for the first payroll period beginning after January 10, 2010, no Employer Contributions shall be made with respect to Participants who are (a) not included within a unit of employees covered by a collective bargaining agreement and (b) also participants in the Pension Plan. Employer Contributions with respect to a Plan Year shall be paid to the Trustee not later than the due date (including extensions of time) for filing the Company's consolidated Federal income tax return for such year. All Employer Contributions may be made without regard to current or accumulated earnings of the Employer. Notwithstanding the foregoing, the Plan shall be designated a profit sharing plan for purposes of Code sections 401(a), 402, 412 and 417, except with respect to balances held in the Company Common Stock Fund.

Effective for the first payroll period beginning after January I, 2012, Employer Contributions (as described above) shall be reinstated with respect to Participants who are (a) not included within a unit of employees covered by a collective bargaining agreement and (b) also participants in the Pension Plan.

Basic Deposits of an Eligible Employee's before-tax Compensation shall be matched before Basic Deposits of an Eligible Employee's after-tax Compensation.

Section 5.2. Employer Contributions in Company Common Stock. For periods prior to February 1, 2002, Employer Contributions with respect to Basic Deposits in excess of 6% of Compensation were made in shares of Company Common Stock. Effective as of February 1, 2002, Employer Contributions are made solely in accordance with Section 5.1 above. In addition, effective as of February 1, 2002, with respect to Employer Contributions made in shares of Company Common Stock prior to February 1, 2002 and in accordance with this Section 5.2, such shares may be transferred to any of the available Funds established pursuant to Section 7.1.

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Section 5.3. Reduction of Employer Contributions by Forfeitures. The amount of an Employer's Contribution shall be reduced by the amount of the reduction of an unmatched Employer Contribution allocable to a Highly Compensated Employee as provided in Sections 4.8, 4.9 and 4.10, by the amount of any forfeiture as a result of termination of the employment of an Active Participant as provided in Section 11.2, or as a result of the Employer's inability to locate a Participant or beneficiary to whom a benefit hereunder is due as provided in Section 11.14.

Section 5.4. Maximum Annual Additions. The maximum Annual Addition, as defined in Section 12.1, for any Plan Year to any Participant's Account may not exceed the amount provided for by Code section 415(c). The rules governing the application of this Section 5.4 and other limitations imposed by Code section 415 are more fully set forth in Article XII.

Section 5.5. Return of Employer Contributions.

(a) Notwithstanding any provision of the Plan to the contrary, any Employer Contribution made to the Plan by reason of mistake of fact may be returned to the Employer making such Employer Contribution, provided the return of such Employer Contribution is made within one year from the date the mistaken payment was made, and any amount so returned shall be disposed of as the Committee shall direct.

(b) If the Internal Revenue Service determines that any contribution by an Employer to the Plan is not deductible under Code section 404, such Employer shall have the option, which it may exercise within one year after the date of the disallowance of such deduction, to have such contribution returned to the Employer, and any amount so returned shall be disposed of as the Committee shall direct.

Section 5.6. Allocation from Cash Balance Plan. Pursuant to the Cash Balance Plan and the Retirement Choice Program, Participants who so elect may have certain service and age points otherwise allocated to them under the Cash Balance Plan made as an Employer Contribution to their Accounts under this Plan. All amounts so elected shall be accepted by the Trustee and invested in accordance with Section 6.1. No amounts attributable to Employer Contributions resulting from Participant elections made pursuant to the Cash Balance Plan and the Retirement Choice Program shall be available for withdrawal from the Plan until the Participant's termination of employment by the Company or any Affiliate.

Section 5.7. Qualified Military Service. Notwithstanding any provision in this Plan to the contrary, effective December 12, 1994, the Employer shall contribute to the Plan on behalf of a Participant who is or was engaged in "qualified military service," as that term is defined in Code section 414(u), and who makes or is having made additional Basic Deposits to the Plan under Section 4.17 on his or her behalf, the amount of Employer Contributions as required under this Article V and Code section 414(u) with respect to such additional Basic Deposits. In addition, a Participant who is or was engaged in qualified military service shall be entitled to make the election provided for in Section 5.6 of this Plan, if applicable, for the period set forth in Code section 414(u).

ARTICLE VI
THRIFT ACCOUNT AND ROTH ACCOUNT INVESTMENTS

Section 6.1. Investment of Deposits, Rollover Contributions and Employer Contributions. Deposits, Rollover Contributions and Employer Contributions to the Plan shall be invested by the Trustee under the Trust Agreement in the Funds established pursuant to Section 7.1. Upon enrolling in the Plan, each Participant shall specify, in such manner as shall be prescribed by the Committee, the percentage (which shall be an integral multiple of 1% — including 0% but not exceeding 100% in the aggregate) of Deposits to his or her Thrift Account and Roth Account which shall be invested in each of such Funds. Employer Contributions shall be invested by the Trustee for the Account of an Active Participant in the same Funds and in the same percentages as directed by such Participant with respect to the Basic Deposits to his or her Thrift Account. Rollover Contributions may be invested in Funds under the Plan in such dollar amounts as shall be designated by the Participant. Notwithstanding anything to the contrary herein, a Participant who, at the time he or she becomes an Eligible Employee, is a participant in the Employee Savings Plan, shall continue the same investment elections as he or she maintained in the Employee Savings Plan until a change in investment direction is made in conformity with Section 6.2 hereof.

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Section 6.2. Change in Investment Direction. Any investment direction given by a Participant under Section 6.1 or automatic investment under Section 6.8 shall continue in effect until changed by the Participant. A Participant may change any such direction by giving notice of such change in the manner prescribed by the Committee. Any such change shall become effective as soon as practicable after receipt of the notice of change by the Record Keeper. A change in investment direction under this Section 6.2 shall not automatically cause a transfer of investments under Section 6.3.

Section 6.3. Transfer/Reallocation of Investments. Subject to Section 6.6 regarding transfers into and out of the Personal Choice Retirement Account Fund and Section 9.3 regarding transfers out of the Frozen ESOP Account, a Participant may:

(a) direct that all or any part (in integral multiples of 1%) of his or her interest in any one or more of the Funds be transferred to any one or more of the other Funds, except that no transfer may be made into a Participant's Frozen ESOP Account. A Participant may also transfer his or her Frozen ESOP Account assets (in integral multiples of 1%, but not exceeding 100% in the aggregate) into any one or several of the Funds. However, any transfer from a Fund shall be subject to such contractual limitations regarding transfers from such Fund as may exist from time to time under the contracts governing investments held in such Fund. A direction to transfer all or a portion of a Participant's interest in a Fund shall be made by giving notice in the form prescribed by the Committee. Subject to any contractual limitations that may be applicable, any such transfer shall be made as soon as practicable after receipt of the notice of such transfer by the Record Keeper; or

(b) reallocate all or any part (in integral multiples of 1%) of his or her interest among the Funds, except that no funds may be reallocated into or out of a Participant's Frozen ESOP Account. Any such reallocation shall be subject to such contractual limitations as may exist from time to time under the contracts governing investments held in such Funds. A direction to reallocate a portion of a Participant's interest in a Fund shall be made by giving notice in the form prescribed by the Committee. Subject to any contractual limitations that may be applicable, any such reallocation shall be made as soon as practicable after receipt of the notice of such reallocation by the Record Keeper.

Section 6.4. Quarterly Automatic Rebalancing. Excluding investments in the Participant's Frozen ESOP Account and in the Personal Choice Retirement Account Fund, a Participant may elect to automatically rebalance his or her Account among some or all of the Funds at the end of each calendar quarter. Any such rebalancing shall also be subject to those contractual limitations regarding transfers from certain Funds as may exist from time to time under the contracts governing investments held in such Funds. A direction to elect quarterly automatic rebalancing of a Participant's Account shall be made by giving notice in the form prescribed by the Committee and shall be in effect until an election is made to discontinue such rebalancing. Subject to any applicable contractual limitations, such rebalancing shall commence as soon as practicable after the Record Keeper's receipt of the notice of such election and shall occur on, or as soon as practicable following, the end of each subsequent calendar quarter.

Section 6.5. Loans

(a) Participants may receive loans from their Thrift Accounts and Roth Accounts under the provisions of Section 11.13. A loan to a Participant shall be considered an investment of such Participant's Thrift Account and Roth Account, and the principal amount of the loan shall be treated as a separate investment within the Accounts and subaccounts. Repayments of the principal amount of the loan shall reduce such corresponding investments of each such Account and subaccount in the inverse order of such investment and repayments of such principal along with any accrued interest thereon shall be invested in the Funds in accordance with the Participant's then current investment direction. Loan amounts shall be taken from Accounts in the following order:

(1) Roth Elective Deferrals;

(2) Deferred Deposits other than Roth Elective Deferrals;

(3) Unmatured vested Employer Contributions;

(4) Matured vested Employer Contributions;

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(5) Rollover Contributions;

(6) Unmatured Post-1986 Nondeferred Deposits;

(7) Matured Post-1986 Nondeferred Deposits;

(8) Pre-1987 Nondeferred Deposits.

(b) Notwithstanding the foregoing, loan proceeds shall not be taken from a Participant's Frozen ESOP Account, from assets invested in the Personal Choice Retirement Account Fund, or from the Retirement Choice Program Allocation Subaccount of a Participant's Account.

(c) Each outstanding loan under the Arden Engineering Constructors, Inc. 401(k) Plan, the Fluidics, Inc. Retirement and 401(k) Plan, and the Wisvest-Connecticut 401(k) Plan at the time the assets of such plans were merged into this Plan shall continue to be in effect in accordance with the original terms and conditions of such loan; provided, however, that the loan amortization amounts, and corresponding payroll deductions amounts, shall be modified to the extent necessary to conform to payroll periods in use under this Plan.

Section 6.6. Special Rules for Investment in the Personal Choice Retirement Account Fund. Notwithstanding any provision of this Plan to the contrary, the investment in the Personal Choice Retirement Account Fund shall be subject to the following restrictions and limitations:

(a) only vested amounts in a Participant's Account may be transferred into the Personal Choice Retirement Account Fund;

(b) investments shall be in minimum amounts of $1,000 and shall be accomplished only through Fund transfers in accordance with Section 6.3 (therefore, no Basic Deposits, Supplemental Deposits, Additional Lump Sum Deposits, or Employer Contributions may be made directly into the Personal Choice Retirement Account Fund);

(c) for the period October 1, 1999 through September 30, 2000, investments shall be limited to 50% of the vested balance in the Participant's Account; therefore, the vested balance of the Participant's Account shall be no less than $2,000 to be able to make an initial investment in the Personal Choice Retirement Account Fund;

(d) for the period October 1, 2000 through September 30, 2001, investment shall be limited to 75% of the vested balance in the Participant's Account;

(e) for the period October 1, 2001 and beyond, any Participant maintaining a balance in the Personal Choice Retirement Account Fund must maintain a minimum $500 vested balance in the Plan's other Funds;

(f) transfers into and out of the Personal Choice Retirement Account Fund shall be in whole dollar amounts only with the exception of a 100% transfer out of the Personal Choice Retirement Account Fund, or a supplemental transfer out of a residual amount after the Personal Choice Retirement Account Fund is closed;

(g) with respect to transfers out of the Personal Choice Retirement Account Fund, the Participant must designate the specific investment(s) which is (are) to be liquidated in order to effect the requested transfer;

(h) participation shall be subject to an annual participation fee in an amount determined by the Committee;

(i) the annual participation fee shall be deducted on the day the Participant first invests in the Personal Choice Retirement Account Fund, and the first business day of January thereafter, pro rata from the portion of the Participant's Account which is nonforfeitable and not invested in the Personal Choice Retirement Account Fund;

(j) all fees related to specific transactions in the Personal Choice Retirement Account Fund will be deducted directly from the Participant's Account (first, from the balance in the Personal Choice Retirement Account Fund and then from the balance in the Participant's other Funds);

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(k) all transactions within and from the Personal Choice Retirement Account Fund shall be in settled cash only, and, to the extent that a transaction has not settled, further transactions and withdrawals from the Personal Choice Retirement Account Fund will not be available;

(l) no transfer may be made directly from any stable value fund offered under the Plan into the Personal Choice Retirement Account Fund, and any amounts transferred from such stable value fund must be invested in one of the Plan's other equity funds for at least 90 days (or such other applicable requirement as may be imposed from time to time) before they may be transferred into the Personal Choice Retirement Account Fund; and

(m) the Record Keeper may take administrative control of the Participant's Personal Choice Retirement Account Fund solely for purposes of settling transfers to a Participant's beneficiary and for apportioning the Participant's Account with respect to a Qualified Domestic Relations Order in accordance with Article XXII herein.

Section 6.7. Election to Reinvest or Distribute Cash Dividends. In accordance with the procedures established by the Committee, a Participant (or the Participant's beneficiary) may elect, with respect to dividends on shares of Company Common Stock allocated to the Participant's Account and invested in the Company Common Stock Fund, to have such dividends: (a) paid directly to the Participant (or beneficiary) in cash; or (b) paid to the Participant's Account and reinvested in the Company Common Stock Fund. If dividends are paid directly to the Participant (or beneficiary) under this Section 6.7, the dividends must be paid no later than 90 days after the close of the Plan Year in which such dividends were paid to shareholders. Where a Participant fails to make an election in accordance with the procedures established by the Committee, the dividends paid with respect to that portion of a Participant's Account invested in the Company Common Stock Fund shall be automatically reinvested in accordance with subsection (b) herein. The provisions of this Section 6.7 do not apply with respect to Company Common Stock held in a Participant's Frozen ESOP.

Section 6.8. Special Rule for Default Investment of Accounts. Absent an investment election by an Eligible Employee who has been automatically enrolled in the Plan or any other Eligible Employee on whose behalf contributions are made to the Plan, his or her Account shall be invested in the Fund selected by the Thrift and Pension Investment Committee in its sole and absolute discretion. The Thrift and Pension Investment Committee has selected the Target Date Funds as the default investment option.

ARTICLE VII
THRIFT ACCOUNT AND ROTH ACCOUNT FUNDS

Section 7.1. Establishment of Funds. The Thrift and Pension Investment Committee shall establish Funds exclusively for the collective investment of Trust Fund assets attributable to Participant Thrift Accounts and Roth Accounts; as directed by Participants. Except as otherwise directed by the Thrift and Pension Investment Committee, the Funds shall include:

(a) A "Company Common Stock Fund," the assets of which are principally invested in Company Common Stock as described in further detail in Section 7.2; and

b) A "Personal Choice Retirement Account Fund," the assets of which are invested in individual stocks, bonds, and mutual funds as directed by the Participant.

Any or all of the Funds established under the Plan may be temporarily maintained in cash, or may be invested directly or indirectly in certain short-term obligations as permitted by the Trust Agreement. Dividends, interest and other income in respect of any Fund shall be reinvested in the same Fund to the extent not used to pay expenses of the Plan. Except as otherwise limited by the provisions of this Plan, withdrawals, distributions and forfeitures, except as otherwise specified in the Plan, shall be charged pro rata against the various Funds in which the Accounts and subaccounts from which such withdrawals, distributions or forfeitures are then invested.

Section 7.2. Company Common Stock Fund.

(a) Company Common Stock purchased for the Company Common Stock Fund shall be purchased by the Trustee on the open market or directly from the Company should the Company elect to make such sales.

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(b) If the Company shall elect to sell shares of Company Common Stock directly to the Plan, the price to be paid by the Trustee for any such purchases shall be the average of the high and low sales prices of Company Common Stock as reported by the New York Stock Exchange on the date of purchase.

(c) All voting discretion, including the power to decide whether or not to tender Company Common Stock in connection with a tender offer, with respect to the shares of Company Common Stock held under the Company Common Stock Fund for the Account of a Participant (whether vested or not vested) shall be vested in the Trustee. However, the Trustee shall vote all such shares (including fractional shares or fractional rights to shares) in accordance with the directions of such Participant. Within a reasonable time before voting rights are to be exercised, the Company or the Trustee shall cause to be sent to each Participant entitled to give voting instructions all information that the Company has or will distribute to shareholders of Company Common Stock regarding the exercise of such voting rights. Shares with respect to which no voting instructions are received shall not be voted by the Trustee.

(d) If, during the course of the Plan, the Company should grant to the holders of Company Common Stock rights to subscribe to an issue or issues of securities of the Company, any such rights attaching to the shares of Company Common Stock held by the Trustee under the Company Common Stock Fund shall be sold by the Trustee and the net proceeds applied by the Trustee to the purchase of Company Common Stock on the open market for such Funds. Stock dividends on shares held by the Company Common Stock Fund and stock issued upon any split of such shares shall be credited to the Company Common Stock Fund.

(e) Section 401(a)(28) of the Code requires that "qualified participants" (as defined under Section 401(a)(28) of the Code) be permitted to diversity their investments under the Company Common Stock Fund within the 90 day period after the close of the first plan year in which such participants first become "qualified participants." Notwithstanding this requirement, Participants under the Plan are permitted to immediately diversify their investments under the Company Common Stock Fund and the Frozen ESOP Account.

ARTICLE VIII
THRIFT ACCOUNTS AND ROTH ACCOUNTS

Section 8.1. Establishment.

(a) *Thrift Accounts.* The Committee shall maintain or cause to be maintained a Thrift Account for each Participant which shall consist of the following subaccounts: Basic Deposit Subaccount, Supplemental Deposit Subaccount and Employer Contribution Subaccount, the assets of which shall be invested pursuant to the direction of the Participant as provided in Article VI. The assets of each such subaccount of the Thrift Account shall be identified as to Nondeferred or Deferred.

(b) *Roth Accounts.* The Committee shall maintain or cause to be maintained a Roth Account for each Participant which shall hold Roth Elective Deferrals. The Record Keeper will maintain a record of the amount of Roth Elective Deferrals in each Participant's Roth Account. Gains, losses, and other credits or charges shall be separately allocated to a Participant's Roth Account on a reasonable basis, consistent with the method used for the Participant's other Accounts. The assets of a Participant's Roth Account shall be invested pursuant to the direction of the Participant as provided in Article VI. No contributions other than Roth Elective Deferrals and properly attributable earnings will be credited to each Participant's Roth Account.

Section 8.2. Measure of Thrift Accounts and Roth Accounts.

(a) The interests of Participants in the Funds shall be measured by participating units in the particular Fund, the number and value of which shall be determined as of each business day as provided in the next paragraph. Each participating unit shall have an equal beneficial interest in the Fund, and none shall have priority or preference over any other.

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(b) As soon as practicable at the end of each business day, the Trustee shall determine the value of each such Fund as of such business day in the manner prescribed in Section 8.3. The value so determined shall be divided by the total number of participating units allocated to the Accounts of Participants participating in such Fund in accordance with subsection (a) as of the prior business day. The resulting quotient shall be the value of a participating unit as of such business day, and participating units shall be allocated, as such value, to and from the Fund subaccounts of Participants for all transactions by them or on their behalf with respect to the current business day. The value of all participating units allocated to Participants' Fund subaccounts shall be redetermined in a similar manner each succeeding business day, and participating units shall be allocated to and from the Accounts of Participants participating in such Fund at such value for all transactions with respect to such business day. Fractional units shall be calculated to such number of decimal places as shall be determined by the Committee from time to time.

(c) If a Participant shall direct pursuant to Section 6.3 that his or her interest in a Fund or any part thereof shall be transferred to another Fund or Funds, or if such Participant's interest in a Fund or any part thereof is distributed, withdrawn, borrowed or forfeited under Articles IV or XI, the number of participating units representing such interest or portion thereof as of the applicable business day shall be cancelled for purposes of any subsequent determination of the number of and value of the participating units in such Fund.

Section 8.3. Valuation of Funds. The value of a Fund as of any business day shall be the market value of all assets (including any uninvested cash) held by the Fund as determined by the Trustee, reduced by the amount of any accrued liabilities of the Fund on such business day and increased by Deposits, Rollover Contributions and Employer Contributions with respect to such business day. The Trustee's determination of market value shall be binding and conclusive upon all parties.

Section 8.4. Valuation of Thrift Accounts and Roth Accounts. The value of a Participant's subaccount for any Fund as of any business day shall be the value of the participating units allocated to the Participant's subaccount for such Fund as of such business day. The value of a Participant's Account as of any business day shall be the aggregate of the values of such subaccounts, or, if none, the value of the participating units allocated to the Account for a Fund, determined as provided in the preceding Sections of this Article VIII.

Section 8.5. Separate Accounting within Thrift Account. The amounts of Deferred Deposits in a Participant's Thrift Account shall at all times be separately accounted for from other amounts in such Thrift Account, by allocating investment gains and losses on Deferred Deposit amounts on a reasonable pro rata basis and by adjusting the Deferred and other portions of the subaccounts of a Participant's Thrift Account for withdrawals, distributions, borrowings and contributions. Gains, losses, withdrawals, distributions, borrowings, forfeitures and other credits or charges shall be separately allocated between such Deferred Deposit amounts and other portions of the subaccounts on a reasonable and consistent basis.

ARTICLE IX
FROZEN ESOP ACCOUNTS

Section 9.1. Maintenance of Separate Accounts. Each Frozen ESOP Account shall be maintained on the basis of shares of Company Common Stock allocated to such Frozen ESOP Account, with each Frozen ESOP Account being credited with the number of full and fractional shares of Company Common Stock so allocated.

Section 9.2. Allocation of Distributions. Any distributions received by the Plan with respect to Company Common Stock allocated to a Participant's Frozen ESOP Account shall be allocated to such Frozen ESOP Account.

Section 9.3. Withdrawals or Transfers.

(a) Notwithstanding any provision in the Plan to the contrary, a Participant may withdraw in accordance with Sections 11.3 or 11.4, or transfer in accordance with Section 6.3, the shares of Company Common Stock allocated to Participant's Frozen ESOP Account or the cash value thereof.

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(b) With respect to an election of a Participant to withdraw Company Common Stock from such Participant's Frozen ESOP Account, the shares of Company Common Stock, or the cash value at the election of the Participant, shall be distributed in accordance with Article XI, provided that such Participant elects to withdraw all full and fractional shares of Company Common Stock allocated to such Frozen ESOP Account or the cash value thereof. Such distribution shall be made as soon as practicable after receipt by the Record Keeper of the Participant's election to withdraw.

(c) With respect to an election of a Participant to transfer the Company Common Stock held in the Participant's Frozen ESOP Account to the Participant's Thrift Account, such election must be with respect to the cash value only of all full and fractional shares of Company Common Stock allocated to the Participant's Frozen ESOP Account. Such transfer shall be made as soon as practicable after receipt by the Record Keeper of the Participant's election to transfer, shall be deposited in the Participant's Thrift Account, shall be invested in one or more (in multiples of 1% up to an aggregate of 100%) of the Thrift Account Funds as such Participant shall designate and thereafter shall be deemed a Rollover Contribution and treated accordingly. The cash value of each share of Company Common Stock so transferred shall be equal to the price of a share of Company Common Stock actually received by the Trustee.

(d) A Participant may not borrow from his or her Frozen ESOP Account.

Section 9.4. Dividends and Other Income. Unless otherwise directed as hereinafter provided, dividends paid in cash with respect to Company Common Stock allocated to a Participant's Frozen ESOP Account shall be distributed to the Participant as soon thereafter as practicable and, in any event, not later than 90 days after the close of the Plan Year in which paid. Company Common Stock delivered to the Trustee pursuant to a stock dividend, stock split or reorganization, shall be allocated to the Frozen ESOP Account of Participants in that proportion which the shares of each Participant's Frozen ESOP Account bears to the total shares of all Participants' Frozen ESOP Accounts.

Section 9.5. Voting of Frozen ESOP Account Common Stock. As provided in Section 7.2 with respect to the Company Common Stock Fund, all voting discretion with respect to stock held in a Participant's Frozen ESOP Account, including the power to decide whether or not to tender Company Common Stock in connection with a tender offer, shall be vested in the Trustee. Each Participant shall be entitled to direct the Trustee as to the manner in which voting rights attributable to Company Common Stock (including fractional shares or fractional rights to shares) allocated to such Participant's Frozen ESOP Account are to be exercised. Within a reasonable time before voting rights are to be exercised, the Trustee or the Company shall cause to be sent to each Participant entitled to give voting instructions all information that the Company has or will distribute to shareholders of Company Common Stock regarding the exercise of such voting rights. Such voting rights shall be exercised by the Trustee but only to the extent directed by a Participant. Shares with respect to which no voting instructions are received shall not be voted by the Trustee.

ARTICLE X
VESTING

Section 10.1. Vesting of Employer Contributions. Effective for Plan Years beginning on or after January 1, 2000, all Active Participants shall have a 100% vested interest in his or her Thrift Account attributable to Employer Contributions for all Plan Years, except as set forth in Section 10.2 below. In addition, each Participant shall have a 100% vested interest in any assets allocated to his or her Thrift Account from the Wisvest-Connecticut 401(k) Plan, merged with this Plan effective December 31, 2002.

Section 10.2. Vesting of Retirement Choice Program Allocation Subaccount.

(a) Prior to January 1, 2008, amounts held in the Retirement Choice Program Allocation Subaccount of a Participant's Account shall vest in accordance with Section 5.5 of the Cash Balance Plan, which provided during this period that a Participant who terminates employment with the Company prior to Retirement but after he or she has completed five or more Years of Service shall have a 100% vested interest in his or her Retirement Choice Program Allocation Subaccount. In addition, a Participant shall have a 100% vested interest in his or her Retirement Choice Program Allocation Subaccount should

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such Participant be entitled to a normal retirement benefit in accordance with Section 5.2 of the Cash Balance Plan or a disability retirement benefit in accordance with Section 5.6 of the Cash Balance Plan. All Participants employed on or after January 1, 2008 shall have a 100% vested interest in their Retirement Choice Program Allocation Subaccount.

(b) Effective December 12, 1994, for purposes of determining Years of Service for vesting under this Article X, a Participant shall be credited with any period of absence from employment as a result of such Participant's qualified military service in accordance with Code section 414(u).

Section 10.3. Vesting of Deposits, Rollover Contributions and the Frozen ESOP Account. A Participant's interest in his or her Thrift Account, Roth Account, and Frozen ESOP Account shall be 100% vested at all times.

ARTICLE XI
ACCOUNT DISTRIBUTIONS AND WITHDRAWALS

Section 11.1. Distribution Upon Retirement, Disability, Lay Off or Death. If a Participant terminates employment on account of Retirement or Disability, is Laid Off or dies, then, in that event, the Participant's Thrift Account and Roth Account, determined as of the business day coinciding with or next following the date of the last Deposit made by or which would have been made on behalf of such Participant, together with the Participant's Frozen ESOP Account, shall:

(a) if the value of such Accounts as so determined is $1,000 ($5,000 prior to January 28, 2005) or less, be distributed, subject to the provisions of Section 11.10(c), as soon as practicable to the Participant, or in the case of death of the Participant, to the Participant's beneficiary as determined in accordance with Article XIV or, if none, to the Participant's estate. The Committee or its designee shall review the Participants' Accounts at least once every six months and distribute, as allowed by applicable law, those Accounts not exceeding $1,000 ($5,000 prior to January 28, 2005) (or such other amount established by law) regardless if the vested balance in the Participant's Accounts at the time of any previous distribution exceeded $1,000 ($5,000 prior to January 28, 2005). In determining whether the value of the Participant's Accounts exceeds $1,000, the portion of the Accounts attributable to the Participant's Rollover Contributions (and earnings allocable thereto) shall be disregarded; or

(b) if the value of such Accounts as so determined shall exceed $1.000 ($5,000 prior to January 28, 2005), be distributed upon the earliest of the Participant's Required Beginning Date, the death of such Participant or the receipt by the Record Keeper of an application for distribution (which may be for less than all of the Participant's Account balance provided, however, that the amount of distribution shall be at least $200, unless such distribution is of 100% of the remaining value of such Participant's Account) in a manner prescribed by the Committee.

Section 11.2. Distribution Upon Other Termination of Employment. Upon a Participant's severance from employment with an Employer for reasons other than Retirement, Disability, Lay Off or death, the vested portion of the Participant's Account, determined as of the business day coinciding with or next following the date of the last Deposit made by or which would have been made on behalf of such Participant or, if none, the business day coinciding with or next following the date of such severance, shall:

(a) if the value of the vested portion of such Account as so determined is $1,000 ($5,000 prior to January 28, 2005) or less, be distributed, subject to the provisions of Section 11.10(c), as soon as practicable to the Participant, or, in the case of death of the Participant after termination of employment but prior to such distribution, to the Participant's beneficiary, or, if none, to the Participant's estate. The Committee or its designee shall review the Participants' Accounts at least once every six months and distribute, as allowed by applicable law, those Accounts not exceeding $1,000 ($5,000 prior to January 28, 2005) regardless if the vested balance in the Participant's Accounts at the time of any previous distribution exceeded $1,000 ($5,000 prior to January 28, 2005). In determining whether the value of the Participant's Accounts exceeds $1,000, the portion of the Accounts attributable to the Participant's Rollover Contributions (and earnings allocable thereto) shall be disregarded; or

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(b) if the value of the vested portion of such Account as so determined shall exceed $1,000 ($5,000 prior to January 28, 2005) be distributed upon the earliest of the Participant's Required Beginning Date, the death of the Participant, or the receipt by the Record Keeper of an application for distribution (which may be for less than all of the Participant's Account balance provided, however, that the amount of distribution shall be at least $200, unless such distribution is of 100% of the remaining value of such Participant's Account) in a manner prescribed by the Committee.

Any nonvested portion of the Participant's Account, determined as of the date of severance from employment, shall be forfeited and shall be applied thereafter to reduce a subsequent contribution or contributions of the Employer as provided in Section 5.1. If such former Participant is rehired by an Employer on or before the end of and is employed by an Employer at the end of the fifth Plan Year after the Plan Year in which such severance occurred, then such nonvested portion of the Participant's Account shall be reinstated by the Employer and the Participant's right thereto shall be determined as if the Participant had not terminated employment, provided that the Participant repays to the Plan the amount of any distribution paid to him or her on account of the severance from employment.

The nonvested portion of the Participant's Account, determined as of the date of severance from employment, shall be forfeited as of the earlier of (i) the date the Participant receives a cash-out distribution as described in Treasury Regulation section 1.411(a)-7(d) or (ii) the time at which the terminated Participant experiences five consecutive one-year Breaks in Service (as defined below), and shall be applied thereafter to reduce a subsequent contribution or contributions of the Employer as provided in Section 5.1.

For purposes of this Section 11.2, a Break in Service shall mean a consecutive 12-month period described in Section 2.52 in which an Employee is not credited with at least 501 Hours of Service, which shall be treated as commencing on the date of severance from employment with the Company or an Affiliate. Notwithstanding any provision in this Plan to the contrary, effective December 12, 1994, a Participant shall not incur a Break in Service for any period during which the Participant is or was engaged in "qualified military service," in accordance with Code section 414(u).

Section 11.3. Partial Distributions Following Termination of Employment. A Participant who elects pursuant to Section 11.1 (b) or 11.2(b) to continue participation in the Plan following severance from employment may, subsequent to such Participant's severance from employment but prior to his or her Required Beginning Date, upon application to the Committee in such format as it may determine, withdraw all or part of such Participant's Account in minimum amounts of $200 per withdrawal. A Participant must specifically request a withdrawal from such Participant's Frozen ESOP Account, and such withdrawal must be 100% of the full and fractional shares of Company Common Stock allocated to such Frozen ESOP Account or the cash value thereof, in accordance with Section 9.3 of the Plan. Otherwise, withdrawals shall be taken from a Participant's Thrift Plan subaccounts in the following order, except as may be necessitated by a Participant election pursuant to Section 11.9(b):

(a) Pre-1987 Nondeferred Deposits;

(b) Post-1986 Supplemental Nondeferred Deposits and earnings thereon;

(c) Matured post-1986 Basic Nondeferred Deposits and earnings thereon;

(d) Earnings on pre-1987 Nondeferred Deposits;

(e) Unmatured post-1986 Basic Nondeferred Deposits and earnings thereon;

(f) Rollover Contributions and earnings thereon;

(g) Matured vested Employer Contributions and earnings thereon;

(h) Unmatured vested Employer Contributions and earnings thereon;

(i) Vested Retirement Choice Program allocations and earnings thereon;

(j) Basic Deferred Deposits and earnings thereon; and

(k) Supplemental Deferred Deposits and earnings thereon.

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Section 11.4. Withdrawal of Nondeferred Deposits and Employer Contributions During Employment.

(a) A Participant may, by application to the Record Keeper in the form prescribed by the Committee, request to withdraw from the Plan any or all of his or her Nondeferred Deposits and earnings thereon, Rollover Contributions and earnings thereon and Vested Employer Contributions (except for Employer Contributions resulting from Participant elections made pursuant to the Cash Balance Plan) shall be available for withdrawal as well as earnings thereon; provided, however, that the amount withdrawn shall be at least $200, unless such withdrawal is of 100% of the value of such Participant's Thrift Account.

(b) If a withdrawal includes contributions that are not Matured, Employer Contributions with respect to such Participant shall be suspended for a period of three months. Provided, however, that if the Participant is not currently receiving Employer Contributions, the ability of such Participant to make Deposits to the Plan shall be suspended for a period of three months.

(c) A Participant must specifically request a withdrawal from such Participant's Frozen ESOP Account, and such withdrawal must be of 100% of the full and fractional shares of Company Common Stock allocated to such Frozen ESOP Account or the cash value thereof, in accordance with Section 9.3 of the Plan; otherwise, withdrawals shall be taken from a Participant's Thrift Plan subaccounts in the following order, except as may be necessitated by a Participant election pursuant to Section 11.9(b):

(1) Pre-1987 Nondeferred Deposits;

(2) Post-1986 Nondeferred Supplemental Deposits and earnings thereon;

(3) Matured Post-1986 Nondeferred Basic Deposits and earnings thereon;

(4) Earnings on pre-1987 Nondeferred Deposits;

(5) Unmatured Post-1986 Basic Nondeferred Deposits and earnings thereon;

(6) Rollover Contributions and earnings thereon;

(7) Matured vested Employer Contributions and earnings thereon; and

(8) Unmatured vested Employer Contributions and earnings thereon.

(d) Any withdrawal made by a Participant pursuant to this Section 11.4 shall be made from all Funds in which the Nondeferred Deposits, Rollover Contributions and Employer Contributions by or on behalf of such Participant are invested and shall be charged pro rata against such Funds, except as may be necessitated by a Participant election pursuant to Section 11.9(b). Notwithstanding the foregoing, there shall be no withdrawal from the Personal Choice Retirement Account Fund.

(e) The amount of any withdrawal made by a Participant pursuant to this Section 11.4 shall be determined as of the close of the business day on which the notice of withdrawal is received by the Record Keeper.

(f) Notwithstanding any of the foregoing, no withdrawals resulting from Participant elections made pursuant to the Cash Balance Plan and the Retirement Choice Program shall be permitted prior to the date that the Participant terminates his or her employment.

Section 11.5. Withdrawals of Deferred Deposits During Employment After Age 59 1/2.

(a) A Participant who is an Employee and who has attained age 59 1/2, may withdraw all or a portion of the vested balance of his or her Account, excluding the Retirement Choice Program Allocation Subaccount. Withdrawals shall be charged to the Participant's subaccounts in the following order, except as may be necessitated by a Participant election pursuant to Section 11.9(b):

(1) Deferred Deposits;

(2) Pre-1987 Nondeferred Deposits;

(3) Post-1986 Nondeferred Supplemental Deposits and earnings thereon;

(4) Matured Post-1986 Nondeferred Basic Deposits and earnings thereon;

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(5) Earnings on pre-1987 Nondeferred Deposits;

(6) Unmatured Post-1986 Basic Nondeferred Deposits and earnings thereon;

(7) Rollover Contributions and earnings thereon;

(8) Matured vested Employer Contributions and earnings thereon; and

(9) Unmatured vested Employer Contributions and earnings thereon.

(b) The value of the Account for the purpose of such withdrawal shall be determined as of the close of the business day in which the notice of withdrawal is received by the Record Keeper. The minimum withdrawal permitted shall be $200, unless such withdrawal is 100% of the current aggregate value of the amount available for withdrawal.

Section 11.6. Hardship Withdrawals.

(a) Upon the application of any Participant, or his or her legal representative, the Committee, in accordance with a uniform nondiscriminatory policy, shall permit such Participant to withdraw such portion of the value of his or her vested Thrift Account and Roth Account as deemed to be necessary for relief of an immediate and heavy financial need related to:

(1) Expenses for medical care described in Code section 213(d) previously incurred by the Participant or the Participant's Spouse, dependents (as defined in Code section 152 without regard to Code section 152(b)(1), 152(b)(2), and 152(d)(1)(B)) or primary Beneficiary or necessary for these persons to obtain medical care described in Code section 213(d);

(2) Costs directly related to the purchase (excluding mortgage payments) of a principal residence of the Participant;

(3) Payment of tuition, related educational fees, and room and board expenses for the next 12 months of post-secondary education for the Participant, or the Participant's Spouse, children, any dependents (as defined in Code section 152 without regard to Code section 152(b)(1), 152(b)(2), and 152(d)(l)(B)) or primary Beneficiary;

(4) Payments necessary to prevent the eviction of the Participant from his or her principal residence or foreclosure on the mortgage of the Participant's principal residence;

(5) Effective January 1, 2006, expenses for the repair of damage to the Participant's principal residence that would qualify for the casualty deduction under Code section 165 (determined without regard to whether the loss exceeds 10 percent of adjusted gross income); or

(6) Effective January 1, 2006, burial or funeral expenses for the Participant's deceased parent, Spouse, children, dependent (as defined in Code section 152 without regard to Code section 152(b)(1), 152(b)(2), and 152(d)(1)(B)) or primary Beneficiary.

(b) A Participant or legal representative making application under this Section 11.6 shall have the burden of presenting to the Committee satisfactory proof of such need. The Committee shall not permit withdrawal under this Section without first receiving such proof as it shall deem necessary to demonstrate such hardship.

(c) The amount which may be withdrawn shall be withdrawn in the following order, except as may be necessitated by a Participant election pursuant to Section 11.9(b):

(1) Pre-1987 Nondeferred;

(2) Post-1986 Nondeferred Supplemental Deposits and earnings thereon;

(3) Matured Post-1986 Nondeferred Basic Deposits and earnings thereon;

(4) Earnings on pre-1987 Nondeferred Deposits;

(5) Unmatured Post-1986 Basic Nondeferred Deposits and earnings thereon;

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(6) Rollover Contributions and earnings thereon;

(7) Matured vested Employer Contributions and earnings thereon;

(8) Unmatured vested Employer Contributions and earnings thereon;

(9) Deferred Deposits and earnings thereon credited as of December 31, 1988; and

(10) Roth Elective Deferrals.

(d) A withdrawal will be deemed to be necessary to satisfy an immediate and heavy financial need of a Participant if all of the following requirements are satisfied;

(1) The withdrawal is not in excess of the amount of the immediate and heavy financial need of the Participant;

(2) The Participant has obtained all distributions, other than hardship withdrawals, and all nontaxable loans currently available under all plans maintained by his or her Employer; and

(3) The Participant is prohibited under the terms of the Plan or an otherwise legally enforceable agreement from making elective contributions and employee contributions to the Plan and all other plans maintained by the Company or an Affiliate for at least six months after receipt of the hardship withdrawal. Effective with respect to Participant withdrawals taken pursuant to this Section 11.6 prior to January 1, 2002, the suspension period required by this paragraph (3) shall last for 12 months following the Participant's receipt of the withdrawal, and elective contributions (if any) made by the Participant during the taxable year immediately following the taxable year of the hardship withdrawal shall not exceed the applicable limit under Code section 402(g) for such next taxable year less the amount of such Participant's elective contributions for the taxable year of the hardship withdrawal

(e) Amounts available for hardship withdrawals with respect to Deferred Deposits will be limited to the amount of a Participant's Deferred Deposits, plus earnings allocable thereto which were credited to Participant's Accounts as of December 31, 1988, less the amount of any previous hardship withdrawals.

(f) A hardship withdrawal from the Thrift Account and Roth Account shall not be permitted unless and until a Participant has withdrawn, pursuant to Section 9.3, all Company Common Stock from his or her Frozen ESOP Account.

(g) The hardship withdrawal shall be paid to the Participant in the amount approved as soon as practicable after his or her application is approved by the Committee.

(h) Notwithstanding any of the foregoing, no withdrawals from the Retirement Choice Program Allocation Subaccount shall be permitted prior to the date that the Participant terminates his or her employment.

Section 11.7. Suspension of Participation. If a Participant shall cease to be an Eligible Employee, Deposits and Employer Contributions to his or her Account shall be suspended, and no Additional Lump Sum Deposits shall be permitted to be made during the period of ineligibility. Distribution of such Participant's Account shall be deferred until such Participant's termination of employment with an Employer, whereupon the Participant's Account shall be distributed in accordance with the applicable provisions of this Article XI. Such Participant shall continue to be deemed a Participant for all purposes other than for Articles IV and V during such period of ineligibility.

Section 11.8. Transfer of Employment. If a Participant shall be transferred to the employ of an Affiliate which is not an Employer, distribution of such Participant's Account shall be deferred until the Participant is no longer in the employ of the Employer or any Affiliate, whereupon the Participant's Account shall be distributed in accordance with the applicable provisions of this Article XI. Such transferred Participant shall continue to be deemed a Participant for all purposes other than for Articles IV and V during such period of deferral of distribution.

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Section 11.9. Form of Distributions.

(a) All distributions from the Plan shall be made in money by check, except that in the case of a lump sum distribution only, other than a hardship withdrawal in accordance with Section 11.6, a Participant may, by notice to the Record Keeper in the manner prescribed by the Committee, elect to have any whole shares of Company Common Stock held for such Participant's Frozen ESOP Account distributed in shares of Company Common Stock (the value of any fractional shares shall be paid in money by check).

(b) A Participant may by notice to the Record Keeper in the manner prescribed by the Committee, with respect to a distribution pursuant to Sections 11.1, 11.2 and 11.3 or a withdrawal pursuant to Sections 11.4, 11.5 and 11.6, elect to have any whole shares of Company Common Stock held for such Participant's Company Common Stock Fund subaccount distributed in shares of Company Common Stock (the value of any fractional shares shall be paid in money by check). If no such election is made, the entire value of the amount of the Participant's Account being distributed shall be distributed in money by check.

(c) All distributions from the Plan shall be made in one lump sum except that, in the case of a distribution from a Participant's Account on account of a Participant's Retirement, such Participant may elect to have his or her Account, including the Frozen ESOP Account, which is to be transferred into one of the Thrift Account Funds, distributed in annual or quarterly payments in money by check (or in shares pursuant to subsection (b) above) by the Trustee in amounts as nearly equal as possible for a specified number of years up to ten years. Each payment shall be an amount equal to the aggregate of the Participant's Thrift Account and Roth Account as of the applicable date divided by the number of payments remaining.

(d) If a Participant shall die prior to complete distribution of his or her Account pursuant to subsection (c), the value of the Participant's Account shall be distributed as soon as practicable in a lump sum to the Participant's beneficiary, or, if none, to the Participant's estate. The amount so distributed after a Participant's death shall be the remaining aggregate value of the Participant's Account determined as of the business day coinciding with or next following the date of the Participant's death.

(e) If no election is made under subsection (c) above, and the vested balance of a Participant's Account exceeds $1,000 ($5,000 prior to January 28, 2005) a distribution will be made in one lump sum at the time provided for in Section 11.1 or Section 11.2. Notwithstanding the foregoing, effective December 1, 2013 a spousal beneficiary may take an immediate distribution or defer payment but not beyond the date that would have been the Participant's Required Beginning Date. A non-spousal beneficiary may take an immediate distribution or delay taking payment but not beyond the fifth anniversary of the Participant's death or the date that would have been the Participant's Required Beginning Date, if earlier.

Section 11.10. Time of Distributions.

(a) All distributions from the Plan shall commence as soon as practicable, and in any event no later than 60 days after the later of the close of the Plan Year in which the Participant terminates employment, reaches his or her Required Beginning Date, dies, or, if applicable, requests a distribution under Section 11.1 or 11.2, or 60 days after the close of the Plan Year in which the Participant elects to withdraw funds from the Plan in the case of distributions under Sections 9.3, 9.4, 11.3, 11.4 and 11.5.

(b) In the case of a distribution over a period of years under Section 11.9(c), the initial payment shall he made at a time determined in accordance with subsection (a). In the case of annual distributions, the remaining annual payments shall be made in successive calendar years on such date each year as shall be determined by the Committee, subject to the provisions of Section 11.9(d) in the case of the Participant's death. In the case of quarterly distributions, the remaining payments shall be made each successive three-month period on such day during the period as may be established by the Committee, subject to the provisions of Section 11.9(d) in the case of the Participant's death.

(c) In the case of a distribution on account of a Participant's Retirement, subject to the provisions of subsection 11.11, the Participant may elect to have his or her Account distributed as a lump sum during (1) the Plan Year next following the Plan Year of his or her Retirement, (2) the next succeeding Plan

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Year thereafter or (3) if the Account value exceeds $1,000 ($5,000 prior to January 28, 2005) at any time up to the Participant's Required Beginning Date. If no such election is made, distribution shall commence in accordance with Section 11.1 and subsection (a) above.

Section 11.11. Limitation on Post Age 70 1/2 Distributions. Notwithstanding the provisions of Sections 11.9 and 11.10:

(a) The entire interest of a Participant must:

(1) be distributed not later than the Participant's Required Beginning Date; or

(2) commence no later than such Required Beginning Date and be payable in accordance with regulations under the Code over a period not extending beyond the life expectancy of such Participant.

(b) Notwithstanding the foregoing, effective January 1, 2003, any Participant who is actively employed by the Company or Participating Affiliate who is or will be age 70 1/2, as of December 31, 2003 and who is or will be receiving payments in accordance with this Section 11.11 as in effect prior to January 1, 2003, shall be eligible to elect to continue or commence, as the case may be, such payments or suspend such payments until Retirement.

(c) If a Participant dies before his or her entire interest has been distributed, then such entire interest (or the remaining part of such interest if distribution thereof has commenced) shall be distributed within five years after the Participant's death, except in the case of a spousal beneficiary as set forth in Section 11.9(e) of the Plan, and, if distribution has commenced prior to death, shall be distributed at least as rapidly as the method of distribution being used as of the date of such Participant's death.

(d) The amount of the distribution required by this Section 11.11 is equal to the quotient obtained by dividing the Participant's Account balance by the distribution period in the Uniform Lifetime Table set forth in Treasury Regulation section 1.401(a)(9)-9, using the Participant's age as of the Participant's birthday in the calendar year for which the distribution is required.

(e) Notwithstanding the foregoing, with respect to distributions made under this Section 11.11 of the Plan for calendar years beginning on or after January 1, 2002, the Plan will apply the minimum distribution requirements of Code section 401(a)(9), including the incidental death benefit requirements of Code section 401(a)(9)(G), in accordance with the final regulations and life expectancy tables under Code section 401(a)(9), specifically sections 1.401(a)(9)-2 through 1.401(a)(9)-9, that were published April 17, 2002. The provisions of this Section 11.11 reflecting Code section 401(a)(9) shall override any inconsistent Plan provisions.

(f) Notwithstanding anything in this Section 11.11 of the Plan to the contrary, effective January 1, 2009, a Participant or beneficiary who would have been required to receive one or more distributions during 2009 under Section 11.11 without regard to the enactment of Code section 401 (a)(9)(H), shall not receive a distribution for 2009, unless the Participant or beneficiary elects to receive one or more distributions.

Section 11.12. Distribution in the Case of Certain Disabilities. In the event that the Committee shall find that any person entitled to a distribution under the Plan is unable to care for his or her affairs because of illness or accident or because the person is a minor or has died, the Committee may direct that any distribution due such person, unless claim shall have been made therefor by a duly appointed legal representative, be paid or applied to or for the benefit of such person, or his or her Spouse, any child of such person (including an adopted child), any parent or other blood relative of such person, or a person with whom the person resides, or any of them, and any such payment or application so made shall be a complete discharge of the liabilities of the Plan therefor.

Section 11.13. Loans.

(a) The Committee shall have complete authority to establish and administer a loan program to provide loans to Participants. The loan program shall include the following:

(1) A procedure for applying for loans;

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(2) The basis on which loans will be approved or denied;

(3) Limitations (if any) on the types and amounts of loans offered;

(4) The procedure under the loan program for determining a reasonable rate of interest;

(5) The types of collateral which may secure a loan; and

(6) The events constituting default and the steps that will be taken to preserve plan assets in the event of such default.

The rules and applicable limitations established by the loan program shall be such as to prevent any loan from constituting a prohibited transaction under Code section 4975 and ERISA section 406, or a Plan distribution under Code section 72(p).

(b) The Trustee shall, subject to the approval of the Committee and compliance with the written loan program and the provisions of the Code, lend a Participant, who is employed by an Employer, an amount up to 50% of the vested portion of his or her Account, including the Frozen ESOP Account, but not more than $50,000 in the aggregate as of the date on which the loan is approved reduced by the highest outstanding loan balance during the preceding 12 months. Loans shall also be available on a reasonably equivalent basis to a Participant or beneficiary who is a "party in interest," as that term is defined in ERISA section 3(14). However, no amount may be loaned directly from any Frozen ESOP Account or from the Retirement Choice Program Allocation Subaccount. The Committee shall review each application for a loan in a nondiscriminatory manner and in accordance with such rules as may be prescribed by the Committee. Loans, if approved, shall be made as soon thereafter as practicable.

(c) In addition to such rules and regulations as the Committee may adopt, all loans shall comply with the following terms and conditions:

(1) An application for a loan by an eligible Participant shall be made by making application therefor to the Record Keeper in the manner prescribed by the Committee.

(2) An eligible Participant may not apply for more than one loan in any calendar year or for a loan with an initial principal amount of less than $1,000 and, in any event, may not have more than two loans outstanding at any one time.

(3) All loans, including interest thereon, shall be repaid by payroll deduction in equal monthly installments over a period of 12 to 60 months as selected by the Participant. Nothing herein, however, shall prohibit a Participant from prepaying such loan in whole or in part in a lump sum in accordance with such rules as may be established from time to time by the Committee.

(4) Each loan shall be secured by an assignment of the Participant's entire right, title and interest in and to the Trust Fund to the extent of the loan and accrued interest thereon and shall be evidenced by the Participant's promissory note for the amount of the loan, including interest, payable to the order of the Trustee.

(5) Each loan shall bear interest at a reasonable rate (which rate may be a variable rate) to be established from time to time by the Committee, not in violation of any applicable usury laws. In determining the interest rate, the Committee shall take into consideration interest rates being charged by other lenders at the time of such determination.

(6) Loan repayments will be suspended in accordance with Treasury Regulation Section 1.72(p)-1, Q&A9.

Section 11.14. Inability to Locate Payee. Any benefit payable to a Participant or beneficiary shall be forfeited if the Employer, after reasonable effort, is unable to locate such Participant or beneficiary to whom payment is due. The amount of any such forfeited benefit shall be applied to reduce the amount of Employer Contributions required under the Plan as provided in Section 5.3. However, any such forfeited benefit shall be reinstated and become payable if a claim therefor is made by such Participant or beneficiary.

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Section 11.15. Federal Income Tax Withholding on Distributions and Withdrawals. Distributions and withdrawals under this Plan shall be subject to Federal income tax withholding as prescribed by Code section 3405 and the regulations thereunder.

Section 11.16. Direct Rollover to Another Plan or IRA. On or after January 1, 1993, at the election of a Participant or his or her Spouse or former Spouse entitled to a distribution under Section 22.1 or the foregoing provisions of this Article XI, the Committee shall direct the Trustee to make a direct rollover to the trustee or other custodian of an "eligible retirement plan" by any reasonable means (including providing the Participant or Spouse or former Spouse with a check made payable only to the trustee or custodian) of all, or a specified portion, of an "eligible rollover distribution," subject to the following restrictions:

(a) An "eligible rollover distribution" is any distribution of all or any portion of the Participant's Account, except that an "eligible rollover distribution" does not include:

(1) any distribution that is one of a series of substantially equal periodic payments (made not less frequently than annually) made for the life (or life expectancy) of the recipient or the joint lives (or joint life expectancies) of the recipient and the recipient's designated beneficiary, or for a specified period of at least ten years;

(2) any distribution to the extent such distribution is required by Code section 401(a)(9) and, only for the 2009 Plan Year, any distributions that would have been required without regard to Code section 401(a)(9)(H).;

(3) any portion of a hardship distribution made to such Participant in accordance with Section 11.; and

(4) except as otherwise provided below, the portion of any distribution that is not includable in gross income (determined without regard to the exclusion for net unrealized appreciation described in Code section 402(e)(4) with respect to employer securities).

Effective January 1, 2002, an "eligible rollover distribution" shall also consist of that portion of the Participant's Account which consists of Nondeferred Deposits that are not includable in gross income, so long as such portion is transferred only to an individual retirement account or annuity described in Code sections 408(a) or (b), or to a defined contribution plan described in Code sections 401(a) or 403(a), that agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible. Effective January I, 2007, transfers shall also be permitted to any qualified plan described in Code section 401(a) or 403(a) or to an annuity contract described in Code section 403(b) that agrees to separately account for the transferred amounts in accordance with this subsection:

(b) An "eligible retirement plan" is an individual retirement account described in Code section 408(a), an individual retirement annuity described in Code section 408(b), an annuity plan described in Code section 403(a), or a qualified, trust described in Code section 401(a), that accepts the recipient's "eligible rollover distribution." Effective as of January 1, 2002, an "eligible retirement plan" shall also mean an annuity contract described in Code section 403(b) and an eligible plan under Code section 457(b) which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from this Plan. In addition, effective as of January 1, 2002, this amended definition of "eligible retirement plan" shall apply in the case of a distribution to a Participant's surviving Spouse or to an alternate payee under a Qualified Domestic Relations Order as defined in Code section 414(p). Effective as of January 1, 2008, an "eligible retirement plan" shall also mean an individual retirement arrangement described in Code section 408A.

(c) The Participant or his or her Spouse or former Spouse must specify, in such manner and at such time as the Committee may prescribe, the "eligible retirement plan" to which the distribution is to be paid and may specify more than one "eligible retirement plan."

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(d) Notwithstanding the forgoing provisions of this Section 11.16, a direct rollover of a distribution from a Roth Account under this Plan will only be made to another Roth elective deferral account under an applicable retirement plan described in Code section 402A(e)(1) and only to the extent the rollover is permitted under the rules of Code section 402(c).

(e) The Participant or his or her Spouse or former Spouse must provide to the Committee in a timely manner adequate information regarding the designated "eligible retirement plan."

(f) Effective January 1, 2007, a non-Spouse beneficiary shall be entitled to elect a direct rollover of an "eligible rollover distribution" to the extent provided in regulations or other guidance issued by the IRS. However, in the case of any such distribution, an "eligible retirement plan" shall mean an individual retirement account described in Code section 408(a) or an individual retirement annuity described in Code section 408(b).

Section 11.17. Distributions on Account of Military Service. Effective January I, 2009, a Participant who is performing service in the uniformed services (as defined in chapter 43 of title 38 of the U.S. Code) for a period of more than 30 days may elect to receive all or part of his or her Thrift Account attributable to Deferred Deposits, including earnings, in a lump sum payment. For purposes of Code section 401(k)(2)(B)(i)(I), any such Participant shall be treated as having been severed from employment during the period in which the Participant is performing service in the uniformed services. If a Participant elects to receive a distribution pursuant to this section 11.18, the Participant shall be prohibited from making elective contributions and employee contributions to the Plan and all other plans maintained by the Company or an Affiliate for six months after the date of the distribution.

Section 11.18. Optional Forms of Payment for Merged Plans. With respect to the portion of a Participant's Account transferred from the Arden Engineering Constructors, Inc. 401(k) Plan or the Fluidics, Inc. Retirement and 401(k) Plan, he or she may have such portion of his or her Account paid in the form of (i) installments payable at least annually over any number of years (such period cannot extend beyond life expectancy or joint life expectancies of Participant and Beneficiary); or (ii) monthly, quarterly, or annual installments for a period not to exceed 10 years. With respect to the portion of a Participant's Account transferred from the US. Energy Partners Plan, he or she may have such portion of his or her Account paid in the form of: (i) a joint and 50% (or 100%) survivor annuity; or (ii) a single life annuity. Effective January 31, 2013, the forms of payment shall no longer be available to the Participant.

ARTICLE XII
LIMITS ON BENEFITS AND CONTRIBUTIONS UNDER QUALIFIED PLANS

Section 12.1. Definitions. For purposes of this Article XII, the following definitions and rules of interpretation shall apply:

(a) "Annual Additions" to a Participant's account under a defined benefit plan or a defined contribution plan are the sum, credited to a Participant's account for any Limitation Year, of:

(1) Company contributions,

(2) Forfeitures, if any,

(3) Employee contributions,

(4) Amounts allocated to an individual medical account (as defined in Code section 415(1)) that is part of a defined benefit plan maintained by the Company, or

(5) Amounts (derived from contributions paid after December 31, 1985, in taxable years ending after that date) attributable to post-retirement medical benefits allocated to the separate account of a key employee (as defined in Code section 419A(d)(3)) under a welfare benefit fund (as defined in Code section 419A(e)) maintained by the Company.

(b) "Company" shall mean the Company, as described in Section 2.11 and any Affiliate as defined in Section 2.4.

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(c) "Compensation" means an Employee's total compensation received from the Company and Affiliates, as reported on the Employee's W-2 form, plus any pay reduction contributions made for the Employee pursuant to a plan maintained by the Company or an Affiliate under Code section 125, 132(f), or 401(k). Effective January 1, 2008, Compensation shall include only amounts paid or treated as paid to an Employee prior to his or her severance from employment (as determined pursuant to Code section 415), except as otherwise provided in paragraphs (1) and (2) below.

(1) The following amounts shall be included in Compensation if paid by the later of 21/2 months after the severance from employment or the last day of the Limitation Year in which the severance from employment occurs:

(i) Regular compensation for services during or outside the Employee's regular working hours, commissions, bonuses, or other similar payments, if the payment would have been paid prior to severance from employment if the Employee had continued in employment;

(ii) Payment for unused accrued bona fide sick, vacation, or other leave, but only if the Employee would have been able to use the leave if his or her employment had continued; and

(iii) Payments received by an Employee pursuant to a nonqualified unfunded deferred compensation plan, but only if the payment would have been paid to the Employee at the same time if his or her employment had continued and only to the extent that the payment is includible in the Employee's gross income.

(2) Compensation shall include payments to a Participant who does not currently perform services for the Company or an Affiliate by reason of qualified military service (as defined in Code section 414(u)) to the extent that the payments do not exceed the amounts that the Participant would have received if he or she had continued to perform services for the Company or an Affiliate rather than entering military service.

(d) "Limitation Year" means the Plan Year.

(e) "Maximum Permissible Defined Contribution Amount" for a Limitation Year the Maximum Permissible Defined Contribution Amount with respect to any Participant shall, effective January I, 2002, be the lesser of:

(1) $40,000, as adjusted for increases in the cost-of-living under Code section 415(d); or.

(2) 100% of the Participant's Compensation for the Limitation year.

Notwithstanding the foregoing, or anything herein to the contrary, the percentage of compensation limitation of this Section 12.1(e)(2) shall not apply to any Annual Additions pursuant to Section 12.1(a)(4) or (5) above.

Section 12.2. Annual Addition Limits. The amount of the Annual Addition which may be credited under this Plan to any Participant's Account as of any allocation date shall not exceed the Maximum Permissible Defined Contribution Amount (based upon his or her Compensation up to such allocation date) reduced by the sum of any credits of Annual Additions made to the Participant's accounts under all other plans as of any preceding allocation date within the Limitation Year. If an allocation date of this Plan coincides with an allocation date of any other qualified defined contribution plan maintained by the Company, the amount of the Annual Additions which may be credited under this Plan to any Participant's Account as of such date shall be an amount equal to the product of the amount to be credited under this Plan without regard to this Section 12.2 multiplied by the lesser of one or a fraction, the numerator of which is the amount described in this Section 12.2 during the Limitation Year and the denominator of which is the amount that would be otherwise credited on this allocation date under all defined contribution plans without regard to this Section 12.2. However, if a security is not allocated to a Participant's Account under any other qualified tax credit employee stock ownership plan of the Company because of the operation of the limitations of Code section 415 and the provisions of this Section 12.2, no other amount may be allocated to the Participant's Account under this Plan after the allocation date for such other qualified tax credit employee stock ownership plan's plan year, until all such unallocated securities have been allocated in accordance with the provisions of such other qualified tax credit employee stock ownership plan

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For Plan Years beginning before July 1, 2007, if in any year a Participant's Annual Additions exceed the Maximum Permissible Defined Contribution Amount, such excess shall not be allocated to the Participant's accounts in any defined contribution plan. Instead, the excess shall be handled in the following manner and order, to the extent allowed by law, until the excess is eliminated:

(a) the Participant's Supplemental Nondeferred Deposits, or any part thereof, shall be refunded to the Participant, along with any earnings attributable thereto;

(b) the Participant's Supplemental Deferred Deposits, or any part thereof, shall be refunded to the Participant, along with any earnings attributable thereto;

(c) the Participant's Basic Nondeferred Deposits, or any part thereof, shall be refunded to the Participant, along with any earnings attributable thereto, and any matching Employer Contributions made with respect to such Deposits shall be forfeited and placed in a suspense account;

(d) the Participant's Basic Deferred Deposits, or any part thereof, shall be refunded to the Participant, along with any earnings attributable thereto, and any matching Employer Contributions made with respect to such Deposits shall be forfeited and placed in a suspense account; and

(e) any other Employer Contributions that would have been allocated to the Participant's Account but for this Section 12.2 shall be placed in a suspense account.

Any amount held in a suspense account shall be used to reduce Employer Contributions for the current Limitation Year or the next Limitation Year. Such suspense account shall share in the gains and losses of the Trust Fund as other Accounts. In the event of a termination of the Plan, the suspense account shall revert to the Company to the extent it may not then be allocated to any Participant's Account.

For Plan Years beginning on and after July 1, 2007, if in any year a Participant's Annual Additions exceed the Maximum Permissible Defined Contribution Amount, such excess shall be corrected in accordance with the IRS Employee Plan Compliance Resolution System ("EPCRS").

ARTICLE XIII
TOP-HEAVY REQUIREMENTS

Section 13.1. Definitions. For purposes of this Article XIII, the following definitions shall apply, to be interpreted in accordance with the provisions of Code section 416 and the regulations thereunder:

(a) "Aggregation Group" shall mean a plan or group of plans which includes all plans maintained by the Employers in which a Key Employee is a Participant or which enables any plan in which a Key Employee is a Participant to meet the requirements of Code section 401(a)(4) or Code section 410, as well as all other plans selected by the Company for permissive aggregation, inclusion of which would not prevent the group of plans from continuing to meet the requirements of such Code sections.

(b) "Compensation" with respect to a Plan Year shall be as defined in Section 12.1(c).

(c) "Determination Date" shall mean, with respect to any Plan Year,

(1) the last day of the preceding Plan Year, or,

(2) in the case of the first Plan Year of any Plan, the last day of such Plan Year.

(d) "Employee" shall mean, for purposes of this Article XIII, any person employed by an Employer and shall also include any beneficiary of such person, provided that the requirements of Sections 13.3, 13.4 and 13.5 shall not apply to any person included in a unit of Employees covered by an agreement which the Secretary of Labor finds to be a collective bargaining agreement between Employee representatives and one or more Employers if there is evidence that retirement benefits were the subject of good faith bargaining between such Employee representatives and such Employer or Employers.

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(e) "Employer" shall mean, any corporation which is a member of a controlled group of corporations (as defined in Code section 414(b)) which includes the Company or any trades or business (whether or not incorporated) which are under common control (as defined in Code section 414(c)) with the Company, or a member of an affiliated service group (as defined in Code section 414(m)) which includes the Company.

(f) "Key Employee," effective for determining whether the Plan is Top-Heavy under Code section 416(g) for Plan Years beginning on or after January 1, 2002, shall mean any Employee or former Employee (including any deceased Employee) who at any time during the Plan Year that includes the Determination Date was:

(1) an officer of the Company having annual Compensation greater than $130,000 (as adjusted under Code section 416(i)(l) for Plan Years beginning on or after January I, 2003);

(2) a five-percent owner of the Company; or

(3) a one-percent owner of the Company having annual Compensation of more than $150,000.

The determination of who is a Key Employee will be made in accordance with Code section 416(i)(l) and the applicable regulations and other guidance of general applicability issued thereunder.

(g) "Year of Service" shall mean, a year which constitutes a "Year of Service" under the rules of paragraphs (4), (5) and (6) of Code section 411(a) to the extent not inconsistent with the provisions of this Article XIII.

Section 13.2. General Requirements. For any Plan Year beginning after 1983 in which the Plan is a Top-Heavy Plan, the requirements of this Article XIII must be met in accordance with Code section 416 and the regulations thereunder. The provisions of this Article XIII shall be inapplicable unless and until the Plan is a Top-Heavy Plan.

Section 13.3. Maximum Compensation. Compensation for any Employee shall not be taken into account under the Plan in excess of the amount provided for pursuant to Code section 401(a)(17) and the regulations thereunder.

Section 13.4. Vesting. Subject to Section 10.2, a Participant who is credited with an Hour of Service while the Plan is Top-Heavy, or in any Plan Year after a Plan Year in which the Plan is Top-Heavy, shall, effective January 1, 2000, have a nonforfeitable right to 100% of his or her accrued benefit derived from Employer Contributions, and no such amount may become forfeitable if the Plan later ceases to be Top-Heavy nor may such amount be forfeited under the provisions of Code section 411(a)(3)(B) or (D). Such accrued benefit shall include benefits accrued before the Plan becomes Top-Heavy, including benefits accrued prior to January I, 1984. Notwithstanding any other provisions of this Plan to the contrary, once the vesting requirements of this Section 13.4 become applicable, they shall remain applicable even if the Plan later ceases to be Top-Heavy.

Section 13.5. Minimum Contributions. Minimum Employer Contributions for a Participant (not including a beneficiary of any Participant) who is not a Key Employee shall be required under the Plan for the Plan Year as follows:

(a) The amount of the minimum contribution shall be the lesser of the following percentages of Compensation:

(1) three percent, or

(2) the highest percentage at which such contributions are made under the Plan for the Plan Year on behalf of a Key Employee.

(i) For purposes of this paragraph (2), all defined contribution plans required to be included in an Aggregation Group shall be treated as one plan.

(ii) This paragraph (2) shall not apply if the Plan is required to be included in an Aggregation Group and the Plan enables a defined benefit plan required to be included in the Aggregation Group to meet the requirements of Code sections 401(a)(4) or 410.

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(iii) For purposes of this paragraph (2), the calculation of the percentage at which Employer Contributions are made for a Key Employee shall be based only on his or her Compensation not in excess of maximum counted compensation as provided in Section 13.3.

(b) Effective for determining whether the Plan satisfies the minimum contribution requirements of Code section 416(c)(2) for Plan Years beginning on or after January 1, 2002, Employer Contributions shall be taken into account. Employer Contributions that are used to satisfy the minimum contribution requirements shall be treated as Employer Contributions for purposes of the actual contribution percentage test and other requirements of Code section 401(m).

(c) There shall be disregarded for purposes of this Section 13.5, contributions or benefits under Code section 3111, Title II of the Social Security Act or any other federal or state law, and for Plan Years beginning before December 31, 1984, there shall also be disregarded any contributions attributable to a salary reduction or a similar arrangement.

(d) For purposes of this Section 13.5, the term "Participant" shall be deemed to refer to all Participants who have not severance from service at the end of the Plan Year including, without limitation, individuals who:

(1) failed to complete 1,000 Hours of Service during the Plan Year;

(2) declined to make mandatory contributions to the Plan; or

(3) are excluded from the Plan because their Compensation is less than a stated amount but who must be considered Participants for the Plan to satisfy the coverage requirements of Code section 410(b) in accordance with Code section 401(a)(5).

Section 13.6. Participants Under Defined Benefit Plans. If any Plan Participant other than a Key Employee is also a Participant under a defined benefit plan of an Employer, then Section 13.5(a) shall not apply if the Participant's vested benefit thereunder satisfies the requirements of Code section 416(c).

Section 13.7. Determination of Top-Heaviness. The determination of whether this Plan is Top-Heavy shall be made as follows:

(a) If the Plan is not required to be included in an Aggregation Group with other plans, then it shall be Top-Heavy only if when considered by itself it is a Top-Heavy Plan and it is not included in a permissive Aggregation Group that is not a Top-Heavy Group.

(b) If the Plan is required to be included in an Aggregation Group with other plans, it shall be Top-Heavy only if the Aggregation Group, including any permissively aggregated plans, is Top-Heavy.

(c) If a plan is not a Top-Heavy Plan and is not required to be included in an Aggregation Group, then it shall not be Top-Heavy even if it is permissively aggregated in an Aggregation Group which is a Top-Heavy Group.

Section 13.8. Calculation of Top-Heavy Ratios. A Plan shall be Top-Heavy and an Aggregation Group shall be a Top-Heavy Group with respect to any Plan Year as of the Determination Date if the sum as of the Determination Date of the Cumulative Accrued Benefits and the Cumulative Accounts of Employees who are Key Employees for the Plan Year exceeds 60% of a similar sum determined for all Employees, excluding former Key Employees.

Section 13.9. Cumulative Accounts and Cumulative Accrued Benefits. The Cumulative Accounts and Cumulative Accrued Benefits for any Employee shall be determined as follows:

(a) "Cumulative Account" shall mean the sum of the amount of an Employee's Account under a defined contribution plan (for an unaggregated plan) or under all defined contribution plans included in an Aggregation Group (for aggregated plans) determined as of the most recent plan valuation date within a 12-month period ending on the Determination Date, increased by any contributions due after such valuation date and before Determination Date.

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(b) "Cumulative Accrued Benefit" shall mean the sum of the present value of an Employee's accrued benefits under a defined benefit plan (for an unaggregated plan) or under all defined benefit plans included in an Aggregation Group (for aggregated plans), determined under the actuarial assumptions set forth in such plans, as of the most recent plan valuation date used by the Plan actuary within the 12-month period ending on the Determination Date as if the Employee voluntarily terminated service as of such valuation date. The accrued benefit of any Employee who is not a Key Employee shall be determined under the method used for accrual purposes for all plans in the Aggregation Group or, if there is no such method, as if such benefit accrued not more rapidly than the slowest accrual rate permitted under Code section 411(b)(l)(C).

(c) Accounts and benefits shall be calculated to include all amounts attributable to both Employer and Employee contributions but excluding amounts attributable to voluntary deductible Employee contributions.

(d) Effective for determining whether the Plan is Top-Heavy under Code section 416(g) for Plan Years beginning on or after January 1, 2002, accounts and benefits shall be increased by the aggregate distributions during the one-year period ending on the Determination Date made with respect to an Employee under the Plan or plans as the case may be or under a terminated plan which, if it had not been terminated, would have been required to be included in the Aggregation Group. In the case of a distribution made for a reason other than severance from service, death, or disability, this provision shall be applied by substituting "five-year period" for "one-year period."

(e) Rollover Contributions and direct plan-to-plan transfers shall be handled as follows:

(1) If the transfer is initiated by the Employee and made from a plan maintained by one employer to a plan maintained by another employer, the transferring plan continues to count the amount transferred under the roles for counting distributions. The receiving plan does not count the amount if accepted after December 31, 1983, but does count it if accepted prior to December 31, 1983.

(2) If the transfer is not initiated by the Employee or is made between plans maintained by the Employers, the transferring plan shall no longer count the amount transferred, and the receiving plan shall count the amount transferred.

(3) For purposes of this subsection (e), all Employers aggregated under the roles of Code sections 414(b), (c) and (m) shall be considered a single employer.

(f) Effective for determining whether the Plan is Top-Heavy under Code section 416(g) for Plan Years beginning on or after January 1, 2002, the accrued benefits and accounts of any Employee who has not performed services for any Employer at any time during the one-year period ending on the Determination Date shall not be taken into account.

ARTICLE XIV
BENEFICIARY IN EVENT OF DEATH

Section 14.1. Designation and Change of Beneficiary. Upon the death of a married Participant, the Spouse of the Participant shall be deemed the designated beneficiary of the Participant, unless such Spouse has consented, in writing, to the designation of another beneficiary or beneficiaries (which may include the estate of the Participant) or any change thereof. If such other designated beneficiary or beneficiaries predecease a married Participant and no contingent beneficiary has been designated by the Participant and consented to by such Participant's Spouse, such Participant's Spouse shall be deemed the designated beneficiary of the Participant. If, in such case, the Participant's Spouse has also predeceased the Participant, the value of the Participant's Account shall be paid to his or her estate.

Each unmarried Participant shall have the right to designate a beneficiary or beneficiaries (including contingent beneficiaries) to receive any distributions to be made under Article XI upon the death of such Participant. An unmarried Participant may from time to time, without the consent of any beneficiary, change or cancel any such designation. If no beneficiary has been named by a deceased unmarried Participant, or the designated beneficiary (and any designated contingent beneficiary) has predeceased such Participant, the value of the Participant's Account shall be paid to his or her estate as beneficiary.

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Any beneficiaries may, by written notice to the Committee, disclaim his or her right to receive distribution of a deceased Participant's account.

Any spousal consent, beneficiary designation and any change therein shall be made in the manner prescribed by the Committee. Any distribution made to a beneficiary of a deceased Participant under the Plan shall be made to the beneficiary as soon as practicable after such Participant's death and shall be in the form of a lump sum payment, regardless of the form of benefit selected by the deceased Participant. The beneficiary may elect to have such payment made in money by check, or may elect to have any whole shares of Company Common Stock held for the deceased Participant in the Company Common Stock Fund and Frozen ESOP Account distributed in shares of Company Common Stock and the balance of the deceased Participant's Account (including the value of any fractional shares of Company Common Stock) paid in money by check. If no election is made, the entire distribution to the beneficiary shall be made in money by check.

Notwithstanding anything in this Plan to the contrary, effective January 1, 2007, if a Participant dies on or after January 1, 2007 while performing "qualified military service," as that term is defined in Code section 414(u), his or her beneficiary or beneficiaries are entitled to the additional benefits, if any, that would be provided under this Plan (other than an increase in contributions and benefits relating to the period of qualified military service) if the Participant had resumed employment immediately prior to his or her death

ARTICLE XV
ADMINISTRATION

Section 15.1. Named Fiduciary. The Committee (and each member of the Committee acting as such) shall be the named fiduciary of the Plan with authority to control and manage the operation and administration of the Plan. The Thrift and Pension Investment Committee (and each member of the Committee acting as such) shall be the named fiduciary of the Plan with respect authority to control and manage the assets of the Plan.

Section 15.2. Administration.

(a) The Committee shall have full discretionary authority to interpret the Plan and to answer all questions which arise concerning the application, administration and interpretation of the Plan. The Committee shall adopt such rules and procedures as in its opinion are necessary and advisable to administer the Plan and to transact its business. Subject to the other requirements of this Article XV, the Committee may—

(1) Select the trustee(s) of any trust pursuant to which assets of the Plan are held;

(2) Employ agents to carry out non-fiduciary responsibilities;

(3) Employ agents to carry out fiduciary responsibilities (other than trustee responsibilities as defined in ERISA section 405(c)(3));

(4) Consult with counsel, who may be of counsel to an Employer or an Affiliate; and

(5) Provide for the allocation of fiduciary responsibilities (other than trustee responsibilities as defined in ERISA section 405(c)(3)) among its members. However, any action described in paragraphs (3) or (5) of this subsection (a) and any modification or rescission of any such action may be effected by the Committee only by a resolution approved by a majority of the Committee.

(b) The Committee and the Thrift and Pension Investment Committee shall keep written minutes of all its proceedings, which shall be open to inspection by the Board of Directors. In the case of any decision by the Committee with respect to a claim for benefits under the Plan, the Committee shall include in its minutes a brief explanation of the grounds upon which such decision was based.

(c) In performing their duties, the members of the Committee and the Thrift and Pension Investment Committee shall act solely in the interest of the Participants in the Plan and their beneficiaries and:

(1) for the exclusive purpose of providing benefits to the Participants and their beneficiaries;

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(2) with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man or woman acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims; and

(3) in accordance with the documents and instruments governing the Plan insofar as such documents and instruments are consistent with the provisions of Title I of ERISA. In addition to any other duties the Thrift and Pension Investment Committee and the Committee may have, the Thrift and Pension Investment Committee and the Committee shall periodically review the performance of the Trustee and any Investment Managers and the performance of all other persons to whom fiduciary duties have been delegated or allocated pursuant to the provisions of this Article XV, as applicable.

(d) The Company agrees to indemnify and reimburse, to the fullest extent permitted by law, members of the Committee and the Thrift and Pension Investment Committee, directors and Employees of an Employer and all such former members, directors and Employees, for any and all expenses, liabilities or losses arising out of any act or omission relating to the rendition of services for or the management and administration of the Plan.

(e) No member of the Committee and the Thrift and Pension Investment Committee nor any of its delegates shall be personally liable by virtue of any contract, agreement or other instrument made or executed by him or her or on his or her behalf in such capacity.

Section 15.3. Control and Management of Assets. The assets of the Plan shall be held by the Trustee, in trust, and shall be managed by the Trustee and/or one or more Investment Managers appointed from time to time by the Thrift and Pension Investment Committee; provided, however, that the Committee shall have investment authority with respect to loans approved pursuant to Section 11.13, and may, from time to time, determine that the Trustee shall be subject to the direction of the Thrift and Pension Investment Committee with respect to certain other investments, in which case the Trustee shall be subject to proper directions of the Thrift and Pension Investment Committee which are in accordance with the terms of the Plan and which are not contrary to applicable law.

Section 15.4. Benefits to be Paid from Trust. Benefits under the Plan shall be payable only from the Trust Fund and only to the extent that such Trust Fund shall suffice therefor, and each Participant assumes all risk connected with any decrease in market price of any securities in the respective Funds. Neither the Company nor any Affiliate shall have any liability to make or continue from its own funds the payment of any benefits under the Plan.

Section 15.5. Expenses. There shall be paid from the Trust Fund all expenses incurred in connection with the administration of the Plan, including but not limited to the compensation of the Trustee, record keeping fees, the reasonable fees of counsel for the Trustee for legal services rendered to the Trustee and the fees of Investment Managers appointed with respect to the investment and reinvestment of the Trust Fund, except to the extent that such expenses and fees are paid by the Employer. There shall be paid from the Trust Fund all taxes of any and all kinds whatsoever that may be levied or assessed under existing or future laws upon or in respect of the Trust Fund or any property of any kind forming a part thereof and all expenses, including brokerage costs and transfer taxes, incurred in connection with the investment and reinvestment of the Trust Fund.

Section 15.6. Overpayments. Any overpayment made to a Participant may be withheld from subsequent payments made to such Participant or from payments made to his or her surviving Spouse or beneficiary until the overpayment has been recouped.

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ARTICLE XVI
CLAIMS PROCEDURE

Section 16.1. Filing of Claims. Claims for benefits under the Plan shall be filed in writing on such form or forms as may be prescribed by the Committee with the Committee.

Section 16.2. Appeal of Claims. Written notice shall be given to the claiming Participant or beneficiary of the disposition of such claim, setting forth specific reasons for any denial of such claim in whole or in part. If a claim is denied in whole or in part, the notice shall state that such Participant or beneficiary may, within 60 days of the receipt of such denial, request in writing that the decision denying the claim be reviewed by the Committee and provide the Committee with information in support of his or her position by submitting such information in writing to the Secretary of the Committee.

Section 16.3. Review of Appeals. The Committee shall review each claim for benefits which has been denied in whole or in part and for which such review has been requested and shall notify, in writing, the affected Participant or beneficiary of its decision and of the reasons therefor. All decisions of the Committee shall be final and binding upon all of the parties involved.

ARTICLE XVII
MERGER OR CONSOLIDATION

Section 17.1. Merger or Consolidation. In the case of any merger or consolidation of the Plan with, or transfer of assets or liabilities to, any other plan, each Participant or beneficiary shall be entitled to receive a benefit immediately after the merger, consolidation or transfer (if the Plan had been terminated) which is equal to or greater than the benefit he or she would have been entitled to receive immediately before the merger, consolidation or transfer (if the Plan had then terminated). A merger or consolidation of the Plan with, or transfer of assets or liabilities to, any other plan shall not be deemed to be a termination or discontinuance of deposits and contributions having the effect of such termination of the Plan.

ARTICLE XVIII
NON-ALIENATION OF BENEFITS

Section 18.1. Non-Alienation of Benefits. Except as provided under Sections 11.13 and 22.1, no benefit or right under the Plan shall in any manner or to any extent be assigned, alienated or transferred by any Participant or beneficiary under the Plan or be subject to attachment, garnishment or other legal process. Notwithstanding the foregoing, a Participant's benefit under the Plan may be offset by any amount such Participant is ordered or required to pay as a result of crimes involving the Plan, or a breach of a fiduciary duty owed by the Participant with respect to the Plan, as set forth in Code section 401(a)(13), on or after August 5, 1997.

ARTICLE XIX
AMENDMENTS

Section 19.1. Amendment Process. The Company reserves the right, by action of the Board of Directors, but subject to applicable law, at any time and from time to time, to modify, suspend or amend in whole or in part any or all of the provisions of the Plan, provided that no modification, suspension or amendment shall make it possible to deprive any Participant or beneficiary of a previously acquired right; and provided further that no such modification, suspension or amendment shall make it possible for any part of the assets of the Plan to be used for or diverted to purposes other than for the exclusive benefit of Participants and their beneficiaries under the Plan and for the payment of expenses of the Plan. The Employee Benefits Policy Committee has the authority to amend the Plan in accordance with the delegation of authority from the Board of Directors.

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ARTICLE XX
TERMINATION

Section 20.1. Authority to Terminate. The Plan may be terminated in whole or in part at any time by the Board of Directors, but only upon condition that such action is taken as shall render it impossible for any part of the corpus or income of the Trust Fund to be used for or diverted to purposes other than for the exclusive benefit of the Participants or their beneficiaries and for the payment of expenses of the Plan.

Section 20.2. Distribution Upon Termination. Upon termination or partial termination of the Plan or upon the complete discontinuance of Deposits and Employer Contributions under the Plan, the assets of the Trust Fund shall be administered and distributed to the Participants or their beneficiaries at such time or times and in such nondiscriminatory manner as is determined by the Committee. Upon termination or partial termination of the Plan or upon the complete discontinuance of Deposits and Employer Contributions under the Plan, the rights of all affected Participants as of the date of such termination, partial termination or discontinuance of Deposits and Employer Contributions shall be nonforfeitable.

ARTICLE XXI
PLAN CONFERS NO RIGHT TO EMPLOYMENT

Section 21.1. No Right to Employment. Nothing contained in the Plan shall be construed as conferring any legal rights upon any Employee for a continuation of employment or shall interfere with the rights of an Employer or an Affiliate to discharge any Employee or otherwise to treat him or her without regard to the effect which such treatment might have upon such Employee with respect to the Plan, except as may be limited by applicable law.

ARTICLE XXII
ALTERNATE PAYEES

Section 22.1. Alternate Payees Under QDROs. In the event that a domestic relations order of any State is received by the Plan and thereafter determined to be a Qualified Domestic Relations Order (QDRO) within the meaning of Code section 414(p), the vested portion of the Account of the Participant to which such QDRO is directed shall be apportioned as specified in such QDRO, valued as of the business day preceding the date specified in such QDRO. Upon notice to the QDRO administrator that a QDRO is being sought with respect to a Participant's Account, no distribution or loan shall be made to a Participant until such time as the status of the QDRO is determined. The alternate payee of the Participant's Account shall thereafter participate in the Plan in accordance with its terms, except such person shall not have the rights or benefits provided in Article IV, Article V and in Section 11.13. If a QDRO is issued and the amount awarded the alternate payee exceeds the value of the Participant's Account less the outstanding loan balance, such QDRO shall be denied. Notwithstanding the provisions of this Article, the Plan may, without the consent of any such alternate payee, pay to such alternate payee the value of his or her respective share of the apportioned Account of the Participant, if the value thereof as so determined is $5,000 or less. If a QDRO so provides, benefits may be paid to an alternate payee before they would otherwise be distributable under the Plan, and no such distribution to an alternate payee shall be treated as a withdrawal by the Participant for purposes of Article XI.

ARTICLE XXIII
CONSTRUCTION

Section 23.1. Governing Law. The Plan shall be governed by and construed and administered under the laws of the State of New Jersey, except to the extent superseded by ERISA.

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ADDITIONAL INFORMATION ABOUT THE THRIFT PLAN

Pursuant to this Registration Statement, 2,000,000 shares of Common Stock have been registered for sale pursuant to the Thrift Plan.

No benefit or right under the Thrift Plan may in any manner or to any extent be assigned, alienated, or transferred by any Participant under the Thrift Plan. In addition, no benefit or right under the Thrift Plan may be subjected to attachment, garnishment or other legal process without an appropriate court order.

Benefits under the Thrift Plan are not guaranteed by the Pension Benefit Guaranty Corporation. PSEG does not provide any such protection to Participants and it does not insure any gains nor protect against any loss from any investment in the Thrift Plan.

Although the Thrift Plan is of indefinite duration, PSEG reserves the right to amend, modify or terminate the Thrift Plan at any time, in its sole discretion. PSEG also retains the right to change the Recordkeeper and/or the Independent Agent at its sole discretion.

While the Thrift Plan does not place restrictions on resales of Common Stock acquired thereunder, shares of Common Stock acquired under the Thrift Plan by an "affiliate," as that term is defined in Rule 405 under the Securities Act of 1933 (the "1933 Act"), may only be resold pursuant to the registration requirements of the 1933 Act or an appropriate exemption therefrom. Acquisitions of shares of Common Stock and dispositions of shares of Common Stock by an officer or director, as defined under the rules promulgated under Section 16 of the 1934 Act, of PSEG within any six-month period may give rise to the right of PSEG to recapture any profit from such transactions pursuant to Section 16(b) of the 1934 Act.

A copy of PSEG's 2014 Annual Report to Stockholders has been furnished to each Participant in the Thrift Plan. PSEG will promptly furnish, without charge, an additional copy of such Annual Report to any Eligible Employee who so requests by writing to the Director, Investor Relations, 80 Park Plaza, T6B, P.O. Box 1171, Newark, New Jersey 07101-1171. Each Participant will be furnished copies of all future reports, proxy statements and other communications furnished to PSEG stockholders generally.

For further information about the Thrift Plan, Participants and Eligible Employees may contact Benefits Express.

TAX CONSEQUENCES OF THE THRIFT PLAN

Outlined below is a summary of certain tax consequences which may result to Participants in the Plan. The law on which this outline is based is subject to change at any time. Each Participant should consult his or her own tax adviser concerning the application of Federal taxes, as well as any state, local or foreign taxes, to the Participant's particular situation.

PSEG believes that the Thrift Plan is qualified under sections 401(a) and 401(k) of the Code. Under the Code, an employer may deduct currently its contributions to and expenses of the Plan from gross income for Federal income tax purposes.

The following tax consequences will result to Participants:

(1) Any contributions made pursuant to pre-tax salary reduction agreements will not be included in a Participant's gross income. Therefore, neither those contributions nor PSEG's Matching Contributions (if any) to the Thrift Plan are taxable to a Participant as income when made or credited to his or her account. However, they will be taxable to a Participant in the year of distribution or withdrawal. Also, salary reduction contributions (both pre-tax and after-tax) are subject to Social Security tax.

(2) Any after-tax contributions made under applicable plan provisions are not taxed upon distribution, although any dividends, interest or other income or gains attributable to after-tax contributions are subject to taxation upon distribution. Any Roth 401(k) contributions made under the Plan – and earnings thereupon – are not taxed upon a qualified distribution. However, the earnings may be taxable if the distribution is not a qualified distribution.

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(3) *Lump-Sum Distribution.* A lump-sum distribution is a distribution made within one tax year, of the full balance credited to a participant's account(s) in the Plan and is either (a) made as a result of the participant's separation from service or death, or (b) made after age 59 1/2. Unless a Participant elects roll over his or her distribution, the Participant will be taxed on the distribution in the year it is received. Participants may be eligible to elect to be taxed on the distribution using the ten-year forward-averaging method or the net unrealized appreciation method.

(4) The ten-year forward-averaging method, which is available to individuals who were age 50 or older on January 1, 1986, may result in a lower tax on distributions from the Plan than the regular tax table or tax rate schedule methods. The 1986 tax rates apply in computing the tax under the ten-year forward-averaging method. Only distributions that constitute lump-sum distributions made after five full years of Plan participation are eligible for the ten-year forward-averaging method. An election must be filed with the IRS to use this method. The election can be made only once, regardless of the number of plans from which a Participant receives a lump-sum distribution. All distributions received in the same year from this and other qualified plans must be aggregated when computing the tax under the ten-year forward-averaging method.

(5) The special net unrealized appreciation ("NUA") rule applies to a lump-sum distribution for which Participants elect to receive in kind shares of Common Stock. When a Participant takes a distribution from the Thrift Plan that includes an in kind distribution of Common Stock – that is, the actual shares of common stock, rather than the cash value of the shares, the total net unrealized appreciation in the value of the common stock is excludable from his or her income tax for the distribution year only if the distribution qualifies as a lump-sum distribution. A lump-sum distribution is a payment, within one year, of a Participant's entire balance under the Thrift Plan that is payable to him or her after having reached age 59 1/2, because the Participant has separated from service with the Company or one of its affiliates, or on account of his or her death or disability. The "taxable amount" for a lump-sum distribution from the Thrift Plan will not include any net unrealized appreciation –Participants will pay federal income tax at ordinary tax rates only on the "cost basis" of the shares of common stock. Upon subsequent sale of the common stock, any taxable gain will be based on the difference in value between the cost basis and the fair market value of the shares. This amount will be taxed at the "capital gains" rate of federal income tax. Net unrealized appreciation is the amount by which the fair market value of the shares of PSEG common stock Participants receive exceeds the amount that the Thrift Plan paid for the shares.

A separate rule applies for the in-kind distribution of Common Stock acquired with after-tax contributions. Participants can receive net unrealized appreciation treatment on the value of Common Stock acquired with employee after-tax contributions, even if the distribution is not in the form of a lump sum payment. If a partial distribution includes any in kind Common Stock acquired with employee after-tax contributions, then a portion of the NUA on the Common Stock received in the payment will be excludable, based on the in kind shares of common stock which were purchased with after-tax contributions.

(6) *Rollover*. In general, the Code permits a Participant to avoid current taxation on any portion of the taxable amount of an eligible rollover distribution by rolling over that portion into an "eligible retirement plan" that accepts rollover contributions. An eligible retirement plan includes a plan qualified under section 401(a) of the Code, including a 401(k) plan, profit-sharing plan, defined benefit plan, stock bonus plan, and money purchase plan; a section 403(a) annuity plan; a section 403(b) tax-sheltered annuity; an eligible section 457(b) plan maintained by a governmental employer; and a traditional IRA. Rollovers may be made to a Roth IRA, a SIMPLE IRA, or a Coverdell Education Savings Account (an education IRA). The rollover rules make most, but not all, Plan distributions eligible for rollover.

The following types of withdrawals and distributions are not eligible for rollover treatment: (1) a series of substantially equal periodic payments which are made either (a) for a specified period of ten years or more, (b) for the life (or life expectancy) of the participant, or (c) for the Participant's lifetime and his/her beneficiary's lifetime; (2) mandatory distributions resulting from the participant having attained age 70 1/2, or, if later, having retired; (3) hardship distributions; (4) cash dividends, if any, that are paid on employer stock held in an ESOP; (5) distributions made due to certain legal limits being exceeded; (6) Plan loans that become taxable deemed distributions because of a default; or (7) contributions made under special Automatic Enrollment rules that are withdrawn pursuant to a Participant's request within 90 days of enrollment.

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(7) In general, all taxable withdrawals and distributions eligible to be rolled over are subject to a 20% withholding requirement unless they are rolled over directly to an eligible employer plan or an IRA. This requirement does not, however, prevent a Participant from rolling over eligible amounts into an eligible employer plan or traditional IRA within 60 days of the distribution even if it is not a direct rollover.

Any portion of a taxable distribution that is not rolled over is subject to ordinary income taxes (plus a 10% tax penalty under certain circumstances). Consequently, if a distribution is made other than directly to a qualified plan or an IRA, the participant would have to supplement the rollover from her/his own funds by an amount equal to the 20% withholding in order to avoid a tax liability on that amount for that year.

(8) Distributions made in cash are taxed as ordinary income to the extent that they exceed the Participant's after-tax contributions, if any. If the distribution qualifies as a lump-sum distribution, however, that income may be eligible for the special ten-year forward-averaging provision. In addition, all or a portion of the distribution may be eligible for rollover treatment.

(9) Generally, if a participant receives a lump-sum distribution (other than a distribution of after-tax employee contributions) of securities from the PSEG Common Stock Fund, the Participant will have taxable income in an amount equal to the lesser of the original average cost of the securities to the respective fund or the securities' fair market value at distribution. Such income will be ordinary income, and may be eligible for rollover treatment or the special ten-year forward-averaging provision. Further, any excess of fair market value over the ordinary income amount would not be treated as income at the time of distribution.

(10) A "lump-sum" distribution for purposes of special tax treatment relative to distributions of employer securities from qualifying plans means the distribution or payment within one tax year to the recipient of the balance to the credit of an employee which becomes payable to the recipient: (1) on account of the employee's death; (2) after the employee attains age 59 1/2; or (3) on account of the employee's separation from service.

Distributions of Common Stock consisting of after-tax contributions are taxed only to the extent that they exceed the applicable after-tax contributions. Generally, if a participant receives a lump-sum distribution of securities from the PSEG Common Stock Fund (plus cash in lieu of fractions of securities), the participant will have taxable income in an amount equal to (i) the lesser of the original cost of the securities to the respective fund or the securities' fair market value at distribution, plus (ii) the amount of cash distributed, minus (iii) the amount of the participant's applicable after-tax contributions. Such income will be ordinary income, and may be eligible for rollover treatment or the special ten-year forward-averaging provision.

For other than lump-sum distributions, at the time of distribution any appreciation in value of PSEG stock purchased with employer contributions (if any), reinvested earnings, and salary reduction contributions is recognized as ordinary income. (Any appreciation in the value of securities purchased with after-tax contributions is not recognized and is deferred until subsequent sale of the securities.) Also, the special ten year forward-averaging provision will not apply if the distribution is not a lump-sum distribution. Rollover treatment, however, may be available.

(11) When shares of Common Stock are distributed and subsequently sold by the participant, the gain or loss (measured by the difference between the selling price and the tax basis of the securities sold) must be recognized. Such tax basis is equal to the lesser of the original average cost of the securities under the Plan or the securities' fair market value at distribution. All or a portion of any further gain may be subject to preferential long-term capital gains taxation.

(12) When shares received in a distribution not qualifying as a lump-sum distribution are subsequently sold by the Participant, the capital gain or loss (measured by the difference between the selling price and the tax basis of the securities sold) must be recognized. In the case of securities purchased with PSEG contributions (if any), reinvested earnings and salary reduction contributions, such tax basis is equal to the amount of ordinary income reported as a result of the distribution. In the case of shares purchased with employee after-tax contributions, such tax basis is equal to the lesser of the original cost of the securities under the Thrift Plan or the securities' fair market value at distribution.

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(13) *Tax Penalties*. In addition to income taxes on withdrawals and distributions as described, the Code provides for a penalty tax on withdrawals and distributions made before the participant attains age 59 1/2. The penalty tax is 10% of the taxable distributed amount.

In addition to in-service withdrawals or distributions made after the participant attains age 59 1/2, there is no penalty tax on distributions that are: (i) eligible amounts rolled over in a timely manner to an IRA or eligible employer plan; (ii) made to a beneficiary after the death of a Participant; (iii) attributable to the Participant's permanent disability; (iv) made to a Participant who has separated from service during or after the year in which the participant attained age 55; (v) used to pay reimbursed medical expenses that exceed 7.5% of adjusted gross income; or paid to alternate payees under a Qualified Domestic Relations Order.

WHERE YOU CAN FIND MORE INFORMATION

PSEG files annual, quarterly and special reports, proxy statements and other information with the SEC. You may read and copy any document that PSEG files at the Public Reference Room of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. You may also obtain our filings on the Internet at the SEC's home page at http://www.sec.gov. PSEG's Common Stock is listed on the New York Stock Exchange under the ticker symbol "PEG." You can obtain information about PSEG at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

This prospectus is part of a registration statement on Form S-8 filed with the SEC under the Securities Act of 1933. It does not contain all of the information that is important to you. You should read the registration statement for further information with respect to the securities, the Trust and us. Statements contained in this prospectus concerning the provisions of any document filed as an exhibit to the registration statement or otherwise filed with the SEC highlight selected information, and in each instance reference is made to the copy of the full document as filed with the SEC.

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PART II

INFORMATION NOT REQUIRED IN THE PROSPECTUS

Item 3. Incorporation of Documents by Reference.

The following documents have been filed by us with the Securities and Exchange Commission and are already incorporated by reference in this registration statement:

- Our Annual Report on Form 10-K for the year ended December 31, 2014;
- Our Current Report on Form 8-K filed with the SEC on February 20, 2015; and
- Our Amended Current Report on Form 8-K dated January 17, 1990 containing a description of our common stock, without par value.

All documents filed by us pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 on or after the date of this registration statement and prior to the filing of a post-effective amendment to this registration statement which indicates that all securities offered pursuant to this registration statement have been sold or which deregisters all such securities then remaining unsold shall be deemed to be incorporated by reference in this registration statement and to be a part hereof from the date of filing of such documents. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superceded for purposes of this registration statement to the extent that a statement herein or in any subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supercedes such statement. Any such statement so modified or superceded shall not be deemed, except as so modified or superceded, to constitute a part of this registration statement.

You can get a free copy of any of the documents incorporated by reference by making an oral or written request directed to:

Vice President, Investor Relations
PSEG Services Corporation
80 Park Plaza, 6th Floor
Newark, NJ 07101
Telephone (973) 430-6565

You should rely only on the information contained or incorporated by reference or deemed to be incorporated by reference in this prospectus. PSEG has not authorized anyone else to provide you with different or additional information. You should not rely on any other information or representations. PSEG's affairs may change after this prospectus is distributed. You should not assume that the information in this prospectus is accurate as of any date other than the dates on the front of those documents. You should read all information supplementing this prospectus.

Item 4. Description of Securities.

Not applicable.

Item 5. Interests of Named Experts and Counsel.

Not applicable.

Item 6. Indemnification of Directors and Officers.

Under Section 14A:3-5 of the New Jersey Business Corporation Act, we:

(1) have the power to indemnify each of our directors and officers (as well as our employees and agents) against expenses and liabilities in connection with any proceeding involving such person by reason of his/her being or having been such director or officer other than a proceeding by or in our own right, if (a) such director or officer acted in good faith and in a manner he/she reasonably believed to be in or not opposed to our best interests, and (b) with respect to any criminal proceeding, such director or officer had no reasonable cause to believe his/her conduct was unlawful;

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(2) have power to indemnify each of our directors and officers against expenses in connection with any proceeding by or in our own right to procure a judgment in our favor which involves such director or officer by reason of his/her being or having been such director or officer, if he/she acted in good faith and in a manner he/she reasonably believed to be in or not opposed to our best interests; however, in such proceeding no indemnification may be provided in respect to any claim, issue or matter as to which such director or officer shall have been adjudged to be liable to us, unless, and only to the extent that, the court determines that the director or officer is fairly and reasonably entitled to indemnity for such expenses as the court shall deem proper;

(3) must indemnify each of our directors and officers against expenses to the extent that he/she has been successful on the merits or otherwise in any proceeding referred to in (1) and (2) above or in defense of any claim, issue or matter therein; and

(4) have power to purchase and maintain insurance on behalf of a director or officer against any expenses incurred in any proceeding and any liabilities asserted against him/her by reason of his/her being or having been a director or officer, whether or not we would have the power to indemnify him/her against such expenses and liabilities under the statute.

As used in the statute, "expenses" mean reasonable costs, disbursements and counsel fees, "liabilities" means amounts paid or incurred in satisfaction of settlements, judgments, fines and penalties, and "proceeding" means any pending, threatened or completed civil, criminal, administrative or arbitrative action, suit or proceeding, and any appeal therein and any inquiry or investigation which could lead to such action, suit or proceeding.

Indemnification may be awarded by a court under (1) or (2) as well as under (3) above, notwithstanding a prior determination by us that the director or officer has not met the applicable standard of conduct.

Indemnification under the statute does not exclude any other rights to which a director or officer may be entitled under a certificate of incorporation, by-law, or otherwise.

Article 8, Section 1 of our Certificate of Amendment of Certificate of Incorporation provides as follows:

> Indemnification:
>
> The corporation shall indemnify to the full extent from time to time permitted by law any person made, or threatened to be made, a party to any pending, threatened or completed civil, criminal, administrative or arbitrative action, suit, or proceeding and any appeal therein (and any inquiry or investigation which could lead to such action, suit or proceeding) by reason of the fact that he is or was a director, officer or employee of the corporation or serves or served any other enterprise as a director, officer or employee at the request of the corporation. Such right or indemnification shall inure to the benefit of the legal representative of any such person.

Article 8, Section 2 of our Certificate of Amendment of Certificate of Incorporation provides as follows:

> Limitation of Liability:
>
> To the full extent from time to time permitted by law, directors and officers of the corporation shall not be personally liable to the corporation or its shareholders for damages for breach of any duty owed to the corporation or its shareholders. No amendment or repeal of this provision shall adversely affect any right or protection of a director or officer of the corporation existing at the time of such amendment or repeal.

Our directors and officers are insured under the policies of insurance, within the limits and subject to the limitations of the policies, against claims made against them for acts in the discharge of their duties, and we are insured to the extent that we are required or permitted by law to indemnify the directors and officers for such loss. We pay the premiums for such insurance.

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Item 7. Exemption from Registration Claimed.

Not applicable.

Item 8. Exhibits.

See Exhibit Index.

Item 9. Undertakings.

(a) We hereby undertake:

(1) to file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) to include any prospectus required by Section 10(a) (3) of the Securities Act of 1933;

(ii) to reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

provided, however, that paragraphs (1) (i) and (1) (ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Commission by us pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement;

(2) that, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof; and

(3) to remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) We hereby undertake that, for purposes of determining any liability under the Securities Act of 1933, each filing of our annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 that is incorporated by reference in this registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(h) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers and controlling persons pursuant to the foregoing provisions, or otherwise, we have been advised that, in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Securities Act and is, therefore,

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unenforceable. In the event that a claim for indemnification against such liabilities (other than our payment of expenses incurred or paid by one of our directors, officers, or controlling persons in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, we will, unless in the opinion of our counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by us is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant, Public Service Enterprise Group Incorporated, certifies that it has reasonable grounds to believe it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Newark, State of New Jersey, on this 6th day of March, 2015.

Public Service Enterprise Group Incorporated

By: /s/ CAROLINE DORSA
Caroline Dorsa
Executive Vice President

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following person in the capacity and on the date indicated.

Signature	Capacity	Date
/s/ CAROLINE DORSA Caroline Dorsa	Principal Financial Officer	March 6, 2015
/s/ STUART J BLACK Stuart J. Black	Principal Accounting Officer	March 6, 2015

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has also been signed by Caroline Dorsa, Attorney-in-Fact, on behalf of the following persons in the capacities indicated on March 6, 2015.

Name	Capacity
Ralph Izzo	Principal Executive Officer and Director
Albert R. Gamper, Jr.	Director
William V. Hickey	Director
Shirley Ann Jackson	Director
David Lilley	Director
Thomas A. Renyi	Director
Hak Cheol Shin	Director
Richard J. Swift	Director
Susan Tomasky	Director
Alfred W. Zollar	Director

By: /s/ CAROLINE DORSA
Caroline Dorsa

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EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION
3.1(a)	PSEG's Certificate of Incorporation[1]
3.1(b)	PSEG's Certificate of Amendment of Certificate of Incorporation effective April 23, 1987[2]
3.1(c)	PSEG's Certificate of Amendment of Certificate of Incorporation effective April 20, 2007[3]
3.2	PSEG's By-Laws[4]
5	Not Applicable
15	Not Applicable
23	Independent Auditors' Consent
24	Power of Attorney

1 Previously filed as Exhibit 3.1a with Quarterly Report on Form 10-Q for the Quarter ended March 31, 2007, File No. 001-09120, on May 4, 2007 and incorporated herein by this reference

2 Previously filed as Exhibit 3.1b with Quarterly Report on Form 10-Q for the Quarter ended March 31, 2007, File No. 001-09120, on May 4, 2007 and incorporated herein by this reference

3 Previously filed as Exhibit 3.1c with Quarterly Report on Form 10-Q for the Quarter ended March 31, 2007, File No. 001-09120, on May 4, 2007 and incorporated herein by this reference.

4 Previously filed as Exhibit 3.1 with current Report on Form 8-K, File No. 001-09120 on November 18, 2009 and incorporated herein by this reference.

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EXHIBIT 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in this Registration Statement on Form S-8 of our reports relating to the consolidated financial statements and consolidated financial statement schedule of Public Service Enterprise Group Incorporated and subsidiaries ("the Company") and the effectiveness of the Company's internal control over financial reporting dated February 25, 2015, appearing in the Annual Report on Form 10-K of Public Service Enterprise Group Incorporated for the year ended December 31, 2014.

/s/ Deloitte & Touche LLP

Parsippany, New Jersey
March 6, 2015

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EXHIBIT 24

POWER OF ATTORNEY

The undersigned hereby constitutes and appoints Caroline Dorsa and M. Courtney McCormick, and each of them (with full power to act without the other), the true and lawful attorney-in-fact and agent for and on behalf of the undersigned, and in the undersigned's name, place and stead, in the undersigned's capacity as a Director or Officer or both, as the case may be, of Public Service Enterprise Group Incorporated ("PSEG") to sign the registration statement on Form S-8 to be filed by PSEG with the Securities and Exchange Commission for the registration under the Securities Act of 1933 of 2,000,000 shares of PSEG's Common Stock without par value, (which shares are to be offered pursuant to the Public Service Enterprise Group Incorporated Thrift and Tax-Deferred Savings Plan), and any and all amendments of such registration statement.

IN WITNESS WHEREOF, the undersigned has executed this instrument, this 17th day of February, 2015.

/s/ RALPH IZZO
Ralph Izzo

/s/ CAROLINE DORSA
Caroline Dorsa

/s/ ALBERT R. GAMPER, JR.
Albert R. Gamper, Jr.

/s/ WILLIAM V. HICKEY
William V. Hickey

/s/ SHIRLEY ANN JACKSON
Shirley Ann Jackson

/s/ DAVID LILLEY
David Lilley

/s/ THOMAS A. RENYI
Thomas A. Renyi

/s/ HAK CHEOL SHIN
Hak Cheol Shin

/s/ RICHARD J. SWIFT
Richard J. Swift

/s/ SUSAN TOMASKY
Susan Tomasky

/s/ ALFRED W. ZOLLAR
Alfred W. Zollar

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As filed with the Securities and Exchange Commission on March 6, 2015

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form S-8
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Public Service Enterprise Group Incorporated

(Exact name of Registrant as specified in its charter)

New Jersey
(State of Incorporation)

22-2625848
(I.R.S. Employer Identification No.)

80 Park Plaza, P.O. Box 1171, Newark, NJ 07101-1171
(Address, including zip code, of Registrant's principal executive offices)

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
Employee Savings Plan
(Full title of plan)

Caroline Dorsa
Executive Vice President
and Chief Financial Officer

or

M. Courtney McCormick, Esq.
Deputy General Counsel

80 Park Plaza
P.O. Box 1171
Newark, NJ 07101-1171
(973) 430-7000
(Name, address, including zip code, and telephone number, including area code, of agents for service)

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐

CALCULATION OF REGISTRATION FEE

Title of Securities to be registered[1]	Amount to be registered	Proposed maximum offering price per share[2]	Proposed maximum aggregate offering price[2]	Amount of registration fee[1,2]
Common Stock (without par value)	2,000,000 shares	$41.37	$82,740,000	$9,614

1 Pursuant to Rule 416(c) under the Securities Act of 1933, this registration statement also covers an indeterminate amount of interests to be offered or sold pursuant to the employee benefit plan described herein.

2 Estimated in accordance with Rule 457(h) under the Securities Act of 1933 solely for the purpose of determining the registration fee based on the average of the high and low prices of PSEG Common Stock on March 3, 2015 for, as reported in the consolidated reporting system.

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Prospectus

PSEG

2,000,000 SHARES
PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
COMMON STOCK (WITHOUT PAR VALUE)

offered through the

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
EMPLOYEE SAVINGS PLAN

The Employee Savings Plan ("Savings Plan") of Public Service Enterprise Group Incorporated ("PSEG"), provides a convenient method for represented employees of PSEG and its subsidiaries participating in the Savings Plan to purchase shares of PSEG's Common Stock (without par value) through payroll deductions without payment of any brokerage commission or service charge. While shares of Common Stock are held under the Savings Plan, dividends on such shares are used to purchase additional shares of Common Stock.

PSEG's Employee Benefits Committee is the Savings Plan's plan administrator. Aon Hewitt is the Savings Plan's third-party administrator. The Savings Plan provides that shares of Common Stock purchased for participants will be purchased in the open market by an agent independent of PSEG and its affiliates, as selected by PSEG or at PSEG's option, directly from PSEG.

The price per share of Common Stock purchased in the open market by any independent agent will be the weighted average price, excluding brokerage commissions, of all shares acquired by that independent agent for the Savings Plan during the period such purchases are made. Any applicable brokerage commissions for purchases by any independent agent in the open market will be paid for by the Savings Plan and will be an expense of the Savings Plan.

The price per share of Common Stock purchased directly from PSEG will be made at the average of the high and low sale prices of the Common Stock on the New York Stock Exchange on the date that such shares are purchased. In the event that there are no trades reported on the date of purchase, the purchase price will be determined on the basis of such prices on the next prior date on which the Common Stock was purchased.

You should read this prospectus carefully. If you are not now and do not wish to become a participant, or if you wish to continue your present participation without change, no action on your part is required. If you wish to join the Savings Plan or change the amount of your payroll deductions under the Savings Plan, please follow the instructions for submitting an enrollment form to Benefits Express. It is suggested that this prospectus be retained for future reference.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful and complete. Any representation to the contrary is a criminal offense.

March 6, 2015

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GENERAL INFORMATION ABOUT THE SAVINGS PLAN

The Savings Plan is administered by the Employee Benefits Committee appointed from time to time by the PSEG Board of Directors. The Committee has overall responsibility for the administration and interpretation of the Savings Plan.

PSEG Services Corporation, PSEG's subsidiary, is responsible for receiving and processing enrollment forms and making payroll deductions. PSEG Services Corporation, PSEG's subsidiary, is located at 80 Park Plaza, Newark, NJ 07102.

Aon Hewitt is third-party administrator for the Savings Plan. The third-party administrator keeps a continuing record of Participants' accounts under the Savings Plan, sends quarterly statements of account to Participants and performs other duties relating to the Savings Plan for Participants. The third-party administrator is located at Benefits Express (PSEG), 4 Overlook Point, P.O. Box 1584, Lincolnshire, IL 60069-1584.

The Savings Plan has been in effect since 1999 and, previously, was the Employee Savings Plan of Public Service Electric and Gas Company established in 1981. The Savings Plan was last amended effective January 31, 2014. There are approximately 6,328 participants in the Savings Plan.

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PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED

EMPLOYEE SAVINGS PLAN

ARTICLE I
PURPOSE

Section 1.1. Purpose. The purpose of the Plan is to encourage and assist thrift and savings by eligible bargaining unit employees of Public Service Enterprise Group Incorporated and certain of its Affiliates through tax-sheltered forms of investment. The Plan and its related Trust Fund are intended to meet the requirements applicable to qualified profit-sharing plans under sections 401(a), 401(k), 401(m) and 501(a) of the Code and the requirements applicable to employee stock ownership plans under section 4975(e)(7) of the Code.

The Plan is intended to constitute a plan described in section 404(c) of the Employee Retirement Income Security Act of 1974, as amended, and Department of Labor regulations section 2550.404c-l. As a result, fiduciaries of the Plan may be relieved of liability for any losses that are the direct and necessary result of investment instructions given by Participants and beneficiaries.

ARTICLE II
DEFINITIONS

When used herein, the words and phrases hereinafter defined shall have the following meanings unless a different meaning is clearly required by the context of the Plan:

Section 2.1. "*Account*" shall mean the separate account maintained in the Plan for each Participant which consists of the Participant's Savings Account, Roth Account and/or the Participant's Frozen ESOP Account.

Section 2.2. "*Active Participant*" shall mean a Participant who is an Eligible Employee presently making Nondeferred Deposits or for whom Deferred Deposits are presently being made.

Section 2.3. "*Additional Lump Sum Deposits*" shall mean that amount which is contributed to the Plan by a Participant on a lump sum basis. Additional Lump Sum Deposits shall not be entitled to be matched by Employer Contributions.

Section 2.4. "*Affiliate*" shall mean—

(a) any organization while it is a member of a controlled group of corporations (as defined in Code section 414(b) as modified by Code section 415(h)) which includes the Company;

(b) any trades or businesses (whether or not incorporated) while they are under common control (as defined in Code section 414(c) as modified by Code section 415(h)) with the Company;

(c) any organization during any period in which it (along with the Company) is a member of an affiliated service group (as defined in Code section 414(m)); or

(d) any other entity during any period in which it is required to be aggregated with the Company under Code section 414(o).

Section 2.5. "*Basic Deposits*" shall mean that amount, not less than 1%, nor more than 7% of a Participant's Compensation, contributed to the Plan through payroll deduction by or on behalf of a Participant which is entitled to be matched by Employer Contributions.

Section 2.6. "*Board of Directors*" shall mean the Board of Directors of the Company.

Section 2.7. "*Cash Balance Plan*" shall mean the Cash Balance Pension Plan for Represented Employees of Public Service Enterprise Group Incorporated (formerly known as the "Cash Balance Pension Plan for Represented Employees of Public Service Electric and Gas Company'') or the Cash Balance Pension Plan of Public Service Enterprise Group Incorporated (formerly known as the "Cash Balance Pension Plan of Public Service Electric and Gas Company'').

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Section 2.8. "*Code*" shall mean the Internal Revenue Code of 1986, as amended, or as it may be amended from time to time. A reference to a section of the Code shall also refer to any regulations and other guidance issued under that section.

Section 2.9. "*Commissioner*" shall mean the Commissioner of Internal Revenue.

Section 2.10. "*Committee*" or "Employee Benefits Committee" shall mean the Employee Benefits Committee of the Company appointed by the Board of Directors.

Section 2.11. "*Company*" shall mean Public Service Enterprise Group Incorporated or its successor.

Section 2.12. "*Company Common Stock*" shall mean the Common Stock, without nominal or par value, of the Company.

Section 2.13. "*Company Common Stock Fund*" shall mean the Fund established pursuant to Section 7.1(a). The Company Common Stock Fund is intended to qualify as an employee stock ownership plan under Code section 4975(e)(7).

Section 2.14. "*Compensation*" shall mean the total remuneration paid to a Participant for services rendered to an Employer excluding the Employer's cost for any public or private employee benefit plan, but including all Deferred Basic and Supplemental Deposits made by a Participant or on a Participant's behalf to this Plan and all elective contributions that are made by an Employer on behalf of a Participant which are not includible in income under Code section 125 or 132(f)(4), under rules adopted by the Committee which are uniformly applicable to all Participants similarly situated. However, Compensation shall not include the following:

(a) any amounts which are deferred under any deferred compensation plan of the Company or any Affiliate and any payments from any such plans of any previously deferred amount;

(b) any amounts which constitute reimbursement of expenses;

(c) the following miscellaneous payments:

(1) separation pay;

(2) gratuity payments upon death;

(3) payment for vacation due at time of death;

(4) worker's compensation for permanent partial disability;

(5) Employer contributions for social security, unemployment compensation or other taxes;

(6) Employer payments toward reimbursement of adoption expenses; and

(7) payments made expressly for the purpose of satisfying withholding tax liabilities on awards earned pursuant to any employee suggestion program of any Employer;

(d) the following special international payments:

(1) international service premium;

(2) commodities and services allowance;

(3) equalization pay;

(4) transportation allowance;

(5) foreign service pay; and

(6) hardship allowance; and

(e) any amounts received by a Participant as a result of the sale of vacation entitlements.

Effective from the first payroll period beginning after March 1, 2010, Compensation for Participants, other than Participants in units of Employees represented by Utility Workers Union of America (UWUA) Local 601, shall be limited to a Participant's base pay, his/her overtime pay and amounts received pursuant to the incentive

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compensation program in which he/she is a participant. Compensation shall, however, exclude the Company's or Participating Affiliate's cost for any public or private employee benefit plan, including this Plan, but shall include all elective contributions that are made by the Company or Participating Affiliate on behalf of a Participant which are not includible in income under Code sections 125, 132(f)(4) or 401(k). Compensation shall also exclude any amounts that would otherwise be excluded pursuant to the terms of subparagraphs (a), (b), and (c), above).

Notwithstanding anything in the Plan to the contrary, Compensation shall include differential pay in the Plan Year in which it is paid.

In any case, however, Compensation of each Participant taken into account for any Plan Year shall not exceed the applicable compensation limit for such year determined under Code section 401(a)(17). This limit on annual compensation shall be adjusted for cost-of-living increases in accordance with Code section 401(a)(17)(B).

Section 2.15. "*Deferred*" in reference to Deposits shall mean that such Deposits are deferred from current Federal income taxation under Code section 401(k)), provided, however, that effective August 1, 2006, the term "Deferred" in reference to Deposits shall also apply to Roth Elective Deferrals.

Section 2.16. "*Deposits*" shall mean the aggregate of Additional Lump Sum Deposits, Basic Deposits and Supplemental Deposits made by or on behalf of a Participant to his or her Account. The total of all Deposits made by or on behalf of a Participant in any Plan Year shall not exceed 50% of the Participant's Compensation for such Plan Year. Deposits shall include "Deferred Compensation" credited to the Participant under the U.S. Energy Partners 401(k) Plan, "Elective Deferrals" credited to the Participant under the Arden Engineering Constructors, Inc. 401(k) Plan, "Employee Pre-Tax Basic Contributions" credited to the Participant under the Fluidics, Inc. Retirement and 401(k) Plan, and "Salary Reduction Contributions" credited to the Participant under the Wisvest-Connecticut 401(k) Plan.

Section 2.17. "*Disability*" shall mean any physical or mental condition which renders a Participant incapable of performing further work for his or her Employer, as certified in writing by a Doctor of Medicine designated and approved by the Committee.

Section 2.18. "*Eligible Employee*" shall mean any individual included in a unit of employees covered by a collective bargaining agreement who is an Employee of the Company or a Participating Affiliate and who is receiving remuneration for personal services rendered to the Company or Participating Affiliate other than (1) solely as a director of the Company or a Participating Affiliate, (2) as a consultant, (3) as an independent contractor, (4) as an individual who is a "leased employee" within the meaning of Code section 414(n) and as defined in section 2.26(e) of this Plan, or (5) any other individual engaged by the Company or Participating Affiliate in a relationship mat the Company characterizes as other than an employment relationship or who has waived his or her rights to coverage as an employee (regardless of whether a determination is made by the Internal Revenue Service or other governmental agency or court after the individual is engaged to perform such services that the individual is an employee of the Company or Participating Affiliate for the purposes of the Code or otherwise).

Section 2.19. "*Employee*" shall mean any individual employed by the Company or an Affiliate.

Section 2.20. "*Employer*" shall mean the Company and any Participating Affiliate.

Section 2.21. "*Employer Contributions*" shall mean the amounts contributed to the Plan on behalf of Participants by an Employer in accordance with Article V. Employer Contributions shall include "Employer's Matching Contributions" and "Employee Nonelective Contributions" credited to the Participant under the Fluidics, Inc. 401(k) Plan and "Employer Matching Contributions" and "Employer Discretionary Contributions" credited to the Participant under the Wisvest-Connecticut 401(k) Plan.

Section 2.22. "*ERISA*" shall mean the Employee Retirement Income Security Act of 197 4, as amended, or as it may be amended from time to time. A reference to a section of ERISA shall also refer to any regulations and other guidance issued under that section.

Section 2.23. "*Frozen ESOP Account*" shall mean that separate portion of an Account established pursuant to Section 9.1 which evidences the shares of Company Common Stock transferred to the Plan for the Account of a Participant, pursuant to the merger with this Plan with the Public Service Electric and Gas Company Tax

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Reduction Act Employee Stock Ownership Plan (TRASOP) and/or the Public Service Electric and Gas Company Payroll-Based Employee Stock Ownership Plan (PA YSOP), including the net worth of the Trust Fund attributable thereto.

Section 2.24. "*Fund*" shall mean any of the funds or other investment options established under the Plan for the investment of Participants'Accounts and a loan fund for each Participant who takes a loan under Section 11.13. The Thrift and Pension Investment Committee shall have the discretion to add, change, o r eliminate Funds as it deems appropriate. Except as otherwise directed by the Thrift and Pension Investment Committee, the Funds shall include a Company Common Stock Fund and a Personal Choice Retirement Account Fund.

Section 2.25. "*Highly Compensated Employee*" shall mean:

(a) any Employee, as defined in section 414(q) of the Code, who at any time:

(1) during the Plan Year or the preceding Plan Year was at any time a 5% owner (as defined in Code section 416(i)(l)); or

(2) for the preceding Plan Year, received Compensation (as defined in section 12.l(c)) from the Company or an Affiliate in excess of $80,000 (as adjusted for cost-of-living increases).

(b) If so elected, the Company may also provide that an Employee with Compensation in excess of $80,000 (as adjusted for cost-of-living increases) shall be a Highly Compensated Employee only if such Employee is in the group consisting of the top 20% of Employees when ranked on the basis of Compensation paid during such Plan Year, excluding those Employees permitted to be excluded pursuant to Code section 414(q) (herein referred to as the "Top Paid Group Election").

Effective for Plan Years beginning on or after January 1, 1997, the Company shall determine its Highly Compensated Employees without application of the Top Paid Group Election. Notwithstanding the foregoing, the Company may apply the Top Paid Group Election with respect to a Plan Year so long as such election is applied consistently to the determination years of all plans (retirement and non-retirement) of the Company that begin within the same calendar year and so long as the Plan is amended to reflect the application of the Top Paid Group Election to a given Plan Year.

Section 2.26. "*Hour of Service*" shall mean:

(a) Each hour for which an Employee is directly or indirectly paid remuneration or entitled to such payment by an Employer for the performance of duties;

(b) Each hour for which an Employee is paid or entitled to payment by the Company on account of a period of time during which no duties are performed (whether or not the employment relationship has terminated) due to vacation, holiday, illness, incapacity (including disability), layoff, jury duty, military service, or leave of absence; provided, however, that an Employee shall not be credited with more than 501 Hours of Service under this sentence for any continuous period during which he or she performs no duties for the Company. Notwithstanding the preceding provisions of this subsection (b), no credit will be given:

(1) for an Hour of Service for which the individual is directly or indirectly paid, or entitled to payment, on account of a period during which no duties are performed if such payment is made or due under a plan maintained solely for the purpose of complying with applicable worker's compensation, unemployment compensation, or disability insurance laws; or

(2) for an Hour of Service for which a payment is made, which solely reimburses the individual for medical or medically related expenses incurred.

(c) Each hour not otherwise credited under the Plan for which back pay, irrespective of mitigation of damages, is either awarded or agreed to by an Employer. No more than 501 Hours of Service shall be credited under this item (c) for a period of time during which the Employee did not or would not have performed duties.

(d) Hours of Service will be credited for employment with an Affiliate.

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(e) Hours of Service will be credited for employment as a "leased employee" as that term is defined in Code section 414(n) and as defined below, if such leased employee participates in the Plan as a result of subsequent employment with the Company or an Affiliate. A "leased employee" shall mean a person performing services for the Company or an Affiliate who is not a common-law employee where —

(1) such services are provided pursuant to an agreement between the Participating Affiliate and any other person or entity (hereinafter referred to as the "leasing organization");

(2) such person has performed the services for the Participating Affiliate on a substantially full-time basis for a period of at least one year;

(3) such services are performed under the primary direction of or control by the Participating Affiliate; and

(4) the person is not covered by a safe harbor plan under Code section 414(n)(5) maintained by the leasing organization. In applying the provisions of this paragraph (4), the Company or an Affiliate may rely upon a written certificate by the leasing organization that the individual is covered by a plan of the type described.

(f) An Employee shall be credited with an Hour of Service for each month during any period the Employee is absent from work with the Company or an Affiliate for qualified military service in accordance with Code section 414(u). Notwithstanding the foregoing, if the Employee fails to report to work before reemployment rights expire, the Employee shall not receive credit for Hours of Service during such military leave.

(g) The number of Hours of Service to be credited an Employee shall be on the basis of months of employment under which an Employee is credited with 190 Hours of Service for each month for which such Employee would be required to be credited with at least one Hour of Service.

(h) The crediting of Hours of Service under this Plan will be applied under the rules of paragraph (b) and (c) of the Department of Labor Regulation 2530.200b-2, which, by this reference, will be specifically incorporated in full into this Plan.

Section 2.27. "*Investment Manager*" shall mean an investment manager as defined in ERISA section 3(38).

Section 2.28. "*Lay Off*" or "*Laid Off*" shall mean a Participant's involuntary separation from service with an Employer because of a reduction in work force at a time when there is no further work available with the Employer for which the Participant is qualified.

Section 2.29. "*Matured*" in reference to Deposits and Employer Contributions shall mean that the respective amount has been held in the Plan for at least 24 months. The 24-month period will include periods during which Deposits and Employer Contributions held in the Participant's Account were held in the Fluidics, Inc. Retirement and 401(k) Plan. The 24-month period shall also include periods during which Deposits and Employer Contributions held in the Participant's Savings Account were held in the Wisvest-Connecticut 401(k) Plan, if applicable.

Section 2.30. "*Nondeferred*" in reference to Deposits shall mean that such Deposits are not deferred from current Federal income taxation under Code section 401(k).

Section 2.31. "*Participant*" shall mean any person who has an interest in the Trust Fund.

Section 2.32. "*Participating Affiliate*" shall mean any Affiliate of the Company which: (a) adopts the Plan with the approval of the Board of Directors; (b) authorizes the Board of Directors, the Employee Benefits Committee and the Thrift and Pension Investment Committee to act for it in all matters arising under or with respect to the Plan; and (c) complies with such other terms and conditions relating to the Plan as may be imposed by the Board of Directors. For the avoidance of any doubt, a Participating Affiliate shall not include Long Island Electric Utility ServCo LLC.

Section 2.33. "*Pension Plan*" shall mean the Pension Plan of Public Service Enterprise Group Incorporated (formerly known as the "Pension Plan of Public Service Electric and Gas Company").

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Section 2.34. "*Personal Choice Retirement Account Fund*" shall mean the Fund established pursuant to Section 7.1(b).

Section 2.35. "*Plan*" shall mean this Public Service Enterprise Group Incorporated Employee Savings Plan (formerly known as the "Public Service Electric and Gas Company Employee Savings Plan"), including all amendments hereto which may hereafter be made.

Section 2.36. "*Plan Year*" shall mean the calendar year.

Section 2.37. "*Qualified Domestic Relations Order*" or "*QDRO*" shall mean any judgment, decree or order pursuant to a state domestic relations or community property law which relates to the provision of child support or marital property rights, which creates or recognizes the existence of an alternate payee's right to (or assigns to all alternate payee the right to) receive all or part of a Participant's Account, and which meets the requirements of(a) and (b) below, as interpreted in accordance with Code section 414(p):

(a) such order specifies:

(1) the name and last known mailing address of the Participant and each alternate payee;

(2) the amount or the percentage of the Participant's Account to be paid to each alternate payee, or the manner in which such amount or percentage is to be determined;

(3) the number of payments or the period to which the order applies; and

(4) each plan to which such order applies; and

(b) such order does not require the Plan to:

(1) provide any type or form of benefit or option not otherwise provided under the Plan;

(2) provide increased benefits; or

(3) pay to an alternate payee amounts required to be paid to another alternate payee under a prior QDRO.

Section 2.38. "*Record Keeper*" shall mean the person(s) or entity(ies) designated by the Committee to maintain the records of the Plan and Plan Accounts and to perform such other functions as may be designated by the Committee.

Section 2.39. "*Required Beginning Date*" shall mean with respect to distributions to any Participant, no later than the April 1 of the calendar year following the calendar year in which the Participant attains age $70^{1}/2$; provided, however, that with respect to distributions to any Participant who attained age 70 before July 1, 1987 and who was not a "5% owner," the Required Beginning Date for such Participant shall be April 1 of the calendar year following the calendar year in which (1) the Participant attains age 701/2 or (2) the Participant retires, whichever is later. Effective as of January 1, 2003, "Required Beginning Date" shall mean with respect to distributions to any Participant other than a 5% owner, April 1 of the calendar year following the calendar year in which the Participant attains age 701/2 or retires, whichever is later. The Required Beginning Date for a 5% owner shall mean no later than the April 1 of the calendar year following the calendar year in which such 5% owner attains age 701/2. For purposes of this Section 2.40, a "5% owner" shall mean any person owning (or considered as owning within the meaning of Code section 318) more than 5% of the outstanding stock of an Employer or stock possessing more than 5% of the total combined voting power of such stock.

Section 2.40. "*Retirement*" shall mean the termination of employment by a Participant, other than by reason of his or her death, after attaining age 65 or —

(a) in the case of a participant in the Pension Plan, when the sum of the Participant's age and credited service (as defined in the Pension Plan) equals or exceeds 80 or under circumstances otherwise entitling the Participant to an immediately payable periodic retirement benefit under the Pension Plan, or

(b) in the case of a participant in the Cash Balance Plan, after attaining age 55 and completing five or more years of credited service (as defined in the Cash Balance Plan).

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Section 2.41. "*Retirement Choice Program*" shall mean the Public Service Enterprise Group Incorporated Retirement Choice Program (formerly known as the "Public Service Electric and Gas Company Retirement Choice Program") or the Public Service Enterprise Group Incorporated Retirement Choice Program for Represented Employees (formerly known as the "Public Service Electric and Gas Company Retirement Choice Program for Represented Employees").

Section 2.42. "*Rollover Contributions*" shall mean Eligible Employee contributions transferred to the Plan, in accordance with Section 4.14, from a trust under another plan qualified under Code sections 501(a) and 401(a), respectively. Rollover Contributions shall also include "Rollover Contributions" credited to the Participant under the Fluidics, Inc. Retirement and 401(k) Plan, or the Wisvest-Connecticut 401(k) Plan. Effective as of January 1, 2002, Rollover Contributions shall also include Eligible Employee contributions transferred to the Plan, in accordance with Section 4.15, from the following:

(a) a qualified plan described in both Code sections 401(a) and 403(a), including after-tax employee contributions;

(b) an annuity contract described in Code section 403(b);

(c) an eligible plan under Code section 457(b) which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state; and

(d) an individual retirement account or annuity described in Code sections 408(a) or 408(b) that is eligible to be rolled over.

Rollover Contributions shall include any amounts from a "qualified Roth contribution program" as defined in Code section 402A(b).

Section 2.43. "*Roth Account*" shall mean that separate portion of an Account established pursuant to Section 8.1(b) which evidences the value of Roth Elective Deferrals on behalf of a Participant under the Plan, including the net worth of the Trust Fund attributable thereto.

Section 2.44. "*Roth Elective Deferral*" shall mean an elective deferral by a Participant that is designated irrevocably by the Participant in accordance with Section 4.3 as a Roth elective deferral and that is being made in lieu of all or a portion of the Deferred Deposits that are pre-tax elective deferrals the Participant is otherwise eligible to make under the Plan. Roth Elective Deferrals are treated as includable in the Participant's income at the time the Participant would have received that amount in cash if the Participant had not made a deferral election.

Section 2.45. *"Savings Account"* shall mean that separate portion of an Account established pursuant to Section 8.1(a) and which consists of the sum of the following subaccounts of such Participant:

(a) ***Basic Deposit Subaccount*** shall mean that portion of a Participant's Savings Account which evidences the value of Basic Deposits by or on behalf of a Participant under the Plan, including the net worth of the Trust Fund attributable thereto.

(b) ***Supplemental Deposit Subaccount*** shall mean that portion of a Participant's Savings Account which evidences the value of Supplemental Deposits and Additional Lump Sum Deposits under the Plan, assets transferred by the Participant from his or her Frozen ESOP Account, and Rollover Contributions to the Plan by or on behalf of a Participant, including the net worth of the Trust Fund attributable thereto, and also including Deposits and Rollover Contributions credited to the Participant under the Fluidics, Inc. Retirement and 401(k) Plan and the Wisvest-Connecticut 401(k) Plan and merged into this Plan.

(c) ***Employer Contribution Subaccount*** shall mean that portion of a Participant's Savings Account which evidences the value of Employer Contributions which have been credited to a Participant's Account under Section 5.1 of the Plan (less any forfeitures), including the net worth of the Trust Fund attributable thereto, and also including Employer Contributions credited to the Participant under the Fluidics, Inc. Retirement and 401(k) Plan and the Wisvest-Connecticut 401(k) Plan and merged into this Plan.

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(d) ***Retirement Choice Program Allocation Subaccount*** shall mean that portion of a Participant's Savings Account which evidences the value of certain service and age points allocated to this Plan pursuant to the Cash Balance Plan and the Retirement Choice Plan and in accordance with Section 5.6 herein, including the net worth of the Trust Fund attributable thereto.

Section 2.46. "*Spouse*" shall mean the person to whom the Participant is married. Spouse shall include a person of the same sex if the individuals are lawfully married under applicable law even if the married couple is domiciled in a state that does not recognize the validity of same-sex marriages. Spouse shall not include individuals (whether of the opposite sex or the same sex) who have entered into a registered domestic partnership, civil union, or other similar formal relationship recognized under state law that is not denominated as a manage under the laws of that state.

Section 2.47. "*Supplemental Deposits*" shall mean the amount, if any, of Compensation contributed to the Plan through payroll deduction by or on behalf of a Participant which is greater than the maximum permitted Basic Deposit. Supplemental Deposits shall include "Deferred Compensation" credited to the Participant under the U.S. Energy Partners 401(k) Plan "Elective Deferrals" credited to the Participant under the Arden Engineering Constructors, Inc. 401(k) Plan, "Employee Pre-Tax Basic Contributions" credited to the Participant under the Fluidics, 1nc. Retirement and 401(k) Plan, and "Salary Reduction Contributions" credited to the Participant under the Wisvest-Connecticut 401(k) Plan.

Section 2.48. "*Thrift Plan*" shall mean the Public Service Enterprise Group Incorporated Thrift and Tax-Deferred Savings Plan (formerly known as the Public Service Electric and Gas Company Thrift and Tax-Deferred Savings Plan.

Section 2.49. "*Trust Agreement*" shall mean the agreement between the Company and the Trustee which provides for the management of the Trust Fund and the investment of Deposits, Employer Contributions and Rollover Contributions to the Plan and investment of Plan assets.

Section 2.50. "*Trust Fund*" shall mean the aggregate of Additional Lump Sum Deposits, Basic and Supplemental Deposits made by or on behalf of Participants, Rollover Contributions and Employer Contributions, together with Frozen ESOP Accounts, increased by any profits or income thereon, and decreased by any losses thereon and by any payments made therefrom.

Section 2.51. "*Trustee*" shall mean any individual(s) or corporation(s) by whom any assets of the Plan are held under the Trust Agreement.

Section 2.52. "*Year of Service*" shall mean the 12 consecutive month period beginning on the first day of the month in which an Employee commences employment with the Company or an Affiliate and each succeeding 12 consecutive month period beginning on the yearly anniversary of such day, during which the Employee completes not less than 1,000 Hours of Service. The determination of whether an Employee shall have completed not less than 1,000 Hours of Service during any such period shall be made by crediting such Employee with 190 Hours of Service for each calendar month during such period in which the Employee is entitled to be credited with at least one Hour of Service for such month. For purposes of determining eligibility for Employer Contributions under Section 5.1, an Employee shall complete a Year of Service during the month in which he or she is credited with 1,000 Hours of Service during the applicable 12-month period. In addition, any Employee whose Account includes balances transferred from the Fluidics, Inc. Retirement and 401(k) Plan or the Wisvest-Connecticut 401(k) Plan shall, for purposes of determining Year of Service hereunder, be credited with service with Fluidics, Inc., Wisvest Corporation or Wisvest-Connecticut LLC, as appropriate, in accordance with this Section 2.52.

Furthermore, for purposes of determining Year of Service hereunder, any Employee who as of January 11, 1998 was an employee of Fluidics, Inc., who, effective as of January 12, 1998 became an Employee of the Company or an Affiliate, and who is a member of one of the following units of Employees covered by a collective bargaining agreement, shall for purposes of this Section 2.52 only, be deemed to have commenced employment as of January 12, 1998. The foregoing sentence shall not apply with respect to any Employee whose Account includes balances transferred from the Fluidics, Inc. Retirement and 401(k) Plan.

(a) Bristol Myers Squibb (NJ) Local 9 Plumbers and Pipefitters Union

(b) Local 9 Plumbers and Pipefitters

(c) Local 107 (PA) Teamsters

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ARTICLE III
PARTICIPATION

Section 3.1. Participation. Each Eligible Employee may become a Participant by applying with the Record Keeper to establish a Savings Account or Roth Account or accept a Rollover Contribution on such Eligible Employee's behalf, when a Frozen ESOP Account was established on his or her behalf, or when the Eligible Employee elects to make transfers of age and service credits pursuant to the terms of the Cash Balance Plan and the Retirement Choice Program. An Eligible Employee who, at the time he or she becomes employed by the Company or a Participating Affiliate is a participant in the Thrift Plan, shall be automatically enrolled in the Plan, and account balances held in that plan shall be transferred to this Plan.

By contacting the Record Keeper and using its automatic voice response system or such other method as approved by the Committee, the Eligible Employee can (a) arrange for the payment of an Additional Lump Sum Deposit to the Plan, (b) authorize his or her Employer to withhold an amount in a specified percentage of his or her Compensation, (c) authorize his or her Employer to accept a Rollover Contribution from another eligible plan in accordance with Section 4.14, (d) authorize establishing an Account to accept transfers of age and service credits pursuant to the terms of the Cash Balance Plan and the Retirement Choice Program, and (e) authorize the Record Keeper and/or Employer to pay any such amount to the Trustee for investment in an applicable Account under the Plan in accordance with the Eligible Employee's instructions.

An Eligible Employee who was a former employee of Wisvest-Connecticut LLC or Wisvest Corporation shall become a Participant upon the earlier of: (i) the establishment of a Savings Account to accept the assets merged with this Plan from the Wisvest-Connecticut 401(k) Plan, effective December 31, 2002, or (ii) any of the methods for participation set forth above in this Section3.1.

Notwithstanding the foregoing, in the case of any Eligible Employee who is hired or rehired to a permanent, full-time position on or after January 1, 2008, the Eligible Employee shall be provided with information on automatic enrollment upon his or her initial eligibility for the Plan. Unless the Eligible Employee timely elects to decline making Deposits or to elect an alternate contribution percentage, the Eligible Employee shall be automatically enrolled in the Plan and shall have Basic Deferred Deposits (none of which shall be designated as Roth Elective Deferrals) made by the Employer on his or her behalf in an amount equal to 3% of his or her Compensation. An Eligible Employee who is automatically enrolled may elect to withdraw Basic Deferred Deposits made pursuant in this paragraph (together with attributable earnings), provided that any such election must be made within 90 days of the Eligible Employee's date of hire and in accordance with procedures established by the Committee.

Participation in the Plan is entirely voluntary.

Section 3.2. Effective Date of Participation. Subject to the provisions of Section 3.1 above, the effective date of participation shall be the earliest of the following: (a) participation in the Plan shall be effective for an Eligible Employee and payroll deductions shall commence, as soon as practicable after the Eligible Employee has applied to the Record Keeper for participation; (b) participation in the Plan for an Eligible Employee whose account is transferred from the Thrift Plan to this Plan shall be effective as of the date such individual became an Eligible Employee under the terms of this Plan; (c) participation in the Plan for an Eligible Employee making a Rollover Contribution or a transfer of age and service credits pursuant to the terms of the Cash Balance Plan and the Retirement Choice Program shall be effective as soon as practicable after such Eligible Employee's Rollover Contribution or transferred age and service credits are accepted for transfer; (d) participation of an Eligible Employee in the Plan with respect to the Frozen ESOP Account became effective upon receipt by the Plan of the assets credited to the account of such Eligible Employee in Public Service Electric and Gas Company's TRASOP and/or PAYSOP pursuant to a merger of such plan or plans with this Plan; and (e) participation in the Plan shall be effective for a newly hired Eligible Employee who is automatically enrolled in the Plan and payroll deductions shall commence as soon as practicable after such Eligible Employee's date of hire.

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ARTICLE IV
DEPOSITS

Section 4.1. Basic Deposits. Subject to the limitations of Sections 4.6 and 5.4, an Eligible Employee may elect:

(a) to make Basic Nondeferred Deposits to the Plan in an amount equal to any integral multiple of 1% of his or her Compensation up to a total of 8% each pay period;

(b) to have Basic Deferred Deposits made to the Plan by an Employer on his or her behalf in an amount equal to any integral multiple of 1% of his or her Compensation up to a total of 7% each pay period; or

(c) to make, or have made by an Employer on his or her behalf, any combination of Deposits under (a) or (b) above, totaling up to 7% of his or her Compensation each pay period;

Effective August 1, 2006, the provisions of section 4.3 regarding Roth Elective Deferrals shall apply to Basic Deferred Deposits. Basic Deposits made by or on behalf of a Participant shall be paid over by the Employer to the Trustee and deposited in the Trust Fund as soon as practicable after deduction and, in any event, within 15 business days after the end of the month in which such deduction is made. Such Basic Deposits shall be credited as soon as practicable to such Participant's Basic Deposit Subaccount in the Plan, or to the Participant's Roth Account, as applicable.

Section 4.2. Supplemental Deposits. Subject to the limitations of Sections 4.6 and 5.4, each Participant who is electing the maximum permitted Basic Deposit to the Plan may also elect:

(a) to make Supplemental Nondeferred Deposits to the Plan in an amount equal to any integral multiple of 1% of his or her Compensation to a total of 43% of his or her Compensation each pay period;

(b) to have Supplemental Deferred Deposits made by an Employer on his or her behalf in an amount equal to any integral multiple of 1% of his or her Compensation up to a total of 43% of his or her Compensation each pay period; or

(c) to make, or have made by an Employer on his or her behalf, any combination of the Deposits specified in (a) or (b) above, totaling up to 43% of his or her Compensation each pay period.

Effective August 1, 2006, the provisions of section 4.3 regarding Roth Elective Deferrals shall apply to Supplemental Deferred Deposits. Supplemental Deposits made by or on behalf of a Participant shall be paid over by an Employer to the Trustee and deposited in the Trust Fund as soon as practicable after deduction and, in any event, within 15 business days after the end of the month in which such deduction is made. Such Supplemental Deposits shall be credited as soon as practicable to such Participant's Supplemental Deposit Subaccount in the Plan, or to the Participant's Roth Account, as applicable.

Section 4.3. Roth Elective Deferrals. Effective August 1, 2006, a Participant may irrevocably elect that all or any portion of his or her Deferred Deposits, both Basic and Supplemental, shall be made as a Roth Elective Deferral. Roth Elective Deferrals shall be credited to the Participant's Roth Account in the same time and manner such amounts would have been credited to the Participant's Basic Deposit Subaccount or Supplemental Deposit Subaccount but for the election to have these contributions made as Roth Elective Deferrals. Notwithstanding any provision of this Plan to the contrary, Roth Elective Deferrals may not be recharacterized as Nondeferred Deposits.

Section 4.4. Additional Lump Sum Deposits. Within any Plan Year, each Participant may make one or more Additional Lump Sum Deposits on a Nondeferred basis in the minimum amount of $250 and in such total amounts which, when aggregated with such Participant's Basic Deposits and Supplemental Deposits, do not exceed 50% of his or her Compensation for that Plan Year and subject to the limitations of Sections 4.6, 4.13 and 5.4. Additional Lump Sum Deposits made by a Participant shall be paid over by the Record Keeper to the Trustee and deposited in the Trust Fund as soon as practicable, but no later than 15 business days after the end of the month in which such Additional Lump Sum Deposit is received. Such Additional Lump Sum Deposits shall be credited as soon as practicable to such Participant's Supplemental Deposit Subaccount in the Plan.

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Section 4.5. Method of Deposits. Basic Deposits and Supplemental Deposits by or on behalf of Active Participants shall be made by means of payroll deduction. For convenience of administration, if the percentage of Compensation elected to be contributed to the Plan by an Active Participant is not equal to a whole dollar amount, such amount will be increased to the next whole dollar amount in establishing the deduction to be made from such Active Participant's pay. In addition, if an Active Participant's Compensation is changed, the resulting change in deduction shall be made as soon as practicable after such change in Compensation.

Additional Lump Sum Deposits shall be paid directly by Participants to the Record Keeper who shall forward them to the Trustee for investment in the Participant's Savings Account in accordance with his or her then current investment direction.

Section 4.6. Limits on Deferred Deposits.

(a) In no event may Deferred Deposits for any Participant attributable to any taxable year of such Participant (presumably the calendar year) exceed the amount permitted by Code section 402(g) in effect for such taxable year, except to the extent permitted under Section 4.6(b) of the Plan below. Where a Participant elects under Section 4.1 to have Deferred Deposits made by an Employer to the Plan which would otherwise exceed the limit of this Section 4.6(a) and 4.6(b) below, if applicable, such excessive Deferred Deposits (other than Roth Elective Deferral amounts) shall be deemed to be Nondeferred Deposits to the Plan ("Deemed Nondeferred Deposits") rather than Deferred Deposits to the Plan; provided, however, that such Deemed Nondeferred Deposits shall be subject to the limits and rules of Sections 4.1 and 4.2; and provided further, that such Deemed Nondeferred Deposits shall be deemed to be Basic Nondeferred Deposits (and, therefore, matched by Employer Contributions as set forth in Article V) to the extent possible under the limits of Sections 2.5 and 4.1, taking into account other Basic Deferred and Nondeferred Deposits of the Participant.

(b) In addition to the Deposits allowed by this Article IV, Eligible Employees who have attained age 50 before the close of a Plan Year shall be eligible to make catch-up contributions in accordance with, and subject to the limitations of, Code section 414(v) (and in the amount of allowable catch-up contributions for the Plan Year as set forth in Code section 414(v)). Such catch-up contributions shall not be taken into account for purposes of Section 4.6(a) and Article XII of the Plan. The Plan shall not be treated as failing to satisfy the provisions of the Plan implementing the requirements of Code sections 401(k)(3), 401(k)(11), 401(k)(12), 410(b), or 416, as applicable, by reason of such catch-up contributions. Unless otherwise determined by the Employee Benefits Committee, no election shall be required for the making of catch-up contributions, provided, however, that a Participant shall be able to elect that all or a portion of his or her catch-up contributions shall be Roth Elective Deferrals (in accordance with Section 4.3) and credited to such Participant's Roth Account. To the extent that a Participant has Deferred Deposits which would otherwise exceed the limit of Section 4.6(a) above, such excess Deferred Deposit shall first be deemed a catch-up contribution if allowed under the provisions of this Section 4.6(b). Any remaining excess Deferred Deposit after the application of this Section 4.6(b) shall be treated in accordance with Section 4.6(a) above.

Section 4.7. Distribution of Excess Deferral Amounts.

(a) Notwithstanding any other provision of the Plan to the contrary, an Employer shall distribute any Excess Deferral Amount (as defined below), adjusted according to Section 4.7(d), to Participants who claim such allocable Excess Deferral Amounts for a calendar year. Such distribution shall be made no later than the April 15th next following the end of the calendar year for which such claim is made.

(b) For purposes of this Section 4.7, "Excess Deferral Amount" shall mean the amount of Deferred Deposits for a calendar year that the Participant allocates to this Plan and claims pursuant to the election procedure set forth in Section 4.7(c) below. The Committee shall determine the extent to which the Excess Deferral Amount is composed of Deferred Deposits other than Roth Elective Deferrals and the extent to which the Excess Deferral Amount is composed of Roth Elective Deferrals, in accordance with administrative procedures applied uniformly to all Participants.

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(c) A Participant's election to claim an Excess Deferral Amount for a calendar year shall be in writing, shall be submitted to the Committee no later than the March 1st next following the end of such calendar year, shall specify the Excess Deferral Amount and shall state that if such amount is not distributed, such Excess Deferral Amount, when added to amounts deferred under other plans or arrangements described in Code sections 401(k), 408(k) or 403(b), exceeds the limit imposed on the Participant by Code section 402(g) for the taxable year (calendar year) in which the deferral occurred.

A Participant shall be deemed to make an election to claim an Excess Deferral Amount for a calendar year to the extent that the amount of Deferred Deposits, when aggregated with deferrals by the Participant pursuant to any other cash or deferred arrangement maintained by the Company or an Affiliate under Code section 40 l (k), exceeds the limit imposed by Code section 402(g) for such year.

(d) The amount distributed to a Participant pursuant to this Section 4.7 with respect to a calendar year shall be increased or decreased, as applicable, by investment income or losses attributable thereto, as calculated in accordance with applicable Treasury regulations or other regulatory guidance. The amount distributed shall be adjusted for attributable income or losses for the period after the end of the calendar year for which the contributions were made and prior to the distribution date. Notwithstanding the foregoing, for Plan Years beginning on or after January 1, 2007, the amount distributed to a Participant shall include any income attributable to any period after the end of the calendar year through the distribution date.

(e) In the event that the Excess Deferral Amount consists of Roth Elective Deferrals, the excess Roth Elective Deferrals shall be returned by April 15 of the year following the year of contribution.

Section 4.8. Code Section 401(k) Limits on Deferred Deposits.

(a) Effective January 1, 1997, Deferred Deposits for any Plan Year shall not result in the actual deferral percentage of the group of Highly Compensated Employees eligible to participate in the Plan for such Plan Year exceeding the actual deferral percentage of the group of all other Eligible Employees for the current Plan Year by more than the greater of:

(1) one and one-quarter times; or

(2) the lesser of (A) two times or (B) two percentage points.

However, notwithstanding the above, the Committee may use the actual deferral percentage for the prior Plan Year for the group of Eligible Employees who are not Highly Compensated Employees by making an election at a time, and in a manner, prescribed by the Secretary of the Treasury. Such election may be revoked for a following Plan Year only in accordance with rules prescribed by the Secretary of the Treasury.

(b) The actual deferral percentage of each group of Eligible Employees shall be the average of the ratios (calculated separately for each Eligible Employee in each group) of (i) the Deferred Deposits made on behalf of each Eligible Employee for the relevant Plan Year to (ii) such Eligible Employee's Compensation for the relevant Plan Year (or in the discretion of the Committee, for the portion of the Plan Year during which the Employee was an Eligible Employee, provided this alternative is applied uniformly to all Employees for the Plan Year on a reasonably consistent basis from Plan Year to Plan Year).

(c) "Compensation" for purposes of this Section 4.8 only shall mean an Eligible Employee's compensation as determined in any manner that satisfies the requirements of Code section 414(s).

(d) The Committee shall, consistent with regulations under the Code, establish nondiscriminatory rules to meet the requirements of this Section 4.8 provided, however, that any distribution to Highly Compensated Employees of Deferred Deposits to meet the requirements of this Section 4.8 shall be made on the basis of the dollar amount of Deferred Deposits on behalf of each such Highly Compensated Employee. Any distribution of Deferred Deposits made in accordance with this Section 4.8 shall occur no later than the last day of the Plan Year following the Plan Year for which such Deferred Deposit was made.

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(e) The amount of Deferred Deposits which must be distributed to any Highly Compensated Employee under this section for a Plan Year shall be reduced by "Excess Deferral Amounts" previously distributed to the Highly Compensated Employee for the taxable year of such Highly Compensated Employee ending during the Plan Year. Furthermore, the amount of any Deferred Deposit distributed under this section must include the income attributable thereto. For Plan Years ending prior to January 1, 2006 or beginning on or after January 1, 2008, in no event shall the distribution include income attributable to any period after the end of the Plan Year for which the Deferred Deposit was made. The Committee shall determine the extent to which any Deferred Deposit to be distributed is composed of Deferred Deposits other than Roth Elective Deferrals and the extent to which the Deferred Deposit to be distributed is composed of Roth Elective Deferrals, in accordance with administrative procedures applied uniformly to all Participants.

(f) Should the Committee determine during the course of any Plan Year that the nondiscrimination test of Code section 401(k) might not be met for such Plan Year, the Committee may reduce, at any time, the percentage of Deferred Deposits that a Highly Compensated Employee may elect to have contributed to the Plan in accordance with this Article IV to a percentage that the Committee determines appropriate to ensure that the test shall be met for the Plan Year.

(g) Notwithstanding any provision above, in running the actual deferral percentage test under this Section 4.8 the Committee may utilize any of the testing alternatives permitted under Code section 401(k) and Treasury Regulation section 1.401(k)-2.

(h) *Special Testing Provisions*:

(1) For purposes of this Section 4.8, the actual deferral percentage of a Highly Compensated Employee who is eligible for Deferred Deposits or similar employer contributions under two or more plans described in Code section 401(k) that are maintained by the Company or an Affiliate shall be determined as if all such contributions were made under a single Plan, except as otherwise provided in regulations under Code section 401(k).

(2) For purposes of this Section 4.8, actual deferral percentages shall be determined by considering all applicable contributions made under any other plans that are aggregated with this Plan for purposes of Code sections 401(a)(4) and 410(b). If other plans are permissively aggregated with this Plan for purposes of Code section 401(k), the aggregated plans must satisfy Code sections 401(a)(4) and 410(b) as if they constituted a single plan.

(3) For purposes of this Section 4.8, the actual deferral percentage test shall be performed after application of the mandatory disaggregation rules of Code section 410(b). Notwithstanding the preceding sentence, two or more separate collective bargaining units may be treated as a single collective bargaining unit for purposes of such test if the combination of units is determined on a basis that is reasonable and reasonably consistent from year to year.

Section 4.9. Unmatched Employer Contributions. If, as the result of the operation of Sections 4.6, 4.7, and/or 4.8, and before the operation of Section 4.10, the combined Deposits of a Participant are adjusted in such a way that Employer Contributions previously made on behalf of a Participant for a Plan Year are no longer matched by such Participant's Basic Deposits, then the matching Employer Contributions allocated to such Participant's Account for such Plan Year shall be reduced, under nondiscriminatory rules established by the Committee, to the extent necessary to equal the percentage of Employer Contributions (as set forth in Article V) with respect to the Participant's remaining Basic Deposits for such Plan Year. The amount, if any, of previously allocated Employer Contributions in excess of the percentage of Employer Contributions (as set forth in Article V) of the Participant's remaining Basic Deposits shall be forfeited and applied to reduce future Employer Contributions to the Plan.

Section 4.10. Changing Deposit Percentages. The percentage of Compensation deposited in the Plan by or on behalf of an Active Participant shall continue in effect until such Active Participant shall change the rate of such Deposits. An Active Participant may change the rate of Deposits to a higher or lower percentage of Compensation within the limitations of Sections 4.1, 4.2 and 4.6 by arranging for such change with the Record Keeper or as otherwise prescribed by the Committee. Any such change shall become effective as soon as practicable after receipt of the notice of change by the Record Keeper. Effective January 1, 2008, an Active Participant may make

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an election to automatically increase his or her rate of Deposits each year, but no higher than 8% of the Active Participant's Compensation. Any such election shall be effective as of a date designated by the Committee and shall be made by giving notice of election in the manner prescribed by the Committee.

Section 4.11. Suspension of Deposits.

(a) An Active Participant may suspend all of the Deposits to the Plan made by such Participant or on his or her behalf at any time by arranging for such suspension with the Record Keeper or as otherwise prescribed by the Committee. Such suspension shall be effective as soon as practicable after receipt of the notice of suspension by the Record Keeper, and shall continue until such Participant elects to have Deposits resumed by arranging therefor with the Record Keeper. Payroll deductions under the Plan shall begin again as soon as practicable after such notice is received by the Record Keeper.

(b) If, after other required and authorized deductions from an Active Participant's pay, there is not sufficient money available in any pay period to make the entire authorized payroll deduction for such Participant's Nondeferred Deposits, no payroll deduction shall be made therefor for that pay period.

(c) In case of any such total suspension of Deposits, pursuant to subsection (a), Employer Contributions on behalf of such Participant shall be automatically suspended for a like period.

Section 4.12. Limit on Additional Lump Sum Deposits. No further Additional Lump Sum Deposits may be made by any Participant in any Plan Year in which the aggregate amount of all of such Participant's Deposits under the Plan exceeds 50% of such Participant's Compensation for that Plan Year. Any Additional Lump Sum Deposits inadvertently received in excess of this limitation shall be refunded to the Participant as soon as practicable following determination of such excess.

Section 4.13. Elections. All elections under this Article IV shall be made at the time, in the manner and subject to the conditions as are specified by the Committee. Elections of Deferred Deposits shall in all cases be irrevocably made prior to the beginning of the payroll period for which such elections shall apply. In any year in which the Committee deems it necessary to do so to meet the requirements of Section 4.6, 4.8, 4.10 or 5.4 of the Code and the regulations thereunder, the Committee may reduce, for that Plan Year, the permissible amount of Deposits by or on behalf of any or all Active Participants.

Section 4.14. Rollover Contributions.

(a) Subject to such rules as may be established by the Committee, an Eligible Employee may transfer Rollover Contributions (as defined in Section 2.42) to the Plan, to be deposited in his or her Supplemental Deposit Account. The Eligible Employee must certify that such amount to be transferred as a Rollover Contribution qualifies for such transfer under the Code and regulations thereunder and must submit such information or evidence, satisfactory to the Committee that it may require in order to approve such transfer. In addition, Rollover Contributions shall then be subject to all terms and conditions of this Plan and the Trust Agreement and shall be treated in the same manner as Supplemental Deposits, unless the context of the Plan or Trust requires otherwise.

(b) In. the event that the Plan accepts a Rollover Contribution from an Eligible Employee that includes an amount that the Committee later determines is an "invalid rollover contribution" (as defined below), the amount of the invalid rollover contribution, plus any earnings attributable thereto, shall be distributed to the Eligible Employee as soon as practicable after such determination.

(c) An "invalid rollover contribution" is an amount that is not an eligible Rollover Contribution, as described in subsection (a) above, or that does not satisfy the other requirements of Code section 401(a)(31), Code section 402(c), or Code section 408(d)(3) for treatment as a rollover or a rollover contribution.

Section 4.15. Transfers from the Thrift Plan. Any Eligible Employee who, at the time he or she becomes employed by the Company or a Participating Affiliate, is a participant in the Thrift Plan, shall automatically be enrolled in the Plan, and all balances in the Thrift Plan shall be transferred to the Plan. Upon the transfer of Employee whose terms of employment is not covered by a collectively bargaining agreement to a position where his or her terms of employment is covered by a collectively bargaining agreement and he or she become an

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Eligible Employee in this Plan, such Eligible Employee's account under the Thrift Plan shall transfer to this Plan. All contribution and investment elections in effect for the Thrift Plan shall remain in effect, subject to change pursuant to the operation of Sections 4.11, 4.12 and 6.2 hereof.

Section 4.16. Qualified Military Service. Notwithstanding any provision in this Plan to the contrary, effective December 12, 1994, a Participant who is or was engaged in "qualified military service," as that term is defined in Code section 414(u), shall be permitted to make additional Basic Deposits, Supplemental Deposits, and Additional Lump Sum Deposits in accordance with this Article IV and in an amount as determined under Code section 414(u). Under no circumstances shall the Deposits provided for in this Section 4.17 exceed the amount the Participant would have been permitted to contribute had such Participant remained continuously employed by the Employer throughout the period of qualified military service.

ARTICLE V
EMPLOYER CONTRIBUTIONS

Section 5.1. Amount and Payment of Employer Contributions. Each Employer shall contribute to the Plan on behalf of Participants who are Eligible Employees, who have completed a Year of Service, and who are making or having their Employer make on their behalf Basic Deposits to the Plan an amount equal to 50% of the aggregate of such Basic Deposits, except to the extent that such Basic Deposits are reduced or distributed as provided in Sections 4.6 through 4.19, and except as provided in this Article V and in Section 11.4.

Provided, however, that, effective for the first payroll period beginning after January 10, 2010:

- No Employer Contributions shall be made with respect to Participants who are (a) included within a unit of employees covered by a collective bargaining agreement with United Association of Journeymen and Apprentices of the Plumbing and Pipefitters Industry (UA) Local No. 855 and (b) also participants in the Pension Plan; and
- Employer Contributions with respect to Participants who are (a) included within a unit of employees covered by a collective bargaining agreement with International Brotherhood of Electrical Workers Local Union 94, International Brotherhood of Electrical Workers Local Union 97, Office Professional Employees International Union Local 153, and the Utility Workers Union of America (UWUA) Local 470-1 and (b) also participants in the Pension Plan shall be limited to 25% of Basic Deposits.

Notwithstanding the foregoing, effective from the first payroll period beginning after December 31, 2010, Employer Contributions with respect to Participants who are (a) included within a unit of employees covered by a collective bargaining agreement with International Brotherhood of Electrical Workers Local Union 94, International Brotherhood of Electrical Workers Local Union 97, Office Professional Employees International Union Local 153, the United Association of Journeymen and Apprentices of the Plumbing and Pipefitters Industry (UA) Local No. 855 and the Utility Workers Union of America (UWUA) Local 470-1, and (b) also participants in the Pension Plan shall be equal to 50% of the aggregate of their Basic Deposits.

Notwithstanding the foregoing, effective from the first payroll period beginning after December 31,2011, Employer Contributions with respect to Participants in units of employees represented by Utility Workers Union of America (UWUA) Local 601 shall be equal to 25% of the aggregate of their Basic Deposits. Effective from the first payroll period beginning after December 31, 2012, Employer Contributions with respect to Participants in units of employees represented by Utility Workers Union of America (UWUA) Local 601 shall be equal to 50% of the aggregate of their Basic Deposits.

Basic Deposits of an Eligible Employee's before-tax Compensation shall be matched before Basic Deposits of an Eligible Employee's after-tax Compensation.

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Employer Contributions with respect to a Plan Year shall be paid to the Trustee not later than the due date (including extensions of time) for filing the Company's consolidated Federal income tax return for such year. All Employer Contributions may be made without regard to current or accumulated earnings of the Employer. Notwithstanding the foregoing, the Plan shall be designated a profit sharing plan for purposes of Code sections 401(a), 402, 412 and 417, except with respect to balances held in the Company Common Stock Fund.

Section 5.2. Employer Contributions in Company Common Stock. For periods prior to February 1, 2002, Employer Contributions with respect to Basic Deposits in excess of 5% of Compensation for Participants who were employed by an Employer other than CEA Newark Bay Services, Inc. were made in shares of Company Common Stock and Employer Contributions with respect to Basic Deposits in excess of 6% of Compensation for Participants who were employed by CEA Newark Bay Services, Inc. were made in shares of Company Common Stock. Effective as of February 1, 2002, Employer Contributions are made solely in accordance with Section 5.1 above. In addition, effective as of February 1, 2002, with respect to Employer Contributions made in shares of Company Common Stock prior to February 1, 2002 and in accordance with this Section 5.2, such shares may be transferred to any of the available Funds established pursuant to Section 7.1.

Section 5.3. Reduction of Employer Contributions by Forfeitures. The amount of an Employer's Contribution shall be reduced by the amount of the reduction of an unmatched Employer Contribution allocable to a Highly Compensated Employee as provided in Sections 4.8, and 4.9, by the amount of any forfeiture as a result of termination of the employment of an Active Participant as provided in Section 11.2, or as a result of the Employer's inability to locate a Participant or beneficiary to whom a benefit hereunder is due as provided in Section 11.14.

Section 5.4. Maximum Annual Additions. The maximum Annual Addition, as defined in Section 12.1, for any Plan Year to any Participant's Account may not exceed the amount provided for by Code section 415(c). The rules governing the application of this Section 5.4 and other limitations imposed by Code section 415 are more fully set forth in Article XII.

Section 5.5. Return of Employer Contributions.

(a) Notwithstanding any provision of the Plan to the contrary, any Employer Contribution made to the Plan by reason of mistake of fact may be returned to the Employer making such Employer Contribution, provided the return of such Employer Contribution is made within one year from the date the mistaken payment was made, and any amount so returned shall be disposed of as the Committee shall direct.

(b) If the Internal Revenue Service determines that any contribution by an Employer to the Plan is not deductible under Code section 404, such Employer shall have the option, which it may exercise within one year after the date of the disallowance of such deduction, to have such contribution returned to the Employer, and any amount so returned shall be disposed of as the Committee shall direct.

Section 5.6. Allocation from Cash Balance Plan. Pursuant to the Cash Balance Plan and the Retirement Choice Program, Participants who so elect may have certain service and age points otherwise allocated to them under the Cash Balance Plan made as an Employer Contribution to their Accounts under this Plan. All amounts so elected shall be accepted by the Trustee and invested in accordance with Section 6.1. No amounts attributable to Employer Contributions resulting from Participant elections made pursuant to the Cash Balance Plan and the Retirement Choice Program shall be available for withdrawal from the Plan until the Participant's termination of employment by the Company or any Affiliate.

Section 5.7. Qualified Military Service. Notwithstanding any provision in this Plan to the contrary, effective December 12, 1994, the Employer shall contribute to the Plan on behalf of a Participant who is or was engaged in "qualified military service," as that term is defined in Code section 414(u), and who makes or is having made additional Basic Deposits to the Plan under Section 4.17 on his or her behalf, the amount of Employer Contributions as required under this Article V and Code section 414(u) with respect to such additional Basic Deposits. In addition, a Participant who is or was engaged in qualified military service shall be entitled to make the election provided for in Section 5.6 of this Plan, if applicable, for the period set forth in Code section 414(u).

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ARTICLE VI
SAVINGS ACCOUNT AND ROTH ACCOUNT INVESTMENTS

Section 6.1. Investment of Deposits, Rollover Contributions and Employer Contributions. Deposits, Rollover Contributions and Employer Contributions to the Plan shall be invested by the Trustee under the Trust Agreement in the Funds established pursuant to Section 7.1. Upon enrolling in the Plan, each Participant shall specify, in such manner as shall be prescribed by the Committee, the percentage (which shall be an integral multiple of 1% — including 0% but not exceeding 100% in the aggregate) of Deposits to his or her Savings Account and Roth Account which shall be invested in each of such Funds. Employer Contributions shall be invested by the Trustee for the Account of an Active Participant in the same Funds and in the same percentages as directed by such Participant with respect to the Basic Deposits to his or her Savings Account. Rollover Contributions may be invested in Funds under the Plan in such dollar amounts as shall be designated by the Participant. Notwithstanding anything to the contrary herein, a Participant who, at the time he or she becomes an Eligible Employee, is a participant in the Thrift Plan, shall continue the same investment elections as he or she maintained in the Thrift Plan until a change in investment direction is made in conformity with Section 6.2 hereof.

Section 6.2. Change in Investment Direction. Any investment direction given by a Participant under Section 6.1 or automatic investment under Section 6.8 shall continue in effect until changed by the Participant. A Participant may change any such direction by giving notice of such change in the manner prescribed by the Committee. Any such change shall become effective as soon as practicable after receipt of the notice of change by the Record Keeper. A change in investment direction under this Section 6.2 shall not automatically cause a transfer of investments under Section 6.3.

Section 6.3. Transfer/Reallocation of Investments. Subject to Section 6.6 regarding transfers into and out of the Personal Choice Retirement Account Fund and Section 9.3 regarding transfers out of the Frozen ESOP Account, a Participant may:

(a) direct that all or any part (in integral multiples of 1%) of his or her interest in any one or more of the Funds be transferred to any one or more of the other Funds, except that no transfer may be made into a Participant's Frozen ESOP Account. A Participant may also transfer his or her Frozen ESOP Account assets (in integral multiples of 1%, but not exceeding 100% in the aggregate) into any one or several of the Funds. However, any transfer from a Fund shall be subject to such contractual limitations regarding transfers from such Fund as may exist from time to time under the contracts governing investments held in such Fund. A direction to transfer all or a portion of a Participant's interest in a Fund shall be made by giving notice in the form prescribed by the Committee. Subject to any contractual limitations that may be applicable, any such transfer shall be made as soon as practicable after receipt of the notice of such transfer by the Record Keeper; or

(b) reallocate all or any part (in integral multiples of 1%) of his or her interest among the Funds, except that no funds may be reallocated into or out of a Participant's Frozen ESOP Account. Any such reallocation shall be subject to such contractual limitations as may exist from time to time under the contracts governing investments held in such Funds. A direction to reallocate a portion of a Participant's interest in a Fund shall be made by giving notice in the form prescribed by the Committee. Subject to any contractual limitations that may be applicable, any such reallocation shall be made as soon as practicable after receipt of the notice of such reallocation by the Record Keeper.

Section 6.4. Quarterly Automatic Rebalancing. Excluding investments in the Participant's Frozen ESOP Account and in the Personal Choice Retirement Account Fund, a Participant may elect to automatically rebalance his or her Account among some or all of the Funds at the end of each calendar quarter. Any such rebalancing shall also be subject to those contractual limitations regarding transfers from certain Funds as may exist from time to time under the contracts governing investments held in such Funds. A direction to elect quarterly automatic rebalancing of a Participant's Account shall be made by giving notice in the form prescribed by the Committee and shall be in effect until an election is made to discontinue such rebalancing. Subject to any applicable contractual limitations, such rebalancing shall commence as soon as practicable after the Record Keeper's receipt of the notice of such election and shall occur on, or as soon as practicable following, the end of each subsequent calendar quarter.

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Section 6.5. Loans

(a) Participants may receive loans from their Savings Accounts and Roth Accounts under the provisions of Section 11.13. A loan to a Participant shall be considered an investment of such Participant's Savings Account and Roth Account, and the principal amount of the loan shall be treated as a separate investment within the Accounts and subaccounts. Repayments of the principal amount of the loan shall reduce such corresponding investments of each such Account and subaccount in the inverse order of such investment and repayments of such principal along with any accrued interest thereon shall be invested in the Funds in accordance with the Participant's then current investment direction. Loan amounts shall be taken from Accounts in the following order:

(1) Roth Elective Deferrals;

(2) Deferred Deposits other than Roth Elective Deferrals;

(3) Unmatured vested Employer Contributions;

(4) Matured vested Employer Contributions;

(5) Rollover Contributions;

(6) Unmatured Post-1986 Nondeferred Deposits;

(7) Matured Post-1986 Nondeferred Deposits;

(8) Pre-1987 Nondeferred Deposits.

(b) Notwithstanding the foregoing, loan proceeds shall not be taken from a Participant's Frozen ESOP Account, from assets invested in the Personal Choice Retirement Account Fund, or from the Retirement Choice Program Allocation Subaccount of a Participant's Account.

(c) Each outstanding loan under the Arden Engineering Constructors, Inc. 401(k) Plan, the Fluidics, Inc. Retirement and 401(k) Plan, and the Wisvest-Connecticut 401(k) Plan at the time the assets of such plans were merged into this Plan shall continue to be in effect in accordance with the original terms and conditions of such loan; provided, however, that the loan amortization amounts, and corresponding payroll deductions amounts, shall be modified to the extent necessary to conform to payroll periods in use under this Plan.

Section 6.6. Special Rules for Investment in the Personal Choice Retirement Account Fund. Notwithstanding any provision of this Plan to the contrary, the investment in the Personal Choice Retirement Account Fund shall be subject to the following restrictions and limitations:

(a) only vested amounts in a Participant's Account may be transferred into the Personal Choice Retirement Account Fund;

(b) investments shall be in minimum amounts of $1,000 and shall be accomplished only through Fund transfers in accordance with Section 6.3 (therefore, no Basic Deposits, Supplemental Deposits, Additional Lump Sum Deposits, or Employer Contributions may be made directly into the Personal Choice Retirement Account Fund);

(c) for the period October 1, 1999 through September 30, 2000, investments shall be limited to 50% of the vested balance in the Participant's Account; therefore, the vested balance of the Participant's Account shall be no less than $2,000 to be able to make an initial investment in the Personal Choice Retirement Account Fund;

(d) for the period October 1, 2000 through September 30, 2001, investment shall be limited to 75% of the vested balance in the Participant's Account;

(e) for the period October 1, 2001 and beyond, any Participant maintaining a balance in the Personal Choice Retirement Account Fund must maintain a minimum $500 vested balance in the Plan's other Funds;

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(f) transfers into and out of the Personal Choice Retirement Account Fund shall be in whole dollar amounts only with the exception of a 100% transfer out of the Personal Choice Retirement Account Fund, or a supplemental transfer out of a residual amount after the Personal Choice Retirement Account Fund is closed;

(g) with respect to transfers out of the Personal Choice Retirement Account Fund, the Participant must designate the specific investment(s) which is (are) to be liquidated in order to effect the requested transfer;

(h) participation shall be subject to an annual participation fee in an amount determined by the Committee;

(i) the annual participation fee shall be deducted on the day the Participant first invests in the Personal Choice Retirement Account Fund, and the first business day of January thereafter, pro rata from the portion of the Participant's Account which is nonforfeitable and not invested in the Personal Choice Retirement Account Fund;

(j) all fees related to specific transactions in the Personal Choice Retirement Account Fund will be deducted directly from the Participant's Account (first, from the balance in the Personal Choice Retirement Account Fund and then from the balance in the Participant's other Funds);

(k) all transactions within and from the Personal Choice Retirement Account Fund shall be in settled cash only, and, to the extent that a transaction has not settled, further transactions and withdrawals from the Personal Choice Retirement Account Fund will not be available;

(1) no transfer may be made directly from any stable value fund offered under the Plan into the Personal Choice Retirement Account Fund, and any amounts transferred from such stable value fund must be invested in one of the Plan's other equity funds for at least 90 days (or such other applicable requirement as may be imposed from time to time) before they may be transferred into the Personal Choice Retirement Account Fund; and

(m) the Record Keeper may take administrative control of the Participant's Personal Choice Retirement Account Fund solely for purposes of settling transfers to a Participant's beneficiary and for apportioning the Participant's Account with respect to a Qualified Domestic Relations Order in accordance with Article XXII herein.

Section 6.7. Election to Reinvest or Distribute Cash Dividends. In accordance with the procedures established by the Committee, a Participant (or the Participant's beneficiary) may elect, with respect to dividends on shares of Company Common Stock allocated to the Participant's Account and invested in the Company Common Stock Fund, to have such dividends: (a) paid directly to the Participant (or beneficiary) in cash; or (b) paid to the Participant's Account and reinvested in the Company Common Stock Fund. If dividends are paid directly to the Participant (or beneficiary) under this Section 6.7, the dividends must be paid no later than 90 days after the close of the Plan Year in which such dividends were paid to shareholders. Where a Participant fails to make an election in accordance with the procedures established by the Committee, the dividends paid with respect to that portion of a Participant's Account invested in the Company Common Stock Fund shall be automatically reinvested in accordance with subsection (b) herein. The provisions of this Section 6.7 do not apply with respect to Company Common Stock held in a Participant's Frozen ESOP.

Section 6.8. Special Rule for Default Investment of Accounts. Absent an investment election by an Eligible Employee who has been automatically enrolled in the Plan or any other Eligible Employee on whose behalf contributions are made to the Plan, his or her Account shall be invested in the Fund selected by the Thrift and Pension Investment Committee in its sole and absolute discretion. The Thrift and Pension Investment Committee has selected the Target Date Funds as the default investment option.

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ARTICLE VII
SAVINGS ACCOUNT AND ROTH ACCOUNT FUNDS

Section 7.1. Establishment of Funds. The Thrift and Pension Investment Committee shall establish Funds exclusively for the collective investment of Trust Fund assets attributable to Participant Savings Accounts and Roth Accounts; as directed by Participants. Except as otherwise directed by the Thrift and Pension Investment Committee, the Funds shall include:

(a) A "Company Common Stock Fund," the assets of which are principally invested in Company Common Stock as described in further detail in Section 7.2; and

b) A "Personal Choice Retirement Account Fund," the assets of which are invested in individual stocks, bonds, and mutual funds as directed by the Participant.

Any or all of the Funds established under the Plan may be temporarily maintained in cash, or may be invested directly or indirectly in certain short-term obligations as permitted by the Trust Agreement. Dividends, interest and other income in respect of any Fund shall be reinvested in the same Fund to the extent not used to pay expenses of the Plan. Except as otherwise limited by the pro6visions of this Plan, withdrawals, distributions and forfeitures, except as otherwise specified in the Plan, shall be charged pro rata against the various Funds in which the Accounts and subaccounts from which such withdrawals, distributions or forfeitures are then invested.

Section 7.2. Company Common Stock Fund.

(a) Company Common Stock purchased for the Company Common Stock Fund shall be purchased by the Trustee on the open market or directly from the Company should the Company elect to make such sales.

(b) If the Company shall elect to sell shares of Company Common Stock directly to the Plan, the price to be paid by the Trustee for any such purchases shall be the average of the high and low sales prices of Company Common Stock as reported by the New York Stock Exchange on the date of purchase.

(c) All voting discretion, including the power to decide whether or not to tender Company Common Stock in connection with a tender offer, with respect to the shares of Company Common Stock held under the Company Common Stock Fund for the Account of a Participant (whether vested or not vested) shall be vested in the Trustee. However, the Trustee shall vote all such shares (including fractional shares or fractional rights to shares) in accordance with the directions of such Participant. Within a reasonable time before voting rights are to be exercised, the Company or the Trustee shall cause to be sent to each Participant entitled to give voting instructions all information that the Company has or will distribute to shareholders of Company Common Stock regarding the exercise of such voting rights. Shares with respect to which no voting instructions are received shall not be voted by the Trustee.

(d) If, during the course of the Plan, the Company should grant to the holders of Company Common Stock rights to subscribe to an issue or issues of securities of the Company, any such rights attaching to the shares of Company Common Stock held by the Trustee under the Company Common Stock Fund shall be sold by the Trustee and the net proceeds applied by the Trustee to the purchase of Company Common Stock on the open market for such Funds. Stock dividends on shares held by the Company Common Stock Fund and stock issued upon any split of such shares shall be credited to the Company Common Stock Fund.

(e) Section 401(a)(28) of the Code requires that "qualified participants" (as defined under Section 401(a)(28) of the Code) be permitted to diversity their investments under the Company Common Stock Fund within the 90 day period after the close of the first plan year in which such participants first become "qualified participants." Notwithstanding this requirement, Participants under the Plan are permitted to immediately diversify their investments under the Company Common Stock Fund and the Frozen ESOP Account.

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ARTICLE VIII
SAVINGS ACCOUNTS AND ROTH ACCOUNTS

Section 8.1. Establishment.

(a) *Savings Accounts.* The Committee shall maintain or cause to be maintained a Savings Account for each Participant which shall consist of the following subaccounts: Basic Deposit Subaccount, Supplemental Deposit Subaccount and Employer Contribution Subaccount, the assets of which shall be invested pursuant to the direction of the Participant as provided in Article VI. The assets of each such subaccount of the Savings Account shall be identified as to Nondeferred or Deferred.

(b) *Roth Accounts.* The Committee shall maintain or cause to be maintained a Roth Account for each Participant which shall hold Roth Elective Deferrals. The Record Keeper will maintain a record of the amount of Roth Elective Deferrals in each Participant's Roth Account. Gains, losses, and other credits or charges shall be separately allocated to a Participant's Roth Account on a reasonable basis, consistent with the method used for the Participant's other Accounts. The assets of a Participant's Roth Account shall be invested pursuant to the direction of the Participant as provided in Article VI. No contributions other than Roth Elective Deferrals and properly attributable earnings will be credited to each Participant's Roth Account.

Section 8.2. Measure of Savings Accounts and Roth Accounts.

(a) The interests of Participants in the Funds shall be measured by participating units in the particular Fund, the number and value of which shall be determined as of each business day as provided in the next paragraph. Each participating unit shall have an equal beneficial interest in the Fund, and none shall have priority or preference over any other.

(b) As soon as practicable at the end of each business day, the Trustee shall determine the value of each such Fund as of such business day in the manner prescribed in Section 8.3. The value so determined shall be divided by the total number of participating units allocated to the Accounts of Participants participating in such Fund in accordance with subsection (a) as of the prior business day. The resulting quotient shall be the value of a participating unit as of such business day, and participating units shall be allocated, as such value, to and from the Fund subaccounts of Participants for all transactions by them or on their behalf with respect to the current business day. The value of all participating units allocated to Participants' Fund subaccounts shall be redetermined in a similar manner each succeeding business day, and participating units shall be allocated to and from the Accounts of Participants participating in such Fund at such value for all transactions with respect to such business day. Fractional units shall be calculated to such number of decimal places as shall be determined by the Committee from time to time.

(c) If a Participant shall direct pursuant to Section 6.3 that his or her interest in a Fund or any part thereof shall be transferred to another Fund or Funds, or if such Participant's interest in a Fund or any part thereof is distributed, withdrawn, borrowed or forfeited under Articles IV or XI, the number of participating units representing such interest or portion thereof as of the applicable business day shall be cancelled for purposes of any subsequent determination of the number of and value of the participating units in such Fund.

Section 8.3. Valuation of Funds. The value of a Fund as of any business day shall be the market value of all assets (including any uninvested cash) held by the Fund as determined by the Trustee, reduced by the amount of any accrued liabilities of the Fund on such business day and increased by Deposits, Rollover Contributions and Employer Contributions with respect to such business day. The Trustee's determination of market value shall be binding and conclusive upon all parties.

Section 8.4. Valuation of Savings Accounts and Roth Accounts. The value of a Participant's subaccount for any Fund as of any business day shall be the value of the participating units allocated to the Participant's subaccount for such Fund as of such business day. The value of a Participant's Account as of any business day shall be the aggregate of the values of such subaccounts, or, if none, the value of the participating units allocated to the Account for a Fund, determined as provided in the preceding Sections of this Article VIII.

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Section 8.5. Separate Accounting within Savings Account. The amounts of Deferred Deposits in a Participant's Savings Account shall at all times be separately accounted for from other amounts in such Savings Account, by allocating investment gains and losses on Deferred Deposit amounts on a reasonable pro rata basis and by adjusting the Deferred and other portions of the subaccounts of a Participant's Savings Account for withdrawals, distributions, borrowings and contributions. Gains, losses, withdrawals, distributions, borrowings, forfeitures and other credits or charges shall be separately allocated between such Deferred Deposit amounts and other portions of the subaccounts on a reasonable and consistent basis.

ARTICLE IX
FROZEN ESOP ACCOUNTS

Section 9.1. Maintenance of Separate Accounts. Each Frozen ESOP Account shall be maintained on the basis of shares of Company Common Stock allocated to such Frozen ESOP Account, with each Frozen ESOP Account being credited with the number of full and fractional shares of Company Common Stock so allocated.

Section 9.2. Allocation of Distributions. Any distributions received by the Plan with respect to Company Common Stock allocated to a Participant's Frozen ESOP Account shall be allocated to such Frozen ESOP Account.

Section 9.3. Withdrawals or Transfers.

(a) Notwithstanding any provision in the Plan to the contrary, a Participant may withdraw in accordance with Sections 11.3 or 11.4, or transfer in accordance with Section 6.3, the shares of Company Common Stock allocated to Participant's Frozen ESOP Account or the cash value thereof.

(b) With respect to an election of a Participant to withdraw Company Common Stock from such Participant's Frozen ESOP Account, the shares of Company Common Stock, or the cash value at the election of the Participant, shall be distributed in accordance with Article XI, provided that such Participant elects to withdraw all full and fractional shares of Company Common Stock allocated to such Frozen ESOP Account or the cash value thereof. Such distribution shall be made as soon as practicable after receipt by the Record Keeper of the Participant's election to withdraw.

(c) With respect to an election of a Participant to transfer the Company Common Stock held in the Participant's Frozen ESOP Account to the Participant's Savings Account, such election must be with respect to the cash value only of all full and fractional shares of Company Common Stock allocated to the Participant's Frozen ESOP Account. Such transfer shall be made as soon as practicable after receipt by the Record Keeper of the Participant's election to transfer, shall be deposited in the Participant's Savings Account, shall be invested in one or more (in multiples of 1% up to an aggregate of 100%) of the Savings Account Funds as such Participant shall designate and thereafter shall be deemed a Rollover Contribution and treated accordingly. The cash value of each share of Company Common Stock so transferred shall be equal to the price of a share of Company Common Stock actually received by the Trustee.

(d) A Participant may not borrow from his or her Frozen ESOP Account.

Section 9.4. Dividends and Other Income. Unless otherwise directed as hereinafter provided, dividends paid in cash with respect to Company Common Stock allocated to a Participant's Frozen ESOP Account shall be distributed to the Participant as soon thereafter as practicable and, in any event, not later than 90 days after the close of the Plan Year in which paid. Company Common Stock delivered to the Trustee pursuant to a stock dividend, stock split or reorganization, shall be allocated to the Frozen ESOP Account of Participants in that proportion which the shares of each Participant's Frozen ESOP Account bears to the total shares of all Participants' Frozen ESOP Accounts.

Section 9.5. Voting of Frozen ESOP Account Common Stock. As provided in Section 7.2 with respect to the Company Common Stock Fund, all voting discretion with respect to stock held in a Participant's Frozen ESOP Account, including the power to decide whether or not to tender Company Common Stock in connection with a tender offer, shall be vested in the Trustee. Each Participant shall be entitled to direct the Trustee as to the manner in which voting rights attributable to Company Common Stock (including fractional shares or fractional rights to

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shares) allocated to such Participant's Frozen ESOP Account are to be exercised. Within a reasonable time before voting rights are to be exercised, the Trustee or the Company shall cause to be sent to each Participant entitled to give voting instructions all information that the Company has or will distribute to shareholders of Company Common Stock regarding the exercise of such voting rights. Such voting rights shall be exercised by the Trustee but only to the extent directed by a Participant. Shares with respect to which no voting instructions are received shall not be voted by the Trustee.

ARTICLE X
VESTING

Section 10.1. Vesting of Employer Contributions. Effective for Plan Years beginning on or after January 1, 2000, all Active Participants shall have a 100% vested interest in his or her Savings Account attributable to Employer Contributions for all Plan Years, except as set forth in Section 10.2 below. In addition, each Participant shall have a 100% vested interest in any assets allocated to his or her Savings Account from the Wisvest-Connecticut 401(k) Plan, merged with this Plan effective December 31, 2002.

Section 10.2. Vesting of Retirement Choice Program Allocation Subaccount.

(a) Prior to January 1, 2008, amounts held in the Retirement Choice Program Allocation Subaccount of a Participant's Account shall vest in accordance with Section 5.5 of the Cash Balance Plan, which provided during this period that a Participant who terminates employment with the Company prior to Retirement but after he or she has completed five or more Years of Service shall have a 100% vested interest in his or her Retirement Choice Program Allocation Subaccount. In addition, a Participant shall have a 100% vested interest in his or her Retirement Choice Program Allocation Subaccount should such Participant be entitled to a normal retirement benefit in accordance with Section 5.2 of the Cash Balance Plan or a disability retirement benefit in accordance with Section 5.6 of the Cash Balance Plan. All Participants employed on or after January 1, 2008 shall have a 100% vested interest in their Retirement Choice Program Allocation Subaccount.

(b) Effective December 12, 1994, for purposes of determining Years of Service for vesting under this Article X, a Participant shall be credited with any period of absence from employment as a result of such Participant's qualified military service in accordance with Code section 414(u).

Section 10.3. Qualified Military Service. Effective December 12, 1994, for purposes of determining Years of Service for vesting under this Article X, a Participant shall be credited with any period of absence from employment as a result of Participant's qualified military service in accordance with Code section 414(u).

Section 10.4. Vesting of Deposits, Rollover Contributions and the Frozen ESOP Account. A Participant's interest in his or her Savings Account, Roth Account, and Frozen ESOP Account shall be 100% vested at all times.

ARTICLE XI
ACCOUNT DISTRIBUTIONS AND WITHDRAWALS

Section 11.1. Distribution Upon Retirement, Disability, Lay Off or Death. If a Participant terminates employment on account of Retirement or Disability, is Laid Off or dies, then, in that event, the Participant's Savings Account and Roth Account, determined as of the business day coinciding with or next following the date of the last Deposit made by or which would have been made on behalf of such Participant, together with the Participant's Frozen ESOP Account, shall:

(a) if the value of such Accounts as so determined is $1,000 ($5,000 prior to January 28, 2005) or less, be distributed, subject to the provisions of Section 11.10(c), as soon as practicable to the Participant, or in the case of death of the Participant, to the Participant's beneficiary as determined in accordance with Article XIV or, if none, to the Participant's estate. The Committee or its designee shall review the Participants'Accounts at least once every six months and distribute, as allowed by applicable law, those Accounts not exceeding $1,000 ($5,000 prior to January 28, 2005) (or such other amount established by law) regardless if the vested balance in the Participant's Accounts at the time of any previous

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distribution exceeded $1,000 ($5,000 prior to January 28, 2005). In determining whether the value of the Participant's Accounts exceeds $1,000, the portion of the Accounts attributable to the Participant's Rollover Contributions (and earnings allocable thereto) shall be disregarded; or

(b) if the value of such Accounts as so determined shall exceed $1.000 ($5,000 prior to January 28, 2005), be distributed upon the earliest of the Participant's Required Beginning Date, the death of such Participant or the receipt by the Record Keeper of an application for distribution (which may be for less than all of the Participant's Account balance provided, however, that the amount of distribution shall be at least $200, unless such distribution is of 100% of the remaining value of such Participant's Account) in a manner prescribed by the Committee.

Section 11.2. Distribution Upon Other Termination of Employment. Upon a Participant's severance from employment with an Employer for reasons other than Retirement, Disability, Lay Off or death, the vested portion of the Participant's Account, determined as of the business day coinciding with or next following the date of the last Deposit made by or which would have been made on behalf of such Participant or, if none, the business day coinciding with or next following the date of such severance, shall:

(a) if the value of the vested portion of such Account as so determined is $1,000 ($5,000 prior to January 28, 2005) or less, be distributed, subject to the provisions of Section 11.10(c), as soon as practicable to the Participant, or, in the case of death of the Participant after termination of employment but prior to such distribution, to the Participant's beneficiary, or, if none, to the Participant's estate. The Committee or its designee shall review the Participants' Accounts at least once every six months and distribute, as allowed by applicable law, those Accounts not exceeding $1,000 ($5,000 prior to January 28, 2005) regardless if the vested balance in the Participant's Accounts at the time of any previous distribution exceeded $1,000 ($5,000 prior to January 28, 2005). In determining whether the value of the Participant's Accounts exceeds $1,000, the portion of the Accounts attributable to the Participant's Rollover Contributions (and earnings allocable thereto) shall be disregarded; or

(b) if the value of the vested portion of such Account as so determined shall exceed $1,000 ($5,000 prior to January 28, 2005) be distributed upon the earliest of the Participant's Required Beginning Date, the death of the Participant, or the receipt by the Record Keeper of an application for distribution (which may be for less than all of the Participant's Account balance provided, however, that the amount of distribution shall be at least $200, unless such distribution is of 100% of the remaining value of such Participant's Account) in a manner prescribed by the Committee.

Any nonvested portion of the Participant's Account, determined as of the date of severance from employment, shall be forfeited and shall be applied thereafter to reduce a subsequent contribution or contributions of the Employer as provided in Section 5.1. If such former Participant is rehired by an Employer on or before the end of and is employed by an Employer at the end of the fifth Plan Year after the Plan Year in which such severance occurred, then such nonvested portion of the Participant's Account shall be reinstated by the Employer and the Participant's right thereto shall be determined as if the Participant had not terminated employment, provided that the Participant repays to the Plan the amount of any distribution paid to him or her on account of the severance from employment.

The nonvested portion of the Participant's Account, determined as of the date of severance from employment, shall be forfeited as of the earlier of (i) the date the Participant receives a cash-out distribution as described in Treasury Regulation section 1.411(a)-7(d) or (ii) the time at which the terminated Participant experiences five consecutive one-year Breaks in Service (as defined below), and shall be applied thereafter to reduce a subsequent contribution or contributions of the Employer as provided in Section 5.1.

For purposes of this Section 11.2, a Break in Service shall mean a consecutive 12-month period described in Section 2.52 in which an Employee is not credited with at least 501 Hours of Service, which shall be treated as commencing on the date of severance from employment with the Company or an Affiliate. Notwithstanding any provision in this Plan to the contrary, effective December 12, 1994, a Participant shall not incur a Break in Service for any period during which the Participant is or was engaged in "qualified military service," in accordance with Code section 414(u).

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Section 11.3. Partial Distributions Following Termination of Employment. A Participant who elects pursuant to Section 11.1 (b) or 11.2(b) to continue participation in the Plan following severance from employment may, subsequent to such Participant's severance from employment but prior to his or her Required Beginning Date, upon application to the Committee in such format as it may determine, withdraw all or part of such Participant's Account in minimum amounts of $200 per withdrawal. A Participant must specifically request a withdrawal from such Participant's Frozen ESOP Account, and such withdrawal must be 100% of the full and fractional shares of Company Common Stock allocated to such Frozen ESOP Account or the cash value thereof, in accordance with Section 9.3 of the Plan. Otherwise, withdrawals shall be taken from a Participant's Savings Plan subaccounts in the following order, except as may be necessitated by a Participant election pursuant to Section 11.9(b):

(a) Pre-1987 Nondeferred Deposits;

(b) Post-1986 Supplemental Nondeferred Deposits and earnings thereon;

(c) Matured post-1986 Basic Nondeferred Deposits and earnings thereon;

(d) Earnings on pre-1987 Nondeferred Deposits;

(e) Unmatured post-1986 Basic Nondeferred Deposits and earnings thereon;

(f) Rollover Contributions and earnings thereon;

(g) Matured vested Employer Contributions and earnings thereon;

(h) Unmatured vested Employer Contributions and earnings thereon;

(i) Vested Retirement Choice Program allocations and earnings thereon;

(j) Basic Deferred Deposits and earnings thereon; and

(k) Supplemental Deferred Deposits and earnings thereon.

Section 11.4. Withdrawal of Nondeferred Deposits and Employer Contributions During Employment.

(a) A Participant may, by application to the Record Keeper in the form prescribed by the Committee, request to withdraw from the Plan any or all of his or her Nondeferred Deposits and earnings thereon, Rollover Contributions and earnings thereon and Vested Employer Contributions (except for Employer Contributions resulting from Participant elections made pursuant to the Cash Balance Plan) shall be available for withdrawal as well as earnings thereon; provided, however, that the amount withdrawn shall be at least $200, unless such withdrawal is of 100% of the value of such Participant's Savings Account.

(b) If a withdrawal includes contributions that are not Matured, Employer Contributions with respect to such Participant shall be suspended for a period of three months. Provided, however, that if the Participant is not currently receiving Employer Contributions, the ability of such Participant to make Deposits to the Plan shall be suspended for a period of three months.

(c) A Participant must specifically request a withdrawal from such Participant's Frozen ESOP Account, and such withdrawal must be of 100% of the full and fractional shares of Company Common Stock allocated to such Frozen ESOP Account or the cash value thereof, in accordance with Section 9.3 of the Plan; otherwise, withdrawals shall be taken from a Participant's Savings Plan subaccounts in the following order, except as may be necessitated by a Participant election pursuant to Section 11.9(b):

(1) Pre-1987 Nondeferred Deposits;

(2) Post-1986 Nondeferred Supplemental Deposits and earnings thereon;

(3) Matured Post-1986 Nondeferred Basic Deposits and earnings thereon;

(4) Earnings on pre-1987 Nondeferred Deposits;

(5) Unmatured Post-1986 Basic Nondeferred Deposits and earnings thereon;

(6) Rollover Contributions and earnings thereon;

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(7) Matured vested Employer Contributions and earnings thereon; and

(8) Unmatured vested Employer Contributions and earnings thereon.

(d) Any withdrawal made by a Participant pursuant to this Section 11.4 shall be made from all Funds in which the Nondeferred Deposits, Rollover Contributions and Employer Contributions by or on behalf of such Participant are invested and shall be charged pro rata against such Funds, except as may be necessitated by a Participant election pursuant to Section 11.9(b). Notwithstanding the foregoing, there shall be no withdrawal from the Personal Choice Retirement Account Fund.

(e) The amount of any withdrawal made by a Participant pursuant to this Section 11.4 shall be determined as of the close of the business day on which the notice of withdrawal is received by the Record Keeper.

(f) Notwithstanding any of the foregoing, no withdrawals resulting from Participant elections made pursuant to the Cash Balance Plan and the Retirement Choice Program shall be permitted prior to the date that the Participant terminates his or her employment.

Section 11.5. Withdrawals of Deferred Deposits During Employment After Age 59 1/2 .

(a) A Participant who is an Employee and who has attained age 59 1/2, may withdraw all or a portion of the vested balance of his or her Account, excluding the Retirement Choice Program Allocation Subaccount. Withdrawals shall be charged to the Participant's subaccounts in the following order, except as may be necessitated by a Participant election pursuant to Section 11.9(b):

(1) Deferred Deposits;

(2) Pre-1987 Nondeferred Deposits;

(3) Post-1986 Nondeferred Supplemental Deposits and earnings thereon;

(4) Matured Post-1986 Nondeferred Basic Deposits and earnings thereon;

(5) Earnings on pre-1987 Nondeferred Deposits;

(6) Unmatured Post-1986 Basic Nondeferred Deposits and earnings thereon;

(7) Rollover Contributions and earnings thereon;

(8) Matured vested Employer Contributions and earnings thereon; and

(9) Unmatured vested Employer Contributions and earnings thereon.

(b) The value of the Account for the purpose of such withdrawal shall be determined as of the close of the business day in which the notice of withdrawal is received by the Record Keeper. The minimum withdrawal permitted shall be $200, unless such withdrawal is 100% of the current aggregate value of the amount available for withdrawal.

Section 11.6. Hardship Withdrawals.

(a) Upon the application of any Participant, or his or her legal representative, the Committee, in accordance with a uniform nondiscriminatory policy, shall permit such Participant to withdraw such portion of the value of his or her vested Savings Account and Roth Account as deemed to be necessary for relief of an immediate and heavy financial need related to:

(1) Expenses for medical care described in Code section 213(d) previously incurred by the Participant or the Participant's Spouse, dependents (as defined in Code section 152 without regard to Code section 152(b)(1), 152(b)(2), and 152(d)(1)(B)) or primary Beneficiary or necessary for these persons to obtain medical care described in Code section 213(d);

(2) Costs directly related to the purchase (excluding mortgage payments) of a principal residence of the Participant;

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(3) Payment of tuition, related educational fees, and room and board expenses for the next 12 months of post-secondary education for the Participant, or the Participant's Spouse, children, any dependents (as defined in Code section 152 without regard to Code section 152(b)(1), 152(b)(2), and 152(d)(l)(B)) or primary Beneficiary;

(4) Payments necessary to prevent the eviction of the Participant from his or her principal residence or foreclosure on the mortgage of the Participant's principal residence;

(5) Effective January 1, 2006, expenses for the repair of damage to the Participant's principal residence that would qualify for the casualty deduction under Code section 165 (determined without regard to whether the loss exceeds 10 percent of adjusted gross income); or

(6) Effective January 1, 2006, burial or funeral expenses for the Participant's deceased parent, Spouse, children, dependent (as defined in Code section 152 without regard to Code section 152(b)(1), 152(b)(2), and 152(d)(l)(B)) or primary Beneficiary.

(b) A Participant or legal representative making application under this Section 11.6 shall have the burden of presenting to the Committee satisfactory proof of such need. The Committee shall not permit withdrawal under this Section without first receiving such proof as it shall deem necessary to demonstrate such hardship.

(c) The amount which may be withdrawn shall be withdrawn in the following order, except as may be necessitated by a Participant election pursuant to Section 11.9(b):

(1) Pre-1987 Nondeferred;

(2) Post-1986 Nondeferred Supplemental Deposits and earnings thereon;

(3) Matured Post-1986 Nondeferred Basic Deposits and earnings thereon;

(4) Earnings on pre-1987 Nondeferred Deposits;

(5) Unmatured Post-1986 Basic Nondeferred Deposits and earnings thereon;

(6) Rollover Contributions and earnings thereon;

(7) Matured vested Employer Contributions and earnings thereon;

(8) Unmatured vested Employer Contributions and earnings thereon;

(9) Deferred Deposits and earnings thereon credited as of December 31, 1988; and

(10) Roth Elective Deferrals.

(d) A withdrawal will be deemed to be necessary to satisfy an immediate and heavy financial need of a Participant if all of the following requirements are satisfied;

(1) The withdrawal is not in excess of the amount of the immediate and heavy financial need of the Participant;

(2) The Participant has obtained all distributions, other than hardship withdrawals, and all nontaxable loans currently available under all plans maintained by his or her Employer; and

(3) The Participant is prohibited under the terms of the Plan or an otherwise legally enforceable agreement from making elective contributions and employee contributions to the Plan and all other plans maintained by the Company or an Affiliate for at least six months after receipt of the hardship withdrawal. Effective with respect to Participant withdrawals taken pursuant to this Section 11.6 prior to January 1, 2002, the suspension period required by this paragraph (3) shall last for 12 months following the Participant's receipt of the withdrawal, and elective contributions (if any) made by the Participant during the taxable year immediately following the taxable year of the hardship withdrawal shall not exceed the applicable limit under Code section 402(g) for such next taxable year less the amount of such Participant's elective contributions for the taxable year of the hardship withdrawal

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(e) Amounts available for hardship withdrawals with respect to Deferred Deposits will be limited to the amount of a Participant's Deferred Deposits, plus earnings allocable thereto which were credited to Participant's Accounts as of December 31, 1988, less the amount of any previous hardship withdrawals.

(f) A hardship withdrawal from the Savings Account and Roth Account shall not be permitted unless and until a Participant has withdrawn, pursuant to Section 9.3, all Company Common Stock from his or her Frozen ESOP Account.

(g) The hardship withdrawal shall be paid to the Participant in the amount approved as soon as practicable after his or her application is approved by the Committee.

(h) Notwithstanding any of the foregoing, no withdrawals from the Retirement Choice Program Allocation Subaccount shall be permitted prior to the date that the Participant terminates his or her employment.

Section 11.7. Suspension of Participation. If a Participant shall cease to be an Eligible Employee, Deposits and Employer Contributions to his or her Account shall be suspended, and no Additional Lump Sum Deposits shall be permitted to be made during the period of ineligibility. Distribution of such Participant's Account shall be deferred until such Participant's termination of employment with an Employer, whereupon the Participant's Account shall be distributed in accordance with the applicable provisions of this Article XI. Such Participant shall continue to be deemed a Participant for all purposes other than for Articles IV and V during such period of ineligibility.

Section 11.8. Transfer of Employment. If a Participant shall be transferred to the employ of an Affiliate which is not an Employer, distribution of such Participant's Account shall be deferred until the Participant is no longer in the employ of the Employer or any Affiliate, whereupon the Participant's Account shall be distributed in accordance with the applicable provisions of this Article XI. Such transferred Participant shall continue to be deemed a Participant for all purposes other than for Articles IV and V during such period of deferral of distribution.

Section 11.9. Form of Distributions.

(a) All distributions from the Plan shall be made in money by check, except that in the case of a lump sum distribution only, other than a hardship withdrawal in accordance with Section 11.6, a Participant may, by notice to the Record Keeper in the manner prescribed by the Committee, elect to have any whole shares of Company Common Stock held for such Participant's Frozen ESOP Account distributed in shares of Company Common Stock (the value of any fractional shares shall be paid in money by check).

(b) A Participant may by notice to the Record Keeper in the manner prescribed by the Committee, with respect to a distribution pursuant to Sections 11.1, 11.2 and 11.3 or a withdrawal pursuant to Sections 11.4, 11.5 and 11.6, elect to have any whole shares of Company Common Stock held for such Participant's Company Common Stock Fund subaccount distributed in shares of Company Common Stock (the value of any fractional shares shall be paid in money by check). If no such election is made, the entire value of the amount of the Participant's Account being distributed shall be distributed in money by check.

(c) All distributions from the Plan shall be made in one lump sum except that, in the case of a distribution from a Participant's Account on account of a Participant's Retirement, such Participant may elect to have his or her Account, including the Frozen ESOP Account, which is to be transferred into one of the Savings Account Funds, distributed in annual or quarterly payments in money by check (or in shares pursuant to subsection (b) above) by the Trustee in amounts as nearly equal as possible for a specified number of years up to ten years. Each payment shall be an amount equal to the aggregate of the Participant's Savings Account and Roth Account as of the applicable date divided by the number of payments remaining.

(d) If a Participant shall die prior to complete distribution of his or her Account pursuant to subsection (c), the value of the Participant's Account shall be distributed as soon as practicable in a lump sum to the Participant's beneficiary, or, if none, to the Participant's estate. The amount so distributed after a Participant's death shall be the remaining aggregate value of the Participant's Account determined as of the business day coinciding with or next following the date of the Participant's death.

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(e) If no election is made under subsection (c) above, and the vested balance of a Participant's Account exceeds $1,000 ($5,000 prior to January 28, 2005) a distribution will be made in one lump sum at the time provided for in Section 11.1 or Section 11.2. Notwithstanding the foregoing, effective December 1, 2013 a spousal beneficiary may take an immediate distribution or defer payment but not beyond the date that would have been the Participant's Required Beginning Date. A non-spousal beneficiary may take an immediate distribution or delay taking payment but not beyond the fifth anniversary of the Participant's death or the date that would have been the Participant's Required Beginning Date, if earlier.

Section 11.10. Time of Distributions.

(a) All distributions from the Plan shall commence as soon as practicable, and in any event no later than 60 days after the later of the close of the Plan Year in which the Participant terminates employment, reaches his or her Required Beginning Date, dies, or, if applicable, requests a distribution under Section 11.1 or 11.2, or 60 days after the close of the Plan Year in which the Participant elects to withdraw funds from the Plan in the case of distributions under Sections 9.3, 9.4, 11.3, 11.4 and 11.5.

(b) In the case of a distribution over a period of years under Section 11.9(c), the initial payment shall he made at a time determined in accordance with subsection (a). In the case of annual distributions, the remaining annual payments shall be made in successive calendar years on such date each year as shall be determined by the Committee, subject to the provisions of Section 11.9(d) in the case of the Participant's death. In the case of quarterly distributions, the remaining payments shall be made each successive three-month period on such day during the period as may be established by the Committee, subject to the provisions of Section 11.9(d) in the case of the Participant's death.

(c) In the case of a distribution on account of a Participant's Retirement, subject to the provisions of subsection 11.11, the Participant may elect to have his or her Account distributed as a lump sum during (1) the Plan Year next following the Plan Year of his or her Retirement, (2) the next succeeding Plan Year thereafter or (3) if the Account value exceeds $1,000 ($5,000 prior to January 28, 2005) at any time up to the Participant's Required Beginning Date. If no such election is made, distribution shall commence in accordance with Section 11.1 and subsection (a) above.

Section 11.11. Limitation on Post Age 70 1/2 Distributions. Notwithstanding the provisions of Sections 11.9 and 11.10:

(a) The entire interest of a Participant must:

(1) be distributed not later than the Participant's Required Beginning Date; or

(2) commence no later than such Required Beginning Date and be payable in accordance with regulations under the Code over a period not extending beyond the life expectancy of such Participant.

(b) Notwithstanding the foregoing, effective January 1, 2003, any Participant who is actively employed by the Company or Participating Affiliate who is or will be age 70 1/2, as of December 31, 2003 and who is or will be receiving payments in accordance with this Section 11.11 as in effect prior to January 1, 2003, shall be eligible to elect to continue or commence, as the case may be, such payments or suspend such payments until Retirement.

(c) If a Participant dies before his or her entire interest has been distributed, then such entire interest (or the remaining part of such interest if distribution thereof has commenced) shall be distributed within five years after the Participant's death, except in the case of a spousal beneficiary as set forth in Section 11.9(e) of the Plan, and, if distribution has commenced prior to death, shall be distributed at least as rapidly as the method of distribution being used as of the date of such Participant's death.

(d) The amount of the distribution required by this Section 11.11 is equal to the quotient obtained by dividing the Participant's Account balance by the distribution period in the Uniform Lifetime Table set forth in Treasury Regulation section 1.401(a)(9)-9, using the Participant's age as of the Participant's birthday in the calendar year for which the distribution is required.

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(e) Notwithstanding the foregoing, with respect to distributions made under this Section 11.11 of the Plan for calendar years beginning on or after January 1, 2002, the Plan will apply the minimum distribution requirements of Code section 401(a)(9), including the incidental death benefit requirements of Code section 401(a)(9)(G), in accordance with the final regulations and life expectancy tables under Code section 401(a)(9), specifically sections 1.401(a)(9)-2 through 1.401(a)(9)-9, that were published April 17, 2002. The provisions of this Section 11.11 reflecting Code section 401(a)(9) shall override any inconsistent Plan provisions.

(f) Notwithstanding anything in this Section 11.11 of the Plan to the contrary, effective January 1, 2009, a Participant or beneficiary who would have been required to receive one or more distributions during 2009 under Section 11.11 without regard to the enactment of Code section 401 (a)(9)(H), shall not receive a distribution for 2009, unless the Participant or beneficiary elects to receive one or more distributions.

Section 11.12. Distribution in the Case of Certain Disabilities. In the event that the Committee shall find that any person entitled to a distribution under the Plan is unable to care for his or her affairs because of illness or accident or because the person is a minor or has died, the Committee may direct that any distribution due such person, unless claim shall have been made therefor by a duly appointed legal representative, be paid or applied to or for the benefit of such person, or his or her Spouse, any child of such person (including an adopted child), any parent or other blood relative of such person, or a person with whom the person resides, or any of them, and any such payment or application so made shall be a complete discharge of the liabilities of the Plan therefor.

Section 11.13. Loans.

(a) The Committee shall have complete authority to establish and administer a loan program to provide loans to Participants. The loan program shall include the following:

(1) A procedure for applying for loans;

(2) The basis on which loans will be approved or denied;

(3) Limitations (if any) on the types and amounts of loans offered;

(4) The procedure under the loan program for determining a reasonable rate of interest;

(5) The types of collateral which may secure a loan; and

(6) The events constituting default and the steps that will be taken to preserve plan assets in the event of such default.

The rules and applicable limitations established by the loan program shall be such as to prevent any loan from constituting a prohibited transaction under Code section 4975 and ERISA section 406, or a Plan distribution under Code section 72(p).

(b) The Trustee shall, subject to the approval of the Committee and compliance with the written loan program and the provisions of the Code, lend a Participant, who is employed by an Employer, an amount up to 50% of the vested portion of his or her Account, including the Frozen ESOP Account, but not more than $50,000 in the aggregate as of the date on which the loan is approved reduced by the highest outstanding loan balance during the preceding 12 months. Loans shall also be available on a reasonably equivalent basis to a Participant or beneficiary who is a "party in interest," as that term is defined in ERISA section 3(14). However, no amount may be loaned directly from any Frozen ESOP Account or from the Retirement Choice Program Allocation Subaccount. The Committee shall review each application for a loan in a nondiscriminatory manner and in accordance with such rules as may be prescribed by the Committee. Loans, if approved, shall be made as soon thereafter as practicable.

(c) In addition to such rules and regulations as the Committee may adopt, all loans shall comply with the following terms and conditions:

(1) An application for a loan by an eligible Participant shall be made by making application therefor to the Record Keeper in the manner prescribed by the Committee.

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(2) An eligible Participant may not apply for more than one loan in any calendar year or for a loan with an initial principal amount of less than $1,000 and, in any event, may not have more than two loans outstanding at any one time.

(3) All loans, including interest thereon, shall be repaid by payroll deduction in equal monthly installments over a period of 12 to 60 months as selected by the Participant. Nothing herein, however, shall prohibit a Participant from prepaying such loan in whole or in part in a lump sum in accordance with such rules as may be established from time to time by the Committee.

(4) Each loan shall be secured by an assignment of the Participant's entire right, title and interest in and to the Trust Fund to the extent of the loan and accrued interest thereon and shall be evidenced by the Participant's promissory note for the amount of the loan, including interest, payable to the order of the Trustee.

(5) Each loan shall bear interest at a reasonable rate (which rate may be a variable rate) to be established from time to time by the Committee, not in violation of any applicable usury laws. In determining the interest rate, the Committee shall take into consideration interest rates being charged by other lenders at the time of such determination.

(6) Loan repayments will be suspended in accordance with Treasury Regulation Section 1.72(p)-l, Q&A9.

Section 11.14. Inability to Locate Payee. Any benefit payable to a Participant or beneficiary shall be forfeited if the Employer, after reasonable effort, is unable to locate such Participant or beneficiary to whom payment is due. The amount of any such forfeited benefit shall be applied to reduce the amount of Employer Contributions required under the Plan as provided in Section 5.3. However, any such forfeited benefit shall be reinstated and become payable if a claim therefor is made by such Participant or beneficiary.

Section 11.15. Federal Income Tax Withholding on Distributions and Withdrawals. Distributions and withdrawals under this Plan shall be subject to Federal income tax withholding as prescribed by Code section 3405 and the regulations thereunder.

Section 11.16. Direct Rollover to Another Plan or IRA. On or after January 1, 1993, at the election of a Participant or his or her Spouse or former Spouse entitled to a distribution under Section 22.1 or the foregoing provisions of this Article XI, the Committee shall direct the Trustee to make a direct rollover to the trustee or other custodian of an "eligible retirement plan" by any reasonable means (including providing the Participant or Spouse or former Spouse with a check made payable only to the trustee or custodian) of all, or a specified portion, of an "eligible rollover distribution," subject to the following restrictions:

(a) An "eligible rollover distribution" is any distribution of all or any portion of the Participant's Account, except that an "eligible rollover distribution" does not include:

(1) any distribution that is one of a series of substantially equal periodic payments (made not less frequently than annually) made for the life (or life expectancy) of the recipient or the joint lives (or joint life expectancies) of the recipient and the recipient's designated beneficiary, or for a specified period of at least ten years;

(2) any distribution to the extent such distribution is required by Code section 401(a)(9) and, only for the 2009 Plan Year, any distributions that would have been required without regard to Code section 401(a)(9)(H).;

(3) any portion of a hardship distribution made to such Participant in accordance with Section 11.; and

(4) except as otherwise provided below, the portion of any distribution that is not includable in gross income (determined without regard to the exclusion for net unrealized appreciation described in Code section 402(e)(4) with respect to employer securities).

Effective January 1, 2002, an "eligible rollover distribution" shall also consist of that portion of the Participant's Account which consists of Nondeferred Deposits that are not includable in gross income, so long as such portion is transferred only to an individual retirement account or annuity described in Code

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sections 408(a) or (b), or to a defined contribution plan described in Code sections 401(a) or 403(a), that agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible. Effective January I, 2007, transfers shall also be permitted to any qualified plan described in Code section 401(a) or 403(a) or to an annuity contract described in Code section 403(b) that agrees to separately account for the transferred amounts in accordance with this subsection:

(b) An "eligible retirement plan" is an individual retirement account described in Code section 408(a), an individual retirement annuity described in Code section 408(b), an annuity plan described in Code section 403(a), or a qualified, trust described in Code section 401(a), that accepts the recipient's "eligible rollover distribution." Effective as of January 1, 2002, an "eligible retirement plan" shall also mean an annuity contract described in Code section 403(b) and an eligible plan under Code section 457(b) which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from this Plan. In addition, effective as of January 1, 2002, this amended definition of "eligible retirement plan" shall apply in the case of a distribution to a Participant's surviving Spouse or to an alternate payee under a Qualified Domestic Relations Order as defined in Code section 414(p). Effective as of January 1, 2008, an "eligible retirement plan" shall also mean an individual retirement arrangement described in Code section 408A.

(c) The Participant or his or her Spouse or former Spouse must specify, in such manner and at such time as the Committee may prescribe, the "eligible retirement plan" to which the distribution is to be paid and may specify more than one "eligible retirement plan."

(d) Notwithstanding the forgoing provisions of this Section 11.16, a direct rollover of a distribution from a Roth Account under this Plan will only be made to another Roth elective deferral account under an applicable retirement plan described in Code section 402A(e)(l) and only to the extent the rollover is permitted under the rules of Code section 402(c).

(e) The Participant or his or her Spouse or former Spouse must provide to the Committee in a timely manner adequate information regarding the designated "eligible retirement plan."

(f) Effective January 1, 2007, a non-Spouse beneficiary shall be entitled to elect a direct rollover of an "eligible rollover distribution" to the extent provided in regulations or other guidance issued by the IRS. However, in the case of any such distribution, an "eligible retirement plan" shall mean an individual retirement account described in Code section 408(a) or an individual retirement annuity described in Code section 408(b).

Section 11.17. Distributions on Account of Military Service. Effective January I, 2009, a Participant who is performing service in the uniformed services (as defined in chapter 43 of title 38 of the U.S. Code) for a period of more than 30 days may elect to receive all or part of his or her Savings Account attributable to Deferred Deposits, including earnings, in a lump sum payment. For purposes of Code section 401(k)(2)(B)(i)(I), any such Participant shall be treated as having been severed from employment during the period in which the Participant is performing service in the uniformed services. If a Participant elects to receive a distribution pursuant to this section 11.18, the Participant shall be prohibited from making elective contributions and employee contributions to the Plan and all other plans maintained by the Company or an Affiliate for six months after the date of the distribution.

Section 11.18. Optional Forms of Payment for Merged Plans. With respect to the portion of a Participant's Account transferred from the Arden Engineering Constructors, Inc. 401(k) Plan or the Fluidics, Inc. Retirement and 401(k) Plan, he or she may have such portion of his or her Account paid in the form of (i) installments payable at least annually over any number of years (such period cannot extend beyond life expectancy or joint life expectancies of Participant and Beneficiary); or (ii) monthly, quarterly, or annual installments for a period not to exceed 10 years. With respect to the portion of a Participant's Account transferred from the US. Energy Partners Plan, he or she may have such portion of his or her Account paid in the form of: (i) a joint and 50% (or 100%) survivor annuity; or (ii) a single life annuity. Effective January 31, 2013, the forms of payment shall no longer be available to the Participant.

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ARTICLE XII
LIMITS ON BENEFITS AND CONTRIBUTIONS UNDER QUALIFIED PLANS

Section 12.1. Definitions. For purposes of this Article XII, the following definitions and rules of interpretation shall apply:

(a) "Annual Additions" to a Participant's account under a defined benefit plan or a defined contribution plan are the sum, credited to a Participant's account for any Limitation Year, of:

(1) Company contributions,

(2) Forfeitures, if any,

(3) Employee contributions,

(4) Amounts allocated to an individual medical account (as defined in Code section 415(1)) that is part of a defined benefit plan maintained by the Company, or

(5) Amounts (derived from contributions paid after December 31, 1985, in taxable years ending after that date) attributable to post-retirement medical benefits allocated to the separate account of a key employee (as defined in Code section 419A(d)(3)) under a welfare benefit fund (as defined in Code section 419A(e)) maintained by the Company.

(b) "Company" shall mean the Company, as described in Section 2.11 and any Affiliate as defined in Section 2.4.

(c) "Compensation" means an Employee's total compensation received from the Company and Affiliates, as reported on the Employee's W-2 form, plus any pay reduction contributions made for the Employee pursuant to a plan maintained by the Company or an Affiliate under Code section 125, 132(f), or 401(k). Effective January 1, 2008, Compensation shall include only amounts paid or treated as paid to an Employee prior to his or her severance from employment (as determined pursuant to Code section 415), except as otherwise provided in paragraphs (1) and (2) below.

(1) The following amounts shall be included in Compensation if paid by the later of $2^1/2$ months after the severance from employment or the last day of the Limitation Year in which the severance from employment occurs:

(i) Regular compensation for services during or outside the Employee's regular working hours, commissions, bonuses, or other similar payments, if the payment would have been paid prior to severance from employment if the Employee had continued in employment;

(ii) Payment for unused accrued bona fide sick, vacation, or other leave, but only if the Employee would have been able to use the leave if his or her employment had continued; and

(iii) Payments received by an Employee pursuant to a nonqualified unfunded deferred compensation plan, but only if the payment would have been paid to the Employee at the same time if his or her employment had continued and only to the extent that the payment is includible in the Employee's gross income.

(2) Compensation shall include payments to a Participant who does not currently perform services for the Company or an Affiliate by reason of qualified military service (as defined in Code section 414(u)) to the extent that the payments do not exceed the amounts that the Participant would have received if he or she had continued to perform services for the Company or an Affiliate rather than entering military service.

(d) "Limitation Year" means the Plan Year.

(e) "Maximum Permissible Defined Contribution Amount" for a Limitation Year the Maximum Permissible Defined Contribution Amount with respect to any Participant shall, effective January I, 2002, be the lesser of:

(1) $40,000, as adjusted for increases in the cost-of-living under Code section 415(d); or.

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(2) 100% of the Participant's Compensation for the Limitation year.

Notwithstanding the foregoing, or anything herein to the contrary, the percentage of compensation limitation of this Section 12.1(e)(2) shall not apply to any Annual Additions pursuant to Section 12.1(a)(4) or (5) above.

Section 12.2. Annual Addition Limits. The amount of the Annual Addition which may be credited under this Plan to any Participant's Account as of any allocation date shall not exceed the Maximum Permissible Defined Contribution Amount (based upon his or her Compensation up to such allocation date) reduced by the sum of any credits of Annual Additions made to the Participant's accounts under all other plans as of any preceding allocation date within the Limitation Year. If an allocation date of this Plan coincides with an allocation date of any other qualified defined contribution plan maintained by the Company, the amount of the Annual Additions which may be credited under this Plan to any Participant's Account as of such date shall be an amount equal to the product of the amount to be credited under this Plan without regard to this Section 12.2 multiplied by the lesser of one or a fraction, the numerator of which is the amount described in this Section 12.2 during the Limitation Year and the denominator of which is the amount that would be otherwise credited on this allocation date under all defined contribution plans without regard to this Section 12.2. However, if a security is not allocated to a Participant's Account under any other qualified tax credit employee stock ownership plan of the Company because of the operation of the limitations of Code section 415 and the provisions of this Section 12.2, no other amount may be allocated to the Participant's Account under this Plan after the allocation date for such other qualified tax credit employee stock ownership plan's plan year, until all such unallocated securities have been allocated in accordance with the provisions of such other qualified tax credit employee stock ownership plan

For Plan Years beginning before July 1, 2007, if in any year a Participant's Annual Additions exceed the Maximum Permissible Defined Contribution Amount, such excess shall not be allocated to the Participant's accounts in any defined contribution plan. Instead, the excess shall be handled in the following manner and order, to the extent allowed by law, until the excess is eliminated:

(a) the Participant's Supplemental Nondeferred Deposits, or any part thereof, shall be refunded to the Participant, along with any earnings attributable thereto;

(b) the Participant's Supplemental Deferred Deposits, or any part thereof, shall be refunded to the Participant, along with any earnings attributable thereto;

(c) the Participant's Basic Nondeferred Deposits, or any part thereof, shall be refunded to the Participant, along with any earnings attributable thereto, and any matching Employer Contributions made with respect to such Deposits shall be forfeited and placed in a suspense account;

(d) the Participant's Basic Deferred Deposits, or any part thereof, shall be refunded to the Participant, along with any earnings attributable thereto, and any matching Employer Contributions made with respect to such Deposits shall be forfeited and placed in a suspense account; and

(e) any other Employer Contributions that would have been allocated to the Participant's Account but for this Section 12.2 shall be placed in a suspense account.

Any amount held in a suspense account shall be used to reduce Employer Contributions for the current Limitation Year or the next Limitation Year. Such suspense account shall share in the gains and losses of the Trust Fund as other Accounts. In the event of a termination of the Plan, the suspense account shall revert to the Company to the extent it may not then be allocated to any Participant's Account.

For Plan Years beginning on and after July 1, 2007, if in any year a Participant's Annual Additions exceed the Maximum Permissible Defined Contribution Amount, such excess shall be corrected in accordance with the IRS Employee Plan Compliance Resolution System ("EPCRS").

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ARTICLE XIII
BENEFICIARY IN EVENT OF DEATH

Section 13.1. Designation and Change of Beneficiary. Upon the death of a married Participant, the Spouse of the Participant shall be deemed the designated beneficiary of the Participant, unless such Spouse has consented, in writing, to the designation of another beneficiary or beneficiaries (which may include the estate of the Participant) or any change thereof. If such other designated beneficiary or beneficiaries predecease a married Participant and no contingent beneficiary has been designated by the Participant and consented to by such Participant's Spouse, such Participant's Spouse shall be deemed the designated beneficiary of the Participant. If, in such case, the Participant's Spouse has also predeceased the Participant, the value of the Participant's Account shall be paid to his or her estate.

Each unmarried Participant shall have the right to designate a beneficiary or beneficiaries (including contingent beneficiaries) to receive any distributions to be made under Article XI upon the death of such Participant. An unmarried Participant may from time to time, without the consent of any beneficiary, change or cancel any such designation. If no beneficiary has been named by a deceased unmarried Participant, or the designated beneficiary (and any designated contingent beneficiary) has predeceased such Participant, the value of the Participant's Account shall be paid to his or her estate as beneficiary.

Any beneficiaries may, by written notice to the Committee, disclaim his or her right to receive distribution of a deceased Participant's account.

Any spousal consent, beneficiary designation and any change therein shall be made in the manner prescribed by the Committee. Any distribution made to a beneficiary of a deceased Participant under the Plan shall be made to the beneficiary as soon as practicable after such Participant's death and shall be in the form of a lump sum payment, regardless of the form of benefit selected by the deceased Participant. The beneficiary may elect to have such payment made in money by check, or may elect to have any whole shares of Company Common Stock held for the deceased Participant in the Company Common Stock Fund and Frozen ESOP Account distributed in shares of Company Common Stock and the balance of the deceased Participant's Account (including the value of any fractional shares of Company Common Stock) paid in money by check. If no election is made, the entire distribution to the beneficiary shall be made in money by check.

Notwithstanding anything in this Plan to the contrary, effective January 1, 2007, if a Participant dies on or after January 1, 2007 while performing "qualified military service," as that term is defined in Code section 414(u), his or her beneficiary or beneficiaries are entitled to the additional benefits, if any, that would be provided under this Plan (other than an increase in contributions and benefits relating to the period of qualified military service) if the Participant had resumed employment immediately prior to his or her death

ARTICLE XIV
ADMINISTRATION

Section 14.1. Named Fiduciary. The Committee (and each member of the Committee acting as such) shall be the named fiduciary of the Plan with authority to control and manage the operation and administration of the Plan. The Thrift and Pension Investment Committee (and each member of the Committee acting as such) shall be the named fiduciary of the Plan with respect authority to control and manage the assets of the Plan.

Section 14.2. Administration.

(a) The Committee shall have full discretionary authority to interpret the Plan and to answer all questions which arise concerning the application, administration and interpretation of the Plan. The Committee shall adopt such rules and procedures as in its opinion are necessary and advisable to administer the Plan and to transact its business. Subject to the other requirements of this Article XV, the Committee may—

(1) Select the trustee(s) of any trust pursuant to which assets of the Plan are held;

(2) Employ agents to carry out non-fiduciary responsibilities;

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(3) Employ agents to carry out fiduciary responsibilities (other than trustee responsibilities as defined in ERISA section 405(c)(3));

(4) Consult with counsel, who may be of counsel to an Employer or an Affiliate; and

(5) Provide for the allocation of fiduciary responsibilities (other than trustee responsibilities as defined in ERISA section 405(c)(3)) among its members. However, any action described in paragraphs (3) or (5) of this subsection (a) and any modification or rescission of any such action may be effected by the Committee only by a resolution approved by a majority of the Committee.

(b) The Committee and the Thrift and Pension Investment Committee shall keep written minutes of all its proceedings, which shall be open to inspection by the Board of Directors. In the case of any decision by the Committee with respect to a claim for benefits under the Plan, the Committee shall include in its minutes a brief explanation of the grounds upon which such decision was based.

(c) In performing their duties, the members of the Committee and the Thrift and Pension Investment Committee shall act solely in the interest of the Participants in the Plan and their beneficiaries and:

(1) for the exclusive purpose of providing benefits to the Participants and their beneficiaries;

(2) with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man or woman acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims; and

(3) in accordance with the documents and instruments governing the Plan insofar as such documents and instruments are consistent with the provisions of Title I of ERISA. In addition to any other duties the Thrift and Pension Investment Committee and the Committee may have, the Thrift and Pension Investment Committee and the Committee shall periodically review the performance of the Trustee and any Investment Managers and the performance of all other persons to whom fiduciary duties have been delegated or allocated pursuant to the provisions of this Article XV, as applicable.

(d) The Company agrees to indemnify and reimburse, to the fullest extent permitted by law, members of the Committee and the Thrift and Pension Investment Committee, directors and Employees of an Employer and all such former members, directors and Employees, for any and all expenses, liabilities or losses arising out of any act or omission relating to the rendition of services for or the management and administration of the Plan.

(e) No member of the Committee and the Thrift and Pension Investment Committee nor any of its delegates shall be personally liable by virtue of any contract, agreement or other instrument made or executed by him or her or on his or her behalf in such capacity.

Section 14.3. Control and Management of Assets. The assets of the Plan shall be held by the Trustee, in trust, and shall be managed by the Trustee and/or one or more Investment Managers appointed from time to time by the Thrift and Pension Investment Committee; provided, however, that the Committee shall have investment authority with respect to loans approved pursuant to Section 11.13, and may, from time to time, determine that the Trustee shall be subject to the direction of the Thrift and Pension Investment Committee with respect to certain other investments, in which case the Trustee shall be subject to proper directions of the Thrift and Pension Investment Committee which are in accordance with the terms of the Plan and which are not contrary to applicable law.

Section 14.4. Benefits to be Paid from Trust. Benefits under the Plan shall be payable only from the Trust Fund and only to the extent that such Trust Fund shall suffice therefor, and each Participant assumes all risk connected with any decrease in market price of any securities in the respective Funds. Neither the Company nor any Affiliate shall have any liability to make or continue from its own funds the payment of any benefits under the Plan.

Section 14.5. Expenses. There shall be paid from the Trust Fund all expenses incurred in connection with the administration of the Plan, including but not limited to the compensation of the Trustee, record keeping fees, the reasonable fees of counsel for the Trustee for legal services rendered to the Trustee and the fees of Investment

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Managers appointed with respect to the investment and reinvestment of the Trust Fund, except to the extent that such expenses and fees are paid by the Employer. There shall be paid from the Trust Fund all taxes of any and all kinds whatsoever that may be levied or assessed under existing or future laws upon or in respect of the Trust Fund or any property of any kind forming a part thereof and all expenses, including brokerage costs and transfer taxes, incurred in connection with the investment and reinvestment of the Trust Fund.

Section 14.6. Overpayments. Any overpayment made to a Participant may be withheld from subsequent payments made to such Participant or from payments made to his or her surviving Spouse or beneficiary until the overpayment has been recouped.

ARTICLE XV
CLAIMS PROCEDURE

Section 15.1. Filing of Claims. Claims for benefits under the Plan shall be filed in writing on such form or forms as may be prescribed by the Committee with the Committee.

Section 15.2. Appeal of Claims. Written notice shall be given to the claiming Participant or beneficiary of the disposition of such claim, setting forth specific reasons for any denial of such claim in whole or in part. If a claim is denied in whole or in part, the notice shall state that such Participant or beneficiary may, within 60 days of the receipt of such denial, request in writing that the decision denying the claim be reviewed by the Committee and provide the Committee with information in support of his or her position by submitting such information in writing to the Secretary of the Committee.

Section 15.3. Review of Appeals. The Committee shall review each claim for benefits which has been denied in whole or in part and for which such review has been requested and shall notify, in writing, the affected Participant or beneficiary of its decision and of the reasons therefor. All decisions of the Committee shall be final and binding upon all of the parties involved.

ARTICLE XVI
MERGER OR CONSOLIDATION

Section 16.1. Merger or Consolidation. In the case of any merger or consolidation of the Plan with, or transfer of assets or liabilities to, any other plan, each Participant or beneficiary shall be entitled to receive a benefit immediately after the merger, consolidation or transfer (if the Plan had been terminated) which is equal to or greater than the benefit he or she would have been entitled to receive immediately before the merger, consolidation or transfer (if the Plan had then terminated). A merger or consolidation of the Plan with, or transfer of assets or liabilities to, any other plan shall not be deemed to be a termination or discontinuance of deposits and contributions having the effect of such termination of the Plan.

ARTICLE XVII
NON-ALIENATION OF BENEFITS

Section 17.1. Non-Alienation of Benefits. Except as provided under Sections 11.13 and 22.1, no benefit or right under the Plan shall in any manner or to any extent be assigned, alienated or transferred by any Participant or beneficiary under the Plan or be subject to attachment, garnishment or other legal process. Notwithstanding the foregoing, a Participant's benefit under the Plan may be offset by any amount such Participant is ordered or required to pay as a result of crimes involving the Plan, or a breach of a fiduciary duty owed by the Participant with respect to the Plan, as set forth in Code section 401(a)(13), on or after August 5, 1997.

ARTICLE XVIII
AMENDMENTS

Section 18.1. Amendment Process. The Company reserves the right, by action of the Board of Directors, but subject to applicable law, at any time and from time to time, to modify, suspend or amend in whole or in part any or all of the provisions of the Plan, provided that no modification, suspension or amendment shall make it possible to deprive any Participant or beneficiary of a previously acquired right; and provided further that no such modification, suspension or amendment shall make it possible for any part of the assets of the Plan to be used for

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or diverted to purposes other than for the exclusive benefit of Participants and their beneficiaries under the Plan and for the payment of expenses of the Plan. The Employee Benefits Policy Committee has the authority to amend the Plan in accordance with the delegation of authority from the Board of Directors.

ARTICLE XIX
TERMINATION

Section 19.1. Authority to Terminate. The Plan may be terminated in whole or in part at any time by the Board of Directors, but only upon condition that such action is taken as shall render it impossible for any part of the corpus or income of the Trust Fund to be used for or diverted to purposes other than for the exclusive benefit of the Participants or their beneficiaries and for the payment of expenses of the Plan.

Section 19.2. Distribution Upon Termination. Upon termination or partial termination of the Plan or upon the complete discontinuance of Deposits and Employer Contributions under the Plan, the assets of the Trust Fund shall be administered and distributed to the Participants or their beneficiaries at such time or times and in such nondiscriminatory manner as is determined by the Committee. Upon termination or partial termination of the Plan or upon the complete discontinuance of Deposits and Employer Contributions under the Plan, the rights of all affected Participants as of the date of such termination, partial termination or discontinuance of Deposits and Employer Contributions shall be nonforfeitable.

ARTICLE XX
PLAN CONFERS NO RIGHT TO EMPLOYMENT

Section 20.1. No Right to Employment. Nothing contained in the Plan shall be construed as conferring any legal rights upon any Employee for a continuation of employment or shall interfere with the rights of an Employer or an Affiliate to discharge any Employee or otherwise to treat him or her without regard to the effect which such treatment might have upon such Employee with respect to the Plan, except as may be limited by applicable law.

ARTICLE XXI
ALTERNATE PAYEES

Section 21.1. Alternate Payees Under QDROs. In the event that a domestic relations order of any State is received by the Plan and thereafter determined to be a Qualified Domestic Relations Order (QDRO) within the meaning of Code section 414(p), the vested portion of the Account of the Participant to which such QDRO is directed shall be apportioned as specified in such QDRO, valued as of the business day preceding the date specified in such QDRO. Upon notice to the QDRO administrator that a QDRO is being sought with respect to a Participant's Account, no distribution or loan shall be made to a Participant until such time as the status of the QDRO is determined. The alternate payee of the Participant's Account shall thereafter participate in the Plan in accordance with its terms, except such person shall not have the rights or benefits provided in Article IV, Article V and in Section 11.13. If a QDRO is issued and the amount awarded the alternate payee exceeds the value of the Participant's Account less the outstanding loan balance, such QDRO shall be denied. Notwithstanding the provisions of this Article, the Plan may, without the consent of any such alternate payee, pay to such alternate payee the value of his or her respective share of the apportioned Account of the Participant, if the value thereof as so determined is $5,000 or less. If a QDRO so provides, benefits may be paid to an alternate payee before they would otherwise be distributable under the Plan, and no such distribution to an alternate payee shall be treated as a withdrawal by the Participant for purposes of Article XI.

ARTICLE XXII
CONSTRUCTION

Section 22.1. Governing Law. The Plan shall be governed by and construed and administered under the laws of the State of New Jersey, except to the extent superseded by ERISA.

Section 22.2. Headings. The headings are for reference only. In event of a conflict between a heading and the content of an Article or Section, the content shall control.

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ADDITIONAL INFORMATION ABOUT THE SAVINGS PLAN

Pursuant to this Registration Statement, 2,000,000 shares of Common Stock have been registered for sale pursuant to the Savings Plan.

No benefit or right under the Savings Plan may in any manner or to any extent be assigned, alienated, or transferred by any Participant under the Savings Plan. In addition, no benefit or right under the Savings Plan may be subjected to attachment, garnishment or other legal process without an appropriate court order.

Benefits under the Savings Plan are not guaranteed by the Pension Benefit Guaranty Corporation. PSEG does not provide any such protection to Participants and it does not insure any gains nor protect against any loss from any investment in the Savings Plan.

Although the Savings Plan is of indefinite duration, PSEG reserves the right to amend, modify or terminate the Savings Plan at any time, in its sole discretion. PSEG also retains the right to change the Recordkeeper and/or the Independent Agent at its sole discretion.

While the Savings Plan does not place restrictions on resales of Common Stock acquired thereunder, shares of Common Stock acquired under the Savings Plan by an "affiliate," as that term is defined in Rule 405 under the Securities Act of 1933 (the "1933 Act"), may only be resold pursuant to the registration requirements of the 1933 Act or an appropriate exemption therefrom. Acquisitions of shares of Common Stock and dispositions of shares of Common Stock by an officer or director, as defined under the rules promulgated under Section 16 of the 1934 Act, of PSEG within any six-month period may give rise to the right of PSEG to recapture any profit from such transactions pursuant to Section 16(b) of the 1934 Act.

A copy of PSEG's 2014 Annual Report to Stockholders has been furnished to each Participant in the Savings Plan. PSEG will promptly furnish, without charge, an additional copy of such Annual Report to any Eligible Employee who so requests by writing to the Director, Investor Relations, 80 Park Plaza, T6B, P.O. Box 1171, Newark, New Jersey 07101-1171. Each Participant will be furnished copies of all future reports, proxy statements and other communications furnished to PSEG stockholders generally.

For further information about the Savings Plan, Participants and Eligible Employees may contact Benefits Express.

TAX CONSEQUENCES OF THE SAVINGS PLAN

Outlined below is a summary of certain tax consequences which may result to Participants in the Plan. The law on which this outline is based is subject to change at any time. Each Participant should consult his or her own tax adviser concerning the application of Federal taxes, as well as any state, local or foreign taxes, to the Participant's particular situation.

PSEG believes that the Savings Plan is qualified under sections 401(a) and 401(k) of the Code. Under the Code, an employer may deduct currently its contributions to and expenses of the Plan from gross income for Federal income tax purposes.

The following tax consequences will result to Participants:

(1) Any contributions made pursuant to pre-tax salary reduction agreements will not be included in a Participant's gross income. Therefore, neither those contributions nor PSEG's Matching Contributions (if any) to the Savings Plan are taxable to a Participant as income when made or credited to his or her account. However, they will be taxable to a Participant in the year of distribution or withdrawal. Also, salary reduction contributions (both pre-tax and after-tax) are subject to Social Security tax.

(2) Any after-tax contributions made under applicable plan provisions are not taxed upon distribution, although any dividends, interest or other income or gains attributable to after-tax contributions are subject to taxation upon distribution. Any Roth 401(k) contributions made under the Plan – and earnings thereupon – are not taxed upon a qualified distribution. However, the earnings may be taxable if the distribution is not a qualified distribution.

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(3) *Lump-Sum Distribution.* A lump-sum distribution is a distribution made within one tax year, of the full balance credited to a participant's account(s) in the Plan and is either (a) made as a result of the participant's separation from service or death, or (b) made after age 59 1/2. Unless a Participant elects roll over his or her distribution, the Participant will be taxed on the distribution in the year it is received. Participants may be eligible to elect to be taxed on the distribution using the ten-year forward-averaging method or the net unrealized appreciation method.

(4) The ten-year forward-averaging method, which is available to individuals who were age 50 or older on January 1, 1986, may result in a lower tax on distributions from the Plan than the regular tax table or tax rate schedule methods. The 1986 tax rates apply in computing the tax under the ten-year forward-averaging method. Only distributions that constitute lump-sum distributions made after five full years of Plan participation are eligible for the ten-year forward-averaging method. An election must be filed with the IRS to use this method. The election can be made only once, regardless of the number of plans from which a Participant receives a lump-sum distribution. All distributions received in the same year from this and other qualified plans must be aggregated when computing the tax under the ten-year forward-averaging method.

(5) The special net unrealized appreciation ("NUA") rule applies to a lump-sum distribution for which Participants elect to receive in kind shares of Common Stock. When a Participant takes a distribution from the Savings Plan that includes an in kind distribution of Common Stock – that is, the actual shares of common stock, rather than the cash value of the shares, the total net unrealized appreciation in the value of the common stock is excludable from his or her income tax for the distribution year only if the distribution qualifies as a lump-sum distribution. A lump-sum distribution is a payment, within one year, of a Participant's entire balance under the Savings Plan that is payable to him or her after having reached age 59 1/2, because the Participant has separated from service with the Company or one of its affiliates, or on account of his or her death or disability. The "taxable amount" for a lump-sum distribution from the Savings Plan will not include any net unrealized appreciation –Participants will pay federal income tax at ordinary tax rates only on the "cost basis" of the shares of common stock. Upon subsequent sale of the common stock, any taxable gain will be based on the difference in value between the cost basis and the fair market value of the shares. This amount will be taxed at the "capital gains" rate of federal income tax. Net unrealized appreciation is the amount by which the fair market value of the shares of PSEG common stock Participants receive exceeds the amount that the Savings Plan paid for the shares.

A separate rule applies for the in-kind distribution of Common Stock acquired with after-tax contributions. Participants can receive net unrealized appreciation treatment on the value of Common Stock acquired with employee after-tax contributions, even if the distribution is not in the form of a lump sum payment. If a partial distribution includes any in kind Common Stock acquired with employee after-tax contributions, then a portion of the NUA on the Common Stock received in the payment will be excludable, based on the in kind shares of common stock which were purchased with after-tax contributions.

(6) *Rollover*. In general, the Code permits a Participant to avoid current taxation on any portion of the taxable amount of an eligible rollover distribution by rolling over that portion into an "eligible retirement plan" that accepts rollover contributions. An eligible retirement plan includes a plan qualified under section 401(a) of the Code, including a 401(k) plan, profit-sharing plan, defined benefit plan, stock bonus plan, and money purchase plan; a section 403(a) annuity plan; a section 403(b) tax-sheltered annuity; an eligible section 457(b) plan maintained by a governmental employer; and a traditional IRA. Rollovers may be made to a Roth IRA, a SIMPLE IRA, or a Coverdell Education Savings Account (an education IRA). The rollover rules make most, but not all, Plan distributions eligible for rollover.

The following types of withdrawals and distributions are not eligible for rollover treatment: (1) a series of substantially equal periodic payments which are made either (a) for a specified period of ten years or more, (b) for the life (or life expectancy) of the participant, or (c) for the Participant's lifetime and his/her beneficiary's lifetime; (2) mandatory distributions resulting from the participant having attained age 70 1/2, or, if later, having retired; (3) hardship distributions; (4) cash dividends, if any, that are paid on employer stock held in an ESOP; (5) distributions made due to certain legal limits being exceeded; (6) Plan loans that become taxable deemed distributions because of a default; or (7) contributions made under special Automatic Enrollment rules that are withdrawn pursuant to a Participant's request within 90 days of enrollment.

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(7) In general, all taxable withdrawals and distributions eligible to be rolled over are subject to a 20% withholding requirement unless they are rolled over directly to an eligible employer plan or an IRA. This requirement does not, however, prevent a Participant from rolling over eligible amounts into an eligible employer plan or traditional IRA within 60 days of the distribution even if it is not a direct rollover.

Any portion of a taxable distribution that is not rolled over is subject to ordinary income taxes (plus a 10% tax penalty under certain circumstances). Consequently, if a distribution is made other than directly to a qualified plan or an IRA, the participant would have to supplement the rollover from her/his own funds by an amount equal to the 20% withholding in order to avoid a tax liability on that amount for that year.

(8) Distributions made in cash are taxed as ordinary income to the extent that they exceed the Participant's after-tax contributions, if any. If the distribution qualifies as a lump-sum distribution, however, that income may be eligible for the special ten-year forward-averaging provision. In addition, all or a portion of the distribution may be eligible for rollover treatment.

(9) Generally, if a participant receives a lump-sum distribution (other than a distribution of after-tax employee contributions) of securities from the PSEG Common Stock Fund, the Participant will have taxable income in an amount equal to the lesser of the original average cost of the securities to the respective fund or the securities' fair market value at distribution. Such income will be ordinary income, and may be eligible for rollover treatment or the special ten-year forward-averaging provision. Further, any excess of fair market value over the ordinary income amount would not be treated as income at the time of distribution.

(10) A "lump-sum" distribution for purposes of special tax treatment relative to distributions of employer securities from qualifying plans means the distribution or payment within one tax year to the recipient of the balance to the credit of an employee which becomes payable to the recipient: (1) on account of the employee's death; (2) after the employee attains age 59 1/2; or (3) on account of the employee's separation from service.

Distributions of Common Stock consisting of after-tax contributions are taxed only to the extent that they exceed the applicable after-tax contributions. Generally, if a participant receives a lump-sum distribution of securities from the PSEG Common Stock Fund (plus cash in lieu of fractions of securities), the participant will have taxable income in an amount equal to (i) the lesser of the original cost of the securities to the respective fund or the securities' fair market value at distribution, plus (ii) the amount of cash distributed, minus (iii) the amount of the participant's applicable after-tax contributions. Such income will be ordinary income, and may be eligible for rollover treatment or the special ten-year forward-averaging provision.

For other than lump-sum distributions, at the time of distribution any appreciation in value of PSEG stock purchased with employer contributions (if any), reinvested earnings, and salary reduction contributions is recognized as ordinary income. (Any appreciation in the value of securities purchased with after-tax contributions is not recognized and is deferred until subsequent sale of the securities.) Also, the special ten year forward-averaging provision will not apply if the distribution is not a lump-sum distribution. Rollover treatment, however, may be available.

(11) When shares of Common Stock are distributed and subsequently sold by the participant, the gain or loss (measured by the difference between the selling price and the tax basis of the securities sold) must be recognized. Such tax basis is equal to the lesser of the original average cost of the securities under the Plan or the securities' fair market value at distribution. All or a portion of any further gain may be subject to preferential long-term capital gains taxation.

(12) When shares received in a distribution not qualifying as a lump-sum distribution are subsequently sold by the Participant, the capital gain or loss (measured by the difference between the selling price and the tax basis of the securities sold) must be recognized. In the case of securities purchased with PSEG contributions (if any), reinvested earnings and salary reduction contributions, such tax basis is equal to the amount of ordinary income reported as a result of the distribution. In the case of shares purchased with employee after-tax contributions, such tax basis is equal to the lesser of the original cost of the securities under the Savings Plan or the securities' fair market value at distribution.

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(13) *Tax Penalties*. In addition to income taxes on withdrawals and distributions as described, the Code provides for a penalty tax on withdrawals and distributions made before the participant attains age 59 1/2. The penalty tax is 10% of the taxable distributed amount.

In addition to in-service withdrawals or distributions made after the participant attains age 59 1/2, there is no penalty tax on distributions that are: (i) eligible amounts rolled over in a timely manner to an IRA or eligible employer plan; (ii) made to a beneficiary after the death of a Participant; (iii) attributable to the Participant's permanent disability; (iv) made to a Participant who has separated from service during or after the year in which the participant attained age 55; (v) used to pay reimbursed medical expenses that exceed 7.5% of adjusted gross income; or paid to alternate payees under a Qualified Domestic Relations Order.

WHERE YOU CAN FIND MORE INFORMATION

PSEG files annual, quarterly and special reports, proxy statements and other information with the SEC. You may read and copy any document that PSEG files at the Public Reference Room of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. You may also obtain our filings on the Internet at the SEC's home page at http://www.sec.gov. PSEG's Common Stock is listed on the New York Stock Exchange under the ticker symbol "PEG." You can obtain information about PSEG at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

This prospectus is part of a registration statement on Form S-8 filed with the SEC under the Securities Act of 1933. It does not contain all of the information that is important to you. You should read the registration statement for further information with respect to the securities, the Trust and us. Statements contained in this prospectus concerning the provisions of any document filed as an exhibit to the registration statement or otherwise filed with the SEC highlight selected information, and in each instance reference is made to the copy of the full document as filed with the SEC.

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PART II

INFORMATION NOT REQUIRED IN THE PROSPECTUS

Item 3. Incorporation of Documents by Reference.

The following documents have been filed by us with the Securities and Exchange Commission and are already incorporated by reference in this registration statement:

- Our Annual Report on Form 10-K for the year ended December 31, 2014;
- Our Current Report on Form 8-K filed with the SEC on February 20, 2015; and
- Our Amended Current Report on Form 8-K dated January 17, 1990 containing a description of our common stock, without par value.

All documents filed by us pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 on or after the date of this registration statement and prior to the filing of a post-effective amendment to this registration statement which indicates that all securities offered pursuant to this registration statement have been sold or which deregisters all such securities then remaining unsold shall be deemed to be incorporated by reference in this registration statement and to be a part hereof from the date of filing of such documents. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superceded for purposes of this registration statement to the extent that a statement herein or in any subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supercedes such statement. Any such statement so modified or superceded shall not be deemed, except as so modified or superceded, to constitute a part of this registration statement.

You can get a free copy of any of the documents incorporated by reference by making an oral or written request directed to:

Vice President, Investor Relations
PSEG Services Corporation
80 Park Plaza, 6th Floor
Newark, NJ 07101
Telephone (973) 430-6565

You should rely only on the information contained or incorporated by reference or deemed to be incorporated by reference in this prospectus. PSEG has not authorized anyone else to provide you with different or additional information. You should not rely on any other information or representations. PSEG's affairs may change after this prospectus is distributed. You should not assume that the information in this prospectus is accurate as of any date other than the dates on the front of those documents. You should read all information supplementing this prospectus.

Item 4. Description of Securities.

Not applicable.

Item 5. Interests of Named Experts and Counsel.

Not applicable.

Item 6. Indemnification of Directors and Officers.

Under Section 14A:3-5 of the New Jersey Business Corporation Act, we:

(1) have the power to indemnify each of our directors and officers (as well as our employees and agents) against expenses and liabilities in connection with any proceeding involving such person by reason of his/her being or having been such director or officer other than a proceeding by or in our own right, if (a) such director or officer acted in good faith and in a manner he/she reasonably believed to be in or not opposed to our best interests, and (b) with respect to any criminal proceeding, such director or officer had no reasonable cause to believe his/her conduct was unlawful;

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(2) have power to indemnify each of our directors and officers against expenses in connection with any proceeding by or in our own right to procure a judgment in our favor which involves such director or officer by reason of his/her being or having been such director or officer, if he/she acted in good faith and in a manner he/she reasonably believed to be in or not opposed to our best interests; however, in such proceeding no indemnification may be provided in respect to any claim, issue or matter as to which such director or officer shall have been adjudged to be liable to us, unless, and only to the extent that, the court determines that the director or officer is fairly and reasonably entitled to indemnity for such expenses as the court shall deem proper;

(3) must indemnify each of our directors and officers against expenses to the extent that he/she has been successful on the merits or otherwise in any proceeding referred to in (1) and (2) above or in defense of any claim, issue or matter therein; and

(4) have power to purchase and maintain insurance on behalf of a director or officer against any expenses incurred in any proceeding and any liabilities asserted against him/her by reason of his/her being or having been a director or officer, whether or not we would have the power to indemnify him/her against such expenses and liabilities under the statute.

As used in the statute, "expenses" mean reasonable costs, disbursements and counsel fees, "liabilities" means amounts paid or incurred in satisfaction of settlements, judgments, fines and penalties, and "proceeding" means any pending, threatened or completed civil, criminal, administrative or arbitrative action, suit or proceeding, and any appeal therein and any inquiry or investigation which could lead to such action, suit or proceeding.

Indemnification may be awarded by a court under (1) or (2) as well as under (3) above, notwithstanding a prior determination by us that the director or officer has not met the applicable standard of conduct.

Indemnification under the statute does not exclude any other rights to which a director or officer may be entitled under a certificate of incorporation, by-law, or otherwise.

Article 8, Section 1 of our Certificate of Amendment of Certificate of Incorporation provides as follows:

> Indemnification:
>
> The corporation shall indemnify to the full extent from time to time permitted by law any person made, or threatened to be made, a party to any pending, threatened or completed civil, criminal, administrative or arbitrative action, suit, or proceeding and any appeal therein (and any inquiry or investigation which could lead to such action, suit or proceeding) by reason of the fact that he is or was a director, officer or employee of the corporation or serves or served any other enterprise as a director, officer or employee at the request of the corporation. Such right or indemnification shall inure to the benefit of the legal representative of any such person.

Article 8, Section 2 of our Certificate of Amendment of Certificate of Incorporation provides as follows:

> Limitation of Liability:
>
> To the full extent from time to time permitted by law, directors and officers of the corporation shall not be personally liable to the corporation or its shareholders for damages for breach of any duty owed to the corporation or its shareholders. No amendment or repeal of this provision shall adversely affect any right or protection of a director or officer of the corporation existing at the time of such amendment or repeal.

Our directors and officers are insured under the policies of insurance, within the limits and subject to the limitations of the policies, against claims made against them for acts in the discharge of their duties, and we are insured to the extent that we are required or permitted by law to indemnify the directors and officers for such loss. We pay the premiums for such insurance.

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Item 7. Exemption from Registration Claimed.

Not applicable.

Item 8. Exhibits.

See Exhibit Index.

Item 9. Undertakings.

(a) We hereby undertake:

(1) to file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) to include any prospectus required by Section 10(a) (3) of the Securities Act of 1933;

(ii) to reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

provided, however, that paragraphs (1) (i) and (1) (ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Commission by us pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement;

(2) that, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof; and

(3) to remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) We hereby undertake that, for purposes of determining any liability under the Securities Act of 1933, each filing of our annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 that is incorporated by reference in this registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(h) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers and controlling persons pursuant to the foregoing provisions, or otherwise, we have been advised that, in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Securities Act and is, therefore,

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unenforceable. In the event that a claim for indemnification against such liabilities (other than our payment of expenses incurred or paid by one of our directors, officers, or controlling persons in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, we will, unless in the opinion of our counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by us is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant, Public Service Enterprise Group Incorporated, certifies that it has reasonable grounds to believe it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Newark, State of New Jersey, on this 6th day of March, 2015.

Public Service Enterprise Group Incorporated

By: /s/ CAROLINE DORSA
Caroline Dorsa
Executive Vice President

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following person in the capacity and on the date indicated.

Signature	Capacity	Date
/s/ CAROLINE DORSA Caroline Dorsa	Principal Financial Officer	March 6, 2015
/s/ STUART J BLACK Stuart J. Black	Principal Accounting Officer	March 6, 2015

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has also been signed by Caroline Dorsa, Attorney-in-Fact, on behalf of the following persons in the capacities indicated on March 6, 2015.

Name	Capacity
Ralph Izzo	Principal Executive Officer and Director
Albert R. Gamper, Jr.	Director
William V. Hickey	Director
Shirley Ann Jackson	Director
David Lilley	Director
Thomas A. Renyi	Director
Hak Cheol Shin	Director
Richard J. Swift	Director
Susan Tomasky	Director
Alfred W. Zollar	Director

By: /s/ CAROLINE DORSA
Caroline Dorsa

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EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION
3.1(a)	PSEG's Certificate of Incorporation[1]
3.1(b)	PSEG's Certificate of Amendment of Certificate of Incorporation effective April 23, 1987[2]
3.1(c)	PSEG's Certificate of Amendment of Certificate of Incorporation effective April 20, 2007[3]
3.2	PSEG's By-Laws[4]
5	Not Applicable
15	Not Applicable
23	Independent Auditors' Consent
24	Power of Attorney

1 Previously filed as Exhibit 3.1a with Quarterly Report on Form 10-Q for the Quarter ended March 31, 2007, File No. 001-09120, on May 4, 2007 and incorporated herein by this reference

2 Previously filed as Exhibit 3.1b with Quarterly Report on Form 10-Q for the Quarter ended March 31, 2007, File No. 001-09120, on May 4, 2007 and incorporated herein by this reference

3 Previously filed as Exhibit 3.1c with Quarterly Report on Form 10-Q for the Quarter ended March 31, 2007, File No. 001-09120, on May 4, 2007 and incorporated herein by this reference.

4 Previously filed as Exhibit 3.1 with current Report on Form 8-K, File No. 001-09120 on November 18, 2009 and incorporated herein by this reference.

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EXHIBIT 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in this Registration Statement on Form S-8 of our reports relating to the consolidated financial statements and consolidated financial statement schedule of Public Service Enterprise Group Incorporated and subsidiaries ("the Company") and the effectiveness of the Company's internal control over financial reporting dated February 25, 2015, appearing in the Annual Report on Form 10-K of Public Service Enterprise Group Incorporated for the year ended December 31, 2014.

/s/ Deloitte & Touche LLP

Parsippany, New Jersey
March 6, 2015

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EXHIBIT 24

POWER OF ATTORNEY

The undersigned hereby constitutes and appoints Caroline Dorsa and M. Courtney McCormick, and each of them (with full power to act without the other), the true and lawful attorney-in-fact and agent for and on behalf of the undersigned, and in the undersigned's name, place and stead, in the undersigned's capacity as a Director or Officer or both, as the case may be, of Public Service Enterprise Group Incorporated ("PSEG") to sign the registration statement on Form S-8 to be filed by PSEG with the Securities and Exchange Commission for the registration under the Securities Act of 1933 of 2,000,000 shares of PSEG's Common Stock without par value, (which shares are to be offered pursuant to the Public Service Enterprise Group Incorporated Employee Savings Plan), and any and all amendments of such registration statement.

IN WITNESS WHEREOF, the undersigned has executed this instrument, this 17th day of February, 2015.

/s/ RALPH IZZO
Ralph Izzo

/s/ CAROLINE DORSA
Caroline Dorsa

/s/ ALBERT R. GAMPER, JR.
Albert R. Gamper, Jr.

/s/ WILLIAM V. HICKEY
William V. Hickey

/s/ SHIRLEY ANN JACKSON
Shirley Ann Jackson

/s/ DAVID LILLEY
David Lilley

/s/ THOMAS A. RENYI
Thomas A. Renyi

/s/ HAK CHEOL SHIN
Hak Cheol Shin

/s/ RICHARD J. SWIFT
Richard J. Swift

/s/ SUSAN TOMASKY
Susan Tomasky

/s/ ALFRED W. ZOLLAR
Alfred W. Zollar

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As filed with the Securities and Exchange Commission on December 30, 2013

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form S-8
REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

Public Service Enterprise Group Incorporated

(Exact name of Registrant as specified in its charter)

New Jersey
(State of Incorporation)

22-2625848
(I.R.S. Employer Identification No.)

80 Park Plaza, P.O. Box 1171, Newark, NJ 07101-1171
(Address, including zip code, of Registrant's principal executive offices)

LONG ISLAND ELECTRIC UTILITY SERVCO LLC
Incentive Thrift Plan I
(Full title of plan)

Caroline Dorsa
Executive Vice President
and Chief Financial Officer

or

M. Courtney McCormick, Esq.
Associate General Counsel

80 Park Plaza
P.O. Box 1171
Newark, NJ 07101-1171
(973) 430-7000
(Name, address, including zip code, and telephone number, including area code, of agents for service)

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐

CALCULATION OF REGISTRATION FEE

Title of Securities to be registered	Amount to be registered	Proposed maximum offering price per share[2]	Proposed maximum aggregate offering price[2]	Amount of registration fee[1,2]
Common Stock (without par value)	500,000 shares	$31.87	$15,935,000	$2,052

1 Pursuant to Rule 416(c) under the Securities Act of 1933, this registration statement also covers an indeterminate amount of interests to be offered or sold pursuant to the employee benefit plan described herein.

2 Estimated in accordance with Rule 457(h) under the Securities Act of 1933 solely for the purpose of determining the registration fee based on the average of the high and low prices of PSEG Common Stock on December 27, 2013 for, as reported in the consolidated reporting system.

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Prospectus

500,000 SHARES
PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
COMMON STOCK (WITHOUT PAR VALUE)

offered through the

LONG ISLAND ELECTRIC UTILITY SERVCO LLC
INCENTIVE THRIFT PLAN I

The Incentive Thrift Plan I or ITP of Long Island Electric Utility Servco LLC or Servco, a subsidiary of Public Service Enterprise Group ("PSEG"), provides a convenient method for employees of Servco and its subsidiaries participating in the ITP to purchase PSEG's Common Stock (without par value) through payroll deductions without payment of any brokerage commission or service charge. While shares of Common Stock are held under the ITP, dividends on such shares are used to purchase additional shares of Common Stock.

Vanguard Participant Services is the ITP's recordkeeper. The ITP provides that shares of Common Stock purchased for participants will be purchased in the open market by an agent independent of PSEG and its affiliates, as selected by PSEG.

The price per share of Common Stock purchased in the open market by any independent agent will be the weighted average price, excluding brokerage commissions, of all shares acquired by that independent agent for the ITP during the period such purchases are made.

Any applicable brokerage commissions for purchases by any independent agent in the open market will be paid for by the ITP and will be an expense of the ITP.

You should read this prospectus carefully. If you are not now and do not wish to become a participant, or if you wish to continue your present participation without change, no action on your part is required. If you wish to join the ITP or change the amount of your payroll deductions under the ITP, please follow the instructions for submitting an enrollment form to Vanguard Participant Services. It is suggested that this prospectus be retained for future reference.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful and complete. Any representation to the contrary is a criminal offense.

December 30, 2013

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GENERAL INFORMATION ABOUT THE ITP

The ITP is administered by the Employee Benefits Committee appointed from time to time by the Servco Board of Directors. The Committee has overall responsibility for the administration and interpretation of the ITP.

Vanguard Participant's Services is responsible for receiving and processing enrollment forms and making payroll deductions. Vanguard Participant Services is located at P.O. Box 1101, Valley Forge, Pennsylvania 19482.

Vanguard Participant Services is Recordkeeper for the ITP. The Recordkeeper keeps a continuing record of Participants' accounts under the ITP, sends quarterly statements of account to Participants and performs other duties relating to the ITP for Participants. The Recordkeeper is located at P.O. Box 1101, Valley Forge, Pennsylvania 19482.

The Plan will become effective January 1, 2014 and initial enrollments are ongoing. Approximately 700 employees will be eligible to participate in the Plan.

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The following is a summary of the text of the ITP:

LONG ISLAND ELECTRIC UTILITY SERVCO LLC
INCENTIVE THRIFT PLAN I

Section 1. Definitions

Wherever used in the Plan, the following terms have the following meanings:

"Accounts" means, for any Participant, the Pre-Tax Contribution Account, After-Tax Contribution Account, Company Match Contribution Account, Company Core Contribution Account, Pre-Tax Rollover Account, After-Tax Rollover Account, Qualified Nonelective Contribution Account and Roth 401(k) Contribution Account maintained for the Participant. In addition to the Accounts referred to above, the Administrator may, from time to time, establish additional accounts to which a specific type of Company or Employee contribution will be made on behalf of a Participant.

"Administrator" means the EBC or its successor established by the Board of Directors to administer the Plan in accordance with Article 10.

"After-Tax Rollover Account" means the account maintained for a Participant which is credited with Rollover Contributions that are after-tax in nature, if any, and all income, expense, gains and losses attributable thereto.

"Annual Additions" shall mean, with respect to each Participant, the sum of those amounts allocated to the Participant's Account under this Plan and accounts under any other qualified defined contribution plan to which the Company or a member of the Controlled Group contributes for any Limitation Year, consisting of the following:

Company contributions, if any;

Forfeitures, if any, allocated to the Participant's Accounts, and

Employee contributions, if any.

Annual Additions shall not include Rollover Contributions, Catch-Up Contributions, loan repayments, direct transfers from a qualified plan, reinvested dividends in PSEG Shares**,** investment adjustments to Participant Accounts, or any other amount excluded under Treasury Regulation Section 1.415(c)-1(b).

"Base Compensation" means Compensation as defined herein, modified to include only an Employee's base rate of pay from the Company and to exclude any other types of pay from the Company (such as shift differential, overtime, premiums, awards, commissions, bonus pay and incentive pay).

"Basic Matching Contribution" means a contribution made to the Plan by the Company for the benefit of a Participant in the manner and amounts set forth in Section 3.3, or as set forth in procedures adopted by the Administrator.

"Beneficiary" means any person or entity entitled to receive benefits under the Plan upon the death of a Participant. See Section 8.4 for designation rules.

"Board" means the Board of Directors of the Company. The Board may designate a person or persons (including an Administrator) to carry out any fiduciary responsibilities, in accordance with Section 405 of ERISA.

"Break in Service" means a twelve consecutive month period during which the Employee has not completed more than five hundred (500) Hours of Service. For purposes of determining whether a Break in Service has occurred, an Employee who is absent from work for maternity or paternity reasons shall receive credit for Hours of Service which would otherwise have been credited to such Employee but for such absence, or in any case in which such hours cannot be determined, with eight (8) Hours of Service per day of such absence. The Hours of Service to be so credited shall be credited in the Computation Period in which the absence begins if the crediting is necessary to prevent a Break in Service in that period or, in all other cases, in the following Computation Periods.

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"Business Day" means any day except (a) a Saturday, Sunday, or public holiday or (b) the equivalent thereof for the New York Stock Exchange.

"Catch-Up Contribution" means a Pre-Tax Contribution or Roth 401(k) Contribution made by a Participant nearing or beyond Normal Retirement Age in accordance with Section 3.8.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Company" means Long Island Electric Utility ServCo LLC.

"Company Match Contribution Account" means the account maintained with respect to a Participant which is credited with the Participant's Matching Contributions, if any, and allocable income, expense, gains, and losses.

"Compensation" means:

(a) In General. During the applicable Plan Year, Compensation means the amounts received by a Participant from the Company during a pay period that qualify as either (i) the Participant's base rate of pay, or (ii) shift differential, overtime, premium, awards, commissions, bonus pay and incentive pay.

(b) Compensation shall include amounts that would be required to be included as wages but for an election under Sections 125(a), 132(f)(4), 402(e)(3), 402(h)(1)(B), 402(k) or 457(b) of the Code. Compensation shall exclude compensation deferred under other plans, reimbursements of expenses, payments in lieu of vacation days, supplemental disability income payments; payments made from a fully-insured short-term disability or long-term disability plan; Christmas remembrances; awards not described above; and other additional forms of earnings (including contributions made by the Company to or under any other form of employee benefit program, such as a health insurance, pension, or severance pay plan).

(c) Statutory Compensation. For purposes of applying the limitations of Section 415 of the Code and certain other statutory purposes that define compensation by reference to the definition of compensation under Section 415 of the Code, "Statutory Compensation" shall mean wages within the meaning of Section 3401(a) of the Code (for purposes of income tax withholding at the source), plus amounts that would be included in wages but for an election under Sections 125(a), 132(f)(4), 402(e)(3), 402(h)(1)(B), 402(k), or 457(b) of the Code, plus all other payments of compensation to an employee by his or her employer (in the course of the employer's trade or business) for which the employer is required to furnish the employee a written statement under Sections 6041(d), 6051(a)(3), and 6052 of the Code, but excluding amounts paid or reimbursed by the Company for moving expenses incurred by the Participant, but only to the extent that, at the time of the payment, it is reasonable to believe that these amounts are deductible by the Participant under Section 217 of the Code. Any rules that limit the remuneration included in wages based on the nature or location of the employment or the services performed (such as the exception for agricultural labor in Section 3401(a)(2) of the Code) are disregarded for this purpose. Back pay, within the meaning of Regulation Section 1.415(c)-2(g)(8), shall be treated as Compensation for the Plan Year to which the back pay relates to the extent the back pay represents wages and compensation that would otherwise be included in this definition. Compensation includes differential wage payments, as defined in Section 3401(h) of the Code, to the extent required by the Heroes Earnings Assistance and Relief Tax Act of 2008. This paragraph shall be interpreted in a manner consistent with the Regulations under Section 415 of the Code.

(d) General timing rule. In order to be taken into account for a Plan Year under subparagraphs (a) and (b) above, Compensation must be actually paid or made available to a Participant (or, if earlier, includible in the gross income of the Participant) within the Plan Year or Limitation Year, as the case may be. For this purpose, compensation is treated as paid on a date if it is actually paid on that date or it would have been paid on that date but for an election under Section 125, 132(f)(4), 401(k), 403(b), 408(k), 408(p)(2)(A)(i), or 457(b) of the Code.

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(e) Special rules regarding severance compensation (i.e., separation allowance). For purposes of applying subparagraphs (a) and (b) above, in order to be taken into account for a Plan Year or Limitation Year, Compensation must be paid or treated as paid to the Participant prior to the Participant's severance from employment with the Company . For this purpose, severance from employment is determined in the same manner as under Treasury Regulation Section 1.401(k)-1(d)(2) except that, for purposes of determining the employer of an employee, the modifications provided under Section 415(h) of the Code to the employer aggregation rules apply.

(f) Notwithstanding subparagraph (d), for purposes of determining Statutory Compensation, Compensation for a Plan Year shall also include Compensation paid by the later of 2 ½ months after an Employee's severance from employment (as defined in subparagraph (d)) with the Company or the end of the Plan Year that includes the date of the Employee's severance from employment with the Company , if the payment is regular Compensation for services during the Employee's regular working hours, or Compensation for services outside the Employee's regular working hours (such as overtime or shift differential), commissions, bonuses, or other similar payments, and, absent a severance from employment, the payments would have been paid to the Employee while the Employee continued in employment with the Company. This includes annual lump sum payments for vacation or sick leave that the Employee would have been able to use had employment continued, and payments under a nonqualified deferred compensation plan that would have been paid at the same time if the Employee had continued in employment with the Company or a member of the Controlled Group and that is includible in gross income. Any payments not described above shall not be considered Compensation if paid after severance from employment, even if they are paid by the later of 2 ½ months after the date of severance from employment or the end of the Limitation Year that includes the date of severance from employment.

(g) Dollar Limitation. A Participant's Compensation under the Plan for any purpose during any Plan Year shall not exceed the indexed dollar limit under Section 401(a)(17)(A) for that Plan Year. For the 2014 Plan Year, this limit is $260,000.

"Computation Period" means, for eligibility purposes, a 12-consecutive month period beginning with an individual's Employment Commencement Date or any anniversary thereof. For vesting purposes, the initial Computation Period shall be the 12-consecutive month period beginning with an individual's Employment Commencement Date, and subsequent Computation Periods shall be the Plan Year.

"Contribution Agreement" means an election or deemed election by a Participant, pursuant to procedures established by the Administrator, which establishes the level of Elective Contributions and/or Employee After—Tax Contributions to be made for the Participant's benefit.

"Controlled Group" means any entity that is: (1) a member of a controlled group of corporations that includes the Company, while it is a member of such controlled group (within the meaning of Section 414(b) of the Code); (2) a member of a group of trades or businesses under common control with the Company, while it is under common control (within the meaning of Section 414(c) of the Code); (3) a member of an affiliated service group that includes the Company, while it is a member of such affiliated service group (within the meaning of Section 414(m) of the Code), or (4) a leasing or other organization during any period in which it is required to be aggregated with the Company pursuant to the provisions of Section 414(n) or 414(o) of the Code.

"Core Contribution" means a contribution made to the Plan by the Company for the benefit of a Participant in accordance with Section 3.5.

"Core Company Contribution Account" means the account into which shall be credited any Core Contributions made by the Company on a Participant's behalf, and all income, gains and losses attributable thereto.

"Direct Rollover" means a payment by the Plan to the Eligible Retirement Plan specified by the Distributee.

"Disabled" means the Participant is is determined by the Social Security Administration to be disabled.

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"Discretionary Matching Contribution" means a contribution made to the Plan by the Company for the benefit of a Participant which is based upon attainment of the Financial Objective in accordance with Section 3.4.

"Distributee" includes an Employee or former Employee. In addition, the Employee's or former Employee's surviving spouse and the Employee's or former Employee's spouse or former spouse, who is an alternate payee under a Qualified Domestic Relations Order, are Distributees with regard to the interest of the spouse or former spouse. The term Distributee shall also include a deceased Employee's non-spouse Beneficiary; provided, however, that a distribution to such Distributee may only be rolled into an individual retirement account or annuity in accordance with Section 402(c)(11) of the Code.

"Effective Date" means January 1, 2014.

"Elective Contribution" means a contribution made to the Plan for the benefit of a Participant pursuant to a Contribution Agreement. An Elective Contribution may be either a Pre-Tax Contribution or a Roth 401(k) Contribution, and includes a Catch-Up Contribution.

"Eligible Employee" means an Employee who satisfies the eligibility criteria described in either Section 2.1(a)(i) (National Grid non-represented participants) or 2.1(a)(ii) (non-represented employees).

"Eligible Retirement Plan" means an individual retirement account described in Section 408(a) of the Code, an individual retirement annuity described in Section 408(b) of the Code, an annuity plan described in Section 403(a) of the Code, or a qualified trust described in Section 401(a) of the Code that accepts the Distributee's Eligible Rollover Distribution. An Eligible Retirement Plan shall also mean an annuity contract described in Section 403(b) of the Code and an eligible plan under Section 457(b) of the Code which is maintained by a state, political subdivision of a state or any agency or instrumentality of a state or political subdivision of a state and which agrees to account separately for amounts transferred into such plan from this Plan. Notwithstanding the foregoing, with respect to a Distributee who is a Participant's surviving spouse, an Eligible Retirement Plan is an individual retirement account or an individual retirement annuity. A Participant may roll over an Eligible Rollover Distribution to a Roth IRA (within the meaning of Section 408A of the Code, provided that any of the amount rolled over that would be includible in gross income if the distribution were not rolled over is included in gross income). A non-spouse Beneficiary who is a designated Beneficiary within the meaning of Section 401(a)(9)(E) of the Code may, after the death of the Participant, make a Direct Rollover of an Eligible Rollover Distribution to an IRA established on behalf of the designated Beneficiary; provided that the distributed amount satisfies all the requirements to be an Eligible Rollover Distribution other than the requirement that the distribution be made to the Participant or the Participant's spouse. Such Direct Rollovers shall be subject to the terms and conditions of IRS Notice 2007-7 and superseding guidance.

"Eligible Rollover Distribution" means any distribution of all or any portion of the balance to the credit of the Distributee, except that an Eligible Rollover Distribution does not include:

(a) any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Distributee or the joint lives of the Distributee and the Distributee's Beneficiary, or for a specified period of ten years or more;

(b) any distribution to the extent such distribution is required under Section 401(a)(9) of the Code;

(c) hardship distributions;

(d) the portion of any distribution that is not includable in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities); and

(e) any other distribution(s) that is reasonably expected to total less than $200 during a year.

Notwithstanding the foregoing, a portion of a distribution shall not fail to be an Eligible Rollover Distribution merely because the portion consists of Employee After-Tax Contributions. However, such portion may

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be transferred only to an individual retirement account or annuity described in Section 408(a) or (b) of the Code, or to a qualified defined contribution plan described in Section 401(a) or 403(a) of the Code that agrees to account separately for amounts so transferred, including separately accounting for the portion of such distribution which is includable in gross income and the portion of such distribution which is not so includable.

"Employee" means any individual employed by the Company or by a member of the Controlled Group.

"Employee After-Tax Contribution" means an after-tax contribution made to the Plan by the Participant under Article 3.

"Employee After-Tax Contribution Account" means the account maintained for a Participant which is credited with Employee After-Tax Contributions, if any, and allocable income, expense, gains, and losses.

"Employee Benefits Committee" ("EBC") means the person or persons designated by the Company to administer the Plan in accordance with Article 10.

"Employment Commencement Date" means the date on which an Employee first performs an hour of service for the Company or a member of the Controlled Group. An "hour of service" for this purpose means an hour for which an Employee is paid, or entitled to payment, for the performance of duties for the Company or a member of the Controlled Group.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"Financial Objective" means the financial objective goal (stated in ranges) set for the year in question by the Board.

"Highly Compensated Employee" means an Employee of the Company who is a "highly compensated employee" within the meaning of Section 414(q) of the Code. The term "Highly Compensated Employee" includes each individual employed by the Company who (i) during such Plan Year or preceding Plan Year, is a "5% owner" within the meaning of Section 414(q) of the Code, or (ii) during the preceding Plan Year received Statutory Compensation in excess of the dollar limit provided for in Section 414(q)(1)(B) for the year (as adjusted from time to time under Section 414(q) of the Code).

"Highly Compensated Participant" means a Participant who is a Highly Compensated Employee.

"Hour of Service" means:

(a) each hour for which an Employee is directly or indirectly compensated or entitled to compensation by the Company or a member of the Controlled Group for the performance of duties during the applicable Computation Period;

(b) each hour for which an Employee is directly or indirectly compensated or entitled to compensation by the Company or a member of the Controlled Group on account of a period of time during which no duties are performed (such as vacation, holidays, sickness, disability, layoff, jury duty, military duty or leave of absence) during the applicable Computation Period; and

(c) each hour for which back pay is awarded or agreed to by the Company or a member of the Controlled Group without regard to mitigation of damages.

The same Hours of Service shall not be credited under more than one of (a), (b) or (c). No more than 501 Hours of Service will be credited to an Employee on account of any single continuous period during which the Employee performs no duties (whether or not such period occurs in a single Computation Period). An hour for which an Employee is directly or indirectly paid, or entitled to payment, on account of a period during which no duties are performed is not required to be credited to the Employee if such payment is made or due under a plan maintained solely for the purpose of complying with applicable worker's compensation, or unemployment compensation or disability insurance laws. Hours of Service are not required to be credited for a payment which solely reimburses an Employee for medical or medically-related expenses incurred by the Employee.

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Solely for purposes of determining whether a Year of Service has been completed in a Computation Period, an Employee who is absent from work for maternity or paternity reasons shall receive credit for the Hours of Service which would otherwise have been credited to such individual but for such absence, or in any case in which such hours cannot be determined, 8 Hours of Service per day of such absence; in no case shall more than 501 Hours of Service be credited for any one such absence. For purposes of this subsection, an absence from work for maternity or paternity reasons means an absence (1) by reason of pregnancy of the Employee, (2) by reason of the birth of a child of the Employee, (3) by reason of the placement of a child with the Employee in connection with the adoption of such child by such Employee, or (4) for purposes of caring for such child for a period beginning immediately following such birth or placement. The Hours of Service credited under this subsection shall be credited (1) in the Computation Period in which the absence begins if the crediting is necessary to prevent a Break in Service in that period, or (2) in all other cases, in the following Computation Period.

"Investment Date" means the Business Day prior to the date when contributions are wired from the Company to the Trustee, which transaction involves a purchase of shares from PSEG, or such other date as set forth in procedures adopted by the Pension Investment Committee.

"Investment Fund" means each separate fund established by the Pension Investment Committee in which contributions to the Plan are invested.

"Limitation Year" means the Plan Year.

"LIPA" means the Long Island Power Authority.

"LIPA Plan" means the defined contribution plan with a cash or deferred arrangement in which the non-represented LIPA employees participate.

"Matching Contribution" means a contribution made to the Plan by the Company for the benefit of a Participant on account of an Elective Contribution. A Matching Contribution may be either a Basic Matching Contribution or a Discretionary Matching Contribution.

"Month of Service" means a calendar month during which an Employee completes at least one hour of service for the Company or a member of the Controlled Group. An "hour of service" for this purpose means an hour for which an Employee is paid, or entitled to payment, for the performance of duties for the Company or a member of the Controlled Group . Months of Service generally will be measured from a Participant's Employment Commencement Date, except as specifically provided herein.

"NatGrid Plan" means The National Grid USA Companies' Incentive Thrift Plan I, as of December 31, 2013.

"Normal Retirement Age" means the date a Participant attains age 65.

"Participant" means each Eligible Employee and former Eligible Employee who participates in the Plan pursuant to Article 2 of the Plan. An individual who has become a Participant will remain a Participant until the balance in his or her Accounts has been distributed.

"Pension Investment Committee" ("PIC") means the person or persons designated by the Company to manage Plan investments, in accordance with Article 10.

"Plan" means the Long Island Electric Utility ServCo LLC Incentive Thrift Plan I, as amended.

"Plan Year" means the calendar year.

"Pre-Tax Contribution" means the portion of a Participant's Contribution that is not a Roth 401(k) Contribution. The Pre-Tax Contribution equals the amount by which a Participant's Compensation is reduced in accordance with his or her Contribution Agreement. A Pre-Tax Contribution includes any Catch-Up Contribution made by a Participant that is not designated as a Roth 401(k) Contribution.

"Pre-Tax Contribution Account" means the account maintained with respect to a Participant which is credited with the Participant's Pre-Tax Contributions, if any, and allocable income, expense, gains, and losses.

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"Pre-Tax Rollover Account" means the account maintained with respect to a Participant which is credited with the Participant's Rollover Contribution that are pre-tax in nature, if any, and allocable income, expense, gains and losses attributable thereto.

"PSEG" means Public Service Enterprise Group Incorporated (NYSE: PEG), or its successors.

"PSEG Plan" means the Public Service Enterprise Group Incorporated Thrift and Tax-Deferred Savings Plan.

"PSEG Share Fund" has been established as an Investment Fund under the Plan as a matter of Plan design, rather than at the election of the Administrator. See Article A3 (Eligibility) of the ESOP regarding eligibility to invest in the PSEG Share Fund. The Trustee shall invest all of the PSEG Share Fund in Shares, except to the extent the manager of the fund reasonably deems necessary to meet the liquidity needs of the PSEG Share Fund at any given time. The manager of the PSEG Share Fund shall have the power to terminate the fund or convert it to another form of investment only in extraordinary circumstances, and only to the extent that he or she reasonably believes that there are clear and compelling public indicators that call into serious question the viability of PSEG as a going concern in accordance with the standard of Department of Labor Field Assistance Bulletin 2004-03 or any successor guidance.

"Qualified Default Investment Alternative" means the Investment Fund(s) or other investment vehicle (such as a managed account arrangement) which is a "qualified default investment alternative" within the meaning of Section 404(c)(5) of ERISA and Department of Labor Regulation Section 2550.404c-5(e), and which has been designated by the Pension Investment Committee as the qualified default investment alternative under the Plan.

"Qualified Domestic Relations Order" means any judgment, decree or order (including approval of a property settlement agreement) which constitutes a "qualified domestic relations order" within the meaning of Section 414(p) of the Code. A judgment, decree or order shall not be considered not to be a Qualified Domestic Relations Order merely because it requires a distribution to an alternate payee (or the segregation of accounts pending distribution to an alternate payee) before the Participant is otherwise entitled to a distribution under the Plan. A domestic relations order that otherwise satisfies the requirements for a Qualified Domestic Relations Order ("QDRO") will not fail to be a QDRO: (i) solely because the order is issued after, or revises, another domestic relations order or QDRO; or (ii) solely because of the time at which the order is issued, including issuance after the annuity starting date or after the Participant's death.

"Qualified Military Service" shall have the meaning provided for in Section 414(u) of the Code.

"Qualified Nonelective Contribution" means a contribution made by the Company in its sole discretion on behalf of a Participant, which is designated by the Company as a Qualified Nonelective Contribution.

"Qualified Nonelective Contribution Account" means the account maintained with respect to a Participant which is credited with the Participant's share of Qualified Nonelective Contributions, if any, and allocable income, expense, gains and losses.

"Regulation" means a regulation issued by the Department of Treasury or the Department of Labor, as the case may be, including any final regulation, proposed regulation, temporary regulation, as well as any modification of any such regulation contained in any notice, revenue procedure, or similar pronouncement of general applicability.

"Rollover Contribution" means a contribution (whether pre-tax or after-tax) made by a Participant to the Plan which qualifies as an Eligible Rollover Distribution from a qualified trust under Section 401(a)(31) or 402(c) of the Code in accordance with Section 3.7.

"Roth 401(k) Contribution" means an Elective Contribution described in Section 402A of the Code that is irrevocably designated by a Participant as a Roth 401(k) Contribution at the time the deferral is made in accordance with his or her Contribution Agreement, and that is includible in the Participant's gross income at this time. A Participant's Roth 401(k) Contributions will be separately accounted for, as will gains and losses attributable to those Roth 401(k) Contributions; provided, however that forfeitures may not be allocated to such account. A Roth 401(k) Contribution includes any Catch-Up Contribution made by a Participant that is designated as such by the Participant.

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"Roth 401(k) Contribution Account" means the account maintained with respect to a Participant which is credited with the Participant's Roth 401(k) Contributions, if any, and allocable income, expense, gains and losses.

For purposes of determining the applicable five-taxable-year period under Treasury Regulation Section 1.402A-1, and the portion of the Roth 401(k) Contribution Account which represents the Participant's investment in the contract, the Administrator will deem the first year of the five-taxable-year period to be the year in which the first Roth 401(k) Contribution was made to this Plan.

"Shares" means shares of PSEG common stock.

"Spouse" means the person to whom the Participant is married. Spouse shall include a person of the same sex if the individuals are lawfully married under applicable law even if the married couple is domiciled in a state that does not recognize the validity of same-sex marriages. Spouse shall not include individuals (whether of the opposite sex or the same sex) who have entered into a registered domestic partnership, civil union, or other similar formal relationship recognized under state law that is not denominated as a marriage under the laws of that state.

"Termination of Employment" means cessation of employment with the Company and all members of the Controlled Group due to:

(a) voluntary or involuntary termination or severance from employment (including retirement), or

(b) failure to return to work upon the expiration of any approved leave of absence from the Company or any member of the Controlled Group, in which event cessation of active work will be deemed to have occurred at the time such leave expired.

Unpaid approved leaves of absence and transfers of employment without interruption between members of the Controlled Group will not be treated as a Termination of Employment for purposes of this Plan.

A Termination of Employment will occur only if, consistent with IRS interpretations as determined in the sole discretion of the Administrator, the Plan would remain qualified under sections 401(a) and 401(k) of the Code if the Participant were treated as having a Termination of Employment.

"Trust" means the trust(s) established in conjunction with the Plan.

"Trust Agreement" means the instrument or instruments executed between the Company and the Trustee named in such instrument(s), which provides for the receiving, holding, investing and disposing of Plan assets, together with any and all amendments thereto.

"Trustee" means the person or persons who are at any time the acting trustee(s) under the Trust Agreement, and any successor trustee.

"Trust Fund" means the assets held in trust by the Trustee(s) for the benefit of Participants, alternate payees, and Beneficiaries, under the Trust Agreement.

"Year of Service" means a Computation Period during which an individual has accumulated at least 1,000 Hours of Service. In no event will a Participant be credited with more than one Year of Service with regard to any single Plan Year.

For certain participants, years of service with NatGrid, LIPA or PSEG will be taken into account in determining years of service.

Section 2. Participation

Non-represented employees of the Company will be eligible to participate in the Thrift Plan as of their first day of employment. In addition, individuals who were employed by National Grid on December 31, 2013 and who were participants in the National Grid Thrift Plan on that date, and who were hired as employees of the Company as of January 1, 2014, became eligible to participate in the Thrift Plan on January 1, 2014.

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Certain individuals are not eligible to participate in the Thrift Plan, including but not limited to leased employees, temporary employees, interns, co-op students, summer students, and independent contractors or individuals paid by an agency or party other than the Company, or any employee covered under a collective bargaining agreement.

To become a Participant, an Eligible Employee must notify the Administrator using the electronic, telephone, written or other methods of communication provided by the Administrator and, in doing so, will agree to the Plan's terms of conditions. Also see Section 3 below regarding automatic enrollment.

An individual will remain a Participant for as long as an Account is maintained under the Plan for his or her benefit, or until his or her death, if earlier. A Participant or former Participant who is reemployed as an Eligible Employee shall again become eligible to make Elective Contributions as of the first effective payroll cutoff following reemployment.

Section 3. Contributions

A Participant must enter into a Contribution Agreement electing to make Elective Contributions and/or Employee After-Tax Contributions. For After-Tax Contributions, a Participant may contribute in whole percentage increments between 1-15% of his or her Base Compensation per payroll period. The combined limit for Elective Contributions and Employee After-Tax Contributions cannot exceed 50% of the Employee's Base Compensation per payroll period.

Automatic Enrollment. If no election is made, the Participant will be automatically enrolled in a program which will make a Pre-Tax Elective Contribution of 6% of his or her Compensation per pay period. The Participant may receive a refund for the automatic contributions by submitting a request pursuant to the Administrator's established procedures within 90 days of the date that the first contribution was made.

Voluntary Rate Escalation. A Participant may elect to apply a voluntary rate escalation feature, which provides for automatic annual increases of Pre-Tax Contributions by 1-3% of elected Compensation, up to a maximum of 50%. Automatic escalation will not apply to Roth 401(k) or Employee After-Tax Contributions.

Basic Matching Contributions. The Company will make a Basic Matching Contribution to the Trust for each Participant for whom it made Elective Contributions and/or Employee After-Tax Contributions for the period adopted by the Administrator. A Participant's Basic Matching Contribution shall be calculated on a payroll-by-payroll basis and shall be equal to 50% of the Elective Contributions and/or Employee After-Tax Contributions made on behalf of the Participant for the Plan Year, which do not exceed the first 8% of the Participant's Compensation for the Plan Year.

Investment Choices. Participants may invest contributions among any of the Thrift Plan investment options in any full percentage increments, as long as they total 100%, and exchange amounts already invested in the Thrift Plan among funds on a case or percentage basis. Participants may also diversify their investments to meet their personal retirement income goals. Dividends that are paid on investments in PSEG common stock will be reinvested automatically into the Participants' accounts.

Participants may invest in the following: (i) stock funds, including the Vanguard Institutional Index, the Vanguard Extended Market Index, and the Vanguard FTSE All-World Index; (ii) bond funds, including the Fidelity Intermediate Bond Fund and JP Morgan Core Bond R6; (iii) the Fidelity Spartan Money Market Fund; (iv) Vanguard Retirement Funds; and (v) PSEG Common Stock.

There is generally no limit to the number of times or frequency with which Participants may change, in whole percentage increments, how their future contributions will be invested. A Participant may change the way his or her future contributions are invested by contacting Vanguard Participant Services.

In addition, Participants may request from Vanguard Participant Services the following information for the publicly traded mutual funds that are offered as investments by the Thrift Plan, to the extent received by the Thrift Plan: (i) a prospectus for each fund or institutional trust, which contains information on fund assets and investments; and (ii) an annual report listing the assets comprising the portfolio of the fund and the value of each asset as of a given date in the report. Participants may also contact Vanguard Participant Services to get current and historical fund performance.

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Investment alternatives may be added or deleted at any time. The investment objectives, procedures, and restrictions summarized in this section are subject to change at any time.

Frequency Trading Policy. A frequent trading policy applies to all funds in the Thrift Plan with the exception of the PSEG Common Stock Fund. Under this policy, if a Participant exchanges money out of a fund, the Participant will not be able to exchange money back into the same fund within 60 calendar days. The term "exchange" refers to a transaction in which proceeds from redemption of fund shares in the Thrift Plan are used to purchase another investment offered within the Thrift Plan. The 60-day restriction only applies to exchanges *into* a fund and does not apply to transactions such as contributions, distributions and loans. Participants may always exchange money *out* of any fund at any time. In addition, the 60-day restriction described above will not apply to any change that a Participant makes to the investment of *future* contributions.

Monitoring and Accessing Accounts. Participants may contact Vanguard Participant Services to access information about their accounts, including account balances, current savings election percentages, investment elections for future contributions, and in-service loan and withdrawal amounts available. Participants may also contact Vanguard Participant Services to transfer existing balances from one investment fund to another, initiate a loan transaction, change savings election percentages, request in-service withdrawals, request a distribution following termination, order forms and information, request fund prospectuses, elect automatic increase service, and sign up for online advice service.

Section 4. Participant Accounts

The Employee Benefits Committee will be the Plan Administrator and will establish and maintain Accounts or subaccounts for each Participant. The Participant may invest his or her Accounts in one or more Investment Funds.

Each Business Day, the assets in the Trust will be valued according to account earnings and losses of the Trust along with appreciation or depreciation, expenses, and distributions and will be adjusted to reflect the assets' fair market value.

Any expense relating to a specific Account, including without limitation, commissions or sales charges with respect to an investment in which the Account participates and brokers' fees on Shares purchased or sold on the open market, but excluding brokerage commissions for stock and costs relating to the processing of Qualified Domestic Relations Orders, may be charged solely to the particular Account. Other Plan administration expenses will not generally be charged to Participants, unless otherwise determined by the Administrator.

ERISA Section 404(c) Status. The ITP is intended to constitute a plan described in Section 404(c) of ERISA and the Regulations thereunder. A Participant's election or change of election regarding the investment of his or her Accounts shall be within the independent control of the Participant (or Beneficiary, as applicable). Neither the Plan nor the Trustee, nor the Trust, nor the Administrator, nor the EBC, nor the PIC, nor the Company shall be liable for any loss that may result from the exercise of such control by the Participant or Beneficiary.

Further information about the Plan Administrator can be found in Section 10 below.

Section 5. Vesting of Accounts

A Participant at all times will be 100% vested in his or her Pre-Tax Elective Contribution Account, Employee After-Tax Contribution Account, Qualified Nonelective Contribution Account, After-Tax Rollover Account, Rollover Account, and Roth 401(k) Contribution Account.

A Participant shall be 100% invested in, and have a nonforfeitable right to, his or her Matching Contribution Account and Core Contribution Account upon the Participant's completion of three (3) Years of Service. In addition, a Participant shall become 100% vested in, and have a nonforfeitable right to, his Matching Contribution Account and Core Contribution Account if the Participant attains Normal Retirement Age, becomes Disabled or dies, in each case while employed by the Company, regardless of whether he or she has completed three (3) Years of Services.

Forfeitures. The unvested portion of a Participant's Accounts shall be forfeited upon Termination of Employment. However, amounts forfeited shall be reinstated where the Participant (i) is rehired by the Company or a member of the Controlled Group before incurring five consecutive Breaks in Service, and (ii) repays any

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distribution taken from the Plan before the end of the five-year period described in the Plan. Amounts forfeited shall not be reinstated where the Participant is rehired by the Company or Member of the Controlled Group after incurring five consecutive Breaks in Service.

Section 6. Withdrawals Prior to Severance from Employment

A hardship withdrawal will be permitted solely to the extent the Administrator determines that the distribution is on account of a Participant's immediate and heavy financial need. Such hardship withdrawal will be made only after a Participant has exhausted all withdrawals available under this Plan.

Immediate and Heavy Financial Need. A financial hardship may exist where a Participant incurs certain direct costs related to: (i) medical care for the Participant, his or her Spouse, dependents, or primary Beneficiary; (ii) purchasing his or her primary residence (excluding mortgage payments); (iii) tuition, related education fees, and room and board expenses for up to the next 12 months of post-secondary education for the Participant, his or her Spouse, children or dependents, or primary Beneficiary; (iv) preventing foreclosure on or Participant's eviction from his or her principal residence; (v) burial or funeral expenses for the Participant's deceased parent, Spouse, children or dependent, or primary Beneficiary; or (vi) repairing certain damage to Participant's principal residence.

A Participant who is an Employee and has attained age 59 ½ may withdraw all or part of his or her Accounts at any time. A Participant who is an Employee and has not attained age 59 ½ may withdraw all or part of his or her Accounts (other than the Pre-Tax Contribution Account or Qualified Nonelective Contribution Account of Roth 401(k) Contribution Account).

Section 7. Loans to Participants

A Participant who is an Employee may borrow from his or her Accounts. Loans will be made to former Employees only to the extent required by the Department of Labor final regulations and only to the extent that making such loans will be consistent with administering the Plan and loan program in a nondiscriminatory manner.

The minimum loan amount shall be $1,000, or as otherwise determined by the Administrator. The maximum loan amount, including all loans outstanding under this or any other qualified retirement plan of the Company or any member of the Controlled Group, shall be $50,000 reduced by (1) the excess of the highest outstanding loan balance(s) from such plans during the one-year period ending on the day prior to the loan date (2) over the Participant's outstanding loan balance from such plans immediately prior to the loan. The loan amount shall not exceed 50% of the Participant's vested interest in his or her Accounts, determined as of the Business Day immediately preceding the loan date. A Participant may have no more than two loans outstanding at one time.

Default; Foreclosure. Failure to repay the loan principal and interest within 90 days of the most recent payment will result in default. The Plan will foreclose upon the unpaid balance of the defaulted loan as of the earliest date on which the Participant is eligible for an actual distribution.

Loan Rollover Option for Former NatGrid Employees. A Participant who terminated employment with National Grid USA, or an affiliate thereof, as of December 31, 2013, and who was employed by the Company as of January 1, 2014 is permitted to roll over an outstanding loan (that has not been defaulted) from the NatGrid Plan to this Plan. Such loan will be permitted no later than February 15, 2014.

Section 8. Distributions Following Termination of Employment

Following a Participant's Termination of Employment, the Participant may at any time elect to receive all or part of his or her Accounts in a single sum in cash. A Participant's Accounts will automatically be distributed in a single lump sum without consent if the Accounts are valued at $1,000 or less.

Latest Time of Distributions. Distributions to the Participant shall be made not later than the 60th day after the close of the Plan Year in which occurs the latest of (a) the Participant's 65th birthday, (b) the tenth anniversary of the date on which the Participant commenced participation in the Plan, and (c) the Participant's Termination of Employment.

Distributions on Account of Death; Distributions on Becoming Disabled. A lump sum will be paid to the Participant's Beneficiary as soon as practicable after Participant's death, unless the Beneficiary elects to defer payment. A Participant who is disabled may elect in writing, at any time prior to retirement, to receive a total or partial distribution as soon as practicable.

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Section 9. Voting of Shares

A Participant shall receive a proxy and copies of all soliciting material furnished by PSEG to its stockholders in connection with any meeting of stockholders or consent sought in lieu of a meeting. If the proxy is returned properly signed and marked for voting, all of the full and fractional shares of Common Stock held for the Participant's account will be voted as marked.

Section 10. Appointment of Committees

The Board shall appoint the EBC and the PIC, each of which shall establish its own charter regarding its structure and operation. The EBC is the named fiduciary responsible for operating and administering the Plan, which includes among other things interpreting the Plan, establishing application rules and procedures, and establishing a claims procedure. The PIC is the named fiduciary responsible for controlling and managing the assets of the Plan, including making appropriate provision for the investment and reinvestment of the Trust Fund. The EBC and PIC shall have the right to designate persons other than the EBC or PIC to carry out fiduciary responsibilities under the Plan. In the event that a vacancy occurs on either committee, the remaining member(s) of the applicable committee shall act until the Board fills the vacancy.

Section 11. Amendment and Termination

The Board may amend the Plan to any extent and in any manner that it may deem advisable by a written instrument. To the extent required by Section 411(d)(6) of the Code, no amendment will decrease any "accrued benefit" as defined in Section 411(a)(7) of the Code.

The Plan may also be terminated at any time by action of the Board. Upon termination, each Participant's interest in his or her Account balance shall be fully vested and non-forfeitable. The Trustee will distribute to each Participant the value of the Participant's Accounts in a single sum, which shall be determined as of the Business Day immediately preceding or coinciding with the date distribution is to be made.

If this Plan merges or consolidates with another plan or transfers assets or liabilities to another plan, the terms of the merger, consolidation or transfer shall require that each Participant receives an "accrued benefit" which is no less than the "accrued benefit" he or she would have received if this Plan had terminated immediately before the merger, consolidation or transfer.

Section 12. Limits on Contributions

Plan contributions are limited as follows: All Plan contributions are conditioned on their current deductibility under Section 404 of the Code for the taxable year when paid. Matching Contributions and Employee After-Tax Contributions are subject to the limits of Section 401(m) of the Code and Elective Contributions are subject to the limits of Section 401(k)(3). A Participant's total Elective Contributions made for any calendar year, when added to the other Elective Deferrals for the calendar year, shall not exceed the maximum applicable limit under Section 402(g) of the Code.

Section 13. Top-Heavy Provisions

For any Top-Heavy Plan Year, the Company shall contribute for each Participant who is a Non-Key Employee a minimum contribution of 3% of each such Participant's Statutory Compensation. However, if the largest contribution on behalf of a Key Employee for such year is less than 3% of the Key Employee's Statutory Compensation, such lesser percentage shall be the minimum contribution percentage for Participants who are Non-Key Employees. The minimum contribution for each Participant who is a Non-Key Employee for the particular year will be offset by any Basic Matching Contributions and Discretionary Matching Contributions and any Qualified Nonelective Contributions, but not any other type of contribution.

If a Participant is also covered by a top-heavy defined benefit plan of the Company, 5% of the Participant's Statutory Compensation shall be the minimum contribution.

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Section 14. Miscellaneous

The corpus or income of the Trust will be used for the exclusive benefit of each Participant and Beneficiary, except as otherwise provided under the provisions of the Plan relating to Qualified Domestic Relations Orders, the payment of reasonable Plan administration expenses, the treatment of contributions upon non-deductibility or mistake of fact, or the failure of the Plan to initially qualify as tax-exempt under Section 401(a) of the Code.

No benefit under the Plan will be subject to voluntary or involuntary alienation, assignment, garnishment, attachment, execution or levy of any kind, and any attempt to do so shall be void. The preceding sentence will not apply to: (i) a Qualified Domestic Relations Order, (ii) enforcement of a federal tax levy made under Section 6331 of the Code, (iii) the collection by the United States on a judgment resulting from an unpaid tax assessment, or (iv) an offset to satisfy certain civil or criminal judgments or settlements involving the Plan under Section 401(a)(13)(C) of the Code.

Section 15. Minimum Required Distributions

Time and Manner of Distribution. Benefit payments for a Participant who is a five percent owner pursuant to Section 416 of the Code will begin no later than April 1 following the calendar year the Participant attains age 70 ½. Benefit payments for a Participant who is not a five percent owner pursuant to Section 416 will begin by April 1 following the later of the calendar year in which the Participant (i) attains age 70 ½, and (ii) retires.

Required Minimum Distributions After Participant's Death. If the sole Beneficiary is the Participant's surviving spouse, distributions will begin by the later of December 31 of the calendar year (i) which contains the fifth anniversary of the Participant's death or (ii) in which the Participant would have attained age 70 ½.

If the Participant's surviving spouse is not the Participant's sole designated Beneficiary, then distributions to the designated Beneficiary will be paid by December 31 of the calendar year which contains the fifth anniversary of the Participant's death.

ADDITIONAL INFORMATION ABOUT THE ITP

Pursuant to this Registration Statement, 500,000 shares of Common Stock have been registered for sale pursuant to the ITP.

No benefit or right under the ITP may in any manner or to any extent be assigned, alienated, or transferred by any Participant under the ITP. In addition, no benefit or right under the ITP may be subjected to attachment, garnishment or other legal process without an appropriate court order.

Benefits under the ITP are not guaranteed by the Pension Benefit Guaranty Corporation. Neither PSEG nor the Company provides any such protection to Participants and they do not insure any gains nor protect against any loss from any investment in the ITP.

Although the ITP is of indefinite duration, the Company reserves the right to amend, modify or terminate the ITP at any time, in its sole discretion. The Company also retains the right to change the Recordkeeper and/or the Independent Agent at its sole discretion.

While the ITP does not place restrictions on resales of Common Stock acquired thereunder, shares of Common Stock acquired under the ITP by an "affiliate," as that term is defined in Rule 405 under the Securities Act of 1933 (the "1933 Act"), may only be resold pursuant to the registration requirements of the 1933 Act or an appropriate exemption therefrom. Acquisitions of shares of Common Stock and dispositions of shares of Common Stock by an officer or director, as defined under the rules promulgated under Section 16 of the 1934 Act, of PSEG within any six-month period may give rise to the right of PSEG to recapture any profit from such transactions pursuant to Section 16(b) of the 1934 Act.

A copy of PSEG's 2013 Annual Report to Stockholders has been furnished to each Participant in the ITP. PSEG will promptly furnish, without charge, an additional copy of such Annual Report to any Eligible Employee who so requests by writing to the Director, Investor Relations, 80 Park Plaza, T6B, P.O. Box 1171, Newark, New Jersey 07101-1171. Each Participant will be furnished copies of all future reports, proxy statements and other communications furnished to PSEG stockholders generally.

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For further information about the ITP, Participants and Eligible Employees may contact the Vanguard Participant Services in writing at P.O. Box 1101, Valley Forge, Pennsylvania 19482 or by telephone at 1-800-523-1188.

TAX CONSEQUENCES OF THE ITP

Outlined below is a summary of certain tax consequences which may result to Participants in the Plan. **The law on which this outline is based is subject to change at any time. Each Participant should consult his or her own tax adviser concerning the application of Federal taxes, as well as any state, local or foreign taxes, to the Participant's particular situation.**

Servco believes that the ITP is qualified under sections 401(a) and 401(k) of the Code. Under the Code, an employer may deduct currently its contributions to and expenses of the Plan from gross income for Federal income tax purposes.

The following tax consequences will result to Participants:

(1) Any contributions made pursuant to pre-tax salary reduction agreements will not be included in a Participant's gross income. Therefore, neither those contributions nor other Servco's Matching Contributions (if any) to the Thrift Plan are taxable to a Participant as income when made or credited to his or her account. However, they will be taxable to a Participant in the year of distribution or withdrawal. Also, salary reduction contributions (both pre-tax and after-tax) are subject to Social Security tax.

(2) Any after-tax contributions made under applicable plan provisions are not taxed upon distribution, although any dividends, interest or other income or gains attributable to after-tax contributions are subject to taxation upon distribution. Any Roth 401(k) contributions made under the Plan – and earnings thereupon – are not taxed upon distribution.

(3) Lump-Sum Distribution. A lump-sum distribution is a distribution made within one tax year, of the full balance credited to a participant's account(s) in the Plan and is either (a) made as a result of the participant's separation from service or death, or (b) made after age 59 ½. Additionally, for purposes of the special forward-averaging provisions, the employee must have participated in the Plan for at least five full years before the year of distribution. Unless a Participant elects roll over his or her distribution, the Participant will be taxed on the distribution in the year it is received. Participants may be eligible to elect to be taxed on the distribution using the ten-year forward-averaging method or the net unrealized appreciation method.

(4) The ten-year forward-averaging method, which is available to individuals who were age 50 or older on January 1, 1986, may result in a lower tax on distributions from the Plan than the regular tax table or tax rate schedule methods. The 1986 tax rates apply in computing the tax under the ten-year forward-averaging method. Only distributions that constitute lump-sum distributions made after five full years of Plan participation are eligible for the ten-year forward-averaging method. An election must be filed with the IRS to use this method. The election can be made only once, regardless of the number of plans from which a Participant receives a lump-sum distribution. All distributions received in the same year from this and other qualified plans must be aggregated when computing the tax under the ten-year forward-averaging method.

(5) The special net unrealized appreciation ("NUA") rule applies to a lump-sum distribution for which Participants elect to receive in kind shares of PSEG common stock. When a Participant takes a distribution from the Thrift Plan that includes an in kind distribution of PSEG common stock – that is, the actual shares of common stock, rather than the cash value of the shares, the total net unrealized appreciation in the value of the common stock is excludable from his or her income tax for the distribution year only if the distribution qualifies as a lump-sum distribution. A lump-sum distribution is a payment, within one year, of a Participant's entire balance under the Thrift Plan that is payable to him or her after having reached age 59 ½, because the Participant has separated from service with the Company or one of its affiliates, or on account of his or her death or disability. The "taxable amount" for a lump-sum distribution from the Thrift Plan will not include any net unrealized appreciation – Participants will pay federal income tax at ordinary tax rates only on the "cost basis" of the shares of common stock. Upon subsequent sale of the common stock, any taxable gain will be based on the difference in value between the cost basis and the fair market value of the shares. This amount will be taxed at the "capital gains" rate of federal income tax. Net unrealized appreciation is the amount by which the fair market value of the shares of PSEG common stock Participants receive exceeds the amount that the Thrift Plan paid for the shares.

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A separate rule applies for the in-kind distribution of PSEG common stock acquired with after-tax contributions. Participants can receive net unrealized appreciation treatment on the value of PSEG common stock acquired with employee after-tax contributions, even if the distribution is not in the form of a lump sum payment. If a partial distribution includes any in kind PSEG common stock acquired with employee after-tax contributions, then a portion of the NUA on the PSEG common stock received in the payment will be excludable, based on the in kind shares of common stock which were purchased with after-tax contributions.

(6) Rollover. In general, the Code permits a Participant to avoid current taxation on any portion of the taxable amount of an eligible rollover distribution by rolling over that portion into an "eligible retirement plan" that accepts rollover contributions. An eligible retirement plan includes a plan qualified under section 401(a) of the Code, including a 401(k) plan, profit-sharing plan, defined benefit plan, stock bonus plan, and money purchase plan; a section 403(a) annuity plan; a section 403(b) tax-sheltered annuity; an eligible section 457(b) plan maintained by a governmental employer; and a traditional IRA. Rollovers may be made to a Roth IRA, a SIMPLE IRA, or a Coverdell Education Savings Account (an education IRA). The rollover rules make most, but not all, Plan withdrawals and distributions eligible for rollover.

The following types of withdrawals and distributions are not eligible for rollover treatment: (1) a series of substantially equal periodic payments which are made either (a) for a specified period of ten years or more, (b) for the life (or life expectancy) of the participant, or (c) for the Participant's lifetime and his/her beneficiary's lifetime; (2) mandatory distributions resulting from the participant having attained age 70 ½, or, if later, having retired; (3) hardship distributions; (4) cash dividends, if any, that are paid on employer stock held in an ESOP; (5) distributions made due to certain legal limits being exceeded; (6) Plan loans that become taxable deemed distributions because of a default; or (7) contributions made under special Automatic Enrollment rules that are withdrawn pursuant to a Participant's request within 90 days of enrollment.

(7) In general, all taxable withdrawals and distributions eligible to be rolled over are subject to a 20% withholding requirement unless they are rolled over directly to an eligible employer plan or an IRA. This requirement does not, however, prevent a Participant from rolling over eligible amounts into an eligible employer plan or traditional IRA within 60 days of the distribution even if it is not a direct rollover.

Any portion of a taxable distribution that is not rolled over is subject to ordinary income taxes (plus a 10% tax penalty under certain circumstances). Consequently, if a distribution is made other than directly to a qualified plan or an IRA, the participant would have to supplement the rollover from her/his own funds by an amount equal to the 20% withholding in order to avoid a tax liability on that amount for that year.

(8) Distributions made in cash are taxed as ordinary income to the extent that they exceed the Participant's after-tax contributions, if any. If the distribution qualifies as a lump-sum distribution, however, that income may be eligible for the special ten-year forward-averaging provision. In addition, all or a portion of the distribution may be eligible for rollover treatment.

(9) Generally, if a participant receives a lump-sum distribution (other than a distribution of after-tax employee contributions) of securities from the PSEG Common Stock Fund, the Participant will have taxable income in an amount equal to the lesser of the original average cost of the securities to the respective fund or the securities' fair market value at distribution. Such income will be ordinary income, and may be eligible for rollover treatment or the special ten-year forward-averaging provision. Further, any excess of fair market value over the ordinary income amount would not be treated as income at the time of distribution.

(10) A "lump-sum" distribution for purposes of special tax treatment relative to distributions of employer securities from qualifying plans means the distribution or payment within one tax year to the recipient of the balance to the credit of an employee which becomes payable to the recipient: (1) on account of the employee's death; (2) after the employee attains age 59 ½; or (3) on account of the employee's separation from service.

Distributions of PSEG stock consisting of after-tax contributions are taxed only to the extent that they exceed the applicable after-tax contributions. Generally, if a participant receives a lump-sum distribution of securities from the PSEG Common Stock Fund (plus cash in lieu of fractions of securities), the participant will have taxable income in an amount equal to (i) the lesser of the original cost of the securities to the respective fund or the securities' fair market value at distribution, plus (ii) the amount of cash distributed, minus (iii) the amount of the participant's applicable after-tax contributions. Such income will be ordinary income, and may be eligible for rollover treatment or the special ten-year forward-averaging provision.

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For other than lump-sum distributions, at the time of distribution any appreciation in value of PSEG stock purchased with employer contributions (if any), reinvested earnings, and salary reduction contributions is recognized as ordinary income. (Any appreciation in the value of securities purchased with after-tax contributions is not recognized and is deferred until subsequent sale of the securities.) Also, the special ten year forward-averaging provision will not apply if the distribution is not a lump-sum distribution. Rollover treatment, however, may be available.

(11) When shares of PSEG stock are distributed and subsequently sold by the participant, the gain or loss (measured by the difference between the selling price and the tax basis of the securities sold) must be recognized. Such tax basis is equal to the lesser of the original average cost of the securities under the Plan or the securities' fair market value at distribution. All or a portion of any further gain may be subject to preferential long-term capital gains taxation.

(12) When shares received in a distribution not qualifying as a lump-sum distribution are subsequently sold by the Participant, the capital gain or loss (measured by the difference between the selling price and the tax basis of the securities sold) must be recognized. In the case of securities purchased with Company contributions (if any), reinvested earnings and salary reduction contributions, such tax basis is equal to the amount of ordinary income reported as a result of the distribution. In the case of shares purchased with employee after-tax contributions, such tax basis is equal to the lesser of the original cost of the securities under the Thrift Plan or the securities' fair market value at distribution.

(13) Tax Penalties. In addition to income taxes on withdrawals and distributions as described, the Code provides for a penalty tax on withdrawals and distributions made before the participant attains age 59 ½. The penalty tax is 10% of the distributed amount, excluding after-tax employee contributions (but including any earnings thereon).

In addition to in-service withdrawals made after the participant attains age 59 ½, there is no penalty tax on distributions that are: (i) eligible amounts rolled over in a timely manner to an IRA or eligible employer plan; (ii) made to a beneficiary after the death of a Participant; (iii) attributable to the Participant's permanent disability; (iv) made to a Participant who has separated from service during or after the year in which the participant attained age 55; (v) used to pay reimbursed medical expenses that exceed 7.5% of adjusted gross income; or paid to alternate payees under a Qualified Domestic Relations Order.

WHERE YOU CAN FIND MORE INFORMATION

PSEG files annual, quarterly and special reports, proxy statements and other information with the SEC. You may read and copy any document that PSEG files at the Public Reference Room of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. You may also obtain our filings on the Internet at the SEC's home page at http://www.sec.gov. PSEG's common stock is listed on the New York Stock Exchange under the ticker symbol "PEG." You can obtain information about PSEG at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

This prospectus is part of a registration statement on Form S-8 filed with the SEC under the Securities Act of 1933. It does not contain all of the information that is important to you. You should read the registration statement for further information with respect to the securities, the Trust and us. Statements contained in this prospectus concerning the provisions of any document filed as an exhibit to the registration statement or otherwise filed with the SEC highlight selected information, and in each instance reference is made to the copy of the full document as filed with the SEC.

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PART II

INFORMATION NOT REQUIRED IN THE PROSPECTUS

Item 3. Incorporation of Documents by Reference.

The following documents have been filed by us with the Securities and Exchange Commission and are already incorporated by reference in this registration statement:

- Our Annual Report on Form 10-K for the year ended December 31, 2012;
- Our Quarterly Report on Form 10-Q for the quarters ended March 31, June 30, and September 30, 2013;
- Our Current Reports on Form 8-K filed with the SEC on February 21, April 19, April 30, July 30, October 21, and October 30, 2013; and
- Our Amended Current Report on Form 8-K dated January 17, 1990 containing a description of our common stock, without par value.

All documents filed by us pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 on or after the date of this registration statement and prior to the filing of a post-effective amendment to this registration statement which indicates that all securities offered pursuant to this registration statement have been sold or which deregisters all such securities then remaining unsold shall be deemed to be incorporated by reference in this registration statement and to be a part hereof from the date of filing of such documents. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superceded for purposes of this registration statement to the extent that a statement herein or in any subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supercedes such statement. Any such statement so modified or superceded shall not be deemed, except as so modified or superceded, to constitute a part of this registration statement.

You can get a free copy of any of the documents incorporated by reference by making an oral or written request directed to:

VP, Investor Relations
PSEG Services Corporation
80 Park Plaza, 6th Floor
Newark, NJ 07101
Telephone (973) 430-6565

You should rely only on the information contained or incorporated by reference or deemed to be incorporated by reference in this prospectus. PSEG has not authorized anyone else to provide you with different or additional information. You should not rely on any other information or representations. PSEG's affairs may change after this prospectus is distributed. You should not assume that the information in this prospectus is accurate as of any date other than the dates on the front of those documents. You should read all information supplementing this prospectus.

Item 4. Description of Securities.

Not applicable.

Item 5. Interests of Named Experts and Counsel.

Not applicable.

Item 6. Indemnification of Directors and Officers.

Under Section 14A:3-5 of the New Jersey Business Corporation Act, we:

(1) have the power to indemnify each of our directors and officers (as well as our employees and agents) against expenses and liabilities in connection with any proceeding involving such person by reason of his/her being or having been such director or officer other than a proceeding by or in our own right, if (a) such director or officer acted in good faith and in a manner he/she reasonably believed to be in or not opposed to our best interests, and (b) with respect to any criminal proceeding, such director or officer had no reasonable cause to believe his/her conduct was unlawful;

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(2) have power to indemnify each of our directors and officers against expenses in connection with any proceeding by or in our own right to procure a judgment in our favor which involves such director or officer by reason of his/her being or having been such director or officer, if he/she acted in good faith and in a manner he/she reasonably believed to be in or not opposed to our best interests; however, in such proceeding no indemnification may be provided in respect to any claim, issue or matter as to which such director or officer shall have been adjudged to be liable to us, unless, and only to the extent that, the court determines that the director or officer is fairly and reasonably entitled to indemnity for such expenses as the court shall deem proper;

(3) must indemnify each of our directors and officers against expenses to the extent that he/she has been successful on the merits or otherwise in any proceeding referred to in (1) and (2) above or in defense of any claim, issue or matter therein; and

(4) have power to purchase and maintain insurance on behalf of a director or officer against any expenses incurred in any proceeding and any liabilities asserted against him/her by reason of his/her being or having been a director or officer, whether or not we would have the power to indemnify him/her against such expenses and liabilities under the statute.

As used in the statute, “expenses” mean reasonable costs, disbursements and counsel fees, “liabilities” means amounts paid or incurred in satisfaction of settlements, judgments, fines and penalties, and “proceeding” means any pending, threatened or completed civil, criminal, administrative or arbitrative action, suit or proceeding, and any appeal therein and any inquiry or investigation which could lead to such action, suit or proceeding.

Indemnification may be awarded by a court under (1) or (2) as well as under (3) above, notwithstanding a prior determination by us that the director or officer has not met the applicable standard of conduct.

Indemnification under the statute does not exclude any other rights to which a director or officer may be entitled under a certificate of incorporation, by-law, or otherwise.

Article 8, Section 1 of our Certificate of Amendment of Certificate of Incorporation provides as follows:

> Indemnification:
>
> The corporation shall indemnify to the full extent from time to time permitted by law any person made, or threatened to be made, a party to any pending, threatened or completed civil, criminal, administrative or arbitrative action, suit, or proceeding and any appeal therein (and any inquiry or investigation which could lead to such action, suit or proceeding) by reason of the fact that he is or was a director, officer or employee of the corporation or serves or served any other enterprise as a director, officer or employee at the request of the corporation. Such right or indemnification shall inure to the benefit of the legal representative of any such person.

Article 8, Section 2 of our Certificate of Amendment of Certificate of Incorporation provides as follows:

> Limitation of Liability:
>
> To the full extent from time to time permitted by law, directors and officers of the corporation shall not be personally liable to the corporation or its shareholders for damages for breach of any duty owed to the corporation or its shareholders. No amendment or repeal of this provision shall adversely affect any right or protection of a director or officer of the corporation existing at the time of such amendment or repeal.

Our directors and officers are insured under the policies of insurance, within the limits and subject to the limitations of the policies, against claims made against them for acts in the discharge of their duties, and we are insured to the extent that we are required or permitted by law to indemnify the directors and officers for such loss. We pay the premiums for such insurance.

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Item 7. Exemption from Registration Claimed.

Not applicable.

Item 8. Exhibits.

See Exhibit Index.

Item 9. Undertakings.

(a) We hereby undertake:

(1) to file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) to include any prospectus required by Section 10(a) (3) of the Securities Act of 1933;

(ii) to reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

provided, however, that paragraphs (1) (i) and (1) (ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Commission by us pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement;

(2) that, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof; and

(3) to remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) We hereby undertake that, for purposes of determining any liability under the Securities Act of 1933, each filing of our annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 that is incorporated by reference in this registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(h) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers and controlling persons pursuant to the foregoing provisions, or otherwise, we have been advised that, in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Securities Act and is, therefore,

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unenforceable. In the event that a claim for indemnification against such liabilities (other than our payment of expenses incurred or paid by one of our directors, officers, or controlling persons in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, we will, unless in the opinion of our counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by us is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant, Public Service Enterprise Group Incorporated, certifies that it has reasonable grounds to believe it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Newark, State of New Jersey, on this 30th day of December, 2013.

Public Service Enterprise Group Incorporated

By: /s/ CAROLINE DORSA
Caroline Dorsa
Executive Vice President

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following person in the capacity and on the date indicated.

Signature	Capacity	Date
/s/ CAROLINE DORSA Caroline Dorsa	Principal Financial Officer	December 30, 2013
/s/ DEREK DIRISIO Derek DiRisio	Principal Accounting Officer	December 30, 2013

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has also been signed by Caroline Dorsa, Attorney-in-Fact, on behalf of the following persons in the capacities indicated on December 30, 2013.

Name	Capacity
Ralph Izzo	Principal Executive Officer and Director
Albert R. Gamper, Jr.	Director
William V. Hickey	Director
Shirley Ann Jackson	Director
David Lilley	Director
Thomas A. Renyi	Director
Hak Cheol Shin	Director
Richard J. Swift	Director
Susan Tomasky	Director
Alfred W. Zollar	Director

By: /s/ CAROLINE DORSA
Caroline Dorsa

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EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION
3.1(a)	PSEG's Certificate of Incorporation[1]
3.1(b)	PSEG's Certificate of Amendment of Certificate of Incorporation effective April 23, 1987[2]
3.1(c)	PSEG's Certificate of Amendment of Certificate of Incorporation effective April 20, 2007[3]
3.2	PSEG's By-Laws[4]
5	Not Applicable
15	Not Applicable
23	Independent Auditors' Consent
24	Power of Attorney

1 Previously filed as Exhibit 3.1a with Quarterly Report on Form 10-Q for the Quarter ended March 31, 2007, File No. 001-09120, on May 4, 2007 and incorporated herein by this reference

2 Previously filed as Exhibit 3.1b with Quarterly Report on Form 10-Q for the Quarter ended March 31, 2007, File No. 001-09120, on May 4, 2007 and incorporated herein by this reference

3 Previously filed as Exhibit 3.1c with Quarterly Report on Form 10-Q for the Quarter ended March 31, 2007, File No. 001-09120, on May 4, 2007 and incorporated herein by this reference.

4 Previously filed as Exhibit 3.1 with current Report on Form 8-K, File No. 001-09120 on November 18, 2009 and incorporated herein by this reference.

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EXHIBIT 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in this Registration Statement on Form S-8 of our reports dated February 25, 2013, relating to the consolidated financial statements and consolidated financial statement schedule of Public Service Enterprise Group Incorporated and subsidiaries and the effectiveness of Public Service Enterprise Group Incorporated and subsidiaries' internal control over financial reporting appearing in the Annual Report on Form 10-K of Public Service Enterprise Group Incorporated for the year ended December 31, 2012.

/s/ Deloitte & Touche LLP

Parsippany, New Jersey
December 30, 2013

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EXHIBIT 24

POWER OF ATTORNEY

The undersigned hereby constitutes and appoints Caroline Dorsa and M. Courtney McCormick, and each of them (with full power to act without the other), the true and lawful attorney-in-fact and agent for and on behalf of the undersigned, and in the undersigned's name, place and stead, in the undersigned's capacity as a Director or Officer or both, as the case may be, of Public Service Enterprise Group Incorporated ("PSEG") to sign the registration statement on Form S-8 to be filed by PSEG with the Securities and Exchange Commission for the registration under the Securities Act of 1933 of 500,000 shares of PSEG's Common Stock without par value, (which shares are to be offered pursuant to the Long Island Electric Utility Servco LLC Incentive Thrift Plan I), and any and all amendments of such registration statement.

IN WITNESS WHEREOF, the undersigned has executed this instrument, this 17th day of December, 2013.

/s/ RALPH IZZO
Ralph Izzo

/s/ CAROLINE DORSA
Caroline Dorsa

/s/ ALBERT R. GAMPER, JR
Albert R. Gamper, Jr.

/s/ WILLIAM V. HICKEY
William V. Hickey

/s/ SHIRLEY ANN JACKSON
Shirley Ann Jackson

/s/ DAVID LILLEY
David Lilley

/s/ THOMAS A. RENYI
Thomas A. Renyi

/s/ HAK CHEOL SHIN
Hak Cheol Shin

/s/ RICHARD J. SWIFT
Richard J. Swift

/s/ SUSAN TOMASKY
Susan Tomasky

/s/ ALFRED W. ZOLLAR
Alfred W. Zollar

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As filed with the Securities and Exchange Commission on December 30, 2013

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM S-8
REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED

(Exact name of Registrant as specified in its charter)

New Jersey	22-2625848
(State of Incorporation)	(I.R.S. Employer Identification No.)

80 Park Plaza,
P.O. Box 1171, Newark, NJ 07101-1171
(Address, including zip code, of Registrant's principal executive offices)

LONG ISLAND ELECTRIC UTILITY SERVCO LLC
Incentive Thrift Plan II
(Full title of plan)

Caroline Dorsa	or	M. Courtney McCormick, Esq.
Executive Vice President and Chief Financial Officer		Associate General Counsel

80 Park Plaza
P.O. Box 1171
Newark, NJ 07101-1171
(973) 430-7000
(Name, address, including zip code, and telephone number, including area code, of agents for service)

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐

CALCULATION OF REGISTRATION FEE

Title of Securities to be registered[1]	Amount to be registered	Proposed maximum offering price per share[2]	Proposed maximum aggregate offering price[2]	Amount of registration fee[2]
Common Stock (without par value)	500,000 shares	$31.87	$15,935,000	$2,052

1 Pursuant to Rule 416(c) under the Securities Act of 1933, this registration statement also covers an indeterminate amount of interests to be offered or sold pursuant to the employee benefit plan described herein.

2 Estimated in accordance with Rule 457(h) under the Securities Act of 1933 solely for the purpose of determining the registration fee based on the average of the high and low prices of PSEG Common Stock on December 27, 2013 for, as reported in the consolidated reporting system.

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Prospectus

500,000 SHARES
PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
COMMON STOCK (WITHOUT PAR VALUE)

offered through the

LONG ISLAND ELECTRIC UTILITY SERVCO LLC
INCENTIVE THRIFT PLAN II

The Incentive Thrift Plan II or ITP2 of Long Island Electric Utility Servco LLC or Servco, a subsidiary of Public Service Enterprise Group ("PSEG"), provides a convenient method for employees of Servco and its subsidiaries participating in the ITP2 to purchase PSEG's Common Stock (without par value) through payroll deductions, without payment of any brokerage commission or service charge. While shares of Common Stock are held under the ITP2, dividends on such shares are used to purchase additional shares of Common Stock.

Vanguard Participant Services is the ITP2's recordkeeper. The ITP2 provides that shares of Common Stock purchased for participants will be purchased in the open market by an agent independent of PSEG and its affiliates, as selected by PSEG.

The price per share of Common Stock purchased in the open market by any independent agent will be the weighted average price, excluding brokerage commissions, of all shares acquired by that independent agent for the ITP2 during the period such purchases are made.

Any applicable brokerage commissions for purchases by any independent agent in the open market will be paid for by the ITP2 and will be an expense of the ITP2.

You should read this prospectus carefully. If you are not now and do not wish to become a participant, or if you wish to continue your present participation without change, no action on your part is required. If you wish to join the ITP2 or change the amount of your payroll deductions under the ITP2, please follow the instructions for submitting an enrollment form to Vanguard Participant Services. It is suggested that this prospectus be retained for future reference.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful and complete. Any representation to the contrary is a criminal offense.

December 30, 2013

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GENERAL INFORMATION ABOUT THE ITP2

The ITP2 is administered by the Employee Benefits Committee appointed from time to time by the Servco Board of Directors. The Committee has overall responsibility for the administration and interpretation of the ESPP.

Vanguard Participant Services is responsible for receiving and processing enrollment forms and making payroll deductions. Vanguard Participant Services is located at P.O. Box 1101, Valley Forge, Pennsylvania 19482.

The Vanguard Participant Services is Recordkeeper for the ITP2. The Recordkeeper keeps a continuing record of Participants' accounts under the ITP2, sends quarterly statements of account to Participants and performs other duties relating to the ITP2 for Participants. The Recordkeeper is located at P.O. Box 1101, Valley Forge, Pennsylvania 19482.

The Plan became effective January 1, 2014 and initial enrollments are ongoing. Approximately 1,400 employees will be eligible to participate in the Plan.

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The following is a summary of the text of the ITP2:

LONG ISLAND ELECTRIC UTILITY SERVCO LLC
INCENTIVE THRIFT PLAN II

Section 1. Definitions

Wherever used in the Plan, the following terms have the following meanings:

"Accounts" means, for any Participant, the Pre-Tax Elective Contribution Account, Employee Post-Tax Contribution Account, Rollover Account, Post-Tax Rollover Account, Qualified Nonelective Contribution Account and Roth 401(k) Contribution Account maintained for the Participant. In addition to the Accounts referred to above, the Employee Benefits Committee may, from time to time, establish an account or accounts to which a specific type of Employer or Employee contribution will be made on behalf of a Participant.

"Administrator" means the Employee Benefits Committee or its successor established by the Board of Directors to administer the Plan in accordance with Article 10.

"Annual Additions" shall mean, with respect to each Participant, the sum of those amounts allocated to the Participant's Account under this Plan and accounts under any other qualified defined contribution plan to which the Employer or a Related Employer contributes for any Limitation Year, consisting of the following:

(i) Employer contributions, if any;

(ii) Forfeitures, if any, allocated to the Participant's Accounts, and

(iii) Employee contributions, if any.

Annual Additions shall not include Rollover Contributions, Catch-Up Contributions, loan repayments, direct transfers from a qualified plan, reinvested dividends in PSEG Shares, investment adjustments to Participant Accounts, or any other amount excluded under Treasury Regulation Section 1.415(c)-1(b).

"Base Compensation" means Compensation as defined herein, modified to include only an Employee's base rate of pay from the Employer and to exclude any other types of pay from the Employer (such as shift differential, overtime, premiums, awards, commissions, bonus pay and incentive pay).

"Beneficiary" means any person or entity entitled to receive benefits under the Plan upon the death of a Participant. See Section 8.4 for designation rules.

"Board" means the Board of Directors of the Employer. The Board may designate a person or persons (including an Administrator) to carry out any fiduciary responsibilities, in accordance with Section 405 of ERISA.

"Break in Service" means a twelve consecutive month period during which the Employee has not completed more than five hundred (500) Hours of Service. For purposes of determining whether a Break in Service has occurred, an Employee who is absent from work for maternity or paternity reasons shall receive credit for Hours of Service which would otherwise have been credited to such Employee but for such absence, or in any case in which such hours cannot be determined, with eight (8) Hours of Service per day of such absence. The Hours of Service to be so credited shall be credited in the Computation Period in which the absence begins if the crediting is necessary to prevent a Break in Service in that period or, in all other cases, in the following Computation Periods.

"Business Day" means any day except (a) a Saturday, Sunday, or public holiday or (b) the equivalent thereof for the New York Stock Exchange.

"Catch-Up Contribution" means a Pre-Tax Elective Contribution or Roth 401(k) Contribution made by a Participant nearing or beyond Normal Retirement Age in accordance with Section 3.5.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

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"Compensation" means:

(a) In General. During the applicable Plan Year, Compensation means the amounts received by a Participant from the Employer during a pay period that qualify as either (i) the Participant's base rate of pay, or (ii) shift differential, overtime, premium, awards, commissions, bonus pay and incentive pay.

(b) Compensation shall include amounts that would be required to be included as wages but for an election under Sections 125(a), 132(f)(4), 402(e)(3), 402(h)(1)(B), 402(k) or 457(b) of the Code. Compensation shall exclude compensation deferred under other plans, reimbursements of expenses, payments in lieu of vacation days, supplemental disability income payments; payments made from a fully-insured short-term disability or long-term disability plan; Christmas remembrances; awards not described above; and other additional forms of earnings (including contributions made by the Employer to or under any other form of employee benefit program, such as a health insurance, pension, or severance pay plan).

(c) Statutory Compensation. For purposes of applying the limitations of Section 415 of the Code and certain other statutory purposes that define compensation by reference to the definition of compensation under Section 415 of the Code, "Statutory Compensation" shall mean wages within the meaning of Section 3401(a) of the Code (for purposes of income tax withholding at the source), plus amounts that would be included in wages but for an election under Sections 125(a), 132(f)(4), 402(e)(3), 402(h)(1)(B), 402(k), or 457(b) of the Code, plus all other payments of compensation to an employee by his or her employer (in the course of the employer's trade or business) for which the employer is required to furnish the employee a written statement under Sections 6041(d), 6051(a)(3), and 6052 of the Code, but excluding amounts paid or reimbursed by the Employer for moving expenses incurred by the Participant, but only to the extent that, at the time of the payment, it is reasonable to believe that these amounts are deductible by the Participant under Section 217 of the Code. Any rules that limit the remuneration included in wages based on the nature or location of the employment or the services performed (such as the exception for agricultural labor in Section 3401(a)(2) of the Code) are disregarded for this purpose. Back pay, within the meaning of Regulation Section 1.415(c)-2(g)(8), shall be treated as Compensation for the Plan Year to which the back pay relates to the extent the back pay represents wages and compensation that would otherwise be included in this definition. Compensation includes differential wage payments, as defined in Section 3401(h) of the Code, to the extent required by the Heroes Earnings Assistance and Relief Tax Act of 2008. This paragraph shall be interpreted in a manner consistent with the Regulations under Section 415 of the Code.

(d) General timing rule. In order to be taken into account for a Plan Year under subparagraphs (a) and (b) above, Compensation must be actually paid or made available to a Participant (or, if earlier, includible in the gross income of the Participant) within the Plan Year or Limitation Year, as the case may be. For this purpose, compensation is treated as paid on a date if it is actually paid on that date or it would have been paid on that date but for an election under Section 125, 132(f)(4), 401(k), 403(b), 408(k), 408(p)(2)(A)(i), or 457(b) of the Code.

(e) Special rules regarding severance compensation (i.e., separation allowance). For purposes of applying subparagraphs (a) and (b) above, in order to be taken into account for a Plan Year or Limitation Year, Compensation must be paid or treated as paid to the Participant prior to the Participant's severance from employment with the Employer maintaining the Plan. For this purpose, severance from employment is determined in the same manner as under Treasury Regulation Section 1.401(k)-1(d)(2) except that, for purposes of determining the employer of an employee, the modifications provided under Section 415(h) of the Code to the employer aggregation rules apply.

(f) Notwithstanding subparagraph (d), for purposes of determining Statutory Compensation, Compensation for a Plan Year shall also include Compensation paid by the later of 2 ½ months after an Employee's severance from employment (as defined in subparagraph (d)) with the Employer maintaining the Plan or the end of the Plan Year that includes the date of the Employee's severance from employment with the Employer maintaining the Plan, if the payment is regular Compensation for services during the Employee's regular working hours, or Compensation for services outside the Employee's regular working hours (such as overtime or shift differential), commissions, bonuses, or other similar payments, and, absent a severance from employment, the payments would have been paid to the Employee while the Employee continued in employment with the Employer. This includes annual lump sum payments for vacation or sick leave that the Employee would have been able to use had employment continued, and payments under a nonqualified deferred compensation plan that would have been paid at the same time if the Employee had continued in employment with the Employer or a Related Employer and that is includible in gross income. Any payments not described above shall not be considered Compensation if paid after severance from employment, even if they are paid by the later of 2 ½ months after the date of severance from employment or the end of the Limitation Year that includes the date of severance from employment.

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(g) Dollar Limitation. A Participant's Compensation under the Plan for any purpose during any Plan Year shall not exceed the indexed dollar limit under Section 401(a)(17)(A) for that Plan Year. For the 2013 Plan Year, this limit is $255,000.

"Computation Period" means, for eligibility purposes, a 12-consecutive month period beginning with an individual's Employment Commencement Date or any anniversary thereof. For vesting purposes, the initial Computation Period shall be the 12-consecutive month period beginning with an individual's Employment Commencement Date, and subsequent Computation Periods shall be the Plan Year.

"Contribution Agreement" means an election or deemed election by a Participant, pursuant to procedures established by the Administrator, which establishes the level of Pre-Tax Elective Contributions, Roth 401(k) Contributions and/or Employee Post-Tax Contributions to be made for the Participant's benefit.

"Direct Rollover" means a payment by the Plan to the Eligible Retirement Plan specified by the Distributee.

"Disabled" means the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long-continued and indefinite duration, as determined by the Social Security Administration.

"Distributee" includes an Employee or former Employee. In addition, the Employee's or former Employee's surviving spouse and the Employee's or former Employee's spouse or former spouse, who is an alternate payee under a Qualified Domestic Relations Order, are Distributees with regard to the interest of the spouse or former spouse. The term Distributee shall also include a deceased Employee's non-spouse Beneficiary; provided, however, that a distribution to such Distributee may only be rolled into an individual retirement account or annuity in accordance with Section 402(c)(11) of the Code.

"Effective Date" means January 1, 2014.

"Elective Contribution" means a contribution made to the Plan for the benefit of a Participant pursuant to a Contribution Agreement. An Elective Contribution may be either a Pre-Tax Elective Contribution or a Roth 401(k) Contribution, and includes a Catch-Up Contribution.

"Eligible Employee" means an Employee who satisfies the eligibility criteria described in either Section 2.1(a) (National Grid participants) or 2.1(b) (union employees), who is included in a unit of employees covered by a collective bargaining agreement that provides for such Employee being included in the Plan.

"Eligible Retirement Plan" means an individual retirement account described in Section 408(a) of the Code, an individual retirement annuity described in Section 408(b) of the Code, an annuity plan described in Section 403(a) of the Code, or a qualified trust described in Section 401(a) of the Code that accepts the Distributee's Eligible Rollover Distribution. An Eligible Retirement Plan shall also mean an annuity contract described in Section 403(b) of the Code and an eligible plan under Section 457(b) of the Code which is maintained by a state, political subdivision of a state or any agency or instrumentality of a state or political subdivision of a state and which agrees to account separately for amounts transferred into such plan from this Plan. Notwithstanding the foregoing, with respect to a Distributee who is a Participant's surviving spouse, an Eligible Retirement Plan is an individual retirement account or an individual retirement annuity. A Participant may roll over an Eligible Rollover Distribution to a Roth IRA (within the meaning of Section 408A of the Code, provided that any of the amount rolled over that would be includible in gross income if the distribution were not rolled over is included in gross income). A non-spouse Beneficiary who is a designated Beneficiary within the meaning of Section 401(a)(9)(E) of the Code may, after the death of the Participant, make a Direct Rollover of an Eligible Rollover Distribution to an IRA established on behalf of the designated Beneficiary; provided that the distributed amount satisfies all the requirements to be an Eligible Rollover Distribution other than the requirement that the distribution be made to the Participant or the Participant's spouse. Such Direct Rollovers shall be subject to the terms and conditions of IRS Notice 2007-7 and superseding guidance.

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"Eligible Rollover Distribution" means any distribution of all or any portion of the balance to the credit of the Distributee, except that an Eligible Rollover Distribution does not include:

(a) any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Distributee or the joint lives of the Distributee and the Distributee's Beneficiary, or for a specified period of ten years or more;

(b) any distribution to the extent such distribution is required under Section 401(a)(9) of the Code; hardship distributions;

(c) the portion of any distribution that is not includable in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities); and

(d) any other distribution(s) that is reasonably expected to total less than $200 during a year.

(e) Notwithstanding the foregoing, a portion of a distribution shall not fail to be an Eligible Rollover Distribution merely because the portion consists of Employee Post-Tax Contributions. However, such portion may be transferred only to an individual retirement account or annuity described in Section 408(a) or (b) of the Code, or to a qualified defined contribution plan described in Section 401(a) or 403(a) of the Code that agrees to account separately for amounts so transferred, including separately accounting for the portion of such distribution which is includable in gross income and the portion of such distribution which is not so includable.

"Employee" means any individual employed by the Employer or by a Related Employer.

"Employee Post-Tax Contribution" means a post-tax contribution made to the Plan by the Participant under Article 3.

"Employee Post-Tax Contribution Account" means the account maintained for a Participant which is credited with Employee Post-Tax Contributions, if any, and allocable income, expense, gains, and losses.

"Employee Benefits Committee" means the person or persons designated by the Employer to administer the Plan in accordance with Article 10.

"Employer" means Long Island Electric Utility ServCo LLC.

"Employment Commencement Date" means the date on which an Employee first performs an hour of service for the Employer or a Related Employer. An "hour of service" for this purpose means an hour for which an Employee is paid, or entitled to payment, for the performance of duties for the Employer or a Related Employer.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"Highly Compensated Employee" means an Employee of the Employer who is a "highly compensated employee" within the meaning of Section 414(q) of the Code. The term "Highly Compensated Employee" includes each individual employed by the Employer who (i) during such Plan Year or preceding Plan Year, is a "5% owner" within the meaning of Section 414(q) of the Code, or (ii) during the preceding Plan Year received Statutory Compensation in excess of the dollar limit provided for in Section 414(q)(1)(B) for the year (as adjusted from time to time under Section 414(q) of the Code).

"Highly Compensated Participant" means a Participant who is a Highly Compensated Employee.

"Hour of Service" means:

(a) each hour for which an Employee is directly or indirectly compensated or entitled to compensation by the Employer or a Related Employer for the performance of duties during the applicable Computation Period;

(b) each hour for which an Employee is directly or indirectly compensated or entitled to compensation by the Employer or a Related Employer on account of a period of time during which no duties are performed (such as vacation, holidays, sickness, disability, layoff, jury duty, military duty or leave of absence) during the applicable Computation Period; and

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(c) each hour for which back pay is awarded or agreed to by the Employer or a Related Employer without regard to mitigation of damages.

The same Hours of Service shall not be credited under more than one of (a), (b) or (c). No more than 501 Hours of Service will be credited to an Employee on account of any single continuous period during which the Employee performs no duties (whether or not such period occurs in a single Computation Period). An hour for which an Employee is directly or indirectly paid, or entitled to payment, on account of a period during which no duties are performed is not required to be credited to the Employee if such payment is made or due under a plan maintained solely for the purpose of complying with applicable worker's compensation, or unemployment compensation or disability insurance laws. Hours of Service are not required to be credited for a payment which solely reimburses an Employee for medical or medically-related expenses incurred by the Employee.

Solely for purposes of determining whether a Year of Service has been completed in a Computation Period, an Employee who is absent from work for maternity or paternity reasons shall receive credit for the Hours of Service which would otherwise have been credited to such individual but for such absence, or in any case in which such hours cannot be determined, 8 Hours of Service per day of such absence; in no case shall more than 501 Hours of Service be credited for any one such absence. For purposes of this subsection, an absence from work for maternity or paternity reasons means an absence (1) by reason of pregnancy of the Employee, (2) by reason of the birth of a child of the Employee, (3) by reason of the placement of a child with the Employee in connection with the adoption of such child by such Employee, or (4) for purposes of caring for such child for a period beginning immediately following such birth or placement. The Hours of Service credited under this subsection shall be credited (1) in the Computation Period in which the absence begins if the crediting is necessary to prevent a Break in Service in that period, or (2) in all other cases, in the following Computation Period.

The provisions of Department of Labor Regulations Section 2530.200b-2(b) are incorporated herein by reference.

"Investment Date" means the Business Day prior to the date when contributions are wired from the Employer to the Trustee, which transaction involves a purchase of shares from PSEG, or such other date as set forth in procedures adopted by the Pension Investment Committee.

"Investment Fund" means each separate fund established by the Pension Investment Committee in which contributions to the Plan are invested.

"Limitation Year" means the Plan Year.

"Matching Contribution" means a contribution made to the Plan by the Employer for the benefit of a Participant on account of an Elective Contribution. The Plan does **not** provide for any Matching Contributions.

"NatGrid Plan" means The National Grid USA Companies' Incentive Thrift Plan II, as of December 31, 2013.

"Normal Retirement Age" means the date a Participant attains age 55.

"Participant" means each Eligible Employee and former Eligible Employee who participates in the Plan pursuant to Article 2 of the Plan. An individual who has become a Participant will remain a Participant until the balance in his or her Accounts has been distributed.

"Pension Investment Committee" means the person or persons designated by the Employer to manage Plan investments, in accordance with Article 10.

"Plan" means the Long Island Electric Utility ServCo LLC Incentive Thrift Plan II, as amended.

"Plan Year" means the calendar year.

"Post-Tax Rollover Account" means the account maintained for a Participant which is credited with Rollover Contributions that are after-tax in nature, if any, and all income, expense, gains and losses attributable thereto.

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"Pre-Tax Elective Contribution" means the portion of a Participant's Elective Contribution that is not a Roth 401(k) Contribution. The Pre-Tax Elective Contribution equals the amount by which a Participant's Compensation is reduced in accordance with his or her Contribution Agreement. A Pre-Tax Elective Contribution includes any Catch-Up Contribution made by a Participant that is not designated as a Roth 401(k) Contribution.

"Pre-Tax Elective Contribution Account" means the account maintained with respect to a Participant which is credited with the Participant's Pre-Tax Elective Contributions, if any, and allocable income, expense, gains, and losses.

"PSEG" means Public Service Enterprise Group Incorporated (NYSE: PEG), or its successors.

"PSEG Share Fund" has been established as an Investment Fund under the Plan as a matter of Plan design, rather than at the election of the Administrator. See Article A3 (Eligibility) of the ESOP regarding eligibility to invest in the PSEG Share Fund. The Trustee shall invest all of the PSEG Share Fund in Shares, except to the extent the manager of the fund reasonably deems necessary to meet the liquidity needs of the PSEG Share Fund at any given time. The manager of the PSEG Share Fund shall have the power to terminate the fund or convert it to another form of investment only in extraordinary circumstances, and only to the extent that he or she reasonably believes that there are clear and compelling public indicators that call into serious question the viability of PSEG as a going concern in accordance with the standard of Department of Labor Field Assistance Bulletin 2004-03 or any successor guidance.

"Qualified Default Investment Alternative" means the Investment Fund(s) or other investment vehicle (such as a managed account arrangement) which is a "qualified default investment alternative" within the meaning of Section 404(c)(5) of ERISA and Department of Labor Regulation Section 2550.404c-5(e), and which has been designated by the Pension Investment Committee as the qualified default investment alternative under the Plan.

"Qualified Domestic Relations Order" means any judgment, decree or order (including approval of a property settlement agreement) which constitutes a "qualified domestic relations order" within the meaning of Section 414(p) of the Code. A judgment, decree or order shall not be considered not to be a Qualified Domestic Relations Order merely because it requires a distribution to an alternate payee (or the segregation of accounts pending distribution to an alternate payee) before the Participant is otherwise entitled to a distribution under the Plan. A domestic relations order that otherwise satisfies the requirements for a Qualified Domestic Relations Order ("QDRO") will not fail to be a QDRO: (i) solely because the order is issued after, or revises, another domestic relations order or QDRO; or (ii) solely because of the time at which the order is issued, including issuance after the annuity starting date or after the Participant's death.

"Qualified Military Service" shall have the meaning provided for in Section 414(u) of the Code.

"Qualified Nonelective Contribution" means a contribution made by the Employer in its sole discretion on behalf of a Participant, which is designated by the Employer as a Qualified Nonelective Contribution.

"Qualified Nonelective Contribution Account" means the account maintained with respect to a Participant which is credited with the Participant's share of Qualified Nonelective Contributions, if any, and allocable income, expense, gains and losses.

"Regulation" means a regulation issued by the Department of Treasury or the Department of Labor, as the case may be, including any final regulation, proposed regulation, temporary regulation, as well as any modification of any such regulation contained in any notice, revenue procedure, or similar pronouncement of general applicability.

"Related Employer" means any entity that is: (1) a member of a controlled group of corporations that includes the Employer, while it is a member of such controlled group (within the meaning of Section 414(b) of the Code); (2) a member of a group of trades or businesses under common control with the Employer, while it is under common control (within the meaning of Section 414(c) of the Code); (3) a member of an affiliated service group that includes the Employer, while it is a member of such affiliated service group (within the meaning of Section 414(m) of the Code), or (4) a leasing or other organization during any period in which it is required to be aggregated with the Employer pursuant to the provisions of Section 414(n) or 414(o) of the Code.

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"Rollover Contribution" means a contribution (whether pre-tax or after-tax) made by a Participant to the Plan which qualifies as an eligible rollover distribution from a qualified trust under Section 401(a)(31) or 402(c) of the Code in accordance with Section 3.4.

"Rollover Account" means the account maintained with respect to a Participant which is credited with the Participant's Rollover Contribution, if any, and allocable income, expense, gains and losses attributable thereto.

"Roth 401(k) Contribution" means an Elective Contribution described in Section 402A of the Code that is irrevocably designated by a Participant as a Roth 401(k) Contribution at the time the deferral is made in accordance with his or her Contribution Agreement, and that is includible in the Participant's gross income at this time. A Participant's Roth 401(k) Contributions will be separately accounted for, as will gains and losses attributable to those Roth 401(k) Contributions; provided, however that forfeitures may not be allocated to such account. A Roth 401(k) Contribution includes any Catch-Up Contribution made by a Participant that is designated as such by the Participant.

"Roth 401(k) Contribution Account" means the account maintained with respect to a Participant which is credited with the Participant's Roth 401(k) Contributions, if any, and allocable income, expense, gains and losses.

For purposes of determining the applicable five-taxable-year period under Treasury Regulation Section 1.402A-1, and the portion of the Roth 401(k) Contribution Account which represents the Participant's investment in the contract, the Administrator will deem the first year of the five-taxable-year period to be the year in which the first Roth 401(k) Contribution was made to this Plan.

"Shares" means shares of PSEG common stock.

"Termination of Employment" means cessation of employment with the Employer and all Related Employers due to:

(a) voluntary or involuntary termination or severance from employment (including retirement), or

(b) failure to return to work upon the expiration of any approved leave of absence from the Employer or any Related Employer, in which event cessation of active work will be deemed to have occurred at the time such leave expired.

Unpaid approved leaves of absence and transfers of employment without interruption between Related Employers will not be treated as a Termination of Employment for purposes of this Plan.

A Termination of Employment will occur only if, consistent with IRS interpretations as determined in the sole discretion of the Administrator, the Plan would remain qualified under sections 401(a) and 401(k) of the Code if the Participant were treated as having a Termination of Employment.

"Trust" means the trust(s) established in conjunction with the Plan.

"Trust Agreement" means the instrument or instruments executed between the Employer and the Trustee named in such instrument(s), which provides for the receiving, holding, investing and disposing of Plan assets, together with any and all amendments thereto.

"Trustee" means the person or persons who are at any time the acting trustee(s) under the Trust Agreement, and any successor trustee.

"Trust Fund" means the assets held in trust by the Trustee(s) for the benefit of Participants, alternate payees, and Beneficiaries, under the Trust Agreement.

"Year of Service" means a Computation Period during which an individual has accumulated at least 1,000 Hours of Service. In no event will a Participant be credited with more than one Year of Service with regard to any single Plan Year.

Solely for Participants who commence participation in the Plan as of the Effective Date, "Years of Service" shall take into account service credited and retained under the NatGrid Plan as of December 31, 2013. For purposes of determining a Participant's Years of Service under the NatGrid Plan as of December 31, 2013, the Administrator may rely on records used to administer the NatGrid Plan, and such records shall be considered determinative for this purpose.

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For certain Participants, years of service with NatGrid or PSEG will be taken into account in determining years of service.

Section 2. Participation

Participation in the ITP2 is open to employees who: (i) were employed by National Grid USA, or an affiliate thereof, on December 31, 2013; (ii) were participants in the NatGrid Plan on December 31, 2013; and (iii) are employed by Servco on or after January 1, 2014.

Union Employees. An Employee who is represented by a collective bargaining agent that has agreed to participate in the Plan will become a Participant in the Plan as soon as administratively practicable after satisfying the ITP2 eligibility criteria (or following the date on which he or she first performs an Hour of Service, if later).

To become a Participant, an Eligible Employee must notify the Administrator using the electronic, telephone, written or other methods of communication provided by the Administrator and, in doing so, will agree to the Plan's terms of conditions. Also see Section 3 below regarding automatic enrollment.

An individual will remain a Participant for as long as an Account is maintained under the Plan for his or her benefit, or until his or her death, if earlier. A Participant or former Participant who is reemployed as an Eligible Employee shall again become eligible to make Elective Contributions as of the first effective payroll cutoff

Section 3. Contributions

A Participant must enter into a Contribution Agreement electing to make Elective Contributions and/or Employee After-Tax Contributions. For After-Tax Contributions, a Participant may contribute in whole percentage increments between 1-15% of his or her Base Compensation per payroll period. The combined limit for Elective Contributions and Employee After-Tax Contributions cannot exceed 50% of the Employee's Base Compensation per payroll period.

Automatic Enrollment. If no election is made, the Participant will be automatically enrolled in a program which will make a Pre-Tax Elective Contribution of 6% of his or her Compensation per pay period. The Participant may receive a refund for the automatic contributions by submitting a request pursuant to the Administrator's established procedures within 90 days of the date that the first contribution was made.

Voluntary Rate Escalation. A Participant may elect to apply a voluntary rate escalation feature, which provides for automatic annual increases of Pre-Tax Contributions by 1-3% of elected Compensation, up to a maximum of 50%. Automatic escalation will not apply to Roth 401(k) or Employee After-Tax Contributions.

Investment Choices. Participants may invest contributions among any of the Thrift Plan investment options in any full percentage increments, as long as they total 100%, and exchange amounts already invested in the Thrift Plan among funds on a case or percentage basis. Participants may also diversify their investments to meet their personal retirement income goals. Dividends that are paid on investments in PSEG common stock will be reinvested automatically into the Participants' accounts.

Participants may invest in the following: (i) stock funds, including the Vanguard Institutional Index, the Vanguard Extended Market Index, and the Vanguard FTSE All-World Index; (ii) bond funds, including the Fidelity Intermediate Bond Fund and JP Morgan Core Bond R6; (iii) the Fidelity Spartan Money Market Fund; (iv) Vanguard Retirement Funds; and (v) PSEG Common Stock.

There is generally no limit to the number of times or frequency with which Participants may change, in whole percentage increments, how their future contributions will be invested. A Participant may change the way his or her future contributions are invested by contacting Vanguard Participant Services.

In addition, Participants may request from Vanguard Participant Services the following information for the publicly traded mutual funds that are offered as investments by the Thrift Plan, to the extent received by the Thrift Plan: (i) a prospectus for each fund or institutional trust, which contains information on fund assets and investments; and (ii) an annual report listing the assets comprising the portfolio of the fund and the value of each asset as of a given date in the report. Participants may also contact Vanguard Participant Services to get current and historical fund performance.

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Investment alternatives may be added or deleted at any time. The investment objectives, procedures, and restrictions summarized in this section are subject to change at any time.

Frequency Trading Policy. A frequent trading policy applies to all funds in the Thrift Plan with the exception of the PSEG Common Stock Fund. Under this policy, if a Participant exchanges money out of a fund, the Participant will not be able to exchange money back into the same fund within 60 calendar days. The term "exchange" refers to a transaction in which proceeds from redemption of fund shares in the Thrift Plan are used to purchase another investment offered within the Thrift Plan. The 60-day restriction only applies to exchanges *into* a fund and does not apply to transactions such as contributions, distributions and loans. Participants may always exchange money *out* of any fund at any time. In addition, the 60-day restriction described above will not apply to any change that a Participant makes to the investment of *future* contributions.

Monitoring and Accessing Accounts. Participants may contact Vanguard Participant Services to access information about their accounts, including account balances, current savings election percentages, investment elections for future contributions, and in-service loan and withdrawal amounts available. Participants may also contact Vanguard Participant Services to transfer existing balances from one investment fund to another, initiate a loan transaction, change savings election percentages, request in-service withdrawals, request a distribution following termination, order forms and information, request fund prospectuses, elect automatic increase service, and sign up for online advice service.

Section 4. Participant Accounts

The Plan Administrator will establish and maintain Accounts or subaccounts for each Participant. The Participant may invest his or her Accounts in one or more Investment Funds.

Each Business Day, the assets in the Trust will be valued according to account earnings and losses of the Trust along with appreciation or depreciation, expenses, and distributions and will be adjusted to reflect the assets' fair market value.

Any expense relating to a specific Account, including without limitation, commissions or sales charges with respect to an investment in which the Account participates and brokers' fees on Shares purchased or sold on the open market, but excluding brokerage commissions for stock and costs relating to the processing of Qualified Domestic Relations Orders, may be charged solely to the particular Account. Other Plan administration expenses will not generally be charged to Participants, unless otherwise determined by the Administrator.

ERISA Section 404(c) Status. The ITP2 is intended to constitute a plan described in Section 404(c) of ERISA and the Regulations thereunder. A Participant's election or change of election regarding the investment of his or her Accounts shall be within the independent control of the Participant (or Beneficiary, as applicable). Neither the Plan nor the Trustee, nor the Trust, nor the Administrator, nor the EBC, nor the PIC, nor the Company shall be liable for any loss that may result from the exercise of such control by the Participant or Beneficiary.

Further information about the Plan Administrator can be found in Section 10 below.

Section 5. Vesting of Accounts

A Participant at all times will be 100% vested in his or her Pre-Tax Elective Contribution Account, Employee After-Tax Contribution Account, Qualified Nonelective Contribution Account, After-Tax Rollover Account, Rollover Account, and Roth 401(k) Contribution Account.

Forfeitures. Forfeitures of nay unvested amounts will be applied as soon as practicable to pay Plan expenses, as determined by the Administrator.

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Section 6. Withdrawals Prior to Severance from Employment

A hardship withdrawal will be permitted solely to the extent the Administrator determines that the distribution is on account of a Participant's immediate and heavy financial need. Such hardship withdrawal will be made only after a Participant has exhausted all withdrawals available under this Plan.

Immediate and Heavy Financial Need. A financial hardship may exist where a Participant incurs certain direct costs related to: (i) medical care for the Participant, his or her Spouse, dependents, or primary Beneficiary; (ii) purchasing his or her primary residence (excluding mortgage payments); (iii) tuition, related education fees, and room and board expenses for up to the next 12 months of post-secondary education for the Participant, his or her Spouse, children or dependents, or primary Beneficiary; (iv) preventing foreclosure on or Participant's eviction from his or her principal residence; (v) burial or funeral expenses for the Participant's deceased parent, Spouse, children or dependent, or primary Beneficiary; or (vi) repairing certain damage to Participant's principal residence.

A Participant who is an Employee and has attained age 59 ½ may withdraw all or part of his or her Accounts at any time. A Participant who is an Employee and has not attained age 59 ½ may withdraw all or part of his or her Accounts (other than the Pre-Tax Contribution Account or Qualified Nonelective Contribution Account of Roth 401(k) Contribution Account).

Section 7. Loans to Participants

A Participant who is an Employee may borrow from his or her Accounts. Loans will be made to former Employees only to the extent required by the Department of Labor final regulations and only to the extent that making such loans will be consistent with administering the Plan and loan program in a nondiscimrinatory manner.

The minimum loan amount shall be $1,000, or as otherwise determined by the Administrator. The maximum loan amount, including all loans outstanding under this or any other qualified retirement plan of the Company or any member of the Controlled Group, shall be $50,000 reduced by (1) the excess of the highest outstanding loan balance(s) from such plans during the one-year period ending on the day prior to the loan date (2) over the Participant's outstanding loan balance from such plans immediately prior to the loan. The loan amount shall not exceed 50% of the Participant's vested interest in his or her Accounts, determined as of the Business Day immediately preceding the loan date. A Participant may have no more than two loans outstanding at one time.

Default; Foreclosure. Failure to repay the loan principal and interest within 90 days of the most recent payment will result in default. The Plan will foreclose upon the unpaid balance of the defaulted loan as of the earliest date on which the Participant is eligible for an actual distribution.

Loan Rollover Option for Former NatGrid Employees. A Participant who terminated employment with National Grid USA, or an affiliate thereof, as of December 31, 2013, and who was employed by the Company as of January 1, 2014 is permitted to roll over an outstanding loan (that has not been defaulted) from the NatGrid Plan to this Plan. Such loan will be permitted no later than February 15, 2014.

Section 8. Distributions Following Termination of Employment

Following a Participant's Termination of Employment, the Participant may at any time elect to receive all or part of his or her Accounts in a single sum in cash. A Participant's Accounts will automatically be distributed in a single lump sum without consent if the Accounts are valued at $1,000 or less.

Latest Time of Distributions. Distributions to the Participant shall be made not later than the 60th day after the close of the Plan Year in which occurs the latest of (a) the Participant's 65th birthday, (b) the tenth anniversary of the date on which the Participant commenced participation in the Plan, and (c) the Participant's Termination of Employment.

Distributions on Account of Death; Distributions on Becoming Disabled. A lump sum will be paid to the Participant's Beneficiary as soon as practicable after Participant's death, unless the Beneficiary elects to defer payment. A Participant who is disabled may elect in writing, at any time prior to retirement, to receive a total or partial distribution as soon as practicable.

Section 9. Voting of Shares

A Participant shall receive a proxy and copies of all soliciting material furnished by PSEG to its stockholders in connection with any meeting of stockholders or consent sought in lieu of a meeting. If the proxy is returned properly signed and marked for voting, all of the full and fractional shares of Common Stock held for the Participant's account will be voted as marked.

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Section 10. Appointment of Committees

The Board shall appoint the EBC and the PIC, each of which shall establish its own charter regarding its structure and operation. The EBC is the named fiduciary responsible for operating and administering the Plan, which includes among other things interpreting the Plan, establishing application rules and procedures, and establishing a claims procedure. The PIC is the named fiduciary responsible for controlling and managing the assets of the Plan, including making appropriate provision for the investment and reinvestment of the Trust Fund. The EBC and PIC shall have the right to designate persons other than the EBC or PIC to carry out fiduciary responsibilities under the Plan. In the event that a vacancy occurs on either committee, the remaining member(s) of the applicable committee shall act until the Board fills the vacancy.

Section 11. Amendment and Termination

The Board may amend the Plan to any extent and in any manner that it may deem advisable by a written instrument. To the extent required by Section 411(d)(6) of the Code, no amendment will decrease any "accrued benefit" as defined in Section 411(a)(7) of the Code.

The Plan may also be terminated at any time by action of the Board. Upon termination, each Participant's interest in his or her Account balance shall be fully vested and non-forfeitable. The Trustee will distribute to each Participant the value of the Participant's Accounts in a single sum, which shall be determined as of the Business Day immediately preceding or coinciding with the date distribution is to be made.

If this Plan merges or consolidates with another plan or transfers assets or liabilities to another plan, the terms of the merger, consolidation or transfer shall require that each Participant receives an "accrued benefit" which is no less than the "accrued benefit" he or she would have received if this Plan had terminated immediately before the merger, consolidation or transfer.

Section 12. Limits on Contributions

Plan contributions are limited as follows: All Plan contributions are conditioned on their current deductibility under Section 404 of the Code for the taxable year when paid. Matching Contributions and Employee After-Tax Contributions are subject to the limits of Section 401(m) of the Code and Elective Contributions are subject to the limits of Section 401(k)(3). A Participant's total Elective Contributions made for any calendar year, when added to the other Elective Deferrals for the calendar year, shall not exceed the maximum applicable limit under Section 402(g) of the Code.

Section 13. Top-Heavy Provisions

Top-Heavy Provisions Do Not Apply. Pursuant to Treasury Regulations Section 1.416-1, Q&A T-3, since the Plan benefits only Employees included in a unit of employees covered by a collective bargaining agreement, the top-heavy requirements of Section 416 of the Code do not apply to this Plan.

Section 14. Miscellaneous

The corpus or income of the Trust will be used for the exclusive benefit of each Participant and Beneficiary, except as otherwise provided under the provisions of the Plan relating to Qualified Domestic Relations Orders, the payment of reasonable Plan administration expenses, the treatment of contributions upon non-deductibility or mistake of fact, or the failure of the Plan to initially qualify as tax-exempt under Section 401(a) of the Code.

No benefit under the Plan will be subject to voluntary or involuntary alienation, assignment, garnishment, attachment, execution or levy of any kind, and any attempt to do so shall be void. The preceding sentence will not apply to: (i) a Qualified Domestic Relations Order, (ii) enforcement of a federal tax levy made under Section 6331 of the Code, (iii) the collection by the United States on a judgment resulting from an unpaid tax assessment, or (iv) an offset to satisfy certain civil or criminal judgments or settlements involving the Plan under Section 401(a)(13)(C) of the Code.

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Section 15. Minimum Required Distributions

Time and Manner of Distribution. Benefit payments for a Participant who is a five percent owner pursuant to Section 416 of the Code will begin no later than April 1 following the calendar year the Participant attains age 70 ½. Benefit payments for a Participant who is not a five percent owner pursuant to Section 416 will begin by April 1 following the later of the calendar year in which the Participant (i) attains age 70 ½, and (ii) retires.

Required Minimum Distributions After Participant's Death. If the sole Beneficiary is the Participant's surviving spouse, distributions will begin by the later of December 31 of the calendar year (i) which contains the fifth anniversary of the Participant's death or (ii) in which the Participant would have attained age 70 ½.

If the Participant's surviving spouse is not the Participant's sole designated Beneficiary, then distributions to the designated Beneficiary will be paid by December 31 of the calendar year which contains the fifth anniversary of the Participant's death.

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ADDITIONAL INFORMATION ABOUT THE ITP2

Pursuant to this Registration Statement, 500,000 shares of new issue Common Stock remained reserved for sale directly to Participants pursuant to the ITP2. Common Stock have been registered for sale pursuant to the ITP2.

No benefit or right under the ITP2 may in any manner or to any extent be assigned, alienated, or transferred by any Participant under the ITP2. In addition, no benefit or right under the ITP2 may be subjected to attachment, garnishment or other legal process without an appropriate court order.

Benefits under the ITP2 are not guaranteed by the Pension Benefit Guaranty Corporation. Neither PSEG nor the Company provides any such protection to Participants and they do not insure any gains nor protect against any loss from any investment in the ITP2.

Although the ITP2 is of indefinite duration, the Company reserves the right to amend, modify or terminate the ESPP at any time, in its sole discretion. The Company also retains the right to change the Recordkeeper and/or the Independent Agent at its sole discretion.

While the ITP2 does not place restrictions on resales of Common Stock acquired thereunder, shares of Common Stock acquired under the ITP2 by an "affiliate," as that term is defined in Rule 405 under the Securities Act of 1933 (the "1933 Act"), may only be resold pursuant to the registration requirements of the 1933 Act or an appropriate exemption therefrom. Acquisitions of shares of Common Stock and dispositions of shares of Common Stock by an officer or director, as defined under the rules promulgated under Section 16 of the 1934 Act, of PSEG within any six-month period may give rise to the right of PSEG to recapture any profit from such transactions pursuant to Section 16(b) of the 1934 Act.

A copy of PSEG's 2013 Annual Report to Stockholders has been furnished to each Participant in the ITP2. PSEG will promptly furnish, without charge, an additional copy of such Annual Report to any Eligible Employee who so requests by writing to the Director, Investor Relations, 80 Park Plaza, T6B, P.O. Box 1171, Newark, New Jersey 07101-1171. Each Participant will be furnished copies of all future reports, proxy statements and other communications furnished to PSEG stockholders generally.

For further information about the ITP2, Participants and Eligible Employees may contact the Vanguard Participant Services in writing at P.O. Box 1101, Valley Forge, Pennsylvania 19482 or by telephone at 1-800-523-1188.

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TAX CONSEQUENCES OF THE ITP2

Outlined below is a summary of certain tax consequences which may result to Participants in the Plan. **The law on which this outline is based is subject to change at any time. Each Participant should consult his or her own tax adviser concerning the application of Federal taxes, as well as any state, local or foreign taxes, to the Participant's particular situation.**

Servco believes that the ITP is qualified under sections 401(a) and 401(k) of the Code. Under the Code, an employer may deduct currently its contributions to and expenses of the Plan from gross income for Federal income tax purposes.

The following tax consequences will result to Participants:

(1) Any contributions made pursuant to pre-tax salary reduction agreements will not be included in a Participant's gross income. Therefore, neither those contributions nor other Servco Matching Contributions (if any) to the Thrift Plan are taxable to a Participant as income when made or credited to his or her account. However, they will be taxable to a Participant in the year of distribution or withdrawal. Also, salary reduction contributions (both pre-tax and after-tax) are subject to Social Security tax.

(2) Any after-tax contributions made under applicable plan provisions are not taxed upon distribution, although any dividends, interest or other income or gains attributable to after-tax contributions are subject to taxation upon distribution. Any Roth 401(k) contributions made under the Plan – and earnings thereupon – are not taxed upon distribution.

(3) Lump-Sum Distribution. A lump-sum distribution is a distribution made within one tax year, of the full balance credited to a participant's account(s) in the Plan and is either (a) made as a result of the participant's separation from service or death, or (b) made after age 59 ½. Additionally, for purposes of the special forward-averaging provisions, the employee must have participated in the Plan for at least five full years before the year of distribution. Unless a Participant elects roll over his or her distribution, the Participant will be taxed on the distribution in the year it is received. Participants may be eligible to elect to be taxed on the distribution using the ten-year forward-averaging method or the net unrealized appreciation method.

(4) The ten-year forward-averaging method, which is available to individuals who were age 50 or older on January 1, 1986, may result in a lower tax on distributions from the Plan than the regular tax table or tax rate schedule methods. The 1986 tax rates apply in computing the tax under the ten-year forward-averaging method. Only distributions that constitute lump-sum distributions made after five full years of Plan participation are eligible for the ten-year forward-averaging method. An election must be filed with the IRS to use this method. The election can be made only once, regardless of the number of plans from which a Participant receives a lump-sum distribution. All distributions received in the same year from this and other qualified plans must be aggregated when computing the tax under the ten-year forward-averaging method.

(5) The special net unrealized appreciation ("NUA") rule applies to a lump-sum distribution for which Participants elect to receive in kind shares of PSEG common stock. When a Participant takes a distribution from the Thrift Plan that includes an in kind distribution of PSEG common stock – that is, the actual shares of common stock, rather than the cash value of the shares, the total net unrealized appreciation in the value of the common stock is excludable from his or her income tax for the distribution year only if the distribution qualifies as a lump-sum distribution. A lump-sum distribution is a payment, within one year, of a Participant's entire balance under the Thrift Plan that is payable to him or her after having reached age 59 ½, because the Participant has separated from service with the Company or one of its affiliates, or on account of his or her death or disability. The "taxable amount" for a lump-sum distribution from the Thrift Plan will not include any net unrealized appreciation – Participants will pay federal income tax at ordinary tax rates only on the "cost basis" of the shares of common stock. Upon subsequent sale of the common stock, any taxable gain will be based on the difference in value between the cost basis and the fair market value of the shares. This amount will be taxed at the "capital gains" rate of federal income tax. Net unrealized appreciation is the amount by which the fair market value of the shares of PSEG common stock Participants receive exceeds the amount that the Thrift Plan paid for the shares.

A separate rule applies for the in-kind distribution of PSEG common stock acquired with after-tax contributions. Participants can receive net unrealized appreciation treatment on the value of PSEG common stock acquired with employee after-tax contributions, even if the distribution is not in the form of a lump sum payment. If a partial distribution includes any in kind PSEG common stock acquired with employee after-tax contributions, then a portion of the NUA on the PSEG common stock received in the payment will be excludable, based on the in kind shares of common stock which were purchased with after-tax contributions.

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(6) Rollover. In general, the Code permits a Participant to avoid current taxation on any portion of the taxable amount of an eligible rollover distribution by rolling over that portion into an "eligible retirement plan" that accepts rollover contributions. An eligible retirement plan includes a plan qualified under section 401(a) of the Code, including a 401(k) plan, profit-sharing plan, defined benefit plan, stock bonus plan, and money purchase plan; a section 403(a) annuity plan; a section 403(b) tax-sheltered annuity; an eligible section 457(b) plan maintained by a governmental employer; and a traditional IRA. Rollovers may be made to a Roth IRA, a SIMPLE IRA, or a Coverdell Education Savings Account (an education IRA). The rollover rules make most, but not all, Plan withdrawals and distributions eligible for rollover.

The following types of withdrawals and distributions are not eligible for rollover treatment: (1) a series of substantially equal periodic payments which are made either (a) for a specified period of ten years or more, (b) for the life (or life expectancy) of the participant, or (c) for the Participant's lifetime and his/her beneficiary's lifetime; (2) mandatory distributions resulting from the participant having attained age 70 ½, or, if later, having retired; (3) hardship distributions; (4) cash dividends, if any, that are paid on employer stock held in an ESOP; (5) distributions made due to certain legal limits being exceeded; (6) Plan loans that become taxable deemed distributions because of a default; or (7) contributions made under special Automatic Enrollment rules that are withdrawn pursuant to a Participant's request within 90 days of enrollment.

(7) In general, all taxable withdrawals and distributions eligible to be rolled over are subject to a 20% withholding requirement unless they are rolled over directly to an eligible employer plan or an IRA. This requirement does not, however, prevent a Participant from rolling over eligible amounts into an eligible employer plan or traditional IRA within 60 days of the distribution even if it is not a direct rollover.

Any portion of a taxable distribution that is not rolled over is subject to ordinary income taxes (plus a 10% tax penalty under certain circumstances). Consequently, if a distribution is made other than directly to a qualified plan or an IRA, the participant would have to supplement the rollover from her/his own funds by an amount equal to the 20% withholding in order to avoid a tax liability on that amount for that year.

(8) Distributions made in cash are taxed as ordinary income to the extent that they exceed the Participant's after-tax contributions, if any. If the distribution qualifies as a lump-sum distribution, however, that income may be eligible for the special ten-year forward-averaging provision. In addition, all or a portion of the distribution may be eligible for rollover treatment.

(9) Generally, if a participant receives a lump-sum distribution (other than a distribution of after-tax employee contributions) of securities from the PSEG Common Stock Fund, the Participant will have taxable income in an amount equal to the lesser of the original average cost of the securities to the respective fund or the securities' fair market value at distribution. Such income will be ordinary income, and may be eligible for rollover treatment or the special ten-year forward-averaging provision. Further, any excess of fair market value over the ordinary income amount would not be treated as income at the time of distribution.

(10) A "lump-sum" distribution for purposes of special tax treatment relative to distributions of employer securities from qualifying plans means the distribution or payment within one tax year to the recipient of the balance to the credit of an employee which becomes payable to the recipient: (1) on account of the employee's death; (2) after the employee attains age 59 ½; or (3) on account of the employee's separation from service.

Distributions of PSEG stock consisting of after-tax contributions are taxed only to the extent that they exceed the applicable after-tax contributions. Generally, if a participant receives a lump-sum distribution of securities from the PSEG Common Stock Fund (plus cash in lieu of fractions of securities), the participant will have taxable income in an amount equal to (i) the lesser of the original cost of the securities to the respective fund or the securities' fair market value at distribution, plus (ii) the amount of cash distributed, minus (iii) the amount of the participant's applicable after-tax contributions. Such income will be ordinary income, and may be eligible for rollover treatment or the special ten-year forward-averaging provision.

For other than lump-sum distributions, at the time of distribution any appreciation in value of PSEG stock purchased with reinvested earnings and salary reduction contributions is recognized as ordinary income (any appreciation in the value of securities purchased with after-tax contributions is not recognized and is deferred until subsequent sale of the securities). Also, the special ten year forward-averaging provision will not apply if the distribution is not a lump-sum distribution. Rollover treatment, however, may be available.

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(11) When shares of PSEG stock are distributed and subsequently sold by the participant, the gain or loss (measured by the difference between the selling price and the tax basis of the securities sold) must be recognized. Such tax basis is equal to the lesser of the original average cost of the securities under the Plan or the securities' fair market value at distribution. All or a portion of any further gain may be subject to preferential long-term capital gains taxation.

(12) When shares received in a distribution not qualifying as a lump-sum distribution are subsequently sold by the Participant, the capital gain or loss (measured by the difference between the selling price and the tax basis of the securities sold) must be recognized. In the case of securities purchased with Company contributions (if any), reinvested earnings and salary reduction contributions, such tax basis is equal to the amount of ordinary income reported as a result of the distribution. In the case of shares purchased with employee after-tax contributions, such tax basis is equal to the lesser of the original cost of the securities under the Thrift Plan or the securities' fair market value at distribution.

(13) Tax Penalties. In addition to income taxes on withdrawals and distributions as described, the Code provides for a penalty tax on withdrawals and distributions made before the participant attains age 59 ½. The penalty tax is 10% of the distributed amount, excluding after-tax employee contributions (but including any earnings thereon).

In addition to in-service withdrawals made after the participant attains age 59 ½, there is no penalty tax on distributions that are: (i) eligible amounts rolled over in a timely manner to an IRA or eligible employer plan; (ii) made to a beneficiary after the death of a Participant; (iii) attributable to the Participant's permanent disability; (iv) made to a Participant who has separated from service during or after the year in which the participant attained age 55; (v) used to pay reimbursed medical expenses that exceed 7.5% of adjusted gross income; or paid to alternate payees under a Qualified Domestic Relations Order.

WHERE YOU CAN FIND MORE INFORMATION

PSEG files annual, quarterly and special reports, proxy statements and other information with the SEC. You may read and copy any document that PSEG files at the Public Reference Room of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. You may also obtain our filings on the Internet at the SEC's home page at http://www.sec.gov. PSEG's common stock is listed on the New York Stock Exchange under the ticker symbol "PEG." You can obtain information about PSEG at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

This prospectus is part of a registration statement on Form S-8 filed with the SEC under the Securities Act of 1933. It does not contain all of the information that is important to you. You should read the registration statement for further information with respect to the securities, the Trust and us. Statements contained in this prospectus concerning the provisions of any document filed as an exhibit to the registration statement or otherwise filed with the SEC highlight selected information, and in each instance reference is made to the copy of the full document as filed with the SEC.

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PART II

INFORMATION NOT REQUIRED IN THE PROSPECTUS

Item 3. Incorporation of Documents by Reference.

The following documents have been filed by us with the Securities and Exchange Commission and are already incorporated by reference in this registration statement:

- Our Annual Report on Form 10-K for the year ended December 31, 2012;
- Our Quarterly Report on Form 10-Q for the quarters ended March 31, June 30, and September 30, 2013;
- Our Current Reports on Form 8-K filed with the SEC on February 21, April 19, April 30, July 30, October 21, and October 30, 2013; and
- Our Amended Current Report on Form 8-K dated January 17, 1990 containing a description of our common stock, without par value.

All documents filed by us pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 on or after the date of this registration statement and prior to the filing of a post-effective amendment to this registration statement which indicates that all securities offered pursuant to this registration statement have been sold or which deregisters all such securities then remaining unsold shall be deemed to be incorporated by reference in this registration statement and to be a part hereof from the date of filing of such documents. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superceded for purposes of this registration statement to the extent that a statement herein or in any subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supercedes such statement. Any such statement so modified or superceded shall not be deemed, except as so modified or superceded, to constitute a part of this registration statement.

You can get a free copy of any of the documents incorporated by reference by making an oral or written request directed to:

VP, Investor Relations
PSEG Services Corporation
80 Park Plaza, 6th Floor
Newark, NJ 07101
Telephone (973) 430-6565

You should rely only on the information contained or incorporated by reference or deemed to be incorporated by reference in this prospectus. PSEG has not authorized anyone else to provide you with different or additional information. You should not rely on any other information or representations. PSEG's affairs may change after this prospectus is distributed. You should not assume that the information in this prospectus is accurate as of any date other than the dates on the front of those documents. You should read all information supplementing this prospectus.

Item 4. Description of Securities.

Not applicable.

Item 5. Interests of Named Experts and Counsel.

Not applicable.

Item 6. Indemnification of Directors and Officers.

Under Section 14A:3-5 of the New Jersey Business Corporation Act, we:

(1) have the power to indemnify each of our directors and officers (as well as our employees and agents) against expenses and liabilities in connection with any proceeding involving such person by reason of his/her being or having been such director or officer other than a proceeding by or in our own right, if

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(a) such director or officer acted in good faith and in a manner he/she reasonably believed to be in or not opposed to our best interests, and (b) with respect to any criminal proceeding, such director or officer had no reasonable cause to believe his/her conduct was unlawful;

(2) have power to indemnify each of our directors and officers against expenses in connection with any proceeding by or in our own right to procure a judgment in our favor which involves such director or officer by reason of his/her being or having been such director or officer, if he/she acted in good faith and in a manner he/she reasonably believed to be in or not opposed to our best interests; however, in such proceeding no indemnification may be provided in respect to any claim, issue or matter as to which such director or officer shall have been adjudged to be liable to us, unless, and only to the extent that, the court determines that the director or officer is fairly and reasonably entitled to indemnity for such expenses as the court shall deem proper;

(3) must indemnify each of our directors and officers against expenses to the extent that he/she has been successful on the merits or otherwise in any proceeding referred to in (1) and (2) above or in defense of any claim, issue or matter therein; and

(4) have power to purchase and maintain insurance on behalf of a director or officer against any expenses incurred in any proceeding and any liabilities asserted against him/her by reason of his/her being or having been a director or officer, whether or not we would have the power to indemnify him/her against such expenses and liabilities under the statute.

As used in the statute, “expenses” mean reasonable costs, disbursements and counsel fees, “liabilities” means amounts paid or incurred in satisfaction of settlements, judgments, fines and penalties, and “proceeding” means any pending, threatened or completed civil, criminal, administrative or arbitrative action, suit or proceeding, and any appeal therein and any inquiry or investigation which could lead to such action, suit or proceeding.

Indemnification may be awarded by a court under (1) or (2) as well as under (3) above, notwithstanding a prior determination by us that the director or officer has not met the applicable standard of conduct.

Indemnification under the statute does not exclude any other rights to which a director or officer may be entitled under a certificate of incorporation, by-law, or otherwise.

Article 8, Section 1 of our Certificate of Amendment of Certificate of Incorporation provides as follows:

> Indemnification:
>
> The corporation shall indemnify to the full extent from time to time permitted by law any person made, or threatened to be made, a party to any pending, threatened or completed civil, criminal, administrative or arbitrative action, suit, or proceeding and any appeal therein (and any inquiry or investigation which could lead to such action, suit or proceeding) by reason of the fact that he is or was a director, officer or employee of the corporation or serves or served any other enterprise as a director, officer or employee at the request of the corporation. Such right or indemnification shall inure to the benefit of the legal representative of any such person.

Article 8, Section 2 of our Certificate of Amendment of Certificate of Incorporation provides as follows:

> Limitation of Liability:
>
> To the full extent from time to time permitted by law, directors and officers of the corporation shall not be personally liable to the corporation or its shareholders for damages for breach of any duty owed to the corporation or its shareholders. No amendment or repeal of this provision shall adversely affect any right or protection of a director or officer of the corporation existing at the time of such amendment or repeal.

Our directors and officers are insured under the policies of insurance, within the limits and subject to the limitations of the policies, against claims made against them for acts in the discharge of their duties, and we are insured to the extent that we are required or permitted by law to indemnify the directors and officers for such loss. We pay the premiums for such insurance.

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Item 7. Exemption from Registration Claimed.

Not applicable.

Item 8. Exhibits.

See Exhibit Index.

Item 9. Undertakings.

(a) We hereby undertake:

(1) to file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) to include any prospectus required by Section 10(a) (3) of the Securities Act of 1933;

(ii) to reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

provided, however, that paragraphs (1) (i) and (1) (ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Commission by us pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement;

(2) that, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof; and

(3) to remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(b) We hereby undertake that, for purposes of determining any liability under the Securities Act of 1933, each filing of our annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 that is incorporated by reference in this registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(h) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers and controlling persons pursuant to the foregoing provisions, or otherwise, we have been advised that, in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than our

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payment of expenses incurred or paid by one of our directors, officers, or controlling persons in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, we will, unless in the opinion of our counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by us is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant, Public Service Enterprise Group Incorporated, certifies that it has reasonable grounds to believe it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Newark, State of New Jersey, on this 30th day of December, 2013.

Public Service Enterprise Group Incorporated

BY: /s/ CAROLINE DORSA
CAROLINE DORSA
Executive Vice President

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following person in the capacity and on the date indicated.

Signature	Capacity	Date
/s/ CAROLINE DORSA Caroline Dorsa	Principal Financial Officer	December 30, 2013
/s/ DEREK DIRISIO Derek DiRisio	Principal Accounting Officer	December 30, 2013

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has also been signed by Caroline Dorsa, Attorney-in-Fact, on behalf of the following persons in the capacities indicated on December 30, 2013.

Name	Capacity
Ralph Izzo	Principal Executive Officer and Director
Albert R. Gamper, Jr.	Director
William V. Hickey	Director
Shirley Ann Jackson	Director
David Lilley	Director
Thomas A. Renyi	Director
Hak Cheol Shin	Director
Richard J. Swift	Director
Susan Tomasky	Director
Alfred W. Zollar	Director

BY: /s/ CAROLINE DORSA
Caroline Dorsa

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EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION
3.1(a)	PSEG's Certificate of Incorporation[1]
3.1(b)	PSEG's Certificate of Amendment of Certificate of Incorporation effective April 23, 1987[2]
3.1(c)	PSEG's Certificate of Amendment of Certificate of Incorporation effective April 20, 2007[3]
3.2	PSEG's By-Laws[4]
5	Not Applicable
15	Not Applicable
23	Independent Auditors' Consent
24	Power of Attorney

1 Previously filed as Exhibit 3.1a with Quarterly Report on Form 10-Q for the Quarter ended March 31, 2007, File No. 001-09120, on May 4, 2007 and incorporated herein by this reference

2 Previously filed as Exhibit 3.1b with Quarterly Report on Form 10-Q for the Quarter ended March 31, 2007, File No. 001-09120, on May 4, 2007 and incorporated herein by this reference

3 Previously filed as Exhibit 3.1c with Quarterly Report on Form 10-Q for the Quarter ended March 31, 2007, File No. 001-09120, on May 4, 2007 and incorporated herein by this reference.

4 Previously filed as Exhibit 3.1 with current Report on Form 8-K, File No. 001-09120 on November 18, 2009 and incorporated herein by this reference.

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EXHIBIT 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in this Registration Statement on Form S-8 of our reports dated February 25, 2013, relating to the consolidated financial statements and consolidated financial statement schedule of Public Service Enterprise Group Incorporated and subsidiaries and the effectiveness of Public Service Enterprise Group Incorporated and subsidiaries' internal control over financial reporting appearing in the Annual Report on Form 10-K of Public Service Enterprise Group Incorporated for the year ended December 31, 2012.

/s/ Deloitte & Touche LLP

Parsippany, New Jersey
December 30, 2013

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EXHIBIT 24

POWER OF ATTORNEY

The undersigned hereby constitutes and appoints Caroline Dorsa and M. Courtney McCormick, and each of them (with full power to act without the other), the true and lawful attorney-in-fact and agent for and on behalf of the undersigned, and in the undersigned's name, place and stead, in the undersigned's capacity as a Director or Officer or both, as the case may be, of Public Service Enterprise Group Incorporated ("PSEG") to sign the registration statement on Form S-8 to be filed by PSEG with the Securities and Exchange Commission for the registration under the Securities Act of 1933 of 500,000 shares of PSEG's Common Stock without par value, (which shares are to be offered pursuant to the Long Island Electric Utility Servco LLC Incentive Thrift Plan II), and any and all amendments of such registration statement.

IN WITNESS WHEREOF, the undersigned has executed this instrument, this 17th day of December, 2013.

/s/ RALPH IZZO
Ralph Izzo

/s/ CAROLINE DORSA
Caroline Dorsa

/s/ ALBERT R. GAMPER, JR
Albert R. Gamper, Jr.

/s/ WILLIAM V. HICKEY
William V. Hickey

/s/ SHIRLEY ANN JACKSON
Shirley Ann Jackson

/s/ DAVID LILLEY
David Lilley

/s/ THOMAS A. RENYI
Thomas A. Renyi

/s/ HAK CHEOL SHIN
Hak Cheol Shin

/s/ RICHARD J. SWIFT
Richard J. Swift

/s/ SUSAN TOMASKY
Susan Tomasky

/s/ ALFRED W. ZOLLAR
Alfred W. Zollar

S1-SSA-0009 - 29981

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Filed Pursuant to Rule 433
dated November 2, 2017
Relating to
Preliminary Prospectus Supplement
dated November 2, 2017 and
Prospectus dated November 18, 2014
Registration Statement No. 333-200352

Final Term Sheet

$700,000,000

Public Service Enterprise Group Incorporated

2.650% Senior Notes due 2022

November 2, 2017

Issuer:	Public Service Enterprise Group Incorporated
Trade Date:	November 2, 2017
Settlement Date:	November 6, 2017 (T+2)
Proceeds to Issuer Before Expenses:	$694,911,000
Security:	2.650% Senior Notes due 2022 (the "Notes")
Ratings*:	Baa1 (stable outlook) by Moody's Investor Service, Inc. BBB (stable outlook) by S&P Global Ratings
Security Type:	Senior Unsecured Fixed Rate Notes
Principal Amount:	$700,000,000
Maturity Date:	November 15, 2022
Coupon:	2.650% per annum
Interest Payment Dates:	The 15th of each May and November, beginning May 15, 2018
Redemption Provisions:	At any time prior to October 15, 2022 (one month prior to the maturity date), at a price equal to the greater of (a) 100% of the principal amount of the Notes being redeemed and (b) the sum of the present values of the remaining scheduled payments of principal of and interest on the Notes being redeemed that would be due if the Notes matured on October 15, 2022, exclusive of accrued interest to the redemption date, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the treasury rate plus 12.5 basis points (0.125%), plus any accrued and unpaid interest on the principal amount of the Notes being redeemed to, but excluding, the redemption date.

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	At any time on or after October 15, 2022, at a price equal to 100% of the principal amount of the Notes being redeemed, plus any accrued and unpaid interest on the principal amount of the Notes being redeemed to, but excluding, the redemption date.
Benchmark Treasury:	2.000% due October 31, 2022
Benchmark Treasury Yield:	1.997%
Re-offer Spread to Benchmark:	68 basis points
Re-offer Yield:	2.677%
Price to Public:	99.873% of Principal Amount
CUSIP / ISIN:	744573AL0 / US744573AL05
Joint Book-Running Managers:	Barclays Capital Inc. J.P. Morgan Securities LLC Morgan Stanley & Co. LLC CIBC World Markets Corp. RBC Capital Markets, LLC TD Securities (USA) LLC
Co-Managers:	BNY Mellon Capital Markets, LLC PNC Capital Markets LLC U.S. Bancorp Investments, Inc. Loop Capital Markets LLC

* Note: A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. Each credit rating should be evaluated independently of any other credit rating.

The Issuer has filed a registration statement (including a prospectus) and a preliminary prospectus supplement with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement, the preliminary prospectus supplement and the other documents the Issuer has filed with the SEC for more complete information about the Issuer and the offering. You may get these documents for free by visiting EDGAR on the SEC's website at www.sec.gov. Alternatively, any underwriter or any dealer participating in the offering will arrange to send you these documents if you request them by calling Barclays Capital Inc. toll-free at 1-888-603-5847, J.P. Morgan Securities LLC collect at 1-212-834-4533 or Morgan Stanley & Co. LLC toll-free at 1-866-718-1649.

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Filed Pursuant to Rule 433
dated November 3, 2016
Relating to
Preliminary Prospectus Supplement
dated November 3, 2016 and
Prospectus dated November 18, 2014
Registration Statement No. 333-200352

Final Term Sheet

$700,000,000

Public Service Enterprise Group Incorporated

$400,000,000 1.600% Senior Notes due 2019
$300,000,000 2.000% Senior Notes due 2021

November 3, 2016

Issuer:	Public Service Enterprise Group Incorporated	
Trade Date:	November 3, 2016	
Settlement Date:	November 8, 2016	
Proceeds to Issuer Before Expenses:	$695,762,000	
Security:	1.600% Senior Notes due 2019	2.000% Senior Notes due 2021
Ratings*:	Baa2 (positive outlook) by Moody's Investor Service, Inc. BBB (stable outlook) by S&P Global Ratings	Baa2 (positive outlook) by Moody's Investor Service, Inc. BBB (stable outlook) by S&P Global Ratings
Security Type:	Senior Unsecured Fixed Rate Notes	Senior Unsecured Fixed Rate Notes
Principal Amount:	$400,000,000	$300,000,000
Maturity Date:	November 15, 2019	November 15, 2021
Coupon:	1.600% per annum	2.000% per annum
Interest Payment Dates:	The 15th of each May and November, beginning May 15, 2017	The 15th of each May and November, beginning May 15, 2017
Redemption Provisions:	At any time prior to the maturity date, at a price equal to the greater of (a) 100% of the principal amount of the 2019 Senior Notes being redeemed and (b) the sum of the present values of the remaining scheduled payments of principal of and interest on the 2019 Senior Notes being redeemed that would be due on the maturity date, exclusive of accrued interest to the redemption date, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the treasury rate plus 15 basis points (0.15%), plus any accrued and unpaid interest on the principal amount of the 2019 Senior Notes being redeemed to, but excluding, the redemption date.	At any time prior to October 15, 2021, at a price equal to the greater of (a) 100% of the principal amount of the 2021 Senior Notes being redeemed and (b) the sum of the present values of the remaining scheduled payments of principal of and interest on the 2021 Senior Notes being redeemed that would be due if the 2021 Senior Notes matured on October 15, 2021, exclusive of accrued interest to the redemption date, discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the treasury rate plus 15 basis points (0.15%), plus any accrued and unpaid interest on the principal amount of the 2021 Senior Notes being redeemed to, but excluding, the redemption date. At any time on and after October 15, 2021, at a price equal to 100% of the principal amount of the 2021 Senior Notes being redeemed, plus any accrued and unpaid interest on the principal amount of the 2021 Senior Notes being redeemed to, but excluding, the redemption date.

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Benchmark Treasury:	1.000% due October 15, 2019	1.250% due October 31, 2021
Benchmark Treasury Yield:	0.960%	1.260%
Re-offer Spread to Benchmark:	68 basis points	78 basis points
Re-offer Yield:	1.640%	2.040%
Price to Public:	99.883% of Principal Amount	99.810% of Principal Amount
CUSIP / ISIN:	744573 AJ5 / US744573AJ58	744573 AK2 / US744573AK22
Joint Book-Running Managers:	Barclays Capital Inc. J.P. Morgan Securities LLC RBC Capital Markets, LLC Scotia Capital (USA) Inc. Wells Fargo Securities LLC	Barclays Capital Inc. J.P. Morgan Securities LLC RBC Capital Markets, LLC Scotia Capital (USA) Inc. Wells Fargo Securities LLC
Co-Managers:	CIBC World Markets Corp. Citigroup Global Markets Inc. MFR Securities, Inc. TD Securities (USA) LLC	CIBC World Markets Corp. Citigroup Global Markets Inc. MFR Securities, Inc. TD Securities (USA) LLC

* Note: A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. Each credit rating should be evaluated independently of any other credit rating.

The Issuer has filed a registration statement (including a prospectus) and a preliminary prospectus supplement with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement, the preliminary prospectus supplement and the other documents the Issuer has filed with the SEC for more complete information about the Issuer and the offering. You may get these documents for free by visiting EDGAR on the SEC's website at www.sec.gov. Alternatively, any underwriter or any dealer participating in the offering will arrange to send you these documents if you request them by calling Barclays Capital Inc. toll-free at 1-888-603-5847, J.P. Morgan Securities LLC collect at 1-212-834-4533 or RBC Capital Markets, LLC toll-free at 1-866-375-6829.

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No. _)

Filed by the Registrant ☒ Filed by a Party other than the Registrant ☐

Check the appropriate box:

☒ Preliminary Proxy Statement

☐ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

☐ Definitive Proxy Statement

☐ Definitive Additional Materials

☐ Soliciting Material under §240.14a-12

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

☒ No fee required

☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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(5) Total fee paid:

☐ Fee paid previously with preliminary materials.

☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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2014 PSEG Proxy Statement

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Public Service Enterprise Group Incorporated

80 Park Plaza, P.O. Box 1171, Newark, New Jersey 07101-1171

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS AND PROXY STATEMENT

Date	April 15, 2014 at 1:00 P.M.
Location	The New Jersey Performing Arts Center One Center Street Newark, New Jersey 07102
Items of Business	1. Elect ten members of the Board of Directors to hold office until the Annual Meeting of Stockholders in 2015, each until his or her respective successor is elected and qualified; 2. Consider and act upon an advisory vote on the approval of executive compensation; 3. Consider and act upon three management proposals to approve amendments to our Certificate of Incorporation and By-Laws to eliminate certain supermajority voting requirements; 4. Consider and act upon the ratification of the appointment of Deloitte & Touche LLP as independent auditor for 2014; and 5. Transact such other business as may properly come before the meeting or any adjournment or postponement thereof.
Record Date	Stockholders entitled to vote at the meeting are the holders of Common Stock of record on February 14, 2014.

Scan this ***QR Code*** to view the 2014 PSEG Proxy Statement and Annual Report on your mobile device.

By order of the Board of Directors,

M. Courtney McCormick
Secretary

February X, 2014

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to be Held on April 15, 2014: The Proxy Statement and Annual Report to Stockholders are available at www.ezodproxy.com/pseg/2014/pseg2013ar

IMPORTANT!

YOUR VOTE IS IMPORTANT, REGARDLESS OF THE NUMBER OF SHARES YOU OWN. PLEASE SIGN, DATE AND MAIL THE ACCOMPANYING PROXY CARD OR VOTING INSTRUCTION FORM PROMPTLY. YOU MAY ALSO VOTE VIA THE INTERNET OR BY TELEPHONE. PLEASE USE THE INTERNET ADDRESS OR TOLL-FREE NUMBER SHOWN ON YOUR PROXY CARD OR VOTING INSTRUCTION FORM.

YOU MAY HAVE MULTIPLE ACCOUNTS AND THEREFOR RECEIVE MORE THAN ONE PROXY CARD OR VOTING INSTRUCTION FORM AND RELATED MATERIALS. PLEASE VOTE EACH PROXY CARD AND VOTING INSTRUCTION FORM THAT YOU RECEIVE. THANK YOU FOR VOTING.

The approximate date on which this Proxy Statement and the accompanying proxy card were first sent or given to security holders and made available electronically via the Internet was March X, 2014.

S1-SSA-0009 - 29990

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Forward-Looking Statements

The statements contained in this Proxy Statement about our and our subsidiaries' future performance, including, without limitation, future revenues, earnings, strategies, prospects, consequences and all other statements that are not purely historical, are forward-looking statements for purposes of the safe harbor provisions under The Private Securities Litigation Reform Act of 1995. Although we believe that our expectations are based on information currently available and on reasonable assumptions, we can give no assurance they will be achieved. There are a number of risks and uncertainties that could cause actual results to differ materially from any forward-looking statements made herein. A discussion of some of these risks and uncertainties is contained in our Annual Report on Form 10-K and subsequent reports on Form 10-Q and Form 8-K filed with the Securities and Exchange Commission (SEC), and available on our website: http://www.pseg.com. These reports address in further detail our business, industry issues and other factors that could cause actual results to differ materially from those indicated in this Proxy Statement. In addition, any forward-looking statements included herein represent our estimates only as of the date hereof and should not be relied upon as representing our estimates as of any subsequent date. While we may elect to update forward-looking statements from time to time, we specifically disclaim any obligation to do so, even if our internal estimates change, unless otherwise required by applicable securities laws.

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PROXY STATEMENT SUMMARY

OUR COMPANY

Public Service Enterprise Group Incorporated (we, us, our, PSEG or the Company) is distributing this Proxy Statement in connection with our 2014 Annual Meeting of Stockholders. We are a holding company that directly owns five subsidiaries:

- **PSEG Power LLC (Power)**, an electric generation and wholesale energy trading company;
- **Public Service Electric and Gas Company (PSE&G)** , an operating electric and gas utility in New Jersey;
- **PSEG Long Island LLC (PSEG LI)**, an operator of electric utility assets in New York under a contract with the Long Island Power Authority;
- **PSEG Energy Holdings L.L.C. (Energy Holdings)** , an owner of energy-related investments; and
- **PSEG Services Corporation (Services)**, which provides management and administrative services to us and our subsidiaries.

ANNUAL MEETING PROPOSALS

Proposals	Board Recommendation	Page Number for More Information
1. **Election of Directors –** vote to elect ten director nominees to serve one-year terms.	***FOR***	**9**
2. **Approval of Executive Compensation –** advisory vote to approve the executive compensation of the named executive officers.	***FOR***	**32**
3(a). **Approval of Amendments to our Certificate of Incorporation –** to eliminate supermajority voting requirements for certain business combinations.	***FOR***	**68**
3(b). **Approval of Amendments to our Certificate of Incorporation and By-Laws -** to eliminate supermajority voting requirements to remove a director without cause.	***FOR***	**68**
3(c). **Approval and Amendment to our Certificate of Incorporation –** to eliminate supermajority voting requirement to make certain amendments to our By-Laws.	***FOR***	**68**
4. **Ratification of Auditor –** ratification of the appointment of Deloitte & Touche LLP as independent auditor for 2014.	***FOR***	**70**

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VOTING AND PROCEDURES

Voting is strongly encouraged. We urge you to sign, date and return the accompanying proxy card whether or not you plan to attend the Annual Meeting. For stockholders of record, we have provided several alternative methods for voting, including voting via the Internet or the toll-free telephone number listed below. For shares held by a bank or broker, please follow the voting instructions you receive from each of them. Most banks and brokers are likely to provide you with methods for internet or toll-free telephone voting.

Annual Meeting of Stockholders

Date and Time	April 15, 2014 at 1:00 P.M.
Location	The New Jersey Performing Arts Center (NJPAC), One Center Street, Newark, NJ.
Record Date	February 14, 2014
	Holders of Common Stock outstanding on the record date will have one vote per share.

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Voting Methods

Internet/Mobile http://www.proxypush.com/peg	**Phone** 1-866-883-3382 (toll-free)
Mail Wells Fargo Shareowner Services, P.O. Box 64873 St. Paul, MN 55164-9397	**In Person** At the Annual Meeting

To Submit Proposals for 2015 Annual Meeting

Final Date November 7, 2014 (last day for receipt by us)

Contact Corporate Secretary, PSEG, 80 Park Plaza, T4B, P.O. Box 1171
Newark, New Jersey 07101-1171

NOMINEES FOR ELECTION AS DIRECTOR

Name	Age	Director Since	Primary Occupation	Committee Memberships	Other Public Company Boards
Albert R. Gamper, Jr.	72	2000	Retired Chairman of the Board and CEO of CIT Group	Lead Director, A, E, F	1
William V. Hickey	69	2001	Retired Chairman of the Board and CEO of Sealed Air Corporation	F(Chair), FG, NG, O	1
Ralph Izzo	56	2006	Chairman of the Board, President and CEO of PSEG	E (Chair)	1
Shirley Ann Jackson	67	2001	President of Rensselaer Polytechnic Institute	E, F, FG (Chair), NG (Chair), O	4
David Lilley	67	2009	Retired Chairman of the Board, President and CEO of Cytec Industries	A (Chair), F, O	2
Thomas A. Renyi	68	2003	Retired Executive Chairman of The Bank of New York Mellon	A, CG (Chair), O	2
Hak Cheol (H.C.) Shin	56	2008	Executive Vice President – International Operations of 3M Company	A, CG, FG, NG	0
Richard J. Swift	69	1994	Retired Chairman of the Board, President and CEO of Foster Wheeler	CG, E, FG, NG, O (Chair)	4
Susan Tomasky	61	2012	Retired President – AEP Transmission of American Electric Power Corporation	A, CG	2
Alfred W. Zollar	59	2012	Retired General Manager – Tivoli Software Division of IBM Corporation	F, FG, NG	1

A=Audit CG=Corporate Governance E=Executive F=Finance FG=Fossil Generation NG=Nuclear Generation O=Organization and Compensation

We believe that our directors are a diverse group of highly qualified leaders with a broad range of business, industry, academic and public service experience. Their skills in the areas of accounting, finance, construction, consumer products, sales, government, law, operations, management, science, technology and risk management serve us well.

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CORPORATE GOVERNANCE

We have adopted what we believe are strong corporate governance standards and practices to assure effective management by our executives and oversight by our Board of Directors (Board). These measures include the following:

Independent Directors	Board Leadership	Risk Management	Code of Ethics
The Board has established standards for director independence, which are set forth in our Corporate Governance Principles (Principles). All of our current directors and nominees are independent under our Principles and the requirements of the New York Stock Exchange (NYSE), except Ralph Izzo, our Chairman of the Board, President and Chief Executive Officer (CEO), who is an employee of the Company.	Our Board leadership structure currently consists of a Chairman (who is also our CEO), a Lead Director, who is elected by the independent directors, and strong committee chairs. Our Board believes that this structure strikes an appropriate balance in providing for independent leadership at the Board level, while ensuring that the individual charged with managing the day-to-day operations of the company is responsible for chairing regular meetings of the Board and leading the discussion on key business and strategic issues.	Risk management is a key part of our strategic planning and business operations. We believe that we have an effective system of risk management with appropriate controls and Board oversight.	We are committed to operating in accordance with the highest ethical and legal standards. Our Standards of Integrity (Standards) establish a set of common expectations for behavior to which each director and employee must adhere.

BUSINESS PERFORMANCE

Our business plan is designed to manage the risks associated with fluctuations in commodity prices and changes in consumer demand as we invest to achieve growth in light of market, regulatory and economic trends. In 2013, we continued our focus on operational excellence, financial strength and disciplined investment. These guiding principles have provided the base from which we have been able to execute our strategic initiatives, including:

- Growing our utility operations through continued investment in transmission and distribution infrastructure projects with a consequent rebalancing of our business mix; and
- Maintaining a diverse, reliable and flexible generation fleet to allow us to capitalize on market opportunities as they arise in the locations in which our generation fleet operates.

Financial Highlights

(Unaudited)

Dollars in Millions, except per share amounts	2013 ($)	2012 ($)
Total Revenues	9,968	9,781
Income from Continuing Operations	1,243	1,275
Net Income	1,243	1,275
Total Assets	32,522	31,725
Earnings Per Share - Diluted		
Income from Continuing Operations	2.45	2.51
Net Income	2.45	2.51
Dividends Paid per Share	1.44	1.42
Market Price per Share - Year-end	32.04	30.60

For a more comprehensive assessment of the Company's performance, please review the entire Proxy Statement and our Annual Report on Form 10-K for the year ended December 31, 2013 (Form 10-K).

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EXECUTIVE COMPENSATION

Compensation Philosophy

We have designed a competitive executive compensation program that we believe helps us recruit and retain top talent while closely linking pay to performance. We seek to align the interests of our executive officers, including our CEO and the Named Executive Officers (NEOs) reported in this Proxy Statement, with those of our stockholders through performance-oriented short-term and long-term incentive opportunities. These pay-at-risk incentives are targeted to pay out at approximately the benchmarked industry peer median when we deliver on our goals. Amounts earned under our Senior Management Incentive Compensation Plan (SMICP) and Amended and Restated 2004 Long-Term Incentive Plan (LTIP) depend upon performance, measured against financial and other business results, utilizing internal targets and relevant peer group comparisons.

In overseeing executive compensation, our Board utilizes an independent compensation consultant which provides only compensation services to the Board. A detailed discussion of our executive compensation program, including its elements, the factors we use in determining compensation and our governance features, appears below in the Compensation Discussion and Analysis (CD&A).

We have adopted executive compensation governance measures that we believe support good governance practices and further align our executive's interests with those of stockholders, including:

- Pre-clearance for trading in our Common Stock;
- Clawbacks;
- A prohibition on hedging and pledging our Common Stock;
- A stock ownership and retention policy; and
- An annual compensation risk assessment.

Our program provides the following compensation:

Base salary, based on:

- Experience, performance and competitive market.

Annual cash incentive under our SMICP, which includes:

- Multiple performance measures with emphasis on EPS as the corporate objective; and
- Payment from zero to 150% of target percentage of salary, and up to 200% for exceptional performance.

Equity-based incentive awards under our LTIP, consisting of:

- 60% performance share units (PSUs), with payment, if any, measured over a three-year period against Return on Invested Capital (ROIC) and relative Total Shareholder Return (TSR), with the opportunity to earn between zero and 200% of target based on performance; and
- 40% restricted stock units (RSUs), which cliff vest at the end of three years.

Market-based retirement and post-employment benefits, with

- Double trigger change-in-control provisions; and
- No excise-tax gross-ups.

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Pay for Performance

We believe that our pay for performance philosophy is critical to our continued success and that our program effectively focuses our executives on creating sustained stockholder value without encouraging excessive risk. By emphasizing incentive-based compensation, our CEO and NEOs will be rewarded based upon our achieving financial and operating results, with the ultimate payout of a significant portion of their total compensation determined relative to the achievement of our goals. For 2013, the target annual and long-term incentive pay for our CEO was 86% and the average target annual and long-term incentive pay for our NEOs was 71% of targeted total direct compensation, respectively.

When we compared our recent financial performance with the compensation of our CEO and NEOs, we found that the financial measures we examined were at approximately the median of our peer group of companies and our executive compensation was at or below the peer median. Thus, we concluded that our performance and executive compensation are appropriately aligned. Further, performance is reflected in the actual value of the one-year annual cash incentive payments and the three-year equity incentive compensation paid upon vesting of awards:

- Approved SMICP payments for 2013 were above target relative to internal goals, which were heavily weighted towards earnings;
- For the performance share units granted under the LTIP in December 2010 with a three-year performance period ended December 31, 2013, actual payout was at 75% of target, based on our TSR compared to peer companies and ROIC in relation to target.

These realized compensation amounts reflect the effect on earnings of our strategic initiatives and the rebalancing of our business mix.

The following table provides highlights of the compensation for our CEO and other NEOs in 2013 as reported in the 2013 Summary Compensation Table in this Proxy Statement. For the complete details of compensation, please review the entire Proxy Statement.

NEO	Base Salary 2013 ($)	Equity Incentive Plan Compensation 2013 ($)	Non-Equity Incentive Plan Compensation 2013 ($)	Total Compensation 2013 ($)(1)
Ralph Izzo	1,092,615	6,367,186	1,874,400	9,400,649
Caroline Dorsa	617,686	1,199,928	589,800	2,971,021
William Levis	565,485	2,223,214	607,600	3,579,580
Randall E. Mehrberg(2)	549,595	1,029,280	495,400	2,144,247
J. A. Bouknight, Jr.	544,922	943,788	496,700	2,070,969
Ralph A. LaRossa	499,078	943,788	438,800	1,951,598

(1) Reflects all compensation, including change in pension value and all other, as reported in the 2013 Summary Compensation Table.
(2) Retired on December 2, 2013.

Key Recent Executive Compensation Actions

In overseeing our executive compensation program, our Organization and Compensation Committee (O&CC), working with its consultant, continued to emphasize our results oriented philosophy. During 2013, we:

- Reviewed our compensation philosophy and all key elements of our executive compensation program in light of our strategy and objectives, as well as the results of the 94% approval of the Say on Pay vote received at the 2013 Annual Meeting of Stockholders;
- Confirmed the pay for performance alignment of executive compensation with financial results and approved benchmarked salaries, incentive awards and payouts in accordance with established criteria; and
- Increased the stock ownership guideline for the CEO from 5x to 6x base salary to better align with market.

For a more comprehensive discussion, see our CD&A.

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ANNUAL MEETING, VOTING AND PROCEDURES

Proxy Statement

This Proxy Statement is furnished by us on behalf of the Board. We are soliciting proxies to be voted at the 2014 Annual Meeting of Stockholders scheduled to be held on April 15, 2014 and at all adjournments or postponements of that meeting.

The mailing address of our principal executive offices is 80 Park Plaza, P.O. Box 1171, Newark, New Jersey 07101-1171, telephone (973) 430-7000. Our Internet website is www.pseg.com.

Proxy Statement Format

In an effort to encourage stockholder voting, we have structured our Proxy Statement in an easy-to-read format. After describing each proposal, we provide the related information for you to consider in voting. Accordingly:

- Proposal 1. **Election of Directors** (page 9) is followed by a discussion of our corporate governance practices, board structure and director nominee biographies;
- Proposal 2. **Advisory Vote on the Approval of Executive Compensation** (page 31) is followed by the Report of our O&CC, our CD&A, with a detailed explanation of executive compensation and the compensation tables;
- Proposals 3(a), 3(b), and 3(c). **Approvals of Amendments to our Certificate of Incorporation and By-Laws to eliminate certain supermajority voting requirements** (page 67) are followed by our reasons for supporting each of the proposals; and
- Proposal 4. **Ratification of the Appointment of Independent Auditor** (page 69) is followed by our Audit Committee Report and disclosure of our Independent Auditor's fees.

Annual Report on Form 10-K

We have provided without charge to each person solicited by means of this Proxy Statement a copy of our Form 10-K, which has been filed with the Securities and Exchange Commission (SEC), including a list briefly describing the related exhibits. You may request copies of the exhibits by writing to: Vice President-Investor Relations, Public Service Enterprise Group Incorporated, 80 Park Plaza, T6B, P.O. Box 1171, Newark, New Jersey 07101-1171. The Form 10-K is also available on our website www.pseg.com/info/investors/financial_info/index.jsp.

Delivery of Documents and Internet Availability

Each stockholder receives his or her own proxy card by which to vote. We have sent only a single copy of our Annual Report to Stockholders, including our Form 10-K, and Proxy Statement, to any household with two or more stockholders having the same last name and address unless one of the stockholders has requested individual copies. This "householding" saves our company printing and delivery costs. If you share an address with another stockholder and receive only a single copy of one of those documents, you may request an additional copy by writing to the above address or contacting us at (973) 430-6566.

Stockholders may choose to no longer receive printed copies of our Annual Report, Form 10-K and Proxy Statement and instead receive and view them electronically over the internet. If you are a stockholder of record and would like to receive these documents, as well as other stockholder communications and materials, electronically in the future and save us the cost of producing and mailing them to you, you may do so by following the instructions at www.proxypush.com/peg. If your shares are held in the name of a bank or broker, please follow that organization's instructions for electronic delivery. You may also follow the instructions provided for future electronic delivery if you vote via the Internet.

If you receive our future Proxy Statements, Annual Reports and Forms 10-K electronically over the Internet, you will receive each year an e-mail message containing the Internet address to access these documents. The e-mail will also include instructions for voting via the Internet as you will not receive a separate proxy card.

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Annual Meeting

Attendance

Our Annual Meeting will be held on Tuesday, April 15, 2014 at 1:00 P.M., at the NJPAC in Newark, New Jersey. We request that if you plan to attend the Annual Meeting, you should so indicate on the proxy card or when voting your shares telephonically or electronically. We have included transportation information and a map in this Proxy Statement. Please bring with you evidence that you are a stockholder.

Holders of record of the 506,164,959 shares of Common Stock outstanding on February 14, 2014 will have one vote per share. A quorum will consist of the holders of Common Stock entitled to cast a majority of the votes at the Annual Meeting, present in person or represented by proxy. All votes cast by proxy or in person will be counted. Abstentions and broker non-votes will not be counted, except for the purpose of establishing a quorum. All votes will be tabulated by an independent inspector of elections.

Election of directors under Proposal 1 is subject to our majority vote requirement described below. The say-on-pay vote presented in Proposal 2 is advisory and non-binding, whether or not approved by a majority of the votes cast. The approval of each of the amendments to our Certificate of Incorporation and By-Laws set forth in Proposals 3(a), 3(b) and 3(c) must receive a favorable vote of at least 80% of the outstanding shares eligible to vote to be approved. A majority of the votes cast is needed for ratification of the auditor under Proposal 4.

Proxy Card and Voting of Shares

Every vote is important. We urge you to vote whether or not you plan to attend the Annual Meeting. Kindly sign, date and return the accompanying proxy card or, if you are a stockholder of record, you may vote your proxy using the toll-free telephone number listed on the proxy card or via the Internet at the electronic address provided above and also listed on the proxy card. When a proxy card is returned properly dated and signed, or properly voted telephonically or electronically, the shares represented by the proxy will be voted by the persons named as proxies in accordance with the voting stockholder's directions.

You may specify your choices by marking the appropriate boxes on the enclosed proxy card. The proxy card also includes any shares registered in the names shown on the proxy in Enterprise Direct (our dividend reinvestment and stock purchase plan). If a proxy card is dated, signed and returned without specifying choices, the shares will be voted as recommended by the Board. If you vote telephonically or electronically, you should follow the directions given during the call or on the computer screen. If you are a stockholder of record, your shares will not be voted unless you provide a proxy by return mail, telephonically or electronically or vote in person at the Annual Meeting. If you are participant in the PSEG Employee Stock Purchase Plan (ESPP), you will receive a separate direction card from the administrator of the plan. If no instructions are received from you with respect to any shares held in Enterprise Direct or the ESPP, the respective administrator of that plan will vote those shares in accordance with the recommendations of the Board.

If you are a participant in the Thrift and Tax-Deferred Savings Plan or the Employee Savings Plan of PSEG (PSEG Savings Plans) or either of the two Incentive Thrift Plans (Incentive Thrift Plans) of Long Island Electric Utility Servco LLC, a subsidiary of PSEG LI, you will receive a separate direction card from the respective plan's trustee for shares that have been allocated to your accounts. The trustee will vote the shares of Common Stock beneficially owned by you under the respective plan in accordance with your instructions. If no instructions are received with respect to the PSEG Savings Plans, the shares will not be voted. If no instructions are received with respect to the Incentive Thrift Plans, the respective trustee will vote your shares in the same proportion as those shares as to which it receives instructions from other participants in the plan in which you participate.

If your shares are held in the name of a bank or broker, you should follow the voting instructions on the form received from your bank or broker. For such shares, while the availability of telephone or Internet voting will depend on the processes of your bank or broker, we believe that most will make such voting methods available. In accordance with the rules of the NYSE, if no instructions are received from you by a bank or broker with respect to such shares, the bank or broker may use its discretion to vote your shares that are held by it only in regard to Proposal 4, Ratification of the Appointment of Independent Auditor.

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A bank or broker may not vote your shares held by it in regard to Proposal 1 - Election of Directors, Proposal 2 - Advisory Vote on the Approval of Executive Compensation, and Proposals 3(a), 3(b) and 3(c) – Amendments to Certificate of Incorporation and By-Laws, unless it receives instructions from you. If you do not provide instructions to your bank or broker as to how you wish to vote in respect of each of these matters, your shares will not be voted on these matters.

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You may revoke a proxy given in the form of the card which accompanies this Proxy Statement or a vote made telephonically or electronically. However, by law, your presence at the Annual Meeting will not revoke a proxy you have given unless you file a written notice of such revocation with the Secretary of PSEG prior to the voting of the proxies at the Annual Meeting or you vote the shares subject to the proxy by written ballot.

Solicitation

The cost of soliciting proxies in the form accompanying this Proxy Statement will be borne by us. In addition to solicitation by mail, proxies may be solicited by our directors, officers and employees, none of whom will be directly compensated for such services, in person or by telephone, electronically or by facsimile. We have also retained Morrow & Co. to assist in the distribution and solicitation of proxies from brokers, bank nominees, other institutional holders and certain large individual holders. The anticipated cost of such services is approximately $14,500, plus reimbursement of expenses.

Date for Submission of Stockholder Proposals

In accordance with SEC rules, stockholders may submit proposals intended for inclusion in the Proxy Statement in connection with our 2015 Annual Meeting of Stockholders. Such proposals should be sent to: Corporate Secretary, Public Service Enterprise Group Incorporated, 80 Park Plaza, T4B, P.O. Box 1171, Newark, New Jersey 07101-1171, and must be received by November 7, 2014.

Discretionary Proxy Voting Authority

If any matters not described in this Proxy Statement are properly presented at the Annual Meeting, the persons named in the enclosed proxy card or their substitutes will vote proxies so given in respect of any such matters in accordance with their best judgment. As of the date of this Proxy Statement, the Board and management did not know of any other matters which might be presented for stockholder action at the Annual Meeting.

If we are not notified by January 22, 2015 of any proposal intended to be presented for consideration at the 2015 Annual Meeting of Stockholders, then the persons named by us shall have discretionary voting authority with respect to such proposal if presented at that Annual Meeting.

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Proposal 1 ELECTION OF DIRECTORS

You are being asked to vote on the election of ten individuals nominated by your Board to serve as the Directors of our Company. Below, we have provided information about the Board, director independence, our leadership structure, risk management oversight, Board committees, code of ethics and related matters of corporate governance. We also describe our provisions for majority voting, our director qualifications, diversity and retirement criteria and each nominee's specific experience, skills and qualifications. We also report to you information about security ownership and director compensation. **As recommended by the Board, we ask you to vote FOR all nominees.**

CORPORATE GOVERNANCE

Board of Directors

Our business and affairs are managed by or under the direction of the Board, which delegates certain responsibilities to its committees and to management consistent with our By-Laws. The Board has adopted and operates under the Principles which reflect our current governance practices in accordance with applicable statutory and regulatory requirements, including those of the SEC and the NYSE. You can request copies of our By-Laws and Principles or view them at www.pseg.com/info/investors/governance/index.jsp.

The Board provides direction and oversight of the conduct of our business by management. In fulfilling these responsibilities, the Board performs the following principal functions:

- Approves corporate strategy, major management initiatives and significant investments;
- Monitors and provides oversight of financial and business integrity and performance, including risk management;
- Selects, evaluates the performance of, and approves succession plans for the CEO and other senior executives;
- Selects nominees for election to the Board; and
- Evaluates Board processes and performance.

The Board has full and free access to all members of management and may hire its own consultants and advisors as it deems necessary.

Independence

Under our Principles and the requirements of the NYSE, the Board must consist of a majority of independent directors. The Board has established standards for director independence, which are set forth in the Principles.

Independence Standards

An independent director must have no material relationship with PSEG and its subsidiaries, including the following:

- A director may not be an employee of ours or any of our subsidiaries;
- No member of a director's immediate family may be one of our executive officers or an executive officer of one of our subsidiaries;
- A director or immediate family member may not be an employee of any company where any executive of ours or our subsidiaries serves on the compensation committee;
- A director may not be an employee and an immediate family member may not be an executive officer of any company that makes payments to or receives payments from us and our subsidiaries in any year more than the greater of $1 million or 2% of such company's consolidated gross revenue;
- A director or immediate family member may not receive more than $50,000 in direct compensation from us (other than fees and compensation provided to directors generally);
- A director or immediate family member may not be affiliated with or employed by our independent auditor; and
- A director may not be an executive officer of a charity, if, in any year, contributions by us and our subsidiaries to that charity exceed the greater of $1 million or 2% of the charity's consolidated gross revenue.

These limitations apply for three years after the end of the applicable affiliation or arrangement.

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The Board annually reviews other commercial relationships of directors and determines whether any of those relationships are material relationships that impair a director's independence.

The Board has determined that all of the current directors, all of whom are nominees for election, are independent under our Principles and the requirements of the NYSE, except Ralph Izzo, our Chairman of the Board, President and CEO. These determinations were based upon a review of the responses submitted by each director to questionnaires we provided to them, relevant business records, publicly available information and applicable SEC and NYSE requirements.

Leadership Structure

Under our By-Laws, our senior leadership may include a Chairman of the Board, a President and a CEO, which positions may be held by one person or may be divided between two different people. As provided in its charter, the Corporate Governance Committee has the responsibility to assess the structure of the Board and periodically evaluate the Board's governance practices as well as the Principles. Building on the advice of the Corporate Governance Committee, the Board applies its experience and knowledge of our business to establish what it believes to be the most effective form of organization. In doing so, it utilizes its understanding of the challenges and opportunities we face and its evaluation of the individuals who are involved.

Based on that analysis and evaluation, the Board has determined that, at the present time and given our present officers and personnel, it is in the best interests of the Company and stockholders for a single individual to hold all three positions of Chairman of the Board, President and CEO. The Board believes that this strikes a desirable balance allowing us to benefit from the advantages of efficiency, coordination and accountability. Ralph Izzo currently holds these positions. As such, he has plenary powers of supervision and direction of our business and affairs and he also presides at all meetings of the Board and of stockholders. The Board believes that Mr. Izzo possesses the attributes of experience, judgment, vision, managerial skill and overall leadership ability essential for our continued success. Mr. Izzo's in-depth knowledge and understanding of our strategy, operations, risk profile, regulatory and environmental circumstances and financial condition best position him to head our Board and provide leadership to management, employees, investors, customers, officials and the public. The diverse experience and independence of the other directors allows the Board to maintain effective oversight of operations, long-range planning, finances and risk management.

In addition to the Chairman, President and CEO, our leadership structure is designed to rely on the contributions of our Lead Director. The Lead Director provides the independent directors with a key means for collaboration and communication regarding Board agendas and the information directors receive from management. Importantly, all directors play an active role in overseeing the company's business both at the Board and committee levels, bringing fresh and differing viewpoints. The Lead Director coordinates with the Chairs of our various Board committees in setting agendas for committee meetings. Albert R. Gamper, Jr. currently serves as Lead Director. In that capacity, he complements the talents and contributions of Mr. Izzo and promotes confidence in our governance structure by providing an additional perspective to that of management.

Lead Director Duties and Responsibilities

Our Lead Director:

- Presides at all meetings of the Board at which the Chairman is not present, including executive sessions of the independent directors;
- Serves as principal liaison on Board-wide issues between the Chairman and the independent directors;
- Calls meetings of the independent directors, as may be necessary or desirable;
- Consults with the Chairman on Board agendas;
- Advises the Chairman on the quality and timeliness of information provided to the directors;
- Serves on the Executive Committee; and
- Receives from the Corporate Secretary communications to, or for consideration by, the independent directors.

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The Lead Director is an independent director designated annually by the independent directors with the expectation that he or she will typically serve in that capacity for four years. The Lead Director may be appointed to serve up to twelve additional months beyond the four years if approved by a majority of the independent directors. Mr. Gamper was designated as our Lead Director in April 2013 for a term expiring at the first meeting of directors after the 2014 Annual Meeting of Stockholders. Mr. Gamper has served as Lead Director since April 2011. The Corporate Governance Committee expects to make a recommendation regarding the individual to serve as Lead Director at its first meeting following the 2014 Annual Meeting, in accordance with our policy.

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The Board believes that our leadership structure has been designed with the appropriate controls to support the efficacy of this arrangement without jeopardizing the integrity of the governance process. A majority of the Board must consist of independent directors in accordance with our Principles and, currently, Mr. Izzo is our only director who is not independent. As discussed below, our Principles also set forth various expectations and criteria for Board membership. All directors must adhere to our Standards and exercise their responsibilities in a manner consistent with our best interests and those of our stockholders and their fiduciary duties established by applicable law.

Risk Management Oversight

The Board is responsible for the oversight of risk at PSEG, both as a whole and through delegation to Board committees, which meet regularly and report back to the full Board. All committees play significant roles in carrying out the risk oversight function. In particular:

- The Audit Committee oversees risk related to the Company's financial statements, the financial reporting process, accounting and legal matters. The Audit Committee provides oversight on legal and business compliance, financial reporting, disclosure controls and procedures and risk management controls, as well as policies with respect to risk assessment and risk management. Our Chief Risk Officer and Chief Financial Officer report on risk management to the Audit Committee at its meetings and, through the reports of the Audit Committee Chair, to the Board.
- The Finance Committee oversees financing transactions and approves appropriate commodity portfolio risk tolerance limits. Compliance is monitored through regular reporting to the Board. The Finance Committee is responsible for monitoring risk related to our investments in our pension and post-retirement benefits and nuclear decommissioning trusts and receives periodic reports on their performance at least annually.
- The Fossil Generation Operations Oversight Committee and the Nuclear Generation Operations Oversight Committee monitor and evaluate risks associated with our electric station operations, including risks associated with environmental, safety and other compliance and personnel and performance matters.
- The O&CC considers the risks and rewards associated with our compensation and human resources philosophy and programs. As discussed below, the O&CC has reviewed our compensation policies and practices as they relate to risk management and seeks to administer our compensation plans so as to appropriately balance the incentive nature of the compensation with mechanisms that serve to mitigate risk.
- The Corporate Governance Committee evaluates Board and committee performance, monitors composition of the Board and the qualifications of the Board members and nominees, assists the Board in administering corporate governance practices and oversees our political participation activities and expenditures. In doing so, the Corporate Governance Committee seeks to ensure our governance and leadership structure is appropriately designed to mitigate reputational risk.

Risk management is also a key part of our strategic planning and business operations. The Board has approved a Risk Management Policy and it reviews and adopts the Company's Financial Risk Management Practice. The Financial Risk Management Practice serves to define the major roles, responsibilities and procedures, including controls and reporting, necessary to actively manage our financial risk exposure consistent with our business plans. It is reviewed annually and approved by the Audit Committee and the Finance Committee and recommended to the Board for its approval.

Risk Management Program

The Board has oversight of the Risk Management Program which consists of policies, processes and controls, including the Risk Management Policy and Financial Risk Management Practice, as well as other policies and practices developed by management relating to:

- Business conduct and integrity;
- Internal control, risk assessment and control, business compliance;
- Transaction review, credit practice, delegation of authority, supply chain practices;
- Environment, health and safety, information management, corporate responsibility;
- Employee matters, diversity and inclusion; and
- Operational excellence.

Our Risk Management Program forms an integral part of our corporate culture and values.

We have established a management-level Risk Management Committee (RMC) consisting of senior executives, that is responsible for assessing exposure and determining our overall financial risk management strategy, taking into consideration, when appropriate, operational, regulatory and legal risks. The RMC is charged with, among other things:

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- Establishing the framework for identifying, measuring, aggregating, monitoring, controlling and reporting on our financial-related risks;
- Establishing trading limits and controls; and
- Considering and addressing major implications to our generation, transmission and distribution businesses that have a bearing on the management of risks that could impact financial results.

In addition, our Capital Review Committee, which also consists of senior management employees, provides oversight and reviews proposed capital projects. Investments above a stated amount require approval of our Board or our respective subsidiary's board, as applicable. Our Compliance Committee of senior management personnel reviews various compliance issues, including the approval of our Standards, and regularly reports to the Audit Committee.

Our Delegation of Authority provisions set forth the respective authority levels at which management and employees are authorized to conduct business.

The Board believes that we have an effective system of risk management practices with appropriate controls and Board oversight.

Succession Planning

The Board takes very seriously its responsibility to provide for an orderly process of succession within the ranks of our senior management. The O&CC periodically reviews with the CEO succession plans for key leadership positions to assure that highly qualified candidates are available should the need arise to fill vacancies. We seek to maintain a continuity of management through appropriate recruitment and retention methods, including market-based and performance-measured compensation and career advancement and training opportunities.

Meetings

The Board holds regularly scheduled meetings and meets on other occasions when circumstances require. Board and committee meetings are scheduled over most of an entire work day and usually begin on the prior afternoon or evening. Each particular meeting typically takes approximately two to three hours or longer. Each committee executes its responsibilities, as described below, and the Board receives reports from the committee Chairs on the significant matters considered and actions taken. A Board meeting typically focuses on the strategic and more important issues facing us. Directors spend additional time preparing for Board and committee meetings they attend and they are called upon for counsel between meetings.

Our Principles provide that the Board will meet at least six times each year and in executive session without management in attendance at every meeting, unless waived by the Board. When the Board meets in executive sessions, the Lead Director presides. In addition, each Board committee, except the Executive Committee, meets in executive session at each of its meetings, unless waived by the respective committee.

Under our Principles, each director is expected to attend all Board meetings and all meetings of committees of which such director is a member, as well as the Annual Meeting of Stockholders. Meeting materials are provided to Board and Committee members in advance of each meeting, and members are expected to review such materials prior to each meeting. During 2013, each director attended at least 75% of the aggregate number of meetings of the Board and each committee on which he or she served. With the exception of Mr. Gamper, each director attended the 2013 Annual Meeting of Stockholders.

2013 Meetings and Executive Sessions

Board/Committee	Meetings	Executive Sessions
PSEG Board	7*	7
PSE&G Board	6	6
Audit	8	5
Corporate Governance	4	4
Executive	0	0
Finance	4	0
Fossil Generation Operations Oversight	3**	2
Nuclear Generation Operations Oversight	3***	2
Organization and Compensation	5	5

*Includes an all-day business strategy session
**One meeting held at a generating station
***One meeting held at the site of nuclear generating stations we operate

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Director Orientation and Continuing Education

New directors receive an orientation program and materials, which includes visits to our facilities and presentations by senior management to familiarize them with our strategic plans, operations, significant financial, accounting and risk management issues, compliance programs, the Standards, principal officers and internal and independent auditors. During each year, continuing education is provided to all directors on topics of importance to our business.

Communications with the Board

You, as a stockholder, and other interested parties may communicate directly with the Board, including the independent directors, by writing to:

M. Courtney McCormick, Secretary
Public Service Enterprise Group Incorporated
80 Park Plaza, T4B, P.O. Box 1171, Newark, New Jersey 07101-1171,

and indicating who should receive the communication. Unless the context otherwise requires, the Secretary will provide the communication to the Lead Director and to the Chair of the Board committee most closely associated with the nature of the request. The Secretary has the discretion not to forward communications that are commercial advertisements, other forms of soliciting material or billing complaints. All communications are available to any member of the Board upon his or her request.

Committees of the Board

The Board committees, their principal functions, membership requirements and minimum number of meetings held are described below. Each committee has open and free access to all Company information, may require any of our officers or employees to furnish it with information, documents or reports that it deems necessary or desirable in carrying out its duties, is empowered to investigate any matter involving us and may retain appropriate resources to assist it in discharging its responsibilities.

Each committee, other than the Executive Committee, operates pursuant to a charter that defines its roles and responsibilities and annually conducts a performance evaluation of its activities and a review of its charter. The authority of the Executive Committee is set forth in our By-Laws. The committee charters and our By-Laws are posted on our website, www.pseg.com/info/investors/governance/committees.jsp. We will send you a copy of any or all of them upon request.

Each committee reports its activities to the Board. Each committee Chair is appointed annually with the expectation that he or she will typically serve in that capacity for four years. A Chair may be appointed to serve up to twelve additional months beyond the four years if approved by a majority of the independent directors.

A list of current committee membership requirements can be found below:

Committee	Membership Requirements
Audit	Consists of three or more independent directors, in accordance with SEC and NYSE rules, who must meet NYSE requirements for financial literacy. At least one member must have accounting or financial management expertise. The committee meets at least four times per year. Members may receive no direct or indirect compensation from us or our subsidiaries, other than as a director or committee member, and may not be affiliated with us or our subsidiaries. Under our Principles, without Board approval, a director may not serve as a member of our Audit Committee if he or she serves on the Audit Committee of more than three public companies, including ours.
Corporate Governance	Consists of three or more independent directors who meet at least two times per year.
Executive	Consists of the Chairman of the Board, the Lead Director and at least one additional independent director.
Finance	Consists of three or more independent directors who meet at least three times per year.
Fossil Generation Operations Oversight	Consists of three or more independent directors who meet at least three times per year.
Nuclear Generation Operations Oversight	Consists of three or more independent directors who meet at least three times per year.
Organization & Compensation	Consists of three or more independent directors in accordance with SEC and NYSE rules, who meet at least two times per year.

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Audit Committee

The Audit Committee's responsibilities include:

- Assisting the Board in fulfilling its responsibility for oversight of the integrity of our financial statements and the quality and integrity of our accounting, auditing and financial reporting practices;
- Appointing, terminating, compensating, including preapproving all services and fees, and overseeing the work of the independent auditor, which reports directly to the Audit Committee;
- Reviewing the independence of the independent auditor, as well as Public Company Accounting Oversight Board (PCAOB) and peer review reports of the independent auditor's performance;
- Reviewing with the independent auditor, management and internal auditors our annual audited and quarterly financial statements and the acceptability and quality of our financial statements and our accounting, reporting and auditing practices;
- Reviewing with the independent auditor any audit issues or difficulties and management's response, and resolving disagreements which may arise between management and the independent auditor regarding financial reporting;
- Providing oversight to our internal audit and environmental, health and safety audit functions and legal and business conduct compliance program;
- Reviewing the status of pending material litigation;
- Reviewing risk management controls and disclosure controls and procedures;
- Reviewing earnings press releases, financial information and earnings guidance provided to analysts and rating agencies; and
- Recommending to the Board the inclusion of the audited financial statements in our Form 10-K.

Composition of the Audit Committee

The Board determines annually, and upon any change in Audit Committee composition, the independence, financial literacy and financial expertise of the Audit Committee members and makes written affirmation to the NYSE in accordance with its rules. The Board has determined that all members of the Audit Committee are financially literate and, in addition, that Albert R. Gamper, Jr., David Lilley (Chair), Thomas A. Renyi, Hak Cheol Shin and Susan Tomasky, each a member of the Audit Committee, possesses accounting or financial management expertise, as defined in the NYSE rules. The Board further has determined that Albert R. Gamper, Jr., David Lilley (Chair), Thomas A. Renyi, and Susan Tomasky, each a member of the Audit Committee, is an audit committee financial expert under the Sarbanes-Oxley Act of 2002 and the rules of the SEC.

Management and the Board believe that the current composition of the Audit Committee provides that committee with the requisite expertise and experience to recommend to the Board the inclusion of the audited financial statements in our Form 10-K. The Board will consider this matter annually as a part of its ongoing governance review. The Audit Committee will also continue its practices to assure that adequate independent procedures exist for receipt and treatment of complaints regarding accounting, internal controls or auditing matters.

The Audit Committee Report appears below under Proposal 4. Ratification of the Appointment of Independent Auditor in this Proxy Statement.

Corporate Governance Committee

The Corporate Governance Committee's responsibilities include:

- Assisting the Board in administering the corporate governance practices of the Board and its committees;
- Monitoring the composition of the Board to assure a reasonable balance of professional interests, business experience, financial expertise, diversity and independence;
- Considering the qualifications of Board members and evaluating prospective nominees, including those identified by the Committee or by other Board members, management, stockholders or other sources, and recommending to the Board membership changes and nominees;
- Making a recommendation to the Board as to whether to accept the tendered resignation of any director who fails to receive a majority of votes cast "for" that director's election in an uncontested election;

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- Recommending to the Board the chairs and members of Board committees;
- Evaluating performance of the Board and its committees, including a review of the size, structure and composition of the Board and its committees and their governance practices, including interactions with management;
- Making recommendations to the Board to improve effectiveness of the Board and its committees;
- Overseeing the directors' orientation and continuing education;
- Reviewing and making recommendations to the Board with respect to compensation of directors;
- Providing input to the O&CC regarding the performance of the CEO as Chairman of the Board;
- Periodically reviewing the Charters of the Board committees and recommending appropriate changes; and
- Reviewing our political participation activities and expenses.

The nomination process and criteria utilized are described below under Nominees and Election.

Executive Committee

Except as otherwise provided by law, the Executive Committee may exercise all the authority of the Board when the Board is not in session.

Finance Committee

The Finance Committee's responsibilities include:

- Reviewing and making recommendations to the Board regarding corporate financial policies and processes and significant financial decisions;
- Reviewing and recommending to the Board annually our financial plan;
- Reviewing and making recommendations to the Board regarding our dividend policy and capital structure;
- Discussing with management the application and effects of our policies with respect to risk assessment and risk management, including the limits and authorities contained in the Financial Risk Management Practice;
- Reviewing and recommending to the Board authorizations with respect to the issuance, sale and redemption of securities by us and our subsidiaries;
- Reviewing with the Chairs of the Thrift and Pension and the Nuclear Decommissioning Trust Investment Committees and monitoring the investment guidelines for and investment performance of the respective trust funds;
- Reviewing with management our cash management policies and practices; and
- Reviewing with management credit agency ratings and analyses.

Fossil Generation Operations Oversight Committee

The Fossil Generation Operations Oversight Committee's responsibilities include:

- Evaluating the effectiveness of our fossil generation operations, focusing on safety, plant performance, regulatory matters, large construction projects and improvement in operations;
- Reviewing labor and human relations, environmental, health and safety and legal and compliance issues related to our fossil generation operations; and
- Reviewing the results of major inspections, evaluations and audit findings by external oversight groups and management's response.

Nuclear Generation Operations Oversight Committee

The Nuclear Generation Operations Oversight Committee's responsibilities include:

- Evaluating the effectiveness of our nuclear generation operations, focusing on safety, plant performance, regulatory matters, large construction projects and improvement in operations;
- Reviewing labor and human relations, environmental, health and safety and legal and compliance issues related to our nuclear generation operations; and
- Reviewing the results of major inspections, evaluations and audit findings by external oversight groups and management's response.

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Organization and Compensation Committee (O&CC)

The O&CC's responsibilities include:

- Reviewing, approving and modifying, as necessary, our executive compensation policy, programs, plans and awards;
- Reviewing the stockholder advisory vote on say-on-pay and considering any action it deems appropriate in light of that vote;
- Reviewing executive compensation levels and targets for consistency and alignment with compensation policy and strategic and operating objectives;
- Reviewing the risk to us of our compensation policies and practices;
- Retaining, compensating, overseeing and annually reviewing the performance of its advisors, including its compensation consultant;
- Reviewing the independence of its compensation consultant and advisors;
- Reviewing and making recommendations to the Board concerning corporate organization in general and executive compensation including incentive plans and equity-based plans;
- Administering our incentive compensation plans;
- Reviewing and approving corporate goals and objectives relevant to CEO compensation;
- Evaluating the CEO's performance in light of those goals and objectives and, with the independent Board members, determining and approving the CEO's compensation based on such evaluation;
- Annually reviewing performance of certain other key members of management;
- Annually reviewing management succession and development plans;
- Monitoring compliance with the Stock Ownership and Retention Policy; and
- Reviewing the CD&A and providing its report in this Proxy Statement.

The O&CC Report on Executive Compensation appears below under Proposal 2. Advisory Vote on the Approval of Executive Compensation.

Composition of the O&CC

The Board determines annually the independence of the O&CC members and makes written affirmation to the NYSE in accordance with its rules. The Board believes that the current composition of the O&CC provides that committee with the requisite expertise and experience to oversee our executive compensation program and assess the alignment of pay for performance.

Compensation Consultant

The O&CC has the authority to retain advisors and compensation consultants, with sole authority for their hiring and firing. The O&CC is directly responsible for such appointment, compensation and oversight in accordance with the applicable SEC requirements and NYSE standards. Since September 2009, the O&CC has retained Compensation Advisory Partners LLC (CAP) as its independent compensation consultant to provide it with information and advice that is not influenced by management. CAP is an executive compensation consulting firm that does not perform any other services for us or our subsidiaries. CAP provides advice to the O&CC on executive compensation and may also provide advice to the Corporate Governance Committee on matters pertaining to compensation of directors who are not executive officers. CAP may not perform any other services for us without obtaining the prior approval of the Chair of the O&CC.

Responsibility for assignment to and evaluation of work by CAP is solely that of the O&CC and, with respect to the compensation of non-employee directors, the Corporate Governance Committee.

The SEC and NYSE require compensation committees to assess the independence of their advisors and determine whether any conflicts of interest exist. In July 2013, the O&CC reviewed CAP's independence relative to the following factors: (i) CAP's provision of other services to the Company; (ii) the amount of fees CAP receives from the Company as a percentage of CAP's total revenue; (iii) the policies and procedures of CAP that are designed to prevent conflicts of interest; (iv) any business or personal relationship between O&CC members and CAP or its compensation consultants; (v) any PSEG stock owned by CAP or its compensation consultants; (vi) any business or personal relationship between our executive officers and CAP or any of its compensation consultants; and (vii) other factors that would be relevant to CAP's independence from management. On the basis of such review, the O&CC concluded that CAP is independent and no conflicts of interest exist.

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In furtherance of CAP's independence, management receives copies of certain materials provided by CAP to the O&CC only after the materials have been provided to the O&CC. The scope of CAP's assignment is to provide general advice relating to all aspects of executive compensation, including the review of our current compensation programs and levels, benefit plans, provision of comparative industry trends and peer data and the recommendation of program and pay level changes.

We pay the fees of any compensation consultant retained by the O&CC. Additional information regarding any such services performed in the past year is included in the CD&A below. The O&CC also utilizes the services of our internal compensation professionals.

Compensation Committee Interlocks and Insider Participation

During 2013, each of the following individuals served as a member of the O&CC: William V. Hickey, Shirley Ann Jackson, David Lilley, Thomas A. Renyi, and Richard J. Swift (Chair). During 2013, no member of the O&CC was an officer or employee or a former officer or employee of any PSEG company. None of our officers served as a director of or on the compensation committee of any of the companies for which any of these individuals served as an officer. No member of the O&CC had a direct or indirect material interest in any transaction with us.

Code of Ethics

Standards of Integrity

Our Standards is a code of ethics applicable to us and our subsidiaries. The Standards:

- Are an integral part of our business conduct compliance program and embody our commitment to conduct operations in accordance with the highest legal and ethical standards;
- Apply to all of our directors and employees (including Power's, PSE&G's, PSEG LI's, Energy Holdings' and Services' respective principal executive officer, principal financial officer, principal accounting officer or Controller and persons performing similar functions) each of whom is responsible for understanding and complying with the Standards;
- Establish a set of common expectations for behavior to which each director and employee must adhere in dealings with investors, customers, fellow employees, competitors, vendors, government officials, the media and all others who may associate their words and actions with us; and
- Have been developed to provide reasonable assurance that, in conducting our business, directors and employees behave ethically and in accordance with the law and do not take advantage of investors, regulators or customers through manipulation, abuse of confidential information or misrepresentation of material facts.

The Standards are posted on our website, www.pseg.com/info/investors/governance/documents.jsp. We will send you a copy on request.

We will post on that website:

- Any amendment (other than one that is technical, administrative or non-substantive) that we adopt to the Standards; and
- Any grant by us of a waiver from the Standards that applies to any director, principal executive officer, principal financial officer, principal accounting officer or Controller, or persons performing similar functions, for us or our direct subsidiaries noted above, and that relates to any element enumerated by an applicable SEC requirement.

A waiver of any provision of the Standards may be granted in exceptional circumstances, but only for substantial cause. A waiver for any director or executive officer may be made only by the Board and, if granted, must be promptly disclosed to our stockholders. In 2013, we did not grant any waivers to the Standards.

Political Contributions

The Corporate Governance Committee oversees our political activities and contributions in accordance with the Corporate Political Participation Practice. This Practice establishes a controls process, pursuant to which our senior management monitors, assesses, and approves certain political contributions. We believe this Practice allows us to minimize reputational and political risks and continue to focus on our operational excellence. Stockholders may view our Practice at www.pseg.com/info/investors/governance/documents.jsp. We also provide stockholders with access to our reported state and federal political contributions.

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Transactions with Related Persons

There were no transactions during 2013, and there are no transactions currently proposed, in which we were or are to be a participant and the amount involved exceeded $120,000 and in which any related person (director, nominee, executive officer or their immediate family members) had or will have a direct or indirect material interest.

Our policies and procedures with regard to transactions with related parties, including the review, approval or ratification of any such transactions, the standards applied and the responsibilities for application are set forth in our Principles, our Business Conduct Compliance Program (Compliance Program) and the Standards. These are our only written policies and procedures regarding the review, approval or ratification of transactions with related persons.

- **The Principles** - provide written guidelines for directors and management to effectively pursue and support the Company's business objectives. The Principles are reviewed periodically by the Corporate Governance Committee, which recommends appropriate changes to the Board. Under the Principles, a director must notify the Chair of the Corporate Governance Committee if he or she encounters a conflict of interest or proposes to accept a position with an entity which may present a conflict of interest, so that the issue may be reviewed. Potential conflicts of interest include positions that directors or immediate family members hold as directors, officers or employees of other companies with which we do business or propose to do business and charitable and other tax-exempt organizations to which we contribute or propose to contribute.
- **The Compliance Program** - establishes an organizational structure and validates the Standards and its mandated procedures, practices and programs. The Audit Committee has overall responsibility for oversight of the Compliance Program and has delegated to our Compliance Committee overall responsibility for the design, implementation and execution of the Compliance Program. The Compliance Committee's duties include assurance that we take all reasonable steps to coordinate organization-wide ethics and compliance activities, consistent enforcement of the Standards, including the detection and prevention of wrongdoing as a result of compliance investigations and otherwise foster a culture for ethical behavior and a commitment to legal compliance. The Compliance Committee, comprised of members of senior management, is chaired by our Executive Vice President and General Counsel, who has overall responsibility for administering the Compliance Program.
- **The Standards**- establish a written set of common expectations of behavior for all directors, officers and employees regarding business relationships, personal conduct (including, among other things, corporate opportunities, conflicts of interest and supplier, competitor and governmental relations), safeguarding of Company property, business controls and compliance with regulatory requirements. In addition, the Standards mandate procedures for seeking ethical guidance, reporting concerns, investigation and discipline. Our Executive Vice President and General Counsel has overall responsibility for administering the Standards.
- Our written management practices provide that any capital investment with a non-PSEG entity or its affiliate, for which one of our directors or officers serves as a director or executive officer, must be approved by our Board.

NOMINEES AND ELECTION

Election

Directors elected at each annual meeting are elected to serve one-year terms. Directors whose terms are to expire are eligible for re-nomination and will be considered by the Corporate Governance Committee in accordance with its policies and the retirement policy for directors, which are summarized in this Proxy Statement. Each of the current directors has been nominated for re-election.

Our By-Laws currently provide that the Board shall consist of not less than three nor more than 16 directors as shall be fixed from time to time by the Board. The number of directors is currently fixed at ten.

The nominees listed below were selected by the directors upon the recommendation of the Corporate Governance Committee. As discussed above under Annual Meeting, Voting and Procedures, proxies will be voted in accordance with your instructions as indicated on the enclosed proxy card, bank or broker voting card or when voting by telephone or Internet.

If at the time of the 2014 Annual Meeting any of the nominees listed below should be unable to serve, which is not anticipated, it is the intention of the persons designated as proxies to vote, in their discretion, for other nominees, unless the number of directors constituting a full Board is reduced.

Majority Voting for Election of Directors

Our By-laws provide that in an uncontested election, each director shall be elected by a majority of the votes cast with respect to the director. A majority of votes cast means that the number of shares cast "for" a director's election exceeds the number of votes cast "against" that director. We do not include as votes cast (i) shares which are marked withheld, (ii) abstentions and (iii) shares as to which a stockholder has given no authority or direction.

As provided in our Principles, the Board has adopted a policy whereby any incumbent director receiving a majority vote "against" must promptly tender an offer of resignation. As a result, in uncontested elections, the Board will nominate for election or re-election as a director only candidates who have agreed promptly to tender a letter of resignation in the event that the number of shares voted "for" that director

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does not exceed the number of shares voted “against” that director. If an incumbent director fails to receive the required “majority” vote, the Corporate Governance Committee will consider the matter and then make a recommendation to the Board as to whether or not to accept the resignation. The Board will make the determination on whether or not to accept the recommendation of the Corporate Governance Committee.

The Principles further provide that no director who fails to receive a majority vote in an uncontested election shall participate in either the recommendation of the Corporate Governance Committee or the determination of the Board with respect to his or her resignation letter or that of any other director in regard to that year’s Annual Meeting election. Any such director may, however, participate in any and all other matters of the Board and its various committees to the fullest extent to which he or she would otherwise be permitted in accordance with applicable law and the Principles. If a majority of the Corporate Governance Committee fails to receive a majority vote, then the remaining independent directors will determine whether to accept one or more of the applicable resignations. If three or fewer independent directors do not receive a majority vote in the same election, then all independent directors may participate in any discussions or actions with respect to accepting or rejecting the resignation offers (except that no director will vote to accept or reject his or her own resignation offer).

In evaluating tendered resignations, the Corporate Governance Committee and the Board may consider all factors they deem relevant, including, but not limited to, the stated reason(s) for the “against” vote, the impact that the acceptance of the resignation would have upon our compliance with applicable law or regulation, the potential triggering of any change in control or similar provision in contracts, benefit plans or otherwise, the qualifications of the director and his or her past and anticipated future contributions to us.

The Corporate Governance Committee and the Board may consider possible remedies or actions to take in lieu of or in addition to accepting or rejecting of the resignation, such as development and implementation of a plan to address and cure the issues underlying the failure to receive a majority vote.

Following the Board’s determination, we will publicly disclose the decision and, as applicable, the reasons for accepting or rejecting the resignation. To the extent that the Board accepts one or more resignations, the Corporate Governance Committee may recommend to the Board, and the Board will then determine, whether to fill any vacancy.

Director Qualifications, Diversity and Retirement

The Board believes that a nominee for director should be selected on the basis of the individual’s ability, diversity of background and experience and soundness of judgment, from among candidates with an attained position of leadership in their field of endeavor. As noted above, a majority of the Board must consist of independent directors in accordance with our Principles and NYSE requirements.

The Board seeks to maintain an orderly transition for retirement and proper succession planning. Under the Board’s retirement policy, set forth in our Principles as revised in November 2013, directors who have never been employees of the PSEG group of companies may not serve as directors beyond the Annual Meeting of Stockholders held in the calendar year following their seventy-second birthday. If however, the Corporate Governance Committee and the Board determine that there is good cause to extend any such director’s Board service, he or she may be re-nominated following the age of seventy-two, but in no event beyond the age of seventy-five, and remain in service for the full term until the next Annual Meeting of Stockholders held in the calendar year following his or her seventy-fifth birthday. Mr. Gamper attained age 72 in March 2014. He is therefore eligible to serve until the 2015 Annual Meeting and has been re-nominated. Directors who are former PSEG CEOs may not serve as directors beyond the Annual Meeting of Stockholders following termination of active employment with the PSEG group of companies, unless otherwise determined by the Board, and may not serve beyond their seventy-second birthday. Directors who are former employees, other than CEOs, may not serve as directors beyond the Annual Meeting of Stockholders following termination of active employment with the PSEG group of companies.

In addition, it is the Board’s policy that a nominee recommended initially for election be able to serve at least five years, consistent with the Board’s retirement policy. The Board believes that the ability of a director to serve for at least five years is a reasonable expectation in order for us to receive an appropriate benefit from the individual’s abilities. This is especially so in light of the time invested by a director to become knowledgeable about our complex business operations. The Board believes that these age and service limitations provide it with a means for achieving a reasonable balance of veteran and new directors.

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Diversity

Diversity is a factor for consideration of nominees for director pursuant to the diversity policy contained in our Principles and the charter of the Corporate Governance Committee. In considering diversity, the Corporate Governance Committee utilizes a broad meaning to include not only factors such as race, gender and national origin, but also background, experience, skills, accomplishments, financial expertise, professional interests, personal qualities and other traits desirable in achieving an appropriate group of qualified individuals. The Corporate Governance Committee considers and assesses the effectiveness of this policy in connection with the annual nomination process to assure the Board contains an effective mix of people to best further our long-term business interests.

The Corporate Governance Committee also considers the amount of time that a person will likely have to devote to his or her duties as a director, including non-PSEG responsibilities as an executive officer, board member or trustee of business or charitable institutions and the contributions by directors to our ongoing business. The Corporate Governance Committee considers the qualifications of incumbent directors and potential new nominees, as well as the continuity of service and the benefit of new ideas and perspectives, before making recommendations to the Board for election or re-election. The Board then selects nominees based on the Corporate Governance Committee's recommendation.

The Corporate Governance Committee does not believe it is appropriate to set absolute term limits on the length of a director's term. Directors who have served on the Board for an extended period of time are able to provide valuable insight into the operations and future of the Company based on their experience with and understanding of our history, policies and objectives.

Prior to accepting an invitation to serve as a director of another public company, the CEO and any directors must submit a letter to the Corporate Governance Committee so as to allow it to review potential conflicts and time demands of the new directorship. Any director who undertakes or assumes a new principal occupation, position or responsibility from that which he or she held when he or she was elected to the Board must submit a letter to the Corporate Governance Committee volunteering to resign from the Board. The Board does not believe that in every instance a director who undertakes or assumes a new occupation, position or responsibility from that which he or she held when the director joined the Board should necessarily leave the Board. The Corporate Governance Committee reviews the relevant details of such director's new position and determines the continued appropriateness of Board membership under the circumstances.

Nominees and Nomination Process

The present terms of all ten directors, **Albert R. Gamper, Jr., William V. Hickey, Ralph Izzo, Shirley Ann Jackson, David Lilley, Thomas A. Renyi, Hak Cheol Shin, Richard J. Swift, Susan Tomasky** and **Alfred W. Zollar**, expire at the 2014 Annual Meeting. Each director has been re-nominated. Each will be presented for election to serve until the 2015 Annual Meeting, or until his or her respective successor is elected and qualified. All nominees were elected to their present terms by our stockholders.

The Corporate Governance Committee on occasion may pay a fee to an executive search firm to assist it in identifying and evaluating potential director nominees meeting our criteria, which are described further below. Any such firm's function would be to assist the Committee in identifying potential candidates for its consideration. During 2013, we did not engage a third-party firm to conduct a search for potential candidates.

The Corporate Governance Committee will consider stockholders' recommendations for nominees for election to the Board. Such recommendations must be submitted in writing to M. Courtney McCormick, Secretary, Public Service Enterprise Group Incorporated, 80 Park Plaza, T4B, P.O. Box 1171, Newark, New Jersey 07101-1171. Nominations must be made in compliance with the procedures set forth in our By-Laws and accompanied by the written consent of any such person to serve if nominated and elected and by biographical material to permit evaluation of the individual recommended. Our By-Laws require that stockholder nominations must be submitted at least 90 days in advance of an Annual Meeting of Stockholders.

The Corporate Governance Committee utilizes the same criteria to evaluate all potential nominees, including those recommended by stockholders or from other sources.

We show below for each nominee:

- The period of service as a director;
- Age as of the date of the Annual Meeting;
- Present committee memberships;
- Business experience during at least the last five years; and
- Other directorships during the past five years.

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We also discuss the specific experience, qualifications, attributes and skills that led to the conclusion that he or she should serve as one of our directors. Each nominee's beneficial ownership of Common Stock is shown under Security Ownership of Directors, Management and Certain Beneficial Owners. Compensation for service as a director is shown in the Director Compensation Table and accompanying narrative.

As discussed above, the Corporate Governance Committee and the Board recommend and nominate for election those individuals they deem qualified and capable of serving as directors pursuant to the criteria they have set. Each of the nominees this year meets these standards.

Committee Membership

Current committee assignments are presented in the following table. From time to time, Committee assignments and chairs are changed to best utilize the talents of our directors. The last such changes occurred in April 2013. Ongoing committee assignments for all directors are expected to be made at the organizational meeting following the 2014 Annual Meeting of Stockholders.

	Audit	Corporate Governance	Executive	Finance	Fossil Generation Operations Oversight	Nuclear Generation Operations Oversight	Organization & Compensation
Albert R. Gamper, Jr. Lead Director	✓		✓	✓			
William V. Hickey				Chair	✓	✓	✓
Ralph Izzo			Chair				
Shirley Ann Jackson			✓	✓	Chair	Chair	✓
David Lilley	Chair			✓			✓
Thomas A. Renyi	✓	Chair					✓
Hak Cheol Shin	✓	✓			✓	✓	
Richard J. Swift		✓	✓		✓	✓	Chair
Susan Tomasky	✓	✓					
Alfred W. Zollar				✓	✓	✓	

During 2013, Albert R. Gamper, Jr., Ralph Izzo, Shirley Ann Jackson and Richard J. Swift also served on the Board of Directors of PSE&G. Mr. Izzo also serves on the Boards of Directors of Power, PSEG LI, Energy Holdings and Services.

Stock Ownership

Our Principles require that directors own shares of our Common Stock (including any restricted stock, whether or not vested, any stock units under the Directors' Equity Plan and any phantom stock under the Directors' Deferred Compensation Plan) equal to four times the annual cash retainer (currently $70,000) within five years after election to the Board. All incumbent directors currently meet this requirement, except Ms. Tomasky and Mr. Zollar, each of whom was first elected to the Board in 2012. Additional details can be found in the table under Security Ownership of Directors, Management and Certain Beneficial Owners below.

Biographical Information for Nominees for Election as Director

Shown below is the relevant business and biographical information for each of the individuals nominated for election to the Board.

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Board Composition, Skills and Qualifications

Composition

The Board is comprised of individuals with a diverse mix of knowledge, expertise and backgrounds. Among the ten nominees, we have business leaders from industries including banking, science and technology, energy, consumer products and manufacturing as well as those who have excelled in academia and public service. As a group, they complement one another with a desirable mix of competencies and skills as the Board discharges its duties of overseeing our businesses. Our Board members have dealt widely with the types of issues and challenges facing us, including achieving optimal operational and financial performance, managing for growth, meeting regulatory, environmental and safety requirements, overseeing risk management and corporate governance, maintaining an engaged and diverse workforce and adapting to rapidly evolving business conditions. All have served in leadership positions.

Skills and Qualifications	Albert R. Gamper, Jr.	William V. Hickey	Ralph Izzo	Shirley Ann Jackson	David Lilley	Thomas A. Renyi	Hak Cheol Shin	Richard J. Swift	Susan Tomasky	Alfred W. Zollar
Accounting/Finance	✓	✓	✓	✓	✓	✓		✓	✓	
Construction/Engineering			✓					✓		
Consumer Products/Product Development		✓			✓		✓			✓
Customer Satisfaction & Sales					✓	✓	✓			✓
Government			✓	✓					✓	
Industry/Generating Plant Operations			✓	✓				✓	✓	
Legal									✓	
Management	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Manufacturing		✓			✓		✓	✓		
Risk Management	✓		✓			✓		✓	✓	
Science/Scientific Research			✓	✓						
Technology		✓	✓	✓			✓			✓

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THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ALL NOMINEES

ALBERT R. GAMPER, JR., age 72

Director since 2000

Experience

- Lead Director since April 2011.
- Director of PSE&G.
- Chairman of the Board of CIT Group, Inc., Livingston, New Jersey, a commercial insurance company, from July 2004 until December 2004; Chairman of the Board and Chief Executive Officer of CIT Group, Inc. from September 2003 to July 2004; Chairman of the Board, President and Chief Executive Officer from June 2002 to September 2003; President and Chief Executive Officer from February 2002 to June 2002; Chairman of the Board, President and Chief Executive Officer from January 2000 to June 2001; President and Chief Executive Officer from December 1989 to December 1999. President and Chief Executive Officer of Tyco Capital Corporation from June 2001 to February 2002.
- Trustee to the Fidelity Group of Funds.

Skills and Qualifications

- ***Management/Finance/Risk Management*** – Mr. Gamper acquired extensive management experience in financial services as Chairman of the Board, President and Chief Executive Officer of CIT Group, Inc. Moreover, in that role he had ultimate responsibility for financial matters and the overall operations of that company.
- The Board values Mr. Gamper's background considering our capital structure, liquidity needs and need to assess and oversee credit and other risks. He brings perspective and leadership to management and governance oversight.

WILLIAM V. HICKEY, age 69

Director since 2001

Experience

- Chairman of the Board of Sealed Air Corporation, Elmwood Park, New Jersey, which manufactures food and specialty protective packaging materials and systems, from March 2013 until May 2013; Chairman of the Board and Chief Executive Officer from September 2012 to February 2013, President and Chief Executive officer from March 2000 to August 2012; President and Chief Operating Officer from December 1996 to February 2000.
- Director of Sensient Technologies Corporation.

Skills and Qualifications

- ***Manufacturing/Product Development/Consumer Products/ Accounting/Finance/Management/Technology*** – Mr. Hickey has a strong industrial and commercial manufacturing background from his service as President and Chief Executive Officer at Sealed Air Corporation. He is also a Certified Public Accountant and, as CEO of Sealed Air Corporation, he had ultimate responsibility for financial matters and overall business performance.
- Mr. Hickey's executive managerial experience with product innovation, development, production and marketing contributes to the Board's ability to oversee our Company and focus on operational excellence.

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THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ALL NOMINEES

RALPH IZZO, age 56

Director since 2006

Experience

- Chairman of the Board, President and Chief Executive Officer of PSEG since April 1, 2007.
- Chair of the Executive Committee.
- Director of PSE&G, Power, PSEG LI, Energy Holdings and Services.
- President and Chief Operating Officer of PSEG from October 2006 to April 2007; President and Chief Operating Officer of PSE&G from October 2003 to October 2006.
- Director of the Williams Companies, Inc.

Skills and Qualifications

- ***Management/Strategic Planning/Finance/Industry Operations/Risk Management/Engineering/ Technology/Scientific Research/Government*** – During Dr. Izzo's tenure as our Chairman of the Board, President and CEO, he has developed broad experience in general management, strategic planning, finance and risk management, as well as a thorough understanding of our business operations and the challenges and opportunities of our industry.
- Dr. Izzo's background as a research physicist is of much benefit to a company that deals with many technical and scientific matters. His prior service as an energy and policy analyst at the federal and state levels is a significant asset as we position ourselves as a leader in the energy industry and public policy arena.

SHIRLEY ANN JACKSON, age 67

Director since 2001

Experience

- Director of PSE&G.
- President of Rensselaer Polytechnic Institute, Troy, New York, since July 1999.
- Former director of PSEG from 1987 to 1995.
- Chair, U.S. Nuclear Regulatory Commission (NRC) from July 1995 to July 1999.
- Director of FedEx Corporation, IBM Corporation, Marathon Oil Corporation and Medtronic, Inc.
- Former director of NYSE Euronext and US Steel.

Skills and Qualifications

- ***Management/Government/Science/Technology/Finance/Generating Plant Operations*** - Dr. Jackson is a distinguished scientist, who also brings an array of executive, governmental, scientific and academic experience from her years as Chair of the NRC and President of Rensselaer Polytechnic Institute. Her responsibilities as the head of a major university include financial matters.
- We are a heavily regulated business which is very much affected by public policy and scientific developments, so Dr. Jackson's experience and continued involvement in energy policy, scientific research and development, technology and innovation, security and financial services industry oversight is highly valued by the Board. Her background as a nuclear physicist and former NRC Chair is important as we have extensive nuclear operations.

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THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ALL NOMINEES

DAVID LILLEY, age 67

Director since 2009

Experience

- Chairman of the Board, President and Chief Executive Officer of Cytec Industries, Inc., Woodland Park, New Jersey, a global specialty chemicals and materials company from January 1999 until December 2008; President and Chief Executive Officer from May 1998 to January 1999; President and Chief Operating Officer from January 1997 to May 1998.
- Director of Rockwell Collins, Inc. and Tesoro Corporation.
- Former director of Arch Chemicals, Inc. and Cytec Industries, Inc.

Skills and Qualifications

- ***Product Development/Manufacturing/Sales/Finance/Management*** – Mr. Lilley has experience in product development, manufacturing and sales, gained from his years as Chairman of the Board, President and Chief Executive Officer at Cytec Industries. In this role he also had ultimate responsibility for financial matters and overall business performance.
- Mr. Lilley's leadership is very important to us in light of the Board's oversight of our operations and adherence to safety and environmental requirements.

THOMAS A. RENYI, age 68

Director since 2003

Experience

- Executive Chairman of The Bank of New York Mellon Corporation, New York, New York, a provider of banking and other financial services to corporations and individuals, from July 2007 until August 2008.
- Chairman of the Board and Chief Executive Officer of The Bank of New York Company, Inc. and The Bank of New York from February 1998 to July 2007.
- Directors of Hartford Financial Services and Royal Bank of Canada.
- Former director of RiskMetrics Group.

Skills and Qualifications

- ***Finance/Management/Customer Satisfaction/Risk Management*** – Mr. Renyi had a long career with The Bank of New York Mellon and its predecessor, The Bank of New York, where he served as Chairman of the Board and Chief Executive Officer. In that capacity, he had substantial responsibility for the successful implementation of two major mergers. As a result, he brings to us a deep knowledge of finance, as well as significant experience in oversight of the operations of a major enterprise and meeting customer expectations.
- The Board views Mr. Renyi's background as highly valuable in the oversight of risk management and our continued focus on financial strength, disciplined investment and operational excellence.

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THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ALL NOMINEES

HAK CHEOL (H.C.) SHIN, age 56

Director since 2008

Experience

- Executive Vice President – International Operations, of 3M Company, St. Paul, Minnesota, a diversified technology company, with product lines in consumer and office, healthcare electronics, industrial, graphics, transportation, safety and telecommunications markets, since May 2011.
- Executive Vice President-Industrial and Transportation Business of 3M Company from January 2006 to May 2011; Executive Vice President-Industrial Business from June 2005 to January 2006; Division Vice President-Industrial Adhesives and Tapes Division from July 2003 to June 2005; Division Vice President-Electronics Markets Materials Division from October 2002 to June 2003; Division Vice President-Superabrasives and Microfinishing Systems Division from March 2001 to October 2002.

Skills and Qualifications

- ***Technology/Manufacturing/Consumer Products/Customer Satisfaction/Management*** – Mr. Shin brings diversified experience in the areas of technology, manufacturing, consumer products and customer satisfaction acquired through various senior positions at 3M Company, a company noted for innovation and operational excellence.
- Mr. Shin's skills are important as we seek operational excellence and invest in renewable energy technology, while satisfying customer expectations and maintaining reliability.

RICHARD J. SWIFT, age 69

Director since 1994

Experience

- Lead Director from February 2010 until April 2011.
- Presiding Director from June 2007 until February 2010.
- Director of PSE&G.
- Former Chairman of the Financial Accounting Standards Advisory Council from January 2002 to December 2006.
- Chairman of the Board, President and Chief Executive Officer of Foster Wheeler, Ltd., Clinton, New Jersey, which provides design, engineering, construction, manufacturing, management, plant operations and environmental services, from April 1994 until October 2001.
- Director of CVS Caremark Corporation, Hubbell Incorporated, Ingersoll-Rand Limited and Kaman Corporation.

Skills and Qualifications

- ***Management/Engineering/Construction/Generating Plant Operations/Finance/Manufacturing/ Risk Management*** – Mr. Swift is a licensed professional engineer who brings a strong managerial background in engineering, construction and generating plant operations as CEO at Foster Wheeler, Ltd. Mr. Swift also served as Chairman of the Financial Accounting Standards Advisory Council and brings us finance and risk management experience.
- The Board believes that we benefit significantly from Mr. Swift's experience as we are heavily engaged in similar endeavors in our generation and utility businesses. While CEO at Foster Wheeler, he had ultimate responsibility for financial matters.

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THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ALL NOMINEES

SUSAN TOMASKY, age 61

Director since 2012

Experience

- President-AEP Transmission of American Electric Power Corporation, Columbus, Ohio, an electric utility holding company with generation, transmission and distribution businesses, from May 2008 to July 2011.
- Executive Vice President – Shared Services of American Electric Power Corporation from September 2006 to May 2008; Executive Vice President and Chief Financial Officer from September 2001 to September 2006; Executive Vice President and General Counsel and Corporate Secretary from July 1998 to September 2001.
- Former General Counsel, U.S. Federal Energy Regulatory Commission (FERC), from March 1993 to June 1997.
- Director of Tesoro Corporation and Summit Midstream Partners, LP.

Skills and Qualifications

- ***Industry Operations/Management/Finance/Legal/Government/Risk Management*** – Ms. Tomasky has broad electric industry executive experience having served in key leadership positions involving transmission operations, services, finance, law and governance at one of the largest utility holding companies in the United States. Her service at the FERC is highly valuable to us as several of our businesses are subject to that agency's regulation.
- The Board views Ms. Tomasky's background as providing a valuable resource and perspective on utility management, finance, law, risk management and governmental regulation.

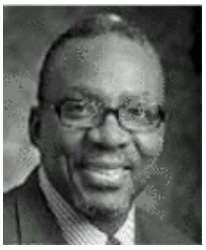

ALFRED W. ZOLLAR, age 59

Director since 2012

Experience

- General Manager –Tivoli Software division of International Business Machines Corporation (IBM), Armonk, New York, a worldwide information technology and consulting company, from July 2004 to January 2011; General Manager – eServer iSeries from January 2003 to July 2004; President and Chief Executive Officer – Lotus Software division from January 2000 to 2003; Division General Manager – Network Computer Software division from 1996 to 2000.
- Director of Chubb Corporation.

Skills and Qualifications

- ***Management/Technology/Product Development/Customer Satisfaction*** – Mr. Zollar brings a wealth of knowledge from his executive leadership, product development and information technology experience. He has served in various leadership roles, including senior management positions, in every IBM software group division.
- The Board believes that Mr. Zollar's executive and managerial experience in business development and technology greatly contributes to our oversight of operational excellence and customer satisfaction.

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SECURITY OWNERSHIP OF DIRECTORS, MANAGEMENT AND CERTAIN BENEFICIAL OWNERS

Directors, Nominees and Management

The following table sets forth, as of February 14, 2014, beneficial ownership of our Common Stock by the directors, nominees and currently serving executive officers named in the 2014 Summary Compensation Table. The information presented includes stock options, stock units and phantom shares. None of these amounts exceeds 1% of our Common Stock outstanding.

	Owned Shares (#)(1)	Restricted Stock (#)(2)	Stock Units/ Restricted Stock Units (#)(3)	Phantom Shares (#)(4)	Deferred Equity Shares (#)(5)	Stock Options (#)(6)	Total (#)
J. A. Bouknight, Jr.	17,678	-	23,302	-	18,917	71,500	131,397
Caroline Dorsa	53,201	8,800	31,554	-	-	127,400	220,955
Albert R. Gamper, Jr.	8,803	9,600	23,825	24,565	-	-	66,793
William V. Hickey	6,332	9,600	23,825	19,356	-	-	59,113
Ralph Izzo	455,870	-	157,067	-	124,560	1,274,100	2,011,597
Shirley Ann Jackson	5,604	9,600	23,825	-	-	-	39,029
Ralph A. LaRossa	39,701	-	59,379	-	43,610	215,400	358,090
William Levis	28,973	-	65,112	-	-	249,700	343,785
David Lilley	-	-	17,911	16,051	-	-	33,962
Thomas A. Renyi	-	8,800	23,825	37,132	-	-	69,757
Hak Cheol Shin	-	-	20,817	-	-	-	20,817
Richard J. Swift	304	14,400	23,825	47,754	-	-	86,283
Susan Tomasky	-	-	6,883	-	-	-	6,883
Alfred W. Zollar	-	-	6,713	-	-	-	6,713
All directors and executive officers as a group (16 persons)	644,469	60,800	516,030	144,858	187,087	1,938,100	3,491,344

(1) Includes all shares, if any, held directly, in brokerage accounts, under the Thrift and Tax-Deferred Savings Plan (401(k) Plan), Enterprise Direct, ESPP, shares owned jointly by or with a spouse and shares held in a trust or a custodial account. Beneficial ownership is disclaimed as to 360 shares by an executive officer.

(2) Includes restricted stock granted to executive officers under the LTIP and restricted stock granted to directors under the former Stock Plan for Outside Directors.

(3) Includes restricted stock units granted to executive officers under the LTIP and stock units granted to directors under the Equity Compensation Plan for Outside Directors (Directors Equity Plan), with no voting rights.

(4) Includes phantom shares accrued under the Directors' Deferred Compensation Plan for those individuals who have elected to have the earnings on their deferred payments calculated based upon the performance of our Common Stock, with no voting rights.

(5) Includes shares deferred under the Equity Deferral Plan, with no voting rights.

(6) Stock options granted under the LTIP, all of which are exercisable currently. Unexercised stock options have no voting rights.

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Certain Beneficial Owners

The following table sets forth, as of February 14, 2014, beneficial ownership in shares by any person or group known to us to be the beneficial owner of more than five percent of our Common Stock. According to the schedule 13G filed by the respective owner with the SEC, these securities were acquired and are held in the ordinary course of business and not for the purpose of changing or influencing the control of the Company.

Name and Address	Amount and Nature of Beneficial Ownership	Percent
Blackrock, Inc. 40 East 52nd Street New York, NY 10022	38,590,563	7.60(1)
The Vanguard Group, Inc. 100 Vanguard Blvd Malvern, PA 19355	26,539,198	5.24(2)

(1) As reported on Schedule 13G/A filed January 30, 2014.
(2) As reported on Schedule 13G filed February 12, 2014

Section 16(a) Beneficial Ownership Reporting Compliance

During 2013, none of our directors or executive officers was late in filing a Form 3, 4 or 5 in accordance with the requirements of Section 16(a) of the Securities Exchange Act of 1934, as amended, with regard to transactions involving our Common Stock.

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DIRECTOR COMPENSATION

2013 DIRECTOR COMPENSATION TABLE

	Fees Earned or Paid in Cash ($)(1)	Stock Awards ($)(2)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)(3)	Total ($)
Albert R. Gamper, Jr.	110,000	110,026				150	220,176
William V. Hickey	99,375	110,026				150	209,551
Shirley Ann Jackson	103,125	110,026				5,000	218,151
David Lilley	105,000	110,026				5,000	220,026
Thomas A. Renyi	97,500	110,026				150	207,676
Hak Cheol Shin	95,000	110,026					205,026
Richard J. Swift	100,000	110,026				5,150	215,176
Susan Tomasky	85,000	110,026					195,026
Alfred W. Zollar	85,000	110,026					195,026

(1) Includes all meeting fees, chair/committee retainer fees and the annual retainer as described below. Includes the following amounts deferred pursuant to the Directors' Deferred Compensation Plan, described below:

Gamper ($)	Hickey ($)	Jackson ($)	Lilley ($)	Renyi ($)	Shin ($)	Swift ($)	Tomasky ($)	Zollar ($)
-	99,375	103,125	105,000	97,500	-	-	-	-

(2) For each outside director, the grant date fair value of the award on May 1, 2013, equated to 3,007 stock units, rounded up to the nearest whole share, based on the then current market price of the Common Stock of $36.59. In addition, each outside director's account is credited with additional stock units on the quarterly dividend dates at the then current dividend rate.

The following table shows outstanding stock units granted under the Directors' Equity Plan and restricted stock granted under the prior Stock Plan for Outside Directors, as of December 31, 2013:

	Gamper (#)	Hickey (#)	Jackson (#)	Lilley (#)	Renyi (#)	Shin (#)	Swift (#)	Tomasky (#)	Zollar (#)
Stock Units	23,825	23,825	23,825	17,911	23,825	20,817	23,825	6,883	6,713
Restricted Stock	9,600	9,600	9,600	-	8,800	-	14,400	-	-

(3) Consists of charitable contributions made by us on behalf of each individual and under our educational matching gift program.

Director Fees

A director who is an employee of a PSEG Company receives no additional compensation for services as a director. Mr. Izzo receives no compensation as a director. His compensation as an employee is shown in this Proxy Statement, in the executive compensation tables and CD&A.

Directors receive an annual retainer of $70,000, paid quarterly, and an annual equity grant of Common Stock units equal to $110,000. The Lead Director receives an incremental $25,000 cash retainer. The Audit Committee Chair is paid an additional retainer of $25,000, the O&CC Chair is paid an additional retainer of $15,000 and the Chair of any other committee is paid an additional retainer of $12,500. Each Audit Committee member receives an additional $10,000 annually. Each other director is paid an additional $5,000 annually per committee assignment.

Directors' Equity Plan

The Directors' Equity Plan is a deferred compensation plan and, under its terms, each outside director is granted an award of "stock units" each May 1st (in an amount determined from time-to-time by the Board) which is recorded in a bookkeeping account in her/his name and accrues credits equivalent to the dividends on shares of our Common Stock. If a director fails to remain a member of the Board (other than on account of disability or death) until the earlier of the succeeding April 30th or the next Annual Meeting of Stockholders, the award for that year will be prorated to reflect actual service. Distributions under the Directors' Equity Plan are made in shares of our Common Stock after the director terminates service on the Board in accordance with distribution elections made by her/him, which may be either in a lump-sum payment or, with respect to grants made prior to 2012, in annual payments over a period of up to ten years.

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Under the Directors' Equity Plan, with respect to grants made beginning in 2012, directors may elect to commence distribution of a particular year's deferrals either upon termination of service or after a specified number of years thereafter. A director may elect to receive distribution of such deferrals in the form of a lump-sum payment, or annual installments over a period of three to fifteen years. Distribution elections must be made prior to the date that services giving rise to the awards are performed.

Shares granted under the prior Stock Plan for Outside Directors are subject to forfeiture if a director leaves service prior to age 72, except after a change-in-control or if waived by non-participating directors.

Directors' Deferred Compensation Plan

Under the Directors' Deferred Compensation Plan, directors who are not employees may elect to defer any portion of their cash retainer by making appropriate elections in the calendar year prior to the year in which the services giving rise to such compensation being deferred is rendered. At the same time he/she elects to defer such compensation, the participant must make an election as to the timing and the form of distribution from his/her Directors' Deferred Compensation Plan account. Distributions are made in cash or, at the election of the participant in the case of amounts credited with earnings by reference to the performance of our Common Stock, in shares of Common Stock.

For amounts deferred prior to 2012, distributions may commence (a) on the thirtieth day after the date he/she terminates service as a director or, in the alternative, (b) on January 15th of any calendar year following termination of service elected by him/her, but in any event no later than the later of (i) January of the year following the year of his/her 71st birthday or (ii) January following termination of service. Participants may elect to receive the distribution of their Directors' Deferred Compensation account in the form of one lump-sum payment, or annual distributions over a period selected by the participant, up to 10 years.

With respect to compensation deferred beginning in 2012, directors may elect to commence distribution of a particular year's deferrals, either (a) within 30 days of termination of service, or (b) a specified number of years following termination of service. They may elect to receive distribution of such deferrals in the form of a lump-sum payment, or annual installments over a period of three to fifteen years.

Participants may make changes of distribution elections on a prospective basis. Participants may also make changes of distribution elections with respect to prior deferred compensation as long as any such new distribution election is made at least one year prior to the date that the commencement of the distribution would otherwise have occurred and the revised commencement date is at least five years later than the date that the commencement of the distribution would otherwise have occurred.

Participants may choose to have amounts deferred under the Directors' Deferred Compensation Plan credited with earnings based on (i) the performance of one or more of pre-mixed lifestyle investment portfolio funds, (ii) at the rate of Prime plus 1/2%, capped at 120% of the applicable federal long-term rate, or (iii) by reference to the performance of our Common Stock, in such percentages designated by the participant. These are the same investment options offered under our 401(k) plan to employees (except the Schwab Personal Choice Retirement Account). A participant who fails to provide a designation will accrue earnings on his/her account at the rate of Prime plus 1/2%, capped at 120% of the applicable federal long-term rate. A participant may change fund selection daily, except for the Common Stock Fund, for which selection may be made only prior to deferral.

The one-year rates of return as of December 31, 2013 for the offered funds as computed by the recordkeeper for the Directors' Deferred Compensation Plan were as follows:

Rates of Return			
Pre-Mixed Portfolios		**Target Retirement Funds**	
Conservative Portfolio	12.17%	Target Retirement Income	5.75%
Moderate Portfolio	17.47%	Target Retirement 2010	8.96%
Aggressive Portfolio	23.69%	Target Retirement 2015	12.98%
Funds		Target Retirement 2020	15.79%
Stable Value	1.97%	Target Retirement 2025	18.11%
Diversified Bond	-1.97%	Target Retirement 2030	20.42%
Large Company Stock Index	32.27%	Target Retirement 2035	22.76%
Mid-Cap Index	35.09%	Target Retirement 2040	24.33%
Institutional Developed Markets Index	21.93%	Target Retirement 2045	24.30%
Small – Cap Index	37.74%	Target Retirement 2050	24.28%
Enterprise Common Stock	9.16%	Target Retirement 2055(1)	13.95%
Other		Target Retirement 2060(1)	13.25%
Prime Plus 1/2%	3.37%		

(1) Partial year rate of return from date added to choices available to participants.

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Proposal 2
ADVISORY VOTE ON THE APPROVAL OF EXECUTIVE COMPENSATION

We are providing you with an opportunity to cast an advisory vote on our executive compensation programs as described in this Proxy Statement. This is commonly referred to as "say-on-pay." We plan to do this each year, in accordance with the applicable rules of the SEC.

This vote is advisory and thus it is non-binding on us and the Board. However, management, the O&CC and the Board intend to carefully review the voting results and take them into consideration when making future decisions regarding our executive compensation. In accordance with applicable SEC requirements, we will disclose to you in our future proxy statements how our compensation policies and decisions have taken into account the results of the most recent stockholder advisory vote on our executive compensation.

At the 2013 Annual Meeting of Stockholders, our stockholders voted over 94% in favor of our say-on-pay proposal. We were gratified by this result and believe this demonstrated strong support for our executive compensation policies and practices and our approach to aligning pay and performance. In furtherance of our pay for performance philosophy, we continuously review and make changes to our executive compensation program in recognition of investor concerns, evolving trends and best practices. We annually review and adjust as necessary the compensation of our executives in light of their performance, their role in our management, our business results and our financial condition. Based on this review, we made individual determinations about the compensation of our CEO and the other NEOs, as discussed below. We did not make any significant changes to our program for 2013.

We have disclosed in this Proxy Statement an overview of the philosophy and elements of our executive compensation program, as well as the details of the individual compensation paid or awarded to each of our NEOs and our process for making those determinations. We have provided below the Report of our O&CC, the CD&A and the compensation tables. In our CD&A, we have explained the reasons supporting our executive pay decisions as reported in the various tables and accompanying narrative included in this Proxy Statement.

We believe our executive compensation is reasonable and appropriate, reflecting market conditions. We are asking you to indicate your support of our executive compensation program as described in this Proxy Statement. This vote is not intended to address any specific item of compensation or any specific individual. Rather, it is an indication of your agreement with the overall philosophy, policies, practices and compensation of our executive officers as described in this Proxy Statement. Accordingly, as recommended by the Board, we ask for you to vote in favor of the following resolution:

> **Resolved, that the stockholders hereby approve, on an advisory basis, the compensation of the NEOs, as disclosed in the Company's Proxy Statement for the 2014 Annual Meeting of Stockholders pursuant to the applicable rules of the SEC, including the CD&A, compensation tables and narrative discussion.**

The Board of Directors recommends a vote FOR the resolution in this proposal.

COMPENSATION COMMITTEE REPORT

The Organization and Compensation Committee of the Board of Directors has reviewed and discussed the Compensation Discussion and Analysis included in this Proxy Statement with management and with Compensation Advisory Partners LLC, the Committee's compensation consultant. Based on such review and discussions, the Organization and Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement.

Members of the Organization and Compensation Committee:

Richard J. Swift, Chair
William V. Hickey
Shirley Ann Jackson
David Lilley
Thomas A. Renyi

February 18, 2014

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COMPENSATION DISCUSSION AND ANALYSIS (CD&A)

This CD&A explains our executive compensation philosophy, the material elements of our executive compensation program and the decisions made regarding our CEO and the NEOs in this Proxy Statement. We have provided an Executive Summary consisting of an overview of the key aspects of our program and recent actions followed by a more detailed analysis and specific information concerning compensation, including:

- **Compensation Philosophy;**
- **Elements of Executive Compensation; and**
- **Executive Compensation Governance Features and Controls.**

We provide an explanation of the data reported in the tables in this Proxy Statement, with respect to pay for performance, “say-on-pay”, compensation risk, the components of our compensation, calculations as to SMICP and LTIP incentive payouts and certain compensation policies.

2013 NEOs

- **Ralph Izzo**, Chairman of the Board, President and CEO
- **Caroline Dorsa**, Executive Vice President (EVP) and Chief Financial Officer (CFO)
- **William Levis**, President and Chief Operating Officer (COO) of our subsidiary, Power
- **Randall E. Mehrberg,** Retired EVP-Strategy and Development and President and COO of our subsidiary, Energy Holdings
- **J. A. Bouknight, Jr.**, EVP and General Counsel
- **Ralph A. LaRossa**, President and COO of our subsidiary, PSE&G

In the CD&A Executive Summary we specifically address those areas which we believe are of utmost interest to our stockholders, while a complete reading of the CD&A provides a more thorough description of our compensation program and explanation of our recent activities:

- The mix of salary, cash incentive compensation, equity incentive compensation and short-term and long-term compensation;
- The weighting of performance measures used to determine compensation;
- The criteria used for target pay positioning;
- The reasons for selecting particular companies as peers for benchmarking compensation;
- The manner in which equity awards are determined; and
- The rationale for severance and change-in-control arrangements.

We have designed this CD&A to be forthcoming and transparent in demonstrating that our executive compensation program is based on well-established principles thoughtfully carried out under the oversight of the O&CC for the long-term benefit of our stockholders.

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CD&A Executive Summary

Executive compensation is governed under the direction and authority of the O&CC. The O&CC is made up of directors who are independent under NYSE rules and our requirements for independent directors. The O&CC receives advice from its independent compensation consultant, CAP, which provides only compensation consulting services to the Board and not to management.

Executive Compensation Philosophy - Pay Mix and Peer Group

Our executive compensation program is designed to closely link pay and performance and align the interests of executives, including our NEOs, with stockholders. We have structured our program to tie executive compensation to the successful execution of our strategic plans, meeting our financial and operational goals and delivery of strong returns. This translates into higher compensation in years of strong performance and stockholder returns and lower compensation when performance is not as strong. We provide a peer-competitive compensation package to attract and retain exceptional executive talent needed for long-term success, with incentives for our executives to achieve outstanding individual performance and business results. Our senior management team, headed by our NEOs, continues to provide strategic and management leadership as we focus on operational excellence, financial strength and disciplined investment.

The O&CC annually reviews and evaluates the philosophy, objectives, design and effectiveness of our compensation program, including the performance of the NEOs. The O&CC maintains the flexibility to make decisions about the program and actual compensation levels and awards based on achievement of our business objectives and relevant circumstances affecting our Company. In addition to the established performance measures, these may include economic, market and competitive conditions, regulatory and legal requirements, internal pay equity considerations and peer group best practices. The O&CC and the entire Board seek to assure alignment of pay with performance in order to create value without encouraging excessive risk taking. Our directors are committed to acting in the best interest of stockholders as responsible stewards overseeing our executive compensation program.

Our compensation consists primarily of the following components:

- **Base Salary:** We pay a base salary which is determined based on position responsibilities, individual experience, performance, internal equity and the competitive market for the position.
- **Annual Cash Incentive**: We provide an opportunity for an annual cash incentive through our SMICP with actual payment determined by the achievement of key financial and operating goals (at the individual, business unit and PSEG level) using multiple performance measures, with a strong emphasis on EPS and with the O&CC exercising overall judgment. Individual payments are generally capped at 150% of target, with the potential for up to 200% in circumstances of exceptional performance.
- **Equity-Based Awards**: Equity-based awards are provided under our LTIP, consisting of performance share units (60%), as well as restricted stock units (40%). Payout of performance share units, if any, is dependent on achievement of long-range financial targets measured by ROIC as compared to our three-year plan and the market performance of our Common Stock with reference to TSR relative to our peers. LTIP performance share unit payouts may be as low as zero and are capped at 200% of target. The value of restricted stock units, which cliff vest after three years, is dependent on the market price of our Common Stock.
- **Retirement and Post-Employment Benefits** : We provide benefits that are comparable to those of companies with whom we compete for executive talent.

We benchmark executive compensation, including that of the NEOs, to a peer group of companies in our industry. To most effectively evaluate executive compensation, we believe that an analysis of the “pay mix”, or Total Direct Compensation (base salary plus target annual incentive and target long-term incentive) is a better measure for evaluating executive compensation as opposed to focusing on each of the elements individually. We target Total Direct Compensation at the median of the industry peer group within a range that recognizes differences in roles, performance, tenure and volatility of market data from year to year:

- We consider a range of +/-20% in relation to a comparable position to be within the competitive benchmark median;
- In determining the mix of the elements of Total Direct Compensation, we exercise judgment, using the competitive analysis as a general guideline;
- The overwhelming amount of our CEO’s and NEOs’ compensation is performance-based and tied to stockholders’ interests rather than to base salary; and
- For 2013, the target percentage of incentive compensation, both annual and long-term, constituted 86% of targeted Total Direct Compensation for our CEO and 71% for our other NEOs as a group.

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Executive Compensation Practices

The table below highlights our executive compensation practices which remain consistent with our compensation philosophy. The left column outlines the practices we believe are conducive to encouraging sound performance by our senior executives and the right column describes those practices that we have chosen not to implement because we do not believe they further our stockholders' long-term interests.

	Our Executive Compensation Practices (What We Do)		NOT Our Executive Compensation Practices (What We Don't Do)
✓	**Pay for Performance.** We closely align pay and performance and the O&CC validates this alignment annually and ensures performance-based compensation comprises a significant portion of executive compensation.	✗	**Limited Perk Policy.** We do not provide perks except in cases where there is a compelling business reason and only provide limited tax gross-up for new hire relocation.
✓	**Meaningful Performance Goals.** We establish clear and measureable goals and targets in the beginning of the performance period and hold our executives accountable for achieving specified levels to earn a payout under the incentives.	✗	**No Target Adjustments, Limited Guaranteed Bonuses.** We do not adjust targets, nor do we re-price or buy out options. In addition, we do not provide guarantees on bonus payouts, unless needed for one year when recruiting a new executive.
✓	**Competitive Pay.** We position target pay competitively around market median and require strong performance to deliver pay above these levels.	✗	**No Above Market Pay.** We do not pay above-market compensation.
✓	**Rigorous Vesting Conditions.** We have double trigger vesting on equity and severance for change in control.	✗	**No Excise Tax Gross Ups.** We do not provide gross-ups for excise taxes upon a change-in-control.
✓	**Clawback Policy.** We have caps on potential incentive payments and we have a robust clawback policy.	✗	**No Excessive Risks.** We do not have plans that encourage excessive risk taking.
✓	**Uniform Retirement Formulas.** Our qualified plan retirement formulas are the same for the executives as for all other non-union employees.	✗	**No Additional Service Credit.** We no longer provide any additional retirement service credit to executives and have not in several years.
✓	**Stock Retention Requirements.** We require executives to hold meaningful amounts of stock and also require them to hold 25% of proceeds from equity awards until retirement.	✗	**No Hedging or Pledging.** We do not allow hedging or pledging of our stock by executives.
✓	**Compensation Consultant.** The O&CC engages an independent compensation consultant.	✗	**Compensation Consultant Independence.** The consultant works directly for the Board, does no other work for us and has no conflicts of interest.

2013 PSEG Performance Highlights

In 2013, we met our strategic and operational objectives as we again confronted fluctuations in market prices for electricity and natural gas, uncertain regulatory and environmental requirements and difficult economic conditions. Our long-range strategy, with its emphasis on business fundamentals, helped to mitigate the impact on earnings of these challenges. Earnings for 2013 were above our targeted range, and the price of our Common Stock was modestly higher at year-end. Financial highlights are included in the Executive Summary to this Proxy Statement on page 3 above. You can find a more comprehensive discussion of our 2013 business and financial performance in our Form 10-K.

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2013 Accomplishments

- **Operational Excellence**
  - Achieved high levels of nuclear, fossil and utility operational performance.
  - Construction of transmission and solar projects proceeded on schedule and within budget.
  - Received national recognition for reliability.
  - Managed expenses with continued cost control measures.
- **Financial Strength**
  - Maintained and improved our credit ratings and increased our dividend.
  - Strengthened our balance sheet and pension funding and refinanced debt at historically low cost.
  - Maintained strong cash flow and liquidity.
- **Disciplined Investment**
  - Continued a strategic emphasis on utility investment with more stable regulated returns.

Pay For Performance

The market and other pressures on us emphasize our need to maintain our focus on operational excellence, financial strength and disciplined investment by attracting and retaining the top talent that is critical for us to accomplish our objectives. We show below a chart comparing the relative contributions to earnings of PSE&G and Power over the past five years, together with the percentage increase of capital expenditures (CapEx) at PSE&G compared to total investment in our Company. Also shown is the comparison of Compound Annual Growth Rate (CAGR) at PSE&G and Power over the five-year period. We believe that this visual depiction demonstrates the value to stockholders of our business strategy and the emphasis on utility investment. This impact on our earnings is reflected in the realized pay of our NEOs, since our executive compensation program links incentive payouts to earnings measures over multiple time frames.

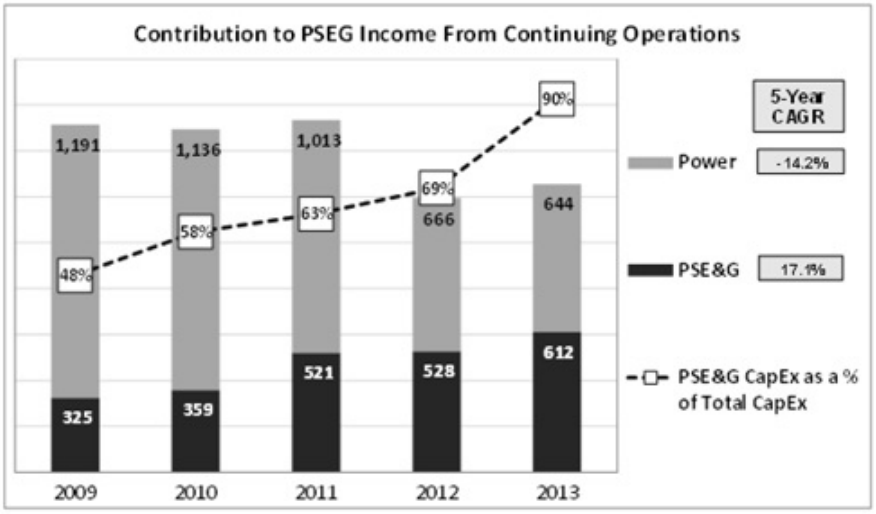

The analytical judgment and operational and managerial abilities that we expect of our senior executives are critical factors in positioning us for the future. Their performance in improving our operating efficiencies, actively influencing legislative and regulatory policies and adjusting our business mix by shifting investment to best take advantage of emerging opportunities for growth, particularly in connection with utility rate-regulated returns, have led to the accomplishments noted above. While these activities are not easily measured over the short-term by reference solely to current EPS and stock price in comparison to the levels in the recent past, the ability of our management team to address these challenges successfully are vital skills on which we place significant value in setting total compensation for our NEOs. We believe that our performance-based compensation programs have and will continue to deliver the appropriate compensation based on our results relative to both our business plan and our peers, helping us manage through an evolving business environment.

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Say-On-Pay, Stockholder Engagement and Transparent Disclosure

We provide our stockholders with an annual opportunity to cast an advisory "Say-on-Pay" vote. We believe that this voting opportunity can provide valuable insights into our stockholders' views on our compensation programs.

- **At the 2013 Annual Meeting, our stockholders voted over 94% in favor of our say-on-pay proposal, demonstrating their concurrence that our programs reflect our strong pay for performance philosophy** .

We have a long-standing practice of engaging in constructive dialogue with our stockholders on various matters of interest to them. We do this by meeting periodically with our major stockholders and groups of investors as well as by regular written communications. These interactions provide us with valuable insights. In recent years, we have enhanced our efforts with regard to matters of executive compensation and corporate governance to keep pace with evolving investor priorities and expectations.

We strive to be clear and transparent in the information we provide to investors in our Proxy Statement, Form 10-K and other reports filed with the SEC and in our investor communications. We believe our executive compensation disclosure addresses the issues considered most important to and provides the useful information desired by our stockholders, as evidenced by the feedback we receive at our meetings throughout the year. We always welcome your comments and suggestions and will continue to consider the outcome of the say-on-pay vote when making future compensation decisions regarding our NEOs.

Key O&CC Actions

The O&CC monitors trends and developments in the market, with the assistance of CAP, as they relate to executive compensation. In 2013, the O&CC considered recommendations from CAP and management with regard to compensation design and effectiveness and reviewed competitive practices within our peer group. Based on the reviews and analyses undertaken by the O&CC, we did not make any significant changes to our programs. The O&CC considered the strong stockholder reinforcement of our compensation philosophy and program in determining to continue with our consistent results-oriented pay for performance approach. In 2013, the O&CC took the following actions related to compensation:

- Analyzed pay for performance by comparing our recent financial results with the compensation of our CEO and NEOs and found them to be appropriately aligned, including the realizable pay of the CEO;
- Approved payouts under the SMICP and LTIP based on its assessment of CEO, NEOs and Company performance relative to pre-established goals for 2013 measured substantially on EPS, ROIC and relative TSR;
- Approved incentive compensation awards having goals with a significant degree of difficulty;
- Approved salary increases for 2014 to improve internal pay equity, reflect job responsibilities and remain competitive with benchmarked peers;
- Modified the peer group for 2014 to better align with our size and business mix;
- Increased the stock ownership guideline for the CEO from 5X to 6X base salary to be more in line with the market;
- Reduced change-in-control termination payment multiples and target bonus for future NEOs;
- Determined that our compensation programs do not create a potential incentive for individuals to take excessive risks.

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Compensation Philosophy and Performance

Pay for Performance

We believe it is important to link pay with performance and long-term stockholder value. We utilize compensation to further align the interests of our executives with those of our stockholders. However, we believe that it is crucial to our stockholders' long-term interests that we not measure performance too narrowly on merely a single year's results. Our compensation programs are designed to reward for performance over varying time horizons with our incentives linked to successful implementation of our corporate strategic objectives. Our SMICP focuses on financial and operating performance over a one-year period while our LTIP is focused on multi-year performance. Similarly, the goals of individual NEOs, including our CEO, place a high value on strategic initiatives, long-range planning and operational excellence. While the impact of this approach may not necessarily be seen in any single year, over time the actual value of compensation, especially equity grants, should reflect our Company's performance.

Our ability to effectively compete and reliably serve our customers, while adjusting to evolving industry and market factors is to a great degree dependent on our ability to appropriately attract, retain and reward senior executives. When we establish performance targets, we consider internal and external factors and set stretch goals to reflect an appropriate degree of difficulty. Our incentive compensation payouts are determined based on measures that align CEO and NEO compensation with stockholder interests, as EPS, TSR and ROIC are used in calculating the amounts. Although these are important components for evaluating pay for performance, we do not believe it is particularly meaningful to merely compare EPS or Common Stock price at year-end with CEO and NEO reported compensation. For example, a meaningful pay for performance analysis entails more than a mere comparison of year-end quantitative measures such as TSR to compensation as reported. Among other things, the reported compensation, in particular the equity compensation shown in the tables in the Proxy Statement, is based on an accounting valuation of targeted future payouts. These could differ significantly from what is ultimately earned by the executives depending on actual results of the performance measures and the value of equity awards at the time they are earned, if at all. The O&CC considers these factors when it assesses the pay for performance relationship.

As part of our pay for performance review during 2013, the O&CC considered relative financial performance data comparing us to those companies in our peer group for whom data was available, as discussed further below. With the assistance of CAP, we analyzed key performance metrics and compensation for 2012, the most recent year for which data was available. Included in the metrics were operating income margin, EPS growth, return on capital and TSR. The total cash compensation included base salary and SMICP and the total direct compensation included those two items plus the grant date fair value of LTIP awards, all of which are reported in our 2013 Summary Compensation Table. These performance metrics were broader than the measures we use in determining award payouts under the SMICP and LTIP. We believe they provide a more expansive view of our relative performance.

Viewing performance in this broad context, we believe the total compensation paid to senior executives and as structured for future payouts has achieved the desired results. In general, our delivered performance in 2013, relative to the degree of difficulty, was aligned with our pre-set goals and our business plan. We believe that our financial results reflect the current industry and Company circumstances as well as the continued focus of our CEO and NEOs on strategic responses and operational efficiencies to optimize earnings and returns while positioning us for continued success. In evaluating the compensation of the NEOs and in particular the CEO, we assessed the amount relative to the performance delivered and continue to conclude the two are aligned.

As a result of the continued focus on operational excellence, financial strength and disciplined investment, our management team has effectively responded to challenging conditions.

We will continue to focus on strong management of operations, including generation capacity and utility reliability, pursuit of new investments, strengthening our relationships with key stakeholders, sustained advocacy for competitive markets, adequate rate treatment and cost recovery and environmentally responsible rules. Our success will depend upon our ability to maintain strong operational and financial performance and appropriately invest in growth opportunities in a difficult economy and cost-constrained environment, amidst continued low natural gas and power prices, reduced demand, threats to competitive markets and more stringent environmental controls. We believe that our executive compensation programs reward and create incentives for our executives, from whom we expect superior performance, to meet these challenges now and in the future. We have made decisions with regard to executive compensation based on individual and business performance and the value of the individual to our Company, including long-term incentive awards that may be earned and/or whose value will be based upon future performance.

If you would like additional information about our 2013 performance, including our financial statements and a more complete description of our business, please see our Form 10-K.

Peer Group

Attracting and retaining top talent requires paying competitive compensation. We evaluate and set executive compensation to be competitive within an identified peer group which was developed to reflect similarly-sized energy companies with comparable businesses. We believe that these companies appropriately reflect the landscape of our industry and the market in which we compete for talent. We have included regulated utilities, independent power producers, merchant generators and combined holding companies such as us. We have attempted to

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include a broad enough group to provide diversity for balanced comparison while selecting only those we think are sufficiently similar to provide a meaningful benchmark.

We consider Base Salary, Total Cash Compensation (base salary plus target annual incentive) and Total Direct Compensation (base salary plus target annual incentive plus target long-term incentive) as the elements of compensation within the peer group for purposes of benchmarking and assessing the market from which we draw executive talent as well as with whom we compete for investor capital. Each year, we re-evaluate the peer group to assess its continuing appropriateness. Effective for 2014, we added NiSource Inc., Northeast Utilities, NRG Energy Inc. and Pepco Holdings Inc., which more closely aligns us to the peer median in revenue, consistent with our compensation philosophy of targeting the median.

The 2013 peer group was used as a reference point for setting pay levels at the end of 2012 for 2013. The 2014 peer group was used for setting salaries for 2014 at the end of 2013 and will be used for all other 2014 pay decisions. The O&CC targets the median (50th percentile) of the peer group for positions comparable to those of our officers for Total Direct Compensation. The peer group is also used for comparison in assessing our performance under our LTIP as well as an overall validation of the alignment between pay and performance.

Pay Governance LLC assists in analyzing the annual Towers Watson Energy Services Executive Compensation Survey–U.S. assessment of the market using the peer companies. We use the peer group data to the extent each position is reported in the survey data. CAP also reviews the outcome of the competitive assessment. As shown below, based on the most recently available data, as provided by CAP, our revenue and market capitalization were below the median, while our net income exceeded the median.

2013 Peer Group			
Company Name	**2012 Revenue**	**2012 Net Income**	**Market Cap at 12/31/12**
	($Millions)	*($Millions)*	*($Millions)*
Ameren Corporation	$6,828	($974)	$7,454
American Electric Power Company, Inc.	$14,945	$1,259	$20,710
Consolidated Edison, Inc.	$12,188	$1,141	$16,266
Dominion Resources, Inc.	$13,093	$302	$29,765
DTE Energy Company	$8,791	$610	$10,333
Duke Energy Corporation	$19,624	$1,768	$44,931
Edison International	$11,862	($92)	$14,723
Entergy Corporation	$10,302	$868	$11,330
Exelon Corporation	$23,489	$1,160	$25,406
FirstEnergy Corp.	$15,320	$770	$17,465
NextEra Energy, Inc.	$14,256	$1,911	$29,282
PG&E Corporation	$15,040	$816	$17,277
PPL Corporation	$12,189	$1,526	$16,654
Sempra Energy	$9,647	$865	$17,157
Southern Company	$16,537	$2,415	$37,420
Xcel Energy Inc.	$10,128	$905	$13,024

	2012 Revenue	**2012 Net Income**	**Market Cap at 12/31/12**
	($Millions)	*($Millions)*	*($Millions)*
PSEG	$9,781	$1,275	$15,481
Peer Group 75th Percentile	$15,110	$1,326	$26,375
Peer Group Median	$12,641	$887	$17,217
Peer Group 25th Percentile	$10,259	$730	$14,299

Compensation Benchmark

The data used for the comparisons below are from the most recent data available for the companies in the 2013 peer group shown above. The O&CC considers a range of approximately +/- 20% of the 50th percentile of comparable positions to be within the competitive median.

Base salary, target Total Cash Compensation and target Total Direct Compensation of each of the NEOs included in this Proxy Statement as a percentage of the comparative median benchmark levels of the peer group are noted below. Decisions on salary and other pay elements, except the LTIP, are typically made at the O&CC meeting each December. Below is each executive's market positioning as of the time those decisions were made:

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% of Comparative Median Benchmark Levels (2013)	Izzo (%)	Dorsa (%)	Levis (%)	Mehrberg (%)	Bouknight (%)	LaRossa (%)
Base Salary	89	96	104	N/A	103	114
Total Cash Compensation	98	96	104	N/A	106	118
Total Direct Compensation	113	97	108	N/A	100	120

The target LTIP award that is included in Total Direct Compensation was determined by the O&CC in February 2013. The O&CC kept the same annual incentive target for the NEOs, except for Mr. Izzo whose target was reduced from 125% to 120%, as discussed below. For Total Direct Compensation, we included the salaries and bonus targets that were approved in December 2012 and effective for 2013. For Mr. Mehrberg, due to the uniqueness of his role in having multiple responsibilities, we were unable to identify relevant market data. It was difficult to precisely benchmark Mr. Mehrberg's compensation because of his diverse duties. We could not identify any directly comparable position within the reported peer group data available to us of a senior executive with two or more manager staff functions that also had additional operational responsibilities. We compared Mr. Mehrberg's position to one encompassing his administrative staff duties and added an amount to reflect expanded duties in order to align Mr. Mehrberg's compensation with our other senior executives for internal equity within that group. Each NEO's Total Direct Compensation was within +/-20% of the median, which is consistent with our philosophy.

Pay Mix

The final element of our compensation philosophy is a consideration of the total mix of pay. The O&CC believes that Total Direct Compensation is a better measure for evaluating executive compensation than focusing on each of the elements individually and it does not set a formula to determine the mix of the various elements. The mix of base salary and annual cash incentive for each of the executive positions is surveyed from the peer group. The reported pay structure from the competitive analysis is used as a general guideline in determining the appropriate mix of compensation among base salary, annual and long-term incentive compensation opportunity. However, we also consider that the majority of a senior executive's compensation should be performance-based and the more senior an executive is in the organization, the more his/her pay should be oriented toward long-term compensation.

The mix of base salary, target annual cash incentive and long-term incentives for 2013 are presented below for the CEO as well as for the other NEOs. We have also provided a comparison of the targeted pay mix to that of the peer group.

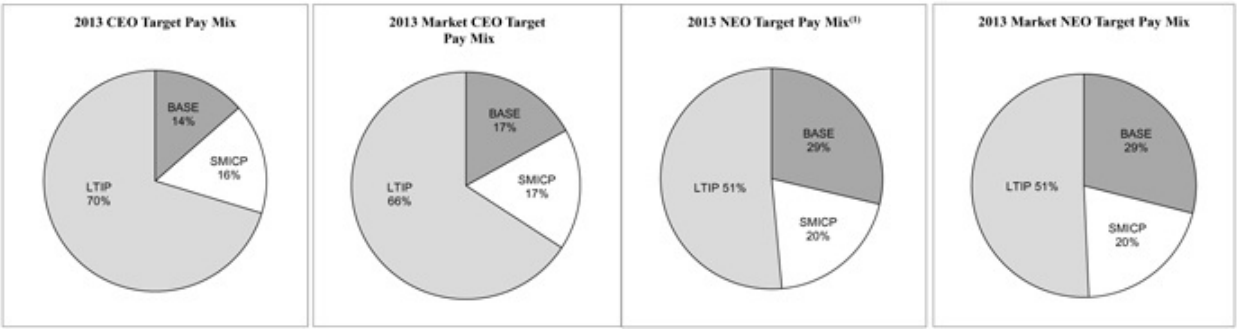

(1) Excludes the CEO and, as explained above, Mr. Mehrberg

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Elements of Executive Compensation

The main components of our executive compensation program, including those for our NEOs, are set forth in the following table. A more detailed description is provided in the respective sections below.

Compensation Element	Description	Objective
Base Salary	Fixed cash compensation	Provides compensation for the executive to perform his/her job functions Assists with recruitment and retention
Annual Cash Incentive	Paid each year if warranted by performance, based on a percentage of base salary Opportunity to earn between zero and 150% of target, measured by financial and operating performance of the business, with up to 200% for exceptional individual performance Metrics and goals (typically earnings, operational and other) are established at the beginning of each year and the payout is made based on performance	Intended to reward for driving best-in-class operating and financial results over a one-year timeframe Creates a direct connection between business success and financial reward Provides strong line of sight by recognizing exceptional individual performance.
Long-Term Incentives (See Table under LTIP)	Performance Share Units provide the opportunity to earn from zero to 200% of target at the end of the three - year performance period Restricted Stock Units generally vest at the end of three years	Rewards strong financial and stock price performance Provides for strong alignment with stockholders Assists with retention Intended to reward for driving financial results over a multi-year time frame
Retirement Plans	Defined benefit pension plans Defined contribution 401(k) plan with a partial Company matching contribution Supplemental retirement benefits for certain employees beyond qualified plan benefits, in view of IRS limits	Provides retirement income in recognition of length of service Assists with recruitment and retention
Deferred Compensation Plans	Permits participants to defer receipt of a portion of cash and equity compensation	Provides participants with the opportunity to more effectively manage their taxes Assists with retention
Post-Employment Benefits	Severance and change-in-control benefits	Assures the continuing performance of executives in the face of a possible termination of employment without cause Assists with retention
Other Benefits	Health and welfare programs Limited perquisites	To be competitive with peer companies Aids safety and efficiency Assists with recruitment and retention

CEO Compensation

Mr. Izzo's compensation is designed to position his total pay around the median of the market. Mr. Izzo has demonstrated strong performance over his tenure as CEO and the O&CC believes this arrangement is appropriate. The changes to the key terms of Mr. Izzo's compensation in 2013 were as follows:

- **Base Salary***:* The median salary for a CEO in the peer group is approximately $1.2 million. In view of his performance during his tenure as CEO, the O&CC has intended to position Mr. Izzo's salary at approximately the median of the peer group. Although Mr. Izzo requested that he not receive an increase that would bring him to the median, the O&CC increased Mr. Izzo's salary by $30,000 to $1.1 million for 2013. It took this action to better position the CEO relative to peers as it felt that paying a salary that was more than 20% below median to a CEO who has delivered strong results was not in the best interest of the Company and its stockholders.
- **Annual Cash Incentive***:* The CEO's annual incentive target for 2013 was reduced to 120% of salary, in light of his salary increase noted above. Taken together, this positioned the CEO's target cash compensation at approximately the market median.

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- **Long-term Incentive***:* The CEO's grant of long-term incentive (in February 2013) was equal to $5,725,000 million, which, when combined with the CEO's salary and target bonus, positioned his total direct compensation for 2013 at 113% of the market median. The long-term incentive opportunity target level was determined so as to put a greater emphasis on long-term compensation for the CEO which is at risk based on performance. Consistent with our pay for performance approach, we believe this appropriately focuses him on the long-term success of the organization and driving stockholder value.

The CEO's compensation level is reflected above in the competitive positioning detailed in Total Direct Compensation. After meeting in executive session, without the CEO present, the O&CC determined CEO compensation in consultation with all the independent directors.

Mr. Izzo's salary, annual cash incentive and long-term incentive exceed that of the other NEOs due to his greater level of duties and responsibilities as the principal executive officer to whom the other NEOs report, and whom the Board holds fully accountable for the execution of corporate business plans.

Further detail regarding the CEO's compensation is set forth below.

Base Salary

As the reference point for competitive base salaries, the O&CC considers the median of base salaries provided to executives in the peer group who have duties and responsibilities similar to those of our executive officers. The O&CC also considers the executive's current salary and makes adjustments based principally on individual performance, including achievement of targets, and experience. Each NEO's base salary level is reviewed annually by the O&CC using a budget it establishes for merit increases and salary survey data provided by Pay Governance and reviewed by CAP. For 2013, the O&CC set the merit increase budget at 3.0%.

The NEOs' individual performance and, other than the CEO, his/her business unit's performance are considered in setting salaries. Base salaries for satisfactory performance are targeted at the median of the relevant competitive benchmark data.

The O&CC considers base salaries and salary adjustments for individual NEOs, other than the CEO, based on:

- **Recommendations of the CEO**: considering the respective NEO's level of responsibilities, experience in position, sustained performance over time, results during the immediately preceding year and the pay in relation to the benchmark median.
- **Performance metrics**: as reflected in the CEOs recommendations, including achievement of financial targets, safety and operational results, customer satisfaction, regulatory outcomes and other factors.
- **Additional factors**: leadership ability, managerial skills and other personal aptitudes and attributes. Salaries for the NEOs for 2013 were approved at the December 2012 meeting of the O&CC. Salaries for 2014 were approved by the O&CC in December 2013. These amounts are shown in the table below. For each of these years, salary decisions were based on each NEO's performance and appropriate alignment with the peer group. For 2014, the increases for Messrs. Levis and LaRossa also reflect significant emphasis by the O&CC on internal pay equity considerations. Those two individuals have critical management responsibilities for our two largest operating subsidiaries, Power and PSE&G, respectively. In addition, the increase for Mr. LaRossa reflects his added duties as Chairman of the Board of PSEG LI:

NEO	Base Salary 2013 ($)	Base Salary 2014 ($)
Ralph Izzo	1,100,000	1,100,000
Caroline Dorsa	619,500	650,000
William Levis	566,500	650,000
Randall E. Mehrberg (1)	561,400	N/A
J.A. Bouknight, Jr.	545,900	545,900
Ralph A. LaRossa	500,000	625,000

(1) Mr. Mehrberg retired in December 2013

Annual Cash Incentive Compensation

The SMICP was approved by stockholders in 2002. It is an annual cash incentive compensation program for our most senior officers, including the NEOs. To support the performance-based objectives of our compensation program, corporate and business unit goals and measures are established each year based on factors deemed necessary to achieve our financial and non-financial business objectives. The corporate-level goals and those for the CEO are developed by the O&CC with input from the entire Board. The goals and measures are established by the CEO for the NEOs reporting to him, and for each other participant by the individual to whom he or she reports.

The SMICP sets a maximum award fund in any year of 2.5% of net income. The formula for calculating the maximum award fund for any plan year was determined at the time of plan adoption by reference to, among other things, similar award funds used by other companies

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and a review of executive compensation practices designed to address compliance with the requirements of Internal Revenue Code (IRC) Section 162(m), which, as explained below, limits the federal income tax deduction for compensation in excess of certain amounts. If appropriate, the Board will recommend for stockholder approval any material changes to the SMICP required to align the plan with our compensation objectives.

The CEO's maximum award cannot exceed 10% of the award fund. The maximum award for each other participant cannot exceed 90% of the award fund divided by the number of participants, other than the CEO, for that year. For 2013 performance under the SMICP, these limits were $31,075,000 for the total award pool, $3,107,500 for the CEO's maximum award and $2,330,625 for each other participant's maximum award. Of the total award pool, $6,303,500 was awarded.

Subject to the overall maximums stated above, NEOs are eligible for annual incentive compensation. The beginning point in the process is a calculation based on a combination of the achievement of individual performance goals and business/employer performance goals, as well as overall corporate performance, as measured by the Corporate Factor. The Corporate Factor for 2013 was EPS from Continuing Operations. We believe sustained EPS is a significant driver of stockholder value and provides line-of-sight over a one-year period between individual actions of executives and company performance. For the business units, we used operating earnings, which for Power excluded from Income from Continuing Operations gains or losses associated with our nuclear decommissioning trust, mark-to-market accounting and Superstorm Sandy costs and the impact of certain assets transferred to Power at year-end, adjusted for interest variances from the business plan, and which for PSE&G were adjusted for interest variances from the business plan.

For 2013, the O&CC kept the same annual incentive targets for the NEOs, except for Mr. Izzo, as discussed above.

We maintained the same overall annual incentive structure as we have had for the last several years as we believe it supports our objectives of rewarding strong financial performance driven by operational excellence. We believe that through outstanding operations we can deliver the greatest long-term financial returns to our stockholders. The maximum result of this calculation is a comparative performance of 1.5. The corporate factor in 2013 could range from zero to 1.5 based on pre-determined EPS goals. The payout factor and related targets for 2013 are illustrated below. If the actual EPS is between the points shown below, the Corporate Payout Factor is determined using linear interpolation. In addition, Messrs. Levis, Mehrberg and LaRossa had business unit (BU) earnings and multiple BU scorecard (financial, operational and strategic) metrics and goals. Ms. Dorsa and Mr. Bouknight each had multiple BU scorecard metrics and goals. All participants had strategic metrics and goals: for Mr. Izzo, operational excellence, financial strength and disciplined investment; for Ms. Dorsa and Messrs. Levis, Mehrberg, Bouknight and LaRossa, employee engagement. Each factor is multiplied by the respective individual's weighting shown below. An illustration of the plan mechanics is provided below, which when added together results in an individual's payout as a percent of target incentive. The total payout is generally capped at 150% of target, increased to 200% for exceptional individual performance.

Weighting x Corporate EPS (0-150%)	+	Weighting x BU Earnings (0-150%)	+	Weighting x BU Scorecard (0-150%)	+	Weighting x Strategic Goals (0-150%)

The corporate performance goal targets and payout factors at each target performance level for 2013 are set forth below:

EPS from Continuing Operations ($)	Corporate Payout Factor (#)
< 2.13	0.00
2.13	0.50
2.24	1.00
2.38	1.50

The respective business unit performance goal targets and payout factors at each target performance level for 2013 for Power and PSE&G are set forth below:

Adjusted Operating Earnings		
Power ($Millions)	PSE&G ($Millions)	Payout Factor
< 533.7	< 576.2	0.00
533.7	576.2	0.50
559.8	604.3	1.00
593.0	640.2	1.50

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For Energy Holdings, the business unit performance goal targets and payout factors are based on a four-factor formula tied to its year-end balance sheet values of owned and leased assets as compared to business plan target values. The four asset/lease categories are merchant energy leases (50%), global assets (10%), real estate investments (20%) and other assets (20%).

The actual corporate and business unit results and corresponding payout factors for the performance levels achieved for 2013 are set forth below:

Factors	Actual Results ($)	Payout Factor (#)
Corporate EPS	2.45 *($Millions)*	1.50
Power	689.7	1.50
PSE&G	609.4	1.07
Holdings	N/A	1.37

Each factor (corporate earnings, BU earnings, BU scorecard and strategic goals) is weighted based on an executive's role, with the intention of balancing business unit and individual performance with corporate performance. The weighting for each of the NEOs for 2013 is detailed below, together with the actual achievement factor attained in 2013:

NEO	Weight and Payout Factor	Corporate EPS	BU Earnings	BU Scorecard	Corporate Strategic Goals	Overall Achievement Factor
Ralph Izzo	*Weight*	75%	-	-	25%	
	Achievement	1.50	-	-	1.16	1.42
Caroline Dorsa	*Weight*	75%	-	15%	10%	
	Achievement	1.50	-	0.92	1.00	1.36
William Levis	*Weight*	60%	15%	15%	10%	
	Achievement	1.50	1.50	1.33	1.00	1.43
Randall E. Mehrberg	*Weight*	60%	15%	15%	10%	
	Achievement	1.50	1.37	1.07	1.00	1.37
J.A. Bouknight, Jr.	*Weight*	75%	-	15%	10%	
	Achievement	1.50	-	1.18	1.00	1.40
Ralph A. LaRossa	*Weight*	60%	15%	15%	10%	
	Achievement	1.50	1.07	1.28	1.00	1.35

The final step in the process is for the O&CC to make an overall judgment as to the appropriate payout levels for each NEO taking into account the overall achievement factors along with other less quantifiable considerations, such as leadership and success in adapting to a changing external environment and the recommendations of the CEO.

The SMICP awards of the NEOs for 2013 are shown below and in the 2013 Summary Compensation Table. The O&CC made its determinations regarding SMICP awards for the 2013 performance year in February 2014, for payment that month. Based upon the executive's overall achievement factor, his/her current base salary and target annual incentive opportunity and any O&CC modifications, if applicable, each earned the following payout for 2013, as to which we also show the percent relative to salary:

NEO	Base Salary ($)	Target Annual Incentive Percentage (%)	Target Annual Incentive Dollars ($)	Overall Achievement Factor (#)	Modification (if applicable)	Payout Earned[1] ($)	Percent of Salary (%)
Ralph Izzo	1,100,000	120	1,320,000	1.42	-	1,874,400	170.4
Caroline Dorsa	619,500	70	433,700	1.36	-	589,800	95.2
William Levis	566,500	75	424,900	1.43	-	607,600	107.3
Randall E. Mehrberg [2]	561,400	70	393,000	1.37	-	495,400	88.2
J.A. Bouknight, Jr.	545,900	65	354,800	1.40	-	496,700	91.1
Ralph A. LaRossa	500,000	65	325,000	1.35	-	438,800	87.8

(1) Reflects rounding.
(2) Amount of payout earned was prorated in light of Mr. Mehrberg's retirement in December 2013.

The O&CC believes that the 2013 goals established for the NEOs provided the appropriate degree of difficulty, based upon the overall economic environment and that the final award determinations are appropriate. It made no discretionary modifications. To ensure that pay and performance are aligned, the O&CC, with the assistance of CAP, assesses whether the payouts that are earned by the NEOs are consistent with our performance relative to peers.

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Long-Term Incentive Compensation

NEOs, other officers as determined by the Committee and other key employees, as selected by the CEO within guidelines established by the O&CC, are eligible to participate in the LTIP. This plan is designed to attract and retain qualified personnel for positions of substantial responsibility, motivate participants toward achievement of long-range corporate goals, provide incentive compensation opportunities that are competitive with those of companies with whom we compete for talent and align participants' interests with those of stockholders.

The LTIP, as amended and restated, was approved by our stockholders at the 2013 Annual Meeting. There was no increase in the number of shares authorized to be issued thereunder. The LTIP provides for different forms of equity awards: restricted stock, restricted stock units, performance share units and stock options. The maximum number of shares that may be awarded under grants to any one individual under the LTIP is 500,000 during any calendar year. In general, since 2010, we have been granting performance share units and restricted stock units; however, some recipients of prior year LTIP awards still hold stock options that have not expired. The LTIP prohibits the repricing of stock options and the buy-out by us of underwater stock options for cash.

In recent years, our LTIP grants have consisted of the following:

Compensation Element	Description	Objective
Performance Share Units	Right to receive full value shares that are earned based upon independent metrics measured over a three-year period: TSR relative to peers (rewarding management when we deliver value to stockholders in excess of our peers) ROIC against our internal goals (rewarding management for effective deployment of capital) Participants have the opportunity to earn from zero to 200% of their target award based on performance Dividend equivalents are accrued as declared and paid on earned shares	Rewards for strong financial and stock price performance over a longer time frame than annual rewards Full value shares assist with retention
Restricted Stock Units	Right to receive shares of full value stock at vesting dates Generally, cliff vest at the end of three years Dividend equivalents are accrued as declared and paid when underlying shares vest	Serves as retention device as recipient must remain an employee through vesting dates to earn payout

The CEO develops recommendations for LTIP awards for each NEO, with the exception of himself and submits these recommendations to the O&CC for approval. Factors that are considered in the determination of award amounts are:

- The competitive market as defined by the peer group, which in general is targeted around median;
- An individual's role and responsibilities within the Company;
- Contribution of the executive; and
- How critical the role is to the organization and need to retain the individual.

In general, when making LTIP grants, the O&CC's determinations are made independently from any consideration of the individual's prior LTIP awards. With respect to the CEO, the O&CC develops a recommended award opportunity in consultation with CAP and submits the proposal to the Board. The value of an executive's current holdings is not a consideration, though it is reviewed periodically by the O&CC. Beginning in 2012, grants are typically being made each February. Previously, the grants were made in December.

In previous years, restricted stock awards were made. Generally, these restricted stock awards vested one-fourth annually as determined at the time of grant. Recipients of restricted stock awards have full voting rights and receive dividends at the regular dividend rate and are paid on each regular dividend date.

Generally, unvested shares of restricted stock and unvested restricted stock units vest pro-rata if retirement occurs within one year of the grant and thereafter according to the original vesting schedule. Generally, unvested restricted stock is forfeited upon resignation but is paid

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upon an involuntary termination of employment without cause, while unvested restricted stock units are forfeited upon resignation or involuntary termination of employment.

Performance share units are denominated in shares of Common Stock and are subject to achievement of certain performance goals over a three-year period and are payable as determined by us in shares of our Common Stock or cash. Generally, performance share units are prorated upon retirement or involuntary termination without cause and are forfeited upon a voluntary termination.

Performance Share Unit Payouts on Prior Years' Awards for Performance Period Ended December 31, 2013

LTIP awards of performance share units made in December 2010 were reported in our 2011 Proxy Statement at fair value at the time of the grants. These performance share unit grants were subject to the achievement of goals related to TSR and ROIC over a three-year performance period ended December 31, 2013. Based on the performance results for that period, in 2014, Messrs. Izzo, Levis, Mehrberg, Bouknight and LaRossa and Ms. Dorsa received payment of shares of our Common Stock equal to 75% (see table below) of the grant target amounts.

Each metric is independent and equally weighted (i.e., 50% each). TSR relative to the peer group was selected as it provides alignment with our stockholders and provides the incentive to deliver a return to stockholders greater than that of our peers. ROIC was used to ensure that we are effectively using our capital base. Based upon performance relative to the peer group on TSR and three-year average ROIC vs. our internal goals, executives can earn a stock award of between zero and 200% of their target. We believe that the ROIC goal represents a significant degree of difficulty. We determine ROIC by dividing Income from Continuing Operations (adjusted for certain interest expense) by debt and equity (adjusted for securitized debt and cash).

Recipients will receive 100% of their grant amount if:

- For the three-year performance period TSR places us in the 50th percentile of the peer group; and
- Our ROIC for the three-year performance period meets a pre-set target based on our business plan.

Payment, if any, is made early in the year following that end of the performance period, once results are reviewed and approved by the O&CC. Dividend equivalents are accrued over the performance period and paid in shares of Common Stock in relation to the number of shares earned based on results for the performance period. Upon retirement, death or disability, performance share units are prorated for each month of service during the performance period and paid following the end of the period based on actual performance.

For these grants, the performance schedule for relative TSR, which can earn an individual 50% of the performance share unit award, is detailed below:

TSR Performance Vs. Peers (1)	Percent Payout Factor for TSR Component
Below 35th Percentile	0%
35th Percentile	25%
50th Percentile	100%
75th Percentile	200%

(1) Beginning with grants made in 2012, TSR performance will be measured by comparing our numerical ranking among peer group companies in respect to the TSR performance component.

For these grants, the performance schedule for relative ROIC, which can earn an individual 50% of the performance share unit award, is detailed below:

	3 Year Average ROIC Target				
	2011	2012	2013	3 Yr Average	Payout%(1)
Maximum (115% of Goal)				9.3%	200
Target	8.5%	7.7%	8.0%	8.1%	100
Threshold (85% of Goal)				6.9%	25

(1) Payout % above and below target will be interpolated based on the three-year average.

Actual results of the three-year period ended December 31, 2013 were:

Actual Results		Payout
TSR Ranking: 11th of 15 Peer Companies	28.6% Percentile	0%
ROIC Actual 3-year Average: 8.7%		150%
Overall Performance Share Units		75%

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Based on these results, participants earned a performance share unit payout of 75%. The dollar amount of each payment, made in shares of our Common Stock, is shown below, calculated using the average of the high and low price of our Common Stock on February 18, 2014, $34.90.

NEO	Performance Share Units Granted (#)	Performance Share Units Earned (#) (1)	Performance Share Units Payout ($) (1)
Ralph Izzo	100,900	86,220	3,009,078
Caroline Dorsa	18,050	15,424	538,298
William Levis	18,050	15,424	538,298
Randall E. Mehrberg	16,300	13,929	486,122
J.A Bouknight, Jr.	14,550	12,433	433,912
Ralph A. LaRossa (2)	43,900	37,513	1,309,204

(1) Performance share units earned and market value reflect rounding. Includes accrued dividend equivalents earned.

(2) Includes a 29,350 retention grant with a payout of 25,080 units.

These amounts are reported in the Option Exercises and Stock Vested During 2013 Table below.

2013 Grants

The structure of the long-term incentive is consistent with the prior grants as described above, in the form of 60% performance share units and 40% restricted stock units vesting at the end of three years. The mix between performance share units and restricted stock units was determined based on our desire to provide the majority of long-term incentives in a performance-based vehicle while providing for strong retention during a challenging period in the industry. The greater emphasis on performance share units places more of our NEOs' potential compensation payouts at risk. Grants are typically made each February.

The amounts approved in February 2013 for the NEOs are shown in the 2013 Grants of Plan-Based Awards Table. These awards are also reported in the Summary Compensation Table at the grant date fair value. Payouts, if any, will be based on the same performance measures and goals discussed above with respect to payments made on prior years' awards and will be disclosed when the applicable performance period is completed.

In 2013, we submitted our LTIP to stockholders for approval at the Annual Meeting. The dollar amount and corresponding number of shares to be granted was determined by the O&CC in February. However, in order for 2013 grants to be eligible for the federal income tax deduction under the applicable limit, as described below in Accounting and Tax Implications, the annual grants for all of the NEOs (except Ms. Dorsa, to whom the tax deduction limit was not applicable, as noted below) were made in April, following receipt of stockholder approval. Since the market price of our Common Stock was higher in April than in February, the grant date fair value reported in the Summary Compensation Table is higher than the price used by the O&CC when determining the amount of the award in February, as reported in the 2013 Grants of Plans Based Awards Table. In addition, Mr. Levis received a grant in February 2013 pursuant to a prior determination of the O&CC with regard to his retention.

Retirement Benefits

We provide certain qualified retirement benefits under the Pension Plan of PSEG (Pension Plan) and the Cash Balance Pension Plan of PSEG (Cash Balance Plan) to maintain practices that are competitive with companies in the energy services industry with which we compete for executive talent. Participation depends upon the date of hire of the individual. Messrs. Izzo and LaRossa participate in the Pension Plan as they each began employment before January 1, 1996. Each of the other NEOs participates in the Cash Balance Plan as they were hired after that date.

In addition to the qualified plans, we provide certain limited nonqualified retirement benefits under the Retirement Income Reinstatement Plan (Reinstatement Plan) and the Supplemental Executive Retirement Income Plan (Supplemental Plan). We maintain these supplemental plans to provide competitive retirement benefits. Our supplemental executive retirement plans were adopted to assist in the recruitment and retention of key employees.

- The Reinstatement Plan is an unfunded retirement plan that provides retirement benefits that would have been paid under our qualified retirement plans but for the limitations of the IRC which caps the amount of an employee's compensation that may be considered for qualified plan purposes. All employees who are affected by the compensation limit are eligible to participate in this plan. SMICP amounts are also included in computing benefits under this plan.
- The Supplemental Plan is an unfunded retirement benefit plan that provides supplemental limited retirement and death benefits to participants nominated by the CEO and designated by our Employee Benefits Policy Committee. It also provides retirement benefits based upon additional credited years of service for prior allied professional or industrial experience to employees selected

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by the CEO. The plan is primarily used as a recruitment and retention tool. In 2011, the O&CC decided that we will no longer provide any additional years of credited service under the Supplemental Plan to individuals not previously provided with that benefit.

All of our NEOs participate in the Reinstatement Plan. Messrs. Izzo, Levis, LaRossa and Mehrberg participate in the additional limited provisions of the Supplemental Plan. Ms. Dorsa will be eligible to participate in the additional limited provisions of the Supplemental Plan in accordance with her employment agreement. As described in the Pension Benefits Table, as part of their promotion and hiring, Mr. Izzo and Ms. Dorsa, respectively, are eligible to receive additional years of credited service under certain circumstances.

Additional information is provided in the Pension Benefits Table and the accompanying narrative, below.

We also maintain a defined contribution 401(k) Plan and provide a partial employer matching contribution for 401(k) Plan participants.

Deferred Compensation Plans

We offer a deferred compensation plan to our officers, including the NEOs, so they can more effectively manage their personal tax obligations. Participants may elect to defer all or any portion of their cash compensation and may choose from among several different investment options based upon the choices available in our 401(k) Plan, as well as a market-based rate of Prime plus 1/2%, capped at 120% of the applicable federal long-term rate.

We also have a plan to permit deferral of equity compensation. Generally, the election to defer shares underlying an equity award must be made before the services giving rise to the equity award are performed. Deferred shares are held in a Rabbi Trust.

Additional details about these deferred compensation plans are provided in the descriptions following the Non-Qualified Deferred Compensation Table.

Severance and Change-in-Control Benefits

We provide severance benefits in the event of certain employment terminations. These benefits are available to officers, including the NEOs, in order to be competitive with the companies in our industry and provide a level of financial security to the executive in periods of uncertainty in the event of a termination without cause. All of our NEOs participate in our Key Executive Severance Plan. Mr. Izzo is also eligible for certain other severance benefits.

We provide severance benefits upon a change-in-control to officers, including the NEOs. A change-in-control is by its nature disruptive to an organization and its executives. Such executives are frequently key players in the success of organizational change. To assure the continuing performance of such executives and maintain stability and continuity in the face of a possible termination of employment in the event of a change-in-control, we provide a competitive severance package. In addition, some executives, who may be key parties to such transaction, may have their employment terminated following its completion. A severance plan with benefits applicable upon a change-in-control is an important element for attracting and retaining key executives in a marketplace where such protection is common.

In 2013, we reduced the amount payable with respect to one of the components of our Key Executive Severance Plan. New or promoted eligible participants will receive an amount equal to two times, rather than three times, the sum of his/her salary and target incentive bonus if he/she is terminated without cause or resigns for good reason within two years after a change-in-control.

Neither our Key Executive Severance Plan nor Mr. Izzo's severance agreement provide for gross-up payments from us in the event that any NEO or other participant is subject to an excise tax related to receipt of a change-in-control payment. Both the Key Executive Severance Plan and Mr. Izzo's severance agreement include a "double-trigger" provision on benefits, which are paid only in the event of termination of employment following a change-in-control. Performance share payments, if any, are prorated.

Severance and change-in-control benefits are described under Potential Payments Upon Termination of Employment or Change-in-Control below.

Perquisites

We provide certain perquisites that we believe are reasonably within compensation practices of our peers or provide benefit to us, such as providing an appropriate degree of personal security to executives with a high public profile and allowing the executive to be productive while commuting. These include automobile use (and for the CEO, a driver), stipend or car service, reimbursement of relocation expenses, annual physical examinations, limited personal and spousal travel, including use of aircraft (in accordance with the policy we have established and with CEO approval), home security, charitable contributions on behalf of the individual and limited personal entertainment. These perquisites are described in the 2013 Summary Compensation Table, as applicable.

We do not provide a tax gross-up of personal benefit amounts deemed to be taxable income under federal or state income tax laws and regulations, except for certain relocation expenses, primarily in the case of newly-hired executives.

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Executive Compensation Governance Features and Controls

Independent Compensation Consultant

The O&CC has retained CAP to provide information, analyses and advice regarding executive and director compensation, as described in this Proxy Statement. CAP reports directly to the O&CC and the O&CC has established procedures that it considers adequate to ensure that CAP's advice is objective and not influenced by management. These procedures include an agreement specifying what information can and cannot be shared with management. In addition, CAP regularly meets with the O&CC in executive session, without the presence of management. CAP provides only executive compensation consulting services.

At the O&CC's direction, CAP provided the following services:

- Evaluated the competitive positioning of our NEOs' base salaries, annual incentive and long-term incentive compensation relative to our peers and compensation philosophy;
- Advised the O&CC on CEO and other NEO target award levels within the annual and long-term incentive programs;
- Reviewed our annual and long-term incentive programs to ensure they continue to be aligned with our philosophy, drive performance and consider market practices;
- Briefed the O&CC on executive compensation trends among our peers and broader industry and compared them to our current practices;
- Analyzed the results of the stockholder advisory say-on-pay vote;
- Informed the O&CC on changes in the regulatory environment as they relate to executive compensation;
- Reviewed the composition of our Peer Group;
- Advised the O&CC on the performance measures and performance targets for the annual and long-term incentive programs and advised on the payout leverage (the extent of the pay opportunity and the degree of difficulty) for the plans;
- Presented a CEO compensation proposal to the O&CC;
- Reviewed our total share usage and "burn rate" for the LTIP;
- Conducted an assessment to determine whether any elements of our employee compensation programs encourage the taking of excessive risk;
- Advised on issues related to shareholder advisory groups;
- Validated the pay for performance alignment of the compensation programs including considering the realizable pay for the CEO;
- Evaluated our share ownership guidelines relative to our peers and broader industry;
- Assessed the competitiveness of director compensation for the Corporate Governance Committee; and
- Reviewed and commented on this CD&A.

In the course of conducting its activities, CAP attended four meetings of the O&CC in 2013 and presented its findings and recommendations for discussion.

Management also retains a compensation consultant, Pay Governance, to provide market compensation data for our officers, including the NEOs. This data is made available to CAP.

Compensation Risk Assessment

In 2013, CAP, in consultation with management reviewed our compensation programs to assess the potential of whether they encourage individuals to take excessive risks. The risk assessment included a full inventory of all incentive compensation plans in the organization, including their design, metrics, goals and operation and a review of business and operational risks. Our Vice President and Chief Risk Officer, as well as our internal compensation professionals under the supervision of our Senior Vice President–Human Resources, participated in this process. Management and CAP reviewed this assessment with the O&CC. In addition, final decisions regarding our executive compensation policies and programs, as well as specific approval of individual NEO compensation, are determined by the O&CC, all of whose members are independent of management and, as appropriate, the full Board, all of whose members, except our CEO, are independent of management. Based on this review, the O&CC determined that the programs do not create an incentive for individuals to take excessive risks which are reasonably likely to have an adverse effect on us. Factors considered include:

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Compensation Risk Assessment Factors

- There are strong governance processes and controls in place at the senior leadership levels under the oversight of the O&CC and, where appropriate, the full Board.
- We provide a balanced total compensation package that includes fixed compensation (e.g., salary and benefits) and at-risk compensation (e.g., annual and long-term incentive).
- There were no material changes to our incentive compensation plans since the original analysis in 2010.
- Long-term incentives vest over a multi-year timeframe.
- There are caps on the total amount of incentive compensation that can be earned.
- Multiple dimensions of performance are used in the incentive structure, including:
  - A balanced scorecard;
  - EPS for corporate financial performance;
  - Earnings for business unit performance; and
  - Key strategic and operational metrics that specifically address identified risks.
- We use performance share units, with payout determined by:
  - ROIC; and
  - TSR compared to peers.
- Incentive plan formulas, performance measures/goals and corresponding payment scales are reviewed by CAP and approved each year by the O&CC.
- We use a consistent incentive framework for the entire organization.
- Executives receive a significant portion of their compensation in the form of equity, which discourages them from making short-term decisions that may result in long-term harm to the organization.
- Our stock ownership and retention policy further discourages a short-term focus and, under our insider trading policy, all transactions in our Common Stock by officers need pre-clearance by the General Counsel's office.
- We have a recoupment (clawback) policy, requiring forfeiture or repayment of incentive amounts, resulting from misconduct, accounting restatement or breach of agreement.
- Our corporate culture demands the highest level of ethical behavior and requires all employees to take ethics training annually.
- We have policies in place to govern financial and enterprise risk, as discussed above in Risk Management Oversight.

Role of CEO

The CEO attends O&CC meetings, other than executive sessions. Other executive officers and internal compensation professionals may attend portions of O&CC meetings, as requested by the O&CC. The CEO recommends changes to the salaries of his direct reports (who include the NEOs). The CEO develops and the O&CC considers these recommendations in the context of the respective executives' individual performance, competitiveness of salary vs. peer group and internal equity among executives. The CEO recommends incentive compensation targets (expressed as a percentage of base salary) for the SMICP and LTIP grants for his direct reports as well as the associated goals, objectives and performance evaluations. The CEO participates in the O&CC's discussions of those recommendations.

The design and effectiveness of compensation policies and programs are reviewed by the CEO in conjunction with CAP, and periodically in light of general industry practices and in comparison to the peer group trends. The CEO also reviews such compensation matters with our internal compensation professionals. Recommendations for changes are made to the O&CC as deemed appropriate by the CEO. The O&CC believes that the role played by the CEO in this process is appropriate because the CEO is uniquely suited to evaluate the performance of his direct reports.

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Trading Pre-clearance

Under our Insider Trading Practice, all of our officers, including the NEOs, are required to obtain pre-clearance from the Office of the General Counsel prior to engaging in any transaction involving our Common Stock. In addition, our Insider Trading Practice does not permit any such transactions except during “open window” periods. These are limited times following the public release of earnings and disclosure of material information.

Hedging and Pledging

We have a policy which prohibits officers, including NEOs, from hedging, short-selling or pledging our Common Stock.

Clawbacks

We have adopted provisions that require a participant to forfeit any annual or long-term incentive grants and repay profits made on sales of LTIP shares if they are earned as a result of misconduct related to accounting restatements. LTIP grants and shares received on exercise of LTIP grants are also subject to clawback if the participant violates his/her non-compete, non-solicitation or confidentiality agreements. We anticipate adjusting the terms of our clawback policy as may be needed to comply with the Dodd-Frank Act once further guidance is released from the SEC.

Employment Agreements

We have entered into agreements with Messrs. Levis, Mehrberg and Bouknight and Ms. Dorsa and a severance agreement with Mr. Izzo. These are discussed following the Grants of Plan-Based Award Table below.

Stock Ownership and Retention Policy

In order to strengthen the alignment of the interests of management with those of stockholders, we have established a Stock Ownership and Retention Policy (Policy). Each officer must acquire a prescribed dollar amount of share ownership by January 1 following the fifth anniversary of the date of the adoption of the Policy or the date he or she was elected or promoted. In addition to shares individually or jointly owned directly, through a broker or in Enterprise Direct or the ESPP, the following are counted toward the ownership requirement: (i) shares held in trusts for the benefit of immediate family members where the officer is the trustee, (ii) shares granted to the officer in the form of restricted stock and restricted stock units, whether or not vested, and (iii) shares held by the officer in the 401(k) Plan. Stock options and performance share units (as distinct from shares which are actually issued as a result of exercise or vesting) are not counted. Shares subject to hedging or monetization transactions (such as zero-cost collars and forward sale contracts), which allow the officer to retain legal ownership without its full risks and rewards, are not counted for purposes of either the ownership or retention provisions of the Policy, since our Insider Trading Practice does not permit such hedging or pledging.

Each officer must retain at least 100%, after tax and costs of issuance, of all shares acquired through equity grants made subsequent to the adoption of the Policy, including the vesting of restricted stock or restricted stock unit grants, payout of performance share unit awards and exercise of option grants, until his or her ownership requirement is met. Once an officer attains his or her required level of stock ownership, he or she must retain 25%, after tax and costs of issuance, of shares received from equity awards granted thereafter, until retirement or his or her employment otherwise ends.

In the event an officer is not in compliance with any provision of the Policy, the O&CC may take such action as it deems appropriate, consistent with the provisions of our compensation plans and applicable law and regulations, to enable the officer to achieve compliance at the earliest practicable time or otherwise enforce the Policy. Such action may include establishing conditions with respect to requiring all or part of any SMICP or LTIP award to be held in shares. The O&CC may vary the application of the provisions of the Policy for good cause or exceptional circumstances.

The Policy was not a factor considered by the O&CC in making the 2013 grants under the LTIP.

In 2013, we increased the CEO’s multiple from 5x to 6x base salary to better align with market. The following table shows, for each NEO, the dollar amount of stock ownership required by the Policy and the dollar amount of actual holdings as of February 18, 2014, the payout date for performance shares units, as discussed above. Messrs. Izzo, Levis, Bouknight and LaRossa and Ms. Dorsa each have met their respective requirement. Mr. Mehrberg is not included in the table as he retired on December 2, 2013.

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Name	Multiple Required (#)	Required Amount ($) (1)	Amount Held ($) (2)
Ralph Izzo	6	6,600,000	24,368,182
Caroline Dorsa	3	1,950,000	3,091,214
William Levis	3	1,950,000	3,108,698
J. A. Bouknight, Jr.	3	1,637,700	1,979,068
Ralph A. LaRossa	3	1,875,000	4,714,685

(1) Determined as of the effective date of the current salary of each of the NEOs, which was January 1, 2014 for Ms. Dorsa and Messrs. Levis and LaRossa and January 1, 2013 for Messrs. Izzo and Bouknight.

(2) Based on average price of Common Stock for the twelve months preceding the effective date of the current base salary of the respective NEO.

Accounting and Tax Implications

The O&CC has considered the effect of Financial Accounting Standards Board Accounting Standards Codification Topic 718 (formerly FAS 123R) (see Note 18 to Consolidated Financial Statements included in our Form 10-K) regarding the expensing of equity awards in determining the nature of the grants under the LTIP. The O&CC, with the assistance of CAP, reviews the competitiveness of the NEOs' LTIP grants, as measured against the peer group, using reported Topic 718 grant values and approves grants to the NEOs accordingly as reported above in Long-Term Incentive Compensation.

The O&CC considers the tax-deductibility of our compensation payments. IRC Section 162(m) generally denies a deduction for United States Federal income tax purposes for compensation in excess of $1 million for persons named in the proxy statement, except for qualifying performance-based compensation pursuant to stockholder-approved plans. Stockholder approval of the SMICP was received at the 2002 Annual Meeting of Stockholders. As a result, we believe that payment of qualifying performance-based compensation in accordance with the terms of this plan would not be subject to the Section 162(m) limitation on deductions.

Although stockholder approval of the LTIP was received at the 2004 Annual Meeting of Stockholders, applicable IRC provisions require that stockholders give such approval at least every five years for performance-based compensation plans that permit the O&CC to change the performance criteria used from year to year. Since we did not subsequently seek such further approval for the LTIP until the 2013 Annual Meeting, the payments of performance share units made to the NEOs (except the CFO, to whom the deduction limitation is not applicable) in 2013 and 2014 with respect to such LTIP grants awarded in 2009 and 2010 for the respective three-year performance periods ended December 31, 2012 and December 31, 2013, are subject to the Section 162 (m) limitation on deductions. The only such grant made in 2013 prior to such approval and thus subject to the limitation was to Mr. Levis in accordance with his retention award pursuant to a prior determination of the O&CC. Any future payments, if earned, with respect to LTIP grants of performance share units made to the NEOs (except the CFO) in 2011 and 2012 are likewise subject to this limitation.

Further, the O&CC believes that restricted stock and restricted stock units are valuable components of incentive compensation as they align the interest of the recipients with those of stockholders. However, because the vesting of such grants is not performance-based, restricted stock and restricted stock unit grants are subject to the limitation on deductibility under Section 162(m).

Payments under the Amended and Restated 2004 Long-Term Incentive Plan, if any are earned, on performance share units granted during the five-year period following stockholder approval at the 2013 Annual Meeting are not expected to be subject to the limitation and should qualify for tax-deductibility under Section 162(m).

In 2013, a portion of Messrs. Izzo's and Levis' compensation reported in this Proxy Statement exceeded the limit. Amounts deferred by the NEOs are not included in the Section 162(m) calculations during the deferral period because they are not otherwise deductible under applicable tax law. In light of Section 162(m), as well as certain NYSE rules, the Board's general policy is to present incentive compensation plans in which executive officers participate to stockholders for approval. However, The OC&C and the Board reserve the right to not seek such approval and to award incentive and other compensation that is not structured so as to be exempt from the deduction limit of Section 162(m), if they determine that such arrangements are in the best interests of the Company and our stockholders. The O&CC will continue to evaluate executive compensation and the flexibility that is desirable in administering our executive compensation program in accordance with our compensation philosophy.

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2013 SUMMARY COMPENSATION TABLE

The following table summarizes the compensation of our NEOs for the years shown. The NEOs are our CEO, CFO and four most highly compensated executive officers in 2013.

Name and Principal Position(1)	Year	Salary ($) (2)	Bonus ($)	Stock Awards ($)(3)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)(4)	Change in Pension Value and Non-Qualified Deferred Compensation Earnings ($)(5)	All Other Compensation ($)(6,7& 8)	Total ($)
Ralph Izzo	2013	1,092,615	-	6,367,186	-	1,874,400	0	66,448	9,400,649
Chairman of the Board,	2012	1,004,715	-	5,724,001	-	1,653,800	2,064,000	67,027	10,513,543
President & CEO	2011	946,450	-	-	-	1,535,400	1,710,000	185,306	4,377,156
Caroline Dorsa	2013	617,686		1,199,928		589,800	488,000	75,607	2,971,021
EVP & CFO	2012	595,691	-	1,099,985	-	567,900	1,338,000	76,661	3,678,237
	2011	567,871	-	-	-	505,100	726,000	79,368	1,878,339
William Levis	2013	565,485		2,223,214		607,600	0	183,281	3,579,580
President & COO	2012	560,377	-	1,099,985	-	546,200	739,000	44,141	2,989,703
(Power)	2011	543,960	-	999,396	-	517,200	346,000	41,460	2,448,016
Randall E. Mehrberg	2013	549,595		1,029,280		495,400	0	69,972	2,144,247
EVP Strategy & Development and	2012	553,414	-	924,182	-	499,400	693,000	46,870	2,716,866
President & COO (Energy Holdings)	2011	542,963	-	-	-	491,000	451,000	42,552	1,527,515
J. A. Bouknight, Jr.	2013	544,922		943,788		496,700	67,000	18,559	2,070,969
EVP &	2012	535,570	-	849,495	-	461,300	61,000	19,549	1,926,914
General Counsel	2011	518,057	-	-	-	412,200	45,000	14,398	989,655
Ralph A. LaRossa	2013	499,078		943,788		438,800	0	69,932	1,951,598
President & COO	2012	497,142	-	824,611	-	400,700	578,000	32,408	2,332,861
(PSE&G)	2011	466,850	-	-	-	353,200	604,000	111,329	1,535,379

(1) Mr. Mehrberg retired on December 2, 2013.

(2) Amounts shown are actual payments based on annualized salary. Mr. Bouknight elected to defer $461,074, $475,775, and $484,869 of salary for years 2011, 2012 and 2013 respectively, under the Deferred Compensation Plan. 2012 salaries include a one-time pay adjustment provided to all employees as a result of a change in the methodology of the bi-weekly pay calculation.

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(3) The amounts shown reflect the grant date fair value of the awards. For a discussion of the assumptions made in valuation, see Note 18 to the Consolidated Financial Statements included in our Form 10-K. LTIP awards were granted in February and April 2013, as discussed in the CD&A. Awards consist of performance share units and restricted stock units. Due to a change in timing of grants, no LTIP awards were granted in 2011, with the exception of a retention award of restricted stock units to Mr. Levis. Performance share unit value is shown at the target amount. Actual value of the shares received upon vesting of restricted stock units depends upon the price of our Common Stock. Payout value of the performance share units earned upon vesting at the conclusion of the three-year performance period may be less than or exceed the grant date fair value, dependent upon achieving TSR and ROIC performance factors. More detailed information is provided in the CD&A. The respective amounts below represent the grant date fair value of performance share units at target and maximum amounts:

	2013		2012	
	Value at Target (100%) ($)	Value at Maximum (200%) ($)	Value at Target (100%) ($)	Value at Maximum (200%) ($)
Ralph Izzo	4,077,397	8,154,794	3,434,375	6,868,750
Caroline Dorsa	719,355	1,438,710	659,375	1,318,750
William Levis	1,783,474	3,566,948	659,375	1,318,750
Randall E. Mehrberg	658,642	1,317,284	554,688	1,109,375
J.A. Bouknight, Jr.	604,560	1,209,120	509,375	1,018,750
Ralph A. LaRossa	604,560	1,209,120	495,313	990,625

(4) Amounts awarded were earned under the SMICP and determined and paid in the following year. Mr. Izzo elected to defer his entire 2011 award and Mr. Bouknight elected to defer his entire 2013 and 2012 awards and $391,590 of his 2011 award under the Deferred Compensation Plan.

(5) Includes the change in the actuarial present value of accumulated benefit under defined benefit pension plans and supplemental executive retirement plans between calendar years 2013 and 2012, 2012 and 2011, and 2011 and 2010, determined by calculating the benefit under the applicable plan benefit formula for each of the plans, measured at December 31 of each year, based on years of credited service, earnings in effect at the respective measurement dates, applicable interest rates and computational assumptions. These changes are:

	Izzo ($)	Dorsa ($)	Levis ($)	Mehrberg ($)	Bouknight ($)	LaRossa ($)
2013	0	488,000	0	0	67,000	0
2012	2,064,000	1,338,000	739,000	693,000	61,000	578,000
2011	1,710,000	726,000	346,000	451,000	45,000	604,000

Any interest earned under the Deferred Compensation Plan at the prime rate plus 1/2% did not exceed 120% of the applicable long-term rate for any of the NEOs in 2013, 2012 or 2011. If the aggregate change in pension plan values is negative, it is shown as zero.

(6) For 2013, depending on the individual, includes perquisites and personal benefits which include (a) automobile and related expenses, (b) physical examinations, (c) home security systems, (d) limited personal and spousal travel, (e) personal entertainment and (f) charitable contributions on behalf of the individual. For automobiles, the pro rata personal usage value of the vehicle lease cost based on the IRS Annual Lease Value Table was used; for parking, the market value for the parking space was used; for the driver, actual pro-rata expense was used for the time devoted to CEO commuting and personal use; for the car service actual cost was used. Three NEOs received a perquisite in 2013 that exceeded the greater of $25,000 or 10% of his/her total perquisite and personal benefit amount: Messrs. Levis and LaRossa each received home security services in the amount of $148,457 and $44,064, respectively, and Ms. Dorsa used a car service for commuting, with a cost to us of $65,257.

(7) Includes the employer matching contribution to our 401(k) Plan at the same percentage generally available to all employees. For 2013, these amounts were:

	Izzo ($)	Dorsa ($)	Levis ($)	Mehrberg ($)	Bouknight ($)	LaRossa ($)
Company Match	10,000	10,000	10,000	10,000	2,399	10,000

(8) Includes $32,388 of accrued 2014 vacation for Mr. Mehrberg.

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2013 GRANTS OF PLAN-BASED AWARDS TABLE

The following table provides information on plan-based awards made to our NEOs during 2013.

Name and Type of Award (1)	Grant Date(1)	Determination Date(2)	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards(3)			Estimated Future Payouts Under Equity Incentive Plan Awards(4)			All Other Stock Awards; Number of Shares of Stock or Units (#)(5)	All Other Option Awards; Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock and Option Awards ($)(6)
			Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)				
Ralph Izzo			660,000	1,320,000	1,980,000							
PSUs	4/16/2013	2/19/2013				0	105,550	211,100				4,077,397
RSUs	2/19/2013								72,900			2,289,789
Caroline Dorsa			216,825	433,650	650,475							
PSUs	2/19/2013					0	22,100	44,200				719,355
RSUs	2/19/2013								15,300			480,573
William Levis			212,438	424,875	637,313							
PSUs	2/19/2013	12/20/2011				0	30,700	61,400				999,285
PSUs	4/16/2013	2/19/2013				0	20,300	40,600				784,189
RSUs	2/19/2013								14,000			439,740
Randall E. Mehrberg			196,490	392,980	589,470							
PSUs	4/16/2013	2/19/2013				0	17,050	34,100				658,642
RSUs	2/19/2013								11,800			370,638
J. A. Bouknight Jr.			177,418	354,835	532,253							
PSUs	4/16/2013	2/19/2013				0	15,650	31,300				604,560
RSUs	2/19/2013								10,800			339,228
Ralph A. LaRossa			162,500	325,000	487,500							
PSUs	4/16/2013	2/19/2013				0	15,650	31,300				604,560
RSUs	2/19/2013								10,800			339,228

(1) Relates to equity awards (performance share units (PSUs) and restricted stock units (RSUs)), all of which were made under the LTIP.

(2) Represents date award was determined if different than grant date. The award to Mr. Levis on February 19, 2013 was pursuant to a December 20, 2011 retention determination. The awards to the NEOs, (except Ms. Dorsa) were determined on February 19, 2013, but not awarded until April 16, 2013, following receipt of stockholders approval of the LTIP, as explained in the CD&A.

(3) Represents possible payouts under SMICP for 2013 performance. The actual awards were determined in February 2014 and paid in the same month, as reported in the 2013 Summary Compensation Table.

(4) Represents LTIP award of performance share units described below.

(5) Represents LTIP award of restricted stock units described below.

(6) Represents the grant date fair value of the equity award. For a discussion of the assumptions made in valuation, see Note 18 to the Consolidated Financial Statements included in our Form 10-K.

Material Factors Concerning Awards Shown in Summary Compensation Table, Grants of Plan-Based Awards Table and Employment Agreements

SMICP

The plan-based awards for annual cash incentive compensation included in the 2013 Summary Compensation Table were paid in 2014 with respect to 2013 performance under the terms of the SMICP. The range of possible awards for each NEO in relation to his/her Target Award is set forth in the Grants of Plan-Based Awards Table above. An explanation of the SMICP and performance goals, measures and performance factors achieved are described under Annual Cash Incentive Compensation in the CD&A.

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LTIP

As explained in the CD&A and shown above, LTIP awards were made to NEOs in February 2013 and April 2013, in the form of restricted stock units and performance share units. The restricted stock units cliff vest after three years. The three-year performance period for the performance share units ends December 31, 2015, with payment, if any, made the following year. The range of possible payouts for each NEO in relation to his/her target award is set forth in the table above. Payments of awards granted in December 2010 were made in 2014 based on performance for the three-year period that ended on December 31, 2013. Further explanation of performance share unit payment determination is set forth under Long-Term Incentive Compensation in the CD&A. For further information about vesting, see Employment Agreements and Potential Payments Upon Termination of Employment or Change-In-Control below.

No stock options have been granted since 2009. Some options granted in previous years are still outstanding as reported in the Outstanding Equity Awards at Year-End Table. Grants were made with an exercise price equal to the NYSE closing price on the date of grant for a 10-year term. No discounted options may be granted and no repricings may be done without stockholders' approval.

Employment Agreements

Ralph Izzo

We entered into a severance agreement with Mr. Izzo on December 16, 2008 incorporating certain of the severance provisions of his then expiring employment agreement. The terms are discussed below under Potential Payments Upon Termination of Employment or Change-In-Control.

Caroline Dorsa

The agreement executed between us and Ms. Dorsa, covering her employment as Executive Vice President and CFO, effective April 9, 2009, provides for an initial base salary of $570,000, with a salary review annually each January. The agreement provided for a cash payment upon employment of $200,000, which would have had to be repaid if Ms. Dorsa had left the Company (voluntarily or upon termination for cause) within three years of her date of hire. Ms. Dorsa also received a cash payment of $4,322 to make-up for lost compensation due to her acceptance of employment with us. In addition, the agreement provides that Ms. Dorsa will participate in the SMICP and the LTIP during her term of employment. Ms. Dorsa's target incentive award under the SMICP was initially set at 60% of base salary. The agreement also provided for an award to Ms. Dorsa of 8,800 shares of Restricted Stock under the LTIP vesting on April 9, 2014, assuming continued employment. Ms. Dorsa's long-term compensation opportunity under the LTIP was set at $900,000 for 2009 (prorated from her date of hire) and will be reviewed annually pursuant to the terms of the LTIP. The agreement also provides that if Ms. Dorsa remains employed through April 9, 2014, she will become a participant in the additional limited benefits provision of the Supplemental Plan and receive 15 additional years of credited service. On July 12, 2011, we entered into an amendment to the agreement to adjust her benefits that accrue after December 31, 2011 under the Supplemental Plan to provide for a calculation reducing her benefits to be based on the highest seven-year average rather than the highest five-year average, in alignment with changes generally applicable to other participants in those plans. Ms. Dorsa also participates in the Key Executive Severance Plan. Finally, the agreement provides that we will provide Ms. Dorsa with a car service for commuting purposes.

William Levis

We entered into an agreement with Mr. Levis, effective January 1, 2007, in connection with his initial employment with us, covering his employment as President and Chief Nuclear Officer of Power's subsidiary, PSEG Nuclear LLC. The agreement provided for a base salary of $500,000, with a salary review in December 2007 and annually thereafter. The agreement further provided for a cash payment of $500,000, which would have had to have been repaid if Mr. Levis had left the Company (voluntarily or upon termination for cause) before January 1, 2012. Mr. Levis also received $16,667 to make-up for lost bonus opportunity with his prior employer. In addition, the agreement provides that Mr. Levis will participate in the SMICP and the LTIP during his term of employment. Mr. Levis' target incentive award under the SMICP must be at least 60% of base salary. The agreement awarded to Mr. Levis a grant of 100,000 shares of restricted stock under the LTIP, of which 40,000 shares vested on January 1, 2010 and 60,000 shares vested on January 1, 2013. Long-term compensation opportunity is to be reviewed annually pursuant to the terms of the LTIP. The agreement also provided that on January 16, 2013, Mr. Levis became a participant in the additional limited benefits provision of the Supplemental Plan. Finally, upon retirement, Mr. Levis will receive a lump sum present value payment equal to the employer health and welfare benefits contribution for which he would have been eligible if employed by us prior to 1996. On September 19, 2011, we entered into an amendment to the agreement to adjust his benefits that accrue after December 31, 2011 under the Supplemental Plan to provide for a calculation reducing his benefit to be based on the highest seven-year average rather than the highest five-year average, in alignment with changes generally applicable to other participants in those plans.

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Randall E. Mehrberg

The agreement executed between us and Mr. Mehrberg, covering his employment as Executive Vice President — Planning and Strategy effective September 8, 2008, provided for an initial base salary of $545,000, with an annual salary review beginning January 2010. The agreement provided for cash payments of $250,000 within 45 days of employment and on September 8, 2009, each of which would have had to be repaid if Mr. Mehrberg had left the Company (voluntarily or upon termination for cause) within three years of the applicable payment. In addition, the agreement provided that Mr. Mehrberg participated in the SMICP and the LTIP during his term of employment. Mr. Mehrberg's target incentive award under the SMICP was initially set at 60% of base salary. Mr. Mehrberg's long-term compensation opportunity under the LTIP was set at $800,000 for 2008 (prorated from his date of hire) and would be reviewed annually pursuant to the terms of the LTIP. As provided in the agreement, if Mr. Mehrberg resigned on or after September 8, 2012, in order to take a position with a governmental or non-profit entity agreed to by our CEO, any unvested LTIP awards would vest as if he retired. An amendment dated May 3, 2011 provided that if Mr. Mehrberg resigned on or after September 8, 2012, but before January 1, 2017, in order to take a position with a governmental entity or another employer agreed to by our CEO, retired and our CEO approved full vesting, or was terminated without cause, any unvested LTIP awards would fully vest without proration upon such a resignation, retirement or termination. The agreement also provided that if Mr. Mehrberg remained employed through September 8, 2013, or if, before then, he resigned to take a position with a governmental entity or was terminated without cause, he would become a participant in the additional limited benefits provision of the Supplemental Plan. On June 8, 2011, we entered into an amendment to Mr. Mehrberg's agreement to adjust his benefits that accrue after December 31, 2011 under the Supplemental Plan to provide for a calculation reducing his benefit to be based on the highest seven-year average rather than the highest five-year average, in alignment with changes generally applicable to other participants in those plans. Finally, the agreement provided Mr. Mehrberg with severance benefits covered by the terms of the Key Executive Severance Plan. Mr. Mehrberg retired in December 2013, at which time the CEO approved full vesting of his unvested LTIP awards.

J.A. Bouknight, Jr.

The agreement executed between us and Mr. Bouknight covering his employment as Executive Vice President — Law, effective November 2, 2009, provides for an initial base salary of $520,000, with an annual salary review beginning January 2010. The agreement provides for cash payment of $300,000 within 45 days of employment, which would have had to be repaid if Mr. Bouknight had left the Company (voluntarily or upon termination for cause) prior to December 31, 2012. In addition, the agreement provides that Mr. Bouknight will participate in the SMICP and the LTIP during his term of employment. Mr. Bouknight's target incentive award under the SMICP was initially set at 60% of base salary. Mr. Bouknight's long-term compensation opportunity under the LTIP was set at $800,000 for 2009 (prorated from date of hire) and will be reviewed annually pursuant to the terms of the LTIP. As provided in this agreement, if Mr. Bouknight or the Company terminates his employment other than for cause after December 31, 2012, any unvested LTIP awards will vest as if he retired. Further, if he retires on or after that date or his employment is terminated by reason of disability or death, any unvested performance share units awarded with respect to the years 2009 through 2012 and earned would fully vest without proration. Finally, the agreement provided Mr. Bouknight with severance benefits that are covered by the terms of the Key Executive Severance Plan. On November 20, 2012, we entered into an amendment to Mr. Bouknight's employment agreement to provide that any award of performance share units granted to Mr. Bouknight in 2013 under the LTIP will fully vest, without proration, if Mr. Bouknight's date of retirement is on or after December 31, 2013, or if his employment is terminated by reason of disability or death, and any such award due will be made after the completion of the three-year performance cycle applicable to each grant. A second amendment to Mr. Bouknight's employment agreement was entered into on February 18, 2014, with respect to any performance share units granted in 2014 or thereafter which provides that such awards will vest one-twelfth per month during the year of grant or earlier upon disability or death and be paid at the completion of the applicable performance cycle.

For additional information regarding severance benefit provisions, see Potential Payments Upon Termination of Employment or Change-in-Control.

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OUTSTANDING EQUITY AWARDS AT YEAR-END (12/31/13) TABLE

The following table lists all outstanding stock option, performance share unit, restricted stock and restricted stock unit awards as of December 31, 2013 for our NEOs.

Option Awards						Stock Awards			
Name and Option Grant Date	Number of Securities Underlying Unexercised Options Exercisable (#)(1)	Number of Securities Underlying Unexercised Options Unexercisable (#)(1)	Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)(2)	Option Expiration Date	Number of Shares or Units of Stock that have Not Vested (#)(3)	Market Value of Shares or Units of Stock that have Not Vested ($)(4)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights that have Not Vested (#)(5)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units, Units or Other Rights that have Not Vested ($)(6)
Ralph Izzo						240,581	7,708,215	230,347	7,380,318
1/16/2007	140,000			32.9250	1/16/2017				
3/20/2007	113,000			39.1650	3/20/2017				
12/18/2007	199,800			48.2050	12/18/2017				
12/16/2008	473,400			30.0300	12/16/2018				
12/14/2009	347,900			33.4900	12/14/2019				
Caroline Dorsa						55,279	1,771,139	46,142	1,478,390
4/9/2009	61,100			30.1800	12/15/2018				
12/14/2009	66,300			33.4900	12/14/2019				
William Levis						80,037	2,564,385	76,328	2,445,549
1/16/2007	39,000			32.9250	1/16/2017				
6/19/2007	3,500			44.4350	6/19/2017				
12/18/2007	42,000			48.2050	12/18/2017				
12/16/2008	95,200			30.0300	12/16/2018				
12/14/2009	70,000			33.4900	12/14/2019				
Randall E. Mehrberg						38,885	1,245,875	37,207	1,192,112
9/22/2008	54,800			34.8000	9/22/2018				
12/16/2008	80,200			30.0300	12/16/2018				
12/14/2009	58,900			33.4900	12/14/2019				
J.A. Bouknight, Jr.						35,322	1,131,717	34,159	1,094,454
11/2/2009	12,600			29.5200	11/2/2019				
12/14/2009	58,900			33.4900	12/14/2019				
Ralph A. LaRossa						71,399	2,287,624	33,667	1,078,691
1/16/2007	52,000			32.9250	1/16/2017				
12/18/2007	33,000			48.2050	12/18/2017				
12/16/2008	75,200			30.0300	12/16/2018				
12/14/2009	55,200			33.4900	12/14/2019				

(1) Grants made on the dates shown under the LTIP of non-qualified options to purchase our Common Stock. Options vest 25% annually over four years on the grant date anniversary. All options have fully vested.

(2) Closing price on NYSE on grant date.

(3) The vesting schedule for unvested restricted stock (RSA) and unvested restricted stock units (RSU) is shown below. Dividends on restricted stock accrue at the regular dividend rate and are paid on each regular dividend payment date as declared by the Board. Dividend equivalents accrue on restricted stock units and are paid in shares of Common Stock at vesting.

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	Type of Award	Grant Date	Vesting Schedule 2014 (#)	2015 (#)	2016 (#)	2017 (#)	Total (#)
Ralph Izzo	RSU	12/21/2010	83,514				
	RSU	2/21/2012		80,924			
	RSU	2/19/2013			76,143		240,581
Caroline Dorsa	RSA	4/9/2009	8,800				
	RSU	12/21/2010	14,925				
	RSU	2/21/2012		15,573			
	RSU	2/19/2013			15,981		55,279
William Levis	RSU	12/21/2010	14,925				
	RSU	12/21/2011				34,916 (a)	
	RSU	2/21/2012		15,573			
	RSU	2/19/2013			14,623		80,037
Randall E. Mehrberg (b)	RSU	12/21/2010	13,501				
	RSU	2/21/2012		13,059			
	RSU	2/19/2013			12,325		38,885
J.A. Bouknight, Jr.	RSU	12/21/2010	12,020				
	RSU	2/21/2012		12,021			
	RSU	2/19/2013			11,281		35,322
Ralph A. LaRossa	RSU	12/21/2010	12,020				
	RSU	12/21/2010			36,459 (a)		
	RSU	2/21/2012		11,639			
	RSU	2/19/2013			11,281		71,399

(a) Represents retention award.

(b) Restricted stock units vest as scheduled, in accordance with Mr. Mehrberg's employment agreement.

(4) Value represents number of shares or units multiplied by the closing price on the NYSE on December 31, 2013 of $32.04.

(5) The vesting schedule for unvested performance share units (PSUs) is shown below. Performance share units awarded under the LTIP are earned based on a three-year performance period and are shown at target. The vesting schedule below shows the number of outstanding performance share units at target and includes accrued dividend equivalents. Payment, if any, is made in the first quarter of the year following the end of the performance period. For further explanation of performance share units, see the CD&A.

	Grant Date	Vesting Schedule 2014 (#)	2015 (#)	Total (#)
Ralph Izzo	2/21/2012	120,101		
	4/16/2013		110,246	230,347
Caroline Dorsa	2/21/2012	23,059		
	2/19/2013		23,083	46,142
William Levis	2/21/2012	23,059		
	4/16/2013		21,203	
	2/19/2013		32,066 (a)	76,328
Randall E. Mehrberg (b)	2/21/2012	19,398		
	4/16/2013		17,809	37,207
J.A. Bouknight, Jr.	2/21/2012	17,813		
	4/16/2013		16,346	34,159
Ralph A. LaRossa	2/21/2012	17,321		
	4/16/2013		16,346	33,667

(a) Represents retention award.

(b) Performance share units vest as scheduled, in accordance with Mr. Mehrberg's employment agreement.

(6) Value of performance share units are shown at target, multiplied by the closing price on the NYSE on December 31, 2013 of $32.04.

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OPTION EXERCISES AND STOCK VESTED DURING 2013 TABLE

The following table provides information, as noted, regarding the exercise of stock options by the NEOs in 2013 and the vesting during 2013 of restricted stock and performance share units previously granted to the NEOs, under our LTIP. No restricted stock units vested in 2013.

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)(2)	Number of Shares Acquired on Vesting (#)(3)	Value Realized on Vesting ($)(5)
Ralph Izzo	22,000 (1)	280,641	86,220	3,009,078
Caroline Dorsa	-	-	15,424	538,298
William Levis	-	-	60,000 (4)	1,836,000
	-	-	15,424	538,298
Randall E. Mehrberg	-	-	13,929	486,122
J. A. Bouknight, Jr.	-	-	12,433	433,912
Ralph A. LaRossa	-	-	37,513	1,309,204

(1) Mr. Izzo exercised stock options that would have expired on May 3, 2014. After tax, Mr. Izzo retained the remaining 3,925 shares.

(2) Reflects the difference between the exercise price and the market price on the date of exercise, multiplied by the number of shares acquired.

(3) Messrs. Izzo, Levis, Mehrberg, Bouknight, LaRossa and Ms. Dorsa, had 114,960, 20,565, 18,571, 16,578, 50,018 and 20,565 performance share units, respectively, including accrued dividend equivalents, which vested on December 31, 2013 for the three-year performance period ended that day. The final awards shown in the table were made at 75% of target, calculated based upon a comparison of our TSR with those of a peer group of companies and our three-year average ROIC compared to our internal goal. Performance share units earned and value realized reflect rounding. Shares were issued in February 2014. Messrs. Izzo, Mehrberg, Bouknight and LaRossa deferred payment, as reported in the Non-Qualified Deferred Compensation Table. A more detailed explanation of the calculation of the amount earned appears in the CD&A.

(4) Represents restricted stock which vested on January 1, 2013.

(5) Reflects the value of the performance share units on February 18, 2014, the performance share unit value determination date, using the average of the high and low PSEG stock price $34.90.

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2013 PENSION BENEFITS TABLE

The following table provides information on the actuarial present value of the NEOs accumulated benefit under each of our pension and retirement plans.

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit ($)(4)	Payments During Last Fiscal Year ($) (7)
Ralph Izzo	Qualified Pension Plan(1)	21.69	2,096,000	-
	Retirement Income Reinstatement Plan(2)	21.69	2,786,000	-
	Supplemental Executive Retirement Plan(3,5)	25.94	5,207,000	-
			10,089,000	
Caroline Dorsa	Qualified Pension Plan(1)	4.73	58,000	-
	Retirement Income Reinstatement Plan(2)	4.73	135,000	-
	Supplemental Executive Retirement Plan(3,5,6)	18.92	4,684,000	-
			4,877,000	
William Levis	Qualified Pension Plan(1)	7.00	96,000	-
	Retirement Income Reinstatement Plan(2)	7.00	227,000	-
	Supplemental Executive Retirement Plan(6)	7.00	3,031,000	-
			3,354,000	
Randall E. Mehrberg	Qualified Pension Plan(1)	5.24	69,000	-
	Retirement Income Reinstatement Plan(2)	5.24	145,000	-
	Supplemental Executive Retirement Plan(6)	5.24	2,999,000	-
			3,213,000	
J. A. Bouknight Jr.	Qualified Pension Plan(1)	4.16	33,000	-
	Retirement Income Reinstatement Plan(2)	4.16	194,000	-
	Supplemental Executive Retirement Plan			-
			227,000	
Ralph A. LaRossa	Qualified Pension Plan(1)	28.50	572,000	-
	Retirement Income Reinstatement Plan(2)	28.50	1,071,000	-
	Supplemental Executive Retirement Plan	28.50	1,233,000	-
			2,876,000	

(1) All NEOs participate in either the Pension Plan, a traditional defined benefit pension plan, or the Cash Balance Plan, a cash balance defined benefit pension plan, depending on date of hire, each of which is a qualified plan under the IRC. Such plans are available to all other employees under the same terms and conditions. Additional information about the plans is provided below. Messrs. Izzo and LaRossa participate in the Pension Plan. Ms. Dorsa and Messrs. Levis, Mehrberg and Bouknight participate in the Cash Balance Plan. Years shown reflect actual years of service.

(2) Years shown reflect actual years of service.

(3) Certain employees receive additional years of credited service for the purpose of retirement benefit calculations under the Supplemental Plan in recognition of prior work experience, including 15 years for Ms. Dorsa pursuant to her employment agreement, which vest ratably over five years. In addition, Mr. Izzo receives an additional 5 years which vest at age 60 as described below under Supplemental Plan. The additional 5 years are prorated in the table for participants under age 60. Years shown reflect the sum of actual years of service and years credited under the Supplemental Plan.

(4) Amounts shown represent actuarial present value of accumulated benefit computed as of the same Pension Plan measurement date used for our financial statements for the year ended December 31, 2013, with two exceptions: (i) NEOs were assumed to retire at the

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plan's normal retirement age and (ii) no pre-retirement termination, disability or death was assumed to occur. For a discussion of the valuation method and material assumptions applied in quantifying the present value, see Note 12 to the Consolidated Financial Statements included in our Form 10-K.

(5) The actuarial present value of accumulated benefits based on actual years of service for Mr. Izzo and Ms. Dorsa is $7,998,000 and $2,917,000, respectively, and the actuarial present value of accumulated benefits based on additional years of service for each such person is $2,091,000, and $1,960,000, respectively.

(6) Ms. Dorsa will be eligible to participate in the additional limited benefits provision of the Supplemental Plan if employed by us on April 9, 2014. Mr. Levis and Mr. Mehrberg became eligible on January 16, 2013 and September 8, 2013, respectively.

(7) Although Mr. Mehrberg retired December 2, 2013, he did not receive any payout of his benefits in 2013.

Qualified Pension Plans

All of our employees are eligible to participate in either the Pension Plan or the Cash Balance Plan, depending upon date of hire.

Pension Plan

The Pension Plan covers non-represented employees hired prior to January 1, 1996 and represented employees hired prior to January 1, 1997 and provides participants with a life annuity benefit at normal retirement (age 65) pursuant to a formula based upon (a) the participant's number of years of service and (b) the average of the participant's five or seven highest years of compensation up to the limit imposed by the IRC. We amended the Pension Plan effective January 1, 2012, to change the benefit formula for non-represented participants. The effect of the change is to reduce projected pension payments. Under the new formula, the average of the participant's seven highest years of compensation up to the limit imposed by the IRC will be used rather than the average of the participant's five highest years of compensation.

A participant's benefit under the Pension Plan is equal to A plus B:

A. The accrued benefit calculated under the five-year final average pay formula as of December 31, 2011, as follows:

(i) 1.3% of the lesser of 5-year final average earnings (determined as of December 31, 2011) or $24,600 times years of credited service (determined as of December 31, 2011) not exceeding 35 years;

(ii) 1.5% of the amount by which 5-year final average earnings (determined as of December 31, 2011) exceeds $24,600 times years of credited service not exceeding 35 years; and

(iii) 1.5% of 5-year final average earnings times years of credited service (determined as of December 31, 2011) in excess of 35 years.

B. The accrued benefit calculated under the seven-year final average pay formula, as follows:

(i) 1.3% of the lesser of 7-year final average earnings beginning on January 1, 2012 or $24,600 times years of credited service not exceeding 35 years less the number of years as of December 31, 2011;

(ii) 1.5% of the amount by which 7-year final average earnings beginning on January 1, 2012 exceeds $24,600 times years of credited service not exceeding 35 years less the number of years as of December 31, 2011; and

(iii) 1.5% of 7-year final average earnings times years of credited service in excess of 35 years less the number of years in excess of 35 years as of December 31, 2011.

An additional benefit equal to $4.00 per month for each year of credited service is payable until the retiree reaches age 65.

All active participants are fully vested in their Pension Plan benefit. Benefits are payable on an unreduced basis (i) at age 65, (ii) at age 60, if the participant's age, plus years of service, equals or exceeds 80 or (iii) at age 55, if the participant has 25 or more years of service. Participants whose age, plus years of service, equals or exceeds 80, but who have not yet met the criteria in (ii) or (iii) may commence their Pension Plan benefits on a reduced basis.

Cash Balance Plan

The Cash Balance Plan covers non-represented employees hired or rehired after December 31, 1995 and represented employees hired after December 31, 1996 and provides each participant with a life annuity benefit at normal retirement (age 65) equal to the actuarial equivalent of a notional amount maintained for him/her. Participants are eligible for retirement under the Cash Balance Plan upon the attainment of age 55 with five or more years of service. Participants' accounts are credited each year with a percentage of compensation, which is determined based on the participant's age plus years of service measured at year-end.

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Sum of Age and Service	Percentage of Compensation Credited (%)
<30	2.00
30-39	2.50
40-49	3.25
50-59	4.25
60-69	5.50
70-79	7.00
80-89	9.00
90+	12.00

Each participant's notional amount grows each year with interest credits based on a 6.0% annual rate of interest. Participants become immediately fully vested in their Cash Balance Plan benefit.

Reinstatement Plan

Certain management and highly compensated employees are eligible to participate in a nonqualified excess benefit retirement plan, the Reinstatement Plan, designed to replace earned pension benefits as determined under the qualified pension formula, but which cannot be paid from the qualified pension plans as a result of the IRC mandated limits for qualified plans. The benefits payable under this plan mirror those of the qualified plans described above except that the compensation considered in computing the benefit (i) will not be limited by qualified plan limits, (ii) will include any amounts that the participant deferred under deferred compensation plans, (iii) will include amounts earned under the SMICP (which are not considered under the qualified pension plans), (iv) will be limited to 150% of average base salary for the applicable five or seven years and (v) will be offset by any benefits received by the participant under the applicable qualified pension plan (Pension Plan or Cash Balance Plan).

Supplemental Plan

Certain employees receive additional years of service for the purpose of retirement benefit calculations in recognition of prior allied work experience. However, we have determined, effective January 1, 2011, to no longer provide additional credited service to those who do not already have this benefit. Such benefits are paid from a nonqualified plan, the Supplemental Plan. Under the additional service credit provisions, certain participants may also receive an additional five years of credited service for the purpose of this supplemental benefit calculation if they retire between ages 60 and 65. The credited years of service reduce by one year for each six-month period such participant works beyond age 65. This feature of the plan is designed to encourage retirement on or before age 65. Benefits payable under the additional service provisions of the Supplemental Plan mirror those payable under the Reinstatement Plan, except that the additional years of service are considered in calculating the Supplemental Plan benefit amount. Any benefit payable under this plan is offset by benefits payable under the qualified plan and the Reinstatement Plan.

Certain participants in the Supplemental Plan receive additional limited benefits. This portion of the Supplemental Plan provides a total target replacement income percentage equal to credited service for qualified pension plan calculation purposes, plus 30, to a maximum of 75%, of covered compensation. Covered compensation used for determining limited benefits under the Supplemental Plan is the same as the covered compensation used under for the Reinstatement Plan. The target replacement amount under the limited benefit portion of this Plan is reduced by any pension benefits from any previous employers accrued and vested at the time of hire, by the participant's Social Security benefit at normal retirement age and by the pension benefits provided by each other PSEG retirement benefit plan (qualified plans and non-qualified plans). The additional limited benefits provision of the Supplemental Plan also provides a death benefit equal to 150% of base compensation if death occurs while the participant is actively employed. Participants designated for the additional limited benefit become entitled to this benefit only upon (a) retirement under the terms of the qualified plan in which they participate (Pension Plan or Cash Balance Plan) or (b) death.

The change in the benefit formula under the qualified Pension Plan from a five-year final average pay formula to a seven-year final average pay formula impacts the limited benefits under the Supplemental Plan. Accordingly, we amended the Supplemental Plan as of January 1, 2012 to reflect this change.

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2013 NON-QUALIFIED DEFERRED COMPENSATION TABLE

The following table provides information regarding compensation deferred by the NEOs under our Deferred Compensation Plans.

Name		Executive Contributions in Last Fiscal Year (2013) ($)(1)	Registrant Contributions in Last Fiscal Year (2013) ($)	Aggregate Earnings in Last Fiscal Year (2013) ($)	Aggregate Withdrawals/ Distributions (2013) ($)	Aggregate Balance at Last Fiscal Year End (2013) ($)(2)
Ralph Izzo	Deferred Compensation Plan	-	-	290,679	-	8,909,749
	Equity Deferral Plan	3,009,078	-	74,902	-	4,236,674
Caroline Dorsa	Deferred Compensation Plan	-	-	97,333	-	792,112
	Equity Deferral Plan	-	-	-	-	-
William Levis	Deferred Compensation Plan	-	-	-	-	-
	Equity Deferral Plan	-	-	-	-	-
Randall E. Mehrberg	Deferred Compensation Plan	-	-	-	-	-
	Equity Deferral Plan	-	-	12,667	-	207,598
J. A. Bouknight, Jr.	Deferred Compensation Plan	981,569	-	704,711	-	4,564,105
	Equity Deferral Plan	433,912	-	12,667	-	641,510
Ralph A. LaRossa	Deferred Compensation Plan	-	-	-	-	-
	Equity Deferral Plan	1,309,204	-	11,912	-	1,504,429

(1) Amounts shown under Executive Contributions in Last Fiscal Year (2013) include 2013 salary and SMICP earned in 2013 and paid in February 2014 as shown in the 2013 Summary Compensation Table and performance share units vested at December 31, 2013 and paid in February 2014 as shown in the Option Exercises and Stock Vested During 2013 Table.

(2) Includes amounts reported in the Summary Compensation Table in this current or prior-year proxy statements for the Deferred Compensation Plan and/or the Equity Deferral Plan as follows: Mr. Izzo $7,473,894 and $4,161,772, Ms. Dorsa $567,020, Mr. Mehrberg $194,931, Mr. Bouknight $3,066,107 and $628,843, and Mr. LaRossa $1,492,517.

Deferred Compensation Plan

Under the Deferred Compensation Plan, participants, including the NEOs, may elect to defer any portion of their cash compensation by making appropriate elections in the calendar year prior to the year in which the services giving rise to the compensation being deferred are rendered. A participant may change an election to defer compensation not later than the date that is the last date that an election to defer may be made.

At the same time he/she elects to defer compensation, the participant must make an election as to the timing and the form of distribution of that year's deferrals from his/her Deferred Compensation Plan account. For compensation deferred in 2011 and earlier years distribution may commence (a) on the thirtieth day after the date he/she terminates employment or, in the alternative, (b) on January 15th of any calendar year following termination of employment elected by him/her, but in any event no later than the later of (i) the January of the year following the year of his/her 70th birthday or (ii) the January following termination of employment. Notwithstanding the forgoing, however, for NEOs and other specified employees, distribution of his/her account may not occur earlier than six months following the date of his/her termination of service. Participants may elect to receive the distribution of their Deferred Compensation account in the form of one lump-sum payment, annual distributions over a five-year period or annual distributions over a 10-year period.

With respect to compensation deferred in 2012 and future years, participants may elect to commence distribution of a particular year's deferrals (a) six months following his/her termination of employment, or (b) a specified number of years following his/her termination from employment. Participants may elect to receive distribution of such deferrals under the Deferred Compensation Plan in the form of a lump-

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sum payment or annual distributions over a period of three to fifteen years.

Under the scheduled future date distribution feature, participants may elect to receive a specific plan year's deferral balance on a specified date as early as three years after the beginning of the year in which the deferrals are made. Distributions are paid in a lump sum within 90 days from the date elected regardless of whether the participant is employed by us on the payment date.

Participants may change their distribution elections as to future year's deferrals. Participants may also make changes of their distribution elections with respect to prior years' deferrals provided that (a) any such new distribution election is made at least one year prior to the previously selected commencement date or (b) the new commencement date is at least five years later than the previously selected commencement date.

Amounts deferred under the Deferred Compensation Plan are credited with earnings based on (a) the performance of one or more of the pre-mixed lifestyle investment portfolio funds available to employees under our 401(k) plans (except the Company Stock fund and the Schwab Personal Choice Retirement Account) or (b) at the rate of Prime plus 1/2%, capped at 120% of the applicable federal long-term rate,

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in such percentages as selected by the participant. A participant who fails to provide a designation of investment funds will accrue earnings on his/her account at the rate of Prime plus 1/2%, capped at 120% of the applicable federal long-term rate. A participant may change his/her investment election on a daily basis.

For 2013, the one-year rates of return as of December 31, 2013 for the funds offered as computed by the recordkeeper of the Deferred Compensation Plan, were as follows:

Rates of Return			
Pre-Mixed Portfolios		**Target Retirement Funds**	
Conservative Portfolio	12.17%	Target Retirement Income	5.75%
Moderate Portfolio	17.47%	Target Retirement 2010	8.96%
Aggressive Portfolio	23.69%	Target Retirement 2015	12.98%
Funds		Target Retirement 2020	15.79%
Stable Value	1.97%	Target Retirement 2025	18.11%
Diversified Bond	-1.97%	Target Retirement 2030	20.42%
Large Company Stock Index	32.27%	Target Retirement 2035	22.76%
Mid-Cap Index	35.09%	Target Retirement 2040	24.33%
Institutional Developed Markets Index	21.93%	Target Retirement 2045	24.30%
Small – Cap Index	37.74%	Target Retirement 2050	24.28%
Other		Target Retirement 2055(1)	13.95%
Prime Plus 1/2%	3.37%	Target Retirement 2060(1)	13.25%

(1) Partial year rate of return from date added to choices available to participants.

Equity Deferral Plan

Participants in our Equity Deferral Plan may defer receipt of all or a portion of the shares of our Common Stock underlying future equity awards under the LTIP. Deferral elections must be made during an annual enrollment period prior to the date that services giving rise to the awards are performed. Deferral elections under the Equity Deferral Plan are irrevocable.

At the time a participant elects to defer he/she must make an election as to the timing of payment of the deferred shares. Distributions will be made in a lump sum. Distributions may commence (a) on a specified date occurring between the third anniversary and the fifteenth anniversary of the date that the shares otherwise would have been distributed to the participant (b) upon termination of employment, or (c) the earlier of (a) and (b). Notwithstanding the forgoing, however, for NEOs and other specified employees, distribution may not occur earlier than six months following the date of his/her termination of employment. Participants will receive shares on the applicable distribution date. We hold the deferred shares in a Rabbi Trust. The dividends attributable to the deferred shares are reinvested in Common Stock and distributed at the same time that the deferred shares are distributed to the participants. Participants are not permitted to direct the trustee of the Rabbi Trust to vote the deferred shares.

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POTENTIAL PAYMENTS UPON TERMINATION OF EMPLOYMENT OR CHANGE-IN-CONTROL

Mr. Izzo's severance agreement provides for certain benefits if he is terminated without "cause" (a willful failure to perform his duties) or resigns for "good reason" (a reduction in pay, position or authority) during the term of such agreement. He would be paid a benefit of two times base salary and target bonus, as well as a prorated payment of SMICP target incentive award for the year of termination. His welfare benefits would be continued for two years, unless he is sooner employed. Any unvested equity awards would be forfeited. The agreement provides that Mr. Izzo will be prohibited from competing with and from recruiting employees from us or our subsidiaries or affiliates, for certain periods after termination of employment. Violations of these provisions require a forfeiture of certain benefits.

Our Key Executive Severance Plan provides severance benefits to Ms. Dorsa and Messrs. Izzo, Levis, Bouknight and LaRossa, and to certain of our other key executive-level employees whose employment is terminated without cause. Participants must agree to restrictive covenants including confidentiality, non-competition and non-solicitation.

Under our Key Executive Severance Plan, if any of Ms. Dorsa and Messrs. Izzo, Levis, Bouknight and LaRossa is terminated without cause or resigns her or his employment for good reason within two years after a change-in-control, the individual will receive (1) a pro rata bonus based on her or his target annual incentive compensation, (2) three times the sum of her/his salary and target incentive bonus, (3) accelerated vesting of equity-based awards, except for performance share units, which vest pro rata, (4) a lump sum payment equal to the actuarial equivalent of her or his benefits under all of our retirement plans in which the individual participates calculated as though she or he remained employed for three years beyond the date employment is terminated less the actuarial equivalent of such benefits on the date employment terminates (reported in the table below as Enhanced Retirement Benefit), (5) three years continued welfare benefits (the first 18 months of which will be provided through PSEG-paid COBRA continuation coverage), (6) one year of PSEG-paid outplacement services and (7) vesting of any compensation previously deferred. Payments are limited to an amount that would not give rise to an excise tax liability under applicable IRS provisions, currently 2.99 times the individual's average W-2 compensation for the period. Amounts above that limit are forfeited. Potential payments are shown below in the Change-in-Control Termination Table.

Also under the Key Executive Severance Plan, Ms. Dorsa and Messrs. Levis, Bouknight and LaRossa would be entitled to certain severance benefits in the event that their employment was terminated without cause other than in a change-in-control situation. In such event they would be entitled to 1.0 times their annual base salary plus their target bonus, as well as a prorated payment of their SMICP target incentive award for the year of termination and certain outplacement services, educational assistance, health care and life insurance coverage. The Key Executive Severance Plan further provides that any unvested equity awards would be accelerated or forfeited in accordance with the terms of the individual's grants under the LTIP and/or employment agreement.

If a termination without cause or for a reduction in force or reorganization had occurred on December 31, 2013, each of the NEOs would have received the following benefits:

Termination without Cause(1)	Izzo ($)	Dorsa ($)	Levis ($)	Bouknight ($)	LaRossa ($)
Severance	4,840,000	1,053,150	991,375	900,735	825,000
Pro Rata Bonus (SMICP)	1,320,000	433,650	424,875	354,835	325,000
Unvested Restricted Stock Spread and Unvested Restricted Stock Units Spread (2)	-	-	1,118,699	-	1,168,151
LTIP Performance Unit Payout (2)	-	-	342,464	-	-
Health/Welfare Benefits	57,554	16,160	21,420	25,984	23,320
Outplacement	25,000	25,000	25,000	25,000	25,000
Education Assistance	3,000	3,000	3,000	3,000	3,000
Aggregate Payments	6,245,554	1,530,960	2,926,833	1,309,554	2,369,471

(1) Mr. Mehrberg is excluded from this table as he retired on December 2, 2013.

(2) Pursuant to the terms of Mr. Levis' employment agreement and Messrs. Levis' and LaRossa's respective retention awards, these amounts would have been payable only upon a termination without cause following a change in leadership.

If a termination without cause or resignation with good reason had occurred on December 31, 2013 following a change-in-control, each of the NEOs would have received the following benefits:

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Change-in-Control Termination(1)	Izzo ($)	Dorsa ($)	Levis ($)	Bouknight ($)	LaRossa ($)
Severance	7,260,000	3,159,450	2,974,125	2,702,205	2,475,000
Pro Rata Bonus (SMICP)	1,320,000	433,650	424,875	354,835	325,000
Unvested Restricted Stock Spread and Unvested Restricted Stock Units Spread	7,708,219	1,771,136	2,564,377	1,131,706	2,287,602
LTIP Performance Unit Payout	3,742,790	739,060	1,061,444	555,064	544,560
Enhanced Retirement Benefit	6,209,000	5,474,000	87,000	213,000	1,769,000
Health/Welfare Benefits	86,332	54,151	69,991	86,461	75,170
Retiree Medical Increase(2)	-	-	-	-	211,007
Outplacement	25,000	25,000	25,000	25,000	25,000
Parachute Payments Forfeited	(9,385,732)	(7,981,810)	(110,222)	(3,421,804)	(2,822,415)
Aggregate Payments	16,965,609	3,674,637	7,096,590	1,646,467	4,889,924

(1) Mr. Mehrberg is excluded from this table as he retired on December 2, 2013.

(2) Represents amount Mr. LaRossa would receive because he is not yet retirement eligible.

No NEO would be eligible for any payments under the Key Executive Severance Plan, either prior to or following a change-in-control, if he/she voluntarily terminated his/her employment (other than for “good reason” as described above) or if his/her employment were terminated by us for “cause.”

If a NEO were to retire or his/her employment were terminated on account of death or disability, the Key Executive Severance Plan provides that such participant would be entitled to accrued pay through the date of termination and prorated payment of his/her target incentive award for the year of termination.

Change-in-control provisions under the Key Executive Severance Plan generally means the occurrence of any of the following events:

- Any person is or becomes the beneficial owner of our securities representing 25% or more of the combined voting power of our then outstanding securities; or
- A majority of the Board is replaced without approval of the current Board; or
- There is consummated a merger or consolidation of us, other than a merger or consolidation which would result in our voting securities outstanding immediately prior to such merger continuing to represent at least 75% of the combined voting power of the securities of us or such surviving entity immediately after such merger or consolidation; or
- Our stockholders approve a plan of complete liquidation or dissolution of us or there is consummated an agreement for the sale or disposition by us of all or substantially all of our assets.

For additional information regarding the provisions of LTIP awards, see Material Factors Concerning Awards Shown in Summary Compensation Table, Grants of Plan-Based Awards Table and Employment Agreements above.

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Proposals 3(a), 3(b) and 3(c)
AMENDMENTS TO CERTIFICATE OF INCORPORATION AND BY-LAWS

There will be presented at the Annual Meeting three proposals to approve amendments to each of PSEG's Certificate of Incorporation, as amended, and By-Laws to eliminate provisions currently requiring a supermajority vote for certain actions. These amendments are described in Proposals 3(a), 3(b) and 3(c) below (Proposed Amendments).

At our 2013 Annual Meeting of Stockholders, a stockholder proposal was submitted on this topic. The proposal did not receive the support of more than a majority of outstanding shares. However, it did receive the support of a majority of the votes cast. The Board is aware that the proposal did not receive the support of a number of our largest stockholders. While the Board believes that those existing voting provisions have been beneficial in requiring strong stockholder support in connection with certain fundamental actions, the Board continues to be responsive to stockholder concerns and encourages stockholder participation in corporate governance. Accordingly, after consideration of the advantages and disadvantages of and stockholder support for the proposal to eliminate supermajority voting provisions, the Board has determined that, subject to the requisite approval of our stockholders, it is appropriate to remove these provisions from our governance documents. The Board's ability to do is governed by the laws of the State of New Jersey, where we are incorporated, and our Certificate of Incorporation and By-Laws.

Currently, our Certificate of Incorporation and By-Laws require the affirmative vote of shares representing 80% of our outstanding Common Stock for the following matters: (i) certain mergers and other business combinations; (ii) the removal of a director without cause; (iii) certain amendments to the By-Laws; (iv) amendments to or adoption of provisions inconsistent with existing requirements for number, election and terms of directors; (v) amendments to or adoption of provisions inconsistent with existing provisions for the submission of candidates to the Board by stockholders; and (vi) provisions allowing amendments to the By-Laws to be adopted or new By-Laws enacted by a majority vote of the shares represented and entitled to vote at a meeting or a majority vote of the directors present at any meeting at which there is a quorum.

Below is a summary of the recommended material terms and revisions. The actual text of the Proposed Amendments to the Certificate of Incorporation and By-Laws are set forth respectively in Appendices A and B to this Proxy Statement, marked with deletions indicated by strike-outs and additions indicated by underlining. Approval of any one of the three proposals with respect to the Proposed Amendments is not conditioned upon approval of any of the other proposals. Under the provisions of our Certificate of Incorporation and By-Laws as now in effect, the affirmative vote of at least 80% of the outstanding shares is required for the approval of each of the Proposed Amendments set forth in these proposals. Any shares that are not voted (whether by abstention or otherwise) on any such proposal will have the effect of a vote against the proposal.

Proposal 3(a)

Approval of Amendments to Article 7 of our Certificate of Incorporation to Eliminate the Supermajority Voting Requirements for Certain Business Combinations

Article 7, Section 1 of our Certificate of Incorporation currently requires the approval of 80% of shares outstanding for certain mergers and other business combinations. This provision would be revised to require a simple majority vote of shares outstanding for such transactions.

Article 7, Section 7 of our Certificate of Incorporation, which currently requires the affirmative vote of 80% of shares outstanding in order to make certain amendments to or to adopt certain provisions or take certain actions inconsistent with Article 7 would be revised to require a simple majority vote of shares outstanding to make such revisions and take such actions.

Approval of this proposal requires the affirmative vote of at least 80% of shares of Common Stock outstanding. If approved, the Board will take the next steps required to implement the proposed amendments.

Proposal 3(b)

Approval of Amendments to Article 8 of our Certificate of Incorporation and Article I, Section 1(d) of our By-Laws to Eliminate the Supermajority Voting Requirements to Remove a Director Without Cause

Article 8, Section 4 of our Certificate of Incorporation and Article I, Section 1(d) of our By-Laws each currently requires the affirmative vote of 80% of shares outstanding in order to remove a director from office without cause. Each respective provision would be revised to require a simple majority vote of shares outstanding to remove a director without cause.

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Article 8, Section 5 of our Certificate of Incorporation currently requires the affirmative vote of 80% of shares outstanding in order to make certain amendments to or adopt any provisions inconsistent with Article 8. This provision would be revised to require a simple majority vote of shares outstanding to make certain amendments and to adopt provisions inconsistent with Article 8.

Approval of this proposal requires the affirmative vote of at least 80% of shares of Common Stock outstanding. If approved, the Board will take the next steps required to implement the proposed amendments.

Proposal 3(c):

Approval of Amendment to Article 9 of our Certificate of Incorporation to Eliminate the Supermajority Voting Requirement to Make Certain Amendments to our By-Laws

Article 9 of our Certificate of Incorporation currently requires the approval of 80% of shares outstanding in order to make certain amendments to our By-Laws. This provision would be revised to require a simple majority vote of shares outstanding to make certain amendments to our By-Laws.

Approval of this proposal requires the affirmative vote of at least 80% of shares of Common Stock outstanding. If approved, the Board will take the next steps required to implement the proposed amendment.

The Board of Directors Recommends Votes FOR each of Proposals 3(a), 3(b) and 3(c).

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Proposal 4
RATIFICATION OF THE APPOINTMENT OF INDEPENDENT AUDITOR

The Audit Committee of the Board, each member of which is independent, has appointed Deloitte & Touche LLP of Parsippany, New Jersey, as independent auditor to make the annual audit of our books of account and supporting records for 2014, subject to the ratification of the stockholders at the Annual Meeting. As recommended by the Board, we ask you to ratify this appointment.

Representatives of Deloitte & Touche LLP will be present at the Annual Meeting and will be afforded an opportunity to make a statement if they so desire and to respond to appropriate questions.

The Board Of Directors Recommends A Voting "For" This Proposal.

AUDIT COMMITTEE REPORT

The Audit Committee of the PSEG Board of Directors is comprised solely of independent directors. It operates under a written charter adopted by the PSEG Board of Directors which is posted on PSEG's website, www.pseg.com/info/investors/governance/committees.jsp. The Audit Committee Charter is annually reviewed and assessed for adequacy by the PSEG Audit Committee.

Management is responsible for PSEG's financial statements and internal controls. The independent auditor of PSEG, Deloitte & Touche LLP, reports directly to the PSEG Audit Committee and is responsible for performing an independent audit of PSEG's annual consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (PCAOB) (U.S.) and on PSEG's internal controls and for issuing reports thereon. The Audit Committee's overall responsibility is to assist the PSEG Board of Directors in overseeing the quality and integrity of the accounting, auditing and financial reporting practices.

Management has represented to the Audit Committee that PSEG's Consolidated Financial Statements were prepared in accordance with generally accepted accounting principles (GAAP) in the United States. In performance of its responsibilities, the Audit Committee has reviewed PSEG's Consolidated Financial Statements for the year ended December 31, 2013 and discussed these financial statements with management, the internal auditors and the independent auditor. The Audit Committee periodically meets privately with the Chief Financial Officer, the General Counsel, and the Vice President-Internal Audit and with the independent auditor. At all of its meetings (except those held telephonically) the Audit Committee meets in executive session with only Audit Committee members present. The Audit Committee discussed with the independent auditor:

- PSEG's critical accounting policies;
- New accounting standards and policies affecting PSEG;
- That there were no disagreements with management over the application of GAAP;
- Significant accounting estimates made by management and the disclosures in the financial statements;
- Accounting and reporting for significant transactions; and
- The other matters required to be discussed as described in PCAOB Auditing Standards No.16 Communications with Audit Committees, which relate to the audit, financial statements, significant risks and critical accounting estimates, among others.

The independent auditor also provided to the Audit Committee the written disclosures required by the PCAOB's standards in PCAOB Rule 3526, Communication with Audit Committee Concerning Independence, and current SEC requirements for auditor independence. The Audit Committee discussed with the independent auditor the firm's independence with respect to PSEG, internal quality control procedures, and any material issues raised and any steps taken to deal with such issues by the most recent internal quality control review, peer review or by any inquiry or investigation by governmental or professional authorities within the preceding five years, with respect to one or more independent audits carried out by the firm. The Audit Committee has also reviewed the requirements of the Sarbanes-Oxley Act of 2002 with respect to auditor independence and has defined the amount and scope of services that may be performed by Deloitte & Touche LLP consistent with maintaining that firm's independence. The Audit Committee requires that all services of Deloitte & Touche LLP be pre-approved by the Audit Committee or the Audit Committee Chair. The Audit Committee has considered whether the independent auditor's provision of non-audit services to PSEG and the total fees paid for non-audit services relative to fees paid for audit services are compatible with maintaining the independent auditor's independence. On the basis of its review, the Audit Committee determined that the independent auditor has the requisite independence.

Based on the Audit Committee's discussions with management, the internal auditors and the independent auditor, the Audit Committee's review of the audited financial statements, the representations of management to the independent auditor regarding the audited financial

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statements and the independent auditor's report to the Audit Committee, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in PSEG's Annual Report on Form 10-K for the fiscal year ended December 31, 2013, for filing with the SEC.

Members of the Audit Committee:

David Lilley, Chair
Albert R. Gamper, Jr.
Thomas A. Renyi
Hak Cheol Shin
Susan Tomasky

February 17, 2014

FEES BILLED BY DELOITTE & TOUCHE LLP FOR 2013 AND 2012

The appointment, termination, compensation and oversight of the work of the Independent Registered Public Accountants, Deloitte & Touche LLP, is the direct responsibility of the Audit Committee of our Board, which reviews its independence, the services provided and its fees, as well as peer review reports of its performance. All fees paid to Deloitte & Touche LLP, the member firms of Deloitte Touche Tohmatsu and their respective affiliates (collectively, Deloitte & Touche) for all services, audit and non-audit, provided to us and our subsidiaries are pre-approved by the Audit Committee or its Chair.

	Years ended December 31,	
	2013 ($)	2012 ($)
Audit Fees (1)	6,269,000	6,450,000
Audit Related Fees (2)	47,400	47,400
Tax Fees (3)	299,046	348,392
All Other Fees (4)	-	-

(1) The audit fees were incurred for audits of our annual consolidated financial statements and those of our subsidiaries, including our Annual Reports on Form 10-K, reviews of financial statements included in our quarterly reports on Form 10-Q and for services rendered in connection with certain financing transactions, statutory and regulatory filings and fees for accounting consultations related to the application of new accounting standards and rules.

(2) The audit related fees primarily related to performing certain attest services.

(3) The tax fees primarily relate to tax compliance and tax advice.

(4) There were no fees other than the above.

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Appendix A
PROPOSED AMENDMENTS TO CERTIFICATE OF INCORPORATION

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED

Proposed Amendments to Public Service Enterprise Group Incorporated's Amended Certificate of Incorporation to Eliminate Supermajority Voting Requirements

Sections 1, 2 and 7 of Article 7 CERTAIN BUSINESS COMBINATIONS of the Certificate of Incorporation of this corporation, as amended to date, are amended to read as follows:

SECTION 1. Vote Required for Certain Business Combinations. In addition to any affirmative vote required by law and except as otherwise expressly provided in Section 2 of this Article 7:

(a) any merger or consolidation of the corporation or any Subsidiary (hereinafter defined) with (i) any Interested Shareholder (hereinafter defined) or (ii) any other corporations (whether or not itself an Interested Shareholder) which is, or after such merger or consolidation would be, an Affiliate (hereinafter defined) of an Interested Shareholder; or

(b) any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions) to or with any Interested Shareholder or any Affiliate of any Interested Shareholder of any assets of the corporation or any Subsidiary having an aggregate Fair Market Value (hereinafter defined) of $25,000,000 or more; or

(c) the issuance or transfer by the corporation or any Subsidiary (in one transaction or a series of transactions) of any securities of the corporation or any Subsidiary to any Interested Shareholder or Affiliate of any Interested Shareholder in exchange for cash, securities or other property (or a combination thereof) having an aggregate Fair Market Value of $25,000,000 or more; or

(d) the adoption of any plan or proposal for the liquidation or dissolution of the corporation proposed by or on behalf of any Interested Shareholder or any Affiliate of any Interested Shareholder; or

(e) any reclassification of securities (including any reverse stock split), recapitalization of the corporation, any merger or consolidation of the corporation with any of its Subsidiaries or any other transaction (whether or not with or into or otherwise involving an Interested Shareholder) which has the effect, directly or indirectly, of increasing the proportionate share of the outstanding shares of any class of equity or convertible securities of the corporation or any Subsidiary which is directly or indirectly owned by any Interested Shareholder or any Affiliate of any Interested Shareholder;

shall require prior approval by the affirmative vote of ~~80%~~ a majority of the votes which the holders of the then outstanding shares of capital stock of the corporation are entitled to vote in the election of directors (the "Voting Stock"), voting together as a single class (each share of the Voting Stock having a number of votes duly fixed by the Board of Directors pursuant to Article 3 of the Certificate of Incorporation or provided by the By-Laws). Such affirmative vote shall be required notwithstanding the fact that no vote may be required, or that a lesser percentage may be specified, by law or in any agreement with any national securities exchange or otherwise. The term "Business Combination" as used in this Article 7 shall mean any transaction which is referred to in any one or more of paragraphs (a) through (e) of this Section 1.

SECTION 2. Exceptions to ~~80%~~ Vote Required By Section 1. The provisions of Section 1 of this Article 7 shall not be applicable to any particular Business Combination (and such Business Combination shall require only such affirmative vote which may be required by law or otherwise) if all of the conditions specified in either of the following paragraphs (a) or (b) are met:

(a) The Business Combination shall have been approved by majority vote of the Disinterested Directors (hereinafter defined).

(b) All of the following conditions shall have been met:

(i) The aggregate amount of the cash and the Fair Market Value, as of the date of the consummation of the Business Combination, of consideration other than cash to be received per share by holders of Common Stock in such Business Combination shall be at least equal to the higher of:

(1) if applicable, the highest per share price (including any brokerage commissions, transfer taxes and soliciting dealers' fees) paid by the Interested Shareholder for any shares of Common Stock acquired by it (x) within the two-year period immediately prior to the first public announcement of the proposal of the Business Combination (the "Announcement Date") or (y) in the transaction in which it became an Interested Shareholder, whichever is higher; or

(2) the Fair Market Value per share of Common Stock on the Announcement Date or on the date (the "Determination Date") on which the Interested Shareholder became an Interested Shareholder, whichever is higher.

(ii) The aggregate amount of the cash and the Fair Market Value, as of the date of the consummation of the Business Combination, of consideration other than cash to be received per share by holders of shares of any class or series of outstanding Voting Stock other than Common Stock shall be at least equal to the highest of the following (it being intended that

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the requirements of this paragraph (b)(ii) shall be met with respect to every such class or series whether or not the Interested Shareholder has previously acquired any shares thereof):

(1) if applicable, the highest per share price (including any brokerage commissions, transfer taxes and soliciting dealers' fees) paid by the Interested Shareholder for any shares of such class or series acquired by it (x) within the two-year period immediately prior to the "Announcement Date" or (y) in the transaction in which it became an Interested Shareholder, whichever is higher; or

(2) if applicable, the highest preferential amount per share to which the holders of shares of such class or series are entitled in the event of any voluntary or involuntary liquidation, dissolution or winding up of the corporation; or

(3) the Fair Market Value per share of such class or series on the Announcement Date or on the Determination Date, whichever is higher.

(iii) The consideration to be received by holders of a particular class or series of outstanding Voting Stock (including Common Stock) shall be in cash or in the same form as the Interested Shareholder has previously paid for shares of such class or series of Voting Stock. If the Interested Shareholder has paid for shares of any class or series of Voting Stock with varying forms of considerations, the form of consideration for such class or series shall be either cash or the form used to acquire the largest number of shares of such class or series previously acquired by it. The price determined in accordance with paragraphs (b)(i) and (b)(ii) of this Section 2 shall be subject to appropriate adjustment in the event of any stock dividend, stock split, combination of shares or similar event.

(iv) After such Interested Shareholder has become an Interested Shareholder and prior to the consummation of such Business Combination: (1) except as approved by a majority of the Disinterested Directors, there shall have been no failure to declare and pay at the regular date therefor any dividends (whether or not cumulative) on any outstanding series of Preferred Stock: (2) there shall been (x) no reduction in the annual rate of dividends paid on the Common Stock (except as necessary to reflect any subdivisions of the Common Stock), except as approved by a majority of the Disinterested Directors and (y) an increase in such annual rate of dividends as necessary to reflect any reclassification (including any reverse stock split), recapitalization, reorganization or any similar transaction which has the effect of reducing the number of outstanding shares of Common Stock, unless the failure to so increase such annual rate is approved by a majority of the Disinterested Directors; and (3) such Interested Shareholder shall have not become the beneficial owner of any additional shares of Voting Stock except as part of the transaction which results in such Interested Shareholder becoming an Interested Shareholder.

(v) After such Interested Shareholder has become an Interested Shareholder, such Interested Shareholder shall not have received the benefit directly or indirectly (except proportionately as a shareholder) of any loans, advances, guarantees, pledges or other financial assistance, or any tax credits or other tax advantages, provided by the corporation, whether in anticipation of or in connection with such Business Combination or otherwise.

(vi) A proxy or information statement describing the proposed Business Combination and complying with the requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder (or any subsequent provisions replacing such act, rules or regulations) shall be mailed to shareholders of the corporation at least 30 days prior to the consummation of such Business Combination (whether or not such proxy or information statement is required to be mailed pursuant to such act, rules and regulations or subsequent provisions).

SECTION 7. Amendment. Notwithstanding any other provisions of this Certificate of Incorporation, the By-Laws of the corporation or applicable law, the affirmative vote of ~~80%~~ a majority of the votes of the then outstanding Voting Stock, voting together as a single class, shall be required (a) to amend, modify or repeal this Article 7, (b) adopt any provision to this Certificate of Incorporation or By-Laws which is inconsistent with this Article 7, or (c) prior to the fixing by the Board of Directors of any right or preference of any series of Preferred Stock which is inconsistent with the provisions of this Article 7.

Sections 4 and 5 of Article 8 BOARD OF DIRECTORS of the Certificate of Incorporation of this corporation, as amended to date, are amended to read as follows:

SECTION 4. Removal and Suspension. Subject to the rights of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation to elect directors under specified circumstances, any director may be removed from office without cause only by the affirmative vote of the holders of ~~80%~~ a majority of the combined voting powers of the then outstanding shares of stock entitled to vote generally in the election of directors, voting together as a single class. The Board of Directors, by the affirmative vote of a majority of the directors in office, may remove a director or directors for cause where, in the judgment of such majority, the continuation of the director or directors in office would be harmful to the corporation and may suspend the director or directors for a reasonable period pending final determination that cause exists for such removal.

SECTION 5 Amendment, repeal, etc. Notwithstanding anything in this Certificate of Incorporation to the contrary, the affirmative vote of the holders of at least ~~80%~~ a majority of the voting power of all shares of the corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required to alter, amend, adopt any provision inconsistent with or repeal this Article 8.

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Article 9 BY-LAW AMENDMENTS of the Certificate of Incorporation of this corporation, as amended to date, is amended to read as follows:

The Board of Directors shall have power to make, alter, amend and repeal the By-Laws of the corporation (except so far as the By-Laws of the corporation adopted by the shareholders shall otherwise provide). Any By-Laws made by the Directors under the powers conferred hereby may be altered, amended or repealed by the directors or by the shareholders. Notwithstanding the foregoing and anything contained in this Certificate of Incorporation to the contrary, Article 1, Section1; Article IX, Section 9; and Article XVI of the By-Laws shall not be altered, amended or repealed and no provision inconsistent therewith shall be adopted without the affirmative vote of the holders of at least ~~80%~~ a majority of the voting power of all the shares of the corporation entitled to vote generally in the election of directors, voting together as a single class. Notwithstanding anything contained in this Certificate of Incorporation to the contrary, the affirmative vote of the holders of at least ~~80%~~ a majority of the voting power of all the shares of the corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required to alter, amend, or adopt any provision inconsistent with or repeal this Article 9.

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Appendix B
PROPOSED AMENDMENT TO BY-LAWS

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED

Proposed Amendments to Public Service Enterprise Group Incorporated's By-laws to Eliminate Supermajority Voting Requirements

Article 1 SECTION 1(d) of the By-Laws of this corporation is amended to read as follows:

(d) Removal and Suspension. Subject to the rights of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation to elect directors under specified circumstances, any director may be removed from office without cause only by the affirmative vote of the holders of ~~80%~~ a majority of the combined voting power of the then outstanding shares of stock entitled to vote generally in the election of directors, voting together as a single class. The Board of Directors, by the affirmative vote of a majority of the directors in office, may remove a director or directors for cause where, in the judgment of such majority, the continuation of the director or directors in office would be harmful to the corporation and may suspend the director or directors for a reasonable period pending final determination that cause exists for such removal.

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MAP AND TRANSPORTATION

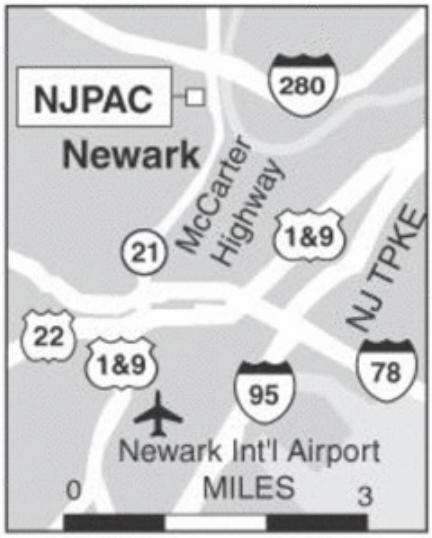

Arrangements have been made to provide free parking within close proximity to the New Jersey Performing Arts Center (NJPAC) at locations designated (P) on the map above.

Please bring your parking ticket with you to the meeting so that it can be validated by PSEG. Reasonable parking expenses incurred at locations other than those shown above will be reimbursed. You may obtain driving directions and public transportation information by calling 1-888-GO-NJPAC or on the NJPAC website, www.njpac.org.

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Public Service Enterprise Group Incorporated
80 Park Plaza, P.O. Box 1171
Newark, New Jersey 07101-1171
973-430-7000
www.pseg.com

Commitment to our Customers

- America's most reliable utility (five of last nine years)
- Reliability One Award (last 12 years)
- EEI storm response award (2012 and 2011)
- System hardening and infrastructure enhancements
- Serving 2.2 million electric and 1.8 million gas customers in NJ and 1.1 million electric customers on Long Island
- Building relationships through communication and social media outreach

Commitment to our Employees

- Top 50 Employer: Equal Opportunity Magazine (2013)
- Fortune Most Admired Companies (since 2006)
- Diversity and inclusion in the workplace
- Employee health and safety; wellness and lifestyle
- Employee engagement, ethics and comfort speaking up
- Paying over $1.1 Billion in compensation and retiree benefits annually

Commitment to the Environment and Sustainability

- Renewable and solar energy and energy efficiency programs
- Climate leadership and carbon reduction
- Water management, estuary enhancement and biodiversity
- Dow Jones Sustainability North America Index (since 2008)
- Provider of green energy to Super Bowl XLVIII

Commitment to our Communities and the Economy

- PSEG Foundation investments in safety, community, education
- PSE&G Children's Specialized Hospital
- March of Dimes: Number 1 utility in New Jersey and United States in 2013
- Special Olympics USA Games 2014
- Over $7 million in annual charitable giving
- Over $1 Billion annually spent with NJ businesses

PSEG, Providing Safe, Reliable, Economic, Greener Energy

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Shareowner Services
P.O. Box 64945
St. Paul, MN 55164-0945

Address Change? Mark box, sign, and indicate changes below: ☐

TO VOTE BY INTERNET OR TELEPHONE, SEE REVERSE SIDE OF THIS PROXY CARD.

TO VOTE BY MAIL AS THE BOARD OF DIRECTORS RECOMMENDS ON ALL ITEMS BELOW, SIMPLY SIGN, DATE, AND RETURN THIS PROXY CARD.

The Board of Directors Recommends a Vote "FOR" Items 1, 2, 3(a), 3(b), 3(c) and 4.

1. ELECTION OF DIRECTORS:
Nominees for terms expiring in 2015 are:

		FOR	AGAINST	ABSTAIN			FOR	AGAINST	ABSTAIN
1.1	Albert R. Gamper, Jr.	☐	☐	☐	**1.6**	Thomas A. Renyi	☐	☐	☐
1.2	William V. Hickey	☐	☐	☐	**1.7**	Hak Cheol Shin	☐	☐	☐

Please fold here – Do not separate

1.3	Ralph Izzo	☐	☐	☐	**1.8**	Richard J. Swift	☐	☐	☐
1.4	Shirley Ann Jackson	☐	☐	☐	**1.9**	Susan Tomasky	☐	☐	☐
1.5	David Lilley	☐	☐	☐	**1.10**	Alfred W. Zollar	☐	☐	☐

2.	Advisory vote on the approval of executive compensation	☐ For	☐ Against	☐ Abstain
3(a)	Approval of Amendments to Certificate of Incorporation to eliminate supermajority voting requirements for certain business combinations	☐ For	☐ Against	☐ Abstain
3(b)	Approval of Amendments to Certificate of Incorporation and By-Laws to eliminate supermajority voting requirements to remove a director without cause	☐ For	☐ Against	☐ Abstain
3(c)	Approval of Amendments to Certificate of Incorporation to eliminate supermajority voting requirement to make certain amendments to By-laws	☐ For	☐ Against	☐ Abstain
4.	Ratification of the appointment of Deloitte & Touche LLP as Independent auditor for the year 2014	☐ For	☐ Against	☐ Abstain

THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED AS DIRECTED OR, IF NO DIRECTION IS GIVEN, WILL BE VOTED AS THE BOARD RECOMMENDS.

Please indicate if you plan to attend the Annual Meeting by marking this box. ☐

Date _____

Signature(s) in Box

Please sign exactly as your name(s) appears on Proxy. If held in joint tenancy, all persons should sign. Trustees, administrators, etc., should include title and authority. Corporations should provide full name of corporation and title of authorized officer signing the Proxy.

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Public Service Enterprise Group Incorporated
2014 Annual Meeting of Stockholders

New Jersey Performing Arts Center
One Center Street, Newark, New Jersey

April 15, 2014 at 1:00 P.M.

(Registration Begins at 12:00 P.M. Light refreshments will be available.)

For wheelchair and hearing-impaired seating, please see host/hostess for assistance.

You should present evidence that you are a stockholder in order to gain admittance to the meeting. If shares are held in the name of a broker, trust, bank, or other nominee, you should bring with you a proxy or letter from the broker, trustee, bank or nominee confirming your beneficial ownership of the shares. Each stockholder may be asked to present valid picture identification, such as a driver's license. Cameras, recording devices and other electronic devices will not be permitted at the meeting.

THANK YOU FOR VOTING

For electronic delivery of future proxy materials, please visit www.proxypush.com/peg. To access your shareholder account online, please visit www.shareowneronline.com.

Important notice regarding the Internet availability of proxy materials for the Annual Meeting of Stockholders
The Proxy Statement and the 2013 Annual Report to Stockholders are available at:
http://www.ezodproxy.com/pseg/2014/pseg2013ar

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
PROXY FOR ANNUAL MEETING OF STOCKHOLDERS
April 15, 2014

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS OF PSEG

The undersigned hereby appoints **Shirley Ann Jackson, Ralph Izzo and Richard J. Swift,** and each or any of them, proxies of the undersigned, each with full power of substitution, to vote in their discretion (subject to any directions indicated on the reverse side of this proxy) at the Annual Meeting of Stockholders of Public Service Enterprise Group Incorporated (PSEG) to be held on April 15, 2014 and at all adjournments or postponements thereof, upon all matters which may come before the meeting or any adjournment, including the proposals set forth in the Notice of Meeting and Proxy Statement, receipt of which is hereby acknowledged. Said proxies are instructed to vote as set forth on the reverse side hereof with respect to said proposals.

Shares represented by this proxy will be voted in accordance with recommendations of the Board of Directors of PSEG as stated on the reverse side, unless otherwise indicated on the reverse, in which case they will be voted as marked. Information pertaining to each proposal is included in the Proxy Statement under proposals corresponding to the item numbers set forth on the reverse side.

If you have not voted by telephone or the Internet, please mark your proxy on the reverse side, sign it and date it, and return it promptly in the envelope provided.

Vote by Internet, Telephone or Mail
24 Hours a Day, 7 Days a Week

Your phone or Internet vote authorizes the named proxies to vote your shares in the same manner as if you marked, signed and returned your proxy card.

S1-SSA-0009 - 30079

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INTERNET/MOBILE

www.proxypush.com/peg

Use the Internet to vote your proxy until 11:59 p.m. (CT) on April 14, 2014.

PHONE

1-866-883-3382

Use a touch-tone telephone to vote your proxy until 11:59 p.m. (CT) on April 14, 2014.

MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope provided.

If you vote your proxy by Internet or by Telephone, you do NOT need to mail back your Proxy Card.

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As filed with the Securities and Exchange Commission on November 17, 2017

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-3

REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
(Exact name of registrant as specified in charter)

NEW JERSEY	**22-2625848**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

80 PARK PLAZA
NEWARK, NEW JERSEY 07102
(973) 430-7000
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

DANIEL J. CREGG
EXECUTIVE VICE PRESIDENT AND CHIEF FINANCIAL OFFICER
80 PARK PLAZA
NEWARK, NEW JERSEY 07102
(973) 430-7000
(Name, address, including zip code, and telephone number, including area code, of agent for service)

WITH COPIES TO:

TAMARA L. LINDE, ESQUIRE
EXECUTIVE VICE PRESIDENT AND GENERAL COUNSEL
80 PARK PLAZA
NEWARK, NEW JERSEY 07102

Approximate Date of Commencement of Proposed Sale to the Public: From time to time after the effective date of the Registration Statement.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. ☐

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, please check the following box. ☒

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box. ☒

(continued on following page)

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If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box. ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company'' and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
(Do not check if a smaller reporting company)		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act. ☐

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered (1)	Amount to be Registered (1)	Proposed Maximum Offering Price Per Unit (1)	Proposed Maximum Aggregate Offering Price (1)	Amount of Registration Fee (1)
Common Stock, no par value (2)	2,500,000	$51.64 (3)	$129,100,000 (3)	$16,073 (3)
Common Stock, no par value				
Preferred Stock, no par value				
Stock Purchase Contracts				
Stock Purchase Units (4)				
Senior Debt Securities				
Subordinated Debt Securities				
Total				

(1) Except for the 2,500,000 shares of Common Stock referred to in the table above and in footnote (2) below that are being separately registered, an indeterminate aggregate initial offering price or number of the securities of each identified class is being registered as may from time to time be issued at indeterminate prices. Separate consideration may or may not be received for securities that are issuable on exercise, conversion, settlement or exchange of other securities. In accordance with Rules 456(b) and 457(r) under the Securities Act of 1933, as amended, the Registrant is deferring payment of all such registration fees that may subsequently be payable.

(2) Includes shares of Common Stock to be offered pursuant to the Enterprise Direct dividend reinvestment and stock purchase plan prospectus included in this Registration Statement.

(3) Estimated in accordance with Rule 457(c) under the Securities Act of 1933, as amended, solely for the purpose of determining the registration fee based on the average of the high and low prices on November 15, 2017 for Common Stock of Public Service Enterprise Group Incorporated, as reported in the consolidated reporting system.

(4) Each Stock Purchase Unit consists of (a) Stock Purchase Contract under which the holder upon settlement will purchase an indeterminate number of shares of Common Stock of Public Service Enterprise Group Incorporated and (b) either our debt securities or debt obligations of a third party, including U.S. Treasury securities.

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EXPLANATORY NOTE

This Registration Statement contains the following separate prospectuses:

1. A form of prospectus to be used in connection with offerings by Public Service Enterprise Group Incorporated of its Common Stock, Preferred Stock, Stock Purchase Contracts, Stock Purchase Units, Senior Debt Securities and Subordinated Debt Securities.

2. A form of prospectus to be used in connection with offerings of Common Stock by Public Service Enterprise Group Incorporated pursuant to its Enterprise Direct Dividend Reinvestment and Stock Purchase Plan.

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PROSPECTUS

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED

Common Stock, Preferred Stock, Stock Purchase Contracts, Stock Purchase Units, Senior Debt Securities and Subordinated Debt Securities

Public Service Enterprise Group Incorporated ("PSEG") may offer from time to time the securities described in this prospectus separately or together in any combination, in one or more classes or series, in amounts, at prices and on terms that we will determine at the time of the offering.

PSEG will provide the specific terms of each series or issue of securities in supplements to this prospectus. You should carefully read this prospectus, the applicable prospectus supplement and any free writing prospectus relating to such offering, and the documents incorporated herein and therein before you make any decision to invest in the securities.

PSEG's common stock is listed on the New York Stock Exchange under the ticker symbol "PEG."

PSEG will sell the securities directly, through agents, underwriters or dealers as designated from time to time, or through a combination of such methods. If any such agents, underwriters or dealers are involved in the sale of the securities in respect of which this prospectus is being delivered, the names of such agents, underwriters or dealers and any applicable agent's commission, underwriter's discount or dealer's purchase price and the net proceeds to PSEG from such sale will be set forth in, or may be calculated on the basis set forth in, the applicable prospectus supplement. See "Plan of Distribution" for possible indemnification arrangements for any such agents, underwriters and dealers.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved any of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

Investing in PSEG's securities involves risks. You should carefully consider the information in the section entitled "Risk Factors" beginning on page 4 of this prospectus, as well as the risk factors contained in PSEG's most recently filed Annual Report on Form 10-K and its other periodic reports filed with the Securities and Exchange Commission and incorporated by reference into this prospectus before you invest.

The date of this prospectus is November 17, 2017.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that PSEG filed with the Securities and Exchange Commission (the "SEC") using a "shelf" registration process. Under this shelf process, we may, from time to time, sell the securities described in this prospectus or combinations thereof in one or more offerings.

As allowed by the SEC rules, this prospectus does not contain all of the information included in the registration statement. For further information, we refer you to the registration statement including its exhibits and documents incorporated by reference. Statements contained in this prospectus about the provisions or contents of any agreement or other document are not necessarily complete. If the SEC's rules and regulations require that an agreement or document be filed as an exhibit to the registration statement, please see that agreement or document for a complete description of its provisions.

You should read this prospectus, any prospectus supplement and any free writing prospectus, including in each case, information incorporated by reference together with any additional information you may need to make your investment decision. You should also read and carefully consider the information in the documents we have referred you to in "Where You Can Find More Information" below. Information in any applicable prospectus supplement or free writing prospectus or that is incorporated by reference after the date of this prospectus is considered a part of this prospectus and may add to, update or change information contained in this prospectus. Any information in such subsequent filings that is inconsistent with this prospectus will supersede the information in this prospectus.

You should rely only on the information provided or incorporated by reference in this prospectus and any prospectus supplement and any free writing prospectus relating to an offering. We have not authorized anyone else to provide you with other information. We are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information in this prospectus, any prospectus supplement, any free writing prospectus or any document incorporated by reference is accurate as of any date other than the date of the applicable document. Our business, prospects, financial condition, results of operations and cash flows may have changed since that date.

In this prospectus, unless otherwise stated, or the context otherwise requires, references to "we," "us" and "our" are to Public Service Enterprise Group Incorporated and its consolidated subsidiaries.

We may use this prospectus to offer from time to time:

- shares of our common stock, without par value;
- shares of our preferred stock, without par value, which may be convertible into our common stock;
- stock purchase contracts to purchase shares of our common stock;
- unsecured debt securities, which may include senior and subordinated securities and which may be convertible into our common stock. In this prospectus, we refer to the debt securities, which may include senior and subordinated debt securities, as the "debt securities;" and
- stock purchase units, consisting of a stock purchase contract and our debt securities or debt obligations of third parties, including United States Treasury securities, that are pledged to secure the stock purchase unit holders' obligations under the stock purchase contracts.

We sometimes refer to our common stock, preferred stock, stock purchase contracts, stock purchase units and the debt securities, collectively, as the "securities."

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports and other information with the SEC. You may read and copy any material on file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room. Our filings are also available to the public over the Internet on the SEC's web site at http://www.sec.gov, as well as on our web site at http://www.pseg.com. None of the information contained at any time on our web site is incorporated by reference into this prospectus.

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You may also inspect these documents at the New York Stock Exchange, Inc. (the "New York Stock Exchange"), where certain of our securities are listed.

The SEC allows us to "incorporate by reference" documents that we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference or deemed incorporated by reference is an important part of this prospectus, and information that we file later with the SEC will be deemed to automatically update and supersede this incorporated information. We incorporate by reference the documents listed below that have been filed with the SEC.

- Our Annual Report on Form 10-K for the year ended December 31, 2016;
- Our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2017, June 30, 2017 and September 30, 2017;
- Information in our Definitive Proxy Statement on Schedule 14A filed on March 14, 2017 that is incorporated by reference into our Annual Report on Form 10-K;
- Our Current Reports on Form 8-K filed on April 20, 2017, May 10, 2017, June 23, 2017 and November 6, 2017; and
- The description of our common stock in our registration statement filed pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and any amendment or report filed for the purpose of amending such description.

We also incorporate by reference any future filings made with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act, on or after the date of this prospectus and prior to the termination of any particular offering of securities, except, in each case, for Current Reports on Form 8-K containing only disclosure furnished under Item 2.02 or 7.01 of Form 8-K and exhibits relating to such disclosure, unless otherwise specifically stated in the Form 8-K or the prospectus supplement for such offering.

You can get a free copy of any of the documents incorporated by reference by making an oral or written request directed to:

Vice President, Investor Relations
PSEG Services Corporation
80 Park Plaza, 4th Floor
Newark, NJ 07102
Telephone (973) 430-6565

FORWARD-LOOKING STATEMENTS

This prospectus or other offering materials may contain or incorporate by reference statements about our and our subsidiaries' future performance, including, without limitation, future revenues, earnings, strategies, prospects, consequences and all other statements that are not purely historical that constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those anticipated. Such statements are based on management's beliefs as well as assumptions made by and information currently available to management. When used herein, the words "anticipate," "intend," "estimate," "believe," "expect," "plan," "should," "hypothetical," "potential," "forecast," "project," variations of such words and similar expressions are intended to identify forward-looking statements. Factors that may cause actual results to differ are often presented with the forward-looking statements themselves. Other factors that could cause actual results to differ materially from those contemplated in any forward-looking statements made by us herein are discussed in filings we make with the SEC, including our Annual Report on Form 10-K and subsequent reports on Form 10-Q and Form 8-K. These factors include, but are not limited to:

- fluctuations in wholesale power and natural gas markets, including the potential impacts on the economic viability of our generation units;
- our ability to obtain adequate fuel supply;
- any inability to manage our energy obligations with available supply;

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- increases in competition in wholesale energy and capacity markets;
- changes in technology related to energy generation, distribution and consumption and customer usage patterns;
- economic downturns;
- third-party credit risk relating to our sale of generation output and purchase of fuel;
- adverse performance of our decommissioning and defined benefit plan trust fund investments and changes in funding requirements;
- changes in state and federal legislation and regulations;
- the impact of pending rate case proceedings;
- regulatory, financial, environmental, health and safety risks associated with our ownership and operation of nuclear facilities;
- adverse changes in energy industry laws, policies and regulations, including market structures and transmission planning;
- changes in federal and state environmental regulations and enforcement;
- delays in receipt of, or an inability to receive, necessary licenses and permits;
- adverse outcomes of any legal, regulatory or other proceeding, settlement, investigation or claim applicable to us and/or the energy industry;
- changes in tax laws and regulations;
- the impact of our holding company structure on our ability to meet our corporate funding needs, service debt and pay dividends;
- lack of growth or slower growth in the number of customers or changes in customer demand;
- any inability of PSEG Power LLC to meet its commitments under forward sale obligations;
- reliance on transmission facilities that we do not own or control and the impact on our ability to maintain adequate transmission capacity;
- any inability to successfully develop or construct generation, transmission and distribution projects;
- any equipment failures, accidents, severe weather events or other incidents that impact our ability to provide safe and reliable service to our customers;
- our inability to exercise control over the operations of generation facilities in which we do not maintain a controlling interest;
- any inability to maintain sufficient liquidity;
- any inability to realize anticipated tax benefits or retain tax credits;
- challenges associated with recruitment and/or retention of key executives and a qualified workforce;
- the impact of our covenants in our debt instruments on our operations; and
- the impact of acts of terrorism, cybersecurity attacks or intrusions.

Additional information concerning these factors is set forth or referred to under “Risk Factors.”

All of the forward-looking statements made in this prospectus and the other offering materials are qualified by these cautionary statements and we cannot assure you that the results or developments anticipated by management will be realized or even if realized, will have the expected consequences to, or effects on, us or our business, prospects, financial condition, results of operations or cash flows. Readers are cautioned not to place undue reliance on these forward-looking statements in making any investment decision. Forward-looking statements made in this prospectus or other offering materials apply only as of the date of this prospectus or such other offering materials. While we may elect to update forward-looking statements from time to time, we

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specifically disclaim any obligation to do so, even in light of new information or future events, unless otherwise required by applicable securities laws.

The forward-looking statements contained in this prospectus and the other offering materials are intended to qualify for the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act.

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED

We are an energy company with a diversified business mix. Our operations are located primarily in the Northeastern and Mid-Atlantic United States. Our business approach focuses on operational excellence, financial strength and disciplined investment. As a holding company, our profitability depends on our subsidiaries' operating results. We have two principal direct, wholly-owned subsidiaries:

- Public Service Electric and Gas Company ("PSE&G"), which is a public utility engaged principally in the transmission of electricity and distribution of electricity and natural gas in certain areas of New Jersey; and
- PSEG Power LLC ("Power"), which is a multi-regional energy supply company that integrates the operations of its merchant nuclear and fossil generating assets with its power marketing businesses through competitive energy sales in well-developed energy markets and fuel supply functions primarily in the Northeast and Mid-Atlantic United States.

Our other direct, wholly-owned subsidiaries are:

- PSEG Energy Holdings L.L.C. ("Energy Holdings"), which earns revenues primarily from its portfolio of lease investments;
- PSEG Long Island LLC ("PSEG LI"), which operates the Long Island Power Authority's electric transmission and distribution system under a contractual agreement; and
- PSEG Services Corporation ("Services"), which provides us and our operating subsidiaries with certain management, administrative and general services at cost.

PSEG is a New Jersey corporation with its principal offices located at 80 Park Plaza, Newark, New Jersey 07102. Its telephone number is (973) 430-7000.

RISK FACTORS

In addition to the risk factors contained in our most recently filed Annual Report on Form 10-K and our other periodic reports filed with the SEC and incorporated by reference into this prospectus, as well as those risk factors that may be included in the applicable prospectus supplement or any applicable free writing prospectus, prospective investors should carefully consider the risks described below before making a decision to invest in the securities. Such factors could have a material adverse effect on our business, prospects, financial condition, results of operations or cash flows and on the trading price of our securities. Such factors could affect actual results and cause our results to differ materially from those expressed in any forward-looking statements made by, or on behalf of, us. See "Forward-Looking Statements."

Because PSEG is a Holding Company, its Ability to Service its Debt Could be Limited

PSEG is a holding company with no material assets other than the stock or membership interests of its subsidiaries. Accordingly, all of PSEG's operations are conducted by its subsidiaries which are separate and distinct legal entities that have no obligation, contingent or otherwise, to pay the debt of PSEG or to make any funds available to PSEG to pay such debt or satisfy its other corporate funding needs. As a result, PSEG's debt will effectively be subordinated to all existing and future preferred equity and liabilities of its subsidiaries, including holders of their debt, trade creditors, secured creditors, taxing authorities and guarantee holders, and PSEG's rights and hence the rights of PSEG's creditors to participate in any distribution of assets of any subsidiary upon its liquidation or reorganization or otherwise would be subject to the prior claims of that subsidiary's creditors and preferred equity holders, except to the extent that PSEG's claims as a creditor of such subsidiary may be recognized.

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PSEG depends on its subsidiaries' cash flows and access to capital in order to service its indebtedness and satisfy its other corporate funding needs. The debt agreements of PSEG's subsidiaries generally restrict their ability to pay dividends, make cash distributions or otherwise transfer funds to PSEG. These restrictions may include achieving and maintaining financial performance or debt coverage ratios, absence of events of default, or priority in payment of other current or prospective obligations. PSEG's subsidiaries' ability to pay dividends, make cash distributions or otherwise transfer funds to PSEG may also be limited or restricted by regulatory considerations or applicable law.

PSEG's subsidiaries have financed and may in the future finance some investments using non-recourse project level financing. Each non-recourse project level financing is structured to be repaid out of cash flows provided by the investment. In the event of a default under a financing agreement which is not cured, the lenders would generally have rights to the related assets. In the event of foreclosure after a default, PSEG's subsidiary may lose its equity in the asset or may not be entitled to any cash that the asset may generate. Although a default under a project financing agreement is not expected to cause a default with respect to PSEG's debt, other debt of the applicable subsidiary, if any, or debt of PSEG's other subsidiaries, it may materially affect PSEG's ability to service its outstanding indebtedness and satisfy its other corporate funding needs.

We can give no assurances that our current and future capital structure, operating performance or financial condition will permit us to access the capital markets or to obtain other financing at the times, in the amounts and on the terms necessary or advisable for us to successfully carry out our business strategy or to service our indebtedness and satisfy our other corporate funding needs.

RATIOS OF EARNINGS TO FIXED CHARGES

Our ratios of earnings to fixed charges for each of the periods indicated are as follows:

	Nine Months Ended September 30, 2017	Years Ended December 31,				
		2016	2015	2014	2013	2012
Ratios of Earnings to Fixed Charges[1]	3.57	3.72	6.83	6.43	5.44	5.18

1 The term "earnings" is defined as pre-tax income from continuing operations before income or loss from equity investees plus distributed income from equity investees. Add to pre-tax income the amount of fixed charges adjusted to exclude (a) the amount of any interest capitalized during the period and (b) the actual amount of any preferred securities dividend requirements of majority-owned subsidiaries stated on a pre-tax level. Fixed Charges represent (a) interest, whether expensed or capitalized, (b) amortization of debt discount, premium and expense, (c) an estimate of interest implicit in rentals, and (d) preferred securities dividend requirements of majority-owned subsidiaries stated on a pre-tax level.

Ratios of Earnings to Combined Fixed Charges and Preference Dividends

Because we currently have no preferred stock outstanding, our ratios of earnings to combined fixed charges and preference dividends for each of the periods indicated are the same as our ratios of earnings to fixed charges.

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USE OF PROCEEDS

Unless we state otherwise in the prospectus supplement for a particular offering, the net proceeds from the sale of the securities will be added to our general funds and will be used for general corporate purposes.

DESCRIPTION OF THE SENIOR AND SUBORDINATED DEBT SECURITIES

We may issue from time to time one or more series of the senior debt securities under our Senior Debt Indenture dated as of November 1, 1998 between us and U.S. Bank National Association, as Senior Trustee, or one or more series of the subordinated debt securities under our Subordinated Debt Indenture to be entered into between us and U.S. Bank National Association, as Subordinated Trustee. The term "Trustee" refers to either the Senior Trustee or the Subordinated Trustee, as appropriate. We will provide information about these debt securities in a prospectus supplement.

The Senior Debt Indenture and the form of Subordinated Debt Indenture (sometimes together referred as the "Indentures" and, individually, as an "Indenture") are incorporated by reference as exhibits to the registration statement of which this prospectus is a part. The Indentures are subject to and governed by the Trust Indenture Act of 1939, as amended. We have summarized the material terms and provisions of the Indentures. Because this section is a summary, it does not describe every aspect of the debt securities and the Indentures. We urge you to read the Indenture that governs your debt securities for provisions that may be important to you.

In this section, references to "we," "our," and "us" refer to Public Service Enterprise Group Incorporated without its consolidated subsidiaries.

Provisions Applicable to Both the Senior and Subordinated Indentures

General

The debt securities will be our unsecured obligations. The senior debt securities will rank equally with all of our other unsecured and unsubordinated indebtedness. The subordinated debt securities will be subordinated in right of payment to the prior payment in full of our senior indebtedness as described below under "— Subordinated Indenture Provisions."

Because we are a holding company and conduct all of our operations through our subsidiaries, holders of our debt securities will generally have a junior position to claims of creditors, including trade creditors, debt holders, secured creditors, taxing authorities and guarantee holders, and any preferred stockholders of those subsidiaries other than, in each case, where we are recognized as a creditor of such subsidiary. Our subsidiaries have ongoing corporate debt programs used to finance their business activities. See "Risk Factors."

Each Indenture provides that any debt securities proposed to be sold under this prospectus and the relevant prospectus supplement may be issued in an unlimited amount under that Indenture in one or more series, in each case as authorized by us from time to time.

You should read the relevant prospectus supplement for a description of the material terms of each series of debt securities being offered, including:

- the title of the debt securities and whether the debt securities will be senior debt securities or subordinated debt securities;
- the aggregate principal amount of the debt securities and any limit on the aggregate principal amount of the debt securities of that series;
- if less than the principal amount of the debt securities is payable upon acceleration of the maturity of the debt securities, the portion that will be payable or how this portion will be determined;
- the date or dates, or how the date or dates will be determined or extended, on which the principal of the debt securities will be payable;

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- the rate or rates of interest, which may be fixed or variable, that the debt securities will bear, if any, or how the rate or rates will be determined;
- the terms of any remarketing of the debt securities;
- the date or dates from which interest, if any, on the debt securities will accrue or how the date or dates will be determined;
- the interest payment dates, if any, and the record dates for any interest payments or how the date or dates will be determined;
- the basis upon which interest will be calculated if other than that of a 360-day year of twelve 30-day months;
- the right, if any, to extend or defer interest payment periods and the duration of any extension or deferral;
- any optional redemption provisions;
- any sinking fund or other provisions that would obligate us to repurchase or otherwise redeem the debt securities;
- whether the debt securities will be issued as registered securities, bearer securities or both and any applicable restrictions;
- whether the debt securities will be issuable in temporary or permanent global form and any applicable restrictions or limitations;
- the place or places where the principal of and any premium and interest on the debt securities will be payable and to whom and how those payments will be made;
- whether the debt securities are convertible into or exchangeable for any other securities and, if so, the applicable terms and conditions;
- the denominations in which the debt securities will be issuable, if other than $1,000 or any integral multiple thereof in the case of registered securities and $5,000 in the case of bearer securities;
- the index, formula or other method, if any, with reference to which the amount of principal of or any premium or interest on the debt securities will be determined and the manner in which such amounts will be determined;
- if other than the applicable Trustee, the identity of each security registrar and/or paying agent;
- the applicability of the provisions of the applicable Indenture described below under "— Satisfaction and Discharge, Full Defeasance and Covenant Defeasance" and any provisions in modification of, in addition to or in lieu of any of these provisions;
- whether and under what circumstances we will pay additional amounts in respect of any tax, assessment or governmental charge and, if so, whether we will have the option to redeem the debt securities rather than pay the additional amounts (and the terms of this option);
- any deletions, additions or changes in the events of default in the applicable Indenture and any change in the right of the applicable Trustee or the holders to declare the principal amount of the debt securities due and payable;
- any deletions, additions or changes in the covenants in the applicable Indenture;
- the applicability of or any change in the subordination provisions of the Subordinated Indenture for a series of subordinated debt securities;
- any provisions granting special rights to holders of the debt securities upon the occurrence of specified events; and
- any other material terms of the debt securities.

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If applicable, the prospectus supplement will also set forth information concerning any other securities offered thereby and a discussion of federal income tax considerations relevant to the securities being offered.

For purposes of this prospectus, any reference to the payment of principal of or premium or interest, if any, on the debt securities will include the payment of any additional amounts required by the terms of the debt securities.

Debt securities may provide for less than the entire principal amount to be payable upon acceleration of the maturity date ("original issue discount securities"). Federal income tax and other matters concerning any original issue discount securities will be discussed in the applicable prospectus supplement.

Neither Indenture limits the amount of debt securities that may be issued in distinct series from time to time. Debt securities issued under an Indenture are referred to, when a single Trustee is acting as trustee for all debt securities issued under an Indenture, as the "indenture securities." Each Indenture provides that there may be more than one Trustee thereunder, each with respect to one or more different series of indenture securities. See "— Resignation of Trustee" below. At a time when two or more Trustees are acting under either Indenture, each with respect to only certain series, the term indenture securities will mean the one or more series with respect to which each respective Trustee is acting. In the event that there is more than one Trustee under either Indenture, the powers and trust obligations of each Trustee as described herein will extend only to the one or more series of indenture securities for which it is Trustee. If two or more Trustees are acting under either Indenture, then the indenture securities for which each Trustee is acting would in effect be treated as if issued under separate indentures.

The general provisions of the Indentures do not contain any provisions that would limit our ability to incur indebtedness or that would afford holders of debt securities protection in the event of a highly leveraged or similar transaction involving us. Please refer to the prospectus supplement for information with respect to any deletions from, modifications of or additions to the events of default or our covenants that are described below, including any addition of a covenant or other provision providing event risk or similar protection.

We have the ability, without the consent of the holders thereof, to issue indenture securities with terms different from those of indenture securities previously issued and to reopen a previous series of indenture securities and issue additional indenture securities of that series, unless the reopening was restricted when that series was created.

Denominations, Registration and Transfer

Debt securities of a series may be issuable solely as registered securities, solely as bearer securities or as both registered securities and bearer securities. The Indentures also provide that debt securities of a series may be issuable in global form. See "— Book-Entry Debt Securities." Unless otherwise provided in the prospectus supplement, debt securities denominated in U.S. dollars (other than global securities, which may be of any denomination) are issuable in denominations of $1,000 or any integral multiples of $1,000 (in the case of registered securities) and in the denomination of $5,000 (in the case of bearer securities). Unless otherwise indicated in the prospectus supplement, bearer securities will have interest coupons attached.

Registered securities will be exchangeable for other registered securities of the same series. If provided in the prospectus supplement, bearer securities (with all unmatured coupons, except as provided below, and all matured coupons which are in default) of any series may be similarly exchanged for registered securities of the same series of any authorized denominations and of a like aggregate principal amount and tenor. If so provided, bearer securities surrendered in exchange for registered securities between a regular record date or a special record date and the relevant date for payment of interest will be surrendered without the coupon relating to that date for payment of interest, and interest will not be payable in respect of the registered security issued in exchange for the bearer security, but will be payable only to the holder of the coupon when due in accordance with the terms of the applicable Indenture. Unless otherwise specified in the prospectus supplement, bearer securities will not be issued in exchange for registered securities.

Registered securities of a series may be presented for registration of transfer and debt securities of a series may be presented for exchange:

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- at each office or agency required to be maintained by us for payment of that series as described in "— Payment and Paying Agents" below, and
- at each other office or agency that we may designate from time to time for those purposes.

No service charge will be made for any transfer or exchange of debt securities, but we may require payment of any tax or other governmental charge payable in connection with the transfer or exchange.

We will not be required to:

- issue, register the transfer of or exchange debt securities during a period beginning at the opening of business 15 days before any selection of debt securities of that series to be redeemed and ending at the close of business on
  - if debt securities of the series are issuable only as registered securities, the day of mailing of the relevant notice of redemption and
  - if debt securities of the series are issuable as bearer securities, the day of the first publication of the relevant notice of redemption, or, if debt securities of the series are also issuable as registered securities and there is no publication, the day of mailing of the relevant notice of redemption;
- register the transfer of or exchange of any registered security, or portion thereof, called for redemption, except the unredeemed portion of any registered security being redeemed in part;
- exchange any bearer security called for redemption, except to exchange the bearer security for a registered security of that series and like tenor that is simultaneously surrendered for redemption; or
- issue, register the transfer of or exchange any debt security which has been surrendered for repayment at the option of the holder, except the portion, if any, of that debt security not to be so repaid.

Payment and Paying Agents

Unless otherwise provided in the prospectus supplement, principal, premium, interest and additional amounts, if any, on registered securities will be payable at any office or agency to be maintained by us in Morristown, New Jersey and The City of New York, except that at our option interest on an interest payment date may be paid:

- by check mailed to the address of the person entitled thereto appearing in the security register or
- by wire transfer to an account maintained by the person entitled thereto as specified in the security register.

Unless otherwise provided in the prospectus supplement, payment of any installment of interest due on any interest payment date for registered securities will be made to the person in whose name the registered security is registered at the close of business on the regular record date for that interest.

If debt securities of a series are issuable solely as bearer securities or as both registered securities and bearer securities, unless otherwise provided in the prospectus supplement, we will be required to maintain an office or agency:

- outside the United States where, subject to any applicable laws and regulations, the principal of and premium, and interest, if any, on the series will be payable and
- in The City of New York for payments with respect to any registered securities of that series (and for payments with respect to bearer securities of that series in the limited circumstances described below, but not otherwise);

provided that, if required in connection with any listing of debt securities on the Luxembourg Stock Exchange or any other stock exchange located outside the United States, we will maintain an office or agency for those debt securities in any city located outside the United States required by the applicable stock exchange. The initial locations of those offices and agencies will be specified in the prospectus supplement. Unless otherwise provided in the prospectus supplement, principal of and premium, if any, and interest, if any, on bearer securities may be paid by wire transfer to an account maintained by the person entitled thereto with a bank located outside the United States. Unless otherwise provided in the prospectus supplement, payment of installments of interest

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on any bearer securities on or before maturity will be made only against surrender of coupons for those interest installments as they mature. Unless otherwise provided in the prospectus supplement, no payment with respect to any bearer security will be made at any office or agency of ours in the United States or by check mailed to any address in the United States or by transfer to an account maintained with a bank located in the United States. However, payments of principal of and premium, if any, and interest, if any, on bearer securities payable in U.S. dollars will be made at the office of our paying agent in The City of New York if payment of the full amount thereof in U.S. dollars at all offices or agencies outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions.

We may from time to time designate additional offices or agencies, approve a change in the location of any office or agency and, except as provided above, rescind the designation of any office or agency.

Events of Default

The following will constitute events of default under each Indenture with respect to any series of debt securities, unless we state otherwise in the applicable prospectus supplement:

- we do not pay interest on a debt security of that series within 30 days of its due date;
- we do not pay principal of, or any premium on, a debt security of that series on its due date;
- we do not deposit any sinking fund payment when due by the terms of any debt security of that series;
- we remain in breach of a covenant in respect of the debt securities of that series for 60 days after we receive a written notice of default stating we are in breach. The notice must be sent by either the Trustee or holders of at least 25% of the principal amount of debt securities of that series;
- we file for bankruptcy or a court appoints a custodian or orders our liquidation under any bankruptcy law or certain other events in bankruptcy, insolvency or reorganization occur; and
- any other event of default provided with respect to debt securities of that series occurs.

We are required to file with the Trustee, annually, an officer's certificate as to our compliance with all conditions and covenants under the applicable Indenture. Each Indenture provides that the Trustee may withhold notice to the holders of debt securities of a series of any default (except payment defaults on the debt securities of that series) if it considers it in the interest of the holders of debt securities of such series to do so.

If an event of default with respect to debt securities of a series has occurred and is continuing, the Trustee or the holders of not less than 25% in principal amount of outstanding debt securities of that series may declare the applicable principal amount of all of the debt securities of that series to be due and payable immediately.

Subject to the provisions of the applicable Indenture relating to the duties of the Trustee, in case an event of default with respect to debt securities of a series has occurred and is continuing, the Trustee is under no obligation to exercise any of its rights or powers under the Indenture at the request, order or direction of the holders of debt securities of that series, unless the holders of the debt securities of that series have offered the Trustee reasonable indemnity against the expenses and liabilities which might be incurred by it in compliance with that request. Subject to such provisions for the indemnification of the Trustee and to certain other provisions, the holders of a majority in principal amount of the outstanding debt securities of a series will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, with respect to the debt securities of that series.

The holders of a majority in principal amount of the outstanding debt securities of a series may, on behalf of the holders of all debt securities of that series and any related coupons, waive any past default with respect to that series and its consequences, except a default:

- in the payment of the principal of, or premium, or interest, if any, on any debt security of that series or any related coupons, or
- relating to a covenant or provision that cannot be modified or amended without the consent of the holder of each outstanding debt security of that series affected by the modification or amendment.

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Merger or Consolidation

Each Indenture provides that we may not consolidate with or merge with or into any other corporation or convey or transfer our properties and assets as an entirety or substantially as an entirety to any person, unless either we are the continuing corporation or such corporation or person assumes by supplemental indenture all of our obligations under such Indenture and the debt securities issued thereunder and immediately after the transaction no default shall exist.

Modification or Waiver

Modification and amendment of each Indenture may be made by us and the Trustee thereunder with the consent of the holders of a majority in principal amount of all outstanding indenture securities issued thereunder that are affected by the modification or amendment. The consent of the holder of each outstanding indenture security affected is, however, required to:

- change the maturity of the principal of or any installment of principal of or interest on that indenture security;
- reduce the principal amount of, or the rate or amount of interest in respect of, or any premium payable upon the redemption of, that indenture security, or change the manner of calculation thereof;
- change our obligation, if any, to pay additional amounts in respect of that indenture security;
- reduce the portion of the principal of an original issue discount security or indexed security that would be due and payable upon a declaration of acceleration of the maturity date thereof or provable in bankruptcy;
- adversely affect any right of repayment at the option of the holder of that indenture security;
- change the place or currency of payment of principal, premium or interest on that indenture security;
- impair the right to institute suit for the enforcement of any such payment on or after the maturity date, redemption date or repayment date;
- adversely affect any right to convert or exchange that indenture security;
- reduce the percentage in principal amount of outstanding indenture securities required to amend or waive compliance with certain provisions of the applicable Indenture or to waive certain defaults;
- reduce the requirements for voting or quorum described below; or
- modify any of the foregoing requirements or any of the provisions relating to waiving past defaults or compliance with certain restrictive provisions, except to increase the percentage of holders required to effect any such waiver or to provide that certain other provisions of the Indenture cannot be modified or waived without the consent of the holders of each indenture security affected thereby.

In addition, under the Subordinated Indenture, no modification or amendment thereof may, without the consent of the holder of each outstanding subordinated indenture security affected thereby, modify any of the provisions of that Indenture relating to the subordination of the subordinated indenture securities in a manner adverse to the holders and no such modification or amendment may adversely affect the rights of any holder of senior indebtedness described under the caption "— Subordinated Debt Indenture Provisions" without the consent of that holder of senior indebtedness.

The holders of a majority in aggregate principal amount of outstanding indenture securities have the right to waive our compliance with certain covenants in the applicable Indenture.

Modification and amendment of each Indenture may be made by the Trustee and us, without the consent of any holder, for any of the following purposes:

- to evidence the succession of another person to us as obligor under such Indenture;
- to add to our covenants for the benefit of the holders of all or any series of indenture securities issued under the Indenture or to surrender any right or power conferred upon us by the Indenture;

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- to add events of default for the benefit of the holders of all or any series of indenture securities;
- to add to or change any provisions of the Indenture to facilitate the issuance of, or to liberalize the terms of, bearer securities, or to permit or facilitate the issuance of indenture securities in uncertificated form, provided that any such actions do not adversely affect the holders of the indenture securities or any related coupons;
- to change or eliminate any provisions of the Indenture, as long as that change or elimination will become effective only when there are no indenture securities outstanding entitled to the benefit of those provisions;
- to secure the indenture securities under the applicable Indenture pursuant to any requirements of the Indenture, or otherwise;
- to establish the form or terms of indenture securities of any series and any related coupons;
- to evidence and provide for the acceptance of appointment by a successor Trustee or facilitate the administration of the trusts under the Indenture by more than one Trustee;
- to cure any ambiguity, defect or inconsistency in the Indenture, provided that such action does not adversely affect the interests of holders of indenture securities of a series issued thereunder or any related coupons in any material respect; or
- to supplement any of the provisions of the Indenture to the extent necessary to permit or facilitate defeasance and discharge of any series of indenture securities thereunder, provided that the action does not adversely affect the interests of the holders of any indenture securities and any related coupons in any material respect.

In determining whether the holders of the requisite principal amount of outstanding indenture securities have given any request, demand, authorization, direction, notice, consent or waiver under the applicable Indenture or whether a quorum is present at a meeting of holders of indenture securities thereunder,

- the principal amount of an original issue discount security that will be deemed to be outstanding will be the amount of the principal thereof that would be due and payable as of the date of such determination upon acceleration of the maturity thereof,
- the principal amount of an indexed security that may be counted in making such determination will be equal to the principal face amount of the indexed security at original issuance, unless otherwise provided with respect to the indexed security pursuant to the Indenture and
- indenture securities owned by us or any other obligor upon the indenture securities or any affiliate of ours or of any other obligor shall be disregarded.

In determining whether the holders of the requisite principal amount of outstanding indenture securities have given any request, demand, authorization, direction, notice, consent or waiver under the applicable Indenture or whether a quorum is present at a meeting of holders of indenture securities thereunder,

- the principal amount of an original issue discount security that will be deemed to be outstanding will be the amount of the principal thereof that would be due and payable as of the date of such determination upon acceleration of the maturity thereof,
- the principal amount of an indexed security that may be counted in making such determination will be equal to the principal face amount of the indexed security at original issuance, unless otherwise provided with respect to the indexed security pursuant to the Indenture and
- indenture securities owned by us or any other obligor upon the indenture securities or any affiliate of ours or of any other obligor shall be disregarded.

Each Indenture contains provisions for convening meetings of the holders of indenture securities of a series if indenture securities of that series are issuable as bearer securities. A meeting may be called at any time by the Trustee, and also, upon request, by us or the holders of at least 10% in principal amount of the outstanding indenture securities of that series, in any such case upon notice given as provided in the applicable Indenture. Except for any consent that must be given by the holder of each indenture security affected thereby, as described above, any resolution presented at a meeting at which a quorum is present may be adopted by the affirmative vote of the holders of a majority in principal amount of the outstanding indenture securities of that series; except that any resolution with respect to any action that may be made, given or taken by the holders of a specified percentage which is less than a majority in principal amount of the outstanding indenture securities of a series may be adopted at a meeting at which a quorum is present by the affirmative vote of the holders of that specified percentage in principal amount of the outstanding indenture securities of that series. Any resolution passed or decision taken at any meeting of holders of indenture securities of a series held in accordance with the applicable Indenture will be binding on all holders of indenture securities of that series and any related coupons whether or not present or represented at the meeting. The quorum at any meeting called to adopt a resolution will be persons holding or representing a majority in principal amount of the outstanding indenture securities of a series; except that, if any action is to be taken at the meeting with respect to a consent or waiver which may be given by the holders of not less than a specified percentage in principal amount of the outstanding indenture

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securities of a series, the persons holding or representing that specified percentage in principal amount of the outstanding indenture securities of that series will constitute a quorum.

Satisfaction and Discharge, Full Defeasance and Covenant Defeasance

We may discharge certain of our obligations to holders of debt securities of a series that have not already been delivered to the applicable Trustee for cancellation and that either have become due and payable or are due and payable within one year (or scheduled for redemption within one year) by irrevocably depositing with the applicable Trustee, in trust, funds in an amount sufficient to make interest, principal and any other payments on the debt securities on their various due dates.

Each Indenture provides that, if the series of debt securities provides for it, we may elect either to defease and be discharged from any and all obligations with respect to such debt securities and any related coupons, with certain limited exceptions (this is called "full defeasance") or to be released from our obligations under any specified covenant with respect to those debt securities and any related coupons, and any omission to comply with those obligations shall not constitute a default or an event of default with respect to those debt securities and any related coupons (this is called "covenant defeasance").

In order to effect full defeasance or covenant defeasance, we must deposit for the benefit of all holders of the debt securities of the particular series a combination of cash and/or U.S. government securities or U.S. government agency notes or bonds that will generate enough cash to make interest, principal and other payments on the debt securities on their various due dates.

A trust may only be established if, among other things, we have delivered to the Trustee a legal opinion stating that the holders of the debt securities and any related coupons will not recognize income, gain or loss for United States federal income tax purposes as a result of the full defeasance or covenant defeasance and will be subject to United States federal income tax on the same amounts, in the same manner and at the same times as would have been the case if the full defeasance or covenant defeasance had not occurred, and the legal opinion, in the case of full defeasance, must refer to and be based upon a ruling of the Internal Revenue Service or a change in applicable United States federal income tax law occurring after the date of the applicable Indenture.

In the event we effect covenant defeasance with respect to any debt securities and any related coupons and those debt securities and coupons are declared due and payable because of the occurrence of certain events of default with respect to any covenant as to which there has been covenant defeasance, the amount of funds on deposit with the Trustee will be sufficient to pay amounts due on those debt securities and coupons at the time of their stated maturity date but may not be sufficient to pay amounts due on those debt securities and coupons at the time of the acceleration resulting from the event of default. In such case, we would remain liable to make payment of those amounts due at the time of acceleration.

The prospectus supplement may further describe the provisions, if any, permitting full defeasance or covenant defeasance, including any modifications to the provisions described above, with respect to the debt securities of or within a particular series and any related coupons.

Book-Entry Debt Securities

Debt securities of a series may be issued, in whole or in part, in global form that will be deposited with, or on behalf of, a depositary identified in the prospectus supplement. Global securities may be issued in either registered or bearer form and in either temporary or permanent form (a "global security"). Unless otherwise provided in the prospectus supplement, debt securities that are represented by a global security will be issued in denominations of $1,000 and any integral multiple thereof, and will be issued in registered form only, without coupons. Payments of principal of (and premium, if any) and interest, if any, on debt securities represented by a global security will be made by us to the applicable Trustee and then by the applicable Trustee to the depositary.

We anticipate that any global securities will be deposited with, or on behalf of, The Depository Trust Company ("DTC"), New York, New York, that global securities will be registered in the name of DTC's nominee, and that the following provisions will apply to the depositary arrangements with respect to any global securities. Additional or differing terms of the depositary arrangements will be described in the prospectus supplement.

So long as DTC or its nominee is the registered owner of a global security, DTC or its nominee, as the case may be, will be considered the sole holder of the debt securities represented by such global security for all

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purposes under the applicable Indenture. Except as provided below, owners of beneficial interests in a global security will not be entitled to have debt securities represented by the global security registered in their names, will not receive or be entitled to receive physical delivery of debt securities in certificated form and will not be considered the owners or holders thereof under the applicable Indenture. The laws of some states require that certain purchasers of securities take physical delivery of such securities in certificated form; those laws may limit the transferability of beneficial interests in a global security.

If:

- DTC is at any time unwilling, unable or ineligible to continue as depositary and a successor depositary is not appointed by us within 90 days following notice to us;
- we determine, in our sole discretion, not to have any debt securities represented by one or more global securities; or
- an event of default under the applicable Indenture has occurred and is continuing,

then we will issue individual debt securities in certificated form in exchange for the relevant global securities. In any such instance, an owner of a beneficial interest in a global security will be entitled to physical delivery of individual debt securities in certificated form of like tenor and rank, equal in principal amount to such beneficial interest and to have such debt securities in certificated form registered in its name. Unless otherwise provided in the prospectus supplement, debt securities so issued in certificated form will be issued in denominations of $1,000 or any integral multiple thereof and will be issued in registered form only, without coupons.

The following is based on information furnished by DTC and applies to the extent that it is the depositary, unless otherwise provided in the prospectus supplement:

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities that its participants deposit with it. DTC also facilitates the post-trade settlement among its participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges in its participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct participants of DTC include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation. The Depository Trust & Clearing Corporation is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. The Depository Trust & Clearing Corporation is owned by the users of its regulated subsidiaries. Access to DTC’s system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly. DTC rules applicable to its participants are on file with the SEC.

Except as otherwise provided in this prospectus or a prospectus supplement, purchases of debt securities under DTC’s system must be made by or through direct participants, which will receive a credit for those debt securities on DTC’s records. The beneficial ownership interest of each actual purchaser of each debt security represented by a global security (“beneficial owner”) is in turn to be recorded on the records of the direct and indirect participants’ records. Beneficial owners will not receive written confirmation from DTC of their purchase. Beneficial owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the direct or indirect participants through which the beneficial owner entered into the transaction. Transfers of ownership interests in a global security representing debt securities are to be accomplished by entries made on the books of direct and indirect participants acting on behalf of beneficial owners. Beneficial owners of a global security representing debt securities will not receive certificates representing their ownership interests in a global security, except in the event that use of the book-entry system for those debt securities is discontinued.

To facilitate subsequent transfers, all global securities representing debt securities deposited by direct participants with DTC are registered in the name of DTC’s nominee, Cede & Co. (“Cede”), or such other name

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as may be requested by an authorized representative of DTC. The deposit of global securities with DTC and their registration in the name of Cede or such other nominee of DTC do not effect any change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the global securities representing the debt securities; DTC's records reflect only the identity of the direct participants to whose accounts such debt securities are credited, which may or may not be the beneficial owners. The direct and indirect participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants, and by direct participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

If applicable, redemption notices will be sent to Cede. If less than all of the debt securities within a series are being redeemed, DTC's practice is to determine by lot the amount of the interest of each direct participant in that issue to be redeemed.

Neither DTC nor Cede (nor any other nominee of DTC) will consent or vote with respect to the global securities representing debt securities unless authorized by a direct participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an omnibus proxy to us as soon as possible after the applicable record date. The omnibus proxy assigns Cede's consenting or voting rights to those direct participants to whose accounts book-entry securities are credited on the applicable record date (identified in a listing attached to the omnibus proxy).

Redemption proceeds, distributions and dividend payments on the global securities representing the debt securities will be made to Cede, or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit direct participants' accounts, upon DTC's receipt of funds and corresponding detailed information from us or the applicable Trustee, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such participant and not of DTC, the applicable Trustee or us, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments to Cede (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of us or the applicable Trustee, disbursement of such payments to direct participants will be the responsibility of DTC, and disbursement of such payments to the beneficial owners will be the responsibility of direct and indirect participants.

A beneficial owner will give notice of any option to elect to have its debt securities purchased or tendered, through its participant, to the applicable Trustee, and will effect delivery of such debt securities by causing the direct participant to transfer the participant's interest in the global security representing those debt securities, on DTC's records, to such Trustee. The requirement for physical delivery of debt securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the global security representing those debt securities are transferred by direct participants on DTC's records and followed by a book-entry credit of tendered debt securities to the applicable Trustee's account with DTC.

DTC may discontinue providing its services as depositary with respect to debt securities at any time by giving reasonable notice to us or the applicable Trustee. Under those circumstances, in the event that a successor depositary is not obtained, certificates are required to be printed and delivered.

We may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that we believe to be reliable, but we take no responsibility for the accuracy thereof.

Unless stated otherwise in the prospectus supplement, the underwriters or agents with respect to a series of debt securities issued as global securities will be direct participants in DTC.

None of any underwriter or agent, the Trustees, any applicable paying agent or us will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial interests in a global security, or for maintaining, supervising or reviewing any records relating to such beneficial interests.

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Resignation of Trustee

Each Trustee may resign or be removed with respect to one or more series of indenture securities and a successor Trustee may be appointed to act with respect to the series. In the event that two or more persons are acting as Trustee with respect to different series of indenture securities under one of the Indentures, each such Trustee shall be a Trustee of a trust thereunder separate and apart from the trust administered by any other Trustee, and any action described herein to be taken by the Trustee may then be taken by each Trustee with respect to, and only with respect to, the one or more series of indenture securities for which it is Trustee.

Subordinated Debt Indenture Provisions

Upon any distribution of our assets upon any dissolution, winding up, liquidation or reorganization, the payment of the principal of and premium and interest, if any, on subordinated debt securities is to be subordinated to the extent provided in the Subordinated Debt Indenture in right of payment to the prior payment in full of all Senior Indebtedness, but our obligation to make payment of the principal of and premium and interest, if any, on the subordinated debt securities will not otherwise be affected. In addition, no payment on account of the principal of or premium or interest, if any, on the subordinated debt securities may be made at any time unless full payment of all amounts due in respect of the principal of and premium and interest, if any, on Senior Indebtedness has been made or duly provided for in money.

In the event that, notwithstanding the foregoing, any payment by us is received by the Subordinated Trustee or the holders of any of the subordinated debt securities before all Senior Indebtedness is paid in full, the payment or distribution shall be paid over to the holders of the Senior Indebtedness or on their behalf for application to the payment of all the Senior Indebtedness remaining unpaid until all the Senior Indebtedness has been paid in full, after giving effect to any concurrent payment or distribution to the holders of the Senior Indebtedness. Subject to the payment in full of all Senior Indebtedness upon this distribution, the holders of the subordinated debt securities will be subrogated to the rights of the holders of the Senior Indebtedness to the extent of payments made to the holders of the Senior Indebtedness out of the distributive share of the subordinated debt securities.

By reason of the subordination, in the event of a distribution of assets upon insolvency, certain of our general creditors may recover more, ratably, than holders of the subordinated securities. The Subordinated Indenture provides that the subordination provisions thereof will not apply to money and securities held in trust pursuant to the defeasance provisions of the Subordinated Indenture.

If this prospectus is being delivered in connection with a series of subordinated debt securities, the accompanying prospectus supplement or the information incorporated by reference therein will set forth the definition of Senior Indebtedness and the approximate amount of Senior Indebtedness outstanding as of a recent date.

Governing Law

The Indentures and the debt securities will be governed by, and construed in accordance with, the laws of the State of New Jersey.

The Trustee under the Senior Debt Indenture and the Subordinated Debt Indenture

U.S. Bank National Association, the Trustee under our Senior Debt Indenture dated as of November 1, 1998 with respect to our senior debt securities, will also be trustee under the Subordinated Debt Indenture to be entered into with respect to our subordinated debt securities. In the event that the Trustee's position as trustee under the Senior Debt Indenture and the Subordinated Debt Indenture creates a conflict for the Trustee, under certain circumstances, the Trustee will resign as trustee under either the Senior Debt Indenture or the Subordinated Debt Indenture.

U.S. Bank National Association is trustee under various indentures relating to our subsidiaries and affiliates. Our subsidiaries, our affiliates and we maintain other normal banking relationships, including credit facilities and lines of credit, with U.S. Bank National Association.

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DESCRIPTION OF THE CAPITAL STOCK

The following description summarizes the material terms of our capital stock. Because this section is a summary, it does not describe every aspect of our capital stock. For additional information, you should refer to the applicable provisions of the New Jersey Business Corporation Act and our Certificate of Incorporation, as amended (the "Charter"), and By-Laws, as amended. Our Charter and By-Laws are exhibits to the registration statement of which this prospectus is a part.

In this section, references to "we," "our," and "us" refer to Public Service Enterprise Group Incorporated without its consolidated subsidiaries.

Authorized Capital

Our authorized capital stock consists of 1,000,000,000 shares of common stock, without par value, and 50,000,000 shares of preferred stock, without par value.

Common Stock

General. The outstanding shares of our common stock are, and any shares of common stock offered by a future prospectus supplement when issued and paid for will be, fully paid and non-assessable.

Dividend Rights. Holders of our common stock are entitled to such dividends as may be declared from time to time by our board of directors from legally available funds after payment of all amounts owed on any preferred stock that may be outstanding.

Voting Rights. Holders of our common stock are entitled to one vote for each share held by them on all matters presented to shareholders.

Liquidation Rights. After satisfaction of our creditors and the preferential liquidation rights of any preferred stock, the holders of our common stock are entitled to share, ratably, in the distribution of all remaining net assets.

Redemption Rights. The shares of our common stock are not subject to redemption or to any further calls or assessments and are not entitled to the benefit of any sinking fund provisions.

Transfer Agents and Registrars

The transfer agent and registrar for our common stock is Wells Fargo Shareowner Services, a division of Wells Fargo Bank, N.A.

Preferred Stock

Our board of directors is authorized, without further shareholder action, to divide the preferred stock into one or more classes or series and to determine the designations, preferences, limitations and special rights of any class or series including, but not limited to, the following:

- the rate (or manner of calculation of the rate) of dividends, if any, payable and whether such dividends are payable on a cumulative basis, and the frequency of any such payments;
- the rights, if any, of the holders of shares of the series upon our voluntary or involuntary liquidation, dissolution or winding-up;
- the terms and conditions upon which shares may be converted into shares of other series or other capital stock, if issued with the privilege of conversion;
- the price at and the terms and conditions upon which shares may be redeemed; and
- the voting rights, if any.

As of the date of this prospectus, no shares of preferred stock are outstanding.

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DESCRIPTION OF THE STOCK PURCHASE CONTRACTS AND STOCK PURCHASE UNITS

We may issue stock purchase contracts representing contracts obligating holders to purchase from us, and us to sell to the holders, a specified number of shares of our common stock (or a range of numbers of shares pursuant to a predetermined formula) at a future date or dates. The price per share of our common stock and number of shares of our common stock may be fixed at the time the stock purchase contracts are issued or may be determined by reference to a specific formula set forth in the stock purchase contracts.

In this section, references to "we," "our," and "us" refer to Public Service Enterprise Group Incorporated without its consolidated subsidiaries.

The stock purchase contracts may be issued separately or as a part of units, known as stock purchase units, consisting of a stock purchase contract and our debt securities or debt obligations of third parties (including United States Treasury securities), that would secure the holders' obligations to purchase our common stock under the stock purchase contracts. The stock purchase contracts may require us to make periodic payments to the holders of the stock purchase units or vice-versa. These payments may be unsecured or prefunded on some basis.

The applicable prospectus supplement will describe the terms of any stock purchase contracts or stock purchase units and, if applicable, debt securities and will contain a discussion of the material United States federal income tax considerations applicable to the stock purchase contracts and stock purchase units. The description in the applicable prospectus supplement will not contain all of the information you may find useful, and reference will be made to the stock purchase contracts, and, if applicable, the debt securities securing the holders' obligations thereunder and the related collateral or depositary arrangements relating to the stock purchase contracts or stock purchase units.

PLAN OF DISTRIBUTION

We may sell the securities directly to purchasers or indirectly through underwriters, dealers or agents. The names of any such underwriters, dealers or agents will be set forth in the relevant prospectus supplement. We will also set forth in the relevant prospectus supplement:

- the terms of the offering of the securities;
- the proceeds we will receive from the offering;
- any underwriting discounts and other items constituting underwriters' compensation; • any initial public offering price; • any discounts or concessions allowed or reallowed or paid to dealers; and • any securities exchanges on which we may list the securities.

We may distribute the securities from time to time in one or more transactions at:

- a fixed price;
- prices that may be changed;
- market prices at the time of sale;
- prices related to prevailing market prices; or
- negotiated prices.

We will describe the method of distribution in the relevant prospectus supplement.

If we use underwriters with respect to an offering of the securities, we will set forth in the relevant prospectus supplement:

- the name of the managing underwriter, if any;
- the names of any other underwriters; and

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- the terms of the transaction, including any underwriting discounts and other items constituting compensation of the underwriters and dealers, if any.

The underwriters will acquire any securities for their own accounts and they may resell the securities from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price and at varying prices determined at the time of sale.

Any initial public offering price and any discounts or concessions allowed or reallowed or paid to dealers may be changed from time to time. We anticipate that any underwriting agreement pertaining to any securities will:

- entitle the underwriters to indemnification by us against certain civil liabilities, including liabilities under the Securities Act, or to contribution with respect to payments that the underwriters may be required to make related to any such civil liability;

- subject the obligations of the underwriters to certain conditions precedent; and

- obligate the underwriters to purchase all securities offered in a particular offering if any such securities are purchased.

If we use a dealer in an offering of the securities, we will sell such securities to the dealer, as principal. The dealer may then resell the securities to the public at varying prices to be determined by such dealer at the time of resale. We will set forth the name of the dealer and the terms of the transaction in the prospectus supplement.

If we use an agent in an offering of the securities, we will name the agent and describe the terms of the agency in the relevant prospectus supplement. Unless we indicate otherwise in the prospectus supplement, we will require an agent to act on a best efforts basis for the period of its appointment.

We may enter into derivative transactions with third parties, or sell securities not covered by this prospectus to third parties in privately negotiated transactions. If the applicable prospectus supplement indicates, in connection with those derivatives, the third parties may sell securities covered by this prospectus and the applicable prospectus supplement, including in short sale transactions. If so, the third party may use securities pledged by us or borrowed from us or others to settle those sales or to close out any related open borrowings of stock, and may use securities received from us in settlement of those derivatives to close out any related open borrowings of stock. The third party in such sale transactions will be an underwriter and, if not identified in this prospectus, will be identified in the applicable prospectus supplement.

Dealers and agents named in a prospectus supplement may be considered underwriters of the securities described in the prospectus supplement under the Securities Act. We may indemnify them against certain civil liabilities under the Securities Act.

If underwriters are used in the sale, to facilitate the offering of securities, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of such securities. Specifically, the underwriters may over-allot in connection with the offering, creating a short position in such securities for their own accounts. In addition, to cover over-allotments or to stabilize the price of such securities, the underwriters may bid for, and purchase, such securities in the open market. Finally, in any offering of securities through a syndicate of underwriters, the underwriting syndicate may reclaim selling concessions allowed to an underwriter or a dealer for distributing such securities in the offering, if the syndicate repurchases previously distributed securities in transactions to cover syndicate short positions, in stabilization transactions or otherwise. Any of these activities may stabilize or maintain the market price of such securities above independent market levels. The underwriters are not required to engage in these activities, and may end any of these activities at any time.

In the ordinary course of business, we may engage in transactions with underwriters, dealers, agents and their affiliates and they may perform services for us.

We may solicit offers to purchase the securities and make sales directly to institutional investors or others who may be considered underwriters under the Securities Act with respect to such sales. We will describe the terms of any such offer in the relevant prospectus supplement. We may also sell the securities through competitive bidding procedures described in the relevant prospectus supplement.

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If we authorize underwriters or other agents to solicit offers to purchase the securities from institutional investors pursuant to contracts providing for payment and delivery at a future date, we will indicate that we are doing so in the relevant prospectus supplement.

Each series of securities will be a new issue and, except for the common stock, which is listed on the New York Stock Exchange, will have no established trading market. We may elect to list any series of new securities on an exchange, or in the case of the common stock, on any additional exchange, but unless we advise you differently in the prospectus supplement, we have no obligation to cause any securities to be so listed. Any underwriters that purchase securities for public offering and sale may make a market in the securities, but such underwriters will not be obligated to do so and may discontinue any market making at any time without notice. We make no assurance as to the liquidity of, or the development or maintenance of, any trading markets for any securities.

We will estimate our expenses associated with any offering of the securities in the relevant prospectus supplement.

LEGAL MATTERS

Unless otherwise specified in a prospectus supplement accompanying this prospectus, the validity of the securities will be passed upon for us by Tamara L. Linde, Esquire, our Executive Vice President and General Counsel, or Shawn P. Leyden, Esquire, Vice President and Deputy General Counsel of our affiliate, PSEG Services Corporation, and for any underwriters, dealers or agents by Sidley Austin LLP, New York, New York, who may rely on the opinion of Ms. Linde or Mr. Leyden as to matters of New Jersey law. Ms. Linde and Mr. Leyden each beneficially owns or has rights to acquire an aggregate of less than 0.01% of PSEG's common stock. Sidley Austin LLP has from time to time represented and continues to represent us and our affiliates in connection with certain unrelated legal matters.

EXPERTS

The consolidated financial statements, and the related consolidated financial statement schedule, incorporated in this prospectus by reference from PSEG's Annual Report on Form 10-K for the year ended December 31, 2016, and the effectiveness of our internal control over financial reporting have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports, which are incorporated herein by reference. Such consolidated financial statements and consolidated financial statement schedule have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

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PROSPECTUS

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED

2,500,000 shares of Common Stock without Par Value

Enterprise Direct[SM] Plan
(Dividend Reinvestment and Stock Purchase Plan)

We hereby offer participation in the Enterprise Direct Plan ("Enterprise Direct" or "Plan"). Enterprise Direct is a direct stock purchase plan designed to promote long-term ownership among investors in our common stock, without par value ("Common Stock").

Under Enterprise Direct:

- Shareholders who own shares of Common Stock or any series of preferred stock of our subsidiary, Public Service Electric and Gas Company ("PSE&G") ("Preferred Stock"), directly in their name may enroll.
- Non-shareholders may enroll in the Plan by making an initial investment ("Initial Investment") of at least $250. An enrollment fee ("Enrollment Fee") will be deducted from the Initial Investment.
- All or a portion of dividends from Common Stock or Preferred Stock may automatically be reinvested in additional shares of Common Stock.
- Once enrolled, Participants may make additional investments ("Voluntary Contributions") of $50 or more. The maximum annual investment (including the Initial Investment and Voluntary Contributions, but excluding reinvested dividends and shares deposited with Enterprise Direct for safekeeping only) is $125,000.
- Shareholders who hold Common Stock certificates may deposit them with the Administrator for safekeeping, whether or not they reinvest their dividends.
- No trading fees will be charged for purchases or reinvestments through the Plan. Participants will be required to pay certain fees in connection with the Plan. See "Service Fees".
- Any shareholders enrolled or deemed to be enrolled ("Participants") may sell shares of Common Stock credited to their accounts through Enterprise Direct. Trading fees, related service charges and any applicable taxes will be deducted from the proceeds of such sales.
- Participants may have any non-reinvested dividends on shares of Common Stock held in their Enterprise Direct accounts paid by direct deposit.

Shares of Common Stock will be purchased under the Plan, at our option, from newly issued shares, shares held in our treasury or shares purchased on the open market by a broker registered under the Securities Exchange Act of 1934 ("Exchange Act") who may be affiliated with the Plan's Administrator, which is acting as an "agent independent" of us and our affiliates, as that term is defined in rules and regulations under the Exchange Act ("Independent Agent"). All sales of Common Stock under the Plan will be made by an affiliated broker of the Independent Agent.

The PSEG common stock is not insured by the FDIC or any other government agency, are not deposits or other obligations of, and are not guaranteed by, Wells Fargo Shareowners Services or PSEG, and are subject to investment risks, including possible loss of principal amount invested. Common stock held in the Plan are not subject to protection under the Securities Investor Protection Act of 1970. The Common Stock is listed on the New York Stock Exchange under the ticker symbol "PEG." The closing price of the Common Stock on November 15, 2017 was $51.31.

We have appointed Wells Fargo Shareowner Services, a division of Wells Fargo Bank, N.A., as the Administrator of the Plan.

Investing in the Common Stock involves risks. You should carefully consider the information in the section entitled "Risk Factors" on page 4 of this prospectus, as well as the risk factors contained in our most recently filed Annual Report on Form 10-K and our other periodic reports filed with the Securities and Exchange Commission and incorporated by reference into this prospectus before you invest in the Common Stock.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is November 17, 2017.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission (the "SEC") using a "shelf" registration process. Under this shelf process, we may, from time to time, sell the securities described in this prospectus or combinations thereof in one or more offerings. You should read both this prospectus together with additional information described under "Where You Can Find More Information."

In this prospectus, unless the context indicates otherwise, the words and terms "PSEG," "we," "our," "ours" and "us" refer to Public Service Enterprise Group Incorporated and its consolidated subsidiaries.

We believe that we have included or incorporated by reference all information material to investors in this prospectus, but certain details that may be important for specific investment purposes have not been included. For more detailed information about the securities, you should also review the exhibits to the registration statement, which were either filed with the registration statement or incorporated by reference to other SEC filings.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports and other information with the SEC. Our filings are available to the public over the Internet on the SEC's web site at http://www.sec.gov, as well as on our web site at http://www.pseg.com. None of the information contained at any time on our web site is incorporated by reference into this prospectus. You may read and copy any material on file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room.

You may also inspect these documents at the New York Stock Exchange, Inc. ("New York Stock Exchange"), where certain of our securities are listed.

The SEC allows us to "incorporate by reference" documents that we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference or deemed incorporated by reference is an important part of this prospectus, and information that we file later with the SEC will be deemed to automatically update and supersede this incorporated information. We incorporate by reference the documents listed below that have been filed with the SEC.

- Our Annual Report on Form 10-K for the year ended December 31, 2016;
- Our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2017, June 30, 2017 and September 30, 2017;
- Information in our Definitive Proxy Statement on Schedule 14A filed on March 14, 2017 that is incorporated by reference into our Annual Report on Form 10-K;
- Our Current Reports on Form 8-K filed on April 20, 2017, May 10, 2017, June 23, 2017 and November 6, 2017; and
- The description of Common Stock in our registration statement filed pursuant to Section 12 of the Exchange Act, and any amendment or report filed for the purpose of amending such description.

We also incorporate by reference any future filings made with the SEC under Section 13(a), 13(c), 14, or 15(d) of the Exchange Act on or after the date of this prospectus and prior to the termination of this offering of Common Stock, except for Current Reports on Form 8-K containing only disclosure furnished under Item 2.02 or 7.01 of Form 8-K, unless otherwise specifically stated in the Form 8-K.

You can get a free copy of any of the documents incorporated by reference in this prospectus by making an oral or written request directed to:

Vice President, Investor Relations
PSEG Services Corporation
80 Park Plaza, 4th Floor
Newark, NJ 07102
Telephone (973) 430-6565

You should rely only on the information contained or incorporated by reference or deemed to be incorporated by reference in this prospectus or in any prospectus supplement or documents to which we otherwise refer you. We have not authorized anyone else to provide you with different or additional information. You should not rely on any other information or representations. Our business, prospects, financial conditions and results of operations may change after this prospectus and the prospectus supplement are distributed to you. You should not assume that the information in this prospectus and any prospectus supplement is accurate as of any date other than the dates on the front of those documents. You should read all information supplementing this prospectus.

THIS PROSPECTUS CONTAINS THE TEXT OF ENTERPRISE DIRECT IN ITS ENTIRETY AND, THEREFORE, SHOULD BE RETAINED BY PARTICIPANTS FOR FUTURE REFERENCE.

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FORWARD-LOOKING STATEMENTS

This prospectus or other offering materials may contain or incorporate by reference statements about our and our subsidiaries' future performance, including, without limitation, future revenues, earnings, strategies, prospects, consequences and all other statements that are not purely historical that constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those anticipated. Such statements are based on management's beliefs as well as assumptions made by and information currently available to management. When used herein, the words "anticipate," "intend," "estimate," "believe," "expect," "plan," "should," "hypothetical," "potential," "forecast," "project," variations of such words and similar expressions are intended to identify forward-looking statements. Factors that may cause actual results to differ are often presented with the forward-looking statements themselves. Other factors that could cause actual results to differ materially from those contemplated in any forward-looking statements made by us herein are discussed in filings we make with the SEC, including our Annual Report on Form 10-K and subsequent reports on Form 10-Q and Form 8-K. These factors include, but are not limited to:

- fluctuations in wholesale power and natural gas markets, including the potential impacts on the economic viability of our generation units;
- our ability to obtain adequate fuel supply;
- any inability to manage our energy obligations with available supply;
- increases in competition in wholesale energy and capacity markets;
- changes in technology related to energy generation, distribution and consumption and customer usage patterns;
- economic downturns;
- third-party credit risk relating to our sale of generation output and purchase of fuel;
- adverse performance of our decommissioning and defined benefit plan trust fund investments and changes in funding requirements;
- changes in state and federal legislation and regulations;
- the impact of pending rate case proceedings;
- regulatory, financial, environmental, health and safety risks associated with our ownership and operation of nuclear facilities;
- adverse changes in energy industry laws, policies and regulations, including market structures and transmission planning;
- changes in federal and state environmental regulations and enforcement;
- delays in receipt of, or an inability to receive, necessary licenses and permits;
- adverse outcomes of any legal, regulatory or other proceeding, settlement, investigation or claim applicable to us and/or the energy industry;
- changes in tax laws and regulations;
- the impact of our holding company structure on our ability to meet our corporate funding needs, service debt and pay dividends;
- lack of growth or slower growth in the number of customers or changes in customer demand;
- any inability of PSEG Power LLC to meet its commitments under forward sale obligations;
- reliance on transmission facilities that we do not own or control and the impact on our ability to maintain adequate transmission capacity;
- any inability to successfully develop or construct generation, transmission and distribution projects;
- any equipment failures, accidents, severe weather events or other incidents that impact our ability to provide safe and reliable service to our customers;
- our inability to exercise control over the operations of generation facilities in which we do not maintain a controlling interest;

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- any inability to maintain sufficient liquidity;
- any inability to realize anticipated tax benefits or retain tax credits;
- challenges associated with recruitment and/or retention of key executives and a qualified workforce;
- the impact of our covenants in our debt instruments on our operations; and
- the impact of acts of terrorism, cybersecurity attacks or intrusions.

Additional information concerning these factors is set forth or referred to under "Risk Factors."

All of the forward-looking statements made in this prospectus and the other offering materials are qualified by these cautionary statements and we cannot assure you that the results or developments anticipated by management will be realized or even if realized, will have the expected consequences to, or effects on, us or our business, prospects, financial condition, results of operations or cash flows. Readers are cautioned not to place undue reliance on these forward-looking statements in making any investment decision. Forward-looking statements made in this prospectus or other offering materials apply only as of the date of this prospectus or such other offering materials. While we may elect to update forward-looking statements from time to time, we specifically disclaim any obligation to do so, even in light of new information or future events, unless otherwise required by applicable securities laws.

The forward-looking statements contained in this prospectus and the other offering materials are intended to qualify for the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended.

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED

We are an energy company with a diversified business mix. Our operations are located primarily in the Northeastern and Mid-Atlantic United States. Our business approach focuses on operational excellence, financial strength and disciplined investment. As a holding company, our profitability depends on our subsidiaries' operating results. We have two principal direct, wholly-owned subsidiaries:

- Public Service Electric and Gas Company ("PSE&G"), which is a public utility engaged principally in the transmission of electricity and distribution of electricity and natural gas in certain areas of New Jersey; and
- PSEG Power LLC ("Power"), which is a multi-regional energy supply company that integrates the operations of its merchant nuclear and fossil generating assets with its power marketing businesses through competitive energy sales in well-developed energy markets and fuel supply functions primarily in the Northeast and Mid-Atlantic United States.

Our other direct, wholly-owned subsidiaries are:

- PSEG Energy Holdings L.L.C. ("Energy Holdings"), which earns revenues primarily from its portfolio of lease investments;
- PSEG Long Island LLC ("PSEG LI"), which operates the Long Island Power Authority's electric transmission and distribution system under a contractual agreement; and
- PSEG Services Corporation ("Services"), which provides us and our operating subsidiaries with certain management, administrative and general services at cost.

PSEG is a New Jersey corporation with its principal offices located at 80 Park Plaza, Newark, New Jersey 07102. Its telephone number is (973) 430-7000.

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RISK FACTORS

In addition to the risk factors contained in our most recently filed Annual Report on Form 10-K and our other periodic reports filed with the SEC and incorporated by reference into this prospectus, as well as those risk factors that may be included in the applicable prospectus supplement or any applicable free writing prospectus, prospective investors should carefully consider the risks described below before making a decision to invest in the securities. Such factors could have a material adverse effect on our business, prospects, financial condition, results of operations or cash flows and on the trading price of our securities. Such factors could affect actual results and cause our results to differ materially from those expressed in any forward-looking statements made by, or on behalf of, us. See "Forward-Looking Statements."

Because PSEG is a Holding Company, its Ability to Service its Debt Could be Limited

PSEG is a holding company with no material assets other than the stock or membership interests of its subsidiaries. Accordingly, all of PSEG's operations are conducted by its subsidiaries which are separate and distinct legal entities that have no obligation, contingent or otherwise, to pay the debt of PSEG or to make any funds available to PSEG to pay such debt or satisfy its other corporate funding needs. As a result, PSEG's debt will effectively be subordinated to all existing and future preferred equity and liabilities of its subsidiaries, including holders of their debt, trade creditors, secured creditors, taxing authorities and guarantee holders, and PSEG's rights and hence the rights of PSEG's creditors to participate in any distribution of assets of any subsidiary upon its liquidation or reorganization or otherwise would be subject to the prior claims of that subsidiary's creditors and preferred equity holders, except to the extent that PSEG's claims as a creditor of such subsidiary may be recognized.

PSEG depends on its subsidiaries' cash flows and access to capital in order to service its indebtedness and satisfy its other corporate funding needs. The debt agreements of subsidiaries generally restrict their ability to pay dividends, make cash distributions or otherwise transfer funds to PSEG. These restrictions may include achieving and maintaining financial performance or debt coverage ratios, absence of events of default, or priority in payment of other current or prospective obligations. PSEG's subsidiaries' ability to pay dividends, make cash distributions or otherwise transfer funds to PSEG may also be limited or restricted by regulatory considerations or applicable law.

PSEG's subsidiaries have financed and may in the future finance some investments using non-recourse project level financing. Each non-recourse project level financing is structured to be repaid out of cash flows provided by the investment. In the event of a default under a financing agreement which is not cured, the lenders would generally have rights to the related assets. In the event of foreclosure after a default, PSEG's subsidiary may lose its equity in the asset or may not be entitled to any cash that the asset may generate. Although a default under a project financing agreement is not expected to cause a default with respect to PSEG's debt, other debt of the applicable subsidiary, if any, or debt of PSEG's other subsidiaries, it may materially affect PSEG's ability to service its outstanding indebtedness and satisfy its other corporate funding needs.

We can give no assurances that our current and future capital structure, operating performance or financial condition will permit us to access the capital markets or to obtain other financing at the times, in the amounts and on the terms necessary or advisable for us to successfully carry out our business strategy or to service our indebtedness and satisfy our other corporate funding needs.

DESCRIPTION OF THE COMMON STOCK

The following description summarizes the material terms of our Common Stock. Because this section is a summary, it does not describe every aspect of our Common Stock. For additional information, you should refer to the applicable provisions of the New Jersey Business Corporation Act and our Certificate of Incorporation, as amended (the "Charter"), and By-Laws, as amended. Our Charter and By-Laws are exhibits to the registration statement of which this prospectus is a part.

In this section, references to "we," "our," and "us" refer to Public Service Enterprise Group Incorporated without its consolidated subsidiaries.

Authorized Capital Stock

Our authorized capital stock consists of 1,000,000,000 shares of Common Stock, without par value, and 50,000,000 shares of preferred stock, without par value.

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Common Stock

General. As of November 15, 2017, 505,778,076 shares of our Common Stock were issued and outstanding. The outstanding shares of our Common Stock are, and any shares of Common Stock offered hereby when issued and paid for will be, fully paid and non-assessable.

Dividend Rights. Holders of our Common Stock are entitled to such dividends as may be declared from time to time by our board of directors from legally available funds after payment of all amounts owed on any preferred stock that may be outstanding.

Voting Rights. Holders of our Common Stock are entitled to one vote for each share held by them on all matters presented to shareholders.

Liquidation Rights. After satisfaction of our creditors and the preferential liquidation rights of any preferred stock, the holders of our Common Stock are entitled to share, ratably, in the distribution of all remaining net assets.

Redemption Rights. The shares of our Common Stock are not subject to redemption or to any further calls or assessments and are not entitled to the benefit of any sinking fund provisions.

Transfer Agent and Registrar

The transfer agent and registrar for our Common Stock is Wells Fargo Shareowner Services, a division of Wells Fargo Bank, N.A.

THE ENTERPRISE DIRECT PLAN

The following constitutes the full text of Enterprise Direct:

Purpose

Enterprise Direct is a direct stock purchase plan designed to promote long-term ownership among investors in our Common Stock. Participants may purchase shares of Common Stock and reinvest all or a portion of the dividends paid on Common Stock and/or Preferred Stock in shares of Common Stock, without the payment of any trading fees. To the extent, if any, that such shares are purchased directly from us, the Plan will provide us with additional equity capital.

Administration

Enterprise Direct is administered by the individual (who may be our employee or an employee of any of our subsidiaries), bank, trust company or other entity (including us or any of our subsidiaries) appointed from time to time by us to act as administrator of the Plan (the "Administrator").

The Administrator is responsible for administering the Plan, receiving all cash investments made by Participants, forwarding funds to be used to purchase Common Stock in the open market and sales instructions to the affiliated broker of the Independent Agent, holding shares of stock acquired under the Plan, maintaining records, sending statements of account to Participants and performing other duties related to the Plan. Under certain circumstances, the Administrator may be an Independent Agent.

We have appointed Wells Fargo Shareowner Services, a division of Wells Fargo Bank, N.A. as the Administrator of Enterprise Direct.

Inquiries

Participants may contact the Administrator at the following:

By Writing To:

Wells Fargo Shareowner Services
P.O. Box 64856
St. Paul, MN 55164-0856

Certified/Overnight Mail:
Wells Fargo Shareowner Services
1110 Centre Pointe Curve, Suite 101
Mendota Heights, MN 55120-4100

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By Telephone, Toll Free:

1-800-242-0813 between 8:00 a.m. and 8:00 p.m. Monday through Friday, Eastern Time

– International Calls:

1-651-450-4064

– For the hearing impaired:

Please call 1-800-242-0813 and utilize our relay service

By Website:

shareowneronline.com

To obtain information and perform certain transactions on your account online, including investments via automatic withdrawal, share withdrawals and sale of shares, you may use the Administrator's website at: **shareowneronline.com**.

To enroll in the Plan:

If you are an existing registered shareowner:

1. Go to **shareowneronline.com**

2. Select "Sign Up Now!"

3. Enter your Authentication ID* and Account Number

*If you do not have your Authentication ID, select "I do not have my Authentication ID". For security, this number is required for first time sign on.

If you are a new investor:

1. Go to **shareowneronline.com**

2. Under "Invest in a Plan", select "Direct Purchase Plan"

3. Select "PSEG"

4. Under "New Investors", select "Invest Now"

5. Follow instructions on the "Buy Shares" page

For optional cash investments, sales, transfers, deposits or withdrawals, mail the tear-off portion of your transaction advice or account statement to:

Wells Fargo Shareowner Services
P.O. Box 64856
St. Paul, MN 55164-0856

For certificate deposits, mail the tear-off portion of your transaction advice or account statement along with your certificates to:

Certified/Overnight Mail:
Wells Fargo Shareowner Services
1110 Center Pointe Curve, Suite 101
Mendota Heights, MN 55120-4100

Eligibility

Any person or entity is eligible to participate in Enterprise Direct provided that (i) such person or entity fulfills the requirements described below under "Enrollment Procedures" and (ii) in the case of foreign investors, participation is limited to shareholders whose participation would not violate local laws and regulations or subject the Plan, the Administrator or us to taxation by or in such jurisdictions.

Regulations in certain countries may limit or prohibit participation in this type of plan. Therefore, persons residing outside the U.S. who wish to participate in Enterprise Direct should first determine whether they are subject to any governmental regulations prohibiting their participation. Enterprise Direct is not offered to any person in any country where such participation is prohibited or where registration of us, the Administrator or the Common Stock would be required as a condition of such person's participation.

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Enrollment Procedures

Requests for copies of an Account Authorization Form (the "AAF") and this prospectus should be made to the Administrator at the addresses and telephone numbers listed in "Inquiries," above.

To enroll in the Plan:

If you are an existing registered shareowner:

1. Go to **shareowneronline.com**

2. Select "Sign Up Now!"

3. Enter your Authentication ID* and Account Number

*If you do not have your Authentication ID, select "I do not have my Authentication ID". For security, this number is required for first time sign on.

If you are a new investor:

1. Go to **shareowneronline.com**

2. Under "Invest in a Plan", select "Direct Purchase Plan"

3. Select "PSEG"

4. Under "New Investors", select "Invest Now"

5. Follow instructions on the "Buy Shares" page

"Street Name" Holders/Transfer of Shares From a Broker

Beneficial owners whose shares are registered in the name of a bank, a broker, a trustee or other agent may transfer these shares to an Enterprise Direct account by instructing their agent to register these shares directly in their name. Upon such registration, the shareholder may enroll in Enterprise Direct on-line or by returning a completed AAF to the Administrator.

Methods of Investment

A Participant's total investment cannot exceed $125,000 per calendar year and must be made in U.S. dollars. For the purpose of applying the annual limit, all investments during any calendar year (including the Initial Investment and all Voluntary Contributions, but excluding reinvested dividends and shares deposited with Enterprise Direct for safekeeping only) are aggregated. **No interest will be paid on amounts held by the Administrator pending investment.**

Direct Investment

Participants may make investments in Common Stock through Enterprise Direct of at least $250 for an Initial Investment and at least $50 per investment for any Voluntary Contributions (each, a "Direct Investment") by mailing a new AAF together with a check as directed on the form. **The check must be in U.S. dollars and drawn on a U.S. or Canadian financial institution. Do not send cash. Money orders, traveler's checks or third party checks will not be accepted.** Funds received by the Administrator at least one business day prior to an Investment Date (as defined in "Investment Dates," below) will be invested on such Investment Date. Any individual or entity may make Direct Investments on behalf of any Participant or eligible investor as a gift or award.

A Direct Investment received by the Administrator and not yet used to purchase Common Stock through the Plan will be returned to the Participant as soon as administratively possible if a written request is received by the Administrator at least two business days prior to the applicable Investment Date. However, no refund of a check will be made until the check has cleared. Accordingly, such refunds may be delayed up to three weeks. **No interest will be paid on a Direct Investment that is refunded to the Participant.** If any optional cash investment, including payment by check or automatic withdrawal, is returned for any reason, the Plan Administrator will remove from the participant's account any common stock purchased with such funds, and will sell these shares. The Plan Administrator may also sell additional common stock in the account to recover a returned funds fee for each optional cash investment returned unpaid for any reason and may sell additional shares as necessary to cover any market loss incurred by the Plan Administrator.

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Automatic Investments

Participants may make Voluntary Contributions through automatic withdrawals of at least $50 from a predesignated account with a U.S. Financial institution ("Automatic Investments"). To initiate Automatic Investments, Participants may enroll on-line or complete and return the Automatic Cash Withdrawal and Investment section of the AAF. Automatic Investments will be initiated as soon as administratively possible. Once initiated, funds will be drawn on the 25th day of each month, or if such date is not a business day, the deduction will be made on the preceding business day.

Dividends

A participant can elect to reinvest all or a portion of the dividends payable (if any) to purchase additional shares of Company common stock. The participant may also have the choice to receive the full dividend in a cash payment. The following describes the available options:

Full dividend reinvestment — All cash dividends payable on shares held in the Plan, along with any shares held in physical certificate form or through book-entry Direct Registration Shares (''DRS''), will be used to purchase additional shares. The participant will not receive cash dividends from Company; instead, all dividends will be reinvested. Whole and fractional shares will be allocated to the Plan account.

Partial dividend reinvestment by share amount — A participant may elect to reinvest a portion of the dividend and receive the remainder in cash. The partial elected to reinvestment will be applied to the total shares held in the Plan, along with any shares held in physical certificate form or held through book entry DRS. The cash portion of dividends will be sent by check unless the participant has elected to have those dividends deposited directly to a designated bank account.

Partial cash dividend by share amount — A participant may elect to be paid cash for a portion of the dividend and reinvest the remainder. The partial elected to be paid will be applied to the designated whole number of shares held in physical certificate form or held through book entry DRS. All shares held in the Plan will be reinvested. The cash portion of dividends will be sent by check unless the participant has elected to have those dividends deposited directly to a designated bank account.

Once a Participant elects reinvestment, dividends paid on the specific securities so designated will be reinvested in shares of Common Stock until a different AAF is received. An AAF must be received by the Administrator no later than the record date for the dividend that is to be paid to be effective with respect to that dividend. **The amount reinvested will be reduced by any amount which is required to be withheld under applicable tax law or other statutes.** See "Income Tax Information."

If a Participant does not elect to reinvest dividends, or elects partial reinvestment, that portion of the dividends not being reinvested will be sent to the Participant by check or, if the Participant has elected, by direct deposit. See "Direct Deposit of Dividends Not Reinvested." **The amount of any such dividends paid will be reduced by any amount which is required to be withheld under applicable tax law or other statutes.** See "Income Tax Information."

Investment Dates

Enterprise Direct's "Investment Dates" are as follows:

(a) For Direct Investments, (i) the 15th day of each calendar month and the last calendar day of the month, or, if such day is not a day on which the financial markets in New York City are open for business, the immediately preceding day on which they are open. **No interest will be paid on amounts held by the Administrator pending investment.**

(b) For Automatic Investments, the last calendar day of each month, or, if such day is not a day on which the financial markets in New York City are open for business, the immediately preceding day on which they are open.

(c) For dividends paid on Common Stock or Preferred Stock which are designated for investment through Enterprise Direct, on each respective dividend payment date.

Purchases of Common Stock

Common Stock will be purchased by the affiliated broker of the Independent Agent in the open market or directly from us, at our sole discretion. Shares purchased from us may be either newly issued shares or shares held in our treasury.

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We may not change our determination regarding the source of the shares (i.e., from us or in the open market) more than once in any 3-month period. At any time that shares of Common Stock are purchased in the open market for Participants, we will not exercise our right to change the source of purchases of Common Stock absent a determination by our board of directors or the finance committee of our board of directors that we have a need to increase equity capital or there is another compelling reason for such change.

Open market purchases by the affiliated broker of the Independent Agent may be made on any stock exchange in the United States where the Common Stock is traded, in the over-the-counter market, from Participants who are selling through the Plan or by negotiated transactions on such terms as the affiliated broker of the Independent Agent, in its sole discretion, may reasonably determine at the time of purchase. Any shares purchased by the affiliated broker of the Independent Agent from us will be made in accordance with applicable requirements. None of us, the Administrator (unless the Administrator is also the affiliated broker of the Independent Agent) nor any Participant shall have any authority or power to direct the time or price at which shares of Common Stock may be purchased. We will pay all trading fees, related service charges and any applicable taxes incurred by the affiliated broker of the Independent Agent in connection with the purchase of shares of Common Stock in the open market. For information concerning the potential income tax consequences to the Participant of open market purchases see "Income Tax Information."

For shares purchased in the open market, the affiliated broker of the Independent Agent may, at its sole discretion, purchase such shares at any time beginning on the Investment Date and ending on the business day before the next Investment Date. The number of shares (including any fraction of a share) of Common Stock credited to the account of a Participant for a particular Investment Date will be determined by dividing the total amount of dividends, Direct Investments and/or Automatic Investments to be invested for such Participant on such Investment Date by the weighted average price per share of such purchases made for all Participants for such Investment Date.

Purchases of shares of Common Stock from us, whether newly issued or treasury shares, will be made on the relevant Investment Date at the average of the high and low sales prices of the Common Stock reported on the New York Stock Exchange Composite Tape as published for the Investment Date. No trading fees will be incurred on shares acquired directly from us.

Under Enterprise Direct, a Participant does not have the ability to order the purchase of a specific number of shares, the purchase of shares at a specified price or a particular date of purchase, as may be done with purchases through a broker.

The affiliated broker of the Independent Agent may commingle each Participant's funds with those of other Participants for the purpose of executing purchase and sale transactions. Participants will not earn interest on funds held by the Plan Administrator. During the period that an optional cash investment is pending, the collected funds in the possession of the Plan Administrator may be invested in certain Permitted Investments. For purposes of this Plan, "Permitted Investments" shall mean the Plan Administrator may hold the funds uninvested or invested in select Wells Fargo deposit products. The risk of any loss from such Permitted Investments shall be the responsibility of the Plan Administrator. Investment income from such Permitted Investments shall be retained by the Plan Administrator.

Sales of Common Stock

Sales are usually made through an affiliated broker, who will receive brokerage commissions. Typically, the shares are sold through the exchange on which the common shares of PSEG are traded. Depending on the number of PSEG shares to be sold and current trading volume, sale transactions may be completed in multiple transactions and over the course of more than one day. All sales are subject to market conditions, system availability, restrictions and other factors. The actual sale date, time or price received for any shares sold through the Plan cannot be guaranteed.

Participants may instruct the Plan Administrator to sell shares under the Plan through a Batch Order, Market Order, Day Limit Order, Good-'Til-Date/Canceled Limit Order or Stop Order.

Batch Order (online, telephone, mail) — The Plan Administrator will combine each request to sell through the Plan with other Plan participant sale requests for a Batch Order. Shares are then periodically submitted in bulk to a broker for sale on the open market. Shares will be sold no later than five business days (except where deferral is necessary under state or federal regulations). Bulk sales may be executed in multiple transactions and over more than one day depending on the number of shares being sold and current trading volumes. Once entered, a Batch Order request cannot be canceled.

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Market Order (online or telephone) — The participant's request to sell shares in a Market Order will be at the prevailing market price when the trade is executed. If such an order is placed during market hours, the Plan Administrator will promptly submit the shares to a broker for sale on the open market. Once entered, a Market Order request cannot be canceled. Sales requests submitted near the close of the market may be executed on the next trading day, along with other requests received after market close.

Day Limit Order (online or telephone) — The participant's request to sell shares in a Day Limit Order will be promptly submitted by the Plan Administrator to a broker. The broker will execute as a Market Order when and if the stock reaches, or exceeds the specified price on the day the order was placed (for orders placed outside of market hours, the next trading day). The order is automatically canceled if the price is not met by the end of that trading day. Depending on the number of shares being sold and current trading volumes, the order may only be partially filled and the remainder of the order canceled. Once entered, a Day Limit Order request cannot be canceled by the participant.

Good-'Til-Date/Canceled (GTD/GTC) Limit Order (online or telephone) — A GTD/GTC Limit Order request will be promptly submitted by the Plan Administrator to a broker. The broker will execute as a Market Order when and if the stock reaches, or exceeds the specified price at any time while the order remains open (up to the date requested or 90 days for GTC). Depending on the number of shares being sold and current trading volumes, sales may be executed in multiple transactions and may be traded on more than one day. The order or any unexecuted portion will be automatically canceled if the price is not met by the end of the order period. The order may also be canceled by the applicable stock exchange or the participant.

Stop Order (online or telephone) — The Plan Administrator will promptly submit a participant's request to sell shares in a Stop Order to a broker. A sale will be executed when the stock reaches a specified price, at which time the Stop Order becomes a Market Order and the sale will be at the prevailing market price when the trade is executed. The price specified in the order must be below the current market price (generally used to limit a market loss).

Sales proceeds will be net of any fees to be paid by the participant. The Plan Administrator will deduct any fees or applicable tax withholding from the sale proceeds. Sales processed on accounts without a valid Form W-9 for U.S. citizens or Form W-8BEN for non-U.S. citizens will be subject to Federal Backup Withholding. This tax can be avoided by furnishing the appropriate and valid form prior to the sale. Forms are available online at **shareowneronline.com**.

A check for the proceeds of the sale of shares (in U.S. dollars), less applicable taxes and fees, will generally be mailed by first class mail as soon as administratively possible after settlement date. If a participant submits a request to sell all or part of the Plan shares, and the participant requests net proceeds to be automatically deposited to a checking or savings account, the participant must provide a voided blank check for a checking account or blank savings deposit slip for a savings account. If the participant is unable to provide a voided check or deposit slip, the participant's written request must have the participant's signature(s) medallion guaranteed by an eligible financial institution for direct deposit. Requests for automatic deposit of sale proceeds that do not provide the required documentation will not be processed and a check for the net proceeds will be issued.

A participant who wishes to sell shares currently held in certificate form may send them in for deposit to the Plan Administrator and then proceed with the sale. To sell shares through a broker of their choice, the participant may request the broker to transfer shares electronically from the Plan account to their brokerage account. Alternatively, a stock certificate can be requested that the participant can deliver to their broker.

PSEG's share price may fluctuate between the time the sale request is received and the time the sale is completed on the open market. The Plan Administrator shall not be liable for any claim arising out of failure to sell on a certain date or at a specific price. Neither the Bank nor any of its affiliates will provide any investment recommendations or investment advice with respect to transactions made through the Plan. This risk should be evaluated by the participant and is a risk that is borne solely by the participant.

The Insider Trading Policy provides that the participant may not trade in PSEG's common stock if in possession of material, non-public information about the company. Share sales by employees, Affiliates and Section 16 officers must be made in compliance with PSEG's Insider Trading Policy.

Changing Plan Options

Participants may change their Enterprise Direct options at any time on-line, by telephone or by delivering a new AAF or other instructions to that effect to the Administrator. Any such instructions must be **received** by the Administrator no later than the record date for the dividend that is to be paid to be effective for that dividend. In addition, for changes involving Automatic Investments, an AAF indicating such change must be **received** by the Administrator no later than 15 business days prior to the Investment Date upon which the change is to become effective.

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Withdrawal from Enterprise Direct

A participant may terminate participation in the Plan at any time by instruction to the Plan Administrator. Requests can be made either online, by telephone or through the mail. A participant requesting termination may elect to retain PSEG shares or to sell all or a portion of the shares in the account. If a participant chooses to retain the Plan shares, they will be converted and held in book-entry DRS. Any fractional shares will be sold and a check will be sent to the participant for the proceeds. If a participant chooses to sell the Plan shares, the Plan Administrator will sell such shares at the current market value and will send the proceeds to the participant, less fees and any applicable taxes. If no election is made in the request for termination, whole Plan shares will be converted to book entry DRS. Upon termination, any uninvested contributions will be returned to the participant. Any future dividends will be paid in cash, unless the participant rejoins the Plan.

If the participant's request to terminate their participation in the Plan is received on or after a dividend record date, but before the dividend payable date, the participant's termination will be processed as soon as administratively possible, and a separate dividend check will be mailed to the participant.

The Plan Administrator reserves the right to terminate participation in the Plan if a participant does not have at least one whole share in the Plan. Upon termination the participant may receive the cash proceeds from the sale of any fractional share, less any transaction fee and brokerage commission.

Safekeeping

A participant may elect to deposit physical Company common stock certificate(s) for safekeeping, by sending the certificate(s) to the Plan Administrator together with instructions to deposit the certificate(s). The certificate(s) will show as surrendered with the corresponding credit to Plan shares. The transaction will appear on the Plan account statement, and shares will be held by the Plan Administrator in its name or nominee name. These shares will be held until the participant sells, withdraws or terminates participation in the Plan. Because the participant bears the risk of loss in sending stock certificate(s), it is recommended that the participant sends them registered, insured for at least 3% of the current market value and request a return receipt.

Optional Mail Loss Insurance

The participant is advised that choosing registered, express or certified mail alone will not provide full protection, should the certificates become lost or stolen. Mail loss insurance provides the coverage needed to replace and reissue the shares should they become lost or stolen through the mail. As the Plan Administrator, we can provide low-cost loss insurance for certificates being returned for conversion to book-entry form. Replacement transaction fees may also apply.

To take advantage of the optional mail loss insurance, simply include a check in the amount of $10.00, made payable to 'WFSS Surety Program', along with the certificates and instructions. Choose an accountable mail delivery service such as Federal Express, United Parcel Service, DHL, Express Mail, Purolator, TNT, or United States Postal Service Registered Mail. Any one shipping package may not contain certificates exceeding a total value of $100,000. The value of certificate shares is based on the closing market price of the common stock on the trading day prior to the documented mail date.

Claims related to lost certificates under this service must be made within 60 days of the documented delivery service mail date. A copy of the certificate(s) mailed, along with proof that it was sent by trackable mail should be submitted with the claim. This is specific coverage for the purpose of converting shares to book-entry form and the surety is not intended to cover certificates being tendered for certificate breakdown or exchange for other certificates.

Certificate(s) will be issued to a participant for Company common stock in the participant's account upon written request to the Plan Administrator. No certificate for a fractional share will be issued.

Direct Deposit of Dividends Not Reinvested

Participants and non-Participants who elect not to reinvest all dividends on shares of Common Stock and Preferred Stock may receive non-reinvested dividends by direct deposit to their accounts at predesignated U.S. financial institutions on the applicable dividend payment date. To receive direct deposit of funds, Participants and non-Participants must obtain from the Administrator a Direct Deposit of Dividends Authorization Form and complete, sign and return it to the Administrator. Direct deposit of funds will become effective as soon as administratively possible after receipt of a completed Direct Deposit of Dividends Authorization Form. Changes in designated direct deposit accounts may be made by logging into your account on-line or delivering a new Direct Deposit of Dividends Authorization Form to the Administrator.

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Dividends on shares of Common Stock and Preferred Stock not designated for reinvestment and not directly deposited will be paid by check on the applicable dividend payment date.

Gift/Transfer of Shares

To authorize a transfer or gift of PSEG shares, a participant must submit a Stock Power Form with instructions to transfer ownership of shares, to the Plan Administrator. The Form can be found on our website at **shareowneronline.com**. For additional assistance regarding the transfer of Plan shares, contact the Plan Administrator. The Form will require a "Medallion Signature Guarantee" by a financial institution. A Medallion Signature Guarantee is a special guarantee for securities and may be obtained through a financial institution such as a broker, bank, savings and loan association, or credit union who participates in the Medallion Signature Guarantee program. The guarantee ensures that the individual requesting the transfer of securities is the owner of those securities. Most banks and brokers participate in the Medallion Signature Guarantee program.

If a participant's request to transfer all Plan shares in an account is received between a dividend record date and payable date, the request will be processed and a separate dividend check will be mailed to the participant.

A participant can also gift shares from a Plan account to a non-participant by making an initial cash investment to establish an account in the recipient's name. An optional cash investment can also be submitted on behalf of an existing Plan participant. If a participant's investments or transfers are made to an existing account, dividends on the shares credited to such investments or transfers will be invested in accordance with the elections made by the existing account owner.

Investment Summary and Service Fees

Summary

Minimum cash investments	
Minimum one-time initial purchase for new investors	$250.00
Minimum one-time optional cash investment	$50.00
Minimum recurring automatic investments	$50.00
Maximum cash investments	
Maximum annual investment	$125,000.00
Dividend reinvestment options	
Reinvest options	Full, Partial

Fees

Investment fees	
Initial enrollment (new investors only)	$10.00
Dividend reinvestment	Company Paid
Check investment	Company Paid
One-time automatic investment	Company Paid
Recurring automatic investment	Company Paid
Dividend purchase trading commission per share	Company Paid
Optional cash purchase trading commission per share	Company Paid
Sales fees	
Batch Order	$10.00
Market Order	$25.00
Limit Order per transaction (Day/GTD/GTC)	$30.00
Stop Order	$30.00
Sale trading commission per share	$0.05
Direct deposit of sale proceeds	$5.00
Other fees	
Certificate issuance	Company Paid
Certificate deposit	Company Paid
Returned check / Rejected automatic bank withdrawals	$35.00 per item
Prior year duplicate statements	$15.00 per year

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We reserve the right at any time to change these fees or to charge Participants (including those who do not reinvest dividends) other fees, including but not limited to administrative, set-up and handling fees. Notices of such future changes or additional fees will be sent to Participants at least 30 days prior to their effective date.

The Administrator will deduct the applicable fees and any other charges from proceeds due from a sale, funds received for investment or the payment of dividends. Any trading fees paid by us on behalf of a Participant to purchase shares of Common Stock under Enterprise Direct will be reported to the Internal Revenue Service ("IRS") as income to the Participant. See "Income Tax Information." At present, we estimate that trading fees will not exceed $0.10 per share. We do not control the amount or the timing of changes to trading fees. Therefore, no notice of increases in trading fees will be provided.

Reports to Participants

Participants will be provided quarterly statements listing all transactions in the Participant's account for the calendar year through that quarter at their last known address as shown on the Administrator's records. In addition, Participants will be provided a monthly confirmation statement for each month in which a Voluntary Contribution is made. **Quarterly statements provide cost basis information which is necessary for tax reporting after the sale of Common Stock and should be retained by the Participant.** You may elect to have your statements and other information sent to you automatically by initiating eDelivery through **shareowneronline.com**.

Stock Splits; Stock Dividends; Rights Offerings

It is understood that any stock dividends or stock splits distributed by PSEG on common stock held by the Plan Administrator for the participant will be credited to the participant's account. This will include all whole and fractional shares.

In the event that PSEG makes available to its shareowners any rights to subscribe for additional common stock, the rights to subscribe will be based on any shares held in and outside of the Plan. Any new shares distributed by PSEG resulting from the exercise of the rights will be issued directly to the participant.

Rights of Participants

All Common Stock purchased and/or held in a Participant's account will be held in a nominee name and administered by the Administrator, as custodian. Cash held for a Participant's account pending investment will be held in a segregated account and will not be commingled with our or the Administrator's funds (although funds held for Participants will be commingled with funds held for other Participants). Participants will be provided all reports distributed to our shareholders, as well as proxy materials, including a proxy covering all Common Stock held in the Participant's account, relating to any annual or special meeting of our shareholders at the last address for the Participant shown on the Administrator's records. Participants in the Plan will receive voting materials and have the sole right to vote the common stock of PSEG represented by the shares held for them in the Plan. In the event the participant does not provide direction for voting, the Plan shares will not be voted.

The participant is encouraged to read the information carefully. Votes may be submitted online, by telephone or by returning the signed, dated proxy card. A participant's shares will be voted in accordance with the most recent submitted instructions.

Responsibility of the Administrator and Us; Indemnification

Neither we nor the Administrator can assure a profit or protect against a loss on shares purchased under Enterprise Direct. The establishment and maintenance of Enterprise Direct by us does not constitute an assurance with respect to either the value of Common Stock or whether we will continue to pay dividends on Common Stock or at what rate.

Neither we nor the Administrator will be liable for any losses or liability howsoever incurred by Participants arising from, related to or in connection with the administration of the Plan or the Administrator's actions or non-actions with respect to the Plan (including by way of example and not by way of limitation any losses or claim of liability arising from (i) the failure to terminate a Participant's account, sell shares in the Plan or invest optional cash investments or dividends without prior receipt of proper documentation and instructions; (ii) the prices at which shares are purchased or sold for the Participant's account, the timing of such purchases and sales, and the fluctuation of prices of the shares (a) between the receipt of cash or dividends for investment and such investment, (b) between the receipt of instructions to sell and such sale and (c) after the purchase and sale of

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shares, and (iii) the transfer of shares from Participant's account to a broker pursuant to the Profile Program of The Depositary Trust Company) except for such losses and liabilities caused by the Administrator's negligence or willful misconduct. In no event shall the Administrator be liable for special, consequential or punitive damages or losses due to forces beyond its control (including by way of example and not by way of limitation strikes, work stoppages, acts of war or terrorism, insurrection, revolution, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware services)).

MODIFICATION OR TERMINATION OF ENTERPRISE DIRECT

We may modify or terminate Enterprise Direct at any time with or without prior notice and, in such event, Participants will be so notified. The Administrator also reserves the right to change any administrative procedures of Enterprise Direct.

Interpretation of Enterprise Direct

We and the Administrator may, in our absolute discretion, interpret and regulate Enterprise Direct as deemed necessary or desirable in connection with the operation of Enterprise Direct and resolve questions or ambiguities concerning the various provisions of Enterprise Direct.

Governing Law

Enterprise Direct shall be governed by and construed in accordance with the laws of the State of New Jersey.

Termination of Participation

If a Participant does not have at least one whole share of Common Stock credited to the Participant's account under Enterprise Direct, or does not own any Common Stock or Preferred Stock for which dividends are designated for reinvestment pursuant to Enterprise Direct, the Participant's participation in Enterprise Direct may be terminated by us upon written notice to the Participant. Additionally, we may terminate any Participant's participation in Enterprise Direct after sending written notice to such Participant at the address appearing on the Administrator's records. A Participant whose participation has been terminated will receive (i) any dividends and cash investments credited to the Participant's account and (ii) a check for the cash value of any fraction of a share of Common Stock credited to the Participant's account. Such fraction of a share shall be valued at the weighted average price per share of the aggregate number of shares sold by the affiliated broker of the Independent Agent on the day such fraction of a share is sold.

INCOME TAX INFORMATION

We believe that the following is an accurate summary (as of the date of this prospectus) of the U.S. federal income tax consequences generally applicable to Participants in Enterprise Direct who are taxed on their dividend income.

For U.S. federal income tax purposes, dividends invested in our Common Stock under Enterprise Direct are taxable to the same extent and in the same manner as the dividends received from us in cash. Therefore, taxable Participants cannot avoid U.S. federal income taxes by participating in Enterprise Direct. **Further, trading fees paid by us for open market purchase of shares on a Participant's behalf are also treated as taxable dividends for this purpose.** Annual informational returns sent to the IRS and to Participants, where required, will reflect all dividends declared on their Common Stock or Preferred Stock, whether or not invested under Enterprise Direct, and any related trading fees.

A Participant's income tax basis in shares acquired under Enterprise Direct will equal the price at which the shares are credited to the Participant's account by the Administrator and will be increased by any trading fees incurred by us in purchasing the shares on the open market.

This Plan assumes that each Participant will use the first-in, first-out (FIFO) method when determining the tax basis of any shares sold. Participants may designate their preference for a different method of determining the tax basis of shares by identifying this preference in writing to the Plan Administrator. Participants may designate their preference for specific identification cost basis at any time.

This discussion does not address the tax considerations arising under the laws of any foreign, state or local jurisdictions, nor does it address all tax considerations applicable to a Participant's particular circumstances.

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Further, certain Participants, such as tax-exempt entities (e.g., pension plans and IRAs) and foreign shareholders, may be exempt from U.S. federal income tax on their dividend income. **Accordingly, Participants are urged to discuss participation in Enterprise Direct with their tax advisors before enrolling.**

In the case of Participants in Enterprise Direct whose dividends are subject to U.S. back-up withholding, the Administrator will reinvest dividends less the amount of tax required to be withheld.

In the case of foreign shareholders whose dividends are subject to U.S. tax withholding, the Administrator will reinvest dividends less the amount of tax required to be withheld. The filing of any documentation required obtaining a reduction in the U.S. withholding tax will be the responsibility of the foreign shareholder.

Legislation commonly referred to as "FATCA" generally imposes a withholding tax of 30% on payments of U.S.-source dividends and the proceeds from the sale or other disposition of U.S. stock to certain non-U.S. entities (including financial intermediaries), unless various U.S. information reporting and due diligence requirements have been satisfied. An intergovernmental agreement between the United States and the non-U.S. entity's jurisdiction may modify these requirements. Withholding (if applicable) currently applies to any payment of amounts treated as dividends and will apply to any payment made after January 1, 2019 of gross proceeds of the sale, exchange or other disposition of the shares. If withholding applies, we will not be required to pay any additional amounts with respect to amounts withheld. Participants should consult their tax advisers regarding the potential application of FATCA.

USE OF PROCEEDS

We will receive proceeds from the purchase of Common Stock pursuant to Enterprise Direct only to the extent that any such purchases are made directly from us and not in open market purchases by the Administrator. Proceeds received by us from such purchases will be used for general corporate purposes.

PLAN OF DISTRIBUTION

Common Stock offered pursuant to Enterprise Direct will be purchased in the open market or, at our option, directly from us. Participants will be required to pay certain fees in connection with Enterprise Direct. See "Service Fees" for a description of the fees charged by Enterprise Direct. All other costs related to the administration of Enterprise Direct will be paid by us.

LEGAL MATTERS

The legality of the Common Stock covered hereby has been passed upon for us by Tamara L. Linde, Esquire, our Executive Vice President and General Counsel. Ms. Linde beneficially owns or has rights to acquire an aggregate of less than 0.01% of Common Stock.

EXPERTS

The consolidated financial statements, and the related consolidated financial statement schedule, incorporated in this prospectus by reference from PSEG's Annual Report on Form 10-K for the year ended December 31, 2016, and the effectiveness of our internal control over financial reporting have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports, which are incorporated herein by reference. Such consolidated financial statements and consolidated financial statement schedule have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

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No person has been authorized to give any information or to make any representations other than those contained in this prospectus, and, if given or made, such information or representations must not be relied upon as having been authorized. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. Neither the delivery of this prospectus nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in our affairs since the date hereof or that the information herein is correct as of any time subsequent to its date.

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PSEG

Public Service Enterprise Group Incorporated

Enterprise Direct[SM]

(Dividend Reinvestment And Stock Purchase Plan)

November 17, 2017

Prospectus

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PART II. INFORMATION NOT REQUIRED IN PROSPECTUS

Item 14. ***Other Expenses of Issuance and Distribution.***

The following table sets forth the expenses in connection with the issuance and distribution of the securities being registered, other than underwriting discounts and commissions. All of the amounts shown are estimates.

SEC registration fee	$	*
Printing		**
Legal fees and expenses		**
Fees of accountants		**
Fees of trustees		**
Blue sky fees and expenses		**
Rating agency fees		**
Miscellaneous		**
Total	$	**

* Deferred in accordance with Rules 456(b) and 457(r) under the Securities Act of 1933, as amended.

** These fees and expenses depend on the securities offered and the number of issuances, and accordingly cannot be estimated at this time.

Item 15. ***Indemnification of Directors and Officers.***

Under Section 14A:3-5 of the New Jersey Business Corporation Act, we:

(1) have power to indemnify each director and officer (as well as our employees and agents) against expenses and liabilities in connection with any proceeding involving him by reason of his being or having been such director or officer, other than a proceeding by or in our own right, if (a) such director or officer acted in good faith and in a manner he reasonably believed to be in or not opposed to our best interests, and (b) with respect to any criminal proceeding, such director or officer had no reasonable cause to believe his conduct was unlawful;

(2) have power to indemnify each director and officer against expenses in connection with any proceeding by or in our own right to procure a judgment in our favor which involves such director or officer by reason of his being or having been such director or officer, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to our best interests; however, in such proceeding no indemnification may be provided in respect to any claim, issue or matter as to which such director or officer shall have been adjudged to be liable to us, unless and only to the extent that the court determines that the director or officer is fairly reasonably entitled to indemnity for such expenses as the court shall deem proper;

(3) must indemnify each director and officer against expenses to the extent that he has been successful on the merits or otherwise in any proceeding referred to in (1) and (2) above or in defense of any claim, issue or matter therein; and

(4) have power to purchase and maintain insurance on behalf of a director or officer against any expenses incurred in any proceeding and any liabilities asserted against him by reason of his being or having been a director or officer, whether or not we would have the power to indemnify him against such expenses and liabilities under the statute.

As used in the statute, expenses means reasonable costs, disbursements and counsel fees; liabilities means amounts paid or incurred in satisfaction of settlements, judgments, fines and penalties; and proceeding means any pending, threatened or completed civil, criminal, administrative or arbitrative action, suit or proceeding, and any appeal therein and any inquiry or investigation which could lead to such action, suit or proceeding.

Indemnification may be awarded by a court under (1) or (2) as well as under (3) above, notwithstanding a prior determination by us that the director or officer has not met the applicable standard of conduct.

Indemnification under the statute does not exclude any other rights to which a director or officer may be entitled under a certificate of incorporation, by-law, or otherwise.

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Article 8, Section 1 of our Certificate of Amendment of Certificate of Incorporation provides as follows:

1. Indemnification:

The corporation shall indemnify to the full extent from time to time permitted by law any person made, or threatened to be made, a party to any pending, threatened or completed civil, criminal, administrative or arbitrative action, suit, or proceeding and any appeal therein (and any inquiry or investigation which could lead to such action, suit or proceeding) by reason of the fact that he is or was a director, officer or employee of the corporation or serves or served any other enterprise as a director, officer or employee at the request of the corporation. Such right of indemnification shall inure to the benefit of the legal representative of any such person.

Article 8, Section 2 of our Certificate of Amendment of Certificate of Incorporation provides as follows:

2. Limitation of Liability:

To the full extent from time to time permitted by law, directors and officers of the corporation shall not be personally liable to the corporation or its shareholders for damages for breach of any duty owed to the corporation or its shareholders. No amendment or repeal of this provision shall adversely affect any right or protection of a director or officer of the corporation existing at the time of such amendment or repeal.

Each form of underwriting agreement between us and any underwriters contains a provision under which each underwriter agrees to indemnify our directors and each of our officers who signed the registration statement against certain liabilities which might arise under the Securities Act of 1933 from information furnished to us in writing by or on behalf of such underwriter.

Our directors and officers are insured under policies of insurance, within the limits and subject to the limitations of the policies, against claims made against them for acts in the discharge of their duties, and we are insured to the extent that we are required or permitted by law to indemnify the directors and officers for such loss. We pay premiums for such insurance.

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Item 16. ***Exhibits.***

Exhibit	
1-1	Form of Underwriting Agreement for Debt Securities.[1]
1-2	Form of Underwriting Agreement for Common Stock and Preferred Stock.[1]
4-1	Indenture dated as of November 1, 1998 between Public Service Enterprise Group Incorporated and U.S. Bank National Association (as successor to First Union National Bank), as Trustee, providing for Senior Debt Securities.[2]
4-2	Form of Subordinated Debt Indenture.
4-3	Form of Senior Debt Security.[1]
4-4	Form of Subordinated Debt Security.[1]
4-5	Certificate of Incorporation.[3]
4-6	Certificate of Amendment of Certificate of Incorporation, effective April 23, 1987.[4]
4-7	Certificate of Amendment of Certificate of Incorporation, effective April 20, 2007.[5]
4-8	By-Laws effective December 15, 2015.[6]
4-9	Form of Stock Purchase Contract Agreement.[1]
4-10	Form of Pledge Agreement.[1]
5	Opinion of Tamara L. Linde, Esquire.
12-1	Statement regarding computations of ratios of earnings to fixed charges.[7]
12-2	Statement regarding computations of ratios of earnings to combined fixed charges and preference dividends.[8]
23-1	Consent of Independent Registered Public Accounting Firm.
23-2	Consent of Tamara L. Linde, Esquire (included in Exhibit 5).
24	Power of Attorney.
25-1	Statement of Eligibility under the Trust Indenture Act of 1939 of U.S. Bank National Association, as Trustee under the Senior Indenture for Public Service Enterprise Group Incorporated.
25-2	Statement of Eligibility under the Trust Indenture Act of 1939 of U.S. Bank National Association, as Trustee under the Subordinated Indenture for Public Service Enterprise Group Incorporated.

1 To be filed by amendment or pursuant to a Current Report on Form 8-K, if applicable.

2 Previously filed as Exhibit 4(f) to Annual Report on Form 10-K for the year ended December 31, 1998, File No. 1-9120, and incorporated herein by reference.

3 Previously filed as Exhibit 3.1(a) to Quarterly Report on Form 10-Q for the quarter ended March 31, 2007, File No. 1-9120, and incorporated herein by reference.

4 Previously filed as Exhibit 3.1(b) to Quarterly Report on Form 10-Q for the quarter ended March 31, 2007, File No. 1-9120, and incorporated herein by reference.

5 Previously filed as Exhibit 3.1(c) to Quarterly Report on Form 10-Q for the quarter ended March 31, 2007, File No. 1-9120, and incorporated herein by reference.

6 Previously filed as Exhibit 99.1 to Current Report on Form 8-K, File No. 1-9120, on December 16, 2015, and incorporated herein by reference.

7 Previously filed as Exhibit 12 to Quarterly Report on Form 10-Q for the quarter ended September 30, 2017, File No. 1-9120, and incorporated herein by reference.

8 Because the registrant currently has no preferred stock outstanding, the registrant's ratios of earnings to combined fixed charges and preference dividends for each of the periods indicated herein are the same as the registrant's ratios of earnings to fixed charges. The statement regarding computations of ratios of earnings to fixed charges was previously filed as Exhibit 12 to Quarterly Report on Form 10-Q for the quarter ended September 30, 2017, File No. 1-9120, and incorporated herein by reference.

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Item 17. ***Undertakings.***

(a) The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

Provided, however, that:

Paragraphs (a)(1)(i), (a)(1)(ii) and (a)(1)(iii) above do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in reports filed with or furnished to the Commission by the registrant pursuant to section 13 or section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement, or is contained in a form of prospectus filed pursuant to Rule 424(b) that is part of the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser:

(i) Each prospectus filed by the registrant pursuant to Rule 424(b)(3) shall be deemed to be part of the registration statement as of the date the filed prospectus was deemed part of and included in the registration statement; and

(ii) Each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5), or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (vii), or (x) for the purpose of providing the information required by section 10(a) of the Securities Act of 1933 shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration statement to which that prospectus relates, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof. *Provided, however,* that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date.

(5) That, for the purpose of determining liability of the registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities, the undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such

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purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

(b) The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to section 13(a) or section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of such registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant, Public Service Enterprise Group Incorporated, certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Newark, State of New Jersey, on this 17th day of November, 2017.

Public Service Enterprise Group Incorporated

By: /s/ Bradford D. Huntington

Bradford D. Huntington
Treasurer

Pursuant to the requirements of the Securities Act of 1933, this registration statement has also been signed by Bradford D. Huntington Attorney-in-Fact, on behalf of the following persons in the capacities indicated on November 17, 2017.

Name	Capacity
/s/ Ralph Izzo Ralph Izzo	Chairman of the Board, President and Chief Executive Officer (Principal Executive Officer)
/s/ Daniel J. Cregg Daniel J. Cregg	Executive Vice President and Chief Financial Officer (Principal Financial Officer)
/s/ Stuart J. Black Stuart J. Black	Controller (Principal Accounting Officer)
Willie A. Deese	Director
Albert R. Gamper, Jr.	Director
William V. Hickey	Director
Shirley Ann Jackson	Director
David Lilley	Director
Thomas A. Renyi	Director
Hak Cheol Shin	Director
Richard J. Swift	Director
Susan Tomasky	Director
Alfred W. Zollar	Director

By: /s/ Bradford D. Huntington

Bradford D. Huntington
Attorney-In-Fact

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Exhibit 4-2

Public Service Enterprise Group Incorporated

To

Wachovia Bank National Association,
Trustee

Indenture

Dated as of _____ __, 2002

Providing for the Issuance

of

Subordinated Debt Securities

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED

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Reconciliation and tie between Trust Indenture Act of 1939 and Indenture, dated as of _____ __, 2002

Trust Indenture Indenture Act Section	Section
ss. 310(a)(1)	607
(a)(2)	607
(b)	608
ss. 312(c)	701
ss. 314(a)	703
(a)(4)	1005
(c)(1)	102
(c)(2)	102
(e)	102
ss. 315(b)	601
ss. 316(a) (last sentence)	101
(Outstanding)	
(a)(1)(A)	502, 512
(a)(1)(B)	513
(b)	508
ss. 317(a)(1)	503
(a)(2)	504
ss. 318(a)	111
(c)	111

NOTE: This reconciliation and tie shall not, for any purpose, be deemed to be a part of the Indenture

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INDENTURE, dated as of _____, 2002, between PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED, a New Jersey corporation (hereinafter called the Company), having its principal office at 80 Park Plaza, Newark, NJ 07102, and WACHOVIA BANK, NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, as Trustee (hereinafter called the Trustee), having a Corporate Trust Office at 21 South Street, Morristown, NJ 07960.

RECITALS OF THE COMPANY

The Company deems it necessary to issue from time to time for its lawful purposes subordinated debt securities (hereinafter called the Securities) evidencing its unsecured and subordinated indebtedness, which may or may not be convertible into or exchangeable for any securities of any Person (including the Company), and has duly authorized the execution and delivery of this Indenture to provide for the issuance from time to time of the Securities, unlimited as to principal amount, to bear such rates of interest, to mature at such times and to have such other provisions as shall be fixed as hereinafter provided.

This Indenture is subject to the provisions of the Trust Indenture Act of 1939, as amended, that are required to be part of this Indenture and shall, to the extent applicable, be governed by such provisions.

All things necessary to make this Indenture a valid agreement of the Company, in accordance with its terms, have been done.

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

For and in consideration of the premises and the purchase of the Securities by the Holders thereof, it is mutually covenanted and agreed, for the equal and proportionate benefit of all Holders of the Securities and coupons, as follows:

ARTICLE ONE

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

SECTION 101. Definitions. For all purposes of this Indenture, except as otherwise expressly provided or unless the context ---------- otherwise requires:

(1) the terms defined in this Article have the meanings assigned to them in this Article, and include the plural as well as the singular;

(2) all other terms used herein which are defined in the Trust Indenture Act, either directly or by reference therein, have the meanings assigned to them therein, and the terms cash transaction and self-liquidating paper, as used in TIA Section 311, shall have the meanings assigned to them in the rules of the Commission adopted under the Trust Indenture Act;

(3) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles; and

(4) the words herein, hereof and hereunder and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.

Certain terms, used principally in Article Three, Article Five and Article Six, are defined in those Articles.

Act, when used with respect to any Holder, has the meaning specified in Section 104.

Additional Amounts means any additional amounts which are required by a Security or by or pursuant to a Board Resolution, under circumstances specified therein, to be paid by the Company in respect of certain taxes imposed on certain Holders and which are owing to such Holders.

Affiliate of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, control when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms controlling and controlled have meanings correlative to the foregoing.

Authenticating Agent means any authenticating agent appointed by the Trustee pursuant to Section 611.

Authorized Newspaper means a newspaper, in the English language or in an official language of the country of publication, customarily published on each Business Day, whether or not published on Saturdays, Sundays or holidays, and of general circulation

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in each place in connection with which the term is used or in the financial community of each such place. Where successive publications are required to be made in Authorized Newspapers, the successive publications may be made in the same or in different newspapers in the same city meeting the foregoing requirements and in each case on any Business Day.

Bearer Security means any Security established pursuant to Section 201 which is payable to bearer.

Board of Directors means the board of directors of the Company, the executive committee or any committee of that board duly authorized to act hereunder.

Board Resolution means a copy of a resolution certified by the Secretary or an Assistant Secretary of the Company to have been duly adopted by the Board of Directors and to be in full force and effect on the date of such certification, and delivered to the Trustee.

Business Day, when used with respect to any Place of Payment or any other particular location referred to in this Indenture or in the Securities, means, unless otherwise specified with respect to any Securities pursuant to Section 301, each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in that Place of Payment or particular location are authorized or obligated by law or executive order to close.

CEDEL means Cedel Bank or its successor.

Commission means the Securities and Exchange Commission, as from time to time constituted, created under the Securities Exchange Act of 1934, or, if at any time after execution of this instrument such Commission is not existing and performing the duties now assigned to it under the Trust Indenture Act, then the body performing such duties on such date.

Company means the Person named as the Company in the first paragraph of this Indenture until a successor corporation shall have become such pursuant to the applicable provisions of this Indenture, and thereafter Company shall mean such successor corporation.

Company Request and Company Order mean, respectively, a written request or order signed in the name of the Company by the Chairman, the President or a Vice President, and by the Treasurer, an Assistant Treasurer, the Controller, an Assistant Controller, the Secretary or an Assistant Secretary, of the Company, and delivered to the Trustee.

Conversion Date has the meaning specified in Section 312(d).

Conversion Event means the cessation of use of (i) a Foreign Currency both by the government of the country which issued such currency and for the settlement of transactions by a central bank or other public institutions of or within the international banking community, (ii) the ECU both within the European Monetary System and for the settlement of transactions by public institutions of or within the European Communities or (iii) any currency unit (or composite currency) other than the ECU for the purposes for which it was established.

Corporate Trust Office means the office of the Trustee at which, at any particular time, its corporate trust business shall be administered, which office at the date hereof is located at 21 South Street, Morristown, NJ 07960.

Corporation includes corporations, limited liability companies, associations, companies and business trusts.

Coupon means any interest coupon appertaining to a Bearer Security.

Currency means any currency or currencies, composite currency or currency unit or currency units, including, without limitation, the ECU, issued by the government of one or more countries or by any reorganized confederation or association of such governments.

Default means any event which is, or after notice or passage of time or both would be, an Event of Default.

Defaulted Interest has the meaning specified in Section 307.

Dollar or $ means a dollar or other equivalent unit in such coin or currency of the United States of America as at the time shall be legal tender for the payment of public and private debts.

ECU means the European Currency Unit as defined and revised from time to time by the Council of the European Communities.

Election Date has the meaning specified in Section 312(h).

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Euroclear means Morgan Guaranty Trust Company of New York, Brussels Office, or its successor as operator of the Euroclear System.

European Communities means the European Union, the European Coal and Steel Community and the European Atomic Energy Community.

European Monetary System means the European Monetary System established by the Resolution of December 5, 1978 of the Council of the European Communities.

Event of Default has the meaning specified in Article Five.

Exchange Rate Agent, with respect to Securities of or within any series, means, unless otherwise specified with respect to any Securities pursuant to Section 301, a New York Clearing House bank designated pursuant to Section 301 or Section 313.

Exchange Rate Officer's Certificate means a certificate setting forth (i) the applicable Market Exchange Rate or the applicable bid quotation and (ii) the Dollar or Foreign Currency amounts of principal (and premium, if any) and interest, if any (on an aggregate basis and on the basis of a Security having the lowest denomination principal amount determined in accordance with Section 302 in the relevant currency or currency unit), payable with respect to a Security of any series on the basis of such Market Exchange Rate or the applicable bid quotation signed by the Treasurer, any Vice President or any Assistant Treasurer of the Company.

Foreign Currency means any Currency, including, without limitation, the ECU issued by the government of one or more countries other than the United States of America or by any recognized confederation or association of such governments.

Government Obligations means securities which are (i) direct obligations of the United States of America or the government which issued the Foreign Currency in which the Securities of a particular series are payable, for the payment of which its full faith and credit is pledged or (ii) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America or such government which issued the Foreign Currency in which the Securities of such series are payable, the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America or such other government, which, in either case, are not callable or redeemable at the option of the issuer thereof, and shall also include a depository receipt issued by a bank or trust company as custodian with respect to any such Government Obligation or a specific payment of interest on or principal of any such Government Obligation held by such custodian for the account of the holder of a depository receipt; provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the Government Obligation or the specific payment of interest on or principal of the Government Obligation evidenced by such depository receipt.

Holder means, in the case of a Registered Security, the Person in whose name a Security is registered in the Security Register and, in the case of a Bearer Security, the bearer thereof and, when used with respect to any coupon, shall mean the bearer thereof.

Indenture means this instrument as originally executed or as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof, and shall include the terms of particular series of Securities established as contemplated by Section 301; provided, however, that, if at any time more than one Person is acting as Trustee under this instrument, Indenture shall mean, with respect to any one or more series of Securities for which such Person is Trustee, this instrument as originally executed or as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof and shall include the terms of the or those particular series of Securities for which such Person is Trustee established as contemplated by Section 301, exclusive, however, of any provisions or terms which relate solely to other series of Securities for which such Person is not Trustee, regardless of when such terms or provisions were adopted, and exclusive of any provisions or terms adopted by means of one or more indentures supplemental hereto executed and delivered after such Person had become such Trustee but to which such Person, as such Trustee, was not a party.

Indexed Security means a Security as to which all or certain interest payments and/or the principal amount payable at Maturity are determined by reference to prices, changes in prices, or differences between prices, of securities, Currencies, intangibles, goods, articles or commodities or by such other objective price, economic or other measures as are specified in Section 301 hereof.

Interest, when used with respect to an Original Issue Discount Security which by its terms bears interest only after Maturity, shall mean interest payable after Maturity, and, when used with respect to a Security which provides for the payment of Additional Amounts pursuant to Section 1004, includes such Additional Amounts.

Interest Payment Date, when used with respect to any Security, means the Stated Maturity of an installment of interest on such Security.

Market Exchange Rate means, unless otherwise specified with respect to any Securities pursuant to Section 301, (i) for any

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conversion involving a currency unit on the one hand and Dollars or any Foreign Currency on the other, the exchange rate between the relevant currency unit and Dollars or such Foreign Currency calculated by the method specified pursuant to Section 301 for the Securities of the relevant series, (ii) for any conversion of Dollars into any Foreign Currency, the noon buying rate for such Foreign Currency for cable transfers quoted in New York City as certified for customs purposes by the Federal Reserve Bank of New York and (iii) for any conversion of one Foreign Currency into Dollars or another Foreign Currency, the spot rate at noon local time in the relevant market at which, in accordance with normal banking procedures, the Dollars or Foreign Currency into which conversion is being made could be purchased with the Foreign Currency from which conversion is being made from major banks located in either New York City, London or any other principal market for Dollars or such purchased Foreign Currency, in each case determined by the Exchange Rate Agent. Unless otherwise specified with respect to any Securities pursuant to Section 301, in the event of the unavailability of any of the exchange rates provided for in the foregoing clauses (i), (ii) and (iii), the Exchange Rate Agent shall use, in its sole discretion and without liability on its part, such quotation of the Federal Reserve Bank of New York as of the most recent available date, or quotations from one or more major banks in New York City, London or other principal market for such currency or currency unit in question, or such other quotations as the Exchange Rate Agent shall deem appropriate. Unless otherwise specified by the Exchange Rate Agent, if there is more than one market for dealing in any currency or currency unit by reason of foreign exchange regulations or otherwise, the market to be used in respect of such currency or currency unit shall be that upon which a nonresident issuer of securities designated in such currency or currency unit would purchase such currency or currency unit in order to make payments in respect of such securities.

Maturity, when used with respect to any Security, means the date on which the principal of such Security or an installment of principal becomes due and payable as therein or herein provided, whether at the Stated Maturity or by declaration of acceleration, notice of redemption, notice of option to elect repayment, notice of exchange or conversion or otherwise.

Officers' Certificate means a certificate signed by the Chairman, the President or any Vice President or by the Treasurer, an Assistant Treasurer, the Controller or an Assistant Controller, the Secretary or an Assistant Secretary of the Company, and delivered to the Trustee.

Opinion of Counsel means a written opinion of counsel, who may be counsel for the Company or who may be an employee of or other counsel for the Company.

Original Issue Discount Security means any Security which provides for an amount less than the principal amount thereof to be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 502.

Outstanding, when used with respect to Securities, means, as of the date of determination, all Securities theretofore authenticated and delivered under this Indenture, except:

(i) Securities theretofore canceled by the Trustee or delivered to the Trustee for cancellation;

(ii) Securities, or portions thereof, for whose payment or redemption or repayment at the option of the Holder money in the necessary amount has been theretofore deposited with the Trustee or any Paying Agent (other than the Company) in trust or set aside and segregated in trust by the Company (if the Company shall act as its own Paying Agent) for the Holders of such Securities and any coupons appertaining thereto, provided that, if such Securities are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee has been made;

(iii) Securities, except to the extent provided in Sections 1402 and 1403, with respect to which the Company has effected defeasance and/or covenant defeasance as provided in Article Fourteen; and

(iv) Securities which have been paid pursuant to Section 306 or in exchange for or in lieu of which other Securities have been authenticated and delivered pursuant to this Indenture, other than any such Securities in respect of which there shall have been presented to the Trustee proof satisfactory to it that such Securities are held by a bona fide purchaser in whose hands such Securities are valid obligations of the Company;

provided, however, that in determining whether the Holders of the requisite principal amount of the Outstanding Securities have given any request, demand, authorization, direction, notice, consent or waiver hereunder or are present at a meeting of Holders for quorum purposes, and for the purpose of making the calculations required by TIA Section 313, (i) the principal amount of an Original Issue Discount Security that may be counted in making such determination or calculation and that shall be deemed to be Outstanding for such purpose shall be equal to the amount of principal thereof that would be (or shall have been declared to be) due and payable, at the time of such determination, upon a declaration of acceleration of the Maturity thereof pursuant to Section 502, (ii) the principal amount of any Security denominated in a Foreign Currency that may be counted in making such determination or calculation and that shall be deemed Outstanding for such purpose shall be equal to the Dollar equivalent, determined as of the date such Security is originally issued by the Company as set forth in an Exchange Rate Officer's Certificate delivered to the Trustee, of the principal amount (or, in the case of an Original Issue Discount Security or Indexed Security, the Dollar equivalent as of such date of original issuance of the amount determined as provided in clause (i) above or (iii) below, respectively) of such Security, (iii) the

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principal amount of any Indexed Security that may be counted in making such determination or calculation and that shall be deemed outstanding for such purpose shall be equal to the principal face amount of such Indexed Security at original issuance, unless otherwise provided with respect to such Security pursuant to Section 301, and (iv) Securities owned by the Company or any other obligor upon the Securities or any Affiliate of the Company or of such other obligor shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in making such calculation or in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Securities which the Trustee actually knows to be so owned shall be so disregarded. Securities so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Securities and that the pledgee is not the Company or any other obligor upon the Securities or any Affiliate of the Company or of such other obligor.

Paying Agent means any Person authorized by the Company to pay the principal of (or premium, if any) or interest, if any, on any Securities or coupons on behalf of the Company.

Person means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

Place of Payment, when used with respect to the Securities of or within any series, means the place or places where the principal of (and premium, if any) and interest, if any, on such Securities are payable as specified and as contemplated by Sections 301 and 1002.

Predecessor Security of any particular Security means every previous Security evidencing all or a portion of the same debt as that evidenced by such particular Security; and, for the purposes of this definition, any Security authenticated and delivered under Section 306 in exchange for or in lieu of a mutilated, destroyed, lost or stolen Security or a Security to which a mutilated, destroyed, lost or stolen coupon appertains shall be deemed to evidence the same debt as the mutilated, destroyed, lost or stolen Security or the Security to which the mutilated, destroyed, lost or stolen coupon appertains.

Redemption Date, when used with respect to any Security to be redeemed, in whole or in part, means the date fixed for such redemption by or pursuant to this Indenture.

Redemption Price, when used with respect to any Security to be redeemed, means the price at which it is to be redeemed pursuant to this Indenture.

Registered Security shall mean any Security which is registered in the Security Register.

Regular Record Date for the interest payable on any Interest Payment Date on the Registered Securities of or within any series means the date specified for that purpose as contemplated by Section 301, whether or not a Business Day.

Repayment Date means, when used with respect to any Security to be repaid at the option of the Holder, the date fixed for such repayment by or pursuant to this Indenture.

Repayment Price means, when used with respect to any Security to be repaid at the option of the Holder, the price at which it is to be repaid by or pursuant to this Indenture.

Responsible Officer, when used with respect to the Trustee, means any officer of the Trustee assigned by the Trustee to administer its corporate trust matters.

Security or Securities has the meaning stated in the first recital of this Indenture and, more particularly, means any Security or Securities authenticated and delivered under this Indenture; provided, however, that, if at any time there is more than one Person acting as Trustee under this Indenture, Securities with respect to the Indenture as to which such Person is Trustee shall have the meaning stated in the first recital of this Indenture and shall more particularly mean Securities authenticated and delivered under this Indenture, exclusive, however, of Securities of any series as to which such Person is not Trustee.

Security Register and Security Registrar have the respective meanings specified in Section 305.

Senior Indebtedness means the principal of and premium, if any, and unpaid interest on (i) indebtedness of the Company (including indebtedness of others guaranteed by the Company), whether outstanding on the date hereof or thereafter created, incurred, assumed or guaranteed, for money borrowed (other than Securities issued hereunder, the 7.44% Deferrable Interest Subordinated Debentures, Series A of the Company, the Floating Rate Deferrable Interest Subordinated Debentures, Series B of the Company and the 7.25% Deferrable Interest Subordinated Debentures, Series C of the Company), unless in the instrument creating or evidencing the same or pursuant to which the same is outstanding it is provided that such indebtedness is not senior or prior in right of payment to the Securities, and (ii) renewals, extensions, modifications and refundings of any such indebtedness. The Securities are senior and prior in right of payment to the 7.44% Deferrable Interest Subordinated Debentures, Series A of the Company, the Floating Rate Deferrable

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Interest Subordinated Debentures, Series B of the Company and the 7.25% Deferrable Interest Subordinated Debentures, Series C of the Company and any guarantees issued in connection therewith and will be senior and prior in right of payment to any debt securities or guarantees which may be issued in connection with issuances of trust preferred securities by Enterprise Capital Trust I, Enterprise Capital Trust II, Enterprise Capital Trust III or Enterprise Funding Trust I.

Special Record Date for the payment of any Defaulted Interest on the Registered Securities of or within any series means a date fixed by the Trustee pursuant to Section 307.

Stated Maturity, when used with respect to any Security or any installment of principal thereof or interest thereon, means the date specified in such Security or a coupon representing such installment of interest as the fixed date on which the principal of such Security or such installment of principal or interest is due and payable, as such date may be extended pursuant to the provisions of Section 308.

Subsidiary means any Corporation a majority of the outstanding voting stock of which is owned, directly or indirectly, by the Company or by one or more other Subsidiaries of the Company. For the purposes of this definition, voting stock means stock having voting power for the election of directors, whether at all times or only so long as no senior class of stock has such voting power by reason of any contingency.

Trust Indenture Act or TIA means the Trust Indenture Act of 1939 as in force at the date as of which this Indenture was executed, except as provided in Section 905.

Trustee means the Person named as the Trustee in the first paragraph of this Indenture until a successor Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter Trustee shall mean or include each Person who is then a Trustee hereunder; provided, however, that if at any time there is more than one such Person, Trustee as used with respect to the Securities of any series shall mean only the Trustee with respect to Securities of that series.

United States means, unless otherwise specified with respect to any Securities pursuant to Section 301, the United States of America (including the states and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction.

United States Person means, unless otherwise specified with respect to any Securities pursuant to Section 301, an individual who is a citizen or resident of the United States, a corporation, limited liability company, partnership or other entity created or organized in or under the laws of the United States or an estate or trust the income of which is subject to United States federal income taxation regardless of its source.

Valuation Date has the meaning specified in Section 312(c).

Yield to Maturity means the yield to maturity, computed at the time of issuance of a Security (or, if applicable, at the most recent redetermination of interest on such Security) and as set forth in such Security in accordance with generally accepted United States bond yield computation principles.

SECTION 102. Compliance Certificates and Opinions. Upon any application or request by the Company to the Trustee to take any action under any provision of this Indenture, the Company shall furnish to the Trustee an Officers' Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with and an Opinion of Counsel stating that in the opinion of such counsel all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (other than pursuant to Section 1005) shall include:

(1) a statement that each individual signing such certificate or opinion has read such condition or covenant and the definitions herein relating thereto;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of each such individual, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such condition or covenant has been complied with; and

(4) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

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SECTION 103. Form of Documents Delivered to Trustee. In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion as to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an officer of the Company may be based, insofar as it relates to legal matters, upon an Opinion of Counsel, or a certificate or representations by counsel, unless such officer knows, or in the exercise of reasonable care should know, that the opinion, certificate or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any such Opinion of Counsel or certificate or representations may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Company stating that the information as to such factual matters is in the possession of the Company, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations as to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

SECTION 104. Acts of Holders.

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Holders of the Outstanding Securities of all series or one or more series, as the case may be, may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by agents duly appointed in writing. If Securities of a series are issuable as Bearer Securities, any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Holders of Securities of such series may, alternatively, be embodied in and evidenced by the record of Holders of Securities of such series voting in favor thereof, either in person or by proxies duly appointed in writing, at any meeting of Holders of Securities of such series duly called and held in accordance with the provisions of Article Fifteen, or a combination of such instruments and any such record. Except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments or record or both are delivered to the Trustee and, where it is hereby expressly required, to the Company. Such instrument or instruments and any such record (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the Act of the Holders signing such instrument or instruments or so voting at any such meeting. Proof of execution of any such instrument or of a writing appointing any such agent, or of the holding by any Person of a Security, shall be sufficient for any purpose of this Indenture and conclusive in favor of the Trustee and the Company and any agent of the Trustee or the Company, if made in the manner provided in this Section. The record of any meeting of Holders of Securities shall be proved in the manner provided in Section 1506.

(b) The fact and date of the execution of any such instrument or writing, or the authority of the Person executing the same, may be proved in any manner that the Trustee deems reasonably sufficient.

(c) The ownership of Registered Securities shall be proved by the Security Register.

(d) The ownership of Bearer Securities may be proved by the production of such Bearer Securities or by a certificate executed, as depository, by any trust company, bank, banker or other depository, wherever situated, if such certificate shall be deemed by the Trustee to be satisfactory, showing that at the date therein mentioned such Person had on deposit with such depository, or exhibited to it, the Bearer Securities therein described; or such facts may be proved by the certificate or affidavit of the Person holding such Bearer Securities, if such certificate or affidavit is deemed by the Trustee to be satisfactory. The Trustee and the Company may assume that such ownership of any Bearer Security continues until (1) another certificate or affidavit bearing a later date issued in respect of the same Bearer Security is produced, or (2) such Bearer Security is produced to the Trustee by some other Person, or (3) such Bearer Security is surrendered in exchange for a Registered Security, or (4) such Bearer Security is no longer Outstanding. The ownership of Bearer Securities may also be proved in any other manner that the Trustee deems sufficient.

(e) If the Company shall solicit from the Holders of Registered Securities any request, demand, authorization, direction, notice, consent, waiver or other Act, the Company may, at its option, in or pursuant to a Board Resolution, fix in advance a record date for the determination of Holders entitled to give such request, demand, authorization, direction, notice, consent, waiver or other Act, but the Company shall have no obligation to do so. Notwithstanding TIA Section 316(c), such record date shall be the record date specified in or pursuant to such Board Resolution, which shall be a date not earlier than the date 30 days prior to the first solicitation of Holders generally in connection therewith and not later than the date such solicitation is completed. If such a record date is fixed, such request, demand, authorization, direction, notice, consent, waiver or other Act may be given before or after such record date, but only the Holders of record at the close of business on such record date shall be deemed to be Holders for the purposes of determining whether Holders of the requisite proportion of Outstanding Securities have authorized or agreed or consented to such request, demand, authorization, direction, notice, consent, waiver or other Act, and for that purpose the Outstanding Securities shall be computed as of such record date; provided that no such authorization, agreement or consent by the Holders on such record date shall be deemed

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effective unless it shall become effective pursuant to the provisions of this Indenture not later than eleven months after the record date.

(f) Any request, demand, authorization, direction, notice, consent, waiver or other Act of the Holder of any Security shall bind every future Holder of the same Security and the Holder of every Security issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof in respect of anything done, omitted or suffered to be done by the Trustee, any Security Registrar, any Paying Agent, any Authenticating Agent or the Company in reliance thereon, whether or not notation of such action is made upon such Security.

SECTION 105. Notices, Etc., to Trustee and Company. Any request, demand, authorization, direction, notice, consent, waiver or Act of Holders or other document provided or permitted by this Indenture to be made upon, given or furnished to, or filed with:

(1) the Trustee by any Holder or by the Company shall be sufficient for every purpose hereunder if made, given, furnished or filed in writing to or with the Trustee at its Corporate Trust Office, Attention: Corporate Trust Administration Division, or

(2) the Company by the Trustee or by any Holder shall be sufficient for every purpose hereunder (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to the Company addressed to it at the address of its principal office specified in the first paragraph of this Indenture or at any other address previously furnished in writing to the Trustee by the Company.

SECTION 106. Notice to Holders; Waiver. Where this Indenture provides for notice of any event to Holders of Registered Securities by the Company or the Trustee, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to each such Holder affected by such event, at his address as it appears in the Security Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. In any case where notice to Holders of Registered Securities is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Holder shall affect the sufficiency of such notice with respect to other Holders of Registered Securities or the sufficiency of any notice to Holders of Bearer Securities given as provided herein. Any notice mailed to a Holder in the manner herein prescribed shall be conclusively deemed to have been received by such Holder, whether or not such Holder actually receives such notice.

If by reason of the suspension of or irregularities in regular mail service or by reason of any other cause it shall be impracticable to give such notice by mail, then such notification to Holders of Registered Securities as shall be made with the approval of the Trustee shall constitute a sufficient notification to such Holders for every purpose hereunder.

Except as otherwise expressly provided herein or otherwise specified with respect to any Securities pursuant to Section 301, where this Indenture provides for notice to Holders of Bearer Securities of any event, such notice shall be sufficiently given if published in an Authorized Newspaper in The City of New York and in such other city or cities as may be specified in such Securities on a Business Day, such publication to be not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once, on the date of the first such publication.

If by reason of the suspension of publication of any Authorized Newspaper or Authorized Newspapers or by reason of any other cause it shall be impracticable to publish any notice to Holders of Bearer Securities as provided above, then such notification to Holders of Bearer Securities as shall be given with the approval of the Trustee shall constitute sufficient notice to such Holders for every purpose hereunder. Neither the failure to give notice by publication to Holders of Bearer Securities as provided above, nor any defect in any notice so published, shall affect the sufficiency of such notice with respect to other Holders of Bearer Securities or the sufficiency of any notice to Holders of Registered Securities given as provided herein.

Any request, demand, authorization, direction, notice, consent or waiver required or permitted under this Indenture shall be in the English language, except that any published notice may be in an official language of the country of publication.

Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 107. Effect of Headings and Table of Contents. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 108. Successors and Assigns. All covenants and agreements in this Indenture by the Company shall bind its successors and assigns, whether so expressed or not.

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SECTION 109. Separability Clause. In case any provision in this Indenture or in any Security or coupon shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 110. Benefits of Indenture. Nothing in this Indenture or in the Securities or coupons, express or implied, shall give to any Person, other than the parties hereto, any Security Registrar, any Paying Agent, any Authenticating Agent and their successors hereunder and the Holders any benefit or any legal or equitable right, remedy or claim under this Indenture.

SECTION 111. Governing Law. This Indenture and the Securities and coupons shall be governed by and construed in accordance with the law of the State of New Jersey without regard to principles of conflicts of laws. This Indenture is subject to the provisions of the Trust Indenture Act that are required to be part of this Indenture and shall, to the extent applicable, be governed by such provisions.

SECTION 112. Legal Holidays. In any case where any Interest Payment Date, Redemption Date, Repayment Date, sinking fund payment date, Stated Maturity or Maturity of any Security shall not be a Business Day at any Place of Payment, then (notwithstanding any other provision of this Indenture or any Security or coupon other than a provision in the Securities of any series which specifically states that such provision shall apply in lieu of this Section), payment of principal (or premium, if any) or interest, if any, need not be made at such Place of Payment on such date, but may be made on the next succeeding Business Day at such Place of Payment with the same force and effect as if made on the Interest Payment Date, Redemption Date, Repayment Date or sinking fund payment date, or at the Stated Maturity or Maturity; provided that no interest shall accrue on the amount so payable for the period from and after such Interest Payment Date, Redemption Date, Repayment Date, sinking fund payment date, Stated Maturity or Maturity, as the case may be.

ARTICLE TWO

SECURITIES FORMS

SECTION 201. Forms of Securities. The Registered Securities, if any, of each series and the Bearer Securities, if any, of each series and related coupons shall be in substantially the forms as shall be established in one or more indentures supplemental hereto or approved from time to time by or pursuant to a Board Resolution in accordance with Section 301, shall have such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture or any indenture supplemental hereto, and may have such letters, numbers or other marks of identification or designation and such legends or endorsements placed thereon as the Company may deem appropriate and as are not inconsistent with the provisions of this Indenture, or as may be required to comply with any law or with any rule or regulation made pursuant thereto or with any rule or regulation of any stock exchange on which the Securities may be listed, or to conform to usage.

Unless otherwise specified as contemplated by Section 301, Bearer Securities shall have interest coupons attached.

The definitive Securities and coupons shall be printed, lithographed or engraved or produced by any combination of these methods on a steel engraved border or steel engraved borders or may be produced in any other manner, all as determined by the officers executing such Securities or coupons, as evidenced by their execution of such Securities or coupons.

SECTION 202. Form of Trustee's Certificate of Authentication. Subject to Section 611, the Trustee's certificate of authentication shall be in substantially the following form:

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

WACHOVIA BANK, NATIONAL ASSOCIATION,
as Trustee

By _____
Authorized Signatory

SECTION 203. Securities Issuable in Global Form. If Securities of or within a series are issuable in global form, as specified as contemplated by Section 301, then, notwithstanding clause (8) of Section 301 and the provisions of Section 302, any such Security shall represent such of the Outstanding Securities of such series as shall be specified therein and may provide that it shall represent the aggregate amount of Outstanding Securities of such series from time to time endorsed thereon and that the aggregate amount of Outstanding Securities of such series represented thereby may from time to time be increased or decreased to reflect exchanges. Any endorsement of a Security in global form to reflect the amount, or any increase or decrease in the amount, of Outstanding Securities represented thereby shall be made by the Trustee in such manner and upon instructions given by such Person or Persons as shall be

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specified therein or in the Company Order to be delivered to the Trustee pursuant to Section 303 or 304. Subject to the provisions of Section 303 and, if applicable, Section 304, the Trustee shall deliver and redeliver any Security in permanent global form in the manner and upon instructions given by the Person or Persons specified therein or in the applicable Company Order. If a Company Order pursuant to Section 303 or 304 has been, or simultaneously is, delivered, any instructions by the Company with respect to endorsement, delivery or redelivery of a Security in global form shall be in writing but need not comply with Section 102 and need not be accompanied by an Opinion of Counsel.

The provisions of the last sentence of Section 303 shall apply to any Security represented by a Security in global form if such Security was never issued and sold by the Company and the Company delivers to the Trustee the Security in global form together with written instructions (which need not comply with Section 102 and need not be accompanied by an Opinion of Counsel) with regard to the reduction in the principal amount of Securities represented thereby, together with the written statement contemplated by the last sentence of Section 303.

Notwithstanding the provisions of Section 307, unless otherwise specified as contemplated by Section 301, payment of principal of (and premium, if any) and interest, if any, on any Security in permanent global form shall be made to the Person or Persons specified therein.

Notwithstanding the provisions of Section 309 and except as provided in the preceding paragraph, the Company, the Trustee and any agent of the Company and the Trustee shall treat as the Holder of such principal amount of Outstanding Securities represented by a permanent global Security (i) in the case of a permanent global Security in registered form, the Holder of such permanent global Security in registered form, or (ii) in the case of a permanent global Security in bearer form, Euroclear or CEDEL.

ARTICLE THREE

THE SECURITIES

SECTION 301. Amount Unlimited; Issuable in Series. The aggregate principal amount of Securities which may be authenticated and delivered under this Indenture is unlimited. The Securities shall be subordinated in right of payment to Senior Indebtedness as provided in Article Sixteen.

The Securities shall rank equally and pari passu and may be issued in one or more series. There shall be established in one or more Board Resolutions or pursuant to authority granted by one or more Board Resolutions and, subject to Section 303, set forth, or determined in the manner provided, in an Officers' Certificate, or established in one or more indentures supplemental hereto, prior to the issuance of Securities of any series, any or all of the following, as applicable (each of which (except for the matters set forth in clauses (1), (2) and (15) below), if so provided, may be determined from time to time by the Company with respect to unissued Securities of the series when issued from time to time):

(1) the title of the Securities of the series (which shall distinguish the Securities of such series from all other series of Securities);

(2) any limit upon the aggregate principal amount of the Securities of the series that may be authenticated and delivered under this Indenture (except for Securities authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Securities of the series pursuant to Section 304, 305, 306, 906, 1107 or 1305);

(3) the date or dates, or the method by which such date or dates will be determined or extended, on which the principal of the Securities of the series shall be payable;

(4) the rate or rates at which the Securities of the series shall bear interest, if any, or the method by which such rate or rates shall be determined, the date or dates from which such interest shall accrue or the method by which such date or dates shall be determined, the Interest Payment Dates on which such interest will be payable and the Regular Record Date, if any, for the interest payable on any Registered Security on any Interest Payment Date, or the method by which such date shall be determined, and the basis upon which such interest shall be calculated if other than that of a 360-day year of twelve 30-day months;

(5) the place or places, if any, other than or in addition to the Borough of Manhattan, The City of New York, where the principal of (and premium, if any) and interest, if any, on Securities of the series shall be payable, any Registered Securities of the series may be surrendered for registration of transfer, Securities of the series may be surrendered for exchange, where Securities of that series that are convertible or exchangeable may be surrendered for conversion or exchange, as applicable, and where notices or demands to or upon the Company in respect of the Securities of the series and this Indenture may be served;

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(6) the period or periods within which, or the date or dates on which, the price or prices at which, the Currency or Currencies in which, and other terms and conditions upon which Securities of the series may be redeemed, in whole or in part, at the option of the Company, if the Company is to have the option;

(7) the obligation, if any, of the Company to redeem, repay or purchase Securities of the series pursuant to any sinking fund or analogous provision or at the option of a Holder thereof, and the period or periods within which or the date or dates on which, the price or prices at which, the Currency or Currencies in which, and other terms and conditions upon which Securities of the series shall be redeemed, repaid or purchased, in whole or in part, pursuant to such obligation;

(8) if other than denominations of $1,000 and any integral multiple thereof, the denomination or denominations in which any Registered Securities of the series shall be issuable and, if other than denominations of $5,000, the denomination or denominations in which any Bearer Securities of the series shall be issuable;

(9) if other than the Trustee, the identity of each Security Registrar and/or Paying Agent;

(10) if other than the principal amount thereof, the portion of the principal amount of Securities of the series that shall be payable upon declaration of acceleration of the Maturity thereof pursuant to Section 502 or the method by which such portion shall be determined;

(11) if other than Dollars, the Currency or Currencies in which payment of the principal of (or premium, if any) or interest, if any, on the Securities of the series shall be made or in which the Securities of the series shall be denominated and the particular provisions applicable thereto in accordance with, in addition to or in lieu of any of the provisions of Section 312;

(12) whether the amount of payments of principal of (or premium, if any) or interest, if any, on the Securities of the series may be determined with reference to an index, formula or other method (which index, formula or method may be based, without limitation, on one or more Currencies, commodities, equity indices or other indices), and the manner in which such amounts shall be determined;

(13) whether the principal of (or premium, if any) or interest, if any, on the Securities of the series are to be payable, at the election of the Company or a Holder thereof, in one or more Currencies other than that in which such Securities are denominated or stated to be payable, the period or periods within which (including the Election Date), and the terms and conditions upon which, such election may be made, and the time and manner of determining the exchange rate between the Currency or Currencies in which such Securities are denominated or stated to be payable and the Currency or Currencies in which such Securities are to be paid, in each case in accordance with, in addition to or in lieu of any of the provisions of Section 312;

(14) provisions, if any, granting special rights to the Holders of Securities of the series upon the occurrence of such events as may be specified;

(15) any deletions from, modifications of or additions to the Events of Default or covenants (including any deletions from, modifications of or additions to any of the provisions of Section 1006) of the Company with respect to Securities of the series, whether or not such Events of Default or covenants are consistent with the Events of Default or covenants set forth herein;

(16) whether Securities of the series are to be issuable as Registered Securities, Bearer Securities (with or without coupons) or both, any restrictions applicable to the offer, sale or delivery of Bearer Securities and the terms upon which Bearer Securities of the series may be exchanged for Registered Securities of the series and vice versa (if permitted by applicable laws and regulations), whether any Securities of the series are to be issuable initially in temporary global form and whether any Securities of the series are to be issuable in permanent global form with or without coupons and, if so, whether beneficial owners of interests in any such permanent global Security may exchange such interests for Securities of such series in certificated form and of like tenor of any authorized form and denomination and the circumstances under which any such exchanges may occur, if other than in the manner provided in Section 305, and, if Registered Securities of the series are to be issuable as a global Security, the identity of the depository for such series;

(17) the date as of which any Bearer Securities of the series and any temporary global Security representing Outstanding Securities of the series shall be dated if other than the date of original issuance of the first Security of the series to be issued;

(18) the Person to whom any interest on any Registered Security of the series shall be payable, if other than the

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Person in whose name such Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, the manner in which, or the Person to whom, any interest on any Bearer Security of the series shall be payable, if otherwise than upon presentation and surrender of the coupons appertaining thereto as they severally mature, and the extent to which, or the manner in which, any interest payable on a temporary global Security on an Interest Payment Date will be paid if other than in the manner provided in Section 304;

(19) the applicability, if any, of Sections 1402 and/or 1403 to the Securities of the series and any provisions in modification of, in addition to or in lieu of any of the provisions of Article Fourteen;

(20) if the Securities of such series are to be issuable in definitive form (whether upon original issue or upon exchange of a temporary Security of such series) only upon receipt of certain certificates or other documents or satisfaction of other conditions, then the form and/or terms of such certificates, documents or conditions;

(21) whether, under what circumstances and the Currency in which, the Company will pay Additional Amounts as contemplated by Section 1004 on the Securities of the series to any Holder who is not a United States person (including any modification to the definition of such term) in respect of any tax, assessment or governmental charge and, if so, whether the Company will have the option to redeem such Securities rather than pay such Additional Amounts (and the terms of any such option);

(22) the designation of the initial Exchange Rate Agent, if any;

(23) if the Securities of the series are to be convertible into or exchangeable for any securities of any Person (including the Company), the terms and conditions upon which such Securities will be so convertible or exchangeable; and

(24) any other terms of the series (which terms shall not be inconsistent with the provisions of this Indenture or the requirements of the Trust Indenture Act).

All Securities of any one series and the coupons appertaining to any Bearer Securities of such series shall be substantially identical except, in the case of Registered Securities, as to denomination and except as may otherwise be provided in or pursuant to such Board Resolution (subject to Section 303) and set forth in such Officers' Certificate or in any such indenture supplemental hereto. All Securities of any one series need not be issued at the same time and, unless otherwise provided, a series may be reopened, without the consent of the Holders, for issuances of additional Securities of such series.

If any of the terms of the Securities of any series are established by action taken pursuant to one or more Board Resolutions, a copy of an appropriate record of such action(s) shall be certified by the Secretary or an Assistant Secretary of the Company and delivered to the Trustee at or prior to the delivery of the Officers' Certificate setting forth the terms of the Securities of such series.

SECTION 302. Denominations. The Securities of each series shall be issuable in such denominations as shall be specified as contemplated by Section 301. With respect to Securities of any series denominated in Dollars, in the absence of any such provisions with respect to the Securities of any series, the Registered Securities of such series, other than Registered Securities issued in global form (which may be of any denomination) shall be issuable in denominations of $1,000 and any integral multiple thereof, and the Bearer Securities of such series, other than Bearer Securities issued in global form (which may be of any denomination), shall be issuable in a denomination of $5,000.

SECTION 303. Execution, Authentication, Delivery and Dating. The Securities and any coupons appertaining thereto shall be executed on behalf of the Company by its Chairman, its President or one of its Vice Presidents, under its corporate seal reproduced thereon, and attested by its Secretary or one of its Assistant Secretaries. The signature of any of these officers on the Securities and coupons may be manual or facsimile signatures of the present or any future such authorized officer and may be imprinted or otherwise reproduced on the Securities.

Securities or coupons bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Company shall bind the Company, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Securities or did not hold such offices at the date of such Securities or coupons.

At any time and from time to time after the execution and delivery of this Indenture, the Company may deliver Securities of any series, together with any coupon appertaining thereto, executed by the Company, to the Trustee for authentication, together with a Company Order for the authentication and delivery of such Securities, and the Trustee in accordance with the Company Order shall authenticate and deliver such Securities; provided, however, that, in connection with its original issuance, no Bearer Security shall be mailed or otherwise delivered to any location in the United States; and provided further that, unless otherwise specified with respect to any series of Securities pursuant to Section 301, a Bearer Security may be delivered in connection with its original issuance only if the

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Person entitled to receive such Bearer Security shall have furnished a certificate in the form set forth in Exhibit A-1 to this Indenture or such other certificate as may be specified with respect to any series of Securities pursuant to Section 301, dated no earlier than 15 days prior to the earlier of the date on which such Bearer Security is delivered and the date on which any temporary Security first becomes exchangeable for such Bearer Security in accordance with the terms of such temporary Security and this Indenture. If any Security shall be represented by a permanent global Bearer Security, then, for purposes of this Section and Section 304, the notation of a beneficial owner's interest therein upon original issuance of such Security or upon exchange of a portion of a temporary global Security shall be deemed to be delivery in connection with its original issuance of such beneficial owner's interest in such permanent global Security. Except as permitted by Section 306, the Trustee shall not authenticate and deliver any Bearer Security unless all appurtenant coupons for interest then matured have been detached and canceled. If all the Securities of any series are not to be issued at one time and if the Board Resolution or supplemental indenture establishing such series shall so permit, such Company Order may set forth procedures acceptable to the Trustee for the issuance of such Securities and determining the terms of particular Securities of such series, such as interest rate, maturity date, date of issuance and date from which interest shall accrue. In authenticating such Securities, and accepting the additional responsibilities under this Indenture in relation to such Securities, the Trustee shall be entitled to receive, and (subject to TIA Section 315(a) through 315(d)) shall be fully protected in relying upon,

(i) an Opinion of Counsel stating,

(a) that the form or forms of such Securities and any coupons have been established in conformity with the provisions of this Indenture;

(b) that the terms of such Securities and any coupons have been established in conformity with the provisions of this Indenture; and

(c) that such Securities, together with any coupons appertaining thereto, when completed by appropriate insertions and executed and delivered by the Company to the Trustee for authentication in accordance with this Indenture, authenticated and delivered by the Trustee in accordance with this Indenture and issued by the Company in the manner and subject to any conditions specified in such Opinion of Counsel, will constitute legal, valid and binding obligations of the Company, enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency, reorganization and other similar laws of general applicability relating to or affecting the enforcement of creditors' rights, to general equitable principles and to such other qualifications as such counsel shall conclude do not materially affect the rights of Holders of such Securities and any coupons; and

(ii) an Officers' Certificate stating, to the best of the knowledge of the signers of such certificate, that no Event of Default with respect to any of the Securities shall have occurred and be continuing.

Notwithstanding the provisions of Section 301 and of this Section 303, if all the Securities of any series are not to be issued at one time, it shall not be necessary to deliver an Officers' Certificate otherwise required pursuant to Section 301 or the Company Order, Opinion of Counsel or Officers' Certificate otherwise required pursuant to the preceding paragraph at the time of issuance of each Security of such series, but such order, opinion and certificates, with appropriate modifications to cover such future issuances, shall be delivered at or before the time of issuance of the first Security of such series.

If such form or terms have been so established, the Trustee shall not be required to authenticate such Securities if the issue of such Securities pursuant to this Indenture will affect the Trustee's own rights, duties, obligations or immunities under the Securities and this Indenture or otherwise in a manner which is not reasonably acceptable to the Trustee. Notwithstanding the generality of the foregoing, the Trustee will not be required to authenticate Securities denominated in a Foreign Currency if the Trustee reasonably believes that it would be unable to perform its duties with respect to such Securities.

Each Registered Security shall be dated the date of its authentication and each Bearer Security shall be dated as of the date specified as contemplated by Section 301.

No Security or coupon shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Security or Security to which such coupon appertains a certificate of authentication substantially in the form provided for herein duly executed by the Trustee or an Authenticating Agent by manual signature of an authorized signatory, and such certificate upon any Security shall be conclusive evidence, and the only evidence, that such Security has been duly authenticated and delivered hereunder and is entitled to the benefits of this Indenture. Notwithstanding the foregoing, if any Security shall have been authenticated and delivered hereunder but never issued and sold by the Company, and the Company shall deliver such Security to the Trustee for cancellation as provided in Section 310 together with a written statement (which need not comply with Section 102 and need not be accompanied by an Opinion of Counsel) stating that such Security has never been issued and sold by the Company, for all purposes of this Indenture such Security shall be deemed never to have been authenticated and delivered hereunder and shall never be entitled to the benefits of this Indenture.

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SECTION 304. Temporary Securities.

(a) Pending the preparation of definitive Securities of any series, the Company may execute, and upon Company Order the Trustee shall authenticate and deliver, temporary Securities which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Securities in lieu of which they are issued, in registered form, or, if authorized, in bearer form with one or more coupons or without coupons, and with such appropriate insertions, omissions, substitutions and other variations as the officers executing such Securities may determine, as conclusively evidenced by their execution of such Securities. In the case of Securities of any series, such temporary Securities may be in global form.

Except in the case of temporary Securities in global form (which shall be exchanged in accordance with Section 304(b) or as otherwise provided in or pursuant to a Board Resolution), if temporary Securities of any series are issued, the Company will cause definitive Securities of that series to be prepared without unreasonable delay. After the preparation of definitive Securities of such series, the temporary Securities of such series shall be exchangeable for definitive Securities of such series upon surrender of the temporary Securities of such series at the office or agency of the Company in a Place of Payment for that series, without charge to the Holder. Upon surrender for cancellation of any one or more temporary Securities of any series (accompanied by any non-matured coupons appertaining thereto), the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor a like principal amount of definitive Securities of the same series of authorized denominations; provided, however, that no definitive Bearer Security shall be delivered in exchange for a temporary Registered Security; and provided further that a definitive Bearer Security shall be delivered in exchange for a temporary Bearer Security only in compliance with the conditions set forth in Section 303. Until so exchanged, the temporary Securities of any series shall in all respects be entitled to the same benefits under this Indenture as definitive Securities of such series.

(b) Unless otherwise provided in or pursuant to a Board Resolution, this Section 304(b) shall govern the exchange of temporary Securities issued in global form. If temporary Securities of any series are issued in global form, any such temporary global Security shall, unless otherwise provided therein, be delivered to the London office of a depository or common depository (the Common Depository), for the benefit of Euroclear and CEDEL, for credit to the respective accounts of the beneficial owners of such Securities (or to such other accounts as they may direct).

Without unnecessary delay but in any event not later than the date specified in, or determined pursuant to the terms of, any such temporary global Security (the Exchange Date), the Company shall deliver to the Trustee definitive Securities, in aggregate principal amount equal to the principal amount of such temporary global Security, executed by the Company. On or after the Exchange Date, such temporary global Security shall be surrendered by the Common Depository to the Trustee, as the Company's agent for such purpose, to be exchanged, in whole or from time to time in part, for definitive Securities without charge, and the Trustee shall authenticate and deliver, in exchange for each portion of such temporary global Security, an equal aggregate principal amount of definitive Securities of the same series of authorized denominations and of like tenor as the portion of such temporary global Security to be exchanged. The definitive Securities to be delivered in exchange for any such temporary global Security shall be in bearer form, registered form, permanent global bearer form or permanent global registered form, or any combination thereof, as specified as contemplated by Section 301, and, if any combination thereof is so specified, as requested by the beneficial owner thereof; provided, however, that, unless otherwise specified in such temporary global Security, upon such presentation by the Common Depository, such temporary global Security is accompanied by a certificate dated the Exchange Date or a subsequent date and signed by Euroclear as to the portion of such temporary global Security held for its account then to be exchanged and a certificate dated the Exchange Date or a subsequent date and signed by CEDEL as to the portion of such temporary global Security held for its account then to be exchanged, each in the form set forth in Exhibit A-2 to this Indenture or in such other form as may be established pursuant to Section 301; and provided further that definitive Bearer Securities shall be delivered in exchange for a portion of a temporary global Security only in compliance with the requirements of Section 303.

Unless otherwise specified in such temporary global Security, the interest of a beneficial owner of Securities of a series in a temporary global Security shall be exchanged for definitive Securities of the same series and of like tenor following the Exchange Date when the account holder instructs Euroclear or CEDEL, as the case may be, to request such exchange on his behalf and delivers to Euroclear or CEDEL, as the case may be, a certificate in the form set forth in Exhibit A-1 to this Indenture (or in such other form as may be established pursuant to Section 301), dated no earlier than 15 days prior to the Exchange Date, copies of which certificate shall be available from the offices of Euroclear and CEDEL, the Trustee, any Authenticating Agent appointed for such series of Securities and each Paying Agent. Unless otherwise specified in such temporary global Security, any such exchange shall be made free of charge to the beneficial owners of such temporary global Security, except that a Person receiving definitive Securities must bear the cost of insurance, postage, transportation and the like unless such Person takes delivery of such definitive Securities in person at the offices of Euroclear or CEDEL. Definitive Securities in bearer form to be delivered in exchange for any portion of a temporary global Security shall be delivered only outside the United States.

Until exchanged in full as hereinabove provided, the temporary Securities of any series shall in all respects be entitled to the same benefits under this Indenture as definitive Securities of the same series and of like tenor authenticated and delivered hereunder, except that, unless otherwise specified as contemplated by Section 301, interest payable on a temporary global Security on an Interest Payment Date for Securities of such series occurring prior to the applicable Exchange Date shall be payable to Euroclear and CEDEL

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on such Interest Payment Date upon delivery by Euroclear and CEDEL to the Trustee of a certificate or certificates in the form set forth in Exhibit A-2 to this Indenture (or in such other forms as may be established pursuant to Section 301), for credit without further interest on or after such Interest Payment Date to the respective accounts of Persons who are the beneficial owners of such temporary global Security on such Interest Payment Date and who have each delivered to Euroclear or CEDEL, as the case may be, a certificate dated no earlier than 15 days prior to the Interest Payment Date occurring prior to such Exchange Date in the form set forth as Exhibit A-1 to this Indenture (or in such other forms as may be established pursuant to Section 301). Notwithstanding anything to the contrary herein contained, the certifications made pursuant to this paragraph shall satisfy the certification requirements of the preceding two paragraphs of this Section 304(b) and of the third paragraph of Section 303 of this Indenture and the interests of the Persons who are the beneficial owners of the temporary global Security with respect to which such certification was made will be exchanged for definitive Securities of the same series and of like tenor on the Exchange Date or the date of certification if such date occurs after the Exchange Date, without further act or deed by such beneficial owners. Except as otherwise provided in this paragraph, no payments of principal (or premium, if any) or interest, if any, owing with respect to a beneficial interest in a temporary global Security will be made unless and until such interest in such temporary global Security shall have been exchanged for an interest in a definitive Security. Any interest so received by Euroclear and CEDEL and not paid as herein provided shall be returned to the Trustee prior to the expiration of two years after such Interest Payment Date in order to be repaid to the Company.

SECTION 305. Registration, Registration of Transfer and Exchange. The Company shall cause to be kept at the Corporate Trust Office of the Trustee or in any office or agency of the Company in a Place of Payment a register for each series of Securities (the registers maintained in such office or in any such office or agency of the Company in a Place of Payment being herein sometimes referred to collectively as the Security Register) in which, subject to such reasonable regulations as it may prescribe, the Company shall provide for the registration of Registered Securities and of transfers of Registered Securities. The Security Register shall be in written form or any other form capable of being converted into written form within a reasonable time. The Trustee, at its Corporate Trust Office, is hereby initially appointed Security Registrar for the purpose of registering Registered Securities and transfers of Registered Securities on such Security Register as herein provided. In the event that the Trustee shall cease to be Security Registrar, it shall have the right to examine the Security Register at all reasonable times.

Upon surrender for registration of transfer of any Registered Security of any series at any office or agency of the Company in a Place of Payment for that series, the Company shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Registered Securities of the same series, of any authorized denominations and of a like aggregate principal amount, bearing a number not contemporaneously outstanding and containing identical terms and provisions.

At the option of the Holder, Registered Securities of any series may be exchanged for other Registered Securities of the same series, of any authorized denomination or denominations and of a like aggregate principal amount, containing identical terms and provisions, upon surrender of the Registered Securities to be exchanged at any such office or agency. Whenever any Registered Securities are so surrendered for exchange, the Company shall execute, and the Trustee shall authenticate and deliver, the Registered Securities which the Holder making the exchange is entitled to receive. Unless otherwise specified with respect to any series of Securities as contemplated by Section 301, Bearer Securities may not be issued in exchange for Registered Securities.

If (but only if) permitted by the applicable Board Resolution and (subject to Section 303) set forth in the applicable Officers' Certificate, or in any indenture supplemental hereto, delivered as contemplated by Section 301, at the option of the Holder, Bearer Securities of any series may be exchanged for Registered Securities of the same series of any authorized denominations and of a like aggregate principal amount and tenor, upon surrender of the Bearer Securities to be exchanged at any such office or agency, with all unmatured coupons and all matured coupons in default thereto appertaining. If the Holder of a Bearer Security is unable to produce any such unmatured coupon or coupons or matured coupon or coupons in default, any such permitted exchange may be effected if the Bearer Securities are accompanied by payment in funds acceptable to the Company in an amount equal to the face amount of such missing coupon or coupons, or the surrender of such missing coupon or coupons may be waived by the Company and the Trustee if there is furnished to them such security or indemnity as they may require to save each of them and any Paying Agent harmless. If thereafter the Holder of such Security shall surrender to any Paying Agent any such missing coupon in respect of which such a payment shall have been made, such Holder shall be entitled to receive the amount of such payment; provided, however, that, except as otherwise provided in Section 1002, interest represented by coupons shall be payable only upon presentation and surrender of those coupons at an office or agency located outside the United States. Notwithstanding the foregoing, in case a Bearer Security of any series is surrendered at any such office or agency in a permitted exchange for a Registered Security of the same series and like tenor after the close of business at such office or agency on (i) any Regular Record Date and before the opening of business at such office or agency on the relevant Interest Payment Date, or (ii) any Special Record Date and before the opening of business at such office or agency on the related proposed date for payment of Defaulted Interest, such Bearer Security shall be surrendered without the coupon relating to such Interest Payment Date or proposed date for payment, as the case may be, and interest or Defaulted Interest, as the case may be, will not be payable on such Interest Payment Date or proposed date for payment, as the case may be, in respect of the Registered Security issued in exchange for such Bearer Security, but will be payable only to the Holder of such coupon when due in accordance with the provisions of this Indenture.

Whenever any Securities are so surrendered for exchange, the Company shall execute, and the Trustee shall authenticate and

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deliver, the Securities which the Holder making the exchange is entitled to receive.

Notwithstanding the foregoing, except as otherwise specified as contemplated by Section 301, any permanent global Security shall be exchangeable only as provided in this paragraph. If any beneficial owner of an interest in a permanent global Security is entitled to exchange such interest for Securities of such series and of like tenor and principal amount of another authorized form and denomination, as specified as contemplated by Section 301 and provided that any applicable notice provided in the permanent global Security shall have been given, then without unnecessary delay but in any event not later than the earliest date on which such interest may be so exchanged, the Company shall deliver to the Trustee definitive Securities in aggregate principal amount equal to the principal amount of such beneficial owner's interest in such permanent global Security, executed by the Company. On or after the earliest date on which such interests may be so exchanged, such permanent global Security shall be surrendered by the Common Depository or such other depository as shall be specified in the Company Order with respect thereto to the Trustee, as the Company's agent for such purpose, to be exchanged, in whole or from time to time in part, for definitive Securities without charge and the Trustee shall authenticate and deliver, in exchange for each portion of such permanent global Security, an equal aggregate principal amount of definitive Securities of the same series of authorized denominations and of like tenor as the portion of such permanent global Security to be exchanged which, unless the Securities of the series are not issuable both as Bearer Securities and as Registered Securities, as specified as contemplated by Section 301, shall be in the form of Bearer Securities or Registered Securities, or any combination thereof, as shall be specified by the beneficial owner thereof; provided, however, that no such exchanges may occur during a period beginning at the opening of business 15 days before any selection of Securities to be redeemed and ending on the relevant Redemption Date if the Security for which exchange is requested may be among those selected for redemption; and provided further that no Bearer Security delivered in exchange for a portion of a permanent global Security shall be mailed or otherwise delivered to any location in the United States. If a Registered Security is issued in exchange for any portion of a permanent global Security after the close of business at the office or agency where such exchange occurs on (i) any Regular Record Date and before the opening of business at such office or agency on the relevant Interest Payment Date, or (ii) any Special Record Date and before the opening of business at such office or agency on the related proposed date for payment of Defaulted Interest, interest or Defaulted Interest, as the case may be, will not be payable on such Interest Payment Date or proposed date for payment, as the case may be, in respect of such Registered Security, but will be payable on such Interest Payment Date or proposed date for payment, as the case may be, only to the Person to whom interest in respect of such portion of such permanent global Security is payable in accordance with the provisions of this Indenture.

All Securities issued upon any registration of transfer or exchange of Securities shall be valid obligations of the Company, evidencing the same debt and entitled to the same benefits under this Indenture, as the Securities surrendered upon such registration of transfer or exchange.

Every Registered Security presented or surrendered for registration of transfer or for exchange shall (if so required by the Company or the Security Registrar) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar, duly executed by the Holder thereof or his attorney duly authorized in writing.

No service charge shall be made for any registration of transfer or exchange of Securities, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Securities, other than exchanges pursuant to Section 304, 906, 1107 or 1305 not involving any transfer.

The Company shall not be required (i) to issue, register the transfer of or exchange any Security if such Security may be among those selected for redemption during a period beginning at the opening of business 15 days before selection of the Securities to be redeemed under Section 1103 and ending at the close of business on (A) if such Securities are issuable only as Registered Securities, the day of the mailing of the relevant notice of redemption and (B) if such Securities are issuable as Bearer Securities, the day of the first publication of the relevant notice of redemption or, if such Securities are also issuable as Registered Securities and there is no publication, the mailing of the relevant notice of redemption, or (ii) to register the transfer of or exchange any Registered Security so selected for redemption in whole or in part, except, in the case of any Registered Security to be redeemed in part, the portion thereof not to be redeemed, or (iii) to exchange any Bearer Security so selected for redemption except that such a Bearer Security may be exchanged for a Registered Security of that series and like tenor, provided that such Registered Security shall be simultaneously surrendered for redemption, or (iv) to issue, register the transfer of or exchange any Security which has been surrendered for repayment at the option of the Holder, except the portion, if any, of such Security not to be so repaid.

SECTION 306. Mutilated, Destroyed, Lost and Stolen Securities. If any mutilated Security or a Security with a mutilated coupon appertaining to it is surrendered to the Trustee or the Company, together with, in proper cases, such security or indemnity as may be required by the Company or the Trustee to save each of them or any agent of either of them harmless, the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor a new Security of the same series and principal amount, containing identical terms and provisions and bearing a number not contemporaneously outstanding, with coupons corresponding to the coupons, if any, appertaining to the surrendered Security.

If there shall be delivered to the Company and to the Trustee (i) evidence to their satisfaction of the destruction, loss or theft of any Security or coupon, and (ii) such security or indemnity as may be required by them to save each of them and any agent of either

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of them harmless, then, in the absence of notice to the Company or the Trustee that such Security or coupon has been acquired by a bona fide purchaser, the Company shall execute and upon its request the Trustee shall authenticate and deliver, in lieu of any such destroyed, lost or stolen Security or in exchange for the Security to which a destroyed, lost or stolen coupon appertains (with all appurtenant coupons not destroyed, lost or stolen), a new Security of the same series and principal amount, containing identical terms and provisions and bearing a number not contemporaneously outstanding, with coupons corresponding to the coupons, if any, appertaining to such destroyed, lost or stolen Security or to the Security to which such destroyed, lost or stolen coupon appertains.

Notwithstanding the provisions of the previous two paragraphs, in case any such mutilated, destroyed, lost or stolen Security or coupon has become or is about to become due and payable, the Company in its discretion may, instead of issuing a new Security, with coupons corresponding to the coupons, if any, appertaining to such mutilated, destroyed, lost or stolen Security or to the Security to which such mutilated, destroyed, lost or stolen coupon appertains, pay such Security or coupon; provided, however, that payment of principal of (and premium, if any) and interest, if any, on Bearer Securities shall, except as otherwise provided in Section 1002, be payable only at an office or agency located outside the United States and, unless otherwise specified as contemplated by Section 301, any interest on Bearer Securities shall be payable only upon presentation and surrender of the coupons appertaining thereto.

Upon the issuance of any new Security under this Section, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith.

Every new Security of any series with its coupons, if any, issued pursuant to this Section in lieu of any destroyed, lost or stolen Security, or in exchange for a Security to which a destroyed, lost or stolen coupon appertains, shall constitute an original additional contractual obligation of the Company, whether or not the destroyed, lost or stolen Security and its coupons, if any, or the destroyed, lost or stolen coupon shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Securities of that series and their coupons, if any, duly issued hereunder.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities or coupons.

SECTION 307. Payment of Interest; Interest Rights Preserved; Optional Interest Reset.

(a) Except as otherwise specified with respect to a series of Securities in accordance with the provisions of Section 301, interest, if any, on any Registered Security that is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Person in whose name that Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest at the office or agency of the Company maintained for such purpose pursuant to Section 1002; provided, however, that each installment of interest, if any, on any Registered Security may at the Company's option be paid by (i) mailing a check for such interest, payable to or upon the written order of the Person entitled thereto pursuant to Section 309, to the address of such Person as it appears on the Security Register or (ii) transfer to an account maintained by the payee inside the United States.

Unless otherwise provided as contemplated by Section 301 with respect to the Securities of any series, payment of interest, if any, may be made, in the case of a Bearer Security, by transfer to an account maintained by the payee with a bank located outside the United States.

Unless otherwise provided as contemplated by Section 301, every permanent global Security will provide that interest, if any, payable on any Interest Payment Date will be paid to each of Euroclear and CEDEL with respect to that portion of such permanent global Security held for its account by the Common Depository, for the purpose of permitting each of Euroclear and CEDEL to credit the interest, if any, received by it in respect of such permanent global Security to the accounts of the beneficial owners thereof.

In case a Bearer Security of any series is surrendered in exchange for a Registered Security of such series after the close of business (at an office or agency in a Place of Payment for such series) on any Regular Record Date and before the opening of business (at such office or agency) on the next succeeding Interest Payment Date, such Bearer Security shall be surrendered without the coupon relating to such Interest Payment Date and interest will not be payable on such Interest Payment Date in respect of the Registered Security issued in exchange for such Bearer Security, but will be payable only to the Holder of such coupon when due in accordance with the provisions of this Indenture.

Except as otherwise specified with respect to a series of Securities in accordance with the provisions of Section 301, any interest on any Registered Security of any series that is payable, but is not punctually paid or duly provided for, on any Interest Payment Date (herein called Defaulted Interest) shall forthwith cease to be payable to the registered Holder thereof on the relevant Regular Record Date by virtue of having been such Holder, and such Defaulted Interest may be paid by the Company, at its election in each case, as provided in clause (1) or (2) below:

(1) The Company may elect to make payment of any Defaulted Interest to the Persons in whose names the Registered

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Securities of such series (or their respective Predecessor Securities) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Company shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Registered Security of such series and the date of the proposed payment (which shall not be less than 20 days after such notice is received by the Trustee), and at the same time the Company shall deposit with the Trustee an amount of money in the Currency in which the Securities of such series are payable (except as otherwise specified pursuant to Section 301 for the Securities of such series and except, if applicable, as provided in Sections 312(b), 312(d) and 312(e)) equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit on or prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this clause provided. Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 days and not less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Company of such Special Record Date and, in the name and at the expense of the Company, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Holder of Registered Securities of such series at his address as it appears in the Security Register not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest shall be paid to the Persons in whose names the Registered Securities of such series (or their respective Predecessor Securities) are registered at the close of business on such Special Record Date and shall no longer be payable pursuant to the following clause (2). In case a Bearer Security of any series is surrendered at the office or agency in a Place of Payment for such series in exchange for a Registered Security of such series after the close of business at such office or agency on any Special Record Date and before the opening of business at such office or agency on the related proposed date for payment of Defaulted Interest, such Bearer Security shall be surrendered without the coupon relating to such proposed date of payment and Defaulted Interest will not be payable on such proposed date of payment in respect of the Registered Security issued in exchange for such Bearer Security, but will be payable only to the Holder of such coupon when due in accordance with the provisions of this Indenture.

(2) The Company may make payment of any Defaulted Interest on the Registered Securities of any series in any other lawful manner not inconsistent with the requirements of any securities exchange on which such Securities may be listed, and upon such notice as may be required by such exchange, if, after notice given by the Company to the Trustee of the proposed payment pursuant to this clause, such manner of payment shall be deemed practicable by the Trustee.

(b) The provisions of this Section 307(b) may be made applicable to any series of Securities pursuant to Section 301 (with such modifications, additions or substitutions as may be specified pursuant to such Section 301). The interest rate (or the spread or spread multiplier used to calculate such interest rate, if applicable) on any Security of such series may be reset by the Company on the date or dates specified on the face of such Security (each an Optional Reset Date). The Company may exercise such option with respect to such Security by notifying the Trustee of such exercise at least 45 but not more than 60 days prior to an Optional Reset Date for such Security. Not later than 40 days prior to each Optional Reset Date, the Trustee shall transmit, in the manner provided for in Section 106, to the Holder of any such Security a notice (the Reset Notice) indicating whether the Company has elected to reset the interest rate (or the spread or spread multiplier used to calculate such interest rate, if applicable), and if so (i) such new interest rate (or such new spread or spread multiplier, if applicable) and (ii) the provisions, if any, for redemption during the period from such Optional Reset Date to the next Optional Reset Date or if there is no such next Optional Reset Date, to the Stated Maturity of such Security (each such period a Subsequent Interest Period), including the date or dates on which or the period or periods during which and the price or prices at which such redemption may occur during the Subsequent Interest Period.

Notwithstanding the foregoing, not later than 20 days prior to the Optional Reset Date, the Company may, at its option, revoke the interest rate (or the spread or spread multiplier used to calculate such interest rate, if applicable) provided for in the Reset Notice and establish a higher interest rate (or a spread or spread multiplier providing for a higher interest rate, if applicable) for the Subsequent Interest Period by causing the Trustee to transmit, in the manner provided for in Section 106, notice of such higher interest rate (or such spread or spread multiplier providing for a higher interest rate, if applicable) to the Holder of such Security. Such notice shall be irrevocable. All Securities with respect to which the interest rate (or the spread or spread multiplier used to calculate such interest rate, if applicable) is reset on an Optional Reset Date, and with respect to which the Holders of such Securities have not tendered such Securities for repayment (or have validly revoked any such tender) pursuant to the next succeeding paragraph, will bear such higher interest rate (or such spread or spread multiplier providing for a higher interest rate, if applicable).

The Holder of any such Security may have the option to elect repayment by the Company of the principal of such Security on each Optional Reset Date at a price equal to the principal amount thereof plus interest accrued to such Optional Reset Date. In order to obtain repayment on an Optional Reset Date, the Holder must follow the procedures set forth in Article Thirteen for repayment at the option of Holders except that the period for delivery or notification to the Trustee shall be at least 25 but not more than 35 days prior to such Optional Reset Date and except that, if the Holder has tendered any Security for repayment pursuant to the Reset Notice, the Holder may, by written notice to the Trustee, revoke such tender or repayment until the close of business on the tenth day before such Optional Reset Date.

Subject to the foregoing provisions of this Section and Section 305, each Security delivered under this Indenture upon

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registration of transfer of or in exchange for or in lieu of any other Security shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Security.

SECTION 308. Optional Extension of Maturity. The provisions of this Section 308 may be made applicable to any series of Securities pursuant to Section 301 (with such modifications, additions or substitutions as may be specified pursuant to such Section 301). The Stated Maturity of any Security of such series may be extended at the option of the Company for the period or periods specified on the face of such Security (each an Extension Period) up to but not beyond the date (the Final Maturity) set forth on the face of such Security. The Company may exercise such option with respect to any Security by notifying the Trustee of such exercise at least 45 but not more than 60 days prior to the Stated Maturity of such Security in effect prior to the exercise of such option (the Original Stated Maturity). If the Company exercises such option, the Trustee shall transmit, in the manner provided for in Section 106, to the Holder of such Security not later than 40 days prior to the Original Stated Maturity a notice (the Extension Notice) indicating (i) the election of the Company to extend the Stated Maturity, (ii) the new Stated Maturity, (iii) the interest rate (or spread, spread multiplier or other formula to calculate such interest rate, if applicable), if any, applicable to the Extension Period and (iv) the provisions, if any, for redemption during such Extension Period. Upon the Trustee's transmittal of the Extension Notice, the Stated Maturity of such Security shall be extended automatically and, except as modified by the Extension Notice and as described in the next paragraph, such Security will have the same terms as prior to the transmittal of such Extension Notice.

Notwithstanding the foregoing, not later than 20 days before the Original Stated Maturity of such Security, the Company may, at its option, revoke the interest rate (or spread, spread multiplier or other formula used to calculate such interest rate, if applicable) provided for in the Extension Notice and establish a higher interest rate (or spread, spread multiplier or other formula used to calculate such higher interest rate, if applicable) for the Extension Period by causing the Trustee to transmit, in the manner provided for in Section 106, notice of such higher interest rate (or spread, spread multiplier or other formula used to calculate such interest rate, if applicable) to the Holder of such Security. Such notice shall be irrevocable. All Securities with respect to which the Stated Maturity is extended will bear such higher interest rate.

If the Company extends the Stated Maturity of any Security, the Holder will have the option to elect repayment of such Security by the Company on the Original Stated Maturity at a price equal to the principal amount thereof, plus interest accrued to such date. In order to obtain repayment on the Original Stated Maturity once the Company has extended the Stated Maturity thereof, the Holder must follow the procedures set forth in Article Thirteen for repayment at the option of Holders, except that the period for delivery or notification to the Trustee shall be at least 25 but not more than 35 days prior to the Original Stated Maturity and except that, if the Holder has tendered any Security for repayment pursuant to an Extension Notice, the Holder may by written notice to the Trustee revoke such tender for repayment until the close of business on the tenth day before the Original Stated Maturity.

SECTION 309. Persons Deemed Owners. Prior to due presentment of a Registered Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name such Registered Security is registered as the owner of such Security for the purpose of receiving payment of principal of (and premium, if any) and (subject to Sections 305 and 307) interest, if any, on such Registered Security and for all other purposes whatsoever, whether or not such Registered Security be overdue, and neither the Company, the Trustee nor any agent of the Company or the Trustee shall be affected by notice to the contrary.

Title to any Bearer Security and any coupons appertaining thereto shall pass by delivery. The Company, the Trustee and any agent of the Company or the Trustee may treat the bearer of any Bearer Security and the bearer of any coupon as the absolute owner of such Security or coupon for the purpose of receiving payment thereof or on account thereof and for all other purposes whatsoever, whether or not such Security or coupon be overdue, and neither the Company, the Trustee nor any agent of the Company or the Trustee shall be affected by notice to the contrary.

None of the Company, the Trustee, any Paying Agent or the Security Registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests of a Security in global form or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Notwithstanding the foregoing, with respect to any global Security, nothing herein shall prevent the Company, the Trustee, or any agent of the Company or the Trustee, from giving effect to any written certification, proxy or other authorization furnished by any depository, as a Holder, with respect to such global Security or impair, as between such depository and owners of beneficial interests in such global Security, the operation of customary practices governing the exercise of the rights of such depository (or its nominee) as Holder of such global Security.

SECTION 310. Cancellation. All Securities and coupons surrendered for payment, redemption, repayment at the option of the Holder, registration of transfer or exchange or for credit against any sinking fund payment shall, if surrendered to any Person other than the Trustee, be delivered to the Trustee, and any such Securities and coupons and Securities and coupons surrendered directly to the Trustee for any such purpose shall be promptly canceled by it. The Company may at any time deliver to the Trustee for cancellation any Securities previously authenticated and delivered hereunder which the Company may have acquired in any manner whatsoever, and may deliver to the Trustee (or to any other Person for delivery to the Trustee) for cancellation any Securities

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previously authenticated hereunder which the Company has not issued and sold, and all Securities so delivered shall be promptly canceled by the Trustee. If the Company shall so acquire any of the Securities, however, such acquisition shall not operate as a redemption or satisfaction of the indebtedness represented by such Securities unless and until the same are surrendered to the Trustee for cancellation. No Securities shall be authenticated in lieu of or in exchange for any Securities canceled as provided in this Section, except as expressly permitted by this Indenture. Canceled Securities and coupons held by the Trustee shall be destroyed by the Trustee and the Trustee shall deliver a certificate of such destruction to the Company, unless by a Company Order the Company directs their return to it.

SECTION 311. Computation of Interest. Except as otherwise specified as contemplated by Section 301 with respect to Securities of any series, interest, if any, on the Securities of each series shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

SECTION 312. Currency and Manner of Payments in Respect of Securities.

(a) Unless otherwise specified with respect to any Securities pursuant to Section 301, with respect to Registered Securities of any series not permitting the election provided for in paragraph (b) below or the Holders of which have not made the election provided for in paragraph (b) below, and with respect to Bearer Securities of any series, except as provided in paragraph (d) below, payment of the principal of (and premium, if any) and interest, if any, on any Registered or Bearer Security of such series will be made in the Currency in which such Registered Security or Bearer Security, as the case may be, is payable. The provisions of this Section 312 may be modified or superseded with respect to any Securities pursuant to Section 301.

(b) It may be provided pursuant to Section 301 with respect to Registered Securities of any series that Holders shall have the option, subject to paragraphs (d) and (e) below, to receive payments of principal of (or premium, if any) or interest, if any, on such Registered Securities in any of the Currencies which may be designated for such election by delivering to the Trustee for such series of Registered Securities a written election with signature guarantees and in the applicable form established pursuant to Section 301, not later than the close of business on the Election Date immediately preceding the applicable payment date. If a Holder so elects to receive such payments in any such Currency, such election will remain in effect for such Holder or any transferee of such Holder until changed by such Holder or such transferee by written notice to the Trustee for such series of Registered Securities (but any such change must be made not later than the close of business on the Election Date immediately preceding the next payment date to be effective for the payment to be made on such payment date and no such change of election may be made with respect to payments to be made on any Registered Security of such series with respect to which an Event of Default has occurred or with respect to which the Company has deposited funds pursuant to Article Four or Fourteen or with respect to which a notice of redemption has been given by the Company or a notice of option to elect repayment has been sent by such Holder or such transferee). Any Holder of any such Registered Security who shall not have delivered any such election to the Trustee of such series of Registered Securities not later than the close of business on the applicable Election Date will be paid the amount due on the applicable payment date in the relevant Currency as provided in Section 312(a). The Trustee for each such series of Registered Securities shall notify the Exchange Rate Agent as soon as practicable after the Election Date of the aggregate principal amount of Registered Securities for which Holders have made such written election.

(c) Unless otherwise specified pursuant to Section 301, if the election referred to in paragraph (b) above has been provided for pursuant to Section 301, then, unless otherwise specified pursuant to Section 301, not later than the fourth Business Day after the Election Date for each payment date for Registered Securities of any series, the Exchange Rate Agent will deliver to the Company a written notice specifying the Currency in which Registered Securities of such series are payable, the respective aggregate amounts of principal of (and premium, if any) and interest, if any, on the Registered Securities to be paid on such payment date, specifying the amounts in such Currency so payable in respect of the Registered Securities as to which the Holders of Registered Securities denominated in any Currency shall have elected to be paid in another Currency as provided in paragraph (b) above. If the election referred to in paragraph (b) above has been provided for pursuant to Section 301 and if at least one Holder has made such election, then, unless otherwise specified pursuant to Section 301, on the second Business Day preceding such payment date the Company will deliver to the Trustee for such series of Registered Securities an Exchange Rate Officer's Certificate in respect of the Dollar or Foreign Currency or Currencies payments to be made on such payment date. Unless otherwise specified pursuant to Section 301, the Dollar or Foreign Currency or Currencies amount receivable by Holders of Registered Securities who have elected payment in a Currency as provided in paragraph (b) above shall be determined by the Company on the basis of the applicable Market Exchange Rate in effect on the second Business Day (the Valuation Date) immediately preceding each payment date, and such determination shall be conclusive and binding for all purposes, absent manifest error.

(d) If a Conversion Event occurs with respect to a Foreign Currency in which any of the Securities are denominated or payable other than pursuant to an election provided for pursuant to paragraph (b) above, then with respect to each date for the payment of principal of (and premium, if any) and interest, if any on the applicable Securities denominated or payable in such Foreign Currency occurring after the last date on which such Foreign Currency was used (the Conversion Date), the Dollar shall be the currency of payment for use on each such payment date. Unless otherwise specified pursuant to Section 301, the Dollar amount to be paid by the Company to the Trustee of each such series of Securities and by such Trustee or any Paying Agent to the Holders of such Securities with respect to such payment date shall be, in the case of a Foreign Currency other than a currency unit, the Dollar

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Equivalent of the Foreign Currency or, in the case of a currency unit, the Dollar Equivalent of the Currency Unit, in each case as determined by the Exchange Rate Agent in the manner provided in paragraph (f) or (g) below.

(e) Unless otherwise specified pursuant to Section 301, if the Holder of a Registered Security denominated in any Currency shall have elected to be paid in another Currency as provided in paragraph (b) above, and a Conversion Event occurs with respect to such elected Currency, such Holder shall receive payment in the Currency in which payment would have been made in the absence of such election; and if a Conversion Event occurs with respect to the Currency in which payment would have been made in the absence of such election, such Holder shall receive payment in Dollars as provided in paragraph (d) of this Section 312.

(f) The Dollar Equivalent of the Foreign Currency shall be determined by the Exchange Rate Agent and shall be obtained for each subsequent payment date by converting the specified Foreign Currency into Dollars at the Market Exchange Rate on the Conversion Date.

(g) The Dollar Equivalent of the Currency Unit shall be determined by the Exchange Rate Agent and subject to the provisions of paragraph (h) below shall be the sum of each amount obtained by converting the Specified Amount of each Component Currency into Dollars at the Market Exchange Rate for such Component Currency on the Valuation Date with respect to each payment.

(h) For purposes of this Section 312, the following terms shall have the following meanings:

(i) A Component Currency shall mean any currency which, on the Conversion Date, was a component currency of the relevant currency unit, including, but not limited to, the ECU.

(ii) A Specified Amount of a Component Currency shall mean the number of units of such Component Currency or fractions thereof which were represented in the relevant currency unit, including, but not limited to, the ECU, on the Conversion Date. If after the Conversion Date the official unit of any Component Currency is altered by way of combination or subdivision, the Specified Amount of such Component Currency shall be divided or multiplied in the same proportion. If after the Conversion Date two or more Component Currencies are consolidated into a single currency, the respective Specified Amounts of such Component Currencies shall be replaced by an amount in such single currency equal to the sum of the respective Specified Amounts of such consolidated Component Currencies expressed in such single currency, and such amount shall thereafter be a Specified Amount and such single currency shall thereafter be a Component Currency. If after the Conversion Date any Component Currency shall be divided into two or more currencies, the Specified Amount of such Component Currency shall be replaced by amounts of such two or more currencies, having an aggregate Dollar Equivalent value at the Market Exchange Rate on the date of such replacement equal to the Dollar Equivalent of the Specified Amount of such former Component Currency at the Market Exchange Rate immediately before such division, and such amounts shall thereafter be Specified Amounts and such currencies shall thereafter be Component Currencies. If, after the Conversion Date of the relevant currency unit, including, but not limited to, the ECU, a Conversion Event (other than any event referred to above in this definition of Specified Amount) occurs with respect to any Component Currency of such currency unit and is continuing on the applicable Valuation Date, the Specified Amount of such Component Currency shall, for purposes of calculating the Dollar Equivalent of the Currency Unit, be converted into Dollars at the Market Exchange Rate in effect on the Conversion Date of such Component Currency.

(iii) Election Date shall mean the Regular Record Date for the applicable series of Registered Securities or at least 16 days prior to Maturity, as the case may be, or such other prior date for any series of Registered Securities as specified pursuant to clause 13 of Section 301 by which the written election referred to in Section 312(b) may be made.

All decisions and determinations of the Exchange Rate Agent regarding the Dollar Equivalent of the Foreign Currency, the Dollar Equivalent of the Currency Unit, the Market Exchange Rate and changes in the Specified Amounts as specified above shall be in its sole discretion and shall, in the absence of manifest error, be conclusive for all purposes and irrevocably binding upon the Company, the Trustee for the appropriate series of Securities and all Holders of such Securities denominated or payable in the relevant Currency. The Exchange Rate Agent shall promptly give written notice to the Company and the Trustee for the appropriate series of Securities of any such decision or determination.

In the event that the Company determines in good faith that a Conversion Event has occurred with respect to a Foreign Currency, the Company will immediately give written notice thereof to the Trustee of the appropriate series of Securities and to the Exchange Rate Agent (and such Trustee will promptly thereafter give notice in the manner provided in Section 106 to the affected Holders) specifying the Conversion Date. In the event the Company so determines that a Conversion Event has occurred with respect to the ECU or any other currency unit in which Securities are denominated or payable, the Company will immediately give written notice thereof to the Trustee of the appropriate series of Securities and to the Exchange Rate Agent (and such Trustee will promptly thereafter give notice in the manner provided in Section 106 to the affected Holders) specifying the Conversion Date and the Specified Amount of each Component Currency on the Conversion Date. In the event the Company determines in good faith that any

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subsequent change in any Component Currency as set forth in the definition of Specified Amount above has occurred, the Company will similarly give written notice to the Trustee of the appropriate series of Securities and to the Exchange Rate Agent.

The Trustee of the appropriate series of Securities shall be fully justified and protected in relying and acting upon information received by it from the Company and the Exchange Rate Agent and shall not otherwise have any duty or obligation to determine the accuracy or validity of such information independent of the Company or the Exchange Rate Agent.

SECTION 313. Appointment and Resignation of Successor Exchange Rate Agent.

(a) Unless otherwise specified pursuant to Section 301, if and so long as the Securities of any series (i) are denominated in a Foreign Currency or (ii) may be payable in a Foreign Currency, or so long as it is required under any other provision of this Indenture, then the Company will maintain with respect to each such series of Securities, or as so required, at least one Exchange Rate Agent. The Company will cause the Exchange Rate Agent to make the necessary foreign exchange determinations at the time and in the manner specified pursuant to Section 301 for the purpose of determining the applicable rate of exchange and, if applicable, for the purpose of converting the issued Foreign Currency into the applicable payment Currency for the payment of principal (and premium, if any) and interest, if any, pursuant to Section 312.

(b) No resignation of the Exchange Rate Agent and no appointment of a successor Exchange Rate Agent pursuant to this Section shall become effective until the acceptance of appointment by the successor Exchange Rate Agent as evidenced by a written instrument delivered to the Company and the Trustee of the appropriate series of Securities accepting such appointment executed by the successor Exchange Rate Agent.

(c) If the Exchange Rate Agent shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of the Exchange Rate Agent for any cause, with respect to the Securities of one or more series, the Company, by or pursuant to a Board Resolution, shall promptly appoint a successor Exchange Rate Agent or Exchange Rate Agents with respect to the Securities of that or those series (it being understood that any such successor Exchange Rate Agent may be appointed with respect to the Securities of one or more or all of such series and that, unless otherwise specified pursuant to Section 301, at any time there shall only be one Exchange Rate Agent with respect to the Securities of any particular series that are originally issued by the Company on the same date and that are initially denominated and/or payable in the same Currency).

SECTION 314. CUSIP Numbers. The Company in issuing the Securities may use CUSIP numbers (if then generally in use), and, if so, the Trustee shall indicate the CUSIP numbers of the Securities in notices of redemption as a convenience to Holders; provided that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Securities or as contained in any notice of redemption and that reliance may be placed only on the other identification numbers printed on the Securities, and any such redemption shall not be affected by any defect in or omission of such numbers.

ARTICLE FOUR

SATISFACTION AND DISCHARGE

SECTION 401. Satisfaction and Discharge of Indenture. This Indenture shall upon Company Request cease to be of further effect with respect to any series of Securities specified in such Company Request (except as to any surviving rights of registration of transfer or exchange of Securities of such series expressly provided for herein or pursuant hereto and any right to receive Additional Amounts, as provided in Section 1004), and the Trustee, upon receipt of a Company Order, and at the expense of the Company, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture as to such series when

(1) either:

(A) all Securities of such series theretofore authenticated and delivered and all coupons, if any, appertaining thereto (other than (i) coupons appertaining to Bearer Securities surrendered for exchange for Registered Securities and maturing after such exchange, whose surrender is not required or has been waived as provided in Section 305, (ii) Securities and coupons of such series which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 306, (iii) coupons appertaining to Securities called for redemption and maturing after the relevant Redemption Date, whose surrender has been waived as provided in Section 1106, and (iv) Securities and coupons of such series for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust, as provided in Section 1003) have been delivered to the Trustee for cancellation; or

(B) all Securities of such series and, in the case of (i) or (ii) below, any coupons appertaining thereto not theretofore delivered to the Trustee for cancellation:

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(i) have become due and payable, or

(ii) will become due and payable at their Stated Maturity within one year, or

(iii) if redeemable at the option of the Company, are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Company, and the Company, in the case of (i), (ii) or (iii) above, has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust for such purpose an amount in the Currency in which the Securities of such series are payable, sufficient to pay and discharge the entire indebtedness on such Securities and such coupons not theretofore delivered to the Trustee for cancellation, for principal (and premium, if any) and interest, if any, to the date of such deposit (in the case of Securities which have become due and payable) or to the Stated Maturity or Redemption Date, as the case may be;

(2) the Company has paid or caused to be paid all other sums payable hereunder by the Company; and

(3) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture as to such series have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture, the obligations of the Company to the Trustee and any predecessor Trustee under Section 606, the obligations of the Company to any Authenticating Agent under Section 611 and, if money shall have been deposited with the Trustee pursuant to subclause (B) of clause (1) of this Section, the obligations of the Trustee under Section 402 and the last paragraph of Section 1003 shall survive.

SECTION 402. Application of Trust Funds. Subject to the provisions of the last paragraph of Section 1003, all money deposited with the Trustee pursuant to Section 401 shall be held in trust and applied by it, in accordance with the provisions of the Securities, the coupons and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may determine, to the Persons entitled thereto, of the principal (and premium, if any) and interest, if any, for whose payment such money has been deposited with or received by the Trustee, but such money need not be segregated from other funds except to the extent required by law.

ARTICLE FIVE

REMEDIES

SECTION 501. Events of Default. Event of Default, wherever used herein with respect to any particular series of Securities, means any one of the following events (whatever the reason for such Event of Default and whether or not it shall be occasioned by the provisions of Article Sixteen or be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(1) default in the payment of any interest upon any Security of that series or of any coupon appertaining thereto, when such interest or coupon becomes due and payable, and continuance of such default for a period of 30 days; or

(2) default in the payment of the principal of (or premium, if any, on) any Security of that series when it becomes due and payable at its Maturity; or

(3) default in the deposit of any sinking fund payment, when and as due by the terms of any Security of that series; or

(4) default in the performance, or breach, of any covenant or agreement of the Company in this Indenture with respect to any Security of that series (other than a covenant or agreement a default in whose performance or whose breach is elsewhere in this Section specifically dealt with), and continuance of such default or breach for a period of 60 days after there has been given, by registered or certified mail, to the Company by the Trustee or to the Company and the Trustee by the Holders of at least 25% in principal amount of the Outstanding Securities of that series a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a Notice of Default hereunder; or

(5) the Company pursuant to or within the meaning of any Bankruptcy Law:

(A) commences a voluntary case,

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(B) consents to the entry of an order for relief against it in an involuntary case,

(C) consents to the appointment of a Custodian of it or for all or substantially all of its property, or

(D) makes a general assignment for the benefit of its creditors; or

(6) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(A) is for relief against the Company in an involuntary case,

(B) appoints a Custodian of the Company or for all or substantially all of its property, or

(C) orders the liquidation of the Company,

and the order or decree remains unstayed and in effect for 90 days; or

(7) any other Event of Default provided with respect to Securities of that series.

The term Bankruptcy Law means title 11, U.S. Code or any similar Federal or State law for the relief of debtors. The term Custodian means any receiver, trustee, assignee, liquidator or other similar official under any Bankruptcy Law.

SECTION 502. Acceleration of Maturity; Rescission and Annulment. If an Event of Default with respect to Securities of any series at the time Outstanding occurs and is continuing, then and in every such case the Trustee or the Holders of not less than 25% in principal amount of the Outstanding Securities of that series may declare the principal (or, if any Securities are Original Issue Discount Securities or Indexed Securities, such portion of the principal as may be specified in the terms thereof) of all the Securities of that series to be due and payable immediately, by a notice in writing to the Company (and to the Trustee if given by the Holders), and upon any such declaration such principal or specified portion thereof shall become immediately due and payable.

At any time after such a declaration of acceleration with respect to Securities of any series has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee as hereinafter provided in this Article, the Holders of a majority in principal amount of the Outstanding Securities of that series, by written notice to the Company and the Trustee, may rescind and annul such declaration and its consequences if:

(1) the Company has paid or deposited with the Trustee a sum sufficient to pay in the Currency in which the Securities of such series are payable (except as otherwise specified pursuant to Section 301 for the Securities of such series and except, if applicable, as provided in Sections 312(b), 312(d) and 312(e)):

(A) all overdue installments of interest, if any, on all Outstanding Securities of that series and any related coupons,

(B) the principal of (and premium, if any, on) all Outstanding Securities of that series which have become due otherwise than by such declaration of acceleration and interest thereon at the rate or rates borne by or provided for in such Securities,

(C) to the extent that payment of such interest is lawful, interest upon overdue installments of interest at the rate or rates borne by or provided for in such Securities, and

(D) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel; and

(2) all Events of Default with respect to Securities of that series, other than the nonpayment of the principal of (or premium, if any) or interest on Securities of that series which have become due solely by such declaration of acceleration, have been cured or waived as provided in Section 513.

No such rescission shall affect any subsequent default or impair any right consequent thereon.

SECTION 503. Collection of Indebtedness and Suits for Enforcement by Trustee. The Company covenants that if:

(1) default is made in the payment of any installment of interest on any Security of any series and any related coupon when such interest becomes due and payable and such default continues for a period of 30 days, or

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(2) default is made in the payment of the principal of (or premium, if any, on) any Security of any series at its Maturity,

then the Company will, upon demand of the Trustee, pay to the Trustee, for the benefit of the Holders of Securities of such series and coupons, the whole amount then due and payable on such Securities and coupons for principal (and premium, if any) and interest, if any, with interest upon any overdue principal (and premium, if any) and, to the extent that payment of such interest shall be legally enforceable, upon any overdue installments of interest, if any, at the rate or rates borne by or provided for in such Securities, and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

If the Company fails to pay such amounts forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, may institute a judicial proceeding for the collection of the sums so due and unpaid, and may prosecute such proceeding to judgment or final decree, and may enforce the same against the Company or any other obligor upon Securities of such series and collect the moneys adjudged or decreed to be payable in the manner provided by law out of the property of the Company or any other obligor upon such Securities of such series, wherever situated.

If an Event of Default with respect to Securities of any series occurs and is continuing, the Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Holders of Securities of such series and any related coupons by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy.

SECTION 504. Trustee May File Proofs of Claim. In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Company or any other obligor upon the Securities or the property of the Company or of such other obligor or their creditors, the Trustee (irrespective of whether the principal of the Securities of any series shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand on the Company for the payment of any overdue principal, premium or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(i) to file and prove a claim for the whole amount of principal (or in the case of Original Issue Discount Securities or Indexed Securities, such portion of the principal as may be provided for in the terms thereof) (and premium, if any) and interest, if any, owing and unpaid in respect of the Securities and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the Holders allowed in such judicial proceeding, and

(ii) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator (or other similar official) in any such judicial proceeding is hereby authorized by each Holder of Securities of such series and coupons to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee and any predecessor Trustee, their agents and counsel, and any other amounts due the Trustee or any predecessor Trustee under Section 606.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder of a Security or coupon any plan of reorganization, arrangement, adjustment or composition affecting the Securities or coupons or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder of a Security or coupon in any such proceeding.

SECTION 505. Trustee May Enforce Claims Without Possession of Securities or Coupons. All rights of action and claims under this Indenture or any of the Securities or coupons may be prosecuted and enforced by the Trustee without the possession of any of the Securities or coupons or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Holders of the Securities and coupons in respect of which such judgment has been recovered.

SECTION 506. Application of Money Collected. Any money collected by the Trustee pursuant to this Article shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal (or premium, if any) or interest, if any, upon presentation of the Securities or coupons, or both, as the case may be, and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

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FIRST: To the payment of all amounts due the Trustee and any predecessor Trustee under Section 606;

SECOND: To the payment of the amounts then due and unpaid upon the Securities and coupons for principal (and premium, if any) and interest, if any, in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the aggregate amounts due and payable on such Securities and coupons for principal (and premium, if any) and interest, if any, respectively; and

THIRD: To the payment of the remainder, if any, to the Company or any other Person or Persons entitled thereto.

SECTION 507. Limitation on Suits. No Holder of any Security of any series or any related coupon shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless:

(1) such Holder has previously given written notice to the Trustee of a continuing Event of Default with respect to the Securities of that series;

(2) the Holders of not less than 25% in principal amount of the Outstanding Securities of that series shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;

(3) such Holder or Holders have offered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request;

(4) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

(5) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Holders of a majority in principal amount of the Outstanding Securities of that series;

it being understood and intended that no one or more of such Holders shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other of such Holders, or to obtain or to seek to obtain priority or preference over any other of such Holders or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all such Holders.

SECTION 508. Unconditional Right of Holders to Receive Principal, Premium and Interest. Notwithstanding any other provision in this Indenture, the Holder of any Security or coupon shall have the right which is absolute and unconditional to receive payment of the principal of (and premium, if any) and (subject to Sections 305 and 307) interest, if any, on such Security or payment of such coupon on the respective due dates expressed in such Security or coupon (or, in the case of redemption, on the Redemption Date) and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such Holder.

SECTION 509. Restoration of Rights and Remedies. If the Trustee or any Holder of a Security or coupon has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Holder, then and in every such case the Company, the Trustee and the Holders of Securities and coupons shall, subject to any determination in such proceeding, be restored severally and respectively to their former positions hereunder and thereafter all rights and remedies of the Trustee and the Holders shall continue as though no such proceeding had been instituted.

SECTION 510. Rights and Remedies Cumulative. Except as otherwise provided with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities or coupons in the last paragraph of Section 306, no right or remedy herein conferred upon or reserved to the Trustee or to the Holders of Securities or coupons is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

SECTION 511. Delay or Omission Not Waiver. No delay or omission of the Trustee or of any Holder of any Security or coupon to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders of Securities or coupons, as the case may be.

SECTION 512. Control by Holders of Securities. The Holders of a majority in principal amount of the Outstanding Securities

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of any series shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee with respect to the Securities of such series, provided that

(1) such direction shall not be in conflict with any rule of law or with this Indenture,

(2) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction, and

(3) the Trustee need not take any action which might involve it in personal liability or be unjustly prejudicial to the Holders of Securities of such series not consenting.

SECTION 513. Waiver of Past Defaults. The Holders of not less than a majority in principal amount of the Outstanding Securities of any series may on behalf of the Holders of all the Securities of such series and any related coupons waive any past default hereunder with respect to such series and its consequences, except a default

(1) in the payment of the principal of (or premium, if any) or interest, if any, on any Security of such series or any related coupons, or

(2) in respect of a covenant or provision hereof which under Article Nine cannot be modified or amended without the consent of the Holder of each Outstanding Security of such series affected.

Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other default or Event of Default or impair any right consequent thereon.

SECTION 514. Waiver of Stay or Extension Laws. The Company covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE SIX

THE TRUSTEE

SECTION 601. Notice of Defaults. Within 90 days after the occurrence of any Default hereunder with respect to the Securities of any series, the Trustee shall transmit in the manner and to the extent provided in TIA Section 313(c), notice of such Default hereunder known to the Trustee, unless such Default shall have been cured or waived; provided, however, that, except in the case of a Default in the payment of the principal of (or premium, if any) or interest, if any, on any Security of such series, or in the payment of any sinking or purchase fund installment with respect to the Securities of such series, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee or a trust committee of directors and/or Responsible Officers of the Trustee in good faith determines that the withholding of such notice is in the interests of the Holders of the Securities and coupons of such series; and provided further that in the case of any Default or breach of the character specified in Section 501(4) with respect to the Securities and coupons of such series, no such notice to Holders shall be given until at least 60 days after the occurrence thereof.

SECTION 602. Certain Rights of Trustee. Subject to the provisions of TIA Section 315(a) through 315(d):

(1) The Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, coupon or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(2) Any request or direction of the Company mentioned herein shall be sufficiently evidenced by a Company Request or Company Order (other than delivery of any Security, together with any coupons appertaining thereto, to the Trustee for authentication and delivery pursuant to Section 303 which shall be sufficiently evidenced as provided therein) and any resolution of the Board of Directors may be sufficiently evidenced by a Board Resolution.

(3) Whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein

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specifically prescribed) may, in the absence of bad faith on its part, rely upon a Board Resolution, an Opinion of Counsel or an Officers' Certificate.

(4) The Trustee may consult with counsel and the advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(5) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders of Securities of any series or any related coupons pursuant to this Indenture, unless such Holders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

(6) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, coupon or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Company, personally or by agent or attorney.

(7) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

(8) The Trustee shall not be liable for any action taken, suffered or omitted by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture.

The Trustee shall not be required to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

SECTION 603. Not Responsible for Recitals or Issuance of Securities. The recitals contained herein and in the Securities, except the Trustee's certificate of authentication, and in any coupons shall be taken as the statements of the Company, and neither the Trustee nor any Authenticating Agent assumes any responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Securities or coupons, except that the Trustee represents that it is duly authorized to execute and deliver this Indenture, authenticate the Securities and perform its obligations hereunder and that the statements made by it in a Statement of Eligibility on Form T-1 supplied to the Company are true and accurate, subject to the qualifications set forth therein. Neither the Trustee nor any Authenticating Agent shall be accountable for the use or application by the Company of Securities or the proceeds thereof.

SECTION 604. May Hold Securities. The Trustee, any Paying Agent, Security Registrar, Authenticating Agent or any other agent of the Company, in its individual or any other capacity, may become the owner or pledgee of Securities and coupons and, subject to TIA Sections 310(b) and 311, may otherwise deal with the Company with the same rights it would have if it were not Trustee, Paying Agent, Security Registrar, Authenticating Agent or such other agent.

SECTION 605. Money Held in Trust. Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by law. The Trustee shall be under no liability for interest on any money received by it hereunder except as otherwise agreed with the Company.

SECTION 606. Compensation and Reimbursement. The Company agrees:

(1) To pay to the Trustee from time to time such compensation for all services rendered by it hereunder as has been agreed upon in writing (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust).

(2) Except as otherwise expressly provided herein, to reimburse each of the Trustee and any predecessor Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to its negligence or bad faith.

(3) To indemnify each of the Trustee and any predecessor Trustee for, and to hold it harmless against, any loss, liability or expense incurred without negligence or bad faith on its own part, arising out of or in connection with the

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acceptance or administration of the trust or trusts hereunder, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder.

As security for the performance of the obligations of the Company under this Section, the Trustee shall have a claim prior to the Securities upon all property and funds held or collected by the Trustee as such, except funds held in trust for the payment of principal of (or premium, if any) or interest, if any, on particular Securities or any coupons.

When the Trustee incurs expenses or renders services after an Event of Default specified in Section 501(5) or (6) occurs, the expenses and compensation for the services are intended to constitute expenses of administration under any Bankruptcy Law.

SECTION 607. Corporate Trustee Required; Eligibility. There shall at all times be a Trustee hereunder which shall be eligible to act as Trustee under TIA Section 310(a)(1) and shall have a combined capital and surplus of at least $50,000,000. If such corporation publishes reports of condition at least annually, pursuant to law or the requirements of Federal, State, Territorial or District of Columbia supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

SECTION 608. Resignation and Removal; Appointment of Successor.

(a) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee in accordance with the applicable requirements of Section 609.

(b) The Trustee may resign at any time with respect to the Securities of one or more series by giving written notice thereof to the Company.

(c) The Trustee may be removed at any time with respect to the Securities of any series by Act of the Holders of a majority in principal amount of the Outstanding Securities of such series delivered to the Trustee and to the Company.

(d) If at any time:

(1) the Trustee shall fail to comply with the provisions of TIA Section 310(b) after written request therefor by the Company or by any Holder of a Security who has been a bona fide Holder of a Security for at least six months, or

(2) the Trustee shall cease to be eligible under Section 607 and shall fail to resign after written request therefor by the Company or by any Holder of a Security who has been a bona fide Holder of a Security for at least six months, or

(3) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (i) the Company by or pursuant to a Board Resolution may remove the Trustee and appoint a successor Trustee with respect to all Securities, or (ii) subject to TIA Section 315(e), any Holder of a Security who has been a bona fide Holder of a Security for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee with respect to all Securities and the appointment of a successor Trustee or Trustees.

(e) If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within 30 days after the giving of a notice of resignation or the delivery of an Act of removal, the Trustee resigning or being removed may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(f) If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause with respect to the Securities of one or more series, the Company, by or pursuant to a Board Resolution, shall promptly appoint a successor Trustee or Trustees with respect to the Securities of that or those series (it being understood that any such successor Trustee may be appointed with respect to the Securities of one or more or all of such series and that at any time there shall be only one Trustee with respect to the Securities of any particular series). If, within one year after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Trustee with respect to the Securities of any series shall be appointed by Act of the Holders of a majority in principal amount of the Outstanding Securities of such series delivered to the Company and the retiring Trustee, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee with respect to the Securities of such series and to that extent supersede the successor Trustee appointed by the Company. If

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no successor Trustee with respect to the Securities of any series shall have been so appointed by the Company or the Holders of Securities and accepted appointment in the manner hereinafter provided, any Holder of a Security who has been a bona fide Holder of a Security of such series for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee with respect to Securities of such series.

(g) The Company shall give notice of each resignation and each removal of the Trustee with respect to the Securities of any series and each appointment of a successor Trustee with respect to the Securities of any series in the manner provided for notices to the Holders of Securities in Section 106. Each notice shall include the name of the successor Trustee with respect to the Securities of such series and the address of its Corporate Trust Office.

SECTION 609. Acceptance of Appointment by Successor.

(a) In case of the appointment hereunder of a successor Trustee with respect to all Securities, every such successor Trustee shall execute, acknowledge and deliver to the Company and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee; but, on request of the Company or the successor Trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument transferring to such successor Trustee all the rights, powers and trusts of the retiring Trustee, and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder, subject nevertheless to its claim, if any, provided for in Section 606.

(b) In case of the appointment hereunder of a successor Trustee with respect to the Securities of one or more (but not all) series, the Company, the retiring Trustee and each successor Trustee with respect to the Securities of one or more series shall execute and deliver an indenture supplemental hereto wherein each successor Trustee shall accept such appointment and which (1) shall contain such provisions as shall be necessary or desirable to transfer and confirm to, and to vest in, each successor Trustee all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series to which the appointment of such successor Trustee relates, (2) if the retiring Trustee is not retiring with respect to all Securities, shall contain such provisions as shall be deemed necessary or desirable to confirm that all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series as to which the retiring Trustee is not retiring shall continue to be vested in the retiring Trustee, and (3) shall add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, it being understood that nothing herein or in such supplemental indenture shall constitute such Trustees co-trustees of the same trust and that each such Trustee shall be trustee of a trust or trusts hereunder separate and apart from any trust or trusts hereunder administered by any other such Trustee; and upon the execution and delivery of such supplemental indenture the resignation or removal of the retiring Trustee shall become effective to the extent provided therein and each such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series to which the appointment of such successor Trustee relates; but, on request of the Company or any successor Trustee, such retiring Trustee shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder with respect to the Securities of that or those series to which the appointment of such successor Trustee relates.

(c) Upon request of any such successor Trustee, the Company shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such rights, powers and trusts referred to in paragraph (a) or (b) of this Section, as the case may be.

(d) No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article.

SECTION 610. Merger, Conversion, Consolidation or Succession to Business. Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Securities or coupons shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Securities or coupons so authenticated with the same effect as if such successor Trustee had itself authenticated such Securities or coupons. In case any Securities or coupons shall not have been authenticated by such predecessor Trustee, any such successor Trustee may authenticate and deliver such Securities or coupons, in either its own name or that of its predecessor Trustee, with the full force and effect which this Indenture provides for the certificate of authentication of the Trustee.

SECTION 611. Appointment of Authenticating Agent. At any time when any of the Securities remain Outstanding, the Trustee may appoint an Authenticating Agent or Agents with respect to one or more series of Securities which shall be authorized to act on behalf of the Trustee to authenticate Securities of such series issued upon exchange, registration of transfer or partial

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redemption thereof, and Securities so authenticated shall be entitled to the benefits of this Indenture and shall be valid and obligatory for all purposes as if authenticated by the Trustee hereunder. Any such appointment shall be evidenced by an instrument in writing signed by a Responsible Officer of the Trustee, a copy of which instrument shall be promptly furnished to the Company. Wherever reference is made in this Indenture to the authentication and delivery of Securities by the Trustee or the Trustee's certificate of authentication, such reference shall be deemed to include authentication and delivery on behalf of the Trustee by an Authenticating Agent and a certificate of authentication executed on behalf of the Trustee by an Authenticating Agent. Each Authenticating Agent shall be acceptable to the Company and, except as may otherwise be provided pursuant to Section 301, shall at all times be a bank or trust company or corporation organized and doing business and in good standing under the laws of the United States of America or of any State or the District of Columbia, authorized under such laws to act as Authenticating Agent, having a combined capital and surplus of not less than $1,500,000 and subject to supervision or examination by Federal or State authorities. If such Authenticating Agent publishes reports of condition at least annually, pursuant to law or the requirements of the aforesaid supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such Authenticating Agent shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time an Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, such Authenticating Agent shall resign immediately in the manner and with the effect specified in this Section.

Any corporation into which an Authenticating Agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which such Authenticating Agent shall be a party, or any corporation succeeding to the corporate agency or corporate trust business of an Authenticating Agent, shall continue to be an Authenticating Agent, provided such corporation shall be otherwise eligible under this Section, without the execution or filing of any paper or further act on the part of the Trustee or the Authenticating Agent.

An Authenticating Agent for any series of Securities may at any time resign by giving written notice of resignation to the Trustee for such series and to the Company. The Trustee for any series of Securities may at any time terminate the agency of an Authenticating Agent by giving written notice of termination to such Authenticating Agent and to the Company. Upon receiving such a notice of resignation or upon such a termination, or in case at any time such Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, the Trustee for such series may appoint a successor Authenticating Agent which shall be acceptable to the Company and shall give notice of such appointment to all Holders of Securities of the series with respect to which such Authenticating Agent will serve in the manner set forth in Section 106. Any successor Authenticating Agent upon acceptance of its appointment hereunder shall become vested with all the rights, powers and duties of its predecessor hereunder, with like effect as if originally named as an Authenticating Agent herein. No successor Authenticating Agent shall be appointed unless eligible under the provisions of this Section.

The Company agrees to pay to each Authenticating Agent from time to time reasonable compensation including reimbursement of its reasonable expenses for its services under this Section.

If an appointment with respect to one or more series is made pursuant to this Section, the Securities of such series may have endorsed thereon, in addition to or in lieu of the Trustee's certificate of authentication, an alternate certificate of authentication substantially in the following form:

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

WACHOVIA BANK, NATIONAL ASSOCIATION,
as Trustee

By
as Authenticating Agent

By
Authorized Signatory

ARTICLE SEVEN

HOLDERS' LISTS AND REPORTS BY TRUSTEE AND COMPANY

SECTION 701. Disclosure of Names and Addresses of Holders. Every Holder of Securities or coupons, by receiving and holding the same, agrees with the Company and the Trustee that neither the Company nor the Trustee nor any Authenticating Agent nor any Paying Agent nor any Security Registrar shall be held accountable by reason of the disclosure of any information as to the names and addresses of the Holders of Securities in accordance with TIA Section 312, regardless of the source from which such information was derived, and that the Trustee shall not be held accountable by reason of mailing any material pursuant to a request made under TIA Section 312(b).

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SECTION 702. Reports by Trustee. Within 60 days after May 15 of each year commencing with the first May 15 after the first issuance of Securities pursuant to this Indenture, the Trustee shall transmit by mail to all Holders of Securities as provided in TIA Section 313(c) a brief report dated as of such May 15 if required by TIA Section 313(a). A copy of each such report shall, at the time of such transmission to Holders, be filed by the Trustee with each stock exchange, if any, upon which the Securities are listed, with the Commission and with the Company. The Company will promptly notify the Trustee of the listing of the Securities on any stock exchange.

SECTION 703. Reports by Company. The Company will:

(1) file with the Trustee, within 15 days after the Company is required to file the same with the Commission, copies of the annual reports and of the information, documents, and other reports (or copies of such portions of any of the foregoing as the Commission may from time to time by rules and regulations prescribe) which the Company may be required to file with the Commission pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934; or, if the Company is not required to file information, documents or reports pursuant to either of such Sections, then it will file with the Trustee and the Commission, in accordance with rules and regulations prescribed from time to time by the Commission, such of the supplementary and periodic information, documents and reports which may be required pursuant to Section 13 of the Securities Exchange Act of 1934 in respect of a security listed and registered on a national securities exchange as may be prescribed from time to time in such rules and regulations;

(2) file with the Trustee and the Commission, in accordance with rules and regulations prescribed from time to time by the Commission, such additional information, documents and reports with respect to compliance by the Company with the conditions and covenants of this Indenture as may be required from time to time by such rules and regulations; and

(3) transmit by mail to the Holders of Securities, within 30 days after the filing thereof with the Trustee, in the manner and to the extent provided in TIA Section 313(c), such summaries of any information, documents and reports required to be filed by the Company pursuant to paragraphs (1) and (2) of this Section as may be required by rules and regulations prescribed from time to time by the Commission.

SECTION 704. Calculation of Original Issue Discount. Upon request of the Trustee, the Company shall file with the Trustee promptly at the end of each calendar year a written notice specifying the amount of original issue discount (including daily rates and accrual periods), if any, accrued on Outstanding Securities as of the end of such year.

ARTICLE EIGHT

CONSOLIDATION, MERGER, CONVEYANCE OR TRANSFER

SECTION 801. Company May Consolidate, Etc., Only on Certain Terms. The Company shall not consolidate with or merge with or into any other corporation or convey or transfer its properties and assets substantially as an entirety to any Person, unless:

(1) either the Company shall be the continuing corporation, or the corporation (if other than the Company) formed by such consolidation or into which the Company is merged or the Person which acquires by conveyance or transfer the properties and assets of the Company substantially as an entirety shall expressly assume, by an indenture supplemental hereto, executed and delivered to the Trustee, in form satisfactory to the Trustee, the due and punctual payment of the principal of (and premium, if any) and interest, if any, on all the Securities and the performance of every covenant of this Indenture on the part of the Company to be performed or observed;

(2) immediately after giving effect to such transaction, no Default or Event of Default shall have happened and be continuing; and

(3) the Company and the successor Person have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel each stating that such consolidation, merger, conveyance or transfer and such supplemental indenture comply with this Article and that all conditions precedent herein provided for relating to such transaction have been complied with.

SECTION 802. Successor Person Substituted. Upon any consolidation or merger, or any conveyance or transfer of the properties and assets of the Company substantially as an entirety in accordance with Section 801, the successor corporation formed by such consolidation or into which the Company is merged or the successor Person to which such conveyance or transfer is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company under this Indenture with the same effect as if such successor had been named as the Company herein; and in the event of any such conveyance or transfer, the Company shall

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be discharged from all obligations and covenants under this Indenture and the Securities and coupons and may be dissolved and liquidated.

ARTICLE NINE

SUPPLEMENTAL INDENTURES

SECTION 901. Supplemental Indentures Without Consent of Holders. Without the consent of any Holders of Securities or coupons, the Company, when authorized by or pursuant to a Board Resolution, and the Trustee, at any time and from time to time, may enter into one or more indentures supplemental hereto, in form satisfactory to the Trustee, for any of the following purposes:

(1) to evidence the succession of another Person to the Company and the assumption by any such successor of the covenants of the Company herein and in the Securities contained; or

(2) to add to the covenants of the Company for the benefit of the Holders of all or any series of Securities (and if such covenants are to be for the benefit of less than all series of Securities, stating that such covenants are expressly being included solely for the benefit of such series) or to surrender any right or power herein conferred upon the Company; or

(3) to add any additional Events of Default for the benefit of the Holders of all or any series of Securities (and if such Events of Default are to be for the benefit of less than all series of Securities, stating that such Events of Default are expressly being included solely for the benefit of such series); provided, however, that in respect of any such additional Events of Default such supplemental indenture may provide for a particular period of grace after default (which period may be shorter or longer than that allowed in the case of other defaults) or may provide for an immediate enforcement upon such default or may limit the remedies available to the Trustee upon such default or may limit the right of the Holders of a majority in aggregate principal amount of that or those series of Securities to which such additional Events of Default apply to waive such default; or

(4) to add to or change any of the provisions of this Indenture to provide that Bearer Securities may be registrable as to principal, to change or eliminate any restrictions on the payment of principal of or any premium or interest on Bearer Securities, to permit Bearer Securities to be issued in exchange for Registered Securities, to permit Bearer Securities to be issued in exchange for Bearer Securities of other authorized denominations or to permit or facilitate the issuance of Securities in uncertificated form; provided that any such action shall not adversely affect the interests of the Holders of Securities of any series or any related coupons in any material respect; or

(5) to change or eliminate any of the provisions of this Indenture; provided that any such change or elimination shall become effective only when there is no Security Outstanding of any series created prior to the execution of such supplemental indenture which is entitled to the benefit of such provision; or

(6) to secure the Securities pursuant to the requirements of Section 801 or otherwise; or

(7) to establish the form or terms of Securities of any series and any related coupons as permitted by Sections 201 and 301, including the provisions and procedures relating to Securities convertible into or exchangeable for any securities of any Person (including the Company); or

(8) to evidence and provide for the acceptance of appointment hereunder by a successor Trustee with respect to the Securities of one or more series and to add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee; or

(9) to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising under this Indenture; provided that such action shall not adversely affect the interests of the Holders of Securities of any series or any related coupons in any material respect; or

(10) to supplement any of the provisions of this Indenture to such extent as shall be necessary to permit or facilitate the defeasance and discharge of any series of Securities pursuant to Sections 401, 1402 and 1403; provided that any such action shall not adversely affect the interests of the Holders of Securities of such series and any related coupons or any other series of Securities in any material respect.

SECTION 902. Supplemental Indentures with Consent of Holders. With the consent of the Holders of not less than a majority in principal amount of all Outstanding Securities affected by such supplemental indenture, by Act of said Holders delivered

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to the Company and the Trustee, the Company, when authorized by or pursuant to a Board Resolution, and the Trustee may enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of modifying in any manner the rights of the Holders of Securities and any related coupons under this Indenture; provided, however, that no such supplemental indenture shall, without the consent of the Holder of each Outstanding Security affected thereby:

(1) change the Stated Maturity of the principal of (or premium, if any, on) or any installment of principal of or interest on, any Security, subject to the provisions of Section 309; or reduce the principal amount thereof or the rate of interest (or change the manner of calculating the rate of interest) thereon, or any premium payable upon the redemption thereof, or change any obligation of the Company to pay Additional Amounts pursuant to Section 1004 (except as contemplated by Section 801(1) and permitted by Section 901(1)), or reduce the portion of the principal of an Original Issue Discount Security or Indexed Security that would be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 502 or the amount thereof provable in bankruptcy pursuant to Section 504, or adversely affect any right of repayment at the option of the Holder of any Security, or change any Place of Payment where, or the Currency in which, any Security or any premium or interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof (or, in the case of redemption or repayment at the option of the Holder, on or after the Redemption Date or the Repayment Date, as the case may be), or adversely affect any right to convert or exchange any Security as may be provided pursuant to Section 301 herein, or

(2) reduce the percentage in principal amount of the Outstanding Securities of any series, the consent of whose Holders is required for any such supplemental indenture, or the consent of whose Holders is required for any waiver with respect to such series (of compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences) provided for in this Indenture, or reduce the requirements of Section 1504 for quorum or voting, or

(3) modify any of the provisions of this Section, Section 513 or Section 1006, except to increase any such percentage or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the Holder of each Outstanding Security affected thereby, or

(4) modify any of the provisions of this Indenture relating to the subordination of the Securities in a manner adverse to the Holders.

It shall not be necessary for any Act of Holders under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

A supplemental indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more particular series of Securities, or which modifies the rights of the Holders of Securities of such series with respect to such covenant or other provision, shall be deemed not to affect the rights under this Indenture of the Holders of Securities of any other series.

The Company may, but shall not be obligated to, fix a record date for the purpose of determining the Persons entitled to consent to any indenture supplemental hereto. If a record date is fixed, the Holders on such record date, or their duly designated proxies, and only such Persons, shall be entitled to consent to such supplemental indenture, whether or not such Holders remain Holders after such record date; provided, that unless such consent shall have become effective by virtue of the requisite percentage having been obtained prior to the date which is 90 days after such record date, any such consent previously given shall automatically and without further action by any Holder be canceled and of no further effect.

SECTION 903. Execution of Supplemental Indentures. In executing, or accepting the additional trusts created by, any supplemental indenture permitted by this Article or the modification thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such supplemental indenture is authorized or permitted by this Indenture. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

SECTION 904. Effect of Supplemental Indentures. Upon the execution of any supplemental indenture under this Article, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes; and every Holder of Securities theretofore or thereafter authenticated and delivered hereunder and of any coupon appertaining thereto shall be bound thereby.

SECTION 905. Conformity with Trust Indenture Act. Every supplemental indenture executed pursuant to this Article shall conform to the requirements of the Trust Indenture Act as then in effect.

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SECTION 906. Reference in Securities to Supplemental Indentures. Securities of any series authenticated and delivered after the execution of any supplemental indenture pursuant to this Article may, and shall, if required by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Company shall so determine, new Securities of any series so modified as to conform, in the opinion of the Trustee and the Company, to any such supplemental indenture may be prepared and executed by the Company and authenticated and delivered by the Trustee in exchange for Outstanding Securities of such series.

SECTION 907. Effect on Senior Indebtedness. No supplemental indenture shall adversely affect the rights of any holder of Senior Indebtedness under Article Sixteen without the consent of such holder.

ARTICLE TEN

COVENANTS

SECTION 1001. Payment of Principal, Premium, if any, and Interest. The Company covenants and agrees for the benefit of the Holders of each series of Securities that it will duly and punctually pay the principal of (and premium, if any) and interest, if any, on the Securities of that series in accordance with the terms of such series of Securities, any coupons appertaining thereto and this Indenture. Any interest due on Bearer Securities on or before Maturity, other than Additional Amounts, if any, payable as provided in Section 1004 in respect of principal of (or premium, if any, on) such a Security, shall be payable only upon presentation and surrender of the several coupons for such interest installments as are evidenced thereby as they severally mature. Unless otherwise specified with respect to Securities of any series pursuant to Section 301, at the option of the Company, all payments of principal may be paid by check to the registered Holder of the Registered Security or other person entitled thereto against surrender of such Security. Unless otherwise specified as contemplated by Section 301 with respect to any series of Securities, any interest due on Bearer Securities on or before Maturity shall be payable only upon presentation and surrender of the several coupons for such interest installments as are evidenced thereby as they severally mature.

SECTION 1002. Maintenance of Office or Agency. If Securities of a series are issuable only as Registered Securities, the Company shall maintain in each Place of Payment for any series of Securities an office or agency where Securities of that series may be presented or surrendered for payment, where Securities of that series may be surrendered for registration of transfer or exchange, where Securities of that series that are convertible or exchangeable may be surrendered for conversion or exchange, as applicable, where notices and demands to or upon the Company in respect of the Securities of that series and this Indenture may be served. If Securities of a series are issuable as Bearer Securities, the Company will maintain (A) in the Borough of Manhattan, The City of New York, an office or agency where any Registered Securities of that series may be presented or surrendered for payment, where any Registered Securities of that series may be surrendered for registration of transfer, where Securities of that series may be surrendered for exchange, where Securities of that series that are convertible or exchangeable may be surrendered for conversion or exchange, as applicable, and where notices and demands to or upon the Company in respect of the Securities of that series and this Indenture may be served and where Bearer Securities of that series and related coupons may be presented or surrendered for payment in the circumstances described in the following paragraph (and not otherwise), (B) subject to any laws or regulations applicable thereto, in a Place of Payment for that series which is located outside the United States, an office or agency where Securities of that series and related coupons may be presented and surrendered for payment; provided, however, that if the Securities of that series are listed on the Luxembourg Stock Exchange or any other stock exchange located outside the United States and such stock exchange shall so require, the Company will maintain a Paying Agent for the Securities of that series in Luxembourg or any other required city located outside the United States, as the case may be, so long as the Securities of that series are listed on such exchange, and (C) subject to any laws or regulations applicable thereto, in a Place of Payment for that series located outside the United States an office or agency where any Registered Securities of that series may be surrendered for registration of transfer, where Securities of that series may be surrendered for exchange, where Securities of that series that are convertible or exchangeable may be surrendered for conversion or exchange, as applicable and where notices and demands to or upon the Company in respect of the Securities of that series and this Indenture may be served. The Company will give prompt written notice to the Trustee of the location, and any change in the location, of each such office or agency. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee, except that Bearer Securities of that series and the related coupons may be presented and surrendered for payment at the offices specified in the Security, in London, England, and the Company hereby appoints the same as its agent to receive such respective presentations, surrenders, notices and demands, and the Company hereby appoints the Trustee its agent to receive all such presentations, surrenders, notices and demands.

Unless otherwise specified with respect to any Securities pursuant to Section 301, no payment of principal, premium or interest on Bearer Securities shall be made at any office or agency of the Company in the United States or by check mailed to any address in the United States or by transfer to an account maintained with a bank located in the United States; provided, however, that, if the Securities of a series are payable in Dollars, payment of principal of (and premium, if any) and interest, if any, on any Bearer Security shall be made at the office of the Company's Paying Agent in the Borough of Manhattan, The City of New York, if (but only

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if) payment in Dollars of the full amount of such principal, premium or interest, as the case may be, at all offices or agencies outside the United States maintained for such purpose by the Company in accordance with this Indenture, is illegal or effectively precluded by exchange controls or other similar restrictions.

The Company may from time to time designate one or more other offices or agencies where the Securities of one or more series may be presented or surrendered for any or all of such purposes, and may from time to time rescind such designations; provided, however, that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in accordance with the requirements set forth above for Securities of any series for such purposes. The Company will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency. Unless otherwise specified with respect to any Securities pursuant to Section 301 with respect to a series of Securities, the Company hereby designates as Places of Payment for each series of Securities the office or agency of the Company in the Borough of Manhattan, The City of New York, and initially appoints the Trustee at its Corporate Trust Office as Paying Agent in such city and as its agent to receive all such presentations, surrenders, notices and demands.

Unless otherwise specified with respect to any Securities pursuant to Section 301, if and so long as the Securities of any series (i) are denominated in a currency other than Dollars or (ii) may be payable in a currency other than Dollars, or so long as it is required under any other provision of the Indenture, then the Company will maintain with respect to each such series of Securities, or as so required, at least one Exchange Rate Agent.

SECTION 1003. Money for Securities Payments to Be Held in Trust. If the Company shall at any time act as its own Paying Agent with respect to any series of any Securities and any related coupons, it will, on or before each due date of the principal of (or premium, if any) or interest, if any, on any of the Securities of that series, segregate and hold in trust for the benefit of the Persons entitled thereto a sum in the Currency in which the Securities of such series are payable (except as otherwise specified pursuant to Section 301 for the Securities of such series and except, if applicable, as provided in Sections 312(b), 312(d) and 312(e)) sufficient to pay the principal (and premium, if any) and interest, if any, on Securities of such series so becoming due until such sums shall be paid to such Persons or otherwise disposed of as herein provided, and will promptly notify the Trustee of its action or failure so to act.

Whenever the Company shall have one or more Paying Agents for any series of Securities and any related coupons, it will, on or before each due date of the principal of (or premium, if any) or interest, if any, on any Securities of that series, deposit with a Paying Agent a sum (in the Currency described in the preceding paragraph) sufficient to pay the principal (or premium, if any) or interest, if any, so becoming due, such sum to be held in trust for the benefit of the Persons entitled to such principal, premium or interest and (unless such Paying Agent is the Trustee) the Company will promptly notify the Trustee of its action or failure so to act.

The Company may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, pay, or by Company Order direct any Paying Agent to pay, to the Trustee all sums held in trust by the Company or such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by the Company or such Paying Agent; and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such sums.

Except as otherwise provided in the Securities of any series, any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of (or premium, if any) or interest, if any, on any Security of any series and remaining unclaimed for two years after such principal, premium or interest has become due and payable shall be paid to the Company upon Company Request or (if then held by the Company) shall be discharged from such trust; and the Holder of such Security shall thereafter, as an unsecured general creditor, look only to the Company for payment of such principal, premium or interest on any Security, without interest thereon, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, shall thereupon cease; provided, however, that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Company cause to be published once, in an Authorized Newspaper, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication, any unclaimed balance of such money then remaining will be repaid to the Company.

SECTION 1004. Additional Amounts. If the Securities of a series provide for the payment of Additional Amounts, the Company will pay to the Holder of a Security of such series or any coupon appertaining thereto Additional Amounts as may be specified as contemplated by Section 301. Whenever in this Indenture there is mentioned, in any context, the payment of the principal of (or premium, if any) or interest, if any, on any Security of any series or payment of any related coupon or the net proceeds received on the sale or exchange of any Security of any series, such mention shall be deemed to include mention of the payment of Additional Amounts provided by the terms of such series established pursuant to Section 301 to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof pursuant to such terms and express mention of the payment of Additional Amounts (if applicable) in any provisions hereof shall not be construed as excluding Additional Amounts in those provisions hereof where such express mention is not made.

Except as otherwise specified as contemplated by Section 301, if the Securities of a series provide for the payment of

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Additional Amounts, at least 10 days prior to the first Interest Payment Date with respect to that series of Securities (or if the Securities of that series will not bear interest prior to Maturity, the first day on which a payment of principal premium is made), and at least 10 days prior to each date of payment of principal, premium or interest if there has been any change with respect to the matters set forth in the below-mentioned Officers' Certificate, the Company will furnish the Trustee and the Company's principal Paying Agent or Paying Agents, if other than the Trustee, with an Officers' Certificate instructing the Trustee and such Paying Agent or Paying Agents whether such payment of principal, premium or interest on the Securities of that series shall be made to Holders of Securities of that series or any related coupons who are not United States persons without withholding for or on account of any tax, assessment or other governmental charge described in the Securities of the series. If any such withholding shall be required, then such Officers' Certificate shall specify by country the amount, if any, required to be withheld on such payments to such Holders of Securities of that series or related coupons and the Company will pay to the Trustee or such Paying Agent the Additional Amounts required by the terms of such Securities. In the event that the Trustee or any Paying Agent, as the case may be, shall not so receive the above-mentioned certificate, then the Trustee or such Paying Agent shall be entitled (i) to assume that no such withholding or deduction is required with respect to any payment of principal or interest with respect to any Securities of a series or related coupons until it shall have received a certificate advising otherwise and (ii) to make all payments of principal and interest with respect to the Securities of a series or related coupons without withholding or deductions until otherwise advised. The Company covenants to indemnify the Trustee and any Paying Agent for, and to hold them harmless against, any loss, liability or expense reasonably incurred without negligence or bad faith on their part arising out of or in connection with actions taken or omitted by any of them in reliance on any Officers' Certificate furnished pursuant to this Section or in reliance on the Company's not furnishing such an Officers' Certificate.

SECTION 1005. Statement as to Compliance. The Company will deliver to the Trustee, within 120 days after the end of each fiscal year, a brief certificate from the principal executive officer, principal financial officer or principal accounting officer as to his or her knowledge of the Company's compliance with all conditions and covenants under this Indenture. For purposes of this Section 1005, such compliance shall be determined without regard to any period of grace or requirement of notice under this Indenture.

SECTION 1006. Waiver of Certain Covenants. The Company may omit in any particular instance to comply with any term, provision or condition, and as specified pursuant to Section 301(15) for Securities of any series, in any covenants of the Company added to Article Ten pursuant to Section 301(14) or Section 301 (15) in connection with the Securities of a series, if before or after the time for such compliance the Holders of at least a majority in principal amount of all outstanding Securities, by Act of such Holders, waive such compliance in such instance or generally waive compliance with such term, provision or condition, but no such waiver shall extend to or affect such term, provision or condition except to the extent so expressly waived, and, until such waiver shall become effective, the obligations of the Company and the duties of the Trustee in respect of any such term, provision or condition shall remain in full force and effect.

ARTICLE ELEVEN

REDEMPTION OF SECURITIES

SECTION 1101. Applicability of Article. Securities of any series which are redeemable before their Stated Maturity shall be redeemable in accordance with their terms and (except as otherwise specified as contemplated by Section 301 for Securities of any series) in accordance with this Article.

SECTION 1102. Election to Redeem; Notice to Trustee. The election of the Company to redeem any Securities shall be evidenced by or pursuant to a Board Resolution. In case of any redemption at the election of the Company of less than all of the Securities of any series, the Company shall, at least 60 days prior to the Redemption Date fixed by the Company (unless a shorter notice shall be satisfactory to the Trustee), notify the Trustee in writing of such Redemption Date and of the principal amount of Securities of such series to be redeemed. In the case of any redemption of Securities prior to the expiration of any restriction on such redemption provided in the terms of such Securities or elsewhere in this Indenture, the Company shall furnish the Trustee with an Officers' Certificate evidencing compliance with such restriction.

SECTION 1103. Selection by Trustee of Securities to Be Redeemed. If less than all the Securities of any series issued on the same day with the same terms are to be redeemed, the particular Securities to be redeemed shall be selected not more than 60 days prior to the Redemption Date by the Trustee, from the Outstanding Securities of such series issued on such date with the same terms not previously called for redemption, by such method as the Trustee shall deem fair and appropriate and which may provide for the selection for redemption of portions (equal to the minimum authorized denomination for Securities of that series or any integral multiple thereof) of the principal amount of Securities of such series of a denomination larger than the minimum authorized denomination for Securities of that series.

The Trustee shall promptly notify the Company and the Security Registrar (if other than itself) in writing of the Securities selected for redemption and, in the case of any Securities selected for partial redemption, the principal amount thereof to be redeemed.

For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to the redemption of Securities

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shall relate, in the case of any Security redeemed or to be redeemed only in part, to the portion of the principal amount of such Security which has been or is to be redeemed.

SECTION 1104. Notice of Redemption. Notice of redemption shall be given in the manner provided in Section 106, not less than 30 days nor more than 60 days prior to the Redemption Date, unless a shorter period is specified by the terms of such series established pursuant to Section 301, to each Holder of Securities to be redeemed, but failure to give such notice in the manner herein provided to the Holder of any Security designated for redemption as a whole or in part, or any defect in the notice to any such Holder, shall not affect the validity of the proceedings for the redemption of any other such Security or portion thereof.

Any notice that is mailed to the Holders of Registered Securities in the manner herein provided shall be conclusively presumed to have been duly given, whether or not the Holder receives the notice.

All notices of redemption shall state:

(1) the Redemption Date,

(2) the Redemption Price and accrued interest, if any, to the Redemption Date payable as provided in Section 1106,

(3) if less than all Outstanding Securities of any series are to be redeemed, the identification (and, in the case of partial redemption, the principal amount) of the particular Security or Securities to be redeemed,

(4) in case any Security is to be redeemed in part only, the notice which relates to such Security shall state that on and after the Redemption Date, upon surrender of such Security, the Holder will receive, without a charge, a new Security or Securities of authorized denominations for the principal amount thereof remaining unredeemed,

(5) that on the Redemption Date, the Redemption Price and accrued interest, if any, to the Redemption Date payable as provided in Section 1106 will become due and payable upon each such Security, or the portion thereof, to be redeemed and, if applicable, that interest thereon shall cease to accrue on and after said date,

(6) the Place or Places of Payment where such Securities, together in the case of Bearer Securities with all coupons appertaining thereto, if any, maturing after the Redemption Date, are to be surrendered for payment of the Redemption Price and accrued interest, if any,

(7) that the redemption is for a sinking fund, if such is the case,

(8) that, unless otherwise specified in such notice, Bearer Securities of any series, if any, surrendered for redemption must be accompanied by all coupons maturing subsequent to the date fixed for redemption or the amount of any such missing coupon or coupons will be deducted from the Redemption Price, unless security or indemnity satisfactory to the Company, the Trustee for such series and any Paying Agent is furnished,

(9) if Bearer Securities of any series are to be redeemed and any Registered Securities of such series are not to be redeemed, and if such Bearer Securities may be exchanged for Registered Securities not subject to redemption on this Redemption Date pursuant to Section 305 or otherwise, the last date, as determined by the Company, on which such exchanges may be made, and

(10) The CUSIP number of such Security, if any.

Notice of redemption of Securities to be redeemed shall be given by the Company or, at the Company's request, by the Trustee in the name and at the expense of the Company.

SECTION 1105. Deposit of Redemption Price. On or prior to any Redemption Date, the Company shall deposit with the Trustee or with a Paying Agent (or, if the Company is acting as its own Paying Agent, which it may not do in the case of a sinking fund payment under Article Twelve, segregate and hold in trust as provided in Section 1003) an amount of money in the Currency in which the Securities of such series are payable (except as otherwise specified pursuant to Section 301 for the Securities of such series and except, if applicable, as provided in Sections 312(b), 312(d) and 312(e)) sufficient to pay on the Redemption Date the Redemption Price of, and (unless otherwise specified pursuant to Section 301) accrued interest on, all the Securities or portions thereof which are to be redeemed on that date.

SECTION 1106. Securities Payable on Redemption Date. Notice of redemption having been given as aforesaid, the Securities so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified in the Currency in which the Securities of

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such series are payable (except as otherwise specified pursuant to Section 301 for the Securities of such series and except, if applicable, as provided in Sections 312(b), 312(d) and 312(e)) (together with accrued interest, if any, to the Redemption Date), and from and after such date (unless the Company shall default in the payment of the Redemption Price and accrued interest, if any) such Securities shall if the same were interest-bearing cease to bear interest and the coupons for such interest appertaining to any Bearer Securities so to be redeemed, except to the extent provided below, shall be void. Upon surrender of any such Security for redemption in accordance with said notice, together with all coupons, if any, appertaining thereto maturing after the Redemption Date, such Security shall be paid by the Company at the Redemption Price, together with accrued interest, if any, to the Redemption Date; provided, however, that installments of interest on Bearer Securities whose Stated Maturity is on or prior to the Redemption Date shall be payable only at an office or agency located outside the United States (except as otherwise provided in Section 1002) and, unless otherwise specified as contemplated by Section 301, only upon presentation and surrender of coupons for such interest; and provided further that installments of interest on Registered Securities whose Stated Maturity is prior to (or, if specified pursuant to Section 301, on) the Redemption Date shall be payable to the Holders of such Securities, or one or more Predecessor Securities, registered as such at the close of business on the relevant Record Dates according to their terms and the provisions of Section 307.

If any Bearer Security surrendered for redemption shall not be accompanied by all appurtenant coupons maturing after the Redemption Date, such Security may be paid after deducting from the Redemption Price an amount equal to the face amount of all such missing coupons, or the surrender of such missing coupon or coupons may be waived by the Company and the Trustee if there be furnished to them such security or indemnity as they may require to save each of them and any Paying Agent harmless. If thereafter the Holder of such Security shall surrender to the Trustee or any Paying Agent any such missing coupon in respect of which a deduction shall have been made from the Redemption Price, such Holder shall be entitled to receive the amount so deducted; provided, however, that interest represented by coupons shall be payable only at an office or agency located outside the United States (except as otherwise provided in Section 1002) and, unless otherwise specified as contemplated by Section 301, only upon presentation and surrender of those coupons.

If any Security called for redemption shall not be so paid upon surrender thereof for redemption, the Redemption Price shall, until paid, bear interest from the Redemption Date at the rate of interest set forth in such Security or, in the case of Original Issue Discount Security, at the Yield to Maturity of such Security.

SECTION 1107. Securities Redeemed in Part. Any Registered Security which is to be redeemed only in part (pursuant to the provisions of this Article or of Article Twelve) shall be surrendered at a Place of Payment therefor (with, if the Company or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company and the Trustee duly executed by, the Holder thereof or his attorney duly authorized in writing) and the Company shall execute and the Trustee shall authenticate and deliver to the Holder of such Security without service charge a new Security or Securities of the same series, of any authorized denomination as requested by such Holder in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Security so surrendered. However, if less than all the Securities of any series with differing issue dates, interest rates and stated maturities are to be redeemed, the Company in its sole discretion shall select the particular Securities to be redeemed and shall notify the Trustee in writing thereof at least 45 days prior to the relevant redemption date.

ARTICLE TWELVE

SINKING FUNDS

SECTION 1201. Applicability of Article. The provisions of this Article shall be applicable to any sinking fund for the retirement of Securities of a series except as otherwise specified as contemplated by Section 301 for Securities of such series.

The minimum amount of any sinking fund payment provided for by the terms of Securities of any series is herein referred to as a mandatory sinking fund payment, and any payment in excess of such minimum amount provided for by the terms of such Securities of any series is herein referred to as an optional sinking fund payment. If provided for by the terms of any Securities of any series, the cash amount of any mandatory sinking fund payment may be subject to reduction as provided in Section 1202. Each sinking fund payment shall be applied to the redemption of Securities of any series as provided for by the terms of Securities of such series.

SECTION 1202. Satisfaction of Sinking Fund Payments with Securities. The Company may, in satisfaction of all or any part of any mandatory sinking fund payment with respect to the Securities of a series, (1) deliver Outstanding Securities of such series (other than any previously called for redemption) together in the case of any Bearer Securities of such series with all unmatured coupons appertaining thereto and (2) apply as a credit Securities of such series which have been redeemed either at the election of the Company pursuant to the terms of such Securities or through the application of permitted optional sinking fund payments pursuant to the terms of such Securities, as provided for by the terms of such Securities; provided that such Securities so delivered or applied as a credit have not been previously so credited. Such Securities shall be received and credited for such purpose by the Trustee at the applicable Redemption Price specified in such Securities for redemption through operation of the sinking fund and the amount of such mandatory sinking fund payment shall be reduced accordingly.

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SECTION 1203. Redemption of Securities for Sinking Fund. Not less than 60 days prior to each sinking fund payment date for Securities of any series, the Company will deliver to the Trustee an Officers' Certificate specifying the amount of the next ensuing mandatory sinking fund payment for that series pursuant to the terms of that series, the portion thereof, if any, which is to be satisfied by payment of cash in the Currency in which the Securities of such series are payable (except as otherwise specified pursuant to Section 301 for the Securities of such series and except, if applicable, as provided in Sections 312(b), 312(d) and 312(e)) and the portion thereof, if any, which is to be satisfied by delivering and crediting Securities of that series pursuant to Section 1202, and the optional amount, if any, to be added in cash to the next ensuing mandatory sinking fund payment, and will also deliver to the Trustee any Securities to be so delivered and credited. If such Officers' Certificate shall specify an optional amount to be added in cash to the next ensuing mandatory sinking fund payment, the Company shall thereupon be obligated to pay the amount therein specified. Not less than 30 days before each such sinking fund payment date the Trustee shall select the Securities to be redeemed upon such sinking fund payment date in the manner specified in Section 1103 and cause notice of the redemption thereof to be given in the name of and at the expense of the Company in the manner provided in Section 1104. Such notice having been duly given, the redemption of such Securities shall be made upon the terms and in the manner stated in Sections 1106 and 1107.

ARTICLE THIRTEEN

REPAYMENT AT THE OPTION OF HOLDERS

SECTION 1301. Applicability of Article. Repayment of Securities of any series before their Stated Maturity at the option of Holders thereof shall be made in accordance with the terms of such Securities and (except as otherwise specified by the terms of such series established pursuant to Section 301) in accordance with this Article.

SECTION 1302. Repayment of Securities. Securities of any series subject to repayment in whole or in part at the option of the Holders thereof will, unless otherwise provided in the terms of such Securities, be repaid at the Repayment Price thereof, together with interest, if any, thereon accrued to the Repayment Date specified in or pursuant to the terms of such Securities. The Company covenants that on or before the Repayment Date it will deposit with the Trustee or with a Paying Agent (or, if the Company is acting as its own Paying Agent, segregate and hold in trust as provided in Section 1003) an amount of money in the Currency in which the Securities of such series are payable (except as otherwise specified pursuant to Section 301 for the Securities of such series and except, if applicable, as provided in Sections 312(b), 312(d) and 312(e)) sufficient to pay the Repayment Price of, and (unless otherwise specified pursuant to Section 301) accrued interest on, all the Securities or portions thereof, as the case may be, to be repaid on such date.

SECTION 1303. Exercise of Option. Securities of any series subject to repayment at the option of the Holders thereof will contain an Option to Elect Repayment form on the reverse of such Securities. To be repaid at the option of the Holder, any Security so providing for such repayment, with the Option to Elect Repayment form on the reverse of such Security duly completed by the Holder (or by the Holder's attorney duly authorized in writing), must be received by the Company at the Place of Payment therefor specified in the terms of such Security (or at such other place or places of which the Company shall from time to time notify the Holders of such Securities) not earlier than 45 days nor later than 30 days prior to the Repayment Date. If less than the entire Repayment Price of such Security is to be repaid in accordance with the terms of such Security, the portion of the Repayment Price of such Security to be repaid, in increments of the minimum denomination for Securities of such series, and the denomination or denominations of the Security or Securities to be issued to the Holder for the portion of such Security surrendered that is not to be repaid, must be specified. Any Security providing for repayment at the option of the Holder thereof may not be repaid in part if, following such repayment, the unpaid principal amount of such Security would be less than the minimum authorized denomination of Securities of the series of which such Security to be repaid is a part. Except as otherwise may be provided by the terms of any Security providing for repayment at the option of the Holder thereof, exercise of the repayment option by the Holder shall be irrevocable unless waived by the Company.

SECTION 1304. When Securities Presented for Repayment Become Due and Payable. If Securities of any series providing for repayment at the option of the Holders thereof shall have been surrendered as provided in this Article and as provided by or pursuant to the terms of such Securities, such Securities or the portions thereof, as the case may be, to be repaid shall become due and payable and shall be paid by the Company on the Repayment Date therein specified, and on and after such Repayment Date (unless the Company shall default in the payment of such Securities on such Repayment Date) such Securities shall, if the same were interest-bearing, cease to bear interest and the coupons for such interest appertaining to any Bearer Securities so to be repaid, except to the extent provided below, shall be void. Upon surrender of any such Security for repayment in accordance with such provisions, together with all coupons, if any, appertaining thereto maturing after the Repayment Date, the Repayment Price of such Security so to be repaid shall be paid by the Company, together with accrued interest, if any, to the Repayment Date; provided, however, that coupons whose Stated Maturity is on or prior to the Repayment Date shall be payable only at an office or agency located outside the United States (except as otherwise provided in Section 1002) and, unless otherwise specified pursuant to Section 301, only upon presentation and surrender of such coupons; and provided further that installments of interest on Registered Securities, whose Stated Maturity is prior to (or, if specified pursuant to Section 301, on) the Repayment Date shall be payable (but without interest thereon, unless the Company shall default in the payment thereof) to the Holders of such Securities, or one or more Predecessor Securities, registered as

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such at the close of business on the relevant Record Dates according to their terms and the provisions of Section 307.

If any Bearer Security surrendered for repayment shall not be accompanied by all appurtenant coupons maturing after the Repayment Date, such Security may be paid after deducting from the amount payable therefor as provided in Section 1302 an amount equal to the face amount of all such missing coupons, or the surrender of such missing coupon or coupons may be waived by the Company and the Trustee if there be furnished to them such security or indemnity as they may require to save each of them and any Paying Agent harmless. If thereafter the Holder of such Security shall surrender to the Trustee or any Paying Agent any such missing coupon in respect of which a deduction shall have been made as provided in the preceding sentence, such Holder shall be entitled to receive the amount so deducted; provided, however, that interest represented by coupons shall be payable only at an office or agency located outside the United States (except as otherwise provided in Section 1002) and, unless otherwise specified as contemplated by Section 301, only upon presentation and surrender of those coupons.

If any Security surrendered for repayment shall not be so repaid upon surrender thereof, the Repayment Price shall, until paid, bear interest from the Repayment Date at the rate of interest set forth in such Security or, in the case of an Original Issue Discount Security, at the Yield to Maturity of such Security.

SECTION 1305. Securities Repaid in Part. Upon surrender of any Registered Security which is to be repaid in part only, the Company shall execute and the Trustee shall authenticate and deliver to the Holder of such Security, without service charge and at the expense of the Company, a new Registered Security or Securities of the same series, of any authorized denomination specified by the Holder, in an aggregate principal amount equal to and in exchange for the portion of the principal of such Security so surrendered which is not to be repaid.

ARTICLE FOURTEEN

DEFEASANCE AND COVENANT DEFEASANCE

SECTION 1401. Applicability of Article; Company's Option to Effect Defeasance or Covenant Defeasance. If pursuant to Section 301 provision is made for either or both of (a) defeasance of the Securities of or within a series under Section 1402 or (b) covenant defeasance of the Securities of or within a series under Section 1403, then the provisions of such Section or Sections, as the case may be, together with the other provisions of this Article (with such modifications thereto as may be specified pursuant to Section 301 with respect to any Securities), shall be applicable to such Securities and any coupons appertaining thereto, and the Company may at its option by Board Resolution, at any time, with respect to such Securities and any coupons appertaining thereto, elect to have Section 1402 (if applicable) or Section 1403 (if applicable) be applied to such Outstanding Securities and any coupons appertaining thereto upon compliance with the conditions set forth below in this Article.

SECTION 1402. Defeasance and Discharge. Upon the Company's exercise of the above option applicable to this Section with respect to any Securities of or within a series, the Company shall be deemed to have been discharged from its obligations with respect to such Outstanding Securities and any coupons appertaining thereto on the date the conditions set forth in Section 1404 are satisfied (hereinafter, defeasance). For this purpose, such defeasance means that the Company shall be deemed to have paid and discharged the entire indebtedness represented by such Outstanding Securities and any coupons appertaining thereto, which shall thereafter be deemed to be Outstanding only for the purposes of Section 1405 and the other Sections of this Indenture referred to in clauses (A) and (B) of this Section, and to have satisfied all its other obligations under such Securities and any coupons appertaining thereto and this Indenture insofar as such Securities and any coupons appertaining thereto are concerned (and the Trustee, at the expense of the Company, shall execute proper instruments acknowledging the same), except for the following which shall survive until otherwise terminated or discharged hereunder: (A) the rights of Holders of such Outstanding Securities and any coupons appertaining thereto to receive, solely from the trust fund described in Section 1404 and as more fully set forth in such Section, payments in respect of the principal of (and premium, if any) and interest, if any, on such Securities and any coupons appertaining thereto when such payments are due, (B) the Company's obligations with respect to such Securities under Sections 305, 306, 1002 and 1003 and with respect to the payment of Additional Amounts, if any, on such Securities as contemplated by Section 1004, (C) the rights, powers, trusts, duties and immunities of the Trustee hereunder and (D) this Article. Subject to compliance with this Article Fourteen, the Company may exercise its option under this Section notwithstanding the prior exercise of its option under Section 1403 with respect to such Securities and any coupons appertaining thereto. Money and securities held in trust pursuant to this Section 1402 shall not be subject to Article Sixteen.

SECTION 1403. Covenant Defeasance. Upon the Company's exercise of the above option applicable to this Section with respect to any Securities of or within a series, the Company shall be released from any obligations under any covenant specified pursuant to Section 301, with respect to such Outstanding Securities and any coupons appertaining thereto on and after the date the conditions set forth in Section 1404 are satisfied (hereinafter, covenant defeasance), and such Securities and any coupons appertaining thereto shall thereafter be deemed to be not Outstanding for the purposes of any direction, waiver, consent or declaration or Act of Holders (and the consequences of any thereof) in connection with such covenant, but shall continue to be deemed Outstanding for all

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other purposes hereunder. For this purpose, such covenant defeasance means that, with respect to such Outstanding Securities and any coupons appertaining thereto, the Company may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such Section or such other covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such Section or such other covenant or by reason of reference in any such Section or such other covenant to any other provision herein or in any other document and such omission to comply shall not constitute a Default or an Event of Default under Section 501(4) or 501(7) or otherwise, as the case may be, but, except as specified above, the remainder of this Indenture and such Securities and any coupons appertaining thereto shall be unaffected thereby.

SECTION 1404. Conditions to Defeasance or Covenant Defeasance. The following shall be the conditions to application of Section 1402 or Section 1403 to any Outstanding Securities of or within a series and any coupons appertaining thereto:

(a) The Company shall irrevocably have deposited or caused to be deposited with the Trustee (or another trustee satisfying the requirements of Section 607 who shall agree to comply with the provisions of this Article Fourteen applicable to it) as trust funds in trust for the purpose of making the following payments, specifically pledged as security for, and dedicated solely to, the benefit of the Holders of such Securities and any coupons appertaining thereto, (1) an amount (in such Currency in which such Securities and any coupons appertaining thereto are then specified as payable at Stated Maturity), or (2) Government Obligations applicable to such Securities and coupons appertaining thereto (determined on the basis of the Currency in which such Securities and coupons appertaining thereto are then specified as payable at Stated Maturity) which through the scheduled payment of principal and interest in respect thereof in accordance with their terms will provide, not later than one day before the due date of any payment of principal of (and premium, if any) and interest, if any, on such Securities and any coupons appertaining thereto, money in an amount, or (3) a combination thereof in an amount, sufficient, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, to pay and discharge, and which shall be applied by the Trustee (or other qualifying trustee) to pay and discharge, (i) the principal of (and premium, if any) and interest, if any, on such Outstanding Securities and any coupons appertaining thereto on the Stated Maturity of such principal or installment of principal or interest and (ii) any mandatory sinking fund payments or analogous payments applicable to such Outstanding Securities and any coupons appertaining thereto on the day on which such payments are due and payable in accordance with the terms of this Indenture and of such Securities and any coupons appertaining thereto.

(b) Such defeasance or covenant defeasance shall not result in a breach or violation of, or constitute a default under, this Indenture or any other material agreement or instrument to which the Company is a party or by which it is bound.

(c) No Default or Event of Default with respect to such Securities and any coupons appertaining thereto shall have occurred and be continuing on the date of such deposit or, insofar as Sections 501(5) and 501(6) are concerned, at any time during the period ending on the 91st day after the date of such deposit (it being understood that this condition shall not be deemed satisfied until the expiration of such period).

(d) In the case of an election under Section 1402, the Company shall have delivered to the Trustee an Opinion of Counsel stating that (i) the Company has received from, or there has been published by, the Internal Revenue Service a ruling, or (ii) since the date of execution of this Indenture, there has been a change in the applicable Federal income tax law, in either case to the effect that, and based thereon such opinion shall confirm that, the Holders of such Outstanding Securities and any coupons appertaining thereto will not recognize income, gain or loss for Federal income tax purposes as a result of such defeasance and will be subject to Federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such defeasance had not occurred.

(e) In the case of an election under Section 1403, the Company shall have delivered to the Trustee an Opinion of Counsel to the effect that the Holders of such Outstanding Securities and any coupons appertaining thereto will not recognize income, gain or loss for Federal income tax purposes as a result of such covenant defeasance and will be subject to Federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such covenant defeasance had not occurred.

(f) The Company shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent to the defeasance under Section 1402 or the covenant defeasance under Section 1403 (as the case may be) have been complied with and an Opinion of Counsel to the effect that either (i) as a result of a deposit pursuant to subsection (a) above and the related exercise of the Company's option under Section 1402 or Section 1403 (as the case may be), registration is not required under the Investment Company Act of 1940, as amended, by the Company, with respect to the trust funds representing such deposit or by the trustee for such trust funds or (ii) all necessary registrations under said Act have been effected.

(g) Notwithstanding any other provisions of this Section, such defeasance or covenant defeasance shall be effected in compliance with any additional or substitute terms, conditions or limitations which may be imposed on the Company in connection therewith pursuant to Section 301.

SECTION 1405. Deposited Money and Government Obligations to Be Held in Trust; Other Miscellaneous Provisions.

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Subject to the provisions of the last paragraph of Section 1003, all money and Government Obligations (or other property as may be provided pursuant to Section 301) (including the proceeds thereof) deposited with the Trustee (or other qualifying trustee, collectively for purposes of this Section 1405, the Trustee) pursuant to Section 1404 in respect of any Outstanding Securities of any series and any coupons appertaining thereto shall be held in trust and applied by the Trustee, in accordance with the provisions of such Securities and any coupons appertaining thereto and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may determine, to the Holders of such Securities and any coupons appertaining thereto of all sums due and to become due thereon in respect of principal (and premium, if any) and interest, if any, but such money need not be segregated from other funds except to the extent required by law.

Unless otherwise specified with respect to any Security pursuant to Section 301, if, after a deposit referred to in Section 1404(a) has been made, (a) the Holder of a Security in respect of which such deposit was made is entitled to, and does, elect pursuant to Section 312(b) or the terms of such Security to receive payment in a Currency other than that in which the deposit pursuant to Section 1404(a) has been made in respect of such Security, or (b) a Conversion Event occurs as contemplated in Section 312(d) or 312(e) or by the terms of any Security in respect of which the deposit pursuant to Section 1404(a) has been made, the indebtedness represented by such Security and any coupons appertaining thereto shall be deemed to have been, and will be, fully discharged and satisfied through the payment of the principal of (and premium, if any) and interest, if any, on such Security as the same becomes due out of the proceeds yielded by converting (from time to time as specified below in the case of any such election) the amount or other property deposited in respect of such Security into the Currency in which such Security becomes payable as a result of such election or Conversion Event based on the applicable Market Exchange Rate for such Currency in effect on the second Business Day prior to each payment date, except, with respect to a Conversion Event, for such Currency in effect (as nearly as feasible) at the time of the Conversion Event.

The Company shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the Government Obligations deposited pursuant to Section 1404 or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of such Outstanding Securities and any coupons appertaining thereto.

Anything in this Article to the contrary notwithstanding, the Trustee shall deliver or pay to the Company from time to time upon Company Request any money or Government Obligations (or other property and any proceeds therefrom) held by it as provided in Section 1404 which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, are in excess of the amount thereof which would then be required to be deposited to effect a defeasance or covenant defeasance, as applicable, in accordance with this Article.

ARTICLE FIFTEEN

MEETINGS OF HOLDERS OF SECURITIES

SECTION 1501. Purposes for Which Meetings May Be Called. If Securities of a series are issuable as Bearer Securities, a meeting of Holders of Securities of such series may be called at any time and from time to time pursuant to this Article to make, give or take any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be made, given or taken by Holders of Securities of such series.

SECTION 1502. Call, Notice and Place of Meetings.

(a) The Trustee may at any time call a meeting of Holders of Securities of any series for any purpose specified in Section 1501, to be held at such time and at such place in the Borough of Manhattan, The City of New York or in London as the Trustee shall determine. Notice of every meeting of Holders of Securities of any series, setting forth the time and the place of such meeting and in general terms the action proposed to be taken at such meeting, shall be given, in the manner provided in Section 106, not less than 21 nor more than 180 days prior to the date fixed for the meeting.

(b) In case at any time the Company, pursuant to a Board Resolution, or the Holders of at least 10% in principal amount of the Outstanding Securities of any series shall have requested the Trustee to call a meeting of the Holders of Securities of such series for any purpose specified in Section 1501, by written request setting forth in reasonable detail the action proposed to be taken at the meeting, and the Trustee shall not have made the first publication of the notice of such meeting within 21 days after receipt of such request or shall not thereafter proceed to cause the meeting to be held as provided herein, then the Company or the Holders of Securities of such series in the amount above specified, as the case may be, may determine the time and the place in the Borough of Manhattan, The City of New York or in London for such meeting and may call such meeting for such purposes by giving notice thereof as provided in subsection (a) of this Section.

SECTION 1503. Persons Entitled to Vote at Meetings. To be entitled to vote at any meeting of Holders of Securities of any series, a Person shall be (1) a Holder of one or more Outstanding Securities of such series, or (2) a Person appointed by an instrument

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in writing as proxy for a Holder or Holders of one or more Outstanding Securities of such series by such Holder or Holders. The only Persons who shall be entitled to be present or to speak at any meeting of Holders of Securities of any series shall be the Persons entitled to vote at such meeting and their counsel, any representatives of the Trustee and its counsel and any representatives of the Company and its counsel.

SECTION 1504. Quorum; Action. The Persons entitled to vote a majority in principal amount of the Outstanding Securities of a series shall constitute a quorum for a meeting of Holders of Securities of such series; provided, however, that if any action is to be taken at such meeting with respect to a consent or waiver which this Indenture expressly provides may be given by the Holders of not less than a specified percentage in principal amount of the Outstanding Securities of a series, the Persons entitled to vote such specified percentage in principal amount of the Outstanding Securities of such series shall constitute a quorum. In the absence of a quorum within 30 minutes of the time appointed for any such meeting, the meeting shall, if convened at the request of Holders of Securities of such series, be dissolved. In any other case the meeting may be adjourned for a period of not less than 10 days as determined by the chairman of the meeting prior to the adjournment of such meeting. In the absence of a quorum at any such adjourned meeting, such adjourned meeting may be further adjourned for a period of not less than 10 days as determined by the chairman of the meeting prior to the adjournment of such adjourned meeting. Notice of the reconvening of any adjourned meeting shall be given as provided in Section 1502(a), except that such notice need be given only once not less than five days prior to the date on which the meeting is scheduled to be reconvened.

Notice of the reconvening of any adjourned meeting shall state expressly the percentage, as provided above, of the principal amount of the Outstanding Securities of such series which shall constitute a quorum.

Except as limited by the proviso to Section 902, any resolution presented to a meeting or adjourned meeting duly reconvened at which a quorum is present as aforesaid may be adopted by the affirmative vote of the Holders of a majority in principal amount of the Outstanding Securities of that series; provided, however, that, except as limited by the proviso to Section 902, any resolution with respect to any request, demand, authorization, direction, notice, consent, waiver or other action which this Indenture expressly provides may be made, given or taken by the Holders of a specified percentage, which is less than a majority, in principal amount of the Outstanding Securities of a series may be adopted at a meeting or an adjourned meeting duly reconvened and at which a quorum is present as aforesaid by the affirmative vote of the Holders of such specified percentage in principal amount of the Outstanding Securities of that series.

Any resolution passed or decision taken at any meeting of Holders of Securities of any series duly held in accordance with this Section shall be binding on all the Holders of Securities of such series and the related coupons, whether or not present or represented at the meeting.

Notwithstanding the foregoing provisions of this Section 1504, if any action is to be taken at a meeting of Holders of Securities of any series with respect to any request, demand, authorization, direction, notice, consent, waiver or other action that this Indenture expressly provides may be made, given or taken by the Holders of a specified percentage in principal amount of all Outstanding Securities affected thereby, or of the Holders of such series and one or more additional series:

(i) there shall be no minimum quorum requirement for such meeting; and

(ii) the principal amount of the Outstanding Securities of such series that vote in favor of such request, demand, authorization, direction, notice, consent, waiver or other action shall be taken into account in determining whether such request, demand, authorization, direction, notice, consent, waiver or other action has been made, given or taken under this Indenture.

SECTION 1505. Determination of Voting Rights; Conduct and Adjournment of Meetings.

(a) Notwithstanding any provisions of this Indenture, the Trustee may make such reasonable regulations as it may deem advisable for any meeting of Holders of Securities of a series in regard to proof of the holding of Securities of such series and of the appointment of proxies and in regard to the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidence of the right to vote, and such other matters concerning the conduct of the meeting as it shall deem appropriate. Except as otherwise permitted or required by any such regulations, the holding of Securities shall be proved in the manner specified in Section 104 and the appointment of any proxy shall be proved in the manner specified in Section 104 or by having the signature of the Person executing the proxy witnessed or guaranteed by any trust company, bank or banker authorized by Section 104 to certify to the holding of Bearer Securities. Such regulations may provide that written instruments appointing proxies, regular on their face, may be presumed valid and genuine without the proof specified in Section 104 or other proof.

(b) The Trustee shall, by an instrument in writing appoint a temporary chairman of the meeting, unless the meeting shall have been called by the Company or by Holders of Securities as provided in Section 1502(b), in which case the Company or the Holders of Securities of the series calling the meeting, as the case may be, shall in like manner appoint a temporary chairman. A permanent chairman and a permanent secretary of the meeting shall be elected by vote of the Persons entitled to vote a majority in principal

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amount of the Outstanding Securities of such series represented at the meeting.

(c) At any meeting each Holder of a Security of such series or proxy shall be entitled to one vote for each $1,000 principal amount of the Outstanding Securities of such series held or represented by him; provided, however, that no vote shall be cast or counted at any meeting in respect of any Security challenged as not Outstanding and ruled by the chairman of the meeting to be not Outstanding. The chairman of the meeting shall have no right to vote, except as a Holder of a Security of such series or proxy.

(d) Any meeting of Holders of Securities of any series duly called pursuant to Section 1502 at which a quorum is present may be adjourned from time to time by Persons entitled to vote a majority in principal amount of the Outstanding Securities of such series represented at the meeting, and the meeting may be held as so adjourned without further notice.

SECTION 1506. Counting Votes and Recording Action of Meetings. The vote upon any resolution submitted to any meeting of Holders of Securities of any series shall be by written ballots on which shall be subscribed the signatures of the Holders of Securities of such series or of their representatives by proxy and the principal amounts and serial numbers of the Outstanding Securities of such series held or represented by them. The permanent chairman of the meeting shall appoint two inspectors of votes who shall count all votes cast at the meeting for or against any resolution and who shall make and file with the secretary of the meeting their verified written reports in duplicate of all votes cast at the meeting. A record, at least in duplicate, of the proceedings of each meeting of Holders of Securities of any Series shall be prepared by the secretary of the meeting and there shall be attached to said record the original reports of the inspectors of votes on any vote by ballot taken thereat and affidavits by one or more persons having knowledge of the fact, setting forth a copy of the notice of the meeting and showing that said notice was given as provided in Section 1502 and, if applicable, Section 1504. Each copy shall be signed and verified by the affidavits of the permanent chairman and secretary of the meeting and one such copy shall be delivered to the Company and another to the Trustee to be preserved by the Trustee, the latter to have attached thereto the ballots voted at the meeting. Any record so signed and verified shall be conclusive evidence of the matters therein stated.

ARTICLE SIXTEEN

SUBORDINATION OF SECURITIES

SECTION 1601. Agreement to Subordinate. The Company, for itself, its successors and assigns, covenants and agrees, and each Holder of Securities by his acceptance thereof, likewise covenants and agrees, that the payment of the principal of (and premium, if any) and interest, if any, on each and all of the Securities is hereby expressly subordinated, to the extent and in the manner hereinafter set forth, in right of payment to the prior payment in full of all Senior Indebtedness.

SECTION 1602. Distribution on Dissolution, Liquidation and Reorganization; Subrogation of Securities. Upon any distribution of assets of the Company upon any dissolution, winding up, liquidation or reorganization of the Company, whether in bankruptcy, insolvency, reorganization or receivership proceedings or upon an assignment for the benefit of creditors or any other marshalling of the assets and liabilities of the Company or otherwise (subject to the power of a court of competent jurisdiction to make other equitable provision reflecting the rights conferred in this Indenture upon the Senior Indebtedness and the holders thereof with respect to the Securities and the holders thereof by a lawful plan of reorganization under applicable bankruptcy law):

(a) the holders of all Senior Indebtedness shall be entitled to receive payment in full of the principal thereof (and premium, if any) and interest due thereon before the Holders of the Securities are entitled to receive any payment upon the principal (or premium, if any) or interest, if any, on indebtedness evidenced by the Securities; and

(b) Any payment or distribution of assets of the Company of any kind or character, whether in cash, property or securities, to which the Holders of the Securities or the Trustee would be entitled except for the provisions of this Article Sixteen shall be paid by the liquidating trustee or agent or other person making such payment or distribution, whether a trustee in bankruptcy, a receiver or liquidating trustee or otherwise, directly to the holders of Senior Indebtedness or their representative or representatives or to the trustee or trustees under any indenture under which any instruments evidencing any of such Senior Indebtedness may have been issued, ratably according to the aggregate amounts remaining unpaid on account of the principal of (and premium, if any) and interest on the Senior Indebtedness held or represented by each, to the extent necessary to make payment in full of all Senior Indebtedness remaining unpaid, after giving effect to any concurrent payment or distribution to the holders of such Senior Indebtedness; and

(c) in the event that, notwithstanding the foregoing, any payment or distribution of assets of the Company of any kind or character, whether in cash, property or securities, shall be received by the Trustee or the Holders of the Securities before all Senior Indebtedness is paid in full, such payment or distribution shall be paid over, upon written notice to the Trustee, to the holder of such Senior Indebtedness or their representative or representatives or to

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the trustee or trustees under any indenture under which any instrument evidencing any of such Senior Indebtedness may have been issued, ratably as aforesaid, for application to payment of all Senior Indebtedness remaining unpaid until all such Senior Indebtedness shall have been paid in full, after giving effect to any concurrent payment or distribution to the holders of such Senior Indebtedness.

Subject to the payment in full of all Senior Indebtedness, the Holders of the Securities shall be subrogated to the rights of the holders of Senior Indebtedness to receive payments or distributions of cash, property or securities of the Company applicable to Senior Indebtedness until the principal of (and premium, if any) and interest, if any, on the Securities shall be paid in full and no such payments or distributions to the Holders of the Securities of cash, property or securities otherwise distributable to the holders of Senior Indebtedness shall, as between the Company, its creditors other than the holders of Senior Indebtedness, and the Holders of the Securities be deemed to be a payment by the Company to or on account of the Securities. It is understood that the provisions of this Article Sixteen are and are intended solely for the purpose of defining the relative rights of the Holders of the Securities, on the one hand, and the holders of the Senior Indebtedness, on the other hand. Nothing contained in this Article Sixteen or elsewhere in this Indenture or in the Securities is intended to or shall impair, as between the Company, its creditors other than the holders of Senior Indebtedness, and the Holders of the Securities, the obligation of the Company, which is unconditional and absolute, to pay to the Holders of the Securities the principal of (and premium, if any) and interest, if any, on the Securities as and when the same shall become due and payable in accordance with their terms, or to affect the relative rights of the Holders of the Securities and creditors of the Company other than the holders of Senior Indebtedness, nor shall anything herein or in the Securities prevent the Trustee or the Holder of any Security from exercising all remedies otherwise permitted by applicable law upon default under this Indenture, subject to the rights, if any, under this Article Sixteen of the holders of Senior Indebtedness in respect of cash, property or securities of the Company received upon the exercise of any such remedy. Upon any payment or distribution of assets of the Company referred to in this Article Sixteen, the Trustee, subject to the provisions of Section 601, shall be entitled to rely upon a certificate of the liquidating trustee or agent or other person making any distribution to the Trustee for the purpose of ascertaining the Persons entitled to participate in such distribution, the holders of Senior Indebtedness and other indebtedness of the Company, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article Sixteen.

The Trustee, however, shall not be deemed to owe any fiduciary duty to the holders of Senior Indebtedness. The Trustee shall not be liable to any such holder if it shall pay over or distribute to or on behalf of Holders of Securities or the Company moneys or assets to which any holder of Senior Indebtedness shall be entitled by virtue of this Article Sixteen.

If the Trustee or any Holder of Securities does not file a proper claim or proof of debt in the form required in any proceeding referred to above prior to 30 days before the expiration of the time to file such claim in such proceeding, then the holder of any Senior Indebtedness is hereby authorized, and has the right, to file an appropriate claim or claims for or on behalf of such Holder of Securities.

SECTION 1603. No Payment on Securities in Event of Default on Senior Indebtedness. No payment by the Company on account of principal (or premium, if any), sinking funds or interest, if any, on the Securities shall be made unless full payment of amounts then due for principal (premium, if any), sinking funds and interest on Senior Indebtedness has been made or duly provided for in money or money's worth.

SECTION 1604. Payments on Securities Permitted. Nothing contained in this Indenture or in any of the Securities shall (a) affect the obligation of the Company to make, or prevent the Company from making, at any time except as provided in Sections 1602 and 1603, payments of principal of (or premium, if any) or interest, if any, on the Securities or (b) prevent the application by the Trustee of any moneys deposited with it hereunder to the payment of or on account of the principal of (or premium, if any) or interest, if any, on the Securities, unless the Trustee shall have received at its Corporate Trust Office written notice of any event prohibiting the making of such payment more than two Business Days prior to the date fixed for such payment.

SECTION 1605. Authorization of Holders to Trustee to Effect Subordination. Each Holder of Securities by his acceptance thereof authorizes and directs the Trustee on his behalf to take such action as may be necessary or appropriate to effectuate the subordination as provided in this Article Sixteen and appoints the Trustee his attorney-in-fact for any and all such purposes.

SECTION 1606. Notices to Trustee. Notwithstanding the provisions of this Article or any other provisions of this Indenture, neither the Trustee nor any Paying Agent (other than the Company) shall be charged with knowledge of the existence of any Senior Indebtedness or of any event which would prohibit the making of any payment of moneys to or by the Trustee or such Paying Agent, unless and until the Trustee or such Paying Agent shall have received (in the case of the Trustee, at its Corporate Trust Office) written notice thereof from the Company or from the holder of any Senior Indebtedness or from the trustee for any such holder, together with proof satisfactory to the Trustee of such holding of Senior Indebtedness or of the authority of such trustee; provided, however, that if at least two Business Days prior to the date upon which by the terms hereof any such moneys may become payable for any purpose (including, without limitation, the payment of either the principal (or premium, if any) or interest, if any, on any Security) the Trustee shall not have received with respect to such moneys the notice provided for in this Section 1606, then, anything herein contained to the contrary notwithstanding, the Trustee shall have full power and authority to receive such moneys and to apply the same to the purpose for which they were received, and shall not be affected by any notice to the contrary, which may be received by it within two Business

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Days prior to such date. The Trustee shall be entitled to rely on the delivery to it of a written notice by a Person representing himself to be a holder of Senior Indebtedness (or a trustee on behalf of such holder) to establish that such a notice has been given by a holder of Senior Indebtedness or a trustee on behalf of any such holder. In the event that the Trustee determines in good faith that further evidence is required with respect to the right of any Person as a holder of Senior Indebtedness to participate in any payment or distribution pursuant to this Article Sixteen, the Trustee may request such Person to furnish evidence to the reasonable satisfaction of the Trustee as to the amount of Senior Indebtedness held by such Person, the extent to which such Person is entitled to participate in such payment or distribution and any other facts pertinent to the rights of such Person under this Article Sixteen and, if such evidence is not furnished, the Trustee may defer any payment to such Person pending judicial determination as to the right of such Person to receive such payment.

SECTION 1607. Trustee as Holder of Senior Indebtedness. The Trustee in its individual capacity shall be entitled to all the rights set forth in this Article Sixteen in respect of any Senior Indebtedness at any time held by it to the same extent as any other holder of Senior Indebtedness and nothing in Section 613 or elsewhere in this Indenture shall be construed to deprive the Trustee of any of its rights as such holder.

Nothing in this Article Sixteen shall apply to claims of, or payments to, the Trustee under or pursuant to Section 606.

SECTION 1608. Modifications of Terms of Senior Indebtedness. Any renewal or extension of the time of payment of any Senior Indebtedness or the exercise by the holders of Senior Indebtedness of any of their rights under any instrument creating or evidencing Senior Indebtedness, including, without limitation, the waiver of default thereunder, may be made or done all without notice to or assent from the Holders of the Securities or the Trustee.

No compromise, alteration, amendment, modification, extension, renewal or other change of, or waiver, consent or other action in respect of, any liability or obligation under or in respect of, or of any of the terms, covenants or conditions of any indenture or other instrument under which any Senior Indebtedness is outstanding or of such Senior Indebtedness, whether or not such release is in accordance with the provisions of any applicable document, shall in any way alter or affect any of the provisions of this Article Sixteen or of the Securities relating to the subordination thereof.

SECTION 1609. Reliance on Judicial Order or Certificate of Liquidating Agent Upon any payment or distribution of assets of the Company referred to in this Article Sixteen. The Trustee and the Holders of the Securities shall be entitled to rely upon any order or decree entered by any court of competent jurisdiction in which such insolvency, bankruptcy, receivership, liquidation, reorganization, dissolution, winding up or similar case or proceeding is pending, or a certificate of the trustee in bankruptcy, liquidating trustee, custodian, receiver, assignee for the benefit of creditors, agent or other person making such payment or distribution, delivered to the Trustee or to the Holders of Securities, for the purpose of ascertaining the persons entitled to participate in such payment or distribution, the holders of Senior Indebtedness and other indebtedness of the Company, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article Sixteen.

This Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Indenture.

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed, and their respective corporate seals to be hereunto affixed and attested, all as of the day and year first above written.

PUBLIC SERVICE ENTERPRISE GROUP
INCORPORATED

By _____

[SEAL]

Vice President and Treasurer

Attest:

[Assistant Secretary]

WACHOVIA BANK, NATIONAL ASSOCIATION,
as Trustee

By _____

[SEAL]

Vice President

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Attest:

[Assistant Secretary]

STATE OF NEW JERSEY)
) ss:
COUNTY OF ESSEX)

On the _____ day of _____, 2002, before me personally came to me known, who, being by me duly sworn, did depose and say that he resides at _____, New Jersey _____; that he is Vice President and Treasurer of Public Service Enterprise Group Incorporated, one of the corporations described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said corporation; and that he signed his name thereto by like authority.

[Notarial Seal]

Notary Public
COMMISSION EXPIRES

STATE OF NEW JERSEY)
) ss:
COUNTY OF ESSEX)

On the _____ day of _____, 2002, before me personally came _____, to me known, who, being by me duly sworn, did depose and say that he resides at _____; that he is a _____ of Wachovia Bank, National Association, one of the corporations described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said corporation; and that he signed his name thereto by like authority.

[Notarial Seal]

Notary Public
COMMISSION EXPIRES

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EXHIBIT A

FORMS OF CERTIFICATION

EXHIBIT A-1

FORM OF CERTIFICATE TO BE GIVEN BY PERSON ENTITLED
TO RECEIVE BEARER SECURITY OR TO OBTAIN INTEREST
PAYABLE PRIOR TO THE EXCHANGE DATE

CERTIFICATE

[Insert title or sufficient description of Securities to be delivered]

This is to certify that, as of the date hereof, and except as set forth below, the above-captioned Securities held by you for our account (i) are owned by person(s) that are not citizens or residents of the United States, domestic partnerships, domestic corporations or any estate or trust the income of which is subject to United States federal income taxation regardless of its source (United States person(s)), (ii) are owned by United States person(s) that are (a) foreign branches of United States financial institutions (financial institutions, as defined in United States Treasury Regulations Section 1.165-12(c)(1)(v) are herein referred to as financial institutions) purchasing for their own account or for resale, or (b) United States person(s) who acquired the Securities through foreign branches of United States financial institutions and who hold the Securities through such United States financial institutions on the date hereof (and in either case (a) or (b), each such United States financial institution hereby agrees, on its own behalf or through its agent, that you may advise Public Service Enterprise Group Incorporated or its agent that such financial institution will comply with the requirements of Section 165(j)(3)(A), (B) or (C) of the United States Internal Revenue Code of 1986, as amended, and the regulations thereunder), or (iii) are owned by United States or foreign financial institution(s) for purposes of resale during the restricted period (as defined in United States Treasury Regulations Section 1.163-5(c)(2)(i)(D)(7)), and, in addition, if the owner is a United States or foreign financial institution described in clause (iii) above (whether or not also described in clause (i) or (ii)), this is to further certify that such financial institution has not acquired the Securities for purposes of resale directly or indirectly to a United States person or to a person within the United States or its possessions.

As used herein, United States means the United States of America (including the States and the District of Columbia); and its possessions include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands.

We undertake to advise you promptly by tested telex on or prior to the date on which you intend to submit your certification relating to the above-captioned Securities held by you for our account in accordance with your Operating Procedures if any applicable statement herein is not correct on such date, and in the absence of any such notification it may be assumed that this certification applies as of such date.

This certificate excepts and does not relate to [U.S.$]_____ of such interest in the above-captioned Securities in respect of which we are not able to certify and as to which we understand an exchange for an interest in a Permanent Global Security or an exchange for and delivery of definitive Securities (or, if relevant, collection of any interest) cannot be made until we do so certify.

We understand that this certificate may be required in connection with certain tax legislation in the United States. If administrative or legal proceedings are commenced or threatened in connection with which this certificate is or would be relevant, we irrevocably authorize you to produce this certificate or a copy thereof to any interested party in such proceedings.

Dated: , 20

[To be dated no earlier than the 15th day prior to (i) the Exchange Date or (ii) the relevant Interest Payment Date occurring prior to the Exchange Date, as applicable]

[Name of Person Making Certification]

(Authorized Signatory)
Name:
Title:

S1-SSA-0009 - 30185

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EXHIBIT A-2

FORM OF CERTIFICATE TO BE GIVEN BY EUROCLEAR AND
CEDEL BANK IN CONNECTION WITH THE EXCHANGE OF
A PORTION OF A TEMPORARY GLOBAL SECURITY
OR TO OBTAIN INTEREST PAYABLE PRIOR
TO THE EXCHANGE DATE

CERTIFICATE

[Insert title or sufficient description of Securities to be delivered]

This is to certify that, based solely on written certifications that we have received in writing, by tested telex or by electronic transmission from each of the persons appearing in our records as persons entitled to a portion of the principal amount set forth below (our Member Organizations) substantially in the form attached hereto, as of the date hereof, [U.S.$] _____ principal amount of the above-captioned Securities (i) is owned by person(s) that are not citizens or residents of the United States, domestic partnerships, domestic corporations or any estate or trust the income of which is subject to United States Federal income taxation regardless of its source (United States person(s)), (ii) is owned by United States person(s) that are (a) foreign branches of United States financial institutions (financial institutions, as defined in U.S. Treasury Regulations Section 1.165-12(c)(1)(v) are herein referred to as financial institutions) purchasing for their own account or for resale, or (b) United States person(s) who acquired the Securities through foreign branches of United States financial institutions and who hold the Securities through such United States financial institutions on the date hereof (and in either case (a) or (b), each such financial institution has agreed, on its own behalf or through its agent, that we may advise John Deere Capital Corporation or its agent that such financial institution will comply with the requirements of Section 165(j)(3)(A), (B) or (C) of the Internal Revenue Code of 1986, as amended, and the regulations thereunder), or (iii) is owned by United States or foreign financial institution(s) for purposes of resale during the restricted period (as defined in United States Treasury Regulations Section 1.163-5(c)(2)(i)(D)(7)), and, to the further effect, that financial institutions described in clause (iii) above (whether or not also described in clause (i) or (ii)) have certified that they have not acquired the Securities for purposes of resale directly or indirectly to a United States person or to a person within the United States or its possessions.

As used herein, United States means the United States of America (including the States and the District of Columbia); and its possessions include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands.

We further certify that (i) we are not making available herewith for exchange (or, if relevant, collection of any interest) any portion of the temporary global Security representing the above-captioned Securities excepted in the above-referenced certificates of Member Organizations and (ii) as of the date hereof we have not received any notification from any of our Member Organizations to the effect that the statements made by such Member Organizations with respect to any portion of the part submitted herewith for exchange (or, if relevant, collection of any interest) are no longer true and cannot be relied upon as of the date hereof.

We understand that this certification is required in connection with certain tax legislation in the United States. If administrative or legal proceedings are commenced or threatened in connection with which this certificate is or would be relevant, we irrevocably authorize you to produce this certificate or a copy thereof to any interested party in such proceedings.

Dated: , 20

[To be dated no earlier than the Exchange Date or the relevant Interest Payment Date occurring prior to the Exchange Date, as applicable]

[Morgan Guaranty Trust Company of New York, Brussels Office,] as Operator of the Euroclear System [Cedel Bank]

By

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Exhibit 5

Tamara L. Linde
Executive Vice President
and General Counsel

PSEG Power LLC
80 Park Plaza, T4, Newark, NJ 07102
tel: 973-430-8058 fax: 973-639-0741

November 17, 2017

Public Service Enterprise Group Incorporated
80 Park Plaza
Newark, NJ 07102

Ladies and Gentlemen:

This opinion is furnished in connection with the preparation and filing by Public Service Enterprise Group Incorporated, a New Jersey corporation (the "Company"), of a Registration Statement on Form S-3 (the "Registration Statement") under the Securities Act of 1933, as amended (the "Act"), relating to the registration of the offer, issuance and sale from time to time of an indeterminate amount of the Company's: (i) senior debt securities and subordinated debt securities (collectively, the "Debt Securities"), which may be issued pursuant to a Senior Debt Indenture dated as of November 1, 1998 between the Company and U.S. Bank National Association, as successor trustee (as amended or supplemented, the "Senior Debt Indenture") or a Subordinated Debt Indenture to be entered into between the Company and U.S. Bank National Association, as trustee (the "Subordinated Debt Indenture" and, together with the Senior Debt Indenture, the "Indentures"); and any applicable supplemental indenture under such Indentures; (ii) common stock, without par value (the "Common Stock"), including 2,500,000 shares of Common Stock to be issued under the PSEG Enterprise Direct Dividend Reinvestment and Stock Purchase Plan (the "Plan"); (iii) preferred stock, without par value (the "Preferred Stock"); (iv) stock purchase contracts to purchase Common Stock ("Stock Purchase Contracts"); and (v) stock purchase units, each representing ownership of a Stock Purchase Contract and any Debt Securities, or debt obligations of third parties, including U.S. Treasury securities, securing a holder's obligation to purchase Common Stock under the Stock Purchase Contract ("Stock Purchase Units").

I have examined the Registration Statement, the Indentures, the Company's Certificate of Incorporation (as amended), the Company's By-Laws and such other agreements, instruments, documents and records and such certificates or comparable documents of public officials which I deemed relevant and necessary for the basis of the opinion hereinafter expressed. In such examination, I have assumed the following: (a) the authenticity of original documents and the genuineness of all signatures; (b) the conformity to the originals of all documents submitted to me as copies; and (c) the truth, accuracy, and completeness of the information, representations, and warranties contained in the records, documents, instruments and certificates I have reviewed.

The opinions expressed below are based on the following assumptions:

(a) the Registration Statement will have become effective;

(b) the proposed transactions contemplated by the Registration Statement will have been carried out on the basis set forth therein and in conformity with the authorizations, approvals, consents, or exemptions under the securities laws of various states and other jurisdictions of the United States;

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(c) prior to the issuance of any Debt Securities, shares of Common Stock, shares of Preferred Stock, Stock Purchase Contracts or Stock Purchase Units, the Board of Directors of the Company (the "Board"), a committee thereof, or the Chief Financial Officer of the Company pursuant to delegated authority from the Board, will have, as applicable: (i) authorized the Subordinated Debt Indenture and any supplemental indenture thereunder, any supplemental indenture under the Senior Debt Indenture, the Stock Purchase Contracts or the Stock Purchase Units; (ii) authorized the issuance of, and established the terms of, such Debt Securities, Preferred Stock, Stock Purchase Contracts or Stock Purchase Units, or (iii) authorized the issuance of such Common Stock;

(d) prior to the issuance of any Debt Securities, the applicable Indenture will have been qualified in accordance with the provisions of the Trust Indenture Act of 1939, as amended;

(e) prior to the issuance of any Debt Securities, Stock Purchase Contracts or Stock Purchase Units, the Subordinated Debt Indenture, any supplemental indenture under the Indentures, the Stock Purchase Contracts, Stock Purchase Units and all collateral and related agreements will have been properly executed and delivered by each of the parties thereto (including the Company), as applicable; and

(f) prior to the issuance of shares of Preferred Stock, a Certificate of Amendment to the Company's Certificate of Incorporation setting forth the terms of the Preferred Stock will have been executed and filed with the State of New Jersey.

Based upon the foregoing and subject to the limitations herein, I am of the opinion that:

1. When the Debt Securities have been duly executed by the Company and authenticated by the applicable Trustee and when delivered against payment of the requisite consideration therefor, such Debt Securities will constitute valid and binding obligations of the Company, enforceable against the Company in accordance with their terms.

2. When shares of Common Stock have been duly executed by the Company and when delivered against payment of the requisite consideration therefor, such shares of Common Stock will be validly issued, fully paid and nonassessable.

3. When shares of Preferred Stock have been duly executed by the Company and when delivered against payment of the requisite consideration therefor, such shares of Preferred Stock will be validly issued, fully paid and nonassessable.

4. When the Stock Purchase Contracts have been delivered against payment of the requisite consideration therefor, such Stock Purchase Contracts will constitute valid and binding obligations of the Company, enforceable against the Company in accordance with their terms.

5. When the Stock Purchase Units have been delivered against payment of the requisite consideration therefor, such Stock Purchase Units will constitute valid and binding obligations of the Company, enforceable against the Company in accordance with their terms.

With respect to enforceability, the above opinions in paragraphs 1, 4 and 5 are qualified to the extent that enforcement of the Indentures, the Debt Securities, the Stock Purchase Contracts and the Stock Purchase Units may be limited by applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally and subject, as to enforceability, to general principles of equity, including principles of commercial

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reasonableness, good faith and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity).

The foregoing opinions are given as of the date hereof and are limited to matters arising under laws of the States of New Jersey and New York as in effect on the date hereof and I express no opinion as to the effect on the matters covered by this letter of the laws of any other jurisdiction. I hereby consent to the incorporation by reference of this letter as an exhibit to the Registration Statement and to the use of my name wherever it appears in the Registration Statement. In giving such consent, I do not thereby admit that I am within the category of persons whose consent is required by Section 7 of the Act or the related rules and regulations of the Securities and Exchange Commission issued thereunder with respect to any part of the Registration Statement, including this letter as an exhibit or otherwise.

Very truly yours,

/s/ Tamara L. Linde

Tamara L. Linde
Executive Vice President and
General Counsel

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Exhibit 23-1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in this Registration Statement on Form S-3 of our reports dated February 27, 2017, relating to the consolidated financial statements and consolidated financial statement schedule of Public Service Enterprise Group Incorporated and subsidiaries (the "Company"), and the effectiveness of the Company's internal control over financial reporting appearing in the Annual Report on Form 10-K of Public Service Enterprise Group Incorporated for the year ended December 31, 2016, and to the reference to us under the heading "Experts" in the Prospectuses, which are part of this Registration Statement.

/s/ Deloitte & Touche LLP
Parsippany, New Jersey

November 17, 2017

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Exhibit 24

POWER OF ATTORNEY

Each of the undersigned hereby severally constitutes and appoints Bradford D. Huntington and Tamara L. Linde, and each of them individually (with full power to act without the other), the true and lawful attorneys-in-fact and agents (with full power of substitution and resubstitution) for and on behalf of the undersigned, and in the undersigned's name, place and stead, in the undersigned's capacity as a Director or Officer or both, as the case may be, of Public Service Enterprise Group Incorporated (the "Registrant") to sign a Registration Statement on Form S-3 under the Securities Act of 1933, as amended (the "Securities Act"), or on such other form as such attorneys-in-fact, or any of them, may deem necessary or desirable and any amendments thereto, and all post-effective amendments and supplements to such Registration Statement, for the registration of the securities of the Registrant, each in such form as they or any one of them may approve, and to file the same with all exhibits thereto and other documents in connection therewith with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents and their substitutes and resubstitutes, and each of them individually, full power and authority to do and perform each and every act and thing requisite and necessary to be done to the end that such Registration Statement shall comply with the Securities Act and the applicable Rules and Regulations adopted or issued pursuant thereto, as fully and to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them or their or his or her substitutes or resubstitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, each of the undersigned has executed this instrument, this 17th day of November, 2017.

/s/ Ralph Izzo
Ralph Izzo

/s/ Daniel J. Cregg
Daniel J. Cregg

/s/ Stuart J. Black
Stuart J. Black

/s/ Willie A. Deese
Willie A. Deese

/s/ Albert R. Gamper, Jr.
Albert R. Gamper, Jr.

/s/ William V. Hickey
William V. Hickey

/s/ Shirley Ann Jackson
Shirley Ann Jackson

/s/ David Lilley
David Lilley

/s/ Thomas A. Renyi
Thomas A. Renyi

/s/ Hak Cheol Shin
Hak Cheol Shin

/s/ Richard J. Swift
Richard J. Swift

/s/ Susan Tomasky
Susan Tomasky

/s/ Alfred Zollar
Alfred Zollar

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Exhibit 25-1

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY UNDER
THE TRUST INDENTURE ACT OF 1939 OF A
CORPORATION DESIGNATED TO ACT AS TRUSTEE
Check if an Application to Determine Eligibility of
a Trustee Pursuant to Section 305(b)(2) ☐

U.S. BANK NATIONAL ASSOCIATION

(Exact name of Trustee as specified in its charter)

31-0841368
I.R.S. Employer Identification No.

800 Nicollet Mall Minneapolis, Minnesota	55402
(Address of principal executive offices)	(Zip Code)

Rick Barnes
U.S. Bank National Association
21 South Street
Morristown, New Jersey
(973) 898-7161
(Name, address and telephone number of agent for service)

Public Service Enterprise Group Incorporated

(Issuer with respect to the Securities)

New Jersey	22-2625848
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

80 Park Plaza Newark, New Jersey	07101
(Address of Principal Executive Offices)	(Zip Code)

Senior Debt Securities

(Title of the Indenture Securities)

S1-SSA-0009 - 30192

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FORM T-1

Item 1. GENERAL INFORMATION. Furnish the following information as to the Trustee.

a) *Name and address of each examining or supervising authority to which it is subject.*
Comptroller of the Currency
Washington, D.C.

b) *Whether it is authorized to exercise corporate trust powers.*
Yes

Item 2. AFFILIATIONS WITH OBLIGOR. *If the obligor is an affiliate of the Trustee, describe each such affiliation.*
None

Items 3-15 *Items 3-15 are not applicable because to the best of the Trustee's knowledge, the obligor is not in default under any Indenture for which the Trustee acts as Trustee.*

Item 16. LIST OF EXHIBITS: *List below all exhibits filed as a part of this statement of eligibility and qualification.*

1. A copy of the Articles of Association of the Trustee.*

2. A copy of the certificate of authority of the Trustee to commence business, attached as Exhibit 2.

3. A copy of the certificate of authority of the Trustee to exercise corporate trust powers, attached as Exhibit 3.

4. A copy of the existing bylaws of the Trustee.**

5. A copy of each Indenture referred to in Item 4. Not applicable.

6. The consent of the Trustee required by Section 321(b) of the Trust Indenture Act of 1939, attached as Exhibit 6.

7. Report of Condition of the Trustee as of June 30, 2017 published pursuant to law or the requirements of its supervising or examining authority, attached as Exhibit 7.

* Incorporated by reference to Exhibit 25.1 to Amendment No. 2 to registration statement on S-4, Registration Number 333-128217 filed on November 15, 2005.

** Incorporated by reference to Exhibit 25.1 to registration statement on form S-3ASR, Registration Number 333-199863 filed on November 5, 2014.

S1-SSA-0009 - 30193

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SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939, as amended, the Trustee, U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, has duly caused this statement of eligibility and qualification to be signed on its behalf by the undersigned, thereunto duly authorized, all in the Town of Morristown, State of New Jersey on the 17th of November, 2017

By: /s/ Rick Barnes_____
Rick Barnes
Vice President

S1-SSA-0009 - 30194

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Exhibit 2

Office of the Comptroller of the Currency

Washington, DC 20219

CERTIFICATE OF CORPORATE EXISTENCE

I, Keith A. Noreika, Acting Comptroller of the Currency, do hereby certify that:

1. The Comptroller of the Currency, pursuant to Revised Statutes 324, et seq, as amended, and 12 USC 1, et seq, as amended, has possession, custody, and control of all records pertaining to the chartering, regulation, and supervision of all national banking associations.

2. "U.S. Bank National Association," Cincinnati, Ohio (Charter No. 24), is a national banking association formed under the laws of the United States and is authorized thereunder to transact the business of banking on the date of this certificate.

IN TESTIMONY WHEREOF, today, June 7, 2017, I have hereunto subscribed my name and caused my seal of office to be affixed to these presents at the U.S. Department of the Treasury, in the City of Washington, District of Columbia.

Acting Comptroller of the Currency

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Exhibit 3

Office of the Comptroller of the Currency

Washington, DC 20219

CERTIFICATION OF FIDUCIARY POWERS

I, Keith A. Noreika, Acting Comptroller of the Currency, do hereby certify that:

1. The Office of the Comptroller of the Currency, pursuant to Revised Statutes 324, et seq, as amended, and 12 USC 1, et seq, as amended, has possession, custody, and control of all records pertaining to the chartering, regulation, and supervision of all national banking associations.

2. "U.S. Bank National Association," Cincinnati, Ohio (Charter No. 24), was granted, under the hand and seal of the Comptroller, the right to act in all fiduciary capacities authorized under the provisions of the Act of Congress approved September 28, 1962, 76 Stat. 668, 12 USC 92a, and that the authority so granted remains in full force and effect on the date of this certificate.

IN TESTIMONY WHEREOF, today, June 7, 2017, I have hereunto subscribed my name and caused my seal of office to be affixed to these presents at the U.S. Department of the Treasury, in the City of Washington, District of Columbia.

Acting Comptroller of the Currency

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Exhibit 6

CONSENT

In accordance with Section 321(b) of the Trust Indenture Act of 1939, the undersigned, U.S. BANK NATIONAL ASSOCIATION hereby consents that reports of examination of the undersigned by Federal, State, Territorial or District authorities may be furnished by such authorities to the Securities and Exchange Commission upon its request therefor.

Dated: November 17, 2017

By: /s/ Rick Barnes_____
Rick Barnes
Vice President

S1-SSA-0009 - 30197

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Exhibit 7
U.S. Bank National Association
Statement of Financial Condition
As of 9/30/2017

($000's)

	9/30/2017
Assets	
Cash and Balances Due From Depository Institutions	$ 20,502,653
Securities	110,797,206
Federal Funds	24,647
Loans & Lease Financing Receivables	277,953,611
Fixed Assets	4,538,527
Intangible Assets	12,820,876
Other Assets	25,614,306
Total Assets	**$452,251,826**
Liabilities	
Deposits	$353,914,855
Fed Funds	992,263
Treasury Demand Notes	0
Trading Liabilities	989,885
Other Borrowed Money	31,965,947
Acceptances	0
Subordinated Notes and Debentures	3,300,000
Other Liabilities	14,438,977
Total Liabilities	**$405,601,927**
Equity	
Common and Preferred Stock	18,200
Surplus	14,266,915
Undivided Profits	31,565,657
Minority Interest in Subsidiaries	799,127
Total Equity Capital	**$46,649,899**
Total Liabilities and Equity Capital	**$452,251,826**

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Exhibit 25-2

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY UNDER
THE TRUST INDENTURE ACT OF 1939 OF A
CORPORATION DESIGNATED TO ACT AS TRUSTEE
Check if an Application to Determine Eligibility of
a Trustee Pursuant to Section 305(b)(2)☐

U.S. BANK NATIONAL ASSOCIATION

(Exact name of Trustee as specified in its charter)

31-0841368
I.R.S. Employer Identification No.

800 Nicollet Mall Minneapolis, Minnesota	55402
(Address of principal executive offices)	(Zip Code)

Rick Barnes
U.S. Bank National Association
21 South Street
Morristown, New Jersey
(973) 898-7161
(Name, address and telephone number of agent for service)

Public Service Enterprise Group Incorporated

(Issuer with respect to the Securities)

New Jersey	22-2625848
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

80 Park Plaza Newark, New Jersey	07101
(Address of Principal Executive Offices)	(Zip Code)

Subordinated Debt Securities

(Title of the Indenture Securities)

S1-SSA-0009 - 30199

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FORM T-1

Item 1. GENERAL INFORMATION. Furnish the following information as to the Trustee.

a) *Name and address of each examining or supervising authority to which it is subject.*
Comptroller of the Currency
Washington, D.C.

b) *Whether it is authorized to exercise corporate trust powers.*
Yes

Item 2. AFFILIATIONS WITH OBLIGOR. *If the obligor is an affiliate of the Trustee, describe each such affiliation.*
None

Items 3-15 *Items 3-15 are not applicable because to the best of the Trustee's knowledge, the obligor is not in default under any Indenture for which the Trustee acts as Trustee.*

Item 16. LIST OF EXHIBITS: *List below all exhibits filed as a part of this statement of eligibility and qualification.*

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2. A copy of the certificate of authority of the Trustee to commence business, attached as Exhibit 2.

3. A copy of the certificate of authority of the Trustee to exercise corporate trust powers, attached as Exhibit 3.

4. A copy of the existing bylaws of the Trustee.**

5. A copy of each Indenture referred to in Item 4. Not applicable.

6. The consent of the Trustee required by Section 321(b) of the Trust Indenture Act of 1939, attached as Exhibit 6.

7. Report of Condition of the Trustee as of June 30, 2017 published pursuant to law or the requirements of its supervising or examining authority, attached as Exhibit 7.

* Incorporated by reference to Exhibit 25.1 to Amendment No. 2 to registration statement on S-4, Registration Number 333-128217 filed on November 15, 2005.

** Incorporated by reference to Exhibit 25.1 to registration statement on form S-3ASR, Registration Number 333-199863 filed on November 5, 2014.

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SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939, as amended, the Trustee, U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, has duly caused this statement of eligibility and qualification to be signed on its behalf by the undersigned, thereunto duly authorized, all in the Town of Morristown, State of New Jersey on the 17th of November, 2017

By: /s/ Rick Barnes_____
Rick Barnes
Vice President

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Exhibit 2

Office of the Comptroller of the Currency

Washington, DC 20219

CERTIFICATE OF CORPORATE EXISTENCE

I, Keith A. Noreika, Acting Comptroller of the Currency, do hereby certify that:

1. The Comptroller of the Currency, pursuant to Revised Statutes 324, et seq, as amended, and 12 USC 1, et seq, as amended, has possession, custody, and control of all records pertaining to the chartering, regulation, and supervision of all national banking associations.

2. "U.S. Bank National Association," Cincinnati, Ohio (Charter No. 24), is a national banking association formed under the laws of the United States and is authorized thereunder to transact the business of banking on the date of this certificate.

IN TESTIMONY WHEREOF, today, June 7, 2017, I have hereunto subscribed my name and caused my seal of office to be affixed to these presents at the U.S. Department of the Treasury, in the City of Washington, District of Columbia.

Acting Comptroller of the Currency

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Exhibit 3

Office of the Comptroller of the Currency

Washington, DC 20219

CERTIFICATION OF FIDUCIARY POWERS

I, Keith A. Noreika, Acting Comptroller of the Currency, do hereby certify that:

1. The Office of the Comptroller of the Currency, pursuant to Revised Statutes 324, et seq, as amended, and 12 USC 1, et seq, as amended, has possession, custody, and control of all records pertaining to the chartering, regulation, and supervision of all national banking associations.

2. "U.S. Bank National Association," Cincinnati, Ohio (Charter No. 24), was granted, under the hand and seal of the Comptroller, the right to act in all fiduciary capacities authorized under the provisions of the Act of Congress approved September 28, 1962, 76 Stat. 668, 12 USC 92a, and that the authority so granted remains in full force and effect on the date of this certificate.

IN TESTIMONY WHEREOF, today, June 7, 2017, I have hereunto subscribed my name and caused my seal of office to be affixed to these presents at the U.S. Department of the Treasury, in the City of Washington, District of Columbia.

Acting Comptroller of the Currency

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Exhibit 6

CONSENT

In accordance with Section 321(b) of the Trust Indenture Act of 1939, the undersigned, U.S. BANK NATIONAL ASSOCIATION hereby consents that reports of examination of the undersigned by Federal, State, Territorial or District authorities may be furnished by such authorities to the Securities and Exchange Commission upon its request therefor.

Dated: November 17, 2017

By: /s/ Rick Barnes_____
Rick Barnes
Vice President

S1-SSA-0009 - 30204

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Exhibit 7
U.S. Bank National Association
Statement of Financial Condition
As of 9/30/2017

($000's)

	9/30/2017
Assets	
Cash and Balances Due From Depository Institutions	$ 20,502,653
Securities	110,797,206
Federal Funds	24,647
Loans & Lease Financing Receivables	277,953,611
Fixed Assets	4,538,527
Intangible Assets	12,820,876
Other Assets	25,614,306
Total Assets	**$452,251,826**
Liabilities	
Deposits	$353,914,855
Fed Funds	992,263
Treasury Demand Notes	0
Trading Liabilities	989,885
Other Borrowed Money	31,965,947
Acceptances	0
Subordinated Notes and Debentures	3,300,000
Other Liabilities	14,438,977
Total Liabilities	**$405,601,927**
Equity	
Common and Preferred Stock	18,200
Surplus	14,266,915
Undivided Profits	31,565,657
Minority Interest in Subsidiaries	799,127
Total Equity Capital	**$46,649,899**
Total Liabilities and Equity Capital	**$452,251,826**

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As filed with the Securities and Exchange Commission on November 18, 2014

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-3

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
(Exact name of registrant as specified in charter)

NEW JERSEY	**22-2625848**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

80 PARK PLAZA
P.O. BOX 1171
NEWARK, NEW JERSEY 07101-1171
(973) 430-7000
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

CAROLINE DORSA
EXECUTIVE VICE PRESIDENT AND CHIEF FINANCIAL OFFICER
80 PARK PLAZA
P.O. BOX 1171
NEWARK, NEW JERSEY 07101-1171
(973) 430-7000
(Name, address, including zip code, and telephone number, including area code, of agent for service)

WITH COPIES TO:

M. COURTNEY McCORMICK, ESQUIRE **DEPUTY GENERAL COUNSEL** **80 PARK PLAZA** **P.O. BOX 1171** **NEWARK, NEW JERSEY 07101-1171**	**JAMES O'CONNOR, ESQUIRE** **SIDLEY AUSTIN LLP** **787 SEVENTH AVENUE** **NEW YORK, NEW YORK 10019**

Approximate Date of Commencement of Proposed Sale to the Public: From time to time after the Registration Statement becomes effective, as determined by market conditions and other factors.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. ☐

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, please check the following box. ☒

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box. ☒

(continued on following page)

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If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box. ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer (Do not check if a smaller reporting company)	☐	Smaller reporting company	☐

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered (1)	Amount to be Registered (1)(2)	Proposed Maximum Offering Price Per Unit (1)	Proposed Maximum Aggregate Offering Price (1)	Amount of Registration Fee (1)
Common Stock, no par value	2,513,578	(3)	(3)	(3)
Common Stock, no par value				
Preferred Stock, no par value				
Stock Purchase Contracts				
Stock Purchase Units (4)				
Senior Debt Securities				
Subordinated Debt Securities				
Total				

(1) Except for the 2,513,578 shares of Common Stock referred to in the table above and in footnotes (2) and (3) below that are being separately registered, an indeterminate aggregate initial offering price or number of the securities of each identified class is being registered as may from time to time be issued at indeterminate prices. Separate consideration may or may not be received for securities that are issuable on exercise, conversion, settlement or exchange of other securities. Pursuant to Rule 457(p) under the Securities Act of 1933, as amended, $139,744 of the filing fees previously paid with respect to the Registrant's Registration Statement No. 333-178143, originally filed on November 23, 2011 (the "Prior Registration Statement"), relate to securities which remain unsold as of this date. Such previously paid filing fees are being offset against registration fees to become due under all offerings that may subsequently be made under this Registration Statement (other than the 2,513,578 shares of Common Stock referred to in the table above and in footnotes (2) and (3) below). In accordance with Rules 456(b) and 457(r) under the Securities Act of 1933, as amended, the Registrant is deferring payment of all such registration fees that may subsequently be payable following application of the previously paid filing fees.

(2) Includes shares of Common Stock to be offered pursuant to the Enterprise Direct dividend reinvestment plan prospectus included in this Registration Statement.

(3) Pursuant to Rule 415(a)(6) under the Securities Act of 1933, as amended, this Registration Statement includes 2,513,578 shares of Common Stock that had been previously registered on the Prior Registration Statement and remain unsold. In connection with the registration of such unsold shares on the Prior Registration Statement, we paid a filing fee of $9,411, which fee will continue to be applied to such unsold shares of Common Stock. Accordingly, there is no registration fee due in connection with such unsold shares.

(4) Each Stock Purchase Unit consists of (a) Stock Purchase Contract under which the holder upon settlement will purchase an indeterminate number of shares of Common Stock of Public Service Enterprise Group Incorporated and (b) either our debt securities or debt obligations of a third party, including U.S. Treasury securities.

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EXPLANATORY NOTE

This Registration Statement contains the following separate prospectuses:

1. A form of prospectus to be used in connection with offerings by Public Service Enterprise Group Incorporated of its Common Stock, Preferred Stock, Stock Purchase Contracts, Stock Purchase Units and debt securities.

2. A form of prospectus to be used in connection with offerings of Common Stock by Public Service Enterprise Group Incorporated pursuant to its Dividend Reinvestment and Stock Purchase Plan.

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PROSPECTUS

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED

Common Stock, Preferred Stock,
Stock Purchase Contracts, Stock Purchase Units,
Senior Debt Securities and Subordinated Debt Securities

From time to time, we may offer the securities described in this prospectus separately or together in any combination, in one or more classes or series, in amounts, at prices and on terms that we will determine at the time of the offering.

We will provide the specific terms of each series or issue of securities in supplements to this prospectus. You should read this prospectus and the applicable prospectus supplement carefully before you invest.

Our common stock is listed on the New York Stock Exchange under the ticker symbol "PEG."

Investing in our securities involves risks. You should carefully consider the information in the section entitled "Risk Factors" beginning on page 6 of this prospectus, as well as the risk factors contained in our most recently filed Annual Report on Form 10-K and our other periodic reports filed with the Securities and Exchange Commission and incorporated by reference into this prospectus before you invest in any of our securities.

We may offer and sell the securities directly, through agents we select from time to time or to or through underwriters or dealers we select. If we use any agents, underwriters or dealers to sell the securities, we will name them and describe their compensation in a prospectus supplement. The price to the public of those securities and the net proceeds we expect to receive from that sale will also be set forth in a prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved any of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is November 18, 2014.

S1-SSA-0009 - 30209

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission (the "SEC") using a "shelf" registration process. Under this shelf process, we may, from time to time, sell the securities described in this prospectus or combinations thereof in one or more offerings.

This prospectus provides a general description of the securities we may offer. Each time we sell securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with additional information described under "Where You Can Find More Information."

In this prospectus, unless the context indicates otherwise, the words and terms "PSEG," "we," "our," "ours" and "us" refer to Public Service Enterprise Group Incorporated and its consolidated subsidiaries.

We may use this prospectus to offer from time to time:

- shares of our common stock, without par value;
- shares of our preferred stock, without par value, which may be convertible into our common stock;
- stock purchase contracts to purchase shares of our common stock;
- our unsecured debt securities, which may include senior and subordinated securities and which may be convertible into our common stock. In this prospectus, we refer to the debt securities, which may include senior and subordinated debt securities, as the "debt securities;" and
- stock purchase units, consisting of a stock purchase contract and our debt securities or debt obligations of third parties, including United States Treasury securities, that are pledged to secure the stock purchase unit holders' obligations under the stock purchase contracts.

We sometimes refer to our common stock, preferred stock, stock purchase contracts, stock purchase units and the debt securities, collectively, as the "securities."

We believe that we have included or incorporated by reference all information material to investors in this prospectus, but certain details that may be important for specific investment purposes have not been included. For more detailed information about the securities, you should also review the exhibits to the registration statement, which were either filed with the registration statement or incorporated by reference to other SEC filings.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports and other information with the SEC. Our filings are also available to the public over the Internet on the SEC's web site at http://www.sec.gov, as well as our web site at http://www.pseg.com. None of the information contained at any time on our web site is incorporated by reference into this prospectus. You may read and copy any material on file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room.

You may also inspect these documents at the New York Stock Exchange, Inc. (the "New York Stock Exchange"), where certain of our securities are listed.

The SEC allows us to "incorporate by reference" documents that we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference or deemed incorporated by reference is an important part of this prospectus, and information that we file later with the SEC will be deemed to automatically update and supersede this incorporated information. We incorporate by reference the documents listed below that have been filed with the SEC.

- Our Annual Report on Form 10-K for the year ended December 31, 2013;
- Our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2014, June 30, 2014 and September 30, 2014;
- Information in our Definitive Proxy Statement on Schedule 14A filed on March 10, 2014 that is incorporated by reference into our Annual Report on Form 10-K;

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- Our Current Reports on Form 8-K filed on February 21, 2014, April 2, 2014 (second filing), April 17, 2014 and July 17, 2014; and

- The description of our common stock in our registration statement filed pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and any amendment or report filed for the purpose of amending such description.

We also incorporate by reference any future filings made with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act, on or after the date of this prospectus and prior to the termination of any particular offering of securities, except for Current Reports on Form 8-K containing only disclosure furnished under Item 2.02 or 7.01 of Form 8-K and exhibits relating to such disclosure, unless otherwise specifically stated in the Form 8-K.

You can get a free copy of any of the documents incorporated by reference by making an oral or written request directed to:

Vice President, Investor Relations
PSEG Services Corporation
80 Park Plaza, 6th Floor
Newark, NJ 07102
Telephone (973) 430-6565

You should rely only on the information contained or incorporated by reference or deemed to be incorporated by reference in this prospectus or in the prospectus supplement or documents to which we otherwise refer you. We have not authorized anyone else to provide you with different or additional information. You should not rely on any other information or representations. Our business, prospects, financial condition and results of operations may change after this prospectus and the prospectus supplement are distributed to you. You should not assume that the information in this prospectus and the prospectus supplement is accurate as of any date other than the dates on the front of those documents. You should read all information supplementing this prospectus.

FORWARD-LOOKING STATEMENTS

This prospectus and any prospectus supplement, including the documents incorporated by reference or deemed to be incorporated by reference, include "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, included in this prospectus and any prospectus supplement and the documents incorporated by reference or deemed to be incorporated by reference that address activities, events or developments that we expect or anticipate will or may occur in the future, including such matters as our future performance, future capital expenditures and growth, revenues, earnings, business strategy, market and industry developments and prospects, are forward-looking statements. When used in this prospectus, any prospectus supplement or in documents incorporated by reference or deemed to be incorporated by reference, the words "will," "anticipate," "intend," "estimate," "believe," "expect," "plan," "should," "hypothetical," "potential," "forecast," "project," and variations of such words and similar expressions are intended to identify forward-looking statements. These statements are based on assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions and expected future developments as well as other factors we believe are appropriate under the circumstances. However, actual results and developments may differ materially from our expectations and predictions due to a number of risks and uncertainties, many of which are beyond our control. Certain factors that could cause actual results to differ materially from those contemplated in any forward-looking statements are discussed in the Risk Factors and Management's Discussion and Analysis of Financial Condition and Results of Operations sections of our most recently filed Annual Report on Form 10-K and any subsequently filed Quarterly Reports on Form 10-Q and in the notes to our financial statements and other information filed with the SEC. These factors include, but are not limited to:

- adverse changes in the demand for or the price of the capacity and energy that we sell into wholesale electricity markets;

- adverse changes in energy industry law, policies and regulation, including market structures and a potential shift away from competitive markets toward subsidized market mechanisms, capacity market design, transmission planning and cost allocation rules, including how transmission projects are planned and who is permitted to build transmission in the future, and reliability standards;

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- any inability of our transmission and distribution businesses to obtain adequate and timely rate relief and regulatory approvals from federal and state regulators;
- changes in federal and state environmental regulations and enforcement that could increase our costs or limit our operations;
- changes in nuclear regulation and/or general developments in the nuclear power industry, including various impacts from any accidents or incidents experienced at our facilities or by others in the industry, that could limit operations of our nuclear generating units;
- actions or activities at one of our nuclear units located on a multi-unit site that might adversely affect our ability to continue to operate that unit or other units located at the same site;
- any inability to manage our energy obligations, available supply and risks;
- adverse outcomes of any legal, regulatory or other proceeding, settlement, investigation or claim applicable to us and/or the energy industry;
- any deterioration in our credit quality or the credit quality of our counterparties;
- availability of capital and credit at commercially reasonable terms and conditions and our ability to meet cash needs;
- changes in the cost of, or interruption in the supply of, fuel and other commodities necessary to the operation of our generating units;
- delays in receipt of necessary permits and approvals for our construction and development activities;
- delays or unforeseen cost escalations in our construction and development activities;
- any inability to achieve, or continue to sustain, our expected levels of operating performance;
- any equipment failures, accidents, severe weather events or other incidents that impact our ability to provide safe and reliable service to our customers, and any inability to obtain sufficient insurance coverage or recover proceeds of insurance with respect to such events;
- acts of terrorism, cybersecurity attacks or intrusions that could adversely impact our businesses;
- increases in competition in energy supply markets as well as competition for certain transmission projects;
- any inability to realize anticipated tax benefits or retain tax credits;
- challenges associated with recruitment and/or retention of a qualified workforce;
- adverse performance of our decommissioning and defined benefit plan trust fund investments and changes in funding requirements;
- changes in technology, such as distributed generation and micro grids, and greater reliance on these technologies; and
- changes in customer behaviors, including energy efficiency, net-metering and demand response.

Additional information concerning these factors is set forth or referred to under “Risk Factors.”

All of the forward-looking statements made in this prospectus and any prospectus supplement or in the documents incorporated by reference or deemed to be incorporated by reference are qualified by these cautionary statements and we cannot assure you that the results or developments anticipated by us will be realized or, even if realized, will have the expected consequences to, or effects on, us or our business, prospects, financial condition or results of operations. You should not place undue reliance on these forward-looking statements in making your investment decision to purchase any securities. Except as may be required by federal securities laws, we expressly disclaim any obligation or undertaking to release publicly any updates or revisions to these forward-looking statements to reflect events or circumstances that occur or arise or are anticipated to occur or arise after the date hereof. In making an investment decision regarding the securities, we are not making, and you should not infer, any representation about the likely existence of any particular future set of facts or circumstances.

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The forward-looking statements contained in this prospectus, any prospectus supplement and the documents incorporated by reference or deemed to be incorporated by reference herein or therein are intended to qualify for the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Exchange Act.

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED

We are an energy company with a diversified business mix. Our operations are located primarily in the Northeastern and Mid-Atlantic United States. Our business approach focuses on operational excellence, financial strength and disciplined investment. As a holding company, our profitability depends on our subsidiaries' operating results. We have two principal direct, wholly-owned subsidiaries:

- Public Service Electric and Gas Company ("PSE&G"), which is an operating public utility company engaged principally in the transmission and distribution of electric energy and gas service in New Jersey; and
- PSEG Power LLC ("Power"), which is a multi-regional independent electric generation and wholesale energy marketing and trading company.

Our other direct, wholly-owned subsidiaries are:

- PSEG Energy Holdings L.L.C. ("Energy Holdings"), which earns revenues primarily from its portfolio of lease investments;
- PSEG Long Island LLC ("PSEG LI"), which operates the Long Island Power Authority's transmission and distribution system under a contractual agreement; and
- PSEG Services Corporation ("Services"), which provides corporate support and managerial and administrative services to us and our subsidiaries.

We are a New Jersey corporation with our principal offices located at 80 Park Plaza, Newark, New Jersey 07101. Our telephone number is (973) 430-7000.

Ratios of Earnings to Fixed Charges

Our ratios of earnings to fixed charges for each of the periods indicated are as follows:

	Nine Months Ended September 30, 2014	Years Ended December 31,				
		2013	2012	2011	2010	2009
Ratios of Earnings to Fixed Charges[1]	5.97	5.44	5.18	5.53	5.43	5.27

1 The term Earnings is defined as pre-tax income from continuing operations before income or loss from equity investees, plus distributed income from equity investees, plus the amount of fixed charges adjusted to exclude (a) the amount of any interest capitalized during the period and (b) the actual amount of any preferred securities dividend requirements of majority-owned subsidiaries stated on a pre-tax level. Fixed Charges represent (a) interest, whether expensed or capitalized, (b) amortization of debt discount, premium and expense, (c) an estimate of interest implicit in rentals and (d) preferred securities dividend requirements of majority-owned subsidiaries stated on a pre-tax level.

Ratios of Earnings to Combined Fixed Charges and Preference Dividends

Because we currently have no preferred stock outstanding, our ratios of earnings to combined fixed charges and preference dividends for each of the periods indicated are the same as our ratios of earnings to fixed charges.

RISK FACTORS

In addition to the risk factors contained in our most recently filed Annual Report on Form 10-K and our other periodic reports filed with the SEC and incorporated by reference into this prospectus, as well as those risk factors that may be included in the applicable prospectus supplement and other information contained in the documents incorporated by reference or elsewhere in this prospectus, prospective investors should carefully consider the risks described below before making a decision to purchase the securities. Such factors could affect actual results and cause our results to differ materially from those expressed in any forward-looking statements made by, or on behalf of, us. Some or all of these factors may apply to us and our subsidiaries. See "Forward-Looking Statements."

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Because We Are a Holding Company, Our Ability to Service Our Debt Could be Limited

We are a holding company with no material assets other than the stock or membership interests of our subsidiaries and project affiliates. Accordingly, all of our operations are conducted by our subsidiaries and project affiliates which are separate and distinct legal entities that have no obligation, contingent or otherwise, to pay any amounts when due on our debt or to make any funds available to us to pay such amounts and satisfy our other corporate funding needs, including payment of dividends on our capital stock. As a result, our debt will effectively be subordinated to all existing and future preferred equity and liabilities of our subsidiaries and project affiliates, including holders of their debt, trade creditors, secured creditors, taxing authorities and guarantee holders, and our rights and hence the rights of our creditors to participate in any distribution of assets of any subsidiary or project affiliate upon its liquidation or reorganization or otherwise would be subject to the prior claims of that subsidiary's or project affiliate's creditors and preferred equity holders, except to the extent that our claims as a creditor of such subsidiary or project affiliate may be recognized.

We depend on our subsidiaries' and project affiliates' cash flows and our access to capital in order to service our indebtedness and satisfy our other corporate funding needs, including payment of dividends on our capital stock. The debt agreements of subsidiaries and project affiliates generally restrict their ability to pay dividends, make cash distributions or otherwise transfer funds to us. These restrictions may include achieving and maintaining financial performance or debt coverage ratios, absence of events of default, or priority in payment of other current or prospective obligations. Our subsidiaries' ability to pay dividends, make cash distributions or otherwise transfer funds to us may also be limited or restricted by regulatory considerations or applicable law. As a result, we can give no assurances that our subsidiaries and project affiliates will be able to transfer funds to us to meet all of our needs.

Our subsidiaries have financed and may in the future finance some investments using non-recourse project level financing. Each non-recourse project level financing is structured to be repaid out of cash flows provided by the investment. In the event of a default under a financing agreement which is not cured, the lenders would generally have rights to the related assets. In the event of foreclosure after a default, our subsidiary may lose its equity in the asset or may not be entitled to any cash that the asset may generate. Although a default under a project financing agreement is not expected to cause a default with respect to our debt, other debt of the applicable subsidiary, if any, or debt of our other subsidiaries, it may materially affect our ability to service our outstanding indebtedness and satisfy our other corporate funding needs, including payment of dividends on our capital stock.

We can give no assurances that our current and future capital structure, operating performance or financial condition will permit us to access the capital markets or to obtain other financing at the times, in the amounts and on the terms necessary or advisable for us to successfully carry out our business strategy and to service our indebtedness and satisfy our other corporate funding needs, including payment of dividends on our capital stock.

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USE OF PROCEEDS

Unless otherwise indicated in the applicable prospectus supplement, we will use the net proceeds from the sale of the securities for general corporate purposes, including repayment of outstanding debt.

DESCRIPTION OF THE SENIOR AND SUBORDINATED DEBT SECURITIES

We may issue from time to time one or more series of the senior debt securities under our Senior Debt Indenture dated as of November 1, 1998 between us and US Bank National Association, as Senior Trustee, or one or more series of the subordinated debt securities under our Subordinated Debt Indenture to be entered into between us and US Bank National Association, as Subordinated Trustee. The term "Trustee" refers to either the Senior Trustee or the Subordinated Trustee, as appropriate. We will provide information about these debt securities in a prospectus supplement.

The Senior Debt Indenture and the form of Subordinated Debt Indenture (sometimes together referred as the "Indentures" and, individually, as an "Indenture") are incorporated by reference as exhibits to the registration statement of which this prospectus is a part. The Indentures are subject to and governed by the Trust Indenture Act of 1939, as amended. We have summarized the material terms and provisions of the Indentures. Because this section is a summary, it does not describe every aspect of the debt securities and the Indentures. We urge you to read the Indenture that governs your debt securities for provisions that may be important to you.

Provisions Applicable to Both the Senior and Subordinated Indentures

General

The debt securities will be our unsecured obligations. The senior debt securities will rank equally with all of our other unsecured and unsubordinated indebtedness. The subordinated debt securities will be subordinated in right of payment to the prior payment in full of our senior indebtedness as described below under "— Subordinated Indenture Provisions." In this section, unless the context requires otherwise, the words "we," "our," "ours" and "us" refer to Public Service Enterprise Group Incorporated and not its consolidated subsidiaries.

Because we are a holding company and conduct all of our operations through our subsidiaries and project affiliates, holders of our debt securities will generally have a junior position to claims of creditors, including trade creditors, debt holders, secured creditors, taxing authorities and guarantee holders, and any preferred stockholders of those subsidiaries and project affiliates other than, in each case, where we are recognized as a creditor of such subsidiary or project affiliate. As of October 31, 2014, PSE&G had no shares of its preferred stock outstanding. Our subsidiaries have ongoing corporate debt programs used to finance their business activities. As of October 31, 2014, our subsidiaries and project affiliates had approximately $8.6 billion of recourse debt outstanding. See "Risk Factors."

Each Indenture provides that any debt securities proposed to be sold under this prospectus and the relevant prospectus supplement may be issued in an unlimited amount under that Indenture in one or more series, in each case as authorized by us from time to time.

You should read the relevant prospectus supplement for a description of the material terms of each series of debt securities being offered, including:

- the title of the debt securities and whether the debt securities will be senior debt securities or subordinated debt securities;
- the aggregate principal amount of the debt securities and any limit on the aggregate principal amount of the debt securities of that series;
- if less than the principal amount of the debt securities is payable upon acceleration of the maturity of the debt securities, the portion that will be payable or how this portion will be determined;
- the date or dates, or how the date or dates will be determined or extended, on which the principal of the debt securities will be payable;

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- the rate or rates of interest, which may be fixed or variable, that the debt securities will bear, if any, or how the rate or rates will be determined;
- the terms of any remarketing of the debt securities;
- the date or dates from which interest, if any, on the debt securities will accrue or how the date or dates will be determined;
- the interest payment dates, if any, and the record dates for any interest payments or how the date or dates will be determined;
- the basis upon which interest will be calculated if other than that of a 360-day year of twelve 30-day months;
- the right, if any, to extend or defer interest payment periods and the duration of any extension or deferral;
- any optional redemption provisions;
- any sinking fund or other provisions that would obligate us to repurchase or otherwise redeem the debt securities;
- whether the debt securities will be issued as registered securities, bearer securities or both and any applicable restrictions;
- whether the debt securities will be issuable in temporary or permanent global form and any applicable restrictions or limitations;
- the place or places where the principal of and any premium and interest on the debt securities will be payable and to whom and how those payments will be made;
- whether the debt securities are convertible into or exchangeable for any other securities and, if so, the applicable terms and conditions;
- the denominations in which the debt securities will be issuable, if other than $1,000 or any integral multiple thereof in the case of registered securities and $5,000 in the case of bearer securities;
- the index, formula or other method, if any, with reference to which the amount of principal of or any premium or interest on the debt securities will be determined and the manner in which such amounts will be determined;
- if other than the applicable Trustee, the identity of each security registrar and/or paying agent;
- the applicability of the provisions of the applicable Indenture described below under "— Satisfaction and Discharge, Full Defeasance and Covenant Defeasance" and any provisions in modification of, in addition to or in lieu of any of these provisions;
- whether and under what circumstances we will pay additional amounts in respect of any tax, assessment or governmental charge and, if so, whether we will have the option to redeem the debt securities rather than pay the additional amounts (and the terms of this option);
- any deletions, additions or changes in the events of default in the applicable Indenture and any change in the right of the applicable Trustee or the holders to declare the principal amount of the debt securities due and payable;
- any deletions, additions or changes in the covenants in the applicable Indenture;
- the applicability of or any change in the subordination provisions of the Subordinated Indenture for a series of subordinated debt securities;
- any provisions granting special rights to holders of the debt securities upon the occurrence of specified events; and
- any other material terms of the debt securities.

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If applicable, the prospectus supplement will also set forth information concerning any other securities offered thereby and a discussion of federal income tax considerations relevant to the securities being offered.

For purposes of this prospectus, any reference to the payment of principal of or premium or interest, if any, on the debt securities will include the payment of any additional amounts required by the terms of the debt securities.

Debt securities may provide for less than the entire principal amount to be payable upon acceleration of the maturity date ("original issue discount securities"). Federal income tax and other matters concerning any original issue discount securities will be discussed in the applicable prospectus supplement.

Neither Indenture limits the amount of debt securities that may be issued in distinct series from time to time. Debt securities issued under an Indenture are referred to, when a single Trustee is acting as trustee for all debt securities issued under an Indenture, as the "indenture securities." Each Indenture provides that there may be more than one Trustee thereunder, each with respect to one or more different series of indenture securities. See "— Resignation of Trustee" below. At a time when two or more Trustees are acting under either Indenture, each with respect to only certain series, the term indenture securities will mean the one or more series with respect to which each respective Trustee is acting. In the event that there is more than one Trustee under either Indenture, the powers and trust obligations of each Trustee as described herein will extend only to the one or more series of indenture securities for which it is Trustee. If two or more Trustees are acting under either Indenture, then the indenture securities for which each Trustee is acting would in effect be treated as if issued under separate indentures.

The general provisions of the Indentures do not contain any provisions that would limit our ability to incur indebtedness or that would afford holders of debt securities protection in the event of a highly leveraged or similar transaction involving us. Please refer to the prospectus supplement for information with respect to any deletions from, modifications of or additions to the events of default or our covenants that are described below, including any addition of a covenant or other provision providing event risk or similar protection.

We have the ability, without the consent of the holders thereof, to issue indenture securities with terms different from those of indenture securities previously issued and to reopen a previous series of indenture securities and issue additional indenture securities of that series, unless the reopening was restricted when that series was created.

Denominations, Registration and Transfer

Debt securities of a series may be issuable solely as registered securities, solely as bearer securities or as both registered securities and bearer securities. The Indentures also provide that debt securities of a series may be issuable in global form. See "— Book-Entry Debt Securities." Unless otherwise provided in the prospectus supplement, debt securities denominated in U.S. dollars (other than global securities, which may be of any denomination) are issuable in denominations of $1,000 or any integral multiples of $1,000 (in the case of registered securities) and in the denomination of $5,000 (in the case of bearer securities). Unless otherwise indicated in the prospectus supplement, bearer securities will have interest coupons attached.

Registered securities will be exchangeable for other registered securities of the same series. If provided in the prospectus supplement, bearer securities (with all unmatured coupons, except as provided below, and all matured coupons which are in default) of any series may be similarly exchanged for registered securities of the same series of any authorized denominations and of a like aggregate principal amount and tenor. If so provided, bearer securities surrendered in exchange for registered securities between a regular record date or a special record date and the relevant date for payment of interest will be surrendered without the coupon relating to that date for payment of interest, and interest will not be payable in respect of the registered security issued in exchange for the bearer security, but will be payable only to the holder of the coupon when due in accordance with the terms of the applicable Indenture. Unless otherwise specified in the prospectus supplement, bearer securities will not be issued in exchange for registered securities.

Registered securities of a series may be presented for registration of transfer and debt securities of a series may be presented for exchange

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- at each office or agency required to be maintained by us for payment of that series as described in "— Payment and Paying Agents" below, and
- at each other office or agency that we may designate from time to time for those purposes.

No service charge will be made for any transfer or exchange of debt securities, but we may require payment of any tax or other governmental charge payable in connection with the transfer or exchange.

We will not be required to

- issue, register the transfer of or exchange debt securities during a period beginning at the opening of business 15 days before any selection of debt securities of that series to be redeemed and ending at the close of business on
  - if debt securities of the series are issuable only as registered securities, the day of mailing of the relevant notice of redemption and
  - if debt securities of the series are issuable as bearer securities, the day of the first publication of the relevant notice of redemption, or, if debt securities of the series are also issuable as registered securities and there is no publication, the day of mailing of the relevant notice of redemption;
- register the transfer of or exchange of any registered security, or portion thereof, called for redemption, except the unredeemed portion of any registered security being redeemed in part;
- exchange any bearer security called for redemption, except to exchange the bearer security for a registered security of that series and like tenor that is simultaneously surrendered for redemption; or
- issue, register the transfer of or exchange any debt security which has been surrendered for repayment at the option of the holder, except the portion, if any, of that debt security not to be so repaid.

Payment and Paying Agents

Unless otherwise provided in the prospectus supplement, principal, premium, interest and additional amounts, if any, on registered securities will be payable at any office or agency to be maintained by us in Morristown, New Jersey and The City of New York, except that at our option interest on an interest payment date may be paid

- by check mailed to the address of the person entitled thereto appearing in the security register or
- by wire transfer to an account maintained by the person entitled thereto as specified in the security register.

Unless otherwise provided in the prospectus supplement, payment of any installment of interest due on any interest payment date for registered securities will be made to the person in whose name the registered security is registered at the close of business on the regular record date for that interest.

If debt securities of a series are issuable solely as bearer securities or as both registered securities and bearer securities, unless otherwise provided in the prospectus supplement, we will be required to maintain an office or agency

- outside the United States where, subject to any applicable laws and regulations, the principal of and premium, and interest, if any, on the series will be payable and
- in The City of New York for payments with respect to any registered securities of that series (and for payments with respect to bearer securities of that series in the limited circumstances described below, but not otherwise);

provided that, if required in connection with any listing of debt securities on the Luxembourg Stock Exchange or any other stock exchange located outside the United States, we will maintain an office or agency for those debt securities in any city located outside the United States required by the applicable stock exchange. The initial locations of those offices and agencies will be specified in the prospectus supplement. Unless otherwise provided in the prospectus supplement, principal of and premium, if any, and interest, if any, on bearer securities may be paid by wire transfer to an account maintained by the person entitled thereto with a bank located outside the United States. Unless otherwise provided in the prospectus supplement, payment of installments of interest

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on any bearer securities on or before maturity will be made only against surrender of coupons for those interest installments as they mature. Unless otherwise provided in the prospectus supplement, no payment with respect to any bearer security will be made at any office or agency of ours in the United States or by check mailed to any address in the United States or by transfer to an account maintained with a bank located in the United States. However, payments of principal of and premium, if any, and interest, if any, on bearer securities payable in U.S. dollars will be made at the office of our paying agent in The City of New York if payment of the full amount thereof in U.S. dollars at all offices or agencies outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions.

We may from time to time designate additional offices or agencies, approve a change in the location of any office or agency and, except as provided above, rescind the designation of any office or agency.

Events of Default

The following will constitute events of default under each Indenture with respect to any series of debt securities, unless we state otherwise in the applicable prospectus supplement:

- we do not pay interest on a debt security of that series within 30 days of its due date;
- we do not pay principal of, or any premium on, a debt security of that series on its due date;
- we do not deposit any sinking fund payment when due by the terms of any debt security of that series;
- we remain in breach of a covenant in respect of the debt securities of that series for 60 days after we receive a written notice of default stating we are in breach. The notice must be sent by either the Trustee or holders of at least 25% of the principal amount of debt securities of that series;
- we file for bankruptcy or a court appoints a custodian or orders our liquidation under any bankruptcy law or certain other events in bankruptcy, insolvency or reorganization occur; and
- any other event of default provided with respect to debt securities of that series occurs.

We are required to file with the Trustee, annually, an officer's certificate as to our compliance with all conditions and covenants under the applicable Indenture. Each Indenture provides that the Trustee may withhold notice to the holders of debt securities of a series of any default (except payment defaults on the debt securities of that series) if it considers it in the interest of the holders of debt securities of such series to do so.

If an event of default with respect to debt securities of a series has occurred and is continuing, the Trustee or the holders of not less than 25% in principal amount of outstanding debt securities of that series may declare the applicable principal amount of all of the debt securities of that series to be due and payable immediately.

Subject to the provisions of the applicable Indenture relating to the duties of the Trustee, in case an event of default with respect to debt securities of a series has occurred and is continuing, the Trustee is under no obligation to exercise any of its rights or powers under the Indenture at the request, order or direction of the holders of debt securities of that series, unless the holders of the debt securities of that series have offered the Trustee reasonable indemnity against the expenses and liabilities which might be incurred by it in compliance with that request. Subject to such provisions for the indemnification of the Trustee and to certain other provisions, the holders of a majority in principal amount of the outstanding debt securities of a series will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, with respect to the debt securities of that series.

The holders of a majority in principal amount of the outstanding debt securities of a series may, on behalf of the holders of all debt securities of that series and any related coupons, waive any past default with respect to that series and its consequences, except a default

- in the payment of the principal of, or premium, or interest, if any, on any debt security of that series or any related coupons, or
- relating to a covenant or provision that cannot be modified or amended without the consent of the holder of each outstanding debt security of that series affected by the modification or amendment.

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Merger or Consolidation

Each Indenture provides that we may not consolidate with or merge with or into any other corporation or convey or transfer our properties and assets as an entirety or substantially as an entirety to any person, unless either we are the continuing corporation or such corporation or person assumes by supplemental indenture all of our obligations under such Indenture and the debt securities issued thereunder and immediately after the transaction no default shall exist.

Modification or Waiver

Modification and amendment of each Indenture may be made by us and the Trustee thereunder with the consent of the holders of a majority in principal amount of all outstanding indenture securities issued thereunder that are affected by the modification or amendment. The consent of the holder of each outstanding indenture security affected is, however, required to:

- change the maturity of the principal of or any installment of principal of or interest on that indenture security;
- reduce the principal amount of, or the rate or amount of interest in respect of, or any premium payable upon the redemption of, that indenture security, or change the manner of calculation thereof;
- change our obligation, if any, to pay additional amounts in respect of that indenture security;
- reduce the portion of the principal of an original issue discount security or indexed security that would be due and payable upon a declaration of acceleration of the maturity date thereof or provable in bankruptcy;
- adversely affect any right of repayment at the option of the holder of that indenture security;
- change the place or currency of payment of principal, premium or interest on that indenture security;
- impair the right to institute suit for the enforcement of any such payment on or after the maturity date, redemption date or repayment date;
- adversely affect any right to convert or exchange that indenture security;
- reduce the percentage in principal amount of outstanding indenture securities required to amend or waive compliance with certain provisions of the applicable Indenture or to waive certain defaults;
- reduce the requirements for voting or quorum described below; or
- modify any of the foregoing requirements or any of the provisions relating to waiving past defaults or compliance with certain restrictive provisions, except to increase the percentage of holders required to effect any such waiver or to provide that certain other provisions of the Indenture cannot be modified or waived without the consent of the holders of each indenture security affected thereby.

In addition, under the Subordinated Indenture, no modification or amendment thereof may, without the consent of the holder of each outstanding subordinated indenture security affected thereby, modify any of the provisions of that Indenture relating to the subordination of the subordinated indenture securities in a manner adverse to the holders and no such modification or amendment may adversely affect the rights of any holder of senior indebtedness described under the caption "— Subordinated Debt Indenture Provisions" without the consent of that holder of senior indebtedness.

The holders of a majority in aggregate principal amount of outstanding indenture securities have the right to waive our compliance with certain covenants in the applicable Indenture.

Modification and amendment of each Indenture may be made by the Trustee and us, without the consent of any holder, for any of the following purposes:

- to evidence the succession of another person to us as obligor under such Indenture;
- to add to our covenants for the benefit of the holders of all or any series of indenture securities issued under the Indenture or to surrender any right or power conferred upon us by the Indenture;

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- to add events of default for the benefit of the holders of all or any series of indenture securities;
- to add to or change any provisions of the Indenture to facilitate the issuance of, or to liberalize the terms of, bearer securities, or to permit or facilitate the issuance of indenture securities in uncertificated form, provided that any such actions do not adversely affect the holders of the indenture securities or any related coupons;
- to change or eliminate any provisions of the Indenture, as long as that change or elimination will become effective only when there are no indenture securities outstanding entitled to the benefit of those provisions;
- to secure the indenture securities under the applicable Indenture pursuant to any requirements of the Indenture, or otherwise;
- to establish the form or terms of indenture securities of any series and any related coupons;
- to evidence and provide for the acceptance of appointment by a successor Trustee or facilitate the administration of the trusts under the Indenture by more than one Trustee;
- to cure any ambiguity, defect or inconsistency in the Indenture, provided that such action does not adversely affect the interests of holders of indenture securities of a series issued thereunder or any related coupons in any material respect; or
- to supplement any of the provisions of the Indenture to the extent necessary to permit or facilitate defeasance and discharge of any series of indenture securities thereunder, provided that the action does not adversely affect the interests of the holders of any indenture securities and any related coupons in any material respect.

In determining whether the holders of the requisite principal amount of outstanding indenture securities have given any request, demand, authorization, direction, notice, consent or waiver under the applicable Indenture or whether a quorum is present at a meeting of holders of indenture securities thereunder,

- the principal amount of an original issue discount security that will be deemed to be outstanding will be the amount of the principal thereof that would be due and payable as of the date of such determination upon acceleration of the maturity thereof,
- the principal amount of an indexed security that may be counted in making such determination will be equal to the principal face amount of the indexed security at original issuance, unless otherwise provided with respect to the indexed security pursuant to the Indenture and
- indenture securities owned by us or any other obligor upon the indenture securities or any affiliate of ours or of any other obligor shall be disregarded.

Each Indenture contains provisions for convening meetings of the holders of indenture securities of a series if indenture securities of that series are issuable as bearer securities. A meeting may be called at any time by the Trustee, and also, upon request, by us or the holders of at least 10% in principal amount of the outstanding indenture securities of that series, in any such case upon notice given as provided in the applicable Indenture. Except for any consent that must be given by the holder of each indenture security affected thereby, as described above, any resolution presented at a meeting at which a quorum is present may be adopted by the affirmative vote of the holders of a majority in principal amount of the outstanding indenture securities of that series; except that any resolution with respect to any action that may be made, given or taken by the holders of a specified percentage which is less than a majority in principal amount of the outstanding indenture securities of a series may be adopted at a meeting at which a quorum is present by the affirmative vote of the holders of that specified percentage in principal amount of the outstanding indenture securities of that series. Any resolution passed or decision taken at any meeting of holders of indenture securities of a series held in accordance with the applicable Indenture will be binding on all holders of indenture securities of that series and any related coupons whether or not present or represented at the meeting. The quorum at any meeting called to adopt a resolution will be persons holding or representing a majority in principal amount of the outstanding indenture securities of a series; except that, if any action is to be taken at the meeting with respect to a consent or waiver which may be given by the holders of not less than a specified percentage in principal amount of the outstanding indenture

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securities of a series, the persons holding or representing that specified percentage in principal amount of the outstanding indenture securities of that series will constitute a quorum.

Satisfaction and Discharge, Full Defeasance and Covenant Defeasance

We may discharge certain of our obligations to holders of debt securities of a series that have not already been delivered to the applicable Trustee for cancellation and that either have become due and payable or are due and payable within one year (or scheduled for redemption within one year) by irrevocably depositing with the applicable Trustee, in trust, funds in an amount sufficient to make interest, principal and any other payments on the debt securities on their various due dates.

Each Indenture provides that, if the series of debt securities provides for it, we may elect either to defease and be discharged from any and all obligations with respect to such debt securities and any related coupons, with certain limited exceptions (this is called "full defeasance") or to be released from our obligations under any specified covenant with respect to those debt securities and any related coupons, and any omission to comply with those obligations shall not constitute a default or an event of default with respect to those debt securities and any related coupons (this is called "covenant defeasance").

In order to effect full defeasance or covenant defeasance, we must deposit for the benefit of all holders of the debt securities of the particular series a combination of cash and/or U.S. government securities or U.S. government agency notes or bonds that will generate enough cash to make interest, principal and other payments on the debt securities on their various due dates.

A trust may only be established if, among other things, we have delivered to the Trustee a legal opinion stating that the holders of the debt securities and any related coupons will not recognize income, gain or loss for United States federal income tax purposes as a result of the full defeasance or covenant defeasance and will be subject to United States federal income tax on the same amounts, in the same manner and at the same times as would have been the case if the full defeasance or covenant defeasance had not occurred, and the legal opinion, in the case of full defeasance, must refer to and be based upon a ruling of the Internal Revenue Service or a change in applicable United States federal income tax law occurring after the date of the applicable Indenture.

In the event we effect covenant defeasance with respect to any debt securities and any related coupons and those debt securities and coupons are declared due and payable because of the occurrence of certain events of default with respect to any covenant as to which there has been covenant defeasance, the amount of funds on deposit with the Trustee will be sufficient to pay amounts due on those debt securities and coupons at the time of their stated maturity date but may not be sufficient to pay amounts due on those debt securities and coupons at the time of the acceleration resulting from the event of default. In such case, we would remain liable to make payment of those amounts due at the time of acceleration.

The prospectus supplement may further describe the provisions, if any, permitting full defeasance or covenant defeasance, including any modifications to the provisions described above, with respect to the debt securities of or within a particular series and any related coupons.

Book-Entry Debt Securities

Debt securities of a series may be issued, in whole or in part, in global form that will be deposited with, or on behalf of, a depositary identified in the prospectus supplement. Global securities may be issued in either registered or bearer form and in either temporary or permanent form (a "global security"). Unless otherwise provided in the prospectus supplement, debt securities that are represented by a global security will be issued in denominations of $1,000 and any integral multiple thereof, and will be issued in registered form only, without coupons. Payments of principal of (and premium, if any) and interest, if any, on debt securities represented by a global security will be made by us to the applicable Trustee and then by the applicable Trustee to the depositary.

We anticipate that any global securities will be deposited with, or on behalf of, The Depository Trust Company ("DTC"), New York, New York, that global securities will be registered in the name of DTC's nominee, and that the following provisions will apply to the depositary arrangements with respect to any global securities. Additional or differing terms of the depositary arrangements will be described in the prospectus supplement.

So long as DTC or its nominee is the registered owner of a global security, DTC or its nominee, as the case may be, will be considered the sole holder of the debt securities represented by such global security for all

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purposes under the applicable Indenture. Except as provided below, owners of beneficial interests in a global security will not be entitled to have debt securities represented by the global security registered in their names, will not receive or be entitled to receive physical delivery of debt securities in certificated form and will not be considered the owners or holders thereof under the applicable Indenture. The laws of some states require that certain purchasers of securities take physical delivery of such securities in certificated form; those laws may limit the transferability of beneficial interests in a global security.

If

- DTC is at any time unwilling, unable or ineligible to continue as depositary and a successor depositary is not appointed by us within 90 days following notice to us;
- we determine, in our sole discretion, not to have any debt securities represented by one or more global securities; or
- an event of default under the applicable Indenture has occurred and is continuing,

then we will issue individual debt securities in certificated form in exchange for the relevant global securities. In any such instance, an owner of a beneficial interest in a global security will be entitled to physical delivery of individual debt securities in certificated form of like tenor and rank, equal in principal amount to such beneficial interest and to have such debt securities in certificated form registered in its name. Unless otherwise provided in the prospectus supplement, debt securities so issued in certificated form will be issued in denominations of $1,000 or any integral multiple thereof and will be issued in registered form only, without coupons.

The following is based on information furnished by DTC and applies to the extent that it is the depositary, unless otherwise provided in the prospectus supplement:

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities that its participants deposit with it. DTC also facilitates the post-trade settlement among its participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges in its participants' accounts. This eliminates the need for physical movement of securities certificates. Direct participants of DTC include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation. The Depository Trust & Clearing Corporation is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. The Depository Trust & Clearing Corporation is owned by the users of its regulated subsidiaries. Access to DTC's system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly. DTC rules applicable to its participants are on file with the SEC.

Except as otherwise provided in this prospectus or a prospectus supplement, purchases of debt securities under DTC's system must be made by or through direct participants, which will receive a credit for those debt securities on DTC's records. The beneficial ownership interest of each actual purchaser of each debt security represented by a global security ("beneficial owner") is in turn to be recorded on the records of the direct and indirect participants' records. Beneficial owners will not receive written confirmation from DTC of their purchase. Beneficial owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the direct or indirect participants through which the beneficial owner entered into the transaction. Transfers of ownership interests in a global security representing debt securities are to be accomplished by entries made on the books of direct and indirect participants acting on behalf of beneficial owners. Beneficial owners of a global security representing debt securities will not receive certificates representing their ownership interests in a global security, except in the event that use of the book-entry system for those debt securities is discontinued.

To facilitate subsequent transfers, all global securities representing debt securities deposited by direct participants with DTC are registered in the name of DTC's nominee, Cede & Co. ("Cede"), or such other name

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as may be requested by an authorized representative of DTC. The deposit of global securities with DTC and their registration in the name of Cede or such other nominee of DTC do not effect any change in beneficial ownership. DTC has no knowledge of the actual beneficial owners of the global securities representing the debt securities; DTC's records reflect only the identity of the direct participants to whose accounts such debt securities are credited, which may or may not be the beneficial owners. The direct and indirect participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to direct participants, by direct participants to indirect participants, and by direct participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

If applicable, redemption notices will be sent to Cede. If less than all of the debt securities within a series are being redeemed, DTC's practice is to determine by lot the amount of the interest of each direct participant in that issue to be redeemed.

Neither DTC nor Cede (nor any other nominee of DTC) will consent or vote with respect to the global securities representing debt securities unless authorized by a direct participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an omnibus proxy to us as soon as possible after the applicable record date. The omnibus proxy assigns Cede's consenting or voting rights to those direct participants to whose accounts book-entry securities are credited on the applicable record date (identified in a listing attached to the omnibus proxy).

Redemption proceeds, distributions and dividend payments on the global securities representing the debt securities will be made to Cede, or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit direct participants' accounts, upon DTC's receipt of funds and corresponding detailed information from us or the applicable Trustee, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such participant and not of DTC, the applicable Trustee or us, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments to Cede (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of us or the applicable Trustee, disbursement of such payments to direct participants will be the responsibility of DTC, and disbursement of such payments to the beneficial owners will be the responsibility of direct and indirect participants.

A beneficial owner will give notice of any option to elect to have its debt securities purchased or tendered, through its participant, to the applicable Trustee, and will effect delivery of such debt securities by causing the direct participant to transfer the participant's interest in the global security representing those debt securities, on DTC's records, to such Trustee. The requirement for physical delivery of debt securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the global security representing those debt securities are transferred by direct participants on DTC's records and followed by a book-entry credit of tendered debt securities to the applicable Trustee's account with DTC.

DTC may discontinue providing its services as depositary with respect to debt securities at any time by giving reasonable notice to us or the applicable Trustee. Under those circumstances, in the event that a successor depositary is not obtained, certificates are required to be printed and delivered.

We may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that we believe to be reliable, but we take no responsibility for the accuracy thereof.

Unless stated otherwise in the prospectus supplement, the underwriters or agents with respect to a series of debt securities issued as global securities will be direct participants in DTC.

None of any underwriter or agent, the Trustees, any applicable paying agent or us will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial interests in a global security, or for maintaining, supervising or reviewing any records relating to such beneficial interests.

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Resignation of Trustee

Each Trustee may resign or be removed with respect to one or more series of indenture securities and a successor Trustee may be appointed to act with respect to the series. In the event that two or more persons are acting as Trustee with respect to different series of indenture securities under one of the Indentures, each such Trustee shall be a Trustee of a trust thereunder separate and apart from the trust administered by any other Trustee, and any action described herein to be taken by the Trustee may then be taken by each Trustee with respect to, and only with respect to, the one or more series of indenture securities for which it is Trustee.

Subordinated Debt Indenture Provisions

Upon any distribution of our assets upon any dissolution, winding up, liquidation or reorganization, the payment of the principal of and premium and interest, if any, on subordinated debt securities is to be subordinated to the extent provided in the Subordinated Debt Indenture in right of payment to the prior payment in full of all Senior Indebtedness, but our obligation to make payment of the principal of and premium and interest, if any, on the subordinated debt securities will not otherwise be affected. In addition, no payment on account of the principal of or premium or interest, if any, on the subordinated debt securities may be made at any time unless full payment of all amounts due in respect of the principal of and premium and interest, if any, on Senior Indebtedness has been made or duly provided for in money.

In the event that, notwithstanding the foregoing, any payment by us is received by the Subordinated Trustee or the holders of any of the subordinated debt securities before all Senior Indebtedness is paid in full, the payment or distribution shall be paid over to the holders of the Senior Indebtedness or on their behalf for application to the payment of all the Senior Indebtedness remaining unpaid until all the Senior Indebtedness has been paid in full, after giving effect to any concurrent payment or distribution to the holders of the Senior Indebtedness. Subject to the payment in full of all Senior Indebtedness upon this distribution, the holders of the subordinated debt securities will be subrogated to the rights of the holders of the Senior Indebtedness to the extent of payments made to the holders of the Senior Indebtedness out of the distributive share of the subordinated debt securities.

By reason of the subordination, in the event of a distribution of assets upon insolvency, certain of our general creditors may recover more, ratably, than holders of the subordinated securities. The Subordinated Indenture provides that the subordination provisions thereof will not apply to money and securities held in trust pursuant to the defeasance provisions of the Subordinated Indenture.

If this prospectus is being delivered in connection with a series of subordinated debt securities, the accompanying prospectus supplement or the information incorporated by reference therein will set forth the definition of Senior Indebtedness and the approximate amount of Senior Indebtedness outstanding as of a recent date.

Governing Law

The Indentures and the debt securities will be governed by, and construed in accordance with, the laws of the State of New Jersey.

The Trustee under the Senior Debt Indenture and the Subordinated Debt Indenture

US Bank National Association, the Trustee under our Senior Debt Indenture dated as of November 1, 1998 with respect to our senior debt securities, will also be trustee under the Subordinated Debt Indenture to be entered into with respect to our subordinated debt securities. In the event that the Trustee's position as trustee under the Senior Debt Indenture and the Subordinated Debt Indenture creates a conflict for the Trustee, under certain circumstances, the Trustee will resign as trustee under either the Senior Debt Indenture or the Subordinated Debt Indenture.

US Bank National Association is trustee under various indentures relating to our subsidiaries and affiliates. Our subsidiaries, our affiliates and we maintain other normal banking relationships, including credit facilities and lines of credit, with US Bank National Association.

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DESCRIPTION OF THE CAPITAL STOCK

The following description summarizes the material terms of our capital stock. Because this section is a summary, it does not describe every aspect of our capital stock. For additional information, you should refer to the applicable provisions of the New Jersey Business Corporation Act and our Certificate of Incorporation, as amended (the "Charter"), and By-Laws, as amended. Our Charter and By-Laws are exhibits to the registration statement of which this prospectus is a part.

Authorized Capital

Our authorized capital stock consists of 1,000,000,000 shares of common stock, without par value, and 50,000,000 shares of preferred stock, without par value.

Common Stock

General. As of October 31, 2014, 506,043,534 shares of our common stock were issued and outstanding. The outstanding shares of our common stock are, and any shares of common stock offered by a future prospectus supplement when issued and paid for will be, fully paid and non-assessable.

Dividend Rights. Holders of our common stock are entitled to such dividends as may be declared from time to time by our board of directors from legally available funds after payment of all amounts owed on any preferred stock that may be outstanding.

Voting Rights. Holders of our common stock are entitled to one vote for each share held by them on all matters presented to shareholders.

Liquidation Rights. After satisfaction of our creditors and the preferential liquidation rights of any preferred stock, the holders of our common stock are entitled to share, ratably, in the distribution of all remaining net assets.

Redemption Rights. The shares of our common stock are not subject to redemption or to any further calls or assessments and are not entitled to the benefit of any sinking fund provisions.

Transfer Agents and Registrars

The transfer agent and registrar for our common stock is Wells Fargo Shareowner Services, a division of Wells Fargo Bank, N.A.

Preferred Stock

Our board of directors is authorized, without further shareholder action, to divide the preferred stock into one or more classes or series and to determine the designations, preferences, limitations and special rights of any class or series including, but not limited to, the following:

- the rate (or manner of calculation of the rate) of dividends, if any, payable and whether such dividends are payable on a cumulative basis, and the frequency of any such payments;
- the rights, if any, of the holders of shares of the series upon our voluntary or involuntary liquidation, dissolution or winding-up;
- the terms and conditions upon which shares may be converted into shares of other series or other capital stock, if issued with the privilege of conversion;
- the price at and the terms and conditions upon which shares may be redeemed; and
- the voting rights, if any.

As of the date of this prospectus, no shares of preferred stock are outstanding.

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DESCRIPTION OF THE STOCK PURCHASE CONTRACTS AND STOCK PURCHASE UNITS

We may issue stock purchase contracts representing contracts obligating holders to purchase from us, and us to sell to the holders, a specified number of shares of our common stock (or a range of numbers of shares pursuant to a predetermined formula) at a future date or dates. The price per share of our common stock and number of shares of our common stock may be fixed at the time the stock purchase contracts are issued or may be determined by reference to a specific formula set forth in the stock purchase contracts.

The stock purchase contracts may be issued separately or as a part of units, known as stock purchase units, consisting of a stock purchase contract and our debt securities or debt obligations of third parties (including United States Treasury securities), that would secure the holders' obligations to purchase our common stock under the stock purchase contracts. The stock purchase contracts may require us to make periodic payments to the holders of the stock purchase units or vice-versa. These payments may be unsecured or prefunded on some basis.

The applicable prospectus supplement will describe the terms of any stock purchase contracts or stock purchase units and, if applicable, debt securities and will contain a discussion of the material United States federal income tax considerations applicable to the stock purchase contracts and stock purchase units. The description in the applicable prospectus supplement will not contain all of the information you may find useful, and reference will be made to the stock purchase contracts, and, if applicable, the debt securities securing the holders' obligations thereunder and the related collateral or depositary arrangements relating to the stock purchase contracts or stock purchase units.

PLAN OF DISTRIBUTION

We may sell the securities directly to purchasers or indirectly through underwriters, dealers or agents. The names of any such underwriters, dealers or agents will be set forth in the relevant prospectus supplement. We will also set forth in the relevant prospectus supplement:

- the terms of the offering of the securities;
- the proceeds we will receive from the offering;
- any underwriting discounts and other items constituting underwriters' compensation;
- any initial public offering price;
- any discounts or concessions allowed or reallowed or paid to dealers; and
- any securities exchanges on which we may list the securities.

We may distribute the securities from time to time in one or more transactions at:

- a fixed price;
- prices that may be changed;
- market prices at the time of sale;
- prices related to prevailing market prices; or
- negotiated prices.

We will describe the method of distribution in the relevant prospectus supplement.

If we use underwriters with respect to an offering of the securities, we will set forth in the relevant prospectus supplement:

- the name of the managing underwriter, if any;
- the names of any other underwriters; and
- the terms of the transaction, including any underwriting discounts and other items constituting compensation of the underwriters and dealers, if any.

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The underwriters will acquire any securities for their own accounts and they may resell the securities from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price and at varying prices determined at the time of sale.

Any initial public offering price and any discounts or concessions allowed or reallowed or paid to dealers may be changed from time to time. We anticipate that any underwriting agreement pertaining to any securities will:

- entitle the underwriters to indemnification by us against certain civil liabilities, including liabilities under the Securities Act, or to contribution with respect to payments that the underwriters may be required to make related to any such civil liability;
- subject the obligations of the underwriters to certain conditions precedent; and
- obligate the underwriters to purchase all securities offered in a particular offering if any such securities are purchased.

If we use a dealer in an offering of the securities, we will sell such securities to the dealer, as principal. The dealer may then resell the securities to the public at varying prices to be determined by such dealer at the time of resale. We will set forth the name of the dealer and the terms of the transaction in the prospectus supplement.

If we use an agent in an offering of the securities, we will name the agent and describe the terms of the agency in the relevant prospectus supplement. Unless we indicate otherwise in the prospectus supplement, we will require an agent to act on a best efforts basis for the period of its appointment.

We may enter into derivative transactions with third parties, or sell securities not covered by this prospectus to third parties in privately negotiated transactions. If the applicable prospectus supplement indicates, in connection with those derivatives, the third parties may sell securities covered by this prospectus and the applicable prospectus supplement, including in short sale transactions. If so, the third party may use securities pledged by us or borrowed from us or others to settle those sales or to close out any related open borrowings of stock, and may use securities received from us in settlement of those derivatives to close out any related open borrowings of stock. The third party in such sale transactions will be an underwriter and, if not identified in this prospectus, will be identified in the applicable prospectus supplement.

Dealers and agents named in a prospectus supplement may be considered underwriters of the securities described in the prospectus supplement under the Securities Act. We may indemnify them against certain civil liabilities under the Securities Act.

If underwriters are used in the sale, to facilitate the offering of securities, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of such securities. Specifically, the underwriters may over-allot in connection with the offering, creating a short position in such securities for their own accounts. In addition, to cover over-allotments or to stabilize the price of such securities, the underwriters may bid for, and purchase, such securities in the open market. Finally, in any offering of securities through a syndicate of underwriters, the underwriting syndicate may reclaim selling concessions allowed to an underwriter or a dealer for distributing such securities in the offering, if the syndicate repurchases previously distributed securities in transactions to cover syndicate short positions, in stabilization transactions or otherwise. Any of these activities may stabilize or maintain the market price of such securities above independent market levels. The underwriters are not required to engage in these activities, and may end any of these activities at any time.

In the ordinary course of business, we may engage in transactions with underwriters, dealers, agents and their affiliates and they may perform services for us.

We may solicit offers to purchase the securities and make sales directly to institutional investors or others who may be considered underwriters under the Securities Act with respect to such sales. We will describe the terms of any such offer in the relevant prospectus supplement. We may also sell the securities through competitive bidding procedures described in the relevant prospectus supplement.

If we authorize underwriters or other agents to solicit offers to purchase the securities from institutional investors pursuant to contracts providing for payment and delivery at a future date, we will indicate that we are doing so in the relevant prospectus supplement.

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Each series of securities will be a new issue and, except for the common stock, which is listed on the New York Stock Exchange, will have no established trading market. We may elect to list any series of new securities on an exchange, or in the case of the common stock, on any additional exchange, but unless we advise you differently in the prospectus supplement, we have no obligation to cause any securities to be so listed. Any underwriters that purchase securities for public offering and sale may make a market in the securities, but such underwriters will not be obligated to do so and may discontinue any market making at any time without notice. We make no assurance as to the liquidity of, or the development or maintenance of, any trading markets for any securities.

We will estimate our expenses associated with any offering of the securities in the relevant prospectus supplement.

LEGAL MATTERS

The validity of the securities, including the binding nature of debt securities, to be issued by us will be passed upon for us by M. Courtney McCormick, Esquire, our Deputy General Counsel, or Tamara L. Linde, Esquire, our Executive Vice President and General Counsel, and for any underwriters, dealers or agents by Sidley Austin LLP, New York, New York, who may rely on the opinion of Ms. McCormick or Ms. Linde as to matters of New Jersey law. Mses. McCormick and Linde own shares of our common stock. Sidley Austin LLP has from time to time represented and continues to represent us and our affiliates in connection with certain unrelated legal matters.

EXPERTS

The consolidated financial statements and the related consolidated financial statement schedule incorporated in this prospectus by reference from our Annual Report on Form 10-K and the effectiveness of our internal control over financial reporting have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports which are incorporated herein by reference. Such consolidated financial statements and consolidated financial statement schedule have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

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PROSPECTUS

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED
2,513,578 shares of Common Stock without Par Value

Enterprise Direct℠ Plan
(Dividend Reinvestment and Stock Purchase Plan)

We hereby offer participation in the Enterprise Direct Plan ("Enterprise Direct" or "Plan"). Enterprise Direct is a direct stock purchase plan designed to promote long-term ownership among investors in our common stock, without par value ("Common Stock").

Under Enterprise Direct:

- Shareholders who own shares of Common Stock or any series of preferred stock of our subsidiary, Public Service Electric and Gas Company ("PSE&G") ("Preferred Stock"), directly in their name may enroll.
- Non-shareholders may enroll in the Plan by making an initial investment ("Initial Investment") of at least $250. The maximum Initial Investment is $10,000. An enrollment fee ("Enrollment Fee") will be deducted from the Initial Investment.
- All or a portion of dividends from Common Stock or Preferred Stock may automatically be reinvested in additional shares of Common Stock.
- Once enrolled, Participants may make additional investments ("Voluntary Contributions") of $50 or more. The maximum Voluntary Contribution for any single investment date will be $10,000. The maximum annual investment (including the Initial Investment and Voluntary Contributions, but excluding reinvested dividends and shares deposited with Enterprise Direct for safekeeping only) is $125,000.
- Shareholders who hold Common Stock certificates may deposit them with the Administrator for safekeeping, whether or not they reinvest their dividends.
- No trading fees will be charged for purchases or reinvestments through the Plan. Participants will be required to pay certain fees in connection with the Plan. See "Service Fees".
- Any shareholders enrolled or deemed to be enrolled ("Participants") may sell shares of Common Stock credited to their accounts through Enterprise Direct. Trading fees, related service charges and any applicable taxes will be deducted from the proceeds of such sales.
- Participants may have any non-reinvested dividends on shares of Common Stock held in their Enterprise Direct accounts paid by electronic deposit.

Shares of Common Stock will be purchased under the Plan, at our option, from newly issued shares, shares held in our treasury or shares purchased on the open market by a broker-dealer registered under the Securities Exchange Act of 1934 ("Exchange Act") who may be affiliated with the Plan's Administrator, which is acting as an "agent independent" of us and our affiliates, as that term is defined in rules and regulations under the Exchange Act ("Independent Agent"). However, Common Stock purchased with the Initial Investment by a non-shareholder will be acquired in the open market. All sales of Common Stock under the Plan will be made by an Independent Agent.

The Common Stock is listed on the New York Stock Exchange under the ticker symbol "PEG." The closing price of the Common Stock on November 17, 2014 was $40.46.

We have appointed Wells Fargo Shareowner Services, a division of Wells Fargo Bank, N.A., as the Administrator of the Plan.

Investing in the Common Stock involves risks. You should carefully consider the information in the section entitled "Risk Factors" on page 4 of this prospectus, as well as the risk factors contained in our most recently filed Annual Report on Form 10-K and our other periodic reports filed with the Securities and Exchange Commission and incorporated by reference into this prospectus before you invest in the Common Stock.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is November 18, 2014.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission (the "SEC") using a "shelf" registration process. Under this shelf process, we may, from time to time, sell the securities described in this prospectus or combinations thereof in one or more offerings. You should read both this prospectus together with additional information described under "Where You Can Find More Information."

In this prospectus, unless the context indicates otherwise, the words and terms "PSEG," "we," "our," "ours" and "us" refer to Public Service Enterprise Group Incorporated and its consolidated subsidiaries.

We believe that we have included or incorporated by reference all information material to investors in this prospectus, but certain details that may be important for specific investment purposes have not been included. For more detailed information about the securities, you should also review the exhibits to the registration statement, which were either filed with the registration statement or incorporated by reference to other SEC filings.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports and other information with the SEC. Our filings are available to the public over the Internet on the SEC's web site at http://www.sec.gov, as well as on our web site at http://www.pseg.com. None of the information contained at any time on our web site is incorporated by reference into this prospectus. You may read and copy any material on file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room.

You may also inspect these documents at the New York Stock Exchange, Inc. ("New York Stock Exchange"), where certain of our securities are listed.

The SEC allows us to "incorporate by reference" documents that we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference or deemed incorporated by reference is an important part of this prospectus, and information that we file later with the SEC will be deemed to automatically update and supersede this incorporated information. We incorporate by reference the documents listed below that have been filed with the SEC.

- Our Annual Report on Form 10-K for the year ended December 31, 2013.
- Our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2014, June 30, 2014 and September 30, 2014.
- Information in our Definitive Proxy Statement on Schedule 14A filed on March 10, 2014 that is incorporated by reference into our Annual Report on Form 10-K.
- Our Current Reports on Form 8-K filed on February 21, 2014, April 2, 2014 (second filing), April 17, 2014 and July 17, 2014.
- The description of Common Stock in our registration statement filed pursuant to Section 12 of the Exchange Act, and any amendment or report filed for the purpose of amending such description.

We also incorporate by reference any future filings made with the SEC under Section 13(a), 13(c), 14, or 15(d) of the Exchange Act on or after the date of this prospectus and prior to the termination of this offering of Common Stock, except for Current Reports on Form 8-K containing only disclosure furnished under Item 2.02 or 7.01 of Form 8-K, unless otherwise specifically stated in the Form 8-K.

You can get a free copy of any of the documents incorporated by reference in this prospectus by making an oral or written request directed to:

Vice President, Investor Relations
PSEG Services Corporation
80 Park Plaza, 6th Floor
Newark, NJ 07102
Telephone (973) 430-6565

You should rely only on the information contained or incorporated by reference or deemed to be incorporated by reference in this prospectus or in any prospectus supplement or documents to which we otherwise refer you. We have not authorized anyone else to provide you with different or additional information. You should not rely on any other information or representations. Our business, prospects, financial conditions and results of operations may change after this prospectus and the prospectus supplement are distributed to you. You should not assume that the information in this prospectus and any prospectus supplement is accurate as of any date other than the dates on the front of those documents. You should read all information supplementing this prospectus.

THIS PROSPECTUS CONTAINS THE TEXT OF ENTERPRISE DIRECT IN ITS ENTIRETY AND, THEREFORE, SHOULD BE RETAINED BY PARTICIPANTS FOR FUTURE REFERENCE.

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FORWARD-LOOKING STATEMENTS

This prospectus and any prospectus supplement, including the documents incorporated by reference or deemed to be incorporated by reference, include "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, included in this prospectus and any prospectus supplement and the documents incorporated by reference or deemed to be incorporated by reference that address activities, events or developments that we expect or anticipate will or may occur in the future, including such matters as our future performance, future capital expenditures and growth, revenues, earnings, business strategy, market and industry developments and prospects, are forward-looking statements. When used in this prospectus, any prospectus supplement or in documents incorporated by reference or deemed to be incorporated by reference, the words "will," "anticipate," "intend," "estimate," "believe," "expect," "plan," "should," "hypothetical," "potential," "forecast," "project," and variations of such words and similar expressions are intended to identify forward-looking statements. These statements are based on assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions and expected future developments as well as other factors we believe are appropriate under the circumstances. However, actual results and developments may differ materially from our expectations and predictions due to a number of risks and uncertainties, many of which are beyond our control. Certain factors that could cause actual results to differ materially from those contemplated in any forward-looking statements are discussed in the Risk Factors and Management's Discussion and Analysis of Financial Condition and Results of Operations sections of our most recently filed Annual Report on Form 10-K and any subsequently filed Quarterly Reports on Form 10-Q and in the notes to our financial statements and other information filed with the SEC. These factors include, but are not limited to:

- adverse changes in the demand for or the price of the capacity and energy that we sell into wholesale electricity markets;
- adverse changes in energy industry law, policies and regulation, including market structures and a potential shift away from competitive markets toward subsidized market mechanisms, capacity market design, transmission planning and cost allocation rules, including how transmission projects are planned and who is permitted to build transmission in the future, and reliability standards;
- any inability of our transmission and distribution businesses to obtain adequate and timely rate relief and regulatory approvals from federal and state regulators;
- changes in federal and state environmental regulations and enforcement that could increase our costs or limit our operations;
- changes in nuclear regulation and/or general developments in the nuclear power industry, including various impacts from any accidents or incidents experienced at our facilities or by others in the industry, that could limit operations of our nuclear generating units;
- actions or activities at one of our nuclear units located on a multi-unit site that might adversely affect our ability to continue to operate that unit or other units located at the same site;
- any inability to manage our energy obligations, available supply and risks;
- adverse outcomes of any legal, regulatory or other proceeding, settlement, investigation or claim applicable to us and/or the energy industry;
- any deterioration in our credit quality or the credit quality of our counterparties;
- availability of capital and credit at commercially reasonable terms and conditions and our ability to meet cash needs;
- changes in the cost of, or interruption in the supply of, fuel and other commodities necessary to the operation of our generating units;
- delays in receipt of necessary permits and approvals for our construction and development activities;
- delays or unforeseen cost escalations in our construction and development activities;
- any inability to achieve, or continue to sustain, our expected levels of operating performance;
- any equipment failures, accidents, severe weather events or other incidents that impact our ability to provide safe and reliable service to our customers, and any inability to obtain sufficient insurance coverage or recover proceeds of insurance with respect to such events;
- acts of terrorism, cybersecurity attacks or intrusions that could adversely impact our businesses;
- increases in competition in energy supply markets as well as competition for certain transmission projects;
- any inability to realize anticipated tax benefits or retain tax credits;
- challenges associated with recruitment and/or retention of a qualified workforce;

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- adverse performance of our decommissioning and defined benefit plan trust fund investments and changes in funding requirements;
- changes in technology, such as distributed generation and micro grids, and greater reliance on these technologies; and
- changes in customer behaviors, including increases in energy efficiency, net-metering and demand response.

Additional information concerning these factors is set forth or referred to under "Risk Factors."

All of the forward-looking statements made in this prospectus and any prospectus supplement or in the documents incorporated by reference or deemed to be incorporated by reference are qualified by these cautionary statements and we cannot assure you that the results or developments anticipated by us will be realized or, even if realized, will have the expected consequences to, or effects on, us or our business, prospects, financial condition or results of operations. You should not place undue reliance on these forward-looking statements in making your investment decision to purchase the Common Stock. Except as may be required by federal securities laws, we expressly disclaim any obligation or undertaking to release publicly any updates or revisions to these forward-looking statements to reflect events or circumstances that occur or arise or are anticipated to occur or arise after the date hereof. In making an investment decision regarding the Common Stock, we are not making, and you should not infer, any representation about the likely existence of any particular future set of facts or circumstances.

The forward-looking statements contained in this prospectus, any prospectus supplement and the documents incorporated by reference or deemed to be incorporated by reference herein or therein are intended to qualify for the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Exchange Act.

PUBLIC SERVICE ENTERPRISE GROUP INCORPORATED

We are an energy company with a diversified business mix. Our operations are located primarily in the Northeastern and Mid-Atlantic United States. Our business approach focuses on operational excellence, financial strength and disciplined investment. As a holding company, our profitability depends on our subsidiaries' operating results, We have two principal direct, wholly-owned subsidiaries:

- PSE&G, which is an operating public utility company engaged principally in the transmission and distribution of electric energy and gas service in New Jersey; and
- PSEG Power LLC ("Power"), which is a multi-regional independent electric generation and wholesale energy marketing and trading company.

Our other direct, wholly-owned subsidiaries are:

- PSEG Energy Holdings L.L.C. ("Energy Holdings"), which earns revenues primarily from its portfolio of lease investments;
- PSEG Long Island LLC ("PSEG LI"), which operates the Long Island Power Authority's transmission and distribution system under a contractual agreement; and
- PSEG Services Corporation ("Services"), which provides corporate support and managerial and administrative services to us and our subsidiaries.

We are a New Jersey corporation with our principal offices located at 80 Park Plaza, Newark, New Jersey 07101. Our telephone number is (973) 430-7000.

RISK FACTORS

In addition to the risk factors contained in our most recently filed Annual Report on Form 10-K and our other periodic reports filed with the SEC and incorporated by reference into this prospectus, as well as those risk factors that may be included in the applicable prospectus supplement and other information contained in the documents incorporated by reference or elsewhere in this prospectus, prospective investors should carefully consider the risks described below before making a decision to purchase the securities. Such factors could affect actual results and cause our results to differ materially from those expressed in any forward-looking statements made by, or on behalf of, us. Some or all of these factors may apply to us and our subsidiaries. See "Forward-Looking Statements."

Because We Are a Holding Company, Our Ability to Service Our Debt Could be Limited

We are a holding company with no material assets other than the stock or membership interests of our subsidiaries and project affiliates. Accordingly, all of our operations are conducted by our subsidiaries and project affiliates which are separate and distinct legal entities that have no obligation, contingent or otherwise, to pay any amounts when due on our debt or to make any funds available to us to pay such amounts and satisfy our other corporate funding needs, including payment of dividends on our capital stock. As a result, our debt will effectively be subordinated to all existing and future preferred equity

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and liabilities of our subsidiaries and project affiliates, including holders of their debt, trade creditors, secured creditors, taxing authorities and guarantee holders, and our rights and hence the rights of our creditors to participate in any distribution of assets of any subsidiary or project affiliate upon its liquidation or reorganization or otherwise would be subject to the prior claims of that subsidiary's or project affiliate's creditors and preferred equity holders, except to the extent that our claims as a creditor of such subsidiary or project affiliate may be recognized.

We depend on our subsidiaries' and project affiliates' cash flows and our access to capital in order to service our indebtedness and satisfy our other corporate funding needs, including payment of dividends on our capital stock. The debt agreements of subsidiaries and project affiliates generally restrict their ability to pay dividends, make cash distributions or otherwise transfer funds to us. These restrictions may include achieving and maintaining financial performance or debt coverage ratios, absence of events of default, or priority in payment of other current or prospective obligations. As a result, we can give no assurances that our subsidiaries and project affiliates will be able to transfer funds to us to meet all of our needs.

Our subsidiaries have financed some investments using non-recourse project level financing. Each non-recourse project level financing is structured to be repaid out of cash flows provided by the investment. In the event of a default under a financing agreement which is not cured, the lenders would generally have rights to the related assets. In the event of foreclosure after a default, our subsidiary may lose its equity in the asset or may not be entitled to any cash that the asset may generate. Although a default under a project financing agreement is not expected to cause a default with respect to our debt, other debt of the applicable subsidiary, if any, or debt of our other subsidiaries, it may materially affect our ability to service our outstanding indebtedness and satisfy our other corporate funding needs, including payment of dividends on our capital stock.

We can give no assurances that our current and future capital structure, operating performance or financial condition will permit us to access the capital markets or to obtain other financing at the times, in the amounts and on the terms necessary or advisable for us to successfully carry out our business strategy and to service our indebtedness and satisfy our other corporate funding needs, including payment of dividends on our capital stock.

DESCRIPTION OF THE COMMON STOCK

The following description summarizes the material terms of our Common Stock. Because this section is a summary, it does not describe every aspect of our Common Stock. For additional information, you should refer to the applicable provisions of the New Jersey Business Corporation Act and our Certificate of Incorporation, as amended (the "Charter"), and By-Laws, as amended. Our Charter and By-Laws are exhibits to the registration statement of which this prospectus is a part.

Authorized Capital Stock

Our authorized capital stock consists of 1,000,000,000 shares of Common Stock, without par value, and 50,000,000 shares of preferred stock, without par value.

Common Stock

General. As of October 31, 2014, 506,043,534 shares of our Common Stock were issued and outstanding. The outstanding shares of our Common Stock are, and any shares of Common Stock offered hereby when issued and paid for will be, fully paid and non-assessable.

Dividend Rights. Holders of our Common Stock are entitled to such dividends as may be declared from time to time by our board of directors from legally available funds after payment of all amounts owed on any preferred stock that may be outstanding.

Voting Rights. Holders of our Common Stock are entitled to one vote for each share held by them on all matters presented to shareholders.

Liquidation Rights. After satisfaction of our creditors and the preferential liquidation rights of any preferred stock, the holders of our Common Stock are entitled to share, ratably, in the distribution of all remaining net assets.

Redemption Rights. The shares of our Common Stock are not subject to redemption or to any further calls or assessments and are not entitled to the benefit of any sinking fund provisions.

Transfer Agent and Registrar

The transfer agent and registrar for our Common Stock is Wells Fargo Shareowner Services, a division of Wells Fargo Bank, N.A.

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THE ENTERPRISE DIRECT PLAN

The following constitutes the full text of Enterprise Direct:

Purpose

Enterprise Direct is a direct stock purchase plan designed to promote long-term ownership among investors in our Common Stock. Participants may purchase shares of Common Stock and reinvest all or a portion of the dividends paid on Common Stock and/or Preferred Stock in shares of Common Stock, without the payment of any trading fees. To the extent, if any, that such shares are purchased directly from us, the Plan will provide us with additional equity capital.

Administration

Enterprise Direct is administered by the individual (who may be our employee or an employee of any of our subsidiaries), bank, trust company or other entity (including us or any of our subsidiaries) appointed from time to time by us to act as administrator of the Plan (the "Administrator").

The Administrator is responsible for administering the Plan, receiving all cash investments made by Participants, forwarding funds to be used to purchase Common Stock in the open market and sales instructions to the Independent Agent, holding shares of stock acquired under the Plan, maintaining records, sending statements of account to Participants and performing other duties related to the Plan. Under certain circumstances, the Administrator may be an Independent Agent.

We have appointed Wells Fargo Shareowner Services, a division of Wells Fargo Bank, N.A. as the Administrator of Enterprise Direct.

Inquiries

Participants may contact the Administrator at the following:

By Writing To:

Wells Fargo Shareowner Services
P.O. Box 64856
St. Paul, MN 55164-0856

Certified/Overnight Mail:
Wells Fargo Shareowner Services
1110 Centre Pointe Curve, Suite 101
Mendota Heights, MN 55120-4100

By Telephone, Toll Free:

1-800-242-0813 between 8:00 a.m. and 8:00 p.m. Monday through Friday, Eastern Time

– International Calls:

1-651-450-4064

– For the hearing impaired:

Please call 1-800-242-0813 and utilize our relay service

By Website:

shareowneronline.com

To obtain information and perform certain transactions on your account online, including investments via electronic funds transfer ("EFT"), share withdrawals and sale of shares, you may use the Administrator's website at: shareowneronline.com.

For current shareholders of record: Go to shareowneronline.com and click on "Sign Up Now!" under "I am a Current Shareowner." You will need your 10-digit account number, your 12-digit Authentication ID and a valid email address. Your account number can be found on your dividend check, dividend deposit notice or account statement. If you do not have your Authorization ID, you may request one online or by phone. Your Authorization ID will be sent to your mailing address on file.

For non-shareholders of record (new investors): Go to shareowneronline.com and click on "Direct Purchase Plan," under the column titled "Invest in a Plan." Next, simply click on "Invest Now!" under the column "New Investors for PSEG." Then follow the instructions on the "Buy Shares" page.

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For optional cash investments, sales, transfers, deposits or withdrawals, mail the tear-off portion of your transaction advice or account statement to:

Wells Fargo Shareowner Services
P.O. Box 64856
St. Paul, MN 55164-0856

For certificate deposits, mail the tear-off portion of your transaction advice or account statement along with your certificates to:

Certified/Overnight Mail:
Wells Fargo Shareowner Services
1110 Center Pointe Curve, Suite 101
Mendota Heights, MN 55120-4100

Eligibility

Any person or entity is eligible to participate in Enterprise Direct provided that (i) such person or entity fulfills the requirements described below under "Enrollment Procedures" and (ii) in the case of foreign investors, participation is limited to shareholders whose participation would not violate local laws and regulations or subject the Plan, the Administrator or us to taxation by or in such jurisdictions.

Regulations in certain countries may limit or prohibit participation in this type of plan. Therefore, persons residing outside the U.S. who wish to participate in Enterprise Direct should first determine whether they are subject to any governmental regulations prohibiting their participation. Enterprise Direct is not offered to any person in any country where such participation is prohibited or where registration of us, the Administrator or the Common Stock would be required as a condition of such person's participation.

Enrollment Procedures

Requests for copies of an Account Authorization Form (the "AAF") and this prospectus should be made to the Administrator at the addresses and telephone numbers listed in "Inquiries," above.

Shareholders

Shareholders who hold shares of Common Stock or shares of any series of Preferred Stock directly in their name may join Enterprise Direct by logging into their account on-line, by telephone or by completing the AAF. See "Methods of Investment."

Non-Shareholders

Investors may join Enterprise Direct by enrolling on-line or by returning a completed AAF to the Administrator. To enroll, investors must make an Initial Investment of at least $250. The maximum Initial Investment is $10,000. See "Methods of Investment," Non-shareholders will pay a one-time enrollment fee. See "Service Fees." Common Stock purchased with the Initial Investment by a non-shareholder will be purchased in the open market. See "Purchases of Common Stock."

"Street Name" Holders/Transfer of Shares From a Broker

Beneficial owners whose shares are registered in the name of a bank, a broker, a trustee or other agent may transfer these shares to an Enterprise Direct account by instructing their agent to register these shares directly in their name. Upon such registration, the shareholder may enroll in Enterprise Direct on-line or by returning a completed AAF to the Administrator.

Methods of Investment

A Participant's total investment cannot exceed $125,000 per calendar year and must be made in U.S. dollars. For the purpose of applying the annual limit, all investments during any calendar year (including the Initial Investment and all Voluntary Contributions, but excluding reinvested dividends and shares deposited with Enterprise Direct for safekeeping only) are aggregated. **No interest will be paid on amounts held by the Administrator pending investment.**

Direct Investment

Participants may make investments in Common Stock through Enterprise Direct of at least $250 for an Initial Investment and at least $50 per investment for any Voluntary Contributions (each, a "Direct Investment") by mailing a new AAF together with a check as directed on the form. **The check must be in U.S. dollars and drawn on a U.S. or Canadian financial institution. Do not send cash. Money orders, traveler's checks or third party checks will not be accepted.** Funds received by the Administrator at least two business days prior to an Investment Date (as defined in "Investment Dates," below) will be invested on such Investment Date. Funds received less than two business days prior to an Investment Date will be invested on the following Investment Date. Any individual or entity may make Direct Investments on behalf of any Participant or eligible investor as a gift or award.

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A Direct Investment received by the Administrator and not yet used to purchase Common Stock through the Plan will be returned to the Participant as soon as practicable if a written request is received by the Administrator at least five business days prior to the applicable Investment Date. However, no refund of a check will be made until the check has cleared. Accordingly, such refunds may be delayed up to three weeks. **No interest will be paid on a Direct Investment that is refunded to the Participant.**

Automatic Investments

Participants may make Voluntary Contributions through electronic withdrawals of at least $50 from a predesignated account with a U.S. Financial institution ("Automatic Investments"). To initiate Automatic Investments, Participants may enroll on-line or complete and return the Automatic Cash Withdrawal and Investment section of the AAF. Automatic Investments will be initiated as promptly as practicable. Once initiated, funds will be drawn on the 25th day of each month, or if such date is not a business day, the deduction will be made on the preceding business day.

Dividends

Participants may elect to acquire Common Stock through the Plan by reinvesting all or a portion of dividends paid on Common Stock or Preferred Stock registered in their names by completing an AAF. Participants electing partial reinvestment of dividends must designate the specific number of shares and series of securities (i.e., Common Stock and/or the one or more series of Preferred Stock) on which dividends will be paid in cash or reinvested. Once a Participant elects reinvestment, dividends paid on the specific securities so designated will be reinvested in shares of Common Stock until a different AAF is received. An AAF must be received by the Administrator no later than the first business day of a month in which a dividend is to be paid to be effective with respect to that dividend. **The amount reinvested will be reduced by any amount which is required to be withheld under applicable tax law or other statutes.** See "Income Tax Information."

If a Participant does not elect to reinvest dividends, or elects partial reinvestment, that portion of the dividends not being reinvested will be sent to the Participant by check or, if the Participant has elected, by electronic direct deposit. See "Direct Deposit of Dividends Not Reinvested." **The amount of any such dividends paid will be reduced by any amount which is required to be withheld under applicable tax law or other statutes.** See "Income Tax Information."

Investment Dates

Enterprise Direct's "Investment Dates" are as follows:

(a) For Direct Investments, (i) the 15th day of each calendar month and the last calendar day of the month, or, if such day is not a day on which the financial markets in New York City are open for business, the immediately preceding day on which they are open. **No interest will be paid on amounts held by the Administrator pending investment.**

(b) For Automatic Investments, the last calendar day of each month, or, if such day is not a day on which the financial markets in New York City are open for business, the immediately preceding day on which they are open.

(c) For dividends paid on Common Stock or Preferred Stock which are designated for investment through Enterprise Direct, on each respective dividend payment date.

Purchases of Common Stock

Common Stock will be purchased by the Independent Agent in the open market or directly from us, at our sole discretion. However, Common Stock purchased with Initial Investment funds for non-shareholders will be acquired only in the open market. Shares purchased from us may be either newly issued shares or shares held in our treasury.

We may not change our determination regarding the source of the shares (i.e., from us or in the open market) more than once in any 3-month period. At any time that shares of Common Stock are purchased in the open market for Participants, we will not exercise our right to change the source of purchases of Common Stock absent a determination by our board of directors or the finance committee of our board of directors that we have a need to increase equity capital or there is another compelling reason for such change.

Open market purchases by the Independent Agent may be made on any stock exchange in the United States where the Common Stock is traded, in the over-the-counter market, from Participants who are selling through the Plan or by negotiated transactions on such terms as the Independent Agent, in its sole discretion, may reasonably determine at the time of purchase. Any shares purchased by the Independent Agent from us will be made in accordance with applicable requirements. None of us, the Administrator (unless the Administrator is also the Independent Agent) nor any Participant shall have any authority or power to direct the time or price at which shares of Common Stock may be purchased. We will pay all trading fees, related service charges and any applicable taxes incurred by the Independent Agent in connection with the purchase of shares of Common Stock in the open market. For information concerning the potential income tax consequences to the Participant of open market purchases see "Income Tax Information."

For shares purchased in the open market, the Independent Agent may, at its sole discretion, purchase such shares at any time beginning on the Investment Date and ending on the business day before the next Investment Date. The number of

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shares (including any fraction of a share) of Common Stock credited to the account of a Participant for a particular Investment Date will be determined by dividing the total amount of dividends, Direct Investments and/or Automatic Investments to be invested for such Participant on such Investment Date by the weighted average price per share of such purchases made for all Participants for such Investment Date.

Purchases of shares of Common Stock from us, whether newly issued or treasury shares, will be made on the relevant Investment Date at the average of the high and low sales prices of the Common Stock reported on the New York Stock Exchange Composite Tape as published for the Investment Date. No trading fees will be incurred on shares acquired directly from us.

Under Enterprise Direct, a Participant does not have the ability to order the purchase of a specific number of shares, the purchase of shares at a specified price or a particular date of purchase, as may be done with purchases through a broker.

The Independent Agent may commingle each Participant's funds with those of other Participants for the purpose of executing purchase and sale transactions.

Sales of Common Stock

A Participant may sell any or all full shares of Common Stock in the Participant's account without terminating participation in Enterprise Direct by delivering a request acceptable to the Administrator. See "Administration." Any remaining full shares and fraction of a share will remain in the Participant's account. **Under Enterprise Direct, a Participant does not have the ability to sell shares at a specific price or on a particular date, as may be done with sales through a broker.**

A request to have the check for the proceeds of the sale of Plan shares issued in a name other than the account name of record will be honored only after the requirements for the transfer of stock have been met. See "Gift/Transfer of Shares."

HOW CAN I SELL MY SHARES?

You may instruct the Administrator to sell some or all of Your Plan shares by placing a sale order via the Internet. To place a sale order, visit the Administrator's website at shareowneronline.com (see "Inquiries").

Sale Orders via IVR System

You may instruct the Administrator to sell some or all of your Plan shares by placing a sale order via the Interactive Voice Response ("IVR") system. To place a sale order, contact the Administrator, toll-free, at 1-800-242-0813. Simply select the menu option for sales and follow the instructions provided. For security purposes, you will be asked to enter your PIN ID (see "Inquiries").

Sale Orders via Internet

You may instruct the Administrator to sell some or all of your Plan shares by placing a sale order via the Internet. To place a sale order, visit the Administrator's website at shareowneronline.com (see "Inquiries").

Sale Orders via Mail

You may instruct the Administrator to sell some or all of your Plan shares by completing and signing the tear-off portion of your account statement and mailing the instructions to the Administrator. If there is more than one name or owner on the Plan account, all Participants must sign the tear-off portion of the account statement.

HOW ARE SHARES SOLD?

As with purchases, the Administrator aggregates all requests to sell shares and then sells the total shares on the open market. Sales are made through an Independent Agent who will receive trading fees. Normally, the shares will be sold on the New York Stock Exchange, where our Common Stock trades.

Sales are made at least once a week. Depending on the number of shares being sold and current trading volume in the shares, sales may be executed in multiple transactions and may be traded on more than one day. The fee in connection with the sale of shares is $10.00 plus trading fees. The selling price will not be known until the sale is complete. The price per share sold will reflect the per share fee, and will always be the average weighted price for all shares sold for the Plan on the trade date or dates less the per share transaction fee.

A check for the proceeds of the sale of shares, less applicable taxes and transaction fees, will normally be mailed to you by first class mail within two (2) business days after the final trade settlement date.

Sales will be made by the Independent Agent as soon as practicable after receipt of such request by the Administrator. Subject to applicable regulations, the Independent Agent shall have sole discretion as to all matters relating to such sales, including determining the number of shares, if any, to be sold on any day or at any time of that day, the prices received for such shares, the markets on which such sales are made and the person (including other brokers and dealers) from or through

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whom such sales are made. The proceeds from the sale, less any fees charged by us and trading fees, related service charges and any applicable taxes paid by the Independent Agent, will be remitted to the Participant by the Administrator. A service fee will be charged for such sales. See "Service Fees."

A request to sell shares of Common Stock in a Participant's account is irrevocable when made. The price received by the Independent Agent for the account of the Participant will necessarily be dependent on market conditions in effect at the time of the sale. The market price of shares of Common Stock may fluctuate up or down between the time the Participant requests such sale and the time such shares are actually sold by the Independent Agent. No liability for any such change in market price in connection with any such sale is or has been assumed by us, the Administrator or the Independent Agent.

Changing Plan Options

Participants may change their Enterprise Direct options at any time on-line, by telephone or by delivering a new AAF or other instructions to that effect to the Administrator. Any such instructions must be **received** by the Administrator no later than the first business day of a month in which a dividend is to be paid to be effective for that dividend. In addition, for changes involving Automatic Investments, an AAF indicating such change must be **received** by the Administrator no later than ten business days prior to the Investment Date upon which the change is to become effective.

Withdrawal from Enterprise Direct

Participants may withdraw from Enterprise Direct by giving notice to the Administrator. Upon withdrawal, the Administrator will maintain all shares of Common Stock held in the Participant's account in book-entry form, unless the Participant requests that the Administrator either (i) send a certificate for the number of whole shares held in the Enterprise Direct account and a check for the value of any fractional shares (based on 100% of the then current market price of the Common Stock at the time such shares are sold, less applicable fees, related service charges and any applicable taxes); or (ii) sell all shares in the Enterprise Direct account as described under "Sales of Common Stock." Thereafter, dividends will be paid in cash unless the shareholder rejoins Enterprise Direct.

Certificates will be issued upon withdrawal in the name or names in which the account is maintained, unless otherwise instructed. See "Gift/Transfer of Shares." No certificates will be issued for a fractional share.

All notices of withdrawal will be processed by the Administrator and any uninvested funds will be returned to the withdrawing Participant as soon as practicable, without interest. If a notice of withdrawal is received on or after an ex-dividend date but before the related dividend payment date, the withdrawal will be processed as described above and a separate dividend check will be mailed to the Participant as soon as practicable following the dividend payment date.

Safekeeping

Both Participants and non-Participants may deposit some or all of their Common Stock certificates with the Administrator for safekeeping. Shares deposited will be credited to the shareholder's account as maintained by the Administrator. By using Enterprise Direct's safekeeping service, shareholders no longer bear the risk and cost associated with the loss, theft or destruction of stock certificates. Shareholders using this service who are not Enterprise Direct Participants will receive dividends in cash until they enroll in Enterprise Direct. Shares held in safekeeping may be sold or transferred as described in "Sales of Common Stock" and "Gift/Transfer of Shares."

To deposit certificates with Enterprise Direct's safekeeping service, shareholders should send their certificates by registered and insured mail to the Administrator with written instructions to deposit such shares. **The certificates should not be endorsed and the assignment section should not be completed.** All certificates deposited for safekeeping will be cancelled and a book-entry account established for the shareholder.

Direct Deposit of Dividends Not Reinvested

Participants and non-Participants who elect not to reinvest all dividends on shares of Common Stock and Preferred Stock may receive non-reinvested dividends by electronic deposit to their accounts at predesignated U.S. financial institutions on the applicable dividend payment date. To receive direct deposit of funds, Participants and non-Participants must obtain from the Administrator a Direct Deposit of Dividends Authorization Form and complete, sign and return it to the Administrator. Direct deposit of funds will become effective as promptly as practicable after receipt of a completed Direct Deposit of Dividends Authorization Form. Changes in designated direct deposit accounts may be made by logging into your account on-line or delivering a new Direct Deposit of Dividends Authorization Form to the Administrator.

Dividends on shares of Common Stock and Preferred Stock not designated for reinvestment and not directly deposited will be paid by check on the applicable dividend payment date.

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Gift/Transfer of Shares

Shareholders may transfer the ownership of some or all of their Enterprise Direct shares or shares of Common Stock held in safekeeping by contacting the Administrator and complying with its requirements for the transfer of stock then in effect. See "Inquiries." Shares may be transferred to new or existing shareholders.

Service Fees

Enrollment Fee for Non-Shareholders (Deducted from the Initial Investment)	$10.00
Sales and Termination Fee Per Transaction (Plus trading fees, related service charges and any applicable taxes incurred by the Independent Agent in connection with such sale)	$10.00
Fee for Each Returned Check or Rejected Automatic Investment In the event that a Participant's optional cash investment check or EFT is returned unpaid for any reason, the Participant will be charged a $25.00 return fee. Further, the Administrator will immediately remove from the Participant's account shares that were purchased in anticipation of the collection of such funds plus the return fee. These shares will be sold to recover any uncollected funds and the return fee. If the net proceeds of the sale of such shares are insufficient to recover in full the uncollected amounts plus the return fee, the Administrator reserves the right to sell such additional shares from any of the Participant's accounts maintained by the Administrator as may be necessary to recover in full the uncollected balance plus the return fee. The sale of such shares may, in some cases, yield an amount greater than that required to recover in full the uncollected balance plus the return fee. If this occurs, only amounts in excess of $1.00 will be remitted to the Participant.	$25.00
Fee for Account Research (Per hour; one hour minimum)	$25.00

We reserve the right at any time to change these fees or to charge Participants (including those who do not reinvest dividends) other fees, including but not limited to administrative, set-up and handling fees. Notices of such future changes or additional fees will be sent to Participants at least 30 days prior to their effective date.

The Administrator will deduct the applicable fees and any other charges from proceeds due from a sale, funds received for investment or the payment of dividends. Any trading fees paid by us on behalf of a Participant to purchase shares of Common Stock under Enterprise Direct will be reported to the Internal Revenue Service ("IRS") as income to the Participant. See "Income Tax Information." At present, we estimate that trading fees will not exceed $0.10 per share. We do not control the amount or the timing of changes to trading fees. Therefore, no notice of increases in trading fees will be provided.

Reports to Participants

Participants will be provided quarterly statements listing all transactions in the Participant's account for the calendar year through that quarter at their last known address as shown on the Administrator's records. In addition, Participants will be provided a monthly confirmation statement for each month in which a Voluntary Contribution is made. **Quarterly statements provide cost basis information which is necessary for tax reporting after the sale of Common Stock and should be retained by the Participant.**

Stock Splits; Stock Dividends; Rights Offerings

Only dividends payable in cash may be reinvested under the Plan. In the event dividends are paid in shares of Common Stock, or if shares of Common Stock are distributed in connection with any stock split or similar transaction, each Participant's account will be adjusted to reflect the receipt of shares of Common Stock so paid or distributed. In the event of a rights offering, rights will be issued and mailed directly to the Participant for the number of whole shares only and rights based on a fraction of a share held in the Participant's account will be sold and the net proceeds will be applied as a Direct Investment to purchase shares of Common Stock under the Plan on the next Investment Date.

Rights of Participants

All Common Stock purchased and/or held in a Participant's account will be held in a nominee name and administered by the Administrator, as custodian. Cash held for a Participant's account pending investment will be held in a segregated account and will not be commingled with our or the Administrator's funds (although funds held for Participants will be commingled with funds held for other Participants). Participants will be provided all reports distributed to our shareholders, as well as proxy materials, including a proxy covering all Common Stock held in the Participant's account, relating to any annual or special meeting of our shareholders at the last address for the Participant shown on the Administrator's records. Common Stock held in a Participant's account will be voted as and to the extent specified by the Participant. If a proxy with

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respect to the Common Stock held in a Participant's account is not received by the Administrator prior to the fifth day before a shareholder meeting, the Administrator will vote the shares held in the Participant's account in accordance with the recommendations of our management.

Responsibility of the Administrator and Us; Indemnification

Neither we nor the Administrator can assure a profit or protect against a loss on shares purchased under Enterprise Direct. The establishment and maintenance of Enterprise Direct by us does not constitute an assurance with respect to either the value of Common Stock or whether we will continue to pay dividends on Common Stock or at what rate.

Neither we nor the Administrator will be liable for any losses or liability howsoever incurred by Participants arising from, related to or in connection with the administration of the Plan or the Administrator's actions or non-actions with respect to the Plan (including by way of example and not by way of limitation any losses or claim of liability arising from (i) the failure to terminate a Participant's account, sell shares in the Plan or invest optional cash investments or dividends without prior receipt of proper documentation and instructions; (ii) the prices at which shares are purchased or sold for the Participant's account, the timing of such purchases and sales, and the fluctuation of prices of the shares (a) between the receipt of cash or dividends for investment and such investment, (b) between the receipt of instructions to sell and such sale and (c) after the purchase and sale of shares, and (iii) the transfer of shares from Participant's account to a broker pursuant to the Profile Program of The Depositary Trust Company) except for such losses and liabilities caused by the Administrator's negligence or willful misconduct. In no event shall the Administrator be liable for special, consequential or punitive damages or losses due to forces beyond its control (including by way of example and not by way of limitation strikes, work stoppages, acts of war or terrorism, insurrection, revolution, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware services)).

MODIFICATION OR TERMINATION OF ENTERPRISE DIRECT

We may modify or terminate Enterprise Direct at any time with or without prior notice and, in such event, Participants will be so notified. The Administrator also reserves the right to change any administrative procedures of Enterprise Direct.

Interpretation of Enterprise Direct

We and the Administrator may, in our absolute discretion, interpret and regulate Enterprise Direct as deemed necessary or desirable in connection with the operation of Enterprise Direct and resolve questions or ambiguities concerning the various provisions of Enterprise Direct.

Governing Law

Enterprise Direct shall be governed by and construed in accordance with the laws of the State of New Jersey.

Termination of Participation

If a Participant does not have at least one whole share of Common Stock credited to the Participant's account under Enterprise Direct, or does not own any Common Stock or Preferred Stock for which dividends are designated for reinvestment pursuant to Enterprise Direct, the Participant's participation in Enterprise Direct may be terminated by us upon written notice to the Participant. Additionally, we may terminate any Participant's participation in Enterprise Direct after sending written notice to such Participant at the address appearing on the Administrator's records. A Participant whose participation has been terminated will receive (i) a certificate for all of the whole shares of Common Stock credited to the Participant's account in Enterprise Direct, (ii) any dividends and cash investments credited to the Participant's account and (iii) a check for the cash value of any fraction of a share of Common Stock credited to the Participant's account. Such fraction of a share shall be valued at the weighted average price per share of the aggregate number of shares sold by the Independent Agent on the day such fraction of a share is sold.

INCOME TAX INFORMATION

We believe that the following is an accurate summary (as of the date of this prospectus) of the U.S. federal income tax consequences generally applicable to Participants in Enterprise Direct who are taxed on their dividend income.

For U.S. federal income tax purposes, dividends invested in our Common Stock under Enterprise Direct are taxable to the same extent and in the same manner as the dividends received from us in cash. Therefore, taxable Participants cannot avoid U.S. federal income taxes by participating in Enterprise Direct. **Further, trading fees paid by us for open market purchase of shares on a Participant's behalf are also treated as taxable dividends for this purpose.** Annual informational returns sent to the IRS and to Participants, where required, will reflect all dividends declared on their Common Stock or Preferred Stock, whether or not invested under Enterprise Direct, and any related trading fees.

A Participant's income tax basis in shares acquired under Enterprise Direct will equal the price at which the shares are credited to the Participant's account by the Administrator and will be increased by any trading fees incurred by us in purchasing the shares on the open market.

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This Plan assumes that each Participant will use the first-in, first-out (FIFO) method when determining the tax basis of any shares sold. Participants may designate their preference for a different method of determining the tax basis of shares by identifying this preference in writing to the Plan Administrator. Participants may designate their preference for specific identification cost basis at any time.

This discussion does not address the tax considerations arising under the laws of any foreign, state or local jurisdictions, nor does it address all tax considerations applicable to a Participant's particular circumstances. Further, certain Participants, such as tax-exempt entities (e.g., pension plans and IRAs) and foreign shareholders, may be exempt from U.S. federal income tax on their dividend income. **Accordingly, Participants are urged to discuss participation in Enterprise Direct with their tax advisors before enrolling.**

In the case of Participants in Enterprise Direct whose dividends are subject to U.S. back-up withholding, the Administrator will reinvest dividends less the amount of tax required to be withheld.

In the case of foreign shareholders whose dividends are subject to U.S. tax withholding, the Administrator will reinvest dividends less the amount of tax required to be withheld. The filing of any documentation required obtaining a reduction in the U.S. withholding tax will be the responsibility of the foreign shareholder.

Legislation commonly referred to as "FATCA" generally imposes a withholding tax of 30% on payments of U.S.-source dividends and the proceeds from the sale or other disposition of U.S. stock to certain non-U.S. entities (including financial intermediaries), unless various U.S. information reporting and due diligence requirements have been satisfied. An intergovernmental agreement between the United States and the non-U.S. entity's jurisdiction may modify these requirements. Withholding (if applicable) currently applies to any payment of amounts treated as dividends and will apply to any payment made after December 31, 2016 of gross proceeds of the sale, exchange or other disposition of the shares. If withholding applies, we will not be required to pay any additional amounts with respect to amounts withheld. Participants should consult their tax advisers regarding the potential application of FATCA.

USE OF PROCEEDS

We will receive proceeds from the purchase of Common Stock pursuant to Enterprise Direct only to the extent that any such purchases are made directly from us and not in open market purchases by the Administrator. Proceeds received by us from such purchases will be used for general corporate purposes.

PLAN OF DISTRIBUTION

Common Stock offered pursuant to Enterprise Direct will be purchased in the open market or, at our option, directly from us. Participants will be required to pay certain fees in connection with Enterprise Direct. See "Service Fees" for a description of the fees charged by Enterprise Direct. All other costs related to the administration of Enterprise Direct will be paid by us.

LEGAL MATTERS

The legality of the Common Stock covered hereby has been passed upon for us by M. Courtney McCormick, Esq., our Deputy General Counsel. Ms. McCormick owns shares of Common Stock.

EXPERTS

The consolidated financial statements and the related consolidated financial statement schedule incorporated in this prospectus by reference from our Annual Report on Form 10-K and the effectiveness of our internal control over financial reporting have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports which are incorporated herein by reference. Such consolidated financial statements and consolidated financial statement schedule have been so incorporated in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

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No person has been authorized to give any information or to make any representations other than those contained in this prospectus, and, if given or made, such information or representations must not be relied upon as having been authorized. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. Neither the delivery of this prospectus nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in our affairs since the date hereof or that the information herein is correct as of any time subsequent to its date.

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PSEG

Public Service Enterprise Group Incorporated

Enterprise Direct[SM]

(Dividend Reinvestment And Stock Purchase Plan)

November 18, 2014

Prospectus

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PART II. INFORMATION NOT REQUIRED IN PROSPECTUS

Item 14. ***Other Expenses of Issuance and Distribution.***

The following table sets forth the expenses in connection with the issuance and distribution of the securities being registered, other than underwriting discounts and commissions. All of the amounts shown are estimates.

SEC registration fee	$	*
Printing		**
Legal fees and expenses		**
Fees of accountants		**
Fees of trustees		**
Blue sky fees and expenses		**
Rating agency fees		**
Miscellaneous		**
Total	$	**

* Deferred in accordance with Rules 456(b) and 457(r) under the Securities Act of 1933, as amended, except for $9,411, which was previously paid with respect to 2,513,578 shares of Common Stock registered under Registration Statement No. 333-178143, which shares remain unsold and have been included in this Registration Statement pursuant to Rule 415(a)(6) under the Securities Act of 1933, as amended.

** These fees and expenses depend on the securities offered and the number of issuances, and accordingly cannot be estimated at this time.

Item 15. ***Indemnification of Directors and Officers.***

Under Section 14A:3-5 of the New Jersey Business Corporation Act, we:

(1) have power to indemnify each director and officer (as well as our employees and agents) against expenses and liabilities in connection with any proceeding involving him by reason of his being or having been such director or officer, other than a proceeding by or in our own right, if (a) such director or officer acted in good faith and in a manner he reasonably believed to be in or not opposed to our best interests, and (b) with respect to any criminal proceeding, such director or officer had no reasonable cause to believe his conduct was unlawful;

(2) have power to indemnify each director and officer against expenses in connection with any proceeding by or in our own right to procure a judgment in our favor which involves such director or officer by reason of his being or having been such director or officer, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to our best interests; however, in such proceeding no indemnification may be provided in respect to any claim, issue or matter as to which such director or officer shall have been adjudged to be liable to us, unless and only to the extent that the court determines that the director or officer is fairly reasonably entitled to indemnity for such expenses as the court shall deem proper;

(3) must indemnify each director and officer against expenses to the extent that he has been successful on the merits or otherwise in any proceeding referred to in (1) and (2) above or in defense of any claim, issue or matter therein; and

(4) have power to purchase and maintain insurance on behalf of a director or officer against any expenses incurred in any proceeding and any liabilities asserted against him by reason of his being or having been a director or officer, whether or not we would have the power to indemnify him against such expenses and liabilities under the statute.

As used in the statute, expenses means reasonable costs, disbursements and counsel fees; liabilities means amounts paid or incurred in satisfaction of settlements, judgments, fines and penalties; and proceeding means any pending, threatened or completed civil, criminal, administrative or arbitrative action, suit or proceeding, and any appeal therein and any inquiry or investigation which could lead to such action, suit or proceeding.

Indemnification may be awarded by a court under (1) or (2) as well as under (3) above, notwithstanding a prior determination by us that the director or officer has not met the applicable standard of conduct.

Indemnification under the statute does not exclude any other rights to which a director or officer may be entitled under a certificate of incorporation, by-law, or otherwise.

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Article 8, Section 1 of our Certificate of Amendment of Certificate of Incorporation provides as follows:

1. Indemnification:

The corporation shall indemnify to the full extent from time to time permitted by law any person made, or threatened to be made, a party to any pending, threatened or completed civil, criminal, administrative or arbitrative action, suit, or proceeding and any appeal therein (and any inquiry or investigation which could lead to such action, suit or proceeding) by reason of the fact that he is or was a director, officer or employee of the corporation or serves or served any other enterprise as a director, officer or employee at the request of the corporation. Such right of indemnification shall inure to the benefit of the legal representative of any such person.

Article 8, Section 2 of our Certificate of Amendment of Certificate of Incorporation provides as follows:

2. Limitation of Liability:

To the full extent from time to time permitted by law, directors and officers of the corporation shall not be personally liable to the corporation or its shareholders for damages for breach of any duty owed to the corporation or its shareholders. No amendment or repeal of this provision shall adversely affect any right or protection of a director or officer of the corporation existing at the time of such amendment or repeal.

Each form of underwriting agreement between us and any underwriters contains a provision under which each underwriter agrees to indemnify our directors and each of our officers who signed the registration statement against certain liabilities which might arise under the Securities Act of 1933 from information furnished to us in writing by or on behalf of such underwriter.

Our directors and officers are insured under policies of insurance, within the limits and subject to the limitations of the policies, against claims made against them for acts in the discharge of their duties, and we are insured to the extent that we are required or permitted by law to indemnify the directors and officers for such loss. We pay premiums for such insurance.

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Item 16. ***Exhibits.***

Exhibit	
1-1	Form of Underwriting Agreement for Debt Securities.[1]
1-2	Form of Underwriting Agreement for Common Stock and Preferred Stock.[1]
4-1	Indenture dated as of November 1, 1998 between Public Service Enterprise Group Incorporated and US Bank National Association (as successor to First Union National Bank), as Trustee, providing for Senior Debt Securities.[2]
4-2	Form of Subordinated Debt Indenture.[3]
4-3	Form of Senior Debt Security.[1]
4-4	Form of Subordinated Debt Security[1]
4-5	Certificate of Incorporation.[4]
4-6	Certificate of Amendment of Certificate of Incorporation, effective April 23, 1987.[5]
4-7	Certificate of Amendment of Certificate of Incorporation, effective April 20, 2007.[6]
4-8	By-Laws effective November 17, 2009.[7]
4-9	Form of Stock Purchase Contract Agreement.[1]
4-10	Form of Pledge Agreement.[1]
5	Opinion of M. Courtney McCormick, Esquire, relating to the validity of the Common Stock, Preferred Stock, Stock Purchase Contracts, Stock Purchase Units, Senior Debt Securities and Subordinated Debt Securities, including consent.
12-1	Statement regarding computations of ratios of earnings to fixed charges.[8]
12-2	Statement regarding computations of ratios of earnings to combined fixed charges and preference dividends.[9]
23-1	Consent of Independent Registered Public Accounting Firm.
23-2	Consent of M. Courtney McCormick, Esquire (included in Exhibit 5).
24	Power of Attorney.
25-1	Statement of Eligibility under the Trust Indenture Act of 1939 of US Bank National Association, as Trustee under the Senior Indenture for Public Service Enterprise Group Incorporated.
25-2	Statement of Eligibility under the Trust Indenture Act of 1939 of US Bank National Association, as Trustee under the Subordinated Indenture for Public Service Enterprise Group Incorporated.

1 To be filed by amendment or pursuant to a Current Report on Form 8-K, if applicable.

2 Previously filed as Exhibit 4(f) to Annual Report on Form 10-K for the year ended December 31, 1998, File No. 1-9120, and incorporated herein by reference.

3 Previously filed as Exhibit 4-5 to Registration Statement on Form S-3, No. 333-86372, and incorporated herein by reference.

4 Previously filed as Exhibit 3.1(a) to Quarterly Report on Form 10-Q for the quarter ended March 31, 2007, File No. 1-9120, and incorporated herein by reference.

5 Previously filed as Exhibit 3.1(b) to Quarterly Report on Form 10-Q for the quarter ended March 31, 2007, File No. 1-9120, and incorporated herein by reference.

6 Previously filed as Exhibit 3.1(c) to Quarterly Report on Form 10-Q for the quarter ended March 31, 2007, File No. 1-9120, and incorporated herein by reference.

7 Previously filed as Exhibit 3.1 to Current Report on Form 8-K, File No. 1-9120, on November 18, 2009, and incorporated herein by reference.

8 Previously filed as Exhibit 12 to Quarterly Report on Form 10-Q for the quarter ended September 30, 2014, File No. 1-9120, and incorporated herein by reference.

9 Because the registrant currently has no preferred stock outstanding, the registrant's ratios of earnings to combined fixed charges and preference dividends for each of the periods indicated herein are the same as the registrant's ratios of earnings to fixed charges. The statement regarding computations of ratios of earnings to fixed charges was previously filed as Exhibit 12 to Quarterly Report on Form 10-Q for the quarter ended September 30, 2014, File No. 1-9120, and incorporated herein by reference.

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Item 17. ***Undertakings.***

(a) The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

Provided, however, that:

Paragraphs (a)(1)(i), (a)(1)(ii) and (a)(1)(iii) above do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in reports filed with or furnished to the Commission by the registrant pursuant to section 13 or section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement, or is contained in a form of prospectus filed pursuant to Rule 424(b) that is part of the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser:

(A) Each prospectus filed by the registrant pursuant to Rule 424(b)(3) shall be deemed to be part of the registration statement as of the date the filed prospectus was deemed part of and included in the registration statement; and

(B) Each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5), or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (vii), or (x) for the purpose of providing the information required by section 10(a) of the Securities Act of 1933 shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration statement to which that prospectus relates, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof. *Provided, however,* that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date.

(5) That, for the purpose of determining liability of the registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities, the undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such

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purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

(b) The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to section 13(a) or section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officer and controlling persons of such registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant, Public Service Enterprise Group Incorporated, certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Newark, State of New Jersey, on this 18th day of November 2014.

Public Service Enterprise Group Incorporated

By: /s/ Bradford D. Huntington

Bradford D. Huntington
Treasurer

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has also been signed by Bradford D. Huntington Attorney-in-Fact, on behalf of the following persons in the capacities indicated on November 18, 2014.

Name	Capacity
Ralph Izzo	Principal Executive Officer and Director
Caroline Dorsa	Principal Financial Officer
Stuart J. Black	Principal Accounting Officer
Albert R. Gamper, Jr.	Director
William V. Hickey	Director
Shirley Ann Jackson	Director
David Lilley	Director
Thomas A. Renyi	Director
Hak Cheol Shin	Director
Richard J. Swift	Director
Alfred W. Zollar	Director

By: /s/ Bradford D. Huntington

Bradford D. Huntington
Attorney-In-Fact

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EXHIBIT INDEX

Exhibit	
1-1	Form of Underwriting Agreement for Debt Securities.[1]
1-2	Form of Underwriting Agreement for Common Stock and Preferred Stock.[1]
4-1	Indenture dated as of November 1, 1998 between Public Service Enterprise Group Incorporated and US Bank National Association (as successor to First Union National Bank), as Trustee, providing for Senior Debt Securities.[2]
4-2	Form of Subordinated Debt Indenture.[3]
4-3	Form of Senior Debt Security.[1]
4-4	Form of Subordinated Debt Security.[1]
4-5	Certificate of Incorporation.[4]
4-6	Certificate of Amendment of Certificate of Incorporation, effective April 23, 1987.[5]
4-7	Certificate of Amendment of Certificate of Incorporation, effective April 20, 2007.[6]
4-8	By-Laws effective November 17, 2009.[7]
4-9	Form of Stock Purchase Contract Agreement.[1]
4-10	Form of Pledge Agreement.[1]
5	Opinion of M. Courtney McCormick, Esquire relating to the validity of the Common Stock, Preferred Stock, Stock Purchase Contracts, Stock Purchase Units, Senior Debt Securities, and Subordinated Debt Securities, including consent.
12-1	Statement regarding computations of ratios of earnings to fixed charges.[8]
12-2	Statement regarding computations of ratios of earnings to combined fixed charges and preference dividends.[9]
23-1	Consent of Independent Registered Public Accounting Firm.
23-2	Consent of M. Courtney McCormick, Esquire (included in Exhibit 5).
24	Power of Attorney.
25-1	Statement of Eligibility under the Trust Indenture Act of 1939 of US Bank National Association, as Trustee under the Senior Indenture for Public Service Enterprise Group Incorporated.
25-2	Statement of Eligibility under the Trust Indenture Act of 1939 of US Bank National Association, as Trustee under the Subordinated Indenture for Public Service Enterprise Group Incorporated.

1 To be filed by amendment or pursuant to a Current Report on Form 8-K, if applicable.

2 Previously filed as Exhibit 4(f) to Annual Report on Form 10-K for the year ended December 31, 1998, File No. 1-9120, and incorporated herein by reference.

3 Previously filed as Exhibit 4.5 to Registration Statement on Form S-3, No. 333-86372, and incorporated herein by reference.

4 Previously filed as Exhibit 3.1(a) to Quarterly Report on Form 10-Q for the quarter ended March 31, 2007, File No. 1-9120, and incorporated herein by reference.

5 Previously filed as Exhibit 3.1(b) to Quarterly Report on Form 10-Q for the quarter ended March 31, 2007, File No. 1-9120, and incorporated herein by reference.

6 Previously filed as Exhibit 3.1(c) to Quarterly Report on Form 10-Q for the quarter ended March 31, 2007, File No. 1-9120, and incorporated herein by reference.

7 Previously filed as Exhibit 3.1 to Current Report on Form 8-K, File No. 1-9120, on November 18, 2009, and incorporated herein by reference.

8 Previously filed as Exhibit 12 to Quarterly Report on Form 10-Q for the quarter ended September 30, 2014, File No. 1-9120, and incorporated herein by reference.

9 Because the registrant currently has no preferred stock outstanding, the registrant's ratios of earnings to combined fixed charges and preference dividends for each of the periods indicated herein are the same as the registrant's ratios of earnings to fixed charges. The statement regarding computations of ratios of earnings to fixed charges was previously filed as Exhibit 12 to Quarterly Report on Form 10-Q for the quarter ended September 30, 2014, File No. 1-9120, and incorporated herein by reference.

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Exhibit 5

Public Service Enterprise Group Incorporated
80 Park Plaza, Newark, NJ 07102-4194

November 18, 2014

Public Service Enterprise Group Incorporated
80 Park Plaza
P.O. Box 1171
Newark, New Jersey 07101-1171

Re: Public Service Enterprise Group Incorporated -
Registration Statement on Form S-3

Ladies and Gentlemen:

I am Deputy General Counsel of Public Service Enterprise Group Incorporated, a New Jersey corporation ("PSEG"), and am rendering this opinion in connection with the preparation and filing with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Act"), of a Registration Statement on Form S-3 (the "Registration Statement") relating to the registration under the Act of: (i) unsecured senior debt securities and unsecured subordinated debt securities, consisting of debentures, notes or other evidence of indebtedness, of PSEG to be issued in one or more series (the "Debt Securities"), which may be issued pursuant to a Senior Debt Indenture dated as of November 1, 1998 between PSEG and US Bank National Association, as successor trustee (as amended or supplemented, the "Senior Debt Indenture") or a Subordinated Debt Indenture to be entered into between PSEG and US Bank National Association, as trustee (as amended or supplemented, the "Subordinated Debt Indenture" and, together with the Senior Debt Indenture, the "Indentures"); and any applicable Supplemental Indenture under the Indentures; (ii) shares of common stock, without par value, of PSEG (the "Common Stock"), including shares of Common Stock to be issued under the PSEG Dividend Reinvestment and Stock Purchase Plan (the "Plan"); (iii) shares of series of preferred stock, without par value (the "Preferred Stock"), to be issued in one or more series, of PSEG; (iv) stock purchase contracts of PSEG to purchase Common Stock ("Stock Purchase Contracts"); and (v) stock purchase units of PSEG, each representing ownership of a Stock Purchase Contract and any Debt Securities, or debt obligations of third parties, including U.S. Treasury securities, securing a holder's obligation to purchase Common Stock under the Stock Purchase Contract ("Stock Purchase Units").

I and/or attorneys working under my supervision have conducted such investigations of laws and regulations as I have deemed necessary or appropriate for the purpose of rendering the opinions hereinafter expressed.

The opinions expressed below are based on the following assumptions:

(a) the Registration Statement will have become effective;

(b) the proposed transactions contemplated by the Registration Statement will have been carried out on the basis set forth therein and in conformity with the authorizations, approvals, consents or exemptions under the securities laws of various states and other jurisdictions of the United States;

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(c) prior to the issuance of any additional shares of Common Stock, any series of Debt Securities, shares of Preferred Stock, Stock Purchase Contracts and Stock Purchase Units, the Board of Directors of the Company (the "Board"), a committee thereof, or the Chief Financial Officer of the Company pursuant to delegated authority from the Board, will have: (i) authorized the Subordinated Debt Indenture and any Supplemental Indentures under the Indentures, the Stock Purchase Contracts and Stock Purchase Units; (ii) authorized the issuance of, and established the terms of such series of Debt Securities, series of Preferred Stock, Stock Purchase Contracts and Stock Purchase Units, and (iii) authorized the issuance of such Common Stock; and

(d) the Indentures will have been qualified in accordance with the provisions of the Trust Indenture Act of 1939, as amended;

(e) the Subordinated Debt Indenture, any Supplemental Indenture under the Indentures, the Stock Purchase Contracts, Stock Purchase Units and all collateral and related agreements will have been properly executed and delivered;

(f) the Debt Securities will have been properly executed, authenticated, issued and delivered as provided in the respective Indenture;

(g) a Certificate of Amendment to the Certificate of Incorporation of PSEG setting forth the terms of the Preferred Stock will have been executed and filed with the State of New Jersey, and the Preferred Stock will have been duly issued, paid for and delivered; and

(h) the Common Stock will have been duly issued, paid for and delivered, including previously unissued shares of Common Stock in accordance with the terms of the Plan.

Based upon the foregoing and subject to the limitations herein, I am of the opinion that:

1. The Company is a corporation duly organized and validly existing under the laws of the State of New Jersey.

2. The Debt Securities, Stock Purchase Contracts and Stock Purchase Units will be legally issued, valid and binding obligations of the Company, enforceable in accordance with their terms.

3. The Common Stock and the Preferred Stock will be legally issued, fully paid and non-assessable.

I express no opinions as to matters of law in jurisdictions other than the State of New Jersey. My opinions are rendered only with respect to the laws of the State of New Jersey and rules, regulations and orders thereunder which are currently in effect.

This opinion does not cover the necessity of filings under the provisions of securities laws of any state in which the Securities may be sold.

The opinion set forth in paragraph 2. above is subject, as to enforcement, to (i) bankruptcy, insolvency (including, without limitation, all laws relating to fraudulent transfers), reorganization, moratorium or other similar laws relating to or affecting the enforcement of creditors' rights generally and (ii) general equitable principles (regardless of whether enforcement is considered in a proceeding in equity or at law).

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I hereby consent to the use of this opinion as Exhibit 5 to the Registration Statement and to the reference to me under the heading "Legal Matters" in the Prospectuses contained therein. In giving this consent, I do not hereby admit that I am in the category of persons whose consent is required under Section 7 of the Act or the rules and regulations of the Commission promulgated thereunder.

Very truly yours,

/s/ M. Courtney McCormick

M. Courtney McCormick
Deputy General Counsel

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Exhibit 23-1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in this Registration Statement on Form S-3 of our reports dated February 26, 2014, relating to the consolidated financial statements and consolidated financial statement schedule of Public Service Enterprise Group Incorporated and subsidiaries, and the effectiveness of Public Service Enterprise Group Incorporated's internal control over financial reporting appearing in the Annual Report on Form 10-K of Public Service Enterprise Group Incorporated for the year ended December 31, 2013, and to the reference to us under the heading "Experts" in the Prospectuses, which are part of this Registration Statement.

/s/ Deloitte & Touche LLP
Parsippany, New Jersey

November 18, 2014

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Exhibit 24

POWER OF ATTORNEY

The undersigned hereby constitutes and appoints Bradford D. Huntington and M. Courtney McCormick, and each of them (with full power to act without the other), the true and lawful attorney-in-fact and agent for and on behalf of the undersigned, and in the undersigned's name, place and stead, in the undersigned's capacity as a Director or Officer or both, as the case may be, of Public Service Enterprise Group Incorporated (the "Registrant") to sign the Registration Statement on Form S-3 to be filed by the Registrant with the Securities and Exchange Commission ("SEC") for the registration under the Securities Act of 1933 of Registrant's Common Stock, Preferred Stock, Stock Purchase Contracts, Stock Purchase Units, Senior Debt Securities and Subordinated Debt Securities, and any and all amendments of such Registration Statement.

IN WITNESS WHEREOF, each of the undersigned has executed this instrument, this 18th day of November, 2014.

/s/ Ralph Izzo Ralph Izzo	/s/ David Lilley David Lilley
/s/ Caroline Dorsa Caroline Dorsa	/s/ Thomas A. Renyi Thomas A. Renyi
/s/ Stuart J. Black Stuart J. Black	/s/ Hak Cheol Shin Hak Cheol Shin
/s/ Albert R. Gamper, Jr Albert R. Gamper, Jr	/s/ Richard J. Swift Richard J. Swift
/s/ William V. Hickey William V. Hickey	Susan Tomasky
/s/ Shirley Ann Jackson Shirley Ann Jackson	/s/ Alfred Zollar Alfred Zollar

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY UNDER
THE TRUST INDENTURE ACT OF 1939 OF A
CORPORATION DESIGNATED TO ACT AS TRUSTEE

Check if an Application to Determine Eligibility of
a Trustee Pursuant to Section 305(b)(2)

U.S. BANK NATIONAL ASSOCIATION

(Exact name of Trustee as specified in its charter)

31-0841368

I.R.S. Employer Identification No.

800 Nicollet Mall Minneapolis, Minnesota	55402
(Address of principal executive offices)	(Zip Code)

Rick Barnes
U.S. Bank National Association
21 South Street
Morristown, New Jersey 07960
(973) 898-7161
(Name, address and telephone number of agent for service)

Public Service Enterprise Group Incorporated

(Issuer with respect to the Securities)

New Jersey	22-2625848
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

80 Park Plaza Newark, New Jersey	07101
(Address of Principal Executive Offices)	(Zip Code)

Senior Debt Securities

(Title of the Indenture Securities)

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FORM T-1

Item 1. **GENERAL INFORMATION.** Furnish the following information as to the Trustee.

a) *Name and address of each examining or supervising authority to which it is subject.*
Comptroller of the Currency
Washington, D.C.

b) *Whether it is authorized to exercise corporate trust powers.*
Yes

Item 2. **AFFILIATIONS WITH OBLIGOR.** *If the obligor is an affiliate of the Trustee, describe each such affiliation.*
None

Items 3-15 *Items 3-15 are not applicable because to the best of the Trustee's knowledge, the obligor is not in default under any Indenture for which the Trustee acts as Trustee.*

Item 16. **LIST OF EXHIBITS:** *List below all exhibits filed as a part of this statement of eligibility and qualification.*

1. A copy of the Articles of Association of the Trustee.*
2. A copy of the certificate of authority of the Trustee to commence business, attached as Exhibit 2.
3. A copy of the certificate of authority of the Trustee to exercise corporate trust powers, attached as Exhibit 3.
4. A copy of the existing bylaws of the Trustee, attached as Exhibit 4.
5. A copy of each Indenture referred to in Item 4. Not applicable.
6. The consent of the Trustee required by Section 321(b) of the Trust Indenture Act of 1939, attached as Exhibit 6.
7. Report of Condition of the Trustee as of September 30, 2014 published pursuant to law or the requirements of its supervising or examining authority, attached as Exhibit 7.

* Incorporated by reference to Exhibit 25.1 to Amendment No. 2 to registration statement on S-4, Registration Number 333-128217 filed on November 15, 2005.

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SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939, as amended, the Trustee, U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, has duly caused this statement of eligibility and qualification to be signed on its behalf by the undersigned, thereunto duly authorized, all in the Town of Morristow, State of New Jersey on the 18th of November, 2014.

By: /s/ Rick Barnes
Rick Barnes
Vice President

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Exhibit 2

Office of the Comptroller of the Currency

Washington, DC 20219

CERTIFICATE OF CORPORATE EXISTENCE

I, Thomas J. Curry, Comptroller of the Currency, do hereby certify that:

1. The Comptroller of the Currency, pursuant to Revised Statutes 324, et seq, as amended, and 12 USC 1, et seq, as amended, has possession, custody, and control of all records pertaining to the chartering, regulation, and supervision of all national banking associations.

2. "U.S. Bank National Association," Cincinnati, Ohio (Charter No. 24), is a national banking association formed under the laws of the United States and is authorized thereunder to transact the business of banking on the date of this certificate.

IN TESTIMONY WHEREOF, today, September 2, 2014, I have hereunto subscribed my name and caused my seal of office to be affixed to these presents at the U.S. Department of the Treasury, in the City of Washington, District of Columbia.

Comptroller of the Currency

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Exhibit 3

Office of the Comptroller of the Currency

Washington, DC 20219

CERTIFICATION OF FIDUCIARY POWERS

I, Thomas J. Curry, Comptroller of the Currency, do hereby certify that:

1. The Office of the Comptroller of the Currency, pursuant to Revised Statutes 324, et seq, as amended, and 12 USC 1, et seq, as amended, has possession, custody, and control of all records pertaining to the chartering, regulation, and supervision of all national banking associations.

2. "U.S. Bank National Association," Cincinnati, Ohio (Charter No. 24), was granted, under the hand and seal of the Comptroller, the right to act in all fiduciary capacities authorized under the provisions of the Act of Congress approved September 28, 1962, 76 Stat. 668, 12 USC 92a, and that the authority so granted remains in full force and effect on the date of this certificate.

IN TESTIMONY WHEREOF, today, September 2, 2014, I have hereunto subscribed my name and caused my seal of office to be affixed to these presents at the U.S. Department of the Treasury, in the City of Washington, District of Columbia.

Comptroller of the Currency

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Exhibit 4

AMENDED AND RESTATED BYLAWS
OF
U.S. BANK NATIONAL ASSOCIATION

ARTICLE I.
MEETINGS OF SHAREHOLDERS

Section 1. Annual Meeting

The annual meeting of shareholders shall be held at the main banking house of the Association or other convenient place duly authorized by the Board of Directors (the "Board") at 11:00 a.m. on the second Tuesday in March of each year, or such other date or time which the Board may designate at any Board meeting held prior to the required date for sending notice of the annual meeting to the shareholders. Notice of such meeting shall be mailed to shareholders not less than ten (10) or more than sixty (60) days prior to the meeting date.

Section 2. Special Meetings

Special meetings of shareholders may be called and held at such times and upon such notice as is specified in the Articles of Association.

Section 3. Quorum

A majority of the outstanding capital stock represented in person or by proxy shall constitute a quorum of any meeting of the shareholders, unless otherwise provided by law, but less than a quorum may adjourn any meeting, from time to time, and the meeting may be held as adjourned without further notice.

Section 4. Inspectors

The Board of Directors may, and in the event of its failure so to do, the Chairman of the Board may appoint Inspectors of Election who shall determine the presence of quorum, the validity of proxies, and the results of all elections and all other matters voted upon by shareholders at all annual and special meetings of shareholders.

Section 5. Voting

In deciding on questions at meetings of shareholders, except in the election of directors, each shareholder shall be entitled to one vote for each share of stock held. A majority of votes cast shall decide each matter submitted to the shareholders, except where by law a larger vote is required. In all elections of directors, each shareholder shall have the right to vote the number of shares owned by him for as many persons as there are directors to be elected, or to cumulate

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such shares and give one candidate as many votes as the number of directors multiplied by the number of his shares equal, or to distribute them on the same principle among as many candidates as he shall think fit.

Section 6. Waiver and Consent

The shareholders may act without notice or a meeting by a unanimous written consent by all shareholders.

ARTICLE II.
BOARD OF DIRECTORS

Section 1. Term of Office

The directors of this Association shall hold office for one year and until their successors are duly elected and qualified.

Section 2. Number

As provided in the Articles of Association, the Board of this Association shall consist of not less than five nor more than twenty-five members. At any meeting of the shareholders held for the purpose of electing directors, or changing the number thereof, the number of directors may be determined by a majority of the votes cast by the shareholders in person or by proxy.
Any vacancy occurring in the Board shall be filled by the remaining directors. Between meetings of the shareholders held for the purpose of electing directors, the Board by a majority vote of the full Board may increase the size of the Board by not more than four directors in any one but not to more than a total of twenty-five directors, and fill any vacancy so created in the Board. All directors shall hold office until their successors are elected and qualified.

Section 3. Regular Meetings

The organizational meeting of the Board of Directors shall be held as soon as practicable following the annual meeting of shareholders at such time and place as the Chairman or President may designate. Other regular meetings of the Board of Directors shall be held quarterly at such time and place as may be designated in the notice of the meeting. When any regular meeting of the Board falls on a holiday, the meeting shall be held on the next banking business day, unless the Board shall designate some other day.

Section 4. Special Meetings

Special meetings of the Board of Directors may be called by the Chairman of the Board of the Association, or at the request of three or more Directors. Notice of the time, place and purposes of such meetings shall be given by letter, by telephone, in person, by facsimile, by electronic mail or other reasonable manner to every Director.

Section 5. Quorum

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A majority of the entire membership of the Board shall constitute a quorum of any meeting of the Board.

Section 6. Necessary Vote

A majority of those Directors present and voting at any meeting of the Board of Directors shall decide each matter considered, except where otherwise required by law or the Articles or Bylaws of this Association.

Section 7. Compensation

Directors, excluding full-time employees of the Bank, shall receive such reasonable compensation as may be fixed from time to time by the Board of Directors.

ARTICLE III.
OFFICERS

Section 1. Who Shall Constitute

The Officers of the Association shall be a Chairman of the Board, Chief Executive Officer, a President, a Secretary, and other officers such as Vice Chairman of the Board, Executive Vice Presidents, Senior Vice Presidents, Vice Presidents, Assistant Vice Presidents, Assistant Secretaries, Trust Officers, Assistant Trust Officers, Controller, and Assistant Controller, as the Board may appoint from time to time. The Board may choose to delegate authority to elect officers other than the Chairman, Chief Executive Officer, President, Secretary, Vice Chairman and Executive Vice Presidents, to the Chief Executive Officer or President. Any person may hold two offices. The Chief Executive Officer and the President shall at all times be members of the Board of Directors.

Section 2. Term of Office

All officers shall be elected for and shall hold office until their respective successors are elected and qualified or until their earlier death, resignation, retirement, disqualification or removal from office, subject to the right of the Board of Directors in its sole discretion to discharge any officer at any time.

Section 3. Chairman of the Board

The Chairman of the Board shall have general executive powers and duties and shall perform such other duties as may be assigned from time to time by the Board of Directors. He shall, when present, preside at all meetings of the shareholders and directors and shall be ex officio a member of all committees of the Board.

Section 4. Chief Executive Officer

The Chief Executive Officer, who may also be the Chairman or the President, shall have general executive powers and duties and shall perform such other duties as may be assigned from time to time by the Board of Directors.

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Section 5. President

The President shall have general executive powers and duties and shall perform such other duties as may be assigned from time to time by the Board of Directors. In addition, if designated by the Board of Directors, the President shall be the Chief Executive Officer and shall have all the powers and duties of the Chief Executive Officer, including the same power to name temporarily a Chief Executive Officer to serve in the absence of the President if there is a vacancy in the position of the chairman or in the event of the absence or incapacity of the Chairman.

Section 6. Vice Chairmen of the Board

The Board of Directors shall have the power to elect one or more Vice Chairmen of the Board of Directors. Any such Vice Chairman of the Board shall participate in the formation of the policies of the Association and shall have such other duties as may be assigned to him from time to time by the Chairman of the Board or by the Board of Directors.

Section 7. Other Officers

The Secretary and all other officers appointed by the Board of Directors shall have such duties as defined by law and as may from time to time be assigned to them by the Chief Executive Officer or the Board of Directors.

ARTICLE IV.
COMMITTES

Section 1. Compensation Committee

The duties of the Compensation Committee of the Association shall be carried out by the Compensation Committee of the financial holding company that is the parent of this Association.

Section 2. Committee on Audit

The duties of the Audit Committee of the Association shall be carried out by the Audit Committee of the financial holding company that is the parent of this Association.

Section 3. Trust Management Committee

The Board of Directors of this Association shall appoint a Trust Management Committee to provide oversight of the fiduciary activities of the Association. The Trust Management Committee shall determine policies governing fiduciary activities. The Trust Management Committee or such sub-committees, officers or others as may be duly designated by the Trust Management Committee shall oversee the processes related to fiduciary activities to assure conformity with fiduciary policies it establishes, including ratifying the acceptance and the closing out or relinquishment of all trusts. All actions of the Trust Committee shall be reported to the Board of Directors.

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Section 4. Other Committees

The Board of Directors may appoint, from time to time, other committees for such purposes and with such powers as the Board may direct.

ARTICLE V.
MINUTE BOOK

The organization papers of this Association, the Bylaws as revised or amended from time to time and the proceedings of all regular and special meetings of the shareholders and the directors shall be recorded in a minute book or books. All reports of committees required to be made to the Board shall be recorded in a minute book or shall be filed by the recording officer. The minutes of each meeting of the shareholders and the Board shall be signed by the recording officer.

ARTICLE VI.
CONVEYANCES, CONTRACTS, ETC.

All transfers and conveyances of real estate, mortgages, and transfers, endorsements or assignments of stock, bonds, notes, debentures or other negotiable instruments, securities or personal property shall be signed by any elected or appointed officer.

All checks, drafts, certificates of deposit and all funds of the Association held in its own or in a fiduciary capacity may be paid out by an order, draft or check bearing the manual or facsimile signature of any elected or appointed officer of the Association.

All mortgage satisfactions, releases, all types of loan agreements, all routine transactional documents of the Association, and all other instruments not specifically provided for, whether to be executed in a fiduciary capacity or otherwise, may be signed on behalf of the Association by any elected or appointed officer thereof.

The Secretary or any Assistant Secretary of the Association or other proper officer may execute and certify that required action or authority has been given or has taken place by resolution of the Board under this Bylaw without the necessity of further action by the Board.

ARTICLE VII.
SEAL

The Association shall have no corporate seal.

ARTICLE VIII.
INDEMNIFICATION OF DIRECTORS, OFFICERS, AND EMPLOYEES

Section 1. General.

The Association shall indemnify to the full extent permitted by and in the manner

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permissible under the Delaware General Corporation Law, as amended from time to time (but, in the case of any such amendment, only to the extent that such amendment permits the Association to provide broader indemnification rights than said law permitted the Association to provide prior to such amendment), any person made, or threatened to be made, a party to any action, suit, or proceeding, whether criminal, civil, administrative, or investigative, by reason of the fact that such person (i) is or was a director, advisory director, or officer of the Association or any predecessor of the Association, or (ii) is or was a director, advisory director or officer of the Association or any predecessor of the Association and served any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise as a director, advisory director, officer, partner, trustee, employee or agent at the request of the Association or any predecessor of the Association; provided, however, that the Association shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person, except for a proceeding contemplated by Section 4 of this Article VIII, only if such proceeding (or part thereof) was authorized by the Board of Directors.

Section 2. Advancement of Expenses.

The right to indemnification conferred in this Article VIII shall be a contract right and shall include the right to be paid by the Association the expenses incurred in defending any such proceeding or threatened proceeding in advance of its final disposition, such advances to be paid by the Association within 20 days after the receipt by the Association of a statement or statements from the claimant requesting such advance or advances from time to time; provided, however, that if the General Corporation Law of the State of Delaware requires, the payment of such expenses incurred by a director, advisory director or officer in his or her capacity as a director, advisory director or officer (and not in any other capacity in which service was or is rendered by such person while a director, advisory director or officer, including, without limitation, service to an employee benefit plan) in advance of the final disposition of a proceeding, shall be made only upon delivery to the Association of an undertaking by or on behalf of such director, advisory director or officer, to repay all amounts so advanced if it shall ultimately be determined that such director, advisory director or officer is not entitled to be indemnified under this Article VIII or otherwise.

Section 3. Procedure for Indemnification.

To obtain indemnification under this Article VIII, a claimant shall submit to the Association a written request, including therein or therewith such documentation and information as is reasonably available to the claimant and is reasonably necessary to determine whether and to what extent the claimant is entitled to indemnification. Upon written request by a claimant for indemnification pursuant to the first sentence of this Section 3, a determination, if required by applicable law, with respect to the claimant's entitlement thereto shall be made as follows: (1) if requested by the claimant, by Independent Counsel (as hereinafter defined), or (2) if no request is made by the claimant for a determination by Independent Counsel, (i) by a majority vote of the Disinterested Directors (as hereinafter defined), even though less than a quorum, or by a majority vote of a committee of Disinterested Directors designated by a majority vote of

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Disinterested Directors, even though less than a quorum, or (ii) if there are no Disinterested Directors or if the Disinterested Directors so direct, by Independent Counsel in a written opinion to the Board of Directors, a copy of which shall be delivered to the claimant. In the event the determination of entitlement to indemnification is to be made by Independent Counsel at the request of the claimant, the Independent Counsel shall be selected by the Board of Directors. If it is so determined that the claimant is entitled to indemnification, payment to the claimant shall be made within 10 days after such determination.

Section 4. Certain Remedies.

If a claim under Section 1 of this Article VIII is not paid in full by the Association within thirty days after a written claim pursuant to Section 3 of this Article VIII has been received by the Association, or if a claim under Section 2 of this Article VIII is not paid in full by the Association within twenty days after a written claim pursuant to Section 2 of this Article VIII has been received by the Association, the claimant may at any time thereafter bring suit against the Association to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any is required, has been tendered to the Association) that the claimant has not met the standard of conduct which makes it permissible under the General Corporation Law of the State of Delaware for the Association to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the Association. Neither the failure of the Association (including its Board of Directors or Independent Counsel) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the General Corporation Law of the State of Delaware, nor an actual determination by the Association (including its Board of Directors or Independent Counsel) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

Section 5. Binding Effect.

If a determination shall have been made pursuant to Section 3 of this Article VIII that the claimant is entitled to indemnification, the Association shall be bound by such determination in any judicial proceeding commenced pursuant to Section 4 of this Article VIII.

Section 6. Validity of this Article VIII.

The Association shall be precluded from asserting in any judicial proceeding commenced pursuant to Section 4 of this Article VIII that the procedures and presumptions of this Article VIII are not valid, binding and enforceable and shall stipulate in such proceeding that the Association is bound by all the provisions of this Article VIII.

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Section 7. Nonexclusivity, etc.

The right to indemnification and the payment of expenses incurred in defending a proceeding or threatened proceeding in advance of its final disposition conferred in this Article VIII shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Articles of Association, Bylaws, agreement, vote of shareholders or Disinterested Directors or otherwise. No repeal or modification of this Article VIII, or adoption of any provision inconsistent herewith shall in any way diminish or adversely affect the rights of any present or former director, advisory director, officer, employee or agent of the Association or any predecessor thereof hereunder in respect of any occurrence or matter arising, or of any claim involving allegations of acts or omissions occurring or arising, prior to any such repeal or modification.

Section 8. Insurance.

The Association may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Association or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Association would have the power to indemnify such person against such expense, liability or loss under the General Corporation Law of the State of Delaware. To the extent that the Association maintains any policy or policies providing such insurance, each such director or officer, and each such agent or employee to whom rights to indemnification have been granted as provided in Section 9 of this Article VIII, shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage thereunder for any such director, officer, employee or agent.

Section 9. Indemnification of Other Persons.

The Association may grant rights to indemnification, and rights to be paid by the Association the expenses incurred in defending any proceeding in advance of its final disposition, to any present or former employee or agent of the Association or any predecessor of the Association to the fullest extent of the provisions of this Article VIII with respect to the indemnification and advancement of expenses of directors, advisory directors and officers of the Association.

Section 10. Severability.

If any provision or provisions of this Article VIII shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (1) the validity, legality and enforceability of the remaining provisions of this Article VIII (including, without limitation, each portion of any paragraph of this Article VIII containing any such provision held to be invalid, illegal or unenforceable, that is not itself held to be invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby; and (2) to the fullest extent possible, the provisions of this Article VIII (including, without limitation, each such portion of any paragraph of this Article VIII containing any such provision held to be invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

S1-SSA-0009 - 30269

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Section 11. Certain Definitions.

For purposes of this Article VIII:

(1) "Disinterested Director" means a director of the Association who is not and was not a party to the matter in respect of which indemnification is sought by the claimant.

(2) "Independent Counsel" means a law firm, a member of a law firm, or an independent practitioner that is experienced in matters of corporation law and shall include any such person who, under the applicable standards of professional conduct then prevailing, would not have a conflict of interest in representing either the Association or the claimant in an action to determine the claimant's rights under this Article VIII.

Section 12. Notices.

Any notice, request or other communication required or permitted to be given to the Association under this Article VIII shall be in writing and either delivered in person or sent by telecopy, telex, telegram, overnight mail or courier service, or certified or registered mail, postage prepaid, return receipt requested, to the Secretary of the Association and shall be effective only upon receipt by the Secretary.

Section 13. Payments

Notwithstanding any other provision of this Article VIII, however, (a) any indemnification payments to an institution-affiliated party, as defined at 12 USC 1813(u), for an administrative proceeding or civil action initiated by a federal banking agency, shall be reasonable and consistent with the requirements of 12 USC 1828(k) and the associated regulations; and (b) any indemnification payments and advancement of costs and expenses to an institution-affiliated party, as defined at 12 USC 1813(u), in cases involving an administrative proceeding or civil action not initiated by a federal banking agency, shall be consistent with safe and sound banking practices.

ARTICLE IX.
AMENDMENTS

These Bylaws, or any of them, may be added to, altered, amended or repealed by the Board at any regular or special meeting of the Board.

ARTICLE X.
GOVERNING LAW

This Association designates the Delaware General Corporation Law, as amended from time to time, as the governing law for its corporate governance procedures, to the extent not inconsistent with Federal banking statutes and regulations.

October 20, 2014

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Exhibit 6

CONSENT

In accordance with Section 321(b) of the Trust Indenture Act of 1939, the undersigned, U.S. BANK NATIONAL ASSOCIATION hereby consents that reports of examination of the undersigned by Federal, State, Territorial or District authorities may be furnished by such authorities to the Securities and Exchange Commission upon its request therefor.

Dated: November 18, 2014

By: /s/ Rick Barnes
Rick Barnes
Vice President

S1-SSA-0009 - 30271

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Exhibit 7
U.S. Bank National Association
Statement of Financial Condition
As of 9/30/2014

($000's)

	9/30/2014
Assets	
Cash and Balances Due From Depository Institutions	$ 6,169,498
Securities	96,412,984
Federal Funds	61,856
Loans & Lease Financing Receivables	244,220,646
Fixed Assets	4,101,858
Intangible Assets	13,291,012
Other Assets	22,775,893
Total Assets	**$387,033,747**
Liabilities	
Deposits	$284,226,575
Fed Funds	1,282,645
Treasury Demand Notes	0
Trading Liabilities	565,781
Other Borrowed Money	42,642,374
Acceptances	0
Subordinated Notes and Debentures	5,023,000
Other Liabilities	12,043,509
Total Liabilities	**$345,783,884**
Equity	
Common and Preferred Stock	18,200
Surplus	14,266,407
Undivided Profits	26,110,078
Minority Interest in Subsidiaries	$855,178
Total Equity Capital	**$41,249,863**
Total Liabilities and Equity Capital	**$387,033,747**

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Exhibit 25-2

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY UNDER
THE TRUST INDENTURE ACT OF 1939 OF A
CORPORATION DESIGNATED TO ACT AS TRUSTEE

Check if an Application to Determine Eligibility of
a Trustee Pursuant to Section 305(b)(2)

U.S. BANK NATIONAL ASSOCIATION

(Exact name of Trustee as specified in its charter)

31-0841368

I.R.S. Employer Identification No.

800 Nicollet Mall Minneapolis, Minnesota	55402
(Address of principal executive offices)	(Zip Code)

Rick Barnes
U.S. Bank National Association
21 South Street
Morristown, New Jersey 07960
(973) 898-7161
(Name, address and telephone number of agent for service)

Public Service Enterprise Group Incorporated

(Issuer with respect to the Securities)

New Jersey	22-2625848
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

80 Park Plaza Newark, New Jersey	07101
(Address of Principal Executive Offices)	(Zip Code)

Subordinated Debt Securities

(Title of the Indenture Securities)

S1-SSA-0009 - 30273

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FORM T-1

Item 1. **GENERAL INFORMATION.** Furnish the following information as to the Trustee.

a) *Name and address of each examining or supervising authority to which it is subject.*
Comptroller of the Currency
Washington, D.C.

b) *Whether it is authorized to exercise corporate trust powers.*
Yes

Item 2. **AFFILIATIONS WITH OBLIGOR.** *If the obligor is an affiliate of the Trustee, describe each such affiliation.*
None

Items 3-15 *Items 3-15 are not applicable because to the best of the Trustee's knowledge, the obligor is not in default under any Indenture for which the Trustee acts as Trustee.*

Item 16. **LIST OF EXHIBITS:** *List below all exhibits filed as a part of this statement of eligibility and qualification.*

1. A copy of the Articles of Association of the Trustee.*

2. A copy of the certificate of authority of the Trustee to commence business, attached as Exhibit 2.

3. A copy of the certificate of authority of the Trustee to exercise corporate trust powers, attached as Exhibit 3.

4. A copy of the existing bylaws of the Trustee, attached as Exhibit 4.

5. A copy of each Indenture referred to in Item 4. Not applicable.

6. The consent of the Trustee required by Section 321(b) of the Trust Indenture Act of 1939, attached as Exhibit 6.

7. Report of Condition of the Trustee as of September 30, 2014 published pursuant to law or the requirements of its supervising or examining authority, attached as Exhibit 7.

* Incorporated by reference to Exhibit 25.1 to Amendment No. 2 to registration statement on S-4, Registration Number 333-128217 filed on November 15, 2005.

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SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939, as amended, the Trustee, U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, has duly caused this statement of eligibility and qualification to be signed on its behalf by the undersigned, thereunto duly authorized, all in the Town of Morristow, State of New Jersey on the 18th of November, 2014.

By: /s/ Rick Barnes
Rick Barnes
Vice President

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Exhibit 2

Office of the Comptroller of the Currency

Washington, DC 20219

CERTIFICATE OF CORPORATE EXISTENCE

I, Thomas J. Curry, Comptroller of the Currency, do hereby certify that:

1. The Comptroller of the Currency, pursuant to Revised Statutes 324, et seq, as amended, and 12 USC 1, et seq, as amended, has possession, custody, and control of all records pertaining to the chartering, regulation, and supervision of all national banking associations.

2. "U.S. Bank National Association," Cincinnati, Ohio (Charter No. 24), is a national banking association formed under the laws of the United States and is authorized thereunder to transact the business of banking on the date of this certificate.

IN TESTIMONY WHEREOF, today, September 2, 2014, I have hereunto subscribed my name and caused my seal of office to be affixed to these presents at the U.S. Department of the Treasury, in the City of Washington, District of Columbia.

Comptroller of the Currency

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Exhibit 3

Office of the Comptroller of the Currency

Washington, DC 20219

CERTIFICATION OF FIDUCIARY POWERS

I, Thomas J. Curry, Comptroller of the Currency, do hereby certify that:

1. The Office of the Comptroller of the Currency, pursuant to Revised Statutes 324, et seq, as amended, and 12 USC 1, et seq, as amended, has possession, custody, and control of all records pertaining to the chartering, regulation, and supervision of all national banking associations.

2. "U.S. Bank National Association," Cincinnati, Ohio (Charter No. 24), was granted, under the hand and seal of the Comptroller, the right to act in all fiduciary capacities authorized under the provisions of the Act of Congress approved September 28, 1962, 76 Stat. 668, 12 USC 92a, and that the authority so granted remains in full force and effect on the date of this certificate.

IN TESTIMONY WHEREOF, today, September 2, 2014, I have hereunto subscribed my name and caused my seal of office to be affixed to these presents at the U.S. Department of the Treasury, in the City of Washington, District of Columbia.

Comptroller of the Currency

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Exhibit 4

AMENDED AND RESTATED BYLAWS
OF
U.S. BANK NATIONAL ASSOCIATION

ARTICLE I.
MEETINGS OF SHAREHOLDERS

Section 1. Annual Meeting

The annual meeting of shareholders shall be held at the main banking house of the Association or other convenient place duly authorized by the Board of Directors (the "Board") at 11:00 a.m. on the second Tuesday in March of each year, or such other date or time which the Board may designate at any Board meeting held prior to the required date for sending notice of the annual meeting to the shareholders. Notice of such meeting shall be mailed to shareholders not less than ten (10) or more than sixty (60) days prior to the meeting date.

Section 2. Special Meetings

Special meetings of shareholders may be called and held at such times and upon such notice as is specified in the Articles of Association.

Section 3. Quorum

A majority of the outstanding capital stock represented in person or by proxy shall constitute a quorum of any meeting of the shareholders, unless otherwise provided by law, but less than a quorum may adjourn any meeting, from time to time, and the meeting may be held as adjourned without further notice.

Section 4. Inspectors

The Board of Directors may, and in the event of its failure so to do, the Chairman of the Board may appoint Inspectors of Election who shall determine the presence of quorum, the validity of proxies, and the results of all elections and all other matters voted upon by shareholders at all annual and special meetings of shareholders.

Section 5. Voting

In deciding on questions at meetings of shareholders, except in the election of directors, each shareholder shall be entitled to one vote for each share of stock held. A majority of votes cast shall decide each matter submitted to the shareholders, except where by law a larger vote is required. In all elections of directors, each shareholder shall have the right to vote the number of shares owned by him for as many persons as there are directors to be elected, or to cumulate

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such shares and give one candidate as many votes as the number of directors multiplied by the number of his shares equal, or to distribute them on the same principle among as many candidates as he shall think fit.

Section 6. Waiver and Consent

The shareholders may act without notice or a meeting by a unanimous written consent by all shareholders.

ARTICLE II.
BOARD OF DIRECTORS

Section 1. Term of Office

The directors of this Association shall hold office for one year and until their successors are duly elected and qualified.

Section 2. Number

As provided in the Articles of Association, the Board of this Association shall consist of not less than five nor more than twenty-five members. At any meeting of the shareholders held for the purpose of electing directors, or changing the number thereof, the number of directors may be determined by a majority of the votes cast by the shareholders in person or by proxy.
Any vacancy occurring in the Board shall be filled by the remaining directors. Between meetings of the shareholders held for the purpose of electing directors, the Board by a majority vote of the full Board may increase the size of the Board by not more than four directors in any one but not to more than a total of twenty-five directors, and fill any vacancy so created in the Board. All directors shall hold office until their successors are elected and qualified.

Section 3. Regular Meetings

The organizational meeting of the Board of Directors shall be held as soon as practicable following the annual meeting of shareholders at such time and place as the Chairman or President may designate. Other regular meetings of the Board of Directors shall be held quarterly at such time and place as may be designated in the notice of the meeting. When any regular meeting of the Board falls on a holiday, the meeting shall be held on the next banking business day, unless the Board shall designate some other day.

Section 4. Special Meetings

Special meetings of the Board of Directors may be called by the Chairman of the Board of the Association, or at the request of three or more Directors. Notice of the time, place and purposes of such meetings shall be given by letter, by telephone, in person, by facsimile, by electronic mail or other reasonable manner to every Director.

Section 5. Quorum

A majority of the entire membership of the Board shall constitute a quorum of any meeting of the Board.

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Section 6. Necessary Vote

A majority of those Directors present and voting at any meeting of the Board of Directors shall decide each matter considered, except where otherwise required by law or the Articles or Bylaws of this Association.

Section 7. Compensation

Directors, excluding full-time employees of the Bank, shall receive such reasonable compensation as may be fixed from time to time by the Board of Directors.

ARTICLE III.
OFFICERS

Section 1. Who Shall Constitute

The Officers of the Association shall be a Chairman of the Board, Chief Executive Officer, a President, a Secretary, and other officers such as Vice Chairman of the Board, Executive Vice Presidents, Senior Vice Presidents, Vice Presidents, Assistant Vice Presidents, Assistant Secretaries, Trust Officers, Assistant Trust Officers, Controller, and Assistant Controller, as the Board may appoint from time to time. The Board may choose to delegate authority to elect officers other than the Chairman, Chief Executive Officer, President, Secretary, Vice Chairman and Executive Vice Presidents, to the Chief Executive Officer or President. Any person may hold two offices. The Chief Executive Officer and the President shall at all times be members of the Board of Directors.

Section 2. Term of Office

All officers shall be elected for and shall hold office until their respective successors are elected and qualified or until their earlier death, resignation, retirement, disqualification or removal from office, subject to the right of the Board of Directors in its sole discretion to discharge any officer at any time.

Section 3. Chairman of the Board

The Chairman of the Board shall have general executive powers and duties and shall perform such other duties as may be assigned from time to time by the Board of Directors. He shall, when present, preside at all meetings of the shareholders and directors and shall be ex officio a member of all committees of the Board.

Section 4. Chief Executive Officer

The Chief Executive Officer, who may also be the Chairman or the President, shall have general executive powers and duties and shall perform such other duties as may be assigned from time to time by the Board of Directors.

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Section 5. President

The President shall have general executive powers and duties and shall perform such other duties as may be assigned from time to time by the Board of Directors. In addition, if designated by the Board of Directors, the President shall be the Chief Executive Officer and shall have all the powers and duties of the Chief Executive Officer, including the same power to name temporarily a Chief Executive Officer to serve in the absence of the President if there is a vacancy in the position of the chairman or in the event of the absence or incapacity of the Chairman.

Section 6. Vice Chairmen of the Board

The Board of Directors shall have the power to elect one or more Vice Chairmen of the Board of Directors. Any such Vice Chairman of the Board shall participate in the formation of the policies of the Association and shall have such other duties as may be assigned to him from time to time by the Chairman of the Board or by the Board of Directors.

Section 7. Other Officers

The Secretary and all other officers appointed by the Board of Directors shall have such duties as defined by law and as may from time to time be assigned to them by the Chief Executive Officer or the Board of Directors.

ARTICLE IV.

COMMITTES

Section 1. Compensation Committee

The duties of the Compensation Committee of the Association shall be carried out by the Compensation Committee of the financial holding company that is the parent of this Association.

Section 2. Committee on Audit

The duties of the Audit Committee of the Association shall be carried out by the Audit Committee of the financial holding company that is the parent of this Association.

Section 3. Trust Management Committee

The Board of Directors of this Association shall appoint a Trust Management Committee to provide oversight of the fiduciary activities of the Association. The Trust Management Committee shall determine policies governing fiduciary activities. The Trust Management Committee or such sub-committees, officers or others as may be duly designated by the Trust Management Committee shall oversee the processes related to fiduciary activities to assure conformity with fiduciary policies it establishes, including ratifying the acceptance and the closing out or relinquishment of all trusts. All actions of the Trust Committee shall be reported to the Board of Directors.

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Section 4. Other Committees

The Board of Directors may appoint, from time to time, other committees for such purposes and with such powers as the Board may direct.

ARTICLE V.
MINUTE BOOK

The organization papers of this Association, the Bylaws as revised or amended from time to time and the proceedings of all regular and special meetings of the shareholders and the directors shall be recorded in a minute book or books. All reports of committees required to be made to the Board shall be recorded in a minute book or shall be filed by the recording officer. The minutes of each meeting of the shareholders and the Board shall be signed by the recording officer.

ARTICLE VI.
CONVEYANCES, CONTRACTS, ETC.

All transfers and conveyances of real estate, mortgages, and transfers, endorsements or assignments of stock, bonds, notes, debentures or other negotiable instruments, securities or personal property shall be signed by any elected or appointed officer.

All checks, drafts, certificates of deposit and all funds of the Association held in its own or in a fiduciary capacity may be paid out by an order, draft or check bearing the manual or facsimile signature of any elected or appointed officer of the Association.

All mortgage satisfactions, releases, all types of loan agreements, all routine transactional documents of the Association, and all other instruments not specifically provided for, whether to be executed in a fiduciary capacity or otherwise, may be signed on behalf of the Association by any elected or appointed officer thereof.

The Secretary or any Assistant Secretary of the Association or other proper officer may execute and certify that required action or authority has been given or has taken place by resolution of the Board under this Bylaw without the necessity of further action by the Board.

ARTICLE VII.
SEAL

The Association shall have no corporate seal.

ARTICLE VIII.
INDEMNIFICATION OF DIRECTORS, OFFICERS, AND EMPLOYEES

Section 1. General.

The Association shall indemnify to the full extent permitted by and in the manner

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permissible under the Delaware General Corporation Law, as amended from time to time (but, in the case of any such amendment, only to the extent that such amendment permits the Association to provide broader indemnification rights than said law permitted the Association to provide prior to such amendment), any person made, or threatened to be made, a party to any action, suit, or proceeding, whether criminal, civil, administrative, or investigative, by reason of the fact that such person (i) is or was a director, advisory director, or officer of the Association or any predecessor of the Association, or (ii) is or was a director, advisory director or officer of the Association or any predecessor of the Association and served any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise as a director, advisory director, officer, partner, trustee, employee or agent at the request of the Association or any predecessor of the Association; provided, however, that the Association shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person, except for a proceeding contemplated by Section 4 of this Article VIII, only if such proceeding (or part thereof) was authorized by the Board of Directors.

Section 2. Advancement of Expenses.

The right to indemnification conferred in this Article VIII shall be a contract right and shall include the right to be paid by the Association the expenses incurred in defending any such proceeding or threatened proceeding in advance of its final disposition, such advances to be paid by the Association within 20 days after the receipt by the Association of a statement or statements from the claimant requesting such advance or advances from time to time; provided, however, that if the General Corporation Law of the State of Delaware requires, the payment of such expenses incurred by a director, advisory director or officer in his or her capacity as a director, advisory director or officer (and not in any other capacity in which service was or is rendered by such person while a director, advisory director or officer, including, without limitation, service to an employee benefit plan) in advance of the final disposition of a proceeding, shall be made only upon delivery to the Association of an undertaking by or on behalf of such director, advisory director or officer, to repay all amounts so advanced if it shall ultimately be determined that such director, advisory director or officer is not entitled to be indemnified under this Article VIII or otherwise.

Section 3. Procedure for Indemnification.

To obtain indemnification under this Article VIII, a claimant shall submit to the Association a written request, including therein or therewith such documentation and information as is reasonably available to the claimant and is reasonably necessary to determine whether and to what extent the claimant is entitled to indemnification. Upon written request by a claimant for indemnification pursuant to the first sentence of this Section 3, a determination, if required by applicable law, with respect to the claimant's entitlement thereto shall be made as follows: (1) if requested by the claimant, by Independent Counsel (as hereinafter defined), or (2) if no request is made by the claimant for a determination by Independent Counsel, (i) by a majority vote of the Disinterested Directors (as hereinafter defined), even though less than a quorum, or by a majority vote of a committee of Disinterested Directors designated by a majority vote of

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Disinterested Directors, even though less than a quorum, or (ii) if there are no Disinterested Directors or if the Disinterested Directors so direct, by Independent Counsel in a written opinion to the Board of Directors, a copy of which shall be delivered to the claimant. In the event the determination of entitlement to indemnification is to be made by Independent Counsel at the request of the claimant, the Independent Counsel shall be selected by the Board of Directors. If it is so determined that the claimant is entitled to indemnification, payment to the claimant shall be made within 10 days after such determination.

Section 4. Certain Remedies.

If a claim under Section 1 of this Article VIII is not paid in full by the Association within thirty days after a written claim pursuant to Section 3 of this Article VIII has been received by the Association, or if a claim under Section 2 of this Article VIII is not paid in full by the Association within twenty days after a written claim pursuant to Section 2 of this Article VIII has been received by the Association, the claimant may at any time thereafter bring suit against the Association to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any is required, has been tendered to the Association) that the claimant has not met the standard of conduct which makes it permissible under the General Corporation Law of the State of Delaware for the Association to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the Association. Neither the failure of the Association (including its Board of Directors or Independent Counsel) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the General Corporation Law of the State of Delaware, nor an actual determination by the Association (including its Board of Directors or Independent Counsel) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

Section 5. Binding Effect.

If a determination shall have been made pursuant to Section 3 of this Article VIII that the claimant is entitled to indemnification, the Association shall be bound by such determination in any judicial proceeding commenced pursuant to Section 4 of this Article VIII.

Section 6. Validity of this Article VIII.

The Association shall be precluded from asserting in any judicial proceeding commenced pursuant to Section 4 of this Article VIII that the procedures and presumptions of this Article VIII are not valid, binding and enforceable and shall stipulate in such proceeding that the Association is bound by all the provisions of this Article VIII.

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Section 7. Nonexclusivity, etc.

The right to indemnification and the payment of expenses incurred in defending a proceeding or threatened proceeding in advance of its final disposition conferred in this Article VIII shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Articles of Association, Bylaws, agreement, vote of shareholders or Disinterested Directors or otherwise. No repeal or modification of this Article VIII, or adoption of any provision inconsistent herewith shall in any way diminish or adversely affect the rights of any present or former director, advisory director, officer, employee or agent of the Association or any predecessor thereof hereunder in respect of any occurrence or matter arising, or of any claim involving allegations of acts or omissions occurring or arising, prior to any such repeal or modification.

Section 8. Insurance.

The Association may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Association or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Association would have the power to indemnify such person against such expense, liability or loss under the General Corporation Law of the State of Delaware. To the extent that the Association maintains any policy or policies providing such insurance, each such director or officer, and each such agent or employee to whom rights to indemnification have been granted as provided in Section 9 of this Article VIII, shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage thereunder for any such director, officer, employee or agent.

Section 9. Indemnification of Other Persons.

The Association may grant rights to indemnification, and rights to be paid by the Association the expenses incurred in defending any proceeding in advance of its final disposition, to any present or former employee or agent of the Association or any predecessor of the Association to the fullest extent of the provisions of this Article VIII with respect to the indemnification and advancement of expenses of directors, advisory directors and officers of the Association.

Section 10. Severability.

If any provision or provisions of this Article VIII shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (1) the validity, legality and enforceability of the remaining provisions of this Article VIII (including, without limitation, each portion of any paragraph of this Article VIII containing any such provision held to be invalid, illegal or unenforceable, that is not itself held to be invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby; and (2) to the fullest extent possible, the provisions of this Article VIII (including, without limitation, each such portion of any paragraph of this Article VIII containing any such provision held to be invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

S1-SSA-0009 - 30285

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Section 11. Certain Definitions.

For purposes of this Article VIII:

(1) "Disinterested Director" means a director of the Association who is not and was not a party to the matter in respect of which indemnification is sought by the claimant.

(2) "Independent Counsel" means a law firm, a member of a law firm, or an independent practitioner that is experienced in matters of corporation law and shall include any such person who, under the applicable standards of professional conduct then prevailing, would not have a conflict of interest in representing either the Association or the claimant in an action to determine the claimant's rights under this Article VIII.

Section 12. Notices.

Any notice, request or other communication required or permitted to be given to the Association under this Article VIII shall be in writing and either delivered in person or sent by telecopy, telex, telegram, overnight mail or courier service, or certified or registered mail, postage prepaid, return receipt requested, to the Secretary of the Association and shall be effective only upon receipt by the Secretary.

Section 13. Payments

Notwithstanding any other provision of this Article VIII, however, (a) any indemnification payments to an institution-affiliated party, as defined at 12 USC 1813(u), for an administrative proceeding or civil action initiated by a federal banking agency, shall be reasonable and consistent with the requirements of 12 USC 1828(k) and the associated regulations; and (b) any indemnification payments and advancement of costs and expenses to an institution-affiliated party, as defined at 12 USC 1813(u), in cases involving an administrative proceeding or civil action not initiated by a federal banking agency, shall be consistent with safe and sound banking practices.

ARTICLE IX.
AMENDMENTS

These Bylaws, or any of them, may be added to, altered, amended or repealed by the Board at any regular or special meeting of the Board.

ARTICLE X.
GOVERNING LAW

This Association designates the Delaware General Corporation Law, as amended from time to time, as the governing law for its corporate governance procedures, to the extent not inconsistent with Federal banking statutes and regulations.

October 20, 2014

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Exhibit 6

CONSENT

In accordance with Section 321(b) of the Trust Indenture Act of 1939, the undersigned, U.S. BANK NATIONAL ASSOCIATION hereby consents that reports of examination of the undersigned by Federal, State, Territorial or District authorities may be furnished by such authorities to the Securities and Exchange Commission upon its request therefor.

Dated: November 18, 2014

By: /s/ Rick Barnes
Rick Barnes
Vice President

S1-SSA-0009 - 30287

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Exhibit 7
U.S. Bank National Association
Statement of Financial Condition
As of 9/30/2014

($000's)

	9/30/2014
Assets	
Cash and Balances Due From Depository Institutions	$ 6,169,498
Securities	96,412,984
Federal Funds	61,856
Loans & Lease Financing Receivables	244,220,646
Fixed Assets	4,101,858
Intangible Assets	13,291,012
Other Assets	22,775,893
Total Assets	**$387,033,747**
Liabilities	
Deposits	$284,226,575
Fed Funds	1,282,645
Treasury Demand Notes	0
Trading Liabilities	565,781
Other Borrowed Money	42,642,374
Acceptances	0
Subordinated Notes and Debentures	5,023,000
Other Liabilities	12,043,509
Total Liabilities	**$345,783,884**
Equity	
Common and Preferred Stock	18,200
Surplus	14,266,407
Undivided Profits	26,110,078
Minority Interest in Subsidiaries	$855,178
Total Equity Capital	**$41,249,863**
Total Liabilities and Equity Capital	**$387,033,747**

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Form		Filing Date
8-Ks (70)		
Form 8-K	Current report, items 5.02 and 9.01	09-24-18
Form 8-K	Current report, items 5.03 and 9.01	07-27-18
Form 8-K	Current report, items 5.02 and 9.01	07-10-18
Form 8-K	Current report, items 5.02 and 9.01	05-08-18
Form 8-K	Current report, item 5.07	05-03-18
Form 8-K	Current report, items 8.01 and 9.01	03-29-18
Form 8-K	Current report, item 5.02	02-23-18
Form 8-K	Current report, items 2.06 and 8.01	12-18-17
Form 8-K	Current report, item 8.01	11-22-17
Form 8-K	Current report, item 5.02	09-26-17
Form 8-K	Current report, item 5.07	04-27-17
Form 8-K	Current report, items 8.01 and 9.01	04-04-17
Form 8-K	Current report, item 8.01	09-20-16
Form 8-K	Current report, items 8.01 and 9.01	06-10-16
Form 8-K	Current report, items 2.06 and 8.01	06-09-16
Form 8-K	Current report, items 5.04 and 9.01	05-25-16
Form 8-K	Current report, items 5.03, 5.07, and 9.01	04-29-16
Form 8-K	Current report, items 1.01, 2.03, and 9.01	04-07-16
Form 8-K	Current report, item 1.02	04-01-16
Form 8-K	Current report, items 2.01 and 9.01	03-24-16
Form 8-K	Current report, items 1.01, 8.01, and 9.01	03-07-16
Form 8-K	Current report, item 8.01	02-26-16
Form 8-K	Current report, item 5.02	01-28-16
Form 8-K	Current report, item 5.02	01-07-16
Form 8-K	Current report, items 1.01, 2.03, 8.01, and 9.01	12-02-15
Form 8-K	Current report, items 8.01 and 9.01	11-16-15
Form 8-K/A	**[Amend]** Current report, items 8.01 and 9.01	11-09-15
Form 8-K	Current report, items 8.01 and 9.01	11-06-15
Form 8-K	Current report, items 8.01 and 9.01	10-29-15
Form 8-K	Current report, items 8.01 and 9.01	10-07-15
Form 8-K	Current report, items 8.01 and 9.01	09-29-15
Form 8-K	Current report, items 1.01 and 9.01	09-10-15
Form 8-K	Current report, item 5.02	09-08-15
Form 8-K	Current report, items 8.01 and 9.01	09-01-15
Form 8-K	Current report, item 8.01	08-25-15
Form 8-K	Current report, item 8.01	08-12-15
Form 8-K	Current report, items 8.01 and 9.01	07-29-15
Form 8-K	Current report, items 8.01 and 9.01	07-15-15
Form 8-K	Current report, items 1.01, 2.03, and 9.01	06-11-15
Form 8-K	Current report, items 8.01 and 9.01	06-02-15
Form 8-K	Current report, items 8.01 and 9.01	05-18-15
Form 8-K	Current report, items 8.01 and 9.01	05-18-15
Form 8-K	Current report, item 5.07	04-29-15
Form 8-K	Current report, items 8.01 and 9.01	03-27-15
Form 8-K	Current report, items 8.01 and 9.01	02-17-15
Form 8-K	Current report, item 5.02	01-15-15
Form 8-K	Current report, items 1.01, 2.03, and 9.01	01-14-15
Form 8-K	Current report, item 8.01	12-23-14
Form 8-K	Current report, items 8.01 and 9.01	11-21-14
Form 8-K	Current report, item 8.01	10-09-14

Form 8-K	Current report, item 8.01	09-05-14
Form 8-K	Current report, items 1.01 and 9.01	07-21-14
Form 8-K	Current report, items 8.01 and 9.01	07-08-14
Form 8-K	Current report, items 1.01, 2.03, 8.01, and 9.01	06-23-14
Form 8-K	Current report, items 1.01, 8.01, and 9.01	06-17-14
Form 8-K	Current report, item 5.07	05-12-14
Form 8-K	Current report, items 1.01 and 9.01	04-30-14
Form 8-K	Current report, items 7.01 and 9.01	04-30-14
Form 8-K	Current report, items 1.02 and 8.01	02-28-14
Form 8-K	Current report, item 5.02	02-13-14
Form 8-K	Current report, item 8.01	12-18-13
Form 8-K	Current report, item 8.01	10-25-13
Form 8-K	Current report, item 5.02	10-04-13
Form 8-K	Current report, items 8.01 and 9.01	05-17-13
Form 8-K	Current report, items 8.01 and 9.01	05-13-13
Form 8-K	Current report, item 5.07	04-26-13
Form 8-K	Current report, item 8.01	02-25-13
Form 8-K	Current report, item 5.02	02-01-13
Form 8-K	Current report, item 8.01	01-31-13
Form 8-K	Current report, item 5.02	01-04-13

Other (63)

Form 11-K	Annual report of employee stock purchase, savings and similar plans	06-29-18
Form 11-K	Annual report of employee stock purchase, savings and similar plans	06-29-18
Form 11-K	Annual report of employee stock purchase, savings and similar plans	06-29-18
Form 11-K	Annual report of employee stock purchase, savings and similar plans	06-29-18
DEFA14A	Additional definitive proxy soliciting materials and Rule 14(a)(12) material	03-23-18
DEF 14A	Other definitive proxy statements	03-21-18
DEFA14A	Additional definitive proxy soliciting materials and Rule 14(a)(12) material	03-21-18
S-3ASR	Automatic shelf registration statement of securities of well-known seasoned issuers	02-12-18
CORRESP	**[Cover]**Correspondence	08-01-17
CORRESP	**[Cover]**Correspondence	07-19-17
S-8	Securities to be offered to employees in employee benefit plans	06-29-17
Form 11-K	Annual report of employee stock purchase, savings and similar plans	06-29-17
Form 11-K	Annual report of employee stock purchase, savings and similar plans	06-29-17
Form 11-K	Annual report of employee stock purchase, savings and similar plans	06-21-17
Form 11-K	Annual report of employee stock purchase, savings and similar plans	06-21-17
25-NSE	Notification filed by national security exchange to report the removal from listing and registration of matured, redeemed or retired securities	06-01-17
DEFA14A	Additional definitive proxy soliciting materials and Rule 14(a)(12) material	04-10-17
DEFA14A	Additional definitive proxy soliciting materials and Rule 14(a)(12) material	03-31-17
424B2	Prospectus [Rule 424(b)(2)]	03-31-17
FWP	Filing under Securities Act Rules 163/433 of free writing prospectuses	03-29-17
424B2	Prospectus [Rule 424(b)(2)]	03-29-17
DEF 14A	Other definitive proxy statements	03-15-17
DEFA14A	Additional definitive proxy soliciting materials and Rule 14(a)(12) material	03-15-17
S-8	Securities to be offered to employees in employee benefit plans	12-15-16
Form 11-K	Annual report of employee stock purchase, savings and similar plans	06-24-16
424B3	Prospectus [Rule 424(b)(3)]	04-15-16
CORRESP	**[Cover]**Correspondence	04-13-16
CORRESP	**[Cover]**Correspondence	04-13-16
S-4/A	**[Amend]** Registration of securities, business combinations	04-13-16
FWP	Filing under Securities Act Rules 163/433 of free writing prospectuses	04-05-16
424B2	Prospectus [Rule 424(b)(2)]	04-05-16

S-4/A	**[Amend] [Cover]**Registration of securities, business combinations	04-04-16
424B2	Prospectus [Rule 424(b)(2)]	04-04-16
DEF 14A	Other definitive proxy statements	03-16-16
DEFA14A	Additional definitive proxy soliciting materials and Rule 14(a)(12) material	03-16-16
S-4	Registration of securities, business combinations	01-29-16
CORRESP	**[Cover]**Correspondence	08-28-15
S-3ASR	Automatic shelf registration statement of securities of well-known seasoned issuers	08-19-15
Form 11-K	Annual report of employee stock purchase, savings and similar plans	06-24-15
424B2	Prospectus [Rule 424(b)(2)]	06-10-15
FWP	Filing under Securities Act Rules 163/433 of free writing prospectuses	06-09-15
424B5	Prospectus [Rule 424(b)(5)]	06-08-15
DEFA14A	Additional definitive proxy soliciting materials and Rule 14(a)(12) material	04-14-15
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8-A12B	Registration of securities [Section 12(b)]	06-30-14
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424B2	Prospectus [Rule 424(b)(2)]	06-13-14
424B2	Prospectus [Rule 424(b)(2)]	06-13-14
FWP	Filing under Securities Act Rules 163/433 of free writing prospectuses	06-12-14
424B5	Prospectus [Rule 424(b)(5)]	06-11-14
424B5	Prospectus [Rule 424(b)(5)]	06-11-14
DEFA14A	Additional definitive proxy soliciting materials and Rule 14(a)(12) material	04-23-14
DEF 14A	Other definitive proxy statements	04-02-14
S-8	Securities to be offered to employees in employee benefit plans	07-09-13
CORRESP	**[Cover]**Correspondence	06-21-13
Form 11-K	Annual report of employee stock purchase, savings and similar plans	06-21-13
Form 11-K	Annual report of employee stock purchase, savings and similar plans	06-21-13
DEFA14A	Additional definitive proxy soliciting materials and Rule 14(a)(12) material	04-05-13
DEF 14A	Other definitive proxy statements	03-14-13
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December 31, 2013 Form 10-K	Annual report [Section 13 and 15(d), not S-K Item 405]	02-14-14
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September 30, 2017 Form 10-Q	Quarterly report [Sections 13 or 15(d)]	11-02-17
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March 31, 2017 Form 10-Q	Quarterly report [Sections 13 or 15(d)]	05-03-17
September 30, 2016 Form 10-Q	Quarterly report [Sections 13 or 15(d)]	10-26-16
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FWP	Filing under Securities Act Rules 163/433 of free writing prospectuses	03-08-17
424B2	Prospectus [Rule 424(b)(2)]	03-07-17
FWP	Filing under Securities Act Rules 163/433 of free writing prospectuses	03-07-17
S-3ASR	Automatic shelf registration statement of securities of well-known seasoned issuers	08-30-16
424B2	Prospectus [Rule 424(b)(2)]	01-09-15
424B2	Prospectus [Rule 424(b)(2)]	01-08-15
FWP	Filing under Securities Act Rules 163/433 of free writing prospectuses	01-08-15
S-3ASR	Automatic shelf registration statement of securities of well-known seasoned issuers	05-23-14
424B3	Prospectus [Rule 424(b)(3)]	01-08-13

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DEF 14A	Other definitive proxy statements	03-13-18
424B3	Prospectus [Rule 424(b)(3)]	02-09-18
S-3ASR	Automatic shelf registration statement of securities of well-known seasoned issuers	11-17-17
424B2	Prospectus [Rule 424(b)(2)]	11-03-17
FWP	Filing under Securities Act Rules 163/433 of free writing prospectuses	11-02-17
424B5	Prospectus [Rule 424(b)(5)]	11-02-17
CORRESP	**[Cover]**Correspondence	08-03-17
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CORRESP	**[Cover]**Correspondence	11-16-16
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424B2	Prospectus [Rule 424(b)(2)]	11-19-14
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September 30, 2018 Form 10-Q	Quarterly report [Sections 13 or 15(d)]	10-30-18
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Form 8-K	Current report, items 7.01 and 9.01	09-12-13
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Form 8-K	Current report, items 7.01 and 9.01	03-01-13
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CORRESP	**[Cover]**Correspondence	08-31-18
424B2	Prospectus [Rule 424(b)(2)]	06-05-18
424B5	Prospectus [Rule 424(b)(5)]	06-04-18
FWP	Filing under Securities Act Rules 163/433 of free writing prospectuses	06-04-18
S-3ASR	Automatic shelf registration statement of securities of well-known seasoned issuers	11-17-17
424B2	Prospectus [Rule 424(b)(2)]	06-07-16
FWP	Filing under Securities Act Rules 163/433 of free writing prospectuses	06-07-16
424B5	Prospectus [Rule 424(b)(5)]	06-06-16
S-3ASR	Automatic shelf registration statement of securities of well-known seasoned issuers	11-18-14
CORRESP	**[Cover]**Correspondence	10-09-14
CORRESP	**[Cover]**Correspondence	09-25-14
424B2	Prospectus [Rule 424(b)(2)]	11-06-13
424B5	Prospectus [Rule 424(b)(5)]	11-05-13
FWP	Filing under Securities Act Rules 163/433 of free writing prospectuses	11-05-13
FWP	Filing under Securities Act Rules 163/433 of free writing prospectuses	11-05-13